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Payment & Service Delivery Reform in Medicaid

Presented by

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Utah Medicaid Snapshot

- 75% of Medicaid population lives in 4 counties
- All 75% are enrolled in a health plan
- Four health plans provide services under separate contracting arrangement (MCO, PAHP, PCCM)
- Of 4 contracted health plans, 3 are integrated systems
- Pharmacy, Dental, Mental Health and Long-Term Care are “carved out” benefits
- PDL has exclusion for mental health drugs

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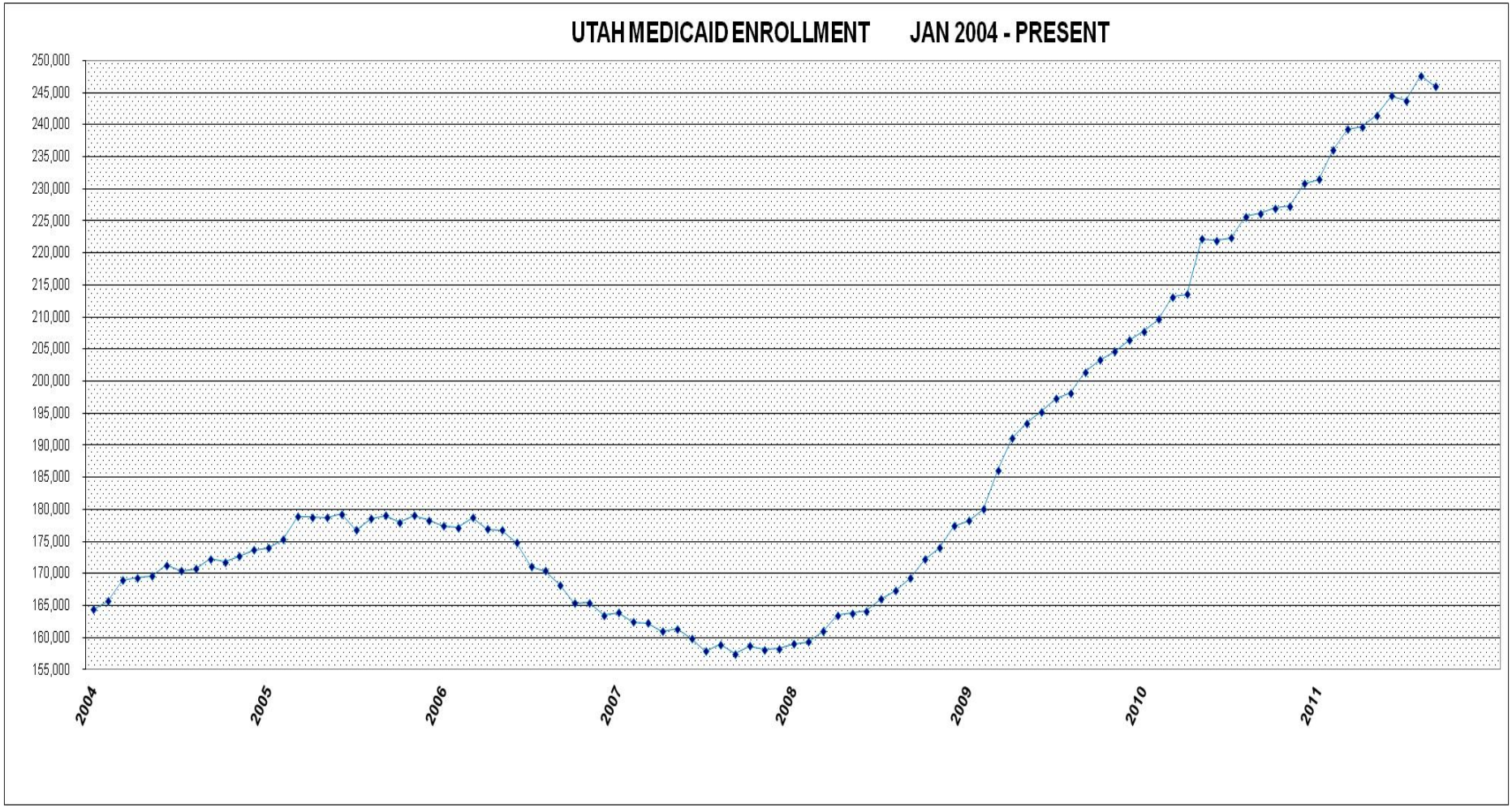

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Original Goals of the Reform

- Target areas of highest rates of growth
- Restructure reimbursement to pay for quality rather than billable events
- Provide incentives for providers to collaborate in the delivery of care
- Pay providers under a risk-based methodology
- Restructure cost sharing and provide new incentives to reward clients for personal efforts to maintain or improve their health
- Keep the same funding amount in the system

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Result: Utah Medicaid ACO Model

- Does NOT Follow the Medicare ACO model
- Defines flexible qualifications of an ACO
- Establishes mandatory quality targets
- Makes payments on a risk-adjusted, per member per month (PMPM) amount
- Provides new incentives for clients to better manage their health
- Incorporates limited pharmacy benefits

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ACO Qualifications — Must be able to…

- ✓ Meet established quality standards
- ✓ Distribute payments across the spectrum of covered benefit providers
- ✓ Bear risk and accept an all-inclusive, capitated rate

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Quality Targets

- Healthcare Effectiveness & Data Information Set (HEDIS)
- Consumer Assessment of Healthcare Providers and Systems (CAHPS)
- Additional, Utah Medicaid-specific quality targets (still to be developed)

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Rate-Setting Process

- Initial year's rates will be based on historical costs
- Risk-adjusting will occur every 6 months for the first 2 years
- Will recognize savings sharing payments within ACO network
- Future rates tied to general fund growth

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New Client Incentives

- ACOs may waive or charge differential cost sharing based on service
- ACOs may provide incentives to clients based on managing health or following medical directives

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Limited Pharmacy Benefit

- Affordable Care Act made MCO pharmacy claims eligible for rebates
- Mental Health drugs are still carved out from the reform
- ACOs will have to exchange encounter data with the State to submit rebate information.

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Opportunities to Innovate

- Restructuring reimbursement to provider groups
  - Sub-capitation
  - Saving sharing
- Realigning where healthcare is delivered
- Changing what care is delivered

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Opportunities to Innovate (continued)

- Enhancing the medical home concept
- Improving care coordination
- Increasing client participation in care
- Improving access to appropriate care

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Implementation Time Line

- Submitted Waiver request to CMS on June 30, 2011
- Began content discussions with CMS on August 25, 2011
- Received CMS decision February 2012
- Scheduled to implement January 1, 2013

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Future Reform Phases

- Integrate ***mental health*** benefit to ACO model
- Integrate ***long-term care benefit*** to ACO model
- Integrate ***dental benefit*** to ACO model
- Expand ACO model into ***rural*** counties