

# Managed Care Administration of Public Long Term Care Programs: A Cost Effective Model?

2018 GSA Annual Scientific Meeting

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## Medicaid MLTC

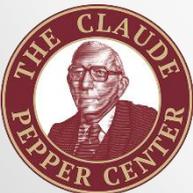
### 1) Medicaid Managed LTC Programs

- Medicaid managed LTC programs have expanded across the states for the past decade and over 25 states now have some form of the model serving over 1.7 million beneficiaries. Most of whom live in FL, NY, TX, CA, OH, WI, MN, KS, IA, AZ, IL, NM, TN, NJ, MI and VA. Each of these states have at least 25,000 beneficiaries in MLTC plans, with Texas having the largest number by far with almost 600,000 in MLTC programs.



## Medicaid MLTC

- Several other states are planning or considering the implementation of MLTC program.
- This steady expansion for profit corporate control in most of the Medicaid MLTC states is dramatically reducing the role of the non-profit Aging Network (AN) agencies in the administration of Medicaid LTC programs in most of the MLTC states.
- This marginalization of the AN in LTC programs is occurring even though the AN organizations led the development of Medicaid waiver funded home and community based programs for most of the last 30 years.



## Case for MLTC

- 2) Why is the trend toward corporate MLTC in the Medicaid program so dominant? What is the case for corporate MLTC as a superior model for Medicaid LTC?
- The rationale for MLTC is often the unproven claim that private for-profit firms competing in free markets will generate better outcomes (access and quality outcomes) at lower or no greater cost than the FFS Medicaid program with the AN administering the HCBS waiver program. Bob will address this rationale in his presentation.



## Case for MLTC

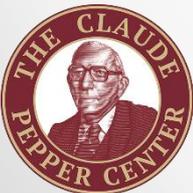
- The second explanation for the rapid expansion of corporate MLTC is that corporate health wield a lot of political influence at the Federal and state levels and advocacy support for the non-profit AN model hasn't been able to complete successfully with the power of corporate health firms and their vast resources. Larry will address this perspective later in his presentation.
- The Federal government has driven the shift to Medicaid MLTC through several initiatives, including the Dual-Eligible (Medicaid and Medicare eligible) demonstrating programs in several states, mainly through corporate MLTC programs



## What Do We Know About MLTC?

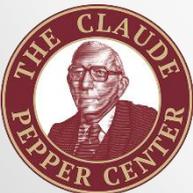
### 3) What do we know?

- Whatever the merits of the different explanations for the growth of MLTC programs, what do we know about how cost-effective and efficient they have been in meeting the LTC needs of Medicaid beneficiaries? In short, does this model work? Do we have a science of MLTC?



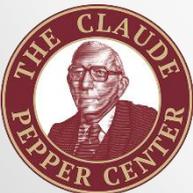
## What Do We Know About MLTC?

- In short, we don't. Even after three decades of MLTC, only two true evaluations of the Medicaid MLTC have been done. One was done in AZ in 1997 by William Weissert of the ALTCs program and the other in WI of the Wisconsin Family Care (WFC) program in 2005. Both studies produced relatively solid findings in support of the MLTC programs, especially the WFC.



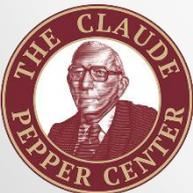
## What Do We Know About MLTC?

- This isn't much of a MLTC literature, but it hasn't kept the Federal government (CMS) and many states from pursuing Medicaid MLTC programs to the point that over 1.7 million beneficiaries are in MLTC programs and tens of billions have been contracted out to corporate HMOs.



## What Do We Know About MLTC?

- In the absence of more research on the MLTC model, we can look to other sources of information to gain a better understanding of MLTC and its relative value compared to the older traditional model of FFS, AN based HCBS programs, including the following.



## What Do We Know About MLTC?

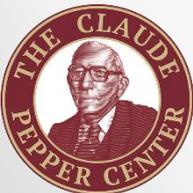
- A. The AARP snapshot studies of the relative effectiveness of state LTC systems in 2011, 2014 and 2017, shows among the top 10 states across these three studies, by far the most of them are FFS AN based LTC/HCBS program systems and the four MLTC states in MN, HI, CA and WI are either not depending on corporate for-profit HMOs to administer their programs or have limited their exposure by also contracting with non-profit HMO organizations.

It is important that two states in the top 10 in 2011 (IA at 6<sup>th</sup> place and KS at 9<sup>th</sup>) fell to 19<sup>th</sup> (IA) and 30<sup>th</sup> (KS) in 2017, following the implementation of HMO MLTC programs. These two states chose to adopt full scale corporate MLTC models comparable to the TX, FL and TN programs.



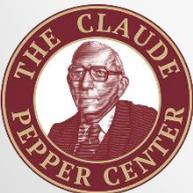
## What Do We Know About MLTC?

- B. Texas has the largest (by far) Medicaid corporate MLTC program, which is also older than most other state MLTC programs and the most penetrating analysis of the TX program was conducted by the Dallas Morning News in June 2018 in an eight part series on the program. The results were generally very critical, especially of the largest company (Centene). The main findings were as follows:



## What Do We Know About MLTC?

- Texas' Medicaid Managed Care program is a \$11.7 billion dollar industry for five HMOs to care for the state's medically frail children, children in foster care and the vulnerable elders and persons with disabilities in need of long term care.
- The HMOs are able to make their own rules for assessing the needs of very sick people and for managing their care with a network of providers who are subcontracted with by the HMOs. Minimal oversight of the managed care program, has been provided over the past ten years by the Texas Health Commission, the state agency overseeing the Medicaid program.



