

States Focus on Quality and Outcomes Amid Waiver Changes

Findings from the Annual Kaiser 50-State Medicaid Budget Survey

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Washington, DC
October 25, 2018



Filling the need for trusted information on national health issues.

Figure 1

Today we are releasing 2 reports that draw on findings from our 18th annual survey of Medicaid directors.

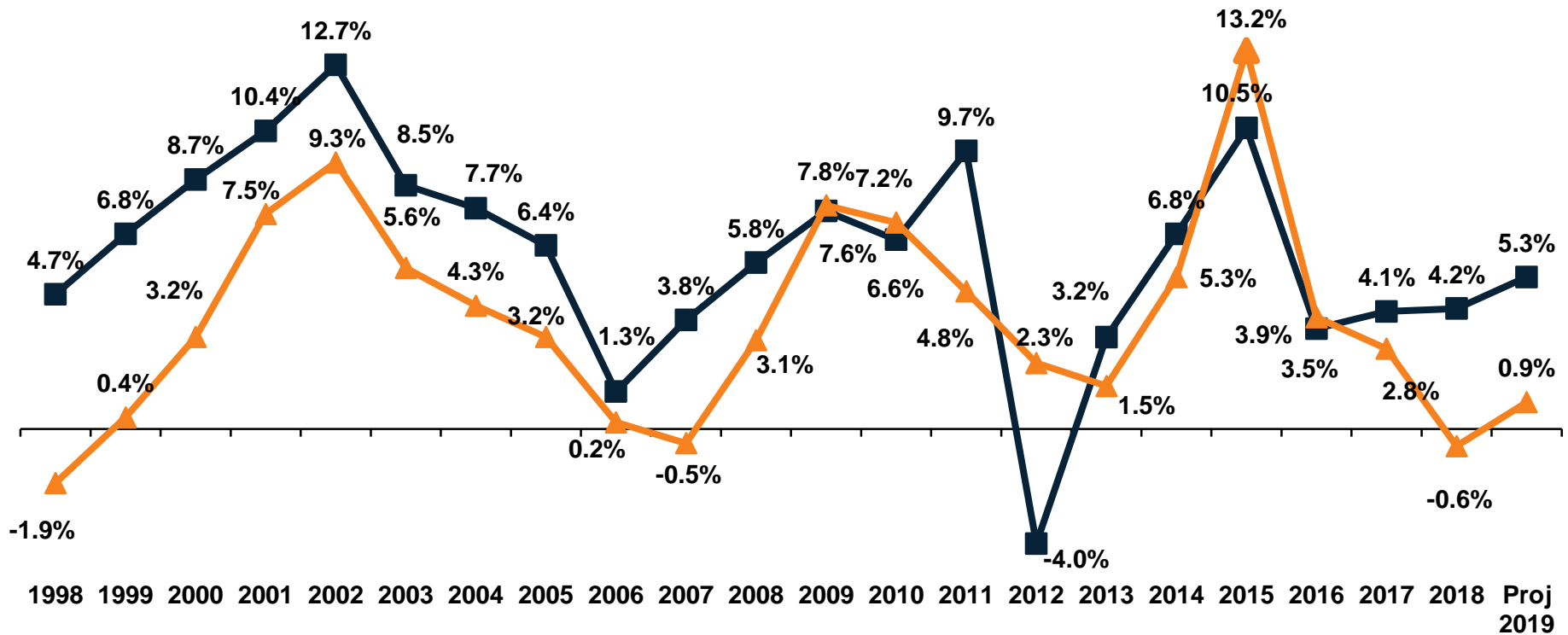
- Survey of Medicaid directors in all 50 states and DC
- Conducted in June-September 2018
- Study findings and other research in 2 reports:
 - ***Medicaid Enrollment & Spending Growth: FY 2018 & 2019*** provides an analysis of national trends in Medicaid enrollment and spending;
 - ***States Focus on Quality and Outcomes Amid Waiver Changes***, jointly released with NAMD, provides a detailed look at the policy and programmatic changes in Medicaid programs across all states.

Figure 2

Medicaid enrollment growth is flat and spending growth is relatively steady in FY 2018 and FY 2019.

