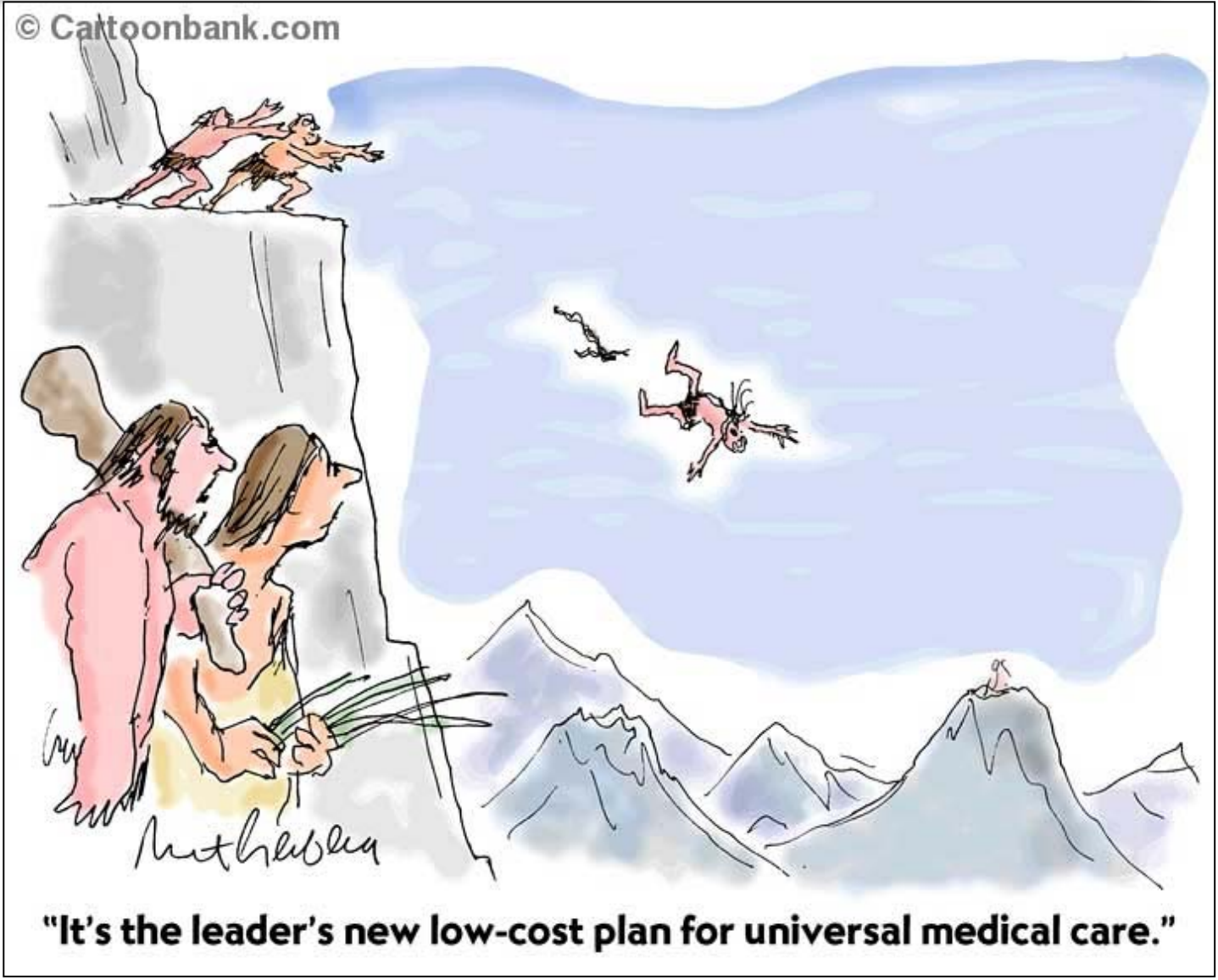


The Challenge of Value Purchasing in Medicaid

National MMIS Conference
August 15, 2007

Cost Containment Is Obvious...



Value purchasing =
reducing or slowing costs
while
maintaining or improving access and
quality

In other words...

