

Illinois Department of Healthcare and Family Services

FY13 Medical Assistance Budget Actions Associated with Senate Bill 2840 - As Passed by the General Assembly on May 24, 2012

Dollars in Thousands

Item #	Category	Item Name	Proposed Change	Discussion	Gross Savings*
1	Eligibility	Family Care adults	Reduce eligibility to 133% FPL; eliminate coverage for grandfathered adults 185%-400%	133% will be the national standard for Medicaid under the Affordable Care Act, effective 1/1/14. HFS is not enrolling parents and other caretakers with income 185%-400% FPL; current group includes only persons enrolled at the end of June 2009, and federal match is not available for the costs of covering this population. Impacts approximately 26,400 clients.	\$49,884.7
2	Eligibility	General Assistance adults	Eliminate state coverage for all clients	State-only program. Could move clients to Cook County 1115 waiver, if approved by GA and federal CMS. Impacts approximately 9,160 clients.	\$16,681.3
3	Eligibility	Illinois Cares Rx	Terminate program	State-only program. Other states dropped coverage when Medicare D became available. National healthcare reform law is providing more assistance for drug costs in "donut hole". Federal program, "Extra Help/Low Income Subsidy", provides federal assistance for low-income seniors. Impacts approximately 180,000 clients.	\$72,154.0
4	Eligibility Verification	Enhanced eligibility verification/private vendor	Utilize vendor with access to national databases to verify financial eligibility	Important to ensure that clients do not remain on the Medicaid rolls when they are no longer eligible	\$350,000.0
5	Eligibility Verification	Long-term care asset testing	Tightened asset testing policy for seniors applying for nursing homes	Enforcing personal responsibility by insuring private assets are used to pay for long-term care before Medicaid. Savings resulting from this item is expected to grow substantially in future years.	\$3,000.0

Illinois Department of Healthcare and Family Services

FY13 Medical Assistance Budget Actions Associated with Senate Bill 2840 - As Passed by the General Assembly on May 24, 2012

Dollars in Thousands

Item #	Category	Item Name	Proposed Change	Discussion	Gross Savings*
6	Optional Service	Adult dental	Eliminate services for adults except for emergency care	Critical extraction services are necessary to keep dental problems from escalating to the point where more expensive hospital emergency room care is needed	\$35,428.2
7	Optional Service	Adult chiropractic	Eliminate	HFS will also implement reviews to ensure appropriate services to children	\$884.5
8	Optional Service	Adult podiatry	Limit service to diabetics	Retain adult podiatry for nail maintenance and other foot conditions for persons with diabetes. Eliminate service for other adults.	\$5,200.0
9	Optional Service	Adult eyeglasses	New policy: one pair every 2 years	Limit to 1 pair every 2 years would be in line with other payors	\$9,819.5
10	Optional Service	Group psychotherapy for NH residents (and related transportation)	Eliminate services	Despite some controls, there continues to be overuse of this service	\$14,256.1
11	Optional Service	Pediatric palliative care	Make law inoperative before it is implemented	State cannot afford to begin a new optional service.	\$4,500.0
12	Optional Service	Adult speech, hearing and language therapy services	Set annual maximum of 20 services per year	Following Medicare and private insurance practice	\$411.0
13	Optional Service	Adult occupational therapy services	Set annual maximum of 20 services per year	Following Medicare and private insurance practice	\$596.7
14	Optional Service	Adult physical therapy services	Set annual maximum of 20 services per year	Following Medicare and private insurance practice	\$2,544.9
15	Optional Service	Hospice	Adopt Medicare policy to not pay for other care services when an individual is in hospice	Savings will accrue to other provider lines	\$3,000.0
16	Optional Service	Home health	Reduce services through utilization controls	Require Medicare certification of home health providers participating in the program as well as auditable electronic service verification systems	\$2,000.0

Illinois Department of Healthcare and Family Services

FY13 Medical Assistance Budget Actions Associated with Senate Bill 2840 - As Passed by the General Assembly on May 24, 2012

