



**Iowa Department of Human Services**

# **Medicaid Modernization: Iowa High Quality Health Care Initiative**

**March 18, 2015**



## Presentation Overview

- Overview of Current Medicaid Service Delivery
- Iowa's Opportunities for Change
- Nationwide Trends on Managed Care
- The Iowa High Quality Health Care Initiative
- Member Impact and Provider Impact
- Transition and Timelines



## Medicaid Today

- Medicaid in Iowa currently provides health care assistance to about 560,000 people at a cost of approximately \$4.2 billion dollars annually.
- A key budgetary challenge is the increasing costs to provide services and decreasing federal funds to do so.
- The cost of delivering this program has grown by 73 percent since 2003.
- And, Medicaid total expenditures are projected to grow by 21% in the next three years.

# What is the current service delivery model?

Iowa currently enrolls a portion of the Medicaid population in managed care plans.

Excluding PACE, none of the managed care plans provide a comprehensive benefit plan.

The vast majority of enrollees are served in fee-for-service model.

## Managed Care

- MediPASS – physician managed population
- Health Maintenance Organization (HMO)
- Iowa Health & Wellness Plan
- Dental Wellness Plan
- Iowa Plan
- Non-Emergency Medical Transportation (NEMT)
- Program for All Inclusive Care for the Elderly (PACE)

## Children's Health Insurance Program (CHIP)

- *hawk-i*

## Fee-for-Service (FFS)

# What are the challenges with today's model?

The current program doesn't fully incent **quality** and **outcomes**.

## Current Iowa Medicaid model

|   |  |   |  |   |  |
|---|--|---|--|---|--|
| No single entity responsible for overall management of enrollee's health care | Many enrollees do not receive assistance in accessing or coordinating services | Provider payment not linked to outcomes or customer service | Provider payment is driven by volume of services versus outcomes | There is a lack of financial incentive to prevent duplication of services | Limits budget stability and predictability |
|---|--|---|--|---|--|

# What are the challenges with today's model?

The current program doesn't fully incent **quality** and **outcomes**.

## Current HMO Model

- Excludes services provided by separate entities
  - Lack of care coordination among providers
  - Limits financial incentives to actively manage a patient's health care
- Excludes Medicaid enrollees when they become eligible for HCBS waivers or long-term care
- No financial incentive to prevent institutionalization

