

**MO HealthNet Division
Managed Care Statewide Expansion Forum
July 30, 2010**

Minutes

Attendees:

Ian McCaslin, MO HealthNet Div.	Daniel Landon, Mo. Hospital Assn.	Jill Kliethermes, Mo. Nurses Assn.
Marga Hoelscher, MO HealthNet Div.	Tim Swinford, Mo. Coalition of	Jeannie Walton, Mo. Senate
Julie Creach, MO HealthNet Div.	Community Mental Health Centers	Adam Koenigsfeld, Mo. Senate
Billie Waite, MO HealthNet Div.	Aaron Washburn, Mo. Dental Assn.	Susan Weller, DRA
Betty Council, MO HealthNet Div.	Joe Bindbeutel, Medicaid Fraud Control	Tina Bernskoetter, Mo. Head Start Assn.
Angela Brenner, MO HealthNet Div.	Unit	Tina Gallagher, GHS
Stephanie Moore, MO HealthNet Div.	Jimmie Gaddis, United HealthCare	Zachary Brunnert, Flotron & McIntosh
Karen Purdy, MO HealthNet Div.	Jim Moody, Moody & Associates	Wes Robbins, A.O.
Ron Levy, Dept. of Social Services	Jeff Howell, Mo. State Medical Assn.	Vince Cooper, University of Mo. Health
Jennifer Tidball, Dept. of Social Services	Sarah Topp, G&S	System
Scott Rowson, Dept. of Social Services	Mickey Mitchell, Heartland Hospital	JoAnne Morrow, Advocates for Family
Becky Kniest, Dept. of Social Services	Pat Strader, Mo. Academy of Family	Health
Melinda Sanders, Dept. of Health &	Physicians	Steve Kuntz, Mid-Mo. Legal Services
Senior Services	Laurie Bernskoetter, Mo. Assn. of	Jennifer Wieman, Legal Aid of Western
Cindy Wilkinson, Dept. of Health &	Osteopathic Physicians & Surgeons	Mo.
Senior Services	William Shoehigh	Helen White, Legal Services of Eastern
Marsha Stanton, Dept. of Health &	Jodie McCrickard, OACAC Head Start	Mo.
Senior Services	Larry Rohrbach, Coventry	Mary Beekman, Legal Services of Eastern
Lisa Crandall, Dept. of Health & Senior	Earline Kohner, BJC Home Care Services	Mo.
Services	Chuck Hollister	Jodi Faustuin, St. Luke's Hospital
Gary Harbison, Dept. of Health & Senior	Linda Grgurich, Pathways	Alyson Harter, Heartland Behavioral
Services	Marianne Hollingsworth, St. Louis	Health
Nora Bock, Dept. of Mental Health	University Hospital	Noelle Parker, MPCA
Melissa Jones, Dept. of Mental Health	Susan Haralson, Premier Home Health	Kim Matreci, MTM, Inc.
Patsy Carter, Dept. of Mental Health	Care	Pam Perry, Amerigroup
Ron Berg, Dept. of Mental Health	Sarah Schacher, A.O., Inc.	Rodney Grey, Amerigroup
Kathy Ripley-Hake, Children's Mercy	Carrine Noel, University Physicians	Doug Ervin, Cerner Corp.
Family Health Partners	Kim Evans, Advanced Patient Advocacy	Pam Thompson, Infocrossing
Suzie Dunaway, Children's Mercy Family	Chelmer Barrow, APS	Clyde Stith, Infocrossing
Health Partners	Brenda Wright, MSBA	Ann Humphrey, Infocrossing
Sue E. McElroy, Harmony Health	Lana Baker, Lobbyist	Eric Gardner, Pfizer, Inc.
Taira Green-Kelley, Mo. Care	Dan Holdinghaus, MMHCA	Rick Crump, Lakeland Regional Hospital
Marcia Albridge, Mo. Care	Debbie Clark, OACAC Head Start	Tammy Hargis, New Vision Counseling
Pam Victor, HealthCare USA	Vicky Strobe, MMLS	Kris Hannon, Family Guidance Center
Dan Paquin, HealthCare USA	Brent Gilstrap, Private Practice	Drew Oestreich, PAC
Joanne Volovar, Molina	Lon Lowrey	Beckie Strobel, Preferred Family
Mark Rhoads, Anthem Blue Cross/Blue	Herb Stanley, University Physicians	Steve Renne, Mo. Hospital Assn.
Shield	Steve Bradford	Shawna D'Abreu, Paraquad
David Jacobson, Anthem Blue Cross/	Harry LeMy, self	John Roodhouse, Husch Blackwell Sanders
Blue Shield	Judy Stevens, St. John's Physicians &	Harvey Tettlebaum, Husch Blackwell
	Clinics	Sanders

Welcome and Introductions: – Dr. Ian McCaslin, Director, MO HealthNet Division, welcomed the audience and introduced state staff in attendance.

