



# MONTANA LEGISLATIVE BRANCH

## Legislative Fiscal Division

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Legislative Fiscal Analyst  
CLAYTON SCHENCK

September 8, 2005

Chuck Hunter, Administrator  
Health Resources Division  
PO Box 4210  
Helena, MT 59604

Dear Mr. Hunter:

At its June meeting, the Legislative Finance Committee voted to request updates on a number of projects and initiatives as discussed during HB2 deliberations by appropriations subcommittees and the legislature during the 2005 legislative session. This letter is to let you know that we will be requesting these updates within the general timetables envisioned by the legislature.

The updates are intended to be brief, informal performance updates, and accomplished in no more than 1 to 2 pages. Additional information is welcome, but the intent is to keep the reporting requirements simple and informative while not requiring extensive effort on the part of program managers. The committee is primarily interested in how the project or initiative is progressing, what issues you have encountered, and what the legislature can do to assist you during the interim in your efforts to meet your goals and/or to address any issues.

The following updates are requested.

1. Contract for review and approval of certain Medicaid expenses.
2. FTE to identify Medicaid cost savings measures.
3. Evaluate Passport to Health program.
4. Contract for low-income Medicaid recipients for "nurse 1<sup>st</sup>" line.
5. Additional Medicaid Management staff

Attached are the request forms for each of the updates requested.

Thank you for your attention to this matter. If you have any general questions about this request, please contact Taryn Purdy at 5383, or at [tpurdy@mt.gov](mailto:tpurdy@mt.gov). If you have questions about a particular update, please contact the LFD staff person listed.

Sincerely,  
Clayton Schenck

cc: Joan Miles  
Becky Beckert-Graham

# Information Request – Legislative Finance Committee

## **Purpose**

By September 23, 2005, please provide a 1-2 page summary on the projects/initiatives listed.

## **Specifically:**

How is this initiative going? What are the results of your efforts? What problems have you encountered? How can the legislature assist in this effort or with issues that have arisen?

You may email your response to the LFD contact listed below.

## **Information**

Agency: DPHHS

Division/Program: Health Resources Division

Subject: Contract for review and approval of certain Medicaid expenses

LFD Contact: Steinbeck, Lois

Agency Contact: Brett Williams HRD (Please fill in agency contact person)

## **Specific Request for Information/Action as Discussed by the Legislature/Subcommittee During the Legislative Session**

Report on outcomes and reviews of admissions to out of state hospitals
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## **Response**

**Using the specific components above, what are you doing with regard to this project/initiative and how is it going?**

Adults are sent out of state due to emergent situations that can't be handled in state, such as intensive burn care; for certain medical conditions such as necrotizing pancreatitis, and certain cancers, e.g. cervical/ uterine cancers. Children are sent out of state primarily for cancer treatment, transplants and cardiovascular services.

This utilization review contract does continued-stay reviews on all out of state cases to bring cases back to Montana when the patient is stable enough to transfer. In addition, these cases are reviewed to ensure that the services are not experimental, not part of a controlled study that should be paid for by other sources, and most important, that the services are medically necessary. The department has identified specialists in pediatric surgery, and adult bone marrow transplant services so we are able to retain more of these cases in state than in the past.

The agency is having difficulties finding placement in nursing homes or foster care for medically compromised individuals. For adults, the difficulty is in placing ventilator dependant cases or cases with behavioral issues. Children are almost impossible to place in nursing facilities in Montana. They are not equipped to handle pediatric placement and medical foster care is very limited.

## **What are the results so far?**

The contract for additional case management for out of state admissions is in place. However, it is too early to measure the effects of the contract.

**What challenges have arisen?**

Cost containment is difficult due to the changes and advances in medical technology. Also, more clients are seeking treatment that was unavailable just a few years ago and these advances in medical technology have been made more exclusively available to out of state hospitals. Last, the number of patients surviving are increasing.

**How can the legislature (Legislative Finance Committee) assist?**

None requested at this time.

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## **Information**

Agency: DPHHS

Division/Program: Health Resources Division

Subject: FTE to identify Medicaid cost savings measures

LFD Contact: Steinbeck, Lois

Agency Contact: Beckie Beckert-Graham HRD (Please fill in agency contact person)

## **Specific Request for Information/Action as Discussed by the Legislature/Subcommittee During the Legislative Session**

Report on outcomes and reviews of FTE to identify Medicaid cost savings measures.
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## **Response**

**Using the specific components above, what are you doing with regard to this project/initiative and how is it going?**

There were 2.00 FTE approved by the legislature for Medicaid cost savings measures. One position was hired on July 1 and the other will be on board by October 3.

### **What are the results so far?**

The one position has developed tools within the current Medicaid Query Path system to implement analyzing measures within children's mental health services. This information assisted with developing the direct worker's care rate, reviewing the provider rate increases and now is in the process of finding out trend data for enrollment gaps, placement patterns and patterns of services. The other position will also perform similar information.

### **What challenges have arisen?**

The challenges have been the time it takes to develop the data tools; research all information to the guarantee accuracy and research all the information related to Medicaid and the changes that have been made to policy/procedure changes, etc.

### **How can the legislature (Legislative Finance Committee) assist?**

None requested at this time.