Annual Percentage Changes, FY 1998 – FY 2019

■ Total Medicaid Spending ▲ Medicaid Enrollment

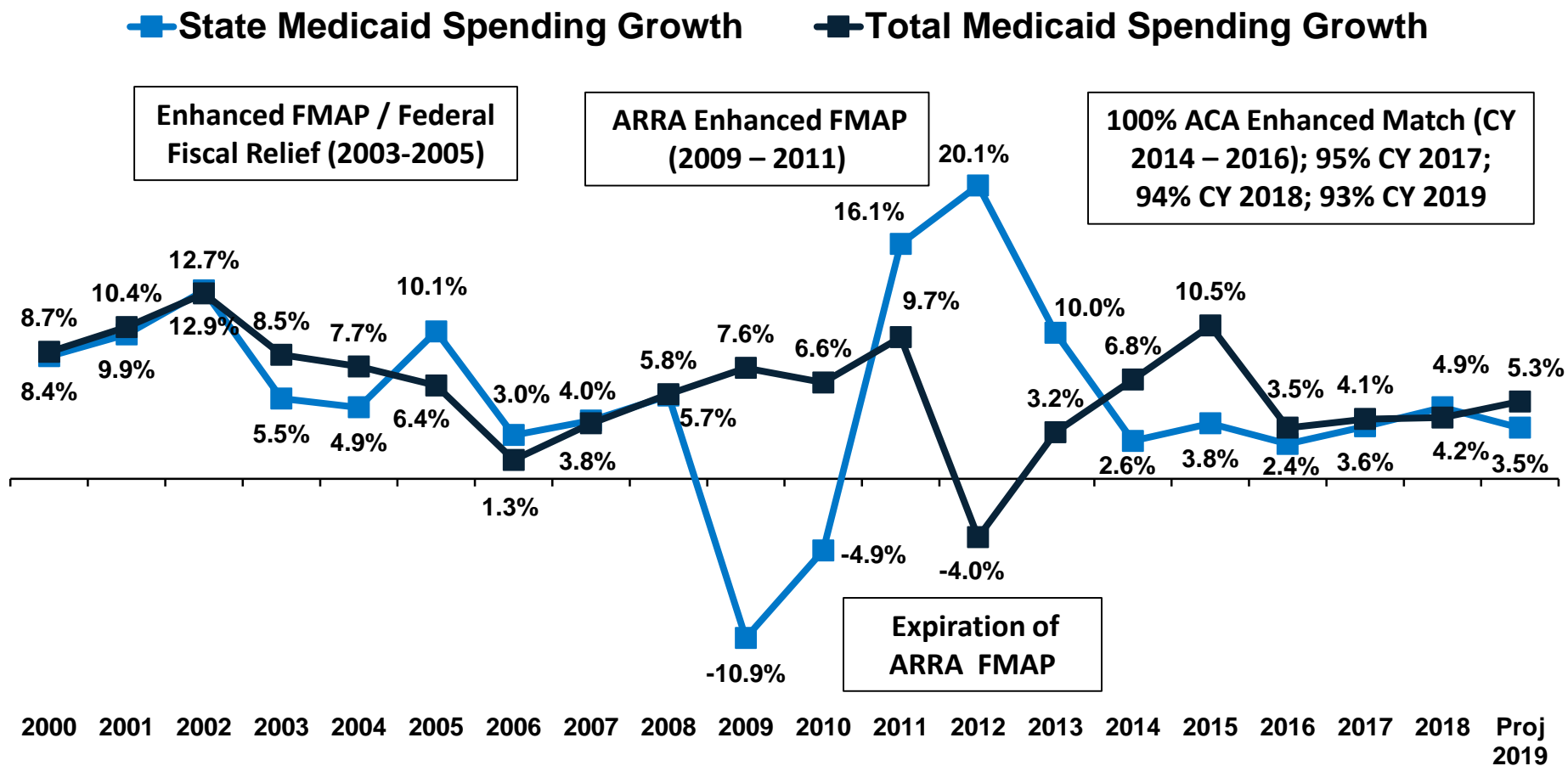


NOTE: Spending growth percentages refer to state fiscal year (FY).

SOURCE: FY 2018-2019 spending data and FY 2019 enrollment data are derived from the KFF survey of Medicaid officials in 50 states and DC conducted by Health Management Associates, October 2018; historic data from various sources including: Medicaid Enrollment June 2013 Data Snapshot, KCMU, January 2014. FY 2014-2018 are based on KFF analysis of CMS, Medicaid & CHIP Monthly Applications, Eligibility Determinations, and Enrollment Reports and from KFF Analysis of CMS Form 64 Data.

Figure 3

Growth in total and state Medicaid spending is generally parallel, except when statutory changes impact FMAP.



NOTE: FY 2019 projections based on enacted budgets. FMAP: Federal Medical Assistance Percentage.

SOURCE: Historic Medicaid spending growth rates derived from KFF analysis of CMS Form 64 Data. FY 2018-2019 data reflect changes in spending derived from the KFF survey of Medicaid officials in 50 states and DC conducted by Health Management Associates, October 2018.