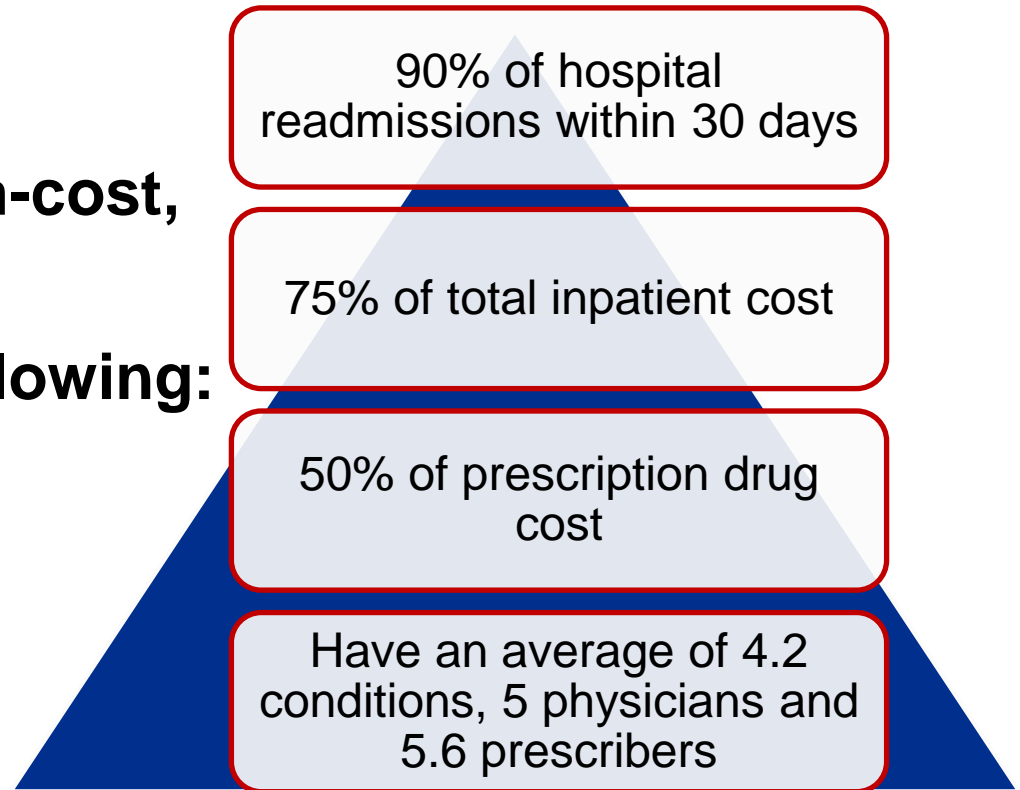
## Current MediPASS Model

- Service delivery generally not tied to quality measures or clinical outcomes
- Lacks incentives for integration and care coordination
- No overarching entity responsible for outcomes across the delivery system

# What are the challenges with today's model?

The current system does not adequately manage care for the most expensive members. This results in care that is expensive for Iowa's taxpayers.

**Iowa's top 5% of high-cost, high-risk members accounted for the following:**





## **What do other states do to manage Medicaid?**

- Nationally, over half of Medicaid beneficiaries are enrolled in comprehensive risk-based MCOs.
- Under comprehensive risk-based managed care, an MCO receives a fixed monthly fee per enrollee and assumes full financial risk for delivery of covered services.
- 39 states, and the District of Columbia, contract with MCOs to provide services to various populations.





## How does Medicaid managed care work?

- Medicaid agencies contract with managed care organizations (MCO) to provide and pay for health care services.
- MCOs establish an organized network of providers.
- MCOs establish utilization guidelines to assure appropriate services are provided at the right time, in the right way, and in the right setting.
- Shifts focus from volume to per member, per month capitated payments and patient outcomes.



## What is Medicaid Modernization?

- Medicaid Modernization is:
  - the movement to a **comprehensive risk-based** approach for the majority of current populations and services in the Medicaid program.
- The **goals** include:
  - Improved quality and access
  - Greater accountability for outcomes
  - Create a more predictable and sustainable Medicaid budget



## What is Iowa doing to Modernize Medicaid?

Creating a single system of care that will:

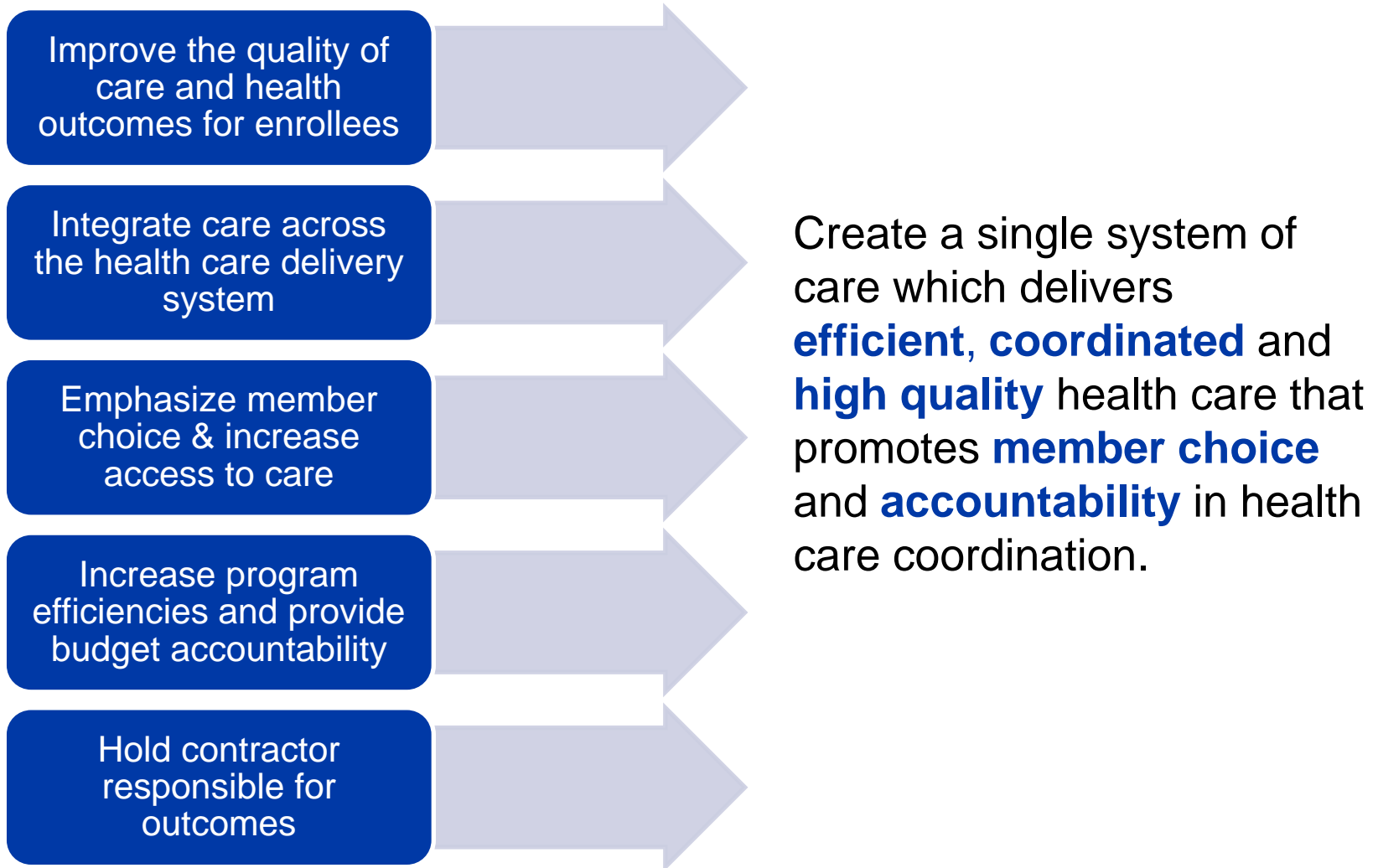
- Promote the delivery of **efficient, coordinated** and **high quality** health care.
- Enable all members who could benefit from comprehensive care management to receive care through MCOs, including long term care members.
- Changing from volume-based payment to value-based payment will allow incentives to enhance clinical outcomes or quality including **reduced duplication of services** and **unnecessary hospitalizations**.



