

HUMAN SERVICES DEPARTMENT [441]

Notice of Intended Action

Pursuant to the authority of Iowa Code section section 249A.4, the Department of Human Services proposes to amend 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 81, “Nursing Facilities,” Iowa Administrative Code.

These amendments reduce the reimbursement for most Medicaid services to achieve the savings require by Executive Order 19, which mandated a 10 percent across-the-board cut in expenditures. Specifically, these amendments:

- Reduce the rental allowance for durable medical equipment from 150 percent of the purchase price to 100 percent of the purchase price.
- Reduce the reimbursement for nonemergency medical transportation by private automobile from 34 cents per mile to 30 cents per mile.
- Reduce the reimbursement for generic and brand-name specialty drugs from the average wholesale price less 12 percent to the average wholesale price less 17 percent.
- Reduce the multiplier used to calculate the state maximum allowable cost for generic drugs (SMAC) from 1.4 to 1.2.
- Reduce the pharmacy dispensing fee from \$4.57 to \$4.34 for the remainder of the state fiscal year.

- Reduce payments to the following providers by 5 percent for services rendered during the remainder of state fiscal year 2010: hospitals (not including critical access hospitals), nursing facilities, and psychiatric medical institutions for children; physicians, podiatrists, advanced registered nurse practitioners, audiologists, occupational and physical therapists, psychologists, optometrists, opticians, and chiropractors; dealers of medical equipment and supplies, hearing aids, orthopedic shoes, and prosthetic devices; remedial and behavioral health services, laboratory, X-ray, and ambulance providers; ambulatory surgical centers, clinics, home health agencies, rehabilitation agencies, lead inspection agencies, family planning providers, and screening centers.

- Reduce payments to the following providers by 2.5 percent for services rendered during the remainder of state fiscal year 2010: dentists, community mental health centers; targeted case management providers, and home- and community-based waiver service providers.

- Provide that computation of administrative, environmental, and property expenses for nursing facilities shall be based on 90 percent of facility capacity, instead of 85 percent, unless the number of inpatient days is higher.

- Provide that nursing facilities shall be reimbursed for holding a bed for a hospitalized resident only if the facility's occupancy rate is at 95 percent or more. For those facilities whose occupancy rate meets that level, the payment will be made at 25 percent of the facility's daily rate, instead of 42 percent of the daily rate.

These amendments do not provide for waivers in specified situations. Needed savings will not be realized if waivers are granted. 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 8344B**. The purpose of this Notice is to solicit comment on that submission, the subject matter of which is incorporated by reference.

Any interested person may make written comments on the proposed amendments on or before December 22, 2009. Comments should be directed to Mary Ellen Imlau, Bureau of Policy Analysis and Appeals, Department of Human Services, Hoover State Office Building, 1305 East Walnut Street, Des Moines, Iowa 50319-0114. Comments may be sent by fax to (515)281-4980 or by E-mail to policyanalysis@dhs.state.ia.us.

These amendments are intended to implement Executive Order 19 and Iowa Code Chapter 249A.