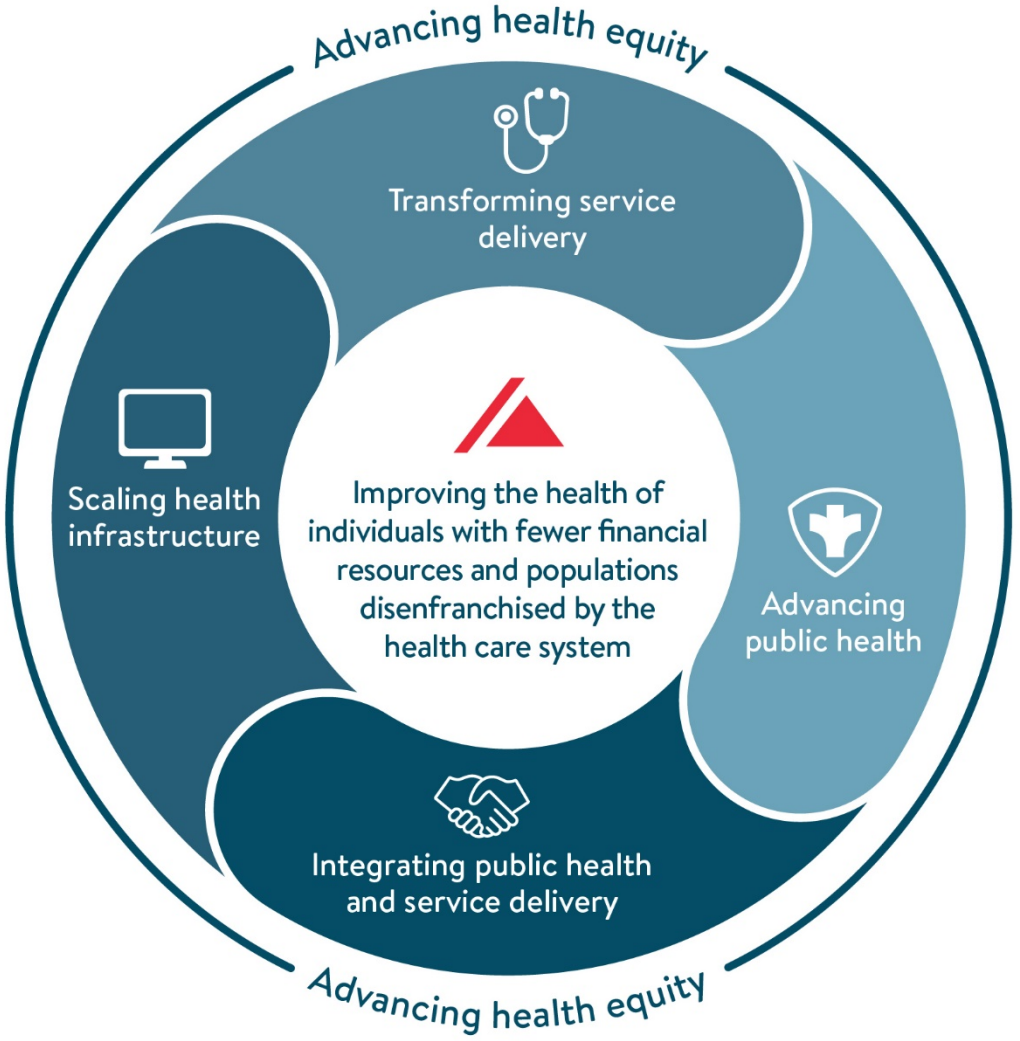
ALTARUM

SOLUTIONS TO ADVANCE HEALTH

Challenges in Financing and Payment for People with IDD

December 8, 2021

Altarum works across the health ecosystem to improve care



Financing and payment defined

Financing

Dollars flowing **into the healthcare system** (e.g., Medicare Trust Fund)

Payment

Dollars flowing **directly to providers and payers** (e.g., payments to a physician for an office visit)

Key financing & payment barriers to enabling person-centered, integrated care for people with IDD

- Variations in types of services covered
- Lack of financial incentives for providing integrated care
- Structural issues in payments

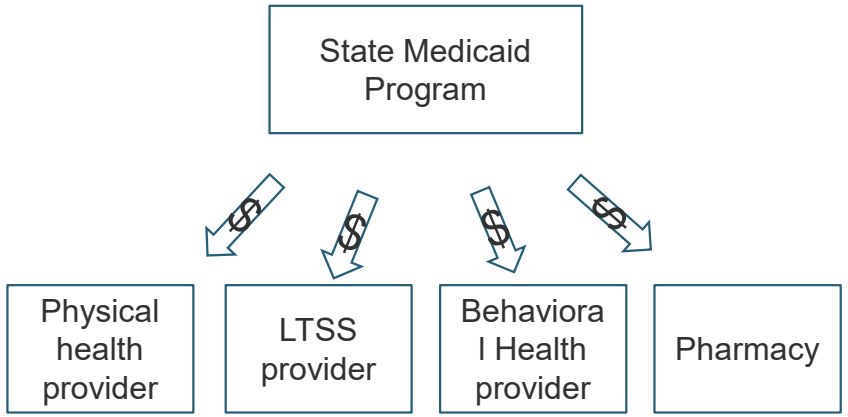
NOTE: Many other barriers exist (e.g., limits on self-direction, presumption of fraud in system, etc.)

