

## **Table of Contents**

**State/Territory Name: IA**

**State Plan Amendment (SPA) #: 25-0014**

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



---

## Financial Management Group

June 5, 2026

Ms. Rebecca Curtiss, Medicaid Director  
Iowa Medicaid Enterprise  
1305 E. Walnut Street  
Des Moines, IA 50319

RE: TN 25-0014

Dear Ms. Curtiss:


The Centers for Medicare & Medicaid Services (CMS) has reviewed the proposed Iowa state plan amendment (SPA) to Attachment 4.19-A, IA 25-0014, which was submitted to CMS on May 15, 2025. This SPA implements changes to the reimbursement rates for acute care hospital graduate medical education (GME) payments.

We reviewed your SPA submission for compliance with statutory requirements, including in sections 1902(a)(2), 1902(a)(13), 1902(a)(30), 1903 as it relates to the identification of an adequate source for the non-federal share of expenditures under the plan, as required by 1902(a)(2), of the Social Security Act and the applicable implementing Federal regulations.

Based upon the information provided by the state, we have approved the amendment with an effective date of July 1, 2025. 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 Fred Sebree at [Fredrick.sebree@cms.hhs.gov](mailto:Fredrick.sebree@cms.hhs.gov).

Sincerely,

  
Rory Howe  
Director

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

1. TRANSMITTAL NUMBER

2 5 — 0 0 1 4

2. STATE

IA

3. PROGRAM IDENTIFICATION: TITLE OF THE SOCIAL SECURITY ACT



XIX



XXI

TO: CENTER DIRECTOR  
CENTERS FOR MEDICAID & CHIP SERVICES  
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE

July 1, 2025

5. FEDERAL STATUTE/REGULATION CITATION

42 CFR §433.51(b); 1902(a)(1); 1902(a)(2); 1903(a)(1)

6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars)

a. FFY <u>25</u>	\$ <del>42,092,416</del>	12,474,471
b. FFY <u>26</u>	\$ <del>170,117,407</del>	49,463,989

7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT

Att 4-19A pgs 26j, 26k, 26i, 26m, 26n, 26o, 26l  
Suppl. 2 to Att 4-19B pgs 30, 31, 32, 33

8. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable)

Same as box 7

9. SUBJECT OF AMENDMENT

Implement a supplemental payment for hospital graduate medical education payments.

10. 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

11. SIGNATURE OF STATE AGENCY OFFICIAL

[Redacted Signature]

12. TYPED NAME

Rebecca Curtiss

13. TITLE

Iowa Medicaid Interim Director

14. DATE SUBMITTED

05/02/2025

15. RETURN TO

Rebecca Curtiss  
Interim Director  
Iowa Medicaid  
321 East 12th St  
Des Moines, IA 50319

**FOR CMS USE ONLY**

16. DATE RECEIVED

5/15/2025

17. DATE APPROVED

June 5, 2026

**PLAN APPROVED - ONE COPY ATTACHED**

18. EFFECTIVE DATE OF APPROVED MATERIAL

7/1/2025

19. SIGNATURE OF APPROVING OFFICIAL

[Redacted Signature]

20. TYPED NAME OF APPROVING OFFICIAL

Rory Howe

21. TITLE OF APPROVING OFFICIAL

Director, FMG

22. REMARKS

4/21/2026 - State updated budget impact in block 6

5/21/2026 - State authorized update to box 7, removing pages 26i and 33 and adding 26l

## Methods and Standards for Establishing Payment Rates for Inpatient Hospital Care

### 37. Iowa State-Owned Teaching Hospital Graduate Medical Education Supplemental Payments

This section of the state plan contains the provisions for making supplemental Medicaid payments to recognize the additional direct and indirect costs incurred by Iowa state-owned hospitals with approved graduate medical education (GME) programs effective July 1, 2017, through June 30, 2025.

In addition to payments from the Graduate Medical Education fund under section 29, payment will be made to Iowa hospitals as follows:

#### A. Qualifying Criteria

Iowa-state owned hospitals that participate in the Medicaid program are eligible for additional reimbursement related to the provision of GME activities. To qualify for these additional payments, the hospital must meet the following criteria:

1. Be eligible to receive GME payments from the Medicare program (Title XVIII of the Social Security Act) under provision of 42 C.F.R. §413.75.
2. Have more than 500 beds
3. Have eight or more distinct residency specialty or subspecialty programs recognized by the American College of Graduate Medical Education (ACGME) that participate in the Medicaid program.

