



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



Welcome to the March Newsletter. Because we are in the heart of the legislative session we continue to be busy responding to policy and budget proposals. My staff and I spend a great deal of time analyzing proposals and articulating the potential impacts. We also strive to be proactive in developing cost savings strategies while maintaining our ability to deliver our core service to vulnerable lowans. We feel the responsibility to balance the available federal and state funds with the health care needs of over 690,000 vulnerable lowans, nearly 23% of the population. Thank you, as always, for your interest and partnerships in shaping policy and delivering health care services.

- Special points of interest:**
- Provider Re-Enrollment
 - Budget Update
 - Updates on ICD-10 and Health Information Technology
 - Medicaid’s Response to Prescription Drug Abuse
 - Unit Profile: Revenue Collections
 - New Faces at IME

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Provider Re-Enrollment Coming This Spring

Provider Enrollment Renewal will be coming this spring. Renewal is a chance for all providers to re-verify information on file with the IME and accept a provider agreement. The last enrollment renewal was launched in 2007. For most providers, this will be a series of tasks on a new software application on our [Iowa Medicaid Portal Access](#) (IMPA). Among the new features for this renewal will be collection of specific ownership and control information from our provider organizations supporting enhanced program integrity. Providers will be given plenty of time to comply. An official announcement with detailed instructions will appear soon. Over 20,000 individuals and organizations are currently under agreement with Iowa Medicaid and all will be required to complete enrollment renewal.

Prior Authorization for Waiver Services Saves \$2.9 M in SFY 2011

Waiver Prior Authorization was effective October 1, 2010, as a result of legislative action in Senate File 2088. Prior to that, Department Service Workers, Case Managers and Targeted Case Managers had the ability to authorize any available waiver service for a member. Specific services are available to each waiver program and are listed in the Iowa Administrative Code. It was determined that utilization oversight was needed to ensure that the services were medically necessary, cost effective and appropriate to meet the member's medical need.

At the current time, the following waiver services require a prior authorization from the Medical Services Unit at the IME:

- Consumer Directed Attendant Care (CDAC)
- Prevocational Services
- Home and Vehicle Modification (HVM)
- Environment Modifications and Adaptive Devices
- Assistive Devices

Criteria for each of these services has been developed utilizing national research, comparisons with other state Medicaid programs, and best practice literature. The criteria development process also includes a URAC-approved process of review by providers. Current efforts at the IME are directed at making the criteria more accessible to members and providers to ensure transparency.

The Waiver Prior Authorization review team with the Medical Services Unit includes professionals with expertise in case management, vocational services, home health, medical equipment and behavioral health. In SFY 2011, the volume of prior authorizations for waiver services was just under 6,000. Slightly over half were authorizations for Consumer Directed Attendant Care and one-fourth were for Prevocational Services. Part of the legislative mandate was to report cost savings quarterly. In SFY 2011, approximately \$2.9 million cost savings were achieved, predominately from reducing the volume of services rather than denying services.

DHS Budget Update



In late February, DHS Director Chuck Palmer announced to staff that “pending legislation could have serious consequences for our department and the thousands of lowans we serve.” He was referring to HF 2435, the budget that passed the House Appropriations Committee and is currently awaiting action on the House Calendar. The budget proposed by the House is \$40 million less than recommended by Governor Branstad. Palmer explains that “the impact is all the greater because almost all of the state dollars allocated to our department draw down at least an equal number of federal dollars.”

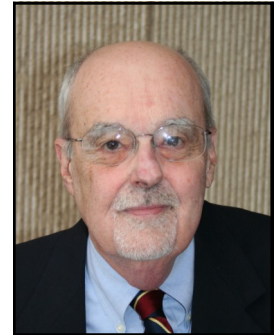
The budget, in its current form, reduces DHS administration by 55 percent. The workers in DHS administration are responsible for compliance with federal regulations, processing appeals, information technology, program integrity, personnel management and other duties. Field operations were also reduced by 10 percent in the proposed budget as passed by the House Appropriations Committee. Among other impacts, a reduction in field operations impacts the ability for Income Maintenance staff to process applications for Medicaid and other assistance programs.

At this time, DHS is very concerned about the impact of the House budget on Medicaid and *hawk-i* programs. We continue to work with legislators and provide information to ensure Medicaid is adequately funded at the Governor’s recommended level.

