



Iowa Medicaid Enterprise “Endeavors Update”

A Communications Effort to Strengthen Partnerships

Terry E. Branstad, Governor
Kim Reynolds, Lt. Governor

Iowa Department of Human Services
Charles M. Palmer, Director
Jennifer Vermeer, Medicaid Director

Iowa Medicaid Director’s Column

September 2011 Highlights

- SFY 13 Budget Begins
- Increased Enrollment Expected in SFY 13
- \$23 Million in Savings with Program Integrity Activities
- Update on EHR Incentives
- Mental Health Redesign
- New Regular Feature about Informational Letters

Welcome to the second year of the Iowa Medicaid monthly newsletter. We appreciate your interest. September’s newsletter is packed with information to update on key activities from the summer including the successful e-health summit and our annual provider trainings. We also want to begin the discussion about budget development for State Fiscal Year 13, otherwise known as SFY 13. Iowa continues to be a national leader and we are pleased to give you updates about the Electronic Health Records (EHR) incentive program for providers and about the progress to increase accessibility to health care across the state with the IowaCare program expansion. Our program integrity unit continues to find millions in savings in various activities. And there is a story about the Medicaid Leadership Institute. I am honored to be chosen and look forward to my research project on developing a model for behavioral health systems of care that integrates mental health and physical health for children with serious emotional disturbance. I hope you enjoy these and other stories in this issue.



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New Patient Safety Initiative: Iowa’s Hospitals Participate 100%

The “Partners for Patients Initiative” is an effort through the federal Affordable Care Act (ACA) to reduce preventable harm in hospitals by 40% in the next three years. In particular, this means a reduction in the number of preventable in-hospital medication errors, central-line associated bloodstream infections, falls and other injuries. According to the Centers for Medicare and Medicaid Services (CMS) the initiative has the potential to save billions in health care costs in Medicare and Medicaid. In a recent press release US Health and Human Services Secretary Sebelius commended Iowa hospitals for their 100% participation in the patient safety initiative. Learn more at the following link:

<http://www.healthcare.gov/center/programs/partnership/index.html>

SFY 13 Budget Discussions Begin: Medicaid Remains Key in Health Care Delivery in Iowa

"As we considered our budget for SFY 2013, we also recognized the current desire to maintain stability in the state's overall budget. As such, we focused only on improved result efforts that are cost neutral or provide a positive financial return on investment."

Director Palmer to
DHS Council
Chair James Miller

Letter Dated
9/1/2011

The budget cycle is a continuous process in the life of state agencies. Highlights of the current budget, for state fiscal year (SFY) 2012, included efforts to replace "one-time funds" with general funds within Medicaid, cost-containment strategies were put in place and a significant investment was established to begin the replacement of the Medicaid Management Information System (MMIS). The MMIS is a 30-year-old system that supports all Medicaid claims processing functions. Funds for the replacement were provided in the 2011 Rebuild Iowa Infrastructure Fund. A request for proposals has been issued and the vendor is expected to be in place by January 1, 2012.

Just as July 1 marks the beginning of SFY 2012, September marks the first step in the SFY 13 budget development with the DHS Council Budget Presentations held on September 13 and 14. The Council heard presentations on all areas of the DHS budget, including Medicaid. This presentation creates an opportunity to review key characteristics of Iowa's Medicaid program:

- Medicaid is a federal program operated by the state.
- Medicaid is financed with state and federal matching funds. (Federal funds will finance approximately 60% of Iowa's Medicaid program in SFY 2013.)
- Medicaid eligibility is based on a combination of income and other criteria. Medicaid covers low income individuals who are aged (over age 65), blind, or disabled, pregnant women, children (under 21 years of age) or members of a family with dependent children.
- Medicaid covers a comprehensive package of acute care services, as well as long-term care services for individuals who are disabled.

In terms of planning for the SFY 2013 budget offering, enrollment growth and increased health care costs continue to drive Medicaid expenditures (similar to private health care systems). Medicaid expenditures grow during recessions or economic downturns when more individuals become eligible for and access programs. Even while the Medicaid expenditure has grown due to increased enrollment, the average cost per person has been 0% increase for the past five years. Nearly half of the Medicaid budget is dedicated to institutional and community-based services for elderly and disabled populations who need help with activities of daily living.

