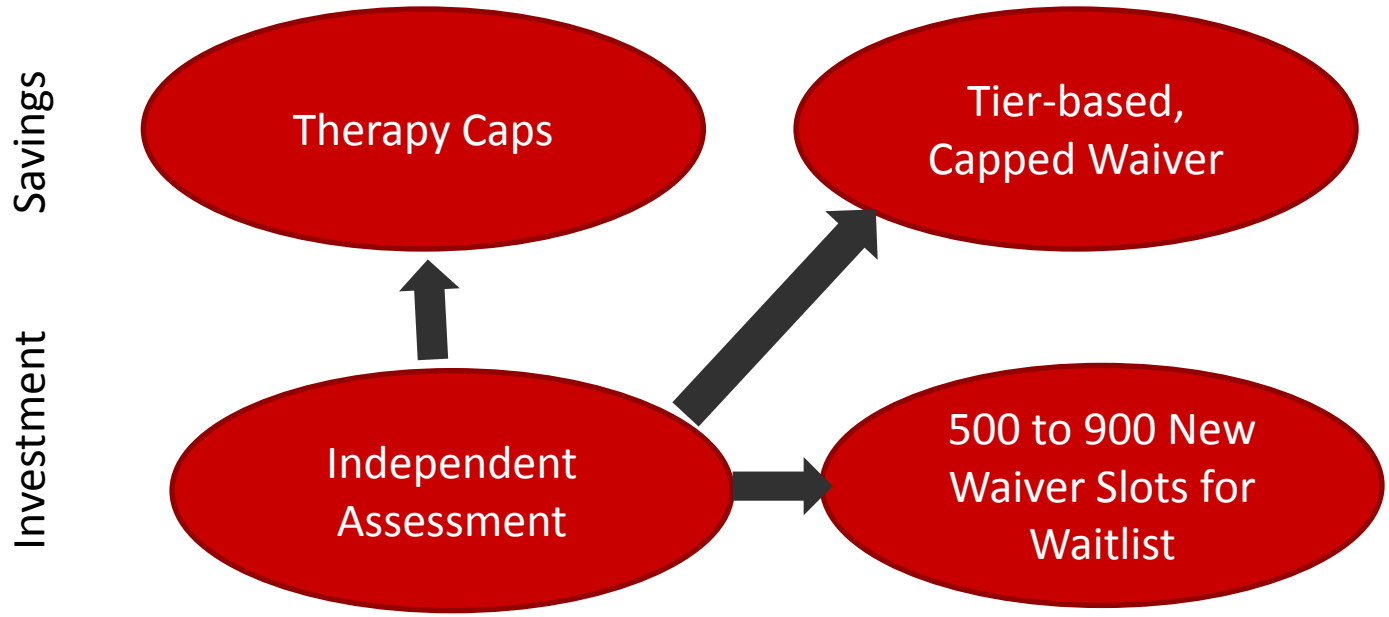
Arkansas Health Care Reform Task Force – TSG Update

October 24, 2016

Agenda

- Update on Developmental Disability Reform Initiatives and Savings Estimates
- Follow-up Questions from September 28th Task Force Meeting
- Private Option Impact on Traditional Medicaid
- Pharmacy Savings Estimates Updated
- Independent Assessment Request for Proposal (RFP)
- 911 Impact
- Jail Diversion Program
- Dental Managed Care
- EEF Update
- Group Psychotherapy Rule Outreach Efforts
- Remaining Recommendations/Final Report

DHS and DDS is Considering Program Changes in Four Parts



TSG continues to work with DHS to determine annual savings estimate for DD reforms and therapy thresholds

Therapy Caps have been Announced and Receiving Public Response

- The Plan as Announced:
  - Weekly caps
  - 90 minutes per each for Speech Therapy/Physical Therapy and Occupational Therapy
  - Prior authorization beyond that based on Medical Necessity
- Any savings estimate for Therapy caps must take into consideration % of prior authorization approvals
- According to Agency claims data, 50% of weekly claims units in 2014 exceeded the proposed weekly cap, but setting a 50% savings estimate is not realistic
- Agency continues to review public comments and is hosting a public meeting on October 25th for therapists to ask further questions

Independent Assessment

The Plan as Announced:

- DHS plans to move forward on assessing the 4,200 individuals currently on the Home and Community Based Services waiver, the possible 500 to 900 individuals on the waiting list they hope to serve through the redirected Tobacco Settlement funds on July 1, 2017, those individuals entering an Intermediate Care Facility (HDC and private), and they are moving forward with recommending a developmental assessment or screener (approved by the American Academy of Pediatrics) prior to the PCP making a referral to CHMS or DDTCS provider.
- According to DHS, the Provider Workgroup DHS is working with also supports these efforts.

