

Redesigning
THE MEDICAID PROGRAM



NEW YORK MEDICAID REDESIGN

A PROGRESS REPORT

Working together to build a more affordable, cost-effective Medicaid program

Governor's Vision for Reform



Governor's Vision for Reform

“New York’s bloated Medicaid program, which spends at a rate more than twice the national average, must be reformed to help our state begin to make ends meet -- This new team has been tasked with finding ways to save Medicaid money which will finally give taxpayers a needed break.”

- Governor Andrew M. Cuomo

Governor's Vision for Reform

Governor Cuomo believes New York can do better:

- ☑ New York spends more than twice the national average on Medicaid on a per capita basis, and spending per enrollee is the second highest in the nation.
- ☑ New York ranks 21st out of all states for overall health system quality and ranks last among all states for avoidable hospital use and costs.
- ☑ Real Reform must be pursued in collaboration with key stakeholders.

Governor's Solution = MRT

- ☑ On January 5, 2011, Governor Cuomo issued an Executive Order aimed at redesigning New York's outsized Medicaid program.
- ☑ The order called for the creation of a Medicaid Redesign Team (MRT) to uncover ways to save money and improves quality within the Medicaid program for the 2011-12 state budget.
- ☑ The MRT was also tasked with engaging stakeholders, Medicaid beneficiaries, and citizens. Albany does not have a monopoly on good ideas.

Medicaid Redesign Team (MRT)

- ☑ **The Medicaid Redesign Team includes 27 voting members appointed by the Governor including:**
 - *Leaders with expertise in the healthcare industry.*
 - *Business and consumer leaders.*
 - *State officers or state employees with relevant expertise.*
 - *Two members of the New York State Assembly, one recommended by the Speaker of the Assembly and one recommended by the Minority Leader of the Assembly.*
 - *Two members of the New York State Senate, one recommended by the Temporary President of the Senate and one recommended by the Minority Leader of the Senate.*
 - *Governor Cuomo believes that working together we can accomplish far more than when we remain divided.*

(continued)

Medicaid Redesign Team (MRT)

- ☑ ***PHASE 1: Address the current year budget situation***
 - *The Team began its work on Friday, January 7.*
 - *The Team submitted its first report with findings and 79 reform recommendations to the Governor on February 24 for consideration in the 2011-12 budget process.*
 - *The Governor accepted the recommendations, as is, and sent them to the Legislature in his revised budget bill.*
 - *On March 1 the Legislature approved the budget bill that contains 73 of the MRT recommendations.*

(continued)

Medicaid Redesign Team (MRT)

☑ ***PHASE 2: Pursue Comprehensive Reform***

- *Develop multi-year quality improvement/care management plan.*
- *Break into subcommittees.*
- *Work on complex issues that were not addressed in Phase 1.*
- *Engage a broader set of stakeholders.*
- *Present final recommendations to Governor Cuomo by November 2011.*



Phase 1 Re-cap: What We Accomplished

- ☑ **Engaged stakeholders and citizens in ways never done before in New York State.**
 - *Over 4,000 ideas received in less than 2 months.*
 - *Public hearings were held in Buffalo, Rochester, New York City, Long Island and Queensbury; over 600 ideas collected.*
 - *All MRT meetings were public.*



Phase 1 Re-cap: What We Accomplished (continued)

- ☑ Developed a package of reform proposals that achieved the Governor's Medicaid budget target.
 - ***Total Year 1 Budget Savings = \$2.2 billion (state share)***
 - ***Total Year 2 Budget Savings = \$3.3 billion (state share)***
- ☑ Introduced significant structural reforms that will bend the Medicaid cost curve.
- ☑ Achieved the savings without any cuts to eligibility. The plan does not eliminate any “options benefits.”

MRT – Phase 1



Health Care
Reform

Major Reform Elements

(1) Global Medicaid Cap

- ☑ Two-year state share actual dollar cap.
- ☑ Four-year state share spending cap linked to growth in CPI-Medical.
- ☑ Industry challenge to control costs.
- ☑ “Super Powers” established to ensure that cap is not exceeded.



