



# Presentation to the Senate Health and Human Services Committee

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Health and Human Services Commission

June 8, 2004

# Presentation Overview

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## Electronic Transaction Initiatives

- Initiatives for Home Healthcare Providers
- Initiatives for Digital Signatures
- Summary

## Texas Medicaid Electronic Transactions Overview

- Medicaid Claims Processing
- Prior Authorization (PA)
- Prescription Claims Processing
- Preferred Drug List (PDL) Prior Authorization
- Texas Medicaid and Healthcare Partnership (TMHP) Claims Processing
- Opportunities for Increased Automation
- Barriers to Increased Automation

## Texas Medicaid Telemedicine Overview



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# Electronic Transaction Initiatives

# Initiatives for Home Healthcare Providers

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Home Health Providers need new ways to improve access to services and increase efficiencies. Automated time and tracking systems offer providers ways to:

- Validate eligibility and services provided
- Verify that the time spent at the recipients home was appropriate
- Check in before rendering services
- Select treatments that will be provided
- Check out once services are completed

# Initiatives for Home Healthcare Providers

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## Benefits:

- Reduce administrative costs
  - Reduce paper
  - Reduce submission errors
  - Reduce denied claims
- Electronically submit billing/claims for expedited and accurate payment
- Increase operational efficiencies
  - Real time reporting and analysis features
    - provider activity
    - client activity
    - meaningful exception reporting statistics
    - missed visits, unauthorized visits, or incorrect services

# Initiatives for Digital Signatures

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New business opportunities are emerging as transaction systems are moving from paper based to electronic formats. Digital signatures are the most effective, secure, and easy to implement method of providing accountability while enabling electronic transactions.

# Initiatives for Digital Signatures

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Significant cost savings for providers and health care agencies

- Reduced paper purchases, printing and mailing costs
- Lower overhead costs by eliminating the need to archive paper
- Reduced labor costs through process automation
  - Elimination of manual re-entry of data and transcription errors
  - Improved worker productivity through decreased processing time and ability to work on other projects

Note: One provider surveyed regarding this initiative estimated saving one million dollars.

# Initiatives for Digital Signatures

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## Improved service to providers

- More convenience in accessing and completing forms electronically
- Faster turnaround time through streamlined workflow
  - acceleration of document creation, exchange, review, tracking and approval
- Significant reduction in processing errors



# Initiatives for Digital Signatures

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## Increased Confidentiality and Privacy

- Strong authentication of users accessing and completing forms
- Improved integrity through digital signatures that verify the origin and authenticity of the data and that it has not be altered
- Enhanced confidentiality through encryption

# Initiatives for Digital Signatures

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## Improved Compliance

- Accelerated compliance with government paper reduction legislation and Health Insurance Portability and Accountability Act (HIPAA) regulations
- Non-repudiation of documents and forms through legally binding digital signatures
- Improved audit trails through secure electronic record of transactions (automatically records all signers and date and time stamp)

# Summary

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Leveraging use of automated time and tracking solutions and digital signatures for home health care providers will enable agencies to capture the significant economic benefits of paperless communications in virtually any business setting. Whether by expense reduction, productivity improvements or improved service levels, these fiscal returns have a measurable effect on a state's bottom line.



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# Texas Medicaid Electronic Transactions Overview

# Medicaid Claims Processing

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- Affiliated Computer Systems (ACS) is under contract with HHSC to coordinate:
  - Claims processing for Texas Medicaid
    - medical
    - dental
    - long term care
  - Authorization of treatment
    - fee for service
    - primary care case management
    - long term care

ACS subcontracts with several entities to perform these services and they are referred to as the Texas Medicaid and Healthcare Partnership (TMHP)

# Medicaid Claims Processing

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TMHP provides the following claims processing services:

- Payments to Providers
  - Electronic Funds Transfer
  - Paper warrants (checks)
- Client eligibility verification
  - Telephone
  - Electronic
  - Web-based
- Claims status reports
  - Telephone
  - Electronic
  - Web-based
- Prior Authorization for certain services
- Appeals

