Iowa Medicaid Enterprise and IFMC Rein in Imaging Costs with Clear Coverage and InterQual Criteria

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

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

Escalating Imaging Costs, Unnecessary Risks
In a July 2008 study, the U.S. Government Accountability Office found that Medicare Part B spending on diagnostic imaging had more than doubled from 2000 to 2006, reaching $14.1 billion. The biggest contributors to growth were high-tech studies: MRIs, CT scans, PET scans and other nuclear medicine imaging. Commercial insurers had been experiencing a similar pattern, with their imaging costs growing by 18% to 20% annually since the beginning of that decade.

Overutilization contributes to the rise in healthcare costs as well as poses serious health risks for members. Services such as 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. Studies have also shown 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. To help reduce the risks of overexposure to radiation, the FDA recommends that “each patient should get the right imaging exam, at the right time, with the right radiation dose.”

With all 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 that the state could realize cost...
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— Jennifer Vermeer
Medicaid Director
Iowa Medicaid Enterprise

savings and decrease Medicaid members’ exposure to unnecessary procedures with implementation of a prior authorization process. Jennifer Vermeer, IME’s Medicaid director, requested that Medical Services establish a preauthorization program for high-cost imaging studies by March 2010.

An Intelligent Point-of-Care Solution

After researching McKesson’s Clear Coverage solution, in combination 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 that payers and providers can use to determine which medical services are appropriate, based on accepted clinical evidence and payer coverage rules, before they order or perform them. It also directs patients to appropriate in-network facilities, such as imaging centers, and informs providers about eligibility and coverage specific to each 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 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 as a team, IME’s Medical Services staff, Core Services 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 across all specialties who typically order high-cost imaging services as part of their practices. Now when an Iowa Medicaid practitioner considers high-cost radiology for a patient, the practitioner or a staff member simply accesses the Clear Coverage fully automated medical review and prospective utilization management platform. After he or she answers a few questions based on the patient’s health status, Clear Coverage and the InterQual Imaging Criteria within it automatically identify:

- Which 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 applies

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 importantly, this proactive approach helps ensure that IME members receive timely, appropriate care.

Meeting Objectives

Within eight months of implementation, the program was achieving significant cost 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 that the clinical evidence did not support the request
- 4% were denied as medically inappropriate based on evidence and potential health risks to members from 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 from not having to add seven additional full-time employees

Clear Coverage has helped IME reduce the need for manual reviews, substantially minimizing 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 Vermeer. “We expect even better results as we continue the program.”