

Presentation for the
Health and Human Services
Appropriations Subcommittee
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IowaCare History

- IowaCare Act (House File 841) passed FY2005
 - IowaCare is a 1115 Demonstration Waiver
 - Provides a limited benefit package, limited provider network for individuals who are 19 – 64 years old and up to 200 FPL
- Replaced the loss of \$65 million in federal funding from Intergovernmental transfers
- Goals of IowaCare are to:
 - Expand access to health care coverage for low-income, uninsured adults who are not eligible for Medicaid
 - Provide financial stability for safety net hospitals who have high amounts of uncompensated care
 - Experiment with health care innovations
- Expanded in 2010 to create Medical Home Model
- Revision in 2011 of the initial Regionalization Plan for IowaCare

IowaCare Revised Regionalization Plan 2011

Reasons for Revising the Initial Regionalization Plan

- IowaCare – Success at Broadlawns and UIHC
- State drawdown of federal funding due “to Broadlawns tax dollars– Significant benefit to State (> \$100 M/year)
- Challenge has been IowaCare delivery to outlying areas of Iowa as well as ongoing, never ending need for funding
- State began utilizing FQHCs FY 10/11 for primary care clinic needs
 - Some successful – others not
 - Secondary and tertiary care for entire state continued at UIHC with some logistic issues
- UIHC has capacity constraints especially for primary care clinic and inpatient secondary care.
- Broadlawns demonstrates successful Medical Homes for Primary Care and capacity for additional secondary care.
- Tertiary care continues to be referred to UIHC

Key Points of Plan

- Broadlawns – takes on broader primary clinic role for 17 additional counties – ensuring more integrated, cost effective care
- Takes advantage of Broadlawns' increased capacity and dedication to the primary care mission.
 - Improve access but lower cost
 - Utilize advanced technology
- Does not utilize Polk taxpayer dollars to support other counties
- Allows for gradual phase-in to ensure operational accommodation
- Maximizes collaboration and teamwork between Broadlawns, UIHC, State of Iowa, and the FQHCs.

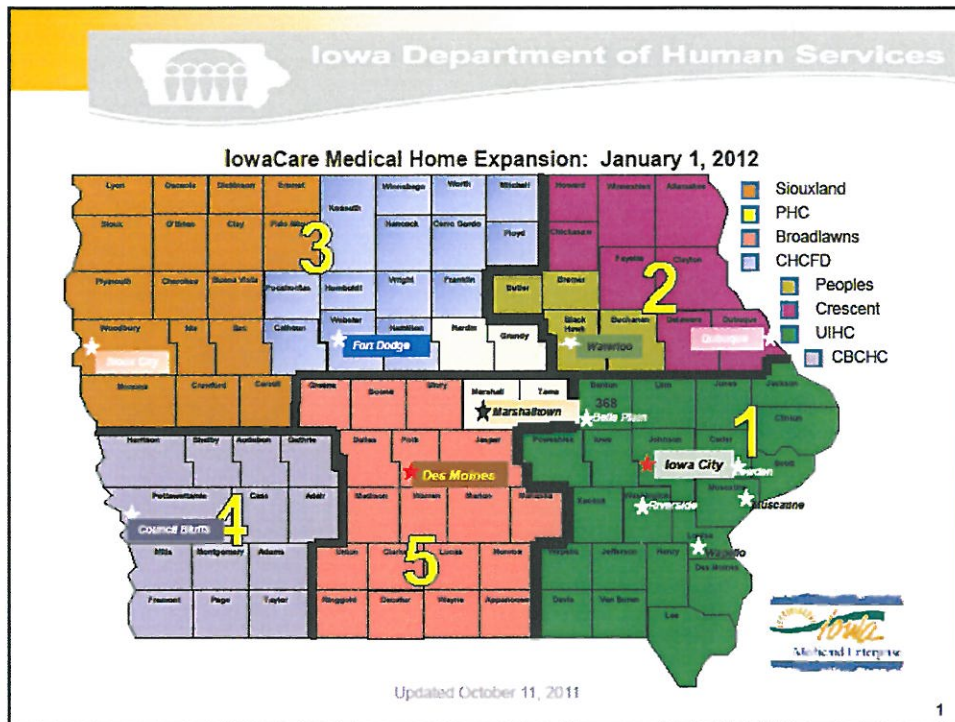
Timeline

- **January 2011**
 - Efforts to shore up gaps in coverage in FQHC regions (maintain those going strong)
 - Found additional funding to support program state wide. Broadlawns would provide an additional \$4 million in tax dollars to be matched with Pharmacy, DME, Optometry and Podiatry claims
 - Broadlawns / UIHC and State develop a plan
- **July 2011**

