

Medicaid and Coordinated Care:

Improving health for Louisiana residents



DEPARTMENT OF HEALTH
AND HOSPITALS

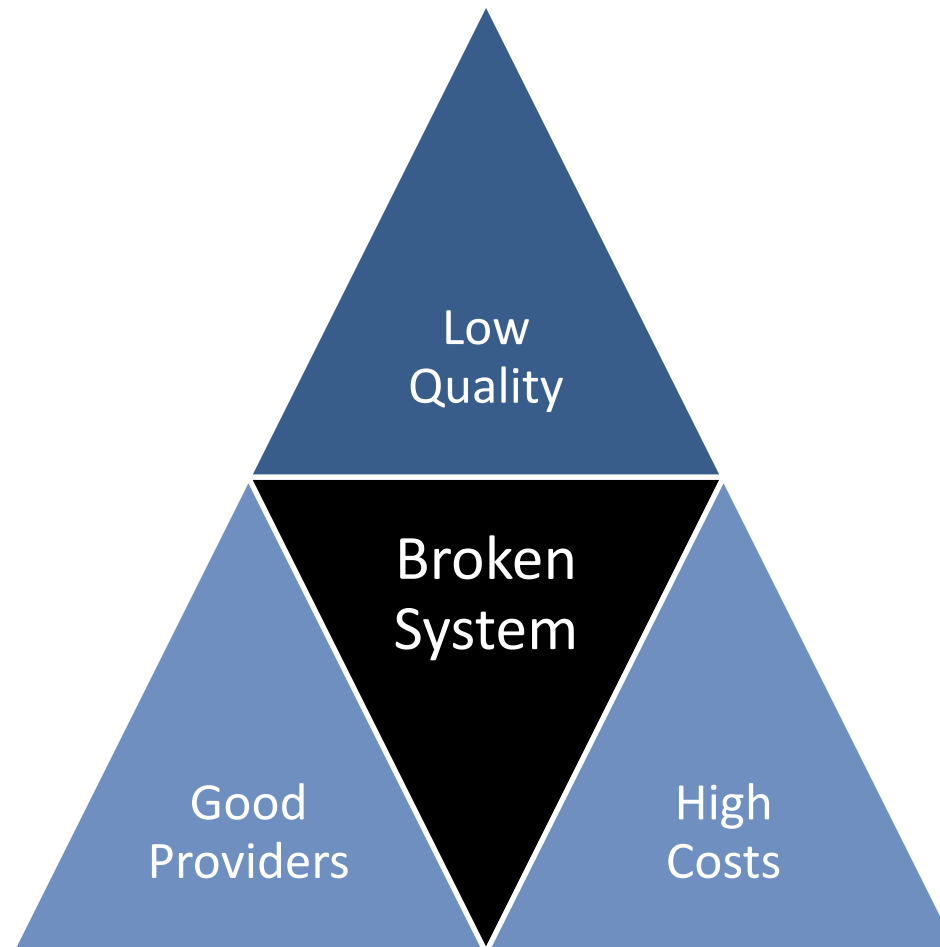
Bruce D. Greenstein
Secretary

Breaking the Predictable Path

- Our State's Challenges
- My Travels and Learnings
- Our Way Forward – Managing Care for Better Health Outcomes



