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Access News

MEDICAID 2015, PART 1 of 3

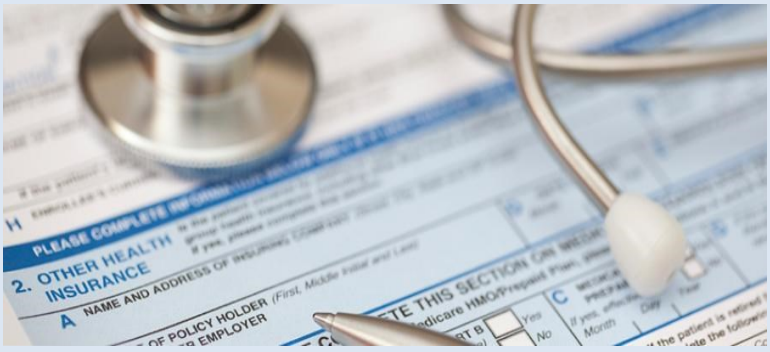
Iowa's Proposed Plan to Change Medicaid: Part One

This edition of Access News *is the first part of a three-part series that focuses on the state's proposed changes to Medicaid managed care. These proposed changes are part of a health care initiative that the Iowa Department of Human Services (DHS) is referring to as Medicaid Modernization. ASK Resource Center (ASK) is publishing this series in an effort to share information and resources, and to help provide an understanding of the emerging issues related to the proposed changes to managed care. Part one of the series addresses basic questions surrounding those emerging issues, part two will examine the process Iowa must use to make any changes, and part three will focus on what you can do to share your thoughts, concerns and ideas.*

There are changes being proposed to the way health care services and Home and Community Based Service (HCBS) Waivers will be approved and delivered through Medicaid. HCBS waivers are also often described as "community based long-term services and supports." These proposed changes will impact all seven of Iowa's Waivers, and any child, youth or adult with a disability, chronic illness or special health care need.

Governor Branstad's office proposed making these changes and directed the Iowa Department of Human Services (DHS) to initiate the required legal steps for all current health care and waiver services to be carried out and managed by private companies, referred to as managed care organizations (MCOs). The state claims this change will save $51.3 million dollars in the first six months. This claim is just one of several controversial issues emerging as advocates study the proposed change and its impact.

WHAT IS MANAGED CARE?



According to Medicaid.gov, managed health care provides the delivery of Medicaid health benefits through contract agreements made between state Medicaid agencies and MCOs. The purpose of this system is to:

- Improve the quality and access to health care
- Establish greater accountability for patient outcomes
- Develop a more sustainable and predictable Medicaid budget

Many states, including Iowa, view the managed care program as a way to provide health care benefits to individuals with complex medical needs, behavioral issues, substance abuse, developmental disabilities and long-term care needs which were either difficult to obtain and/or reimburse within the current fee-for-service system.

The $51.3 million savings in the Iowa Medicaid Modernization Initiative is to be a result of a value-based system rather than a volume-based system. In a value-based system, treatment is individualized and outcomes are based on what matter to the patient and their overall quality of life. This type of system works to reduce the duplication of services and unnecessary hospitalizations. On August 17, Iowa will select two to four MCOs that have demonstrated the ability to coordinate care statewide and provide quality outcomes for consumers.

EMERGING ISSUES RELATED TO THE PROPOSED CHANGES TO MEDICAID

1. How will this proposed change save over $51.3 million? The current Medicaid program covers 564,000 Iowans at an annual cost of $4.2 billion. The new proposed contract language will allow MCO companies to charge up to 15% overhead. This overhead percentage means Iowa will pay MCO companies more than $4 billion to provide Medicaid administrative services. Critics have stated under the proposed changes, Medicaid health costs could increase to over $6 billion. Iowa DHS will still need some personnel to work with the MCOs in oversight and coordination, so administrative money will continue to be spent in addition to the MCO contract payments. The actual amount of DHS administrative expenses is not known at this time. To learn more, read the following policy briefs:

- Medicaid Managed Care: Costs, Access, and Quality of Care
- People with Disabilities and Medicaid Managed Care: Key Issues to Consider

2. Will there be service coverage changes or cuts to the services currently provided in health care or HCBS services? Disability advocates express concern that any cost savings under the proposed Medicaid managed care service model will come from cutting the level of current services to individuals with disabilities. Iowa's current Medicaid services are approved and delivered through a fee-for-service model. About a year ago, Kansas made a switch to a managed care plan similar to the one proposed for Iowa. There are two recently published reports from the University of Kansas, studying whether managed care limited or cut services. Read those reports here:

- Survey: Switching Medicaid to managed care leads to difficulties obtaining medical services
- Medicaid Managed Care: Issues for beneficiaries with disabilities

3. How will the state of Iowa oversee the job performance level of MCOs chosen to deliver these Medicaid services? Oversight could be done in a variety of ways. There are no published, written guidelines or contract language to tell Iowans how DHS will make sure they are holding MCO companies accountable to taxpayers at the present time. A legislative bill, Senate File 452, proposed a structure to create an oversight committee; however, the bill failed to pass, so there is still no clear information on how the oversight will be put into place.

- Bill creating Medicaid oversight commission dies in House
- Iowa Medicaid plan is full of empty promises

4. Do consumers and family members of individuals with disabilities, chronic illness, and special health care needs have a meaningful role and voice as a stakeholder when managed care decisions are made? This can and should happen. Administrators, service providers, consumers, and families need to be part of the decision-making process, and be considered equal partners in all decisions about the managed care plan. One way to do this is to create a state advisory committee and require each MCO to do the same; each of those committees should be required to have a majority of their members be consumers and family members of individuals with disabilities. Kansas has done this, and consumers and families state it is helping to make the system better. There are various committees throughout Iowa that use the consumer partnership engagement model. One example is the State Education Advisory Panel (SEAP), which, in Article III, Section 1 of their bylaws and operating procedures, clearly outlines the need for and necessary language for consumers to be the majority of the membership. This language could be easily be adopted and used in the oversight of Medicaid managed care. To learn more, read SEAP's membership bylaws, found on page seven:

- SEAP Bylaws

5. Should Iowa's Medicaid Managed Care proposal include all ages and disability groups? Thirty-nine states have adopted a Medicaid Managed Care model to approve and deliver services to individuals with disabilities, chronic illness, or other special needs. Some of the states have not required certain disability groups or age groups to participate in the managed care model. This is known as "carve out." Iowa is not seeking a carve out. However, Iowa *is* seeking changes to some of it's Medicaid programs and all waivers. The process to do so requires the state of Iowa to receive approval from the Center for Medicare and Medicare Services (CMS). The following policy brief from the Kaiser Family Foundation offers more information about "carve outs" and care standards:

- Medicaid Managed Care: Key Data, Trends, and Issues

How Does Iowa Currently Pay for Services?

The current way Iowa Medicaid pays for the delivery and the expense of services is through a model known as "fee-for-service." A fee-for-service Medicaid plan means you can go to any doctor, hospital, or clinic that accepts Medicaid. The service provider bills Medicaid for the care or service, such as a medical test you receive, and Medicaid pays the bill. If the proposed change to managed care is approved, this process will change. With a Medicaid managed care model, you will be asked to select a plan to join. The plan you join will be in charge of your medical care. There will be rules about which doctors you can see, and how you get care. Some of the rules you can expect:

- **You select a primary care doctor from the list your plan gives you.** It is important to check that the plan you chose includes the doctor you want.
- **The primary care doctor, generally known as a primary care provider (PCP), will be in charge of your care.** The PCP gives you regular care, such as routine check-ups, shots, etc. If you need another type of doctor the PCP will refer you. Your PCP should know your history and health care needs.
- **The doctors you see must be on the managed care plan's list.** This is also known as your health care plan network. Your managed care plan will only pay doctors, hospitals, and other health care providers that are in your network. There will be an exception to this rule if you need emergency room care. Managed care plans use the "prudent layperson" standard. This standard means if a person with average knowledge of medicine and health thinks not seeking immediate medical attention could result in death or injury, then you have the right to get care. Your plan must pay the bill, even if the doctors providing care are not on your plan's list of approved doctors.

