

Georgia Families

Presentation to
Senate Health Appropriations Subcommittee
December 18, 2007



Dr. Rhonda Medows, Commissioner

DCH Mission

ACCESS



Access
to affordable,
quality health
care in our
communities

RESPONSIBLE



Responsible
health planning
and use of
health care
resources

HEALTHY



Healthy
behaviors and
improved
health
outcomes



Choices for a Healthy Life

Georgia Families

- Transitioned ~1 million Medicaid and PeachCare for Kids™ members
- State-wide care management system
- Member Choice and Engagement
- Improving coordination of clinical care
- Reduced overall Medicaid spending



GEORGIA DEPARTMENT OF
COMMUNITY HEALTH

Goals of Georgia Families

Short-Term	<ul style="list-style-type: none">• Establish Medical Homes for Members• Health Plan Provision of Networks for Health Care Access• Focus on Prevention and Earlier Intervention
Short-Term	<ul style="list-style-type: none">• Budget Predictability• Financial Sustainability• Program Integrity
On-Going	<ul style="list-style-type: none">• Improve Care Coordination and Care Management• Effective Utilization Management
Long-Term	<ul style="list-style-type: none">• Improve Health Care Status of Member Population• Lower Health Care Costs

Agenda

Georgia Families CMO Update*

FINANCING

FY 2007

- Care Management Organization (CMO) Rate Setting
- CMO Payments From the State
- CMO Savings
- Earnings: Federal Funds from CMO Quality Assessment (QA) Fees
- Administrative Costs

FY2008: CMO Rate Setting

FY2002 – 2008: Medicaid Cost Trends

OVERSIGHT & MONITORING

- CMO Financial Stability
- CMO Claims Audit
- Provider Network Adequacy
- Emergency Room Improvement Strategy
- Prior Authorizations Improvements
- Provider Relations
- Future Goals
- Next Steps



Managed Care Financing

FY 2007

- CMO Rate Setting
- CMO Payments From the State
- CMO Savings
- State Earnings: Federal Funds from CMO QA Fees