HF 2435 does include \$30 million for Mental Health Redesign and another \$5 million to reduce the Home and Community-Based Services waiver waiting lists.

Director Palmer stated that he plans to continue to “advocate for approval of the governor’s recommended budget.”

Editor’s Note: It is always challenging to write articles on legislative activity when the pace of action at the Capitol is fast and evolving. The information in this article was accurate when it was written on March 15, 2012.



“Action by the House Appropriations Subcommittee on Human Services is just a first step of many in the legislative process. I will advocate for approval of the governor’s recommended budget.”

*DHS Director
Chuck Palmer*

“Iowa Medicaid has already completed a significant amount of work striving towards the initial implementation date.”

ICD-10 Implementation Date Delayed by US Department of HHS

Health and Human Services (HHS) Secretary Kathleen Sebelius announced on February 16, 2012, that HHS will delay the date by which certain health entities have to comply with ICD-10 implementation. The Iowa Medicaid Enterprise has already completed a significant amount of work striving towards the initial October 2013 implementation date. As we await a new implementation date (expected within the next 180 days) we will continue to push ahead with project implementation at this time.

Read the HHS press release at:

<http://www.hhs.gov/news/press/2012pres/02/20120216a.html>

Health Information Technology Doubles Nationwide in Two Years

Health and Human Services Secretary Kathleen Sebelius announced on February 17, 2012, that the number of hospitals using Health Information Technology has doubled in the past two years from 16 to 35 percent. Doctors and hospitals nationwide have received \$3.1 billion in incentive payments.

Here is the Iowa story: Iowa Medicaid has paid over \$36 million in incentives to eligible professionals and hospitals to date to support the use of electronic health records. Medicare in Iowa has added at least another \$15 million.

Read the HHS press release at:

<http://www.hhs.gov/news/press/2012pres/02/20120217a.html>

“Iowa Medicaid has paid over \$36 million in incentives to eligible professionals and hospitals to date to support use of electronic health records.”

Dr. Kessler Invited to Serve on National Panel

Dr. Kessler, Iowa Medicaid’s Medical Director, has been nominated to participate on an expert panel developing children’s quality of care measures focused on care coordination across health care and community sectors. The project is jointly sponsored by the Agency for Healthcare Research and Quality (AHRQ) and the Centers for Medicare and Medicaid Services (CMS). Dr. Kessler will provide unique insights to this project because of his background as a Pediatrician.



Medicaid Projections: “Estimated Need in SFY 2013 Reduced Slightly”

The Medicaid forecasting group met in February and increased its midpoint SFY 2012 surplus estimate from \$6 million to \$9 million. The estimated need in SFY 2013 was reduced from \$97 million to \$95 million. The SFY 2013 estimate does not take into consideration any pending legislative action.

As has been discussed in previous articles, the increase in SFY 2013 is largely due to a reduction in the Federal match rate. Even if total Medicaid spending remains unchanged, state spending will be approximately \$36 million higher in SFY 2013 when compared to SFY 2012 as a result of declining Federal participation. The match rate change represents a funding source shift rather than an actual increase in payments; and therefore, must be adjusted in order to provide a more accurate analysis of Medicaid spending trends. Below is a table summarizing SFY 2013 Medicaid expenditure growth after accounting for the match rate change.

Since 2003, Medicaid spending growth in Iowa is lower than national Medicaid spending trends.

	Medicaid Forecasting Group Midpoint Estimates	
	SFY 2012	SFY 2013
<u>State Revenue</u>		
General Fund	\$909,993,421	\$914,993,421
Other State Revenue	\$213,595,682	\$178,261,301
Total State Revenue	\$1,123,589,103	\$1,093,254,722
State Expenditures	\$1,114,589,103	\$1,188,254,722
Year-End Balance	\$9,000,000	(\$95,000,000)
<u>SFY 2013 Expenditure Growth Analysis</u>		
Total State Expenditures	\$1,114,589,103	\$1,188,254,722
Federal Match Rate Adjustment	\$36,000,000	\$0
State Expenditures At SFY 2013 Match Rates	\$1,150,589,103	\$1,188,254,722
SFY 2013 Increase After Adjustment		3.27%

The 3.27 percent growth rate is low compared to historical Iowa Medicaid trends. Since 2003, total Medicaid spending growth in Iowa has averaged 5.43 percent. The growth rate is also lower than national Medicaid spending trends. In its 2010 actuarial report on the financial outlook for Medicaid, the Centers for Medicare and Medicaid Services (CMS) estimated national Medicaid spending growth of 7.41 percent in 2013.