Your ability to *access* services is highly dependent upon your coverage

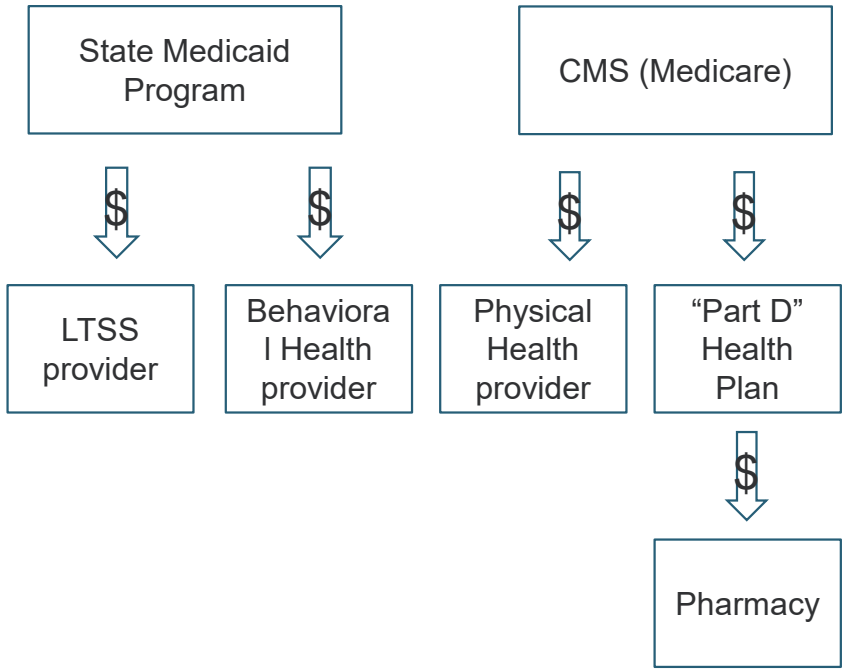
Type of insurance	Physical health	Long Term Services & Supports (LTSS)	Behavioral Health	Pharmacy
Medicaid	✓	✓	✓	✓
Medicare	✓		Limited	✓
Medicaid & Medicare (Duals)	✓	✓	✓	✓
Commercial	✓		Limited	✓

Even if you have full coverage, there's limited financial incentives in place to ensure that services are coordinated – Medicaid & Medicare

