



ILLINOIS DEPARTMENT OF
Healthcare and
Family Services

The Future of Care Coordination for Seniors and Persons with Disabilities

July 2012

Key Facts About Seniors and Persons with Disabilities

- 2.7 million adults and children are currently enrolled in Medicaid and All Kids; of these, 434,492 are Seniors and Persons with Disabilities (SPD) -- used to be called AABD (Aged Blind Disabled)

- SPDs are of two types: Medicaid only or Duals

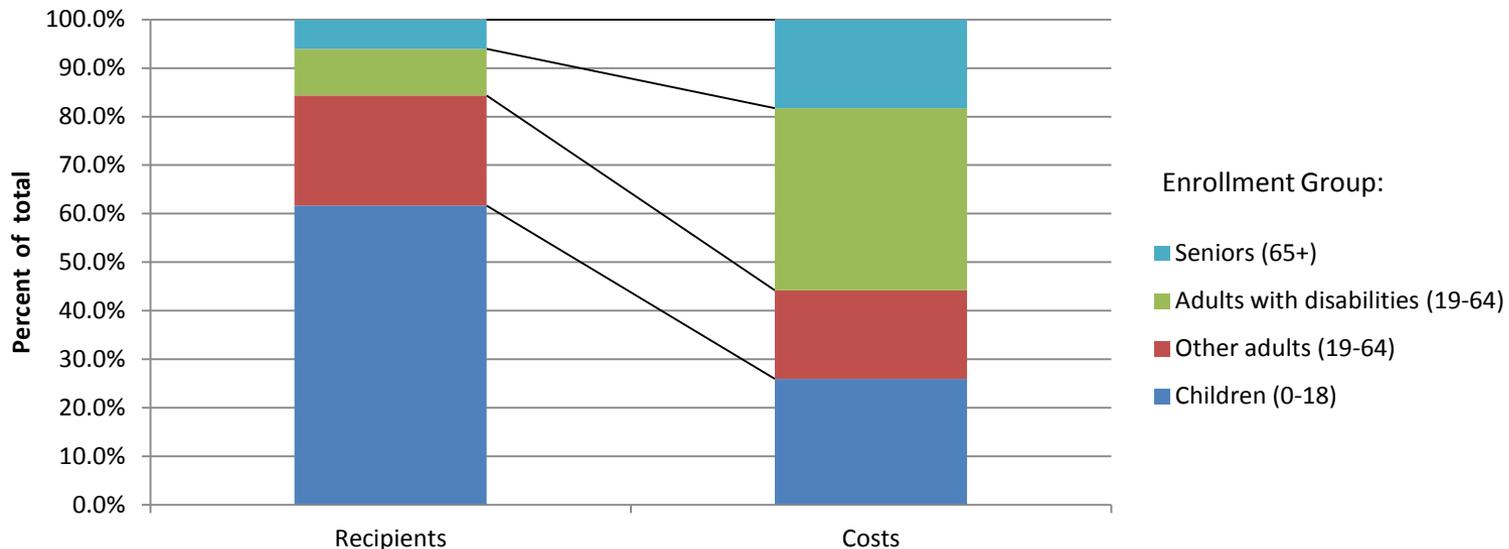
	<u>Non-dual/Medicaid only:</u>	<u>Duals: Medicaid/Medicare</u>
Under Age 65 Disabled	143,102	116,381
Age 65+	<u>19,587</u>	<u>153,422</u>
Total	162,689	271,803

- SPDs are 16% of clients but cost 55% of Medicaid budget (all agencies)

Small % of Medicaid Clients Incur Majority of Medicaid Costs

16% of clients who are Seniors and Persons with Disabilities (SPD) cost 55% of Medicaid budget (all agencies) – they have most complex health/behavioral health needs

Distribution of FY 2010 full benefit enrollment and costs



Costs are paid claims for services provided during the fiscal year, including other agency spending and hospital static payments

Current Challenges & Opportunities

1. Fragmented healthcare delivery system

- Services lack continuity of care for clients, with few linkages among providers or care transitions provided
- Most expensive SPD clients with complex health/behavioral health needs have to navigate healthcare system alone
- Medicaid is fee-for-service: pays for quantity, not quality of care or efficiency; does not reward collaboration; does not provide incentives for serving SPD clients in least restrictive environment
- Payment methodologies for hospitals, nursing homes and provider system in general are outdated -- don't reflect today's goals for quality of care and health outcomes

Current Challenges & Opportunities, cont'd.

