

Department of Human Services
Leveraging and Cost Containment Initiatives
(All amounts in state \$)

ATTACHMENT J

SFY 2004

	Actual YTD thru July 31	Entire SFY ¹		Variance	NOTES:
		Projected	Budgeted		
Leveraging Initiatives:					
ICF/MR Assessment Fee	\$ (9,800)	\$ (9,800)	\$ 6,100,000	\$ (6,109,800)	In effect.
Physician IGT	\$ (94,800)	\$ (94,800)	\$ 13,500,000	\$ (13,594,800)	Rules were noticed and have been adopted (on an emergency basis) on 8/1/03. SPA has been completed, reflecting updated FFP rates and inclusive of Director's and Governor's Office signoffs. SPA was submitted to CMS on 8/12/03. IGT agreement has been executed with UHC, effective 8/13/03. UHC is in the process of providing specified information regarding all affected physicians to be included in the IGT, which is currently anticipated to be available by 8/29/03.
Subtotal Leveraging	\$ (104,700)	\$ (104,700)	\$ 19,600,000	\$ (19,704,700)	
Cost Containment Initiatives:					
Pharmacy SMAC	\$ 158,333	\$ 1,828,525	\$ 1,900,000	\$ (71,475)	Rules completed & approved by Council. SPA completed & in process of being submitted to CMS. Rate update & expansion implementation is 8/1/03 (following a 30-day notice period). Myers & Stauffer are computing multiple draft rates incorporating changes to the current method for determining rates to maximize savings and will provide to the DHS by mid-August. The DHS staff will then make decisions on these changes and a new SMAC list will be put out to providers 30 days prior to implementation.
Pharm. Disp. Fee	\$ 171,856	\$ 2,062,277	\$ 2,177,778	\$ (115,501)	Rules completed & approved by Council. SPA completed & in process of being submitted to CMS. MMIS system change confirmed and in place 7/1/03.
Pharm AWP	\$ 481,314	\$ 2,108,154	\$ 2,040,000	\$ 68,154	Rules completed & approved by Council. SPA completed & in process of being submitted to CMS. MMIS system change confirmed and in place 7/1/03.
Co-Payments: Pres. Drugs	\$ 59,729	\$ 716,752	\$ 633,012	\$ 183,740	Rules completed & approved by Council. SPA completed & in process of being submitted to CMS. MMIS system change confirmed and in place 7/1/03.
Co-Payments: Phys. Ofc. Visits	\$ 38,149	\$ 457,784	\$ 320,988	\$ 136,796	Rules were adopted (on an emergency basis) on 8/11/03. SPA has been completed, reflecting updated FFP rates and inclusive of Director's and Governor's Office signoffs. SPA was submitted to CMS on 8/2/03. Provider info release was sent to physicians on/around 8/13/03. Informational release was sent to all Medicaid recipients on/around 8/13/03. MMIS system change confirmed and in place 7/1/03, with the exception of the \$1.00 copayment for crossovers, which will require some additional programming relative to "place of service - office".
Preferred Drug Lst/Supp. Rebates	\$ -	\$ -	\$ 7,000,000	\$ (7,000,000)	The DHS and ACS have reached an agreement and ACS will accept the contract for the design and development of the PDL and the associated functions. The Department is requesting a detailed workplan for the project and timeline from ACS to be received as soon as possible. The Department will have final approval on these items and will use these to monitor progress of the program. DHS staff is working with the AG's office to develop the contract amendment to the current Fiscal Agent contract. Rules and SPA are in process within the DHS.
Hospital & Hosp-Based NF Xover	\$ (29,383)	\$ (29,383)	\$ 4,256,000	\$ (4,285,362)	Rules completed & approved by Council. SPA completed & in process of being submitted to CMS. MMIS system change confirmed, but claims will be processed with "no change", pending approval of SPA. CMS responded to the Department's request for policy clarification, stating that they need more time to answer the questions and will respond when they formulate an answer.
Utilization Mgmt/Targeted Audits	\$ -	\$ -	\$ 2,000,000	\$ (2,000,000)	Department staff have begun a review of some of the data areas provided by Myers and Stauffer.
Nursing Facility:					
- Elim. of Hold Harmless	\$ 425,000	\$ 5,100,000	\$ 5,100,000	\$ -	In effect.
- NF Re-base - Inflation adjustmt.	\$ (511,171)	\$ (3,088,556)	\$ 3,045,490	\$ (6,134,048)	Effective for claims with DOS on or after 7/1/03. Originally issued rate letters with a -6.7% inflation adjustment; revised letters were sent with a -3.44 inflation adjustment. If a Supplemental Appropriation is not received in January 2004, it is projected that the inflation adjustment will be -10.58% in 1/04.
- Crossover (Freestanding)	\$ 89,000	\$ 1,048,575	\$ 1,056,000	\$ (7,425)	In effect.
- Bedhold	\$ 50,000	\$ 585,162	\$ 600,000	\$ (4,838)	In effect.
- Dual certification	\$ 82,833	\$ 988,000	\$ 994,000	\$ (6,000)	In effect.
Subtotal Cost Containment	\$ 1,014,682	\$ 11,787,311	\$ 31,023,268	\$ (19,235,957)	
Total	\$ 909,982	\$ 11,682,612	\$ 50,623,268	\$ (38,940,657)	

¹ Projected amount is calculated by taking the actual year-to-date amount and extrapolating this amount through the remainder of the state fiscal year, in most cases. Budgeted amount reflects the original estimate.