

ARKANSAS DEPARTMENT OF HUMAN SERVICES

DIVISION OF MEDICAL SERVICES

Program Overview SFY99



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Arkansas Medicaid Medicaid Program Overview

Medicaid is a joint federal-state program of medical assistance for eligible individuals based on financial need and/or health status.

Legal Structure and History

Title XIX of the Social Security Act created grant programs popularly called "Medicaid" in 1965.

Medicaid furnishes **medical assistance** to those who have insufficient incomes and resources to meet the costs of necessary medical services.

Medicaid provides **rehabilitation and other services** to help families and individuals become or remain independent and able to care for themselves.

Section 7 of Arkansas Act 280 (1939) and Act 416(1977) authorized the State of Arkansas to establish and maintain a medical care program for the indigent and vested responsibility for regulating and administering the program in the **Department of Human Services(DHS)**.

Administration

Arkansas Medicaid was implemented on January 1, 1970.

- DHS administers the Medicaid Program through the **Division of Medical Services (DMS)**.
- Arkansas Medicaid is detailed in the **Arkansas Medicaid State Plan** and through **Provider Manuals**.
- The **Health Care Financing Administration (HCFA)** administers the Medicaid Program for the federal government. HCFA authorizes funding levels and approves each state's State Plan, ensuring compliance with federal regulations.

Eligibility

Individuals are certified as eligible for Medicaid Services by **DHS Field Staff** located in **County Offices** or by **District Social Security Offices**.

Funding

Funding is shared between the federal government and the states, with the federal government matching the state share at an authorized rate between 50 and 90 percent, depending on the program. The federal participation rate is adjusted each year to compensate for changes in the per capita income of each state relative to the nation as a whole.

- Arkansas funds approximately 27% of Arkansas Medicaid **Program-related Costs**; the federal government funds approximately 73%. State funds are drawn from directly appropriated state general revenues, license fees, drug rebates, recoveries and the Medicaid Trust Fund.
- **Administrative Costs** for Arkansas Medicaid are generally funded 50% by Arkansas and 50% by the federal government; some specialized enhancements are funded 90% by the federal government.

Services

Services may be rendered by both **private and public providers**.

Mandatory Services are required by the federal government.

Optional Services are those which the state has elected to provide. Many of these optional services enable recipients to receive care in less costly home or community based settings. Optional services are approved in advance by HCFA and are funded at the same level as mandatory services.

ARKANSAS MEDICAID

Program Costs

SFY	Total (in mill)	Unduplicated Recipients	Average Cost
1995	\$1,205	349,072	\$3,452
1996	\$1,284	365,650	\$3,512
1997	\$1,347	363,881	\$3,702
1998	\$1,458	415,605	\$3,508
1999	\$1,522	459,782	\$3,310
2000 (proj)	\$1,643	489,208	\$3,360

Average Cost per prescription in SFY99 was \$36.92



Arkansas Economics (SFY99)

		Medicaid Represents
Arkansas Medical Economy	\$ 6.69 billion	22.8%
State of Arkansas Budget (est)	\$ 11.70 billion	19.4%
State General Revenue Funded Budget	\$ 3.20 billion	12.0%
(includes trust fund)		
Arkansas Population*		% population served by Medicaid
All Ages	2,522,819	18%
Elderly	359,909	18%
Adult (20 - 64)	1,425,406	9%
Children (19 and under)	737,504	35%

*Source: Institute for Economic Advancement at UALR

73.63% of all Nursing Home residents in SFY98 were Medicaid Eligible



Provider Communications handled approximately 158,000 telephone inquiries in SFY99.

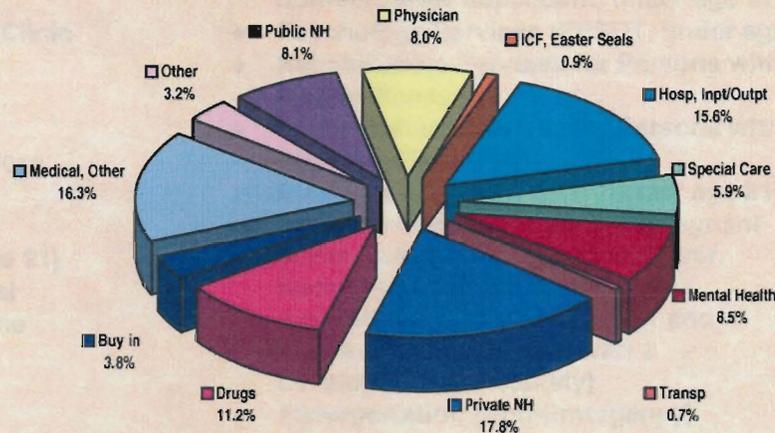
SFY00 Medicaid Operating Budget

(millions)	
General Revenue	\$339.2
Other Revenue	\$64.1
Trust Fund	\$44.4
Federal Revenue	\$1,194.9
Total Program	\$1,642.6



The medical cost for 44.22% of all babies born to Arkansas residents is paid for by Medicaid

Total Medicaid Expenditures SFY 1999



*Special Care includes Home Health, Private Duty Nursing, Personal Care and Hospice Services. Transportation includes emergency and non-emergency. Other includes vendor contracts, Medicare co-pay and deductibles, and other adjustments. Buy-in includes Medicare premiums.

Medicaid has approx. 23,400 actively ENROLLED providers
approx. 8,600 are PARTICIPATING Providers

20,297,419 claims were processed in SFY99
Average processing time was 3.3 days

INNOVATIONS

AUTOMATED ELIGIBILITY VERIFICATION & CLAIMS SUBMISSION SYSTEM (AEVCS)

enables providers to electronically confirm each patient's eligibility & submit claims

Non-Emergency Transportation Services

regionalized transportation services at capitated rates to reduce costs and control fraud and abuse

ConnectCare Managed Care Program

an award-winning primary care physician program that has accomplished cost containment goals while maintaining provider and recipient satisfaction

Independent Choices

waiver program allowing recipients to make decisions regarding their personal care by offering a cash allowance and counseling service

ARKids First

allows uninsured children of working families to access health insurance by providing primary-care coverage in Medicaid with slightly fewer benefits and copayments for most services

Benefit Arkansas

provides mental health managed care services to recipients under age 21

Arkansas Medicaid Services

Services Mandated by Federal Government:

- ◆ Child Health Services (EPSDT - Early and Periodic Screening, Diagnosis and Treatment)
- ◆ Family Planning
- ◆ Federally Qualified Health Centers (FQHC)
- ◆ Home Health
- ◆ Hospital, Inpatient and Outpatient
- ◆ Lab and X-ray
- ◆ Nursing Facility (for over age 21)
- ◆ Nurse Midwife
- ◆ Nurse Practitioner (family & pediatric)
- ◆ Physician
- ◆ Rural Health Clinics

