



# ForwardHealth Rate Reform Project

Department of Health Services  
Division of Health Care Access  
and Accountability

December 2009



# Agenda

- Project Overview
- Context / Guiding Principles
- Savings Targets
- Final Package of Recommendations
- Summary of Changes & Updates
- Complementary Efforts
- Ongoing Rate Reform
- Discussion



# Project Overview

- All-Provider Kick-Off Call (3/23)
- Round 1 Advisory Group Meetings (4/2-4/17)
  - Over 200 advisory group participants
  - Web survey to 30,000 portal users
  - Generated over 500 ideas
  - Highest volume of ideas for Pharmacy, LTC & PA-related changes
- Package Development (4/20-7/11)
  - Balanced approach across all providers
  - State Budget Impact, target grew to \$625 million
- Round 2 Advisory Group Meetings (7/15-7/22)
- Legislative Briefing 7/16
- Implement Recommendations (begin 7/1)



# Other States' MA Budget Cuts

- At the start of FY09, at least 25 states had enacted or proposed cuts to Medicaid program provider rates, benefit packages and/or recipient eligibility.
- At least 39 state are either cutting provider rates and/or freezing reimbursement rates for FY10, including:
  - Washington reduced hospital rates by 4% and physician, dentist, MCO and nursing home rates by 5% in FY10. It also significantly increased premiums and annual deductibles in its state health plan for low income individuals.
  - California enacted 7% across-the-board cuts to providers and eliminated certain optional Medicaid benefits for members.
  - Iowa implemented across-the-board cuts of 10% and closed one of the state's four mental health facilities.
  - Michigan enacted 8% across-the-board cuts.
  - Minnesota reduced provider reimbursement rates by 4.5% for HMOs, 1% for hospitals, and 6.5% for physicians, with certain exceptions.
  - Illinois expects \$600 million in cuts, over half of which will come from prescription drugs.



# Meeting the Legislative Mandate

- Wisconsin could have reduced Medicaid spending by over \$600 million AF by:
  - Across-the-board rate cuts of approximately 5.5% over the biennium; 19% if applied only to non-institutional services
  - Sweeping reductions in benefits and services. Samples of submitted ideas included:
    - Eliminating oral health coverage for BC+ Benchmark plan
    - Expanding use of provider assessments
    - Ending the expansion of Family Care
    - Eliminating SeniorCare
    - Dramatically increasing co-payments for expansion populations



# The Wisconsin Approach

- Protect vulnerable populations: low-income children and their families and the elderly, blind and disabled
- Maintain current eligibility and coverage levels
- Continue program expansions to provide health care to the uninsured
- Avoid across-the-board cuts



# Guiding Principles

- Identify savings to reach targeted reduction levels
- Look for both short-term solutions and long-term systemic changes
  - Short term changes - Implement quickly without overly disrupting members, providers and IT systems
- Ensure that no one provider group is singled out for rate reductions
  - All provider groups must be part of the solution
- Ensure access to care for MA patients
- Align payments with value rather than volume
  - Increase payments for successful outcomes
  - Reduce payments for errors, poor outcomes, unnecessary complications, and less cost-effective procedures
- Build on previous MA quality improvement efforts including the managed care P4P initiative
- Implement care management/coordination strategies

# Idea Analysis & Development

- Ideas analyzed and prioritized based on:
  - Short & long term impact
  - Current spend & potential savings
  - Benefit considerations
  - Policy impacts
  - Regulatory parameters
  - Contract changes
- Reviewed and triaged each idea internally
- Developed list of short-term savings ideas for 2009-11 biennium

