

MINUTES
(Subject to Approval by the Committee)
Medicaid Managed Care Task Force
Monday, July 10, 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, and Glenneda Zuiderveld; Representatives Dori Healey, Josh Tanner, and Nate Roberts. Members in attendance via Zoom: Senator Melissa Wintrow and Representative Jordan Redman. 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 Vander Woude called the meeting to order at 10:04 a.m.; a silent roll call was taken.

Opening Remarks

Cochairs Vander Woude and VanOrden gave opening remarks. **Representative Roberts moved to approve the June 12, 2023, minutes. The motion passed by a unanimous voice vote.**

Department of Health and Welfare's (DHW) Medicaid Report

Cochair Vander Woude invited Juliet Charron, Administrator of the Division of Medicaid, to present an overview of Idaho's Medicaid delivery system. Ms. Charron explained the different models for Medicaid delivery and detailed how Idaho uses each model. She provided insight on opportunities the Legislature can pursue regarding Medicaid.

- Senator Cook asked what Ms. Charron meant when she said that DHW allowed the Value Care Organization (VCO) to select a no-risk option. Ms. Charron explained that during each contract year, DHW allows a VCO to select the level of risk that it was willing to accept and that DHW provided a no-risk option in the first two years to help ease VCOs into the program. Senator Cook stated that it was his understanding that a VCO contracts with providers to establish the level of risk. Ms. Charron explained that DHW works with the primary VCO to establish risk each year.
- Representative Tanner asked if other states with managed care have medical directors. Ms. Charron explained that the states with a managed care system had medical directors. Representative Tanner asked which states made policy decisions on cost containment. Ms. Charron explained that it was important to look at states that recently transitioned into a managed care model such as Oklahoma, Nebraska, and Utah.
- Cochair VanOrden asked how the capitation rates were set and how often they were reviewed. Ms. Charron explained that it was an annual process based on claims, payments made, services, changes to population, financial risks, and administrative costs. She further explained that provider rates could be factored into this process.
- Senator Wintrow asked what challenges Ms. Charron sees with the Managed Care Organization (MCO) model and how the MCO model would impact the current workforce shortages and

quality care. Ms. Charron explained that the biggest challenge was related to oversight of the program. She further explained that some states have leveraged their managed care contracts to address workforce shortages through new initiatives. Senator Wintrow asked how much money and resources were needed to hold an MCO accountable and keep continuity of services. Ms. Charron explained that DHW and the Division of Purchasing ensured that the health plan was meeting contractual obligations, which means having proper staffing that understands how the contract works and how the program is administered.

