Medicaid Review - Implementation

Items that are highlighted have already been proposed for the FY 2010 budget and/or FY 2011 staff recommendations. Below some recommendations there is information and/or intent language proposed to implement the recommendation. Items in **bold** are recommended as first steps by the Fiscal Analyst for FY 2011.

**Policy Changes:**

1. **Direct the Department of Health via statute to change their reimbursement methodology as soon as possible away from paying a percentage of billed charges for outpatient hospital and ambulatory center services reimbursements. The levels of reimbursement should be set at historical levels similar to what is being paid to other service providers.**

2. **Remove $5,818,000 ongoing General Fund and $14,404,000 federal funds from Medicaid services in FY 2012 to match potential savings found from improved fraud recoveries discussed in the Legislative Auditor General’s “A Performance Audit Of Fraud, Waste, and Abuse Controls in Utah’s Medicaid Program.” Additionally, appropriate $3,386,800 one-time General Fund in FY 2011 to provide for a phased-in implementation.**

3. **Change UCA 26-18-4.2 to allow for psychotropic or anti-psychotic drugs to be considered for the Preferred Drug List.**

4. **The “(Legislative Auditor General) recommend(s) that the Legislature consider the merits of extending access of the controlled substance database to (the Bureau of Program Integrity). If access is granted, (the Bureau of Program Integrity) should develop and institute controls to ensure providers are billing Medicaid correctly and that prescriptions are appropriate in regards to frequency and dosage (2009 Medicaid audit, page 40).”**

HB 186 “Controlled Substance Database Revisions” is in this topic area.

5. **In statute change the fee-for-service payment system to be the same for services regardless of who the provider is. Explore paying the lowest price for a service to all providers. If pricing cannot be fixed, then explore requiring a client to use an ambulatory surgical center for approved services before using a hospital unless prior authorization is approved.**

6. **Change statute to remove the requirement to have CHIP providers have two hospital networks. Instead, focus requirements on sufficient access and coverage.**

7. **Allow immunosuppressive drugs, used to prevent organ rejection, to be placed on the Preferred Drug List Program.**

8. **Require the Department of Health via intent language to report to the Executive Appropriations Committee or the Health and Human Services Appropriations Subcommittee its plans for a Medicaid Management Information System replacement. The presentation should include the**
full array of options for which parts of claims processing are performed by State vs contracted workers. Consider funding a portion of this request beginning in FY 2011 in a separate line item.

The Legislature intends that the Department of Health report to the Office of the Legislative Fiscal Analyst its plans for a Medicaid Management Information System replacement. The presentation should include the full array of options for which parts of claims processing are performed by State vs contracted workers.

9. Require the Department of Health via intent language to report to the Executive Appropriations Committee the responses to the request for proposals for the Medicaid Management Information System replacement.

The Legislature intends that the Department of Health report to the Office of the Legislative Fiscal Analyst the responses to the request for proposals for the Medicaid Management Information System replacement.

10. Consider providing more access points to clients applying for Medicaid eligibility (allow local health departments and non-profit groups who work with low income individuals to help complete applications for their clients for Medicaid).

The Legislature intends that the Department of Workforce Services report to the Office of the Legislative Fiscal Analyst the feasibility of allowing non-State entities working with low income individuals to submit the required information for Medicaid and other public programs eligibility via online methods by December 31, 2010.

11. Consider a statutory change requiring all unused funds that are associated with the Medicaid program in the Department of Workforce Services and the Department of Human Services to be deposited into the Medicaid General Fund Restricted Account at year end.

12. Study the return on investment for resources provided to the Attorney General’s Medicaid Fraud Control Unit. Study the feasibility of increased recoveries if the unit is provided with more resources.

Add to the Master Study Resolution (SJR 15).

13. Require internal Health auditors to do audits at least in proportion to their Medicaid funding, which is currently about one-third.

The Legislature intends that internal auditors in the Department of Health do audits at least in proportion to their Medicaid funding.

New Reporting Requirements:

1. Change statute to require the Department of Health to report annually to the Health and Human Services Appropriation Subcommittee on how they are meeting their statutory mandates to be more efficient and effective.
2. The “(Legislative Auditor General) recommend(s) that (the Bureau of Program Integrity) report annually to the Legislature and Governor on their cost avoidance and cost recovery efforts (2009 Medicaid audit, page 56).” This could be accomplished via intent language.

