# MO HEALTHNET OVERSIGHT COMMITTEE MEETING MINUTES

May 25, 2021 Via WEBEX Conferencing

# **ATTENDANCE**

Committee Members Present:Kim Evans, FSDHenrio ThelemaqueNick Pfannenstiel, ChairmanJustin Clutter, MHDMandy HagsethBridget McCandless, Co-ChairLeann Hager, MHDHelen Jaco

Gerard Grimaldi Nate Percy, MHD Jackie Schmitz, Senate Staff

Joe Pierle Olivia Rush, MHD Justin Alferman

Kaylyn Lambert Nora Bock, DMH Jennifer Colozza, Conduent

Daris Davis for Sen. Holly Rehder Tony Brite, MHD Jessica Petrie, Winton Policy Group

Representative Tracy McCreery Paul Stuve, MHD Jim Moody, HB Strategies

Senator Jill Schupp Abbie Barker, MHD Joel Ferber
Kirk Mathews, Acting MHD Director Rebecca Logan, MHD Joey Charlton

Sam Alexander Pat Luebbering, DFAS Julie Allen

Jennifer Tidball, DSS Director

Donna Siebeneck for Mark Stringer

Representative Jon Patterson

Robert Knodell, DHSS

GUESTS:

Alena Wheeler

Alisa Gordon, Milliman

Maggie Fairchild

Mandy Hagseth

Robert Knodell, DHSS April Ash Mandy Hagseth

Members Not Present: Alex Rankin Phillip Windom

Mark SanfordAshish KumarMegan Fast, ConduentSara OertherBlake ShroutTim McBride, Wash Univ.David OttBrian Kinkade, MHARobert Groeneveid

DSS/State Gov't Staff:Mandy HagsethMeghan McCannBobbi Jo GarberCara HooverRodney BurnettCaitlin Whaley, DSSDave ClementsGreg MylinShari Hahn, DLSGeoffrey OliverJessica Crews

Gail Luecke, MHD Emily Wright, Gibbons Workman Susan Henderson-Moore

Jessie Dresner, MHD
Audrey Rattan
Brian Strickland
Glenda Kremer, MHD
Jamie Rodriguez
Angela Berendzen, MHD
Ally Siegler
Christine Thompson

Josh Moore, MHD Paul Andrews

All meeting presentations are located on the web at: http://dss.mo.gov/mhd/oversight/meeting.htm

#### **AGENDA**

# Welcome/Introduction/Approval of Minutes

- Dr. Nick Pfannenstiel called the meeting to order at approximately 12:00 p.m. The committee approved the minutes from the February 4, 2021 meeting.
- Acting DHSS Director Robert Knodell was introduced.

