

# Medicaid Program Management

## Muskie School of Public Service

Expanding Responsibilities and Opportunities and Decreasing Resources

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## Key Findings

State Medicaid programs need to be nimble to meet core responsibilities and take advantage of emerging opportunities

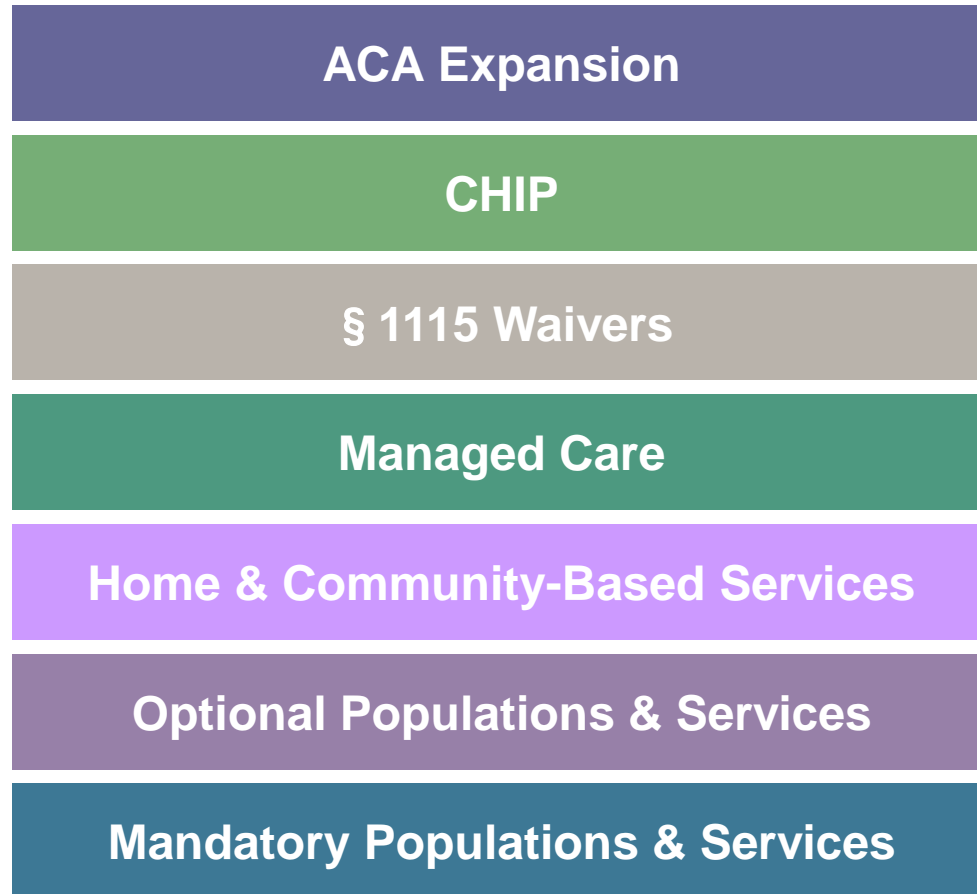
As public agencies, state Medicaid programs have limits on their flexibility

