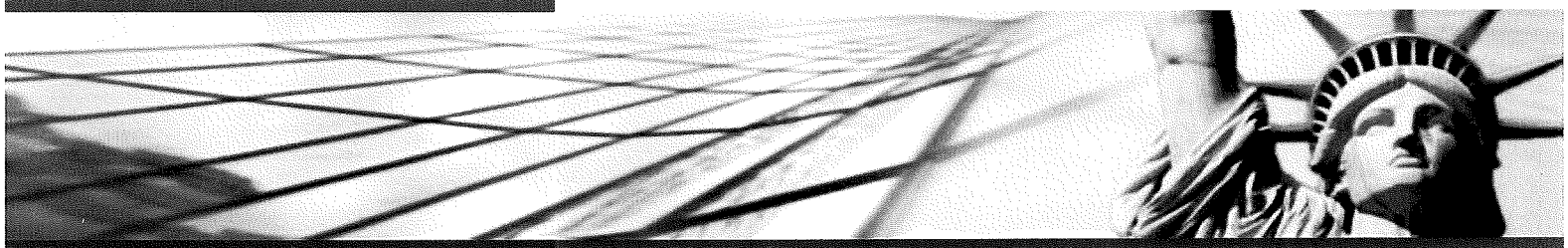


A Plan to Transform the Empire State's Medicaid Program

Better Care, Better Health, Lower Costs

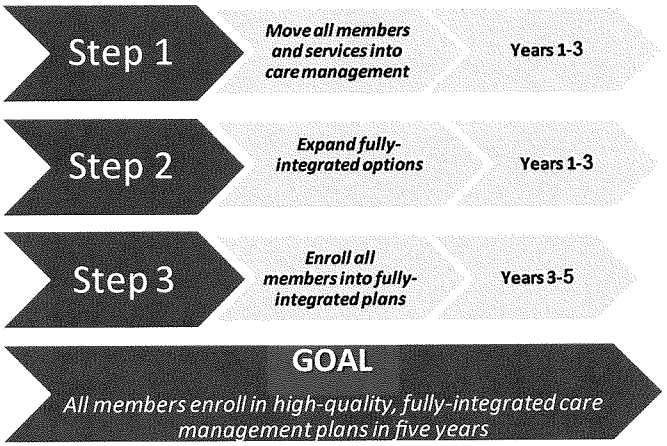
MULTI-YEAR ACTION PLAN

NEW YORK
state department of
HEALTH

CARE MANAGEMENT FOR ALL

The MRT has set New York on a multi-year path to "care management for all." Care management for all is not simply traditional mandatory managed care in which states rely solely on insurance companies. New York's vision is that virtually every member of the program will be enrolled in some kind of care management organization. Some care management organizations will be traditional insurance companies, while others will be provider-based plans uniquely designed to meet the needs of special populations.

Figure 2: **Care Management for All Evolution Cycle**



New York sees full capitation as its preferred financial arrangement, but is open to other financing systems, especially for special populations. New York also acknowledges that a period of transition is necessary to achieve its ultimate goal of fully-integrated care management for virtually the entire Medicaid population.

Fully-integrated means that a single care management organization would be responsible for managing the complete needs of a member (acute, long term and behavioral care). It may take time to reach this final destination (more than three years) and existing care management organizations will need to evolve while new organizations will need to be created. In the interim, New York will use a wide range of care management tools including behavioral health organizations, existing health plans, managed long term care plans and special needs plans to ensure it reaches its initial goal of ending FFS Medicaid in three years.

Care management for all is especially important for high needs/high cost populations, including those who suffer from mental illness and substance use disorders. Systems of care for these populations must be provided that promote health through an integrated and coordinated approach that is both effective and efficient. Currently, New York spends 56 percent of its Medicaid budget providing services to this important population (see Appendix A).

Historically, New York has relied on an often disparate network of service providers to meet the needs of the program's most complex patients. These providers must be supported in a process of transformation to become a true coordinated "system" which provides evidence-based interventions that are proven to be effective. A number of MRT initiatives are specifically designed to assist in this transformation.

The proper alignment of Medicare and Medicaid is essential if care management for all is to be successful. Currently, there is little effective coordination between the state's two largest health care purchasers. New York is currently working with the federal Medicare–Medicaid Coordination Office to blend Medicaid and Medicare financing streams to promote efficiency and eliminate cost-shifting, while bending the cost curve for both programs.

The dual-eligible population includes the state's most chronically ill and costliest patients, accounting for approximately 45 percent of the state's annual Medicaid spending (2009) and 41 percent of Medicare. Yet, many of the state's more than 700,000 dual eligibles lack effective care coordination. The move to full integration for duals will likely begin in 2014 but the exact pace and scale of transition will be subject to federal approval and stakeholder feedback.

An important interim care management strategy is the move to mandatory managed long term care for duals. In MRT Phase 2 a work group focused on developing a list of "guiding principles" for successful implementation of this important initiative. Non-institutional FFS long term care has been a major cost driver in Medicaid. Over the last five years these program costs have doubled while the number of people served has declined. At the same time per member, per month costs for managed long term care have been flat. Reform is clearly needed.

While mandatory managed long term care is now the law in New York, the Department of Health was charged with developing specific guidance for what types of "care coordination models" would meet the state's standards. The MRT work group's guiding principles have served as the basis for the development of the Care Coordination Models (CCM) guidance, which has been released. Figure 3 summarizes the guiding principles which will provide the state with clear direction on how to effectively implement this important part of care management for all.

A remaining challenge facing New York in its quest for full-integration will be how to ensure behavioral health services are effectively provided. While Special Needs Plans for individuals with significant behavioral health challenges will be one strategy, New York will also look at options that integrate behavioral health organizations with other care management organizations that ensure continuity, as well as prevent the "medical model" of care from displacing community-based behavioral health service delivery. Fully-integrated care management for all must mean expanded access to evidence-based behavioral health services.

Effective care management is essential to health care reform. New York stands ready to implement both short- and long-term strategies with the eventual goal of full integration, which if successful, could be a national model for how to lower costs for both of America's major health care entitlement programs.