



Rod R. Blagojevich, Governor
Barry S. Maram, Director

Illinois Department of Public Aid

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MEMORANDUM

DATE: May 10, 2005
TO: Members of the Medicaid Advisory Committee
FROM: Anne Marie Murphy, Ph.D.
Administrator, Division of Medical Programs
RE: Medicaid Advisory Committee (MAC) Meeting

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The next meeting of the Medicaid Advisory Committee will be on May 20, 2005. The meeting will be held via videoconference from 10 a.m. to 1 p.m. Those attending in Springfield will meet at 201 South Grand Avenue East, 3rd floor Videoconference Room B. Those attending in Chicago will meet at 401 South Clinton, 7th floor Videoconference Room.

The following meeting material has been posted to the department's Web site: The agenda for the May 20, 2005 meeting, proposed Pharmacy Subcommittee charge and the draft minutes and attachments from the March 18, 2005 meeting. The meeting material has been sent to the committee members electronically. Interested parties can access the meeting information by going to: <http://www.dpailinois.com/mac> or <http://www.ildpa.com/mac/notify.html>

In order to receive information on future MAC meetings, you will need to register to receive e-mail notification when information is posted to the MAC Web page. To register to receive the MAC e-mail notifications go to: <http://www.dpailinois.com/mac/notify.html> or <http://www.ildpa.com/mac/notify.html>

Please remember, you can register to receive e-mail notification when new provider information has been posted by the department by going to the following IDPA Web site: <http://www.dpailinois.com/provel/> or <http://www.ildpa.com/provel/>

The department groups information on the Web site by provider category. You may select as many categories as necessary and, to ensure notification of all applicable information, we encourage you to check the category of "All Medical Assistance Providers," in addition to any provider specific categories. If your e-mail address changes, you will need to reregister with your new e-mail address. If you no longer wish to receive the e-mail notifications you have registered for, you will need to send an e-mail request to dpawebmaster@idpa.state.il.us to be removed from the list.

If you have any questions, or need to be reached during the meeting, please call 312-793-4706 in Chicago or 217-782-2570 in Springfield.

E-mail: dpawebmaster@idpa.state.il.us

Internet: <http://www.dpailinois.com>

MEDICAID ADVISORY COMMITTEE

401 S. Clinton, 7th Floor Video-conference Room
Chicago, Illinois
and
201 South Grand Avenue East
3rd Floor Videoconference Room
Springfield, Illinois

May 20, 2005
10 a.m. - 1 p.m.

AGENDA

- I. Call to Order
- II. Introductions
- III. Review of March 18, 2005 Minutes
- IV. Administrator's Report
- V. Old Business
 - KidCare/FamilyCare Update
 - Supportive Living Update
 - HIPAA Update
 - Medicare Part D Update
- VI. New Business
 - Pharmacy Subcommittee Charge
- VII. Subcommittee Reports
 - Long Term Care (LTC) Subcommittee
 - Dental Policy Review (DPR) Committee
 - Public Education Subcommittee
- VIII. Adjournment

Proposed Pharmacy Subcommittee Charge

The Pharmacy Subcommittee is established to advise the Medicaid Advisory Committee concerning pharmaceutical programs under the Department of Public Aid's medical programs, including Medicaid, SeniorCare, Circuit Breaker Pharmaceutical Assistance, and the program to provide wrap-around coverage to Medicare Part D beneficiaries. The subcommittee will: 1) provide a forum through which the beneficiary and provider communities may review and comment on the Department's program coverage coordination with Medicare Part D; 2) review new and continuing issues impacting the Department's pharmacy programs including utilization and cost control; and 3) jointly with the Public Education Subcommittee, advise on communications with the beneficiary and provider communities related to the pharmacy program.

