



Redesign Medicaid in New York State



A Plan to Transform the Empire State's Medicaid Program

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Overview



- 1) **Medicaid Redesign Team (MRT)**
A Quick Recap
- 2) **MRT Multi-Year Action Plan**
Achieving the CMS Triple Aim
- 3) **Implementation to Date**
Are we achieving the Triple Aim?
- 4) **MRT Phase 3 & MRT Waiver Amendment**
Fully Implementing the Action Plan
- 5) **Next Steps**



MRT Recap

THE MRT WORKED IN TWO PHASES

Phase 1:

Provided a blueprint for lowering Medicaid spending in state fiscal year 2011-12 by \$2.2 billion.

Phase 2:

Developed a comprehensive multi-year action plan to fundamentally reform the Medicaid program.

- This is the first effort of its kind in New York State.
- By soliciting public input and bringing affected stakeholders together, this process has resulted in a collaboration which reduces costs while focusing on improving quality and reforming New York's Medicaid system.



MRT Phase I Overview

- MRT Phase 1 recommendations provided a blueprint for lowering Medicaid spending in state fiscal year 2011-12 by \$2.2 billion.
- ✓ Phase 1 completed February 24, 2011.
- ✓ Initial MRT report met the Governor's Medicaid spending target contained in his 2011-2012 budget.
 - *79 recommendations were included in MRT report and 78 recommendations were approved by the legislature as part of the budget and are currently being implemented.*
- The plan allowed NYS to move from an environment where growth in the Medicaid program was anticipated to rise by 13% (state share), and ensured growth would rise by 1% (state share).



MRT Phase II Overview

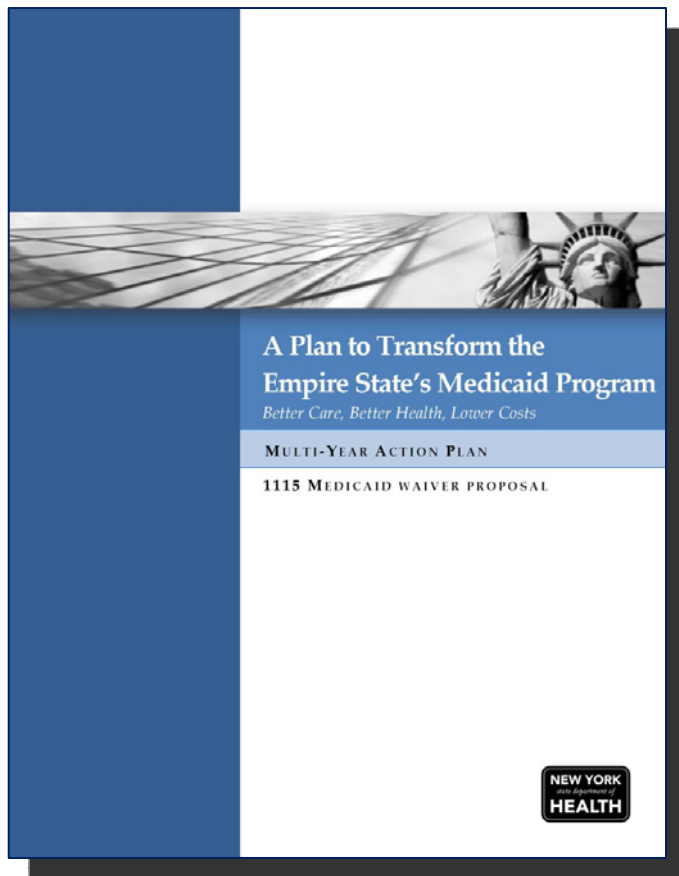
- The MRT continued its innovative work in a second phase:
 - ✓ *MRT broke into 10 work groups to address more complex issues.*
 - ✓ *MRT monitored the implementation of key recommendations enacted in Phase 1.*
 - ✓ *MRT Phase 2 completed on December 13, 2011.*
- MRT work groups gave an additional 175 stakeholders the opportunity to participate in the MRT process:
 - ✓ *All work group meetings were public.*
 - ✓ *Each work group produced a final report of recommendations.*
 - ✓ *All work group reports were approved by the MRT.*
 - ✓ *Recommendations from Phase 1 & Phase II combined into a single, multi-year Medicaid reform strategy.*



