

Opportunities to Leverage HIT for Medicaid Reform in New York

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eHealth Initiative 2006 Connecting Communities Forum

Medicaid Policies in New York

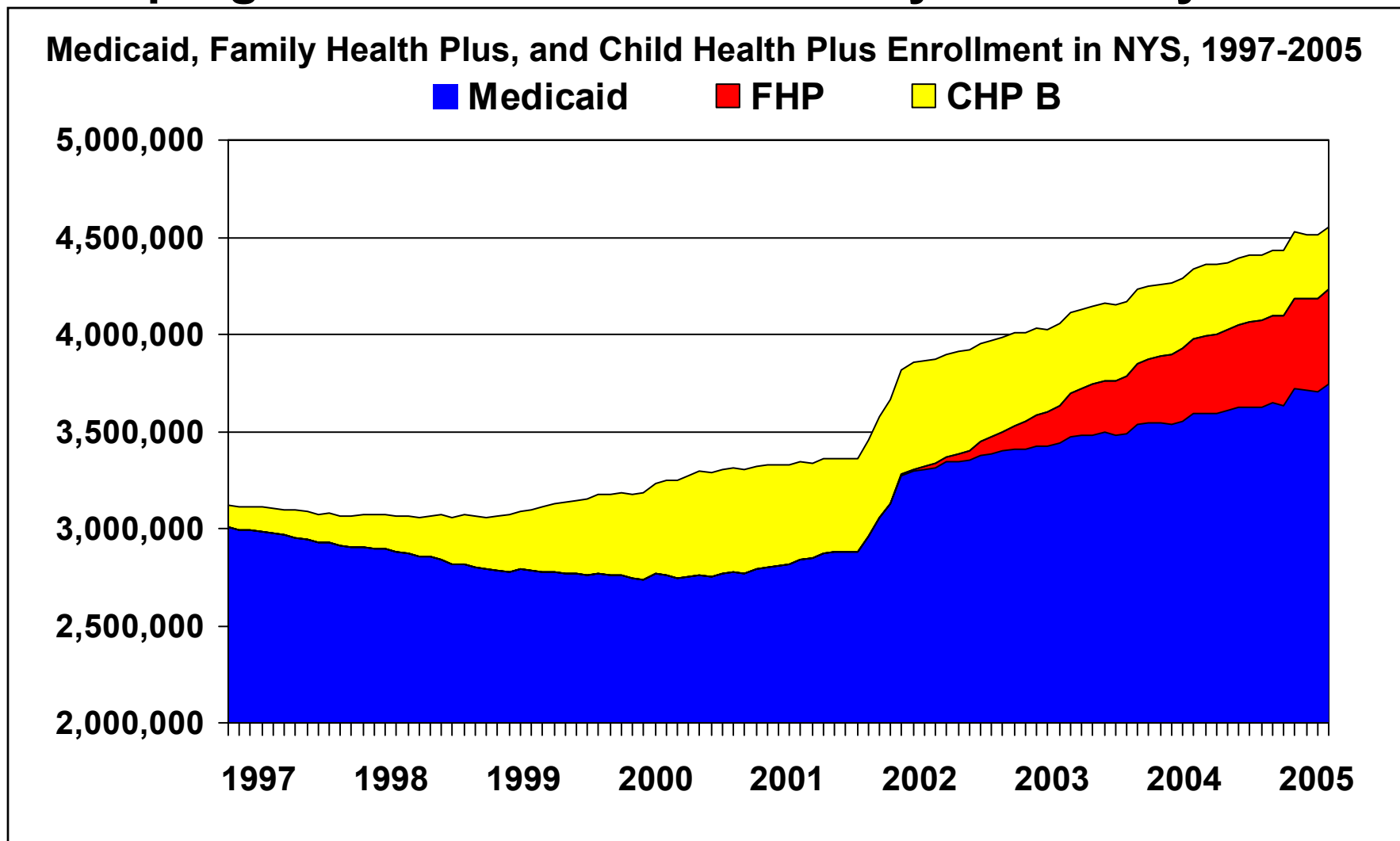
- **Broadest range of services**
- **Broad range of eligibility categories**
- **Heavy reliance on managed care**
- **Long term care is a large part of the program**
- **Major administrative challenges**