The Troubling Triangle



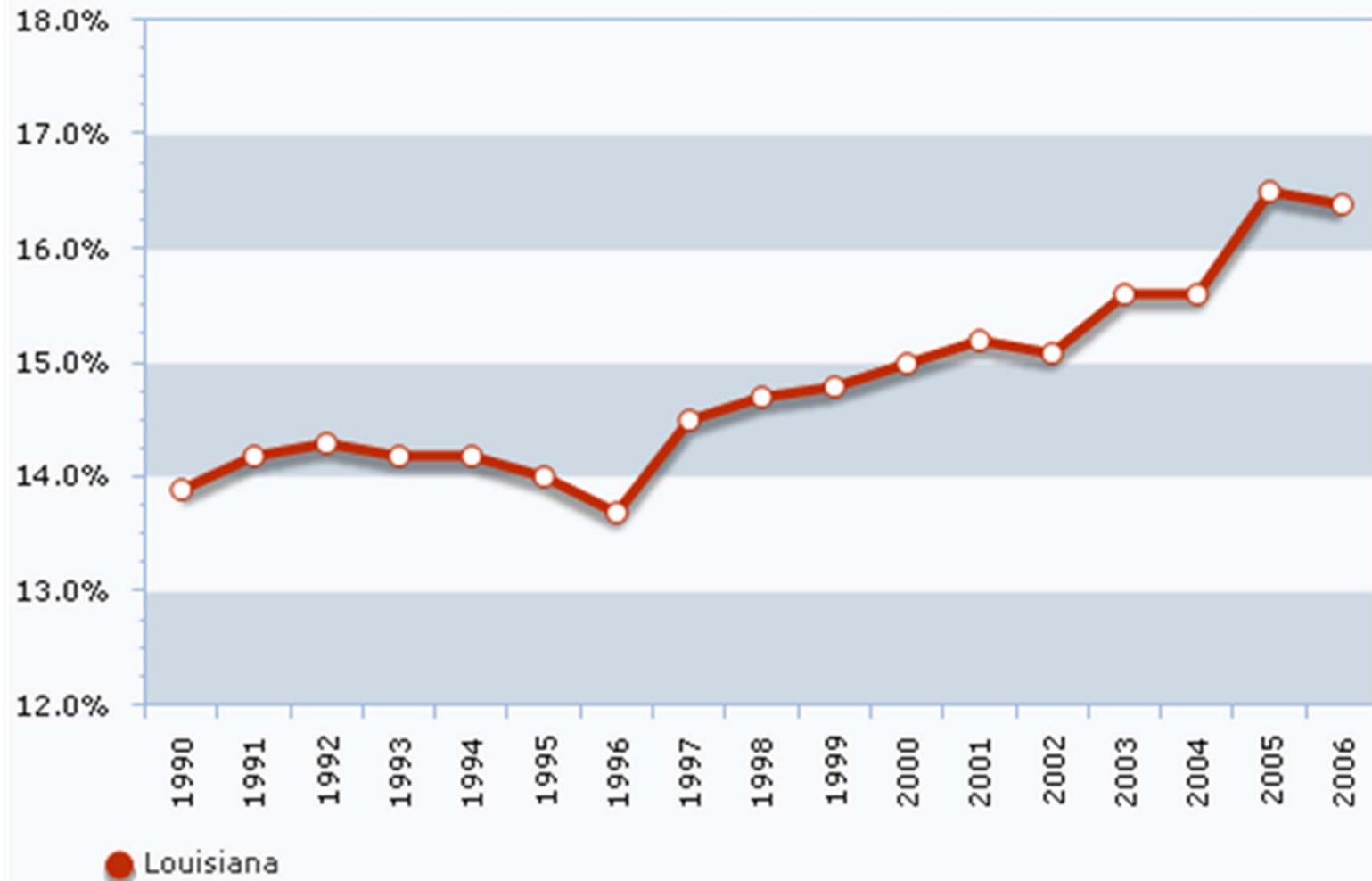
Another Way to Look at it...