Figure 4

For FY 2019, states project that a number of factors will contribute to enrollment and spending trends.

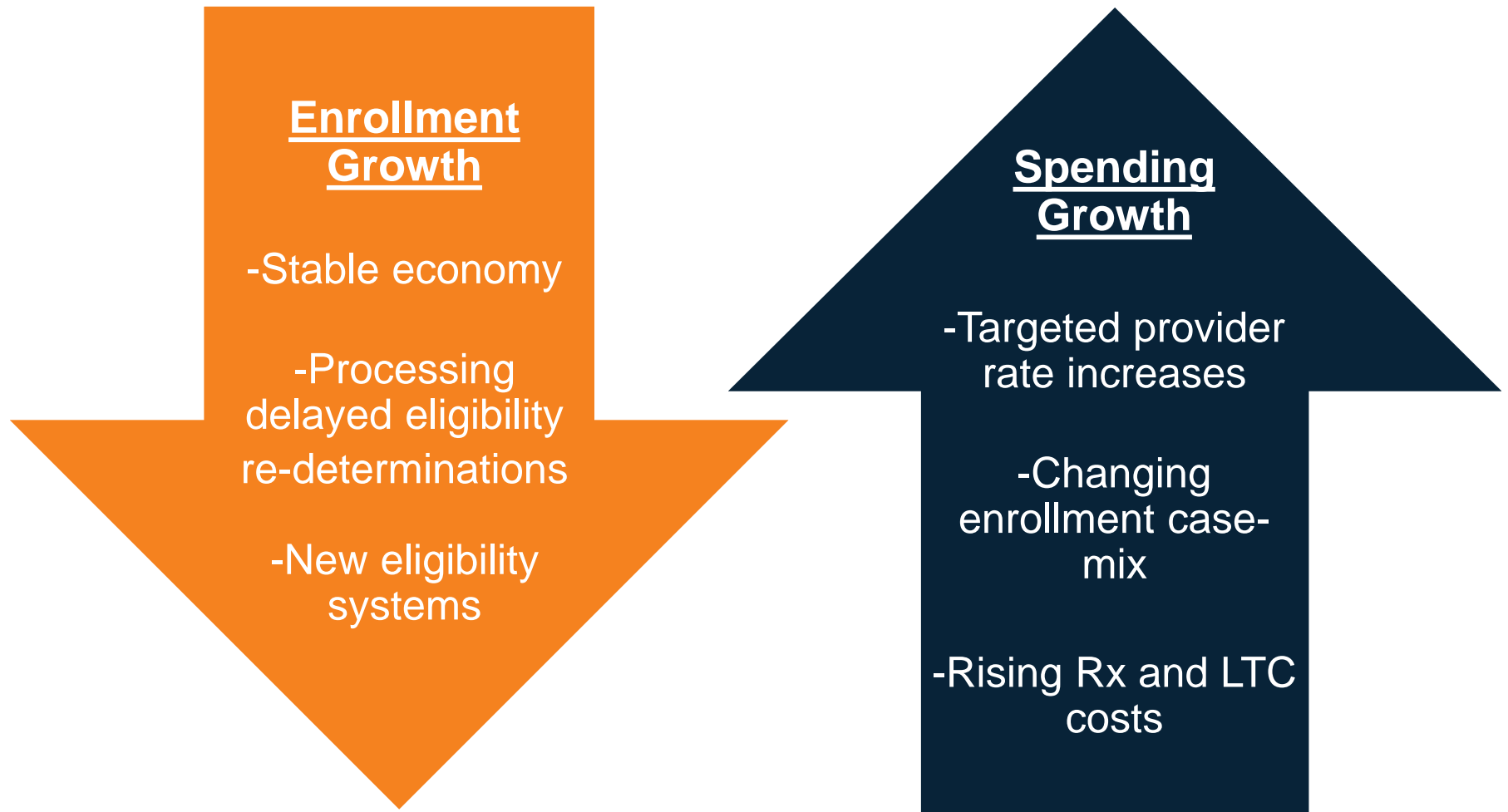


Figure 5

States Focus on Quality and Outcomes Amid Waiver Changes: Key Policy Areas



Figure 6

A number of states are pursuing Section 1115 waivers that include eligibility changes.