Optional Services Chosen by Arkansas:

- ◆ Ambulatory Surgical Center
- ◆ Audiology (for EPSDT, under age 21)*
- ◆ Certified Registered Nurse Anesthetist
- ◆ Child Health Management Services (EPSDT, under age 21)*
- ◆ Chiropractor
- ◆ Dental (EPSDT, under age 21)*
- ◆ Developmental Day Treatment Clinic Services
- ◆ Domiciliary Care
- ◆ Durable Medical Equipment
- ◆ End Stage Renal Disease Services
- ◆ Hospice
- ◆ Hyperalimentation
- ◆ Inpatient Psychiatric (under age 21)
- ◆ Inpatient Rehabilitative Hospital
- ◆ Intermediate Care Facility for the Mentally Retarded
- ◆ Medical Supplies
- ◆ Nursing Facility (under age 21)
- ◆ Occupational Therapy, Physical Therapy, Speech Pathology (EPSDT, under age 21)*
- ◆ Orthotic Appliances and Prosthetic Devices (EPSDT, under age 21)*
- ◆ Personal Care
- ◆ Podiatry
- ◆ Portable X-ray Services
- ◆ Prescription Drugs
- ◆ Private Duty Nursing (for ventilator dependent, all ages, and high technology non-ventilator dependent, under age 21)*
- ◆ Psychology Services (EPSDT, under age 21)*
- ◆ Rehabilitative Services for Persons with Mental Illness
- ◆ Rehabilitative Services for Persons with Physical Disabilities
- ◆ Respiratory Care (EPSDT, under age 21)*
- ◆ Targeted Case Management (pregnant women, recipients age 60 and over, under age 21 EPSDT* recipients, recipients age 21 and younger and adults age 22 and older with a developmental disability)
- ◆ Transportation (Non-Emergency)
- ◆ Ventilator Equipment
- ◆ Vision Services

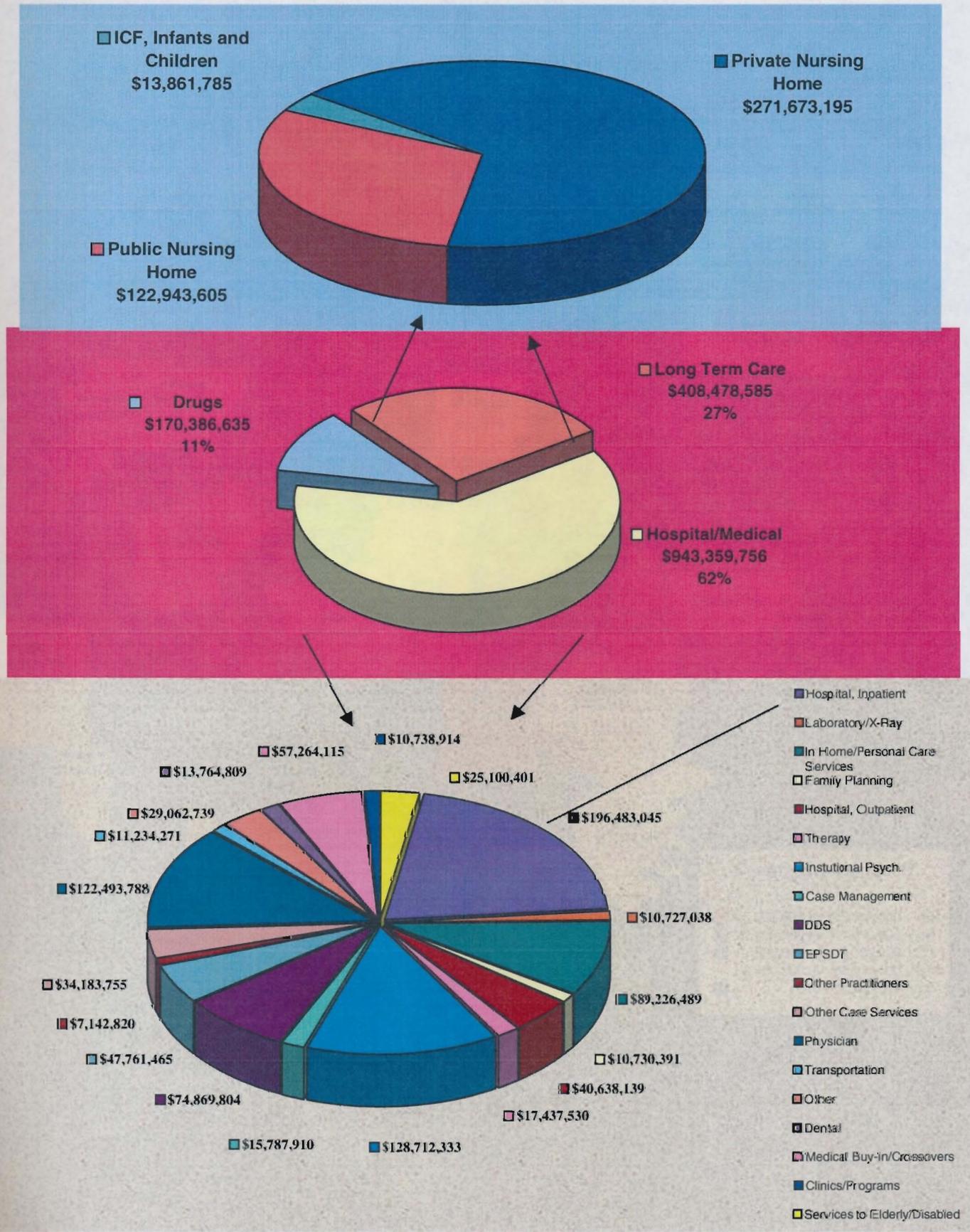
**Note: These services are limited to individuals under 21, in the EPSDT program.*

Major Benefit Limitations on Services:

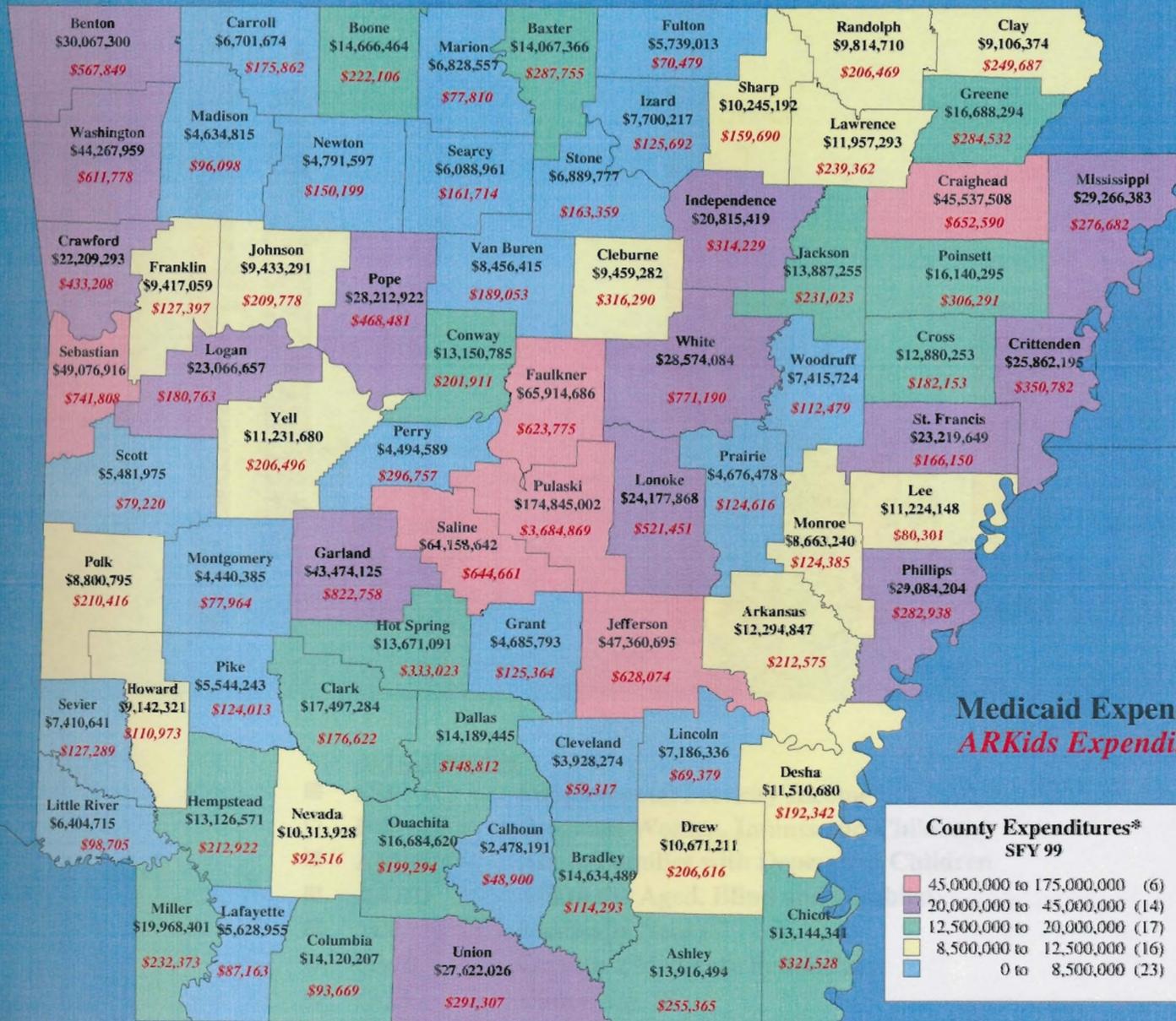
- Twelve visits to physicians, clinics and/or hospital outpatient departments per state fiscal year.
- Lab and X-ray services limited to total benefit payment of \$500 per state fiscal year. Exceptions for EPSDT recipients
- Three pharmaceutical prescriptions, including refills, per month (family planning prescriptions not counted against benefit limit; unlimited prescriptions for nursing facility recipients and EPSDT recipients under age 21); extensions will be considered up to a maximum of six prescriptions per month for recipients at risk of institutionalization.
- Inpatient hospital days limited to 20 per state fiscal year. Exceptions for EPSDT recipients and organ transplant patients
- Co-Pay: Recipients must pay 22% of first day of hospital stay, \$1 - \$3 of every prescription

Any and all exceptions to benefit limits are based on medical necessity.

Arkansas Medicaid Program Benefit Expenditures SFY99



Adjusted Paid Claims By County SFY 1999



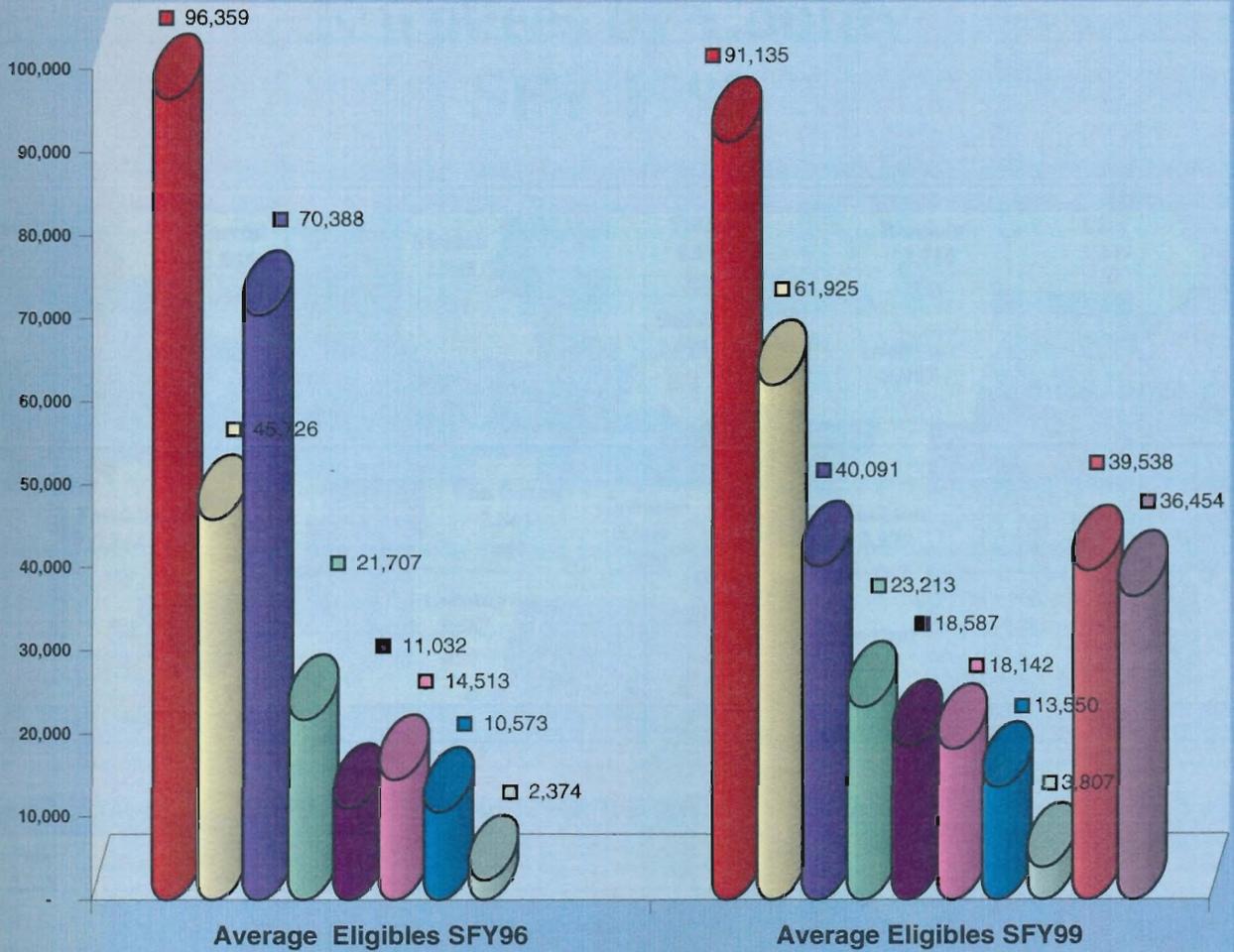
Medicaid Expenditure
ARKids Expenditures

