DHS
Oregon Department
of Human Services

Division of Medical Assistance Programs
April 2010 Update

Federal health care reform

Background

On March 23, 2010, President Obama signed the Patient Protection and Affordable Care Act, which contains sweeping health care reforms for the entire nation. With its own health care reform efforts already underway, Oregon is well positioned to implement the changes contained in the legislation. Following are just some components of the act.

Update

- The federal legislation offers new incentives to accelerate and reward progress in improving hospital outcomes, connecting doctors through electronic medical records and increasing the use of chronic disease management services.
- Bringing $5 billion in new federal funds to Oregon over the next ten years, the legislation will enable the state to sustain and expand coverage under the Oregon Health Plan.
- Unlike previous federal programs, the new legislation will reward, instead of penalize, the state for cost controls already put in place and on the drawing board.
- Oregon will be able to compete for grants funding the development of better and more affordable ways to deliver care and improve public health and wellness.
- For those who do not qualify for the Oregon Health Plan, the legislation offers grants for states to implement an insurance exchange for individuals and small businesses. Under the exchanges, subsidies and limits on cost-sharing would make coverage more affordable. In order to participate, insurance carriers must guarantee coverage is available to anyone, meaning they cannot exclude someone for pre-existing conditions or engage in any other discrimination based on health status.
- As the state analyzes the legislation for its full impact on the Department of Human Services and the Oregon Health Authority, several changes have emerged that will be important to the Oregon Health Plan. With varying effective dates, the legislation enables Oregon to:
  - Provide health care coverage for all individuals with incomes up to 133 percent, increased from 100 percent, of the federal poverty level.
  - Extend OHP coverage for youth who have "aged-out" of foster care if they are below age 26 and make too much money to be eligible for Medicaid.
  - Allow hospitals to determine presumptive eligibility, meaning people may receive temporary coverage for up to two months when they enter the hospital, pending the actual determination of their eligibility.
  - Increase payments to primary care physicians for primary care services to 100 percent of the applicable Medicare rate for two years, 2013 and 2014.

- The legislation also introduces further protections for American Indians, including:
  - Prohibiting cost-sharing for American Indians with incomes at or below 300 percent of the federal poverty level receiving coverage through the state health insurance exchange.
  - Prohibiting all cost-sharing if an American Indian enrolled in a federally qualified health plan gets service directly from the Indian Health Service, a Tribe, Tribal Organization or Urban Indian Organization or through referral under contract health services.
  - Requiring programs operated by the Indian Health Service, Tribes, Tribal Organizations, and Urban Indian Organizations to be the payer of last resort.

Oregon Health Authority Transition

Background

In 2009, the state legislature created the Oregon Health Authority (OHA) and called for the new agency to be fully operating by July 2011. Most health care related functions in the state will move into OHA, including three divisions currently housed in DHS: DMAP, Addictions and Mental Health, and Public Health. They will be joined by the Office of Private Health Partnerships, the Family Health Insurance Assistance Program, the Office for Oregon Health Policy and Research, the Oregon Medical Insurance Pool (the state's high-risk insurance pool), the Oregon Prescription Drug Program, the Public Employees' Benefit Board and the Oregon Educators Benefit Board. With the goal of ensuring all Oregonians have access to affordable health care, consolidation of the state's health care programs will give Oregon greater purchasing and market power to begin tackling issues with costs, quality, preventive care and health care access.

As the transition into two separate but closely aligned agencies – DHS and OHA – moves forward, the approach to how the state organizes the health and human services system is thoughtful and strategic. DHS and OHA will share some centralized, administrative services and will have some policies and programs in common. The goal is to organize in a manner that aligns with each agency's mission and supports our efforts to work effectively together and as separate entities. Options for the new organizational structures are now in development. Staff from DHS and OHA – the people who know the work best – are conducting the transition planning, with limited support by outside experts when needed.

More information and input opportunities are available. Track progress through the Transition Web site at www.oregon.gov/oha/transition. Click on the "submit your suggestions" link to share ideas for a smooth transition. Suggestions and comments also can be sent by e-mail to HB2009.transition@state.or.us.

