Medicaid Landscape Analysis: Medical Assistance Program Oversight Council (MAPOC) Meeting

December 13, 2024

DEPARTMENT OF SOCIAL SERVICES

Agenda

1. Current State Analysis – What CT Medicaid is Doing Well
2. Current State Analysis – Areas of Opportunity
3. Managed Care Analysis – What the Evidence Says
4. Recommendations – CT Medicaid's Path Forward

Current State Analysis – What CT Medicaid is Doing Well

Overall, CT Medicaid Program is Low Cost and High Quality

Project Approach

The Accenture and Manatt project team:

- Conducted an expedited evaluation of available data on Connecticut (CT) Medicaid's current performance
- Analyzed the value Medicaid managed care could bring to the program
- Based on findings, identified key areas of opportunity for DSS to explore

Current State: What CT Medicaid Is Doing Well

Low per-enrollee **spending**

compared to Northeastern states and nationally

Low **administrative** costs

compared to Medicaid managed care states

See details on slides 5-6

Strong performance on most national adult and child **performance measures**

compared to median state performance

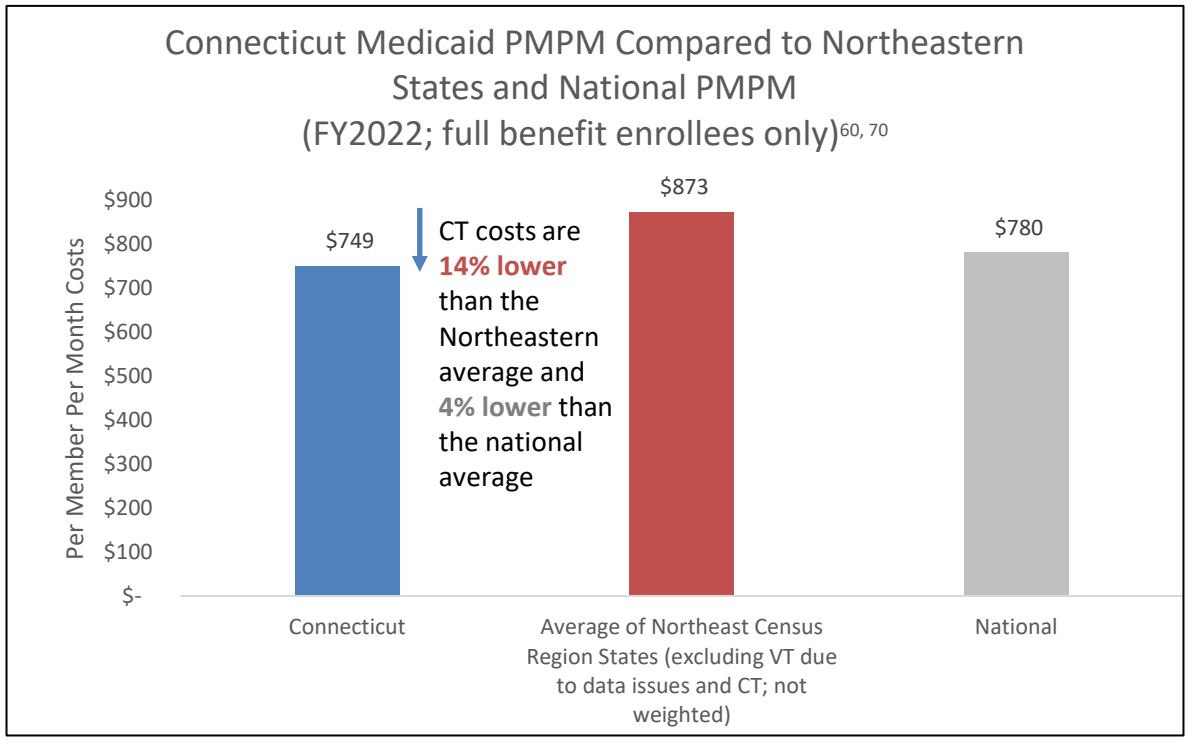
Average **access** to care

compared to national benchmarks based on survey data

The analysis leveraged state and federal Medicaid data, industry research and enrollee/provider feedback.