County Expenditures* SFY 99	
	45,000,000 to 175,000,000 (6)
	20,000,000 to 45,000,000 (14)
	12,500,000 to 20,000,000 (17)
	8,500,000 to 12,500,000 (16)
	0 to 8,500,000 (23)

Source: DHS; Division of Medical Services
 Medicaid Decision Support System
 *Does not include \$483,819 attributed to unspecified counties or non-claim related payments
 Medicaid totals include \$480,286 in CHIP payments

MEDICAID ELIGIBLES

FAMILY CASELOAD BY AID TYPE COMPARISON



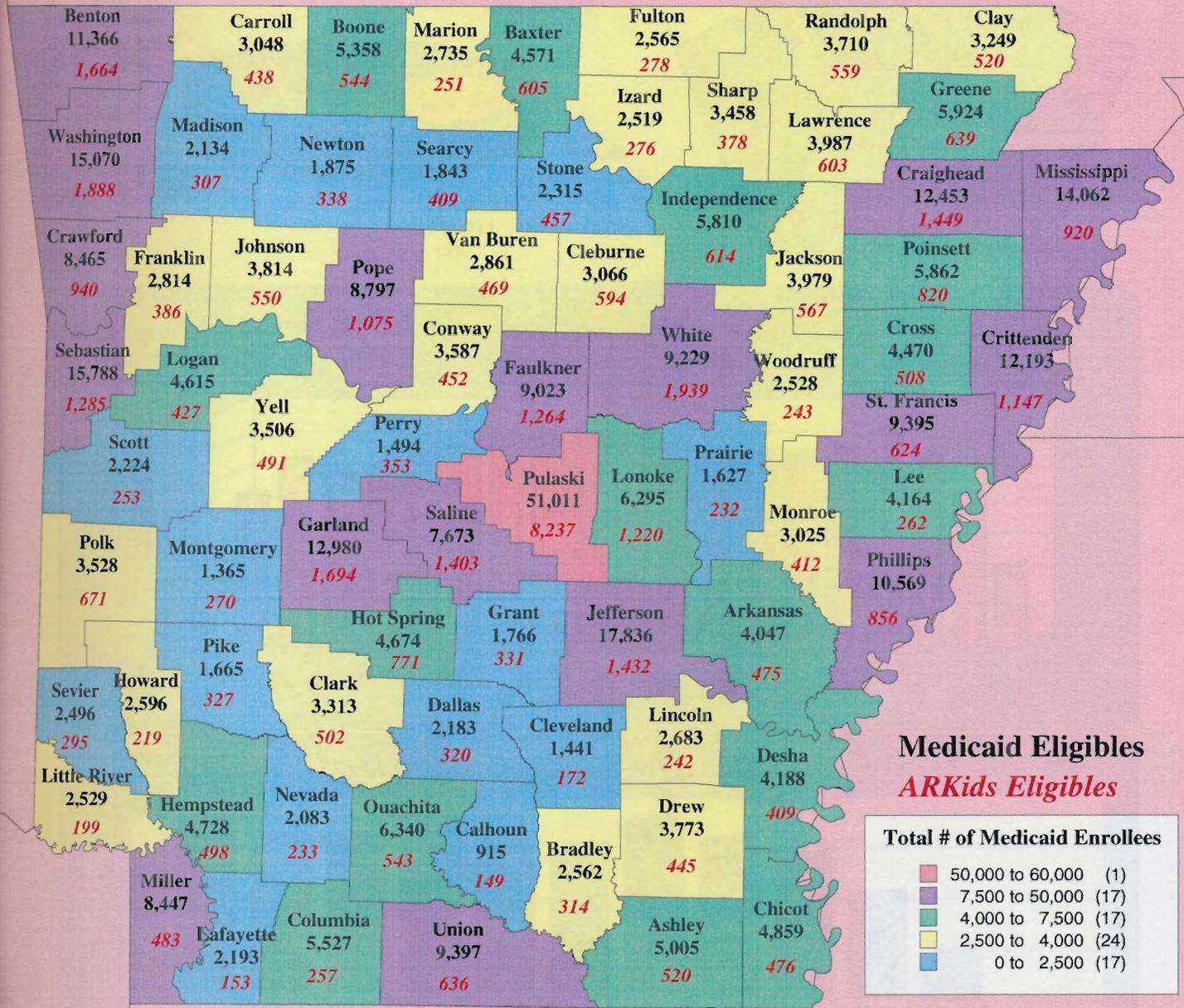
Aid Categories

- SSI Supplemental Security Income
- PW Pregnant Women, Infants and Children
- AFDC Aid to Families with Dependent Children
- AABD Aid to the Aged, Blind and Disabled
- MN Medically Needy
- QMB Qualified Medicare Beneficiary
- U-18 Under Age 18
- FC Foster Care
- FP Family Planning
- ARKids ARkids Group

Eligible Refugees were an average of 9 per month in SFY96 and SFY99.

