



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

Special points of interest:

February 2012

- Unit Profile: Medical Services
- SFY 2013 Budget Analysis
- HIPAA 5010 Update
- Kaiser Foundation Report Touts Iowa Success
- PMIC Transition Report Issued
- February Children’s Dental Health Month
- DUR Seeking Members



Welcome to the February edition of the Iowa Medicaid Newsletter. When your family or my family has an illness or health concern we can often see our personal family physician who has known us for many years, whom we feel a strong connection with and trust to help us make good health care decisions for ourselves and our families. Unfortunately, that isn't always the case with the most chronically-ill Medicaid members who often have multiple health challenges and other social barriers. That is why I am encouraged by the

Health Home project we have been developing for Medicaid members with multiple chronic conditions to give them Health Homes where the scope of their needs can be addressed through coordinated care. The Health Home has multiple benefits for all entities involved in health care delivery; better care for the patient, a better reimbursement structure for the physician to support innovative care delivery and cost savings to the state. I've been discussing Health Homes with policymakers and physician representatives. You can view the presentation I made to legislators earlier this month later in this newsletter. As always, thank you for your interest.

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HIPAA 5010 Update: Call Volume 10 Times Normal Volume

January 1, 2012, marked the transition to HIPAA 5010 and NCPDP D.O Projects. The IME Newsletter has been reporting for several months about our readiness to make this transition. These transitions impact the way that healthcare transactions are standardized So, how did we do? Overall, the transition went very well, but as is the case with any effort of this magnitude, the transition has not been without its challenges. The challenges included a lower volume of electronic claims submitted by providers during the month of January 2012, and several providers submitted claims incorrectly which resulted in denial of claims. In addition, call volume received by our helpdesk was 10 times the normal volume which resulted in some providers unable to reach a customer support representative. In reaction to this challenge and in order to better serve providers during this transition, a pilot project has been created to change provider calling options to route these provider calls directly to a dedicated group of customer support representatives. This new group started taking calls on February 13th. **We apologize to those providers who were not able to reach a customer support representative in January and believe that the situation has been resolved.** At this time 86 percent of the providers are 5010 production ready. Over half, 56 percent, of the production ready providers are submitting claims in the 5010 format. Watch future newsletters for further updates.

Unit Profile: Medical Services Unit

If you can answer the question "which unit of the Iowa Medicaid Enterprise is the only unit to be fully certified as a health utilization management, or URAC, entity?" then you are familiar with the work of the Medical Services Unit. Medical Services consists of medical professionals and affiliated staff that provide medical opinions on specific policy areas such as coverage and benefits as well as conducting prior authorizations, exceptions to policy requests and appeals. The Medical Services Unit is headed by Account Manager Andi Dykstra, an individual with a long history with Medicaid that spans the time period during the development of the "Medicaid Enterprise" concept from its origins. After working in the enterprise system, the administrative model at the IME that unites state staff with contractors into a performance-based model, for the past seven years Dykstra says that she "can't imagine doing it any other way" and that the unit is "totally committed to the enterprise system".



Andi Dykstra

Account Manager

Medical Services is one of the largest units at the IME in terms of number of staff, located both at the IME headquarters and in the field. Their work projects focus mostly on a variety of utilization management and quality management duties, and special projects such as ICD-10 implementation, Health Homes, Health Information Network and the Center for Health Care Strategies (CHCS) Study on High Volume Obstetrics. Utilization review means reviewing medical decisions to be sure services, drugs and supplies are *medically necessary* and done in an *appropriate setting*.

To get a sense of the size of their utilization review responsibilities you should know that according to their FY 2012 1st Quarterly Report, the unit:

- Reviewed 1,200 claims per day
- Completed 17,358 Prior Authorizations
- Conducted 3,000 long term care reviews
- Reviewed 5,312 HCBS Waivers
- Handled 260 Appeals (only 20 percent of decisions reversed)

According to Dykstra, "our staff visits every nursing facility at least once a year. In addition, "we visit every Intermediate Care Facility and every Psychiatric Medical Institution for Children." Quality reviews are conducted in compliance with federal law that mandates that the state must review facilities to ensure discharge planning, and address deficits in the care plans. Dykstra explains "these reviews are not to be confused with the reviews conducted by the Department of Inspections and Appeals which include additional areas such as safety and the environment". Medical Services also reviews Home and Community-Based Waivers (HCBS) services for "medical necessity". In addition to the activities already noted, the Medical Services Unit handles appeals and exceptions to policy requests when "medically necessary" questions are raised. Only 20 percent of their decisions are reversed by Administrative Law Judges which, in Dykstra's opinion, confirms that they have a good track record of making the right decisions.

