

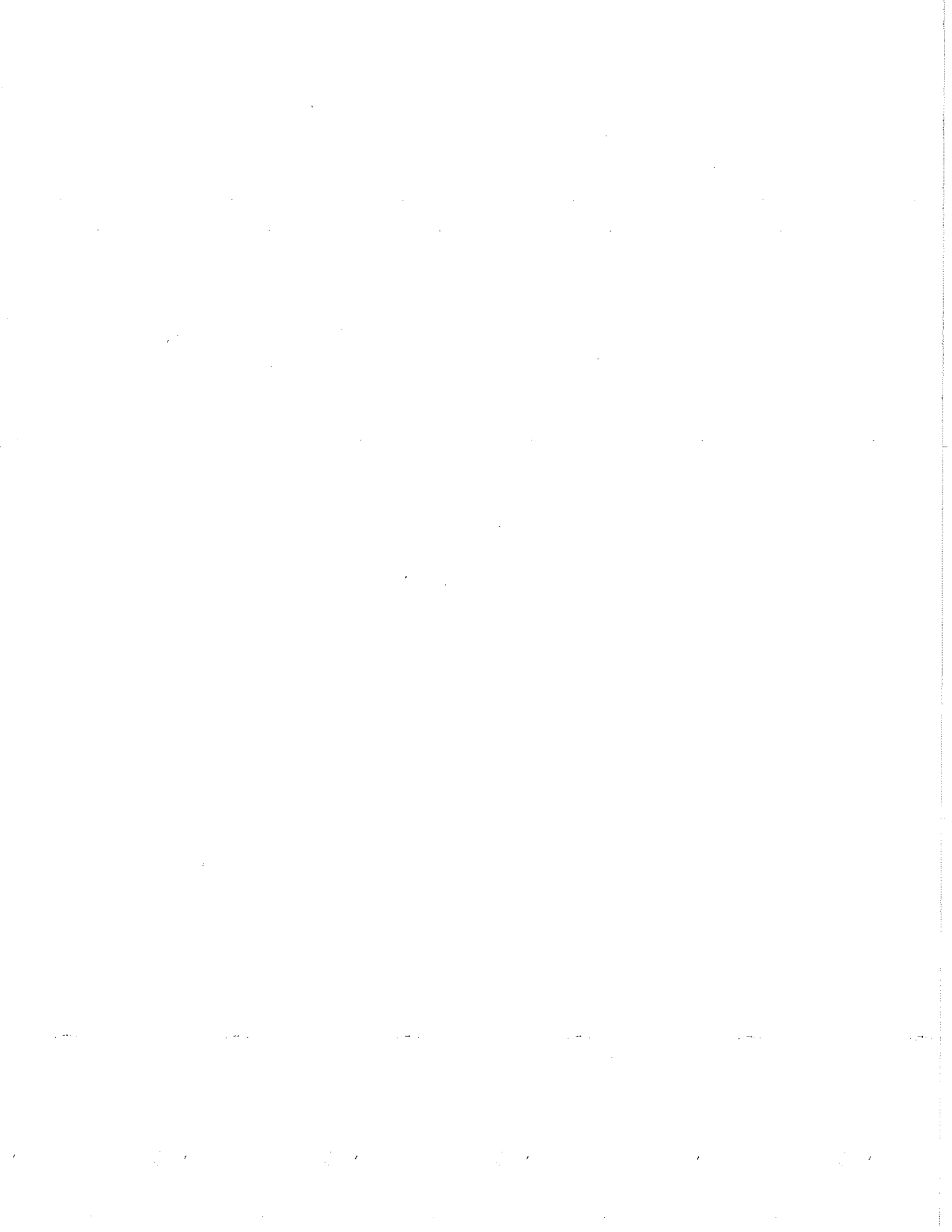
IOWA DEPARTMENT OF

INSPECTIONS & APPEALS

Fiscal Year 2013
Budget Presentation

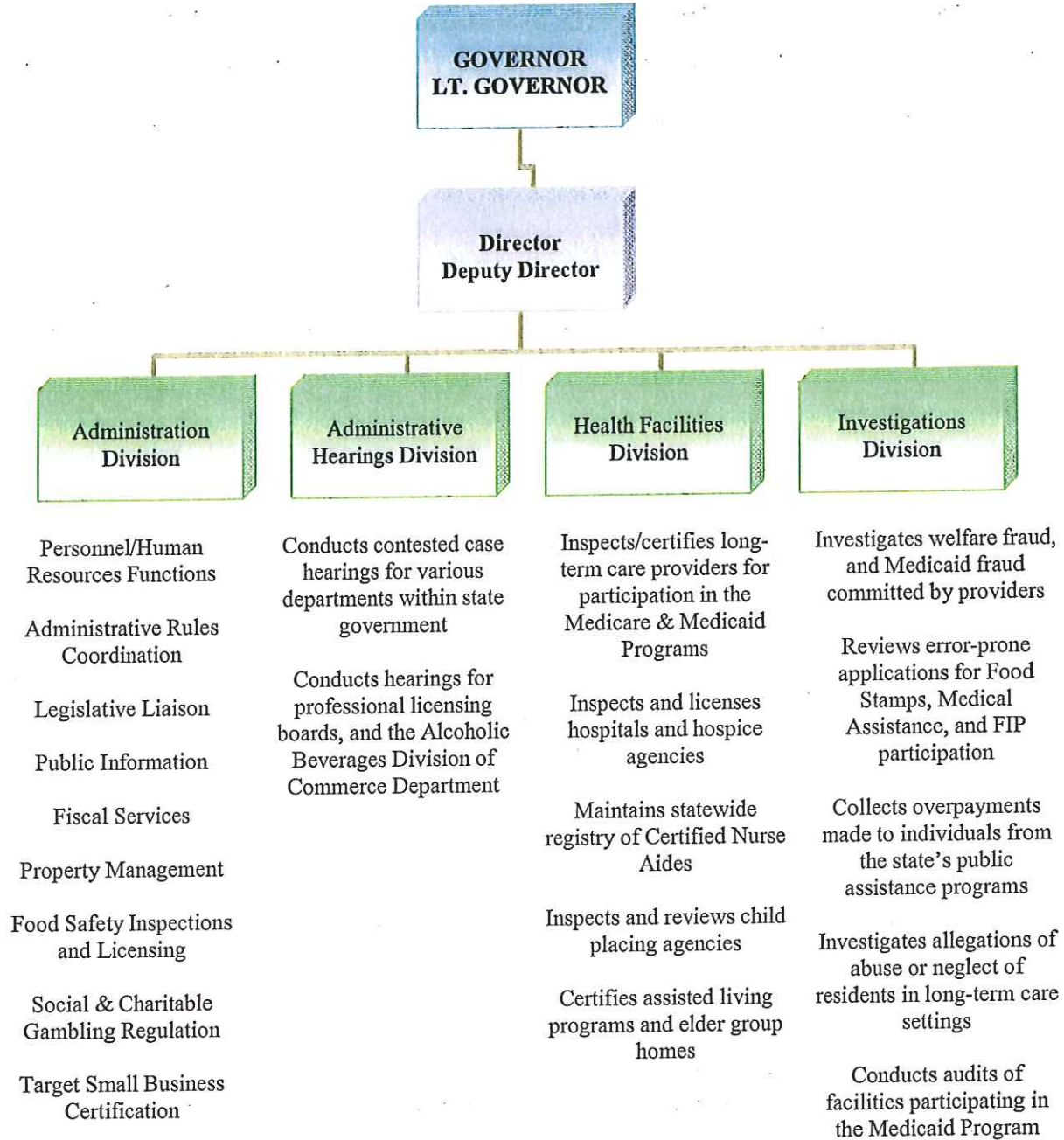
**ADMINISTRATION AND REGULATION
APPROPRIATIONS SUBCOMMITTEE**

Rod Roberts, Director
Iowa Department of Inspections and Appeals
January 26, 2012



