



Policymakers Breakfast Getting Ready for Medicaid Expansion

Wednesday, November 17, 2010
8:00 am – 10:30 am

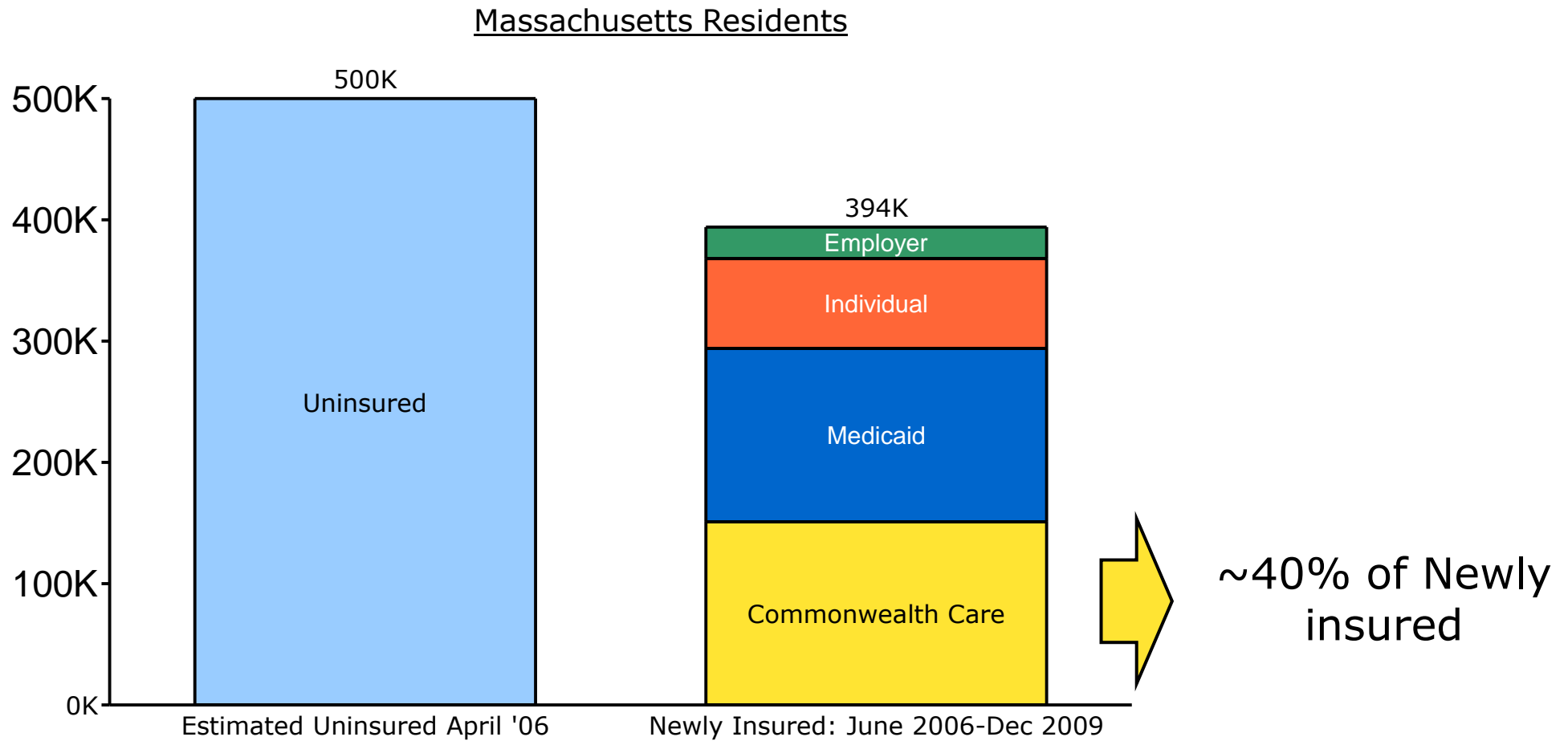
Roger Williams Park Casino
Providence, RI

