

MAINE STATE LEGISLATURE

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**Maine Department of Health and Human Services
Bureau of Medical Services**



Annual Report to the State Legislature



SFY 2004



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Annual Report–SFY 2004

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Overview of MaineCare

MaineCare is a health insurance program funded jointly by the federal government (the Centers for Medicare and Medicaid Services [CMS]) and the states.

MaineCare is administered by the State in compliance with federal laws and regulations. Through Title XIX and XXI of the Social Security Act, MaineCare has been provided for Maine children and adults who are elderly, disabled or of low income. Each state's program varies in eligibility, services covered, limitations on services and reimbursement levels.

MaineCare services are funded by a combination of state and federal revenues. The federal government pays a portion of every dollar spent on MaineCare covered services. The following table shows the percentages provided by the federal government and Maine State government over the past twelve years. In FY 2004 the federal government provided a one-time increase in the percentage of federal funding to states as a way of partially addressing states' budgetary shortfalls. The federal match rate is based on a formula that compares growth in a state's per capita income relative to growth in national per capita income.



MaineCare Financial Participation Rates

Year	MaineCare		SCHIP*	
	Federal	State	Federal	State
1994	61.96%	38.04%		
1995	63.30%	36.70%		
1996	63.32%	36.68%		
1997	63.72%	36.28%		
1998	66.04%	33.96%		
1999	66.40%	33.60%	76.48%	23.54%
2000	66.22%	33.78%	76.36%	23.64%
2001	66.12%	33.88%	76.28%	23.72%
2002	66.58%	33.42%	76.61%	23.39%
2003	67.88%	32.12%	76.35%	23.65%
2004	63.38%	31.62%	76.21%	23.79%
2005	64.89%	35.11%	75.42%	24.58%

**State Children's Health Insurance Program*

Enrollment

Enrollment in MaineCare has been increasing since 1998 after experiencing a small decline in the total number of members in 1996 and 1997. This increased enrollment is a result of the efforts of the State Legislature and the DHHS to cover new categories of members in order to reduce the number of people in Maine without health insurance. Individuals may apply for MaineCare either by mail or at a DHHS regional office. The Department has several application forms, including a one-page application for families with children and pregnant women and a single TANF/MaineCare application. The one-page application has been translated into 11 foreign languages.

(without HMP/DEL/Maine Rx)

Year	SFY 95	SFY 96	SFY 97	SFY 98	SFY 99	SFY 00	SFY 01	SFY 02	SFY 03	SFY 04
Undup Eligibles	188,045	185,043	182,081	188,686	195,908	204,058	220,110	232,630	281,363	308,453
% Change		-1.60%	-1.60%	3.63%	3.83%	4.16%	7.87%	5.69%	20.95%	9.63%

Enrollment Trends By Eligibility Group MaineCare Caseload

	Traditional Base MaineCare	CHIPS* ME	CC	ME Parents	CAW	Total
Jul-03	203,713	7,944	4,701	14,300	15,538	246,196
Aug-03	203,882	8,221	4,709	14,396	15,853	247,061
Sep-03	205,792	8,056	4,808	14,195	16,248	249,099
Oct-03	208,057	7,940	4,890	12,064	16,854	249,805
Nov-03	207,184	8,011	4,853	12,900	17,176	250,124
Dec-03	205,445	8,281	4,804	13,639	17,458	249,627
Jan-04	208,294	8,225	4,693	13,542	18,344	253,098
Feb-04	209,148	8,369	4,712	14,110	19,086	255,425
Mar-04	209,186	8,916	4,577	15,428	19,859	257,966
Apr-04	209,623	9,169	4,491	15,952	20,262	259,497
May-04	210,025	9,408	4,449	16,393	20,552	260,827
Jun-04	210,385	9,483	4,484	16,681	20,901	261,934

*Children's Health Insurance Program (CHIP); Mainecare Expansion Parents (ME Parents); Childless Adult Waiver (CAW)

Covered Services, the Cost of Care and the Providers of Service

Covered Services

The Social Security Act specifies a set of mandatory benefits that state Medicaid programs must cover, and a set of optional benefits that states may choose to cover. As long as services are provided according to federal regulations, federal financial participation (FFP) is available for reimbursement.

A very important exception is made in federal statute. Any federally defined Medicaid service determined by the state to be medically necessary must be provided to eligible children. This is true even if the state does not otherwise cover the service.

Maine has chosen to provide a broad range of mandatory and optional health and health-related services to MaineCare members.

Acute Care

- Inpatient and outpatient hospital services
- Laboratory and x-ray services
- Physician and nurse practitioner services and other advanced practice nursing services (also those provided in rural health clinics and federally qualified health centers)
- Dental services
- Chiropractic services
- Ambulance services
- Podiatry services
- Occupational therapy
- Physical therapy
- Speech, hearing and language disorder services

Long Term Care

- Institutional: Nursing facility and assisted living
- Community based: Private duty nursing, personal care, hospice, adult day health

Pharmacy

Behavioral Health

- Institutional: Inpatient psychiatric services, intermediate care facilities for people with mental retardation
- Community based: Licensed social worker protective services, psychological services, day habilitation, day treatment, home and community based waiver services for people with mental retardation, community support, substance abuse treatment services

Preventive

- Early intervention (birth through age 5)
- Smoking cessation
- Asthma and diabetes education
- Family planning services and supplies
- School based rehabilitation

Targeted Case Management

Transportation (non emergency)

Medical supplies and durable medical equipment, eyeglasses and orthotic and prosthetic devices

Medicare Part B premium payments (for MaineCare members who also are eligible for Medicare)

Focus On: Dental Services

The Bureau of Medical Services continued efforts to increase access to dental services for MaineCare members. Working closely with the Dental Advisory Committee, the Bureau of Health Oral Health Program, and many others in the dental community, the Bureau has:

- Worked with the Dental Access Coalition to develop a brochure stressing the importance of keeping dental appointments. The brochure is distributed monthly in the 3-20 year old reminder mailings (about 8,500 per month).
- Informed dentists that MaineCare Member Services staff is available to assist members who miss appointments.
- Developed specific criteria for the most requested prior authorized services.
- Sponsored an exhibit at the Annual Maine Dental Association meeting in an effort to enroll new dentists in MaineCare.
- Enrolled the University of New England as a MaineCare provider so that Boston University interns can provide dental services at their clinic.
- Worked with the Dental Advisory Committee and the Bureau's dental consultant to revise the prior authorization criteria for approving orthognathic surgery.
- Co-sponsored, with the Bureau of Health, a survey of dentists and oral surgeons.

Respondents recommendations included:

- Improve oral hygiene education of MaineCare members.
- Introduce a small co-payment to promote recognition of the value of the services. They suggest that the missed appointment rate of approximately 50% would be reduced if members were responsible for a portion of the cost.
- Improve MaineCare business services, and including timely payments of claims, use of standardized prior authorization forms.
- Expand MaineCare services for adult preventive care.
- Increase reimbursement fees to more than the current rate of approximately 50% of the usual and customary fees.
- Require all licensed dentists to maintain a certain portion of MaineCare members in their practices.
- Develop a student training program with regional dental schools to encourage recruitment of dentists to the State.
- Support and expand the use of dental clinics in schools, mobile clinics, or dental hygienist clinics to improve preventive services and oral health education.

Focus On: Pharmacy Benefits

Costs to the MaineCare Program for prescription drugs have continued to increase. In an effort to reduce costs in this area, the Bureau made the decision to implement a Preferred Drug List (PDL). A PDL is not a formulary since all drugs continue to be covered. Members continue access to non-preferred drugs through the prior authorization process; step therapy; special medical conditions; or by grandfathering in certain drug classes. The Bureau chose the implementation of a PDL because it maintains clinical efficacy in the drug benefit,

allows an increase in the number of members served, and will improve cost efficiency and overall healthcare cost management. The establishment of the PDL was accomplished through product evaluation, data evaluation, solicitation of supplemental rebates, presentations by man-



manufacturers to the Drug Utilization Review (DUR) Committee, public comment, review of public and provider comments, DUR recommendations to the State, and by State final review and approval of the PDL. The PDL became effective July 1, 2003 and was fully implemented in October of 2003.

