Arkansas Health Care Reform Task Force – TSG Update

September 28, 2016

AGENDA

- Behavioral Health Savings Model
- Developmental Disability Services Savings Update
- Independent Assessment Cost Estimates
- Developmental Disability Wait List Funding Options
- Private Option Claims Component Analysis
- Individual Insurance Marketplace Rate Review
- Private Carrier Innovations in Reducing Health Care Costs
- Patient Centered Medical Home Savings Options

Steady State Behavioral Health Savings Model

	2015 Cost	Gross Savings from Reduced Claims	Investment in New Claims	Net Savings	Projected Steady State Cost
Independent assessment		10,000,000	[1]		
Para-professionals other services		21,000,000	18,000,000	3,000,000	
Dayhab [2]		161,000,000	143,000,000	18,000,000	
Inpatient		52,000,000		52,000,000	
Care coordination [3]			[1]		
	460,000,000	244,000,000	161,000,000	**83,000,000**	377,000,000

[1] Investment not yet estimated. See 5-year table
[2] Includes $35MM of OMIG savings and $20MM of DMS savings
[3] Care coordination enables all the benefits. It might be achieved in a number of ways, which are still being considered

Five Year Behavioral Health Savings Projections

	2017	2018	2019	2020	2021
Savings on Claims	69,000,000	83,000,000	83,000,000	83,000,000	83,000,000
Estimated Assessment & Care Coordination *	15,000,000	21,000,000	21,000,000	21,000,000	21,000,000
Estimated Admin	1,000,000	2,000,000	2,000,000	2,000,000	2,000,000
	53,000,000	**60,000,000**	**60,000,000**	**60,000,000**	**60,000,000**

*DHS has yet to define a care coordination model

Caveats to Behavioral Health Savings

The forecast includes three estimates that are less precisely estimated. These sum to $105MM

- $50 MM in inpatient psychiatric services are based on a percentage taken from a study done of other states. This is one third of the $150 million 2015 claims
- $20 MM RSPMI savings adopted from the Division of Medicaid Services: not calculated by Behavioral Health
- $35 MM in OMIG changes…estimate not reviewed by Behavioral Health.

DDS Program Changes and Savings: Work in Progress

Change Description
Implement independent assessment (SIS for Adults and Children), preauthorization, and utilization management ASO services (Cost)
Final decisions to be made on the current HCSB waiver, construction of a new HCSB, levels of care, settings compliance, and independent case management
Final decisions on the number of units and time of each unit for DDTSC and CHMS programs
DDS working closely with DDPA, DDTSC, CHMS and other stakeholders

Individual Assessment Cost Estimates

TYPE OF ASSESSMENT	NUMBER OF ANNUAL ASSESSMENTS	COST PER ASSESSMENT	ANNUAL COST OF INDIVIDUAL ASSESSMENT
SUPPORTS INTENSITY SCALE (SIS)	4,200	$480 -$510	**$2,016,000 - $2,142,000** ***or*** ***$504,000 - $535,500*** *(with 75% matching federal funds)*
LEVEL OF CARE UTILIZATION SYSTEM (LOCUS)	10,500	$89 - $95	**$934,500 - $997,500**
CHILD & ADOLESCENT NEEDS & STRENGTHS (CANS)	24,500	$34.97 - $43.42	**$856,765 - $1,063,790**

Developmental Disability Community-Based Waiver

Overview

- Alternative Community Services Waiver
  - Approximately 2,900 individuals on the waiting list
  - Provides community-based services for individuals with developmental disabilities (DD)
  - Functional eligibility level same as for institutional services through an Intermediate Care Facility (ICF)
- Three scenarios for addressing DD waiver waiting list
  - Fully fund waiting list
  - Provide limited benefit to individuals on waiting list
  - Partially fund waiting list with tobacco settlement surplus

Developmental Disability Community-Based Waiver

Alternative Scenarios for Waiting List

- Fully fund waiting list

Per-person annual cost for individuals on waiver (2014; program and medical)	$68,937
Per-person cost for individuals on the waiting list (2014; program and medical)	$12,119
Current waiting list census	~2,900