(2) Care Management for All

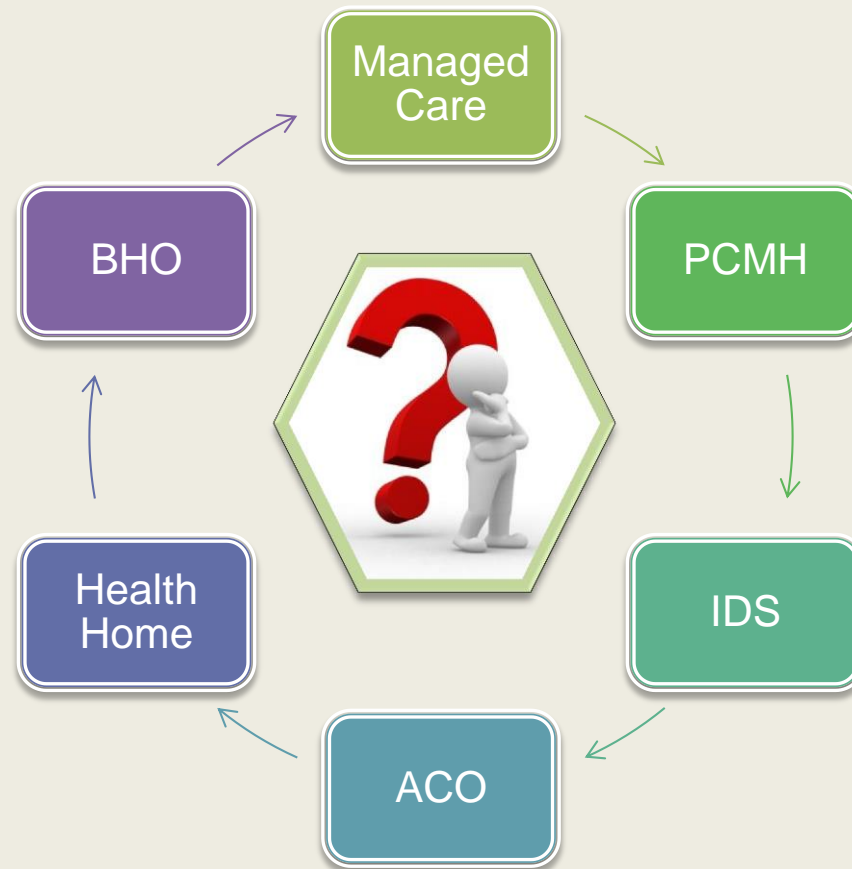
- ☑ Begins three-year phase-in to access to “care management” for all Medicaid beneficiaries.
- ☑ New York is getting out of the fee-for-service (FFS) business.
- ☑ Over the next three years new models of care management will be developed to ensure that special populations obtain the services they need (i.e., self-direction).

(3) Major Expansion of PCMH and Launch of Health Homes

- ☑ Up to 1 million New York Medicaid beneficiaries could be enrolled in PCMH or Health Homes.
- ☑ Health Homes will be more expansive than PCMH and will target high-need/high-cost populations.
- ☑ PCMH and Health Homes will be fully integrated with Care Management.

