

Pennsylvania General Assembly Briefing

Medicaid in the Commonwealth of Pennsylvania

Pennsylvania Provider Advocacy Coalition



Pennsylvania Provider Advocacy Coalition

- Provider organizations across the health care continuum
- Mission to advocate for policies that promote expanded health care coverage and improved health outcomes through education and outreach
- **Continued state and federal support of the Medicaid program is vital**

Agenda

1. Pennsylvania Medicaid Program
2. Pennsylvania Medicaid Managed Care
3. Pennsylvania Medicaid Expansion
4. Pennsylvania Medicaid Facts
5. Pennsylvania Medicaid and COVID-19
6. Pennsylvania Medicaid Looking Ahead
7. Wrap Up

Pennsylvania Medicaid Program



What is Medicaid?

- State Program with Federal Government participation covering approximately 25 percent of the state's population
 - Across the US, average of 60 percent of Medicaid expenditures covered by federal funds (approximately 52% in PA)
- Medicaid covers children, pregnant women, elderly, blind, disabled, and low-income families; vast majority (78 percent) of funds directed towards older adults and people with disabilities
- 500,000 “dual-eligibles”
 - Medicare and Medicaid enrolled
 - Medicaid pays some Medicare copays and deductibles

Source: PA Dept of Human Services / KFF Briefing

Pennsylvania Medicaid Services

- State Medicaid programs must cover basic services
- Up to 30 additional “optional” benefits
 - Optional but NECESSARY for full range of services
 - Commonly covered by non-Medicaid commercial plans
- PA covers 24 optional benefits, such as:
 - Prescription drugs
 - Vision
 - Physical therapy
 - Hospice care

Source: PA Dept of Human Services

Pennsylvania Medicaid Funding

- Pennsylvania relies on more than **\$41 billion in federal funding** to support various programs.
- The state's total FY 22-23 proposed operating budget (including federal funds) is **more than \$100 billion.**

PROGRAM EXPENDITURES

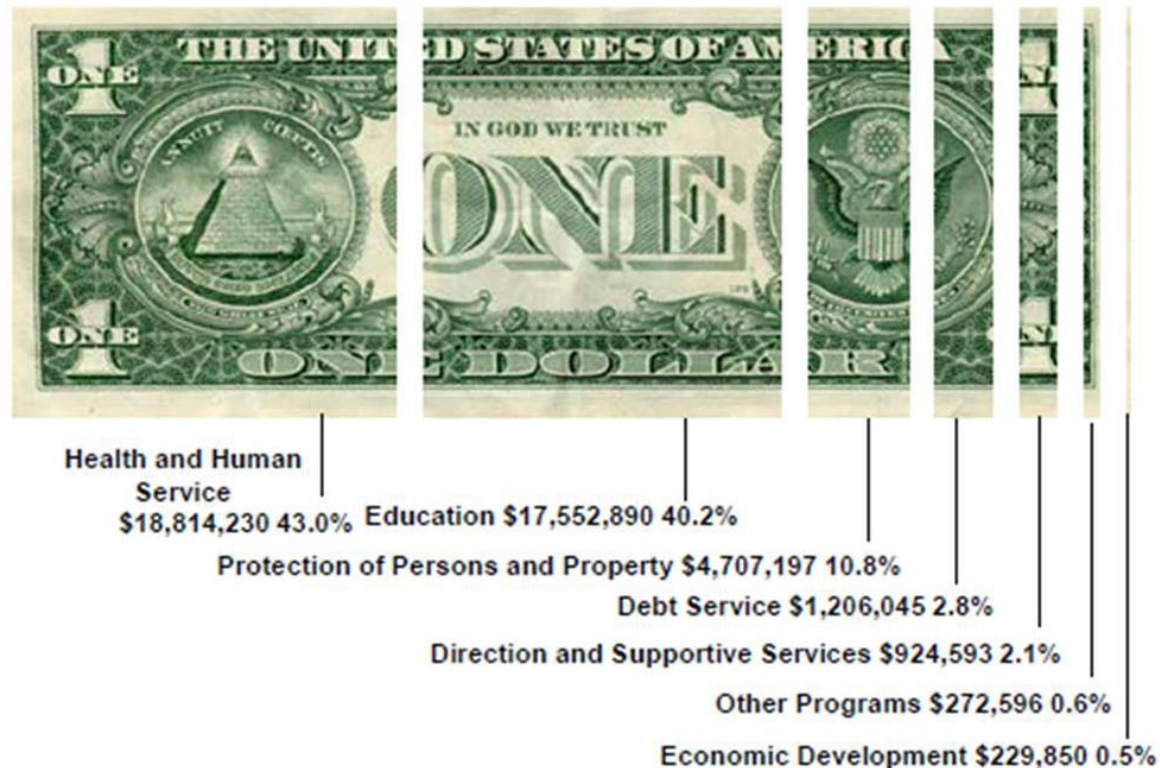
Direction and Supportive Services	\$ 3,216,709
Protection of Persons and Property	12,673,334
Education	21,350,590
Health and Human Services.....	56,881,112
Economic Development	3,271,037
Transportation	9,564,478
Recreation and Cultural Enrichment.....	1,027,896
Debt Service.....	1,347,645
Total Program Expenditures.....	<u>\$ 109,332,801</u>

FY 2022-2023 Governor Budget Presentation

Pennsylvania Medicaid Funding

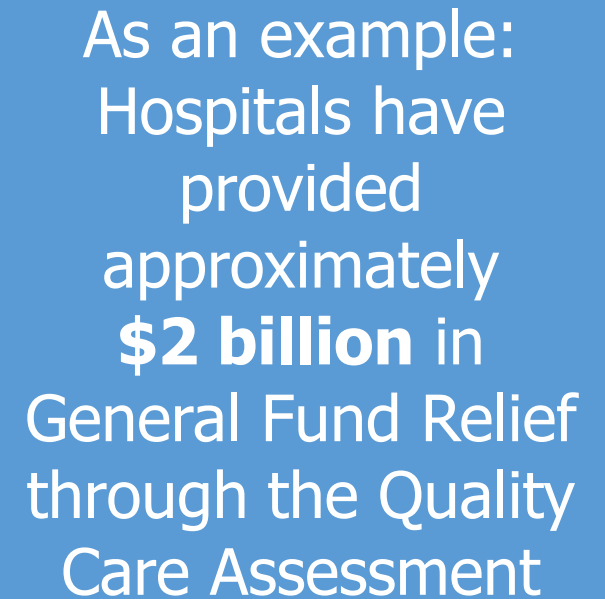
- The Health and Human Services programs are now the biggest budget driver, 43% of state dollars, surpassing “education” General Fund expenditures and account for close to \$19 billion.

