



# Iowa Department of Human Services

Terry E. Branstad  
Governor

Kim Reynolds  
Lt. Governor

Charles M. Palmer  
Director

December 12, 2011

Michael Marshall  
Secretary of Senate  
State Capital  
LOCAL

Charlie Smithson  
Chief Clerk of the House  
State Capital  
LOCAL

Dear Mr. Marshall and Mr. Smithson

Please find below the report to the General Assembly relative to the implementation of a uniform cost report (UCR) to be used in the development of specified Medicaid reimbursement rates over a multiyear timeframe.

This report was prepared pursuant to directive contained in 2011 Iowa Acts House File 649 (HF 649).

The Iowa Medicaid Enterprise (IME) was tasked with finalizing a uniform cost report, in collaboration with home and community-based waiver services (HCBS), habilitation services (HAB), case management services (TCM), community mental health centers (CMHC), residential care facilities (RCF), psychiatric medical institutions for children (PMIC) and intermediate care facilities for the mentally retarded (ICF/MR).

HF 649 also directs the Department to collaborate with affected Medicaid providers to test the effectiveness of the uniform cost report during the fiscal year beginning July 1, 2012, and submit a report of the findings and fiscal impact to the governor and the general assembly by December 31, 2013. The IME has contacted industry associations to help develop a list of providers that would be involved in reviewing and testing the uniform cost report.

Currently, Iowa Medicaid utilizes different cost report forms for each of the provider types who are required to submit them to the Iowa Medicaid Enterprise. In addition, to the Medicaid cost report some providers must also submit a copy of their Medicare cost report.

Various concerns have been expressed regarding the current rule that allows a single provider to submit multiple cost reports each having differing cost principles and regulatory authority. For example, if a provider is enrolled to provide both HCBS and ICF/MR services the provider is required to submit two separate cost reports to the IME, one for each program. This could result in over allocating total costs. Therefore, it is the desire of the General Assembly and the Department to develop a uniform cost report that would be used by providers to report cost for all services provided and ultimately determine rates which reduces the risk of over allocating total costs. This will alleviate the need for providers to prepare multiple cost reports and allow submission of one cost report that reflects all services provided.

Since adoption of HF 649 the IME staff has been meeting internally to finalize the proposed base cost schedules that were developed in collaboration with stakeholders in response to a previous directive. The previous directive, from 2007 Iowa Acts, House File 309, was to establish a uniform cost report work group ("Cost Report Work Group") and develop a proposed uniform cost report for use with all providers of goods and services that are reimbursed under the Medicaid program or a county mental health, mental retardation, and developmental disabilities services fund under section 331.424A. The

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Cost Report Work Group was also tasked with resolving any barriers to implementing a uniform cost report posed by different funding streams, reporting periods, definitions of allowable costs and cost limitations, cost classifications, and other differences.

In addition to developing the uniform cost report, The IME staff is also developing cost definitions to be applied uniformly across all the programs to ensure consistency in expenses reported on the cost report schedules. At this time, the IME staff is continuing to work through the identified barriers in order to finalize the cost report schedules and definitions and to promulgate rules to implement changes necessitated through resolution of barriers and ensure that certain costs are treated similarly across all provider types affected by the implementation of the UCF.

Attached is a copy of the detailed work plan developed by the IME to ensure that the requirements of HF 649 are met timely. Key dates to ensure success of the project include the following:

- Finalize uniform cost report, including cost definitions by February 29, 2012.
- Distribute uniform cost report to stakeholders for review and input by February 29, 2012.
- Select providers to participate in sample uniform cost report completion project and train selected providers by April 30, 2012.
- Begin rule promulgation by July 1, 2012.
- Implement any necessary changes to uniform cost report based on provider sample uniform cost report completion project by December 31, 2012.
- Complete provider training for January 1 through June 30 year ends by April 30, 2013.
- Complete provider training for July 1 through December 31 year ends by October 31, 2013.

Sincerely,



Jennifer Davis Harbison  
Policy Advisor

JDH/acj

Enclosure

cc: Governor Terry E. Branstad  
Senator Jack Hatch  
Senator David Johnson  
Representative David Heaton  
Representative Lisa Heddens  
Legislative Services Agency  
Kris Bell, Senate Majority Staff  
Josh Bronsink, Senate Minority Staff  
Brad Trow, House Majority Staff  
Zeke Furlong, House Minority Staff