## Director & Chief Transformation Officer's Update

- Kirk Mathews, Acting MHD Director, updated the committee on the transformation efforts. He introduced
  Justin Clutter as the new Transformation Project Manager. He also acknowledged Olivia Rush, MHD
  Program Integrity Pharmacist, who discovered a billing error on the part of a hospital that will result in the
  agency recouping \$1 million.
- Mr. Mathews gave an update on the new application for Medicaid and all related services. The current application will be reduced from 63 to 16 pages. A copy of the new application, information booklet and a Medicaid only application was sent to the committee as requested at the February meeting. The redesign and testing phase has been completed and we are in the implementation and training phase now. We will not make the July 1 date as planned but hope to have it out later this year. Civilla has now turned their attention to the redesign of some our most often used notices and written communications.
- Mr. Mathews gave an overview of the Outpatient Simplified Fee Schedule (OSFS) initiative which is effective July 1, 2021. The current methodology for reimbursing hospitals for outpatient services is based on a percentage of billed charges. This methodology has been used for a long time and has resulted in dramatic variations on how we pay for the exact same procedure code based on how the hospital sets their charges and is also impacted by out of state hospitals. We have found where some hospitals have been abusing this. The new payment methodology will help correct this. The proposed rule has been submitted. We will be resubmitting our emergency rule once the budget gets finalized by the governor. The OSFS will go into effect as early as July 1, 2021 on the Managed Care side and no later than January 1, 2022 for both Fee-For-Service and Manage Care. We are in the State Plan Amendment (SPA) phase now. Some hospitals will take in less revenue than they currently do and some will actually make more. It's been a difficult and challenging initiative and we're really excited about it.
- Mr. Mathew's also addressed the Federal Reimbursement Allowance (FRA), which did not pass the
  legislature this year. The FRA impacts reimbursement for hospitals, nursing homes, pharmacies,
  ambulances to name a few. The existence of the program will be threatened by December if it is not
  renewed.
  - Comment: Dr. Bridget McCandless, Co-Chairman, asked if MHD anticipated a Special Session to get the matter resolved.
  - Comment: Mr. Mathews confirmed it will require a Special Session to get the issue resolved; however, there has been no word from the Governor yet.
  - o **Comment**: Dr. McCandless inquired about the actual dollar figure that comes in through the FRA and if there would be a lasting impact if the FRA was not renewed.
  - Comment: Mr. Mathews advised that once it did not pass, a very high level impact study was done. The first year would be approximately just less than \$1 billion; the 2<sup>nd</sup> year would be \$1.3 to \$1.4 billion. He also advised that if the issues were resolved by September-early October, we would be fine. Any later, the program would be in jeopardy of running out of money by December.
  - Comment: Representative Tracy McCreery commented she assumed facilities such as nursing homes are already having to put emergency plans into place in case the program runs out of money in December. She asked if such information could be shared with her colleagues so they know how serious the situation is if not passed.
  - o **Comment**: Mr. Mathews agreed that sharing this information is encouraged.
  - Comment: Senator Schupp asked if any plans are being made in the interim if the FRA is not passed.
  - Comment: Mr. Mathews advised that contingency plans were being made; however, we are not ready to cut back yet.
  - **Comment:** Senator Schupp stated that her understanding was that if we don't provide the state share, the federal share will not be provided.
  - Comment: Mr. Mathews confirmed that was correct.
  - Comment: Senator Schupp asked about the status of Medicaid Expansion since the budget money wasn't approved and was supposed to start July 1.

- Comment: Mr. Mathews replied that due to pending litigation regarding this, he could not comment.
- Comment: Dr. Pfannenstiel informed the committee that litigation was filed regarding Medicaid Expansion and there are now ramifications of what can and cannot be discussed. There are lots of questions; however, we will have to wait and see what happens with the litigation before we find out more.

### Chief Operating Officer's Update:

- Jessie Dresner, MHD Chief Operating Officer, gave a preview of MHD's Home and Community-Based Services (HCBS) waivers which are designed to keep individuals in the community as an alternative to long-term care in an institution. MHD covers HCBS services through its state plan and through several 1915(c) waivers in order to keep participants in the community. A more in depth presentation will be made at our next Oversight Committee meeting in August. Ms. Dresner invited the group to send her any questions they had about these waiver services as well as any other specific areas of interest they'd like to learn more about.
  - Comment: Senator Schupp asked about an additional increase in the federal matching fund, 10% in the American Rescue Plan, and if this would fit in with these service or if we had plans for using these funds.
  - Comment: Ms. Dresner advised MHD had received a state Medicaid director letter with some additional guidance around developing the spend plans that DHSS and DMH are working on since they administer these waivers The plans are in draft form at present but more information should be available by the next meeting.
- Ms. Dresner gave an update on COVID-19. She reported that approximately 51% of the population over the age of 18, which less than the national average of 61.5%, have received the first dose and 43% have received both doses. The state is still doing a lot of PCR antigen testing. The PCR rate is at 3.9% and are trending in the right direction, with about 17,000 being vaccinated a day.
- Ms. Dresner updated the group regarding long acting reversible contraceptives (LARC). Prompted by questions from previous meetings regarding the decline in numbers over the past few years in extended women's health services, MHD and FSD staff took a more historical look at the numbers and possible reason(s) for the decline. We found we had a very steady decline of participants on extended women's health services from June of 2017 to present. For instance, between June, 2017 to June, 2018, there was a decline from 68,000 to 62,000 and then in 2019 there was a drop to 49,000 and in 2020 stayed the same. We talked with staff at FSD and determined the eligibility question really is whether or not there were fewer people eligible for any kind of benefit package after their 60 days post-partum or were there more individuals who are actually eligible for a different package. We have more to look into on the MHD front to see determine where we are on the front end. For instance, could it be a reduced number of pregnancies; is there a trend in hospital utilization, pharmacy/clinic trend, etc. We can't tie it to an exact number when it comes to utilization but we wanted to update the committee since it's been an ongoing question and we will keep you updated as more information becomes available.
  - Comment: Representative McCreery had a question from past meetings about changing the algorithm for figuring out who's eligible for personal care services and if our teams were stilling planning to make those changes. Her concern is we're still trying to figure out how to help Missourians recover from the pandemic. Along with that is the concern if people are going to lose eligibility; will people still be able to receive care at home or will they have to go to nursing homes, etc.
  - Comment/Action: Ms. Dresner advised she will contact the Division of Senior and Disability Services within the Department of Health & Senior Services for an update and will get the information out to the committee when she receives it. (Note: This was sent to committee on June 25, 2021.)

