HEALTH MANAGEMENT ASSOCIATES

Opportunities to Improve Contracts for Outsourced Major Functions

PREPARED FOR IOWA MEDICAID ENTERPRISE

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EXECUTIVE SUMMARY

The Iowa Medicaid Enterprise (IME) has engaged Health Management Associates (HMA) to conduct an organizational review to assess opportunities for restructuring the major functions that IME currently outsources through eight contracts. Any restructuring would need to accomplish two goals:

1. Rationalize the use of scarce public dollars by improving IME's organizational performance and efficiency
2. Ensure that IME organizational capabilities and infrastructure meet current and anticipated future administrative needs

In support of these goals, IME requested that HMA complete the following objectives:

- Review and evaluate the major functions that IME currently outsources through eight contracts to determine whether replacing them with internal infrastructure—entirely or partially—would enhance IME effectiveness and efficiency
- Assess current IME organizational capabilities and infrastructure related to these major functions and opportunities to enhance effectiveness and efficiency and meet needs based on knowledge of how other Medicaid agencies are structured
- Identify emerging needs related to likely continuing impacts of the coronavirus disease 2019 pandemic
- Develop recommendations based on analysis as well as input from decisionmakers

This report lays out HMA's process, findings, research, and recommendations related to this assessment.

Scope of the Analysis

The scope of HMA's analysis was limited to an assessment of the major functions that IME currently outsources through contracts. The organizational review was conducted in two phases:

- **Phase 1:** Information Gathering (September 2020 through November 2020)
- **Phase 2:** Cost-Benefit Analysis (November 2020 through December 2020)

For phase 1, HMA conducted a total of 12 interviews to solicit input from staff responsible for the contracts and from those whose supervisory responsibilities or daily functions are affected by the contracts. These interviews provided substantial insight critical to the analysis and development of recommendations.

Additionally, to support the assessment of current IME organizational capabilities and infrastructure and opportunities to enhance effectiveness and efficiency as it relates to the contracts, HMA conducted research on similar state Medicaid organizations. HMA identified similar states to Iowa in terms of the Medicaid program's size and scope and examined how IME decisions regarding outsourced operational functions compared to decisions in the states with similar Medicaid programs. This research has also been used to inform the development of recommendations.

For phase 2, HMA completed a cost-benefit analysis of bringing certain components of currently outsourced functions in-house including organizational changes necessary to support this. HMA looked at changes that could be made with both existing and added resources in order to develop recommendations for a desired future state.

And although the scope did not explicitly include an examination of whether IME has been provided with sufficient staffing resources to meet all its basic obligations on an overarching basis, HMA observed, through the course of its assessment, that limited resources were consistently noted as a major challenge. Moreover, HMA observed that IME's staff was immeasurably committed to performing at the highest level possible despite these resourcing challenges.

Overview of IME's Contracts for Outsourced Major Functions

IME asked HMA to consider eight contracts for services that are currently outsourced, summarized below with their current vendors:

- Core Medicaid Management Information Systems (MMIS), Noridian Healthcare Solutions
- Member Management, Consumer Assistance, and Eligibility Help Desk Services, Maximus
- Provider Services, Maximus
- Provider Cost Audit and Rate Setting Services, Myers and Stauffer
- Revenue Collections and Estate Recovery, HMS
- Quality Improvement Organization (QIO) Services, Telligen
- Program Integrity Services, International Business Machines (IBM)
- Pharmacy Point-of-Sale Operations and Point-of-Sale System, Goold Health Systems

Exhibit 2 depicts each of the existing eight contracts by relative size, existing contract term, and opportunity to extend in one-year increments. The dark blue areas indicate the relative remaining dollar value on the existing contracts. The light blue areas indicate the relative dollar values of potential one-year extensions to the existing contract. The MMIS contract is clearly the largest contract by dollar value and by potential duration (through 2028 if all extensions are used).

As shown, seven of the eight contracts expire in 2020. One of those seven (the Program Integrity Services contract with IBM) has no available extensions after June 30, 2020. It is HMA's understanding that IME intends to issue a single-year, sole-source contract extension for Program Integrity Services so a formal RFP can be developed. The other six contracts extend only to 2024. The fact that most of the contracts are entering the extension period may provide an opportunity for IME to amend contract specifications that facilitate implementation of some of the recommended changes.

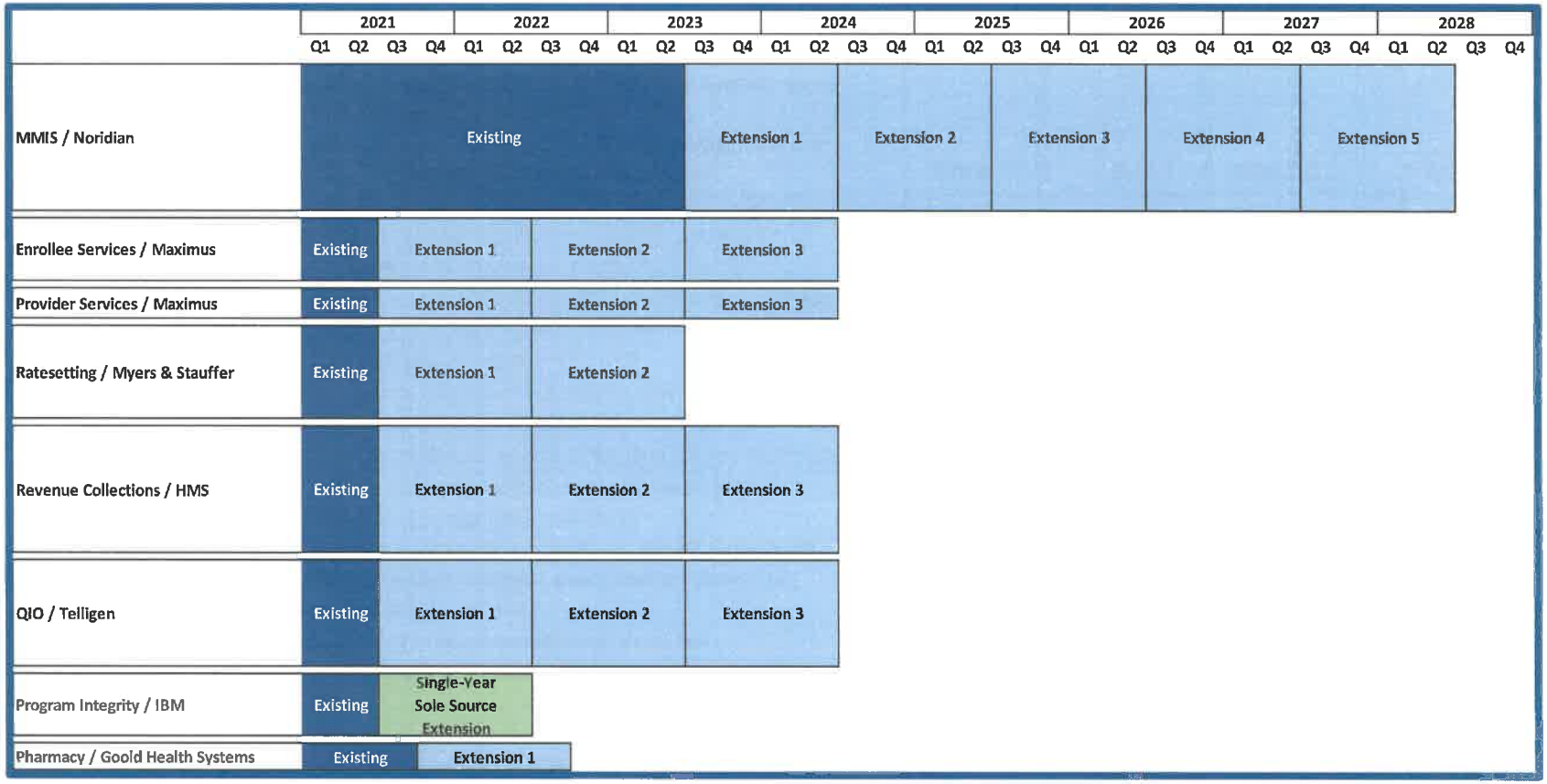
Exhibit 1: Summary of Vendors, Functions, Dollar Values, and Terms of Contracts for Outsourced Major Functions

Contract/Vendor	Key Functions	Existing Dollar Value (Millions)	Estimated Annual Dollar Value (Millions)	Current Term	Possible One-Year Extensions
MMIS/Noridian	▪ Maintain systems and software necessary to support Core MMIS functions including interfaces with other data sources ▪ Supply necessary data feeds and supporting documentation for Medicaid fee-for-service (FFS), pre-payment claims data, paid claims data, utilization data ▪ Accept and process Member eligibility files and updates, claims entry, receipts, and adjudication ▪ Provide an Electronic Data Interchange (EDI) solution ▪ Support and maintain the Eligibility Verification Information System (ELVS) ▪ Manage application security for the MMIS systems and security safeguards to assure integrity of the system ▪ Perform system quality assurance/improvement (QA/QI) and testing and maintain a program reporting module ▪ Manage IME Core MMIS help desk services, including centralized e-mail queues and telephone lines ▪ Maintain third-party liability (TPL) module and the prior authorization system	$54.9	$13.7	6/30/2023	5 (2028)
Member Services/Maximus	▪ Provide member inquiry and relations ▪ Maintain enrollment and eligibility data ▪ Provide member outreach, education, and training ▪ Staff and operate the Call Center and Level 1 Help Desk and manage centralized email mailboxes ▪ Serve as the managed care Enrollment Broker all Medicaid and hawk-i MCOs and PAHPs ▪ Support operations of Iowa Health and Wellness Plan (IHWP) and Dental Wellness Plan	$17.7	$5.9	6/30/2021	3 (2024)