Promoting and Protecting the Health of Iowans through Expansion of Lock-In Program

A preventable epidemic is on the rise across the nation. According to the Centers for Disease Control and Prevention (CDC), prescription drug abuse is the fastest growing drug problem in the United States. The loss of life due to unintentional drug overdose is alarming. A CMS report from August 2011, entitled *Drug Diversion in the Medicaid Program* states, “The impact of drug diversion on the Medicaid program goes beyond just the cost of the prescription drugs. There are also the costs associated with doctor’s visits, emergency department (ED) treatment, rehabilitation centers, and other health care needs, not to mention the human toll.”



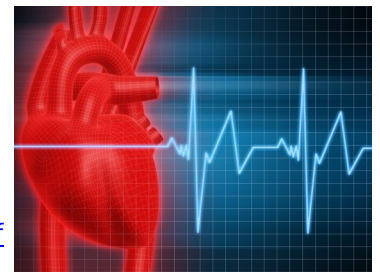
Recently, the IME Member Services Unit participated in the Iowa Prescription Drug Task Force assembled by the Governor’s Office of Drug Control Policy (ODCP). The task force was formed to look at Iowa prescription drug abuse trends and recommend steps to reduce its impact on Iowans. Consistent with trends around the country, it is reported that for every \$1.00 spent on prescriptions in the State of Iowa, \$40.00 is spent on the service to obtain the prescription. The ODCP also reported that from 2000-2009 there was a thirteen hundred percent (1,300%) increase in opiate overdoses resulting in more unnecessary deaths.

The IME Member Services Unit has been working to expand the Lock-In (LI) program in response to this alarming epidemic. The intent of the program is to prevent harmful practices such as duplication of services, including polypharmacy use which can result in drug abuse, overdose, and possibly death. Once a member is placed in Lock-In, they are required to be seen by their Lock-In primary care provider to assist in coordination of services. Members are given the opportunity to select their Lock-In provider and must obtain a referral if the member needs to be seen by any other provider. They are also assigned to one pharmacy and one hospital. Currently, the program has increased from approximately 200 members in 2010 to over 881 members.

Medical Director’s Minute: “Million Hearts Campaign by CDC”

In his monthly column, Medicaid Medical Director Dr. Jason Kessler urges health care providers to educate patients to modify their risk factors for heart disease. Link to the March Medical Minute at:

http://www.ime.state.ia.us/docs/MDM_2012-03.pdf



Unit Profile: Revenue Collections

The Revenue Collections Unit at Iowa Medicaid has two main functions; find Third Party Liability (TPL) for cost avoidance to ensure that Iowa Medicaid is the payer of last resort and recover funds where Medicaid has paid prior to a responsible third party. In the last state fiscal year cost avoidance total revenues were \$166 million and recovery total revenues were \$50 million for a total of \$216 million collected through this unit. Unit Manager, John Davis, says that their collections efforts are important because “every dollar recovered means funding for Iowa Medicaid to serve its members.” He goes on to say “the state expects our unit to ensure Medicaid is the payer of last resort through cost avoidance and recovery efforts.”

Cost avoidance is the process where the Revenue Collections Unit match up Medicaid eligibility against potential third party coverage, verify the coverage and load it into the state’s Medicaid Management Information System (MMIS). They utilize multiple approaches to accomplish this task. First, they receive local third party insurance leads from Medicaid members, paid claims, and several units at the IME including Member Services, Provider Services, HIPP and income maintenance workers. Next, they receive a monthly eligibility file from the state which they use to match the Medicaid member’s eligibility against our database of insurance carrier eligibility for potential matches. Any matches found are verified and loaded into the MMIS system. Because of data agreements with insurance carriers and pharmacy benefits managers Revenue Collections is able to receive data on a daily, weekly and monthly basis.

