Redesigning
THE MEDICAID PROGRAM

New York Medicaid Redesign Team

Building a more affordable, cost-effective Medicaid program

January 13, 2011 – Albany, New York

STATE OF NEW YORK
DEPARTMENT OF HEALTH

Meeting Agenda

I. Introductions – All (5 minutes)

II. Review of Committee Charge – Co-Chairs (20 minutes)

III. Logistics/Timeline – Jason Helgerson (10 minutes)

IV. Update on Medicaid Budget – Robert Megna (10 minutes)

V. State of New York Medicaid Program – DOH Staff (1 hour)

VI. Solicit Ideas from Team Members – Jason Helgerson (1 hour)

VII. Questions/Next Meeting – Jason Helgerson (15 minutes)

INTRODUCTIONS

Medicaid Redesign Team: Membership

Co-Chairs:

- ***Michael Dowling***, *Northshore LIJ Health System*
- ***Dennis Rivera***, *SEIU Healthcare*

Executive Director:

- ***Jason Helgerson***, *Medicaid Director*

Members:

- ***Ken Raske***, *Greater NY Hospital Association*
- ***George Gresham***, *SEIU Local 1199*
- ***Dan Sisto***, *Healthcare Association of NYS*
- ***Frank Branchini***, *EmblemHealth*
- ***Eli Feldman***, *Continuing Care Leadership Coalition*
- ***Carol Raphael***, *Visiting Nurse Service*
- ***Linda Gibbs***, *Deputy Mayor for Health & Human Services, NYC*
- ***Ed Matthews***, *Interagency Advisory Council Chair*
- ***Dr. Nirav Shah***, *Department of Health*
- ***Mike Hogan***, *Office of Mental Health*
- ***James Introne***, *Executive Chamber*
- ***Max Chmura***, *Office for People with Developmental Disabilities*
- ***Arlene González-Sánchez***, *Office of Alcohol and Substance Abuse Services*
- ***Lara Kassel***, *Medicaid Matters New York*
- ***Karen Ballard***, *NYS Nurses Association*
- ***Dr. Jeffrey Sachs***, *JFK Jr. Institute for Worker Education at City University of NY*
- ***Steve Acquario***, *New York State Association of Counties*
- ***Ann Monroe***, *Community Health Foundation*
- ***Steve Berger***, *Partnership for New York City*
- ***Dr. William Streck***, *NYS Public Health and Health Planning Council*
- ***Elizabeth Swain***, *Community Health Care Association of NYS*
- ***Senator Kemp Hannon***, *Senate Majority*
- ***Senator Tom Duane***, *Senate Minority*
- ***Assemblyman Richard Gottfried***, *Assembly Majority*
- ***Assemblyman Joseph M. Giglio***, *Assembly Minority*
- ***Robert Megna***, *Division of the Budget, Ex Officio, Non-Voting*

TEAM CHARGE

WE ARE ALL IN THIS TOGETHER

Medicaid Redesign TEAM Co-Chairs:

MICHAEL DOWLING, NORTHSHORE LIJ HEALTH SYSTEM

DENNIS RIVERA, SEIU HEALTHCARE

Formal Structure

- ✓ Established under Governor Cuomo's Executive Order #5.
- ✓ 27 voting members.
- ✓ A final package of recommendations will be presented to the Team for a formal vote on March 1.

What We Hope to Accomplish Step 1 – 2011-12 State Budget

- **The Team's role is two-fold:**
  - ✓ *Provide good ideas for how to lower costs and improve quality in New York's Medicaid Program.*
  - ✓ *Evaluate ideas generated through the Stakeholder engagement process and by State staff.*
- Final Product
  - ✓ *A reform package that both saves money and improves quality.*

What We Hope To Accomplish Step 2 – Long Term Reform

- While next year's Budget is our top priority this Team will continue its work well into next year.
- After we deal with the Budget we will continue to meet on a quarterly basis to discuss long-term reform proposals.
- We will explore comprehensive payment reform, the implementation of national health care reform and further opportunities to better coordinate between Medicare and Medicaid.
- Plenty to do beyond our current budget challenges.

What We Ask of Team Members

- **Be creative**
  - We need new ideas.
  - Think beyond just items that save money today. We also need long term savings proposals .
- **Keep an open mind**
  - We are all in this together.
  - We need to let the collective interest trump individual group interests.
- **Participate**
  - This can't be a process where staff simply talks to the Team.
  - Team members must lead this process … drive it.
  - Your ideas will be given very serious consideration.
- **Understand that the status quo is not an option**
  - New York's Medicaid program is not sustainable.
  - Real reform is necessary.
  - Collectively we need to find a better way.
  - This process has never been tried before.

What This Team Is Not

- Our charge is to find a better way to administer the Medicaid program within the aggregate budget that will be proposed in the Executive Budget.
- The policy debate about the total size of the Medicaid budget should best be left to the legislature and Governor to negotiate.
- Regardless of the aggregate budget target the work of this Team is essential.

LOGISTICS/TIMELINE

Jason Helgerson, Executive Director

Medicaid Redesign Team: Timelines

- On or before March 1, 2011, the Team shall submit its first report to the Governor of its findings and recommendations for consideration in the budget process for New York State Fiscal Year 2011-12.
- The Team shall submit quarterly reports on its continuing review thereafter.
- Final recommendations to the Governor are due no later then the end of the State Fiscal Year 2011-12, at which time it shall terminate its work and be relieved of all responsibilities and duties.
- Final comprehensive reform plan due no later then November 2011.

Implementation Timeline

January 5 – January 15

- **January 7:** First organizational meeting with Governor Cuomo. Team members announced in press release.
- **January 10:** Unveil Website. Request ideas from New Yorkers on redesigning Medicaid.
- **January 13:** First Team Meeting – Albany; outline process and timeline, overview of current program, share and gather ideas, discuss meeting dates and stakeholder process.

January 16 – March 1

- **January 16 – February 7:** Hold 7 Stakeholder meetings in regions – Western, Central, Northern, Hudson Valley, Long Island, NYC (2 meetings).
- **February 7:** Second Team Meeting (NYC); Brief team on stakeholder feedback and gather additional ideas.
- **March 1:** Third Team Meeting (Albany); Present draft package, vote on draft package, discuss steps toward comprehensive reform/role of team.

Upcoming Dates

- Additional Future Meetings (Albany/NYC).
- Focus on longer term reform ideas; provide updates on implementation of approved proposals.
- Dates: May 3, July 1, September 1, November 1.
- Final report due November 2011.

Regional Hearings

Seven regional forums are being held throughout the State to solicit ideas from New Yorkers. Forums will be held in each of the following regions:

Western New York: Wednesday, January 19: 1:30 p.m. - 4:30 p.m. Roswell Park Cancer Institute – Buffalo

- *Buffalo, Allegany, Cattaraugus, Chautauqua, Erie, Genesee, Niagara, Orleans and Wyoming Counties*

Central New York: Thursday, January 20: 10:30 a.m. - 1:30 p.m. National Museum of Play at The Strong – Rochester

- *Broome, Cayuga, Chemung, Chenango, Cortland, Herkimer, Jefferson, Lewis, Livingston, Madison, Monroe, Oneida, Onondaga, Ontario, Oswego, Schuyler, Seneca, St. Lawrence, Steuben, Tioga, Tompkins, Wayne and Yates Counties.*

NYC: Thursday, January 27: 10:00 a.m. - 1:00 p.m. Baruch College, New York City &
Bronx Community College, New York City 3:00-6:00 p.m.

- *New York, Bronx, Kings, Queens, Richmond*

Long Island: Friday, January 28: 10:00 a.m. - 1:00 p.m. Hofstra University – Long Island

- *Nassau, Suffolk Counties*

Hudson Valley: Wednesday, February 2: 10:30 a.m. - 1:30 p.m. SUNY New Paltz

- *Delaware, Dutchess, Orange, Putnam, Rockland, Sullivan, Ulster and Westchester Counties*

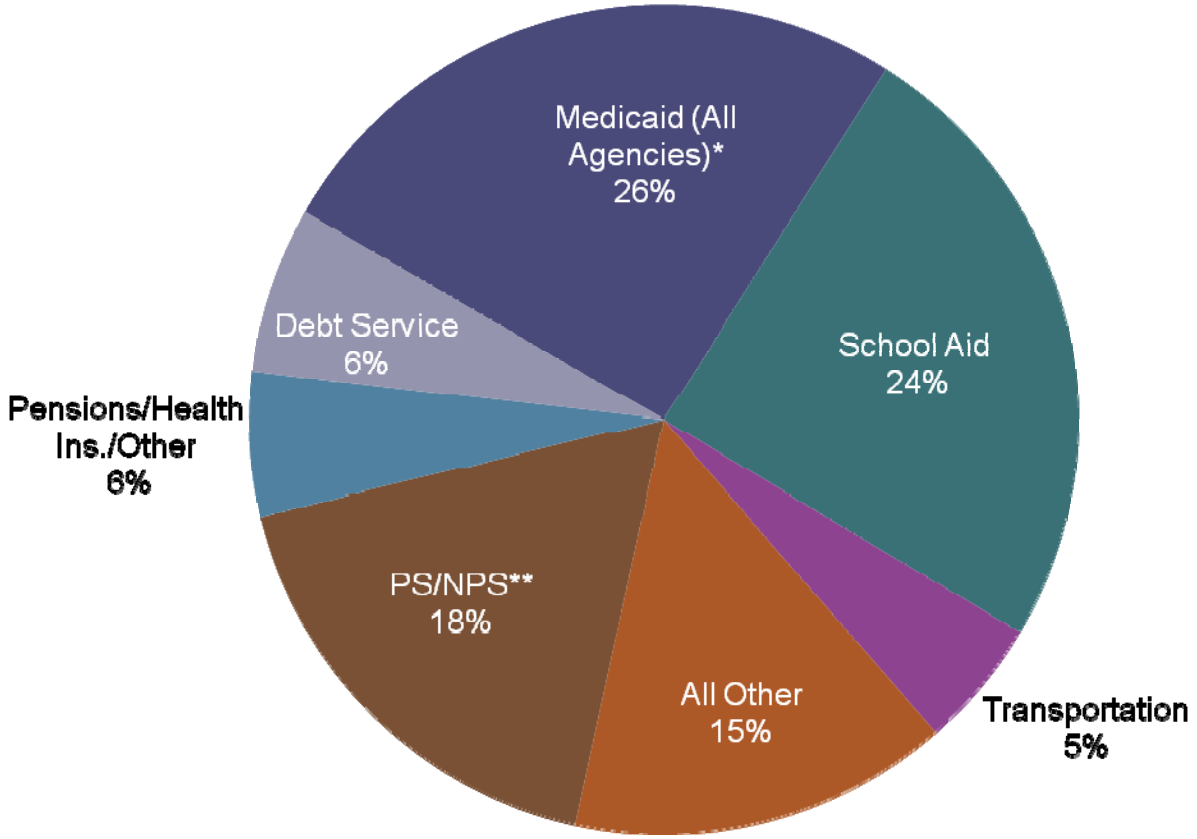
Northern: Thursday, February 3: 10:30 a.m. - 1:30 p.m. SUNY Adirondack Community College – Queensbury