FY2008

- CMO Rate Setting

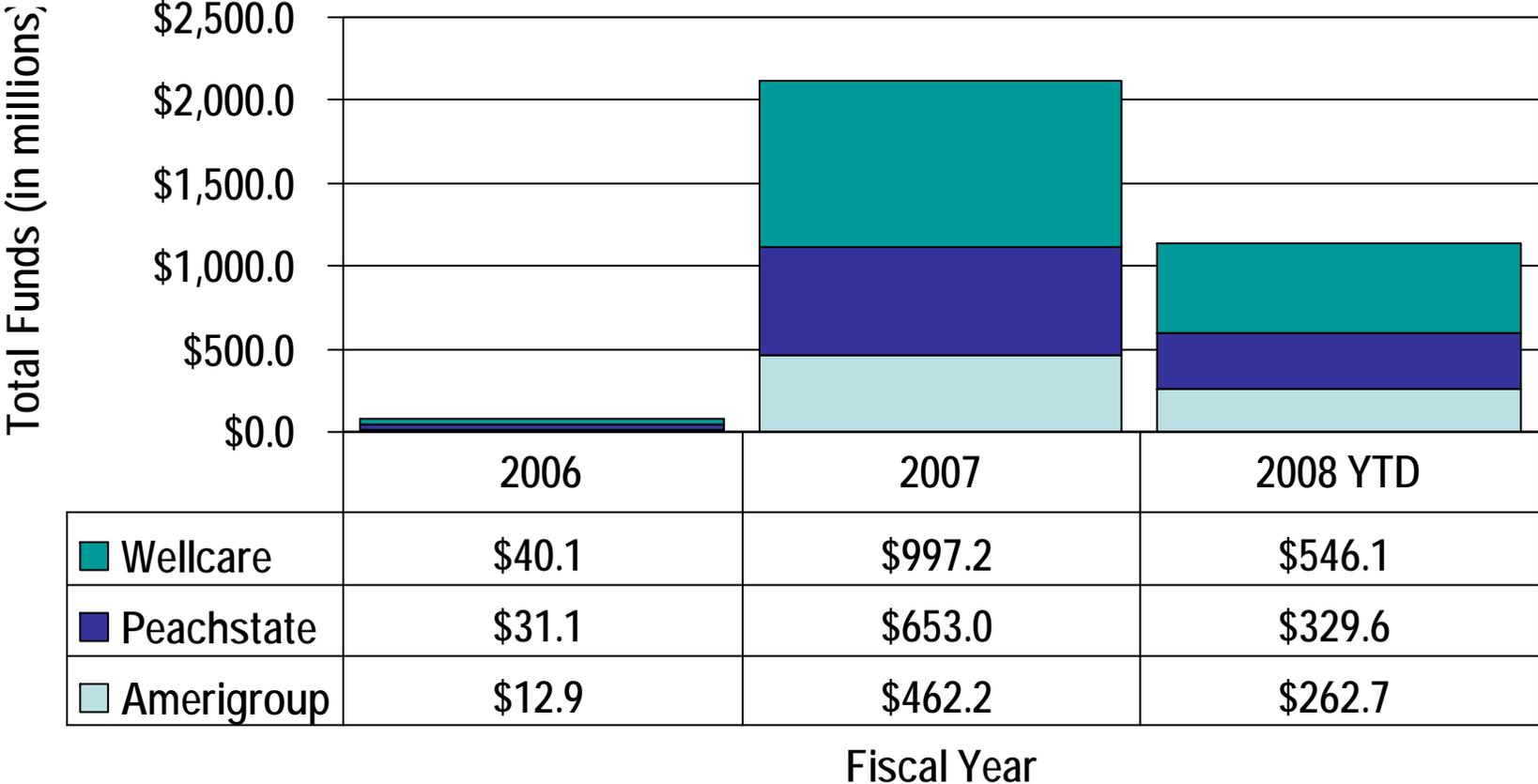
FY2002 – 2008

- Medicaid Cost Trends

Original FY 2007 CMO Rate Setting

- FY 2007 CMO rates were a result negotiations of between the State and the CMOs during the CY 2005 Procurement
- Databook made available to potential CMO bidders based on CY 2002 Fee-For-Service (FFS) paid claims from EDS system
- Financial Bids made by the CMOs evaluated for actuarial soundness
- Factors considered during initial rate setting:
 - Anticipated Fee For Service Trends from 2002 - 2007
 - Discounts for Managed Care Impact
 - CMO Administration Cost
 - Quality Assessment Fee

