



# STATE OF IOWA

CHESTER J. CULVER, GOVERNOR  
PATTY JUDGE, LT. GOVERNOR

DEPARTMENT OF HUMAN SERVICES  
CHARLES J. KROGMEIER, DIRECTOR

December 15, 2010

Michael Marshall  
Secretary of the Senate  
State Capitol Building  
L O C A L

Charlie Smithson  
Chief Clerk of the House  
State Capitol Building  
L O C A L

Dear Mr. Marshall and Mr. Smithson:

Enclosed please find the Department of Human Services report to the Legislature prepared pursuant to 2010 Iowa Acts HF 2526 Sec. 11.

This report contains a summary of the issues discussed and suggests opportunities for improved efficiencies in the cost reporting and auditing processes. The Department agrees that these issues deserve further exploration and that efforts should be made to accomplish most of the tasks suggested. However, given current funding and staffing levels, it is not the position of the Department that all of these recommendations be implemented at this time.

This report is also available on the Department of Human Services website at <http://www.dhs.iowa.gov/Partners/Reports/LegislativeReports/LegisReports.html>.

Sincerely,

A handwritten signature in cursive script that reads "Jennifer Davis Harbison".

Jennifer Davis Harbison  
Legislative Liaison

Enclosure

cc: Legislative Services Agency  
Governor Culver  
Senator Jack Hatch  
Senator David Johnson  
Representative Lisa Heddens  
Representative David Heaton  
Kris Bell, Senate Majority Staff  
Russ Trimble, Senate Minority Staff  
Zeke Furlong, House Majority Staff  
Brad Trow, House Minority Staff

**State of Iowa**

**Department of Human Services**

**Report to the Iowa General Assembly**

**Home & Community Based Waiver**

**House File 2526 – 83<sup>rd</sup> General Assembly**

**December 15, 2010**

## Department of Human Services report to the Legislature

HF 2526 Sec. 11 (23)

"The department of Human Services shall convene a workgroup with the department of inspection and appeals, county point of coordination administrators, affected service providers, and other appropriate interests in reviewing the various regulatory requirements applicable to providers of mental health and disability services paid under this and other appropriations. The review shall encompass federal, state and professional requirements applicable to the providers. The workgroup shall identify opportunities for streamlining regulatory requirements, increasing public access to cost, quality and outcomes information within the system, and increasing compliance with applicable federal health, safety, and accountability provisions. The workgroup shall hold two meetings and submit a report on or before December 15<sup>th</sup>, 2010 to the person designated by this Act for submission of reports."

Fifteen people were in attendance for the two meetings held on October 27<sup>th</sup> and December 7<sup>th</sup>, 2010. Attendees included representatives from the Department of Inspection and Appeals, County Point of Coordination Administrators, Iowa Service providers, Iowa Medicaid Enterprise, Department of Human Services and Disability Rights Iowa. A list of work group attendees is included.

The group was asked to identify their top five priorities in each of the three areas, streamlining requirements, increasing public access and increasing compliance. The workgroup identified streamlining requirements as the most critical of the three.

This report contains a summary of the issues discussed and suggests opportunities for improved efficiencies in the cost reporting and auditing processes. The Department agrees that these issues deserve further exploration and that efforts should be made to accomplish most of the tasks suggested. However, given current funding and staffing levels, it is not the position of the Department that all of these recommendations be implemented at this time.

The workgroup requests that the work that has begun be continued by providing DHS with adequate resources and the staffing necessary to continue to convene this group on a regular basis to accomplish the priorities established.

### **I. Opportunities for streamlining regulatory requirements**

The workgroup identified five major opportunities that would allow providers to build capacity in the service system allowing quality available services to be delivered to consumers.

#### **A. Implement the Uniform Cost Report**

Previous legislation required DHS to establish a workgroup with county and provider representatives to develop a proposed uniform cost report for use with all providers of

goods and services reimbursed under Medicaid programs or county mental health, mental retardation and developmental disabilities.

The current cost reporting system has different tools and definitions for each of the different programs or funding sources. Also, it is difficult to look at the expenditures of one entity (provider) across all programs or funding sources. The purpose of developing a uniform cost report is to have standardized definitions and guidelines for reporting and setting provider reimbursements.

A workgroup has met for months and together with Iowa Medicaid Enterprise have drafted a uniform cost report. The definitions and final language are being completed at this time, however there are no resources to implement. In order to implement, at a minimum there must be testing of the cost report, a determination of whether there will be any new expenditures or savings, planning for implementing in the field, training for providers, system/rate changes and finally implementation. With staff reductions throughout DHS, and shifts in areas of focus and responsibility, resources are not available to test, revise and implement the uniform cost report. The Workgroup is recommending that the legislature provide the needed resources to the Department of Human Services to finalize and implement the uniform cost report.

