Oregon Health Plan Medicaid Demonstration Project

2003-2004

Annual Report

Oregon

DHS
Oregon Department
of Human Services

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Contents

OMAP Administrative Operations

This report of the Oregon Health Plan Medicaid Demonstration Project covers the time period from October 1, 2003, through September 30, 2004.

Program and Policy Activities

Prior Authorization (PA) Centralization

Staff continued collaboration with durable medical equipment industry representatives in development of agency centralization of prior authorization (PA) process. OMAP completed PA centralization according to this timeline:

12/1/2003	Speech therapy, audiology, and hearing aids
1/1/2004	Occupational therapy Physical therapy Home health services Private duty nursing
3/15/2004	Medical equipment and supplies

This change simplifies the prior authorization process for OHP healthcare providers, and helps ensure accuracy and consistency in determining prior authorizations.

Standard Benefit Package Changes

Staff worked on the following changes to the OHP Standard program:

- Ended copayments effective June 19, 2004
- Closed new enrollment effective July 1, 2004
- Eliminated the following services effective August 1, 2004:
  - Hospital services that are not for urgent or emergency care
  - Acupuncture, except for treatment of chemical dependency
  - Chiropractic and osteopathic manipulation
  - Home health care
  - Nutritional supplements taken by mouth
  - Occupational therapy
  - Physical therapy

- Private duty nursing
- Speech therapy

- Restored the following benefits effective August 1, 2004:
  - Emergency dental services (routine/maintenance dental services are still not covered)
  - Some medical equipment and supplies: diabetic supplies (including blood glucose monitors), respiratory equipment (CPAP, BiPAP, etc.), oxygen equipment (things like concentrators and humidifiers), ventilators, suction pumps, tracheostomy supplies, urology and ostomy supplies
  - Outpatient chemical dependency services
  - Outpatient mental health services

New Taxes

To support funding of the OHP and comply with legislative mandates, 2 new taxes were implemented during this reporting period.

- The Medicaid Managed Care Plan Tax became effective May 1, 2004. It applies to managed care premiums received by prepaid health plans on or after May 1, 2004 and before January 1, 2008.
- The Hospital Tax became effective July 1, 2004. It applies to net revenue received by DRG hospitals on or after July 1, 2004 and before January 1, 2008.

Transportation Brokerage

Policy staff continued coordination and development of transportation brokerages and monitoring contracts with established brokerages. The Administrator of the Federal Transportation Administration visited Oregon and gave very positive feedback about DHS's transportation brokerage program.

HIPAA

Policy staff worked on coordination and implementation of DHS HIPAA privacy policies, transaction and data code set changes, coordination and related staff training.

State Plan Amendments

Policy staff worked on submission and monitoring of several State Plan amendments in the following areas:

- External Quality Review Organization (EQRO) requirements
- Removal of QI-2 program
- Changes to the Federal Poverty Level
- An additional disproportionate share to public teaching hospitals
- Changes to school-based cost methodology
- A pilot project with 340B pharmacy program
- Changes to psychiatric day treatment methodology
- Hospital reimbursement
- Supplemental pharmacy rebates
- Targeted case management
- Compounded prescriptions, and
- Primary care management.

Web AIS Plus

Continued implementation of a Web-based client eligibility verification system (AIS Plus).

Hearings

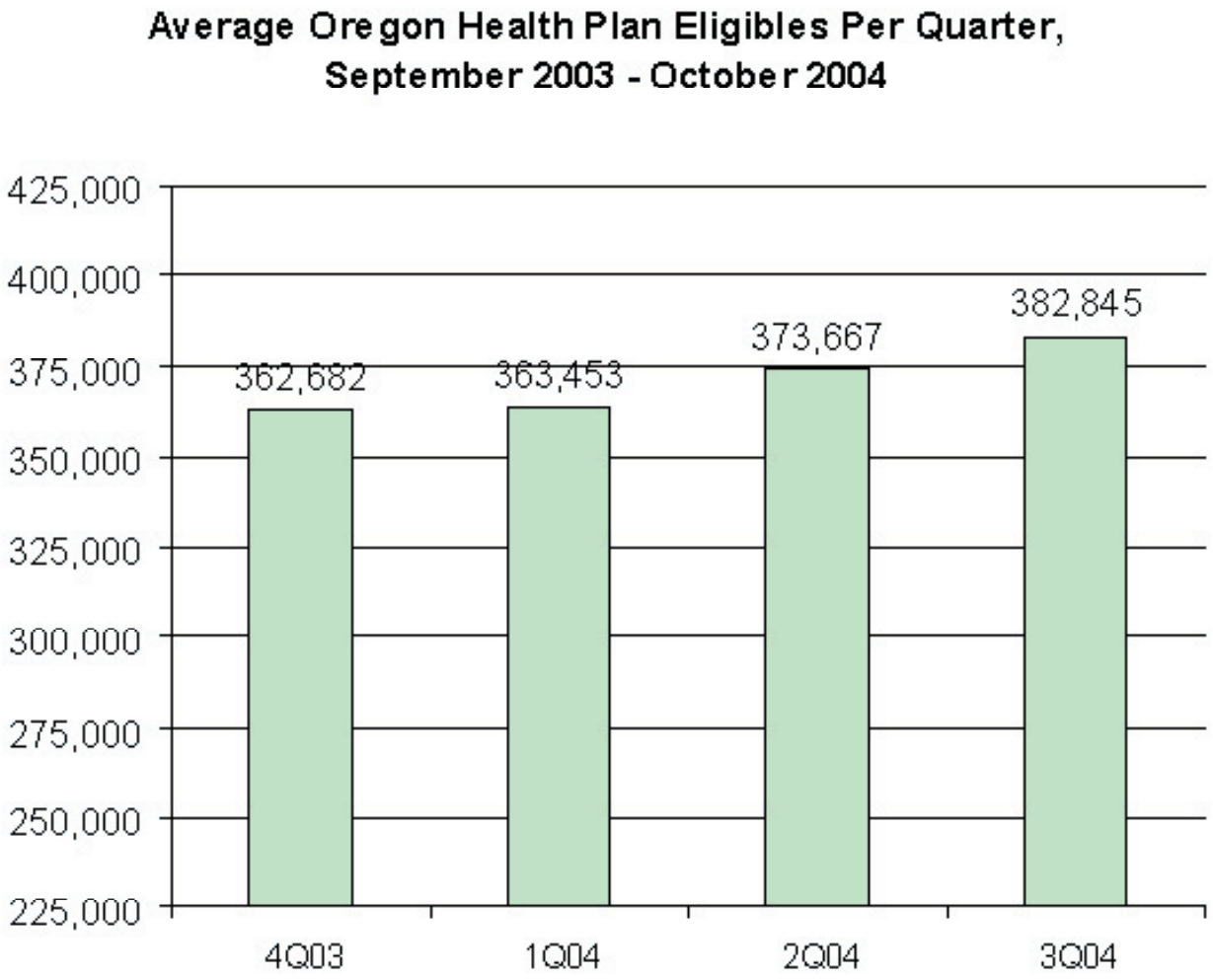
OMAP Hearings Unit totals for this reporting period reflect 903 hearing requests received during the period October 2003 through September 2004, with 255 hearings actually held. This was an average of 226 hearings requested and 64 hearings held per quarter.

