



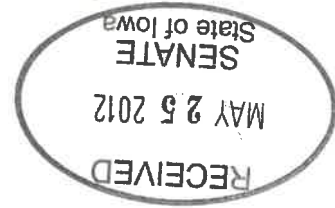
# Iowa Department of Human Services

Terry E. Branstad  
Governor

Kim Reynolds  
Lt. Governor

Charles M. Palmer  
Director

May 25, 2012



Michael Marshall  
Secretary of Senate  
State Capital  
LOCAL

Charlie Smithson  
Chief Clerk of the House  
State Capital  
LOCAL

Dear Mr. Marshall and Mr. Smithson

Please find attached the quarterly report to the General Assembly relative to cost savings achieved due to the cost containment strategies implemented September 1, 2011, and after.

This report was prepared pursuant to 2011 Iowa Acts House File 649 (HF 649), Section 10.

The Iowa Medicaid Enterprise (IME) was tasked with implementing cost containment strategies and reporting results on a quarterly basis.

Sincerely,

Jennifer Davis Harbison  
Policy Advisor

JDH/jl

Enclosure

cc: Governor Terry E. Branstad  
Senator Jack Hatch  
Senator David Johnson  
Representative Dave Heaton  
Representative Lisa Heddons  
Legislative Services Agency  
Kris Bell, Senate Majority Staff  
Josh Bronsink, Senate Minority Staff  
Brad Trow, House Majority Staff  
Zeke Furlong, House Minority Staff

**DHS- Medical Assistance  
Medicaid Cost Containment Strategies  
Quarter Ending 3/31/12**

<b>Cost Containment Strategies</b>	<b>Implementation Date</b>	<b>Total State Savings Up to 3/31/12</b>	<b>Projected Annual State Savings</b>
<b><u>Prescription Drug Efficiencies</u></b>			
Implemented a 15-Day initial supply limit on select new prescriptions	9/1/2011	\$ 186,656.00	\$ 351,000.00
Eliminated coverage of prescription cough and cold, and weight loss medications	9/1/2011	\$ 61,894.00	\$ 152,373.00
<b><u>Increase Program Integrity &amp; Third Party Recoveries</u></b>			
Increase identification of other insurance	7/1/2011	\$ 562,539.00	\$ 250,000.00
Increase monitoring of special needs trusts	4/1/2012	**Delayed Imp.	\$ 200,000.00
Allow recovery of payment in cases of medical malpractice	4/1/2012	**Delayed Imp.	\$ 500,000.00
<b><u>Reduce Inappropriate Use of Emergency Room</u></b>			
Change reimbursement policies	9/1/2011	\$ 2,066,021.00	\$ 3,468,330.00
Impose \$3 co-pay to apply when service is not an emergency	9/1/2011	\$ 36,998.00	\$ 26,500.00
<b><u>Service Limitations in Optional Services to Address Overutilization</u></b>			
Institute service limits for therapies	9/1/2011	\$ 283,118.00	\$ 300,000.00
Increase medical necessity requirements for orthodontia	9/1/2011	\$ 302,233.00	\$ 1,480,860.00
<b><u>Increase Claims Payment Accuracy and Consistency with Medicare</u></b>			
Eliminate payments for 'never events'	9/1/2011	\$ 332,035.00	\$ 389,700.00
Align with Medicare payment policy for certain physician services	9/1/2011	\$ 1,285,220.00	\$ 2,299,230.00
Limit payment on Medicare crossover payments - Medicare Part B Cross Over Form	9/1/2011	\$ 24,000.00	\$ 50,000.00
<b><u>Payment Reforms</u></b>			
Eliminate medical education payments to out-of-state hospitals	9/1/2011	\$ 296,909.00	\$ 711,669.00
Change reimbursement policy for medical equipment	9/1/2011	\$ 108,341.00	\$ 92,635.00
Align reimbursement for medical equipment for pharmacies	9/1/2011	\$ 53,775.00	\$ 100,000.00
<b>Saving Totals</b>		<b>\$ 5,599,739.00</b>	<b>\$ 10,372,297.00</b>

Cost saving strategies were implemented 9/1/11, so the projected annual savings will be two months short.

\*\*The Special Needs Trust and the Medical Malpractice cost saving strategies were implemented on 4/1/12 with a 90 day implementation period. No savings to report at this time.