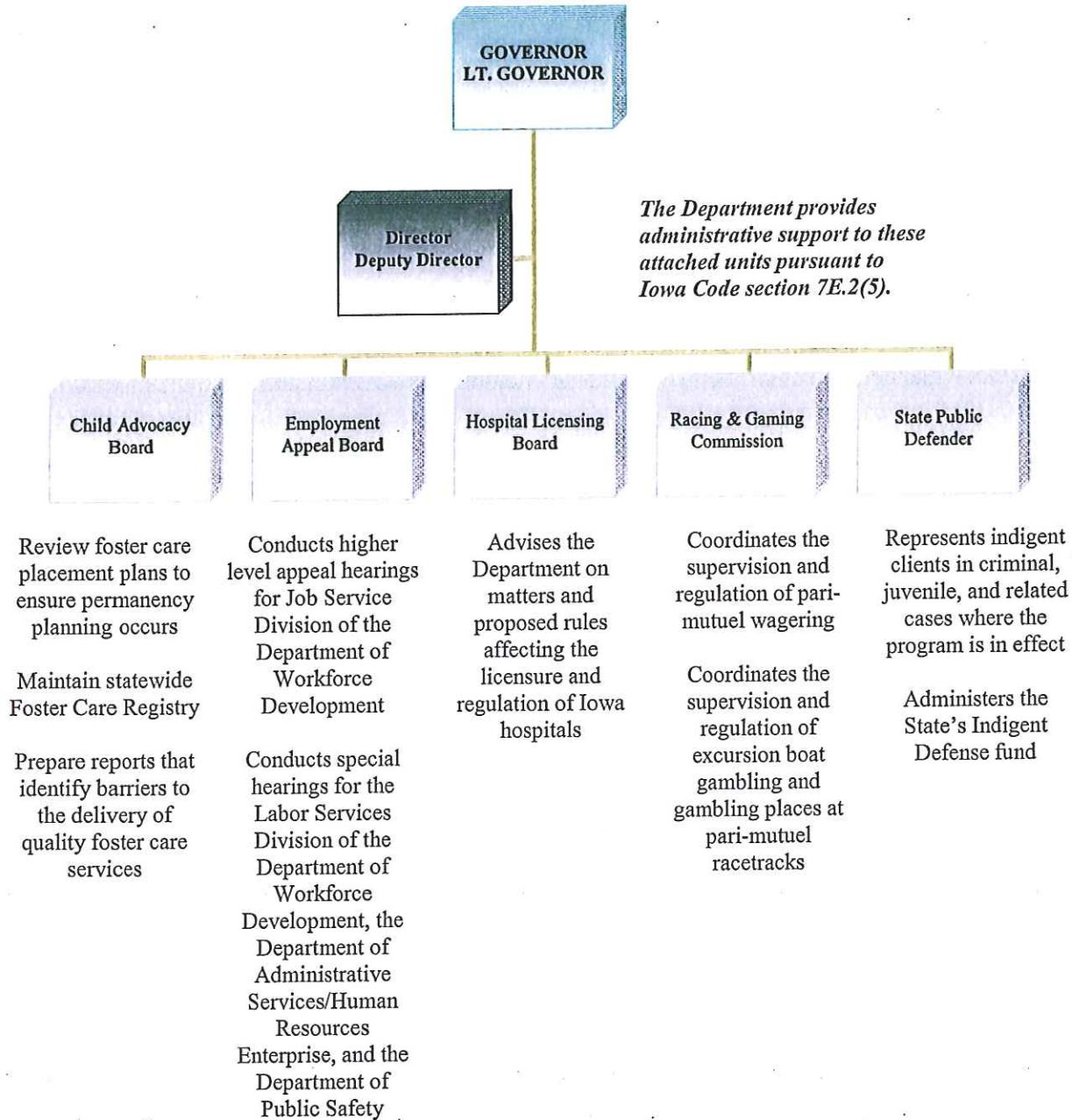
IOWA DEPARTMENT OF INSPECTIONS AND APPEALS

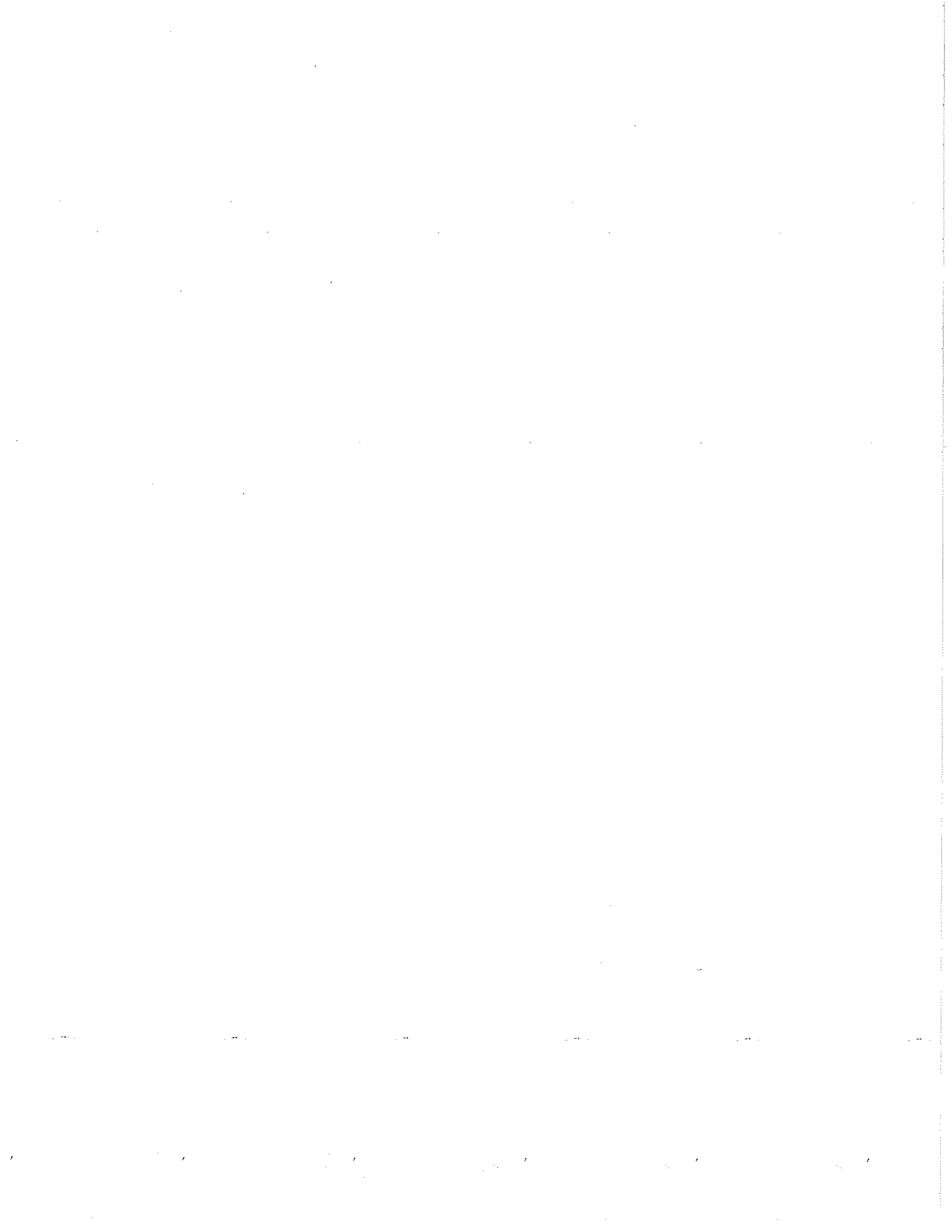
Table of Organization





IOWA DEPARTMENT OF INSPECTIONS AND APPEALS
Table of Organization
Attached Units





Administration and Regulation Appropriations Subcommittee

The Governor is recommending FY 2013 General Fund appropriations totaling \$12.9 million. This is an increase of \$3.4 million (35.4%) compared to estimated FY 2012.

