



**Redesigning**  
THE MEDICAID PROGRAM



# **NEW YORK MEDICAID REDESIGN TEAM MEETING**

February 24 & 25, 2011 – Empire State Plaza – Meeting Rooms 2-4

*Working together to build a more affordable, cost-effective Medicaid program*

**Welcome**

*Redesigning*  
THE MEDICAID PROGRAM



**Michael Dowling, Co-Chair**

# Restatement of MRT Charge

Redesigning  
THE MEDICAID PROGRAM



- The Team shall engage Medicaid program stakeholders for the purpose of conducting a comprehensive review of and making recommendations regarding the Medicaid program.  
*(Executive Order #5)*
- The Recommendations shall include specific cost saving and quality improvement measures for redesigning the Medicaid program to meet specific budget reductions for Medicaid spending.  
*(Executive Order #5)*

(continued)

# Restatement of MRT Charge

Redesigning  
THE MEDICAID PROGRAM



- The Recommendation should include closing actions totaling \$2.85 billion for 2011-12 (Governor Cuomo's Budget Address).
- On or before March 1, 2011, the Team shall submit its first report to the Governor of its findings and recommendations for consideration in the budget process for New York State Fiscal Year 2011-12.

# Where Do We Go?

Redesigning  
THE MEDICAID PROGRAM



**WE HAVE TWO  
CHOICES**

✓ **Reform**

**OR**

✓ **Continued  
across the board  
reductions**



# Review Timeline



Jason Helgerson, Medicaid Director

# Timeline Review



## *January 7:*

- First organizational meeting with Governor Cuomo. Team members announced in press release.

## *January 10:*

- Unveil Website. Request ideas from New Yorkers on redesigning Medicaid.

## *January 13:*

- First Team Meeting – Albany.

# Timeline Review



## ***January 16 – February 7:***

- Hold 7 Stakeholder meetings in regions – Western, Central, Northern, Hudson Valley, Long Island, and New York City.

## ***February 9:***

- Full MRT Timeline Meeting

## ***February 14:***

- E-mailed condensed list of ideas
- Provided feedback tool (with instructions)

# Timeline Review



## ***February 17:***

- Due date for Medicaid Redesign team member feedback.

## ***February 24-25 & February 28:***

- Full Medicaid Redesign Team meeting
- Brief on draft package
- Gather feedback, make modifications

# Timeline Review



## ***March 1:***

- Full Medicaid Redesign Team meeting
- Discuss any modifications to staff suggestions
- Open discussion
- Vote up or down on package (no amendments)

## ***Additional MRT Future Meetings***

- May 3, July 1, September 1, November 1
- Focus will be on comprehensive reform

# Budget Update



**Robert Megna,  
State Budget Director**

# Medicaid Re-estimate

- A portion of \$2.85 billion in targeted savings in 2011-12 will be achieved through a \$475 million re-estimate of Medicaid spending resulting from slower than anticipated caseload growth and changes in provider spending patterns. This re-estimate will be augmented by an additional \$66M federal benefit from pre-paying certain claims during the enhanced ARRA FMAP period.
- An improved Medicaid forecast is supported by signs of economic recovery, including recent CBO projections that Medicaid enrollment will decline by 2 percent nationally.
- This improvement, however, has not manifested itself in New York in the current year. Our latest estimates of Medicaid spending reflects that we are within 1 percent of our year end estimate (which includes \$360 million added in Mid-Year Financial Plan Update).
- Further, our Medicaid forecast anticipates that it can take up to 18 months for New York's Medicaid spending trends to come into line with national trends.

# Public Feedback



# Public Feedback Overview

- We have received over 4,000 ideas from New Yorkers on how to reform the Medicaid program.
  - **829 ideas** from hearings
  - **2,341 ideas** from website
  - **72 ideas** from MRT members
  - **660 ideas** from public (other ways)
  - **148 ideas** from state staff
- We will post all ideas to the website TODAY.