Medicaid is a significant part of health care financing in NYS

- **Medicaid accounted for \$41.6 billion in payments to health care providers and plans in New York in 2004.**
 - **\$11.1 billion in payments to hospitals**
 - **27% of discharges statewide**
 - **25% of hospitals' patient revenue statewide**
 - » **31% of revenue in NYC**
 - » **17% of revenue upstate**
 - **\$6.5 billion in payments to nursing homes**
 - **78% of nursing home days statewide**

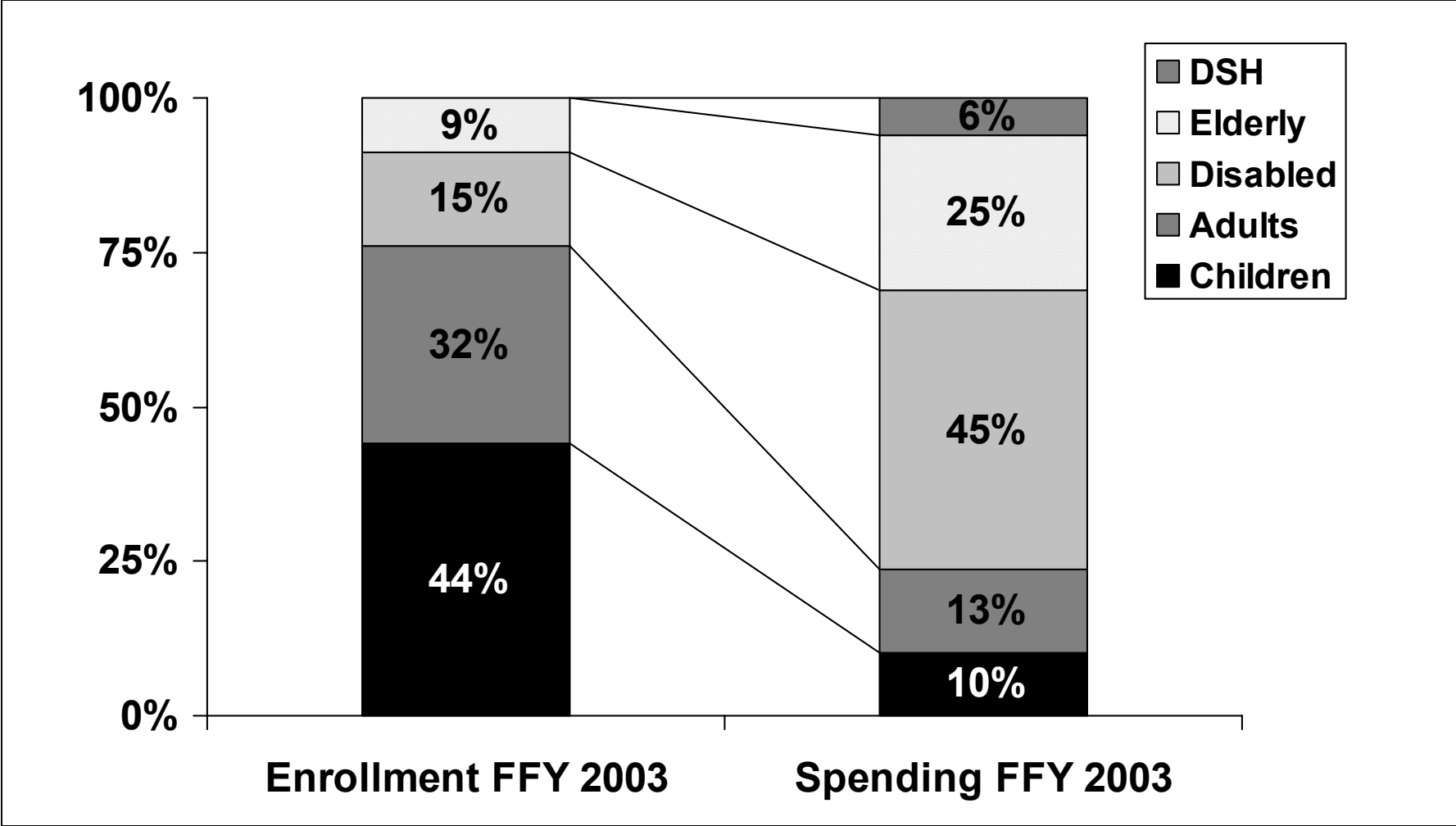
Note: Medicaid payments to hospitals include inpatient, outpatient, and MH services and DSH payments. Hospital revenue includes payments from HCRA BD, CC, and GME pools, and revenue from hospital-owned providers. Shares of hospital revenue and nursing home patients-days are from CY 2002. **Source:** United Hospital Fund analysis of CMS 64 (2003) and Institutional Cost Reports (2002); GNHYA HealthCare Statistics (2004).