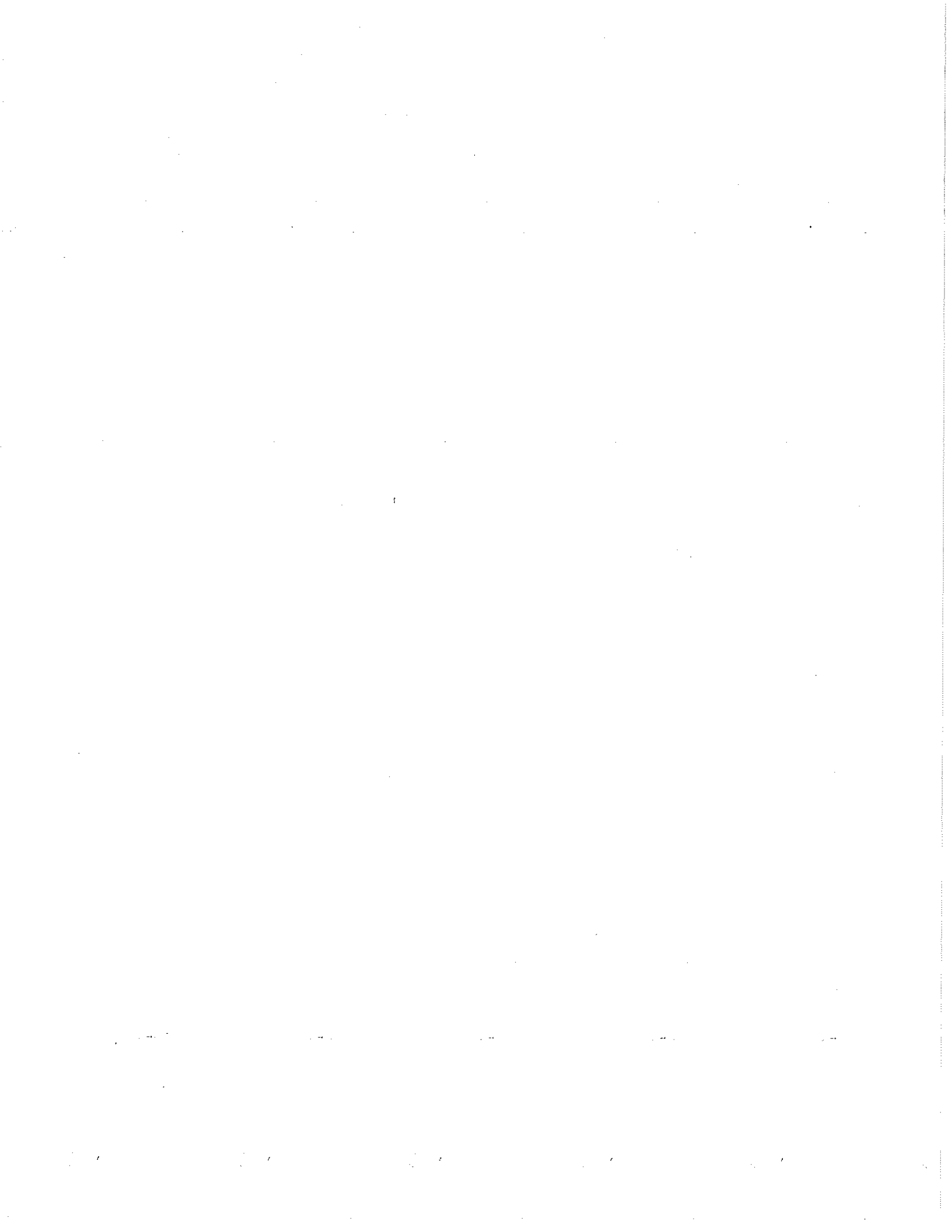
The Governor is recommending other fund appropriations totaling \$7.4 million for FY 2013. This is a decrease of \$3.4 million (31.1%) compared to estimated FY 2012.

General Fund Recommendations

	<u>Estimated FY 2012</u>	<u>Gov Rec FY 2013</u>	<u>Gov Rec vs Est. FY 2012</u>
<u>Inspections & Appeals, Dept. of</u>			
Inspections and Appeals, Dept. of			
Administration Division	\$ 1,527,740	\$ 248,409	\$ -1,279,331
Administrative Hearings Division	528,753	678,942	150,189
Investigations Division	1,168,639	2,172,971	1,004,332
Health Facilities Division	3,555,328	5,763,146	2,207,818
Employment Appeal Board	42,215	42,215	0
Child Advocacy Board	2,680,290	2,680,290	0
Food and Consumer Safety	0	1,279,331	1,279,331
Total Inspections & Appeals, Dept. of	\$ 9,502,965	\$ 12,865,304	\$ 3,362,339

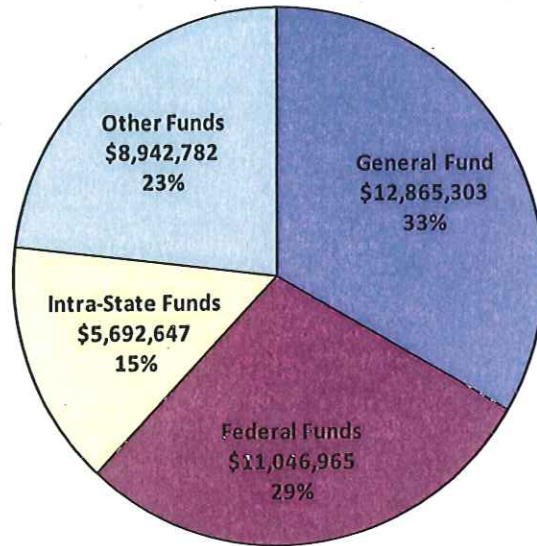
Other Fund Recommendations

	<u>Estimated FY 2012</u>	<u>Gov Rec FY 2013</u>	<u>Gov Rec vs Est. FY 2012</u>
<u>Inspections & Appeals, Dept. of</u>			
Inspections and Appeals, Dept. of			
DIA - RUTF	\$ 1,623,897	\$ 1,623,897	\$ 0
DIA - Med Fraud - Dependent Adult Abuse	250,000	0	-250,000
Medicaid Fraud - EBT Investigations	119,070	0	-119,070
Medicaid Fraud - Boarding Homes	119,480	0	-119,480
Medicaid Fraud - Dependent Adult	885,262	0	-885,262
Medicaid Fraud - Assisted Living	1,339,527	0	-1,339,527
Medicaid Fraud - Health Facilities	650,000	0	-650,000
Total Inspections and Appeals, Dept. of	\$ 4,987,236	\$ 1,623,897	\$ -3,363,339
Racing Commission			
Pari-Mutuel Regulation Fund	\$ 2,628,519	\$ 2,898,925	\$ 270,406
Riverboat Regulation Fund	3,194,244	2,923,838	-270,406
Total Racing Commission	\$ 5,822,763	\$ 5,822,763	\$ 0
Total Inspections & Appeals, Dept. of	\$ 10,809,999	\$ 7,446,660	\$ -3,363,339



