

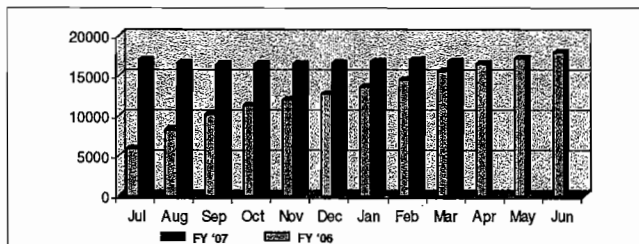
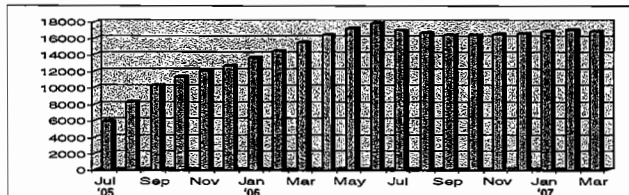
IowaCare Update

Prepared for
Medical Assistance Projections & Assessment Council

Presented by
Stacey T. Cyphert, Ph.D.
Special Advisor to the President for Health Science Government Relations
Special Advisor to the Dean of the Carver College of Medicine for Government Relations
Senior Assistant Director, UI Hospitals and Clinics
University of Iowa

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IowaCare & Chronic Care Enrollment (Net of Disenrollments) From Inception on July 1, 2005 Thru March 31, 2007



FY 07
IowaCare enrollment appears to have stabilized in the mid 16,000s.

Enrollment in each month of FY 07 has been greater than each month of FY 06.

8,135 Unique IowaCare & Chronic Care Patients Have Been Seen at the UIHC Between July 1, 2006 and March 31, 2007

Lyon 5 17	Des Moines 6 18	Dickinson 19 71	Emmet 7 30	Kossuth 17 56	Winneshago 14 60	Worth 22 81	Michel 17 100	Howard 21 86	Winneshiek 39 209	Allamakee 26 224
Skunk 7 18	O'Brien 14 88	Clay 32 132	Palo Alto 16 105	Hancock 13 75	Carroll 97 424	Floyd 52 199	Chickasaw 33 142	Fayette 78 427	Clayton 61 337	
Plymouth 5 12	Cherokee 17 65	Buena Vista 21 81	Pocahontas 17 124	Humboldt 16 66	Wright 32 171	Franklin 7 36	Butler 25 150	Bremer 33 141	Buchanan 69 422	Delaware 41 211
Woodbury 56 186	Iowa 8 69	Sac 15 57	Cathlamet 25 131	Weber 108 546	Hamilton 44 171	Hardin 72 329	Grundy 20 119	Black Hawk 424 1,841	Dubuque 69 422	Jackson 41 211
Monona 13 44	Crawford 12 64	Carroll 22 90	Greene 19 94	Boone 53 313	Story 106 587	Marshall 131 655	Tama 63 417	Benton 94 474	Linn 808 4,609	Jones 83 470
Harrison 5 21	Shelby 16 52	Audubon 6 36	Guthrie 26 110	Dallas 52 233	Polk 495 1,886	Jasper 131 652	Poweshiek 79 505	Iowa 76 410	Johnson 816 4,822	Cedar 76 506
Pottawattamie 43 207	Cass 16 80	Adair 5 18	Madison 21 81	Warren 58 277	Milton 99 518	Malvern 106 592	Kosciusko 70 463	Washington 149 757	Muscatine 234 1,358	Scott 51 279
Mills 5 24	Montgomery 16 78	Adams 2 4	Union 25 116	Clarke 36 183	Lucas 26 109	Monroe 34 205	Wapello 228 1,153	Jefferson 149 766	Henry 101 568	Des Moines 191 1,074
Fremont 10 24	Page 11 38	Taylor 14 66	Ringgold 12 51	Decatur 31 164	Wayne 18 86	Appanoose 18 281	DeWitt 60 212	Van Buren 37 193	Lee 205 915	

Patients came from all 99 counties. Those patients account for 42,021 visits. The number of unique patients seen in FY 07 already exceeds the unique number seen in all of FY 06 (7,900) and the number of unique county patients seen under the State Papers program in FY 05 (4,500).

Key:
1st = Unique Pts.
2nd = Visits

Total includes patients whose residence appears to be outside Iowa. It may also include patients for whom a claim has not yet been submitted to DHS.

