Dateline: February 4, 2011

PA Budget Outlook Improves – General Fund Revenue 2% above Budget

On February 1 the Pennsylvania Department of Revenue reported that it had collected $2.2 billion in General Fund revenue in January 2011. The total January receipts are $72.8 million, or 3.4 percent, more than anticipated. As a result the fiscal year-to-date collections in the General Fund are a total of $13.7 billion, which is $264 million – or 2 percent – above estimate. The General Fund revenue from taxes on sales, personal income and corporations, are all above estimate. The sales tax receipts in January total $813.1 million, which is $4.8 million above estimate. Year-to-date sales tax collections of $5 billion are $107.7 million – or 2.2 percent – more than anticipated. Personal income tax revenue in January is $1.1 billion, which is $72.8 million above estimate for January. This brings year-to-date Personal income tax collections to $5.6 billion, which is $89.5 million, or 1.6 percent, above estimate. January corporation tax revenue of $89.9 million was more than anticipated – $900,000 above estimate. Year-to-date corporation tax collections total $1.3 billion, which is $92.3 million, or 7.4 percent, above estimate. Revenue from inheritance taxes, revenue realty transfer taxes, and other General Fund taxes, including cigarette, malt beverage, liquor and table games taxes were all below estimate. For more information, visit www.revenue.state.pa.us.

Governor Corbett to Nominate Brian Duke as Secretary of Aging

On February 3 PA Governor Tom Corbett announced that he intends to nominate Brian Duke as Secretary of Aging. Duke is currently the director of the Bucks County Area Agency on Aging. Prior to serving as the AAA director in Bucks County, Duke was the Executive Director for the New Jersey Foundation for Aging. Duke previously served as a consultant working with the U.S. Administration on Aging and the AARP Foundation in the development of statewide caregiving coalitions in 12 states. He also co-chaired the Caring Community, a coalition of over 100 organizations convened by WHYY, the public broadcaster serving the greater Philadelphia region. For more information about the Department of Aging, visit www.aging.state.pa.us.

PA Senate Hearings on State Budget Scheduled

Governor Tom Corbett will offer his budget address on Tuesday, March 8 rather than on the traditional date in February. The Senate Appropriations Committee, chaired by Sen. Jake Corman (R-Centre), has announced that it will hold three weeks of public hearings on the proposed 2011-12 budget beginning Wednesday, March 16. The schedule of budget hearings is posted at www.pasenategop.com. On March 16 the Committee will hear from Office of the Budget and the Governor's Offices as well as the Department of Labor and Industry. On March 23 the Department of Health will review details of its budget. On March 24 the Department of Aging will be heard. On March 30 the Department of Public Welfare will make its presentation. The hearings will be held in Hearing Room 1, North Office Building, State Capitol, Harrisburg. The schedule is available at pasenategop.com.
Legislation to Establish Two-Year Budget Cycle in PA Proposed

On January 25 Senator Mike Brubaker (R-Lancaster) re-introduced legislation establishing a two-year budget cycle in Pennsylvania and proposed new requirements in the budget process. In addition, measures to reduce costs of travel by state employees were introduced. Senate Bill 267 would establish a two year budget cycle for state government. The proposal was originally introduced in February 2010. The two-year budget cycle is supported by Governor Tom Corbett. Senator Brubaker (R-36) also re-introduced other legislative reform proposals. He introduced legislation that would hold legislators accountable for missed budget deadlines. Senate Bill 373 would set a timeline for action on specific budget items and include penalties for failure to meet these deadlines, including forfeiture of pay and per diems for each day that a budget is late. The proposal would establish deadlines for revenue estimates to be reported to the General Assembly and deadlines for each chamber to pass a balanced budget. Brubaker also re-introduced two proposals requiring all state employees to use the most cost-effective mode of transportation when traveling on state business. Senate Bill 374 would establish and implement a least-cost travel policy for state employees. The policy would direct state agencies to use a state vehicle or rental vehicle instead of reimbursing employees for the use of a personal vehicle if that method of transportation is determined to be the more cost-effective method of travel. Senate Resolution 23 calls for a study of mileage reimbursement for privately-owned vehicles and a least-cost travel policy for state vehicle travel when traveling for Senate business. FMI: See http://www.pasenategop.com/news/2011/0111/brubaker-012511.htm. For copies of bills see www.legis.state.pa.us and www.pasenategop.com.