2. Outdated long-term care system

- Illinois historically has invested in institutional care; now need to build up home and community infrastructure
- Consent decrees in 3 federal lawsuits and downsizing of state facilities will require service delivery redesign for most complex and expensive SPD clients
- Assessment tool needs to be updated to better assess level of care, across disabilities
- Nursing facility payment reform needs to reflect acuity of clients and level of care provided – new business models are needed to care for high-need clients
- Concern about oversight/reporting/quality monitoring in long-term care settings – whether in community or in facilities

Current Challenges & Opportunities, cont'd.

3. Precarious Medicaid budget

- HFS faced \$2.7 billion budget shortfall in FY 2013 -- Governor and legislature agreed to \$1.6 billion in spending reductions plus \$1.1 billion in new revenues
- Section 25 for Medicaid will be phased out – ending long-time practice of pushing Medicaid bills into next fiscal year (“pay cycle”)
- SMART Act includes 62 specific spending reductions which reflect new policies -- most reductions are utilization controls on optional services

Transforming Medicaid Healthcare Delivery System

- Care coordination is centerpiece of Illinois' Medicaid reform – aligned with Illinois Medicaid reform law and federal Affordable Care Act
- 2011 Medicaid reform law – 50% of clients must be in care coordination by 1/1/15
- IL among last major states to implement managed care/care coordination for Medicaid clients
- Learning from growing pains of first mandatory managed care program, i.e. provider resistance to managed care
- Transition from fee-for-service will require major changes for provider community and clients

What We Are Doing to Implement Care Coordination

- Initially focus on most complex, expensive clients
- Incentivize innovative program design – integrated approach to primary care/hospital/behavioral, with collaboration among providers
- Measure quality and health outcomes
- Infuse risk and performance into reimbursement
- Reform reimbursement systems for hospitals, nursing homes
- Break down silos of government
- Become more sophisticated in monitoring care coordination entities, MCOs

Current Managed Care

- Currently, Illinois Medicaid has two managed care programs: voluntary and mandatory
- Voluntary: 200,000 clients have voluntarily enrolled
 - Includes only children and their parents
 - Operated by 2 managed care companies (MCO) and a Managed Care Community Network (MCCN) in 18 counties
- Mandatory: called Integrated Care Program
 - 40,000 Seniors and Persons with Disabilities (SPD) in Cook County suburbs and 5 collar counties
 - Operated by 2 MCOs
 - Currently in Phase 1 including health care service package; Phase 2 long-term supports and services package (LTTS) – by September, 2012

New Initiatives Underway: Coordinated Care/Managed Care

- Innovations Project
 - Provider-organized networks through Care Coordination Entities (CCEs) and Managed Care Community Networks (MCCN)
 - 20 proposals received to serve adults (and children in their families)
 - Separate solicitation will focus on children with complex health needs – to be issued during summer 2012
- Dual-Eligibles (Medicaid/Medicare)
 - State has applied to federal Medicare-Medicaid Alignment Initiative
 - Likely to enroll 150,000-200,000 SPDs in 2 major regions
 - Will include duals and non-dual Medicaid-only SPDs
 - 12 proposals received by 9 companies

Future Structure of Care Coordination Services to SPDs

- SPDs will be served through a “managed care entity” – including different models of CCEs, MCCNs, MCOs
- A managed care entity that desires to serve SPDs will be required to offer two service packages, including care coordination:
 - Medical – including behavioral health
 - Long-term Supports and Services (LTSS)
- For managed care entities:
 - MCO/MCCN: both packages will be paid through capitated rate
 - CCE: service package services will be paid fee-for-service; care coordination fees to CCE
 - LTSS will incorporate home and community-based services in Home and Community Based Services (HCBS) waivers
 - Not all SPDs will require or request LTSS, but it must be available

Future Structure of Care Coordination Services to SPDs, cont'd.

- For SPD clients:
 - Medicaid-only SPDs: client will be required to select a managed care entity for both medical and LTSS service packages
 - Duals: Medicare does not permit mandatory enrollment for medical service package – for Medicare-Medicaid Alignment Initiative, clients will have choice for medical, then will be auto-assigned with opt-out; client requesting LTSS will be required to enroll
- For NF or HCBS providers of LTSS:
 - Will be required to be part of a network of care organized by a CCE, MCCN or MCO
 - Will be expected to focus on better health outcomes and providing quality care, with reduced use of emergency rooms, reduced hospital readmissions, effective care transitions among providers