Enrollment in New York's public health insurance programs has increased steadily in recent years



Source: United Hospital Fund analysis of NYS Department of Health enrollment reports: January 1997 – March 2005.

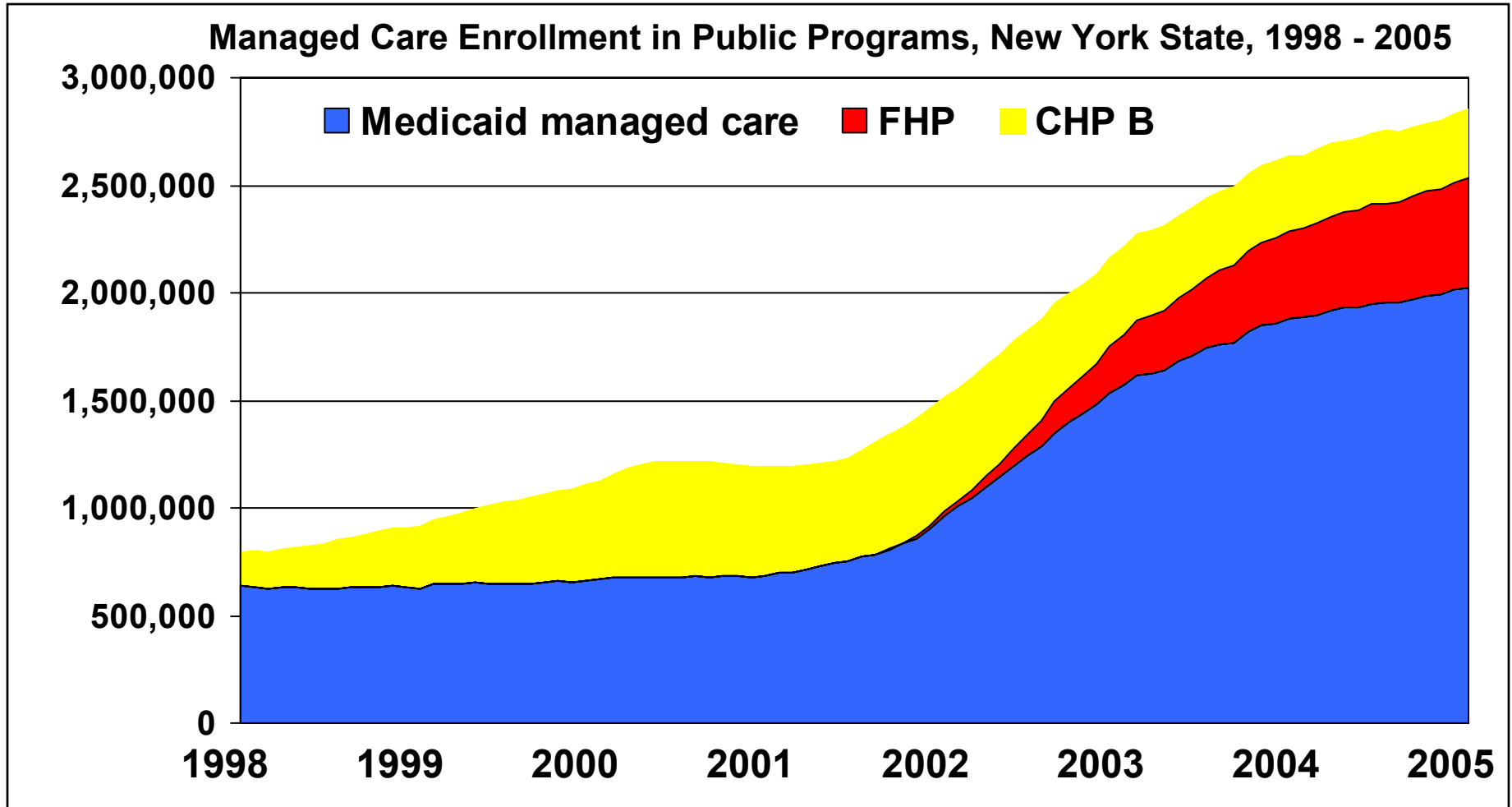
The elderly and disabled represent 24 percent of New York's Medicaid enrollment, but account for 70 percent of spending