Current Status of the MO HealthNet Fee-for-Service System; Opportunities and Changes for Improvement: Goals for the MO HealthNet program were reviewed: assured access to health care services, at a defined, monitored, and steadily improving level of quality, while demonstrating accountability to Missourians. The goal of this meeting was to discuss state-wide expansion of the current managed care program for children, pregnant women, and low income parents. The discussion was not related to permanently and totally disabled or elderly. It was stressed that no decisions have been made and that the earliest possible start date would be July, 2011, should the expansion be pursued.

Speaking from a powerpoint presentation (www.dss.mo.gov/mhd/mc/pages/jcexpansion.htm), Dr. McCaslin discussed the current status of the fee-for-service (FFS) delivery system and alternative delivery system models, i.e., managed care, administrative services organization, primary care patient-centered medical home, accountable care organizations.

A chart depicting MO HealthNet participation was presented. The overwhelming majority of lives covered by the MO HealthNet program are children - 538,175. Additionally, there are 28,254 pregnant women and 81,660 low income parents covered.

The benefits for both the FFS and managed care programs were reviewed as well as select clinical indicators in the FFS delivery system. There are relatively few tools for the MO HealthNet Division (MHD) to actively improve these measures in the FFS program.

Seventy-five percent of Medicaid lives nationwide are covered through managed care arrangements. Missouri is below the national average at approximately 48%. Nationwide, primary care patient-centered medical homes are gaining favor rapidly, regardless of the delivery model.

A map depicting the current managed care regions was reviewed. There are currently three managed care regions contiguous to the I-70 corridor. There could be four, five, or six regions with the proposed statewide expansion.

Currently, approximately 67% of MO HealthNet children are enrolled in managed care plans, 65% of MO HealthNet pregnant women, and 68% of MO HealthNet low income parents. It is estimated that 200,000 children, pregnant women, and low income parents live in non-managed care counties. A chart depicting the location of those individuals was reviewed.

Under managed care, each health plan must have enough doctors to be able to see all members regularly. Participants can choose their own doctor from those enrolled with the health plan and change if they are unhappy. There is no assurance in the FFS program of being able to obtain a needed provider, a problem that must be addressed.

Critical consideration must be given to costs in current and future state budget discussions. The Centers for Medicare and Medicaid Services (CMS), the state's federal partners, require cost savings in managed care structures. MHD has to prove cost savings to CMS or they will not pay their two-thirds share of the costs. The state fiscal year 2009 (SFY09) costs for these groups in managed care were approximately \$1.4 billion. The external evaluation of managed care vs. FFS demonstrated a total savings for the managed care program of 2.7% or \$38 million.

Service and performance standards in the managed care program were reviewed. Unlike FFS, MHD can hold the managed care health plans accountable for outreach and case management. Member satisfaction surveys are conducted. During the past three years, member satisfaction has ranged between 75% and 81%.

Managed care is not a perfect system or solution. There are contracting and administrative challenges for doctors, clinics, hospitals, and others. Evidence exists that the “value added” services of managed care are not always delivered adequately. In the past, MHD has not done as well holding the managed care health plans fully accountable to provide services, an area Dr. McCaslin looks to improve in the future. Managed care, when effectively monitored, is cost-effective.

Missouri Association of Health Plans: Dan Paquin, HealthCare USA, presented on behalf of the Missouri Association of Health Plans. Using a powerpoint presentation, Mr. Paquin provided a history of managed care in Missouri and information on the current MO HealthNet managed care health plans. He offered that it is timely to expand managed care due to the state’s unprecedented revenue shortfall of \$700 million in SFY12; Missouri’s high unemployment rate; the growing number of uninsured individuals; and federal health care reform requirements.