Enhancements

- 10 states in FY 2018 and 7 states in FY 2019
- Aside from ACA Medicaid expansion in ME and VA, most enhancements are narrow in scope
- Primarily through SPAs

New Requirements / Restrictions

- 6 in FY 2018 and 11 in FY 2019
- Most common are work requirements, waive retroactive eligibility, and lock-out periods
- Primarily through Section 1115 waivers

What to Watch

- 3 states could adopt ACA expansion through ballot initiatives (ID, NE, UT)
- Additional states pursuing eligibility changes through waivers planned for FY 2020 or later years
- 7 states have plans for new or increased premiums in FY 2019 (6 are through waivers)

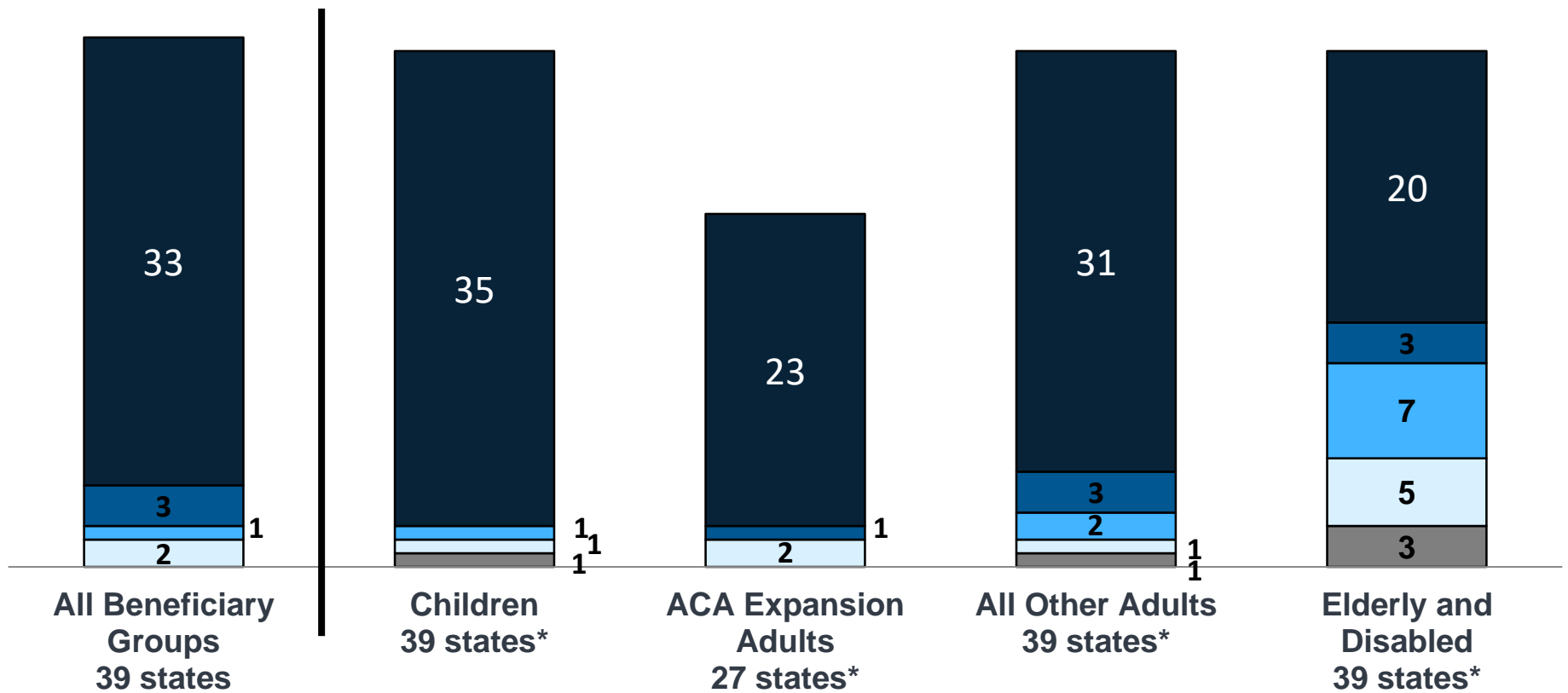
NOTE: *Policies that have or are likely to result in enrollment declines are counted as restrictions. Waiver provisions in pending waivers that states plan to implement in FY 2019 or after are not counted here.

SOURCE: Kaiser Family Foundation survey of Medicaid officials in 50 states and DC conducted by Health Management Associates, October 2018.

Figure 7

In 33 states of 39 states with MCOs, at least 75% of all Medicaid beneficiaries are in an MCO.

