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

Christie Herrera

Foundation for Government Accountability

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Old Medicaid vs. Medicaid Reform

<u>Old Medicaid</u>	<u>Medicaid Reform</u>
Government as consumer	Patients as consumers
Complex programs	Consistent policies
Government controls	More consumer choice
Centralized planning/purchasing	Marketplace decisionmaking
Blank check	Defined investment
Unsustainable growth	Predictable growth

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

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**

Florida's Reform: Better Health

	Reform Counties	Non-Reform Counties
Breast Cancer Screening	59.2%	50.4%
Child ADHD Management	64.4%	46.9%
Adult Diabetes Control	36.9%	32.8%
Child Annual Dental Visit	34%	16.1%
Adult BMI Assessment	52.7%	47.9%
Adult Preventive Care	77%	71.9%

Reform plans outperformed Old Medicaid in 22 of 33 regularly-tracked HEDIS measures. 94% of HEDIS health outcomes have improved since 2008.

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**

Partnership for a Healthy NC: The Basics

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

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
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- 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



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)

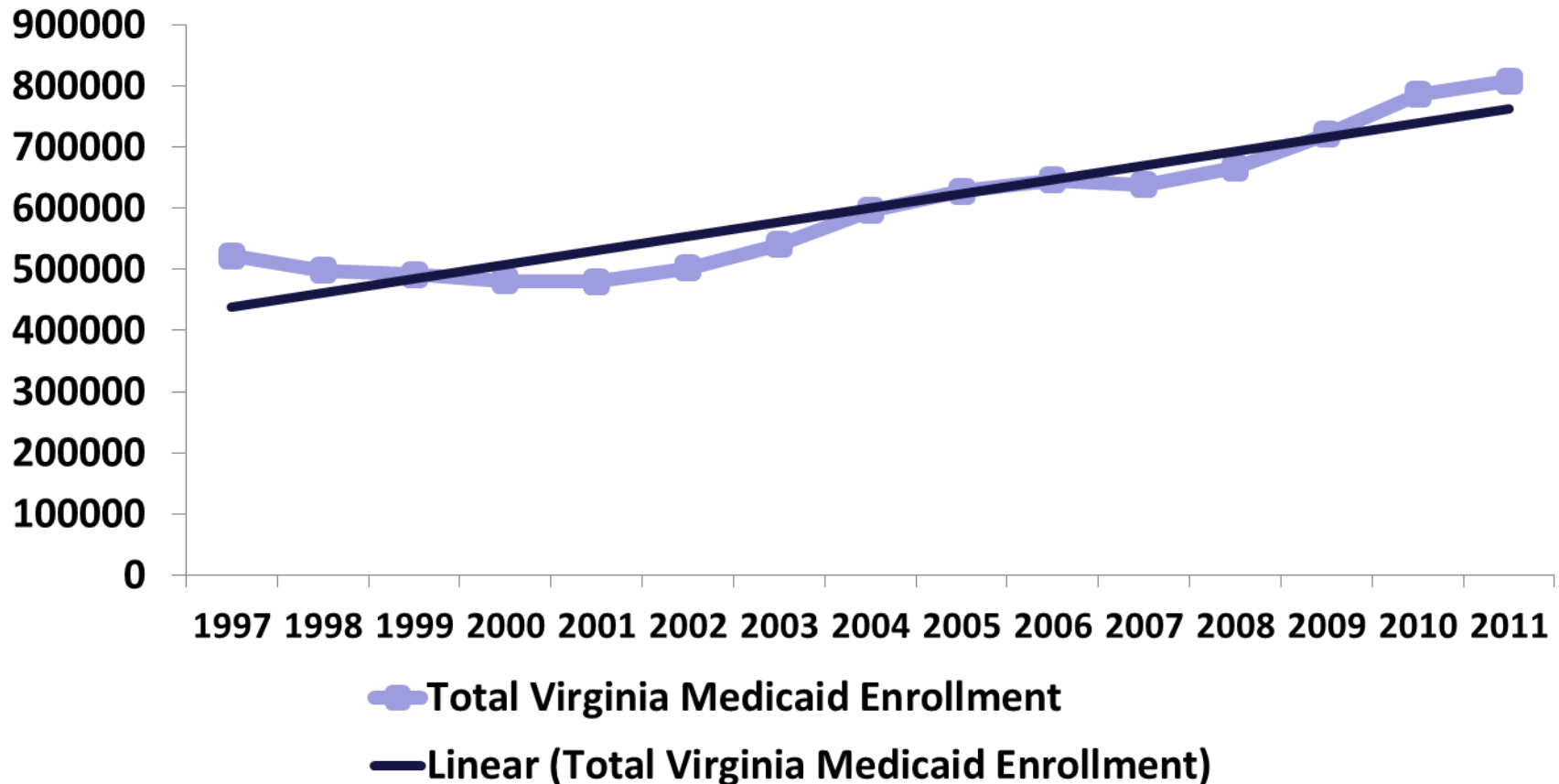
Virginia's costs would more than double, even with a 10% cut in federal funds