# OVERVIEW OF MRT FEEDBACK ON 49 PROPOSALS

Nirav R. Shah, M.D., M.P.H.  
NYS Commissioner of Health



# MRT Feedback Tool Results

- The MRT Feedback Tool was used to assist in decision making. The tool put a quantitative value on otherwise a qualitative process.
- Team members were asked to rate 49 key proposals on five metrics:
  - ***Year 1 Cost***
  - ***Years 2-3 Cost***
  - ***Quality***
  - ***Efficiency***
  - ***Overall Impact***



# MRT Feedback Tool Results

- In addition to rating the proposals, members were allowed to make comments on any proposal.
- Members could also rate any of the other proposals (the remainder of the 274 proposals that were presented on February 9, 2011).
- 24 members responded in the MRT Member Feedback Tool.



# MRT Feedback Tool Results

- Members received a summary of their individual responses compared to the entire team.
  - ✓ *Includes mean and variation for each metric, each question. Variation is color-coded – **Green** is low variation, **Yellow** is some variation, and **Red** is high variation.*
  - ✓ *Favorable proposals will have high mean scores and low variation.*
- Members also received a composite summary ranking of each proposal, from rank of 1 (best) to 49 (worst).

# Favorable Rated Proposals



- **Proposal 89:**  
Address Health homes for high cost/high need enrollees.
- **Proposal 131:**  
Reform Medical Malpractice and Patient Safety
- **Proposal 11:**  
Bundle Pharmacy into MMC
- **Proposal 90:**  
Mandatory Enrollment in MLTC Plans/Health Home Conversion
- **Proposal 155:**  
Mandate Pharmacy Participation in OMIG Cardswipe Program.
- **Proposal 69:**  
Uniform Assessment Tool (UAT) for LTC
- **Proposal 8:**  
Reduce MC / FHP / CHP trend factor (1.7%)
- **Proposal 6:**  
Reduce MC / FHP Profit (from 3% to 1%)

# Favorable Rated Proposals



***Proposal 243:***

Accountable Care Organizations (ACOs)

***Proposal 66:***

Revise Indigent Care Pool Distributions to align with Federal Reform

***Proposal 70:***

Expand current statewide Patient-Centered Medical Homes (PCMH)

***Proposal 196:***

Supportive Housing Initiative

***Proposal 98:***

Streamline Managed care enrollment eligibility process

***Proposal 101:***

Develop Initiatives for People with Medicare and Medicaid

***Proposal 97:***

Assign Medicaid Enrollees to Primary Care Providers

***Proposal 79:***

Implement Episodic Pricing for Certified Home Health Agencies

# Unfavorable Rated Proposals



***Proposal 23:***

Coverage for Dental Prosthetic Appliances

***Proposal 61:***

Home Care Worker Parity –  
CHHA/LTHHCP/ MLTC

***Proposal 19:***

Eliminate D&TC Bad Debt and Charity Care

***Proposal 91:***

Carve In for Behavioral Health Services  
into Managed Care

***Proposal 9:***

Eliminate All Targeted Case Management  
for Managed Care Enrollees

***Proposal 35:***

Prescription Limitation to 5/month

***Proposal 67:***

Assist Preservation of Essential  
Safety-Net Hospitals, Nursing Homes  
and D&TCs

***Proposal 93:***

Implement Regional BHOs for  
Behavioral Health Organization

***Proposal 17:***

Reduce fee-for-service dental  
payment on select procedures

***Proposal 111:***

Limit divestment and encourage  
private LTC insurance

# MRT RECOMMENDATIONS

Jason Helgerson, Medicaid Director

# Recommendations: *Basic Facts*

- These recommendations are NOT final. They are based on feedback received throughout the process.
- The package attempts to advance both meaningful reform while simultaneously reaching the budget target.
- We will take your feedback into consideration and after this meeting (and if necessary tomorrow's meeting) modify the package to better meet the views of the team.

