



MISSISSIPPI MEDICAID REIMBURSEMENT STUDY

October 26, 2018

NAVIGANT

AGENDA

- I. Background
- II. Landscape
- III. Five Percent Impact Analysis
- IV. Fee-for-Service Rate Comparison
- V. Recommendations

BACKGROUND

- Federal requirements allow each state to determine its own Medicaid rates, but states must comply with the provisions of 42 U.S.C. § 1396a(a)(30)(A), which require them to:

... assure that payments are consistent with efficiency, economy, and quality of care and are sufficient to enlist enough providers so that care and services are available under the plan at least to the extent that such care and services are available to the general population in the geographic area.

- The Mississippi Medical Care Advisory Committee is required to develop a study and advise the Mississippi Division of Medicaid (DOM) with respect to certain provider reimbursement methodologies and any 5 percent reduction in the rate of reimbursement to all providers (*Miss. Code Ann. § 43-13-117(B)*).

BACKGROUND

Navigant was contracted to:

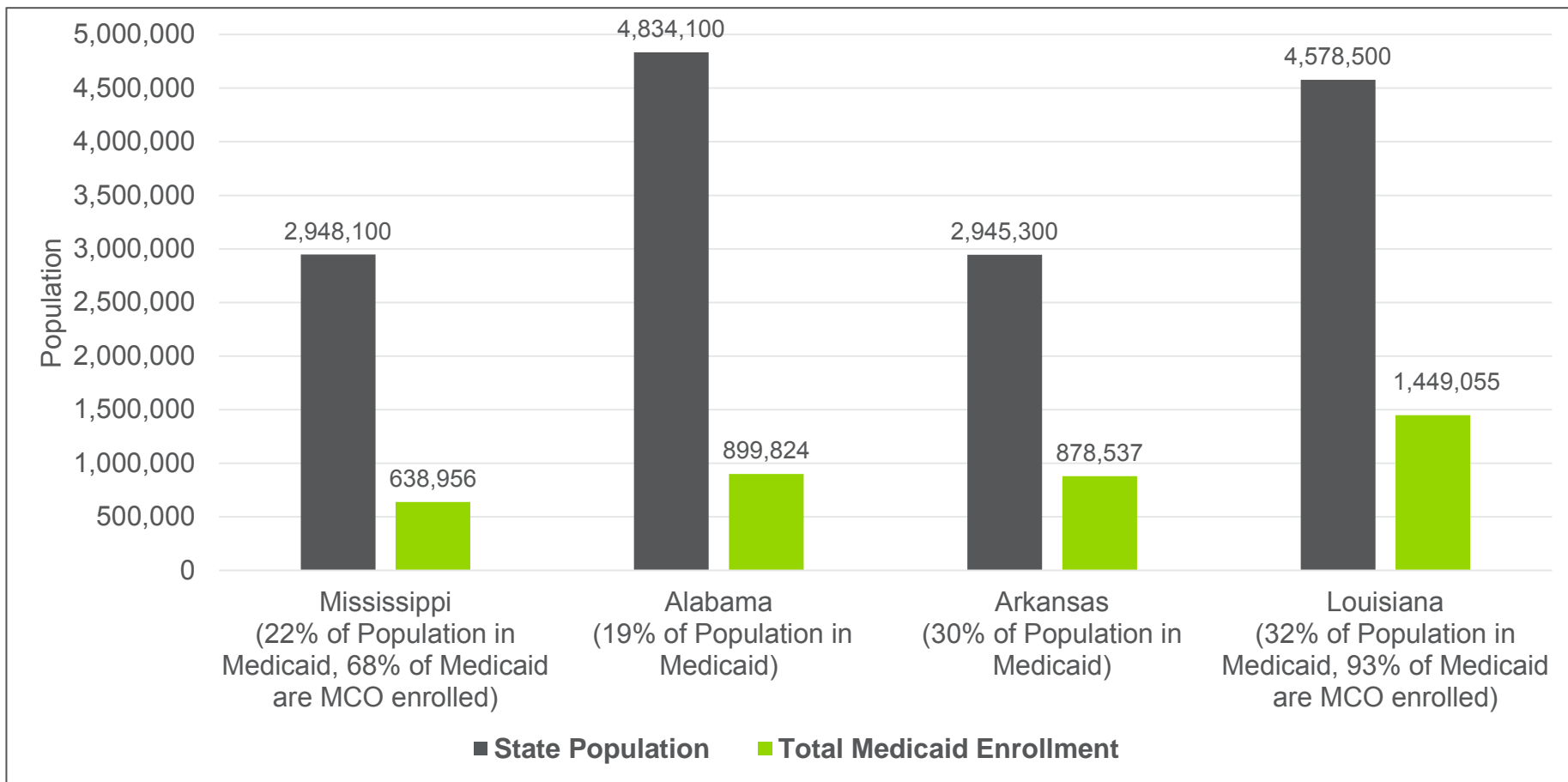
- Estimate impact of a five percent reduction in fee schedule rates for select service types
- Compare Mississippi FFS rates to peer state FFS rates and methodologies
- Develop recommendations regarding reimbursement