CMO Payments



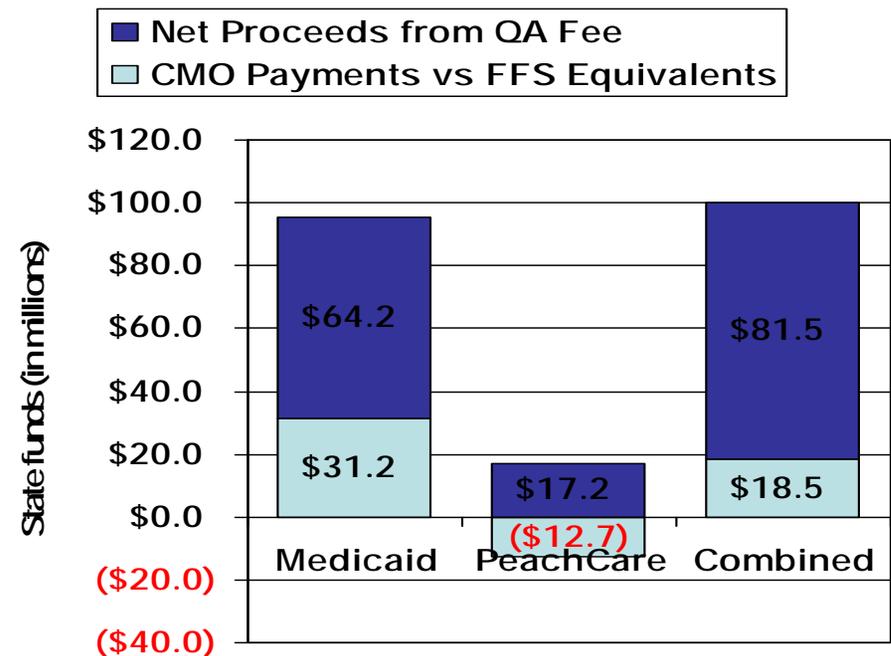
CMO Savings and Earnings FY 2007

The Georgia Families program for PeachCare for Kids™ and Medicaid in FY 2007:

Saved \$18.5 million in state funds as compared to what FFS would have cost.

Produced \$81.5 million in revenue from the Quality Assessment Fee Paid by the CMOs and used in lieu of state funds for Medicaid and PeachCare for Kids™ to draw down federal matching funds.

