

STATE MEDICAID OPERATIONS SURVEY: Fourth Annual Survey of Medicaid Directors

November 2015

Acknowledgments

The National Association of Medicaid Directors thanks its members for their time and perspectives in responding to this survey. We also appreciate the contributions of their staff for each state's submission. We know that there are many demands on their time and calls for reports on these programs. We appreciate the ongoing commitment to this survey during the most demanding time for Medicaid Directors in the program's 50-year history.

The National Association of Medicaid Directors with the assistance of Sellers Dorsey, a national Medicaid consultancy, conducted this fourth annual operations survey of Medicaid Directors. The project team was Kathleen Nolan, MPH and Jack Rollins, MPH from NAMD and Jennifer Jordan, MPP, PMP; Daniel Bang, MPH; Toby Douglas, MPH; and Kip Piper, MA, FACHE of Sellers Dorsey, with report design by Christine Ashton of Feed My Eyes.

About the National Association of Medicaid Directors

The National Association of Medicaid Directors (NAMD) is a bipartisan, nonprofit, professional organization representing leaders of state Medicaid agencies across the country. NAMD members drive major innovations in health care while overseeing Medicaid, one of the nation's most vital health care safety net programs, which covers more than 72 million Americans. NAMD serves as the voice for Medicaid Directors in national policy discussions, supports state-driven policies and practices that strengthen the efficiency and effectiveness of Medicaid, and actively monitors emerging issues in Medicaid and health care policy. Learn more at www.medicaiddirectors.org and follow NAMD on Twitter @StateMedicaid.

© 2015 National Association of Medicaid Directors



CONTENTS

EXECUTIVE SUMMARY	1
Medicaid Agency Focus	1
Medicaid Agency Innovation	1
Agency Workforce	1
The Job of Medicaid Directors	1
INTRODUCTION	2
MEDICAID AGENCY FOCUS	3
The Scope of Medicaid Leadership.....	3
Medicaid Agency Priorities	3
MEDICAID AGENCY INNOVATION	8
Medicaid-led Reforms	8
Collaboration in Reform.....	9
Challenges to Implementing Medicaid Reforms.....	9
AGENCY WORKFORCE	11
THE JOB OF MEDICAID DIRECTOR.....	12
Professional Experience	12
Salaries of Medicaid Directors.....	12
Medicaid Director Tenure Falls.....	12
CONCLUSION	14

FIGURES

Figure 1: Most Medicaid Directors also oversee federally-funded grant initiatives.....	3
Figure 2: ACA implementation is no longer the top management priority for Medicaid agencies	4
Figure 3: Governors, new Medicaid Directors drove major changes in 2015 priorities.....	4
Figure 4: Medicaid agencies have new strategic directions for 2017-2020	4
Figure 5: Most Medicaid agencies have written strategic plans.....	5
Figure 6: Key aspects of Medicaid are often run by separate state agencies.....	6
Figure 7: States vary widely on which Medicaid administrative functions are outsourced to others.....	6
Figure 8: Directors face a range of program integrity concerns or limitations	7
Figure 9: Agencies work with outside entities to implement program integrity activities.....	7
Figure 10: Payment reform and delivery reform top Medicaid agency innovation efforts.....	8
Figure 11: Managed long-term services and supports is a priority for most Medicaid agencies.....	8
Figure 12: More Medicaid agencies are working to integrate physical and behavioral health care.....	9
Figure 13: Medicaid agencies must coordinate with other state agencies to implement reforms	9
Figure 14: Implementing Medicaid reforms requires coordination with a diverse range of other public and private sector organizations.....	9
Figure 15: A wide-range of barriers exist to implementing Medicaid reforms.....	10
Figure 16: Directors must align staffing or capacity to meet the new demands of managed care, payment reform, or other innovations.....	11
Figure 17: Most Medicaid Directors do not directly report to Governors.....	12
Figure 18: The majority of Medicaid Directors are new to their position	13
Figure 19: Median Medicaid Director tenure shifts year to year	13
Figure 20: Medicaid Directors report increased expectations for budget, greater accountability to Governor and Legislature, and higher public visibility in 2015.....	14

EXECUTIVE SUMMARY

- The National Association of Medicaid Directors' Fourth Annual Operations Survey reveals a Medicaid program that continues to evolve, improve, and innovate at a rapid pace.
- Medicaid Directors and their talented staff remain keenly focused on providing services to over 72 million Americans, while advancing reforms to improve outcomes, contain costs, and ensure program integrity and sustainability.

Medicaid Agency Focus

- The size, scope, and complexity of Medicaid programs is remarkable. For 2015, the median budget of survey respondents is \$6.8 billion, an 11 percent increase over 2014.
- Indicative of their increased role in health system-wide or multi-payer payment and delivery reforms, most Directors are now also responsible for administering non-Medicaid initiatives funded through federal or foundation grants.
- Governors and a large cohort of new Directors drove major shifts in priorities for 2015 and adoption of new strategic direction for 2017-2020.
- Program integrity activities continue to play a central role in agency operations, with 81 percent of Directors reporting the addition of new capabilities.

Medicaid Agency Innovation

- Payment and delivery system reform top the list of Medicaid agency innovations.
- In payment reform, agencies are evolving toward performance-based reimbursement models both within traditional fee-for-service care delivery and managed care.
- Patient-centered medical homes, health homes, alignment of physical and behavioral health, super utilizer programs, and population health are common high priorities.
- Managed long-term services and supports (MLTSS) and managed behavioral health programs are top line issues for four-fifths of all agencies.

- Directors indicate limited staffing, data and systems infrastructures, administrative budgets, and complex procurement processes as significant barriers to innovation.

Agency Workforce

- Agencies vary widely in numbers of staff. Most agencies use contracted staff to augment their limited workforce.
- Directors are grappling with significant challenges from inadequate staffing, modest salary schedules, difficulties in recruiting and retaining staff, and often-high vacancy rates.
- To meet the demands of managed care, payment reform, delivery reform, and other innovations, Directors report internally shifting existing staff resources and efforts to acquire skill sets new to their agency. Many Directors anticipate needing additional positions in 2016.

The Job of Medicaid Directors

- A wave of new Directors took the reins of Medicaid agencies this past year. In 2015, 41 percent of Directors have less than one-year's experience in their role. Median tenure declined from 2.25 years in 2014 to 1.4 years (1 year, 5 months) in 2015.
- Most Directors (74 percent) served in their agency prior to taking the helm. Many (39 percent) came to the Director job after serving as a deputy or other senior-level position in the agency.
- Director salaries remain flat, with about two-thirds of Medicaid agency chief executives earning between \$100,000 and \$150,000 a year.
- While Medicaid is the largest, most complex, and fastest growing program in states, 83 percent of Medicaid Directors report to a cabinet secretary or deputy department head and not the Governor.
- In 2015, Directors report increased performance expectations, coupled with higher public visibility and greater accountability, particularly to state legislatures.
- Despite the persistent and increasing job challenges, Directors often report the role is the best job they have ever had.

