Why States Are Moving to Medicaid Managed Long-Term Services and Supports (MLTSS)

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One-Third of Medicaid Spending is for Long Term Services and Supports

Medicaid Expenditures, FFY 2011 (billions)

- LTSS $136.2
- All Other $274.7

States with Managed Care that Included LTSS and Enrolled Dual Eligibles Grew from 8 to 16, 2004-2012

In 2014, 26 States are Projected to have Managed Care that Includes LTSS and Enrolls Dual Eligibles
Major MLTSS Expansions in 2013 and 2014

- **New York** rolling out mandatory statewide MLTC for HCBS Services in 2013 and 2014
- **Florida** enrolling all Medicaid LTSS users into MCOs in 2013 and 2014
- **New Jersey** adding LTSS services to SSI managed care benefit in July 2014
- **Texas** rolling out Star+Plus Program to Rural Counties in 2014
- Eight states plan to roll out Dual Demonstration Programs in 2014, most with Passive Enrollment

MLTSS Market Penetration

By the end of 2014, about one in four (25%) of Medicaid LTSS users will be receiving services through a managed care model.
Two Paths Toward MLTSS

**Medicaid-only MLTSS**
- Medicare benefits remain FFS
- Concentration on management of LTSS benefits
- Major policy objective is rebalancing LTSS system

**Fully integrated Medicare-Medicaid Managed Care Models**
- MCOs manage full continuum of Medicare and Medicaid benefits
- More focus on reducing acute care costs
- Improved consumer experience in managing their health care

Why are States Moving To MLTSS Models?

**Better Management**
- More organized systems for LTSS
- More comprehensive systems
- More rigorous allocation of LTSS resources

**Aligned Financial Incentives**
- MCOs have incentives to support members in their homes
- Fully integrated models have incentives to avoid unnecessary use of hospital and post-acute services
- Quality incentives around MCO selection and member retention

**More Effective State Policy Management**
- State policy changes implemented through MCO contracts
Other Factors Contributing to Growth in MLTSS Models

- Increased supply of MCOs with experience in managing LTSS populations; increased competition
- Positive testimonials from “early adopter” states (Arizona and Texas)
- Increased expertise among states in how to manage MLTSS programs; states borrow expertise from one another
- States concerns about ability to control LTSS growth in absence of MLTSS infrastructure

Why Some States Are Not Moving to MLTSS

- Lack of confidence that MCOs actually add much to the equation; poor return on investment
- Some states have confidence in their own abilities to effectively manage their LTSS systems
- Philosophical concerns that MCOs cannot adopt a culture of “person-centeredness” in LTSS
- Effective political resistance from stakeholders (providers, advocacy groups, state employees)
Some Current Market Trends

- States adopting “wholesale shifts” to MLTSS rather than piecemeal approaches
- More states elective to postpone fully integrated Medicare-Medicaid models, and implement “Medicaid-only” models first
- LTSS services for persons with Intellectual Disabilities (ID) are generally carved out of MLTSS initiatives (for now)
- Federal government (CMS) attempting to stay ahead of the curve in developing federal oversight policies for MLTSS

How are MLTSS Programs Impacting LTSS Providers?

- Truven contracted by OASPE/HHS to look at the impacts of MLTSS programs on direct service providers of LTSS
- Selected three states which had different levels of “maturity” in their MLTSS programs:
  - Delaware
  - Tennessee
  - Minnesota
- Conducted qualitative interviews with all types of LTSS providers in study states (nursing homes, assisted living, home care agencies, case management agencies, etc.)
Major Findings From LTSS Provider Impact Study

- Most LTSS Providers remained financially viable after shift to MLTSS
- States have adopted policies to protect LTSS providers over the short term; some providers had gained additional protection from their state legislatures
- States want MLTSS implementation to cause minimal disruptions in existing service arrangements for LTSS consumers
- MLTSS models are achieving some success in rebalancing LTSS service systems to more community-based approaches
- Most significant negative impacts were around billing issues

Some Lessons that States Have Learned

- MLTSS models are not a short term fix to managing Medicaid LTSS expenditure growth
- MLTSS models can provide a stronger program infrastructure for managing LTSS expenditure growth over the long term
- State investments in high-quality information systems and quality oversight needed to make MLTSS work effectively
- States must work in partnership with their MCOs
- At the same time, MLTSS models require strong state oversight; “You have to manage managed care!”
Ongoing Concerns of Providers and Consumers

- Will MCOs increase their own profitability by reducing payment rates to the LTSS providers in their networks?
- Will MCOs attempt to “dump” their most difficult cases?
- What incentives will MCOs have to contract with the highest quality LTSS providers?
- Can LTSS case managers employed by MCOs really be advocates for consumers?
- Where is the consumer voice heard in an MLTSS system?

Concluding Thoughts

- Fee-for-service Medicaid is going away – the shift to MLTSS models is part of this trend
- The shift to MLTSS models by states will continue, and likely accelerate over the next 5-10 years
- States need to invest in their own capacity to provide effective oversight of their MLTSS programs – senior management talent is needed
- Mechanisms need to be put in place that will allow for meaningful consumer input into MCO policies and practices
- More training, sanctions, education needed to help LTSS providers adapt their billing practices to the MLTSS environment
Some Remaining Questions

Will MLTSS programs negatively impact small LTSS providers?

States have required MCOs to accept “any willing provider” into their networks. How will MCOs change their LTSS networks over the longer term?

Will there be continuing innovation in LTSS service delivery models as MCOs seek out the most cost-effective solutions to LTSS?

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