MEDICAID REDESIGN AND EXPANSION TECHNICAL ASSISTANCE INITIATIVE

Consultant Team Final Report: Key Findings and Recommendations

Presented to the House Finance Committee
Tuesday, March 29, 2016 • 8:30 a.m.

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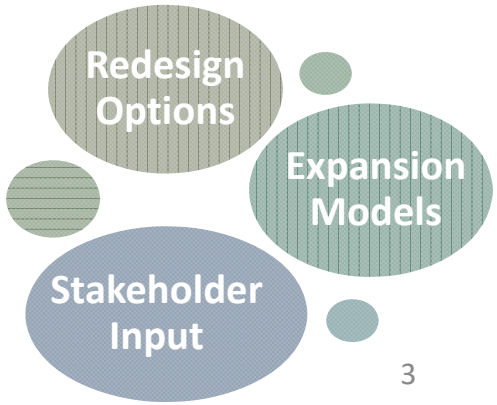
Project Overview

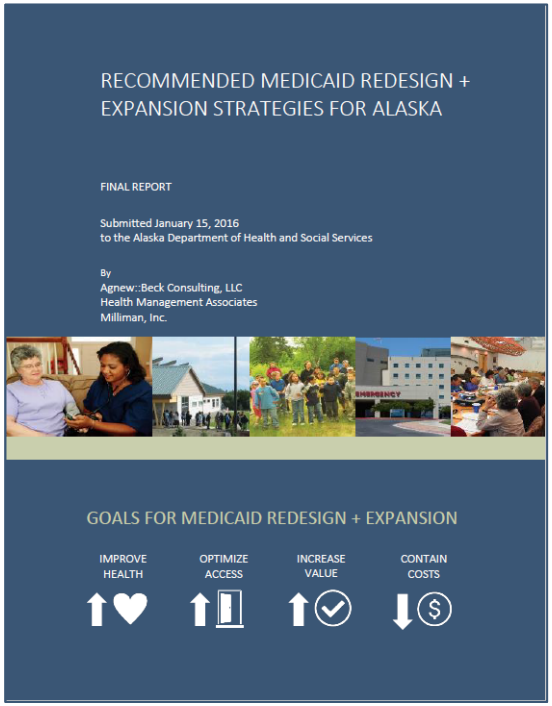
- ✓ Environmental Assessment
- ✓ Analysis of Medicaid Reform Initiative Options
- ✓ Analysis of Alternative Coverage Models for the Expansion Population
- ✓ Final Report with Recommended Package of Reforms and Action Steps
- o Evaluation Measures *[pending refinement of reform package, currently under consideration in SB 74]*

