

HUMAN SERVICES DEPARTMENT[441]

Adopted and Filed

Pursuant to the authority of Iowa Code section 249A.4 and 2016 Iowa Acts, House File 2460, section 27, the Department of Human Services hereby amends Chapter 78, “Amount, Duration and Scope of Medical and Remedial Services,” Chapter 79, “Other Policies Relating to Providers of Medical and Remedial Care,” and Chapter 83, “Medicaid Waiver Services,” Iowa Administrative Code.

These changes are being made to bring administrative rules into compliance with 2015 Iowa Acts, chapter 137, section 149, section (1)(q), as amended by 2016 Iowa Acts, House File 2460, section 27, which requires the Department of Human Services to increase the contractual managed care rate floors and the fee-for-service rates and payment limits by 1 percent over the rates in effect April 1, 2016, for providers of home- and community-based service (HCBS) waiver services for which the managed care rate floor is based on the average aggregate reimbursement rate for the fiscal year beginning July 1, 2014.

The outdated language regarding encumbering a portion of the cost of home and vehicle modification over 12 months is also being removed as these paragraphs were to be stricken in a prior rule making that removed the cost of home and vehicle modification from the monthly cap under the waiver program.

These amendments increase fee-for-service upper payment limits and reimbursement rates by 1 percent over the rates in effect June 30, 2016, for providers of HCBS waiver services for which the managed care rate floor is based on the average aggregate reimbursement rate for the fiscal year beginning July 1, 2014.

These amendments also increase managed care, the contractual reimbursement rate floor

based on the average aggregate reimbursement rate for the fiscal year beginning July 1, 2014, by 1 percent over the rate floor in effect on April 1, 2016.

The caps on the total monthly cost of HCBS waiver services for members under each waiver and the annual respite limit for the intellectual disability (ID) waiver are also being increased by 1 percent. The increases in the caps are put in place so members may receive the same services after the rate increases.

Finally, these amendments correct the annual limit for specialized medical equipment in Chapter 78 to align with the limit listed in subrule 79.1(2).

Notice of Intended Action was published in the Iowa Administrative Bulletin as **ARC 2849C** on December 7, 2016. These amendments were also Adopted and Filed Emergency and published as **ARC 2848C** on the same date and became effective November 15, 2016.

The Department received comments from 3 respondents during the public comment period. A summary of the respondent's comments and the Department's responses are as follows:

Comment 1: Two respondents commented that ARRC 2848C fails to direct the MCOs to pay for the higher of the increase rate floors or the provider contracted rates. The concern is that without specific language in 441 IAC Chapter 79 directing the MCOs to pay providers the new increased rate floor, that the MCOs will not adjust providers rates and may pay providers less than the rate floor.

Department response 1: ARRC 2848C is promulgated to implement the legislated 1% increase to the HCBS rates for which the rate floor is based on the average aggregate reimbursement rate for the fiscal year beginning July 1, 2014 and for managed care claims, the reimbursement rate floors shall be increased by 1 percent over the rate floor in effect on April 1,

2016. Under IA Health Link, providers establish negotiated reimbursement rates with the MCOs if the provider negotiated a rate with a MCO that is more than one percent over the initial average aggregate rate, the one percent increase will not automatically be applied. Proposed directives for the MCOs are outside the scope of this legislation and therefore the rule will not be amended at this time.

Comment 2: Two respondents commented that ARC 2848C fails to direct the MCOS to retroactively pay all claims since July 1, 2016 at the new increased rates. HF 2460 states that the new increased floor rates apply starting July 1, 2016 if higher than the provider's current rates. The concern is that without specific language in 441 IAC Chapter 79 directing the MCOs to pay providers above their contracted rate if the floor rate in place April 1, 2016 plus one percent exceeds the provider's contracted rate will result in the MCOs paying providers less than the establish rate floor.

Department response 2: Please refer to Department response number 1 above.

Comment 3: Item 9 in the proposed rulemaking amends the recoupment provisions for Home and Community Based Services (HCBS), the respondent requested that paragraph 79.1(15)"f" be stricken in its entirety. The respondent believed that this section is punitive to HCBS providers.

Department response 3: The amendment to this section increases the amount of revenues able to be retained by providers by 1% when determining retrospective rate adjustments for FFS services. The rule will not be amended at this time.

Comment 4: The respondent requested that the calculation be corrected to \$959.50 to accurately reflect the 1% increase.

Department response 4: The Department agrees with the respondent and as a result, Item 10 will be amended as follows:

Amend paragraph 83.2(2)“b” as follows:

b. Except as provided below, the total monthly cost of the health and disability waiver services, excluding the cost of home and vehicle modification services, shall not exceed the established aggregate monthly cost for level of care as follows:

Skilled level of care	Nursing level of care	ICF/ID
\$2,765 <u>\$2,792.65</u>	\$950 <u>\$959.50</u>	\$3,365 <u>\$3,742.93</u>

The Council on Human Services adopted these amendments on January 11, 2017.

These amendments do not provide for waivers in specified situations because requests for the waiver of any rule may be submitted under the Department’s general rule on exceptions at 441—1.8(17A,217).

These amendments may increase private sector wages for employees providing home- and community-based services under HCBS waiver programs.

