UnityPoint Health

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July 29, 2019

Jennifer Steenblock, Federal Compliance Officer
Iowa Department of Human Services
Iowa Medicaid Enterprise
611 Fifth Avenue
Des Moines, IA 50309

RE: SPA IA-19-008: Critical access hospital cost adjustment factor, posted June 28, 2019 at https://dhs.iowa.gov/public-notices/CAF

Submitted electronically via jsteenb@dhs.state.ia.us

Dear Ms. Steenblock,

UnityPoint Health (UPH) is pleased to provide input in response to the public and tribal notice regarding methods and standards for Critical Access Hospital (CAH) reimbursement under the State Plan under Title XIX of the Social Security Act Medical Assistance Program (Medicaid). UPH is one of the nation's most integrated healthcare systems. Through more than 32,000 employees and our relationships with more than 310 physician clinics, 39 hospitals in metropolitan and rural communities and 19 home health agencies throughout our 9 regions, UPH provides care throughout Iowa, central Illinois and southern Wisconsin. UPH owns or has affiliation agreements with 20 CAHs, 18 of which are located in Iowa.

As stated in the public notice, "In accordance with House File (HF) 766, CAHs will receive additional reimbursement using a cost adjustment factor (CAF). The CAF will apply to inpatient and outpatient services. The CAF will be hospital specific and will apply to Iowa Medicaid Fee-for-Service (FFS) and managed care claims." The total fiscal impact with both federal and state dollars is $3,834,356. ***We applaud any effort that recognizes the need for heightened CAH reimbursement to maintain access to critical and quality healthcare services for rural residents.*** UPH appreciates the time and effort of Iowa Medicaid Enterprise (IME) in developing and proposing this amendment. We respectfully offer the following comments.

CAH PAYMENT RATES FOR INPATIENT HOSPITAL CARE AND OUTPATIENT CARE

The current CAH provisions (pages 31 and 32 of Attachment 4:19-A related to inpatient hospital care and page 25 of Supplement 2 to Attachment 4:19-B related to outpatient care) were modified to add three paragraphs at the end to authorize a CAF for inpatient discharges and outpatient services on or after July 1, 2019. The CAF is calculated based on Medicaid cost reports and associated funds are capped prospectively. Beginning on July 1, 2020, adjustments to the CAH will be made to reflect overpayments or underpayments relative to the cap.

- **Comments**: CAH Medicaid reimbursement was substantially changed when the state transitioned the bulk of its Medicaid book of business to managed care organizations in April 2017. The CAF was enacted by the Iowa Legislature to partially restore funds to CAHs in recognition that access to healthcare services by vulnerable residents in rural areas is essential but costly. UPH has some concerns with the CAF methodology as proposed, especially during the first year of implementation.

    - **Flawed First-Year CAF Methodology**: We have been informed by IME that the initial CAF calculation will be based on the tentative settlements for provider fiscal year ends 9/30/17, 12/31/17 and 6/30/18. As explained, IME will identify a subset of CAHs with underpayments based on the tentative settlement, and only that CAH subset will receive the CAF. ***We believe this first-year methodology is flawed, does not reflect legislative intent and inequitably allocates this supplemental appropriations.*** Since tentative settlements are based on 6 months of data, these reports should not be substituted for annualized costs. In addition, the existence of an underpayment on the tentative settlement and its magnitude is an inappropriate trigger to access these supplemental funds. Settlement underpayments are not and should not be equated to CAH costs and ultimately the gap between Medicaid payment amounts and cost-based reimbursement. ***We urge IME to reconsider its use of tentative settlements in the CAF calculation during this first year and request that the State Plan Amendment include specific language to exclude the use of this data in the CAF calculation.***

    - **Use of Managed Care and Fee-For-Service Claims**: As proposed, the CAF is based on Medicaid cost report data. As currently structured, ***CAHs only report Fee-For-Service claims on the cost report to IME, which represent approximately 5% of total claims***. It is unclear from the plain language in the amendment if managed care claims data will be included in the CAF calculation and, without the inclusion of managed care claims data, we do not believe that the CAF will be calculated appropriately. ***We would suggest that the State Plan Amendment be revised to specifically reference that the CAF is based on data from both Fee-For-Service and managed care claims for the underlying period described.***

    - **Clarification on Superseded Documents**: The attachments in the Public Notice reference superseded document numbers that are not within the Medicaid State Plan document as posted on the Iowa Department of Human Services' webpage (https://dhs.iowa.gov/ime/about/stateplan/medicaid). For instance, the Medicaid State Plan documents currently posted are: Attachment 4.19-A page 31 indicates it is "TN No. MS-02-20" not IA-00-27; Attachment 4.19-A page 32 indicates it is "TN No. MS-10-007" not IA-10-007; and Supplement 2 to Attachment 4.19-B page 25 indicates it is "TN No. MS-08-024" not IA-08-024. ***We would request clarification as to documents being superseded to assure appropriate public notice was provided.***

As proposed, the State Plan Amendment does not provide sufficient detail to enable CAHs to understand how the CAF will be calculated. We do not believe that the plain language of the amendment, which references cost reports, permits the use of tentative settlements for this calculation. Given this, we are concerned that IME is not abiding by the plain language of its proposed amendment now to calculate the CAF, nor do we have any guarantee as to how IME will interpret "cost reports" in the future – whether 12 months of data will be used and whether managed care claims data will be included.

We appreciate this opportunity to provide comments to the proposed amendment and its impact on our CAHs as well as our Medicaid patients and communities. To discuss our comments or for additional information on any of the addressed topics, please contact Sabra Rosener, Vice President of Government & External Affairs at Sabra.Rosener@unitypoint.org or (515) 205-1206.

Sincerely,

Sabra Rosener, JD
Vice President, Government & External Affairs
UnityPoint Health

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