

**Recorded Public Hearing Regarding
Prospective MO HealthNet Managed Care Reimbursement Methodology**

The MO HealthNet Division (MHD) held a public hearing regarding the Prospective MO HealthNet Managed Care Reimbursement Methodology on June 19, 2018. The attendees joining via the WebEx feature experienced audio technical difficulties during the public hearing. The MHD apologizes for any inconvenience. However, the public hearing was recorded, and the recording is available online for public review, and you may still continue to submit your comments in writing. The transcript of the meeting is also provided below. A copy of the Prospective MO HealthNet Managed Care Reimbursement Methodology can viewed on-line at: <https://dss.mo.gov/mhd/files/public-notice-6-8-18.pdf>.

Listen to the June 19, 2018 Public Hearing audio recording

<https://dss.mo.gov/audio/public-hearing.MP3>

PUBLIC COMMENT

The public may continue to submit comments in writing regarding the Prospective MO HealthNet Managed Care Reimbursement Methodology. **Comments must be received by July 9, 2018.**

Comments may be emailed to Ask.MHD@dss.mo.gov. Please use "Public Comment for Prospective MO HealthNet Managed Care Reimbursement Methodology" in the subject line.

The Public Notice Comments may be sent by regular mail, express or overnight mail, in person or by courier by **July 9, 2018**, and must be sent or delivered to the following address:

MO HealthNet Division
615 Howerton Ct., 2nd Floor
Jefferson City, MO 65109
Attention: Rebecca Logan

June 19, 2018 Public Hearing Transcript

(Announced to the audience) I am Tony Brite, Financial Director for MO HealthNet Division and will be presiding over this public hearing today for the Department of Social Services, MO HealthNet Division. The purpose of the hearing is to invite comments from members of the public regarding the MO HealthNet Managed Care Reimbursement Methodology. The department will hear public comments from persons present who wish to speak for, against, or neither for nor against the proposed changes

Interpretive services are available by calling the Participant Services Unit at 1-800-392-2161.

Prevodilačke usluge su dostupne pozivom odjela koji učestvuje u ovom servisu na broj 1-800-392-2161.

Servicios Intrepretative están disponibles llamando a la unidad de servicios de los participantes al 1-800-392-2161.

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to be heard today. You may also submit written comments to the department today. Please be mindful that comments are public and available to all once it is presented and will be posted on the MO HealthNet website. If you wish to provide a comment, please state your name, residence and the organization you represent if any, and sign in at the podium. We will begin the public hearing. Again, I am Tony Brite, Financial Director for the MO HealthNet Division. I am reporting the changes in the MO HealthNet Managed Care Reimbursement Methodology, and I'll read through the changes that we are proposing. Pursuant to Section 11.730 of House Bill No. 2011, 99th General Assembly, Second Regular Session, which mandate that proposed changes in statewide Medicaid payment methods and standards affecting hospital services be published and made available for review, comment, and public hearing, this is to advise that the Missouri Department of Social Services provides notice of the following: To ensure efficiency, economy, quality of care, and access, effective for dates of service beginning July 1, 2018, the MO HealthNet Division will amend the Managed Care Health Plan contract to change the methodology by which the MO HealthNet Managed Care Health Plans reimburse for non-participating providers. The MO HealthNet Managed Care Health Plans shall reimburse non-participating providers 90% of the MO HealthNet Fee-for-Service fee schedule rate effective on the date the service was provided. This reimbursement does not apply to the following: Local Public Health Agency services and Specialty Pediatric Hospital Services. This reimbursement does not include the following: providers of non-inpatient durable medical equipment and providers of non-inpatient laboratory services. I would like to speak to the Managed Care rate change and the impact regarding the FRA. The state actuary reviewed the change and determined there to be no impact to the mc rates regarding the non-par (non-participating) language. The rates assume more providers will be contracting with the health plans and reimbursement levels for participating providers will be largely consistent with current managed care contracting. The vast majority of services are provided by participating providers increasing the number of participating providers will further decrease the services provided non-par providers. No impact to the FRA tax is expected. Now I would like to open the floor up for public comment; so, if you wish to provider public comment please come up to the podium and fill in the form. [Pause]

