

**ANNUAL REPORT  
OF THE  
SELECT JOINT COMMISSION ON  
MEDICAID OVERSIGHT**



**Indiana Legislative Services Agency  
200 W. Washington Street, Suite 301  
Indianapolis, Indiana 46204**

**October, 2009**

**INDIANA LEGISLATIVE COUNCIL**  
2009

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# SELECT JOINT COMMISSION ON MEDICAID OVERSIGHT

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### Staff

Casey Kline  
Attorney for the Commission

Al Gossard  
Fiscal Analyst for the Commission

Kathy Norris  
Fiscal Analyst for the Commission

A copy of this report is available on the Internet. Reports, minutes, and notices are organized by committee. This report and other documents for this Committee can be accessed from the General Assembly Homepage at <http://www.in.gov/legislative/>.

## **I. STATUTORY AND LEGISLATIVE COUNCIL DIRECTIVES**

The Indiana General Assembly enacted legislation (IC 2-5-26) directing the Commission to do the following:

- (1) Determine whether the contractor for the office under IC 12-15-30 that has responsibility for processing provider claims for payment under the Medicaid program has properly performed the terms of the contractor's contract with the state.
- (2) Determine whether a managed care organization that has contracted with the office to provide Medicaid services has properly performed the terms of the managed care organization's contract with the state.
- (3) Study and propose legislative and administrative procedures that could help reduce the amount of time needed to process Medicaid claims and eliminate reimbursement backlogs, delays, and errors.
- (4) Oversee the implementation of a case mix reimbursement system developed by the office and designed for Indiana Medicaid certified nursing facilities.
- (5) Study and investigate any other matter related to Medicaid.
- (6) Study and investigate all matters related to the implementation of the children's health insurance program established by IC 12-17.6.

In addition, the Commission was charged by the Legislative Council (LCR 09-01) to study the following:

- (1) Children's oral health care issues (Sen. Miller)
- (2) Medicaid managed care prescription drug programs (SR 35)

## **II. SUMMARY OF WORK PROGRAM AND TESTIMONY**

The Commission met three times during the 2009 interim: September 1, 2009; September 30, 2009; and October 20, 2009.

The first Commission meeting was held on September 1, 2009. The Commission heard testimony on the expansion of the Indiana Check-up Plan (Plan) (administered through a Medicaid waiver), children's oral health issues, Medicaid managed care prescription drugs, and received updates on Medicaid claim processing from EDS and Medicaid's managed care organizations (MCOs). Ms. Seema Verma, Family and Social Services Administration (FSSA), informed the Commission that 46,206 participants are currently enrolled in the Plan and 23,000

childless adults have been deemed eligible for the Plan but have been placed on a waiting list due to the Plan reaching its capitation for childless adults. Ms. Verma testified that FSSA has requested additional childless adult waiver slots and has not yet heard back from the federal Centers for Medicare and Medicaid Services. The Commission also heard testimony on multiple children's oral health programs being offered in Indiana and received a report from FSSA comparing utilization of dental services among Medicaid children in 2002 and 2007. Mr. Michael Sharp, FSSA, informed the Commission that FSSA will assume responsibility for processing all outpatient pharmacy claims and services (instead of each MCO processing its own claims) beginning January 1, 2010. Mr. Sharp further stated that operating under one preferred drug list would simplify administration, offer significant savings, provide one place to go to receive prior authorization and allow access to both federal and state supplemental drug rebates. The Commission also heard testimony from advocates with concerns about pharmacy consolidation.

The second Commission meeting was held on September 30, 2009. The Commission received updates on the following: (1) Medicaid claim payment updates from EDS and the MCOs; (2) the status of the Medicaid Managed Care Quality Strategy Committee; and (3) the Medicaid Review Team backlog. The Commission also heard testimony concerning the implementation of changes to the nursing facility reimbursement structure and discussed the elimination of the FSSA expiration dates. FSSA testified that it is still waiting for the appointments to the Medicaid Managed Care Quality Strategy Committee, but that it has started studying some of the charges assigned to that committee. FSSA also testified that it has hired additional staff and a third party vendor to assist in reducing the backlog in Medicaid medical review cases over 90 days old and that the backlog has been reduced from 7,167 cases in December, 2008, to 2,662 in August, 2009. The Commission also heard numerous individuals testify on the FSSA proposal to make changes to nursing facility reimbursement rates.