- *Albany, Clinton, Columbia, Essex, Franklin, Fulton, Greene, Hamilton, Montgomery, Otsego, Rensselaer, Saratoga, Schenectady, Schoharie, Warren and Washington Counties*

UPDATE ON MEDICAID BUDGET

Robert Megna, Director of Budget

Where the Money Goes: 2010-11 State Operating Funds



* Local Assistance and State Operations

** "PS" is personal service (e.g., wages, overtime). "NPS" is non-personal service (e.g., supplies, utilities)

*** School Year Basis.

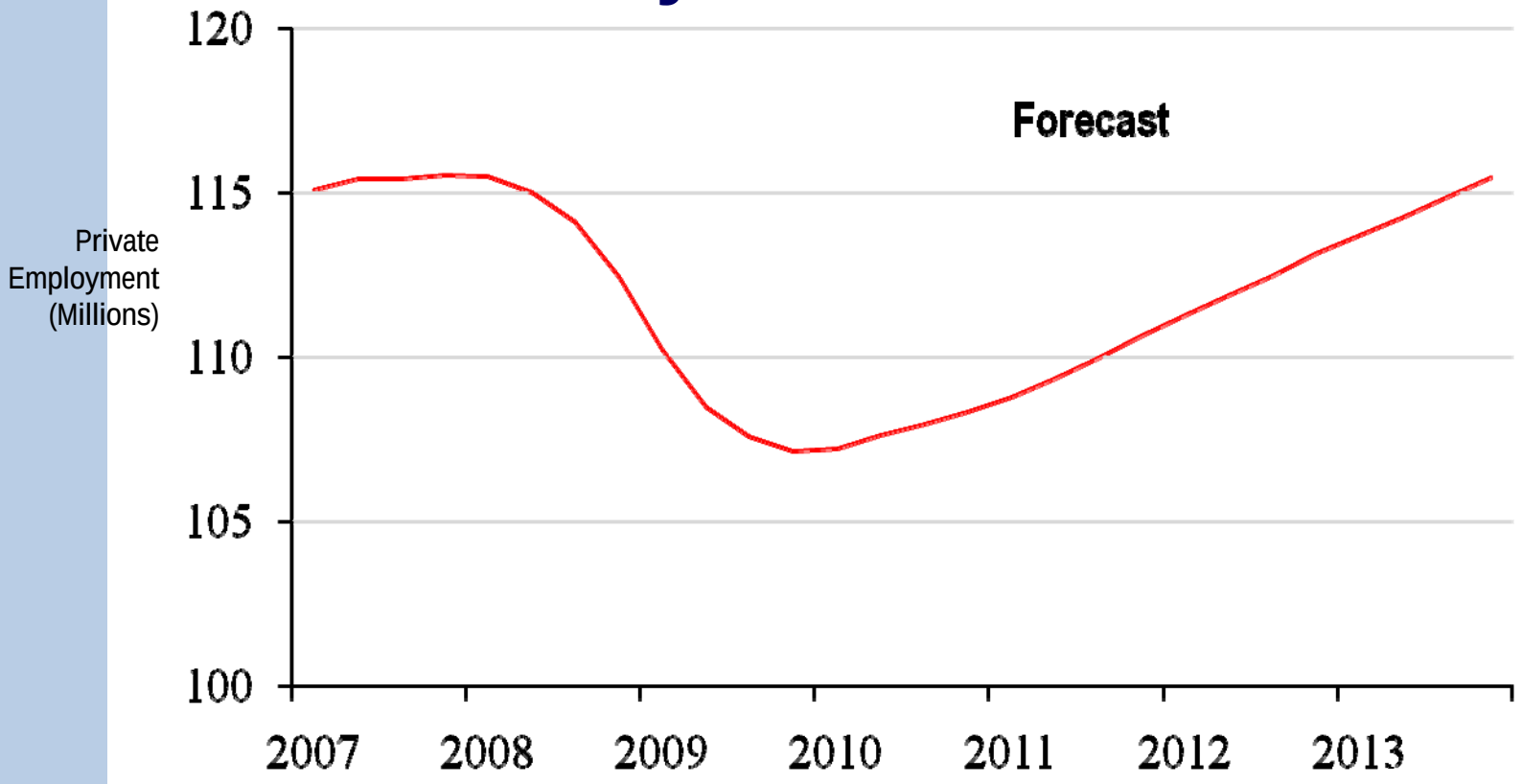
U.S. Economic Forecast Comparison

	2009 (actual)	2010 (forecast)	2011 (forecast)	2012 (forecast)
Gross Domestic Product (GDP)				
(2000 chained, percent change)				
DOB	-2.6	2.8	3.0	3.6
Blue Chip Consensus	-2.6	2.8	3.1	3.2
Economy.com	-2.6	2.7	3.2	NA
Global Insight	-2.6	2.9	3.2	2.9
Macroeconomic Advisers	-2.6	2.9	3.4	3.8
Consumer Price Index (CPI)				
(percent change)				
DOB	-0.3	1.6	1.8	1.9
Blue Chip Consensus	-0.3	1.6	1.7	1.9
Economy.com	-0.3	1.5	1.9	NA
Global Insight	-0.3	1.7	1.6	1.9
Macroeconomic Advisers	-0.3	1.6	1.4	1.0
Unemployment Rate				
(percent)				
DOB	9.3	9.6	9.3	8.3
Blue Chip Consensus	9.3	9.7	9.4	8.7
Economy.com	9.3	9.8	9.9	NA
Global Insight	9.3	9.7	9.3	8.7
Macroeconomic Advisers	9.3	9.7	9.5	8.6

Source: Projections for 2010-2012 by New York State Division of the Budget, January 2011; Blue Chip Economic Indicators, December 2010 and January 2011; Moody's Economy.com, Macro Forecast, December 2010; Global Insight, US Forecast Summary, January 2011; Macroeconomic Advisors, January 2011.

DOB's 2011 GDP forecast appears on the low end, while the forecast for 2012 is in the middle. DOB's inflation forecasts are consistent with other forecasters, while the unemployment rate forecasts for both 2011 and 2012 are on the low end (the rate stood at 9.4 percent for December 2010).

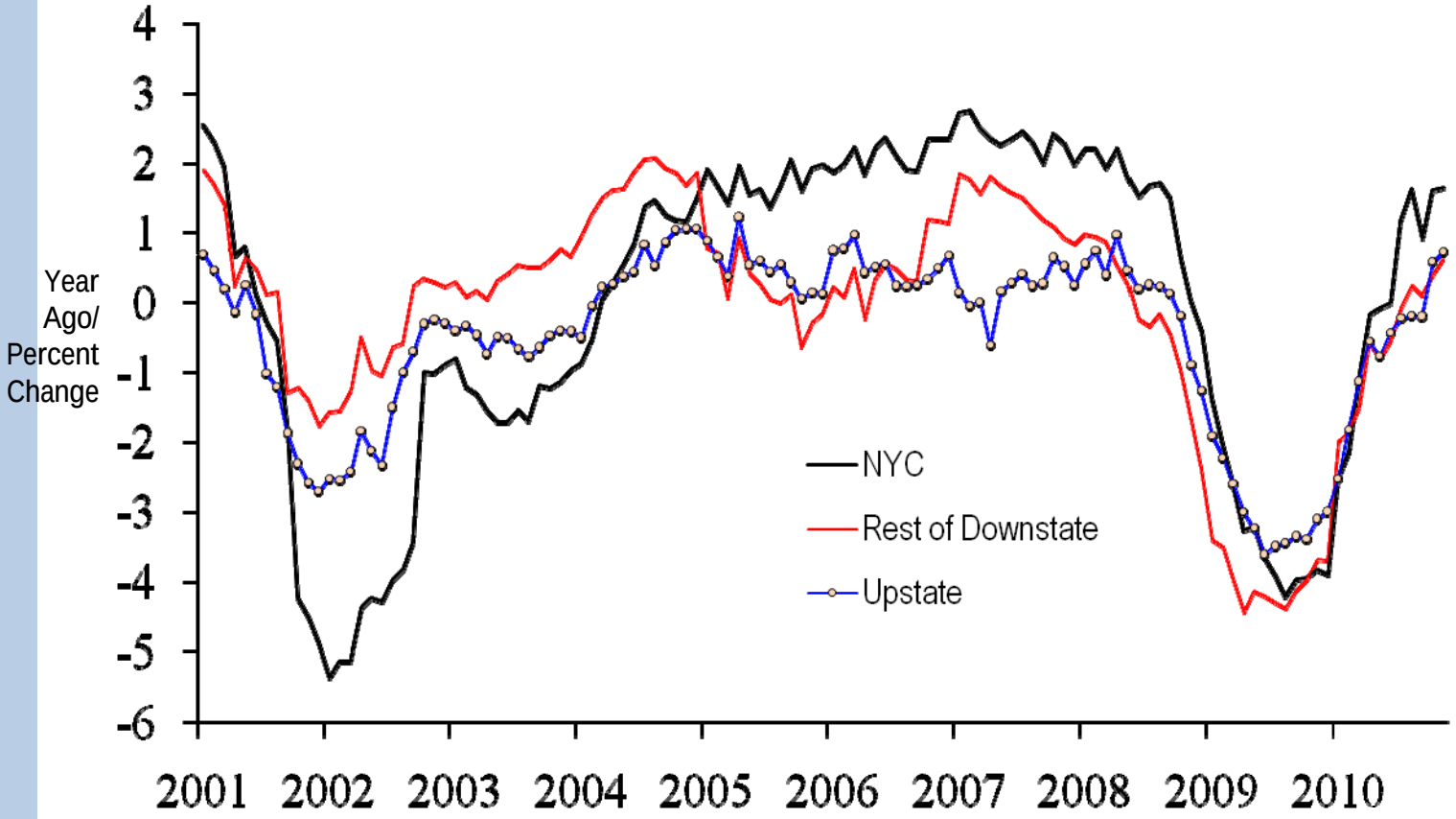
The Nation's Labor Market Recovery Will Take Years



Source: Moody's Economy.com; DOB staff estimates.

- The U.S. labor market lost 8.4 million jobs during the downturn and is not expected to return to its pre-recession peak until the middle of 2013.
- The unemployment rate is expected to remain above 9 percent throughout much of 2011 and should continue to act as a restraint on household spending over the near term.

