Forecasting the Future Of Medicaid

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Opportunities and Threats

- Value Based Purchasing
- Focus on Pharmacy
- Demand for Information by Consumers
- Medicaid Chances
- Congressional Health Care Proposals
Value Based Purchasing

• Commercial Payers and States will continue to develop/implement strategies for VBP
  – Increase in expectations from elected officials for accountability
  – Increase need for consistent data across managed care plans/delivery systems
  – Increased pressure for real time data to make decisions and take action
  – Lack of clarity re: the locus of accountability
    • Managed Care Plans
    • ACOs/ACHs
    • Physician groups
    • Providers
Value Based Purchasing

• Mental Health and Substance Use Disorder Measures—are they the right measures?
  – 10+ number of MH/SUD measures in HEDIS/CMS Quality Measures
  – Process versus Outcome measures
  – Great interest in measures that will address crisis and impact costs
  – Gaps in national measures
Value Based Purchasing

• Push toward VBP and Changes in Social Determinants of Health—are we ready?
  – SDHI area of focus: housing, employment, incarceration
  – No “standardized measures” in SDHI areas
  – Challenges with having NOMs “dating” Medicaid claims data
  – What’s the payment strategy--who and how much are key drivers
Pharmacy

• Focus on Pharmacy
  – Greater focus on pharmacy—costs and expediency
  – 40-50% of all premium increases can be attributed to rise in pharmacy costs
  – Drivers:
    • Monopoly on the drug—one drug maker
    • Small market only a few—no need for much competition
    • Challenges that don’t allow competitors to create generic
  – Pressure to fast track new generic drug applications
  – More scrutiny on pay for delay strategies
Better Informed Consumers

- Possible increase in out of pocket consumer costs:
  - Higher deductibles
  - Health savings accounts
  - Other types of contributions
- Impact: consumers will be looking for value
- Good news—more information available to consumers than ever before
- Bad news—not digestible
- Increase in web based technology for appointments AND treatment
- Individuals may be ill equipped to be better consumers
Changes in Medicaid

- Medicaid--Opportunities
  - Increased flexibilities provided to states
  - Clear interest in assisting states re: critical issues SUD
  - Solid commitments to offer technical assistance (IAP)
  - States still seeking to address priorities—behavioral health is still a major focus:
    - Integration with physical health and behavioral health
    - Pay for performance
    - New services
Changes in Medicaid

• Medicaid—Threats
  – Increased expectation re: personal responsibility
  – Work and work requirements
  – New and existing Medicaid expansion efforts
  – Draconian cost containment efforts (per capita limits or block grants)
  – Regulations and Enforcement
Changes in Medicaid

• States Moving Forward with Sweeping Medicaid Changes will propose:
  – Requesting a block grant for some of its Medicaid funding
  – Eliminating retroactive eligibility
  – Eliminating duplicity re: administrative functions at state and federal level (e.g. rate setting)
  – Waiving requirements for new rules (e.g. access rule)
Congressional Proposals

• People with health conditions would be charged multiples more based on their medical history, paying above-standard rates for coverage

• Punt to the states:
  – Protections for people with preexisting conditions
  – Decisions re: coverage of essential health benefits
  – Remove bans on annual/lifetime limits

• Increase premiums for individuals by 20 % according CBO.
Congressional Proposals

- Increase out-of-pocket expenses for older Americans—“Age Tax”

- End Medicaid expansion, impacting 11 million working families, children, people with disabilities.

- Shift $370 M in costs to states over the next decade

- Economic impact--2.6 million Americans to lose their jobs
Congressional Proposals

Essential Health Benefits at Risk

People insured by large employer (self-funded) plans who could lose protections under AHCA amendments.

40% - 75%

Jeanne Lambrew, Ellen Montz: Millions could lose health benefits if Congress repeals and states replace the ACA, the Century Foundation.
Congressional Proposals

Table 1. Potential Loss of Essential Health Benefits

<table>
<thead>
<tr>
<th>Benefit</th>
<th>Percent of Individual Market Enrollees Without Coverage, 2010 (before ACA)</th>
<th>Estimated Number of Individual Market Enrollees Who Could Be Without Coverage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maternity Services</td>
<td>62 percent</td>
<td>13 million</td>
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<tr>
<td>Substance Use Disorder Services</td>
<td>34 percent</td>
<td>7 million</td>
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<tr>
<td>Mental Health Services</td>
<td>18 percent</td>
<td>4 million</td>
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<tr>
<td>Perscription Drug Coverage</td>
<td>9 percent</td>
<td>2 million</td>
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</tbody>
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Final Thoughts

- Health reform is inevitable

- Insurers and not government are in the driver seat

- Data will play a more important role than ever for health care industry and consumers

- We will continue to get more precise on what constitutes quality