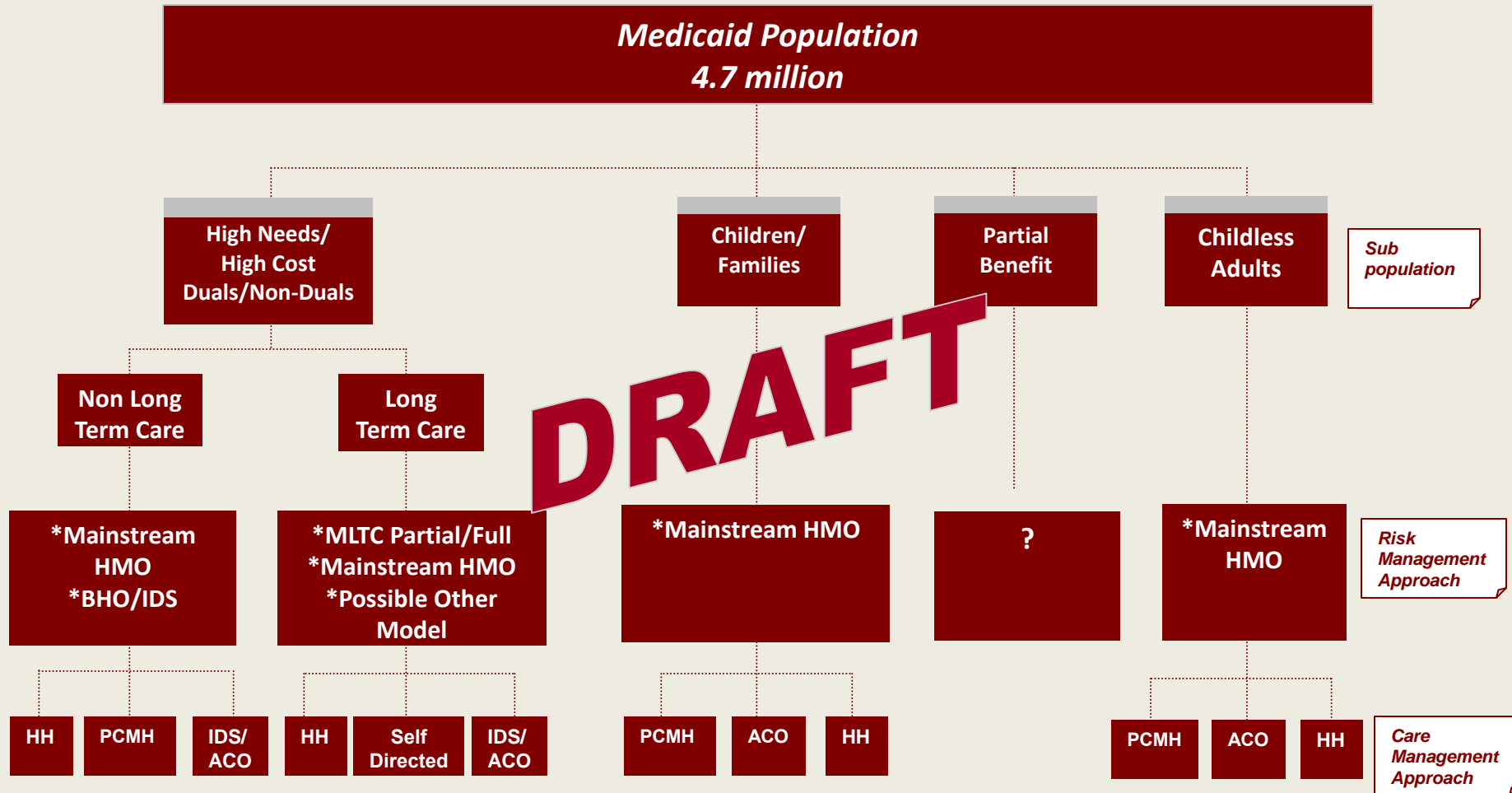


How Do These Various Care Management Strategies Fit Together?



Care Management Possible Approach

What Do You Think?



(4) Reform New York's Medical Malpractice Laws



- ☑ In 2009, NYS hospitals spent \$1.6 billion for medical malpractice insurance. Up to 50 percent of those premiums are associated with obstetrical cases.
- ☑ New York Medicaid pays for roughly 50 percent of all births in the state.
- ☑ Medical Malpractice insurance costs are beginning to create access problems in the Bronx and Brooklyn where Medicaid pays for more than 70 percent of birth-related costs.
- ☑ Medical Malpractice Reform = Medicaid Reform in New York State.

(4) Medical Malpractice Solution: Medical Indemnity Fund



- ✓ First of its kind in the nation.
- ✓ Fund medical costs of victims of negligence (birth-related).
- ✓ Initiative will lower premiums by making health care costs a “known” as opposed to an “unknown.”
- ✓ Lower hospital insurance premiums by 20 percent (\$320 million).

Other Reforms



- ☑ Carve-in Prescription Drug Benefit into HMO contracts which lowers costs and improves care coordination.
- ☑ Rate reform for c-sections to lower costs and create financial incentives to lower the state's c-section rate.
- ☑ Contract with Behavioral Health Organizations (BHOs) to begin transition to care management for behavioral health services with goal being full integration of physical and behavioral health within innovative care management arrangements.

Other Reforms (continued)



- ☑ Standardized assessment tool for LTC services which will reduce paperwork and ensure more appropriate utilization of services.
- ☑ Immediate fee-for-service (FFS) rate reform in home health to encourage more appropriate utilization and begin transition to episodic pricing and eventually care management for all.
- ☑ Reform nursing home rates to adopt a “price-based” system and abandon the state’s current “cost-based” system which rewards inefficiency.

Proposals Not in the Package

- ☑ Eligibility cuts.
- ☑ Wholesale elimination of optional benefits.
- ☑ Immediate enrollment of all Medicaid members in mainstream HMOs.
- ☑ Elimination of patient protections in nursing homes and other settings.
- ☑ Complete carve-in of all behavioral health services into mainstream HMO contracts.
- ☑ Elimination of targeted case management.

MRT Implementation Process

- ☑ Implementing Phase 1 proposals is a huge challenge for New York State.
- ☑ The Department of Health is using a very disciplined approach to project management:
 - *Each proposal has an assigned lead and team supporting the implementation, consisting of staff within DOH and other State agencies.*
 - *Biweekly meetings are held to report implementation status to the Medicaid Director.*
 - *A master work plan tracks the tasks associated with each proposal and is published on the MRT Web site.*

MRT Implementation Process

- ☑ **MRT process marks a major shift in NYS – CMS relations:**
 - *34 state plan amendments are being submitted in the current round of proposals.*
 - *Weekly conference calls are held with CMS leadership.*
 - *CMS has appointed a special lead to assist with the MRT process.*
 - *CMS has made New York State a real priority.*

MRT Phase 1: Bottom Line

- ☑ Reduces Medicaid spending by \$2.3 billion in FY 2011-12.
- ☑ Enacts a series of measures to both control costs in short term and enact longer-term reforms.
- ☑ Caps Medicaid spending growth in state law.
- ☑ Begins three-year phase-in to care management for all.
- ☑ We have only just begun ...