$$(GP + \$)X = Q$$

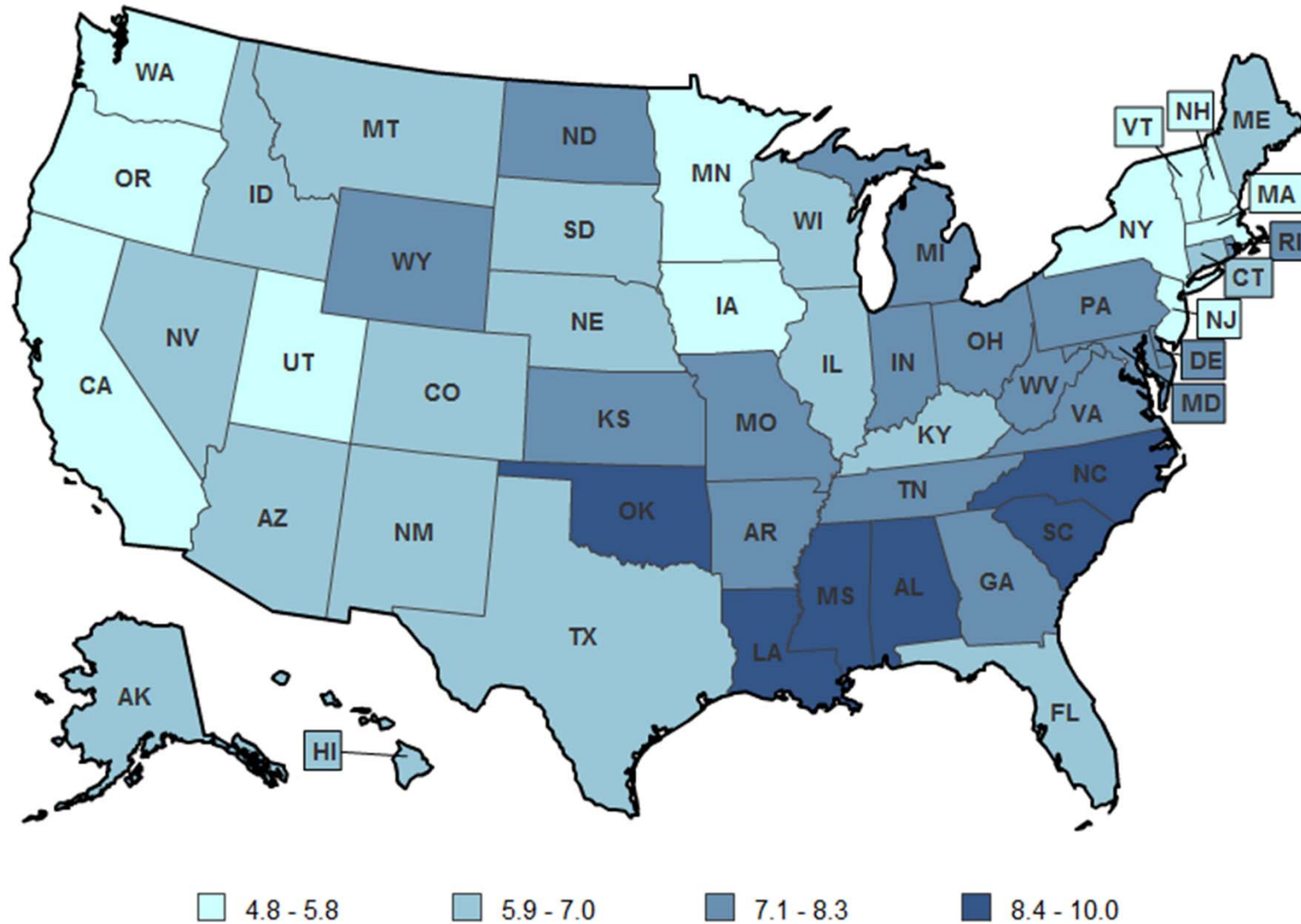
Solve for X



Preterm Births



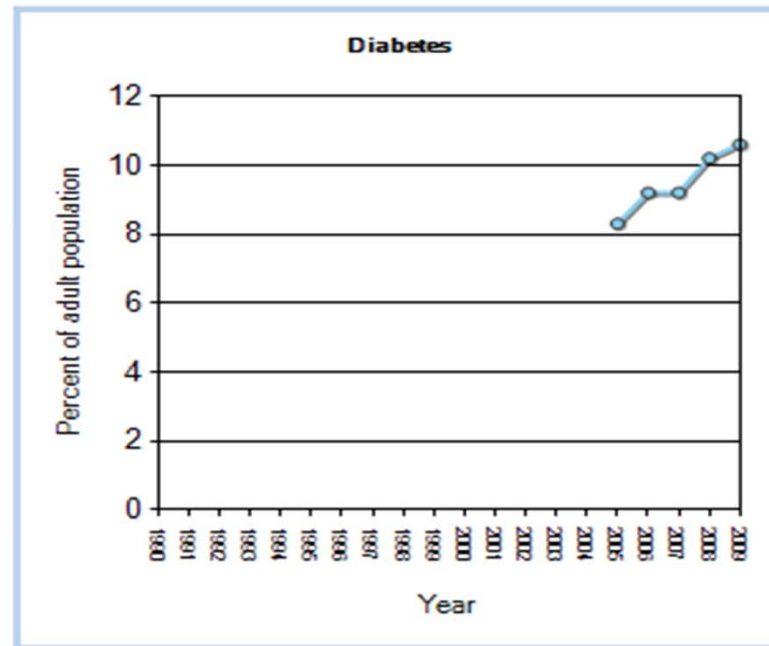
Infant Mortality



Diabetes

Diabetes

America's Health Rankings™



Diabetes - Louisiana (2000 - 2009)

