

# A WIN – WIN – WIN ARRANGEMENT

***Indigent Healthcare Solutions (IHS) and Boon-Chapman have worked with the Montgomery County Hospital District (MCHD)***

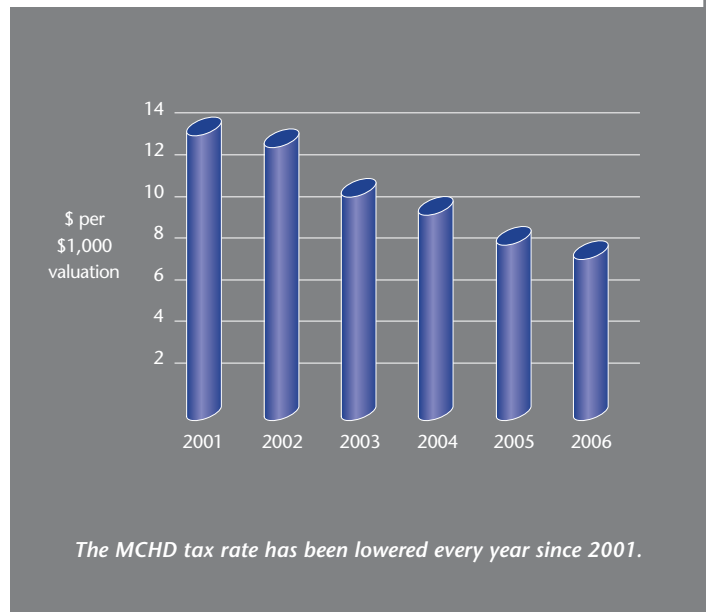
- ***to increase the quality, efficiency, and availability of services provided to the medically indigent in Montgomery County,***
- ***to ensure health care providers can provide appropriate treatment and be reimbursed appropriately and efficiently,***
- ***and to reduce the Montgomery County taxpayer burden five years in a row.***

## **Facing the problem**

In 2003, David Witt, Chairman of the Board of the Montgomery County Hospital District (MCHD), recognized that MCHD had a number of serious problems that needed to be addressed. The Health Care Assistance Program (HCAP) that serves as the Chapter 61 entity for Montgomery County, Texas, had been operating without sufficient oversight or management.

David Witt was concerned that a shortage of doctors in the provider network was preventing the indigent population in Montgomery County from receiving appropriate medical care, much less care that was readily accessible or convenient. Further, no one was confident that the eligibility process was being handled correctly or that the target population was being served.

The provider network was too small, and the physicians and health care professionals in that network were paid at rates that were roughly equivalent to Medicaid rates, most often inaccurately and delinquent. Burdensome reporting requirements, paper forms that had to be completed manually, and low fee structures made it difficult for providers to devote time and attention to indigent patients.



A single pharmacy in Conroe served as the only prescription drug outlet for all the indigent clients in an 1,100-square-mile area.

In spite of the fact that the MCHD tax rate had risen over 75% to an all-time high, it was feared there would be insufficient funding for necessary services. Current Chief Administrative Officer and EMS Director Allen Johnson said, “We were on the verge of parking ambulances and laying off paramedics, and we couldn’t let that happen.”

David Witt met with the Board and received consensus support for radical redirection. Kelly Curry, Deputy Administrator for MCHD, was hired to devote 100% of his time working to reform the indigent care program.

### **Identifying the solution**

The MCHD Board recognized that it was beyond the purview of a group of public leaders to act as health care experts, and Kelly recognized that their challenges would be addressed most quickly and efficiently by engaging the expertise of outside specialists.

### **Choosing specialist partners**

Kelly was referred to Indigent Healthcare Solutions President Robert Baird by IHS client Felix Luera, Director of the Lubbock County Medical Indigent Program.

IHS began providing application software support to MCHD to enable a standardized approach to meeting the three Chapter 61 objectives: (1) determining an individual's eligibility for county-provided healthcare, (2) managing and paying for eligible medical expenses, and (3) providing reports to the State and various regulatory organizations.

A robust automated system was now in place for eligibility determination and regulatory reporting. It was time to select a third-party administrator (TPA), and Health Administration Services (HAS) submitted the winning RFP for claims management.

Steve Gauen, then Chairman of HAS and now affiliated with Kevin Chapman of Boon-Chapman\*, implemented a system for timely and accurate claims

payment, developed a customized PPO network of physicians and hospitals, and installed a utilization management system whereby nurses are enabled to maximize client benefits under MCHD plan guidelines and ensure appropriateness of treatment.