OHP Benefits RN Hotline

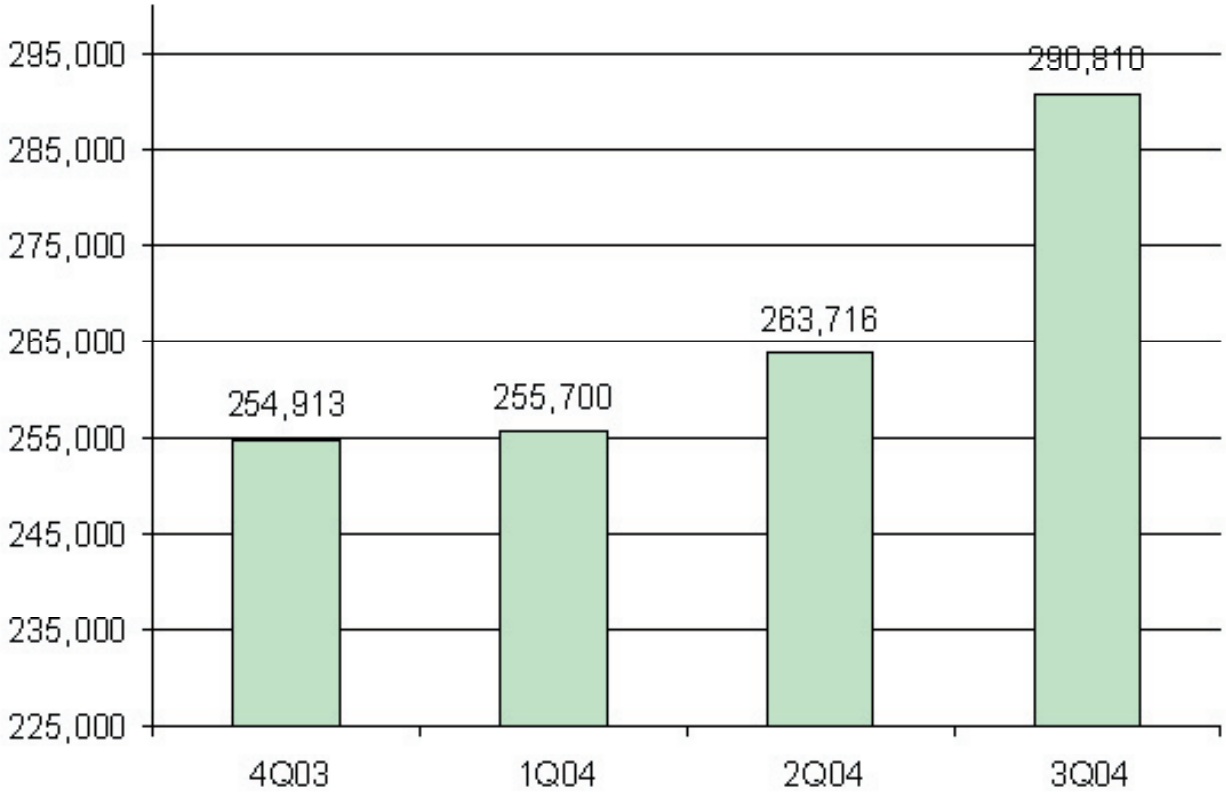
The OHP Benefits RN Hotline received an average of 1,199 calls per month during the period October 2003 through September 2004. This was a decrease from the previous fiscal reporting period. Virtually all calls received were from practitioners and the majority were related to placement of conditions and treatments on the Health Services Commission (HSC) Prioritized List of Health Services.

Eligibles and Enrollment

The following graphs show monthly averages of eligible persons on the Oregon Health Plan each quarter, as well as managed care enrollment percentages, during the period October 2003 through September 2004 (fourth quarter 2003 through third quarter 2004).



Average Managed Care Enrollment Per Quarter* September 2003 - October 2004



*Enrollees as percent of total eligibles. Some eligibles cannot be enrolled in managed care.

Delivery Systems

Delivery Systems Unit (DSU) staff continue to work towards assuring access to health care for clients as managed care plans change or depart from coverage areas. Highlights of managed care activity during this reporting period are shown below.

Fourth Quarter 2003

- Prepared amendments on the 2003-2004 contract exhibits.
- OMAP formed a Contract Improvement Process workgroup. The workgroup included staff from the Department of Justice and Department of Human Services, as well as volunteers from the Fully Capitated Health Plans (FCHPs), Dental Care Organizations (DCOs),

Mental Health Organizations (MHOs) and Chemical Dependency Organizations (CDOs). OMAP's Contract Improvement Process workgroup created and shared a matrix of contract timelines.

- Began implementation process regarding HB 2318, Section 27. This bill makes public record:
  - DHS and managed care contractors' cost of providing health services under managed care contracts, and
  - The number of people served under each contract.
- Effective November 1, OMAP revised the contract with SWEEP Optical.
- OMAP and FCHPs reviewed ways to reduce administrative burden [HB3624, Section 14 (1)(b) directive]. OMAP presented its report at the November Emergency Board meeting and was asked to complete some additional tasks. E-Board asked that FCHP representatives attend and speak at the April and Nov 2004 meetings.
- OMAP's Physician Care Organization (PCO) Implementation team began working with various participants to develop criteria for the program. Modified all of the OHP Managed Care Rules to reflect PCO verbiage. Worked on the PCO Request for Application (RFA).
- The Health Services Commission completed the RFP process and has awarded a contact to Mercer, as required by HB3624, to set the benchmark rates for OHP.
- In October, held 15 OHP Regional Meetings for Baker, Clackamas, Gilliam, Harney, Hood River, Jackson, Klamath, Lake, Lane, Malheur, Sherman, Umatilla, Union, Wallowa and Wasco Counties.

