Iowa Medicaid
Iowa HHS

Policy Clarification #000313
Hospital Based Billing

July 10, 2026

To: Iowa Medicaid Managed Care Plans

This letter is a formal notification of the Department's expectations related to the operations and implementation of Iowa Medicaid under the managed care program.

Purpose of this communication (check all that apply):

☒ Provide formal guidance
☒ Clarification of existing Iowa Medicaid policy
Federal mandate: 42 CFR 413.65
Iowa Code: NA
Iowa Administrative Code: 441 – 78.31
Managed Care Contract (if applicable): NA
☐ Guidance on new process or policy
☐ Replacement of prior PC: NA

The purpose of this letter is to provide formal guidance based on Iowa Administrative Code 441-78.31 Hospital Outpatient Services in alignment with Medicare's site neutral payment policy that is based on The Bipartisan Budget Act of 2015.

Based on this, Medicaid program covers hospital outpatient services only:

- When provided on the licensed premises of the hospital OR
- At a hospital's "alternate sites" approved by the Department of Inspection, Appeals, & Licensing (DIAL)

Iowa Medicaid
Iowa HHS

Remote locations of a hospital are approved by DIAL as “alternate sites” only if they are Medicare-certified Hospital Outpatient Departments (HOPDs).

Hospital based billing should only be applied to Medicare certified HOPDs approved by DIAL as alternate locations. Hospital-based billing is appropriate only for services furnished at those Medicare-certified HOPDs that have been approved by DIAL as alternate sites. An approved alternate location certified by CMS may be either an on-campus location or a remote (off-campus) location based on the category under which the location is certified under 42 C.F.R 413.65.

Based on CMS requirements, the MCO and Providers are expected to follow Medicare provider-based billing requirements and coding standards with reimbursement to align to Medicare reductions and/or denials.

Related to this Policy Clarification:

- Effective date of this Policy Clarification: 7/1/2026
- Claims processing requirement:
  - ☒ Prospective
  - ☐ Retroactive
  - ☐ Not applicable

Attestation:

I hereby acknowledge receipt and understanding of this policy clarification, including all specified requirements and deadlines.

Name_____ Date_____

The department will monitor progress towards implementation and may impose remedies for failure to implement.

Sincerely,

Contract Manager
Managed Care Contract Manager