

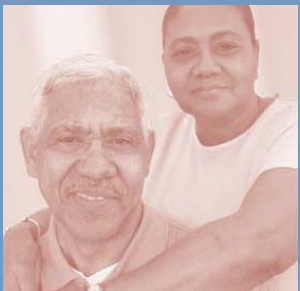


Medicaid as a Transformative Purchaser

CSHP Health Policy Conference – October 15, 2009



Nikki Highsmith
Senior Vice President
Center for Health Care Strategies



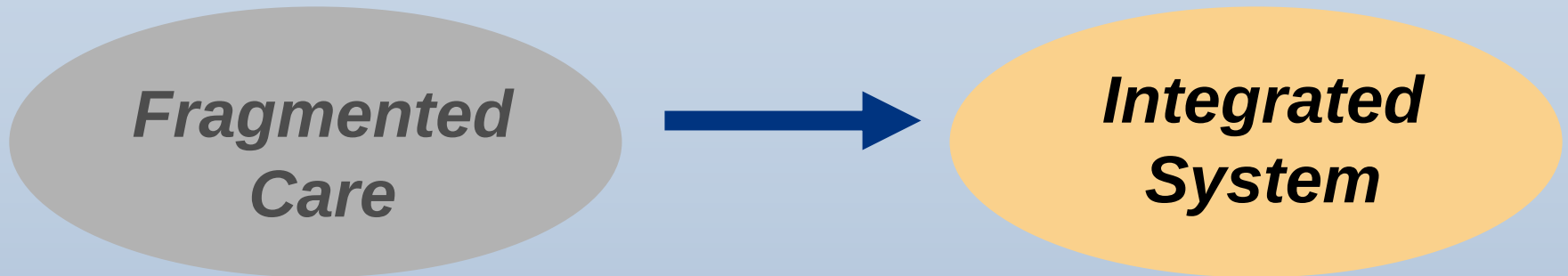
Medicaid's Fast Facts

60 million	People in the United States who will receive Medicaid benefits in 2009.
\$364 billion	Estimated 2009 costs for Medicaid.
1 million	Number of additional Medicaid/CHIP beneficiaries resulting from a 1% increase in unemployment.
41%	Births in the U.S. covered by Medicaid.
28%	Children in the U.S. covered by Medicaid.
27%	Percentage of total mental health costs financed by Medicaid.
41%	Percentage of total long-term care costs financed by Medicaid.
5%	Percentage of beneficiaries accounting for 57% of total Medicaid spending.
8.8 million	People who are dually eligible for Medicare and Medicaid, including low-income elderly and people with disabilities.
11 million	CBO estimate of additional people to receive Medicaid coverage under the House and Senate proposals.

Medicaid as a Transformative Purchaser – Key Elements

1. **Lead Primary Care Transformation**
2. **Purchase Delivery Systems not just Risk Managers**
3. **Design Care Management Programs for People with Multiple Chronic Conditions**
4. **Integrate Physical Health and Behavioral Health**
5. **Integrate Acute and Long-Term Care**
6. **Use Technology to Drive System Change**
7. **Leverage Payment Reform**
8. **Adopt Data-Driven Decision Making and Rapid Testing**
9. **Invest in Accountability and Transparency**
10. **Stay Focused on Patient-Centered, Culturally Competent Care**