FY 2022-2023 Governor Budget Presentation



Pennsylvania Medicaid Relies on Provider Assessments

- The commonwealth levies assessments on various classes of providers/organizations (hospitals, managed care organizations, and nursing homes)
- Assessments:
 - Reduce or replace existing state Medicaid funds
 - Fund used to Medicaid reimbursement rates
 - Provide significant annual General Fund relief



As an example:
Hospitals have provided approximately **\$2 billion** in General Fund Relief through the Quality Care Assessment

Pennsylvania Medicaid Managed Care

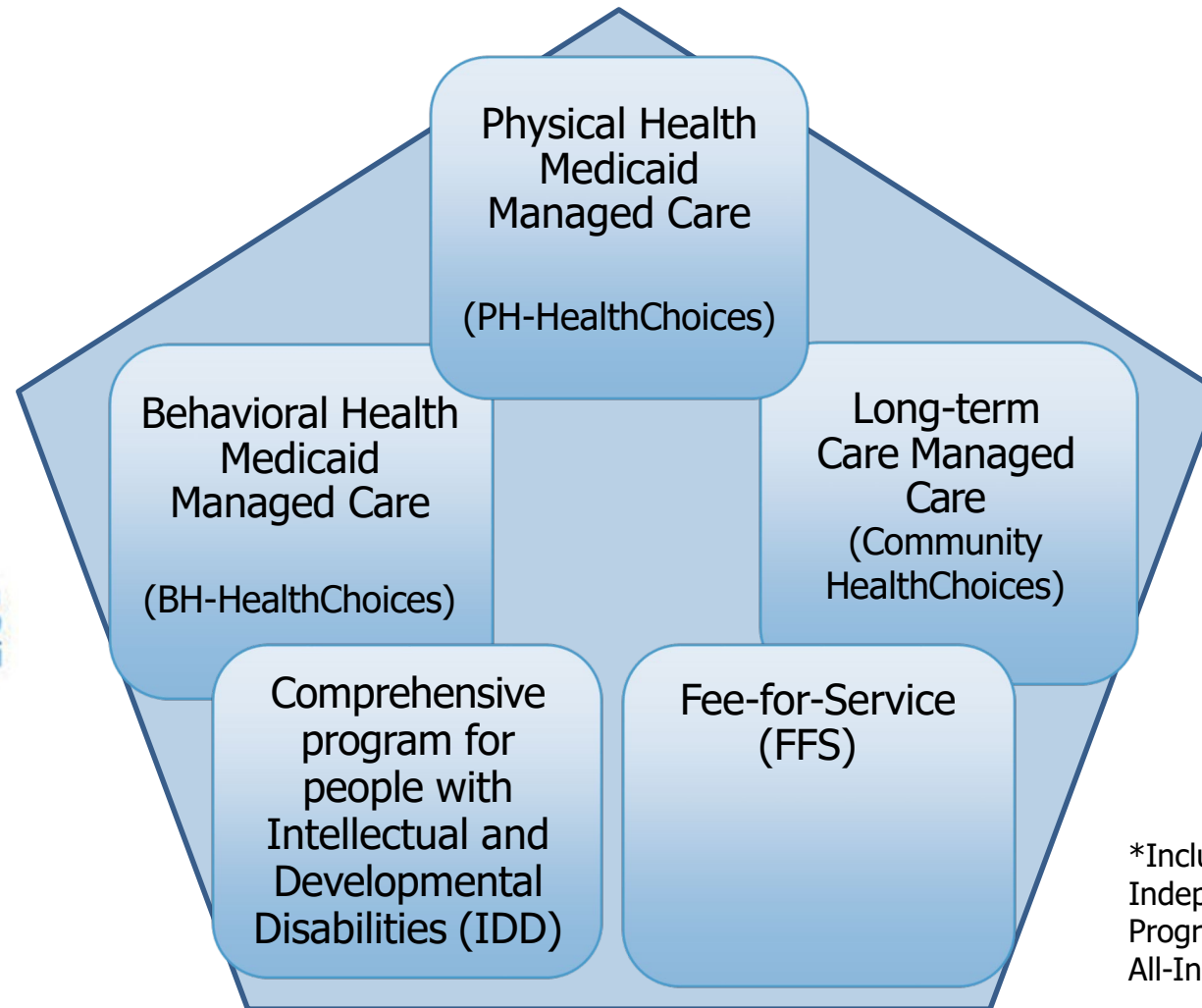


Pennsylvania Medicaid Managed Care

- Managed Care in the commonwealth is referred to as **HealthChoices**
- Three specific **HealthChoices** goals were established:
 1. Improve access to health care services
 2. Improve quality of care for Medicaid consumers
 3. Stabilize PA's Medicaid spending
- Pennsylvania is a national leader in Medicaid managed care; nearly all enrollees become enrolled in managed care models

Five-Pronged Medicaid Delivery System

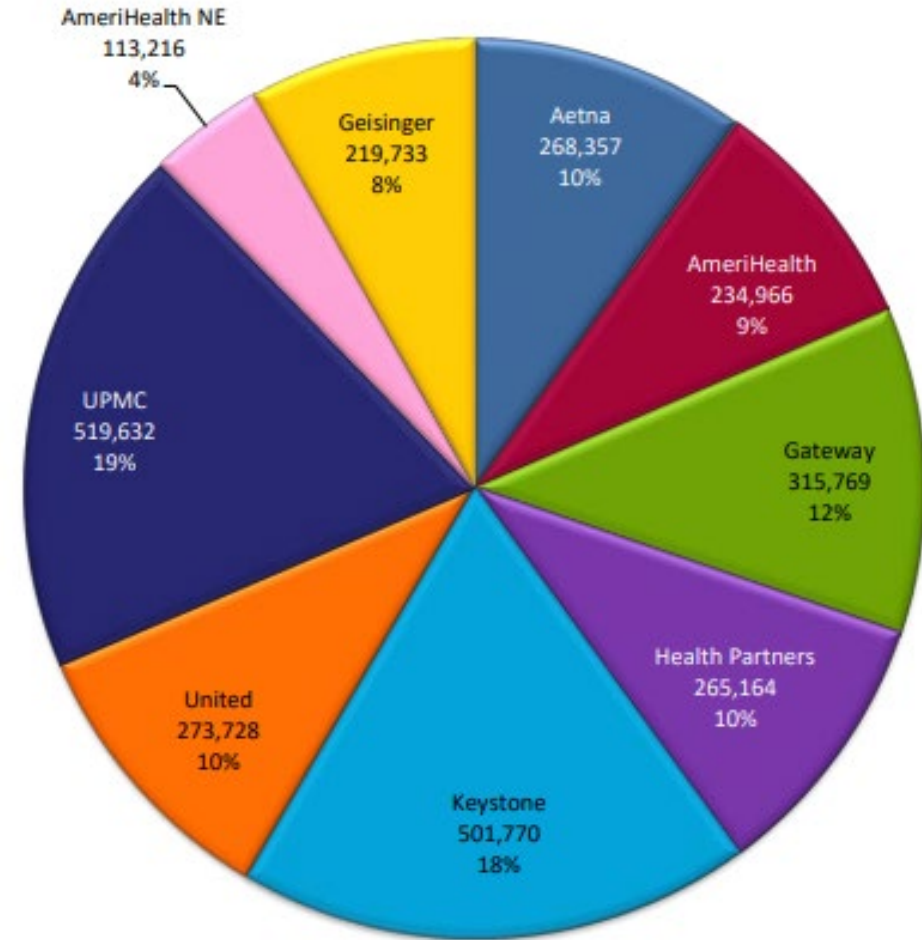
- Administered by PA's Department of Human Services and consists primarily of five delivery systems



