

Strong States, Strong Nation



Federal Healthcare Changes: What
States Need to Know

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 NATIONAL CONFERENCE *of* STATE LEGISLATURES

Overview:



- ❑ Medicaid Budgets and Trends for Reducing Costs
- ❑ Waivers
- ❑ ACA Individual Mandate
- ❑ Prescription Drug Costs
- ❑ Hepatitis C and Incarcerated Population's Healthcare

Medicaid Budgets and Reducing Costs:



- KFF and HMA with NAMD released their annual report on state Medicaid programs.
- What states are doing to address rising healthcare costs.

Medicaid Budgets and Reducing Costs:



□ Quick Medicaid Stats:

- In 2016 Medicaid covered 74.5 million people.
- Dual eligible populations covers 10 million people.
- Average Medicaid budget grows at 4.1%.
- Largest source of federal revenue to most states.

Medicaid Budgets and Reducing Costs:



□ Quick Medicaid Stats:

- State spending for Medicaid coverage with federal match comes out at an average of 16.8%.
- People with disabilities and the elderly rep. 24% of Medicaid.
- Traditionally healthy populations account for 75% of Medicaid.
- Medicaid spends 25% less than private insurance per person.

Medicaid Budgets and Reducing Costs:



□ What Can States Do to Reduce Medicaid Costs?

- Change eligibility requirements.
- Waivers.
- Implement more effective payment and delivery systems.
- Better coordinate care between Medicaid and other assistance programs.
- Enhancing access and delivery of behavioral health services.
- Implementing Long Term Support Services (LTSS) supports and improvements.
- Rewarding quality and encouraging integrated care.
- Enhancing ability to collect Medicaid data.

Medicaid Budgets and Reducing Costs:



□ What can these programs look like?

- Medicaid eligibility requirements.

- Payments: provider payments, implementing value based purchasing and bundled payments.

- Long-Term Services and Support (LTSS) Reforms: address turnover and recruitment for workforce, and providing transportation, meal delivery and housing.

Medicaid Budgets and Reducing Costs:



□ What Can States Do to Reduce Medicaid Costs?

-States also use Managed Care Organizations (MCOs) to run their Medicaid programs, and will use the value of the MCO contracts when reforming payment models.

-In some cases this will push plans to compete on Value Based Payments (VBP).

-Can improve the quality of care patients receive but also lower Medicaid cost.

Medicaid Budgets and Reducing Costs:



□ Provider Rates and Taxes:

- Most states rely on provider taxes and fees.
- Partially fund non-federal share of Medicaid costs
- States use these fees during time of economic recovery or for budget shortfalls.

Medicaid Budgets and Reducing Costs:



- Opioid and Substance Use Disorder (SUD) Reduction Strategies:
 - Encouraging safer opioid options.
 - Best practices for prescribing.
 - Increasing access to Naloxone for overdoses.
 - Pharmacy Benefit Managers (PBMs) to help with prescription quality limits.
 - Specify what services can be used for SUDs under the ACA.
 - Medicaid Assisted Treatment (MAT).

Waivers:



- Primary way to change Medicaid costs and services is through 1115 demonstration waiver or a 1332 waiver.
- Seeing trend in 1115 Medicaid waivers to change eligibility requirements.
- Trending in 1332 waiver to apply for state reinsurance programs.

Waivers:



□ Other 1115 Waiver Options:

- Extend coverage to additional populations.
- Require a specific provider network.
- Waiving retroactive eligibility for Medicaid expansion states.
- Eliminate hospital presumptive eligibility.
- Work and community engagement requirements.
- Healthy-behavior incentives.

ACA Individual Mandate:



□ Repeal of Individual Health Insurance Mandate:

- CBO found starting the repeal in 2019 would reduce the federal budget deficit by \$338 billion between 2018-2027.

- Would lower the number of insured by 4 million in 2019 and 13 million in 2027.

- Average premiums in the non-group market would increase by 10% over the next ten years.



ACA Individual Mandate:

- Outside reporting has shown hard to predict the impacts of the repeal due to:
 - Interaction between stake holders in the health insurance market.
 - Nonfinancial effects i.e. people's behaviors toward the change.
 - CSR payments aren't reinstated could put an increase on premiums.
 - In the meantime several states considering implementing their own health insurance mandate.

Prescription Drug Costs:



- Prescription Drug Utilization and Cost Control Initiatives:
 - All states addressing costs of Medicaid prescription drugs:
 - Preferred drug lists (PDLs).
 - Supplemental rebate programs.
 - State maximum allowable cost programs.
 - Refining and enhancing pharmacy programs.
 - Actual Acquisition Cost (AAC) rule replaced previous prescription pricing under Medicaid.

Prescription Drug Costs:



□ Federal Proposals:

- HHS Budget there were several proposals to reform drug pricing:
- Negotiating with drug makers
- Establishing a spending cap on out-of-pocket prescription costs
- Potentially making generic drugs free for low-income seniors.



Incarcerated Population's Healthcare:

□ Hepatitis C Treatment:

- Release of Sovaldi in 2013, patients with Hepatitis C found easier cure.
- Drug costs anywhere from \$80,000 to \$100,000 per patient
- There are two other FDA approved treatments, Viekira Pak and Harvoni.



Incarcerated Population's Healthcare :

□ Hepatitis C Treatment:

- Costs of treatment can leave states with tough budget choices.
- Several states have had lawsuits filed against them for reserving treatment only for patients with advanced stage of liver disease.
- Other states reversing their decisions on waiting until advanced stage due to decrease in prices on certain treatments.



Incarcerated Population's Healthcare :

□ Medicaid and Incarcerated Populations:

- Medicaid expansion has led to increased coverage for those coming out of incarceration.
- Only allowed to receive limited in-patient services while incarcerated.
- 25 states have enrollment initiatives to help inmates with Medicaid applications when they leave the system.
- States are starting to require their Managed Care Organizations (MCOs) to coordinate care for incarcerated individuals.



Thank You.

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