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Monday Morning Medicaid Must Reads

Helping you consider differing viewpoints. Before it's illegal.

July 8th, 2019

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Clay's summary: You can make a lot of money in the Medicaid financing shell game. A lot. Cue outrage from Medicaid lifers who swear IGTs, CPEs, etc are not a scam.

Key Excerpts from the Article:

PEPPAP was designed for Michigan in 2004 as a federal-state Medicaid matching program to give payment add-ons to doctors that would increase their reimbursements to Medicare-equivalent levels. Many states have variations of the program, but all are designed to encourage providers to increase access to care for poor people on Medicaid.

But in order to receive the funds, Wayne State is required under the program to send to the state Department of Health and Human Services matching funds that averaged $32.2 million per year. On a quarterly basis, MDHHS calculates the state-federal match and sends the university a check.

Besides Wayne State, which is considered a "public entity" under the Medicaid state plan amendment rules, there are six others receiving PEPPAP funds in Michigan. They are Michigan State University, Central Michigan University, Oakland University, University of Michigan, Western Michigan University and Hurley Medical Center, the only publicly owned hospital in Michigan, in Flint.

Read full article in packet or at links provided

Article 2: *Letters: Time to ask tough questions about Louisiana Medicaid, The Advocate (Baton Rouge)*

Clay's summary: Ruh-roh. Someone's noticing things. Things that make Medicaid expansion look bad. Look- a squirrel!

Key Excerpts from the Article:

From the beginning, Louisiana's conservative legislators have simply asked that Medicaid expansion serve those most in need. Since then, scathing report after report has revealed that this was not the intention of this administration. The Pelican Institute recently revealed in a report that thousands of individuals per month are dropping their private insurance plans to join the taxpayer-funded program. What's worse, there are more than 1,000 individuals enrolled in Medicaid who earn annual salaries of $100,000 or more. Medicaid expansion's original intention was to help those who needed it most, but those are the ones greatest impacted as we expand eligibility while providers shrink.

Read full article in packet or at links provided

Article 3: *Tennesseans Losing Medicaid; State Hasn't Bounced Back*

from Software Failure

Clay's summary: Advocates concerned over declines in Medicaid rolls point to a software issue that happened in 2013.

Key Excerpts from the Article:

Tennessee is one of three states in the country with the sharpest drop in Medicaid enrollment between 2017 and 2018.

According to a report by the consumer health care group Families USA, the number of Tennesseans enrolled in Medicaid fell by nearly 10%, and more than 100,000 people lost coverage.

Eliot Fishman, senior director of health policy at Families USA, says that since 2013 the state has been struggling to bounce back from a massive software failure linked to TennCare, the state's Medicaid program.

Read full article in packet or at links provided

Wayne State generated $112.8 million a year in enhanced Medicaid funding over six years

SourceURL: https://www.crainsdetroit.com/health-care/wayne-state-generated-1128-million-year-enhanced-medicaid-funding-over-six-years

Wayne State generated $112.8 million a year in enhanced Medicaid funding over six years

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jgreene@crain.com

- Amount of funding Wayne State receives from state for Medicaid enhanced payments outlined
- Wayne State average annual payouts to provider groups total $56 million
- University retained $47 million in administrative fees, the 'dean's tax' and 'institutional adjustments'

Wayne State University received from the state an average of $112.8 million a year in funding over six years from a program that has been at the center of financial disputes between the university and its former pediatrics group.

That figure and other data obtained by Crain's, a total for six years ending in 2018, is the first accounting publicly revealed of payments known as the Medicaid Public Entity Physician Payment Adjustment Program, or PEPPAP.

The university's use of its University Physician Group to pay out the money to 23 physician practices made it the target of accusations from one of those practices, University Pediatricians, that the private group had been cheated out of $60 million in enhanced state Medicaid funds over the years.

PEPPAP was designed for Michigan in 2004 as a federal-state Medicaid matching program to give payment add-ons to doctors that would increase their reimbursements to Medicare-equivalent levels. Many states have variations of the program, but all are designed to encourage providers to increase access to care for poor people on Medicaid.

