MISSISSIPPI DIVISION OF
MEDICAID

Annual Report for Fiscal Year 2013

MISSISSIPPI DIVISION OF MEDICAID

A Message From the
Executive Director

I am honored to present the annual report for fiscal year 2013, which gives a basic overview of the Mississippi Division of Medicaid, as well as our activities and accomplishments throughout the past year.

One of our most significant achievements was the initiation of a new payment methodology for both inpatient and outpatient services. We transitioned from a cost-based system, to reimbursing providers for the complexity of services that are performed. The new payment methodology was designed to be budget neutral, and will restrain the ever escalating cost of these essential services while maintaining adequate margins for these critical health care providers. In addition, managed care services were expanded to include a greater percentage of our beneficiaries, which not only improves healthcare outcomes but also provides predictability in health services costs.

The division also made a renewed priority to strengthen both internal and external relationships, taking small steps to improve communication and transparency.

This re-branding effort was marked by a visual change with the roll-out of our new logo. The re-designed logo marks a transformation of leadership, progression as an agency, and gives us a modern identity illustrating what we do. The blue elements form the shape of Mississippi, creating two transparent hands reaching across the state. The bottom hand is slightly smaller, signifying children, our largest beneficiary population and is being assisted up. Further emulating compassion for our citizens, the image is reinforced by the subtle emphasis on aid in the agency name.

To increase our sense of connectedness and get a better feel for each area within the division, I personally visited all 30 regional offices around the state and met with every bureau at the central office

in Jackson. Additionally, a leadership development program was initiated for our upper level managers, providing more training to sustain strong leaders within the agency.

We made improvements to our Employee Awards Program and honor exemplary employees nominated by their peers on a monthly, quarterly and annual basis. Our employees are also very active in giving back to the community, evident by winning the award for most charitable state agency in the United Way Campaign for two years in a row.

On behalf of the beneficiaries enrolled in our Medicaid and CHIP programs, and the division, we thank you for continuing to support us as we provide quality health care coverage services to vulnerable Mississippians.

Sincerely,

**David J. Dzielak, Ph.D.**
Executive Director

Locations

1 Central Office   •   **7** Regions

30 Regional Offices

- Brandon
- Brookhaven
- Canton
- Clarksdale
- Cleveland
- Columbia
- Columbus
- Corinth
- Greenville
- Greenwood
- Grenada
- Gulfport
- Hattiesburg
- Holly Springs
- Jackson
- Kosciusko
- Laurel
- McComb
- Meridian
- Natchez
- New Albany
- Newton
- Pascagoula
- Philadelphia
- Picayune
- Senatobia
- Starkville
- Tupelo
- Vicksburg
- Yazoo City
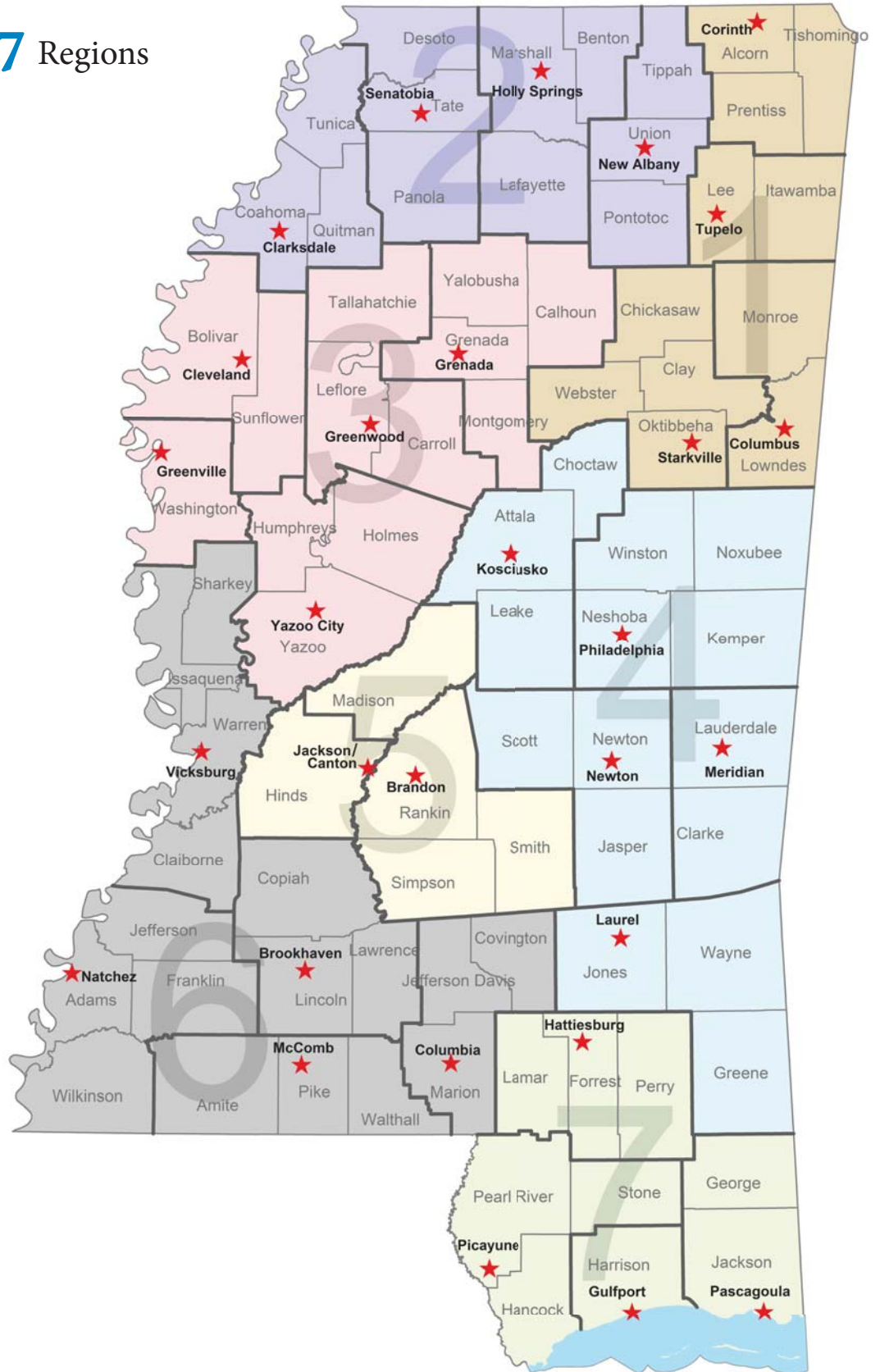
Agency Overview

