



State of New Jersey  
DEPARTMENT OF HUMAN SERVICES  
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TRENTON NJ 08625-0700

JON S. CORZINE  
Governor

JENNIFER VELEZ  
Commissioner

April 18, 2008

David J. Rosen  
Legislative Budget and Finance Officer  
Office of Legislative Services  
State House Annex, PO Box 068  
Trenton, New Jersey 08625-0068

Dear Mr. Rosen:

This letter is in response to the Assembly Budget Committee request of April 10, 2008 to provide written responses to several follow-up questions as a result of the April 8, 2008 Assembly Budget Committee Hearings on Medicaid. The Department of Human Services responses to your questions are below.

Assemblyman Greenwald:

- With respect to the two disease management programs operated by the department, please provide information as to the findings to date with respect to the program's administrative costs and any savings the Medicaid program may have realized as a result of reduced utilization of services such as inpatient or outpatient hospital services, physician costs, etc.

DHS RESPONSE:

The behavioral pharmacy disease management program was launched in May 2006 with \$1.150 million in funding from Eli Lilly. To date, sixty-two prescribers have participated in the peer consultation and education sessions on alternatives to current prescribing practices. In reviewing drug class utilization, findings indicate that prescribers have decreased the number of mood stabilizer prescriptions in both the pediatric and adult population in accordance with the behavioral pharmacy management program developed by Comprehensive NeuroScience, Inc. (CNS). The Division is currently working with CNS to quantify the fiscal impact on Medicaid service utilization. We will be happy to share the results from the program on an ongoing basis.

The second fee-for-service disease management program at the Division was also funded by Eli Lilly in the amount of \$.5 million. It began in October 2006 and

seeks to manage the care of Medicaid clients in Hudson county receiving services through our fee-for-service delivery system with one or multiple chronic diseases such as asthma, chronic obstructive pulmonary disease, diabetes, and congestive heart failure. As of February 29, 2008, 545 Medicaid clients participated in the program through APS Healthcare. The number of emergency room visits for the participating clients decreased by 3-10% over one year depending on the primary diagnosis, i.e., asthma, diabetes, etc. The Division saves over \$6,000 per person per year for each enrolled member of this disease management program.

Eli Lilly has provided the funding to extend both of these programs for another year. There is no administrative cost to the state for these programs.

- Please provide information as to the disease management programs operated by the various managed care companies that provide services to the Medicaid/NJ FamilyCare program with respect to: the type of diseases being managed, the number of persons enrolled in these programs and any savings such programs may have realized.

**DHS RESPONSE:**

Please see the chart on the next page which highlights the disease management programs operated by the managed care companies.

	Diabetes	Asthma	Congestive Heart Failure	Hypertension	High-risk Pregnancy	HIV-AIDS
<b>AmeriChoice</b>  "Savings" Elimination of Asthma, CHF and Diabetes program would cause a 7 % increase in expenditures associated with those diseases.	Yes  Managed: In house   Enrolled: Approx. 330  Cost: \$3 million annually	Yes  Contract Targets members over 5 years old who have had an ER visit or hospitalization related to their asthma w/in the past 6 months.  Enrolled: 670  Cost: \$9 million annually	Yes  Managed: In-house   Enrolled: 90  Cost: \$4.5 million annually	No	Yes  Managed: In-house	Yes  Managed: In-house
<b>Amerigroup</b>	Yes  Managed: In house for all ages	Yes  Managed: In house and for Chronic Obstructive Pulmonary Disease (COPD) Asthma: all ages COPD: 30 YO+  Decrease 497 ER visits since 10/06  Est. savings: \$136,000	Yes  Managed: In house for Coronary Artery Disease (CAD) for members 18 YO+	Yes  Managed: In house for CAD for members 18YO+	Yes  Managed: In house for all pregnant women   12.5% fewer NICU days in 2007  Est. savings \$677,000 in 2007	Yes  Managed: In-house for all ages
<b>Health Net</b>	No	Yes  Contract (under review)	No	No	Yes  Managed: In house for all pregnant women	No
<b>Horizon NJ Health*</b>  Overall costs - \$947,000/yr; Savings \$0	Yes  Managed: In house for members 2 years old and older  Enrolled: 7,239	Yes  Managed: In-house for members 2 years old and older  Enrolled: 43,150	Yes  Managed: In-house for members 18 years old and older  Enrolled: 1,239	Yes  Managed: In-house for members 18 years old and older  Enrolled 11,103	Yes  Managed: In-house for all pregnant women	Yes  Managed: In-house
<b>University Health Plans</b>	Yes  Managed: In-house	Yes  Contract and includes COPD. All ages  Enrolled: 984 Cost: \$454,000 annually	Yes  Managed: In-house	Yes  Managed: In-house	Yes  Managed: In-house	Yes  Managed: In-house  Enrolled: 291  Cost: \$70,000 annually