#### B. Direct Graduate Medical Education Definitions

1. Direct Graduate Medical Education Cost – is the Medicaid allowable inpatient direct graduate medical education cost as reported on CMS form 2552, Hospital Cost Report; worksheet B, part I, line 21, column 21, and line 22, column 22.
2. Medicaid Managed Care Patient Load – is the ratio of Medicaid Managed Care inpatient days to total hospital inpatient days. This ratio is determined by the following; Medicaid Managed Care inpatient days as reported on CMS form 2552, worksheet S-3, part I, lines 2, 3, and 4, column 7 is divided by the hospital's total inpatient days, as reported on worksheet S-3, part I, lines 14, 16, and 32, column 8. Medicaid Managed Care inpatient days and total inpatient days include psychiatric and labor/delivery.

#### C. Methodology for Determining Direct Graduate Medical Education Payments

The hospitals that qualify for GME payments will have their hospital specific payment amount determined as follows:

1. The current year direct graduate medical education cost is multiplied by the Medicaid Managed Care Patient Load

TN No.	<u>IA-25-0014</u>	Effective	<u>7/1/2025</u>
Supersedes TN No.	<u>IA-18-0005</u>	Approved	<u>June 5, 2026</u>

**Methods and Standards for Establishing Payment Rates for Inpatient Hospital Care**

- 2. Subtract payments from the Graduate Medical Education Fund under section 29(b) from the results in (1.) of this subsection.

D. Indirect Graduate Medical Education Definitions

- 1. Current year allowable FTEs – is the number of full-time equivalent (FTE) Allopathic & Osteopathic Program interns and residents as reported on CMS form 2552, worksheet E, part A, line 10, column 1 plus the number of FTE Dental & Podiatric Program interns and residents as reported on CMS form 2552, worksheet E, part A, line 11, column 1.
- 2. Bed Days Available – is the total number of bed days available as reported on CMS form 2552, worksheet E, part A, line 4, column 1.

E. Methodology for Determining Indirect Graduate Medical Education Payments

The hospitals that qualify for GME payments will have their hospital specific payment amount determined as follows:

- 1. Calculate the hospital’s ratio of interns and residents to beds (IRB). Divide the number of current year allowable FTEs by Bed Days Available.
- 2. Add 1.00 to the results in (1.) of this subsection.
- 3. The results in (2.) of this subsection raised to the 0.405 power.
- 4. Subtract 1.00 from the results in (3.) of this subsection.
- 5. Multiply the results in (4.) of this subsection by 1.35.
- 6. Multiply the results in (5.) of this subsection by the hospital’s Medicaid Managed Care inpatient payments.
- 7. Subtract payments from the Graduate Medical Education Fund under section 29(e) from (6.) of this subsection.

F. Interim Payment

The qualifying hospital will be paid monthly interim direct and indirect medical education payments. The purpose of the interim payments is to provide a monthly payment of the approximate annual qualifying hospital’s Medicaid direct and indirect graduate medical education costs. A computation to establishing a monthly interim payment will be performed annually at the start of each state fiscal year and in a manner consistent with the instructions below.

- 1. The monthly interim direct and indirect graduate medical education payments will be determined using data submitted by the qualifying hospital and most current CMS Form 2552 on file as of July 1 of each state fiscal year

TN No.	<u>IA-25-0014</u>	Effective	<u>7/1/2025</u>
Supersedes TN No.	<u>IA-18-0005</u>	Approved	<u>June 5, 2026</u>

**Methods and Standards for Establishing Payment Rates for Inpatient Hospital Care**

- 2. Using data and CMS Form 2552, from (1.) in this subsection, determine the annual cost of direct graduate medical education cost using the formula in subsection (C.)
- 3. Using data and CMS Form 2552, from (1.) in this subsection, determine the annual cost of indirect graduate medical education cost using the formula in subsection (E.)
- 4. Divide the results of (2.) and (3.) of this subsection, by twelve.
- 5. The interim payments will be reconciled to the qualifying hospital’s filed CMS Form 2552, from the year, in which the interim payments were made. If, at the end of the interim reconciliation process, it is determined the hospital received an overpayment, the overpayment will be recouped by the Department. If, at the end of the interim reconciliation process, it is determined the hospital received an underpayment, the underpayment will be paid to the qualifying hospital.