These amendments are intended to implement Iowa Code section 249A.4 and 2016 Iowa Acts, House File 2460, section 27.

The Administrative Rules Review Committee reviewed these amendments on November 14, 2016.

These amendments will become effective March 8, 2017, at which time the Adopted and Filed Emergency amendments are hereby rescinded.

The following amendments are adopted.

ITEM 1. Amend subparagraph **78.27(10)“e”(2)** as follows:

(2) In absence of a monthly cap on the cost of waiver services, the total monthly cost of all supported employment services may not exceed ~~\$3,029.00~~ \$3,059.29 per month.

ITEM 2. Amend paragraph **78.34(9)“g”** as follows:

g. Service payment shall be made to the enrolled home or vehicle modification provider. If applicable, payment will be forwarded to the subcontracting agency by the enrolled home or vehicle modification provider following completion of the approved modifications.

~~(4)~~ Payment of up to \$6,366.64 per year may be made to certified providers upon satisfactory completion of the service.

~~(2) The case manager or service worker shall encumber a portion of the cost of a modification every month within the monthly dollar cap allowed for the member until the entire cost of the modification is encumbered within a consecutive 12-month period.~~

ITEM 3. Amend paragraph **78.41(2)“i”** as follows:

i. Payment for respite services shall not exceed ~~\$7,262~~ \$7,334.62 per the member’s waiver year.

ITEM 4. Amend paragraph **78.43(5)“g”** as follows:

g. Service payment shall be made to the enrolled home or vehicle modification provider. If applicable, payment will be forwarded to the subcontracting agency by the enrolled home or vehicle modification provider following completion of the approved modifications. Payment of up to \$6,366.64 per year may be made to certified providers upon satisfactory completion of the service. ~~The case manager or service worker may encumber a portion of the cost of a modification every month within the monthly dollar cap allowed for the member until the entire cost of the modification is encumbered within a consecutive 12-month period.~~

ITEM 5. Amend paragraph **78.43(8)“c”** as follows:

c. Payment of up to ~~\$6,060~~ \$6,366.64 per year may be made to enrolled specialized medical equipment providers upon satisfactory receipt of the service. Each month within the 12-month period, the service worker shall encumber an amount within the monthly dollar cap allowed for the member until the amount of the equipment cost is reached.

ITEM 6. Amend paragraph **78.46(2)“g”** as follows:

g. Service payment shall be made to the enrolled home or vehicle modification provider. If applicable, payment will be forwarded to the subcontracting agency by the enrolled home or vehicle modification provider following completion of the approved modifications. Payment of up to \$6,366.64 per year may be made to certified providers upon satisfactory completion of the service. ~~The case manager or service worker shall encumber a portion of the cost of a modification every month within the monthly dollar cap allowed for the member until the entire cost of the modification is encumbered within a consecutive 12-month period.~~

ITEM 7. Amend paragraph **78.46(4)“c”** as follows:

c. Payment of up to ~~\$6,060~~ \$6,366.64 per year may be made to enrolled specialized medical equipment providers upon satisfactory receipt of the service. ~~Each month within the 12-month period, the service worker shall encumber an amount within the monthly dollar cap allowed for the member until the amount of the equipment cost is reached.~~

ITEM 8. Amend subrule **79.1(2)**, provider category “HCBS waiver service providers,” as follows:

<u>Provider category</u>	<u>Basis of reimbursement</u>	<u>Upper limit</u>
HCBS waiver service providers, including:		Except as noted, limits apply to all waivers that cover the named

<u>Provider category</u>	<u>Basis of reimbursement</u>	<u>Upper limit</u>
		provider.
1. Adult day care	Fee schedule	<p>Effective 7/1/13 <u>7/1/16</u>, for AIDS/HIV, brain injury, elderly, and ill and handicapped waivers: Provider's rate in effect 6/30/13 <u>6/30/16</u> plus 3% <u>1%</u>, converted to a 15-minute, half- day, full-day, or extended-day rate. If no 6/30/13 <u>6/30/16</u> rate: Veterans Administration contract rate or \$1.45 <u>\$1.47</u> per 15-minute unit, \$23.24 <u>\$23.47</u> per half day, \$46.26 <u>\$46.72</u> per full day, or \$69.37 <u>\$70.06</u> per extended day if no Veterans Administration contract. Effective 7/1/13 <u>7/1/16</u>, for intellectual disability waiver: County contract rate</p>

<u>Provider category</u>	<u>Basis of reimbursement</u>	<u>Upper limit</u>
		<p>or, in the absence of a contract rate, provider's rate in effect 6/30/13 <u>6/30/16</u> plus 3% <u>1%</u>, converted to a 15-minute, half-day, full-day, or extended-day rate. If no 6/30/13 <u>6/30/16</u> rate, \$1.94 <u>\$1.96</u> per 15-minute unit, \$30.96 <u>\$31.27</u> per half day, \$61.80 <u>\$70.06</u> per full day, or \$78.80 <u>\$79.59</u> per extended day.</p>
2. No change.		
3. Home health aides	Retrospective cost-related	<p>For AIDS/HIV, elderly, and health and disability waivers effective 7/1/13 <u>7/1/16</u>: Lesser of maximum Medicare rate in effect 6/30/13 <u>6/30/16</u> plus 3% <u>1%</u> or maximum Medicaid rate in effect 6/30/13 <u>6/30/16</u> plus 3% <u>1%</u>. For intellectual</p>

