

## **HUMAN SERVICES DEPARTMENT[441]**

### **Adopted and Filed**

Pursuant to the authority of Iowa Code section 249A.4, the Department of Human Services amends Chapter 79, “Other Policies Relating to Providers of Medical and Remedial Care,” Chapter 85, “Services in Psychiatric Institutions,” and Chapter 88, “Managed Health Care Providers,” Iowa Administrative Code.

These amendments change the reimbursement methodology for non-state-owned psychiatric medical institutions for children (PMICs). On and after July 1, 2014, non-state-owned PMICs shall be reimbursed according to the Iowa Plan for Behavioral Health contractor’s provider-specific per diem rate without reconciliation.

The reimbursement methodology is not changing for state-owned PMICs. The basis of payment for state-owned providers of inpatient psychiatric services for individuals under 21 years of age is 100 percent of the actual and allowable cost. The actual and allowable cost is based on the cost report information the facility submits to the Department on Form 470-0664, Financial and Statistical Report.

These amendments also add a reference to Chapter 85 within Chapter 88 in order to include PMIC services under the Iowa Plan for Behavioral Health contract requirements.

Notice of Intended Action was published in the Iowa Administrative Bulletin as **ARC 1921C** on April 1, 2015. The Department received no comments during the public comment period. These amendments are identical to those published as Notice of Intended Action.

The Council on Human Services adopted these amendments on May 13, 2015.

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).

After analysis and review of this rule making, no impact on jobs has been found.

These amendments are intended to implement Iowa Code section 249A.4.

These amendments will become effective August 1, 2015.

The following amendments are adopted.

ITEM 1. Amend subrule **79.1(2)**, provider category “Psychiatric medical institutions for children,” as follows:

Provider category	Basis of reimbursement	Upper limit
Psychiatric medical institutions for children:		
1. <u>Inpatient in non-state-owned facilities</u>	<u>Retrospective cost-related Provider-specific fee schedule as determined by the Iowa Plan for Behavioral Health managed care contractor</u>	<del>Effective 8/1/11: Actual and allowable cost not to exceed a maximum for non-state-owned providers of 103% of patient-day-weighted average costs of non-state-owned providers located within Iowa.</del> <u>Effective 7/1/14: non-state-owned facilities provider-specific fee schedule in effect.</u>
2. <u>Inpatient in state-owned facilities</u>	<u>Retrospective cost-related</u>	<u>Effective 8/1/11: 100% of actual and allowable cost.</u>
<del>2.</del> <u>3. Outpatient day treatment</u>	Fee schedule	Fee schedule in effect 6/30/13 plus 1%.

ITEM 2. Amend rule **441—85.25(249A)** as follows:

**441—85.25(249A) Reimbursement to psychiatric medical institutions for children.**

**85.25(1)** Computation of inpatient rate for non-state-owned facilities prior to July 1, 2014, and for state-owned facilities. Facilities For services rendered by non-state-owned

facilities on or before June 30, 2014, or by state-owned facilities, facilities are paid at a per diem rate based on the facility's actual and allowable cost for the service not to exceed the upper limit as provided in 441—subrule 79.1(2).

- a. to c. No change.

~~85.25(2)~~ **85.25(2)** Inpatient reimbursement for non-state-owned facilities effective July 1, 2014. Services rendered by non-state-owned facilities on or after July 1, 2014, shall be reimbursed according to the Iowa Plan for Behavioral Health contractor's negotiated, provider-specific per diem rate.

~~85.25(2)~~ **85.25(3)** Reserve bed payments.

- a. to c. No change.

~~85.25(3)~~ **85.25(4)** Day treatment rates. Outpatient day treatment services are paid on a fixed fee basis.

ITEM 3. Amend subrule **88.62(1)** as follows:

**88.62(1)** Contract. The department may enter into a contract for the provision of mental health and substance abuse services specified in 441—Chapter 78, and Chapter 85, Division II, or any portion thereof, with a prepaid health plan.

- a. and b. No change.

