

Members:

Sen. Patricia Miller, Chair
Sen. Robert Meeks
Sen. Joseph Zakas
Sen. Rose Antich
Sen. Samuel Smith, Jr.
Sen. Vi Simpson
Rep. William Bailey
Rep. Charlie Brown
Rep. William Crawford
Rep. Ralph Ayres
Rep. Vaneta Becker
Rep. David Frizzell

LSA Staff:

Al Gossard, Fiscal Analyst for the Committee
Steve Wenning, Attorney for the Committee

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SELECT JOINT COMMITTEE ON MEDICAID OVERSIGHT

**Legislative Services Agency
200 West Washington Street, Suite 301
Indianapolis, Indiana 46204-2789
Tel: (317) 232-9855 Fax: (317) 232-2554**

MEETING MINUTES

Meeting Date: October 27, 1998
Meeting Time: 10:00 A.M.
Meeting Place: State House, 200 W. Washington St., Room 233
Meeting City: Indianapolis, Indiana
Meeting Number: 7

Members Present: Sen. Patricia Miller, Chair; Sen. Joseph Zakas; Sen. Rose Antich; Rep. William Bailey; Rep. Charlie Brown; Rep. William Crawford; Rep. Vaneta Becker.

Members Absent: Sen. Robert Meeks; Sen. Samuel Smith, Jr.; Sen. Vi Simpson; Rep. Ralph Ayres; Rep. David Frizzell.

Sen. Miller, Chair of the Committee, called the meeting to order at about 10:15 a.m..

EDS Update

Ms. Mary Simpson, EDS

Ms. Mary Simpson, EDS, provided three documents to the Committee: (1) Claims Processing Statistics¹; (2) Indiana Medicaid Dental Services, CY 1998²; and (3) Dental Claims Payment History and Processing Statistics³. The Claims Processing Statistics report contains weekly information on the percentage of claims paid or denied and the amount paid; the number of suspended claims and percent of total claims adjudicated; and provider assistance telephone statistics. The Dental Services Report provides information on the number of dental providers and recipients that are enrolled and participating in the Medicaid Program. The Dental Claims Payment History Report contains information on the number of claims paid, denied, or suspended; the total amount paid by month; and the average number of days for claims processing.

¹This document is on file in the Legislative Information Center, Room 230, State House, Indianapolis, Indiana. The telephone number of the Legislative Information Center is (317) 232-9856 and the mailing address is 200 W. Washington St., Suite 301, Indianapolis, Indiana 46204-2789.

²Copies of this document are on file in the Legislative Information Center (See footnote 1).

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Mr. Bruce Melchert, Representing Clarian Health

An issue involving Medicaid under payments to Clarian Health was discussed. The under payments total about \$5 million and originated about 2 ½ years ago when Clarian Health was formed. He stated that Clarian met with EDS on the previous Friday. Ms. Simpson stated that she was unaware of the details of the problem.

Ms. Pat Nolting, Office of Medicaid Policy and Planning (OMPP)

Ms. Pat Nolting, OMPP, provided some background information on the issue. She stated that when the merger occurred between Methodist Hospital, Indiana University Hospital, and Riley Hospital, there was an agreement that Riley would have a separate provider number. While Riley is eligible for the Medical Education Rate (an add-on to the regular Medicaid reimbursement), the new rate had not been added to Riley's provider file until January 1998. Consequently, Riley had failed to receive the full Medicaid reimbursement that it was entitled to. The shortage is about \$5 million.

Ms. Nolting stated that Myers and Stauffer (the state's Medicaid rate-setter), EDS (the state's Medicaid claims processor), and OMPP now have appropriate processes in place so that this type of problem should not happen again. She stated that EDS should be able to reprocess all of the underpaid claims for Clarian in less than a month.

