Medicaid Reform for North Carolina

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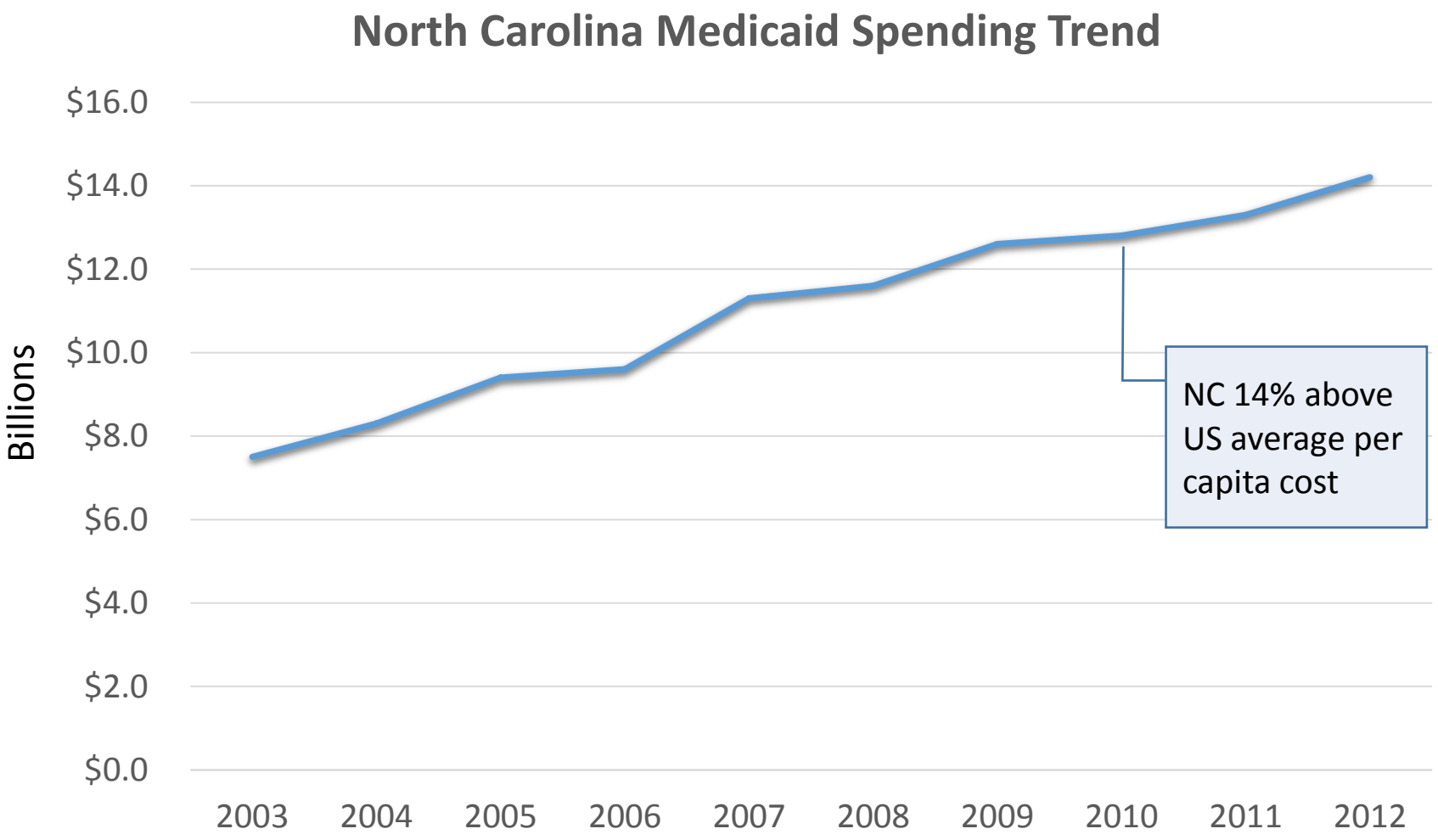
Health & Human Services

