Medical Services Budget- House Bill 1012
Traditional Medicaid

House Appropriations, Chairman Nelson

Caprice Knapp, PhD Medical Services Director

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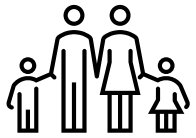
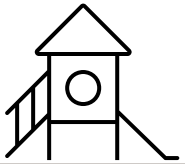
DHS 2021-2025 KEY PRIORITIES



Strong Stable Families

- Maintain family connections
- Improve stability and prevent crises
- Promote and support recovery and well-being



Early Childhood Experiences

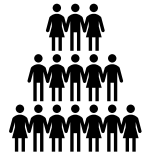
- Support workforce needs with improved access to childcare
- Help kids realize their potential with top quality early experiences
- Align programs for maximum return on investment

Services Closer to Home

- Create pathways that help people access the right service at the right time
- Engage proactively with providers to expand access to services

Efficiency Through Redesign

- Embrace process redesign to find efficiencies in our work
- Leverage technology to support greater efficiency, quality and customer service



High-Performing Team

- Develop a One DHS Team culture
- Engage team with opportunities for learning and development
- Implement fiscal scorecard to drive efficiency and effectiveness

Reinforce the Foundations of Well-being

Economic Health | Behavioral Health | Physical Health

MEDICAL SERVICES DIVISION

Our Values

We help...

our members receive safe, appropriate, quality care in a timely manner.

We communicate...

by listening, sharing information, and seeking feedback.

We partner...

with stakeholders, other state agencies, and tribes to achieve shared goals.

We oversee...

Medicaid to ensure integrity, efficiency, and stewardship of public resources.

Overview of Medical Services

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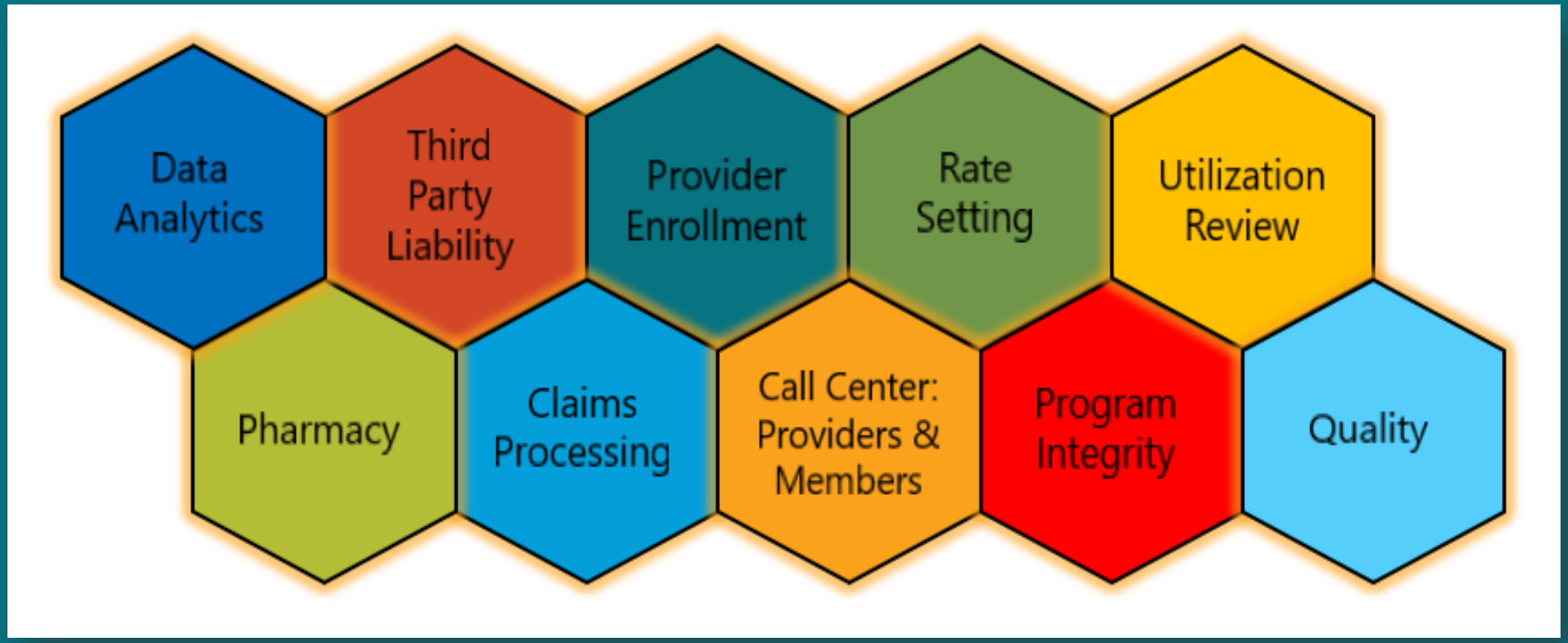
MEDICAL SERVICES DIVISION