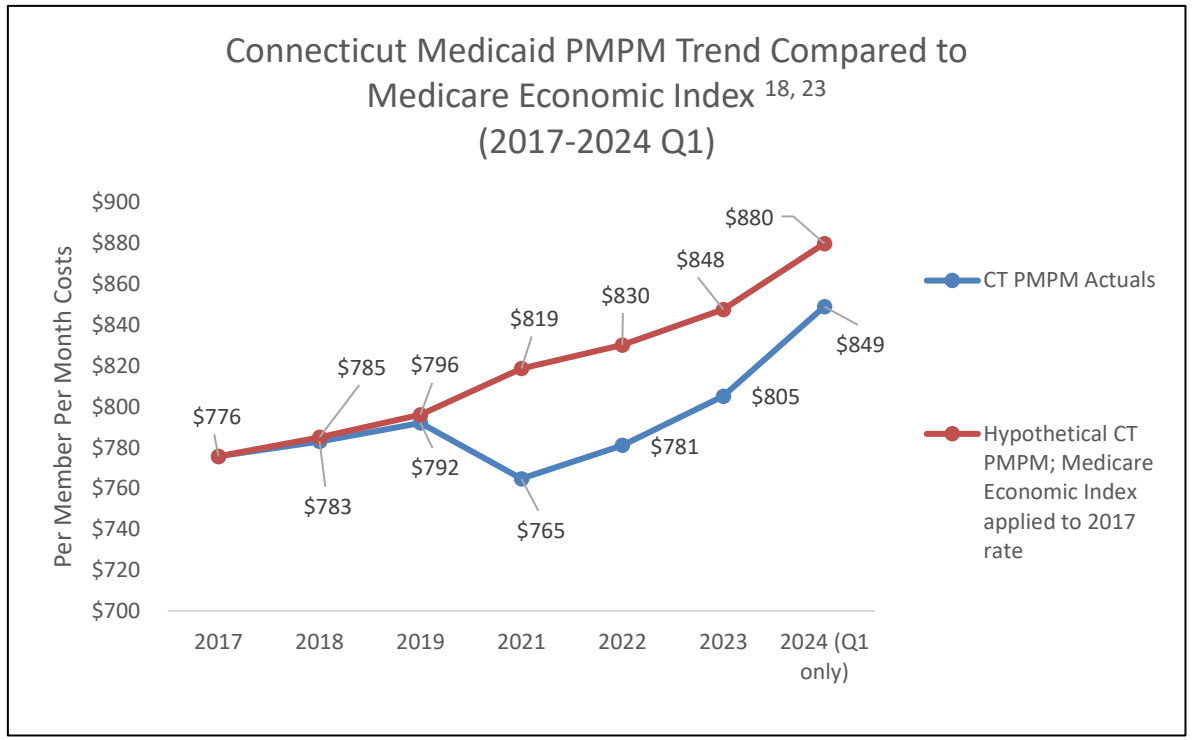
CT Medicaid's Overall PMPM Costs are Lower Than Average

CT Medicaid per member per month (PMPM) expenditures are lower than other Northeastern states…



Notes:
- CT Medicaid PMPM was also below the Northeast average pre-pandemic.
- CT aggregate Medicaid spending as a % of the state budget is also well below that of other nearby states (22% in CT compared to 29% for other Northeastern states in FY2023).
- Citations can be found in the works cited section of the final report.

…and CT Medicaid PMPM cost growth since 2019 has tracked below medical inflation.

