Iowa Medicaid Enterprise Endeavors Update

A Communications Effort to Strengthen Partnerships *Nov 2012*

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

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

Special points of interest:

- Health Home update
- Dual eligibles update
- ICD-10 provider readiness update
- "Best year" for collections
- Tools to fight Medicaid fraud
- P & T annual meeting
- Welcome Dr. Clor

Inside this issue:

Iowa Medicaid Director's Column

Welcome to the November edition of the "Endeavors Update". This month we update you on the status of our "dual eligibles" proposal to the Centers for Medicare and Medicaid Services (CMS), Health Homes, and ICD-10 provider readiness. In addition, we are pleased to share with you record revenue collections and steps we are taking to train our key staff at the Medicaid Integrity Institute (MII). By the time this edition goes to print election results will be known and officials will move from campaigning to governing. We will be prepared to assist policy makers as they face many decisions that lay ahead in the area of public health.

Next month I look forward to sharing the final report of the Children's Disability Services Workgroup. The Workgroup members have participated generously throughout the fall and I believe our recommendations will benefit children across the state.

Health Home Update: 1,833 Members receiving services

The Iowa Medicaid Enterprise (IME) is working with 17 Health Home entities to provide Health Home services in 20 counties and 52 clinic locations. This represents over 492 individual practitioners committed to providing comprehensive, coordinated care to members with chronic conditions. The IME is committed to help build a network of health homes statewide by offering training and guidance and a monthly learning network (via webinar) to replicate best practices among health home providers across the state. As of November 1, 2012, there are 1,833 Medicaid members receiving health home services.

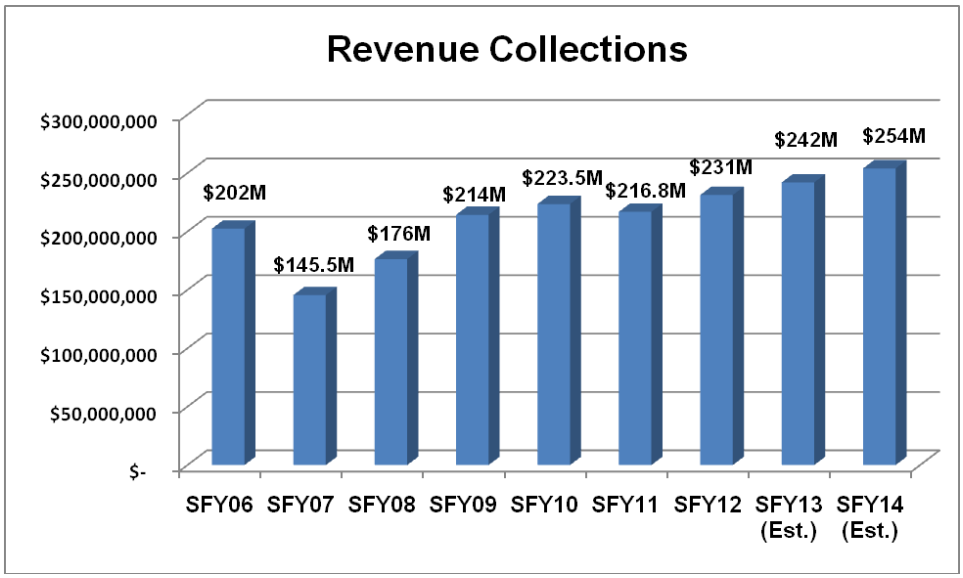
http://www.dhs.state.ia.us/uploads/Health%20Home%20Map%2011.01.12.pdf

"Every dollar recovered means funding for Iowa Medicaid to serve its members."

John Davis
Account Manager

Revenue Collections Unit had "best year ever" in SFY12

The Revenue Collections Unit of the Iowa Medicaid Enterprise reported that in the last fiscal year they had their "best year ever" for cost avoidance and recovery, a substantial 7% more than SFY 2011. The total figure for SFY 12 was over $231 million. The unit exceeded their own goal by more than $10 million, fulfilling their mandate that they ensure every dollar owed the state from all sources is collected. Page seven of the March 2012 edition of the "Endeavors Update" gives a profile of the daily work of the unit. Revenue Collections performs two main functions: finding Third Party Liability (TPL) for cost avoidance to ensure Iowa Medicaid is the payer of last resort and recovering funds where Medicaid has paid prior to a responsible third party. The unit implemented innovations in SFY 2012 to achieve these results including improved disallowance processes, expanded Wells Fargo exchanges, addition of special needs trust monitoring, enhanced local yield management services and enhanced credit balance practices, among others.



