ENSURING SUCCESS IN A MANAGED CARE ENVIRONMENT

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Managed care is the fastest evolving payment trend...

Almost 50 million people receive managed care benefits in a voluntary or mandatory model

- Growing Managed Care Environment Nationally
- The Arizona Model
- Lessons Learned
- Operational Considerations
- Proceeding with Caution
- Plan Partnership Strategies
- Opportunities and Rewards
Changing Payment Models - the move to managed care

Current Approximate SNF Payer Mix
- Fee for service (FFS)
- Managed Care

Potential Future SNF Payer Mix
- Managed Care
- FFS
- ACOs, bundle holders
- Hospitals
- Health systems
- Other PAC providers

The Next 10 Years…

Graphic courtesy of Avalere Health LLC
The Arizona Model

- AHCCCS- Arizona Health Care Cost Containment System

Emphasis on Cost Containment
Arizona implemented its Medicaid program (AHCCCS – the Arizona Health Care Cost Containment System), in 1982. The system was initiated with a waiver and was designed to be based entirely on managed care concepts.

~ 30 Years of Managed Care~

In Maricopa County three Program Contractors serve the Medicaid population. There is a separate system (Fee For Service) to serve the native Indian population. ALTCS contractors are responsible for both acute and LTC services for their clients.
Case Management drives the system... Every member is referred by a Plan.
Who is Served?

approximately 71% of all Medicaid members are HCBS (Includes AL) 1,905 AL

29% reside in a skilled nursing facility 150 SNF
Lessons Learned...a Move to HCBS

As the HCBS marketplace matures, those placements will increase. SNF placements will decrease. Despite AZ compelling demographic growth, we have fewer SNF beds than 20 years ago.

Statewide Percentage Placement In SNF

AHCCCS Annual HCBS Report CY 2012
Managed Medicare Enrollment will Grow

With the move to managed Medicaid, managed Medicare will soon follow… Arizona’s penetration of Medicare Advantage is now nearly 60%
Increased Acuity in all Settings will Occur

- Higher in both SNF and AL
- Assessment tools are key and reimbursement must be commensurate
- Offers opportunities for new scopes of service including ventilator, dialysis behavioral care, bariatric care
- Requires a new level of staffing and quality assurance
- Liability considerations
Operational Considerations to Ensure Success

BE PREPARED!
THINK DIFFERENTLY!

- A new level of administrative expertise may be needed... contracts and administrative burden will increase at the facility level.

- A new level of community diplomacy may be needed. Owners and operators can no longer be insular, must be relationship oriented in working with the MCOs.
Operational Considerations...

- **Diversification is the order of the day**... the new paradigm is a post acute model of delivery that cuts across the continuum- AL, HH, Hospice. Don’t think COMPETITION- Think COLLABORATION.

- Invest in your Business Office. Claims adjudication and management will take on new importance.
  - many of the problems are on the provider side
  - staff instability and turnover adds to the challenge
  - systems conversions are inevitable with the Plans, plan for cash flow challenges and payment delays.
  - learn the appeals and grievance process, don’t leave money on the table
  - work with your association to identify system issues and for advocacy support
So what Creates “Leverage” in Working with a Plan?

- **Geography/Network Adequacy** is critical to all MCO’s
- **Service Specialty or Niche**
- **Quality** – focus on readmission
  - HEDIS measures- their star rating
- **Cost**— be sure to know your cost-
  - don’t undercut the market
- **Your political capital with the state Medicaid agency and the state legislature** – both hold power over them. Work with your association and use this wisely.
Challenges...Proceed with Caution

- **Anti-Trust Issues**
  Be careful about discussion of rates and contracts, when in doubt get legal guidance.

- **Watch for Duplication**
  In Plan QA and member management.

- **Monitor State Survey results**
  In a changing acuity environment, they can change quickly.

- **Contract Language is Critical**
  Watch for inclusions and exclusions in contracts and also changes that are in “provider manuals” and may change without notice.

- **Authorizations and “levels of care”**
  Also impact payment dramatically- be vigilant.
Plan Partnership Strategies

- Research and know your MCO/Plans. They are different in size and scope, financial viability and service priorities.

- Establish regular meetings with Plan leadership at the CEO level- work with your association on this.

- Don’t focus solely on financial-always lead with mutual concern for the member/resident. Explore clinical common ground- be allies not adversaries.

- Know your case managers, they are the key to your service delivery success.

- Consider their needs for service and network- think about their “virtual RFP”- not “if you build it they will come”.
Opportunities

- **High Acuity Specialty services will be in demand** - negotiated rates provide new business opportunities. Behavioral care is a growing market, along with ventilator care and dialysis - i.e. **room for INNOVATION and entrepreneurship**.

- **Preferred Partnerships may occur** - watch for opportunities to pair with competitors or unlikely partners in the continuum to create pilot programs for the Plans to reduce readmissions (with HH and AL for example). **New paradigms of service delivery will emerge with or without you**.
More Opportunities

- **Shared Savings Models may develop.** This may take time but be ready... In AZ we have several pilots underway with SNF and AL with all of the Plans to reduce readmissions and share the savings- per AHCCCS mandate- it is a growing trend

- **Advocate for Pay for Performance opportunities...**
  
  We have had several programs over the years some mandated some voluntary- HEDIS measures, 5 Star rating, Immunization, quality measures—payout has been significant. Mutual benefit to the Plans.
A little advice...

- Learn from other states that have been down this road... Arizona, New Mexico, Florida - there are many models and many lessons learned and growing provider expertise.

- Accept that it is a new day. Railing against the system change is futile, we have learned that. Become a managed care expert instead, prepare for the new post acute care model and diversify. Make it a team effort and teach your staff from the bottom up - they will all be impacted. It is a culture change - embrace it.
In closing...

- There will be bumps in the road in implementation—know this and document the problems to address the necessary corrections. Your association will provide the leadership to move you through the process of this paradigm change!

- In Arizona we have not only survived, but have thrived in a managed care environment, and we have a vibrant long term care provider community—*all things are possible!*