Legislative Oversight Committee- March 26, 2014
Preliminary Key Questions and Potential Concerns
Medicaid Reform Proposal - S.L. 2013-360 Section 12.H.1

1- Compliance with Special Provision

KEY QUESTIONS:

- How will plan create a predictable and sustainable Medicaid program?
- How will multiple organizations and structure ease administration and efficiency for providers?
- How are physical and behavioral health united to provide care for the whole person?
- What methodology was used for selecting the plan over alternatives?
- What mechanisms will be used to hold the Department, contractors and providers accountable for implementation and performance of the plan?
- Has an analysis been prepared comparing the impact of the plan to existing Medicaid programs on both providers and recipients in areas such as enrollment, access to services, quality of care and payment methodologies?

KEY CONCERNS

- Fiscal Research needs all assumptions utilized in the forecast to validate savings and expenditures.

2- Provider Participation

a) Plan calls for voluntary participation by providers with benchmarks for increase from 40% in 2016 to 90% in 2019

KEY QUESTIONS:

- What are the consequences for not meeting benchmark for provider participation?
- Are the consequences automatic or optional for the State to implement?

KEY CONCERNS

- Consequences that are tied to rates or payments will require CMS approval, which could delay or preclude the acheivement of provider participation.
- Unintended consequence for participating providers to "cherrypick" low cost individuals leaving high needs recipients unmanaged

3- System Structure

a) The plan calls for non-long term physical health to be managed through a network of ACO's for all non-primary care services (only limitation on ACO's are 5,000 minimum size) and CCNC (14 networks)/NCCCN for primary care physicians
b) Behavorial health continues to be managed through the LME/MCO structure (4 organizations)
c) Long terms services and supports structure is to be defined
d) Some services, like all drugs, outside the structure above

KEY QUESTIONS:

- What specific mechanizms are proposed for the integration of these organizations?
- How will the duplication of administrative functions be avoided?
- Who pays the costs of duplicated administrative functions?
- What assurances are there that clinical coordination of care will occur without economic incentives or controls?
- What is the process and who is responsible for setting cost and quality benchmarks?

KEY CONCERNS

- Geographic coverage for LME/MCO's, CCNC and ACO's will be inconsistent based on services that may result in non-primary care providers having to contract and coordinate with multible organizations in the same area - may lead to administrative inefficienies for the non-primary care providers
- Whether or not 5,000 enrollees be sufficient for an ACO to gain economies of scale for coordination of care
- The minimum enrollee requirement could result in as many as 300 ACO, how is the Department staffed and systems capable of adequately assessing, monitoring and tracking performance for

both cost or quality

4- Payment Model

a) The payment model introduces a shared savings and risk model based on cost and quality
b) Provider participation in savings or risk is graduated over time to 100% potential, with caps (15% of savings and 10% of overages for risk)

KEY CONCERNS

- The shared savings/risk model with the fee for service payments system maintained, may create a potential unintended incentive to maximize revenue, where the incremental cost of services is lower than the 10% potential lost revenue

5- Savings Computation

KEY CONCERNS

- Changes in behavioral health payments to the LME/MCO's that are expected to occur without implementing a reform plan are included in the savings estimates ($17M in 2017 increasing to $27M in 2020)
- Will there be sufficient information provided to validate the computions for savings included in the plan
- Based on schedules in the plan it is unclear the source of State savings after payment to providers under the proposed shared savings plan