The University of Iowa Hospitals and Clinics Accepts IowaCare Patient Transfers When Appropriate

- Once a patient appears on ELVS as an IowaCare beneficiary, the UIHC will agree to accept a patient transfer if care needs are appropriate, the patient is stable, and space permits. Most transfer requests are accepted.
- The reasons patient transfers have not been accepted generally include:
 - If a patient does not appear on ELVS, there is no confirmation that a person is an IowaCare beneficiary and there is no guarantee that a person ever will be.
 - No obligation outside EMTALA situations obligate the UIHC to accept uninsured patient transfers from anyone who asks. The Department of Human Services is responsible for posting a patient on ELVS and the University of Iowa Hospitals and Clinics has no role in this process.
 - Requests to transfer a patient must be for services included in the IowaCare benefit package. For example, people who do not require acute care are not appropriate transfer candidates.

Most Common DRGs Associated with IowaCare Admissions Seen at the University of Iowa Hospitals and Clinics Through March 31, 2007

RANK	DRG	Description
1	410	Chemotherapy
2	544	CHF & Cardiac Arrhythmia w Major CC
3	557	Hepatobiliary & Pancreas Disorders w Major CC
4	202	Cirrhosis & Alcoholic Hepatitis
5	359	Uterine & Adnexa Proc for CA in situ & Non-Malig w/o CC
6	182	Esophagitis, Gastroent & Misc Digest Disord Age > 17 w CC
7	449	Poisoning & Toxic Effects of Drugs Age > 17 w CC
8	143	Chest Pain
9 (tie)	558	Major Musculoskeletal Procedures w Major CC
9 (tie)	125	Circulatory Disord Except AMI, w Card Cath w/o Complex Diag

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Most Common Principal Diagnoses Associated with IowaCare Outpatient Visits at the University of Iowa Hospitals and Clinics Through March 31, 2007

RANK	Code	Description
1	414.01	COR as-native Vessel
2	786.59	Chest Pain NEC
3	V58.11	Encounter for Antineoplastic Chemotherapy
4	428.0	CHF NOS
5	998.59	Other Post-OP Infection
6	410.71	Subend Infarct-Initial
7	780.39	Other Convulsions
8	722.10	Lumbar Disc Displacement
9	577.0	Acute Pancreatitis
10	571.2	Alcohol Liver Cirrhosis

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Supplemental FY 07 IowaCare Funding Is Necessary for the University of Iowa Hospitals and Clinics

- ⊛ Funding dedicated for IowaCare FY 07 payments to the University of Iowa Hospitals and Clinics (\$27.3 M appropriation plus \$3.7 M carry-forward from FY 06) was exhausted in April.
 - On April 20, 2007 the DHS IowaCare website showed reimbursement due the University of Iowa Hospitals and Clinics already exceeds \$32 M.

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IowaCare is NOT an Entitlement

441--92.14(249A,81GA,ch167) Discontinuance of the program. IowaCare is operated statewide and is funded on a fiscal-year basis (from July through June). **When funds are expected be expended before the end of the fiscal year, enrollment of new members into the program will be discontinued or limited** to a reduced scope of services until funding is received for the next fiscal year.

92.14(1) Suspension of enrollment. To ensure equitable treatment, **applications shall be approved on a first-come, first-served basis and enrollment will be suspended when the likely costs of caring for those already enrolled will exhaust the available funding during the year.** "First-come, first-served" status is determined by the date the application is approved for eligibility and entered into the computer system.

92.14(2) Enrollment for limited services. Eligibility or payment for services received cannot be approved beyond the amount of funds available. Because funds are limited, applications may be approved for a reduced scope of services.

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Supplemental FY 07 IowaCare Funding Is Necessary for the University of Iowa Hospitals and Clinics (continued)

- ❖ SF 403, *An Act addressing financial and regulatory matters by making and revising appropriations, providing for properly related matters, and providing effective dates*, authorizes up to \$10 M in additional payments for the University of Iowa Hospitals and Clinics based on claims submitted for IowaCare patients served in FY 07.
 - Both chambers had passed the same language in SF 403 by April 2, 2007, but the bill has not made it to the Governor yet and remains unsigned.

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The University of Iowa Hospitals and Clinics and Carver College of Medicine Subsidize the IowaCare Program in a Number of Ways

- ❖ Pharmaceutical and durable medical equipment pilot programs.
- ❖ Transportation services.
- ❖ IowaCare Assistance Center.
- ❖ Physician services.
- ❖ None of the supplemental payments necessary for FY 07 would be earned for expenses associated with the subsidization.
- ❖ Care for State Institution patients is also subsidized by the University of Iowa Hospitals and Clinics and Carver College of Medicine.

