

## Home and Community-Based Services (HCBS) Waiver and Habilitation SFY26 Rate Change implementation Guide

Provisions of the 2025 House File 1049, Division VI Section 9. appropriated \$3.05M to implement an increase to specific Home and Community-Based Services (HCBS) Waiver and Habilitation reimbursement rates.

### HCBS Habilitation and Waiver Reimbursement Rates

For the HCBS Habilitation and Waiver services listed in the Table B. below, the upper rate limits in 441-79.1(2) will be increased by the percentage listed in Table A. over the rate in effect July 31, 2025, and provider's rates in effect July 31, 2025, shall be increased by the same percentage for dates of service beginning August 1, 2025.

Table A. HCBS Rate Increase Percentage

Service	% Increase
Intermittent SCL	6.1%
Employment services	7.4%
Day Habilitation	0.9%
Respite	0.8%

Table B. HCBS Billing Codes Receiving the Increase

Service Title	Procedure Code	Modifier	Programs
Respite Individual Unskilled Basic HHA	S5150		AIDS/HIV, BI, CMH, Elderly, HD, ID, MFP
Respite Individual - Specialized	S5150	U3	AIDS/HIV, BI, CMH, Elderly, HD, ID, MFP
Respite Individual -Home Care Agency	S5150	UC	AIDS/HIV, BI, CMH, Elderly, HD, ID, MFP

Respite (hospital or NF)	T1005	U3	AIDS/HIV, BI, CMH, Elderly, HD, ID, MFP
Respite (home non-facility, group)	T1005		AIDS/HIV, BI, CMH, Elderly, HD, ID, MFP
Respite (resident -Overnight Camp)	T2036		AIDS/HIV, BI, CMH, Elderly, HD, ID, MFP
Respite Group Day Camp	T2037		AIDS/HIV, BI, CMH, Elderly, HD, ID, MFP
Supported Community Living 15 min	H2015		BI Waiver, MFP
Supported Community Living 15 min	H2015	HI	ID Waiver, MFP
Small Group SE	H2023	U3	Habilitation, BI and ID Waiver, MFP
Small Group SE	H2023	U5	Habilitation, BI and ID Waiver, MFP
Small Group SE	H2023	U7	Habilitation, BI and ID Waiver, MFP
Long Term Job Coaching	H2025	U4	Habilitation, BI and ID Waiver, MFP
Long Term Job Coaching	H2025	U3	Habilitation, BI and ID Waiver, MFP
Long Term Job Coaching	H2025	U5	Habilitation, BI and ID Waiver, MFP
Long Term Job Coaching	H2025	U7	Habilitation, BI and ID Waiver, MFP
Long Term Job Coaching	H2025	UC	Habilitation, BI and ID Waiver, MFP
Individual SE	T2018	UC	Habilitation, BI and ID Waiver, MFP
Individual Placement and Support (IPS) SE	T2018	U3	Habilitation
Individual Placement and Support (IPS) SE	T2018	U4	Habilitation

Individual Placement and Support (IPS) SE	T2018	U5	Habilitation
Individual Placement and Support (IPS) SE	T2018	U6	Habilitation
Day Habilitation Daily	T2020		Habilitation
Day Habilitation Daily	T2020	U1	ID Waiver, MFP
Day Habilitation Daily	T2020	U2	ID Waiver, MFP
Day Habilitation Daily	T2020	U3	ID Waiver, MFP
Day Habilitation Daily	T2020	U4	ID Waiver, MFP
Day Habilitation Daily	T2020	U5	ID Waiver, MFP
Day Habilitation Daily	T2020	U6	ID Waiver, MFP
Day Habilitation 15 min	T2021		ID Waiver, MFP
Day Habilitation 15 min	T2021		Habilitation

### **HCBS FFS Waiver Monthly Budget Maximums**

The HCBS waiver monthly budget maximums for the AIDS/HIV, Children's Mental Health (CMH), and Health and Disability (HD) waivers will increase by .9 percent effective for dates of services on or after August 1, 2025.

### **HCBS Intellectual Disability (ID) Waiver Annual Respite Cap**

The HCBS ID waiver annual caps for Respite services will increase by .8 percent effective for dates of service on or after August 1, 2025.

### **ID Waiver Tiered Rates**

The ID waiver tiered rates for day habilitation will increase by .9 percent over the rates in effect July 31, 2025, effective for dates of service on or after August 1, 2025.

### **Rates that are Cost Based – HCBS FFS**

Cost reported rates for intermittent SCL (15 min unit) in place in members' service plans on July 31, 2025, will automatically increase by 6.1 percent in the

Institutional and Waiver Authorization and Narrative System (IoWANS) effective for dates of service on or after August 1, 2025.

