Innovations in Medicaid

HOW STATES ARE USING MEDICAID WAIVERS
TO IMPROVE ACCESS, ENGAGEMENT AND HEALTH

Presented by RAM Technologies, Inc.
EXPERIMENTS IN HEALTHCARE DELIVERY AND REIMBURSEMENT 1-4

As administrators and stewards of Medicaid dollars, state programs oversee healthcare for some 68 million Americans. This role means state leaders know all too well the burdens of high cost and uneven quality that plague America’s health system today. However, these challenges have bred innovation and state-level experimentation in healthcare benefit design and delivery through the CMS State Innovation Models Initiative (SIM). The ultimate goals are to develop a more sustainable, higher-quality healthcare system that delivers better care at a manageable cost.

Amendments to the Social Security Act allow HHS to waive specific provisions of Medicaid and the Children’s Health Insurance Program, and these have been the primary vehicle for recent experimentation. Under these waivers, states can use federal funds to explore novel healthcare delivery and reimbursement models, and some have done so aggressively.

States have used waivers to expand healthcare coverage, add benefits, require cost sharing, extend coverage during an emergency and transform how healthcare is delivered and reimbursed. As the new administration promotes flexibility, and healthcare costs continue to challenge states and other stakeholders, this experimentation is likely to continue, health plans may find their own programs serving as models, and solutions should ultimately emerge.
SNAPSHOTS OF INNOVATION 4-14

Most states participating in the SIM program have taken a value-based approach to reform, implementing patient-centered medical homes and accountable or coordinated care organizations that focus on primary care and prevention. Often these programs emphasize improving care and reducing costs for high-risk, high-cost subpopulations – groups whose care poses a variety of challenges across the healthcare system. States also recognize that payment reform can drive value-based care delivery so they are collaborating with multiple payers to test different models. These include monthly payments per patient, shared savings, shared risk, bundled or episodic payments, partial or global capitation and bonus payments. Regardless of the approach, many states are readjusting their waiver programs as performance data becomes more readily available.

MEDICAID WAIVERS AVAILABLE UNDER THE SOCIAL SECURITY ACT 2

Medicaid waivers are referred to by the section of the Social Security Act that allows them:

- Section 1115 allows demonstration projects for Medicaid eligibility, benefits, delivery systems and payment
- Section 1915(a) allows implementation of voluntary managed care models
- Section 1915(b) allows compulsory managed care models
- Section 1915(c) allows expanded coverage of home- and community-based services
  » intellectual and developmental disability (including autism); elderly and disabled; medically fragile and palliative care; brain injury; mental illness; chronic illness

SECTION 1915

Section 1915 waivers allow states to implement voluntary or mandatory managed care enrollment policies for Medicaid beneficiaries. This can be done statewide or in specific geographic regions. These waivers also permit coverage of home- and community-based services for beneficiaries with brain injuries or developmental or intellectual disabilities, as well as the elderly.
and disabled. Waivers also cover transitional care, and some cover palliative and hospice care. While Section 1915 waivers allow for experimentation and focus on some key tenets of value, much of the recent innovation involves Section 1115 waivers.

SECTION 1115

As of September 2017, 33 states had 41 approved Section 1115 waivers, not including family planning or CHIP-only waivers. Section 1115 is the primary vehicle for expanding Medicaid eligibility with Affordable Care Act funds under relaxed rules, and a number of states have taken advantage of this flexibility.

Arkansas was the first state to expand Medicaid eligibility under the ACA using a Section 1115 waiver, which allowed the state to use federal funds to subsidize private health insurance for newly eligible beneficiaries – this has been dubbed the so-called private option. Arizona, Indiana, Iowa, Michigan, Montana and New Hampshire also have approved Section 1115 waivers for Medicaid expansion, though Arizona’s waiver applies to the entire Medicaid program. These waivers allow states to use federal funds for insurance premiums, impose premiums and cost-sharing, mandate contributions to health savings accounts and offer incentives for healthy behaviors.

Rhode Island has been operating Medicaid as a modified block grant program through an 1115 waiver since 2009. The state’s Global Consumer Choice Compact Medicaid Waiver allows mandatory enrollment in managed care for all beneficiaries without third-party coverage, modified eligibility standards, higher cost sharing and advanced provider payment models. Meanwhile, Oregon’s
entire Medicaid program is based on a managed care model administered by private-sector health plans or physician groups. Care is delivered by coordinated care organizations and paid for under full-risk, capitated contracts.

States are also increasingly interested in Section 1115 waivers as opioid abuse spirals out of control. Mental health care and addiction treatment facilities are ineligible for federal Medicaid funds if they have more than 16 beds, but nearly a dozen states have obtained or applied for waivers from this rule, and CMS has encouraged more to do so. Treatment options have expanded as a result, not only for Medicaid beneficiaries but also for the privately insured.

**WHERE PRIVATE Payers FIT IN 15-16**

State innovation waivers go hand-in-hand with private payer efforts to reform healthcare delivery and reimbursement. Health plans’ own experimentation has yielded models for states and will likely continue to do so: CMS has indicated interest in aligning Medicaid more closely with commercial insurance. States are considering adding cost-sharing and other benefit design features of private plans, as well as work requirements and other reforms to manage costs, boost engagement and more. Because many state programs are themselves administered by private payers, health plans will need to explore and account for how these changes could affect membership.
Private payers also can use their experience and data resources to shape future state policy directions and care delivery innovations. Plan leaders can assist state Medicaid directors as they experiment with tools that have long been in use in the private sector. They can also take state programs beyond conventional insurance tools by mining data for the social determinants of health that are prime targets for intervention and working with states and healthcare providers to develop effective interventions.

Medicaid waivers present an opportunity for states to test ideas designed to improve care for vulnerable populations.

CHALLENGES AND OPPORTUNITIES 9, 15-17

Obtaining a Medicaid waiver is no easy task for states. The system is complex, and the approval period is long. Ideological opposition often poses hurdles, with some sides believing that standard Medicaid is good enough and others arguing that cost sharing and other requirements impede access to care. Beneficiaries who churn in and out of the Medicaid system further complicate planning and allocation of funds for payers and providers.

However, Medicaid waivers present an opportunity for states to test ideas designed to improve care for vulnerable populations while holding the line on costs, and the new administration has expressed a desire to reduce complexity, boost flexibility and support innovation at the state level. Many payers are already heavily involved in the Medicaid space, and as the programs continue to explore new ideas and draw from private-sector innovations, the perspective of health plans is likely to become increasingly important.
References


ABOUT RAM TECHNOLOGIES

RAM Technologies is a leading provider of enterprise software solutions for healthcare payers. For over 36 years, RAM Technologies has led the way in the creation of superior software solutions for health plans serving government-sponsored healthcare programs (Managed Medicaid, Medicare Advantage, Federal Employee Health Programs, etc.). RAM Technologies has merited a top spot in the Philadelphia Business Journal’s List of Top Software Developers for eight consecutive years, has been featured in Inc. Magazine’s List of Fastest Growing Private Companies for five years and has been named Most Promising Insurance Technology Solution Provider by CIOReview. To learn more about RAM Technologies, call (877) 654-8810 or visit www.ramtechinc.com.