

Preparing for a Medicaid MCO transition

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White Paper

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It's no secret that states seek ways to manage their budget. Sometimes, that means finding savings in their Medicaid program. However, some Medicaid administrators may believe that acting as an insurance company isn't the best use of their programs, capabilities and resources. Put simply, running an insurance company may not be the state's core competency. Insurance plans may present themselves as payment innovators, policy experts and offer a better option for a state to manage its healthcare costs.

As states move to a managed Medicaid model, HME providers should be prepared to face potential changes coming their way. In one state, for example, the migration of patients into a Managed Care model crept up on providers, even though it was happening for more than 15 years. It began as a choice for beneficiaries to choose traditional Medicaid coverage or a Managed Care plan option, however, beneficiaries were eventually mandated to enroll into one of the Managed Medicaid programs.

A wrinkle that has impacted HME providers is the premise that insurance plans can be innovative in controlling costs and providing services to beneficiaries. This promise of innovation may prompt states to reduce the controls in their contracts between the state and the insurance plan.

“It snuck up on us,” said one HME provider. “When Medicare began migrating their insurance offerings to managed care plans, some of the plans were easier to work with than traditional Medicare. At that time, it seemed that privatizing Medicare wasn't such a bad thing, and potentially the same could be said for Medicaid moving its product into a managed care model.”

As a result, plans may be allowed to limit or close provider networks and create their own claim adjudication standards. In turn, what was once a single Medicaid benefit may become multiple iterations that are substantially different from the original model. This creates significant operational barriers and hardships for HME providers.

Once a state has decided to move their Medicaid to a managed care model, what changes can HME providers expect to see?

Here's a timeline of events as it occurred in one state:

The first six years

The move to a managed care model began slowly.

Six MCO plans began servicing the state's Medicaid population.

Some Medicaid beneficiaries volunteered to move from their state Medicaid plan to an MCO Medicaid plan.

HME providers still had the ability to serve most of the Medicaid patients.

Six years after MCO plans were introduced

The state legislature and other agencies ramped up fraud, waste, abuse and spending trends oversight.

Two of the contracted MCOs began closing provider networks in certain health sectors. Recredentialing, re-contracting and rate reduction initiatives were implemented by some MCO plans.

HME providers began collaborating through the state association with the state's Medicaid program to address policy, process, payment errors and beneficiary access issues in the Managed Medicaid model.

The state expanded Medicaid under the Affordable Care Act, expanding beneficiary enrollment and increasing total program expenditures.

10 years after MCO plans were introduced

Certain Medicaid patient populations were required to choose an MCO, with MCO enrollment exceeding 60% of total patients served.

MCOs tried to substantially reduce payment rates in multiple health sectors, including HME.

Transparency, program oversight, public comment and policy controls provided in the State Administrative Code were not applied to the MCO model.

Providers began reviewing systemic and specific problems by service sector, by MCO, and then shared findings with the state Medicaid department and state and federal legislators.

Providers and MCOs began addressing issues through formal collaboration with the state's HME association.

Today

MCO beneficiary enrollment eventually exceeds 90%.

Core services from MCOs vary from plan to plan. Families may have to choose different plans for certain family members based on the patient's individual needs. Care coordination, re-enrollment processes and understanding core benefits are more difficult when this happens.

Prior authorization requirements are different between the MCOs and the traditional Medicaid benefit.

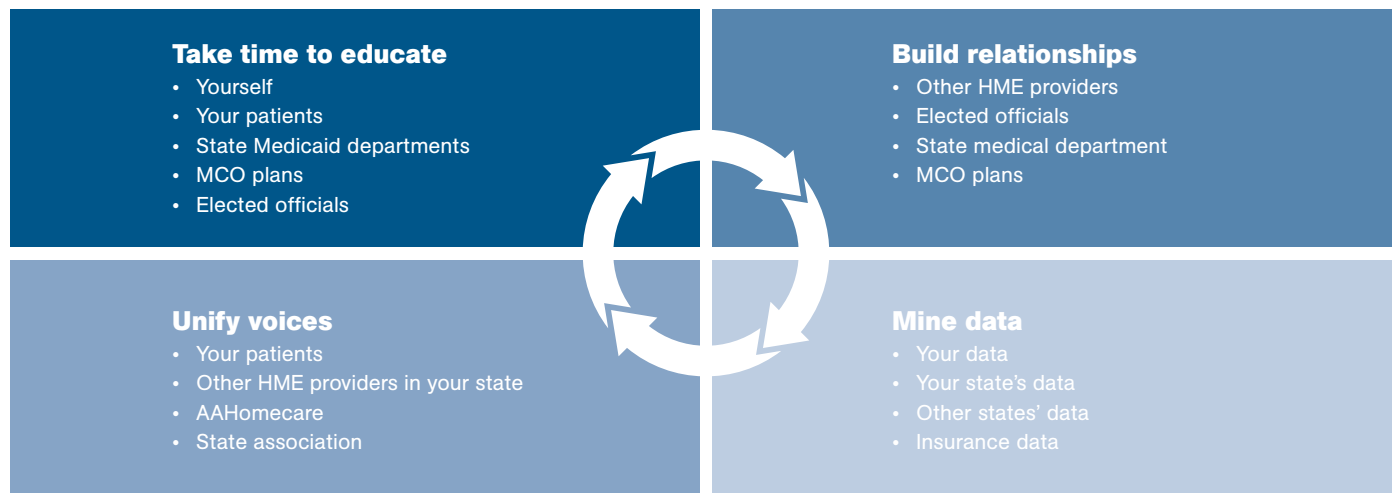
MCO timely filing limits for claims adjudication are more stringent compared to traditional Medicaid requirements.

