

JOINT FINANCE COMMITTEE HEARING
FISCAL YEAR 2020 BUDGET



STEPHEN M. GROFF
DIVISION DIRECTOR

DIVISION OF MEDICAID AND MEDICAL ASSISTANCE
Department of Health and Social Services
March 20, 2019
Legislative Hall, Joint Finance Committee Hearing Room

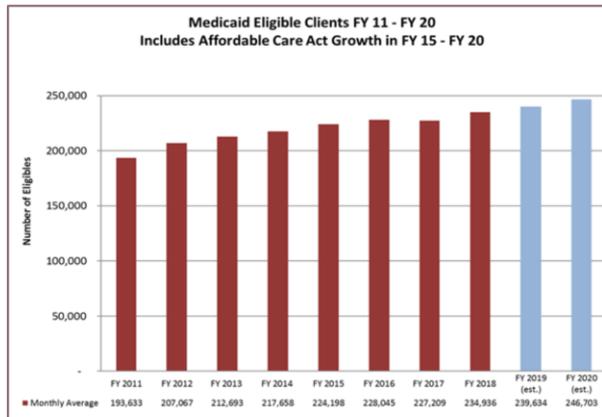
Good Afternoon Representative Johnson, Senator McDowell, members of the Joint Finance Committee and members of the public. I am Steve Groff, Director of the Division of Medicaid and Medical Assistance (DMMA). With me today are Lisa Zimmerman, our Deputy Director, and Alexis Bryan-Dorsey, our Chief of Administration.

Thank you for the opportunity to speak with you today and present our accomplishments and Fiscal Year (FY) 2020 Governor's Recommended Budget.

DIVISION OVERVIEW

Mission / Description

Mission: improve health outcomes by ensuring that the highest quality medical services are provided to the vulnerable populations of Delaware in the most cost effective manner.



2

The mission of DMMA is to improve health outcomes by ensuring that the highest quality medical services are provided to the vulnerable populations of Delaware in the most cost effective manner.

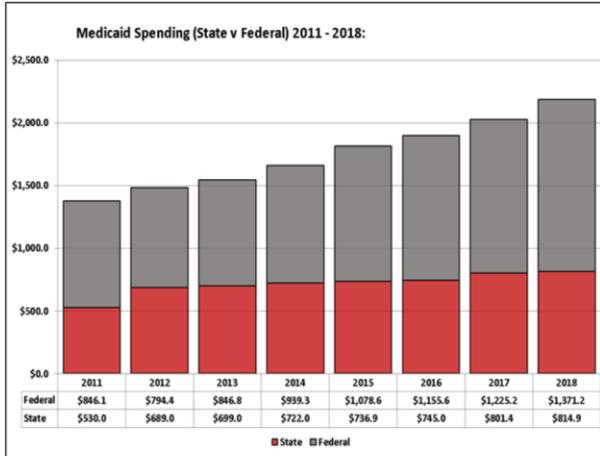
We do this by providing health care coverage to nearly 250,000 Delawareans enrolled in Medicaid, the Children's Health Insurance Program (CHIP), the Delaware Prescription Assistance Program and the Chronic Renal Disease Program.

January 2019 enrollment included:

- 236,790 individuals in Medicaid (nearly one in four Delawareans);
- 8,397 children in the Delaware Healthy Children Program (CHIP);
- 1,636 individuals in the Delaware Prescription Assistance Program; and
- 677 individuals in the Chronic Renal Disease Program.

DIVISION OVERVIEW

Spending



“Medicaid accounts for a large share of state budgets, about 40 percent of state and local spending on health care”

Source: Medicaid and CHIP Payment and Access Commission



3

DMMA’s FY 2019 budget is \$2.1 billion, of which \$1.3 billion reflects federal funding. I would like to focus my remarks on the Medicaid program since that accounts for the vast majority of our spending and the people we serve.