More health for the health care dollar

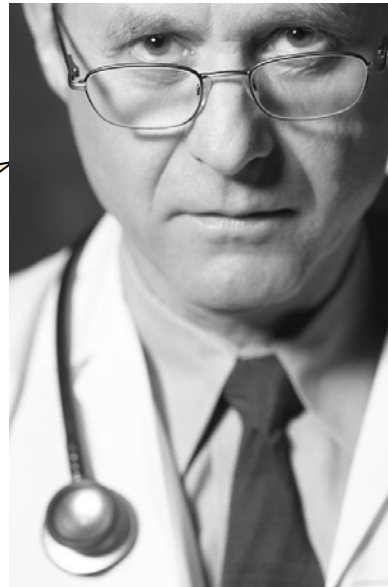
- ▲ Providers get rich by keeping patients well
- ▲ Better quality means higher payment
- ▲ “The right care for every person every time”
- ▲ Care really is coordinated
- ▲ Providers weigh financial costs and clinical benefits of decisions like CT scans
- ▲ Medicaid programs know the detail of what they buy and the value they receive
- ▲ Casemix adjustment works perfectly

Do I really need to coordinate with Dr. Jones?

Our average set-up time for the cardiac cath lab is 2 hours. Good enough?

How much therapy is warranted?

Should I discharge the patient today or tomorrow?



Does this patient need a CT scan or not?

▲ Attitudes

▲ Evidence

▲ Defensible decision-making

1965 – Section 1801 of the Social Security Act...

PROHIBITION AGAINST ANY FEDERAL INTERFERENCE
Nothing in this title shall be construed to authorize any Federal officer or employee to exercise any supervision or control over the practice of medicine or the manner in which medical services are provided...

2005 – MedPAC Report to Congress...

It is now time for decision makers to distinguish among providers on the basis of quality as they put policies in place to limit growth in spending.

"So, What Do You Do at Medicaid?"

