



# Iowa Department of Human Services

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## INFORMATIONAL LETTER NO.1562

**DATE:** October 27, 2015

**TO:** Iowa Medicaid Providers

**FROM:** Iowa Department of Human Services (DHS), Iowa Medicaid Enterprise (IME)

**RE:** Managed Care Organization (MCO) Provider Reimbursement Rate Floors

**EFFECTIVE:** January 1, 2016

On January 1, 2016, most Iowa Medicaid members will be enrolled in a single managed care program. This new approach for the Medicaid program was previously referred to as Medicaid Modernization or through the formal Request for Proposal (RFP) name of the Iowa High Quality Healthcare Initiative. The program will now be branded as **IA Health Link**. Most of Iowa Medicaid's 550,000 members as well as CHIP, *hawk-i* and Iowa Health and Wellness Plan members will be enrolled in the IA Health Link program with one of the contracted MCOs (currently four MCOs).

Under IA Health Link, providers will establish negotiated reimbursement rates with the MCOs. As part of this transition, DHS is establishing a reimbursement rate floor for most provider types. In creating a rate floor, DHS considered the following:

- MCOs must extend an offer to providers at the defined provider rate floor, however, plans and providers can mutually agree to reimbursement or a structure other than the floor.
- How best to provide stability for members and providers yet enable the MCOs to manage their provider networks.
- Impact on MCO capitation rates which were based on historical Medicaid paid claims data and adjustments.
- How the numerous current Medicaid reimbursement methodologies work today and will work in the future with the move to a comprehensive managed care environment.
- MCO network adequacy requirements across geographical and service types.

Attachment 1 to this informational letter (IL) summarizes the rate floor by provider type.

Unless specifically identified in Attachment 1, the reimbursement rate floors will remain the same unless federal or state law requires changes. It is important to note that the reimbursement rate floor establishes a baseline for provider reimbursement by the MCOs. This ensures stability in provider reimbursement.

For additional information on the IA Health Link please call the IME Provider Services Unit at 1-800-338-7909. Representatives are available Monday-Friday, 7:30 a.m. to 4:30 p.m.

## Attachment 1

Provider/Rate Type	Provider Reimbursement Rate Floor
Ambulance	Medicaid fee schedule rate in effect on 7/1/15
Ambulatory Surgical Center	Medicaid fee schedule rate in effect on 7/1/15
Audiologist	Medicaid fee schedule rate in effect on 7/1/15
Behavioral Health Services	Iowa Plan fee schedule rate in effect on 7/1/15
Behavioral Health Intervention Service	Medicaid fee schedule rate in effect on 7/1/15
Birthing Center	Medicaid fee schedule rate in effect on 7/1/15
Certified Nurse Mid-Wife	Medicaid fee schedule rate in effect on 7/1/15
Certified Registered Nurse Anesthetist	Medicaid fee schedule rate in effect on 7/1/15
Chiropractor	Medicaid fee schedule rate in effect on 7/1/15
Clinic	Medicaid fee schedule rate in effect on 7/1/15
Community Mental Health Center	Medicaid alternative fee schedule rate in effect on 7/1/15
Durable Medical Equipment	Medicaid fee schedule rate in effect on 7/1/15
Family Planning Clinic	Medicaid fee schedule rate in effect on 7/1/15
Federally Qualified Health Centers	BIPA PPS rate in effect on 1/1/16, adjusted annually  Upon provider request, the Department will make quarterly MCO wraparound supplemental payments equal to the fee-for-service methodology
Habilitation Service	Medicaid fee schedule rate in effect on 7/1/15
Health Home-Chronic Conditions	Medicaid fee schedule rate in effect on 7/1/15
Hearing Aide Dealer	Medicaid fee schedule rate in effect on 7/1/15
Independent Laboratory	Medicaid fee schedule rate in effect on 7/1/15
Lead Investigation	Medicaid fee schedule rate in effect on 7/1/15
Maternal Health Center	Medicaid fee schedule rate in effect on 7/1/15
Nurse Practitioner	Medicaid fee schedule rate in effect on 7/1/15
Optician	Medicaid fee schedule rate in effect on 7/1/15
Optometrist	Medicaid fee schedule rate in effect on 7/1/15
Orthopedic Shoe Dealer	Medicaid fee schedule rate in effect on 7/1/15
Physician	Medicaid fee schedule rate in effect on 7/1/15
Podiatrist	Medicaid fee schedule rate in effect on 7/1/15
Psychologist	Medicaid fee schedule rate in effect on 7/1/15
Rehabilitation Agency and Independent Therapists	Medicaid fee schedule rate in effect on 7/1/15
Rural Health Clinic	BIPA PPS rate in effect on 1/1/16, adjusted annually  Upon provider request, the Department will make quarterly MCO wraparound supplemental payments equal to the fee-for-service methodology
Screening Center	Medicaid fee schedule rate in effect on 7/1/15
State Mental Health Institution	Medicaid rate in effect on 7/1/15