First Quarter 2004

- Effective January 1, 2004, began recoupment of capitation overpayments on members who received mid-month benefit package changes.
- The Non-Contracted DRG Hospital Payment Workgroup gathered significant input and completed analysis on the implementation of House Bill 3624, Section 12. This group agreed that OMAP would determine the process to use for the short-term solution. OMAP elected to use the DRG unit value and this methodology will be in place for dates of service October 1, 2003, through September 30, 2004. This workgroup plans to meet bimonthly to move forward with drafting a long-term solution.

- Developed a Request for Application (RFA) and authored a draft PCO template contract. OMAP has begun modification to the MMIS System and the state's actuarial contractor is assessing rates and risk adjustment methodology. OMAP submitted a waiver amendment to CMS February 19, 2004. The Office for Oregon Health Policy and Research has developed the criteria for the PCO.
- Transmitted the 7 and 11 National Drug Codes (NDCs) on Oregon's drug file to the health plans.
- Effective April 1, 2004, shared technical changes to the October 1, 2003, Prioritized List with the health plans.
- Prepared the final letter of progress to the Emergency Board and Joint Legislative Audit Committee according to House Bill 3624 Section 14(1) (b). This bill directs the department to collaborate with FCHPs in reviewing OHP administrative requirements, and looking for ways to reduce costs in administering the contracts.

Second Quarter 2004

- Shared the report from PwC with the managed care plans and requested the plans review the per capita rates to be used in the process of developing cost estimates for the 2005-2007 biennium.
- CMS verbally approved the Medicaid Managed Care Plan tax. OMAP sent new rates, effective May 1, 2004, to the managed care plans. The Medicaid Managed Care Plan Tax took effect May 1, 2004, in accordance with House Bill 2747. The tax is 5.8 percent of the premiums received by the plans.
- As a result of the Spry lawsuit decision, DHS notified providers that they must discontinue charging copayments for services to the OHP Standard population. This change took effect June 19, 2004.
- DHS closed enrollment for the OHP Standard benefit package on July 1, 2004. OMAP sent the managed care plans details of the proposed redefined OHP Standard benefit package. As a result of the changed benefit package, plans reassessed previous decisions about serving this population.
- Managed care plans advised OMAP where they would serve OHP Standard clients in their service areas.
- Received verbal approval from CMS for the following:
  - The 3-line movement on the Prioritized List of Health Services from 549 to line 546,

- The reconfiguration of the OHP Standard benefit package, and
- Use of a PCO model of managed care in the OHP.

- Worked on the first phase of implementation of an Electronic Funds Transfer process for the Managed Care Organization (MCO)s' capitation payments.
- Held 24 OHP Regional Meetings:
  - In April, 10 meetings for Linn, Benton, Marion, Polk, Yamhill, Columbia, Lane, Clatsop, Tillamook, Douglas, Josephine, Jackson, Klamath and Lake Counties.
  - In May, 12 meetings for Clackamas, Multnomah, Hood River, Wasco, Gilliam, Sherman, Umatilla, Morrow, Baker, Malheur, Washington, Lincoln, Grant, Harney, Wheeler, Crook, Jefferson, and Deschutes Counties.
  - In June, 2 meetings in Curry and Coos Counties.

Third Quarter 2004

- PricewaterhouseCoopers shared the Chronic Disease and Disability Payment System (CDPS) raw scores with the FCHPs. This methodology was used in applying risk adjustment to the Fiscal Year 2005 OHP Standard capitation rates, using available data.
- CMS approved the expansion of CHIP and FHIAP to 200%.
- Staff manually enrolled 50,000 OHP Standard clients into managed care dental plans. OMAP sent OHP clients and the DCOs the limited emergency OHP Standard Dental benefit details.
- CMS approved the hospital provider tax and the State Plan amendment that modified the fee-for-service reimbursement method for DRG hospitals.
- Continued work on development of the PCO contract.
- Shared a draft review of the OHP Client Handbook with the FCHPs. This handbook revision includes the OHP Standard benefit package changes.
- The Managed Care Provider Tax became effective May 1, 2004, following direction of HB 2747. OMAP sent worksheets and forms to the FCHPs to record their tax information for the second quarter of 2004 with a due date of September 13, 2004.
- Worked on Phase I of the process to implement Electronic Funds Transfer for the FCHPs' capitation payments.

- PricewaterhouseCoopers shared the managed care 2005-07 per capita cost exhibits with OMAP and the FCHPs for a final opportunity for input. These exhibits will be used for development of the Governor's Recommended Budget.
- Shared the technical changes to the Prioritized List of Health Care Services, to become effective October 1, 2004, with the FCHPs. This list was reviewed by PricewaterhouseCoopers and approved by CMS.
- In September, held 12 OHP Regional Meetings for Linn, Benton, Marion, Polk, Yamhill, Washington, Multnomah, Curry, Coos, Lincoln, Lane, Clackamas, Columbia, Clatsop and Tillamook Counties.

Premiums and Waivers

The following graphs show total premium payments billed to and received from eligible households on the Oregon Health Plan each quarter, as well as the total number of premium payments waived, during the period October 2003 through September 2004 (fourth quarter 2003 through third quarter 2004).

OHP Monthly Premium Billing and Payments
October 2003 – September 2004

Quarter	Households	Total Billed	Total Receipts	% of Total Billed
4Q03	134,160	$1,709,349	$1,543,424	90%
1Q04	125,669	$1,587,405	$1,529,445	96%
2Q04	136,348	$1,735,717	$1,659,921	96%
3Q04	145,492	$1,791,037	$1,641,400	92%

Premium Waivers
(Past Premiums – Billed Prior to Feb 2003)
October 2003 – September 2004

Waiver Type	4Q03	1Q04	2Q04	3Q04
Zero Income	1,140	1,062	1,006	417
Crime Victim	8	12	0	4
Domestic Violence	212	147	113	57
Homeless	358	406	320	133
Natural Disaster	31	38	21	9
Death in Family	3	3	3	0
Totals	3,268	1,669	1.463	620

Service and Information

Client Advisory Services

From October 1, 2003 to September 30, 2004, the Client Advisory Services Unit (CASU) received a total of 51,929 calls from clients or their representatives about medical assistance issues. The following chart details the types of calls CASU received each quarter.