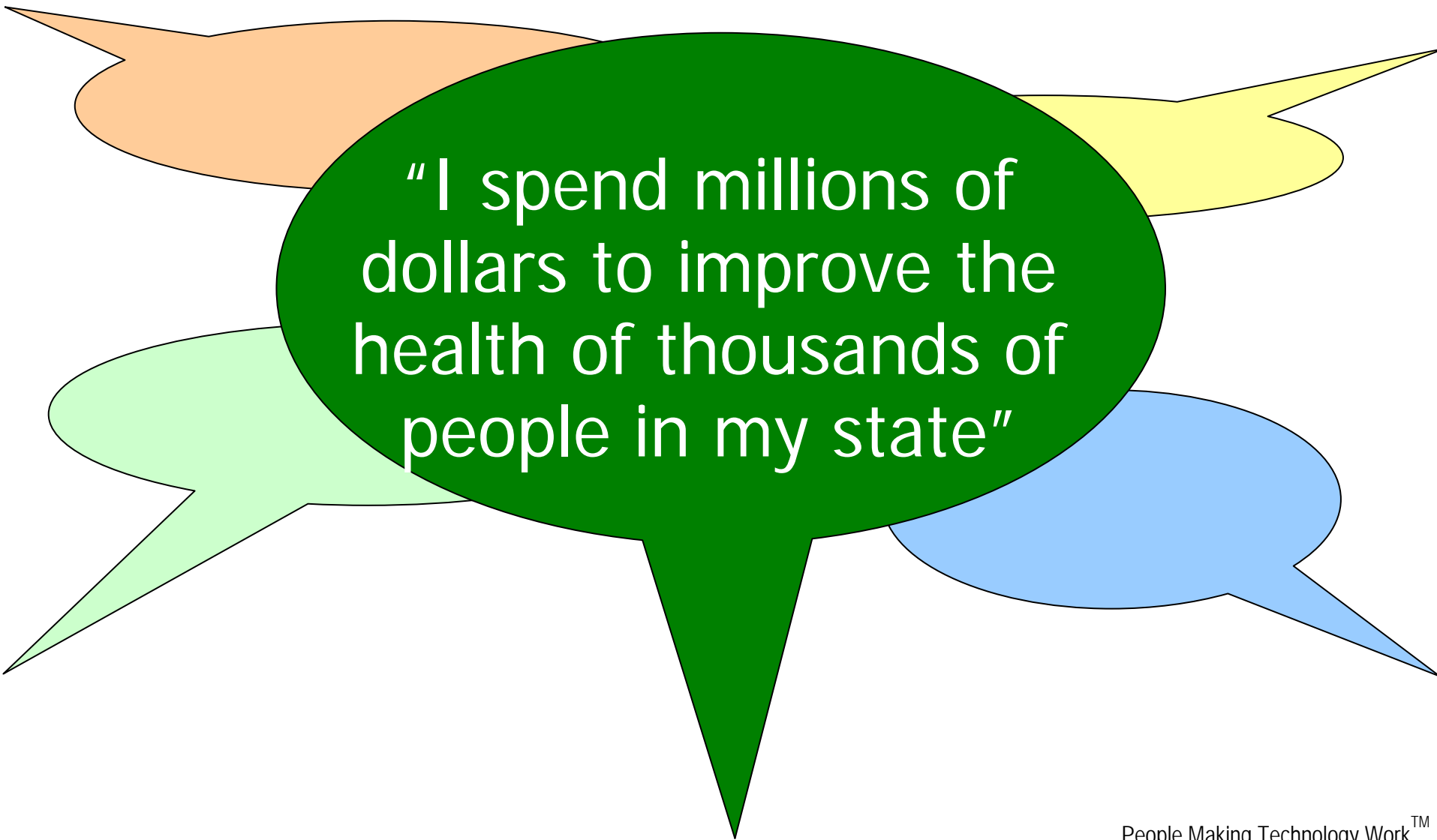


"I'm a systems person"

"Program operations"

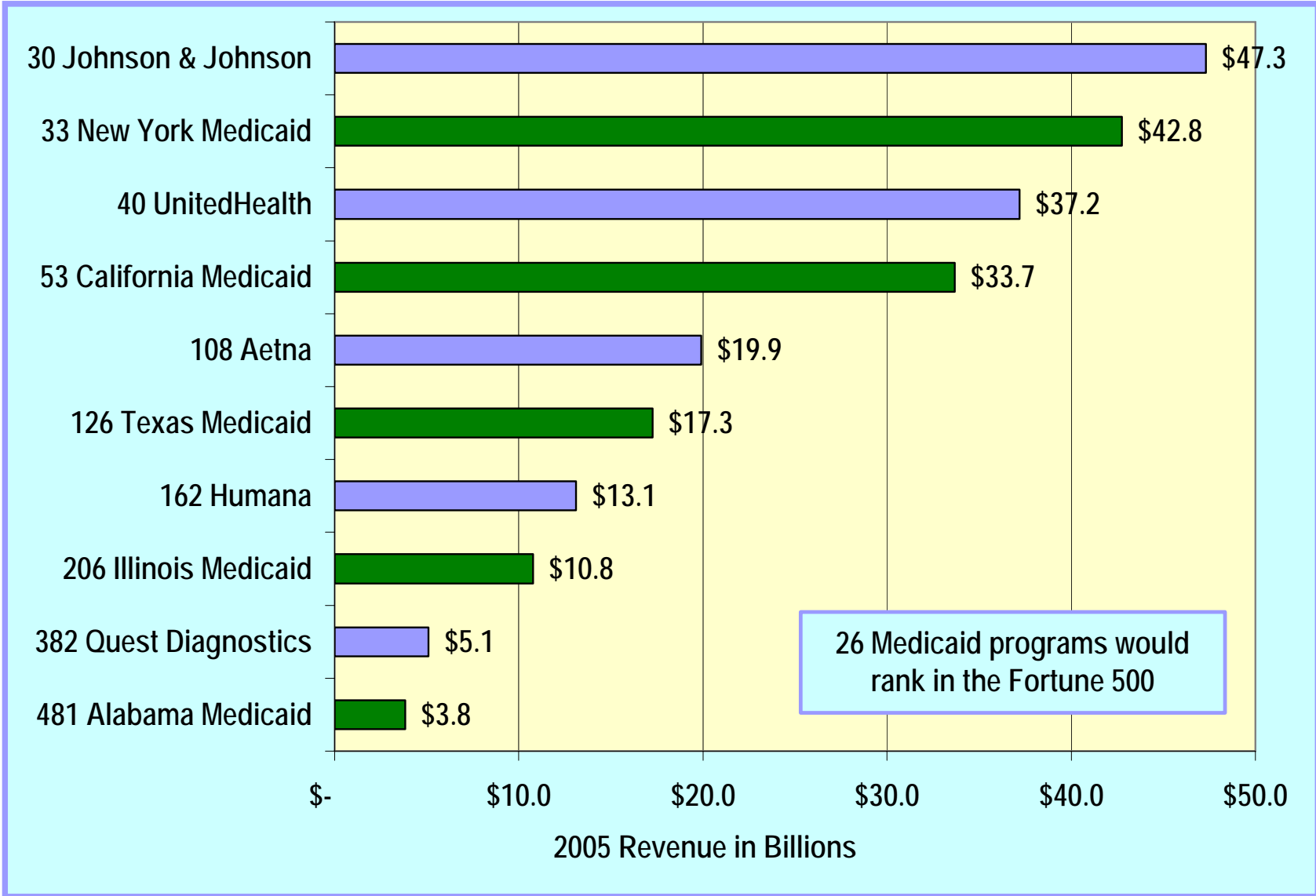
"I calculate reimbursement rates"

