



Iowa Department of Human Services

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INFORMATIONAL LETTER NO.1046

DATE: August 30, 2011

TO: Iowa Medicaid Home and Community Based Waiver Services Providers, Case Managers, Service Workers and Supervisors, Service Area Administrators, and County Central Point of Coordination Administrators

ISSUED BY: Iowa Department of Human Services, Iowa Medicaid Enterprise (IME)

RE: Restoration of Home and Community Based Provider Rates

EFFECTIVE: July 1, 2011

The purpose of this letter is to communicate the restoration of payment rates to Home and Community Based (HCBS) providers. The Department of Human Services (DHS) Appropriations Bill for state fiscal year 2012 signed by Governor Branstad in July 2011, authorized DHS to restore funding of \$1,500,000 to HCBS services. This restoration has an effective date of July 1, 2011.

On October 8, 2009, Governor Culver issued Executive Order 19 which mandated a 10 percent across-the board cut in state government spending. As a result, DHS enacted rule changes as part of the effort to achieve the savings required in the executive order. Some of those changes decreased rates for Medicaid HCBS services by 2.5 percent. The details of the reductions were announced to providers in November of 2009 through Informational Letters 864 & 869. At this time, Executive Order 19 has not been lifted. This means that even after the 2.5 percent restoration, provider rates determined by a fee schedule (see attached charts) will continue to be frozen until the executive order is lifted.

The Iowa Medicaid Enterprise Implementation Plan

In accordance with the recently signed legislation, the IME is undertaking the following steps beginning August 31, 2011, to restore provider rates:

1. For those services that are not cost report based (fee schedule): The IME will revise most service plans to reflect provider's rates in effect on November 30, 2009. For providers who became effective *after* November 30, 2009, a 2.5 percent restoration will be added to the current rate.
2. For those services that are cost report based: The IME will revise most service plans to reflect a 2.5 percent restoration added to the rate in effect on June 30, 2011. Rates in effect on June 30, 2011, will be divided by .975 which will result in the necessary adjustment.
3. Providers who did not experience a reduction in their rate in December 2009 or already had the rate restored such as individual Consumer Directed Attendant Care (CDAC) providers, will not receive the restoration.

4. Due to the number of options in original pricing, such as county or Veteran's Administration contracts, the IME will not adjust rates for the following services:

Adult Day Care	Transportation	Day Habilitation
Pre-Vocational Services	Consumer Choices Option	Home Health Aides

The rate restoration is effective for HCBS waiver services with dates of service on or after July 1, 2011. Any claims for dates of services on or after July 1, 2011, that were paid at the 2.5 percent reduced rate may be adjusted by the provider in order to receive payment at the restored rate. The IME will not be undertaking an automatic adjustment of HCBS waiver claims for the months of July or August 2011.

Providers whose rate of reimbursement is determined by a fee schedule (see attached chart) and were given rate increases after November 2009 will see a change from their current rate to the rate in effect on November 30, 2009. According to the Executive Order, no fee schedule increases were authorized from November 30, 2009, forward.

Exception to Policy

Any rate authorized by an Exception to Policy (ETP) will not be adjusted by the IME during this restoration process. Rates authorized by an ETP will remain as indicated in the ETP through the remainder of the approved exception time period.

Responsibilities of Case Managers and Service Workers Implementing the 2.5 Percent Restoration

1. Case managers and service workers should not alter the Individualized Services Information System (ISIS) service plans to reflect the restoration except for those services listed in item #2 below. The IME will adjust the plans to reflect the restoration except for those services listed below.
2. Due to the number of options in original pricing, such as county or Veteran's Administration contracts, the IME is not able to adjust plans containing the following services. Case managers and service workers will need to manually adjust these services once the IME has adjusted all other rates.

Adult Day Care	Transportation	Day Habilitation
Pre-Vocational Services	Consumer Choices Option	Home Health Aides

3. The IME will not require that the Notice Of Decision (NOD) be sent to members or providers, but does require that a copy of the revised NOD or this letter be placed in the member's service plan which documents the authorization of this rate increase.
4. If a service plan is currently authorized, the IME will re-authorize that plan.
5. If the rate restoration causes a plan to exceed the monthly waiver maximum, the authorization service plan workflow will be triggered in ISIS. Case managers and service workers must adjust the plan appropriately within the monthly cap and re-authorize the plan.
6. If a service plan work flow is in process but is not yet authorized, the IME will restore the rates and the case manager or service worker will continue the authorization process.

Explanation of Restoration Implementation by Service

The following chart is segmented by service and includes directions on how the rate restoration will be implemented. For updated Iowa Administrative Code rules regarding payment methodologies, please refer to the Iowa Administrative Code 441-79.1(2). Information regarding how the original reductions were implemented is contained in Informational Letters 864, 869 and 930 which are available on the IME website at <http://www.ime.state.ia.us/Providers/Bulletins.html>.

If you have any questions, please contact the IME Provider Services Unit at 1-800-338-7909 or locally in Des Moines at 515-256-4609 or by email imeproviderservices@dhs.state.ia.us.

