Arkansas Department of Human Services
Division of Medical Services

Program Overview

State Fiscal Year 2001

ARKANSAS DEPARTMENT OF HUMAN SERVICES

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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 **Centers for Medicare and Medicaid Services (CMS)** administers the Medicaid Program for the U.S. Department of Health and Human Services. CMS authorizes federal funding levels and approves each state's State Plan, ensuring compliance with human services 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 CMS 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	$1,631	498,669	$3,271
2001	$1,852	535,322	$3,460
2002 (proj)	$2,070	575,397	$3,598

Arkansas Economics (SFY01)

		Medicaid Represents
Personal Healthcare Expenditures in AR	$9.15 billion	20.2%
State of Arkansas Expenditures	$10.4 billion	17.8%
State General Revenue Funded Budget (includes trust fund)	$3.48 billion	11.9%

Arkansas Population*		% population served by Medicaid
All Ages	2,673,400	20%
Elderly	374,019	17%
Adult (20 - 64)	1,538,872	10%
Children (19 and under)	760,509	41%

*Source: Economic Analysis and Tax Research, DFA

Average Cost per prescription in SFY01 was $45.65

75.46% of all Nursing Home residents in SFY00 were Medicaid Eligible

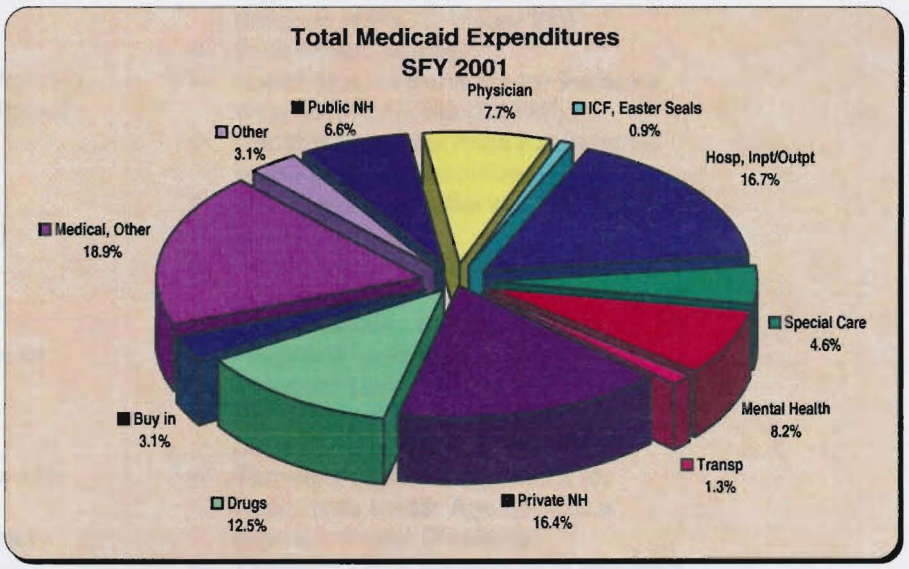
Provider Communications handled approximately 155,175 telephone inquiries in SFY01.

SFY02 Medicaid Operating Budget

(millions)

General Revenue	$389.4
Other Revenue	$99.5
Quality Assurance Fee	$34.0
Trust Fund	$42.2
Federal Revenue	$1,504.8
Total Program	$2,070.0

The medical cost for 43.68% of all babies born to Arkansas residents is paid for by Medicaid



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. 21,700 actively ENROLLED providers approx. 9,900 (45.6%) are PARTICIPATING Providers

22,191,336 claims were processed in SFY01
Average processing time was 2.3 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

Independent Choices

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

ConnectCare Managed Care Program

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

ARKids First B

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

DHS; Division of Medical Services

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
- Laboratory and X-Ray
- Medical and Surgical Dental Services
- Nursing Facility (Over Age 21)
- Nurse Midwife
- Nurse Practitioner (Family and Pediatric)
- Physician
- Rural Health Clinics

Optional Services Chosen by Arkansas:

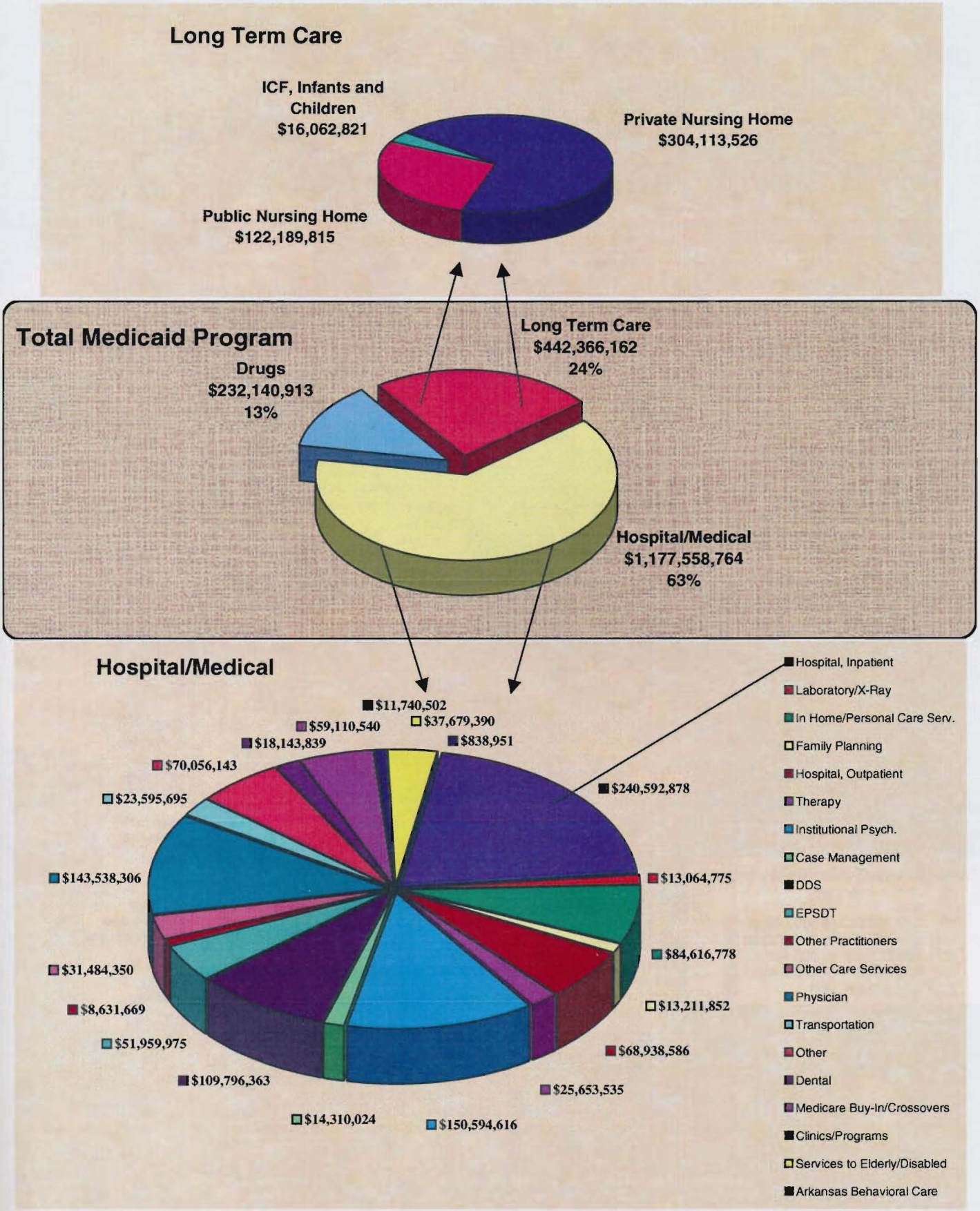
- Ambulatory Surgical Center Services
- Audiological Services (EPSDT, Under Age 21)
- Certified Registered Nurse Anesthetist (CRNA)
- Child Health Management Services (EPSDT, Under Age 21)
- Chiropractic Services
- Dental Services (EPSDT, Under Age 21)
- Developmental Day Treatment Clinical Services (DDTCS)
- Domiciliary Care Services
- Durable Medical Equipment
- End-Stage Renal Disease (ESRD) Facility Services
- Hospice Services
- Hyperalimentation Services
- Inpatient Psychiatric Services Under Age 21
- Inpatient Rehabilitative Hospital Services
- Intermediate Care Facility Services for Mentally Retarded
- Licensed Mental Health Practitioner Services (Under Age 21)
- Medical Supplies
- Nursing Facility Services (Under Age 21)
- Occupational, Physical, Speech Therapy Services
- Orthotic Appliances (Under Age 21)
- Personal Care Services
- Podiatrist Services
- Portable X-Ray Services
- Prescription Drugs
- Private Duty Nursing Services (for Ventilator-Dependent All Ages and High-Tech Non-Ventilator Dependent Persons (EPSDT, Under 21))
- Prosthetic Devices
- Rehabilitative Services for Persons with Mental Illness (RSPMI)
- Rehabilitative Services for Persons with Physical Disabilities (RSPD)
- Respiratory Care Services (EPSDT, Under Age 21)
- School-Based Mental Health Services (Under Age 21)
- Targeted Case Management for Pregnant Women
- Targeted Case Management for Recipients Age 21 and Over With a Developmental Disability
- Targeted Case Management for Recipients Under Age 21 with a Developmental Disability
- Targeted Case Management Services for Recipients (EPSDT, Under Age 21)
- Targeted Case Management Services for Recipients Age 60 and Older
- Transportation Services (Ambulance, Non-Emergency)
- Ventilator Equipment
- Visual Services