	Federal Funds	State Funds
PPACA Promise	\$4,146,636,000	\$283,729,000
10% PPACA Cut	\$3,699,099,000	\$726,266,000

Enrollment Keeps On Growing

Virginia's Medicaid Enrollment (June 1997-2011)

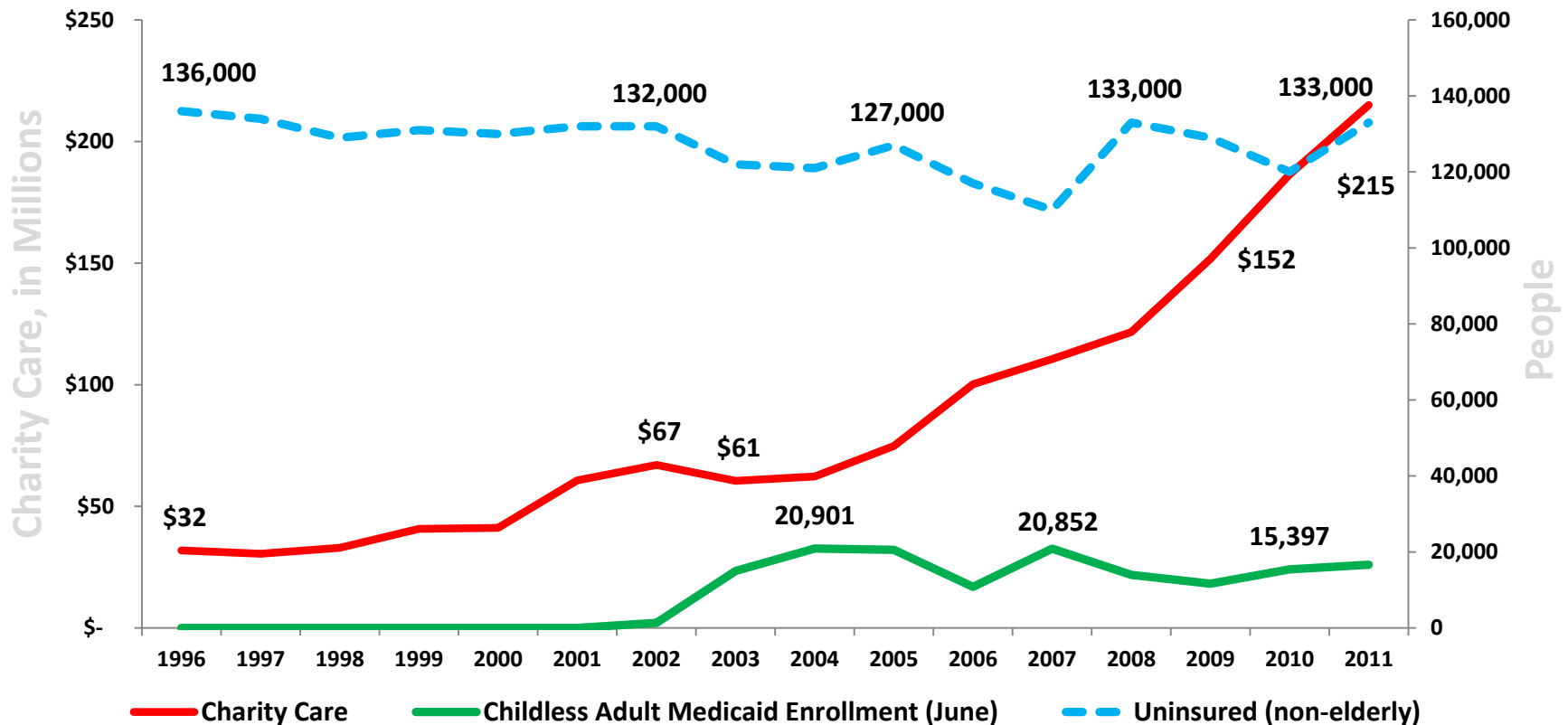
Nationally, states rarely rescinded Medicaid coverage expansions once implemented