PA House Committee to Hold Meeting on New Department of Drug and Alcohol Programs

On February 17 the PA House Human Services Committee will offer an informational meeting on the new Department of Drug and Alcohol Programs. The meeting will be held at 10:00 a.m. in the East Wing, Room 60 of the Capitol Building in Harrisburg. The Department of Drug and Alcohol Programs was established by Act 50 of 2010 to elevate the Bureau of Drug and Alcohol Programs from the Department of Health and all of its statutory functions to a cabinet-level department. The new Department of Drug and Alcohol Programs was created earlier this year through legislation sponsored by the current committee. Human Services Committee Chair Gene DiGirolamo (R-18th District). The House Human Services Committee has oversight of issues within the Department of Public Welfare and. FMI: See http://www.genedigirolamo.com/NewsItem.aspx?NewsID=9287 See also http://www.legis.state.pa.us/cfdocs/cteeInfo/cteeCMS.cfm?body=H&cde=56 and www.pahousegop.com.

OMHSAS Advisory Meetings Rescheduled to April 7

The March OMHSAS Advisory Committee meetings that are routinely scheduled to highlight the presentation of the OMHSAS Budget are being rescheduled to April 7. The OMHSAS committee decided to change its scheduled meeting date since the Governor’s Executive Budget Address will be delivered this year on March 8. It decided to postpone meetings originally scheduled for Thursday March 3 until Thursday April 7 so that DPW Acting Deputy Secretary Sherry Snyder will be able to present the OMHSAS budget in person to stakeholders.
Funding for adultBasic Proposed

On January 31 PA Representative Tony DeLuca (D-Allegheny) announced that he intends to introduce legislation that would provide a funding source so that 40,000 Pennsylvanians would remain insured under the adultBasic health insurance. The program expires at the end of February 2011 and current enrollees could lose their coverage if an alternative funding source for the program is not implemented. On January 24 members of the Senate Democratic Caucus joined House Democrats in the Capitol Rotunda to stress the urgency of extending the state’s adultBasic health care program. AdultBasic was created by the legislature in 2001 with funding received through the National Tobacco Settlement Agreement. The program provides coverage for the basic health care needs of individuals between 19 and 64 years of age who do not have health insurance and meet certain eligibility and income requirements. Representative DeLuca said his proposed measure would authorize the Pennsylvania Insurance Commissioner to borrow funds from existing state accounts and use the catastrophic (CAT) fund surcharge as the basis for repayment. The CAT fund is currently fully funded and the surcharge is not needed for purposes of paying the claims of that fund. In addition, the surcharge is currently dedicated to the Medical Care Availability and Reduction of Error (MCare) fund which has a balance in excess of $120 million. Representative DeLuca said the MCare fund has experienced substantial balances over the last several years due to the significant medical malpractice reforms that were enacted in 2002. Therefore, the MCare fund does not have an immediate need for the revenues from the surcharge. DeLuca said the CAT fund surcharge produces approximately $50 million per year. DeLuca is chairman of the House Insurance Committee. FMI: See www.pahouse.com/DeLuca. E-mail: racadau@pahouse.net. For Senate and House Democratic caucus gatherings see http://www.pasenate.com/?p=1165.

Legislation on PA Rent Rebate to be Re-introduced

On January 27 PA state representative Chelsa Wagner (D-Brookline) announced that she will reintroduce legislation that would prevent landlords from entering into agreements with tenants that would allow landlords to obtain any portion of the state property tax/rent rebate. The legislation (formerly H.B. 1587) was unanimously approved by the House Urban Affairs Committee last March but never acted upon on the floor of the House in the last session. The Property Tax/Rent Rebate Program, funded by lottery revenues, provides low-income seniors, widows and widowers, and people with disabilities with a rebate up to $650 on rent paid. The proposed legislation would require that the rebate be received and held by the eligible recipient, not the landlord. Currently, many personal care homes include a lease provision allowing the personal care home to claim a portion of the rebate designated for a tenant. The lease agreement provided to personal care homes by the state Department of Public Welfare includes language claiming the rebate for landlords. See www.pahouse.com/Wagner. See www.legis.state.pa.us.
ODP Completes Reprocessing of Claims Adjustments on TSM and SC

