



Bureau of Legislative Research

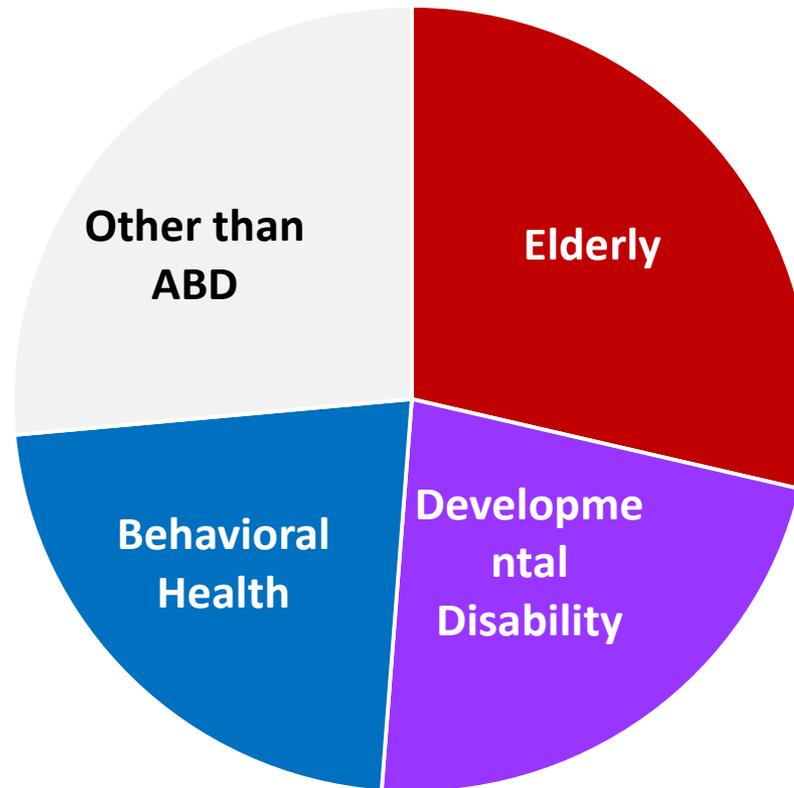
Arkansas Seventh Annual Long-Term Services and Supports Policy Summit

The following slides are taken from TSG September 16, and October 7, 2015 update to the Arkansas Health Care Reform Task Force