CASU Call Center Activity by Type of Call

October 2003 - September 2004

Type of Call	4Q03	1Q04	2Q04	3Q04
Medical Service or Access	3,571	3,618	3,157	4,286
Pharmacy Service or Access	1,649	1,512	1,533	1,409
Dental Service or Access	762	921	1,000	1,446
Mental Health or Addiction Treatment	197	229	214	327
Specific Receipt of Medical Bills	43	2,006	1,893	1,695
Copayment Issues	281	350	529	236
Premium Issues	359	344	435	341
Eligibility Issues	2,206	2,531	2,070	1,422
Other Issues*	1,638	2,236	2,570	2,913
TOTAL	10,706	13,747	13,401	14,075

*"Other issues" included such items as general questions or concerns, as well as application questions, managed care enrollment or disenrollment requests, requests for client materials, adoption case plan changes, requests for HIPAA-required certificates of creditable coverage, pharmacy lock-in change requests, and requests for certificates attesting to the lack of prescription drug coverage.

Telecommunications and Applications

The Telecommunications and Application Center, operated by Inside Oregon Enterprises at Oregon State Correctional Institution, answered over 282,000 calls from medical providers, OHP members and potential members, and the public during this reporting period. They also mailed over 128,000 new applications for the Oregon Health Plan, as well as over 139,000 redeterminations (current members who are reapplying for benefits).

The following chart shows totals per quarter.

OMAP Telecommunications and Application Center
October 2003 – September 2004

	4Q03	1Q04	2Q04	3Q04	TOTAL
OMAP Telecommunications					
Calls received	30,882	34,739	35,222	33,280	134,123
Calls answered	28,926	31,213	32,394	31,535	124,068
Calls abandoned	1,956	3,526	2,828	1,745	10,055
Transferred*	34.4%	27.7%	32.2%	32.7%	31.67%
Avg calls/agent qtr	N/A	3,192	2,996	2,628	2,936
OHP Application Center					
Calls received	48,061	47,463	40,539	32,890	168,953
Calls answered	45,503	42,064	39,578	31,348	158,493
Calls abandoned	2,558	5,399	961	1,542	10,460
Transferred*	6.0%	7.9%	10.9%	12.7%	9.01%
Avg calls/agent qtr	2,690	2,876	2,536	2,438	2,635
Applications req'd	36,417	34,361	31,790	25,533	128,101
Redeterminations mailed	26,178	37,119	35,517	40,597	139,411

*Some calls are transferred to OMAP Provider Relations or to OHP Central.

OHP Outreach

Outreach staff conducted outreach trainings and quarterly outreach meetings throughout this reporting period. A number of presentations were about the current OHP and possible changes coming to the OHP.

Staff notified former Medically Needy (HIV-positive and transplant recipient) clients that their prescription drug coverage would continue although the Medically Needy program ended during the first quarter 2003.

Staff sent out over 150 modified contracts to outreach facilities to clarify the facilities' obligations.

Outreach staff also helped coordinate Kid Care, an outreach pilot project designed to bring as many uninsured children into the OHP as possible. The Kid Care pilot operated in Lincoln and Hood River counties. Staff met with internal and external stakeholders to plan the evaluation stage of the pilot.

Outreach staff also coordinated with OMAP Delivery Systems to schedule Healthy Start project pamphlet distribution to the plans.

Communications

Staff implemented the communications plan for advising clients, providers and internal staff of the many upcoming changes to the OHP. The plan included notices to providers and clients about various changes, as well as updates to the OMAP web site about OHP changes. Client informational materials such as the OHP Client Handbook, the OHP application and corresponding application forms, were also updated accordingly.

Throughout the reporting period, Communications staff continued work on numerous revisions to administrative rules and related materials to reflect OMAP program changes. As changes occur, staff post revisions to both administrative rules and supplemental information materials on the OMAP Web site at:

http://www.oregon.gov/DHS/healthplan

Communications staff also coordinated OMAP's legislative process for the 2005-2007 session. Staff continued work on the agency budget narrative, developing legislative concepts, statutory language, policy packages, and reduction packages.

System and Encounter Data

HIPAA

Transactions and Code Sets

- By the end of the reporting period, DHS ended the design phase for the 820 transaction and began the development phase. DHS also began the design and development phases for the 270/271 and 276/277 transactions.

EDI Outreach

- Outreach with the FCHPs, healthcare providers, and other Trading Partners continued throughout the reporting period.
- Various meetings, e-mail and web-based communications, and responses to the HIPAA phone line and e-mail account all contributed to outreach efforts.
- During the 3rd quarter 2004, DHS hired two full-time and one 1/4-time staff dedicated to outreach in order to register the remaining 15% of Oregon electronic submitters not yet registered.

EDI Registration and Testing

- By the end of the reporting period, HIPAA staff identified a total of approximately 4,000 entities who submit electronic claims to DHS. 85% of these submitters have been registered as EDI 837 transaction submitters.
- 100% of the managed care plans were registered as EDI submitters.
- OMAP continued to move EDI submitters from the third party testing to business-to-business testing for the fee-for-service 837 P and I transaction types.
- Pilot testing neared completion for the fee-for-service 837 D.

Systems Activity

During this reporting period, system staff work was centered around establishing the numerous systems requirements resulting from the 2003 legislative session. Other work included enabling Electronic Fund Transfer (EFT) capability for providers and managed care plans.

Encounter Activity

Staff continued to review the quarterly reporting format that is sent to each of the FCHPs for inclusion of information that better reflects contract compliance and data submission norms. Staff are also developing a survey tool to request input from the FCHPs on better ways to evaluate encounter data for completeness prior to the end of each rate period.

DHS completed the technical system programming work to accept and process encounter pharmacy drug data electronically in the National Council for Prescription Drug Programs (NCPDP) format. PHPs providing medical and inpatient services began submitting pharmacy drug data electronically in this format.

By the end of this reporting period, twenty-eight of the thirty-one managed care plans had enrolled to receive payments via Electronic Funds Transfer (EFT).

Monitoring and Research

Quality and Performance Improvement (QPI) Workgroup

During the reporting period, the QPI Workgroup met every month except August 2004. Each meeting included 30-35 participants. Participants included quality improvement coordinators and medical directors from five FCHPs and five DCOs; partners from the Tobacco Free Coalition of Oregon; the DHS/HS offices of Disease Prevention & Epidemiology, Family Heath; the External Quality Review Contractor - OMPRO; and OMAP staff. These participants serve as resources and experts on given quality improvement and chronic disease topics.

The major focuses of the workgroup were the OHP Tobacco Cessation Campaign, Early Childhood Cavities Prevention (ECCP), and selection of annual performance measures for OHP plans. The workgroup also worked on External Quality Review (EQR) activities.

