Redesigning Medicaid in New York State

Significant Progress, Lots Still to Be Done

September 26, 2013
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NYS Department of Health
Looking Back: Why the Medicaid Redesign Team (MRT)?

- Medicaid spending was set to rise at an unsustainable rate (13%).
- Certain parts of the program were really driving costs.
- Overall program quality was average, compared to other states, but in certain areas quality was poor:
  - **50th in inappropriate hospitalizations.**
- **Bottom line:** Taxpayers were not getting their money’s worth and patients were not adequately cared for by the program.
New York also had a Medicaid political problem.

Reform efforts had been stymied for years due to a divisive political culture around Medicaid and general dysfunction in Albany.

Governor Cuomo realized this and decided he needed a “game changer”.

MRT changed the game by bringing all the stakeholders to the table to develop a consensus plan:

- No plan, cuts would occur anyway.

Few thought it would work.
What Were The Key Problems Facing MRT?

- Spending
- Health Care Quality
Overview - Historical Medicaid Spending ($ in Billions)

State share will increase markedly in 2011-12 due to local cap and phase-out of enhanced Federal financial participation

Redesigning Medicaid in New York State
THE MRT WORKED IN TWO PHASES

**Phase 1:** Provided a blueprint for lowering Medicaid spending in state fiscal year 2011-12 by $2.2 billion.

**Phase 2:** Developed a comprehensive multi-year action plan to fundamentally reform the Medicaid program.

- This was the first effort of its kind in New York State.

- By soliciting public input and bringing affected stakeholders together, this process resulted in a collaboration which reduced costs while focusing on improving quality and reforming New York’s Medicaid system.
Primary Strategies for Improving Care

<table>
<thead>
<tr>
<th>Care Management for All</th>
<th>Health Homes</th>
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<tbody>
<tr>
<td>Eliminate FFS and replace with fully integrated care plans which are qualified to meet the needs of all Medicaid patients.</td>
<td>Create special care coordination organizations tailored to the needs of up to one million of the most challenging and highest cost patients.</td>
</tr>
<tr>
<td><strong>Universal Access to High Quality Primary Care</strong></td>
<td><strong>Address the Social Determinants of Health</strong></td>
</tr>
<tr>
<td>Expand the Patient Centered Medical Home program to virtually all Medicaid members within five years.</td>
<td>Must first address issues such as housing before we can address health care.</td>
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<tr>
<td><strong>Interoperable EHR for All New Yorkers</strong></td>
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<tr>
<td>Use all the tools at the state’s disposal to expand EHR access and interoperability.</td>
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MRT Implementation to Date
Are We Lowering Costs and Improving Outcomes?
The MRT is Bending the Cost Curve

- Lowered total Medicaid spending by $4 billion in Year 1.
- Lived within the Global Spending Cap for two full years.
- Finished Year Two $200 million under the Global Spending Cap.
- Thanks to the MRT the state was able to absorb a $1.1 billion federal revenue loss due to a change in Medicaid financing for DD services.
- Savings has been especially significant in New York City.
NY Total Medicaid Spending Statewide for All Categories of Service Under the Global Spending Cap (2003-2012)

<table>
<thead>
<tr>
<th>Year</th>
<th># of Recipients</th>
<th>Cost per Recipient</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003</td>
<td>4,266,535</td>
<td>$7,635</td>
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<tr>
<td>2004</td>
<td>4,593,566</td>
<td>$7,658</td>
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<tr>
<td>2005</td>
<td>4,732,563</td>
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<td>2006</td>
<td>4,729,166</td>
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<td>2007</td>
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<td>2008</td>
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<td>2009</td>
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<tr>
<td>2010</td>
<td>5,211,511</td>
<td>$8,379</td>
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<tr>
<td>2011</td>
<td>5,396,521</td>
<td>$8,261</td>
</tr>
<tr>
<td>2012</td>
<td>5,578,143</td>
<td>$7,864</td>
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*Projected Spending Absent MRT Initiatives was derived by using the average annual growth rate between 2003 and 2010 of 4.28%.
NYC Total Medicaid Spending for All Categories of Service Under the Global Spending Cap (2003-2012)