Provider/Rate Type	Provider Reimbursement Rate Floor
Targeted Case Management	Provider-specific Medicaid rate in effect July 1, 2015
<b>Home and Community-Based Services and Habilitation - Services Directly Involving the Member:</b>	
Supported Community Living - Daily	Provider-specific average claim rate per service type per waiver type based on state fiscal year 2015 data
Supported Community Living – 15 minute	Provider-specific average claim rate per service type per waiver type based on state fiscal year 2015 data
Supported Community Living - Residential Based	Provider-specific average claim rate per service type per waiver type based on state fiscal year 2015 data
Adult Day Care	Provider-specific claim rate per service type per waiver type based on state fiscal year 2015 data
Home Health Aides	Provider-specific average claim rate per service type per waiver type based on state fiscal year 2015 data
Nursing Care	Provider-specific average claim rate per service type per waiver type based on state fiscal year 2015 data
Respite	Provider-specific average claim rate per service type per waiver type based on state fiscal year 2015 data
Mental Health Outreach	Provider-specific average claim rate per service type per waiver type based on state fiscal year 2015 data
Nutritional Counseling	Provider-specific average claim rate per service type per waiver type based on state fiscal year 2015 data
Senior Companion	Provider-specific average claim rate per service type per waiver type based on state fiscal year 2015 data
Consumer Directed Attendant Care	Provider-specific average claim rate per service type per waiver type based on state fiscal year 2015 data
Counseling	Provider-specific average claim rate per service type per waiver type based on state fiscal year 2015 data
Case Management	Provider-specific Medicaid rate in effect July 1, 2015
Supported Employment	Provider-specific average claim rate per service type per waiver type based on state fiscal year 2015 data
Behavioral Programming	Provider-specific average claim rate per service type per waiver type based on state fiscal year 2015 data
Family Counseling and Training	Provider-specific average claim rate per service type per waiver type based on state fiscal year 2015 data
Prevocational Services	Provider-specific average claim rate per service type per waiver type based on state fiscal year 2015 data
Interim Medical Monitoring and Treatment	Provider-specific average claim rate per service type per waiver type based on state fiscal year 2015 data
Day Habilitation	Provider-specific average claim rate per service type per waiver type based on state fiscal year 2015 data

<b>Provider/Rate Type</b>	<b>Provider Reimbursement Rate Floor</b>
Family and Community Support Services	Provider-specific average claim rate per service type per waiver type based on state fiscal year 2015 data
In-Home Family Therapy	Provider-specific average claim rate per service type per waiver type based on state fiscal year 2015 data
Independent Support Broker	Provider-specific average claim rate per service type per waiver type based on state fiscal year 2015 data
Self-Directed Community Support and Employment	Provider-specific average claim rate per service type per waiver type based on state fiscal year 2015 data
Assisted Living	Provider-specific average claim rate per service type per waiver type based on state fiscal year 2015 data
Habilitation, Home-Based	Provider-specific average claim rate per service type per waiver type based on state fiscal year 2015 data
<b>Home and Community-Based Services and Habilitation - Services Provided To Support The Member Not Considered Direct Services:</b>	
Homemaker	No rate floor
Chore Service	No rate floor
Home Delivered Meals	No rate floor
Home and Vehicle Modification	No rate floor
Transportation	No rate floor
Assistive Devices	No rate floor
Specialized Medical Equipment	No rate floor
Environmental Modifications and Adaptive Devices	No rate floor
Financial Management Services	No rate floor
Individual Directed Goods and Service	No rate floor
Personal Emergency Response	No rate floor
<b>Home Health Agency:</b>	
Intermittent Nursing, Therapy, Home Health Aide	Medicaid rate in effect on 7/1/15 per geographic area (includes rebase)
EPSDT Private Duty Nursing/Personal Care	Lowest state-wide Medicaid rate in effect on 7/1/15
<b>Hospice:</b>	
Routine and Continuous Home Care	Medicaid rate in effect on 7/1/15 per geographic area
Inpatient Respite Care	Medicaid rate in effect on 7/1/15 per geographic area
General Inpatient Care	Medicaid rate in effect on 7/1/15 per geographic area
Nursing facility	Negotiated rate between the hospice providers and each MCO. (This will include any pass-through payments for nursing facility room and board)