MRT Final Product Multi-Year Action Plan



Key Elements of the Plan



- Most sweeping Medicaid reform plan in state history.
- Pulls together the work of the MRT into a single action plan.
- Plan is closely tied to successful implementation of the federal Affordable Care Act (ACA).
- The plan also embraces the CMS “triple aim” of: *Improving care, improving health, and reducing costs.*

Aim #1: Improving Care



- New York is committed to ensuring that every Medicaid member has access to high-quality, cost-effective, effectively managed health care.
- Step 1 is to phase-out the inefficient “fee-for-service” system that encourages volume over value.
- Care management for all will ensure that incentives are better aligned around improved health and cost effective delivery but is not sufficient to achieve the state’s ultimate objectives – system transformation.



(continued)

Aim #1: Improving Care



- Providers must begin working together by sharing information in real time especially for our sickest patients – health care must become a team effort.
- The health care workforce must expand and be retrained to meet the needs of one million New Yorkers accessing health insurance for the first time due to the Affordable Care Act (ACA).
- The chasm that exists between behavioral health and physical health must be closed so that our most challenged patients don't continue to fall through the cracks of a highly fractured system.



Primary Strategies for Improving Care



Care Management for All

Eliminate FFS and replace with fully integrated care plans which are qualified to meet the needs of all Medicaid patients.

Universal Access to High Quality Primary Care

Expand the Patient Centered Medical Home program to virtually all Medicaid members within five years.

Interoperable EHR for All New Yorkers

Use all the tools at the state's disposal to expand EHR access and interoperability.

Health Homes

Create special care coordination organizations tailored to the needs of up to one million of the most challenging and highest cost patients.

Improve Behavioral Health

Implement new care delivery systems for Medicaid's most complex behavioral health patients including children.

Aim #2: Improving Health



- Social determinants of health - poverty, joblessness, chronic homelessness, race/ethnicity, etc. – are often more important to the health and well being of Medicaid members than the health care delivery system.
- New York must implement powerful new health and public health strategies to eliminate health disparities, significantly expand access to supportive housing and reinvent the Medicaid benefit to improve population health.



Primary Strategies for Improving Health



SUPPORTIVE HOUSING

New York will lead the nation in using supportive housing as a vital service to improve patient outcomes and lower program costs.

FIGHTING DISPARITIES

New strategies, including investments to address health disparities. Language translation and better data tracking – we can't fix what we don't understand

BENEFIT REDESIGN

Redesigning the Medicaid benefit to focus on ensuring that cost effective health care is provided. Add coverage that improves health and lowers costs (expansion in smoking cessation coverage) and eliminating coverage for which there is no evidence its effective (expensive lower back treatments when less costly and proven therapies exist)

Aim #3: Reducing Costs



- We must bend the Medicaid cost curve:
 - ✓ *NYS has the nation's largest Medicaid program*
 - ✓ *NYS spends twice the national average on a per recipient basis*
- NYS taxpayers have been generous but we have reached a point where Medicaid is draining resources from other state budget priorities.
- NYS believes that by improving care/coordination and improving patient outcomes it can achieve substantial Medicaid savings.



Primary Strategies for Reducing Costs



Global Medicaid Spending Cap: Injected fiscal discipline and transparency into a huge and complex program plagued by out-of-control cost growth.

Strengthening the Safety Net: In order for New York to have a cost effective health care system it must have a cost effective safety net system (example of where investments are necessary to bend the cost curve).

Payment Reform: Ending FFS Medicaid is essential but not enough to bend the cost curve. We need to re-align incentive and reward value over volume.

Medical Malpractice Reform: The Medical Indemnity Fund lowered malpractice insurance premiums by as much as 20% for some hospital which means lower costs for Medicaid.

Redefining State/Local Medicaid Roles: Consolidate and streamline Medicaid administration in a manner which is coordinated with the implementation of the health insurance exchange.



MRT Implementation to Date



Implementation to Date

- **Two primary objectives for Year 1:**
 - ✓ Achieve significant “in-year” budget savings with as few unintended consequences as possible.
 - ✓ Begin implementation of more systemic reforms that will achieve the CMS Triple Aim.



