



LFC PROGRAM EVALUATION: CENTENNIAL CARE 2.0  
NOVEMBER 18, 2020

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*INVESTING FOR TOMORROW, DELIVERING TODAY.*

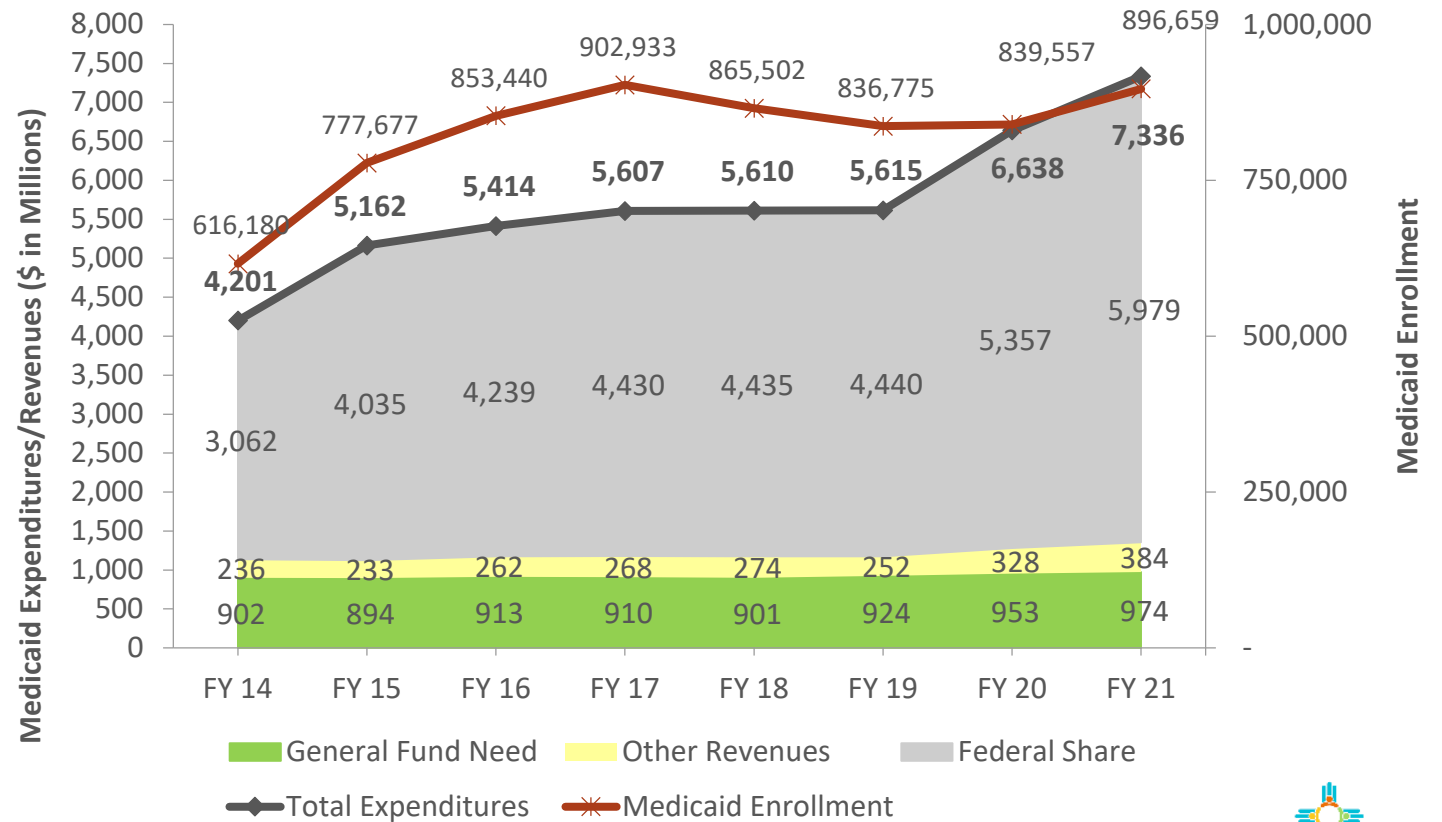
# GUIDING MEDICAID PRINCIPLES

- New Mexico has the highest population percentage covered by Medicaid, which creates a greater New Mexico HSD responsibility to our healthcare market and to fair payments.
- The overwhelming majority of federal Medicaid dollars must be spent on providing direct services to Medicaid beneficiaries.
- HSD aims to optimally leverage federal funds to improve the health of New Mexicans, while maintaining strict compliance with the law.