Rep. Charlie Brown inquired about the Medicaid fraud problem in Gary, IN, involving chiropractors. Ms. Nolting stated that in OMPP's post-payment review process with EDS, anomalous billing practices were discovered in the Gary area. The state's Medicaid Fraud Control Unit then requested that OMPP take no further action until April 1998 since the Fraud Unit was conducting an on-going investigation. The situation today is that 16 chiropractors are now subject to pre-payment review. As a consequence, chiropractor payments have declined by about half.

OMPP is now working with EDS to develop a policy for chiropractic services for children. OMPP will be meeting with both the International Chiropractors Association of Indiana and the Indiana State Chiropractic Association to discuss any changes that will occur. She added that the investigation is still going on.

Ms. Lisa Benjamin, Director of Finance, Visiting Nurses Association (VNA), Evansville, IN

Ms. Lisa Benjamin, Visiting Nurses Association of Evansville, reported to the Committee regarding VNA's status on reimbursement from their Medicaid risk-based managed care contractor. The Visiting Nurses Association of Evansville is a not-for-profit volunteer organization that provides in-home care under the direction of the patient's physician. The Association is both Medicaid- and Medicare-certified. Ms. Benjamin stated that when she reported at the last meeting of the Committee (September 22), the outstanding receivables for VNA were about \$87,000. Outstanding receivables are now \$104,000. She added that VNA had received an advance payment of \$25,000, but the information provided with the check was not claims specific and so she was unsure at this time how to apportion that amount.

Mr. Ken Kubisty, Director of Administration for Government Programs, Maxicare Indiana, Inc.

Background Note: Maxicare is Indiana's risk-based managed care contractor for the southern third of the state. Maxicare formerly contracted with Southeast Indiana Health Organization (SIHO) to provide claims processing services. After encountering performance problems with SIHO earlier in the year (primarily affecting Medicaid payments to service providers for service dates during the second quarter of 1998), Maxicare now contracts with Managed Health Services to provide claims processing services. Maxicare also contracts with Option Care to provide home health services. Option Care, in turn, subcontracts with the Visiting Nurses Association of Evansville to provide home health services in the Evansville area. The outstanding receivables for the Visiting Nurses Association are primarily for service dates while SIHO had the claims processing responsibilities.

Mr. Ken Kubisty, Maxicare, reported that according to their audit, there was initially about \$230,000 in bill

charges. Of this amount, \$166,000 were allowable costs that were subject to reimbursement. An amount of \$143,000 was provided to Option Care in advance, and this was to be paid to various service providers contracting with Option Care, including the Visiting Nurses Association of Evansville. An additional \$18,000 will be paid later today. Mr. Kubisty was unaware of the additional outstanding receivables that Ms. Benjamin described as having accrued since the last meeting, but will look into it.

Mr. Ed Popcheff, Indiana Dental Association

Mr. Ed Popcheff, Indiana Dental Association, stated that there is still a trust problem with dental providers and the Medicaid program and that many dentists are waiting to see the experiences of other dentists who have returned to the Medicaid program. He stated that dentists are walking back to the Medicaid program rather than running back to the program. However, he stated that dentists who have returned, especially those who electronically file claims for reimbursement, are faring pretty well. Mr. Popcheff stated that there is still some difficulty in getting signed up to be a dental provider. It is taking some dentists a couple of months to receive their provider authorization. Mr. Popcheff stated that while under the old reimbursement rates, dentists were having to provide services for a reimbursement that was significantly below costs, the current rates provide a modest profit.

Sen. Antich inquired as to the main causes of claims denial. Ms. Simpson responded that the main reasons were: (1) the claims may contain non-covered procedure codes; (2) the providers were not participating in the risk-based managed care (RBMC) program (no longer a problem since dental services are no longer part of the RBMC program); and (3) the recipients are not eligible for Medicaid.

Rep. Charlie Brown inquired as to what the Committee or the General Assembly could do to formally encourage more dentists to return to the Medicaid program. Mr. Popcheff stated that his association has been working closely with EDS since the new dental rate structure was announced to encourage dentists to reconsider participation in the program.