Cost of Fully Funding DD Waiting List ($millions)						
	2017	2018	2019	2020	2021	5-year
All Funds	165	173	182	191	200	910
Federal Funds	115	121	127	134	140	637
General Fund	49	52	54	57	60	273

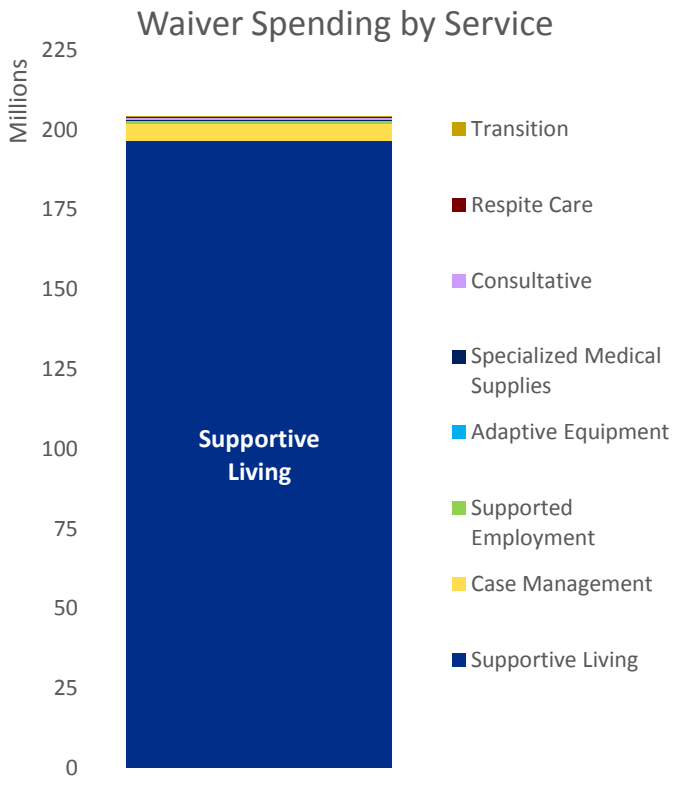
Developmental Disability Community-Based Waiver

