Health Care Financing and Administration: Restructuring Opportunities

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Legislative Finance Committee
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Presentation Outline

- Goals and purpose of a health care financing agency
- Other state examples: Oklahoma, Kansas, and Oregon
- A picture of a health care financing agency in New Mexico
  - Update on the IBAC proposal for the Government Restructuring Taskforce

Goals for a Health Care Financing Agency

- Health care cost containment
  - State savings
  - System savings
- Improve health outcomes
  - Quality initiatives
  - Access to care, workforce strategies
- Delivery system design
- Data clearinghouse
- Consumer education

Purpose of a Health Care Financing Agency

- Administrative – a state agency to manage the public purchase of health care
  - Medicaid, Children's Health Insurance Program (CHIP) and other medical assistance programs
  - Substance abuse and mental health services
  - state and local employees and retirees
  - Other programs, for example, the high risk pool
- Policy Development – research and data collection for health care policy development; recommendation body; administration may remain in existing state entities;
  - Similar to health care authority bills considered in the last few years.
    - HB147 in 2008 (Rep. Picraux)
    - HB267 in 2009 (Rep. Stewart)
    - Creating a authority intended to collect data, do research, and make recommendations for health care reform.
- A Combination

Some Other Key Considerations

- Governance
  - Appointed board and composition
  - Executive agency
  - How to integrate existing governing bodies
- Relationship to health benefit exchange
  - Complicated by rollout of a health benefit exchange
  - Could operate the exchange or work in conjunction with an exchange.
- Legislative oversight
  - Subject to appropriation – i.e., "power of the purse"
    - Quasi-public entities – e.g., NMMIP – operate with little direct legislative oversight, despite significant state investments and costs
  - Reporting requirements
  - Sunset clause and review

Other State Authorities – Oklahoma

- Oklahoma Health Care Authority (http://okhca.org/)
- Primary entity "in the state of Oklahoma charged with controlling costs of state-purchased health care," balanced with "two, equally important goals:"
  - Assuring that state-purchased health care meets acceptable standards of care;
  - Ensuring that citizens of Oklahoma who rely on state-purchased health care are served in a progressive and positive system.
- Mission Statement: To purchase state and federally funded health care in the most efficient and comprehensive manner possible and to study and recommend strategies for optimizing the accessibility and quality of health care.
- Does not include state employee health care program; operated by the separate Oklahoma Employee Benefit Council