But in order to receive the funds, Wayne State is required under the program to send to the state Department of Health and Human Services matching funds that averaged $32.2 million per year. On a quarterly basis, MDHHS calculates the state-federal match and sends the university a check.

Besides Wayne State, which is considered a "public entity" under the Medicaid state plan amendment rules, there are six others receiving PEPPAP funds in Michigan. They are Michigan State University, Central Michigan University, Oakland University, University of Michigan, Western Michigan University and Hurley Medical Center, the only publicly owned hospital in Michigan, in Flint.

Each public entity operates under slightly different rules, but all are highly dependent on PEPPAP, which provides an annual stimulus into Michigan and its Medicaid providers of more than half a billion dollars.

While the average annual amount Wayne State received was $112.8 million, the amount varied from year to year, rising from 2013 to 2015, flat for a couple years when the Centers for Medicare and Medicaid Services cut funding by 5 percent, then increased a little in 2017 and 2018.

Unlike the other public entities that managed PEPPAP money through university administrations, Wayne State designated University Physician Group, its faculty practice plan, to receive the money and pay it out it to 23 clinical groups that primarily serve Detroit Medical Center, a for-profit hospital owned by Dallas-based Tenet Healthcare Corp.

During the six-year period, UPG disbursed an annual average of $56.5 million to the 23 clinical groups based on a formula related the volume of patients they saw. Under individual group contracts, UPG took an administrative fee of 6 percent, which amounted to an average of $3.3 million per year. However, none of the clinical groups pay the state matching PEPPAP funds as does Wayne State.

There is an additional payment, the so-called "dean's tax," that each clinical group is obligated to pay the WSU medical school after their contracted PEPPAP payment is designated. The dean's tax is a now 5 percent fee on professional fees (about $5 million annually) from the 23 clinical groups that is used by the medical school for administration, research, medical education, salaries and recruiting new faculty.

'Institutional adjustments'

But in what has turned into a controversial step in the process — one that has led to public denouncements of Wayne State officials and threats of lawsuits — UPG regularly transfers PEPPAP funds to Wayne State in the form of "institutional adjustments" that has amounted the last six years to an average of $47.3 million per year.

Up until recently, many people did not know much Wayne State retained annually in institutional adjustment funds. Over the past 15 years of the program, WSU uses the institutional adjustment funding to increase access to Medicaid services.

Crain's has previously reported that WSU uses the funds for strategic initiatives that provide "access to specialty and sub-specialty providers for Medicaid patients and the impoverished populations in the City of Detroit," according to Wayne State court document in the UPG bankruptcy case.

Wayne State also says these institutional adjustments pay for research, education training programs that increase supply of specialist and subspecialist physicians and the health-related professions; clinics in underserved neighborhoods; and direct support of primary and specialty departments for Medicaid program purposes.

A knowledgeable source familiar with the PEPPAP program, who asked for confidentiality, told Crain's that much of WSU's institutional adjustment funding is plowed back to help support the salaries and research of physicians in some of the 23 clinical groups affiliated with Wayne State and practicing at DMC.

"Virtually all the clinical faculty, the MDs, have compensation covered by institutional adjustments with one of three groups," said the source, adding that those groups are UP, UPG and Medical Center Emergency Services. "The vast majority of doctors receiving these funds work in one of those three groups. Some of these funds significantly offset costs the groups incur" to pay compensation, administration and research.

Officials for University Pediatricians did not respond for comment.

The other five groups joining UP in asking for an accounting of PEPPAP money from Wayne State are in the UPG bankruptcy case are: Medical Center Emergency Services; Ark Cardiovascular & Arrythmia Center; Heart and Vascular Consultants PLLC; NorthStar Anesthesia of Michigan PLLC; and Rehabilitation Physicians PC, which before the court ruled against the groups withdrew its claim. Heart and Vascular reached a settlement with UPG.

Uncovering PEPPAP

The most contentious allegation lodged in the Wayne State University Physician Group bankruptcy case was the claim by University Pediatricians, an independent clinical group once affiliated with Wayne State and one of the 23 contracted entities, that the private group had been cheated out of $60 million in enhanced state Medicaid funds, or PEPPAP, over the years.