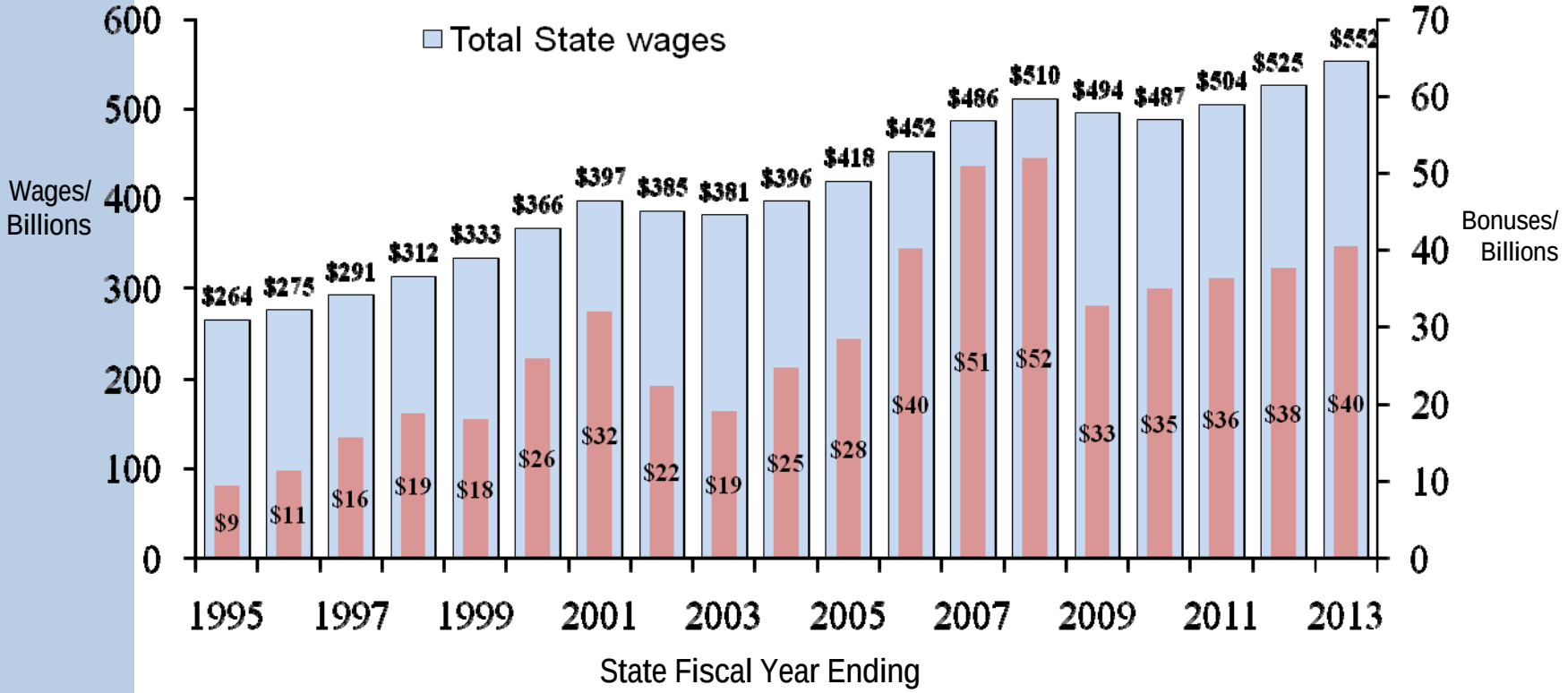
NYS Private Sector Employment by Region



Note: Upstate is defined as the State total minus the ten downstate counties. Source: NYS Department of Labor (CES).

Unlike in the 2001-2003 downturn, the State's three large regional labor markets appear to have been equally affected by the most recent recession.

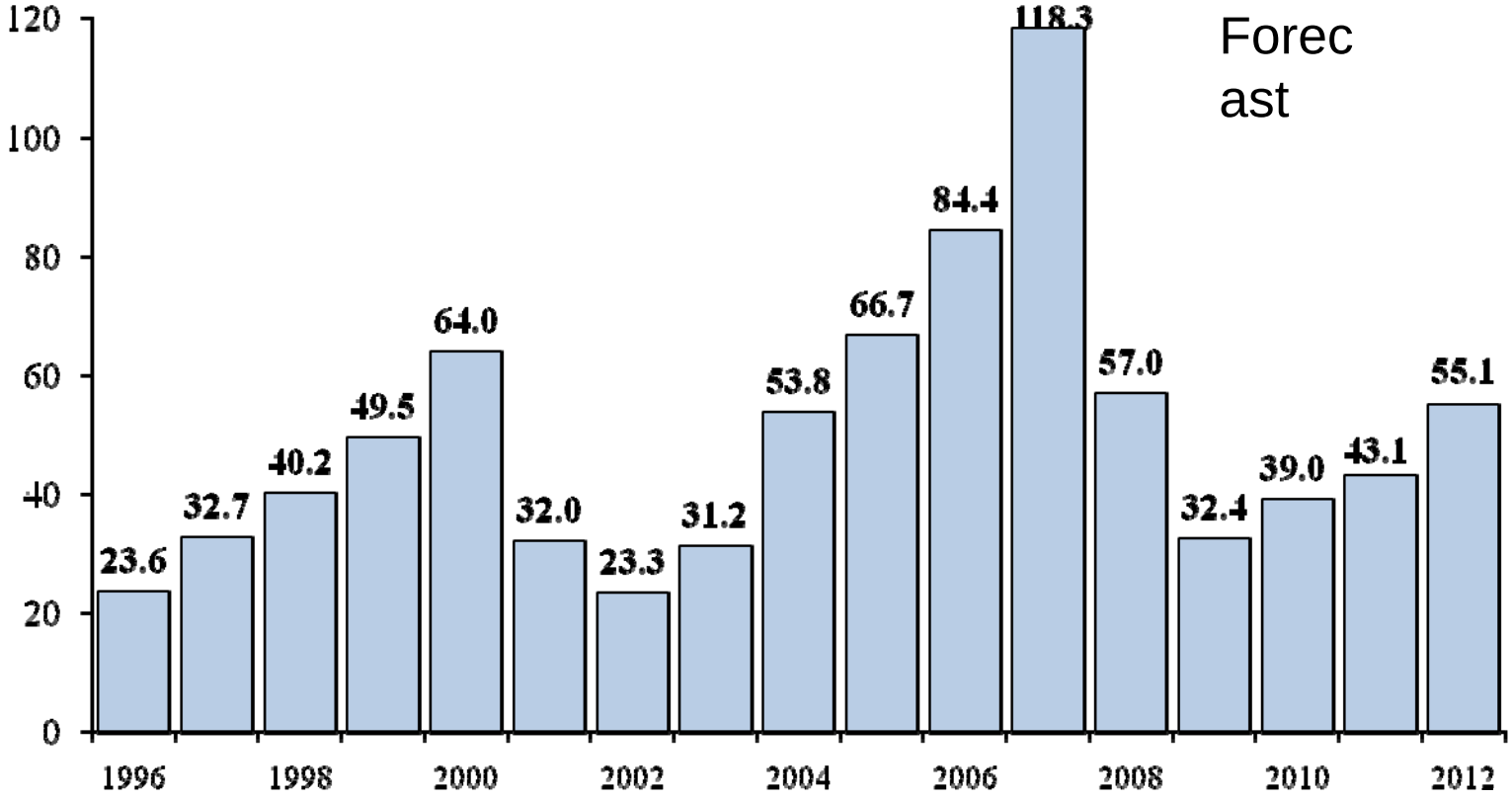
New York State Finance and Insurance Sector Bonuses



Source: NYS Department of Labor; DOB staff estimates.

Following two years of declines, State wages are expected to grow 3.5 percent in the current fiscal year, keeping wages just below their most recent 2007-08 peak; wages are projected to grow 4.2 percent in 2011-12.

Capital Gains Realizations ($ Billions)



Source: NYS Department of Taxation and Finance; DOB staff estimates.

- Capital gains realizations are estimated to have fallen a cumulative 73 percent between 2007 and 2009. Capital gains realizations are projected to rise only to about half of their 2007 by 2012.
- Projecting the taxpayer response to an anticipated change in tax rates adds to the already high degree of uncertainty surrounding a forecast of capital gains.

State of New York Medicaid Program

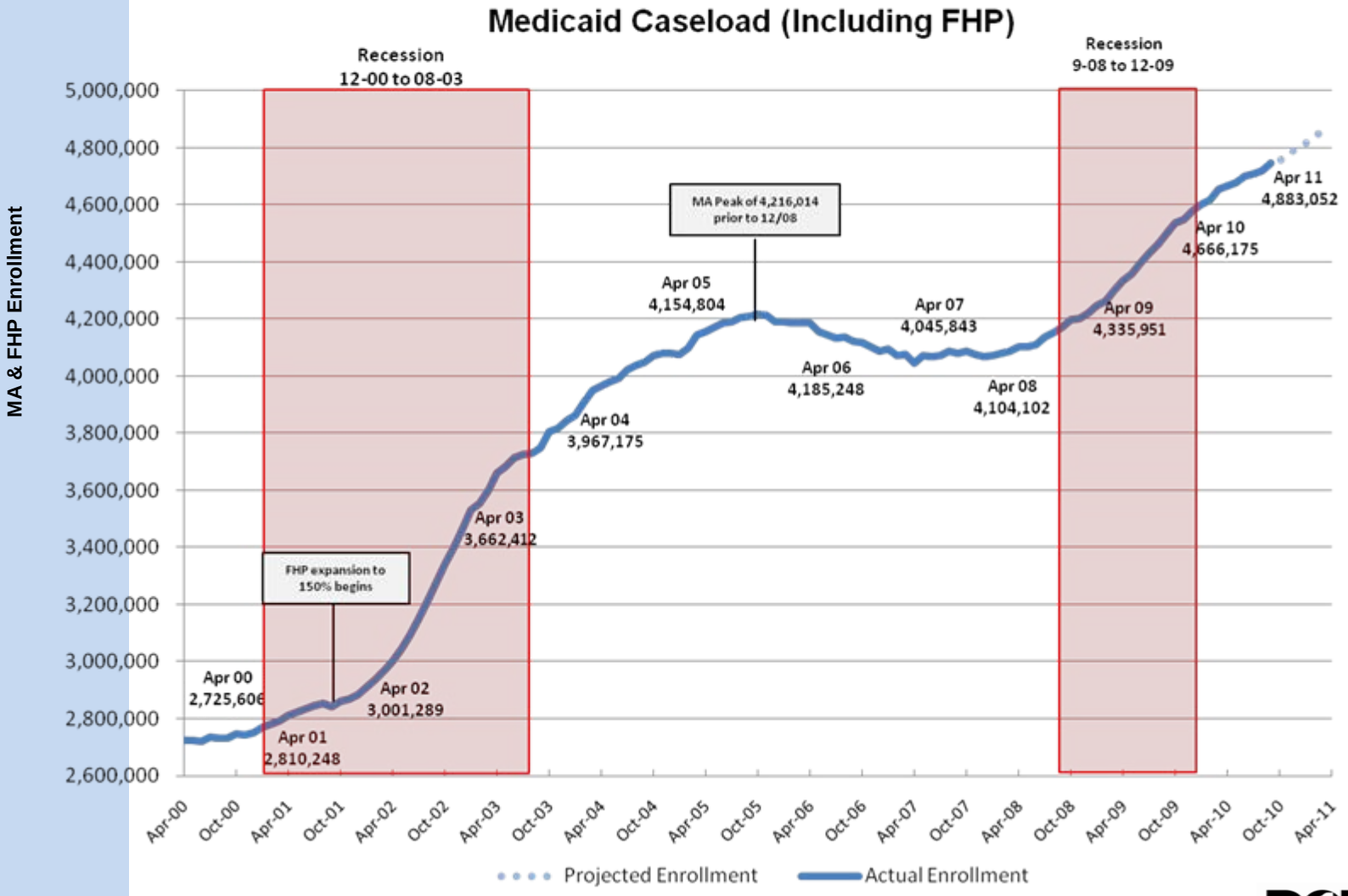
- Overview Enrollment and Spend
- State of Quality
- State of Program-Level Medicaid Spending

