

## **Fourth Amendment to the MED-20-001 Contract**

This Fourth Amendment to Contract Number MED-20-001 is effective as of March 13, 2020, between the Iowa Department of Human Services (Agency) and Iowa Total Care, Inc. (Contractor).

### **Background**

Effective March 13, 2020, COVID-19 Relief Rate (CRR) payments are available to Medicaid certified skilled nursing facilities (SNF) and nursing facilities (NF) during the period of the federal public health emergency who meet one of the following requirements:

1. The facility has a designated isolation unit for the treatment of COVID-19; or
2. The facility, in its entirety, is designated for the treatment of COVID-19.

CRR payments are \$300 per day made to eligible facilities for each enrollee residing in a designated isolation unit or COVID-19 designated facility who:

1. Is discharging from a hospital to the nursing facility; or
2. Is pending test results for COVID-19; or
3. Has a positive COVID-19 diagnosis.

The purpose of these payments is to provide financial assistance to facilities that incur unexpected costs when caring for Medicaid members who are diagnosed with or quarantined for potential COVID-19.

These additional expenses can be burdensome to facilities and the current rate methodology does not capture these expenses in a timely manner. The designated isolation area would allow for a higher infection control protocol, higher staff ratios, and dedicated staff to avoid cross contamination.

The effective date a facility could qualify to receive CRR payments starts March 13th, 2020 and extends through the end of the federal public health emergency. The CRR payment is in addition to the already established per diem rates. Providers will submit claims with the "disaster related" condition code added to the claim form in order to receive the CRR payment.

CRR payments are a temporary measure available to provide financial assistance to facilities due to unexpected higher cost when caring for Medicaid members who are impacted with COVID-19. IME will develop a separate schedule to report the cost and additional funds related to COVID-19 during the emergency declaration. Increased and new costs will not be allowed for the normal room and board that are rebased biannually.

### **Section 1: Amendment to Contract Language**

The Contract is amended as follows:

**Revision 1. The document attached to the Contract as Exhibit H is modified by adding the following at the end of the document as new subsection B:**

## **B. NF & SNF COVID-19 Relief Rate Directed Payments**

*H.5 Directed Relief Rate Payments.* Notwithstanding anything to the contrary in this Contract or in provider agreements Contractor may have entered into with providers, Contractor shall make COVID-19 Relief Rate (“CRR”) payment to Skilled Nursing Facilities (“SNFs”) and Nursing Facilities (“NF”) as directed below for claims involving dates of service from March 13, 2020 through the end of the federally-designated public health emergency when both of the following parameters are met:

*H.5.01 COVID-19 Designation:* The facility has/had either a designated isolation unit for treatment of residents with COVID-19, or the entire facility is/was designated for the treatment of residents with a positive COVID-19 diagnosis at the time of treatment, and

*H.5.02 Active Treatment:* The facility is/was providing care to the COVID-19 positive Enrolled Member within the H.5.01 designated space related to COVID-19.

H.6 For care provided to Enrolled Members meeting the parameters of section H.5, Contractor shall pay providers a supplemental CRR payment of \$300.00 per day per Enrolled Member meeting the requirements of that subsection.

H.7 Contractor shall ensure that providers submit claims with the “disaster related” condition code added to the claim form. More information regarding the disaster related condition code may be found at <https://www.cms.gov/files/document/se20011.pdf>.

H.8 *Restrictions.* All CRR payments shall be made consistent with all state and federal directives and approvals during the COVID-19 outbreak and national emergency declared by the President of the United States on March 13, 2020, and in accordance with the Agency’s Informational Letter No. 2146-MC-FFS.

H.9 *CMS Assurances.* The directed payment arrangements as mandated in this subsection B are:

- a) Linked to utilization and delivery of services under the current contract rating period;
- b) Direct expenditures equally, and using the same terms of performance, for a class of providers providing the service under the Contract;
- c) Advance at least one of the goals and objectives in the state’s managed care quality strategy (42 C.F.R. § 438.340);
- d) Have an evaluation plan that measures the degree to which the arrangements advance at least one of the goals and objectives in the quality strategy;
- e) Do not require or condition provider participation on entering into or adhering to intergovernmental transfer agreements; and

f) Do not renew automatically.

#### H.10 SFY20 Risk Mitigation Strategy

Per CMS guidance, a risk mitigation strategy will accompany the implementation of the NF CRR directed payments. There will be a risk corridor of +/- 1% around the amounts estimated and the actual NF CRR payments made by the MCOs during the SFY20 contract period. The risk corridor calculation will be based on the aggregate experience for the NF CRR payments for the populations noted below:

- Custodial Care Nursing Facility <65
- Custodial Care Nursing Facility 65+
- Non-Dual Skilled Nursing Facility

The risk corridor settlement is derived from the difference determined when comparing (A) the actual experience for the NF CRR payments during the SFY20 contract period to (B) the actual SFY20 member months for all of the three cohorts noted above multiplied by the estimated \$40.77 PMPM. An illustrative example of the calculation for (B) is shown below, with the “Hypothetical SFY20 MMs Estimate” being based on statewide SFY18 MMs for illustrative purposes:

COA	Illustrative		
	Hypothetical SFY20 MMs	NF CRR PMPM Estimate	Total Expenditure
Custodial Care Nursing Facility	20,70	\$40.77	\$844,10
Custodial Care Nursing Facility	119,68	\$40.77	\$4,879,59
Non-Dual Skilled Nursing	1,786	\$40.77	\$72,81
			<b>\$5,796,51</b>

In this example, (B) would be \$5,796,516; this total dollar amount will vary depending upon the actual SFY20 MMs for these cohorts for each of the MCOs.

