

# Department of Health Care Policy and Financing

## Medicaid Management of Care Strategy

### July 2008

As Colorado experiences a rising expenditure for Medicaid and increased enrollment, the Department of Health Care Policy and Financing (the Department) is looking at new ways to address cost, quality value, and access. In Governor Ritter's "**Building Blocks for Health Care Reform**" plan, he states, "We must find solutions that are uniquely Colorado, solutions that are ambitious and realistic, solutions we can afford." The Department has much work underway to ensure that Colorado remains a leader in providing cost effective, high quality health care for Medicaid clients. Strengthening and expanding the health care delivery system is an important part of this goal.

#### **Work to Date**

The Department employed an independent health care consultant, Deborah Van Houten, R.N., Caring Solutions Inc., to develop a strategic plan to expand the care management delivery system. As a result of the analysis of the current programs administered in Colorado, best practices from other states, expert advice from the leaders in Medicaid health care policy strategy, input from various stakeholders and recommendations brought from a Task Force, Deborah submitted a report with recommendations and an implementation plan to the Department. The executive summary of the report is attached.

#### **Current Work**

The Department has work underway to develop and move its Medicaid Management of Care Strategy forward as part of its overall health care reform. A Consumer Workgroup will be formed to lend expertise and insight into the strategy design and implementation plan. The Workgroup will include representatives from consumer advocacy groups and consumers. The Department will facilitate the meetings. The Workgroup will meet in August 2008 and provide a written summary to the Department. The Workgroup meetings will be open to the public.

#### **Suspension of New Managed Care Contracting for Physical Health Plans**

The Department will suspend new or expanded managed care contracting or discussions regarding contracting for physical health plans until January 1, 2009, with the exception of current discussions that are occurring with Kaiser and The Colorado Alliance for Health and Independence, Inc. (CAHI).

#### **Formal Request For Proposal**

The Department will prepare a formal request for proposal by mid-2009 for contracts that will become effective no later than 2010.

#### **Additional Information**

The Department's Web Site located at [www.chcph.state.co.us](http://www.chcph.state.co.us) will provide updates and additional information as it becomes available.

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## Executive Summary

The mission of the Department of Health Care Policy and Financing (the Department) is to improve access to cost-effective, quality health care services for Coloradans. The Department has much work underway to ensure that Colorado remains a leader in providing cost effective, high quality health care for Medicaid clients. Strengthening and expanding the managed care delivery system and enrolling the majority of Medicaid clients into a managed care environment by 2011 is one approach to this goal.

From 1995 until 2001, Medicaid managed care became the prominent program in Medicaid. Due to a substantial disagreement on the rates, the participating health plans brought a suit against the state and enrollment in managed care began to decline dramatically in 2003. Health plan participation also declined.

The Department determined it was important to under-take a systematic approach in designing the re-emergence of managed care in Medicaid. Research has demonstrated that the implementation of Medicaid managed care programs is a complex and often contentious process involving many stakeholders and numerous endeavors. Critical to success is how well the state designs, operates and manages the program.

To assist in designing the best approach for Colorado, research and stakeholder input was indicated. The Department engaged an independent health care consultant, Deborah Van Houten, R.N., Caring Solutions Inc., to perform the work. The objective was to provide research intelligence and recommendations for a management of care strategy for the future.

The research methodology included:

- Review of current state in Colorado including interviews with Department staff,
- Research of best practices from other states,
- Research of current thinking from leaders of Medicaid health care policy,
- Interviews with external stakeholders, and
- Collection of input and recommendations from a task force.

Based on the research, interviews and Task Force input, the following recommendations were brought forward to the Department as a road map to successfully enroll the majority of Medicaid clients into a managed care environment by 2011. Many of the recommendations build on the current work underway in the Department.

- 1) Dedicated resources are essential to ensure a deliberate and calculated approach.
- 2) Building the 'political will' for a long term commitment to managed care with the legislature, client constituents, providers as well as with other departments is crucial.
- 3) The design groundwork will ensure the Department's role as a sophisticated purchaser.
- 4) Preservation of the Essential Community Providers (ECPs) is an essential element of any program design.
- 5) Selection of Managed Care Entities (MCEs) for participation needs to consider:

- a) Number of MCEs offered may differ by geographic area.
  - b) Use of a predefined set of qualifying criteria.
  - c) Use of a RFP process once the design is in place.
  - d) Local nonprofit health plans may be given preferential award points during selection however the 'qualifying' criteria should not limit the Department's selection to only these plans.
- 6) Statewide approach should allow for flexibility in model to meet the needs of the various community health care systems. A combination of strategies may be needed.
  - 7) Move gradually and deliberately to mandatory enrollment.
  - 8) Rates need to be adequately funded and different payment methods may make sense for different populations or geographic areas in order to increase MCE participation. Provider reimbursement under the FFS/PCPP programs must continue to be addressed to insure adequacy.
  - 9) Broad client input into the strategy is needed.
  - 10) The impact of twelve month guaranteed eligibility should be analyzed for serious consideration.
  - 11) Client assignment to a MCE should be based on the client's past Primary Care Physician (PCP) history if possible. If no history were available, random assignment would occur however the Department should consider preferential assignment based on MCE performance, ECP participation, geographic coverage, etc.
  - 12) Ensure that high risk/special needs clients are identified and have access to programs that improve care and outcomes. Expand the Medical Home program to all Medicaid clients. Ensure that payment policies do not impede innovative care models.
  - 13) Move forward on work to increase coordination and lessen gaps in service for behavioral health and physical health clients. A task force should be formed to formulate a plan for integration of these two programs in the future.
  - 14) Integration of Medicaid and CHP+ should be pursued.
  - 15) Ensure information technology expertise and resources are available within the Department to meet the ever increasing demand for information. Partnership with Colorado Regional Health Information Organization (CORHIO) is indicated to support Colorado's goal to be at the leading edge of health care delivery.
  - 16) Focus resources on the Medical Home Model and consider converting the PCPP from a gatekeeper model to a Medical Home model.
  - 17) Continue the pharmacy "carve in" under the MCE contract.