Greg Allen, DOH, Division of Financial Planning and Policy

Patrick Roohan, DOH, Division of Quality and Evaluation

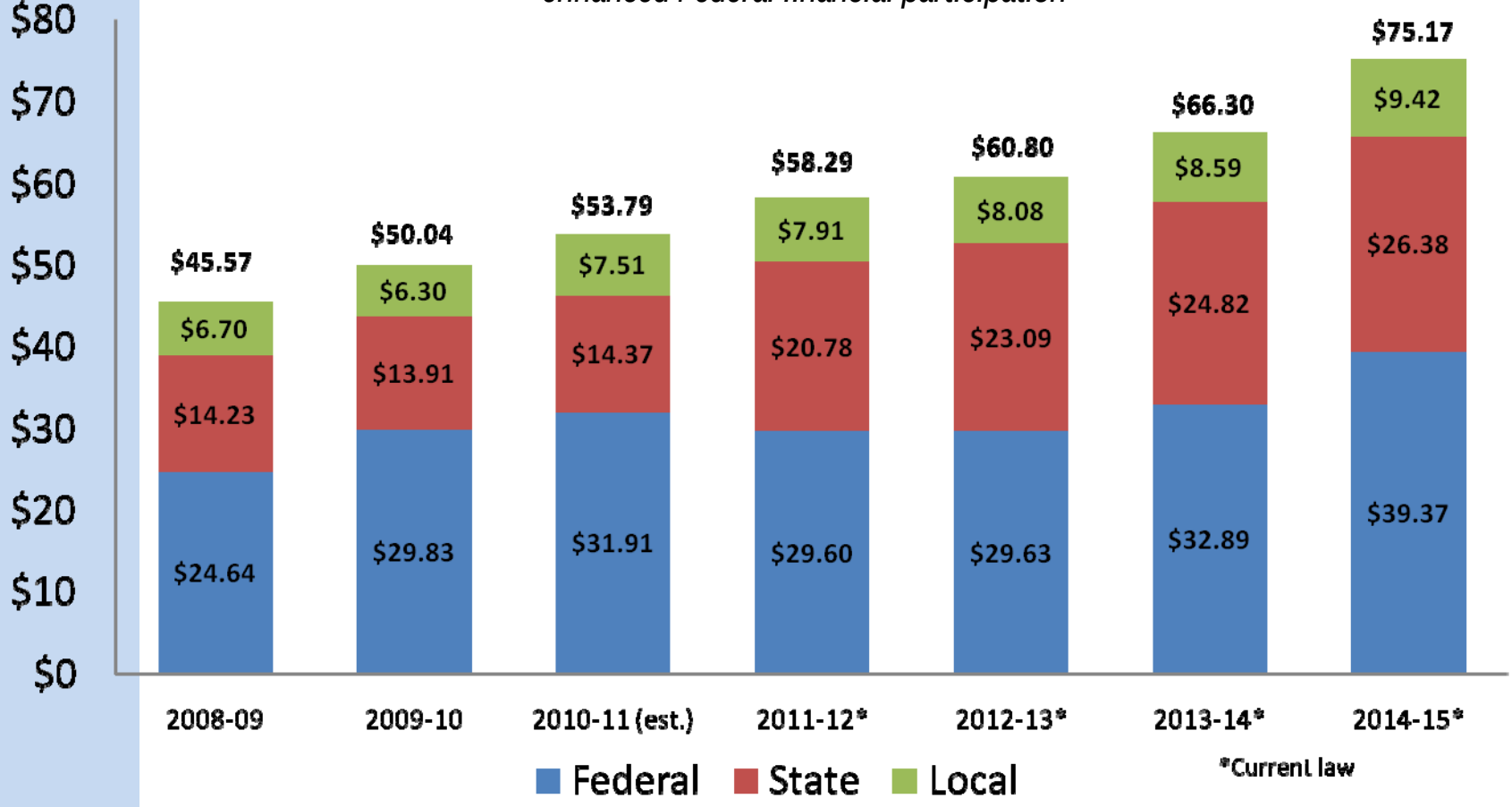
John Ulberg, DOH, Division of Health Care Financing

Overview: Historical Enrollment



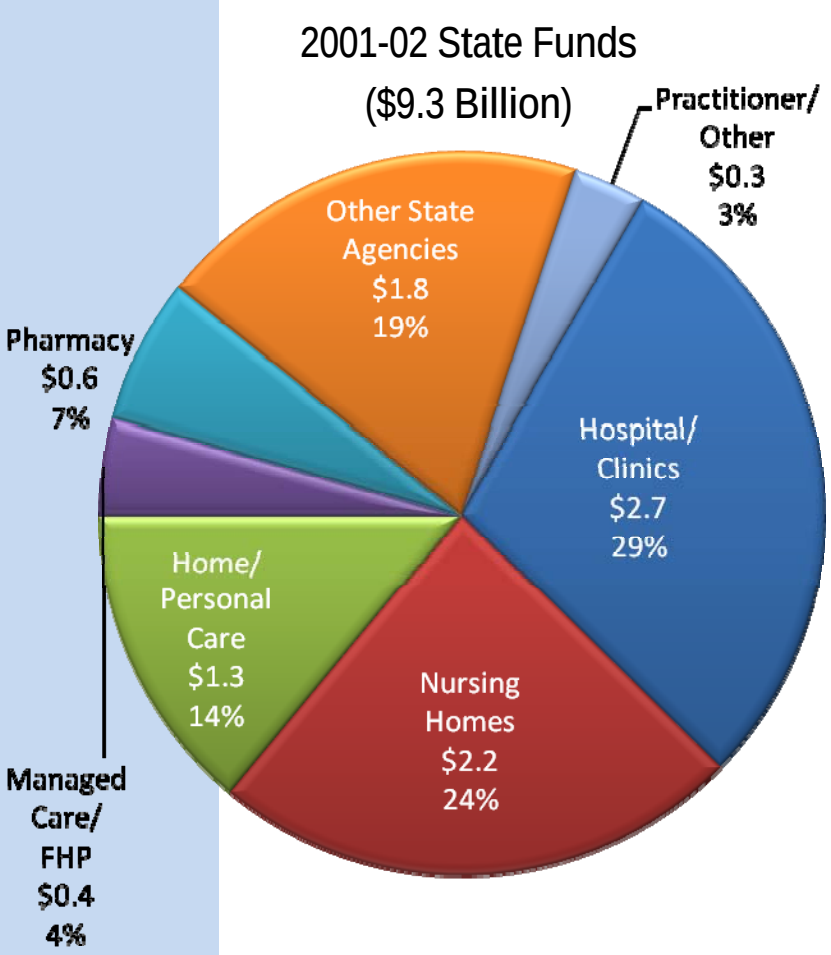
Overview – Historical Medicaid Spending ($ in Billions)

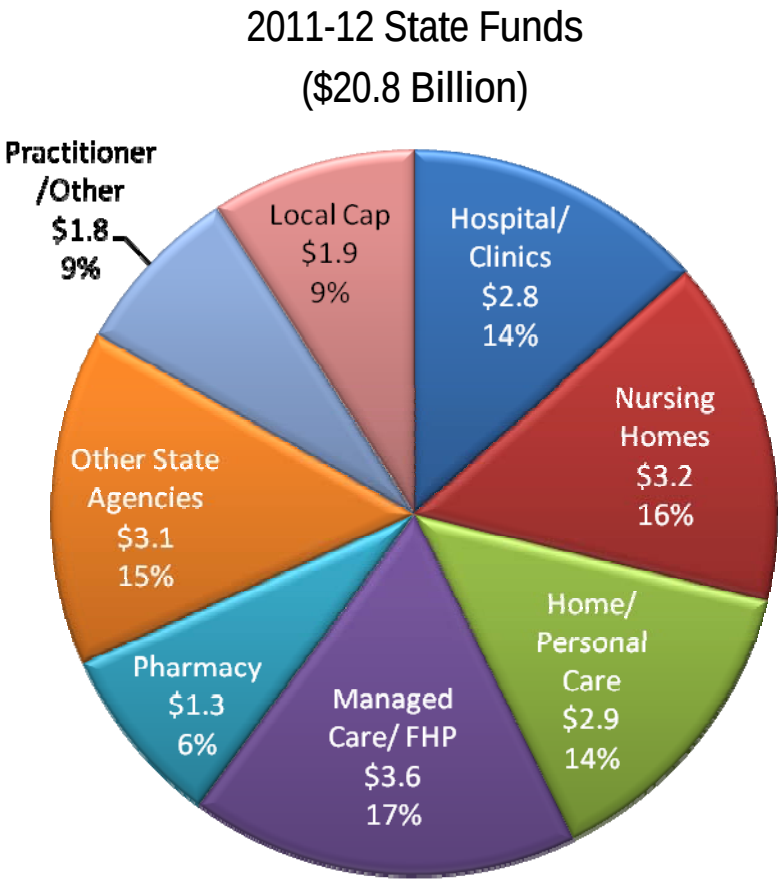
State share will increase markedly in 2011-12 due to local cap and phase-out of enhanced Federal financial participation



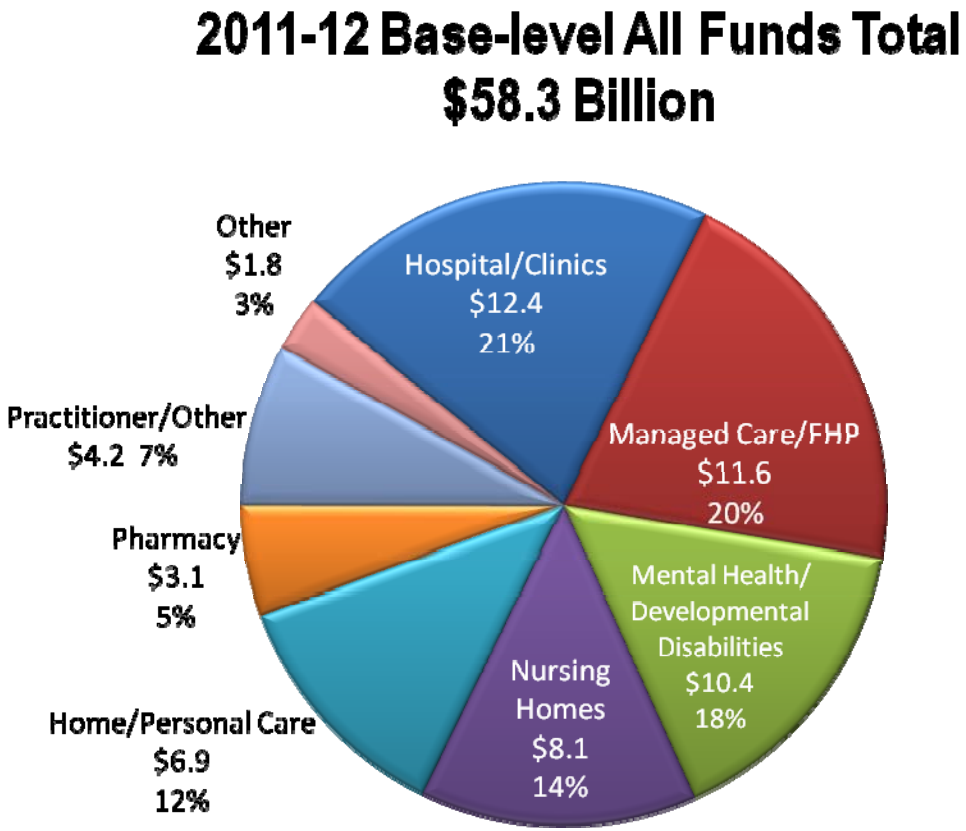
Overview: Historical Medicaid Spending

State share spending has increased markedly in Managed Care, Local MA Cap and Behavioral Health