■ Excluded □ <25% ■ 25-49% ■ 50-74% ■ 75+%



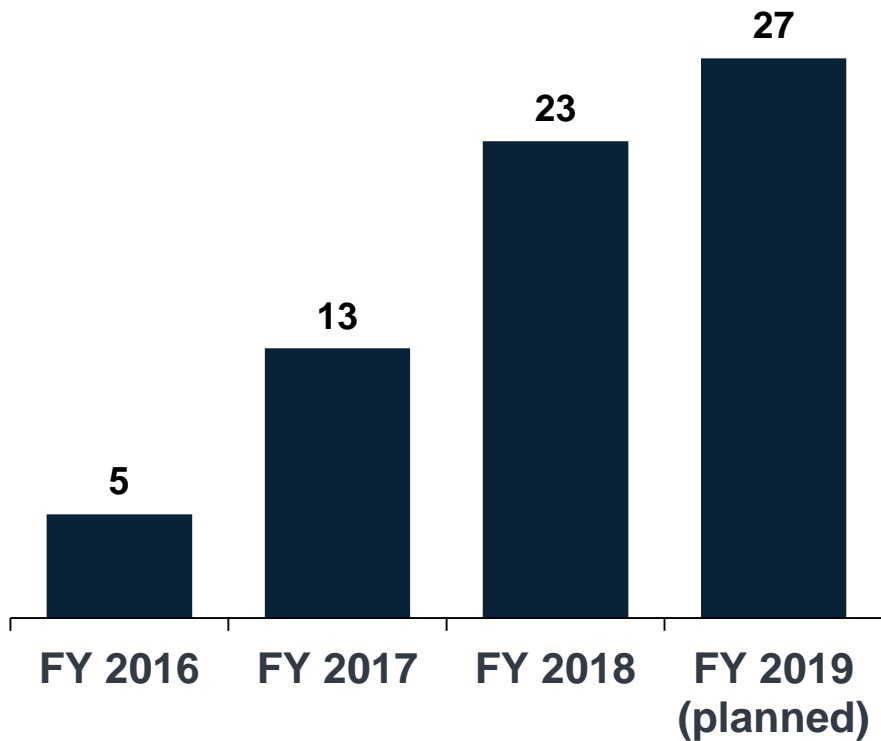
NOTES: Limited to 39 states with MCOs in place on July 1, 2018. Of the 32 states that had implemented the ACA Medicaid expansion as of July 1, 2018, 27 had MCOs in operation. North Dakota's rate for "All Beneficiary Groups" was estimated from a state Quarterly Budget Insight report. Illinois reported the MCO penetration rate for "All Beneficiary Groups" but did not report penetration rates for the individual eligibility categories; therefore, state counts in individual eligibility category bars above do not sum to totals below the bars.