Implementation to Date

- **Both objectives were achieved in Year 1**
 - ✓ Year 1 savings target (\$2.2 billion, state share) was achieved and Medicaid program spending was held under the global spending cap
 - ✓ Unintended consequences were relatively few given the magnitude of the savings achieved.
 - ✓ Year 1 fiscal targets were achieved even though the program added more than 140,000 people to the program over the last year.



Implementation to Date

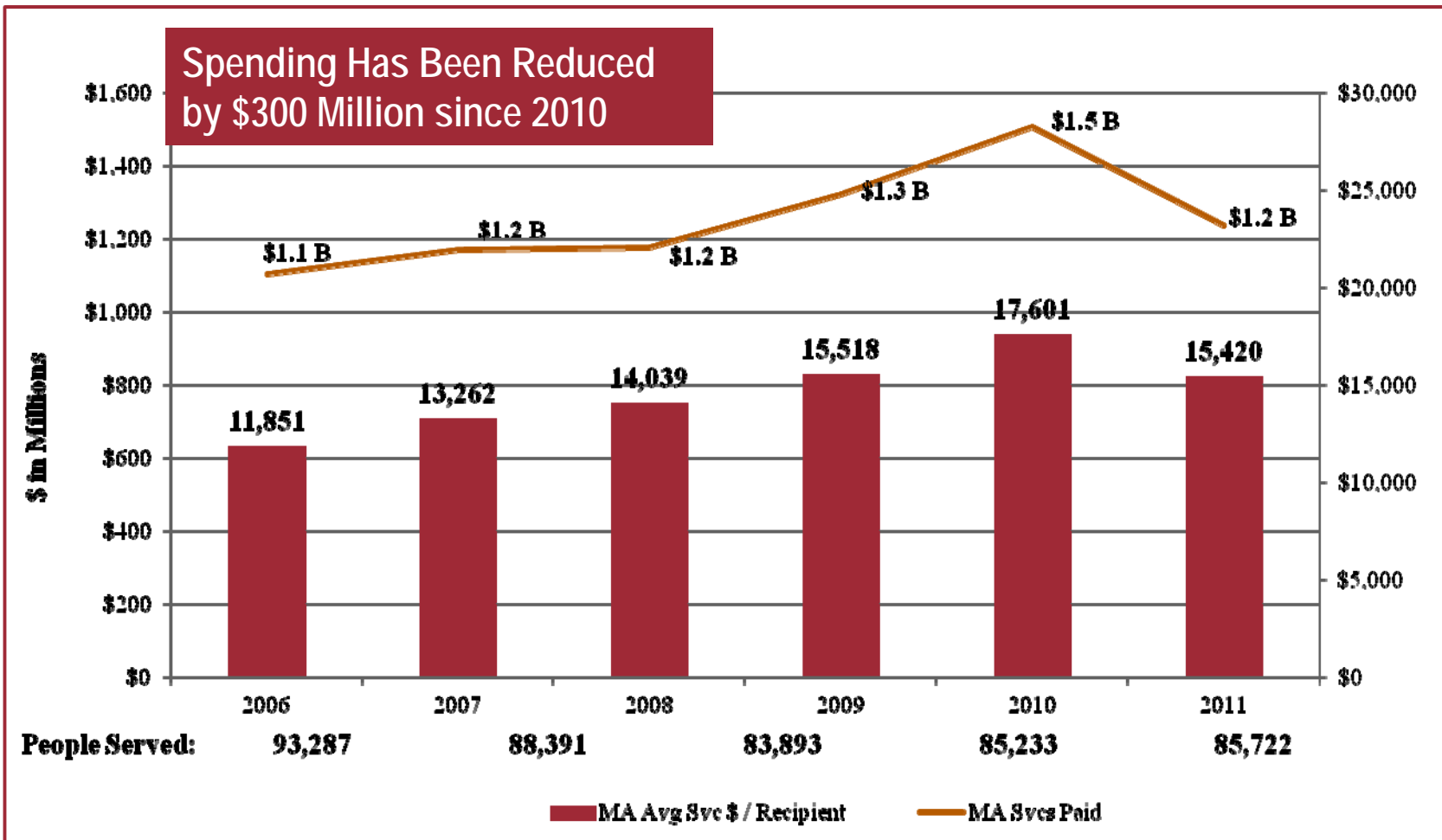
- **Major Policy Achievements in Year 1**
 - ✓ One million additional Medicaid members (1.8 million in total) now accessing Primary Care Medical Homes (PCMHs).
 - ✓ 34 Health Homes have been established in 23 counties and 5,900 individuals have been assigned to Health Homes so far.
 - ✓ Approximately \$3.9 billion was successfully transitioned from FFS to Managed Care.