Contract/Vendor	Key Functions	Existing Dollar Value (Millions)	Estimated Annual Dollar Value (Millions)	Current Term	Possible One-Year Extensions
	▪ Provider consumer assistance in understanding health care programs and eligibility ▪ Update and maintain Medicare Part A and Part B Buy-In procedure manuals and train staff				
Provider Services/Maximus	▪ Perform provider inquiry and relations ▪ Conduct provider enrollment and screening ▪ Perform provider outreach, education, and training ▪ Staff and operate the Help desk for Iowa Medicaid Portal Access and Individualized Services Information System users ▪ Support IME administration	$16.2	$2.8	6/30/2021	3 (2024)
Provider Cost Audit and Rate Setting Services/Myers and Stauffer	▪ Perform cost audits for specified provider types ▪ Maintain Medicaid desk review program for providers and perform desk reviews and on-site field audits ▪ Complete cost and statistical data compilation reports for each provider ▪ Perform rate setting and cost settlements and set rates for specified provider types ▪ Calculate Rebasing, Diagnosis Related Group and Ambulatory Payment Classification Recalibration ▪ Administer 340B Drug Pricing Program ▪ Maintain, update and improve methodologies for pharmacy reimbursement and collect invoices from pharmacy providers ▪ Conduct an annual cost of dispensing survey ▪ Administer annual Federal Supply Schedule (FSS) and Nominal Price (NP) price attestation forms for all Medicaid providers ▪ Provide TA to the MCOs on provider rates and reimbursement methodologies	$34.6	$8.6	6/30/2021	2 (2023)

Contract/Vendor	Key Functions	Existing Dollar Value (Millions)	Estimated Annual Dollar Value (Millions)	Current Term	Possible One-Year Extensions
Revenue Collections and Estate Recovery/HMS	▪ Identify and verify TPL, maintain TPL subsystems, perform QA reviews, and implement improvements ▪ Process and receive payments from premiums, provider overpayments, and recoveries ▪ Receive data files from insurance carriers and maintain list of insurance carriers ▪ Process provider withholds ▪ Conduct Estate Recovery and Trust Operations	$35.2	$11.7	6/30/2021	3 (2024)
Quality Improve Organization Services/ Telligen	▪ Perform utilization management functions ▪ Provide medical support ▪ Conduct quality oversight operations for home- and community-based services waiver, money follows the person, and habilitation programs ▪ Perform population health improvement projects	$57.2	$9.9	6/30/2021	3 (2024)
Program Integrity Services/IBM	▪ Maintain program integrity systems and databases ▪ Conduct surveillance, investigations, reviews of utilization and medical necessity, Medicaid exclusion checks, and post-payment claims review ▪ Perform advanced data analysis and predictive analytics ▪ Perform provider actions including recovery and referral ▪ Coordinate with Medicaid fraud control unit ▪ Collaborate with managed care organizations on program integrity and performance measurement	$16.3	$5.7	6/30/2021	No extensions
Pharmacy Point-of-Sale Operations and Systems/Goold Health Systems	▪ Process pharmacy claims and drug rebates ▪ Interface to receive pharmacy prior authorizations and with the IME Professional Services units ▪ Provide compliance and progress reports and maintain operational policies, procedures, and manuals	$19.8	$2.5	9/30/2021	1 (2022)
	TOTAL	**$251.9**	**$60.8**		

Exhibit 2: Summary of Contracts for Outsourced Major Functions by Term, Available Extensions, and Relative Dollar Value*



*Note: The eight contracts are presented by relative size, existing contract term, and opportunity to extend in one-year increments. The dark blue areas indicate the relative remaining dollar value on the existing contracts. The light blue areas indicate the relative dollar values of potential one-year extensions to the existing contract.

Overview of Key Observations

The purpose of conducting stakeholder interviews was to solicit input and feedback from the individuals responsible for the eight contracts and from those whose supervisory responsibilities or daily functions are affected by the eight contracts.

These interviews provided a wealth of insight to inform HMA's analysis and have served as a critical component in the development of recommendations. The most common observations that emerged from all of the interviews was that 1) IME's present level of internal resources is not sufficient for carrying out necessary operational functions and 2) IME is in need of more internal policy and subject matter experts (SMEs) to inform policymaking and ensure proper oversight of the eight contracts. With that being said, it is very apparent that IME's current staff are dedicated and committed to doing the best they can with the resources they have which has translated into carrying out multiple functions outside of their official role. This has made it very challenging from a contract management perspective given the number of contracts and therefore reliance on vendors.

Overall, HMA noted the following key observations for IME's consideration as it seeks to improve organizational performance and fully leverage its dedicated hardworking staff:

- IME may benefit from a targeted business process redesign effort to enhance administrative processes to reduce roadblocks to efficient management of operational functions.
- IME may benefit from a reorganization process to improve alignment across the agency and take into account the agency's experience after completing the transition from fee-for-service to managed care.
- IME lacks sufficient infrastructure and staff necessary to implement formal performance improvement processes and systems for critical day-to-day activities in order to streamline operations.
- IME is significantly understaffed based on staff workloads associated with day-day-day responsibilities, which has made it challenging to function well both strategically and operationally in addition to placing key functions at succession risk, in the event staff leave the organization.
- IME lacks the necessary policy staff to ensure it is not reliant on vendor staff for policy and clinical expertise to inform key decisions.
- IME lacks sufficient staff to sustain and mature formal processes and systems for contract management, particularly in the area of performance management where opportunities exist to use high-frequency data to improve performance.
- IME lacks sufficient staff necessary to support active contract management to improve performance and mitigate risk. Additional subject matter expertise is needed at the State level to monitor specialty functions of IME like clinical and rate setting work.

While many of these key observations go beyond those that relate solely to the eight contracts, HMA believes that accounting for them can be supportive of both efforts to improve contract performance as well as organizational performance more broadly.

Overview of Recommendations

HMA recommends that most core functions remain outsourced, with newly created or insourced IME positions to enhance program oversight and the effective application of departmental policy to operations. In general, it would be cost prohibitive and not in line with state priorities to insource any of the eight contracts reviewed in their entirety. Most of the contracts are reported to have had adequate or good performance. All the contracts reviewed, except the MMIS contract, expire within six to 18 months and therefore present opportunities for restructuring to address known issues. And the organizational lift—as well as the potential cost—to insource hundreds of employees would be prohibitive and not in line with state workforce priorities.

Nonetheless, there is significant opportunity to improve oversight of these vital functions and align them more closely with IME strategic aims by restructuring some roles and strengthening performance measurement and monitoring through thorough review of contract scope and requirements as IME enters the upcoming round of RFPs. HMA's recommendations include establishment of new roles and the insourcing of roles and functions from existing contracts:

- **Senior Leadership Team**: Create new positions to form a senior leadership team reporting directly to the Medicaid Director for finance, clinical functions, and program integrity
- **Technical and Policy Subject Matter Experts (SMEs):** Insource or create new roles for technical and policy SMEs in critical areas that cannot and should not be managed by contract managers—call center management, revenue collections, and pharmacy
- **Insourced Functions:** Insource limited functions currently performed by the vendor to align with department priorities and provide greater IME control of outcomes

Exhibit 3 summarizes HMA's specific staffing recommendations by contract:

Exhibit 3: Overview of Recommendations by Contract

#	Contract/Vendor	Summarized Recommendation
1	Core MMIS/Noridian Healthcare Solutions	▪ Amend contract to require use of IME project management software
2	Member and Provider Services/Maximus	▪ Insource customer escalation function to ensure full control and resolution of escalations
3	Member and Provider Services/Maximus	▪ Create role for SME to act as a policy SME and oversee call center performance
4	Member and Provider Services/Maximus	▪ Create new role to oversee appropriate application of managed care and FFS policy for member services and provider services
5	Provider Cost Audit and Rate Setting/Myers and Stauffer	▪ Create senior leadership finance position to oversee and approve rate setting within policy context and the financial implications of other policy and operational decisions
6	Revenue Collections/ HMS	▪ Create technical and policy SME role over COB, TPL, and estate recoveries
7	Revenue Collections/ HMS	▪ Rebid and restructure contract through RFP Process at soonest available time (effective 7/1/22) in conjunction with enhanced SME oversight of performance and activities

#	Contract/Vendor	Summarized Recommendation
8	Quality Improvement Organization Services/ Telligen	▪ Create senior leadership medical director position to develop and oversee clinical policy and priorities
9	Program Integrity Services/IBM	▪ Create senior leadership program integrity role to act as a policy SME, set program integrity goals and direction, and oversee technical aspects of the outsourced contract ▪ Rebid and restructure contract during next RFP process
10	Pharmacy/Goold Health Systems	▪ Create contract manager position to allow current combined contract manager/pharmacy technical SME position to be split into two separate roles that would allow pharmacy technical SME to perform enhanced oversight of program and Medicaid prescription drug rebates

It is HMA's understanding any newly created senior leadership or technical and policy SME roles would require legislative approval to increase the full-time equivalent (FTE) limit. The senior leadership roles would be new and involve increased cost. The technical and policy SMEs could potentially be offset by efficiencies gained through contract restructuring by amendment or through the RFP process.