Medical Director's Minute: NEMT and TransitCares

Dr. Kessler writes a monthly column on topics of interest. November's Medical Minute explains non-emergency medical transportation and TransitCares.

Link to the column:

http://www.dhs.state.ia.us/uploads/Medical%20Directors%20Minute%20Nov%202012.pdf

Medicaid Integrity Institute Provides States with Valuable Training to Combat Medicaid Fraud, Waste and Abuse

Facilitated by the Office of Legal Education of the United States Department of Justice, the Medicaid Integrity Institute (MII) was established by the Medicaid Integrity Group of the Centers for Medicare and Medicaid Services (CMS) in 2007. The Institute provides a unique opportunity for CMS to offer, within a structured learning environment, substantive training, technical assistance, and support to the states in the effort to combat Medicaid fraud, waste, and abuse. The MII is housed in Columbia, South Carolina at the facilities of the National Advocacy Center (NAC) on the campus of the University of South Carolina.

In September, Iowa Medicaid Enterprise (IME) Program Integrity Director, Rocco Russo attended the first of three courses designed to lead to a designation of *"Certified Program Integrity Professional" (CPIP)*. Russo stated that, "It will be very beneficial because the training courses will allow the IME to be more aware of the different strategies that are available to the State Medicaid Programs in combating fraud, waste, and abuse. People that perpetrate these schemes can be very creative and learning what other states are doing to combat schemes that are not yet on our radar screen will ultimately make us more effective in this fight."

Russo further stated that, "Compared to other state Medicaid programs, the IME is on the leading edge of Program Integrity implementation. This is due, in part, because the IME goals for funds recovery have already been exceeded as a result of its partnership with OptumInsight, the IME's Program Integrity contractor. The rules we have in place for fraud, waste, and abuse in the Iowa Administrative Code and Iowa Code are very robust and we continue to strengthen them through various efforts including recommending additional changes to Iowa Code."

Tim Weltzin, of the IME Program Integrity Unit, is also taking the CPIP certification training program, which is only available to state staff, and is one course away from obtaining his CPIP certification. Other IME staff including Liz Matney, Deb Johnson, and Anita Smith are also scheduled to participate in other types of course training at the MII that, although not aimed at obtaining the CPIP certification, helps the IME move forward in helping the Iowa Medicaid program.

"Compared to other state Medicaid programs, the IME is on the leading edge of Program Integrity implementation."

Rocco Russo, Director
Program Integrity Unit

Relevant Web Resources:

Medicaid Integrity Institute
http://www.justice.gov/usao/eousa/ole/mii/

Centers for Medicare and Medicaid Services
http://www.cms.gov/

United States Department of Justice
Office of Legal Education
http://www.justice.gov/usao/eousa/ole/

Dual Eligibles Proposal Update

Throughout the spring of 2012 we shared a new strategy aimed at integrating care and improving health for dually-eligible Medicaid and Medicare members (a universe of nearly 66,000 disabled and elderly, vulnerable Iowans). The proposal focused on care coordination, the reduction of avoidable hospital readmissions and transitions from an inpatient stay to other settings. "Dual eligibles" represent over $1 billion in state and federal Medicaid spending. It is a high risk population that will benefit from greater care cooperation and integration. The Centers for Medicare and Medicaid Services (CMS) and the State of Iowa are still negotiating the details of the shared savings proposal for a Managed Fee-For-Service (MFFS) alignment demonstration model. Iowa is one of six states to propose an MFFS model to CMS and both parties have agreed to target an Iowa implementation date of early 2014. CMS announced their first signed Memorandum of Understanding (MOU) for MFFS is with the State of Washington. That agreement is targeted to be implemented in April of 2013. In addition to the six states to propose MFFS, 20 states have proposed a Capitated Managed Care alignment demonstration model. Out of the 20 Capitated Managed Care states, CMS has one signed MOU with the State of Massachusetts. Director Vermeer summed up the status as "on hold on a nationwide scale while CMS focuses on other matters". Watch future editions of the *Endeavors Update* for more details as they become available.

CMS Issues Rules on Physician Rate Increases

On November 1, 2012, the Centers for Medicare and Medicaid Services (CMS) issued a final rule to implement a provision of the Affordable Care Act that provides increased payments to certain primary care physicians for specified Medicaid primary care services. Under this provision, certain physicians who provide eligible primary care services will be paid the Medicare rates in effect in calendar years (CY) 2013 and 2014 instead of their usual state-established Medicaid rates. A workgroup consisting of several Iowa Medicaid Enterprise units and Department of Human Services Bureau of Fiscal Services has reviewed and planned for the implementation of this provision since the proposed rules were released in May 2012. At this time CMS has indicated that rates will not be finalized until January 1, 2013. IME will submit a State Plan Amendment (SPA) and await CMS approval. Under this scenario, it is not likely that Medicaid will begin paying the increased payments on January 1, but will make those rate increases retroactive upon approval.

