Innovation & Flexibilities in State Medicaid Programs

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Secretary Leavitt's Value-Driven Health Care Initiative

- President Bush signed Executive Order 13410 in 2006 to promote transparency in health care.

- Secretary Leavitt subsequently issued a challenge extending to other purchasers to partner in a value driven health-care initiatives centering around four cornerstones:
  - Interoperable health information technology
  - Measuring and publishing quality information
  - Measuring and publishing price information
  - Creating positive incentives for high quality health care purchasers

Partnerships for Value-Driven Health Care

- The Partnership for Value-driven Health Care, a consortium of U.S. business groups that have agreed to support the four cornerstones.
- Community Leaders is a multi-participant organization that is working to achieve the four cornerstones of Value-Driven Health Care
- State and local governments are one of America's largest employers and purchases of health-care. Governors, county executives and mayors can have a significant impact on the health-care system. They have an opportunity to play a leadership role in the movement towards value-driven health care.
- Federal agencies and programs such as the Federal Employee Health Benefit Program, Medicare Program, programs operated by HIS, TRICARE, programs operated by Veterans Affairs have been called upon by an Executive Order to participate in Value Driven health care activities.
- More Information at www.hhs.gov/transparency

Health Care Reform in Nearby States

- Indiana – Gov Daniels is proposing a comprehensive plan to expand health coverage to low income persons, provide premium assistance to low wage earners & encourage business to provide coverage.

- Ohio – Gov Strickland is planning to reduce the uninsured population through modest modifications to Medicaid program; provide premium assistance, & encourage businesses to provide coverage.

- Michigan – Gov Granholm's Michigan First Healthcare Plan would expand coverage, strengthen/support employer-sponsored insurance and individual/small group markets.

Health Care Reform in Nearby States (cont'd)

- Minnesota – Gov. Pawlenty's FY 08-09 budget contains initiatives to modernize and improve health care system. The Healthy Connections initiative would expand coverage, expand the purchase of health insurance through pre-tax dollars, and establish an insurance exchange.

- Wisconsin – Gov Doyle is planning to expand and streamline existing programs to expand coverage; creating a state-wide purchasing pool to help small businesses obtain coverage.

Deficit Reduction Act of 2005

Key Principles in DRA Provisions

- **Increase Access to Community Supports**
- **Promote Personal Responsibility, Independence and Choice**
- **Ensure Financial Integrity**
- **Modernize Medicaid & mitigate rising state costs while expanding coverage for uninsured.**

Section 6044- Benchmark Benefit Packages

- Allows States to provide alternative benefit coverage to specified groups.
- Without regard to comparability, statewideness, freedom of choice or certain other Medicaid requirements.
- States with Approved Benchmarks: Kentucky, West Virginia, Idaho, Kansas & Virginia.

Section 6082 – Health Opportunity Accounts

- 10 states may operate demonstrations to test alternative systems for delivering their Medicaid benefits.

Mandatory Demo Criteria

- Creating patient awareness of the high cost of medical care;
- Providing incentives to patients who seek preventive care services;
- Reducing inappropriate use of health care services;

Mandatory HOA Demo criteria (cont'd):

- Enabling patients to take responsibility for health outcomes
- Providing enrollment counselors and ongoing education activities;
- Providing transactions involving health opportunity accounts to be conducted electronically and without cash; and
- Providing access to negotiated provider payment rates.

Section 6071: Money Follows the Person Rebalancing Demonstration

- $1.75 billion over 5 years in competitive grants.
- To support targeted reforms to transition eligible individuals from institutions to community settings.
- Enhanced FMAP rate (based on SCHIP model) for a period of 1 year for each person transitioned.

Section 6086 – HCBS State Plan Option

- States previously had the ability to offer HCBS programs through Section 1915(c) waivers.
- January 1, 2007 - States may offer HCBS as a state plan optional benefit.
- Breaks the “eligibility link” between HCBS and institutional care.
- States cannot target groups of individuals under the SPA option as they do in HCBS waivers.

Section 6087: State Plan Option for Self-directed Personal Care

Under the new optional self-directed personal care benefit, individuals may:

- Purchase personal assistance services using an individual budget and service plan.
- Hire, fire, supervise, and manage individuals providing services (including legally responsible relatives.)
- Purchase certain items that increase independence or substitute for human assistance (ex: microwaves, accessibility ramps, etc.)

- Not subject to comparability or statewideness requirements.

Section 6063: Community-based Alternatives to PRTFs

- Home/community based alternatives were not previously available to any individuals in psychiatric residential treatment facilities.
- $218 million over 5 years to conduct demonstration projects in up to 10 states.
- Improve States' ability to serve children under age 21 with serious emotional disturbances and their families.

DRA Changes to Financial Eligibility for Medicaid Long Term Care:

- Section 6011and 6016 lengthened the “look back” period from 36 to 60 months.
- Section 6012 modified how States can treat annuities.
- Section 6014 modified how States can treat applicants with substantial home equity.

Section 6021: State Long-Term Care Partnership Program

- Previously 4 states had demonstrations.
- Goal: To help individuals take more responsibility in planning for and financing their future LTC needs.
- States may elect through this state plan option to participate in this program.
- Assets are protected:
  - When the Medicaid application is made.
  - When estate recovery provisions take effect after death.
- Establishes a National Clearinghouse

Section 6052: Case Management and Targeted Case Management

- Case management - optional Medicaid benefit to help Medicaid beneficiaries access needed medical, social, educational, and other services.
- Problem: Medicaid was paying for the administrative activities of other Federal and state programs (foster care, juvenile justice.)
- DRA closes loopholes by clarifying what is reimbursable and what is not.
- Interim Final Rule with Comment required

Section 6036 - Improved Enforcement of Documentation Requirements

- Requires individuals declaring they are a U.S. citizen to provide satisfactory documentary evidence of citizenship or nationality when initially applying for Medicaid or upon a recipient's first Medicaid re-determination on or after 7/1/06.

- Hierarchical approach to documentation of citizenship and identity.

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Questions?