Strengthening the Medicaid Program: Issues and Concerns

Recommendations of The Governor's Healthcare Commission

July 2002

Report of The Governor's Healthcare Commission
July 2002

The Governor's Healthcare Commission

Dr. Dwalia South, Chairperson
Family Medical Clinic
Family Medicine
Ripley

Ted Woodrell, Vice-Chairperson
University Medical Hospital & Clinics
Hospital Administration
Jackson

Sean Courtney, Vice-Chairperson
Mississippi Health Advocacy Program
Public Health Attorney
Program Manager
Jackson

Dr. Tim Alford
Kosciusko Medical Clinic
Family Medicine
Kosciusko

Dr. Janice Bacon
G. A. Carmichael Family Health Center
Pediatrician
Canton

Denise Borroni, C.F.O.
George County Hospital
Hospital Administration
Lucedale

Dr. John Bower
Kidney Care, Founder
Retired Professor of Nephrology at University Mississippi Medical Center
Dialysis
Brandon

Dr. Chad Brown
Brown Chiropractic Clinic
Chiropractic
Flowood

Sheila Burnham
Coalition for Citizens with Disabilities, Chairman
State Independent Living Council., Chairman
Madison

Larry Calvert, RPh
Retired Pharmacist
Gulfport

Sam Cameron
Mississippi Hospital Association
Jackson

Bonnie Campbell, Administrator
Surgery Associates, P.A.
Surgery
Tupelo

Greg Cantrell, C.E.O
Alliance Health Center in Meridian
Laird Hospital in Union

Hospital Administration
Meridian/Union

Jamie Collier, C.P.A.
Preferred Care, Inc.
Nursing Homes
Jackson

John Damon, Deputy Director
Mississippi Children's Home Society & CARES Behavioral Health System
Mental Health and Behavioral Health
Jackson/Gulfport

Ruby Denson, CDE, Family Nurse Practitioner
University of Mississippi Medical Center
Jackson Medical Mall
Metabolic Clinic
Jackson

Jerilyn Farmer, R.N., Case Manager Supervisor
Southern Mississippi Planning & Development District
Elderly & Disabled Waiver Program
Gulfport

Dr. Steve Gandy
Oral Maxillofacial Surgery Associates
Dentistry
Jackson

Debra Griffin, Administrator
Humphrey County Memorial Hospital
Rural Hospital

Belzoni

Dr. John Harris
Women's Group of Meridian
Obstetrics/Gynecology
Meridian

Dr. Frances Henderson, Dean of Nursing
Alcorn State University School of Nursing
Nursing
Natchez

Dr. Linda Johnson
Jackson-Hinds Comprehensive Health Center
Director of Optometry Clinic
Jackson

Bruce Kelly
Nursing Home Owner
Nursing Homes
Natchez

Bridget Logan, L.S.W.
Center for Prevention of Child Abuse
Child Advocate
Gulfport

Bob Lomenick, RPh
Tyson Drugs
Pharmacy
Holly Springs

Rondah Marks
Hospice Ministries, Inc.
Business/Development Director
Ridgeland

Dr. Andrew Mayo, C.E.O
Parkwood Behavioral Health System
Residential and Acute Psychiatric Services
Olive Branch

Joseph McNulty, III
President, Pioneer Health Services
Critical Access/ Rural Hospitals
Magee

Seymour Mitchell, C.E.O.
Delta Health Center

Community Health
Mound Bayou

Robert Pugh, Executive Director
Primary Health Care Association
Primary Care
Jackson

Clara Reed RN, BA, CHCP, C.E.O.
Mid-Delta Home Health & Hospice
Rural Health
Belzoni

Steve Roark, Executive Director
Warren-Yazoo Mental Health Services
Community Mental Health Clinics
Yazoo City

Juanita Smith, L.S.W., M.A.
Retired Social Worker
Tupelo

Karen Utterback, RN, M.S.N.
South Mississippi Home Care & Hospice
Home Health/Hospice Care
Hattiesburg

Dr. Royal Walker, Associate Director
University of Southern Mississippi Institute for Disability Studies
Attorney
Jackson

Report of The Governor's Healthcare Commission
July 2002

Contents

Healthcare Commission Report

Preface

The Governor's Healthcare Commission of the State of Mississippi was established by Governor Ronnie Musgrove through Executive Order 856 May 9, 2002 and charged with developing recommendations to address and strengthen the Mississippi Medicaid program. The formation of the Commission came as a result of the desire to continue Mississippi's investment in quality healthcare in light of challenging fiscal constraints.