Note: Data include beneficiaries enrolled for any period during the FFY; children and adults do not include disabled or elderly beneficiaries. Medicaid spending excludes administration. Shares may not add to 100 percent due to rounding.

Source: CMS 64 and MSIS (formerly 2082)

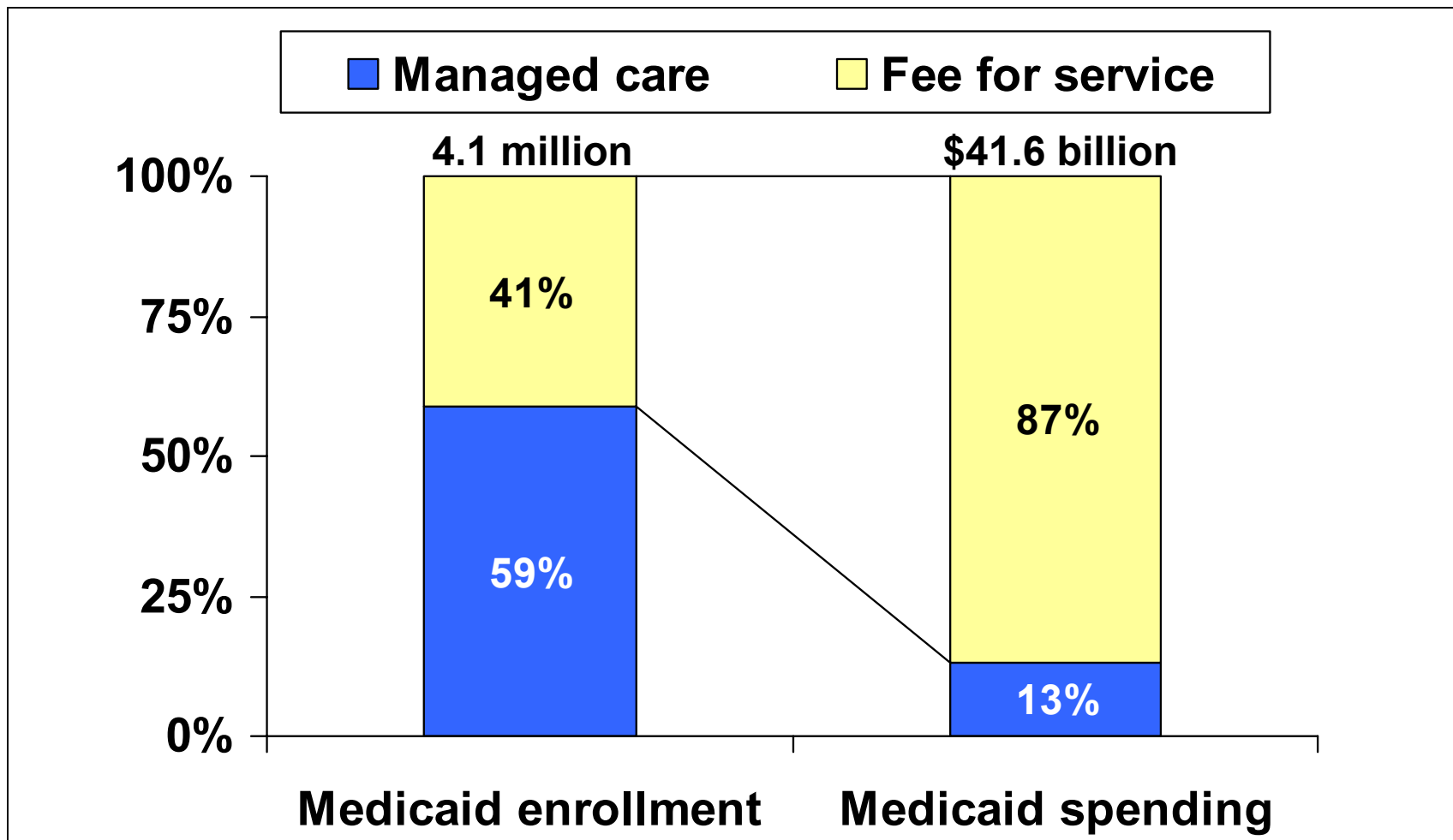
Managed care enrollment in New York's public health insurance programs has increased steadily in recent years