Source: The Legal Aid Society

FURTHER READING: MEDICAID MODERNIZATION IN THE NEWS

Iowa to hire private firms to help run Medicaid
Tony Leys, *The Des Moines Register,* January 20, 2015

Is Medicaid privatization about money or heath?
Tony Leys, *The Des Moines Register,* March 6, 2015

Iowa Senate seeks legislative oversight for Medicaid changes
William Petroski, *The Des Moines Register,* March 18, 2015

Poll: Iowans Reject Branstad's plan for Medicaid, closing MHIs
William Petroski, *The Des Moines Register,* April 29, 2015

Contact Obama administration to stop plan to privatize Medicaid
Editorial, *The Des Moines Register,* May 23, 2015

TIMELINE: IOWA'S MOVE TO MANAGED CARE

February 16, 2015
Request for Proposal (RFP) released

February 25, 2015
Bidder comments on RFP due

March 11, 2015
Letter of intent to bid due

March 11, 2015
First round of questions due

March 20, 2015
Stakeholder/public comments on RFP due

March 26, 2015
First round of answers posted

April 2, 2015
Second round of questions due

April 10, 2015
Second round of answers posted

April 13, 2015
Payment arrangement rates released

May 8, 2015
Proposals due

August 17, 2015
RFP awards published

Fall/Winter 2015
Contracts negotiated and signed

Prior to Jan. 1, 2016
Successful MCOs build networks

Jan. 1, 2016
Medicaid Modernization takes effect

NOTE: The future dates listed on this timeline are subject to change.

Guiding Principles: Successfully Enrolling People with Disabilities in Managed Care Plans

The National Council on Disability (NCD), an independent federal agency committed to disability policy leadership since 1978, offers Guiding Principles: Successfully Enrolling People With Disabilities in Managed Care Plans, a publication that outlines the best practices for effectively designing and carrying out managed care initiatives for individuals with disabilities. The main criteria for the 20 principles outlined in the NCD's guide are listed below; access the full publication by going to the following web address: www.ncd.gov/publications/2012/Feb272012.

I. Personal Experience and Outcomes

A. Community Living
B. Personal Control
C. Employment
D. Support for Family Caregivers

II. Designing and Managing a Managed Care System

A. Stakeholder Involvement
B. Cross-Disability, Lifespan Focus
C. Readiness Assessment & Phase-In Schedule
D. Provider Networks
E. Transitioning to Community-Based Services
F. Competency & Expertise
G. Operational Responsibility & Oversight
H. Continuous Innovation
I. Maintenance of Effort & Reinvesting Savings
J. Coordination of Services & Supports

III. Managed Care Operating Components

A. Assistive Technology & Durable Medical Equipment
B. Quality Management

IV. Participant Rights

A. Civil Rights Compliance
B. Continuity of Medical Care
C. Due Process
D. Grievances & Appeals

ACRONYM DIRECTORY

ACO	Accountable Care Organization	**MFP**	Money Follows the Person
CHIP	Children's Health Insurance Program	**MTM**	Medication Therapy Management
CMS	Centers for Medicare & Medicaid Services	**NEMT**	Non-Emergency Medical Transportation
DHS	Department of Human Services	**PA**	Prior Authorization
DUR	Drug Utilization Review	**PAHP**	Prepaid Ambulatory Health Plan
HCBS	Home & Community Based Services	**PCC**	Primary Care Case Management
IME	Iowa Medicaid Enterprises	**PDL**	Preferred Drug List
IT	Information Technology	**PHIP**	Prepaid Inpatient Health Plan
LTSS	Long-term Services & Supports	**RFP**	Request for Proposal
MCO	Managed Care Organization	**RHEP**	Recipients Health Education Program

ASK Resource Center, Inc.

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