



# Utah: ACOs and Medicaid

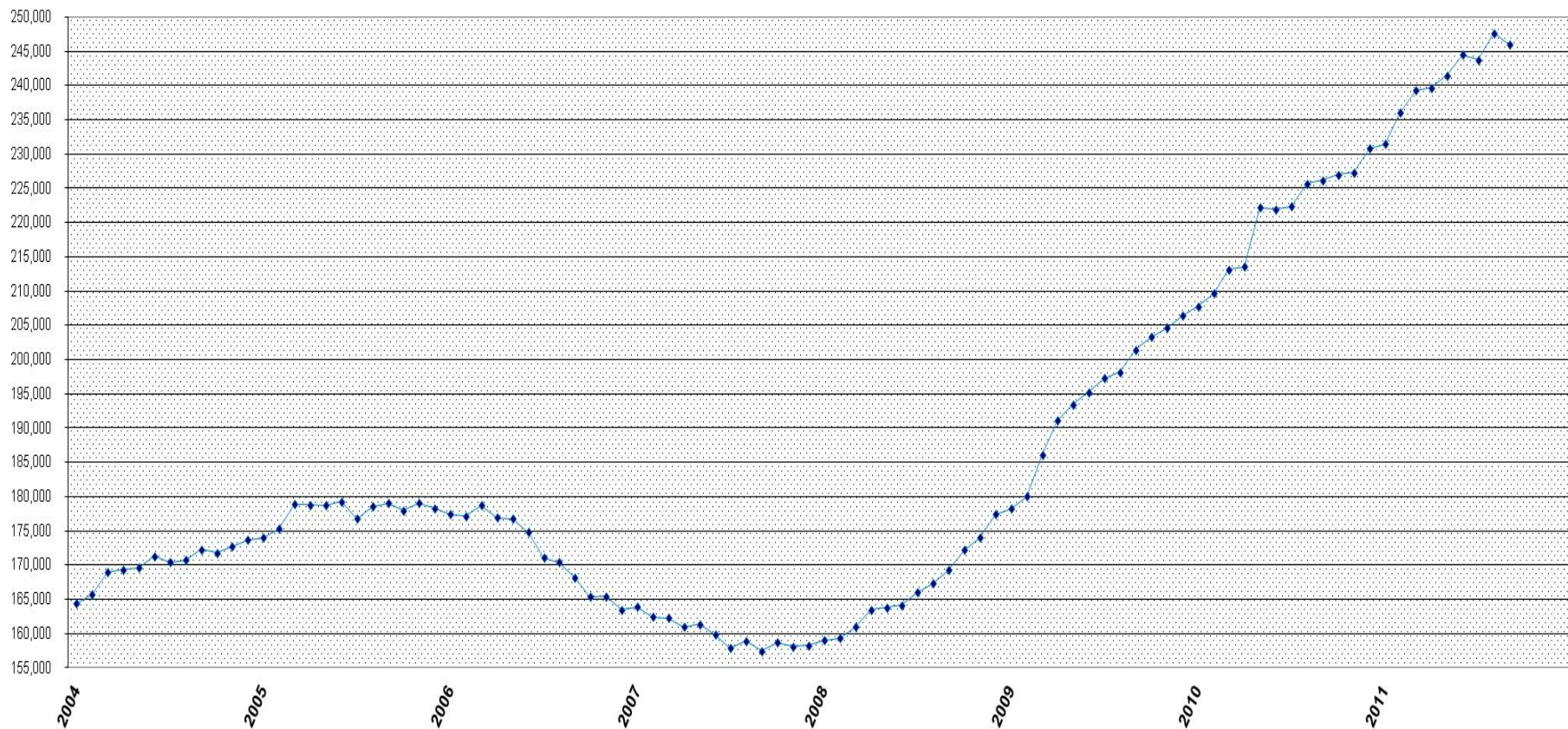
***Payment and  
Service Delivery Reform***

## Case for Change:

- 11% Annual Expenditure Growth Rate for the past 20 years
- 20% of State's General Fund Budget
- 50% Enrollment Increase in past three years because of the economy
- 50% Enrollment Increase projected for 2014 because of PPACA

# Utah: ACOs and Medicaid

UTAH MEDICAID ENROLLMENT JAN 2004 - PRESENT



## Senate Bill 180

- Directed the Department to replace fee-for-service delivery model with a risk-based delivery model
- Required the Department to seek a federal Medicaid waiver to implement necessary provisions
- Intended to keep existing money in the system and reduce future rates of growth

## Utah Medicaid Snapshot

- 75% of enrollees live in 4 urban counties surrounding Salt Lake City.
- Currently have three contracted health plans delivering healthcare services to this group.
- Each health plan has a separate contracting arrangement
- Utah has one of the lowest percentages among states of its population on Medicaid (~9%)

## 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, fixed amount
- Restructure cost sharing and provide new incentives to reward clients for personal efforts to maintain or improve their health.
- Include stakeholders in the process

## Result: Utah Medicaid ACO Model

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

## ACO Qualifications — Must be able to...

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



## Quality Targets

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

## 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

## 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

## Opportunities to Innovate

- Reinventing contractual relationships among provider groups
  - Sub-capitation
  - Saving sharing
- Realigning where healthcare is delivered
- Changing what care is delivered

## Opportunities to Innovate (continued)

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

## Implementation Time Line

- Submitted Waiver request to CMS on June 30, 2011
- Began content discussions with CMS on August 25, 2011
- Continue working through CMS process
- Anticipate implementation between July to October 2012

## Future Reform Phases

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