



Rate Reform

Status and Version 2 DRAFT Package Review

June 9th and 10th, 2010

Agenda

- Rate Reform Overview
- Rate Reform Version 1
 - Status Overview
 - Implemented Items
 - Remaining Items
- Rate Reform Version 2
- Timeline



Rate Reform Overview

- The Medicaid program was required to find \$625 million (all funds) in savings (2009 Act 28) as a result of the 2009-11 State Budget Deficit.
- Rather than achieving these savings by doing across-the-board cuts, DHS decided to take the opportunity to find real reform opportunities in the Medicaid program.

Wisconsin's Rate Reform Project is Now Our Process for Continuous Quality Improvement and Program Reform.

- Constraints in how these savings can be achieved include:
 - The American Reinvestment & Recovery Act (ARRA), which prohibits the imposition of stricter eligibility standards
 - Wisconsin risks losing \$1.2 billion in federal funding if we impose stricter eligibility standards
 - ARRA funding is up for a 6-month continuation; however this funding comes with no guarantees – and eventually this enhanced funding will end
- DHS's Rate Reform approach includes:
 - A comprehensive examination of how MA purchases specific health care services
 - Identification of areas where true reform can be achieved in Medicaid and the program can achieve savings



Status of Rate Reform Version 1

- Rate Reform Version 1 has been a success:
 - On track to save \$633 million (all funds) as required by the 2009-11 state budget
 - Initially explored 72 items, though 17 have been eliminated or consolidated
 - 39 ideas have been implemented to date
 - These 39 ideas are projected to save \$291.3 million (all funds) over the biennium



RATE REFORM VERSION 1

IMPLEMENTED ITEMS



Status of Rate Reform v1 - Implemented

Date Implemented	Description	Projected SFY 10 Savings (\$ millions)*	Projected SFY 11 Savings (\$ millions)*	Projected Biennial Savings (\$ millions)*
7/1/09	Transition to Generics	25.1	46.2	71.3
8/1/09	Reduce Reimbursement for Bed Hold Days	0.7	0.8	1.5
8/1/09	Eliminate Enhanced Nursing Home Property Reimbursement	2.1	2.3	4.4
8/1/09	Revise Downward Inflation Adjustment for Property Costs	0.4	0.4	0.8
8/1/09	Raise Eligibility Threshold for Enhanced Intensity Payment	0.6	0.7	1.3
9/1/09	Expand Pharmacy Lock-In	0.1	0.3	0.4
9/15/09 & 11/1/09	Drug Authorization & Policy Override Center	0.3	0.5	0.8
10/1/09	Medicare/Medicaid Analysis	7.1	9.4	16.5
10/1/09	PDL Review and Updates	6.8	9.2	16.0
10/2009	AWP Rate Change	18.0	24.0	42.0



Status of Rate Reform v1 - Implemented

Date Implemented	Description	Projected SFY 10 Savings (\$ millions)*	Projected SFY 11 Savings (\$ millions)*	Projected Biennial Savings (\$ millions)*
11/1/09	Update Acuity (RUGS) Status for Residents on a Quarterly Basis	1.0	12.5	13.5
12/1/09	Discontinue Payments for Care Coordination	0.0	0.3	0.3
12/1/09	Contract for FFS DME/DMS Purchasing with State of Michigan (Incontinence)	0.7	1.5	2.2
1/1/10	Reduce Reimbursement for C-sections Unless Medically Necessary	0.3	0.5	0.8
1/1/10	Reimburse for Recording BMI (by covering V85 code)	0.0	-2.0	-2.0
1/1/10	Implement SBIRT Statewide	-0.9	2.3	1.4
1/1/10	Eliminate Expansion Incentive	0.6	2.2	2.8
1/1/10	Self-fund P4P	0.0	4.5	4.5
1/1/10	Do Not Distribute Budgeted Rate Increases	4.2	14.3	18.5



