

MO HEALTHNET OVERSIGHT COMMITTEE MEETING
October 27, 2009

State Information Center
600 West Main Street
Jefferson City, MO

Members in Attendance

Steven Lipstein, Co-Chair
Gwen Crimm, Co-Chair
Steve Bradford
Heidi Miller
Laura Neal
Joseph Pierle
Rep. Rob Schaaf
Rep. Rebecca McClanahan
Ron Levy, DSS
Dr. Joseph Parks, DMH
Margaret Donnelly, DHSS

Members Absent

Sen. Charlie Shields
Sen. Joan Bray

DSS Staff in Attendance

Alyson Campbell, FSD
Scott Rowson, DSS

MHD Staff in Attendance

Ian McCaslin
George Oestreich
Judy Muck

MHD Staff (cont'd)

Marga Hoelscher
Billie Waite
Donna Siebeneck
Susan Eggen
Mary Ellen McCleary
Rhonda Driver
Angie Brenner
Diana Jones
Lisa Clements
Karen Purdy
Beth McQuaide

Others in Attendance

Marcia Morgan, Alicia Smith & Assoc.
David Parrella, Alicia Smith & Assoc.
Zachary Brunnert, Flotron & McIntosh
Chad Moore, FHP
Bob Finuf, FHP
Suzie Dunnaway, FHP
Judy Brennan, BA+
Deanne Borland, BCBSKC
Jim Burns, CMS
Amy Schwartz, BHC
Mona Prater, BHC
Joel Ferber, Legal Services-Eastern MO
Missy Waldman, Legal Services-
Eastern MO
Amy Hoyt, UMC-Center for Health
Policy

Angie WasDyke, Mercer
Michael Cook, Mercer
Gina Luebbering-OA Budget/
Planning
Adam Koenigsfeld, MO Senate
Jim Moody, Moody & Assoc.
Chris Moody, Moody & Assoc.
Pamela Johnson, Missouri Care
Tina Gallagher, Harmony
Donna Checkett, Missouri Care
Donnell Cox, Doral Dental
Jeff Hickerson, APS
Kristen Dunham, Paraquad
Catherine Edwards, MO Assn. of
Health Plans

David Beavers, St. Louis
University
Kate Becker, St. Louis University
Kristin Wilson, St. Louis
University
Lovey Barnes, Molina
Joanne Volovar, Molina
Sam Richardson, Molina
Dan Paquin, HealthCare USA
Pam Victor, HealthCare USA
Larry Rohrbach, Coventry
Chelmer Barrow, APS
Amerigroup (name not legible)
Deborah Finkey, Primaris
Tim Swinfard, MO Community of
Mental Health Centers

WELCOME/INTRODUCTIONS/MINUTES -- Steven Lipstein, Co-Chair called the meeting to order at approximately 12:00 noon. Minutes from the meeting held August 4, 2009 were reviewed and approved as submitted.

COMMITTEE APPOINTMENTS UPDATE -- Dr. Ian McCaslin, Director-MO HealthNet Division, updated the group on the status of the vacant committee positions. He noted that the terms of all current members expire October 2009; however, statute language allows members to continue to serve until their successors are appointed. Dr. McCaslin expressed appreciation for those members willing to continue their initially-appointed term and requested notification from any member not desiring to serve beyond that time.

MO HEALTHNET ENROLLMENT BY ELIGIBILITY CATEGORY -- Summarizing the handout, Alyson Campbell, Director, Family Support Division, reported that the number of participants as of September 2009 totaled 865,477, with 29,895 in women's health services. In response to a question from the committee she noted they are seeing new clientele and speculation is that the economic situation is having an impact. An increase in the women's health services category is attributed to an increased awareness of the new program.