MaineCare Outpatient Prescription Drug Spending

	SFY 99	SFY 00	Chg	SFY 01	Chg	SFY 02	Chg	SFY 03	Chg	SFY 04	Chg
Total Expenditures	\$136,007,031	\$169,025,957	24.3%	\$188,519,742	11.5%	\$213,476,720	13.2%	\$251,156,689	17.7%	\$278,542,341	10.9%
Drug Rebates	-\$27,957,863	-\$35,978,026	28.7%	-\$34,584,426	-3.9%	-\$45,982,732	33.0%	-\$60,969,823	32.6%	-\$75,317,217	23.5%
Drug Rebate Percentage	20.6%	21.3%		18.3%		21.5%		24.3%		27.0%	
Net Expenditures	\$108,049,168	\$133,047,931	23.1%	\$153,935,316	15.7%	\$167,492,988	8.8%	\$190,186,866	13.5%	\$203,225,124	6.9%
Members Receiving Drugs	152,433	155,714	2.2%	156,388	0.4%	172,446	10.3%	200,372	16.2%	219,528	6.9%
Total Expenditures Per Member	\$892.25	\$1,085.49	27.1%	\$1,205.46	11.1%	\$1,237.93	2.7%	\$1,253.45	1.3%	\$1,268.82	1.2%
Net Expenditures Per Member	\$708.83	\$854.44	20.5%	\$984.32	15.2%	\$971.28	-1.3%	\$949.17	-2.3%	\$925.74	-2.5%
Number of Prescriptions	3,114,155	3,381,970	8.6%	3,518,199	4.0%	4,108,687	16.8%	4,718,248	14.8%	5,307,883	12.5%
Prescriptions per Member	20.4	21.7	6.3%	22.5	3.6%	23.8	5.9%	23.5	-1.2%	24.2	2.7%
Expenditures per Prescription	\$43.67	\$49.98	14.4%	\$53.58	7.2%	\$51.96	-3.0%	\$53.23	2.5%	\$52.48	-1.4%

Italicized numbers were estimated.

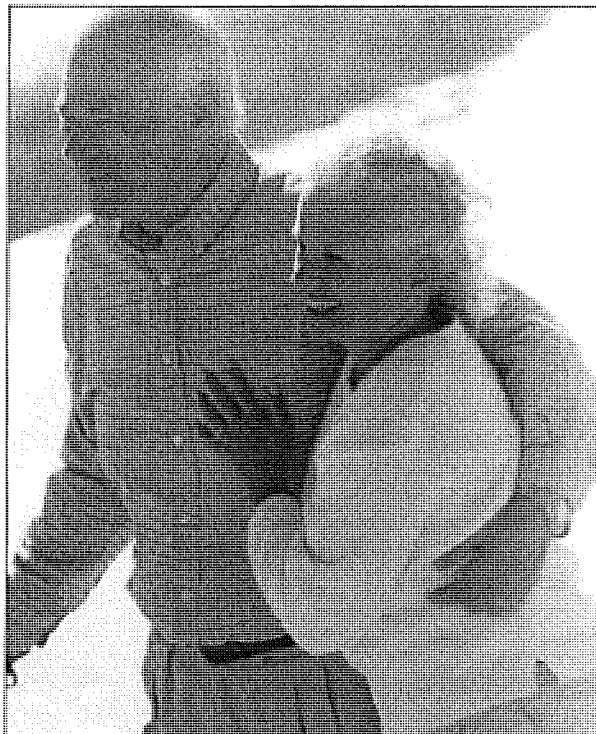
Medicare Modernization Act (MMA)

The Medicare Modernization Act of 2003 enacted the most significant changes to Medicare since the program was adopted in 1965. The cornerstone provision of the law, Part D, added a prescription drug benefit to Medicare, which will assist many beneficiaries who now lack coverage for prescription drugs. At the same time, the new Medicare prescription drug coverage will have important fiscal and administrative implications for the MaineCare Program, the state-funded Drugs for the Elderly (DEL) benefit, and the State Employee Health Program which provides drug coverage to state retirees.

Impact of the MMA on MaineCare

Effective January 2006 Medicare will assume responsibility for prescription drug coverage for 42,000 elderly and disabled MaineCare members who also are eligible for Medicare (dual eligibles).

States still will supply a significant share of the funding through a "maintenance of effort" amount, called a "clawback" or "phase down" payment. The clawback will more than offset the savings states would have realized as a result of Medicare assuming the responsibility for the drug benefit. The clawback is based on actual state Medicaid spending for prescription drugs for dual Medicare-Medicaid enrollees in calendar year 2003. The clawback formula applies a national cost index to the base and advantages states whose Medicaid drug costs grow faster, and disadvantages states like Maine, where Medicaid drug spending is growing more slowly than the national average. Maine implemented pharmacy cost controls in 2002 and the Preferred Drug List in October of 2003. This will be a disadvantage for the purpose of calculating the "clawback" since these changes occurred after the date CMS will use for a baseline. Ultimately Maine



could pay more than it would have had the Medicare benefit not been enacted. The State will also lose the ability to manage the prescription drug benefit for the dual eligible population. Maine will face other new costs associated with the Medicare drug benefit, such as the administrative expense of determining which Medicare beneficiaries are eligible for low-income subsidies; and the “woodwork” effect as some applicants for the low-income subsidy discover they are eligible for full MaineCare benefits, or Medicare buy-in programs from the State. Maine will lose purchasing power for its remaining pharmacy benefits, since the dual eligibles account for such a significant portion of Medicaid prescription drug spending.

Members who are eligible for the Medicare prescription drug benefit in January 2006 will notice changes immediately. Co-payments will be both higher and mandatory, and drug formularies will be more restrictive. In addition, these beneficiaries will for the first time need to choose and enroll in a prescription drug plan.

Impact of the MMA on Drugs for the Elderly (DEL)

Costs for the state funded DEL benefit will go down beginning in January 2006 as two-thirds of DEL members will be eligible for the new Medicare benefit. For SFY 05 the Department has estimated \$2.6 million in savings by enrolling 5800 DEL who are eligible for Medicare's \$600 in transitional pharmacy assistance benefit.

Mail Order Prescription Option

The Department plans to implement a voluntary pharmacy mail order choice for MaineCare, Drugs for the Elderly and Maine Rx Plus members. MaineCare has the same goal in implementing mail order as commercial health insurers: to contain costs, maintain high quality and member satisfaction. The Bureau will encourage mail order for members with chronic conditions whose prescriptions do not change frequently. The mail order option has been offered first to DEL members and been well received. Next the Bureau will do a mailing to approximately 28,000 MaineCare members who are taking five or more medications for three or more months. The goal is to provide 1,000,000 prescriptions through the mail order option.

The Cost of Care

The tables on the following pages provide a breakdown of expenditures by category of MaineCare coverage. The tables also show the spending per member by each of these same categories and the total number of members who received service in each of the categories.