The Mississippi Division of Medicaid (DOM) has over 900 employees located throughout one central office, seven regions, 30 regional offices and 95 outstations throughout the state. We are passionate about working together to provide quality health care coverage for the vulnerable, eligible populations in Mississippi.

What is Medicaid?

Medicaid is jointly funded by the federal and state governments, providing coverage for individuals of any age whose income and resources are insufficient to pay for health care. These services are available for individuals who meet certain eligibility criteria and guidelines. Medicaid is only paid to providers of health care; providers are doctors, hospitals, pharmacists and other medical professionals who accept Medicaid.

Medicaid and Medicare, What's the Difference?

Medicaid is an assistance program run by both the Federal and State governments. It serves low-income people of every age. Patients usually pay no part of costs for covered medical expenses.

Medicare is an insurance program run by the Federal government. It serves people over 65 primarily, whatever their income; and serves younger disabled people and dialysis patients. Patients pay part of costs through deductibles for hospitals and other costs.

Children's Health Insurance Program (CHIP)

CHIP provides insurance coverage for uninsured children up to age 19 whose family income does not exceed 200% of the Federal Poverty Level. A child must be determined to be Medicaid ineligible, to be eligible for CHIP. Children with health insurance coverage at the time of application are not eligible for CHIP.

MISSISSIPPI DIVISION OF

MEDICAID

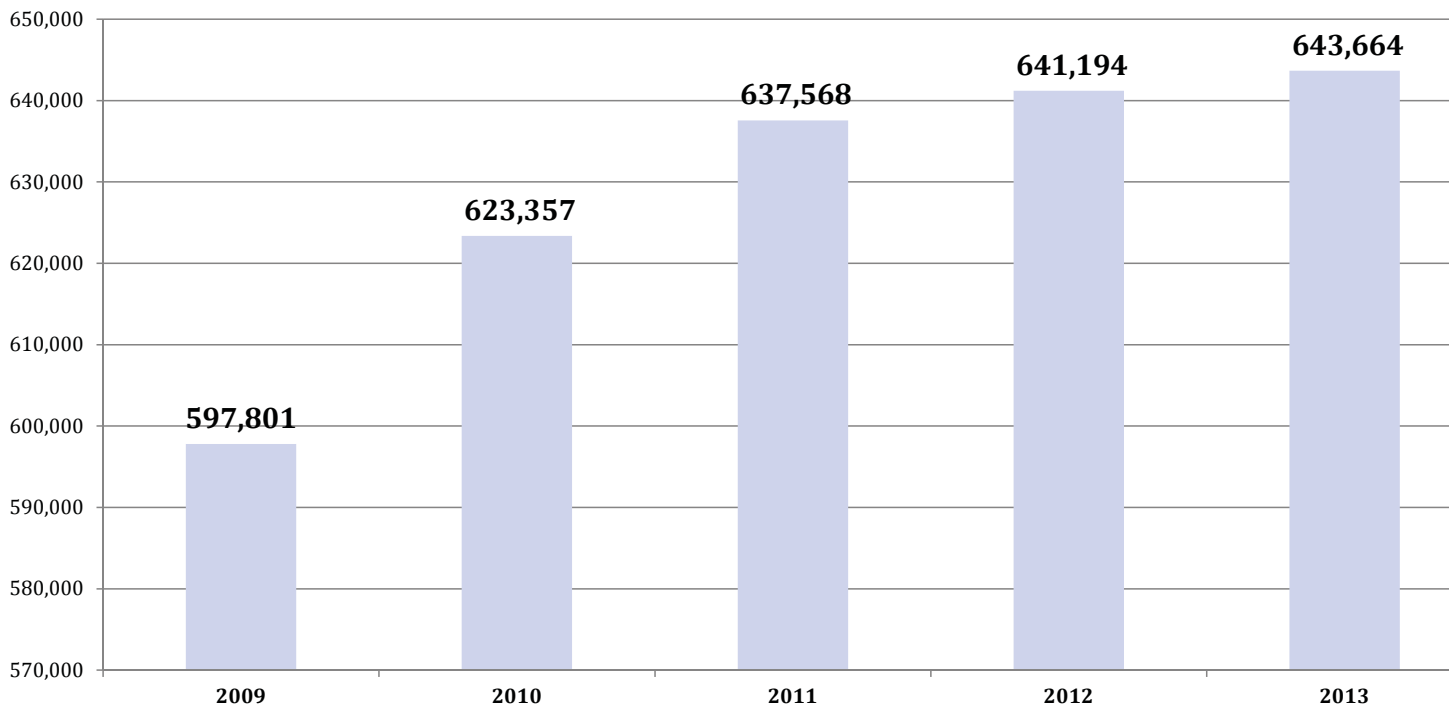# 1965

Medicaid was created as part of the Social Security Amendments of 1965 (PL-89-97).
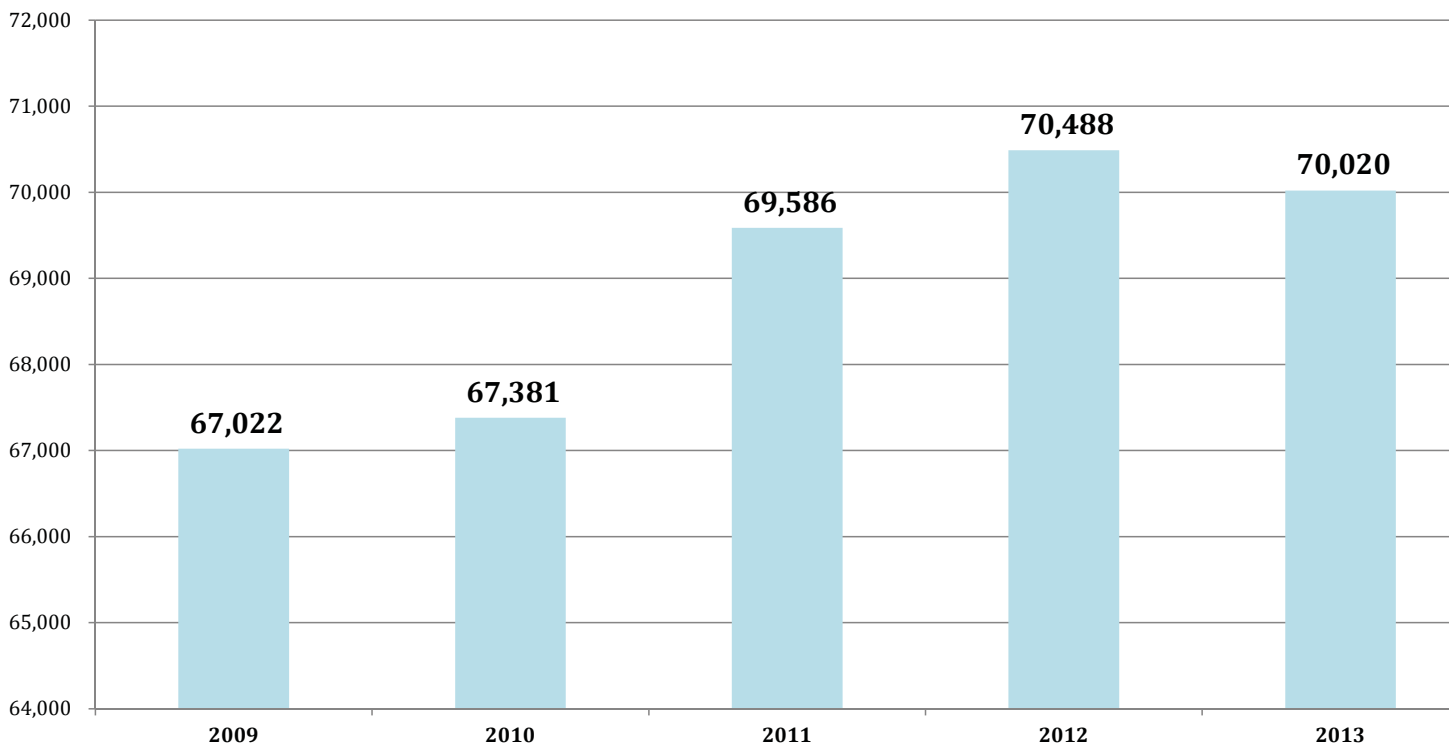
1969