Cost Containment Success Stories





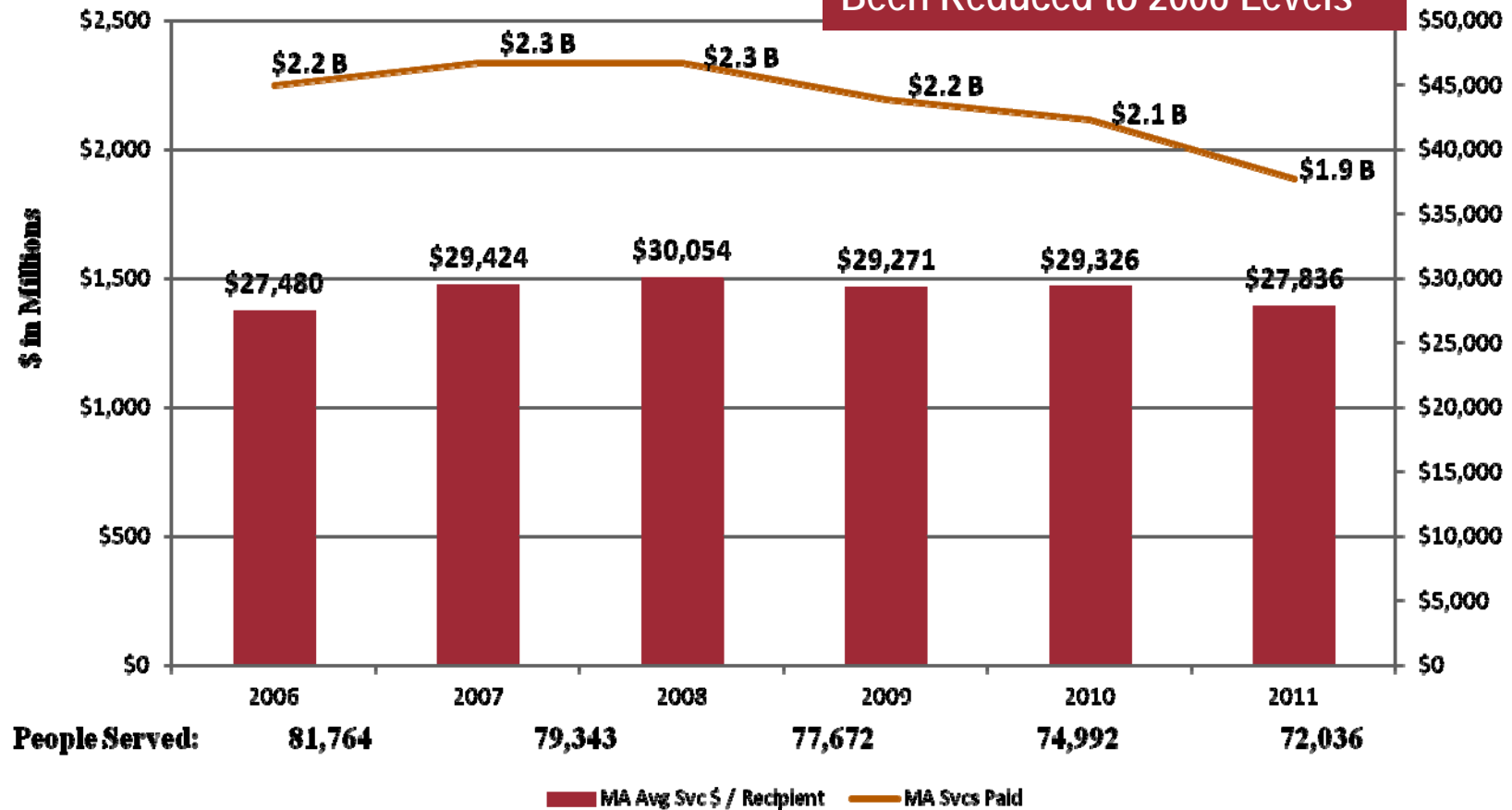
MRT Initiatives to Control Excessive CHHA Utilization are Working





