The Future of Medicaid Managed Care

Presentation for the National Academy for State Health Policy
Annual Conference
October 21, 2015

Agenda

- Landscape Overview
- Leveraging Managed Care to Drive Delivery System Reform
Landscape Overview

Comprehensive Managed Care Continues to Grow

Over half of Medicaid beneficiaries receive care through Managed Care Organizations (MCOs) – and growing. States are also increasingly covering long term care in managed care, primarily through managed long-term services and supports (MLTSS) programs.

**New Populations and Services in Managed Care**

**New Populations**
- Traditionally served mothers and children—a relatively young and healthy group
- States increasingly enrolling higher-needs and higher-cost beneficiaries
  - Beneficiaries with serious mental illness
  - Beneficiaries with substance abuse disorders
  - Developmentally disabled beneficiaries
  - Dual eligible beneficiaries

**New Services**
- States “carving in” new benefits, such as:
  - Behavioral health services
  - Pharmacy
  - Long-term nursing home stays
  - Hospice care
  - Personal care services
  - Home health services
  - School-based health center services

**Growing Plan and Payer Alignment Across Markets**

**Alignment with Marketplace and all-payer efforts**
- States and market forces are driving toward greater alignment through all payer initiatives and Marketplace/Medicaid plan overlap.
- Of the 338 QHP issuers offering Marketplace plans in 2015, 39% offer Medicaid MMCs in the same state.
  - Nationally, the number of overlap issuers has increased from 2014 to 2015 by 8 issuers (increased by 7%).
- Marketplaces in 33 states include a QHP issuer that also offers a Medicaid MMC.
  - Of the 33 states that had at least one overlap issuer in 2014, 28 have either the same or a greater number of overlap issuers in 2015.
  - States are increasingly considering ways to align across payers, beyond the Marketplace.

**States with Largest Percentage Overlap of QHP Issuers Also Offering MMCs (2015)**

<table>
<thead>
<tr>
<th>State</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>Hawaii</td>
<td>100%</td>
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<tr>
<td>Wisconsin</td>
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<td>Minnesota</td>
<td>75%</td>
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<td>New York</td>
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<td>Texas</td>
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<td>Rhode Island</td>
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<td>Florida</td>
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MMC and QHP Plan Alignment Strategies

States are pursuing a variety of strategies

**Transition Plans, Readiness Reviews and Health Information Sharing**
Massachusetts' MMCs relinquishing coverage must provide transition plans to receiving plans for:
- Pregnant women
- Individuals with complex medical needs
- People receiving ongoing services or who are hospitalized
- Individuals who received prior authorization from relinquishing MMCs

**Acceptance of Prior Authorization and On-Going Course of Treatment**
Maryland MMCs and QHPs must:
- Accept prior authorization from the relinquishing plan
- Allow new enrollees with specific treatment plans to see an out-of-network provider for a 90 days
- Collect data during open enrollment and develop a process to evaluate continuity of care on an ongoing basis

**Payer Incentives**
Generally, New York has stipulated that new QHP entrants must be existing MMC and CHIP plans. The State is allowing for some exceptions to ensure continuity of coverage.

**Provider Alignment**
Nevada MMCs must offer a QHP plan with a comparable provider network and geographic region in order to be granted renewal by the State.

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**Leveraging Managed Care to Drive Delivery System Reform**

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Sources:
Where Does Medicaid Managed Care Fit In?

Accountable Care Organizations
Up and Down Side Risk Attribution
Shared Savings Risk Corridors
Bundled Payments Core Measures
Integrated Care Population Health
DSRIP Community Care Organizations

New York and Massachusetts have set VBP benchmarks:
• New York’s DSRIP waiver requires 90% of managed care payments to providers to be paid via VBP arrangements by 2019
• Massachusetts passed a statute requiring their Medicaid program to shift at least 80% of enrollees to VBP arrangements by 2015

Virginia created "super quality incentives" by aligning Medicaid MCO incentives with the largest commercial plan on 10 quality metrics

States Are Using MCOs to Drive Value-Based Purchasing
It Isn’t Easy…

Oppotunities

• Broader market changes
• Market convergence
• MCOs are covering more high needs/high cost enrollees
• MCOs are moving into LTSS
• Data-driven analysis/management is more possible
• Development of new metrics/aligned metrics
• Increased focus on population health strategies
• Dual eligible alignment
• NPRM offers states new tools and imposes new responsibilities

Challenges

• Data sharing/privacy issues
• Developing VBP arrangements that work for a diverse array of providers
• Attribution and rate development
• Care management expertise/division of labor
• Supplemental payments not tied to VBP
• Limited experience with consumer engagement
• State and plan capacity to manage

Proposed Regulations Aim to Modernize Medicaid Managed Care Rules

Key features of Proposed Regulations:

Focus on quality and promoting value based payment arrangement (including opportunity for state direction)

Enhancement of the beneficiary experience

Strengthening data

Bringing in long term services and supports

Greater alignment with Medicare Advantage, private market, and CHIP
Alignment with Medicare Advantage, Private Coverage

The new regulations increase consistency across different coverage types, which may yield administrative efficiencies for plans and regulators and enhance understanding and navigability by consumers.

**Areas of Alignment**

- **Beneficiary Communication**
  - Aligns scope of enrollee information and dissemination practices

- **Appeals and Grievances**
  - Synchronizes definitions and timeframes for appeals resolution, streamlines levels of internal appeals

- **Accreditation and Quality**
  - Models Marketplace accreditation and quality rating system standards for Medicaid, allows application of MA accreditation and Star rating system

- **Medical Loss Ratio (MLR)**
  - Applies ACA MLR measurement standards, with some variation for Medicaid-unique issues

Medicaid Can Lead the Way

Medicaid is now single largest source of health insurance in the nation

U.S. Health Insurance Enrollment by Source

- **ESI**
  - 47%

- **Medicaid**
  - 22%

- **Medicare**
  - 15%

- **Uninsured**
  - 7%

- **Other Private**
  - 3%

- **Exchanges**
  - 4%

Projected in 2015

Source: National Health Expenditure Projections 2011-2021
THANK YOU

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