Overview of Financial Impact

Exhibit 4 below depicts the estimated additive cost of each recommendation where applicable:

Exhibit 4: Overview of Financial Impact by Recommendation

#	Summarized Recommendation	# of FTEs Created	Estimated FTE Cost (Classification, Pay Grade)*
1	Amend Core MMIS contract to require use of IME PM software	N/A	N/A
2	Insource customer escalation function	1 Policy FTE 1 Support FTE 1 Support FTE	1 Policy FTE: $85,710 to $132,584 (Executive Officer 2, Pay Grade 32) 1 Support FTE: $75,549 to $114,988 (Program Planner 3, Pay Grade 29) 1 Support FTE: $75,549 to $114,988 (Program Planner 3, Pay Grade 29)
3	Create technical SME to oversee call center performance	1 FTE	$85,710 to $132,584 (Executive Officer 2, Pay Grade 32)
4	Create managed care/FFS oversight role	1 FTE	$85,710 to $132,584 (Executive Officer 2, Pay Grade 32)
5	Create senior leadership finance position	1 FTE	$122,279 to $174,119 (Executive Officer 4, Pay Grade 38)
6	Create COB, TPL, estate recoveries technical/policy SME	1 FTE	$85,710 to $132,584 (Executive Officer 2, Pay Grade 32)

#	Summarized Recommendation	# of FTEs Created	Estimated FTE Cost (Classification, Pay Grade)*
7	Rebid/restructure Revenue Collections contract	N/A	N/A
8	Create senior leadership medical director	1 FTE	$277,281 to $394,364 (Physician, Pay Grade 55)
9	Create senior leadership Program Integrity role and rebid/restructure Program Integrity contract during next RFP process	1 FTE	$122,279 to $174,119 (Executive Officer 4, Pay Grade 38)
10	Create contract manager position to allow current combined contract manager/pharmacy technical SME position to be split into two separate roles	1 FTE	$85,710 to $132,584 (Executive Officer 2, Pay Grade 32)
Total		**10 FTEs**	**$1,101,487 to $1,635,498** **Federal/State Breakout:** **$605,818 Federal/$495,669 State to $899,523 Federal/$735,974 State**

*Note: Estimated FTE costs are presented as fully loaded assuming a 38% fringe benefits rate and on an all funds basis except for the total estimated FTE cost which is shown on both an all funds basis and broken out by federal funds and state funds assuming a 55% federal/45% state split.

The estimated FTE costs associated with applicable recommendations (all but recommendation 1 and recommendation 7) could potentially be offset by efficiencies gained through contract restructuring by amendment or through the RFP process.

Next Steps

Following its review of this report, IME will need to determine which recommendations should be implemented. Once IME establishes the set of recommendations that it intends to implement, it will be important for IME to develop a prioritization scheme for the recommendations that ensures that the recommendations it views as most critical are implemented first and those that are viewed as less essential are left to be done later.

HMA did not prioritize the recommendations in this report because appropriate prioritization will depend on the prioritization criteria that IME establishes and how it weighs these prioritization criteria. However, to inform IME's development of a prioritization scheme, the following suggested prioritization criteria represent a potential starting place:

- **Risk Mitigation:** HMA suggests that the extent to which recommendations mitigate what IME considers to be significant strategic, financial, or operational risk be considered as a prioritization criterion. Recommendation #9, which would create a senior leadership program integrity role to act as a policy SME, set program integrity goals and direction, and oversee technical aspects of the outsourced contract and would rebid and restructure the contract during next RFP process, could be viewed as scoring favorably under this criterion because it significantly reduces potential exposure on required program paybacks.

- **Operational Performance Improvement:** HMA suggests that the extent to which recommendations will contribute to improving operational performance in functional areas where IME determines improvement is most necessary be considered as a prioritization criterion. Recommendation #2, which would insource the customer escalation function to ensure full control and resolution of escalations, could be viewed as scoring favorably under this criterion because it improves the effectiveness of issue escalation that involves interagency resolution and coordination to resolve issues and support individual needs.
- **Strategic Policy Alignment:** HMA suggests that the extent to which recommendations can align program outcomes with strategic policy aims be considered as a prioritization criterion. Recommendation #5, which would create a senior leadership finance position to oversee and approve rate setting within policy context and the financial implications of other policy and operational decisions, could be viewed as scoring favorably under this criterion because it enhances alignment of rate setting with policy priorities within financial parameters.
- **Budget Impact:** HMA suggests that the extent to which recommendations require a smaller budgetary investment versus a larger budgetary investment be considered as a prioritization criterion. Recommendation #1, which would amend the core MMIS contract to require the use of IME project management software, could be viewed as scoring favorably under this criterion because no cost would be incurred by IME.
- **Timing:** HMA suggests that the extent to which recommendations are able to be implemented on a shorter time horizon versus a longer time horizon be considered as a prioritization criterion. Recommendation #1, which would amend the core MMIS contract to require the use of IME project management software, could be viewed as scoring favorably under this criterion because it can be implemented in less than 12 months if the current contract allows amendment.

Once IME prioritizes recommendations for implementation using the prioritization criteria above or others, IME can undertake the key implementation activities noted for each recommendation later in this report.

STAKEHOLDER INTERVIEWS

The purpose of conducting stakeholder interviews was to solicit input and feedback from the individuals responsible for the eight contracts and from those whose supervisory responsibilities or daily functions are affected by the eight contracts. HMA also used the interviews and follow-up discussions to clarify responsibilities and confirm specific contract details, as HMA reviewed the eight contracts and developed findings and recommendations.

The following general interview questions were used, which were tailored according to the individual being interviewed:

- What is your understanding of the need for an organizational review?
- What are your priorities for this organizational review of IME?
- What is your role? What are your typical day-to-day functions and/or processes as part of this role?
- What contracts do you currently oversee/manage?
- For each of the contracts that you oversee/manage, please describe your relationship with the vendor on a day-to-day basis.
- From a performance standpoint, please describe strengths of each of the vendors in which you are currently overseeing/managing a contract for.
- From a performance standpoint, please describe potential areas for improvement of each of the vendors in which you are currently overseeing/managing a contract for.
- What opportunities do you see for improving efficiencies for any of the contracts you oversee/mange?
- What opportunities do you see for improving efficiencies for *any* of the major IME functions and/or processes?
- Based on your current level of staffing, are there any functions and/or processes currently outsourced you feel could be handled internally? Are there any functions and/or processes you feel should be outsourced to a vendor?
- Are you aware of any roadblocks that hinder current efficiencies for any of the contracts you oversee/manage?
- What is your assessment of current IME organizational capabilities and infrastructure and how these are structured?
- What are your suggestions—if any—for specific opportunities to enhance effectiveness and efficiency for the organization as a whole through restructuring?
- From your perspective, what factors should determine which functions are outsourced or retained in-house?

Exhibit 5: Stakeholder Interviews Conducted

Name	Title	Responsibilities
Kelly Garcia	Director of DHS	Leadership
Julie Lovelady	Deputy Medicaid Director	Leadership
Diane Williams	IME Project Manager	Project Management
Faith Sandberg-Rodriguez	Senior Advisor to Director of DHS	Leadership Support, Advisory
Paula Motsinger	Bureau Chief	Medical and MLTSS Policy
Mary Stewart	Bureau Chief	MCO Oversights and Support

Name	Title	Responsibilities
Amela Alibasic	Bureau Chief	Medicaid Eligibility Policy and HIPP
Jennifer Steenblock	Executive Officer	Federal Compliance
Lisa Cook	Contract Manager	Core MMIS Pharmacy POS
Kera Oestreich	Contract Manager	Contracts: Member Management, Consumer Assistance, and Eligibility Help Desk Services; Provider Cost Audit and Rate Setting; Provider Services; QIO services; Revenue Collections and Estate Recovery
Rachel Danley	Contract Manager	Program Integrity
Susan Parker	Pharmacist, Contract Manager	Pharmacy POS
Marissa Eyanson	Division Administrator, Community Mental Health and Disability Services	Oversight

Key Observations by Theme

Overall, the interviews provided a wealth of insight into IME at both the agency and staff level. Below are summarized high-level observations grouped by themes that emerged from the interviews.

Theme #1: IME may benefit from a targeted business process redesign effort to enhance administrative processes to reduce roadblocks to efficient management of operational functions.

