MassHealth Duals Demonstration 2.0 Proposal

One Care Implementation Council with MassHealth and Centers for Medicare & Medicaid Services (CMS)

June 14, 2018
Agenda

- Welcome and Introductions
- Updates from MassHealth and CMS:
  - Duals Demonstration 2.0 concepts and status
  - Stakeholder feedback to date and updates to concept paper proposal
  - Expected development process and implementation timeline
- Discussion
Duals Demonstration 2.0: Context

- Individuals who **qualify for both Medicare and Medicaid**, known as “dual eligibles,” have among the most **complex care needs** of any population served by either Medicaid or Medicare.

- Members may be dual eligible either because they are **have a disability** or because they are **over age 65 and have low income**.

- Many dual eligible members utilize a **broad range of health care services**, including **medical services, behavioral health services**, and **long-term services and supports** that maintain their ability to live independently in the community or in a nursing facility.

- MassHealth currently serves approximately **312,000 dual eligible members**.

- **Combined Medicare and Medicaid costs** for the dual eligible population in Massachusetts are **estimated to exceed $9 billion**, with MassHealth and Medicare each bearing about half of these costs.
Seniors and disabled populations represent 26% of MassHealth membership and drive >55% of gross state spending

MassHealth membership and program spending\(^1\) by population, SFY 2016

<table>
<thead>
<tr>
<th>Population</th>
<th>Members</th>
<th>Gross spend</th>
<th>Gross cost per member ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-disabled adults (pre-expansion)</td>
<td>1,867,043</td>
<td>$13,563M</td>
<td>5,888</td>
</tr>
<tr>
<td>Non-disabled adults (expansion)</td>
<td>1,867,043</td>
<td>$13,563M</td>
<td>3,368</td>
</tr>
<tr>
<td>Non-disabled children</td>
<td>1,867,043</td>
<td>$13,563M</td>
<td>3,794</td>
</tr>
<tr>
<td>Seniors + Disabled(^2)</td>
<td>1,867,043</td>
<td>$13,563M</td>
<td>16,293</td>
</tr>
</tbody>
</table>

\(^1\) Based on Date of Service (DOS) spending, which excludes Medicare payments, premium assistance payments, supplemental payments to hospitals, and MassHealth spending at other state agencies; figures are estimates

\(^2\) Seniors + Disabled includes all seniors, disabled adults and children, beneficiaries of One Care, PACE, or Special Kids/Special Care, and individuals <65 receiving long term care

MassHealth spend on duals has grown >$500M over 2 years
Most of the 312,000 dual eligibles in the Commonwealth currently receive care through Medicaid fee-for-service.

Historically, most dual eligible members have received their care on a fee-for-service basis from both Medicare and Medicaid.

Fee-for-service system often delivers fragmented care, as no single health plan or provider has responsibility to coordinate care for members.

The lack of care navigation and a single organizational partner results in significant challenges, particularly given the complex care needs of the dual eligible population.

Total dual eligibles members on MassHealth, January 2018:

- Managed Care:
  - >65 Managed Care: 53K
  - <65 Managed Care: 20K
  - Total Managed Care: 73K

- Fee for Service (FFS):
  - >65 Fee For Service: 109K
  - <65 Fee For Service: 131K
  - Total Fee For Service: 240K

- Total Dual Eligibles: 312K

Note: 1 Includes SCO, PACE, and One Care. 2 Includes One Care, PACE.
Duals Demonstration 2.0: Context

- To provide **integrated, coordinated, and person-centered care options** to more dual eligible members, MassHealth, with its federal partners and stakeholders, has developed programs designed to **coordinate and integrate all Medicare and Medicaid services**.

- The Duals Demonstration 2.0 proposal focuses on **two integrated care programs** provided by health plans specializing in serving dual eligible individuals:
  
  - **One Care** is an 1115A Duals Demonstration (a Financial Alignment Demonstration and a State Demonstration to Integrate Care for Dual Eligible Individuals) for individuals ages 21-64 at the time of enrollment living with disabilities, currently serving over 20,000 members.

  - **Senior Care Options (SCO)** is a program of Fully Integrated Dual Eligible Special Needs Plans (FIDE-SNPs) for individuals ages 65 and older, currently serving over 50,000 members.