Lessons from Maine

Hospital Charity Care Costs and Maine's 2002 Medicaid Expansion

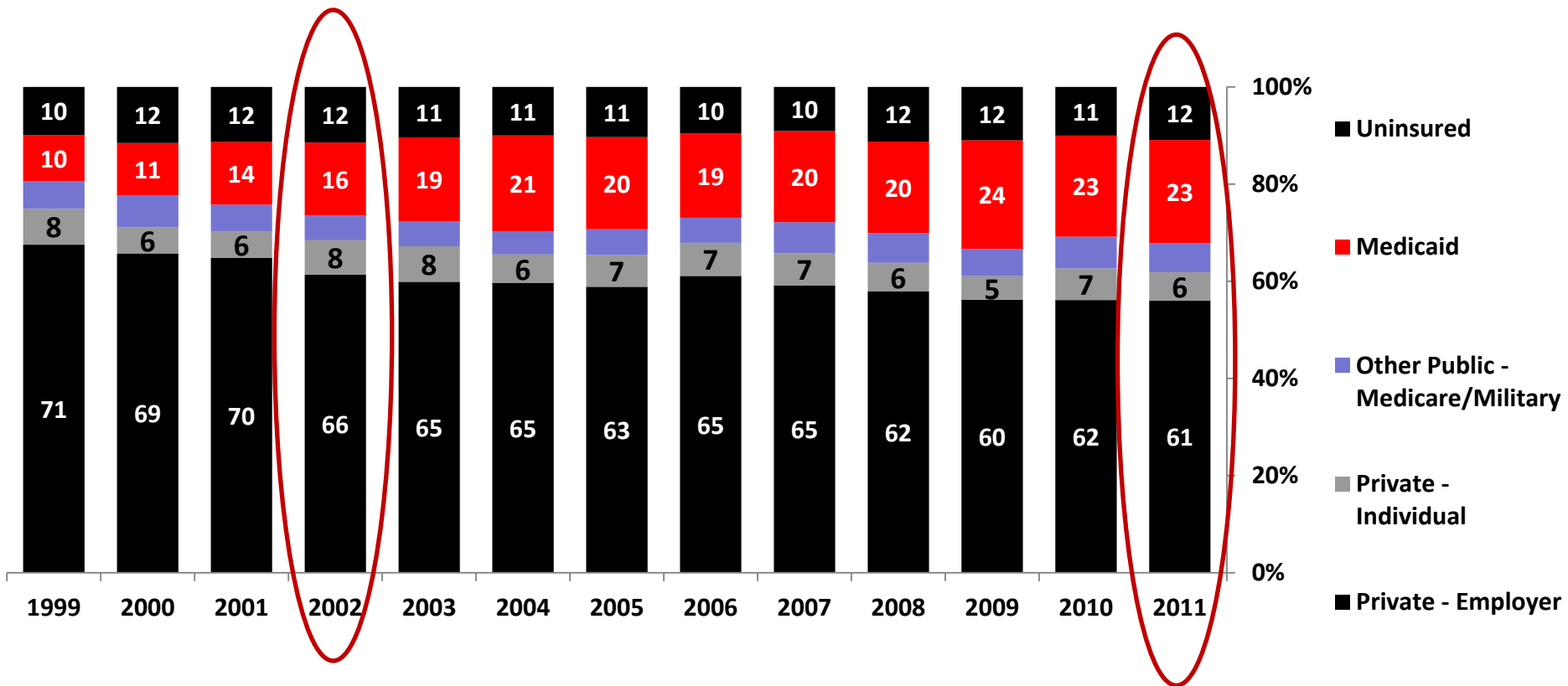
Optional Medicaid expansion to childless adults didn't save hospital \$ or reduce uninsured