# Recommendations: *Basic Facts*

- We will present the final package on March 1.
- Final vote will be up or down on the entire package.
- **Total Number of Recommendations – 79**  
(all short-term, implemented during 2011-12).
- Year 2 total savings (2012-13) exceeds Year 1 savings by \$378M (state share). The proposal does in fact bend the Medicaid cost curve.
- MRT's work is not yet finalized. The package identifies a series of issues which need further work and the hope is that sub-teams will tackle those long-term issues.

# KEY FEATURES OF PACKAGE

# Key Features of Package

- Introduces a global cap on state Medicaid expenditures of \$15.109 billion (\$52.8 billion gross Governor's budget target).
- The package relies on a mix of mechanisms for lower costs in the program to achieve the Governor's target.
  - ▣ ***Payment/Program Reform - \$1.138 billion.***
  - ▣ ***Elimination of statutory cost drivers - \$186 million.***
  - ▣ ***Rate reductions - \$345 million.***

# Savings By Sector (State Share)

Sector Proposals	Number of Proposals	SFY 11/12 State Share Savings			
		MRT Reform Savings	1.7% Trend Reductions	Across the Board Cuts	Total Reductions
All Sector Crossover	7	\$ -	NA	NA	\$ -
Eligibility	8	\$ (29)	NA	NA	\$ (29)
Fraud and Abuse	1	\$ (80)	NA	NA	\$ (80)
FS Clinic & Practitioner	20	\$ (188)	NA	\$ (22)	\$ (210)
Hospital	12	\$ (238)	\$ (28)	\$ (61)	\$ (327)
Managed Care	9	\$ (173)	\$ (84)	\$ (51)	\$ (308)
Non-Inst. LTC	10	\$ (157)	\$ (27)	\$ (97)	\$ (281)
Nursing Homes	9	\$ (102)	\$ (48)	\$ (69)	\$ (219)
Pharmacy	2	\$ (139)	NA	\$ (41)	\$ (180)
Transportation	1	\$ (31)	NA	\$ (4)	\$ (35)
<b>Sector Sub-Total</b>	<b>79</b>	<b>\$ (1,138)</b>	<b>\$ (186)</b>	<b>\$ (345)</b>	<b>\$ (1,669)</b>

# GLOBAL SPENDING CAP

# Global Spending Cap



- Implement a global state Medicaid spending cap of \$15.109 billion (\$52.8 billion gross).
- Global cap consistent with Governor's Budget to limit total Medicaid spending to no greater than the percent CPI – Medical.
- DOH and DOB will closely monitor program spending on a monthly basis to determine if and where spending is growing above acceptable levels.

# Global Spending Cap



- To assist in enforcing the cap, the package recommends the creation of the Voluntary Health Care Cost Containment Initiative.
- Under this initiative, DOH will be given flexibility to implement utilization controls and if necessary, rate reductions to prevent costs exceeding the cap.
- The only flexibility that DOH will not have will be related to eligibility changes.
- DOH will produce monthly reports which will be shared with the Legislature, the MRT and the public.
- DOH and DOB will also meet monthly with relevant legislative committees to keep them informed of progress and any issues that may arise.

# Global Spending Cap



## □ Potential Benefits Include:

- *Providers would have the freedom to implement their own cost-saving measures that have not already been brought before the Medicaid committee for consideration.*
- *The proposal provides an incentive for health care providers to work together to find efficiencies and limit spending growth.*

# Global Spending Cap



- Opportunities still exist to lower costs and improve quality:
  - ▣ ***With \$1.4B in potentially preventable admissions and readmissions, there are opportunities for the health care delivery system to be more efficient.***

# KEY REFORM PROPOSALS

# Reform Proposals

- 79 reform proposals are included in the package.
- Reform-related 2011-12 Total State Savings = \$1.138 billion.
- Proposals came from a variety of sources (public, MRT members, other stakeholders, state staff).
- What we discuss today are only the short term proposals.
- We will discuss the longer term proposals at future meetings.
- We will post all 4,000 ideas to the website TODAY.