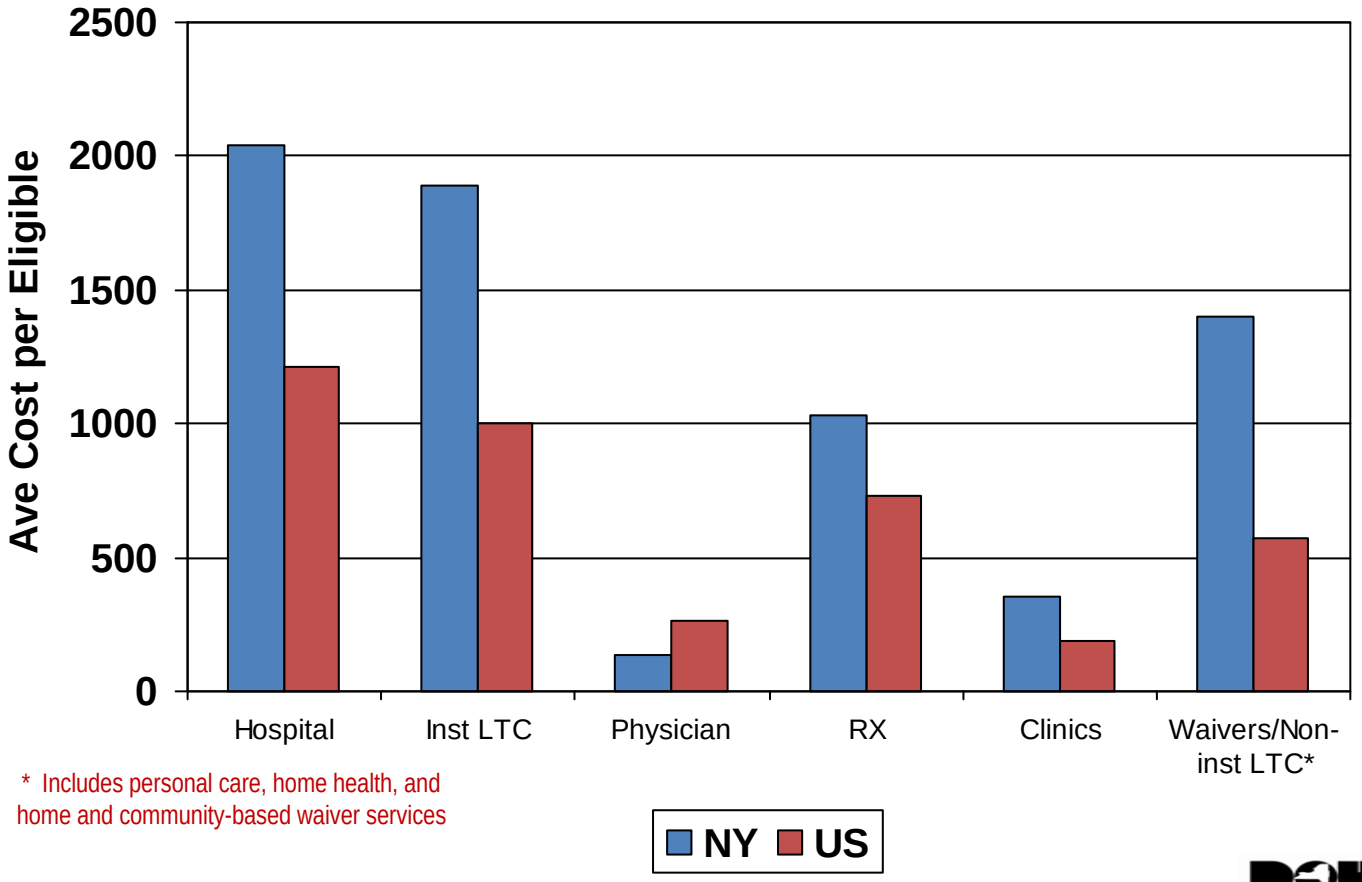


Overview: Current Medicaid Spending By Program



Overview:
Medicaid Spending NYS vs. U.S.

New York is above national average in Medicaid spending in all service categories except for physicians



* Includes personal care, home health, and home and community-based waiver services

Overview: Medicaid Spending NYS vs. U.S.

New York's costs per enrollee are exceptionally high in every service category except physicians

- Nationally, on per enrollee spend New York ranks:
  - Number 6 in hospital services
  - Number 6 in institutional long term care
  - Number 44 in physician
  - Number 7 in pharmacy
  - Number 11 for pharmacy rebate
  - Number 12 for other "acute" care (Clinic, FQHC, Lab/X ray, EPSDT)
  - Number 4 for home and community waivers

- In absolute dollars, New York State is number 1 in 5 of these 7 categories, all but physician and Rx rebate

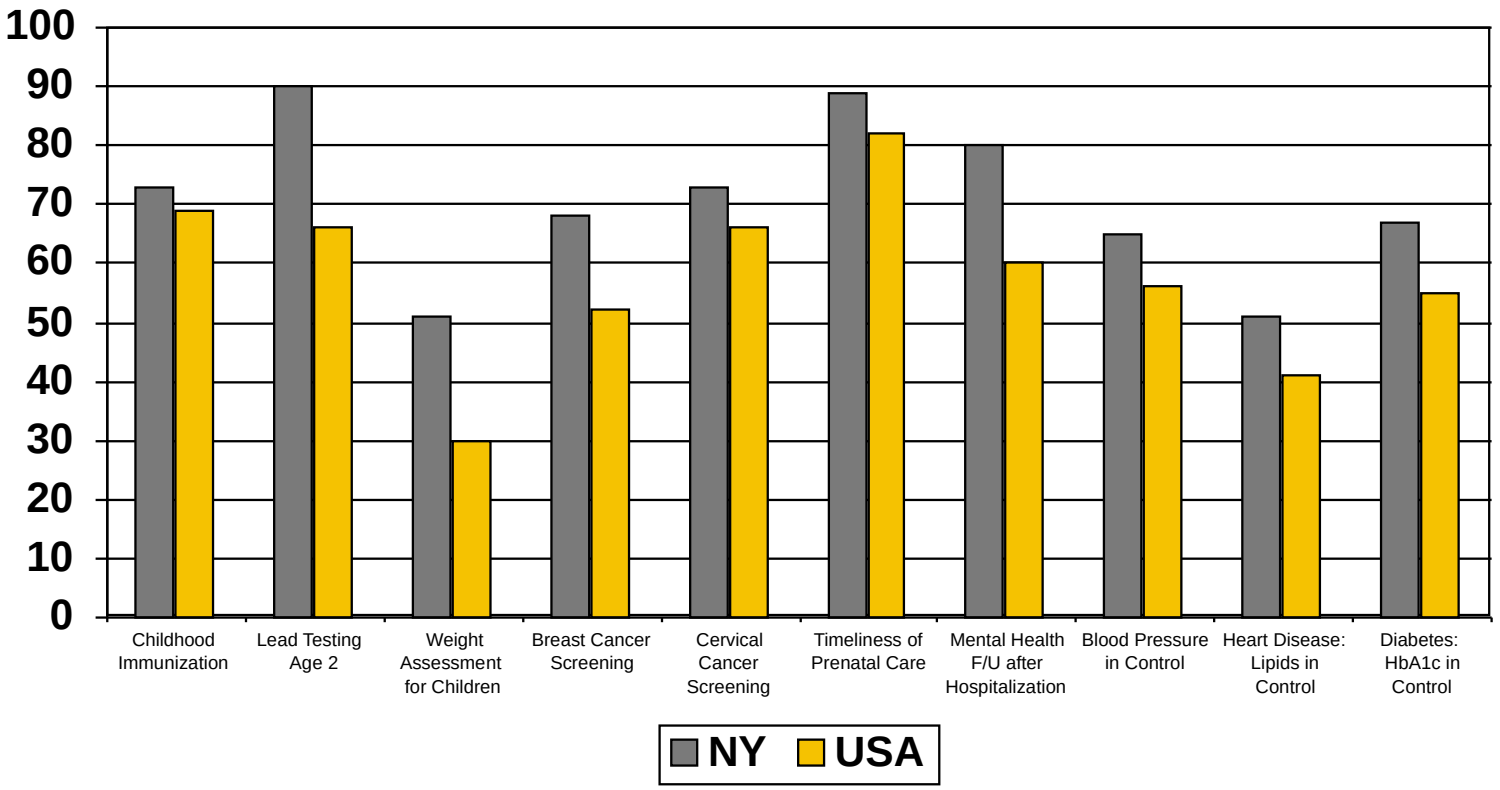
STATE OF MEDICAID QUALITY

State of Quality - Medicaid

- New York has a well-established system to monitor quality of care for Medicaid managed care enrollees. Over time, measures have evolved from preventive care to measures of chronic care and outcomes.
- The rates of performance have:
  - *Improved over time,*
  - *met or exceeded national benchmarks,*
  - *seen a reduction in the gap in performance between Medicaid and commercial managed care*
- Since 2001, a managed care pay for performance program has been a driver of improved care and has focused on quality and patient satisfaction measures.

State of Quality - Medicaid

New York State Medicaid meets or exceeds the national average on most HEDIS measures



(*HEDIS*) *Healthcare Effectiveness Data and Information Set*

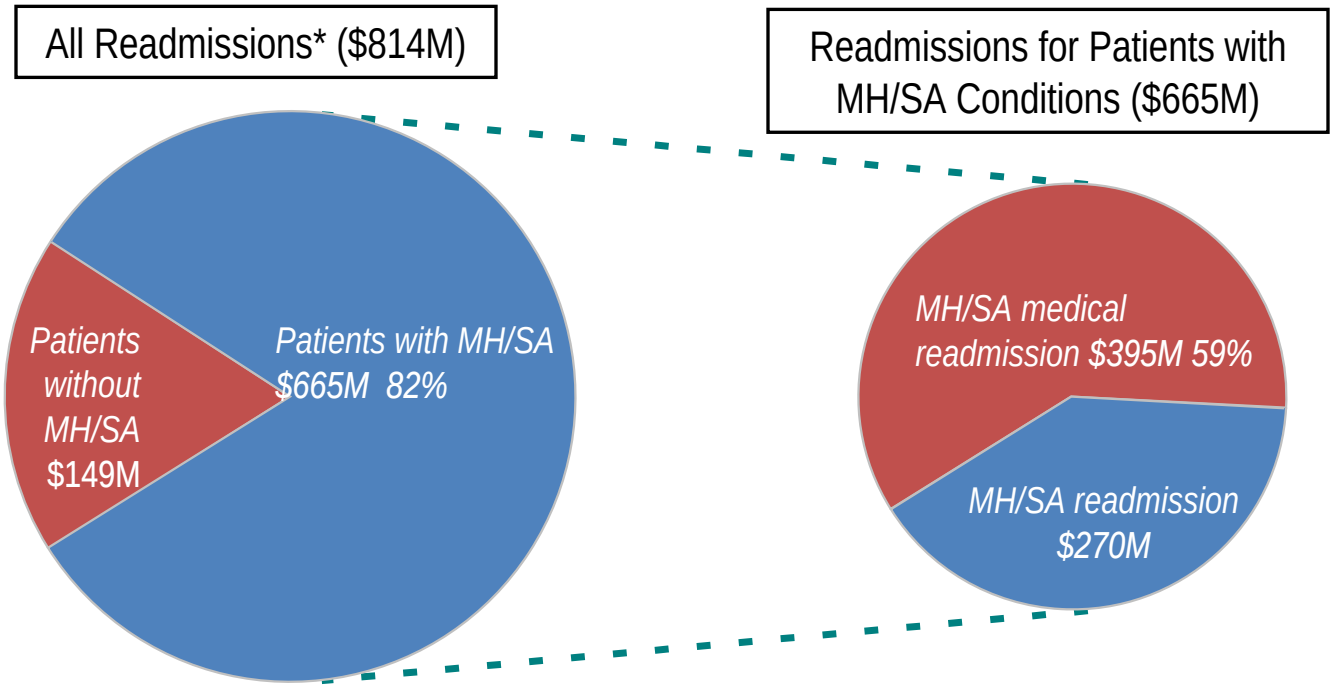
State of Quality - Medicaid

However ---

- Quality has been measured on the managed care population, little has been measured on the unmanaged fee-for-service population.
- New York Medicaid continues to have high rates of preventable events including avoidable hospitalizations and readmissions.
- Most readmissions for persons with mental health or substance abuse issues are for medical conditions.

