



Presentation to the Medicaid Care
Management Oversight Council
August 13, 2010

HUSKY Restructuring Options

HUSKY Restructuring Options

- Non-risk ASOs using DSS Medicaid network
- Non-risk ASOs using MCO networks
- Capitated Managed Care w/ Risk Corridors

Non-risk ASOs using DSS Medicaid Network

- Convert existing MCO contracts to ASO contracts
- MCOs paid an administrative capitation to provide:
 - customer service
 - utilization management
 - quality management
 - case management
- DSS administers:
 - contracting
 - credentialing
 - claims
- Uses Medicaid network in lieu of MCO networks

Non-risk ASOs using DSS Medicaid Network Advantages

- Standardizes administrative costs
- Enhanced federal match (75%) for DSS administered claims, credentialing, and contracting
- All providers paid at standard FFS rates and fees with associated savings

Non-risk ASOs using DSS

Medicaid Network

Disadvantages

- ASOs have no financial incentive to contain costs or manage care effectively
- Could compromise access, especially for children due to the lack of pediatric PCPs and pediatric specialists in FFS network
- Physicians may not choose to participate since FFS rates may represent a reduction in payments to providers

Non-risk ASOs using DSS Medicaid Network Disadvantages

- Lose flexibility in out of network contracting to meet unique client needs that cannot be met in FFS network
- May result in higher expenditure and utilization trends as compared to capitated managed care
- Not a common model nationally because viewed as less cost-effective than capitated managed care (46 other states)

Non-risk ASOs using DSS Medicaid Network Disadvantages

- Existing statutory hospital reimbursement requirements would cause hospital inpatient expenditures to increase significantly
- State at full risk for health care costs

Non-risk ASOs using MCO Networks

- Convert existing MCO contracts to ASO contracts
- MCOs paid an administrative capitation to provide
 - customer service
 - utilization management
 - quality management
 - case management
 - contracting
 - credentialing
 - claims
- Uses MCO networks

Non-risk ASOs using MCO Networks CMS Perspective

- CMS discourages this model because it is of questionable cost-effectiveness
- State must re-process all MCO paid claims to substantiate that expenditures are less than would be in Medicaid FFS in aggregate
- CMS describes this process as “messy and burdensome” and one of the reasons why this model is not widely used

Non-risk ASOs using MCO Networks

Advantages

- Preserves MCO networks, which have more providers than Medicaid FFS network
- Preserves flexibility of out of network contracting to meet unique client needs that cannot be met in network

Non-risk ASOs using MCO Networks

Disadvantages

- ASOs have no financial incentive to contain costs or manage care effectively
- May result in higher expenditure and utilization trends as compared to capitated managed care
- Cost neutrality substantiation is administratively burdensome and may leave some expenditures unmatched
- Cost neutrality substantiation and claims reprocessing are additional state costs

Non-risk ASOs using MCO Networks

Disadvantages

- State is at full risk for health care costs
- Due to two month delay in capitation payments under Deficit Mitigation Act, the \$65 million savings attributed to the transition or “payment lag” of one month is unachievable

Capitated Managed Care with Risk Corridor

Cost Controls

- Risk corridor to limit profits and losses
- Limitations on administrative costs
- Specify minimum medical-loss ratios
- Limitations on indirect costs and corporate allocations

Capitated Managed Care with Risk Corridor *CMS Perspective*

- CMS favors retention of capitated model with cost controls
- Would consider negotiating narrower risk corridors than have been typical nationally

Capitated Managed Care with Risk Corridor

Advantages

- Risk corridors limit profit
- Retains capitated model, which is consistent with national trend in payment reforms favoring bundling and global capitation
- Retains incentive to manage care and manage costs
- Retains incentive to negotiate economic rates
- Program structure remains intact including MCO networks
- Could expand to include Medicaid FFS

Capitated Managed Care with Risk Corridor

Advantages

- Preserves MCO networks, which have more providers than Medicaid FFS network
- Preserves flexibility of out of network contracting to meet unique needs that cannot be met in network
- Department's knowledge of actual spending will be greatly improved with encounter data processing through MMIS

Capitated Managed Care with Risk Corridor

Disadvantages

- May not achieve full budgeted savings of \$11 million
- Continued challenges associated with the negotiation of capitated rates
- Even with risk corridors, the state would be financially liable if MCOs experience losses beyond the corridor

Summary

- Three options for restructuring
 - ASO with Medicaid network
 - ASO with MCO network
 - Capitated managed care with risk corridors
- DSS strongly recommends that whatever alternative is chosen should be used for all populations



HUSKY Primary Care Expansion

HUSKY Primary Care: Expansion Update

- CMS indicated in July that a 1915(b) waiver amendment is necessary in order to:
 - delay the independent evaluation, and
 - open PCCM in the Putnam and Torrington areas
- Preparing waiver amendment submission pending clarification of outstanding issues by CMS

Continuing outreach to providers in upcoming areas:

- Putnam area:
 - Met in May with Day Kimball administration
 - Provider forum scheduled later in August
 - Applications and contracts received from Generations Family Health Center
- Torrington area:
 - Met in June with Charlotte Hungerford administration
 - Provider forum to be scheduled

Connecticut Pre-existing Condition Insurance Plan

**(aka Temporary High
Risk Pool)**

What is CT PCIP?