SOURCE: KFF survey of Medicaid officials in 50 states and DC conducted by HMA, October 2018.

Figure 8

States are increasingly implementing MCO contract provisions that aim to improve quality and outcomes.

Require MCOs to Hit a Target % for APM



State MCO Contract Provisions Related to Screening for Enrollee Social Needs

	In place FY 2018	Expected in place FY 2019
Require MCOs	16 states	19 states
Encourage MCOs	10 states	16 states

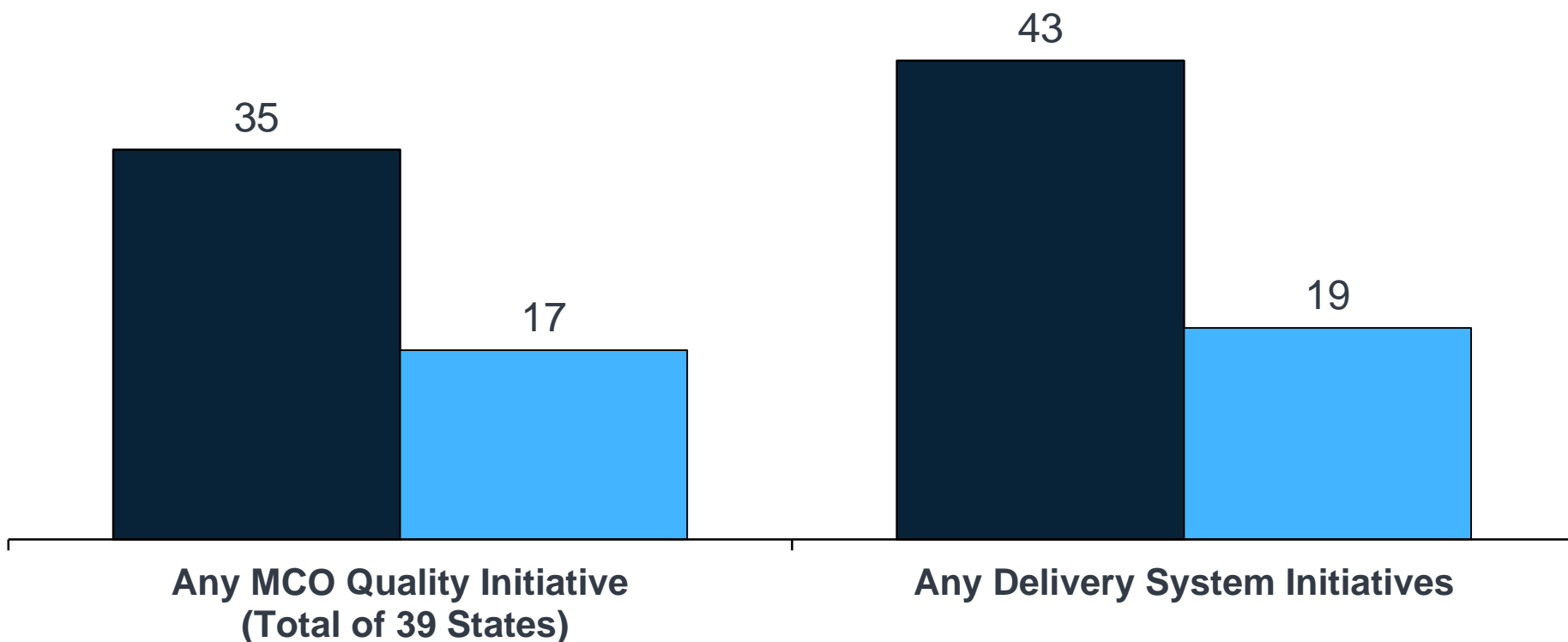
NOTES: States with MCOs indicated if selected quality initiatives were in place in FY 2018, new or expanded in FY 2019.

