

NOVEMBER 2014

**STATISTICAL ANALYSIS OF SELECTED
ERIE COUNTY MEDICAID DATA
FOR THE PERIOD
JANUARY 1, 2011-SEPTEMBER 18, 2014**



**ERIE COUNTY OFFICE OF THE MEDICAID INSPECTOR GENERAL
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November 5, 2014

Hon. Mark C. Poloncarz, Esq.
Erie County Executive
95 Franklin Street, 16th Floor
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Dear County Executive Poloncarz:

In September of 2013, The Office of the Medicaid Inspector General for Erie County (“MIG Team”) provided you¹ with an analysis of Erie County’s Medicaid data for the period January 1, 2008 through April 30, 2013. After that report was released, you met with the MIG Team and asked that the team follow-up on certain issues brought up in that report, as well as discuss new topics you believed were appropriate for our analysis. This report addresses many of the ideas discussed at that meeting.

In May 2013, after approval from the New York State Office of Medicaid Inspector General (“OMIG”), the MIG Team received training on and access to New York State’s Medicaid Data Warehouse (“MDW”). The software used to access the MDW is provided by the Salient Management Company (“SALIENT”). The MDW contains the individual transaction records for all Medicaid claims data in New York State, although the MIG Team only has access to data for Erie County recipients. The MIG Team has complete access to all Medicaid claims data in Erie County on a real-time basis.

This database is covered by the legal and regulatory provisions of the Health Insurance Portability and Accountability Act (“HIPAA”). Much of the data is confidential in nature and cannot be released under this federal law. However, amalgamations of data are allowed as long as individual privacy is not breached. OMIG and other State and local agencies required the MIG Team to agree to sign and adhere to three separate non-disclosure agreements when accessing this data.

MIG Team personnel are the first County employees to have access to the real-time detail of claims data for all Medicaid recipients for Erie County.

Access to this Medicaid information allows Erie County, specifically the MIG Team, to focus audit work on areas of high or low usage, patterns of unusual usage or high Medicaid cost. This will help Erie County and New York State better manage its Medicaid costs.

¹ In this document, “you” and “your” refer to the County Executive. “We” and “our” refer to the MIG Team.

MEDICAID INSPECTOR GENERAL FOR ERIE COUNTY

Since September 1, 2012, operating under agreements with OMIG, the MIG Team has completed or is in the process of completing twenty (20) audits. These audits cover more than \$77 million in Medicaid payments. The results of those audits have been submitted to OMIG, as per the agreements, for follow-up and action by the State.

We have completed, or are in the process of completing, audits of transportation providers, pharmacies, assisted living program providers and durable medical equipment (“DME”) providers.

The MIG Team continues to work on a variety of projects and cooperate with OMIG and law enforcement agencies as required and/or necessary. Under the County’s agreements with OMIG and other State agencies, the MIG Team is restricted from commenting on ongoing or recently completed Medicaid audits while OMIG reviews the results and considers State action.

The MIG Team, which features three employees, is funded through the State under a 2012 agreement.

MEDICAID

Our previous report discussed Medicaid funding within New York State and Erie County. The September 2013 report can be found at <http://www2.erie.gov/exec/sites/www2.erie.gov.exec/files/uploads/MIG%20Report.pdf>.

The Federal government mandates that state Medicaid covers a core of services. States can cover or provide optional services if they so choose.

TABLE 1. Mandated and Optional State Medicaid Health Care Services²

Mandatory Services: States Must Cover	Optional Services: States May Cover
<ul style="list-style-type: none"> • Inpatient and outpatient hospital services • Physician, midwife, and certified nurse practitioner services • Laboratory and x-ray services • Nursing home and home health care for individuals over the age of 21 • Early and periodic screening, diagnosis, and treatment (EPSDT) for children under age 21 • Family planning services and supplies • Rural health clinic/federally qualified health center services 	<ul style="list-style-type: none"> • Diagnostic, screening, preventive, rehabilitative services • Clinic services • Intermediate care facilities for the mentally retarded (ICFs/MR) • Prescribed drugs and prosthetic devices • Optometrist services and eyeglasses • Nursing facility services for children under age 21 • Transportation services (may be covered, must be assured) • Physical and occupational therapy • Home and community-based care to certain persons with chronic impairments • Dental services (for adults)

New York State covers nearly all the optional services for Medicaid.²

APPLYING FOR MEDICAID IN ERIE COUNTY

Qualifying for Medicaid in New York is subject to a number of rules and conditions. Income eligibility is a basic criterion

Medicaid is a flexible program. Individuals have qualified for Medicaid in New York State despite making more than the Federal 2014 Annual Poverty Guideline of \$23,850 annually. The Patient Protection and Affordable Care Act of 2010 (“ACA”) creates a new national Medicaid minimum eligibility level that covers most Americans with household income up to 133% of the federal poverty level. This amount is \$31,720 for a family of four in 2014.