COMPARISON OF PEER STATES

- We selected three states for comparison to Mississippi, based on a number of demographic and programmatic measures:
 - Alabama
 - Arkansas
 - Louisiana
- Demographic and other data provide context for the comparison of Mississippi to these states:
 - Medicaid enrollment
 - Managed care enrollment
 - Health insurance status
 - Health status
 - Provider supply
 - Access to primary care services

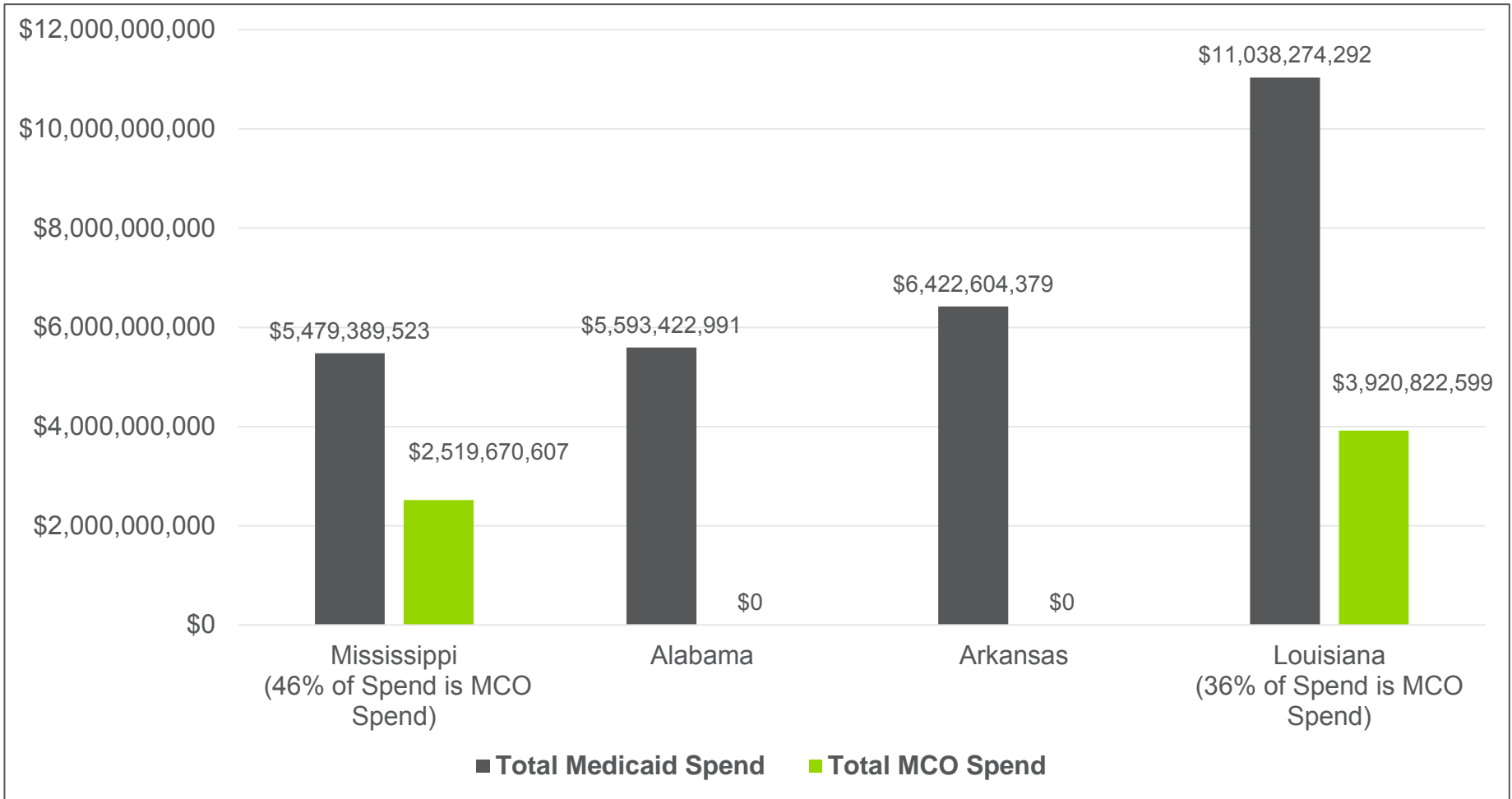


COMPARISON OF PEER STATES' POPULATION, MEDICAID ENROLLMENT, AND MEDICAID MANAGED CARE ENROLLMENT



23% of the total United States population is enrolled in Medicaid

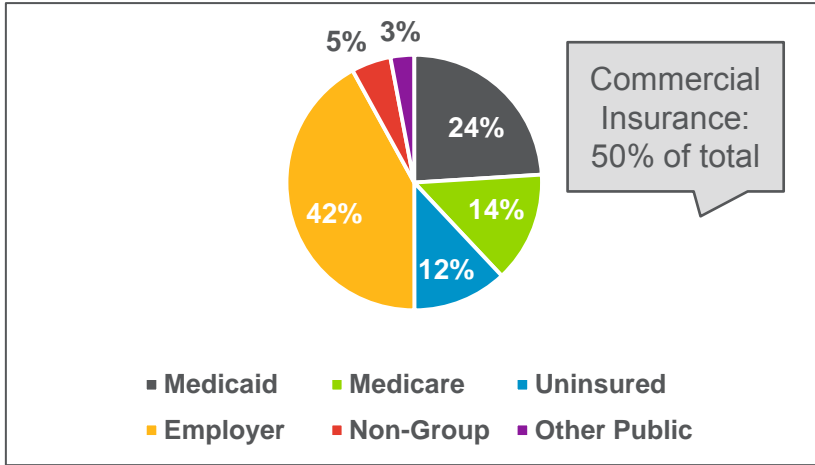
COMPARISON OF PEER STATES' TOTAL MEDICAID AND MCO SPEND



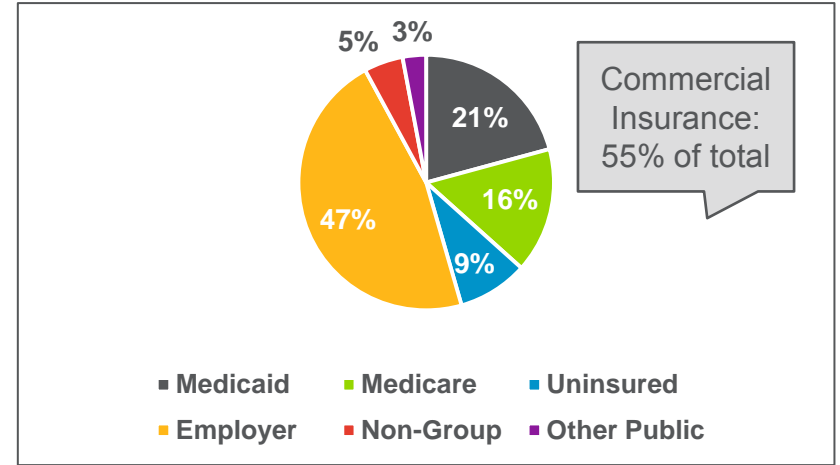
MCO spend accounts for 43% of the total Medicaid spend in the United States

