

MINUTES
Approved by the Committee
Medicaid Managed Care Task Force
Wednesday, August 09, 2023
10:00 A.M.
Room EW42
Boise, Idaho

Members in attendance: Cochairs Senator Julie VanOrden and Representative John Vander Woude; Senators Mark Harris, Kevin Cook, Glenneda Zuiderveld, and Melissa Wintrow; Representatives Dori Healey, Jordan Redman (via Zoom), Josh Tanner, and Nate Roberts. Non-legislative members in attendance: Juliet Charron and Sara Stover. Legislative Services Office (LSO) staff in attendance: Elizabeth Bowen, Jill Randolph, and Grace King.

Note: Presentations and handouts provided by the presenters/speakers are posted to the Idaho Legislature's website <https://legislature.idaho.gov/sessioninfo/2023/interim/> and copies of those items are on file at the Legislative Services Office in the State Capitol. Recordings of the meeting may be available under the committee's listing on the website.

Cochair VanOrden called the meeting to order at 10:04 a.m.; a silent roll call was taken.

Opening Remarks

Cochairs VanOrden and Vander Woude gave opening remarks. **Cochair Vander Woude moved to approve the July 10, 2023, minutes. Senator Wintrow seconded and the motion passed by a unanimous voice vote.**

Utah's Medicaid Accountable Care Organization (ACO) Program

Cochair VanOrden recognized Dan Liljenquist, Executive Vice President and Chief Strategy Officer for Intermountain Health, to present on Utah's Medicaid ACO program. Mr. Liljenquist stated that he sponsored the bill that created Utah's managed Medicaid program when he was a Utah state senator. He explained how Utah's ACO program worked and the benefits it provided.

- Senator Wintrow asked if there were challenges when implementing the program. Mr. Liljenquist explained that new mandated treatments would sometimes cause cost increases and affect the cap on Medicaid spending and risk congestion. Senator Wintrow asked about the program's reimbursement rates. Mr. Liljenquist explained that having providers and payers work together had helped balance inefficient payments.
- Representative Tanner asked how much would have to be appropriated to the program if the budget cap were to be taken away. Mr. Liljenquist explained that if the cap was taken away, it would cost the state hundreds of millions of dollars. Representative Tanner asked about the incentive for providers and hospitals to provide healthy options for patients. Mr. Liljenquist explained that there was not a state-mandated program to incentivize providers to teach healthy options to patients, but having payments flow through providers helped incentivize this.
- Cochair Vander Woude wondered what would happen to Medicaid funding if there was an economic downturn. Mr. Liljenquist explained that Utah had created a stabilization fund that would help fund the program when the state's general fund was not growing. Cochair Vander Woude asked if stipulations were put into place to make sure ACOs were local or state-based. Mr. Liljenquist explained that Utah allows national ACOs as long as funds are directed to

providers. Cochair Vander Woude asked what the average cost per individual was under this program. Mr. Liljenquist was unsure.

Stakeholder Comments

Cochair VanOrden invited stakeholders to provide testimony.

- Niklas Kleinworth from the Idaho Freedom Foundation commented on the managed care program's lack of cost containment, compared Medicaid costs between Idaho, Utah, and Nebraska, and provided suggestions for Medicaid cost containment. Representative Healey asked about improper payments. Mr. Kleinworth explained that the Centers for Medicaid and Medicare Services (CMS) did an audit that showed that 39% of payments issued to providers were improper due to billing errors or ineligibility. Representative Healey asked if the payments were recaptured. Mr. Kleinworth explained that there was not enough data to show how much of that money was recaptured. Representative Healey asked about prescription costs. Mr. Kleinworth explained that the prescription drug benefit was the fastest growing part of the Medicaid budget and that growth was driven by use, not the cost of the prescriptions. Representative Healey asked if the state would save money if it paid for a psychiatric hospital admission versus an antidepressant. Mr. Kleinworth explained that there was a problem with people being dependent on prescription drugs and it would be better to find a way for people to not have to use them. Senator Zuiderveld asked about Managed Care Organizations (MCOs) and budget predictability. Mr. Kleinworth explained that an analysis of budget growth for all 50 states showed that the majority of states, regardless of the management system, did not have budget predictability. Representative Tanner asked about an article that was mentioned during Mr. Kleinworth's presentation. Mr. Kleinworth explained that the article was about procedural redeterminations, which equaled about 44% of the people who were disenrolled from Medicaid in Idaho. Cochair Vander Woude commented that the Department of Health and Welfare (DHW) was doing the redetermination process and had not been stopped by CMS, unlike what Mr. Kleinworth stated.
- Dr. Kim Keller from the Idaho State Dental Association commented on the dental MCOs, the financial loss for dentists participating in MCOs, the struggle of Medicaid patients to receive dental care, and the lack of inclusion of dentists when discussing the management of Medicaid. Senator Cook asked if the state had lost dentists after implementing the dental MCO program. Dr. Keller explained that dentists were starting to drop off the MCO in favor of other insurance companies. Senator Cook asked if Medicaid patients were ending up in emergency centers for dental care at a higher rate. Dr. Keller said that emergency dentists were seeing more patients after adult care costs were cut. Senator Wintrow asked what solutions Dr. Keller had. Dr. Keller suggested a public-private partnership that could help see more patients while managing funds. Senator Wintrow asked if Dr. Keller was suggesting that the Medicaid Division of DHW be the managed care organizer. Dr. Keller agreed and stressed that dentists be included in the conversation about how Medicaid is managed. Senator Wintrow commented that this suggestion sounded similar to recommendations from the Office of Performance Evaluations.
- Aaron Houston from the Community Health Center Network of Idaho (CHCNI) commented on community health centers, the effectiveness of the CHCNI Value Care Organization (VCO), and the benefits of a VCO system. Senator Wintrow asked how the CHCNI VCO reinvested savings into the system. Mr. Houston explained that the organization focuses on preventative care and partners with hospitals and providers to ensure quality care for patients. Senator Wintrow asked if building relationships with patients and providing them preventative care saved costs down the line. Mr. Houston explained that focusing on preventative care creates a healthier population, which leads to cost savings. Senator Cook asked about the behavioral health MCO. Mr. Houston explained the downsides of the behavioral health MCO, including prior authorizations and other stipulations that restricted access. Senator Cook asked if an MCO created more paperwork and