Introduction

- **Tim Murphy, President and CEO, Beacon Health Strategies** (2007 – Present)
 - Leading managed behavioral healthcare company based in Boston
 - Providing clinical and pharmacy management services to over 4.0 million members
- Served as Governor Mitt Romney’s Policy Director and then **MA Secretary of EOHHS during passage and implementation** of healthcare reform (2003-07)
 - Key architect of the Massachusetts Healthcare Reform Law
 - Health Insurance Connector
 - Commonwealth Care Subsidy Program
 - Individual Mandate and Market Reform
 - Insurance Market Reforms
 - In charge of Medicaid, DMH, DSS, DYS, DMR, DPH, among other agencies
- Beacon administers **BH benefits for 2/3 of individuals receiving subsidized insurance through the Massachusetts Connector** Authority (“Exchange”)
 - Neighborhood Health Plan of Massachusetts
 - Boston Medical Center HealthNet Plan
 - Fallon Community Health Plan
- Beacon is the **BH Partner to Neighborhood since 2001 and BCBSRI since 2003**

- Massachusetts Healthcare Reform
- Medicaid Managed Care Plans and Exchanges

Efforts to date have reached nearly 75% of the total uninsured in Massachusetts



Massachusetts Connector: Two Functions and design rationale

Goal: Efficient and transparent Administration

Subsidy Program

Clearinghouse

- Commonwealth Care
 - Quick launch by using existing Medicaid backbone
 - Medicaid had bad track record on “expansion” populations
 - Easier to track spending
- Private Health Insurance
 - Address failure in the small group/non-group market
 - Better opportunity for value purchasing

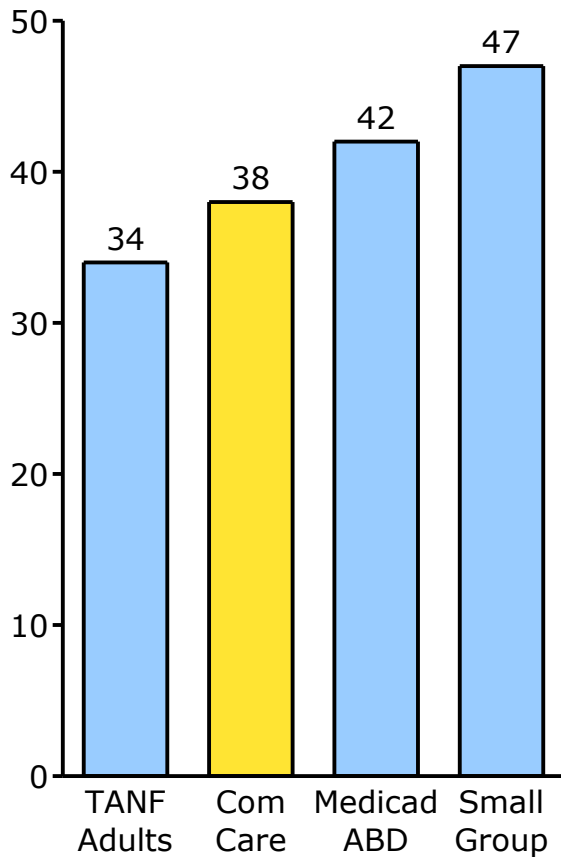


“Commonwealth Care” Provides a Framework for Rhode Island to Consider

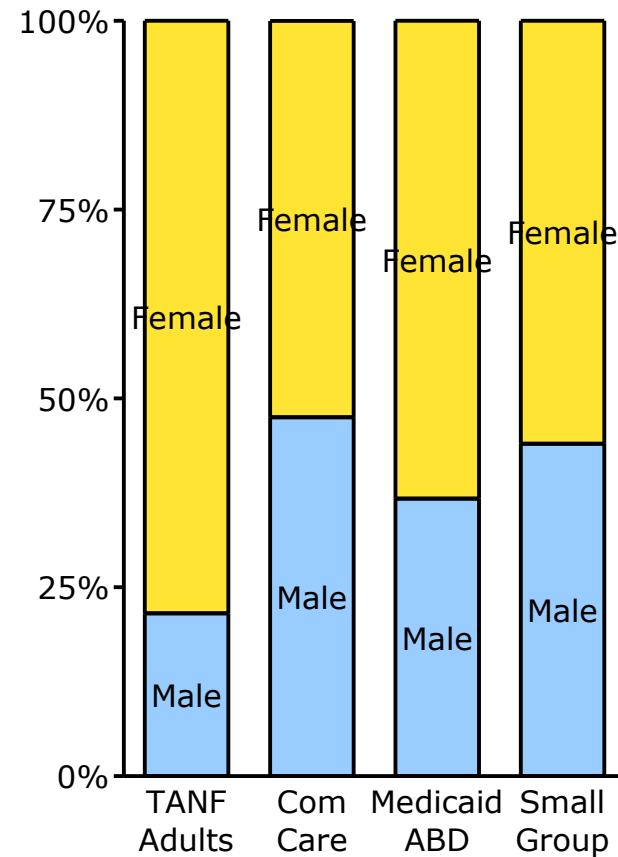
- Redirects **existing** spending on the uninsured away from opaque bulk payments to providers to direct assistance to the individual
- Premium assistance up to 300% of the Federal Poverty Level (FPL)
 - Zero premium for individuals under 100% FPL
 - Premiums increase with ability to pay up to 300% FPL
 - No cliff; glide-path to self-sufficiency
 - No deductibles permitted for low-income individuals
- Private insurance plans offered exclusively through Medicaid Managed Care Organizations (MMCOCs) for first three years
- The Connector serves as the exclusive administrator of Commonwealth Care premium assistance program
 - Works closely with Medicaid program to determine eligibility
- SCHIP and Insurance Partnership programs expanded to achieve the same objective

