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STATE OF IOWA

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Independent Accountant's Report
on Applying Agreed Upon Procedures

To the Governor, Members of the General Assembly and the
Director of the Iowa Department of Human Services:

We have performed the following procedures, which were agreed to by the Iowa Department of Human Services, solely to assist it in evaluating compliance with provisions identified in Iowa Code Chapter 249J.22 and the special terms and conditions requirement III(18) identified within the Iowa Section 1115 Medicaid demonstration project, entitled IowaCare (Project No 11-W-00189/7), for the year ended June 30, 2008. Iowa Department of Human Services' management is responsible for compliance with these provisions. This agreed upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

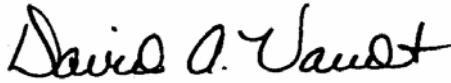
The following procedures were performed:

1. We reviewed currently established provider taxes to determine the state had not instituted any new provider taxes governed by 1903(w) of the Social Security Act (hereinafter "the Act").
2. We reviewed total computable provider payments claimed under Title XIX of the Act to determine providers retained 100% of the total computable payment of expenditures claimed under Title XIX of the Act.
3. We reviewed payments made under Title XIX of the Act to government-operated hospitals and nursing facilities and the related cost report information to determine the government-operated hospitals and nursing facilities were not paid more than the actual costs of care for medical care and medical education based upon relevant Medicaid statutory and regulatory provisions as well as the approved Medicaid State plan.
4. We reviewed expenditures claimed under Title XIX of the Act for the Mental Health Transformation Pilot to determine compliance with Demonstration Expanded Services 2 criteria.

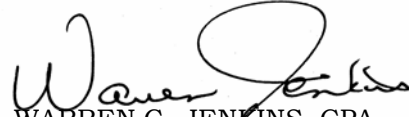
No exceptions were noted as a result of applying the above procedures.

We were not engaged to conduct an examination, the objective of which is the expression of an opinion on the Iowa Department of Human Services' compliance with the requirements identified in Iowa Code Chapter 249J.22 and the special terms and conditions requirement III(18) identified within the Iowa Section 1115 Medicaid demonstration project, entitled IowaCare (Project No 11-W-00189/7). Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report, a public record by law, is intended solely for the information and use of the Iowa Department of Human Services and other parties to whom the Iowa Department of Human Services may report. This report is not intended to be and should not be used by anyone other than these specified parties.



DAVID A. VAUDT, CPA
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WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

June 26, 2009