Personal Care Spending is Also on the Decline

Per Recipient Spending Has Been Reduced to 2006 Levels





Year One Cost Containment The Final Numbers

Service Category	Medicaid Spending (Thousands)		
	<i>Estimated</i>	<i>Actual</i>	<i>Variance</i>
Inpatient	\$2,066,934	\$2,106,420	\$39,486
Outpatient/ER	\$347,099	\$304,219	(\$42,880)
Clinic	\$296,273	\$279,067	(\$17,206)
Nursing Homes	\$3,039,749	\$3,044,443	4,694
Other Long Term Care	\$1,868,863	\$1,671,936	(\$196,927)
Medicaid Managed Care	\$3,861,172	\$4,051,469	\$190,297
Family Health Plus	\$765,145	\$829,204	\$64,059
Non-Institutional / Other	\$3,384,840	\$3,343,178	(\$41,662)
Cash Audits	(\$303,500)	(\$317,688)	(14,188)
TOTAL	\$15,326,576	\$15,312,249	(14,327)

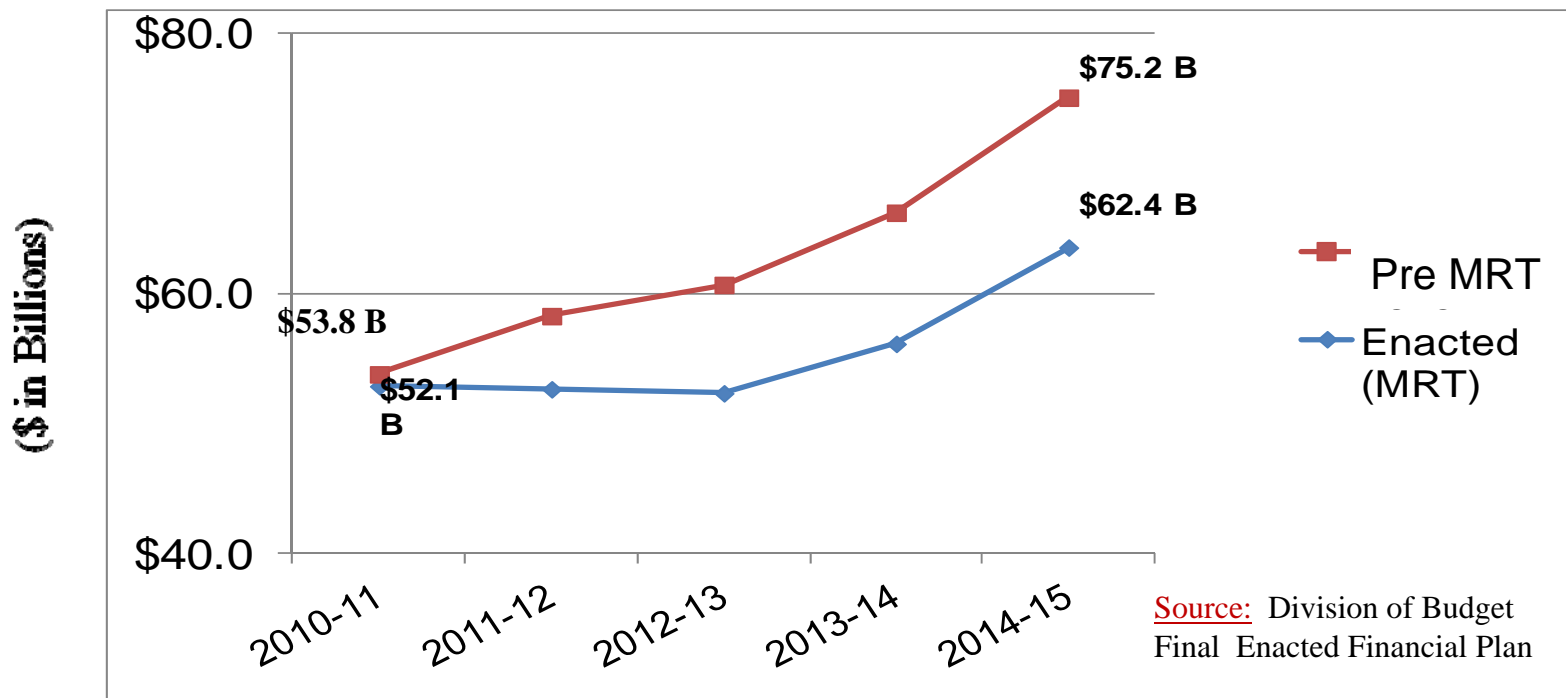
MRT Cost Containment Year 1 and Beyond

- The MRT has actually bent the Medicaid cost curve, not just for one year but for many years to come.
- Savings to both state taxpayers and the federal government is significant.
- **Year 1 MRT savings for the federal government was enough to “flat line” the national growth rate in Medicaid (based on CBO estimates).**
- In addition to the continuing impact of specific MRT initiatives the global spending cap and “super powers” ensure that the spending will grow at a modest rate tied to medical inflation.





MRT (Phase I) Saves the Medicaid Program IN TOTAL \$34.3B (\$17.1B Federal) Cumulatively over the Next Five Years



State statute “bends the cost curve” by holding spending to Medical CPI (currently at 4%).



MRT Waiver Amendment

The Path Forward



What is an 1115 Waiver?

- A waiver is an agreement between the state and the federal government which allows the state greater flexibility to administer the program and/or invest savings to implement innovations that improve care, increase efficiency, and reduce costs. Generally, 1115 waivers are approved for a five year period. Waivers must be “budget neutral” meaning that during the course of the project federal spending will not be more than federal spending without the waiver.



Why is this Important?

- This would be one of the largest waivers in history approved by the Centers for Medicare & Medicaid Services (CMS).
- Successful implementation of MRT initiatives has allowed the state the unique opportunity to bend the cost curve for the state's health care system.
- New York State would be well positioned to lead the nation in Medicaid reform and in Affordable Care Act (ACA) implementation, resulting in sweeping changes to the health care delivery system and benefiting all New Yorkers.



MRT Waiver Amendment

- New York requires a groundbreaking new Medicaid 1115 waiver amendment in order to fully implement the MRT action plan and prepare for health care reform.
