

Idaho Medicaid Managed Care



**A FUTURE OF IMPROVED HEALTH OUTCOMES
DELIVERED BY AN ACCOUNTABLE CARE SYSTEM**

FEBRUARY 2012 LEGISLATIVE REPORT

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IDAHO DEPARTMENT OF
HEALTH & WELFARE

HB 260 Managed Care Direction



- **House Bill 260**
 - Idaho Medicaid to incorporate managed care tools to foster improved accountability and health outcomes.
- **Why focus on Medicaid?**
 - A major cost driver of our state budget.
 - A major payer of critical health care services.
 - Provides coverage for individuals who would otherwise be uninsured and/or live in institutions.
- **Our challenge: Develop strategies to make Medicaid sustainable.**

Why is Medicaid Difficult to Manage?



- **Medicaid is an entitlement program:**
 - Driven by federal law to ensure certain low-income and disabled individuals obtain health care services to meet their needs.
- **Compared to individuals typically covered by private health insurance, the Medicaid population:**
 - Has more instances of illness;
 - Is twice as likely to be in fair or poor physical health; and
 - Has higher incidence of mental health and chronic care conditions.

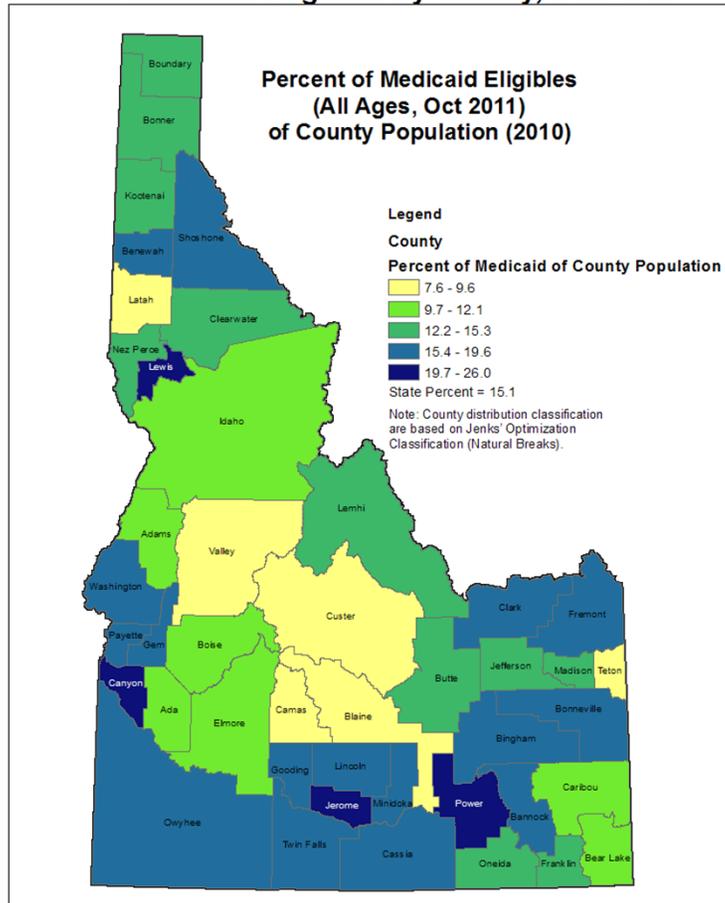
Idaho Medicaid Today



- **Total enrollment: 235,000**
 - 180% growth since 2001.
- **While 75% are relatively healthy children, the elderly and people with disabilities drive most of the costs.**
- **18% of total enrollees have some type of disability**
 - Over 50% of Medicaid spending is for individuals with disabilities.

Idaho Medicaid by County

Idaho Medicaid Eligibles by County, Oct 2011



Data Source: Idaho Department of Health and Welfare, Division of Medicaid
Population data from the US Census Bureau



The counties with the highest Medicaid participation rate are Lewis, Canyon, Jerome and Power counties.

