



Presentation to Senate Finance Committee on Medicaid Cost Saving Proposals for Managed Care

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Summary of Medicaid Managed Care Cost Reduction Proposals (in millions)

SFC Medicaid Cost Reduction Proposals for Managed Care		Total GR	Total All Funds
78	MCO Expansion – Urban and Contiguous Counties	\$ 34.7	\$ 58.6
79	MCO Expansion – South Texas	\$ 290.0	\$ 674.0
80	Managed Care Expansion into Rural Areas of Texas	\$ 61.2	\$ 92.8
81	Capitate Dental Services	\$ 101.6	\$ 176.0
82	STAR+PLUS Hospital Carve-in	\$ 28.9	\$ 58.8
83	Administrative Cost/Savings from 6 Managed Care Expansion Initiatives	\$ 29.5	\$ 59.8
84	Medical Transportation – Carve-in to Managed Care	\$ 14.7	\$ 31.3
85	Federal Waiver for Medical Transportation Services	\$ 10.4	\$ 0.0
86	Medical Transportation Program Pilot	\$ 6.0	\$ 14.1
87	Medical Transportation Rate Reduction from Rider 59, 81 st Legislature	\$ 5.4	\$ 12.9
88	Statewide Full-risk Broker for the Medical Transportation Program	\$ 14.4	\$ 30.6

Summary of Medicaid Managed Care Cost Reduction Proposals (in millions)

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89	Implement an Exclusive Provider Organization (EPO) in Central Texas		
90	Reduce HMO Administrative Payment by 1%	\$ 5.5	\$ 13.5
91	Reduce HMO Administrative Payment by 2%	\$11.0	\$27.0
92	Enhance Caps that Limit the Amount of Premium that Managed Care Providers can Utilize for Administrative Costs		
93	Managed Care Reimbursement for Birth Outcomes		
94	Carve-in Nursing Facilities into STAR+PLUS	\$ 0.6	\$ 0.6
95	Limit the Capitation Payment to HMOs to the Lowest Statewide Rate	\$ 742.7	\$ 1,888.6
96	Adjust HMO Premiums to the Average Spending Per Acuity Group	\$ 169.3	\$ 437.0
97	Capitate Medicaid Wrap Services for Medicaid/Medicare Eligibles in Medicare Advantage Plans	\$ 1.1	\$ 2.3
98	Pursue Medicare/Medicaid Waiver		
99	STAR+PLUS Placement of Members to Nursing Facilities		

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100	Opt-out Experience and Limitations: Assumes Mandating Children with Disabilities into Managed Care	\$ 6.1	\$ 14.4
101	Faster Automatic Enrollment of Clients into Managed	\$ 21.5	\$ 21.5
102	Reduce Capitation Rates for Dual Eligibles		
103	Reduce HMO Admin. SSI	\$ 0.0	\$ 0.0
104	Freeze Capitation Payments in FY 2012-13 to FY 2011 Rates	\$ 0.0	\$ 0.0

Medicaid Overview: Service Delivery Models

The Texas Medicaid Program provides services through different delivery models:

- Fee for Service (Traditional Medicaid)
- Managed Care:
 - Managed Care Models in Texas:
 - Primary Care Case Management (PCCM)- non capitated
 - Health Maintenance Organizations (HMO)- capitated
 - Managed Care Programs in Texas:
 - PCCM - Managed care model that provides a medical home for Medicaid clients through primary care providers
 - STAR (State of Texas Access Reform) – Acute Care HMO
 - STAR+PLUS – Acute & Long-Term Services and Supports HMO
 - NorthSTAR – Behavioral Health Care HMO
 - STAR Health – Comprehensive managed care program for children in Foster Care