Edition	PERCENT OF ADULT POPULATION	RANK
2009	10.6	47
2008	10.2	44
2007	9.2	43
2006	9.2	46
2005	8.3	44



Our potential is greater than the status quo



No. 49:
Preventable
Deaths

The standings that really matter:

- No. 49:** Babies who live past age 1
- No. 50:** Women who live with breast cancer
- No. 49:** Residents who survive a cancer diagnosis
- No. 47:** Preventable Hospitalizations
- No. 46:** Deaths from cardiovascular disease
- No. 49:** People who contract infectious diseases



Break the Predictable Path

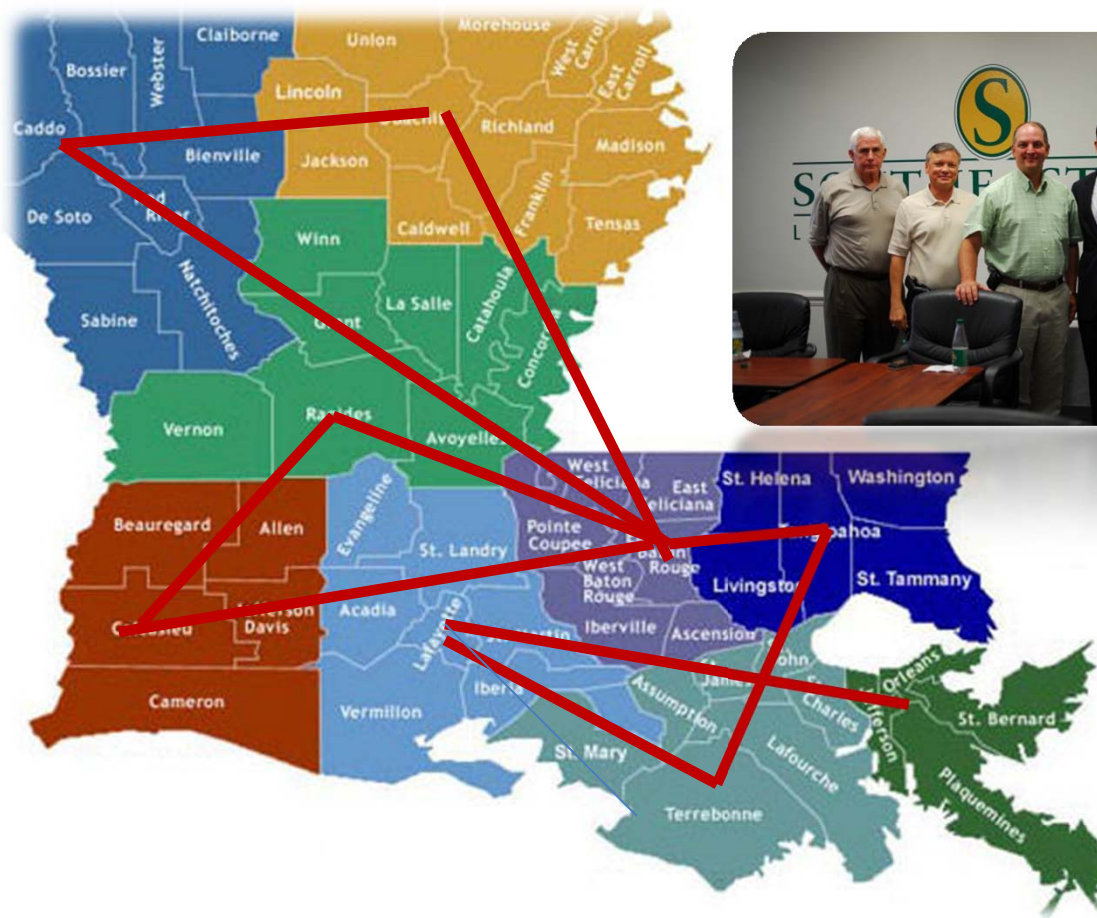
47

?