How does the unit accomplish all of the various reviews? They have a staff of nurses, licensed social workers, social workers with Masters Degrees, coders and others. This unit includes the Medicaid Medical Director, Dr. Kessler, the only full-time physician at Medicaid. (The other physicians are part-time and/or in advisory positions.) Therefore, Dr. Kessler acts as a resource to many other units of the Medicaid staff and plays a variety of important roles. (You read Dr. Kessler's monthly column, the Medical Minute, in the IME newsletter.)

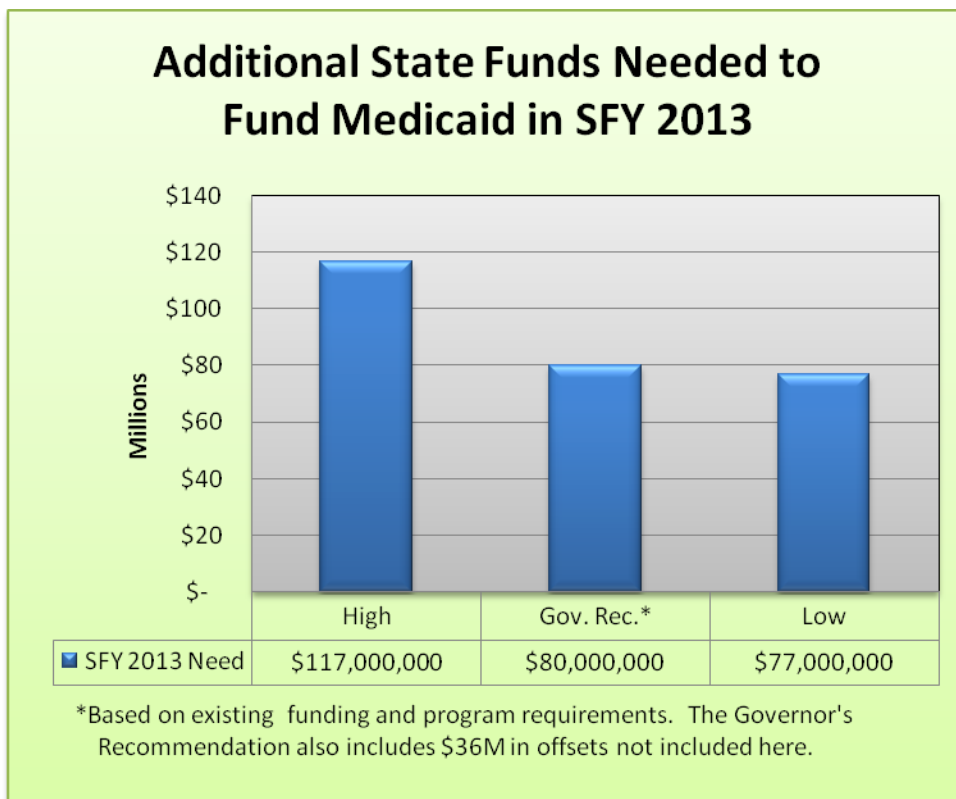
Monthly Medicaid Forecasting Update

The Medicaid forecasting group met in January and increased its midpoint SFY 2012 surplus estimate from \$3.5 million to \$6 million. Contributing to the surplus increase was lower enrollment and additional CHIPRA performance bonus revenue. The CHIPRA bonus was received in December and was approximately \$1 million higher than projected.

The forecasting group also established a range estimate for SFY 2013. The low-end of the range assumed additional appropriations of \$77 million will be needed to fund Medicaid in SFY 2013. The high-end assumed appropriations of \$117 million will be needed.