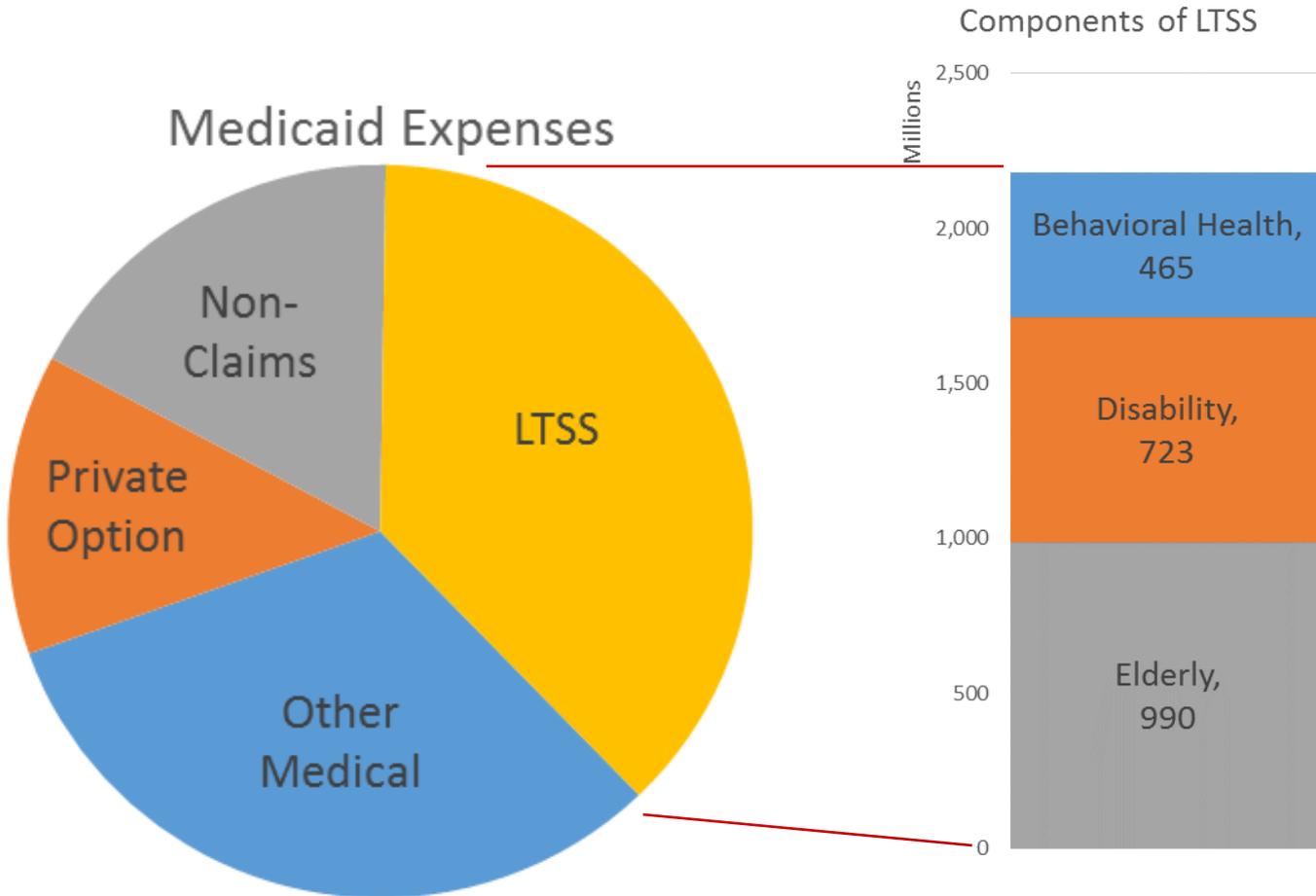
ABD Costs Including Halo Are 74% of Traditional Medicaid

	Direct Program Costs	Halo Effect	Total	Percent of Claims
Elderly	\$989,580,886	\$163,729,046	\$1,153,309,933	29%
Developmentally Disabled	\$723,493,917	\$183,455,886	\$906,949,803	23%
Behavioral Health	\$464,686,509	\$433,988,499	\$898,675,008	22%
Sum of Aged, Blind and Disabled			\$2,958,934,744	74%
All Claims (without Private Option or contracts)			\$4,023,136,382	100%