On February 2, the Pennsylvania Department of Public Welfare Office of Developmental Programs (ODP) issued ODP Communication Number: Alert 020-11 notifying administrative entities and supports coordinators that Targeted Services Management (procedure code T1017) and Supports Coordination services (procedure code W7210) claim adjustment submissions, resulting from the final FY 2010-2011 rate changes, have been completed. A total of 425,000 TSM and SC claim adjustments were reprocessed. Approximately 409,000 TSM and SC claim adjustments were paid and approximately 16,000 TSM and SC claim adjustments were denied. ODP Alert 013-11, titled “Claim Adjustments Scheduled for Targeted Services Management (TSM) and Supports Coordination (SC) Services Resulting from the Final Fiscal Year (FY) 2010-2011 Rates”, was issued on January 24, 2011. ODP Alert 013-11 indicated that TSM and SC services claim adjustment submissions, resulting from the final FY 2010-2011 rate changes, were scheduled to be processed the week beginning January 30, 2011. ODP Alert 020-11 updates the previous alert and indicates that the processing of TSM and SC claim adjustments has been completed within the timeframe communicated in ODP Alert 013-11. The SC paid claim adjustments will be reflected on the February 7, 2011 remittance advices (RAs) while TSM paid claim adjustments will appear on the February 14, 2011 RAs. ODP said that due to a claims processing issue, approximately 16,000 TSM and SC claim adjustments denied on Error Status Code (ESC) 1130, “Rendering Provider is Healthcare, Legacy # Reported”. As a result of this issue, all denied TSM and SC claim adjustments will appear on the February 7, 2011 RAs. ODP said that it is planning to reprocess the TSM and SC claim adjustments that denied on ESC 1130. A future communication will detail the reprocessing schedule. ODP asked AEs and SCOs to review ODP Alert 013-11 for more detail and information regarding the payment cycles associated with the TSM and SC services claim adjustments. For inquiries regarding this communication, contact the ODP Claims Resolution Section: E-mail: ra-odpclaimsres@state.pa.us or phone: 1-866-386-8880 Monday through Thursday from 8:30 a.m. to 12:00 p.m. and 1:00 p.m. to 3:30 p.m. FMI: See www.odpconsulting.net

ODP Issues Bulletin on Procedures for Surrogate Health Care Decision Making

On January 27 the PA DPW Office of Developmental Programs (ODP) issued the bulletin entitled “Procedures for Surrogate Health Care Decision Making.” The bulletin updates procedures for substitute health care decision making for people receiving mental retardation services through the Office of Developmental Programs (ODP) under Act 2006-169 and other applicable laws. Enclosed with the bulletin were definitions from Act 2006-169. The purpose of the statement of policy is to clarify surrogate health care decision-making procedures applicable to individuals with mental retardation who are 18 years of age or older in light of the Act of November 29, 2006 (P.L. 1484, No. 169) (Act 169) which added 20 Pa. C. S. Chapter 54 (relating to advance directive health care) and other applicable laws. DPW said that it recognizes that it does not have statutory authority to interpret Act 169 and does not assume any liability that may arise from the application of these guidelines with respect to private providers. DPW said that the statement of policy, therefore, is not binding on those entities and does not offer protection against claims that may arise with respect to those entities. Agencies were encouraged to consult their own legal counsel for advice on the implementation of the statutes discussed in this statement of policy. FMI: See www.odpconsulting.net.
PARF NEWS
Dateline: February 4, 2011

ODP IM4Q Reports

The Pennsylvania Department of Public Welfare (DPW) Office of Developmental Programs (ODP) has announced in ODP Announcement 017-11 that additional IM4Q reports are now on ODP Consulting System website. Reports are: 2009-10 IM4Q Statewide Report, 2008-09 PFDS Report, 2007-08 Personal Care Boarding Home Report, and 2007-08 Habilitation Report. FMI: See the reports at http://www.odpconsulting.net/ then go down to the left side of the home page to ODP Topic Information and click on Independent Monitoring for Quality (IM4Q). When the next page opens then look go down to IM4Q Reports and Summary, click to open then click by the years indicated above to find the new additions.