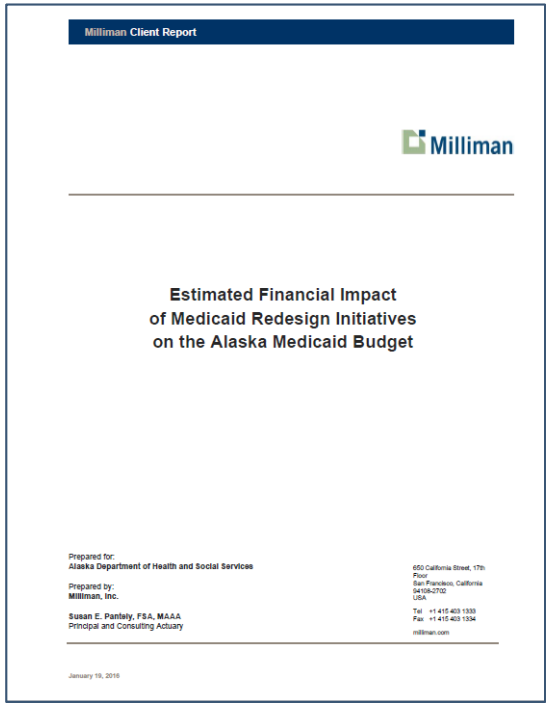
Broad Stakeholder Engagement

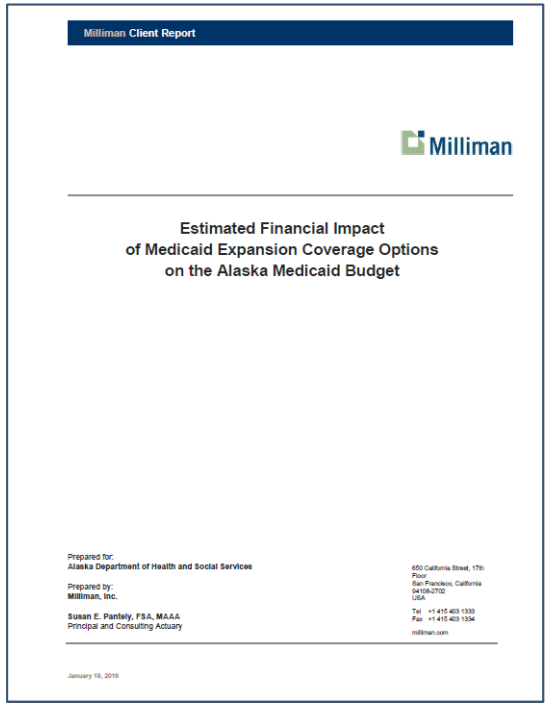
- Over 500 Stakeholders Participated
- Three Key Partner Meetings
  - Joint work sessions with DHSS and representatives from key partner organizations
- Six Sector Engagement Meetings
  - *Alaska State Hospital & Nursing Home Association*
  - *Alaska Primary Care Association*
  - *Long Term Services & Support Providers*
  - *Physicians*
  - *Tribal Health Organizations*
  - *DBH Change Agent Conference*
- More than 30 public presentations
- Five Project Webinars



Final Reports Released January 22, 2016!







View the report and other project documents at dhss.alaska.gov/healthyalaska

Roadmap for Reform: Goals for Medicaid Redesign + Expansion

1. Improve enrollee health **outcomes**
2. Optimize **access** to care
3. Drive **increased value** (quality, efficiency, and effectiveness) in the delivery of services
4. Provide **cost containment** in Alaska's Medicaid budget and general fund spending

Alaska Medicaid Redesign: A Phased Journey to Peak Performance

Phase 1: Reforms Underway	Phase 2: Foundation for Transformation	Phase 3: Towards Paying for Value	Phase 4: High Functioning, High Value System
FY 2014-2016	FY 2017-2018	FY 2019-2020	Beyond FY 2020

Final Report: Recommended Package of Reforms

A. Foundational System Reforms	1. Primary Care Improvement Initiative 2. Behavioral Health Access Initiative 3. Data Analytics + IT Infrastructure Initiative
B. Paying for Value, Pilot Projects	4. Emergency Care Pilot Initiative 5. Accountable Care Organizations Pilot: Shared Savings/Losses Model
C. Workgroups to Support Reform Efforts	1. Define Appropriate Use of Telemedicine and Expand Utilization 2. Medicaid Business Process Improvements 3. Ongoing Medicaid Redesign Key Partner Engagement

Final Round of Analysis Included Actuarial Analysis by Milliman, Inc.

Actuarial analysis uses data analysis and statistical models based on national health care experience to make educated estimates about the impacts to health care costs that would result from program changes.

Summary of Actuarial Results for Reform Initiatives

MEDICAID REDESIGN INITIATIVES: NET PROGRAM INITIATIVE COSTS (SAVINGS) TO ALASKA * *VALUES IN $MILLIONS*					
INITIATIVE	**FY17**	**FY18**	**FY19**	**FY20**	**FY21**
Baseline	$490.2	$521.2	$549.3	$589.6	$626.3
Initiative 1: Primary Care Improvement	$2.4	$5.0	$0.5	($0.8)	($2.4)
Initiative 2: Behavioral Health Access	$0.0	$1.7	$3.6	$5.3	$7.2
Initiative 4: Emergency Room	($1.3)	($2.7)	($3.4)	($4.1)	($4.8)
Initiative 5: Accountable Care Organization	$0.0	$0.0	($1.0)	($2.0)	($4.2)
Workgroup 1: Telemedicine	$0.0	($2.6)	($5.8)	($9.4)	($13.2)
Initiative 6: Full-Risk Managed Care Organization	$0.0	$0.0	$0.0	$7.2	$7.6

** Excludes pharmacy rebates and DHSS administrative expenses. Excludes savings from cost reductions in other state programs. Initiatives are not mutually exclusive; therefore, the fiscal implementation of all, or a subset, of the initiatives will not equal the sum of these estimates.*

Recommended Package of Reforms

- **Initiative 1: Primary Care Improvement**
  - Every enrollee assigned to a primary care or behavioral health provider who coordinates care.
  - Health Risk Assessments identify enrollees with higher health needs and risks.
  - Health Homes and other enhanced care management programs are provided to those with higher needs.
  - Contract with Administrative Services Organization to perform key support functions.