Managed Care vs. FFS

Managed Care	Fee-for-Service (FFS)
<p>Provider Directory</p> <ul style="list-style-type: none"> Includes Primary Care Providers (PCPs)/ Specialists/LTSS <p>Member Handbook</p> <ul style="list-style-type: none"> Includes phone numbers for assistance, descriptions of benefits, complaints and appeal information <p>Unlimited Prescriptions for adults (non-duals)</p> <p>Value-Added Services (varies by HMO)</p> <ul style="list-style-type: none"> Such as 24-hour nurse lines, additional transportation help, cell phones for high risk clients, weight loss programs, Medical Home with a PCP <p>No Inpatient Limit</p> <p>Member chooses PCP or is assigned a PCP</p> <ul style="list-style-type: none"> HMO must ensure access to physicians per contract requirements (emergency, urgent, routine care) 	<p>Client has to locate willing provider</p> <p>Client receives a Medicaid Handbook</p> <p>Limited to 3 prescriptions per month for adults</p> <p>30-day Inpatient Stay per Spell of Illness (except for transplants)</p> <p>No Primary Care Provider</p>

HMO vs. PCCM

- HMO versus PCCM
 - HMO model offers improved utilization management over PCCM
 - Improved utilization achieved through HMO's patient management processes and service coordination
 - Similar service not available in PCCM
 - Premium Tax
 - Medicaid HMOs pay state premium tax

Medicaid STAR Program

- STAR is a risk-based, capitated managed care program.
- The STAR Program provides acute care services to pregnant women and low-income children and families.
- Each STAR member is enrolled in a health maintenance organization (HMO) and has a primary care provider (PCP).
 - PCP is chosen by member or assigned by state or HMO
- STAR operates under the authority of a federal 1915(b) waiver.