# ENROLLMENT GROWTH, CAPITATION RATES, SPENDING, (AND REVENUE)

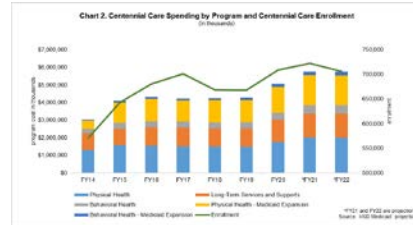
- LFC Report: Enrollment growth and capitation rate increases are driving centennial care 2.0 spending to all-time highs
- HSD: Centennial Care 2.0 costs are increasing at a rate that is slower than national trends
- FY19 to FY21:
  - $\Delta$  GF Change = \$50 M (+5.1%)
  - $\Delta$  Other Revenues = \$132 M (+52.4%)
  - $\Delta$  Federal Revenue = \$1721 M (+30.7%)

**Total Medicaid Enrollment, Expenditures and Revenues**

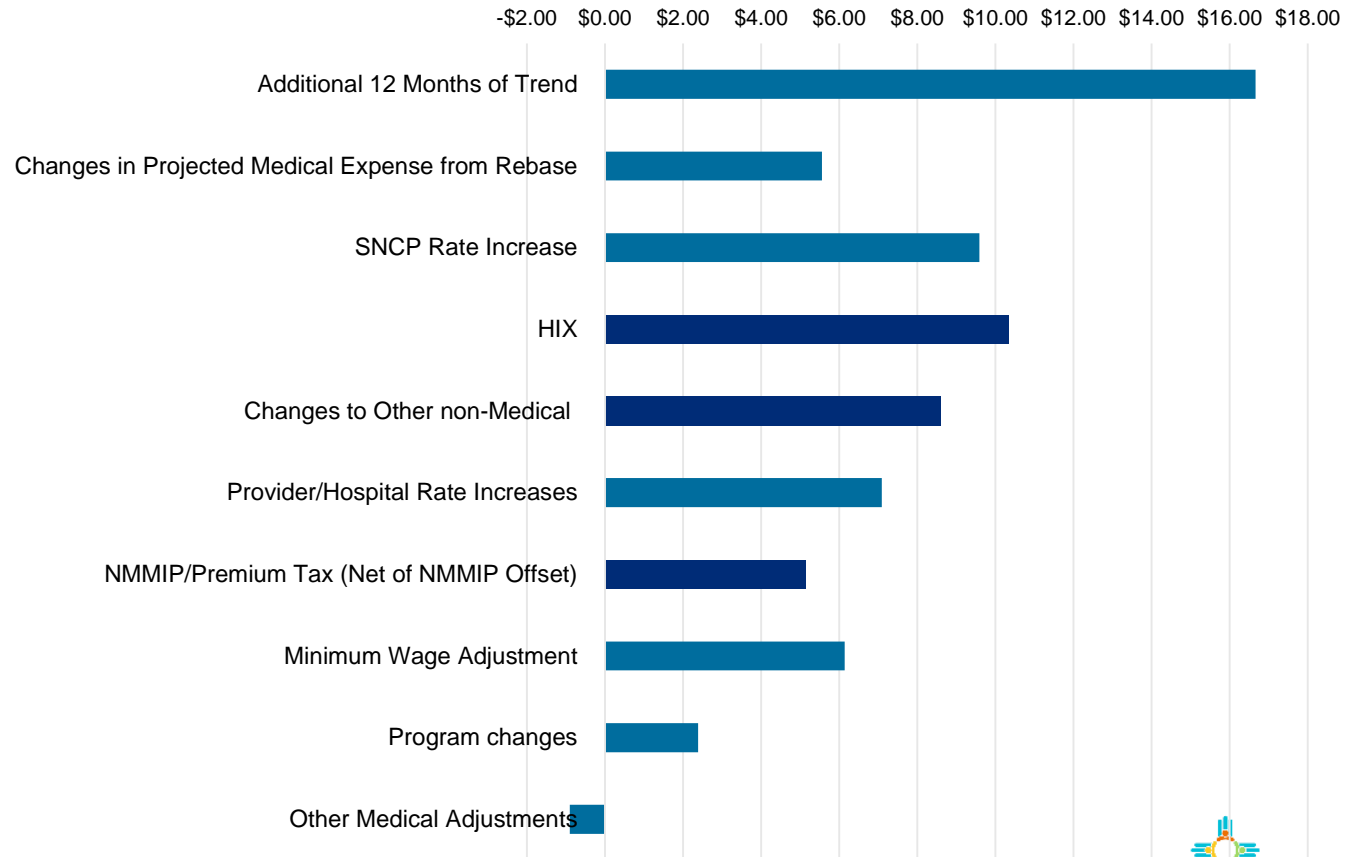


# CAPITATION INCREASES (AND NON-FEDERAL REVENUE INCREASES)

- LFC Report: Centennial care 2.0 costs steadily growing through FY21 (intentional capitation rate increases by HSD led to additional general fund spending of \$70 million)

