Commonwealth of Massachusetts

Executive Office of Health and Human Services

Public Payer Commission

March 4, 2014

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Agenda

- **Approval of minutes**
- MassHealth follow-up presentation
- Proposed approach and workplan
- Payment policy in Medicare

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MassHealth follow-up presentation

- Before we discuss our workplan and issues in Medicaid payment integration, we would like to follow up on two topics that build on last session's presentation on payments at MassHealth:
  - Upper Payment Limits
  - Infrastructural and Grant funding
- Each of these topics provides additional perspective on the challenges, opportunities, and responsibilities faced by MassHealth

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Upper Payment Limits (UPLs)

- The UPL is the upper bound on the aggregate provider payments that state Medicaid programs may make under their State Plans
  - Federally matching dollars are contingent upon Medicaid payments complying with the UPL
  - Specific to provider type (hospitals, nursing facilities, and clinics)
- Beginning in 2014, MassHealth will submits a UPL demonstration annually to CMS
  - Use historic Medicare cost reports from CMS and MassHealth claims data, trended forward
  - Each UPL is based off of a calculated Medicare equivalent (roughly, what Medicare "would have paid" for the same care)
- UPLs incorporate supplemental payments (e.g. disproportionate share payments) that MassHealth makes to providers, and therefore offer a more comprehensive measure of payment levels than a straight fee schedule comparison
- MassHealth's payments are constrained by the UPL
  - For example, the FY13 UPL demonstration (which is still pending CMS approval) shows a UPL "cushion" for hospital payments of only 1.6%

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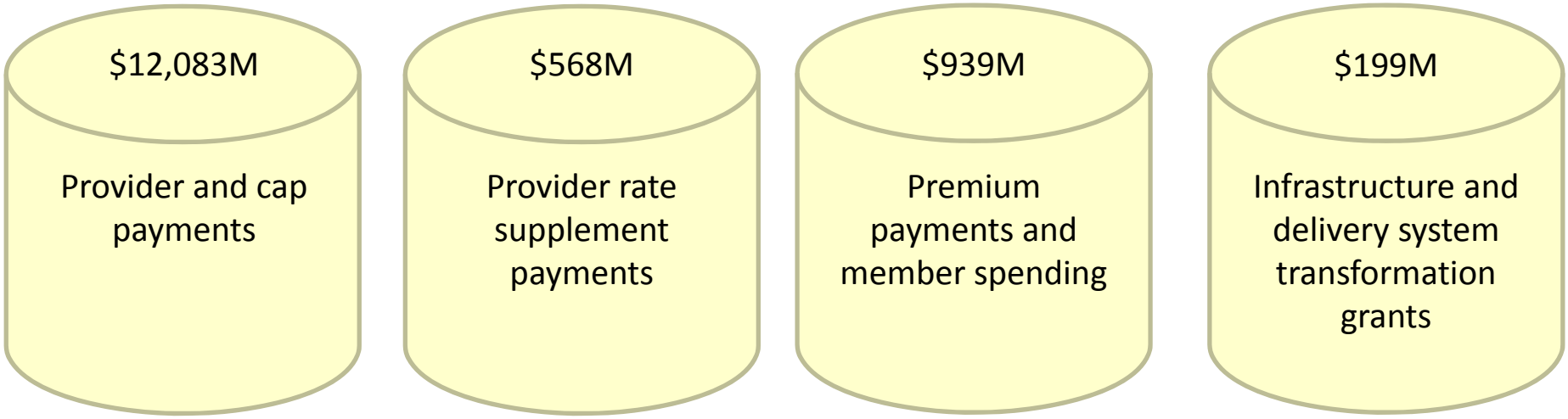
MassHealth Payments

- Last month, in addition to breaking down MassHealth's claims payments by provider type and payment methodology, we discussed several additional programs, grants, and initiatives funded by MassHealth
- As a follow-up, we have placed these items into four broad spending categories:



- MassHealth provides premium support, "wrap" coverage for some uncovered services, and cost-sharing support to members with comprehensive and cost-effective third-party coverage.
- The Small Business Premium Assistance program extends these benefits to low-income employees of small businesses who are ineligible for MassHealth and Connector coverage

Source: MassHealth Budget Office, FY2014 data

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Proposed approach/framework

- At its first meeting, the Commission provided input on the proposed approach to conducting its analysis. Based on this feedback, we have developed the following draft framework for discussion:
  - The Commission should help the Commonwealth use payment to promote innovation and to drive toward “high impact” interventions.
  - The Commission should start from a patient centered approach, and include cross sector analysis of payment policy where appropriate.
  - The Commission should consider issues around patient access and understand if/how payment relates to access.
  - The Commission recognizes integration as an important and valuable goal, and should consider unanswered questions about how alternative payments that promote integration can and should be operationalized.
  - The Commission should consider Medicaid provider dependency when evaluating different areas of focus.
  - The Commission should review data from other states where applicable, but these comparisons should be carefully contextualized.