Major Benefit Limitations on Services:

- Twelve visits to physicians, clinics and/or hospital outpatient departments allowed per state fiscal year.
- Lab and x-ray services limited to total benefit payment of $500 per state fiscal year, except for EPSDT recipients.
- Three pharmaceutical prescriptions, including refills, allowed 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, except for EPSDT recipients and organ transplant patients.
- Cost Sharing, some recipients must pay 22% coinsurance of first Medicaid covered day of hospital stay and $1 - $3 co-payment of every prescription.

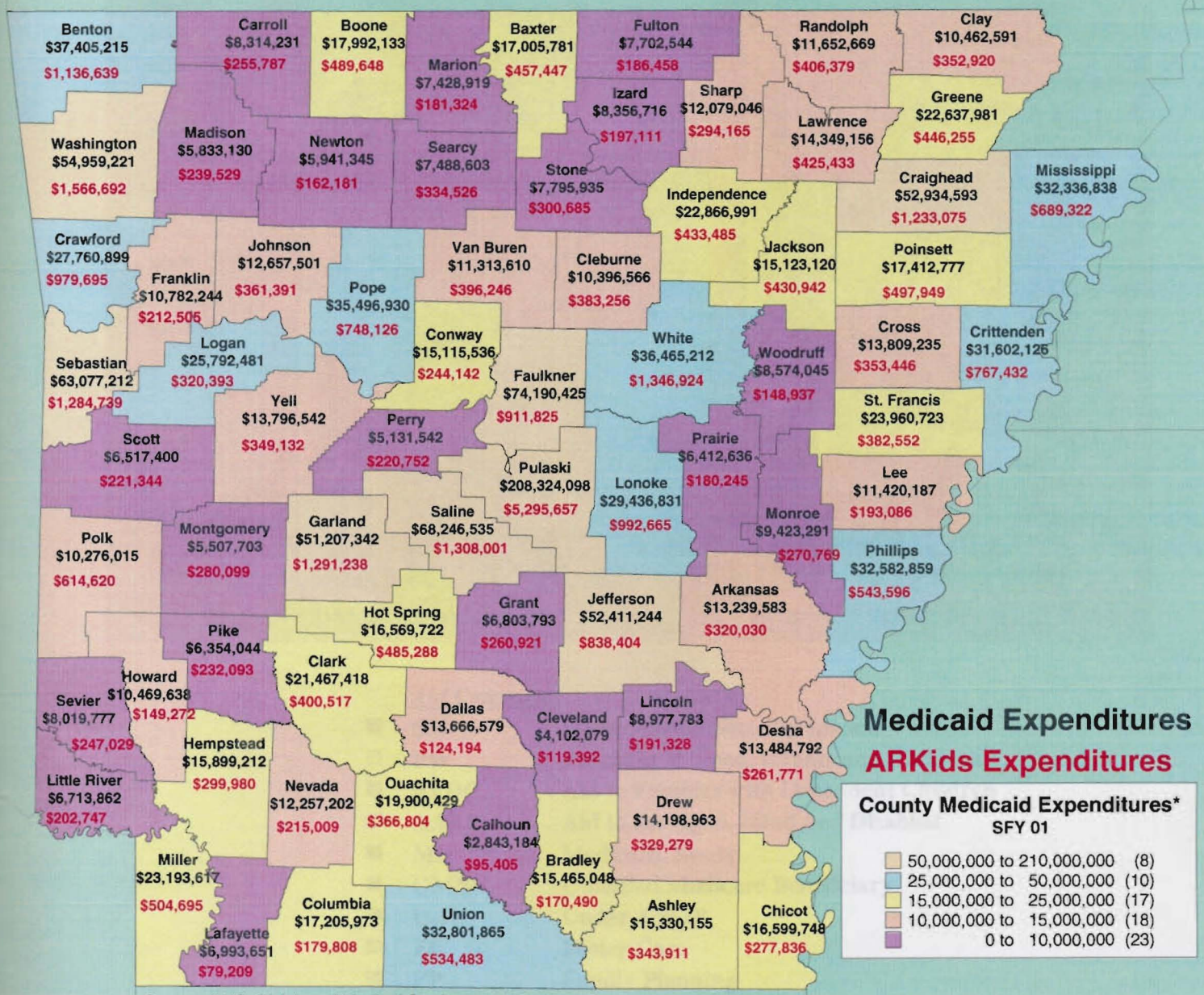
Any and all exceptions to benefit limits are based on medical necessity.