Medicaid was enacted by the Mississippi State Legislature.

Medicaid Beneficiaries (Annual Averages)

The figures above reflect Medicaid enrollment annual averages calculated by calendar year; they do not include CHIP. There are 644,504 Medicaid beneficiaries currently in the program as of August 31, 2013.

CHIP Beneficiaries (Annual Averages)

The figures above reflect Children's Health Insurance Program (CHIP) enrollment annual averages calculated by calendar year. There are 69,807 CHIP beneficiaries currently in the program as of August 31, 2013.

Medicaid Applications

Total Number of Applications — Jul12: 71,587; Aug12: 76,715; Sep12: 75,628; Oct12: 73,623; Nov12: 65,086; Dec12: 67,755; Jan13: 74,029; Feb13: 73,319; Mar13: 79,457; Apr13: 77,744; May13: 83,017; Jun13: 84,088

Applications Approved — Jul12: 48,205; Aug12: 52,648; Sep12: 52,269; Oct12: 50,127; Nov12: 45,626; Dec12: 45,172; Jan13: 50,024; Feb13: 50,073; Mar13: 54,824; Apr13: 54,221; May13: 58,258; Jun13: 57,284

Applications Denied — Jul12: 23,382; Aug12: 24,067; Sep12: 23,359; Oct12: 23,496; Nov12: 19,460; Dec12: 22,583; Jan13: 24,005; Feb13: 23,246; Mar13: 24,633; Apr13: 23,523; May13: 24,759; Jun13: 26,804
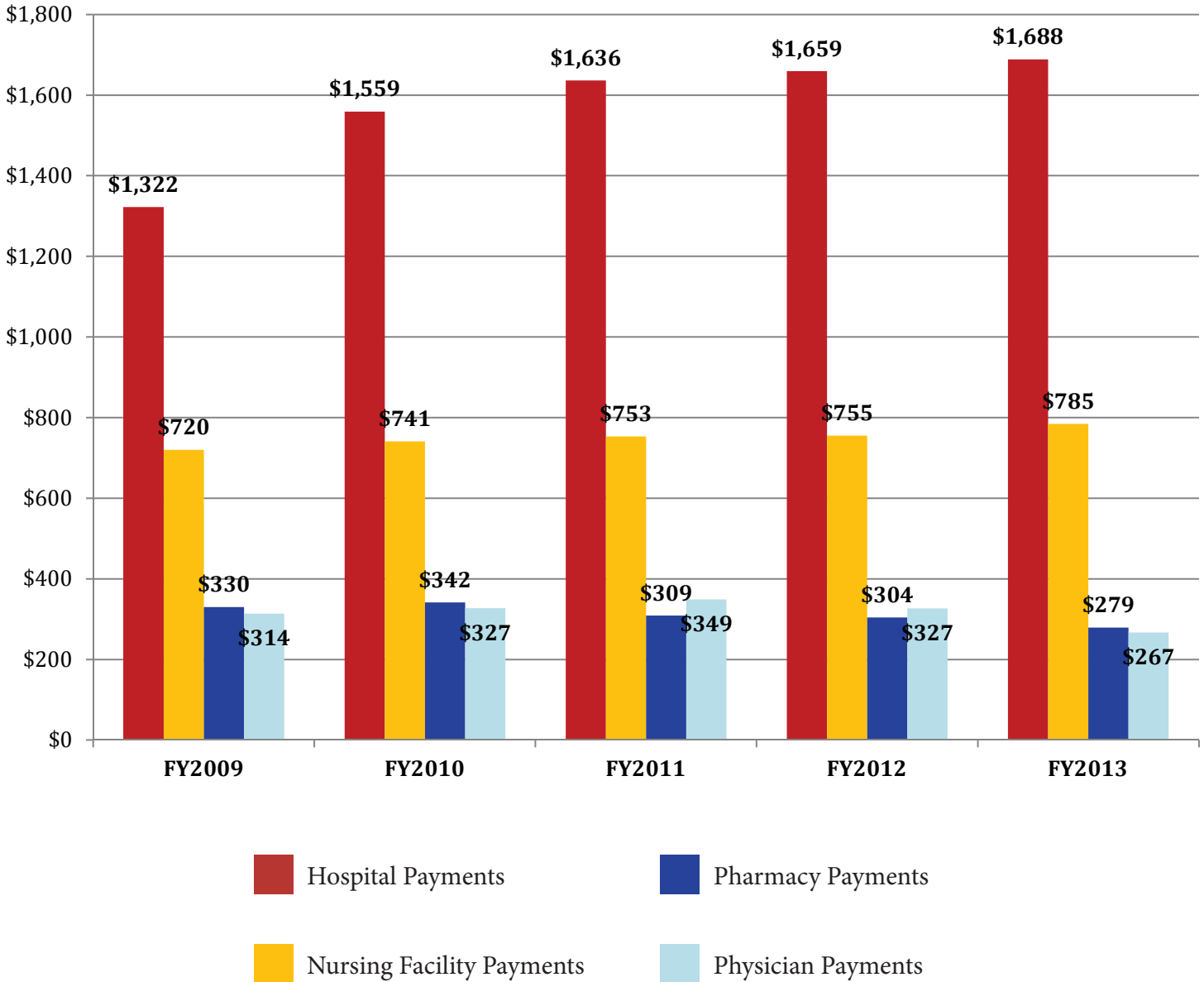
Total Number of Applications
902,048

Applications Approved
618,731

Applications Denied
283,317

Major Medical Provider Payments
(in millions)

Bar chart showing Major Medical Provider Payments by fiscal year:

	FY2009	FY2010	FY2011	FY2012	FY2013
Hospital Payments	$1,322	$1,559	$1,636	$1,659	$1,688
Nursing Facility Payments	$720	$741	$753	$755	$785
Pharmacy Payments	$330	$342	$309	$304	$279
Physician Payments	$314	$327	$349	$327	$267