ABD Direct and Halo Costs 74% of Traditional Medicaid



Nearly Half of Medicaid is for Long Term Services and Support (LTSS)*

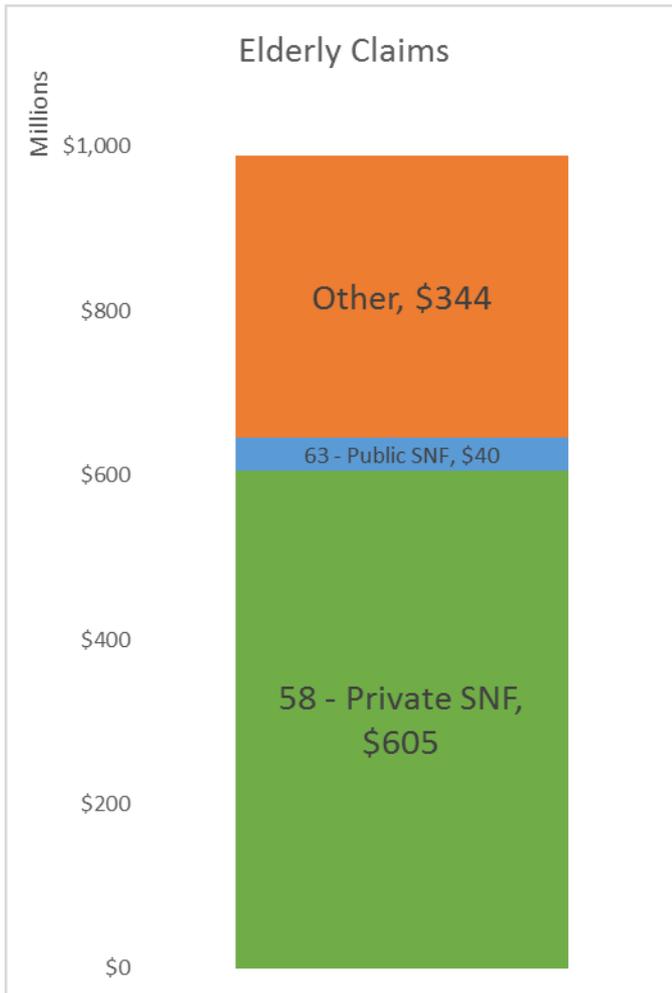


*Includes Institutional and HCBS

Eldercare

- Elder care including Halo is \$1.2 billion, 29% of Medicaid
- 65% of Elder LTSS is for Nursing Homes
- Depending on Elder program, Halo Costs add 10-60% in other medical costs
- Nursing home costs are over 3x waiver costs per person
- Even after adding halo costs, Waiver Beneficiaries across the board, including those in the assisted living waiver claim less than half of institutional beneficiaries

Elderly Care is Largely for Private Nursing Homes



58 - Private SNF	\$605,391,718
53 - Personal Care - Regular	\$98,025,956
97 - Elders Choices Waiver	\$53,130,713
63 - Public SNF	\$39,695,754
H2 - Nursing Home Hospice	\$29,971,174
59 - Private SNF Crossover	\$24,963,236
L4 - APD Agency Attendant Care, Co Employee	\$23,085,386
L1 - APD Attendant Care	\$21,072,004
IO - Independent Choices Treatment Elderly	\$19,961,565
AL - Assisted Living Facility	\$17,809,236
24 - Home Health Services	\$16,791,790
SR - AR Seniors	\$7,422,863
PP - PACE	\$6,387,966
73 - Private Duty Nursing EPSDT	\$6,025,448
H1 - Hospice	\$5,947,011
94 - EPSDT Prosthetic Device	\$5,714,592
74 - Private Duty Nursing Services	\$3,063,530
I9 - Independent Choices C/FI	\$1,862,990
C3 - CSMT Age 60 and Older	\$1,678,375
I8 - Independent Choices FMS Services	\$1,326,548
I2 - Independent Choices New Trtmnt Elderly	\$193,673
AX - Extension of 3 Prescriptions for Assisted	\$59,359
	\$989,580,886

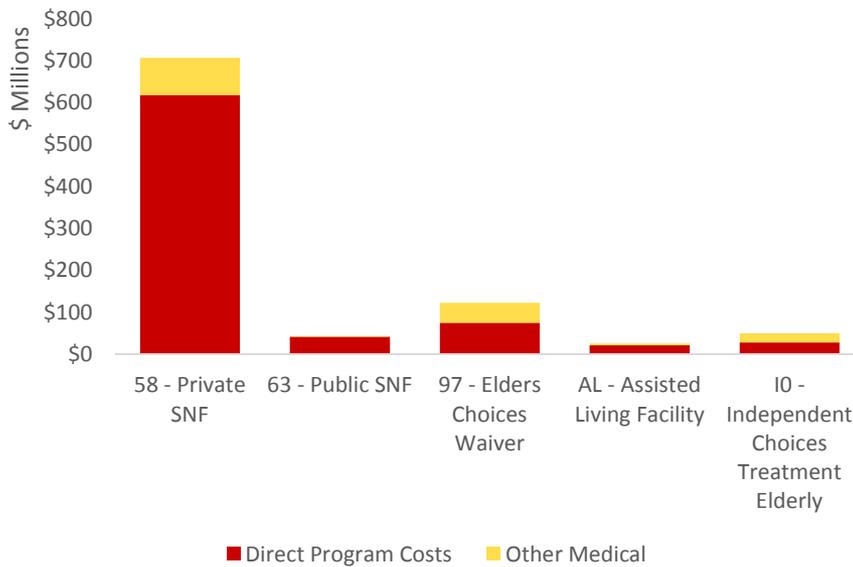
Note: TSG analysis of data covering calendar 2014