Note: Managed care enrollment becomes available before final data on Medicaid FFS enrollment. Data include managed care enrollment through June 2005.

Source: United Hospital Fund analysis of New York State Department of Health enrollment reports.

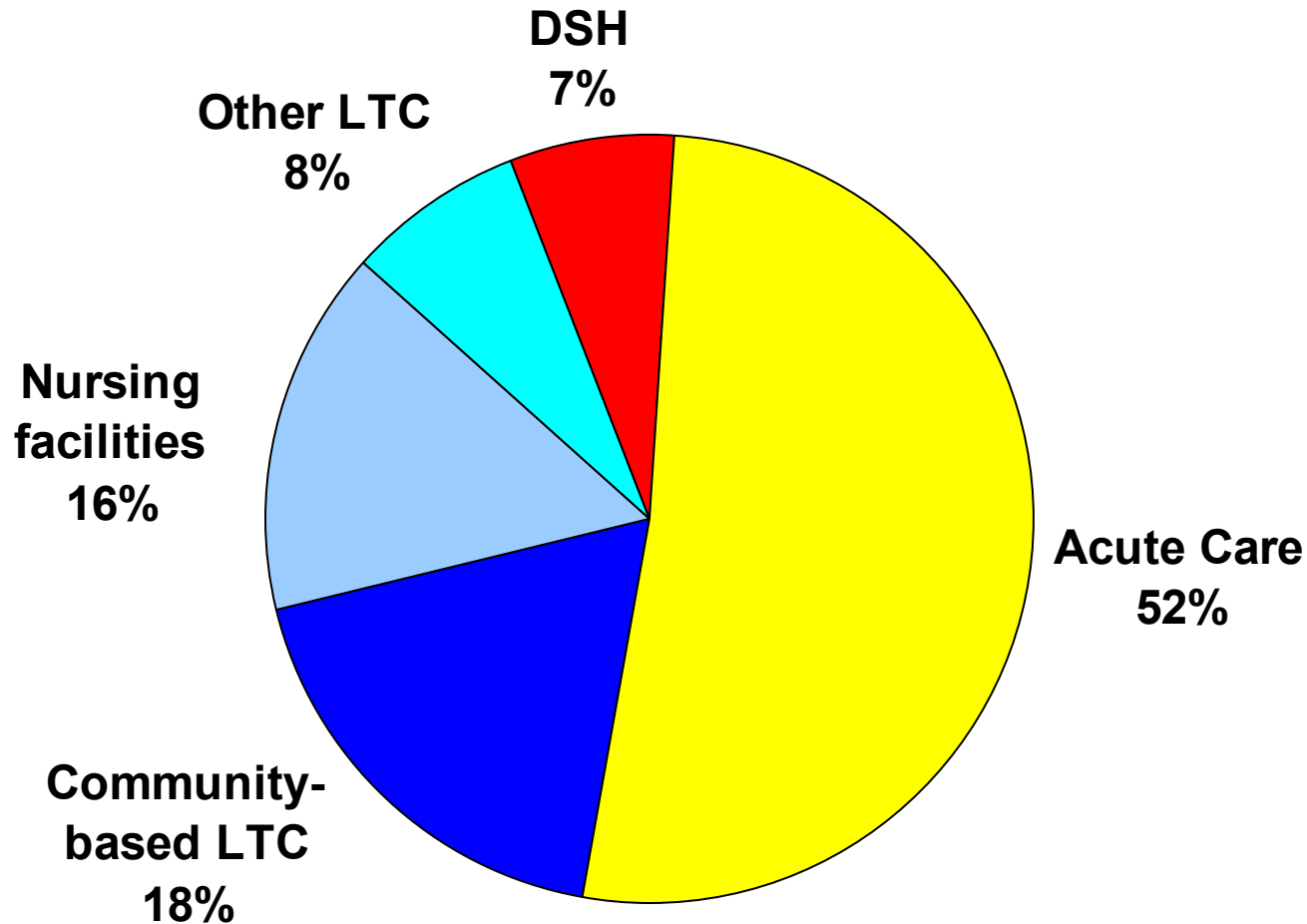
Managed care accounts for more than half of New York's Medicaid enrollment and just 13 percent of spending



