

**Make Medicaid Sustainable: Possible Cost Containment  
FY 2012 and FY 2013  
Governor's Recommendations**

	FY 2012	FY 2013
Projected General Fund Need	\$ 571,000,000	
 <u>Recommended Cost Containment Options</u>		
Chronic conditions - care management - Significant savings estimate already included in FY 11 budget of \$8M. Cannot recommend more at this time as we need to use all strategies to reach savings target already included in the current year budget.	\$ -	0
Increase Program Integrity efforts - fraud, waste, and abuse. Significant savings estimate already included in FY 11 budget of \$8M. Cannot recommend more at this time as we need to use all strategies to reach savings target already included in the current year budget.	\$ -	0
 <b>Revenue enhancements:</b>		
Shift funding for the nursing facility rate rebase to the NF provider tax; increase the provider tax to the federal maximum	\$ (13,600,000)	\$ (13,600,000)
Shift NF rebase to provider tax (as noted above), but only fund up to a 5% rate increase	\$ (2,000,000)	\$ (2,000,000)
Pharmacy Provider Tax	\$ (5,000,000)	\$ (5,000,000)
Increase ICF/MR Provider Tax to federal maximum of 6%	\$ (820,000)	\$ (1,000,000)
Increase identification of other insurance due to changes in ACA law	\$ (250,000)	\$ (250,000)
 <b>Increase Program Integrity and Recovery from other parties</b>		
Increase monitoring and compliance of Special Needs Trusts	\$ (200,000)	\$ (300,000)
Change state law to allow Medicaid to recover the costs it paid for medical care in cases of Medical Malpractice	\$ (500,000)	\$ (500,000)

**Make Medicaid Sustainable: Possible Cost Containment  
FY 2012 and FY 2013  
Governor's Recommendations**

**Increase use of managed care**

Transition remedial services to the Iowa Plan	\$	(1,500,000)	(1,500,000)
Transition all mental health services to the Iowa Plan to improve integration and coordination of care and ensure community based treatment		?	?
Medical Home - target populations dual eligibles, chronically mentally ill, Disability populations not enrolled in managed care	\$	-	(3,000,000)

**Prescription Drug Efficiencies**

15-day Supply Limit on Initial Fill of Select Medications	\$	(351,000)	\$ (351,000)
Eliminate coverage of certain drug products for weight loss and cold and cough	\$	(152,490)	\$ (152,490)
Replace Average Wholesale Price with a cost-based methodology	\$	(400,000)	\$ (400,000)

**Reduce inappropriate use of Emergency Room**

Change reimbursement policies	\$	(3,500,000)	\$ (3,500,000)
Impose \$11 co-pay to apply when service is not an emergency	\$	(100,000)	\$ (100,000)

**Service limitations in Optional Services to address overutilization**

Chiropractic services for children covered only with primary care referral (same as 18 states)	\$	(750,000)	\$ (750,000)
Institute service limits for therapies	\$	(300,000)	\$ (300,000)
Eliminate coverage of gastric bypass surgery	\$	(350,000)	\$ (350,000)
Increase medical necessity requirements for orthodontia	\$	(1,500,000)	\$ (1,500,000)
Reinstate prior authorization of Case Management services	\$	(350,000)	\$ (350,000)
Institute maximum units on respite services	\$	(2,500,000)	\$ (2,500,000)

**Increase Claims Payment Accuracy and Consistency with Medicare**

Correct Coding Initiative - revised estimate	\$	(1,000,000)	\$ (1,000,000)
Require integrated plan of care for home health and HCBS waivers to reduce duplication of services	\$	(1,000,000)	\$ (1,000,000)
Eliminate payments for 'never events'	\$	(400,000)	\$ (400,000)
Align with Medicare payment policy for physician services provided in a facility setting	\$	(1,000,000)	\$ (1,000,000)
Limit payment on Medicare crossovers to Medicaid fee schedule, and other Medicare crossover changes	\$	(500,000)	\$ (500,000)

**Make Medicaid Sustainable: Possible Cost Containment  
FY 2012 and FY 2013  
Governor's Recommendations**

**Payment Reforms**

Eliminate Medical Education payments to out-of-state hospitals	\$	(600,000)	\$	(600,000)
Change reimbursement policy for DME and assistive devices on the waivers to align with State Plan services	\$	(250,000)	\$	(250,000)
Align reimbursement for durable medical equipment for pharmacies equal to DME providers	\$	(100,000)	\$	(100,000)

**Federal Compliance**

Require completion of PASRR screening prior to start of payment for nursing facilities	\$	(2,500,000)	\$	(400,000)
--	----	-------------	----	-----------

**Other**

Reduce Family Planning Waiver to 133% FPL, eliminate FY 12 expansion (Note: may not be able to reduce income limit for woman who had a pregnancy end while on Medicaid. The current income limit for this group is 300% FPL)	\$	(95,000)	\$	(95,000)
Reduce IowaCare transfer estimate	\$	(431,510)		0

<b>TOTAL STATE GENERAL FUND SAVINGS</b>	\$	(42,000,000)	\$	(42,748,490)
<b>TOTAL FEDERAL SAVINGS</b>	\$	(65,692,308)	\$	(66,863,023)
<b>TOTAL MEDICAID COST REDUCTION</b>	\$	(107,692,308)	\$	(109,611,513)