CHCS Center for Health Care Strategies, Inc.
Improving the quality and cost-effectiveness of publicly financed health care

Medicaid "Best Buys": Improving Care for Medicare-Medicaid Enrollees

NCSL Legislative Summit
August 8, 2012

Carolyn Ingram, Senior Vice President
Center for Health Care Strategies

www.chcs.org

CHCS Mission

To improve health care access and quality for low-income children and adults, people with chronic illnesses and disabilities, frail elders, and racially and ethnically diverse populations experiencing disparities in care.

Our Priorities

- Enhancing Access to Coverage and Services
- Improving Quality and Reducing Racial and Ethnic Disparities
- Integrating Care for People with Complex and Special Needs
- Building Medicaid Leadership and Capacity

Who are Medicare-Medicaid enrollees?

- Receive both Medicare and Medicaid coverage
- Focus on "Full Duals" in CMS' demonstration
- 62% age 65 or older
- 38% under age 65

9.2M Americans are eligible for Medicare and Medicaid (known as Medicare-Medicaid enrollees or "dual eligibles") & 7.1M are "full duals"

CHCS Center for Health Care Strategies, Inc.

3

Who pays for what services?

MEDICARE

- Hospital care
- Physician & ancillary services
- Skilled nursing facility (SNF) care (up to 100 days)
- Home health care
- Hospice
- Prescription drugs
- Durable medical equipment

MEDICAID

- Medicare cost sharing
- Nursing home (once Medicare benefits exhausted)
- Home- and community-based services (HCBS)
- Hospital once Medicare benefits exhausted
- Optional services (vary by state): dental, vision, HCBS, personal care, and select home health care
- Some prescription drugs not covered by Medicare
- Durable medical equipment not covered by Medicare

CHCS Center for Health Care Strategies, Inc.

4

What is wrong with how things are now?

DISTINCT PROGRAMS, NOT DESIGNED TO WORK TOGETHER

- Very confusing for beneficiaries
- Benefits are not aligned
- Program rules are not aligned
- Program financing promotes "cost shifting" between states and federal government
- Current financing arrangements limit financial innovation

DESIGNED TO SUPPORT CARE IN FACILITIES VS. COMMUNITIES

- Facility-based care is an "entitlement"
- HCBS often has waiting lists
- Limited coordination for HCBS participants across all service areas

CHCS Center for Health Care Strategies, Inc.

5

What is integrated care?

- Creates **one accountable entity** to coordinate delivery of primary/preventive, acute, behavioral, and long-term services and supports
- Promotes the use of **home- and community-based** services
- Promotes and measures **improvements in quality of life and health outcomes**
- Blends/aligns services and financing to streamline care and **eliminate cost shifting**

AND, most importantly…

- Provides **high-quality, person-centered care**

CHCS Center for Health Care Strategies, Inc.

6

Why is there so much federal and state interest?

- Integrated care saves money
- AZ Mercy Care Plan Study
  - Performed better than Medicare FFS
    - Access to preventive/ambulatory health services
    - Inpatient Utilization
    - ER utilization
    - Readmissions
- Outcomes for the Wisconsin Family Care Partnership
  - Focus on improved quality of life and better health outcomes

http://www.dhs.wisconsin.gov/LTCare/Reports/

New Medicare-Medicaid Coordination Office

- MMCO created by Section 2602 of the ACA
- Improve coordination between the Federal government and states for Medicare-Medicaid enrollees
- Focuses on:
  - Program alignment
  - Data and analytics
  - Models and demonstrations
- Developed two initial opportunities for states:
  - State Demonstrations and Financial Alignment Models

State Duals Demonstrations

MMCO partnered with the Center for Medicare and Medicaid Innovation (CMMI) to competitively select 15 states for $1M design contracts

15 State Design Contracts Awarded April 2011	
California	Oklahoma
Colorado	Oregon
Connecticut	South Carolina
Massachusetts	Tennessee
Michigan	Vermont
Minnesota	Washington
New York	Wisconsin
North Carolina	

Financial Alignment Models

- State Medicaid Director Letter, July 8, 2011
- Offers states two paths (aka "Financial Alignment Models"):

- Open to all states – but must pursue one of the two models
- State letter of intent was due October 1, 2011
- 38 states responded