Update

- Transition leaders are defining how the two agencies will work together to share administrative services, programs and policies: By June 30, DHS and OHA will select a governance model to spell out how the agencies will make joint decisions in areas where they share responsibilities, ranging from policy development to making operational decisions around the administrative services the two agencies share.
- Analysis of possible shared services continues: There are 12 central administrative services that might be shared between DHS and OHA. Human resources and information technology are examples of services that might be shared. The analysis spans several months and will result in recommendations for which services should be shared and where the shared service should be located – in DHS or OHA. The analysis involves process mapping to provide a basis for understanding how each service operates today and where its functions may cross over both DHS and OHA. The information also will be used to develop organizational structure options. Analysis continues through May with decisions expected in June.
- Technical teams are tackling the nuts and bolts of transition: Fifteen teams have been launched since March to identify the technical and organizational changes required to create two separate agencies with shared administrative services. Known as technical teams, each one has a charter in place to define its work, has a schedule for its work, and has identified barriers that must be removed and issues that must be resolved to complete the transition. Technical teams range in topics from Medicaid compliance to payroll transition.
- A monthly newsletter, *The Stakeholder*, is now available on the Transition Web site (www.oregon.gov/oha/transition) to keep people informed about the transition process.

Transformation Initiative

Background

DHS launched the Transformation Initiative in December 2007 in order to improve efficiency and effectiveness throughout the department. The initiative is designed to enable DHS to continue providing quality services in a time when demand is outpacing revenue. For more information on the DHS Transformation Initiative, visit www.oregon.gov/DHS/transformation.

DMAP has initiated several transformation initiatives that are resulting in cost savings and/or increased efficiency. Although pending verification, DMAP estimates $20.9 million in savings since December 2008, and this amount continues to increase. Some of the other benefits realized so far include: reduced processing time in several areas (e.g. identification and validation of TPL), reduced processing errors (e.g. electronic billing of claims), and improved provider and staff satisfaction.

Update

- Because of its importance, DMAP has made the transition to the Oregon Health Authority a priority, and the division has began integrating the Transition Project with its transformation efforts. Through the end of June, one Lean Leader from DMAP will be dedicated to mapping current and future state processes. These maps will help determine how DHS and the Oregon Healthy Authority will operate once the transition is complete.
- During March, DMAP Lean Leaders continued work on the Streamlining Prior Authorization Initiative by mapping the prior authorization review processes that exist throughout DMAP . These maps will help determine the objectives and scope of the next Lean event for this initiative by clearly identifying opportunities for improvement.
- The division continues movement towards full implementation of the Lean Daily Management System (LDMS). Although many of the components of the initiative are in place, much work still needs to be done. DMAP is currently in the process of a recruiting one of its staff members to be the new LDMS Initiative Leader with the goal of making huddles, visual display boards, metrics, and continuous improvement sheets more meaningful through increased coaching, mentoring and training.
- The initiative to enforce the preferred drug list (PDL) for physical health drugs is now complete. On April 13, the Medicaid Management Information System began requiring prior authorizations for drugs not on the Physical Health PDL. PDL drugs are evaluated for clinical quality first and then selected based on high quality at the best available price. Encouraging use of drugs on the PDL maintains or improves health outcomes while reducing the cost of drugs for the state.

Expansion of OHP Standard

Background

In 2009, HB 2116 created a new tax on hospitals to fund OHP Standard, including an expansion of the number of individuals who can be covered by the program. OHP Standard covers low-income adults who do not qualify for traditional Medicaid under the OHP Plus program. With the additional funding, enrollment in OHP Standard will increase to a monthly average of 60,000 by the end of the biennium, June 30, 2011.

There are approximately 517,000 uninsured adults in Oregon between the ages of 18 and 64, of whom approximately 141,000 have incomes below 100 percent of the federal poverty level (FPL). Because there are many more Oregonians who would qualify than there are spots available, DHS chose to open a new reservation list. Individuals whose names had not been drawn from the 2008 reservation list had the first opportunity to get their names placed on the new list.

People can sign up for the reservation list online at www.oregon.gov/DHS/open, by calling the toll-free number at 800-699-9075, by going to their local DHS office or by mail.