Dollars in Thousands

Item #	Category	Item Name	Proposed Change	Discussion	Gross Savings*
17	Optional Service	Durable medical equipment	Impose utilization controls on oxygen, diabetic supplies, nebulizers and other medical equipment		\$30,017.5
18	Utilization Controls	Adult detox services in hospitals	Impose concurrent review and limit adult detox inpatient admissions to one every 60 days	Most state Medicaid programs do not offer adult inpatient detox services. Unlikely that these clients are engaged in a serious regimen of rehabilitation.	\$25,492.4
19	Utilization Controls	Baby deliveries	Only pay normal vaginal delivery rate for C-sections, unless medically necessary	Best outcomes are achieved when babies are born at full-term via normal vaginal delivery.	\$2,854.0
20	Utilization Controls	Hospital readmissions	Establish performance-based payment system related to potentially preventable readmissions	HFS is in process of establishing benchmarks for hospitals to measure and align payments to reduce hospital readmissions, inpatient complications and unnecessary ER visits	\$40,000.0
21	Utilization Controls	Hospital provider preventable conditions (never events)	Eliminate payment for the entire hospital stay if a provider preventable condition occurs during that period	Provider preventable conditions are those conditions or events that are considered reasonably preventable through compliance with evidence-based guidelines	\$30,000.0
22	Utilization Controls	Bariatric (weight loss) surgery	Impose utilization controls	Adopt Medicare standard with patient responsibility (six-month medically supervised weight loss program under primary care physician)	\$3,000.0
23	Utilization Controls	Coronary artery by-pass grafts	Impose utilization controls	Put coronary artery by-pass graft procedures on prior approval. Proposal is based on American Heart Association indication that on average, 14% of cardiac bypass grafts are not necessary. In order to determine medical necessity, the case must be evaluated by a qualified physician.	\$2,600.0

Illinois Department of Healthcare and Family Services

FY13 Medical Assistance Budget Actions Associated with Senate Bill 2840 - As Passed by the General Assembly on May 24, 2012

Dollars in Thousands

Item #	Category	Item Name	Proposed Change	Discussion	Gross Savings*
24	Utilization Controls	Eligibility for nursing facilities - change minimum Determination of Need (DON) score from 29 to 37	Change DON from 29 to 37	Changes in the Determination of Need (DON) tool will allow targeting of Medicaid nursing facility dollars to clients with the highest needs	\$4,400.0
25	Utilization Controls	Eligibility for supportive living facilities (SLF) - change minimum Determination of Need (DON) score from 29 to 37	Change DON from 29 to 37	Changes in the Determination of Need (DON) tool will allow targeting of Medicaid supportive living facility dollars to clients with the highest needs	\$3,300.0
26	Utilization Controls	Ambulance services	Change law requiring ambulance transportation between 24-hour medically monitored institutions (i.e. hospitals/nursing homes)	Limits unnecessary, high-cost services. Separate discussions will clarify criteria for ambulance usage.	\$1,500.0
27	Utilization Controls	Non-emergency transportation	Reduce utilization	Managed care and care coordination will better monitor the use of non-emergency transportation by nursing home and other clients	\$4,000.0
28	Utilization Controls	Pharmaceuticals - prescriptions in Long Term Care settings	Require pharmacies to dispense brand name drugs in no more than seven days' supply for recipients in long term care settings	Pharmacies typically dispense maintenance medications to residents of long-term-care settings in 30-day supplies, but this leads to waste when a resident dies, changes medications, is hospitalized, or otherwise leaves the facility	\$150.0

Illinois Department of Healthcare and Family Services

FY13 Medical Assistance Budget Actions Associated with Senate Bill 2840 - As Passed by the General Assembly on May 24, 2012