The DHS Council budget presentations mark only the initial step in development of the SFY 2013 budget. Future stories in the IME Endeavors Update this fall will explore more details of the SFY 2013 budget offering.



Read DHS Budget Documents at:

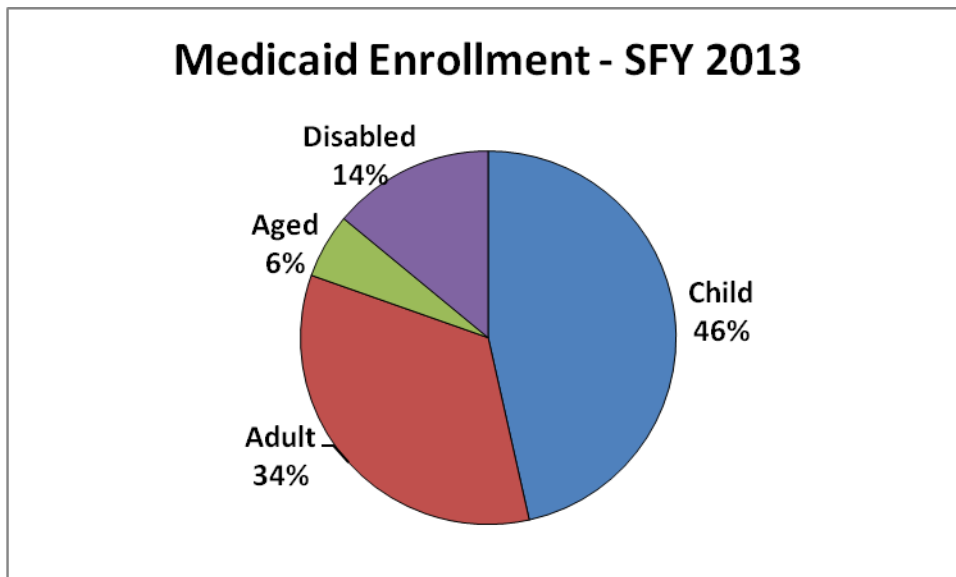
<http://www.dhs.iowa.gov/Partners/Reports/BudgetReports/Budgets.html>

Estimated Medicaid Enrollment SFY 2013

The Medicaid population consists of four general categories: children, low-income parents, adults with disabilities and elderly persons.

The Department of Human Services estimates that more than 698,000 individual Iowans, nearly 23% of Iowa's population, will be enrolled in Medicaid over the course of State Fiscal Year 2013.

The chart below projects Medicaid enrollment in SFY 2013.



Governor Branstad to Chair Key Committee for National Governor's Association

In August Governor Branstad was named Chair of the Health and Human Services Committee for the National Governor's Association, an important group representing governors of all 50 states before Congress and the Administration on key federal issues. The Health and Human Services Committee handles issues dealing with health care, particularly as they relate to Medicaid, and federal-state safety net programs such as TANF, Supplemental Nutrition Assistance and other social services. Members of the committee ensure that the governors' views are represented in the shaping of federal policy. Governor Branstad commented, *"I am honored to serve as Chair of the NGA Health and Human Services Committee. As governors, we are uniquely positioned to influence federal legislation and regulations that affect national and state health care policies."*

To learn more go to www.nga.org



“By using certified EHR technology, providers and patients can be confident that such products and systems are secure, maintain confidentiality, and can work with other systems to share information.”

*Jody Holmes
HIT Project Director*

“Electronic Health Records are a good quality and cost containment strategy for health care systems. In addition, the incentive payments are 100% federal funds.”

*Jennifer Vermeer
Medicaid Director*

Iowa Continues to Lead with Electronic Health Records

The Iowa Medicaid Enterprise (IME) announced last week that the University of Iowa Hospital received an incentive payment of \$2.4 million for meeting federal requirements for successfully adopting certified Electronic Health Records (EHR) technology. In central Iowa, Broadlawns Medical Center in Des Moines received \$2.2 million in payments for successfully adopting certified EHR technology.

Eligible providers and hospitals are able to receive Medicaid EHR incentive payments after adopting, implementing or upgrading to certified EHR technology and meeting patient volume requirements. Electronic health records have been shown to reduce medical errors, especially as handwritten prescriptions are replaced by electronic prescriptions.