Actuarial Results: 1. Primary Care Improvement Initiative

MEDICAID REDESIGN INITIATIVES: PRIMARY CARE IMPROVEMENT INITIATIVE (VALUES IN $MILLIONS)*					
SERVICE CATEGORY	**FY17**	**FY18**	**FY19**	**FY20**	**FY21**
Facility Inpatient	($0.4)	($1.6)	($9.8)	($10.8)	($11.8)
Facility Outpatient	($0.9)	($3.4)	($10.0)	($12.4)	($15.2)
Professional	($0.2)	($0.9)	($4.6)	($5.0)	($5.4)
Pharmacy Drugs	($0.2)	($1.1)	($4.4)	($5.7)	($7.2)
PCCM Fee	$1.1	$3.1	$4.6	$4.7	$4.7
Capitation	$0.0	$0.0	$0.0	$0.0	$0.0
Other	($0.0)	($0.1)	($0.5)	($0.6)	($0.7)
TOTAL CHANGE IN MEDICAL COST	**($0.7)**	**($4.0)**	**($24.6)**	**($29.8)**	**($35.5)**
ASO Fees	$7.0	$17.5	$26.2	$27.7	$29.2
TOTAL EXPENDITURE CHANGE	**$6.3**	**$13.5**	**$1.5**	**($2.2)**	**($6.3)**
After Shared Savings	$6.3	$13.5	$1.5	($2.2)	($6.3)
FMAP Share	$3.9	$8.4	$1.0	($1.4)	($3.8)
NET ALASKA COST (SAVINGS)	**$2.4**	**$5.0**	**$0.5**	**($0.8)**	**($2.4)**

** Excludes pharmacy rebates and DHSS administrative expenses. Excludes savings from cost reductions in other state programs. Initiatives are not mutually exclusive; therefore, the fiscal implementation of all, or a subset, of the initiatives will not equal the sum of these estimates.*

Recommended Package of Reforms

- **Initiative 2: Behavioral Health Access**
  - Apply for a Section 1115 waiver to help finance reforms: 5-year demonstration period + potential 3-year extension.
  - Establish new standards of care to support expanded delivery of substance use and mental health services.
  - Remove the grantee requirement to bill Medicaid.
  - Allow a broader range of licensed and credentialed behavioral health providers to bill Medicaid.
  - In second year, amend Section 1115 waiver to include a federal waiver of the IMD exclusion for residential substance use treatment.
  - Address gaps in the crisis response system.
  - Contract with an Administrative Services Organization to perform key support functions.

Actuarial Results:
2. Behavioral Health Access Initiative

MEDICAID REDESIGN INITIATIVES: BEHAVIORAL HEALTH ACCESS INITIATIVE VALUES IN $MILLIONS*					
SERVICE CATEGORY	**FY17**	**FY18**	**FY19**	**FY20**	**FY21**
Facility Inpatient	$0.0	($0.2)	($0.5)	($0.9)	($1.5)
Facility Outpatient	$0.0	$0.0	$0.1	$0.1	$0.2
Professional	$0.0	$1.2	$5.0	$9.4	$14.3
Pharmacy Drugs	$0.0	$0.0	$0.1	$0.1	$0.2
PCCM Fee	$0.0	$0.0	$0.0	$0.0	$0.0
Capitation	$0.0	$0.0	$0.0	$0.0	$0.0
Other	$0.0	$0.0	$0.0	$0.0	$0.0
TOTAL CHANGE IN MEDICAL COST	**$0.0**	**$1.1**	**$4.6**	**$8.7**	**$13.2**
ASO Fees	$0.0	$3.5	$5.3	$5.5	$5.8
TOTAL EXPENDITURE CHANGE	**$0.0**	**$4.6**	**$9.9**	**$14.2**	**$19.1**
After Shared Savings	$0.0	$4.6	$9.9	$14.2	$19.1
FMAP Share	$0.0	$2.9	$6.3	$8.9	$11.8
NET ALASKA COST (SAVINGS)	**$0.0**	**$1.7**	**$3.6**	**$5.3**	**$7.2**

** Excludes pharmacy rebates and DHSS administrative expenses. Excludes savings from cost reductions in other state programs. Initiatives are not mutually exclusive; therefore, the fiscal implementation of all, or a subset, of the initiatives will not equal the sum of these estimates.*

Recommended Package of Reforms

- **Initiative 3: Data Analytics + IT Infrastructure**
  - Securely collect and share health information among providers and analyze health data to improve outcomes and decrease costs.
  - Use Alaska's Health Information Exchange to connect hospitals, Emergency Departments and providers, and integrate the Prescription Drug Monitoring Program database.
  - Contract with an advanced data analytics firm to support value-based care.