- Bureaucratic environment at IME creates a lot of "checks and balances" which makes approvals to carry out tasks challenging
- IME needs more point people/liaisons to enhance communication across divisions and foster a collaborative environment

Theme #2: IME may benefit from a reorganization process to improve alignment across the agency and take into account the agency's experience after completing the transition from fee-for-service to managed care.

- IME needs tighter alignment with key partners and divisions to be a more efficient, less "isolated"/siloed agency
- IME needs a restructuring of bureaus to not only match their current managed care environment but to streamline communications and create more efficiencies amongst teams and across bureaus
- IME needs a stronger overall "vision" and more cohesion across programs
- Concern that some of IME's current processes may no longer be necessary since the shift from FFS to Managed Care

Theme #3: IME lacks sufficient infrastructure and staff necessary to implement formal performance improvement processes and systems for critical day-to-day activities in order to streamline operations.

- IME needs better streamlining of processes to handle and alleviate heavy workloads

- In general, it takes a long time to fulfill data requests because vendors do not understand state systems the way internal staff do
- Not enough resources (including SMEs) in IME – results in staff focusing more on compliance rather than outcomes

Theme #4: IME is significantly understaffed based on staff workloads associated with day-to-day responsibilities, which has made it challenging to function well both strategically and operationally in addition to placing key functions at succession risk, in the event staff leave the organization.

- IME notably smaller in comparison to other Medicaid agencies with similar size of population served therefore staff is stretched thin, juggling many activities and unable to be a true "SME" in any one area
- Historically, there has been significant hesitancy to add state full-time equivalents (FTEs)
- Limitations in IME staffing make it difficult to see the "big picture"/overall health of the program (staff too caught up in the weeds, day-to-day tasks)
- IME needs better succession planning i.e. training manuals, cross-training, operational procedures (concern that when staff leave, the institutional knowledge usually goes as well, which has been problematic from an efficiency standpoint)

Theme #5: IME lacks the necessary policy staff to ensure it is not reliant on vendor staff for policy and clinical expertise to inform key decisions.

- IME needs more internal SMEs and policy experts across the board to help with daily decision-making
- IME at risk for losing expertise on the state side; more functions need to be brought in house
- IME needs more internal expertise in the following areas – policy, clinical, data/analytics, fiscal, forecasting
- Policy-focused roles (including on the clinical side – especially the Medical Director position) should be brought in-house
- Having more policy SMEs in-house will help ensure continuity of training/knowledge in cases where vendor staff leave or changes
- IME's currently offered salaries for policy-level positions not competitive enough based on market (Iowa a tough state to recruit)
- IME needs more in-house SMEs to help with legislative duties/SH interfacing (right now, the vendors are the "SMEs" and unable to attend these types of meetings)

Theme #6: IME lacks sufficient staff to sustain and mature formal processes and systems for contract management, particularly in the area of performance management where opportunities exist to use high-frequency data to improve performance.

- IME currently contracts out a lot of functions to vendors and needs to determine what can be brought in house (including the additional resources to support this)
- IME currently does not own the policy work – rely heavily on vendors
- Overall contract managers have positive relationships with their vendors
- Contract managers struggle in knowing what the full scope of the vendor contracts are which sometimes slows down activities/request i.e. more time spent on figuring out "what is in scope" than the actual request itself

- Oversight and communication issues with MCOs – challenges with holding them accountable

Theme #7: IME lacks sufficient staff necessary to support active contract management to improve performance and mitigate risk. Additional subject matter expertise is needed at the State level to monitor specialty functions of IME like clinical and rate setting work.

- Vendors have been good partners for the most part but there are some challenges with contract oversight in terms of current workload of state staff
- IME staff wear many "hats" i.e. serve multiple functions outside of main role
- Difficulties in balancing work – are usually taken away from daily responsibilities because of projects that arise
- Significant amount of time spent on projects/tasks that take away from innovation and creating new/enhanced policies; no time to be "actionable" and focus on policies
- IME contract managers are having to also wear a "policy hat" when the roles should be separate

Key Observations by Question

Below are specifics themes gleaned from the interviews grouped by question.

What is your understanding of the need for an organizational review?

- IME currently contracts out a lot of functions to vendors and needs to determine what can be brought in house (including the additional resources to support this)
- IME needs more internal SMEs and policy experts across the board
- IME needs reorganization and better alignment with partners/key divisions to be a more efficient agency and less "isolated"/siloed
- IME needs better streamlining of processes to handle workloads

What are your priorities for this organizational review of IME?

- IME notably smaller in comparison to other Medicaid agencies with similar size of populations served therefore staff is stretched thin, juggling many activities and unable to be a true "SME" in one area
- Historical and significant hesitancy to add state FTEs
- IME currently does not own the policy work – rely heavily on vendors
- IME losing expertise on the state side and therefore needs to bring more functions in house
- Vendors have been good partners for the most part but there are some challenges with contract oversight in terms of current workload of state staff

What is your role? What are your typical day-to-day functions and/or processes as part of this role?

- Contract managers typical functions – contract monitoring and approval of vendor's work, reviewing performance reports, coordinating operational needs, communications i.e. responding to RFIs/emails/data requests, contract amendments, invoices, filling in as a SME if there is no identified person
- Bureau Chiefs typical functions – compliance checks, quality reporting, report review, program administration, supervise, advise on SPAs/waivers
- IME staff wear many "hats" i.e. serve multiple functions outside of main role

What contracts do you currently oversee/manage?

- See Exhibit 5: Stakeholder Interviews Conducted

For each of the contracts that you oversee/manage, please describe your relationship with the vendor on a day-to-day basis.

- Overall contract managers have positive relationships with their vendors
- Contract managers struggle in knowing what the full scope of the vendor contracts are which sometimes slows down activities/request i.e. more time spent on figuring out "what is in scope" than the actual request itself

From a performance standpoint, please describe potential areas for improvement of each of the vendors for which you are currently overseeing or managing a contract.

- Overall vendor performance is strong/up to par
- Vendors get caught up in day-to-day activities which disallows them from seeing the "big picture view"
- IME needs better quality assurance processes/procedures embedded into contracts

What opportunities do you see for improving efficiencies for any of the major IME functions and/or processes?

- IME needs more internal expertise in the following areas – policy, clinical, data/analytics, fiscal
- IME needs better succession planning i.e. training manuals, cross-training, operational procedures (when people leave, the institutional knowledge usually goes as well, which is problematic)
- IME needs better restructuring of bureaus to not only match their current managed care environment but to streamline communications and create more efficiencies amongst teams/across bureaus
- In general, it takes a long time to fulfill data requests because vendors do not understand state systems the way internal staff do
- There are some current processes that may no longer be necessary since the shift from FFS to Managed Care (e.g. cost reporting)
- Limitations in IME staffing make it difficult to see the "big picture"/overall health of the program (too caught up in the weeds, day-to-day tasks)
- Bureaucratic environment at IME creates a lot of "checks and balances" which makes approvals to carry out tasks challenging

Based on current levels of staffing, are there any functions and/or processes currently outsourced you feel could be handled internally? Are there any functions and/or processes you feel should be outsourced to a vendor?

- Policy-focused roles (including on the rate-setting and clinical side – especially the Medical Director position) should be in-house – would supplement development of policies and ensure better monitoring of programs and their performance
- Having more policy SMEs in-house will help ensure continuity of training/knowledge in cases where vendor staff leaves or changes
- IME's currently offered salaries for policy-level positions not competitive enough based on market

- Need to have more "point people" in IME for better cross-communication (i.e. liaisons)

Are you aware of any roadblocks that hinder current efficiencies for any of IME's major contracts and/or functions?

- Difficulties in balancing work – are usually taken away from daily responsibilities because of projects that arise
- Significant amount of time spent on projects/tasks that take away from innovation and creating new/enhanced policies; no time to be "actionable" and focus on policies
- Not enough resources (including SMEs) in IME – results in staff focusing more on compliance on contracts rather than outcomes
- Resources (financial) being tied up into contracts – these are resources that could be invested into the state team

What are your suggestions—if any— for specific opportunities to enhance effectiveness and efficiency for the organization overall?

- IME needs more in-house SMEs to help with legislative duties/SH interfacing (right now, the vendors are the "SMEs" and unable to attend these types of meetings)
- IME needs better cross-agency collaboration (e.g. DPH – lots of crossover in programs/populations served)
- IME contract managers are having to also wear a "policy hat" when the roles should be separate
- Oversight and communication issues with MCOs – challenges with holding them accountable
- More unification across payers

What is your assessment of current IME organizational capabilities and infrastructure and how these are structured?

- IME would benefit from a restructure to be a more effective Medicaid agency
- IME staff spend a lot of time spent on RFIs, FOIAs, Director's letters
- Hard for decisions to be made – vendors SMEs but do not have the authority to and IME's current hierarchical structure makes it also challenging
- Bureaucratic structure puts a lot of pressure on leadership in terms of making decisions

From your perspective, what factors should determine which functions are outsourced or retained in-house?