UP and its supporters first made the allegation in press reports in Crain's and other newspapers and later in UPG bankruptcy filings. WSU President M. Roy Wilson issued a statement in April that denied the university had misused funds from the state's 15-year-old PEPPAP.

U.S. Bankruptcy Court Judge Mark Randon in Detroit eventually disallowed the PEPPAP claim in the UPG case, but ruled that UP and five other clinical groups that lodged the complaint were free to separately sue Wayne State, if they wish, to pursue the issue. Wayne State filed a motion to not object if UP files a lawsuit, seeking additional discovery documents and possible compensation.

University Pediatricians, which has been having a running dispute with Wayne State over a variety of issues, is a 220-physician private medical group that serves DMC Children's Hospital. Some of its pediatrician members are on the faculty of Wayne State medical school.

Over the past six months, Crain's has requested financial statements and audits on the total amount of PEPPAP funding that Wayne State has received from MDHHS. WSU has denied the requests, in part, because officials believe the issue could end up in court.

Wilson also has asked MDHHS to investigate WSU's handling of the funds, a question the state has said it is still considering, and he has said the university will not share information until the review is conducted.

But then over the past few weeks the dominoes started to fall in Wayne State's self-imposed wall of secrecy in how it manages PEPPAP money.

First, MDHHS last month granted Crain's a document under the Freedom of Information Act that shows the state paid Wayne State $127.2 million in PEPPAP funds in 2018. The funds are in two pots: Fee for service ($38.1 million), established in 2004 to address problems attracting Medicaid providers; and special network access fee, or SNAF, for managed care organizations, established in 2007 when Medicaid HMOs were starting to grow ($89.1 million).

But in order to get federal money to increase reimbursements to doctors at UP and other groups, Wayne State must raise matching funds. In 2018, Wayne State contributed about $30 million in matching funds through intergovernmental transfers, leaving the university receiving about $77 million in 2018 to pay its providers and retain for administrative fees and expansion of services to the community.

Crain's also asked MDHHS for an audit of how WSU and its proxy UPG has disbursed the PEPPAP funds to the 23 clinical groups. While a Wayne State official said PEPPAP has been internally audited and the funds accounted for, two state official said the state has never conducted an audit on WSU's management of PEPPAP funds.

Robert Flora, M.D., who is in charge of PEPPAP for Grand Blanc-based McLaren Healthcare and is a professor and associate chair for obstetrics and gynecology at both MSU's medical and osteopathic schools, told Crain's that the PEPPAP program is critical to expanding access to Medicaid patients.

Flora said if the federal government terminates PEPPAP, as it has considered the past several years, physicians serving Medicaid patients and universities that conduct research, teach medical students and residents, and fund outreach programs will suffer.

"The federal dollars and matching funds (from the public entities) bring doctors seeing Medicaid patients to about the Medicare rate, about a one-third payment increase," said Flora, McLaren's chief academic officer.

Flora said Michigan State and Central Michigan each take approximately at 15 percent administrative fee for managing their PEPPAP program, but does not take institutional adjustments as does Wayne State. He said Wayne State should never designated an intermediary like UPG to manage the funds.

Michigan State has its own staff to oversee the program and contracts, check compliance with providers and ensure Medicaid patients have equal access to commercial patients, Flora said. "It is not the medical school that is given the right by the state (to manage PEPPAP), it is the university," he said.

Based on the PEPPAP accounting provided to Crain's, Wayne State has kept an average of 21.4 percent of the total PEPPAP funds it receives from the state for administrative fees and institutional adjustments, compared with Michigan State and Central Michigan's approximate 15 percent.

However, another source told Crain's that the university is now managing PEPPAP contracts and not charging the 6 percent administrative fee that UPG had been. These funds, approximately averaging $3.3 million annually, is intended to be returned to the 23 contracted groups, starting in 2019, if they sign new provider contracts, the official said.

The source said eliminating the 6 percent administrative fee will drop Wayne State closer to the 15 percent administrative fee charged by Michigan State and Central.