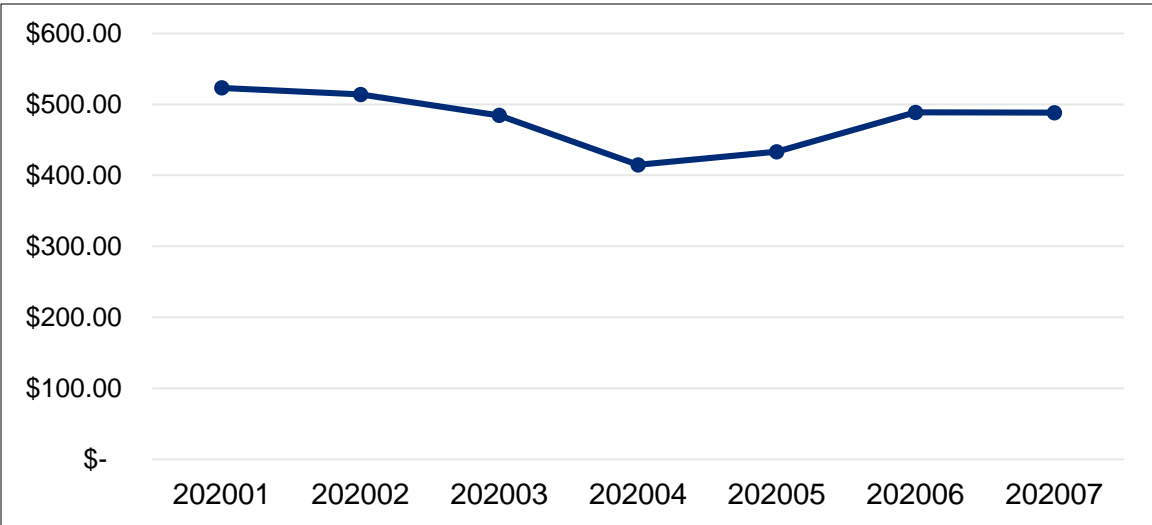
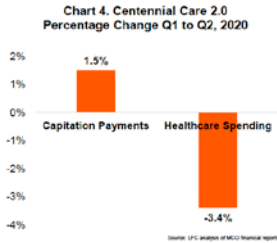


- HSD: Capitation rate increases of \$70 M due to many different changes.
- New revenue sources funded >100% of expenses (over \$200 M)



# DID THE MCOs RECEIVE A WINDFALL?

- LFC Report: The pandemic has led to increased enrollment and payment to MCOs, but MCOs have lower utilization and spending
- HSD: There was a temporary decline in *some* services in March-May, 2020. HSD required MCOs to pay enhanced provider rates of \$46 M without capitation rate increases, leaving only \$3.0 M General Fund unreconciled
- We reconcile profit > 3.0%

