The Risks and Rewards of Medicaid Managed Care for Individuals with Intellectual/Developmental Disabilities

RCPA Conference | Hershey, PA
October 4, 2018
Agenda

1. Introductions
2. Market drivers
3. Managed care for individuals with intellectual and developmental disabilities
4. The coming managed care challenges
5. The Optum solution
6. Discussion/Q&A
Market drivers
Current national landscape

• More than 5 million people live with an intellectual or developmental disability (I/DD) in the U.S.; total public spend exceed $65.2B*

• Represents a diverse community of individuals with different talents and abilities across all cultural, economic, racial and ethnic backgrounds

• State I/DD programs are serving 680,000+ individuals in out-of-home settings: intermediate care facilities (ICF), group homes, skilled nursing facilities (SNF) and supported living (SL) settings

• New York state leads the nation in public spend at more than $10.2B* annually; Pennsylvania’s total spend: ~$3.3B

A look at the health care system

More than 133 million Americans live with a chronic condition. Conditions include asthma, diabetes, heart disease, obesity, et. al. Number expected to increase to 171 million by 2030.

Employer Sponsored Insurance (ESI) is the largest source of health care in the nation: 178 million lives.

In 2017, national health care spending was expected to reach $3.5 trillion. This represents 18% of the national economy. Will swell to $5.6 trillion by 2025, or 20% of the national economy. Health care costs are rising faster than household income.

Employer Sponsored Insurance (ESI) is the largest source of health care in the nation: 178 million lives.

Medicaid: just under 100 million lives.

Medicare: approximately 60 million lives.

Key system driver: Social determinants of health

5 social determinants impact 40% of health outcomes*

Factors that influence health:
- Access to care
- Community safety
- Air and water quality
- Education
- Employment
- Income
- Family and social support
- Housing and transit

Health issues

- **3x** the physical health issues of the general population¹
- **2x** the anxiety and mood disorders of the general population³
- **5x** more likely to suffer sexual abuse⁵
- **4x** as many prescriptions written as for the general population²
- **3–6x** more likely to suffer abuse⁴
- **≥90%** had associated medical conditions⁶

Health care utilization

More than 5 million people with I/DD in the United States:

- **More than 60%** rely on Medicaid for their health care coverage
- Approximately **350,000** receiving health care services via managed care
- An estimated **80%** are Medicaid eligible
- Nearly **75%** live with family members

### High level for people with I/DD

<table>
<thead>
<tr>
<th>Condition</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Co-occurring mental illness</td>
<td>35%</td>
</tr>
<tr>
<td>Including SUD(SA)</td>
<td>50%+</td>
</tr>
<tr>
<td>Cardiovascular disease</td>
<td>38%</td>
</tr>
<tr>
<td>Central nervous system diseases</td>
<td>28%</td>
</tr>
<tr>
<td>Three or more chronic conditions</td>
<td>45%</td>
</tr>
</tbody>
</table>

Sources: Thomas Cheetham, MD; David Braddock, PhD; Open Minds.
Demographic “time bombs”

**Longer duration of services**

Life expectancies for individuals with I/DD are approaching those of the non-disabled, which means longer duration of services.

1M will need new service and support structure

Many I/DD individuals have caregivers over the age of 60. This means that there are close to 1M additional individuals who will soon need a new service and support structure.
New stakeholder expectations

**Emphasis on improving individual lives**

- New opportunities to participate in the greater community
- Choice of housing and leisure activities; more meaningful jobs
- Aligns physical, behavioral and HCBS services to ensure health and quality of life

**Person-centered planning**

- Enables people to control their own services and shape their own lives
- Supports focus on the individual’s goals
- Individuals in control; families and friends an integral part of the planning process

**More predictable costs for states**

- Measurable goals to comply with CMS
- Managed care to modulate the upward trajectory of FFS
- Eliminating the duplication and/or overlap of services

Emphasis on improving individual lives

Person-centered planning

More predictable costs for states
Managed care for individuals with I/DD
Why the move to managed care?

Individuals with I/DD have been among the last population groups to transition to managed care settings due to the complexity of their conditions.

Expenditures have increased at a compound annual growth rate of 5% for the last decade … that is not sustainable for state budgets long-term.*

Approximately half of I/DD individuals (~350K) are enrolled in acute managed care; however, only around 100K individuals have their HCBS services under any type of “managed care”.*

The I/DD service system has been plagued with unsustainable costs, inefficiencies and inconsistencies.

Why states are thinking about managed care

Disability services are challenging and costly

Multiple service delivery systems

Severe budget constraints

Regulation hurdles
Managed care is not new for individuals with I/DD

More than 50% obtain acute coverage through an MCO

What is changing under managed care?