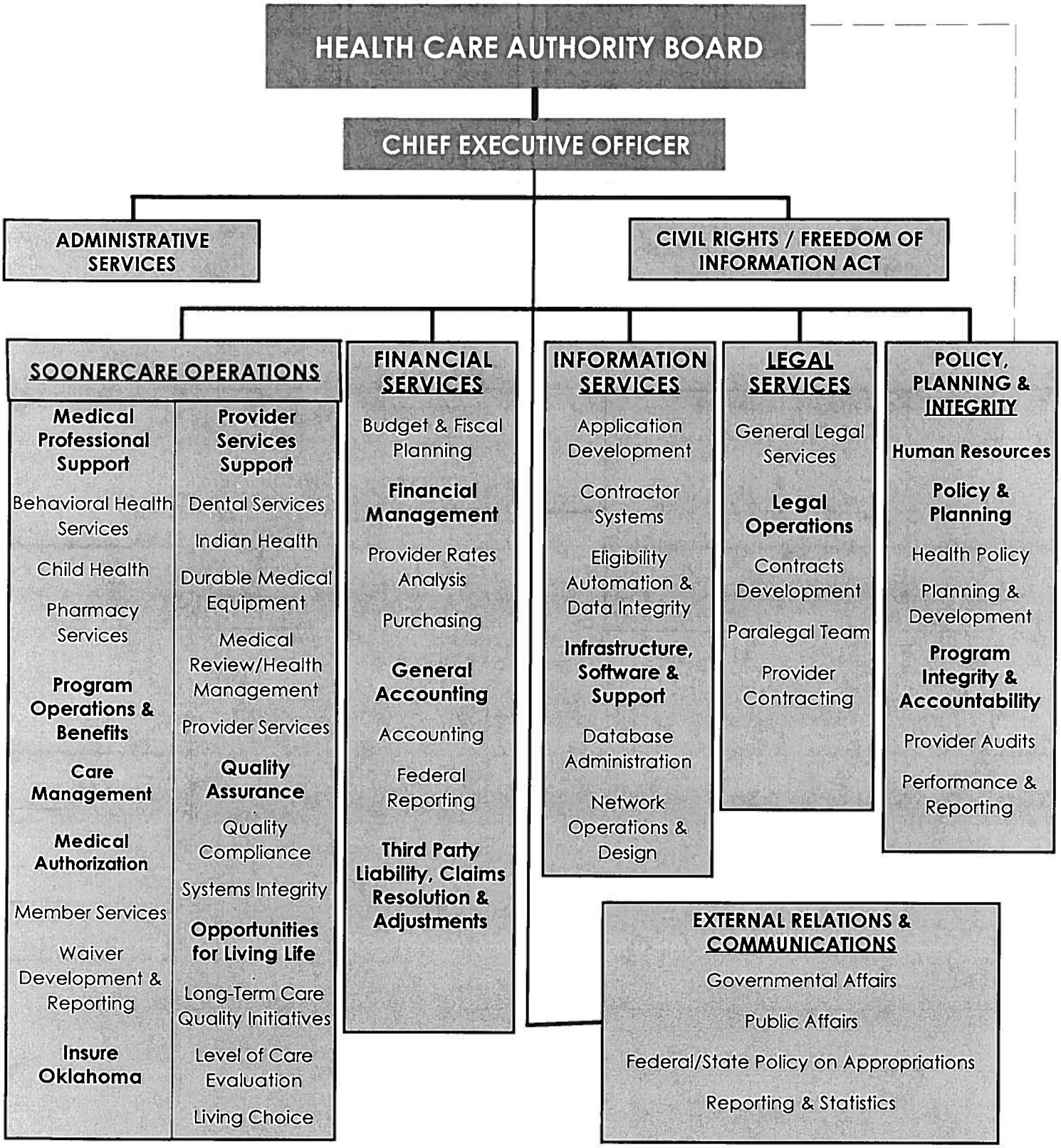
Other State Authorities - Oklahoma

- Governance: Board composed of seven appointed members.
  - Two members shall be appointed by the President Pro Tempore of the Senate.
  - Two members shall be appointed by the Speaker of the House of Representatives.
  - Three members shall be appointed by the Governor; two of the members appointed by the Governor shall be consumers.

Other State Authorities - Oklahoma

- Responsibilities and Functions
  - The Board shall have the power and duty to:
    - Establish the policies of the Oklahoma Health Care Authority;
    - Appoint the Administrator of the Authority;
    - Adopt and promulgate rules as necessary and appropriate to carry out the duties and responsibilities of the Authority. The Board shall be the rulemaking body for the Authority; and
    - Adopt and publish the appropriate administrative policies and the business plan annually; policies will be subject to an annual examination by an independent audit.

OKLAHOMA


HEALTH CARE AUTHORITY BOARD
CHIEF EXECUTIVE OFFICER
ADMINISTRATIVE SERVICES
CIVIL RIGHTS / FREEDOM OF INFORMATION ACT
SOONERCARE OPERATIONS
Medical Professional Support
Behavioral Health Services
Child Health
Pharmacy Services
Program Operations & Benefits
Care Management
Medical Authorization
Member Services
Waiver Development & Reporting
Insure Oklahoma
Provider Services Support
Dental Services
Indian Health
Durable Medical Equipment
Medical Review/Health Management
Provider Services
Quality Assurance
Quality Compliance
Systems Integrity
Opportunities for Living Life
Long-Term Care Quality Initiatives
Level of Care Evaluation
Living Choice
FINANCIAL SERVICES
Budget & Fiscal Planning
Financial Management
Provider Rates Analysis
Purchasing
General Accounting
Accounting
Federal Reporting
Third Party Liability, Claims Resolution & Adjustments
INFORMATION SERVICES
Application Development
Contractor Systems
Eligibility Automation & Data Integrity
Infrastructure, Software & Support
Database Administration
Network Operations & Design
LEGAL SERVICES
General Legal Services
Legal Operations
Contracts Development
Paralegal Team
Provider Contracting
POLICY, PLANNING & INTEGRITY
Human Resources
Policy & Planning
Health Policy
Planning & Development
Program Integrity & Accountability
Provider Audits
Performance & Reporting
EXTERNAL RELATIONS & COMMUNICATIONS
Governmental Affairs
Public Affairs
Federal/State Policy on Appropriations
Reporting & Statistics

Other State Authorities - Kansas

- Kansas Health Policy Authority http://www.khpa.ks.gov/
  - Established in 2005 as the principal health care agency for the state of Kansas.
  - All health insurance purchasing by the State is combined under the Authority, including publicly funded programs (Medicaid, State Children's Health Insurance Program, and Medikan) and the State Employee Health Benefits Plan (SEHBP).
    - Serves as the single state Medicaid agency in Kansas.
    - Administers the State Employee Health Program; and the State Self-Insurance Fund (SSIF), which provides workers compensation coverage to state employees.
  - Purpose: To develop and maintain a coordinated health policy agenda that combines the effective purchasing and administration of health care with promotion oriented public health strategies (KSA 75-7404).