Dollars in Thousands

Item #	Category	Item Name	Proposed Change	Discussion	Gross Savings*
29	Utilization Controls	Pharmaceuticals - monthly prescription limit	Limit adult and children's prescriptions to four per month - can be increased based on prior authorization or other specialty drug/condition exception	Prescription drugs are an optional service under Medicaid, but are needed to help clients with acute and chronic medical conditions. Currently, there is no limit on the number of prescriptions a client can fill. The plan would limit prescriptions to 4 without doctor certification of need or other specialty drug/condition exception, reducing unnecessary medication and negative drug interactions.	\$180,000.0
30	Utilization Controls	Pharmaceuticals - medication therapy management	Pilot project to test effectiveness	Cost savings associated with incentivizing consumer education and care coordination services	\$500.0
31	Utilization Controls	Pharmaceuticals - cost avoidance	Reject claims where a patient has a third party payer that has not been billed first	More efficient operation to avoid cost at point of sale than pay and chase later	\$40,000.0
32	Utilization Controls	Pharmaceuticals - hemophilia protocols/clotting factor reimbursement	New protocols for treatment of hemophilia patients; new reimbursement methodology for clotting factor products	Policy will target this expensive medical condition to achieve better disease management and reduced spending on blood factor	\$11,995.3
33	Utilization Controls	Pharmaceuticals - AIDS medications	Implement new protocols for treatment of AIDS patients	Better management to achieve better adherence to drug regimens	\$3,000.0
34	Utilization Controls	Pharmaceuticals - cancer/biologicals	Implement prior approval, utilization limits and pricing strategies on certain physician administered drugs	To incent choice of lower cost drugs	\$5,000.0

Illinois Department of Healthcare and Family Services

FY13 Medical Assistance Budget Actions Associated with Senate Bill 2840 - As Passed by the General Assembly on May 24, 2012

Dollars in Thousands

Item #	Category	Item Name	Proposed Change	Discussion	Gross Savings*
35	Utilization Controls	Pharmaceuticals - transplants medications	Require prior approval for brand immunosuppressive products that have generic equivalents. Work with hospitals to initiate immunosuppressive drug therapy for transplant patients with generic drugs, rather than expensive, brand name drugs.	Cost savings for ongoing maintenance medication will be achieved if the patient is put on a regimen of less expensive drugs when first prescribed in the hospital	\$2,700.0
36	Utilization Controls	Wheelchair repairs	Require prior approval on wheelchair repairs	Current administrative rule states repairs do not require prior approval as long as the repair is less than 75% of the purchase price	\$800.0
37	Utilization Controls	Incontinence supplies	Quantity limit of 200 per month (from 300)	Cost savings are achieved through prevention of overuse, and accumulation of unused supplies	\$5,000.0
38	Utilization Controls	Advanced imaging, cardiac imaging, pain management and back surgery	Reduce utilization	Managed care and care coordination will better monitor the use of advanced imaging, cardiac imaging, pain management and back surgery services	\$13,600.0
39	Utilization Controls	Veterans' benefit enhancement	Move services to federal VA for qualifying veteran clients	Offset Medicaid costs by shifting eligible veterans to services provided by federal VA facilities	\$2,000.0
40	Cost Sharing	Co-pays	Implement full federally-allowable co-pays on services	Cost savings are achieved through cost-sharing to the maximum allowed by federal law (except for generic drugs). Incentivize proper service utilization by requiring clients to cover part of the expense. Savings assumes a \$3.60 co-pay on all services being charged co-pays (except generic drug co-pay at \$2).	\$44,125.0

Illinois Department of Healthcare and Family Services

FY13 Medical Assistance Budget Actions Associated with Senate Bill 2840 - As Passed by the General Assembly on May 24, 2012