TABLE A-1. MAINECARE EXPENDITURES BY CATEGORY OF SERVICE

CATEGORY OF SERVICE	EXPENDITURES SFY 2002	% Change	EXPENDITURE SFY 2003	% Change	EXPENDITURES SFY 2004	% Change
HOSPITAL SPENDING						
01 GENERAL INPATIENT	\$105,560,923	-6.7%	\$110,219,367	4.4%	\$155,643,779	41.2%
02 PSYCH FACILITY SVC	\$37,673,703	-4.2%	\$41,559,482	10.3%	\$39,150,088	-5.8%
04 GENERAL OUTPATIENT	\$55,387,530	9.7%	\$61,765,539	11.5%	\$102,693,301	66.3%
SUBTOTAL HOSPITAL	\$198,622,156	-2.1%	\$213,544,388	7.5%	\$297,487,168	39.3%
PHYSICIAN & RELATED PRACTITIONERS						
06 PHYSICIAN	\$48,777,933	13.7%	\$54,160,505	11.0%	\$54,874,860	1.3%
18 AMBULATORY SURG CENT	\$392,516	45.6%	\$567,740	44.6%	\$721,606	27.1%
30 AMBUL. CARE CLINIC	\$1,417,517	20.5%	\$1,486,441	4.9%	\$1,789,370	20.4%
43 CERT. RURAL HLT. CL.	\$6,141,174	24.6%	\$8,377,352	36.4%	\$7,801,305	-6.9%
08 PHP AGENCY	\$0	0.0%	\$0	0.0%	\$0	0.0%
53 NURSE/MIDWIFE	\$65,130	21.2%	\$138,547	112.7%	\$132,728	-4.2%
60 NURSE PRACTITIONER	\$167,253	29.2%	\$248,687	48.7%	\$243,860	-1.9%
63 FED. QUAL. HLTH CTR	\$9,247,611	21.4%	\$12,521,329	35.4%	\$14,285,698	14.1%
09 DENTAL	\$11,845,508	12.0%	\$15,068,400	27.2%	\$18,226,097	21.0%
07 PODIATRIC	\$574,176	16.1%	\$683,512	19.0%	\$659,594	-3.5%
32 CHIROPRACTIC	\$690,464	56.1%	\$818,360	18.5%	\$978,056	19.5%
31 PHYSICAL THERAPY	\$1,308,468	22.1%	\$1,643,465	25.6%	\$1,876,864	14.2%
33 OCCUPATIONAL THERAPY	\$937,794	10.1%	\$1,271,927	35.6%	\$1,518,655	19.4%
37 OPTOMETRIC SERVICES	\$1,572,312	5.0%	\$1,852,450	17.8%	\$1,914,198	3.3%
42 OPTICAL SERVICES	\$249,746	17.8%	\$340,730	36.4%	\$524,255	53.9%
27 SPEECH AND HEARING	\$1,617,197	-2.9%	\$1,754,061	8.5%	\$1,715,483	-2.2%
46 AUDIOLOGY SERVICES	\$61,360	16.6%	\$84,905	38.4%	\$84,997	0.1%
47 SPEECH PATH. SERV.	\$1,616,901	-9.1%	\$1,821,784	12.7%	\$1,865,078	2.4%
13 SOCIAL WORKER SERV*	\$324,850	-23.1%	\$283,337	-12.8%	\$205,790	-27.4%
SUBTOTAL PHYSICIAN AND RELATED	\$87,007,910	14.3%	\$103,123,532	18.5%	\$109,418,494	6.1%
PRESCRIPTION DRUGS & RELATED						
10 PRESCRIBED DRUGS	\$208,210,122	11.6%	\$235,338,166	13.0%	\$255,973,411	8.8%
10.2 HMP WAIVER (MEDICAID)	\$5,856,322	2267.5%	\$3,215,763	-45.1%	\$0	-100.0%
XX DRUG REBATES	-\$45,983,732	33.0%	-\$60,969,823	32.6%	-\$75,317,217	23.5%
14 LAB & X-RAY-INDEP.	\$4,315,458	5.6%	\$4,862,786	12.7%	\$5,447,746	12.0%
16 SUPPLIES AND DME	\$9,869,143	4.5%	\$10,114,142	2.5%	\$10,496,423	3.8%
17 PROSTHETIC, ORTHOTIC	\$1,350,817	11.3%	\$1,613,448	19.4%	\$1,581,522	-2.0%
45 HEARING AID DEALERS	\$49,590	-10.0%	\$57,764	16.5%	\$57,168	-1.0%
SUBTOTAL PRESC. DRUGS & RELATED	\$183,667,720	9.9%	\$194,232,246	5.8%	\$198,239,053	2.1%
LONG-TERM CARE & RELATED						
03 NURSING FACILITY	\$201,554,544	-0.6%	\$234,059,981	16.1%	\$253,562,601	8.3%
39 PRIVATE NONMD. INST. (Medicaid)	\$161,532,930	9.5%	\$178,312,607	10.4%	\$219,645,715	23.2%
56 WAIVERED BOARD HM	\$0	n/a	\$0	n/a	\$0	n/a
61 REHABILITATIVE SVCS	\$14,718,121	13.0%	\$16,820,285	14.3%	\$17,126,775	1.8%
11 HOME HEALTH SERVICES	\$6,957,632	1.1%	\$5,567,061	-20.0%	\$5,894,201	5.9%
55 ATTENDANT SERVICES	\$4,588,030	21.9%	\$4,126,086	-10.1%	\$5,009,205	21.4%
58 PRIVATE DUTY NURS	\$4,826,335	12.7%	\$4,303,701	-10.8%	\$5,289,721	22.9%
59 PERSONAL CARE SER	\$6,115,251	21.3%	\$23,165,136	278.8%	\$39,906,741	72.3%
21 HOSPICE	\$63,946	n/a	\$460,444	n/a	\$597,397	29.7%
23 SWING BED	\$20,933	5.7%	\$104,974	401.5%	\$197,211	87.9%
36 DAY HEALTH	\$798,207	1.4%	\$805,499	0.9%	\$967,921	20.2%
22 PHY. DISABLED WAIVER	\$9,258,733	27.5%	\$8,420,925	-9.0%	\$9,590,718	13.9%
57 BME WAIVER	\$18,203,038	-4.7%	\$18,815,205	3.4%	\$19,475,137	3.5%
41 MEDICARE Crossover-A	\$3,530,101	-6.2%	\$2,976,211	-15.7%	\$3,679,100	23.6%
50 MEDICARE Crossover-B	\$17,567,103	9.8%	\$20,726,780	18.0%	\$22,890,887	10.4%
SUBTOTAL LONG-TERM CARE & RELATED	\$449,734,904	4.5%	\$516,664,895	15.3%	\$603,833,330	16.4%
BEHAVIORAL HEALTH SERVICES						
12 COMMUNITY SUPPORT SERVICES	\$42,179,370	0.4%	\$45,266,319	7.3%	\$48,099,031	6.3%
26 BMR WAIVER	\$149,419,940	18.2%	\$176,311,799	18.0%	\$195,500,806	10.9%
28 MENTAL HEALTH	\$67,774,307	17.2%	\$81,779,710	20.7%	\$99,969,020	22.2%
35 DAY HABILITATION	\$20,018,728	19.8%	\$25,568,152	27.7%	\$27,703,079	8.3%
38 PSYCHOLOGICAL SVCS	\$2,996,425	6.4%	\$3,131,431	4.5%	\$3,149,423	0.6%
40 ICF/MR (BOARDING)	\$33,855,185	3.5%	\$35,044,639	3.5%	\$33,329,975	-4.9%
48 SUBSTANCE ABUSE	\$6,014,867	41.9%	\$6,801,967	13.1%	\$6,276,455	-7.7%
62 HOME BASED M-H	\$2,565,670	9.1%	\$3,907,798	52.3%	\$5,054,150	29.3%
66 DEVOP/BEHAV CLIN SV	\$881,398	46.8%	\$964,669	9.4%	\$972,189	0.8%
XX AMHV/ BMHI DSH	\$41,367,995	7.4%	\$51,182,746	23.7%	\$48,451,244	-5.3%
SUBTOTAL BEHAVIORAL HEALTH SERVICES	\$367,073,885	13.2%	\$429,959,230	17.1%	\$468,505,372	9.0%
OTHER MAINECARE SERVICE CATEGORIES						
15 TRANSPORTATION	\$16,430,488	13.5%	\$18,415,027	12.1%	\$19,343,712	5.0%
29 AMBULANCE	\$2,472,456	17.2%	\$2,985,670	20.8%	\$3,513,637	17.7%
24 CASE MANAGEMENT	\$73,775,346	11.4%	\$84,631,990	14.7%	\$92,567,505	9.4%
25 FAMILY PLAN-CLINIC	\$813,915	9.9%	\$836,296	2.7%	\$1,052,671	25.9%
44 VD SCREENING	\$6,850	-13.5%	\$7,280	6.3%	\$7,780	6.9%
65 EARLY INTERVENTION	\$7,633,112	8.5%	\$9,556,188	25.2%	\$12,562,595	31.5%
67 NON-TRADITIONAL PHPSCHOOL REHAB	\$23,252,238	1.6%	\$40,651,169	74.8%	\$27,894,774	-31.4%
52 HMD WAIVER	\$0	n/a	\$0	n/a	\$0	n/a
SUBTOTAL OTHER MEDICAID SERVICES	\$124,384,405	9.4%	\$157,083,620	26.3%	\$156,942,674	-0.1%
OTHER MAINECARE						
MEDICARE "PART B BUY-IN" PREMIUMS	\$21,089,349	23.3%	\$18,983,506	-10.0%	\$24,458,463	28.8%
THIRD PARTY (TPL) RECOVERIES	-\$13,022,823	5.2%	-\$12,807,678	-1.7%	-\$14,396,712	12.4%
"CHIPS" MEDICAID EXPANSIONS	\$21,335,404	20.2%	\$25,663,037	20.3%	\$30,307,459	18.1%
MBCHP TREATMENT PROGRAM	\$354,637	n/a	\$800,440	n/a	\$1,738,483	117.2%
CHILDLESS ADULT WAIVER	\$0	0.0%	\$37,018,595	n/a	\$109,300,149	195.3%
HIV WAIVER	\$0	0.0%	\$927,599	n/a	\$1,941,767	109.3%
TOTAL MEDICAID	\$1,440,247,547	7.7%	\$1,687,193,410	17.1%	\$1,987,775,700	17.8%
MAINECARE-RELATED STATE-ONLY PAYMENTS						
HMP/DEL PAYMENTS	\$19,603,484	1653.6%	\$21,516,166	9.8%	\$22,878,893	6.3%
"old" DEL REBATES	-\$2,087,166	n/a	\$0	-100.0%	-\$4,396,914	n/a
STATE BOARDING HOME PAYMENTS	\$27,544,541	5.9%	\$34,991,218	27.0%	\$4,594,717	-86.9%
FIN. DISTRESSED HOSPITAL PAYMENTS	\$0	n/a	\$0	n/a	\$0	n/a
05 SOCIAL SERVICES	\$1,344,306	8.7%	\$1,191,250	-11.4%	\$1,079,170	-9.4%
54 CHILD HEALTH	\$53,160	75.2%	\$62,370	17.3%	\$20,150	-67.7%
OTHER CHILD HEALTH PROGRAMS	\$3,925,900	-9.0%	\$4,196,892	6.9%	\$4,698,454	12.0%
MEDICAL EYE CARE PROGRAM	\$318,536	-24.3%	\$402,627	26.4%	\$1,263	-117.7%
TUBERCULOSIS GRANTS	\$180,117	-42.0%	\$195,100	8.3%	\$191,604	-1.8%
OTHER STATE ONLY PAYMENTS	\$157,847	7.7%	\$5,770,214	3555.6%	\$329,178	-94.3%
ADULT IMMUNIZATIONS	\$1,426,547	n/a	\$874,262	n/a	\$390,122	-55.4%
SUBTOTAL STATE-ONLY PAYMENTS	\$52,467,272	49.1%	\$69,200,099	31.9%	\$29,714,111	-57.1%
TOTAL MEDICAID & RELATED EXPENDITURES	\$1,492,714,819	8.8%	\$1,756,393,509	17.7%	\$2,017,489,811	14.9%