Last Dec. 7, a Wayne State board of governor report stated that university officials were working closely with other universities to "prevent the elimination of the Medicaid enhanced funding program (PEPPAP)." The report said the program provides "hundreds of millions of dollars annually" in services to Medicaid recipients.

"The loss of this program would devastate the state Medicaid program," said the BOG report, noting that new Medicare rules require public entities to ensure matching funds are not derived from federal sources.

Last July, the state applied to Medicare to modify its PEPPAP program and it was accepted. It is unclear how many public entities will have to modify their programs based on the changes.

Wayne State's explanation, use of PEPPAP funds

In Wilson's April statement, he said Wayne State has given "every penny ... due under this program" to the contracted 23 groups. UP has said in court filings that it only recently received information that the funding amounts due it might be larger than originally expected.

"The specific purpose of the (PEPPAP) program is to provide particular recognition of the importance of access to specialty and sub-specialty providers for Medicaid patients," Wilson said a letter to pediatric faculty in April. "Neither the state nor the Medicaid health plans impose requirements specifying how each public entity is to allocate PEPPAP funds to meet the goal of improving access to specialty and sub-specialty providers for Medicaid patients."

However, Wayne State has always declined to disclose to the public the annual amount it receives as institutional adjustments and the total over the past decade.

But WSU officials have told Crain's that the university wants to use as much as $26 million of PEPPAP funds to purchase and renovate the old Hospice of Michigan building on 400 Mack Ave. to share it with University Physician Group. The building would be used for medical group offices for UPG and its new Wayne Pediatrics academic medicine group, along with another unspecified amount to build out a pediatric clinic network in partnership with Henry Ford Medical Group.

WSU also plans to launch a campuswide competition for $500,000 in developmental grant funding as part of the Urban Children's Health Collaborative using PEPPAP funds.

UPG bankruptcy 'opened door' on PEPPAP

Mark Shapiro, UPG's bankruptcy attorney with Southfield-based Steinberg Shapiro and Clark, said the most contentious issues faced by UPG in bankruptcy

had to do with PEPPAP.

"One of the difficulties (in completing the bankruptcy) was fending off arguments about misappropriation of funds and the ability to repay" creditors," Shapiro said.

Shortly after UPG filed for bankruptcy in November, UP officials, other clinical groups practicing at DMC and several WSU board of governors members began questioning whether Wayne State had improperly retained enhanced Medicare funds from the state.

In early January, UP and other clinical groups asked U.S. Bankruptcy Court Judge Randon for permission to force Wayne State to produce documents related to how much funding it received from the state of Michigan to pay doctors enhanced Medicaid reimbursements.

UP officials have stated they believe WSU has improperly used the enhanced Medicaid funds and asked Randon for an accounting of the funding.

Shapiro said Randon allowed some discovery and a deposition of a Wayne State employee. UP asked for more documents but this time Randon denied further discovery.

"The judge looked at the total dollars received by UPG from the state, the amount retained by UPG, the 6 percent allowable administrative fee that was provided for in all the agreements (with UP and the clinical groups) and determined UPG had not misappropriated any funds and there was no misuse of funds by UPG," Shapiro said.

But Shapiro said UPG only acted as the disbursing agent for Wayne State, paid out everything properly and returned any leftover to WSU.

Letters: Time to ask tough questions about

Louisiana Medicaid

SourceURL: https://www.theadvocate.com/baton_rouge/opinion/letters/article_86e0a8f8-9d14-11e9-b040-0b7d838ef28d.html

Letters: Time to ask tough questions about Louisiana Medicaid

Advocate file photo of Rep. Beryl Amedee, R-Houma
Advocate Staff Photo by PATRICK DENNIS

As a strong believer in cutting waste in government, I am always happy to hear that a taxpayer-funded program has identified inefficiencies and trimmed the fat accordingly. So, why do I find myself less than enthused about the recent report touting supposed spending reductions to the Medicaid expansion program? The answer is simple — we should've never reached this point in the first place, and we're being misled about the depth of the fraud and abuse running rampant throughout the program.