- Senator Cook wondered if the Division of Medicaid had requested additional staff positions from the Joint Finance-Appropriations Committee during the recent Legislative session. Ms. Charron explained that the Division of Medicaid had not requested additional positions because it was focusing on other initiatives. She added that staffing and resources would have to be evaluated with whichever model was chosen. Senator Cook asked how MCOs have worked for dental providers. Ms. Charron explained that dental was a challenging benefit and that the division was working to improve that contract. Senator Cook asked how the MCO model would achieve cost containment. Ms. Charron explained that the capitation model can provide more budget certainty than a fee-for-service model and that there were different cost containment opportunities within different models to be leveraged.
- Representative Redman wondered if other states with an MCO model had a profit-sharing system with the state and if it was possible to write that into a contract. Ms. Charron stated that some states have profit-sharing systems and that it would be possible to include in a contract.
- Representative Roberts asked if pharmacy would be under the MCO program if implemented. Ms. Charron explained that including pharmacy under the MCO contract was something the task force could deliberate. Representative Roberts asked for clarification on negotiating a profit-sharing system under an MCO contract. Ms. Charron explained that a value-based arrangement with a provider under an MCO system would need to contractually establish a profit-sharing system. Representative Roberts asked for clarification on the medical loss ratio. Ms. Charron explained that if the contractor was 85% or above for medical spending, then the contractor can keep remaining profits, but if a contractor was below the 85% medical spending requirement, then it will enter into a settlement process with the state.
- Representative Redman suggested that states with MCO programs present to the task force on information learned while implementing an MCO program. He asked if the Division of Medicaid would need more staff if the state decided not to go through with an MCO program. Ms. Charron explained that the division would need more staff to provide the proper level of oversight. Representative Redman wondered if the state assumes the risk under the current model. Ms. Charron confirmed that the state assumes the risk under the current fee-for-service (FFS) model.
- Senator Wintrow wondered how much staff and money the Division of Medicaid would need to manage contracts. Ms. Charron stated that she would follow up with the task force regarding that information.
- Cochair Vander Woude wondered how the state saves money if there was a fee on top of a fee for services under the VCO model. Ms. Charron explained that a VCO needs to hit cost targets and quality measures. If it doesn't, the state keeps the loss when the VCO chooses a risk-based option. She further explained that the state can start to see savings when VCOs move into a risk-based option. Cochair Vander Woude asked if the Division of Medicaid will eventually assign the level of risk to VCOs. Ms. Charron explained that a VCO will choose its own level of risk.
- Representative Roberts asked if the state would receive a reward for minimizing risk through providers if it assumes risk under the VCO model. Ms. Charron confirmed that the state would share the savings if the providers were doing well. Representative Roberts asked if an MCO would receive the reward since it would assume the risk. Ms. Charron confirmed that it would unless a profit-sharing system was built into the contract. Representative Roberts asked if the Medicaid Management Information System (MMIS) data was being shared with providers

across the state to help with quality measures. Ms. Charron explained that the providers who participate in the VCO program receive data on performance, but the Division of Medicaid reports on quality measures to state regulators; the information was not actively shared with providers but the information could be accessed.

State of Idaho, Division of Purchasing, Medicaid Cost Containment Final Report Overview

Cochair Vander Woude recognized Michael Heifetz, Director of Sellers Dorsey, to give his presentation regarding the Sellers Dorsey final report on Idaho's Medicaid cost containment. Mr. Heifetz described the report process, provided an overview of Idaho Medicaid, highlighted managed care programs around the country, provided recommendations for a managed care program in Idaho, detailed potential risks of a managed care program, and listed impacts for members and providers.

- Senator Cook wondered what happens if an MCO starts performing poorly. Mr. Heifetz explained that if an MCO was not doing well through factors it can't control, the state has the option to address that issue. Ms. Charron explained that states with MCO programs have mechanisms to evaluate under- or over-utilization and that plans help incentivize MCOs to provide the right amount of care.
- Representative Tanner asked about the validity of a study referenced in the final report since it was completed in 2015. Mr. Heifetz explained that, although it was a few years old, the study was still valid because it provided a conceptual overview on the topic of MCO versus FFS models and was still one of the biggest studies on that topic. Representative Tanner asked where the cost savings come from with an MCO model. Mr. Heifetz explained that it can come from utilization, better delivery of quality care, and the efficiency of the MCO. Representative Tanner referred to another study regarding pediatric diabetes that was listed in the final report and asked why it was chosen. Mr. Heifetz explained that the topic of pediatric diabetes was an area to highlight the clinical and financial benefits when care was managed appropriately.
- Representative Roberts wondered about the length of time to see cost savings for states that switched to the MCO model. Mr. Heifetz explained that it was typically a few years but depended on many factors; it was not designed to provide savings immediately. Representative Roberts wondered about the increase in administrative costs under the MCO and whether the MCO or the state pays that increase. Mr. Heifetz explained that it could be either, but that cost savings can outweigh the increase of administrative costs.
- Senator Wintrow wondered how the MCO model assured that proper training was given to providers who work in certain health services. Mr. Heifetz explained that federal and state standards do more to assure proper training than an MCO.

The task force recessed for lunch at 12:18 p.m.; Cochair Vander Woude called the meeting back to order at 1:25 p.m.