INTRODUCTION

The National Association of Medicaid Directors (NAMD) undertakes this annual survey to help answer some key questions on how Medicaid operates and how Medicaid Directors can and will address the many challenges they face. We use the results to inform our efforts to support and advise Medicaid Directors, and to strengthen general understanding of the current and future Medicaid program.

Our members use the information to assess their own programs and to network with their colleagues about common challenges and potential solutions. For the broader Medicaid community, we hope this report informs efforts to support Directors on our mutual goals of Medicaid-driven innovation, quality improvement, and program reform.

Seeking to capture the complexity and experience of their responsibilities this year, NAMD surveyed Medicaid Directors across the country. This report demonstrates the latest dimensions of the Medicaid program, including the position of the Medicaid Director and agency, their roles and responsibilities, agency priorities, and innovations of this past year.

This report reflects on the unique set of circumstances and challenges that Medicaid Directors face as leaders of their agencies. It also offers a lens into the challenges for the many new Medicaid Directors and the anticipated environment of their program operations in 2016. This report summarizes the responses of 43 Medicaid programs (though not every state representative answered every question in the survey) and represents program status as of the end of the 2015 calendar year.

Survey results for 2015 show that Medicaid is evolving and innovating at a rapid pace—in this 50-year of the program. Reforms and innovations include an array of initiatives ranging from managed care expansion, payment reform, and delivery system reform to alignment of physical and behavioral health, advancement of population health, and managed long-term services and supports.

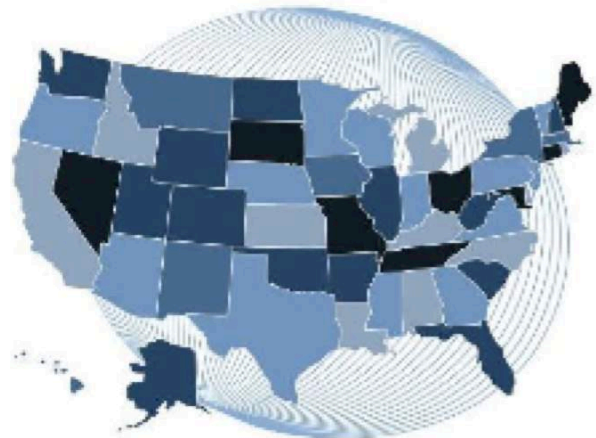
Operationally, despite limited staff and tight resources, Medicaid agencies are building new capabilities to improve program accountability, transparency, performance, and integrity.

As executives in charge of an exceptionally complex, ever-changing program, Medicaid Directors report daunting and increasing management and staffing challenges coupled with higher expectations, increased public visibility, and greater accountability. Most

importantly, Medicaid agencies remain keenly focused on providing services to over 72 million Americans, while continuing to advance reforms to improve outcomes, contain costs, and ensure program integrity and sustainability. Although today's Medicaid environment poses many

challenges, the survey shows Medicaid Directors and their remarkably talented teams are working hard and successfully to operate the program and adapt it to meet new expectations.

Medicaid agencies remain keenly focused on providing services to over 72 million Americans, while continuing to advance reforms to improve outcomes, contain costs, and ensure program integrity and sustainability.



MEDICAID AGENCY FOCUS

The Scope of Medicaid Leadership

As mentioned in previous State Medicaid Operations Surveys, the size and scope of the programs is remarkable. Across the nation, Medicaid agencies reported FY 2015 budgets ranging from \$5 million to over \$102 billion dollars, with a median budget of \$6.8 billion in combined state and federal dollars. This represents an 11 percent increase over FY 2014.

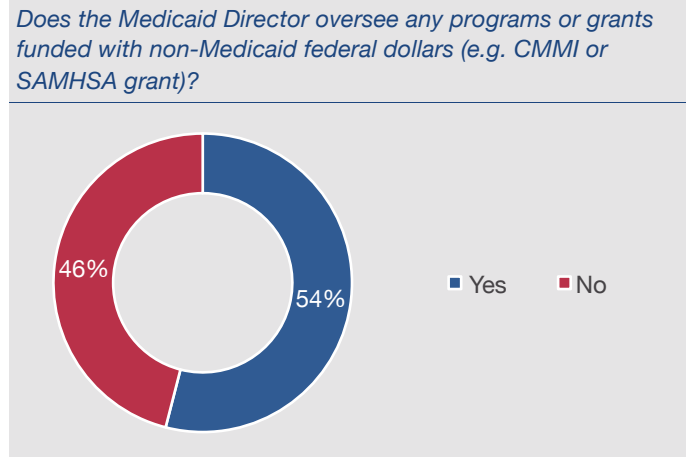
Directors are often responsible for managing other, non-Medicaid health programs funded with state-only dollars. In 2015, 65 percent of Directors said they are responsible for one or more state-funded health program. However, this is down from 81 percent reported in our 2014 survey. The Affordable Care Act (ACA) implementation, Medicaid expansions, and new waiver-based reforms in some states have reduced the number of specialized health programs, such as disease-specific coverage programs and high-risk insurance pools, funded with state-only dollars.

Directors have increasingly taken responsibility for leading other initiatives, often funded by federal or foundation grants.

Meanwhile, Directors have increasingly taken responsibility for leading other initiatives, often funded by federal or foundation grants. In 2015, 54 percent of Directors say they are managing one or more of these federal grant-funded projects.

This illustrates the key role Directors and their agencies are playing in payment and delivery reform both within Medicaid and across the health care delivery system. Examples include Medicaid-Medicare financial alignment demonstrations to improve care for dual eligibles, a wide range of payment and delivery reforms supported by State Innovation Model grants from the Center for Medicare and Medicaid Innovation, and projects funded through Substance Abuse and Mental Health Services Administration (SAMHSA) grants.

Figure 1: Most Medicaid Directors also oversee federally-funded grant initiatives



Medicaid Agency Priorities

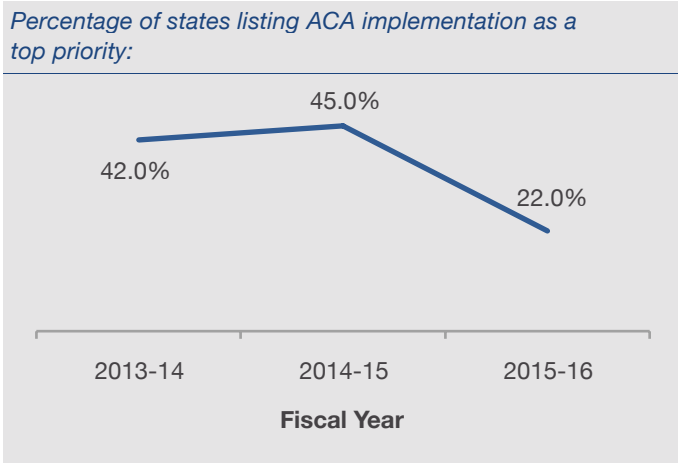
Priorities Shifting

These past several years, much of the energy and focus of Medicaid agencies was on implementing new federal requirements under the ACA.

