The Inside Scoop: Medicaid and Mental Health from the Medicaid Directors’ Perspective

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National Association of Medicaid Directors (NAMD)

- NAMD created in 2011 to support the 56 state and territorial Medicaid Directors.
- Core functions include:
  - Develop consensus on critical issues and leverage their influence with respect to national policy debates;
  - Facilitate dialogue and peer to peer learning amongst the members; and
  - Provide best practices and technical assistance tailored to individual members and the challenges they face.
Medicaid 101

• Public health care coverage program
  • Administered by states within a federal regulatory framework
  • Jointly financed by the federal government and states

• Currently spending more than $420 Billion per year
• 72 million Americans relied on the program for at least some part of 2012

• 20-25% of most state budgets

Medicaid’s Complexity

• Due to state decisions compounded over nearly 50 years, the program looks markedly different in practically every state
  – Who is covered, what services are offered, how services are delivered, as well as how and how much providers are paid
• Within any given state, Medicaid’s role is multi-faceted:
  – Coverage for many, but not all, of the poor
  – Almost 50% of the nation’s births
  – The majority of all long term services and supports
  – The majority of mental health funding, HIV/AIDS funding, etc.
Medicaid’s Challenges and Opportunities

1. Implementation of the Affordable Care Act (ACA)
   • Medicaid Expansion Decision
   • Systems Overhaul and Interaction with Exchanges

2. Medicaid As the Primary Driver of “Health Care Reform”

Implementing the ACA

- In many ways, the foundation of the health reform law is built upon Medicaid.
  - ½ of the ACA's trillion dollar budget is Medicaid (simplification and expansion)
  - Requires a revolution in how eligibility systems work.
  - Creation of Exchanges/Marketplaces (state, federal or partnership)
To Expand or Not? That is the Question

- Political
  - Big P: Is embracing Obamacare the political kiss of death?
  - Small P: Role of chambers of commerce and state hospital associations
- Ideological/Policy
  - Is expanding Medicaid in its current form the best way to provide coverage to 17 million new individuals?
  - Does holding out give a state more leverage to obtain greater flexibility in how the new or existing program is run?
- Financial
  - What is the short and long term benefit/risk to states of the expansion?

The Big Remaining Question(s)

1) How many states will adopt the expansion, and when?
   - Half the states in year 1 (so far)
   - How many in 2015? Beyond?

2) What will the expansion look like in those states?
   - Arkansas model (premium assistance) will stress an increase in covered lives through the Exchange.
   - Personal Responsibility Models
   - Will the Administration feel compelled to meet reluctant states halfway, or simply wait them out?
Preparation for Launch of the ACA

- The system is not and will not (for some time) be the “Travelocity of Health Care”

- Breadth and magnitude of changes are unprecedented (scope and speed)

- Day 1 was bumpy, but problems will be identified, prioritized and fixed

Medicaid’s Primary Problem?

- Despite the rhetoric, it's not inherently broken!
- It is merely a reflection of the broader U.S. health care system
  - 18% of GDP produces sub-optimal outcomes
- The system is dysfunctional and inefficient
  - The fee-for-service (FFS) delivery (and payment) model cannot work in a fractured, silo driven environment
    - Physical vs behavioral vs pharmaceutical vs long term care
    - Medicare vs Medicaid
  - Payment incentives are badly aligned and drive unnecessary utilization and spending
Solution? Reform the Whole System!

- Move away from FFS (or “fend for self”) towards more managed, coordinated care
- Re-align dysfunctional silos, such as the Medicare/Medicaid relationship for dual eligible, or the disconnect between an acute care system and a mental health system.
- Create new payment incentives that financially reward keeping patients out of hospitals and other care/cost-intensive settings

Reform (continued)

- Many avenues to a more holistic system.
  - Capitated managed care plans
    - For profit or not for profit
  - ACOs
  - State agency acting as a managed care plan
  - Medical or Health homes (often patient centered)
  - Shared savings models
Spiderman Philosophy

• With great power, comes great responsibility

• Health improvement must incorporate increased responsibilities:
  • Personal
    • Diet, exercise, focus on prevention, compliance with plans of care/treatment
  • Provider
    • Patient can’t do it alone, health literacy is low
    • New tools: medication adherence, timely interventions and investments
  • Plan
    • Create the environment that rewards success and thoughtful investment/intervention/innovation

Commonalities of a Reformed System

• Nexus of responsibility for the holistic care and cost of patients
• Ability and financial incentive to intervene in innovative ways to create health
• Eliminating incentive to shift costs to other payers
Innovations in Behavioral Health

• Integrating behavioral and primary medical care
• Coordinating services across state and local agencies
• Promulgating evidence-based practices
• Increasing consumer and family involvement
• Innovative Payment Mechanisms
• Value Based Purchasing
• Increased Performance Expectations
• Focus on IT enhancements
• Early intervention, prevention, and wellness

Value Based Reimbursement

• This is at the heart of any significant health system reform.
• Managed Care 2.0
  • Holding Plans Accountable for Cost and Quality
  • Measurable/Enforceable Outcomes
• Shared Savings
  • Achievable in FFS (Arkansas)
Getting on Medicaid’s Radar Screen

- The Medicaid Director controls 20-30% of the state budget, comparable to a Fortune 500 company. They maintain accountability despite being:
  - Under-staffed
  - Under-resourced
  - Over-committed
  - Mental Health often administered by local/county/regional government agency

Effecting Change in Medicaid

- Directors have “Opportunity Fatigue”. Too many options/demos/pilots/carve-outs.
- Constantly bombarded by surveys, snake-oil salesmen, and solicitations
- Be the aspirin, not the headache
- Identify solutions, not just problems. Moreover, be a PART of the solution.
- Don’t be resistant to change. It is inevitable, and for good reason.
Questions & Comments

IMPORTANT LINKS

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Next Webinar: Prioritizing Suicide Prevention and Mental Health in Medical, Educational and Child Welfare Settings

March 20, 2014 at 1pm ET

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