## What is the Iowa High Quality Health Care Initiative ?

- DHS will contract for delivery of **high quality health care services** for the Iowa Medicaid, Iowa Health and Wellness Plan, and Healthy and Well Kids in Iowa (*hawk-i*) programs.
  - 2 to 4 MCOs who have capacity to **coordinate care** on a statewide basis and demonstrate how they will provide **quality outcomes**.
  - Estimated SFY16 savings = \$51.3 M in first 6 months
  - Services set to begin January 1, 2016

# What are the initiative's goals?



# How will this initiative achieve quality and outcomes?

**Holding contractors accountable for costs and outcomes creates incentives for:**

- Increased care coordination and reduced duplication
- Investment in preventive services which lead to long-term savings
- Prevention of unnecessary hospitalizations

**Combining accountability for costs and outcomes enables:**

- Savings will be achieved through appropriate utilization management
- MCO payments tied to outcomes
- Performance outcomes can be increased each contract year

# How will this initiative achieve quality and outcomes?

Contractors must develop strategies to **integrate** care across the system.

This will include physical health, behavioral health and long-term care services.

## Design includes all Medicaid covered medical benefits

- Provides entities responsible for oversight and coordination of all medical services
- Provides incentives for coordinating care and avoid duplication
- Supports integration and efficiency
- Prevents fragmentation of services and misaligned financial incentives for shifting care to more costly setting

# How will this initiative achieve quality and outcomes?

## Member Benefits

- All members may receive health screening and receive services tailored to their individual needs.
- Individuals with special health care needs will have comprehensive health risk assessment.
- Care coordination must be person-centered and address unique client needs through individualized care plans.
- Contractors can provide enhanced services not available through a fee-for-service model.



# Who is included in this initiative?

## Included

- Majority of Medicaid members
- *hawk-i* members
- Iowa Health and Wellness Plan
- Long Term Care
- HCBS Waivers
- Medically Needy

## Excluded

- PACE (member option)
- Programs where Medicaid already pays premiums: Health Insurance Premium Payment Program (HIPP), Eligible for Medicare Savings Program only
- Undocumented persons eligible for short-term emergency services only



## What Services are Included?

- Traditional Medicaid services including medical care in inpatient and outpatient settings, behavioral health care, transportation, etc.
- Facility-based services such as Nursing Facilities, Intermediate Care for Persons with Intellectual Disabilities, Psychiatric Medical Institution for Children, Mental Health Institutes and State Resource Centers.
- Home and Community-Based Services (HCBS) waiver services like HIV/AIDS, Brain Injury, Children's Mental Health waiver, etc.