ACA implementation remains a major management challenge for agencies but the proportion of Directors who reported the ACA being a top priority has decreased:

- For 2014, 42 percent of Medicaid Directors listed ACA implementation as a top 3 priority for 2014.
- About the same proportion of Directors—45 percent—reported ACA implementation as a top 3 priority for 2015.
- However, only 22 percent of Directors reported that ACA implementation is a top priority for 2016.

Figure 2: ACA implementation is no longer the top management priority for Medicaid agencies



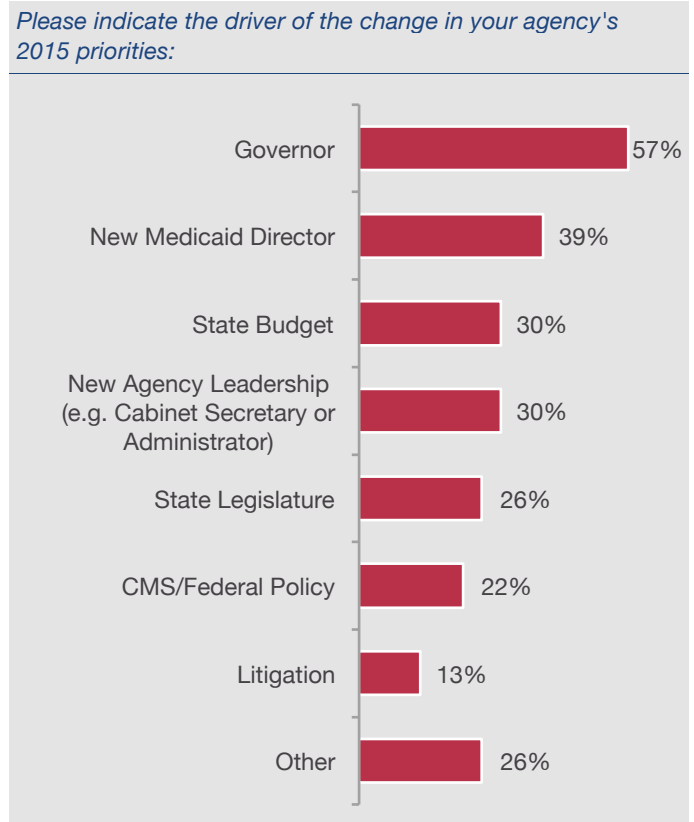
Over the past several years, Directors have been leading their programs to achieve ambitious reform goals, with a keen focus on improving outcomes and cost efficiency through payment reform, care delivery reform, population health, and strong program integrity. However, during 2010-2014, ACA implementation dominated much of the time and resources of agencies. Reflecting increased expectations for Medicaid reform and the lessening demands of ACA implementation, 52 percent of Directors note that their agency priorities significantly changed in 2015.

Directors have been leading their programs to achieve ambitious reform goals, with a keen focus on improving outcomes and cost efficiency through payment reform, care delivery reform, population health, and strong program integrity.

Drivers of Change in Medicaid Priorities

A number of factors influence agency priorities and drive significant change. Priorities must adapt to the fluid policy and fiscal dynamics inherent to Medicaid, including legislative, budget, and regulatory changes. Agency leadership also change priorities to meet the reform expectations of Governors and to take advantage of new opportunities to innovate and improve program performance. As with any large, complex organization, changes in state or agency leadership are an occasion to revisit and revise priorities. Survey respondents report Governors and the new cohort of Directors drove major changes in 2015 to Medicaid priorities.

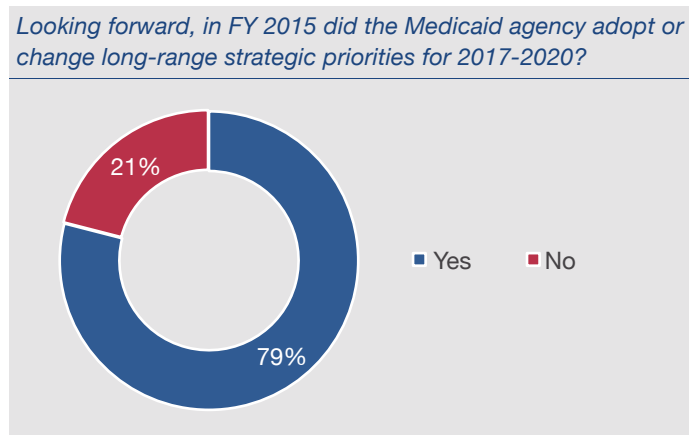
Figure 3: Governors, new Medicaid Directors drove major changes in 2015 priorities



Long-Term Priorities of Medicaid Agencies

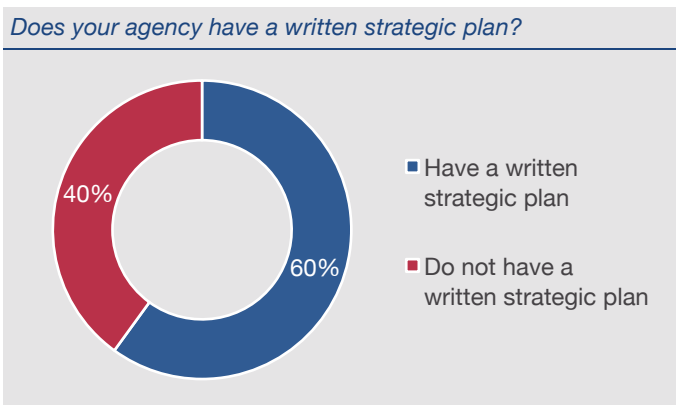
More changes are afoot within agencies. With growing pressure to improve program performance, Directors are adopting new long-range strategic priorities. Over three-quarters (79 percent) of Directors report setting new priorities for 2017-2020.

Figure 4: Medicaid agencies have new strategic priorities for 2017-2020



Thinking strategically and planning for the long-term is often challenging in the Medicaid environment. Complexity of day-to-day operations, constantly changing federal legislation and regulations, limited staffing, inadequate data and analytical systems, and a rapidly changing health care system are just a few of the barriers. Nonetheless, most Directors—60 percent—say that their agency has a written strategic plan.

Figure 5: Most Medicaid agencies have written strategic plans



Close Coordination with External Entities

Today's Medicaid is a complex program covering a wide range of services requiring a broad scope of operational functions. Under federal law, a single state agency must administer the program.

The number of outside entities makes coordination and reform of operations—and accountability and transparency of program performance—quite challenging.

