



STATE OF IOWA

CHESTER J. CULVER, GOVERNOR
PATTY JUDGE, LT. GOVERNOR

DEPARTMENT OF HUMAN SERVICES
KEVIN W. CONCANNON, DIRECTOR

INFORMATIONAL LETTER 723

July 2, 2008

TO: Iowa Medicaid Skilled Nursing Facility, Intermediate Care Facility and Nursing Facility-Mental ILL Providers

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

RE: Change in Nursing Facility Reimbursement Effective July 1, 2008

SF 2425, Section 31 enacted by the 83rd Iowa General Assembly, requires the DHS to implement the following provisions that impact nursing facilities:

- Increase the inflation factor
- Reduce the accountability measure add-on by 20%
- Establish guidelines for reductions and forfeitures of the accountability measure add-on
- Establish a retrospective payment of the accountability measure add-on at the end of the state fiscal year

In prior years, the implementation date for changes in nursing facility reimbursement methodology was after DHS received notification of the Centers for Medicare and Medicaid Services (CMS) approval of the corresponding State Plan Amendment (SPA). However, the Department has made the decision to implement the changes mandated in SF 2425 on July 1, 2008, prior to receiving CMS approval of the corresponding SPA related to these changes. This decision was made to deter any facilities from incurring a financial hardship due to the changes in the accountability measure add-on payment methodology.

If the provisions in SF 2425 were not implemented on July 1, 2008, nursing facilities would continue to be paid their rate effective April 1, 2008, which includes the accountability measure add-on. Once the SPA was approved by CMS, a mass adjustment would need to be transacted to recoup the amount of accountability measure add-on payment since all accountability measure add-on payments are to be withheld and paid at the end of the state fiscal year. This recoupment process could unintentionally place undo hardship on nursing facilities.

Therefore, nursing facility rates will be updated effective July 1, 2008, to implement the changes mandated in SF 2425, so that all claims with dates of service on or after that date will be processed with the updated rates.

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