

Redesigning
THE MEDICAID PROGRAM



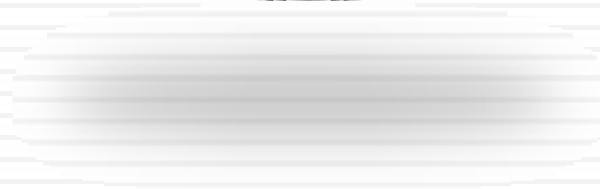
NEW YORK MEDICAID REDESIGN

A PROGRESS REPORT

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

July 2011 Update

Governor's Vision for Reform



Governor's Vision for Reform

"It is of compelling public importance that the State conduct a fundamental restructuring of its Medicaid program to achieve measurable improvement in health outcomes, sustainable cost control and a more efficient administrative structure." - **Governor Andrew M. Cuomo, January 5, 2011**

Governor's Vision for Reform



Governor Cuomo believes New York can do better:

- ☑ New York spends more than twice the national average on Medicaid on a per capita basis, and spending per enrollee is the second highest in the nation.
- ☑ New York ranks 21st out of all states for overall health system quality and ranks last among all states for avoidable hospital use and costs.
- ☑ Real reform must be pursued in collaboration with key stakeholders.

Governor's Solution = MRT

- ☑ On January 5, 2011, Governor Cuomo issued an Executive Order aimed at redesigning New York's outsized Medicaid program.
- ☑ The order called for the creation of a Medicaid Redesign Team (MRT) to uncover ways to save money and improve quality within the Medicaid program for the 2011-12 state budget.
- ☑ The MRT was also tasked with engaging stakeholders, Medicaid beneficiaries and citizens. Albany does not have a monopoly on good ideas.

Medicaid Redesign Team (MRT)

☑ *The Medicaid Redesign Team includes 27 voting members appointed by the Governor including:*

- Leaders with expertise in the health care industry.
- Business and consumer leaders.
- State officers or state employees with relevant expertise.
- Two members of the New York State Assembly, one recommended by the Speaker of the Assembly and one recommended by the Minority Leader of the Assembly.
- Two members of the New York State Senate, one recommended by the Temporary President of the Senate and one recommended by the Minority Leader of the Senate.
- Governor Cuomo believes that working together we can accomplish far more than when we remain divided.

(continued)

Medicaid Redesign Team (MRT)

☑ *PHASE 1: Address the current year budget situation*

- The MRT began its work on Friday, January 7.
- The MRT submitted its first report with findings and 79 reform recommendations to the Governor on February 24 for consideration in the 2011-12 budget process.
- The Governor accepted the recommendations, as is, and sent them to the Legislature in his revised budget bill.
- On March 1, the Legislature approved the budget bill that contains 73 of the MRT recommendations.

(continued)

Medicaid Redesign Team (MRT)

☑ *PHASE 2: Pursue Comprehensive Reform*

- Develop a multi-year quality improvement/care management plan.
- MRT subdivided into work groups.
- Work on complex issues that were not addressed in Phase 1.
- Engage a broader set of stakeholders.
- Work groups will be launched in stages – the first three have already been formed.
- Recommendations to Governor Cuomo by December 2011.



Phase 1 Re-cap: What We Accomplished

- ☑ *Engaged stakeholders and citizens in ways never done before in New York State*
 - Over 4,000 ideas received in less than two months.
 - Public hearings held in Buffalo, Rochester, New York City, Long Island and Queensbury; over 600 ideas collected.
 - All MRT meetings were public.



Phase 1 Re-cap: What We Accomplished (continued)

- ☑ Developed a package of reform proposals that achieved the Governor's Medicaid budget target.
 - *Total Year 1 Budget Savings = \$2.2 billion (state share)*
 - *Total Year 2 Budget Savings = \$3.3 billion (state share)*
- ☑ Introduced significant structural reforms that will bend the Medicaid cost curve.
- ☑ Achieved the savings without any cuts to eligibility. The plan does not eliminate any "options benefits."

MRT – Phase 1



Health Care Reform

Major Reform Elements

(1) Global Medicaid Cap

- ☑ Two-year state share actual dollar cap.
- ☑ Four-year state share spending cap linked to growth in CPI-Medical.
- ☑ Industry challenge to control costs.
- ☑ “Super powers” established to ensure that cap is not exceeded.



