Operating in a New Era of Reform

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Introduction to MassHealth

The MassHealth mission is to improve the health outcomes of our diverse members, their families and their communities, by providing access to integrated health care services that sustainably promote health, well-being, independence, and quality of life.

- Massachusetts adopted the ACA Medicaid expansion, allowing us to cover 300,000 individuals in State Plan coverage on 1/1/14.
- MassHealth currently covers over 1.9 million Massachusetts residents.
- Our total spending for State Fiscal Year 2014 was $11.9 billion, excluding admin.
- We just signed a 5 year 1115 Waiver renewal with CMS.

Temporary coverage data as of 9/27/14; all other data as of March 2014, as reported to CMS.
Overview of Innovations

- **Delivery System Transformation Initiatives (DSTI)** – created to provide safety net providers with the support necessary to invest in new delivery system and payment models. Seven hospitals were qualified to participate due to their high Medicaid and low commercial payer mix.

- **One Care** – a State Demonstration to Integrate Care for Dual Eligible Individuals and capitated Financial Alignment Demonstration model. It is a new option that allows people ages 21-64 who are eligible for both MassHealth and Medicare to receive care as part of a single plan offering comprehensive benefits.

- **Primary Care Payment Reform Initiative** – an alternative payment model which looks to enhance coordination across providers, integrate behavioral health services, increase accountability for the total cost of health care across all payers and contain costs. Includes a comprehensive primary care payment combined with shared savings risk arrangement (positive/negative) and quality incentives.

- **Pediatric Asthma Pilot** – an integrated delivery system for asthma prevention and treatment including monthly bundled payments to participating health care providers for asthma-related services, equipment, and support to help pediatric patients manage their asthma.

- **Pay for Performance** – a variety of initiatives that reward providers for excelling at or improving the quality of services provided to members.

- **Medicaid Accountable Care Organizations (ACOs) (in progress)** – will feature alternatives to fee-for-service payment methods to increase the coordination and delivery of integrated health care services.

- **Health Homes (in progress)** – integration and coordination of primary, acute, behavioral health, and long-term services and supports for persons of all ages with chronic physical and/or mental health conditions.
Payment Methodology

Global Payment

Payment Innovation

FFS

Current Market

Limited Integration

“Business as Usual”

Delivery System Transformation

Full Care Integration

Degree of Integration

True Accountable Care

One Care

ACOs

PCPR

Health Homes

Pediatric Asthma

DSTI

Payment & Delivery System Innovations
Capacities

Policy & Program Design – We make an effort to take advantage of the flexibility afforded by CMS to test new program designs:

- Massachusetts is the first state to have operationalized a capitated Duals Demonstration. One Care brings improved coordination of services through investments in primary care, a focus on quality, and integration of all aspects of members’ care, while holding contracted health plans accountable for care and outcomes. We are excited to test and prove a model for improving quality of care and health and functional outcomes, and lowering costs by focusing on appropriateness of care.

- The Delivery Systems Transformation Initiative provides incentive-based payments for hospitals with a high Medicaid payer mix and low commercial payer mix to (1) develop fully integrated delivery systems (e.g. improve data exchange with medical home sites); (2) improve health outcomes and quality (e.g. implement enterprise-wide care management activities); (3) improve their ability to accept alternatives to fee-for-service payments; and (4) evaluate their investments through population-focused objectives.

- The Pediatric Asthma Pilot represents the first time Medicaid funds will be paid out in bundled payments covering medical therapy plus non-traditional services of education and environmental remediation.

Stakeholder Engagement – We have found our stakeholder relationships to be critical for the feedback and support we need to be successful:

- The development of the One Care demonstration was supported through unprecedented transparency and collaboration with our stakeholder communities, including members, advocates, providers, plans, and policy experts. MassHealth continues to be advised by a One Care Implementation Council, which is a representative body of this stakeholder community.

- The Delivery Systems Transformation Initiative was developed in close collaboration with the seven safety net hospitals and CMS, which helped inform the program and ensure its success.

- Primary Care Payment Reform has many vehicles for ongoing engagement: monthly webinars, participatory committees, weekly initiative update, office hours, and a dedicated email address.
In 2013 and 2014, MassHealth held approximately 216 stakeholder meetings across the Commonwealth.
Capacities

- Ensuring Quality – Program monitoring and evaluation are of chief importance as we test new models:
  - The Pediatric Asthma Pilot will measure the difference in hospital admissions and observation stays for asthma; emergency department visits for asthma; change in asthma control; return on investment; and include a qualitative evaluation of provider experience managing bundled payments.
  - One Care Integrated Care Organizations will collect and report to MassHealth quality and cost measures in seven domains: access & availability; care coordination; utilization; health & well-being; mental & behavioral health; patient/caregiver experience; screening & prevention; and quality of life.
  - Primary Care Payment Reform has a Pay For Quality component. There are 18 quality measures (9 record-based and 9 claims-based) for both the adult and pediatric populations representing primary care services.