Provider/Rate Type	Provider Reimbursement Rate Floor
<b>Hospital:</b>	
Inpatient	DRG base rate and certified unit per diem in effect on 10/1/15 (includes rebase and provider assessment add-on)
Outpatient	APC base rate in effect on 7/1/15 (includes rebase and provider assessment add-on)
Inpatient Psychiatric Certified Unit	Per diem in effect on 10/1/15 (includes rebase)
Inpatient Physical Rehabilitation Certified Unit	Per diem in effect on 10/1/15 (includes rebase)
Critical Access - Inpatient	DRG base rate in effect on 7/1/15
Critical Access - Outpatient	Outpatient cost-to-charge ratio in effect on 7/1/15
Critical Access - Swing Bed	Swing bed per diem in effect on 7/1/15
<b>Intermediate Care Facilities for Individuals for Intellectual Disabilities:</b>	
Community-Based	Provider-specific per diem in effect on 7/1/15 (includes provider assessment add-ons)
State Resource Centers	Provider-specific per diem in effect on 7/1/15 (includes provider assessment add-ons)
<b>Nursing Facility:</b>	
Intermediate Care Facility	Provider-specific per diem in effect on 7/1/15 (includes rebase and provider assessment add-ons)
Skilled Nursing Facility	Provider-specific per diem in effect on 7/1/15 (includes rebase and provider assessment add-ons)
Special Population	Provider-specific per diem in effect on 7/1/15 (includes rebase and provider assessment add-ons)
Nursing Facility for Mental Illness	Provider-specific per diem in effect on 7/1/15 (includes rebase and provider assessment add-ons)
<b>Pharmacy:</b>	
Drug ingredient cost reimbursement	<p>Medicaid fee-for-service rate: the lower of:</p> <ul style="list-style-type: none"> <li>a. Iowa Average Actual Acquisition Cost (AAC)/National Average Drug Acquisition Cost (NADAC); or Wholesale Acquisition Cost (WAC), if no AAC/NADAC</li> <li>b. Federal Upper Limit (FUL), including FUL rate; overrides; or</li> <li>c. Usual and Customary (U&amp;C)</li> </ul> <p>Except in the case of mutually agreed upon: 1) value-based purchasing agreement or 2) national contracted pharmacy reimbursement rate for all multi-state chain stores (including multi-state grocery store chains, and any multi-state entity contracted with Contractor or Contractor's PBM) for pharmacy claims processed on and after 1/1/16</p>

Provider/Rate Type	Provider Reimbursement Rate Floor
Dispensing fee	<p>Medicaid fee-for-service dispensing fee as determined by a cost of dispensing survey of Medicaid participating pharmacies every two years; OR Medicaid fee schedule rate in effect on 7/1/15</p> <p>Except in the case of mutually agreed upon: 1) value-based purchasing agreement or 2) national contracted pharmacy reimbursement rate for all multi-state chain stores (including multi-state grocery store chains, and any multi-state entity contracted with Contractor or Contractor's PBM) for pharmacy claims processed on and after 1/1/16</p>
<b>Psychiatric Medical Institutions For Children:</b>	
State-Owned	Medicaid rate in effect on 7/1/15
Non State-Owned	Medicaid rate in effect on 7/1/15