

IOWA PLAN RFP

History of Managed Behavioral Care

Most states encountered health care costs in their Medicaid programs in the late 1980s. One reaction to this was the implementation of managed care programs for medical services. In Iowa this implementation was through the development of MediPASS program and increased contracting with HMOs. For the HMOs, the Department of Human Services included the provision of mental health services as a service covered by such plans. However, this left the provision of substance abuse treatment outside that contract and it was handled for Medicaid recipient in the same manner as before. But the success of medical managed care brought to the forefront the idea that MH and SA service might also be well served by the application of managed care principles.

In response, DHS developed the Mental Health Access Plan (MHAP) and implemented that program in March of 1995. Later that year, the Iowa Medicaid Substance Abuse Care Program (IMSACP) was also implemented to address the substance abuse treatment needs of persons in the Medicaid population. This was a jointly developed program with the cooperation of the two departments, DHS and the Iowa Department of Public Health.

Both MHAP and IMSACP, to be compliant with the Social Security Act, required a waiver of certain provisions of that Act. Most notably, was freedom of choice. Prior to these managed care plans, a Medicaid recipient could use the medical assistance care to access services with any provider who accepted Medicaid payment and would accept the patient. A waiver of provisions of section 1915 of the Act was required and a 1915b(3) waiver was sought and approved by the Health Care Financing Administration, now known as the Centers for Medicare and Medicaid Services (CMS). This waiver allowed the Departments to require that enrollees in the program seek and obtain service only with approved providers in order for payments to be made. The b(3) section allowed the state to use any cost savings to provide additional services not in the state plan so long as cost effectiveness could be proven by actuarially sound methods.

Iowa Plan

The Departments determined that the operations and oversight of two individual and independent plans addressing services consumed resources that might be better utilized if the two plans could somehow be merged into a single service delivery organization. From that consideration came the idea that the MHAP and IMSACP should be consolidated into a single managed care plan. This brought about the Iowa Plan for Behavioral Health (Iowa Plan) which sought to combine the two programs. The Departments determined that DHS should combine the two effective January 1, 1999.

The Departments worked aggressively in 1998 to develop an RFP for this purpose. Through the normal process for this, a waiver was constructed and approved by CMS and an RFP was devised that would coordinate services to come under the purview of a single contractor to offer such services on a statewide basis. Bids were solicited in 1998 through the RFP process and a single bidder was selected with the start date of January 1, 1999. The initial contract period was

for 18 months and ended on June 30, 2001 which then made the contract consistent with the state's fiscal year. The original contract allowed three one-year contract extensions, all of which were executed by the Departments.

It should be noted that a requirement of the waiver approved by CMS is that an independent assessment (IA) be conducted during each of the waiver periods. Typically such waivers are approved for a two-year period. Therefore, an IA was performed by the William Mercer company in 2000 and 2002. The first IA noted that the plan was exemplary in nature and should be considered a model for the nation. Indeed, CMS agreed with this and has noted this at meetings in 2002 with committees of the Iowa legislature. The Iowa Plan was reviewed again by Mercer in 2002 and came to the same conclusion that this plan was still a national leader in this regard.

Waivers of the nature approved by CMS generally focus on access, quality and cost. A requirement of a waiver is that access be at least as good as access under fee-for-service. Additionally, the total cost of services under the waiver cannot generally be more than it would cost for the provision of services without the waiver. Quality initiative are a requirement for the waiver services.

Additional Benefits

Under fee-for-service mental health and substance abuse benefits are limited to "covered" services, i.e. those described in the state plan. These would generally be inpatient and outpatient hospital services, psychiatrist, psychologist and community mental health center services. Under the Iowa Plan the state is allowed to use the savings to provide "b(3)" services. These encompass all of the community based services designed to provide treatment in community settings in the least restrictive manner possible. They are designed to balance the support and maximization of individual independence. Components of community support services, for example, include the following:

- Monitoring of mental health symptoms and functioning/reality orientation
- Ensuring client makes appointments/obtains medications
- Crisis intervention / developing crisis plan
- Communication with other providers
- Coordination and development of natural support systems for mental health
- Supportive relationships
- Transportation assistance

Optional services and supports, like all mental health services offered through the Iowa Plan, should be provided by or under the supervision of qualified mental health professionals or appropriately accredited agencies. Examples of optional services include, but are not limited to:

- Sub-acute services in a 24-hour treatment facility
- 23-hour observation in a 24-hour treatment facility
- Medication management and counseling by appropriately credentialed professionals such as pharmacists, or physician assistants

- Respite Services and Support
- Clubhouse
- Consumer-operated telephone “warm line”
- Family therapy to family members of a child in order to address the mental health needs of that child
- Creation of local systems of care for integrated screening, assessment, and care planning

The RFP Process

The Departments began working on the re-procurement of the Iowa Plan in the first few months of 2003. Realizing the enormity of the undertaking, the Department of Human Services sought an independent contractor to assist with the process, both in the development of the RFP and the facilitation of the evaluation. For this the Department solicited bids from three qualified entities, the University of Iowa Public Policy Center, the Iowa Foundation for Medical Care and Bailit Health Purchasing. The first two, while indicating capability to perform the required duties, declined to bid on the project. Bailit Health Purchasing (Bailit) did submit a bid which was less than the required threshold for an RFP and was selected as the contractor. Bailit was also the contractor that assisted in the same process for the first Iowa Plan bid and therefore, had the specific background and experience that the Department believed would enhance the process.

A template of the RFP was initially developed. At the same time, the Departments asked for public comments on the Iowa Plan to determine if there were any changes that might be made to enhance the plan. Fewer than 40 comments were received. These ranged from laudatory comments about the current program to the suggestion that the Department should go back to the fee-for service system. Many comments were actually related to contract issues with the current contractor.

The RFP was issued by posting to the Target Small Business web page on October 24 with a general posting approximately 4 days later.

Letters of intent were due by November 7th. Six organizations submitted letters of intent.

Questions regarding the RFP were also due by November 7th. About 70 questions from the prospective bidders were received and answered on November 21st.

Proposals were due by noon on December 31, 2003. Two organizations submitted bids to the Departments for this RFP. They are Magellan Behavioral Care, the current contractor and ValueOptions of Iowa.

The Centers for Medicare and Medicaid Services has indicated approval of the RFP. It is expected that the RFP and final contract will be compliant with all requirements of the Balanced Budget Act of 1997, the final rules for which became effective on August 14, 2003.

Evaluation of Bids

The Department realized the importance of a fair, impartial and professional evaluation of any bids that might be received. For this reason, the services of 5 reviewers were solicited. The expertise sought for this panel of reviewers included experience in adult mental health services, child/adolescent mental health services, substance abuse treatment services and managed care contracting. This evaluation committee received the RFP at the time it was posted to the internet and received a copy of the proposals by the two bidders. Three of the committee members are from out of state and two are local residents. Of the local persons, one is a state employee in the Department of Administrative Services.