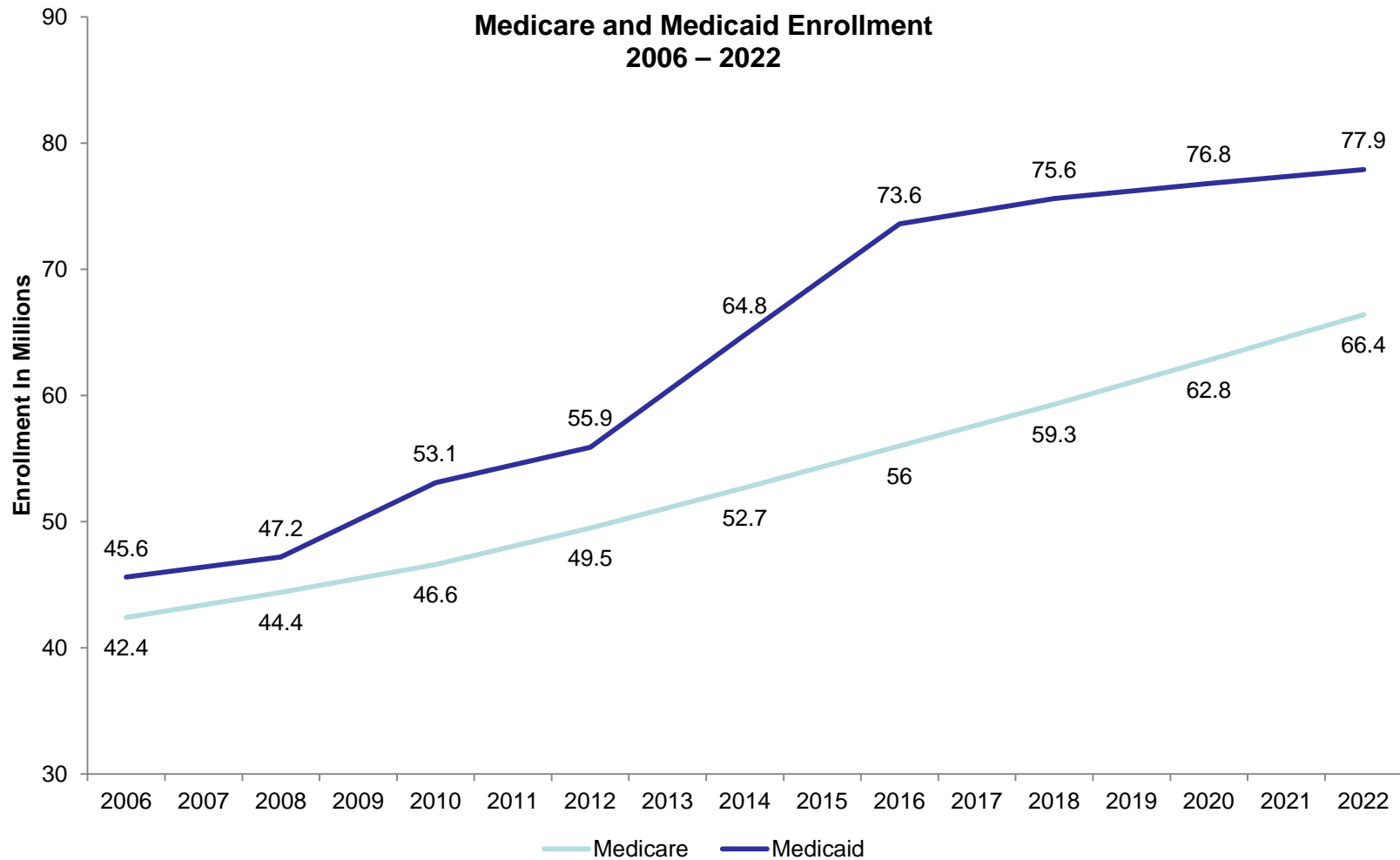
State Medicaid agencies can access a lot of great TA, consultants and other resources to learn about emerging opportunities

But there is little recognition of or investment in the core capacity needs of a Medicaid program



# Expanding Scope





\*CMS, National Health Expenditures Projections 2012-2022. Accessed December 17, 2013 at <http://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/NationalHealthExpendData/downloads/proj2012.pdf>.

# Expanding Role

Coordinate with Exchange

Implement MMIS, HIE & HIT

Ensure Program Integrity & Manage Use

Engage Stakeholders

Coordinate with Sister Agencies

Rebalance LTSS System

Shape Delivery System

Define & Pay for Services

Determine Eligibility & Enroll Beneficiaries



# Reforms Past and Present, Optional and Not

<b>MAGI</b>	<b>Independence Plus</b>	<b>Targeted Case Management</b>	<b>HIFA</b>
<b>State Innovation Models</b>	<b>Balancing Incentive Program</b>	<b>Money Follows the Person</b>	<b>Health Homes</b>
<b>Global Waivers</b>	<b>Medicare Part D</b>	<b>MAPCP</b>	<b>Medicare-Medicaid Demonstrations</b>
<b>HIPAA &amp; HITECH</b>	<b>Ticket to Work</b>	<b>CHIPRA</b>	
<b>T-MSIS</b>	<b>MLTSS</b>	<b>Real Choices Systems Change</b>	<b>Etc....</b>

# Changing Payment and Delivery Models

## Delivery Models

- Medical Home
- Health Home
- ACO
- MCO
- Etc.