Survey Activities

The final report of the Consumer Assessment of Health Plan Survey (CAHPS)'s 2003 Child and Adult Medicaid Consumer Satisfaction Surveys were released during the second quarter 2004. The reports are available online at:

http://www.oregon.gov/DHS/healthplan/data_pubs/reports/main.shtml

The state and three MCOs (Providence, Family Care and CareOregon), volunteered to participate in, and are completing an analysis of, the effectiveness of the Minority Report Card Project. This effort is aimed at reducing health care disparities for non-majority populations. OMAP will forward separate reports on each of these topics to the CMS regional office following the conference. Results indicate an improvement for African-Americans receiving annual lab tests for diabetes.

External Quality Review

- Task 1: The rapid cycle improvement process extracts and validates administrative data and then evaluates the quality of care that OHP members receive. The 4 of the 5 areas for review chosen by the OHP medical directors were Emergency Department (ED) Utilization, Access to Care, Diabetes, and Cardiovascular Care. The directors

will choose the 5th one at a later date. Each Rapid Cycle PI Process will result in a written Comparative Assessment Report (CAR).

- Staff presented the ED utilization data to the MCO Medical Directors and Quality Improvement (QI) coordinators at an annual conference.
- The plan level reports on ED utilization and data accuracy have been presented along with an aggregate of the performance measure, Access to Care.

- Task 2: An assessment of the state's QI program and the activities of the MCOs.
  - The EQRO presented an explanation of the Plan Do Study Act (PDSA) cycle to the MCOs' QI coordinators and distributed CD-ROMs of the Federal Medicaid Managed Care Regulations.
  - The 2004 Consumer Assessment of Health Plan Survey (CAHPS) report and data was disseminated to CMS and the MCOs. The report provided information on the smoking cessation efforts of the MCOs, and assisted in evaluations of access, quality, provider communication and health status.
- Task 3: Surveys.
  - During this reporting period, the 2004 Consumer Assessment of Health Plan Survey (CAHPS) report and data was disseminated to CMS and the managed care plans. CAHPS analysis covered complimentary areas to the other two tasks, provided information on the smoking cessation efforts of the managed care plans, and assisted in evaluations of access, quality, provider communication and health status.
  - In collaboration with the Oregon Medical Association, the state and EQRO are conducting a survey to identify financial and non-financial barriers to access and for improving provider participation in Medicaid managed care.
  - In addition, a health risk/health status survey was fielded in September.

Quality Improvement/Evaluations

Quality Improvement (QI) staff continued to work with DHS Office of Family Health staff on pilot projects to improve access to dental care through prevention efforts to pregnant women and children age 0-2. This effort is funded through an RWJ grant.

OMAP mailed approximately 250,000 "Help is Here" tobacco cessation flyers with the January 2004 medical identification cards. This resulted in an increase in client calls to the Oregon Quit Line from 50 in December 2003, to 900 in January 2004. In addition, the number of fee-for-service clients who received in-depth tobacco cessation counseling increased tenfold.

During this reporting period, OMAP's evaluation team conducted on-site reviews/evaluations of 5 managed health care and dental plans.

Medicaid Audit

During this reporting period, October 2003 through September 2004, the Audit Team collected a total of $540,000 in overpayments.

Staff worked on numerous types of audits during this reporting period. Other specific areas of focus include pharmacy, durable medical equipment, hearing aids and mental health services. Increased and improved use of the DSSURS (Decision Support/Surveillance and Utilization Review System) helped identify possible areas of fraud and abuse.

Audit staff continue to focus on program integrity and DHS continues work on identifying ways of preventing and detecting improper payments. A full plan should be developed in the next quarter.

Health Services Commission

The Health Services Commission (HSC) met 6 times between October 2003 and September 2004. Key issues addressed during this period were:

- The HSC approved the recommendations of the Health Outcomes Subcommittee for a set of interim modifications to the Prioritized List of Health Services to incorporate the new ICD-9-CM, CPT-4, and HCPCS codes as well as incorporate a number of new guidelines. New guidelines were established for physical, occupational and speech therapies, PET scans, cataract extraction, sinus surgery and the cancer treatments erythropoietin and colony stimulating factor (CSF). They also voted not to cover second solid organ transplants (excluding kidney transplants) except for those done during the same hospitalization as the first transplant.
- The HSC approved the recommendations of the Line Zero Task Force to recommend that OMAP address the issues of appropriate use of imaging services and incontinence supplies (see Line Zero Task Force below for description). They also voted to not cover second solid organ transplants (excluding kidney transplants) except for those done during the same hospitalization as the first transplant. Reaction to this decision will be solicited during the biennial review process for potential reconsideration.
- The Commission completed a biennial review of the Prioritized List that resulted in the List to be in effect for the 2005-2007 biennium. The new list will be 710 line items long, with Line 530 corresponding to the funding level in effect since August 1, 2003 (Line 546 out of 730 on the 2003-2005 Prioritized List). Significant changes during this process included a higher placement of severe psoriasis, the downward movement of dermatophytosis, and the removal of all infertility services from the List.
- The Commission also discussed the direction to consider cost-effectiveness in addition to clinical effectiveness in the prioritization process as directed by legislation passed during the previous session of the Oregon Legislative Assembly. The Commission agreed that the results of cost-effective analyses may be used, when available, to compare alternative services used to treat the same condition. The Commission would use this information to determine whether or not a service should appear on the List in addition to, or instead of, other treatments for the same condition when the Commission cannot make a decision based on the evidence of effectiveness alone.

Actuarial Advisory Committee

The HSC Actuarial Advisory Committee held 4 meetings during the reporting period. This committee was created to provide the HSC with a group of stakeholders to provide regular input as they work with Mercer Human Resources Consulting to develop benchmark rates for the OHP and work on a draft methodology for incorporating cost-effectiveness into the prioritization process as directed by HB 3624 (2003).

The committee identified data sources that could be used to approximate the cost of health care in different service categories. Mercer will analyze the data as it becomes available. In order to take advantage of the best information on cost available, the committee developed different methodologies to establish benchmark rates. The Commission worked on a technical and summary report on this subject, to be forwarded to the legislature later in the year.

Health Outcomes Subcommittee

The Health Outcomes Subcommittee held 7 meetings during the reporting period. They made recommendations on the following issues:

- Placement of new CPT codes
- Effectiveness of treating certain cancers
- New treatment codes involving carotid artery stenting, minimally invasive coronary artery bypass grafts (CABGs), lobar lung transplants, fetal surgery for twin-twin transfusion syndrome, ultrasound pachymetry, and corneal topography.
- Interim modifications to the Prioritized List. The most significant change recommended was the movement of composite dental fillings from Line 700 to Line 507. This would include an accompanying guideline specifying that the composite fillings would only be reimbursed at the same rate as amalgam fillings.
- Fetal surgeries

They drafted many new guidelines, including one on cataract surgery, as well as revised guidelines on comfort care and the treatment of spinal stenosis. Based on an external request, the subcommittee reviewed the previous decision to move the treatment of psoriasis from Line 500 to Line 553 during the previous biennial review.