State of Quality - Medicaid

Most Medicaid readmissions for patients with mental health and substance abuse (MH/SA) conditions are for medical reasons



*Readmissions within 30 day from original admission date

State of Quality – All Payer

New York has average performances key quality indicators … but is 50th on avoidable hospital use

2009 Commonwealth State Scorecard on Health System Performance

Care Measure	National Ranking
Percentage of Uninsured Adults	28th
Quality of Health Care	22nd
Public Health Indicators	17th
Avoidable Hospital Use and Cost	50th
▪ Percent home health patients with a hospital admission	▪ 49th
▪ Percent nursing home residents with a hospital admission	▪ 34th
▪ Hospital admissions for pediatric asthma	▪ 35th
▪ Medicare ambulatory sensitive condition admissions	▪ 40th
▪ Medicare hospital length of stay	▪ 50th

NYS appears to be dealing with a systemic quality issue that stretches across payers and across health care deliver sectors.

State of Quality – All Payer

… AHRQ also shows New York State lagging on avoidable hospitalizations

2009 AHRQ National Healthcare Quality Report

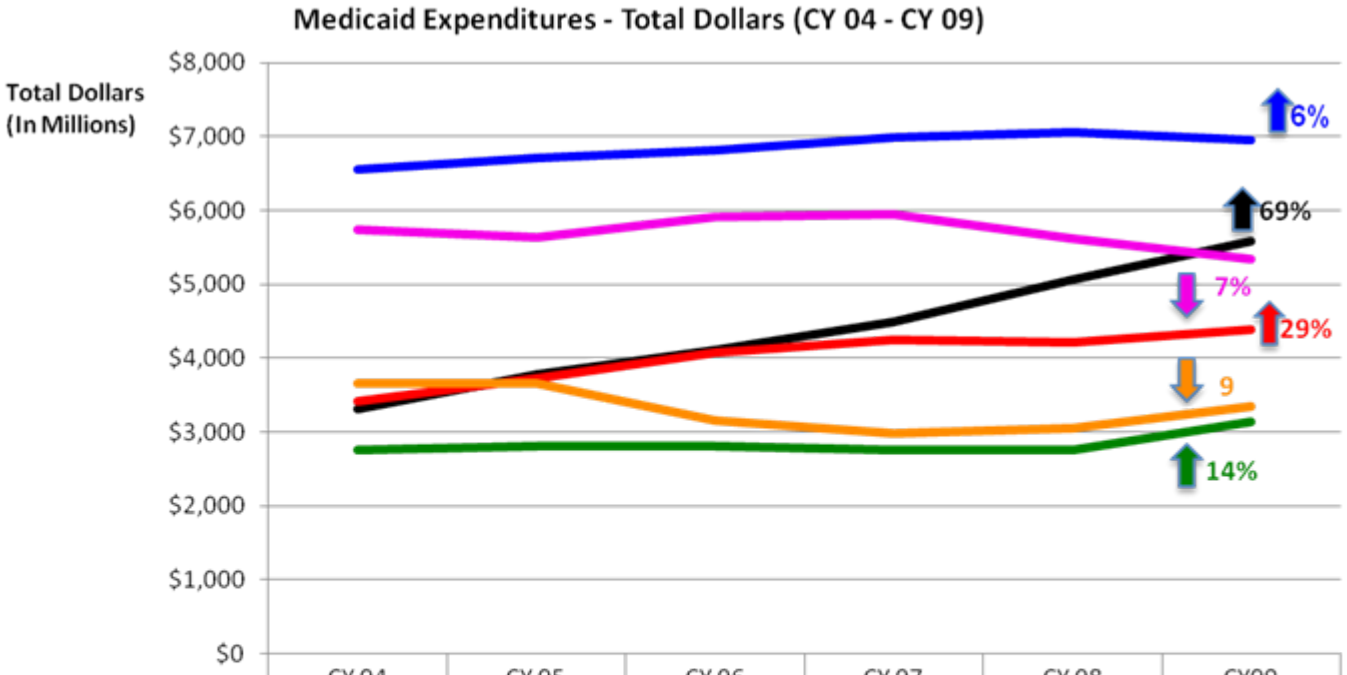
NYS Highest Quality Measures	NYS Lowest Quality Measures
Angioplasty Deaths	Avoidable Hospitalizations – Uncomplicated Diabetes
Obstetrical Trauma	Avoidable Hospitalizations – Asthma in Children

State of Medicaid Spending

- Medicaid has made a critical contribution in ensuring a health care safety net in New York State. This has been augmented in recent years with important policy decisions including:
  - *Covering more uninsured adults and children*
  - *Moving individuals from institutional settings to community*
  - *Stabilizing local taxes by implementing a local share Medicaid cap*
- Protecting the Medicaid program and these important gains can only be achieved by targeted spending reductions as current growth is unsustainable. The major savings opportunities are:
  - *Rebalance long-term care services both institutional and non- institutional*
  - *Better manage behavioral health and waiver services*
  - *Focus care coordination on high cost populations*
  - *Reduce regional and provider variation in service efficiency and quality*
  - *Increase overall accountability in the program*

State of Medicaid Spending - All

LTC and waiver services growing – Inpatient fee-for-service down



	CY 04	CY 05	CY 06	CY 07	CY 08	CY09
Institutional LTC	$6,552	$6,703	$6,817	$6,987	$7,064	$6,948
OPWDD/OMH Waivers	$3,314	$3,780	$4,108	$4,498	$5,069	$5,589
Inpatient	$5,732	$5,629	$5,914	$5,939	$5,614	$5,341
Non-Institutional LTC	$3,410	$3,734	$4,074	$4,256	$4,218	$4,385
Drugs Net of Rebates	$3,663	$3,663	$3,160	$2,977	$3,062	$3,351
Physician and Clinic (inc. OPD)	$2,761	$2,819	$2,810	$2,755	$2,761	$3,144

State of Medicaid Spending – LTC

Trend - Spending up 26%; Recipients Flat

LTC Per Recipient Spending Trends by Service ($ 000)							
	2003			2009			% Change In Per Recipient Spending 2003 to 2009
	# of Recipients	Total ($)	$ Per Recipient	# of Recipients	Total ($)	$ Per Recipient	
Nursing Homes	139,080	$5,946,989	$42,759	128,377	$6,345,047	$49,425	15.6%
ADHC	16,365	266,248	16,269	22,954	461,442	20,103	23.6%
LTHHCP	26,804	510,250	19,036	26,572	695,666	26,180	37.5%
Personal Care	84,823	1,824,729	21,512	75,023	2,232,735	29,761	38.3%
MLTC	12,293	444,341	36,146	33,826	1,219,055	36,039	-0.3%
ALP	3,538	50,488	14,270	4,720	86,028	18,226	27.7%
Home Care/CHHA	92,553	760,347	8,215	86,641	1,349,000	15,570	89.5%
Total	**318,617**	**$9,803,392**	**$30,769**	**318,984**	**$12,388,973**	**$38,839**	**26.2%**

State of Medicaid Spending – LTC

Growth concentrated in NYC

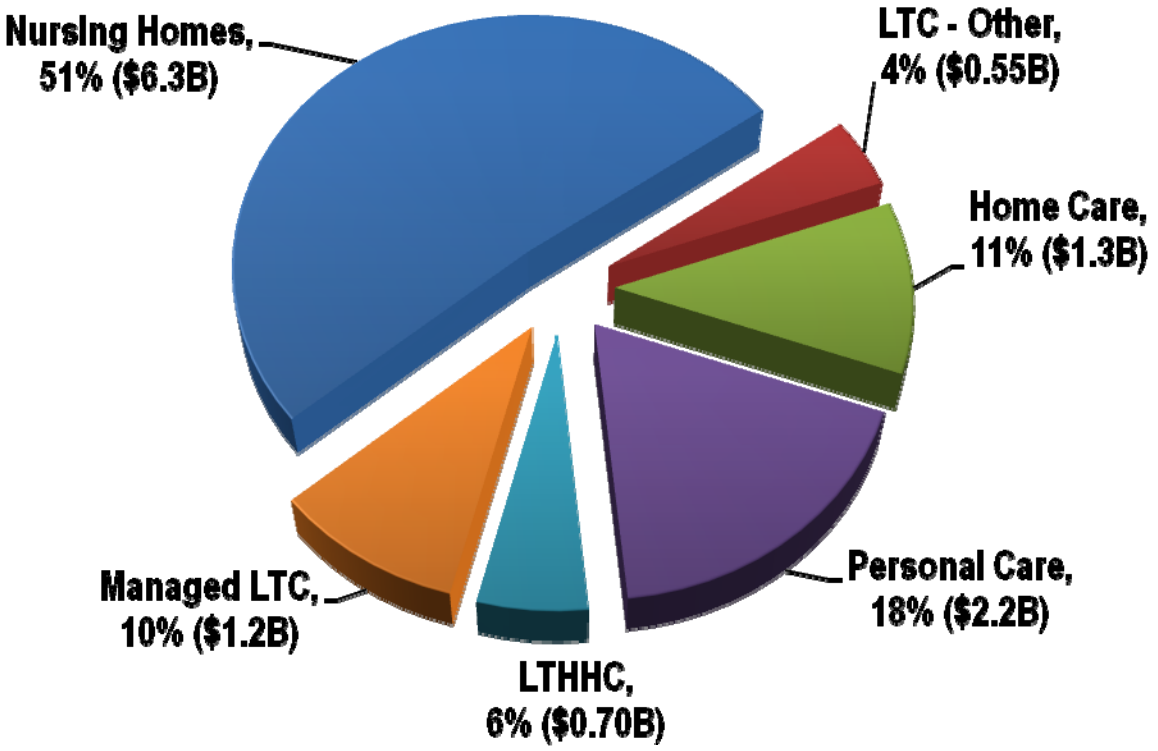
2003 to 2009 All LTC Medicaid Spending ($000)				
Region	**2003**	**2008**	**2009**	**% Change 2003 to 2009**
Statewide	**$9,803,392**	**$12,314,915**	**$12,388,973**	**26.4%**
NYC	$6,266,318	$8,113,615	$8,256,026	31.8%
Downstate*	$1,448,368	$1,756,917	$1,769,301	22.2%
Upstate	$2,088,706	$2,444,383	$2,363,646	13.2%

If spending grew at the Upstate rate of 13.2% over the 2003-2009 period, Medicaid spending would have been reduced by $1.3 Billion.