OMPP Update on the Case-Mix Reimbursement System

Ms. Kathy Rudd, Deputy General Counsel, OMPP

Ms. Kathy Rudd, OMPP, stated that the Case-Mix Reimbursement System was implemented on October 1, 1998, as scheduled. Case-Mix rates were calculated and released to all providers on October 15. All necessary changes have been made to the IndianaAIM system, and claims are paying properly. The State Plan Amendment was filed with the Health Care Financing Administration (HCFA) on October 16.

Ms. Rudd stated that the Indiana Supreme Court granted an extension of the stay on September 30. Attorneys for both OMPP and the Indiana Health Care Association (IHCA) are now working together to pursue the necessary actions to dismiss the lawsuit.

Ms. Rudd added that the ancillary adjustment problem reported in the previous meeting of this Committee was successfully resolved and has been memorialized in the Amendment to the Case-Mix Agreement, a copy of which was mailed to Committee members and the Case-Mix Workgroup members in early October.

Ms. Rudd stated that the proposed rule that further defines and clarifies the MDS (Minimum Data Set) audit process, supporting documentation requirements, error thresholds, sanctions for non-compliance, and clarification of the ancillary adjustment was filed with LSA on October 9. The proposed rule will be published in the November 1 issue of the Indiana Register. Copies of the proposed rule were provided to the Committee members in the minutes for the September 30 Workgroup meeting.

Ms. Rudd added that OMPP and Myers and Stauffer provided 10 statewide provider training sessions in August and September focusing on an overview of the Case-Mix system, MDS record and supporting documentation requirements, and calculation of the rates. Approximately 1200 nursing home representatives attended, including nurses, MDS coordinators, administrators, consultants, and cost report preparers. She added that the Case-Mix Workgroup will continue to meet monthly, or more often

as needed.

Mr. Jim Leich, Indiana Association of Homes for the Aging (IAHA)

Mr. Jim Leich, IAHA, stated that things are going well regarding the new Case-Mix system and that other states will be looking at Indiana in its implementation of the system. He added that Case-Mix should have a positive impact on resident care.

Mr. John Holmes, Indiana Health Care Association (IHCA)

Mr. John Holmes, IHCA, affirmed that everything was going well with regard to the new system.

Reimbursement for Federally Qualified Health Centers

Ms. Felice Vargo, Associate Director, Indiana Primary Health Care Association (IPHCA)

Ms. Felice Vargo, IPHCA, provided the Committee information⁴ on the reimbursement of Federally Qualified Health Centers (FQHC's) through the Medicaid program. There are nine FQHC's in Indiana consisting of 19 sites. FQHC's must serve in low income areas and medically under served areas.

Ms. Vargo provided handouts to the Committee depicting the relative proportion of clients in FQHC's in Indiana from Medicaid (30%), Medicare (5%), Uninsured individuals (55%), and Other (10%). She also provided a comparison to FQHC's, nationwide, as Medicaid (33%), Medicare (8%), Uninsured individuals (41%), and Other (14%). Ms. Vargo stated that FQHC patients typically contribute \$5 to \$10 per visit. She added that a greater proportion of Indiana FQHC's patients are uninsured compared to the national average.

Ms. Vargo advocated for the continuation of a level of Medicaid reimbursement equivalent to 100% of the allowable costs for each facility ("Reasonable cost reimbursement"). Previous to the Balanced Budget Act of 1997, states were required to reimburse FQHC's at 100% of a facility's reasonable costs. Upon passage of the Balanced Budget Act, states were granted additional flexibility in terms of reimbursement methodology. Indiana has chosen to reduce the percentage of allowable cost reimbursement from 100% to 95% for 2000, 90% for 2001, 85% for 2002, and 70% for 2003.

Ms. Vargo stated that without cost-based reimbursement, FQHC's will be hurting, thus requiring other grant sources to be obtained or for services to be reduced. Since the primary payment mix is Medicaid and the uninsured, there is virtually nowhere else to shift costs. She added that she would like to see legislation to be drafted to continue reasonable cost reimbursement.