The value of managed care was outlined as improved access and quality of care; medical homes for participants; and controlled costs through the payment of capitated rates, giving the state budget predictability. A chart comparing benefits of Medicaid managed care vs. fee-for-service was discussed. Through service standards such as provider networks and 24-hour telephone availability, as well as performance standards such as care management of difficult pregnancies and chronic diseases, Medicaid managed care improves access.

Health plans provide preventive screenings and are held accountable through their contract with the state. There is a significant amount of oversight with numerous reporting requirements to MHD, CMS, and Department of Insurance, Financial Regulation, and Professional Registration. Managed care contains costs through administrative activities such as case management, member and provider profiling, and concurrent reviews. These services are reflected in administrative expenses. Managed care is not just a claims processing system; it impacts quality scores. Health plans work in partnership with their providers, members and their communities.

All MO HealthNet managed care health plans were represented at the forum and invited conversations with those in attendance. The health plan presentation ended with a video of supportive testimonies from MO HealthNet managed care providers and participants.

Missouri Hospital Association – Daniel Landon presented on behalf of the Missouri Hospital Association. He indicated that many Missouri Hospital Association (MHA) members are in managed care; others are not and may be leery of the program. MHA clearly does not support an expansion of the MO HealthNet managed care program, but supports systems to improve coordination of care. Managed care is not on the cutting edge of delivery systems. Health Maintenance Organizations (HMOs) in the commercial market and Medicare Advantage Plans are dwindling and have been proven to cost more than fee-for-service. The health plans are paying less and expecting more from hospitals.

Health Care Reform provides a toolbox of options providers can adapt to situations to provide care and reduce costs. There must be synchronization between MO HealthNet managed care and the rest of the market going forward.

Various concerns have been raised with HMOs’ operations in the past, i.e., increased complexity and little value. MHD must look at the potential savings being touted for managed care. They should be scrutinized

very carefully for a fair comparison. MHD must also look at the start up costs in managed care as well as FFS claims lag. Medical loss ratios are also a concern.

Health plans are able to achieve goals with significant cost components carved out (i.e., pharmaceuticals). There is a limited amount of data to review relative to HMO accountability. During the last legislative session, some managed care quality indicators were shown to be better and some worse than FFS. These must be evaluated effectively.

Under Dr. McCaslin's leadership, FFS has developed care management tools (Cyber Access) that cost less than managed care. The health systems focus on relatively healthy populations (moms and children) when the focus should be on individuals with chronic illness.

Advocates for Family Health Programs: Jennifer Wieman, Legal Services of Western Missouri, indicated there are currently four Advocates for Family Health programs serving the managed care population. These four advocates assist health plan participants in the eastern, central, and western regions with issues relating to benefits, eligibility and enrollment, and provide education and outreach. In addition, the four contractors report areas of concern regarding the MO HealthNet managed care program identified through their activities.

Key areas of concern identified include phantom networks of health plans; travel distances in rural areas of the state; differing prior authorization requirements for each health plan; providers lack referral information within each health plan's network; lack of continuous eligibility; premium requirements for members; 90-day timely filing requirements of all health plans differ from FFS requirements; and the enrollment process which allows several family members to be assigned to multiple health plans and providers. Ms. Wieman added that increased effectiveness will require more oversight.

Missouri Coalition of Community Mental Health Centers: Tim Swinfard reported that community mental health centers (CMHCs) serve approximately 150,000 members, some of whom are high risk pregnant women. He agreed with the importance of case managers and medical homes, but indicated that a challenge for mental health providers is the differing mental health programs between the MO HealthNet managed care health plans. An additional area of concern offered is the rate differential in managed care versus FFS. Health plans are paid five days after the month of an individual's eligibility and it takes up to a year to pay through FFS. This creates a negative cash flow from the state for paying rates to the health plans, with the interest going to the health plans. He stated that children in managed care counties are in state custody eight months longer than in FFS counties.

Recommendations made include implementation of cost transparency, with the Mercer report a good starting point; conducting a blind shopper survey of physicians and psychologists, both in managed care and FFS; on-line tools for health plan providers – CyberAccess provides information not available through the health plans; mental health services should not be carved out, unless it is to the Department of Mental Health. There is better experience with managed care when it is held in-house.

Missouri Dental Association: Aaron Washburn indicated the Missouri Dental Association is not in favor of a managed care expansion and support a dental carve out. Areas of concern noted include low reimbursement rates; the approval system within managed care is complicated, with prior authorization requirements differing between health plans; the current system is too layered with funds flowing from the state to the health plans to the dental subcontractors to providers; it is difficult to obtain the dollars relative to dental in the capitation rates due to claims of propriety.