# Information Request – Legislative Finance Committee

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## **Information**

Agency: DPHHS

Division/Program: Health Resources Division

Subject: Evaluate Passport to Health Program

LFD Contact: Steinbeck, Lois

Agency Contact: Mary Angela Collins HRD (Please fill in agency contact person)

## **Specific Request for Information/Action as Discussed by the Legislature/Subcommittee During the Legislative Session**

Report on outcomes and reviews of Passport to Health program.
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## **Response**

**Using the specific components above, what are you doing with regard to this project/initiative and how is it going?**

The Outreach and Quality Assurance positions were brought in-house (and removed from the scope of the enrollment broker contract) prior to the session. The 2.00 FTE were made permanent by the legislature. These two positions continue to perform their Passport duties more effectively and for less cost than under the contract. The Outreach Manager is responsible for all print material, focus groups, surveys, conference appearances, and education for both clients and providers. The Quality Assurance Manager performs all quality assurance activities for the Passport Program.

**What are the results so far?**

The QA position has completed the annual immunization study in less time than under the contract. The division has satisfied the terms of CMS immunization study requirement and is evaluating overall Passport clinical quality to determine the area, which could best use the resources no longer needed in immunizations. The Outreach Manager held Passport Summits in five cities this spring, where several hundred providers gave input about how to make Passport even more successful for the coming years.

**What challenges have arisen?**

None at this time, these positions were modified FTE prior to becoming permanent.

**How can the legislature (Legislative Finance Committee) assist?**

None requested at this time.

## Information Request – Legislative Finance Committee

### Purpose

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### Information

Agency: DPHHS

Division/Program: Health Resources Division

Subject: Contract for low-income Medicaid recipients for "nurse 1<sup>st</sup>" line

LFD Contact: Steinbeck, Lois

Agency Contact: Jackie Forba HRD (Please fill in agency contact person)

### Specific Request for Information/Action as Discussed by the Legislature/Subcommittee During the Legislative Session

Report on recommendations:

Whether contract should be expanded to include CHIP

Whether cost savings would be generated

### Response

**Using the specific components above, what are you doing with regard to this project/initiative and how is it going?**

DPHHS staff will be meeting on October 7, with the contractor McKesson to discuss the feasibility and cost-effectiveness of Nurse First Services for CHIP enrollees.

**What are the results so far?**

None at this time and is currently under discussion.

**What challenges have arisen?**

None at this time, but will be noted as things develop.

**How can the legislature (Legislative Finance Committee) assist?**

None requested at this time.

## Information Request – Legislative Finance Committee

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### **Specifically:**

How is this initiative going? What are the results of your efforts? What problems have you encountered? How can the legislature assist in this effort or with issues that have arisen?

You may email your response to the LFD contact listed below.

### **Information**

Agency: DPHHS

Division/Program: Health Resources Division

Subject: Additional Medicaid management staff

LFD Contact: Steinbeck, Lois

Agency Contact: Beckie Beckert-Graham HRD (Please fill in agency contact person)

### **Specific Request for Information/Action as Discussed by the Legislature/Subcommittee During the Legislative Session**

Report on recommendations:

Additional Medicaid management staff

### **Response**

**Using the specific components above, what are you doing with regard to this project/initiative and how is it going?**

The Health Resources Division received 5.00 FTE for Medicaid. The first position is the Hospital Program Officer, which is currently vacant. This position will be advertised as soon as September 21, and is anticipated to be filled by October 17.

The Team Care Program Officer start date is September 26.

The Passport Program Officer was hired on August 26. The first activity for the Passport position is to achieve additional Passport savings and is to assess the community input from the Passport Summits held in the spring, choose which to implement in conjunction with a provider work group, and implement chosen changes. The division expects to have a good sense of the chosen course of action by December 31. Audits of referrals and case management (for ER and other services) are two of the many possibilities raised at the summits. The optimal new direction for Passport's success may or may not include these.

The Physician Program Officer has had the vacancy announced go out for the third time. The announcement closes on September 21. It has had active "recruiting" and there is hope to have a strong pool this time.

The last position is the Pharmacy Program Officer. This position was hired on September 5. The establishment of the pharmacy position will enhance the cost savings and cost containment capabilities

within the Medicaid Program. In the past five years pharmaceutical costs to the Medicaid program have grown an average of 11.53% annually compared to the national average of 13.5%<sup>1</sup>. The position will focus on overall program management, identifying and implementing cost savings and cost containment measures. The pharmacy program officer will then focus on technical and program specific issues necessary for the day to day operation of the program.

**Figure 2. Total Rate of Price Growth for Prescription Drugs Compared to Rate of Price Inflation**



Source: The Kaiser Family Foundation and the Sonderegger Research Center, *Prescription Drug Trends - A Chartbook Update*, Exhibit 23. <http://www.kff.org/insurance/3161-index.cfm>, November 2001.

The Pharmacy officer will identify and coordinate all available resources to enable the department to maximize cost savings and cost containment measures in the areas of:

- Drug rebate
- Drug utilization
- Working with the Medicaid pharmacist on dose optimization
- Identify additional prospective DUR edits to enhance cost containment
- State MAC Analysis
- Analysis and positioning of the program as AWP is replaced by ASP
- Identify & implement measures to reduce fraud, abuse and misuse

The need to optimize every dollar in the state Medicaid drug spend is more important now than ever since a large portion of the state expenditure for the Medicaid drug benefit will be paid back to the federal government in the form of “unmanaged” claw-back payments due to the startup of the Medicare Modernization Act. These funds are considered “unmanaged” because it is a fixed payment based on current eligibility and past utilization so no cost containment methods can be applied to the claw-back payment.

**What are the results so far?**

It is too early to know at this time

**What challenges have arisen?**

It is too soon to know at this time.

**How can the legislature (Legislative Finance Committee) assist?**

None requested at this time.