Legend:
- Hospital Payments
- Nursing Facility Payments
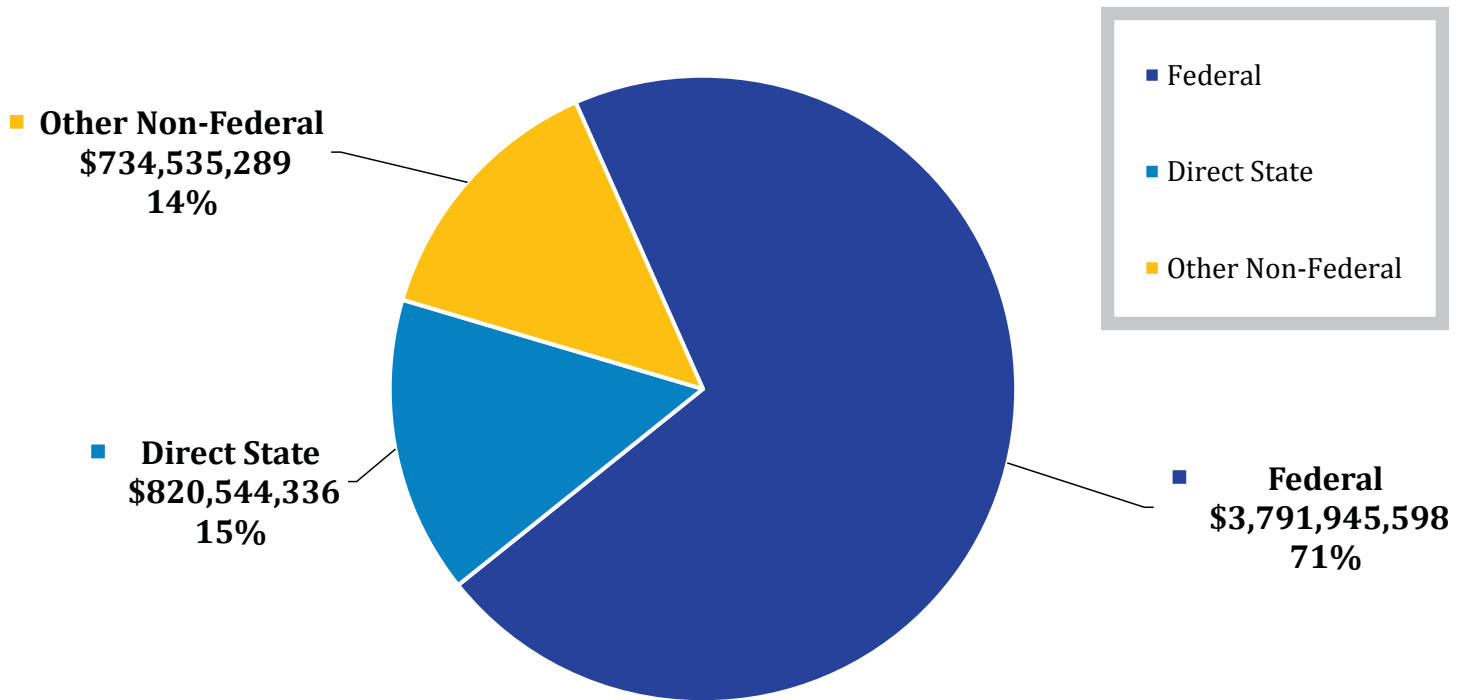- Pharmacy Payments
- Physician Payments

Note: *FY2013 nursing facility payments include Upper Payment Limit (UPL) payments totaling approximately $63 million. Nursing facility UPL payments made in FY2012 were approximately $18 million. FY2009 hospital payments were understated due to approximately $80 million in hospital adjustments related to FY2004-FY2007 processed during FY2009. Total hospital payments would have been $1.4 billion. Payment amounts include Medicare crossover payments.*

Medicaid Funding by Sources

Total: $5,347,025,223 | Federal: $3,791,945,598 | Direct State: $820,544,336*

*(*This differs from appropriation due to lapse of kidney dialysis transport funds.)*