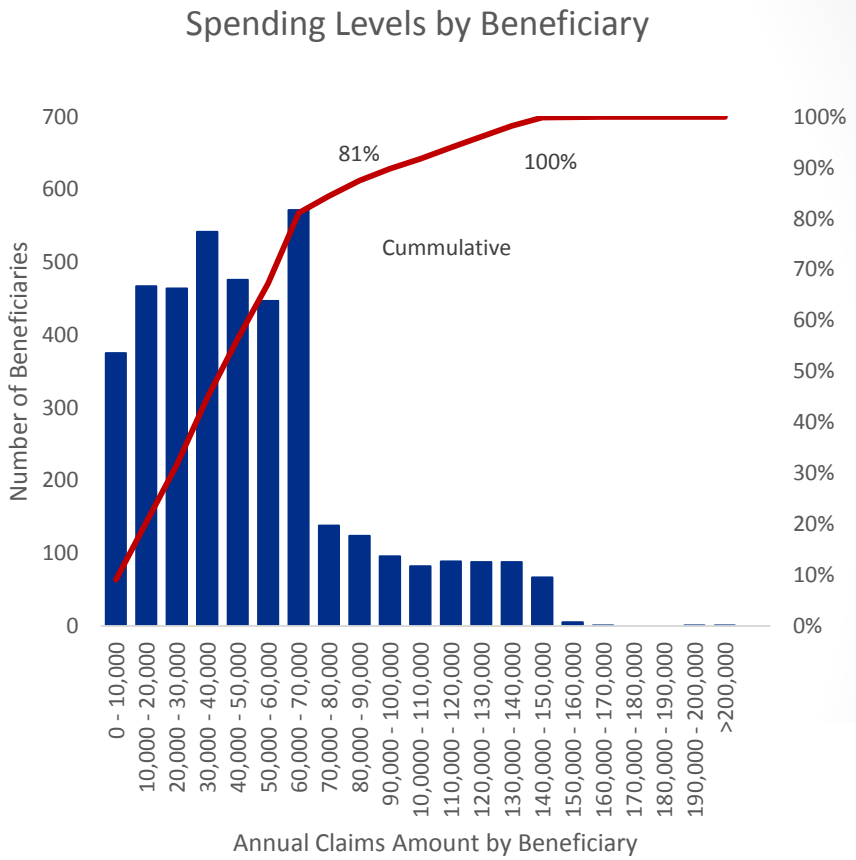
Alternative Scenarios for Waiting List

- Provide limited benefit to individuals on waiting list
  - $12,000 annual cap
  - In addition to existing services

Cost of Providing Limited Benefit to Individuals Currently on DD Waiting List ($millions)						
	2017	2018	2019	2020	2021	5-year
All Funds	35	37	38	40	42	192
Federal Funds	24	26	27	28	30	135
General Fund	10	11	12	12	13	58

SFY2015 Services by Claim Amount





Claims data from SFY2015 federal Expenditures Report

96% of Waiver Spending is for Supportive Living
20% of beneficiaries spend less than $20,000 – 80% less than $70,000

Spending by Service Type

Service Type	Total Waiver Claims Amount	Unique Beneficiary Count	Average for Those Claiming Benefit	Percent
Supportive Living	196,404,211	4,013	48,979	95.9%
Case Management Services	5,550,856	4,094	1,357	2.7%
Supportive Employment	668,300	103	6,617	0.3%
Specialized Medical Supplies	642,407	925	696	0.3%
Consultation Services	453,751	733	621	0.2%
Adaptive Equipment -ACS	392,835	155	2,568	0.2%
Respite Services	380,605	153	2,521	0.2%
Environmental Modifications	238,010	52	4,760	0.1%
Supplemental Support Service	16,462	17	1,097	0.0%
Adaptive Equipment - PERS Monthly Fee	13,733	31	474	0.0%
Adaptive Equipment - PERS Installation	479	6	120	0.0%
Total	204,761,648	4,124	49,675	100.0%

Claims data from SFY2015

Developmental Disability Community-Based Waiver

Alternative Scenarios for Waiting List

- Partially fund waiting list with tobacco settlement surplus
  - Approximately $8.5 million available
  - Federal match brings total to about $28 million

Number of individuals on waiting list who could be covered with full waiver benefit	499
Annual limited benefit cap if all individuals currently on the waiting list are provided with some benefit	$9,770

Developmental Disability Community-Based Waiver

Alternative Scenarios for Waiting List

- Assumptions
  - Waiting list individuals will have similar costs as those currently on the waiver
  - 5% annual cost inflation, inclusive of enrollment growth and service unit cost
  - No woodwork effect

Tennessee

Employment & Community First Choices Waiver

	ECF has 3 groups designed to offer supports based on specific assessed needs & goals		
	Essential Family Supports	***Essential Supports for Employment & Independent Living***	***Comprehensive Supports for Employment & Community Living***
Capped Benefit	**Yes**	**Yes**	**Yes**
Capped Amount	**$15k** not counting cost of minor home modifications	**$30K** Exception of emergency needs up to $6K in additional services per year (hard cap of $36K)	$**45K – low to moderate need** **$60K – high need** Exception up to applicable average cost of NF or ICF/IDD + specialized services for medical/behavioral needs
Number of Individuals Served	Approximately **1700** individuals in the first year. Annual enrollment estimates will be examined each year and determined by legislative appropriations.		
Intended Objectives	Targets people of all ages who live at home with their families;	Targets people who are 21+ who want to live independently and pursue employment	Targets people who are 21+ who need a more comprehensive level of support
Service Delivery Model	Managed Care Model		

Indiana
Family Supports Waiver

Family Support Waiver	
Capped Benefit	Yes
Capped Amount	$16,545
Number of Individuals Served	Approximately 1300 individuals. Families on waitlist can access state-funded respite services which are applied for annually
Intended Objectives	This waiver provides Medicaid Home and Community-Based Services (HCBS) to participants in a range of community settings as an alternative to care in an intermediate care facility. Participants may choose to live in their own home, family home, or community setting appropriate to their needs.
Delivery Model	Fee for Service