Tier-Based Capped Waiver

- DHS has consulted with CMS about its vision of a tier-based cost capped vehicle for new recipients of home and community based waiver services (including the 500 to 900 it hopes to serve with the redirected Tobacco Settlement funding).
- DHS is working on a concept paper for CMS submittal the beginning of December, relaying its vision for this waiver;
- CMS has committed to helping DHS find the right vehicle to achieve its goal. DHS also plans to sunset the current 1915(c) waiver. DHS has yet to determine an estimated savings based on moving to this Tier-based capped waiver.

Arkansas is Considering a Tiered Waiver Similar to Tennessee

Tennessee Employment and Community First Choice Waiver Program

	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		

Follow-up questions from 9/24 Task Force Hearing

New planned **Behavioral Health Substance Abuse Benefit**:

- Medicaid currently only pays for Substance Abuse services for individuals ages 9-20 and pregnant women.
- The proposal will expand Substance Abuse Services funded by Medicaid for outpatient services to include adults with a Substance Abuse diagnoses.
- Will free up approx. 48% of DBHS Substance Abuse Block Grant Funds, which are spent on outpatient services for those that are Medicaid eligible
- Substance Abuse Block Grant funds will be freed up to be used to expand crisis-type services and fund acute crisis units that are not currently available.

Follow-up questions from 9/24 Task Force Hearing (cont.)

In-Patient Psych Savings Estimate:

- Arkansas will plan to develop an integrated system of care utilizing an intensive array of home and community-based services coordinated by a person and family-centered care coordinator
- States have realized significant changes in service utilization and costs in using such a system
- Arkansas estimates a reduction of Inpatient Psychiatric Services for individuals under age 21 of 40%, to be replaced by less costly home and community-based services

- Based on a study conducted by the National Technical Assistance Center for Children's Mental Health (Stroul, B., Pires, S., Boyce, S., Krivelyova, A., & Walrath, C. (2014)). Return on investment in systems of care for children with behavioral health challenges. Washington, DC: Georgetown University Center for Child and Human Development, National Technical Assistance Center for Children's Mental Health. - http://gucchdtacenter.georgetown.edu/publications/Return_onInvestment_inSOCsReport6-15-14.pdf).

Follow-up questions from 9/24 Task Force Hearing (cont.)

Infant Mental Health:

- Under the current RSPMI regulations, children under the age of 48 months are diagnosed under the same diagnostic and statistical manual (DSM-V) as older children, youth, and adults and can receive the full array of professional of paraprofessional services.
- Under the new system, diagnoses are given using the diagnostic classification of mental health and developmental disorder of infancy and early childhood (DC 0-5) by professionals trained and certified to use the manual.
- All services provided will be prior authorized and can only be provided by professionals trained and certified in an evidence based practice for young children and their caregiver.
- Due to the increased requirements and prior authorization requirement, it was projected by DHS that there would be no increase in expenditures for these services in the new program.

Follow-up questions from 9/24 Task Force Hearing (cont.)

Group Psychotherapy Rule Change Act 911 Action Strategy:

- DBHS has an operational protocol for managing the 911 population in place
- DBHS has taken a proactive approach by augmenting the monitoring of the 911 population at Arkansas State Hospital should 911 requests for readmission spike upward
- DBHS protocol includes 911 population reporting to the Medical Director of Arkansas State Hospital based on a weekly written report from each of the eight 911 monitors employed by DBHS
- These reports maintain the status of each client on conditional release (ACT 911) in the state and are discussed between AHS and DBHS on a weekly basis

Follow-up questions from 9/24 Task Force Hearing (cont.)