- Based on the successes of SCO and One Care, MassHealth believes that **integrated care provides the best support, highest quality care, and improved health outcomes for dual eligibles** in the setting of the member’s choosing.

- **One Care and SCO are high quality vehicles for providing integrated and coordinated care** uniquely suited to the needs of dual eligible members.
MassHealth’s proposed Duals Demonstration 2.0 is designed around five key objectives addressing administrative and financial goals:

1. Grow enrollment of SCO and One Care among dual eligibles
2. Achieve a more seamless member experience by increasing administrative alignment and integration
3. Strengthen the fiscal stability of the One Care program for both the Commonwealth and CMS
4. Use innovative approaches to ensure fiscal accountability and sustainability for the Commonwealth, CMS, plans and providers
5. Enter into a shared savings agreement with CMS and measure value and quality of care achieved system-wide

Grow and sustain One Care and SCO while encouraging innovation and care delivery improvement.
Overview of Duals Demonstration 2.0 proposal

1. Grow enrollment among dual eligibles in SCO and One Care
   - Expanded **passive enrollment** with **fixed enrollment periods**
   - **Robust member protections**, including 90-day continuity of care period, fixed enrollment exceptions, SHINE counselor assistance, and thoughtful approach to ensuring sufficient networks

2. Increase administrative alignment and integration
   - **Unified communications** and member materials about the Medicare and Medicaid benefits and services provided
   - **Streamlined appeals and grievances process**

3. Strengthen fiscal stability
   - **Medicaid rate setting** methodology that appropriately **accounts for the enrolled population and their complex service needs**
   - **Medicare rate setting** methodology that is **stable and used by Medicare across the country** (e.g., Medicare Advantage)

4. Use innovative approaches to ensure fiscal accountability and sustainability
   - **New approaches to protect plans, MassHealth, and CMS from financial instability** including: shared savings and loss arrangements, integrated calculations of plan medical spending, and limits on portions of provider payments

5. Enter into a shared savings agreement with CMS
   - **Shared savings between MassHealth and CMS** to reflect system-wide value generated
   - **Evaluation of Duals Demo 2.0** for quality of care and value
# Frequently asked questions about the Duals Demo 2.0

<table>
<thead>
<tr>
<th>Does the proposed Duals Demo 2.0…?</th>
<th>Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Change eligibility criteria for One Care or SCO?</td>
<td>No</td>
</tr>
<tr>
<td>Change current services (including care delivery model, benefit structure, and care coordination model) available in One Care and SCO today?</td>
<td>No</td>
</tr>
<tr>
<td>Change One Care to be a Dual Eligible Special Needs Plan (D-SNP)?</td>
<td>No</td>
</tr>
<tr>
<td>Maintain the status of One Care and SCO as separate programs?</td>
<td>Yes</td>
</tr>
<tr>
<td>Move SCO under demonstration authority with One Care?</td>
<td>Yes</td>
</tr>
<tr>
<td>Maintain voluntary enrollment in One Care and SCO?</td>
<td>Yes</td>
</tr>
<tr>
<td>Integrate and improve member communications and materials?</td>
<td>Yes</td>
</tr>
<tr>
<td>Maintain members’ rights to appeals and grievances?</td>
<td>Yes</td>
</tr>
<tr>
<td>Simplify the appeals and grievances process?</td>
<td>Yes</td>
</tr>
<tr>
<td>Maintain no copays for members in One Care and SCO?</td>
<td>Yes</td>
</tr>
</tbody>
</table>
# MassHealth will continue to actively engage with stakeholders on the Duals Demo 2.0

**Feedback to-date**

- **Passive enrollment** should maintain member choice and should not disrupt a member’s care (including those in Nursing Facilities)

- **Fixed enrollment periods** may reduce member choice and experience

- **Bad debt reimbursement for hospitals** must be considered in proposed payment regulations

- Increasing number of members enrolled in One Care and SCO could **impact payment models for providers** who traditionally serve mostly fee for service Medicare beneficiaries

**Proposed Solves**

- Proposes **continued advance noticing** (60 days and 30 days) with **opt out any time prior to enrollment**, and opportunity to disenroll for 90 days after enrollment or for cause

- Proposes **extension of SCO continuity of care requirements** to match One Care continuity of care of at least 90 days