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UI Hospitals and Clinics Has Self-Funded Pilot Pharmaceutical and Durable Medical Equipment Programs in FY 07

- August 14, 2006, the University of Iowa Hospitals and Clinics implemented pilot programs without reimbursement to facilitate IowaCare beneficiary access to pharmaceuticals and durable medical equipment.
- Through the end of March, 2007:
 - Over 70,000 prescriptions have been filled at a cost for drugs, labor and shipping of approximately \$2.4 M.
 - Over 7,100 durable medical equipment items have been provided at a cost in excess of \$236,000.
- Given growth in the pilot pharmaceutical program utilization over time, the University of Iowa Hospitals and Clinics projects it could cost nearly \$3.7 M to provide this service alone for all of FY 08.
- A decision on the future of the pilot programs needs to be made should pharmaceutical and durable medical equipment not be included as covered benefits under IowaCare for FY 08.

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Most Common Prescriptions Provided by the University of Iowa Hospitals and Clinics Via Its Pilot Pharmaceutical Program

Product	Use
Hydrochlorothiazide Tablet 25 MG	Hypertension (high blood pressure)
Metformin HCl Tablet 500 MG	Diabetes
Omeprazole Capsule DR 20 MG	Acid Reflux
Tramadol HCl Tablet 50 MG	Pain
Simvastatin Tablet 40 MG	Hypercholesterolemia (high cholesterol)
Naproxen Tablet 500 MG	Pain/Inflammation
Lantus Solution 100 UNIT/ML	Diabetes
Hydrocodone-Acetaminophen Tablet 5-500 MG	Pain
Lisinopril Tablet 10 MG	Hypercholesterolemia (high cholesterol)
ProAir HFA Aerosol Soln 108 MCG/ACT	Asthma/COPD

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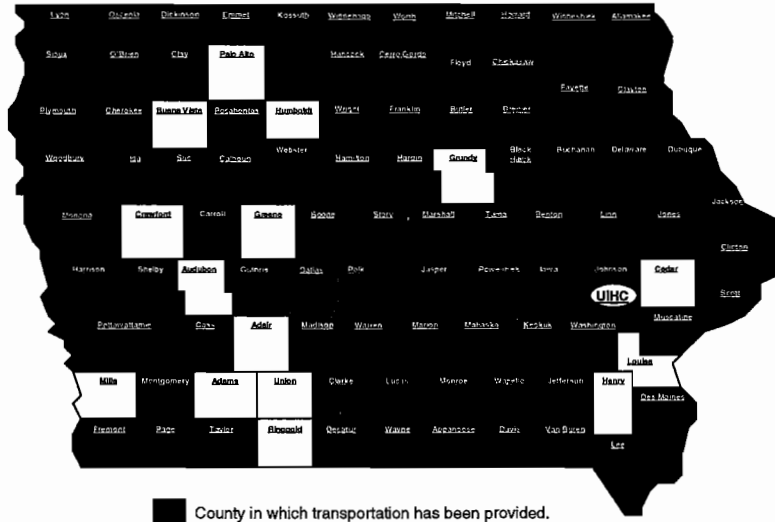
Most Common Durable Medical Equipment Items Provided by the University of Iowa Hospitals and Clinics Via Its Pilot DME Program

Rank	Item
1	Oxygen (portable, concentrators and contents)
2	Ostomy Supplies (clamps, paste, pouches)
3	Blood Glucose Meters
4	Braces (back, ankle, knee, etc.)
5	Shoes (includes shoe inserts / foot inserts)

UI Hospitals and Clinics Has Subsidized Patient Transportation Services Throughout FY 07

- ⊗ The University of Iowa Hospitals and Clinics is paid \$0.30 per mile for patient transportation it provides on a voluntary basis to and from an IowaCare beneficiaries' home using its fleet of 10 vans. This payment rate is substantially below the University of Iowa Hospitals and Clinics' costs of providing this service.
- ⊗ Through the end of March, 2007:
 - ⊗ Over 466,000 miles have been traveled to make 1,482 round trips to facilitate in excess of 5,450 patient appointments.
 - ⊗ Costs have exceeded reimbursement by approximately \$560,000.

The University of Iowa Has Provided Transportation Services for IowaCare Beneficiaries in 84 Counties Year-to-Date in FY 07



The University of Iowa Hospitals and Clinics Sought to Facilitate Payments to Ambulance Companies for IowaCare Transports

- Section 4.2.6 of the FY 07 28E agreement between the Department of Human Services and the Board of Regents, on behalf of the University of Iowa Hospitals and Clinics, sought to allow reimbursement for ambulance companies for their transports of IowaCare beneficiaries. This section is part of the 28 E agreement agreed to by the Department of Human Services and the Board of Regents.

4.2.6 The Department shall permit UIHC to count its voluntary transportation expenses at Iowa Medicaid rates toward obligations associated with acceptance of the appropriation. This includes UIHC's arrangements to be reimbursed for paying ambulance companies for transportation of IowaCare patients.