Proprietary and Confidential

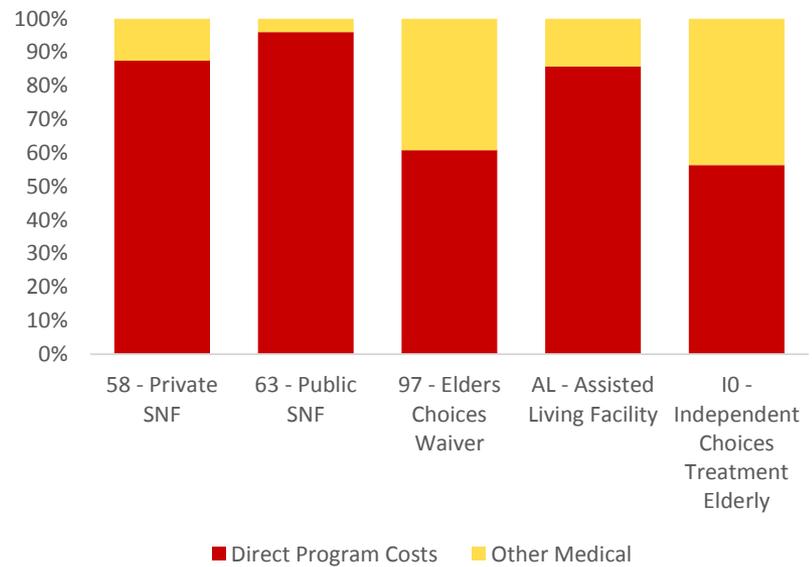
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Halo Effect Accounts for Significant Costs for in Each Type of Elder LTSS

Elder Care Program Costs



Elder Care Program Costs



Note: TSG analysis of data covering calendar 2014

Average Number of Elders in Care on Any Given Month Billing Medicaid

	Average 2014	Member Months
2014 Elder Headcount (mid-month)		
H1 - Hospice	140	1,679
59 - Private SNF Crossover	1,582	18,982
H2 - Nursing Home Hospice	604	7,248
63 - Public SNF	237	2,848
58 - Private SNF	11,544	138,530
97 - Elders Choices Waiver	4,661	55,931
10 - Independent Choices Treatment Elderly	1,853	22,230
53 - Personal Care - Regular	11,674	140,092
AL - Assisted Living Facility	775	9,299

Note: TSG analysis of data covering calendar 2014

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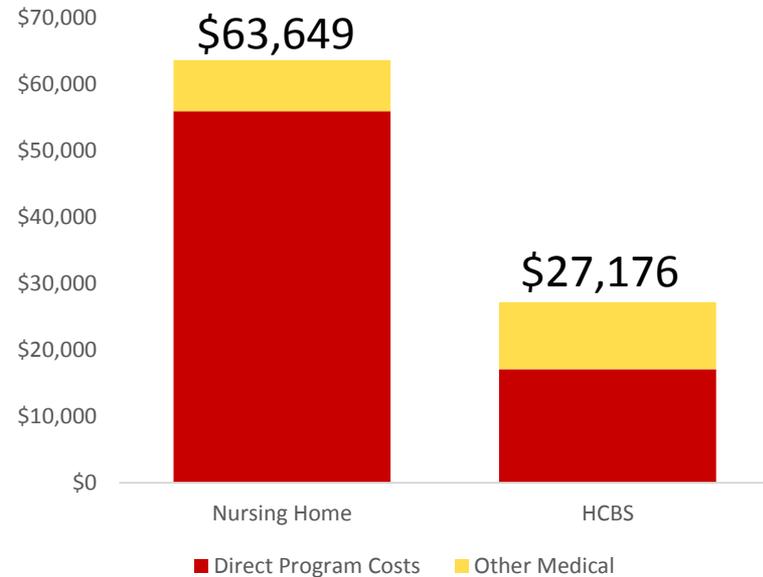
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Nursing Home Costs are Twice as Much as HCBS

