Department of HUMAN SERVICES

IA Health Link: Summary of New Contracts and Legislative Requirements

Executive Summary

The Department of Human Services (DHS) has received signed contracts from Amerigroup Iowa and Iowa Total Care for State Fiscal Year 2020 (SFY20). Along with updating rates to reflect actual experience, the new contracts fund important legislative requirements and policy changes.

Program Changes and Required Rate Increases

Program and policy changes account for $83.1M, or 1.98%, of the SFY20 rate increase. These changes include Hepatitis C coverage and rate rebasing for certain providers.

Hepatitis C Coverage

The new contracts fund greater access to Hepatitis C treatment for a greater number of Medicaid members. These funds go directly to providing care for Iowans in need of life saving treatment.

Provider Rebasing

Rates were rebased for Federally Qualified Health Clinics (FQHC), Rural Health Clinics (RHC) and Intermediate Care Facilities for the Intellectually Disabled (ICF/ID). This aligns provider rates with the actual costs to serve Medicaid members with complex care needs.

Contract Changes and Improvements

Long-Term Services and Supports (LTSS) Assessments

New protections are included in the contracts for LTSS members' assessments, including protections related to the level of care and Supports Intensity Scale (SIS) assessments. Members are now able to have others, of their choice, present during their assessment. The Managed Care Organizations (MCOs) are now required to provide more timely notice to the member of their assessment. Members shall receive a copy of their assessment within three days from the MCOs.

Managed Care Organization (MCO) Oversight

The new contracts require the MCOs to load provider rates within 30 days. The contracts also require the MCOs to complete provider credentialing, and accurately load provider rosters and rates. Liquidated damages have been increased as it relates to timely and accurate submission of encounter data, which is key to oversight. Additionally penalties have been put in place for reoccurrence of prior authorization and claims payment system issues.

Rates

DHS and the MCOs worked diligently and in good faith to establish and agree to capitation rates which are actuarially sound. SFY20 rates were established and reviewed by an independent actuary. These take into account actual experience and legislative and policy changes, which results in a $386M total increase in capitation rates, with the state share being $115M. This represents an 8.6% total increase from SFY19, or a 6.5% in state funding.

Legislative Update

House File 518 (HF518) from this past legislative session asked DHS to work with the Centers for Medicare and Medicaid Services (CMS) to allow for the payment of the nursing facility room and board expenses for a dually eligible Medicare and Medicaid member at 95% of the nursing facility's Medicaid Fee-for-Service (FFS) rate rather than indirectly as a pass-through payment from the hospice services provider.

Summary of HF518	
Hospice Room and Board	DHS is working with CMS on how to make this policy change request. The change cannot be done with a State Plan Amendment (SPA) or a 1915b waiver. The policy we would need to "waive" is the prohibition on Medicaid payment directly for room and board. Both DHS and CMS continue to research the option for the state to request an 1115 waiver to allow this policy change.

Table A: This is a high-level summary of HF518 and is not all-inclusive.

House File 570 (HF570) from this past legislative session asked DHS to eliminate the monthly budget maximum, or cap, for individuals eligible for the Medicaid Home- and Community-Based Services Brain Injury (BI) waiver.

Summary of HF570	
Elimination of Brain Injury (BI) Waiver Budget Maximum	This is effective for dates of service July 1, 2019 or after for both MCO and FFS members. BI waiver recipients no longer need to request and exception to policy (ETP) to exceed the monthly maximum under the BI waiver. BI waiver recipients may access the medically necessary services and supports identified in their comprehensive person-centered service plan. Providers were notified of this changed in DHS Informational Letter 2030.

Table B: This is a high-level summary of HF570 and is not all-inclusive.

House File 766 (HF766) from this past legislative session included increased rates for nursing facilities and providers, as well as funding for mental health. The increased legislative spending accounts for 2.66% of the SFY20 contract rate increase.

Summary of HF766	
Nursing Facility Reimbursement Rates	This rebases nursing facility rates to reflect the most current cost information. Estimated to increase overall Iowa Medicaid expenditures by about $23M state dollars ($59.8M total). This positively impacts providers as it allows for additional reimbursement. This accounts for 1.4% of the SFY20 increase.
Mental Health Complex Needs and Children's System	An additional $12.8M for mental health funding is provided for year-two of the adult mental health system and to lay the groundwork for the children's mental health system. This includes eliminating the waitlist for the children's mental health waiver. This accounts for .3% of the SFY20 increase.
Critical Access Hospital Cost Adjustment Factor	This directs $1.5 million in state dollars ($3.8M total) to critical access hospitals for additional reimbursement using a cost adjustment factor. This positively impacts providers as it allows for additional reimbursement. This accounts for .1% of the SFY20 increase.
Assertive Community Treatment (ACT) Reimbursement Rates	This updates the fee schedule amounts for three Current Procedural Terminology Codes (CPT) related to ACT. This is estimated to increase Iowa Medicaid expenditures by approximately $211,000 state dollars ($540,000 total). This positively impacts providers as it allows for additional reimbursement.
Tiered Rate Increase	Additional funds were added to the tiered rates for intellectual disability (ID) waiver providers to cover the cost of care they provide to our members. Legislators funded $1M ($2.6M total), which accounts for .1% of the SFY20 increase.
Uniform Prior Authorization (PA) Process	DHS is working to adopt rules to require the MCOs and FFS to utilize a uniform PA process. A work group convened in August 2019. Tentative implementation is July 2020.

Table C: This is a high-level summary of HF766 and is not all-inclusive.