Status of Rate Reform v1 - Implemented

Date Implemented	Description	Projected SFY 10 Savings (\$ millions)*	Projected SFY 11 Savings (\$ millions)*	Projected Biennial Savings (\$ millions)*
1/1/10	Reduce Capitation Rate for Dual Eligibles	2.5	5.0	7.5
1/1/10	Reduce Admin Rate for SSI Managed Care	1.4	2.8	4.2
1/1/10	Reduce Admin Rate for BC+ Managed Care	15.5	17.0	32.5
1/1/10	Rate Region Realignment	0.9	0.9	1.8
1/1/10	Pay No More than one ER visit in 24-hour period	0.0	2.0	2.0
1/1/10	Critical Access Hospitals Reimbursement Payment Reform	5.0	10.0	15.0
1/6/10	Expand Early Refill Controls	0.6	1.3	1.9
1/6/10	Expand Narcotic Utilization Controls	0.0	0.2	0.2
1/20/10	Provide 100-day Supplies of Specified Maintenance Drugs	1.9	3.8	5.7
3/1/10	Improve COB	0.0	0.0	0.0



Status of Rate Reform v1 - Implemented

Date Implemented	Description	Projected SFY 10 Savings (\$ millions)*	Projected SFY 11 Savings (\$ millions)*	Projected Biennial Savings (\$ millions)*
3/1/10	Impose Quantity Limits on Specific Drug Classes	2.3	4.5	6.8
3/1/10	Implement Hospital POA	0.0	0.2	0.2
3/31/10	Accelerate Nursing Home Relocations to Family Care Counties	0.4	2.2	3.6
4/15/10	Specialty Pharmacies	0.6	2.0	2.6
5/1/10	Implement Member-Based PA for Private Duty Nursing	0.0	0.7	0.7
5/1/10	Electronic Remittance	0.2	0.4	0.6
6/1/10	Create an Incentive for Nursing Homes to Avoid Preventable Adverse Health Outcomes	0.0	1.2	1.2
6/1/10	Hire Additional Auditors	0.0	5.0	5.0
6/1/10	Diabetic Supplies on PDL	0.0	1.8	1.8
6/1/10	Improve Management of Provider Administered Drugs	0.0	0.0	0.0



RATE REFORM VERSION 1

REMAINING ITEMS



Rate Reform v1 - To Be Implemented

Implement on:	Description	Projected SFY 10 Savings (\$ millions)*	Projected SFY 11 Savings (\$ millions)*	Projected Biennial Savings (\$ millions)*
7/1/10	Alternative MAC Pricing	8.0	33.0	41.0
7/1/10	Outpatient Prospective Payment System	0.0	0.0	0.0
7/1/10	Require Hospitals to Submit Plan of Care for Readmissions	0.0	2.0	2.0
7/1/10	Payment Adjustments	12.0	0.0	12.0
7/1/10	Revenue Maximization	0.0	12.5	12.5
9/1/10	ClaimCheck Expansion	0.0	0.5	0.5
10/1/10	Implement Imaging Software	0.0	3.2	3.2
10/1/10	WPQC Program	0.0	-0.2	-0.2
Fall 2010	Southeast Region HMO RFP	0.0	59.0	59.0
12/1/10	Accelerate Jan 2011 Cap Payments for HMOs	0.0	10.8	10.8



Rate Reform v1 - To Be Implemented

Implement on:	Description	Projected SFY 10 Savings (\$ millions)*	Projected SFY 11 Savings (\$ millions)*	Projected Biennial Savings (\$ millions)*
12/1/10	Accelerate Jan 2011 Cap Payments for MCOs	0.0	11.2	11.2
12/1/10	Accelerate Jan 2011 Cap Payments for Nursing Home Supplements	0.0	1.8	1.8
12/31/10	Care Management	0.0	8.0	8.0
1/1/11	Independent Needs Assessment & Assignment – Private Duty Nursing	0.0	TBD	TBD
1/1/11	Independent Needs Assessment & Assignment – Personal Care	0.0	TBD	TBD
5/1/11	Reschedule 1 month of Capitation Payments	0.0	107.2	107.2
5/1/11	Reschedule 1 month of Family Care MCO & WPP Payments	0.0	19.4	19.4