increased administrative costs. Mr. Houston explained that there was a potential that an MCO would ensure it hits its budget by limiting access and adding administrative burden.

- Stephanie Myers from Medicaid Health Plans of America (MHPA) commented on the managed care system, the financial benefits of MCOs, and the benefits MCOs provide Medicaid beneficiaries. Representative Tanner asked if MCOs provide additional services. Ms. Myers explained that details about additional services an MCO provides could be found on websites for the state the MCO serves. Senator Wintrow asked Ms. Myers to respond to Mr. Houston's comments on the administrative burden that MCOs can create for providers. Ms. Myers explained that the MHPA was looking into ways to lessen the administrative burden for providers. Cochair Vander Woude asked if the 15% administrative cost was the standard for MCO contracts. Ms. Myers explained that the 15% administrative cost equals an 85% medical loss ratio, which was a federal regulation.
- Dr. Kelly McGrath from Clearwater Valley Health commented on the importance of quality care and preventative care, the lack of access to care under an MCO system, and the effectiveness of VCOs. Senator Wintrow asked if Dr. McGrath advocated to maintain the value care system that was already in place. Dr. McGrath confirmed that he did and added that the value care system breeds innovation. Cochair Vander Woude asked where the accountability lies in the current system. Dr. McGrath stated that the accountability lies with providers because there was a risk for them if they did not provide quality care. Cochair Vander Woude wondered if a value-based system could be included in a managed care program. Dr. McGrath supposed it could be but didn't see how it could be more effective. Senator Cook asked why Dr. McGrath believed that it would be less effective to have a value-based system included in a managed care program. Dr. McGrath explained that if the administration was from out of state, it may use solutions that did not work for Idaho.
- Brian Whitlock from the Idaho Hospital Association commented on previous legislation regarding managed care, the benefits of VCOs, and providers' concerns regarding managed care. Senator Cook asked if providers were included in discussions about VCOs in 2011. Mr. Whitlock explained that providers worked with the Division of Medicaid to work on the legislation that created the value care program in Idaho. Cochair Vander Woude asked why DHW requested that actuaries evaluate VCOs. Mr. Whitlock stated that he was unaware of the request from DHW but added that the providers were at risk so they ensured that claims were handled properly. Cochair Vander Woude commented that the state is at risk as well. Mr. Whitlock explained that the providers were at financial risk so that not all the risk falls on the state. Cochair Vander Woude asked why there was a request for an additional \$600 million for Medicaid. Mr. Whitlock was unsure that the increase was related specifically to VCOs.
- Dani Jones from St. Luke's Health Partners commented on the St. Luke's VCO being the largest in the state, the comparisons between VCOs and MCOs, and the benefits of VCOs. Representative Tanner asked if the cost of Medicaid would decrease with the recent number of people disenrolled from the program. Ms. Jones stated that the cost would most likely decrease. Senator Cook asked if an MCO or a VCO would better control the costs of prescription drugs. Ms. Jones explained that it would depend on the structure of the MCO or VCO. Senator Cook asked how to encourage Medicaid patients to go to family doctors instead of emergency centers for nonemergency care. Ms. Jones explained that providers need to know who those patients are so they can proactively follow up with those patients and encourage healthy habits.

The task force recessed for lunch at 12:05 p.m.; Cochair VanOrden called the meeting back to order at 1:37 p.m.