*Includes Pennsylvania's Living Independence for the Elderly (Life Program), known nationally as Program of All-Inclusive Care for the Elderly (PACE).

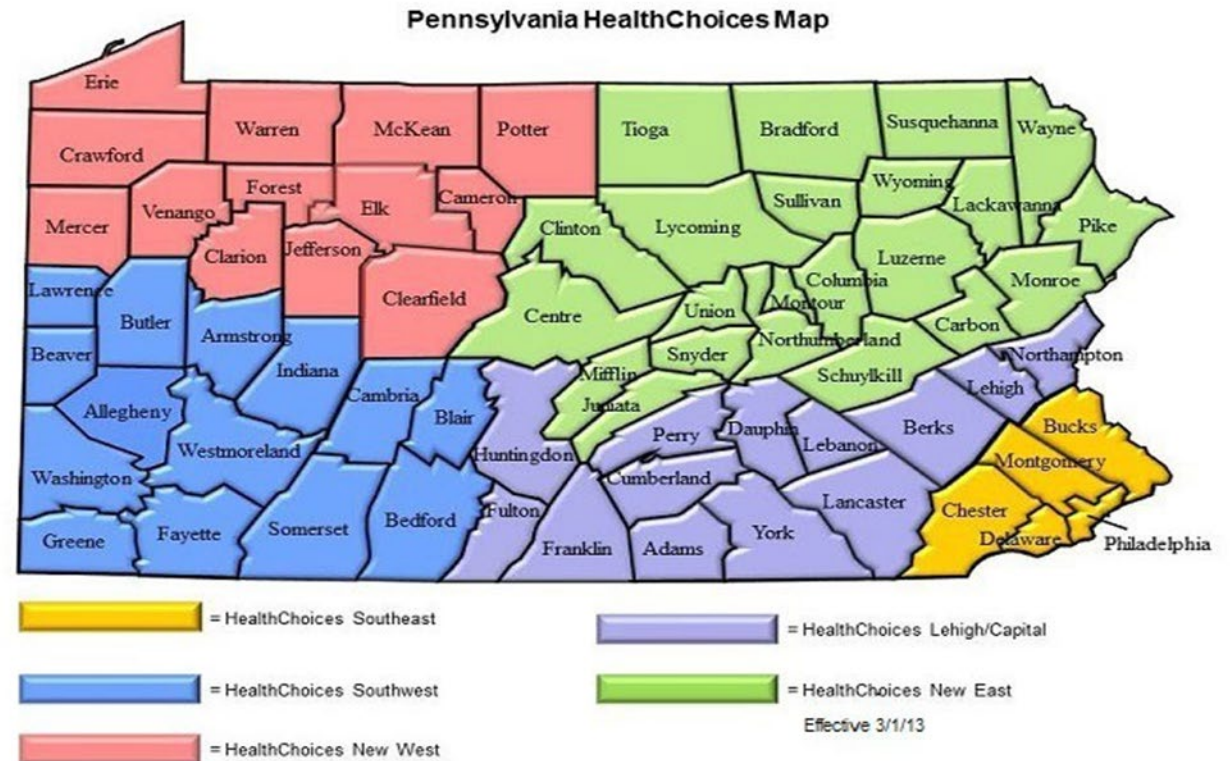
Pennsylvania Medicaid Managed Care

- Physical Health HealthChoices: 2.7 million
- Fee-For-Service: 240,000
- Community HealthChoices: approximately 375,000