However, states have broad latitude to tailor operations to best fit their state environment. Survey respondents reported that other state agencies, contractors, or other entities often perform the day-to-day operations of many services. Not all program services are under the direct control of the Medicaid Director. The number of outside entities makes coordination and reform—and accountability and transparency of program performance—quite challenging.

A large part of the Director's job is coordination with sister agencies for such services and benefits as long-term services and supports, behavioral health care, and other services for frail seniors and persons with physical or intellectual / developmental disabilities. In some cases,

responsibility for Medicaid eligibility determinations and enrollment is delegated to another state agency.

Whenever federal Medicaid funding is involved, the Director, as chief executive of the single state agency for these services, is the person ultimately accountable to his/her federal partners. However, Directors are often required by a state's organizational structure to delegate responsibilities for these services to another state agency that is not directly accountable to the Director or Medicaid agency.

While there can be benefits of this delegation, coordination is becoming an ever more important and challenging component of the Director's role, especially given the focus on integrating care to be more person-centered. This coordination can be challenging as sister agencies have different cultures and goals, as well as competing demands.

Key Medicaid operational functions are often performed by outside entities—mainly contractors—increasing the complexity of day-to-day management.

Key Medicaid operational functions are often performed by outside entities—mainly contractors—increasing the complexity of day-to-day management. The level of contractor involvement varies from state to state, with some agencies contracting for only back-office functions such as claims processing, other fiscal agent functions, third party liability, and utilization management.

Other agencies report that contractors perform core, more public-facing functions such as beneficiary/member relations and communication (46 percent) and provider relations (64 percent). More notably, 16 percent of responding agencies report that contractors are heavily involved in managed care oversight and monitoring the performance of managed care organizations (MCOs).

Contracting out key functions can provide many advantages to the agency but also requires adherence to elaborate procurement processes, separate federal approvals, and sophisticated contract administration, as well as careful, continuous oversight.

Figure 6: Key aspects of Medicaid are often run by separate state agencies

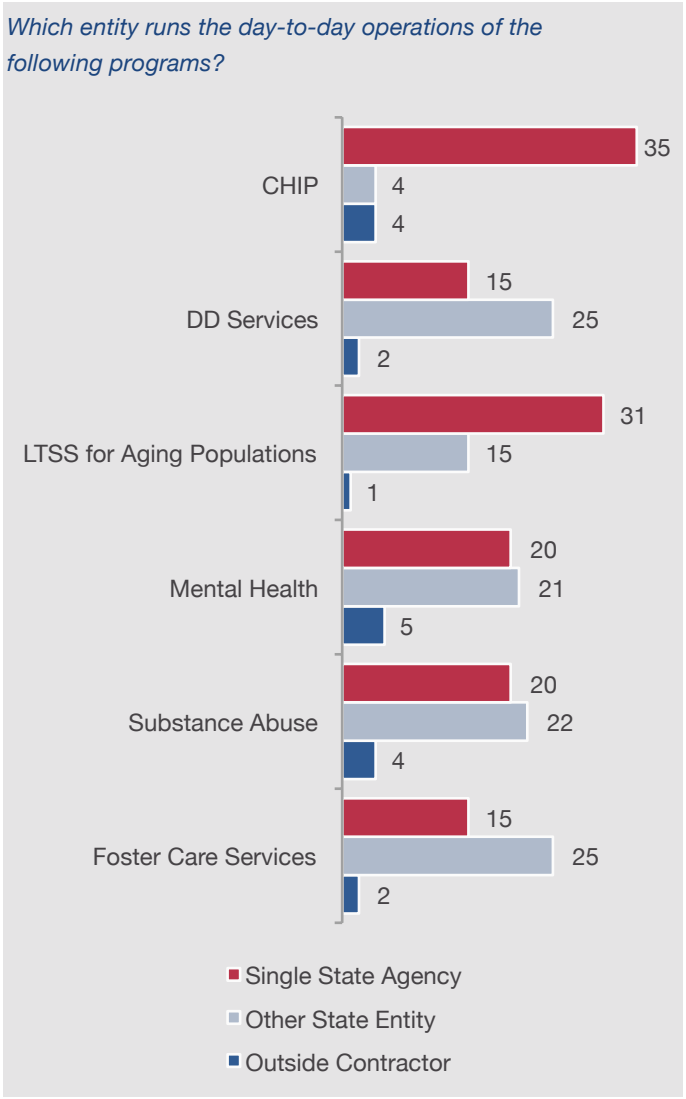
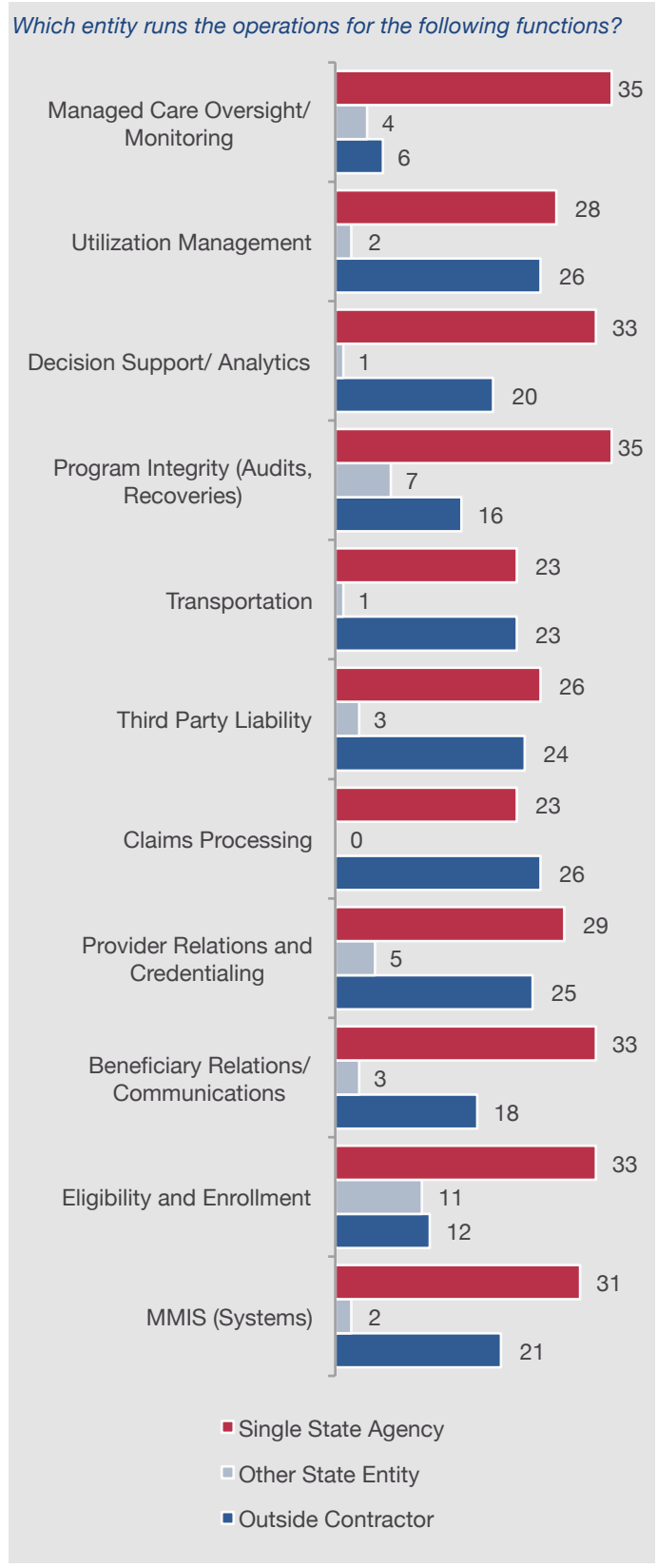