Stakeholder Comments (Continued)

Cochair VanOrden invited stakeholders to provide testimony.

- Dr. Charles Chodroff from Saint Alphonsus Health Alliance commented on the success of the Saint Alphonsus VCO, the quality of care it provides, and the patients it serves. Senator Cook wondered what would happen if a clinic underperformed under the VCO model. Dr. Chodroff explained that the VCO had a performance improvement specialist that meets with clinics that are underperforming and the VCO would remove clinics from the program if needed. Senator Cook asked if each provider under the VCO had a different level of risk. Dr. Chodroff explained that the VCO would withhold future payments if there was a deficit in the current performance year. Senator Wintrow asked if additional quality measures would be added after the program gained more experience. Dr. Chodroff explained that there had already been proposed quality measures that would be added to future contracts. Senator Wintrow wondered if the current system was essentially a managed care model but it was state-based, self-governed, and had accountability measures. Dr. Chodroff agreed.
- Tyrel Stevenson from the Coeur d'Alene Tribe commented on the tribe's experience with different healthcare deliveries and asked that tribal providers be included in discussions about changing the Medicaid model.
- Matt Wolff from St. Luke's Health Plan commented on the St. Luke's Health Plan insurance company, the benefits of the value care model, and the success with having an Idaho-based model. Cochair Vander Woude asked how much the administrative costs were for St. Luke's plan. Mr. Wolff explained that the target was 12% or less. Cochair Vander Woude asked what the current administrative costs were. Mr. Wolff stated he was unsure but believed it was higher than 12%. Cochair Vander Woude wondered if hiring MCOs would have an effect on the administrative costs if the costs were already higher than 12%. Mr. Wolff disagreed and explained that the St. Luke's Health Plan was not a participant in a VCO; St. Luke's Health Partners was the VCO affiliated with St. Luke's. Representative Roberts asked if the policies regarding care under the VCO program had an effect on the treatment of patients outside of the Medicaid/Medicare system. Mr. Wolff stated that he didn't believe providers changed practices depending on if the individual was in the Medicaid system or not. Senator Wintrow asked if the administrative costs were higher due to the initial start up of the program. Mr. Wolff explained that he represented St. Luke's insurance company, not a VCO, and that administrative costs for insurance companies were structured differently.
- Marc Joffe from the Cato Institute commented on the negatives of switching to an MCO system, provided examples of high costs under MCO systems, and encouraged staying with the current model. Senator Cook asked which model better educated patients on healthy practices. Mr. Joffe explained that there was not a lot of national evidence on this topic but suggested a model from Kentucky. Cochair Vander Woude asked if Connecticut went back to a fee-for-service model after ending its managed care program. Mr. Joffe explained that Connecticut used Administrative Services Organizations (ASOs) that provided billing and administrative services but did not manage care. Cochair Vander Woude asked what percentage of costs ASOs take. Mr. Joffe stated that it was lower than 12%.
- Dr. William Faber from Kootenai Care Network commented on the efficiency of VCOs and the extra costs under MCOs. Senator Cook asked if there was data to prove that more people choose to go to emergency centers under the MCO model. Dr. Faber stated that MCOs could impose restrictions on care that could lead to consequences for patients. Senator Cook asked if there was data to show the consequences of restricted care under the MCO model. Dr. Faber stated that his information was anecdotal from other markets.
- Ivy Smith, a Medicaid enrollee, commented on her concerns about the state's dental MCO and the grievance and appeals process. Senator Wintrow asked if there was a system in place at DHW to handle grievances and appeals. Ms. Smith stated that she had called a number at DHW but had not received a call back. Ms. Charron stated that the Division of Medicaid did not have a dedicated team to handle grievances and appeals but had a contract monitor for the

dental MCO. Senator Wintrow commented that the Division of Medicaid needed to have staff to handle grievances and appeals.

- Patt Richesin from Clinical Integration Partners commented on the deliberation process for the state's VCO program and the benefits of VCOs.
- Jenny Robertson from Blue Cross of Idaho commented on the details of the state's MCO for dual-eligible enrollees and the accountability, innovation, and care coordination of MCOs. Senator Cook stated that the state's MCO for dual-eligible enrollees was one of the most expensive parts of the state's budget and asked if that cost would continue to rise. Ms. Robertson explained that the cost was higher because the MCO had a vulnerable population and that it had also expanded access, but she expected the costs to shift when the program became more stable. Senator Wintrow complimented Blue Cross of Idaho's MCO. Cochair Vander Woude asked if this MCO included pharmacy benefits. Ms. Robertson stated that it does provide pharmacy benefits.
- Dr. Ted Epperly from Full Circle Health commented on the benefits of the current VCO program and urged that the program remain in place.

Committee Discussion

The committee discussed future meeting dates and agenda topics.

The meeting was adjourned at 3:02 p.m.