HEALTH INSURANCE COVERAGE BREAKOUT BY STATE

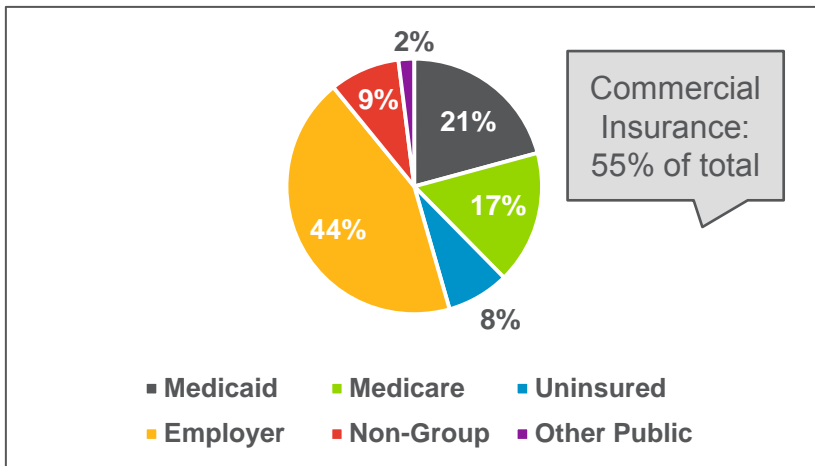
Mississippi



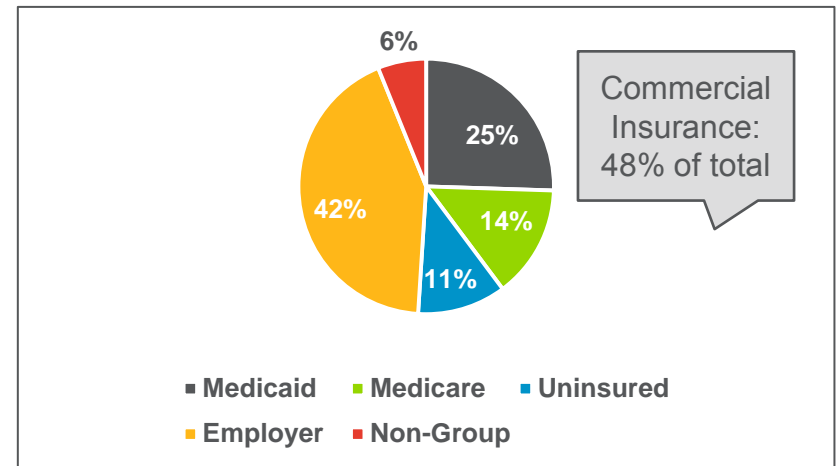