(2) Care Management for All

- ☑ Begins three-year phase-in to access to “care management” for all Medicaid beneficiaries.
- ☑ New York is getting out of the fee-for-service (FFS) business.
- ☑ Over the next three years, new models of care management will be developed to ensure that special populations obtain the services they need (i.e., self-direction).

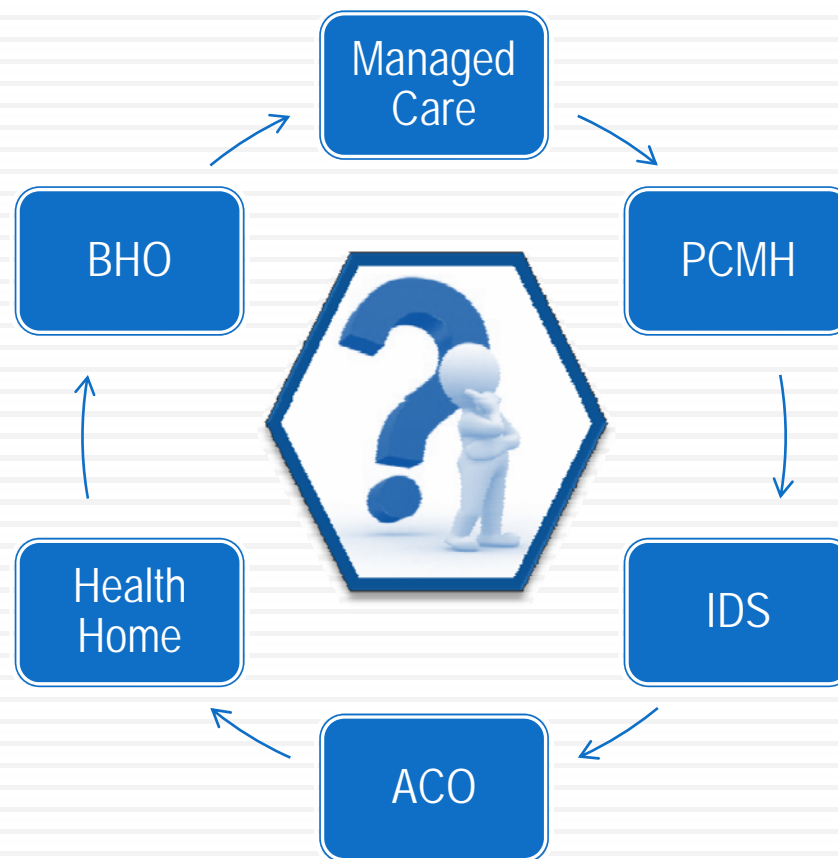
(3) Major Expansion of PCMH and Launch of Health Homes

- ☑ Up to 1 million New York Medicaid beneficiaries could be enrolled in PCMH or Health Homes.