# Medicaid Claims Processing

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## Statistical Data:

- 1 million claims are processed each week - 80% are electronic
  - Up to 30,000 claims per hour
- \$112 million in Medicaid provider payments are made each week
- Approximately 60,000 Providers
- Approximately 300 Hospitals
- Approximately 1400 Clinics
- Claims Processing Cost
  - Covered on a per member per month fee

# Prior Authorization

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## TMHP Prior Authorization Process

- Prior authorization (PA) of medical and dental procedures is not automated due to the broad scope of the services covered.  
Current options for providers:
  - Fax
  - Phone
  - Mail
- Prior authorization of long term care services is automated.
  - If a PA for long term care is needed, the form is sent to TMHP electronically and the system approves or denies the request.



# Prescription Claims Processing

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- HHSC Vendor Drug Program processes outpatient prescription claims for all drugs on the preferred drug list.
  - 37 million claims paid in FY 03
  - 99% of the transactions were electronic
    - Pharmacy claims submission
    - Pharmacy payments
- Heritage Information Systems performs prior authorization services related to the Preferred Drug List (PDL) for non-preferred drugs.

Example: Claritin (on PDL) vs. Allegra (non-preferred)

# Preferred Drug List (PDL) Prior Authorization

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- HHSC implemented the Medicaid Preferred Drug List (PDL) in February 2004
- Non-preferred drugs require prior authorization
- Call center is currently used to process prior authorization requests
- An automated system, SmartPA, will have real-time interface with state's point-of-sale pharmacy claims system by Fall 2004.

# PDL Prior Authorization

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PDL Call Center -

Physicians and/or office staff make requests

- If approved, patient obtains prescription (valid for one year)
- If denied, physician notified immediately
- Physician may request reconsideration
- If physician reconsideration request denied, patient may appeal denial

# PDL Prior Authorization

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## Smart PA System:

- Streamlines prior authorization for physicians, pharmacists, and recipients.
- Handles prior authorization requests online while patient is at the pharmacy.
- Medications meeting certain clinical criteria approved in seconds.
- Only medications not meeting criteria require call to the call center for prior authorization.
- By late 2004, physicians will be able to request prior authorizations through secure Internet connection in lieu of telephone requests.

# TMHP Claims Processing

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- Claims received
  - Electronically
  - On paper
- Claims run through system edits and audits to verify
  - Client eligibility
  - Provider eligibility
  - Claim information
  - Applicable policy

# TMHP Claims Processing

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- Claims failing an edit or audit cause the claim to deny or suspend

## Examples:

- Client not eligible for date of service
  - Provider in pending status
  - Admission diagnosis required
  - Provider signature invalid
  - Prevent payment for a CAT scan and an MRI on the same day by any provider
- Claims process to final adjudication
    - Full payment
    - Partial payment (example -- patient reaching lifetime limit for service)
    - Denial (examples -- age limitation, time limitation between dates of service)

# TMHP Claims Processing

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## Electronic Claims -

- Submission Methods:

- Third-party entities submit claims to TMHP on behalf of Texas Medicaid providers
- TDHconnect – providers submit claims directly to TMHP

- Benefits

- No mail time
- Reduced errors due to data entry
- Notification within 24 hours of acceptance of claim
- Claims not passing pre-set edits are rejected, allowing providers to immediately correct and resubmit

# TMHP Claims Processing

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## Paper Claims -

- Provider mails claim (can take up to 5 days)
- Paper claims entered into claims processing system
  - Claim is scanned into imaging system
  - Scanned image is entered into database
  - All fields are not readable, requiring verification
- Claim processed for payment



# TMHP Claims Processing

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## **Health Insurance Portability and Accountability Act (HIPAA) of 1996**