What We Do



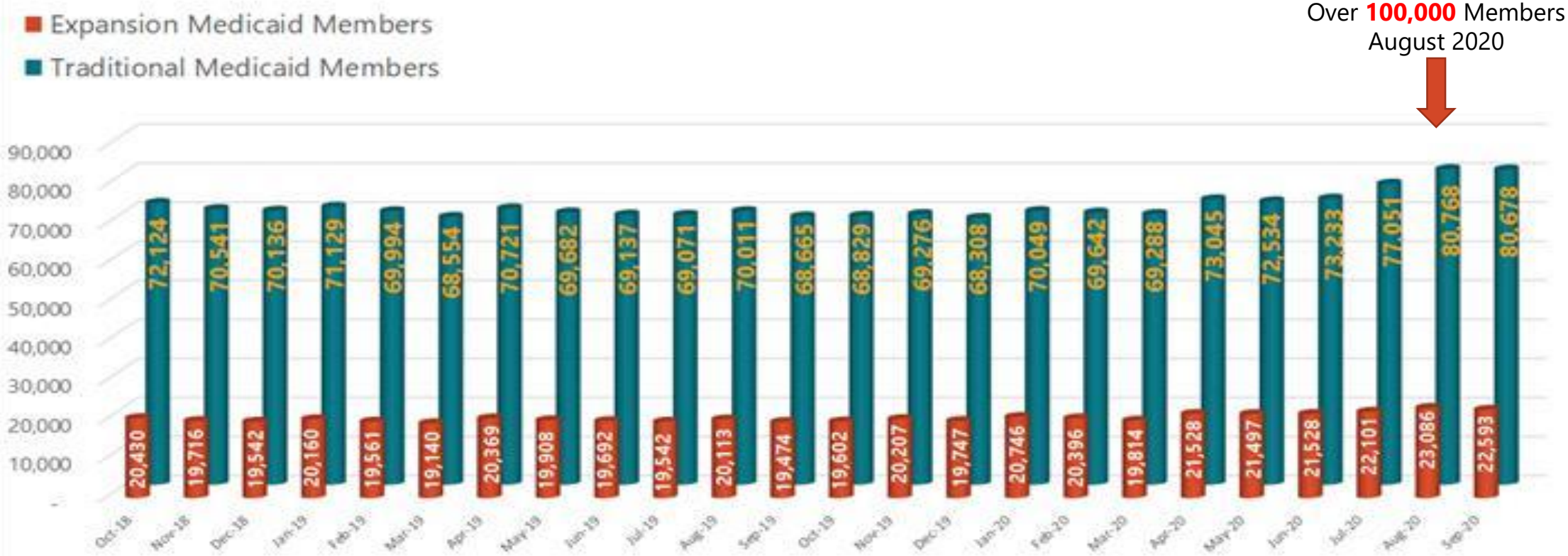
MEDICAL SERVICES DIVISION

Who We Serve

Traditional and Expansion Medicaid Members

24 Month Period

October 2018 - September 2020



Note: Numbers include Children's Health Insurance Program members

MEDICAL SERVICES DIVISION
Traditional Medicaid

Traditional Medicaid

Payments:

- Fee-For-Service
- Payment rate is about 100% of Medicare's reimbursement
- Some providers are paid according to their cost like nursing homes, critical access hospitals, and Human Service Centers
- Some provider payment rules are set by the feds IHS, FQHC

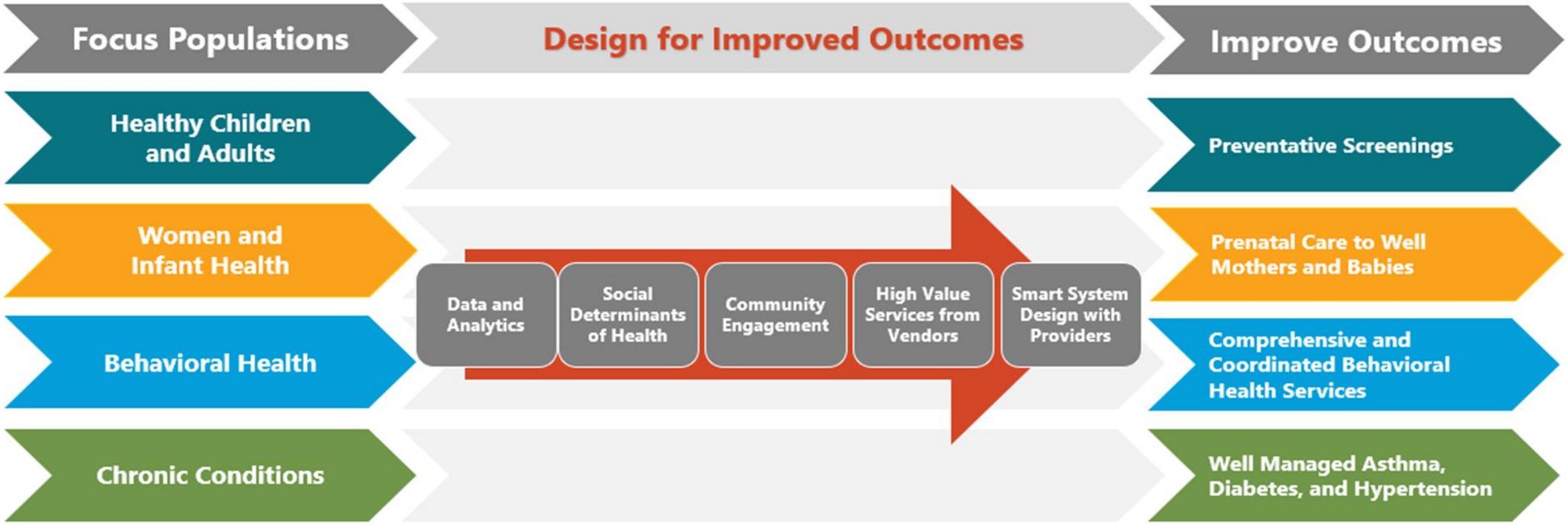
Fee Schedules:
http://www.nd.gov/dhs/services/medicalserv/medicaid/provider-fee-schedules.html

Other Programs in Traditional Medicaid

Health Tracks: Early & Periodic Screening, Diagnosis & Treatment

MEDICAL SERVICES DIVISION Quality

North Dakota Medicaid Quality Strategy



Special Initiatives

- 1915i
- Health Homes
- Health Tracks
- SUD Voucher
- DOH Initiatives

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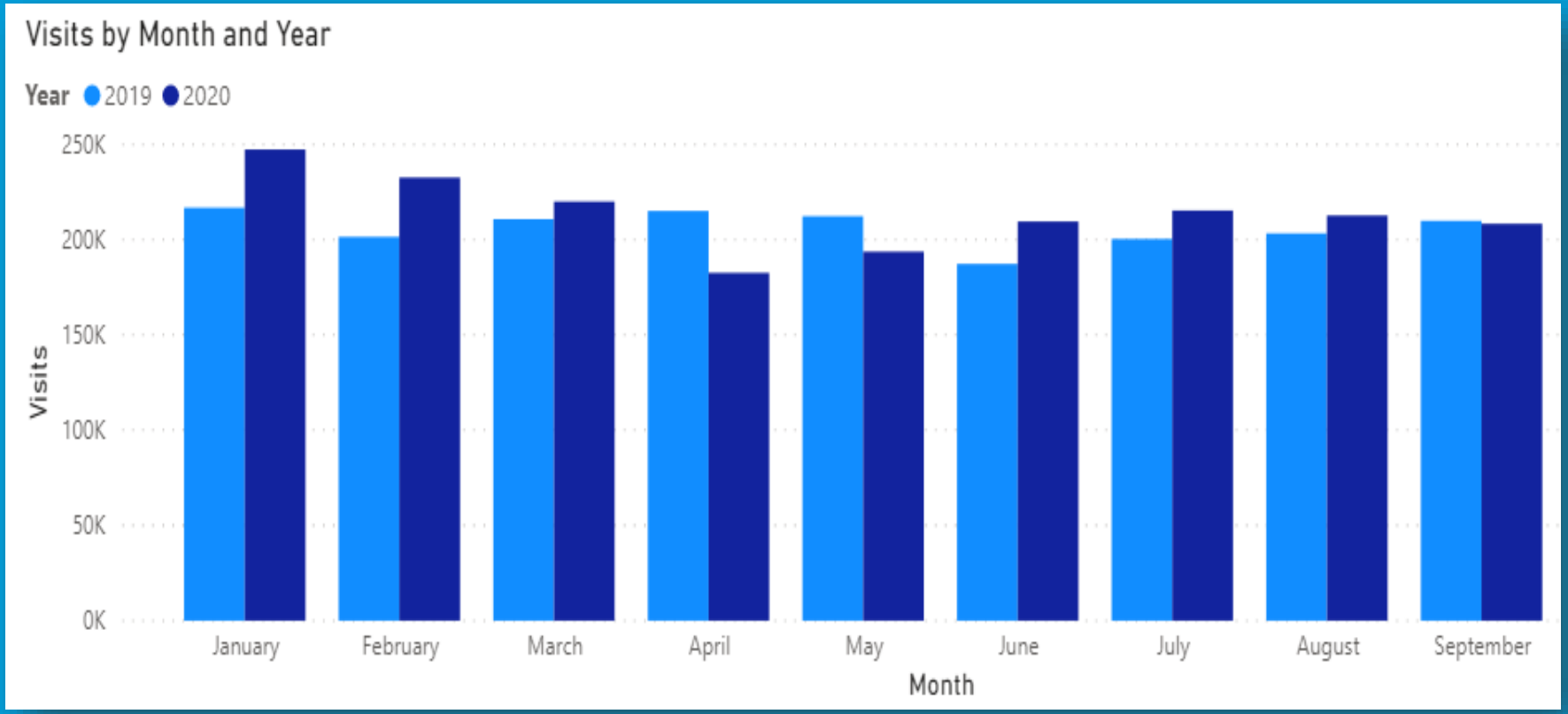
COVID-19: **FMAP 6.2% IMPACT**