## What Services are Excluded?

- Dental services will be carved out.



## What does this mean for members?

- Will eligibility for Medicaid, Iowa Health and Wellness and *hawk-i* change? **No.**
- Will members get to pick their managed care entity? **Yes. If they don't they will be auto enrolled.**
- Will services/benefits change? **No.**
- Who will members contact with questions about services? **The MCOs.**
- Who will authorize services? **The MCOs, based on state policy and administrative rule.**



## What does this mean for members?

- Will service providers be the same as today? **Yes, for at least the first 6 months.**
- Will they still pay premiums? **Yes, per existing requirements.**
- If members have a case manager can they keep the same case manager? **Members will have the option of keeping their same case manager for at least 6 months.**
- Will there be appeal rights? **Yes, members will be able to appeal to the MCO and then will have state appeal rights like they do today.**



## What does this mean for providers?

- Will MCOs honor existing service authorizations? **Yes, for a minimum of at least 3 months.**
- Will MCO retain the current providers network and pay the same rates? **Yes, as follows:**
  - Health and behavioral care providers through the end of June 2016. At that time, the MCOs will negotiate their provider network and rates.
  - Long term care providers including facilities and HCBS Wavier , and CMHCs providers through the end of December 2017. At that time, MCOs will negotiate their provider network and rates.
- Can providers be part of multiple provider networks? **Yes.**



## What does this mean for providers?

- Who will pay the providers? **The MCOs will pay claims within similar timeframes as Medicaid does today.**
- Who will authorize services? **The MCOs, based on state policy and administrative rule.**
- Who will be responsible for utilization management? **The MCOs as approved by the Department.**
- Will there be appeal rights? **Yes, providers will be able to appeal to the MCOs and then will have state appeal rights like they do today.**
- When will providers contract with the MCOs? **MCOs will build up their provider networks in the months prior to implementation.**



## How does this initiative work with the State Innovation Model (SIM)

The SIM grant is designed to help the state plan, design, test, and evaluate new payment and service delivery.

There are two key features going forward with this initiative:

- Value Index Score (VIS): MCOs will be required to use the VIS, which will enable evaluation of outcomes
- Value-based Purchasing: MCO's will identify the % of value based contracts that will be in place by 2018.

# What is the Request for Proposal (RFP) Timeline?

| Major Activities                  | Current Schedule        |
|-----------------------------------|-------------------------|
| Release RFP                       | February 16, 2015       |
| Series of Stakeholder Engagements | Began February 19, 2015 |
| Stakeholder/Public Comments Due   | March 20, 2015          |
| Amended RFP Release               | March 26, 2015          |
| RFP Responses Due                 | May 8, 2015             |
| RFP Awards Published              | July 31, 2015           |
| Medicaid Modernization Effective  | January 1, 2016         |





## What is the 1115 Demonstration Waiver Timeline?

With federal approval, Medicaid Modernization will be operational on **January 1, 2016**

- Stakeholder engagement process is underway.
- DHS has also started working with CMS to obtain federal approval through an 1115 demonstration waiver.
- Formal public comment period for the waiver begins in June 2015.
- The Department will formally submit the waiver to the Centers for Medicare and Medicaid Services (CMS) by July 1, 2015.



## How can stakeholders and the public provide input and ask questions?

- Stakeholders can attend a series of public meetings – see dates and times here:  
<https://dhs.iowa.gov/ime/about/initiatives/MedicaidModernization>
- Questions and Comments may also be submitted to:  
[MedicaidModernization@dhs.state.ia.us](mailto:MedicaidModernization@dhs.state.ia.us)
- The Request for Proposal is available at:  
[http://bidopportunities.iowa.gov/?pgname=viewrfp&rfp\\_id=11140](http://bidopportunities.iowa.gov/?pgname=viewrfp&rfp_id=11140)



## How can bidders comment and ask questions?

- Comments and questions regarding the RFP from potential bidders should be addressed to the issuing officer in accordance with the RFP. The RFP can be found at:  
[http://bidopportunities.iowa.gov/?pgname=viewrfp&rfp\\_id=11140](http://bidopportunities.iowa.gov/?pgname=viewrfp&rfp_id=11140)



***DHS seeks greater **stability** and **predictability** in the Medicaid budget which will allow the state to continue offering **quality, comprehensive** care now and into the future.***

***For more information visit:***

***<https://dhs.iowa.gov/ime/about/initiatives/MedicaidModernization>***