

Demonstration program do not exceed projected expenditures in the absence of the Demonstration (assuming full compliance with the change in law).

ATTACHMENT A

GENERAL FINANCIAL REQUIREMENTS UNDER TITLE XIX

1. The State will provide quarterly expenditure reports using the Form CMS-64 to report total expenditures for services provided under the Medicaid program, including those provided through the demonstration under section 1115 authority. This project is approved for expenditures applicable to services rendered during the demonstration period. The CMS will provide Federal Financial Participation (FFP) for allowable demonstration expenditures only so long as they do not exceed the pre-defined limits as specified in Attachment B (Monitoring Budget Neutrality for the demonstration). Federal financial payment will not be provided for expenditures financed by collections in the form of pharmacy rebates, enrollment fees, or third party liability.

2. a. In order to track expenditures under this demonstration, the State will report demonstration expenditures through the Medicaid and State Children's Health Insurance Program Budget and Expenditure System (MBES/CBES), following routine CMS-64 reporting instructions outlined in Section 2500 of the State Medicaid Manual. All expenditures subject to the budget neutrality cap will be reported on separate Forms CMS-64.9 WAIVER and/or 64.9P WAIVER, identified by the demonstration project number assigned by CMS (including the project number extension, which indicates the demonstration year in which services were rendered or for which capitation payments were made). For monitoring purposes, cost settlements must be recorded on Line 10.b, in lieu of Lines 9 or 10c. For any other cost settlements (i.e., those not attributable to this demonstration), the adjustments should be reported on lines 9 or 10.c, as instructed in the State Medicaid Manual. The term, "expenditures subject to the budget neutrality cap," is defined below in item 2.b.

b. See Attachment B for a description of "expenditures subject to the budget neutrality cap".

c. For each demonstration year a Form CMS-64.9WAIV and/or 64.9PWAIV will be submitted reporting expenditures subject to the budget neutrality cap. All expenditures subject to the budget neutrality ceiling for demonstration eligibles (current and expansion) must be reported. The sum of the expenditures, for all demonstration years reported during the quarter, will represent the expenditures subject to the budget neutrality cap (as defined in 2.b.).

d. Administrative costs will not be included in the budget neutrality limit, but the State must separately track and report additional administrative costs that are directly attributable to the demonstration.

e. All claims for expenditures subject to the budget neutrality cap (including any cost settlements) must be made within 2 years after the calendar quarter in which the State made the expenditures. Furthermore, all claims for services during the demonstration period (including any cost settlements) must be made within 2 years after the conclusion or termination of the demonstration. During the latter 2-year period, the State must continue to identify separately net expenditures related to dates of service during the operation of the section 1115 demonstration on the Form CMS-64 in order to properly account for these expenditures in determining budget neutrality.

3. The standard Medicaid funding process will be used during the demonstration. The State must estimate matchable Medicaid expenditures on the quarterly Form CMS-37. As a supplement to the Form CMS-37, the State will provide updated estimates of expenditures subject to the budget neutrality cap as defined in 2 c. of this Attachment. The CMS will make Federal funds available based upon the State's estimate, as approved by CMS. Within 30 days after the end of each quarter, the State must submit the Form CMS-64 quarterly Medicaid expenditure report, showing Medicaid expenditures made in the quarter just ended. The CMS will reconcile expenditures reported on the Form CMS-64 annually with Federal funding previously made available to the State, and include the reconciling adjustment in the finalization of the grant award to the State.

4. CMS will provide Federal Financial Participation (FFP) at the applicable Federal matching rate for the following, subject to the limits described in Attachment B:

- a. Administrative costs, including those associated with the administration of the demonstration.
- b. Net expenditures and prior period adjustments of the Medicaid program that are paid in accordance with the approved State Plan.
- c. Medical assistance expenditures made under Section 1115 demonstration authority, including those made in conjunction with the demonstration, net of enrollment fees, cost sharing, pharmacy rebates, and all other types of third party liability.

5. The State will certify State/local monies used as matching funds for the IowaCare project and will further certify that such funds will not be used as matching funds for any other federal grant or contract, except as permitted by federal law.

