



# Iowa General Assembly

## 2010 Committee Briefings

Legislative Services Agency – Legal Services Division

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

### MEDICAL ASSISTANCE PROJECTIONS AND ASSESSMENT COUNCIL

Meeting Dates: [June 23, 2010](#) | [May 13, 2010](#)

**Purpose.** This compilation of briefings on legislative interim committee meetings and other meetings and topics of interest to the Iowa General Assembly, written by the Legal Services Division staff of the nonpartisan Legislative Services Agency, describes committee activities or topics. The briefings were originally distributed in the Iowa Legislative Interim Calendar and Briefing. Official minutes, reports, and other detailed information concerning the committee or topic addressed by a briefing can be obtained from the committee's Internet page listed above, from the Iowa General Assembly's Internet page at <http://www.legis.state.ia.us/>, or from the agency connected with the meeting or topic described.

### MEDICAL ASSISTANCE PROJECTIONS AND ASSESSMENT COUNCIL

June 23, 2010

**Co-Chairperson:** Senator Jack Hatch

**Co-Chairperson:** Representative Lisa Heddens

**Background.** The Medical Assistance Projections and Assessment Council (MAPAC) was established in 2005 Iowa Acts, H.F. 841, Section 21, Iowa Code §249J.20, to provide oversight for the IowaCare Program and the Medical Assistance (Medicaid) Program. The Council is required to meet at least annually.

**Update on IowaCare Expansion.** Ms. Jennifer Vermeer, Iowa Medicaid Director, Department of Human Services, provided an update, including various documents on the IowaCare Program expansion, including the medical home model and implementation plans, the regional primary care network roll-out, and the proposed rules.

- **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 proposed medical homes under IowaCare. The model would provide for the establishment of three or four medical home sites utilizing one or two Federally Qualified Health Centers (FQHCs) in western Iowa, Broadlawns Medical Center, and the University of Iowa Hospitals and Clinics. 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 IowaCare Medical Homes would be overseen by three workgroups: the Implementation Steering Committee, the Medical Home Clinical Committee, and the Health Information Technology Committee. The medical homes would be implemented beginning October 1, 2010, and much of the details would be included in the contracts entered into between the medical homes and the department.
- **IowaCare Regional Primary Care Network Roll-out.** The proposed roll-out of the regional primary care network would begin October 1, 2010, in Sioux City and Waterloo, with additional sites being added in each subsequent quarter. The schedule is tentative and subject to change based on a number of caveats including: if the projected expenditures/budget is available; if the provider is ready to meet medical home certification standards; if the state is ready; if all agreements are in place; and if the rules are in place.
- **Proposed Rules.**
  - **Premiums.** Changes in federal law and federal guidance require changes in IowaCare rules relating to premiums. The original IowaCare requirements provided for assessment of premiums for members with incomes above 100 percent of the federal poverty level. Under the federal Deficit Reduction Act (DRA) of 2005, premiums can only be assessed for individuals with incomes above 150 percent of the federal poverty level. With the renewal of IowaCare, premium requirements will be changed to reflect the federal DRA changes. Additionally, in accordance with direction from the Centers for Medicare and Medicaid Services (CMS), members will be allowed to re-enroll in IowaCare even if the member was disenrolled for

nonpayment of premiums. The debt will still be owed, but the members will be allowed to re-enroll. In accordance with DRA provisions, the premium cap will not exceed five percent of monthly income for the household of the member, not the current five 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.

- **Nonparticipating Provider Payments.** Two options for reimbursing nonparticipating IowaCare hospitals through the Nonparticipating Provider Reimbursement Fund include covering any instance of medical emergency or covering only those medical emergencies that also result in an inpatient stay. Following discussion, the preference of the Council members present is that reimbursement be provided only for those medical emergencies resulting in an inpatient stay and only 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 until the moneys in the fund are exhausted, at which time all subsequent claims will be denied.

**Future Meetings.** 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.

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## **MEDICAL ASSISTANCE PROJECTIONS AND ASSESSMENT COUNCIL**

May 13, 2010

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**Co-Chairperson:** Representative Lisa Heddens

**Background.** The Medical Assistance Projections and Assessment Council (MAPAC) was established in 2005 Iowa Acts, H.F. 841, Section 21, Iowa Code Section 249J.20, to provide oversight for the IowaCare Program and the Medical Assistance (Medicaid) Program. The Council is required to meet at least annually.