**38. Iowa Acute Care Teaching Hospital Graduate Medical Education Supplemental Payments**

This section of the state plan contains the provisions for making supplemental Medicaid payments to recognize the additional direct and indirect costs incurred by Iowa teaching hospitals with approved graduate medical education (GME) programs effective July 1, 2025.

These GME supplemental payments will help alleviate rising costs and provide funding for the ongoing development of educational and clinical training programs for physicians and help bolster the broader physician workforce in the state. This funding will promote the recruitment, education and retention of essential healthcare providers, ensuring access to quality care in Iowa.

Payments shall be made by the Iowa Department of Health and Human Services (HHS) and shall not be included in the actuarially sound capitation rates paid to Iowa Medicaid Managed Care plans in accordance with provisions under 42 CFR (§) 438.60, which permit Medicaid GME payments for managed care services to be made as direct payments to providers outside of managed care capitation rates. To avoid duplicate payment issues the agency will only reimburse uncompensated amounts of the GME costs above what the GME capitated MC payments pay compared to the FFS GME methodology on pages 24-26 and will not exceed that ceiling.

In addition to payments from the Graduate Medical Education fund under section 29, payment will be made to Iowa hospitals as follows:

TN No.	<u>IA-25-0014</u>	Effective	<u>7/1/2025</u>
Supersedes TN No.	<u>IA-18-0005</u>	Approved	<u>June 5, 2026</u>

**Methods and Standards for Establishing Payment Rates for Inpatient Hospital Care**

A. Qualifying Criteria

Iowa teaching hospitals that participate in the Medicaid program are eligible for additional reimbursement related to the provision of GME activities. To qualify for these additional payments, the hospital must meet the following criteria:

1. Be a hospital in Iowa reporting yes (“Y”) to be a hospital involved in training residents in approved GME programs as required on their most recent Medicare Cost Report (worksheet S-2, part I, line 56)
  - a. Qualifying teaching hospitals that are State-owned or operated or non-State Government Owned or operated public teaching hospitals shall be known as “designated public teaching hospitals.”
  - b. All other qualifying teaching hospitals shall be known as “other qualifying teaching hospitals.” These hospitals would be paid on a prospective basis and would not be subject to reconciliation.

B. Direct Graduate Medical Education Definitions

1. Direct Graduate Medical Education Cost - is the Medicaid allowable inpatient direct graduate medical education cost as reported on CMS form 2552, Hospital Cost Report; worksheet B, part I, line 21, column 21, and line 22, column 22.
2. Medicaid Managed Care Patient Load - is the ratio of Medicaid Managed Care inpatient days to total hospital inpatient days. This ratio is determined by the following: Medicaid Managed Care inpatient days as reported on CMS form 2552, worksheet S-3, part I, lines 2, 3, and 4, column 7 is divided by the hospital's total inpatient days, as reported on worksheet S-3, part I, lines 14, 16, 17, and 32 column 8. Medicaid Managed Care inpatient days and total inpatient days include psychiatric and labor/delivery. For teaching hospitals that report “0” on worksheet S-3, part I, lines 2, 3, and 4, column 7, worksheet S-2, part I, lines 24 and 25, column 5 will be used.
3. Any subsequent updates or replacements of these lines and columns due to CMS form changes, line or column subscription, or regulatory required reporting for an individual facility, will be recognized as an update to these definitions.

C. Methodology for Determining Direct Graduate Medical Education Payments

The hospitals that qualify for GME payments will have their hospital specific payment amount determined as follows:

1. The current year direct graduate medical education cost is multiplied by the Medicaid Managed Care Patient Load
2. Subtract payments from the Graduate Medical Education Fund under section 29(b) from the results in (1.) of this subsection

TN No.	<u>IA-25-0014</u>	Effective	<u>7/1/2025</u>
Supersedes TN No.	<u>NEW</u>	Approved	<u>June 5, 2026</u>

**Methods and Standards for Establishing Payment Rates for Inpatient Hospital Care**

3. Designated public teaching hospitals shall receive a payment that is the product of 1.25 and section C(2.) of this subsection.
4. Other qualifying teaching hospitals shall receive a payment that is the product of 0.44 and section C(2.) of this subsection.
5. Qualifying teaching hospitals only receive payments if the results in C(2.) of this subsection is greater than zero

**D. Indirect Graduate Medical Education Definitions**

1. Current year allowable FTEs - is the number of full-time equivalent (FTE) Allopathic & Osteopathic Program interns and residents as reported on CMS form 2552, worksheet E, part A, line 10, column 1 plus the number of FTE Dental & Podiatric Program interns and residents as reported on CMS form 2552, worksheet E, part A, line 11, column 1.
2. Average Daily Census (ADC) - The average daily census as reported on the most recent CMS Form 2552, Worksheet L, Part I, Line 3, Column 1 which is the total inpatient days divided by number of days in the cost reporting period.
3. Inpatient Payments – Total Medicaid Managed Care inpatient payments.
4. Any subsequent updates or replacements of these lines and columns due to CMS form changes, line or column subscription, or regulatory required reporting for an individual facility, will be recognized as an update to these definitions.