Update

- Currently, about 103,000 individuals have signed up for the current reservation list since it opened in October 2009, including more than 20,000 from the 2008 list who chose to put their names on the 2009 list. Factoring in the names that have already been drawn, there are nearly 75,600 reservations active at this time.
- DHS has completed five random drawings: 2,000 names in November, 2,000 names in both January and February, 6,000 names in March and 8,000 in April. The department will pull 10,000 names in May, with plans to draw progressively more over the next few months.
- As of April 10, DHS had received a total of 3,183 applications. From these, there have been 1,246 enrollments and 861 denials, with 1,076 applications are still pending. As of March 15, there were more than 25,700 people enrolled in OHP Standard.
- In collaboration with the DHS Office of Communications, DMAP is in the process of conducting a statewide media campaign to encourage and assist more uninsured adults in Oregon to sign up, with the help of community partner organizations throughout the state and a grant from the federal Health Services and Resources Administration (HRSA).
  - The Client and Provider Education Unit has hired one limited duration staff member for the exclusive purpose of OHP Standard communication and outreach, including management of a grant program for community organizations providing assistance in signing people up for the reservation list.
  - In April, a joint radio advertisement for OHP Standard and Healthy Kids began airing on a number of stations in the Portland metropolitan area with plans to expand statewide in the coming months. Advertisements for Spanish-speaking stations are in development.
  - Public service announcements will soon be in place for both movie theatres and local cable access channels.

Centers for Medicare & Medicaid Services site review

Background

In 2009, representatives from the Centers for Medicare & Medicaid Services (CMS) conducted an on-site review of the Oregon Health Plan waiver program to determine DMAP's compliance with federal statutory and regulatory requirements. The review focused on administration, monitoring and oversight, fraud and abuse, the grievance system and contingency planning.

Update

- In March, CMS issued its report, which found DMAP was in compliance with federal requirements related to fraud and abuse, commending the state's work with the managed care organization (MCO) collaborative and provider communication via the monthly MCO meetings. CMS also recommended that Oregon submit the Exceptional Needs Dental Service (ENDS) Project as a best practice. ENDS provides mobile and hospital based dentistry for clients who are disabled or elderly and unable to obtain dental care in an office setting.
- The report voiced concerns about the lack of policy and procedure documents, DMAP's ability to track and trend grievances, timliness of Notices of Action when services are reduced or denied, and enforcement of MCO contractual compliance related to the grievance system.
- DMAP began initiating changes after the site visit last year to address issues cited in the report. Now that the official report has been released, DMAP has begun implementing formal corrective action plans for those areas where CMS found the state to be out of compliance. All modifications not already in place are expected to be complete by September 2010.

Oregon Legislation

Background

The department is preparing for the upcoming 2011 legislative session. Earlier this year, DMAP held three meetings with stakeholders to discuss priorities for the division's legislative agenda. Division leaders also met with representatives from Oregon's Tribes and communities of color to ensure everyone had a voice in the process. The division will compile the ideas from stakeholders and staff along with those from previous legislative sessions to create a list of possible changes to programs, covered populations and funding.

Update

During April and May, DHS and OHA are holding community forums where providers and stakeholders can learn about and have a chance to share their ideas about local needs and priorities for the 2011-2013 budget and beyond. Find more information, including the forum schedule, at http://www.dhs.state.or.us/communityforum.

Medicaid Management Information System implementation

Background

The Medicaid Management Information System (MMIS) is the computerized claims processing and information retrieval system for the Oregon Health Plan (OHP). All states operate an MMIS to support Medicaid business functions and maintain information in such areas as provider enrollment; client eligibility, including third party liability; benefit package maintenance; managed care enrollment; claims processing; and prior authorization.

In order to keep pace with changes in claims volume, program/policy, technology and more, DHS activated a new MMIS on December 9, 2008. All the basic, core functions of the new MMIS are operational; however, as with the implementation of any large, new computer system, the new MMIS has defects and is experiencing some difficulties. DHS is expending considerable resources and working closely with Hewlett Packard (HP), the MMIS contractor, to resolve the remaining defects. For more information on the new MMIS, visit www.oregon.gov/DHS/mmis.