Group Psychotherapy Rule Change Act 911 Action Strategy:

- DBHS and Beacon personnel have been reviewing weekly reports regarding services to this population
- Weekly meetings will start on October 25th, 2016 to include Beacon, DMS, DBHS and OMIG
- Beacon has provided an informational PowerPoint presentation to 911 and other providers that covers:
  - Changes to the Group Psychotherapy benefit effective 10/7/2016
  - Documenting Medical Necessity for Extension of Benefits
  - If services discontinued to a beneficiary, provider must engage with DBHS/DMS to effectuate 90-day transition plan prior to discharging the individual from care

Independent Assessment & Transitions Support Procurement

TSG Involvement:

On behalf of the Task Force, TSG provides oversight and monitors the progress of the RFP and procurement process for DHS by:

- *Providing assistance to DHS solicitation objectives develop their technical specifications for the solicitation;*
- *Contributing expert advice and assistance with the business requirements;*
- *Providing input into the development of solicitation documents*

Accomplishments

- Monitoring overall progress of RFP development
- Provide guidance and research related to other state redesign models
- providing expert advice regarding:
  - Assessment instruments
  - IT platform capabilities
  - best practice approaches related to application platforms and Vendor capabilities
  - Work/process flow redesign

Outstanding Issues

- Progress on development and finalization of tiered payment structure
- Formal appeals process integration into eligibility process
- Vendor platform linkage with MMIS

Pharmacy savings in Medicaid program

Total Annual Savings	Savings $ millions	Effective Date
PDL expansion	$10	Q4 2016
CAP expansion	$1	Q1 2017
Comprehensive antipsychotic mgmt in adults (Abilify generic)	$20.5	Ongoing
Antipsychotic review (7,8,&9year olds)	included	Q1 2017
Manual Review Antidepressants (<4year olds)	included	Q1 2017
Manual review long acting antipsycotics	included	Q2 2016
Antipsychcotic review (10,11,&12year olds)	included	Q4 2017
Hemophilia factor waste and clinical mgmt	$1	Q1 2017
Retail Pharmacy Reimbursement Reconfiguration	$20	Q4 2016
Total	$52.5	

Do PO Carriers get Drug Pricing Deals on par with Commercial Carriers?

- Compared data from like time period
  - May 2014-Dec 2015
- Compared PMPY
  - Eliminate analytical variability
- 35 Managed Medicaid Carriers in 25 States
- Commercial payors representing over 50mm lives

2015 PMPY Comparison

BCBS AR (PO)	Ambetter (PO)	Medicaid Managed Care	Commercial
$1456.44	$985.96	$969.56	$1060.75

Components of Medicaid Rx Trend

Type	PMPY Spend	Utilization	Unit Cost	Total
Traditional	$615.36	2.1%	1.3%	3.3%
Specialty	$354.20	-2.2%	12.3%	10.1%
Total Overall	$969.56	2%	3.7%	5.7%

January-December 2015 as compared to same period in 2014

Components of Commercial Rx Trend

Type	PMPY Spend	Utilization	Unit Cost	Total
Traditional	$708.09	1.9%	-2.1%	-0.1%
Specialty	$352.66	6.8%	11.0%	17.8%
Total	$1,060.75	2.0%	3.2%	5.2%

January-December 2015 as compared to same period in 2014

Components of Trend for Top 10 Medicaid Specialty Therapy Classes

Therapy Class	2015 PMPY Spend	Utilization	Unit Cost	Total
HIV	$131.80	-5.9%	10.8%	4.9%
Hepatitis C	$62.96	-39.9%	30.2%	-9.7%
Inflammatory conditions	$41.30	24.5%	21.1%	45.6%
Oncology	$27.50	12.1%	17.3%	29.4%
Multiple Sclerosis	$24.36	6.4%	9.7%	16.0%
Growth deficiency	$9.55	9.1%	14.7%	23.7%
Cystic Fibrosis	$7.89	-2.1%	21.3%	19.2%
Pulmonary hypertension	$5.32	11.4%	-1.7%	9.8%
Anticoagulants	$4.78	0.7%	-6.8%	-6.1%
Hemophilia	$4.12	54.8%	40.0%	94.8%
Total Specialty	$354.20	-2.2%	12.3%	10.1%

Express Scripts 2015 Drug Trend Report - Medicaid

Are High-Cost Specialty Drugs Offset by other Healthcare Savings?