Ron Levy, Director-Department of Social Services, added that the budget outlook is challenged. Difficult decisions are being required as a result of plummeting state revenues. On the revenue side, the SFY 2009 budget ended at a decline of 6.9%, or \$779 million below the budget as initially-projected. Every 1% of decline equates to roughly \$75 million in general revenue. It is anticipated that spending will need to be held relatively flat over the next few fiscal years. Absent significant changes, health care costs will grow an estimated \$200 million per year. The loss of federal stimulus funds January 2011 adds significantly to the challenge.

MO HEALTHNET COMPREHENSIVE REVIEW -- The annual budget for the Missouri Medicaid program is currently at \$7.5 billion, including Medicaid expenditures in the Departments of Social Services, Mental Health, and Health and Senior Services. In terms of overall state budget, the Medicaid budget ranks #2, behind the Department of Elementary and Secondary Education. Two-thirds of the revenue is from federal funding. Dr. McCaslin reported that, as directed by Mr. Levy and Office of Administration Budget and Planning, the Lewin Group, a national consulting organization, was contracted to conduct an extensive analysis of Missouri's Medicaid program. The review will focus on short-term options for SFY 2010 and assist in budget preparation for SFY 2011. A document outlining deliverables and due dates was shared. The reports will be made public, with a public presentation by representatives from the Lewin Group anticipated at the February 2010 Oversight Committee meeting.

MANAGED CARE REVIEW -- In earlier meetings a comparison of the managed care vs. fee-for-service program had been requested. MO HealthNet commissioned an independent study by the national firm of Alicia Smith and Associates to analyze the historical record of managed care in Missouri in comparison with quality and access measures for the comparative fee-for-service population. Marcia Morgan and David Parrella, Alicia Smith & Associates, presented the results of their review. Using HEDIS and HEDIS-like measures such as well child visits, childhood immunizations, timeliness of prenatal care, and cervical cancer screening, the report findings demonstrated that managed care has performed better on access and on birth outcomes as well as on providing education to participants. Immunization rates for children were found to be below the national average for both fee-for-service and managed care, although the data analysis did not fully reflect immunizations delivered in the public health setting not captured in MHD claims data. The report recommended that MO HealthNet should consider eligibility and enrollment strategies to improve access for pregnant women to prenatal care. Finally, the report found favor with MO HealthNet's efforts to develop HEDIS-like measures for evaluation of quality and access for fee-for-service participants.

Sample Committee member comments and questions at the conclusion of the presentation included:

- The woman and child indicator for preterm delivery is a better indicator of the health of the woman; not the child. The comparison includes disabled women giving birth as well, thus perhaps reflecting a more at-risk maternal population within FFS.
- Results might be skewed by children in state custody, for whom behavioral health services are carved out to FFS.
- Whether the mental health provider ratios include all providers beyond psychiatry.
- Provider access has always been a problem. A secret shopper survey process might be considered to benchmark the issue.

Turning to the cost avoidance aspect of managed care, Angela WasDyke, Mercer, presented on the cost avoidance model under development. Mercer conducts actuarial work in 20 states and has worked in Missouri since the inception of managed care. It was noted that in general managed care savings vary by state based on many factors: rural vs. urban; TANF vs. Aged, Blind, and Disabled population; maturity of managed care program. Typical long-term savings for a TANF-like population are 3-6%. A cost avoidance model is complicated in that there are no equivalent populations for comparing FFS and managed care both geographically and by eligibility criteria. Some payments are made outside the claim system, making it difficult for comparison.

The model goal is to answer the question "If the managed care program did not exist, what would the cost of the existing managed care eligibles be in the FFS delivery system?" It is not a comparison between an existing FFS and managed care population or a depiction of anticipated savings associated with managed care expansion opportunities.

Mercer recommendations for the managed care cost avoidance model include:

- Adjust managed care eligible count to be on the same basis as the benchmark
- Review allocation methodology for add-on payments between FFS managed care-like eligibles and other FFS eligibles
- Review allocation methodology of state administrative costs
- Apply geographic adjustment to the benchmark
- Reflect managed care FFS window claims as managed care carve-out
- Reallocate retroactive mass adjustment payments from "year of payment" to "year of eligibility" to reduce distortions caused by delayed payments.