<u>Provider category</u>	<u>Basis of reimbursement</u>	<u>Upper limit</u>
		<p>disability waiver effective 7/1/13 <u>7/1/16</u>: Lesser of maximum Medicare rate in effect 6/30/13 <u>6/30/16</u> plus 3% <u>1%</u> or maximum Medicaid rate in effect 6/30/13 <u>6/30/16</u> plus 3% <u>1%</u>, converted to an hourly rate.</p>
4. No change.		
5. Nursing care	<p>For elderly and intellectual disability waivers: Fee schedule as determined by Medicare.</p> <p>For AIDS/HIV and health and disability waivers: Agency's financial and statistical cost report and Medicare percentage rate per visit.</p>	<p>For elderly waiver effective 7/1/13 <u>7/1/16</u>, provider's rate in effect 6/30/13 <u>6/30/16</u> plus 3% <u>1%</u>. If no 6/30/13 <u>6/30/16</u> rate: \$87.12 <u>\$87.99</u> per visit.</p> <p>For intellectual disability waiver effective 7/1/13 <u>7/1/16</u>: Lesser of maximum Medicare rate in effect 6/30/13 <u>6/30/16</u> plus 3% <u>1%</u> or maximum Medicaid</p>

<u>Provider category</u>	<u>Basis of reimbursement</u>	<u>Upper limit</u>
		<p>rate in effect 6/30/13 6/30/16 plus 3% <u>1%</u>, converted to an hourly rate. For AIDS/HIV and health and disability waivers effective 7/1/13 <u>7/1/16</u>, provider's rate in effect 6/30/13 <u>6/30/16</u> plus 3% <u>1%</u>. If no 6/30/13 <u>6/30/16</u> rate: \$87.12 <u>\$87.99</u> per visit.</p>

6. Respite care when
provided by:

Home health agency:

Specialized respite	Cost-based rate for nursing services provided by a home health agency	<p>Effective 7/1/13 <u>7/1/16</u>, provider's rate in effect 6/30/13 6/30/16 plus 3% <u>1%</u>, converted to a 15- minute rate. If no 6/30/13 <u>6/30/16</u> rate: Lesser of maximum Medicare rate in effect 6/30/13 <u>6/30/16</u> plus 3% <u>1%</u>, converted to a</p>
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<u>Provider category</u>	<u>Basis of reimbursement</u>	<u>Upper limit</u>
		15-minute rate, or maximum Medicaid rate in effect 6/30/13 <u>6/30/16</u> plus 3% <u>1%</u> , converted to a 15-minute rate, not to exceed \$311.97 <u>\$315.09</u> per day.
Basic individual respite	Cost-based rate for home health aide services provided by a home health agency	Effective 7/1/13 <u>7/1/16</u> , provider's rate in effect 6/30/13 <u>6/30/16</u> plus 3% <u>1%</u> , converted to a 15-minute rate. If no 6/30/13 <u>6/30/16</u> rate: Lesser of maximum Medicare rate in effect 6/30/13 <u>6/30/16</u> plus 3% <u>1%</u> , converted to a 15-minute rate, or maximum Medicaid rate in effect 6/30/13 <u>6/30/16</u> plus 3% <u>1%</u> , converted to a 15-minute rate, not to exceed \$311.97 <u>\$315.09</u> per day.
Group respite	Fee schedule	Effective 7/1/13 <u>7/1/16</u>

<u>Provider category</u>	<u>Basis of reimbursement</u>	<u>Upper limit</u>
		<p>7/1/16, provider's rate in effect 6/30/13 6/30/16 plus 3% <u>1%</u>, converted to a 15-minute rate. If no 6/30/13 <u>6/30/16</u> rate: \$3.45 <u>\$3.49</u> per 15-minute unit, not to exceed \$311.97 <u>\$315.09</u> per day.</p>
Home care agency:		
Specialized respite	Fee schedule	<p>Effective 7/1/13 7/1/16, provider's rate in effect 6/30/13 6/30/16 plus 3% <u>1%</u>, converted to a 15-minute rate. If no 6/30/13 <u>6/30/16</u> rate: \$8.87 <u>\$8.96</u> per 15-minute unit, not to exceed \$311.97 <u>\$315.09</u> per day.</p>
Basic individual respite	Fee schedule	<p>Effective 7/1/13 7/1/16, provider's rate in effect 6/30/13 6/30/16 plus 3% <u>1%</u>, converted to a 15-minute rate. If no</p>

<u>Provider category</u>	<u>Basis of reimbursement</u>	<u>Upper limit</u>
		6/30/13 <u>6/30/16</u> rate: \$4.73 <u>\$4.78</u> per 15- minute unit, not to exceed \$311.97 <u>\$315.09</u> per day.
Group respite	Fee schedule	Effective 7/1/13 <u>7/1/16</u> , provider's rate in effect 6/30/13 <u>6/30/16</u> plus 3% <u>1%</u> , converted to a 15- minute rate. If no 6/30/13 <u>6/30/16</u> rate: \$3.45 <u>\$3.49</u> per 15- minute unit, not to exceed \$311.97 <u>\$315.09</u> per day.
Nonfacility care:		
Specialized respite	Fee schedule	Effective 7/1/13 <u>7/1/16</u> , provider's rate in effect 6/30/13 <u>6/30/16</u> plus 3% <u>1%</u> , converted to a 15- minute rate. If no 6/30/13 <u>6/30/16</u> rate: \$8.87 <u>\$8.96</u> per 15- minute unit, not to exceed \$311.97 <u>\$315.09</u> per day.