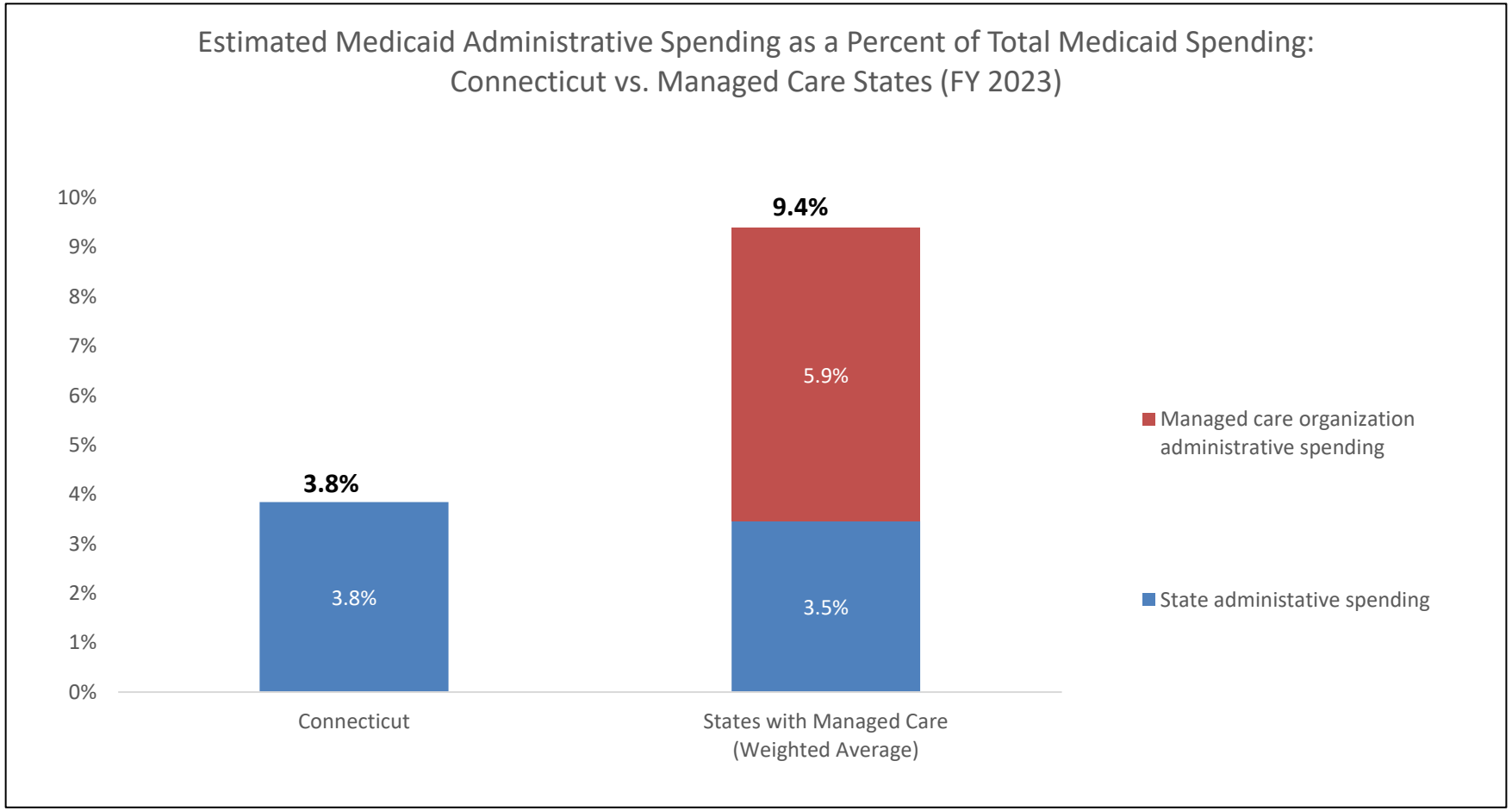


Notes:
- Other PMPM analysis prepared by the State incorporates pharmacy rebates; while figures are slightly different between these two analyses, the overall trend is similar.
- 2020 data not available.
- Citations can be found in the works cited section of the final report.