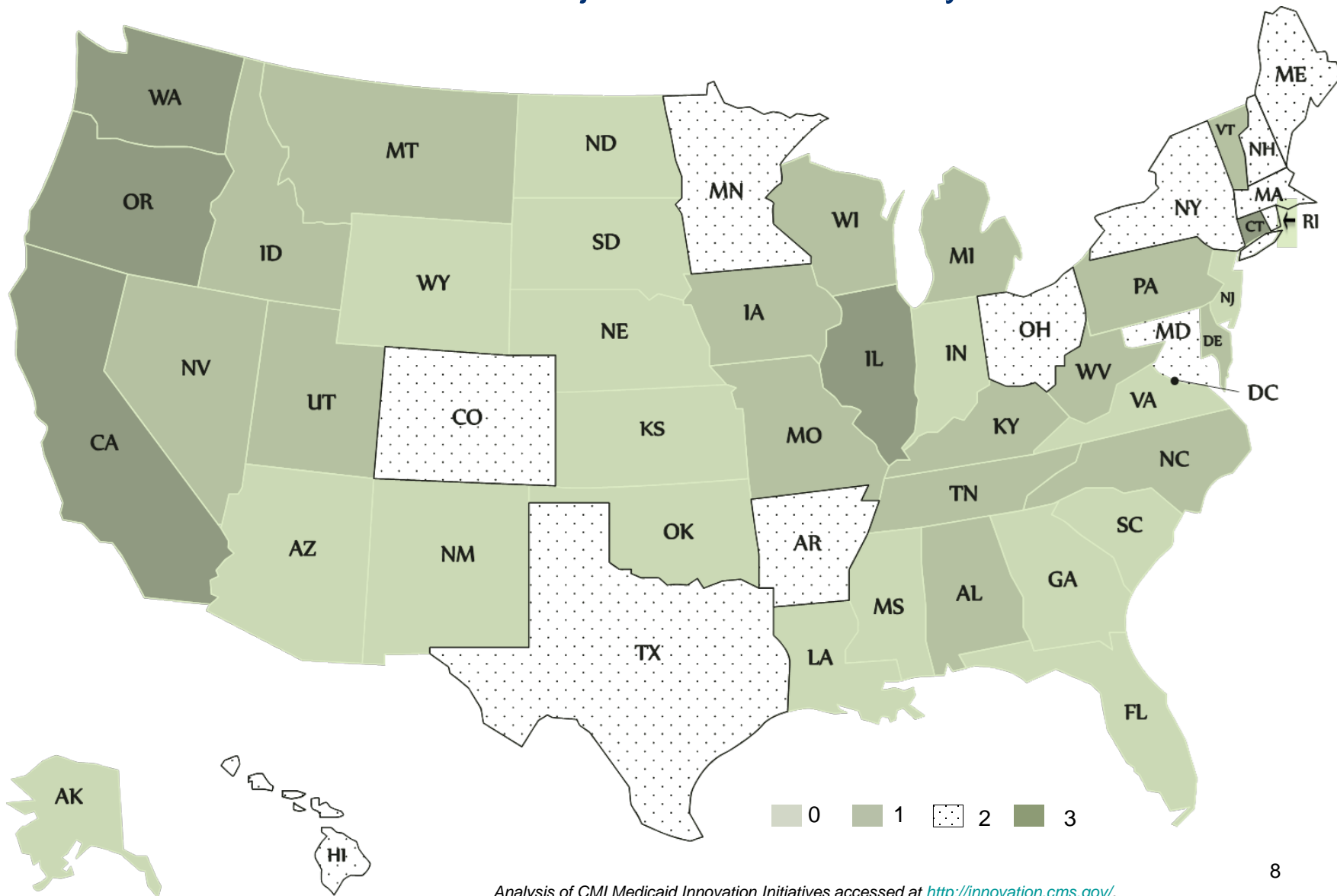
## Payment Models

- Enhanced Payment
- P4P
- Bundled Payment
- Global Payment
- Shared Savings
- Etc.