* Nassau, Suffolk, Rockland, Westchester, and Putnam

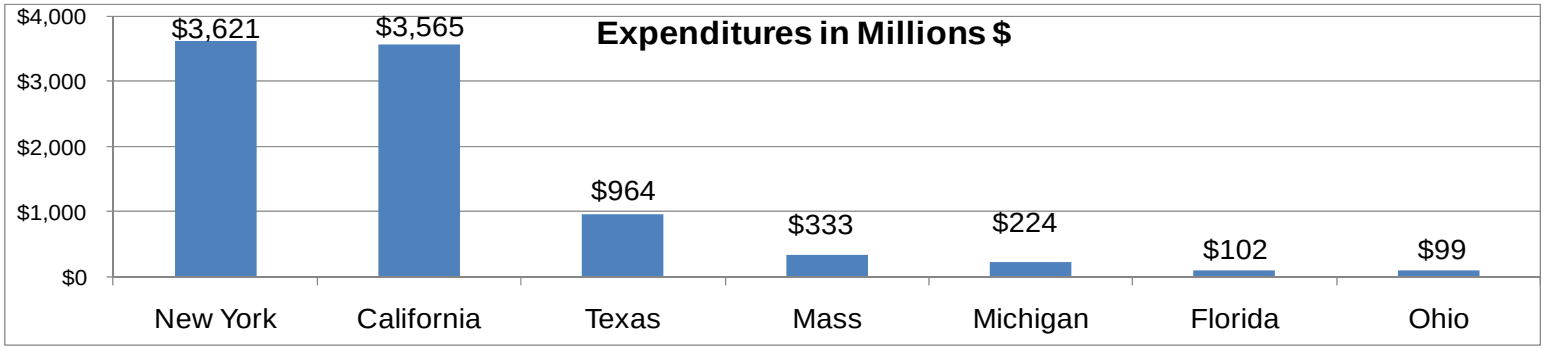
State of Medicaid Spending – LTC Nursing

Homes now account for over 51% of total 2009 LTC spending of $12.4 Billion



State of Medicaid Spending - LTC

NYS Home Care and Personal Care spending exceeds all other states

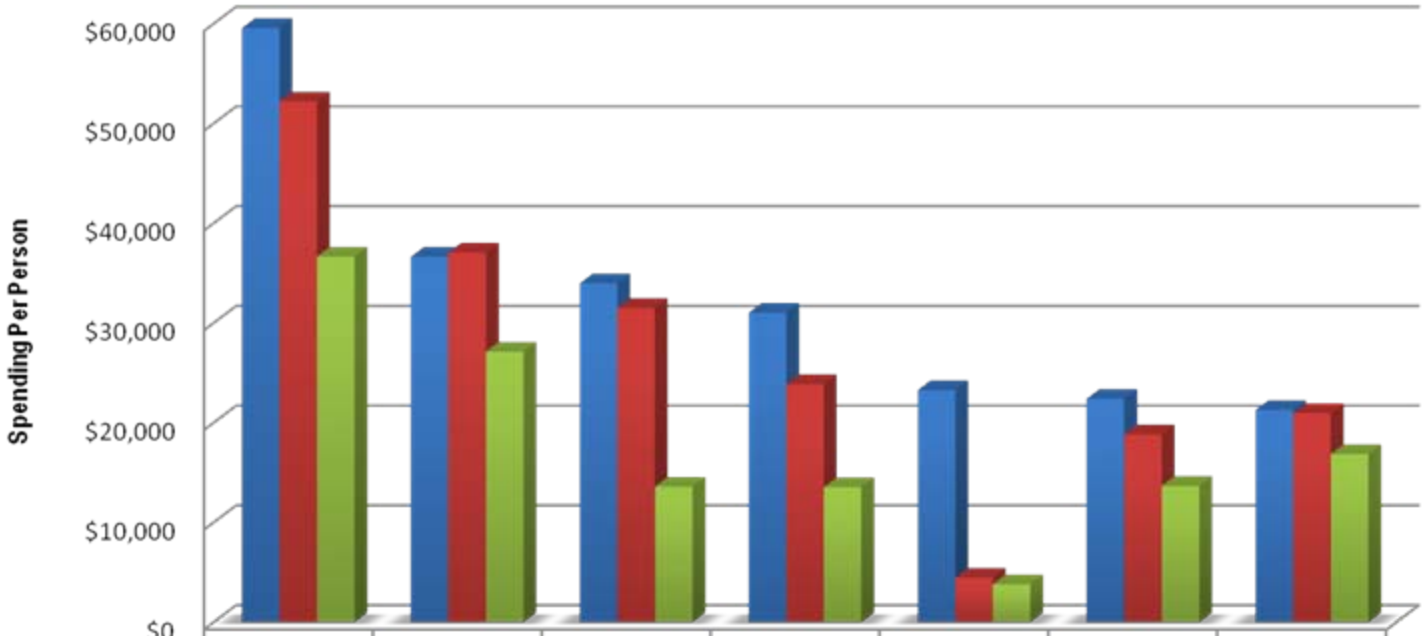


	New York	California	Texas	Mass	Michigan	Florida	Ohio
Per Beneficiary:	**$18,690**	**$8,537**	**$3,017**	**$10,262**	**$3,561**	**$3,070**	**$3,060**

Source: Kaiser State Health Facts, 2006

State of Medicaid Spending - LTC

Nursing Homes now account for over 51% of total 2009 LTC spending of $12.4 Billion



	Nursing Homes	Managed LTC	Personal Care	Long Term Home Health	Home Care	Medicaid Assisted Living	Adult Day Health Care
New York City	$59,554	36,625	33,961	31,030	23,253	22,393	21,264
Downstate*	$52,201	37,044	31,490	23,847	4,457	18,811	20,947
Upstate	$36,644	27,113	13,567	13,525	3,777	13,643	16,832

* Nassau, Suffolk, Rockland, Westchester, and Putnam

State of Medicaid Spending – LTC

Differences in CHHA payments and service levels cannot be explained by patient need

NYC Providers	Increase in Payments From 2003 to 2008	2008 Units of Service Per Patient (Hours or Visits)	2008 Case Mix (Patient Need) *
Provider 1	$21,888,042	1,464	.78
Provider 2	$166,274,058	1,746	1.04
Provider 3	$50,236,018	1,604	1.11
Provider 4	$43,401,103	1,532	1.02
Provider 5	$43,235,986	2,687	1.19
Provider 6	$40,303,865	1,148	1.19
Provider 7	$79,489,867	1,554	1.19
Other NYC providers	$73,289,169	811	n/a
Provider 8	($109,921,604)	421	1.02

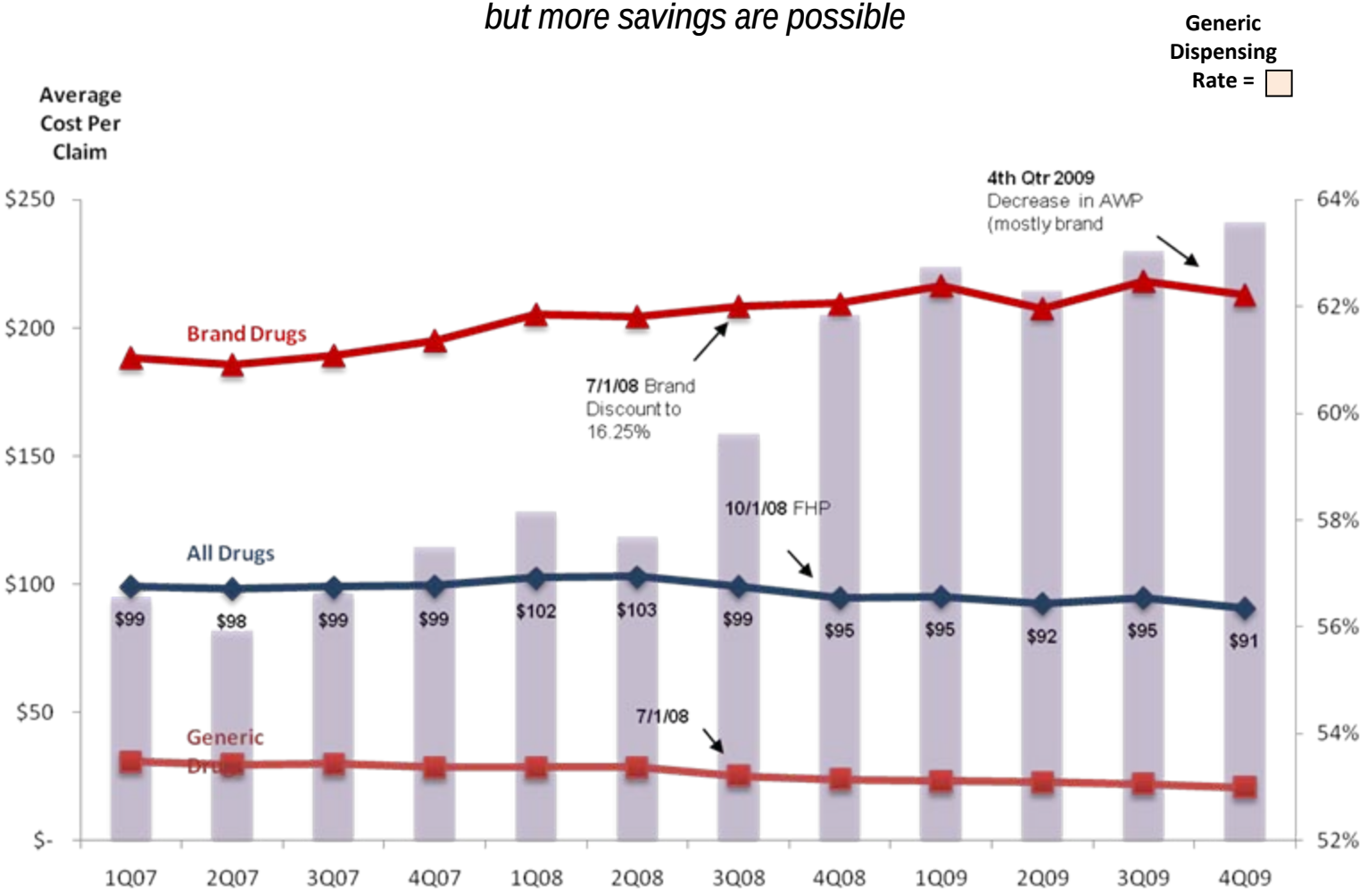
Average Units of Service Per Patient: NYC 950; Non-NYC Downstate 181; and Upstate 83

