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# BUDGET UNIT BRIEF – FY 2019

Fiscal Services Division

August 27, 2018



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Ground Floor, State Capitol Building

Des Moines, Iowa 50319

515.281.3566

## Medical Contracts

### Description

The Department of Human Services (DHS) Medical Contracts appropriation funds the Iowa Medicaid Enterprise (IME) and the third-party performance-based contracts with private vendors that administer the State's Medicaid Program. The IME has only a minimal number of State employees. The majority of day-to-day business operations, including oversight of managed care organizations, claims processing, and vendor and member support, is handled through private vendors. The IME serves 575,000 to 600,000 people/consumers in managed care and 40,000 to 70,000 people/consumers in fee-for-services. The IME is the second-largest health care payor in Iowa.

### Services

The IME oversees a total of 55 different contracts with private vendors to administer day-to-day operations of the Medicaid Program in these major contract areas:

- CORE Services includes mailroom operations, claims processing, and operation of systems, including the Medicaid Management Information System (MMIS).
- Medical Services ensures medical necessity requirements are met and provides guidance regarding covered services, standards of care, and best practices.
- Member Services is the State's Medicaid managed care enrollment broker, providing customer service and assisting members seeking issue resolution with managed care organizations.
- Pharmacy Medical Services maintains the Preferred Drug List (PDL), processes prior authorization (PA) requests for preferred drugs, and responds to inquiries to the Pharmacy PA Hotline for fee-for-service members.
- Provider Cost Audit (PCA) and Rate Setting performs rate setting, cost settlement, and cost audit functions and provides technical assistance to both providers and managed care organizations.
- Program Integrity (PI) efforts include identifying potential fraud, waste, and abuse through oversight and cost avoidance strategies. In addition, Program Integrity validates managed care data.
- Provider Services enrolls all Medicaid providers, including fee-for-service and managed care providers. Provider Services provides direct support to providers in fee-for-service programs and coordinates with managed care organizations to provide training to providers.
- Revenue Collections functions include Third Party Liability (TPL) for cost avoidance, to ensure that Medicaid is the payor of last resort, and estate recovery.
- Milliman establishes the managed care capitation rates and assists in the review of expenditure data.

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### More Information

Iowa Medicaid Enterprise Website: [dhs.iowa.gov/ime/about/aboutime](https://dhs.iowa.gov/ime/about/aboutime)  
LSA Staff Contact: Jess Benson (515.689.0598) [jess.benson@legis.iowa.gov](mailto:jess.benson@legis.iowa.gov)

- 3M implements the Value Index Score for quality measurement used by managed care organizations and providers.
- The University of Iowa reports the Healthcare Effectiveness Data and Information Set (HEDIS) and Consumer Assessment of Healthcare Providers and Systems (CAHPS) measures, which are indicators of health care outcomes for both the fee-for-service and managed care programs.

**Related Statutes and Administrative Rules**

Iowa Code chapters [249A](#), [249B](#), [249F](#), [249L](#), [249M](#), and [249N](#)  
Iowa Administrative Code [441—73 through 441--91](#)

**Budget Unit Number**

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