

HF237 - 1A - "Integrated Health Partnership Project"

Chief Author: **Matt Dean**
 Committee: **Health and Human Services Finance**
 Date Completed: **03/15/2017**
 Agency: **Human Services Dept**

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium	
	Dollars in Thousands	FY2017	FY2018	FY2019	FY2020
General Fund	-	(1,720)	(7,562)	(14,288)	(19,544)
Health Care Access	-	(17)	(59)	(110)	(147)
Total	-	(1,737)	(7,621)	(14,398)	(19,691)
Biennial Total			(9,358)	(34,089)	

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2017	FY2018	FY2019	FY2020	FY2021
General Fund	-	-	-	-	-
Health Care Access	-	-	-	-	-
Total	-	-	-	-	-

Executive Budget Officer's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with MMB's Fiscal Note policies.

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State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2		Biennium			Biennium	
Dollars in Thousands	FY2017	FY2018	FY2019	FY2020	FY2021	
General Fund	-	(1,720)	(7,562)	(14,288)	(19,544)	
Health Care Access	-	(17)	(59)	(110)	(147)	
Total	-	(1,737)	(7,621)	(14,398)	(19,691)	
Biennial Total			(9,358)		(34,089)	
1 - Expenditures, Absorbed Costs*, Transfers Out*						
General Fund	-	(1,720)	(7,562)	(14,288)	(19,544)	
Health Care Access	-	(17)	(59)	(110)	(147)	
Total	-	(1,737)	(7,621)	(14,398)	(19,691)	
Biennial Total			(9,358)		(34,089)	
2 - Revenues, Transfers In*						
General Fund	-	-	-	-	-	
Health Care Access	-	-	-	-	-	
Total	-	-	-	-	-	
Biennial Total			-		-	

Bill Description

This bill makes several changes to the Integrated Health Partnership (IHP) demonstration project, an accountable care model for participating health care providers serving Medical Assistance and MinnesotaCare recipients.

Section 1 Directs the commissioner of DHS to expand existing Integrated Health Partnership demonstration project; updates old language referencing 'health care delivery system' pilot to 'integrated health partnerships'.

Section 2 Incorporates a population-based payment in the payment system for integrated health partnerships. The population-based payment must be adjusted to account for varying levels of care coordination need and would be a per-member per-month payment paid on at least a quarterly basis as long as integrated health partnerships meet cost and quality metrics.

Section 3 This section allows integrated health partnerships to provide a financial incentive to patients for seeing a primary care provider for an initial health assessment, maintaining a continuous relationship with a primary care provider, and participating in health improvement and care coordination activities.

Section 4: Provides an appropriation to fund the state share of health information exchange (HIE) grants to support providers participating in integrated health partnerships.

Section 5: provides instruction to the revisor of statutes.

Assumptions

This estimate assumes an effective date of January 1, 2018 as stated for sections 1 and 2 in the bill.

Integrated health partnerships (IHPs) are an accountable care model that incents providers to provide higher quality health care services at a lower cost. Under the program, providers contract with DHS to be held accountable for the cost of health care for enrollees in MA and MinnesotaCare. There are currently 21 provider organizations participating in IHPs across the state providing health care services to 462,000 people across the state.

Based on feedback to a published Request for Information (RFI) back in 2016, it is assumed that the prospective

population based payment authorized by this legislation will attract additional providers to participate the IHP project including certified health care homes. DHS estimates that the additional provider participation driven by the new payment structure will result in an additional 193,000 MA and MinnesotaCare recipients being served by an IHP. The growth from the new payment model and the investment in HIE grants are expected to yield savings to the MA and MinnesotaCare programs from the addition of new providers and improvements in care delivery through additional HIE infrastructure.

Analysis from the DHS contract actuary suggests that the IHP expansion outlined in this legislation would result in savings to MA equal to 1.172 percent of the average monthly capitation rate for families with children, a 0.545 percent reduction to the average capitation rate for adults without children, and a 0.975 percent reduction in capitation rates for MinnesotaCare. This reduction is phased in over three years. This bill would also impact IHP providers for MA enrollees in fee for service. Actuarial analysis suggests that this expansion would result in savings equal to \$8.80 per member per month for MA fee for service enrollees.

The HIE appropriation in section 4 is assumed to be the 10 percent state share for HIE grants available through the Centers for Medicare and Medicaid Services. Once fully implemented, these grants will provide an additional \$2.5 million in funding to participating health care providers.

The expansion of the IHP will require 4 FTE of additional staff to work with new contracted providers and for policy and administrative support to develop and maintain policy on prospective payments, administer the IT grants, and support other changes that strengthen partnerships with community supports and social service organizations. The cost for these additional resources is reflected in the fiscal detail.

