



Government & External Affairs
1776 West Lakes Parkway, Suite 400
West Des Moines, IA 50266

October 25, 2021

Anna Ruggle
Iowa Medicaid Enterprise
1305 E. Walnut Street
Des Moines, IA 50319

RE: State Plan Amendment IA-21-0019: Medicaid Inpatient Hospital Reimbursement Rates and Diagnosis-Relater Group Weights
Submitted electronically via aruggle@dhs.state.ia.us

Dear Ms. Ruggle:

UnityPoint Health appreciates the opportunity to provide public comment on proposed State Plan Amendment IA-21-0019: Medicaid Inpatient Hospital Reimbursement Rates and Diagnosis-Related Group Weights. With more than 440 physician clinics, 39 hospitals, 14 home health locations, 7 affiliated Community Mental Health Centers and 4 accredited colleges, UPH is one of the nation's most integrated health care systems. Our more than 33,000 employees provide care throughout Iowa, western Illinois and southern Wisconsin. UPH hospitals, clinics and home health provide a full range of coordinated care to patients and families through more than 6.9 million patient visits annually.

UPH respectfully offers the following comments.

Medicaid Rate Setting

Effective for inpatient hospital discharges on or after October 1, 2021, the Iowa Medicaid Enterprise (IME) proposes to amend the Iowa Medicaid State Plan to rebase the inpatient hospital base rates and certified unit per diem rates for acute care hospitals and recalibrate the DRG weights. The rebase will use submitted hospital cost report data from fiscal years ending on or after January 1, 2019, and before January 1, 2020.

Comment:

Base year: We support the use of 2019 cost report data for this rebasing. While we understand that IME prefers the use of most recent available data, the proposal not to use 2020 data significantly impacted by the COVID-19 public health emergency is much appreciated.

Timing: The rate setting methodology is scheduled to go into effect for hospital inpatient discharges on or after October 1. So at the time of this response letter, hospitals are under the new rate setting methodology (regardless of the results and merits). Despite being under a new methodology, hospitals will not know the actual inpatient rates for months, as IME methodology must complete the State Plan Amendment notice and public comment period, rates must be established, weights must be adjusted, and Managed Care Organizations (MCOs) must implement the rates.

Hospitals are now operating in a period of time in which inpatient claims will need to be reprocessed. When claims

are reprocessed, although this is an automatic / electronic process from the state's perspective, hospital Revenue Cycle teams must assure that new grouper versions are put in place and functional, which requires an audit and claims sweep. More significantly, this results in manual work due to limitations within our MCO contracts that prohibit MCOs from recouping on accounts. Specifically, Revenue Cycle teams must issue refunds, post payments, work on denials, and other associated effort involved with payment discrepancies that result from the reprocessing. This process is extremely frustrating and requires hospitals to divert significant time and resources once rates are released.

As an example, for the 2021 hospital outpatient rebasing, the process started with a January 1, 2021 effective date. Base rates were issued at the end of March and weights were adjusted in both May and July. Ultimately, rates were not finalized until late August – this is an eight-month period in which outpatient claims are subject to reprocessing. For UnityPoint Health, this equates to approximately 175,000 claims that need to be reprocessed. If it is assumed that UnityPoint Health will need to manually touch 10% of those claims (whether issuing refunds, posting payments, working denials, etc.) and spend 10 minutes per account, nearly 3,000 hours of work will be devoted to this reprocessing effort. This equates to 3 weeks of work for 25 FTEs. This work is solely attributable to timing – the failure of IME to issue updated base rates and weights/fee schedules prior to the effective date of the methodology.

And to put a fine point on this, our hospitals are on a calendar year budget. Not knowing the inpatient rates hampers our ability to adequately and appropriately forecast budgetary impact for calendar year 2022.

Budget neutrality: UnityPoint Health is disappointed that acute care services are not being more highly valued, especially in light of the heroic work being performed on a daily basis in response to the COVID-19 pandemic. Medicaid hospital rates have not been reviewed in years and artificially low rates have forced other payers, particularly commercial payers, to pick up the tab for our most vulnerable populations. Although we understand that IME is taking direction from the Iowa Legislature, IME is an executive agency with advisory power, and UnityPoint Health urges IME to evaluate its rates nationally and, in comparison, to other payers to advise on future funding levels.

We are pleased to provide input on this request for comment. To discuss our comments or for additional information, please contact Cathy Simmons, Government & External Affairs at cathy.simmons@unitypoint.org or 319-361-2336.

Sincerely,



Cathy Simmons, JD, MPP
Executive Director, Government & External Affairs