Mr. Brite, I'm Brian Kinkade, I am representing the Missouri Hospital Association. The Missouri Hospital Association (MHA) represents 143 hospitals across the state. I am here to speak in opposition to the contract amendment. We note that the state has had a very long history and a very clear objective of not involving itself in the matters and negotiations of the plans and providers in the states Managed Care program. Our opinion that non-intervention has worked well over the many years we have had managed care in the state. Today, every Missouri hospital participates with at least one of the managed care plans, and we only have 12 hospitals that don't participate with all three. So very clearly participation among hospitals is very good. MHA opposes the amendment because it's clear that by imposing a penalty for not participating, that is a 10% reduction in the Medicaid rate that would be received otherwise; the state is tilting the playing field in the favor of the managed care plans. There's costs to hospitals, in fact all providers, to contract with the Managed Care plans to provide services to the managed care population. There's administrative costs; there's costs of denied days; there's costs of case reviews and physician reviews requested by the plans, which are far excess for what is recognized by the Medicaid program and the rates that are normally paid. These are the

sorts of issues that need to be addressed and brought forward and negotiated fairly when the plans and providers, in my case the hospitals, get together to determine if and how they are going to participate in Medicaid program and at what price. By intervening in that negotiation, then the state literally puts its thumb on the scale in favor of the plans to the detriment of the hospitals. This should be a private market transaction worked out between the two plans, with the information known to them, and the consequences for participating and not participating in a neutral environment. The state's objective should be to ensure there is a fair price arranged for the plans and pardon me for the provider's participation with the plans in the Managed Care program. And that's only going to happen if there's an unfettered negotiation, which this contract clearly steps us away from. We are equally concerned, you mentioned Mr. Brite, there is going to be no adjustment to the capitated rate as a result of this plan. We believe very firmly that the leverage that the plans gain over providers, by virtue of this contract amendment, will result in lower reimbursements to providers, and in my case to hospitals, and in as much as the state has pursued Managed Care as a way to achieve cost savings to the state through better coordinated health care, through better access to health care and health care delivered timely and appropriately. The plans and designs of the current program is to reward the plans when those things happen and that's fair. But this contract amendment will enrich the plans by reducing costs without reducing the revenue base and as such, it represents a cost to the state without a commensurate increase in value delivered by the plans. That's a concern for the hospitals and for that reason, we also oppose the amendment. [Pause] Now in the event that the plan amendment goes forward, we are we disagree that the amendment will have no impact potentially on the FRA. To the extent reimbursement of hospitals is affected, as we believe it will be in this case, then there is potential for an impact to the FRA. Therefore, if the contract amendment goes forward, we would request that the state do it's analysis of the impact on the FRA based on the projected reimbursement reductions that hospitals will realize as a result of the contract amendment and distribute those findings to the legislature and other stakeholders in advance of executing the contract. We think this is a very fair request made under the provisions of the budget bill section that you referenced, and we would be pleased, the association, if the state needs data or technical assistance with that analysis, we'd be pleased to assist. Our comments and opposition have been submitted in writing to Rebecca Logan, and we are pleased to provide any other information you need as you move forward. Thank you for the opportunity.

(Stated by Tony Brite) Thank you, Brian. [Pause] Is there anyone else who would like to provide comment today? [Pause]

My name is Nathan Landsbaum, I'm the CEO of Home State Health, participant in Managed Care company participating in the Managed Care program. I just wanted to briefly express my support for this policy, as these types of policies exist in many states to control unit costs in managed care environment, and I think as we've seen in this particular program as we have moved the population into a managed care environment, unit costs has increased, and it's policies like these, that again are used in many states, to control unit costs and we want to express support in the leadership of MHD on this policy. So thank you very much.

(Stated by Tony Brite) Is there anyone else in the room who would like to provide public comment otherwise we can go to the phones. [Pause] is there anyone on the phone that would like to. [Pause] Not hearing anyone on the phone, I guess that concludes our public hearing all the comments have been heard and the hearing is now closed. All comments have been heard and the hearing is now closed. We will review all comments and responses and post to the MO HealthNet website for public view. Thank you for your comments and attending the public hearing today.