



Iowa Department of Human Services

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Governor

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INFORMATIONAL LETTER NO. 1331

DATE: December 13, 2013

TO: Iowa Medicaid Nursing Facilities, Skilled Nursing Facilities, and Nursing Facilities for Persons with Mental Illness

ISSUED BY: Iowa Department of Human Services, Iowa Medicaid Enterprise

SUBJECT: Nursing Facility Rates Effective July 1, 2013

EFFECTIVE: July 1, 2013

Current regulations require the Iowa Medicaid Enterprise (IME) to rebase nursing facilities every two years. Effective July 1, 2013, nursing facility rates will be based on Financial and Statistical Reports for the fiscal year ended during calendar year 2012. Base year costs will be inflated based on the Total Skilled Nursing Facility Market Basket. The inflation factor may be adjusted to ensure estimated expenditures do not exceed amounts appropriated by the legislation.

In order to apply the changes to the inflation factor a State Plan Amendment (SPA) must be filed with the Centers for Medicare and Medicaid Services (CMS). Therefore, the nursing facility rates effective July 1, 2013, will not be implemented until the Department of Human Services (DHS) has received approval of the SPA from CMS. Therefore, you will continue to be paid at your April 1, 2013, rate until the SPA to implement the July 1, 2013, rate changes has been approved by CMS.

Upon notification from CMS that the SPA has been approved, your July 1, 2013, rate will be entered into the Medicaid Management Information System (MMIS) Claims Processing System and a mass adjustment will be completed to re-price claims already submitted with dates of service on or after July 1, 2013. At that time, your remittance advice will include an adjustment to make your rate change retroactive to July 1, 2013.

The IME has submitted the SPA to CMS and is awaiting approval. Based on cost report estimates rates will be inflated from the mid-point of the cost report to January 1, 2012. For facilities with fiscal year ends of December 31, this will be two quarters of deflation, and for facilities with fiscal year ends of June 30, this will be zero inflation.

At this time, there are still Financial and Statistical Reports under review that, when finalized, will be used for rebase purposes. Once all reports are finalized and the actual rates are calculated, the IME will re-evaluate the inflation factor. If it is determined that changes are needed, the IME will take the appropriate steps to update the inflation factor.

Should you have any questions, please contact the IME Provider Cost Audit and Rate Setting Unit at (515) 725-1108 or (866) 863-8610, or via email at costaudit@dhs.state.ia.us.