The provider network was expanded to include specialty care. The specialists agreed to accept Medicaid rates with Steve's promise that when, not if, the program was successful, MCHD would deliver higher rates.

Additionally, Steve established a contract with Catalyst Rx, a prescription benefit manager, to reduce prescription drug costs and expand the network of pharmacies that would fill indigent health care prescriptions.

### **Being accountable for tax dollars**

Taxpayers want – and deserve – to know that their tax dollars are being spent responsibly for the public good.

When Steve Gauen began working with MCHD in 2003, he was asked by the Board to estimate how much MCHD could save annually through third-party administration. He conservatively estimated an annual savings of \$750,000. In fact, after the first year, MCHD saved more than \$2 million – and that was after TPA administration charges.

The MCHD tax rate has been reduced every one of the last five years, and MCHD has created a fund balance of approximately \$27 million that is available to improve other systems or cover a shortfall should there be a regulatory or legislative change or a demand for different services under Chapter 61.

\* After leaving HAS, Steve Gauen became affiliated with Kevin Chapman, President and CEO of Boon-Chapman, an Austin-based TPA founded in 1961. Kevin heard of Steve's knowledge of the indigent care business and approached him to implement a model indigent health care administration program for Boon-Chapman.

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Beneficiary	Program Feature	Previous Situation
Indigent Population	PPO network of physicians and hospitals.	UT Medical Branch - Galveston and Conroe Regional Hospital were only options. Conroe Regional offered only a residency program and limited hours.
	Prescription Benefit Manager, reduced prescription drug costs, and a geographically dispersed network of pharmacies.	Everyone had to use a single pharmacy in Conroe. Limited hours.
	Specialty care from world-class facilities can be arranged by TPA.	Patient had to get to UT Medical Branch – Galveston to receive specialty care.
	More providers are able to provide appropriate care.	Many providers could not afford to commit time and resources to charity work.
	Better access to health care providers – not just emergency room care.	Indigents used the emergency room after hours because the Conroe Regional Hospital clinic was open from 8 a.m. to 5 p.m. weekdays only; no holidays.
	TPA advises patients as to their treatment and facilities options.	Not a standard indigent health care program service.
	Medical utilization review to monitor treatment.	No system was in place to prevent overutilization of treatment and ensure cost-effective care for clients.
	Disease management programs.	Chronic diseases were not managed. Quality of life was compromised.
Health Care Providers	Explanations of benefits are now provided.	Proper records were not kept nor made available to patients.
	Electronic claims submission.	Claims were difficult to administer. Payments were often inaccurate and untimely.
Taxpayers	Potential for higher reimbursements.	Providers were paid at Medicaid rates.
	Confidence that funding is appropriate and considerate.	Inadequate accounting controls.
	Reduced tax rate five years in a row; current fund balance of over \$10 million.	Tax rate had risen over 75%, and service provision was still in jeopardy.
	Better access to emergency room care now that indigent utilization is cut almost in half.	Indigents frequently had no other option for non-emergency healthcare.
	Medical utilization review to ensure appropriate treatment.	No assurance that appropriate treatment is being paid for.
	Subrogation management ensures that the indigent care program is the payer of last resort.	Other payer forces, such as victim restitution and workers' comp, were not considered.
	Prescription Benefit Manager, reduced prescription drug costs, and a geographically dispersed network of pharmacies.	MCHD was paying \$250,000/mo for prescription drugs. (That was reduced to \$75,000/mo almost immediately.)

### **Making a good service even better**

MCHD health care providers need fast and accurate information about patient eligibility for indigent program care.

The new Provider Pipeline™ program developed by IHS delivers up-to-date patient eligibility information to subscribers via the Internet 24/7.

### **Creating an alliance built on respect, consideration, and fairness – for all involved**

Recognizing their shared commitment to responsible support of the indigent residents of Montgomery County, IHS and Boon-Chapman have worked closely to enhance their joint service offering.

The IHS system electronically transmits eligibility information from MCHD to Boon-Chapman.

Reporting packages from IHS and Boon-Chapman are comprehensive, and they exceed the industry standards. They can be used for benchmarking and for comparison of the MCHD population to other Medicaid, Medicare, or general health care programs.

Robert Baird and Steve Gauen credit Kelly Curry for creating the environment that enabled all that has been accomplished in the Montgomery County program. They say, "From the beginning, Kelly's whole operation has been marked by efficiency." Kelly, however, is reluctant to be given such credit, and counters, "I can't imagine attempting to manage an indigent health care program without great partners like IHS and Boon-Chapman."



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