Open Discussion:

A. Question was posed by Pam Perry of Amerigroup of how the addition of new eligibles in 2014 under health care reform (HCR) would affect the MO HealthNet program.

Dr. McCaslin noted that within HCR Medicaid eligibility increases to 133% FPL in 2014. An additional 400,000 participants could be added to Medicaid under HCR by the end of 2015. HCR's effect on managed care expansion must be considered. There will be challenges going forward to ensure HCR requirements are carried forth by not only the Department of Social Services, but also Department of Health and Senior Services; Department of Insurance, Financial Regulation, and Professional Registration; and the Department of Mental Health. Numerous policy decisions will have to be made and at the same time the state has to be smart about how to live within the budget. The state must look ahead long-term of how to manage and care for these individuals in an accountable system. Health care and the costs of that care need to be measured, monitored, and delivered in an effective fashion.

B. JoAnne Morrow, Legal Services of Eastern Missouri, stated that she shares Dr. McCaslin's concerns with accountability of health plans. It is easy to hold the health plans accountable for the participants that seek assistance from Legal Services, but Ms. Morrow expressed concern about those who do not contact them. She noted that providers are often caught in the middle between the health plans and the members. She supports efforts to ensure enhanced monitoring of the health plans and secret shopper surveys.

Dr. McCaslin agreed that provider lists do not guarantee access. While he supports the idea of secret shopper surveys, the division historically has lacked the resources to conduct them.

C. Judy Stevens, St. John's-Springfield, expressed concern about the impact of a managed care expansion on rural health clinics. Some clinics currently serve in managed care counties while others are only in fee-for-service areas. The interim wraparound payments and mental health carve out are substantial administrative burdens for the rural health clinics.

Dr. McCaslin indicated the division is aware of the wraparound payments issues and have had conversations on how to improve the process.

D. Rick Crump, Lakeland Regional Hospital, remarked that July 2011 is an aggressive goal. What is a more realistic target date?

Dr. McCaslin indicated any managed care expansion has to go through the General Assembly budget process, which is a public process. There is not a direct target date and no business decisions have been made based on a definite start date.

E. Alyson Harter, Heartland Behavioral Health Services in Nevada, commented that while they are located in a managed care area, they take patients from the entire state. She agrees that with proper implementation managed care is beneficial. In her experience, however, the managed care patients are not any better served than those receiving services through fee-for-service. There are currently too many health plans with differing requirements which make it administratively burdensome for providers.

Dr. McCaslin responded that the state and the health plans have not done a good job of leveraging common resources. The health plans can be more flexible with their reimbursement structure whereas fee-for-services does not have flexibility in rate setting. Regardless of the delivery system in place, there are not enough behavioral health service providers to support the need in Missouri.

F. Chuck Hollister, a practicing psychologist in Springfield, offered there are tremendous problems in the mental health area, both fee-for-service and managed care. While providers may not appreciate the prior authorization requirements in the fee-for-service program, they agree there is a real commitment to quality of services. He stated there has not been an increase in fee-for-service reimbursement to psychologists since 1990. Health plans, as well as FFS, use reduced provider reimbursement as a way to control costs. It is hard

for providers to maintain their infrastructure if reimbursement is cut. There is fear that managed care will degrade the system.

G. Wes Robbins indicated he just moved to Missouri from Arkansas. They experienced the same problems in Arkansas with lack of providers and reimbursement changes.

Closing Commentary: In closing commentary, Dan Paquin, Missouri Association of Health Plans, reiterated that the health plans are held to high standards through accountability. If the plans are falling short, corrective action will be taken. The concerns regarding behavioral health issues were recognized. He reminded the audience that the health plans are available for open dialogue and will seek out partners for conversations around managed care.

Closing Remarks: Ron Levy, Director-Department of Social Services, offered closing remarks within the context of state budget challenges, the need to serve patients effectively, and the impact of federal decisions. He expressed appreciation for the variety of perspectives offered and for attendance at the meeting. Health care is very complex and individuals' commitment to the value of services to participants is appreciated.

The meeting concluded at 3:00 pm. Minutes and handouts will be posted to the MO HealthNet Division website at www.dss.mo.gov/mhd/mc/index.htm.