To: Members of the Human Services Appropriations Subcommittee

From: Sue Lerdal

RE: Medicaid Communication from DHS via the Administrative Rules Committee

Date: March 11, 2002

Attached, please find communication from the DHS regarding recent administrative rule changes impacting Medicaid. The Administrative Rules Committee requested in February for the DHS to prepare the fiscal impact upon recent rule changes and to share the information with the Committee and with the Human Services Appropriations Subcommittee (thus your receipt of the document).

SUMMARY OF MEDICAID RULES RECENTLY PRESENTED TO ARRC

Rule Subject	Effective Date	Fiscal Impact per *Information on Rules*
SSI COLA	1/1/02	Cost neutral (for State Supp) For State Supplementary Assistance (SSA), our clients pay for a portion of the expense of their care, and the SSA program pays the remainder. The amount they pay is based on their income. The majority of the people receiving SSA also receive SSI. When an SSI cost of living increase is implemented, the same percentage increase is applied to the SSA income limits and the deduction allowed from the person's income. The same number of clients remains eligible due to the increase in the income limits. The amount each client pays remains the same because the deduction is increased by the same amount as the SSI increase. This is cost neutral because the income limits are raised, but the payment levels are not. Unspecified for Medicaid The clients pay for a portion of the their care, and Medicaid pays the remainder. The amount they pay is based on their income. The same number of clients remains eligible when their income increases because the income limits also increase. The amount each client pays increases but there is minimal impact because the rates paid to the facility are also increased throughout the year.
Remove restrictions on nurse-midwives	2/1/02	Cost neutral (added services may replace more costly physician services) This rule change was undertaken to achieve compliance with federal regulations. There have been a small number of clients served by this provider group. We currently pay for these services at 85% of the physician rate and there would be no attendant hospital costs associated with home deliveries. To the extent that a client would receive the service from this provider in a facility setting, there would be a minimal cost savings, because there would still be a facility expense. To the extent that a client would receive the service from this provider in a home setting, there would not be a facility expense. However, we are unable to estimate the number of clients who will choose the home birth option.

Rule Subject	Effective Date	Fiscal Impact per *Information on Rules*
Add Indian health facilities	2/1/02	Unspecified costs, all federal This allows Indian Health Service 638 facilities to be Medicaid providers. There is only one such facility in Iowa and this facility has seen a small number of native Americans who have Medicaid coverage. Allowing this provider to enroll and provide services would allow for 100% FMAP for only those recipients served. To the degree that payment for this small number of qualifying individuals would be matched at a higher rate, there could, therefore, be a small reduction in the overall Medicaid payments.
Delay implementing NF 85% occupancy rate to 7/03	3/1/02	Originally: none; As amended: Costs $500,000 to $1,000,000 This rule change was to reflect the corrected date for which the 85% occupancy factor will be applied and the fiscal impact was identified on the cover sheet (blue sheet) to the rules.
Child welfare TCM	(3/1/02)	Unspecified savings contingent on federal approval. This remains accurate in that federal approval has not been received, and there is no estimate as to when it will be received. Both things will impact the amount of federal dollars that will be received. If this is not approved it may be none.
Add heart, lung, liver and pancreas transplants Add and remove bone marrow transplants	12/12/01 3/1/02	Originally: none; As amended: Saves $1,916,386 state $ These services were previously not in the Medicaid State Plan and, therefore, we were not able to draw FFP when the services were provided as an exception to policy. By adding them in the State Plan, we are able to draw FFP. The savings estimate is based on historical data related to exceptions granted to pay for these types of transplants.
Audiology & hearing aid coverage	3/1/02	No additional cost These rules are submitted pursuant to Executive Order 8 and are clean-up for references in addition to requiring a prior approval for hearing aids costing over $650. Note is made that shipping and handling charges are not payable and there is an update in terminology.