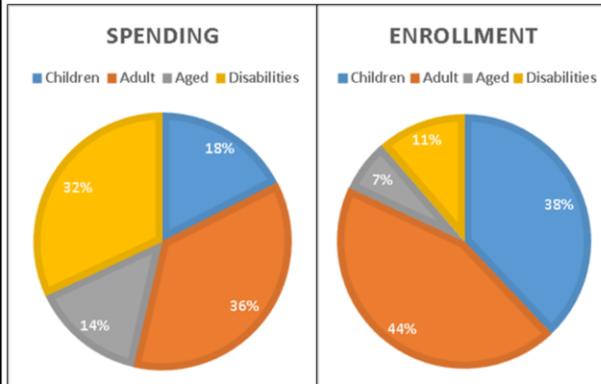
Medicaid is a joint federal-state program. The Federal Medical Assistance Percentage (FMAP) is the federal matching rate. FMAP rates vary depending on the type of service and eligibility category of beneficiaries. Delaware expanded eligibility to adults with incomes below the federal poverty level in 1996, qualifying us as an early expansion state under provisions of the Affordable Care Act. Consequently, services for our adult expansion enrollees are paid with 90% federal funding.

As Secretary Walker has already discussed, health care spending in Delaware is not aligned with our overall health status and health care spending increases are not sustainable. The Health Care Spending Benchmark, established under Executive Order 25, will link the growth of health care spending to the overall economy of the state. The initial Spending Benchmark is set at 3.8% per capita spending growth in calendar year 2019 and decreases after that. Per capita spending increases in the Delaware Medicaid program have fluctuated but averaged around 4% over the time period between FY 2011 and FY 2018, and our goal is to be in line with or lower than the set benchmarks by utilizing a variety of value-based purchasing options.

DMMA is committed to the benchmarking exercise and the impact transparency and accountability will have on health care delivery. This is a critical to our efforts to elevate the role of value in reimbursement.

DIVISION OVERVIEW

Diverse Beneficiary Populations



“Medicaid spending per enrollee varies sharply by eligibility group.”

Source: Kaiser Commission on Medicaid and the Uninsured



4

Medicaid provides health care coverage to low-income children and adults, seniors, and individuals with disabilities. Medicaid provides benefits not typically covered by other insurers, including long-term services and supports and Medicare cost-sharing for some individuals who are eligible for both programs. Since its inception, the program has evolved from welfare-based coverage to become the nation’s primary payer for certain types of care such as nursing home care and home and community-based services. Additionally, Medicaid accounts for a significant portion of spending on mental health services and treatment for substance use disorder. As the chart shows, children and low-income adults represent the majority of those enrolled in the Delaware Medicaid program but account for substantially less spending.

ACCOMPLISHMENTS

Children and Families



Medicaid is the base of coverage for our nation's low-income children. CHIP complements Medicaid by covering uninsured children in families with incomes above Medicaid eligibility levels.

Source: Kaiser Family Foundation
* CHIP = Children's Health Insurance Program



5

Medicaid covered 44.9% of all births in Delaware in 2016. Approximately 90,000 children in Delaware are currently enrolled in Medicaid. Medicaid covers all medically necessary care for children through the Early and Periodic Screening, Diagnostic and Treatment (EPSDT) benefit. The benefit includes regular medical, vision, hearing and dental screenings, as well as, medically necessary treatment.

An additional 8,000 children are enrolled in the Delaware Healthy Children Program (DHCP). Delaware offers the full EPSDT benefit to children in DHCP, which is also known as Delaware's CHIP program. This program's critical impact on Delaware's children is reflected in the Governor's budget recommendation of \$3.2 million to offset a projected loss in federal funding due to an 11.5% reduction in the federal matching rate.

ACCOMPLISHMENTS

Children with Medical Complexity



"Medically fragile children are magical and unique. They are unicorns in a world of too many unknown outcomes. Together we must provide the most appropriate coordinated care. Care that keeps their hearts beating and their smiles leaving a trail of glitter. They are forever in the heart and minds of their parents/caregivers. This is how I see my sweet Christopher."

Nancy Lemus – parent
of Christopher Garcia



6

Nationally, Medicaid and CHIP covered about half (48%) of children with special health care needs in 2016. Medicaid provides a wide range of medical and long-term care services, many of which are not covered at all or available only in limited amounts through private insurance, and makes coverage affordable for many children with special health care needs and their families.

In 2018, DMMA published a Plan for Managing the Health Care Needs of Children with Medical Complexity. From the outset we realized that our timeline would not permit a fully comprehensive analysis of such complex issues.

I am pleased that we have formally established the Children with Medical Complexity Advisory Committee to continue this important work to strengthen the system of care for these children and their families. In the coming year, we are focused on collecting data related to gaps in care; developing web resources and other tools to assist families, caregivers, and stakeholders; and completing family and provider surveys to assess satisfaction levels and outstanding needs.

