Integrated Care Resource Center

Overview of State Considerations for Setting Managed Long-Term Services and Supports (MLTSS) Rates

March 2, 2016

3:00 – 4:00 pm ET

The Integrated Care Resource Center, an initiative of the Centers for Medicare & Medicaid Services Medicare-Medicaid Coordination Office, provides technical assistance for states coordinated by Mathematica Policy Research and the Center for Health Care Strategies.

Agenda

- Welcome and Introductions
- *Medicaid MLTSS Rate-Setting Initiative:* Context and Initial Findings
- State Discussion on MLTSS Rate Setting Refinements
- Audience Questions

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Participants

- Michelle Herman Soper, Integrated Care Resource Center
- Jim Verdier, Integrated Care Resource Center
- William Aaron, Deputy Chief Financial Officer, Bureau of TennCare, Tennessee Health Care Finance & Administration
- Rachel Butler, Chief Actuary, Texas Health and Human Services Commission
- Maria Dominiak, Managing Partner, Airam Actuarial Consulting
- Patti Killingsworth, Assistant Commissioner, Bureau of TennCare, Tennessee Health Care Finance & Administration

Medicaid MLTSS Rate-Setting Initiative: Context and Initial Findings

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Medicaid MLTSS Rate Setting Context

- Many states are expanding or creating MLTSS and/or Medicare-Medicaid integrated care programs
- Success of programs depends in part on:
  - Carefully structured rates that address diverse needs of enrolled populations
  - Incentives to promote higher quality services and cost-effective care
- Using functional assessments for risk adjustment
  - Modifies base rates using assessments of members' functional, cognitive and behavioral needs
    - Risk adjustment usually relies primarily on age, sex, past service use and costs, and medical diagnoses
    - Functional assessments look also at ADL, IADL limitations
  - May more accurately predict risk of enrolled population using LTSS
  - Can provide more equitable payments across health plans
  - Requires screening questionnaire and/or medical record review
  - Data intensive
  - New York and Wisconsin use this approach

Project Overview

- *Medicaid Managed Long-Term Services and Supports (MLTSS) Rate-Setting Initiative*
  - Works with eight states – Arizona, Kansas, Massachusetts, Minnesota, Tennessee, Texas, Virginia, and Wisconsin – to refine rate-setting strategies for MLTSS and/or Medicare-Medicaid integrated care programs
  - Focus on using functional assessment data for risk adjustment purposes
  - Collaboration between the Center for Health Care Strategies (CHCS), Mathematica Policy Research and Airam Actuarial Consulting
  - Supported by the West Health Policy Center

For information about the MLTSS Rate Setting Initiative:
http://www.chcs.org/project/medicaid-managed-long-term-services-supports-rate-setting-initiative/

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State Considerations for Implementing Risk Adjustment in MLTSS: Initial Findings

- Use of functional status data for risk adjustment is challenging
  - Diversity of functional assessment tools
  - Data systems/tools to link functional data to claims/encounters
  - State resources
- Pay attention to the basics
- More analysis needed to ascertain predictive power of functional status or other characteristics
- Need for risk adjustment is affected by factors that may vary in importance from state to state
- Other payment policies beyond the capitation rate hold promise in adjusting for risk

State Discussion on MLTSS Rate Setting Refinements

Overview of Tennessee's and Texas' MLTSS/Integrated Care Programs

	TennCare CHOICES	Texas STAR+PLUS	Texas Dual Eligible Integrated Care Project
Platform	Aligned MLTSS/D-SNP platform	MLTSS; some alignment with D-SNPs	Capitated financial alignment demonstration
Enrollment	Approx. 30,000 enrollees use MLTSS	515,000 (280,000 of which are dually eligible)	55,000
Eligibility	Adults with physical disabilities and adults 65+	Children (voluntary), individuals with disabilities, and adults 65+	Adults with disabilities and adults 65+ eligible for both Medicare and Medicaid
Benefits	All Medicaid acute, behavioral health, LTSS	All Medicaid acute, RX, behavioral health, LTSS	All Medicare and Medicaid acute care, RX, behavioral health, LTSS
Region	Statewide	Statewide	Limited; in 6 counties
Overview of Rate Setting Approach	Rates set by region; 2 risk categories (NF and At-Risk LOC); blended rate for NF LOC (NF residents and HCBS), risk-adjusted based on service setting	Rates set by service delivery area; 6 risk categories (HCBS users, NF residents, others receiving community care for Medicaid-only and dual).	Rates set by service delivery area; 3 risk categories (HCBS users, NF residents, others receiving community care)

Introduction

- How long have you been pursuing or planning modifications to your MLTSS rate-setting approach?
  - What were the reasons for beginning this process?
  - How did you develop your approach over time?
  - Why is including risk adjustment in your MLTSS rate setting methodology important for your program?
  - What role has your assessment of the managed care market in your state played in this decision?
    - e.g., number and type of current and potential Medicaid plans, managed care penetration rates, competition among plans, etc.
  - Are you considering other incremental changes to your current MLTSS rate setting approach beyond risk adjustment?
    - e.g., major changes to rate cells, blended community and institutional rates, risk corridors, reinsurance, stop loss, etc.

Opportunities and Challenges with Implementing Risk Adjustment

- What are the sources of functional assessment data?
  - How can these various sources be incorporated into rate setting?
- Who should be responsible for collecting functional assessment data?
  - Are there opportunities to coordinate functional assessment data tools across states, plans and providers?
- What are the most important variables to include in risk adjustment models for different populations?
  - e.g., limits on ADLs, past LTSS service utilization and costs, medical diagnoses, family support, housing
- How should risk adjustment models differ for programs that cover only LTSS vs. those that cover both LTSS, primary and acute services?
- In addition to their use for rate setting, can functional data and risk adjustment be used to improve the accuracy and reliability of measures of quality and outcomes?

Advice for Other States

- What advice do you have for other states about refining your overall MLTSS rate setting approach and/or developing risk adjustment methodologies?
- What are state resource and capacity issues? Resource needs might include:
  - State in-house staff or contractors
  - Access to functional assessment data across state agencies
  - Systems capability to link functional assessment data and encounter/claims data on service use and costs
- Do you have "translation" tips to help policy/program and actuarial/finance staff work together on these changes?
- What are considerations for working with program stakeholders, assuming that implementing risk adjustment will result in "winners and losers"?
  - e.g., health plans, providers, beneficiary advocacy groups, other state agencies, legislature, budget agency, etc.

Audience Questions and Discussion

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About ICRC

- Established by CMS to advance integrated care models for Medicare-Medicaid enrollees
- ICRC provides technical assistance (TA) to states, coordinated by Mathematica Policy Research and the Center for Health Care Strategies
- Visit http://www.integratedcareresourcecenter.com to submit a TA request and/or download resources, including briefs and practical tools to help address implementation, design, and policy challenges
- Send additional questions to: ICRC@chcs.org

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