- Health coverage for people with a pre-existing health condition
- Covers a broad range of health benefits, including primary and specialty care, hospital care, mental health care and prescription drugs
- Premiums vary by age group, not by income levels
- \$50 million allocated to Connecticut under the federal health care reform bill for CT PCIP for the 3 ½ year period ending 2014

Eligibility

- Must be a citizen or national of the United States or a qualified non-citizen
- Uninsured for the last six months (only exception is portability between states' PCIPs)
- Verifiable qualifying pre-existing condition
- Acceptable proofs include:
 - Statement signed by healthcare provider or hospital official confirming pre-existing condition
 - Letter of coverage denial from insurer due to pre-existing condition
 - Offer of coverage from insurer that excludes pre-existing condition
- Must be ineligible for Medicaid, CHIP and Medicare

Original Proposed Premiums

- Milliman released proposed premiums - June 28, 2010
- Original proposed premium range (monthly)
 - \$436, adults under 30 to
 - \$1,366, adults 65 and over
- Proposed premiums were high relative to other states and may be higher than federal fallback program
- Affordability was Governor's chief concern
 - Deferred execution of contract
 - Reviewed premium setting assumptions - reasonable and appropriate?
 - Considered modifications to plan design and benefits
 - Reviewed whether CT citizens would be better served by federal fallback program
- Recommendation to Governor by mid-July

Results of Premium Review

- Original methodology was reasonable and appropriate, although highest premium tier was corrected
- Premiums were higher than federal fallback in Massachusetts and, in our view, beyond reach of most CT residents

Final Premiums

- Proposed to HHS alternative rate-setting methods that would better serve Connecticut residents
- Provided justification to establish rates based on a discounted small group standard
- HHS approved proposed methodology and resulting rates – 35% lower than original proposed rates
- With this approval, we established a more accessible premium rate structure for our program
- Governor authorized DSS to proceed with operation of CT administered pool
- Contract was executed in late July
- State began accepting applications 8/1/10

Monthly Premiums

Age	Original Proposal	Final Rates*
Under 30	\$436.12	\$285.16
30-34	\$481.92	\$315.10
35-39	\$495.24	\$323.81
40-44	\$548.61	\$358.71
45-49	\$632.13	\$413.32
50-54	\$775.54	\$507.08
55-59	\$960.14	\$627.78
60-64	\$1,187.62	\$776.52
65+	\$1,365.77	\$893.00

* 35% reduction

Monthly Premiums

Age	Final CT PCIP Rates	Federal PCIP in Mass.	Difference
Under 30	\$285.16	\$335.00	(\$49.84)
30-34	\$315.10	\$335.00	(\$19.90)
35-39	\$323.81	\$402.00	(\$78.19)
40-44	\$358.71	\$402.00	(\$43.29)
45-49	\$413.32	\$513.00	(\$99.68)
50-54	\$507.08	\$513.00	(\$5.92)
55-59	\$627.78	\$714.00	(\$86.22)
60-64	\$776.52	\$714.00	\$62.52
65+	\$893.00	\$714.00	\$179.00

How does CT PCIP differ from Charter Oak?

- Benefits provided through one insurer – United Healthcare
- Citizenship must be verified
- Pre-existing condition must be verified
- Benefits are different than Charter Oak
 - \$1.5 million lifetime maximum (no annual max)
 - No annual maximum on RX
 - No annual maximum on DME
 - More expansive provider network

Why Choose CT PCIP?

- No annual maximums in CT PCIP, may provide better protection for individuals with pre-existing condition
- Limit on out-of-pocket expenses
- Expansive network with more than 90% of Connecticut physicians and all Connecticut hospitals

SAGA Transition Recoupment Process

SAGA Transition

Recoupment Process

- Condition for approval of Medicaid expansion was that all claims be processed by MMIS
- Federal match for Medicaid LIA will be based on claims processed through MMIS
- Rather than ask providers to re-submit claims, CHNCT will submit claims to MMIS on providers' behalf
- HP is enrolling out of network providers in the Medicaid network to allow for re-submission of claims and payment under Medicaid

SAGA Transition

Recoupment Process

- CHNCT will send paid claims file to HP (formerly EDS) for dates of service 4/1/10 forward
- HP will audit for duplicate payments (i.e., claims already re-submitted by provider and re-processed by HP)
- HP will pay providers for new claims

SAGA Transition Recoupment Process

- HP will send CHNCT a file of all claims processed that are documented on provider remit
- CHNCT will prepare and submit a spreadsheet summarizing total paid by CHNCT for claims re-processed by HP
- DSS will establish accounts receivable for each provider
- HP will recoup the established receivable

SAGA Behavioral Health Recoupment Process

-DMHAS will send letters on August 13 to providers describing the recoupment process for claims paid by DMHAS for Medicaid covered services provided on or after April 1, 2010.

-Providers may access a Microsoft Excel file containing a claim-line detail report of claims designated for recoupment. The report will include a total amount and can be accessed via a password protected internet site.

SAGA Behavioral Health Recoupment Process

- Providers may request reconsideration of the recoupment of specific claims by submitting a spreadsheet via email with claim number, claim line number, and reason by September 15.
- Providers will have until November 1 to remit a check to DMHAS for the recoupment amount.
- Methadone maintenance providers will retain SAGA payments for claims with dates of service between March 28 and April 3.
- Please see www.ct.gov/dmhas/gaconversion for updates and frequently asked questions.

Charter Oak Conversion to LIA

Charter Oak Conversion to Medicaid for Low-Income Adults (LIA)

- DSS has identified more than 2,000 Charter Oak Health Plan members who qualify for LIA, based on reported income
- Will convert those enrollees who qualify for LIA retroactive to April 1, 2010
- Special notice will inform enrollees of the conversion

Charter Oak Conversion to Medicaid for Low-Income Adults (LIA)

- ACS will refund premiums to enrollee
- Providers will be instructed to refund deductibles, co-pays and co-insurance payments
- DSS will recoup medical capitation payments from the Charter Oak MCOs

Questions