MINUTES

Medical Assistance Projections and Assessment Council

May 13, 2010

MEMBERS PRESENT:

Senator Jack Hatch, Co-chairperson
Senator Robert Dvorsky
Senator David Johnson
Senator Amanda Ragan

Representative Lisa Heddens, Co-chairperson
Representative David Heaton
Representative Linda Miller
Representative Mark Smith
Representative Linda Upmeyer
Representative Andrew Wenthe

MEETING IN BRIEF

Organizational staffing provided by: Patty Funaro, Senior Legal Counsel, (515) 281-3040

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I. Procedural Business
II. IowaCare and Medicaid Program Updates
III. University of Iowa Hospitals and Clinics (UIHC)
IV. Broadlawns Medical Center
V. Office of Auditor of State — Report on IowaCare
VI. MAPAC Approval of Regional Service Provider Plan
VII. Materials Filed With the Legislative Services Agency

I. Procedural Business

Meeting Time. The meeting was convened at 1:08 p.m. in the Supreme Court Consultation Room, Room 102, of the Statehouse. The meeting adjourned at 3:55 p.m.

Telephone Participation. Senator Dvorsky, Senator Johnson, and Representative Wenthe participated in the meeting via telephone.

Election of Co-chairpersons. Temporary Co-chairpersons Senator Hatch and Representative Heddens were unanimously elected as permanent Co-chairpersons.

Adoption of Rules. The proposed rules of procedure were adopted on a roll call vote, with the four Senators present and the six House members all voting affirmatively (see explanation in part VI of these minutes regarding Representative Wenthe's vote). In discussion, it was noted that the only substantive change in the rules from those previously adopted was elimination of language regarding the holding of quarterly meetings. The statutory meeting requirement was changed from at least quarterly to at least annually in 2008 Iowa Acts, Chapter 1187, §125.

Next Meeting. The next Council meeting will be held during the week of June 21, 2010, with a specific date to be determined at a later time.

II. IowaCare and Medicaid Program Updates

Overview. Ms. Jennifer Vermeer, Iowa Medicaid Director, provided an update on the IowaCare Program and related Medicaid Program provisions.

Initial Waiver — Program Background. Ms. Vermeer utilized a PowerPoint presentation in providing the background of the program which was approved as a five-year Medicaid §1115 demonstration waiver beginning July 1, 2005, and ending June 30, 2010. The waiver allowed Iowa to utilize funding annually designated by the state for indigent patients at University of Iowa Hospitals and Clinics (UIHC) and Polk County property tax levy funding for Broadlawns Medical Center (BMC), to match federal funding to provide a limited set of health benefits to low-income persons who would otherwise not meet other eligibility requirements for Medicaid. For FY 2010-2011, combined federal, state, and county funding is expected to exceed $149 million. The program was initially expected to cover 14,000 persons but enrollment now exceeds 37,000. Until renewal, the only two eligible service providers are UIHC and BMC.

The presentation included an overview of the eligible persons, services, providers, and financing of the program, and program successes to date. Program limitations identified include lack of local access to care, lack of comprehensive coverage, payment of higher costs resulting from lack of local access to care, and the financial burden to providers.

Renewal of Waiver. Because the initial waiver period ends on June 30, 2010, Ms. Vermeer focused on the renewal or extension of the waiver and the terms of the extension. The terms of the initial extension proposal submitted to the federal Centers for Medicare and Medicaid Services included a three-year extension from July 1, 2010, until June 30, 2013; the same provider network, benefit package, and eligibility standards; elimination of the prohibition on provider taxes; moving the seriously emotionally disturbed children's waiver to a §1915 (c) waiver to be similar to other

Iowa Medicaid waivers; removing the cost limits for public providers; and continuing the budget neutrality terms with a 7 percent annual increase. However, following enactment of the federal Patient Protection and Affordable Care Act, changes were made in the extension proposal to allow for an additional six months until January 1, 2014, to more easily transition to the Medicaid expansion as provided under the federal Act. Additionally, based on options presented to the Legislative Health Care Coverage Commission in the fall of 2009, and subsequent enactment of legislation consistent with the recommendation, to expand the IowaCare provider network, the renewal request also includes provisions relating to a provider network expansion and compliance with medical home requirements.

