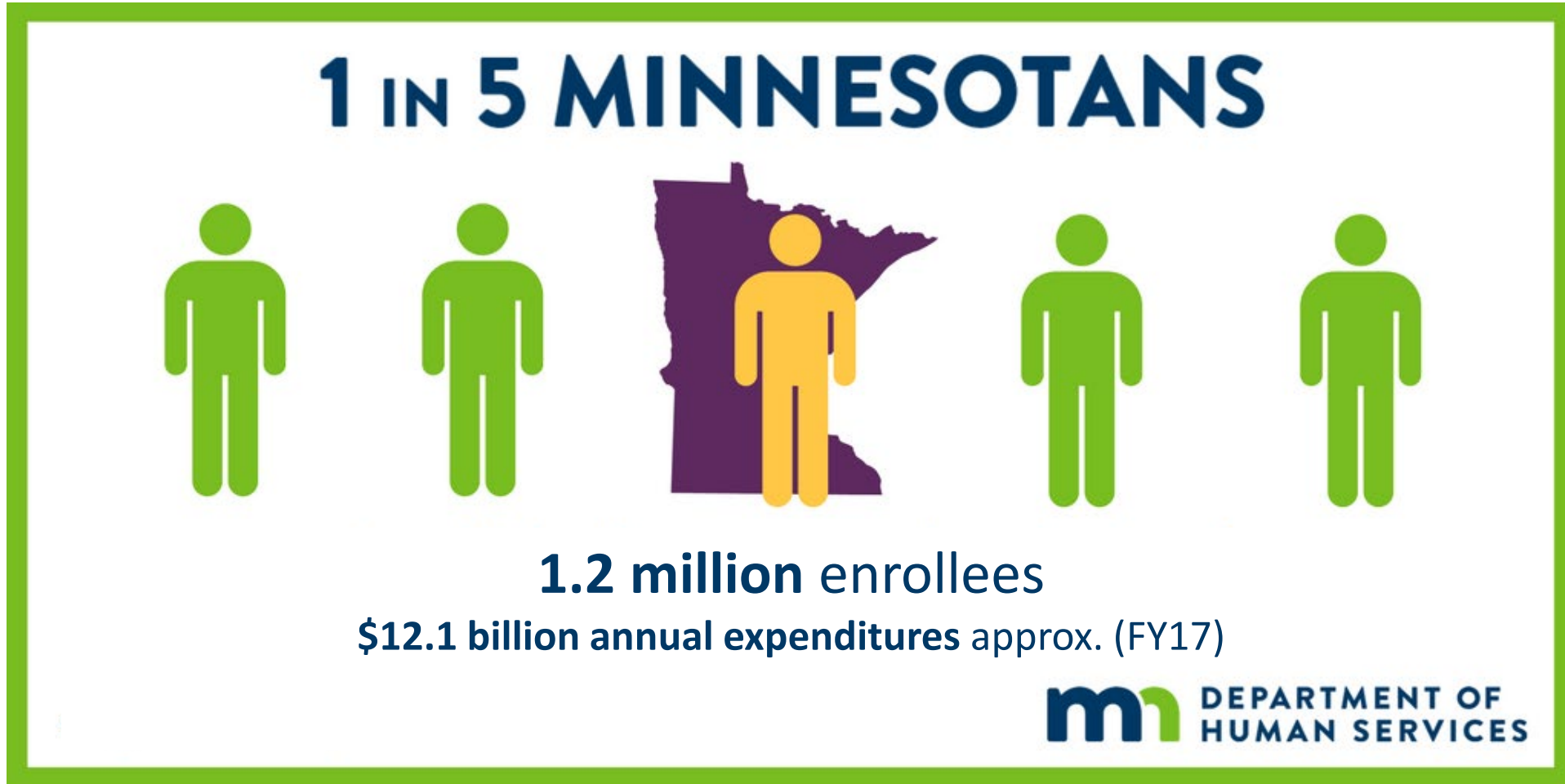




State Health Care Purchasing

Julie Marquardt | PJ Weiner | Heather Petermann

Minnesota health care programs serve ...