The 35-member commission functions to make recommendations in (a) reviewing the healthcare needs of the people of Mississippi (b) developing a comprehensive list of services and costs eligible under the federal Medicaid program and (c) evaluating the structure of healthcare delivery by the State of Mississippi.

The following represents the summary report of the Governor's Healthcare Commission and their collective recommendations so charged by the Governor.

This report features what the commission considers to be strengths of the Mississippi Medicaid program; concerns with respect to the Mississippi Medicaid system; and recommendations on decreasing expenses and controlling fraudulent activity.

Summary

April 24, 2002, Governor Ronnie Musgrove announced the formation of an advisory panel consisting of healthcare providers, patient advocates, and other related professionals.

In May 9, 2002, the Governor's Healthcare Commission was established by Executive Order 856 in response to an opinion issued by the Attorney General affirming the authority of the Governor's Office to restructure the Medicaid program.

When Governor Musgrove gave the Healthcare Commission its' charge, he praised the members for their commitment and willingness to share their knowledge and experience to improve healthcare in Mississippi. Healthcare is a top priority of Governor Musgrove. He believes solutions can be found, even in tough economic times, which will provide quality healthcare for the citizens of the State of Mississippi who depend on Medicaid services.

The Governor's Healthcare Commission proudly submits the recommendations contained in the enclosed report to Rica Lewis-Payton, Executive Director of the Division of Medicaid, Office of the Governor.

Members collected information between Commission meetings by phone, e-mail, surveys and focus meetings with peers and interested parties across the state, gathering all the information possible in order to make informed, realistic, and specific recommendations.

Focus meetings were led by members of the Commission in communities across the state to discuss services such as optometry, pharmacy, hospice, surgery, social issues, and consumer issues. The meetings were attended by hundreds of providers and interested parties in communities from one end of the state to the other.

By working together, the attached report was developed by

grassroots healthcare providers and interested parties who see Mississippians who depend on Medicaid for healthcare on a daily basis. Governor Musgrove recognizes that providers have a vital knowledge about the needs of our most vulnerable citizens that only they can share. We appreciate the opportunity to provide input about healthcare during these fiscally trying times. Many hours of work and collaboration between many different health professionals and interested parties from all over the state, representing numerous health services, went into the development of the recommendations in the final report.

The Commission members quickly recognized the complexity of the Medicaid program as discussions continued between members and staff from the Division of Medicaid at each of the meetings. Rica Lewis-Payton, Executive Director of the Division of Medicaid, attended each meeting and expressed the need and desire for the Governor's Healthcare Commission to continue meeting after the submission of this report to act as an advisory committee.

It is the hope of the Governor's Healthcare Commission that recommendations contained in this report will help solve some of the budgetary problems currently experienced by the Division of Medicaid and the State of Mississippi, without jeopardizing the quality of healthcare received by Mississippians who receive services from Medicaid.

We, the members of the Governor's Healthcare Commission, hereby submit this report to Governor Ronnie Musgrove.

The Mississippi Medicaid program was created by the Legislature in 1969 (Section 43-13-101) in order to provide medical assistance to low-income people. There are three main services provided by the Medicaid program – federally mandated services, waiver programs and optional services.

Those programs mandated by federal law consist of services meant to provide primary and preventive healthcare. Examples of mandated programs are physician and hospital services. Waiver program services are enhanced program services that generally

Medicaid

serve to promote quality in continuity of care and home maintenance of health. Included in this category are case management and home and community based services. Optional services supported by the Medicaid program include vital services that serve to approach more holistically the healthcare needs of the recipients which cover such services as prescription drugs, dental care, mental healthcare, home health services, and hospice care (see chart on following page).

Medicaid Programs

Federally Mandated Programs	Optional Programs	
Physician Services	Dental Health	Perinatal Risk Mgmt
Family Nurse Practitioners	Mental Health	Targeted Case Mgmt
Pediatric Nurse Practitioners	Chiropractic	Inpatient Psychiatric
Nurse Midwife	Podiatrist	Residential Psychiatric
Nursing Facility	Prescription Drugs	State Dept. Health Clinics
Outpatient Hospital	Durable Medical Equipment	Pediatric Skilled Nursing
Inpatient Hospital	Eyeglasses	Ambulatory Surgery
Rural Health Clinics	Emergency Ambulance	Birthing Centers
Federally Qualified Health Clinics	Home Health	Dialysis Centers
Family Planning	Hospice	Sanatoria Services
Laboratory/Xray	Managed Care	(ICF/MRs) Intermediate
Early and Periodic Screening, Diagnosis and Treatment	Disease Management	care facilities/mentally
Non-emergency Transportation	SCHIP	retarded