<table>
<thead>
<tr>
<th>Years</th>
<th># of Recipients</th>
<th>Cost per Recipient</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003</td>
<td>2,815,890</td>
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<tr>
<td>2004</td>
<td>3,014,656</td>
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<td>2005</td>
<td>3,114,104</td>
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<td>2008</td>
<td>3,072,893</td>
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<td>2009</td>
<td>3,197,304</td>
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<tr>
<td>2010</td>
<td>3,351,189</td>
<td>$8,251</td>
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<tr>
<td>2011</td>
<td>3,427,870</td>
<td>$8,183</td>
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<tr>
<td>2012</td>
<td>3,487,966</td>
<td>$7,810</td>
</tr>
</tbody>
</table>

*Projected Spending Absent MRT Initiatives* was derived by using the average annual growth rate between 2003 and 2010 of 4.1%.
MRT is Improving Patient Outcomes
NYS Managed Care Plans
#2 in the Nation

- National Committee for Quality Assurance (NCQA) analyzed New York’s Medicaid health care plans against 76 different quality measures.

- NYS plans are especially successful when it comes to offering the right type of care for common, costly diseases, for example:
  - Diabetes;
  - Childhood obesity;
  - Smoking cessation;
  - Follow-up care for the mentally ill.

- NCQA found that New York is a national leader, second only to Massachusetts.

MLTC is improving outcomes and the feedback is favorable.

The New York State Department of Health 2012 Managed Long Term Care (MLTC) Report found that:

- The overall functional ability of 90 percent of MLTC enrollees has remained stable or improved;
- 85 percent of MLTC plan members rated their health plan as “good” or “excellent”;
- 91 percent would recommend their plan to a friend, and
- Less than 2 percent of members are in nursing homes.
Health Homes are in their early days.

Patients with little or no historic connection to traditional health care are benefiting the most.

Preliminary results are for Phase 1 and Phase 2 counties.
Inpatient Service Cost for a Subset of Health Home Enrolled Members

Example #3

* Includes individuals continuously enrolled in Medicaid with no case management services in calendar 2011 who enrolled in Health Home Services in the first six months of 2012. N = 194 individuals.
Example #3

ER Service Cost for a Subset of Health Home Enrolled Members

Emergency Room Utilization and Spending Dropping for Health Home Enrolled *

* Includes individuals continuously enrolled in Medicaid with no case management services in calendar 2011 who enrolled in Health Home Services in the first six months of 2012. N = 194 individuals.
MRT’s Commitment to Housing

Addressing the Social Determinants of Health
Supportive Housing Overview

- The MRT allocated $75 million in 2012-13 and $86 million in 13-14 to fund multiple supportive housing initiatives.
  - Provides funding to “high cost” Medicaid users.
  - Funding will be tracked to assess Medicaid savings attributed to each initiative.

- By increasing the availability of supportive housing for high-need Medicaid beneficiaries, there is a significant opportunity to reduce Medicaid costs and improve the quality of care for these individuals.
Capital Construction and Service Supports

- The MRT Supportive Housing program funds:
  - *Capital Construction; Rental Subsidies; and Services Support.*

- The first phase of funding will construct 12 new buildings over the next 12 to 36 months that will *create 483 new supportive housing units.*

- Funding has also provided $27.9 million in rent subsidies and services to support 4,355 individuals.
MRT AIDS Institute Rental and Service Subsidy ($2.38 million)
- Provide long term tenant based rental assistance and/or supportive housing services for homeless individuals with HIV/AIDS who are “high cost” Medicaid members.

Health Home HIV and Rental Assistance Pilot Project ($1 million)
- Funding will support rental assistance for homeless and unstably housed health home participants diagnosed with HIV infection but medically ineligible for the existing HIV-specific enhanced rental assistance program for New Yorkers with AIDS or advanced HIV illness.
Costs per day to Medicaid of supportive housing versus health care services

Footnote: Costs for supportive housing provided by the Supportive Housing Network of New York and based on average yearly estimates of $24,000-$25,000 for congregate supportive housing in New York City (scattered site supportive housing is approximately $18,000-$20,000 per year). Hospitalization, nursing home, emergency department, and detoxification costs represent average 2012 fee-for-service Medicaid payments in New York.
We want to hear from you!

**MRT website:**
http://www.health.ny.gov/health_care/medicaid/redesign/

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