
INFORMATIONAL LETTER NO. 2656-MC-FFS

DATE: January 13, 2025

TO: Home and Community-Based Services (HCBS) Waiver Providers, HCBS Habilitation Providers, Targeted Case Managers (TCM), Service Workers, Supervisors, Service Area Administrators, Case Managers (CM), Integrated Health Homes (IHH)

APPLIES TO: Managed Care (MC), Fee-for-Service (FFS)

FROM: Iowa Department of Health and Human Services (HHS), Iowa Medicaid

RE: Update – Home and Community-Based Services (HCBS) Waiver and Habilitation Rate Changes

EFFECTIVE: July 1, 2024

*****This Informational Letter (IL) replaces [IL No. 2607 MC-FFS](#)¹ which was issued July 12, 2024. The updated information in this IL has been underlined.*****

Provisions of the 2023 Iowa Acts, House File 2698, Section 14, appropriated \$14.6M to implement an increase in Home and Community-Based Services (HCBS) Waiver and Habilitation reimbursement rates effective July 1, 2024. This legislation also appropriated an additional \$1.3M to implement an increase in HCBS Waiver Residential Based Supported Community Living Services (RBSCL).

Medicaid HCBS providers are reimbursed based on retrospectively limited prospective rate services or fee schedules. For updated Iowa Administrative Code (IAC) rules regarding payment methodologies, please refer to [IAC 441-79.1\(2\)](#)². For managed care claims, providers need to increase their total billed charges to their new rate to allow the MCOs to process the claims at the increased rate to avoid needing corrected claims. It

¹ <https://secureapp.dhs.state.ia.us/IMPA/Information/ViewDocument.aspx?viewdocument=49574f87-4e10-43af-874b-33d824479ef3>

² <https://www.legis.iowa.gov/docs/iac/rule/03-08-2023.441.79.1.pdf>

is important to note that MCOs have 30 days from the date of this letter to update their systems to implement the rate increase.

HCBS Waiver RBSCCL Reimbursement Rates

Beginning July 1, 2024, RBSCCL will be reimbursed based on a tiered fee schedule. The tiers will be determined by the participants Tier score derived from the Supports Intensity Scale (SIS) assessment tool. For those children currently receiving RBSCCL and those that will request RBSCCL services after July 1, 2024, their most current SIS tool will be scored to identify the SIS Tier.

RBSCCL Tier 1 (SIS Tier 1 & 2)	S5136 UA	\$531.85
RBSCCL Tier 2 (SIS Tier 3 & 4)	S5136 UB	<u>\$853.24</u>
RBSCCL Tier 3 (SIS Tier 5 & 6)	S5136 UC	\$1,437.03

For the RBSCCL tiered rates effective July 1, 2024, the Case Manager must update the service plan to reflect the appropriate RBSCCL Tier based on the member's SIS score for dates of service beginning July 1, 2024, and issue the NOD to the provider.

HCBS Waiver Reimbursement Rates

Provider's rates in effect June 30, 2024, will be increased by the percentage or as otherwise noted in the table noted below effective for dates of service on or after July 1, 2024.

Residential Based Supported Community Living (RBSCCL)	Rates as listed in the RBSCCL table above.
Procedure codes: S5136 UA, UB, UC	
Intermittent Supported Community Living (15 min unit) Procedure Codes: H2015 and H2015 HI	9 percent
All other HCBS services listed on the HCBS Billing Code Chart	4.1 percent

HCBS Habilitation Reimbursement Rates

Provider's rates in effect June 30, 2024, will be increased by 4.1 percent effective for dates of service on or after July 1, 2024.

HCBS FFS Waiver Monthly Budget Maximums

Each HCBS waiver monthly budget maximum or cap will increase by 4.1 percent effective for dates of services on or after July 1, 2024. The new monthly maximums are as follows:

	Skilled Nursing Facility (SNF) Level of Care	Nursing Facility (NF) Level of Care	Intermediate Care Facility for Persons with Intellectual Disability (ICF/ID) Level of Care	Hospital
AIDS/HIV Waiver				\$2,109.10
Children's Mental Health Waiver				\$2,254.67
Health and Disability Waiver	\$3,138.29	\$1,078.26	\$4,206.18	
Physical Disability Waiver		\$793.20		

HCBS FFS Upper Rate Limits

The HCBS waiver service upper rate limits located at 441 IAC 79.1(2) will increase by 4.1% effective for dates of service on or after July 1, 2024.

The HCBS Waiver Annual Caps

The HCBS waiver annual caps for services will increase by 4.1% effective for dates of service on or after July 1, 2024, as follows:

AIDS/HIV Waiver	Respite daily limit:	\$354.10
	Consumer Directed Attendant Care (CDAC) daily limit:	Agency: \$139.18 Individual: \$93.68