**B. Review and revise the Quality Framework**

The annual self assessment for the waiver appears to providers to exceed the federal requirement. Medicaid Home and Community Based Services programs are required to have a quality program which oversees participant access, participant centered service planning and delivery, provider capacity and capabilities, participant safeguards, participant rights and responsibilities, participant outcomes and satisfactions and system performance.

Provider oversight has been accomplished through a self assessment process. When the initial self assessment process was developed, providers and counties participated in the development. The process now has been implemented for two years and needs to be relooked at for efficiencies, satisfaction and outcome of services and requirements. The workgroup recommends that the DHS with providers and counties review the self assessment process and make changes as necessary.

**C. Review entire process for Prior Authorization for Prevocational Services**

In the first two months of the preauthorization process for prevocational services, 68% were approved for services. Although there is need for additional data, the Department agrees that there would be value in reviewing the process with counties and case managers.

**D. DHS Audits need to be changed and clarified**

In order for a provider to receive reimbursement there must be documentation that provides clarity for the service and costs associated with the service. Documentation is also used as a tool to audit providers. Providers are requesting clarity on the definition of fraud, improper billings and expectations of documentation that are used by all auditors as there is concern that too much time is spent documenting services. The clarity of audit requirements provides an opportunity to prevent over documentation and allows providers to better use their resources for services. The workgroup suggests that any audit that identifies errors needs to also identify intent as necessary for fraud and address clerical errors and a small oversight with education and training rather than pay back. The workgroup also suggested that a change in the Medicaid HCBS program occur to increase or remove the cap on indirect costs as documentation and training are currently limited within the 20% indirect cost cap.

**E. Examine assessment tools utilized for case management**

The workgroup supports the use of the SIS (Supports Intensity scale) that is being utilized in some counties with some targeted groups. This seems to be a tool that is working. There needs to be some alternative assessment tools for other populations not utilizing the SIS. Currently the 35 page assessment and level of care tool required in targeted case management seems to be too time consuming. It is suggested that this tool be reviewed for streamlining opportunities.

In addition to the top five opportunities the workgroup identified several more opportunities for streamlining which include the following.

- Mental Health Centers need to recoup costs. HF 2780 is not doing what was intended. There needs to be cost based reimbursement for Mental Health Centers.
- Streamline Elderly case management. Many are not meeting the Level of Care.
- Revise the Iowa Administrative Code to reduce Exceptions to Policy. If the exceptions are all going to be approved we need to change the rules.
- Combine the Department of Human Services and the Department of Inspection and Appeals documentation for Incident Reports (Chapter 507). One incident report requires the provider to file two reports within 24 hours, one to DHS and one to DIA. It will reduce paperwork and save staff time to do both at the same time. DIA has begun looking at this.
- Home and Community Based Services needs on specific chapter rather than extrapolation from multiple chapters. IME has begun this process.

- Review the on call for case management as it is very costly. The workgroup recognizes that it is early in the process, but it does seem like this could be a good resource that is just not being utilized.

## **II. Opportunities for increasing public access to costs, quality and outcomes information within the system.**

The Workgroup recognized that it may be somewhat difficult for a consumer to identify quality providers through public access. One resource is the Commission on Accreditation of Rehabilitation Facilities (CARF) which, when awarded this accreditation, it signals a service provider's commitment to continually improving services, encouraging feedback and serving the community. Also the Community Mental Health Centers will begin utilizing the Consumer Health Inventory (CHI) and the CHI-C (for children), which is a consumer survey, the results which will be posted on the Magellan Website. Results from complaints, surveys, adverse actions and civil penalties are posted the DIA are posted on the website. Currently IME rates are public information.

However there is not one common way for consumers to obtain information on the providers

## **III. Opportunities to increase compliance with applicable federal health, safety and accountability provisions.**

The Workgroup identified compliance issues as important in being held accountable. However, the opportunity here is to find a balance. The definition of quality must be made clear to providers so outcomes can be identified, measured and reported. One issue is the there has been a shift in identifying consumer outcomes to the focus on provider compliance as providers moved to assuring compliance.

**Work Group Attendees at the two meetings**

Mental Health and Disability Services Commission : Neil Broderick

Department of Inspection and Appeals: Bev Zylstra

Lutheran Social Services: Cheryl Plank and Lauren Hansen

Disability Rights Iowa: Cyndy Miller

Administrator, County Point of Coordination: Bob Lincoln, Craig Wood

Opportunity Village: Jim Aberg

Abbe Center: Dan Strellner

REM Iowa: Pat Costigan

Imagine the Possibilities: Jeff Morris

Discovery Living, Inc.: Bob Heble

DHS/IME: Brian Wines and Debbie Johnson

Polk County Health Services: Susan Osby

DHS/MHDS: Jeanne Nesbit