Average General Fund Expenditures

	DD	LTC	Traditional	Expansion
August 2019 - March 2020	$13,315,738.78	$15,054,484.62	$11,719,483.00	$2,775,323.00
April 2020 - September 2020	$10,541,758.98	$12,856,855.67	$10,801,010.83	$3,285,486.83
Difference of Average	**-$2,773,979.80**	**-$2,197,628.95**	**-$918,472.17**	**$510,163.83**
Total Average Difference	**-$5,379,917.09**	Less using average than months August 2019 - March 2020		

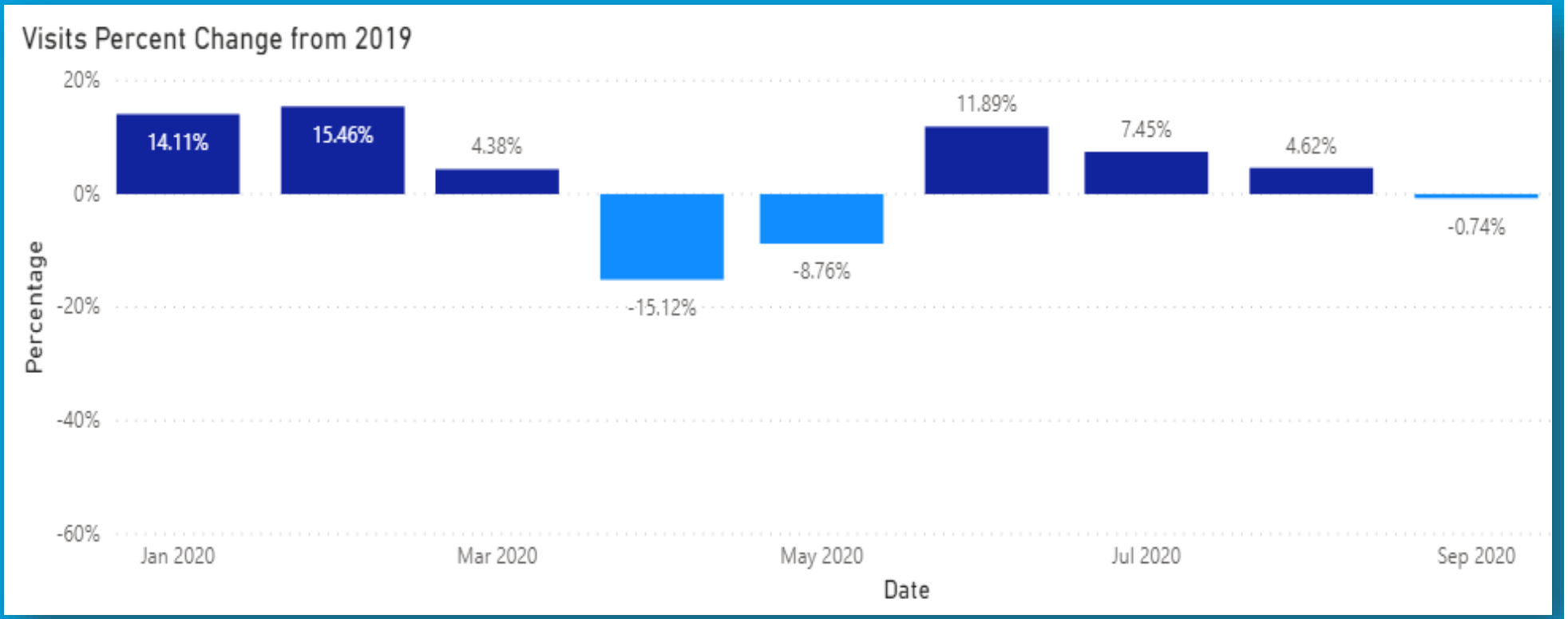
COVID-19: **TRADITIONAL MEDICAID UTILIZATION**

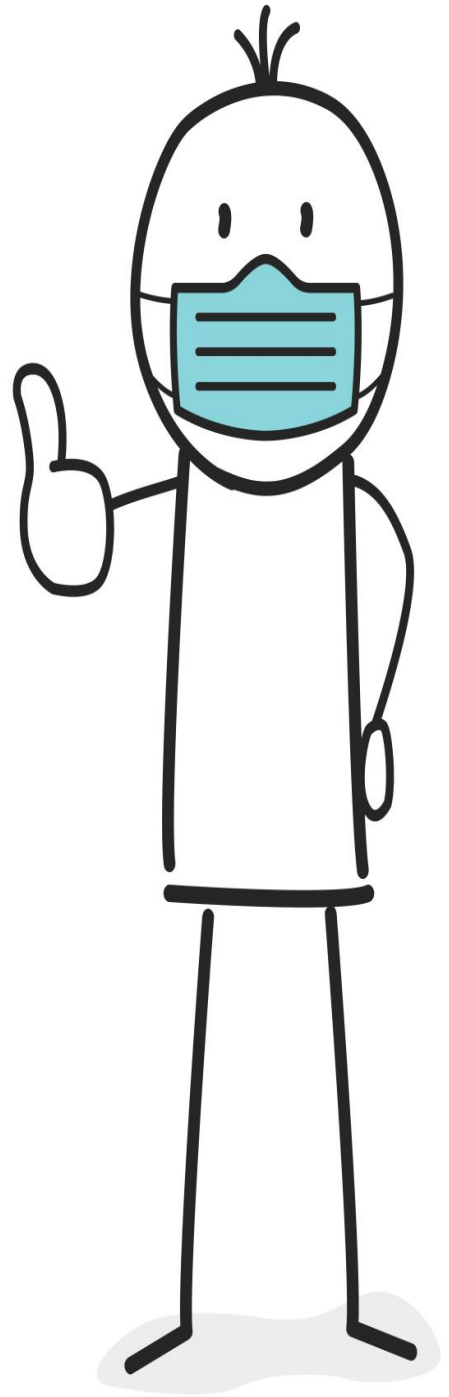
Utilization Comparison 2019 v. 2020



COVID-19: **UTILIZATION PERCENTAGE CHANGES IN TRADITIONAL MEDICAID**

Utilization changes shown in percentages from 2019 to 2020





COVID-19: **ENROLLMENT TREND v. 6.2% FMAP BUMP**

2020 Events: In 2020 the State received 6.2% **more** federal funds (lowering the General Fund need). To receive those funds Medicaid **cannot disenroll anyone** from coverage. Medicaid saw new applicants and the churn rate was 0%. As a result, enrollment reached 100,000 in August and continues to grow. However, decreases in utilization in April and May **provided a buffer**.