BI Waiver	Home and vehicle modifications: Specialized medical equipment: Supported employment: Respite daily limit: CDAC daily limit:	\$7,154.64 per waiver member year \$7,154.64 per waiver member year \$3,437.93 per calendar month \$354.10 Agency: \$139.18 Individual: \$93.68
CMH Waiver	Environmental modifications/adaptive devices: Respite daily limit:	\$7,154.64 per waiver member year \$354.10
Elderly Waiver	Home and vehicle modifications: Respite daily limit: CDAC daily limit:	\$1,192.44 lifetime maximum \$354.10 Agency: \$139.18 Individual: \$93.68
HD Waiver	Home and vehicle modifications: Respite daily limit: CDAC daily limit:	\$7,154.64 per waiver member year \$354.10 Agency: \$139.18 Individual: \$93.68
ID Waiver	Home and vehicle modifications: Respite daily limit: Respite annual limit: Supported employment: CDAC daily limit:	\$5,962.19 lifetime maximum \$354.10 \$8,242.42 per waiver member year \$3,437.93 per calendar month Agency: \$139.18 Individual: \$93.68
PD Waiver	Home and vehicle modifications: Specialized medical equipment: CDAC daily limit:	\$7,154.64 per waiver member year \$7,154.64 per waiver member year Agency: \$139.18 Individual: \$93.68

Rates that are Cost Based – HCBS FFS

Cost reported rates in place in members' service plans on June 30, 2024, intermittent SCL (15 min unit) will automatically increase by 9.0% and Family Training and Counseling and Interim Medical Monitoring and Treatment (IMMT) will automatically increase by 4.1% in the Institutional and Waiver Authorization and Narrative System (IoWANS).

ID Waiver Tiered Rates

The ID waiver tiered rates for adult day care, day habilitation and daily supported community living (SCL) will increase by 4.1% over the rates in effect June 30, 2024, effective for dates of service on or after July 1, 2024. The RBSCL tiered rates will be the rates listed in the RBSCL table above, effective for dates of service on or after July 1, 2024.

Notices of Decision (NODs)

For the service rate increase effective July 1, 2024, 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 June 30, 2024. 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](#)³. The CCO service rates in IoWANS will be increased by 9.0% for intermittent SCL and 4.1% over all other service rates in effect June 28, 2024. CCO service plans in IoWANS will automatically update on June 30, 2024. All service plans that are authorized and valid on June 28, 2024, will automatically update in IoWANS to the new service rates and monthly budget amount. Updated services plans will have an effective date of July 1, 2024. 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 June 30, 2024, to be effective July 1, 2024. 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 June 1, 2024, monthly CCO budget amount plus 9.0% for intermittent SCL and 4.1% for all other services for use in creating the CCO budget beginning July 1, 2024. If the current budget amount is unknown, or if CCO budget changes are going into effect on July 1, 2024, the member or ISB should contact the member's case manager to confirm the July 1, 2024, 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 9.0% to intermittent SCL (15 min unit) and 4.1% increase to all other applicable services and pay rates on approved monthly budgets on file as of June 30, 2024. The increase will take effect on July 1, 2024. 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 July 2024 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 July 1, 2024.

HCBS Habilitation FFS Upper Rate Limits

The HCBS habilitation upper rate limits located at 441 IAC 79.1(2) for case management, day habilitation, home-based habilitation, prevocational, career exploration, and supported employment services will be increased by 4.1% effective for dates of service on or after July 1, 2024.

³ <https://www.legis.iowa.gov/docs/ACO/chapter/441.78.pdf>

The HCBS Habilitation cap on services for supported employment is \$3,437.93 per calendar month.

Rates that are Fee Schedule – FFS HCBS Waiver and Habilitation

- FFS service plans in loWANS will automatically update on June 30, 2024. All service plan service spans that are authorized and valid on June 29, 2024, will automatically update in loWANS to increase the service rates by 4.1% or for intermittent SCL 9.0%. Updated services spans will have an effective date of July 1, 2024. Plans that do not receive the automatic update will need to be manually entered into loWANS by the case manager or care coordinator. Any corrections to the updated service plans must be authorized and valid by July 30, 2024, to be effective July 1,
- When services are manually entered, the IHHCC/CMs must ensure that the rates entered into the service plan service spans are no more than 4.1%, or for intermittent SCL no more than 9.0% over the rate in effect June 30, 2024.
- For the service rate increase effective July 1, 2024, a NOD issuance is not necessary; the member's IHHCC/CM should place a copy of this IL in the member's file to support the 9.0% increase for intermittent SCL and the 4.1% increase for all other services over those rates approved in the service plan on or before June 30, 2024. If a provider wishes to receive a new NOD from the IHHCC/CM they may request one from the IHHCC/CM.

Exception to Policy (ETP) Approved Rates

- ETPs that are currently approved to exceed the upper rate limit **cannot** be increased by 4.1%. The provider is already being reimbursed at a rate that exceeds the upper rate limit and will not receive an additional 4.1% over the rate granted through an ETP.
- Members with ETPs to exceed the monthly cap on the total cost of services, which include services that are fee based, such as transportation or meals, may have the fee schedule rates increased by 4.1%. This applies only to those rates in place on or before June 30, 2024. The IHHCC/CM/MCO do not need to request a reconsideration of a previously approved ETP to increase the fee schedule by 4.1% but should follow the directions for fee schedule rates above.

The fee schedules for HCBS waiver and habilitation prevocational and supported employment services, HCBS waiver transportation, ID waiver tiers, and habilitation home-based habilitation and day habilitation fee schedules will be updated and posted to the [Iowa Medicaid Fee Schedules webpage](#)⁴ on the [HHS website](#)⁵.

⁴ <https://hhs.iowa.gov/programs/welcome-iowa-medicaid/policies-rules-and-regulations/covered-services-rates-and-payments/fee-schedules>

⁵ <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 at imeproviderservices@hhs.iowa.gov.