■ **Other Non-Federal**
$734,535,289
14%

■ **Direct State**
$820,544,336
15%

■ **Federal**
$3,791,945,598
71%

■ Federal

■ Direct State

■ Other Non-Federal

Administrative Expenditures

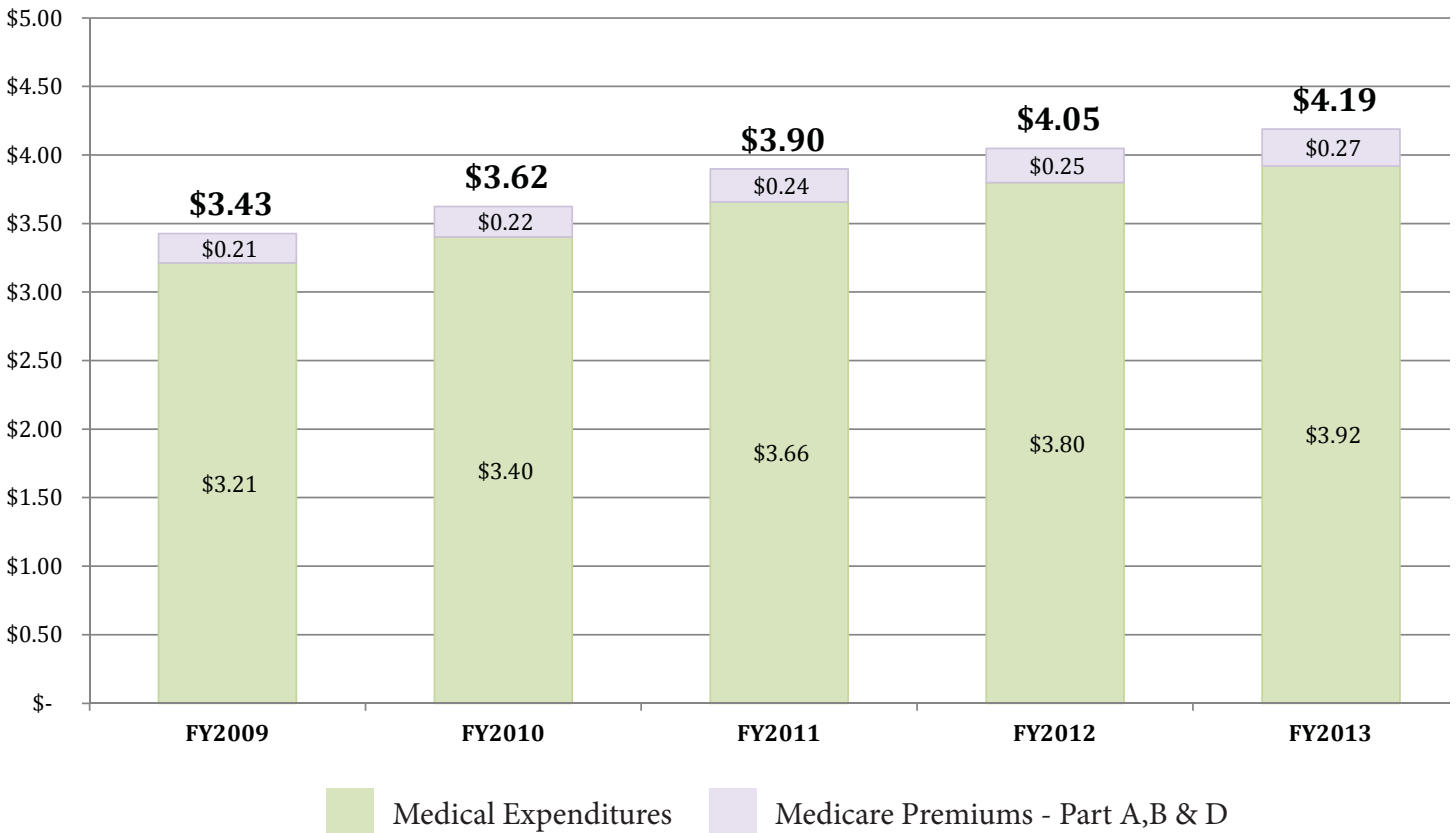Administrative expenditures for FY2013 totaled $127, 094,549; the agency had 1,031 filled and vacant positions.

This figure represents agency salaries, fringe, travel, commodities, and equipment. It also includes contractual services which accounts for approximately 60% of total administrative expenditures. The majority of these contracts are related to the administration and monitoring of the agency's medical service claims payments. Specific planning and implementation administrative expenditures are paid with 90% federal funds. Administrative expenditures related to claims processing, survey and certification activities of long term care facilities, peer reviews, skilled professional medical personnel, and Medicaid Management Information Systems (MMIS) personnel are paid with 75% federal funds. The remainder of DOM administrative expenditures are paid with 50% federal funds.

Medical Service Cost Comparison

(in billions)

	FY2009	FY2010	FY2011	FY2012	FY2013
Total	**$3.43**	**$3.62**	**$3.90**	**$4.05**	**$4.19**
Medicare Premiums - Part A,B & D	$0.21	$0.22	$0.24	$0.25	$0.27
Medical Expenditures	$3.21	$3.40	$3.66	$3.80	$3.92

Legend: Medical Expenditures · Medicare Premiums - Part A,B & D

Note: *Medical Expenditures exclude Disproportionate Share Hospital (DSH) and Upper Payment Limit (UPL) Payments. Medicare Expenditures include Part A Premiums, Part B Premiums and Part D Clawback.*

Medical Assistance and Care

The total amount paid for medical assistance and care under this article is $5,219,930,674; this includes:

$771,344,944

Disproportionate-Share Hospital (DSH) and Upper Payment Limit (UPL) funds

$50,532,153

Health Information Technology (HIT) incentive grants from the Centers for Medicare and Medicaid Services (CMS)

$204,551,494

Children's Health Insurance Program (CHIP)

$2,000,000

Transfers to other state agencies

Bureau of Program Integrity

The Bureau of Program Integrity (PI) has four divisions.

1 Investigation Review Division

The Investigation Review Division investigates and audits any type of provider who receives Medicaid payments, to determine whether that provider has committed fraud or abuse. If there is evidence that a provider has committed fraud against Medicaid, then the case is referred to the Medicaid Fraud Control Unit (MFCU) in the Attorney General's Office for possible criminal or civil action. If a provider has likely abused the Medicaid system, the Investigation Review Division will prepare and present a formal audit. The provider then has an opportunity to appeal an adverse audit and request an administrative hearing before a Hearing Officer, who will thereafter make a written recommendation to the Executive Director for a final decision. Should the provider disagree with the Executive Director's decision, then the provider may file an appeal with the courts.