The Governor’s SFY 2013 budget recommendation was also released in January, and based on existing program requirements, included \$80 million to fund Medicaid. While this funds the program near the low-end of the forecasting group’s range, it does not necessarily mean the appropriation is under-funded. The enacted SFY 2012 Medicaid budget was also funded at the low-end of the forecasting group’s range, and this funding level is expected to be sufficient due to slowing enrollment and expenditure growth. It remains to be seen whether this trend will continue in SFY 2013.

While the Governor’s budget provided base appropriations of \$80 million, it also included several cost containment strategies that reduced the anticipated need from \$80 million to \$44 million. The forecasting group’s midpoint does not include these offsets, so for comparative purposes, these strategies were not addressed here.



Medicaid Director Updates Legislative Budget Subcommittee

Medicaid Director Jennifer Vermeer made a comprehensive budget presentation at the Capitol on February 7th. Her update to the Joint Health and Human Services Budget Subcommittee included the current enrollment figures and projections, updates on key projects, the FY 2013 budget projection and cost containment proposals. Vermeer explained to the Subcommittee that long term care expenditures account for nearly half of all Medicaid expenditures.



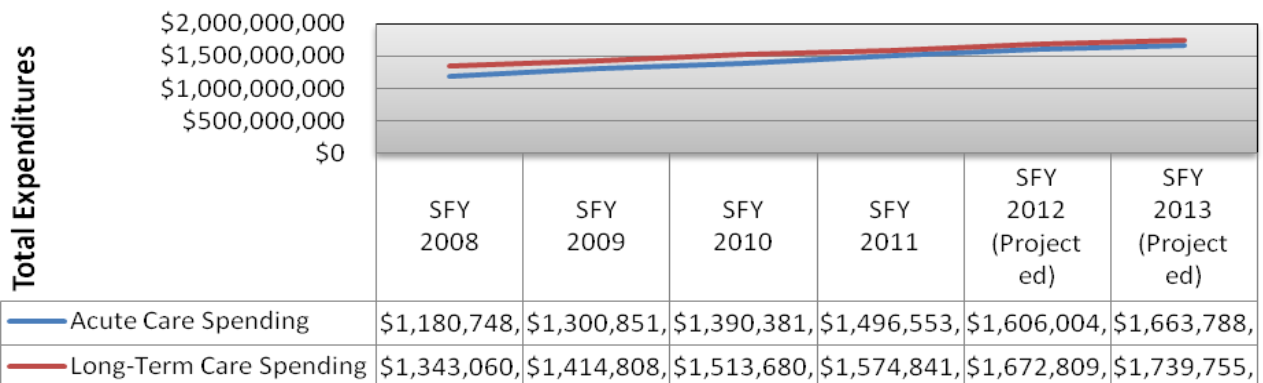
Vermeer further explained that chronic disease is driving Medicaid acute care costs. One of Iowa Medicaid's strategies to address chronic disease is through the "Health Home" proposal which is set for implementation on July 1, 2012. (See related story.)

You can link to the full presentation at:

https://www.legis.iowa.gov/DOCS/LSA/SC_MaterialsDist/2012/SDJRB047.PDF

“Long Term Care expenditures account for nearly half of all Medicaid expenditures.” Medicaid Director Jennifer Vermeer

Iowa Medicaid Acute Care and Long-Term Care Spending SFY 2008 - SFY 2013



FY 2013 Governor’s Budget: What does it mean for Iowa Medicaid?

Director Vermeer's February 7th presentation to the Joint Budget Subcommittee included an overview of the Governor's Budget recommendations. The Governor recommends that in SFY 2013 Iowa Medicaid is funded \$43.8 million over the current year mostly due to federal match rate (FMAP) changes, enrollment and cost increases and to replace 2012 carry forward funds.

The Governor's budget does include recommendations for cost containment strategies (reductions) of \$18.6 million and other adjustments (reductions) of \$17.6 million. Vermeer gave a detailed presentation of the nine key cost containment strategies which include items such as yield management, capping crossover claims for hospitals and professionals, implementation of health homes for Medicaid members, converting reimbursement for prescription drugs to the "average acquisition costs", aligning reimbursement for physician administered drugs to equate to reimbursement for pharmacies, recovery of certain Medicaid claims that should have been paid by Medicare, requiring IPERS to notify Medicaid upon recipient deaths prior to disbursement to beneficiaries in order to recover Medicaid funds, and combining payments for hospital readmissions with the prior admission if the readmission occurs within 7 days for the same condition.