Note: Medicaid spending is from FFY 2004. Enrollment is from September 2004, the last month in FFY 2004. Direct provider subsidies count as fee-for-service spending.

Source: United Hospital Fund analysis of New York State Department of Health enrollment reports and CMS 64.

Community-based long term care now accounts for more Medicaid spending than nursing homes in New York



\$41.6 billion in FFY 2004

Note: Community-based LTC includes all community-based services, including home health and personal care. Other LTC includes ICF and MH inpatient services. Shares do not sum to total due to rounding.

Source: United Hospital Fund analysis of CMS 64

Major Administrative Challenges for NYS Medicaid

- **87 percent of services delivered under FFS**
- **Over one million claims paid per day**
- **Administration accounts for 3 percent of budget**
- **Program authority and oversight is divided among several agencies**
- **Limited public information about the program's performance**

Note: Medicaid spending data are from FFY 2004 and include administration.

Source: United Hospital Fund analysis of CMS 64.

Medicaid Policy Paradoxes

- Medicaid has some unique policy paradoxes with regard to improving efficiency and care management
 - For every dollar saved, the Federal government gets at least half if not more depending on state match
 - Better care management for dual eligibles often yields more savings to Medicare than Medicaid

Opportunities for Alignment of Medicaid and HIT Policies

- Strengthening data resources – integration of administrative and clinical data, public health, etc
- Improving care management – chronic care improvement, links between acute and long term care
- Improving quality and outcomes – measurement, reporting and incentives (e.g., P4P)

Challenges for Alignment of Medicaid and HIT Policies

- Eligibility issues – different rules for different groups, administrative hurdles and enrollment churning
- Provider issues – participation and population distribution varies; more reliance on safety net providers
- Federal regulations limit uses of Medicaid data and state authority to implement policy variations on regional basis, and by eligibility or provider group

Vision for 21st Century Medicaid Program

- Part of universal system of coverage
- More equity and stability in program rules for beneficiaries and providers
- Innovative purchasing and care management practices, particularly LTC and disabled
- Leader in accountability for financial and quality performance