How Minnesota has purchased health care for enrollees

Fee for service (25%)

- DHS processes claims and pays providers directly

Managed care organizations (75%)

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



Managed care vs. fee for service



Prepaid monthly capitation fee



Provider payment contracts vary

History of managed care in Minnesota



Who is covered through managed care?



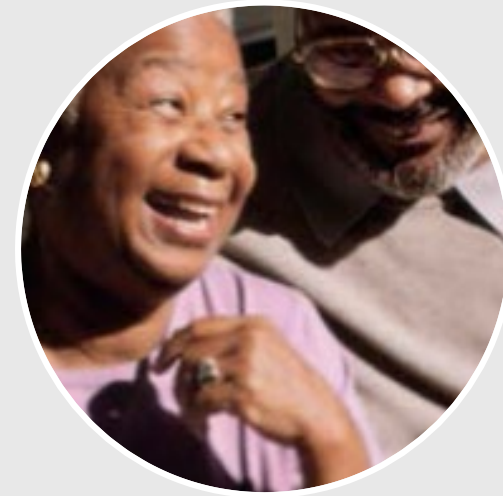
Families and children

- Greater Minnesota: 348,780
- Metro area: 432,530



Adults with disabilities

- Statewide: 53,527



Seniors

- Statewide: 55,717

What is procurement?

- The process used to determine which health plans participate in the Medical Assistance and MinnesotaCare programs
- Health plans respond to a request for proposals (RFP) issued by DHS
- DHS, the Department of Health and counties score the proposals to determine who will be offered a contract
 - Evaluate quality and service delivery
 - May include price components
- Final decision made by DHS commissioner as the single state Medicaid agency



Why do we re-procure contracts?



Federal law requires competitive procurement



State law requires re-procurement every five years



The process ensures the highest quality care for the best value



Managed care contracts cost more than \$5 billion annually

Changes in landscape that impact upcoming procurement

- Federal managed care regulations finalized in 2016
 - Strengthened conflict of interest protections
 - Reinforced competitive bidding requirement
 - Prohibit states from requiring specific payment rates to providers except under certain limited conditions and subject to measurement and evaluation.
- State law changes in 2017
 - Minnesota changed state law to allow for-profit health plans to do business in the state.
 - Phasing out certain payments to hospitals that are no longer allowed

Upcoming procurement schedule

- **2019** procurement for **2020** contracts:
Greater Minnesota families and children
and MinnesotaCare
- **2019** procurement for **2020** contracts:
Seniors
- **2020** procurement for **2021** contracts:
metro area families and children,
including Next Generation IHP, and
MinnesotaCare



Authorizing legislation for Integrated Health Partnerships

“The Minnesota Department of Human Services shall develop and authorize a demonstration project to test alternative and innovative health care delivery systems, including accountable care organizations that provide services to a specified patient population for an agreed-upon total cost of care or risk/gain sharing payment arrangement.”

