Brian- FYI Felicity wants to respond

DEPARTMENT OF HEALTH AND HUMAN SERVICES
OFFICE OF DIRECTOR

ACTION REFERRAL

TO	DATE
Myers	9-23-10

DIRECTOR'S USE ONLY	ACTION REQUESTED
1. LOG NUMBER 10-141	[ ] Prepare reply for the Director's signature DATE DUE _____
2. DATE SIGNED BY DIRECTOR _____ CC: Ms. Forkner	[ ] Prepare reply for appropriate signature DATE DUE _____ [ ] FOIA DATE DUE _____ [ ] Necessary Action

APPROVALS (Only when prepared for director's signature)	APPROVE	* DISAPPROVE (Note reason for disapproval and return to preparer.)	COMMENT
1. 9-23			
2. Brian- Lets change to N/A Thx! Jon			
3.			
4.			

Emma- Let me know if you prefer to answer this vs. sending to FCM/Ber? Thx Jon

DEPARTMENT OF PEDIATRICS

OFFICE OF THE CHAIRMAN

UNIVERSITY OF SOUTH CAROLINA
SCHOOL OF MEDICINE

UNIVERSITY SPECIALTY CLINICS®

September 14, 2010

Emma Forkner
Director, SC DHHS
1801 Main Street, 11th Floor
Columbia, SC 29201

Dear Ms. Forkner: Emma

I am writing to you to express my concerns about the direction in which Medicaid is going regarding mandated managed care. As you know, I have served on the MCAC for more than six years and have been involved in health care as a physician, Senior Medical Director of the Children's Hospital and Chairman of the Department of Pediatrics at the School of Medicine. I agree that something must be done as rising health care costs, diminishing supports and increasing Medicaid enrollment call for changes to the present system. However, I believe we are speeding too quickly in the direction of mandated managed care without fully evaluating which systems would be best. We believe that the Medical Home Network offers alternatives to the managed care organizations and that before final changes are made, we should have as much information possible to make an informed decision on an issue as important as this.

I have the following concerns and welcome any information that would address these issues:

1. Administrative Costs: We are told that MCOs' average administrative costs are greater than 10%, while the fee-for-service cost was always less than 5%. In a time of diminishing resources, why do we want to allow such an increase in administrative costs, which go back to for-profit companies? I would argue that these funds need to be returned to service providers for patient care, or to reduce overall costs.
2. Care Management: I agree wholeheartedly with the initiative to increase care management in chronic disease. I would argue that care management is not being provided by the MCO's. In pediatrics, as you know, up to 43% of all children in South Carolina are on Medicaid. However this number is even larger in the pediatric subspecialty community: from 62 – 67% of children served by pediatric subspecialists are on Medicaid. My contention is that care management is being provided by pediatric subspecialist physicians. It is they who decide which therapies and other services are necessary, and they assist patients in enlisting these services. They spend time on the telephone with patients or other providers directing and managing patient care, which is not reimbursed. MCO's do not reimburse for telephone conversations with patients before, during and after management of the disease process, whether the concern be diabetes, asthma, sickle cell anemia or HIV.
3. When comparing managed care organizations versus the Medical Home Network, costs are being passed from MCO's to the health care providers which are not being taken into account in the move to managed care. An example of this is accountability with regard to timely payments. There is no penalty when MCO's do not pay in the allotted 30 days. Fee-for-service Medicaid pays within two weeks and the Medical Home Network pays in a

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Children's HOSPITAL

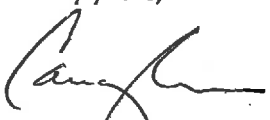
timely manner as well. Therefore staff time is not spent tracking costs, re-filing "clean" claims and appealing denials, all of which are inherent in the MCO system. In addition, the Medical Home Network shares its savings with providers which in some way compensates physicians for care management in addition to any other on-going and unreimbursed costs of care and program administration.

4. Credentialing: Fee-for-service Medicaid results in credentialing within two weeks; Medical Home Network does so in less than one month. Credentialing for MCO's can take months, leading to an access problem when patients cannot be seen because of delays in insurance reimbursements and/or claims being re-filed and tracked over a period of several months resulting in expenditures of staff time.
5. Prior Authorizations: Problems arise when medications are changed because of re-enrollment or a change in formulary, or a patient is moved from one MCO to another. Also formularies within the MCO's differ. Unlike care with a primary care provider, subspecialist providers often go for months without seeing a particular patient. Subspecialists are often called in an emergency situation when medication is needed and the patient may not be aware that his or her medication will not be allowed in the new MCO plan. In addition, we face problems with drugs that are approved for certain indications either by the American Academy of Pediatrics "Red Book," or the Infectious Disease Society of America and then have to spend time getting those drugs authorized for specific conditions. Children with sickle cell disease or bleeding disorders like hemophilia who have on-going transfusions must be re-certified periodically for drugs prescribed for this treatment. These steps are cumbersome and unnecessary, as such conditions are life-long and will likely always require medication and treatment.
6. MCO'S are being touted because of cost savings. To my knowledge there has been no risk-adjusted data provided that shows the true cost savings of MCO's. In the Medical Home Network model, cost savings are passed on to the provider and to the state. When figures are given about cost-per-member-per-month for Medical Home Network vs MCO's, are these cost savings that are given back to the state included in figures cited for the Medical Home Network? The costs of the MCO's per-provider, per month have steadily increased. This is no surprise to those of us who believe that the most severely ill children are in the Medical Home Network or are fee-for-service. Severely and/or chronically ill children require more medical services than the "well child." Therefore it follows that MCO costs will continue to rise.
7. Quality – Data has been presented about the quality comparisons of MCO's; where are similar comparisons for the Medical Home Network? Are they equivalent or inferior? Are these risk-adjusted quality comparisons?

In closing, I agree wholeheartedly that our current system needs to be changed. Maybe I have not understood the information as it has been presented before and if so I apologize. We wish to work together as a partner to help address the crisis we face in providing care to the children we both are entrusted to care for. We look forward to any information or input the agency can provide to address the concerns raised.

Thank you for your consideration of this request.

Sincerely yours,



R. Caughman Taylor, MD
Chair, Department of Pediatrics
Senior Medical Director, Palmetto Health Children's Hospital

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OFFICE OF DIRECTOR

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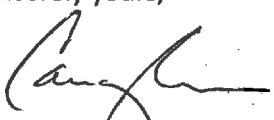

R. Caughman Taylor, MD
Chair, Department of Pediatrics
Senior Medical Director, Palmetto Health Children's Hospital

From: Felicity Myers
To: Brenda James
Date: 9/23/2010 8:25 PM
Subject: Fw: log 141
Attachments: Re: log 141

Relog again as response with emma's signature. Please direct to bev for response