Missouri Support Waiver

Support Waiver	
Capped Benefit	Yes
Capped Amount	$28,000
Number of Individuals Served	The Support Waiver serves over **1,400** individuals.
Intended Objectives	Began in July 2003, for individuals with Intellectual and developmental disabilities who *have a place to live in the community, usually with family.* Aimed at Persons who meet ICF/ID level of care and are at risk of needing ICF/ID services if waiver services are not provided.
Delivery Model	Fee for Service

Kentucky
Michelle P. Waiver Program

Michelle P. Waiver Program	
Capped Benefit	Yes
Capped Amount	Service units are limited to **40 hours per week** annually. Dollar amount services are limited to annual amounts ranging from **$500 to $4,000** depending on service type.
Number of Individuals Served	The MPW serves approximately **9,500** individuals.
Intended Objectives	developed as an alternative to institutional care for people with intellectual or developmental disabilities. The waiver allows individuals to remain in their homes with services and supports **if** meet eligibility requirements are met.
Delivery Model	Fee for Service

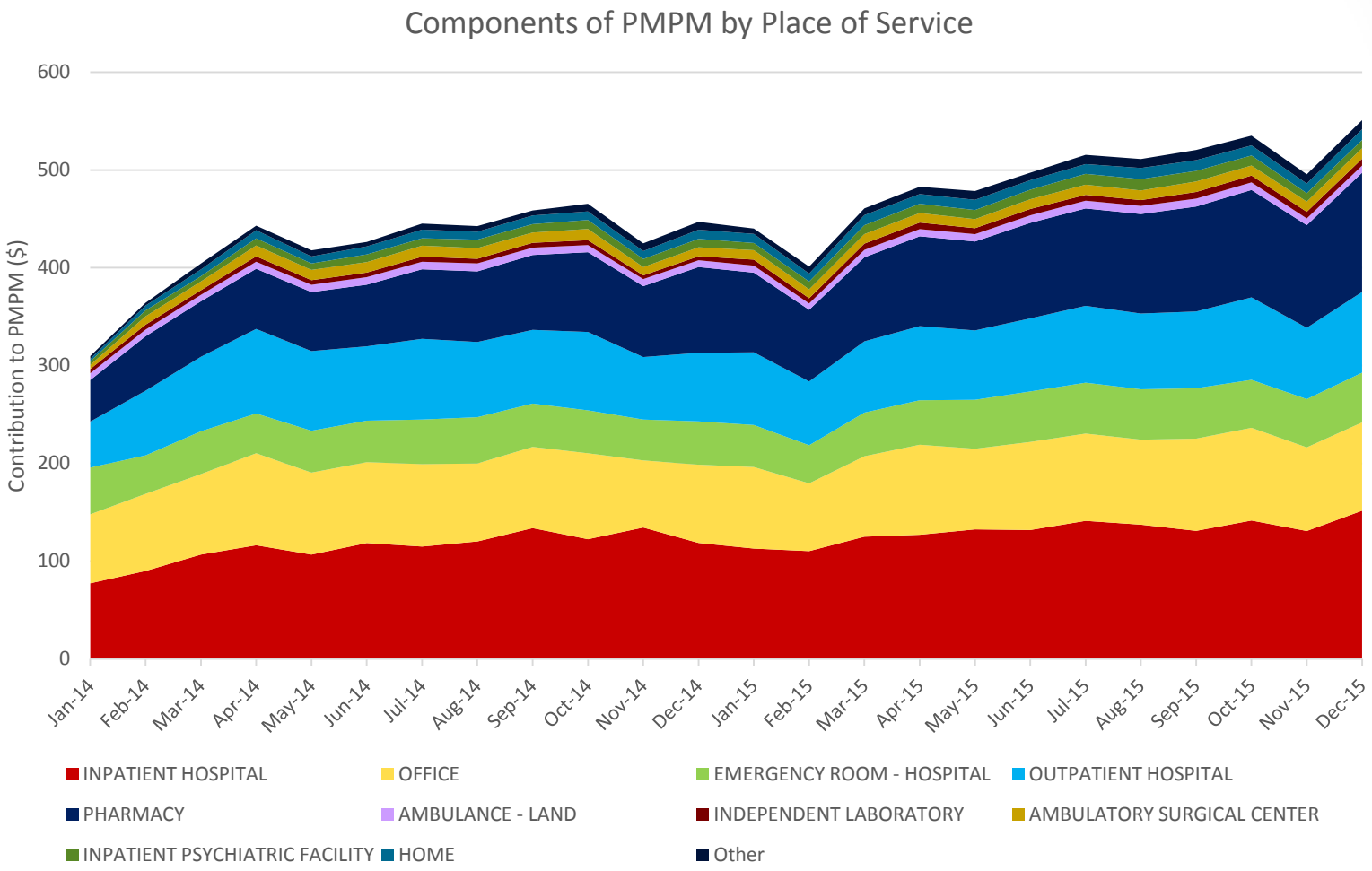
Private Option Claims Component Analysis