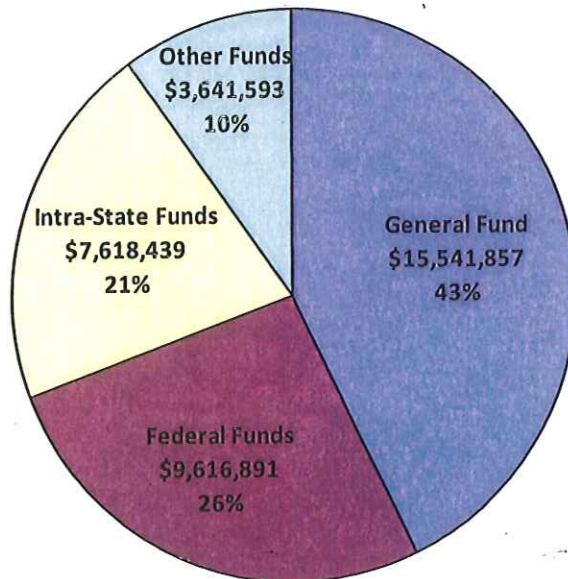
Iowa Department of Inspections & Appeals

FY 13 Budget Request by Funding Sources



Total: \$38,547,697

FY 11 Actual by Funding Sources

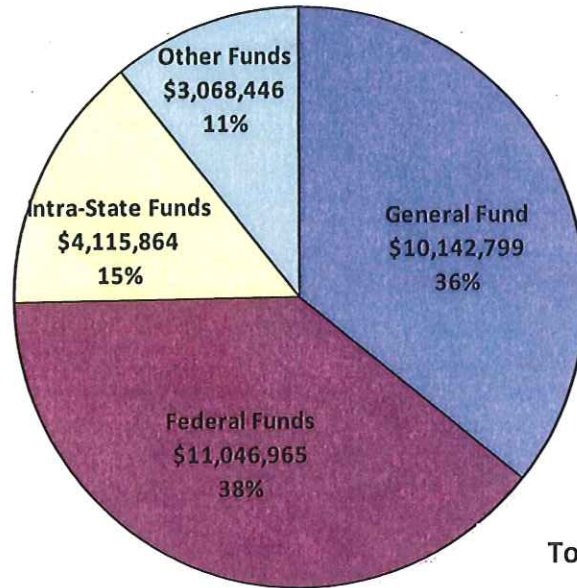


Total: \$36,418,780



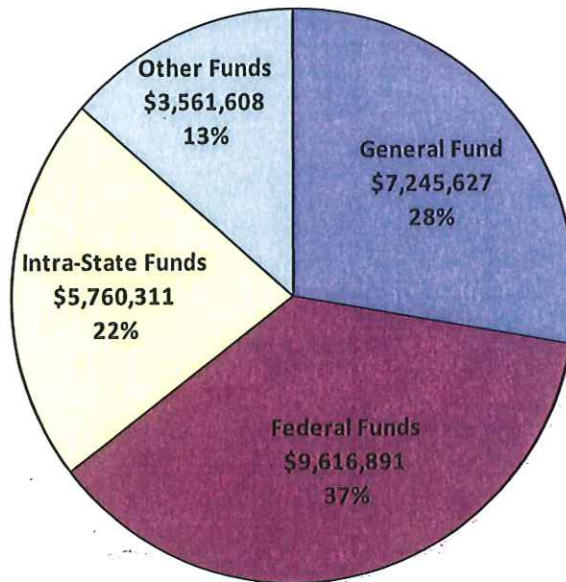
Iowa Department of Inspections & Appeals