The subcommittee also reviewed available evidence-based research on second transplants, bone marrow transplants in general, and therapies. They revised

the algorithm used to determine whether solid organ and bone marrow transplants meet the criteria necessary to warrant their inclusion on the Prioritized List.

- The HSC approved the recommended changes based on the new criteria, eliminating the pairing of bone marrow/stem cell transplants for certain conditions.
- The HSC concluded that the effectiveness of treatments for the currently covered indications of neuroblastoma, Ewing's sarcoma, rhabdomyosarcoma, medulloblastoma, and sickle cell disease were not substantiated by current literature. Many of these diseases have no randomized controlled trials, which are being sought due to the results of the breast cancer trials of the late 1990s, to provide unbiased data on their relative effectiveness. Those that do have such studies do not show an absolute improvement in the survival rate by at least 10%. They also decided not to cover non-myeloablative (mini) transplants or second bone marrow/stem cell transplants except for planned tandem transplants for multiple myeloma.

The subcommittee reviewed the responses received from providers on specific questions posed as part of the current biennial review process involving the treatment of advanced cancers, cataracts, Barrett's esophagitis, and osteoarthritis. They also updated the prevention tables associated with the List to reflect the most recent recommendations of the US Preventive Services Task Force. Examples of services that were not added to the List because of their experimental nature or poor clinical and/or cost-effectiveness when compared to existing treatments include kyphoplasty and ADL apheresis.

Line Zero Task Force

The Line Zero Task Force held one meeting during the reporting period. They concluded their review of imaging services and incontinence supplies.

- They advised the HSC that they should recommend that OMAP contract with an imaging management service to address overutilization issues.
- In the area of incontinence supplies they advised the HSC to recommend that OMAP 1) reduce the maximum number of supplies from 360 to 210 per month, with an exception process, 2) review the auto-shipment of potential unnecessary amounts of supplies, and 3) contract with a single or very limited number of suppliers to

lower costs.

Mental Health Care and Chemical Dependency Subcommittee

The Subcommittee on Mental Health Care and Chemical Dependency (MHCD) held 3 meetings during the reporting period, addressing the following issues:

- A review of OMHAS's continued efforts to implement evidence-based practices for MHCD services. The subcommittee will monitor this activity rather than initiate new work of its own. If changes to the Prioritized List can aid in implementation then action by the subcommittee will be taken at that time.
- Facilitating the use of mental health services for children between the ages of 0 – 3. This item was taken to executive staff within DHS as many of their offices would need to be involved in educating providers on the use of these services.
- One change to the line items for MHCD services as part of the biennial review of the Prioritized List. The change involves the movement of the line representing the treatment of identity disorders. The conditions involved (e.g., identity disorders related to long-term goals and career choices) do not require treatment and it was therefore recommended that the code be moved to a lower line that is reserved for such conditions. The HSC accepted this change as part of the biennial review process.

Mental Health Services

Policy and Planning

OMHAS recently consolidated two 40-bed adolescent state hospital wards into one 20-bed unit. The savings achieved by this action will be reinvested into community-based alternatives to hospitalization. OMHAS is developing a Stabilization and Transition Services Request for Proposal (RFP) to ensure that children are treated in the least restrictive, most medically appropriate level of care.

The state of Oregon settled *Miranda v. Kitzhaber*, a class-action lawsuit filed in 2000, on behalf of civilly committed adults awaiting discharge from the State Hospital. As part of the settlement, Oregon agreed to transition 69 named clients to community-based settings.

- Special funding was included within the 2003-2005 biennium for the development of community-based residential resources and wraparound services.
- OMHAS will work to identify other individuals currently in institutions who could be served in community-based settings as well as individuals in the community who may be at risk of placement in unnecessarily restrictive settings.
- A report of these findings and recommendations for improvements to community-based services will be submitted to the 2005 Legislature.

CMS approved a State Plan Amendment to implement a Targeted Case Management benefit for Medicaid eligibles who do not have an outpatient mental health or chemical dependency treatment benefit. OMHAS will individualize the frequency and duration of TCM services to best address the needs of the eligible individuals served.

Under the direction of Senate Bill 267, OMHAS continued work on the Evidence Based Practices (EBP) for mental health and chemical dependency treatment services. The group defined 6 benchmark levels on their EBP Continuum. OMHAS proposed that the first three benchmark levels (I – III) be defined as evidence–based practice categories. OMHAS completed the Final EBP Continuum in July 2004, and distributed a Budget Estimate Survey in August, to establish baseline information from programs that have implemented EBPs. Staff tallied results of the surveys for a report to the Legislature.

Oregon Children's Plan - In 2003, the Legislature allocated $2,000,000 for

the Oregon Children's Plan to focus on children at risk for developing mental health or drug and alcohol problems. OMHAS distributed funding among seven projects that were selected through a competitive process between July 1 and September 30, 2004. Every project site was visited and formatting for future quarterly reporting was reviewed.

Youth Suicide Prevention - OMHAS is attempting to obtain special appropriations for work on Youth Suicide Prevention and is also seeking in-kind contributions as training dollars for state level work in this prevention effort.

OMHAS distributed six policy statements that describe a course of action for the integration of all children's intensive treatment mental health services into managed care. Policy areas include: level of service intensity determination, system structure and functions, meaningful family involvement, cultural competency, outcomes and financing.

OMHAS Pharmacy Management Project staff sent out an informational letter to healthcare providers who had prescribed psychotropic medications within the last year. The letter provided profiles and recommendations for alternatives.

Collaborative Activities

During the fourth quarter 2003, OMHAS staff participated in a meeting with OMAP and the statewide transportation brokerages to discuss non-medical transportation for OHP members to mental health services. According to client surveys, transportation is one of the biggest barriers to accessing services.

The Governor's Mental Health Task Force Final Report, published September 2004, identified ten priority items for the Governor, the Legislature and state agencies in 2005-07. These priority areas focus on system improvement and improving communication and coordination between the State and community providers of mental health services, including the criminal justice system.

OMHAS staff participated on an advisory board with local geriatric mental health providers to develop a state plan for suicide prevention in older adults. DHS Health Services Office of Injury Prevention and Epidemiology received a grant from the Centers for Disease Control to develop the plan. In June and July 2004, six community forums also solicited public suggestions and comments on the plan.