Iowa has secured millions in federal funding authorized by the American Recovery and Reinvestment Act (ARRA) of 2009. Iowa was one of the first states to launch the Medicaid EHR incentive program for Medicaid eligible professionals and hospitals. To date, Iowa has made \$19.5 million in payments to more than 168 eligible providers including doctors and nurse practitioners. As of August 30, 2011, 29 states have launched EHR incentive programs and \$653 million in payments have been disbursed. Medicare has also paid out another \$9 million to Iowa providers meeting more stringent meaningful use of requirements of certified EHR technology.

“over \$19.5 million to more than 172 providers in Iowa”

2011 e-Health Summit a Success: Record Participation

A record number of 316 health care professionals gathered at the 7th Annual Iowa e-health Summit in Altoona in early August. The theme of the summit was “Health IT-The Time is Now” with sessions designed to highlight the clinical value, current status and statewide vision for e-health initiatives to improve health care for Iowans. In its inaugural year of being a two-day event, Iowa Medicaid partnered with the Iowa Department of Public Health (Iowa’s health information exchange federal grant recipient), and Telligen’s Iowa HIT Regional Extension Center. This year’s increased attendance showed how visible and timely health IT has become. A new and well-received segment for the Summit featured a patient perspective panel that included patients discussing their personal stories about electronic health records and the impact on their care experience.

Medicaid Projections: FY 11 Ends and Two Year Comparison

SFY 2011 has now ended and below is a summary of final Medicaid expenditures and enrollment, along with a comparison to the two prior fiscal years. Although enrollment growth slowed in SFY 2011 (5.36% growth compared to 9.42% growth in SFY 2010), total Medicaid spending increased at a slightly higher rate (6.11% vs. 5.20%). This is largely due to increased payments to hospitals and nursing facilities; two of the most expensive categories within the Medicaid program. These increased payments were financed through assessment fees submitted by the affected providers.

State spending declined in SFY 2010, but then increased in SFY 2011. These swings were largely due to changes in Federal participation. As a result of the Federal stimulus, the Federal Medicaid match rate was higher in SFY 2010 than it was in SFY 2009; thus reducing state spending. The increased match rate was phased out in SFY 2011, resulting in higher state spending.

The Medicaid appropriation ended SFY 2011 with a \$27.7 million surplus, that will carry-forward for use in the current fiscal year. Based on the Medicaid forecasting group's latest estimate, the Medicaid program is fully-funded in SFY 2012.

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Iowa Medicaid Statistics -- SFY 2009 - SFY 2011

Category	SFY 2009	SFY 2010	SFY 2011	Percent Change (FY09 to FY10)	Percent Change (FY10 to FY11)
<u>Medicaid Expenditures</u>					
Total Expenditures	\$2.90B	\$3.05B	\$3.24B	5.20%	6.11%
State Expenditures	\$793.8M	\$719.2M	\$824.5M	-9.39%	14.64%
<u>Average Enrollment</u>					
Child	180,992	204,163	217,376	12.80%	6.47%
Adult	52,680	57,077	61,043	8.35%	6.95%
Elderly	30,100	30,250	29,935	0.50%	-1.04%
Disabled	66,514	69,895	72,395	5.08%	3.58%
Total	330,286	361,385	380,749	9.42%	5.36%

“Each of these six Medicaid directors is essentially the CEO of one of the largest health insurers in his or her state. We are excited to work with these executives who are passionate about maximizing the value of their programs for millions of beneficiaries. The Medicaid directors chosen bring a diverse array of experiences to the Institute and will collectively spur each other to take full advantage of opportunities to transform the nation’s health care safety net.”

Carolyn Ingram, Senior Vice President at CHCS

Iowa Medicaid Director Named to Prestigious Institute

In August Medicaid Director Jennifer Vermeer learned that she had been selected in a competitive process to participate in the *Medicaid Leadership Institute*, an advanced professional development program managed by the Center for Health Care Strategies (CHCS) and funded by the Robert Wood Johnson Foundation. According to the Center, “the initiative is designed to build the capacity of Medicaid directors to transform their programs into national models for accessible, cost-effective care.” Vermeer is one of six Medicaid Directors to participate in the year-long project. Vermeer remarked, “This is an exciting opportunity for me to represent Iowa and translate what I learn into strategies for innovations in Medicaid in our state for our members and health care providers.” The other states represented in the class of 2012 are New Hampshire, New Jersey, New Mexico, Rhode Island and Texas.

