



STATE OF IOWA

CHESTER J. CULVER, GOVERNOR
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DEPARTMENT OF HUMAN SERVICES
CHARLES J. KROGMEIER, DIRECTOR

INFORMATIONAL LETTER NO. 855

TO: All Rebase and Out-of-State Iowa Medicaid Participating Hospitals

From: Iowa Department of Human Services, Iowa Medicaid Enterprise

Date: November 30 , 2009

Subject: Implementation of Outpatient Hospital Rebase

Effective Date: January 1, 2009

The Centers for Medicare and Medicaid Services (CMS) has approved the State Plan Amendment (SPA) corresponding to the Outpatient Hospital Rebase effective January 1, 2009. The outpatient hospital payments are based on Medicare's Outpatient Prospective Payment System (OPPS) APC's and relative weights and are updated annually effective January 1, using the most current calendar update as published by CMS. All updates have been completed in the IME claims processing system. The APC Medicaid Addendum B has been posted on the IME website at <http://www.ime.state.ia.us/>.

Final hospital cost allocation workpapers and DRG base rate calculation worksheets were e-mailed to each hospital on June 15, 2009. Out-of-state hospitals that did not have a FY2007 cost report on file with the IME will receive the statewide average APC base rate of \$70.38 and statewide cost to charge ratio of 0.33.

Mass adjustments were completed between November 12 – November 15, 2009 by the IME to re-price all hospital outpatient claims for dates of service beginning January 1, 2009 and ending October 5, 2009. The remittance advice dated November 16, 2009 included repayment of these claims.

IMPORTANT NOTE: The payments relative to these mass adjustments will not be affected by the 5% provider reimbursement reduction that will be effective December 1, 2009, which is pursuant to the Governor's across-the-board budget cuts. This is because these mass adjustments are related to **dates of service January 1, 2009 – October 5, 2009**, which occurred prior to the December 1, 2009 effective date for the 5% provider reimbursement reduction.

If you have any questions, please contact the IME Provider Cost Audit and Rate Setting Unit at 1-866-863-8610 or 515-725-1108 or by e-mail at: costaudit@dhs.state.ia.us.