New Department of Human Services (DHS) Responsibilities. Under 2010 Iowa Acts, Senate File 2356, DHS is required to develop a plan to phase in a new regional provider network to add provider sites beyond UIHC and BMC, utilizing the federally qualified health centers (FQHCs) or FQHC look-alikes to provide primary care to IowaCare members. DHS is required to consider budget neutrality limits and funded program capacity and maintenance of effort requirements, and is to prioritize the targeting of the most highly underserved areas in implementing the regional provider network. The initial funding for the provider network in FY 2010-2011 is limited to $6 million. It is estimated that an additional 100,000 Iowans are currently eligible for IowaCare but are not enrolled. Ms. Vermeer cautioned that enrollments and the cost of the program will likely increase, but to what extent is somewhat unpredictable with the improved access and quality of care that an expanded network provides.

Medical Home — Nonparticipating Hospitals. The DHS is also to adopt rules for a medical home component for the provider network in collaboration with the Medical Home Advisory Council, and a methodology for reimbursing nonparticipating hospitals on a limited basis (up to $2 million in FY 2010-2011). The regional provider plan is required to be developed in consultation with the Medical Assistance Projections and Assessment Council (MAPAC) and any plan developed is to be approved by MAPAC.

The initial medical home provisions under development, which would apply to UIHC, BMC, and FQHCs in the IowaCare Program, include basic requirements of 24-hour access to health care with a physician on call, case management, an annual comprehensive physical examination and personal treatment plan, disease management and wellness/disease prevention programs, use of health information technology, a new three-level payment methodology with a monthly fee, performance reporting and outcome measurement, and use of a provider integration/system of care approach. The planning encompasses future integration with federal health care reform.

UIHC Physician Services. The renewal plan also includes a change in financing which provides for use of certified public expenditures (CPE) at UIHC as the state match to draw down federal funds to provide for physician reimbursement at UIHC and for payment of services provided through the regional provider network. This is expected to provide $14 million toward the previously unreimbursed cost of physician services at UIHC.

Expansion Plan for Review and Approval. The DHS has been working in collaboration with stakeholders to develop a draft regional provider network expansion plan, and submitted a revised terms and conditions document to the federal Centers for Medicare and Medicaid Services reflecting the draft plan on April 22, 2010. The timeline for the expansion plan provides for DHS to

file administrative rules in June 2010; to implement the CPE financing with UIHC effective July 1, 2010; beginning October 2, 2010, adding one or two FQHCs, starting with those located in Sioux City and Council Bluffs, as IowaCare regional providers; implementing the medical home model in the selected FQHCs, UIHC, and BMC; implementing reimbursement to nonparticipating hospitals up to the capped appropriation amount; and beginning January 1, 2011, evaluating population growth expenditures to determine further expansion. The plan drafted is consistent with other states' models, can be exported to the Medicaid Program, and has a slow phasing in in order to manage budget impacts.

Discussion. Co-chairperson Hatch indicated that the Council would vote on the plan as submitted by DHS at 3 p.m. when sufficient members would be participating to meet voting requirements. See part VI of these minutes relating to plan approval for this discussion. Members of the Council directed a number of questions to Ms. Vermeer.

- **Federal Health Reform Integration.** Co-chairperson Hatch inquired about planning to address 133 and 200 percent of federal poverty level eligibility groups. Representative Heaton inquired about behavioral health provisions of the reform. Ms. Vermeer acknowledged that there are a great number of decisions to address relative to the federal reforms, while noting that most enrollees in IowaCare have income below 133 percent of the federal poverty level and that the reforms will provide opportunities for the state relative to behavioral health and other provisions.
- **Medical Home.** In response to several questions, Ms. Vermeer clarified that the medical home provisions she described apply to the IowaCare Program and that the Department of Public Health group is working on a much broader proposal.
- **Enrollment.** In response to questions from Representatives Upmeyer, Miller, and Heaton, Ms. Vermeer provided a rough estimate that four to five thousand new enrollees would enter the program if both western Iowa FQHC sites become part of the program. She also clarified that the sites are at risk for covering costs above the $6 million appropriation.
- **Shift to Use of Primary Care.** Co-chairperson Hatch and Representative Upmeyer discussed the policy goal of shifting low-income consumers to using a primary care medical home for health care rather than a hospital emergency room and the lack of evidence concerning the success of efforts to promote such a shift.