TABLE A-2. MAINECARE MEMBERS BY CATEGORY OF SERVICE

CATEGORY OF SERVICE	MEMBERS SFY 2002	% Change	MEMBERS SFY 2003	% Change	MEMBERS SFY 2004	% Change
HOSPITAL SPENDING						
01 GENERAL INPATIENT	19,880	3.7%	20,716	4.2%	22,071	6.5%
02 PSYCH FACILITY SVC	3,605	27.6%	4,710	30.7%	5,087	8.0%
04 GENERAL OUTPATIENT	108,926	13.9%	122,207	12.2%	135,433	10.8%
PHYSICIAN & RELATED PRACTITIONERS						
06 PHYSICIAN	123,460	10.8%	139,727	13.2%	143,833	2.9%
18 AMBULATORY SURG CENT	614	52.4%	904	47.2%	1,100	21.7%
30 AMBUL. CARE CLINIC	1,567	7.4%	1,920	22.5%	1,881	-2.0%
43 CERT. RURAL HLT. CL.	21,083	17.0%	23,148	9.8%	24,114	4.2%
08 PHP AGENCY	0	0.0%	0	n/a	0	n/a
53 NURSE/MIDWIFE	110	15.8%	203	84.5%	224	10.3%
60 NURSE PRACTITIONER	671	44.0%	965	43.8%	1,085	12.4%
63 FED. QUAL. HLTH CTR	19,691	19.0%	23,802	20.9%	28,451	19.5%
09 DENTAL	46,479	5.4%	53,701	15.5%	59,100	10.1%
07 PODIATRIC	5,564	9.1%	5,960	7.1%	5,550	-6.9%
32 CHIROPRACTIC	3,643	17.8%	4,424	21.4%	5,081	14.9%
31 PHYSICAL THERAPY	3,235	27.4%	4,099	26.7%	4,468	9.0%
33 OCCUPATIONAL THERAPY	1,481	1.6%	1,880	26.9%	2,177	15.8%
37 OPTOMETRIC SERVICES	32,802	6.5%	38,202	16.5%	39,347	3.0%
42 OPTICAL SERVICES	12,335	13.9%	13,501	9.5%	14,279	5.8%
27 SPEECH AND HEARING	1,781	3.7%	2,116	18.8%	1,980	-6.4%
46 AUDIOLOGY SERVICES	842	12.0%	1,149	36.5%	1,172	2.0%
47 SPEECH PATH. SERV.	1,847	-15.6%	2,300	24.5%	2,338	1.7%
13 SOCIAL WORKER SERVS*	431	-16.6%	354	-17.9%	271	-23.4%
PRESCRIPTION DRUGS & RELATED						
10 PRESCRIBED DRUGS	164,348	11.0%	183,888	11.9%	194,161	5.6%
10.2 HMP WAIVER (MEDICAID)	56,768	0.0%	28,540	-49.7%	0	-100.0%
XX DRUG REBATES	n/a	n/a	n/a	n/a	n/a	n/a
14 LAB & X-RAY-INDEP.	33,242	-8.7%	38,225	15.0%	40,415	5.7%
16 SUPPLIES AND DME	20,420	15.2%	22,806	11.7%	22,119	-3.0%
17 PROSTHETIC, DRTHOTIC	1,962	11.2%	2,344	19.5%	2,689	14.7%
45 HEARING AID DEALERS	208	23.1%	219	5.3%	228	4.1%
LONG-TERM CARE & RELATED						
03 NURSING FACILITY	8,175	-1.2%	8,037	-1.7%	8,016	-0.3%
39 PRIVATE NONMD. INST. (Medicaid)	8,655	1.5%	8,809	1.8%	8,834	0.3%
56 WAIVERED BOARD HM	25	0.0%	0	-100.0%	0	n/a
61 REHABILITATIVE SVCS	548	19.1%	636	16.1%	657	3.3%
11 HOME HEALTH SERVICES	3,050	-5.7%	3,140	3.0%	2,875	-8.4%
55 ATTENDANT SERVICES	361	3.7%	321	-11.1%	370	15.3%
58 PRIVATE DUTY NURS	1,310	10.3%	1,450	10.7%	1,375	-5.2%
59 PERSONAL CARE SER	1,533	10.4%	6,306	311.4%	7,491	18.8%
21 HOSPICE	9	n/a	79	777.8%	99	25.3%
23 SWING BED	7	-41.7%	19	171.4%	44	131.6%
36 DAY HEALTH	169	-2.3%	168	-0.6%	180	7.1%
22 PHY. DISABLED WAIVER	326	7.6%	341	4.6%	337	-1.2%
57 BME WAIVER	1,535	-3.4%	1,510	-1.6%	1,481	-1.9%
41 MEDICARE CROSSOVER-A	29,202	3.3%	28,360	-2.9%	32,076	13.1%
50 MEDICARE CROSSOVER-B	38,797	4.1%	42,262	8.9%	44,486	5.3%
BEHAVIORAL HEALTH SERVICES						
12 COMMUNITY SUPPORT SERVICES	8,420	2.7%	9,117	8.3%	9,420	3.3%
26 BMR WAIVER	2,191	8.0%	2,382	8.7%	2,489	4.5%
28 MENTAL HEALTH	25,443	9.7%	28,185	10.8%	31,138	10.5%
35 DAY HABILITATION	1,556	12.5%	1,752	12.6%	1,842	5.1%
38 PSYCHOLOGICAL SVCS	4,386	-8.5%	4,636	5.7%	4,324	-6.7%
40 ICF/MR (BOARDING)	276	-4.5%	274	-0.7%	239	-12.8%
48 SUBSTANCE ABUSE	5,406	14.4%	5,678	5.0%	5,420	-4.5%
62 HOME BASED M-H	676	-0.1%	865	28.0%	1,041	20.3%
66 DEVLOP/BEHAV CLIN SV	588	33.6%	643	9.4%	658	2.3%
XX AMHI/ BMHI DSH	n/a	n/a	n/a	n/a	n/a	n/a
OTHER MAINECARE SERVICE CATEGORIES						
15 TRANSPORTATION	26,735	6.6%	28,700	7.3%	28,714	0.0%
29 AMBULANCE	8,043	-33.9%	9,273	15.3%	9,890	6.7%
24 CASE MANAGEMENT	27,527	11.8%	30,775	11.8%	34,018	10.5%
25 FAMILY PLAN-CLINIC	4,554	3.4%	4,859	6.7%	5,782	19.0%
44 VD SCREENING	250	-8.8%	243	-2.8%	259	6.6%
65 EARLY INTERVENTION	1,512	4.7%	1,749	15.7%	1,871	7.0%
67 NON-TRADITIONAL PHP\SCHOOL REHAB	14,221	2.0%	15,748	10.7%	16,656	5.8%
52 HMO WAIVER	n/a	n/a	n/a	n/a	n/a	n/a
OTHER MAINECARE						
MEDICARE "PART B BUY-IN" PREMIUMS	n/a	n/a	n/a	n/a	n/a	n/a
THIRD PARTY (TPL) RECOVERIES	n/a	n/a	n/a	n/a	n/a	n/a
"CHIPS" MEDICAID EXPANSIONS	17,369	42.4%	21,932	26.3%	20,971	-4.4%
MBCHP TREATMENT PROGRAM	55	n/a	110	100.0%	165	50.0%
CHILDLESS ADULT WAIVER	n/a	n/a	13,445	n/a	25,978	93.2%
HIV WAIVER	n/a	n/a	116	n/a	160	37.9%
TOTAL MEDICAID	268,174	38.6%	271,219	1.1%	263,232	-2.9%