Plan funding was based on the Waiver Amendment being approved by CMS and billing for services from July forward
- **September 2011**

Regionalization was delayed and Broadlawns was asked to cover Pharmaceuticals
to all of the patients in Region 5 which is Broadlawns' Medical Home area.
- **November 2011**

Waiver was approved and Regionalization implementation was now moved to December 1, 2011 not September 2011 and we could not back bill. We could only bill from November the month the Waiver was approved.



Initial Costs Incurred by Broadlawns for Regionalization

<i>(Salaries include 25% Benefits)</i>		
Physicians		
Primary Care Physicians	2	500,000
General Surgeon	1	400,000
CRNA Coverage		200,000
Expanded Imaging coverage		200,000
Recruitment costs		90,000
Support staff		
RN	6	550,000
Pharmacists	1	125,000
Pharmacy Tech	1	50,000
Care Coordination Pool	1	50,000
Support staff for Pool	1	25,000
PT/Rehab	1	80,000
Script Pro Lease	1	35,000
Outpatient Pharmacy to Out of County Patients		1,200,000
Total		3,505,000

Issues Created by the Waiver Approval Delays

Broadlawns Potential To Match the Additional Taxes

- The delay of the Waiver until November and Broadlawns' inability to back bill to July makes it difficult for us to ensure that we will have enough claims to match the \$ 4 million of the Tax Levy.
- In addition, we cannot even have billing for the DME until March and it will take 60 days to see what claims data we will have. Not to mention this billing delay is creating a roadblock for patient care. Our vendors have been asked to provide care for patients in November and not receive payment until 6 months later, which is very difficult for them to want to provide care to IowaCare patients.
- Our Pharmacy Claims are being paid out at the Medicaid rate and the service fee for Pharmacy is also billed out at the Medicaid rate. This will lower the initial estimation of claims and was not communicated to Broadlawns Medical Center until we started to submit claims data. Broadlawns has had to also work with the IME not to use the Medicaid Formulary and not to have prior authorizations denials.

Unexpected and Unbudgeted New Costs to Broadlawns

- CMS mandated that Broadlawns could not provide IME with a claims summary spreadsheet but instead all of these services will have to be billed using individual claims.
- Broadlawns has previously provided these services free to the IowaCare patients and has not generated bills. The volumes of claims in the pharmacy alone are estimated just for Polk County at 20,000 claims a month.
- Each claim will cost Broadlawns \$1.50 a claim and we will need to add at least 3.0 additional staff for processing at a total projected cost of **\$500,000** annually.

Potential Cash Flow Issues for Broadlawns

- CMS has delayed the cost report filing for all healthcare organizations with June 30 yearends until January 31, 2012. This report is used to calculate DSH funding for Broadlawns. With this delay, FY 11 will probably not be settled until April.
- In addition, the final stage of regionalization occurred in January 2012. Billing for the expanded Medical Home and secondary care cannot be projected until at least April 2012 given the claims processing lag.
- Broadlawns will have a negative cash flow issue until April 2013 at which time we can cost settle IowaCare. We cannot give the State of Iowa a \$4 million additional loan as we need to support our capital expansion for IowaCare and mental health services.
- Unfortunately, this is somewhat like 2005 when the State swept our taxes and in effect put the Medical Center on Warrants.