The details of each specific cost containment recommendation, including the cost savings and detailed strategies, can be found at:

https://www.legis.iowa.gov/DOCS/LSA/SC_MaterialsDist/2012/SDJRBO48.PDF

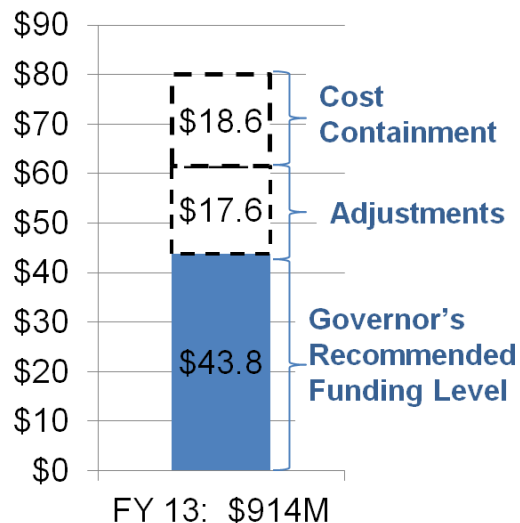
The Legislative Service Agency has published their detailed analysis of the Governor’s FY 2013 Budget recommendations. You can view the entire document at:

https://www.legis.iowa.gov/DOCS/LSA/SC_MaterialsDist/2012/SDALT000.PDF

“The Governor’s budget recommendations recognize Medicaid’s increased enrollments and increased health care costs while proposing efficiencies and cost containment strategies required in light of available funds.”

*Medicaid Director
Jennifer Vermeer*

The Governor Funds Medicaid with \$80 million over current year, then applies cost containment strategies and other adjustments for recommended funding level of \$43.8 million over current year.



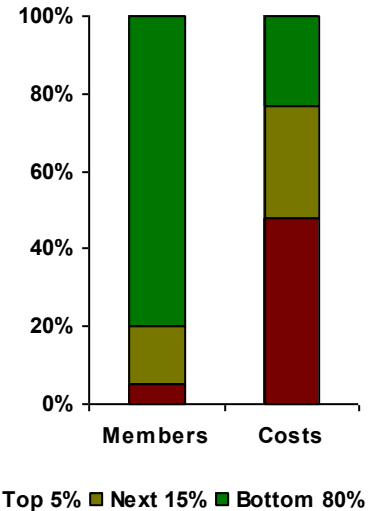
Chronic Disease is Driving Costs in Medicaid

“5 percent of Medicaid members account for 48 percent of acute care costs.”

Individuals with chronic disease drive a significant share of cost in the Medicaid program. In fact, 5 percent of Medicaid members account for 48 percent of acute care costs (excluding long term care, IowaCare, dual eligibles and maternity). The top 5 percent high-cost, high-risk Medicaid members have an average of 4.2 conditions, 5 physicians and 5.6 prescribers and accounted for the following:

- 90 percent of hospital readmissions within 30 days
- 75 percent of total inpatient cost
- 50 percent of prescription drug costs

Additionally, 42 percent of the members in the top 5 percent in 2010 were also in the top 5 percent in 2009. Learn more about one of the strategies that Iowa Medicaid is developing to address the needs of these individuals with chronic conditions in the related story about “Building a Health Home”.



Building a Health Home at Iowa Medicaid

Iowa Medicaid continues efforts to develop and implement Health Homes for Medicaid members. In late January, Director Vermeer gave a presentation to the House Human Resources Committee regarding our progress. A Health Home is patient-centered, whole person coordinated care for all stages of life and transitions of care. It is a model of care where Medicaid members with multiple or chronic conditions can receive help that integrates all of their needs into a single plan of care. With this model of care, there is flexibility around the location where the care coordination is provided. Medicaid plans to enroll Health Homes in the new program beginning in April 2012. The IME will accept patient enrollment beginning in June 2012.