- CMS new Special Election Periods for Part D in 2019 will similarly limit ability to change plans

- MassHealth is committed to **robust stakeholder engagement** to build on liberal exceptions list, using the ACO/MCO opt-out policy as a starting point

- Proposes continuing **bad debt adjuster currently in One Care rates**

- Through procurement and contracting, encourage SCO and One Care plans to enter into **value-based and shared savings arrangements with providers**, including hospitals and home health agencies, and explore alignment with Medicare ACOs and MassHealth ACOs and MCOs
## Expected next steps for Duals Demo 2.0

<table>
<thead>
<tr>
<th>Date</th>
<th>Key activities</th>
</tr>
</thead>
</table>
| **June 2018** | - MassHealth submits draft Concept Paper to CMS  
                  - One Care extension (through 12/31/2019) finalized                                                                                      |
| **2018 to 2019** | - CMS reviews Duals Demo 2.0 Concept Paper  
                  - CMS/MassHealth extensive discussions and negotiations are anticipated to take several months  
                  - Stakeholder engagement will remain a priority for MassHealth and CMS; MassHealth will update stakeholders on any major changes to proposal as discussions progress |
| **2019**      | - MassHealth and CMS execute a Memorandum of Understanding (MOU) granting authorities for Duals Demo 2.0, which is expected to be in effect no sooner than 2020 |
| **2019 to 2025** | - Anticipate federal involvement in Duals Demo 2.0 development, implementation, and evaluation process moving forward                        |
DISCUSSION
For More Information:

- The Draft Concept Paper for Duals Demonstration 2.0 is posted at: https://www.mass.gov/service-details/duals-demonstration-20

- MassHealth welcomes feedback on the Draft Concept Paper
  - Please submit questions and comments by **June 29, 2018 at 4pm**.
  - Include (as applicable): Commenter’s name, title, organization, telephone number, e-mail address, and URL address
  - By email (preferred) to Lou DeLena at: Louis.DeLena@state.ma.us
  - In writing to: Lou DeLena, Procurement Coordinator Executive Office of Health and Human Services One Ashburton Place, 11th Floor Boston, MA 02108
Appendix
Duals Demonstration 2.0: Context and Summary

- MassHealth offers three integrated programs for members eligible for Medicare and Medicaid (dual eligibles) - One Care (age 21-64 at enrollment), Senior Care Options (SCO) (age 65+) and Program of All Inclusive Care for the Elderly (PACE) (age 55+)
- MassHealth believes these integrated care products provide the best support for dual eligible members and best promote quality care and outcomes in settings of the members’ choosing (i.e., moving from nursing homes into the community)
- The Commonwealth’s longstanding SCO program has been very successful to-date; however, aspects of the administrative structure and financial methodology need to be updated to fix significant fiscal challenges present today
- Additionally, the Commonwealth’s Financial Alignment Demonstration One Care has shown significant success in improving member care since it began; however, federal authority for the program will expire on December 31st, 2018
- In order to initiate a request for extension of the One Care program to CMS, the Commonwealth will need to submit a proposal outlining requested authorities and enhancements to both dual eligible products, with the goal of implementation in 2020 and an extension of One Care for 1-2 years to bridge the gap as we work together with CMS on these proposals
- As such, MassHealth is moving forward with a proposal outlining a package of updates to One Care and SCO (Duals Demonstration 2.0) that:
  - **Preserves the approach** (i.e., eligibility criteria, care delivery model, benefit structure, and care coordination model) of the existing One Care and SCO programs (i.e., LTS-C, GSSC, etc.)
  - **Requests new administrative flexibilities from CMS** to better integrate the Medicaid and Medicare components of One Care and SCO (i.e., joint Medicare / Medicaid materials) and improve member experience
  - **Grows and sustains enrollment** in One Care and SCO into the future
  - **Protects against Medicaid cross-subsidization** of Medicare or plans through updated financial arrangements with CMS and other financial protections
  - **Aims to expand the programs state-wide and ensure long-term sustainability** so that dual eligible members can continue to benefit from integrated care
- The overall goal of the Duals Demonstration 2.0 proposal is to improve quality of member care and outcomes and to ensure financial sustainability for all entities involved, including MassHealth, CMS, plans and providers
- MassHealth is committed to a robust stakeholder process as we continue to develop and shape this proposal
Proposed changes in Duals Demonstration 2.0 to simplify processes for members and encourage adoption of One Care and SCO