Accelerating Innovation in Medicaid

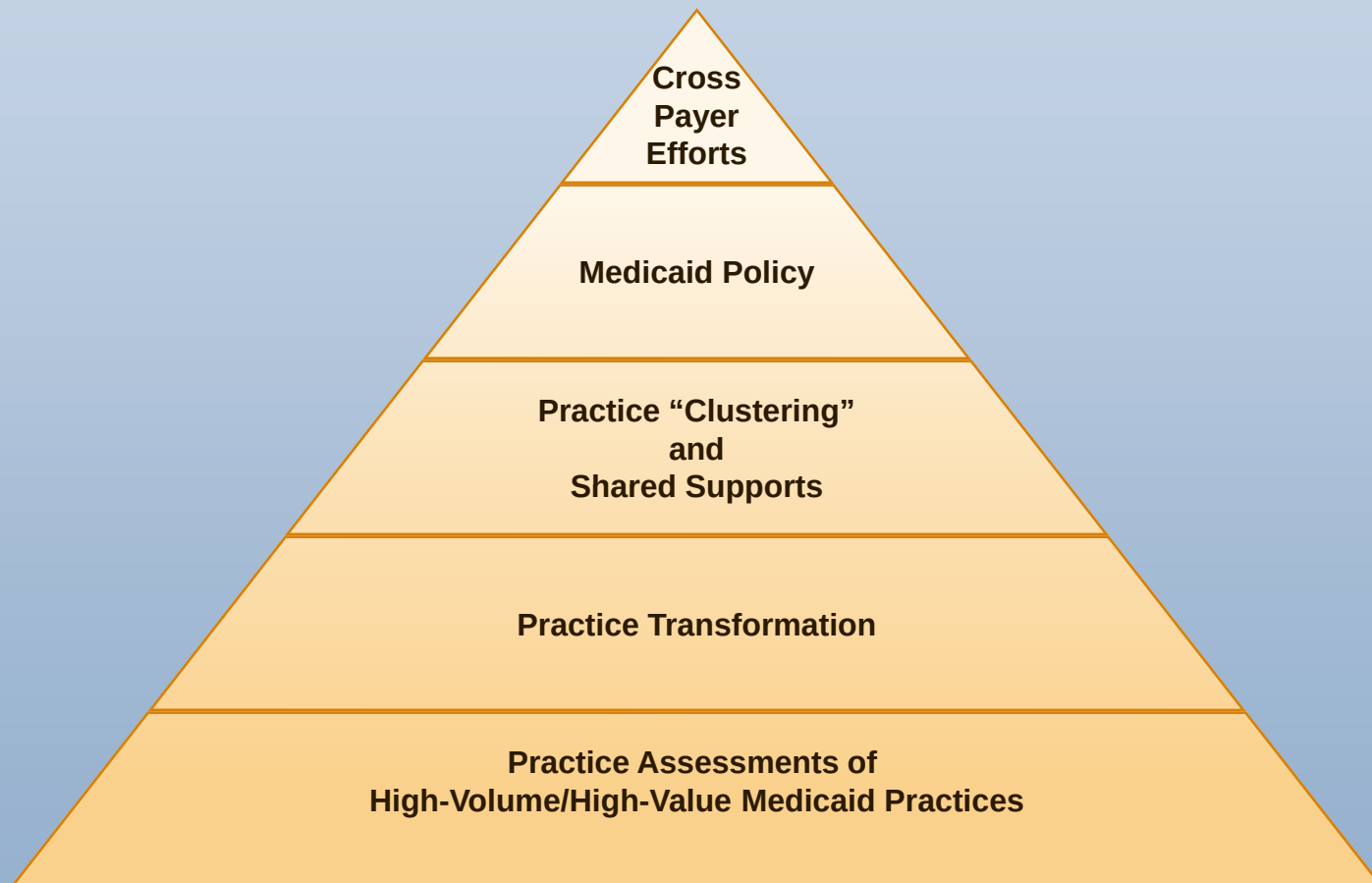


- Accountable care home
- Coordinated care
- Patient-centered care
- Information exchange
- Performance measures
- Incentives/aligned financing

Leading Primary Care Transformation in Medicaid

- Primary care in crises.
- Medicaid is a dominant purchaser of primary care, particularly for children.
- Opportunity to link practice transformation, practice networking, EHR adoption, and payment reform.
- Understanding practice level data (within Medicaid and across payers) is key.

Primary Care Transformation



Practice Assessment

- Critical to understand the capacity and needs of under-resourced, high-volume, high-value Medicaid practices
- CHCS will be assessing over 100 Medicaid practices (oversampling small practices) in 6-8 states to:
 - ▶ Understand practice characteristics related to high and low performance
 - ▶ Understand challenges and barriers faced by these practices

Practice Transformation – *Reducing Disparities at the Practice Site (RDPS)*

- Focused on small practices (5 or fewer physicians) serving high numbers of Medicaid patients and high numbers of racially/ethnically diverse patients.
- Funded by the Robert Wood Johnson Foundation
- 4 state Medicaid agencies (OK, MI, NC, PA)
- 2 quality improvement organizations (QIOs)/2 universities
- 9 health plans (in 2 of the 4 states)
- 40 practices
- At least 20,000 Medicaid beneficiaries

RDPS Tools for Supporting Small Practices

Leadership and Change Management	Coaching and mentoring to depart new skills
Social Network	Facilitating new social linkages
Chronic Care Education	Implementing practice-based chronic care tools
Enhanced Payment	Providing up-front enhanced payment
Health Information Technology	Implementing e-Rx, registries, EHRs
Data	Providing aggregate and member-level health plan data
Nurse Care Manager	Deploying practice-based care manager
Practice Facilitator	Deploying practice-based quality improvement facilitator

Practice “Clustering”

- How to “cluster” social networks of high-value Medicaid physicians for quality improvement purposes
- How to engage them in performance measurement and best practice discussions
- Examples
 - ▶ Blue Cross/Blue Shield of Michigan
 - ▶ Primary Care Trusts in UK
 - ▶ Regional Extension Centers?