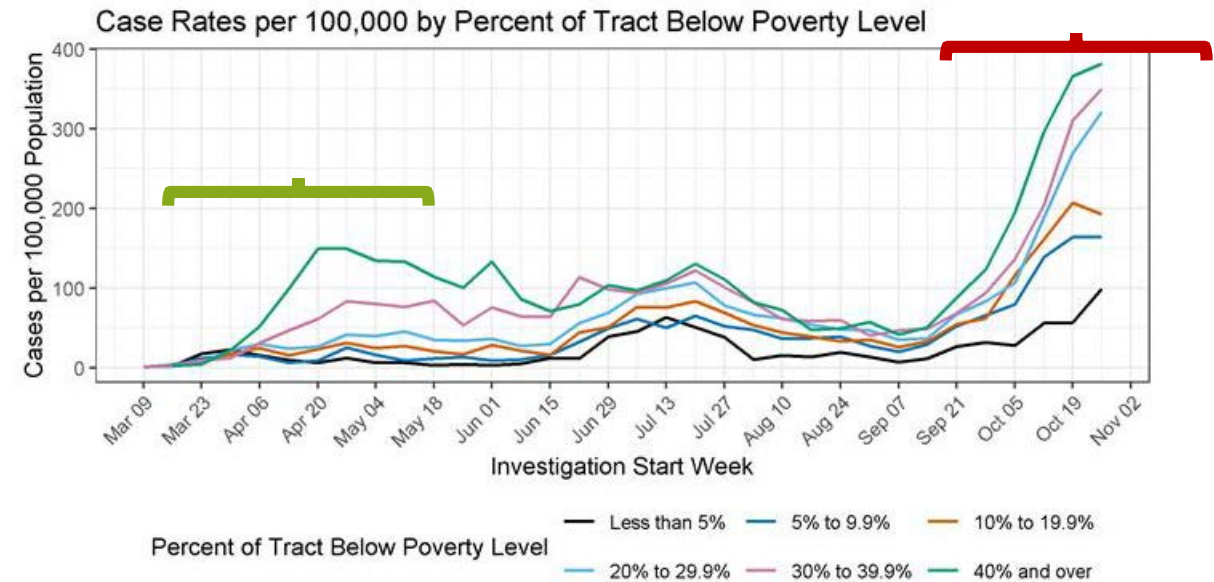


Estimated Utilization Reductions:	\$(64,354,532)
Provider Rates & Other New Costs:	\$46,038,903
Net Impact:	\$(18,315,630)
<b>Net General Fund Impact</b>	<b>\$(2,959,806)</b>



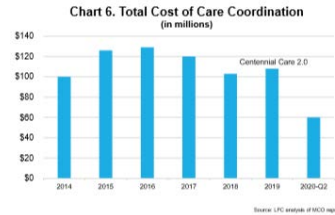
# SHOULD HSD RENEGOTIATE MCO CAPITATION RATES MORE FREQUENTLY, OR REDUCE BY 1.5%?

- LFC Report: HSD should consider decreasing capitation rates by the allowed 1.5 percent in light of decreased healthcare utilization among members during the pandemic. HSD should consider recalculating capitation rates more frequently during the duration of the pandemic to more accurately reflect the impact of Covid-19 on the Centennial Care 2.0 program.
- **HSD will:**
  - optimize capitation rates to comply with Federal regulations and actuarial principles, while avoiding additional risk liabilities.
  - adhere to Federal regulations related to time periods for capitation calculations, as well as ensuring that necessary contractual recoupments occur according to our contracts.



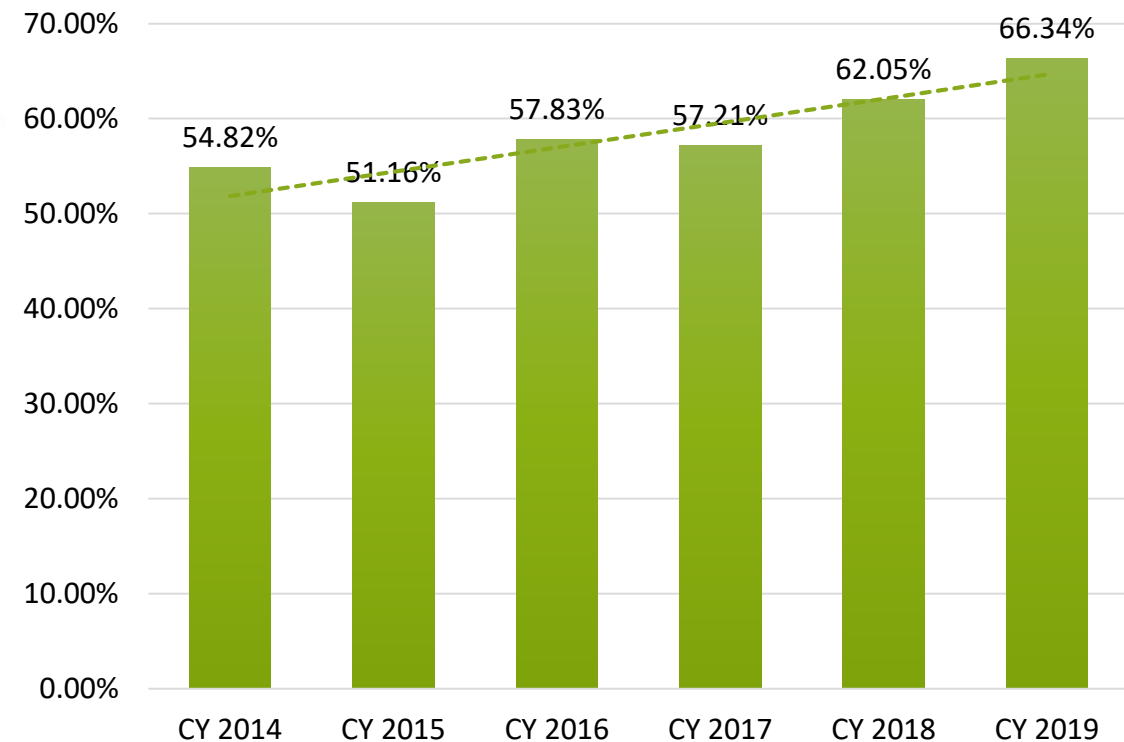
# CARE COORDINATION, SPENDING, OVERSIGHT