The 28E Provision to Facilitate Payments to Ambulance Companies for IowaCare Transports Has Been Disallowed

- ❖ In a December 14, 2006 e-mail to the University of Iowa Hospitals and Clinics, the Department of Human Services made the following points:
 - The Attorney General's office provided feedback that Medicaid regulations only permit reimbursement to the entity providing the service.
 - 100% state funds would need to be used to pay back the University of Iowa Hospitals and Clinics if it were to pay ambulance companies and then seek to be held harmless. This would cause IowaCare funding faster than if matched funds were used.
 - It was an error when the Department of Human Services agreed to provision 4.2.6 in the 28 E agreement.

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The University of Iowa Hospitals and Clinics Self-Funds an IowaCare Assistance Center to Facilitate Delivery of Services

- ❖ The Center provides patients and care providers with information about the IowaCare program and covered services, application forms and information about local lodging and transportation options.
- ❖ The Center is directed by Peggy O'Neill, R.N., MSN. Janet Schlechte, M.D., serves as Medical Director. Several registered nurses with case management training staff the Center.
- ❖ The Center's phone number is (319) 356-1000.
- ❖ Annual cost to the University of Iowa Hospitals and Clinics to operate the Center is approximately \$600,000.

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Carver College of Medicine Physicians Are Not Reimbursed for Services Provided to IowaCare Beneficiaries

- Per the laws of the 81st General Assembly, 2005 Session, CH. 167 (HF 841), Sec. 47(4), "...a physician or surgeon who provides treatment or care for an expansion population member pursuant to chapter 249J shall not charge or receive any compensation for the treatment or care except the salary or compensation fixed by the state board of regents to be paid from the hospital fund."
- The inability to seek reimbursement for IowaCare services provided means the Carver College of Medicine must generate salary dollars from other sources. Given volume levels under IowaCare are significantly greater than volume levels under the State Papers program, the challenge to the Carver College of Medicine has been magnified.
- For FY 07 it is estimated Carver College of Medicine physicians will forgo \$13.1 M in reimbursement at Iowa Medicaid rates.
- Any plan to expand the IowaCare provider network, which the University of Iowa Hospitals and Clinics and Carver College of Medicine do not oppose, must treat all network providers fairly – if physicians in the expanded network are permitted to bill for IowaCare services so too must Carver College of Medicine physicians.

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Neither the University of Iowa Hospitals and Clinics nor the Carver College of Medicine Physicians Are Reimbursed for Services Provided to State Institution Patients

- Per the laws of the 81st General Assembly, 2005 Session, CH. 167 (HF 841), Sec. 50 & 51, state institutions may send residents for care at the University of Iowa Hospitals and Clinics without incurring costs for the care provided (state institutions are responsible for travel and attendant costs).
- Care for State Institutions was previously part of Chapter 255 funding provided to the University of Iowa Hospitals and Clinics. Chapter 255 was repealed with the introduction of IowaCare (per the laws of the 81st General Assembly, 2005 Session, CH. 167 [HF 841], Sec. 59).
- The claims process required under IowaCare essentially precludes inclusion of state institution care costs from counting toward the IowaCare dollars to be earned.
- At Iowa Medicaid reimbursement rates, it is estimated for FY 07 that the University of Iowa Hospitals and Clinics will forgo \$5.2 M and the Carver College of Medicine physicians will forgo an additional \$1.5 M treating state institution patients.

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The University of Iowa Hospitals and Clinics and Carver College of Medicine Subsidize the IowaCare Program in a Number of Ways

- Pharmaceutical and durable medical equipment pilot programs [approximately \$3.5 M on an annual basis].
- Transportation services [approximately \$747,000 on an annual basis].
- IowaCare Assistance Center [approximately \$600,000 on an annual basis].
- Physician services [approximately \$13.1 M on an annual basis].
- Care for State Institution patients [approximately \$6.7 M on an annual basis].
- **BOTTOM LINE:** The University of Iowa Hospitals and Clinics and Carver College of Medicine will subsidize the IowaCare program roughly \$24.6 M in FY 07.

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A 28E Agreement Pertaining to IowaCare in FY 08 Needs to Be Negotiated

- Per the laws of the 81st General Assembly, 2005 Session, CH. 167 (HF 841), Sec. 25(7), the State Board of Regents, on behalf of the University of Iowa Hospitals and Clinics, and the Department of Human Services, shall execute a 28E agreement annually with respect to IowaCare.
- The current 28 E agreement expires June 30, 2007.
- Negotiations with the Department of Human Services will begin once Governor Culver has signed all relevant IowaCare-related legislation.

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