



Iowa Department of Human Services

Terry E. Branstad
Governor

Kim Reynolds
Lt. Governor

Charles M. Palmer
Director

December 15, 2015

Michael Marshall
Secretary of Senate
State Capitol Building
LOCAL

Carmine Boal
Chief Clerk of the House
State Capitol Building
LOCAL

Dear Ms. Boal and Mr. Marshall:

Enclosed please find copies of reports to the General Assembly relative to the "Hospital Health Care Access Assessment Program-Transition to Managed Care".

This report was prepared pursuant to the directive contained in Senate File (SF) 505. Provisions of SF 505, enacted by the 86th Iowa General Assembly, required a report to the legislature regarding the hospital health care access assessment program transition to managed care.

Please feel free to contact me if you need additional information.

Sincerely,

Paige Thorson
Policy Advisor

PT/av

Enclosure

cc: Terry E. Branstad, Governor

Iowa Department of Human Services



Hospital Health Care Access Assessment Program – Transition to Managed Care

December 2015

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I. Introduction and Background

This report is being submitted in accordance with Senate File (SF) 505, enacted by the 2015 Session of the Iowa General Assembly.

Provisions of Senate File (SF) 2388 enacted by the 83rd Iowa General Assembly, required the Department of Human Services (DHS) to establish a hospital health care access assessment program effective July 1, 2010. The hospital health care access assessment was based on a percentage of fiscal year (FY) 2008 hospital net patient revenues. Critical access hospitals, state-owned hospitals, and out of state hospitals were excluded from paying the hospital health care access assessment.

The hospital health care access assessment was codified in the Iowa Code, Chapter 249M with a repeal date of June 30, 2013. Subsequently, provisions in SF 446, Section 57, amended Iowa Code section 249M.5, extending the repeal date for the hospital health care access assessment program, from June 30, 2013, to June 30, 2016.

During state fiscal year (SFY) 2015, the Iowa Governor's office announced that there would be a procurement process to award contracts for transition of Medicaid services to managed care organizations (MCOs). Beginning January 1, 2016, most Iowa Medicaid members will be enrolled in one of four managed care programs under the name **IA Health Link**.

Provisions of SF 505, enacted by the 86th Iowa General Assembly, required a report to the legislature regarding the hospital health care access assessment program transition to managed care.

II. Methodology and Future Discussion

The Iowa Medicaid Enterprise (IME) held various meetings with stakeholders regarding the **IA Health Link** program, which included the Iowa Hospital Association (IHA). The initial meeting with IHA occurred on September 15, 2015, where the topic of the hospital health care access assessment transition was discussed. The IME communicated that the hospital healthcare access assessment program base rate add-ons would be included in the managed care reimbursement rate floors for participating hospitals.

The Department on Human Services (DHS) carefully considered how to transition Medicaid services to managed care while creating stability for both members and providers. As part of those considerations, the department has prescribed that the MCOs shall not reimburse providers lower than the "floor", or minimum amount, for each service, as designated by DHS. MCOs and providers are able to negotiate rates higher than the department designated floor, but may not negotiate rates which are lower.

There have also been requests for information (RFIs) received by DHS from IHA regarding the hospital health care access assessment program and managed care rates, where the same information was communicated to IHA and other stakeholders.

One recommendation received by IHA was to reimburse participating providers through a lump sum adjustment, instead of through claims, as part of the rate floors. The published capitation rates currently reflect the increased hospital reimbursement resulting from the hospital health care access assessment program. However, such a transition will take time to implement, given that program payments are currently paid as a percentage increase to hospital base rates rather than as a lump sum payment. In addition, a new payment structure will also require CMS approval and legislative amendments to Iowa Code 249M.