# Uniform Cost Report Provider Cost Audit and Rate Setting Unit

Task Name	'11		H2 '11		H1 '12		H2 '12		H1 '13		H2 '13		H1
	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 1
Develop uniform cost report and definitions	[Green bar spanning Qtr 2 '11 to Qtr 4 '13]												
<b>IMCARS development</b>	[Green bar spanning Qtr 2 '11 to Qtr 4 '13]												
a. Development	[Green bar spanning Qtr 2 '11 to Qtr 4 '13]												
b. Test	[Green bar spanning Qtr 2 '11 to Qtr 4 '13]												
c. Implement	[Green bar spanning Qtr 2 '11 to Qtr 4 '13]												
<b>Develop provider-type rate / settlement schedules</b>	[Green bar spanning Qtr 2 '11 to Qtr 4 '13]												
a. Identify and resolve issues related to the reporting and allocation of all statistical and cost data	[Green bar spanning Qtr 2 '11 to Qtr 4 '13]												
b. Identify and resolve issues related to provider specific rate / settlement schedules	[Green bar spanning Qtr 2 '11 to Qtr 4 '13]												
c. Identify and resolve issues related to form layout	[Green bar spanning Qtr 2 '11 to Qtr 4 '13]												
<b>Finalize cost report definitions</b>	[Green bar spanning Qtr 2 '11 to Qtr 4 '13]												
a. Identify and resolve issues related to different needs of different provider types	[Green bar spanning Qtr 2 '11 to Qtr 4 '13]												
b. Identify and resolve issues related to provider specific rate / settlement schedules	[Green bar spanning Qtr 2 '11 to Qtr 4 '13]												
c. Ensure definitions are appropriate for all provider types	[Green bar spanning Qtr 2 '11 to Qtr 4 '13]												
<b>Develop cost report instructions</b>	[Green bar spanning Qtr 2 '11 to Qtr 4 '13]												
a. General schedules	[Green bar spanning Qtr 2 '11 to Qtr 4 '13]												
b. Provider type specific schedules	[Green bar spanning Qtr 2 '11 to Qtr 4 '13]												
c. Supplemental information	[Green bar spanning Qtr 2 '11 to Qtr 4 '13]												
<b>Administrative rule changes</b>	[Green bar spanning Qtr 2 '11 to Qtr 4 '13]												
a. Propose rule changes related to allowability and consistency of cost definitions	[Green bar spanning Qtr 2 '11 to Qtr 4 '13]												
b. Propose rule changes related to use and submission requirements of report	[Green bar spanning Qtr 2 '11 to Qtr 4 '13]												
c. Propose rule changes related to effective dates, due dates and penalties for non / late submission	[Green bar spanning Qtr 2 '11 to Qtr 4 '13]												
<b>Provider selection and training of sample cost reports</b>	[Green bar spanning Qtr 2 '11 to Qtr 4 '13]												
a. Identify and recruit specific providers suitable for sample	[Green bar spanning Qtr 2 '11 to Qtr 4 '13]												
b. Train identified and volunteered providers and their preparers	[Green bar spanning Qtr 2 '11 to Qtr 4 '13]												
<b>Review sample uniform cost reports</b>	[Green bar spanning Qtr 2 '11 to Qtr 4 '13]												
a. Develop desk review program for review	[Green bar spanning Qtr 2 '11 to Qtr 4 '13]												
b. Train PCA staff on review of uniform cost report	[Green bar spanning Qtr 2 '11 to Qtr 4 '13]												
c. Review as submitted reports and uniform cost report simultaneously	[Green bar spanning Qtr 2 '11 to Qtr 4 '13]												
<b>Identify issues from samples</b>	[Green bar spanning Qtr 2 '11 to Qtr 4 '13]												
a. Review and amend report / schedules	[Green bar spanning Qtr 2 '11 to Qtr 4 '13]												
b. Review and amend cost definitions	[Green bar spanning Qtr 2 '11 to Qtr 4 '13]												
c. Review and amend rule changes	[Green bar spanning Qtr 2 '11 to Qtr 4 '13]												
d. Review and amend cost report instructions	[Green bar spanning Qtr 2 '11 to Qtr 4 '13]												

Task [Green bar] Milestone [Black diamond] Summary [Black arrow]

## Uniform Cost Report Provider Cost Audit and Rate Setting Unit

Task Name	'11		H2 '11		H1 '12		H2 '12		H1 '13		H2 '13		H1
	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 4
<b>Fiscal impact analysis</b>													
a. Impact based on updated rules on allowability and consistency													
b. Impact based on change to use of report													
c. Impact based on change in reporting periods													
<b>Training for all providers</b>													
a. Cost report training for January 1 - June 30 year ends													
b. Cost report training for July 1 - December 31 year ends													
Prepare report to General Assembly													
Submit Report to General Assembly													12/15

Task  Milestone  Summary 