<table>
<thead>
<tr>
<th>Proposal</th>
<th>Current</th>
<th>Duals Demo 2.0</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>One Care</td>
<td>SCO</td>
</tr>
<tr>
<td>Unified communications and materials</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Integrated appeals and grievances</td>
<td>✓</td>
<td>✗</td>
</tr>
<tr>
<td>Passive Enrollment</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>90 Day Continuity of Care period</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Fixed Enrollment period (with exceptions)</td>
<td>✗</td>
<td>✗</td>
</tr>
</tbody>
</table>

= Achieved  = Partially Achieved  = Not Achieved

Contingent upon CMS approval
Proposed changes in Duals Demonstration 2.0 to improve program financing and ensure long term sustainability

<table>
<thead>
<tr>
<th>Proposal</th>
<th>Current One Care</th>
<th>Current SCO</th>
<th>Duals Demo 2.0 One Care</th>
<th>Duals Demo 2.0 SCO</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medicare Advantage bidding</td>
<td>✗</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Medicare Stars quality payment methodology</td>
<td>✗</td>
<td>✓</td>
<td>✓ (With modified Stars)</td>
<td>✓</td>
</tr>
<tr>
<td>Two sided risk corridor</td>
<td>✓</td>
<td>✗</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Blended Medicare Medicaid MLR</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Zero member cost sharing</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
</tbody>
</table>

= Achieved  = Partially Achieved  = Not Achieved

Contingent upon CMS approval
**ILLUSTRATIVE EXAMPLE**

**Dual Member (Medicare + Medicaid) Provider Payments**

- **Non-Dual (Medicare Only)**
  - Provider Payments
  - Medicare allowable: $100
  - Medicare only (non-duals)
  - $80.00 Medicare Payment
  - $20.00 Patient Copay
  - $100.00 total

- **Dual in FFS**
  - $80.00 Medicare Payment
  - $13.00 Medicaid Payment
  - $97.55 total
  - Bad debt reimbursement: $4.55

- **Dual in One Care / SCO**
  - $100.00 Payment from One Care / SCO plan
  - $100.00 total

- **Demo 2.0: Dual in One Care/SCO**
  - More than $97.55, but less than $100.00
  - Payment from One Care / SCO plan with provider pricing benchmark

In FFS, providers receive less than the total Medicare payment allowable, as Medicaid wrap is less than the traditional patient co-pay.

One Care and SCO plans have historically paid providers the full Medicare allowable amount (more in some cases).

Limits on the Medicaid wrap portion of provider payments in One Care and SCO could reduce the amount One Care and SCO plans pay providers; providers would still receive more on average for a Dual in integrated managed care products than in FFS.

**Example Medicaid Wrap Limit in One Care/SCO:** Hospitals

- Medicaid Wrap Limit $97.55 - 100% of Medicare allowable

---

Contingent upon CMS approval
Illustrative example of potential limits on Medicaid wrap payments in One Care and SCO: Professional Services

ILLUSTRATIVE EXAMPLE

Non-Dual (Medicare Only) Provider Payments

- $100.00 total
  - $80.00 Medicare Payment
  - $20.00 Patient Copay

Dual Member (Medicare + Medicaid) Provider Payments

- In FFS, providers receive less than the total Medicare payment allowable, as Medicaid wrap is less than the traditional patient co-pay
- One Care and SCO plans have historically paid providers the full Medicare allowable amount (more in some cases)
- Limits on the Medicaid wrap portion of provider payments in One Care and SCO could reduce the amount One Care and SCO plans pay providers; providers would still receive more on average for a Dual in integrated managed care products than in FFS

- More than $88.00, but less than $100.00
  - $100.00 Payment from One Care / SCO plan
  - Example Medicaid Wrap Limit in One Care/SCO: 88 - 100% of Medicare allowable

- ≥ $100.00 total
  - $88.00 total
    - $8.00 Medicaid Payment
    - $80.00 Medicare Payment
  - $100.00 Payment from One Care / SCO plan

Contingent upon CMS approval

Confidential – for policy development purposes only