Template completed for each idea

Title of Proposal:			
Brief Description:			
Submitted by:			
(Rate Reform Advisory Group)			
Recommend?			
<b>1. Savings</b>			
		<i>Required</i>	<i>Explanation/Details</i>
a.	What is the current spend in this area? (AF)	\$	
b.	What are the potential savings associated with this proposal? (AF)	Short term (Biennial): \$ Long term (Annualized): \$	
c.	What is the estimated GPR savings? (Please consider federal match rate variation.)	\$	
d.	How could these savings be achieved?		
<b>2. ARRA &amp; Other Federal Considerations</b>			
		<i>Required</i>	<i>Explanation/Details</i>
a.	Would members lose eligibility?		
b.	Would this idea eliminate a federal requirement?		
<b>3. Benefits</b>			
		<i>Required</i>	<i>Explanation/Details</i>
a.	Which benefits would be affected?		
<b>4. Outcomes</b>			
		<i>Required</i>	<i>Explanation/Details</i>
a.	Is this proposal outcome-based?		
b.	How would this proposal be measured?		
c.	Does this proposal impact care management?		



# Savings Target

- Original Target (March 2009): Governor's SFY 10-11 Budget
  - \$140 million GPR \$415 million AF

---

- Revised Target (May 2009): Joint Finance Committee
  - \$191 million GPR \$581 million AF

---

- Final Target: Conference Committee
  - \$208 million GPR \$625 million AF

## Separate Savings Items:

- Hospital assessment
  - \$300 million GPR over three fiscal years, \$235.3 million hospital net gain SFY10
- Increase in hospital assessment
  - \$93 million GPR (over three fiscal years)
- New ambulatory surgical center assessment
  - \$21 million GPR (2009-11 biennium)
- Increase in nursing home assessment
  - \$23 million GPR (2009-11 biennium)



# Savings Estimates for SFY10-11

- Estimates take into account implementation dates

	SFY10 Savings (\$ millions)	SFY11 Savings (\$ millions)	Biennium Savings (\$ millions)
Total AF	134.3	473.7	608.0
Total GPR Only	39.7	179.5	219.2
Savings Target GPR	87.4	120.3	207.7

- Savings estimates do not include separate assessment savings items



# Managed Care (BC+ and SSI) Recommendations

	SFY10 AF Savings (\$ millions)		SFY11 AF Savings (\$ millions)	Biennium Savings (\$ millions)
Reduce HMO Administrative Reimbursement by 2%	15.5	AF	17.0	32.5
Reduce HMO Administrative Reimbursement for SSI Populations from 11.3% to 10%	1.4	AF	2.8	4.2
Hold Capitation Payments at Risk for Pay For Performance Incentives -- Eliminate Funding for Incentives	0.0	AF	4.5	4.5
Adjust Reimbursement to HMOs to Reward Good Birth Outcomes, Penalize Poor Outcomes	0.0	AF	1.0	1.0
Discontinue Payments Intended to Offset HMO Losses due to Phase-In of Regional Rate Adjustments	0.9	AF	0.9	1.8
Freeze Capitation Payments in CY 2010 and 2011 at CY 2009 Rates	4.2	AF	14.3	18.5
Eliminate Payments Initially Provided to Encourage HMO Expansion in Select Counties	0.6	AF	2.2	2.8
Reduce Capitation Rates for Dual Eligibles	2.5	AF	5.0	7.5
Issue RFP to Provide Managed Care in Six Counties in Southeastern Wisconsin	0.0	AF	50.1	50.1
<b>Total AF</b>	<b>25.1</b>		<b>97.8</b>	<b>122.9</b>
<b>Total GPR</b>	<b>7.4</b>		<b>33.8</b>	<b>41.3</b>



# Goals of Managed Care RFP

- Measurably improve healthcare outcomes for BadgerCare Plus members in the following areas:
  - Childhood Immunizations
  - Blood Lead Screening for one and two year olds
  - Tobacco Cessation
  - Asthma Management
  - Diabetes Management
  - Healthy Birth Outcomes
- Improve care coordination, especially for high cost individuals with chronic illness
- Reduce inappropriate uses of services such as unnecessary ER visits for ambulatory care sensitive conditions
- Lower overall healthcare costs
- Simplify and strengthen healthcare marketplace