Lessons from Maine: The Uninsured

Health Coverage in Maine: 1999-2011 (Non-Elderly Population)

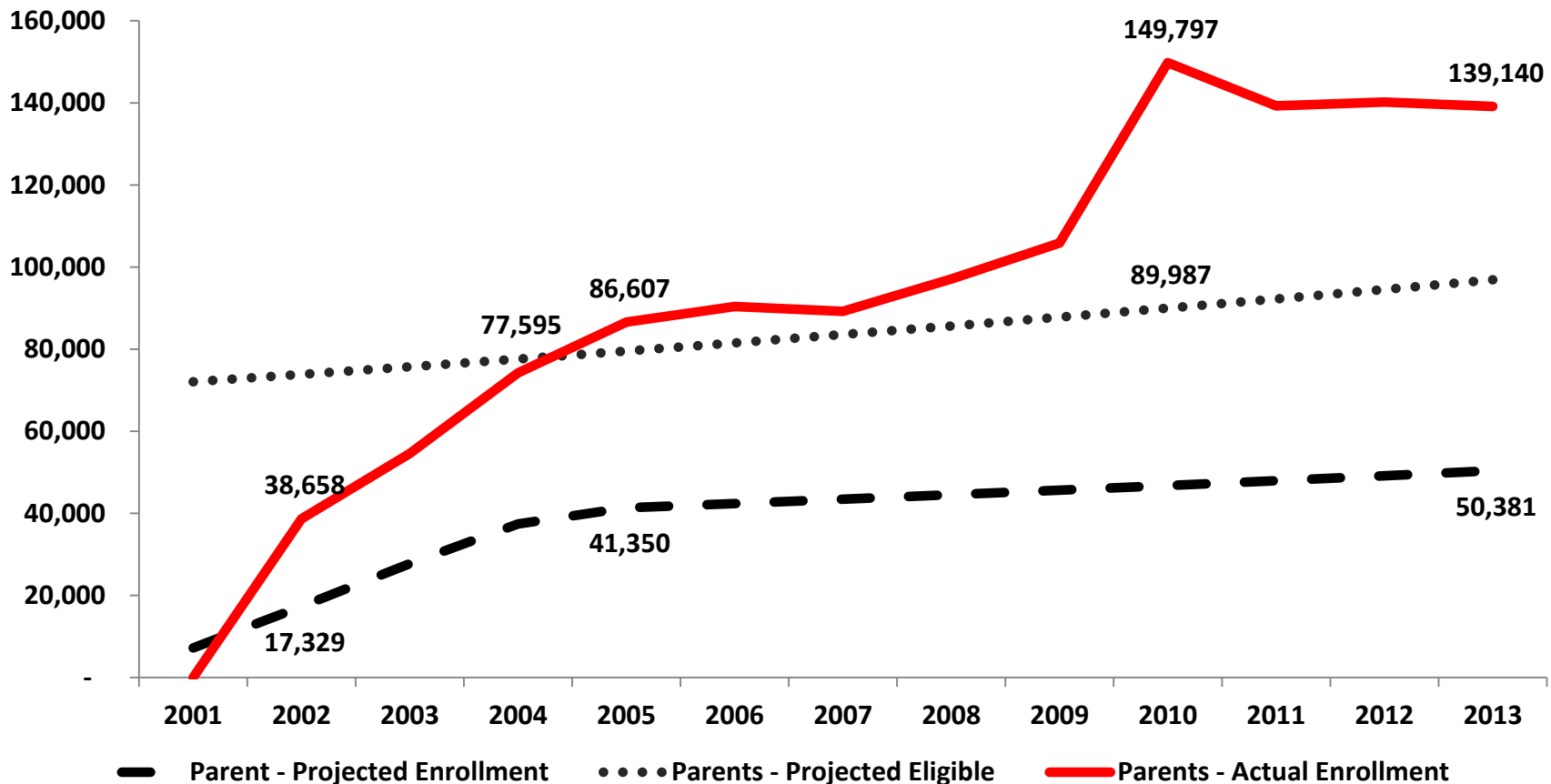
Uninsured rate the same; more people on Medicaid; less people with private coverage