Recommended Package of Reforms

- **Initiative 4: Emergency Care**
  - A private-public partnership.
  - Emergency Departments would use best practices and Alaska's Health Information Exchange to
    - Share necessary Medicaid enrollee patient data to improve patient care;
    - Reduce preventable Emergency Department use;
    - Facilitate follow up with primary care and behavioral health providers; and,
    - Improve prescription monitoring to reduce opioid misuse.
  - Shared savings to incentivize value-based care.

Actuarial Results:
4. Emergency Care Initiative

MEDICAID REDESIGN INITIATIVES: EMERGENCY CARE INITIATIVE VALUES IN $MILLIONS*					
SERVICE CATEGORY	**FY17**	**FY18**	**FY19**	**FY20**	**FY21**
Facility Inpatient	$0.0	$0.0	$0.0	$0.0	$0.0
Facility Outpatient	($4.6)	($9.7)	($12.4)	($14.6)	($17.1)
Professional	($0.5)	($0.8)	($0.8)	($0.9)	($1.1)
Pharmacy Drugs	$0.0	$0.0	$0.0	$0.0	$0.0
PCCM Fee	$0.0	$0.0	$0.0	$0.0	$0.0
Capitation	$0.0	$0.0	$0.0	$0.0	$0.0
Other	$0.0	$0.0	$0.0	$0.0	$0.0
TOTAL MEDICAL COST	**($5.0)**	**($10.5)**	**($13.1)**	**($15.5)**	**($18.2)**
ASO Fees	$0.0	$0.0	$0.0	$0.0	$0.0
TOTAL EXPENDITURE CHANGE	**($5.0)**	**($10.5)**	**($13.1)**	**($15.5)**	**($18.2)**
After Shared Savings	($3.5)	($7.3)	($9.2)	($10.9)	($12.7)
FMAP Share	($2.2)	($4.7)	($5.8)	($6.8)	($7.9)
NET ALASKA COST (SAVINGS)	**($1.3)**	**($2.7)**	**($3.4)**	**($4.1)**	**($4.8)**

** Excludes pharmacy rebates and DHSS administrative expenses. Excludes savings from cost reductions in other state programs. Initiatives are not mutually exclusive; therefore, the fiscal implementation of all, or a subset, of the initiatives will not equal the sum of these estimates.*

Recommended Package of Reforms

- **Initiative 5: Accountable Care Organizations Pilot**
  - Pilot value-based payments in regions by contracting with groups of providers who form Accountable Care Organizations.
  - Use a shared savings approach, with shared losses in later years, to promote service delivery changes that incentivize high quality care and cost containment.

Actuarial Results: 5. Accountable Care Organizations Pilot Initiative

MEDICAID REDESIGN INITIATIVES: ACCOUNTABLE CARE ORGANIZATIONS VALUES IN $MILLIONS*					
SERVICE CATEGORY	**FY17**	**FY18**	**FY19**	**FY20**	**FY21**
Facility Inpatient	$0.0	$0.0	($0.9)	($1.8)	($3.6)
Facility Outpatient	$0.0	$0.0	($1.8)	($3.2)	($6.8)
Professional	$0.0	$0.0	($0.9)	($2.2)	($4.5)
Pharmacy Drugs	$0.0	$0.0	($0.7)	($1.6)	($3.4)
PCCM Fee	$0.0	$0.0	$0.0	$0.0	$0.0
Capitation	$0.0	$0.0	$0.0	$0.0	$0.0
Other	$0.0	$0.0	($0.1)	($0.2)	($0.3)
TOTAL MEDICAL COST	**$0.0**	**$0.0**	**($4.5)**	**($8.9)**	**($18.6)**
ASO Fees	$0.0	$0.0	$0.0	$0.0	$0.0
TOTAL EXPENDITURE CHANGE	**$0.0**	**$0.0**	**($4.5)**	**($8.9)**	**($18.6)**
After Shared Savings	$0.0	$0.0	($2.7)	($5.3)	($11.2)
FMAP Share	$0.0	$0.0	($1.7)	($3.3)	($6.9)
NET ALASKA COST (SAVINGS)	**$0.0**	**$0.0**	**($1.0)**	**($2.0)**	**($4.2)**

** Excludes pharmacy rebates and DHSS administrative expenses. Excludes savings from cost reductions in other state programs. Initiatives are not mutually exclusive; therefore, the fiscal implementation of all, or a subset, of the initiatives will not equal the sum of these estimates.*