At times Medicaid pays a health claim prior to the Third Party Liability (TPL). In these instances, Revenue Collections performs what is commonly referred to as a “pay and chase” billing to the responsible party. Pay and chase billings include recovery requests sent to insurance carriers, health care providers, estates, special needs trusts, and attorneys.

The future activities of the Revenue Collections Unit will be impacted by legislation involving electronic communications and streamlining of platforms for billing and Third Party Liability. Efforts will take place to work with other state agencies and insurance carriers to adopt best practice activities so they quickly implement cost avoidance and bill for potential recoveries.



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

*Account Manager
John Davis*

Revenue Collections Unit Goal: Recover funds back to the state where it can be utilized in the Medicaid Program.

Status: \$216 million recovered in SFY 2011

Regular Feature: 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 the IME website. (See link below.) The IME Newsletter will highlight informational letters released the preceding month. Topics of February 2012 informational letters include:

- Clarification of Non-Emergency Medical Transportation Services for HCBS Members to Waiver Services (IL# 1094)
- Elimination of Co-pays on Medicare Part D for Dual Eligible Beneficiaries Receiving HCBS Waivers (IL# 1095)
- Exclusion from Participation in Federal Health Care Programs (IL# 1096)
- Iowa Family Planning Network (IFPN) Changes (IL# 1097)
- Clarification of Non-Emergency Medical Transportation Services for Habilitation Services (IL# 1098)
- Billing for Naso Alveolar Molding (NAM) (IL# 1099)
- Electronic Health Record Incentive Payment Program and Meaningful Use Attestation Updates (IL# 1100)
- Coverage for D2933 and D9110, Billing for Crowns and Crown Build-ups; Billing for Multi-surface restorations; Occlusal Guards (IL# 1101)
- Claim for Targeted Medical Care Claim Form (IL# 1103)

View the complete list of Informational Letters by year at:

<http://www.ime.state.ia.us/Providers/Bulletins/Bulletins2011.html>

Save the dates! Future MAAC Meetings in 2012

The Medical Assistance Advisory Council (MAAC) has tentatively set the dates for full MAAC meetings in 2012. Details will be shared when available. Thank you.

- May 16th
- November 14th



Welcome New Faces at the IME

Eric DeTemmerman recently joined the *hawk-i* Unit of the Bureau of Adult & Children's Medical Programs. Eric holds a Masters of Health Administration from The University of Iowa and a Bachelor of Arts in Community Public Health from the University of Northern Iowa. His experience includes being a budget analyst for the VA Central Iowa Healthcare System, an operations manager at Allen Memorial Hospital, and a hospital administrator for Iowa Veterinary Specialties. In addition to his duties with the *hawk-i* program, Eric will also be responsible for shepherding the IME budget through the budget development process beginning with the SFY '14 budget. You can reach Eric at edetemm@dhs.state.ia.us



Andria Seip recently joined Medicaid and she is currently collaborating with DHS staff to implement provisions of the Affordable Care Act (ACA). Andria is an attorney with prior experience as a social worker in Chicago. She has a Masters Degree in Human Service Administration from Spertus University and a law degree from Hamline Law School in Minneapolis. Andria has prior state government experience in Iowa with the Department of Public Health and the Insurance Division. Her current role requires her to understand the ACA law and federal regulations and assist staff with implementing provisions. She is working on provider screening and enrollment, program integrity, Medicaid benchmarks and essential benefits planning, in addition to projects around the balancing incentive payment program and implementation of Health Homes. Andria views her role as a "collaborative effort with program staff". You can reach Andria at aseip@dhs.state.ia.us



"Partners for Better Health and Wellness"; Spring 2012

The Iowa Medicaid Member newsletter is published quarterly. The spring 2012 edition is now available online. Featured stories include an introduction to Health Homes and an explanation of non-emergency transportation services in addition to health tips.

http://www.ime.state.ia.us/docs/MemberNewsletter_2012April.pdf



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/>

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Please email:
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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.

Iowa Medicaid Upcoming Events:

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| April 4 | Drug Utilization and Review
http://www.iadur.org/meetings |
| April 16 | hawk-i Board Meeting
http://hawk-i.org/en_US/board.html |
| April 20 | Clinical Advisory Committee
http://www.ime.state.ia.us/MAAC/CAC_Index.html |

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

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