Overview

- Individual marketplace carriers recently requested rate increases for the 2017 plan year
- One of the points of interest has been the drivers of the medical service cost increases
- No information from calendar 2016 yet
- Analysis of data from 2014 and 2015 provides some insights

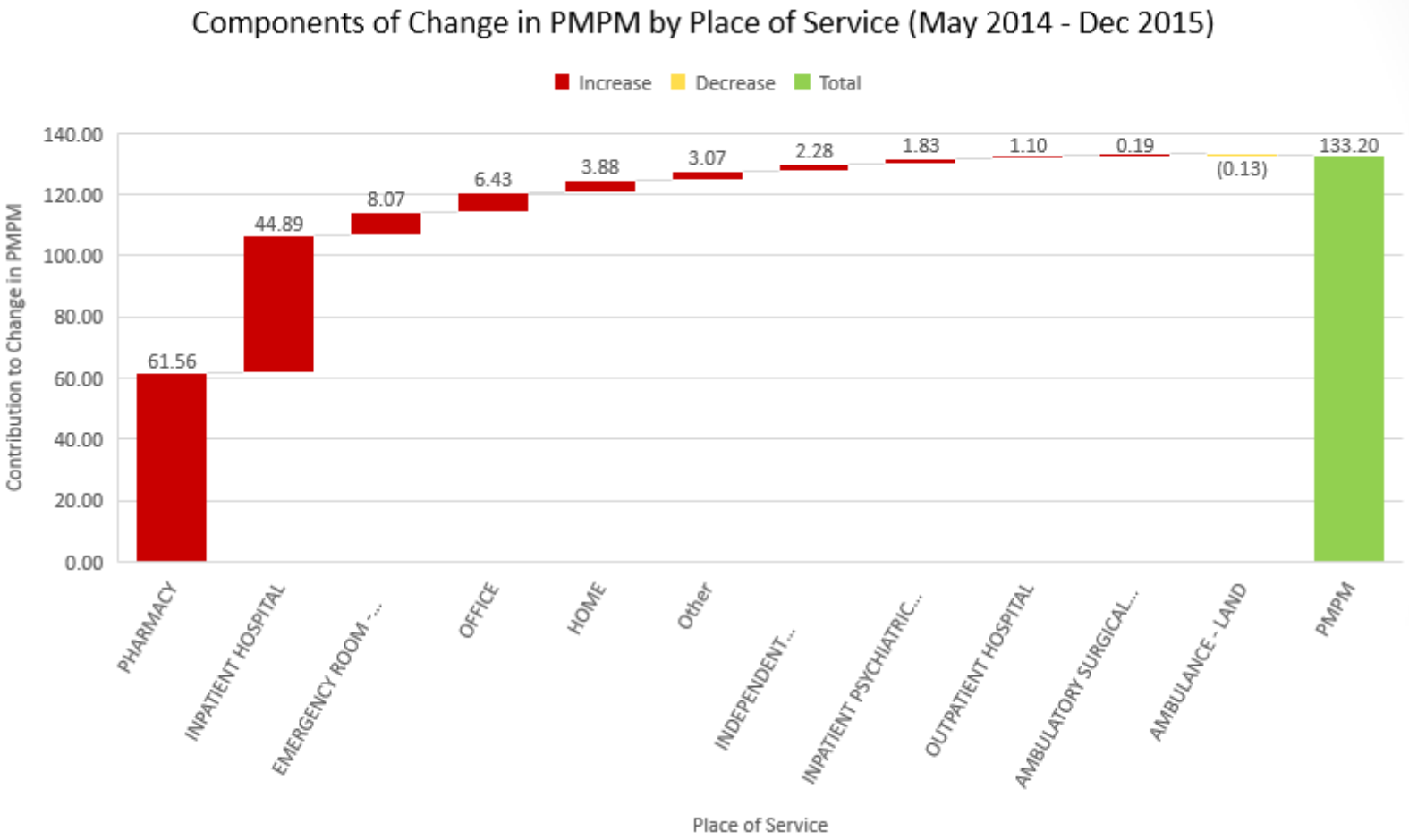
Private Option Claims Component Analysis