“This is a new area of oversight for us and it has proven to be very helpful, especially in these days of limited public funds”

Jennifer Vermeer
Medicaid Director

\$23 Million Savings Result from Program Integrity Efforts

A new program integrity initiative saved taxpayers more than \$23 million in cost avoidance or recoveries in its first year of operation, according to Medicaid Director Jennifer Vermeer. “We’ve shown that aggressive oversight can result in substantial savings or paybacks of public dollars without jeopardizing essential health care for some 400,000 Iowans who rely on Medicaid”.

The savings are a result of numerous strategies such as making sure that paid services are medically necessary, preventing “upcoding” of claims by providers and making sure Medicaid is reimbursed if the health service is eventually covered by another insurer. The savings come from a program integrity contract that was awarded to OptumInsight (formerly Ingenix). The first-year savings exceeds the total three-year contract cost of \$14 million and also exceeds the \$20 million target set by Iowa Medicaid. The previous year savings were about \$8.6 million. Iowa has been ranked one of the nation’s most accurate systems by the Centers for Medicare and Medicaid Services (CMS). In the most recent payment error rate audit, Iowa’s error rate was approximately half of the national average.

Mental Health and Disability Services Redesign 2011

The Department of Human Services (DHS) is guiding a landmark effort to redesign Iowa's mental health and disability services delivery system. SF 525 from the 2011 legislative session directed DHS to develop a proposal to deliver to a legislative interim committee by December 9, 2011. The following workgroups have been established in order to facilitate the process. The groups are; Adult Mental Health and Intellectual Disability Redesign, Children's Disability Services, Regional, and Brain Injury. Legislative intent behind SF 525 is to redesign the current system to implement the following goals:

- Shift the funding responsibility for the nonfederal share of adult disability services paid for by the Medicaid program, including but not limited to all costs for the state resource centers, from the counties to the state.
- Reorganize adult disability services not paid for by the Medicaid program into a system administered on a regional basis in a manner that provides multiple local points of access to adult disability services both paid for by the Medicaid program and not paid for by the Medicaid program.
- Replacing legal settlement as the basis for determining financial responsibility for publicly funded disability services by determining such responsibility based upon residency.
- Meet the needs of consumers for disability services in a responsive and cost-effective manner.

In addition to the redesign workgroups there are formerly established groups continuing work on several issues including the involuntary committal process, integrated data and statistical information systems, and psychiatric medical institutions for children transition to the Iowa Plan. A webpage is dedicated to key information:

<http://www.dhs.state.ia.us/Partners/MHDSRedesign.html>

“Legislation approved this year provides a mechanism that will lead to a uniform core set of services that will be available to those needing services regardless of where they live. In the next few months the DHS will play a leading role in defining those services and launching the new structure, and I'm eager to get started.”

Chuck Palmer

DHS Director

Iowa Healthiest State Initiative

Have you heard about the Iowa Healthiest State Initiative? Governor Branstad has set the goal of making Iowa the healthiest state in the nation in just five years. According to one key index, Iowa currently ranks 19th in the country for physical, mental and emotional health. The initiative has a website with a wealth of information about where Iowa is now, goals for improvement and suggestions about how to get there.

Learn more at: <http://www.iowahealthieststate.com/>



IowaCare Update

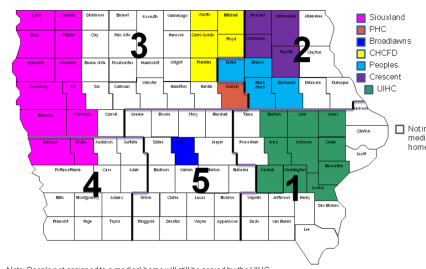
Expansion of IowaCare services to a regional model progressed on July 1, 2011, with new “medical homes” across the state. As a reminder, IowaCare is a limited health care program that covers adults, ages 19-64 who would not normally be covered by Medicaid. This program covers some inpatient and outpatient services, physician, and advanced registered nurse practitioner services, limited dental services, routine yearly physicals, smoking cessation, and limited prescription drug benefits. All services must be received and ordered by a participating provider to be covered.