Enrollees by County

SFY 1999

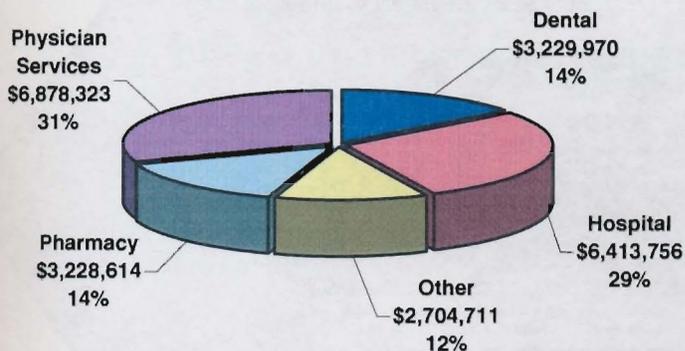


Source: DHS; Division of Medical Services
Medicaid Decision Support

ARKids ist

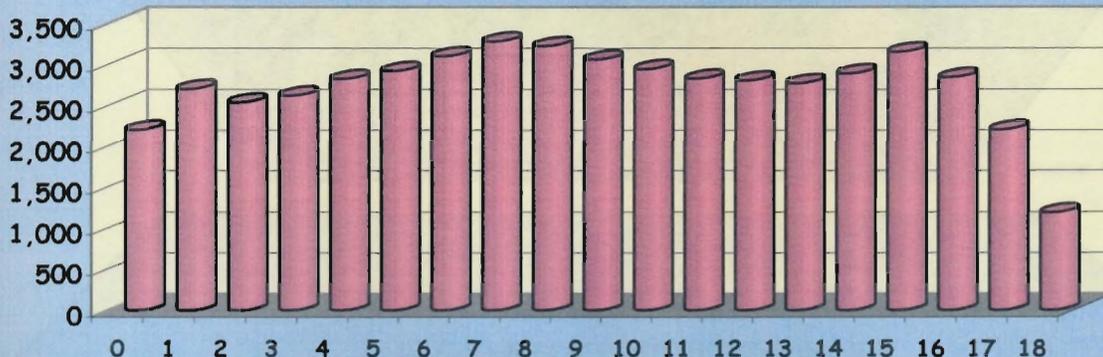
State of Arkansas
SFY99

Provider Types of Paid Claims



Median Age for
Arkids Eligibles
in
Arkansas
was
8 years 3 months.

Eligibles by Age for Arkansas

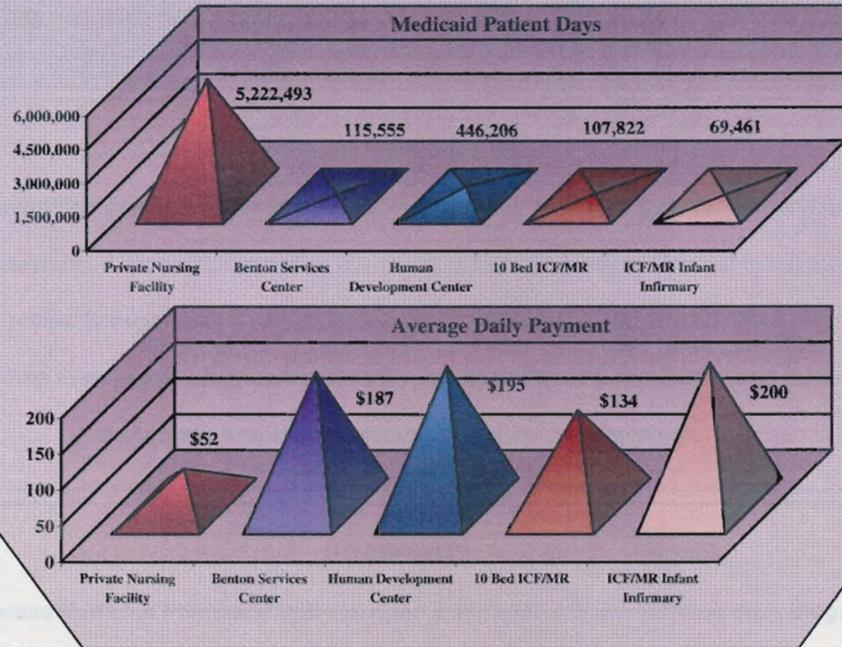


Monthly Expenditures per Eligible for Arkansas



OFFICE OF LONG TERM CARE

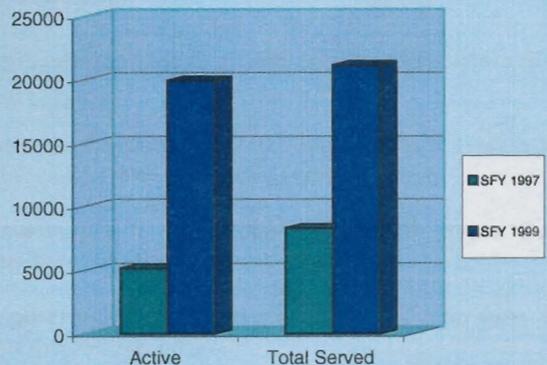
The Office of Long Term Care prior authorizes nursing facility services, reimburses providers, and inspects facilities to ensure resident care standards are met as required by Federal Medicare, State Medicaid, and State Licensure Programs. Long Term Care facilities include Nursing Facilities, Skilled Nursing Facilities, Intermediate Care Facilities for the Mentally Retarded, Residential Care Facilities, and Adult Day Care Facilities.



Source: Office of LTC

CHILDREN'S MEDICAL SERVICES

Children's Medical Services (CMS) is the Title V Program for Children with Special Health Care Needs (CSHCN). The number of clients and families served has grown from 5157 active clients in SFY 97 to 19,914 active CSHCN in SFY 99. This dramatic increase is due to CMS Prior Approval of Specialty services for children on Medicaid, CMS meeting the unmet needs of families and collaborative "Child Find" activities with the Division of County Operations.



DHS; Division of Medical Services

FIELD AUDIT UNIT:

The *Field Audit Unit* is responsible for performing on-site/in-house audits of Medicaid providers to insure compliance with federal and state regulations and policy. Staff of the Field Audit Unit also monitor and conduct surveys of Transportation Brokers.

The goal of the Unit is to verify the nature and extent of services paid for by the Medicaid program, while insuring quality medical care for recipients and protecting the integrity of both state and federal funds. The total amount identified in overpayments for the State Fiscal Year 1999 was \$1,224,558.

UTILIZATION REVIEW:

Utilization Review identifies possible fraud and abuse, monitors the quality of services delivered, and authorizes necessary medical services. This section assures both quality and efficiency in Medicaid care through competent providers. Utilization review is constantly trying new methods to eliminate waste and unnecessary services from the Medicaid Program while assuring that the quality of care is equal to that of privately insured Arkansans. In SFY99, \$3,065,881 was identified and \$3,085,278 was recouped.