**Illinois Department of Public Aid
Medicaid Advisory Committee**

401 S. Clinton Street, Chicago, IL
210 S. Grand Avenue East, Springfield, IL

March 18, 2005

Members Present

Eli Pick, Chairman
Laura Leon – for Robyn Gabel
Neil Winston
Alvin Holley
Mike Jones – IDPH
Kim Mitroka – Christopher Rural Health
Stephen Saunders - DHS
Jill Fraggos – for Susan Hayes Gordon

Members Absent

John Shlofrock
Pedro A. Poma, M.D.
Leticia Overholt
Robert Anselmo, R.Ph
Richard Perry, D.D.S
Diane Coleman

DPA Staff

Anne Marie Murphy, Ph. D.
Theresa Wyatt
Jacquetta Ellinger
James Parker
Vicki Mote
Carla Lawson
Aundrea Hendricks
Caryn Roseman
James Monk
Melissa Hansen

Interested Parties

Phyllis Handelman - Consulting Ltd.
Michael Cotton - Meridian Health Plan
Jon Cotton - Meridian Health Plan
Kenzy Vandebroek - CDPH
Robin Scott - CDPH
Stephanie Altman – HDA
Christina Hartman - Healthpoint
Lisa Gregory – IPHCA
Gerri Clark – DSCC
Erin Bennett – Pfizer
Patricia Glosner - Pfizer
Nelson Soltman – Legal Assistance Foundation
Pat Flavin, Tibotec Therapeutics
Cheryl Harper-Cousins, Tibotec Therapeutics

Medicaid Advisory Committee (MAC)
Meeting Minutes

March 18, 2005

I **Call to Order**

Chairman Eli Pick called the meeting to order at 10:05 a.m.

II. **Introductions**

Attendees in Chicago and Springfield introduced themselves.

III. **Review of the Minutes**

Chairman, Eli Pick moved to approve the minutes for January's meeting. The motion was approved.

IV **Administrator's Report**

Dr. Anne Marie Murphy reported on current budget issues and gave an update on continuing medical projects.

- 1) The Department is working with the Illinois delegation with respect to the current federal legislative session and is quite involved with the budget proposals of the President, Senate and House.

President Bush's proposed cuts are significant and would affect Illinois' upper payment limit (UPL). Phase down of UPL would have a significant impact on the State and Cook County with a potential loss of \$247 million in Federal Medicaid payments for FY-06 alone. Illinois could lose additional money if limits are placed on the amounts paid for administrative duties associated with running Medicaid.

There is a proposal to cut provider assessments from 6% of revenues to 3%. Intermediate Care Facilities for Mental Retarded (ICF/MR) and Developmentally Disabled (ICF/DD) could be negatively affected

DPA director, Barry Maram, has sent a letter to Washington opposing the proposed Medicaid budget changes.

There was good news from the U.S. Senate with bipartisan support to stop all Medicaid cuts. Also, U.S. House of Representatives Speaker, Dennis Hastert is working with House members to reduce the Medicaid cuts.

MAC meeting participants were encouraged to contact their Congressmen regarding the impact of the Medicaid cuts.

- 2) The Governor's proposed FY06 budget maintains Medicaid services and payments to providers at their current level. The budget calls for an expansion of the income standards for FamilyCare to 185% of poverty.

Maintaining payment levels and optional services such as vision, dental, chiropractic and podiatry, is in stark contrast to some states that are proposing cuts in payment levels and optional services.

Absent cost containment in the 2006 budget, 60% of the overall medical liability growth in the Medicaid program would have been attributable to drug inflation. The level of inflation is not sustainable. Other than pharmacy, the inflation rate for other medical services has been about 5%. However, with additional pharmacy cost containment, drug inflation for Illinois Medicaid will be substantially lower.

There is a proposal to eliminate coverage for a limited number of Over-the-Counter (OTC) drugs for adults. The drugs do not include cough suppressants or Pedialyte.

MAC meeting participants were encouraged to support the overall state budget package.

- 3) Dr. Murphy stated that work continues under the Michael Reese Trust Fund grants awarded to the department.
 - The quality of prenatal care project is looking at rates of low birth weight and poor birth outcomes. For example, some 25% of pregnant women do not gain sufficient weight during pregnancy. The department will look at prenatal health issues with partners to develop strategies to improve birth outcomes.
 - The dental fluoride varnish project will provide training for pediatricians to do dental varnish applications for young children, recognizing that young children go to pediatricians for care and that doctors can promote the importance of dental care including care of baby teeth. In addition, there is a periodontal screening project for pregnant women under review. The project would look at the efficacy of this intervention in reducing premature and low weight birth.
 - Dr. Murphy added that the department has been working to improve options of where persons may receive services. In particular, the department has promoted the use of the Supportive Living Facility (SLF) program as an alternative to admission to a nursing home.