- LFC Report: Under Centennial Care 2.0, over \$100 million is spent annually on care coordination with little tracking of savings or outcomes



- HSD: Despite year over year enrollment growth from 2014-2019, on a per capita PMPM basis costs has remained relatively flat
- The federal waiver requires an independent evaluation of the program that is tracking more than 100 measures and outcomes.

## Prenatal and Postpartum Care - Postpartum Care



# CARE COORDINATION, SPENDING, OVERSIGHT

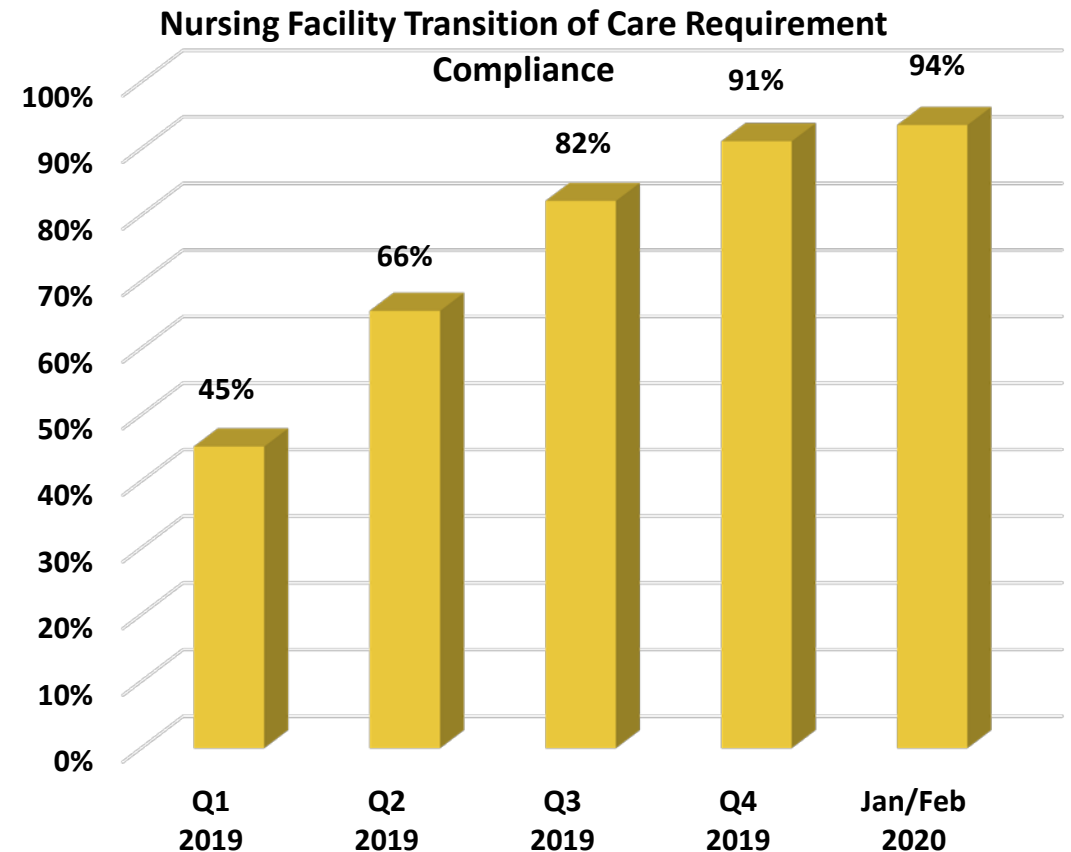
- LFC Report: MCOs shifted from quantity to quality of care coordination but it is unclear how this impacted member health and cost savings

**Table 10. Care Coordination Indicators**

Year	# of HRAs required	% completed within 30 days	% Level 3 members received quarterly person visits
2014	185,342	23%	60%
2015	116,452	34%	59%
2016	84,566	40%	52%
2017	63,409	57%	69%
2018	57,009	42%	42%
2019	45,541	67%	60%