<u>Provider category</u>	<u>Basis of reimbursement</u>	<u>Upper limit</u>
Basic individual respite	Fee schedule	Effective 7/1/13 <u>7/1/16</u> , provider's rate in effect 6/30/13 <u>6/30/16</u> plus 3% <u>1%</u> , converted to a 15- minute rate. If no 6/30/13 <u>6/30/16</u> rate: \$4.73 <u>\$4.78</u> per 15- minute unit, not to exceed \$311.97 <u>\$315.09</u> per day.
Group respite	Fee schedule	Effective 7/1/13 <u>7/1/16</u> , provider's rate in effect 6/30/13 <u>6/30/16</u> plus 3% <u>1%</u> , converted to a 15- minute rate. If no 6/30/13 <u>6/30/16</u> rate: \$3.45 <u>\$3.49</u> per 15- minute unit, not to exceed \$311.97 <u>\$315.09</u> per day.
Facility care:		
Hospital or nursing facility providing skilled care	Fee schedule	Effective 7/1/13 <u>7/1/16</u> , provider's rate in effect 6/30/13 <u>6/30/16</u> plus 3% <u>1%</u> , converted to a 15-

<u>Provider category</u>	<u>Basis of reimbursement</u>	<u>Upper limit</u>
		minute rate. If no 6/30/13 <u>6/30/16</u> rate: \$3.45 <u>\$3.49</u> per 15-minute unit, not to exceed the facility's daily Medicaid rate for skilled nursing level of care.
Nursing facility	Fee schedule	Effective 7/1/13 <u>7/1/16</u> , provider's rate in effect 6/30/13 <u>6/30/16</u> plus 3% <u>1%</u> , converted to a 15-minute rate. If no 6/30/13 <u>6/30/16</u> rate: \$3.45 <u>\$3.49</u> per 15-minute unit, not to exceed the facility's daily Medicaid rate.
Camps	Fee schedule	Effective 7/1/13 <u>7/1/16</u> , provider's rate in effect 6/30/13 <u>6/30/16</u> plus 3% <u>1%</u> , converted to a 15-minute rate. If no 6/30/13 <u>6/30/16</u> rate: \$3.45 <u>\$3.49</u> per 15-minute unit, not to

<u>Provider category</u>	<u>Basis of reimbursement</u>	<u>Upper limit</u>
		exceed \$311.97 <u>\$315.09</u> per day.
Adult day care	Fee schedule	Effective 7/1/13 <u>7/1/16</u> , provider's rate in effect 6/30/13 <u>6/30/16</u> plus 3% <u>1%</u> , converted to a 15- minute rate. If no 6/30/13 <u>6/30/16</u> rate: \$3.45 <u>\$3.49</u> per 15- minute unit, not to exceed rate for regular adult day care services.
Intermediate care facility for persons with an intellectual disability	Fee schedule	Effective 7/1/13 <u>7/1/16</u> , provider's rate in effect 6/30/13 <u>6/30/16</u> plus 3% <u>1%</u> , converted to a 15- minute rate. If no 6/30/13 <u>6/30/16</u> rate: \$3.45 <u>\$3.49</u> per 15- minute unit, not to exceed the facility's daily Medicaid rate.
Residential care facilities for persons with an intellectual	Fee schedule	Effective 7/1/13 <u>7/1/16</u> , provider's rate in effect 6/30/13

<u>Provider category</u>	<u>Basis of reimbursement</u>	<u>Upper limit</u>
disability		6/30/16 plus 3% <u>1%</u> , converted to a 15-minute rate. If no 6/30/13 <u>6/30/16</u> rate: \$3.45 <u>\$3.49</u> per 15-minute unit, not to exceed contractual daily rate.
Foster group care	Fee schedule	Effective 7/1/13 <u>7/1/16</u> , provider's rate in effect 6/30/13 <u>6/30/16</u> plus 3% <u>1%</u> , converted to a 15-minute rate. If no 6/30/13 <u>6/30/16</u> rate: \$3.45 <u>\$3.49</u> per 15-minute unit, not to exceed daily rate for child welfare services.
Child care facilities	Fee schedule	Effective 7/1/13 <u>7/1/16</u> , provider's rate in effect 6/30/13 <u>6/30/16</u> plus 3% <u>1%</u> , converted to a 15-minute rate. If no 6/30/13 <u>6/30/16</u> rate: \$3.45 <u>\$3.49</u> per 15-minute unit, not to