Health
System



I visited your communities:



Great results where we've focused

- **Medicaid Eligibility – Best in the Nation**
- **Child Immunization – from 44th to 2nd**
- **Community Clinics - Community reclaimed the health care system**



What I've learned:



- People want to change the status quo – they want better outcomes and a healthier Louisiana
- They want to be part of the change with more:
 - transparency
 - dialogue
 - communication



Here's where we are today

With your feedback, I directed my staff to take several steps:

- Pull back the Emergency Rule
- Review ***all*** options moving forward
- Set up new processes of transparency and engagement

As we move forward, we remain committed to improving the lives of the nearly 1.2 million PEOPLE who depend on us for healthcare and the more than 600,000 additional who will depend on us after 2014.



What does this mean?

- Building a new process for engaging stakeholders:
 - Summit
 - Regional Meetings
 - Newsletter
 - Integrate Feedback
- Addressing concerns



We can do better for Moms and Babies...

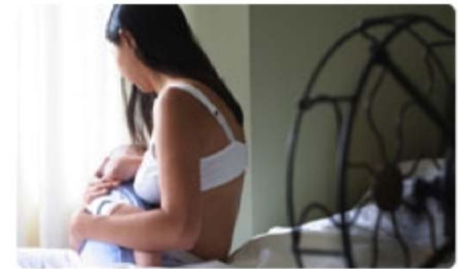
In an average week in La.:

- 1,275 babies are born
- 212 babies are born pre-term
- 143 babies are born with low birth-weight
- 12 babies die before reaching their first birthday



Of these:

- More than 70 percent are paid for by La. Medicaid
- About 44 percent are born via Cesarean (the national average in 2007 was 32 percent).



Coordinated care can help by better managing high-risk pregnancies:

- It costs more than \$33,000 per child to care for a pre-term baby and mother in the first year of life compare to \$3,300 for a full-term birth.



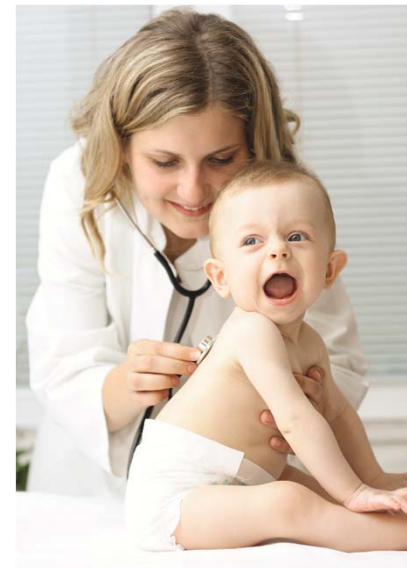
We can do better ...for Children

In Louisiana Medicaid:

HEDIS Measure	LA Medicaid	National Benchmark 90 th Percentile
Infants (0-15 months) receive recommended six or more doctor visits	51.9%	73.9%
Child Well-care Visits	61.1%	80.3%
Adolescent Well-care Visit	34.8%	59.4%

Coordinated care gives kids a better chance by ensuring proper preventive and chronic care:

- It costs about \$1,000 for a child to go to the emergency department, compared to about \$35 for a primary care visit.



We can do better

...for People with Chronic Conditions

Louisiana Medicaid has failed adult enrollees:

- In 2008, there were 3,833 hospital admissions in Medicaid due to bacterial pneumonia infection, which is highly preventable.

HEDIS Measure	LA Medicaid	National Benchmark 90 th Percentile
Breast Cancer Screening	39.5%	63%
Cervical Cancer Screening	56.5%	79.5%
Adult Preventive Care Visits	4.8%	92%
Diabetics Tested Their Blood Sugar Level (Hemoglobin A1c)	66.2%	89.3%



Breaking the predictable path

Changing the broken system is the first step on our state's long climb from the bottom

Coordinating Healthcare and Reforming Medicaid:

- Giving Medicaid recipients a real choice in their health care for the first time
- An option for improved health outcomes
- Savings and predictability for the budget
- Establishing incentives for better outcomes and accountability for poor outcomes
- Getting rid of the fraud-plagued and ineffective fee-for-service system
- Provide programs for better birth outcomes
- Offer disease management programs



Examine Best Practices

- Conducted Research
- Medicaid Reform Advisory Group
- Held many public meetings
- Accepted public comments and questions
- Makingmedicaidbetter.com
- Stakeholder meeting to accept feedback – over 700 comments were submitted