- IME needs more SMEs
- IME has a lot of cumbersome processes
- No succession plan for agency
- Iowa a tough state to recruit to

COMPARISON TO SIMILAR STATE MEDICAID ORGANIZATIONS

To support the assessment of current IME organizational capabilities and infrastructure and opportunities to enhance effectiveness and efficiency as it relates to the review and evaluation of the major functions that IME currently outsources through eight contracts, HMA completed research on similar state Medicaid organizations using a two-step process. HMA's first step was to identify similar states to Iowa in terms of the Medicaid program's size and scope. To do so, HMA took into account the following criteria: total Medicaid spending, total Medicaid enrollment, Medicaid managed care status, and Medicaid expansion status. Based on these criteria, HMA identified the comparison states listed in Exhibit 6 below as similar to Iowa:

Exhibit 6: Iowa Medicaid Comparison States

State	Total Medicaid Spending (State Fiscal Year 2019)	Total Medicaid Enrollment (July 2020)	Managed Care Status	Medicaid Expansion Status
Oregon	$9.5 billion	1,066,371	Yes	Yes
New Mexico	$5.3 billion	780,781	Yes	Yes
Iowa	**$5.3 billion**	**708,907**	**Yes**	**Yes**
Nevada	$4.0 billion	695,931	Yes	Yes
Rhode Island	$2.6 billion	308,847	Yes	Yes

Source: Kaiser Family Foundation, State Health Facts, https://www.kff.org/statedata.

With the comparison states identified, HMA completed the second step consisting of targeted research for each comparison state. This targeted research identified how IME's decisions regarding outsourced operational functions (in whole or in part) compared to the decisions regarding outsourced operational functions (in whole or in part) in the comparison states, as illustrated in Exhibit 7 below:

Exhibit 7: Medicaid Operational Functions Inventory

Operational Function	Description	Organization Outsources Function?				
		OR	NM	IA	NV	RI
Benefit Administration	Designing and implementing medical clinical policies for covered services	No	No	Yes*	No	No
Care Management	Coordinating services and support to members to address behavioral health needs, physical health needs, and social needs	Yes	No	**Yes**	No	Yes
Claims	Processing and auditing of claims submitted for payment	Yes	Yes	**Yes**	Yes	Yes
Communications	Managing media engagement and stakeholder engagement	No	No	**No**	Yes	No
Compliance	Ensuring adherence to applicable state and federal laws and regulations	No	No	**No**	No	No

Operational Function	Description	Organization Outsources Function?				
		OR	NM	IA	NV	RI
Data Analytics and Reporting	Assessing raw data to present conclusions and producing ongoing and ad hoc reports	No	Yes	**No**	No	No
Eligibility	Making eligibility determinations	No	No	**No**	No	No
Enrollment	Effectuating enrollment in managed care	No	Yes	**Yes**	No	No
Financial Analytics	Forecasting and modeling financial impacts and results	No	Yes	**No**	No	No
Financial Operations	Completing accounting and budgeting for financial transactions	No	No	**No**	No	No
Information Technology	Overseeing the performance of hardware, software, and systems that support operations	No	No	**No**	No	No
Intergovernmental Affairs	Addressing issues and seeking alignment with other state governmental entities including those that are a part of the executive branch and the legislative branch	No	No	**No**	No	No
Legal Services	Providing advice on contract terms, statutory interpretation, and litigation	No	No	**No**	No	No
Member Services	Fielding and resolving inquiries from members	No	No	**Yes***	Yes	No
Policy and Regulation	Developing and interpreting rules and regulations to achieve aims	No	No	**Yes***	No	No
Program Integrity	Combating fraud, waste, and abuse by members, providers, or vendors	No	No	**Yes***	No	No
Provider Engagement and Contracting	Conducting outreach to and executing agreements with providers to deliver care to members	No	No	**Yes***	No	No
Utilization Management	Assessing the medical necessity of services using evidence-based standards	Yes	No	**Yes**	Yes	No

*Note: Operational function outsourced by Iowa but not outsourced by any comparison state

Of the 18 operational functions defined for the research, Iowa outsources nine of these. For the four comparison states, outsourcing four operational functions (Nevada and New Mexico) was the highest number. This illustrates that Iowa is significantly more reliant on outsourced functions compared to these states. It is also worth noting that no comparison state outsources five of the operational functions that are outsourced by Iowa including benefit administration, member services, policy and regulation, program integrity, and provider engagement and contracting.

DETAILED RECOMMENDATIONS

#1: Core MMIS: Amend Contract for Project Management Software

Criteria	Discussion: Core MMIS- Amend Contract for Project Management Software
Contract Details	▪ **Contract:** Core MMIS ▪ **Vendor:** Noridian Healthcare Solutions ▪ **Term and Extensions:** Contract term ends 6/30/2023; five, one-year extensions remaining ▪ **Maximum Value:** $54,946,159
Recommendation	▪ Continue to outsource core MMIS function ▪ Amend contract to require use of IME project management software
Findings	▪ No significant performance issues noted, per stakeholder interviews ▪ Strengths noted: relationship with vendor is highly operational and reflects the expectations of the contract: – Strong working relationship with the vendor account manager – Efficient project management processes – Regular vendor communication around systems changes ▪ Outsourcing core MMIS functions is common practice in state Medicaid agencies ▪ Would be challenging for IME to recruit the type and level of technical expertise needed to fulfill contract scope as an insourced function ▪ Issue identified is that vendor uses a different project management software than IME—which has posed challenges
Strategic and Operational Impact	▪ No disruption to operations expected ▪ Departmental efficiencies gained through streamlined communications requiring less manual intervention
New Role or Insourced Role	▪ **New Roles:** None ▪ **Insourced Roles:** None ▪ **Other:** No cost and minimal one-time effort required by IME to test
Financial Impact (All Funds)	▪ No impact

Criteria	Discussion: Core MMIS- Amend Contract for Project Management Software
Dependency on Other Changes or Functions	▪ No impact
Organizational Lift Required	▪ Minimal impact
Implementation Alternatives	▪ Wait until time of contract extension to amend contract (implementation July 2023)
Timing/RFP Logistics	▪ Less than 12 months if current contract allows amendment
Key Implementation Activities	▪ Develop contract amendment and negotiate with vendor ▪ Work with vendor on software and interface testing

#2: Member and Provider Services: Insource Customer Service Escalation Function

Criteria	Discussion: Member and Provider Services- Insource Customer Service Escalation Functions
Contract Details	▪ **Contracts:** Member Management, Consumer Assistance, and Eligibility Help Desk Services; Provider Services ▪ **Vendor:** Maximus ▪ **Term and Extensions:** Contract term ends 6/30/21; three, one-year options remaining ▪ **Maximum Value:** $17,655,197/$16,236,906
Recommendation	▪ Continue to outsource call center and help desk functions ▪ Insource customer escalation function to ensure full control and resolution of escalations
Findings	▪ Some performance issues noted with both member services and provider services customer assistance functions, which appear to be related to staff turnover, insufficient training, and unclear performance expectations; currently working on resolving issues with call center technology that facilitates remote work during the pandemic ▪ Provider Services contract was reported to have significant performance issues requiring a considerable amount of IME time to resolve escalated provider issues, without a specific provider services SME; significant differences in interpretation of how policy should be implemented and operationalized; significant risk around the appropriate and accurate application of policy ▪ Contract gets a lot of attention from stakeholders in terms of provider complaints and escalation of issues regarding unresolved claims ▪ Existing vendor-based provider liaison resolves provider claims and other issues escalated from the MCOs, but it is unclear whether resolutions reflect policy priorities and are applied consistently ▪ Concern about addressing members with critical health needs to ensure they are getting the appropriate placement of services ▪ No specific performance issues noted for general call center functions, although performance is generally self-reported by the vendor and could be improved with greater oversight and specific contractual performance standards (see recommendation #3) ▪ Call centers are routinely outsourced by similar agencies and logistics of insourcing call center employees would be prohibitive and would likely not be cost-effective ▪ Widespread consensus among the stakeholders interviewed to keep call center functions outsourced

Criteria	Discussion: Member and Provider Services- Insource Customer Service Escalation Functions
Strategic and Operational Impact	▪ Enhances quality of services to members, which is one of IME's strategic priorities, particularly related to the issue of escalation and responses for members in crisis ▪ Improves effectiveness of issue escalation that involves inter-agency resolution and coordination to resolve issues and support individual needs ▪ Reduces liability risk related to delays in responding to critical member issues ▪ Improves effectiveness and timeliness of IME communications support by prioritizing the function
New Role or Insourced Role	▪ **New Roles:** 1 Policy FTE and 2 Support FTEs ▪ **Insourced Roles:** None ▪ **Other:** None
Financial Impact (All Funds)	▪ **1 Policy FTE:** $85,710 to $132,584 (Executive Officer 2, Pay Grade 32) ▪ **1 Support FTE:** $75,549 to $114,988 (Program Planner 3, Pay Grade 29) ▪ **1 Support FTE:** $75,549 to $114,988 (Program Planner 3, Pay Grade 29)
Dependency on Other Changes or Functions	▪ Ability to manage this function could depend on recommendation #3, which calls for the creation of a new SME role to oversee member services and provider services call center performance
Organizational Lift Required	▪ Will require legislative approval for increase in FTEs ▪ May require systems interfaces and testing to allow for adequate data sharing and communication between IME-based customer escalations team and vendor-based call center resources
Implementation Alternatives	▪ Consider implementing more direct performance standards if the function remains outsourced, including customer inquiry response times, limitations on employee turnover, and preapproval of training materials
Timing/RFP Logistics	▪ Likely implementation no sooner than 7/1/22 ▪ Current contract ends at 6/30/21 but it is unlikely that IME FTEs would be approved by then
Key Implementation Activities	▪ Identify exact positions and functions to insource ▪ Determine appropriate staffing for the function, which may not align exactly with currently outsourced positions ▪ Submit and obtain legislative approval for increase in IME FTEs ▪ Issue contract amendment for extension effective 7/1/22 to remove FTEs and adjust performance standards