### **Updates on the IowaCare and Medicaid Programs.**

**Overview—Department of Human Services (DHS).** Jennifer Vermeer, Iowa Medicaid Director, provided an update on the IowaCare Program.

- **Initial Waiver—Program Background.** Ms. Vermeer provided 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. Ms. Vermeer provided an overview of the eligible persons, services, providers, and financing of the program, and program successes to date. She also noted that program limitations 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 is ending 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 Centers for Medicare and Medicaid Services included a three-year extension from July 1, 2010, until June 30, 2013; maintained the same provider network, benefit package, and eligibility standards; eliminated the prohibition on provider taxes; moved the seriously emotionally disturbed children's waiver to a §1915(c) waiver to be similar to other Iowa Medicaid waivers; removed the cost limits for public providers; and continued 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, to expand the IowaCare provider network, the renewal request also includes provisions relating to a provider network expansion and compliance with medical home requirements.
- **DHS Responsibilities.** Under 2010 Iowa Acts, S.F. 2356, DHS is required to develop a plan to phase in a regional provider network utilizing the federally qualified health centers (FQHCs) or federally qualified health center look-alikes to provide primary care to IowaCare members. DHS is to consider budget neutrality limits, 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. 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. The regional provider plan is also to be developed in consultation with MAPAC and any plan developed is to be approved by MAPAC. The renewal plan also includes a change in financing which provides for use of certified public expenditures (CPE) at the University of Iowa Hospitals and Clinics (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.

- **Expansion Plan for Review and Approval.** 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 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 providers; implementing the medical home model in the selected FQHCs, UIHC, and Broadlawns Medical Center (BMC); implementing reimbursement to nonparticipating hospitals up to the capped amount (\$2 million); and beginning January 1, 2011, evaluating population growth expenditures to determine further expansion. The drafted plan 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.

**University of Iowa Hospitals and Clinics.** Dr. Stacey Cyphert, Assistant Vice President for Health Policy, University of Iowa, provided an overview of the IowaCare Program at UIHC. He noted that enrollment growth has been steady over time, 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, transportation services, and pilot pharmaceutical and durable medical equipment programs. In FY 2009-2010, the UIHC subsidization of the IowaCare Program totaled over \$41 million. Dr. Cyphert expressed the gratitude of UIHC for 2010 enactment of legislation to authorize reimbursement of physician services for IowaCare members at UIHC.

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. 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.

**Broadlawns Medical Center.** 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 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. BMC has a primary care clinic that provides a medical home for IowaCare members. BMC has expended \$17.6 million on pharmaceuticals, over \$479,000 on durable medical equipment (DME), and \$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.

**Office of Auditor of State—Report on IowaCare.** Corrine Johnson, CPA, Senior Auditor II, provided a brief overview of the parameters of the report released on April 9, 2010, by the Auditor of State on the IowaCare Program. The review was conducted in conjunction with the audit of the financial statements of the state and in accordance with Iowa Code Chapters 11 (Auditor of State) and 249J (IowaCare Program) 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. The report includes recommendations for consideration in renewal of the IowaCare Program including verification of application information, expansion of the provider network, reimbursement for physicians services at UIHC, and review of the program premium structure and hardship exemptions. Ms. Johnson noted that even though the review is a performance review, it is tailored to the specific program under consideration. 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.

**Council Discussion.** The Council discussed the regional provider network plan presented by DHS and 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 phase-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 moved delaying approval of the expansion plan for 10 days to two weeks until such time as the Council could review other options presented by the department. The Council discussed the options of reviewing the rules prior to their filing, and the need to avoid delaying implementation of the expansion plan. Following further discussion of options, Representative Upmeyer amended her motion to approve the expansion plan subject to the Council providing input and feedback to DHS as the rules are developed, reviewing the draft rules prior to filing, and subject to the Council meeting in three to four weeks to review the department's progress. The motion was adopted. The

members of the Council were directed to submit any questions or suggestions to the Co-Chairpersons, legislative and caucus staffs, and DHS regarding the expansion proposal no later than Friday, May 21, 2010.

**Future Meetings.** 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.

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