

## Public Notice

### Public Comment Period for State Plan Amendment IA-19-011: Nursing Facility Reimbursement Rates

Posted June 28, 2019

Pursuant to the requirements outlined in 42 CFR 447.205 and 1902(a)(13)(A) of the Social Security Act, notice is hereby given that the Iowa Department of Human Services (DHS), has posted for public comment Medicaid State Plan Amendment (SPA) 19-011.

This SPA proposes to update nursing facility per diem rates utilizing current cost report data under the State Plan under Title XIX of the Social Security Act Medical Assistance Program (Medicaid).

#### **Summary**

Nursing facilities are reimbursed based on a modified price-based system with quarterly adjustments to reflect changes in case-mix (acuity) of Medicaid members residing in the nursing facility. Nursing facility rates are rebased every second year beginning July 1, 2001, to reflect more current cost information on a biannual basis with an effective date of July 1 of each odd numbered year.

Iowa Medicaid calculates prospective per diem rates for nursing facilities and applies an inflation factor to allowable costs. The current approved inflation factor in Attachment 4.19-D of the Medicaid State Plan is from the midpoint of the cost report period to July 1, 2017 less 13.125%.

Per diem rates for nursing facilities effective July 1, 2019, are based on cost reports submitted by the nursing facilities for fiscal year ends during calendar year 2018. Estimated payments to nursing facilities cannot exceed amounts appropriated by the legislature. The inflation factor will be changed to ensure that the amounts estimated using 2018 cost information, estimated resident days and client participation will not exceed the appropriation. Once data is available from nursing facility cost reports with FY end December 31, 2018 or earlier, the specific amount of inflation will be calculated and the State Plan Amendment filed.

This reimbursement and policy change is estimated to increase overall Iowa Medicaid expenditures by \$94.0 million (total, state and federal funds) per year. This includes an increase of \$34.2 million (total, state and federal funds) related to a change in the quality assurance assessment fee authorized by Senate File (SF) 2418 (2018). There is no state general fund impact for the \$34.2 million as the state share cost will be funded by provider assessment fees approved in SPA 18-0024.

DHS is proposing the above changes in order to comply with House File (HF) 766.

**Fiscal Impact**

Total Dollars: \$94,000,000

Federal Dollars: \$57,227,200

State Dollars: \$36,772,800

**Public Review and Comments**

This notice is posted on the DHS website at the following link:

<https://dhs.iowa.gov/public-notices/NF-rates>. To reach all stakeholders, non-electronic copies will be available for public review at each local DHS office.

Written comments may be sent to Jennifer Steenblock, Federal Compliance Officer, Iowa Medicaid Enterprise, 611 Fifth Avenue, Des Moines, IA 50309 or may be emailed to [jsteenb@dhs.state.ia.us](mailto:jsteenb@dhs.state.ia.us). Please indicate SPA 19-011 in the subject line of the email.

All comments must be received by July 29, 2019 at 4:30 p.m.

Submitted by:

Michael Randol, Medicaid Director  
Iowa Department of Human Services.  
Iowa Medicaid Enterprise