* Based on DOH-developed Medicaid grouper for episodic pricing

STATE OF MEDICAID PHARMACY

State of Medicaid Spending: Pharmacy

Generic dispensing increases and average claim cost reductions are promising but more savings are possible



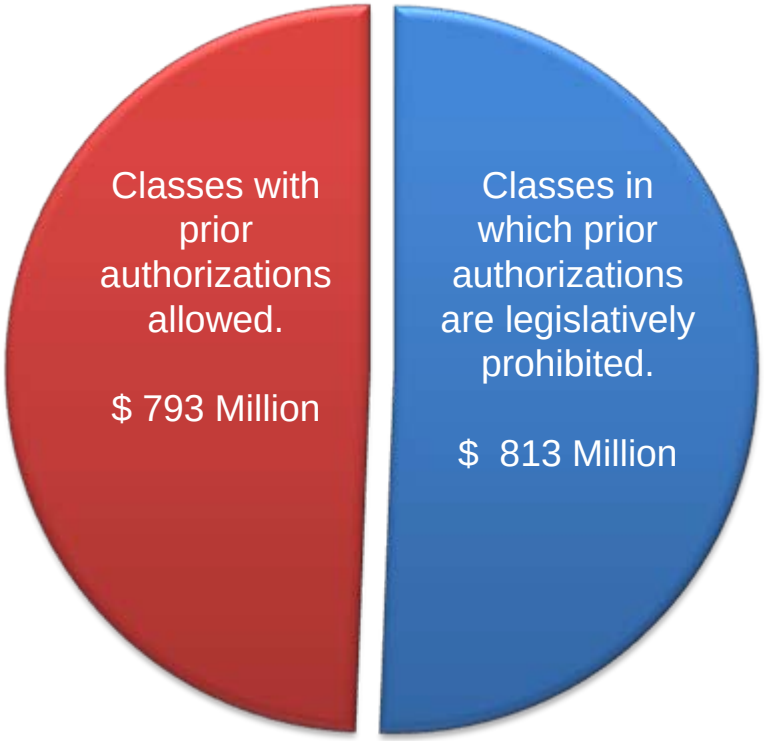
Paid amounts shown are based on amounts paid to pharmacies. Rebates are not considered.

State of Medicaid Spending: Pharmacy

Drugs exempt from prior authorization have high cost and utilization

DRUG NAME	2009 Spending (in Millions)
NEXIUM	$ 153
ADVAIR DISKUS	$ 88
SINGULAIR	$ 73
LIPITOR	$ 69
SYNAGIS (CDRP)	$ 57
NASONEX	$ 50
PREVACID (G)	$ 46
ACTOS	$ 45
OXYCONTIN (G)	$ 38
PLAVIX	$ 36
VALTREX (G)	$ 35
PULMICORT	$ 34
CRESTOR	$ 34
VENTOLIN HFA	$ 34

Top 25 Drugs



DRUG NAME	2009 Spending (in Millions)
ABILIFY	$ 126
SEROQUEL	$ 121
TRUVADA	$ 108
ZYPREXA	$ 103
ATRIPLA	$ 94
REYATAZ	$ 76
KALETRA	$ 44
NORVIR	$ 40
VIREAD	$ 36
EPZICOM	$ 35
LEXAPRO	$ 31

20 Percent of Pharmacy spend is on drugs that are exempt by State law from prior authorization.

Prior authorization authority would allow the State to better control inappropriate utilization while garnering better rebates.

State of Medicaid Spending: High Cost Enrollees

20 percent of enrollees drive 75 percent of spend

	Total Medicaid Expenditures in Billions	Enrollees	Pct. Total Expend.	Pct. Total Enrollees	Avg. Costs per Enrollee
Total MA Population incl. Non-Utilizers	**$41.4**	**5,104,843**	**100%**	**100%**	**$8,108**
Non-Special Population[1)]	**$10.3**	**4,075,222**	**25%**	**80%**	**$2,528**
Special Need Populations[2)]	**$31.1**	**1,029,621**	**75%**	**20%**	**$30,195**

1) Includes Non-Utilizers

2) High Need populations are HIV, Intellectual and Developmental Disabilities (I/DD), Mental Health, Chemical Dependence, LTC and Chronic Care/Illness.

State of Medicaid Spending: High Cost Enrollees

Pairs, Triples and HIV/AIDS groups account for 18 percent of member months and 52 percent of spend

Entire Medicaid Clinical Risk Grouping (FFS, Managed Care & Dual-Eligible)	Recipients	Pct Total Member Months		Sum Total Claim Expenditures CY2009	Pct Total Claim Expenditures		Total Claim PMPM
Healthy/Acute	3,603,376	62.45	$	9,164,421,559.54	19.81	$	272.49
Minor Chronic	71,971	1.54	$	455,060,231.31	0.98	$	549.88
Single Chronic	816,569	16.44	$	9,114,948,953.60	19.70	$	1,029.40
Pairs Chronic	**721,655**	**15.32**	**$**	**18,153,765,366.16**	**39.24**	**$**	**2,200.88**
Triples Chronic	**88,361**	**1.88**	**$**	**3,987,101,629.39**	**8.62**	**$**	**3,940.70**
Malignancies	27,913	0.53	$	912,990,577.07	1.97	$	3,169.31
Catastrophic	34,237	0.71	$	2,379,368,897.94	5.14	$	6,244.47
HIV / AIDS	**54,906**	**1.14**	**$**	**2,092,172,707.13**	**4.52**	**$**	**3,422.09**
Total	**5,418,988**	**100.00**	**$**	**46,259,829,922.14**	**100.00**	**$**	**858.97**

State of Medicaid Spending: High Cost Enrollees

147,889 Fee-for-Service (FFS)Pairs, Triples and HIV/AIDS Enrollees cost $6.9B in 2009

Clinical Risk Grouping for FFS-Only Non-Dual Eligible Recipients***	Recipients	Pct Total Member Months	Sum Total Claim Expenditures CY2009	Pct Total Claim Expenditures	Total Claim PMPM
Healthy/Acute	685,922	67.02	$ 1,145,627,952.09	9.49	$ 251.84
Minor Chronic	37,866	3.70	$ 292,866,238.28	2.43	$ 772.35
Single Chronic	135,991	13.29	$ 2,299,827,552.72	19.05	$ 1,788.58
Pairs Chronic	**106,050**	**10.36**	**$ 4,422,143,460.78**	**36.64**	**$ 3,840.82**
Triples Chronic	**14,166**	**1.38**	**$ 1,039,970,105.52**	**8.62**	**$ 6,528.78**
Malignancies	5,720	0.56	$ 337,435,792.73	2.80	$ 6,894.61
Catastrophic	10,035	0.98	$ 1,112,572,535.35	9.22	$10,044.17
HIV / AIDS	**27,673**	**2.70**	**$ 1,420,175,935.10**	**11.77**	**$ 4,666.04**
Total	**1,023,423**	**100.00**	**$ 12,070,619,572.57**	**100.00**	**$ 1,510.96**

*** FFS Only Non-Dual Recipients excludes Medicaid recipients with any MMC member months of eligibility during CY2009.

State of Medicaid Spending: High Cost Enrollees

865,000 Patients with Multiple Chronic Illnesses

I/Developmental Disability

- 50K Recipients
- **$6.4B/$10,500 PMPM**

Issues: Very High Cost - Waiver and FFS Expense is Growing Rapidly

Long Term Care

- 200K Recipients
- **$10.5B/$4,500 PMPM**

Issues: High Cost; Lack of Management; High Intensity LTC and IP Services without coordination

Behavioral Health

-300K Recipients

- **$5.0B/$1,400 PMPM**

Issues: High Cost; Socially Unstable, Lack of Services Management; Lack of BH and Physical Health Care Coordination

Chronic Medical

-300K Recipients

- **$2.4B/$695 PMPM**

Issues: High Cost; Lack of Services Management; Lack of Physical Care Coordination

State of Medicaid Spending: High Cost Enrollees

Many high-cost patients have no meaningful connection to primary care

"Medical Home" for Patients with High Risk of Future Inpatient Use Based on Prior 2-Years of Ambulatory Use

"Medical Home" Status	All NYS	Number of PC/Spec/OB Providers Touched
Loyal	48.9%	2.80
OPD/Satellite	25.1%	2.97
D&TC	15.0%	2.55
MD	8.8%	2.71
Shopper	18.8%	5.39
Occasional User	13.3%	1.18
No PC/Spec/OB	19.0%	0.00
Total	100.0%	2.54

51%

Source: NYU Wagner School, NYS OHIP, 2009.

State of Medicaid Spending: High Cost Enrollees

Managed Care Benefit package is irrational especially for behavioral health

TANF or Safety Net

- Must join a health plan*
- Health plan covers most acute care services and some behavioral health services.
- Health plan provides inpatient mental health, outpatient mental health, detox.
- Continuing day treatment, partial day hospitalization and outpatient chemical dependency are provided through unmanaged fee for service.

SSI

- Must join a health plan*
- Health plan covers most acute care services.
- Health plan covers detox services.
- All other behavioral health services are provided in unmanaged fee for service program.

* Unless otherwise excluded or exempted from enrolling

Take Aways – Overall Spending

- Protecting and sustaining the current program requires a sustainable program growth rate. Current year to year growth in total Medicaid dollars is alarming.
- To continue enrollment gains services must be made affordable. Increases in per person spending are again impossible to sustain into the future.
- In addition to problems related to growth, in certain key service areas current base level spending is unsustainable.

Take Aways – Quality

- New York State exceeds national standards on many measures but trails the nation on avoidable admissions – arguably the most important quality measure from the perspective of potential savings.
- Managed care has helped us make significant gains but there is more room to meaningfully incentivize quality at the provider and community level.
- The fee for service program has almost no provider level quality measurement or incentives.

Take Aways – Service Spending

- Savings opportunities may be greatest in service areas with the steepest year to year increases and higher per person spending. In this regard, careful attention should likely be paid to long-term care, behavioral health and waiver services. Inpatient spending in fee-for-service is trending down after cuts and volume movement to managed care. Despite recent investments in ambulatory care New York State still lags significantly in FFS physician payments.

- Regional differences in service utilization and efficiency may offer a framework for more targeted savings – this may be particularly true for certain long term care services.

- Provider to provider differences in service efficiency and patient utilization appear in certain service areas even when adjusting for differences in patient acuity.

- New York has made important gains in pharmacy savings but additional opportunities may exist by prior authorizing higher spend drug classes, increasing the generic dispensing rate and further maximizing supplemental rebates.

Take Aways – High Cost Enrollees and Benefit Design

High Cost Enrollees:

- New York State spends most of its Medicaid dollars to treat patients with multiple chronic conditions – most often complicated with mental health and substance abuse.
- High-cost, high need patients rarely have a medical home (physician or clinic that they call their own) or meaningful care management.
- Federal reform provides states with incentives to better manage this population (e.g., health homes).

Benefit Package:

- New York State has a broken managed care/fee-for-service benefit package – especially with regard to behavioral health services - as an irrational system of enrollee exclusions and service carve-outs have left most patients without a meaningful point of full accountability. This issue may be driving many of the problems highlighted previously.

SOLICIT IDEAS FROM TEAM MEMBERS

Jason Helgerson, Executive Director

Questions?

Next meeting:
February 7, New York City
Location: TBD