



Medicaid Redesign Team: Progress Update

Senate Health Committee

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Medicaid Redesign Team: Recap

- ▶ The Medicaid Redesign Team (MRT) was established by Executive Order in January 2011.
- ▶ 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.
- ▶ The MRT worked in two phases:
 - **Phase 1:** provide a blueprint for lowering Medicaid spending in state fiscal year 2011-12 by \$2.2 billion
 - **Phase 2:** Develop a comprehensive multi-year action plan to fundamentally reform the Medicaid program

Medicaid Redesign Team: Phase 1

- ▶ 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 to redesign and restructure the Medicaid program to be more efficient and get better results for patients.*
 - *78 recommendations were approved by the legislature as part of the budget and are now being implemented.*
- ▶ The plan allowed New York 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 less than 1% (state share).

Medicaid Redesign Team: Phase 2

- ▶ **The MRT continued its innovative work in a second phase:**
 - MRT broke into 10 work groups to address more complex issues.
 - Additionally, monitored the implementation of key recommendations enacted in Phase 1.
 - MRT Phase 2 completed 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 and multiple public hearings were held.
 - Each work group produced a final report of recommendations.
 - All work group reports were approved by the MRT at the MRT November 1 and December 13 meetings.

Medicaid Redesign Team: Phase 2

Work Groups

- ▶ Program Streamlining & State/Local Responsibilities
- ▶ Managed Long Term Care Implementation and Waiver Redesign
- ▶ Behavioral Health Reform
- ▶ Health Disparities
- ▶ Health Systems Redesign: Brooklyn
- ▶ Basic Benefit Review
- ▶ Workforce Flexibility and Change of Scope of Practice
- ▶ Payment Reform
- ▶ Affordable Housing
- ▶ Medical Malpractice Reform

Medicaid Redesign Team: Phase 2

- ▶ Work Group final reports are available at:
http://www.health.ny.gov/health_care/medicaid/redesign/
- ▶ A final report of the MRT is currently being finalized.
- ▶ Department of Health staff have combined the work of MRT Phase 1 and Phase 2 into a comprehensive Medicaid reform action plan.
 - *This plan will take 3 to 5 years to fully implement and will ensure that the Medicaid program is both sustainable and effective.*
 - *The action plan recommends the development of a comprehensive 1115 Medicaid waiver to ensure that the state has sufficient flexibility to enact all of the reforms.*

Current Status: MRT Phase 1

- ▶ **Of the 78 MRT recommendations included in the 2011-12 enacted budget:**
 - 53 projects are either **substantively or fully completed**
 - 21 projects are currently **in progress**
 - 3 projects have been **merged** into related projects
 - 1 project has been **cancelled**
 - We are currently on track to meet our savings target
- ▶ **Implementation process for 78 Phase 1 Projects:**
 - Each project is assigned a project lead
 - Each lead breaks the project into tasks and estimated completion dates for a master project management plan
 - Leads report biweekly on status to Medicaid Director; legislative and DOB staff attend periodically
 - Updated materials are made available on the MRT website

Current Status: MRT Phase 1 Key Reforms

- ▶ **Key recommendations currently being implemented:**
 - Global Medicaid Spending Cap
 - Care Management for All
 - Medical Indemnity Fund

Current Status: MRT Phase 1 Key Reforms

Global Medicaid Spending Cap:

- ▶ Two-year state share actual dollar cap, and a four-year state share spending cap linked to growth in CPI-Medical.
- ▶ The cap is a challenge to the health care industry to control costs, and has forced New York to track Medicaid expenditures more closely than ever before.
- ▶ “Super powers” have been given to the State Commissioner of Health to ensure that the cap is not exceeded.
- ▶ Global Cap monthly reports are made available to the industry, legislature and public. Currently, New York is closely monitoring Medicaid expenditures to ensure it does not exceed the statutory spending cap.
- ▶ **As of October 2011, the state has stayed below the spending cap target by about 1.3 percent.**

Current Status: MRT Phase 1 Key Reforms

Care Management for All:

- ▶ The MRT plan substantially improves the quality of the Medicaid program for members.
- ▶ The primary mechanism for improving quality will be the phase-out of uncoordinated fee-for-service (FFS), replacing it with a Care Management for All system.
- ▶ Five million Medicaid members will also benefit from investments in high-quality primary care and care coordination through major MRT reforms such as Patient Centered Medical Homes and the creation of Health Homes.
 - *Up to one million New York Medicaid members will be enrolled in a major expansion of Patient Centered Medical Home (PCMH) and the launch of Health Homes.*
 - *Health Homes will provide integrated care coordination and management that will ensure that the sickest Medicaid patients gets their needs met in the most cost-effective way possible. (Begins February 1 in 10 counties)*
 - *PCMH and Health Homes will be fully integrated with care management.*

Current Status: MRT Phase 1 Key Reforms

Medical Indemnity Fund:

- ▶ Funds medical costs of victims of negligence (birth-related).
- ▶ First of its kind in the nation.
- ▶ Lowers hospital insurance premiums by 20 percent (\$320 million) by making health care costs a “known” as opposed to an “unknown.”
- ▶ The fund is now in operation.

Current Status: MRT Phase 1 Key Reforms

Additional reforms:

- ▶ Carve-in of the prescription drug benefit into HMO contracts which lowers costs and improves care coordination. **(Implemented 10/1/11)**
- ▶ Contracting with Behavioral Health Organizations (BHOs) to begin transition to care management for behavioral health services. **(Implemented 1/1/12)**
- ▶ FFS rate reform in home health to encourage more appropriate utilization, transition to episodic pricing, and eventually care management for all. **(Implemented 10/1/11)**



MRT Implementation

Reform In Action

Current Status: MRT Phase 1 Implementation Examples

MRT #11 – Bundle Pharmacy into Managed Care

- ▶ Aligns with the overall MRT strategy to move fee-for-service populations into managed care or care management. Three million members enrolled in mainstream Medicaid managed care and FHP plans now receive their pharmacy benefits directly from plan.
- ▶ Plan management of the prescription benefit allows for real time access to the pharmacy data, improving the plans' ability to manage patient care.
- ▶ DOH worked closely with all stakeholders to develop implementation and communication strategies designed to minimize the impact on members, providers and prescribers. As a result:
 - *Members are continuing to receive medically necessary medications.*
 - *DOH is on track to exceed State share savings target of \$50 million for SFY 11-12 and \$100 million for SFY 12-13.*
 - *DOH continues to track and monitor issues and work closely with plans and stakeholders to address issues and concerns.*

Current Status: MRT Phase 1 Implementation Examples

MRT #17 – Reduce Fee-for-Service (FFS) Dental Payment on Select Procedures

- ▶ Results in comparable payments for Medicaid FFS and managed care members that will ensure that New York State can continue to provide this "optional" benefit which has been eliminated in other states.
- ▶ FFS dental payments were around \$275M per year, with 600,000 members being served annually. Another one million members are served in Medicaid Managed Care (MMC) each year.
- ▶ The proposed savings impact of this fee schedule change was \$60M.
- ▶ Savings achieved with no measurable change in member access to vital dental services.

Current Status: MRT Phase 1

Implementation Examples

MRT #24 – Payment for Enteral Formula with Medical Necessity Criteria

- ▶ Ensures coverage of enteral formula for individuals who cannot obtain nutrition through other means, preserving the benefit for those in need of medical nutrition:
 - *Tube feeding for adults and children;*
 - *Treatment of inborn metabolic diseases in adults and children, and*
 - *Children under 21 with a documented diagnostic condition where caloric and dietary nutrients from food cannot be absorbed or metabolized.*
- ▶ Meeting projected state savings of \$14.7 million for SFY 11-12 and \$16.8 million for SFY 12-13.
- ▶ In addition to meeting projected savings, DOH also identified potential provider fraud while monitoring this initiative through the Salient Data Mining Software.
 - It appeared through the evaluation of the data that one provider was consistently “upcoding” pediatric enteral formula claims, resulting in significant overpayments.
 - This provider was placed on review and referred to the OMIG for investigation.