# Key Reform Proposals

- One million New Yorkers will now have access to patient-centered medical homes (PCMHs). This proposal catapults New York into a national leadership position.
  - ▣ *Extends medical home practices to over 400,000 children in Child Health Plus, one of the largest SCHIP programs in the nation.*
  - ▣ *Builds on a successful model of multi-payer, multi-provider, public/private medical home collaboration in the Adirondacks to improve the value and efficiency of primary care by extending beyond a single region in NY to other areas where payers and provider are similarly aligned (Western NY, Hudson Valley, NYC, etc.).*
  - ▣ *Provides medical homes to over 600,000 vulnerable individuals with both Medicare and Medicaid coverage (with CMS approval).*
  - ▣ *Creates incentives for the development of consistent relationships between primary care clinicians and FFS Medicaid members.*

# Key Reform Proposals

- Major expansion in use of care management. Within 3 years almost the entire Medicaid population will be enrolled in some kind of care management.
  - *Develop Health Homes per the ACA and take advantage of the 90/10 funding.*
  - *Build off of the success of managed care.*
  - *Add new consumer protections.*
  - *Design special programs for complex populations.*

# Key Reform Proposals

- Introduces new controls in personal care and home health that will both reign in out of control spending and preserve access to these vital services.
  - ▣ ***Unsustainable growth in personal care (38%) and home health care (89%) over the last 6 years.***
  - ▣ ***New York spends over \$18,000 per beneficiary for personal care and home health care, almost twice as much as the next highest state.***

# Key Reform Proposals

- Reform Medical Malpractice and lower health care costs.
  - ▣ *Cap non-economic damages.*
  - ▣ *Create a neurologically impaired infant medical indemnity fund.*

# Key Reform Proposals

- Introduces further spending and utilization controls in pharmacy and transportation which will improve the overall cost-effectiveness of both programs.
  - ▣ *Increase the generic fill rate which is one of the highest in the nation.*
  - ▣ *Rebuild the preferred drug list.*
  - ▣ *Allow prior authorization in excluded classes.*
  - ▣ *Reduce transportation costs through regional management.*

# Key Reform Proposals

- Streamlines/eliminates program regulations – direct response to stakeholder feedback – in ways that will lower costs for providers and make the program easier to navigate for consumers.
  - ▣ ***Implement the Uniform Assessment Tool for Long Term Care that will eventually replace 11 different assessment tools currently in place.***
  - ▣ ***Streamline managed care enrollment.***