Typical uncoordinated model - Medicaid only

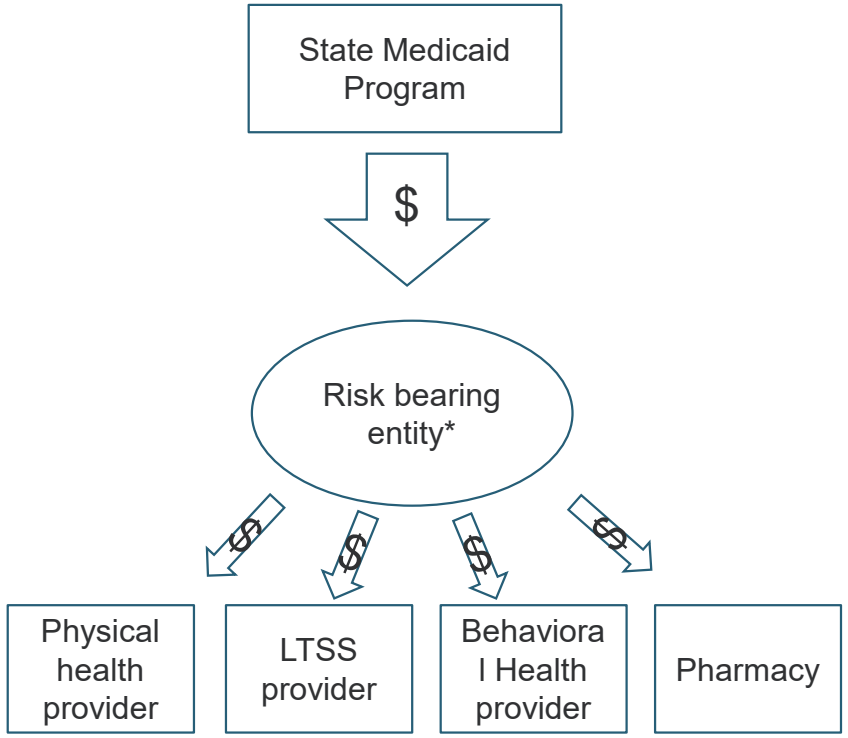


Typical uncoordinated model – Dual Eligibles



Financial alignment *can* lead to more integrated models

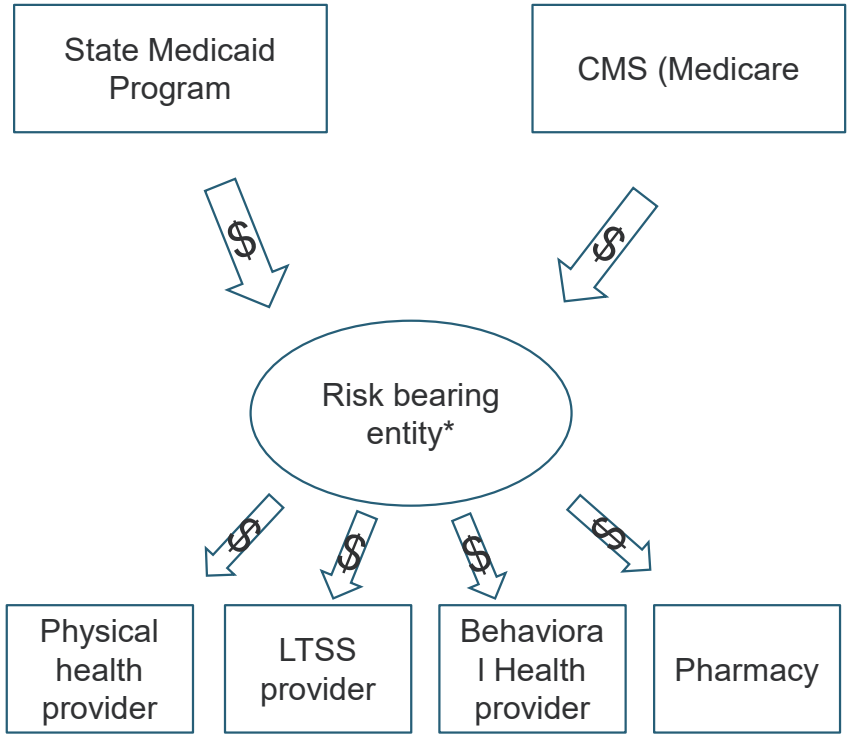
Fully coordinated model – Medicaid only



*Tennessee, Kansas and Iowa use Managed Care Organizations (MCOs); Arkansas has similar model that is provider led

Multiple states use such entities for only one or two of the services (e.g. PH/RX which creates minor opportunities for alignment)

Fully coordinated model – Dual Eligibles



*PACE programs, Financial Alignment Demonstrations (MMPs), Fully integrated Dually Eligible plans (FIDEs)

- Risk bearing entity creates ***opportunity for better alignment*** of care
- **No guarantee** that integration occurs just because financing is aligned
- Lack of risk bearing entity creates ***no incentive for alignment***
- **Perceived conflicts of interest** exist with risk bearing entities

7

Payments to risk bearing entities often do not facilitate person-centered care…

Medicaid

How it works

- State pays Managed Care Organizations (MCOs) based on **populations** via **rate cells** (e.g., people with disabilities, women with children, etc.)
- The rate cells are based on the **prior year's costs plus adjustments**

Potential problems

- **Adverse Selection** – Different MCO's can have **different mixes of populations** (e.g., more people with disabilities) and the rates will be inadequate for that MCO
- **Poor data** – State actuaries may not be able to **"see" different types of populations in the data if it is not coded correctly** (e.g., people with IDD) and that will make the rates inadequate

Medicare

How it works

- CMS pays risk bearing entities based on **each individual** enrolled in that entity via a **hierarchical condition category (HCC)**
- HCC scores are based on the beneficiary's **medical records** from their **physician**

Potential problems

- **Poor coding** – if physicians do not **appropriately document**, then the rates will be insufficient
- **Structural issues with HCC model** – The model does not **fully account for people with disabilities** and therefore does not fully compensate risk bearing entities

…nor do payments to providers

How physicians are paid

- Providers are paid based on **specific codes**
- The payments are tied to the expected **amount of time required** for the visit
- These codes are **standard for all populations**
- Different **payers** (e.g., Medicaid, Medicare, Commercial) **pay at different levels**

Problems for people with IDD

- Working with people with IDD often **takes longer –** but physicians are generally **not paid for that time**
- A significant number of people with IDD are in Medicaid – many physicians will **not treat Medicaid** populations because the **rates are lower**

How do we make it better?

- Create more integrated, aligned risk bearing entities
- Develop more rate cells for people with IDD in Medicaid
- Fix the HCC risk adjustment model to properly account for people with IDD
- Capture appropriate data for people with IDD to inform payment to providers
- Enhance payment to providers for person-centered care

Thank you

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