Figure 7: States vary widely on which Medicaid administrative functions are outsourced to others



Directors often administer arrangements with local governments, particularly counties. For example, a county may perform certain eligibility determination functions on behalf of the agency or provide Medicaid-funded services, such as substance abuse treatment, foster care services, transportation, or home and community-based services for seniors and persons with disabilities.

Focus on Program Integrity

Program integrity activities continue to play a critical role in Medicaid programs. Directors have been, and plan to continue, implementing new or expanded program integrity activities. For 2015, 81 percent of Directors report adding capabilities to better support program integrity efforts. Plans include conducting various audits, enhancing data resources and analytical tools, strengthening program policies and procedures, and greater coordination with other entities.

81 percent of Directors report adding capabilities to better support program integrity efforts.

Among these responses, nearly 60 percent are focused on implementing data analytic tools and systems to support program integrity efforts in 2015. Data analytics is a powerful tool used for the purposes of detecting and preventing fraud, waste, and abuse. For 2016, 12 states reported plans to develop or continue to strengthen their analytics capabilities. This includes procuring a new data analytics platform, implementing data analytics systems, and utilizing data visualization software.

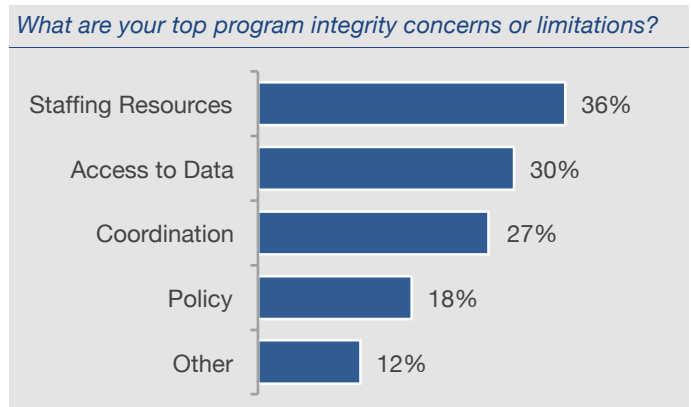
While every Director has made program integrity a top priority for their operations, they face significant, ongoing constraints. In 2014, respondents noted that agency activities were undermined by a lack of staffing, inadequate coordination with other entities, and limited access to data sources and analytical tools.

For 2015, Directors continue to report challenges in expanding the scope and rigor of program integrity activities:

- 36 percent of Directors note that inadequate staffing undermines their program integrity activities.
- 30 percent of Directors cite a lack of access to data or poor system designs, which makes activities such as overseeing claims and encounter data and tracking provider and plan performance far more difficult.

- 27 percent report limitations in coordinating with other entities to improve effectiveness and efficiency of program integrity activities.

Figure 8: Directors face a range of program integrity concerns or limitations

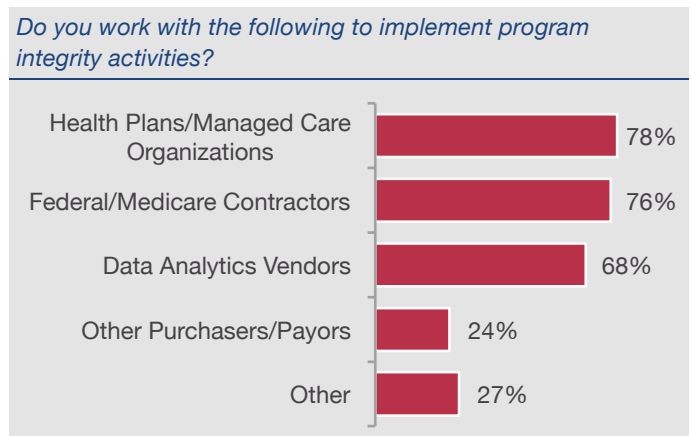


Coordination and collaboration among state and federal agencies, health plans, and government contractors is critical to the success of Medicaid agency efforts to identify and prevent fraud, waste, and abuse.

For 2015, Directors report a wide range of coordination efforts to boost program integrity:

- 78 percent of Directors reported that they coordinate with managed care organizations.
- 68 percent of respondents noted they work with data analytics vendors.
- 76 percent reported working with federal program integrity contractors and Medicare administrative contractors to implement program integrity activities.

Figure 9: Agencies work with outside entities to implement program integrity activities



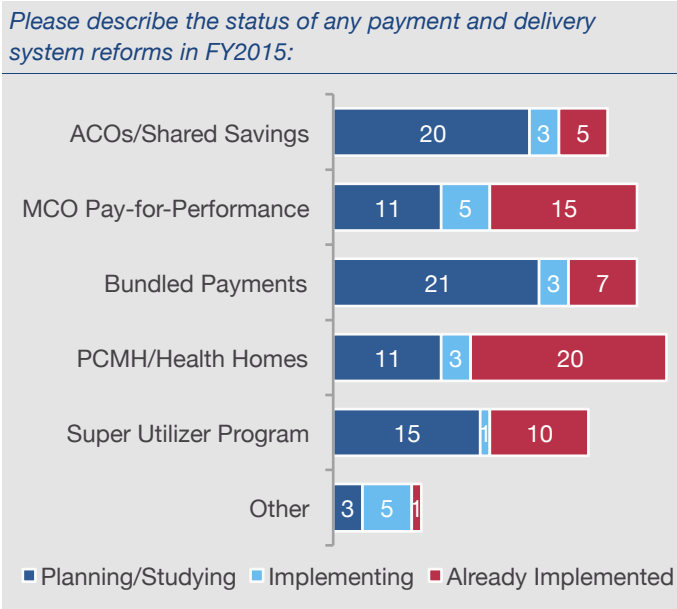
MEDICAID AGENCY INNOVATION

The number of reforms that Medicaid programs worked on this past year illustrates the complexity and magnitude of the Director’s role. This is an acutely active time in the history of Medicaid, with states moving toward a broad vision of improving health outcomes, population health, and cost effectiveness. Put simply, Directors do not administer a static program. Nationwide, Medicaid is driving program reforms and implementing innovations at an unprecedented level and pace.