ODP Online Survey on Development of New Certified Investigation Peer Review Evaluation

On February 3 Pennsylvania Department of Public Welfare Office of Developmental Programs (ODP) issued ODP Announcement 016-11 announcing that an online survey is available to support the development of a new Certified Investigation Peer Review evaluation tool and process. This survey will be available to all ODP stakeholders but is geared toward those persons who participate in the Peer Review process in their organization. The Columbus Organization currently holds the contract for the Certified Investigator Program. As part of the contract they are developing a new peer review tool and process. In order to ensure this is a quality product, the Columbus Organization has created a survey to capture stakeholder comments and suggestions related to the current tool. Use the link below to access the survey. This survey will be available until Thursday, February 24, 2011. See http://www.surveymonkey.com/s/opdpeerreview. If you have any comments, questions, or issues regarding the use of the survey, please contact ODP Incident Management Policy at ra-impolicy@state.pa.us or contact ODP Customer Service Line at 1-888-565-9435.

DPW Seeks Public Comment on Adult Autism Waiver

On February 2 the Pennsylvania DPW ODP Bureau of Autism Services announced that it is seeking comment on the Adult Autism Waiver which must be renewed by June 30, 2011. BAS said that the renewal provides an opportunity to make revisions and improvements based on both the experience with the waiver and on public comment. Prior to submitting the renewal application to CMS, the Bureau of Autism Services is providing a period of 30 days for public review of the revised document and seeks feedback and suggestions. The feedback period will be end on February 28, 2011. Pending approval, the renewed Adult Autism Waiver will go into effect July 1, 2011. To review the Adult Autism Waiver Renewal Application and access the public comment section, BAS urges the public to visit the BAS Virtual Training Center at http://bastraining.tiu11.org and set up a free account. Those who have an account but do not remember their log-in information will be able to request that it be emailed on the homepage. Once logged in, select Adult Autism Waiver Renewal: Public Comment. To request a printed copy of the renewal application, or a copy in a different language, please call toll free in PA: 1-888-539-7689 or email: ra-odpautismwaiver@state.pa.us with Waiver Renewal in the subject line.
DPW Pulls Application for Funds for Planning Integration of Care for Dual Eligibles

On February 1, Pennsylvania Acting Department of Public Welfare (DPW) Secretary Gary Alexander announced that after careful consideration the Commonwealth of Pennsylvania has decided not to submit a proposal for a design contract under the "State Demonstrations to Fully Integrate Care for Dual Eligible Individuals." Acting Secretary Alexander said that while DPW recognizes the dual eligible population is an important constituency, it believes there is considerable need to integrate care and services across multiple populations and delivery systems, including those individuals who are not dual eligible. As such, it has decided to look at this initiative from a broader perspective rather than focusing only on the dual eligible demonstration proposal request. He said that DPW received significant stakeholder feedback to support this position. Alexander said that the Corbett administration sees person-centered, coordinated care for all eligible Medical Assistance populations as an extremely important priority. He said that DPW is committed to continuing to solicit feedback and input in this process. On January 27 Kevin Hancock (OLTL) reviewed the proposal with the Medical Assistance Advisory Committee (MAAC) that was being developed for submission to the Centers for Medicare and Medicaid (CMS) innovation for funding to support a planning process to fully integrate care for dual eligible (Medicare and Medicaid) individuals. Hancock reported that several hundred stakeholders were surveyed and in their response said that they sought an open, meaningful planning process that will thoroughly evaluate multiple approaches to integrating care for dual eligibles. He emphasized that neither DPW nor DPA had a particular model in mind and that the proposal would be based upon stakeholder suggestions and feedback from the steering committee. FMI: Contact PARF at parfmail@parf.org.