- Dr. Paul Stuve gave a presentation on Medicaid data and our ability to disaggregate data according to race, gender and other demographic figures and elements and what we can do with that. This presentation is available on line.
  - Comment: Gerard Grimaldi asked if the data presented was broken down between Fee For Service and Managed Care.
  - Comment/Action: Dr. Stuve said he would get the information to the committee.

# **Pharmacy Update**

• Josh Moore, MHD Pharmacy Director, gave an overview of the new 340B purchased drug reimbursement effective July 1, 2021. This is a program which allows covered entities to purchase drugs at significantly discounted prices, commonly referred to as ceiling price and then also sub-ceiling prices, which are even lower than the ceiling costs. The ceiling cost is basically what Medicaid pays for a drug after the federal rebate, which can vary anywhere from 23.1% for a brand name medication all the way up to 100%. When you look at ceiling priced purchased drugs, we're probably hovering close to 55% off of the WAC price between what the list price is and the price after the federal rebate.

The reason for changing these prices is because in 2017, CMS actually put forth a covered outpatient drug rule, which requires Medicaid to pay for drugs on actual acquisition cost basis. Prior to that we had been paying on a variety of estimated acquisition costs. The actual acquisition cost changes for the rest of pharmacy and physician administered drugs took place back in 2018 and 340B has been the holdover that we are working through now.

This is important to the state budget because we actually end up paying on a state share portion about 112% more for the average medication when it's dispensed through a 340B provider compared to what we would pay after all the rebates and state and federal share split for going to a normal retail pharmacy for the same medication. Mr. Moore gave this example: Lily published their 340B price for insulin which runs 10 cents a vile for their ceiling price. That compares to the wholesale acquisition list price which is \$274 for the same vile. When we reimburse a non-340B pharmacy, who purchase for \$263, we are reimbursing them at that price. The state share for that after all the rebates and state/federal splits, brings the cost to Missouri for the vile down to 3.5 cents. Under the current reimbursement methodology those 340B facilities are buying the insulin for 10 cents and we are reimbursing them \$206, which means the state share for that insulin is \$72 because we are not allowed to collect any rebates for 340B purchased drugs. When we looked at an average medication during 2<sup>nd</sup> and 3<sup>rd</sup> quarter 2020 for 340B claims, our average wholesale acquisition cost for a drug through a non-340B facility is about \$208. After rebates and federal/state share is accounted for, the state share out of general revenue comes to about \$25.50. When we look at a 340B purchase medication and looking at the \$208 wholesale acquisition cost, the ceiling price on those tend to be an average of \$97. We're reimbursing \$154 for those medications and the state share ends up being \$54.05, which is a little bit over double what we would pay for a non-340B purchased medication.

Another reason it is important that we revise our 340B methodology is because some items actually have a lower statutory rebate than the 25% off of wholesale acquisition costs that we currently reimburse at. Some of the gene therapies for pediatric indications have a17% rebate, which is much smaller. Right now with the current methodology as it is today, Mr. Moore believes there is enough money there that offset the losses of the products that are being reimbursed over the acquisition cost. However, as we look at the future and at these gene therapies that can be administered to small children, we have to start worrying about massive access issues if we continue to reimburse at this estimated acquisition cost. Mr. Moore stressed the importance that we go live with the new methodology on July 1 so that we don't run into any issues where facilities starting turning away participants that need to receive these lifesaving gene therapies.

There is a short presentation that MHD has available to outlines the position of where we're over reimbursing and under-reimbursing. (**NOTE:** This was sent to the committee on May 27.)