III. University of Iowa Hospitals and Clinics (UIHC)

Overview. Dr. Stacey Cyphert, Assistant Vice President for Health Policy, University of Iowa, provided an overview of the IowaCare Program at UIHC utilizing a PowerPoint presentation.

Program Growth and Subsidies. Dr. Cyphert noted that the program's enrollment growth has been steady over time from 5,800 enrollees to the current 37,400, provided data on the most common IowaCare diagnostic-related groups (DRGs) and outpatient diagnoses at UIHC, and noted that additional nonreimbursed services that UIHC provides to IowaCare members include an IowaCare Assistance Center ($600,000), transportation services ($720,000), and pilot pharmaceutical ($2 million) and durable medical equipment (DME) ($725,000) programs. Over 11 percent of UIHC patient encounters involve IowaCare patients. Among the top DRGs for inpatient

care in recent months involve circulatory disorders, alcohol or drug dependency, digestive disorders, joint replacement, and poisoning and toxic effects of drugs. The recent top diagnoses for outpatient care include hypertension, follow-up from surgery, and diabetes-related diagnoses.

In FY 2009-2010, based on data complied through March 2010, the UIHC subsidization of the IowaCare Program totaled over $41 million. During this same period, nonreimbursement of physicians amounted to nearly $17.5 million. Dr. Cyphert expressed the gratitude of UIHC for enactment of 2010 legislation to authorize up to $14 million reimbursement of physician services for IowaCare members at UIHC.

Evaluations and Program Enhancements. Dr. Cyphert noted that the University of Iowa Public Policy Center, under the direction of Peter Damiano, DDS, has contracted with DHS to evaluate the IowaCare Program and has completed two such evaluations. While the overall findings are positive, the evaluations underscore the limited provider network and limited benefits package under the program. UIHC has utilized a nurse helpline to assist IowaCare members in making appropriate choices about the use of the health care services; is taking steps to facilitate IowaCare member access to appointments by, in part, utilizing mid-level practitioners for first-time visit intake; and supports enhancements to the program including the medical home, electronic linkages, creating transfer protocols, and facilitating local access to care for IowaCare members.

Discussion.

- **Medical Home.** Representatives Miller and Upmeyer inquired whether UIHC, which is the most significant tertiary care provider, is also appropriate to provide medical home services. Dr. Cyphert referred to the UIHC role in training physicians and the need for efficiencies in specialist referrals that can be realized through a system of care approach. In response to a question regarding UIHC developing a relationship with Johnson County as exists with the county hospital, BMC, in Polk County, Senator Dvorsky clarified that comparing Johnson County to Polk County does not seem valid in that Johnson does not operate a county hospital as Polk does with BMC. For the medical home approach to work effectively, it is important to develop a long-term relationship between patient and provider. Dr. Cyphert clarified that medical students do not provide mid-level or other care under the program. In response to Representative Heaton's questions about the medical home model's focus on patient choice, Ms. Vermeer stated that such choice is still limited to what is available under the program.
- **Frequent Diagnoses Data.** In response to a request from Representative Upmeyer for additional data regarding access to the program, Dr. Cyphert said he would provide information to the Council via e-mail. Representative Miller noted the lists of most frequent diagnoses for inpatient and outpatient services appear to be quite different and wondered about the frequent use of alcohol or drug dependency diagnoses. Representative Smith suggested that there are very few providers of inpatient detoxification services and that scarcity could raise the count at UIHC.

