As Medicaid grows, Maryland seeks help processing claims"

The state department overseeing Medicaid is planning to outsource its claims processing service in a move expected to save tens of millions of dollars and result in 100 lost jobs. The Department of Health and Mental Hygiene hopes to seek proposals early next year from information technology firms to develop and operate a new system to handle Medicaid claims, said Charles Lehman, executive director of the office of systems, operations and pharmacy at the state health department. As unemployment rises and people lose health care coverage, more people are qualifying for Medicaid.

The state department overseeing Medicaid is planning to outsource its claims processing service in a move expected to save tens of millions of dollars and result in 100 lost jobs. The Department of Health and Mental Hygiene hopes to seek proposals early next year from information technology firms to develop and operate a new system to handle Medicaid claims, said Charles Lehman, executive director of the office of systems, operations and pharmacy at the state health department. As unemployment rises and people lose health care coverage, more people are qualifying for Medicaid. That, coupled with a recent expansion of the program and planned changes from the federal health care reform bills, is making the entitlement too big and expansive for Maryland to run. The number of Marylanders eligible for Medicaid has grown over the past few years from about 600, 000 to 800, 000, creating significant delays and backlogs for Lehman's 250-member claims processing department to work through. Complicating matters, Lehman cannot hire the 75 additional workers he would need to handle that increased workload because of Maryland's hiring freeze. So far, the proposal has drawn mixed reviews from the state's medical practitioners, said Gene M. Ransom III, CEO of

the Maryland State Medical Society. Many doctors have opted to give free service to needy patients rather than try to wade through the time-consuming, complex process of submitting a claim. To that end, the system could be run more efficiently in the hands of a private company. But others are worried about their ability to to get help from elected leaders challenging a denied Medicaid claim. The prospect could lucrative for the dozens of IT firms in the state looking to compete for the contract. Potential bidders include Affiliated Computer Services, CNSI, CSC and Unisys, Lehman said. Avinder Singh, senior vice president of CNSI's health and human services division, said he is closely watching the process and his Gaithersburg company intends to bid for the contract when it is issued. CNSI already provides technical support for the aged Medicaid software program, and he believes the state is making the right choice in upgrading to a new system. But the practice has drawn its critics, who argue it has resulted in delays, glitches and a lack of proper oversight. Irani, an economist at Towson University's Regional Economic Studies Institute, said the state needs to make sure the Medicaid program continues to run efficiently and the confidentiality of patients is not compromised. It could then take about three years to transition from a state-run Medicaid program to one handled by an outside company. By then, federal health care reform being considered now could result in another expansion of Medicaid in Maryland and the rest of the states.Lehman said the state would look to shed about 100 employees in the department if it decides to outsource Medicaid.