_The Legislature intends that the Department of Health, the Department of Human Services, and the Department of Workforce Services report annually to the Office of the Legislative Fiscal Analyst on their cost avoidance and cost recovery efforts in the Medicaid program by December 31, 2010._

3. Change statute to require the Departments of Health, Human Services, and Workforce Services to report to the Executive Appropriations Committee or the Health and Human Services Appropriations Subcommittee before reapplication of Medicaid waivers. The report should include an analysis of costs and benefits as well as recommendations on whether or not to expand enrollment and/or end the waiver.

4. **Require a report annually via intent language from the Department of Health on the implementation of “A Performance Audit Of Fraud, Waste, and Abuse Controls in Utah’s Medicaid Program” to be presented to the Health and Human Services Appropriations Subcommittee. Additionally, require the report to include the differences in cost/savings to the State from implementing the recommendations. These reports should continue until all recommendations have been satisfactorily implemented.**

Make this annual report via an audit request.

5. **Require a report annually via intent language from the Department of Health on the implementation of “A Performance Audit of Utah Medicaid Managed Care” to be presented to the Health and Human Services Appropriations Subcommittee. Additionally, require the report to include the differences in cost/savings to the State from implementing the recommendations. These reports should continue until all recommendations have been satisfactorily implemented.**

Make this annual report via an audit request.

6. **Require a report annually via intent language from the Department of Workforce Services on the implementation of “A Performance Audit of DWS Eligibility Determination Services” to be presented to the Commerce and Workforce Services Appropriations Subcommittee. Additionally, require the report to include the differences in cost/savings to the State from implementing the recommendations. These reports should continue until all recommendations have been satisfactorily implemented.**

Make this annual report via an audit request.

7. **Require a report via intent language from the Department of Workforce and the Department of Health on how they have addressed the problems found by the Utah State Auditor. After reviewing the results of the FY 2009 audit, the Legislature may want to consider requesting the auditors to check the status of this problem more frequently than the current annual basis.**
The Legislature intends that the Utah State Auditor report to the Office of the Legislative Fiscal Analyst by December 31, 2010 on how the Departments of Health and Workforce Services have addressed problems found by the Utah State Auditor in their FY 2008 and FY 2009 audits.

8. Beginning December 1, 2010, require a combined, unified annual report from the Departments of Health, Workforce Services and Human Services to the Executive Appropriations Committee or Health and Human Services Appropriations Subcommittee that shows how all Medicaid appropriations are being spent for administration and services in the prior fiscal year. For December 1, 2011, expand the coordinated reporting requirement to include non-State entities providing services via contracts. This report will help enable coordination of funding and policy decisions.

Change statute to require the reports described above.

9. Require the Department of Health to gather reports from local health departments. The reports should include at a minimum: (1) explain why local health departments are not using all of the State match provided and their county match for the Early Periodic Screening, Diagnosis and Treatment Program for Utah Medicaid and (2) where the unmatched grant money has been used.

The Legislature intends that the Department of Health to gather reports from local health departments. The reports should include at a minimum: (1) explain why local health departments are not using all of the State match provided and their county match for the Early Periodic Screening, Diagnosis and Treatment Program for Utah Medicaid and (2) where the unmatched grant money has been used. This information shall be presented to the Office of the Legislative Fiscal Analyst by December 31, 2010.

10. Require a report via intent language from the Departments of Health, Human Services, and Workforce Services on how they will increase public awareness of their fraud reporting systems and encourage the public to report Medicaid fraud.

The Legislature intends that the Departments of Health, Human Services, and Workforce Services report to the Office of the Legislative Fiscal Analyst by December 31, 2010 on how they are increasing public awareness of their fraud reporting systems and encouraging the public to report Medicaid fraud.

11. Direct the Department of Health and Public Health Employee’s Program (PEHP) via intent language to provide a report to the Legislature on ideas learned by PEHP that could be applied in Medicaid and a time frame for carrying out those proposals.

The Legislature intends that the Public Health Employee’s Program provide a report to the Office of the Legislative Fiscal Analyst by December 31, 2010 on ideas learned by Public Health Employee’s Program that could be applied in Medicaid.
Areas for Additional Research in Coming Sessions (listed in order of priority for how helpful the information may be):

1. Direct the Department of Health via intent language to report by October 1, 2010 on reimbursement options for pharmaceutical drugs that would give the State more control over inflationary increases and/or move away from a reimbursement based on Average Wholesale Price.

The Legislature intends that the Department of Health report by October 1, 2010 to the Office of the Legislative Fiscal Analyst on reimbursement options for pharmaceutical drugs that would give the State more control over inflationary increases and/or move away from a reimbursement based on Average Wholesale Price.