**TOTAL STATE FUND
SAVINGS & EARNINGS:
\$100.0 million**

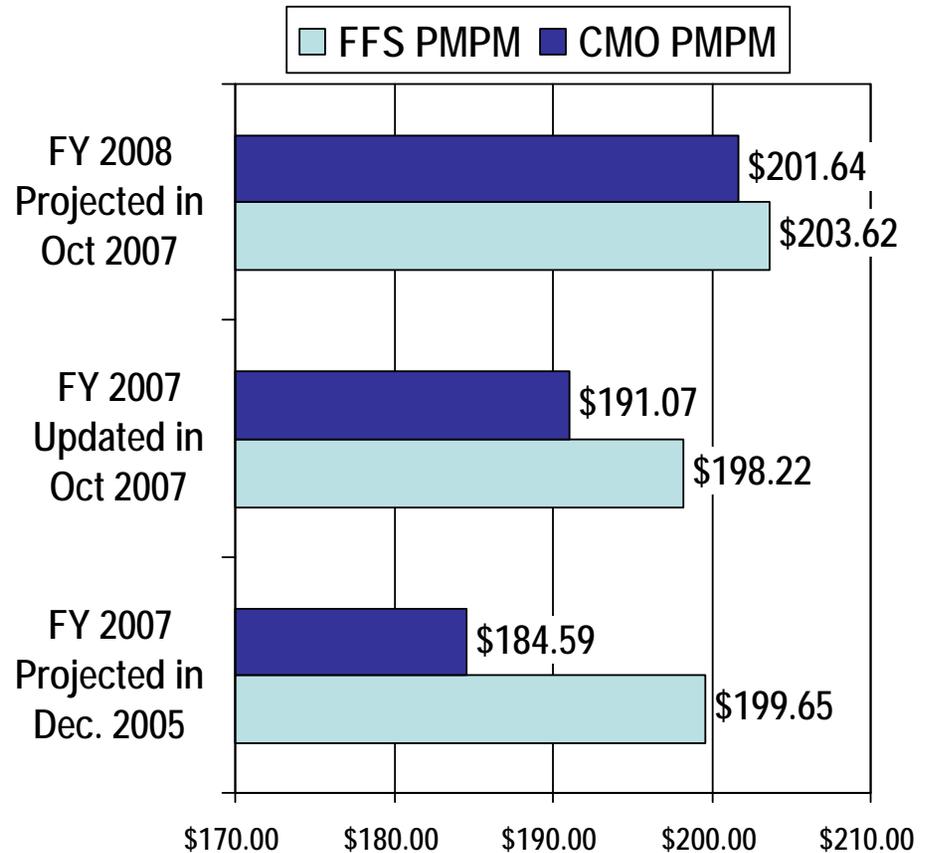


Factors Impacting Budgeted FY 2007 Savings

1. Original appropriation estimates assumed all Low Income Medicaid (LIM) and PeachCare for Kids™ members.
 - Subsequent CMO carve-outs of presumptively eligible pregnant women and foster care children reduced members assigned to CMOs
 - Budgeted savings did not consider that some member months were not subject to CMO coverage (e.g., retroactivity, choice period)
2. Enrollment in Medicaid declined due to eligibility validation policies implemented in January 2006.
 - Rates set to save the most in this program
 - Enrollment down in LIM by 100,000 average monthly members as compared to FY 2006
3. Enrollment in PeachCare for Kids™ higher than originally projected.

FY 2008 CMO RATES

- FY2008 Rate Changes Pending CMS Approval
- Proposed Rates Reflect a net increase of 4.0 percent
- **4 percent** CMO Rate Increase:
 - ✓ 3.1 percent Inflation Index
 - ✓ \$14.4M in state funds
- **\$94.8M** million in net QA Fees estimated



PMPM's based on enrollment from Jan 07 - Jun 07;
Does not include QA Fee

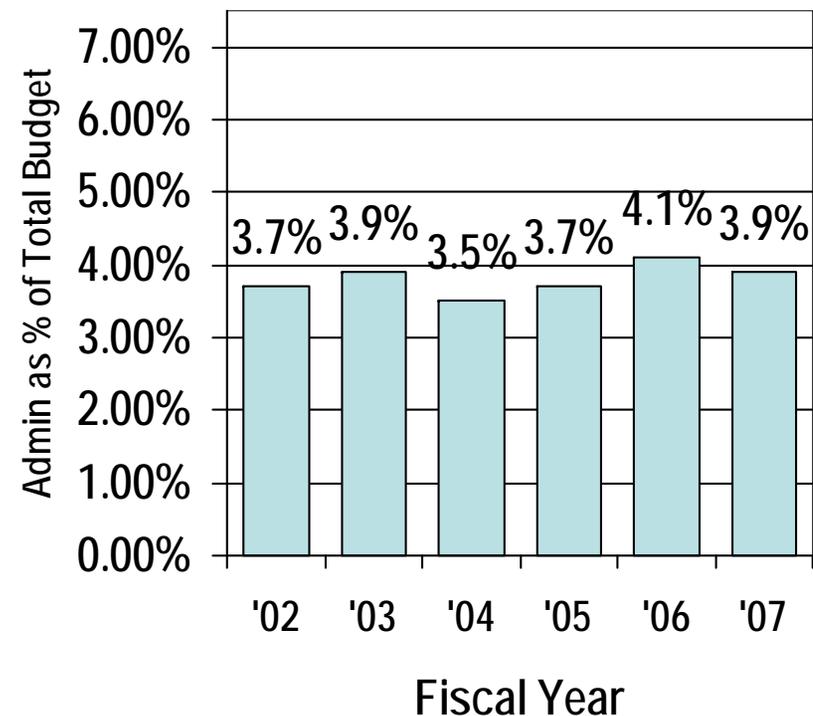
DCH Administrative Costs FY 2002-2007

Managed Care Administrative Costs

- DCH Managed Care Division staff salaries and operational costs absorbed by DCH
- CMO Administrative Costs included in capitation rates paid to the plans

ADMIN CONTRACTS	STATE FUNDS
Enrollment Broker	\$9.2 M
Actuarial Rate Setting	\$350,000
One-time MMIS changes	\$10.5M

DCH Administrative Costs



Oversight and Monitoring

- Financial Stability
- CMO Claims Audit
- Provider Network Adequacy
- Emergency Room Improvement Strategy
- Prior Authorizations Improvements
- Provider Relations
- Future Goals and Next Steps



Oversight and Accountability

- Each CMO is required to report medical loss ratio to the Georgia Department of Insurance (DOI) for a quarterly audit
- DCH has contracted with Myers & Stauffer, an independent accounting firm to audit each CMO
- DCH monitors compliance with all contractual provisions and assesses damages when appropriate