FY 13 Budget Request - Operational Divisions

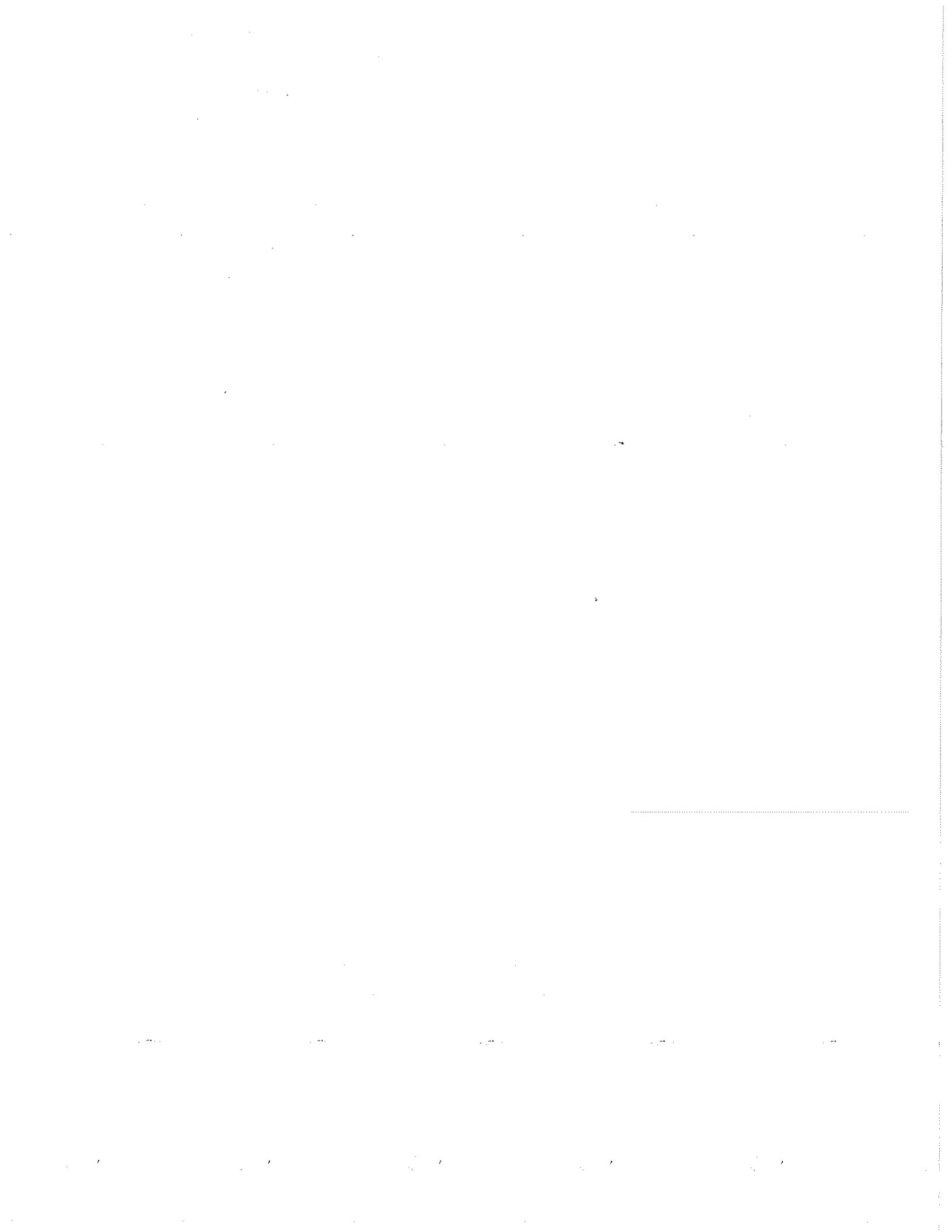


Total: \$28,374,074

FY 11 Actual - Operational Divisions



Total: \$26,184,437



Department of Inspections and Appeals

Federal Funding

The Department of Inspections and Appeals receives a significant amount of federal funds, either direct or pass-through (intra-state) from other state agencies. Some of the federal funds require a state match, which varies greatly by program and, in some cases, activity.

Following is a summary of the types of federal funding received for the department's programs:

Administration

- Receives federal and intra-state funds through the indirect cost allocation plan

Food and Consumer Safety

- Receives direct federal funds from FDA and USDA for egg and food processing plant inspections and for training; no state match required
- Receives intra-state federal funds from Department of Public Health and Homeland Security for various training and special projects; generally no state match required

Administrative Hearings

- Receives some intra-state federal funds from the Department of Human Services; requires a state match depending on the program area
- Receives some intra-state federal funds through billings to state agencies for hearings; no state match required

Health Facilities Division

- Receives direct Medicare and intra-state Medicaid federal funds for regulatory activity with nursing facilities (NF) and intermediate care facilities for the intellectually disabled (ICF/ID)
 - NF – state-federal match is based on the specific type of activity, but generally runs 43% Medicare, 43% Medicaid, 14% State Match; there is an additional 25% state match to the Medicaid
 - ICF/ID – state-federal match is 75% Medicaid and 25% State Match; there is an additional 25% state match to the Medicaid
 - Medicare funds come from the Centers for Medicare and Medicaid Services (CMS) in the U.S. Department of Health and Human Services and are capped at a specific amount each year

- Receives direct Medicare federal funds from CMS for regulatory activity with Medicare-certified providers, such as hospitals, hospice, home health, dialysis units, rural health clinics, etc.

- Except for hospitals, there is no state match
- Medicare funds are capped at a specific amount each year

- Receives a small amount of Title IV-E (foster care) federal funds through the Department of Human Services for inspections and complaint investigations of foster care related providers conducted by DIA; amount is based on a varying percentage dependent on the number of eligible kids in foster care

Investigations Division

- Receives direct Medicaid federal funds from the Office of Inspector General in the U.S. Department of Health and Human Services for activity around the Medicaid Fraud Control Unit; state-federal match is 75% Medicaid and 25% State Match

- Receives intra-state federal funds from the Department of Human Services; state-federal match is generally 50% federal and 50% state

Child Advocacy Board

- Receives some Title IV-E (foster care) federal funds through the Department of Human Services for local foster care review board activity; amount is based on a varying percentage dependent on the number of eligible kids in foster care