Alabama



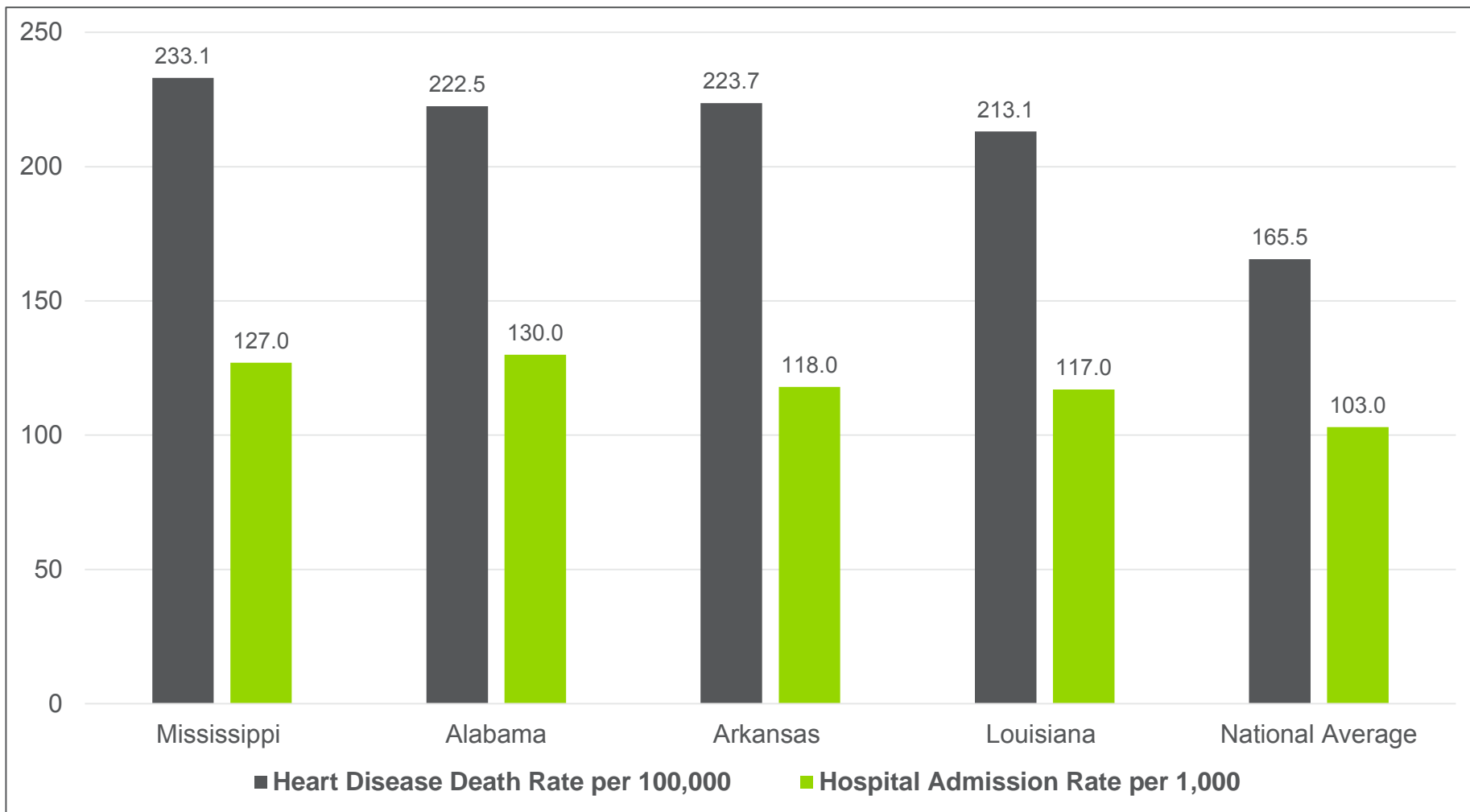
Arkansas



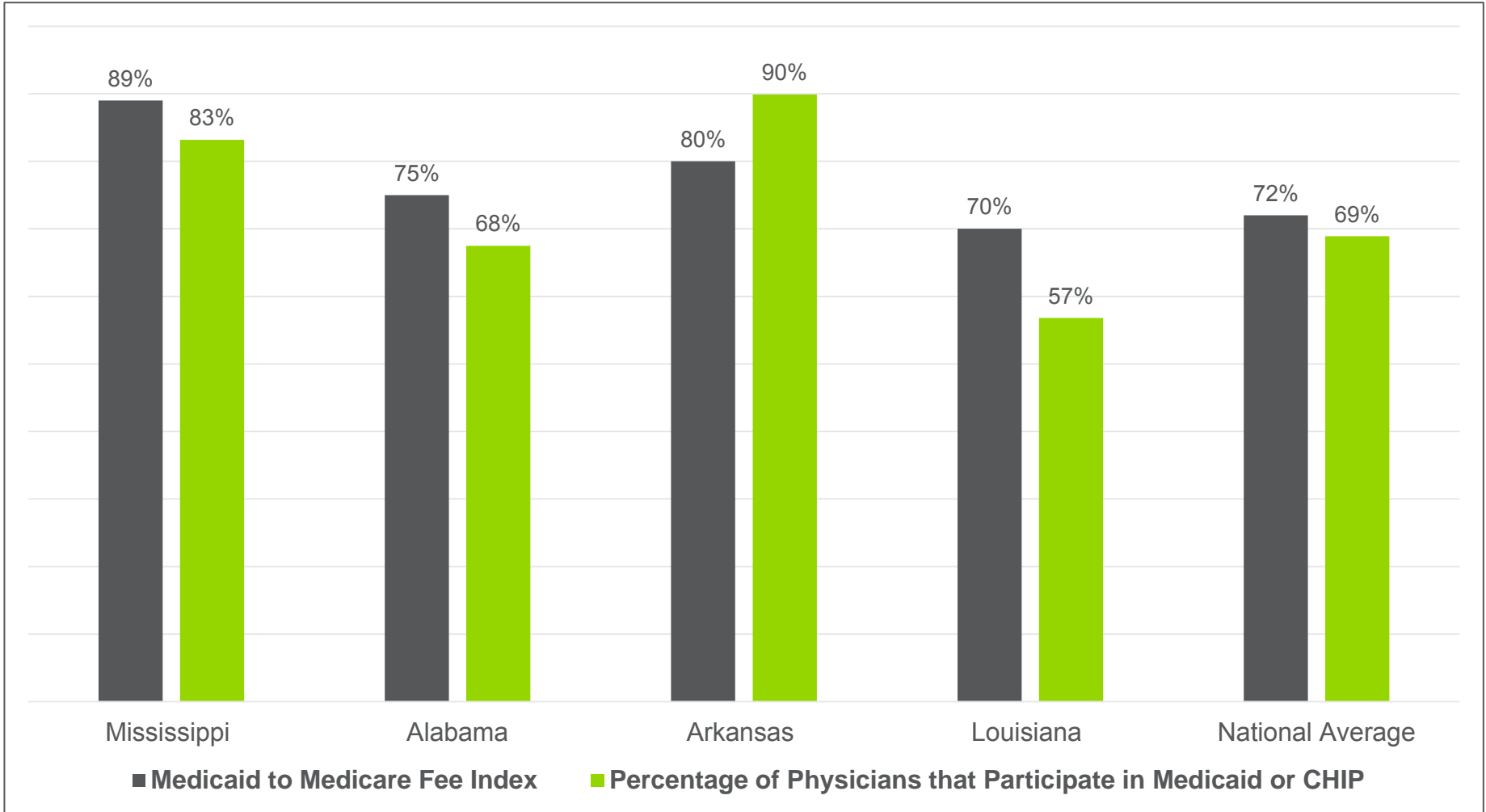
Louisiana