New models require realignment of the delivery system, reconfiguring payment structure, and new levels of accountability for providers. For Medicaid agencies this means:

- A new leadership role in delivery system reform
- A need for new infrastructure and expertise

## Number of CMI Projects Administered by State



Analysis of CMI Medicaid Innovation Initiatives accessed at <http://innovation.cms.gov/>.



# Keeping the Trains Running on Time

## Beneficiary Management

- Ensure language and disability access, determine eligibility and enroll beneficiaries, design benefits, assure beneficiary rights.

## Provider Contracting & Management

- Enroll providers, communicate billing, encounter and payment procedures, comply with procurement rules, monitor performance, arbitrate disputes.

## Provider Payment

- Process, adjudicate and pay claims timely, recover third party liability.

## Utilization Management & Program Integrity

- Implement prior authorization, concurrent review and retrospective review; detect and investigate fraud; coordinate with quality management, provider enrollment, etc.

## Information Systems Management

- Verify eligibility, process claims, support quality improvement; produce transaction data and reports; contribute to program evaluation. Modify with changes in policy and business processes.

## Financial Management

- Develop and manage budget with consideration of internal and external stakeholders. Reconcile budgets. Report to CMS.

## Performance & Quality Management

- Measure and monitor quality and performance, make systems modifications to improve performance.

# Upgrading to High Speed Rail

## Beneficiary Management

- Provide no wrong door access; integrated eligibility, enrollment, and services; improve health status; improve experience of care.

## Provider Contracting & Management

- Set payment based on comprehensive data; alignment contracts with desired outcomes.

## Provider Payment

- Develop payment models to reward quality and performance.

## Utilization Management & Program Integrity

- Use accurate and complete data to identify outliers, recognize patterns. Protect program integrity upstream.

## Information Systems Management

- Participate in external health information exchange to support care management and health analytics.