Current Status: MRT Phase 1 Implementation Examples

MRT #29 – Reduce Medicaid Transportation Costs through Regional Management and Recommended Targeted Fee Actions

- ▶ Hudson Valley contract in place since July 2011, NYC contract recently awarded and will begin operation in Brooklyn in April 2012.
- ▶ **Benefits:** Improved service, more reliable pickup times, better coordination of transportation services (particularly in rural areas), faster resolution of complaints, more consistent application of state policies across counties, and quicker identification of provider and public transit deficiencies.
- ▶ DOH is on track to meet the annualized MRT #29 savings target of \$74 million.
- ▶ Additionally, 700 individuals who were identified as frequent users of 911 ambulance services have been analyzed, and many have been appropriately moved to lower cost taxi transports.

Current Status: MRT Phase 1 Implementation Examples

MRT # 4652 – Reform Personal Care Services Program in New York City

- ▶ Comprehensive package of reforms ensures care coordination of high need personal care cases and rationalizes the housekeeping benefit while maintaining support to keep people in their homes.
- ▶ In coordination with NYC HRA and local social services districts, DOH works to minimize the impact on individuals and providers. As a result:
 - *Individuals continue to receive the care they need;*
 - *DOH has already exceeded the original State share savings target of \$57 million;*
 - *Regulatory changes were initiated and administrative directives have been drafted in a effort to provide guidance and clarification to local district administrators of the programs;*
 - *DOH continues to track and monitor issues and work closely with individuals receiving personal care and stakeholders to address issues and concerns.*



MRT Phase 2

Key Reforms

MRT Phase 2: Key Reforms

Key recommendations developed through Phase 2 work group process and referenced in report include:

- ▶ Strategies to eliminate health disparities, significantly expand access to supportive housing, and re-invent the Medicaid benefit to improve population health;
- ▶ Recommendations on scope of practice which, if adopted, could substantially recalibrate the health care workforce and lead to more cost-effective care;

(continued)

MRT Phase 2: Key Reforms

- ▶ Significant reform for the health care delivery system in Brooklyn, currently a system fraught with poor outcomes, with recommendations for a reconfiguration of services and organization to improve health care in New York City's most populated borough; and
- ▶ New York's first program-wide, comprehensive system of performance measurement, in order to benchmark current performance and set clear goals for the future.
- ▶ Recommendation for pursuit of a new Medicaid 1115 waiver.

MRT Phase 2: Final Product

- ▶ The efforts of the MRT, as reflected in the final report, have resulted in a multi-year road map that points the way toward a program and system that are affordable and produce good outcomes for all New Yorkers.
- ▶ Staff have combined the work of MRT Phase 1 and Phase 2 into a comprehensive Medicaid reform action plan.
- ▶ This plan will take three to five years to fully implement and will ensure that the Medicaid program is both sustainable and effective.

MRT Phase 2: Final Product

- ▶ The action plan suggests pursuit of a ground-breaking new Medicaid 1115 waiver which would:
 - *allow the state to reinvest in its health care infrastructure.*
 - *give the state the freedom to innovate.*
- ▶ The new waiver would also allow the state to:
 - *prepare for implementation of the national health care reform, and*
 - *effectively bend the cost curve for the state's overall health care system.*



Conclusion

Work Ahead

MRT Update: Conclusion

- ▶ New York is poised to fundamentally transform its Medicaid program into a national model for cost-effective health care delivery.
- ▶ New York is also well positioned to ensure that Medicaid reform also means more comprehensive health system reform.
- ▶ The Medicaid Redesign Team has developed a multi-year action plan that if fully implemented will not only bend the state's Medicaid cost curve but also improve health outcomes for more than 5 million New Yorkers.
- ▶ To fully implement the MRT action plan, a ground-breaking new Medicaid 1115 waiver will probably be necessary.
- ▶ Still a lot of work to be done: It is up to the state, stakeholders and the broader New York community to continue to work together to successfully implement this multi-year action plan.

MRT: Additional Information

- ▶ MRT Website:
http://www.health.ny.gov/health_care/medicaid/redesign/
- ▶ Sign up for email updates:
http://www.health.ny.gov/health_care/medicaid/redesign/istserv.htm
- ▶ ‘Like’ the MRT on Facebook:
<http://www.facebook.com/NewYorkMRT>
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