2021 Scenario 1: In 2021, HHS extended the public health emergency to April. This continues to lower the General Fund need by 6.2% and our churn rate continues to be 0 with a few exceptions. However, utilization is generally back up to pre-COVID levels. **The buffer will no longer exist.**

2021 Scenario 2: Sometime in the biennium the Biden Administration will end the public health emergency and the 6.2% increase in federal funds will go away. DHS will have 6 months to work through the backlog of redeterminations. There are **no funds** being provided by CMS for this work.

OVERVIEW OF BUDGET

Description	2013-2015 Appropriation	2015-2017 Appropriation	2017-2019 Appropriation	2019-2021 Appropriation	Changes	2021-2023 Executive Budget
Salary and Wages	9,361,167	11,006,399	9,217,240	17,631,821	798,183	18,422,004
Operating	39,355,085	44,241,160	53,320,237	48,290,789	8,712,126	57,002,915
Grants						
Medical Grants	806,717,552	1,215,896,867	1,303,690,959	1,352,417,879	(12,341,840)	1,340,076,039
Total	**855,433,804**	**1,271,144,426**	**1,366,228,436**	**1,418,332,489**	**(2,831,531)**	**1,415,500,958**
General Fund	289,891,636	313,547,595	284,162,440	342,465,788	35,847,622	378,194,515
Federal Funds	514,107,184	914,467,704	962,268,730	977,292,683	(24,294,880)	952,997,802
Other Funds	51,434,984	43,129,127	119,797,266	98,574,018	(14,265,377)	84,308,641
Total	**855,433,804**	**1,271,144,426**	**1,366,228,436**	**1,418,332,489**	**(2,831,531)**	**1,415,500,958**
Full Time Equivalent (FTE)	**59.50**	**59.50**	**48.00**	**86.50**	**12.00**	**98.50**

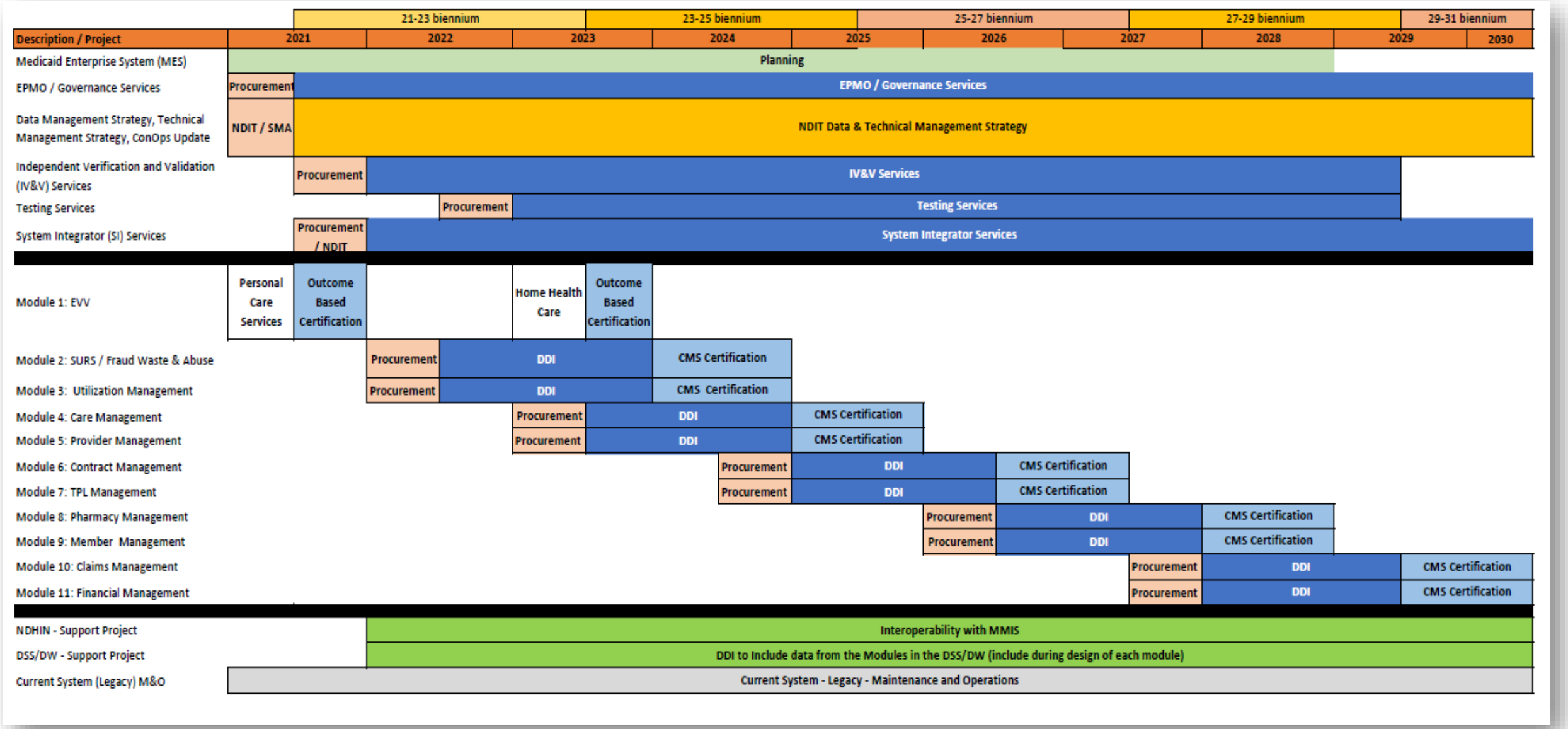
MMIS MODERNIZATION – THE ROAD AHEAD

MMIS - ASSESSMENTS

Medicaid Information Technology Architecture State Self-Assessment (MITA SS-A)

Ernst & Young Feasibility Assessment

HIGH LEVEL PROJECT SCHEDULE



BENEFITS OF MODERNIZATION

- CMS Directive & 90/10 enhanced funding
- System upgrades are more manageable
- Enhanced & specialized system functionality
- Potential to leverage NASPO ValuePoint
- One Vendor does not control the system
- Modularity enhances Interoperability
- Leverage cloud based or SaaS solutions
- As technology changes, modules are easier to replace