### **Rates that are Fee Schedule – FFS HCBS Waiver and Habilitation**

- FFS service plans in IoWANS will automatically update on July 31, 2025. All service plan service spans that are authorized and valid on July 30, 2025, will automatically update in IoWANS to increase the applicable service rates by the percentage listed in Table A. Updated service spans will have an effective date of August 1, 2025. Plans that do not receive the automatic update will need to be manually entered into IoWANS by the case manager or care coordinator. Any corrections to the updated service plans must be authorized and valid by August 31, 2025, to be effective August 1, 2025.
- When services are manually entered, the IHHCC/CMs must ensure that the rates entered in the service plan service spans are no more than the percentage listed in Table A. over the rate in effect July 31, 2025.

### **Notices of Decision (NODs)**

For the service rate increase effective August 1, 2025, a notice of decision (NOD) issuance is not necessary; the IHH care coordinator (IHHCC), CM, or community-based case manager (CBCM), and the service provider, should place a copy of this informational letter (IL) in the member's file to support the rate increase over those rates approved in the service plan on or before July 31, 2025. If a provider wishes to receive a new NOD from the IHHCC/CM/CBCM, they may request one from the IHHCC/CM/CBCM. These services will be reconciled through the cost report process for the FFS population.

### **Consumer Choice Option (CCO) Rates – HCBS FFS**

The CCO rate setting methodology is established in [IAC 441- 78.34\(13\)b](#)<sup>1</sup>. The CCO service rates in IoWANS for the services listed in Table B. above will be increased by the percentage noted in Table A. over the rates in effect July 31, 2025. CCO service plans in IoWANS will automatically update on July 31, 2025. All service plans that are authorized and valid on July 31, 2025, will automatically update in IoWANS to the new service rates and monthly budget amount. Updated service plans will have an effective date of July 1, 2025. Plans that do not receive the automatic update will need to be manually entered into IoWANS by the case manager or care coordinator. Any corrections to the updated service plans must be authorized and valid by July 30, 2025, to

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<sup>1</sup> <https://www.legis.iowa.gov/docs/ACO/chapter/441.78.pdf>

be effective August 1, 2025. Members, CMs, MCOs, and independent support brokers (ISB) will be informed of the new CCO service unit rates.

For planning purposes, members and ISBs may use the current approved July 1, 2025, monthly CCO budget amount and apply the percentage increase for the specific services creating the CCO budget beginning August 1, 2025. If the current budget amount is unknown, or if CCO budget changes are going into effect on August 1, 2025, the member or ISB should contact the member's case manager to confirm the August 1, 2025, monthly CCO budget amount. To implement the rate increase, the CCO financial management service (FMS) service provider, Veridian Fiscal Solutions (VFS), will automatically apply the appropriate increase to all other applicable services and pay rates on approved monthly budgets on file as of July 31, 2025. The increase will be effective for dates of service August 1, 2025. No action is required by the member to access the increase in funding. Rather than the automatic budget change, a member may opt to make changes to their August 2025 monthly budget by submitting a revised CCO budget. VFS will communicate options available to all members and their ISBs to apply the rate increase effective August 1, 2025.

### Exception to Policy (ETP) Approved Rates

- ETPs that are currently approved to exceed the upper rate limit **cannot** be increased. The provider is already being reimbursed at a rate that exceeds the upper rate limit and will not receive an increase over the rate granted through an ETP.
- Members with ETPs to exceed the monthly cap on the total cost of services, which include services listed in the table above may have the fee schedule rates increased. This applies only to those service rates in place on or before July 31, 2025. The IHHCC/CM/MCO do not need to request a reconsideration of a previously approved ETP to increase the fee schedule but should follow the directions for fee schedule rates above.

The fee schedules for HCBS waiver and habilitation supported employment services, ID waiver day habilitation tiers, and habilitation and the upper rate limit schedule will be updated and posted to the [Iowa Medicaid Fee Schedules webpage<sup>2</sup> on the HHS website<sup>3</sup>](#).

<sup>2</sup> <https://hhs.iowa.gov/programs/welcome-iowa-medicaid/policies-rules-and-regulations/covered-services-rates-and-payments/fee-schedules>

<sup>3</sup> <https://hhs.iowa.gov/>

Iowa Medicaid is aware that there are individual situations that do not fall into one of the categories mentioned above. Providers, IHHCCs, CMs, CBCMs and Iowa Medicaid staff will coordinate efforts to address these situations as they arise.

Iowa Medicaid appreciates your partnership as we work together to serve the needs of Iowa Medicaid members. If you have any questions, please contact the Iowa Medicaid Provider Services Unit at 1-800-338-7909, locally in Des Moines at 515-256-4609, or by email: [imeproviderservices@hhs.iowa.gov](mailto:imeproviderservices@hhs.iowa.gov).