Link to the US Department of Health and Human Services press release on increased physician payments:

http://www.hhs.gov/news/press/2012pres/11/20121101d.html

Annual Pharmaceutical & Therapeutics: Focus on Atypical Antipsychotic Drugs

Committee member Bruce Alexander, Pharm.D. (left) and Committee Chair Dr. Chuck Wadle (right) on November 8, 2012

At the Annual Pharmaceutical & Therapeutics (P & T) Committee meeting held in Des Moines on November 8, 2012, advocates, pharmaceutical company representatives and committee members all strove to put a face on the challenge of balancing available public resources for health care with patient access to medications. The legal mandate of the P & T Committee is to develop and provide ongoing review of the Preferred Drug List (PDL). The P & T Committee reviews each product within a therapeutic class for pharmacology, indications, comparative clinical trials and adverse effects and safety, evaluated relative cost of each product and compared products within the same class to identify the most clinically effective, and cost efficient product. At the November meeting, chaired by Dr. Chuck Wadle, the public comment period was robust with advocates for the mentally ill asking the Committee to remove what they view as barriers to access in the form of limitations on mental health drugs. The members who serve on the P & T Committee made it clear that, as practicing health care providers, they "keep the patient first" (in the words of Coralyn Trewet, Pharm.D) and "live your pain" (in the words of Dr. Stephen Richards). The Committee heard the public testimony, received recommendations from consultants and analyzed research to reach their recommendation on the atypical antipsychotic drug classes. They recommended:

- Pill splitting for all strengths of Ability to maximize cost savings to the program. In addition, quantities above 15 tablets per 30 days will require prior authorization. Existing users on 20 mg doses and above will be grandfathered.
- Require step therapy edits for atypical antipsychotics: Step 1: Preferred generic drugs, Step 2: Preferred brand name drugs, Step 3: Non-preferred drugs.

A great deal of information is available about the PDL at their website:

http://www.iowamedicaidpdl.com/index.pl/home?noCache=811;1352815958

What is prior authorization and how long does it take? Prior authorization (PA) means obtaining approval for a drug before the drug is provided to a member, as a precondition for provider reimbursement. Prior authorization is requested at the prescriber level and is a prescriber fax-only system using the forms provided by the Iowa Medicaid Enterprise. PA may be required for 1). a nonpreferred drug, with the primary criteria being failure on the preferred agent(s) or 2). a preferred drug, with the primary criteria being documentation of specific clinical criteria. The average turnaround time for a decision from Iowa Medicaid is 3 hours. The Pharmacy PA Unit is staffed 24 hours a day, seven days a week.

First ICD-10 Provider Survey Readiness Results: IME Concerned Provider Preparations Not on Schedule for Conversion

In the last issue of *"Endeavors Update"* we announced that the Iowa Medicaid Enterprise (IME) was conducting an ICD-10 Provider Readiness Survey to gauge how provider organizations are progressing in their planning and implementation tasks to prepare for the transition to the ICD-10 code set on October 1, 2014. This is intended to be the first, of several, quarterly surveys to track the readiness of providers.

Over 275 provider organizations completed at least part of the survey and the responses did cause some concern. 85% of respondents indicated either unknown, not started, or less than a quarter of the way through in planning for resources dedicated to implementing ICD-10. 85% also responded the same way on development of ICD-10 training plans. Because of the complexity and structural differences of the ICD-10 code set from the (current) ICD-9 set, the IME is concerned that many providers are falling behind in preparing for the conversion to the new code sets. The ramification could mean that providers are not able to properly code and submit claims when the transition occurs. If providers are significantly unprepared, it could result in a late shift in policy, such as another delay or a "dual use" period, both of which raise their own problems and related costs.

Now is the time to start training key staff members to fully understand the scope and impact of ICD-10 on provider practice. Often, it is not until staff become exposed to the change in coding that the organization becomes fully aware of the potential impact to their business practices. The IME intends to conduct external end-to-end testing with providers between October 2013 and October 2014. That testing period will be our first close look at provider preparedness and the results will demonstrate the extent to which preparation has been successful by comparison to ICD-9 production claims processing. The IME urges providers to continue to move forward with their ICD-10 projects and to ensure plenty of time for robust ICD-10 testing alongside production of ICD-9 claims to help ensure a smooth transition to ICD-10.