The counties with the largest number of Medicaid enrollees are Ada and Canyon counties, followed by Kootenai, Twin Falls, Bannock and Bonneville.

Poverty drives Medicaid enrollments for children, but not necessarily for adults. The counties with the highest poverty rates are Owyhee, Madison, Lemhi and Shoshone.

Health Care Reform Impacts Medicaid in 2014



- Estimate 100,000 new Idaho Medicaid enrollees.
- 100% federally funded from 2014 – 2016, decreasing to 90% by 2020 for new population of enrollees.
- New eligibles:
 - Uninsured, non-elderly adults who have incomes below 133% of the federal poverty limit.
 - National data indicates that nearly half are over 40 years, and:
 - 15% are between 55 and 64;
 - 24% are in fair or poor physical health;
 - 29% have two or more chronic health conditions; and
 - 20% report being in fair or poor mental health.

What's Wrong with the Current Approach?



- Idaho has exhausted short-term budget strategies to control growth:
 - Three years of benefit and pricing reductions;
 - SFY 2012 Medicaid reductions total \$90 million.
- Paying for volume rather than value:
 - Medicaid primarily pays for procedures, tests and visits without regard to quality or outcomes.

What are Other State Medicaid Programs Doing?



- **Almost all states operate managed care programs:**
 - 26 states contract with Managed Care Organizations.
Typically, risk-based Health Plans covering medical benefits.
 - 31 states operate Primary Care Case Management programs.
Monthly case management fee + FFS to primary care provider.
 - Nearly all states have limited-benefit plans.
Carve-out benefits such as dental or subpopulations.
- **Budget pressures and interest in improving service delivery and payment systems are causing plans in many states to expand the use of managed care.**

What is Idaho Medicaid's Managed Care Experience?



Managed Care Approaches	Program	Results
Pre-Paid Ambulatory Care Plan (Benefit carve-out)	Dental	Best access rate for kids in the country. Intended to be budget neutral, but increased costs because of increased enrollment.
Special Needs Plan (Medicaid fee-for-service wrap-around)	Duals	Reductions for inappropriate ER use and medically unnecessary hospitalizations. Savings realized in Medicare.
Primary Care Case Management (Administration fee)	Primary Care	Improved and stabilized access for Medicaid enrollees. Reduced doctor shopping.
Selective Contracting (Broker model)	Transportation	Efficiency and quality improvements plus budget savings.

Additional Management Approaches



Managed Care Approaches	Program	Results
Utilization Management (Prior-authorizations, concurrent, retro)	Medical and Social Services	Mixed; better in clinical areas such as hospitals, and for medical procedures.
Preferred Drug List	Pharmacy	Achieves purpose of authorizing lowest cost, therapeutically equivalent drugs – contains costs.
Idaho Home Choice Program	Care Transitions from Institutions to Homes	On track for savings target, meeting both the desire of individuals to live in their own homes and reduce state costs

FY2012 Idaho Medicaid Managed Care Efforts



- **Expanded scope of actuarial contract**
 - Analysis of cost information on different types of Medicaid enrollees, by location, by service type.
- **We engaged other states for their lessons learned**
 - Legislators had the opportunity to listen to Oregon and Utah Medicaid experts who have decades of experience with managed care approaches.
- **We convened meetings with in-state experts and stakeholders:**
 - A Behavioral Health Managed Care Forum;
 - Dual Eligibles Health Plan Meetings;
 - Long-term Care Forum to discuss managed care for the duals; and
 - A Health Care System forum with hospitals, physicians and community health centers.

Legislation Guides Medicaid Efforts



Legislation	Direction
HB 341	<ul style="list-style-type: none">• Complete an actuarial analysis for Medicaid managed care.• Report the actuarial information & DHW recommendations for next phases of implementing managed care in Idaho.
HB 260	<ul style="list-style-type: none">• Provide appropriate incentives, incorporate managed care tools, focus on outcomes, manage safe & appropriate discharges from institutions into communities.• Focus on high-cost populations including, but not limited to high-risk pregnancies and dual eligibles.• The Medicaid managed care plan shall include the following elements:<ul style="list-style-type: none">➤ Care Coordination through primary care medical homes with a focus on populations with chronic disease, with payments made using tiered case management fees;➤ Managed care contracts to pay for behavioral health; and➤ Contracts based on gain sharing, risk sharing or capitation.