Source: LFC Medicaid Accountability reports & MCO quarterly

- HSD: We included more stringent Transition of Care requirements and focused the MCOs care coordination efforts on fewer, more acute members
- HSD performs over 200 monthly chart reviews monitoring care coordination activities demonstrating the impact on members has been increased and timely transitions of care and assessment completion





# QUALITY METRICS: STAGNANT OR IMPROVING?

- LFC Report: New Mexico Medicaid health outcomes are stagnant and underperform national comparisons

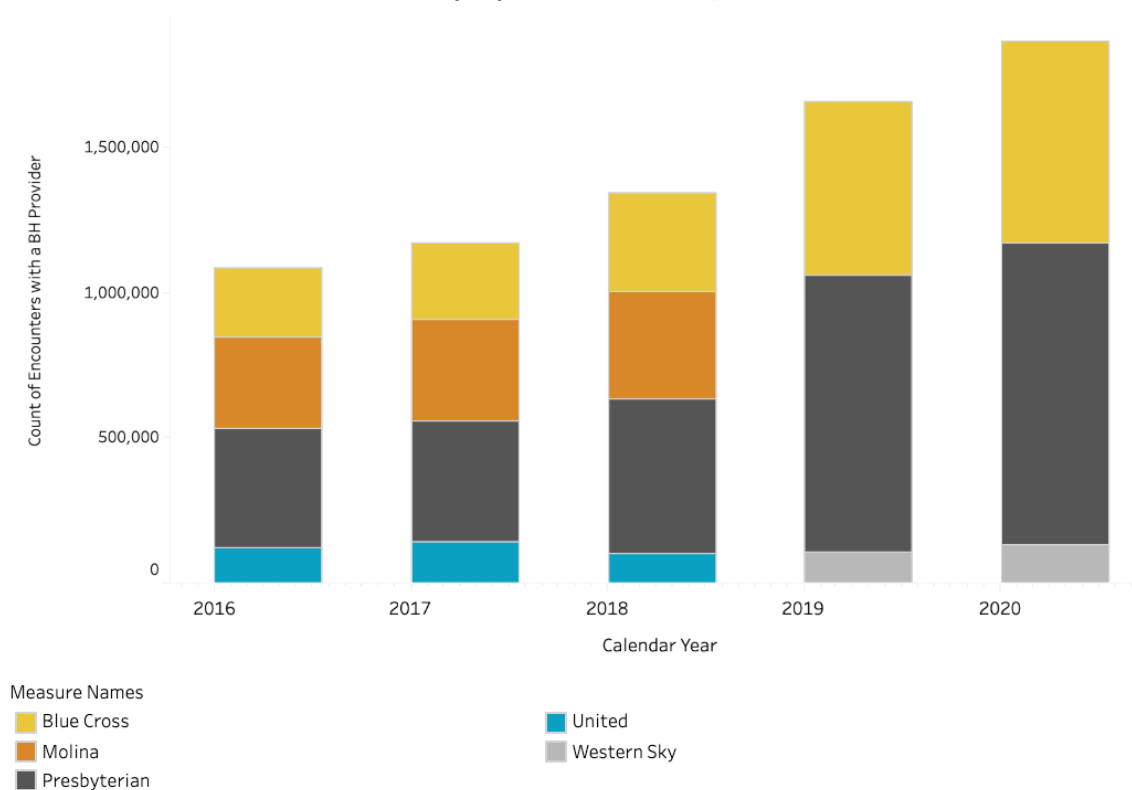
Adult and Child Health Outcome Core Set – Number Above National Median

Health Outcome Domain	Adult	Child
Behavioral Healthcare	7 of 18	1 of 6
Care of Acute and Chronic Conditions	2 of 9	1 of 4
Dental and Oral Health Services	N/A	1 of 1
Maternal and Perinatal Health	1 of 1	0 of 2
Primary Care Access and Preventive Care	0 of 4	1 of 13
Total	10 of 32	4 of 26

Source: CMS Adult and Child Core Measures.

- HSD: We are developing better linkages between quality metrics and financial payments to MCOs
- Focused on areas with greatest gaps between NM and Mountain West
- Major focus on BH
- Results available online
- Not stagnant

How good is my Managed Care Organization (MCO) at working with providers to ensure I have a behavioral health (BH) visit with a BH provider?