**E. Methodology for Determining Indirect Graduate Medical Education Payments**

The hospitals that qualify for GME payments will have their hospital specific payment amount determined as follows:

1. Calculate the hospital's ratio of interns and residents to the ADC. Divide the number of current year allowable FTEs by the ADC.
2. Add 1.00 to the results in (1.) of this subsection.
3. The results in (2.) of this subsection raised to the 0.405 power.
4. Subtract 1.00 from the results in (3.) of this subsection.
5. Multiply the results in (4.) of this subsection by 1.35.
6. Multiply the results in (5.) of this subsection by the hospital's Medicaid Managed Care inpatient payments
7. Subtract payments from the Graduate Medical Education Fund under section 29(e) from (6.) of this subsection.
8. Designated public teaching hospitals shall receive a payment that is the product of 1.25 and section E(7.) of this subsection.
9. Other qualifying teaching hospitals shall receive a payment that is the product of 0.44 and section E(7.) of this subsection
10. Qualifying teaching hospitals only receive payments if the results in E(7.) of this subsection is greater than zero.
- 11.

TN No.	<u>IA-25-0014</u>	Effective	<u>7/1/2025</u>
Supersedes TN No.	<u>NEW</u>	Approved	<u>June 5, 2026</u>

**Methods and Standards for Establishing Payment Rates for Inpatient Hospital Care**

**F. Interim Payment**

The qualifying designated public teaching hospitals will be paid monthly interim direct and indirect medical education payments. The purpose of the interim payments is to provide a monthly payment of the approximate annual qualifying hospitals' Medicaid direct and indirect graduate medical education costs. A computation to establishing a monthly interim payment will be performed annually at the start of each state fiscal year and in a manner consistent with the instructions below

1. The monthly interim direct and indirect graduate medical education payments will be determined using data submitted by the qualifying hospitals and most current CMS Form 2552 on file as of July 1 of each state fiscal year
2. Using data and CMS Form 2552, from (1.) in this subsection, determine the annual cost of direct graduate medical education cost using the formula in subsection (C.)
3. Using data and CMS Form 2552, from (1.) in this subsection, determine the annual cost of indirect graduate medical education cost using the formula in subsection (E.)
4. Divide the results of (2.) and (3.) of this subsection by twelve.
5. The interim payments will be reconciled to the qualifying designated public teaching hospitals' filed CMS Form 2552, from the year in which the interim payments were made. If, at the end of the interim reconciliation process, it is determined the hospitals received an overpayment, the overpayment will be recouped by the Department. If, at the end of the interim reconciliation process, it is determined the hospitals received an underpayment, the underpayment will be paid to the qualifying hospitals.

## Methods and Standards for Establishing Payment Rates for Other Types of Care

### 23. Iowa Acute Care Teaching Hospital Graduate Medical Education Supplemental Payments

This section of the state plan contains the provisions for making supplemental Medicaid payments to recognize the additional direct costs incurred by Iowa teaching hospitals with approved graduate medical education (GME) programs effective July 1, 2025.

These GME supplemental payments will help alleviate rising costs and provide funding for the ongoing development of educational and clinical training programs for physicians and help bolster the broader physician workforce in the state. This funding will promote the recruitment, education and retention of essential healthcare providers, ensuring access to quality care in Iowa.

Payments shall be made by the Iowa Department of Health and Human Services (HHS) and shall not be included in the actuarially sound capitation rates paid to Iowa Medicaid Managed Care plans in accordance with provisions under 42 CFR (§) 438.60, which permit Medicaid GME payments for managed care services to be made as direct payments to providers outside of managed care capitation rates. To avoid duplicate payment issues the agency will only reimburse uncompensated amounts of the GME costs above what the GME capitated MC payments pay compared to the FFS GME methodology on pages 22-23 and will not exceed that ceiling.

