

HUMAN SERVICES DEPARTMENT[441]

Notice of Intended Action

Pursuant to the authority of Iowa Code section 249A.4 and 2016 Iowa Acts, House File 2460, section 27 , the Department of Human Services 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 2016 Iowa House File 2460, section 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The outdated language regarding encumbering a portion of the cost of Home and Vehicle Modification over 12 months is also being removed as these paragraphs were to be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.

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 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.

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 limit listed at 441-79.1(2).

Any interested person may make written comments on the proposed amendments on or before December 27, 2016. Comments should be directed to Harry Rossander, Bureau of Policy Coordination, Department of Human Services, Hoover State Office Building, 5th Floor, 1305 East Walnut Street, Des Moines, Iowa 50319-0114. Comments may be sent by fax to (515) 281-4980 or by email to policyanalysis@dhs.state.ia.us.

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 were also Adopted and Filed Emergency and are published herein as ARC XXXXC. The purpose of this notice is to solicit public comment on that submission, the subject matter of which is incorporated by reference.

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 rules 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.



Iowa Department of Human Services
Information on Proposed Rules

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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