



# Managed care procurement and contracting

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# How Minnesota purchases health care for enrollees

## Fee for service (25%)

- DHS processes claims and pays providers directly

## Managed care (75%)

- DHS pays managed care organizations (MCOs) to provide benefits to enrollees. MCOs process claims and pay providers.

## Integrated Health Partnerships (32% of total)

- Accountable care arrangement that layers across fee for service and managed care
- DHS calculates shared savings/shared loss and population payment based on quality

# Managed care organizations

The state contracts with managed care organizations to deliver

- Provider networks
- Payment arrangements
- Care coordination and disease management for complex cases



# Who is covered through managed care?



## Families and children

- Metro area: 556,281
- Greater Minnesota: 429,277



## Adults with disabilities

- Statewide: 60,188



## Seniors

- Statewide: 60,194

# Why do we re-procure MCO contracts?



Federal law requires competitive procurement



State law requires re-procurement every five years



Procurement promotes highest quality care for best value



Managed care contracts cost more than \$5 billion annually

# 2021 procurement update

- DHS, Association of Minnesota Counties, and Minnesota Association of County Social Service Administrators established workgroup in May 2020 to explore changes to procurement process
- Metro-area families and children RFP released Jan. 4, 2021
  - DHS and metro-area counties jointly developed RFP; will score proposals together
  - RFP reflects shared DHS and county priorities of better health, fuller lives, equitable outcomes, at lower cost growth
- Contract awards anticipated in May



# Upcoming procurement schedule

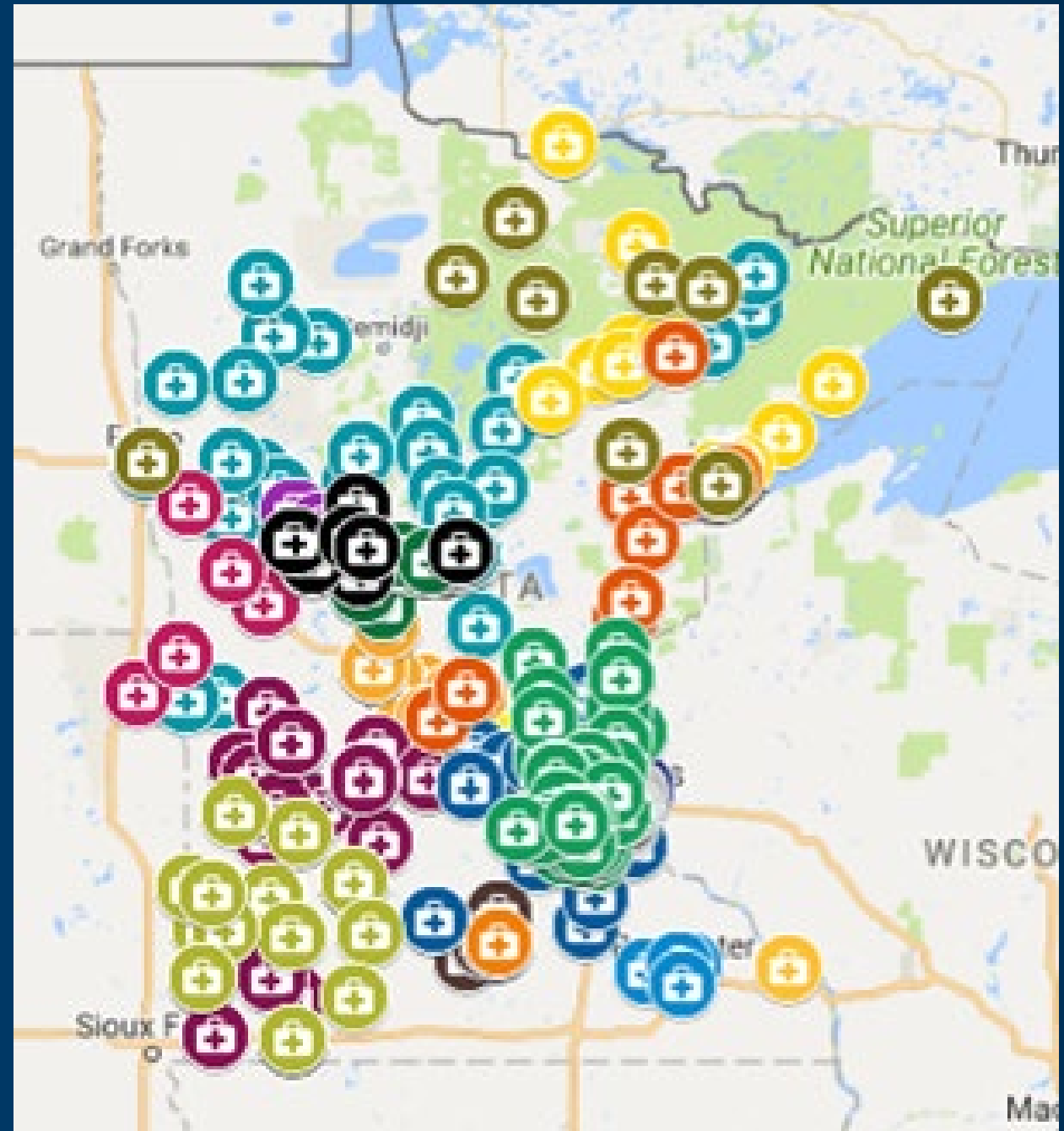
- **January 4, 2021** RFP for **2022 contracts**: Metro counties families and children and MinnesotaCare
- **October 2021** RFP for **2023 contracts**: Statewide Seniors and SNBC
- **January 2022** RFP for **2023 contracts**: Greater Minnesota families and children and MinnesotaCare





