



Minnesota Department of **Human Services**

Health Care Delivery Systems Demonstration Project

The Seventh National Medicaid Congress

5/30/12

State Background/Context

- 2010 legislation to test ACO concepts in Minnesota Medicaid
- Budget/political climate
- Risk-based contracts in commercial market and Medicare ACO participation
- Market dominated by large integrated systems
- Balancing aspirational concepts with reality of implementation resources



Process and Timeline

- **April 2011:** Request for information (RFI) issued
- **September 14, 2011:** Final RFP published
- **November 4, 2011:** Proposals due
- **Currently:** Negotiating with 9 organizations, working with contracted actuary on payment model
- **Summer, 2012:** 3 year demonstration projects begin (pending federal approval)
- **CY 2013-2015:** Demonstration period



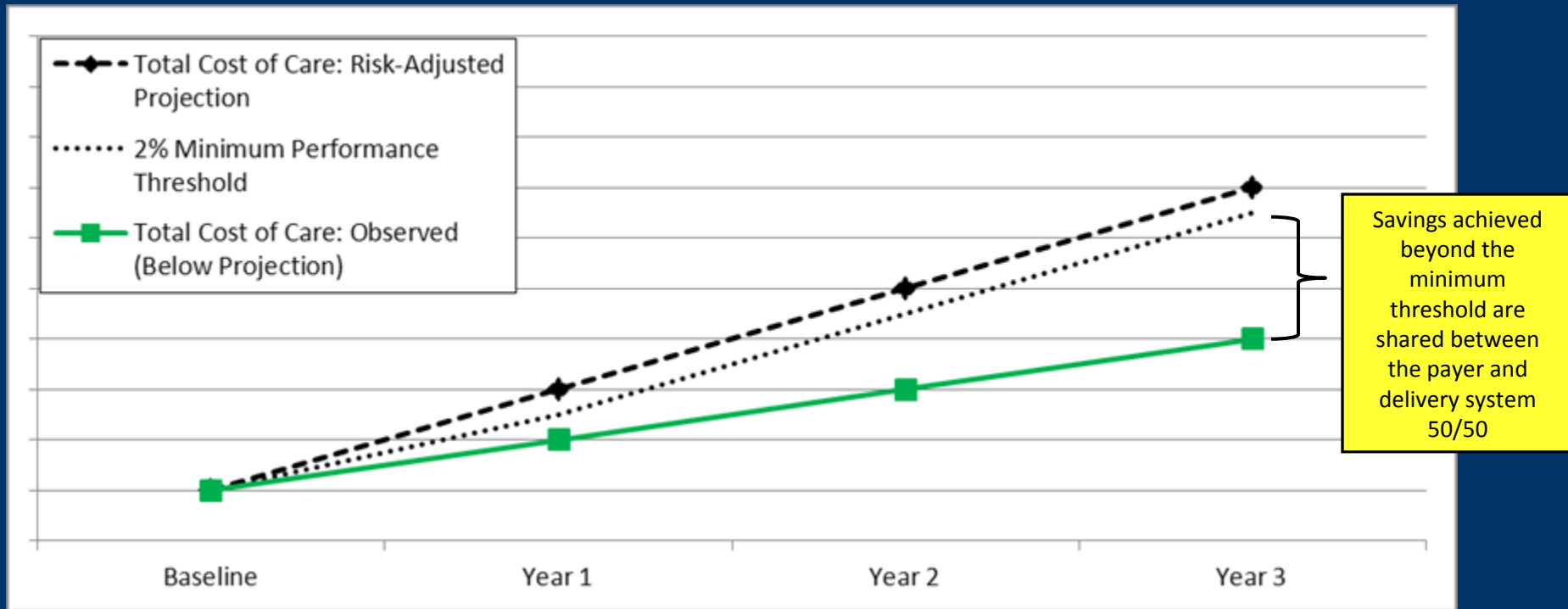
Accountability for Total Cost of Care (TCOC)

- Medicaid recipients attributed to HCDS for inclusion in TCOC calculations
 - Both fee-for-service (FFS) and managed care (MCO) recipients attributed using past provider encounters
 - Provisional population communicated to HCDS initially, updated regularly to reflect changes during performance period
 - Dual-eligibles excluded from attribution
- Defined core set of services included in TCOC (most of long-term care *excluded*)
- Existing provider payment persists during the demo, with gain-/loss-sharing payments made on annual risk-adjusted and trended TCOC performance