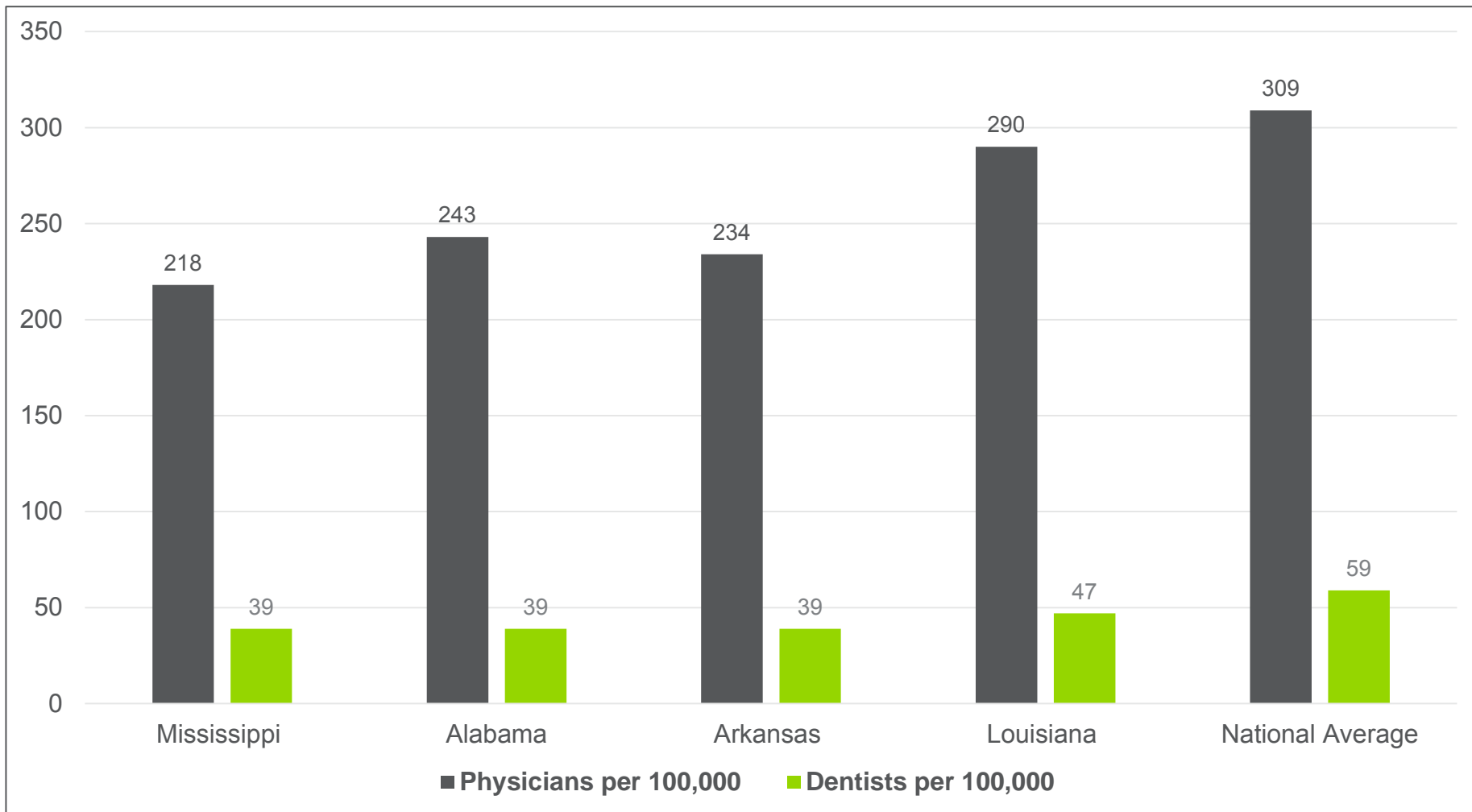
COMPARISON OF MISSISSIPPI, PEER STATES' AND NATIONAL SELECT HEALTH STATUS INDICATORS



