

Iowa Medicaid Enterprise and IFMC Automating Prospective Utilization Management of Diagnostic Imaging at the Point of Care



Background

Iowa Medicaid Enterprise (IME) administers the Medicaid program for Iowa. With about 400,000 members, IME provides healthcare coverage to the state's most vulnerable population: children, pregnant women, parents with a dependent child, age 65 and over (elderly), and the blind and disabled. Each of these categories of individuals must also meet income limits. The third largest payer in Iowa, IME's membership is expected to continue growing significantly. Funded by state and federal governments, IME pays medical claims to more than 38,000 providers.

Traditionally, IME's efforts in managing medical spending have focused on reviews after services have been rendered and providers reimbursed. However, based on a desire to manage medical spending more prospectively, IME and the state's Quality Improvement Organization, IFMC, consulted McKesson for help in managing its advanced imaging spending, including computed tomography (CT) scans, magnetic resonance imaging (MRI), and positron emission tomography (PET) scans.

Challenges

In a July 2008 study, the federal Government Accountability Office (GAO) found that from 2000 to 2006, Medicare Part B spend on diagnostic imaging had more than doubled to \$14.1 billion. Without a utilization management solution in place, Medicaid's imaging costs were rising by 10% to 13% a year.¹ The biggest contributors to growth were high-tech studies — MRIs and CT scans, as well as PET scans and other nuclear medicine imaging. Commercial insurers have been experiencing a similar pattern, with their imaging costs growing by 18% to 20% annually since the beginning of the decade.²

While overutilization contributes to the rise in healthcare costs, it also poses serious health risks for members. Services like CT and PET scans and nuclear medicine imaging expose patients to ionizing radiation, which over time, can elevate a person's risk for developing cancer. Over the last six years, there's also been a dramatic spike in MRI-related accidents, occurring when objects — drawn by a strong magnetic pull — are propelled across exam rooms, injuring patients and sometimes technicians.³ To help reduce risks of overexposure to radiation, the FDA recommends "each patient should get the right imaging exam, at the right time, with the right radiation dose."⁴

With all of this in mind, IFMC, as the Medical Services contractor for IME, completed an analysis of radiology utilization and supporting diagnoses through the Medicaid Value Management program. The study concluded cost savings could be realized for the state and exposure of Medicaid members to unnecessary procedures could be decreased with implementation of a high-tech radiology prior authorization process. The Medicaid director requested that Medical Services establish a preauthorization program for high-cost imaging studies by March 2010.

An Intelligent Solution

After researching McKesson's Clear Coverage™ with InterQual medical necessity criteria, Thomas Kline, D.O., IME medical director, recommended it as a solution to meet the state mandate.

Clear Coverage is a Web-based point-of-care decision-support tool used by payers and providers to determine which medical services are appropriate, based on accepted clinical evidence and payer coverage rules, before they are ordered or performed. It also directs patients to appropriate

Client

- State Medicaid program, 400,000 members

Challenges

- Unsustainable growth in cost and utilization of high-end diagnostic imaging services
- Increase in administrative spending due to state-mandated preauthorization requirement

Solution

- Clear Coverage
- InterQual Criteria

Results

- Projected to help save an annualized \$2.4 million in first year
 - \$1.9 million in medical cost savings from reduction in unnecessary testing
 - \$0.5 million in administrative cost savings vs. manual alternatives

in-network facilities, such as imaging centers, and informs providers on eligibility and coverage specific to the patient. Rather than assuming the high cost of hiring additional nurses or a radiology benefits manager to handle authorizations manually, IME's Medical Services selected McKesson's Clear Coverage to automate the process, with the goals of:

- Reducing overall medical spending
- Reducing health risks to members
- Minimizing the program's impact on administrative spending
- Maximizing use of staff resources on cases that truly require manual intervention

Working together as a team, IME's Medical Services, Core claims system managers and Provider Services staff along with McKesson staff implemented the solution in only three months. The process involved:

- Gathering information about IME's members and providers, as well as rules and coverage
- Establishing connectivity to retrieve data about providers and members and receive authorizations
- Collaborating to establish authorization workflow rules within the system
- Creating training materials and training providers on the tool

In March 2010, IME rolled out Clear Coverage to 1,800 network providers. These included providers across all specialties who typically order high-cost imaging services as part of their practices. Now when Iowa Medicaid practitioners consider high-cost radiology for their patients, they or their staff members simply access the Clear Coverage fully automated medical review and prospective utilization management platform. After they answer a few questions based on a patient's unique health status, Clear Coverage and the InterQual® Imaging Criteria within it automatically identify:

- What imaging studies are medically appropriate based on clinical evidence and patient-specific clinical data
- Which imaging studies require authorization
- Which in-network providers are most appropriate to perform the study
- What level of benefits apply

Imaging studies that require authorization are automatically reviewed and routed accordingly. Those that are covered require no further paperwork or submission. Denials are apparent, along with the reason for the denial. This all occurs in real time at the point of care before imaging studies are ordered, saving claim payments for inappropriate services, as well as administrative time and expense. Most important, this proactive approach helps ensure IME members receive timely, appropriate care.

Results

Within eight months after implementation, the program was achieving significant costs savings. Of nearly 50,000 preauthorization requests processed in that timeframe:

- Nearly 40% received instant, fully automated approval
- 10% were cancelled by requesting providers after they were informed the clinical evidence did not support the request
- 4% were denied as medically inappropriate, based on evidence and potential health risks to members due to inappropriate exposure to radiation

Overall, IME is saving an estimated \$2.4 million annually due to cost avoidance:

- \$1.3 million as the result of physicians canceling non-medically appropriate requests
- \$0.6 million as the result of denying non-medically appropriate requests
- \$0.5 million vs. the alternative of adding 7 additional full-time employees⁵

Clear Coverage has helped IME to reduce the need for manual reviews, substantially minimizing the impact of the program on administrative spending. As a result, Clear Coverage enables IME clinical staff to focus on the complex "exceptions" that truly require their time and expertise. Canceled, redirected and denied requests, all based on widely accepted clinical evidence within InterQual Criteria, translate into direct medical cost avoidance and have an immeasurable positive impact on patients' health.

"Clear Coverage is enabling us to meet our objective to ensure the most appropriate

care for our beneficiaries, while reducing the incidence of unnecessary services that waste taxpayer dollars and needlessly expose patients to radiation," said Jennifer Vermeer, director, IME. "We expect even better results as we continue the program."

For More Information

To learn more, please contact your McKesson sales or account executive.

About McKesson

Listening to our customers, McKesson delivers collaborative solutions with unrivaled clinical integrity that enable payers, consumers and employers to come together to transform the business and process of healthcare. Our comprehensive portfolio of medical and claims management tools addresses every facet of your organization's efforts to improve healthcare quality while improving resource management. With our exceptional people, broad product and service offerings, as well as the largest customer base in the industry, McKesson can help elevate the overall performance of the health system, one partner at a time.

¹ June 2008 GAO Report to Congressional Requesters: Medicare Part B Imaging Services – Rapid Spending Growth and Shift to Physician Offices Indicate Need for CMS to Consider Additional Management Practices

² AHIP report, Ensuring Quality Through the Appropriate Use Diagnostic Imaging, www.ahip.org/content/default.aspx?docid=24057

³ The Joint Commission. Preventing Accidents and Injuries in the MRI Suite. Sentinel Event Alert, The Joint Commission, 2008

⁴ White Paper: Initiative to Reduce Unnecessary Radiation Exposure from Medical Imaging, www.fda.gov/Radiation-EmittingProducts/RadiationSafety/RadiationDoseReduction/ucm199994.htm

⁵ Calculations are based on the following formula: (annual automated authorization volume/2.700) x \$87K (fully-burdened FTE salary)

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