The uninsured were thought to be a good insurance risk . . .

Average Age

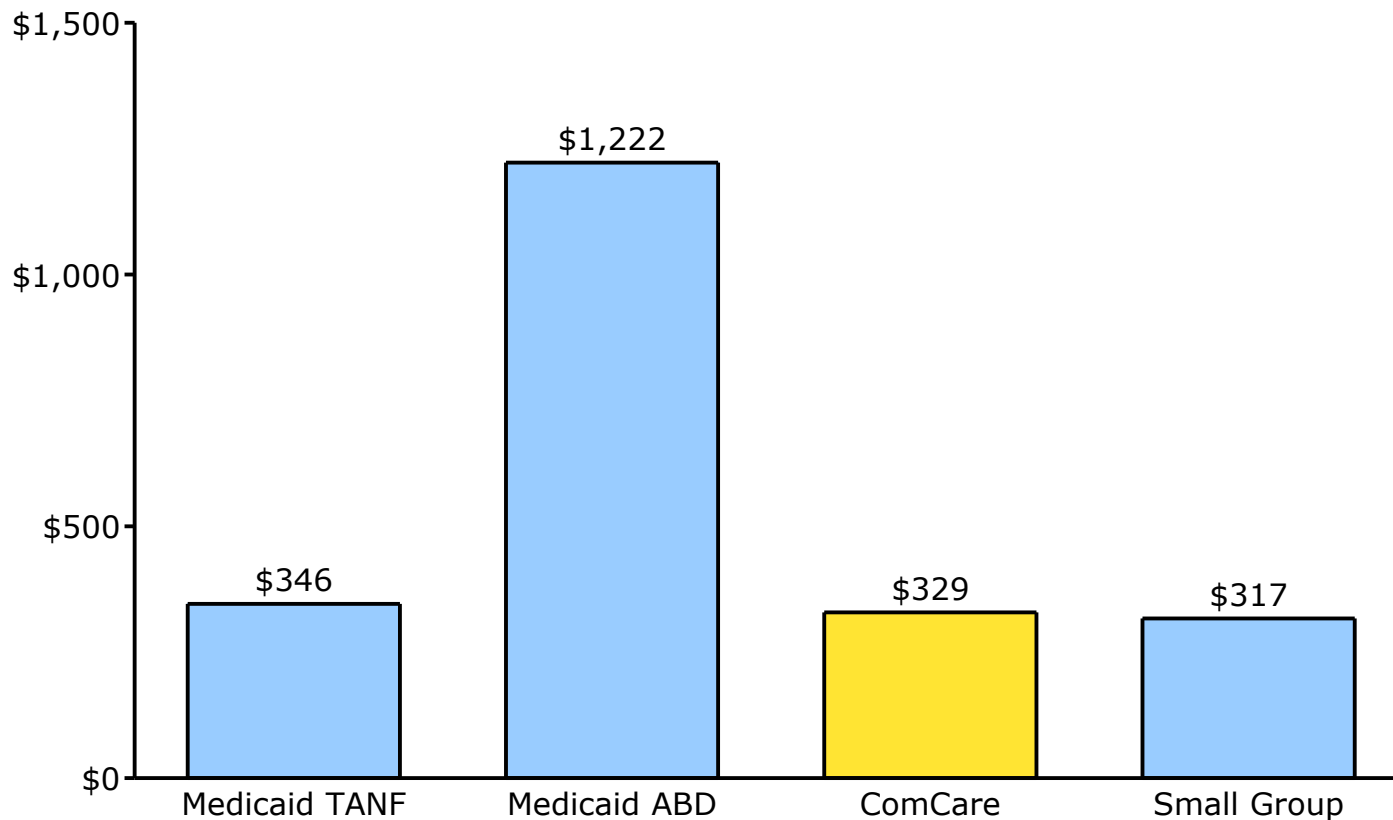


Gender Mix



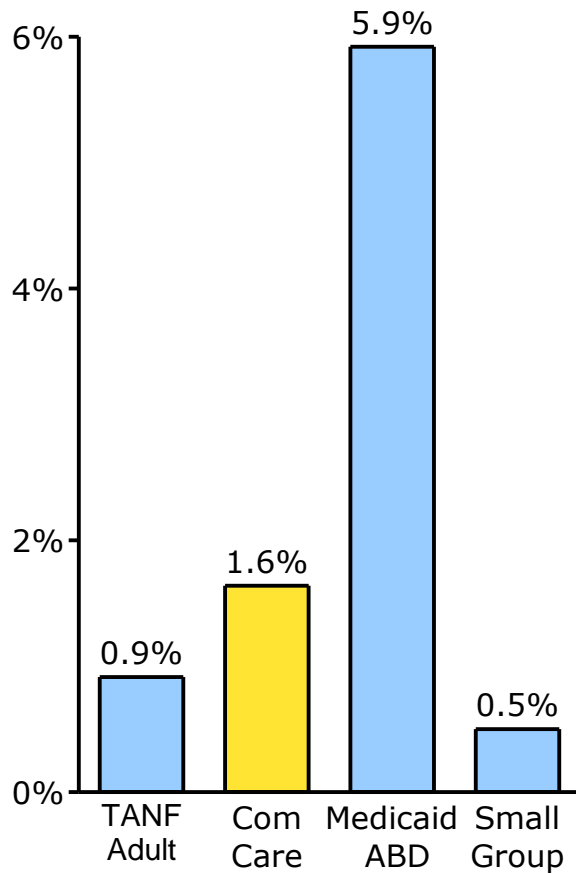