Service	Payment Methodology	Process for Implementing the 2.5% Restoration
Consumer Directed Attendant Care- Individual	Fee agreed upon by the member and provider.	These rates were already restored effective 7/1/10. No additional action will occur.
Adult Day Care	Fee Schedule	AIDS/HIV, BI, Elderly, I&H waivers: 1. Approved VA contract rate 2. If no VA contract rate, the rate in effect as of 11/30/09. ID Waiver: 1. Approved county contract rate 2. If no county contract rate, the rate in effect as of 11/30/09. If a new provider since 11/30/09, the current rate plus 2.5%.
<ul style="list-style-type: none"> • Behavior Programming • Chore • Counseling • Emergency Response • Family Counseling and Training • Homemaker • Home-Delivered Meals • IMMT (provided by a day care) • In Home Family Therapy • Mental Health Outreach • Nutritional Counseling • Senior Companion 	Fee Schedule	The rate in effect as of 11/30/09. If a new provider since 11/30/09, the current rate plus 2.5%.
<ul style="list-style-type: none"> • Transportation 		Two options: 1. Approved AAA contract rate. 2. If no AAA contract rate, the county contract rate in effect as of 11/30/09. If a new provider since 11/30/09, the current rate plus 2.5%.
Interim Medical Monitoring and Treatment (IMMT) provided by Home Health Agency	Cost-based rate for services provided by a home health agency	Lesser of maximum Medicare rate in effect 11/30/09, or maximum Medicaid rate in effect 11/30/09 converted to an hourly rate.
Home Health Aides	Retrospective Cost Related	For AIDS/HIV, Elderly, I&H waivers: Lesser of maximum Medicare rate in effect 11/30/09 or maximum Medicaid rate in effect 11/30/09. For Intellectual Disabilities waiver: Lesser of maximum Medicare rate in effect 11/30/09, or maximum Medicaid rate in

		effect 11/30/09, converted to an hourly rate.
Nursing Care	For Elderly and ID waivers- Fee Schedule as determined by Medicare. For AIDS/HIV and I&H waivers: Agency's financial and statistical cost report and Medicare percentage rate per visit.	For Intellectual Disabilities waiver: Lesser of maximum Medicare rate in effect 11/30/09, or maximum Medicaid rate in effect 11/30/09, converted to an hourly rate. For AIDS/HIV, Elderly, and I&H waivers: Rate in effect 11/30/09.
Respite-Specialized (through Home Health Agency)	Cost-based rate for nursing services provided by a home health agency	Rate in effect as of 11/30/09.
Respite (group, basic, camp)	Retrospectively Limited Prospective Rates (IAC 441 79.1(15)e states, "Prospective rates for respite shall be agreed upon between the member, interdisciplinary team and the provider up to the maximum, subject to retrospective adjustment as provided in paragraph f."	The rate in effect as of 11/30/09. If a new provider since 11/30/09, the current rate plus 2.5%. Please note that although the respite rate is set by the provider rather than by a cost report, the rate that was in effect 11/30/09, cannot be increased.
<ul style="list-style-type: none"> Home and Vehicle Modifications Assistive Devices Specialized Medical Equipment Environmental Modifications and Adaptive Devices Individual-directed goods and services 	Fee Schedule	Effective 7/1/11, the accepted bid for item to be purchased; priced in accordance with rule 441-79.1(17).
<ul style="list-style-type: none"> Consumer Directed Attendant Care (agency and assisted living) 	Fee agreed upon by the member and provider.	The rate in effect as of 11/30/09. If a new provider since 11/30/09, the current rate plus 2.5%.
<ul style="list-style-type: none"> Independent Support Broker Self Directed Personal Care Self-directed Community Supports and Employment. Individual-Directed Goods and Services 	Fee agreed upon by the member and provider.	The Case Manager must work with the provider to assure that 2.5% is restored if 2.5% was reduced from the rate.
Case Management	Fee Schedule with Cost Settlement	The 2.5% reduction did not occur in 2009; no restoration needed.
<ul style="list-style-type: none"> Supported Community Living- Hourly Supported Employment (supports to maintain a job, enclave) hourly. Family and Community Support Services. 	Retrospectively Limited Prospective Rates	Rates are determined by cost reporting methods. Rate in effect 6/30/11, will be restored by 2.5%.

<ul style="list-style-type: none"> Supported Community Living- Daily Residential Based Supported Community Living-Residential Based 	Retrospectively Limited Prospective Rates	Rates are determined by cost reporting methods. Rate in effect 6/30/11, will be restored by 2.5%.
<ul style="list-style-type: none"> Supported Employment -Job Development Supported Employment – Employer Development 	Fee Schedule	The rate in effect as of 11/30/09. If a new provider since 11/30/09, the current rate plus 2.5%.
<ul style="list-style-type: none"> Prevocational Services Day Habilitation 	Fee Schedule	Two options: 1. Approved county contract rate. 2. If no county contract rate, the rate in effect as of 11/30/09. If a new provider since 11/30/09, the current rate plus 2.5%.
<ul style="list-style-type: none"> Money Follows the Person 		The 2.5% reduction did not occur in 2009; no restoration needed.