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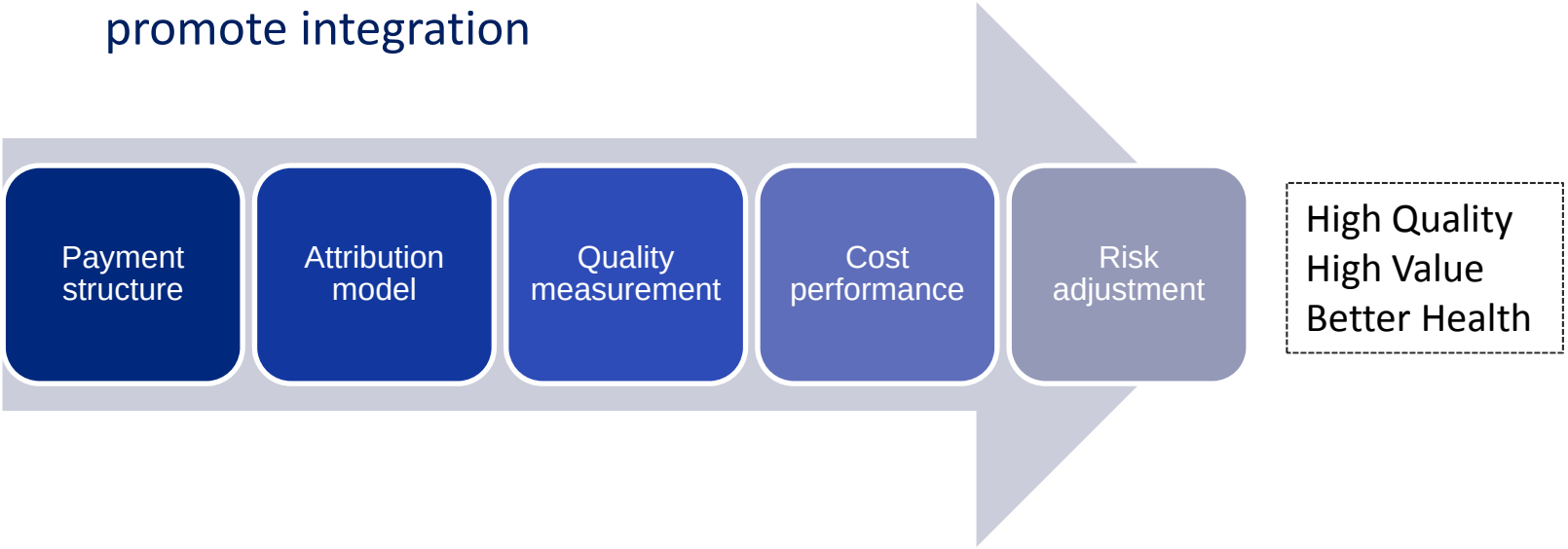
Proposed approach/framework

- Based on the discussion in January, we are proposing that the Commission focus on three areas of analysis:
  - Integration
    - Rationale: Integration and the need to innovate were themes that emerged from the first meeting. Integration and innovation are also consistent with the goals of Chapter 224. Commissioners identified several areas where there remain important questions about how to operationalize alternative payments that promote integration. The Commission's input will be important to on-going program design.
  - Behavioral Health
    - Rationale: Several commissioners raised behavioral health as an important areas of focus from the point of view of patient access. Behavioral health is tied into integration initiatives (above), and is an important cost driver.
  - Long term care
    - Rationale: Across the spectrum of long term care, there may be additional opportunities to use payment to promote care integration and efficient delivery of care across silos. Long term care is a significant cost driver for the state, and also an area where there is a high degree of public payer dependency.

Integration and Alternative Payments: Roadmap

- Understand current and future initiatives within MassHealth to promote alternative payment methodologies that support care integration, such as Primary Care Payment Reform, Health Homes, and Accountable Care Organizations
- Identify key questions/challenges in design of alternative payments that promote integration



- Method: Examination of approaches used in other states and programs, expert presentations

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Behavioral Health: Roadmap

- Understand current payment structure for behavioral health services:
  - Medicaid
  - Medicare
  - Commercial
- Discuss innovations in behavioral health service payments, such as:
  - Impact of integration on payments
  - Payment structures that account for patient “complexity”
- Method: Analysis of rate methodologies across payers

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Long-Term Care: Roadmap

- Review current payment structures/initiatives, such as SCO, PACE, Duals, Money Follows the Person, FFS
- Review historical spending trends across programs
- Understand tools for tracking costs
- Develop recommendations for how to use payments to align with key policy goals
- Method: Staff analysis of historical payments and payment methodologies

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Updated Draft Workplan (Tentative)

January	Overview of Commission Administrative Tasks Introduction to MassHealth Payment
February	CANCELLED
March	Prioritization of Areas for Payment/Cost Analysis Overview of Medicare Payment Issues (Dr. Katherine Baicker)
April	Innovations in Payment (Medicaid Managed Care Organizations)
May	Issues in Payment Integration in Medicaid (Tricia McGinnis) Cost-shifting Presentation
June	Behavioral Health Presentation
July	Long Term Care Presentation Discuss Findings and Recommendations
August	Additional Topics as Needed Finalize Report