# Goals of Managed Care RFP (cont'd)

- Measurably improve healthcare outcomes for BadgerCare Plus members in the following areas:
  - Childhood Immunizations
  - Blood Lead Screening for one- and two-year-olds
  - Tobacco Cessation
  - Asthma Management
  - Diabetes Management
  - Healthy Birth Outcomes
- Improve care coordination, especially for high cost individuals with chronic illnesses
- Reduce inappropriate use of services such as unnecessary EU visits for ambulatory care sensitive hospitalizations
- Lower overall healthcare costs
- Simplify and strengthen healthcare marketplace



# Goals of Managed Care RFP (cont'd)

- Focus on Milwaukee and Southeast Wisconsin
- End all existing BadgerCare Plus contracts with HMOs in Milwaukee, Washington, Ozaukee, Waukesha, Racine and Kenosha counties and issue an HMO RFP to serve this population. Through the RFP:
  - Realize cost savings through reduced administrative rate
  - Establish strong incentives to improve performance in targeted quality areas
  - RFP will apply to BC+ Standard and Benchmark plans
- BadgerCare Plus Core Plan and SSI-Medicaid members will be linked and will receive services from current SSI-Medicaid HMOs
- Implement RFP in summer of 2010



# Hospital Recommendations

	SFY10 AF Savings (\$ millions)		SFY11 AF Savings (\$ millions)	Biennium Savings (\$ millions)
Adopt Outpatient Prospective Payment System Based on Ambulatory Payment Classifications	0.0	AF	3.0	3.0
Require Hospitals to Submit Plan of Care for Readmissions	0.0	AF	2.0	2.0
Reduce Rates for Critical Access Hospitals to Pay Approximately 90% of These Hospitals' Costs	5.0	AF	10.0	15.0
Pay for No More Than One 24-hr Period for ER Visit	0.0	AF	2.0	2.0
Eliminate MA Reimbursement for "Never Events," Such as Wrong Sites for Surgeries (POA)	0.0	AF	0.2	0.2
<b>Total AF</b>	<b>5.0</b>		<b>17.2</b>	<b>22.2</b>
<b>Total GPR</b>	<b>1.5</b>		<b>6.0</b>	<b>7.4</b>

# Physician/Clinic/Imaging/Acute Care Provider Recommendations



	SFY10 AF Savings (\$ millions)		SFY11 AF Savings (\$ millions)	Biennium Savings (\$ millions)
Require Providers to Use Decision Support Software to Assess Appropriateness of Imaging Tests	0.0	AF	3.2	3.2
Reimburse C-Sections at Same Rate As Vaginal Deliveries, Unless C-Section is Medically Necessary	0.3	AF	0.5	0.8
Pay No More than Medicare Rates for all Noninstitutional Services	7.1	AF	9.4	16.5
Issue RFP to Contract with an Entity to Improve Clinical Care Management to Reduce Hospitalizations	0.0	AF	8.0	8.0
Reimburse Physicians Based on Quality Measures, as Indicated in WHIO Data	0.0	AF	0.0	0.0
Reimburse for Recording Body Mass Index	0.0	AF	-2.0	-2.0
Implement a Physician Never Events Policy	0.0	AF	0.1	0.1
<b>Total AF</b>	<b>7.4</b>		<b>19.2</b>	<b>26.6</b>
<b>Total GPR</b>	<b>2.2</b>		<b>6.6</b>	<b>8.8</b>



# Mental Health Recommendations

	SFY10 AF Savings (\$ millions)		SFY11 AF Savings (\$ millions)	Biennium Savings (\$ millions)
Reduce IMD Hospital Payments to Reflect that Some Drugs Used by IMDs are Billable to Medicare	0.0	AF	0.2	0.2
Accelerate SBIRT Screenings to Increase Estimated Savings in the 2009-11 Biennium	-0.9	AF	2.3	1.4
Authorize MA Billing for Mental Health Treatment Services Provided by Peer Counselors	0.0	AF	0.0	0.0
<b>Total AF</b>	<b>-0.9</b>		<b>2.5</b>	<b>1.6</b>
<b>Total GPR</b>	<b>-0.3</b>		<b>0.9</b>	<b>0.6</b>