- Program Integrity – Over the last five years, we have increased the coordination of MassHealth’s program integrity activities with those of our parent agency, the Executive Office of Health and Human Services. Typical of Medicaid programs, our areas of focus include member and provider enrollment, claims payment, and medical necessity/prior approval.
  - We have a state-of-the-art predictive modeling program that enables MassHealth to perform prepayment audits through a robust and sophisticated detection system that analyzes claims to identify potential cases of fraud, waste, and abuse before payments are made. The system went live in May 2013 and we continue to add functionality.
  - MassHealth uses the Public Assistance Reporting Information System (PARIS) match IT system to identify and remove individuals found to be receiving benefits in other states. We perform the match quarterly, rather than annually, and our approach saved the Commonwealth $6.7 million in State Fiscal Year 2014.
  - The Claims Integrity Initiative, an internal audit ensuring all appropriate claims denials are being used.
Challenges

**Systems** – It remains important for policy to drive our decisions, but we are finding that increasing program complexity, including new enrollment systems, encounter data and systems design, necessitate working with IT earlier in the policy development process so policy decisions are made with an understanding of the systems lift that will be necessary for implementation. Our IT department is a shared resource across all departments in the Executive Office of Health and Human Services.

- An increasing use of encounter data is presenting challenges to program design and reimbursement. Data is not reported consistently and it is a challenge to reconcile and ensure we have the right information to monitor programs and make appropriate payments.

- Primary Care Payment Reform required major Data Warehouse and MMIS changes to accommodate enrollment, rating categories, encounter data and payment system design. One Care also required major Data Warehouse and MMIS changes, and work continues related to One Care encounter data. Payments for the Pediatric Asthma Pilot are being handled manually rather than through MMIS due to the smaller size of the program and work effort that would be necessary to change MMIS.

- We also experience difficulty procuring IT systems that meet our rapidly evolving needs given cost constraints.
Challenges

- **Increasing Legal Complexity** – Legal provides guidance for every waiver authority, procurement, member or provider communication, and regulation change. As MassHealth’s program complexity and membership has grown, our dependence on the Legal unit has increased. Their work is more complex and more specialized than ever before.

  - ACO work requires legal support to ensure FFP is available for state expenditures, ensure state law and regulations support the ACO construct we develop, analyze existing antitrust and fraud, waste, and abuse laws that have not fully evolved to accommodate ACOs, and support procurement activities.
  
  - Our growing use of data and IT systems requires sophisticated legal analysis in the areas of HIPAA, data privacy and security.
  
  - The increasing volume and complexity of federal law and increasing volume of state and federal audits also require additional legal resources and expertise.
Challenges

- **More Intricate CMS Partnership** – We are proud of our partnership with CMS, and continue to seek more ways to manage the two levels of bureaucracy (state and federal) so we can be responsive and nimble as the policy environment changes quickly.
  
  - We are working with CMS to develop new alternate payment approaches that advance policy goals, including through mechanisms like risk sharing and shared savings.
  
  - We are attempting to align program evaluation and monitoring to ensure we are applying measures rationally with a manageable scope, and ideally positioning ourselves to compare outcomes across our own programs and with similar programs operating in other states.
  
  - MassHealth has built a productive and collaborative relationship with the CMS Medicare-Medicaid Coordination Office (MMCO) through the creation and implementation of One Care. Both agencies have invested significantly in achieving alignment. For example, MassHealth convened stakeholders to develop clear and simple One Care notices. MMCO worked to modify their core requirements for noticing, allowing for language targeted at eligible members. The resulting notices are focused and easy to read. On the other hand, CMS’s enrollment guidance mandates some processes and related notices that do not align with MassHealth’s systems and operations flow, so MassHealth has to manually manage a number of notices.
Challenges

**Operations** – Systems and legal complexities flow down to create operational challenges. Operations needs to respond quickly and pick up volume when IT systems struggle, and staff need to understand intricate legal requirements to give members accurate information.

- Operations is heavily involved in developing business requirements and participating in user acceptance testing to implement system enhancements for eligibility systems and MMIS.

- New federal mandates and policy initiatives that impact provider enrollment, claims processing, and incentive payments require significant changes to systems and operational procedures. These include Ordering and Referring, ACA Section 1202, Provider Revalidation, and Primary Care Payment Reform.

- Remaining adequately resourced is a challenge. Funding for Operations has remained relatively flat while membership has increased by 40% in the past 2 years, primarily due to the ACA Medicaid expansion and the temporary coverage population. Our Labor agreement creates additional hurdles to establishing productivity standards.
Questions?