

## Medicaid CMO Reform Update

by Cam Grayson, Director of Third Party Payer Advocacy

The possibility for some long-awaited changes in Georgia's Medicaid CMOs may have finally materialized. It has been almost two years since the Georgia's Medicaid CMOs for children and pregnant women began in Georgia, and the state and General Assembly are finally responding to the outcries of physicians and other providers.

On January 14, 2008 the first part of the Department's CMO audit report on hospitals was released from the Indiana CPA firm of Myers and Stauffer LC, and it was not good. The report confirmed the existence of multiple and significant issues with claim adjudication and transitional related matters including, but not limited to:

- Multiple claims adjudication and pricing issues
- Emergency room services and payment and appeal issues
- Contractual payment policies
- Issues related to timeliness edits

As a result, DCH appears to be taking the problems seriously, and has appointed a new Medical Director, and Division Chief of Georgia Families Managed Care, Dr. Winston Price, and Deputy Director, Lovey Barnes, who are actively getting involved in problem resolution.

In MAG's recent meeting with the audit firm, for Part II on physician problems, we provided them a CMO Reform Advocacy Brief and flow chart outlining many of the difficulties that physicians have experienced over the past year and a half and the significant problems which continue to occur, as well as our recommendations for administrative and/or legislative solutions. MAG's Third Party Payer Advocacy office also provided the company documentation of some 17 separate areas of system or contract abuses that mirrored several of those found in the hospitals' reports.

MAG pointed out significant shortages and geographic access problems in the clinical networks – particularly for specialists in many areas of the state; costly eligibility claim denials; patient assignment problems; high numbers of prior authorizations; inadequate payments; contracting issues, etc.

MAG's problem assessment also was presented at the Joint Senate and House Hearing on CMOs in February and communicated in a letter to the Chairman of the House Committee on Insurance in January. As a result, Rep. Mickey Channell sponsored **HB 1234**, which addresses many of these complaints and survived Crossover Day for possible passage in this year's Session.

Although the hearings and negative audits are not expected to oust the CMOs at this point, it continues to delay, if not permanently stall, any shift of the rest of the Medicaid population to the CMO. The legislation also should address many of the most egregious issues. Currently, the CMOs still have multi-year contract agreements with DCH and all three are expected to renew those contracts in July.

Although Gov. Sonny Perdue recently reduced this year's proposed DCH budget (FY2009) by more than \$22 million, none of the cuts are in the Medicaid Fee-for-Service or CMO programs. Presently, physicians are slated for a 2 percent pay increase (reduced

from the Department's original 4 percent increase), with a possible legislative provision that requires the CMOs pass it on to the physician.

In the next two years, be prepared for another possible Medicaid disruption. DCH has requested proposals for a new administrative claims processing company to replace ACS, whose contract runs out in 2010.

MAG continues to respond to claims processing problems, so please contact the Third Party Payer Advocacy Department at [tbaptiste@mag.org](mailto:tbaptiste@mag.org) or 678.303.9277 for assistance with your unsolvable claims or other payment issues.