Regionalization Implementation

Key Operational Initiatives

- Implemented a Steering Committee in Spring 2011 to plan for Regionalization
- Created a Care Coordination Center as a central point of referral access for our new Medical Home patients and those being referred by the FQHCs
- Developed a webpage with key IowaCare information
- In collaboration with UIHC, developed a referral process and forms to be used when referring patients to Broadlawns. In addition, developed forms for the Care Coordination Center and the \$4 million Pools.
- Developed a crosswalk of services that are provided at Broadlawns for FQHCs to reference. If Broadlawns does not provide the service, by-pass Broadlawns and send the patient to UIHC.

Key Operational Initiatives Continued

- Initiated monthly conference calls with the FQHC to discuss patient care issues and receive administrative and access issues
- Since transportation is not a covered service but is a major issue for our patients, we initiated communication and ongoing meetings with DART, Iowa Public Transit Authority and Heart of Iowa Rural Transportation (HIRTA)
- Initiated initial conversation with Iowa Primary Care Association to evaluate a potential interface with their IT system to easily transfer patient information between the providers.
- Numerous communications with UIHC and IME regarding regionalization and individual patient needs.

Regionalization Implementation Patient Information

Demographics

Patient Volumes for Region 5: Broadlawns' Medical Home

Patient Volume Data Polk County			
Date		Patients	Visits
Nov2010-Jan2011		7,018	19,987
Nov2011-Jan2012		7,535	21,790
Region 5: Broadlawns Expanded Medical Home			
Patients	Visits	Referrals to UHIC	
8,596	29,690	54	54

Since November, Broadlawns has been assigned 6,880 new patients and increased from 14,300 to 19,081 patients.

TOP 10 DRGs for Polk County

Nov 2010 – Jan 2011	Nov 2011 – Jan 2012
PHYSICAL THERAPY NEC	DIAB MELL WO COMPL, TYPE II OR UNSPEC TYPE, N
HYPERTENSION NOS	PHYSICAL THERAPY NEC
BACKACHE NOS	BACKACHE NOS
ACUTE URI NOS	HYPERTENSION NOS
DIAB MELL WO COMPL, TYPE II OR UNSPEC TYPE, NOT UN	ACUTE URI NOS
BENIGN HYPERTENSION	LUMBAGO
CHEST PAIN NOS	BENIGN HYPERTENSION
ABDOMINAL PAIN, UNSPECIFIED SITE	ABDOMINAL PAIN, UNSPECIFIED SITE
PAIN IN LIMB	HEADACHE
LUMBAGO	CHEST PAIN NOS

TOP 10 DRGs for Region 5

DIAB MELL WO COMPL, TYPE II OR UNSPEC TYPE, N
 PHYSICAL THERAPY NEC
 BACKACHE NOS
 LUMBAGO
 HYPERTENSION NOS
 ACUTE URI NOS
 BENIGN HYPERTENSION
 ABDOMINAL PAIN, UNSPECIFIED SITE
 HEADACHE
 PAIN IN LIMB

Demographics

Region 3 & 4 Secondary Referral Areas for Broadlawns Medical Center

Patient Volumes for Region 3 & 4: Secondary Care Since November 2011

Region 3: Sioux City, Fort Dodge and Marshalltown		
Patients	Visits	Referrals to UHIC
22	6	22
Region 4: Council Bluffs		
Patients	Visits	Referrals to UHIC
45	36	96

TOP DRGs for Regions 3 & 4

Region 3	Region 4
ABDOMINAL PAIN, EPIGASTRIC	SUPERFIC PHLEBITIS-LEG
ABDOMINAL PAIN, UNSPECIFIED SITE	DRUG ABUSE NEC-UNSPEC
ACUTE URI NOS	ALCOHOL ABUSE-UNSPEC
CHEST PAIN NOS	CHEST PAIN NOS
DERMATOPHYTOSIS OF FOOT	MECHANICAL COMPL/GASTROSTOMY
DIAB MELL WO COMPL, TYPE II OR UNSPEC TYPE, N	ORBITAL DISORDER NOS
JOINT PAIN-SHLDER	UNSP GASTRITIS & GASTRODUODENITIS W/O MENTN H