CT Medicaid Administrative Spending Is Substantially Lower Than Managed Care States

CT's Medicaid administrative costs are substantially below estimates in managed care states, after accounting for both state and managed care organization (MCO) administrative spending. Connecticut should consider the ongoing administrative costs to operate and oversee comprehensive managed care and whether savings on service costs (see Managed Care Analysis) would offset the additional spending.

- If CT's total administrative spending equaled the managed care state average **administrative spending could more than double**.
- Estimates include **ongoing administrative costs only** and do not account for (1) potential offsetting managed care medical cost saving or (2) start-up costs for initial program development and implementation.



Current State Analysis – Areas of Opportunity

However, There are Targeted Opportunities for Improvement

Current State: CT Medicaid Areas of Opportunity / Further Exploration

Below average and declining **enrollee experience** ratings

compared to national benchmarks

Declining performance on select **behavioral health** measures

compared to CT historical and national performance as of 2022

Lower performance on about half of **acute and chronic condition** measures

compared to median performance across states

See details on slide 9

Increasing **prescription drug costs**

but below national trends

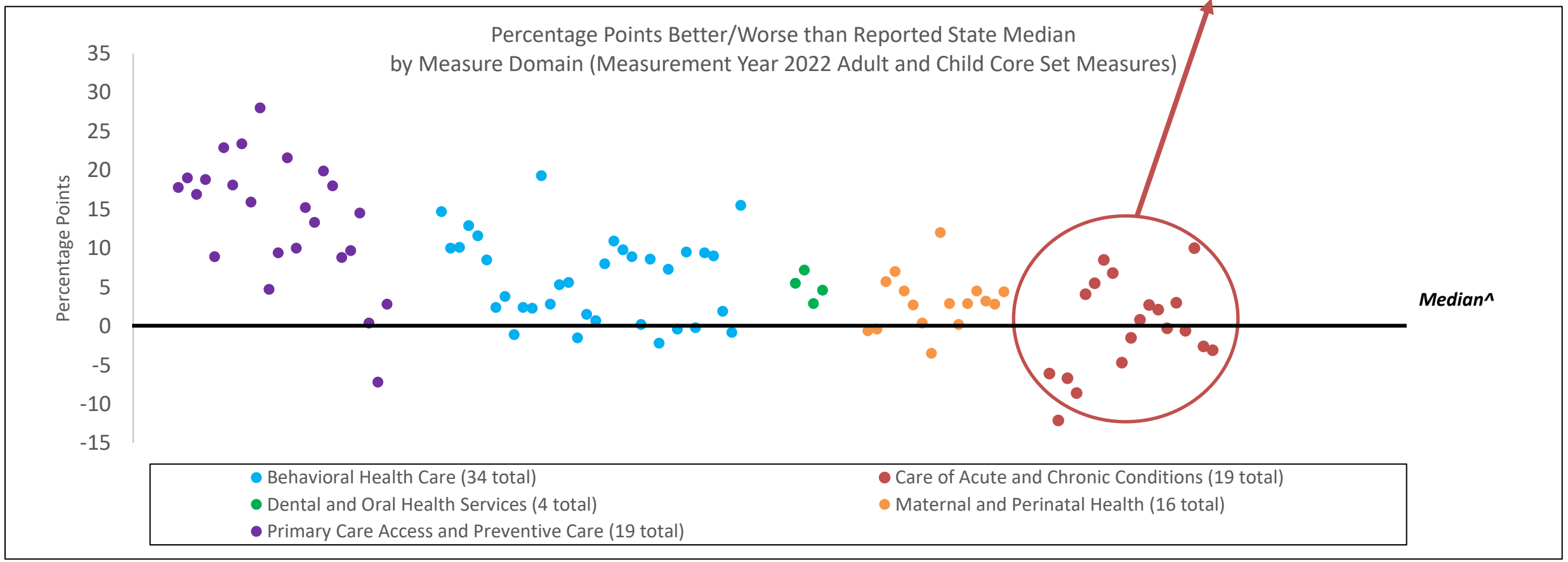
High per-enrollee spending for **individuals with disabilities** and **older adults,** with average outcomes

compared to Northeastern states and nationally

See details on slides 10-13

Connecticut's Quality Scores Suggest Opportunities to Improve Care Management for Individuals with Acute/Chronic Disease and Behavioral Health Conditions