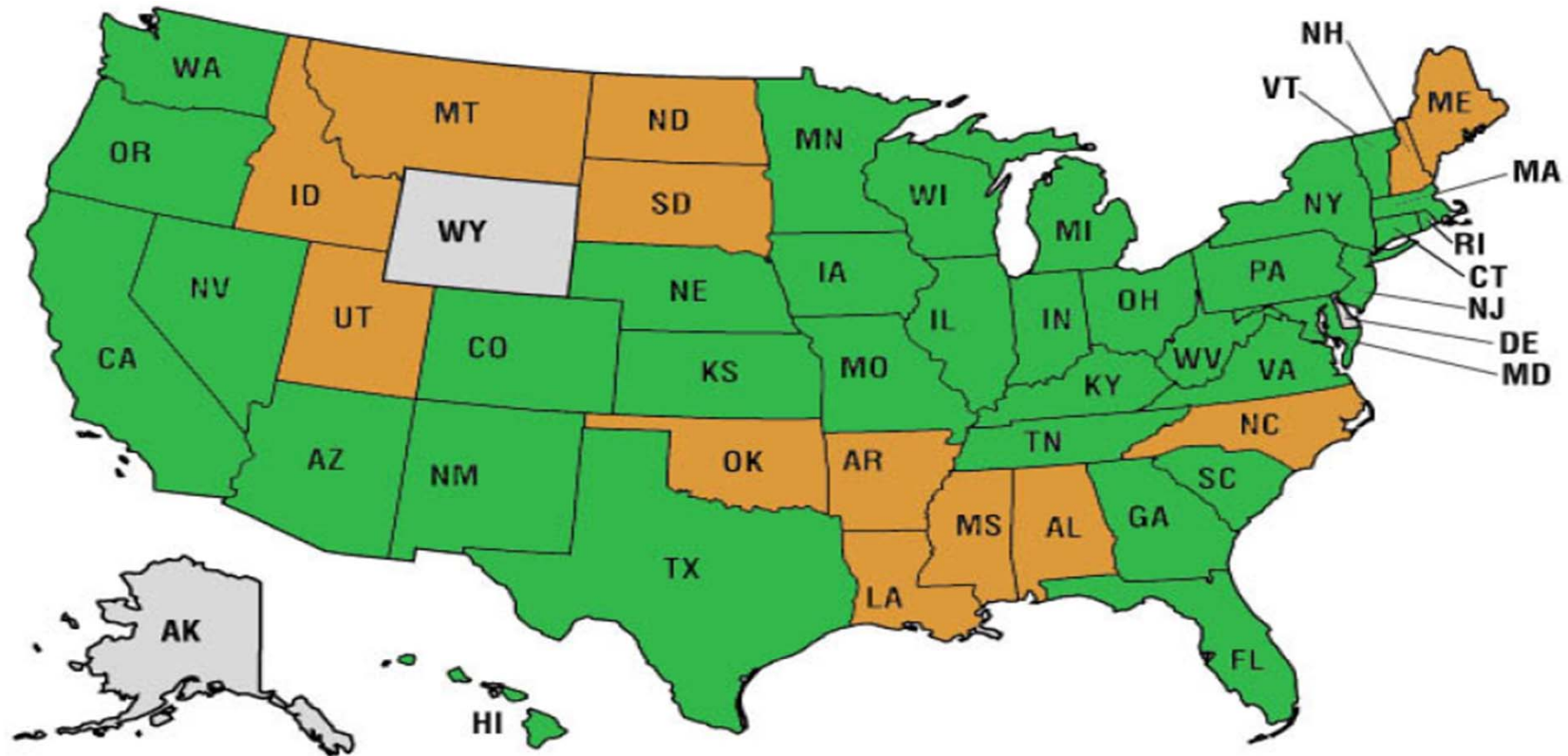
Higher Quality Outcomes with Payment Reform

“One major cause of cost and quality problems is that current healthcare payment methods penalize hospitals, physicians, and other health care providers who deliver the highest quality, most efficient care... Without payment reform, quality improvements are doomed to be anecdotal in nature and glacial in pace.”

– Robert Wood Johnson Foundation



States are actively managing care



■ = Health Plan Managed Care Programs (more than 24 million enrolled)
■ = Primary Care Case Management (PCCM) or other limited management programs
■ = No Management

Source: Center for Medicare and Medicaid Services, U.S. Department of Health and Human Services



The model is proven

Cost and Satisfaction

➤ Kentucky Passport:

- Medical cost trends have averaged 5% annually for the network compare to a regional average of 10% in 2007

➤ Pennsylvania

- Saved \$2.7 billion over five years after switching to MCO model

➤ New Mexico

- **Salud** Program resulted in ~4% net savings compared to estimated FFS.