# Pharmacy Recommendations

	SFY10 AF Savings (\$ millions)		SFY11 AF Savings (\$ millions)	Biennium Savings (\$ millions)
Require Providers, Rather than Pharmacies, to Obtain Prior Authorization (PA) for Certain Types of Drugs	0.3	AF	0.5	0.8
Impose Quantity Limits for Specific Classes of Drugs (Includes Tablet-Splitting)	2.3	AF	4.5	6.8
Designate Oxycodone ER to a "Non-Preferred Drug" to Encourage Use of less Expensive Oxycontin	0.4	AF	0.9	1.3
Implement the Provider Synergies Diabetic Supply Program to Place Meters & Strips on Preferred Drug List	0.6	AF	1.2	1.8
Conduct More Thorough Reviews of the Preferred Drug List	4.0	AF	6.0	10.0
Wisconsin Pharmacy Quality Collaborative Program	-0.1	AF	-0.1	-0.2
Deny Pharmacy Claims for Claims Submitted Prior to the Recommended Refill Date, Unless PA Approved (Early Refill)	0.6	AF	1.3	1.9
Expand Narcotic Utilization Controls	0.7	AF	1.4	2.1
Apply Quantity Limits, Prior Authorization, Diagnosis Restrictions to Provider-Administered Drugs	0.3	AF	0.7	1.0



# Pharmacy Recommendations

## (cont'd)

	SFY10 AF Savings (\$ millions)		SFY11 AF Savings (\$ millions)	Biennium Savings (\$ millions)
Provide 100-day Supplies of Specified Maintenance Drugs	1.9	AF	3.8	5.7
Improve Coordination of Benefits (COB)	0.0	AF	0.0	0.0
Expand Pharmacy "Lock in" Program (Limits Certain Recipients to Using a Single Pharmacy)	0.1	AF	0.3	0.4
Use Specialty Pharmacies to Dispense Certain Types of High-Cost and Specialty Drugs	1.2	AF	2.3	3.5
Identify New Generic Drugs, Apply State Maximum Allowable Cost (MAC) Pricing	25.1	AF	46.2	71.3
Modify MAC Pricing (Used for Multiple Source Drugs)	17.9	AF	33.0	50.9
Savings Due to Reduced AWP's Reported to First Databank	18.0	AF	24.0	42.0
<b>Total AF</b>	<b>73.3</b>		<b>126.0</b>	<b>199.3</b>
<b>Total GPR</b>	<b>21.7</b>		<b>43.6</b>	<b>65.3</b>

# Long Term Care Recommendations



	SFY10 AF Savings (\$ millions)		SFY11 AF Savings (\$ millions)	Biennium Savings (\$ millions)
Reduce Reimbursement for Nursing Home "Bed Hold" Days from 59% to 25% of Average Direct Care Rates	0.7	AF	0.8	1.5
Eliminate Increased Reimbursement for Property Portion of NH Rate if Property Costs are Below Target Amounts	2.1	AF	2.3	4.4
Revise Downward Inflation Adjustment for Property Costs	0.4	AF	0.4	0.8
Increase Threshold for Eligibility for Enhanced Intensity Payments, from 65% to 70% of Medicare and MA Residents	0.6	AF	0.7	1.3
Update Acuity (RUGS) Status for Residents on a Quarterly Basis, Rather than on an Annual Basis	1.0	AF	12.5	13.5
Eliminate Reimbursement for Veterans at King Whose Costs are Supported Entirely with USDVA Federal Funds	2.0	AF	1.0	3.0
Reduce NH Payments for Hospitalizations Resulting from Pressure Ulcers, Injury/Hip Fractures, and Urinary Tract Infections	1.0	AF	1.5	2.5

