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**OFFICE OF GOVERNOR RONNIE MUSGROVE**  
**INTEROFFICE MEMORANDUM**

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**TO:** GOVERNOR  
**FROM:** SMITH  
**SUBJECT:** HOT ISSUES-UPDATE  
**DATE:** 10/21/02  
**CC:** RENICK, MAYO, KINNEY, TELL, BOYD, PROSPERE

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The following are issues that are brewing that could become problematic and an update:

**Health Alliance:** On August 8, 2002, Medicaid entered a contract with Health Alliance for a “pilot program” to serve Medicaid recipients, on a **voluntary** basis, in a Diabetes Disease Management Pilot Program. Health Alliance provides, by mail order, insulin, DME supplies and other medications to recipients who have chosen to enroll in the program. The pilot program is being conducted in **Bolivar, Hinds, Leflore, Madison, Rankin, Sunflower, and Washington counties**. Initially, Hinds, Rankin, and Madison counties were not included but Medicaid and Health Alliance representatives decided that they needed to include these counties so that cost savings could be demonstrated by enrolling at least 10,000 to 12,000 people. **Hinds, Rankin, and Madison counties were chosen because they are counties mostly served by chain pharmacies and only a limited number of independent pharmacies**. Letters went out to the beneficiaries and providers in all seven (7) counties informing them that Health Alliance can provide home delivery of diabetic supplies and medications if a Medicaid beneficiary voluntarily enrolls in the program. The mailings to the beneficiaries went through a 3<sup>rd</sup> party mailer and Health Alliance did not have access to beneficiary names or other information. It is strictly up to the individual. Once the beneficiary chose to enroll, information was shared with Health Alliance. **Projected savings will be from a lower dispensing fee (\$3.25), and the AWP on brand and generic drugs**. The pilot program will be implemented quickly to provide immediate cost savings to the Division of Medicaid. If Medicaid does not recognize cost savings within a year, the contract can be terminated.

Bob Lomenick, a pharmacist on the Governor’s Healthcare Commission, recently wrote a letter to you on behalf of the Independent Pharmacists Association expressing anger and concern that the in-state pharmacists were not given a chance to provide this service. Representative Bobby Howell also sent a letter to Rica expressing the same concerns.

Rica is responding as follows:

- She has the responsibility to reduce cost in the Medicaid program, and will explore various options, including mail-order
- DOM entered a contract with Health Alliance to determine the cost-effectiveness of this option, as well as cost-savings
- Anyone can submit a proposal to participate. Health Alliance is just another pharmacy provider and anyone can submit a proposal. (However, she will most likely not include any other companies until after a year of operation by Health Alliance)
- A copy of the contract between Health Alliance and the Division of Medicaid can be obtained through the Freedom of Information request process

**Recommendation:** I think we need to ask the pharmacists to come and meet with us to discuss and encourage them to submit a proposal. Rica has pre-determined criteria that they must meet and that will take time, giving the pilot time to continue. We could stress to them that these type cost-containment actions are the result of inadequate funding to the Division of Medicaid by the legislature. This pilot was initiated to generate cost-savings quickly and could be implemented immediately.

UPDATE: We met with Bob Lomenick,

**East Mississippi Correctional Facility-** We have received several calls voicing concern that the facility does not have a psychiatrist on staff and has been without one for several weeks. I spoke with Justin Hall at Dept. of Corrections on 9-2-02 and he confirmed that they do not have a psychiatrist but are trying to recruit one. Since this facility serves the criminally insane that is simply not acceptable. He said that there are mental health providers and psychologist at the facility and the medical physician can make medication changes (or they can take them to a private physician). However, this is not good practice because a psychiatrist is not directing the care. Wackenhut runs this facility located in Meridian. If Becky Floyd with Protection and Advocacy or the Coalition for Citizens with Disabilities gets a complaint, they will make this an issue, especially in light of the case filed in federal court recently. I spoke with Justin Hall again this morning to inquire if he had gotten a status report on their recruitment efforts and he said that he had a call in to the warden of the facility and he had not gotten back to him.

**Recommendation:** Department of Corrections needs to demand that Wackenhut aggressively recruit a psychiatrist and provide a status report weekly until the position is filled. I let Shannon know so she can give Peyton a heads up.

**Department of Human Services:** I spoke with Ausee McDaniel in Child Support this morning. He told me that they used to post the Ten Most Wanted list of non-custodial parents behind on child support, but had stopped because the focus had shifted to trying to reunite families. They recently initiated the list again and posted names in the paper. This may become problematic since most of these cases meet criteria for referral to the Attorney General's Office, District Attorney's or the US Attorney's Office, depending on how much is owed and if the non-custodial parent lives out-of-state, and all civil actions have been exhausted. Armerita and I met with staff from DHS last week and requested information about how many cases meet criteria for referral.

**Recommendation:** My opinion is that DHS needs to get all of this information together now and we need to get ahead of it. We have given the Attorney General an open door to demand that cases be referred to him for prosecution, without getting our facts together first. The law says that DHS is supposed to refer the cases but the district attorneys are saying that they are backlogged, too, so DHS is keeping the cases. I have called Alose McDaniel and told him to get me the information that we requested in the meeting last week so we can try to figure out exactly where the problem is and try to help these moms and kids. Many of these children are on Medicaid and CHIP because of the lack of support coming into the homes. My recommendation is that we review the information ASAP and have you make a statement that these are **criminals** and ask the Attorney General to help prosecute the cases. This puts the heat on him and out of DHS. **Many states are directing their child support payments through the Attorney General's Office. This could come up in the upcoming session.**

**Department of Human Services:** HIPAA extension deadlines are approaching. All affected state agencies will need to file a request for an extension by October 16, 2002. Most agencies have filed but DHS said they plan to file by October 15, 2002. Arnette Stevenson was in charge of EBT and has also been assigned to HIPAA. I spoke with her last week and she said that they have not had the funds to get a consultant in to assess their system to see what they will need to do to become HIPAA compliant. This is not something that can wait until the last minute. They have been devoting all their time to the EBT compliance deadline and this has been on the back burner, especially since they have not had the funding for the consultant.

**Recommendations:** We need to figure out a way to shift money so DHS can hire a consultant. If the \$6 million is ever freed up in the Department of Corrections budget, we may want to use part of it to hire the consultant.

I will continue to work with other staff and keep you informed about all these issues. If you have questions, please let me know. I just wanted to give you a heads up in case you get asked.