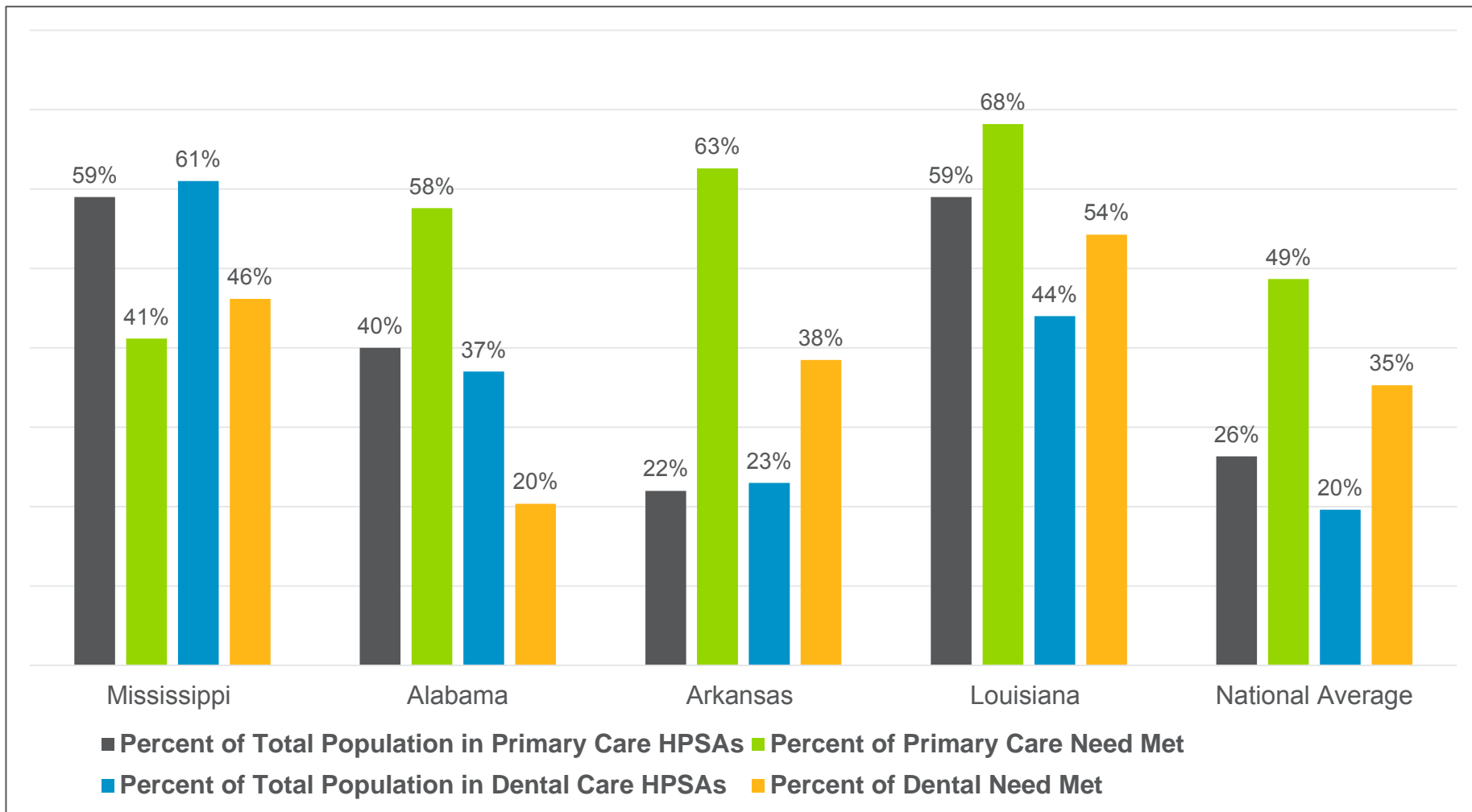
COMPARISON OF MEDICAID TO MEDICARE FEE INDEX AND PHYSICIAN MEDICAID AND CHIP PARTICIPATION



