

7A.5 BUDGET WORKSHEET AND DESCRIPTION

Bidders are not asked to submit a cost proposal. Bidders must understand that the rates have already been set and Bidders must accept them as is for the first contract year. Payment rates are provided as Attachments to Section 9. The Bidder is required to complete the attached budget worksheet to assist the Department's understanding of how the Bidder proposes to influence changes in care delivery and financing within the Iowa Plan. In addition, the Bidder shall provide a narrative describing:

- the Medicaid capitation payment allocations between the Medicaid Claims Fund and the Medicaid Administrative Fund in the Proposal Pricing Tables. Bidders should note that the percent of the Medicaid capitation payment allocated to the Medicaid Administrative Fund, including profit, cannot exceed 13.5%;
- the percentage of the IDPH payment that the Bidder proposes to allocate to the IDPH Administrative Fund. Bidders should note that the percent of the IDPH payment allocated to the IDPH Administrative Fund, including profit, cannot exceed 3.5% of available IDPH Iowa Plan funding, and
- how the Bidder proposes using the Community Reinvestment Account (Section 9 describes the requirements pertaining to the Community Reinvestment Account).

A description of the payments to the Contractor can be found in Section 9.

Magellan Behavioral Care of Iowa, Inc. (Magellan of Iowa) is pleased to be able to submit a Budget in which we propose a reduction in **both** the Medicaid Administration Fund and the IDPH Administrative Fund relative to the allowable amounts offered by the Departments. We are able to offer reductions in both Funds because our proposal includes operational efficiencies within Magellan of Iowa along with fiscal efficiencies achieved through the information technology and provider relations upgrades we have proposed for the new contract. Because Magellan of Iowa has an established service center and infrastructure in Des Moines, costs associated with the new services and programs featured in our proposal will be incremental to our existing operations and will not require start up costs. This allows Magellan to assure that all of the requirements of the contract are met while making available the maximum amount of funds to support the priorities established by the Departments in the RFP.

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Magellan of Iowa will fund Medicaid Community Reinvestment at the 2.5 percent required by this RFP on a monthly basis. Of this 2.5 percent, we will ensure that 70 percent is spent on Beneficiary Services, and that a maximum 30 percent is spent on provider development/consumer outreach. The Community Reinvestment fund has played a critical role in expanding the continuum of care to ensure the success to date of the Iowa Plan and it provides the momentum to move the service delivery system forward to meet the goals of the Plan. Magellan is fully committed to and invested in a judicious process to distribute funds, to evaluate the services funded, and to measure sustainability of the services provided on an ongoing basis.

Magellan will use a strategic approach to community reinvestment to effectively align services with the State's priorities. In partnership with DHS and IDPH, Magellan will develop a concrete plan for the utilization of community reinvestment funds that prioritizes development of new and innovative services consistent with the established priorities of the Departments as expressed in the RFP. We propose to:

- develop new and innovative services based on the annual compendium of evidenced-based practices, including those to develop alternatives to inpatient and PMIC levels of care for children

- develop services to Enrollees age 65 and older to ensure increased access and availability of services for mental health and substance abuse services specifically to address their needs
- continue expansion of and to fill identified gaps in the current array of recovery and rehabilitation services
- develop new strategies to integrate and coordinate mental health, substance abuse disorders with medical illnesses, mental retardation, development disability, and problem gambling
- develop services and supports to help reduce the length of stay at PMIC facilities and reduce readmission rates
- further develop services provided to children in schools
- develop and expand emergency crisis services.

We will take the Community Reinvestment RFP process to solicit services funded by community reinvestment to the next level by developing more specific models of service delivery through dialogue and collaboration with community stakeholders. We will build into the RFP process improved measurements, expanding outcomes measures using common, standardized outcomes tools and improving program evaluation through defined goals and objectives and enhanced data collection. This will allow us to better compare services across the state and regionally. In summary, this approach will help us move from local approaches to a regional focus to promote statewide service expansion and capabilities that are more far reaching and sustainable over time.

The development of telehealth in Iowa is an example of a successful process that we would replicate for other initiatives. Together with IDHS, Magellan developed a standard model to fund telehealth projects that included standards for the services, guidelines on the price for the technology, and recommending a model for technical assistance. Using that information, Magellan released an RFP to providers for their consideration of the need of Telehealth in their geographic region. Upon receipt of bids from providers, IDHS and Magellan evaluated the bids and made recommendations to CMS for approval. We will utilize this proven regional approach methodology as we develop new services throughout Iowa.