Arkansas Blue Cross and Blue Shield



Private Option Claims Component Analysis

Arkansas Blue Cross and Blue Shield



Private Option Claims Component Analysis

Arkansas Blue Cross and Blue Shield

Inpatient Hospital			
	May-14	Dec-15	% change
Average Cost per Claim	$1,330	$1,659	24.73%
Claims per Enrollee	0.08	0.09	13.93%

Pharmacy			
	May-14	Dec-15	% change
Average Cost per Claim	$35	$53	52.01%
Claims per Enrollee	1.73	2.29	32.86%

Private Option Claims Component Analysis

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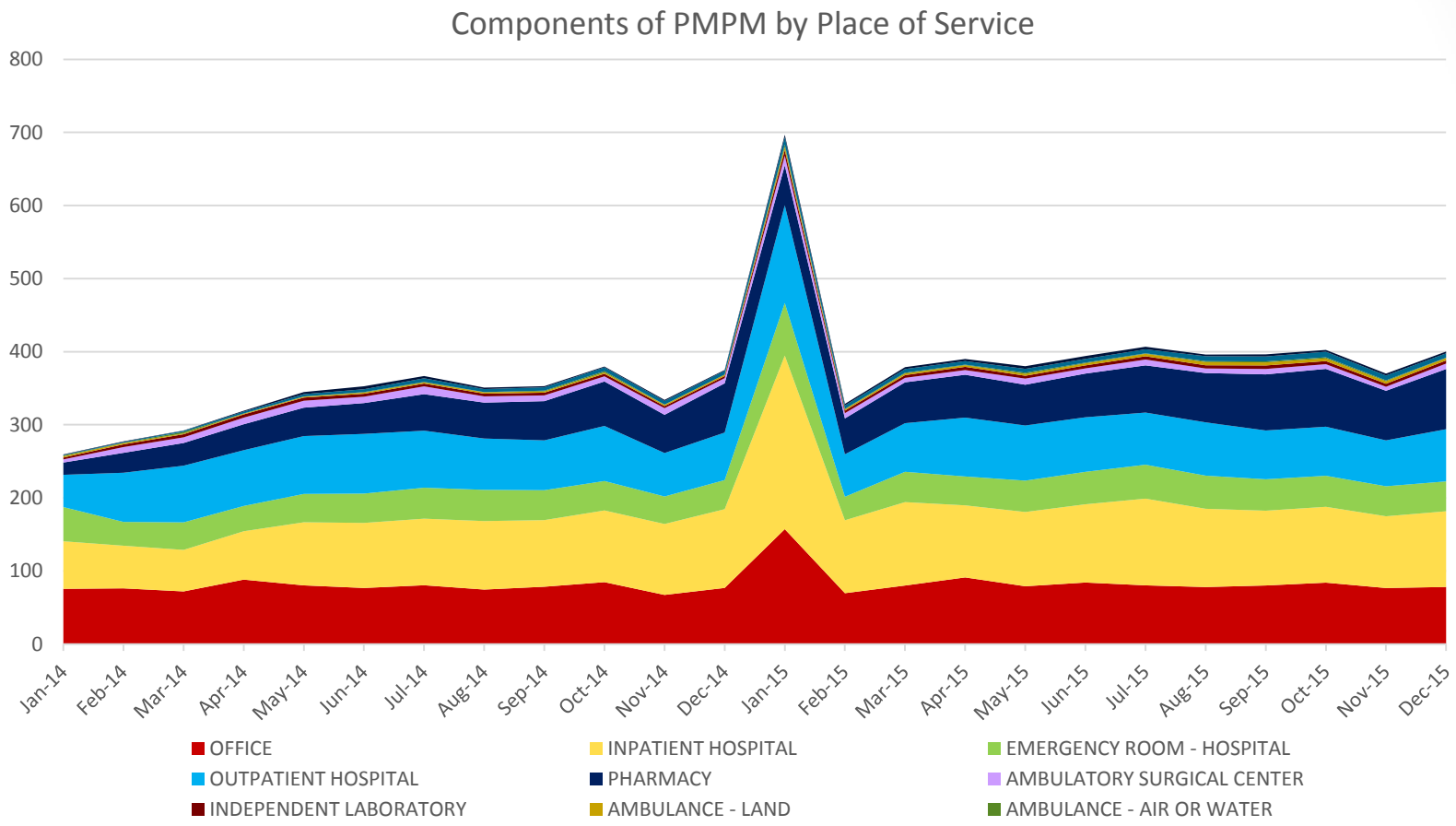