<u>Provider category</u>	<u>Basis of reimbursement</u>	<u>Upper limit</u>
		exceed contractual daily rate.
7. to 9. No change.		
10. Mental health outreach providers	Fee schedule	Effective 7/1/13 <u>7/1/16</u> , provider's rate in effect 6/30/13 <u>6/30/16</u> plus 3% <u>1%</u> . If no 6/30/13 <u>6/30/16</u> rate: On-site Medicaid reimbursement rate for center or provider. Maximum of 1,440 units per year.
11. No change.		
12. Nutritional counseling	Fee schedule	Effective 7/1/13 <u>7/1/16</u> for non-county contract: Provider's rate in effect 6/30/13 <u>6/30/16</u> plus 3% <u>1%</u> , converted to a 15-minute rate. If no 6/30/13 <u>6/30/16</u> rate: \$8.67 <u>\$8.76</u> per 15-minute unit.
13. No change.		
14. Senior companion	Fee schedule	Effective 7/1/13 <u>7/1/16</u> for non-county

<u>Provider category</u>	<u>Basis of reimbursement</u>	<u>Upper limit</u>
15. Consumer-directed attendant care provided by:		contract: Provider's rate in effect 6/30/13 <u>6/30/16</u> plus 3% <u>1%</u> , converted to a 15-minute rate. If no 6/30/13 <u>6/30/16</u> rate: \$1.87 <u>\$1.89</u> per 15-minute unit.
Agency (other than an elderly waiver assisted living program)	Fee agreed upon by member and provider	Effective 7/1/13 <u>7/1/16</u> , provider's rate in effect 6/30/13 <u>6/30/16</u> plus 3% <u>1%</u> , converted to a 15-minute rate. If no 6/30/13 <u>6/30/16</u> rate: \$5.30 <u>\$5.35</u> per 15-minute unit, not to exceed \$122.62 <u>\$123.85</u> per day.
Assisted living program (for elderly waiver only)	Fee agreed upon by member and provider	Effective 7/1/13 <u>7/1/16</u> , provider's rate in effect 6/30/13 <u>6/30/16</u> plus 3% <u>1%</u> , converted to a 15-minute rate. If no

<u>Provider category</u>	<u>Basis of reimbursement</u>	<u>Upper limit</u>
		6/30/13 <u>6/30/16</u> rate: \$5.30 <u>\$5.35</u> per 15-minute unit, not to exceed \$122.62 <u>\$123.85</u> per day.
Individual	Fee agreed upon by member and provider	Effective 7/1/13 <u>7/1/16</u> , \$3.54 <u>\$3.58</u> per 15-minute unit, not to exceed \$82.53 <u>\$83.36</u> per day. When an individual who serves as a member's legal representative provides services to the member as allowed by 79.9(7) "b," the payment rate must be based on the skill level of the legal representative and may not exceed the median statewide reimbursement rate for the service unless the higher rate receives prior approval from the department.

16. Counseling:

<u>Provider category</u>	<u>Basis of reimbursement</u>	<u>Upper limit</u>
Individual	Fee schedule	Effective 7/1/13 <u>7/1/16</u> , provider's rate in effect 6/30/13 <u>6/30/16</u> plus 3% <u>1%</u> , converted to a 15- minute rate. If no 6/30/13 <u>6/30/16</u> rate: \$11.34 <u>\$11.45</u> per 15- minute unit.
Group	Fee schedule	Effective 7/1/13 <u>7/1/16</u> , provider's rate in effect 6/30/13 <u>6/30/16</u> plus 3% <u>1%</u> , converted to a 15- minute rate. If no 6/30/13 <u>6/30/16</u> rate: \$11.33 <u>\$11.44</u> per 15- minute unit. Rate is divided by six, or, if the number of persons who comprise the group exceeds six, the actual number of persons who comprise the group.
17. Case management	Fee for service with cost settlement. See 79.1(1)“d.”	For brain injury and elderly waivers: Retrospective cost-

<u>Provider category</u>	<u>Basis of reimbursement</u>	<u>Upper limit</u>
		settled rate.
18. Supported community living	Retrospectively limited prospective rates. See 79.1(15)	For intellectual disability and brain injury waiver effective 7/1/13 <u>7/1/16</u> : \$9.19 <u>\$9.28</u> per 15-minute unit, not to exceed the maximum daily ICF/ID rate per day plus 3% <u>3.927%</u> .
19. Supported employment:		
Individual supported employment	Fee schedule	Fee schedule in effect May 4, 2016 <u>7/1/16</u> . Total monthly cost for all supported employment services not to exceed \$3,029.00 <u>\$3,059.29</u> per month.
Long-term job coaching	Fee schedule	Fee schedule in effect May 4, 2016 <u>7/1/16</u> . Total monthly cost for all supported employment services not to exceed \$3,029.00 <u>\$3,059.29</u> per month.

<u>Provider category</u>	<u>Basis of reimbursement</u>	<u>Upper limit</u>
Small-group supported employment (2 to 8 individuals)	Fee schedule	Fee schedule in effect May 4, 2016 <u>7/1/16</u> . Maximum 160 units per week. Total monthly cost for all supported employment services not to exceed \$3,029.00 <u>\$3,059.29</u> per month.
20. No change.		
21. Behavioral programming	Fee schedule	Effective 7/1/13 <u>7/1/16</u> , provider's rate in effect 6/30/13 <u>6/30/16</u> plus 3% <u>1%</u> . If no 6/30/13 <u>6/30/16</u> rate: \$11.34 <u>\$11.45</u> per 15 minutes.
22. Family counseling and training	Fee schedule	Effective 7/1/13 <u>7/1/16</u> , provider's rate in effect 6/30/13 <u>6/30/16</u> plus 3% <u>1%</u> , converted to a 15-minute rate. If no 6/30/13 <u>6/30/16</u> rate: \$11.33 <u>\$11.44</u> per 15-minute unit.
23. Prevocational services,	Fee schedule	Fee schedule in effect