Criteria	Discussion: Member and Provider Services- Insource Customer Service Escalation Functions
	▪ Conduct recruitment and hiring process for insourced positions, developing position descriptions, and asking individuals in the current outsourced positions to follow normal recruitment processes ▪ Develop internal policies, procedures, training materials, performance monitoring standards, performance assessment tools, and other required departmental tools ▪ Implement and test appropriate systems and data interfaces to facilitate communications between IME team and vendor staff ▪ Identify functional oversight for the insourced team (see recommendation #3)

#3: Member and Provider Services: Create SME Role to Manage Call Center Performance

Criteria	Discussion: Member and Provider Services- Create SME Role to Manage Call Center Performance
Contract Details	▪ **Contracts:** Member Management, Consumer Assistance, and Eligibility Help Desk Services; Provider Services ▪ **Vendor:** Maximus ▪ **Term and Extensions:** Contract term ends 6/30/21; three, one-year options remaining ▪ **Maximum Value:** $17,655,197/$16,236,906
Recommendation	▪ Keep call center and help desk functions outsourced ▪ Create role for SME to act as a policy SME and oversee call center performance with responsibility for: – Understanding and applying managed care policy to help guide members and providers through standard processes – Creating and maintaining industry-accepted performance standards – Reviewing call center metrics against performance standards on a pre-scheduled basis – Overseeing resolution and ongoing monitoring of performance issues – Overseeing insourced customer escalation function (see recommendation #2)
Findings	▪ Although no specific performance issues were noted for general call center functions, performance is generally self-reported by the vendor and could be improved with greater oversight and more specificity on industry-accepted contractual performance standards ▪ No IME SME to ensure managed care policy is appropriately implemented for member and provider services functions and to understand policy implications of day-to-day operational processes and decision-making in the member services function; no "big picture" view ▪ Logistics of insourcing call center employees would be administratively burdensome; consensus among the stakeholders interviewed to keep call center functions generally outsourced, but enhance specific performance monitoring and oversight
Strategic and Operational Impact	▪ Enhances quality of member services, which is one of IME's strategic priorities, and improves member experience and satisfaction ▪ Reduces liability risk related to delays in responding to member issues or ineffective solutions

Criteria	Discussion: Member and Provider Services- Create SME Role to Manage Call Center Performance
New Role or Insourced Role	▪ **New Roles:** 1 FTE shared across member services and provider services ▪ **Insourced Roles:** None ▪ **Other:** None
Financial Impact (All Funds)	▪ $85,710 to $132,584 (Executive Officer 2, Pay Grade 32) ▪ Cost shared across member services and provider services
Dependency on Other Changes or Functions	▪ None
Organizational Lift Required	▪ Will require legislative approval for increase in FTEs and corresponding new personnel cost
Implementation Alternatives	▪ Consider whether savings on efficiencies in the member services and provider services contracts with greater oversight can offset increased IME personnel cost
Timing/RFP Logistics	▪ Proposed implementation by 12/31/21, assuming IME FTE can be approved in that timeframe ▪ Not dependent on current contract term, which ends at 6/30/21, since it is a newly created position ▪ Immediate responsibilities would be upgrading contractual performance standards and making sure they are in the contract extension beginning 7/1/22 ▪ Ability to adjust and begin monitoring performance would not be implemented until new performance standards take place during contract extension beginning 7/1/22
Key Implementation Activities	▪ Submit and obtain legislative approval for increase in IME FTEs and personnel cost ▪ Issue contract amendment for extension effective 7/1/22 to adjust performance standards ▪ Develop position description and conduct recruitment and hiring process for SME role ▪ Develop internal policies, procedures, training materials, performance monitoring standards, performance assessment tools, and other required departmental tools (see recommendation #2)

#4: Member and Provider Services: Create Policy Oversight Role

Criteria	Discussion: Member and Provider Services- Create Policy Oversight Role
Contract Details	▪ **Contracts:** Member Management, Consumer Assistance, and Eligibility Help Desk Services; Provider Services ▪ **Vendor:** Maximus ▪ **Term and Extensions:** Contract term ends 6/30/21; three, one-year options remaining ▪ **Maximum Value:** $17,655,197/$16,236,906
Recommendation	▪ Keep call center and help desk functions outsourced ▪ Create new role to oversee appropriate application of managed care and FFS policy for member services and provider services
Findings	▪ No IME SME to ensure policies are appropriately implemented for member services or provider services functions and to understand policy implications of day-to-day operational processes and decision-making in the provider services function; no "big picture" view ▪ Lack overarching policy SME (internally and externally) which results in daily issues; considerable vendor pushback on policy and how to operationalize it ▪ Long history of contract disputes, particularly on the provider services contract, including pushback on scope of FFS functions and specific concerns over manuals, which are time-consuming to resolve and require policy input ▪ Logistics of insourcing call center employees would be administratively burdensome; consensus among the stakeholders interviewed to keep call center functions generally outsourced, but enhance specific performance monitoring and oversight
Strategic and Operational Impact	▪ Enhances quality of member and provider services, which is critical to IME's strategic priorities, and improves Member and Provider experience and satisfaction ▪ More effectively links provider-facing services for the FFS program to IME policy priorities
New Role or Insourced Role	▪ **New Roles:** 1 FTE ▪ **Insourced Roles:** None ▪ **Other:** None

Criteria	Discussion: Member and Provider Services- Create Policy Oversight Role
Financial Impact (All Funds)	▪ $85,710 to $132,584 (Executive Officer 2, Pay Grade 32)
Dependency on Other Changes or Functions	▪ None
Organizational Lift Required	▪ Will require legislative approval for increase in FTEs and corresponding new personnel cost
Implementation Alternatives	▪ Consider using the RFP process to identify a different vendor, without sacrificing any synergies with Maximus on the Member Services contract
Timing/RFP Logistics	▪ Likely implementation no sooner than 7/1/22 ▪ Current contract ends at 6/30/21 but it is unlikely that IME FTEs would be approved by then
Key Implementation Activities	▪ Submit and obtain legislative approval for increase in IME FTEs ▪ Issue contract amendment for extension effective 7/1/22 to adjust requirements, as applicable ▪ Develop position description and conduct recruitment and hiring process ▪ Develop internal policies, procedures, training materials, performance monitoring standards, performance assessment tools, and other required departmental tools

#5: Provider Cost Audit and Rate Setting: Create Senior Leadership Finance Position

Criteria	Discussion: Cost Audit and Rate Setting- Create Senior Leadership Finance Position
Contract Details	▪ **Contract:** Provider Cost Audit and Rate Setting ▪ **Vendor:** Myers and Stauffer ▪ **Term and Extensions:** Contract term ends 6/30/21; two, one-year options remaining ▪ **Maximum Value:** $34,593,883
Recommendation	▪ Retain outsourced vendor and functions, with possible reduction in analytic support activities ▪ Create senior leadership finance position to oversee and approve rate setting within policy context and the financial implications of other policy and operational decisions; likely link to the DHS CFO's office
Findings	▪ Minimal contract issues identified; vendor reported to be a long-tenured, "well-oiled machine" that has been with IME for a long time with minimal issues and a strong, efficient process, although IME does not appear to have internal SME resources to fully assess contract performance ▪ Have increasingly used this vendor for ongoing consultation and rely heavily on them with analyzing legislative mandates and fiscal analyses ▪ Unclear who approves final rates at IME and how rate setting decisions reflect policy priorities ▪ Medicaid director is required to be involved in detailed rate setting discussions and process
Strategic and Operational Impact	▪ Critical to aligning policy with financial implications ▪ Enhanced alignment of rate setting with policy priorities within financial parameters ▪ Finance-oriented resource to absorb day-to-day responsibilities that fall to the Medicaid director since there are no other SME resources available
New Role or Insourced Role	▪ **New Roles:** 1 FTE ▪ **Insourced Roles:** None ▪ **Other:** None
Financial Impact (All Funds)	▪ $122,279 to $174,119 (Executive Officer 4, Pay Grade 38)