Legislative Oversight Committee

November 19, 2013 – 10:00 am

Medicaid Spending Rises

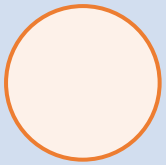
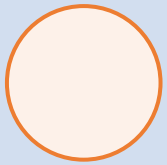
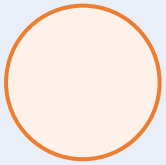
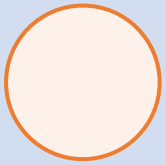
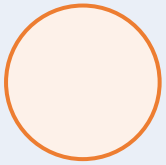
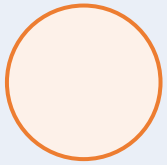
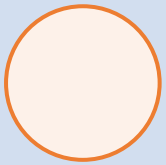


Sources: BD701 - State of NC General Ledger System Authorized Monthly Budget Report; Budget Code 14445, for periods ending June of each year; Centers for Medicare & Medicaid Services

Classic Cost Containment Measures Can Have Adverse Consequences

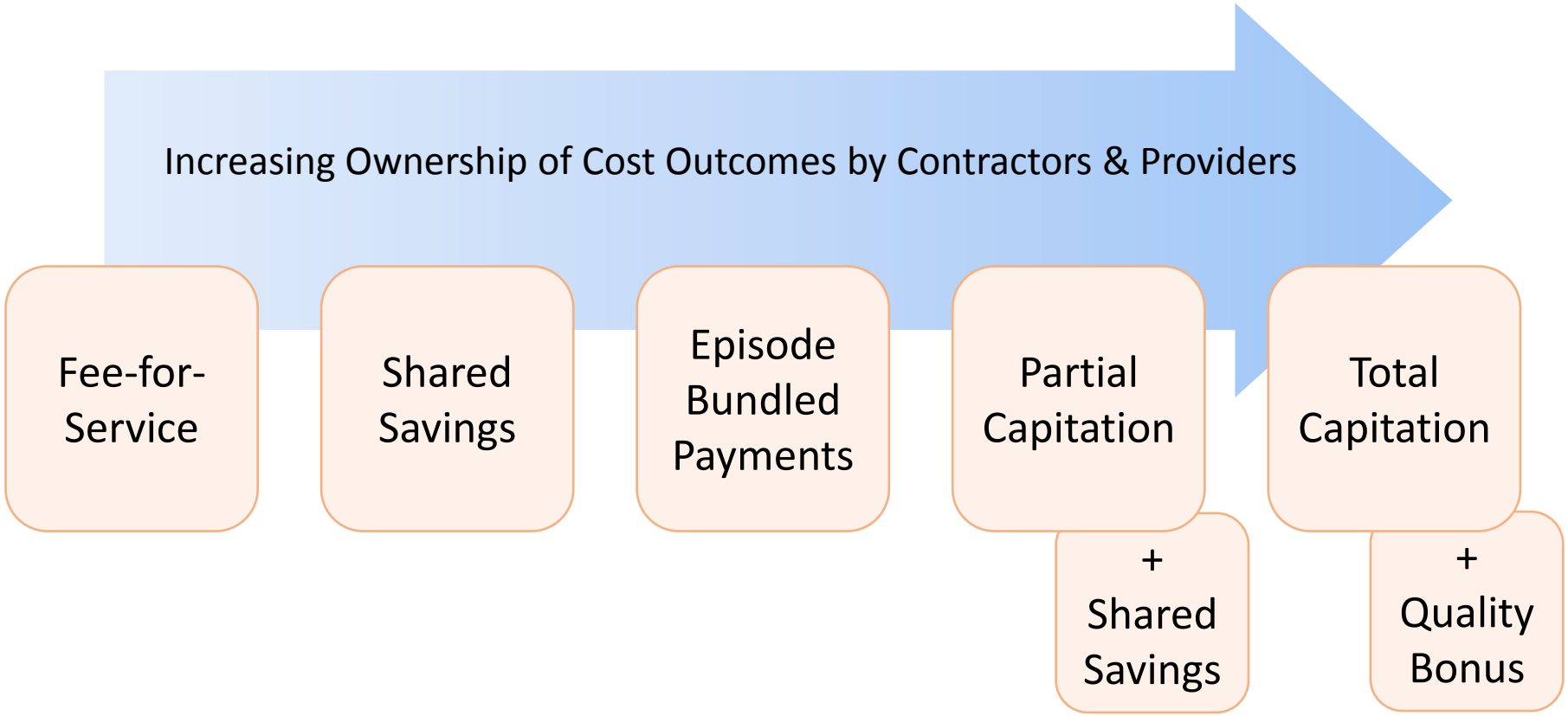
Cut Eligibility	Increase Uninsured Population
Cut Provider Rates	Hurt Providers, Reduce Patient Access as Providers Exit
Cut Optional Benefits	Save Some $ But Much Care Will Shift to Alternate Services
Limit Units of Care	Prevent Abuse But May Harm High-Need Patients
Enhance Program Integrity	Favorable But Marginal Impact

