Medicaid Managed Care & Health Care Reform

National Medicaid Congress
June 14, 2011

Richard Chambers
Chief Executive Officer
Overview

• Introduction to CalOptima

• Medicaid Managed Care Today

• 2012-14 Outlook
  ➢ Systems of care
  ➢ Integration

• Next Steps
Orange County, CA

- 3 million residents
- Urban, densely populated area
- Racially and ethnically diverse
- 380,000 Medicaid beneficiaries
- Mature managed care market
CalOptima

- County Organized Health System for Orange County
- Public agency authorized by federal, state and county

- Key features:
  - Single plan responsible for providing Medicaid
  - Mandatory enrollment of all full scope Medicaid beneficiaries
    - Includes Seniors and Persons with Disabilities
    - Includes Dual Eligibles
  - Responsible for nearly all acute medical services
    - Includes nursing home care (long term institutional care)
    - Certain benefits still carved out (e.g., dental, behavioral, home and community-based)
CalOptima Programs

<table>
<thead>
<tr>
<th></th>
<th>Medi-Cal</th>
<th>OneCare</th>
<th>Healthy Families Program</th>
<th>Multipurpose Senior Services Program</th>
</tr>
</thead>
<tbody>
<tr>
<td>Program Type</td>
<td>Medicaid</td>
<td>MA-SNP</td>
<td>CHIP</td>
<td>HCBS (1915c waiver)</td>
</tr>
<tr>
<td>Enrollment</td>
<td>380,000</td>
<td>12,000</td>
<td>38,000</td>
<td>500</td>
</tr>
<tr>
<td>Eligibility</td>
<td>TANF SPD</td>
<td>Duals</td>
<td>Children under 250% FPL</td>
<td>Medicaid eligible who is:</td>
</tr>
<tr>
<td></td>
<td>Duals</td>
<td></td>
<td></td>
<td>• 65+</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>• Risk for nursing home placement</td>
</tr>
<tr>
<td>Services</td>
<td>• Health</td>
<td>• Health</td>
<td>• Health</td>
<td>• Assessments</td>
</tr>
<tr>
<td></td>
<td>• Rx</td>
<td>• Rx</td>
<td>• Rx</td>
<td>• Care planning</td>
</tr>
<tr>
<td></td>
<td>• Vision</td>
<td>• Vision</td>
<td></td>
<td>• Coordination</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>• In-home services</td>
</tr>
<tr>
<td>Revenue (FY11)</td>
<td>$1.1 B</td>
<td>$148 M</td>
<td>$40 M</td>
<td>$2 M</td>
</tr>
</tbody>
</table>

- In addition, the CalOptima Foundation operates the Orange County Regional Extension Center
Medicaid Managed Care: Today

- **Fee for Service**
  - No financial risk

- **Managed Care**
  - TANF population
  - Primary/acute services

- **Integrated System**
  - All populations
  - All services

CalOptima - Better. Together.
Medicaid Managed Care: Today

• 72% Medicaid beneficiaries enrolled in managed care

<table>
<thead>
<tr>
<th>State</th>
<th>% Medicaid in Managed Care</th>
</tr>
</thead>
<tbody>
<tr>
<td>California</td>
<td>52%</td>
</tr>
<tr>
<td>Illinois</td>
<td>55%</td>
</tr>
<tr>
<td>Texas</td>
<td>65%</td>
</tr>
<tr>
<td>New York</td>
<td>66%</td>
</tr>
</tbody>
</table>

2009 CMS Medicaid Managed Care Enrollment Report

• Mostly TANF population

• Focus on primary / acute medical services
2012-14 Outlook

• State budget challenges

• Affordable Care Act (ACA) implementation

• Increased focus on systems of managed care
State Budgets

Highest FY12 State Shortfalls

<table>
<thead>
<tr>
<th>State</th>
<th>FY12 Projected Shortfall</th>
<th>% of FY12 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>S Carolina</td>
<td>$877 M</td>
<td>17.4%</td>
</tr>
<tr>
<td>Connecticut</td>
<td>$3.2 B</td>
<td>18.0%</td>
</tr>
<tr>
<td>New York</td>
<td>$10 B</td>
<td>18.7%</td>
</tr>
<tr>
<td>Louisiana</td>
<td>$1.6 B</td>
<td>20.7%</td>
</tr>
<tr>
<td>Minnesota</td>
<td>$3.8 B</td>
<td>23.6%</td>
</tr>
<tr>
<td>Oregon</td>
<td>$1.8 B</td>
<td>25.0%</td>
</tr>
<tr>
<td>California</td>
<td>$25.4 B</td>
<td>29.3%</td>
</tr>
<tr>
<td>Texas</td>
<td>$13.4 B</td>
<td>31.5%</td>
</tr>
<tr>
<td>New Jersey</td>
<td>$10.5 B</td>
<td>37.4%</td>
</tr>
<tr>
<td>Nevada</td>
<td>$1.5 B</td>
<td>45.2%</td>
</tr>
</tbody>
</table>