Beginning in January of 2014, the ACA provided a new and simplified method for calculating eligibility for Medicaid and some other programs. The new method uses modified adjusted gross income (“MAGI”). MAGI replaces a process that used income deductions that are different in each state and often differed by eligibility group. The new method uses an individual’s MAGI, deducts 5% (called a “disregard”) and compares that number to the income standards. An applicant’s MAGI is easily found: it’s on their most currently filed federal income tax return.³

Pregnant females, children, disabled persons, and others may be eligible for Medicaid if their income is above these levels and they have medical bills. Individuals who are certified blind or disabled, or age 65 or older who have more resources may also be eligible.

Medicaid covers some costs retroactively. Medicaid may retroactively cover the health care expenses for up to three (3) months prior to the application month, if the individual would have been eligible during the retroactive period. Coverage generally stops at the end of the month in which a person no longer meets the eligibility requirements.⁴

² From Salient HHS, “Overview of Medicaid for Salient Users” dated October 2012, Page 34.

³ From the Department of Health and Human Services website. WWW.Medicaid.gov

⁴ New York State Department of Health Website. <http://www.health.ny.gov/>

TABLE 2. Selected poverty guidelines as a percentage of the Federal poverty level ⁵

Selected 2014 Annual Poverty Guidelines					
Family Size	100%	120%	133%	150%	200%
1	11,670.00	14,004.00	15,521.10	17,505.00	23,340.00
2	15,730.00	18,876.00	20,920.90	23,595.00	31,460.00
3	19,790.00	23,748.00	26,320.70	29,685.00	39,580.00
4	23,850.00	28,620.00	31,720.50	35,775.00	47,700.00
5	27,910.00	33,492.00	37,120.30	41,865.00	55,820.00
The full table of 2014 Poverty Guidelines is attached as Appendix A.					

In New York State, the Minimum Wage is \$7.50 per hour as of September 1, 2014. Individuals earning minimum wage who work 40 hours per week for 50 weeks per year earn an annual wage of \$15,000.

Using the MAGI calculation, a family of two children and two adults, with both adults working full-time at minimum wage, absent of any special circumstances or additional income, would qualify for Medicaid.

If someone believes they qualify for Medicaid, they should apply online through the NY State of Health (www.nystateofhealth.ny.gov).

MEDICAID DATA FOR ERIE COUNTY

TABLE 3. Total Erie County Medicaid cost, for the years 2011 through 2013, and from January 1, 2014 through September 18, 2014.

Medicaid Costs For The Years 2011 - 2014				
	2011	2012	2013 ^A	2014 ^{B C}
Medicaid Costs	\$ 1,414,065,480	\$ 1,450,493,593	\$ 1,471,827,656	\$ 974,467,973
Erie County's Portion of Medicaid Costs	\$ 206,406,373	\$ 211,765,441	\$ 217,880,408	\$ 211,425,799
^A The Medicaid Cost data for 2013 is subject to change. ^B The Medicaid Costs for 2014 are for the period January 1, 2014 through September 18, 2014, and are subject to change. ^C Erie County's Portion of Medicaid Costs are projected for the entire Fiscal Year of 2014.				

⁵ US Department of Health and Human Services website. <http://www.hhs.gov/>

The data in Table 3 for the years 2011, 2012 and 2013 differ from those published in the September 2013 report. Medicaid claims must be initially submitted within 90 days of the date of service, but claims must be **finally** submitted within two (2) years. The figures from previous years differ by less than 2% and are the results of final adjustments.

Erie County's Medicaid payments are calculated on a weekly basis. The year 2013 had 53 weekly payments, while the years 2012 and 2014 have the typical 52 weekly payments. The additional payment made in 2013 accounts for the majority of the increase in total Medicaid payments for that year.

In 2013, Erie County realized over \$1.8 million in savings due to additional payments, referred to as the enhanced Federal Medical Assistance Percentage ("FMAP"). The County's final costs in 2014 are expected to be reduced by \$5.7 million from the 2014 adopted budget figure of \$217,160,208, also due to additional enhanced FMAP funding. Table 3 reflects these additional payments.

The FMAP Percentage

The reason for this dramatic drop in Medicaid costs to Erie County is the ACA. The ACA changed the calculation of the FMAP percentage.

The Medicaid program is jointly funded by states and the federal government and in the case of New York State, the county governments. In states that choose to participate, the federal government pays at least half the cost of providing needed services to program beneficiaries. The federal share of those costs is determined by the FMAP. The Social Security Act requires the Secretary of Health and Human Services to calculate and publish the FMAPs each year.⁶

The FMAP is calculated annually using a formula set forth in federal statute. The FMAP is inversely proportional to a state's average personal income relative to the national average. States with lower average personal incomes have higher FMAPs. Personal income data is lagged, so data used for FY 2014 is based on 2010-2012.

The ACA provides an FMAP of 100 percent for the period 2014-2016 and at least 90 percent thereafter for the cost of covering newly eligible low-income adults. The costs of administration are generally matched at 50 percent, although some administrative activities receive a higher federal matching rate.

