

Medicaid 2.0 Market Scan and Assessment

Quarter 1

Overview

NJ Medicaid currently covers 1.7 million residents and has an overall recommended budget for FY 2017 of nearly \$13B. With the ACA expansion, the federal share of the program has increased from 50% to approximately 65% of all expenditures. While a portion of this \$13B in state and federal funding (\$1B) supplements payments to hospitals and remaining fee for service (FFS) payments (\$3B), the balance of \$9B is paid to five contracted managed care organizations (MCOs). The MCOs provide coverage for all Medicaid services except behavioral health which remains FFS.

The 2012 Medicaid Comprehensive Waiver authorized the conversion of long-term care services from FFS to managed care and called for an Administrative Services Organization (ASO) to assume control of behavioral health services for adults. Children in Medicaid receive behavioral health services through a separately administered ASO managed through the Department of Children and Families. At present the adult services remain fee-for-service pending the state recommendations for the renewal of its waiver.

In addition to conversion of services to managed care, the waiver also established the Delivery System Reform Incentive Payments (DSRIP) program which required hospitals to develop quality improvement projects consistent with Triple Aim in order to qualify for payment. The waiver also included multiple small demonstration projects such as Medicaid Accountable Care Organizations (ACO) and Behavioral Health Homes (BHH). Below is an inventory of the value based purchasing initiatives underway in the NJ Medicaid program many of which were included in the waiver.

Waiver Renewal Status

The five year waiver expires in June 2017 and the state recently released the renewal application. In general, the document offers mostly a broad outline on the major policy issues: managed behavioral health, DSRIP and care coordination for dual eligibles. It also includes some expansion of telehealth and supportive housing. The overarching theme is to continue on the waiver's original reform path without increasing state Medicaid expenditures.

Current Medicaid Spending

While Medicaid expenditures grew substantially from the ACA expansion, the long term cost trajectory is relatively modest in large part as it has been limited to minimal cost of living increases in rates for hospitals and nursing homes. One notable exception is pharmacy services where specialty drugs are expected to grow at rates well in excess of general inflation.

Medicaid expenditures are broken down by major service in the state budget as follows:

- Hospital Services – \$4.1B
- Pharmacy – \$1.9B
- Nursing Homes – \$1.7B
- Community Based Long-Term Care - \$576M

The balance of funds is used to support special payments to hospitals (Charity Care and DSRIP), mental health , services to the developmentally disabled and administration.

Recent budget trends also include the change in the effective federal match rate associated with the ACA expansion. While the rate remains at 50% for most costs, the expansion population was matched at 100% and will over the next five years decline to 90%. Nevertheless the impact is a combined matching rate of approximately 60-65%. This means that

for every dollar the state adds to Medicaid it can spend an additional two federal dollars. Investments in provider rates or expansion of services are now that much more palatable as a result of the increased federal share of the costs.

Market Scan and Assessment Tool

The attached market scan was developed to further our understanding of current NJ Medicaid initiatives that were implemented to help achieve the Triple Aim.

Market Scan and Assessment Takeaways

- There is no comprehensive strategy for value based purchasing innovation at the state level. However, the Patient Centered Medical Homes (PCMH), BHH and Strong Starts have shown positive results. Notably each program applies to a subset of the Medicaid population with PCMH's having the broadest reach. BHH's are showing progress in treating the seriously mentally ill and Strong Start with pregnant women. As highlighted below, the Strong Start program is a four-year federal initiative to test and evaluate enhanced prenatal care interventions for women enrolled in Medicaid or CHIP who are at risk for having a preterm birth.
- The ACO, DSRIP and MLTSS initiatives are still in progress and have not been formally evaluated to date. It is expected that additional data on MLTSS will be available when the state submits its waiver renewal package.
- Several initiatives are underway within the HMOs that are proprietary and therefore are not listed in the Market Scan and Assessment. In our sensing meetings, the HMOs reported developing multiple innovations with providers that feature incentives for reducing unnecessary admission and ED visits and well as the use of technology to facilitate treatment.
- Private organizations have funded a host grants designed to assist the State, MCO and providers in improving the NJ Medicaid delivery system. Most of these projects are still in the test phase.

