Patient-Centered Medicaid Reform: Case Studies from Other States and Policy Upgrades for Virginia

Christie Herrera
Foundation for Government Accountability
Presentation before the Virginia Medicaid Innovation and Reform Commission
Monday, October 21, 2013
# Old Medicaid vs. Medicaid Reform

<table>
<thead>
<tr>
<th>Old Medicaid</th>
<th>Medicaid Reform</th>
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<tbody>
<tr>
<td>Government as consumer</td>
<td>Patients as consumers</td>
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<tr>
<td>Complex programs</td>
<td>Consistent policies</td>
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<tr>
<td>Government controls</td>
<td>More consumer choice</td>
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<tr>
<td>Centralized planning/purchasing</td>
<td>Marketplace decisionmaking</td>
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<td>Blank check</td>
<td>Defined investment</td>
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<td>Unsustainable growth</td>
<td>Predictable growth</td>
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Florida Medicaid Reform: The Basics

Florida’s Medicaid Reform

• “Medicaid Marketplace”: Real choices and accountability
• Customized Benefits: Personalized care
• Choice Counseling: Education and outreach
• Enhanced Benefit Rewards: For healthy living
• Medicaid “Opt-Out”: Bridge to private coverage

Outcomes

• It’s bipartisan: Began by Gov. Bush; continued by Obama Admin.
• It’s proven: Florida’s reforms have been in effect since 2006
• More access: Reform patients beat out Old Medicaid and HMOs
• Better health: Patients are getting healthier, faster
• Big savings: Florida saves $1 billion/yr.; U.S. saves $64 billion/yr.
• More states are following Florida’s lead: KS, LA, NC

Sources: Florida Agency for Health Care Administration; MSIS Data from U.S. Centers for Medicare and Medicaid Services
Key Components of Florida’s Reform

• “Medicaid marketplace” with meaningful plan choices:
  --Patients can choose from at least 2 (and as many as 10) Medicaid plans
  --HMOs/PSNs paid risk-adjusted, capitated rate; assume risk/share savings
  --Patients have more choices than with traditional Medicaid managed care

• Customized benefit packages:
  --Plans cover federally-mandated benefits and customized benefit packages
  --Plans offer extra benefits and specialty care for pregnant moms, HIV/AIDS
  --Competition works: More plan benefits = greater market share

• Choice Counseling:
  --31 multi-lingual, multi-modal FTEs help patients pick the best plan for them
  --Patients have 30 days to pick a plan, and 90 days to disenroll for any reason

• Enhanced Benefit Reward$:
  --Patients can earn up to $125 year for healthy behaviors

• “Opt-out” for private coverage:
  --Patients with ESI can buy subsidized coverage for themselves and their families
Florida’s Reform: Better Access

• 70-80% of Reform Pilot patients actively chose their own plan

• More patients can access routine/urgent care right away

• More patients can easily find a doctor they’re happy with

• More patients report high satisfaction with their doctor

• More patients found improved communication with their doctor

Sources: Agency for Health Care Administration and University of Florida
## Florida’s Reform: Better Health

<table>
<thead>
<tr>
<th>Health Outcome</th>
<th>Reform Counties</th>
<th>Non-Reform Counties</th>
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<tbody>
<tr>
<td>Breast Cancer Screening</td>
<td>59.2%</td>
<td>50.4%</td>
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<tr>
<td>Child ADHD Management</td>
<td>64.4%</td>
<td>46.9%</td>
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<tr>
<td>Adult Diabetes Control</td>
<td>36.9%</td>
<td>32.8%</td>
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<tr>
<td>Child Annual Dental Visit</td>
<td>34%</td>
<td>16.1%</td>
</tr>
<tr>
<td>Adult BMI Assessment</td>
<td>52.7%</td>
<td>47.9%</td>
</tr>
<tr>
<td>Adult Preventive Care</td>
<td>77%</td>
<td>71.9%</td>
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Reform plans outperformed Old Medicaid in 22 of 33 regularly-tracked HEDIS measures. 94% of HEDIS health outcomes have improved since 2008.

Source: Weighted averages from 2011 HEDIS measures; Florida Agency for Health Care Administration
Bayou Health: The Basics

Louisiana’s Medicaid Reform

- Launched January 1, 2012
- Initiated through 1932(a) State Plan Amendment (not waiver)
- Statewide auto-enrollment: Except LTC/Duals/SSI kids/tribes
- Patients can choose from 5 plans: 3 MCOs and 2 PCCMs
- Plans vary extra benefits: Weight Watchers; vision/dental, etc.

Outcomes

1. State savings of 3.5%, or $159 million in Year #1 alone
2. Spending will remain flat over next five years
3. Only .06% of patients opted back out into Old Medicaid
4. 70% of patients are actively choosing their own plan
5. ER use flattened or declined for both high- and low-level users
6. Newborns spent 23,000 fewer days in NICU
KanCare: The Basics

Kansas’s Medicaid Reform

- Launched January 1, 2013
- Initiated through 1115 waiver approved by Obama Admin.
- All benefits and populations carved in (including LTC and ID/DD)
- Patients can choose from 3 plans (all standard MCOs)
- Plans offer extra benefits (dental, smoking cessation, etc.), new and restored benefits (transplants, bariatric surgery) and specialty care (HIV/AIDS, schizophrenia, etc.)