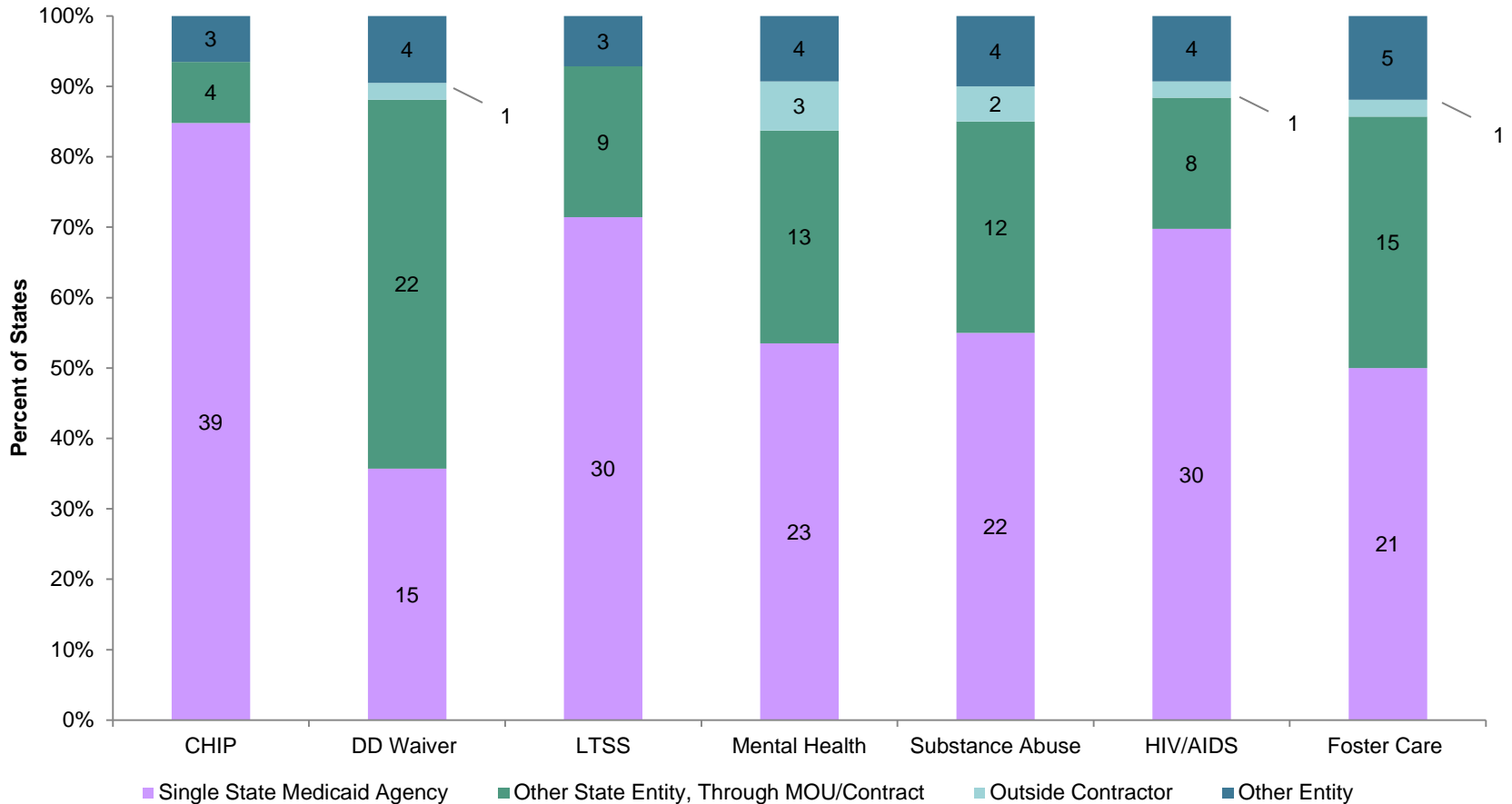
## Financial Management

- Budget modifications are data-driven and consider direct and indirect impact on larger state budget and other systems.