- Receives \$50,000 in a national CASA grant each year

Employment Appeal Board

- Receives some federal funds through Iowa Workforce Development for OSHA appeal activity; state-federal match is 50% federal and 50% state

- Receives 100% federal funds through Iowa Workforce Development for unemployment insurance appeal activity; no state match required

MEDICAID FRAUD FUND

BACKGROUND

Since FY02, the Department of Inspections and Appeals (DIA) has received penalties from national settlements with pharmaceutical companies that the National Association of Medicaid Fraud Control Units, along with individual state Medicaid Fraud Control Units, has brokered. The funds were retained by DIA and were mainly used for the Medicaid Fraud Control Unit for training, technology and the 25% state match.

In 2009 (FY10), the Medicaid Fraud Account was created under Iowa Code section 249A.7. The statute requires all penalties and other amounts received from medical assistance prosecutions to be deposited into the Account and to expend the moneys for the Department of Inspections and Appeals (DIA) medical assistance program fraud and abuse costs and for DIA and other agencies' costs related to Boarding Home activity under chapter 135O..

To date, the penalties have resulted from national settlements with pharmaceutical companies that the National Association of Medicaid Fraud Control Units, along with individual state Medicaid Fraud Control Units, has brokered. (Attached is a chart to show the expenditures and revenues since FY02)

The funds in the account do not revert to the General Fund and are not subject to transfer except as specifically provided by law.

FY10 FUNDING

For FY10, the legislature appropriated money from the Account for the state match of the Medicaid Fraud Control Unit and DIA and other agencies costs related to boarding home activity under chapter 135O.

In the fall of FY10, a 10% across-the-board budget reduction was done. In order to cover the reduction for most of DIA, a transfer was done from the Account to the Investigations Division for other medical assistance and abuse activities. The General Fund dollars that had previously been used to fund these activities were transferred to the Administration and Health Facilities

Divisions and the Child Advocacy Board. This transfer then carried over to the FY11 status quo budget.

FY 11 FUNDING

For FY11, the legislature appropriated money from the Account for:

- \$885,262 State match for the Investigations Division for medical assistance fraud and abuse activities

- \$119,480 - Boarding home activities
- \$119,070 - Additional staff in the Investigations Division to conduct Electronic Benefits Transfer for food assistance

- \$250,000 - Additional staff for the Health Facilities Division and the Administrative Hearings Division related to the passage of SF 2333 associated with dependent adult abuse investigations and hearings

- \$1,339,527 - Operations of the Adult Services Bureau of the Health Facilities Division (done due to the expiration of the Senior Living Trust Fund).