Actuarial Overview



DATE OF SERVICE SUMMARY

SFY	Average Enrollees	Total Spend	Physical Health	Mental Health	Long-term Care	Pharmacy
'09	190,478	The costs in the actuarial summary are being updated. Please check back soon.				
'10	207,521					
'11	221,432					

Actuarial Focus



- 2009 – 2011 Medicaid T&B Spending
- Review of savings opportunities
 - Dual Eligibles: Comprehensive benefits
 - Mental Health Carve-out: MH (excludes duals)
 - Health Home: Chronic care conditions including mental illness
 - Disabled: Excludes duals, health homes and mental health
 - Pregnant Women and Newborns: Physical health spending
 - TANF & CHIP: Physical health spending
- Populations reflect 99% of Medicaid spending

Actuarial Analysis: Identifying Conditions of Interest



- Processed data through two risk identification algorithms:
 1. Chronic Illness & Disability Payment System; and
 2. Hierarchical Condition Categories (used in Medicare).
- Data revealed a high prevalence of common chronic conditions among non-pregnant, adult populations:
 - Mental Illness;
 - Diabetes; and
 - Seizure Disorders.

Actuarial Analysis: Population by Co-Morbid Conditions



MH 1: Major Depressive, Bipolar, & Paranoid Disorders; **COPD:** Chronic Obstructive Pulmonary Disorder; **MH 2:** Schizophrenia; **CP:** Cerebral Palsy & Other Paralytic Syndromes.

Sub-population	Most prevalent	2 nd prevalent	3 rd prevalent
Duals	Diabetes	MH1	COPD
MH Carve-out	MH1	Diabetes	Seizures
Health Homes	MH1	Diabetes	MH2
Disabled	Seizures	MH1	CP
Pregnant W & N	Septicemia/ Shock	Cardio- Respiratory Failure	Diabetes
TANF/CHIP	MH1	Seizures	Cardio- Respiratory Failure

Actuarial Report

(Detailed actuarial analysis of costs/enrollees in each category will be available soon. Please check back.)



Medicaid Sub-populations:	Managed Care Opportunities
Dual Eligible Adults	<ul style="list-style-type: none">• Comprehensive, integrated physical, MH & LTC coverage• High cost areas: DD, LTC & people with chronic care conditions
Mental Health Carve-out	<ul style="list-style-type: none">• Focus on outpatient mental health, then substance abuse• High cost population: DD
Health Home: <ul style="list-style-type: none">• MH & chronic care conditions	<ul style="list-style-type: none">• Focus on co-occurring conditions for greatest savings

Actuarial Report

(Detailed actuarial analysis of costs/enrollees in each category will be available soon. Please check back.)



Medicaid Sub-populations:	Managed Care Opportunities
Disabled Medicaid	<ul style="list-style-type: none">• DD population source of high pmpm for LTC costs
Pregnant Women & Newborns	<ul style="list-style-type: none">• C-section average range 24.5 – 26%; target 20%
TANF & CHIP	<ul style="list-style-type: none">• Savings opportunities exist in reducing admissions and/or length of stay and emergency room use.

Opportunity to Learn from Other States



Oregon and Utah experts met with legislators in November

- “The Good”
 - Enrollees’ high level of satisfaction
 - Improved access
 - Predictable costs
- “The Bad”
 - Capitation doesn’t necessarily motivate good health policy
 - Health Plans’ concerns regarding payment levels and financial risk; Instability in health plan market from year-to-year
 - Costs are still high, care is still fragmented and outcomes unsatisfactory
- Challenges
 - Resistance to change in way health care is financed & delivered
 - Increased costs of technologies
 - Health care provider capacity
 - Culture of Centers for Medicare/Medicaid hasn’t fostered innovation

What's next for Oregon?



