



MINUTES

Medical Assistance Projections and Assessment Council

February 1, 2008

MEMBERS PRESENT:

Representative Ro Foege, Co-chairperson
Representative Elesha Gayman
Representative Linda Upmeyer

MEETING IN BRIEF

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Organizational staffing provided
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- I. Procedural Business
- II. Broadlawns Medical Center (BMC) — IowaCare Update
- III. University of Iowa Hospitals and Clinics — IowaCare and Chronic Care Programs Update
- IV. Department of Human Services (DHS) — IowaCare and Medicaid Programs
- V. St. Luke's Hospital — IowaCare Program Update
- VI. Materials Filed with the Legislative Services Agency



Medical Assistance Projections and Assessment Council

I. Procedural Business

Meeting Without Quorum. Although a quorum was lacking to conduct official business, the members present proceeded with the scheduled presentations. The meeting convened at 9:05 a.m. and adjourned at 10:53 a.m. In addition to the Council members in attendance, Senator Joe Bolkcom participated in the meeting.

II. Broadlawns Medical Center (BMC) — IowaCare Update

A. Overview

Ms. Mikki Stier, Senior Vice President of Government and External Relations, presented on behalf of BMC. Ms. Stier related the current status of IowaCare at Broadlawns as having an average enrollment of 6,137 patients per month, that 1,728 of the 5,020 persons who disenrolled statewide were from Polk County, that 75 percent of enrollees do not pay a premium, and cautioned that disenrolling patients decreases the amount of matchable claims under the Medicaid program.

B. Issues

In discussion Ms. Stier noted that BMC has not entered into a Code Chapter 28E intergovernmental agreement with DHS for the current fiscal year. An important issue is payment for the administrative expenses of operation, estimated at \$160,000 to \$200,000 per year. Transportation for patients between home and BMC is an issue, as is transporting between BMC and the University of Iowa Hospitals and Clinics (UIHC). Other concerns include lack of payment when a patient receives two services in the same day, particularly with regard to offering physicals on the same day that a patient accesses care for a different reason and in connection with accessing Quitline Iowa services for a prescription to support tobacco use cessation medication which requires prior approval.

III. University of Iowa Hospitals and Clinics — IowaCare and Chronic Care Programs Update

Overview. Mr. Stacey Cyphert, Assistant Vice President for Health Policy, presented on behalf of UIHC. The Chronic Care Program provides care for those patients who were enrolled in the predecessor program to IowaCare for a chronic condition and would not otherwise qualify for IowaCare. Information presented addresses both programs. He noted that the current status of IowaCare indicates a substantial increase in enrollment during FY 2007-2008 over the previous fiscal year from just over 15,000 to over 20,000, that 7,873 unique patients were seen in the programs during the first half of the current fiscal year, and that UIHC patient encounters in the programs have increased from 5.9 percent of UIHC's total patient encounters in FY 2005-2006 to 7.9 percent of total patient encounters in the first half of FY 2007-2008.

Issues. Mr. Cyphert addressed several issues and concerns.



- **FY 2007-2008 Shortfall.** Current projections are for a shortfall of \$15.7 million of combined federal/state funds in IowaCare for UIHC (\$6.0 million in state share) and for funding to be depleted in March 2008.
- **Pharmaceutical and Durable Medical Equipment Pilot.** So far in FY 2007-2008, the pilot provided \$2.2 million in drug costs and \$400,000 in durable medical equipment items, both without reimbursement to UIHC. Other unreimbursed UIHC services connected to the IowaCare Program are the Assistance Center at a projected annual cost of \$600,000, transportation services in which costs for the first half of FY 2007-2008 exceeded reimbursement by over \$280,000, and physician services for the first half of FY 2007-2008 that were valued at \$7.7 million.
- **Interagency Agreement.** The UIHC and DHS Code Chapter 28E agreement with respect to IowaCare expired June 30, 2007. Outstanding issues in renewal negotiations include verification of those eligible for IowaCare services, hold harmless provisions, and attachments to the agreement.

Discussion. Members queried how the physician services are valued when the physicians are already paid a salary by the university. Mr. Cyphert said that salaries are set by UIHC with the understanding that a physician will generate revenue to defray their salary. He commented that if IowaCare services were to be decentralized to other health care providers, the physician salaries would be billed.

IV. Department of Human Services (DHS) — IowaCare and Medicaid Programs

Overview. Mr. Kevin Concannon, DHS Director, and Mr. Gene Gessow, Medicaid Director, represented DHS. They explained the DHS proposal for addressing the projected shortfall in IowaCare funding for UIHC in FY 2007-2008 and the succeeding fiscal year, which was included in the Governor's budget proposal for those fiscal years, and discussed upcoming funding considerations under the federal waiver for the IowaCare Program.