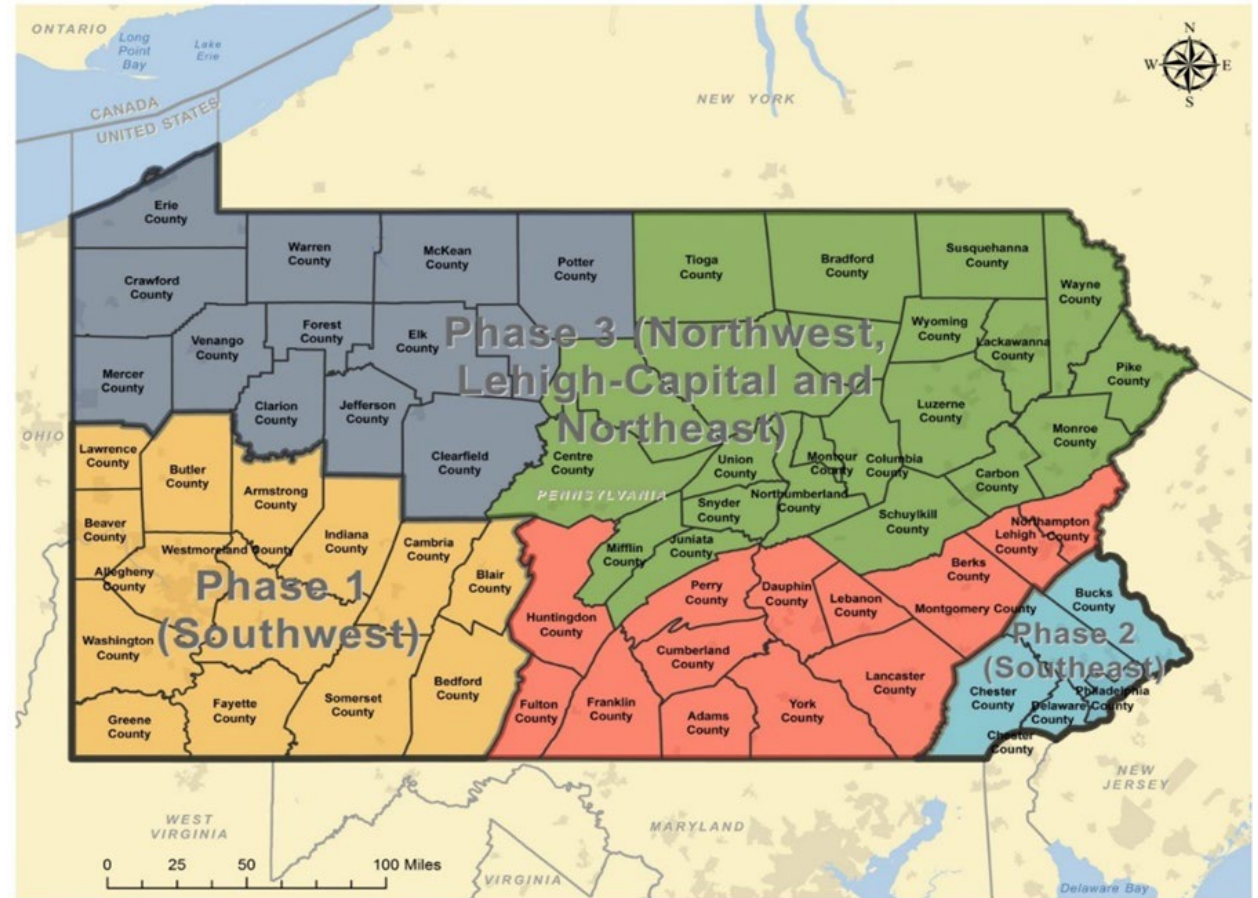
Physical Health Healthchoices Managed Care

- Components include:
 - Comprehensive managed care organization (MCO) contracts by five geographic zones
 - Pay-for-Performance (P4P)/ Value Based Care (VBC)
 - Full financial risk
 - Independent enrollment broker services
 - Actuarial rate setting



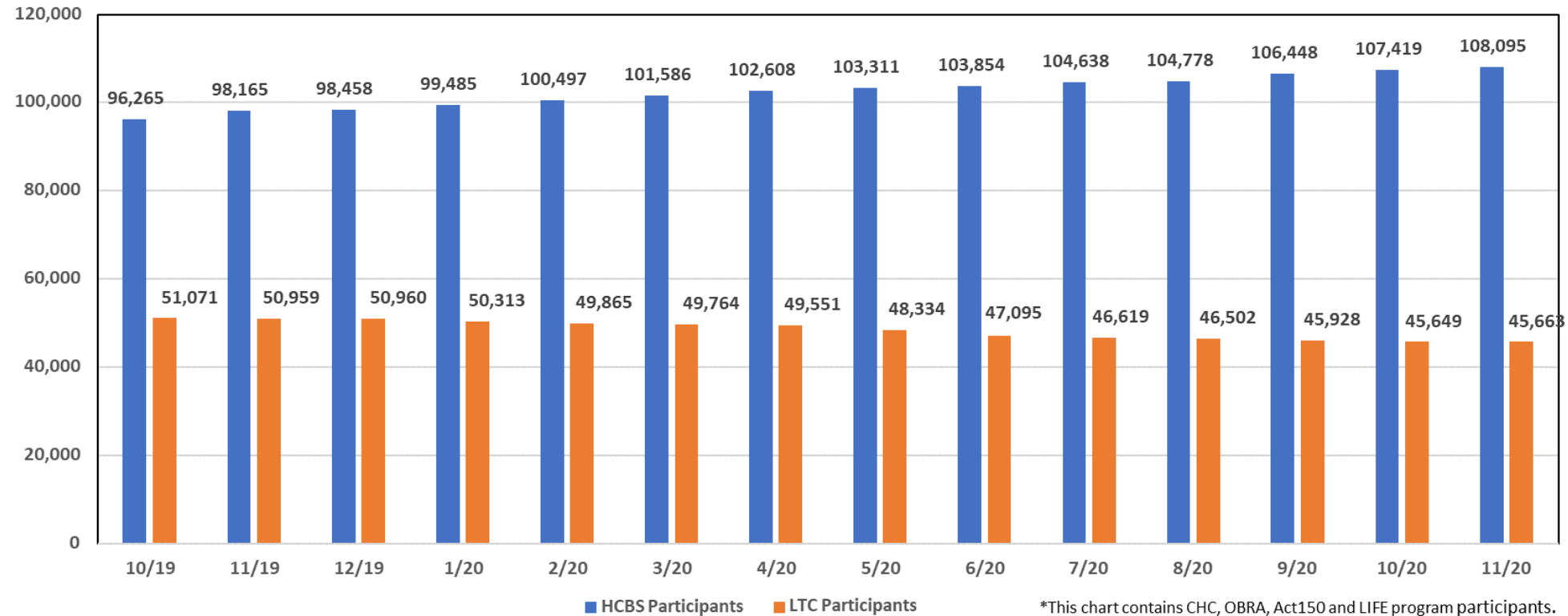
Community HealthChoices (CHC)

- Evolution of Long-Term Care (LTC) and HCBS
- Medicaid traditionally covered LTC via Fee-For-Service (FFS)
 - 1996: PA implemented a prospective case-mix FFS
 - 2012: PA promulgated Home and Community-Based Services (HCBS) regulations
- Community HealthChoices (CHC) transitioned LTC services from FFS to managed care



Statewide Long-Term Services and Supports Population

- The majority of Pennsylvania's long-term services and supports population receives HCBS



¹ PA DHS, Office of Long-Term Living Data Dashboard, December 2020

Nursing Home Patient Characteristics

- Nearly one in five nursing home residents in Pennsylvania is 90 or older ¹
- The most common demographic is women 85–94 ¹
- Most residents need help with daily activities such as getting in and out of bed, dressing, bathing, eating, and using the bathroom. Over 90 percent of residents need significant assistance or are completely dependent on staff for bathing, dressing, and bathroom assistance ²
- Nearly half (46%) of residents have dementia-like symptoms ²

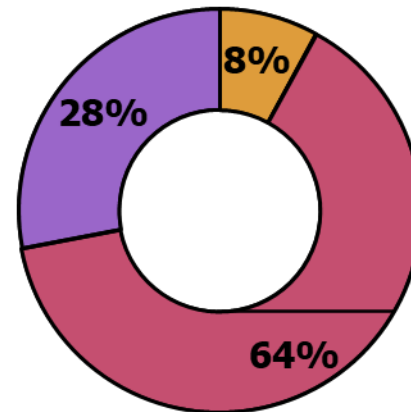
¹ 2019-2020 PA DOH Nursing Home Report from Long-Term Facility Questionnaire

² CMS Certification and Survey Provider Enhanced Reporting (CASPER) as of July 30, 2020. Data reflects facilities' most recent Standard Health Survey.