## Information on Proposed Rules

Name of Program Specialist LeAnn Moskowicz	Telephone Number 515-256-4653	E-mail Address lmoskow@dhs.state.ia.us
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<p>1. Give a brief summary of the rule changes:</p> <ul style="list-style-type: none"> <li>• This amendment changes the reimbursement methodology for non-state owned PMICs. Beginning July 1, 2014 non-state owned PMICs will be reimbursed according to the Iowa Plan for Behavioral Health contractor provider specific per diem rate without reconciliation.</li> <li>• Maintains the cost reporting requirements for state owned PMICs.</li> </ul>
<p>2. What is the reason for the Department to request these changes?</p> <ul style="list-style-type: none"> <li>• The Iowa Plan for Behavioral Health Contractor is managing the PMIC services and have established a per diem for non-state owned PMICS</li> </ul>
<p>3. What will be the effect of the rule adoption? (who, what, when, how)?</p> <ul style="list-style-type: none"> <li>• Non-state owned PMICs will no longer be required to submit an annual cost report beginning with the provider's fiscal year 2015</li> <li>• Beginning July 1, 2014 Magellan will pay PMICs based on a set per diem.</li> </ul>
<p>3. Is the change mandated by State or Federal Law? (Cite the authorizing state and federal statutes and federal regulations)</p> <ul style="list-style-type: none"> <li>• The change is not mandated.</li> </ul>
<p>5. Will anyone be affected by this rule change? If yes who will be affected and will it be to the person(s) benefit or detriment?</p> <ul style="list-style-type: none"> <li>• Non-state owned PMIC providers will benefit from a set per diem and will no longer being required to file an annual cost report</li> </ul>
<p>6. What are the potential benefits of this rule?</p> <ul style="list-style-type: none"> <li>• The last required cost report submission will be for the non-state owned PMIC providers fiscal year 2014 in order to calculate the retrospective cost settlement for services prior to July 1, 2014.</li> <li>• Provider Cost Audit and Rate Setting will no longer review PMIC Cost Reports or set PMIC Daily per Diem rates</li> </ul>
<p>7. What are the potential costs, to the regulated community or the State of Iowa as a whole, of this rule?</p> <ul style="list-style-type: none"> <li>• Non-state owned PMIC providers will be reimbursed according to the Iowa Plan contractor's set fees</li> </ul>

<p>8. Do any other agencies regulate in this area? If so, what agencies and what Administrative Code Sections apply?</p> <ul style="list-style-type: none"> <li>• No other agency regulates reimbursement</li> </ul>
<p>9. What alternatives to direct regulation in this area are available to the agency? Why were other alternatives not used?</p> <ul style="list-style-type: none"> <li>• The department considered maintaining the status quo; however PMIC providers are anticipating no longer being required to submit a cost report beginning with fiscal year 2015 and the Iowa Plan for Behavioral Health contractor has contracted with the PMICs at a provider specific rate without reconciliation.</li> </ul>
<p>10. Does this rule contain a waiver provision? If not, why?</p> <ul style="list-style-type: none"> <li>• The rule does not contain waiver provisions, waivers of administrative rules may be requested through the department's exception to policy process.</li> </ul>
<p>11. 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)</p> <ul style="list-style-type: none"> <li>• No impact anticipated.</li> </ul>

# ADMINISTRATIVE RULE FISCAL IMPACT STATEMENT

Date: June 20, 2014

**Agency:** Human Services

**IAC citation:** 441 IAC

**Agency contact:** LeAnn Moskowitz

**Summary of the rule:**

Changes the reimbursement methodology for non-state owned PMICS to the Iowa Plan for Behavioral Health Contractor's fee schedule.

*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:**

The state pays Magellan a fixed per member per month capitation amount for PMIC services, and this amount will not change as a result of this reimbursement change. Magellan will be required to operate within the approved capitation rates, and therefore, no fiscal impact to the state is anticipated.

**Note:** Managed care capitation rates are derived from trending actual experience. If this reimbursement change leads to increased reimbursement for PMIC providers, the increase could affect future capitation rate calculations. This potential impact cannot be quantified.

*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:**

**Describe how estimates were derived:**

**Estimated Impact to the State by Fiscal Year**

	<u>Year 1 (SFY15)</u>	<u>Year 2 (SFY16)</u>
<b>Revenue by each source:</b>		
General fund	_____	_____
Federal funds	_____	_____
Other (specify):	_____	_____
<b>TOTAL REVENUE</b>	_____	_____
<b>Expenditures:</b>		
General fund	_____	_____
Federal funds	_____	_____
Other (specify):	_____	_____
<b>TOTAL EXPENDITURES</b>	_____	_____
<b>NET IMPACT</b>	<u>No Impact</u>	<u>No Impact</u>

\_\_\_\_\_ This rule is required by state law or federal mandate.  
*Please identify the state or federal law:*

\_\_\_\_\_ Funding has been provided for the rule change.  
*Please identify the amount provided and the funding source:*

Funding has not been provided for the rule.  
*Please explain how the agency will pay for the rule change:*  
 No fiscal impact is anticipated.

***Fiscal impact to persons affected by the rule:***  
 Non-state owned PMIC providers will be reimbursed according to the Iowa Plan contractor's set fees.

***Fiscal impact to counties or other local governments (required by Iowa Code 25B.6):***  
 None anticipated.

Agency representative preparing estimate: Joe Havig  
 Telephone number: 515-281-6022