... which has turned out to be true from a cost perspective

PMPM Claims Experience – First 18 months

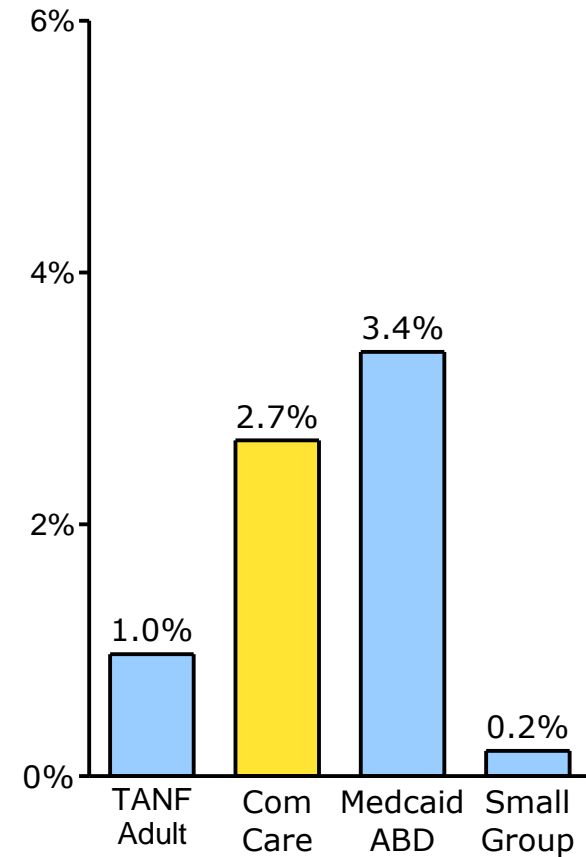


Service costs were similar across populations expect for mental health/substance abuse