V. Old Business

KidCare/FamilyCare. Vicki Mote, Chief of the Bureau of KidCare, provided the committee with an update on the KidCare/FamilyCare program. There are about 2,000 pending applications. Complete applications are currently processed within three to seven days of receipt. A written report (Attachment 1) was provided showing enrollment data of children and parents as of 12/31/04. The report shows 32,190 parents and caretaker relatives enrolled as a result of the FamilyCare income expansion from 90% to 133% of the Federal Poverty Level (FPL).

Staff from the Bureau of KidCare continues working on the web-based interactive application. The pilot project implementation is anticipated for summer.

Vicki Mote reported that as of March 15, 2005, the Bureau of KidCare has received 463 applications as a result of the Jewel-Osco promotion, of which 274 applications have been approved, 174 denied and 15 are pending. Statistics provided show “over income” as the most common reason for denial (Attachment 2).

Eli Pick suggested that we expand the outreach effort to other pharmacies and contact chambers of commerce as an outreach strategy. Dr. Murphy stated that the department would be happy to expand the outreach efforts if others can identify contacts.

Supportive Living Update. Theresa Wyatt, Deputy Administrator for the Division of Medical Programs, advised that the department has received 139 applications proposing to develop over 10,000 Supportive Living units. Ms. Wyatt shared that there was a broad geographical interest with three or more applications from at least ten different counties outside of Chicago. The department is currently interviewing applicants and hopes to finish the process by March 31, 2005. The department anticipates making final approval decisions within the next several months. Currently there are 3,300 supportive living units in 44 facilities. About 77% of the units are occupied and Medicaid eligible persons occupy 65% of these units.

Dr. Murphy added that this program gives persons with less income more living arrangement options.

Eli Pick asked about the number of short-term, recovery and care nursing home clients that end up in a Supportive living Facility (SLF). Mr. Pick noted that the availability of ancillary services impacts the ability of individuals to move out of nursing facilities and back to the community.

HIPAA Update. Jim Parker, Deputy Administrator for Operations, provided the update. He stated that the department has now implemented the MEDI-IEC website so that claims may be filed through the Internet. The department has rolled out the direct data entry (DDE) format. Providers can now submit bills using the modified claims form. From the data entered, DPA creates the HIPAA billing form. Notices regarding the roll out will be sent 3/21/05. Providers will be able to complete both claims and eligibility transactions through MEDI. The department is also piloting the institutional version of the electronic remittance advice.

The department continues working with Blue Cross Blue Shield on electronic claims processing. Problem issues have been addressed and systems are working smoothly.

Medicare Part D. Anne Marie Murphy, Jackie Ellinger and Jim Parker provided the update. Dr. Murphy stated that this is a new concept for a public program. Unlike other benefits where individuals sign up at one agency, this is a very fragmented system with persons applying at a variety of different entities. Low income subsidy applicants will need to know to sign up for Part D through the Social Security Administration (SSA) or through a state agency.

To prepare for Medicare Part D, the department has set up 4 committees:

- 1) Outreach and Education – Joseph Hylak-Reinholtz
- 2) Eligibility and Enrollment – Jacquetta Ellinger
- 3) Disbursing/Coordination Pharmacy Access – James Parker
- 4) FHS Finance and Clawback – Matt Werner

Dr. Murphy stated that the Governor’s budget is committed to “leaving no senior citizen or person with disabilities behind”. The Governor has proposed that the state ensure there is no loss of benefits for these groups and ensure that the federal CMS enable states to “wrap-around” for SeniorCare and the Circuit Breaker programs. “Wrap around” means subsidizing the enrollee’s out-of-pocket costs to match SeniorCare and Circuit Breaker prescription drugs coverage.

The department is considering renaming the Circuit Breaker program to help the public better understand that this is a pharmacy benefits program. There is also some confusion for potential enrollees understanding the difference between drug benefits and discount cards.

