

Office of the Governor | Mississippi Division of Medicaid

Improving Outcomes and Controlling Costs

December, 14 2017



Presentation Overview

The Mississippi Division of Medicaid has been working diligently to contain costs of the program and limit the increase in costs while striving to improve health outcomes of our beneficiaries. These are summarized by:

Historical Accomplishments: *The Division has implemented a number of program initiatives that have brought about savings.*

Positive Financial Performance: *The Divisions financial comparisons to both CMS inflation and other programs are positive.*

Health Improvements: *The Division can show several areas of documented improvement in health outcomes of our beneficiaries.*

*Accountability * Consistency * Respect*

Historical Accomplishments

- Implemented inpatient hospital APR-DRG payment system
- Implemented outpatient hospital APC payment system
- Implemented Universal Preferred Drug List and Avg. Wholesale Price (AWP) to Average Acquisition Cost (AAC) pharmacy pricing
- Increased managed care enrollment from 8% to 70%

Historical Accomplishments

DOM has undertaken a number of initiatives over the past five years resulting in financial benefits totaling \$450.1 million.

| Financial Benefit Initiatives | Measurable State Benefit for past 5 years, in millions |
|---|---|
| Administrative Investments and Efficiencies | \$58.3 |
| Provider Payment Revisions | \$156.7 |
| Managed Care Financial Benefit | \$235.1 |
| Total | \$450.1 |

Positive Financial Performance

- The Division has worked diligently to control its administrative costs.
- As a result, DOM's Total Administrative Costs and Taxes, as most recently published by the Medicaid and CHIP Payment and Access Commission* in their 2016 Report, are ranked 49th out of 51 (including Wash. D.C.).

| 2016 | in Total | Per Member per Month |
|---|-----------------|---------------------------------|
| DOM Administrative Expenses, with Taxes | \$166 M | \$19.80 |
| National Average | | \$36.44 |
| <i>50 State + D.C. Rank (High to Low)</i> | | 49 |

* The Medicaid and CHIP Payment and Access Commission (MACPAC) is a non-partisan legislative branch agency that provides policy and data analysis to Congress, the Secretary of the U.S. Dept. of Health and Human Services and the states.

Positive Financial Performance

- We have made a conscientious effort to reduce administrative expenditures.
- Over 95% of our budget pays for medical services which reimburses providers for services rendered to Medicaid eligible beneficiaries.
- For long term savings and program stability, we need to improve health outcomes.

Improving Health Outcomes

When we consider health improvements needed in our state, we must first consider the historical and current health status of our population:

- 2nd highest obesity- 1 in 3 adults in MS are obese
- 3rd highest diabetes rate- 13.6% adults in MS
- 2nd highest hypertension rate- 42.4% adults in MS
- Highest rate of pre-term deliveries and low-birth weight babies
- 10% of working age population are disabled vs. 6% U.S. average. This gap equates to 70,000 people.

Higher disease burden equates to higher costs!

Improving Health Outcomes

- Improving outcomes requires that we identify beneficiaries with advancing health conditions and intervene to prevent their progression:
 - pre-diabetes > diabetes
 - women at risk for pre-term delivery
 - monitoring asthmatics to prevent ER visits/hospitalizations
- Invest in tools that will assist in identifying these individuals and assist in their care management.
- Through managed care services, looking to treat all aspects of beneficiaries' care, not just single episode of their disease
- CCO Care Management personnel tracks beneficiaries' health needs, especially those with high-risk indications, through various means of personal contact to ensure receiving needed care
- Able to bring care management oversight and payment for inpatient hospital services under same CCO since December 2015 roll-in
- Continuum of beneficiaries' care not fragmented during hospital inpatient stay as same care management personnel follow their care during hospital stay to plan for best care post discharge

Improving Health Outcomes

At the Senate Medicaid Committee meeting on Dec. 13, 2017, the Chairman of the Medical Care Advisory Committee, Dr. Steve Demetropoulos, stated.

“MCOs bring a lot of extra help, case managers, and social workers, making sure medications compliance is there, working with frequent visits, follow up calls. There is good there. We have had good meetings with MCOs.”

Legislative Considerations

- Allow for more than 12 physician visits in a year.
 - Reduce unnecessary ER visits and improve care quality
- Allow for more than 5 prescription drugs per month.
 - Increase medication compliance/improve beneficiary outcomes
- Revise pharmacy reimbursement language to improve utilization of treatments such as 17-P (Makena), smoking cessation, LARCs , etc.
- Allow coordinated care companies to utilize shared risk value-based purchasing.
 - Providers reimbursed according to the quality of care that they provide.
- Work with the Medical Care Advisory Committee (MCAC) to adopt proposed recommendations as specified in the annual report. Continue efforts to improve quality of care and reduce health care costs through collaboration with the MCAC and other stakeholder groups.
- Add Medicaid beneficiaries or parents/guardians to the MCAC.