Amendments for CHIP Submitted

On January 27 Peter Adams of the PA Department of Insurance told the DPW Medical Assistance Advisory Committee (MAAC) that a State Plan Amendment (SPA) is being submitted for the Children’s Health Insurance Program (CHIP) program in order to comply with technical requirements under the CHIP Reauthorization Act of 2009. Under the SPA, dental coverage will expand to include some orthodontic care; children of state employees who meet hardship criteria under federal law will be covered; federally qualified health centers and rural health clinics will be reimbursed prospectively; and the application process will be simplified when income is obtained through data exchanges. Adams also discussed the termination of the adultBasic program, the steps taken to notify and assist consumers whose coverage will be ending, and the option of enrolling in Special Care. Adams also said that a request has been made to federal authorities for additional funding for PA Fair Care and for the waiver of the requirement that a PA Fair Care enrollee has to be without insurance for six months at the time of their application. FMI: For DPW MAAC meeting minutes and related documents see http://listserv.dpw.state.pa.us/Scripts/wa.exe?A1=ind11&L=maac-meeting-minutes. See http://listserv.dpw.state.pa.us/Scripts/wa.exe?A2=ind11&L=maac-meeting-minutes&T=0&P=83. For What’s New in PA Medical Assistance see http://www.dpw.state.pa.us/provider/doingbusinesswithdpw/medicalassistance/whatsnew/index.htm.
Health Care Reform Initiatives in PA

On January 27 the DPW Medical Assistance Advisory Committee heard reports on the pace of health care reform activities in Pennsylvania. Laval Miller-Wilson of the Pennsylvania Health Law Project reported on the final report issued by the Health Care Reform Implementation Advisory Committee. The report contains approximately 90 recommendations with all but three being unanimous. Most significant to the MAAC were recommendations that: Pennsylvania should create its own insurance exchange (although there was no consensus about its governance); the exchange should have a single application for all insurance; that plans, both MA and non-MA, should have some of the same providers in order to promote continuity of care; the Chronic Care initiative should be continued; and additional support should be provided to safety net providers. Ivonne Bucher of DPW reported on several items relating to internal health care reform activities. She said that the U. S. Department of Health and Human Services (HHS) has issued final rules under the Affordable Care Act (ACA) relating to fraud and abuse. These rules include a new screening and enrollment process for providers and suppliers enrolling in Medicare, Medicaid and CHIP; requirements that providers who are barred in one state or program must be barred across all states and programs; temporary stops in enrollment based on trends that may indicate health care fraud; and temporary stops in payments during investigations. She also reported that Medicare beneficiaries who have reached the coverage gap as of December 14, 2010 will be mailed a rebate check by the end of January 2011. (There are more than 216,000 such beneficiaries in Pennsylvania.) Bucher indicated also that under mandated HCR projects, DPW is working on a revised fee schedule for Birthing Centers and is also making required operational changes. With respect to Home Health Encounters, DHHS has issued guidance, and DPW is working on implementation. She said that DPW expects to have a Recovery Audit Contract in place by March 1. FMI: For DPW MAAC meeting minutes and related documents see http://listserv.dpw.state.pa.us/Scripts/wa.exe?A1=ind11&L=maac-meeting-minutes. See http://listserv.dpw.state.pa.us/Scripts/wa.exe?A2=ind11&L=maac-meeting-minutes&T=0&F=&S=&P=83. For What’s New in PA Medical Assistance see http://www.dpw.state.pa.us/provider/doingbusinesswithdpw/medicalassistance/whatsnew/index.htm.

PA Hospital Assessments Scheduled for March

On January 27 at the DPW Medical Assistance Advisory Committee meeting DPW Deputy Secretary for Medical Assistance Izanne Leonard-Haak reported that all required CMS approvals for the Hospital Assessment have been granted. She said that DPW will move to the APR-DRG system in March. Trainings will be provided for hospitals in February. Systems modifications are being made for March implementation. In April, DPW will begin collecting assessments, effective retroactively to July 1, 2010. FMI: For DPW MAAC meeting minutes and related documents see http://listserv.dpw.state.pa.us/Scripts/wa.exe?A1=ind11&L=maac-meeting-minutes. See http://listserv.dpw.state.pa.us/Scripts/wa.exe?A2=ind11&L=maac-meeting-minutes&T=0&F=&S=&P=83. For What’s New in PA Medical Assistance see http://www.dpw.state.pa.us/provider/doingbusinesswithdpw/medicalassistance/whatsnew/index.htm. Contact also PARF at parfmail@parf.org for additional information on PA hospital assessments.
ODP Schedules Webcast on Procedures for Surrogate Health Care Decision Making