 Comment: Mr. Gerard commented that the genesis of the 340B program was done to help those high volume safety net providers, including rural hospitals, to help them with some of the services they are providing to their patients. All the savings from the 340B medications are supposed to be

- passed directly to the patients and it is going to be more challenging to do that without the 340B savings not coming to the providers.
- Comment: Mr. Moore pointed out that the 340B changes are for Medicaid only and does not change how facilities would bill private insurance and the prices they are allowed to charge them for these drugs.
- Comment: Mr. Grimaldi commented that it does have a huge impact on those providers that have a significantly high volume of Medicaid participants.
- **Comment:** Senator Schupp asked if this new 340B program limits patient access to certain drugs.
- Comment: Mr. Moore answered that we will be paying accurately for the 340B drugs and are actually allowing facilities the ability to indicate if the drug was purchased through the 340B program or not. For instance, if a facility is not able to get the medication through the 340B program, we would still reimburse them at the 25% off the list price under our current reimbursement methodology. They could in theory be losing 25% but we would reimburse them accurately for purchasing at the wholesale acquisition cost, which is basically the list price. Mr. Moore also commented that Missouri is the 49th state to change their 340B methodology to go to the actual acquisition cost. Most of the other states went to this in 2017 and 2018.
- Comment: Representative McCreery asked if there was a financial incentive for providers to prescribe certain drug.
- Comment: Mr. Moore said he hoped providers were prescribing and dispensing medications based on their patients' needs and not based on the financial incentive. He said they could possibly make a large amount of money on a fairly small investment, but really couldn't comment on whether that was happening
- Mr. Moore next spoke briefly to the committee about what "White Bagging and "Brown Bagging" were. Brown bagging is when someone has a prescription filled and then took it to their provider to administer. "White Bagging" is when the pharmacy fills a prescription, bills the payer, and then sends it to the patient's provider directly to be administered. As mentioned earlier by Acting Director Mathews, Ms. Rush discovered a billing issue where the pharmacy was billing for the medication and then sending it to the provider to administer. That provider then administered the medication to the patient and was billing for the same medication as well. So we were paying twice for the same medication, which resulted in a significant amount of money for the facility. We are currently preparing to send out letters to providers to self-disclose any type of occurrences that might have happened. Once collected, we will start our review to check into how widespread this practice could be.
  - Comment: Mr. Grimaldi commented he realizes this does not pertain to Medicaid as long as pharmacy is carved out but there is a real concern about payers moving these drugs from the medical to the pharmacy benefit. They're basically outsourcing from the pharmacy and there's real serious concern about quality issues when they are sent from a 3rd party formulary to a hospital with a mandate that the hospital cannot do the drug internally. It's kind of a complicated issue, but he wanted to point out there are serious quality concerns about what is occurring in the private payer world that we don't want to see evolve into the Medicaid world.
  - Comment: Mr. Moore agreed and said the intent of the disclosure letters is so we can look into the issue more and see who should and should not be billing MO HealthNet.
- Mr. Moore gave a presentation on MHD's Hepatitis C (HCV) elimination plan. This presentation is available on line. MHD has partnered with AbbVie in a modified subscription model to eliminate HCV in the MO HealthNet population and to raise awareness so that others on private insurance are also aware that a cure is available. Mavyret is the actual product that AbbVie has and can cure people in as little as 8 weeks with a 98% cure rate. The contract with AbbVie runs July 1, 2021 thru June, 2024. Effective July1, Mavyret will be the sole preferred product and available with no prior authorization required. The goal is to test, treat, and cure every participant infected with HCV during this three year period. MHD is partnering with the Missouri Pharmacy Care Association, Project ECHO, DHSS, and AbbVie to get the word out and drive this to success. Records indicate there are approximately 6,639 participants with a positive diagnosis of HCV but no record of any of these agents being used to cure them. This is based on our current MHD populations and there is not enough specialist in Missouri to treat every single patient

with HCV. The goal is to find as many providers that we can that are willing to treat HCV patients and eliminate this disease.

