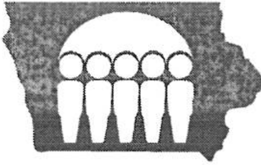

Iowa Department of Human Services

Kim Reynolds
Governor

Adam Gregg
Lt. Governor

Jerry R. Foxhoven
Director

MEMO

FROM: Merea D. Bentrott, Policy Advisor
TO: General Assembly
DATE: November 27, 2017
RE: Medicaid Efficiency Bill

The attached proposal recommends the following:

I. Update the Healthy and Well Kids in Iowa (hawk-i) Program by moving some of the third party administrator responsibilities to the Iowa Medicaid Enterprise (IME).

Move the ***hawk-i*** capitation process from the third party administrator to the IME. This would eliminate two separate capitation payments to the MCOs. Currently IME pays the Medicaid payments through MMIS. The hawk-I capitation payments are manually worked through the GAX process, which adds time and complexity to the workflow. If MMIS is used for both payments, duplicate payments may be found earlier and thus eliminated before the payment is made.

Move the member premium collection process from the third party administrator to the IME. Currently the premium collection process is done through the third party administrator. This function is also performed by the IME with the MEPD and IHAWP programs. This would consolidate the functions.

II. Instruct the state to develop a system for the 99 counties to share incarceration data with the IME.

Establish an enforcement mechanism for county jails to participate and share incarceration data with the IME. Federal regulations prohibit Medicaid from paying for care for inmates except inpatient hospital claims. Currently, there are two key issues with IME as it relates to care for inmates and recently released inmates.

1. IME is not always aware when members are incarcerated, resulting in paying capitation payments for members who are not eligible for Medicaid due to their incarcerated status. Part of the problem stems from having to rely on reporting from 99 county jails. Currently there is no centralized system to share this information from the county jails with IME, resulting in an unknown number of dollars being inappropriately paid in capitation payments.
2. When an inmate who was previously eligible for Medicaid is released, and their suspension is lifted, they have a period of Fee-for-Service (FFS) coverage. FFS does not cover B-3 mental health and substance abuse services. These services are particularly important as it relates to recidivism in this population. A delay in these services while waiting for managed care coverage to begin can have negative impacts on the member's health and ability to stay out of incarceration.

III. Update Reporting Requirements for the Annual State Drug Utilization Review (DUR) and Medicaid Managed Care Oversight Report

-DUR Annual State Report: The recommendation is to remove the state requirement to submit an annual review of the drugs on the department's prior authorization list to the department and to the members of the general assembly's joint appropriations subcommittee on health and human services (Iowa Code 249A.24, subsection 3).

The DUR program is required to provide an annual federal fiscal year (FFY) report to the Centers for Medicare and Medicaid Services (CMS), which are posted at www.medicaid.gov/medicaid/prescription-drugs/drug-utilization-review/index.html. The information in the federal report is duplicative of what is provided in the state report, although represents a different timeline of FFY versus state fiscal year (SFY).

- As the program has moved the majority of members to managed care the information in this state report reflects only the small number of members in the fee-for-service program.
- Much of the information contained in the report is available on the website www.iadur.org.

The CMS is working with states to incorporate managed care data into the federal report which will result in a more comprehensive report on the DUR program.

-Medicaid Managed Care Oversight Reporting Updates: As the IA HealthLink program has continued to mature and the department has gained experience, it is the goal moving forward to collect as meaningful data as possible and report on a frequency that reflects actual trends and program evaluation.

IV. Eliminate Duplicative Reporting on Iowa Health and Wellness Plan (IHAWP) Mental Health Substance Abuse Outcomes

Iowa Code 249 N.8 (2.) requires the department to annually submit a report of the results of a review of the outcomes and effectiveness of mental health services provided under the Iowa Health and Wellness Plan (IHAWP).

The DHS recommends striking 249N.8 (2.). As of April 1, 2016 most Medicaid members are enrolled in the Iowa Health Link managed care program with their Medicaid benefits including mental health services managed by one of two managed care organizations (MCO). Each MCO is required to submit quarterly clinical reports related to mental health services across the entire Medicaid population.

V. Change Pharmacy Copayment to a flat copayment (currently of $1.00) and no longer base it on preferred/nonpreferred status on the Preferred Drug List (PDL) to be consistent with federal regulations.

The pharmacy copayment is currently $1.00 for all drugs based on the language in the final federal rule CMS–2334–F which added to 42 CFR Part 447 Medicaid Premiums and Cost Sharing:

> §447.53 Cost sharing for drugs.
>
> (e) In the case of a drug that is identified by the agency as a non-preferred drug within a therapeutically equivalent or therapeutically similar class of drugs, the agency must have a timely process in place so that cost sharing is limited to the amount imposed for a

preferred drug if the individual's prescribing provider determines that a preferred drug for treatment of the same condition either will be less effective for the individual, will have adverse effects for the individual, or both. In such cases the agency must ensure that reimbursement to the pharmacy is based on the appropriate cost sharing amount.

Since implementation of this final rule, all drug copayments are the preferred amount of $1.00, because a Medicaid member would not get a non-preferred drug unless the drug was medically necessary.

VI. Change the Medicaid Advisory Council Statute

Remove DHS budget recommendations from the MAAC committee as the DHS Council performs this function.

Remove associations that are no longer in operation, represented through another association, or unidentifiable as to whether they remain viable associations:
17) The Iowa association of rural health clinics.-Staff are associated with the Iowa Primary Care Association.
(27) The Iowa coalition of home and community-based services for seniors.
(28) The Iowa adult day services association. – The Association has dissolved and is represented by Leading Age.

VII. Eliminate Targeted Case Management Reimbursement

The proposal is to eliminate cost-based reimbursement for TCM services. This is justified due to the transition to comprehensive managed care and their increased role in case management services

cc: Mikki Stier
Sheri Sidari