MCOs have improved accessibility and transparency with providers, especially through the state HME association, and payment predictability has improved.

Some plans have administered sole source, single provider contracts for certain services, which means patient and physician provider choice is eliminated. Beneficiary access to certain services is limited. Additional burdens on primary caregiver are created when procuring products or services for multiple patient needs.

The state provider association increased collaboration and exchange of MCO challenges across multiple health sectors.

Steps to prepare for a Medicaid MCO model



Organize around your state association and AAHomecare

It's easy to view other HME providers as your competitors, but it's important to set aside differences and move together toward one common goal. One way to do this is to join your state association or AAHomecare. Individual providers may not be heard by elected officials, MCO plans, or the state's Department of Medicaid. But if HME providers band together, their voices may resonate.

Encourage other HME providers to join your state association and AAHomecare, so you can work together to capture the attention of decision makers and MCO plans in your state. This may mean stepping outside of your comfort zone and emailing, calling or visiting providers you've traditionally seen as competitors.

Mine your data

Document the issues experienced with the MCO thoroughly and consistently through your state association or AAHomecare. As one HME provider stated, "We should have been gathering claims payment issues from day one in a systematic, consistent format from all affected providers. Had we spent the past five years accumulating the problems we were all experiencing, we could have shared the collective data with the Medicaid program to improve the Medicaid Managed Care model."

In some states, the MCO plans are expected to cover the same benefits as the traditional Medicaid program. However, payment rates, payment terms (rent or rent to purchase), PA rules, claims processing methods and policies may deviate from the traditional model. This is where a systematic data collection effort helps.

Review, analyze, aggregate, document and share your data routinely with your state or regional association and AAHomecare. Consistently review remittances for patterns in payment inaccuracy, or misapplication of payment rules.

Here's an example what you should document:

- Denials by reason code
- Recoupments and what recoupment algorithm or program is used to determine recoupments.
- Date span from date of service, date of payment to date of recoupment
- Days from claim submission to payment date
- HCPC specific reimbursement rates
- % of paid claims submitted by HCPC
- All beneficiary access issues, including any anecdotal reports by individual beneficiaries

Your state association and AAHomecare can look for data trends and submit ongoing summaries on what's occurring.

Mine public data sources

Review ongoing reports from your state, including watchdog reports from state auditors or inspector general assessments. Research and review estimated overpayments, spending trends across all individual healthcare sectors, including HME.

Review the yearly Medicaid expenditures budget and any other legislative appropriations bills. Look for any documented projections, comments or assumptions that could impact forecasted spending.

Request through voluntary collaboration or through the Freedom of Information Act (FOIA) spending detail by health sector, by procedure code and by fiscal year. As appropriate, ask questions or request more detailed information on unusual spending trends or utilization spikes. Confirm spending is accurately linked to beneficiary enrollment statistics.



Analyze your data weekly and share it with your state association and/or AAHomecare

Build relationships with your state's elected officials, MCO plans and the director of Medicaid

Develop a list of state elected officials and their position on healthcare, and then develop strategic messaging and associated data tailored to members. Make sure your audiences understand the value HME providers bring to patients.

Have more conversations about patient outcomes rather than financial matters. Conversations centered around patients lead to more productive dialogue.

Keep in mind that the state senator or representative you have built a relationship with may not still hold office in one or two years. And with elections, the state representative and senate strategies could vary. The beginning of a new term represents a great opportunity to build new and ongoing relationships.

In coordination with your state association and AAHomecare, you should speak with state legislators, your state's public officials, your department of Medicaid and MCO plans. Describe the issues and challenges you've seen with MCO plans and actively share your data.

“If you continuously share with them when issues are not resolved, they can evaluate if other HME providers are experiencing similar issues.”

– An HME provider

Communicate your story and those of your patients

Use media platforms through your state association and AAHomecare to help broadcast issues that HME providers and their patients are experiencing. In the state of Texas, for example, patients and HME providers contacted local media sources regarding problems they were experiencing with MCO plans. The largest newspaper in Texas ran an article about it, and the story was picked up by state television stations. This got the attention of the State of Texas and its elected officials.

HME providers can also read online patient reviews regarding MCO plans. Highlight pertinent comments and share them with your state association or AAHomecare to report out as an industry.