Arkansas Medicaid Program Benefit Expenditures
SFY01



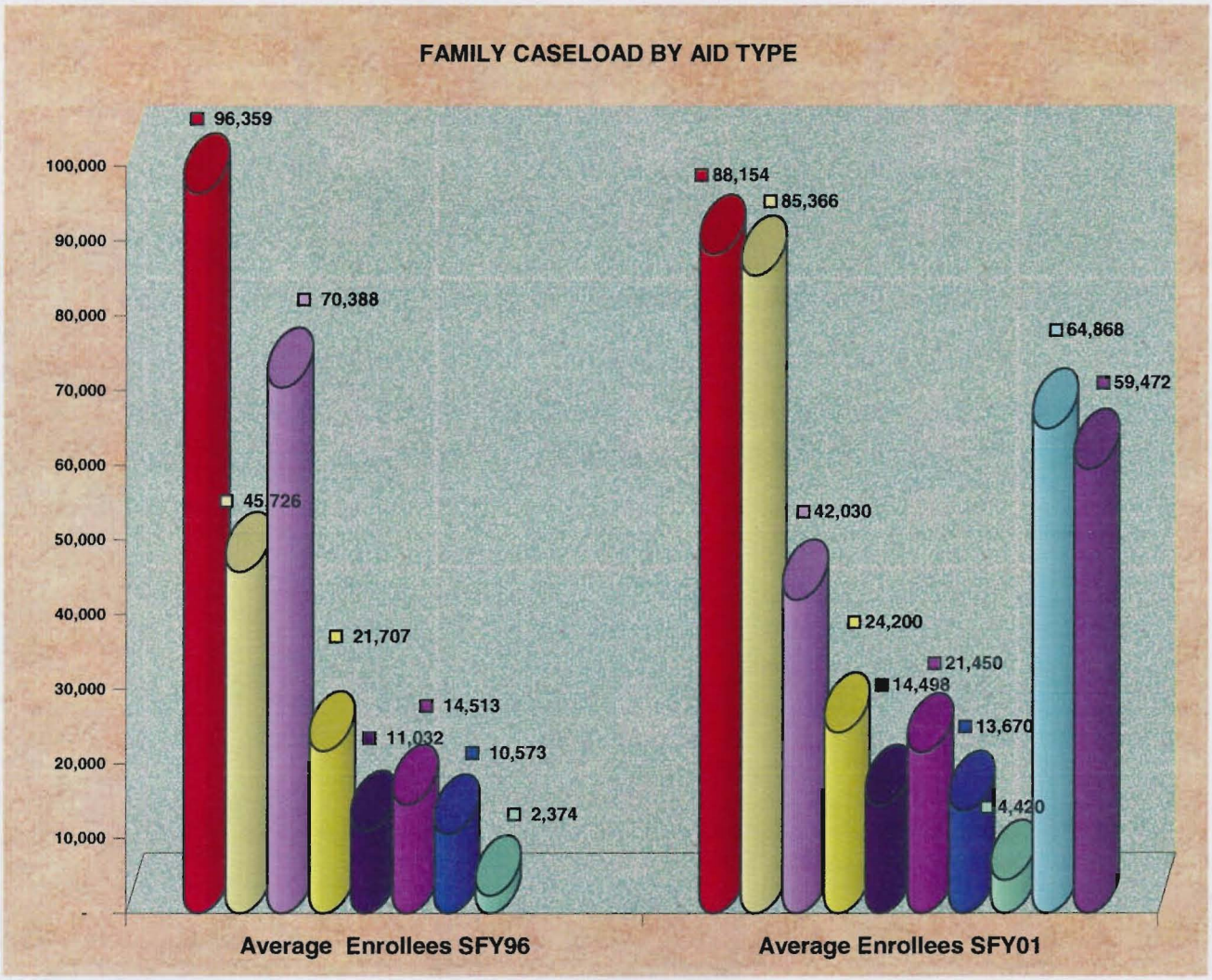
DHS; Division of Medical Services

Adjusted Paid Claims By County
SFY 2001



Source: DHS; Division of Medical Services
Medicaid Decision Support System
Medicaid totals include $2,457,723 in CHIP payments
*Doesn't include $101,346 attributed to unspecified counties or non-claim related payments
*Doesn't include cost settlements

MEDICAID ENROLLEES



Aid Categories

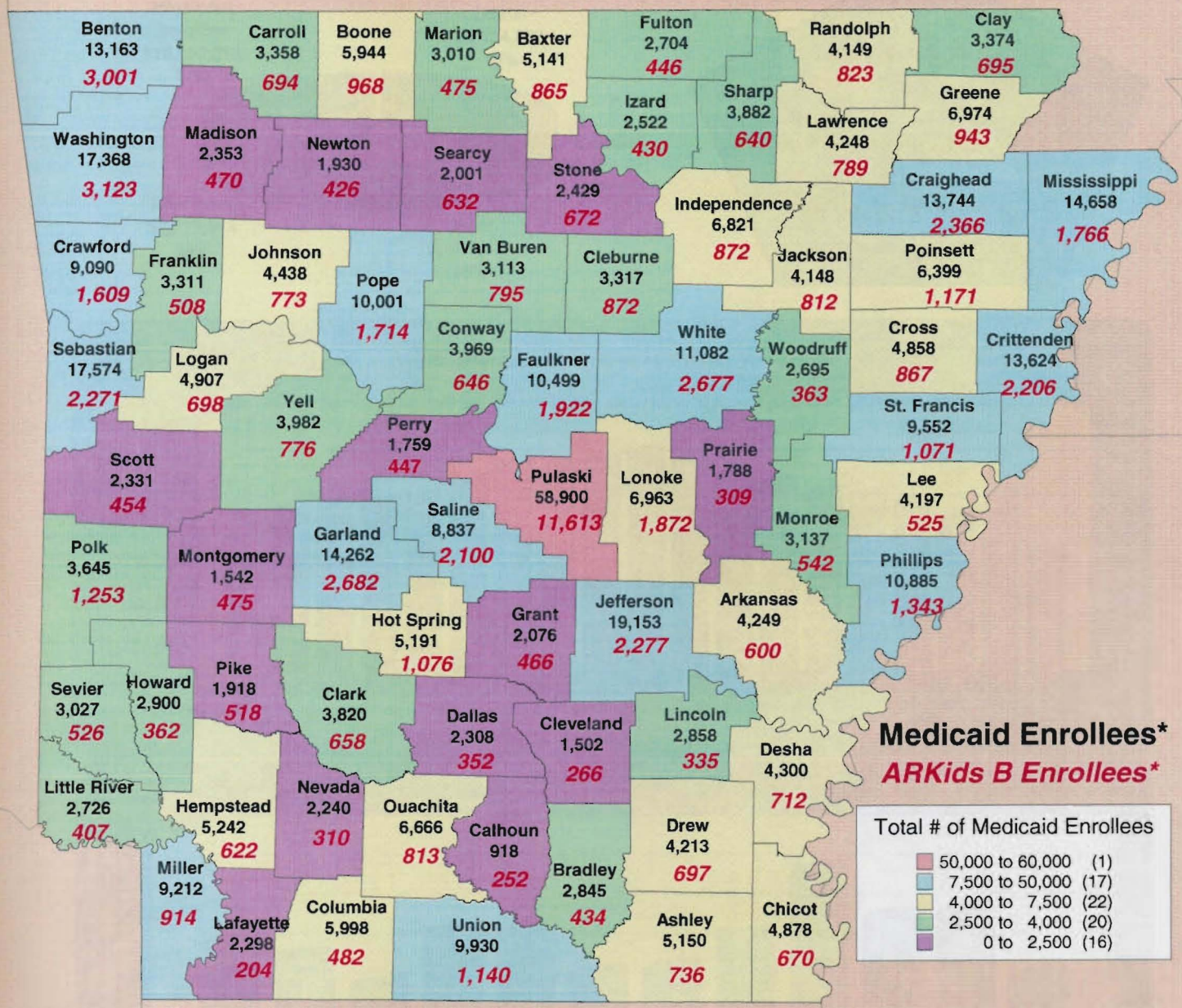
■	**SSI**	**Supplemental Security Income**
□	**PW**	**Pregnant Women, Infants and Children**
■	**AFDC**	**Aid to Families with Dependent Children**
□	**AABD**	**Aid to the Aged, Blind and Disabled**
■	**MN**	**Medically Needy**
■	**QMB**	**Qualified Medicare Beneficiary**
■	**U-18**	**Under Age 18**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