- **Coordinated Care Organizations:**
 - Focus on patient-centered Primary Care
 - Prioritizes high risk and chronic health care need
 - Improves transition planning
 - Expand care coordination for physical, dental & behavioral health
 - Greater attention on community engagement
 - Global budget methodology
 - Incentives for health outcomes
 - New quality standards and incentives

What's next for Utah?



- **Accountable Care Organizations in four counties:**
 - Centerpiece is “Medical Home”
 - Expand scope of benefits to include non-behavioral health pharmacy
 - Monitor quality of care using HEDIS (Health Effectiveness Data Information Set).
- **Three major goals of their demonstration waiver:**
 1. Provider payments to reward providers for delivering the most appropriate care at the lowest costs and improve recipient health status.
 2. Pay providers for episodes of care rather than for each service.
 3. Incentives for recipients to maintain or improve their health & use providers who deliver appropriate services at the lowest cost (limit/waive co-pays; cash rewards for compliant behavior).

Common Elements?



- Change is anchored on the Medical Home with an emphasis for improved care coordination
 - Focus on high-risk populations
- Benefit management is more integrated
- Payment methods to reward for outcomes rather than reimburse for utilization
- Greater focus on quality
 - Adding performance metrics to contracts

Public Forums



- Behavioral Health Managed Care Forum August
- Health Plan Collaboration (Duals) September
- Long-term Care Managed Care Forum October
- Medicaid Managed Care Forum December

Behavioral Health Public Forum



Purpose	To listen to in-state experts about what they believe is necessary to include in Medicaid contract requirements for managing behavioral health benefits.										
Panel	<table><tr><td>Pediatrician:</td><td>Dr. John Hanks</td></tr><tr><td>NAMI:</td><td>Kathie Garrett</td></tr><tr><td>MH Providers Association:</td><td>Jeff Wright</td></tr><tr><td>Consumer Affairs:</td><td>Martha Ekhoﬀ</td></tr><tr><td>State Mental Health Planning Council:</td><td>Teresa Wolf</td></tr></table>	Pediatrician:	Dr. John Hanks	NAMI:	Kathie Garrett	MH Providers Association:	Jeff Wright	Consumer Affairs:	Martha Ekhoﬀ	State Mental Health Planning Council:	Teresa Wolf
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Five Focus Areas



Participant Eligibility & Assessment	Strong differences of opinions: Keep with providers vs. independent.
Benefits	Emphasize care coordination & case management. Key is “medical home.” Evidenced-based, recovery oriented and community-based. Integrated treatment; provide participant incentives.
Provider Qualifications & System Delivery	Reimburse to support a qualified workforce; appropriate credentialing, training/continuing education; address workforce shortage areas; use technology (telehealth).
Quality Standards	Focus on performance metrics and outcomes data. Take time to manage transitions from current system. Consumer-designed satisfaction surveys. Share outcomes with stakeholders.
Community Engagement	Work with local communities; reinvest savings back into communities; encourage peer & family empowerment, develop dispute resolution process with consumer input.

What is the BH Managed Care Opportunity?



- Build a better system of care for the participant
- Enhance the integrity of eligibility & assessments
- Improve the benefits plan
- Improve performance of provider network
- Incentivize right place of service at the right time
- Avoid costs (ER, hospitalizations, re-admissions, crisis)
- Require coordination of care
- Outcomes data reporting

Status of BH Managed Care Effort



- Project team established that includes Medicaid and Behavioral Health Division staff
- Policy staff resources added to work on federal waiver approval
- Request for Proposal development
 1. Phase one: Medicaid mental health outpatient benefits
 2. Phase two: Medicaid substance abuse treatment services
- Evaluation team identified
- Target implementation: Summer 2012 with emphasis on readiness and transition
- Track development efforts at:
www.MedicaidMHManagedCare.dhw.idaho.gov