- FY12 shortfalls range from 0-45%
- More than 50% of states project shortfalls that exceed 10% of FY12 budget
- 6 states not projected a shortfall
- With MOE requirements, states have limited options to manage Medicaid
Managing a State’s Medicaid Budget

- Reduce provider rates
- Eliminate optional benefits
- Expand use of managed care
  - Expansion of managed care into new geographic areas
  - Move more populations into managed care
  - Include more covered services in managed care
ACA Implementation

• Medicaid expansion, including early expansion
  ➢ California’s 1115 Waiver
  ➢ California’s CHIP transition proposal

• Basic Health Plan (BHP)
  ➢ State option to develop alternative program for 134-200% FPL
  ➢ Considerations for states:
    ▪ Potential cost savings for states
    ▪ Potential for more affordable option for this population
    ▪ Potential to improve consistency in coverage
  ➢ 8 states, including California showing interest / movement in BHP
Increased Focus on Systems of Managed Care

- Beyond acute medical services and ‘silos’ of care delivery
- Increased service coordination
- Fundamental changes to existing delivery systems
  - Inclusion of non-traditional provider types
  - Relationships between program / service providers
Plan as the Integrator

• Opportunity for the plan to assume responsibility for managing care across the continuum

• Specific areas of focus for integration:
  ➢ Integration of behavioral health and acute care
  ➢ Increased use of Medicaid managed long term care
  ➢ Integrated care for duals (e.g., PACE)
  ➢ Integrated care for special needs children
Plan as the Integrator

**Pros**
- Greater care coordination
- Increased flexibility

**Cons**
- More complex patients
- Additional financial risk
Medicaid Managed Care Next Steps

• Integration of Medicaid and Medicare for duals
  ➢ ACA creation of Office of Duals
  ➢ 15 states awarded contracts with CMS

• Medicaid managed long term care

• Integration of behavioral health and acute care services

• Improved coordination of services for children with special needs
MACPAC Statutory Charge

• **Legislative History**
  – Established in February 2009 (CHIPRA)
  – Expanded and funded in March 2010 (ACA)

• **Commission**
  – Appointed by the Comptroller General of the United States to 3-year terms
  – 17 Commissioners represent broad spectrum of interests and expertise on Medicaid and CHIP

• **Goals**
  – Serve as a federal non-partisan and analytic resource on Medicaid and CHIP policy for the Congress
  – Review federal and state Medicaid and CHIP policies and data sources
MACPAC Duties

• Review Medicaid and CHIP policy issues:
  – Payment policies
  – Access to care issues
  – Eligibility
  – Quality of care
  – Interactions between Medicaid and Medicare
  – Data policy analysis and program accountability

• Review and comment on Secretarial reports and regulations that relate to policies under Medicaid and CHIP

• Submit annual reports to the Congress in March and June

• Collaborate and consult with states, MedPAC, and the Medicare-Medicaid Coordination Office
Overview of MACPAC’s March 2011 Report to the Congress

• Background and overview of Medicaid and CHIP

• Foundation for MACPAC’s initial approach to addressing payment, access and data
  – Evolving framework to guide the Commission’s analytic approach and research on access to care in Medicaid and CHIP
  – Initial approach for examining Medicaid provider fee-for-service payment policy across states and providers
  – Outlines federal data sources, issues and potential areas for improvement for policy and accountability

• Medicaid and CHIP Program Statistics (MACStats): original MACPAC data analysis of state-level and national Medicaid data on enrollment, spending, program design, budget share, etc.
Preview of the June 2011 Report

• Current, baseline information on Medicaid managed care:
  – Medicaid managed care in the context of the U.S. health care system
  – Populations enrolled in Medicaid managed care
  – Managed care models
  – Payment policies
  – Access and quality
  – Program accountability, integrity and data
  – Future issues facing Medicaid managed care

• June 2011 MACStats tables and figures will include:
  – Trends in Medicaid enrollment and spending
  – Current health characteristics, enrollment, and benefit spending among Medicaid populations
  – Medicaid managed care enrollment
June 2011 Report

Coming out June 15, 2011

www.macpac.gov