You can learn more and view the entire presentation at:

http://www.ime.state.ia.us/docs/ACA_20120125_BuildingAHealthHomeForIowaMedicaidMembers.pdf

Questions or comments please contact the following:

Marni Bussell, Medicaid Health Home Project Manager, at mbussell@dhs.state.ia.us

“There are opportunities for health care providers to help us shape this program by early participation in the program. We invite providers to work together with Iowa Medicaid early in this process to shape the Health Home program so that it works well for everyone involved.” —Medicaid Director Jennifer Vermeer

Iowa Touted in New Kaiser Foundation report on Children's Health Coverage

In "Secrets to Success: An Analysis of Four States at the Forefront of the Nation's Gains in Children's Health Coverage" the Kaiser Foundation studied four states including Alabama, Iowa, Massachusetts and Oregon to determine the key success factors that lead to improved health care coverage for children.

Kaiser reports that "in recent years, the story of the nation's progress in covering children often has been overshadowed by the bleaker news of growth in the number of uninsured adults and high unemployment rates. However, in 2010, the latest year for which data are available, more of the nation's children had coverage than at any point since the federal government began tracking this statistic in 1987." The report addresses several of the success factors in the four states and makes the point that success is the result of partnerships and collaborative efforts among policymakers, administrators and community organizations.

Link to the report at:

http://ccf.georgetown.edu/index/cms-file-system-action?file=ccf_publications/about_medicaid/secrets-to-success.pdf

"In sum, while there is no single recipe for success in covering children, the four states reviewed in this analysis demonstrate that there are some common key elements that can make a significant difference—strong political leadership, expansive eligibility and use of simplified enrollment and renewal strategies, robust community partnership and engagement, and strong coordination between Medicaid and CHIP."

—Kaiser Commission on Medicaid and the Uninsured

Mental Health Redesign Update

The Iowa General Assembly is actively considering proposals to redesign Iowa's mental health delivery system. Legislators are hearing from many of the organizations and individuals potentially impacted by the changes. Stay up-to-date at:

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



Department of Human Services Division Administrator Rick Shults will be answering questions about the Mental Health and Disabilities Services Redesign during a Town Hall Meeting in Clinton. The event will take place on Friday, February 24, 2012, from 11 am to 1:30 pm at Clinton Community College, Technology Center Room 10 located at 1915 Manufacturing Drive, Clinton, Iowa. Please RSVP for the Town Hall Meeting at DHS-MHSRedesign@dhs.state.ia.us.

PMICs strive to provide services that are:

- *Coordinated*
- *Family and youth-driven*
- *Culturally competent*
- *Developmentally-driven and evidence-based*
- *Flexible, nimble, nuance, varied, and specialized*
- *Delivered “where children/youth are”*
- *Accessible*
- *Attentive to the journey and needs of parent, guardians, caretakers, and families*

PMIC Transition Plan



Psychiatric Medical Institution for Children (PMIC) Report Issued

Last Session the Iowa Legislature directed the Department of Human Services (DHS) to establish a committee to develop a plan for transitioning the administration of PMIC services from a fee for services program administered by the IME to a managed behavioral health care plan (known as the "Iowa Plan") administered through Magellan. The committee issued a report on January 16, 2012, and recommended that "the PMICs transition to the Iowa Plan without much substantive change to how they are managed today and with rate setting consistent with current processes." The committee is scheduled to continue to meet through December 2013 to allow the PMICs as smooth a transition as possible. The DHS webpage devoted to the Mental Health Redesign continues to post information about the PMIC Transition Committee.

DHS Mental Health Redesign:

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

Magellan:

<http://www.magellanofiowa.com/>

Link to the final report at:

http://www.dhs.iowa.gov/docs/PMIC_Final_TransitionPlan1-16-12_1-13-2012.pdf

Governor Declares February Children's Dental Health Month

Governor Branstad declared February as Children's Dental Health Month in support of the professionals who provide dental services and to support efforts to eradicate dental disease in our state. Iowa Medicaid has made strides in children's dental care for Medicaid-enrolled children through the I-Smile dental-home initiative and other efforts. According to the Department of Public Health, since the I-Smile program began in 2005 more children ages 0-12 have received dental care.