There were an average of 9 enrolled refugees per month in SFY96 and 0 per month in SFY01.

Source: Division of County Operations
Aces IM 2414

DHS; Division of Medical Services

Enrollees By County
SFY 2001



Source: DHS; Division of Medical Services
Medicaid Decision Support

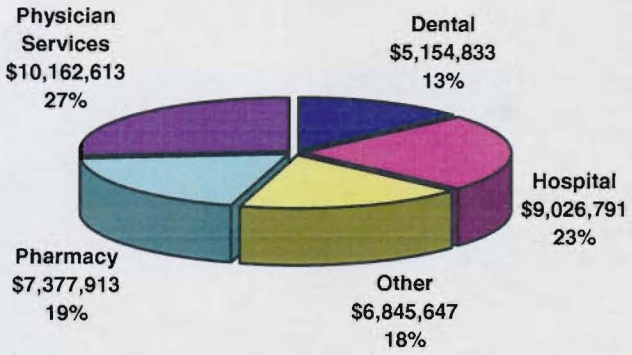
Unduplicated Count for the SFY

ARKids 1st B

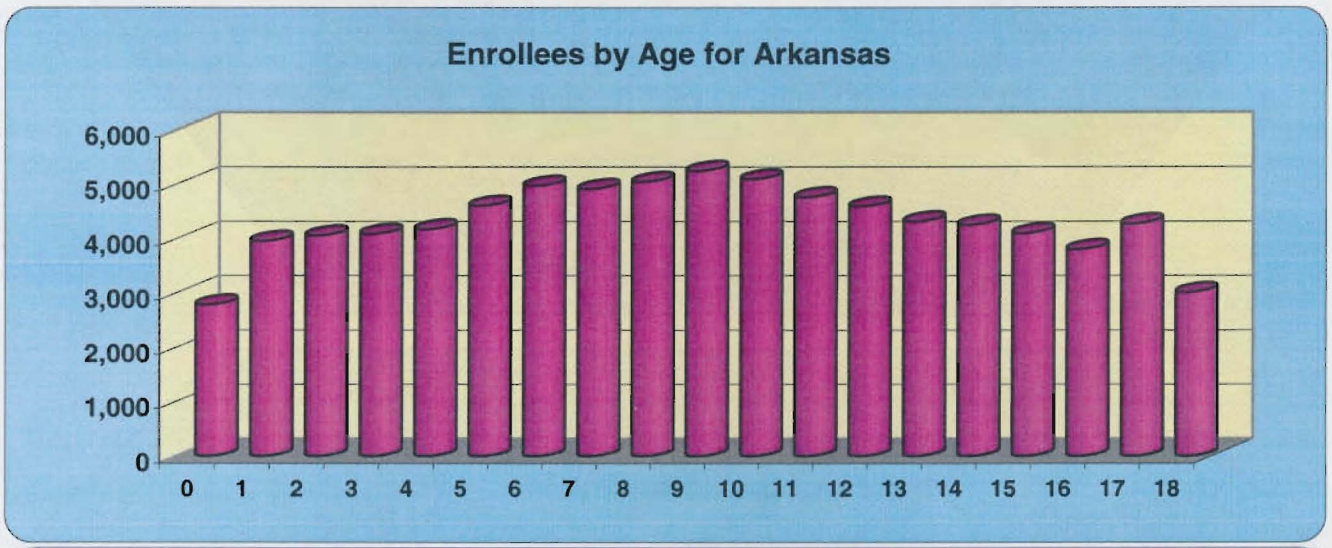
State of Arkansas

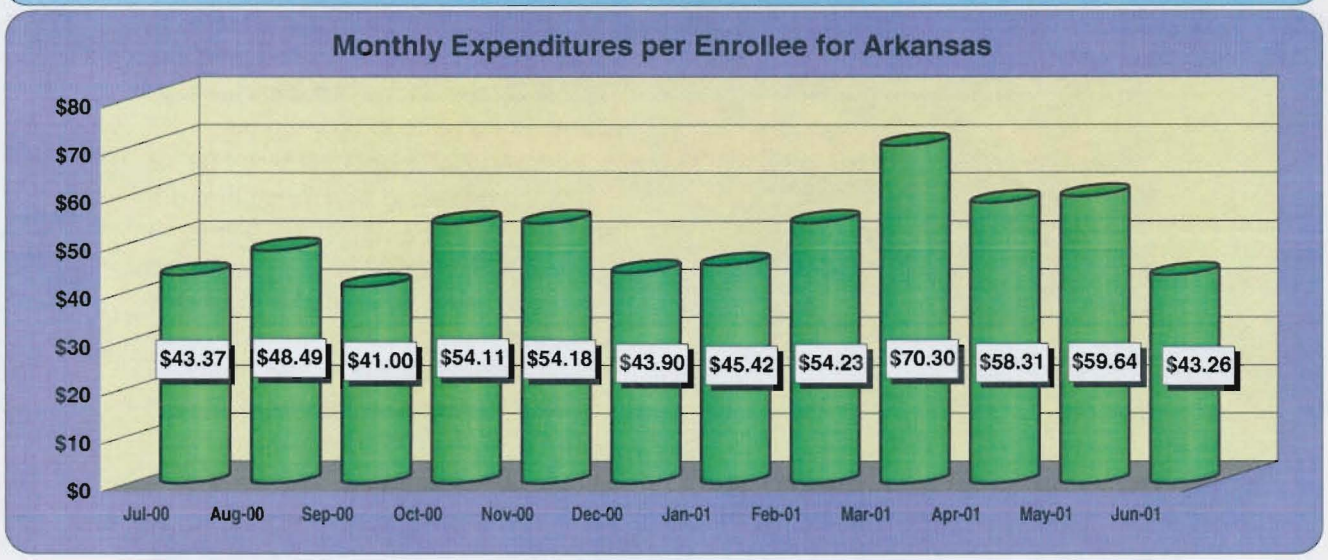
SFY2001

Provider Types of Paid Claims



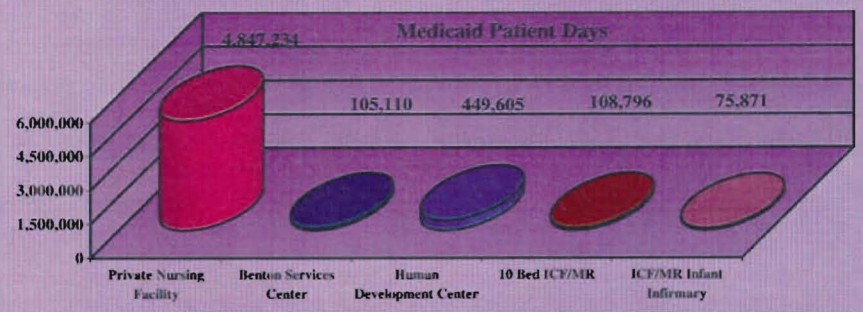
Median Age for Arkids B Enrollees in Arkansas was 8 years 6 months.

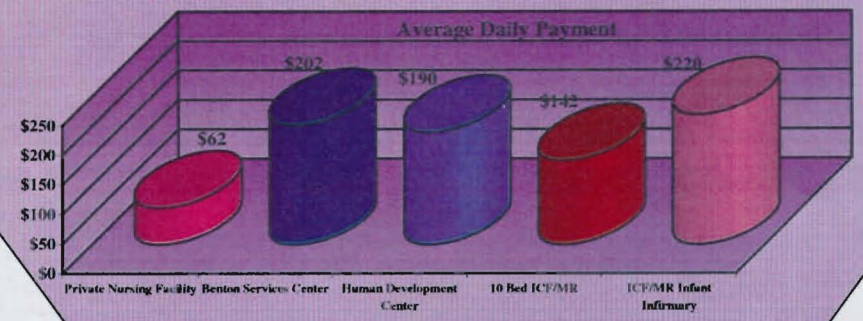




OFFICE OF LONG TERM CARE

The Office of Long Term Care prior authorizes nursing facility services 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.

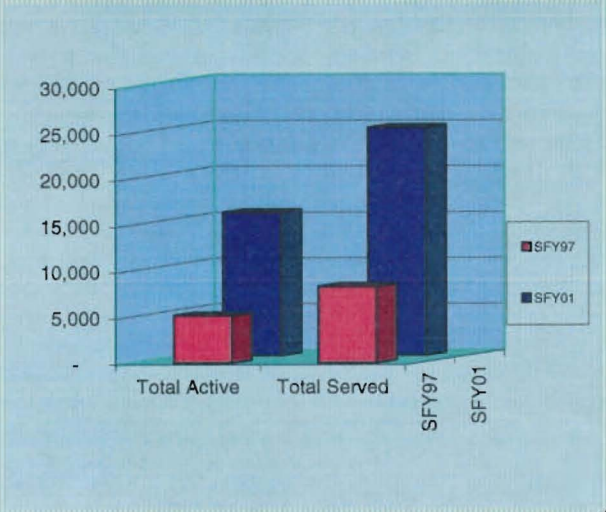




Source: Office of LTC

CHILDREN'S MEDICAL SERVICES

Children's Medical Services (CMS) is the Title V Program for Children with Special Health Care Needs (CSHCN). The total number of children served in SFY01 was 24,794. CMS returned to the traditional role of Service Coordination in January 2001 and the active number of children being served as of June 30, 2001 was 15,576. CMS is a Community Based Program and works actively with clients, community providers and other agencies in meeting the needs of CSHCN.



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.

UTILIZATION REVIEW:

The Utilization Review Section (UR) identifies, monitors quality of service, investigates, and initiates recoupments of possible fraudulent and abusive billing practices by Arkansas Medicaid providers. UR also prior authorizes medical services such as prosthetics, hearing aids, hyperalimentation and out of state transportation. In SFY01 the UR Section processed 28,798 requests for prior authorization of services. Of these 16,498 requests were approved and 12,300 requests were denied based on program guidelines. The Surveillance Utilization Review System (SURS) Unit identified $893,841 in provider overpayments and recovered $771,758. Also collected was $4,045,523 in provider overpayments identified by our Peer Review Organization (PRO), The Arkansas Foundation for Medical Care. UR also monitors the primary care physicians program (PCP) to ensure compliance with program guidelines. UR processed 17,721 requests for extension of benefits from providers for recipients. A total of 11,948 extensions were granted and 5,773 requests denied based on lack of medical necessity. This Unit, also, does a random sample questionnaire to recipients to assure that paid benefits were received. Referrals of questionable responses are then made to the Field Audit Section. UR also processed 14,940 telephone inquiries and 35,462 Worksheets.