Elder per Capita Care Program Costs



Per Capita Elder Care Costs: Nursing Home compared to HCBS



Note: TSG analysis of data covering calendar 2014

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Traditional Medicaid

Growth Scenarios

Medicaid Projected All Funds (\$millions)								
Growth Scenario	2015	2016	2017	2018	2019	2020	2021	
5%	5,159	5,417	5,688	5,973	6,271	6,585	6,914	
6%	5,159	5,469	5,797	6,145	6,514	6,904	7,319	
7%	5,159	5,521	5,907	6,321	6,763	7,236	7,743	
8%	5,159	5,572	6,018	6,499	7,019	7,581	8,187	
9%	5,159	5,624	6,130	6,682	7,283	7,938	8,653	
10%	5,159	5,675	6,243	6,867	7,554	8,309	9,140	
Medicaid Projected General Revenue (\$millions)								
Growth Scenario	2015	2016	2017	2018	2019	2020	2021	
5%	1,548	1,625	1,706	1,792	1,881	1,975	2,074	
6%	1,548	1,641	1,739	1,843	1,954	2,071	2,196	
7%	1,548	1,656	1,772	1,896	2,029	2,171	2,323	
8%	1,548	1,672	1,805	1,950	2,106	2,274	2,456	
9%	1,548	1,687	1,839	2,004	2,185	2,382	2,596	
10%	1,548	1,703	1,873	2,060	2,266	2,493	2,742	

Building a 21st Century Medicaid Program

- Cultural shift from paying claims to paying for performance (outcomes)
- Independent clinical assessment, using an evidence-based state of the art test to determine the needs, plan of care and cost for each individual who qualifies for service
- Strong contract provisions and a robust monitoring system to ensure that beneficiaries get high quality care that meets their needs in a timely and coordinated fashion
- Overall commitment to paying for care in the least restrictive setting
- Efficiently pay for value and outcomes through a pharmacy benefit manager to oversee this benefit
- System wide dashboard with outcomes

Three Alternative Approaches:

	Care Management	Hybrid	Managed Care
ABD Populations	Extend traditional Medicaid's EOC and PCMH into the high-cost populations	Private insurance carriers develop new care management programs for high-cost populations	Use private insurance carriers to develop new care management programs for both populations
Non-ABD	Expand traditional Medicaid's tools of care management and incentives alignment (EOC and PCMH) to include all providers and beneficiaries		

Focus on Community Based Care as Priority

- Independent Assessment to identify appropriate level of care for ABD population
- Assessment Tools across program
- Enhancing community based care
- Remove barriers to enhancing choice in community
 - Improve reimbursement approval process for providers
 - Reimburse residential care for transportation
 - Rationalize rules for guiding residential care facilities
- Community First Choice Option part of 1115 negotiations rather than entitlement