Update

- As the Business Implementation Initiative moves forward, staff are creating business implementation plans for the following:
  - Leading requirement sessions to determine the scope for system changes needed to reimburse personal care providers enrolled with the Addiction and Mental Health Division for their services.
  - Extending the age cap for eligibility from 18 to 21 years of age for foster children.
  - Collaborating with managed care plans and the HP pharmacy benefit manager to comply with the mandate included in recent federal health care legislation requiring states to collect federal rebates for drugs prescribed for Medicaid recipients covered by a managed care plan.
- DMAP has issued two priority requests to HP to modify the system to improve operations for managed care plans.
  - The first request is to provide the plans with disenrollment data several days before the actual disenrollments take place in the system. This will give plans time to notify their pharmacy benefit managers and avoid paying for services for clients who are no longer covered by OHP.
  - The second request would stop retroactively adjusting plans' capitation payments when a client has retroactive Medicare enrollment. Once this function has been changed, DMAP will reconcile past capitation payments.
- The division has developed a workaround to ensure the system pays nursing facility claims appropriately for clients covered by Medicare, and staff are currently devising a work around to properly reimburse nursing facilities for clients who qualify for a post-hospital, extended care stay.

Claims statistics for March 2010

Claims processed		
<30 days of receipt	<60 days of receipt	<90 days of receipt
97.6%	98.4%	98.8%

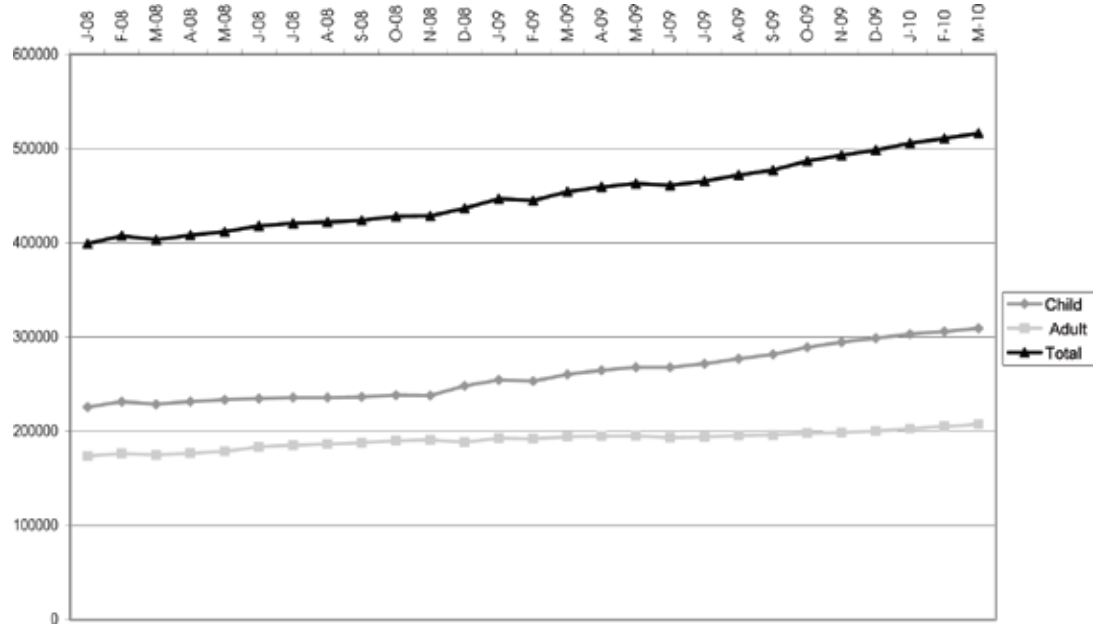
Demonstration and State Plan Amendment Status

The following table outlines the status of Demonstration and State Plan amendments (SPAs) under review by the Centers for Medicare and Medicaid Services (CMS).