Lessons from Arizona: Parents

Costs and Enrollment for Arizona's 2001 Medicaid Expansion

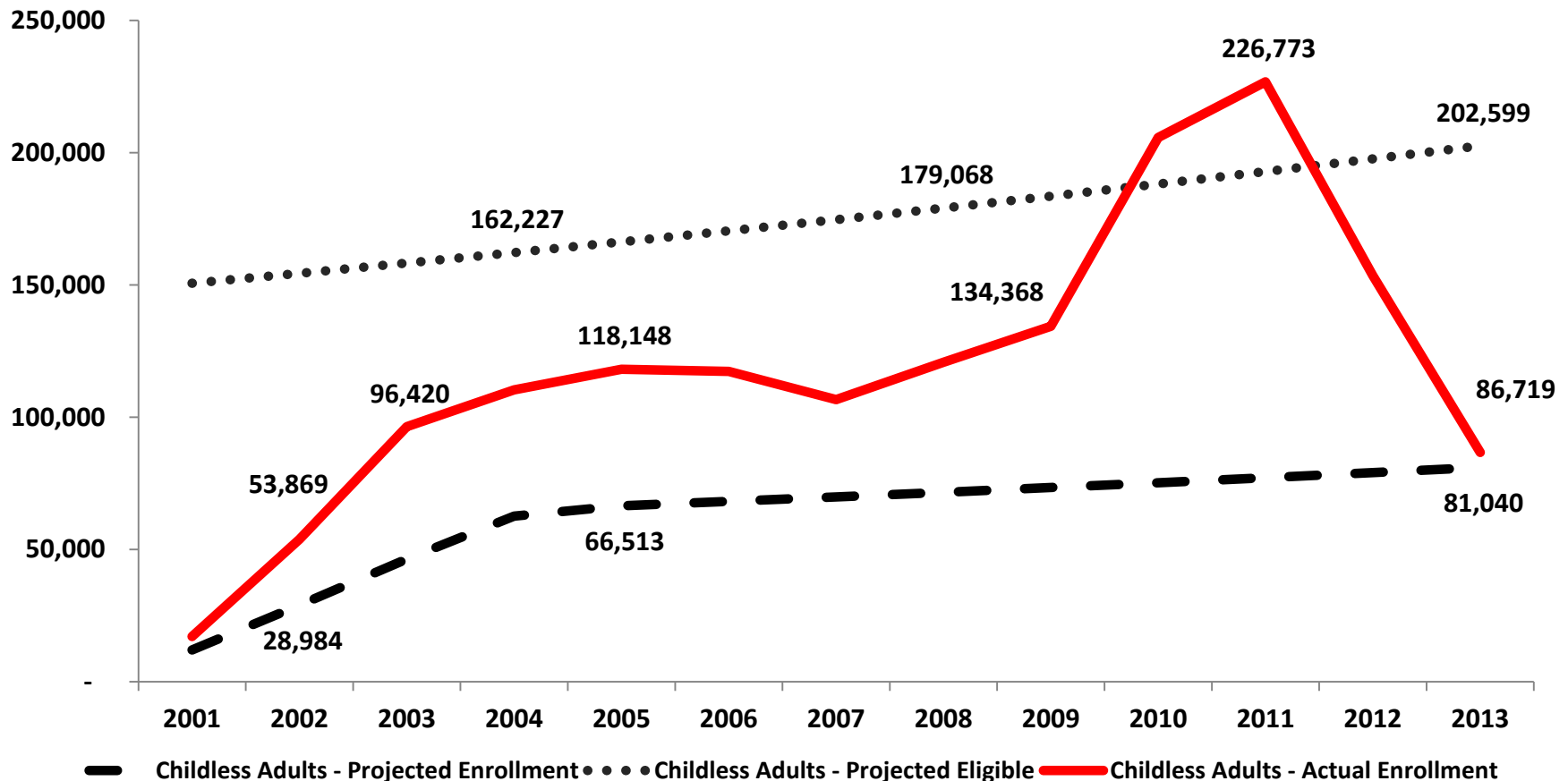
Optional Medicaid expansion to parents resulted in more than double the projected enrollment