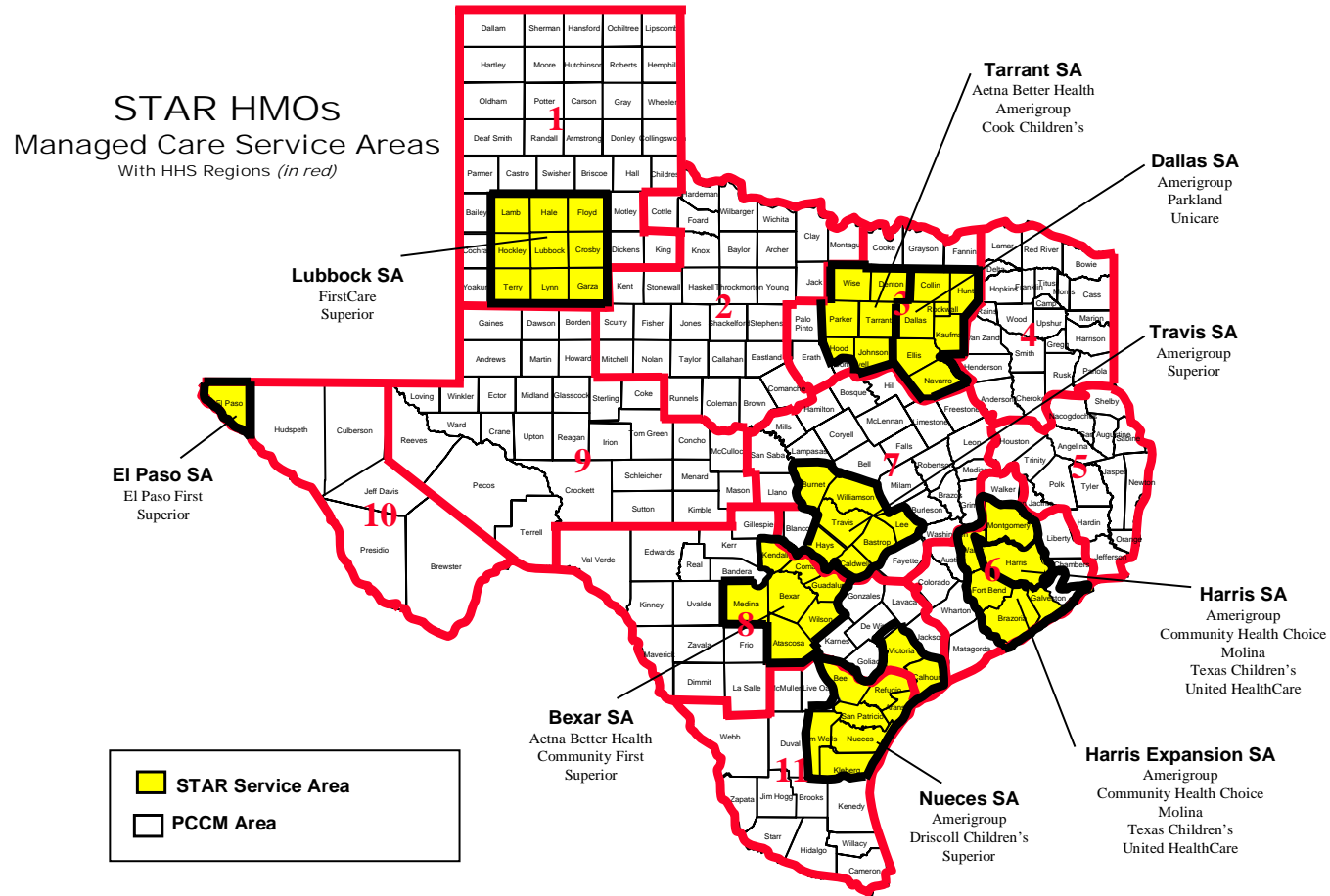
Medicaid STAR+PLUS Program

- STAR+PLUS is a risk-based, capitated managed care program that integrates acute and long-term services and supports (LTSS).
 - Promotes delivery of home and community-based services
- The STAR+PLUS program provides services to:
 - Aged and disabled adults who are not in institutions
 - Dual eligibles (more than half of STAR+PLUS members)
- Health maintenance organizations (HMOs) are responsible for coordinating acute and LTSS through the use of a service coordinator.
- STAR+PLUS Medicaid only members (non-dual eligibles) are assigned or choose a primary care provider.
- STAR+PLUS operates under the authority of a 1915(b) and two 1915(c) waivers.