The balance in the Account at the beginning of FY11 was almost \$4.2 million. We received additional revenue slightly over \$4 million. Actual expenditures were \$2.5 million, leaving an ending balance of \$5.7 million.

FY12 FUNDING

Legislation was enacted that changed the Medicaid Fraud Account to the Medicaid Fraud Fund and provided that moneys in the fund are to be used as provided in appropriations from the fund and in accordance with applicable laws, regulations, and the policies of the Office of Inspector General of the U.S. Department of Health and Human Services. Legislation enacted also provided that recover of "investigative costs" from criminal conviction cases by Medicaid providers are to be deposited in the Fund.

Appropriation bills HF 646 (Admin-Reg) and HF 649 (Health & Human Services) provided for the following appropriations from the Medicaid Fraud Fund:

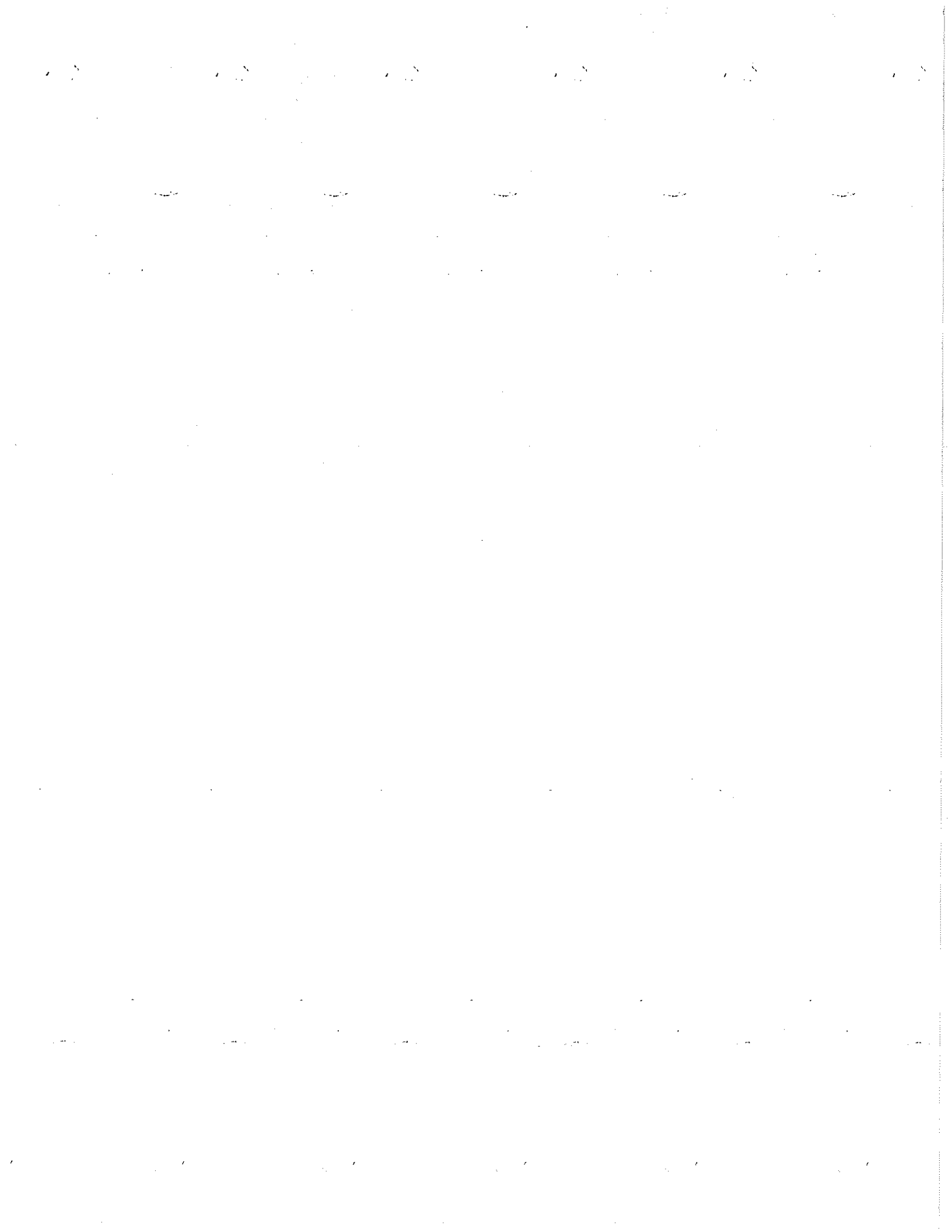
- \$885,262 - State match for the Investigations Division for medical assistance fraud and abuse activities
- \$119,480 - Boarding home activities
- \$119,070 - Additional staff in the Investigations Division to conduct Electronic Benefits Transfer for food assistance
- \$250,000 - Additional staff for the Health Facilities Division and the Administrative Hearings Division related to the passage of SF 2333 associated with dependent adult abuse investigations and hearings
- \$1,339,527 - Operations of the Adult Services Bureau of the Health Facilities Division
- \$650,000 – For general support for the Health Facilities Division

Total estimated expenditures for FY12 would be \$3,363,339. With a beginning balance of \$5.7 million and based on current receipt of revenues of \$730,000, the ending balance is estimated to be \$3.1 million.

FY13 Funding

The appropriations made for FY12 from the Medicaid Fraud Fund are recommended by the Governor to be paid from the General Fund for FY13.

HF 649 authorized \$2 million from the Medicaid Fraud Fund for a medical assistance supplement to the Department of Human Services for FY13. Based on a beginning balance of \$3.1 million and no new revenues, the projected ending balance for FY13 would be \$1.1 million in the Fund.