➤ Missouri

- Managed Medicaid enrollees reported high satisfaction (above 7 on CAHPS)
 - Satisfaction with Plan – 76%
 - Satisfaction with Care – 78%
 - Getting care quickly – 90%

Quality

➤ Kentucky Passport:

- Rated excellent by NCQA in all health plan categories
- EPSDT screenings at 93%

➤ New York:

- Medicaid health plans improve access to critical preventive care over Fee for Service
 - Cervical cancer screenings of 71% vs. 39% in FFS
 - Diabetes testing of 76% vs. 32% in FFS

➤ Maryland

- The percentage of children receiving well-child services increased 13 percentage points under coordinated care.



CCNs can improve outcomes AND save money

Coordinated Care Networks and Medical Homes produce better outcomes and provide savings by:

- Reducing unnecessary hospitalizations
- Establishing a system that rewards preventive care
- Reducing visits to the ED
- Managing chronic conditions (such as asthma and diabetes)
- Providing for early detection and treatment
- Reducing preterm births and neonatal costs
- Reducing hospital readmissions
- Investing in outreach and education to promote use of preventive services and healthy behaviors



CCNs have decreased racial disparities

Medicaid HMO Models have been shown to decrease the racial divide in the health system

- A recent Mathematica Policy Research study showed that increasing Medicaid HMO market share lowered disparities for African Americans and Latinos in having any doctors visits in the last year
- The Center for Health Care Strategies reported progress among Medicaid health plans in reducing:
 - Monroe Plan for Medical Care (New York) reduced neonatal intensive care unit admissions in 2005 from 11 percent to 4.9 percent among babies of African-American teen mothers
 - Molina Healthcare (Michigan) increased its childhood immunization rate for African Americans from 38.3 percent in 2004 to 58.4 percent in 2006
 - Blue Cross of California increased African Americans' use of its personalized education program for asthma from 0 to 15 percent in eight non-chain pharmacies
 - UPMC for You (Pennsylvania) reported a decline in low-birth weight deliveries for African-American women from more than 20 percent in 2004 to 0 percent in 2005



CCNs Deliver Appropriate Care

Care coordination invests more heavily in primary care and better manages utilization trends, which will naturally decrease utilization in some of health care's most expensive categories.

- Estimated savings include 27% for inpatient, 17% for outpatient and 24% for ED categories. Managed care plans direct more resources to primary and preventive care and we anticipate a 6.3% increase in utilization and slightly higher reimbursement for these services.
- A 2000 study in Ohio analyzed patient use of outpatient services such as the emergency department, pathology/laboratory, radiology, and surgical procedures and found that FFS recipients averaged 4.3 visits and coordinated care recipients averaged 2.5 visits. Overall, FFS enrollees accounted for 80.6% of all patient visits.
 - “How Medicaid Patients Utilize Outpatient Services.” *Ohio Medicaid Quality Monitor*, 3(2), (Spring 2002), pp 1–2
- A health plan in Dayton was averaging 1,300 visits per 1,000 members per year. They implemented an emergency department demand management program by negotiating with every freestanding and hospital-based urgent care center in the area for 24-hour care, entering into extended hours arrangements with primary care providers, and monitoring members for inappropriate ED utilization. The plan reduced Medicaid ED utilization 45% in two years.
 - Managed Medicaid: Medical Management Strategies. National Health Information, LLC (1999), p. 16.



How CCNs improve outcomes *and* save money

- **Managed utilization of services** – Resources are directed more effectively and efficiently than a fee-for-service system through better access to preventive, primary and specialty care services
- **Use of best practices** – Plans bring experience from managing other Medicaid populations to Louisiana, providing advantages of medical care and services from a broader network of information. This also allows plans to monitor emerging health trends and costs, and take appropriate actions based upon that knowledge.
- **Cost savings** – As CCNs are expected to manage the overall costs of their health care system, including utilization, access and care management, they are expected to spend less than the current system by rebalancing the use of services and improving the overall health of Medicaid recipients.
- **Fraud and abuse** – CCNs will be able to more effectively and efficiently manage and credential their provider networks, eliminating providers that abuse the Medicaid system and provide poor outcomes.
- **Rebalancing of resources** – The Medicaid fee-for-service system restricts how providers are paid, while prepaid health plans can negotiate rates with individual providers for the most efficient use of resources. Prepaid plans are required to begin negotiations at the current Medicaid rates unless providers voluntarily contract on a different basis, and it is common for providers to be able to negotiate higher than Medicaid fees for certain services.