IV. Broadlawns Medical Center

Ms. Mikki Stier, Senior Vice President, Government and External Relations, BMC, provided an overview of the IowaCare Program at BMC. Since the inception of the program, BMC has seen a

17 percent per year growth in enrollment. BMC provides 29 percent of the care to all IowaCare members. Claims for the program grew by 12.2 percent in FY 2009-2010, and while BMC has worked to become more efficient in providing care, this has resulted in a reduced amount in claims growth eligible for a federal match. As for health system improvements, BMC has a primary care clinic that provides a medical home for IowaCare members and implemented an electronic medical records approach over the last several years and is seeking ways to interconnect with UIHC.

BMC has expended $17.6 million on pharmaceuticals, over $479,000 on durable medical equipment, and an additional $14 million in additional noncovered services for IowaCare members in the first five years of the program. Challenges to consider in renewal of the IowaCare program include managing the volume growth; coverage of additional services such as pharmaceuticals, DME, and podiatric care; access to specialty care; and coordination with other providers. BMC is experimenting with improvements to deal with issues particular to low-income populations, such as implementing a walk-in clinic to combat problems with those who skip appointments.

V. Office of Auditor of State — Report on IowaCare

Overview. Ms. Corrine Johnson, CPA, Senior Auditor II, provided a brief overview of the parameters of the report released on April 9, 2010, by the Office of the Auditor of State regarding a performance audit of the IowaCare Program.

Methodology. The performance review included financial statements and, in accordance with Iowa Code Chapters 11 (Auditor of State) and 249J (IowaCare Program), sought to determine if the IowaCare Program was administered in compliance with applicable laws, rules, and guidelines, and also to determine if the program has met program goals and expectations.

Report Content. The report includes recommendations for consideration in renewal of the IowaCare Program including verification of application information, expansion of the provider network, reimbursement for physician services at UIHC, and review of the program premium structure and hardship exemptions. In response to questions about what aspects are included in a performance audit, Ms. Johnson noted that even though the review was a performance review, it is tailored to the specific program under consideration but did not analyze the quality of the care provided.

DHS Comments. Ms. Johnson explained that the typical performance audit process differs from a financial audit and that it does not provide an opportunity for comment and response from the subject of the audit. Mr. Charles Krogmeier, Director, DHS, provided a written response to the review. Co-chairperson Hatch asked Mr. Krogmeier to make a copy of the response available to the Auditor of State. He also asked that the Auditor of State provide more guidance to the General Assembly regarding the types and parameters of the reviews conducted by the Auditor of State. In response to member questions regarding the procedure to check citizenship of program participants, Mr. Krogmeier noted that the program provides for self-reporting in accordance with the statute. DHS Division Administrator Wendy Rickman is leading a team reviewing the program's eligibility determination process and DHS expects to make appropriate changes when the review is completed in approximately six months.

VI. MAPAC Approval of Regional Service Provider Plan

Overview. As noted during Ms. Vermeer's presentation, the legislation requires the Council to approve the DHS plan for the regional service provider network in order for the plan to proceed. The plan calls for adding one or two FQHCs in Sioux City and Council Bluffs first since these areas are the furthest geographically from UIHC, beginning October 1, 2010. In January 2011, DHS would evaluate the program enrollment growth and expenditures to determine if further expansion is possible. The plan seeks to be consistent with other states' models to assist in gaining federal approval, tries to match up program provisions with those under the Medicaid Program, and calls for a slow phasing in in order to manage budget impacts. Ms. Vermeer noted that federal maintenance of effort restrictions probably will preclude the use of waiting lists to manage expenditures.

Initial Motion. Representative Upmeyer explained that she and members of her caucus wish to have sufficient information to make an informed decision. She suggested that once MAPAC approves the plan, the plan details will be worked out and adopted as administrative rules for issuance in mid or late June, and MAPAC would no longer have an opportunity to provide input.