Rule Subject	Effective Date	Fiscal Impact per *Information on Rules*
Dental hygienist service in screening centers	3/1/02	Cost neutral. Currently being covered through exceptions The addition of dental hygienist services replaces blanket exception to policy approvals for dental hygienist services through the Title V programs. The federal regulations for EPSDT require dental screens and treatment. There have been continued access issues for children on Medicaid to dental services. The Title V programs have been working with local dentists to screen the 1-3 population and provide the education and fluoride varnishes to reduce caries in this population. If there are dental access problems in a particular area the Title V program becomes the primary way to receive dental screening and then the agency will work with the dental association to identify and obtain treatment for the children in need of treatment services. Ideally each Medicaid child would have a dental home, but due to full dental practices, dental shortage issues, and Medicaid rates this is not an option. Allowing the Title V program to provide preventive dental services will allow IA to meet federal regulations, improve dental health, eliminate more expensive treatment when a child has not received preventive care, and allow children to be healthier and more productive in school when they do not have untreated dental decay.
Rehab agency coverage	3/1/02	No fiscal impact This is pursuant to Executive Order 8. There is a change in an outdated reference and a change that allows family members to be included in group therapy. However, the limitation on the total number of units remains so there is no change to Medicaid payments.
EPSDT coverage	3/1/02	None These rules are submitted pursuant to Executive Order 8 and are language clean-up only.

Rule Subject	Effective Date	Fiscal Impact per *Information on Rules*
Iowa Plan coverage	3/1/02	No fiscal impact - Three rule changes: (1) 88.65(3)b(8) changed the name of a covered benefit to clarify a benefit but did not change the service. (2) 88.67(7) Put certain contract language into IAC to require payment by a managed care program for inpatient hospital services under certain circumstances when there is no medical necessity for those services. This rule would not impact Medicaid fee-for-service. No impact in requirements imposed on the managed care contractor, it only makes IAC consistent with contract language. (3) 88.73(4) removed language pertaining to crossover claims to be consistent with current requirements.
Provider claim forms & billing	5/1/02	No fiscal impact Language clean up only
Psychiatric hospital services	5/1/02	No fiscal impact – This is generally clean-up of outdated terms and references due to Executive Order 8. Note is made that this allows for JCAHO accreditation or accreditation by a nationally recognized body but that has no impact on the Medicaid budget.
MEPD billing changes	6/1/02	Unspecified programming costs covered by federal infrastructure grant. No state fiscal impact. The rule changes are referring to systems changes only. The system changes were funded by a Medicaid infrastructure grant, so it is paid for by federal dollars.
Add psychiatric nurse practitioners	6/1/02	Insignificant cost (some added services replace more costly physician services) This rule allows independently practicing nurse practitioners with psychiatric certification to bill for services they provide. However, most MH care is provided through the Iowa Plan and these practitioners are already able to be enrolled there. Therefore, this would only apply to those persons not enrolled in the Iowa Plan which is a relatively small number. Additionally, most are covered by Medicare and this allows the nurse practitioner to be paid for the crossover claims. It should be noted that under Part B of Medicare, there is a $100 yearly copayment that is almost always met because of the provision of other services. If the Medicare copayment has been met, there would be no additional payment by Medicaid since Medicaid only pays for the copayment and deductible on these cases.

Rule Subject	Effective Date	Fiscal Impact per *Information on Rules*
Eligibility cleanup	6/1/02	No fiscal impact Language clean up only
Dental coverage	6/1/02	No fiscal impact – This is generally clean-up due to Executive Order 8 but does make a provision for more frequent services for those diagnosed with Mental Retardation. Even so, it is not expected that there would be any significant volume increase over what is currently done or authorized by exception to policy.
Optometrist and optician coverage	6/1/02	No fiscal impact – This is from Executive Order 8 and changes outdated references. There are new limits on frames and glasses including allowing only 1 replacement for lost glasses in any one year. It also adds a prior authorization for a second lens replacement within 24 months.