Sen. Miller requested that, for the next meeting, LSA staff, in conjunction with the IPHCA and OMPP, provide the Committee cost projections of continuing reasonable cost reimbursement, cost comparisons of FQHC costs, and the potential impact of implementation of the Children's Health Insurance Program.

Traumatic Brain Injuries

Mr. Tim Kennedy, Hall, Render, Killian, Heath, and Lyman

Mr. Tim Kennedy stated that he was involved in a workgroup of rehabilitation hospitals that was studying: (1) out-of-state placement of individuals who had suffered traumatic brain injuries (TBI); and (2) the feasibility of Indiana applying for a federal Medicaid waiver for TBI. He also provided the Committee with a document "Medicaid Brain Injury Waiver: Home and Community-Based Services".⁵

⁴Copies of this document are on file in the Legislative Information Center (See footnote 1).

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Ms. Karen May, Chair, Brain Injury Association of Indiana

Ms. Karen May, Brain Injury Association of Indiana, told the Committee of two patients she had served. The first was a 21-year-old individual who suffered a head injury from a falling tree. He was in a coma for a while and had no insurance. Medicaid provided services while he was institutionalized. However, when he was able to return home, he received very little in the way of services. He had to be sent out-of-state in order to receive intensive rehabilitation. His mother lives 3-4 hours away from the rehab facility. Eventually, he will face re-entry into the community. Ms. May stated that Indiana needs a program in-state. She indicated that he would probably require long term care.

The second individual was also uninsured at the time of his accident. Medicaid provided services while the individual was hospitalized. However, now that he is at home, he is without services. Ms. May questioned what would happen when his parents are no longer living or able to care for the individual.

Ms. May suggested that the state should apply for a Traumatic Brain Injury Waiver from HCFA to allow an individual to receive Medicaid services in the community.

Mr. Bill Schmidt, Chairman, Subgroup of the Rehabilitation Workgroup, Terre Haute

Mr. Bill Schmidt indicated that it is very difficult to get a handle on the number of people in Indiana who have suffered traumatic brain injuries, the amount of services they require, or the availability of services within the state. He indicated that the ultimate objective is to get people back in Indiana and provide them with cost-effective services.

Mr. Perry Lewis, President, Brain Injury Association of Indiana

Mr. Perry Lewis, Brain Injury Association of Indiana, indicated that a waiver would provide home and community-based services to individuals who, but for the provision of such services, would require care in long term care facilities either in state or out of state. A waiver would also allow a person with a brain injury to return to a meaningful and productive life in the community. He stated that they are not asking for additional funds, but that current expenditures be used more effectively.

According to the information provided: (1) a Medicaid home and community-based waiver is provided for in Section 1915(c) of the Social Security Act; (2) the initial waiver is for a three year period with renewals for five years; and (3) Illinois is the most recent waiver granted and would assist 600 individuals in the first year. Waivers can provide case management, respite care, structured day programs, intensive behavioral programming, prevocational and supported employment, independent and transitional living skills, speech/hearing/language/cognitive testing and therapy, companion or personal aides, and training for family care givers.

Sen. Miller requested staff to provide the Committee with additional information regarding the potential costs of obtaining and providing services under a Medicaid home and community-based waiver, as well as costs of providing services out of state.

Sen. Antich stated that some services just aren't offered in Indiana and have to be obtained out of state.

Other Business

Regarding other matters, concerns were expressed by some Committee members that there seems to be a tendency that, when the Committee asks for something to be done or issues are raised in the Committee, the typical response is to report back to the Committee on what the agency or entity intends to do rather than going ahead and doing it. Rep. Becker indicated that she was especially frustrated by the Visiting Nurses Association payment situation that was supposed to be resolved by this meeting and it wasn't.

The next meeting of the Committee will be Monday, November 23, 1998, at 10:30 a.m. in Room 125 of the State House. There being no further business to consider, the meeting was adjourned.