Representative Upmeyer also noted that members of her caucus are interested in how the program will be rolled out to other FQHCs across the state. The members discussed the rationale for expansion on the western section of the state as opposed to other locations. Representative Upmeyer stated that she thought the legislative intent behind the regional provider network was to provide local access throughout the state, rather than in only one new area of the state. Ms. Vermeer responded that the reason for a phasing in of the network, as specified in the law, is to maintain the program within the limited dollars, while complying with federal maintenance of effort requirements.

Representative Upmeyer made a motion for MAPAC to give preliminary approval, obtain more information from DHS, and then for MAPAC to meet in 10 days to two weeks so that after receiving additional information from DHS there could be a final vote on approval. Co-chairperson Hatch asked for more details about the concerns expressed and suggested that if the motion would be adopted, member concerns should be immediately conveyed to DHS. Discussion ensued, as summarized below.

Other FQHCs. Ms. Vermeer offered that after her presentation she had an opportunity to speak with Mr. Ted Boesen, Executive Director of the Iowa-Nebraska Primary Care Association, and learned that the FQHC in Waterloo could be ready to participate as regional service provider under IowaCare if that is the preference of MAPAC in lieu of another provider. It was suggested that DHS should supply more detail as to the rationale for prioritizing FQHCs for phasing in the regional provider network.

Nonparticipating Hospitals. Representative Upmeyer explained there is strong interest among her caucus regarding the phase in of services through nonparticipating hospitals. It was explained that this coverage is limited to not more than $2 million and would also begin October 1, 2010.

Timeline Discussion. Representative Smith suggested the MAPAC options could include: meet in 10 days as described in the motion, request continued input in the planning process and related administrative rules, and defer meeting until the administrative rules are ready for submission. Mr.

Krogmeier clarified that DHS expects to submit the rules for adoption by the Council on Human Services before the end of June. It was suggested that MAPAC could review the rules that are submitted for adoption by the Council on Human Services. Representative Heaton noted that while MAPAC must have input into the expansion in determining the best option, any delay at this point in the process will lead to subsequent delays in implementation. Several other members also expressed concern about delaying implementation of the plan.

Amended Motion. After further discussion, Representative Upmeyer amended her motion to approve the expansion plan subject to MAPAC providing input and feedback to DHS as the rules are developed, subject to reviewing the draft rules prior to filing, and subject to the Council meeting in three to four weeks to review DHS's progress. The motion was adopted on a roll call vote, with the four Senators present and the six House members all voting affirmatively. Representative Wenthe, participating by telephone, did not respond to the roll call for the votes on adopting the Council rules or on this vote. Co-chairperson Heddens explained that Representative Wenthe had telephoned her following the roll call votes to explain that while he voted in favor of the motions, difficulties with his telephone connection prevented his vote from being audible during the roll calls. There was no objection voiced to recording Representative Wenthe's preference as to the votes.

Follow-up. Co-chairperson Heddens directed the MAPAC members to submit any further questions or suggestions to the Co-chairpersons, Legislative Services Agency and caucus staff, and DHS regarding the expansion proposal no later than Friday, May 21, 2010. Legislative Services Agency staff were asked to expedite processing of the meeting minutes.

VII. Materials Filed With the Legislative Services Agency

The following materials 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 Webpage: http://www.legis.state.ia.us/aspx/Committees/Committee.aspx?id=70.

1. Broadlawns Medical Center Presentation Slides
2. Department of Human Services Presentation Slides
3. Department of Human Services Presentation Attachments: Senate File 2356, Iowa Community Health Center map, overview of IowaCare Medical Home Model, DHS letter to the Director of the federal Centers for Medicare and Medicaid Services and attached list of draft special terms and conditions for Iowa's Medicaid demonstration waiver, DHS health care reform to-do list, and summary of federal health care reform law provisions affecting Medicaid and SCHIP programs prepared by the National Association of State Medicaid Directors
4. Department of Human Services Response to Auditor of State Review of IowaCare
5. House File 2531 — Division XIX
6. Auditor of State Report on the office's IowaCare Program for the period July 1, 2005, through June 30, 2009
7. MAPAC authorization statute

8. Senate File 2156
9. Senate File 2356
10. University of Iowa Hospitals and Clinics Presentation Slides

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