Expenditure and/or Revenue Formula

Medical Assistance				
MinnesotaCare				
A Fiscal Analysis of a Proposal to				
Expand Integrated Health Partnerships (IHPs)				
SF594				
Managed Care Rate Change	CY2018	CY2019	CY2020	CY2021
Accumulated percent change (MA Adults):	-0.182%	-0.363%	-0.545%	-0.545%
Accumulated percent change (MA Families):	-0.391%	-0.782%	-1.172%	-1.172%
Accumulated percent change (MnCare):	-0.325%	-0.650%	-0.975%	-0.975%
	FY 2018	FY 2019	FY 2020	FY 2021
Months of fiscal effects:				
marginal expansion in CY2018	5	12	12	12
marginal expansion in CY2019		5	12	12
marginal expansion in CY2020			5	12
marginal expansion in CY2021				5
February 2017 Forecast	FY 2018	FY 2019	FY 2020	FY 2021
Managed Care				

MA Adults without Kids	\$1,397,855,467	\$1,449,513,974	\$1,444,743,868	\$1,522,570,811
MA Families with Children	\$2,424,466,591	\$2,393,503,746	\$2,433,920,585	\$2,554,754,921
MinnesotaCare (State Funded)	\$12,240,695	\$12,917,376	\$13,587,549	\$14,293,512
Impact of Rate Change				
Medical Assistance	FY 2018	FY 2019	FY 2020	FY 2021
MA Adults w. no Children HMO	-\$1,058,569	-\$3,732,144	-\$6,345,647	-\$8,301,701
MA Adults w. no Children HMO perf. pmt			-\$227,666	-\$457,103
Total	-\$1,058,569	-\$3,732,144	-\$6,573,313	-\$8,758,804
Federal share %	94.50%	93.50%	91.50%	90.00%
Federal share	-\$1,000,348	-\$3,489,555	-\$6,014,581	-\$7,882,924
State Share	-\$58,221	-\$242,589	-\$558,732	-\$875,880
MA Families with Children HMO	-\$3,947,672	-\$13,250,672	-\$22,985,782	-\$29,950,676
MA Families with Children HMO perf. pmt			-\$815,167	-\$1,646,042
Total	-\$3,947,672	-\$13,250,672	-\$23,800,949	-\$31,596,718
Federal share %	50.00%	50.00%	50.00%	50.00%
Federal share	-\$1,973,836	-\$6,625,336	-\$11,900,475	-\$15,798,359
State Share	-\$1,973,836	-\$6,625,336	-\$11,900,475	-\$15,798,359
Total MA State Share	-\$2,032,057	-\$6,867,926	-\$12,459,206	-\$16,674,239
MinnesotaCare	FY 2018	FY 2019	FY 2020	FY 2021
MinnesotaCare	-\$16,570	-\$59,454	-\$106,683	-\$139,315
Mncare HMO perf. pmt.			-\$3,616	-\$7,566
Total MnCare	-\$16,570	-\$59,454	-\$110,299	-\$146,881
Fee For Service (FFS) Impact				
MA Disabled	FY 2018	FY 2019	FY 2020	FY 2021
Average monthly FFS enrollment	61,152	62,038	63,191	64,473
Average monthly savings	-\$8.80	-\$8.80	-\$8.80	-\$8.80
Phase-in	4.17%	37.50%	70.83%	100.00%
Total	-\$269,069	-\$2,456,705	-\$4,726,687	-\$6,808,349

Federal share %	50.00%	50.00%	50.00%	50.00%
Federal share	-\$134,534	-\$1,228,352	-\$2,363,343	-\$3,404,174
State Share	-\$134,534	-\$1,228,352	-\$2,363,343	-\$3,404,174
Fiscal Summary: State Funds	FY 2018	FY 2019	FY 2020	FY 2021
Medical Assistance	-\$2,166,592	-\$8,096,278	-\$14,822,550	-\$20,078,414
MinnesotaCare	-\$16,570	-\$59,454	-\$110,299	-\$146,881

Fiscal Tracking Summary (\$000's)						
Fund	BACT	Description	FY2018	FY2019	FY2020	FY2021
GF	33 FC	MA Grants	(1,974)	(6,625)	(11,900)	(15,798)
GF	33 AD	MA Grants	(58)	(243)	(559)	(876)
GF	33 ED	MA Grants	(134)	(1,228)	(2,363)	(3,404)
HCAF	31	MinnesotaCare Grants	(17)	(59)	(110)	(147)
GF	13	State Share HIE Grants	125	250	250	250
GF	13	HCA Admin (FTE)	494	437	437	437
GF	REV1	FFP @ .35	(173)	(153)	(153)	(153)
		Total Net Fiscal Impact	(1,737)	(7,621)	(14,398)	(19,691)
GF	13	Full Time Equivalents	4	4	4	4

Long-Term Fiscal Considerations

None

Local Fiscal Impact

None

References/Sources

February 2017 Medical Assistance and MinnesotaCare program forecasts

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