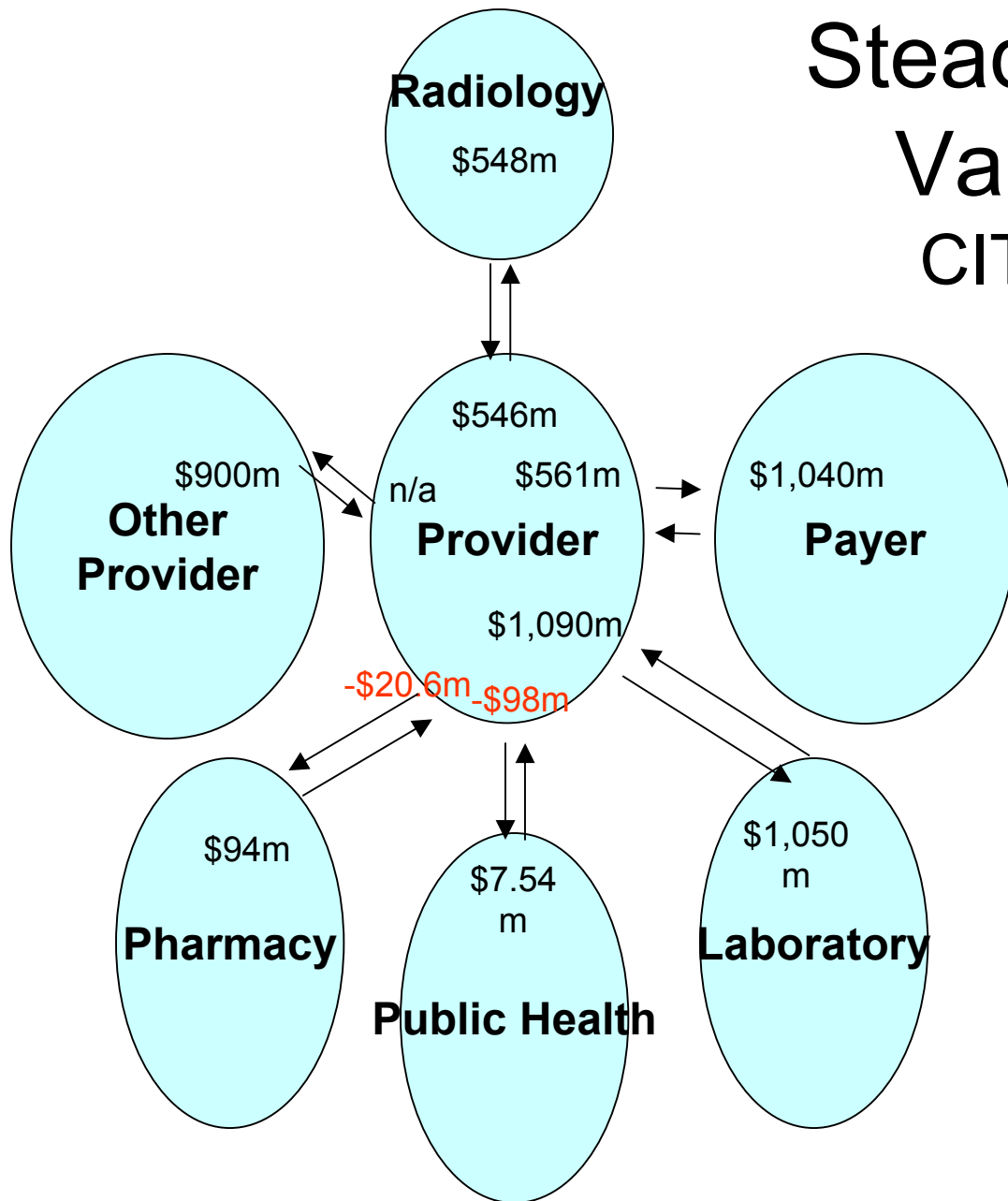
NYS Medicaid and ePrescribing: Challenges and Opportunities

- Defining the value
- Mechanisms to capture and provide the information
- Assuring privacy and security
- Payment policy changes

Defining the Value

- Lack of “hard numbers”
- NYS Medicaid already 90% generic utilization
- Many prescription transactions already electronic

Steady-State Annual Value at Level 4 CITL NYS Analysis



NY total:
\$4.54 billion

Providers:
\$1.8 billion

Large hospital
\$3.35 million

Mechanisms to Collect and Transmit Prescription Data

- NYS eMedNYS (MMIS) contains Medicaid beneficiaries' prescription history as well as drug utilization review information
- Providers currently get Medicaid eligibility information from eMedNYS but prescription history is not available at point of care
- Pharmacies can access eligibility and prescription information
- Expanding access requires technical systems changes

Assuring Privacy and Security

- HIPAA plus stricter NYS laws relating to disclosure
- History of strict control of access to Medicaid data
- Requires agreement on principles and procedures governing access to and use of the prescription history information

Payment Policies

- Quantifying benefits and translating into overall formula
- Various routes to obtain Federal approval
- Coordination between Medicaid and private plans