



**OFFICE OF AUDITOR OF STATE**  
**STATE OF IOWA**

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Rob Sand  
Auditor of State

June 26, 2019

Mr. Gerd Clabaugh  
Interim Director of Human Services  
VIA EMAIL

Dear Mr. Clabaugh:

Clause 2.13.27 of the State of Iowa's contracts with MCOs Amerigroup and United HealthCare allows the State Auditor, at the MCOs' cost, to determine whether the MCOs have complied with their legal and/or contractual obligations. I write today to state that they have failed to comply, in the hope that their failures will be immediately remedied to save taxpayer money and protect the Iowans specifically harmed.

The issues that I will note in this letter focus on the treatment of two quadriplegics who are currently experiencing service gaps and cuts. Staff at DHS are aware of their situations, and yet thus far their situations are unresolved. While progress has been in some areas of their cases, the facts appear to violate federal regulations at 42 C.F.R. § 441.710, in addition to violating the contract clauses specifically noted below. Not only that, but the violations would have been worse had these individuals and their families not spent hours doing what taxpayers already pay the MCOs to do.

[REDACTED] (an Amerigroup member) and [REDACTED] (a United member) are quadriplegics receiving Medicaid services in their homes through Home and Community Based Services (HCBS). Their provider, ComfortCare, recently gave them each a 30-day notice that their services would be terminated. During that 30-day period, they each personally made scores of phone calls and attempted daily to ensure continuity of their care. I, too, made dozens of phone calls and sent dozens of emails to better understand their situations and to review the MCO's compliance with their obligations. Both were pushed by their MCOs towards moving into a nursing home. [REDACTED] caregivers are currently in the process of gaining employment with a new provider in order to continue giving her care, but that provider was located by [REDACTED] mother, not an MCO. In short, both MCOs failed to solve these individuals' issues in a reasonable time frame, resulting in reduced care, additional expenses, and anxiety and stress for both that continues to this day as they still worry that they will be removed from their homes and sent to a nursing home.

Because of that failure, Amerigroup's member, [REDACTED], is suffering through reduced care. A portion of the remaining care she does get is only because she asked her non-medical assistants to attend to her needs outside of their employment, without pay. United member [REDACTED] is now being required to travel to a hospital daily to be cleaned and dressed, which is not only inconvenient for him but also results in additional hospital expenses for taxpayers. These appear to be violations of Clause 4.1 ("For members who require

individualized, enhanced staffing patterns to support them in a less-restrictive setting, the [MCO] shall not reduce the enhanced staffing arbitrarily or without a supporting reduction in clinical need as documented by provider records”), Clause 4.3.2 (MCOs “shall facilitate access to covered benefits and monitor the receipt of services to ensure member's needs are being adequately met”) and Clause 4.3.7 (MCOs must “immediately respond” to “service gaps”). No reasonable definition of “immediate” would cover a failure to prevent a service gap after 30 days’ notice. Moreover, under Clause 6.1.2.2.2, the MCOs should have required the provider to continue to serve these Iowans until they were transitioned to a new provider. This is “regardless of any other provision in the provider agreement” and “may exceed thirty days from the date of notice.”

It is also concerning contractually, legally, and financially for taxpayers, that both MCOs appear to have pushed [REDACTED] and [REDACTED] towards moving out of their homes and into nursing homes. Under Clause 4.3.10, MCOs must have terms with providers that “protect an individual from involuntary discharge that may lead to a placement in an inappropriate or more restrictive setting.” In [REDACTED] case, a United employee told the Managed Care Ombudsman that as of June 16, United had “exhausted all options” and [REDACTED] “chose not to consider alternatives.” But [REDACTED] reports the only alternative presented was to be moved into a nursing home, at great stress and displeasure to himself and a higher cost to taxpayers. Indeed, one of their case managers stated that it was cheaper for taxpayers to have them at home rather than nursing facilities.

One alternative that neither MCO appears to have considered is a small reimbursement increase that would have ensured a provider’s costs to visit these Iowans’ rural homes was covered, yet kept costs below the that of nursing home placement. It does not appear that either MCO made an Exception to Policy Request to DHS. If this issue does stem from the members’ rural location, away from service providers, then under clause 6.2.3.1, the MCOs should be addressing equity of access for rural Iowans.

Finally, during the pendency of United’s termination process for their services in Iowa, they have refused to appoint a liaison for their member’s transition concerns. Instead, only upon my inquiry, they claimed the appropriate interpretation of that clause in their contract was that a liaison would be appointed to interface between United and DHS. While the contract is ambiguous enough to allow that choice of interpretation, I am concerned that this interpretation was chosen for convenience and cost-cutting, rather than compliance.

In the weeks ahead, we will determine our plan for making the full assessment contemplated in Clause 2.13.27. In the meantime, it is my hope that immediate additional attention to the plight of these Iowans will force DHS and/or the MCOs to restore their services and the services of any other individuals in similar situations, thus protecting them and preventing additional costs for Iowa taxpayers. Under Clause 2.4.1 it is up to DHS to determine whether the State should withhold payments, in whole or in part, to the MCOs as a result.

Sincerely,  
Rob Sand  
Iowa Auditor of State

CC: Mikki Stier, Deputy Director of Human Services  
Michael Randol, Medicaid Director  
Kyle Carlson, Amerigroup  
Max Ramsey, United Healthcare  
Brendan Hostetler, United Healthcare