Waiver Programs

Primary Care Case Management

Home and Community Base Services

- Elderly and Disabled
- Independent Living Waiver
- Mentally Retarded/Developmentally Disabled
- Assisted Living
- Traumatic Brain Injury/Spinal Cord Injury

Mississippi Medicaid Program

The Medicaid Program in Mississippi services approximately 700,000 total certified eligible Mississippians of which nearly two-thirds are under the age of twenty-one.

The Division of Medicaid invests some $2.9 billion in healthcare, the investment in the program generates a cumulative annual income over $9.6 billion and supports approximately 92,000 in-state jobs.

In Mississippi, the current state appropriations to the Medicaid program are 7% of the total state budget, while the national average appropriated to Medicaid by other states is 14.7%.

Despite jobs and revenue generated by the program, a crisis exists as rapidly rising healthcare cost and the increasing need of healthcare services, coupled with slow economic growth and limited state funding, threaten the program.

It is the challenge of the Mississippi Medicaid program to address these threats as it continues to provide healthcare for our most vulnerable populations. It is the role of this Commission to develop recommendations toward this endeavor.

Recommendations of the Governor's Healthcare Commission

Recommendations of the Commission were numerous as this 35-member panel brought to the table many ideas from multiple disciplines and areas of the state. Collectively, our recommendations may be categorized into six overarching areas. These categories are prescription drugs, prevention and primary care, integrity and eligibility, access, process issues and state funding.

We acknowledge that some of our recommendations are currently in place or in the planning phase and hope that our inclusion of these items will serve to validate and support the efforts already being pursued by the Division of Medicaid. We choose to identify these items with an asterisk (*) where noted.

Prescription Drugs

The cost of prescription drugs continues to increase. Spending on outpatient prescription drugs constitutes a significant component in rising Medicaid costs. In Mississippi, drugs accounted for 22% of Medicaid expenditures in fiscal year 2001.

We affirm the need to continue all programs under Medicaid currently in existence including the prescription drug program. However, we recommend the following be implemented in an effort to control the rising cost of this program:

- Establish a preferred drug list (PDL) to reduce the higher cost associated with the primary use of trade name drugs*

- Distribute cost sheets to prescribing providers to educate them on the cost of prescription medications

- Increase the prescription-dispensing fee to $4.91 and return average wholesale price back to 12%*

- Eliminate "no refill" requirements on phone-in prescriptions (eliminates unnecessary office visits)

- Establish a Prior Authorization (PA) drug list for trade name and other costly medication*

- Remove PA for the 6th and 7th prescription drug

- Allow for smaller dispensing requirement when titrating or initiating medications

- Develop a 3 tiered level for co-payments and increase co-pay for trade name drugs to $3.00*

- Explore limiting the number of pharmacies used by the recipient to improve patient safety

- Allow a zero co-pay for all generic drugs dispensed

- Initiate PA status for all potentially abused chronic drugs including narcotics, hypnotics and sedatives*
- Initiate a tracking system for prescription abuse and drug abuse among providers and recipients
- Establish time frames in which controlled substances may be refilled*
- Require the use of generic equivalents over trade name drugs whenever possible*
- Obtain supplemental discounts or rebates on medications if allowable*
- Require ID when filling prescriptions to prevent "card sharing"*
- Consider removing all home IV medications from prescription limit (patients hospitalized for IV therapy may receive treatment at home)
- Allow for the form of drugs to be changed to the least expensive, if appropriate (i.e. liquid to tablet form)
- Start up a counter-detailing program to reduce inappropriate drug prescribing by providers (a person who re-trains providers in the use of cost-effective therapeutic options)
- Investigate establishing a central data collection system*

Drug Specific Recommendations:

- Add triple antibiotic ointment to the prescription list
- Add a generic antihistamine/decongestant combination to the preferred drug list without any restrictions; and allow all non-sedating antihistamines and non-sedating antihistamine/decongestant

combinations a 34 day supply per year without a PA

- Require PA on SSRI's (selective seritonin reuptake inhibitors) antidepressants except on generics

- Require PA for Cox 2's (Cyclo-oxygenase 2 inhibitors) and none for generic NSAIDS (Nonsteroidal anti-inflammatory drugs)

Prevention and Primary Healthcare

A lack of basic healthcare exists that creates health disparities among the population of Mississippians. Many of these health disparities may be prevented with early detection and treatment and active health problems may be better managed through the coordination of health services in the least confining environment. Each of these approaches constitutes large savings in healthcare dollars that may not be directly calculated.