SOURCE: KFF survey of Medicaid officials in 50 states and DC conducted by HMA, October 2018.

Figure 9

Most states with MCOs are implementing MCO quality initiatives, and more broadly most states are also implementing other delivery system reform initiatives.

■ In Place in FY 2018 ■ New/Expanded in FY 2019

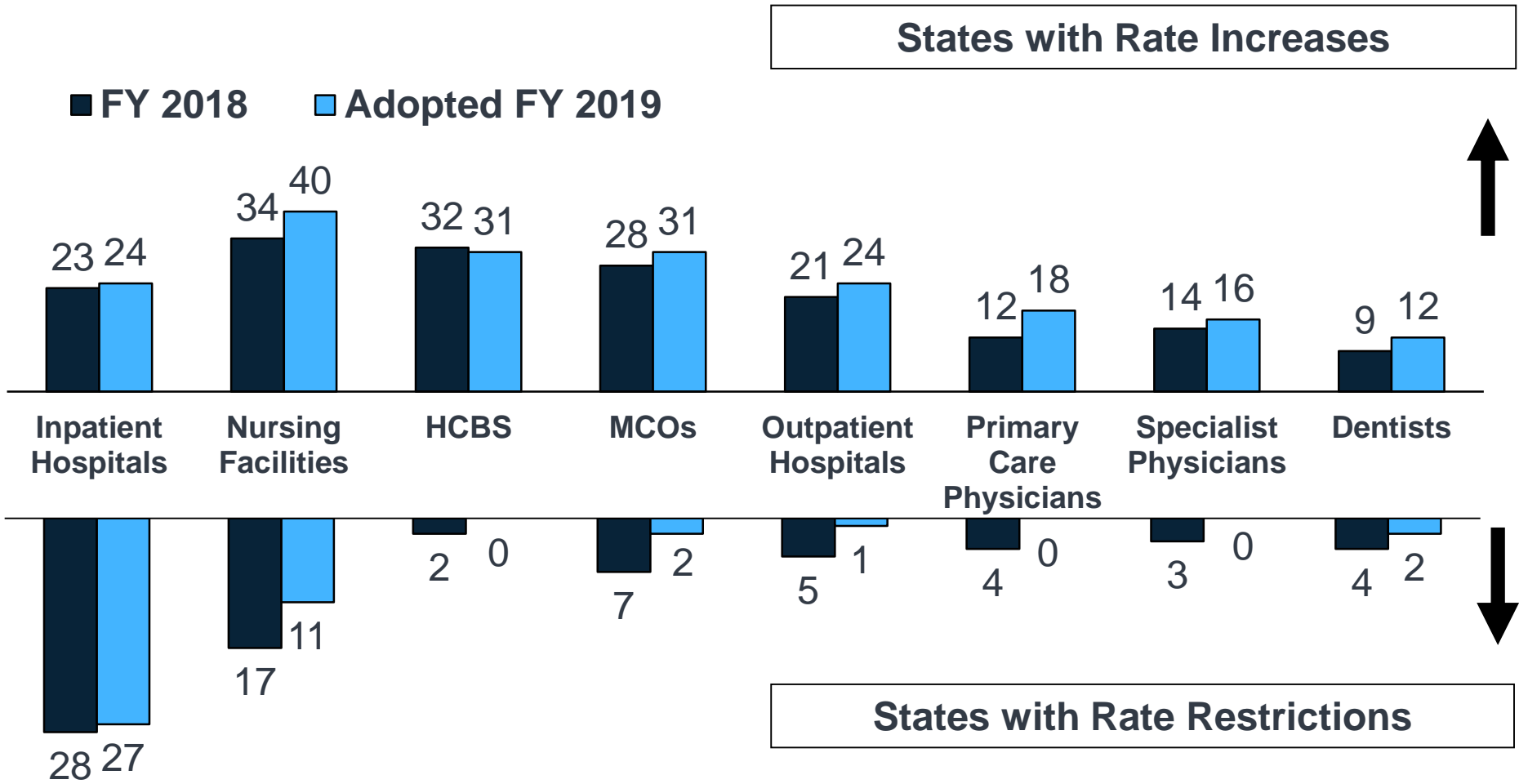


NOTES: Expansions of existing initiatives include rollouts of existing initiatives to new areas or groups, and other increases in enrollment or providers.

SOURCE: KFF survey of Medicaid officials in 50 states and DC conducted by HMA, October 2018.

Figure 10

States were most likely to increase payment rates for MCOs and LTSS.



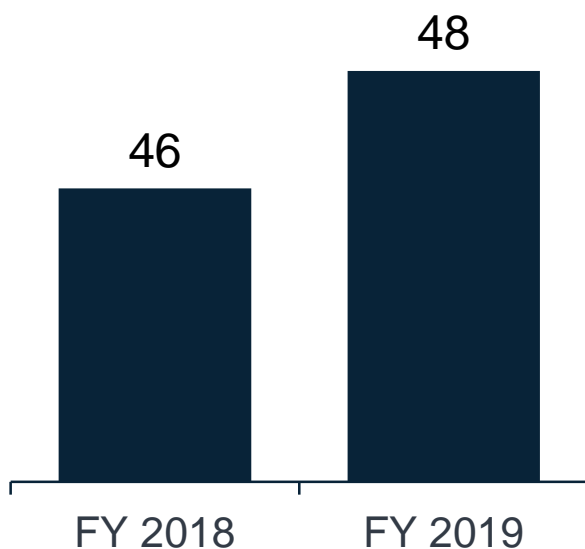
NOTES: Provider payment restrictions include rate cuts for any provider or freezes for nursing facilities or hospitals. FY 2019 rates had not been determined for MCOs in Maryland or for Dentists in Ohio at the time of the survey.

SOURCE: KFF survey of Medicaid officials in 50 states and DC conducted by HMA, October 2018.

Figure 11

Nearly all states are expanding community-based LTSS in FY 2018 and FY 2019.

Total States with HCBS Expansions



LTSS Direct Care Workforce

- Wage increases: 15 states in FY 2018, 24 states in FY 2019
- Workforce development strategies: 12 states in place in FY 2018, 10 states adding/enhancing in FY 2019

Housing Services

- 30 states identified specific housing-related services they plan to continue after MFP funding expires
- About half of MFP-funded states anticipate discontinuing services or admin activities

Figure 12

Mental health and substance use disorder treatment (MH/SUD) were the most commonly reported benefit enhancements.