PHARMACY:

In SFY01 the Arkansas Medicaid Pharmacy Unit managed a $232 million prescription drug program. Over 765 pharmacy providers were reimbursed for more than 5.1 million prescriptions provided to Medicaid recipients. Additionally, the Pharmacy Program oversees the collection of drug rebates from pharmaceutical manufacturers. Collections in SFY01 totaled $45,432,238.

MEDICAL ASSISTANCE UNIT:

The Medical Assistance Section is responsible for enrolling providers in Medicaid and the ARKids First program. At the end of State Fiscal Year 2001 there were 17,856 enrolled providers in the above programs. More than 8,000 of these providers were physicians and physician groups. One new provider type was added in State Fiscal Year 2001, School Based Mental Health. The Medical Assistance Section also responds to the concerns and questions of providers and recipients of Medicaid and ARKids services. In state Fiscal Year 2001, approximately 58,000 telephone and written inquiries were handled in the Program Communications Unit. In addition, over 30,000 ARKids First participants' telephone contacts in State Fiscal Year 2001 were responded to in the Medical Assistance Section. Other areas administered by the Medical Assistance Section are the Early Periodic, Screening, Diagnosis and Treatment (EPSDT) program and the outreach activities of the very successful ARKids First health insurance program started in September 1997. Also, the Dental and Visual programs are administered by Medical Assistance. The ARKids B program as of the end of State Fiscal Year 2001 had over 58,000 enrolled participants. The growth of this innovative program continues.

	SFY 2001	SFY 2000	SFY 1999
Telephone Inquiries	53,412	53,753	54,272
Written Correspondence	3,532	2,933	3,425
Recipient Denial Letters	154	320	313
Worksheets	632	853	531

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-nine (39) 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 2001 were $9,652,533.45.

SYSTEMS & SUPPORT:

Systems & Support is the liaison for DMS and the contracted fiscal agent that operates the Medicaid Management Information System (MMIS) which processes all Medicaid claims.