2. Convene a meeting of all provider groups to recommend which level of government and which type of providers should administer which portions of Medicaid. Additionally, make a list of recommended changes to the Medicaid program to present to the federal government.

3. Revisit the role and efficiency of the Office of Recovery Services in the Department of Human Services. Direct the Departments of Health, Human Services, and Workforce Services via intent language to develop a list of options for expansions in the areas of collections (such as requiring insurers to share benefit information for all medical assistance recipients to increase collections and cost avoidance).

Add to the Master Study Resolution (SJR 15).

4. Review Medicaid statute for clarification in assigned responsibilities, desired policy direction, and agency interactions. Consider raising all the statutes relating to Medicaid from chapter level in statute to a separate title and consolidate all related statute beneath that title.

Add to the Master Study Resolution (SJR 15).

5. Further study consolidating and/or better coordinating the Medicaid program for the agencies involved (Health, Workforce Services, and Human Services).

Add to the Master Study Resolution (SJR 15).

6. Explore contracting for direct Medicaid providers for primary care services. Direct the Department of Health to issue a Request for Information for direct contracting for primary care services and report on results to the Health and Human Services Appropriations Subcommittee by February 1, 2011.

The Legislature intends that the Department of Health issue a Request for Information for direct contracting for primary care services and report on results to the Office of the Legislative Fiscal Analyst by February 1, 2011.

7. Explore moving away from fee-for-service payments to pay for quality.
Add to the Master Study Resolution (SJR 15).

8. Direct the Department of Health to study the feasibility of a three-year pilot project with medical homes within their existing budget. During the third year of the pilot, the Department of Health shall report to the Legislature with recommendations for expansion or termination of the pilot project. Direct the Department of Health via intent language to study the five recommendations from the Henry J. Kaiser Foundation September 2009 report on Medicare and give options for implementation in the Medicaid program in a report to the Executive Appropriations Committee or the Health and Human Services Appropriations Subcommittee by February 1, 2011.

The Legislature intends that the Department of Health study the feasibility of a three-year pilot project with medical homes within their existing budget. If a pilot project is determined feasible, then during the third year of the pilot, the Department of Health shall report to the Office of the Legislative Fiscal Analyst with recommendations for expansion or termination of the pilot project.

The Legislature intends that the Department of Health study the five recommendations from the Henry J. Kaiser Foundation September 2009 report on Medicare and give options for implementation in the Medicaid program in a report to the Office of the Legislative Fiscal Analyst by February 1, 2011.

Administrative Budget Structure Changes:

1. Direct the Department of Health via intent language to report incomes sources in Medicaid to the Legislature annually by major income type. Additionally, direct the Department of Health to work with the Division of Finance to identify a tracking method for all revenues to the Medicaid program that will also reflect expenditures in the expenditure reports provided to the Legislature wherever feasible.

Make a subcommittee motion for the chairs to write a letter directing the Department of Health to provide the detail mentioned above.

2. Direct the Department of Health to work with the Division of Finance to identify a way to clearly track total administrative seed revenues annually beginning with the FY 2011 budget.

Make a subcommittee motion for the chairs to write a letter directing the Department of Health to provide the detail mentioned above.

3. Add two budget programs in Health Care Financing entitled “DWS Seeded Services” and “Other Seeded Services” detailing the seeded money the Department of Health gives for Medicaid to DWS and other entities.

See separate motion sheet.

4. Identify a budgeting method to remove the double counting in Medicaid due to transfers between the Department of Health and other State agencies (situation not unique to Medicaid).

Add to the Master Study Resolution (SJR 15).
5. Add a budget program in the Medicaid budget entitled “Medicaid Non-service Expenses” and move costs from non-service categories to this budget program.

See separate motion sheet.

6. Make mental health inpatient hospital a separate program within the Medicaid Optional Services line item. This may help highlight the difference between optional and mandatory and contrast with the capitated mental health costs that we are paying.

See separate motion sheet.

7. Make Crossover Services, Hospice Care Services, and Medical Supplies their own budget program within the Medicaid service line items (Medicaid Mandatory Services and Medicaid Optional Services).

See separate motion sheet.


9. Add another budget program to break out the detail for services through Select Access (not managed care) and the 2 managed care networks.

See separate motion sheet.

10. Move the Bureau of Program Integrity through appropriations from part of Medicaid administration (Health Care Financing) to a budget program within the Executive Director’s Office line item.

See separate motion sheet.