Outcomes

1. Combined savings of 5%, or $1.1 billion over first five years
2. Spending will remain flat over next five years
3. Savings will be applied to DD waiting list
4. Plans will integrate pay-for-performance and work incentives

Source: Kansas Department of Aging and Disability Services
North Carolina’s Medicaid Reform

- Framework unveiled April 2013; will launch January 2015
- Initiated through 1115 waiver similar to Florida and Kansas
- Scraps the vaulted “Community Care of NC” PCCM model
- All benefits and populations carved in
- Patients can choose from multiple comprehensive care entities
- Plans compete on quality, value, and benefits offered
- Physical/mental/behavioral health are integrated in each CCE
- CCEs are full-risk and get risk-adjusted, capitated rates
- State expects an annual savings of 8%, or $1 billion/year
- State expects spending will flatten over first five years
Upgrades for Virginia Medicaid

• Carve in all benefits and populations into Medicaid reform:
  --Allow plans to offer holistic care by integrating physical, mental, behavioral

• Allow specialty plans to compete alongside MCOs:
  --Can provide customized care for complex populations, like HIV/AIDS, medically-fragile children, COPD, diabetes, and mental illness

• Allow provider-led plans to compete alongside MCOs:
  --Allow provider-led plans organized by hospitals, physician groups, and ACOs
  --More plans = better patient care/access; greater plan accountability

• Offer health incentives built into capitated rates:
  --Allow patients to earn cash/extra benefits for exhibiting healthy behaviors
  --Incent plans to meet HEDIS targets by withholding a % of capitated rates

• Allow customized benefit packages if they meet the same actuarial value as the total Medicaid covered benefits.

• Provide independent choice counseling not affiliated with the state or any plan.
Florida Health Choices Plus

Facts About the Uninsured
• Only 1 in 4 uninsured Floridians live in poverty
• 71% of the uninsured are reinsured within 12 months
• Almost half of the uninsured are reinsured within 4 months
• Just 5% of the uninsured use 68% of all care provided
• Half of privately-insured, low-income adults use $500 in health care services; only 1 in 6 use more than $3,500 in a given year

Designing a Market-Based, Patient-Centered Alternative
• Fill the ObamaCare coverage gap for working parents/disabled
• Reject borrowed federal funds that drive our nation’s debt
• Give a limited, temporary subsidy for private insurance
• Incorporate TANF work requirements to get benefits
• Require “skin in the game” --- mandatory patient contributions

Sources: Florida House Majority Office
Concerns About the Arkansas PO

• It must look like Old Medicaid re: cost-sharing and benefits
• The waiver is temporary and expires in just three years
• Crowd-out likely higher with the offering of private coverage
• Gives able-bodied adults better coverage than most vulnerable
• PO in constant jeopardy due to annual appropriations process

• Plans aren’t competitively bid and procured
• Patients can choose “free” coverage with any Silver plan
• State pays 100% more if patients want highest-cost Silver plan
• State pays churning costs as patients lose and gain eligibility
• State pays for cost-sharing subsidies and wrap-around benefits
• State pays 100% of costs if PO exceeds budget neutrality cap
It’s About the Patients

Source: KHI News Service
Thank You!

Christie Herrera
Senior Fellow
Foundation for Government Accountability
christie@floridafga.org
Possible Federal Funding Cuts

Cost of Virginia’s Medicaid Expansion (2014-2022)

Virginia’s costs would more than double, even with a 10% cut in federal funds

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<thead>
<tr>
<th></th>
<th>Federal Funds</th>
<th>State Funds</th>
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<tr>
<td>PPACA Promise</td>
<td>$4,146,636,000</td>
<td>$283,729,000</td>
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<tr>
<td>10% PPACA Cut</td>
<td>$3,699,099,000</td>
<td>$726,266,000</td>
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Source: The Heritage Foundation
Enrollment Keeps On Growing

Virginia’s Medicaid Enrollment (June 1997-2011)

Nationally, states rarely rescinded Medicaid coverage expansions once implemented

Source: Kaiser Commission on Medicaid and the Uninsured
Lessons from Maine

Hospital Charity Care Costs and Maine’s 2002 Medicaid Expansion

Optional Medicaid expansion to childless adults didn’t save hospital $ or reduce uninsured
Lessons from Maine: The Uninsured


Uninsured rate the same; more people on Medicaid; less people with private coverage

Source: U.S. Census Bureau
Lessons from Arizona: Parents

Costs and Enrollment for Arizona’s 2001 Medicaid Expansion

Optional Medicaid expansion to parents resulted in more than double the projected enrollment.
Lessons from Arizona: Childless Adults

Costs and Enrollment for Arizona’s 2001 Medicaid Expansion

Optional Medicaid expansion to childless adults resulted in nearly triple the projected enrollment.
Lessons from Arizona: Costs

Costs Increases from Arizona’s Medicaid Expansion: 2001-2010

Costs for childless adults 2.5x projections; Costs for parents 19% above projections

- Parents - PMPY
  - 2001 Actual/Projected: $1,903
  - 2010 Projected: $2,878
  - 2010 Actual: $3,417

- Childless Adults - PMPY
  - 2001 Actual/Projected: $1,903
  - 2010 Projected: $2,878
  - 2010 Actual: $7,361
CMS/Mathematica 2011 study found that childless adults were:

- “Older and included more men”
- “More likely to become Medicaid eligible due to disability”
- Cost “approximately 60 percent higher than expenditures for adults with dependent children”

Lessons from Arizona: The Uninsured


Uninsured rate the same; more people on Medicaid; less people with private coverage

Source: U.S. Census Bureau