EXPENDITURES AND RECEIPT OF MONEYS

<u>FY</u>	<u>Expenditures</u>						<u>Receipts</u>	<u>Balance</u>
	<u>Technology</u>	<u>Boarding Home Activities</u>	<u>Cost Sharing</u>	<u>Other</u>	<u>Total</u>			
02	\$7,845.21	N/A	\$95,150.14	\$0.00	\$102,995.35	\$105,708.58 4 cases	\$2,713.23	
03	\$1,171.60	N/A	\$118,426.94	\$0.00	\$119,598.54	\$121,221.56 3 cases	\$4,336.25	
04	\$0.00	N/A	\$205,626.86	\$0.00	\$205,626.86	\$772,644.74 3 cases	\$571,354.13	
05	\$0.00	N/A	\$229,266.24	\$0.00	\$229,266.24	\$375,154.69 4 cases	\$717,242.58	
06	\$0.00	N/A	\$243,012.41	\$0.00	\$243,012.41	\$24,978.13 2 cases	\$499,208.30	
07	\$0.00	N/A	\$240,876.37	\$0.00	\$240,876.37	\$760,510.69 2 cases	\$1,018,842.62	
08	\$0.00	N/A	\$244,766.32	\$0.00	\$244,766.32	\$491,183.14 4 cases	\$1,265,259.44	
09	\$2,879.00	N/A	\$247,704.05	\$53,412.09 (\$47,390.19 – office redesign, including building an interview room that meets law enforcement standards and protects the privacy and confidentiality of the interviewee) (\$1,596.90 – travel) (\$4,425 NAMFCU dues)	\$303,995.14	\$3,172,988.32 3 cases	\$4,134,252.62	
10	\$0.00	\$177,385.98	\$244,831.23	\$773,526.04 (Transfer to Investigations Division and adjustment for prior year)	\$1,195,743.25	\$1,254,467.89 11 cases	\$4,192,977.26	

<u>FY</u>	<u>Expenditures</u>				<u>Receipts</u>	<u>Balance</u>
	<u>Technology</u>	<u>Boarding Home Activities</u>	<u>Cost Sharing</u>	<u>Other</u>		
11 Thru 6/30/11		\$106,017.49	\$259,838.30	\$2,170,381.12 (Transfer for Assisted Living, EBT, and SF 2333, as appropriated, and adjustment for prior year)	\$4,060,897.19 12 cases	\$5,717,637.54
12 Thru 12/31/11	\$0.00	\$1,001.80	\$129,540.97	\$1,542,035.70 (Assisted Living, EBT, SF 2333, HFD general support, as appropriated)	\$730,273.99 5 cases	\$4,775,322.96

ESTIMATED SFY12 EXPENDITURES FROM THE MEDICAID FRAUD FUND

<u>Division</u>	<u>Program Area</u>	<u>Amount</u>	<u>Bill Number</u>
Administrative Hearings and Health Facilities	SF 2333 – Dependent Adult Abuse Hearings	\$250,000	HF 646
Health Facilities	Boarding Homes	\$119,480	HF 646
Health Facilities	Adult Services Bureau (Assisted Living, etc.)	\$1,339,527	HF 649
Health Facilities	General Support	\$650,000	HF 646
Investigations	Electronic Benefit Transfer (EBT)	\$119,070	HF 646
Investigations	Medicaid Fraud and Abuse (MFCU and Economic Fraud)	\$885,262	HF 646
TOTAL		\$3,363,339	

Beginning Balance \$5,717,637.44
 Estimated Expenditures (\$3,363,339.00) (based on FY12 approps)
 Revenue as of 1-23-12 \$ 730,273.99 (5 cases)
Estimated Ending Balance \$3,084,572.43

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PROPOSED SFY13 EXPENDITURES FROM THE MEDICAID FRAUD FUND

<u>Division</u>	<u>Program Area</u>	<u>Amount</u>	<u>Bill Number</u>
Department of Human Services	Medicaid Supplement	\$2,000,000	HF649
TOTAL		\$2,000,000	

Beginning Balance \$3,084,572.43
 Estimated Expenditures (\$2,000,000.00) (based on Governor's Rec.)
Estimated Ending Balance \$1,084,572.43



Quality Indicator Survey (QIS) Summary

The new Quality Indicator Survey (QIS) process is a revised long-term care survey process that was developed by the federal Centers for Medicare & Medicaid Services (CMS). QIS is a computer-assisted long-term care survey process used by State Survey Agencies (SSA) to determine if Medicare and Medicaid-certified nursing homes meet the Federal requirements. Each state is required to adopt the new survey process according to groups determined by CMS. Iowa is in the final group and is scheduled to start implementation in 2014.

Objectives of QIS:

- Improve consistency and accuracy of quality of care and quality of life problem identification by using a more structured process.
- Enable timely and effective feedback on survey processes for surveyors and managers.
- Systematically review requirements and objectively investigate all triggered regulatory areas within current survey resources.
- Provide tools for continuous improvement.
- Enhance documentation by organizing survey findings through automation.
- Focus survey resources on facilities (and areas within facilities) with the largest number of quality concerns.

Changes between QIS survey process and the current survey process

QIS	Current survey process
Facilities with over 40 beds require 4 surveyors. Facilities with less than 40 beds the SSA can determine how many surveyors are required.	SSAs are given flexibility. In Iowa currently facilities with 75 beds or less we use 2 surveyors. In facilities with over 100 beds we use 3-4 surveyors.
Looks at federal regulations but only looks at environmental and elder abuse issues if responses from initial sample trigger the system to select those tasks for investigation.	Looks at federal regulations, environmental issues, and elder abuse issues.
Sample size includes up to 70 residents	Sample size is 20% of facility census
Average survey time is 45 hours (6 days)	Average survey time is 40 hours (5 days)