Shared Practice Supports

- Funded by The Commonwealth Fund
- National Scan
 - ▶ Understand the types of shared resources that could enable practice transformation for small practices serving large numbers of Medicaid beneficiaries
 - ▶ Outline potential Medicaid funding sources
 - ▶ Describe key partnerships needed within states
 - ▶ Highlight innovative state models where they exist
- Interviews
 - ▶ State and Federal Medicaid leaders
 - ▶ Primary care academic leaders
 - ▶ Professional societies
 - ▶ Quality improvement organizations

Medicaid Policy

- Payment Reform
 - ▶ Primary care rates
 - ▶ Care management/medical home advanced payment
 - ▶ More advanced episode of care payments or global budgets
 - ▶ Paying for never events
 - ▶ Not paying for readmissions
- Purchase and Design Care Systems
 - ▶ Accountable care organizations
 - ▶ Managed care options
- Practice Supports
 - ▶ Practice facilitators (ala Agriculture Extension Service model) to match Medicaid EHR incentives

Cross Payer Initiatives

- RWJF Aligning Forces for Quality
- Rhode Island Chronic Care Sustainability Project
- Pennsylvania Chronic Care Pilot
- Maine PCMH Demonstration
- Medicare-Medicaid Advanced Primary Care Demonstration Initiative

Faces of Chronic Illness Care in Medicaid

- ▶ Top 5% Medicaid beneficiaries = 57% of costs
- ▶ Among the most expensive 1%:
 - Almost 90% have 3 or more chronic conditions
 - Over 65% have 5 or more chronic conditions
- ▶ Psychiatric illness in the top five diagnostic pairs among the most expensive 5% of patients:

▪ Psychiatric-Cardiovascular	40.4%
▪ Psychiatric-Central Nervous System	39.8%
▪ Cardiovascular–Pulmonary	34.3%
▪ Cardiovascular–Central Nervous System	32.9%
▪ Psychiatric-Pulmonary	28.6%

Designing Care Management Programs for Complex Patients: Rethinking Care Program

- Four-year initiative supported by Kaiser Permanente, the Aetna Foundation, and the Robert Wood Johnson Foundation, as well as the New York State and Colorado Health Foundations
- Objectives:
 - ▶ Improve care for Medicaid's highest-cost, highest-need patients who have the greatest potential to benefit from improved care management
 - ▶ Design and test methods to integrate physical and behavioral health care
 - ▶ Evaluate state pilots based on quality, utilization, patient/provider satisfaction, and return on investment
- 4 pilots -- in CO, NY, PA, WA -- testing innovative approaches to transform care delivery

Integrating Physical/Behavioral Health Care in PA

- Goal: Breaking down silos between managed care organizations and providers
- Strategies:
 - ▶ Navigators
 - ▶ Integrated health information
 - ▶ Coordinated care planning
 - ▶ Hospital notification
 - ▶ Pharmacy management
 - ▶ Aligned financial incentives

Aligning Incentives for Integration

Shared Savings Pool Measures		
Measure	Components	Frequency
1. Stratification	Documented methodology	Annually
	Baseline stratification (<i>new members</i>)	Quarterly
	Restratification	Annually
2. Integrated Care Plans/Health Profiles	Documented methodology	Annually
	Care plans/profiles completed	Annually
3. Hospitalization Notification & Coordination	Documented methodology	Annually
	Notification of admission within 1 business day	Quarterly
4. Pharmacy Management: Refill Gaps for Chronic Atypical Antipsychotics	Documented methodology for identifying gaps	Annually
	Prescriber notification	Quarterly

Physical Health/Behavioral Health Integration

- Current systems for delivering publicly financed physical and behavioral health services are “broken”
 - ▶ Fragmentation does a disservice to beneficiaries, communities, providers, plans, state and local governments, and taxpayers
- Considerable variation in the financing, organization, and delivery of care
 - Full risk, partial risk, and no-risk with care/utilization management
 - Managed behavioral health organizations, administrative services organizations, and community mental health centers
- Opportunity to build accountable systems of care and move away from traditional FFS behavioral health care

Medicaid as a Transformative Purchaser: Key Themes

- Challenges
 - ▶ Broken Systems
 - ▶ Poor Quality Care
 - ▶ Expensive
 - ▶ Considerable Variation
- Opportunities
 - ▶ Integration
 - ▶ Information
 - ▶ Incentives
 - ▶ Accountability