"I write policy manuals"

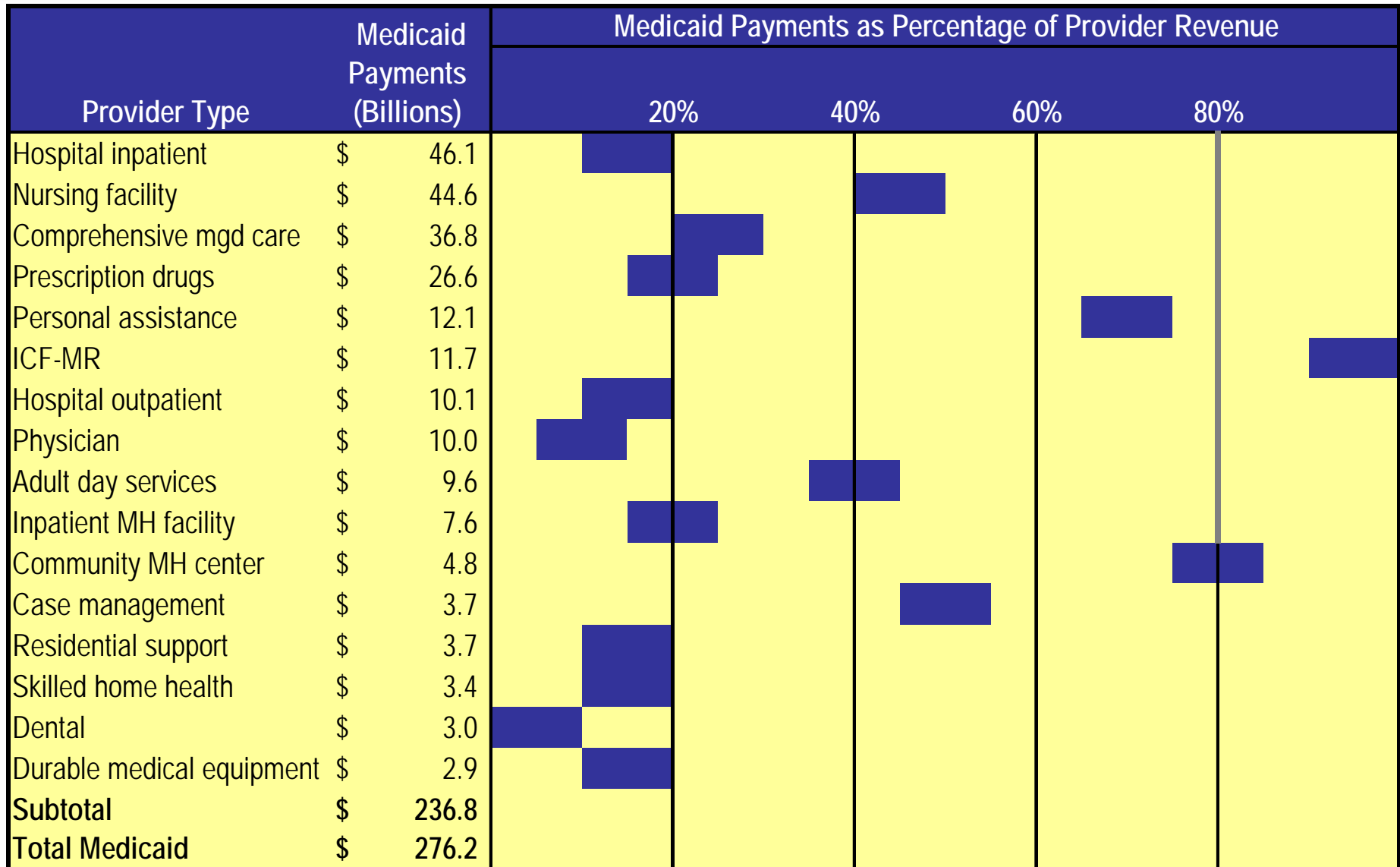


"I spend millions of dollars to improve the health of thousands of people in my state"

The New Fortune 500



Medicaid's Varying Roles in the Market



Medicaid <u>I</u>n the Market	Medicaid <u>I</u>s the Market
Examples: Hospitals, physicians, dental, drugs	Examples: Personal assistance, HCBS, DD services, mental health
Client needs similar to those of general population	Clients often special populations (long-term, heavy users of services)
Physician-driven, care increasingly high tech	Physician decision-maker in background, care often “high touch”
Many providers have public profile	Few providers have public profile
Lots of data available on industry organization, comparative payments	Data often hard to come by
Other payers have significant influence on cost, access, quality	Medicaid has very significant influence on cost, access, quality

Federal Gov't

CMS (MSIS)
MedPAC
GAO
OIG

Provider Associations

Pediatricians
Hospitals
Nursing facilities
Etc.