Medicaid Models' Effectiveness Varies

Goal	Unmanaged Fee-for-Service	PCCM/FFS with Care Coordination	Risk-Based Managed Care
State's Medicaid Budget More Predictable			
Beneficiaries More Assured of Access & Care Coordination			
Opportunity for Whole-Person Integrated Care			
Contractor At Risk for Per Capita Medical Costs			
Responsibility for Care Quality & Outcomes Localized			

PCCM = Primary Care Case Management

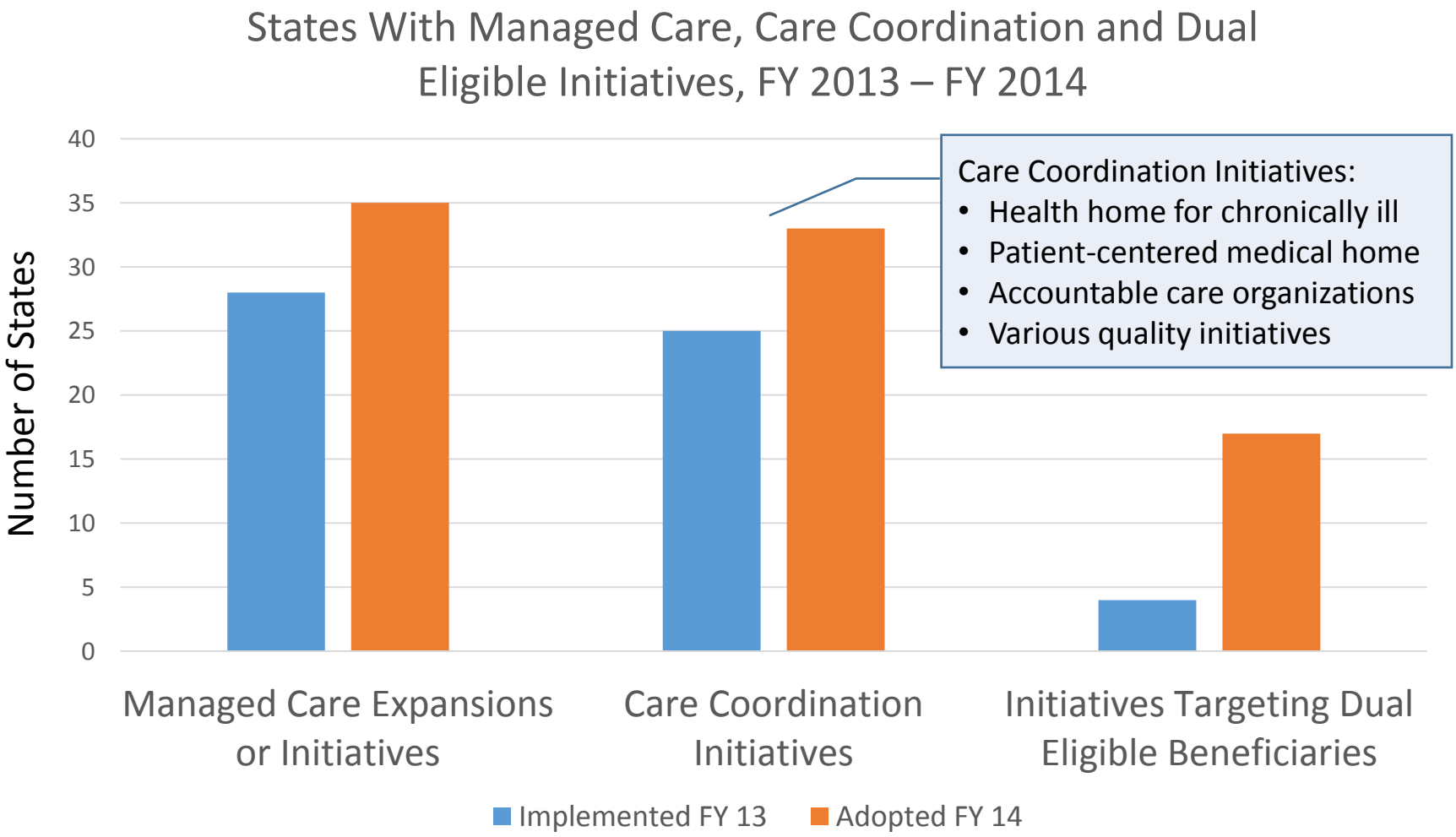
Ways To Transfer Health Cost Risk



Risk under capitation can be buffered

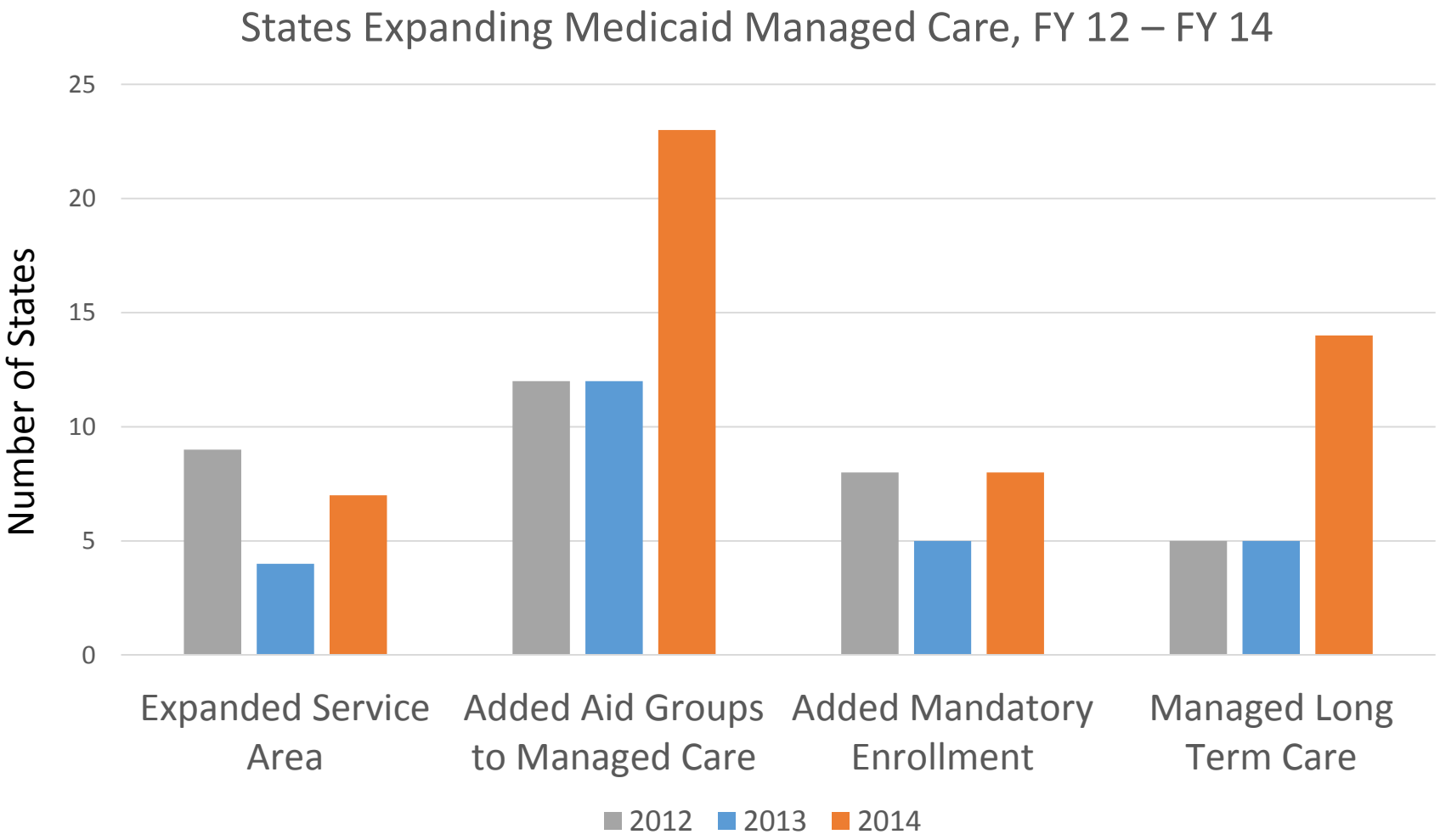
- Risk adjustment of capitation rates
- Stop-loss for high-cost cases