The third Commission meeting was held on October 20, 2009. The Commission received an update on the Medicaid Closure and Conversion Fund and emergency room physician Medicaid reimbursement, heard testimony on hospital charity care, and voted on the proposed nursing facility Phase II reimbursement changes, proposed bill draft PD 3159 concerning the removal of FSSA expiration dates, and the final report.

To read a more complete account of this testimony and other matters considered by the Commission, the minutes of the Commission's three meetings can be found on the Commission's website at <http://www.in.gov/legislative/interim>, and copies may also be obtained by contacting the Legislative Information Center of the Legislative Services Agency.

### **III. COMMISSION RECOMMENDATIONS**

The Commission made the following recommendations:

Phase II nursing facility reimbursement changes

Upon proper motion, the Commission voted 10 to 1 to recommend the Phase II nursing facility reimbursement changes presented by FSSA.

PD 3159: Removal of FSSA expiration dates

Upon proper motion, the Commission voted 11 to 0 to recommend PD 3159, which would remove the expiration dates for the Office of the Secretary of Family and Social Services, the Office of Medicaid Policy and Planning, the statutes concerning directors of divisions within FSSA and certain advisory committees under the FSSA statutes.

Final Report

Upon proper motion, the Commission voted 11 to 0 to approve the final report, understanding that staff would include information provided at the October 20, 2009, Commission meeting.

## WITNESS LIST

Mr. Ken Adkins, Area Agencies on Aging  
Mr. Steve Albrecht, Golden Living  
Mr. John Barth, MHS  
Mr. Lou Belch, Indiana Chapter, American College of Emergency Room Physicians  
Dr. Polly Buckey, Kool Smiles  
Mr. Doug Bush, Indiana Dental Association  
Mr. Clay Butler, Indiana Minority Health Coalition  
Mr. John Cardwell, Generations Project  
Ms. Becky Carter, Indiana Assisted Living Association  
Ms. Pat Casanova, FSSA  
Ms. Jean Castor, MDwise  
Mr. Paul Chase, AARP  
Ms. Jill Claypool, FSSA  
Mr. Ronnie Coleman, Kool Smiles  
Mr. Bob Decker, HOPE  
Ms. Stephanie DeKemper, individual  
Dr. Caroline Dobberling, FSSA  
Mr. Doug Elwell, FSSA  
Mr. Mark Green, Extendicare Health Services, Inc.  
Ms. Patty Hebenstreit, MDwise  
Ms. Faith Laird, FSSA  
Mr. Jim Leich, IAHSA  
Ms. Mary Ann Maroon, Indiana Association for Home & Hospice Care  
Ms. Donna Maynard, Anthem  
Mr. Vince McGowen, HOPE  
Ms. Donna Nackers, Kindred Healthcare, Inc.  
Ms. Michelle Niemier, United Senior Action  
Mr. Andy Oreffice, Kool Smiles  
Ms. Jill Pearson, Regency Place of Greenfield  
Mr. Scott Piotrowski, Valley View Health Care Center  
Mr. Ed Popcheff, Indiana Dental Association  
Mr. Rick Shaffer, EDS  
Mr. Mike Sharp, FSSA  
Dr. Kent Smith, Indiana State Department of Health  
Mr. Steve Smith, Indiana Health Care Association  
Mr. Diedrick Vanderveld, Assisted Living waiver provider  
Ms. Seema Verma, FSSA  
Mr. James Wahls, Regency Place of Castleton  
Mr. Brent Waymire, Hickory Creek Healthcare Foundation