<u>Provider category</u>	<u>Basis of reimbursement</u>	<u>Upper limit</u>
including career exploration 24. Interim medical monitoring and treatment:		May 4, 2016 <u>7/1/16</u> .
Home health agency (provided by home health aide)	Cost-based rate for home health aide services provided by a home health agency	Effective 7/1/13 <u>7/1/16</u> : Lesser of maximum Medicare rate in effect 6/30/13 <u>6/30/16</u> plus 3% <u>1%</u> , converted to a 15- minute rate, or maximum Medicaid rate in effect 6/30/13 <u>6/30/16</u> plus 3% <u>1%</u> , converted to a 15- minute rate.
Home health agency (provided by nurse)	Cost-based rate for nursing services provided by a home health agency	Effective 7/1/13 <u>7/1/16</u> : Lesser of maximum Medicare rate in effect 6/30/13 <u>6/30/16</u> plus 3% <u>1%</u> , converted to a 15- minute rate, or maximum Medicaid rate in effect 6/30/13 <u>6/30/16</u> plus 3% <u>1%</u> , converted to a 15-

<u>Provider category</u>	<u>Basis of reimbursement</u>	<u>Upper limit</u>
		minute rate.
Child development home or center	Fee schedule	Effective 7/1/13 <u>7/1/16</u> , provider's rate in effect 6/30/13 <u>6/30/16</u> plus 3% <u>1%</u> , converted to a 15-minute rate. If no 6/30/13 <u>6/30/16</u> rate: \$3.45 <u>\$3.49</u> per 15-minute unit.
Supported community living provider	Retrospectively limited prospective rate. See 79.1(15)	Effective 7/1/13 <u>7/1/16</u> , provider's rate in effect 6/30/13 <u>6/30/16</u> plus 3% <u>1%</u> , converted to a 15-minute rate. If no 6/30/13 <u>6/30/16</u> rate: \$9.19 <u>\$9.28</u> per 15-minute unit, not to exceed the maximum ICF/ID rate per day plus 3% <u>3.927%</u> .
25. Residential-based supported community living	Retrospectively limited prospective rates. See 79.1(15)	Effective 7/1/13 <u>7/1/16</u> : Not to exceed the maximum ICF/ID rate per day plus 3% <u>3.927%</u> .

<u>Provider category</u>	<u>Basis of reimbursement</u>	<u>Upper limit</u>
26. Day habilitation	Fee schedule	Effective 7/1/13 <u>7/1/16</u> : County contract rate converted to a 15-minute or daily rate or, in the absence of a contract rate, provider's <u>Provider's</u> rate in effect 6/30/13 <u>6/30/16</u> plus 3% <u>1%</u> , converted to a 15- minute or daily rate. If no 6/30/13 <u>6/30/16</u> rate: \$3.47 <u>\$3.51</u> per 15-minute unit or \$67.55 <u>\$68.23</u> per day.
27. No change.		
28. Family and community support services	Retrospectively limited prospective rates. See 79.1(15)	Effective 7/1/13 <u>7/1/16</u> , provider's rate in effect 6/30/13 <u>6/30/16</u> plus 3% <u>1%</u> , converted to a 15- minute rate. If no 6/30/13 <u>6/30/16</u> rate: \$9.19 <u>\$9.28</u> per 15- minute unit.
29. In-home family therapy	Fee schedule	Effective 7/1/13 <u>7/1/16</u> , provider's rate in effect 6/30/13

<u>Provider category</u>	<u>Basis of reimbursement</u>	<u>Upper limit</u>
		6/30/16 plus 3% 1%, converted to a 15-minute rate. If no 6/30/13 <u>6/30/16</u> rate: \$24.60 <u>\$24.85</u> per 15-minute unit.
30. No change.		
31. Independent support broker	Rate negotiated by member	Effective 7/1/13 <u>7/1/16</u> , provider's rate in effect 6/30/13 <u>6/30/16</u> plus 3% 1%. If no 6/30/13 <u>6/30/16</u> rate: \$15.91 <u>\$16.07</u> per hour.
32. to 34. No change.		
35. Assisted living on-call service providers (elderly waiver only)	Fee agreed upon by member and provider.	\$25.75 <u>\$26.08</u> per day.

ITEM 9. Amend paragraph **79.1(15)“f”** as follows:

f. Retrospective adjustments.

(1) No change.

(2) ~~Revenues~~ For services provided from July 1, 2015, through June 30, 2016, revenues exceeding adjusted actual costs by more than 4.5 percent shall be remitted to the department.

Payment will be due upon notice of the new rates and retrospective rate adjustment.

(3) ~~Providers~~ For services provided from July 1, 2015, through June 30, 2016, providers

who do not reimburse revenues exceeding 104.5 percent of actual costs 30 days after notice is given by the department will have the revenues over 104.5 percent of the actual costs deducted from future payments.

(4) For services provided on or after July 1, 2016, revenues exceeding adjusted actual costs by more than 5.5 percent shall be remitted to the department. Payment will be due upon notice of the new rates and retrospective rate adjustment.