In addition to payments from the Graduate Medical Education fund under section 29, payment will be made to Iowa hospitals as follows:

#### A. Qualifying Criteria

Iowa teaching hospitals that participate in the Medicaid program are eligible for additional reimbursement related to the provision of GME activities. To qualify for these additional payments, the hospital must meet the following criteria:

1. Be a hospital in Iowa reporting yes (“Y”) to be a hospital involved in training residents in approved GME programs as required on their most recent Medicare Cost Report (worksheet S-2, part I, line 56)
  - a. Qualifying teaching hospitals that are State-owned or operated or non-State Government Owned or operated public teaching hospitals shall be known as “designated public teaching hospitals.”
  - b. All other qualifying teaching hospitals shall be known as “other qualifying teaching hospitals.” These hospitals would be paid on a prospective basis and would not be subject to reconciliation.

TN No.	<u>IA-25-0014</u>	Effective	<u>7/1/2025</u>
Supersedes TN No.	<u>NEW</u>	Approved	<u>June 5, 2026</u>

**Methods and Standards for Establishing Payment Rates for Other Types of Care**

B. Direct Graduate Medical Education Definitions

1. Direct Graduate Medical Education Cost - is the Medicaid allowable outpatient direct graduate medical education cost as reported on CMS form 2552, Hospital Cost Report; worksheet B, part I, line 21, column 21, and line 22, column 22
2. Any subsequent updates or replacements of these lines and columns due to CMS form changes, line or column subscription, or regulatory required reporting for an individual facility, will be recognized as an update to these definitions

C. Methodology for Determining Direct Graduate Medical Education Payments

The hospitals that qualify for GME payments will have their hospital specific payment amount determined as follows:

1. The current year direct graduate medical education cost as defined in section (B) above is multiplied by the quotient of:
  - a. Medicaid Managed Care Patient Load - is the ratio of Medicaid Managed Care inpatient days to total hospital inpatient days. This ratio is determined by the following: Medicaid Managed Care inpatient days as reported on CMS form 2552, worksheet S-3, part I, lines 2, 3, and 4, column 7 is divided by the hospital's total inpatient days, as reported on worksheet S-3, part I, lines 14, 16, 17, and 32 column 8. Medicaid Managed Care inpatient days and total inpatient days include psychiatric and labor/delivery. For teaching hospitals that report "0" on worksheet S-3, part I, lines 2, 3, and 4, column 7, worksheet S-2, part I, line 24 and 25, column 5 will be used.
  - b. The Outpatient Services Ratio. The quotient of the numerator which is the hospital's total outpatient charges (Worksheet C, Part 1, Column 7, Line 202), and the denominator of which is the hospital's total charges (Worksheet C, Part 1, Column 8, Line 202).
2. Subtract payments from the Graduate Medical Education Fund under section 17(b) from the results in (1.) of this subsection.
3. Designated public teaching hospitals shall receive a payment that is the product of 1.25 and section C(2.) of this subsection.
4. Other qualifying teaching hospitals shall receive a payment that is the product of 0.44 and section C(2.) of this subsection.
5. Qualifying teaching hospitals only receive payments if the results in C(2.) of this subsection is greater than zero.

D. Interim Payment

The qualifying designated public teaching hospitals will be paid monthly interim direct medical education payments. The purpose of the interim payments is to provide a monthly payment of the approximate annual qualifying hospitals' Medicaid direct graduate medical education costs. A computation to establishing a monthly interim payment will be performed annually at the start of each state fiscal year and in a manner consistent with the instructions below.

TN No.	<u>IA-25-0014</u>	Effective	<u>7/1/2025</u>
Supersedes TN No.	<u>NEW</u>	Approved	<u>June 5, 2026</u>

**Methods and Standards for Establishing Payment Rates for Other Types of Care**

1. The monthly interim direct graduate medical education payments will be determined using data submitted by the qualifying hospitals and most current CMS Form 2552 on file as of July 1 of each state fiscal year.
2. Using data and CMS Form 2552, from (1.) in this subsection, determine the annual cost of direct graduate medical education cost using the formula in subsection (C.)
3. Divide the results of (2.) of this subsection by twelve.
4. The interim payments will be reconciled to the qualifying designated public teaching hospitals' filed CMS Form 2552, from the year in which the interim payments were made. If, at the end of the interim reconciliation process, it is determined the hospitals received an overpayment, the overpayment will be recouped by the Department. If, at the end of the interim reconciliation process, it is determined the hospitals received an underpayment, the underpayment will be paid to the qualifying hospitals.