IPMH Penetration

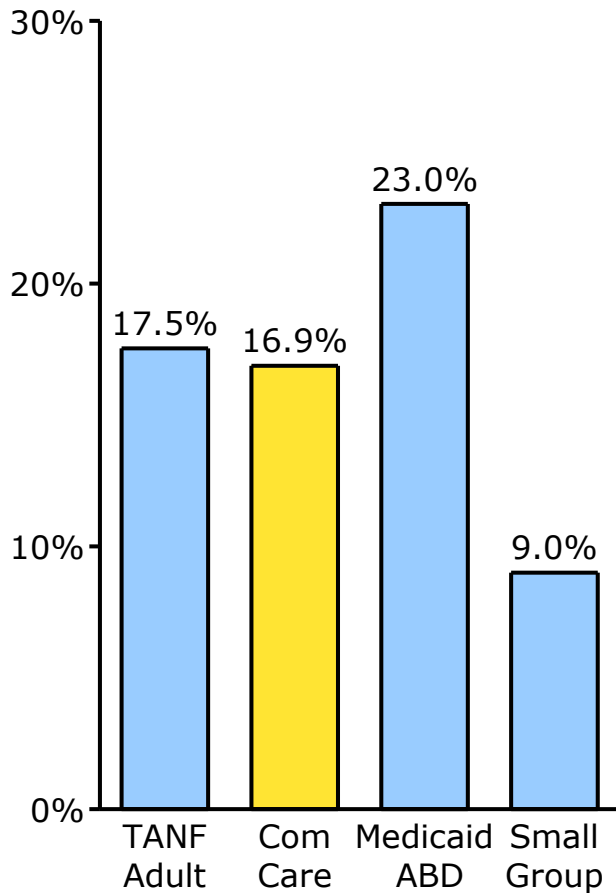


IPSA Penetration

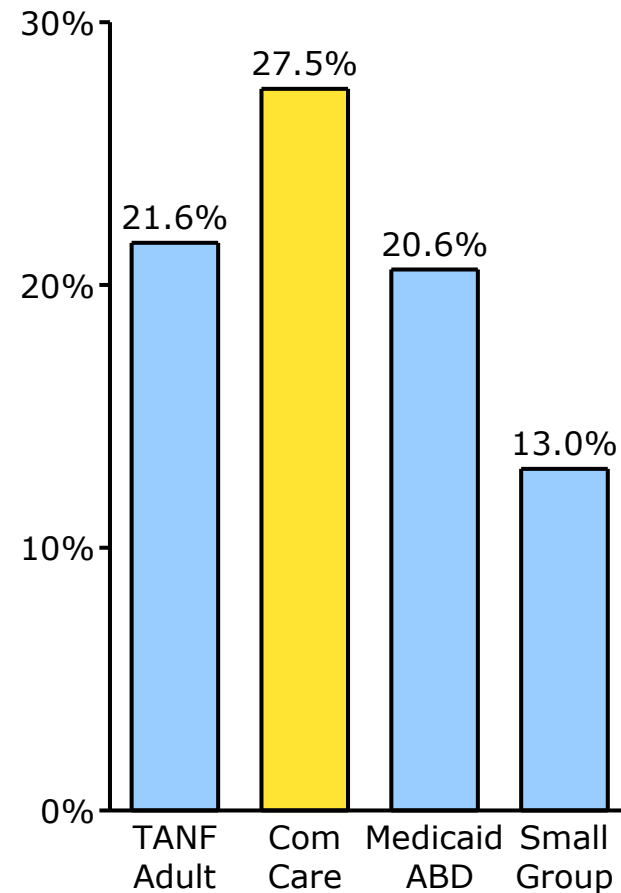


Hospital readmission rates are high for BH

Rate of Hospitalization Recidivism - INMH

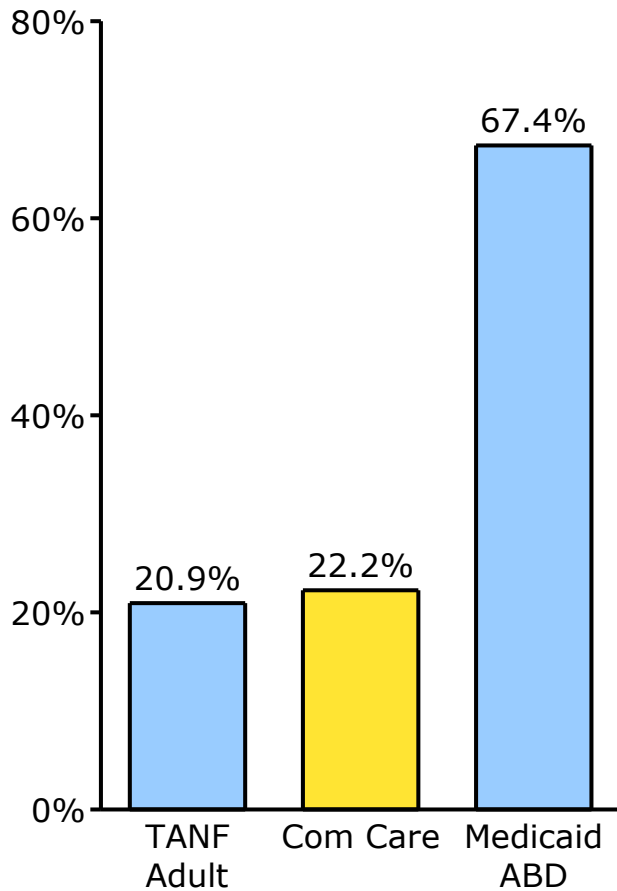


Rate of Hospitalization Recidivism - IPSA

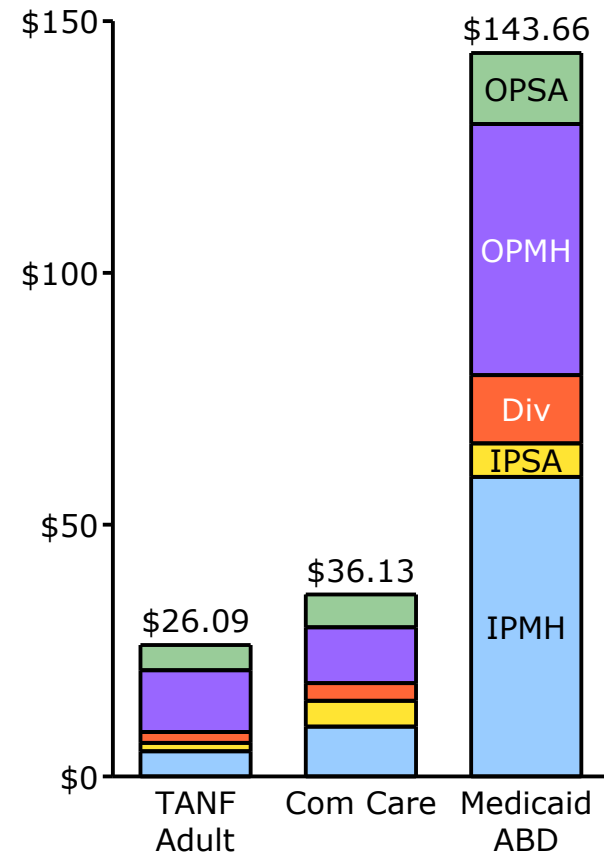


High OP penetration drives high PMPMs

Outpatient Penetration Rate



PMPM Spending

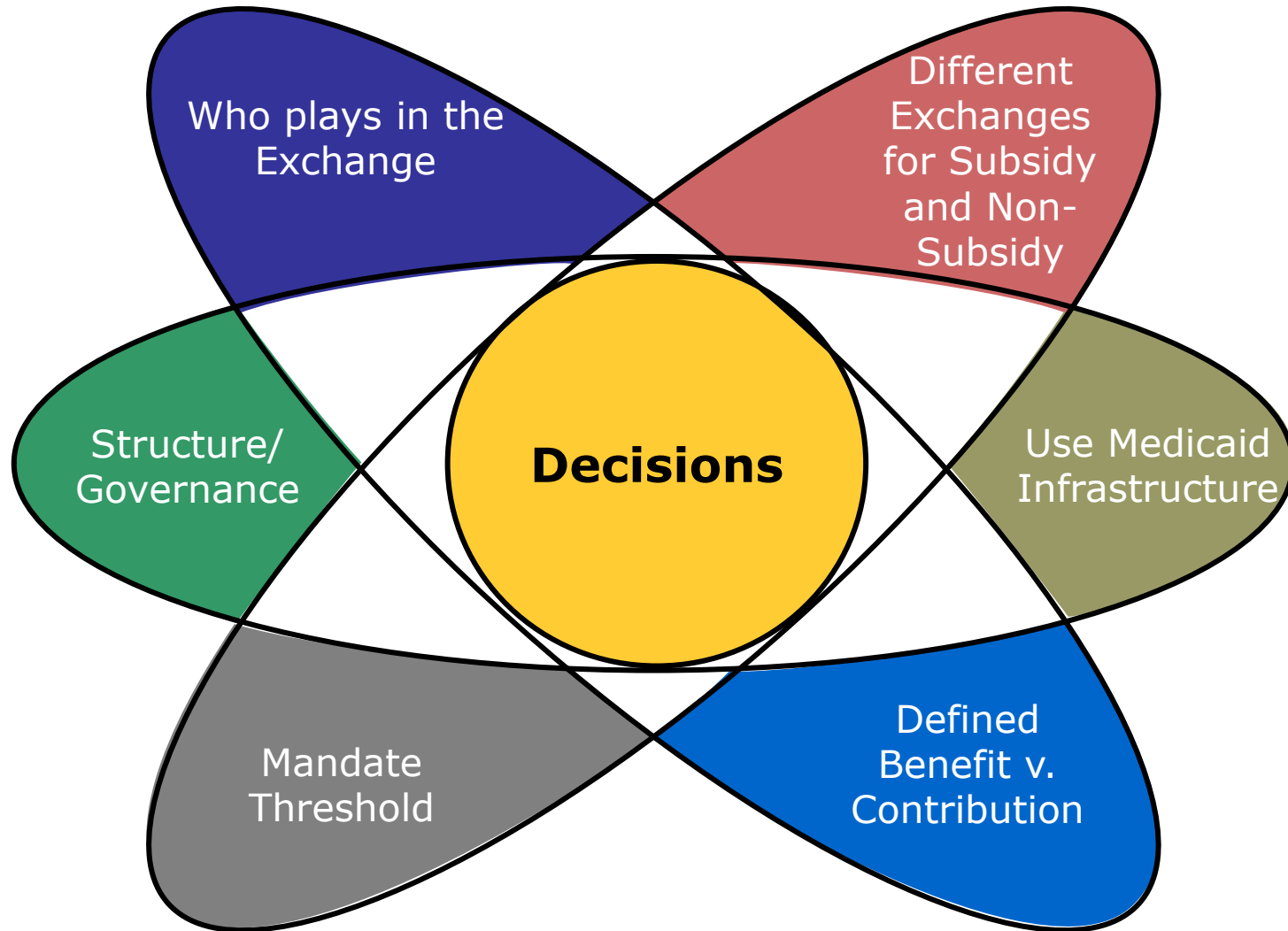


Utilization takeaways

