Bobby Jindal
GOVERNOR

Kathy H. Kliebert
SECRETARY

State of Louisiana

Department of Health and Hospitals
Office of the Secretary

September 30, 2014

The Honorable John A. Alario, Jr., President
Louisiana State Senate
P.O. Box 94183, Capitol Station
Baton Rouge, LA 70804-9183

The Honorable Charles E. Kleckley, Speaker
Louisiana State House of Representatives
P.O. Box 94062, Capitol Station
Baton Rouge, LA 70804-9062

The Honorable David Heitmeier, Chairman
Senate Health and Welfare Committee
P.O. Box 94183, Capitol Station
Baton Rouge, LA 70804-9183

The Honorable Scott Simon, Chairman
House Health and Welfare Committee
P.O. Box 94062, Capitol Station
Baton Rouge, LA 70804-9062

Re: SCR 127 of the 2014 Regular Legislative Session

Dear President Alario, Speaker Kleckley and Honorable Chairs:

Pursuant to Senate Concurrent Resolution 127 by Senator J.P. Morrell, the Department of Health and Hospitals (henceforth DHH or the Department) submits this report regarding the plan on the development of a demonstration program for the coordination of care for individuals eligible for both Medicare and Medicaid. SCR 127 urges and requests the Department to develop a plan for the creation of a demonstration program to coordinate and integrate the health care for persons eligible for both Medicare and Medicaid.

Medicare beneficiaries who have limited income may also qualify for Medicaid under the state plan. Medicare is a purely federally-run program and Medicaid is a federal-state partnership. An individual who qualifies for both is known as a "dual-eligible" enrollee. Medicare is the primary payer for most health care services received by dual-eligibles, particularly acute care and pharmacy. Medicaid reimburses for services not covered by Medicare, most notably Long Term Supports and Services (LTSS). Medicaid also contributes to Medicare premiums and cost sharing requirements. This is a fragmented and confusing system for the more than nine million seniors and individuals with significant disabilities who qualify for both programs nationwide.

These dually-eligible individuals tend to be among the sickest and poorest members of these programs, and the nature of these disparate programs often results in a lack of coordination. Dual-eligibles also account for a large amount of spending for both programs due to their poor health status and their need for LTSS. These individuals account for around twenty-seven percent (27%) of Medicare spending and thirty-nine percent (39%) of Medicaid spending nationally. Because the two different health systems often work apart in an uncoordinated fashion, there is the possibility for cost savings and health improvements through care coordination in one system of care.

In its evaluation and development of this pilot project, the Department is considering the following factors:

Region

Those individuals who are dual-eligible are mainly focused in the urban areas, but they are scattered throughout Louisiana. According to the Centers for Medicare and Medicaid Services (CMS), in Louisiana, thirty-six percent (36%) of these dually-eligible individuals live in the New Orleans and Baton Rouge metropolitan areas. The parishes of Orleans, Jefferson, East Baton Rouge, and Caddo have more than 10,000 per parish. Rapides, Lafayette, Calcasieu, Tangipahoa, Ouachita, St. Landry, and St. Tammany Parishes have between 5,000 and 9,999 per parish. Thirty-five percent (35%) of dually-eligible individuals live in parishes outside of a metropolitan area. Any pilot project for the care of dual-eligibles will likely be based in an area with a significant number of dually-eligible individuals, either in the New Orleans or Baron Rouge metropolitan areas.

Federal Authority

The Patient Protection and Affordable Care Act (Section 2602) created the Medicare-Medicaid Dual Eligible Coordination Office that has provided twenty states with support to develop both financial and administrative alignment demonstration projects. Of these twenty states, CMS has finalized Memorandums of Understanding (MOUs) with twelve states for thirteen demonstrations. Proposals from five other states are pending CMS approval. These demonstration projects have an estimated 1.5 million beneficiaries enrolled. While these State Demonstrations were launched in April 2011, enrollment in these demonstrations did not begin until mid-2013 and in some states, enrollment has not yet begun. Because these demonstrations have been in existence for a short period of time, their successes, problems, and outcomes are still being evaluated.

