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State/Territory Name: IA

State Plan Amendment (SPA) #: 25-0028

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
7500 Security Boulevard, Mail Stop S2-26-12
Baltimore, Maryland 21244-1850

CENTERS FOR MEDICARE & MEDICAID SERVICES
CENTER FOR MEDICAID & CHIP SERVICES

Financial Management Group

November 3, 2025

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

RE: TN 25-0028

Dear Ms. Curtiss:

The Centers for Medicare & Medicaid Services (CMS) has reviewed the proposed Iowa state plan amendment (SPA) to Attachments 4.19-A and 4.19-B, IA 25-0028, which was submitted to CMS on August 6, 2025. This SPA updates reimbursement for child specialty hospitals.

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.

Sincerely,

Rory Howe
Director

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

FORM APPROVED
OMB No. 0938-0193

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL

FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES

1. TRANSMITTAL NUMBER: 25-0028

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
07/01/2025

5. FEDERAL STATUTE/REGULATION CITATION
42 CFR §447.200

6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars)
a. FFY 25 $ 0
b. FFY 26 $ 0

7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT
Attachment 4.19-A Page 12a
Attachment 4.19-A Page 33
Supplement 2 to Attachment 4.19-B Page 25b

8. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT *(If Applicable)*
24-0013
10-007
19-0008

9. SUBJECT OF AMENDMENT
The proposed state plan amendment implements reimbursement for child specialty hospital as authorized by House File 919.

10. GOVERNOR'S REVIEW *(Check One)*
(●) GOVERNOR'S OFFICE REPORTED NO COMMENT
( ) COMMENTS OF GOVERNOR'S OFFICE ENCLOSED
( ) NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL
( ) OTHER, AS SPECIFIED:

11. SIGNATURE OF STATE AGENCY OFFICIAL
[redacted]

12. TYPED NAME
Rebecca Curtiss

13. TITLE
Interim Medicaid Director and Deputy Director of Medicaid Operations

14. DATE SUBMITTED
08/01/2025

15. RETURN TO
Iowa HHS Division of Iowa Medicaid
321 E 12th St
Des Moines, IA 50319

FOR CMS USE ONLY

16. DATE RECEIVED
8/6/2025

17. DATE APPROVED
November 3, 2025

PLAN APPROVED - ONE COPY ATTACHED

18. EFFECTIVE DATE OF APPROVED MATERIAL
7/1/2025

19. SIGNATURE OF APPROVING OFFICIAL
[redacted]

20. TYPED NAME OF APPROVING OFFICIAL
Rory Howe

21. TITLE OF APPROVING OFFICIAL
Director, FMG

22. REMARKS

8/27/2025 - State updated address in block 15

Methods and Standards for Establishing Payment Rates for Inpatient Hospital Care

9. Trending Reimbursement Rates Forward

The final payment rate for the current rebasing uses the hospital's base-year cost report. The only adjustments made to this rate are for fraud, abuse, and material changes brought about by cost report re-openings done by Medicare or Medicaid.

The rates have been trended forward using inflation indices of:

A. State Fiscal Year 2000 – 2.0%
B. State Fiscal Year 2001 – 3.0%
C. State Fiscal Year 2002 – (3.0%)
D. State Fiscal Year 2003 – 0.0%
E. State Fiscal Year 2004 – 0.0%
F. State Fiscal Year 2005 – 0.0%
G. State Fiscal Year 2006 – 3.0%
H. State Fiscal Year 2007 – 3.0%
I. State Fiscal Year 2008 – 0.0%
J. State Fiscal Year 2009 – 11.0%
K. December 1, 2009 – (5.0%)
L. October 1, 2010 – 20.46%, except for the University of Iowa Hospitals and Clinics and out-of-state hospitals.
M. August 1, 2011 – 76.94%, except for the University of Iowa Hospitals and Clinics and out-of-state hospitals.
N. October 1, 2011 – (41.18%), except for the University of Iowa Hospitals and Clinics and out-of-state hospitals.
O. November 1, 2011 – 5.72%
P. July 1, 2012 – 9.89%, except for the University of Iowa Hospitals and Clinics and out-of-state hospitals. This rate increase is effective for services rendered during July 1, 2012-September 30, 2012.
Q. July 1, 2013 – 1.00%
R. October 1, 2015 – 0.0%
S. October 1, 2018 – 0.0%
T. October 1, 2021 – 0.0%
U. October 1, 2024 – 0.0%

For purposes of calculating the hospital inflation update factor, the original payments from the base-year Medicaid claim set are aggregated for all hospitals that submitted cost report data (excluding critical access hospitals). The total payment amount is then adjusted for any applicable legislative appropriations affecting budget neutrality. The resulting total becomes the target payment amount for budget neutrality. Critical access hospitals and children's specialty hospitals are excluded from this calculation.

The initial blended base rates are calculated with a hospital inflation factor update of 1.0. Once initial blended base rates are calculated, Medicaid claim set payments are

Methods and Standards for Establishing Payment Rates for Inpatient Hospital Care

Effective July 1, 2025, Children's Specialty Hospital is defined as follows:

- The hospital is owned and operated by a nonprofit organization.
- The hospital only serves individuals thirty years of age and younger.
- More than sixty percent of the individuals served by the hospital receive medical assistance.
- The hospital specializes in pediatric rehabilitation and treating children with a behavioral health condition or complex medical needs.
- The hospital has no more than two hundred inpatient beds.
- The hospital provides outpatient services.
- The hospital met the definition of a special population nursing facility, as promulgated by rule by the Department of Health and Human Services, prior to July 1, 2025.

Inpatient care for a children's specialty hospital is reimbursed prospectively on an average allowable per diem cost adjusted for inflation, based on the hospital's annual cost report submitted to the Department at the end of the hospital's fiscal year.

The per diem allowable cost shall be calculated by dividing total allowable costs by total inpatient days during the reporting period. Total allowable costs shall be adjusted for inflation using the hospital market basket applied from the midpoint of the cost report period to the midpoint of the rate period.

State/Territory: IOWA

Hospitals that have a negative settlement ("Amount Due State") will receive a distributed CAF of zero percent.

Beginning 7/1/2020 and annually thereafter, an adjustment to the CAF will be included for prior year overpayment or underpayment that may have occurred in the aggregate relative to the estimated cap. CAHs will always receive at least the cost based interim rates as calculated annually by review of the cost report.

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- The hospital specializes in pediatric rehabilitation and treating children with a behavioral health condition or complex medical needs.
- The hospital has no more than two hundred inpatient beds.
- The hospital provides outpatient services.
- The hospital met the definition of a special population nursing facility, as promulgated by rule by the Department of Health and Human Services, prior to July 1, 2025.

Outpatient care for a children's specialty hospital is reimbursed prospectively per claim based on the hospital's outpatient Medicaid cost-to-charge ratio, not subject to inflation. Retrospective adjustments will be made based on the annual cost reports submitted to the Department at the end of the hospital's fiscal year. The retroactive adjustment equals the amount by which the reasonable costs of providing covered services to eligible fee-for-service Medicaid recipients (excluding recipients in managed care), determined in accordance with cost principles described in 2 CFR 200, exceeds Medicaid fee-for-service reimbursement received based on the hospital's outpatient Medicaid cost-to-charge ratio.