- Sometimes, varies by drug class
- Hepatitis C
  - Yes
- MS and RA
  - No
- Oncology
  - Very difficult to measure

Private Option Impact on Traditional Medicaid

- Recap of past analysis
- No recent update from DHS yet
- Apparent savings in traditional Medicaid due to the PO
- State general fund savings from optional Medicaid programs discontinued after the establishment of the private option:
  - ARHealthNetwork
  - Family Planning
  - Tuberculosis
  - Breast and Cervical

Private Option Impact on Traditional Medicaid

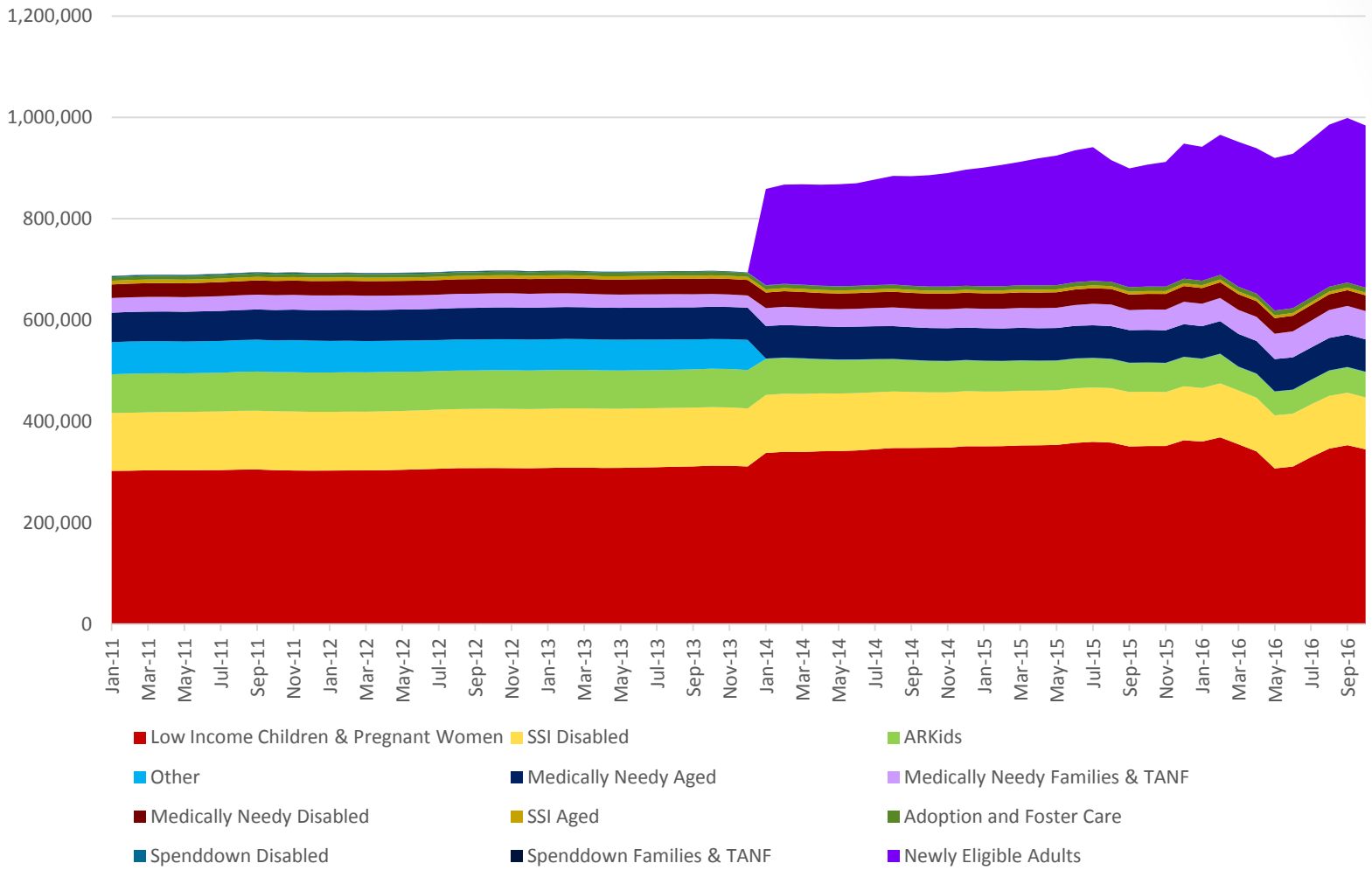
- Cost Shifting from traditional Medicaid to the private option:
  - Medically needy
  - Aged blind disabled
  - SSI disability
  - Pregnant women
- Uncompensated Care
- Premium Tax
- State Tax collections on additional federal dollars

