

# **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

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# 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

On April 24, 2002, Governor Ronnie Musgrove recognizing the urgency of finding viable solutions to Mississippi's Medicaid budget crisis announced the formation of a working task-force of Mississippi healthcare providers, patient advocates, and other health professionals. On 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 charged the newly formed Healthcare Commission, he praised the members for their commitment and willingness to share their knowledge and experience to improve healthcare in Mississippi.

The Commission members quickly recognized the complexity of the Medicaid program during

discussions with Rica Lewis-Payton and members of the staff from the Division of Medicaid. A concerted effort was made to gather as much information possible in order to make informed and realistic recommendations.

Commission members collected information between meetings by phone, e-mail, surveys and focus meetings. Focus meetings were led by members of the Commission in their communities to discuss services (i.e. optometry, pharmacy, hospice, surgery) and social concerns. Overall, the meetings were attended by hundreds of providers and interested parties statewide.

The attached report was developed by grassroots efforts of healthcare providers and interested parties who daily care for Mississippi Medicaid recipients. It represents not only the collaborative effort of the Commission members but also voices of the healthcare community.

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 depend on Medicaid services.

We appreciate the opportunity to provide input about healthcare in The Great State of Mississippi.



## Medicaid

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

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

<b>Waiver Programs</b>
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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 6<sup>th</sup> and 7<sup>th</sup> 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 serotonin 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



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