# MRT Reform Proposals by Program Area / Sector

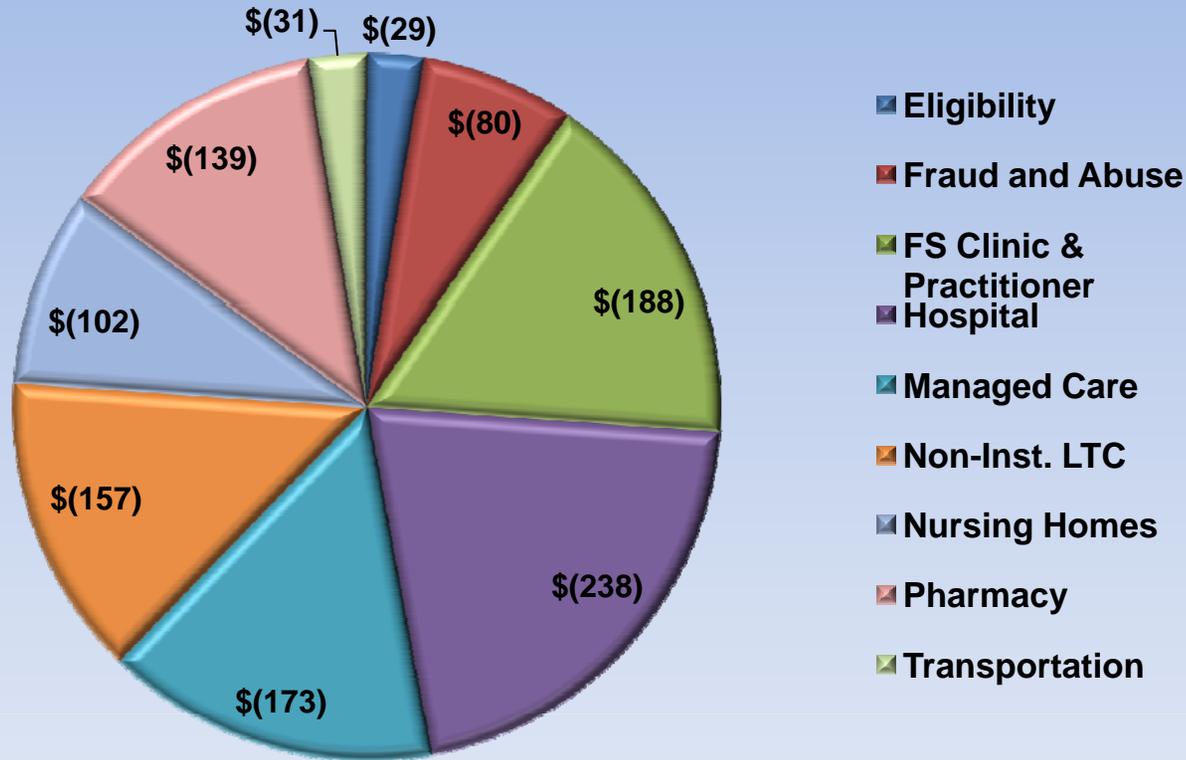
Program Area / Sector	Number of Proposals	State Share Savings SFY 11/12 (millions)
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Pharmacy	2	\$ (139)
Transportation	1	\$ (31)
<b>Sector Sub-Total</b>	<b>79</b>	<b>\$ (1,138)</b>

# MRT Reform Proposals by Theme

Theme	Number of Proposals	State Share Savings SFY 11/12 (millions)
Better Align Medicaid with Medicare and ACA	1	\$ (9)
Eliminate Fraud and Abuse	2	\$ (94)
Eliminate Government Barriers to Quality Improvement and Cost Containment	15	\$ (268)
Empower Patients and Rebalance Service Delivery	7	\$ (1)
Ensure Consumer Protection and Promote Personal Responsibility	9	\$ (87)
Ensure That Every Medicaid Member is Enrolled in Care Management	7	\$ (57)
Recalibrate Medicaid Benefits and Reimbursement Rates	38	\$ (623)
<b>Grand Total</b>	<b>79</b>	<b>\$ (1,138)</b>