Under Medicare Part D, the drug benefits will be provided by drug sponsors, both stand-alone prescription drug plans (PDPs) and comprehensive managed care plans. The department doesn’t know who the drug sponsors will be as yet. The department would prefer to pay a capitation to the drug sponsor to purchase “wrap around” coverage.

Discussion of the Medicare Part D plan followed. Stephanie Altman, of Health and Disability Advocates, asked how “dual eligibles” would be identified, specifically clients in “met spenddown” status. Ms. Ellinger responded that DPA will report dual eligibles, including persons in “met spenddown” status on a monthly basis. The question was also raised on how the drug plans will be offered to dual eligibles. It was stated that federal CMS will handle enrollment of dual eligibles. They will use auto-enrollment with the enrollee having the opportunity to change plans if desired.

Eli Pick had concern about the impact of the Pharmacy Drug Plan (PDP) model and its’ impact on Long Term Care (LTC) patients. He anticipates there will be significant change in how pharmacies work with nursing homes. LTC residents are mandated to get drugs from a Medicare provider. This is different from the current practice of an exclusive relationship between a nursing home and pharmacy.

Ms. Ellinger stated that CMS Region V staff have worked closely with states and have created Medicare partner workgroups for outreach. If anyone is interested in participating, they may contact Joseph Hylak-Reinholtz at 217-557-4253 or e-mail her to pass the information to Joseph.

Ms. Ellinger stated that SSA had conducted a test mailing to a small number of applicants for the low-income subsidy. SSA will begin mass mailings of low-income subsidy applications in May. Additional mailings will be staggered through August 2005. The goal is to have all applications returned and reviewed by January 1, 2006.

Other issue. Eli Pick raised a question about a pharmacy provider memo that stated effective March 1, 2005, the number of sedative hypnotics that may be prescribed would be limited to eight per month. If this is true, how will those in need obtain additional medication.

Jim Parker addressed the question by first stating that department review showed in some cases the drugs were used daily for a 12 month period and that this represented chronic use necessitating a prior approval for ongoing medication. Mr. Parker stated that prior approval could be completed within 7 days to ensure ongoing availability of the medication.

VI. New Business

Legislative Update. Melissa Hansen, Chief of the Office of Legislative Affairs, stated that her office is tracking 300-350 pieces of legislation. The issues for medical assistance are broad, e.g., prompt payment, pharmacy and nursing home care. She invited members to call her if they have questions about a particular bill. Her telephone number is 217-782-1212.

Committee E-mail. Jackie Ellinger shared a list of committee members' contact information including e-mail addresses (Attachment 3). She asked that members review the information for accuracy and provide updates as needed.

Web-site Access. Ms. Ellinger explained that the department wants to establish an e-mail list that allows interested parties to receive copies of MAC minutes electronically. She suggested that the minutes could first be posted as "draft" then later as "final" after committee approval. The committee endorsed proceeding in this way.

Subcommittees. Eli Pick suggested that the MAC should establish a charge for a new pharmacy subcommittee.

Mr. Pick added that the subcommittee should include physicians as members. Jim Parker agreed that a pharmacy subcommittee should include physicians.

Jackie Ellinger stated that the MAC by-laws require an annual review of the charge and membership of standing committees. The creation of a new subcommittee may be done as part of this process. Ms. Ellinger stated that the department would work on a draft charge to create the subcommittee and place it on the next MAC meeting agenda for review and approval.

The committee agreed that the existing subcommittees should continue as established and charged.

VII. **Subcommittee Reports**

Long Term Care (LTC). Eli Pick reported that the committee met in February and discussed patient screening. Under OBRA, all individuals admitted to a nursing home must be screened in order to establish needs. The committee is reviewing this mandated screening process. The department representative will bring additional information regarding this issue to the next meeting.

The committee discussed the impact of Supportive Living Facilities (SLF) in meeting the needs of persons with physical disabilities, developmental disabilities or mental illness. Committee members were pleased to hear that three of the SLF applications incorporated the needs of the persons with physical disabilities and that the Department is considering other assisted/supported living options for other special needs populations. There was additional discussion on educating long-term care patients on options to return to a community setting.