PHARMACY:

In SFY99 the Arkansas Medicaid Pharmacy Unit managed a \$170,097,455 prescription drug program. Over 750 pharmacy providers were reimbursed for 4.6 million prescriptions provided to Medicaid recipients. Additionally, the Pharmacy Program oversees the collection of drug rebates from pharmaceutical manufacturers.

Collections in SFY99 totaled \$31,241,546.

MEDICAL ASSISTANCE UNIT:

Medicaid Provider Enrollment Section - Enrolls and maintains credential and demographic files on all Medicaid/ARKids providers.

Medicaid Communications Section - Receives telephone and written contacts from Medicaid/ARKids providers and recipients. Appropriately responds to the request received with information or assistance.

Dental and Visual Program Sections - Provide technical and claims support for the Medicaid/ARKids programs. Perform professional consultant reviews of claims requiring prior authorization.

EPSDT and ARKids Outreach Section - Provides technical support for the EPSDT program. The unit also sponsors community outreach activities for the ARKids program.

ARKids Information Hotline - Staffed by the Medical Assistance Unit employees who provide information and applications to interested parties. The unit also supplies community groups with large quantities of enrollment materials.

PROGRAM PLANNING AND DEVELOPMENT :

Program Planning and Development (PPD) develops and maintains the Medicaid State Plan and Child Health Insurance Program State Plan. This section writes separate provider policy manuals for each of the thirty eight (38) different Medicaid Programs, such as: Physician, Pharmacy, Hospital, Dental, Prosthetics, Podiatrist, Hearing, Visual Care, Chiropractic, and EPSDT (Early, Periodic, Screening, Diagnosis, and Treatment). Provider manuals contain such information as covered services, benefit limits, benefit extension procedures, prior approval requirements, and billing procedures. PPD also develops new waiver programs and the resulting provider manuals for initiatives such as ARKids First.

THIRD PARTY LIABILITY:

Third Party Liability identifies Medicaid recipients who have other medical insurance or payment sources that must pay first. These sources include health and liability insurance, court settlements, and absent parents. Federal and State statutes require Medicaid agencies to pursue Third Party Liability to reduce Medical Assistance payments. Collections for State Fiscal Year 1999 were \$16,637,644.87.

REIMBURSEMENT:

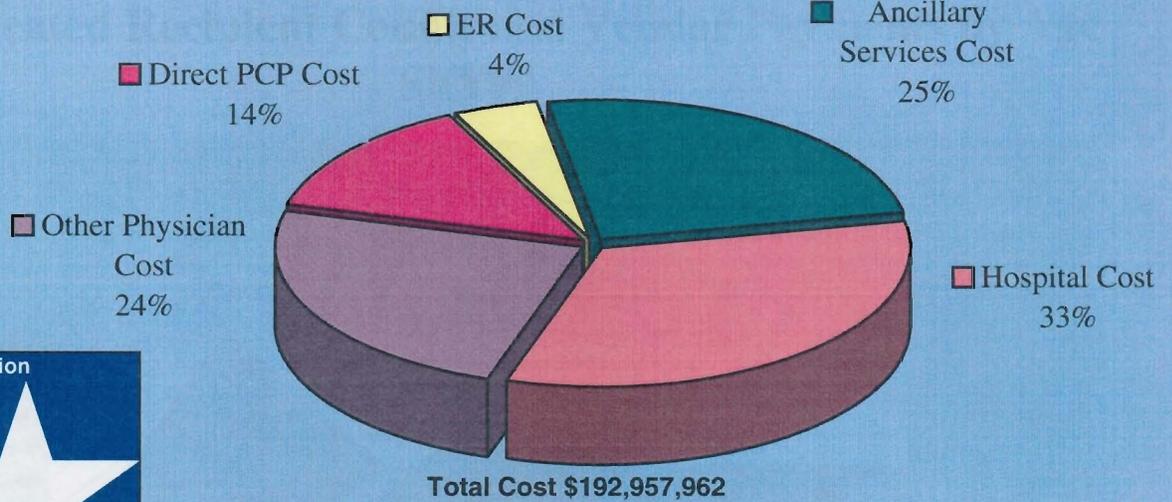
Provider Reimbursement develops reimbursement methodologies, identifies budget impacts for changes in reimbursement methodologies, develops reimbursement rates, coordinates payments with the Medicaid Fiscal Agent and provides reimbursement technical assistance for the following Medicaid providers:

Institutional – Hospital, Residential Treatment Unit (RTU), Rural Health Clinic (RHC), Federally Qualified Health Center (FQHC), Residential Treatment Center (RTC), Other. The Institutional Section is also responsible for processing all necessary cost settlements for these providers.

Non-Institutional – Physician, Dental, Durable Medical Equipment, ARKids, Nurse Practitioner, Nurse Midwife, CHMS, DDTCS, Other. The Non-Institutional Section is also responsible for the maintenance of reimbursement rates and assigning all billing codes for both institutional and non-institutional per diems, services, supplies, equipment purchases and equipment rental.

