



Office of Performance Evaluations Idaho Legislature

Rakesh Mohan
Director

February 24, 2022

Members
Joint Legislative Oversight Committee

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RE: Medicaid Rate-Setting Process

Senators

Mark Harris, cochair
Dave Lent
Michelle Stennett
David Nelson

Dear Members,

Last March you directed us to evaluate the Division of Medicaid's rate-review process. We plan to release a full report in March. In the meantime, considering the Division of Medicaid's budget setting on March 1st, we wanted to communicate two parts of our findings and recommendations.

Representatives

Ilana Rubel, cochair
Caroline Nilsson Troy
Paul Amador
Steve Berch

First, we found that the division has gaps in management capacity. While the division possesses the competence to establish a rate-review process, the process will likely not succeed because management has too many competing priorities. Division management has moved from crisis to crisis while critical, but less urgent, work is neglected. It is not enough to follow good rate-review practices if those practices are abandoned at the next crisis.

This concern builds on findings in our previous studies of Medicaid. Our 2016 report, *Design of the Idaho Behavioral Health Plan*, highlighted program design and contract management problems. In 2019 we published a letter detailing management concerns and the division's limited and fragmented analysis of nonemergency medical transportation provider rates.

The division has been tentative in asking for additional resources from the Legislature. We recommend that the division identify its key management needs and come to the Legislature next year requesting positions to fill those needs. The Legislature can encourage the division to follow this recommendation through legislative intent language.

Second, with the new division administrator on board, significant opportunities exist to improve the quality of collaboration between the division and the Legislature. To improve collaboration, both parties need to commit to long-term investments. The division needs a clear understanding of legislative priorities, and the Legislature needs clear information about the Medicaid program. In other states, the Medical Care Advisory Committee is a useful forum for oversight and communication. Idaho's committee has been chronically understaffed and has not produced its required annual report.

If the Legislature wishes to begin making investments this session, it could consider including intent language in the Medicaid budget outlining the Legislature's information needs. The Legislature could also consider establishing an interim committee to create a roadmap for better communication and collaboration.

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We present these two options acknowledging that the Division of Medicaid has limited management capacity. This year, the Legislature's efforts should focus on communicating Idaho's core values and goals for Medicaid. Then the division can begin a multi-year process of building the capacity for the program. The resulting partnership would allow the Legislature to know its return on investment and provide appropriate oversight and accountability to the division.

Sincerely,



Rakesh Mohan

cc: Dave Jeppesen, Director, Department of Health and Welfare
Juliet Charron, Administrator, Division of Medicaid
Zach Hauge, Chief of Staff, Office of the Governor
Alex Adams, Administrator, Division of Financial Management