Managed Care Capitation Rates

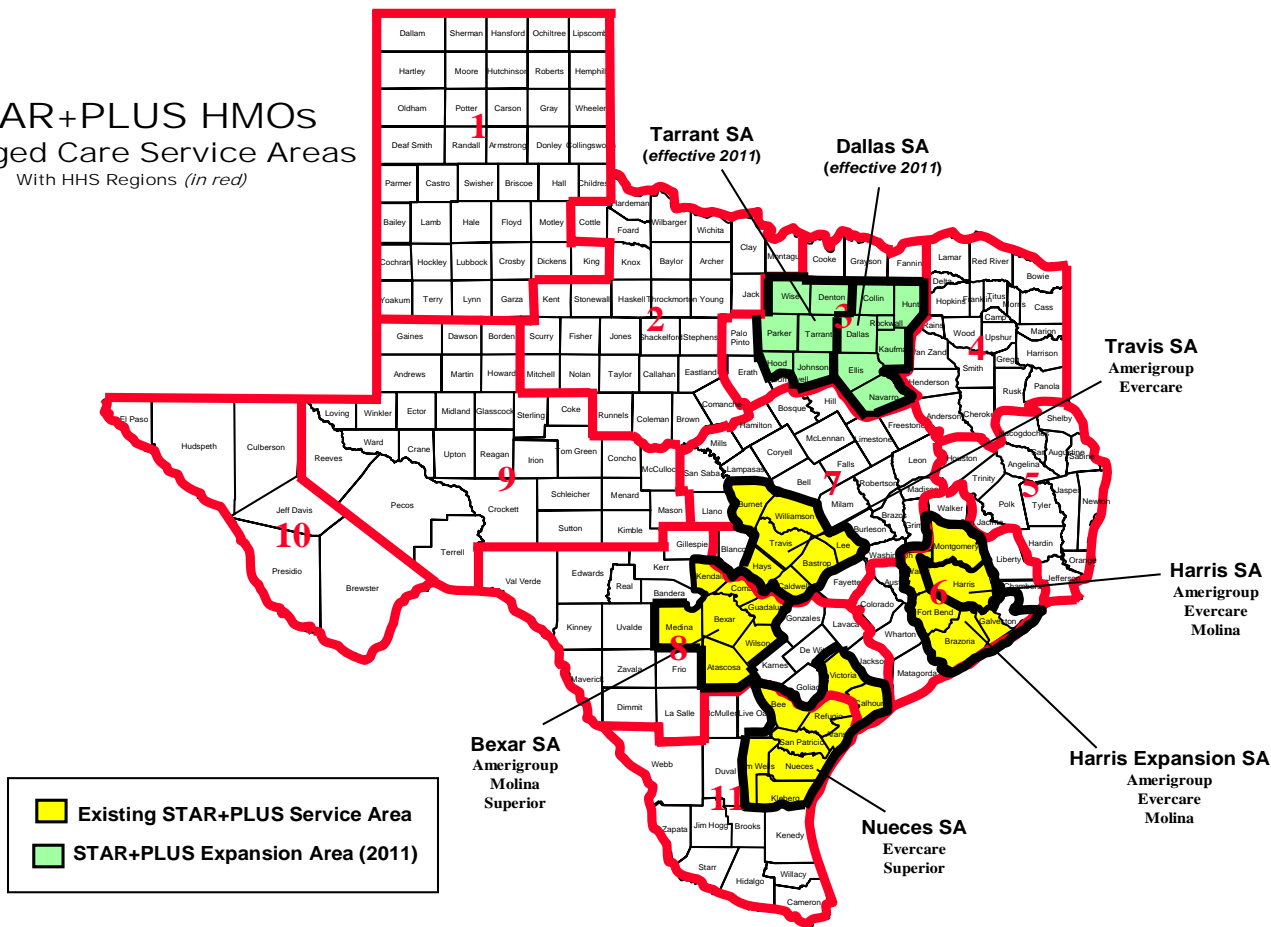
- Capitation (or premium) rates are developed annually for each program: CHIP, STAR, STAR+PLUS and STARHealth
- Rates are based on a variety of factors, including:
 - Program
 - Risk groups
 - Cost experience of the MCOs from the previous year
 - Health burden (or acuity) of each MCO
 - Service Area