Stakeholders within DHS and various provider health plan organizations developed a document that provides recommendations on how to improve linkage and integration between behavioral health and primary care.

Invitations were issued to interested parties for participants in a workgroup

to develop processes for the adoption and implementation of EBPs for mental health, substance abuse and problem gambling prevention and treatment services.

OMHAS and the Governor's Commission on Senior Services, in coordination with local community providers, sponsored a conference on older adult mental health services. The conference, Recovery for Older Adults: Evidence-based Practices in Geriatric Mental Health, was held on September 22.

The Mental Health Planning and Management Advisory Council, the primary advisory group to OMHAS which meets CMHS requirement of 50% consumer participation, met and discussed the following issues:

- Recommendations for the mental health block grant for the fiscal years 2005-2007.
- Opportunities for involvement with the Governor's Mental Health Task Force.

Benefit Package

OMHAS participated in the following activities relating to Mental Health Organization (MHO) mental health and chemical dependency benefits:

- OMAP invited MHOs to participate on a stakeholder workgroup to define a limited hospital benefit for OHP Standard clients. They will develop guidelines for preauthorization and utilization management of these services.
- The Oregon Psychiatric Inpatient Committee reviewed issues such as the rate of denials, which, despite the variety of utilization management guidelines, vary from plan to plan.
- MHOs gathered input for an action plan to increase the accuracy and timeliness of encounter data submissions.
- The MHO Medical Directors Clinical Supervisory Workgroup continued discussions on access to mental health medications and review of mental health prescription drug utilization. Primary Care physicians are concerned about an increased burden that may have resulted from reductions in services to OHP Standard and Medically Needy clients.
- The MHO Code Workgroup created a document to assist MHOs in consistent application of the CPT and HCPCS codes that were implemented in October 2003. The document was submitted to OMHAS with a recommendation that it be used as a technical assistance tool for all providers. In addition, the workgroup

proposed that four new codes be made available for submission of encounter data. These recommendations will be reviewed by OMHAS and any approved changes will be submitted to the Health Services Commission for possible inclusion on the Prioritized List.

- Work with the DHS Children, Adults and Families cluster and the MHOs to establish guidelines to ensure that all children removed from their homes receive an initial mental health screening as soon as possible, as well as a comprehensive mental health assessment within 60 days.
- MHO Risk Adjustment – PricewaterhouseCoopers (PwC) discussed the proposed model for MHO capitation rate risk adjusters. Discussions centered around diagnostic distribution within the eligibility categories. OMHAS requested that PwC provide data using the different risk models to assess the effect on each MHO. Further refinements and adjustments to the model continue. Implementation of the risk adjuster is planned for October 1, 2004.
- Work with the Children's System of Care Initiative Workgroup to develop financing strategies, administrative rule changes and contractual language to integrate children's intensive treatment services under managed care contracts. The workgroup scheduled a January 2005 implementation date for these changes.

The following changes took place for the MHOs:

- An MHO Agreement amendment was implemented August 1, 2004, to incorporate the requirements of the Federal Medicaid Managed Care rules.
- Tuality Health Alliance (THA) did not renew its MHO contract for mental health services. The contract terminated September 30, 2004. THA members were enrolled into Washington County MHO on November 1, 2004. THA continues to operate as a Fully Capitated Health Plan (FCHP).
- Washington County MHO terminated its sub-contractual relationship for administrative services with Providence Behavioral Health on September 30, 2004.

Training and Activities

During this reporting year, Mental Health Services was involved in a variety of training and related activities. These included:

- Commitment Investigator/Examiner trainings held October 23-24, 2003, in Pendleton, and November 18-19, 2003, in Roseburg.
- OMHAS Real Choice Systems Change Grant in cooperation with Oregon Health Sciences University (OHSU) Center on Self-Determination hosted a two-day conference, June 3-4, 2004, on evidence based practices.
- The Best Environments Supporting Success & Treatment (BESST) Conference was held June 17-18, 2004, in Oregon City. The BESST program was created to reduce the numbers and risks associated with physically restraining and secluding children. Persons trained last year shared their accomplishments and challenges and opened the dialogue to hospitals, day treatment programs and others who want more information on the BESST model. Presenters included program treatment staff, family members and national recognized persons in this field.
- The Quality Assurance and Certification Team provided training for Commitment Investigators and Examiners in La Grande July 26-27, 2004 and in Pendleton September 28-29, 2004. Medical staff at Eastern Oregon Psychiatric Center in Pendleton received in-service training regarding civil commitment issues on September 27, 2004.
- In 2003, the Substance Abuse and Mental Health Services Administration (SAMHSA) awarded OMHAS $2.25 million for a project to address the primary goals identified by the Center for Substance Abuse Prevention: (1) to enhance state prevention data infrastructure capacity; and (2) to address gaps in prevention and early intervention programs and services to meet the needs of the 0-6 population. Between July 1 and Sept 30, 2004, six community trainings were developed and presented with the specific focus on Starting Early Starting Smart. Attendance at the trainings was mandatory for each of the 16 communities that submitted a proposal in response to the Request for Proposals.
- Under a SAMHSA grant for Expanded Emergency Response Capacity, OMHAS developed a strategy for increasing the number of persons in Oregon trained to provide behavioral health intervention in the wake of large-scale emergencies. The Recovery Phase Behavioral Health Intervention course was conducted in a train-the-trainer format in Salem August 23-25, 2004.

Monitoring and Evaluation

During the reporting year, OMHAS developed and worked on the following Monitoring and Evaluation activities:

- The MHO QI/QA workgroup suggested that future site reviews include peer reviewers.
- OMHAS completed the site visit for Jefferson Behavioral Health MHO, September 29-30, 2003.
- OMHAS completed the site visit for Tuality Health Alliance MHO, April 21-2, 2004.
- OMHAS completed the site visit for Family Care MHO, June 22–23, 2004.
- MHOs submitted recommendations to OMHAS for improvement of the MHO site review process. The inclusion of peer site reviewers is one of the recommendations.
- Consistent with the Medicaid managed care rules promulgated under the Balanced Budget Act, OMHAS contracted with Oregon Medical Professional Review Organization (OMPRO) to perform an external quality review of the MHOs.
- Since July 2004, the OMHAS Quality Assurance Team conducted Community mental health program site reviews at Wallowa Community Mental Health Program and Mid-Columbia Center for Living (Hood River, Wasco, Gilliam, and Sherman Counties). Both of these programs will be approved for recertification.
- The site review conducted recently for Tillamook Community Mental Health combined the OMHAS Addictions and Mental Health teams to complete the review for recertification of both service elements together. This combined site review process is planned for future recertification with Community Mental Health Programs (CMHP) that directly provide both alcohol and drug and mental health services. This combined review process will improve the coordination of OMHAS quality assurance activities.