ATTACHMENT B MONITORING BUDGET NEUTRALITY FOR THE
DEMONSTRATION

Except as otherwise specifically stated herein, the demonstration will be subject to the following limits on the amount of Federal Title XIX funding that the State may receive in each year of the waiver period and in total during the waiver period for all medical expenditures for the demonstration population. Medical assistance expenditures include only those items, which would be covered as a service for mandatory and optional category individuals enrolled in Medicaid under the State Plan.

State Match (will vary)	36.41%	37.12%	37.12%	37.12%	37.12%
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	SFY 2006	SFY 2007	SFY 2008	SFY 2009	SFY 2010
State Funds	\$65,000,000	\$69,875,000	\$75,115,625	\$80,749,297	\$86,805,494
Federal Funds	\$113,522,384	\$118,365,841	\$127,243,279	\$136,786,524	\$147,045,514
Total Funds	\$178,522,384	\$188,240,841	\$202,358,904	\$217,535,821	\$233,851,008
 Max Cum Fed Funds	 \$113,522,384	 \$231,888,224	 \$359,131,503	 \$495,918,027	 \$642,963,541

The Federal limits in this table assume that the State match will be 36.41% in SFY 2006 and 37.12% each year thereafter. The State match will vary under Federal law. The State is at risk for changes in the State match rate that occur to the term of the waiver. Federal fiscal years begin on October 1st and State fiscal year begin on July 1st.

The limits on federal reimbursement for expenditures for medical services for the demonstration population as shown in the above table are as follows:

For the period:	July 1, 2005 through June 30, 2006	\$178,522,384
	July 1, 2005 through June 30, 2007	\$231,888,224
	July 1, 2005 through June 30, 2008	\$359,131,503
	July 1, 2005 through June 30, 2009	\$495,918,027
	July 1, 2005 through June 30, 2010	\$642,963,541

The fixed annual limits will remain in effect, without regard to the number of demonstration eligibles or the per capita cost of care for those eligibles. Of course, federal reimbursement is available only if state matching funds are paid at the applicable rate.

The demonstration population will include some individuals, for example the parents of children enrolled in Medicaid, who could be made eligible for Medicaid through amendments to the State Plan. In the event that, during the waiver period, Iowa elects to expand eligibility to such individuals, medical expenditures for such individuals will not be counted as medical expenditures for the demonstration population.

Family planning expenditures, during the waiver period, for individuals who are enrolled in any approved Section 1115 family planning waiver will be considered as medical expenditures for purposes of the IowaCare demonstration, but will be subject to the budget neutrality requirements of that waiver.

The federal share of hospital service provider payments to the four Iowa state mental health institutions (MHIs) for (mandatory or optional category) for persons who are or would be eligible for Medicaid under the Iowa State Plan in effect on April 1, 2005 will be counted as medical expenditures under the IowaCare project for budget neutrality purposes. In addition, the federal share of Medicaid Hospital Disproportionate Share and Medical Education payments to the four MHIs will be counted as medical expenditures under the IowaCare project for budget neutrality purposes.

The federal share of all revenues associated with the demonstration population, including, without limitation the federal share of all premium revenue and third party revenue, will be added to the federal budget reimbursement limits set forth above. However, revenues will only be recognized for this purpose when received.

The federal reimbursement limits set forth above shall be reduced by:

- a. 100% of any revenue received by the State from any "Iowa prohibited health care provider taxes" (as defined in the IowaCare approval letter); and
- b. 100% of all federal reimbursement paid for medical services provided by any public hospital or nursing facility where the provider payment exceeds the "Iowa public hospital and public nursing facility upper payment limit" (as defined in the IowaCare approval letter); and
- c. 100% of any "recycled" federal dollars (included in the IowaCare approval letter).

CMS reserves the right to adjust the budget neutrality ceiling to be consistent with enforcement of laws and policy statements, including regulations and letters regarding impermissible provider payments, health care related taxes, or other payments; if necessary adjustments must be made. The CMS reserves the right to make adjustments to the budget neutrality cap if any health care related tax that was in effect during the waiver period, or provider related donation that occurred during the waiver period, is determined by CMS to be in violation of the provider donation and health care related tax provisions of 1903(w) of the Social Security Act.