TABLE A-3. MAINECARE SPENDING PER MEMBER BY CATEGORY OF SERVICE

CATEGORY OF SERVICE	SPENDING/ MEMBER SFY 2002	% Change	SPENDING/ MEMBER SFY 2003	% Change	SPENDING/ MEMBER SFY 2004	% Change
HOSPITAL SPENDING						
01 GENERAL INPATIENT	\$5,310	-10.0%	\$5,320	0.2%	\$7,052	32.5%
02 PSYCH FACILITY SVC	\$10,450	-24.9%	\$8,824	-15.6%	\$7,696	-12.8%
04 GENERAL OUTPATIENT	\$508	-3.7%	\$505	-0.6%	\$758	50.0%
PHYSICIAN & RELATED PRACTITIONERS						
06 PHYSICIAN	\$395	2.7%	\$388	-1.9%	\$382	-1.6%
18 AMBULATORY SURG CENT	\$639	-4.4%	\$628	-1.8%	\$656	4.5%
30 AMBUL. CARE CLINIC	\$905	12.2%	\$774	-14.4%	\$951	22.9%
43 CERT. RURAL HLT. CL.	\$291	6.5%	\$362	24.2%	\$324	-10.6%
08 PHP AGENCY	\$0	n/a	\$0	n/a	\$0	n/a
53 NURSE/MIDWIFE	\$592	4.7%	\$682	15.3%	\$593	-13.2%
60 NURSE PRACTITIONER	\$249	-10.3%	\$258	3.4%	\$225	-12.8%
63 FED. QUAL. HLTH CTR	\$470	2.0%	\$526	12.0%	\$502	-4.6%
09 DENTAL	\$255	6.2%	\$281	10.1%	\$308	9.9%
07 PODIATRIC	\$103	6.4%	\$115	11.1%	\$119	3.6%
32 CHIROPRACTIC	\$190	32.5%	\$185	-2.4%	\$192	4.1%
31 PHYSICAL THERAPY	\$404	-4.1%	\$401	-0.9%	\$420	4.8%
33 OCCUPATIONAL THERAPY	\$633	8.3%	\$677	6.8%	\$698	3.1%
37 OPTOMETRIC SERVICES	\$48	-1.4%	\$48	1.2%	\$49	0.3%
42 OPTICAL SERVICES	\$20	3.4%	\$25	24.6%	\$37	45.5%
27 SPEECH AND HEARING	\$908	-6.4%	\$829	-8.7%	\$866	4.5%
46 AUDIOLOGY SERVICES	\$73	4.2%	\$74	1.4%	\$73	-1.9%
47 SPEECH PATH. SERV.	\$875	7.7%	\$792	-9.5%	\$798	0.7%
13 SOCIAL WORKER SERVS*	\$754	-7.8%	\$800	6.2%	\$759	-5.1%
PRESCRIPTION DRUGS & RELATED						
10 PRESCRIBED DRUGS	\$1,267	0.5%	\$1,280	1.0%	\$1,318	3.0%
10.2 HMP WAIVER (MEDICAID)	\$0	n/a	\$113	n/a	n/a	n/a
XX DRUG REBATES	n/a	n/a	n/a	n/a	n/a	n/a
14 LAB & X-RAY-INDEP.	\$130	15.7%	\$127	-2.0%	\$135	6.0%
16 SUPPLIES AND DME	\$483	-9.3%	\$443	-8.2%	\$475	7.0%
17 PROSTHETIC, ORTHOTIC	\$688	0.1%	\$688	0.0%	\$588	-14.6%
45 HEARING AID DEALERS	\$238	-26.9%	\$264	10.6%	\$251	-4.9%
LONG-TERM CARE & RELATED						
03 NURSING FACILITY	\$24,655	0.7%	\$29,123	18.1%	\$31,632	8.6%
39 PRIVATE NONMD. INST. (Medicaid)	\$18,664	7.9%	\$20,242	8.5%	\$24,864	22.8%
56 WAIVERED BOARD HM	\$0	-100.0%	\$0	n/a	n/a	n/a
61 REHABILITATIVE SVCS	\$26,858	-5.2%	\$26,447	-1.5%	\$26,068	-1.4%
11 HOME HEALTH SERVICES	\$2,281	7.2%	\$1,773	-22.3%	\$2,050	15.6%
55 ATTENDANT SERVICES	\$12,709	17.5%	\$12,854	1.1%	\$13,538	5.3%
58 PRIVATE DUTY NURS	\$3,684	2.2%	\$2,968	-19.4%	\$3,847	29.6%
59 PERSONAL CARE SER	\$3,989	9.8%	\$3,674	-7.9%	\$5,327	45.0%
21 HOSPICE	\$7,105	n/a	\$5,828	-18.0%	\$6,034	3.5%
23 SWING BED	\$2,990	81.2%	\$5,525	84.8%	\$4,482	-18.9%
36 DAY HEALTH	\$4,723	3.8%	\$4,795	1.5%	\$5,377	12.2%
22 PHY. DISABLED WAIVER	\$28,401	18.5%	\$24,695	-13.0%	\$28,459	15.2%
57 BME WAIVER	\$11,859	-1.3%	\$12,460	5.1%	\$13,150	5.5%
41 MEDICARE CROSSOVER-A	\$121	-9.2%	\$105	-13.2%	\$115	9.3%
50 MEDICARE CROSSOVER-B	\$453	5.4%	\$490	8.3%	\$515	4.9%
BEHAVIORAL HEALTH SERVICES						
12 COMMUNITY SUPPORT SERVICES	\$5,009	-2.3%	\$4,965	-0.9%	\$5,106	2.8%
26 BMR WAIVER	\$68,197	9.4%	\$74,018	8.5%	\$78,546	6.1%
28 MENTAL HEALTH	\$2,664	6.9%	\$2,902	8.9%	\$3,211	10.6%
35 DAY HABILITATION	\$12,866	6.5%	\$14,594	13.4%	\$15,040	3.1%
38 PSYCHOLOGICAL SVCS	\$683	16.2%	\$675	-1.1%	\$728	7.8%
40 ICF/MR (BOARDING)	\$122,664	8.4%	\$127,900	4.3%	\$139,456	9.0%
48 SUBSTANCE ABUSE	\$1,113	24.0%	\$1,198	7.7%	\$1,158	-3.3%
62 HOME BASED M-H	\$3,795	9.3%	\$4,518	19.0%	\$4,855	7.5%
66 DEVLOP/BEHAV CLIN SV	\$1,499	9.9%	\$1,500	0.1%	\$1,477	-1.5%
XX AMHI/ BMHI DSH	n/a	n/a	n/a	n/a	n/a	n/a
OTHER MAINECARE SERVICE CATEGORIES						
15 TRANSPORTATION	\$615	6.5%	\$642	4.4%	\$674	5.0%
29 AMBULANCE	\$307	77.2%	\$322	4.7%	\$355	10.3%
24 CASE MANAGEMENT	\$2,680	-0.4%	\$2,750	2.6%	\$2,721	-1.1%
25 FAMILY PLAN-CLINIC	\$179	6.3%	\$172	-3.7%	\$182	5.8%
44 VD SCREENING	\$27	-5.2%	\$30	9.3%	\$30	0.3%
65 EARLY INTERVENTION	\$5,048	3.6%	\$5,464	8.2%	\$6,714	22.9%
67 NON-TRADITIONAL PHP\SCHOOL REHAB	\$1,635	-0.4%	\$2,581	57.9%	\$1,675	-35.1%
52 HMO WAIVER	n/a	n/a	n/a	n/a	n/a	n/a
OTHER MAINECARE						
MEDICARE "PART B BUY-IN" PREMIUMS	n/a	n/a	n/a	n/a	n/a	n/a
THIRD PARTY (TPL) RECOVERIES	n/a	n/a	n/a	n/a	n/a	n/a
"CHIPS" MEDICAID EXPANSIONS	\$1,228	-15.6%	\$1,170	-4.7%	\$1,445	23.5%
MBCHP TREATMENT PROGRAM	\$6,448	n/a	\$7,277	12.9%	\$10,536	44.8%
CHILDLESS ADULT WAIVER	n/a	n/a	\$2,753	n/a	\$4,207	52.8%
HIV WAIVER	n/a	n/a	\$7,997	n/a	\$12,136	51.8%
TOTAL MEDICAID	\$5,371	-22.3%	\$6,221	15.8%	\$7,551	21.4%