Other State Authorities - Kansas

- Governance:
  - Nine voting members appointed by the Governor and House and Senate leadership
  - Eight non-voting (ex-officio) members which include Secretaries of State Departments: Health and Environment, Social and Rehabilitation Services, Administration, Aging; KDHE Director of Health, the Insurance Commissioner, the Education Commissioner, and the Executive Director of KHPA.

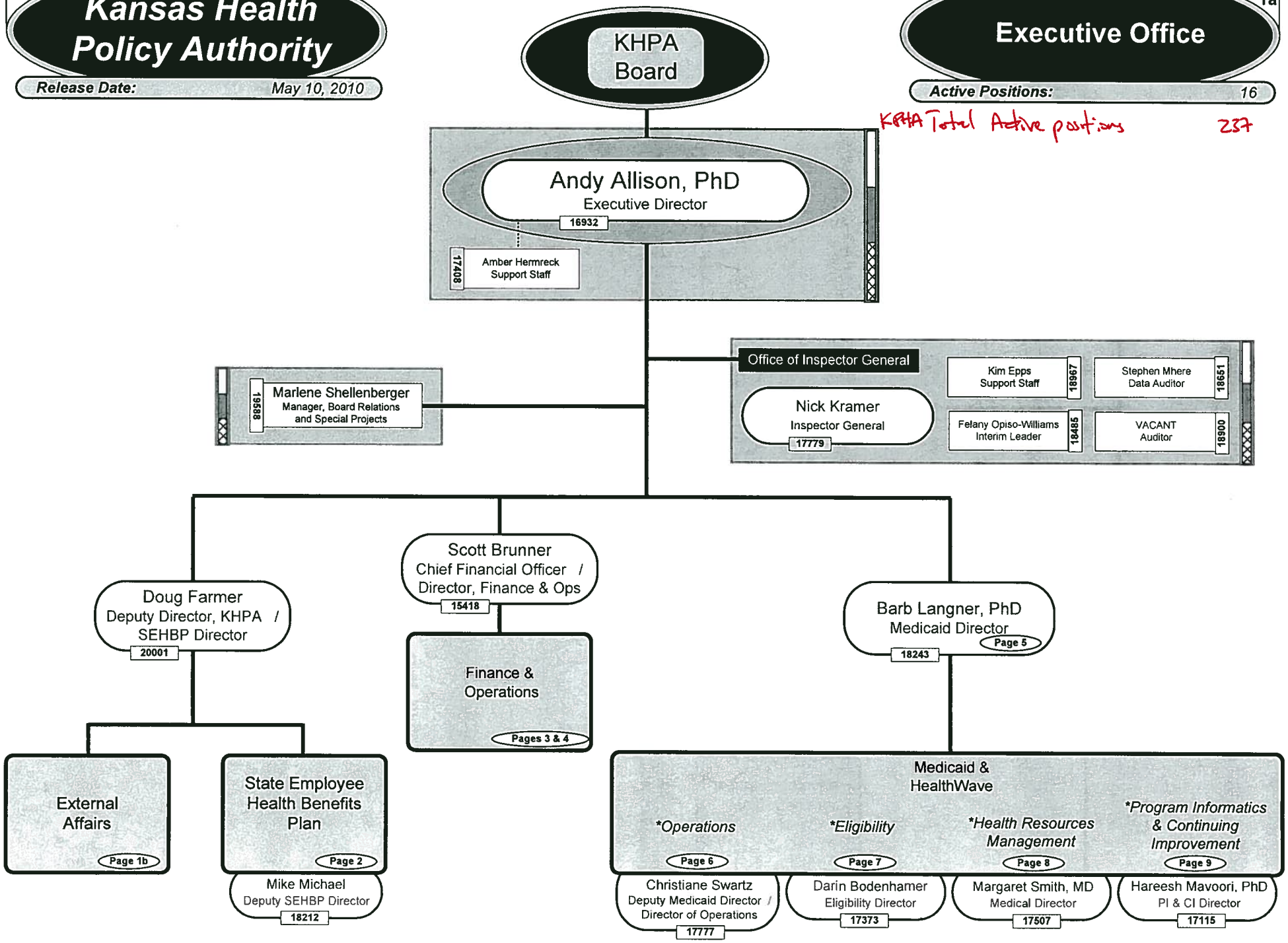
Kansas Health Policy Authority

Release Date: May 10, 2010

Executive Office

Active Positions: 16

KHPA Total Active positions 237



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KHPA's Coordinated Health Policy Agenda

11-Dec-09

Vision	**Access to care**: Every Kansan should have access to patient-centered health care and public health services ensuring the right care, at the right place, and the right price. Health promotion and disease prevention should be integrated directly into these services.	**Quality and Efficiency in Health Care**: The delivery of care in Kansas should emphasize positive outcomes, safety and efficiency and be based on best practices and evidence-based medicine.	**Affordable and Sustainable Health Care**: The financing of health care and health promotion in Kansas should be equitable, seamless, and sustainable for consumers, providers, purchasers and government.	**Promoting Health and Wellness**: Kansans should pursue healthy lifestyles with a focus on wellness—to include physical activity, proper nutrition, and refraining from tobacco use—as well as a focus on the informed use of health services over their life course.	**Stewardship**: The Kansas Health Policy Authority will administer the resources entrusted to us by the citizens and the State of Kansas with the highest level of integrity, responsibility and transparency.	**Education and Engagement of the Public**: Kansans should be educated about health and health care delivery to encourage public engagement in developing an improved health system for all.
Accomplishments	Presumptive Medical Disability Determination (PMDT)	SEHP web-based enrollment	Additional plan options in SEHP	Identified gaps in prevention through Medicaid transformation grant	SEHP fund management	Advisory Councils
	Expanded participation in SEHP by non-state groups	E-prescribing in SEHP	Lowered SSIF long term liabilities	Wellness Programs for SEHP plan members	Audit and Deferrral Resolution	Mental Health Prescription Drug Advisory Committee