Nearly All States Are Pursuing Reform



Source: Kaiser Commission on Medicaid & Uninsured survey of states conducted October 2013

States Increase Use of Managed Care



Source: Kaiser Commission on Medicaid & Uninsured survey of states conducted October 2013

Big 12 States' Risk Transfer Progress

Total Spend Rank	State	% Spend Capitation (2010)	Risk Contracting Changes Since 2010
1	NY	24%	Moving to capitate nearly all spending
2	CA	21%	Broadening risk contracts to elderly & rural
3	TX	22%	Moving to capitate nearly all spending
4	FL	22%	Moving to capitate nearly all spending
5	PA	50%	Changing PCCM to capitation in rural areas
6	OH	33%	Adding capitation for dual eligibles
7	IL	2%	Restructuring for 50% capitated by 2015
8	MI	55%	Adding capitation for dual eligibles
9	MA	35%	Adding capitation for dual eligibles
10	NC	2%	Capitation of behavioral care, imaging
11	AZ	85%	Unchanged
12	TN	69%	Capitation for long-term care population

Source: Menges Group analysis of CMS data from 2010, plus Menges & Avalere Health research on recent state changes

Nearby States' Risk Transfer Progress

Total Spend Rank	State	% Spend Capitation (2010)	Risk Contracting Changes Since 2010
15	GA	35%	Moved foster children to risk plans
19	VA	31%	Expanded to more counties
24	KY	16%	Broad move to capitation plans in 2012
25	SC	27%	Shifted 80k more beneficiaries in 2011
26	AL	17%	Moving globally to capitation by 2016
29	MS	0%	Legis. to shift 45% to capitation plans

Source: Menges Group analysis of CMS data from 2010, plus Menges & Avalere Health research on recent state changes

Medicaid Reform Planning Timeline

Request for Information	Advisory Group 1	Advisory Group 2	Advisory Group 3 [&4]
Stakeholder Meetings	Ongoing Stakeholder Interaction		
Research on Other States	Confer with CMS [& Other States] on Waiver Options		
Refinement of Reform Vision	Drafting of Reform Proposal		

Reform Plan to General Assembly