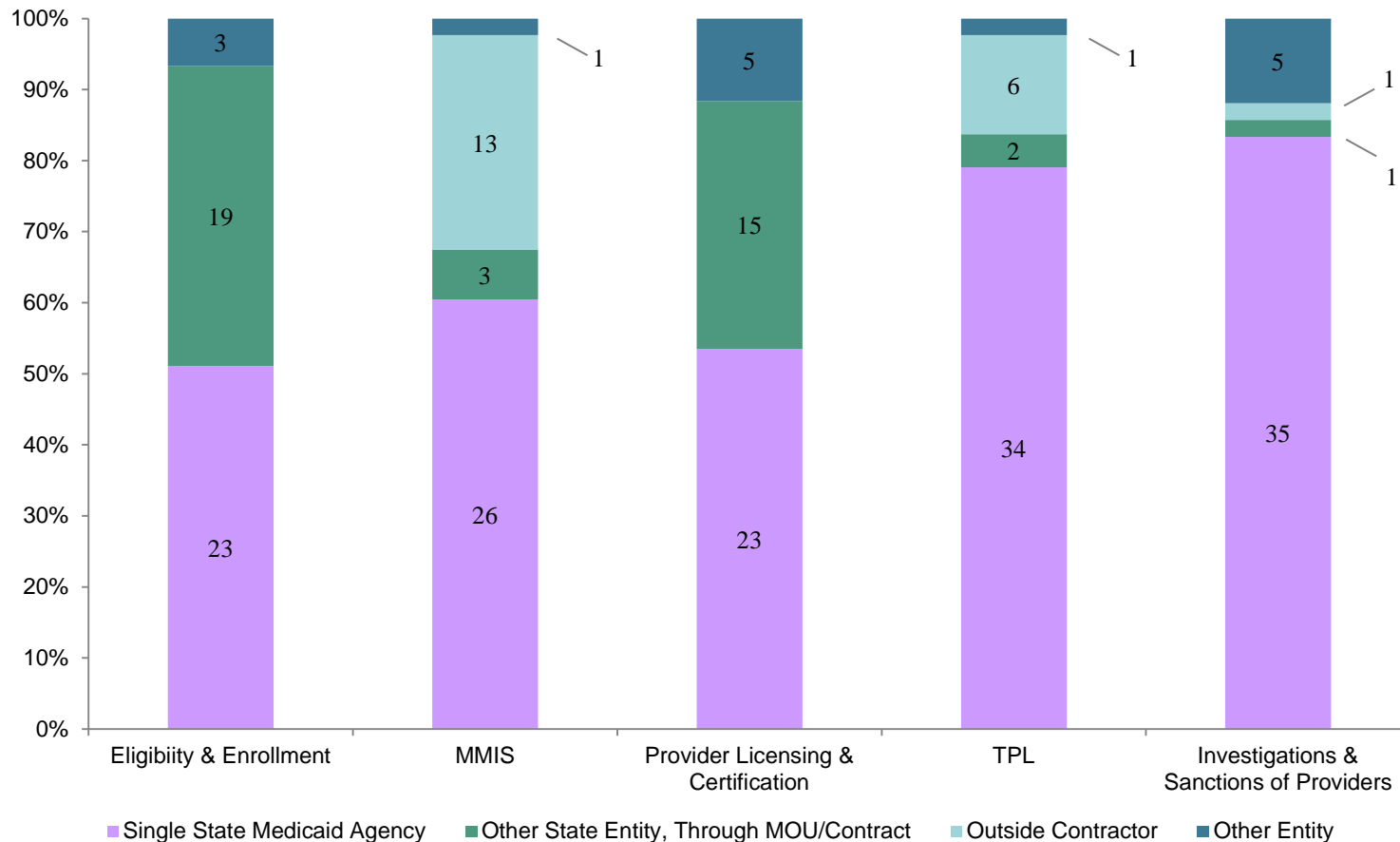
## Performance & Quality Management

- Align measures with payment model and targets.

# Shared Responsibility



# Outsourced Functions



# Beyond Medicaid Program Boundaries

Representing Medicaid Agency with Governor, Legislature, Key Stakeholders and Public

- Budget negotiations & competition for resources
- Two-way process of education and advocacy

Coordination with Population Health Goals

Collaboration with Other State & Local Agencies

- Social Services
- Housing
- Labor
- Transportation
- Corrections & Public Safety

Leadership in Multi-Payer Payment & Delivery System Reform

## Medicaid Programs Need to Have Expertise on...



...and More.

## Medicaid Programs Need to be Able to...

Analyze & Use  
Data

Manage  
Providers and  
Contracts

Manage Quality  
& Performance

Manage  
Systems  
Change

Engage  
Stakeholders

Translate Policy  
into Practice

Develop  
Workforce

Collaborate  
Across Program  
Boundaries

...and More.

## Meanwhile, as a Public Agency

Accountability to the greater public means there are numerous limits on Medicaid program flexibility related to:

- Workforce
- Purchasing
- Policy
- Budgeting
- Program Implementation





# Public Accountability



# Civil Service Codes

Civil Service Codes keep salaries in line across programs, based on job classifications:

- How well are these classifications calibrated to the level of responsibility, and potential budgetary impact of an error?

Collective bargaining agreements and employee due process:

- Balancing employee protections and the need to be nimble



# Procurement

States vary in how they manage the procurement processes and whether or not the Medicaid program should be exempted.

- A protracted RFP and vendor selection process can be further delayed by appeals
- The ability to amend a contract may be limited – the agency may need to issue a new RFP if a desired change is not permitted



# Building or Buying Needed Expertise

Authorized to make new hires?

Able to offer competitive salaries/attract expertise?

- *E.g.*, actuarial, IT, health analytics, financial management

Is the program ready to build its own capacity?

- Early stages of program development, contract for expertise; over time, build where there is a sustained need for expertise

Different match rates?

- MCOs are paid at FMAP rate for managed care services, including their administrative cost associated with program. State can only get 50/50 match rate for its own administrative costs



# Budgeting for Administrative Costs

Level of effort and expertise required to effect major systems change are often overlooked or underestimated.

True costs and realistic timeline for the change process?

- Communication, cultivating buy-in and culture change
- Operational details (e.g., policy changes, information systems, business processes)
- Testing, monitoring and evaluating

Additional costs of operating new or modified program?

- Absorbed as additional responsibility of existing staff?