Challenges and Recommendations

Lack of Knowledge of Regional Hospitals In the Various Regions

- Regional hospitals in Regions 3, 4, and 5 were not made aware of the changes in IowaCare and lacked knowledge about the Emergency Service Pool
- This has resulted in these hospitals trying to inappropriately refer patients to Broadlawns without the Medical Home transition
- Broadlawns has communicated this issue to the State of Iowa as well as sent two letters to all of the hospitals in Region 3, 4 and 5 providing them with information about the changes to IowaCare
- For these hospitals, we provided information on our web page how to access the Emergency Pool of funding

Inappropriate Referrals to Broadlawns from the FQHCs in Regions 3, 4 and 5

- Broadlawns is constantly updating the Crosswalk of services we offer so the FQHCs can ensure they refer patients appropriately.
 - FQHCs appear to not review the Crosswalk prior to the referral being made
 - We recommended they review the Crosswalk as part of their referral procedures.
- Lack of utilizing the Care Coordination Center
 - Telling patients to call Broadlawns rather than work through the FQHC Medical Home
 - Not faxing to the Care Coordination Center but throughout Broadlawns
 - Recommendation is telling the FQHCs not to have their patients call and to use the Care Coordination Center.

Inappropriate Referrals to Broadlawns from the FQHCs in Regions 3, 4 and 5 Continued

- Incomplete Referral and incomplete Continuity of Care Document
 - This delays care for our patients and it makes placement back to the Medical Home difficult.
 - Broadlawns and UIHC are revising our referral form to include the Continuity of Care Document components on the Referral form to ensure complete referral information
- Telling patients to drive to Broadlawns and not be seen by the Medical Home
 - On several occasions the patient's medical condition warranted emergency transportation, which is extremely risky for all providers and the State of Iowa.
 - This is a patient safety issue.

Inappropriate Referrals to Broadlawns from the FQHCs in Regions 3, 4 and 5 Continued

- Trying to refer patients into the Specialty Clinic without the patient establishing a Medical Home with their assigned provider.
 - This creates unnecessary wait times, confusion and frustration on the part of our patients
 - We recommend using the guidelines established in the Administrative Rule that all patients need to be referred in by their Medical Home and again utilizing the crosswalk that Broadlawns has created for ensuring appropriate referrals

Limited Primary Care Services at the FQHCs

- Difficult to place patients back to the FQHCs as a Medical Home upon discharge due to their limited scope of service
- Lack of knowledge of what services the various FQHCs can offer. This creates problems with discharging patients back to the Medical Home and there is a lack of follow up care from a specialty outpatient clinic.
- We requested the FQHCs create a crosswalk of services they provide in each clinic so the referring providers are aware of what they provide (i.e. wound care, port flushes).
- Inability to contact the FQHC 24-hours a day if there are clinic issues. We requested the 24-hour contact information.

Lack of understanding of the Pools and Our Inability to Bill

- **Care Coordination pool**
 - Understanding it is for discharge follow-up and has limited funding that is shared with UIHC. We have not been able to bill to this pool and we have no way of knowing what has been spent in this pool other than conversations between UIHC and Broadlawns.
 - Our vendors were misinformed that Broadlawns has two pools, which has created patient care issues.
- **\$4 Million Pool**
 - Ongoing changes to what is covered in this pool.
 - The inability to bill back to July 1 and our inability to bill for DME services until March 1, 2012. Broadlawns is concerned we will not have enough claims to match the funding we sent to the State of Iowa the end of January.
 - This is also causing patient issues as vendors are fearful they will not get paid.
- The following table indicates the claims match available in the first year may be only a little over \$2 million due to the above factors.