Medicaid in Pennsylvania's Nursing Facilities

- Pennsylvania has 688 Nursing Facilities with 87,492 licensed beds ¹
- Every day, Pennsylvania's Nursing Facilities provide care to approximately 75,000 residents ²
- 624 Nursing Facilities and 83,722 beds are Medicaid Certified ¹
- Medicaid pays for the most days of care in Pennsylvania nursing facilities ²

Nursing Facility Payor Mix



■ Medicare ■ Medicaid ■ Private Pay/Other

¹ PA DOH

² CMS Certification and Survey Provider Enhanced Reporting (CASPER) as of July 30, 2020. Data reflects facilities' most recent Standard Health Survey.

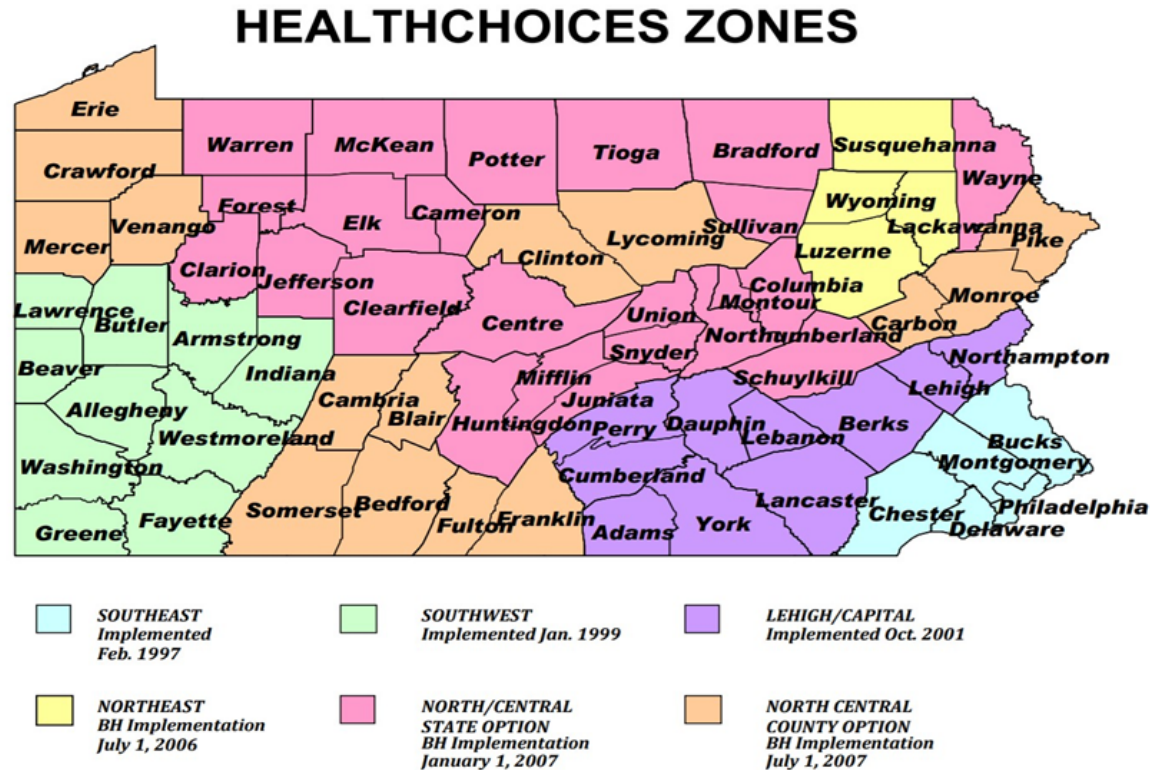
Who Pays for Nursing Facility Stays?

Who Pays for your skilled nursing stay?	How long is your skilled nursing stay?
Medicare pays full coverage	Day 1–20
In 2020, individuals under a Medicare covered stay were required to pay a \$185.50 copay for every day, Medicare would supplement	Day 21–100 **If the resident is dual eligible Medicaid will pay toward the cost of care, if what was paid by Medicare is less than the MA per diem**
The resident or Medicaid pays full costs of care	All days after exhaustion of 100 day Medicare Part A benefit

Medicare will pay up to **100 days** as long as the resident continues to need skilled care.

Behavioral Health HealthChoices Managed Care

- Five Behavioral Health (BH) MCOs provide services in PA
- Program cornerstones: access, choice, cost-containment, supplemental services, and reinvestment
- Broad base of inclusive services to address mental health, drug and alcohol use, autism, and other needs
- Pharmacy benefits are generally paid for by Physical Health (PH) MCOs
- Reporting of key performance metrics as implementing Value-Based Purchasing (VBP) program that reward BH-MCOs and providers for year-to-year outcome improvements



Services for Adults with Intellectual or Developmental Disabilities and Autism

- HCBS/institutional services
- \$4.9 billion in state and federal Medicaid spending
- Almost 53,000 adults ages 21 and older are supported in the community
- Wait list for Services: 12,377
- “Employment First” a priority
- Compliance with federal mandates driving higher costs
 - Centers for Medicare & Medicaid Services HCBS “Settings” Rule: Community Support
 - Workforce Innovation and Opportunity Act (WIOA Section 511)
 - U.S. Supreme Court Olmstead decision (U.S. Department of Justice enforcement)
- Only population currently not enrolled in managed care (currently under evaluation)



Pennsylvania Medicaid Expansion



Medicaid Expansion Eligibility

Pre-Affordable Care Act:

Eligibility limited to children, pregnant women, parents, seniors, and individuals with disabilities; non-custodial adults categorically ineligible

Post-Affordable Care Act:

Extended to adults between the ages of 18 and 61 with incomes at or below 138 percent of the Federal Poverty Level (FPL) (\$17,609 for an individual or \$36,156 for a family of four)

Medicaid Expansion

- Enhanced federal matching payment to support Medicaid expansion under the ACA
- PA expanded Medicaid in 2015
- Implications for rural PA
 - PA has the third largest rural population in the United States (23% of the population)
 - Under expansion, enrollment in five rural counties (Armstrong, Bedford, Cameron, Fayette, and Forest) increased by at least 10 percent