* S & S develops all Request for Proposals and Advance Planning Documents related to the MMIS
* Develops the contract for the fiscal agent to operate the MMIS and monitors the contractor's performance
* Maintains system documentation from the contractor
* Develops, tracks, and documents customer service requests for modifications to the MMIS
* Performs quality assurance reviews on all edits and audits affecting claims processed by the MMIS
* Conducts Claims Processing Assessment System reviews
* Provides network and hardware/software support and maintenance to DMS employees

REIMBURSEMENT:

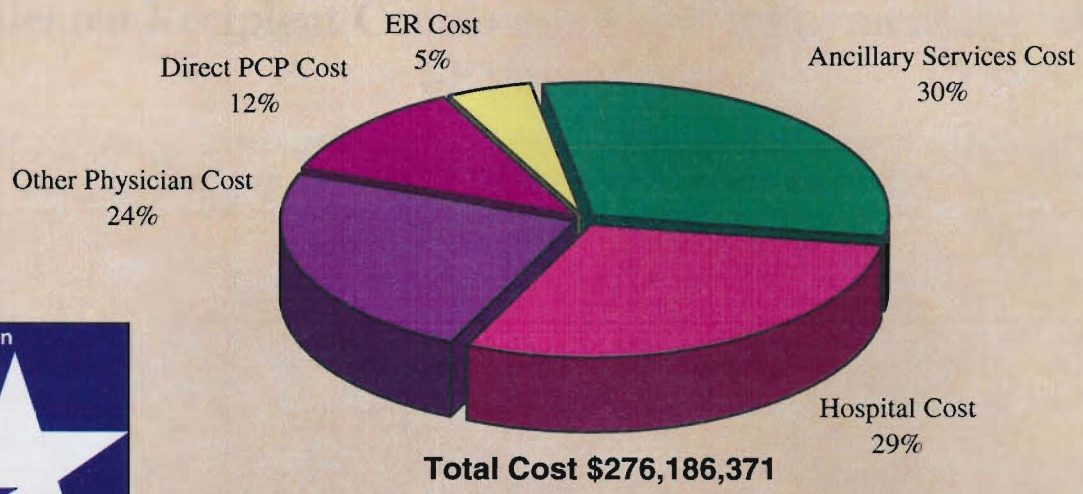
Provider Reimbursement develops reimbursement methodologies, identifies budget impacts for changes in reimbursement methodologies, develops reimbursement rates, coordinates payments with the Medicaid Fiscal Agent and provides reimbursement technical assistance for the following Medicaid providers:

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.

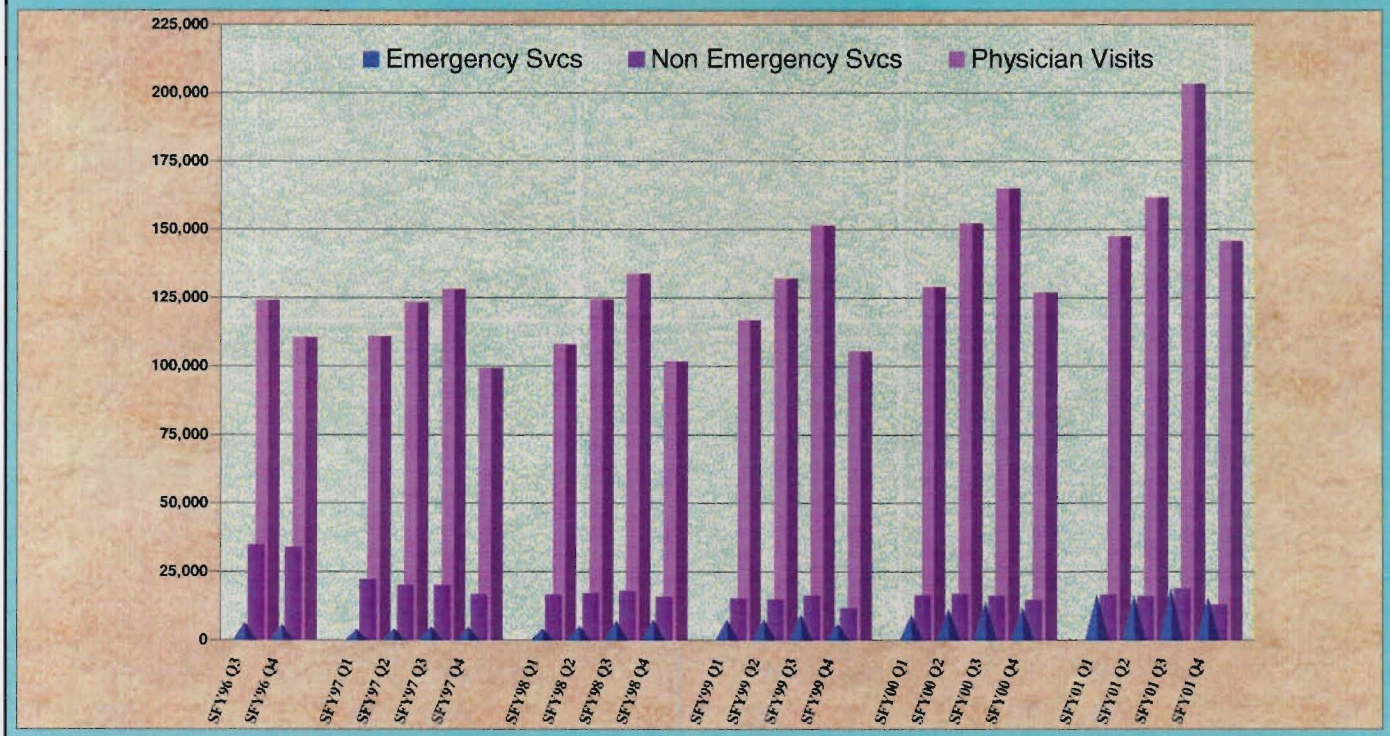
Long Term Care – This Section reviews Nursing Facility and Intermediate Care Facilities for the Mentally Retarded (ICFs/MR) submitted annual and semi-annual cost reports. The cost reports are reviewed for compliance with applicable State and Federal requirements and regulations. The Long Term Care Section 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 SFY01
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