- Enacted by Congress to reform the healthcare insurance market and simplify health care administrative processes
- Required US Department of Health and Human Services to adopt standards for administrative simplification
- Intended to reduce costs and administrative burdens of health care by
  - Specifying format and data content for transmission, storage, and handling of electronic information
  - Establishing unique identifiers for providers and health plans
  - Protecting privacy of health information and patient's rights
  - Establishing electronic security requirements to ensure protection of electronic health information

# TMHP Claims Processing

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- Texas Medicaid is HIPAA compliant.
- The Centers for Medicare and Medicaid Services (CMS) adopted a contingency plan to accommodate providers who were not HIPAA compliant by October 16, 2003.
  - CMS strongly urged state Medicaid agencies to adopt a similar strategy.
  - Texas Medicaid implemented this contingency plan to ensure delivery of services to our clients and payments to providers.
  - We continue to work with the providers using the contingency plan to move them to compliance as quickly as possible.
- HHSC is working on security measures to ensure confidential and secure transfer of information between the state, providers, and contractors.
- HHSC is beginning an assessment of the HIPAA National Provider Identifier Rules that require providers to bill all payers with one provider number.

# Opportunities for Increased Automation

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- Educate providers on benefits of electronic funds transfer as means of making provider payments
- Enhance web capabilities to reduce administrative costs of claims processing
  - Claims submission
  - Prior authorization (long term care web application by January 05)
  - Appeals
  - Claims status information
  - Frequently Asked Questions for Medicaid clients and providers

# Barriers to Increased Automation

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- Resistance to electronic information transfer
  - Concern over privacy
  - Security issues
  - Reluctance to permit web access to office staff
- Broadband web access in rural areas
- Provider familiarity with web transactions



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# Texas Medicaid Telemedicine Overview

# Texas Medicaid Telemedicine Overview

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S.B. 691, 78<sup>th</sup> Legislature, Regular Session, 2003 directs HHSC to review policies regarding reimbursement under the Medicaid program for telemedicine medical services to identify variations between permissible reimbursement under the Medicaid program and the Medicare program, and to the extent practicable, provide for a reimbursement system that is comparable to the reimbursement system for those services under the Medicare program.

# Texas Medicaid Telemedicine Overview

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- HHSC has established a Medicaid Telemedicine workgroup which works with the Medicaid Telemedicine Advisory Committee to perform the following functions:
  - Periodically review policies regarding reimbursement under the Texas Medicaid Program for telemedicine medical services to identify variations between Texas Medicaid and Medicare;
  - Modify rules and procedures applicable to reimbursement for telemedicine medical services to the extent possible and as necessary to provide for a reimbursement system that is comparable to Medicare; and
  - Modify telemedicine rules in any government-funded health program subject to HHSC's oversight to ensure that reimbursement for telemedicine medical services is provided in a cost-effective manner and only in circumstances in which the provision of those services is clinically effective.

# Texas Medicaid Telemedicine Overview

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- The Texas Medicaid Program utilizes telemedicine technology to provide medical consultation services to healthcare providers in rural or medically underserved areas:
  - Rural Healthcare Centers,
  - Federally Qualified Health Centers (FQHC's); and
  - Small, rural physician offices
- Telemedicine services must utilize advanced telecommunication technologies that conform with minimum technical standards.
- Telemedicine services are regulated by rules set forth in the Texas Administrative Code.



# Texas Medicaid Telemedicine Overview

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## Telemedicine Initiatives:

- HHSC is considering a range of possible initiatives that may allow for innovative telemedicine medical services that are both cost and clinically effective.
- Potential initiatives should meet the following minimum criteria:
  - The initiative must provide access to medically underserved areas;
  - The services must be clinically effective, of good quality, and evidence-based, to the greatest degree practicable; and
  - The initiative must minimize the duplication of services.

# Texas Medicaid Telemedicine Overview

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- Specific initiatives by HHSC include:
  - Provider education; and
  - Research of practical concepts to determine the feasibility and impact of expanding telemedicine services.
- Barriers to the expansion of telemedicine services:
  - Equipment purchases and start-up costs in rural areas; and
  - Licensure of providers who consult and diagnose across state lines.