

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

“Disproportionate share percentage” means either (1) the product of 2 ½ percent multiplied by the number of standard deviations by which the hospital’s own Medicaid inpatient utilization rate exceeds the statewide mean Medicaid inpatient utilization rate for all hospitals, or (2) 2 ½ percent. A separate disproportionate share percentage is determined for any hospital that qualifies for a disproportionate share payment only as a children’s hospital, using the Medicaid inpatient utilization rate for children under 18 years of age at the time of admission in all distinct areas of the hospital where services are provided predominantly to children under 18 years of age.

“Disproportionate share rate” means the sum of the blended base amount, blended capital costs, direct medical education rate, and indirect medical education rate multiplied by the disproportionate share percentage.

“DRG weight” means a number that reflects relative resource consumption as measured by the relative charges by hospitals for cases associated with each DRG. The Iowa-specific DRG weight reflects the relative charge for treating cases classified in a particular DRG compared to the average charge for treating all Medicaid cases in all Iowa hospitals.

“Final payment rate” means the aggregate sum of the two components (the blended base amount and capital costs) that, when added together, form the final dollar value used to calculate each provider’s reimbursement amount when multiplied by the DRG weight. These dollar values are displayed on the rate table listing.

“Full DRG transfer” means that a case coded as a transfer to another hospital shall be considered to be a normal claim for recalculation or rebasing purposes if payment is equal to or greater than the full DRG payment.

“Graduate Medical Education and Disproportionate Share Fund” means a reimbursement fund developed as an adjunct reimbursement methodology to directly reimburse qualifying hospitals for the direct and indirect costs associated with the operation of graduate medical education programs and the costs associated with the treatment of a disproportionate share of poor, indigent, nonreimbursed, or nominally reimbursed patients.

“Graduate Medical Education and Disproportionate Share Fund (GME/DSH Fund) Apportionment Claim Set” means the hospital applicable Medicaid claims paid from July 1, 2008 through June 30, 2009.

“High cost adjustment” shall mean an add-on to the blended base amount (considered part of the blended base amount), which shall compensate for the high cost incurred for providing services to medical assistance patients. The high cost adjustment add on is effective for the time period of July 1, 2004 through June 30, 2005.

“Implementation Year” means October 1, 2008.

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MS-09-011

Effective

JUL - 1 2009

Supersedes TN No.

MS-08-027

Approved

MAR - 3 2010

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32. Final Settlement Process for Non-State Government-Owned or Government-Operated Hospitals (Inpatient)

At the end of the cost reporting period, the aggregate payments made to such hospitals under the DRG payment methodology will be determined and compared to each hospital's actual medical assistance program costs as determined from the facility's audited or desk reviewed cost report. For purposes of this rule, aggregate payments include amounts received from the Medicaid program, including Graduate Medical Education (GME) payments, outlier payments, as well as patient and third party payments up to the Medicaid allowed amount.

If the aggregate payments exceed the hospital's actual medical assistance program costs, the amount by which payments exceed actual costs will be requested and collected from the hospital.

Cost settlements, as described above, will be performed annually following completion of the cost report desk review and/or audit.

33. Iowa State-Owned Teaching Hospital Disproportionate-Share Fund

In addition to payments from the Graduate Medical Education and Disproportionate Share Fund and the Enhanced Disproportionate-Share, payment will be made to Iowa hospitals qualifying for the Iowa state-owned teaching hospital disproportionate share fund. Interim monthly payments based on estimated allowable costs will be paid to qualifying hospitals under this provision. The total amount of funding that is allocated on July 1 of each year to the Iowa state-owned teaching hospital disproportionate-share fund is \$19,133,430.

Hospitals qualify for Iowa state-owned teaching hospital disproportionate-share payments if they meet the disproportionate share qualifications defined in Section 29.g and Section 30.a and being an Iowa state-owned hospital with more than 500 beds and eight or more distinct residency specialty or subspecialty programs recognized by the American College of Graduate Medical Education

The total amount of disproportionate-share payments from the Graduate Medical Education and Disproportionate Share Fund, the Enhanced Disproportionate Share and the Iowa state-owned teaching hospital disproportionate-share fund shall not exceed the amount of the state's allotment under Public Law 102-234. In addition, the total amount of all disproportionate-share payments shall not exceed the hospital-specific disproportionate-share limits under Public Law 103-666.

The Department's total year end DSH obligations to a qualifying hospital will be calculated following completion of the CMS 2552-96, Hospital and Healthcare Complex Cost Report desk review or audit.

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OS Notification

State/Title/Plan Number: Iowa 09-011

Type of Action: SPA Approval

Required Date for State Notification: 4/29/2010

Fiscal Impact: FFY 09 \$1,849,086 FFY 10 \$7,501,468

Number of Services Provided by Enhanced Coverage, Benefits or Retained Enrollment: 0

Number of Potential Newly Eligible People: 0

or

Eligibility Simplification: No

Provider Payment Increase: Yes or Decrease: No

Delivery System Innovation: No

Number of People Losing Medicaid Eligibility: 0

Reduces Benefits: No

Detail:

Effective July 1, 2009, this amendment increases DSH payments to Iowa state-owned teaching hospitals (The University of Iowa Hospital & Clinics). The amendment also updates the base claims database used to apportion DSH payments to other hospitals.

Other Considerations:

This plan amendment has not generated significant outside interest and we do not recommend the Secretary contact the governor.

This OSN has been reviewed in the context of the ARRA and approval of the OSN is not in violation of ARRA provisions.

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National Institutional Reimbursement Team