Criteria	Discussion: Cost Audit and Rate Setting- Create Senior Leadership Finance Position
Dependency on Other Changes or Functions	▪ None
Organizational Lift Required	▪ Will require legislative approval for increase in FTEs and corresponding new personnel cost that is expected to be significant
Implementation Alternatives	▪ None noted
Timing/RFP Logistics	▪ Proposed implementation by 12/31/21, assuming IME FTE can be approved in that timeframe ▪ Not dependent on current contract term, which ends at 6/30/21, since it is a newly created position ▪ Immediate responsibilities would be amending the contract extension beginning 7/1/22 to reflect responsibilities that will be assumed by the newly created role (should be cost savings)
Key Implementation Activities	▪ Submit and obtain legislative approval for increase in IME FTEs and personnel cost ▪ Issue contract amendment for extension effective 7/1/22 to adjust analytic responsibilities ▪ Develop position description and conduct recruitment and hiring process for finance role ▪ Develop internal policies, procedures, training materials, performance monitoring standards, performance assessment tools, and other required departmental tools

#6: Revenue Collections and Estate Recovery: Create Technical and Policy SME Oversight Role

Criteria	Discussion: Revenue Collections- Create Technical and Policy SME Oversight Role
Contract Details	▪ **Contract:** Revenue Collections and Estate Recoveries ▪ **Vendor:** HMS ▪ **Term and Extensions:** Contract term ends 6/30/21; three, one-year options remaining ▪ **Maximum Value:** $35,228,668
Recommendation	▪ Retain outsourced vendor and functions ▪ Create technical and policy SME role over COB, TPL, and estate recoveries
Findings	▪ Some internal concerns about performance but limited SME resources internally at IME to adequately assess contract performance and determine whether vendor is the right fit; they are well-known nationally, but with mixed reviews from other states on performance that are similar to IME's concerns ▪ Difficult to negotiate with around quality assurance activities without an IME SME to define specific performance expectations ▪ Significant concerns about lack of alignment between vendor and MCOs, with burden on IME to resolve issues relating to responsibilities and coordination ▪ Medicaid director is often to be involved in detailed day-to-day issue resolution with MCOs
Strategic and Operational Impact	▪ Potential opportunity to improve financial performance through increased revenue collections with greater IME SME vendor oversight and improved quality assurance on performance expectations ▪ Enhanced relationships with MCOs and less conflict relating to responsibilities and coordination ▪ Reduction in day-to-day operational responsibilities of the Medicaid director to focus on IME departmental policy
New Role or Insourced Role	▪ **New Roles:** 1 FTE ▪ **Insourced Roles:** None ▪ **Other:** None
Financial Impact (All Funds)	▪ $85,710 to $132,584 (Executive Officer 2, Pay Grade 32)

Criteria	Discussion: Revenue Collections- Create Technical and Policy SME Oversight Role
Dependency on Other Changes or Functions	▪ Should consider issuing an RFP with the potential to change vendors or restructure contractual expectations significantly
Organizational Lift Required	▪ Will require legislative approval for increase in FTEs and corresponding new personnel cost that is expected to be significant
Implementation Alternatives	▪ Consider using the RFP process to identify a different vendor that will negotiate broader quality assurance controls and activities; would still want to consider SME oversight role that could potentially be funded through contract restructuring (see recommendation #8)
Timing/RFP Logistics	▪ Proposed implementation by 12/31/21, assuming IME FTE can be approved in that timeframe ▪ Not dependent on current contract term, which ends at 6/30/21, since it is a newly created position ▪ Immediate responsibilities would be amending the contract extension beginning 7/1/22 or issuing a new RFP
Key Implementation Activities	▪ Submit and obtain legislative approval for increase in IME FTEs and personnel cost ▪ Issue contract amendment for extension effective 7/1/22 or new RFP ▪ Develop position description and conduct recruitment and hiring process for technical and policy SME role ▪ Develop internal policies, procedures, training materials, performance monitoring standards, performance assessment tools, and other required departmental tools

#7: Revenue Collections and Estate Recovery: Rebid and Restructure Contract through RFP Process

Criteria	Discussion: Revenue Collections- Rebid and Restructure Contract through RFP Process
Contract Details	▪ **Contract:** Revenue Collections and Estate Recoveries ▪ **Vendor:** HMS ▪ **Term and Extensions:** Contract term ends 6/30/21; three, one-year options remaining ▪ **Maximum Value:** $35,228,668
Recommendation	▪ Retain outsourced vendor and functions ▪ Rebid and restructure contract through RFP Process at soonest available time (effective 7/1/22) in conjunction with enhanced SME oversight of performance and activities (see Recommendation #7)
Findings	▪ Some internal concerns about performance, but limited SME resources internally at IME to adequately assess contract performance and determine whether vendor is the right fit; they are well-known nationally, but with mixed reviews from other states on performance that are similar to IME's concerns ▪ Difficult to negotiate with around quality assurance activities without an IME SME to define specific performance expectations ▪ Significant concerns about lack of alignment between vendor and MCOs, with burden on IME to resolve issues relating to responsibilities and coordination ▪ Medicaid director is often to be involved in detailed day-to-day issue resolution with MCOs
Strategic and Operational Impact	▪ Opportunity to improve financial performance through more efficient contracting and potential improvement in revenue collections with more defined quality assurance activities and performance expectations and greater IME SME vendor oversight ▪ Enhanced relationships with MCOs and less conflict relating to responsibilities and coordination
New Role or Insourced Role	▪ **New Roles:** None ▪ **Insourced Roles:** None ▪ **Other:** None
Financial Impact (All Funds)	▪ Unknown at this time but should be structured to result in cost savings and/or increased revenue collections

Criteria	Discussion: Revenue Collections- Rebid and Restructure Contract through RFP Process
Dependency on Other Changes or Functions	▪ Should be structured along with an IME SME with oversight responsibilities
Organizational Lift Required	▪ Will require full RFP development, approval, issuance, selection, and contract negotiation ▪ Will require transition planning and activities if a new vendor is selected
Implementation Alternatives	▪ Consider using the RFP process to identify a different vendor that will negotiate broader quality assurance controls and activities; would still want to consider SME oversight role that could potentially be funded through contract restructuring (see recommendation #8)
Timing/RFP Logistics	▪ Proposed implementation by 7/1/22 at termination of one contract extension period ▪ Would be to a large extent dependent on hiring a SME to restructure contract expectations and over the RFP process (see recommendation #7)
Key Implementation Activities	▪ Issue RFP in sufficient time to select vendor and complete contract negotiation to become effective 7/1/22 ▪ Develop internal policies, procedures, training materials, performance monitoring standards, performance assessment tools, and other required departmental tools

#8: QIO Services: Create Senior Leadership Medical Director Position

Criteria	Discussion: Quality Improvement Organization Services- Create Senior Leadership Medical Director Position
Contract Details	▪ **Contract:** QIO Services ▪ **Vendor:** Telligen ▪ **Term and Extensions:** Contract term ends 6/30/21; three, one-year options remaining ▪ **Maximum Value:** $57,177,130
Recommendation	▪ Retain outsourced vendor and functions ▪ Create senior leadership medical director position to develop and oversee clinical policy and priorities
Findings	▪ Contract is significant with complex clinical issues, such as: – Medical policy development, implementation, and oversight – Prior authorizations, coverage determinations, and reimbursement decisions – Best practices in claims payment and related coding and clinical documentation – Collaboration with MCOs to approve implementation of clinical policy – Claims and benefits policy around new services and emerging care models – Long-term services and supports certification ▪ Vendor in essence plays medical director: codes, prior authorization, guidance on medical policy related to benefits and quality, best practices for claims payments, authorizations, and other clinical decision-making ▪ Clinical oversight is rarely outsourced by Medicaid programs and abdicates responsibility for program quality, increasing liability risk and limiting the ability to align clinical policies with actual implementation ▪ Certain functions would likely be improved by insourcing, although strong clinical leadership should make the determination on priorities (e.g., quality activities, health home oversight) ▪ Unclear who sets, approves, and monitors the compliant and effective implementation of clinical policy at IME and whether vendor decisions reflect IME policy priorities ▪ Medicaid director is required to be involved in detailed decision-making and process discussions with no clinical background
Strategic and Operational Impact	▪ Critical to aligning clinical policy and priorities; likely to have financial as well as quality impacts on the overall Medicaid program ▪ Enhanced alignment and monitoring of clinical policy priorities