- The waiver will allow the state to reinvest a portion of the federal savings generated by the MRT action plan.
- The waiver amendment will require federal approval. We are hoping to be able to reinvest up to \$2 billion per year over five years as a result of this effort.



MRT Waiver Amendment

- The waiver presents a unique opportunity to address underlying health care delivery problems:
 - ✓ *Lack of high quality primary care options;*
 - ✓ *A weak health care safety net;*
 - ✓ *The fact that even after ACA implementation 1.7 million New Yorker's will still be uninsured;*
 - ✓ *Health disparities continue to exist;*
 - ✓ *Providers are not ready for the transition to care management for all (end of Fee-for-Service (FFS) Medicaid).*



New York's Major Reinvestment Strategies



Primary Care Expansion

\$1.25 billion over the next five years

- Program will provide capital funding for health care providers to modernize (including HIT) and expand their facilities in preparation for one million more New Yorkers gaining access to health insurance.
- Special focus will: (1) expand access to high quality primary care; and (2) convert existing hospital capacity into new ambulatory settings.
- Consistent with Affordable Care Act (ACA) provisions which will increase Medicaid payments for primary care.



Health Home Development

\$525 million over the next five years

- NYS continues to be the nation's leader in Health Home development.
- Health Homes are like ACO's for very high need/high cost Medicaid and Medicare members.
- Waiver funding will provide both capital and temporary operating support for Health Homes -- mature health homes will be funded by a mix of Medicaid care coordination payments and shared savings arrangements.
- **GOAL** = Cost-effective Health Homes in all areas of the state.



New Care Models

\$375 million over the next five years

- New York seeks to become the nation's health care reform laboratory.
- A variety of efforts will be funded and each will be closely evaluated.
- New York State will use waiver funds to launch new partnerships and test new models of care that could be replicated elsewhere.



Expand Vital Access/Safety Net Program

\$1.5 billion over the next five years

- New York has two programs designed to assist uniquely situated and financially challenged hospitals, nursing homes, Diagnostic & Treatment Centers (D&TCs) and home health providers:
 - ✓ **SAFETY NET PROVIDER PROGRAM:** Short-term funding to achieve defined operational goals such as a facility closure, merger, integration or reconfiguration of services.
 - ✓ **VITAL ACCESS PROVIDER PROGRAM (VAP):** Longer term support to ensure financial stability and advance ongoing operational changes to improve community care.
- Waiver funds will expand these important programs.