On January 31, Pennsylvania Department of Public Welfare Office of Developmental Programs (ODP) issued ODP Announcement 015-11, announcing that ODP would be releasing an ODP statement of policy bulletin in February 2011 entitled Procedures for Surrogate Health Care Decision Making. (See related story above entitled “ODP Issues Bulletin on Procedures for Surrogate Health Care Decision Making.”) To provide additional information and explanation of the bulletin ODP is planning a webcast pertaining to provisions of the bulletin. A future communication will announce the webcast’s availability. ODP noted that the Department of Public Welfare’s (DPW) Statement of Policy, entitled Procedures for Surrogate Health Care Decision Making, was published in the Pennsylvania Bulletin on January 15, 2011. This Statement of Policy officially replaced and superseded ODP Bulletin 00-98-08, Procedures for Substitute Health Care Decision Making. ODP said that it will release the statement of policy as an ODP bulletin in February 2011. In addition, ODP is creating a webcast training to support stakeholders in understanding the policy. This webcast is anticipated to be available for viewing in March 2011.FMI: To view the DPW Statement of Policy Procedures for Surrogate Health Care Decision Making see http://www.pabulletin.com/sec...html. Agencies are encouraged to consult their own legal counsel for advice on the implementation of the statutes discussed in this statement of policy.

DPW Webinars on Health Information Technology

At the January 27 meeting of the DPW Medical Assistance Advisory Committee Matt McGeorge reported that the PA Medical Assistance Health Information Technology initiative is on target. A series of webinars is being offered to provide technical assistance to providers. The February 15 session will discuss the process for calculating patient volume. The March 22 session will discuss application requirements and the monitoring process. If you would like to participate please send an email to RA-mahealthit@state.pa.us. FMI: For DPW MAAC meeting minutes and related documents see http://listserv.dpw.state.pa.us/Scripts/wa.exe?A1=ind11&L=maac-meeting-minutes. See http://listserv.dpw.state.pa.us/Scripts/wa.exe?A2=ind11&L=maac-meeting-minutes&T=0&F=&S=&P=83. For What’s New in PA Medical Assistance see http://www.dpw.state.pa.us/provider/doingbusinesswithdpw/medicalassistance/whatsnew/index.htm. See also www.dpw.state.pa.us.

OMHSAS Reviews RTF Comment and Awaits CMS Approval of Psychiatric Rehab

At the January 27 meeting of the DPW Medical Assistance Advisory Committee DPW Deputy Secretary for Mental Health and Substance Abuse Services Sherry Snyder reported that OMHSAS is now reviewing the comments to the draft Residential Treatment Facility (RTF) regulations. Meetings have been held with stakeholders and counties. Deputy Secretary Snyder reported that OMHSAS is considering applying the forty eight (48) bed limit to new facilities and grandfathering existing facilities. Snyder also noted that the Psychiatric Rehabilitation Services State Plan Amendment has not yet received CMS approval. In addition, she reported that beginning July 1 Behavioral Health HealthChoices contract renewals will be for periods of five years, consistent with physical health HealthChoices timeframes. FMI: Contact PARF at parfmail@parf.org.
Senate Rejects Repeal of Health Reform, Federal Court Rules Law Unconstitutional

On February 2 the Senate rejected efforts to repeal the health care reform law. The Senate rejected 47-51 an amendment to a bill reauthorizing the Federal Aviation Administration (S. 223). However, the Senate voted 81-17 in favor of a measure that removes from the health care reform bill the provision that would require businesses to file tax forms listing every purchase they make over $600. The bill’s provision was considered originally as a way to make sure company vendors were reporting their actual income. The vote was not affected by a federal judicial ruling that was issued earlier in the week. On January 31, U.S. District Court Judge Roger Vinson ruled in a 78 page opinion that the health care reform law is unconstitutional. Judge Vinson ruled that the mandate for individuals to buy insurance is not within Congress’ power under the Commerce clause to regulate interstate commerce and that the mandate could not be severed from the broader legislation. Judge Vinson is the first judge to find that the health care reform is fatally flawed. However, Judge Vinson declined to block the law while Obama administration appeals the decision. The White House responded to Judge Vinson’s ruling by noting that twelve federal judges have already dismissed challenges to the constitutionality of the health reform law, and two judges – in the Eastern District of Michigan and Western District of Virginia – have upheld the law. FMI: See http://www.kaiserhealthnews.org/Stories/2011/January/31/Florida-Judge-Rules-Health-Law-Unconstitutional-Text.aspx.

