

PUBLIC NOTICE

State Plan Amendment (SPA) IA 23-0022

Rural Emergency Hospitals

Posted: June 22, 2023

Notice is hereby given, in accordance with 42 CFR §447.57, that the Iowa Department of Health and Human Services (HHS) will be submitting to the Centers for Medicare and Medicaid Services (CMS) State Plan Amendment (SPA) IA 23-0022 to address rural emergency hospitals.

SUMMARY

Effective July 1, 2023 Iowa Medicaid will allow licensure of rural emergency hospitals. Facilities eligible to apply for licensure to transition to a rural emergency hospital license shall have been licensed as one of the following on or before December 27, 2020:

- a. A licensed critical access hospital.
- b. A general hospital with not more than fifty licensed beds located in a county in a rural area as defined in section 9 1886(d)(2)(D) of the federal Social Security Act. 10
- c. A general hospital with no more than fifty licensed beds that is deemed as being located in a rural area pursuant to 12 section 1886(d)(8)(E) of the federal Social Security Act.

Rural emergency hospitals will be reimbursed prospectively based on the hospital's Medicaid cost-to-charge ratio. Retrospective adjustments will be made based on each rural emergency hospital's annual cost report submitted to the Department at the end of the hospital's fiscal year. The retroactive adjustment equals the reasonable costs of providing covered services to eligible fee-for-service Medicaid recipients (excluding recipients in managed care), determined in accordance with Medicare cost principals, less the Medicaid fee-for-for-service reimbursement received based on the hospital's outpatient Medicaid cost-to-charge ratio. Medicaid payments over the reasonable cost are recovered by the Department. Any reasonable cost over the Medicaid payments is paid to the rural emergency hospital.

The Medicaid outpatient cost-to-charge ratio upon which the outpatient hospital payment is built shall be changed after any retrospective adjustment to reflect, as accurately as possible, the reasonable cost of providing the covered service to Medicaid members for the coming year using the most recent utilization submitted to the Iowa Medicaid provider cost audit and rate setting unit and Medicare cost principles.

FISCAL IMPACT

The estimated financial impact to Medicaid for SFY24 related to implementation of rural emergency hospitals is:

Total Dollars: \$0

Federal Dollars:\$0

State Dollars: \$0

The SPA IA-23-0022 is being updated to allow for licensure of Rural Emergency Hospitals which impacts one provider currently. Costs for this provider would already be in our base expenditures; their closure likely did not significantly reduce Medicaid spending, just redistributed it to other providers. Therefore, we expect zero to minimal impact if it reopens.

PUBLIC REVIEW AND COMMENTS

A copy of SPA IA-23-0022 and this public notice are posted on the HHS website at <https://hhs.iowa.gov/public-notices>. 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: Rebecca Wedemeier, Program Manager-Policy, Iowa Medicaid, 1305 E. Walnut Street, Des Moines, IA 50319-0114. Comments may also be sent via e-mail to rwedeme@dhs.state.ia.us. Please indicate "Rural Emergency Hospitals SPA 23-0022" in the subject line of the email.

All comments must be received by July 22, 2023, at 4:30 p.m.

Submitted by:

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Iowa Department of Health and Human Services