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## BUDGET UNIT BRIEF – FY 2021

Fiscal Services Division

July 1, 2020



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Ground Floor, State Capitol Building

Des Moines, Iowa 50319

515.281.3566

## Medical Contracts

### Description

The Department of Human Services (DHS) Medical Contracts appropriation funds the Iowa Medicaid Enterprise (IME) and the third-party performance-based contracts with private vendors that administer the State's Medicaid Program. The IME has only a minimal number of State employees. The majority of day-to-day business operations, including oversight of managed care organizations, claims processing, and vendor and member support, is handled through private vendors. The IME serves 575,000 to 600,000 people/consumers in managed care and 40,000 to 70,000 people/consumers in the fee-for-service (FFS) program. The IME is the second-largest health care payor in Iowa.

### Services

The IME oversees a total of 33 different contracts with private vendors to administer day-to-day operations of the Medicaid Program in these major contract areas:

- External Quality Review Organization (EQRO) carries out review and quality assurance functions required by the federal Centers for Medicare and Medicaid Services (CMS). These functions are designed to assure the integrity of the managed care program operations.
- Core Services processes all FFS claims, processes managed care organization (MCO) capitation rates, operates systems including the Medicaid Management Information System (MMIS), and manages mailroom operations.
- Quality Improvement Organization (QIO) provides clinical support such as performing all initial Level of Care (LOC) decisions for waiver and institutional care; approving MCO-recommended LOC changes and all FFS LOC reviews, providing utilization management and quality assurance for FFS members, and carrying out quality assurance for both the FFS and the managed care programs.
- Member Services is the State's Medicaid managed care enrollment broker. It provides customer services to the FFS population and provides assistance to members seeking issue resolution with the MCOs.
- Actuarial Contract establishes the managed care capitation rates and assists in the review of expenditures data.
- Pharmacy Services maintains the Preferred Drug List (PDL) that applies to all Medicaid members. In addition, this vendor processes prior authorization (PA) requests and answers the Pharmacy Hotline for FFS members. The vendor also collects drug rebates from manufacturers, responds to pharmacy provider questions, and processes FFS pharmacy claims.

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### More Information

Iowa Medicaid Enterprise: [dhs.iowa.gov/ime/about/aboutime](https://dhs.iowa.gov/ime/about/aboutime)  
LSA Staff Contact: Jess Benson (515.281.4611) [jess.benson@legis.iowa.gov](mailto:jess.benson@legis.iowa.gov)

- Program Integrity performs provider audits and recoveries of improper payments; identifies potential fraud, waste, and abuse; and makes referrals to law enforcement for investigations and prosecutions. Program Integrity also coordinates with other units within the DHS, the Attorney General's Office, Dental Benefit Managers (DBMs), the Medicaid Fraud Control Unit (MFCU), MCOs, and other federal and State agencies to promote payment and program integrity. It also provides oversight of the dental benefits and managed care entities fraud, waste, and abuse programs and improper payment recoveries, and assists in validating managed care data.
- Provider Cost Audit (PCA) and Rate Setting perform rate setting, cost settlement and cost audit functions, and technical assistance to both providers and MCOs. Provider rates serve as the rate floor for MCOs unless otherwise negotiated.
- Provider Services enrolls all Medicaid providers including FFS and managed care. Provider Services provides direct support to providers in the FFS programs and coordinates with the MCOs to provide training to providers. In addition, Provider Services gives assistance to providers seeking issue resolution with the MCOs.
- Revenue Collections carries out Third Party Liability (TPL) functions for the FFS members and estate recovery for all members.

**Related Statutes and Administrative Rules**

Iowa Code chapters [249A](#), [249B](#), [249E](#), [249L](#), [249M](#), and [249N](#)  
441—Iowa Administrative Code [73 through 91](#)

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