Lessons from Arizona: Childless Adults

Costs and Enrollment for Arizona's 2001 Medicaid Expansion

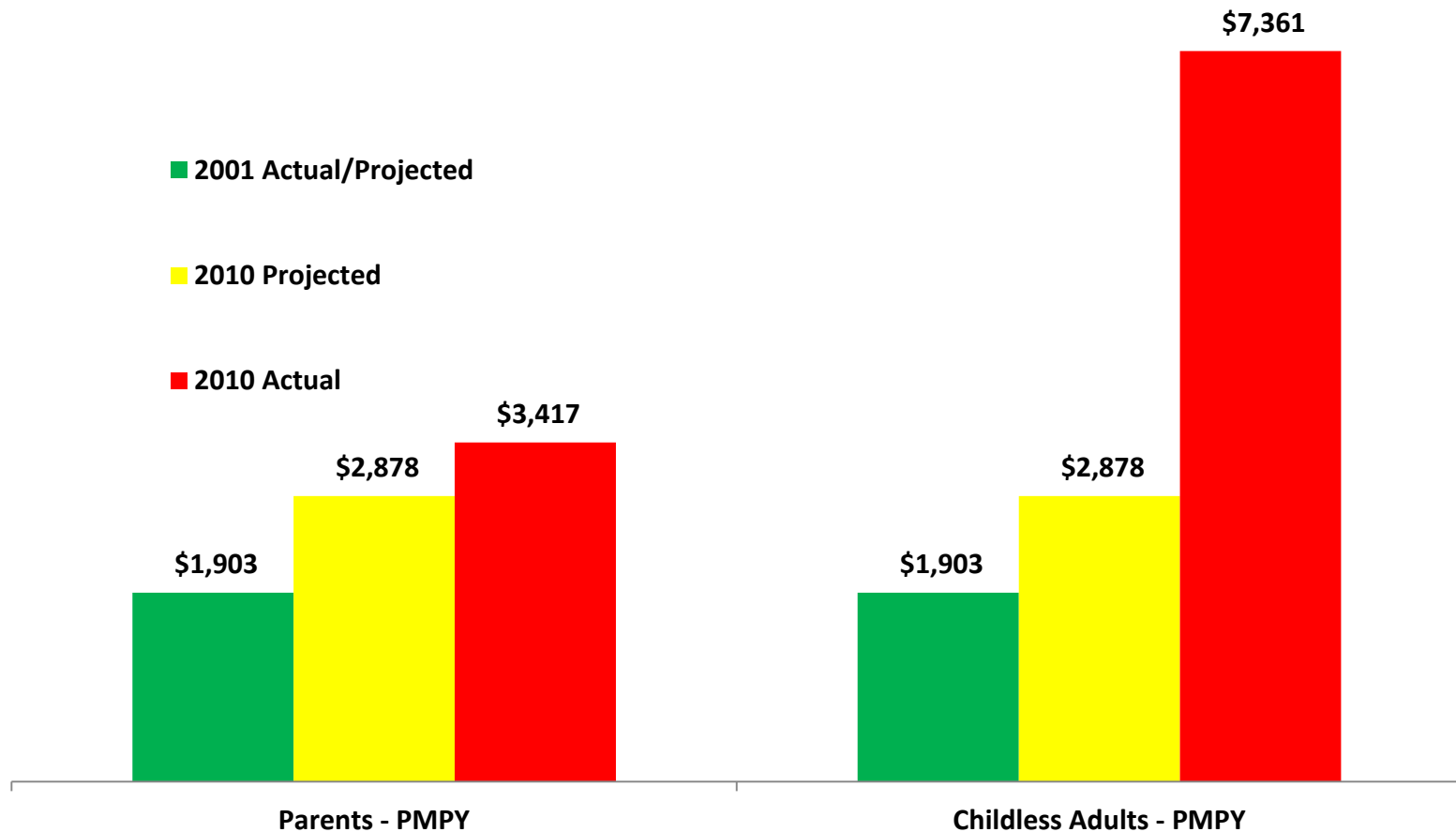
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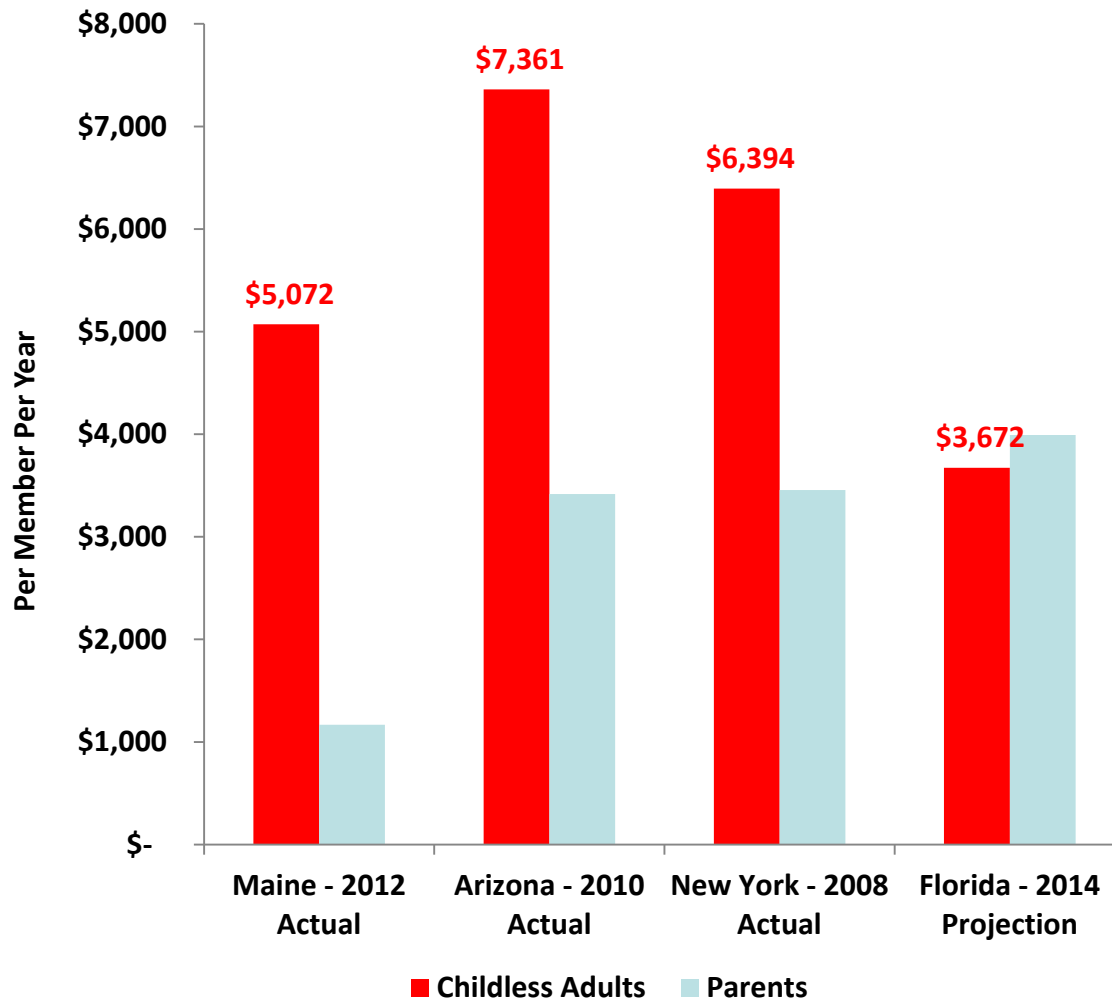
Lessons from Arizona: Costs

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

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



Childless Adults Cost Much More



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

Health Coverage in Arizona: 1999-2011 (Non-Elderly Population)

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