# Long Term Care Recommendations (cont'd)



	SFY10 AF Savings (\$ millions)		SFY11 AF Savings (\$ millions)	Biennium Savings (\$ millions)
Discontinue Payments for Care Coordination Provided by Registered Nurses in Independent Practice	0.3	AF	0.3	0.6
Institute Member-based PA for PDN	0.0	AF	0.7	0.7
Accelerate NH Relocations to Family Care Counties by Providing Funding to ADRCs and MCOs for Pre-enrollment Costs	0.4	AF	1.7	2.1
Contract with State of Michigan for Bulk Purchase of Incontinence and Ostomy Supplies	0.7	AF	1.5	2.2
Divestment Options	0.0	AF	0.0	0.0
<b>Total AF</b>	<b>9.2</b>		<b>23.4</b>	<b>32.6</b>
<b>Total GPR</b>	<b>2.7</b>		<b>8.1</b>	<b>10.8</b>

# MA Administration Recommendations



	SFY10 AF Savings (\$ millions)		SFY11 AF Savings (\$ millions)	Biennium Savings (\$ millions)
Member Responsibility	0.0	AF	0.0	0.0
Use Paperless Media to Produce and Disseminate Payments to Providers	0.2	AF	0.4	0.6
Revenue Maximization (MA Administration)	0.0	AF	10.0	10.0
<b>Total AF</b>	<b>0.2</b>		<b>10.4</b>	<b>10.6</b>
<b>Total GPR</b>	<b>0.1</b>		<b>3.6</b>	<b>3.7</b>

# Program Integrity Recommendations



	SFY10 AF Savings (\$ millions)		SFY11 AF Savings (\$ millions)	Biennium Savings (\$ millions)
Expand ClaimCheck Use / Correct Coding Initiative	0.0	AF	0.5	0.5
Additional Auditors	0.0	AF	5.0	5.0
Expanded Casualty Collections	0.0	AF	1.3	1.3
<b>Total AF</b>	<b>0.0</b>		<b>6.8</b>	<b>6.8</b>
<b>Total GPR</b>	<b>0.0</b>		<b>2.4</b>	<b>2.4</b>

# One-Time Savings and Rescheduled Payments



	SFY10 AF Savings (\$ millions)		SFY11 AF Savings (\$ millions)	Biennium Savings (\$ millions)
Accelerate January 2011 Payments (HMO)	0.0	GPR	10.8	10.8
Reschedule 1 Month of Capitation Payments (HMO)	0.0	AF	107.2	107.2
Reschedule 1 Month Family Care MCO & WPP Capitation Payments	0.0	AF	19.4	19.4
Accelerate January 2011 Payments for NH Supplements	0.0	GPR	1.8	1.8
Accelerate January 2011 Capitation Payments for MCOs	0.0	GPR	11.2	11.2
Reschedule June 2011 Claims Payments (MA Administration)	0.0	AF	20.0	20.0
Recover Overpayments to Providers Following Implementation of interChange (MA Administration)	15.0	AF	0.0	15.0
<b>Total AF</b>	<b>15.0</b>		<b>170.4</b>	<b>185.4</b>
<b>Total GPR</b>	<b>4.4</b>		<b>74.4</b>	<b>78.8</b>



# Summary of Changes

<b>Rate Reform Item Description:</b>	<b>Change</b>	<b>Biennial AF Savings / (Costs)</b>
Physician ER Triage Fee	Eliminated	\$0.9 m
Evidence Based Health Care Initiative	Eliminated	\$28.0 m
Incorporation of Texas Medication Algorithm Project (TMAP) and Children's Medication Algorithm Project (CMAP) Treatment Algorithms	Eliminated	\$2.7 m
Repackaging Allowance for Dispensing Fees	Eliminated	\$0.8 m
Dispensing Fee Changes for Generics & Brand Name Drugs	Eliminated	(\$0.9) m
Use LPN rate for PDN when appropriate	Eliminated	\$2.7 m
Restructure Rates for PDN Based on # of Hours Worked	Adjusted	\$0.8 m
Restructure PC Payments to an Acuity Based Cap Payment	Adjusted	\$1.8 m
Reimburse for Recording Body Mass Index (V85 Code)	Added	(\$2.0) m
Conduct More Thorough Reviews of the Preferred Drug List	Added	\$10.0 m
Savings Due to Reduced AWP's Reported to First Databank	Added	\$42.0 m
Use Paperless Media to Produce and Disseminate Payments to Providers	Added	\$0.6 m
Impose Quantity Limits (audits) for Specific Drug Classes and Tablet Splitting	Combined	\$0.0 m