- o Comment: Mr. Grimaldi asked if MHD had a breakdown of rural vs. urban.
- Comment: Mr. Moore responded he didn't have this information right now but advised a dashboard is being built to hopefully break it down by county level data. They are mirroring this dashboard off the one used on the COVID vaccine website. We want to show not only where the infection is but also cure rate.
- o **Comment:** Mr. Grimaldi asked if the hospitals could be involved with the partnership.
- o **Comment:** Mr. Moore said he could definitely reach out to the Missouri Hospital Association and get them involved as well.

### Managed Care Update

Bobbi Jo Garber, MHD Director of Managed Care, gave updates related to the managed care contracts.
Currently working on contract amendment 14 and should have all of the amendments sent to the Division
of Finance and Administrative Services by the end of May. They hope to have everything processed and
ready to go by July 1.

Ms. Garber also advised they are finishing up RFP 2023 and getting ready to move it through the internal approval process and over to the Office of Administration (OA) as well. OA will then begin their review process ensuring it's ready to go out. The hope is to have this out by the end of August. She provided the website link to the public site where you can view not only the pending and approved contracts, but past contracts as well.

- Comment: Dr. Pfannenstiel asked if the website would provide the information regarding incentives that Representative McCreery inquired about earlier.
- Comment: Ms. Garber said the contracts on the website do contain the language about the requirements of what managed care plans need to provide related to member and provider incentives; however, some of the contract language will be that the plans can submit different programs to MHD to review and approve as well.
- Justin Clutter, MHD Transformation Manager, gave a presentation on Performance Withhold with Managed Care Organizations (MCO). The presentation is available online.
  - Comment: Dr. Pfannenstiel asked if dropping the threshold for FY2022 was consistent with what other states were doing.
  - Comment: Mr. Clutter said that many states are struggling with getting their health plans on board with the same type of model as Missouri. Missouri is ahead of the game on performance withhold. Some are just paying for reporting similar to what we did during COVID. They are concerned that these rates are going to be significantly lower and their health plans are scared that they're not even going to get any of the money. We are required to have an actuarially sound performance withhold where the funds are reasonably attainable and we believe our model does that.
  - Comment: Representative McCreery confirmed her earlier question regarding provider incentives was answered. Another issue she is concerned with is for providers and the lack of broadband availability in areas to enable the use of Telehealth for their patients now or in the future.
  - Comment: Joe Pierle asked how the determination is made as to how many HEDIS measures
    are tracked. Some of the expectations trickle down to the provider level that are often in valuebased care agreements and it's easier to focus on limited number of metrics versus more metrics.
  - Comment: Mr. Clutter said some states have 3 and some have 20. MHD has spoken extensively with the health plans and don't want to over burden them. We definitely monitor these and would like to get to 10 measures. The NCQA altered some of the measures resulting in our having 15 measures this year. We have had conversations with the health plans to ensure they are comfortable with that this year. Mr. Mathews also said he would like to see the measures reduced to at least 10, which is what we are targeting for the future.

- o **Comment:** Mr. Pierle asked if the metrics was a mix of quality improvement but also efforts that will actually lead to savings within the Medicaid program.
- Comment: Mr. Clutter said historically most of the metrics have been around children and pregnant women. For example, prenatal postpartum visits help keep infants out of the NICU; well child visits help establish a healthy life through adulthood; you'll see immunizations for adolescence on their annual dental visits, etc. We feel all these things impact the health and wellbeing of our participants and lower costs in the long run.
- o **Comment:** Mr. Mathews said it all begins with quality but the downstream benefit of quality is it costs less to care for healthier populations.
- Comment: Mr. Pierle commented that all the determinants impact overall cost and quality of life.
  He asked if there was any way the upcoming RFP could look at efforts to incentivize the plans to
  work with local partners to actively engage around social determinants, it would result in better
  outcomes and cost savings.
- Comment: Mr. Gerard also added that it was imperative to make sure that the providers who
  care for a disproportionate share of patients affected by structural racism, that results in social
  determinants of health, whether rural or urban, and some of the social economic also needs to be
  factored in if possible.
- Comment/Action: Mr. Mathews said that all three plans are working in social determinant arenas and we could give a presentations at a future meeting about what the plans are doing with social determinants. He advised that since we are so close to issuing the RFP and in a quiet period, we are limited to what we can add to it at this point.