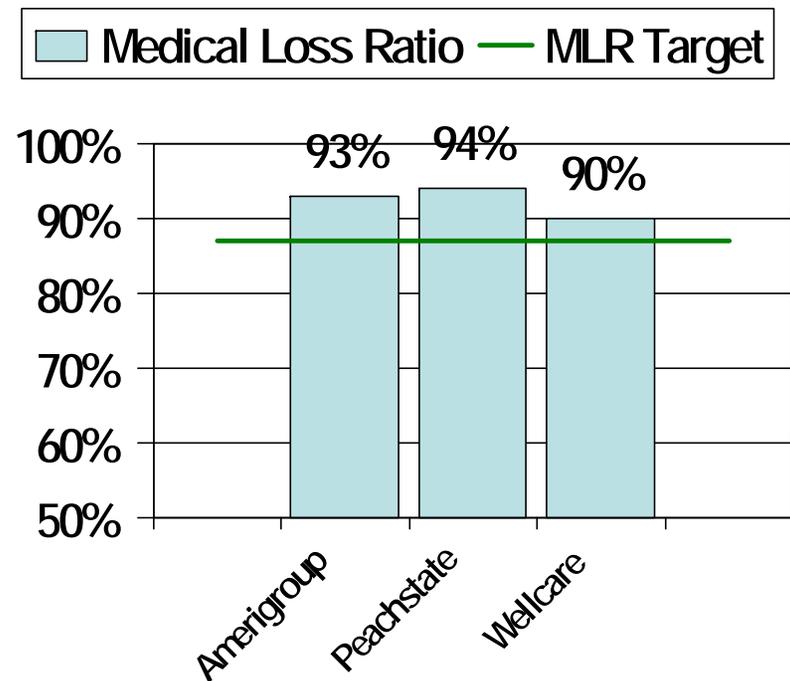
Myers & Stauffer CMO Audit Timeline	
Sept. 07	Begin hospital and association audit
Dec. 07	Summary report of hospital concerns due
Jan. 08	Begin CMO claims data and payment policies audit
May 08	Issue preliminary report of findings
June 08	Begin physicians and other provider audit

Financial Monitoring Of CMOs

Monitoring Activities

- Regular review of reports submitted to DOI
 - Quarterly income statements
 - Annual income statements
 - Independent audits of business and financial transactions
 - Medical loss ratio
- DCH Monitors quarterly investor calls for each CMO

Medical Loss Ratios (QE September 2007)



* MLR above prior to FY2008 rate increase

WellCare Status Report*

Georgia Plan

- No interruption in care delivery for members
- No interruption of provider payments
- State Contractual Protections
- DCH and DOI actively monitoring

- Federal-Level Investigation
- Florida-Specific Investigation



CMO Provider Network Adequacy

- **AMERIGROUP**

- Presently in compliance with Geographic Network Access Requirements
- DCH monitoring network access weekly
- Concerns with capacity to maintain appropriate access in Northern Region
- Limited access to pediatricians and specialists
- DCH required corrective action plan

- **WellCare**

- Presently in compliance
- DCH monitoring access weekly
- No significant concerns with access

- **Peach State Health Plan**

- Presently in compliance
- DCH monitoring access weekly
- LOA and transitioning to fully executed contracts
- DCH required corrective action plan