Medicaid Expansion in Pennsylvania is more than



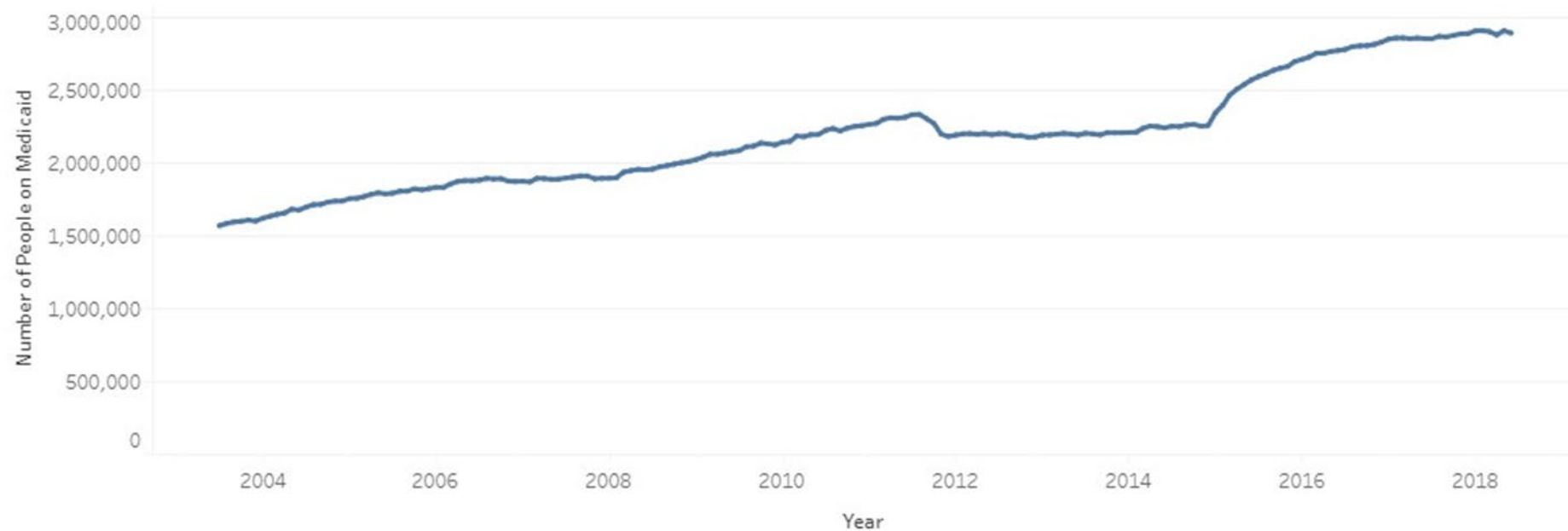
1,000,000

vulnerable constituents
now covered through Medicaid

Medicaid Enrollment in Pennsylvania

- As of December 2020, the Medicaid active enrollment was approximately **three million people**

Total on Medicaid statewide, 2004-18



Source: PA Open Data Initiative 2021

Expansion and Essential Services

- PA's Medicaid expansion coverage includes essential health benefits
 - Preventive services
 - Expanded mental health treatment
 - Expanded substance and opioid use treatment
- Opportunity to innovate

Pennsylvania Medicaid Facts

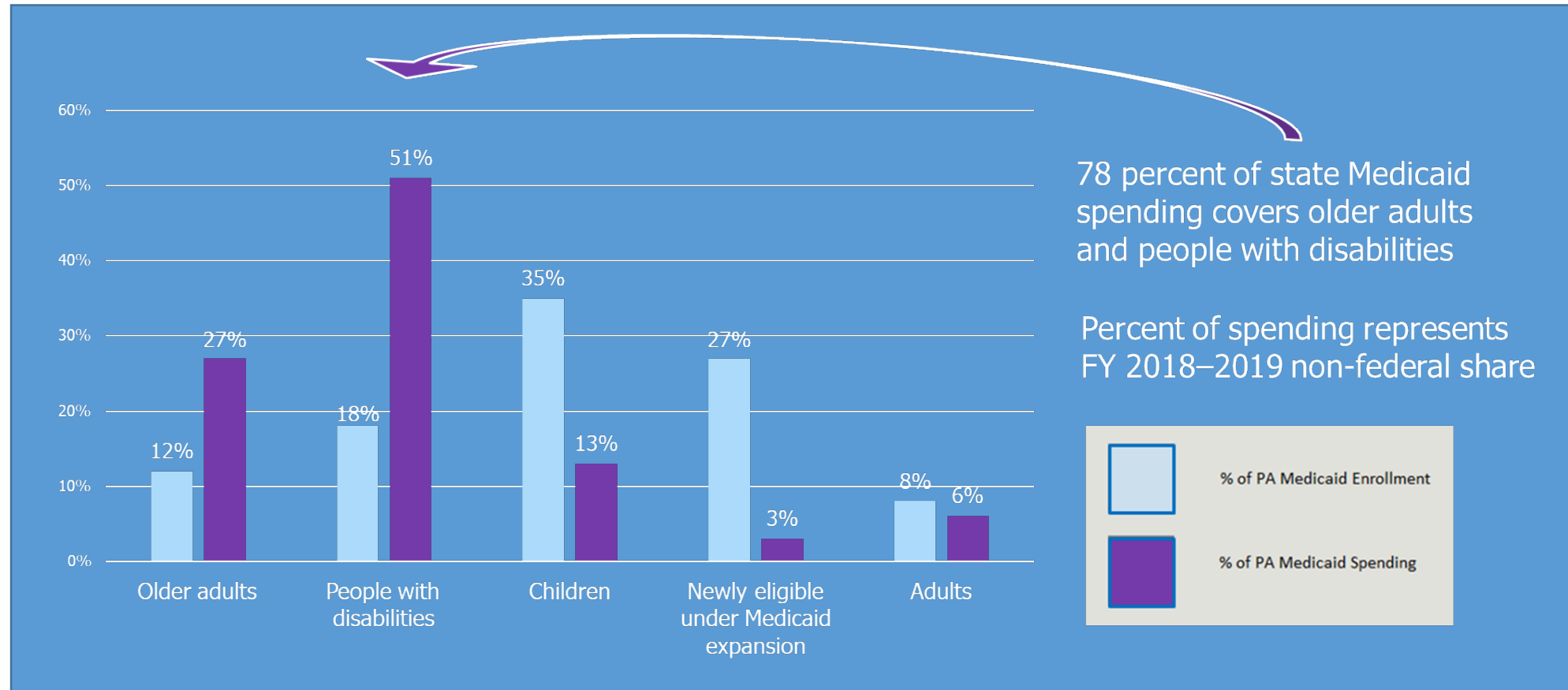


Medicaid Fact #1

- Medicaid is the safety net for those who are unable to pay for health insurance and long-term care
- In PA, Medicaid covers:
 - 2/3 of nursing home residents
 - 1/5 of individuals under age 65 with chronic disabilities
 - 1/4 of children under age 21
 - 4/10 of births
- A safety net: Medicare and private health insurance do not cover most long-term care expenses