- The two disease management programs the department administers involve behavioral health and a diabetes program (limited to Hudson County). For those states that have active disease management programs, please provide a listing as to the type of diseases programs in other states are attempting to manage.

DHS RESPONSE:

According to the 2006 50-State Budget Survey by the Kaiser Commission on Medicaid and the Uninsured, in FY 2006, a total of 12 states indicated that they initiated or added to disease management programs and 26 states adopted new disease management and care management initiatives for FY 2007. Based on the author's discussions with Medicaid officials, the trend is to expand the programs to include additional disease states, such as programs for HIV/AIDS in addition to the more common programs that focus on diabetes, asthma, hypertension, congestive heart failure (CHF) or chronic obstructive pulmonary disease (COPD). For example, Arkansas initiated a program for high-risk pregnancy that involves tele-management, California and Florida expanded HIV/AIDS programs, and Utah was to implement a program for hemophilia disease management in FY 2007. Two states reported that they ended their programs in FY 2006, one of which is currently in the bid process for another vendor scheduled to commence again during FY 2007.

Assemblyman Cryan:

- Please provide an overview as to the number and types of personnel currently involved in fraud and abuse activities in your respective departments. Please provide information as to the number and types of vacant positions in these units.

DHS RESPONSE:

There are currently 36 State employees in the Division of Medical Assistance and Health Services dedicated to fraud, waste, and abuse prevention and detection activities. These include supervisor/managers, investigators, medical review analysts, nurses, physicians, and secretarial staff. Currently there are no funded vacancies in the Division.

Assemblywoman McHose:

- An April 2007 audit by the State Auditor's office noted that there were over 300 State employees enrolled in Medicaid and that their Medicaid applications did not indicate that they were enrolled in the State Health Benefits Program. Please provide information as to the disposition of the 300 cases? Were any of the

employees terminated? Were any of the employees brought up on civil or criminal charges?

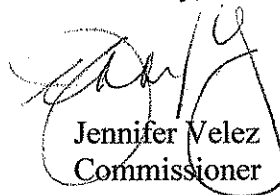
DHS RESPONSE:

The referenced audit report identified 336 State employees enrolled in the Medicaid program. At that time, the Medicaid eligibility file did not reflect the availability of state provided health benefits for 169 of these individuals. As recommended by the auditors, the Medicaid eligibility file has been updated to reflect the availability of other health insurance for these individuals.

Medicaid eligibility may be appropriate for some State employees. Depending on individual circumstances, it is possible for a State employee to qualify for Medicaid eligibility based on disability, income, medical condition, and/or living arrangements. Additionally, individuals employed part time by the State may not receive health benefits. The specific circumstances of these cases will be reviewed and recovery of any inappropriate payments will be pursued. Any indications of misconduct by these individuals will be referred for further appropriate action.

We hope you find this information useful in your continued deliberations throughout the budget process.

Sincerely,



Jennifer Velez  
Commissioner