

## **Table of Contents**

**State/Territory Name: IA**

**State Plan Amendment (SPA) #: 10-0021**

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  
601 East 12<sup>th</sup> Street, Suite 235  
Kansas City, Missouri 64106



**Division of Medicaid and Children's Health Operations**

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June 8, 2011

Charles M. Palmer, Director  
Department of Human Services  
Hoover State Office Building  
1305 East Walnut, 5<sup>th</sup> Floor  
Des Moines, Iowa 50319-0119

Dear Mr. Palmer:

On September 30, 2010, the Centers for Medicare & Medicaid Services (CMS) received Iowa's State Plan Amendment (SPA) transmittal #10-021, which proposes to amend outpatient hospital reimbursement for the implementation of hospital provider tax.

Based upon the information received, we are now ready to approve SPA #10-21 as of June 7, 2011, with an effective date of July 1, 2010, as requested by the State. Enclosed is a copy of the CMS-179 form, as well as, the approved page for incorporation into the Iowa State plan.

If you have any questions regarding this amendment, please contact Narinder Singh at (816) 426-5925 or [Narinder.Singh@cms.hhs.gov](mailto:Narinder.Singh@cms.hhs.gov).

Sincerely,

//s//

James G. Scott  
Associate Regional Administrator  
for Medicaid and Children's Health Operations

Enclosure

cc: Jennifer Vermeer

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

1. TRANSMITTAL NUMBER  
1 0 — 0 2 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  
July 1, 2010

5. TYPE OF PLAN MATERIAL (Check One)  
 NEW STATE PLAN       AMENDMENT TO BE CONSIDERED AS NEW PLAN       AMENDMENT

COMPLETE 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 '10 \$ 3,461,073 (1 cr)  
b. FFY '11 \$ 13,005,618

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT  
Supplement 2 to Attachment 4.19-B, Page 14

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable)  
Supplement 2 to Attachment 4.19-B, Page 14

10. SUBJECT OF AMENDMENT  
This request modifies outpatient hospital reimbursement for implementation of a hospital provider tax.

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 STATE AGENCY OFFICIAL

13. TYPED NAME  
CHARLES J. KROGMEIER

14. TITLE  
DIRECTOR

15. DATE SUBMITTED  
9/29/10

16. RETURN TO

CHARLES J. KROGMEIER  
DIRECTOR  
DEPARTMENT OF HUMAN SERVICES  
1305 EAST WALNUT 5TH FLOOR  
DES MOINES IA 50319-0114

**FOR REGIONAL OFFICE USE ONLY**

17. DATE RECEIVED  
September 30, 2010

18. DATE APPROVED  
June 7, 2011

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL  
July 1, 2010

20. SIGNATURE OF REGIONAL OFFICIAL

21. TYPED NAME  
James G. Scott

22. TITLE Associate Regional Administrator for Medicaid and Children's Health Operations

23. REMARKS

State/Territory: \_\_\_\_\_

IOWA

**Methods and Standards for Establishing Payment Rates for Other Types of Care****Outpatient Hospital Care (Cont.)**5. **Calculation of the hospital-specific base APC rates**

- a. The final payment rate for the current rebasing uses the hospital's base-year cost report. The rates have been trended forward using inflation indices of 2.0% for SFY 2000, 3.0% for SFY 2001, (3.0%) for SFY 2002, 0.0% for SFY 2003, 0.0% for SFY 2004, 0.0% for SFY 2005, 3.0% for SFY 2006, 3.0% for SFY 2007, 0.0% for SFY 2008, and 1.0% for SFY 2009. For services beginning on December 1, 2009, rates shall be reduced by 5.0%. For services beginning on July 1, 2010, rates effective June 30, 2010, shall be increased by 16% except for the University of Iowa Hospital and Clinics. Rates of hospitals receiving reimbursement as critical access hospitals are not trended forward using inflation indices.
- b. Using the hospital's base year cost report, hospital-specific outpatient cost-to-charge ratios are calculated for each ancillary and outpatient cost center of the Medicare cost report, Form CMS 2552-96.
- c. The cost to charge ratios are applied to each line item charge reported on claims in the Medicaid claim set, to calculate the Medicaid cost per service. The hospital's total outpatient Medicaid cost is the sum of the Medicaid cost per service for all line items.
- d. The following items are subtracted from the hospital's total outpatient Medicaid costs:
  - (1) The total calculated Medicaid direct medical education costs for interns and residents based on the hospital's base-year cost report. The reimbursement for direct medical education is allocated to the Graduate Medical Education and Disproportionate Share Fund and is not paid on a per-claim basis. The requirements to receive payments from the fund, the amount allocated to the fund, and the methodology used to determine the distribution amounts from the fund are found in Section 17.
  - (2) The total calculated Medicaid cost for non-inpatient program services.
  - (3) The total calculated Medicaid cost for ambulance services.
  - (4) The total calculated Medicaid cost for services paid based on the Iowa Medicaid fee schedule.

State Plan TN #  
Superseded TN #

MS-10-021  
MS-09-021

Effective  
Approved

JUL 01 2010

JUN 07 2011