We continue to be very grateful for the collaboration of many stakeholders, including state agencies, payers, providers, and families. Most importantly, I would like to express my respect and sincere appreciation to the parents who are participating in this process.

ACCOMPLISHMENTS

Long-Term Services and Supports (LTSS)



LTSS refer to a broad range of supportive services needed by people who have limitations in their capacity for self-care because of a physical, cognitive, or mental disability or condition.

Source: O'Shaughnessy, C. The Basics: National Spending for Long-Term Services and Supports (LTSS), 2012. National Health Policy Forum, 2014. Available online at http://www.nhpf.org/library/the-basics/Basics_LTSS_03-27-14.pdf.



7

Medicaid is the primary payer for institutional and community-based long-term services and supports (LTSS). Historically, Medicaid LTSS spending has been disproportionately institutional rather than community-based. We continue to prioritize rebalancing and supporting individuals in community-based, inclusive settings. The percentage of total LTSS spending that is associated with home and community-based services increased from 39.6% in FY 2013 to 47.8% in FY 2016.

We are pleased to collaborate with the Division of Developmental Disabilities Services through the Lifespan Waiver and Targeted Case Management initiatives, to support individuals with intellectual disabilities and their families at home and in their communities.

ACCOMPLISHMENTS

Substance Use Disorder (SUD)

THE NEED FOR CHANGE IN DELAWARE



A prescription for change in Delaware starts with the new regulations -- and with you. Making your patients aware of the risks, monitoring prescription-drug activity and rates, and offering alternatives to opioids to treat and manage chronic pain are just a few of the ways we're beginning to make change possible in Delaware.

* As reported by the Delaware Division of Health Statistics, 2017
** Most recently measured in 2012
Source: www.delaware.gov | [Help4HereDE.com](http://www.Help4HereDE.com)

“Medicaid is the nation’s largest payer for behavioral health services, including services for people with SUDs and mental health services. Medicaid provides a broad range of services to meet the needs of people with SUDs, including detox, recovery supports, medically assisted treatment prescriptions, and other evidence-based treatment strategies.”

Source: Center on Budget and Policy Priorities



8

The Medicaid Program is a critical partner in the opioid crisis response. DMMA continues to collaborate with the Division of Public Health (DPH), the Division of Substance Abuse and Mental Health (DSAMH) and other partners to reduce unnecessary opioid prescribing and expand access to evidence-based treatment services. We cover all forms of Medication Assisted Treatment (MAT) without prior authorization. Naloxone is available to Medicaid beneficiaries with no copay. DMMA also eliminated benefit limits for chiropractic treatment of back pain, and is exploring options for acupuncture and massage therapy in alignment with the work of the Addiction Action Committee.

Both Medicaid Managed Care Organizations (MCOs) have initiated programs to increase outreach to individuals with substance use disorder and facilitate access to treatment as well as educate prescribers regarding prescribing guidelines, tapering dosages, and risks associated with benzodiazepines. This includes outreach to individuals who experience a non-lethal overdose or individuals with multiple prescription fills for naloxone.

Finally, we are working closely with the Department of Correction and DSAMH to develop care delivery models that fully support successful re-entry to the community following incarceration.

ACCOMPLISHMENTS

Value-Based Purchasing with MCOs

In January 2018, DMMA entered into a value-based purchasing initiative through contracts with our Managed Care Program. Seven key measures will be monitored:

- Diabetes case management
- Asthma management
- Cervical cancer screening
- Breast cancer screening
- Obesity management
- Timeliness of prenatal care
- 30-day hospital readmission rates



9

The majority of services in Delaware's Medicaid and DHCP programs are administered by two MCOs: Highmark Health Options and AmeriHealth Caritas. Our 2018 managed care contracts included, for the first time, quality performance measures and value-based purchasing requirements with potential financial penalties. We realize that change will not occur overnight but these are significant foundational steps to improve health outcomes and contain spending growth.

The purpose of the three-year agreement is to transition the system away from traditional fee-for-service, volume-based care to a system that focuses on rewarding and incentivizing improved patient outcomes, value, quality improvements and reduced expenditures. The managed care organizations will be required to implement provider payment and contracting strategies that promote value over volume and reach minimum payment threshold levels.