Recommendations toward preventive and primary healthcare are as follows:

- Establish disease management programs (increase access to low-end early intervention remedies)*
- Focus on prevention (i.e. obesity in children)*
- Educate and counsel recipients regarding the use of the ER at the time of introduction to the Medicaid system and as needed*
- Maintain preventive programs and treatments
- Increase collaboration with the Department of Health in primary and preventive healthcare issues
- Work with licensed providers to increase the use of mid-level providers and other cost efficient staff
- Monitor and prevent duplication in provider services
- Enhance home and community-based services (elderly and disabled, etc.)
- Explore utilizing free-standing mental health services system

- Track services (i.e. dental and diagnostic)
- Establish self-management programs
- Require case management for chronic illnesses (i.e. diabetes, hypertension, asthma, etc.)
- Increase integration and collaboration with other programs to ensure continuation of care (i.e. WIC, HeadStart)
- Increase the use of School Nurses for screening
- Increase the use of Federal waivers for disease management*
- Establish pregnancy prevention program (family planning)*
- Cover scratch resistant coating to extend the life of eyeglasses
- Explore ways to decrease the use of costlier out-of-state providers
- Establish Independent Living (IL) waivers for disabled children
- Continue towards the goals set forth in the Mississippi Access to Care (MAC) plan and work towards the implementation of these goals at the earliest possible time (based on the Olmstead Decision)
- Provide incentives for families to care for elderly in the home

Transport Related Recommendations

- Combine transportation of provider visits and pharmacies whenever possible
- Explore ways to validate emergency ambulance transport by the receiving/sending facility

- Eliminate payment for companion transportation (pay for the trip not the passengers)*

Integrity and Eligibility

In a continuous process of reviewing eligibility criteria and monitoring the system for fraud and abuse, the Division of Medicaid acknowledges the concerns of those who help finance the system, but do not directly benefit from its services.

While it is acknowledged that fraud and abuse in the system is minimal, to provide an even greater control of loss through this avenue we make the following recommendations:

- Require ID cards when providing services and explore the use of photo ID's*
- Educate and reward recipients and providers regarding reporting of fraud
- Take action against provider and recipient fraud and abuse (fines or suspension); verify that fines and awards are paid
- Monitor providers to identify trends of inappropriate admissions, billing, etc.
- Establish a Medicaid fraud/abuse hotline for recipients, providers, and others that provide anonymity*
- Periodically and systematically review eligibility*
- Provide recipients with a simple Explanation of Benefits statement (EOB) to verify services received
- Perform random intermittent review of charts to monitor "up coding" of professional visits*
- Secure access to provider numbers
- Monitor to ensure treatment is performed after diagnostic procedures when appropriate; balance diagnostic fees with treatment fees (currently too low and encourages diagnosis over treatment)

- Require set times between screenings (ex. client getting an annual screening weeks apart because of a mid-year birthday)

- Reevaluate criteria for eligibility including income, assets and other health insurance sources annually*

- Require cost related to accidental injuries to be paid by employer or other responsible party (i.e. workman's comp.)*

- Update antiquated computer system to allow for up-to-date assessment of services*

Access Issues

Access is dependent on the demand for health services and the supply of health services providers be they individuals or organizations. It is a complex issue of coordination and a precarious balance that is difficult to maintain. We believe that education and a competitive position of the Medicaid program in the healthcare market are key to maintaining access to services for the nearly 23% of Mississippians served by the program.

To these efforts we make the following recommendations:

- Establish a centralized statewide ombudsman to consolidate efforts and to assist with consumer education issues
- Include recipients and professional advisors on advisory panel from each agency
- Do not add any new optional programs until economically feasible
- Allow for the use of private healthcare services (including mental health services) when no community based service is available
- Coordinate eligibility by managing entry of all recipients including those determined by the Department of Health and Human Services and the Social Security Administration
- Ensure reimbursement for providers at competitive rates in a timely manner
- Increase co-pays for services using a sliding scale as needed*
- Provide financial incentives for providers who reach preset utilization goals
- Review freezing CON (certificate of need) requests on nursing homes beds and psychiatric residential beds

Process Issues

We acknowledge that the operation of any large program or organization like the Division of Medicaid is a complex and huge undertaking. We further acknowledge that the operations of the Mississippi Medicaid program stand exemplar to many in the nation and that administrative costs are well below the average.

