

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)

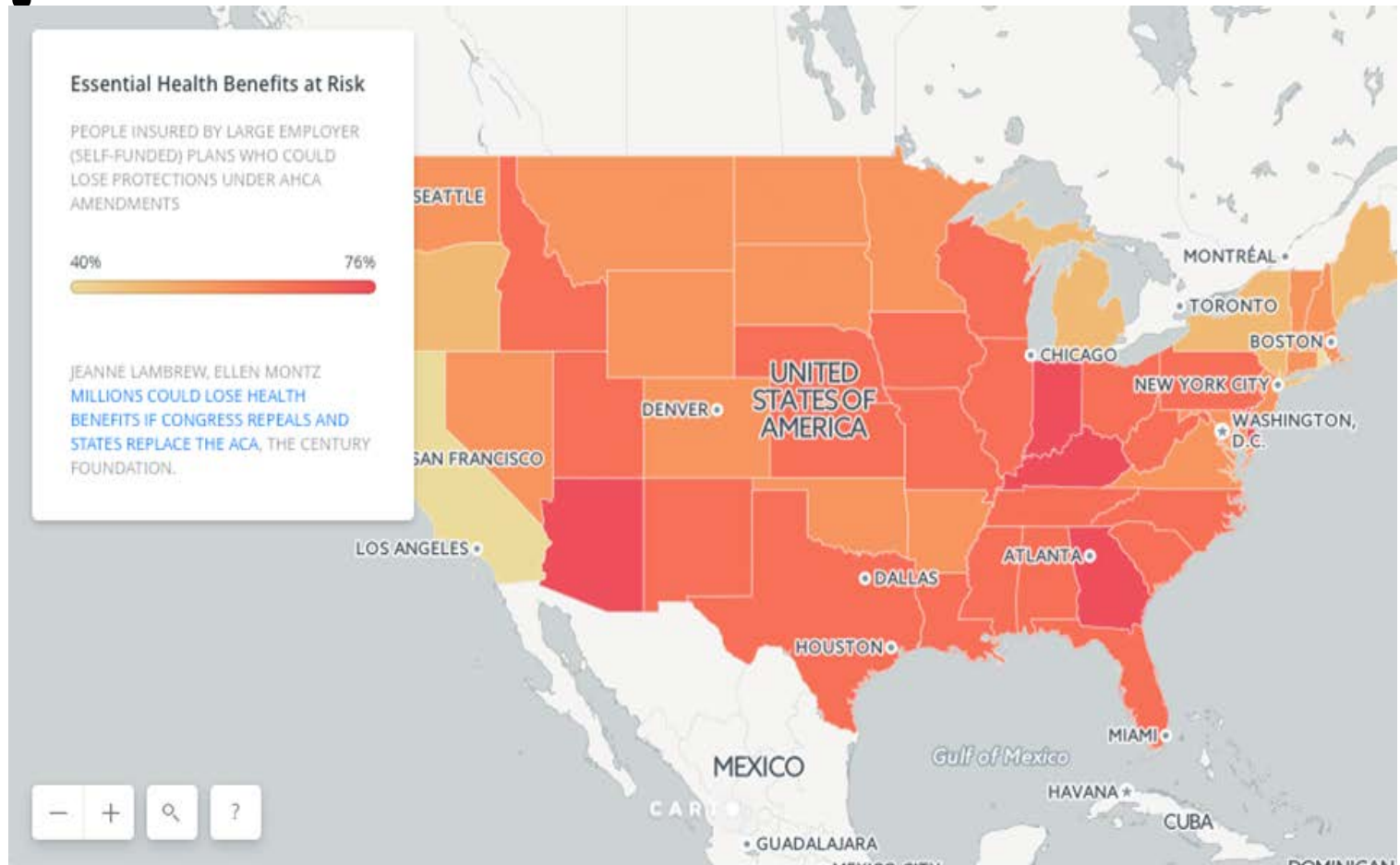
Congressional Proposals

- 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



Congressional Proposals

Table 1. Potential Loss of Essential Health Benefits

Benefit	Percent of Individual Market Enrollees Without Coverage, 2010 (before ACA)	Estimated Number of Individual Market Enrollees Who Could Be Without Coverage
Maternity Services	62 percent	13 million
Substance Use Disorder Services	34 percent	7 million
Mental Health Services	18 percent	4 million
Prescription Drug Coverage	9 percent	2 million

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