

## **Table of Contents**

**State/Territory Name: Iowa**

**State Plan Amendment (SPA) #: 21-0001**

This file contains the following documents in the order listed:

- 1) Approval Letter
- 2) CMS 179 Form/Summary Form (with 179-like data)
- 3) Approved SPA Pages

**DEPARTMENT OF HEALTH & HUMAN SERVICES**

Centers for Medicare & Medicaid Services  
Center for Medicaid & CHIP Services  
233 North Michigan Ave., Suite 600  
Chicago, Illinois 60601



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**Financial Management Group**

March 24, 2021

Julie Lovelady, Interim Medicaid Director  
Division of Medical Services  
Department of Human Services  
Iowa Medicaid Enterprise  
1305 E. Walnut Street  
Des Moines, IA 50319

RE: TN 21-0001

Dear Director Lovelady:

We have reviewed the proposed Iowa (IA) State Plan Amendment (SPA) to Attachment 4.19-B IA-21-0001, which was submitted to the Centers for Medicare & Medicaid Services (CMS) on January 12, 2021. This plan amendment rebases the rate for Outpatient Hospital Services for acute care hospitals using cost reports ending in calendar year 2019.

Based upon the information provided by the State, we have approved the amendment with an effective date of January 1, 2021. We are enclosing the approved CMS-179 and a copy of the new state plan pages.

If you have any additional questions or need further assistance, please contact Blake Holt at 303-844-6218 or [blake.holt@cms.hhs.gov](mailto:blake.holt@cms.hhs.gov).

Sincerely,

[Redacted Signature]

Todd McMillion  
Director  
Division of Reimbursement Review

Enclosures

**TRANSMITTAL AND NOTICE OF APPROVAL OF  
STATE PLAN MATERIAL  
FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES**

1. TRANSMITTAL NUMBER

2 1 — 0 0 1

2. STATE

IOWA

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL  
SECURITY ACT (MEDICAID)TO: REGIONAL ADMINISTRATOR  
CENTERS FOR MEDICARE & MEDICAID SERVICES  
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE

January 1, 2021

5. TYPE OF PLAN MATERIAL (*Check One*)☐ NEW STATE PLAN☐ AMENDMENT TO BE CONSIDERED AS NEW PLAN☒ AMENDMENTCOMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (*Separate transmittal for each amendment*)

6. FEDERAL STATUTE/REGULATION CITATION

7. FEDERAL BUDGET IMPACT

a. FFY 2021 \$ 0b. FFY 2022 \$ 0

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT

Supplement 2 to Attachment 4.19-B Page 1,  
12b9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION  
OR ATTACHMENT (*If Applicable*)Supplement 2 to Attachment 4.19-B Page 1,  
12b

10. SUBJECT OF AMENDMENT

The purpose of this Medicaid State Plan amendment is to implement the triennial outpatient  
hospital APC rate rebase. The rebase is budget-neutral.11. GOVERNOR'S REVIEW (*Check One*)☒ GOVERNOR'S OFFICE REPORTED NO COMMENT☐ OTHER, AS SPECIFIED☐ COMMENTS OF GOVERNOR'S OFFICE ENCLOSED☐ NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

12. SIGNATURE OF S

13. TYPED NAME

JULIE LOVELADY

14. TITLE

INTERIM MEDICAID DIRECTOR

15. DATE SUBMITTED

January 12, 2021

16. RETURN TO

JULIE LOVELADY  
INTERIM MEDICAID DIRECTOR  
DEPARTMENT OF HUMAN SERVICES  
1305 EAST WALNUT 5TH FLOOR  
DES MOINES IA 50319-0114**FOR REGIONAL OFFICE USE ONLY**

17. DATE RECEIVED

January 12, 2021

18. DATE APPROVED

3/24/21

**PLAN APPROVED - ONE COPY ATTACHED**

19. EFFECTIVE DATE OF APPROVED MATERIAL

January 1, 2021

20. SIGNATURE OF REGIONAL OFFICIAL

21. TYPED NAME

Todd McMillion

22. TITLE

Director, Division of Reimbursement Review

23. REMARKS

3/12/21: State provides concurrence for pen and ink change to Boxes 8 and 9, striking "12b."

3/22/21: State provides concurrence for pen and ink chang to Box 6, adding: "42 CFR 447 Subpart F."

State/Territory:

IOWA

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**SUPPLEMENT 2 TO ATTACHMENT 4.19-B****Methods and Standards for Establishing Payment Rates for Other Types of Care****Outpatient Hospital Care****1. Definitions**

The following definitions are provided to ensure understanding among all parties.

*“Allowable costs”* are those defined as allowable in 42 CFR, Chapter IV, Part 413, as amended to October 1, 2007, except for the purposes of calculating direct medical education costs, where only the reported costs of the interns and residents are allowed. Further, costs are allowable only to the extent that they relate to patient care; are reasonable, ordinary, and necessary; and are not in excess of what a prudent and cost-conscious buyer would pay for the given service or item.

*“Ambulatory payment classification” or “APC”* means an outpatient service or group of services for which a single rate is set. The services or groups of services are determined according to the typical clinical characteristics, the resource use, and the costs associated with the service or services.

*“Ambulatory payment classification relative weight” or “APC relative weight”* means the relative value assigned to each APC.

*“Ancillary services”* means those tests and procedures ordered by a physician to assist in patient diagnosis or treatment. Ancillary procedures, such as immunizations, increase the time and resources expended during a visit, but do not dominate the visit.

*“APC service”* means a service that is priced and paid using the APC system.

*“Base year cost report”* for rates effective January 1, 2021, shall mean the hospital’s cost report with fiscal year ending on or after January 1, 2019, and before January 1, 2020. Cost reports shall be reviewed using Medicare’s cost reporting and cost reimbursement principles for those cost reporting periods.

*“Blended base APC rate”* shall mean the hospital-specific base APC rate, plus the statewide base APC rate, divided by two. The costs of hospitals receiving reimbursement as critical access hospitals during any of the period included in the base-year cost report are not used in determining the statewide base APC rate.

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State Plan TN #	IA-21-0001	Effective	1/1/21
Superseded TN #	IA-17-0016	Approved	3/24/21

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