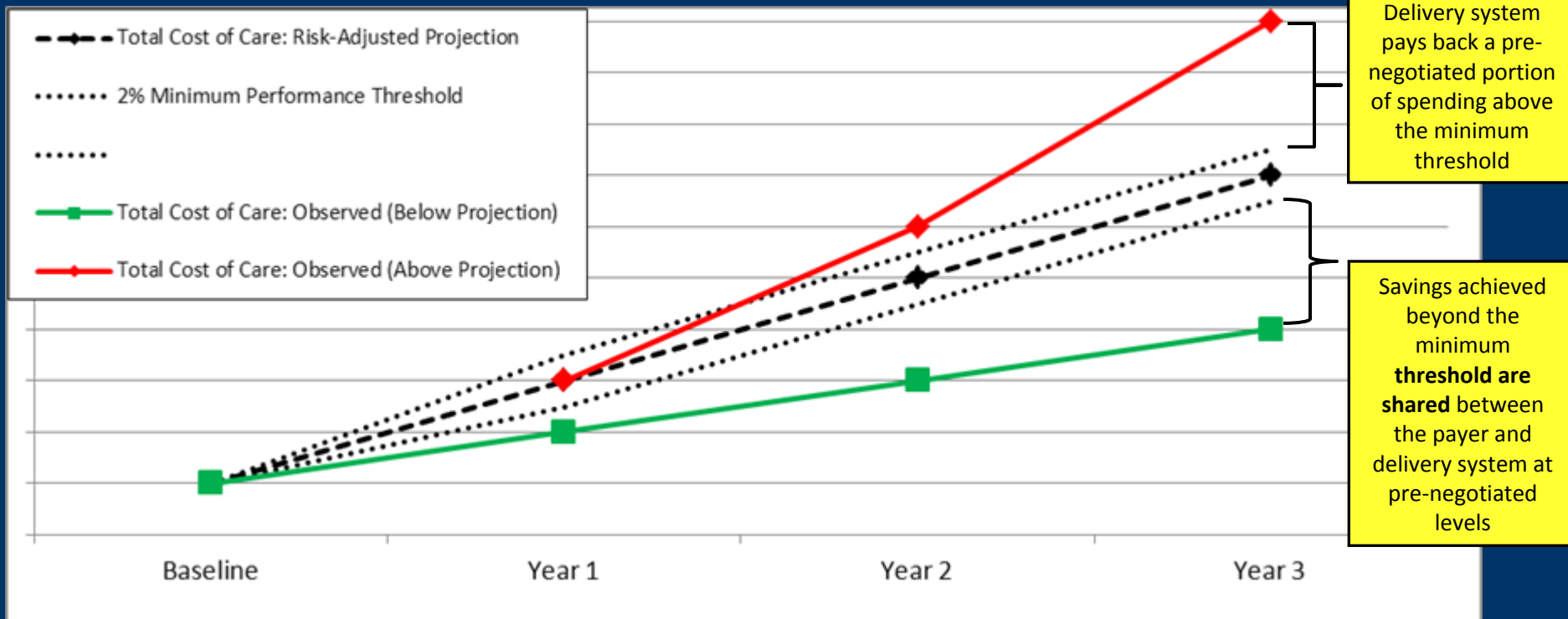
Model 1: Virtual HCDS

- Primary care organizations not affiliated with a hospital or integrated system



Model 2: Integrated HCDS

- Integrated delivery systems providing a broad spectrum of care as a common entity



MHCP Population Sizes and HCDS Risk Protection

- Small population =1,000-2,000 attributed participants
 - Annual per-enrollee TCOC Cap = \$50,000
- Medium =2,000–5,000 attributed participants
 - Annual per-enrollee TCOC cap = \$200,000
- Large =5,000+ Attributed Participants
 - Annual per-enrollee TCOC cap = \$500,000



Overall Thoughts and Best Practices

- Implementing accountable payment models vs. defining future-state ACOs
- Work on the foundational elements needed for providers to take on risk:
 - Better data to manage total costs
 - Actuarial expertise
 - Free up provider resources to reform care delivery
- Creating alignment across managed care contracts



Overall Thoughts and Best Practices (contd.)

- Timeliness of TCOC payment vs. completeness of claims data
- Unique Medicaid challenges in applying these models
 - Enrollment “churn”
 - Movement around the system
- Iterative change and testing



Questions?

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