## What Do We Know About MLTC?

- Two state studies were provided by state nurses in 2015 and 2017 which called for immediate interventions for very ill patients not being served appropriately and advised that millions of dollars in fines be assessed. These recommendations were largely ignored by the health commission and the state legislature.
- One of the state nurses, Nancy Toll, said that Texas officials warned that “companies might stop doing business and the state would have no way to provide health care for millions of people.”
- The sickest patients, especially the very fragile children, bring the most profit on a per patient basis to the managed care companies, netting more than \$145 million in 2017.



## What Do We Know About MLTC?

- Secret shopper assessments by the health commission's contract evaluator, the University of Florida, and by The Dallas News reporters, showed provider networks advertised by the HMOs were not really accessible – it included doctors that were not taking new patients, phone numbers that did not work, and often providers no longer participating in Medicaid.
- Texas health commissioners and state officials often leave public service to work for the managed care companies and several MCO lobbyists have taken jobs with state government.



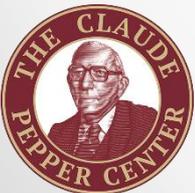
## What Do We Know About MLTC?

- C. One of the critical findings from the Dallas Morning News was that the state capacity to monitor and perform quality assurance functions was very limited to non-existent. Two detailed studies (2017 and 2018) from the GAO found that these monitoring and accountability failures were not unique to TX, but were common across the entire Medicaid MLTC program in virtually every state and that CMS had required little for the last several years from the states in terms of quantitative (cost and outcomes) accountability.



## What Do We Know About MLTC?

Clearly, monitoring and evaluation of the vast shift to MLTC in the Medicaid program has not been a priority for Congress or the executive branch for many years. In the absence of Federal pressure, the states have not taken accountability on the whole, very seriously.



## What Do We Know About MLTC?

- D. For example in Iowa and Kansas, providers and beneficiaries have reported serious program failures, especially service deficiencies for seriously impaired persons, since the shift to MLTC began. Newspapers in both states have reported extensively on these deficiencies generating a growing resistance to the MLTC programs in both states.



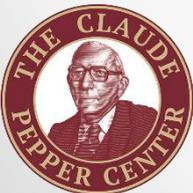
## What Do We Know About MLTC?

A September 2018 report on the costs of the Iowa Medicaid MLTC program indicated that the per person daily costs were three times higher than under the traditional FFS system. The Des Moines Register won a 2018 Pulitzer for its editionizing on the Iowa program.



## What Do We Know About MLTC?

E. The Kaiser Health News recently reported that when auditors, lawmakers and regulators bother to look, many conclude that Medicaid insurers fail to account for the dollars spent, deliver necessary care or provide access to a sufficient number of doctors. Oversight is sorely lacking and lawmakers in a number of states have raised alarms even as they continue to shell out money.



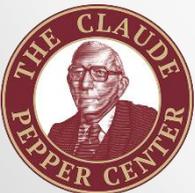
## What Do We Know About MLTC?

Two of CA's most profitable insurers, Centene and Anthem, ran some of CA's worst-performing Medicaid plans, according to state quality scores and complaints in government records. California officials have been clawing back billions of dollars from health plans after the fact.



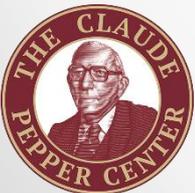
## What Do We Know About MLTC?

State lawmakers in Mississippi, both Republicans and Democrats, criticized their Medicaid program last year for ignoring the poor performance of two insurers, UnitedHealthcare and Centene, even as the state awarded the companies new billion-dollar contracts.



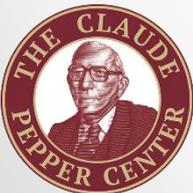
## What Do We Know About MLTC?

In Illinois, auditors said in January that the state didn't properly monitor \$7 billion paid to Medicaid plans in 2016, leaving the program unable to determine what percentage of money went to medical care as opposed to administrative costs or profit.



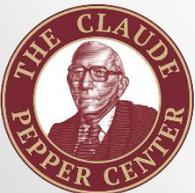
## Conclusions

4. At this point we cannot rely on a science of MLTC in its various forms to reach reasonably objective conclusions about its cost-effectiveness compared to the traditional FFS and AN administered HCBS programs.



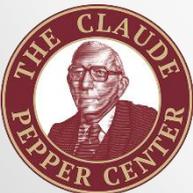
## Conclusions

We do, however have sufficient information to indicate that the Federal and state governments should take a far more skeptical approach to corporate Medicaid MLTC systems than they have for the last decade, before adopting the model.



## Conclusions

- States need to implement far more extensive and rigorous monitoring and evaluation systems for their MLTC programs based on accurate cost and encounter data.
- It would help enormously if CMS were to require, as plainly as possible, that all states implement rigorous, uniform monitoring and evaluation systems; this is not likely as CMS emphasizes even further deregulation.



## Conclusions

- At a minimum, the states with the best Medicaid LTC systems (WA, OR, VT, MN, AK, WI and CO) should resist any pressure to convert their successful systems into a MLTC model administered by corporate health firms.