Family Health Insurance Assistance Program (FHIAP)

Highlights of administrative operations and program activity for the reporting period are summarized below:

Fourth Quarter 2003

- Continued collaboration with DHS to coordinate program policies where applicable and to transfer OHP Standard clients with employer-sponsored insurance available to the Family Health Insurance Assistance Program (FHIAP). Worked as part of a committee to simplify the OHP application, and to use findings and feedback to modify the FHIAP application.
- Phone call volume averaged approximately 1,300 per week during this quarter from an average of 1,300 calls the previous quarter and 900 calls per week in 2002.
- Finished the six-month Non-Commercial Sustaining Announcement (NCSA) campaign that began in July, in cooperation with the Oregon Association of Broadcasters. Similar to Public Service Announcements, NCSAs are aired by radio and television stations across the state. Announcements aired at the following times during the quarter: October 5-18, November 2-15, November 30-December 15, and December 28-31 (carried over into next quarter, through January 9).
- Marketing efforts continued across the state with face-to-face meetings with employers, agents and other stakeholders, equating to 69 presentations during the quarter across the state. FHIAP representatives visited: Albany, Astoria, Beaverton, Clackamas, Corvallis, Hermiston, Hillsboro, La Grande, Lebanon, Lincoln City, Newport, Pendleton, Portland, Salem, Scappoose, Seaside, Rickreall, Tillamook, The Dalles, and Tualatin.
- The final phase of an employer mail-out ended September 30, 2003. Over 334 employers returned response cards requesting additional information during the quarter.

First Quarter 2004

- Adjusted income limits in order to match the new Federal Poverty Levels.

- Continued collaboration with DHS programs to coordinate program policies where applicable and to transfer OHP Standard clients with employer-sponsored insurance available to Family Health Insurance Assistance Program (FHIAP).
- Phone call volume averaged approximately 1,100 per week during this quarter, down from an average of 1,300 calls the previous quarter and 1,350 calls per week in 2003.
- Marketing efforts continued across the state with face-to-face meetings with employers, agents and other stakeholders. Because of the uncertainty over the state's budget situation and the fate of the OHP Standard program, before and in the wake of the defeat of Ballot Measure 30, FHIAP put aggressive marketing efforts on hold. However, staff made over 24 presentations during the quarter across the state. The cities visited include: Aurora, Beaverton, Bend, Clackamas, Klamath Falls, Portland, Salem, Seaside, and Redmond.
- Awarded contract for development and implementation of enhanced FHIAP database. An enhanced database will allow easier and more efficient operation by system users, as well as more flexibility to modify the database.
- Began revising program rules to make them simpler and easier to understand. FHIAP anticipates a July 2004 effective date, with a public comment and hearings process in June.
- Began working the Insurance Pool Governing Board (IPGB) Small Business Plans program to ensure the benefits offered in these plans meet the FHIAP benchmark. Started exploring ways to link the future marketing efforts of these two IPGB programs.

Second Quarter 2004

- The Family Health Insurance Assistance Program (FHIAP) continued work with the Insurance Pool Governing Board's Small Business Plans program. One of the these plans, the Children's Group Plan, meets the FHIAP benchmark and has become a keystone of the Governor's efforts to cover uninsured children. FHIAP will work with that program to help lower-income parents afford the premium associated with the Children's Group Plan. These plans will be offered across the state starting in early 2005.
- FHIAP continued collaboration with DHS programs with regards to coordination of program policies where applicable; and transfer of OHP Standard clients who have employer-sponsored insurance

available to FHIAP. Staff continued to work at getting enhanced access to a variety of DHS data screens.

- Phone call volume for the quarter averaged approximately 1,100 per week. This mirrors the average of 1,100 calls received the previous quarter.
- FHIAP continued marketing efforts across the state with face-to-face meetings with employers, agents and other stakeholders. FHIAP staff made over 25 presentations during the quarter across the state. The cities visited include: Baker City, Beaverton, Burns, Clackamas, Enterprise, Forest Grove, Hermiston, Hillsboro, John Day, La Grande, Medford, Pendleton, Portland, Salem, Silverton, and Warm Springs.
- FHIAP staff developed and distributed a promotional flyer for Covering the Uninsured Week in May.
- FHIAP staff developed legislative concepts which remove or revise obsolete or unclear references within the FHIAP statutes.

Third Quarter 2004

- The Family Health Insurance Assistance Program (FHIAP) continued collaboration with DHS programs with regards to coordination of program policies where applicable, and transfer of OHP Standard clients who have access to employer-sponsored insurance to FHIAP.
- FHIAP trained approximately 220 DHS employees in branch offices throughout the state. Cities visited include Albany, Bend, Dallas, Eugene, Grants Pass, Hood River, McMinnville, Portland, Prineville, Salem, and Sisters.
- FHIAP continued marketing and outreach efforts across the state in meetings with employers, agents, and other stakeholders.
- More aggressive marketing efforts increased to elevate FHIAP's profile and advertise openings. These efforts included the following activities:
  - Press releases advertising FHIAP openings
  - 7,000 postcards to targeted ZIP codes in Portland, Medford and other cities
  - Mailing to approximately 5,000 key stakeholders, including medical providers and churches
  - Coordination with key insurance carriers, including the Oregon

Health Plan, to send out FHIAP flyers in the individual insurance application packets from various carriers

- Postcards to FHIAP members
- Electronic alert to 1,200 insurance agents

- FHIAP staff continued to revise the administrative rules for the program, which will clarify eligibility requirements. The rules will be filed with the Secretary of State and become effective next quarter.
- FHIAP staff also continued to revise legislative concepts, which remove obsolete references and revise unclear language within the FHIAP statutes.
- Phone call volume for the quarter averaged approximately 1,470 per week. This is an increase of 370 phone calls per week over the past two quarters, which may be a result of the increased marketing efforts.

FHIAP Enrollment

FHIAP Enrollment
October 2003 – September 2004

Enrollment	4Q03	1Q04	2Q04	3Q04
New group enrollments	395	664	520	386
New individual enrollments	131	166	263	423
Total new enrollments	526	830	783	809
Total FHIAP enrollment	5,832	6,172	6,385	6,550

FHIAP Disenrollment due to Non-Payment of Premium
October 2003 – September 2004

	4Q03	1Q04	2Q04	3Q04
Disenrollments	58	123	57	98