Medicaid-led Reforms

Directors are taking more of the burden and spending more of their time focusing on Medicaid program innovation. In 2015, 58 percent of Directors spent 50 percent or more of their time focusing on major payment, delivery system, or programmatic reforms. Because of this intensity and level of commitment to these efforts, agencies have worked on designing and implementing an array of innovative reforms to improve the health care system, including managed care pay-for performance, bundled payments, health homes, and super utilizer programs.

Figure 10: Payment and delivery reform top Medicaid agency innovation efforts

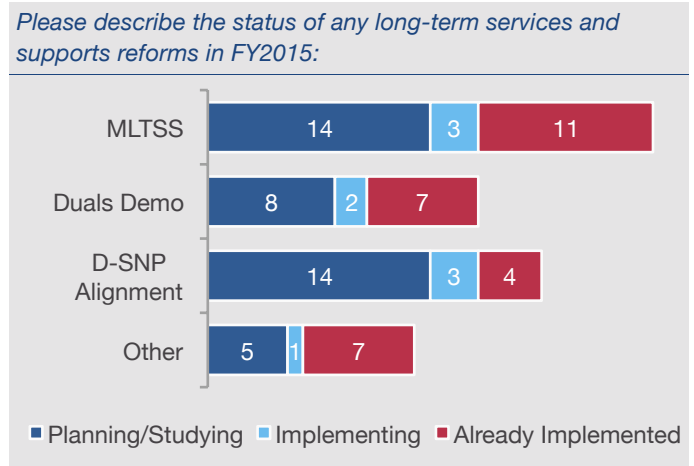


Medicaid is the nation’s largest payer of long-term services and supports (LTSS) and behavioral health care (mental health care and substance abuse treatment). Medicaid agencies are actively driving program reform for both of these crucial areas of the program.

As a key reform model, managed long-term services and supports (MLTSS) continued its growth.

As a key reform model, managed long-term services and supports (MLTSS) continued its growth. In 2015, 85 percent of Directors report their agency was planning, implementing, or already implemented MLTSS.

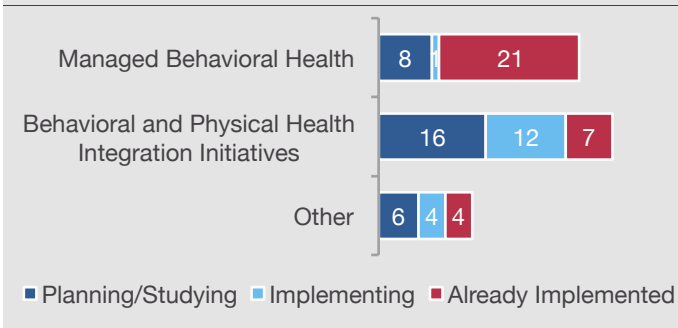
Figure 11: Managed long-term services and supports is a priority for most Medicaid agencies



Alignment of physical and behavioral health care and more effective management of behavioral health services are of keen interest to Directors. In the 2015 survey, 92 percent of respondents indicated their agency was planning, implementing, or already implemented behavioral and physical health integration. Moreover, 79 percent of respondents indicated their agency was planning, implementing, or already implemented managed behavioral health.

Figure 12: More Medicaid agencies are working to integrate physical and behavioral health care

Please describe the status of any behavioral health reforms in FY2015:



Collaboration in Reform

To successfully implement reforms, Medicaid Directors and their agencies must work in collaboration with other organizations. While engaging with other entities is critical to meet reform goals, it also adds to the complexity of these efforts, especially when attempting to implement multiple reforms simultaneously. For 2015, Directors reported:

- 85 percent of Medicaid agencies coordinated outside of their programs to implement reform efforts.
- 59 percent of agencies indicated coordinating with public, private, or quasi-governmental entities, while 53 percent work with other state agencies on reforms, including mental health, substance abuse, disability, and wellness departments.
- Over one-third of Directors noted that they work with the Department of Corrections, and another 31 percent work with health insurance exchanges.

Figure 13: Medicaid agencies must coordinate with other state agencies to implement reforms

Do you have to coordinate with state entities outside of the Single State Agency to implement planned reform efforts?

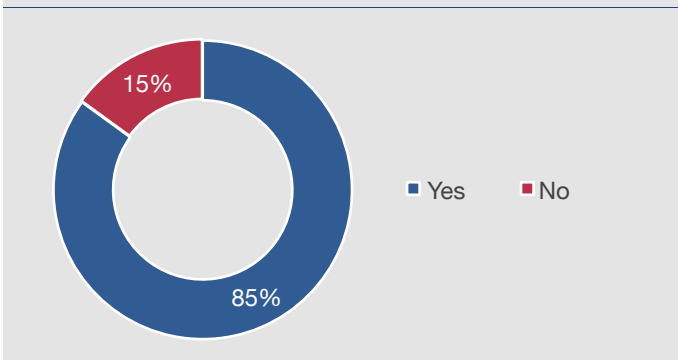
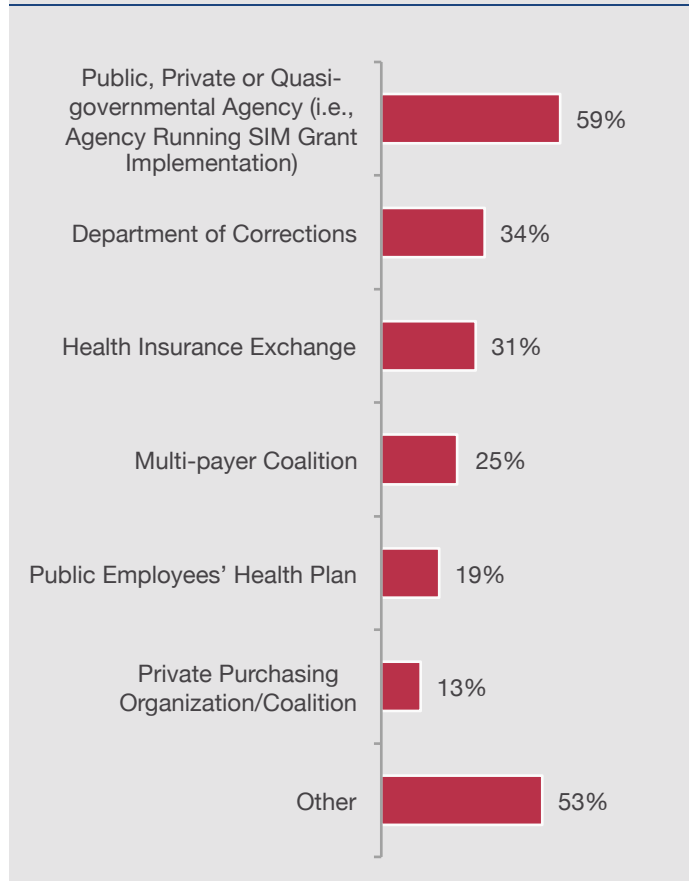


Figure 14: Implementing Medicaid reforms requires coordination with a diverse range of other public and private sector organizations

Percentage of Directors who coordinate with entities outside of the Single State Agency to implement planned reform efforts:



To better manage their programs, implement innovations, and share best practices, agencies also note the importance of their partnership with the federal government. A critical skill for Directors and their senior staff is the ability to manage effective relationships with the Centers for Medicare and Medicaid Services (CMS) and other federal agencies. Directors also underscore the importance of timely CMS approvals to program operations and genuine state-federal collaboration.