(5) For services provided on or after July 1, 2016, providers who do not reimburse revenues exceeding 105.5 percent of actual costs 30 days after notice is given by the department will have the revenues over 105.5 percent of the actual costs deducted from future payments.

ITEM 10. Amend paragraph **83.2(2)“b”** as follows:

b. Except as provided below, the total monthly cost of the health and disability waiver services, excluding the cost of home and vehicle modification services, shall not exceed the established aggregate monthly cost for level of care as follows:

<u>Skilled level</u> <u>of care</u>	<u>Nursing level</u> <u>of care</u>	<u>ICF/ID</u>
\$2,765	\$950 \$959.50	\$3,365
<u>\$2,792.65</u>		<u>\$3,742.93</u>

~~(1)~~ For members eligible for SSI who remain eligible for health and disability waiver services until the age of 25 because they are receiving health and disability waiver services upon reaching the age of 21, these amounts shall be increased by the cost of services for which the member would be eligible under 441—subrule 78.9(10) if still under 21 years of age.

~~(2) If more than \$505 is paid for home and vehicle modification services, the service~~

~~worker or targeted case manager shall encumber up to \$505 per month within the monthly dollar cap allowed for the member until the total amount of the modification is reached within a 12-month period.~~

ITEM 11. Amend subparagraph **83.22(2)“c”(2)** as follows:

(2) Services must be the least costly available to meet the service needs of the member.

The total monthly cost of the elderly waiver services exclusive of case management services shall not exceed the established monthly cost of the level of care. Aggregate monthly costs, excluding the cost of case management and home and vehicle modifications, are limited as follows:

<u>Skilled level of care</u>	<u>Nursing level of care</u>
\$2,765	\$1,339
<u>\$2,792.65</u>	<u>\$1,365.78</u>

ITEM 12. Amend paragraph **83.42(2)“b”** as follows:

b. The total monthly cost of the AIDS/HIV waiver services shall not exceed the established aggregate monthly cost for level of care. The monthly cost of AIDS/HIV waiver services cannot exceed the established limit of ~~\$1,840~~ \$1,876.80.

ITEM 13. Amend paragraph **83.82(2)“d”** as follows:

d. The total cost of brain injury waiver services, excluding the cost of case management and home and vehicle modifications, shall not exceed ~~\$2,954~~ \$3,013.08 per month.

ITEM 14. Amend paragraph **83.102(2)“b”** as follows:

b. The total cost of physical disability waiver services, excluding the cost of home and vehicle modifications, shall not exceed ~~\$692~~ \$705.84 per month.

ITEM 15. Amend paragraph **83.122(6)“b”** as follows:

b. The total cost of children’s mental health waiver services needed to meet the member’s needs, excluding the cost of environmental modifications, adaptive devices and therapeutic resources, may not exceed ~~\$1,967~~ \$2,006.34 per month.



Iowa Department of Human Services
Information on Proposed Rules

Name of Program Specialist LeAnn Moskowitz	Telephone Number 256-4653	Email Address lmoskow@dhs.state.ia.us
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1. Give a brief summary of the rule changes:

Increases fee-for-service upper payment limits and reimbursement rates by 1 percent over the rates in effect June 30, 2016, for providers of Home and Community Based Service (HCBS) waiver services for which the managed care rate floor is based on the average aggregate reimbursement rate for fiscal year beginning July 1, 2014.

For managed care, the contractual reimbursement rate floors are also being increased by 1 percent over the rates floor in effect on April 1, 2016.

The caps on the total monthly cost of HCBS waiver services for members under each waiver and the annual Respite limit for the Intellectual Disability (ID) Waiver is also being increased by 1 percent. The increases in the caps are put in place so members may receive the same services after the rate increases.

Outdated language regarding encumbering a portion of the cost of Home and Vehicle Modification over 12 months is being removed as the cost of HVM is no longer included in the monthly cap on the cost of services.

Corrects the annual limit for specialized medical equipment in Chapter 78 to align with limit listed at 441-79.1(2).

2. What is the legal basis for the change? (Cite the authorizing state and federal statutes and federal regulations):

249A.4 and 2016 Iowa House File 2460: Sec. 27 amending 2015 Iowa Acts, chapter 137, section 149, subsection (1)(g)

3. What is the reason for the Department requesting these changes?

These changes are being made to come into compliance with in 2016 Iowa House File 2460, . 27, amending 2015 Iowa Acts, chapter 137, section 149, subsection (1) (g), which requires the Department of Human Services to increase the contractual managed care rate floors and the fee-for-service rates and payment limits by 1 percent over the rates in effect April 1, 2016 for providers of HCBS waiver services for which the managed care rate floor is based on the average aggregate reimbursement rate for fiscal year beginning July 1, 2014.

The outdated language regarding encumbering a portion of the cost of Home and Vehicle Modification over 12 months is being removed as these paragraphs were to be struck in a prior rule amendment that removed the cost of HVM from the monthly cap under the waiver program.

4. What will be the effect of this rule making (who, what, when, how)?

This amendment raises the rate of reimbursement for certain HCBS waiver services providers. This increase could influence hiring additional staff where needed, which may provide improved quality of services for waiver members.

This amendment will increase costs to the state Medicaid budget.

