







## Methods and Standards for Establishing Payment Rates for Inpatient Hospital Care

### 9. Trending Reimbursement Rates Forward

The final payment rate for the current rebasing uses the hospital's base-year cost report. The only adjustments made to this rate are for fraud, abuse, and material changes brought about by cost report re-openings done by Medicare or Medicaid.

The rates have been trended forward using inflation indices of:

- A. State Fiscal Year 2000 – 2.0%
- B. State Fiscal Year 2001 – 3.0%
- C. State Fiscal Year 2002 – (3.0%)
- D. State Fiscal Year 2003 – 0.0%
- E. State Fiscal Year 2004 – 0.0%
- F. State Fiscal Year 2005 – 0.0%
- G. State Fiscal Year 2006 – 3.0%
- H. State Fiscal Year 2007 – 3.0%
- I. State Fiscal Year 2008 – 0.0%
- J. State Fiscal Year 2009 – 11.0%
- K. December 1, 2009 – (5.0%)
- L. October 1, 2010 – 20.46%, except for the University of Iowa Hospitals and Clinics and out-of-state hospitals.
- M. August 1, 2011 – 76.94%, except for the University of Iowa Hospitals and Clinics and out-of-state hospitals.
- N. October 1, 2011 – (41.18%), except for the University of Iowa Hospitals and Clinics and out-of-state hospitals.
- O. November 1, 2011 – 5.72%
- P. July 1, 2012 – 9.89%, except for the University of Iowa Hospitals and Clinics and out-of-state hospitals. This rate increase is effective for services rendered during July 1, 2012-September 30, 2012.
- Q. July 1, 2013 – 1.00%
- R. October 1, 2015 – 0.0%
- S. October 1, 2018 – 0.0%
- T. October 1, 2021 – 0.0%

Rates of hospitals receiving reimbursement as critical access hospitals are not trended forward using inflation indices.

For purposes of calculating the hospital inflation update factor, the original payments from the base-year Medicaid claim set are aggregated for all hospitals that submitted cost report data (excluding critical access hospitals). The total payment amount is then adjusted for any applicable legislative appropriations affecting budget neutrality. The resulting total becomes the target payment amount for budget neutrality.

The initial blended base rates are calculated with a hospital inflation factor update of 1.0. Once initial blended base rates are calculated, Medicaid claim set payments are

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