

Idaho Statesman, Monday, Aug. 15, 2011 – by The AP (2 pages)

Idaho docks Medicaid contractor

The \$3 million penalty comes after problems with the claim processor's new system.

Meanwhile, the state is still trying to recover nearly \$10 million in double payments that were made to Medicaid-covered health care providers amid the chaos after the new system was implemented. Still, Idaho Department of Health and Welfare officials say the Medicaid claim processing system run by Molina Medicaid Solutions has improved dramatically in the year since its inception.

“They’ve improved a lot, in all honesty,” department spokesman Tom Shanahan said. “Progress has been made across the board.”

Molina took over the \$106 million Medicaid claims processing contract in May 2010, but it still hasn’t been paid for the work by the state because Idaho officials said the company wasn’t meeting the standards under the contract. The first payment — of roughly \$12 million, instead of the originally negotiated \$15 million — will go out shortly, Shanahan said.

Now, Shanahan said, the company will work under a pay-for-performance plan, facing monetary penalties whenever it fails to meet contract standards. Instead of the guaranteed \$1.5 million a month set under the original contract, that amount will be the maximum payment the company may receive.

The department switched to California-based Molina Medicaid Solutions last year in an effort to comply with federal Centers for Medicare and Medicaid Services standards. But problems arose immediately after Molina took over the contract, and thousands of payments were delayed to health care businesses that give Medicaid-covered services to the poor and disabled.

Many companies went two months without payments, bringing some to the brink of insolvency. A few went out of business altogether. In an effort to keep the companies running, the department advanced providers a total of \$117 million in interim payments in July and August. But the companies were paid again once their original claims were finally processed, and Idaho was left trying to recoup the excess payments.

In March, the department had only recouped about half of the double payments, according to a report from the Office of Performance Evaluations. By the end of last month, 92 percent of the cash had been collected, Idaho Department of Health and Welfare spokesman Tom Shanahan said.

Many of the double-paid providers were set up on payment plans, so money is steadily rolling in, he said. Over the past five weeks, recoupments have averaged more than \$850,000 a week.

“When you put in a system this big, there are going to be challenges,” said Molina executive account manager Del Bell. Many providers weren’t enrolled in the system at all, and others had trouble enrolling properly and had to re-enroll. The system also had trouble processing some types of claims, and recent Medicaid policy changes caused additional confusion.

All the problems meant providers had trouble even reaching Molina staffers for help. In July of 2010, the company was getting about 7,000 calls a week from Idaho providers, and people were waiting a half an hour or more on hold before they could reach a call center representative. About half of the callers gave up before ever reaching a person to talk to.

“If we roll that forward to today, we’re receiving generally between 3,000 and 3,300 calls a week. The abandonment rate is running under 2 percent, and we’ve been well under a one-minute wait time for the last few months,” Bell said.

Claims are also being paid sooner. At the peak last year, more than 130,000 claims for payment were pending in the system, with more than half of them languishing for more than 30 days. Now there are fewer than 10,000 claims pending, and less than 5 percent are more than a month old, Bell said.

“So obviously that’s another significant improvement in our history,” he said.

Bell said he’s still working with providers across the state to “rebuild that relationship.”

“I think for the most part we’re getting very good feedback from providers,” Bell said. “That doesn’t mean all providers are happy or all issues are solved ... overall, I think we’re getting much better reviews and they’re much happier in the community.”

Jodi Smith, the director of Family Support Services of North Idaho, a mental health and developmental disabilities agency, said the company has improved, though there are still plenty of glitches in the system.

“There are still problems, but they’re not the same problems,” Smith said. “Claims are being processed fairly quickly. The system goes down periodically, and there are times when a claim is pended (delayed) for no apparent reason. But those are really minimal — I can’t complain at this time about the turnaround of claims being paid.”

Smith said she was glad that the state had taken measures to hold Molina accountable.

But she remains a bit skeptical over whether the pay-for-performance plan will work in the long term.

“You never know until you see it in action. But I have seen improvement, and the glitches in the system we experience now are less impactful,” she said.