Dual Eligible Discussion



Purpose	To explore Health Plans interests in collaborating with Idaho Medicaid to test a financing model using capitation and enter into a contract with the Centers for Medicare and Medicaid to provide comprehensive seamless coverage for Dual Eligibles.
Plans Participating	<ul style="list-style-type: none">• Blue Cross of Idaho• Regence Blue Shield• United Health• PacificSource• Windsor Sterling Health
Outcomes	Idaho Medicaid is receiving technical assistance from CMS and routinely meeting with Health Plans to develop a model that will pay a capitated rate for integrated Medicare and Medicaid benefits covering physical, behavioral, and long-term care services. The intent of the plan is to simplify processes, eliminate regulatory conflicts and cost-shifting, increase satisfaction, improve transitions of care and quality.

Long-term Care Public Forum



Purpose:	To ask in-state long-term care experts to join us in discussing how to best address dual eligible's long-term care services & support needs as we move to managed care.
Panel:	AARP: Cathy McDougall IHCA: Robert VandeMerwe Consultant & Dual Eligible: Dana Gover Assisted Living: Scott Burpee Commission on Aging: Raul Enriquez Home Care Agencies: Jason McKinley

Stakeholder Input



- Right care, right setting, right time
- Focus on care coordination
- Concern about adequate provider capacity - rural concerns
- Opportunity for simplification and establishing a uniform process, reducing administrative complexity
- Provide choice counseling – use Aging Disability Resource Centers
- Preserve right to self-direct; person-centered; preserve long-standing provider relationships
- Quality is aligned with less costly care
- Avoid other state Medicaid managed care problems
- Rate incentives for better care
- Ensure readiness before implementing – aggressive outreach & education
- Partner with stakeholders

Status of Duals Health Plan Development



- Receiving technical assistance from the federal Office of Dual Eligibles
 - Requires federal approval (either waiver or state plan)
- Objectives:
 - Three-way contract among CMS (Medicare), Medicaid and Health Plans
 - Single capitation payment to Health Plans
 - Seamless, integrated benefit package including physical health, behavioral health and long-term care.
- Timeline: Target implementation January 2014
- www.MedicaidLTCManagedCare.dhw.idaho.gov

Managed Care Forum



Purpose	To engage medical and health care experts in a discussion about Idaho Medicaid Managed Care approaches that will be supported by hospitals, physicians and Community Health Centers.
Hospital Panel	<ul style="list-style-type: none">• Brian Nall, CEO Benewah Community Hospital• John Ness, CEO Kootenai Health• David Pate, President & CEO St. Luke's Health System• Blaine Petersen, CFO St. Alphonsus Health System
Physician Panel	<ul style="list-style-type: none">• David Peterman, MD, President of Primary Health Medical Group• Creighton Hardin, MD, Pocatello Children's Clinic
Community Health Centers	<ul style="list-style-type: none">• Tim Brown, Exec. Dir. Of Terry Reilly Health Services• Lynn Hudgens, CEO of Family Health Services, Twin Falls• Steven Weeg, Exec. Dir. Of Health West, Pocatello
Hosted by:	<ul style="list-style-type: none">• Department of Health & Welfare• Idaho Hospital Association• Idaho Medical Association• Idaho Primary Care Association

Messages from Hospitals/Health Systems



- **“Better Together”**
 - Regionally-based integrated, coordinated care that is patient-centered (Medical Home)
 - Refer to other state models such as North Carolina and Colorado that are based on regional networks
- **Accountable managed care:**
 - Starts with chronic disease management and moves to
 - Improving overall population health
- **Delivery networks with support systems to improve outcomes**
 - Electronic Health Records
- **Caution about commercial insurance companies as another layer between Medicaid and providers**
- **Not ready for risk-based arrangements, consider gain-sharing/shared savings**