If you have any questions on ICD-10 please send an email to:
icd-10project@dhs.state.ia.us

For more information (including the full survey results), please visit the ICD-10 website:
http://www.ime.state.ia.us/Providers/ICD10.html

Regular Feature: Informational Letters

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 "*Endeavors Update*" will highlight information letters released in the preceding month. Topics of the October 2012 informational letters included:

- Home and Community Based Services (HCBS) Quality Oversight Documentation Submission and Updated Contact Information-Updated Link (IL#1186)
- Vaccine for Children (VFC) Program: Administration Code Changes (IL#1185)
- Fee Schedule Change for Reusable Underpads (T4537 & T4540) (IL#1184)
- Annual Resubmission Requirements - Employee Policies Regarding Prevention and Detection of Medicaid Fraud and Abuse (IL#1183)
- Optical Policy Changes (IL#1182)
- Home and Community Based Services Quality Oversight Documentation Submission and Updated Contact Information (IL#1181)
- Dental Services Performed for Meridian HMO Members (IL#1180)
- Medicaid Provider Screening and Enrollment Changes (IL#1179)
- CDAC Enrollment Renewal Launch 2012 (IL#1176)
- Annual Update of Medicaid Hospice Rates (IL#1175)
- Special Accommodation Capability Available For Dental Providers (IL#1172)
- Implementation of the Iowa Medicaid Recovery Audit Contractor (RAC) (IL#1171)
- New 2012 American Dental Association (ADA) Claim Form (IL#1168)

View the complete list of informational letters by year at:
http://www.ime.state.ia.us/Providers/Bulletins.html

Welcome New Doctor in Program Integrity Unit

Case Clor, M.D., is the new Medical Director for the IME Program Integrity Unit. In this position, Dr. Clor will review cases for medical necessity determination and compliance with Medicaid requirements. As a medical school graduate in Iraq, Dr. Clor practiced in Iraq several years while teaching at medical school. He immigrated to the United States in 1997 and completed a Family Practice Residency at the Mercy Mayo Family Practice Program in Des Moines. Dr. Clor joined Mercy Clinics, Inc. in 2003 and became Director in 2009. He has also served on the Governor's Council on Wellness, the Drug Utilization Review committee and as Adjunct Faculty at Des Moines University. Dr. Clor replaces Dr. Jerold LeMar who is retiring. Welcome Dr. Clor and best wishes to Dr. LeMar.

Medicaid Projections: expenditure growth is smallest driver

The Medicaid forecasting group met in October to update the FY 2013 – FY 2015 Medicaid estimates. The midpoint estimates were left unchanged from the prior monthly meeting and are provided below.

	Medicaid Forecasting Group Midpoint Estimates		
	FY 2013	FY 2014	FY 2015
State Revenue	$1,354,374,492	$1,321,689,145	$1,313,275,016
State Expenditures	$1,399,374,492	$1,479,689,145	$1,547,275,016
Year-End Balance	**($45,000,000)**	**($158,000,000)**	**($234,000,000)**

The FY 2014 budget need of $158 million is significant and is made up of the following key components:

Prior Year Shortfall – The $45 million shortfall in FY 2013 is also contributing to the FY 2014 budget need.

Other State Revenue Changes – There are several revenue sources in FY 2013 that are not expected to be available in FY 2014. These include Health Care Transformation Account and Mental Health Risk Pool funds along with a prior year general fund carry-forward.

Federal Match Rate Changes – The declining Federal Medicaid match rate shifts a significant portion of Medicaid costs to the state.

Expenditures Growth – This includes the additional state money needed to fund growth in the cost of services and increased enrollment.

Expenditure growth is the smallest of these four components, making up $29 million of the $158 million estimate. This equates to growth of approximately 2% over FY 2013 spending.

Estimated FY 2014 Need	$158M
Prior Year Shortfall	($45M)
Other State Revenue Changes	($32M)
Federal Match Rate Changes	($52M)
Expenditure Growth	**$29M**
Projected FY 2013 Spending	$1,399M
Projected FY 2014 Growth	$29M
Percent Change	2.07%

Iowa Department of Human Services

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 650,000 Iowans, or 21%, of the population in State Fiscal Year 2013.

Iowa Medicaid Upcoming Events:

December 5	Drug Utilization Review Committee
December 17	***hawk-i*** Board Meeting

Link to the DHS Calendar:

http://www.dhs.state.ia.us/DHSCalendar.html