— Minnesota Statute 256B.0755

Current impact of IHPs



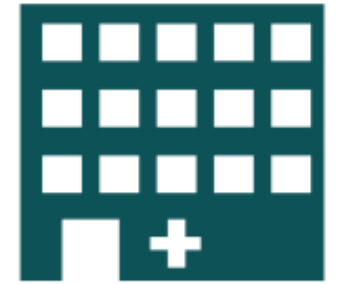
Cost savings
\$277 million



People served
460,000+



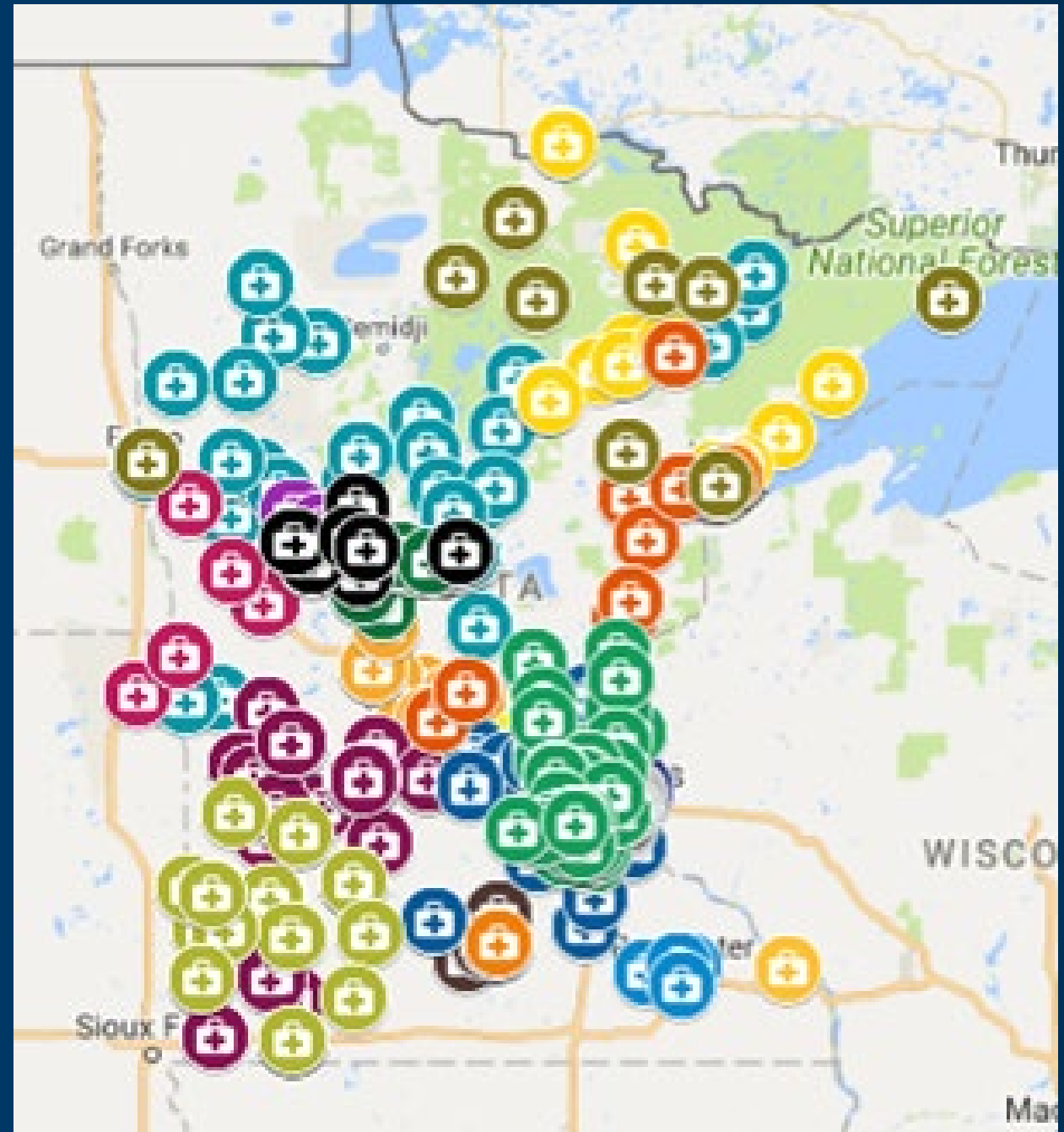
Emergency room visits
Down 7%



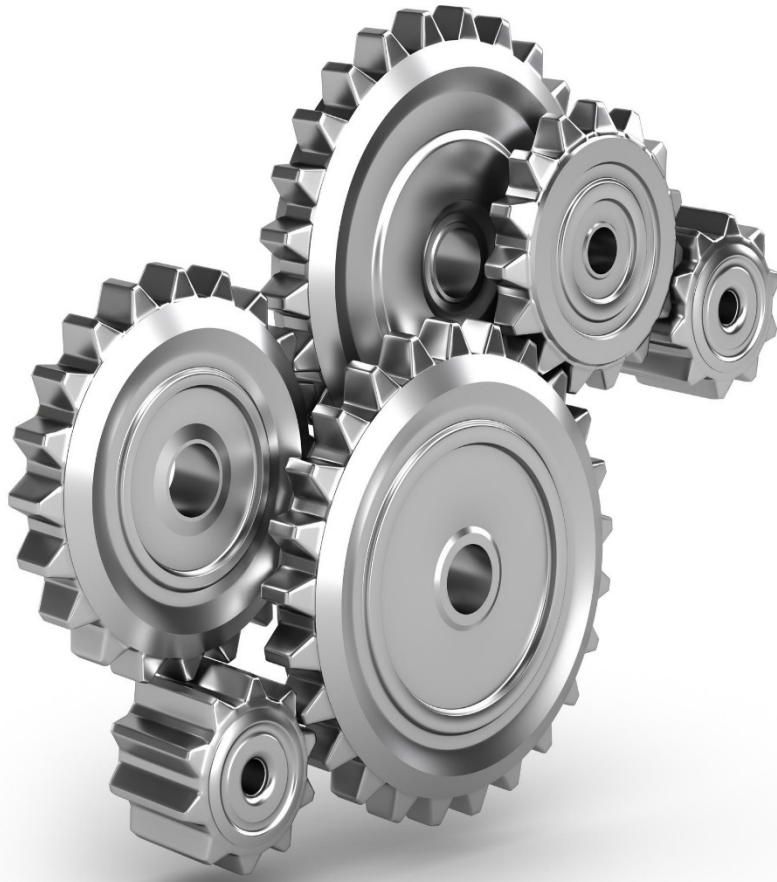
Hospital stays
Down 14%

IHPs across Minnesota

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



Core concepts and accountability



- **Medical Assistance and MinnesotaCare; fee for service and managed care**
- **Primary care** centric, but with built-in **flexibility**
- IHP system is responsible for:
 - Defined **core set of health care services** for an **identified population** (retrospective)
 - Potential **total cost of care shared risk** (savings and losses)
 - **Robust quality metrics:** clinical, utilization and health equity
- DHS acts as **facilitative partner**, providing detailed data analytics, reports, ad hoc support

IHP recent enhancements



- **Population-based** payment to support innovate care delivery, care coordination and infrastructure
- Multiple opportunities for a **wide variety of provider participants**
- Enhanced focus on **social determinants of health** and **meaningful partnerships**
- Updates to **quality metrics**
- Enhanced data availability and timeliness (e.g., **Encounter Alerting System**)

2013 legislative expansion

“The commissioner shall ~~explore the expansion~~ expand the demonstration project to include additional medical assistance and MinnesotaCare enrollees, and shall seek participation of Medicare in demonstration projects. The commissioner shall seek to include participation of privately insured persons and Medicare recipients in the health care delivery demonstration. As part of the demonstration expansion, the commissioner may procure the services of the health care delivery systems authorized under this section by geographic area, to supplement or replace the services provided by managed care plans operating under section 256B.69.”

— 2013, Chapter 81 Sec. 11. Minnesota Statutes 2012, section 256B.0755, is amended to read: Subd. 7

Next Generation IHP demonstration objectives

- Align financial and care delivery model to improve enrollees' experience
- A partial capitation payment to increase financial accountability, flexibility and innovation
- Simplify administrative and financial functions



With the community, DHS will:

1. **Continue information gathering and conversations** on the Next Generation IHP model through 2019.
2. Learn from **recent enhancements** to IHP program and **mature infrastructure** needed to support Next Generation IHP.
3. Develop **Request for Proposals in 2020** for potential Next Generation IHP contracts in 2021.

Questions?