Examples of fraudulent activity are where a durable medical equipment provider charges Medicaid for a wheelchair for a beneficiary who does not need a wheelchair, or where it was medically necessary for the recipient to receive the wheelchair, but the provider charged Medicaid $5,000 for a $1,000 wheelchair.

2 Medicaid Eligibility Quality Control Division

The Medicaid Eligibility Quality Control Division determines the accuracy of the decisions made by the Division of Medicaid and the Department of Human Services. MEQC verifies that persons receiving Medicaid benefits are actually eligible and ensures that no one is refused benefits for which they are entitled.

3 Data Analysis Division

Data Analysis Division unit is responsible for creating algorithms that uncover areas of fraud and abuse in the Medicaid system. The algorithms are created through research using multiple means such as Medicare Fraud Alerts, newspaper articles, websites, and other sources. This division also develops analysis reports for use in Investigation Review Division's and Medical Review Division's provider and beneficiary review cases. The Data Analysis Division works closely with multiple contracted agencies providing a range of different services, such as creating reports, reviewing claims, and providing research for provider reviews. The Medicaid Auditor within the Data Analysis Division records and collects data for internal and external program integrity analysis reports, and documents the recovery and recoupment of funds from Program Integrity cases.

4 Medical Review Division

The Medical Review Division unit utilizes Registered Nurses to review claims of both providers and beneficiaries to determine the medical necessity and appropriateness of services rendered to ensure quality to meet professionally recognized standards of health care.

Examples of provider fraud would be falsifying certificates of medical necessity, plans of treatment, and medical records to justify payment; soliciting or receiving kickbacks; and inappropriate billing such as up-coding or un-bundling. One of the most newsworthy fraud scenarios in beneficiary fraud is doctor/pharmacy "shopping" in order to obtain medications for either personal abuse or selling. Another example of beneficiary fraud is when the beneficiary "lends" his or her Medicaid Identification card to someone to obtain services.

(Program Integrity Cont.)

The Bureau of Program Integrity also terminates the Medicaid provider numbers of providers that have been found guilty of a felony, sanctioned by the Office of Inspector General, debarred by other States, and providers that have been sanctioned by Medicare.

The following are activities completed by Program Integrity during FY2013:

119 = number of cases investigated

24 = number of cases that resulted in corrective action

9 = number of cases referred to MFCU

3 = number of hearings

440 = number of complaints opened

Third Party Recovery

The bureau of Third Party Recovery works to recover funds by reason of collections from third persons by reason of assignment or subrogation, and the disposition of the same; they recovered...

$20,993,165

Leadership

Executive Director
David J. Dzielak, Ph.D.

Chief Legal Counsel
Paige Biglane

Chief Systems Information Officer
Rita Rutland

Deputy Administrator for Audit and Recovery
Chuck Quarterman

Deputy Administrator for Communications
Erin Barham

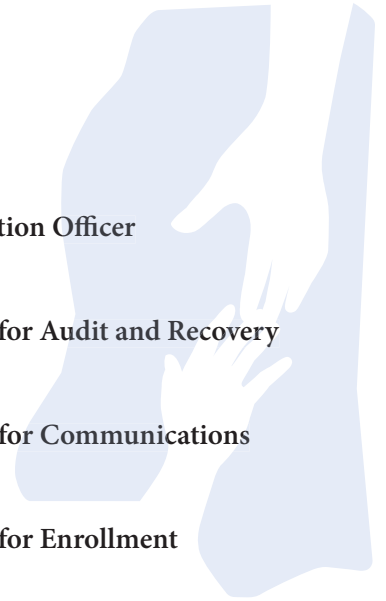**Deputy Administrator for Enrollment**
Janis Bond

Deputy Administrator for External Relations
Tara Pattie

Deputy Administrator for Finance
Margaret King

Deputy Administrator for Health Services
Will Crump

Deputy Administrator for Human Resources
Janie Simpson

Deputy Administrator for Policy and Compliance
Nicole Litton

Contact Information

Mississippi Division of Medicaid
550 High Street, Suite 1000
Walter Sillers Building
Jackson, Mississippi 39201

Phone (601) 359-6050
Toll-free (800) 421-2408
Fax (601) 359-6294

Website: http://www.medicaid.ms.gov
Email: info@medicaid.ms.gov