Align focus around patients

It's easy to think MCOs want to reduce reimbursement rates. But like you, they're focused on the health of their beneficiaries as well. That's why it's important to band together, as an industry, to show that MCOs and HME providers have the same goal – delivering the best care to patients. Without this common goal, the MCOs may not understand the value of services you bring to their patients. And when the HME industry and MCOs aren't aligned, missteps can occur in patient care.

Tell a story using provider and state data

Encourage your state association and AAHomecare to aggregate and analyze data from HME providers in your state.

Your state association and AAHomecare can package the data to show the full picture.

“The job of your state association and AAHomecare is to create a compelling story.”
– An HME provider

Develop a unifying key message

There is strength in numbers. Through your state association and AAHomecare, create talking points to use when engaging with officials. Advocate with a handful of powerful and data-rich messages designed to capture the attention of those who make decisions.

Lobby elected officials and the department of Medicaid

In some states where MCOs manage Medicaid programs, providers could have been more organized on the legislative front. Through AAHomecare or the state association, providers should collectively engage with state elected officials and MCO plans. “While we were engaging with the state, the [MCO] plans were lobbying elected officials saying that their plans could save the state money by eliminating fraud and overpayments.” said one HME provider.

Remember that MCOs have lobbying arms

MCOs are often backed by large, Fortune 500 companies. As a result, their lobbyists have the ability to collaborate to develop powerful messages grounded in how MCO plans can save the state money. That's why it's important for the state association and AAHomecare, as a collective group, to meet with the MCOs to educate on the value HME providers deliver to patients. If this doesn't occur early on, it may be necessary for your state association to hire a team of lobbyists to ensure the interests of HME providers and patients are represented.

Brush up on your state civics knowledge

Understand how decisions are made in your state, and where your state elected officials stand on issues related to healthcare and HMEs. And in some states, the director of Medicaid is a cabinet member appointed by the governor, which means if a new governor is elected, you can expect a new director of Medicaid.

Engage patient healthcare associations

Patient healthcare associations, like the American Parkinson Disease Association, Spina Bifida Association and the ALS Association, can serve as advocates as you engage with elected officials, MCO plans and the Department of Medicaid. Ask your state association and AAHomecare how to get started engaging with these healthcare associations.

Share the process for MCO complaints with patients

Medicaid beneficiaries may not know which direction to turn when they have an issue, question or complaint with their plan. As an advocate for your patient, be educated on the process beneficiaries should follow with questions or complaints. If you don't know the process, ask both the state Medicaid department and the MCO plans.

Adjudicate from the beginning

It's likely when your patients transition to an MCO plan from the state's Medicaid plan, you could experience disruption in payment on claims. At the first sign of a problem, it's important to notify the MCO plan immediately and follow appropriate channels regarding payment. If you don't get resolution, contact your state association and AAHomecare for assistance to see if other HME providers are experiencing the same issue. If they are, steps for adjudication should be in place. Don't let payment disruptions build.

Benchmark with other states

AAHomecare can put you in touch with providers in other states or other state associations who have been through what you're experiencing now. They have first-hand knowledge of what you're up against – and in some cases, even by payer. Ask providers in those states to share their stories, lessons learned and best practices. Any collective data they have could be valuable in helping to tell your state's HME provider story.



McKesson is on the front lines with you

We're committed to providing HME providers with the tools, products and services you need to help grow your business. Whether it's competitive bidding, sole sourcing or reimbursement opportunities, McKesson is here to help.



Advocacy

Arm in arm with HME providers across the country through AAHomecare, McKesson is proud to advocate on issues, like reimbursement, competitive bidding and sole sourcing. We also work closely with AAHomecare and state associations by hosting industry roundtables and sharing legislative news.



Payer relations

Since McKesson is uniquely positioned between stakeholders, our vision is to bring thought leaders together across the industry to help deliver a unified voice and offer a solution to payers that positively impacts the patients we serve. We're also active members on AAHomecare's Payer Relations committee to tackle some of the industry's most pressing issues.



Innovations/emerging technologies

To make up for lower reimbursement rates, HMEs proactively identify ways to drive efficiency and save on operational costs. McKesson offers helpful business solutions including patient home delivery, patient engagement technology, asset management tracking programs and the capability to analyze the performance of your HME.

In summary

Preparing for MCOs to manage your state's Medicaid program is key. Your first step should be to join your state association and AAHomecare, and through them, begin rallying other HME providers in your state. There is strength in numbers. MCO plans are lobbying the state Medicaid department and elected officials on how they can save the state money. Knowing this will help you and other HME providers to develop a cohesive story focused on the patient. This is also an opportunity to demonstrate your willingness to partner with MCOs and legislators to design a better process where those involved can benefit – especially the patient.

Contact your McKesson account manager today to see how you can get more involved in advocacy efforts to support the HME industry, or visit mms.mckesson.com/hme-advocacy.

By standing together as an industry, we can be more successful in our advocacy efforts. At McKesson, we believe when we work together in support of the same common goal, we'll have a better chance of being heard. If you'd like to stand with us, please reach out to us or one of our highly engaged alliances.

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