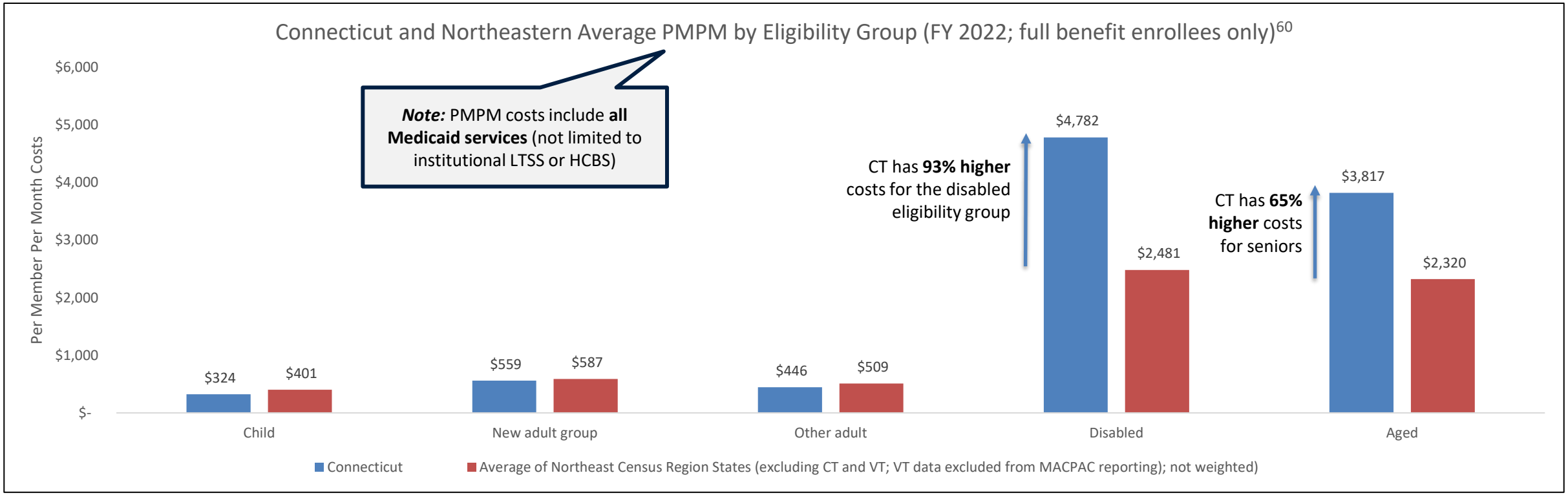
CT Medicaid performed <u>below the median</u> on 53% of core set measures focused on acute and chronic conditions.[12]



Notes: ^ Median refers to the median of scores reported by other states and collected by CMS for that measurement year (MY).
The comparison to median accounts for measures where a lower rate than median would be considered "better" (e.g., rate of pediatric ED visits per 1,000 beneficiary months).
See Appendix Section 6c of the final report for more details about which measures fell below the median in MY 2022 across these domains.
Citations can be found in the works cited section of the final report.

Connecticut Pays Much More than Nearby States for Individuals with Disabilities and Older Adults

CT Medicaid's per-enrollee spending on the disabled and aged eligibility groups – which disproportionately include long term services and supports (LTSS) users – is substantially higher than average compared to other Northeastern states.