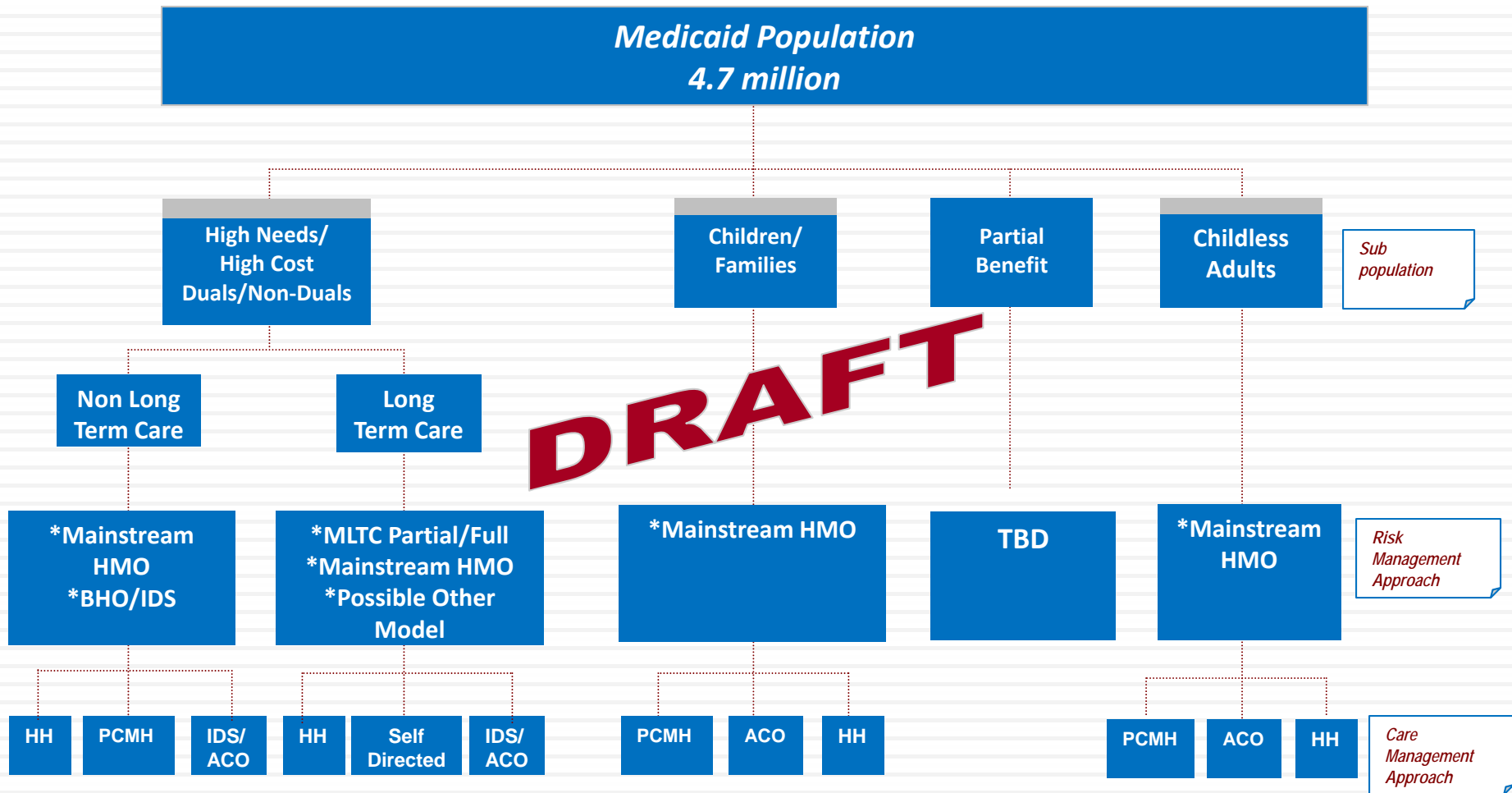
- ☑ Health Homes will be more expansive than PCMH and will target high-need/high-cost populations.
- ☑ PCMH and Health Homes will be fully integrated with care management.

How Do These Various Care Management Strategies Fit Together?



Care Management Possible Approach

What Do You Think?



(4) Medical Malpractice Solution: Medical Indemnity Fund



- ☑ First of its kind in the nation.
- ☑ Fund medical costs of victims of negligence (birth-related).
- ☑ Initiative will lower premiums by making health care costs a "known" as opposed to an "unknown."
- ☑ Lower hospital insurance premiums by 20 percent (\$320 million).

Other Reforms



- ☑ Carve-in Prescription Drug Benefit into HMO contracts which lowers costs and improves care coordination.
- ☑ Contract with Behavioral Health Organizations (BHOs) to begin transition to care management for behavioral health services with goal being full integration of physical and behavioral health within innovative care management arrangements.
- ☑ Immediate FFS rate reform in home health to encourage more appropriate utilization and begin transition to episodic pricing and eventually care management for all.

Proposals Not in the Package

- ☑ Eligibility cuts.
- ☑ Wholesale elimination of optional benefits.
- ☑ Immediate enrollment of all Medicaid members in mainstream HMOs.
- ☑ 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.

MRT Implementation Process

- ☑ Implementing Phase 1 proposals is a huge challenge for New York State.
- ☑ The Department of Health is using a very disciplined approach to project management:
 - *Each proposal has an assigned lead and team supporting the implementation, consisting of staff within DOH and other state agencies.*
 - *Biweekly meetings are held to report implementation status to the Medicaid Director.*
 - *A master work plan tracks the tasks associated with each proposal and is published and regularly updated on the MRT Web site.*

MRT Implementation Process

☑ *MRT process marks a major shift in NYS – CMS relations:*

- 34 state plan amendments are being submitted in the current round of proposals (currently 106 New York SPAs are before the CMS).
- Weekly conference are held calls with CMS leadership.
- CMS has appointed a special lead to assist with the MRT process.
- CMS has made New York a real priority.

