**Public Notice**

**State Plan Amendment (SPA) IA-25-0014**

**Medicaid Payment Rates for Acute Care Teaching Hospital Graduate Medical Education (GME) Supplemental Payments**

**Posted**: 3/18/2025

The Iowa Department of Health and Human Services (HHS), pursuant to the requirements outlined in 42 C.F.R. §447.205, hereby gives notice of the following proposed action regarding changes to the reimbursement rates for acute care hospital graduate medical education (GME) payments under the State Plan under Title XIX of the Social Security Act Medical Assistance Program (Medicaid).

**Summary of Submission**:

This notice is to provide information of public interest with respect to direct and indirect GME payments that are proposed to be made to Iowa acute care teaching hospitals, in support of the role these hospitals play in training medical professionals in the state of Iowa. Iowa Medicaid intends to submit State Plan Amendment (SPA 25-0014) during the second calendar quarter of 2025 to authorize new supplemental GME payments to qualifying Iowa acute care hospitals.

Consistent with the recognition in federal law, “direct payments to network providers for GME costs approved under the State plan,” (42 C.F.R. §438.60), a state Medicaid agency may make these payments to qualifying hospitals, effective July 1, 2025.

To qualify for these GME supplemental payments, the hospital must meet the following criteria:

1. Be a hospital in Iowa reporting yes (“Y”) to be a hospital involved in training residents in approved GME programs as required on their most recent Medicare Cost Report (worksheet S-2, part I, line 56)
   1. Qualifying teaching hospitals that are State-owned or operated or non-State Government Owned or operated public teaching hospitals shall be known as “designated public teaching hospitals.”
   2. All other qualifying teaching hospitals shall be known as “other qualifying teaching hospitals.” These hospitals would be paid on a prospective basis and would not be subject to reconciliation.

Supplemental GME payments to qualifying hospitals will consist of the following:

1. Payments made in recognition of the IA Health Link managed care share of direct graduate medical education (DGME) costs, including salaries, benefits, physician oversight, and allocated overhead costs incurred for interns and residents. Inpatient DGME costs are determined by the Medicaid managed care patient load. Outpatient DGME costs are determined by the Medicaid managed care patient load multiplied by the outpatient hospital services ratio. Supplemental payment amounts will be determined by the difference in calculated DGME costs and base GME payments multiplied by a factor of 1.25 for qualifying public teaching hospitals and 0.44 for all other qualifying hospitals.
2. Payments made in recognition of the IA Health Link managed care share of indirect graduate medical education (IGME) costs incurred for teaching activities. Inpatient and outpatient IGME costs are determined by the ratio of interns and residents to average daily census multiplied by Medicaid managed care payments. Supplemental payment amounts will be determined by the difference in calculated IGME costs and base GME payments multiplied by a factor of 1.25 for qualifying public teaching hospitals and 0.44 for all other qualifying hospitals.
3. Qualifying public hospital supplemental GME payments will be subject to retrospective settlement. All other qualifying hospitals will receive prospective payment with no retrospective settlement.

**Estimated Fiscal Impact**:

Iowa Medicaid estimates the sum of the Iowa state-owned acute care teaching hospital GME supplemental payments to provide for approximately $271 million in combined total computable payments annually, with the designated public hospitals providing the non-federal share of such payments through intergovernmental transfer (IGT). If approved, these payments will be made in a lump-sum basis throughout the state fiscal year (SFY) and would not be paid as individual increases to current reimbursement rates for specific services.

The proposed GME supplemental payments to qualifying hospitals are subject to approval by the Centers for Medicare and Medicaid Services (CMS).

**Public Review and Comments**:

A copy of the SPA-IA-25-0014 and public notice is posted on the HHS website at the following link:

<https://hhs.iowa.gov/public-notice/2025-03-18/public-notice-state-plan-amendment-spa-ia-25-0014-medicaid-payment-rates-acute-care-teaching>

To reach all stakeholders, non-electronic copies will be made available for review at each local HHS office.

**Submission of Comments**:

Written comments may be sent to Dex Walker, Department of Health and Human Services, Iowa Medicaid, 321 E 12th St, Des Moines, IA 50319 or may be emailed to [dex.walker@hhs.iowa.gov](mailto:dex.walker@hhs.iowa.gov). Please indicate SPA IA-25-0014 in the subject line of the email.

All written and emailed comments must be received no later than April 19th, 2025, by 4:30 p.m.

Submitted by:

Rebecca Curtiss, Interim Medicaid Director