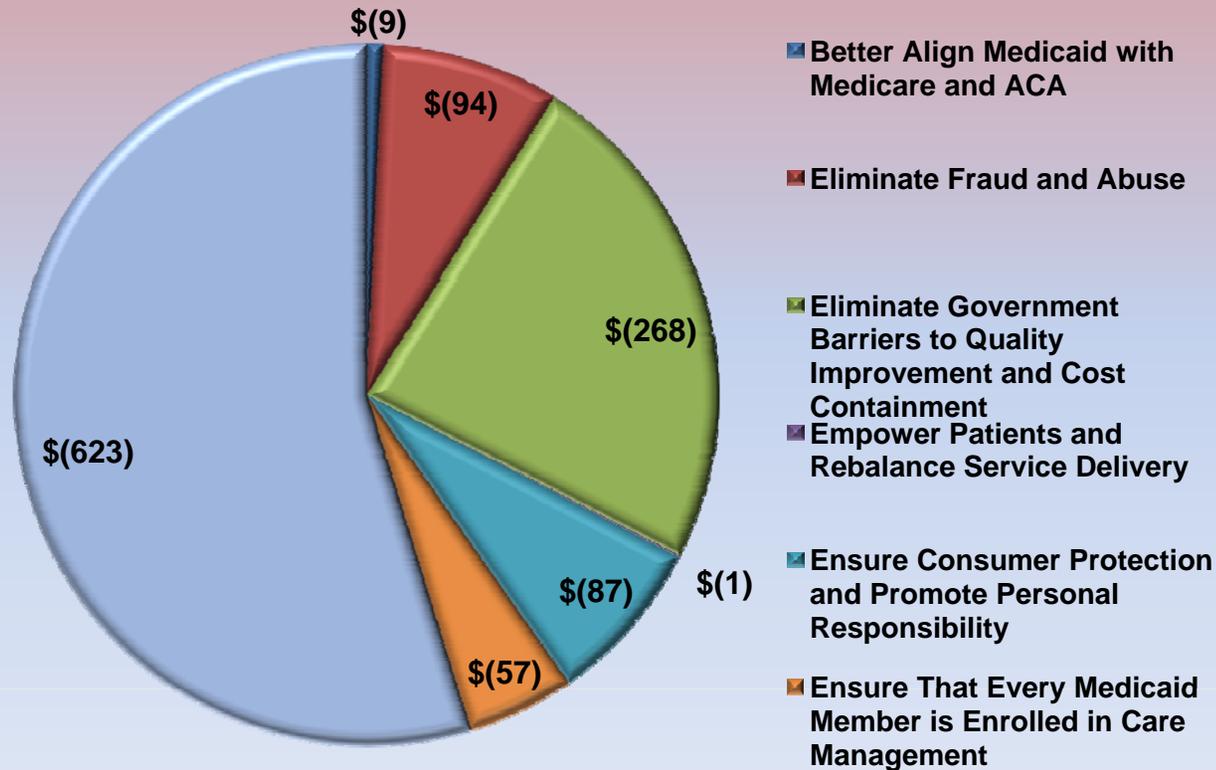
# State Share Savings – By Sector

**MRT Reform Proposals  
State Share Savings SFY 11/12 (\$1.138B)**



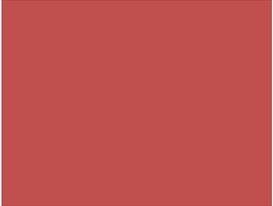
# State Share Savings – By Theme

**MRT Reform Proposals by Theme**  
**State Share Savings SFY 11/12 (\$1.138B)**



# Proposals Not In The Package

- Eligibility Cuts.
- Wholesale elimination of optional benefits.
- Immediate enrollment of all Medicaid members in mainstream HMO's.
- Rate reductions not linked to reform.
- Elimination of patient protections in nursing homes and other settings.
- Complete carve-in of all behavioral health services into mainstream HMO contracts.
- Elimination of targeted case management.



# ELIMINATE STATUTORY COST DRIVERS

# Eliminate Statutory Cost Drivers

- Package proposes to eliminate reimbursement rate trend factors (1.7% increase in both fee-for-service and Managed Care) which saves \$371.2 million.
- These provisions would be permanently repealed.
- From this point forward all rate and payment increases would be subject to an annual budget review.

# RATE REDUCTIONS

# Rate Reductions

- Stakeholders have expressed concerns that reductions could be done in an unfair and unbalanced method.
- The reform proposals approved by the team should be considered purely on the merits not based on their impact on sector balance.
- In order to attain the joint goals of allowing intelligent reform proposals to proceed and to sector fairness this package relies on a modest 2% across the board rate reduction.

# Rate Reductions

- In total these reductions will save \$631 million. DOH will work with affected sectors to determine the best way to enact the reductions (across the board or targeted).
- **Key Point:** Modest rate reductions mixed with meaningful reforms will help ensure we stay within the cap.

# OVERALL FRAMEWORK

# Overall Framework – Summary

- Package achieves the Governor's budget target.
- Package institutes an overall spending cap.
- Package relies on a number of mechanisms to control spending.
- MRT will decide which reform proposals will move forward.
- DOH would have a mandate to more actively manage the program and will be given the tools to do that effectively.

# Review of Reform Proposals

**All Sectors**

# Benefits & Coverage

# Eligibility

# Fraud & Abuse

# Free-Standing Clinic & Practitioner

**Hospital**

# Care Management

# Long Term Care

# Pharmacy

# Transportation

# Conclusion