MRT Phase 1: Bottom Line



- ☑ Reduces Medicaid spending by \$2.3 billion in FY 2011-12.
- ☑ Enacts a series of measures to both control costs in short term and enact longer-term reforms.
- ☑ Caps Medicaid spending growth in state law.
- ☑ Begins three-year phase-in to care management for all.
- ☑ We have only just begun ...

MRT – Phase 2



Health Care
Reform

Comprehensive Reform

MRT Phase 2: Overview



- ☑ In Phase 2, the MRT was directed to create a coordinated plan to ensure that the program can function within a multi-year spending limit and improve program quality.
- ☑ The MRT has been subdivided into ten work groups.
- ☑ So far, four work groups have been formed, and three have already had their first meeting.
- ☑ Three more work groups will be launched this week.
- ☑ Each work group will be given a specific charge.
- ☑ Work group membership will involve even more stakeholders.

(continued)

MRT Phase 2: Overview



The Work Groups:

- ☑ Managed Long Term Care Implementation and Waiver Redesign - *IN PROCESS*
- ☑ Behavioral Health Reform - *IN PROCESS*
- ☑ Program Streamlining and State/Local Responsibilities – *IN PROCESS*
- ☑ Assist Preservation of Essential Safety-Net Hospitals, Nursing Homes and D&TCs – *IN PROCESS*
- ☑ Payment Reform/Quality Measurement – *NEWLY LAUNCHED*
- ☑ Basic Benefit Review – *NEWLY LAUNCHED*
- ☑ Health Disparities – *NEWLY LAUNCHED*
- ☑ Affordable Housing
- ☑ Medical Malpractice
- ☑ Workforce Flexibility/Change of Scope of Practice

MRT Phase 2: Work Group Timeline

Work groups will meet three to four times throughout the summer and into the fall.



The first "wave" of work groups will report to the MRT in late October or early November.



The second "wave" of work groups will report to the MRT in mid-November.



The third "wave" of work groups (launched in early August) will report to the MRT in early December.



Final MRT recommendations to be presented to Governor Cuomo for his consideration in his proposed FY 12-13 budget.

MRT Phase 2:

How the Public Can Get Involved

Each work group has a web page. All meeting materials will be published.

Each work group has an email address so that ideas can be shared.

Work group meetings will have dial-in phone options for members of the public who can't travel.

All work group meetings will be made public.

MRT Final Product



- ☑ A summary of Phase 1 reforms and the approved recommendations of the ten work groups.
- ☑ This combined product will establish a comprehensive action plan for true Medicaid reform in New York State.
- ☑ The action plan may be turned into a comprehensive 1115 waiver to ensure that the state has sufficient flexibility to enact all of the reforms.
- ☑ The plan will be the most significant overhaul of the New York State Medicaid program since its inception.
- ☑ There is a lot of work still to be done!

Medicaid Global Cap Update

- ☑ The state is closely monitoring Medicaid expenditures to ensure it does not exceed the statutory spending cap.
- ☑ Two months of data have been examined, and thus far the state has stayed within the spending cap target by about one percent.

SFY 2011-12 Statistics Through May			
Category of Service	Medicaid Spending (Thousands)		
	<u>Estimated</u>	<u>Actual</u>	<u>Variance</u>
Inpatient	\$381,742	\$362,305	(\$19,437)
Outpatient/Emergency Room	\$66,799	\$56,450	(\$10,348)
Clinic	\$73,205	\$77,079	\$3,874
Nursing Homes	\$487,951	\$464,588	(\$23,363)
Other Long Term Care	\$341,707	\$339,179	(\$2,527)
Medicaid Managed Care	\$637,927	\$611,553	(\$26,374)
Family Health Plus	\$125,528	\$124,203	(\$1,325)
Non-Institutional / Other	\$645,033	\$703,939	\$58,906
Cash Audits	(\$54,950)	(\$3,273)	\$51,677
TOTAL	2,704,941	\$2,736,024	\$31,083

Contact Information

We would like to hear from you!

http://health.ny.gov/health_care/medicaid/redesign/

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