COMPARISON OF MISSISSIPPI, PEER STATES' AND NATIONAL PHYSICIAN AND DENTIST RATES PER 100,000



COMPARISON OF MISSISSIPPI, PEER STATES' AND NATIONAL PRIMARY CARE AND DENTAL ACCESS



FFS SERVICE TYPES INCLUDED IN 5 PERCENT ANALYSIS

Service Type	Total State Medicaid Expenditures	Percent of Total State Medicaid Expenditures	Distinct Beneficiary Count	Included/Excluded in Navigant Rate Analysis
Mental Health Services	\$ 46,342,772	0.75%	20,547	Included in Navigant Rate Reduction Analysis
DME	\$ 23,001,880	0.37%	13,716	
Laboratory Services	\$ 6,163,610	0.10%	41,207	
Dental Services	\$ 5,026,899	0.08%	15,127	
Emergency Medical Transportation	\$ 4,685,656	0.08%	7,903	
Ambulatory Surgical Center	\$ 1,623,308	0.03%	2,021	
Non-Emergency Medical Transportation	\$ 1,579,823	0.03%	2,365	
X-Ray Services	\$ 5,255	0.00%	53	
Total (in 5 percent analysis)	\$ 88,429,203	1.44%	102,939	
Physician Services	\$ 65,867,541	1.07%	100,509	Excluded from Navigant Rate Reduction Analysis
Nursing Facilities	\$ 756,176,832	12.26%	17,774	
Pharmacy	\$ 132,472,423	2.15%	111,141	
Other	\$ 5,126,810,667	83.10%	N/A	

Note: Mississippi contracts with a selected vendor to provide Non-Emergency Medical Transportation (NET) services; the majority of NET expense is through the contract with the vendor, and these expenses would not be subject to the 5 percent reduction.

Note: X-Ray expenditures represent expenditures for independent radiology only.

FIVE PERCENT ANALYSIS RESULTS

Services	SFY 2017 Paid Amount	5% Reduction Paid Amount	5% Reduction Financial Impact on Paid Amount	State Savings (FMAP)
Dental	\$ 5,026,899.06	\$ 4,775,554.11	\$ 251,344.95	\$ 63,766.21
Laboratory	\$ 6,163,609.89	\$ 5,855,429.40	\$ 308,180.49	\$ 78,185.39
Ambulatory Surgery	\$ 1,623,308.33	\$ 1,542,142.91	\$ 81,165.42	\$ 20,591.67
DME	\$ 23,001,880.26	\$ 21,851,786.25	\$ 1,150,094.01	\$ 291,778.85
Emergency Medical Transportation	\$ 4,685,656.07	\$ 4,451,373.27	\$ 234,282.80	\$ 59,437.55
Non-Emergency Medical Transportation	\$ 1,579,822.72	\$ 1,500,831.58	\$ 78,991.14	\$ 20,040.05
X-Ray	\$ 5,254.73	\$ 4,991.99	\$ 262.74	\$ 66.66
Mental Health	\$ 46,342,771.75	\$ 44,025,633.16	\$ 2,317,138.59	\$ 587,858.06
Total	\$ 88,429,202.81	\$ 84,007,742.67	\$ 4,421,460.14	\$ 1,121,724.44

SUMMARY TABLE OF RATE COMPARISONS

Service Type	Mississippi SFY 2017 Medicaid Rate as a Percent of Peer States' Rates	Mississippi SFY 2017 Medicaid Rate as a Percent of Peer States' Rates after 5% Reduction
Physician Services	127%	No rate reduction
• Evaluation and Management Services	130%	
• Telehealth	103%	
Dental Services	149%	142%
Laboratory Services	113%	107%
Ambulatory Surgical Centers	157%	150%
DME Purchase	104%	99%
Emergency Medical Transportation	123%	117%
Non-Emergency Medical Transportation	97%	92%
X-Ray Services	96%	92%

FEE FOR SERVICE RATE COMPARISON

- Mississippi and the peer states often follow the Medicare methodology, paying a percentage of the associated Medicare fee schedule.
- Mississippi Medicaid generally pays higher FFS rates than the **average FFS rate** of the Medicaid programs in the peer states for the majority of service types reviewed for this study.
- Mississippi Medicaid FFS rates as a percentage of the average of other states' rates range from 96 percent for X-Ray services (independent radiology) to 157 percent for Ambulatory Surgical Centers.
- However, Arkansas FFS rates are often higher than the rates of each of the peer states.
- Higher Medicaid rates appear to have a positive impact on Medicaid participation: Mississippi and Arkansas physicians participated in Medicaid at a higher rate than physicians in the other two peer states.

RECOMMENDATIONS FOR CHANGES TO REIMBURSEMENT

- While a rate reduction generates immediate savings, it does not generally result in more efficient or effective care delivery.
- States are generally moving to value-based contracting approaches that create incentives for quality.
- Within FFS, many recent changes in fee schedule methodologies across the country have focused on services in addition to those included in our study, (for example, inpatient and outpatient hospital reimbursement).
 - APR-DRGs
 - Enhanced Ambulatory Patient Groupings (EAPGs) that bundle payment into groups for classification, payment and risk adjustment for outpatient hospital services, ASC services and other outpatient settings.
 - Emergency Department payment policies that implement provisions for more efficient use of the Emergency Department.