Financial Alignment Model:

CAPITATED

- Three-way contract (state, CMS, health plan)
- Prospective, blended payment with "aggressive savings" built in
- Single set of rules for appeals, marketing, and audits
- Joint procurement of "selected high-performing health plans"
- Voluntary Enrollment: passive enrollment but opt-out provisions
- STATE EXAMPLES: AZ, CA, MA, MI, VA

Financial Alignment Model:

MANAGED FEE-FOR-SERVICE

- Improve coordination of care through fee-for-service providers, including Medicaid health homes or Accountable Care Organizations
- Must exceed quality thresholds and meet a target for savings
- Program will provide seamless integration and access to all necessary services based on an individual's needs
- STATE EXAMPLES: CO, CT, and OK

State Participation (as of July 25, 2012)

	State	CMMI Contract?	Target Launch Year	Model
1	AZ	No	2014	Capitated
2	CA	Yes	2013	Capitated
3	CO	Yes	2013	MFFS
4	CT	Yes	2013	MFFS
5	HI	No	2014	Capitated
6	ID	No	2014	Capitated
7	IL	No	2013	Capitated
8	IA	No	2013	MFFS
9	MA	Yes	2013	Capitated
10	MI	Yes	2013	Capitated
11	MN	Yes	2013	DEMO
12	MO	No	2014	MFFS

State Participation (as of July 25, 2012)

	State	CMMI Contract?	Target Launch Year	Model
14	NY	Yes	2014	Both
15	NC	Yes	2013	MFFS
16	OH	No	2013	Capitated
17	OK	Yes	2013	MFFS
18	OR	Yes	2014	Capitated
19	RI	No	2014	Both
20	SC	Yes	2014	Capitated
21	TN	Yes	2014	Capitated
22	TX	No	2014	Capitated
23	VT	Yes	2014	Capitated
24	VA	No	2014	Capitated
25	WA	Yes	2013 (MFFS) 2014 (Cap)	Both
26	WI	Yes	2013	DEMO

Next Steps for States

- Memorandum of Understanding development with CMS
- State-based procurement process
  - Massachusetts RFP: http://www.mass.gov/masshealth/duals
  - Illinois RFP: http://www2.illinois.gov/hfs/PublicInvolvement/cc/Pages/default.aspx
- Rate development with CMS
- Authority

State operational hurdles still exist

- Rates
  - Risk mitigation
  - Joint development process
- Benefits
  - Continuation of supplemental benefits
  - Carve-outs due to stakeholder resistance
- Outcome-Based Performance Measures
- Enrollment

The path has not been easy

National Leaders in Integrated Care – 1995 - 2012

State	Name of Program	Type of Program
Arizona	ALTCS	Managed Long-Term Services (MLTS) with Special Needs Plan (SNP) enrollment option
Hawaii	QExA	MLTS with SNP enrollment option
Massachusetts	Senior Care Options	Fully integrated for long-term services and supports (LTSS) and Medicare
Minnesota	MN Senior Health Options	Fully integrated for LTSS and Medicare
New Mexico	COLTs	MLTS with SNP enrollment option
Tennessee	CHOICES	MLTS
Texas	Star+PLUS	MLTS with SNP enrollment option
Wisconsin	Family Care Partnership	Fully integrated for LTSS and Medicare

Expansion has been slow

- Previous vehicles for integration have not achieved broad scale, full integration
- Administrative hurdles
- National debate – state-run vs. federal-run
- Lots of anecdotal evidence of improved care - limited funding for empirical research

States and CMS are working thoughtfully and carefully

- Ensure beneficiary protections guaranteed under the Medicare program
- Include quality standards and rigorous evaluations
- Show statistically meaningfully results
- Leverage experience of Medicaid agencies in:
  - Measuring the quality of services provided by health plans and other entities
  - Purchasing physical, behavioral, and long-term services and supports

States and CMS are working thoughtfully and carefully

- Engage stakeholders at every level in both design and implementation
- Build on existing relationships between state Medicaid agencies, providers and beneficiaries
- Incorporate payment strategies that encourage provider participation and offer potential savings for state and federal partners

CHCS Center for Health Care Strategies, Inc.
Improving the quality and cost-effectiveness of publicly financed health care

Thank you!

www.chcs.org