Private Option Claims Component Analysis

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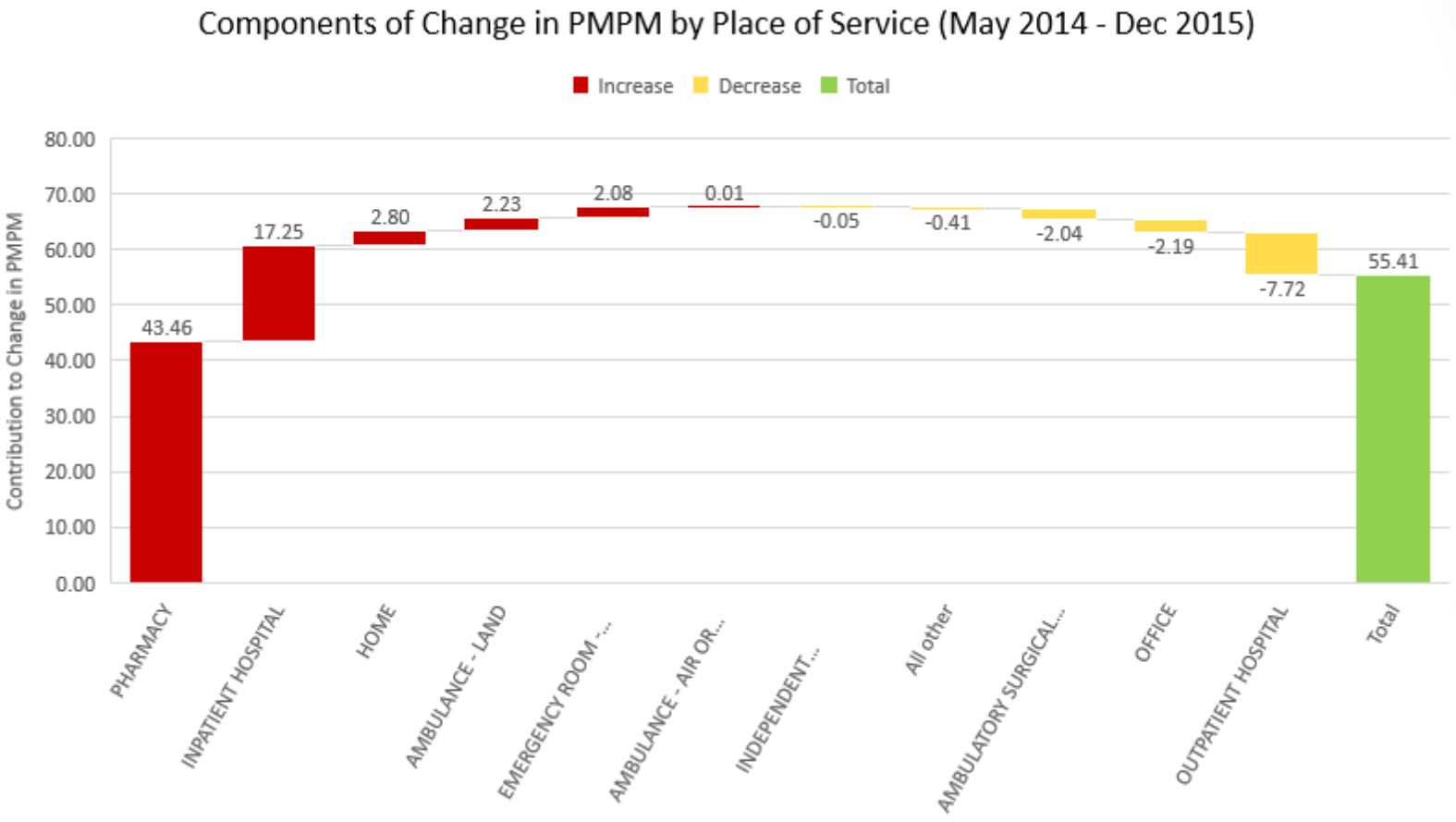