RECOMMENDATIONS

- Before considering whether any reimbursement methodology options might have specific programmatic features that could be applied in Mississippi, it will be necessary to establish the objectives of any future changes in reimbursement or delivery system change, such as the following:
 - Reduction in total cost of care for each beneficiary and overall
 - Budgetary goals
 - Creation of provider networks that assure access to quality services for Medicaid beneficiaries
 - Improved outcomes
 - More appropriate utilization, i.e., utilization of services in the most appropriate settings of care
 - Provider and beneficiary satisfaction
 - Value

RECOMMENDATIONS

- Models for health services financing that may be more in line with current Mississippi initiatives and that move from volume to value, including those used by the peer states, include:
 - Risk-Based Managed Care (Mississippi, Arkansas [dental], Louisiana)
 - Patient Centered Medical Homes and Health Homes (Alabama, Arkansas)
 - Episodic or Bundled Payments (Arkansas, Tennessee)
 - Accountable Care Organizations (None of the peer states is involved in these models, but Colorado and Oregon provide case studies)
 - Dual Integration Models (None of the peer states is involved in these models)
 - Other Coordinated Care Models (Alabama, Arkansas)

OTHER CONSIDERATIONS

- Mississippi experiences shortages of both physicians and dentists for the general population and provider participation rates are a concern for Medicaid programs nationally.
- States are moving to ensure that their provider networks that are in place are comprised of providers that demonstrate the quality standards that the state endorses.
- States have implemented new quality standards through their managed care organizations and in FFS programs through some of the Value-Based Programs identified above (e.g., PCMH, Health Home, bundled payment initiatives, ACOs).
- Should Mississippi implement a 5 percent reduction in fee schedule rates for the services identified above (and the additional services not included in our data analysis), the reduction in expenditures will be immediate.
 - However, the change in reimbursement does not address any new priorities or goals the state might seek to achieve.
 - **Medicaid capitation rates could also be affected if the 5 percent rate reduction is implemented, as managed care capitation rates are set indirectly using FFS payment rates.**



APPENDIX

PEER STATE DEMOGRAPHIC DATA

Demographic Category	Mississippi	Alabama	Arkansas	Louisiana
State Population	2,948,100	4,834,100	2,945,300	4,578,500
Total Medicaid Spend	\$5,479,389,523	\$5,593,422,991	\$6,422,604,379	\$11,038,274,292
Total Medicaid Enrollment	638,956	899,824	878,537	1,449,055
Percentage of Medicaid to State Population	21.67%	18.61%	29.83%	31.65%
Medicaid Expansion Date	N/A	N/A	4/23/2013	7/1/2016
Medicaid Expansion Population	N/A	N/A	Up to 138 percent of the Federal Poverty Level, with requirements to work	Up to 138 percent of the Federal Poverty Level
Total MCO Spend	\$2,519,670,607	N/A	N/A	\$3,920,822,599
Total MCO Enrollment	457,903	N/A	N/A	1,479,366
Percentage of MCO Enrollment to State Population	16%	N/A	N/A	32%
Heart Disease Death Rate per 100,000	233.1	222.5	223.7	213.1
Hospital Admission Rates per 1,000	127	130	118	117

Note: See figure 6 in the final report for additional detail.

HEALTH INSURANCE COVERAGE

Insurance Type	Timeframe	Mississippi	Alabama	Arkansas	Louisiana
Medicaid	2016	24%	21%	21%	25%
Medicare	2016	14%	16%	17%	14%
Uninsured	2016	12%	9%	8%	11%
Other					
Employer	2016	42%	47%	44%	42%
Non-Group	2016	5%	5%	9%	6%
Other Public	2016	3%	3%	2%	N/A

Note: See figure 7 in the final report for additional detail.

PRIMARY CARE PROVIDER COVERAGE

Demographic Category	Timeframe	Mississippi	Alabama	Arkansas	Louisiana
Total Physicians	2018	6,424	11,755	6,932	13,275
Physicians per 100,000	N/A	218	243	234	290
Primary Care	2018	3,145	5,777	3,419	6,177
Specialists	2018	3,279	5,978	3,513	7,098
Total Primary Care HPSA Designations	2017	117	99	103	144
Population of Designated Primary Care HPSAs	2017	1,747,991	1,919,497	656,572	2,719,568
Population in Primary Care HPSA / Total Population	N/A	59%	40%	22%	59%
Percent of Primary Care Need Met	2017	41.16%	57.58%	62.60%	68.19%
Medicaid to Medicare Fee Index	2016	89%	75%	80%	70%
Physician Participation in Medicaid or CHIP	2013	83.20%	67.50%	89.90%	56.80%

Note: See figure 6 in the final report for additional detail.

DENTAL CARE PROVIDER COVERAGE

Demographic Category	Timeframe	Mississippi	Alabama	Arkansas	Louisiana
Total Dentists	2018	1,159	1,893	1,157	2,146
Dentists per 100,000	N/A	39	39	39	47
Orthodontists	2018	52	116	56	115
Orthodontists per 100,000	N/A	2	2	2	3
Total Dental Care HPSA Designations	2017	110	64	84	117
Population of Designated Dental Care HPSAs	2017	1,798,158	1,792,743	673,677	2,006,437
Population in Dental Care HPSA / Total Population	N/A	61%	37%	23%	44%

Note: See figure 6 in the final report for additional detail.