- **Healthcare will cover many childless adults** with a disproportionate prevalence of mental health and substance use disorders
- **The newly covered, particularly at lower income levels have more in common with a Medicaid recipient**; outpatient utilization behaves more like Medicaid TANF Adults than the Medicaid Adult Disabled population, while inpatient utilization falls in the middle of these groups.
- **Most insurers, particularly commercial insurers, will be not prepared** to meet the needs of this population
 - Low income, racially and ethnically diverse
 - Intense MH/SA needs
 - Infrastructure of community based BH services
- An effective **community based system of care will be essential** to achieving quality and fiscal sustainability for the reform population

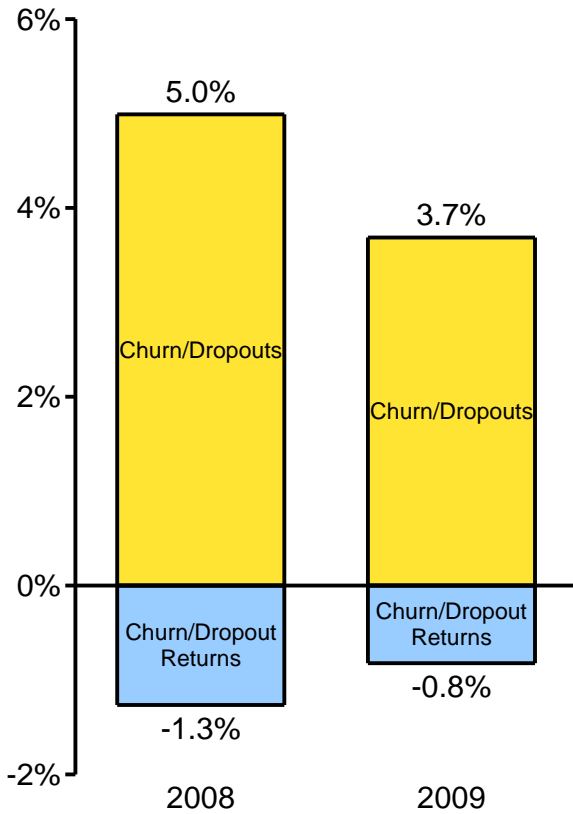
- Massachusetts Healthcare Reform
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States will be the center of action