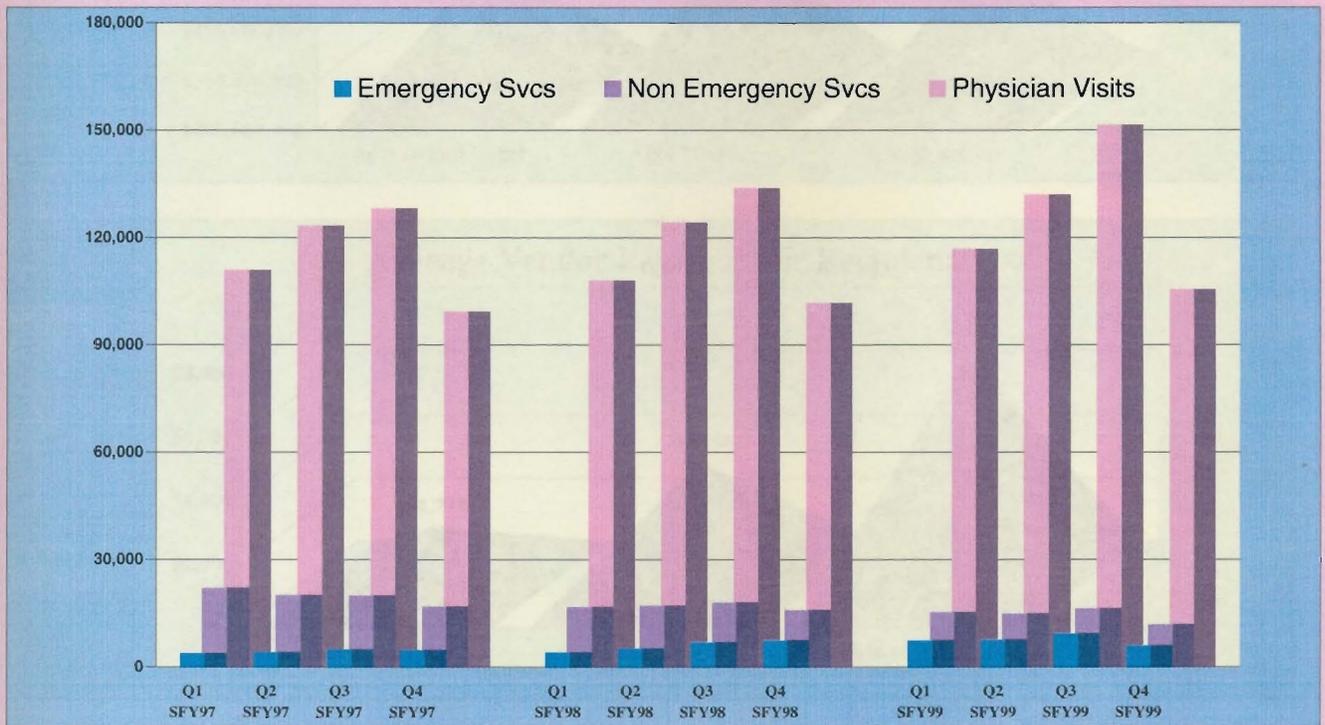
Long Term Care – This Section reviews Nursing Facility and Intermediate Care Facilities for the Mentally Retarded (ICFs/MR) submitted annual and semi-annual cost reports. The cost reports are reviewed for compliance with applicable State and Federal requirements and regulations. The Long Term Care Section maintains a database of the cost report information, which is used to evaluate cost and develop reimbursement methodologies and rates. The Long Term Care Section is also responsible for processing all necessary cost settlements for these providers.

PRIMARY CARE PHYSICIAN (PCP) PROGRAM EXPENDITURES SFY99
 PCP PROGRAM ENTITLED *ConnectCare*



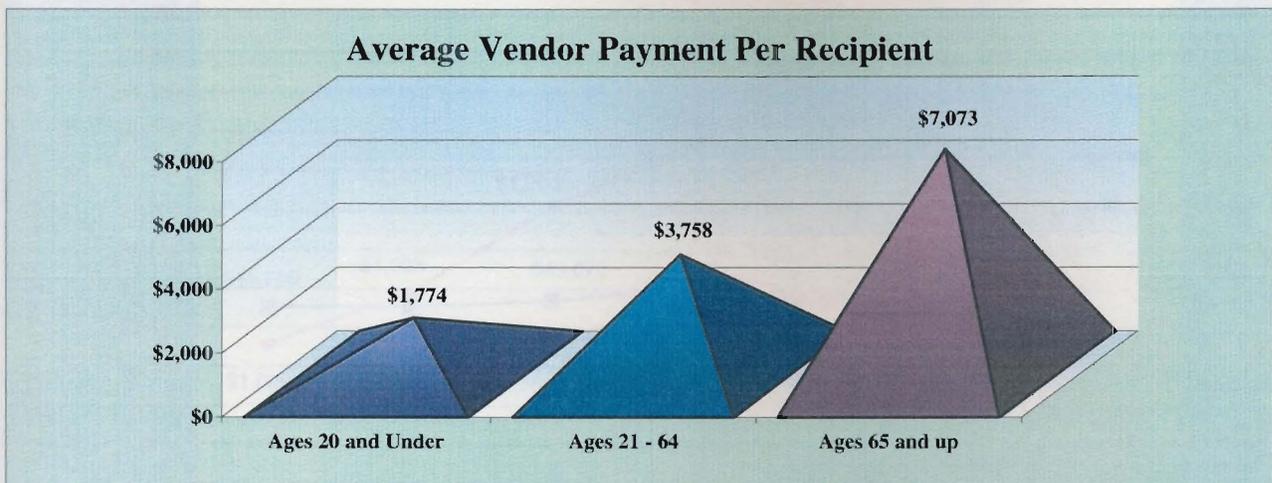
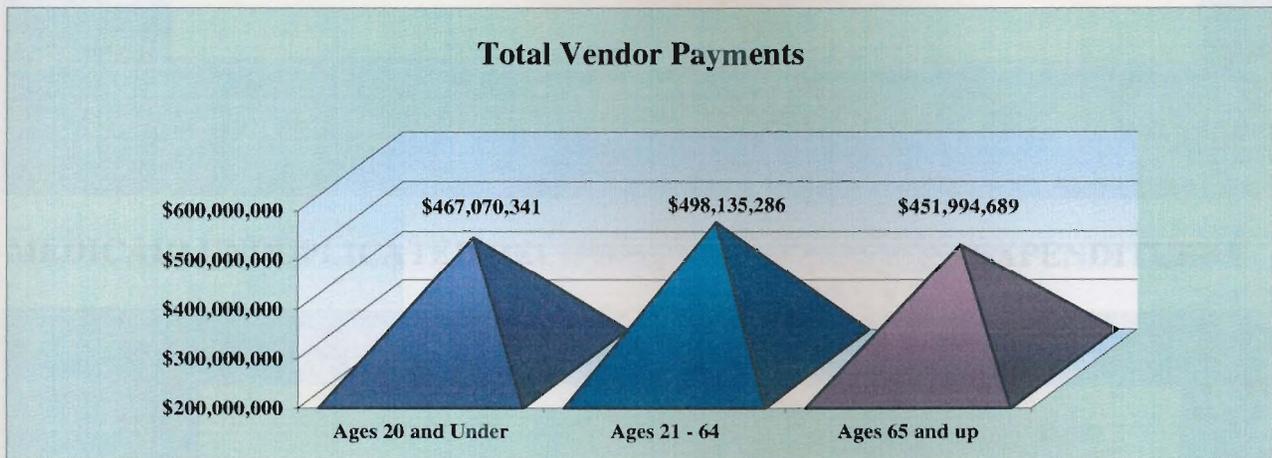
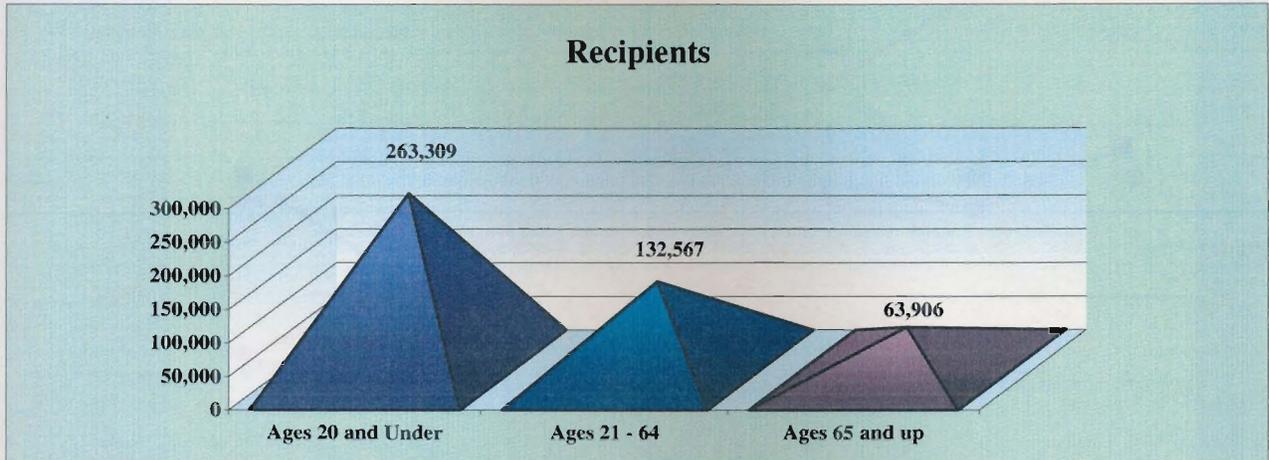
Arkansas Medicaid's *ConnectCare* program enables every eligible recipient to have his or her own primary care physician. The primary care physician is an advocate for the patient, coordinating care, making referrals when necessary, and minimizing the need to go to a hospital emergency department for treatment. Added benefits of *ConnectCare* are consolidation of medical records, wellness education and 24 hour access to care.