# QUALITY METRICS: STAGNANT OR IMPROVING?

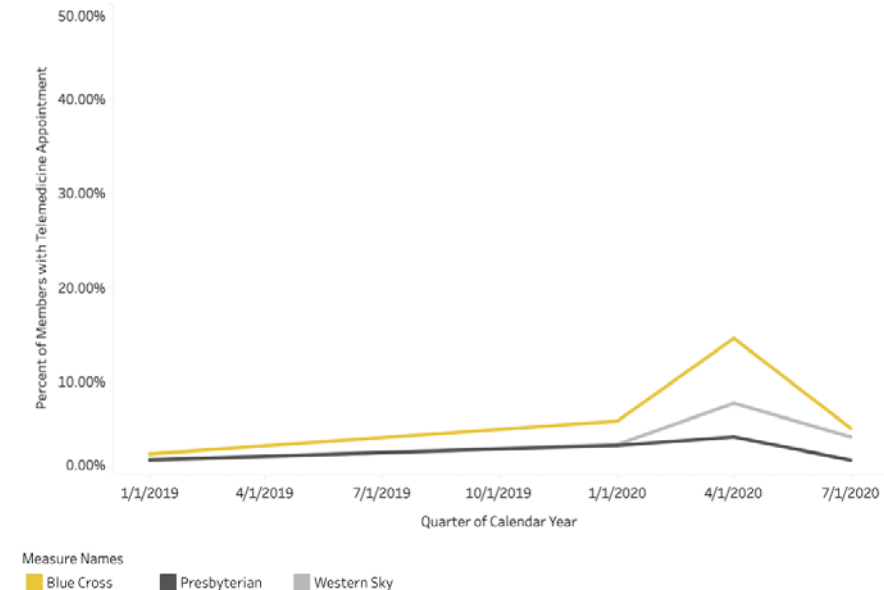
## MCO PERFORMANCE MEASURES (\$50 M, \$5 M EACH)

- Medical
  - Well child visits (15 months)
  - Counseling for physical activity (ages 3-17)
  - Prenatal visits
  - Postpartum visits
  - CIS combo 3 (dtap,ipv,mmr,hib,hepb,vzv,pcv)
- Behavioral
  - Antidepressant medication management
  - Initiation/Engagement of AOD (initiation)
  - (30 day) F/U hospital for Mental illness
  - (30 day) F/U ED for MI
  - DM screening w/Schizophrenia/Bipolar disorder on antipsychotic meds

## DELIVERY SYSTEM IMPROVEMENT PERFORMANCE TARGETS (\$50 M, \$12.5 M EACH)

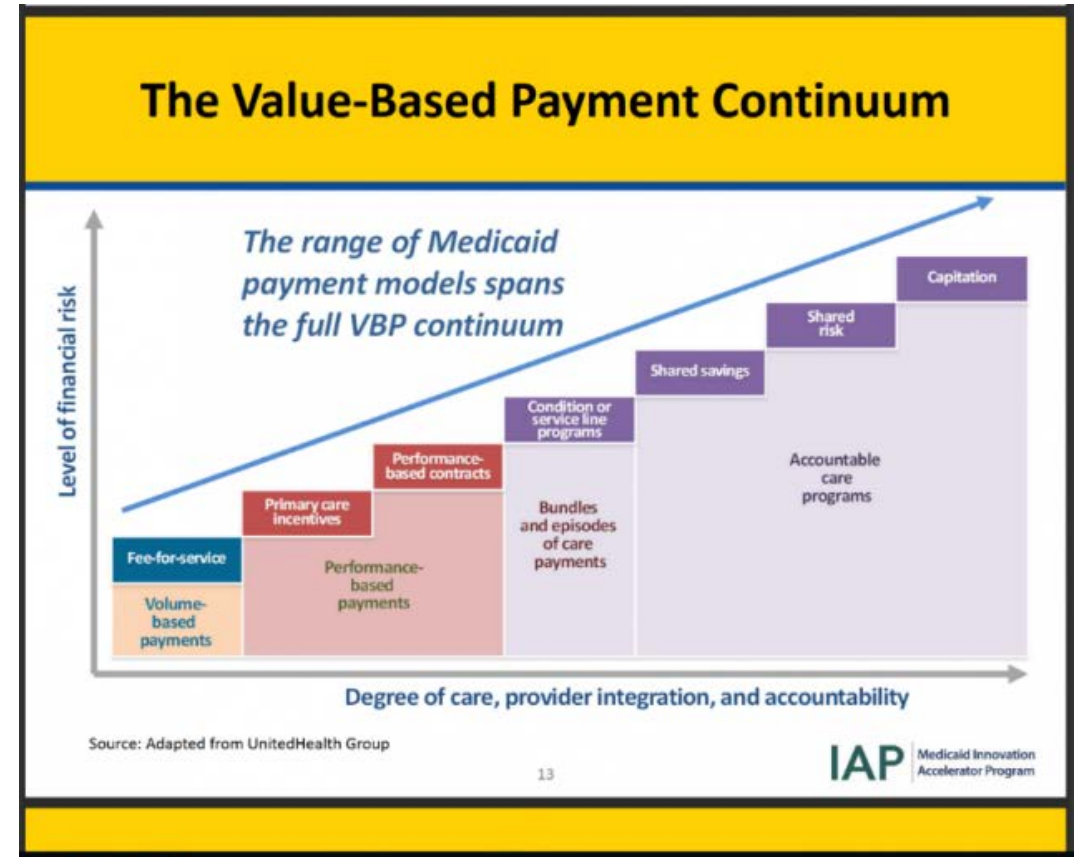
- BH visits with BH provider
- BH visits with non-BH provider
- Telemedicine
- VBP