Financial Benefits

CCNs do NOT leave money on the table because:

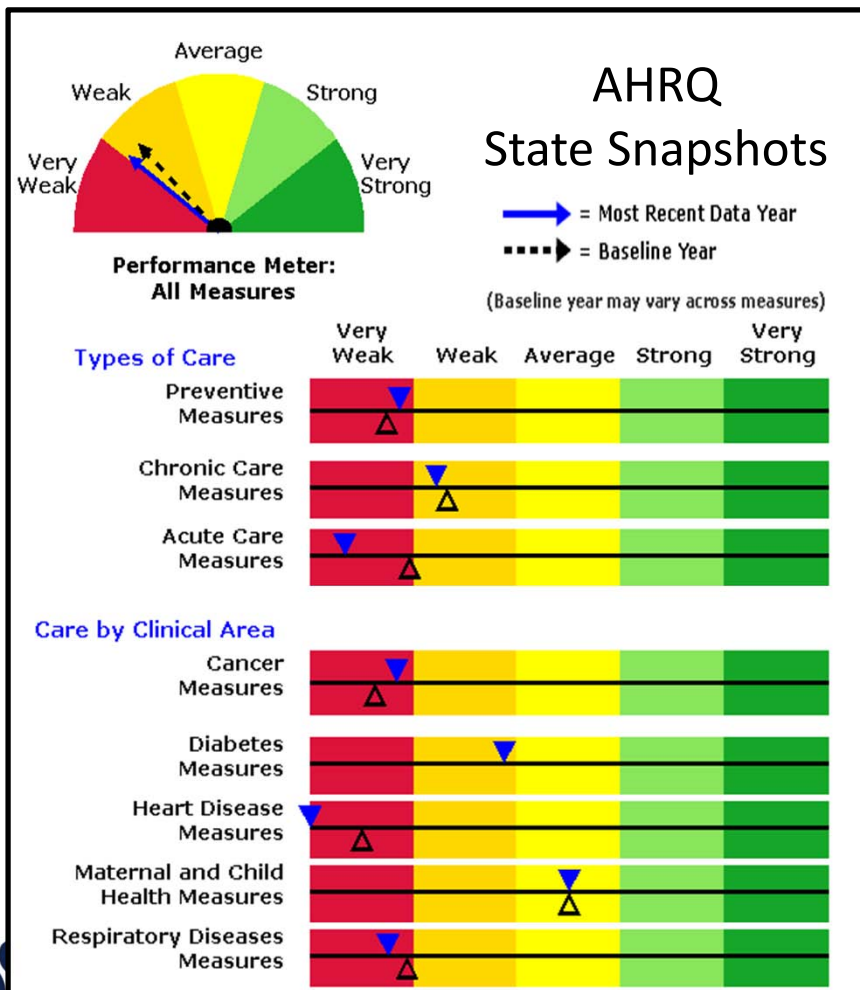
- Upper Payment Limit (UPL) is not free money. It will continue where state match is available.
- Uncompensated Care payments continue where state match is available.
- There is no impact on low income needy DSH Pool.
- Louisiana Medicaid maintains the ability to control rates with the proper match.

CCNs bring financial benefits, too, by:

- Bringing more predictability to Medicaid costs and more stability to the state/Medicaid budget.
- Offering providers a chance at increased reimbursements, particularly as it relates to access for primary and specialty care for children and parents.
- Creating a sustainable Medicaid system through federal reform to serve the nearly half of the population that will be on Medicaid after 2014.
- Reducing fraud, abuse and waste.



Reject the Status Quo – Break the Predictable Path



Commonwealth Fund State Scorecard

	2009 Rank	2007 Rank
Overall	49	46
Access	37	34
Prevention & Treatment	45	44
Avoidable Hospital Use	51	51
Equity	42	35
Healthy Lives	46	48



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