ARKANSAS MEDICAID TREATMENT TRENDS



An analysis by the Arkansas Foundation for Medical Care illustrated a cost/benefit of the *ConnectCare* Program as the *nominal increase* in "less costly" physician office visits, while a *marked decrease* of approximately 60% in more expensive non-emergency visits to Hospital

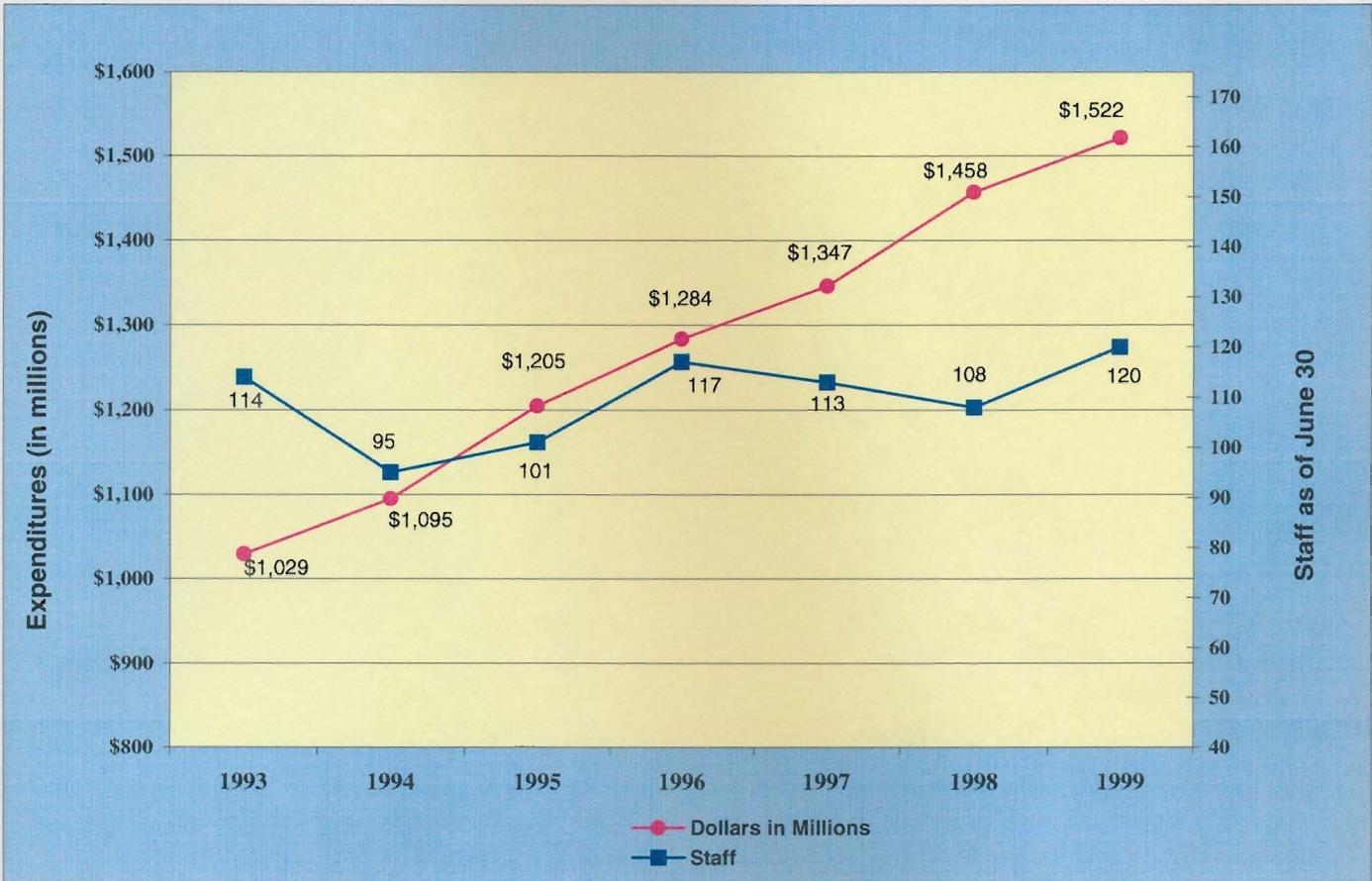
Unduplicated Recipient Counts and Vendor Payments by Age SFY99



Source: HCFA2082

DHS; Division of Medical Services

MEDICAID STAFFING COMPARED TO EXPENDITURES



MEDICAID UNDUPLICATED RECIPIENTS COMPARED TO EXPENDITURES