The FMAP for New York State for the federal government's past fiscal year (October 1, 2013 through September 30, 2014) is 50%. New York State shares the lowest FMAP percentage in the nation with fifteen (15) other states. The highest FMAP percentage in 2014 is 73.05% for the

⁶ An Overview of the Federal Medicaid Matching Rate (FMAP), The Henry J. Kaiser Family Foundation.
<http://www.kff.org>.

state of Mississippi.⁷ This means that despite the large cost of New York’s Medicaid program, by percentage, the state is receiving a lower federal contribution than many other states.

Beginning in 2014, ACA establishes highly enhanced FMAPs for the cost of services to low-income adults with incomes up to 138% of the Federal Poverty Level (“FPL”) who are not currently covered. The federal government will pick up 100% of such costs in 2014 through 2016, phasing down to 90% in 2020 and beyond. The Enhanced FMAP for New York State is 65% for this same period.⁸

This enhanced FMAP percentage has resulted in an increased reimbursement to Erie County, and as a result, a lower County share of the total Medicaid cost.

Medicaid Expenditures by Category

Reviewing Medicaid costs by categories (such as dental care, pharmacy, laboratory, etc.) offers an opportunity to see where the expense was incurred by provider group.

The State has moved more individuals to Managed Care since 2011, with costs shown below demonstrating that progression. Managed Care has also largely assumed the responsibilities for the cost categories of Pharmacy, Private Dental, Dental Clinic and Laboratory Costs, as the trends for those categories show.

The two categories aside from Managed Care that have seen significant increases are Transportation and Intermediate Care Facility for Persons with Mental Retardation (“ICF-MR”). In part, it is this increase that prompted the later section of this report.

⁷ US Department of Health and Human Services website. <http://www.hhs.gov/>

⁸ US Department of Health and Human Services website. <http://www.hhs.gov/>

TABLE 4. Medicaid expenditures by Medicaid category

Erie County Medicaid Costs by Medicaid Category				
	2011	2012	2013	2014 ^A
MANAGED CARE	\$398,705,918	\$570,542,912	\$633,622,017	\$455,586,878
HOME HEALTH	\$340,238,778	\$349,471,283	\$344,747,747	\$219,600,511
NURSING HOME	\$246,554,314	\$237,144,983	\$234,351,926	\$143,878,565
INPATIENT	\$111,988,329	\$99,858,467	\$84,855,591	\$50,437,387
PHARMACY	\$123,752,656	\$25,493,639	\$19,178,303	\$13,248,883
MEDICAID MANAGEMENT INFORMATION SYSTEM CLINIC (MMIS CLINIC)	\$100,295,971	\$89,931,762	\$83,749,562	\$47,900,123
PRACTITIONER	\$24,832,824	\$21,686,018	\$23,947,880	\$14,546,308
INTERMEDIATE CARE FACILITY FOR PERSONS WITH MENTAL RETARDATION (ICF-MR)	\$16,285,790	\$16,721,653	\$17,831,879	\$11,340,742
PRIVATE DENTAL	\$16,611,926	\$11,202,082	\$3,715,987	\$2,121,094
TRANSPORTATION	\$13,708,362	\$13,950,838	\$14,549,157	\$9,084,850
DENTAL CLINIC	\$8,101,134	\$4,453,005	\$1,662,203	\$1,044,659
DURABLE MEDICAL EQUIPMENT	\$5,534,546	\$4,047,436	\$3,698,944	\$2,092,673
REFERRED AMBULATORY	\$3,396,728	\$2,157,376	\$2,368,612	\$1,381,720
CHILD CARE	\$2,173,512	\$2,310,783	\$2,316,334	\$1,491,490
LABORATORY	\$1,029,472	\$762,774	\$557,909	\$321,893
EYE CARE	\$649,757	\$555,054	\$495,189	\$297,019
UNDEFINED PROFESSIONAL	\$205,461	\$203,528	\$178,417	\$93,180
Total Costs	\$1,414,065,480	\$1,450,493,593	\$1,471,827,656	\$974,467,973

^A 2014 data covers the period January 1, 2014 through September 18, 2014. This data is incomplete.