Provider Participation

MaineCare enjoys a high participation rate among most of the health care providers in the State. All acute care hospitals in Maine participate in MaineCare. Of these, ten hospitals have elected to participate as a Critical Access Hospital. Virtually all Maine pharmacies provide services to MaineCare members, as do almost all nursing facilities.

The Bureau of Medical Services continues to recruit primary care physicians (PCPs) to provide services under the managed care benefit and participation by PCPs continues to be high. In addition, in order to increase access to services for MaineCare members, the Bureau has broadened the scope of providers who can be reimbursed for providing health care services. This includes enrolling advanced practice registered nurses and dental hygienists.

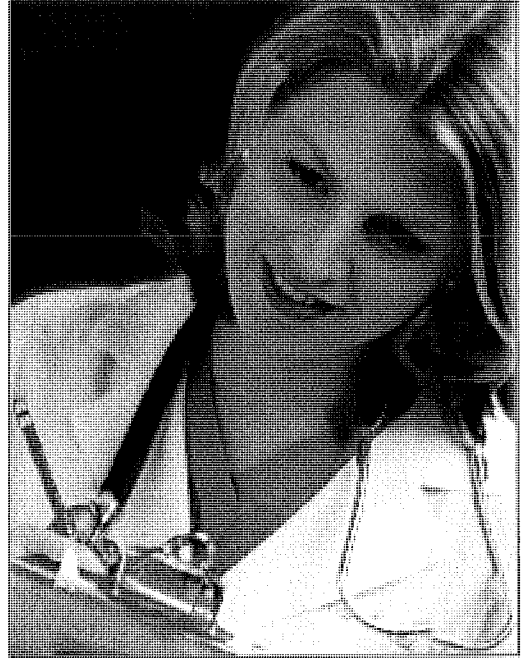
The Department employs a number of strategies to support enrolled providers: the MaineCare Provider Inquiry Unit and the Provider Relations Unit assist with policy interpretation and with billing problems.

Additional staff and a new phone system with expanded technical capabilities are part of our continuing efforts to provide better service to providers.

Providers may call the automated Voice Response system to verify eligibility, third party coverage and status of claims. Point of Service eligibility verification is an added option for providers who choose to buy this service from the vendor who contracts with the Department. When the Department's new claims processing system is in place, providers will be able to verify eligibility via the web.

Providers may request assistance from Department staff in educating members about the importance of keeping appointments and following provider instructions.

A variety of provider education sessions are hosted over the course of the year, including individual provider office meetings and group sessions to explain new policies and policy changes.



Quality

The Bureau manages several quality initiatives in support of its mission to improve the health of MaineCare members.

Member Services

Member Services helps members navigate an often-complex health care system.

A toll free number is the front line for MaineCare members who need assistance with all aspects of MaineCare, including understanding covered services, benefits and managed care enrollment. Staff furnishes information about using covered services, offer education on preventive health care, and recommend preventive services. Targeted mailings and educational materials are sent to parents and guardians of MaineCare eligible children to remind them of benefits available, and when well child visits should be scheduled.

"Medical Home" and Primary Care Case Management

An important element of health care quality is having a relationship with a primary care physician, or "medical home" where a member can receive appropriate preventive care and on-going management of chronic conditions.

MaineCare primary care case management, a managed care model is available to all MaineCare members who receive TANF, families with children, SCHIP members and childless adults. More than 160,000 MaineCare members have a "medical home" providing or managing most of their care. A recent study of members enrolled in this care model found that



98% of members 12-24 months; 91% of 25 months-6 year olds; and 93% of 7-11 year olds saw their primary care provider (PCP) during the reporting period. Coupled with monthly reminders to parents who have children due for healthy exams, MaineCare has significantly improved access to primary care for children.

Managed care primary care providers are required to provide coverage 24 hours per day, 7 days per week for managed care members. To assure that providers are available to members as required, MaineCare monitors providers on a random basis at least once per year. Monitoring will occur more often if a member complains about lack of access.

MaineCare pays participating physicians a nominal fee per member per month and also keeps them informed of the services rendered to MaineCare members with utilization reports that include measuring quality, cost, and access to services. An incentive payment is offered for providers who meet certain standards related to lead screening for one and two year olds, admission rates for avoidable hospitalizations for asthma, pneumonia, severe ENT infections, pap smear and mammogram rates, ER utilization, retinal exams, lipid testing and HgA1C measurements for diabetic members. Information is provided on an individual and peer-comparison basis. Measures for the incentive payment vary based on specialty. This information is provided each quarter along with a newsletter highlighting clinical information.

Diabetes

Diabetes affects 7.2% of MaineCare members and accounts for 15% of the total MaineCare costs. To improve quality of care for this population, the Bureau has:

- Created a registry of MaineCare members who have diabetes;
- Informed providers of their patients who have not obtained the recommended screening services;
- Partnered with providers to educate members about screening services they need for optimal self-management of the disease; and has
- A nurse available to answer questions about the disease and inform members of available resources.

Emergency Room Use

MaineCare also works with members who use the emergency room for non-emergent care:

- Policy around appropriate use of the ER is a main topic in the call to all new enrollees of the managed care benefit.
- The MaineCare managed care member handbook provides detailed guidance on appropriate use of the ER.
- Mailings and telephone calls to members who use the ER for non-emergent reasons.
- Primary care providers are encouraged to use Member Services staff to help educate patients on various topics, including emergency room use.
- Primary care providers receive an incentive payment for being available to their patients nights and weekends, thus reducing member reliance on the ER.