Current Geographic Distribution of STAR



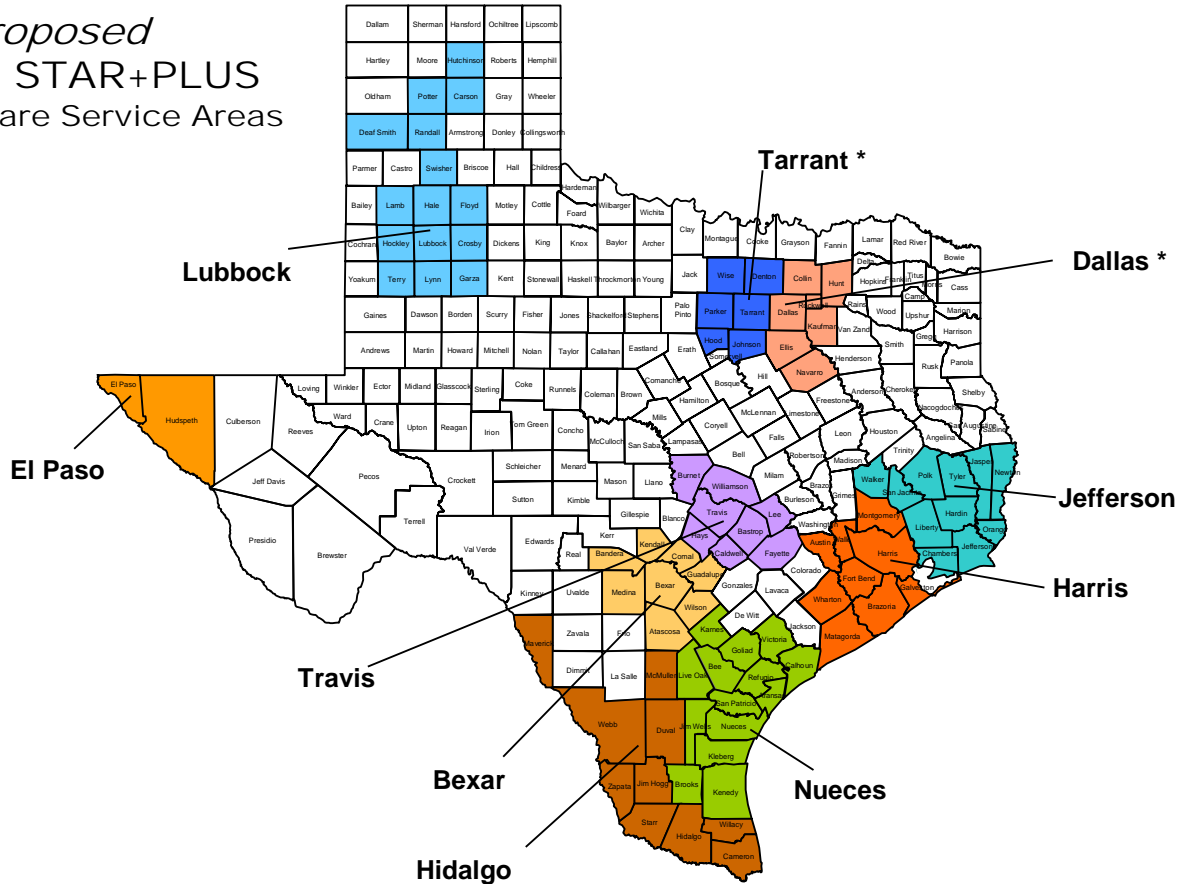
Current Geographic Distribution of STAR+PLUS

STAR+PLUS HMOs
Managed Care Service Areas
With HHS Regions (in red)



Proposed Geographic Distribution of Managed Care Delivery Models

Proposed
STAR & STAR+PLUS
Managed Care Service Areas



Proposed Medicaid Managed Care Initiatives

- Expand Existing STAR and STAR+PLUS Service Delivery Areas to Contiguous Counties
- Expand STAR+PLUS to Lubbock and El Paso
- Expand STAR and STAR+PLUS to South Texas
- Convert PCCM Areas to the STAR Program model
- Carve Prescription Drugs into Managed Care
- Create a Dental Managed Care Model for Medicaid
- Include In-patient Hospital Services in STAR+PLUS

Proposed Medicaid Managed Care Initiatives

Expand Existing HMO Service Delivery Areas (SDA) to Contiguous Counties	
Effective date	September 2011
Process	Amend Existing Contracts
General revenue impact	\$34.7

Proposed Medicaid Managed Care Initiatives

Expansion to Contiguous Counties for 2011	
<p>Bexar Service (STAR and STAR+PLUS) Bandera</p>	<p>El Paso Service Area (STAR) Hudspeth</p>
<p>Harris Service Area (STAR and STAR+PLUS) Austin Wharton Matagorda</p>	<p>Lubbock Service Area (STAR) Carson Deaf Smith Hutchison Potter Randall Swisher</p>
<p>Jefferson Service Area (STAR and STAR+PLUS) Chambers Hardin Jasper Jefferson Liberty Newton Orange Polk San Jacinto Tyler Walker</p>	<p>Nueces Service Area (STAR and STAR+PLUS) Brooks Goliad Karnes Kennedy Live Oak</p>
	<p>Travis Service Area (STAR and STAR+PLUS) Fayette</p>

