MINUTES

Medical Assistance Projections and Assessment Council

June 23, 2010

MEMBERS PRESENT:

Senator Robert Dvorsky
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

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

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I. Procedural Business

II. Progress Report on IowaCare Expansion

III. Materials Filed With the Legislative Services Agency

I. Procedural Business

Meeting Time. The meeting was convened by Co-chairperson Heddens at 1:05 p.m. in Room 102, the Supreme Court Consultation Room, at the Statehouse in Des Moines. The meeting was adjourned at 2:15 p.m.

Quorum. Senators Dvorsky and Ragan and Representatives Miller, Smith, and Wenthe participated in the meeting via telephone. The meeting lacked a quorum among the Senate members. Due to the lack of a quorum, the minutes of the May 13, 2009, meeting were not considered for approval.

Next Meeting. Co-chairperson Heddens stated that additional Council meetings may be useful while IowaCare Program changes and health care expansion initiatives are being implemented. The next Council meeting will be held in late August or early September 2010, with a specific date to be determined at a later time.

II. Progress Report on IowaCare Expansion

Overview. Ms. Jennifer Vermeer, Iowa Medicaid Director, Department of Human Services (DHS), Medicaid Director, distributed a number of documents to update the Council on the status of the IowaCare Program expansion since the May meeting including the medical home model and implementation plans, the regional primary care network roll-out, and the administrative rules under consideration by DHS. The program has a number of changes underway with the recent federal approval of the proposal to extend the program beyond the original five-year period. DHS Director Charles Krogmeier was invited by Co-chairperson Heddens to take part in the discussion and he commented that DHS places high importance on the input provided by Council members.

IowaCare Medical Home Model. This model uses a primary health care provider to personalize, coordinate, and integrate a patient's care. The medical home model document provides more detailed information about a proposed medical homes approach for the IowaCare Program. The model would provide for the establishment of three or four medical home sites for IowaCare members utilizing one or two Federally Qualified Health Centers (FQHCs) in western Iowa, Broadlawns Medical Center, and the University of Iowa Hospitals and Clinics (UIHC). The document also provides more detailed information about medical home certification, the payment system methodology, goals, performance reporting and outcome measurement, and provider integration and the system of care approach.

IowaCare Medical Home Implementation. Implementation of the usage of medical homes in the IowaCare Program will be overseen by three workgroups: the Implementation Steering Committee, the Medical Home Clinical Committee, and the Health Information Technology Committee. The medical homes will be implemented beginning October 1, 2010. To provide more flexibility, many of the program details will be included in the contracts entered into between the medical homes and DHS rather than being itemized in administrative rules.

In response to questions from members about integrating this medical home implementation with other efforts concerning medical homes, Ms. Vermeer explained that this approach is being viewed as a case study or pilot project that can be adapted to other programs. For example, federal

Medicaid program requirements allow the states to implement medical homes under that program with a state plan amendment and provide a 90-percent federal match. Although the Medicaid program already utilizes a medical home model for recipients with children, the IowaCare approach will provide useful experience for using the model with other populations.

Representative Heaton queried about UIHC's plans to implement medical homes and whether a clinic system will be utilized. Dr. Stacy Cyphert of UIHC explained that options are still being reviewed. Representatives Heaton and Upmeyer opined that to be effective, the medical home provider must be located in reasonably close proximity to the IowaCare member. Ms. Vermeer agreed, noting that proximity is a concern in developing the provider network. In counties in which an FQHC is providing services, the plan will only pay for services initiated through the FQHC.

IowaCare Regional Primary Care Network Roll-out. The proposed roll-out of the regional primary care network would begin October 1, 2010, with the FQHCs located in Sioux City and Waterloo. Additional sites would be added in each subsequent quarter. The schedule is tentative and subject to change based on a number of conditions, including all of the following:

- If the projected expenditures and budget resources are available.
- If the provider is ready to meet medical home certification standards.
- If the state is ready.
- If all agreements are in place.
- If the departmental rules are in place.

Representative Heaton inquired whether the rules will go through the normal rulemaking process. Ms. Vermeer explained that the statutory July 1 and October 1 implementation dates necessitate the use of the emergency rulemaking process, but DHS is working with providers and the Iowa Hospital Association to forestall problems.

Administrative Rule Changes

- **Premiums.** Changes in federal law and federal guidance require changes in IowaCare rules relating to premiums. The original IowaCare Program requirements provided for assessment of premiums for members with incomes above 100 percent of the federal poverty level (FPL). Under the federal Deficit Reduction Act (DRA) of 2005, premiums can only be assessed for individuals with incomes above 150 percent of FPL. With the renewal of IowaCare, premium requirements will be changed to reflect the federal DRA changes.

  Additionally, in accordance with direction from the federal Centers for Medicare and Medicaid Services (CMS), members will be allowed to reenroll in IowaCare even if the member was disenrolled for nonpayment of premiums. The member's debt will still be owed, but the member will be allowed to reenroll prior to debt repayment. In accordance with DRA provisions, the premium cap will not exceed 5 percent of monthly income for the household of the member, rather than the current 5 percent for each individual. Finally, federal regulation requires 60 days' notice for overdue payment of premiums prior to membership cancellation, instead of the current 30 days' notice.

Representative Upmeyer asked about the use of a sliding scale for FQHCs and the fiscal effects of the premium changes. Ms. Vermeer will provide follow-up information on these questions but noted that less than 20 percent of program enrollees have income above 150 percent of FPL, amounting to approximately 3,000 individuals.

Representative Heaton asked if an FQHC will charge a copay in addition to the premium. Ms. Vermeer said that the copay will be the same as under the Medicaid program. As an example, the physician visit copay is approximately $1.

- **Nonparticipating Provider Payments.** Two primary options are being considered for reimbursing nonparticipating IowaCare hospitals through the Nonparticipating Provider Reimbursement Fund (consisting of $2 million for FY 2010-2011), including covering any instance of medical emergency or covering only those medical emergencies that also result in an inpatient stay. Following discussion, the consensus of the Council members present is that reimbursement be provided only for those medical emergencies resulting in an inpatient stay and only for the period of the emergency room visit through discharge from the initial inpatient care.

  The individual will also be required to be a current IowaCare member, and reimbursement of services will only extend to Iowa hospitals until the moneys in the fund are exhausted, at which time all subsequent claims will be denied.

- **Other Discussion.** During discussion, several questions were directed to Ms. Shannon Strickler, Iowa Hospital Association, who attended the meeting. Her comments addressed charity care provided by member hospitals. The most recent estimate was that approximately $25 million in charity care was provided by hospitals to IowaCare members. She suggested that while all hospitals provide charity care, hospitals are most concerned with individual cases of high-cost care. Ms. Vermeer offered that one option considered by DHS would require a cost threshold of $25,000 or more before the program would be available. Ms. Strickler opined that approach may involve too many variables and could not be as easily administered as the inpatient stay approach.

III. Materials Distributed 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.

Ms. Vermeer, Iowa Medicaid Director, Department of Human Services, distributed the following documents:

- IowaCare Medical Home Implementation
- IowaCare Medical Home Model
- IowaCare Regional Primary Care Network

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