Recommended Package of Reforms

- Form workgroups to guide:
  - Expansion of Telemedicine,
  - Medicaid Business Process Improvements, and
  - Ongoing Medicaid Redesign

Actuarial Results: Potential Savings from a Telemedicine Initiative

MEDICAID REDESIGN INITIATIVES: TELEMEDICINE VALUES IN $MILLIONS*					
SERVICE CATEGORY	**FY17**	**FY18**	**FY19**	**FY20**	**FY21**
Facility Inpatient	$0.0	($0.5)	($1.0)	($1.5)	($2.0)
Facility Outpatient	$0.0	($2.2)	($4.5)	($7.2)	($10.1)
Professional	$0.0	($8.7)	($18.1)	($28.2)	($37.5)
Pharmacy Drugs	$0.0	$4.2	$7.8	$12.0	$15.0
PCCM Fee	$0.0	$0.0	$0.0	$0.0	$0.0
Capitation	$0.0	$0.0	$0.0	$0.0	$0.0
Other	$0.0	($0.0)	($0.1)	($0.1)	($0.1)
TOTAL MEDICAL COST	**$0.0**	**($7.1)**	**($15.9)**	**($25.0)**	**($34.8)**
ASO Fees	$0.0	$0.0	$0.0	$0.0	$0.0
TOTAL EXPENDITURE CHANGE	**$0.0**	**($7.1)**	**($15.9)**	**($25.0)**	**($34.8)**
After Shared Savings	$0.0	($7.1)	($15.9)	($25.0)	($34.8)
FMAP Share	$0.0	($4.5)	($10.1)	($15.7)	($21.6)
NET ALASKA COST (SAVINGS)	**$0.0**	**($2.6)**	**($5.8)**	**($9.4)**	**($13.2)**

** Excludes pharmacy rebates and DHSS administrative expenses. Excludes savings from cost reductions in other state programs. Initiatives are not mutually exclusive; therefore, the fiscal implementation of all, or a subset, of the initiatives will not equal the sum of these estimates.*

Reform Initiatives Considered but Not Recommended

Full Risk Managed Care *Administered by a Managed Care Organization (MCO)*	***Analyzed But Not Recommended***
Dementia Care Access Initiative	***Moved to Separate Project***
Bundled Payment Demonstration	***Not Prioritized for Analysis***
Pre-Paid Ambulatory and Inpatient Health Plans	***Not Prioritized for Analysis***
Health Savings Accounts (HSAs)	***Not Prioritized for Analysis***

Next Steps

- Consultant team provides any additional presentations requested by the Legislature
- Consultant team to develop evaluation measures for selected reform package
  [pending refinement of reform package, currently under consideration in SB 74]

Caveats about Actuarial Results

Limitations

This analysis is intended for use by DHSS in support of Medicaid program evaluation. Any user of the data must possess a certain level of expertise in actuarial science and health care modeling so as not to misinterpret data presented.

Milliman makes no representations or warranties regarding the contents of this presentation to third parties. Similarly, third parties are instructed that they are to place no reliance upon this analysis prepared for DHSS by Milliman that would result in the creation of any duty or liability under any theory of law by Milliman or its employees to third parties. Other parties receiving this report must rely upon their own experts in drawing conclusions about the individual insurance market rates, assumptions and trends. It is the responsibility of any insurance carrier to establish required revenue levels appropriate for their risk, management and contractual obligations for the prospective population.

Caveats about Actuarial Results

Limitations (cont.d)

This analysis has relied extensively on data provided by the State of Alaska, including population surveys, and claims data of the Medicaid population. Errors in data reporting may flow through analysis, and as such would impact the results.

Actual results will vary from our projections for many reasons, including differences from assumptions regarding future enrollment within the Alaska Medicaid Program, the relative morbidity of the uninsured population, cost and utilization trends, as well as other random and non-random factors. Experience should continue to be monitored on a regular basis, with modifications to the program as necessary.

Actuarial Statement of Qualification

Guidelines issued by the American Academy of Actuaries require actuaries to include their professional qualifications in all actuarial communications. Susan Pantely is a member of the American Academy of Actuaries, and meet the qualification standards for performing this analysis. This presentation includes high level findings. A complete written report has been provided to the DHSS for Medicaid program evaluation.

Thank You!

The consultant team's final report, presentations and materials are available at

http://dhss.alaska.gov/healthyalaska
on the **Medicaid Redesign Initiative** page

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