	Working Healthy programs to promote independence for persons with disabilities	Implemented severity adjusted payments in Medicaid and non-payment of never events in MCD			Risk-based rates for Work Comp	Participation in Legislative and Board of Regents Wichita Graduate Medical Education (WCGME) task forces
	Increased provider payments funded by provider assessment.	Created Mental Health Prescription Drug Advisory Committee			Agency-wide imaging	Medical Home Stakeholders
	Payment reforms: Disproportionate Share Hospitals (DSH) and Critical Access Hospitals (CAH)	Community Health Record (CHR) pilot projects			Electronic processing and medical case management in SSIF	Health Information Technology/Exchange (HIT/HIE)
	Medical Education funding reform and enhancement	Data Analytic Interface (DAI)			Standardized, permanent ID cards for Medicaid and SCHIP beneficiaries	Medicaid beneficiary web portal
						Pulse newsletter
	Data indicators	Data indicators	Data indicators	Data indicators	Establishment of Office of Inspector General	Comprehensive timely reporting on website
Ongoing Initiatives	KATCH project ($40 million federal grant)	Home health chronic care initiative	Outsourcing management and capping payments for Medicaid transportation services	Value based design in SEHP	Aligning organizational structure	Established process for regular engagement with tribes.
	SCHIP expansion	Medicaid transformation initatives and agency-wide program evaluation	DME changes to control payments for unpriced equipment	SEHP Wellness program	Integrated job descriptions and performance management with performance expectations	Modernize outreach to SEHP members (video instructions, RSS feeds)
	Clearinghouse reprocurement	Implementing non-payment for additional never events (Medicaid and SEHP)	Operationalize the KHIIS database to understand and improve the health insurance marketplace	Tobacco cessation: SEHP, Medicaid pregnant women	Comparative data from DAI for coordinated purchasing (KHIIS, SEHP, MCD)	Data consortium
	Addressing the backlog of applications in the Clearinghouse.	Coordinated quality improvement process across KHPA	Active support of AG consumer protection initiatives.		LEA cost-based rates methodology	Improve agency's user-friendly web platform
	Positioning the state for possible federal reforms	Expanded data collection and use of QI data			Outsource estate recovery improve collections	
	Board of Regents workgroup to promote medical education	Support state HIE and implement federal Medicaid HIT			Enhanced reporting to validate ARRA stimulus	
		Develop Medical Home implementation plan				