ACCOMPLISHMENTS

My Healthy Weight

“The founding members of My Healthy Weight are putting a historic stake in the ground to say that they value obesity and chronic disease prevention, which represents a fundamental and long overdue shift in the way we think about healthcare in this country.”

Dr. Anand Parekh, Bipartisan Policy Center
chief medical advisor



10

About two-thirds of Delaware adults are at an unhealthy weight, either obese or overweight. Because reducing Delaware’s obesity rate is a priority in the Governor’s Action Plan, DMMA became a founding member of the national My Healthy Weight, a first-ever collective initiative offering obesity prevention and treatment for individuals of all ages.

Under the My Healthy Weight initiative individuals with at-risk BMIs will have access to services from healthcare professionals to support healthy weight. Eligible individuals will also have access to community-based programs that have a proven ability to support healthy weight in adults or children. We will collaborate with the DPH and the YMCA to utilize evidence-based practices such as the Diabetes Prevention Program.

With obesity and diabetes at epidemic rates in our state, My Healthy Weight offers a way to provide consistent coverage to support healthy weight change among our Medicaid beneficiaries and bring down our statewide rates. We see preventing and treating obesity as an important step forward in improving health outcomes and reducing health care spending.

LOOKING AHEAD

Accountable Care Organizations (ACO)



An ACO is a network of doctors and hospitals that shares financial and medical responsibility for providing coordinated care to patients in hopes of limiting unnecessary spending. At the heart of each patient's care is a primary care physician.

Source: Jenny Gold, Kaiser Health News, "Accountable Care Organization, Explained" September 14, 2015
<https://khn.org/news/aco-accountable-care-organization-faq/>



11

We currently have a Request for Information (RFI) out for comment. We are interested in better understanding the opportunities and challenges around introducing Medicaid Accountable Care Organizations (ACOs) in Delaware.

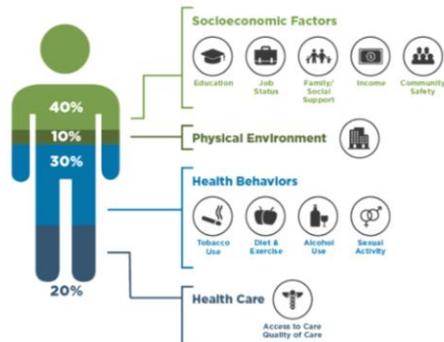
This RFI aligns not only with the Governor's Action Plan, but also with the Secretary's Road to Value. We know that when we organize care to put members and their needs at the center of our work, we see better health outcomes and greater member satisfaction. An ACO could also allow us to better address Social Determinants of Health and their role in keeping our members healthy, which I will discuss more on the next slide.

I would like to take this opportunity to encourage everyone to view the RFI on the State Procurement website and provide us with your input.

LOOKING AHEAD

Social Determinants of Health

What Goes Into Your Health?



“Conditions in the places where people live, learn, work, and play that affect a wide range of health risks and outcomes.”

<https://www.cdc.gov/socialdeterminants/>



12

Source: Institute for Clinical Systems Improvement, *Going Beyond Clinical Walls: Solving Complex Problems* (October 2014)

Adapted from The BridgeSpan Group

Without identifying and addressing social determinants, DMMA will be limited in how much we can improve health outcomes. Research suggests that the impact of clinical care on overall health may be as little as 10%. Instead, our goals of improving health care outcomes and reducing health care costs will depend on our ability to address factors such as: affordable housing, economic security, safe neighborhoods, food insecurity and educational opportunities.

With the funding in the Governor’s Recommended Budget, our focus in the next year will be to align our efforts in assessing risk factors and developing programs to link beneficiaries with community resources and those in other state agencies. Much of the work of the Governor Carney’s Family Services Cabinet Council focuses on this alignment for vulnerable families.

Additionally, we are excited about potential opportunities that will be uncovered through the Medicaid ACO RFI and others that currently exist by partnering with our managed care organizations in leveraging Medicaid authorities to address social determinants of health. This work will complement and enhance the value based framework and quality measures that exists in our contracts.

FY 20 GOVERNOR'S RECOMMENDED BUDGET

FY 2020 Governor's Recommended Budget (\$ in thousands)

	GF	ASF	NSF	Total
FTEs	79.2	1.0	107.4	187.6
Dollars (\$)	787,354.8	78,418.3	1,522,700.7	2,388,473.8

Budget Definitions:

GF – General Funds
ASF – Appropriated Special Funds
NSF – Non-Appropriated Special Funds
FTEs – Full Time Equivalent Positions



13

The slide above shows the budget included in the FY 2020 Governor's Recommended Budget (GRB).