- State and Federal Mandates, Business Changes, and Technology changes are easier to accomplish
- Provide benefits to members and providers working toward the goal of interoperability that will result in more value-based care
- To reduce operational costs; increase flexibility and responsiveness to rapidly changing healthcare, legislative, business, and technical needs; and advance partnerships with intrastate and interstate agencies

POTENTIAL ROADBLOCKS

- Modernization of MMIS will require a transition of legacy platforms to modules and at times the maintenance and operations of those will overlap.
- Costs as related to multiple procurements
- NDIT and DHS staff availability

MMIS PROGRESS IN OTHER STATES

Montana

Montana Program for Automating and Transforming HealthCare Project **(MPATH)** 6-year plan ($99 Million)

- Data Analytics (Multi-release March 2018-November 2019)
- Provider Services (Multi-release August 2019-April 2020)
- System Integration Services(Implemented July 1 ,2019)
- Care Management (Multi-release June 2020-February 2022)
- Claims Module-Planned Implementation (Late 2022/Early 2023)
- Additional RFP Releases (October 2019-December 2022)
  - Fraud, Waste & Abuse Analytics
  - TPL Recoveries
  - Customer Care
  - Pharmacy Benefit Management System
  - Drug Rebate Management
  - Electronic Visit Verification

Wyoming

The Wyoming Department of Health, Division of HealthCare Financing, MMIS Replacement Project Team for the Wyoming Integrated Next Generation System **(WINGS)**

- $75 million proposal
- Four Modules have been implemented and are live:
- Pharmacy Benefit Management System(PBMS)
- System Integrator
- Data Warehouse
- Fraud, Waste and Abuse Case Tracking
- Two Modules are in the implementation phase
- Benefit Management System-Claims Processing with Third Party Liability
- Electronic Visit Verification(EVV)
- Care/Case Management System Module RFP through procurement July 2020

BUDGET SAVINGS

Equity
PCCM $2 PMPM Elimination

Equity
Remedial Eye Program, PRTF

Quality
Value-Based Purchasing

PCCM $2 PMPM ELIMINATION

Estimated Total Potential Savings **$1,652,240**

Elimination of PCCM PMPM Payments			
	Total	**Federal**	**State**
Primary Care Case Management	$ (1,652,240)	$ (882,371)	$ (769,869)

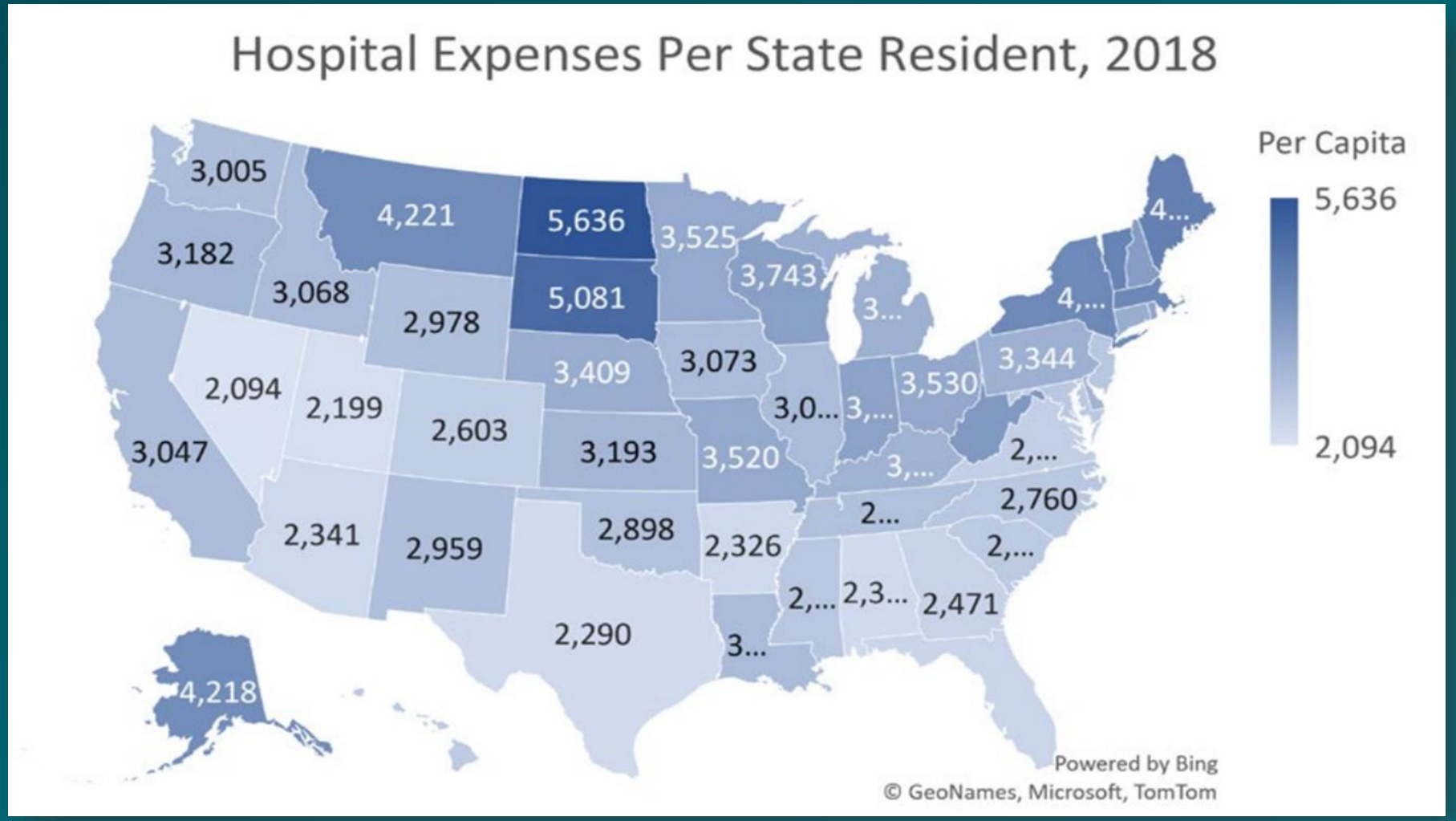
REMEDIAL EYE PROGRAM, PRTF

Estimated Total Potential Savings **$1,401,399**

Elimination of Remedial Eye, PRTF Payments			
	Total	**Federal**	**State**
Remedial Eye Program	$ (5,000)	$ (0)	$ (5,000)
PRTF Technical Correction	$ (1,396,398)	$ (745,834)	$ (650,565)