Another option for the state to develop a pilot to coordinate the care of dual-eligibles is to contract with Medicare Advantage Plans to administer a Fully-Integrated Dual Eligible Special Needs Plan (FIDE-SNP). Special Needs Plans are Medicare Advantage coordinated care plans that provide targeted care and services to specific special needs populations. The D-SNPs enroll individuals who are entitled to both Title XVIII (Medicare) and Title XIX (Medicaid) funds. The current Medicare Improvements for Patients and Providers Act (MIPPA) contract for D-SNPs allows for the integration of care in a financial demonstration model.

Each of these approaches have their own benefits. For example, the federal duals demonstration program will allow passive enrollment of certain populations while utilizing existing Medicare Advantage plans will require individuals to voluntarily opt-in to the program. However, it would likely be swifter to amend Medicare Advantage plans to allow the coordination of the care of dual-eligibles than to go through a lengthy CMS process to establish a duals demonstration waiver although the FIDE-SNP contract would have to be approved by CMS. By using FIDE-SNPs as the vehicle to fully integrate care, there might be less provider and member confusion. It is also important to decide what population this duals pilot will serve. Those dual-eligible individuals who are aged or diagnosed with adult-onset disabilities may require a different approach than those individuals with developmental disabilities.

Timeline

There are many different options for the state to pursue this coordination plan, but it is important that the ultimate program is carefully designed and does not disturb the current care being provided to these individuals. There is already a systems transformation taking place moving the dual-eligibles under managed care (MLTSS) for all their Medicaid services. The Department recommends that since the pilot will be impacted by the development and implementation of MLTSS, final design should occur after design and plan procurement of the MLTSS program is complete in early 2015. MLTSS will serve those

Medicaid beneficiaries who are aged and individuals with developmental disabilities, the same population that would benefit from the proposed demonstration program. The ultimate plan developed by the Department for this coordination project will be dependent upon the final design of the MLTSS program. This also will allow for Louisiana time to collect additional lessons from other states engaged in dual-eligible demonstrations.

With that in mind, DHH has made clear that the MLTSS project only impacts Medicaid services and will not require transition of dual-eligibles who are in existing Medicare Advantage plans. The MLTSS system is only for the payment of services currently paid for by Medicaid, not those paid for by Medicare. If an individual is in a Medicare Advantage plan, the Medicare benefits are already under managed care. The LTSS services will be placed under managed care beginning in 2015. This will allow for an easier transition for providers and enrollees during the creation of this demonstration project after the MLTSS program is launched.

In addition, the Department would like to engage its stakeholders further to develop this demonstration project. To gather information to develop this plan, the Department held several internal meetings and a meeting on August 27th with representatives of Medicare managed care plans and the Medicaid managed care plans to gather further information on steps that the state needs to take to develop this demonstration project. There was a considerable amount of quality feedback gathered at the August 27th meeting; however, it was limited due to the current reprocurement of the state's Bayou Health plans and the Behavioral Health Partnership and the current development of the MLTSS Request for Proposals. After the contracts are awarded for these respective programs, the Department will be allowed to pursue a more focused development of this pilot program. Further meetings with these and other groups will then be held.

Recommendations

1. The final design of the pilot project should occur after the design and plan procurement of the MLTSS program is complete.
2. During the development of the pilot project, the Department should continue to seek the input of Medicare and Medicaid managed care plans and other relevant stakeholder groups.
3. The pilot project should be focused in an area with a significant number of dually-eligible individuals.

The Department looks forward to continuing to work on this pilot project and continue to focus on initiatives that will improve the quality of care to the most vulnerable in our state.

Sincerely,

Kathy H. Kliebert
Secretary

cc: The Honorable Members of the Senate Health and Welfare Committee
The Honorable Members of the House Health and Welfare Committee
Senator J.P. Morrell
David R. Poynter Library