Private Option Claims Component Analysis

Ambetter

Inpatient Hospital			
	May-14	Dec-15	% change
Average Cost per Claim	$1,304	$1,385	6.22%
Claims per Enrollee	0.0662	0.0748	12.95%

Prescription Drugs			
	May-14	Dec-15	% change
Average Cost per Claim	$33	$57	75.63%
Claims per Enrollee	1.19	1.44	20.60%

Individual Health Insurance Marketplace

Rate Increases in Expansion and Non-Expansion States

- Recent report from the Office of the Assistant Secretary for Planning and Evaluation in the US Department of Health and Human Services
- Individual marketplace rates rose by 7% more in non-expansion states
- Examined counties on either side of state borders with one state having expanded Medicaid and the other not
- Population 100%-138% FPL
  - Lower income tends to have worse health, on average
  - In expansion states, is in Medicaid, not in marketplace
  - In non-expansion states, is in marketplace
- Not generalizable to Arkansas
  - 1115 waiver for expansion
  - All one risk pool

Reducing Health Care Costs

Select Examples of Private Carrier Innovations

- Florida Blue Cross and Blue Shield
  - Over $400 million in underwriting profit on around 500,000 covered lives in individual marketplace
  - Innovations
    - Retail centers – enrollment and health screenings
    - Care managers – care coordination and identification of clinical issues before emergencies
    - Narrow networks – Fewer, higher-performing providers
- Priority Health (Michigan)
  - Innovations
    - Focus on chronic disease – Care managers for care coordination
    - Care model for elderly patients – Care team for highest need elderly patients identified through analytics
    - Telemedicine – Immediate clinician availability anywhere

Patient-Centered Medical Home Program

Update on Cost-Saving Opportunities

- Previously reported on several potential program adjustments for enhanced cost-savings
  - Increasing the number of beneficiaries covered by PCMH by lowering the required number of beneficiaries served by a practice to include more PCPs
  - Increasing the effectiveness of PCMH by providing PCPs with information about the cost-effectiveness of Principal Accountable Providers associated with Episodes of Care.
  - Increasing the services managed by PCMH by including low-level behavioral health services in the primary care office.

Patient-Centered Medical Home Program

Update on Cost-Saving Opportunities

- DHS is already implementing some program changes to increase cost-effectiveness and clinical effectiveness of the program
  - Lowering the required number of beneficiaries served by a practice, which will make more PCPs eligible and align with the federal Comprehensive Primary Care Plus (CPC+) initiative.
  - Doing additional outreach to bring more PCPs into the program.
  - Authorizing billing for behavioral health services on the same day and in the same location as primary care services.