TABLE 5. Additional descriptions for selected Medicaid categories

Additional Descriptions for Selected Categories	
DURABLE MEDICAL EQUIPMENT	Durable medical equipment used to describe any medical equipment used in the home to aid in a better quality of living. Examples are items such as: iron lungs, oxygen tents, Nebulizers, CPAP, catheters, hospital beds, and wheelchairs and blood glucose monitors.
HOME HEALTH	Home Health Care includes skilled nursing care, physical therapy, occupational therapy, and speech therapy, medical social services and home health aide services. Home Health Agencies may also teach patients (or family members or friends) how to care for a patient.
INTERMEDIATE CARE FACILITY FOR PERSONS WITH MENTAL RETARDATION ("ICF-MR") ^A	A health facility that provides medically related services to persons with a variety of physical or emotional conditions requiring institutional facilities but without the degree of care provided by a hospital or skilled nursing facility. An example is an intermediate care facility for mentally retarded or other developmentally disabled persons.
MANAGED CARE	Any system that manages health care delivery to control costs. Typically, managed care systems rely on a primary care physician who acts as a gatekeeper for other services, such as specialized medical care, surgery, and physical therapy.
MEDICAID MANAGEMENT INFORMATION SYSTEM CLINIC ("MMIS CLINIC")	A CMS approved system that supports the operation of the Medicaid program. The MMIS includes the following types of sub-systems or files: recipient eligibility, Medicaid provider, claims processing, pricing, and potentially encounter processing. Examples: Medical coding and billing, training, jobs and certification.
REFERRED AMBULATORY	A referred ambulatory patient is one who is treated and/or diagnosed in an ancillary service area of a hospital upon referral and who does not meet the definition criteria for an emergency outpatient or the clinical outpatient.
PHARMACY	Cost of pharmaceuticals. As of October 2011 pharmacy costs were assumed by managed care providers for those clients enrolled in all managed care programs (Certain limited exceptions apply).

^A Federal Regulations use the term "Intermediate Care Facilities for the Mentally Retarded." Erie County is aware that the preferred term is "persons with an intellectual disability." We use "mentally retarded" here because that is term used in the Federal regulations.

Erie County Medicaid Expenditures by Age and Race

The number of persons on Medicaid in Erie County and the claims incurred on behalf of those persons dictate Medicaid costs. The New York State Medicaid database allows for the tracking of Medicaid clients based upon the zip code of the Medicaid patient. For the twelve zip codes with the largest number of Medicaid recipients, that data is provided in Table 6.

TABLE 6

Erie County Medicaid Clients by Year and Residing Zip Code				
Zip Code	2011	2012	2013	2014 ^A
14215	20,101	20,856	21,735	22,376
14213	13,648	14,653	15,882	16,726
14207	13,151	14,134	15,075	15,547
14211	13,383	13,950	14,592	15,111
14206	7,403	7,721	8,065	8,382
14201	6,448	6,869	7,211	7,362
14218	6,780	7,143	7,454	7,757
14210	6,301	6,520	6,766	6,870
14212	6,058	6,376	6,873	7,162
14225	6,429	6,704	7,104	7,648
14220	6,050	6,294	6,663	6,860
14150	6,345	6,658	7,078	7,632
Top Twelve Total	112,097	117,878	124,498	129,433
Overall Total	213,008	221,557	230,560	241,119
Percentage of the top twelve to the Overall Total	53%	53%	54%	54%
^A 2014 data includes the period January 1, 2014 through September 18, 2014.				
This data is incomplete.				

The data in Table 6 for the years 2011, 2012 and 2013 differ from those published in the September 2013 report. Medicaid claims must be initially submitted within 90 days of the date of service, but claims must be **finally** submitted within two (2) years. The figures from previous years differ by less than 2% and are the results of final adjustments.

Our report from 2013 indicated that the number of persons on Medicaid was steadily growing at an average rate of more than four percent (4%) per year. This trend continues.

Table Six shows that in 2014, the top four zip codes contain about twenty-nine percent (29%) of the County’s Medicaid population. Not surprisingly, these zip codes are concentrated in the City of Buffalo. The seventh-largest zip code is the City of Lackawanna, the tenth-largest is Cheektowaga, and the twelfth-largest zip code is the City of Tonawanda and part of the Town of Tonawanda.

Medicaid clients by age and census data are shown in Table 7.

TABLE 7

	2010 Data		
	Medicaid Clients	Census Data	% of Population
Under 18 Years of Age	59,115	198,944	30%
18 to 64 Years of Age	120,538	575,732	21%
65 Years of age and older	24,902	144,364	17%
Total	204,555	919,040	22%
	2013 Data		
	Medicaid Clients	Census Data	% of Population
Under 18 Years of Age	79,064	191,021	41%
18 to 64 Years of Age	129,028	578,560	22%
65 Years of age and older	22,468	150,285	15%
Total	230,560	919,866	25%

From 2010 through 2013, the number of Medicaid clients has increased by 26,005 persons. The majority of that increase is by persons under eighteen years of age.

Table 7 shows that as of the end of 2013, 25% of all Erie County residents are covered by Medicaid.

With the increase in Medicaid clients due to the ACA, we expect that 2014 Medicaid clients will exceed 25% of Erie County’s population.

Medicaid clients by race and age are shown in Table 8.