Proposed Medicaid Managed Care Initiatives

Expand STAR and STAR+PLUS to South Texas (Proposed Hidalgo Service Area)	
Effective date	March 2012
Process	Competitive Procurement
General revenue impact	\$290 million

Proposed Hidalgo Service Area Counties	
Duval	McMullen
<i>Hidalgo*</i>	Starr
Jim Hogg	Webb
<i>Maverick*</i>	Willacy
<i>Cameron*</i>	Zapata

* State law currently prohibits use of Medicaid HMOs in these counties

Proposed Medicaid Managed Care Initiatives

Convert PCCM Areas to STAR Program (164 counties)	
Effective date	March 2012
Process	Competitive Procurement
General revenue impact	\$61.2 million

Carve Prescription Drugs into Managed Care	
Effective date	March 2012
Process	Competitive Procurement
General revenue impact	<u>Option 1</u> – State-specified formulary \$51 million <u>Option 2</u> – MCO-specified formulary \$72.7 million

Proposed Medicaid Managed Care Initiatives

Create a statewide Dental Managed Care Model for Medicaid	
Effective date	March 2012
Process	Competitive Procurement
General revenue impact	\$101.6 million

Include Inpatient Hospital Services in STAR+PLUS	
Effective date	March 2012
Process	Rule/Policy change
General revenue impact	\$28.9 million

Medicaid Managed Care Mandate and Lock-in

Medicaid Managed Care for Children with Disabilities

- Currently, children eligible for Supplemental Security Income (SSI) are voluntary enrollees in the STAR+PLUS program.
- Federal law allows states to mandate SSI children into managed care.

Enrollment Period Lock-in

- Texas allows Medicaid managed care members to change plans every six months.
- Federal law allows states to lock members into a plan for up to 12 months.

Options

- Require children with disabilities to enroll in managed care
- Change the lock-in period for managed care

Medical Transportation Program

- Medical transportation is a federally-required Medicaid service.
- HHSC administers the Medical Transportation Program (MTP) for Medicaid clients.
- MTP arranges non-emergency transportation to and from Medicaid-covered services for individuals who have no other means of transportation.
- Most MTP services receive the federal medical assistance percentage (FMAP). However, some MTP services receive the administrative match rate (50/50).
- In Fiscal Year 2010, the MTP program served 312,821 clients (215,231 were children under age 20)

Medical Transportation Program Services Provided

- MTP can offer the following services to clients
 - Arrange a free ride for curb to curb demand response service
 - Provide tickets for route transportation
 - Arrange airline transportation
 - Reimburse for mileage
- Additionally, for Medicaid, clients under 21 years of age and CSHCN clients, MTP can offer
 - Money in advance to pay for mileage reimbursement, meals and lodging
 - Contracted meals & lodging
- Services are provided through 15 public and private transportation contractors, public transportation, and individuals (parents, etc.)
- Advance funds provided, when contracted services not available

Medical Transportation Program Service Delivery Models

- The MTP Program has a full-risk broker model pilot planned for Houston/Beaumont and Dallas/Fort Worth areas. The full-risk broker will be:
 - Responsible for managing, arranging and providing MTP services
 - Paid on a pre-payment methodology (capitation) per member per month
- For the rest of the state, HHSC is responsible for transportation services reimbursed on fee for service basis
- Both models use a network of providers contracted or enlisted to ensure services are provided to eligible clients and comply with performance standards relating to *Frew vs Suehs*.

Medical Transportation Program Savings Options

Medical Transportation Options

- Federal waiver for certain medical transportation services
 - Allows FMAP for on-demand medical transportation services
 - HHSC has received federal approval to begin April 1, 2011
- Pilot full (at-risk) broker program
 - The broker would arrange, provide, and pay for all medical transportation services
 - Proposed Pilot Areas: Dallas, Fort Worth, Houston, and Beaumont areas
 - HHSC has released a request for proposals for the pilot
- Other Options
 - Expand the broker program statewide
 - Include medical transportation services in managed care