Managed Medicaid Long Term Care Accountable Care Organizations Affordable Care Organizations

So Many Variables

The Hardest Presentation I Have Ever Attempted

Who am I

- A Regular person who has worked in managed Medicaid, Medicare, Commercial and Self Funded health plans for the past 27 years
- A retired Air Force Chief Master Sergeant who managed emergency rooms for 17 years and flew around on a helicopter as a medic in my very early military career
- So, not very smart!

Managed Medicaid and Medicare Long Term Care

It is not just managed Medicaid

Approximately ninety percent (90%) of Medicaid long term care eligibles in New Jersey are dual eligible

Between fifteen to twenty percent (15-20%) are under the age of 65, yet less that ten percent (10%) are not Medicare eligible.

That ten percent or so will be the sickest portion of this population to manage and by far the most expensive

Those that are dual eligible consume a disproportionate percentage of Medicare and Medicaid revenues

Do Not Blame The Payers

- What you will learn is that payers are like people because they are administered by people.
- Managing an HMO that manages the care of a **dual eligible** population in multiple residential settings is complicated at best and for the benefit of patient outcomes I trust both providers and payers will work together and in concert to assure the best possible outcomes.
- However, I personally believe that over the past decade managed care has evolved to managed money!

How Sick Are They

The average Medicaid long term care eligible beneficiary will have between five to seven co morbidities

In a well managed environment hospital admissions will average between 550 and 610 per 1000 members per year.

In an unmanaged environment this population can easily average 800+ admissions per 1000 members per year

In a well managed environment their pharmacy costs can average in excess of $225.00 per member per month and the average recipient will receive between 11 and 15 prescription meds a month

In HMO terms a dual eligible member will utilize services at between 3.5 and 4 times the rate of a non dual eligible Medicare recipient

Comparison
Arizona Then and Now

In 1982 Arizona was the last State not participating in the Federal Medicaid program

Each County was responsible for funding charity care

When the Arizona Health Care Cost Containment System (AHCCCS) was created as a Federal waiver program there were two missing programs that had to be addressed, Behavioral Health and Long Term Care

In 1987 AHCCCS created the Arizona Long Term Care System or ALTCS program

On reservation Native Americans were not managed by health plans while those Native Americans living off reservation could opt in or out and frequently did both

Eligibility was based on a means testing and ones ability to perform activities of daily living

Comparison Arizona Then and Now

- In 1988 the assisted living (group) homes and centers in Arizona were in their beginning stages and few if any accepted Medicaid
- As a result in 1988 if you were eligible for Medicaid and could not perform activities of daily living you were 95% likely to be in a nursing home
- Home and Community Based Services had to be applied and controlled
- In the early stages of ALTCS the AHCCCS program limited the number of members who could receive Home and Community Based Services in lieu of nursing home placement

Comparisons Arizona Then and Now

Behavioral Health Services have always been the responsibility of the ALTCS health plans

Sixty percent (60%) of Medicaid eligible long term care members will either receive direct behavioral health services or be prescribed behavioral medications

I personally believe it to be one of the three most critical elements to the management of the long term care population

The other two are physician management and inpatient avoidance

Comparison How Is It Done Today

Three Managed Care Organizations (MCOs) and one Native American entity manage 100% of the ALTCS population today

As of October of 2011 for the first time since the inception of ALTCS in 1988 there are no County operated MCOs.

Mercy Care Plan (Local hospital system owned but managed by Aetna), Evercare (United Healthcare) and Bridgeway (Centene) Health Plans

The Developmentally Disabled are folded into the ALTCS program but are separately managed by two MCOs, Mercy Care Plan and Capstone Health Plan

Arizona as an Example

- When you look at Medicaid Long Term Care on a percentage basis the two states are similar

State Populations
- Arizona 6.7 Million
- Ney Jersey 8.8 Million

Total Medicaid Populations
- Arizona 1.96 Million
- New Jersey 1.29 Million (January 2012)

More Comparisons

Population Distribution by Age	Median Income
Arizona	$47,093
19-64 =61%	
65+ =12%	
65-74 =7%	
75+ =6%	
Monthly allowable income $2200.00	
Ney Jersey	$65,173
19-64 =62%	
65+ =13%	
65-74 =6%	
75+ =6%	
Monthly allowable income $	
US	$50,022

Now

- Today in Arizona we have 28,000 recipients on the Arizona Long Term Care System (ALTCS) Program
- In urban markets the percent of ALTCS recipients served in nursing homes is 26%
- The most dramatic change represents those members receiving care in their own homes, a matching 25-30%
- Like New Jersey, the State sets the reimbursement rate for nursing homes

The Importance of Medicare Special Needs Plans (SNPS)

- It is very difficult to manage the care of long term care members across two completely separate health plans
- In Arizona the State has mandated that each ALTCS health plan operate a parallel operating SNP
- In the acute care health plans Arizona allowed passive enrollment, however dual eligible members could select a non-affiliated Medicare HMO, but surprisingly not many did

The Importance of SNPs (Con't)

- I can tell you from personal knowledge that if someone with experience has the opportunity to answer a members or a member's family questions, and
- If the SNP is dedicated to supporting the member's needs there is a greater likelihood that the dual eligible member will select the parallel+ operating SNP so if you are a SNP encourage this process

Dual Eligibles as a % of Medicaid Eligibles

Arizona	Ten Percent
New Jersey	Twenty-One Percent

Suggested Solution

- The available Medicaid & Medicare revenues will continue to be scrutinized at the Federal and State levels
- The ability of any residential care facility to request and receive additional revenues from State and Federal Medicare and Medicaid resources are unlikely
- As administrators and owners you must find a way to participate in the savings associated with the skillful management of your Medicare and Medicaid residents

Using Arizona Long Term Care System (ALTCS) MCO Revenues as an Example

- A facility has a census of 120 residents, 60% of which are ALTCS where the ALTCS MCO receives an average monthly premium of $3200.

  120 X .60= 72 members X $3200 X 12= $2,764,800.00
- On average 75% of facility residents are Medicare eligible and could enroll on Medicare MCOs or parallel operating SNPs

Using Arizona Long Term Care System (ALTCS) and Medicare MCO revenues As an Example

- If all residents are enrolled in one Medicare and one Medicaid MCO and you assume Medicare Advantage revenues of $1000.00 per member per month that = $1,080,000.00 per year + $2,764,800.00 you have $3,844,800.00 in managed revenue
- You can manage that revenue and participate in the savings!
- How?

Pick your partner

For years providers have used your residents to produce revenue for their companies

Physicians
Hospice
Hospitals
Home Health
DME
Pharmacies
MCOs

And soon to come Accountable Care Organizations (ACOs)

Physician Partners Are The Key

One Physician Group
Twenty-Four Hour Availability
Stop or reduce preventable admissions and readmissions
Reduced pharmacy costs
Reduced specialty physician costs
Reduced ancillary services costs
More patient centered care
You share in both Medicare and Medicaid MCO profit margins

It Is Your Choice

- The Medicaid Long Term Care costs of your State consume upwards of 50% of the almost $9 Billion budget
- The opportunities to individual or groups of facilities is dramatic and can alter the financial landscape that you work with in the future
- Think outside the box!