TABLE 8

Unique Erie County Medicaid Recipients by Age and Race			
Race/Age ^B	2012	2013	2014 ^A
Age (65 and Over)			
White	16,160	15,707	14,125
Black/African American	4,228	4,023	3,759
Hispanic/Latino	1,110	1,081	1,039
Asian/Pacific Islander	709	775	765
American Indian/Alaska Native	133	132	131
Not Available/More Than One Race	793	750	739
Age (18 to 64 Years of Age)			
White	62,758	63,921	69,995
Black/African American	41,432	41,924	41,121
Hispanic/Latino	11,647	12,053	11,750
Asian/Pacific Islander	5,529	6,076	6,453
American Indian/Alaska Native	1,081	1,125	1,055
Not Available/More Than One Race	3,797	3,929	6,012
Age (Under 18 Years of Age)			
White	29,174	31,885	33,054
Black/African American	26,026	28,273	28,658
Hispanic/Latino	8,842	9,684	9,753
Asian/Pacific Islander	3,664	4,381	4,795
American Indian/Alaska Native	648	725	707
Not Available/More Than One Race	3,826	4,116	7,208
Totals	221,557	230,560	241,119
^A - 2014 data is for the period January 1, 2014 through September 18, 2014, and is incomplete.			
^B - Medicaid clients self-identify for race			

Although the 2014 data is incomplete, Table 8 shows an increase in white Medicaid recipients.

PRESCRIPTIONS IN ERIE COUNTY PAID THROUGH MEDICAID

The MIG Team can analyze prescriptions paid through Medicaid by the type of drug, prescribing medical professional, Medicaid patient, number of refills and other criteria. The MIG Team uses this data to determine the most commonly filled prescriptions.

TABLE 9. Most commonly filled prescriptions*

The Medicaid Drugs in Erie County with the Most Filled Prescriptions are:				
	2011	2012	2013	2014 ^A
1	Hydrocodone-Acetaminophen	Hydrocodone-Acetaminophen	Hydrocodone-Acetaminophen	Hydrocodone-Acetaminophen
2	Ibuprofen	Ibuprofen	Ibuprofen	Ibuprofen
3	Ventolin HFA	Omeprazole	Omeprazole	Omeprazole
4	Aspirin	Lisinopril	Lisinopril	Lisinopril
5	Omeprazole	Aspirin	Aspirin	Metformin HCL
6	Lisinopril	Ventolin HFA	Ventolin HFA	Ventolin HFA
7	Amoxicillin	Metformin HCL	Metformin HCL	Aspirin
8	Loratdine	Amoxicillin	Amlodipine Besylate	Atorvastatin Calcium
9	Metformin HCL	Loratdine	Levothyroxine Sodium	Amlodipine Besylate
10	Amlodipine Besylate	Amlodipine Besylate	Amoxicillin	Levothyroxine Sodium
11	Levothyroxine Sodium	Levothyroxine Sodium	Loratdine	Loratdine
12	Clonazepam	Clonazepam	Atorvastatin Calcium	Amoxicillin
All Prescriptions Filled	2,183,916	2,334,601	2,410,970	1,867,041
Just Above Scripts Filled	425,284	467,601	455,524	384,105
Percent of Total	19.47%	20.03%	18.89%	20.57%

^A The 2014 data includes all prescriptions filed between January 1, 2014 and September 18, 2014. The 2014 data is not final.

*generic drug names

Approximately 20% of all prescriptions written between 2011 and 2013 were for the top twelve drugs listed in Table 9.

Hydrocodone–Acetaminophen is a controlled substance. It was also the most prescribed drug in 2008 and 2009. Hydrocodone-Acetaminophen, also known as Vicodin or Lortab, one of the most abused prescription drugs in the U.S. Narcotic painkillers, of which Hydrocodone–Acetaminophen is one example, are now the most widely prescribed class of medications in the U.S., and prescriptions for the strongest opioids have increased nearly fourfold over the past decade.⁹

The pharmaceutical drugs shown in Table 9 and their commonly prescribed purpose are reported in Table 10 below:

⁹ The New York Times Sunday Review, “Profiting From Pain”, June 22, 2013.

TABLE 10. Indications for commonly prescribed medications.

Drug Name	Commonly prescribed for:
Amlodipine Besylate	High blood pressure treatment
Amoxicillin	Infection treatment (Antibiotic)
Aspirin	Over the counter pain reliever
Atorvastatin Calcium	Elevated cholesterol treatment
Clonazepam	Epilepsy treatment and treatment for bipolar disease and panic attacks
Hydrochlorothiazide	Treatment for high blood pressure, also osteoporosis and is a diuretic
Hydrocodone-Acetaminophen	Treatment for moderate to severe pain
Ibuprofen	Over the counter pain reliever
Levothyroxine Sodium	Treatment for thyroid deficiency
Lisinopril	High blood pressure treatment
Loratadine	Treatment for allergies
Metformin HCL	Treatment for type two diabetes or pre-diabetics
Omeprazole	Treatment for acid reflux
Ventolin HFA	Treatment for asthma or allergies

THE “I-STOP” PROGRAM

As discussed in the September 2013 report, the diversion of prescription controlled substances, like Hydrocodone, to non-medical use is a serious public health concern. To address this concern, New York State developed the Internet System for Tracking Over-Prescribing - Prescription Monitoring Program (“I-STOP”). I-STOP was introduced by Governor Andrew Cuomo and Attorney General Eric T. Schneiderman, a Governor / Attorney-General program bill.¹⁰ The New York State Department of Health, Bureau of Narcotic Enforcement was responsible for the development and implementation of I-STOP and is responsible for the ongoing administration of the I-STOP Program.