Dollars in Thousands

Item #	Category	Item Name	Proposed Change	Discussion	Gross Savings*
41	Cost Sharing	Children receiving home services such as in the Medically Fragile/Technology Dependent (MFTD) Medicaid Waiver	Changes to reflect cost-sharing based on parental income (500% of the federal poverty level) and new flexible rules for families, reducing utilization	Cost savings are achieved through cost-sharing, as allowed by federal law, and through incentives for consumer-directed care that offers flexibility. Waiver expires 8/31/12.	\$15,000.0
42	Rate Adjustment	Federally Qualified Health Centers/Managed Care	Eliminate need for HMO wrap-around payment	Amend contracts with managed care organizations (MCOs) to pay FQHCs full cost, so that the State has no obligation to pay wrap-around payments. MCO rates are built upon full FQHC costs.	\$13,200.0
43	Rate Adjustment	Long term acute hospital (LTAC) rates for ventilator-dependent patients	Adjust rates and prevent other hospitals from qualifying as an LTAC		\$30,000.0
44	Rate Adjustment	Excellence in Academic Medicine	Eliminate	The State can no longer afford these extra payments to 11 teaching hospitals. \$13.8 million gross GRF impact. \$27.6 million gross all funds impact to hospitals.	\$13,800.0
45	Rate Adjustment	Nursing Facility - nursing DD rate add-on	Eliminate \$10 add-on for clients with a developmental disability (DD)	Based on a 22-year old policy from 1990, there is no remaining service requirement for this add-on, which was originally created for specialized services programs.	\$472.0
46	Rate Adjustment	Nursing Home bed holds	Eliminate bed hold for adults age 21 and over in nursing homes	Eliminates additional reimbursements for nursing facilities for holding beds for Medicaid clients during periods of temporary absence (i.e. hospital admission).	\$8,305.0

Illinois Department of Healthcare and Family Services

FY13 Medical Assistance Budget Actions Associated with Senate Bill 2840 - As Passed by the General Assembly on May 24, 2012

Dollars in Thousands

Item #	Category	Item Name	Proposed Change	Discussion	Gross Savings*
47	Rate Adjustment	Supportive Living Facility rates	Delink rate increase from new nursing home tax funded nursing home rate increase effective for services rendered on or after May 1, 2011	Without a rule change, SLFs will receive an automatic rate increase from the recent assessment-funded nursing home rate adjustment; SLF rates are currently set at 60% of nursing home rates	\$20,800.0
48	Rate Adjustment	Power wheelchair rates	Reimburse for power wheelchairs at actual purchase price rather than current practice of Medicare rate minus 6%	Allow for equitable payments to providers while saving HFS money	\$1,900.0
49	Rate Adjustment	Pharmaceuticals	Limit reimbursement to qualifying providers receiving discounted drug prices from manufacturers under Section 340B of the Public Health Services Act to no more than their cost. Require providers eligible to participate in 340B to do so and pass savings to the State.	Allow the State to achieve savings in the Medicaid drug program by not reimbursing drugs at more than the actual cost to 340B providers. Section 340B of the Public Health Services Act limits the amount manufacturers can charge qualifying providers for pharmaceuticals to be dispensed in an outpatient setting. These providers include federally qualified health centers, hemophilia treatment centers and certain hospitals.	\$15,000.0
50	Rate Adjustment	Sexual Assault Survivors Emergency Treatment Program rates	Reduce from reimbursing provider charges to Medicaid rates	Current statute requires HFS to reimburse the providers for charges under the Sexual Assault Survivors Emergency Treatment Program	\$1,839.7

Illinois Department of Healthcare and Family Services

FY13 Medical Assistance Budget Actions Associated with Senate Bill 2840 - As Passed by the General Assembly on May 24, 2012