Private Option Impact on Traditional Medicaid *(January 2016 Forecast)*

Projected Aggregate Private Option Impact (SFY 2017-2021)							
(all figures millions $ unless otherwise indicated)							
		2017	2018	2019	2020	2021	2017-2021
Private option expenditures (all funds)		1,721	1,820	1,924	2,035	2,152	9,652
Impact on State Funds							
Impact on state expenditures	**State match on Private Option**	43	100	125	173	215	656
	State fund savings from optional Medicaid waiver programs discontinued after the establishment of the PO	(21)	(22)	(23)	(25)	(26)	(117)
	State fund savings from cost-shifting from traditional Medicaid to PO	(91)	(96)	(101)	(106)	(111)	(504)
	Administrative costs	3	3	3	3	3	14
	Reductions in state fund outlays for uncompensated care	(37)	(39)	(41)	(43)	(45)	(203)
	Total impact on expenditures	**(104)**	**(54)**	**(37)**	**3**	**37**	**(154)**
Impact on state revenues	**Increase in premium tax revenue**	22	23	25	26	27	123
	Increase in collections from economically-sensitive taxes (4%)	67	69	72	74	77	360
	Total impact on revenues	**89**	**92**	**97**	**100**	**105**	**483**
Net impact on state funds		**193**	**146**	**133**	**97**	**68**	**637**

Medicaid Enrollment by Aid Category

2011-2016



Change in Enrollment by Aid Category After Establishment of Private Option

Aid Category	Average 2011-2013	Average 2014-2016	% Change	Average Annual Cost (2016)
Low Income Children & Pregnant Women	306,580	347,165	13.2%	$3,130
SSI Disabled	115,955	108,344	-6.6%	$12,357
ARKids	76,426	58,281	-23.7%	$1,526
Other	61,503	754	-98.8%	$14,770
Medically Needy Aged	61,426	64,205	4.5%	$11,390
Medically Needy Families & TANF	27,644	41,997	51.9%	$2,991
Medically Needy Disabled	28,805	30,795	6.9%	$16,043
SSI Aged	6,644	5,700	-14.2%	$6,644
Adoption and Foster Care	7,091	8,550	20.6%	$9,929
Spenddown Disabled	1,596	205	-87.2%	$93,929
Spenddown Families & TANF	534	13	-97.7%	$76,550
Newly Eligible Adults	19	249,057		$5,811

Bexar County, Texas Jail Diversion Project

- Community Partnership (2002) of Law Enforcement, Criminal Justice, Mental Health/Substance Abuse Services, Local Hospitals and other community services
- Critical Components of Jail Diversion
  - Community buy-in and support
  - Targets mentally ill/substance abuse involved with low-level crimes
  - Crisis Intervention Training for Law Enforcement
  - Arrest avoidance, Pre-Booking and Post-Booking alternatives
  - Mental Health/Substance Abuse 24 hour Crisis Center with 23 hour observation hold capacity and related services
  - Communications and Data Accumulation/Management
  - Achieved significant Criminal Justice System savings
- Outcomes:
  - Program reporting total savings of $10 million annually (population of Bexar County is approximately 1.714 million/Ctr has 18,000 annual total admissions)
  - 2008 Independent Study found $3200 per person in lower costs for pre-booking diversion 6 months after fact

Dental Managed Care Update

- **Dental Managed Care RFP Update**
  - DHS has released the final Dental Managed Care RFP on 10/7 and proposals are due 11/4.
  - DHS in the process of issuing an addendum to the RFP that asks the proposing vendors to submit information about whether they would be able to offer deferred compensation (IRS 427B Plan) benefits to dental providers. Currently, the State of Arkansas offers this benefit to the dental providers.

TSG Monitoring of the EEF Project

- TSG continues to monitor the progress of EEF Project #6 – Competitive Procurement System Integrator Services. Current update:
  - The Integrated Eligibility-Benefits Management (IE-BM) RFP was sent to federal partners (CMS, FNS) the first week of October and they have 30-60 days to respond with changes. Vendors may propose a take-over of the current Curam system or a new solution.
  - In order to give vendors more than the allotted 30 days to respond to this complex RFP, DHS is considering releasing the IE-BM RFP to vendors in draft form prior to formal release.
  - DHS has vendors in place and is making significant progress with reducing the backlog as well as providing improvements to the current integrated eligibility system.
  - The Information Support Services (ISS) RFP was sent to CMS for review Friday, August 12, 2016. This RFP seeks a vendor to provide information technology services and supports to the Department of Human Services.