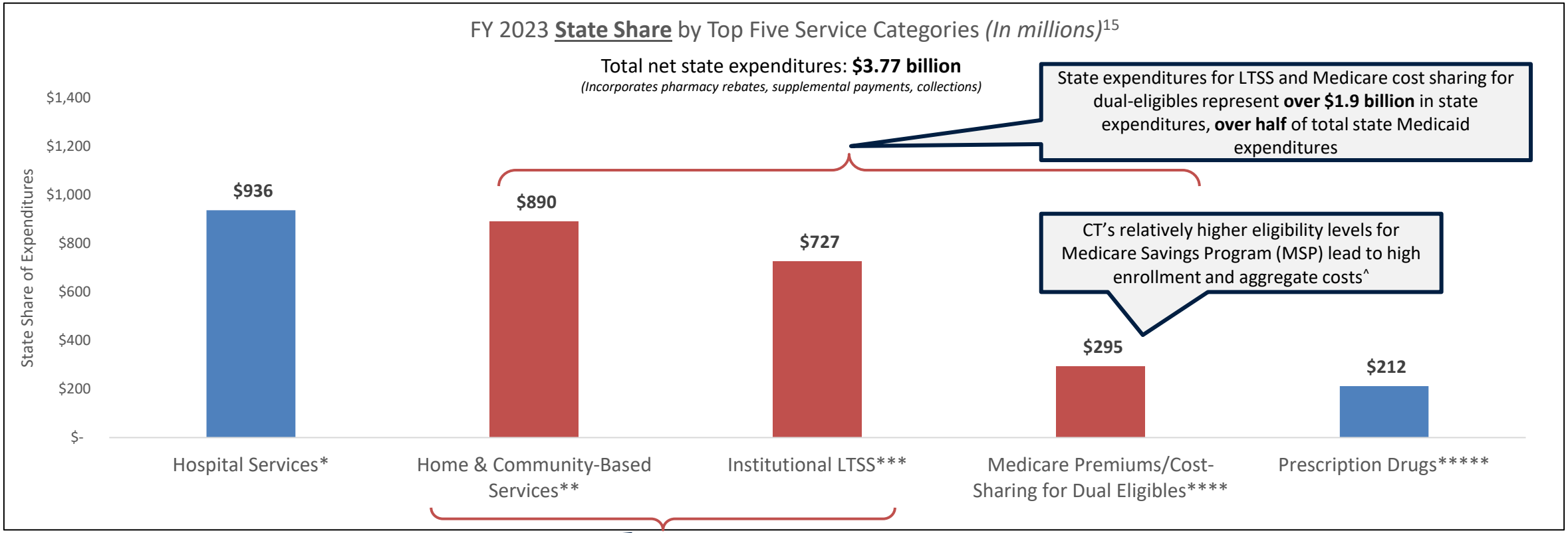


Notes:

- High relative Medicaid per-enrollee spending for the Disabled and Aged eligibility groups is consistent with pre-pandemic trends. Includes total Medicaid spending for full benefit enrollees only (i.e., those receiving limited benefits, such as partial benefit dual-eligibles or those with coverage for emergency services only, are excluded). This ensures that differences in partial benefit eligibility and enrollment across states do not impact results.
- Eligibility groups are defined by MACPAC, based on claims data. The Aged eligibility groups include all full benefit enrollees over 65, including those who are eligible for Medicaid based on their disability status. The "new adult group" includes adults eligible under 1902(a)(10)(A)(i)(VIII) of the Social Security Act (i.e., the Medicaid expansion population).
- Per-member per-year MACPAC figures were converted to per-member per-month figures.
- FY means Fiscal Year.
- Citations can be found in the works cited section of the final report.

LTSS and Medicare Premiums/Cost-Sharing Account for Almost Half of State Medicaid Expenditures

HCBS is the second largest category of CT Medicaid program expenditures, as measured by state share.