- The number of Medicaid-enrolled children ages 0-12 who saw a dentist for care in 2011 is nearly double the number who received care in 2005.
- The number of Medicaid-enrolled children ages 0-12 who received care in a public health setting from a Title V contractor in 2011 is more than double the number who received care in 2005.

However, challenges remain. In 2011, only 17 percent of all Medicaid-enrolled children under age 3 saw a dentist. Dental health impacts many aspects of a child's overall health and ability to learn and thrive.

Learn more about I-Smile at: <http://www.ismiledentalhome.iowa.gov/>

One Year Anniversary at CMS “Innovations Center”

About one year ago the Centers for Medicare and Medicaid Services (CMS) launched the “innovation Center” in response to requirements in the Affordable Care Act (ACA) for the development of more collaborative and coordinated approaches to care delivery. To mark the one year anniversary of the effort CMS has released a report entitled “One Year of Innovation: Taking Action to Improve Care and Reduce Costs”.

You can read about CMS initiatives and their case for innovation at:

<http://innovations.cms.gov/>

Note: In December 2011, Iowa Health Systems affiliates in Fort Dodge were one of 32 organizations nationwide selected to participate as a Medicaid Pioneer Accountable Care Organization, a CMS Innovations Center initiative.

Medical Director’s Minute: Stroke Prevention and Awareness



In his monthly column, Medicaid Medical Director Dr. Jason Kessler urges health care providers to educate patients about stroke prevention and awareness about the five warning signs of stroke.

http://www.ime.state.ia.us/docs/MDM_2012-02.pdf

Link directly to the American Heart Association Warning Signs of Stroke at:

http://www.strokeassociation.org/STROKEORG/WarningSigns/WarningSigns_UCM_308528_SubHomePage.jsp

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 highlight informational letters released the preceding month. Topics of January 2012 informational letters include:

- Consumer Directed Attendant Care (CDAC) (IL#1093)
- Developmental Services Procedure Codes 96110 and G0451 (IL # 1092)
- Important 5010 HIPAA Transition Information (IL# 1091)
- Dental Procedure Codes on Outpatient Hospital Claims Payable Under APC 00330 (IL#1090)
- CDAC Daily Service Record Documentation Form Supplies (IL#1088)
- Certification of Medical Necessity for Home and Community Based Waiver Prior Authorization (IL# 1087)
- January 2012 Residential Care Facility (RCF) Maximum Per Diem Rate and Personal Needs Allowance Increases (IL#1085)

View the complete list of Informational Letters by year at:

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

Drug Utilization Review Commission Seeks Physician and Pharmacist



The DUR Commission is currently seeking a Physician and Pharmacist who serve Medicaid Members to join the committee. Any Physician or Pharmacist interested in serving in this capacity should send a resume or curriculum vitae, as well as a letter indicating their interest to Pam Smith at the address shown below. Candidates that would like more information about the Commission or who would like to speak to a present Commissioner are encouraged to call. The dead-

line for applications is March 30, 2012. Term begins July 1, 2012.

Pam Smith, R.Ph.
DUR Project Coordinator
Iowa Medicaid Drug Utilization Review Commission
100 Army Post Road Des Moines, IA 50315
(515) 974-3131
info@iadur.org

Clarification

We would like to clarify a statement made in a November 2011 story regarding Non-Emergency Transportation for Medicaid members. We had claimed an average cost per trip of \$31.39. The average cost per trip is not able to be determined in the current fee structure of the contract with the broker. The contract is an "at risk" contract and the vendor is required to manage the program within an overall payment. --Patti Ernst-Becker, Program Integrity Unit Director



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.

Iowa Medicaid Upcoming Events:

- | | |
|----------|---|
| March 8 | Pharmaceuticals & Therapeutics Committee
http://www.iowamedicaidpdl.com/index.pl/pt_committee_info?noCache=89:1294694624 |
| March 21 | MAAC Executive Committee (this meeting replaces the January meeting that was cancelled due to a conflict with a Legislative Interim Committee). The March 21 st meeting will be at 1:00 p.m. in the IDPH Board Room, 6 th Floor, Lucas Building.
http://www.ime.state.ia.us/MAAC/index.html |

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

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