# Updates & Implementation Dates

Meet required savings even though the following changes occurred:

- Eliminated the evidence based health care initiative.
- Adjusted Long-term care initiatives relating to personal care and private duty nurse reimbursement to coordinate with care management RFP.
- Updated savings estimates to reflect caseload changes, such as CAH reimbursement, which reduced savings by \$3 million due to reestimate of CAH spending.
- Updated implementation dates for several reform options: some pushed back from 8/1/09 implementation; however, 13 have been implemented and 22 will be implemented by 3/1/2010.
- Managed care RFP on target to meet savings goals.
  - Received 8 letters of intent to propose.
  - Proposals due January 13, 2010.
  - Notification of intent to award March 12, 2010.



# Implemented by 12/31/09

Recover Overpayments to Providers Following Implementation of interChange (MA Administration)	7/1/2009
Designate Oxycodone ER to a "Non-Preferred Drug" to Encourage Use of less Expensive Oxycontin	
Reduce Reimbursement for Nursing Home "Bed Hold" Days from 59% to 25% of Average Direct Care Rates	8/1/2009
Revise Downward Inflation Adjustment for Property Costs	
Increase Threshold for Eligibility for Enhanced Intensity Payments, from 65% to 70% of Medicare and MA Residents	
Eliminate Reimbursement for Veterans at King Whose Costs are Supported Entirely with USDVA Federal Funds	
Eliminate Increased Reimbursement for Property Portion of NH Rate if Property Costs are Below Target Amounts	
Expand Pharmacy "Lock in" Program (Limits Certain Recipients to Using a Single Pharmacy)	9/1/2009
Savings Due to Reduced AWP's Reported to First Databank	9/26/2009
Pay No More than Medicare Rates for all Noninstitutional Services	10/1/2009
Require Providers, Rather than Pharmacies, to Obtain Prior Authorization (PA) for Certain Types of Drugs	11/1/2009
Update Acuity (RUGS) Status for Residents on a Quarterly Basis, Rather than on an Annual Basis	
Use Paperless Media to Produce and Disseminate Payments to Providers	11/2/2009
Discontinue Payments for Care Coordination Provided by Registered Nurses in Independent Practice	12/1/2009
Contract with State of Michigan for Bulk Purchase of Incontinence and Ostomy Supplies	



# Implement in SFY10 schedule subject to change

Reduce HMO Administrative Reimbursement by 2%	1/1/2010
Reduce HMO Administrative Reimbursement for SSI Populations from 11.3% to 10%	
Discontinue Payments Intended to Offset HMO Losses due to Phase-In of Regional Rate Adjustments	
Reduce Capitation Rates for Dual Eligibles	
Reduce Rates for Critical Access Hospitals to Pay Approximately 90% of These Hospitals' Costs	
Pay for No More than One 24-Hour Period for ER Visit	
Reimburse C-Sections at Same Rate As Vaginal Deliveries, Unless C-Section is Medically Necessary	
Reimburse for Recording Body Mass Index	
Eliminate MA Reimbursement for "Never Events," such as Wrong Sites for Surgeries (POA)	
Authorize MA Billing for Mental Health Treatment Services Provided by Peer Counselors	
Accelerate SBIRT Screenings to Increase Estimated Savings in the 2009-11 Biennium	
Accelerate NH Relocations to Family Care Counties by Providing Funding to ADRCs and MCOs for Pre-enrollment Costs	
Deny Pharmacy Claims for Claims Submitted Prior to the Recommended Refill Date, Unless PA Approved (Early Refill)	1/6/2010
Provide 100-Day Supplies of Specified Maintenance Drugs	1/20/2010