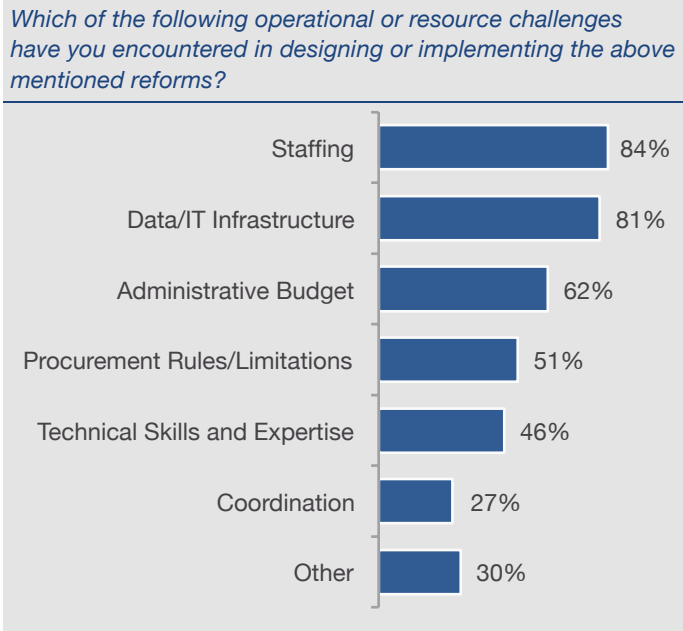
Challenges to Implementing Medicaid Reforms

Medicaid agencies faced key limitations and challenges implementing these reforms this past year:

- 84 percent of Medicaid Directors cited staffing as an issue to implementing reform initiatives.
- 81 percent indicated data and information technology infrastructures as a challenge.

- 62 percent noted that the administrative budget undermined their ability to do reform.
- 51 percent reported that procurement rules and limitations, such as states not being able to competitively bid on managed care contracts, stifled their ability to implement reforms.

Figure 15: A wide-range of barriers exist to implementing Medicaid reforms



AGENCY WORKFORCE

Medicaid Directors are senior executives overseeing policy, administration, and operations of a unique agency. Medicaid agency functions—in their scope, complexity, and diversity—far exceed that of other state agencies, Medicare, or most large health insurers. Directors must lead and manage a team of staff who carry out an increasingly wide range of complex health care administrative functions while competing for talent against the private sector health industry with more generous salaries.

Agencies responding to this year's Operations Survey report that their range of full-time employees (FTEs) spanned from 27 to 3,853, with a median of 455 staff. Over three quarters (79 percent) of agencies use contract employees to augment their workforce. These in-house, contractors are supervised by state employees and for the most part perform job duties related to fiscal analytics and decision support, call centers and other enrollee or provider communications, information systems, and other fiscal agent responsibilities.

Agencies also often use contract staff for project management, program evaluation, and other non-policymaking program administrative duties that traditionally have been performed by state employees.

Even with the addition of contracted staff, Medicaid Directors continue to face challenges in meeting their staff needs:

- Thirty-three agencies report having 2015 funding for vacant positions. The vacancy rate ranges from state to state with one agency reporting a vacancy rate of 23 percent.
- Thirty-five Directors report major challenges in recruiting and retaining staff.

The important work of a Medicaid agency provides many intrinsic rewards and offers staff unique opportunities to take on far more responsibility than is typically available elsewhere in government or in the private sector. It is an exciting time to be in Medicaid policy and management. However, the work also involves long hours, necessitates unique expertise, and requires an exceptionally high level of professional skill, judgement, and adaptability in a high-stakes environment. Agency salary structures, which are based on general state government classifications, do not consider these factors.

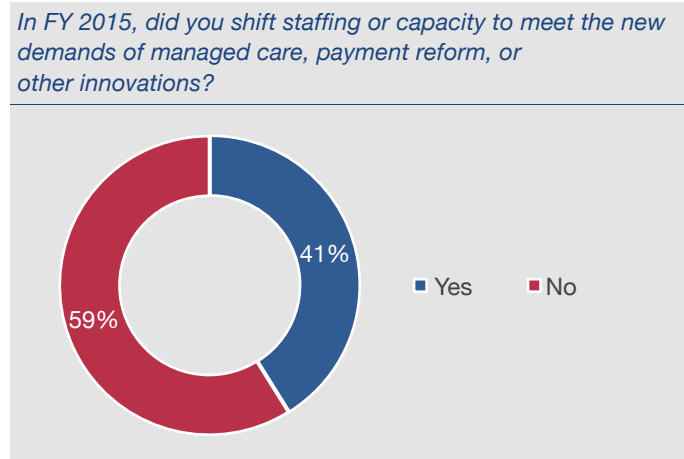
Therefore, competing with private sector employers is increasingly difficult.

As workforce needs shift and multiply to meet the demands of reform and innovation, Medicaid agencies must acquire new and more capabilities.

As workforce needs shift and multiply to meet the demands of reform and innovation—as well as rapidly increasing program complexity and size—Medicaid agencies must acquire new and more capabilities:

- While 41 percent of agencies have shifted staffing or capacity to meet the new demands of managed care, payment and delivery system reform, or other innovations, 59 percent have needed to acquire skills that have not existed previously in the agency to meet these new demands.
- 35 percent of Directors reported needing an increase in hiring authority for additional FTE positions in 2016 to keep up with the demands of managed care expansion, payment and delivery system reforms, and operational innovations.