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Recommendations	No recommendations at this time: expansions are inconsistent with the budget situation and would duplicate federal reform efforts	Engage in management of mental health pharmacy program	Professional rate leveling	* Enact a statewide Clean Indoor Air law	Prepare options to meet budget targets	
		Streamline prior authorization	* Promote workforce planning and policies to assure an adequate health care workforce in Kansas, e.g., policies to ensure success of the graduate medical education program in Wichita	* Enact regulations on vending machines in schools to require healthy food options	* Reduce spending by promoting health improvement through sound policies that prevent the onset of chronic disease	
				* Expansion of early detection program of breast and cervical, colorectal and prostate cancer	* Positioning the state for possible federal health reform	
				* Increase funding for Kansas Coordinated School Health (KCSH) Program	* Increase tobacco user fees to reduce smoking rates	
Long Range Goals	Explore options for insurance coverage for school district employees	Achieve meaningful use of HIE and HIT among providers serving MCD and the uninsured		Reduce tobacco use	Align payment methodologies with best practices in Medicare or other benchmarks	Constructive relationship with policy makers
		Achieve coordinated management for improved outcomes in disabled and aged populations		Reduce rates of obesity and overweight in Kansas	Develop the capacity of KHPA's workforce through promotion , training, teamwork, and recruitment	KHPA will be a consistent source of facts, insight, ideas, and sound advice
				Improve screening and preventive treatment		
	*Items added at 11/17/2009 Board meeting					

Other State Authorities - Oregon

- Oregon Health Authority
  http://www.oregon.gov/OHA/
  - State agency created in 2009, with a two year implementation plan leading to joining of the state's healthcare programs by July 2011.
    - Still in planning stages
  - Purpose: "to bring most health-related programs in the state into a single agency to maximize its purchasing power."

Other State Authorities - Oregon

- By July 2011, Oregon will combine several state agencies and programs into the authority.

Oregon Agency	New Mexico Counterpart
Addiction Services	Behavioral Health Services Division, HSD
Division of Medical Assistance Programs (DMAP)	Medical Assistance Program, HSD
Family Health Insurance Assistance Program (FHIAP)	
Mental Health Services	BHSD/HSD and CYFD Behavioral Health Programs
Oregon Educators Benefit Board (OEBB)	Public School Insurance Authority, APS health benefit programs
Office for Oregon Health Policy and Research (OHPR)	Health Policy Commission and DOH Office of Planning and Performance
Oregon Medical Insurance Pool (OMIP)	NM Medical Insurance Pool
Oregon Prescription Drug Program (OPDP)	
Oregon Private Health Partnerships (OPHP)	
Oregon Public Employees Benefit Board (PEBB)	General Services Department, Risk Management Division; Retiree Health Care Authority
Public Health Division (PHD)	Public Health Program, DOH

Note: Other NM programs might include Health Insurance Alliance, Insure New Mexico (HSD), DOH Facilities, Behavioral Health Collaborative, and Federally Qualified Health Centers

Other State Authorities - Oregon

- Responsible for most state health care services and for implementing the health care reforms, including:
  - Developing a plan to provide every Oregonian with affordable, quality health care
  - Setting high standards — and measuring and reporting
  - Making sure Oregon has the health care workforce it needs
  - Stimulating system innovation and improvement
  - Ensuring health equity for all Oregonians
  - Advocating for federal changes
  - Creating the Oregon Health Insurance Exchange