Shortfall Proposal. The proposal involves shifting the State Psychiatric Papers Program, which is entirely funded through an appropriation of \$7.3 million from the General Fund of the State, to the Medicaid program, and thereby drawing a total of \$19.3 million in combined funding. The UIHC loss of State Psychiatric Papers funding would be offset by a Medicaid disproportionate share hospital payment. It was noted that UIHC is concerned about meeting the Code requirements for the Psychiatric Papers Program if funding constraints arise for disproportionate share funding at a future date.

Upcoming Funding Considerations. The IowaCare waiver terms and conditions provide for a decrease of \$16.9 million in the payments for the state mental health institutes (MHIs) in FY 2008-2009, and further phase-down of this and other amounts when the waiver expires in FY 2009-2010. An extension of the waiver is being applied for but renewal of the MHI provisions is uncertain.

Discussion. The DHS representatives responded to a number of questions from members.



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- **Past Premiums.** DHS opposes a general forgiveness for IowaCare participants who are ineligible due to owing back premiums. One option is for BMC to pay the back premiums. Ms. Stier explained that BMC lacks a funding source for paying the back premiums because the entire indigent care budget was committed for the IowaCare Program.
- **Physical Examinations.** Representative Upmeyer inquired about progress in providing a physical examination for each Medicaid participant. Mr. Gessow said that while the practice has improved since this initiative began in July 2007, progress has been difficult in some segments of the Medicaid population.
- **Electronic Records.** In response to a question about electronic medical records, Mr. Gessow noted that Secretary Mike Leavitt of the federal Department of Health and Human Services is very interested in proceeding with the records and would like to see Iowa to consider using the records for both Medicare and Medicaid patients. So far, Iowa is making Medicaid records available electronically but was concerned that requiring such records be used by physicians would become a barrier to Medicaid enrollment. There is not a special funding source to use for incentives for physicians.
- **Dental Home.** The first steps of the initiative to identify a dental home for children by July 1, 2008, are underway. The next steps after that are likely to be expensive as it is unlikely that Medicaid and IowaCare Programs will increase the number of dentists. Consideration will likely turn to mid-level practitioners if scope of practice problems can be addressed.
- **IowaCare Accountability.** Members inquired about accountability for meeting IowaCare benchmarks. Mr. Gessow noted that there are quarterly and annual written reports and at least monthly telephone discussions with the federal government. It was noted that federal auditors have been known to apply different standards than federal program staff.

V. St. Luke's Hospital — IowaCare Program Update

Overview. Mr. Jerry Worden, Vice President and Chief Financial Officer, was accompanied by Ms. Mary Clouse, Director of Patient Registration and Scheduling, in representing St. Luke's Hospital in Cedar Rapids. They related many challenges relating to the IowaCare Program, including unreimbursed care for IowaCare patients at St. Luke's growing from \$377,000 in 2005 to \$1.8 million in 2007. In 2007, the three Iowa Health Systems hospitals most affected provided \$5.3 million in uncompensated care to IowaCare patients.

Barriers to IowaCare Use. Mr. Worden identified the following barriers to patients receiving care at UIHC through IowaCare instead of at St. Luke's: lack of transportation, absence of family support, delays of three to four months in obtaining appointments, and lack of understanding that IowaCare enrollees can only receive care at UIHC.

Behavioral Health. IowaCare only pays for mental health patients receiving care at the MHI in Independence but there is a four-week to six-week delay in obtaining a bed. St. Luke's is one of the few remaining providers for inpatient behavioral health care in eastern Iowa.



Charity Care Policy. St. Luke's addresses the growing need for charity care by providing presumptive eligibility for patients who are eligible for various government programs for low-income individuals and families such as the federal Food Assistance Program or Family Investment Program. The Linn County community has a community care clinic and a community health free clinic to address the need.

Recommendations. Mr. Worden recommended that St. Luke's should receive the Medicaid rates for care provided to patients of the emergency department, rehabilitation services, and mental health services who are enrolled in IowaCare. He noted that UIHC does not have a rehabilitation department and instead refers patients needing rehabilitation to St. Luke's.

VI. Materials Filed With the Legislative Services Agency

The following materials listed were distributed at or in connection with the meeting and are filed with the Legislative Services Agency. The materials may be accessed from the <Additional Information> link on the Council's Internet web page:

<http://www.legis.state.ia.us/aspx/Committees/Committee.aspx?id=70>.

1. Broadlawns Medical Center presentation slides.
2. University of Iowa Hospitals and Clinics presentation slides.
3. State map showing each county's enrollment count in the State Papers Program in FY 2004-2005 and in the IowaCare Program for January 2008.
4. Department of Human Services presentation slides.
5. IowaCare Account Analysis.
6. St. Luke's Hospital presentation slides.
7. St. Luke's position paper on the IowaCare program.