Dollars in Thousands

Item #	Category	Item Name	Proposed Change	Discussion	Gross Savings*
51	Care Coordination	Initiatives being launched in FY13 include: Integrated Care Program Phase II, Dual Eligibles Capitation Demonstration, Innovations Program - adults, Innovations Program - children	Focus on most expensive clients with complex health/behavioral health needs	Care coordination is the most important and cost-effective plan for improving Medicaid service delivery. In addition to the \$16 million projected cost savings listed for this item, the FY13 budget already assumes \$23 million in savings related to Phase I of Integrated Care - or \$39 million total.	\$16,075.0
52	Care Coordination	Chronic mental health care coordination	Expand care coordination to additional persons with chronic mental health conditions	Care coordination is the most important and cost-effective plan for improving Medicaid service delivery	\$36,851.2
53	Care Coordination	Improving birth outcomes	Develop a statewide multi-agency initiative to improve birth outcomes and reduce costs associated with babies being born with low and very low birth weight and fetal death	Illinois will adopt successful other-state models of intensive care coordination for high-risk pregnant women and mothers (ex. Michigan, North Carolina, etc.)	\$25,000.0
54	Other	Dental grants	Eliminate new state-only funded grants for FY13		\$1,000.0
55	Other	Recipient Eligibility Verification vendors (revenue item)	Increase the number of vendors with connections to HFS systems and increase fees for transactions processed through those connections	In order to require electronic verification of eligibility by providers at the point of service, HFS will allow more entities to have direct system connections to HFS data	\$1,000.0
56	Other	Hospital outpatient drugs - rebates (revenue item)	Collect drug rebates on drugs provided in outpatient settings		\$20,000.0
57	Other	Third party liability	Contract with vendor to enhance HFS' current collections efforts	Invitation for Bids was published on March 19, 2012. The procurement is pending.	\$10,000.0

Illinois Department of Healthcare and Family Services

FY13 Medical Assistance Budget Actions Associated with Senate Bill 2840 - As Passed by the General Assembly on May 24, 2012

Dollars in Thousands

Item #	Category	Item Name	Proposed Change	Discussion	Gross Savings*
58	Other	Recovery audit contractor (RAC)/payment recapture audits	Implement RAC audits as a supplement to Inspector General's reviews	Under federal Affordable Care Act rules and 2011 Medicaid reform law, HFS will contract with Recovery Audit Contractors (RAC) to audit payments to medical providers. Focus will be on provider types not currently under close scrutiny.	\$21,875.0
59	Other	Pharmaceuticals	Savings related to a significant number of high cost name brand drugs going generic	A larger dollar value of brand name drugs are scheduled to go generic than in most years. While brand name drugs convert to generic status each year and are captured in the budgeted liability trends, the spending value of drugs identified as going generic in the near term is larger than what would be in those trends.	\$77,700.0
60	Other	Contracts no longer eligible for federal match	Eliminate		\$3,000.0
61	Other	All Kids application agent payment	Eliminate	Eliminate payment received by All kids application agents for signing kids up for coverage	\$850.0

Illinois Department of Healthcare and Family Services

FY13 Medical Assistance Budget Actions Associated with Senate Bill 2840 - As Passed by the General Assembly on May 24, 2012

Dollars in Thousands

Item #	Category	Item Name	Proposed Change	Discussion	Gross Savings*
62	Rate Reductions	General medical provider rate reductions	Reduce most medical provider reimbursement rates by 2.7% effective July 1, 2012, with exceptions	Exceptions: Services rendered through physicians, dentists, community health centers reimbursed through an encounter rate, safety-net hospitals, critical access hospitals, the Medicaid Rehabilitation Option, a state university or unit of local government providing the non-federal cost share of such services and long-term care facilities licensed under the ID/DD Community Care Act shall not be subject to these general rate reductions. Rates for services provided by hospitals not defined as a safety-net or critical access hospital or operated by a state university or unit of local government providing the non-federal cost share of such services shall be subject to a 3.5% rate reduction. Rates for nursing home services will be reduced by varying amounts as described in Section 75 of the bill.	\$240,000.0
				Grand Total	\$1,600,063.1

Notes:

*Savings figures reflect 12 month values and assume a July 1, 2012 date of service start date unless otherwise noted. The figures will need to be modified for any change to that date and for provider billing lags. Emergency rulemaking is also assumed.