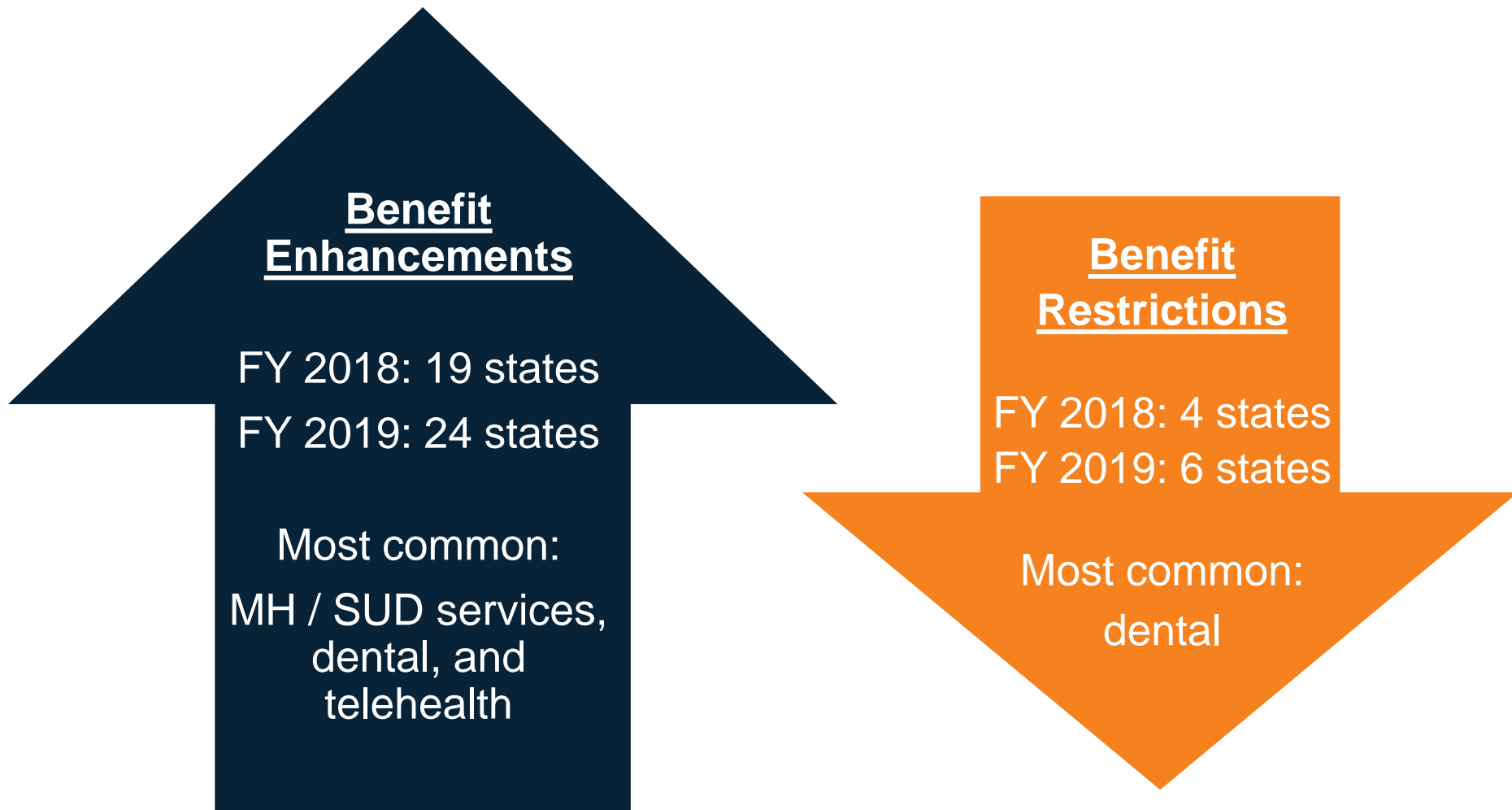



Figure 13

States are implementing pharmacy cost-containment initiatives and strategies to address the opioid epidemic.

Pharmacy Cost-Containment Actions

Many states reported:

-  Initiatives to generate greater rebate revenue
-  Utilization controls
-  Ingredient cost reductions
-  Medication therapy management, case management, or adherence programs

MCO Pharmacy Policies (35 of 39 MCO states carve-in Rx)

Many states reported:

-  Uniform clinical protocols
-  Uniform PDLs
-  Risk sharing

Opioid Policies

Many states reported:

-  Adopting pharmacy benefit management strategies (e.g., quantity limits, use of prior authorization)
-  Coverage of methadone, in addition to other MAT drugs covered in all states
-  Some challenges related to access to MAT

Figure 14

Provisions in the SUPPORT Act will help states provide SUD coverage and services.

IMD Services

Permit use of federal Medicaid funds for IMD services for adults up to 30 days

Oct. 2019 – Sept. 2023

MAT Drug Coverage

Require coverage of all FDA-approved MAT drugs

Oct. 2020 – Sept. 2025

Corrections

Require suspension of Medicaid eligibility for people under 21 or former foster care youth up to 26 while incarcerated, require restoration of coverage upon release

Provider Capacity

Authorize new demonstrations to help states increase Medicaid SUD provider capacity



Figure 15

Key priorities and challenges in FY 2019 and beyond include the following:

- Improving quality and focusing on health outcomes through managed care, value-based purchasing initiatives, and other delivery system reforms
- Implementing or pursuing new Section 1115 waivers:
 - Common focus-areas include behavioral health services/the IMD exclusion and work/community engagement
 - Waivers often necessitate system changes, contracting with new support vendors, outreach and engagement, and other administrative tasks
- Continuing to tackle the opioid epidemic
- Managing program costs (particularly costs tied to new specialty drugs)
- Adapting to new policy directions in some states post November elections