DESCRIPTION	ORIGINAL PROPOSAL (CLAIMS TO START on 09/01/11)	CLAIMS AS OF 1/27/2012 BILLED (Non-Bulk Items)	ACT WKS	CLAIMS PER WK	PROJ # THRU 6/30 (W Exp Pop)	FULL YR PROJ #
PHARMACY						
ANNUAL CLAIMS PROJ \$3.6M	\$3,000,000	\$258,935				
NUMBER OF SCRIPTS (NOVEMBER W ONLY POLK CO.)		33,128				
YTD W NOV POLK ONLY + 17 Co exp.						
YTD WEEKLY AVE-Polk + EXP WTD				\$25,894	\$880,379	\$1,588,825
REMAINING WEEKS 11/1/11-6/30/12			34			
DISP FEES AT \$4.34		\$143,776		\$14,378	\$488,837	\$882,207
PODIATRY PRO FEES						
ANNUAL CLAIMS PROJ \$1M	\$833,000					
REMAINING WEEKS 11/1/11-6/30/12		\$124,312	8	\$15,539	\$528,326	\$953,473
DME BILLING						
ANNUAL CLAIMS PROJ \$200K	\$166,000					
DELAY FOR BILLING TO 2/15/12		\$0	0		\$80,000	\$260,000
OPTOMETRY BILLING						
ANNUAL CLAIMS PROJ \$160K	\$138,000					
REMAINING WEEKS 11/1/11-6/30/12		\$31,984	8	\$3,998	\$135,932	\$245,317
TOTAL PROJECTIONS-ALL SERVICES	\$4,137,000	\$415,231		\$59,808	\$2,113,474	\$3,929,822
ORIGINAL PROJ-12 MONTHS	\$4,960,000					

Issues and Recommendations

Last year, Broadlawns Medical Center again agreed to assist the State of Iowa by providing the State with an additional \$4 million in Polk County taxes that can be matched to draw down federal funds to assist with funding the IowaCare program. In total, \$42 million of Polk County taxes are matched to assist with funding the IowaCare program. This provides 80% of the total funding for the Program.

Issue #1 – Sending the additional \$2 Million of Property Tax to the State of Iowa

- There has been a delay in CMS approving the Waiver amendment, which was approved in November 2011. Broadlawns cannot back bill to July 1; therefore, loses approximately \$333,333 a month in matchable claims toward repayment of the \$4 million of Polk County tax dollars -- \$1.3 million in matchable claims.
- **Bottom line: All of these issues will create a cash flow issue of approximately \$2 million to Broadlawns. Broadlawns does not have the resources to cash flow \$2 million until April 2013. Broadlawns is undergoing major renovations and modernization with revenue bonds that require repayment.**
- Therefore, we suggest amending House File 649, Section 35, paragraphs a, c and d) for July 30, 2012.

Issues and Recommendations Continued

Issue #2 – Additional New Costs to Broadlawns In Order for Us to Receive the Polk County Property Tax Funds Back to Broadlawns

- October of 2011, Broadlawns was told by IME that CMS now requires IME to individually bill and file claims to receive payment for Pharmacy, Durable Medical Equipment, Podiatry professional fees, and Optometry services. The additional staff and claims processing costs to Broadlawns to individually bill and file claims are projected to be \$500,000.
- **Emergency Supplemental Payment to Broadlawns Medical Center for FY 12 for additional administrative expenses of \$500,000 to bill for services that we are matching for the \$4 million tax levy**
- **In order for Broadlawns to be repaid for allowing DHS to borrow the additional \$4 million in Polk County tax dollars, it will cost Broadlawns an additional \$500,000. Total administrative appropriation should be \$790,000 for FY 2013.**

Issues and Recommendations Continued

Issue #3 – FY 13 Appropriations

- The FY 13 appropriation was legislated at the same level as FY 12. The appropriation to Broadlawns Medical Center needs to be increased to **\$69 million \$74 million** as agreed upon with DHS in the Lt. Governor's office last fall.

Issue #4 – OB Services covered for Broadlawns' Medical Home

- We are asking that the statutory language be changed for Broadlawns that mirrors what the UIHC currently has for pregnant women. Chapter 549J.5(3) of the Code of Iowa is very specific that pregnant women can receive care at any licensed hospital or healthcare facility with the exception of individuals in need of such care residing in counties of Polk, Warren, Boone, Story, Greene, Dallas, Jasper, Madison, Mahaska, and Marion. These counties are specifically identified with Broadlawns Medical Center as a local Medical Home for IowaCare.

Issue #5 – Polk County Tax Levy Returned to Broadlawns

- Broadlawns Medical Center is requesting that language be placed into the IowaCare legislation specifying that once the IowaCare Waiver has expired, the \$42 million in Polk County tax dollars will no longer be transferred to the State of Iowa

Questions or Comments