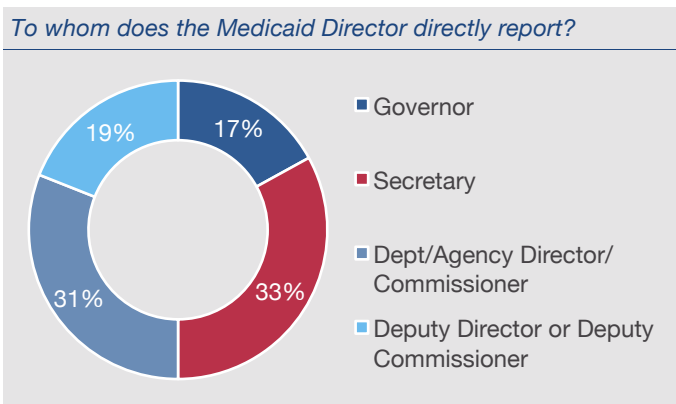
Figure 16: Directors must align staffing or capacity to meet the new demands of managed care, payment reform, or other innovations



THE JOB OF MEDICAID DIRECTOR

While the Medicaid program grows and gains more visibility, the organizational location of the Medicaid agency in most states is static. Although Medicaid is typically the largest, most complex, and fastest growing program in most state governments, most Medicaid agencies are part of a larger state agency. Rather than reporting directly to the Governor, the overwhelming majority (83 percent) of Medicaid Directors report directly to a Cabinet-level executive, the Cabinet-level executive's deputy, or a specific agency head.

Figure 17: Most Medicaid Directors do not directly report to Governors



Professional Experience

Medicaid Directors are responsible for providing the overall direction and leadership of their program operations. Directors have years of health care experience, often within a state Medicaid program. The 2015 survey shows:

- 74 percent of current Directors served in their agency prior to becoming head of the agency.
- 39 percent of Directors previously served as deputy directors or other senior-level position within their agencies.

In the years prior to working outside and within the Medicaid agency, Directors often served in positions in policy, finance, and/or program operations. Because of the wide-ranging responsibilities of the job, new Directors generally face steep learning curves in one or more substantive or functional aspects of the position. Given

this, new Directors rely on teams of talented managers and staff, as well as support from their peers across the nation.

Given that Director salaries are generally substantially lower than less responsible positions elsewhere in private or non-profit health care, and the unique characteristics of Medicaid, recruiting talent from within state government is easier than pulling in talent from the private sector.

Salaries of Medicaid Directors

Medicaid Directors lead the operations of the largest insurer in the country and commit to a number of reforms that transform state health care delivery systems. Yet despite their executive leadership roles in commanding such intensive programs, Directors are compensated at 10 to 20 times less than CEOs in the private sector. Director salaries tend to remain low and static, with little increase from year to year. In 2014, 65 percent of Directors earned between \$100,001 and \$150,000. In 2012, 64 percent of Directors earned between \$100,000 and \$150,000.

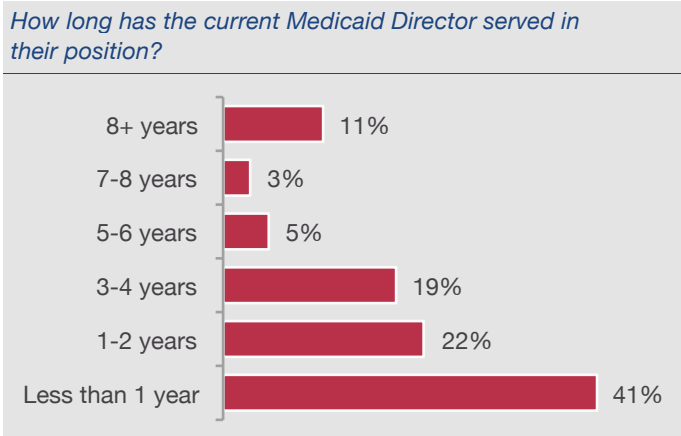
Director salaries tend to remain low and static, with little increase from year to year.

Medicaid Director Tenure Falls

The past year, we saw a wave of new Directors taking the reins of Medicaid agencies. In 2015, 41 percent of Directors have less than one year of experience in their role. This large proportion of new leadership is likely the result of many Directors stepping down once key ACA-required changes were implemented. In addition, the ongoing salary challenges likely caused many Directors to transition to private sector employment.

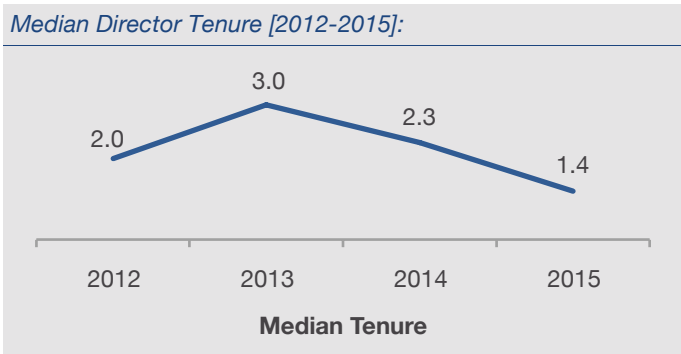
In 2015, 41 percent of Directors have less than one year of experience in their role.

Figure 18: The majority of Medicaid Directors are new to their position



After experiencing an increase from 2012 to 2013, the median tenure among Medicaid Directors has continued to decrease in the past couple years. For 2015, the median tenure for Medicaid Directors was 1 year and 5 months. In 2014, the median tenure of Medicaid Directors had been 2 years and 3 months. Therefore, nationwide, a majority of Directors are fairly new in their positions. This means it is not unusual for a two-term Governor to experience three to five changes in their Medicaid Director. Only 14 percent of all Directors have seven or more years of experience as their agency’s chief executive.

Figure 19: Median Medicaid Director tenure shifts year to year



Turnover among Directors can disrupt the continuity of Medicaid operations and affect the overall effort to transform state programs. Given the complexity and demands placed on Medicaid agencies, new Directors are building on the work of their predecessors and taking up the challenge in improving care delivery, health outcomes, and reducing costs.

CONCLUSION

As program demands multiply and increase in complexity, so too do the stakes for Medicaid Directors and their teams. Directors report experiencing increased pressure to both maintain program operations and improve program outcomes. Directors reported shifting job expectations, driven by an increase in public visibility, higher fiscal performance expectations, and greater accountability to state legislatures.

Figure 20: Medicaid Directors report increased expectations for budget, greater accountability to Governor and Legislature, and higher public visibility in 2015



The Medicaid Director role is an incredibly powerful position that affords the opportunity to positively affect the delivery of health care services statewide.

Nevertheless, the Medicaid Director role is an incredibly powerful, professionally rewarding position that affords the opportunity to positively affect the delivery of health care services statewide. Survey results consistently demonstrate that Medicaid is evolving, improving, and innovating at a rapid pace. The effects of Medicaid reforms and innovations extend beyond the program and its stakeholders to fundamentally shape the greater health care system.

It is therefore unsurprising that despite the persistent job challenges detailed through this report, respondents volunteer, completely unsolicited, that the role is the best job they have ever had. As one respondent notes,

"It's difficult and it is a challenge every day, but it's the best job I've ever had. I learn something new every day and every day is different."



444 North Capitol Street
Suite 524
Washington, D.C. 20001

www.MedicaidDirectors.org
@StateMedicaid
202-403-8620