**NJ Medicaid Market Scan and Assessment
May 2016**

State Sponsored Reform Initiatives	Effective Date	Funding Source	Scope	Counties	Authority	Providers	Status	Results	Link to Source Reports
Medicaid MCO Performance Bonuses	2015	Medicaid - 50% Federal	5 Key HEDIS Measures	statewide	HMO Contract	All	In Progress	No MCOs have earned the bonus	N/A
Managed Long Term Supports and Services (MLTSS)	2014	Medicaid - 50% Federal	All Medicaid Long-Term Care Services	statewide	Comprehensive Waiver	Nursing Homes, Assisted Living, Home Health, Home Care, Adult Day Care and Behavioral Health providers	More than half of all MLTSS patients receive their services under HMOs. Full conversion to HMO coverage is expected by 2018	In Progress - Pending CSHP Interim Evaluation	http://www.state.nj.us/human-services/dmahs/boards/maac/MAAC_Meeting_Presentations_4_20_16.pdf
Accountable Care Organizations (ACO)	2015	Medicaid	Coordinated care for complex patients	Camden, Mercer, Essex	Demonstration Statute and Comprehensive Waiver	Hospitals, clinics, physicians, behavioral health and social services providers	In Progress	Project initiated in 2015 - results will not be available until 2018	http://www.njhqci.org/wp-content/uploads/2014/06/Eb.-Seton-Hall-Reserach-Brief.pdf
ACO Lookalikes	2015	None	Coordinated care for complex patients	Cumberland, Middlesex, Passaic and Union	None	Hospitals, clinics, physicians, behavioral health and social services providers	In Progress	Not being evaluated	N/A
Patient Centered Medical Home (PCMH)	2011	MCOs provide incentive payments for value based care	Frail, Elderly and those with Chronic Conditions	Camden,Cumberland,Essex, Hudson and Ocean	Demonstration Statute and Comprehensive Waiver	Physicians and Primary Care Clinics	The 3 largest MCOs have established medical home programs and plan to continue and expand the program. A fourth program was discontinued when the MCO was sold to a new market entry.	Preliminary results are showing decreases in ED visits and readmission rates; however, several screening rates are lagging behind the baseline targets. Also, early feedback indicated improved patient satisfaction. One MCO reported modest cost savings.	http://www.state.nj.us/human-services/news/reports/Medical%20Home%20Report%20to%20Legislature%202013.pdf
Behavioral Health Homes	2015	Medicaid -90% Federal - Providers paid thru enhanced encounter rates	Integrated Primary Care and Behavioral Health Services for Seriously Mentally Ill	Atlantic, Bergen, Cape May, Mercer , Monmouth	State Plan Amendment and Comprehensive Waiver		In Progress	Results from the SAMHSA Bergen pilot include: Normal Blood pressure achieved for 92% of population; 82% reduction in ER use; 100% participation in wellness program; and 90% overall patient satisfaction	http://www.integration.samhsa.gov/integrated-care-models/Brief_RAND_RB9789.pdf
DSRIP	2012	Medicaid - 50% Federal		statewide	Medicaid Comprehensive Waiver	48 of 72 Acute Care Hospitals	Currently in Year 4 of the 5 year program	No Results published to date	https://dsrip.nj.gov/
Strong Start for Mothers Newborns	2010	\$1.7M CMMI Grant	Prenatal Care	Central NJ	Federal Grant	4 Hospitals and 3 FQHCs	In progress	Central Jersey Family Health Consortia reports 7% reduction in pre term birth rate. Results from a study of the South Carolina pilot indicated that participation in the program reduced premature birth risk by 36%, low birth weight by 44% and 28% lower risk of being admitted to a NICU	https://innovation.cms.gov/initiatives/strong-start/
NJ State Innovation Model (SIM)	2015	CMS - \$3M	Improving birth outcomes through smoking cessation efforts, particularly among pregnant women; advancing behavioral and physical health integration strategies; and addressing Medicaid cost/value, especially for high-cost patients.	statewide	Federal Grant	All	In Progress		http://www.cshp.rutgers.edu/content/nj-state-innovation-model

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Privately Sponsored Reform Initiatives	Scope	Providers	Status	Link to Source Reports
Community Health Center/Project ECHO	Substance Use Disorder - Opiates	FQHCs	In progress	https://thenicholsonfoundation.org/what-we-do/projects/project-echo-pain-management-and-opioid-addiction#sthash.DUp1Nrpn.dpuf
INSPIRE (Integrating Networks and Systems to Achieve Patient Healthcare Integration Reform Effectively)	Behavioral Health intergration within Primary Care	FQHC	In progress	https://thenicholsonfoundation.org/what-we-do/projects/inspire-integrating-networks-and-systems-achieve-patient-healthcare-integration
Implementation of Behavioral Health Screener & cCBT programs at CHEMED	Behavioral Health intergration within Primary Care	FQHCs	In progress	https://thenicholsonfoundation.org/what-we-do/projects/implementation-computerized-cognitive-behavioral-therapy-programs-completecare
Impact of Adding a Pharmacist to the Healthcare Team in a Federally Qualified Health Center	Incorporating pharmacist on FQHC patients with diabetes	FQHC	In progress	https://thenicholsonfoundation.org/what-we-do/projects/impact-adding-pharmacist-healthcare-team-federally-qualified-health-center
Supporting New Jersey Medicaid in Development and Implementation of Multiple System Reforms	Through the Center for Health Care Strategies the grant provides technical assistance to New Jersey to strengthen Medicaid's delivery system, maximize the state's purchasing power, ensure closer integration of services for behavioral and physical health; and more effectively meet the needs of high-cost, high-need patients.	All	In Progress	http://www.rwjf.org/en/library/grants/2015/10/supporting-new-jersey-medicaid-in-development-and-implementation.html
Integrating Care to Reduce Health Disparities in a Medical Home	Integration of behavioral health at FQHCs	FQHCs	In Progress	https://thenicholsonfoundation.org/what-we-do/projects/integrating-care-reduce-health-disparities-medical-home