I-STOP applies to drugs on the Federal controlled substances listing for Schedule II, III and IV drugs.

The I-STOP program requires prescribers to consult with the I-STOP registry when writing Schedule II, III and IV controlled substances prescriptions. Prescribers see the controlled substance histories for their patients. The system displays all controlled substances that were dispensed in New York State and reported by the pharmacy or dispensary for the past six (6) months. This information allows practitioners to better evaluate patient access of controlled

¹⁰ New York State Assembly Bill S07637

substances and determine where there may be abuse of controlled substances or diversion to a non-medical use. The I-STOP program became effective on August 27, 2013.¹¹

Commonly abused Schedule II drugs include Codeine, Hydrocodone, Opium, Cocaine, and Methamphetamine. I-STOP also covers Schedule III drugs that have a history of abuse including Anabolic Steroids and Schedule IV drugs such as Cathine. (Cathine is a performance enhancing drug and is one of a number of substances tested for and banned by the Olympic Games.)¹²

The expectation when I-STOP was implemented was that the number of Schedule II, III and IV inappropriate or illegal drug prescriptions would fall over time, as the ability of abusers to use multiple doctors as sources ended, a practice commonly called “doctor shopping.” To test that theory, the MIG Team performed an analysis of Medicaid hydrocodone prescriptions. We compared the number of new prescriptions and total prescriptions for the period January 1, 2013 to June 30, 2013 (before I-STOP implementation) to the number of prescriptions from January 1, 2014 through June 30, 2014 (after I-STOP implementation).

As hoped, the number of prescriptions for hydrocodone fell after I-STOP was implemented. For the periods we examined, the number of filled hydrocodone prescriptions fell from 35,741 to 32,687 (9% decrease) and the number of new (non-refilled) prescriptions fell from 1,741 to 1,376 (21% decrease).

ILLNESS AND ERIE COUNTY MEDICAID RECIPIENTS

The MDW contains data not only on Medicaid costs, but also contains data on the health conditions treated. The Diagnosis Class of the health conditions treated for Erie County Medicaid clients from 2012 through September 18, 2014 and the Medicaid funds spent to treat those conditions are shown in Table 11.

¹¹ New York State Department of Health website – WWW.health.ny.gov.

¹² World Anti-Doping Agency – “List of Prohibited Substances and Methods – 2014”.

TABLE 11. Medicaid funds spent to treat health conditions.

Eric County Medicaid Costs by Diagnosis Class			
DIAGNOSIS CLASS	2012	2013	2014 ^A
SIGNS, SYMPTOMS, AND ILL-DEFINED CONDITIONS	\$ 848,592,740	\$ 927,131,580	\$ 643,229,569
MENTAL DISORDERS ALL DSMIII C	240,992,715	211,764,824	128,322,943
CIRCULATORY SYSTEM DISEASES	63,747,851	64,010,880	38,403,004
DISEASES OF THE NERVOUS SYSTEM	45,061,433	42,267,970	24,320,140
NATURE OF INJURY, ADVERSE EFFECTS AND POISONING	37,065,257	34,679,527	21,283,088
DISEASES OF THE MUSCULOSKELETAL SYSTEM	21,569,067	22,155,105	13,210,519
DISEASES OF THE RESPIRATORY SYSTEM	21,729,864	20,059,260	12,438,690
ENDOCRINE, NUTRITIONAL, METABOLIC	18,584,305	16,886,418	12,572,221
SUPPLE CLASS/DESC OF PATIENT STATUS AND OTHER HLTH	17,219,890	16,859,243	9,719,207
NOT AVAILABLE	11,686,775	3,829,468	2,156,715
DIGESTIVE SYSTEM DISEASES	15,832,977	11,912,927	8,085,646
GENITOURINARY SYSTEM DISEASES	12,322,938	11,839,910	7,669,440
INFECTIVE AND PARASITIC DISEASE	11,792,944	12,943,174	7,390,235
LIVEBORN INFANTS ACCORDING TO TYPE OF BIRTH	12,798,158	10,794,260	4,639,491
NEOPLASMS	10,367,941	10,152,942	5,389,090
DELIVERY AND COMPLICATIONS OF PREGNANCY	8,480,442	8,529,858	5,410,151
REASON FOR SPECIAL ADMISSIONS AND EXAMS	6,412,080	6,859,801	3,925,377
DISEASES OF THE SKIN AND SUBCUTANEOUS TISSUE	5,670,880	5,460,765	3,519,761
DISEASES OF BLOOD & BLOOD FORM	5,321,389	4,544,851	3,508,449
CONGENITAL ANOMALIES	4,867,079	5,094,544	2,966,392
CERTAIN CAUSES OF PERINATAL MORBIDITY AND MORALITY	4,681,833	4,706,786	2,948,113
EXTERNAL CAUSE OF INJURY	201,397	165,261	109,216
Totals	\$ 1,425,000,374	\$ 1,452,649,601	961,219,089.96

A - 2014 data is for the period January 1, 2014 through September 18, 2014 and is incomplete and subject to change.