Public Hospital Innovation

\$1.5 billion over the next five years

- While the ACA will reduce the number of uninsured, hospitals will continue to provide vital care to Medicaid patients and meet the challenges of uncompensated care.
- Public Hospitals in particular will face the challenge of caring for the uninsured.
- Waiver funds will support enhanced care coordination and expanded access to primary care for not only uninsured patients but Medicaid members as well.



Medicaid Supportive Housing

\$750 million over the next five years

- This new program will expand access to supportive housing for high needs/high Medicaid cost members.
- Social determinants of health are paramount.
- Supportive housing will bend the Medicaid cost curve.
- Housing projects will target health home eligible Medicaid members with complex health conditions.



Long Term Transformation - Integration to Managed Care

\$839.1 million over the next five years

- Move to care management for all in the long term care area requires investment in provider capabilities.
- Long Term care providers including nursing homes need additional investments to prepare for the future.
- Nursing home capital costs vary widely dependent on modernization efforts.
- Nursing homes should not be disadvantaged by recent efforts toward rightsizing and other improvements.
- Waiver funds will help address these challenges.



Capital Stabilization for Safety Net Hospitals

\$1.7 billion over the next five years

- New York's not-for-profit safety net hospitals are at risk and are not prepared to create new models of healthcare delivery.
- Program funds will assist in debt reduction/restructuring and provide capital funds to modernize needed facilities.
 - ✓ *The program will require the closure of unneeded hospital beds; will require hospitals to demonstrate how these funds will prepare them for both ACA implementation and payment reform; and hospitals that actively participate in Health Homes will be given special consideration.*



Hospital Transition

\$520 million over the next five years

Hospitals need to be active partners in provider delivery transformation.

- The future delivery model requires integrated care that is very patient centered. Primary care and outpatient services must become the focus.
- Transition will require assistance for capital investment in primary care/outpatient services linked to bed closures, workforce retraining, and developing outpatient networks.
- Hospitals must be a part of the integrated future.



Ensuring the Health Workforce Meets the Needs in the New Era of Health Care Reform

\$500 million over the next five years

- Funding for training and re-training the state's health care workforce to meet changes in health system workforce needs and to promote patient-centered, team-based, coordinated care.
- Expanding the Doctors Across New York (DANY) program, and the newly enacted Primary Care Services Corps (PCSC) program that targets non-physician clinicians, in medically underserved communities.
- Paying teaching institutions to enhance salaries for residents who agree to work in a medically underserved community within the state upon completion of residency training with amounts further increased for residents who commit to work in a rural community.



Public Health Innovation

\$395.3 million over the next five years

- This program will employ comprehensive initiatives to improve maternal and child health in NYS particularly among racial and ethnic minorities, including statewide expansion of the successful Nurse-Family Partnership program.
- This program will also expand Medicaid coverage of Primary and Secondary Community-Based Chronic Disease Preventive Services including Medicaid coverage of home visits for environmental assessments to reduce incidence and ensure treatment for asthma and childhood lead poisoning; coverage of pre-diabetes screening, and interventions to prevent progression to diabetes.
- Medicaid Support of Water Fluoridation.



Regional Health Planning

\$25 million on average annually over the next five years

- Regional Health Planning is essential to ensure health care services are provided cost effectively.
- Effective regional planning engages consumers, payers, providers and public health officials; and is driven by rigorous data analysis; builds community consensus and strategic partnerships around health care and healthy communities.
- Waiver funds will help launch regional planning all across New York State.



MRT and Waiver Evaluation Program

\$500 million over the next five years

- Evaluation of key MRT proposals and waiver programs is needed to ensure that reforms are achieved and are aligned with the CMS Triple Aim.
- Funds will support dedicated state staff as well as outside researchers and experts.
- Measures for evaluation will align with national efforts including the National Quality Strategy, the National Priority Partnership and the CMS core measures for Medicaid.

Next Steps



- Thanks to the MRT we now have a multi-year action plan, a roadmap, for meaningful Medicaid reform.
- Need to get the MRT waiver amendment approved.
- Need to continue to implement MRT action plan.
- Biggest risks are continued enrollment growth and potential federal cuts in Medicaid and Medicare.



Contact Information

We want to hear from you!

MRT Waiver e-mail:

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