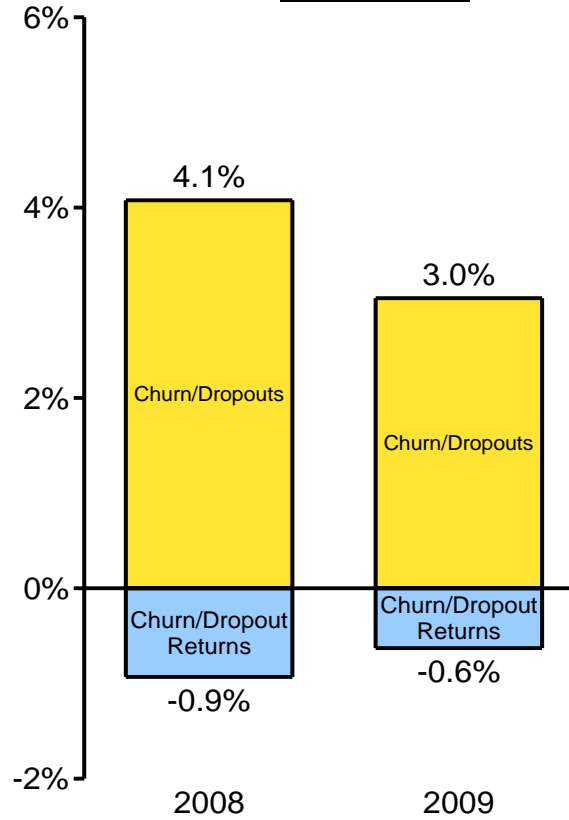


Approximately 6% of members monthly churn into a Medicaid product or drop out

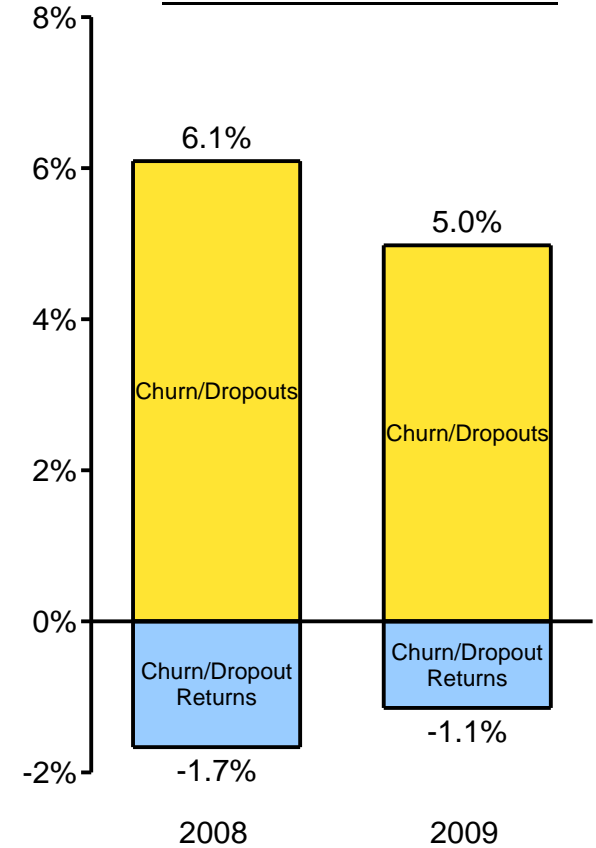
Com Care Churn up to 200% FPL



Com Care Churn up to 150% FPL



Com Care Churn between 151% and 200% FPL



Membership 45,382

55,309

31,891

41,698

17,168

17,095

Medicaid managed care plans are best option to insure the subsidy populations

- Subsidy populations are likely to have been on Medicaid in the past
- Higher incidence of mental health and substance abuse conditions
- Significant churning between Medicaid and subsidy programs argues for continuity in health plan relationship
 - Suggest Lock-In periods for a 12 month period
- More likely to have used community base providers such FQHCs, CMHCs, community-based services
- Field based case management services will be necessary to best manage cost and improve health outcomes
- Medicaid MCOs such as Neighborhood are the logical vehicle to manage the population
 - Force existing commercial insurers to play in Medicaid if they want access to Exchange members