How good is my Managed Care Organization (MCO) at working with providers to ensure I can have a telemedicine appointment?



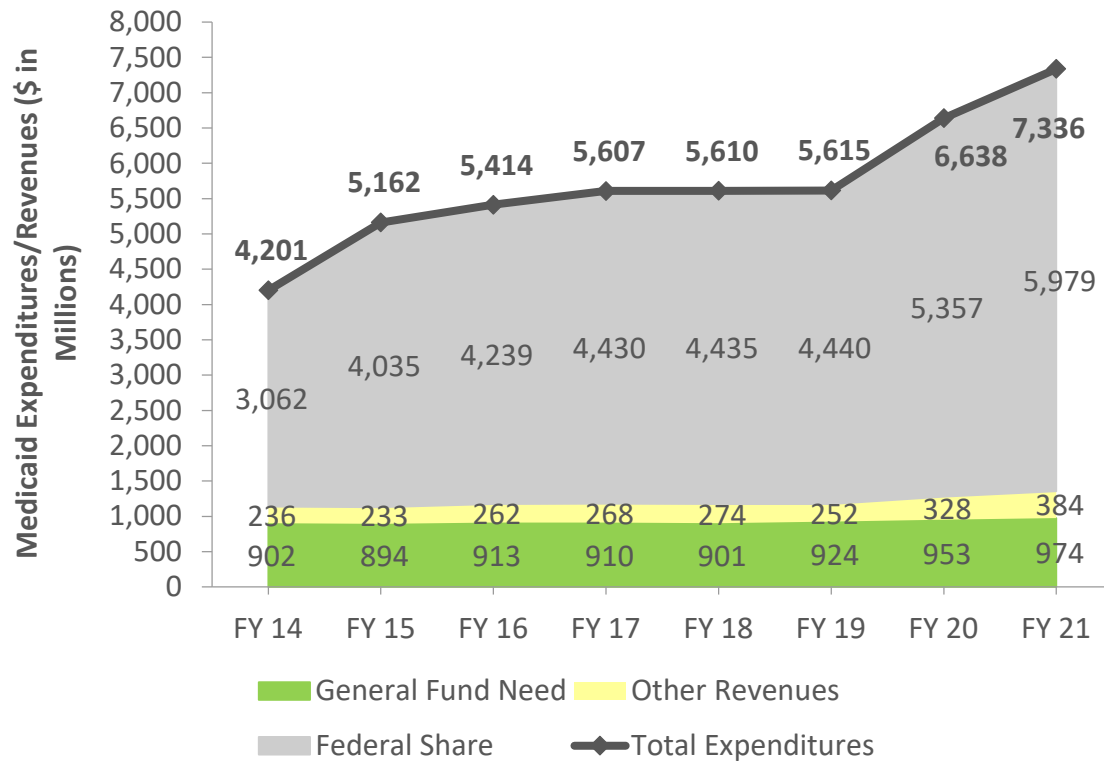
# VALUE BASED PURCHASING (VBP)

- LFC Report: Value-based purchasing (VBP) is key aspect of Centennial Care 2.0 intended to improve health outcomes. Data is collected but needs regular monitoring. Too early to tell if VBP is working.
- HSD: We are in the ramp up phase of value based purchasing
- We need to move past % of VBP contracts metrics to measure true medical outcomes
- Metrics will focus on subpopulations with discreet proven outcomes (e.g., diabetes with A1c improvement, CHF with hospital readmission avoidance)



# SPENDING AND REVENUE: THE REAL STORY

## Total Medicaid Enrollment, Expenditures and Revenues



## Medicaid Total Expenditures and % State General Fund Contribution