Our Views: Keep rural health care access, but restrictions on hospitals won't help

When expansion was first introduced, initial expansion enrollment projections totaled 306,000 Louisianans. Since then, projections have risen to more than 457,000 individuals, and the Louisiana Department of Health claims the projections were always that high. It gets worse.

Last legislative session, LDH predicted a growth in Medicaid enrollment, yet the most recent post-session report projects a decline. Why the sudden reversal? Note that a majority of the projected decline comes from the expansion population, which LDH signed up itself. LDH is essentially bragging about cleaning up a mess of its own creation.

When there are those who are uninsured and have no ability to seek medical care, government picks up the tab or it is absorbed by the private sector. This is called uncompensated care (UCC). Other states that entered into Medicaid expansion saw a sizable decrease in UCC expense, while here in Louisiana UCC has increased. LDH attributes this to the rising cost of medical care, but such costs have increased nationwide. So, why hasn't our UCC gone down?

Now, for the real million-dollar question: Why is the Louisiana Department of Revenue refusing to share the data it provided Medicaid task force members in 2017, which proved there were problems with waste, fraud and abuse in the system? The state legislative auditor has even gone so far as to file a lawsuit to get this information, yet LDR refuses to hand it over.

Letters: Fagan misses point about Edwards' popularity

From the beginning, Louisiana's conservative legislators have simply asked that Medicaid expansion serve those most in need. Since then, scathing report after report has revealed that this was not the intention of this administration. The Pelican Institute recently revealed in a report that thousands of individuals per month are dropping their private insurance plans to join the taxpayer-funded program. What's worse, there are more than 1,000 individuals enrolled in Medicaid who earn annual salaries of $100,000 or more. Medicaid expansion's

original intention was to help those who needed it most, but those are the ones greatest impacted as we expand eligibility while providers shrink.

I encourage all taxpayers to ask the tough questions of our leaders. It's beyond time we get to the bottom of what's really going on with Louisiana Medicaid expansion.

Beryl Amedée

state representative

Houma

Tennesseans Losing Medicaid; State Hasn't Bounced Back from Software Failure

SourceURL: https://www.publicnewsservice.org/2019-07-08/health-issues/tennesseans-losing-medicaid-state-hasnt-bounced-back-from-software-failure/a66992-1

Tennesseans Losing Medicaid; State Hasn't Bounced Back from Software Failure

Medicaid enrollment in Tennessee dropped by nearly 10% between 2017 and 2018, according to Families USA. (Adobe Stock)
July 8, 2019

NASHVILLE, Tenn. – Tennessee is one of three states in the country with the sharpest drop in Medicaid enrollment between 2017 and 2018.

According to a report by the consumer health care group Families USA, the number of Tennesseans enrolled in Medicaid fell by nearly 10%, and more than 100,000 people lost coverage.

Eliot Fishman, senior director of health policy at Families USA, says that since 2013 the state has been struggling to bounce back from a massive software failure linked to TennCare, the state's Medicaid program.

"The way that Tennessee handled that was to mail out a hard copy – I think it was close to 80 pages – mandatory form to keep their Medicaid," he relates. "And not surprisingly, a lot of people did not fill that out."

Additionally, more than 50,000 children have lost coverage.

Fishman says that earlier this year, the state began using a new eligibility system that allows people to apply for or renew coverage online or over the phone.

He says it remains to be seen whether or not these changes prevent low-income Tennesseans from losing coverage.

Tennessee isn't the only state dealing with Medicaid debacles. Paperwork hurdles and other bureaucratic difficulties caused more than 1.5 million people across the country to lose Medicaid coverage last year.

Fishman says these challenges are putting the health care system's dysfunction in the spotlight, on the heels of the next presidential election.

"That dynamic is a significant factor in the momentum around moving to a national, more federal, more automatic system, that you are seeing both in polling data and in the early stages of the Democratic presidential primary," he states.

Fishman says confusion surrounding the eligibility process is an old problem in Medicaid, but he says federal laws put in place by the Affordable Care Act were supposed to streamline the procedure.

However, some states still are not complying with the new rules.

Nadia Ramlagan, Public News Service - TN