# Investment in Medicaid Administration

## The federal government:

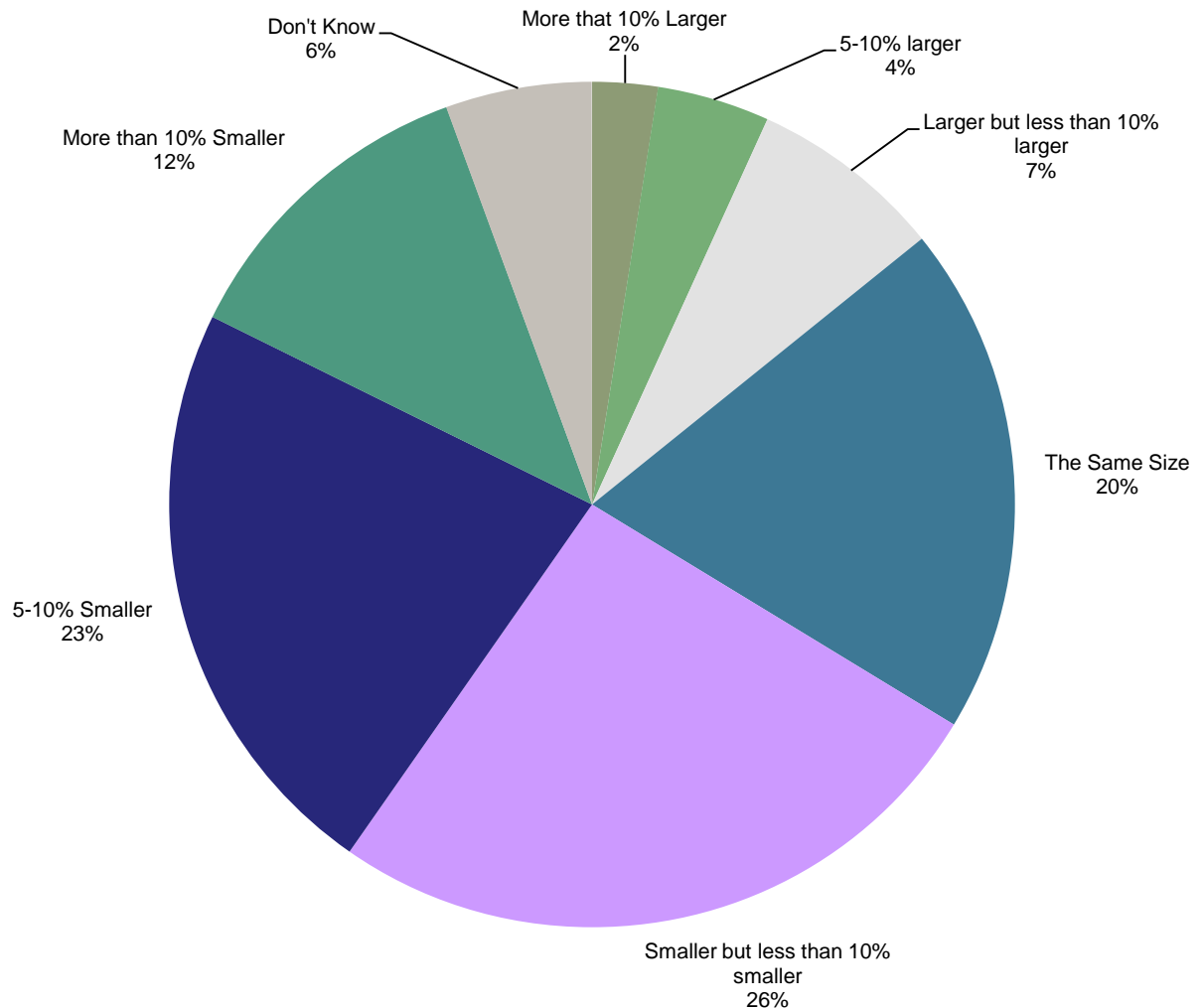
- Does not set minimum standards for Medicaid administrative capacity
- Matches most state Medicaid program administrative costs at 50/50 rate (compared to 90/10 for Medicaid fraud control units)

## States:

- Determine state budgets for administrative costs
- Have few if any constituencies advocating for increased investment in Medicaid program administrative capacity
- Lose \$2 in total funding for Medicaid program administration for every \$1 cut in state funding



## State and local governments have not regained their lost workforce since the economic downturn of 2008.



60.7% of 323 state and local governments responding to a 2013 survey continue to operate with a smaller workforce than they had before the 2008 economic downturn.



# Developing Counterweights

Initiate federal and state dialogue on:

- Appropriate standards for Medicaid program administrative workforce, expertise, and structural capacity
- Incentives and other strategies for promoting adherence to standards
- Training programs and other supports to help Medicaid agencies meet program standards





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