IowaCare has grown steadily since it was launched in 2005. Regional expansion is intended to address access to care by members who live long distances from the original IowaCare health care providers, the University of Iowa Hospitals and Broadlawns Medical Center. The Centers for Medicare and Medicaid Services (CMS) must approve changes in the expansion model before further implementation can proceed. Iowa Medicaid had planned for implementation of the next phase of expansion on October 1, 2011. However, at this time, CMS has not yet approved the plan so the next phase is currently on hold. It is anticipated that approval could arrive in time for a November 1, 2011, expansion launch.

Watch future newsletters for updates. We will introduce you to the new IowaCare staff person at the IME, Deanna Jones. Deanna has over 15 years of experience at DHS in the areas of medical services, data management and field operations. Deanna can be contacted at: DJONES1@dhs.state.ia.us

“IowaCare continues to be an important safety net service for many Iowans.”

Medicaid Director
Jennifer Vermeer



Medical Director’s Minute

Dr. Jason Kessler writes a monthly column on topics of interest. September’s Medical Minute explains various key Medicaid pharmacy activities.

Link to the column at:

<http://www.ime.state.ia.us/Providers/Newsletters.html>

New Regular Feature: Highlight Informational Letters (IL's)

The Iowa Medicaid Enterprise publishes provider bulletins, also known as informational letters, to clarify existing policy details or explain new policy. Bulletins are posted on a website. The IME Newsletter will provide a brief highlight of the informational letters from each preceding month. Some topics of recent informational letters include:

- Smoking Cessation Coverage Available to Medicaid Members (IL#1048)
- Fourth Notice Regarding Transition to 5010 HIPAA Format (IL#1051)
- Coordinating Medicare Annual Wellness Visit and the Medicaid Preventative Exam (IL#1044)
- Changes to the Nursing Facility Screening Process (PASRR) (IL#1040)

View the complete list of Information Letters by year at:

<http://www.ime.state.ia.us/Providers/Bulletins/Bulletins.html>

Iowa Medicaid Annual Provider Training a Success

Every year staff from the provider services unit at the IME spends the summer conducting training for Medicaid providers. This year's training:

- Delivered annual provider training in **16** sites across Iowa
- Reached more than **4,700** providers during the year
- Training topics
 - General policies and procedures
 - Documentation standards
 - Case management
 - Consumer-directed attendant Care
 - Health information technology Medical home

- See Feedback from Provider Participants

"I like how Kelly brought humor and lightened up a dry topic. She is very knowledgeable!"



"Heidi was great – very good presenter, very well informed, open to questions and feedback from us."



Iowa Medicaid programs serve Iowa's most vulnerable population, including children, the disabled and the elderly.

We're on the web!

<http://www.ime.state.ia.us/>

Comments, Questions or Unsubscribe
Please email:
IMENewsletter@dhs.state.ia.us

The Iowa Medicaid Enterprise (IME) is an endeavor, started in 2005, to unite State staff with "best of breed" contractors into a performance-based model for administration of the Medicaid program.

The Medicaid program is funded by State and Federal governments with a total budget of approximately \$4 billion. The \$4 billion funds payments for medical claims to over 38,000 health care providers statewide.

Iowa Medicaid is the second largest health care payer in Iowa. The program is expected to serve over 698,000 Iowans, or 23% of the population in State Fiscal Year 2013.

Event of Interest

3rd Iowa Employment First Summit (Registration is Required by October 12th)

Co-sponsored by the APSE "a national group focused on integrating employment and career advancement opportunities for individuals with disabilities"

October 26th, 2011

8:30 a.m. to 4:00 p.m.

Tuscany Event Center

3901 121st Street

Urbandale, Iowa 50322

"The third Iowa Employment First Summit will highlight how other states are working to transform their systems and raise expectations through the efforts of state agencies, community rehabilitation providers, legislators, and persons with disabilities."

For additional information call SueAnn at 319-931-5781 or Suzie at 515-577-6978

This update is provided in the spirit of information and education.

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