Rebalancing Long-Term Services and Supports

for the Elderly and Individuals with Physical Disabilities

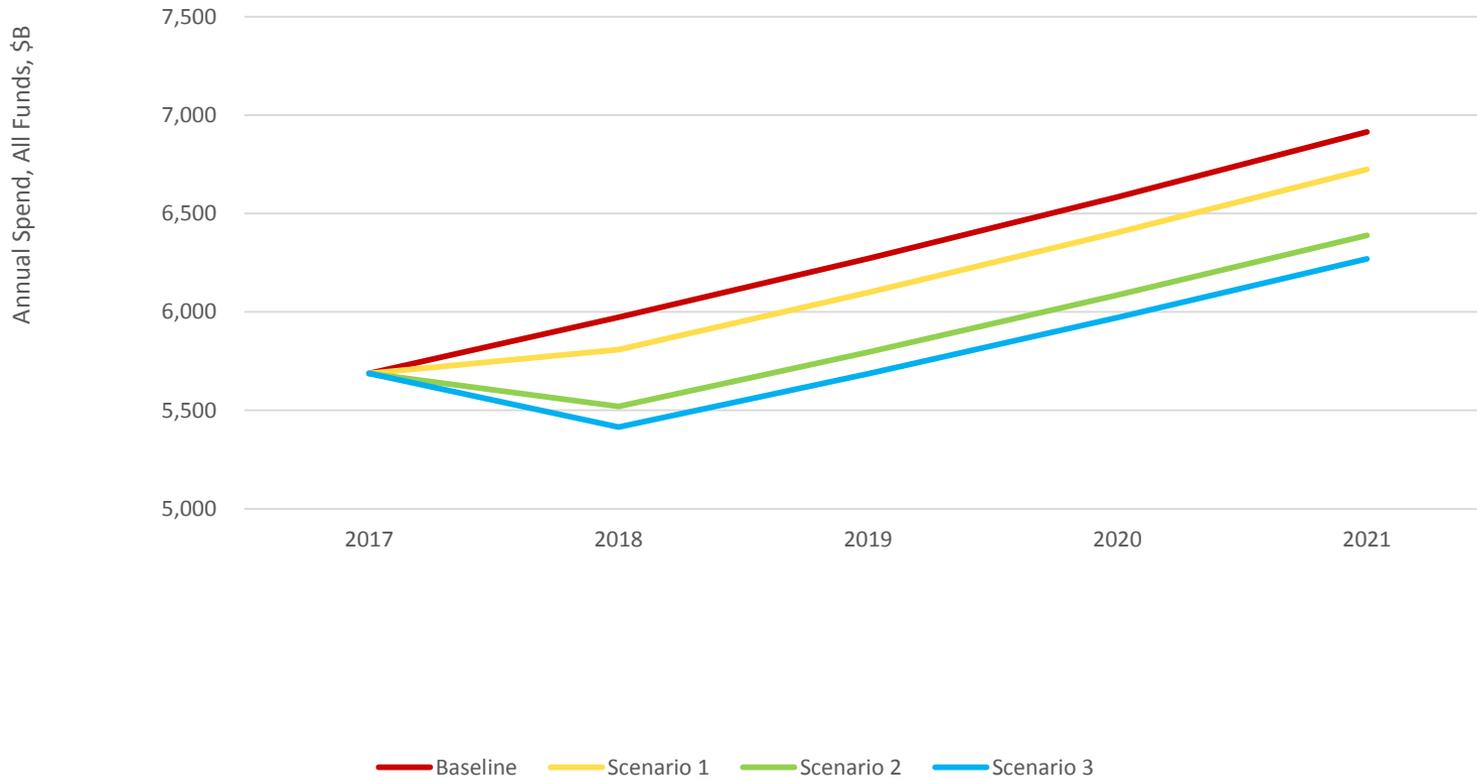
	Nursing Facilities				Community-based Care				Total cost \$millions
	Census	Cost per capita	Total cost, SNF \$millions	% of all LTSS	Census	Cost per capita	Total Cost, community \$millions	% of all LTSS	
Estimated 2015	11,958	64,295	757	65%	14,847	27,453	408	35%	1,165
2021 without rebalancing	14,278	73,131	1,044	65%	17,995	31,226	562	35%	1,606
2021 with rebalancing	9,695	73,131	709	50%	22,568	31,226	705	50%	1,414

Savings Estimates

Projected Medicaid Expenditures and Savings with Different Program Structures (\$millions)							
SFY		2017	2018	2019	2020	2021	Total (2017-2021)
Baseline all-funds spending - current program framework; partial managed FFS, no capitated managed care		5,688	5,973	6,271	6,585	6,914	31,431
All -funds savings against baseline							
Scenario 1 - All managed FFS	Savings	0	164	173	181	190	708
Scenario 2 - managed FFS for low-cost populations, capitated managed care for high-cost populations	Savings	0	373	391	411	431	1,606
	Premium tax	0	80	84	89	93	347
	Total all fund impact	0	453	476	500	525	1,953
Scenario 3 - capitated managed care for all populations	Savings	0	448	470	493	518	1,929
	Premium tax	0	109	115	121	127	471
	Total all fund impact	0	557	585	614	645	2,400

Savings off Baseline

Growth Projections of Different Scenarios



Possible Re-Investments

- DD Wait List
- Rate enhancements
- Primary care
- LTSS community based services
- Additional investigators OMIG
- Additional employer support

Recommended Waiver Implementation Approach: Global 1115 Waiver

- Consolidate all existing waivers and state plan amendments into one global waiver
- Enhance and expand state flexibility
- Reduce reporting requirements
- Streamlined process for adjusting waiver slots
- Bring accountability to DHS for success