Medicaid Websites

Provider manuals
Studies
Fee schedules
(Thank you HIPAA!)

Search Tools

PubMed
Google
FindLaw etc.

Research & Data Organizations

Kaiser Commission
National Academy
DERP SHADAC

- ▲ Ad-hoc MMIS queries are so 20th century
- ▲ Decision Support System
 - Combines MMIS, eligibility, other data
 - Ease of use and good query tool are critical
- ▲ Mini-DSS
 - Claims records with extra tagged fields
 - Simpler and quicker to implement
- ▲ Management and analysis reports
 - Often underused?
 - Adding simple clinical groupings can greatly increase understanding

Evidence-Based Framework for Medicaid Purchasing

EVIDENCE

MEASURE ACCESS TO QUALITY CARE

- Care received by beneficiaries
- Provider capacity and willingness to serve Medicaid
- Quality of care
- Payment rates and policies

FINDINGS

Access > acceptable

Access = acceptable

Access < acceptable

ACTION

Consider reducing rates

Can Medicaid fix?

WHERE IS BEST RETURN ON INVESTMENT?

- Improve info flow
- Reduce admin burden
- Targeted rate changes
- General rate increases

1. Give program officers responsibility and authority for value purchasing
2. Enable access to comprehensible data—however you do it
3. Increase staff expertise in claims data, data analytics, health care coding, and evidence from outside sources
4. Assign some of your best analysts to fraud and abuse
5. Give providers incentives to manage utilization appropriately

6. Consider paying for quality, moving carefully
7. Gather evidence and analyze payment levels before the crisis hits
8. Pay particular attention to services where “Medicaid is the market”
9. Follow the money: Are policy and edits right for top 100 physician codes – top 50 drugs – top 50 DME codes – top 25 admit reasons?
10. Harness existing MMIS power in areas such as claims edits, UR criteria, and reporting

How much is “too much” depends on state-specific policy goals and evidence on access to quality care. Some possible areas for further analysis:

- ▲ Medicare crossover claims
- ▲ Drug pricing, especially on generics
- ▲ Supplemental and/or J code rebates on drugs
- ▲ Hospital outpatient therapy and imaging services
- ▲ Observation services
- ▲ Payments to “provider-based” clinics
- ▲ Services paid at a percentage of costs or charges
- ▲ Services with rapidly increasing utilization
- ▲ Nursing home ancillary services

- ▲ Slide 4 – The quotation is from CMS, *Medicare Hospital Value-Based Purchasing Plan Development*, Issues Paper (Baltimore: CMS, Jan. 17, 2007), p. 1.
- ▲ Slides 11 and 12 – See Kevin Quinn and Martin Kitchener, “Medicaid’s Role in the Many Markets for Health Care,” *Health Care Financing Review* 28:4 (Summer 2007), pp. 69-82.
- ▲ Slide 13 – Some sources of evidence on payment methods and levels:
 - Kaiser Commission on Medicaid and the Uninsured at www.kff.org/about/kcmu.cfm
 - State Health Access Data Assistance Center at www.shadac.umn.edu
 - National Academy for State Health Policy at www.nashp.org
 - Medicaid Statistical Information System at <http://msis.cms.hhs.gov>
 - HHS Office of Inspector General at www.oig.hhs.gov/reports.html
 - CMS reports at www.cms.hhs.gov/ResearchGenInfo
 - Medicare Payment Advisory Commission at www.medpac.gov
 - Government Accountability Office at www.gao.gov
 - Drug Effectiveness Review Project at www.ohsu.edu/drugeffectiveness
 - Murphy’s Unofficial Medicaid Page at www.geocities.com/CapitolHill/5974 (includes links to state Medicaid webpages)
- ▲ Slide 15 – See Kevin Quinn, “How Much Is Enough? An Evidence-Based Framework for Setting Medicaid Payment Rates,” forthcoming in *Inquiry* (Fall 2007)

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www.acsstatehealthcare.com/pay_method.html