Description	Status	Rule change?
Demonstration Amendments		
No demonstration amendments are currently under review.		
Medicaid SPAs		
Hospital Reimbursement Change - 100 Percent of Current Medicare Value — Changes the method used to calculate the Medicaid reimbursement rate for inpatient hospitals to match the current Medicare reimbursement	Pending Submitted 11/24/09	Yes
Rural Health Clinic (RHCs) Alternate Payment for Obstetric Care — To ensure services are available in remote areas of the state, uses an alternate method to determine the reimbursement rate for obstetric care for RHCs, instead of the system prescribed by Federal regulation	Withdrawn *Will be resubmitted*	Yes
Medicare Savings Program (MSP) resource changes — Raises the resource limits an individual or couple may have and still be eligible for the MSP. This SPA is in compliance with the Medicare Improvements for Patients and Providers Act of 2008 and affects clients eligible for both Medicaid and Medicare.	Pending Submitted 03/26/10	Yes
Chafee Act eligibility option - foster care — For youth who "age out" of foster care at age 18, extends health care coverage until they are 21 years old, regardless of income or resources	Pending Submitted 03/29/10	Yes
Targeted case management — These amendments make technical adjustments to existing programs and will neither affect benefits to clients nor DMAP operational procedures	Pending	
• Babies First/CaCoon program	Submitted 06/27/08	No
• Tribal members	Submitted 06/27/08	No
• Substance-abusing pregnant women and substance-abusing parents	Submitted 06/27/08	No
• Children who are the responsibility of child welfare	Submitted 06/27/08	No
• Change rate methodology consistent with regulations	Submitted 03/17/10	No
Children's Health Insurance Plan (CHIP) SPAs		
Expands the Citizen-Alien/Waved Emergency Medical (CAWEM) prenatal services pilot project to provide prenatal coverage to immigrant women in five additional counties	Pending Submitted 12/29/09	No
Takes advantage of the option under the new federal law eliminating the requirement for documented, immigrant children to be in the country five years prior to being eligible for CHIP	Pending Submitted 12/29/09	No
Oregon Administrative Rules (no corresponding SPA)		
OAR 410-141-0520 — Interim modifications and technical changes to the Health Services Commission's Prioritized List, effective April 1, 2010	Permanent 04/23/10	Yes

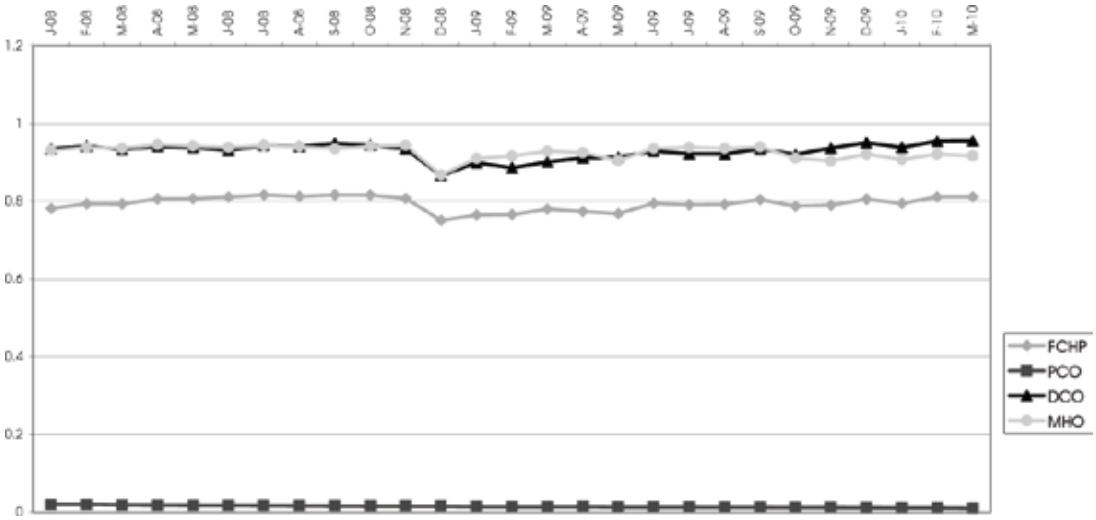
Enrollment Snapshot - March

Number of Oregonians on Medicaid: Total, Adults and Children



OHP Enrollment	March 2010	March 2009	Percent difference
Children (18 and under),	309,047	260,240	19%
Adults	207,185	194,078	7%
Total	**516,232**	**454,318**	**14%**

Percent in Managed Care - FCHP, PCO, DCO, MHO



Managed Care Enrollment	March 2010	March 2009	Percent difference
Fully Capitated Health Plans	388,439	321,757	21%
Physician Care Organization	4,875	5,675	-14%
Dental Care Organizations	457,346	378,185	21%
Mental Health Organizations	438,844	389,832	13%