In 2022, Connecticut's LTSS rebalancing—measured as HCBS users and expenditures as a percentage of total LTSS users and expenditures--ranked below the median state, suggesting additional opportunities to transition members to the community. 1915(c) waiver enrollment and expenditures were in the top quartile across states (based on 2019 data), which is higher than expected based on LTSS rebalancing ratio.

Notes:

^ CT has the second highest MSP eligibility threshold in the country (after DC) and has the greatest percentage of dual-eligible members that have "limited benefits" (i.e., MSP) compared to dual-eligible members with full-benefits.[56, 57]

*Includes hospital inpatient and outpatient base and supplemental payments.

**Includes 1915(c) waivers,1915(k) Community First Choice (CFC) services, and home health services.

***Includes nursing facility, intermediate care facility for individuals with intellectual disabilities, and mental health facility.

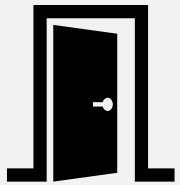
****Includes Medicare Part A and B premiums and cost sharing.

*****Includes national and state drug rebate offsets.

Citations can be found in the works cited section of the final report.

Spending Drivers for Individuals with Disabilities and Older Adults Needs Further Analysis

Several hypotheses emerged from discussions with DSS staff. Additional analysis is required for confirmation.



Hypothesis 1

To ensure beneficiaries can access needed services in the appropriate setting, CT has a **more expansive eligibility and/or service array for home and community based services (HCBS)** compared to other states

Hypothesis 2

To address workforce shortages and improve access, CT has **increased wages and benefits for personal care attendants (PCAs) and made other provider investments**

Hypothesis 3

With HCBS waivers and Community First Choice (CFC) excluded from Administrative Services Organization (ASO) contracts, **there may be care management gaps for enrollees**, especially among dual-eligible beneficiaries

Managed Care Analysis – What the Evidence Says

The Evidence Does Not Provide Certainty on Managed Care's Impact on Cost or Outcomes

The project team reviewed more than 50 studies to assess managed care's impact on cost, quality, and access. Many studies are state specific and—because of characteristics unique to those states—may not translate to CT Medicaid.

Medicaid Managed Care Analysis Findings

Medicaid managed care often reduces medical **service costs…**

…but typically increases Medicaid **administrative spending**.

There is **little evidence** that managed care reduces state **Medicaid costs overall**.

Evidence is mixed on managed care's impact on service **access** and **health outcomes.**

There Are Upfront Costs of Managed Care to Consider

Connecticut should consider the upfront costs of implementing managed care, the ongoing administrative costs to operate and oversee the program and whether savings on service costs would offset the additional spending.

Managed Care Upfront Costs and Activities*

- Managed Care Design and Procurements
- Staff Capacity and Capabilities
- Rate Setting and Actuarial
- Claims Runout and Provider Capacity Building
- Technology and Data Sharing
- Managed Care and Other Vendor Readiness

Managed Care Implementation Timelines*

Design (9-12 Months) → **Implementation (12-24 Months)** → **Operations (Ongoing)**

Stakeholder Engagement

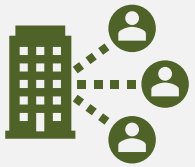
*Note:*Timelines and upfront costs for implementation can vary depending on design decisions and current state of the Medicaid program.*

Recommendations – CT Medicaid's Path Forward

Recommendation: Based on the potential disruption and cost of transitioning a relatively well-performing Medicaid program to managed care, DSS should explore targeted opportunities to reduce costs and improve outcomes instead of pursuing a transition to comprehensive managed care at this time.

Key Areas of Opportunity

Innovation for Older Adults and Individuals with Disabilities



Acute and Chronic Disease Management

Pharmacy Benefit Optimization

Next Steps

In each area, Connecticut will need to clarify vision and further analyze data before designing and implementing new programs.

Vision → **Analytics** → **Program Design** → **Implementation**

Stakeholder Engagement