VALUE BASED PURCHASING

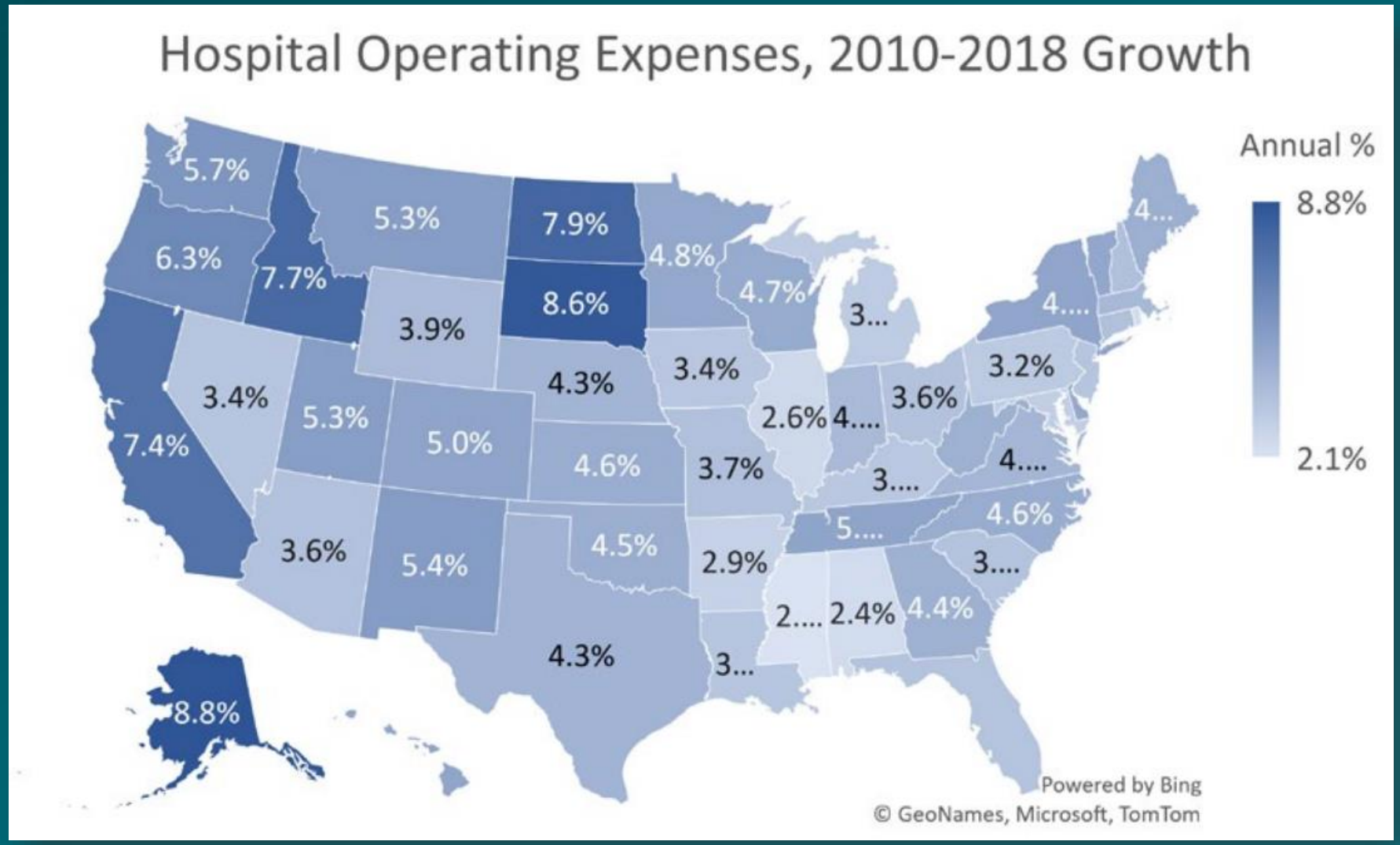
Hospital expenses by State



Source: https://www.insurance.nd.gov/sites/www/files/documents/Communications/Reports/20200910%20North%20Dakota%20Legislative%20Management%20Interim%20Health%20Care%20Study.pdf

VALUE BASED PURCHASING

Hospital operating expenses by State



Source: https://www.insurance.nd.gov/sites/www/files/documents/Communications/Reports/20200910%20North%20Dakota%20Legislative%20Management%20Interim%20Health%20Care%20Study.pdf