As consumers and advocates of the Medicaid program we make the following recommendations in regards to process.

Communication and Public Relations

- Create online eligibility process and verification of eligibility of services*
- Increase communication between Medicaid and providers (constraints, goals, etc.)
- Educate providers and legislators regarding Medicaid*
- Collaborate with other state agencies that have a potential to financially effect Medicaid (i.e. Department of Health) require economic impact studies
- Increase communication between Affiliated Computer Services (ACS) and Director of Medicaid to increase efficiency and provider confidence
- Require educational sessions for all new enrollees regarding benefits and responsibilities; encourage annual education for providers
- Benchmark after other successful programs

System and Provider Burden

- Develop online system for enrollment, claims and collections

- Consolidate repetitive paperwork, standardize and streamline forms and applications (i.e. Prior Authorization forms)

- Establish a panel of representatives to evaluate billing issues

- Forward copies of retroactive approval letters to all providers or enter into the Affiliated Computer Services (ACS) system
- Systematically evaluate the effectiveness of ACS to avoid duplication of auditing services and to ensure the process is beneficial*

- Add more fax lines at the pharmacy benefits manager (Health Information Designs (HID)) to accommodate the traffic caused by Prior Authorization paperwork; consider placing the process on-line

State-level Funding Issues and Comments

While we understand the charge of this commission is to make recommendations that can be independently carried out by the Division of Medicaid, we also wish to address pertinent social constraints that serve as major forces in the operation of the Medicaid program and the delivery of healthcare in Mississippi.

- The Division of Medicaid needs the authority to create long term plans that are honored by legislature that will better serve the interest of the people of Mississippi

- Funding of Medicaid programs should emphasize prevention, disease management and early intervention. Health prevention works in the present and saves in the future. Disease management serves to safe guard against crisis states. Early intervention treats problems when they are least expensive. Increase and maintain funding of these programs

- Funding for Medicaid needs to reflect that figure which is needed to maximize federal support to existing programs

- Many providers are finding it difficult to serve Medicaid recipients due to a higher overhead associated with participation in the program, increased incidence of litigation and rising malpractice insurance in the state. As a result, the number of Medicaid providers is shrinking. Mississippi needs to address the concerns of providers and provide incentives to improve quality and access to healthcare. Many on this committee request the consideration of Civil Justice Reform

- The State of Mississippi needs to creatively seek other funding sources to support the

Medicaid program outside of cuts to the program itself, including an increase in tobacco tax (and considering levies on soft drinks and alcohol) specifically earmarked for Medicaid

- The Division of Medicaid is challenged and strained by the increasing needs of the State; staff Medicaid in a manner that they may efficiently and effectively perform the tasks of running the program

Acknowledgements

The Commission would like to express appreciation to Dr. Art Cosby, Professor and Director of the Social Science Research Center at Mississippi State University, and the Bower Foundation, who have formed a partnership that focuses on health policy and health services issues

Thanks to the Decision Support Lab (DSL) at Mississippi State University (created to assist in developing informed planning and policy) and Leisel Ritchie, Coordinator, who facilitated the first meeting using state of the art equipment instrumental in the development of this report

NASA via the assistance of Barbara Marino also joined in the partnership by loaning computers to the Commission on May 30, 2002

Thanks to Rica Lewis-Payton and Medicaid administrators and staff who tirelessly answered our questions and supplied us with needed data

Sincere gratitude to the Governor's Health Policy Analyst, Wanda Smith and Yolanda Turner (graduate intern) who served as the workforce behind this effort; thanks for organizing the meetings, drafting and finalizing the report and successfully coordinating 35 individuals

Special thanks to all our colleagues and staff, who responded to our inquires; provided additional input and covered while we were away- you are greatly appreciated

Sources of Statistical Data

Health Management Associates
2001Annual Report of The Kaiser Commission
Medicaid and the Uninsured
The Kaiser Family Foundation

Medicaid and Other State Healthcare Issues: The Current Situation
A Supplement to the Fiscal Survey of States
National Association of State Budget Officers
National Governors Association
May 2002

Mississippi Division of Medicaid
2001 Annual Report Summary

The Fiscal Survey of States
National Association of State Budget Officers
National Governors Association
May 2002