# Integrated Health Partnerships across Minnesota

- 47% of enrollees in Greater Minnesota
- More than 500 different provider locations
- More than 10,000 individual practitioners



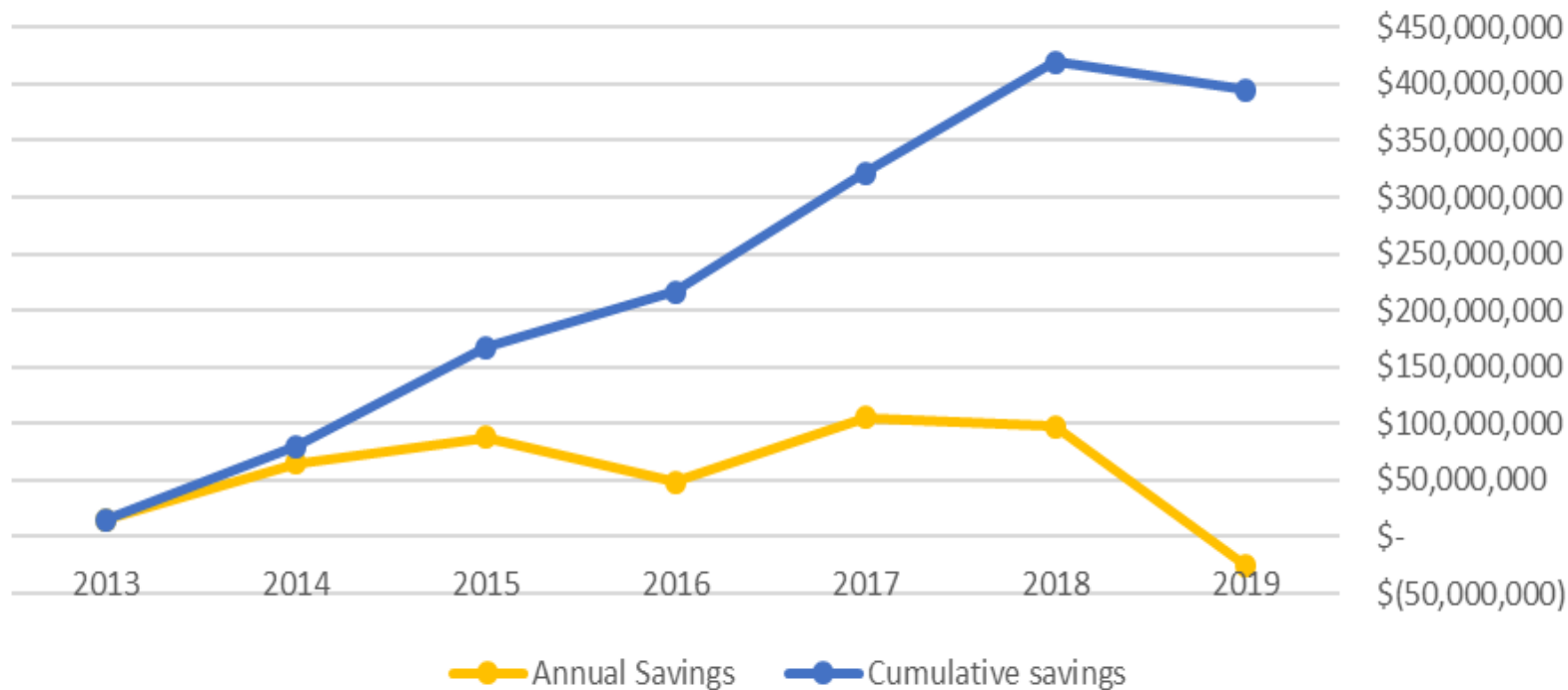


# Integrated Health Partnerships

- Alignment and consistency
  - Each IHP has beneficiaries from between 5 and 8 managed care organizations
  - Single contract with DHS aligns incentives, data supports, and accountability metrics (cost, quality, and utilization) across population
- “Critical mass” in accountable care arrangement
  - Including FFS and all MCOs patients enables providers to make care delivery and other innovations more efficiently
  - Calculation of accurate cost and quality performance requires a large enough population to limit variability between measurement periods

# Integrated Health Partnership Results

## MN Integrated Health Partnerships Savings



- Total program savings: \$397,515,957 (net PBP)
- 2019 *interim* results show net losses
- 2019 individual results varied widely: range from losses of **\$17.3 million (5% above target)** to savings of **\$11.5 million (9.6% below target)**
- IHPs targets reset every 3 years, requiring them to continuously “beat” prior cycle savings and efficiencies
- Even IHPs with greatest losses in 2019 have net individual savings across their participation in IHP program

# Questions?