RATE REFORM VERSION 2

DRAFT PACKAGE



Rate Reform v2 Package Summary

- Rate Reform version 2 is much smaller than version 1
- We did not hit our target of \$100M GPR
 - Total Preliminary Savings Estimate:
\$39,779,668 (AF)
- Focus is on:
 - Program Improvement
 - Medicare Alignment
- Focus is not on:
 - Items needing legislation changes
- Total Number of Recommended Ideas: 36



Rate Reform v2 – DRAFT Package

Description	Projected Biennial Savings (\$ millions)*
Recoup double payments for Medicare cross-overs	\$858,000
Reduce paper mailings	\$55,000
Allow WIC Agencies to become Medicaid certified to do blood lead testing	\$0
Reform policy for enteral nutrition	\$200,000
Expand never events beyond Medicare requirements to all , Children's hospitals, and Critical Access Hospitals	\$0
Rev Max: review income maintenance and child care programs in Milwaukee county	\$4,825,000
Avoid Medicaid payment for rental equipment in nursing homes that is eligible for Medicare reimbursement	\$497,407
APCs for Hospitals (Start collecting 7/10, start paying based on APCs 1/11 or 7/11)	\$0



Rate Reform v2 – DRAFT Package

Description	Projected Biennial Savings (\$ millions)*
PA for atypical antipsychotics prescribed by PCPs for children	TBD
PA for growth hormone prescribed for children	\$200,000
Medicare/Medicaid analysis for radiology	\$4,200,000
Implement 3rd Party Identification and recovery processes to maximize the recovery of funds from liable parties, including casualty and subrogation cases.	\$1,450,000
Use HMS's national eligibility database to ID commercial insurance coverage upon application	TBD
Use Pharmacy and Rx Claim Audits to systematically audit client retail pharmacy providers.	\$5,000,000
Contain Costs through Clinical Editing (Bloodhound)	TBD
Enhanced Medicare Reimbursement at State Mental Health Institutes	TBD
Educate pharmacists and doctors on OTC coverage policy	TBD



Rate Reform v2 – DRAFT Package

Description	Projected Biennial Savings (\$ millions)*
Improve data-sharing for children in foster care	\$370,000
Develop a Health Care Fraud Prevention and Enforcement Action Team (HEAT) for Home Health Services	TBD
Paper Claims Payment Reduction	\$700,000
Enroll Part B entitled into Medicare	\$12,000,000
Examine whether state should do HMO subrogation or adjust HMO rates (no COB or TPL)	TBD
Establish uniform residential rate-setting methodology in Family Care	TBD
Maximize capture of Medicare, third party reimbursement and casualty claims in Family Care	TBD
Review time studies that impact claiming to various DHS programs, including FoodShare	TBD
Contract with UW for specialty pharmacy	TBD



Rate Reform v2 – DRAFT Package

Description	Projected Biennial Savings (\$ millions)*
Lab Fee settlements for HMOs	TBD
Enhance DHCAA's current data exchanges with DWD and DOR for state wage data and unemployment compensation data.	TBD
Modify Enrollment and Benefit booklets sent to Nursing Home residents to use less paper	TBD
Investigate utilizing certain recycled/used DME (e.g., wheelchairs)	TBD
Develop “smart caps”, a stepped approach to Rx caps in number of prescriptions over time or by diagnosis	\$5,000,000
Increase dispensing fee to pharmacists for increasing generic fill rates	\$1,000,000
Use a group number to distinguish benefit plans	\$0
Claim portion of case management cost in Partnership program for Medicare reimbursement (note: long term goal)	\$2,000,000
Raise criteria for eligibility for bedhold payment	\$1,424,261