In responses to questions from Committee members, Mercer indicated:

- Providers in the cost reimbursement process, i.e., nursing home care, are not considered; only the populations eligible for managed care.
- Reimbursement for long-term care services outside of managed care is an area that Lewin will focus on.
- An error rate study regarding geographic differences will not be conducted. Other analysis of geographic areas has been done, but not a cost driver study.
- Most states do not have complete encounter data, but both nationally and in Missouri that data is rapidly improving as it is factored into rate-setting development.
- The model is based on capitation rates paid. Denial of care is not reviewed, just financial data.

CCIP RETURN ON INVESTMENT -- George Oestreich, PharmD, Director-Clinical Services, gave a brief overview of Missouri Chronic Care Improvement Program (CCIP), started in 2006. The goals of CCIP are: improve the quality of care for MO HealthNet participants with chronic health conditions; decrease complications and reduce costs; and connect participants with a health care home. Only FFS participants and dual eligibles are eligible for CCIP; managed care eligibles are not included. Covered conditions include: asthma; diabetes; chronic obstructive pulmonary disease (COPD); gastroesophageal reflux disease (GERD); congestive heart failure/cardiovascular disease; and sickle cell disease. CCIP health management services were reviewed. There are outreach staff in 21 locations as shown on a map provided in the powerpoint. The health management services provided in the program were reviewed as well as enrollment growth. Of note, approximately one-half of the participants are dual eligible; for this population in general any program savings tend to accrue to Medicare rather than the state Medicaid program.

Angela WasDyke, Mercer, reported that Mercer was commissioned by MO HealthNet to evaluate the effectiveness of care management intervention in terms of financial impact, focusing on individuals covered through the Missouri Medicaid disease management program known as CCIP. The study examined a comparable population to assess trends outside of CCIP and evaluated the net cost of the program on a per member per month basis for medical savings offset by program fees. The report revealed that CCIP reduced medical expenditures by \$15.7 million or 1.4% of expected costs from July 1, 2007 to June 30, 2008. Overall, net cost to the state was \$940,000 or 0.1% of expected medical costs. A further comparison will be conducted and reported on in the February 2010 meeting separating dual eligibles from the full population and after netting out vendor fees.

In responses to questions from Committee members, Mercer indicated:

- It seems to be the case that medical savings are based on decreased ER visits, but it is unclear if that is a quality or access factor.
- Service to the participants was not measured; only the financial aspect was reviewed.

Dr. McCaslin noted that in light of the current budget situation further review of CCIP will be needed to explore for example exclusion of dual eligibles; return on investment by disease; clinical outcomes and utilization matrix.

NATIONAL HEALTH REFORM -- Mr. Levy, Dr. McCaslin, and Co-Chairperson Lipstein spoke to the issue of the impact on Missouri of national health reform. If passed at the federal level health insurance reform and Medicaid expansion will require substantial on the part of the federal Department of Health and Human Services in terms of new regulations and payment methods. At the state level there would likewise be a huge impact, requiring a number of statute changes, regulations, budget projections, and likely dedicated staff. If implemented, it is estimated by DSS that there would be 392,000 newly covered individuals through the Missouri Medicaid program by SFY 2015.

OPEN PUBLIC COMMENT -- Pamela Johnson, Missouri Care, indicated the health plans are looking forward to reviewing the reports from Alicia Smith and Associates and Mercer pertaining to managed care, and to working together with the state.

QUESTIONS/ADJOURN -- Copies of meeting materials and presentations will be made available on the MO HealthNet Oversight Committee Web page <http://www.dss.mo.gov/mhd/oversight/index.htm>. Gwen Crimm, Co-Chair adjourned the meeting at 4:00 p.m. Next meeting is February 2, 2010.