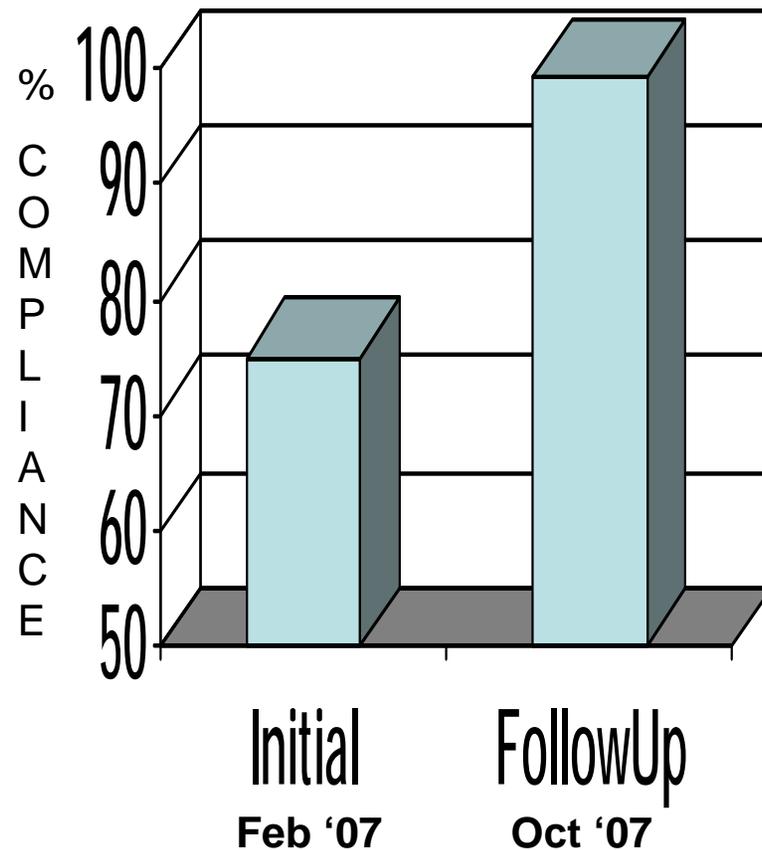
Emergency Room Performance Improvement

- DCH has required CMOs to implement performance improvement activity related to ER utilization
- Interventions include:
 - Identification of high utilizers for on-going case management
 - Member outreach and case management
 - Pharmacy lock-in program
 - Strategies to expand access to urgent care



Prior Authorization Improvements

- DCH conducted audit of Prior Authorization (PA) process
- Findings: One CMO not meeting PA timeliness standards
- DCH Response: Liquidated damages were assessed
- CMO Response: Follow-up audit resulted in 99 percent compliance



Provider Relations

- DCH Leadership
 - *Clinical Director: Dr. Dev Nair*
 - *Medical Director: Dr. Winston Price*
 - *Chief of Staff: Dr. Carladenise Edwards*
- DCH monitors the relationship between CMOs and Provider Community in addition to monitoring contractual compliance, financial solvency and network adequacy
- DCH is also monitoring the services provided to members by the health plans and the health care professionals participating care in their networks
- Goals:
 - ✓ To ensure access to care through strategic provider recruitment and retention efforts
 - ✓ To form effective partnerships with the providers of care as we work to improve and measure health outcomes
 - ✓ To provide an additional resource for providers issues
 - ✓ To encourage input to DCH and the CMOs on the Quality Improvement efforts underway

Goals For Georgia Families

- Improve health status of members
 - Measure and monitor improved health behaviors
 - Measure and monitor improved health outcomes
- Improved access to care in the medically appropriate settings
- Enhance care coordination across provider types
- Educate members and encourage member engagement
- Improve the effectiveness of health care delivery by:
 - Improving the timely provision of preventative and early intervention health care
 - Reduce the costs resulting from delayed care – both human suffering and health costs
 - Reducing medically unnecessary utilization resulting from poor care coordination
 - Reducing care provision in inappropriate settings
 - Reducing duplication of services
 - Reducing health care costs through care management, quality improvement efforts and greater efficiencies



Next Steps

- Business Continuity Plan
- Quality Improvement Plan
- Health Outcome Measures
- Report Out and Action on Claims Audit Results
- FY 2009 Rate Setting
- Continuous Monitoring
- Implementation Of Program Improvements



Questions?