Table 11 shows that the first category, “Signs, Symptoms and Ill-Defined Conditions” has steadily increased, while the others have fallen over the past three (3) years.

As the figures in Table 11 do not include certain expenses, such as Durable Medical Goods items such as wheelchairs, canes and eyeglasses, the totals for Table 11 will always be less than the total Medicaid Costs shown in Table 3.

TABLE 12. General description of selected Diagnosis Classes

International Statistical Classification of Diseases and Related Health Problems and Selected Descriptions ^A	
Disease Group	Description
SIGNS, SYMPTOMS, AND ILL-DEFINED CONDITIONS	Unknown conditions, transient symptoms and not otherwise specified diseases
MENTAL DISORDERS ALL DSMIII C	Disorders of psychological development, also dementia and addiction
CIRCULATORY SYSTEM DISEASES	Diseases of the blood-producing and transporting organs
NATURE OF INJURY, ADVERSE EFFECTS AND POISONING	Injuries to the body, such as broken bones, poisoning and gunshot wounds
ENDOCRINE, NUTRITIONAL, METABOLIC	Diabetes and other metabolic disorders
SUPPLE CLASS/DESC OF PATIENT STATUS AND OTHER HLTH	When some circumstance or problem is present which influences the person's health status but is not in itself a current illness or injury.
GENITOURINARY SYSTEM DISEASES	Diseases that affect the male or female reproductive systems
INFECTIVE AND PARASITIC DISEASE	Diseases generally recognized as communicable or transmissible
NEOPLASMS	Various types of cancers
CONGENITAL ANOMALIES	Diseases that affect or result from chromosomal or genetic issues

^A Data from the world Health Organization website. <http://apps.who.int/classifications/icd10/browse/2010/en>

“Signs, Symptoms and Ill-Defined Conditions” is a difficult category to analyze. Medical professionals use this category to; for example, record an illness that goes away on its own, or for services before a diagnosis is determined, or for patients who may suffer from more than one malady.

The second-highest category is “Mental Disorders.” Table 13 presents the top twelve mental health costs by diagnosis and provides a brief description of the diagnosis.

TABLE 13. Mental health Medicaid costs by diagnosis.

Erie County Medicaid - Top Twelve Categories for Mental Health Costs - 2013		
MODERATE INTELLECTUAL DISABILITIES	\$ 30,868,565.28	Used to describe an IQ level of approximately 35 to approximately 50
MILD INTELLECTUAL DISABILITIES	\$ 23,548,282.75	Used to describe an IQ level of approximately 50 to approximately 70
SENILE DEMENTIA, UNCOMPLICATED	\$ 14,213,880.09	The ability to think, reason, and remember clearly is diminished
PARANOID TYPE SCHIZOPHRENIA, UNSPECIFIED	\$ 8,985,885.35	A disorder characterized by auditory hallucinations and delusions. The delusions can often be about being persecuted by a person or an organization, or feeling harassed or treated unfairly.
MIXED RECEPTIVE-EXPRESSIVE LANGUAGE DISORDER	\$ 8,254,023.36	A communication disorder, where the person has problems expressing themselves or understanding others.
SCHIZOAFFECTIVE DISORDER, UNSPECIFIED	\$ 7,384,345.08	A disorder that combines a mood disorder, such as depression, and schizophrenia.
UNSPECIFIED SCHIZOPHRENIA, UNSPECIFIED	\$ 6,611,108.29	Schizophrenia is characterized by hallucinations and delusions.
OPIOID TYPE DEPENDENCE, CONTINUOUS	\$ 5,329,180.30	Addiction to opioids, an example being Hydrocodone.
OTHER PERSISTENT MENTAL DISORDERS	\$ 4,859,226.86	A psychotic disorder with hallucinations
UNSPECIFIED INTELLECTUAL DISABILITIES	\$ 4,849,665.10	A diagnosis used to describe someone with an IQ below 70
DEPRESSIVE DISORDER, NOT ELSEWHERE CLASSIFIED	\$ 4,433,189.11	Persistent and pervasive low mood, often with low self-esteem
OTHER AND UNSPECIFIED ALCOHOL DEPENDENCE	\$ 4,328,848.11	Alcoholism and alcohol abuse

The high costs to manage these conditions is closely associated with the time necessary to treat these disabilities. A patient with a mild intellectual disability may require assistance for his or her entire life.

MEDICAID AND EMPLOYMENT

The County Executive asked the MIG Team if it was possible to determine how many individuals on Medicaid were in receipt of income. Sources of income could include wages, Social Security disability benefits, child support, alimony, and unemployment benefits.

The source and amount of income for Erie County Medicaid clients was not obtainable for this report. However, if an individual has outside income, that information was available and, is provided in Table 14.