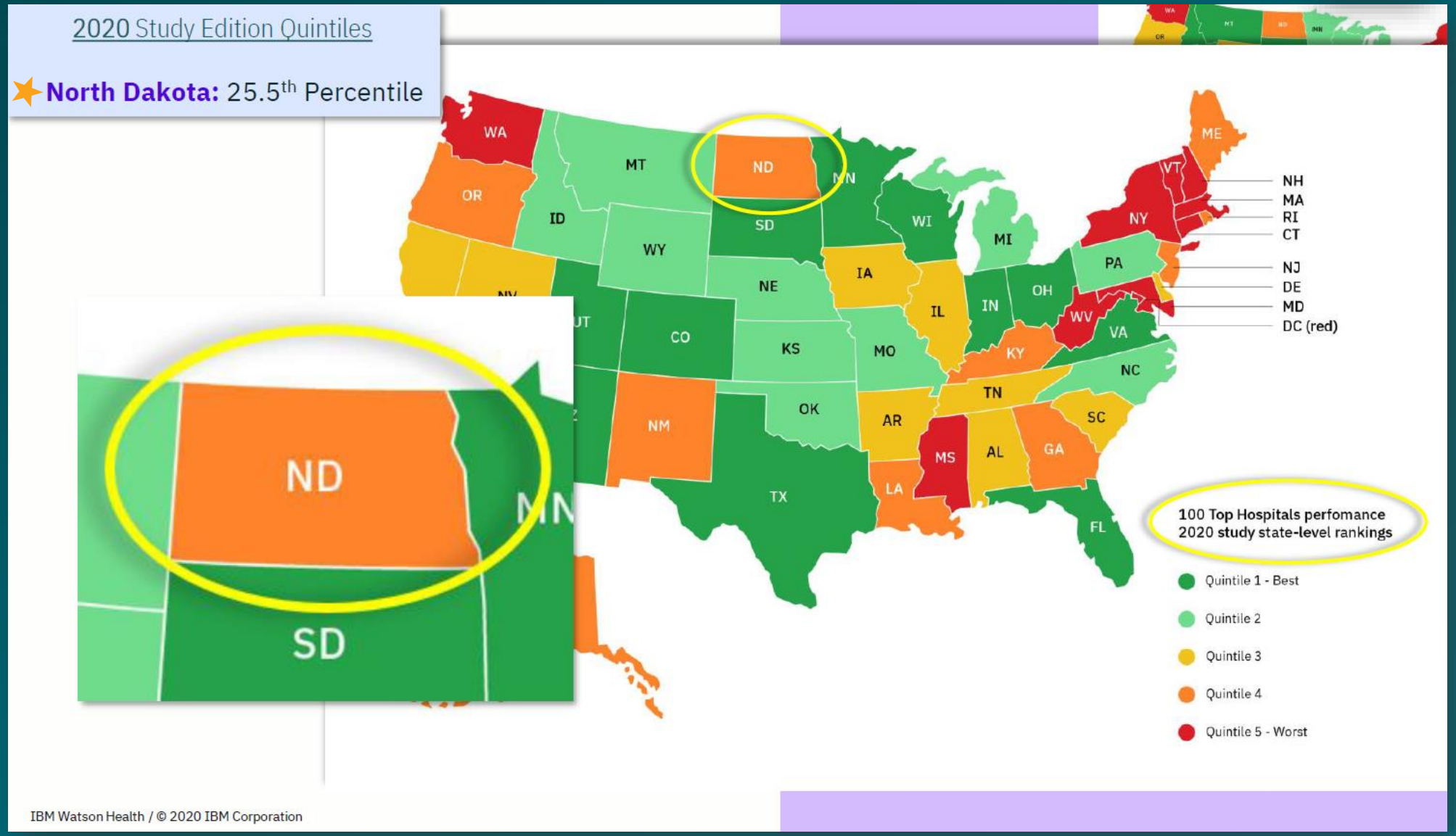
VALUE BASED PURCHASING

North Dakota Hospital Quality: Compare Star Ratings

Star Rating	Hospital
★★★★	CHI St. Alexius Health Bismarck
★★★★	Essentia Health Fargo
★★	Altru Hospital Grand Forks
★★	Sanford Medical Center Bismarck
★★	Sanford Medical Center Fargo
★★	Trinity Hospital Minot

**Rating based on current data collection periods from Hospital Compare, last updated on July 22, 2020*

VALUE BASED PURCHASING



VALUE BASED PURCHASING

North Dakota

Measure-by-measure

These are 2018 values for the entire "state as a hospital," set against the median values of winners and all other non-winners in our primary 100 Top Hospitals® study (all five peer comparison groups, combined)

*(*This table represents all hospitals who were eligible for inclusion in the 2020 100 Top Hospitals study edition, which does **not** include Critical Access Hospitals or specialty care facilities since they often have no publicly reported values for several of the metrics to the right, especially extended outcomes.)*

National Performance Comparison*

Domain	Performance Measures	North Dakota	Medians	
			Benchmark Hospitals (Winners)	Peer Hospitals (Nonwinners)
Clinical Outcomes	Inpatient Mortality Index[1]	1.45	0.79	1.01
	Complications Index[1]	1.22	0.77	0.94
	HAI Index[2]	0.89	0.59	0.76
	Influenza Immunization Rate[3]	90.7	99.0	97.0
Extended Outcomes	30-Day Mortality Rate[4]	12.6	11.8	12.5
	30-Day Hosp-Wide Readmission Rate[5]	14.8	14.9	15.3
Operational Efficiency	Average Length of Stay[1]	4.46	4.2	4.7
	ED Throughput Measure[6]	122	190.0	217.0
	Inpatient Expense per Discharge[7]	$6,638	$6,163	$6,994
Financial Health	Operating Profit Margin[6]	-0.1	15.2	3.7
Patient Experience	HCAHPS Top Box Percent[6]	68.2	76.5	71.0

VALUE BASED PURCHASING

DHS met with members of the North Dakota Hospital Association

- 6 Prospective Payment System Hospitals
- 3 large Critical Access Hospitals

Meeting Dates

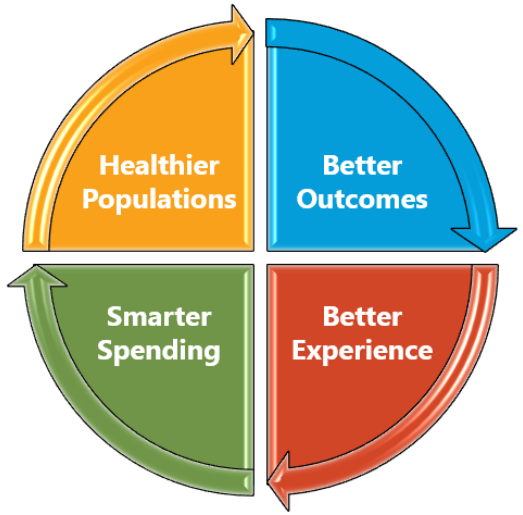
- **11/13/20** – Episodes of Care
- **12/3/20** – Pay-For-Performance
- **12/10/20** – Accountable Care Organizations

The 3 VBP Models presented by experts from other states

- Tennessee presented on Episodes of Care
- Wisconsin presented on Pay-For- Performance
- Caravan Health presented on Accountable Care Organization

VBP Models align with Quality

Quadruple Aim for ND Medicaid



VALUE BASED PURCHASING

1. States that incorporate VBP model into their Medicaid program can **increase quality** and **bend the cost curve**.
2. DHS sent a survey to call participants to understand their preferred VBP model. All PPS hospitals **except** Sanford completed the survey.
3. DHS will present the survey results to committee members and describe options for VBP models.

VALUE BASED PURCHASING FOR HOSPITALS

Estimated Total Potential Savings **$6,250,000**

Value Based Purchasing for Hospitals			
	Total	**Federal**	**State**
Value-Based Purchasing	$ (6,250,000)	$ (4,687,500)	$ (1,562,500)