Criteria	Discussion: Quality Improvement Organization Services- Create Senior Leadership Medical Director Position
	▪ Clinical resource to absorb day-to-day responsibilities that fall to the Director since there are no other SME resources available ▪ Reduces liability risk on actual patient care and coverage decisions through enhanced clinical input
New Role or Insourced Role	▪ **New Roles:** 1 FTE ▪ **Insourced Roles:** None ▪ **Other:** None
Financial Impact (All Funds)	▪ $277,281 to $394,364 (Physician, Pay Grade 55)
Dependency on Other Changes or Functions	▪ Changes to clinical policy, priorities, or operating expectations are likely to affect MCOs
Organizational Lift Required	▪ Will require legislative approval for increase in FTEs and corresponding new personnel cost that is expected to be significant
Implementation Alternatives	▪ Should be considered along with potential insourcing of clinical oversight activities and other critical areas, but clinical senior leader should be involved in prioritizing activities and any contract restructuring ▪ Could consider ongoing part-time role; some of the upfront prioritization of clinical policies and activities in preparation for a full RFP process could be a one-time expenditure for a qualified consultant under the medical director's supervision
Timing/RFP Logistics	▪ Proposed implementation by 12/31/21, assuming IME FTE can be approved in that timeframe ▪ Not dependent on current contract term, which ends at 6/30/21, since it is a newly created position ▪ Immediate responsibilities would be assessing clinical policy, clinical and contract performance, and opportunities to improve program quality and efficiency through contract restructuring ▪ Goal to amending the contract extension beginning 7/1/23 to reflect results of the clinical senior leader's assessment and prioritization process
Key Implementation Activities	▪ Submit and obtain legislative approval for increase in IME FTEs and personnel cost ▪ Issue contract amendment for extension effective 7/1/22; potential adjustment of activities and cost to reflect any assumed by new clinical senior leader

Criteria	Discussion: Quality Improvement Organization Services- Create Senior Leadership Medical Director Position
	▪ Develop position description and conduct recruitment and hiring process for medical director role ▪ Develop internal policies, procedures, training materials, performance monitoring standards, performance assessment tools, and other required departmental tools ▪ Conduct full assessment of contract scope and performance, along with IME clinical policies and priorities, to identify opportunities to improve program quality, plan for emerging clinical trends, and prioritize insourcing or other operational changes

#9: Program Integrity Services: Create Senior Leadership Role, Restructure and Rebid RFP

Criteria	Discussion: Program Integrity Services- Create Senior Leadership Role, Restructure and Rebid RFP
Contract Details	▪ **Contract:** Program Integrity ▪ **Vendor:** IBM ▪ **Term and Extensions:** Contract term ends 6/30/21; no extensions remaining; sole-source, single-year contract being processed ▪ **Maximum Value:** $16,318,962
Recommendation	▪ Retain outsourced support functions ▪ Create senior leadership program integrity role to act as a policy SME, set program integrity goals and direction, and oversee technical aspects of the outsourced contract ▪ Rebid and restructure contract during next RFP process with specific emphasis on: – Removing activities that are no longer relevant – Restructuring staffing to remove management roles – Appropriate performance measures – Effective data-centered monitoring practices – New activities related to inclusion of dental, pharmacy, and behavioral health – Medicaid drug rebates
Findings	▪ Vendor performance is reported to be good—knowledgeable about rules and regulations, recoup a substantial amount of overpayment in comparison to the MCOs, routinely use data to find irregularities and patterns, adequate at overseeing the MCOs—with small incidents requiring a corrective action plan, but no recent performance concerns and willingness to work together to fix issues ▪ Vendor has strong data analytics team and overall processes for identifying potential program integrity concerns that are informed by national experience and best practices; would most likely be cost prohibitive to insource core program integrity functions because of technical skills required ▪ Most decisions about program priorities and operations are made by the vendor, with minimal IME input, since IME does not have a technical or policy SME; in essence, the vendor is making and interpreting policy through its ongoing decisions, some of which affects other IME core functions (e.g., claims processing); this arrangement puts IME at risk by allowing the vendor to "make policy" in the course of fulfilling their contract obligations

Criteria	Discussion: Program Integrity Services- Create Senior Leadership Role, Restructure and Rebid RFP
	▪ Contract scope and requirements contains components that are no longer applicable and requires significant administrative management effort to process amendments, compile and review reports, and monitor performance to make it more relevant ▪ Contract scope and requirements are not current with up-to-date areas of program focus and do not contain sufficient performance metrics or monitoring and reporting processes ▪ Program integrity policies are reported to need overhaul, with greater emphasis on member and provider fraud, rules around enrollment, and identification and resolution of overpayments
Strategic and Operational Impact	▪ Critical to stewardship of Medicaid dollars ▪ Significant reduction in potential exposure on required program paybacks ▪ Strengthened IME oversight of critical program integrity functions ▪ Increased emphasis on current and emerging program integrity concerns ▪ Efficiency in contract administration through streamlined requirements and enhanced performance monitoring
New Role or Insourced Role	▪ **New Roles:** 1 FTE ▪ **Insourced Roles:** None ▪ **Other:** None
Financial Impact (All Funds)	▪ $122,279 to $174,119 (Executive Officer 4, Pay Grade 38)
Dependency on Other Changes or Functions	▪ Revised policy overhaul should be accomplished simultaneously with drafting updated scope and requirements for the RFP
Organizational Lift Required	▪ Will require legislative approval for increase in FTEs and corresponding new personnel cost ▪ Ability to revise program integrity policy while issuing a fully revised RFP will be significant and will be difficult to achieve without
Implementation Alternatives	▪ Identify FTE vacancy within DHS limits to create program integrity policy role as soon as possible to begin process of policy overhaul ▪ Consider outsourcing the RFP development under the oversight of the program integrity policy SME

Criteria	Discussion: Program Integrity Services- Create Senior Leadership Role, Restructure and Rebid RFP
Timing/RFP Logistics	▪ Proposed implementation of new program integrity SME role by 6/30/21, assuming a vacant FTE can be found within DHS, approved, and recruited in that timeframe ▪ Sole-source, single-year contract effective date of 7/1/21 ▪ Immediate priorities would be to assess program integrity policy, confirming how to restructure program integrity roles and which will be insourced or remain at the vendor, developing scope and requirements for RFP to be issued for contract effective date 7/1/22
Key Implementation Activities	▪ Identify vacant DHS FTE that can be used for new program integrity SME ▪ Potentially seek and receive approval for increase in IME FTEs and personnel cost to "give back" the DHS FTE ▪ Develop position description and conduct recruitment and hiring process for medical director role ▪ Thoroughly overhaul program integrity policies to meet current and emerging program integrity focus areas ▪ Conduct full assessment of contract scope and performance, along with IME program integrity policies and priorities, to identify opportunities to improve program quality, plan for emerging trends, and prioritize insourcing or other operational changes ▪ Develop internal policies, procedures, training materials, performance monitoring standards, performance assessment tools, and other required departmental tools to support insourced functions

#10: Pharmacy POS Operations and POS System: Add Contract Manager Position

Criteria	Discussion: Pharmacy POS—Create Pharmacy Technical SME Position
Contract Details	▪ **Contract:** Pharmacy POS Operations and POS System ▪ **Vendor:** Goold Health Systems ▪ **Term and Extensions:** Contract term ends 6/30/22; monthly extension until 9/30/23 ▪ **Maximum Value:** $19,814,275
Recommendation	▪ Retain outsourced vendor and functions ▪ Create contract manager position to allow current combined contract manager/pharmacy technical SME position to be split into two separate roles that would allow pharmacy technical SME to perform enhanced oversight of program and Medicaid prescription drug rebates
Findings	▪ IME has one pharmacist who serves as policy SME and contract manager; the combined function limits the ability of the individual to be effective in either role ▪ Pharmacy function typically requires significant pharmacy and clinical technical oversight of claims processing and drug rebates, separate from ongoing contract management or policy ▪ Challenges with pharmacy oversight in Medicaid drug rebates which has required significant focus since the shift to managed care ▪ Significant effort expended on claims payment disputes and inquiries that would likely have been avoided with a more robust quality assurance process around claims reporting
Strategic and Operational Impact	▪ Enhanced contract efficiency and potential opportunity to restructure during RFP process with more input from technical SME ▪ Decreased program integrity risk and potential paybacks around Medicaid drug rebates
New Role or Insourced Role	▪ **New Roles:** 1 FTE ▪ **Insourced Roles:** None ▪ **Other:** None
Financial Impact (All Funds)	▪ $85,710 to $132,584 (Executive Officer 2, Pay Grade 32)

Criteria	Discussion: Pharmacy POS—Create Pharmacy Technical SME Position
Dependency on Other Changes or Functions	▪ Should be linked to enhancements in the program integrity function
Organizational Lift Required	▪ Will require legislative approval for increase in FTEs and corresponding new personnel cost
Implementation Alternatives	▪ Build more technical oversight and monitoring processes into the upcoming RFP
Timing/RFP Logistics	▪ Proposed implementation by 12/31/21, assuming IME FTE can be approved in that timeframe ▪ Not depend on current contract term, which ends at 6/30/22, since it is a newly created position ▪ Immediate responsibilities would be assessing contract performance with a goal of identifying efficiencies and strengthening monitoring processes, as well as preparing for RFP issuance ▪ Goal to issue an RFP in sufficient time to implement new contract prior to 9/30/23 extension limit
Key Implementation Activities	▪ Submit and obtain legislative approval for increase in IME FTEs and personnel cost ▪ Issue monthly contract amendments for extension starting 7/1/22 ▪ Develop position description and conduct recruitment and hiring process for contract manager role ▪ Conduct full assessment of contract scope and performance, along with IME clinical policies and priorities, to identify opportunities to improve program quality, enhance contract efficiency, plan for emerging clinical trends, and prioritize insourcing or other operational changes