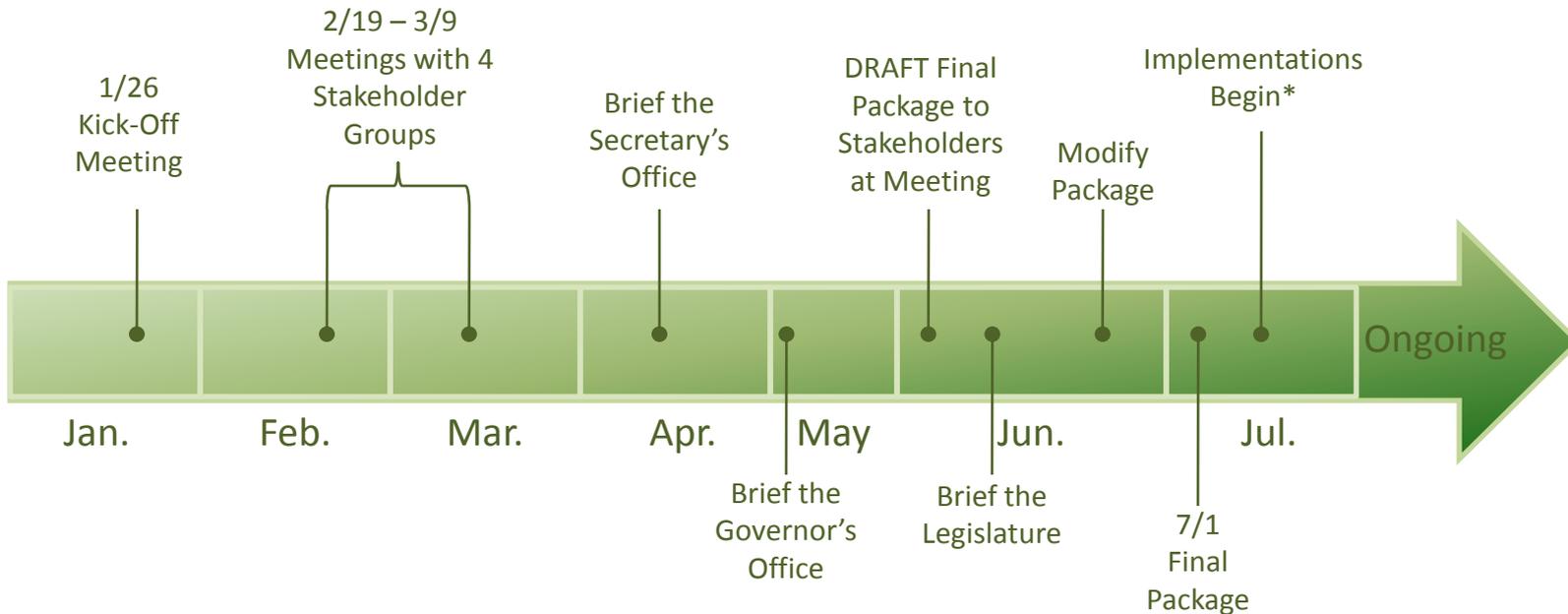


Rate Reform v2 – DRAFT Package

Description	Projected Biennial Savings (\$ millions)*
Contract with Medicare Advantage Organizations for services to dual eligible enrollees (SNPs)	TBD
National Health Care Reform: Require physicians to see patients in person in order to receive Home Care services	TBD
National Health Care Reform: Allow children in hospice to continue to receive treatment	TBD
National Health Care Reform: FFS members to have Primary Care Provider under a Medical Home	\$8,959,064



Rate Reform Version 2 Timeline



**Note: Some initiatives require State Plan language changes. Implementation start dates will be impacted by these changes.*





QUESTIONS?