FUNDING REQUEST
2021-2023

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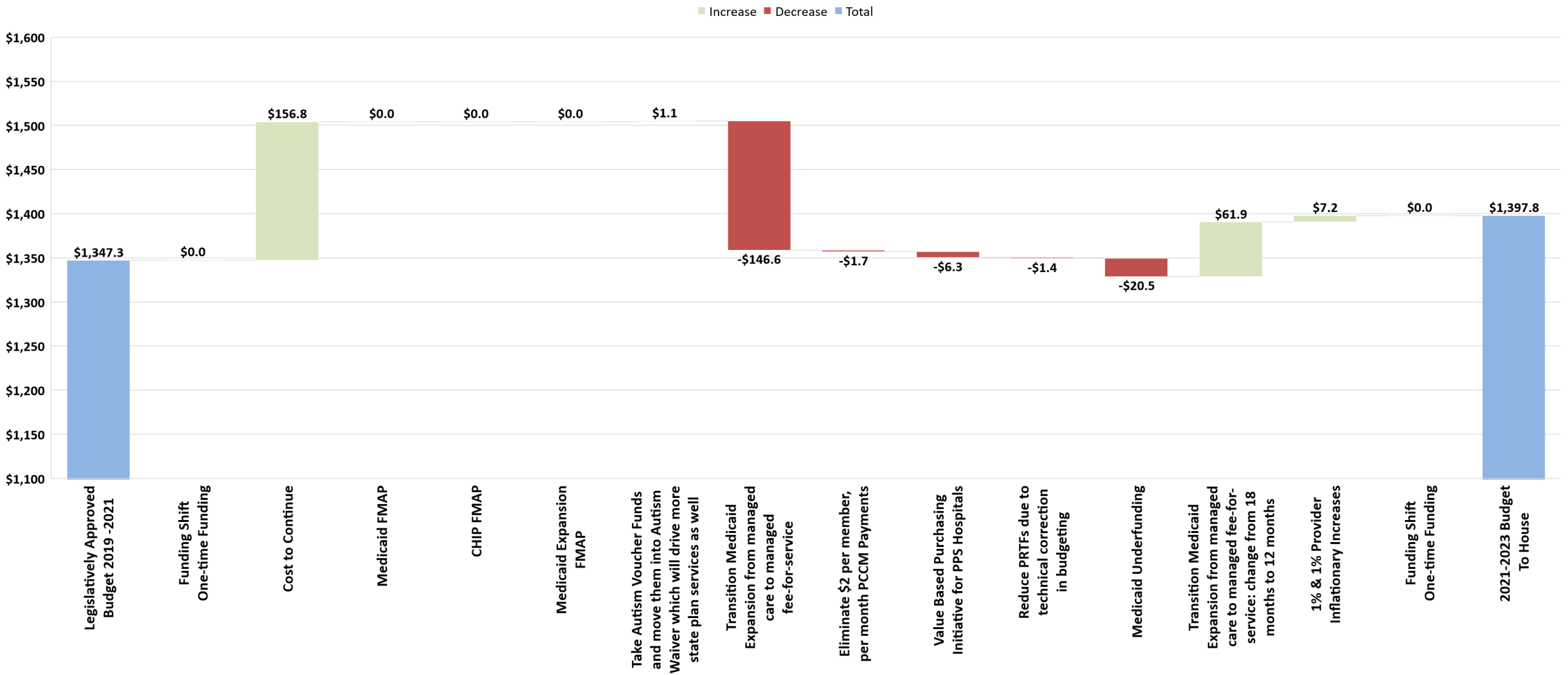
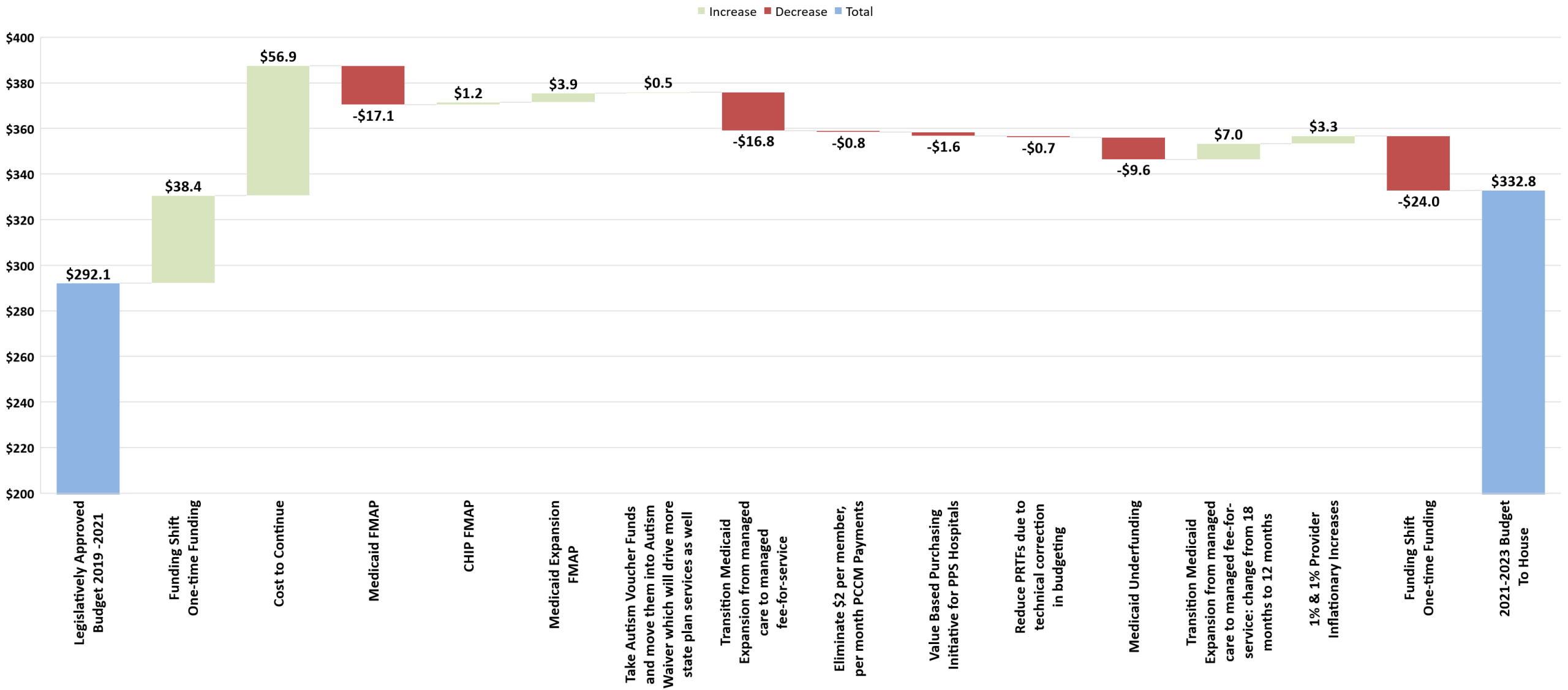
MEDICAL TOTAL FUND CHANGE (IN MILLIONS)



MEDICAL GENERAL FUND CHANGE (IN MILLIONS)



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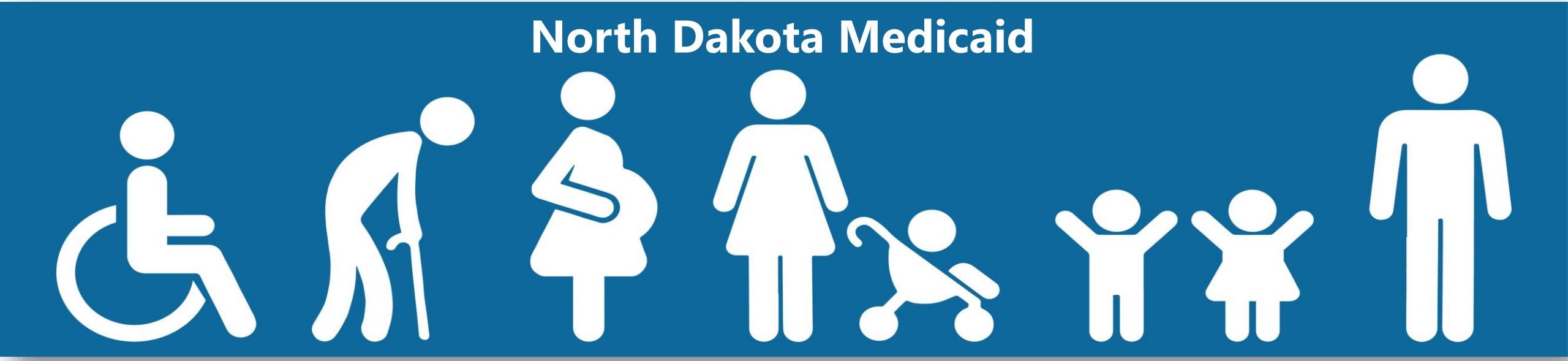

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