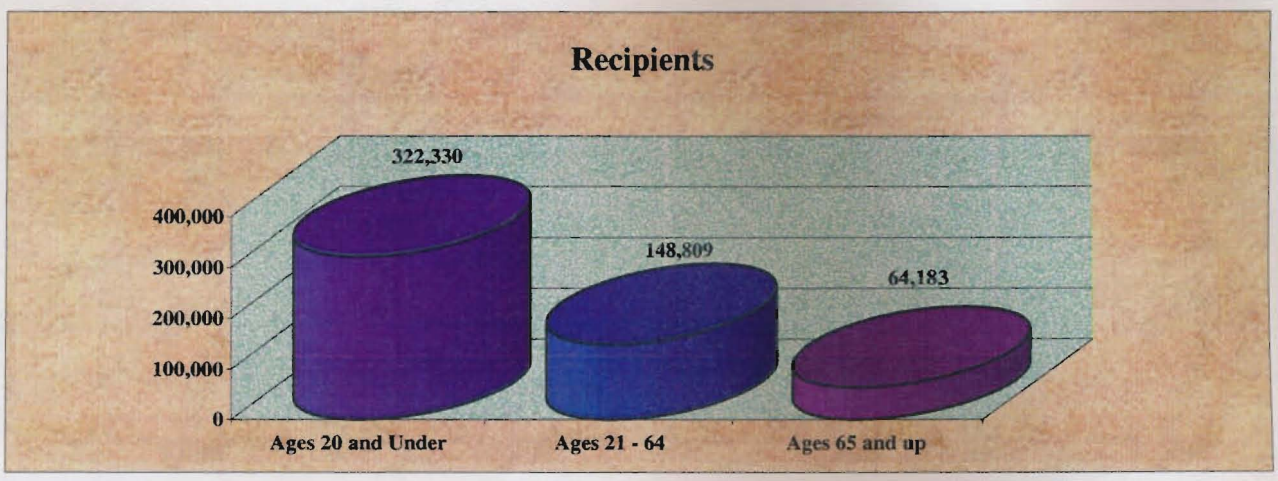


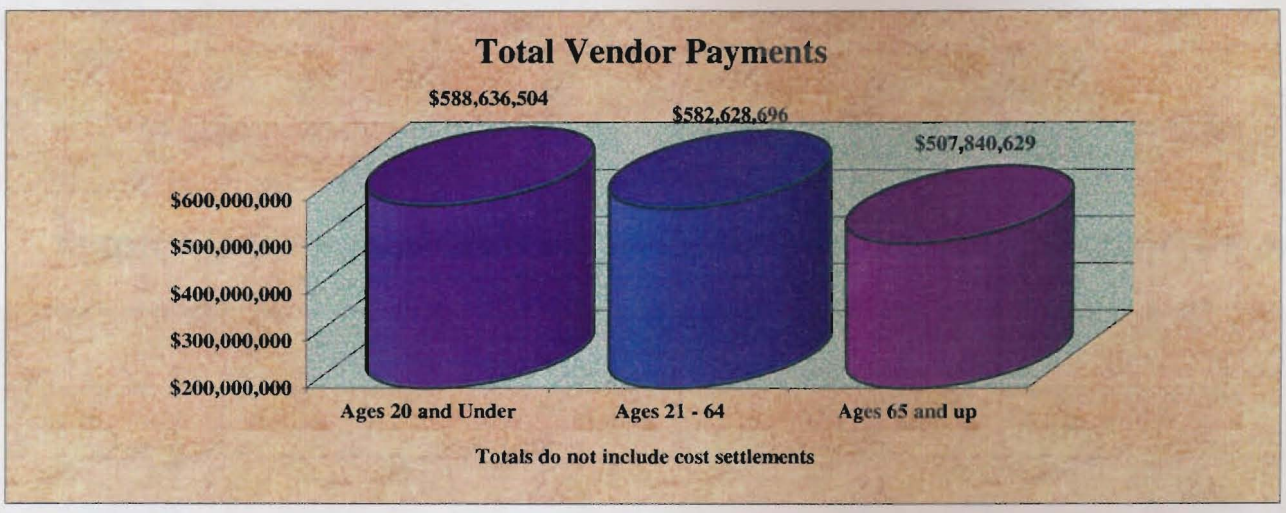
An analysis by the Arkansas Foundation for Medical Care illustrated a cost/benefit of the *ConnectCare* Program as the ***nominal increase*** in "less costly" physician office visits, while a ***marked decrease*** of approximately 60% in more expensive non-emergency visits to Hospital Emergency Rooms.