**Medicaid
serves as a
safety net
for many in
PA**

Medicaid in Pennsylvania: Enrollment vs. Cost



Source: PA Dept of Human Services

Medicaid Fact #2

- 50 percent of PA's Medicaid expansion population is working in any given month
- Many jobs do not provide health benefits
- Many newly eligible adults suffer from significant chronic conditions
- In 2015:
 - 31 percent of individuals diagnosed with and/or treated for Substance Use Disorder and/or mental health conditions
 - 17 percent of individuals had a cardiovascular condition

**Medicaid
provides
health
care for
working
families**

Medicaid Fact #3

- Among PA Medicaid recipients:
 - 87 percent of adults and 89 percent of children report are able to schedule an appointment for routine care “usually or always”
 - 82 percent are able to schedule an appointment with specialists “usually or always”
- Medicaid MCOs are required to have an adequate network of providers to serve enrollees

**Medicaid
provides
ACCESS
to care**

Dental Benefits

- During 2011, PA cut comprehensive dental benefits for adults covered by Medicaid to a limited plan
 - Between 2010–2016, costs to the commonwealth for oral-health related Emergency Department (ED) visits increased 60 percent
- 58 percent of low-income adults in PA rank their oral health as fair or poor (ADA Health Policy Institute, 2015)
- Chronic dental disease worsens other health outcomes
- PA's dental coverage through Medicaid is provided by four different third-party administrators between the five HealthChoices zones
- PA dental provider reimbursement rates: no increase since 2009
- Only 23 percent of general dentists currently participate as Medicaid providers



Medicaid Fact #4

- Nationally, between 2006 and 2017, per enrollee cost growth in Medicaid was lower than the per enrollee cost growth in Medicare and private health insurance
- Medicaid managed care rate increases have been consistently below the medical trend
- Nonetheless, provider underpayments relative to costs persist

**Medicaid is
cost-effective**

**Lower cost
growth than
Medicare
and private
health
insurance**

Medicaid Fact #5

- PA maintains a comprehensive program integrity monitoring infrastructure to identify and recover overpayments, deter overutilization, and refer fraud to the appropriate law enforcement agencies
- PA Medicaid's error rates in FFS and managed care are well below the national average
- PA's managed care program includes significant controls to detect and deter fraud, abuse, and waste

**Medicaid
program
effectively
monitors and
deters fraud
and abuse**

Medicaid Fact #6

- National studies show that having health insurance coverage under Medicaid has positive impacts on infant, child, HIV, and adult disease-related mortality, and mental health status/rates of depression
- State Medicaid expansions are associated with improved access to preventive care, self-reported improved health (e.g. blood pressure screening, flu shots, and annual check-ups), and reduced mortality among adults
- Medicaid expansion has led to major improvements in the financial security of eligible low-income adults
- Nationally, Medicaid expansion has saved 19,200 lives over four years

**Medicaid
improves the
health of its
beneficiaries
and achieves
continual
QUALITY**

HealthChoices: Addressing the Opioid Epidemic

- DHS implemented 45 Centers of Excellence (COE) across Pennsylvania, focusing on:
 - Case management for those seeking Opioid Use Disorder (OUD) treatment: engagement and support
 - Overall quality of care
- Implementation of evidence-based, best-practices
 - American Society of Addiction Medicine (ASAM) criteria
 - Medication-Assisted Treatment (MAT)
 - Dual Diagnosis
- Naloxone
- 1-800-662-HELP

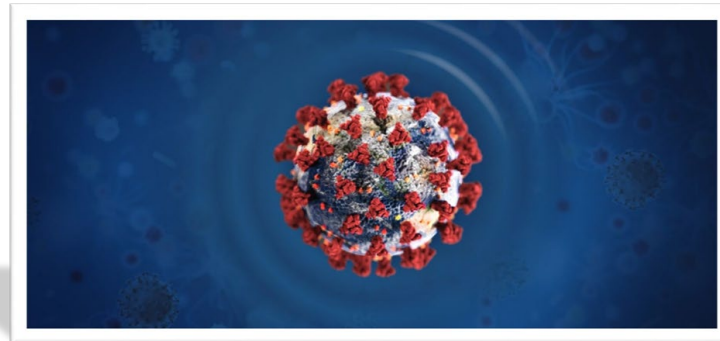


Medicaid Fact #7

- Evidence
 - Expansion: access to and continuity of necessary care
 - Insurance coverage doesn't determine utilization
- Examples of improved care in patients with Medicaid
 - Cardiac: Lower rate of uninsured patients hospitalized with heart attacks
 - Eye: Lower utilization of primary eye care than other insured patients
 - Mental Health: Improved medication use and employment performance
 - Obstetrics: Improved continuity of pregnancy and post-partum care
 - Primary Care: Improved access to outpatient care
 - Substance Use Disorders: Reduction in hospital use related to opioids
 - Trauma: Improved referrals to outpatient rehabilitation for injuries
 - Emergency Department: Essentially flat in expansion states, reduction in uninsured visits

