

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

**35. Final Settlement for Iowa State-owned Teaching Hospital**

Final payment made to an Iowa state-owned teaching hospital shall be a methodology based on 100% of allowable medical assistance program cost not to exceed the sum of the following:

- Payments for inpatient hospital services calculated in accordance with the methods and standards for establishing payment rates per Attachment 4.19-A including graduate medical education payments;
- Payment for outpatient hospital services calculated in accordance with the methods and standards for establishing payment rates per Attachment 4.19-B and Supplement 2 to Attachment 4.19-B including graduate medical education payments ;
- \$9,900,000.

The distribution of the additional \$9,900,000 shall be made on a monthly basis and shall equal one-twelfth of the annual amount. The Iowa Medicaid Enterprise shall complete a final settlement based on the hospital's Medicare cost report.

Distribution methodology for the \$9,900,000

The \$9,900,000 will first be applied to bring inpatient hospital reimbursement (interim payments plus GME) to 100% of inpatient hospital cost (calculated in accordance with Attachment 4.19-A). The remaining amount of the \$9,900,000 will then be applied to bring outpatient hospital reimbursement to 100% of outpatient hospital cost (calculated in accordance with Attachment 4.19-B and Supplement 2 to Attachment 4.19-B).

If the total \$9,900,000 is used in bringing inpatient hospital reimbursement to 100% of inpatient cost, then no further outpatient payments will be made.

In no case will total inpatient hospital payments exceed 100% of inpatient cost.

If the sum of the inpatient hospital service payments plus outpatient hospital service payments plus the \$9,900,000 exceeds 100% of allowable inpatient and outpatient cost the amount by which payments exceed actual medical assistance program costs will be requested and collected from the hospital. If the aggregate payments are less than the hospital's actual medical assistance program costs, no additional payment will be made.

TN No.	<u>MS-10-012</u>	Effective	<u>JUL - 1 2010</u>
Supersedes TN No.	<u>None</u>	Approved	<u>MAY 24 2011</u>

**OS Notification**

**State/Title/Plan Number:** Iowa 10-012

**Type of Action:** SPA Approval

**Required Date for State Notification:** 5/26/2011

**Fiscal Impact:** FFY 10 \$1,795,614 FFY 11 \$6,445,896

**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, 2010, this amendment modifies Attachment 4.19-A of the Iowa Medicaid State plan to provide an annual \$9.9 million supplemental payment to the University of Iowa Hospital and Clinics (UIHC) for inpatient and outpatient hospital services. Iowa SPA 10-012 is specific to the inpatient services. A concurrent SPA, 10-013, has been approved for the outpatient services. The supplemental payments will be made in 12 equal monthly installments and will be funded by an upfront IGT from the UIHC from its State appropriations. The State has responded satisfactorily to the standard funding questions. Tribal consultation was not necessary as the proposed revisions do not negatively impact access to care for AI/AN's.

**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.

**CMS Contact:**

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