The Erie County Department of Social Services (“DSS”) has access to a number of New York State systems that contain income data for DSS clients. Those systems include persons on Temporary Assistance (“TANF”), Supplemental Nutrition Assistance Program (“SNAP”) and Home Energy Assistance Program (“HEAP”). DSS does not have access to income data for clients who only receive Medicaid. However, a cross reference between programs can be done for Medicaid recipients to identify those in receipt of income if they receive benefits from a different assistance program. These individuals are a large enough segment of all Medicaid recipients to be able to produce an acceptable average of those in receipt of income derived from current or past personal earnings.

As of September 18, 2014, there are 136,386 persons age 18 or older and less than age 65 on Medicaid in Erie County. (See Table 8) The segment of that group used in our analysis is 121,077, or 89% of those on working age and on Medicaid.

DSS staff worked with the MIG Team to develop Table 14 and the associated appendices. Without their efforts, this would not have been possible. We are grateful for their efforts.

Table 14 shows the top twelve zip codes for persons on Medicaid who receive income from current or past personal earnings, as well as the total amount County-wide. A map (Appendix II) displays the data for all of Erie County.

TABLE 14. Zip codes with highest number of Medicaid clients with outside income.

Medicaid and Outside Income in Erie County as of September 18, 2014					
NAME	ZIP	For those on Medicaid and with Outside Income, the Average Number in the Household	Those with Outside Income and on Medicaid	All those of Working Age on Medicaid	Percent of those with Outside Income
Buffalo/Cheektowaga	14215	3.03	8,453	10,985	77%
Buffalo	14213	3.46	5,632	8,407	67%
Buffalo/Tonawanda	14207	3.40	6,344	7,895	80%
Buffalo/Cheektowaga	14211	3.14	5,447	7,641	71%
Buffalo/Sloan	14206	3.04	3,350	4,320	78%
Lackawanna	14218	3.40	3,670	3,954	93%
Cheektowaga	14225	2.80	3,429	3,941	87%
Tonawanda	14150	2.96	3,000	3,930	76%
Buffalo	14201	3.32	2,312	3,756	62%
Buffalo/Cheektowaga	14212	3.68	2,438	3,646	67%
Buffalo	14210	3.09	2,814	3,515	80%
Buffalo	14220	2.84	3,014	3,498	86%
Buffalo	14214	2.99	1,938	3,336	58%
Buffalo	14216	2.77	1,853	2,956	63%
Buffalo	14204	2.85	1,803	2,886	62%
Top 12 Total		N/A	55,497	74,666	N/A
All Other Erie County Zip Codes		N/A	30,384	46,411	N/A
All Erie County Zip Codes Total		N/A	85,881	121,077	71%

“For those on Medicaid and Working, the Average Number in the Household” is, for those who are on Medicaid and have outside income, the average number of persons in the household. This information is provided because those persons with income would be expected to support all those in the household. It is possible for a person to be in the household with income and not be on Medicaid. Those persons are not considered in the average provided.

“Those with Outside Income and on Medicaid” are those persons on Medicaid who have an income not provided by the government, but may include past or current personal earnings that may have governmental oversight in delivery of funds. This often is employment, but may also be alimony, unemployment benefits, pensions, income from a legal settlement or some form of passive income such as stock dividends or interest income. Medicaid is a “Means Tested” program, and persons with significant outside income do not qualify. Please see Appendix A for income restrictions.

“All those of Working Age on Medicaid” is the number of persons on Medicaid who are eighteen years of age or older, and younger than age 65.

The total number of persons on Medicaid in Erie County, as of September 18, 2014, is 241,119. This number includes those of working age, and those under the age of 18 and those over the age of 65.

“Percent of those with Outside Income” is, for a specific zip code, the number of persons who have outside income divided by “All those of Working Age on Medicaid.” The average countywide for this figure is 71%.

In previous years, Erie County not only had data on Medicaid and employment but also on the amount earned by those receiving benefits. New York State has assumed responsibility for some Medicaid processing and income data is not presently available to Erie County employees. The MIG Team has spoken with State employees and we believe this data will be available for a future report.

CONCLUSION

- ✓ The total number of County residents on Medicaid has risen due to the ACA, with more than 25% of Erie County residents’ health insurance now being provided by Medicaid.
- ✓ Erie County’s portion of Medicaid costs has fallen more than \$6.4 million from 2013 to 2014 and is approximately \$340,000 lower than 2012.

- ✓ The three cost categories that have seen significant increases are: Managed Care, Transportation and Intermediate Care Facility for Persons with Mental Retardation (ICF-MR).
- ✓ Hydrocodone–Acetaminophen remains Medicaid’s most prescribed drug in Erie County since 2008. Hydrocodone–Acetaminophen is also one of the most abused drugs in the United States.
- ✓ The I-STOP Program appears to be reducing the number of prescriptions for commonly abused controlled substances.
- ✓ Approximately 71% of all Erie County Medicaid recipients have some source of outside income.

Erie County gratefully acknowledges the cooperation and assistance of OMIG and Erie County looks forward to working on additional projects with OMIG.