# Implement in SFY10 cont'd

(schedule subject to change)

Divestment Options	2/1/2010
Reduce NH Payments for Hospitalizations Resulting from Pressure Ulcers, Injury/Hip Fractures, and Urinary Tract Infections	
Improve Coordination of Benefits	3/1/2010
Impose Quantity Limits for Specific Classes of Drugs	4/1/2010
Apply Quantity Limits, Prior Authorization, Diagnosis Restrictions to Provider-Administered Drugs	
Tablet-Splitting -- Encourage Pharmacies to Dispense Single, Higher-Dose Drugs that can be Split by User	
Use Paperless Media to Produce and Disseminate Payments to Providers	
Implement the Provider Synergies Diabetic Supply Program to Place Meters & Strips on Preferred Drug List	
Institute Member-Based Prior Authorization for PDN	5/1/2010
Additional Auditors	



# Future Implementation Goals

Adopt Outpatient Prospective Payment System Based on Ambulatory Payment Classifications	7/1/2010
Require Hospitals to Submit Plan of Care for Readmissions	
Require Providers to Use Decision Support Software to Assess Appropriateness of Imaging Tests	
Implement a Physician Never Events Policy	
Reduce IMD Hospital Payments to Reflect that Some Drugs Used by IMDs are Billable to Medicare	
Wisconsin Pharmacy Quality Collaborative Program	
Expand Narcotic Utilization Controls	
Modify MAC Pricing (Used for Multiple Source Drugs)	
Expand ClaimCheck Use/Correct Coding Initiative	
Expanded Casualty Collections	
Revenue Maximization (MA Administration)	
Adjust Reimbursement to HMOs to Reward Good Birth Outcomes, Penalize Poor Outcomes	8/1/2010
Issue RFP to Provide Managed Care in Six Counties in Southeastern Wisconsin	
Member Responsibility	
Issue RFP to Contract with an Entity to Improve Clinical Care Management to Reduce Hospitalizations	



# Future Implementation Goals (cont'd)

Accelerate January, 2011 Managed Care Payments	12/1/2010
Accelerate January, 2011 Payments for NH Supplements	
Accelerate January 2011 Capitation Payments for MCOs	
Hold Capitation Payments at Risk for Pay For Performance Incentives -- Eliminate Funding for Incentives	1/1/2011
Freeze Capitation Payments in CY 2010 and 2011 at CY 2009 Rates	
Eliminate Payments Initially Provided to Encourage HMO Expansion in Select Counties	
Use Specialty Pharmacies to Dispense Certain Types of High-Cost and Specialty Drugs	
Conduct More Thorough Reviews of the Preferred Drug List	4/1/2011
Reschedule 1 Month of Managed Care Capitation Payments	5/1/2011
Reschedule 1 Month of Family Care MCO and WPP Capitation Payments	
Reschedule June, 2011 Claims Payments (MA Administration)	6/1/2011
Identify New Generic Drugs, Apply State Maximum Allowable Cost (MAC) Pricing	7/1/2011
Reimburse Physicians Based on Quality Measures, as Indicated in WHIO Data	

# Exploring Complementary Efforts to Achieve Savings



- Encourage Paperless Medicaid
  - Prior Authorization Re-design
  - Electronic Funds Transfer (complete)
  - Nursing Home Liability Report (complete)
  - Electronic Claims Submission
- Electronic Health Records



# Ongoing Rate Reform

- Continued internal analysis of rate reform ideas
  - Long-term Medicaid rate reform
    - Continued focus on positive outcomes
    - Cost effective service delivery
    - Clinically effective treatment methods
    - Pricing rationalization & incentives
    - Payment reform such as bundling rates
  - Additional short-term savings
- Will reconvene ad hoc Advisory Groups in January
- Closely monitoring national health care reform efforts and determine impact on Medicaid and overall health care delivery and cost in Wisconsin



# Discussion