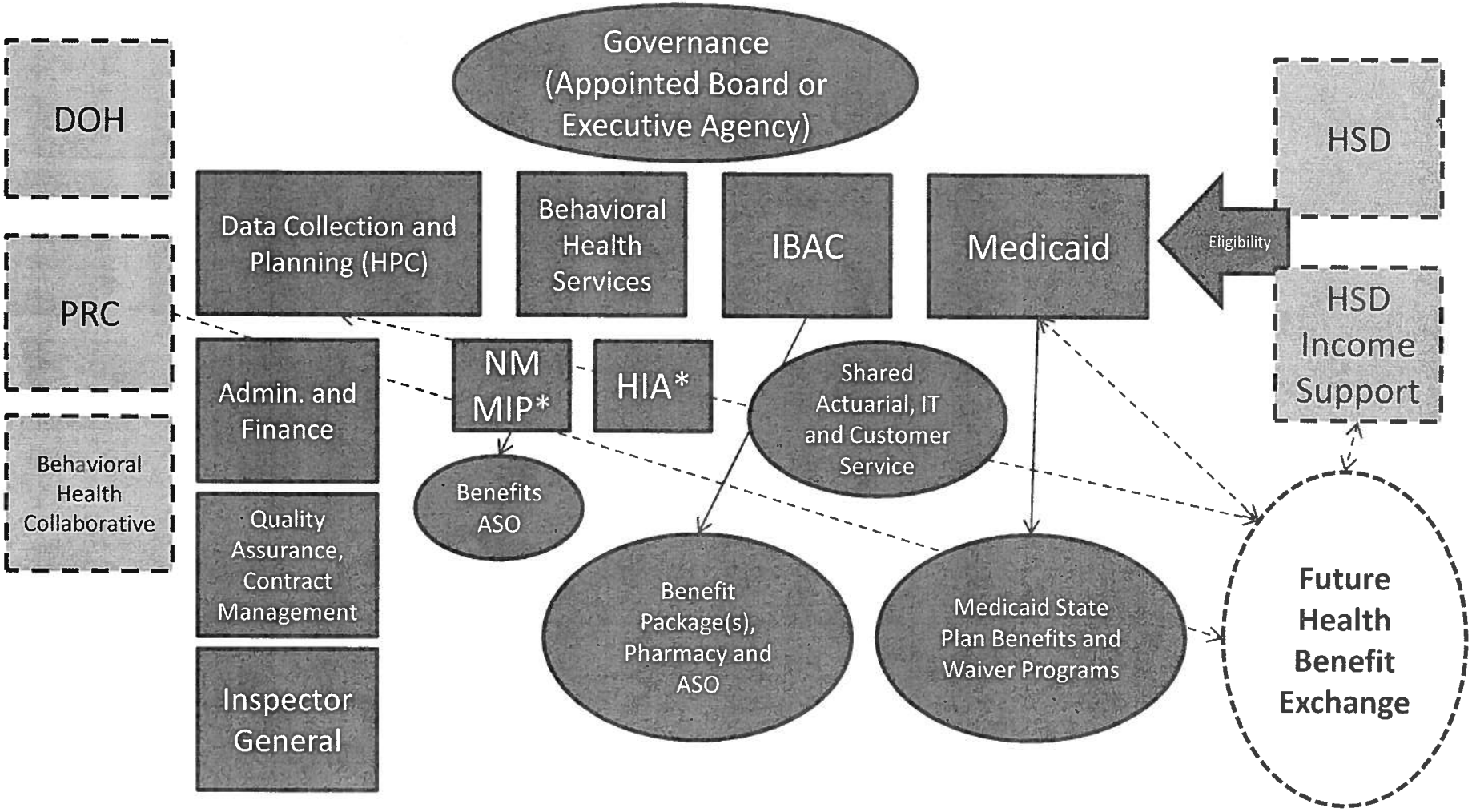
Other State Authorities - Oregon

- Organizational Structure
  - Oregon Department of Human Services:
    - Revisions to the organizational structure
    - Adjustments in agency-level leader responsibilities and lines of authority
  - Oregon Health Authority: Initial structure to be developed for the 2011-13 biennium and will be revisited to determine if adjustments are needed.

Other State Authorities - Oregon

- Governance
  - Nine-member, citizen-led board called the Oregon Health Policy Board.
  - Members appointed by the Governor and confirmed by the Senate.
  - Board serves as the policy-making and oversight body for the Oregon Health Authority.

A NM Health Care Financing Agency



*Coverage under NMMIP and HIA will be effectively phased out in 2014, with guaranteed issue under PPACA.

Phased IBAC Consolidation Options

(Presented to the Government Restructuring Taskforce)

Phase 1

Consolidated Purchasing

- July 1, 2011
- Similar to SB 155 (2010)
- Require consolidated purchasing of similar plans and benefits
- Coordinate contracted services, e.g., actuarial
- Retain independent governance and separate risk pools
- Consider APS exemption
- Broaden local and higher ed. institution participation

Phase 2

Administrative Consolidation

- July 1, 2012
- Consolidate administrative functions: customer service, billing, IT systems, etc.
- Consolidate board functions, e.g., single board with constituent representation

Phase 3

Consider Risk Pool Consolidation

- July 1, 2013 implementation
- Require comprehensive actuarial analysis to determine feasibility and impact