HHS Offers Help to States on Managing Medicaid Budgets

On February 3, U.S. Department of Health and Human Services (HHS) Secretary Kathleen Sebelius sent a letter to governors outlining how states may address budget problems facing state Medicaid programs. HHS Secretary Sebelius said that the federal government was stepping up efforts to identify cost drivers in the Medicaid program and offer new tools and resources to achieve savings and sustain quality of care. The letter outlines the substantial flexibility that states have to design benefits, service delivery systems, and payment strategies, without a waiver. Secretary Sebelius said that some of the key areas of potential cost savings include: Changing optional benefits or limiting their amount, duration or scope; adding or increasing cost sharing for services within limits; managing care for high-cost enrollees more effectively; purchasing drugs more efficiently through pharmacy pricing; and, using federal audit contractors to save funds and consolidate auditing efforts. The full letter can be found at, http://www.hhs.gov/news/press/2011pres/01/20110203c.html.
HHS OIG Issues Report on IRF Coding of Transfers

On January 13 U.S. Department of Health & Human Services (HHS) Office of Inspector General (OIG) issued to TrailBlazer Health Enterprises (Dallas, TX) its final report entitled Review of TrailBlazer Health Enterprises, LLC Payments For Inpatient Rehabilitation Facility Claims Billed With Patient Status Code 05 For Calendar Year 2007. HHS OIG concluded that inpatient rehabilitation facilities (IRF) incorrectly coded 24 of the 41 claims that it reviewed with patient status code 05. HHS OIG said that because IRFs did not use the appropriate transfer codes on these claims, TrailBlazer made $162,000 in overpayments for miscoded transfers to 10 IRFs in calendar year 2007. The report includes a response from Trailblazer as well as links to several job aids and training materials that Trailblazer offered to providers. FMI: See http://oig.hhs.gov/oas/reports/region1/11000500.asp. For a copy of the report see http://oig.hhs.gov/oas/reports/region1/11000500.pdf

CMS Issues Final Rule on Requirement for Providing Contact Information for Complaints

On February 2, Centers for Medicare and Medicaid Services (CMS) issued a final rule in the Federal Register (Volume 76, Number 22, pages 5755-5769) that sets forth requirements that the Medicare certified providers and suppliers make available to their Medicare beneficiaries information about their right to file a written complaint with the Quality Improvement Organization (QIO) in the State where healthcare services are being or were provided about the quality of care they are receiving or have received. The Medicare certified providers and suppliers would be required to provide their Medicare beneficiaries with written notice of the QIO's contact information. In addition, CMS is proposing new requirements for certain Medicare providers and suppliers that would require facilities to inform all patients about state agency contact information. Comments are being sought and must be received by April 4, 2011. FMI: See http://edocket.access.gpo.gov/2011/2011-2275.htm.

ONC Direct Project Pilots Start-up

On February 2 the Office of the National Coordinator for Health IT (ONC) announced that providers and public health agencies in Minnesota and Rhode Island began this month exchanging health information using specifications developed by the Direct Project, an ‘open government’ initiative that calls on cooperative efforts by organizations in the health care and information technology sectors. Other Direct Project pilot programs will be begin soon in New York, Connecticut, Tennessee, Texas, Oklahoma and California. The streamlined Direct Project approach supports information exchange for core elements of patient care and public health reporting. The Direct Project was started in March 2010 as a part of the Nationwide Health Information Network to provide a secure, scalable, standards-based way for participants to send authenticated, encrypted health information directly to known, trusted recipients over the Internet in support of Stage 1 Meaningful Use requirements. For more information about the Office of the National Coordinator for Health Information Technology, please visit http://healthit.hhs.gov. FMI: See http://www.hhs.gov/news/press/2011pres/01/20110202a.html.