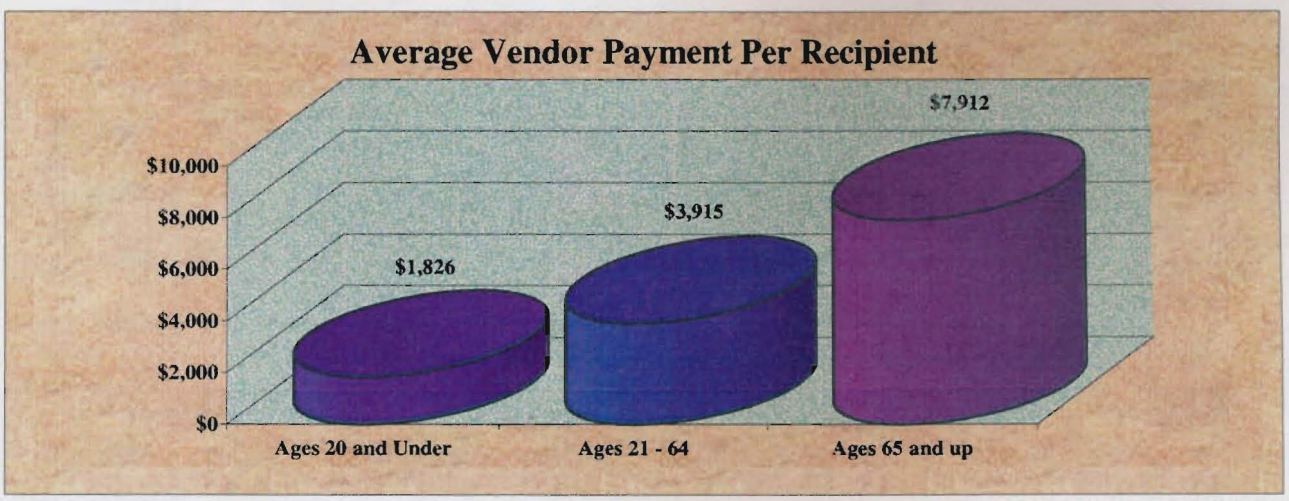
Source: AFMC; ER Treatment Trends

DHS; Division of Medical Services

Unduplicated Recipient Counts and Vendor Payments by Age
SFY01



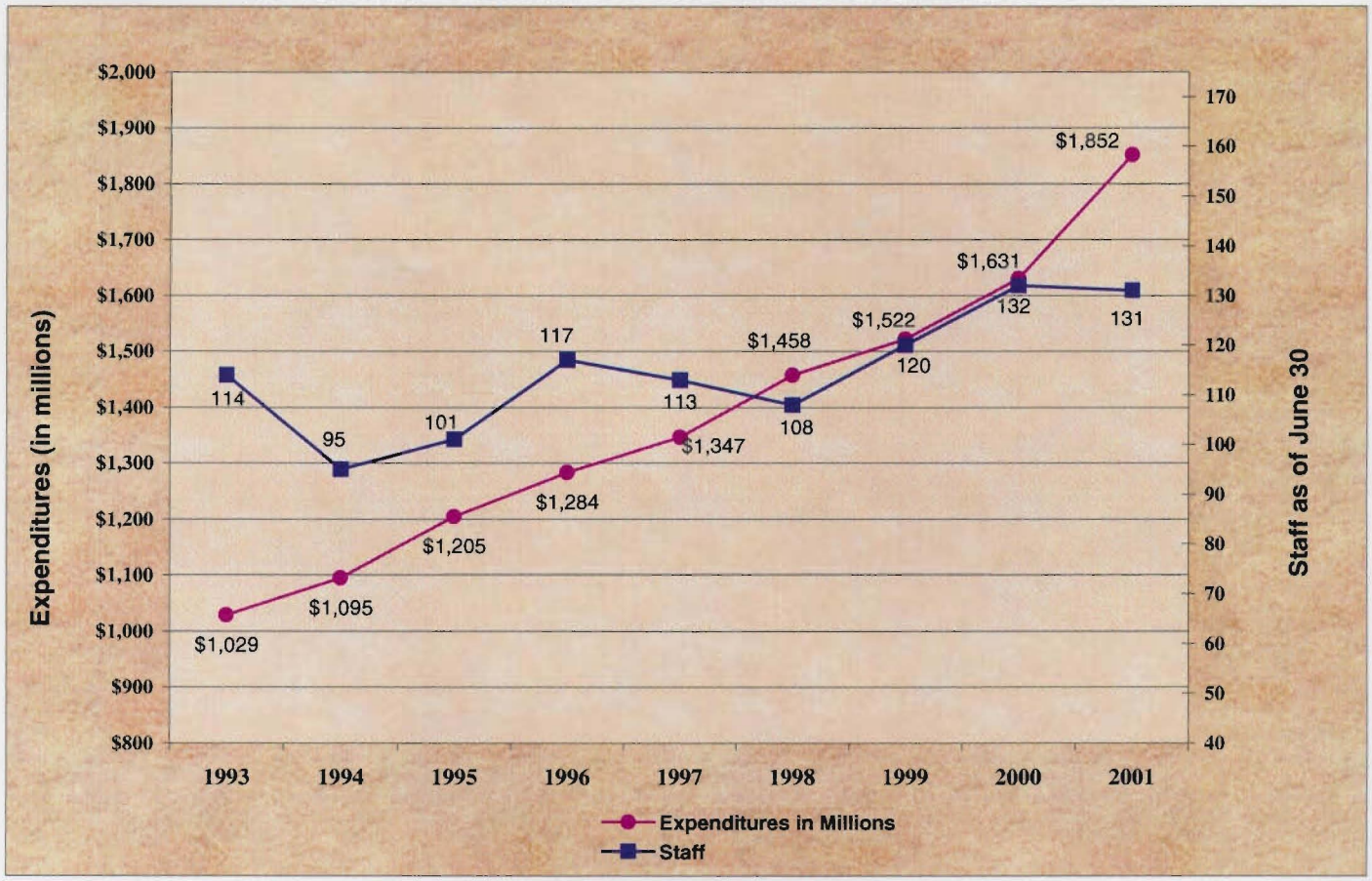




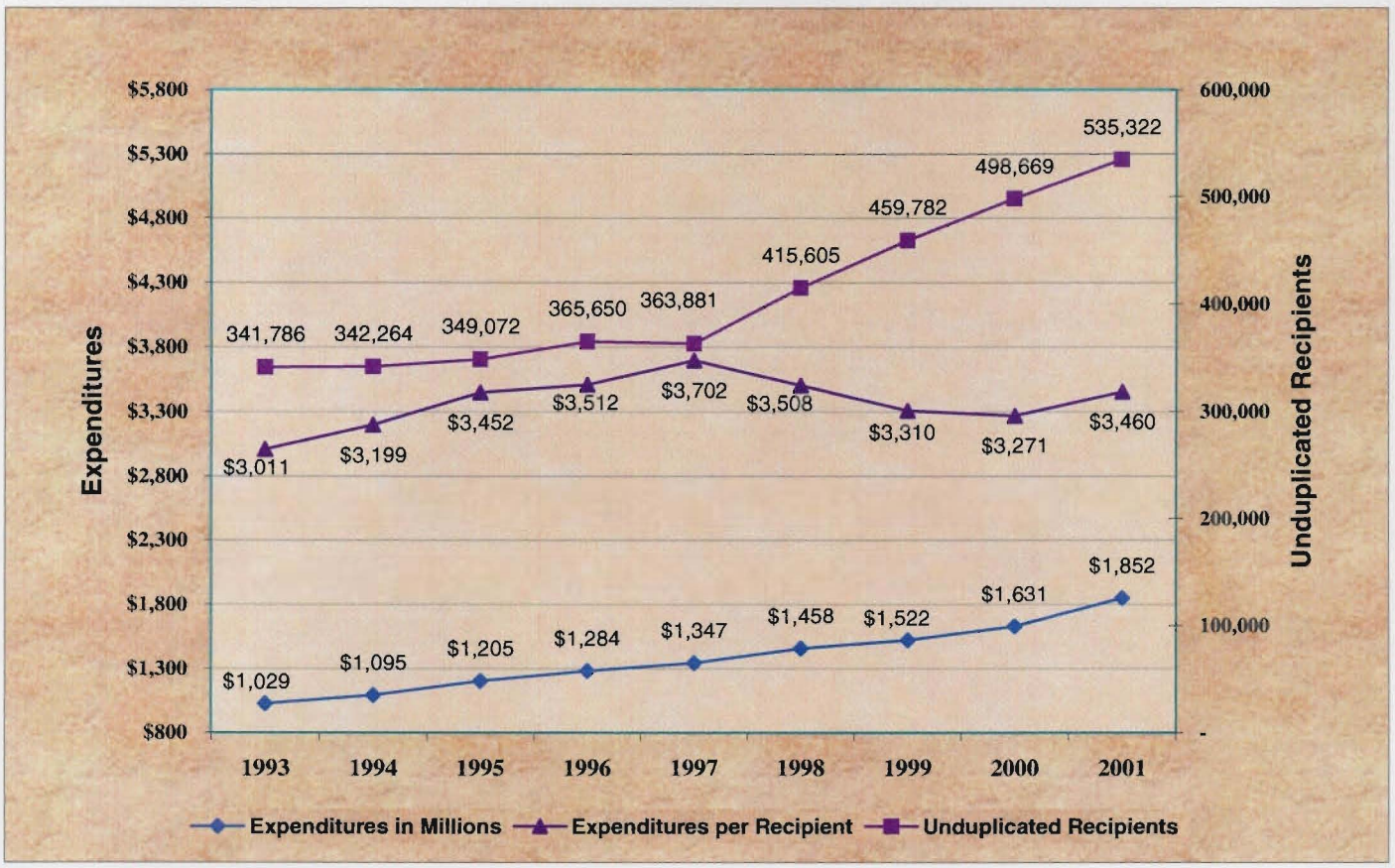
Source: HCFA2082

DHS; Division of Medical Services

MEDICAID STAFFING COMPARED TO EXPENDITURES



MEDICAID UNDUPLICATED RECIPIENTS COMPARED TO EXPENDITURES



Source: HCFA2082; Medicaid Budget Reports

DHS; Division of Medical Services