The State will calculate a value (C) = (A) – (B), which represents how much more or less was paid for the NF CRR payments than originally estimated.

If the amount (C) is within a +/-1% band of the original estimate (B) then no risk corridor payment will be made. In this example, the band for which (C) must fall in order for no risk corridor payment to take place is a value of (C) that is between -\$57,965 and \$57,965.

Any difference (C) in costs between actual utilization (A) and the original estimate (B) outside the 1% band would result in a payment to or from the State of the amount by which (C) exceeds 1% of (B) or falls below -1% of (B).

The reconciliation will consist of the State paying the MCO a risk corridor settlement in the case of actual utilization (A) exceeding the original estimates (B) by more than 1.0% of (B). The State will receive a risk corridor settlement from the MCO in the case that actual utilization (A) is below the original estimates (B) by more than 1.0% of (B).

For example, if an MCO paid out \$6,000,000 in NF CRR payments during SFY20, and had the SFY20 NF membership shown above, the risk corridor settlement would be a payment of \$145,519 or \$1.02 PMPM from the State to the MCO.

If instead, the MCO had the same enrollment but paid \$5,500,000 in NF CRR payments during SFY20, the risk corridor settlement would be a payment of \$238,551 or \$1.68 PMPM from the MCO to the State.

Given the potential for over-classification of members identified as having COVID-19 per this policy, IME is considering program integrity policies and practices to mitigate any inappropriate payments under this arrangement.

**Revision 2. Section 1.3.3.4 of the Contract, which was previously marked "Reserved," is modified to read as follows:**

Should any part of the Scope of Work under this Contract relate to a State program that is no longer authorized by law (e.g., which has been vacated by a court of law, or for which CMS has withdrawn federal authority, or which is the subject of a legislative repeal), the Contractor must do no work on that part after the effective date of the loss of program authority. The State must adjust capitation rates to remove costs that are specific to any program or activity that is no longer authorized by law. If the Contractor works on a program or activity no longer authorized by law after the date the legal authority for the work ends, the Contractor will not be paid for that work. If the State paid the Contractor in advance to work on a no-longer-authorized program or activity and under the terms of this Contract the work was to be performed after the date the legal authority ended, the payment for that work shall be returned to the State. However, if the Contractor worked on a program or activity prior to the date legal authority ended for that program or activity, and the State included the cost of performing that work in its payments to the Contractor, the Contractor may keep the payment for that work even if the payment was made after the date the program or activity lost legal authority.

**Revision 3. Federal Funds. The following federal funds information is provided:**


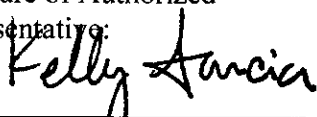
<b>Contract Payments include Federal Funds?</b> Yes	
<b>DUNS #:</b> 809245525	
<b>The Name of the Pass-Through Entity:</b> Iowa Department of Human Services	
<b>CFDA #:</b> 93.778 Title XIX: The Medical Assistance Program	<b>Federal Awarding Agency Name:</b> Centers for Medicare and Medicaid Services (CMS)
<b>CDA #:</b> 93.767 Children's Health Insurance Program	<b>Federal Awarding Agency Name:</b> Centers for Medicare and Medicaid Services (CMS)

**Section 2: Ratification & Authorization**

Except as expressly amended and supplemented herein, the Contract shall remain in full force and effect, and the parties hereby ratify and confirm the terms and conditions thereof. Each party to this Amendment represents and warrants to the other that it has the right, power, and authority to enter into and perform its obligations under this Amendment, and it has taken all requisite actions (corporate, statutory, or otherwise) to approve execution, delivery and performance of this Amendment, and that this Amendment constitutes a legal, valid, and binding obligation.

**Section 3: Execution**

IN WITNESS WHEREOF, in consideration of the mutual covenants set forth above and for other good and valuable consideration, the receipt, adequacy and legal sufficiency of which are hereby acknowledged, the parties have entered into the above Amendment and have caused their duly authorized representatives to execute this Amendment.

<b>Contractor, Iowa Total Care, Inc.</b>		<b>Agency, Iowa Department of Human Services</b>	
Signature of Authorized Representative: 	Date: 10.8.2020	Signature of Authorized Representative: 	Date: 11/3/2020
Printed Name: Mitch Wasden		Printed Name: Kelly Garcia	
Title: Plan President and CEO		Title: Director	