5. Is the change mandated by State or Federal Law?

Yes HF 2460 mandated 1% rate increase for HCBS waiver services for which the managed care rate floor is based on the average aggregate reimbursement rate for fiscal year beginning July 1, 2014.

6. Will anyone be affected by this rule change? If yes, who will be affected and will it be to the person's (organization's) benefit or detriment?

Yes, the rate increase is a direct benefit to the HCBS providers and service recipients.

7. What are the potential benefits of this rule?

- The action of raising the above mentioned rates will have an effect on the cost of the individual services, but since the waiver maximums will also increase 1% this should be a minimal effect on members.
- This would be a cost benefit to waiver providers.

8. What are the potential costs, to the regulated community or the state of Iowa as a whole, of this rule?

The Medicaid budget will see increased costs as a result of this increase.

9. Do any other agencies regulate in this area? If so, what agencies and what Administrative Code sections apply?

No other state agencies regulate in this area.

10. What alternatives to direct regulation in this area are available to the agency? Why were other alternatives not used?

No alternatives to direct regulation are available as the agency must set Medicaid reimbursement rates.

11. Does this rule contain a waiver provision? If not, why?

These amendments do not contain waiver provisions because they confer a benefit on those affected.

12. What are the likely areas of public comment?

Affected providers and members will view this as a benefit.

Providers of services for which the managed care rate floor is not based on the average aggregate reimbursement rate for fiscal year beginning July 1, 2014 will not receive a 1 % increase and this may result in negative comment.

13. Do these rules have an impact on private-sector jobs and employment opportunities in Iowa? (If yes, describe nature of impact, categories and number of jobs affected, state regions affected, costs to employer per employee)

These rules may increase private sector wages for employees providing home and community-based services under HCBS waiver programs.



Administrative Rule Fiscal Impact Statement

Date: 8/19/2016

Agency: Human Services
IAC citation: 441 IAC
Agency contact: LeAnn Moskowitz

Summary of the rule:

Revisions to 441-Chapter 79 and 83 are due to the change in the reimbursement rate for Fee-For- Services providers of Home and Community Based Service (HCBS) Waivers to be increased beginning July 1, 2016, by 1 percent over the rates in effect on June 30, 2016. The caps on the total monthly cost of HCBS waiver services for members under each waiver and the annual rate cap for the Intellectual Disability (ID) Waiver is also being increased by 1 percent. The increases in the caps are put in place so members may receive the same services after the rate increase.

For managed care claims, the reimbursement rate floor is increased by 1 percent over the rates floor in effect on April 1, 2016.

Outdated language regarding encumbering a portion of the cost of Home and Vehicle Modification over 12 months is being removed as the cost of HVM is no longer included in the monthly cap on the cost of services.

Fill in this box if the impact meets these criteria:

- No fiscal impact to the state.
 Fiscal impact of less than \$100,000 annually or \$500,000 over 5 years.
 Fiscal impact cannot be determined.

Brief explanation:

Fill in the form below if the impact does not fit the criteria above:

- Fiscal impact of \$100,000 annually or \$500,000 over 5 years.

Assumptions:

The effective date of this change will be July 1, 2016 for SFY17.

The FMAP rate will be 56.28% in SFY17 and 57.60% in SFY18.

Absent this change, a 1% increase in waiver spending is assumed in both SFY17 and SFY18.

Describe how estimates were derived:

The estimated fiscal impact was determined by using the paid units from state fiscal year SFY15 claims and comparing the following:

- Estimated total payments if these units are paid at the current Managed Care Organization (MCO) rate floors.
- Estimated total payments if these units are paid at the average claim rate for services provided during the month of July 2015. An average of all claims paid for July 2015 services was used since member rates can change throughout the month based on changes in member needs. This resulted in a one percent increase and formed the basis for the rate update authorized during session.

Estimated Impact to the State by Fiscal Year

	<u>Year 1 (SFY17)</u>	<u>Year 2 (SFY18)</u>
Revenue by each source:		
General fund	\$2,198,744	\$2,153,683
Federal funds	\$2,830,405	\$2,925,758
Other (specify):		
TOTAL REVENUE	\$5,029,149	\$5,079,441
Expenditures:		
General fund	\$2,198,744	\$2,153,683
Federal funds	\$2,830,405	\$2,925,758
Other (specify):		
TOTAL EXPENDITURES	\$5,029,149	\$5,079,441
NET IMPACT	\$0	\$0

This rule is required by state law or federal mandate.

Please identify the state or federal law:

Sec.27. 2015 Iowa Acts , chapter 137, section 149 subsection 13

Funding has been provided for the rule change.

Please identify the amount provided and the funding source:

In SFY 2017, \$2,200,000 was allocated within the Medical Assistance appropriation to pay for this increase.

Funding has not been provided for the rule.

Please explain how the agency will pay for the rule change:

Fiscal impact to persons affected by the rule:

This rule raises the rate of reimbursement for HCBS waiver services providers. This increase could influence hiring additional staff where needed, which may provide improved quality of services for waiver members.

Fiscal impact to counties or other local governments (required by Iowa Code 25B.6):

None. Counties no longer fund any portion of HCBS waiver services.

Agency representative preparing estimate: Jason Buls

Telephone number: 515-281-5764