MRT – Phase 2



Health Care
Reform

Comprehensive Reform

Overview

- ☑ Three part process for moving forward.
- ☑ Opportunity to address more complex challenges.
- ☑ Opportunity to reach parts of the state missed in Phase 1.
- ☑ More work to be done to really bend the cost curve and improve program quality.
- ☑ What I have presented here today is still in DRAFT. The MRT will hopefully endorse final approach on May 12.

Part 1: MRT - Our Board of Directors

- ☑ Move from “tactical thinking” to “strategic thinking.”
- ☑ Move beyond cost cutting to real long-term planning.
- ☑ Create an overall “quality improvement strategy” for Medicaid.
- ☑ Identify key quality measures and set short-term, mid-term and long-term goals.
- ☑ Help craft the vision for what “care management for all” will look like three years from now.

Part 2: Stakeholder Engagement

- ☑ Hold more public hearings across the state.
- ☑ Continue to utilize the Web site to gather ideas.
- ☑ Goal – reach every region in the state and listen to the ideas of New Yorkers.

Part 3: Subcommittees

- ☑ Create nine subcommittees to address more complex issues.
- ☑ Each subcommittee co-chaired by MRT members.
- ☑ Subcommittees to include other stakeholders – opportunity to expand participation.
- ☑ Each committee will work May through October.
- ☑ Recommendations to be finalized by November 2011.

MRT Subcommittees at a Glance

➤ ***Payment Reform:***

- Subcommittee will develop a series of recommendations on how the state can encourage the development of Accountable Care Organizations (ACOs) and other innovative payment models.
- Subcommittee will consider issues specific to safety net health care providers, including ways to continue to protect the health care safety net as well as the need for an appropriate definition of “safety net provider.”

➤ ***Basic Benefit Review:***

- Subcommittee will conduct a thorough examination of the current list of covered benefits within NYS Medicaid.
- Subcommittee will examine the latest cost-effectiveness research and value-based benefit design initiatives to see what lessons can be gleaned for NYS Medicaid.

MRT Subcommittees at a Glance

➤ ***Program Streamlining and State/Local Responsibilities:***

- Subcommittee will identify the administrative impediments that prevent New York residents from accessing health care services they need.
- Subcommittee will consider how to effectively transition Medicaid administration from being a county function to primarily a state function.

➤ ***Supportive Housing:***

- Subcommittee will develop a statewide plan for increasing access to supportive housing to ensure that NYS Medicaid beneficiaries are not forced into institutional settings simply because they can't access affordable housing.

MRT Subcommittees At a Glance

➤ ***Health Disparities:***

- Subcommittee will advise the Department on initiatives, including establishment of reimbursement rates, to support providers' efforts to offer culturally competent care and undertake measures to address health disparities.
- Subcommittee will explore issues surrounding charity care and the uninsured.

➤ ***Workforce Flexibility/Change of Scope Practice:***

- Subcommittee will develop a multi-year strategy for both expanding the health care workforce, as well as redefining the roles of certain types of providers, that will allow New York to ensure that the comprehensive health care needs of our population are met in the future.

MRT Subcommittees at a Glance

➤ ***Medical Malpractice:***

- Subcommittee will monitor implementation of the Medical Indemnity Fund and will make recommendations on options for medical malpractice reform.

➤ ***Managed Long Term Care Implementation and Waiver Redesign:***

- Subcommittee will advise the Department on how to successfully implement mandatory managed long term care in New York.
- Subcommittee will discuss ways to promote access to services in homes and communities so individuals may avoid nursing home placement and hospital stays.

MRT Subcommittees at a Glance

➤ ***Behavioral Health Reform:***

- Subcommittee will provide guidance on Behavioral Health Organization (BHO) implementation.
- Subcommittee will also consider the integration of substance abuse and mental health services and explore and research other fully-integrated models of care.

MRT: Final Product

- ☑ A comprehensive action plan that both improves quality and reduces program costs.
 - ▣ *Due to Governor Cuomo – November 2011*
- ☑ The action plan may be turned into a comprehensive 1115 waiver to ensure that the state has sufficient flexibility to enact all the reforms.
- ☑ The plan will be the most significant overhaul of the New York Medicaid program since its inception.
- ☑ There is lots of work still to be done!

Contact Information

We would like to hear from you!

http://health.ny.gov/health_care/medicaid/redesign/

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