#### Legislative Update:

- Caitlin Whaley, DSS Legislative Director, gave an update on legislative issues. The biggest legislative issue that has already been talked about earlier in the meeting is the FRA and we will continue to follow it as it moves forward. The General Assembly did pass the statewide PDMP this year, which has been a mission for several years that is beneficial for Medicaid and will be watching its implementation over the next couple years. The Governor hasn't taken action on many pieces of legislation and we will be keeping an eye on what legislation is signed and assess impacts on MO HealthNet as action is taken.
  - o **Comment:** Dr. Pfannenstiel asks if there was an implementation date in the language of the PDMP that was passed.
  - o Comment: Ms. Whaley said she believed it is 2023.

#### Budget Update:

 Tony Brite, MHD Finance Director, gave the budget update. The complete presentation is available online.

#### **Public Comment:**

There were no public comments.

# Family Support Division (FSD) Update:

• Kim Evans, FSD Director, presented the FSD update. *The complete presentation is available online.* Since we are still in the public health emergency, we are not closing any cases unless they are out of state, deceased or if an individual requests closure. She also stated that due to the public health emergency, annual renewals also are not being done; however, we are entering information into the system that participants provide to us.

Pending applications are staying consistent. We are currently in an open enrollment period that runs from January through August 15. We are not seeing a large increase in applications but expect to see an increase as schools start to open.

All FSD resource centers are now open for both walk-ins and appointment. Individuals can go online or call the 800 # to make an appointment. They have found that when they return the calls many of the

issue can be resolved without the individual coming into the office. They are seeing an increase in foot traffic. Not into full rhythm with SNAP program yet but will be transitioning back to the interviews for recertification later this summer.

FSD has started a new tasking system with the income maintenance program which is going to allow them to direct the flow of the work better and get the work to the staff easier. This new system will enable them to see what work is being done, where the hot spots are, and where they need to concentrate moving staff to do the work.

Ms. Evans reported the division was moving thru the 90-day review process with their federal partners (on the new multi-benefit, streamlined application includes SNAP, temporary assistance, childcare and CMS). She expressed her appreciation for all the partners for assisting with this process. They are also asking the same group to review the notices they send as well. Civilla has helped with the customer experience by asking participants their opinion on what barriers and difficulties they have and once we get the final product, how will this help them.

The Medicaid only application will be replacing the adult Medicaid application. Everyone will complete one application, which really streamlines things for us and our participants.

- Comment: Senator Schupp asked if the court rules in favor of the plaintiffs in the lawsuit that
  was filed, how quickly would the state be able to implement Medicaid expansion. For instance,
  taking applications to provide the services.
- Comment: Mr. Mathews apologized again and stated because of the lawsuit, we cannot comment on any piece related to it.
- Comment: Senator Schupp appreciates the new application has been streamlined but feels it's still kind of complicated in a couple areas. Is this the final form and has it been tested with actual Medicaid recipients to get their input on how to make if more user friendly.
- Comment: Ms. Evans and Mr. Mathews both advised that Civilla conducted several interviews with participants on the new application format. FSD Staff and Civilla targeted very specific areas and worked with participants while they were going through the application process. They got the participants feedback on what they did and didn't like and took that information and came up with the current format.
- Action: Ms. Evans and Senator Schupp will talk offline to discuss the Senator's concerns with the new format. (NOTE: This has taken place.)
- Comment: Dr. Pfannenstiel asked once the public health emergency is no longer in effect and renewals come into effect again, does FSD foresee a drastic drop of people rolling off all at once or will there be a rolling cycle where a certain number of people roll off each month.
- Comment: Ms. Evans said they are looking at this right now. One of the first steps will be to level set the system since they have already updated the system with changes participants have given them. Some of these individuals made reports that constituted an annual renewal and they'll be able to move right through the system. We will hit the normal cycle of annual renewals and each month will pull 55 days prior to the date of their renewal. They will start with the first group when the health emergency ends, then look at the next month and so on.

The Gateway waiver was renewed in January of 2018 for five years and ends December, 2022.

- Comment: Mr. Grimaldi asked how the Gateway Waiver will be affected if the Medicaid expansion constitutional amendment is implemented.
- Comment: Ms. Evans said they will be doing reviews on the Gateway participants for their eligibility for the new program.

The meeting adjourned at approximately 2:15 p.m. The next meeting is scheduled for August 19, 2021.