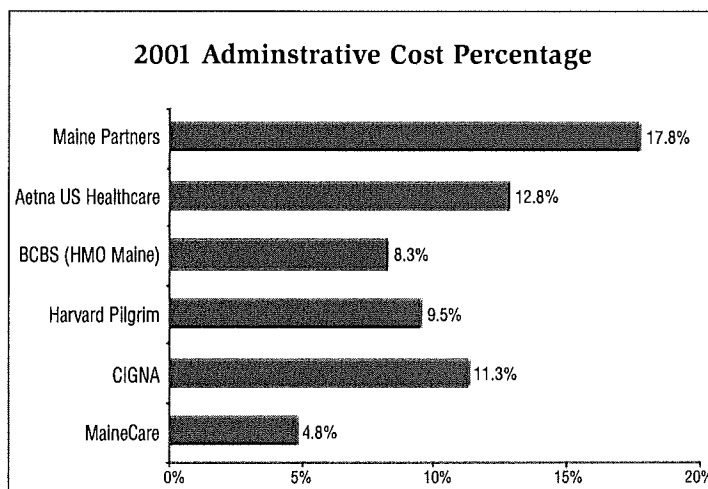
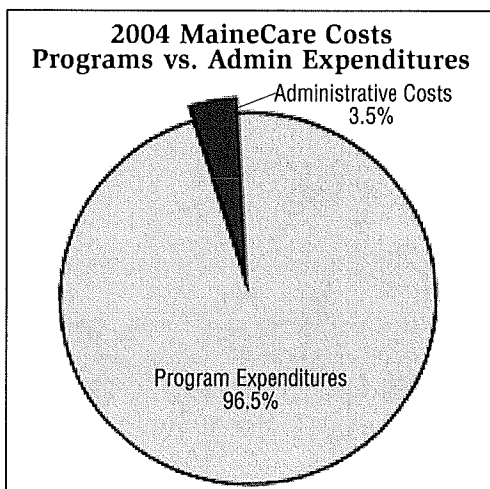
Operations and Organization

What We Do

Over 200 employees comprise the operations staff at the Bureau of Medical Services. The Bureau's Division of Licensing and Certification employs an additional 62 staff. A sample of activities in SFY 2004 is as follows:

- Inquiry Unit, the first point of contact for most members and providers, responded to over 130,000 phone, e-mail, mail and fax inquiries.
- Provider Relations Unit conducted 308 provider visits and 163 group trainings.
- Policy Unit developed and promulgated over 60 sets of rules for the MaineCare Benefits Manual, including over 15 emergency rules.
- Financial Services processed a total of 6,490,664 non-pharmacy claims. Of this number, 2,545,843 were paper claims; 3,944,821 were electronic claims and 1,002,172 represented claims for MaineCare reimbursement after Medicare payment. The Department's contractor for pharmacy claims processed 6,363,181 pharmacy claims.
- Third Party Liability Unit recovered \$17.7 million from other insurance companies that should have paid a bill that MaineCare initially paid.
- Approximately \$58 million in expenditures were avoided due to denied claims where other insurance should pay before MaineCare or where claims noted a third party payment. SFY 2004 was the first full year that prescription drug costs were cost avoided.
- Department received over \$72 million in drug rebates. After returning the federal share, over \$22 million remained with the State.
- Program Integrity Unit (formerly the Surveillance and Utilization Review Unit) is responsible for monitoring provider and member compliance with MaineCare policies and regulations. In SFY 2004, the Unit identified over \$8.3 million of overpayments due to fraud, abuse, and waste. In addition, the Unit took action related to 35 providers or their employees by terminating their privileges to participate in the MaineCare Program.
- The Case Mix/Classification Review Unit continues to offer monthly training to nursing and residential care facilities on the completion of the Minimum Data Set (MDS) and the MDS-Residential Care Assessment. Both assessments are used to classify residents into group based on acuity. In 2003-2004, 15 MDS sessions were held with attendance at 234. For residential care, 19 sessions were held and attendance was 289.
- The MaineCare Authorization Unit processed a total of 20,217 requests for authorization of services. Of this number: 5904 were for dental services; 7718 were for medical equipment; 66 were children's EPSDT-Optional Services; 918 were for eyeglasses; 187 were for hearing aids; 1052 were for in-state medical services; 2 were for in-state psychiatric services; 2132 were for out-of-state medical services; 3 were out-of-state psychiatric services; and 2235 were for transportation to covered services.
- The CNA registry lists 39,867 certified nursing assistants.
- The Division of Licensing and Certification reviewed over 30 new providers.
- Staff in the Division of Licensing and Certification responded to 1,015 complaints (111 for hospitals, 45 for home health agencies, 67 regarding assisted living facilities in NFs; 25 for ICFs/MR, 598 regarding NFs, 169 for residential care facilities).

In addition to the \$1,998,160,325 in expenditures for health care services, \$72,446,766 was expended to administer the MaineCare Program. This represents 3.5% of total MaineCare spending.



Using the most recent administrative percentages available (2001) from the Bureau of Insurance, the above table on the right compares the 2001 MaineCare administrative costs with insurance carriers in Maine.

Bureau Organization

The Bureau of Medical Services has five functional divisions:

Division of Policy and Provider Services

The Division of Policy and Provider Services is responsible for research and developing rules for coverage and access to a comprehensive array of health and social services for MaineCare members and other individuals of low income. It provides general MaineCare information and research assistance to all callers to the Bureau of Medical Services. It is also responsible for enrolling providers and for providing information, education and assistance to providers and members relative to MaineCare and other State health care coverage policy. Because MaineCare finances such a wide array of services offered by private providers and other state agencies, staff in the Division of Policy and Provider Services work closely with many groups and organizations representing provider and consumer interests.

Division of Health Care Management

The Division of Health Care Management ensures services and benefits meet established standards of medical necessity and are beneficial to the member. This Division is responsible for Maine's Case Mix system and for the determination of medical eligibility of certain MaineCare members. This Division administers the MaineCare managed care benefit and the Department's pharmacy benefits, as well as the State-funded Medical Eye Care benefit. The Division handles prior authorization for certain medical services and items of durable equipment, as well as services provided out of state. The Division's Program Integrity unit (formerly Surveillance and Utilization Review Unit) is also responsible for monitoring provider and member compliance with MaineCare policies and regulations.

Division of Research and Resource Development

The Division coordinates the Bureau's research and training initiatives and assists with special projects including RFP development and contract administration. It researches, performs analysis and develops reports based on information extracted from the Bureau's data warehouse in order to assist in evaluating the effectiveness of the Bureau's programs and services. The Division is responsible for training BMS and other staff in how to retrieve data from the

Bureau's data warehouse. The division also manages building security, helps administer the Maine Medicaid Decision Support System (MMDSS) and Maine Claims Management System (MECMS) training and testing, and provides application security. Finally, staff serves as the Bureau's HIPAA privacy officer liaison.

Division of Financial Services

The Division of Financial Services has primary responsibility for managing the financial functions of the Bureau, setting reimbursement rates and is responsible for preparing and managing the MaineCare budget. This Division is responsible for enforcing State and Federal third party liability rules designed to ensure MaineCare is the payer of last resort, estate recovery and it is responsible for managing the drug rebates. The Division ensures that claims are processed accurately and timely which includes: microfilming and scanning claims, resolving suspended claims and adjusting paid claims. This Division also administers Maine's Certificate of Need Act.

Division of Licensing and Certification

The Division of Licensing and Certification is responsible for enforcing State licensure standards and Federal Medicare/Medicaid certification requirements for over 1,700 health care providers and suppliers. It reviews primarily facilities that provide clinical services. The Division is one of the only State Survey Agencies that is part of the State Medicaid Agency, ensuring continuous coordination and sharing of information. It registers and investigates complaints in regard to facilities and agencies it licenses/certifies. The Division also operates the Maine Registry of Certified Nursing Assistants and certifies laboratories under the Comprehensive Laboratory Improvement Amendments of 1988 (CLIA).