**Care is
IMPROVED
across the
continuum**

Pennsylvania Medicaid and COVID-19

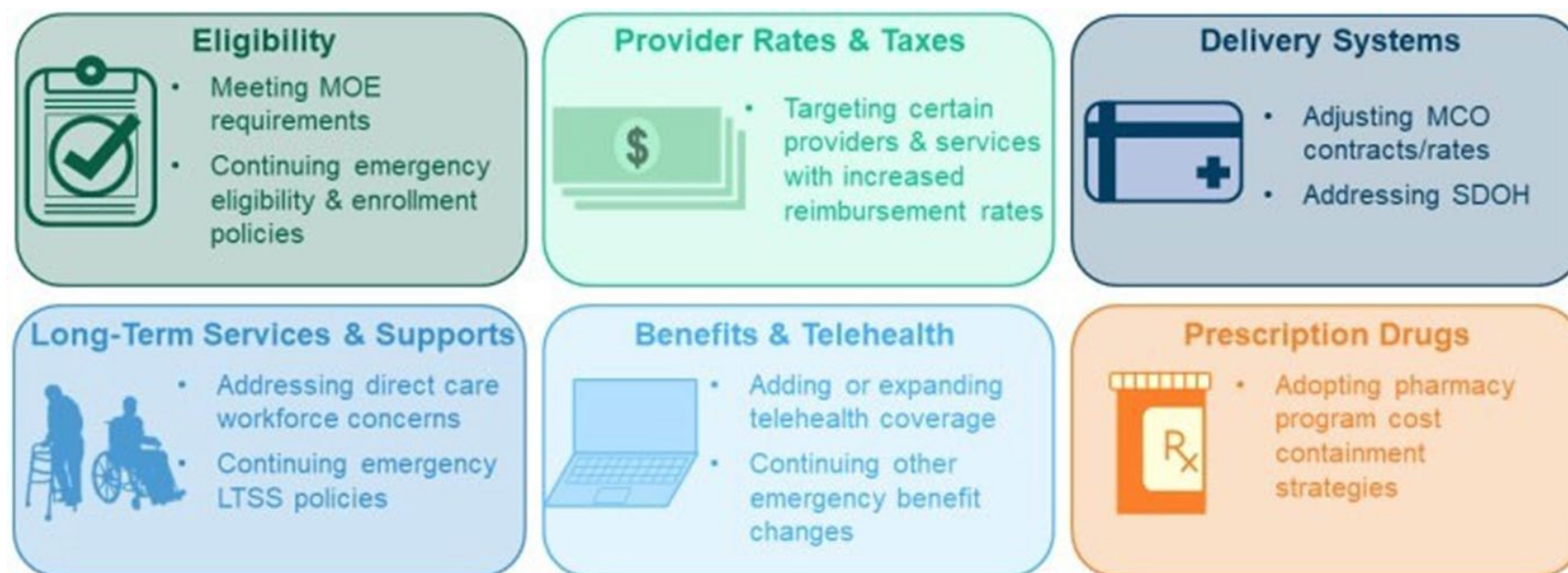


COVID-19 Impact on the State Medicaid Program

- Significant workforce challenges
- Massive changes in utilization; negative provider financial impact
- Disproportionate impact on vulnerable populations
- Unemployment growth
- Lower state Tax Revenues
- March 2020 to September 2020
 - PA Medicaid enrollments grew by 10 percent
- Increased need for behavioral health services

COVID-19 Impact on the State Medicaid Program

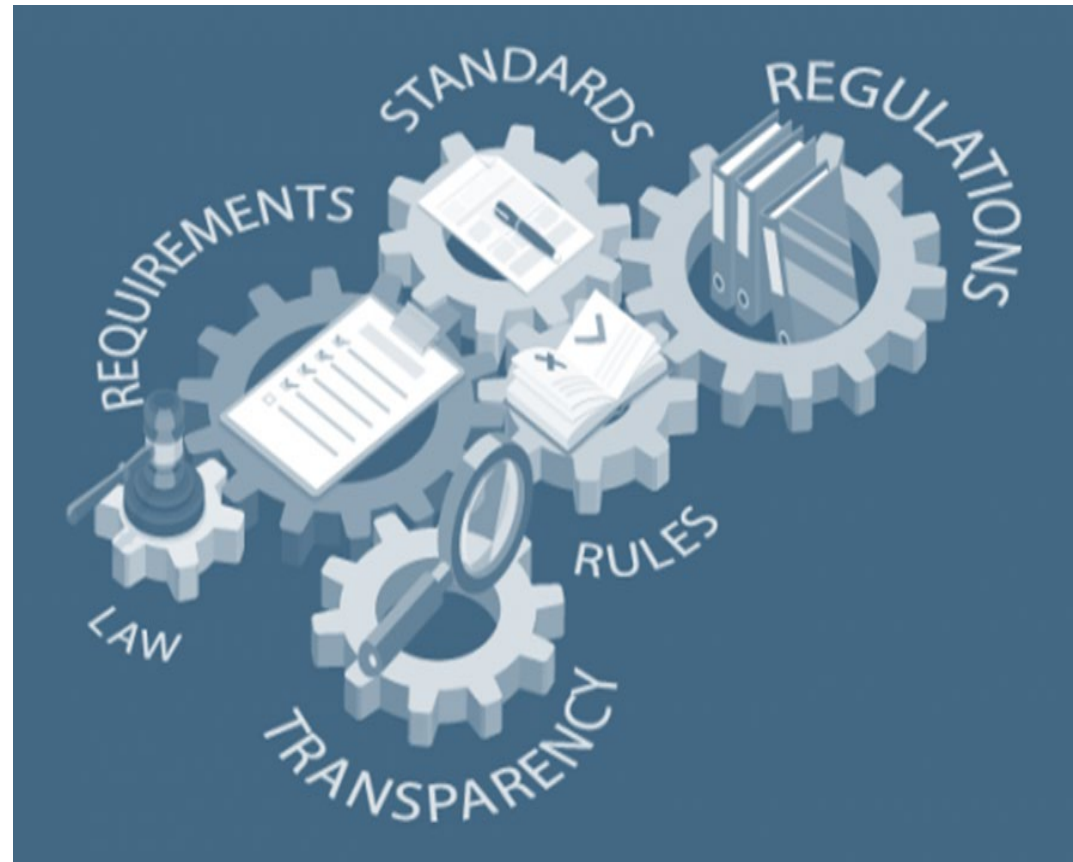
Overall crisis—the Coronavirus pandemic has generated a public health and economic crisis, placing tremendous pressure on States' Medicaid programs and providers



COVID-19 State and Federal Response

- Provider waivers and flexibilities

- Telemedicine
- Practitioner licensing/scope of practice
- Vaccinations
- Alternative use of space - providers



Pennsylvania Medicaid Looking Ahead



Medicaid Challenges

- Impact of COVID-19
- Maintaining adequate General Fund and State Budget funding
- Addressing social determinants of health: food insecurity, housing, transportation
- Aging population
- Value-based care and payment: practical, achievable, patient-centered measures
- Uncompensated care
- Provider underpayments and workforce shortages

Wrap Up



Take Home Points

- Medicaid in Pennsylvania:
 - Covers your most vulnerable constituents
 - Improves access to care and health outcomes
 - Promotes economic growth within your community
- PA Medicaid faces significant current and future challenges

Questions?