Dental Policy Review (DPR). No committee report

Public Education Subcommittee. Jackie Ellinger reported that the committee still has not met. She shared that the committee chair, Robyn Gabel, would be

going on sabbatical in April and the committee will need to find a new chairperson.

Ms. Ellinger identified several activities the committee needs to work on. These included: 1) How the state promotes EPSDT; 2) Developing Medicare Part D educational materials that are understandable and will help dual eligibles apply, and; 3) develop or update general descriptions of department programs and how someone can be eligible. She invited members to provide other ideas.

VIII. Chair Eli Pick adjourned the meeting at 12:02 p.m. The next MAC meeting is scheduled for May 20, 2005.

Medicaid Advisory Committee
March 18, 2005
KidCare/FamilyCare Report

Enrollment

- We have around 2,000 pending applications in the KidCare Unit. We are processing clean applications at 3 days.
- Enrollment data is attached. Enrollment data as of 12/31/04:
 - a. 1,031,210 pre-expansion children (up to 100% of FPL)
 - b. 334,640 pre-expansion parents (up to approx. 38% of FPL)
 - c. 4,923 moms and babies expansion (133% to 200% of FPL)
 - d. 55,173 Phase I (100% to 133%) and 35,465 Phase II expansions (133% - 185% of FPL)
 - e. 4,110 Phase III (over 185% - 200% of FPL)
 - f. 26,679 FamilyCare Phase I (38% - 49% of FPL)
 - g. 28,266 FamilyCare Phase II (49% - 90% of FPL)
 - h. 32,190 FamilyCare Phase III (90% to 133% of FPL)

FamilyCare Expansion

Part of the Governor's proposed budget included an expansion to 185% during the next fiscal year.

Web-based application capability

We are continuing to work on our web-based interactive application. I don't have an ECD yet but we are in the final stages of development.

Jewel-Osco Promotion

We are still receiving applications as a result of the Jewel-Osco promotion which we are processing. As of 3/15/05 we had received 463 applications. We have approved 274, denied 174 and 15 are pending.

Attachment 2
MAC Minutes 03/18/05

	7/31/04		8/31/04		9/30/04		10/31/04		11/30/04		12/31/2004
	Previous Numbers	Current Numbers	Previous Numbers	Current Numbers	Previous Numbers	Current Numbers	Previous Numbers	Current Numbers	Previous Numbers	Current Numbers	Current Numbers
Pre-expansion children	1,015,604	1,015,807	1,021,208	1,021,583	1,024,578	1,025,829	1,025,426	1,028,907	1,023,938	1,029,725	1,031,210
KidCare Phase I	50,098	49,967	51,292	51,137	52,284	52,231	53,319	53,489	54,072	54,470	55,173
KidCare Phase II	34,189	34,201	34,570	34,581	34,386	34,385	34,459	34,457	35,125	35,104	35,465
KidCare Phase III	2,954	2,951	3,260	3,259	3,446	3,444	3,647	3,641	3,887	3,879	4,110
Pre-expansion parents	333,405	333,594	340,537	340,852	329,863	330,659	328,812	331,077	328,517	332,371	334,640
Moms and Babies Exp	4,818	4,821	4,853	4,859	4,813	4,842	4,778	4,872	4,756	4,932	4,923
FamilyCase Phase I	27,370	27,832	27,598	27,609	26,619	26,664	27,176	27,286	27,227	27,392	26,679
FamilyCare Phase II	25,287	25,302	28,134	28,158	27,317	27,372	27,642	27,850	27,793	28,113	28,266
FamilyCare Phase III					25,830	25,909	28,523	28,805	30,424	30,890	32,190
TOTAL	1,493,725	1,494,475	1,511,452	1,512,038	1,529,136	1,531,335	1,533,782	1,540,384	1,535,739	1,546,876	1,552,656

**Medical Advisory Committee
Member Listing**

Attachment 3 – March 18, 2005 Minutes

Members

Corrections

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**Medical Advisory Committee
Member Listing**

Attachment 3 – March 18, 2005 Minutes

Members

Corrections

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**Medical Advisory Committee
Member Listing**

Attachment 3 – March 18, 2005 Minutes

Members

Corrections

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