The MaineCare Advisory Committee (MAC)

Federal and State regulations require the establishment of a Medicaid Advisory Committee to advise the agency about health and medical services. In Maine, this requirement is met through the MaineCare Advisory Committee. The MAC meets on the first Tuesday of the month at the DHS offices in Augusta. During SFY 2004, the MAC was comprised of the following individuals, from consumer and provider organizations:

Mary McPherson, Chairperson, Maine Equal Justice Project
Lisa Webber, Consumers for Affordable Health Care
Barbara Ginley, Women's Lobby
Helen Bailey, Maine Advocacy Services
Carol Carothers, NAMI Maine
Russell Anderson, Maine Association of Interdependent Neighborhoods
Winifred York, AARP
Ellie Goldberg, Maine Children's Alliance
Tonya Labbe, Parent Advocate
Catherine Valcourt, Long-term Care Ombudsman Program

Neena Quiron, Maine Council of Senior Citizens-ARA
Paul Lavin, Legal Services for the Elderly
Jack Comart, PineTree Legal Services, Inc.
Lezlie Willette, Tribal Representative
Gordon Smith, Maine Medical Association
David Winslow, Maine Hospital Association
Kevin Lewis, Maine Ambulatory Care Coalition
Vicki Purgavie, Home Care Alliance of Maine
Ronald Welch, Maine Association of Mental Health Services
Becky Brush, Maine Pharmacy Association

Prior Authorization Subcommittee

The Prior Authorization Subcommittee is a subcommittee established by the MaineCare Advisory Committee (MAC) and authorized in PL 2004, Chapter C.673, Part FFF-4. The subcommittee is to review and assess policies, benefits, and budget proposals related to MaineCare's prior authorization process, and make recommendations to the Department.

The Subcommittee is required to meet no less than six (6) times during a year. During SFY 2004, Subcommittee members represent providers and members. The Subcommittee has recommended changes to improve functionality of the website; gathering data to make recommendations on streamlining the prior authorization process; designing a member survey to analyze outcomes of MaineCare's Preferred Drug List (PDL) and pharmacy policies; and developing educational materials for member reference.

The Year Ahead

MaineCare DirigoChoice Initiative

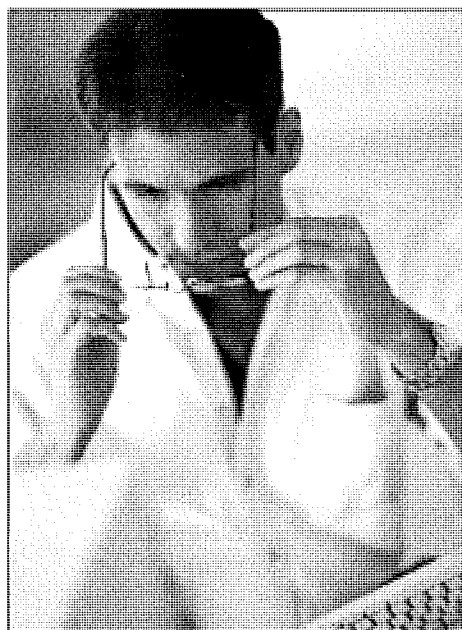
The Dirigo Health Reform Act, PL 2003, Chapter 469, is Maine's comprehensive health reform program designed to:

- Reduce and control health care cost growth;
- Improve health care quality; and
- Provide an affordable health insurance product targeted to provide every uninsured Maine citizen access to coverage within 5 years.

The Dirigo Health Reform Act established the Dirigo Health Agency (DHA), an independent executive agency, to arrange for the provision of an affordable health insurance product for employees of small businesses (2-50 employees) and their dependents, the self-employed of one, and individuals not joining through an employer.

Through a competitive bidding process, the Department of Health and Human Services and the DHA selected a health insurance carrier to provide the DirigoChoice Health Plan, a Preferred Provider Organization (PPO) product, to eligible businesses and individuals. In August 2004, the DHHS signed a contract with the carrier for the provision of the DirigoChoice Health Plan to eligible MaineCare members and submitted it to the Centers for Medicare and Medicaid Services for approval. CMS approved the contract in December 2004. The DHA signed a separate contract with the carrier for provision of the DirigoChoice Health Plan to non-MaineCare members. Coverage is scheduled to begin January 1, 2005.

MaineCare members may voluntarily enroll in the DirigoChoice Health Plan if they work for an eligible small business that offers the DirigoChoice Health Plan to its employees and meet the requirements of an eligible employee. MaineCare members enrolled in the DirigoChoice Health Plan will have access to all of the MaineCare covered services they are eligible to receive based on their coverage group. MaineCare members will access those services either from (1) the carrier's network for DirigoChoice Health Plan covered services, or (2) MaineCare providers for services not covered by the DirigoChoice Health Plan



Claims Management System

The design phase of the claims management system for MaineCare (MECMS) is complete. Extensive user acceptance testing and debugging of the system began in early summer. The final phase of testing, called Pilot Test, will involve the provider community. Two sets of claims will be submitted; one set through the current MMIS and one set tailored to the specifications of the new system. This important part of pre-implementation testing began in late December.

Transitioning claims processing functions to the new system, is now scheduled for late January. Implementation of additional sub-systems is scheduled for spring, 2005. When fully implemented, the new system will replace the aging MaineCare Management Information System that was implemented in 1978. The new, web-based system will process claims more quickly and accurately. MECMS will be able to accept claims submitted in the present EMC format, the new HIPAA format, paper, and through the Web.

Creating a New Department of Health and Human Services

Effective July 1, 2004, the Governor and the Legislature created a new Department of Health and Human Services to administer the functions of the former Department of Human Services and the Department of Behavioral and Developmental Services. The focus of this new Department is to upgrade services to adults, children and families, increase efficiencies; and improve relations with community organizations. The Bureau of Medical Services promulgates MaineCare policy for both of the "legacy" departments and sees many potential benefits from having the MaineCare program "under one roof." Staff from the Bureau has served on the Commissioner's Implementation Advisory Team (CIAT) work groups on Effective Administration and Integrated Services.

Medicare Part D Drug Benefit

Department of Health and Human Services and Governor's Office of Health Policy and Finance staff are developing a work plan to address and resolve the multiple implementation tasks for which the Department will be responsible. This Medicare program will affect more than 200,000 older and disabled adults in Maine. The Department wants to do all it can to make the transition as simple as possible for beneficiaries.

Chronic Disease Prevention and Management

Maine was one of five states chosen to participate in the National Governor's Association Policy Academy on Chronic Disease Prevention and Management. Staff representing Governor's Office of Health Policy and Finance, Bureau of Health, Maine Quality Forum, Bureau of Medical Services, and Maine Center for Public Health attended a three-day policy academy in December 2004. This issue is especially important to MaineCare because the program serves a higher proportion of individuals with chronic disease than private insurers. In the coming year the team will work with other interested stakeholders on steps to promote use of the chronic care model and to better coordinate various public and private initiatives around chronic disease management. In addition, BMS will work with physicians and other MaineCare providers to develop a more specific plan for addressing the needs of MaineCare members with chronic conditions.



Maine Department of Health and Human Services Bureau of Medical Services

NON-DISCRIMINATION NOTICE: In Accordance with Title IV of the Civil Rights Act of 1964 (42 USC § 1981, 2000d et. seq.) Section 504 of the Rehabilitation Act of 1973, as amended (29 USC § 794), the Age Discrimination Act of 1975, as amended (42 USC § 12131 et. seq.) and title IX of the Education Amendments of 1972 (34 CFR Parts 100, 104, 106 and 100), the Maine Department of Human Services does not discriminate on the basis of sex, color, national origin, disability or age in admission or access to our treatment or employment in its programs and activities. Civil Rights Compliance Coordinator has been designated to coordinate our efforts to comply with the US Department of Health and Human Services regulations (45 CFR Parts 80, 84, and 91), the Department of Justice regulations (28 CFR Part 35), and the US Department of Education regulations (34 CFR Part 106), implementing these Federal laws. Inquiries concerning the application of these regulations and our grievance procedures for resolution of complaints alleging discrimination may be referred to the Civil Rights Compliance Coordinator at 221 State Street, Augusta, ME 04333, telephone number (207) 287-3488 (voice) or 800-332-1003 (TDD), or Assistance Secretary of the Office of Civil Rights of the applicable department (e.g. the Department of Education), Washington, D.C.