State of Idaho, Division of Purchasing, Medicaid Cost Containment Final Report Overview (Continued)

Cochair Vander Woude invited the task force members to continue discussion on the Sellers Dorsey final report.

- Senator Cook wondered how much paperwork was involved for providers under the MCO model. Mr. Heifetz explained that there would be some paperwork but it was hard to say if it was more or less than an FFS model. Senator Cook asked if there was a migration of providers when moving to an MCO. Mr. Heifetz explained that it may vary, but the large majority of providers stay on the program. Senator Cook commented that dentists were falling off Medicaid

programs because the reimbursement rates were low, and he expressed concern that this could happen to other providers.

- Senator Zuiderveld asked for clarification on graduate medical education payments. Mr. Heifetz explained that it was a component of funding for academic health centers and hospitals that provided residencies.
- Representative Redman asked where Idaho stood in regard to reimbursement rates to providers. Mr. Heifetz explained that it varied, but there was data that could be provided on specific factors. Representative Redman asked how MCOs can improve outcomes for patients. Mr. Heifetz explained that MCOs helped patients with chronic disease, pregnancies, postpartum care, and behavioral health.
- Cochair Vander Woude asked if there was a certain population size that MCOs preferred. Mr. Heifetz explained that, when looking at comprehensive managed care, MCOs can manage a population in the tens of thousands but can work with bigger or smaller populations depending on several factors. Cochair Vander Woude asked how to prevent MCOs from consistently denying care to patients to save costs. Mr. Heifetz explained that contracts often include data reporting on denial rates and appeal rates and the process for appeals, which can help with transparency and accountability.
- Representative Tanner asked how the MCO model achieved cost containment. Mr. Heifetz explained that managed care allowed one to see what was working and what was clinically appropriate and that placing risk on the MCOs motivates them to provide quality care, which can eventually help save costs.

National Overview of Medicaid Delivery Systems and Managed Care Report

Cochair Vander Woude invited Kathryn Costanza, Program Principal at the National Conference of State Legislatures (NCSL), to present an overview of Medicaid delivery systems and managed care. Ms. Costanza provided a general overview of Medicaid, the history and current trends of Medicaid delivery, examples of managed care programs in other states, evidence on managed care programs, and the legislative role when transitioning delivery systems.

- Representative Tanner asked if Ms. Costanza could share the evaluations of other states' Medicaid delivery systems with the task force members. Ms. Costanza said she would provide those to the task force members via email. Representative Tanner asked what authority the Legislature had on Medicaid delivery systems. Ms. Costanza explained that the Legislature had the spending authority and could set standards for its delivery system contract.
- Representative Roberts asked for clarification on the evaluation done on Missouri's Medicaid delivery system. Ms. Costanza explained that the evaluation found that some metrics were improved under the MCO model but the improvements were offset by other metrics.
- Senator Cook wondered why so many states were moving to the MCO model when the evidence was mixed on whether the MCO was beneficial for cost and quality of care. Ms. Costanza explained that some states evaluated their markets and decided that an MCO model would work for that particular state the best. Senator Cook asked if any states had chosen to educate its citizens on healthy habits. Ms. Costanza explained that some states had created "healthy behaviors programs" within their Medicaid programs and added that she would provide evidence on those programs to the task force members.
- Senator Wintrow wondered about the benefits provided under value-based care. Ms. Costanza explained that there were several ways to reform a value-based care program to make it more effective.
- Senator Harris inquired about the lawsuits against Colorado's MCO model. Ms. Costanza commented that the lawsuits were about payment issues between the MCOs and the state.

- Representative Roberts asked for clarification on Oklahoma's model and what year it was implemented. Ms. Costanza explained that the model integrated behavioral health into the benefit package and that it started in 2003.

Discussion

The task force discussed the next meeting, including details about having roundtable discussions.

The meeting was adjourned at 2:57 p.m.