Our Division's FY 2020 GRB is:

- \$787,354.8 (Seven hundred eighty-seven million, three hundred fifty-four thousand eight hundred dollars) in General Funds (GF);
- \$78,418.3 (Seventy-eight million, four hundred eighteen thousand three hundred dollars) in Appropriated Special Fund (ASF) spending authority; and
- \$1,522,700.7 (One billion, five hundred twenty-two million, seven hundred thousand seven hundred dollars) in Non-Appropriated Special Funds (NSF).

FY 2020 GOVERNOR'S RECOMMENDED BUDGET

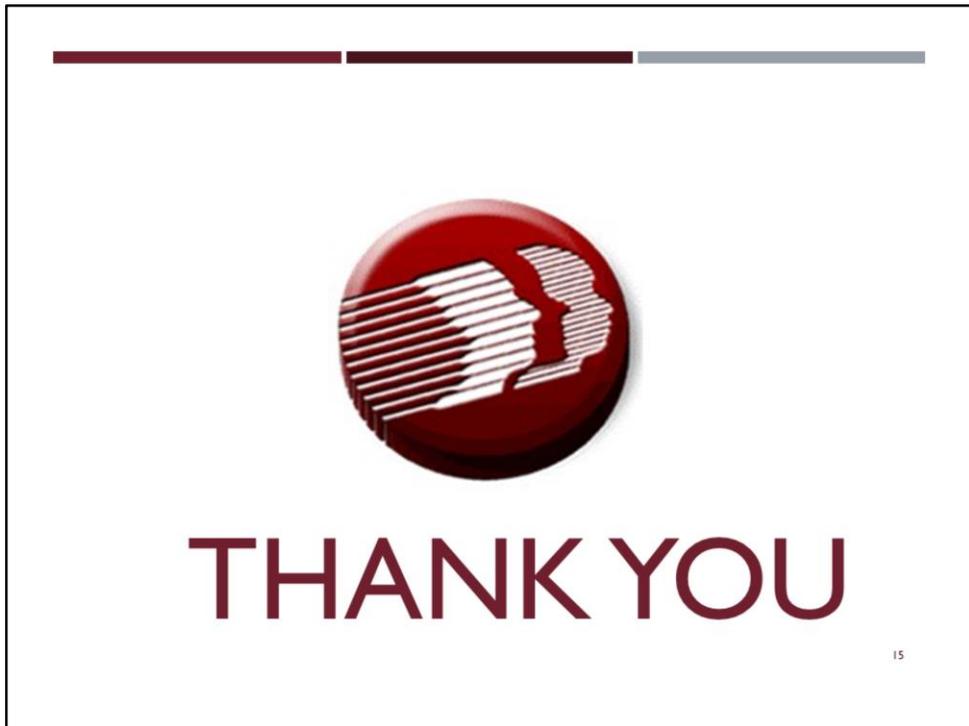
- \$15 million to address growth in Medicaid spending
- \$3.2 million to offset reduction in federal matching rate for the Delaware Healthy Children Program
- \$1.0 million in ASF Tobacco Fund to address Social Determinants of Health



14

Highlights include:

- **\$15 million** inflation/volume adjustment to maintain FY 2019 service levels in the **Medicaid program**. Monitoring enrollment and spending is an ongoing responsibility of DMMA. Throughout the year we adjust projections to reflect the latest information. Adjustments made in December reflect reduced spending attributable primarily to an overall leveling in program enrollment.
- **\$3.2 million** adjustment in the **Delaware Healthy Children Program** to offset a projected loss in federal funding due to an 11.5% reduction in the federal matching rate.
- **\$1.0 million** enhancement in ASF Tobacco settlement funds to address **Social Determinants of Health**. These funds will be used to systematically identify social determinants of health challenges facing our beneficiaries to a) allow for faster, more appropriate linkage to needed services at an individual level and b) better collaborate with our partners to address common needs at a population level.



Thank you for the opportunity to share with you the challenges and opportunities facing the Division of Medicaid and Medical Assistance.

I am happy to answer any questions you may have.