Messages from Physicians/Medical Practices



- Capacity concern: Idaho is 49th physician/patient ratio
- Pressures: Reimbursement, regulatory requirements
- Use integrated model
 - Address episodic (urgent care) and
 - Chronic care (primary care/medical home)
- Track and share peer clinical data on evidence-based guidelines
 - Integrate outcome & claims data to measure success
- Electronic Health Records
- Mixed perspectives on payment methodology
 - Proceed with capitation vs. PMPM with continued fee-for-service

Message from Community Health Centers



- **Recognize CHCs as “Essential Providers”**
- **Pressures:**
 - Workforce
 - Purchasing & implementing EHRs
 - Transforming into Medical Homes
 - 70% of patients served are <200% of federal poverty level
- **Focus on triple aim:**
 - 1) Increase access;
 - 2) Improve quality; and
 - 3) Reduce costs
- **Medical Homes are foundation of care:**
 - Effective care management & care integration – proactive
 - Personal provider to lead the team
 - Whole person orientation
 - Evidence-based care, continuous quality improvement
 - Integrated care model for primary, preventive, behavioral health and oral health

Combined Panel: A Health System Approach



- **Key Elements of Medicaid Managed Care:**
 - Patient-centered Medical Home can improve care coordination, increase efficiency & improve health outcomes
 - Provide incentives to encourage patient accountability (earn additional benefits) and provide resources to providers to educate patient regarding self-care. EHRs can help engage patients in their health care
 - Real time data sharing: EHRs, electronic registry, IHDE
 - Feedback reports
 - Payment incentives for high risk populations; per member per month administrative payment plus fee-for-service

Status of Health System Development



- New:
 - Application made for technical assistance from Nat'l. Assoc. of State Health Policy to adopt/adapt North Carolina Community Care model
 - Team: Hospital, Community Health Center, Family Practice, Rural Health & Medicaid
 - Expected Outcomes:
 - Learn how one state has managed Medicaid services through community provider networks anchored by the patient-centered medical home to achieve improved health outcomes at reduced costs.
 - Draft a state work plan to pilot and test a similar approach with Idaho health system providers.

Current Medical Home Pilots & Initiatives



Under Development	Purpose
<p>Governor’s Multi-Payer Medical Home Collaborative ‘Better health, Better care, Lower cost.’</p>	<p>Health Plans, Medicaid, Physicians, Community Health Centers, and other key stakeholders are collaborating on a Medical Home framework. Members have pursued an opportunity to engage Medicare in comprehensive statewide primary care pilots. Target: Summer 2012.</p>
<p>Health Homes</p>	<p>Medicaid Medical Homes focus on improving care coordination of individuals with chronic disease & serious, persistent mental illness. Open to all qualifying practices in 2012.</p>
<p>Children’s Healthcare Improvement Collaborative</p>	<p>Federal grant to promote use of health information technology in children’s healthcare, develop Improvement Partnerships, and evaluate impact of using a medical home approach to deliver children’s healthcare. Pilot pediatric medical homes in Spring 2012.</p>
<p>Dual Eligibility Plan</p>	<p>Building on medical home framework. Medicare, Medicaid & Health Plans begin to offer comprehensive, integrated benefits by end of calendar year 2013.</p>

Budget Requests



- One-time: Staff to support continued Medical Home developments including Governor's Multi-Payer Medical Home Collaborative and implementation of Health Homes.
- One-time: Managed Care design and development contractual services and support staff.

Keeping Track of Developments



- **Medical Care Advisory Committee**
 - Provides oversight of Medicaid Managed Care activities
 - Sub-committees focus on different managed care approaches:
 - Managed Behavioral Health Plan
www.MedicaidMHManagedCare.dhw.idaho.gov
 - Managed Comprehensive Plans for the Duals
www.MedicaidLTCManagedCare.dhw.idaho.gov
 - Medical Home Development
Web site under development
 - Other Managed Care Pilots (e.g. Community Care Model)
www.MedicaidManagedCare.dhw.idaho.gov