• Managing HCBS, which represent 85% of an I/DD individual’s total Medicaid spend

• Service plan creation and coordination between MCOs and providers

• Integration of overall health care and services/supports
Integrated solutions

Person-centered approach:

Self-determination
Built around innovative support model

Self-advocacy
Same choices, opportunities and responsibility as others

Individualized plan
Services are driven by eligibility and individual needs

Carefully planned to:

Address
Fragmented delivery system

Strengthen
Person-centered planning

Improve
Quality of life and satisfaction

1M
Soon to become Medicaid eligible

1.2M
Live with adults over age 60

1.4M
Served by state IDD agencies

75%
Live in community or with families

1.2M
Adults with IDD aged 60+ by 2030

Sources:
An effective system starts with the individual

COMMUNITY INCLUSION
- Housing
- Transportation
- Employment
- Education
- Social activities

- Transition services:
  - Early intervention to school age
  - School age to adult
  - Alive adult to senior
  - Institution to community

ADVOCACY
- Self advocacy
- Self determination
- Protection services
- Peer services

- Conflict-free case management
- System advocacy
- Family supports

INTEGRATION

QUALITY

HEALTH AND WELLNESS
- Access to quality care:
  - Physical health
  - Behavioral health
  - Dental and vision
  - Pharmacy
- Health risk assessments
- Wellness activities
  - Exercise
  - Nutrition

TECHNOLOGY
- Smart homes
- Remote monitoring
- Mobile apps
- Real-time care plans
- Provider efficiencies

- Promote independence
- Value-based payments
- Provider education

• Housing
• Transportation
• Employment
• Education
• Social activities

• Transition services:
  - Early intervention to school age
  - School age to adult
  - Alive adult to senior
  - Institution to community

• Self advocacy
• Self determination
• Protection services
• Peer services

• Conflict-free case management
• System advocacy
• Family supports

• Access to quality care:
  - Physical health
  - Behavioral health
  - Dental and vision
  - Pharmacy

• Health risk assessments
• Wellness activities
  - Exercise
  - Nutrition

• Smart homes
• Remote monitoring
• Mobile apps
• Real-time care plans
• Provider efficiencies

• Promote independence
• Value-based payments
• Provider education

© 2018 Optum, Inc. All rights reserved.
The coming managed care challenges
Concerns about managed care and I/DD

• Would reduce costs by cutting services
• I/DD population would get “lost”
• Would ignore existing best practices
• Insufficient claims payment and administrative support for HCBS providers
• Would use “medical model,” which doesn’t acknowledge the importance of HCBS
• Emphasis on telephonic-based system versus face-to-face resources
• Increased administrative burdens
Medicaid managed care for individuals with disabilities

How to best coordinate HCBS and Medical?
- Whole-person perspective
- Support navigator
- Data essential for critical insights
- Centered around the individual

How does service delivery change under managed care?
- Comprehensive service integration
- Sharing data and information
- Coordination with medical plans
- New expectations of providers
## Managed care approach for I/DD

<table>
<thead>
<tr>
<th>Support state administration and oversight</th>
<th>Involve individuals, advocates and other stakeholders</th>
<th>Utilize existing I/DD infrastructure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Match individual with appropriate services and resources</td>
<td>Improve care planning (ISP) to incorporate goals and aspirations</td>
<td>Help individuals on HCBS waiting lists access other programs and resources</td>
</tr>
<tr>
<td>Health homes</td>
<td>Support independent lifestyle with self-directed services</td>
<td>Maximize employment opportunities and housing options</td>
</tr>
</tbody>
</table>
Utilizing an informed approach in the managed care industry

- Engage the I/DD provider community, in person, as early as possible
- Hire staff with local experience
- Provide in-person provider training
- Establish provider “helpdesk”

- Build comprehensive provider portal
- Pay claims on a timely basis
- Build provider partnerships
- Build relationships with individuals, families and advocates
Advantages of a managed care approach

Full integration and oversight of an individual’s care and supports

- Medical
- Behavioral health
- Pharmacy
- HCBS
- Any other non-waiver and natural supports

Centralized support coordination and navigation

- Focus incentives on individual life goals and desired outcomes
- “Panoramic view” of an individual
- Consistent, conflict-free support planning
- Connect to resources outside of traditional provider networks
- Offer value-added services (transportation, technology assistance, housing, etc.)
Recognizing I/DD providers are *not* the same as other Medicaid-funded providers

- Often small, with limited working capital reserves
- Have contact with the individuals they serve on a daily basis
- Face challenges attracting and retaining qualified Direct Support Professionals (DSPs)
- Are not familiar with working with MCOs
What to expect when doing business with MCOs

MCOs will …

- Have more rigorous service authorization procedures and controls
- Institute performance and quality metrics
- Expect key leadership competencies
- Have their own network contract requirements and standards
- Encourage a higher level of technology sophistication
Integrated solutions for I/DD
Medicaid managed care for individuals with I/DD

Optum is developing an integrated I/DD program with a supporting technology platform

Understanding individual and family experience
Interaction with system stakeholders
Spark Initiative
Rolling out early 2019
Developed relationships with leading advocacy groups and national associations well in advance of the program development.

Their experience and guidance were instrumental in shaping the Optum I/DD program.
THE SPARK INITIATIVE

living a self-determined life

human dignity

our purpose and focus

a creative catalyst for change
The Spark Initiative: a creative catalyst for change

Focus
- Launched in 2016 with a focus on the justice-involved population
- In 2017, the initiative focused on the I/DD population with a goal to define and drive a unified national effort to better serve people with disabilities primarily through changes in the service delivery system

Benefits
- To state and public constituents, including specific populations: a supportive coalition providing resources and innovation for productive change
- To Optum: understand voice of the customer, influence product innovation and market advancement
- For everyone: making the health system work better for everyone

Consortium
- Developed, underwritten and hosted by Optum
- Brings together leaders in government, nonprofit and private sectors to “spark” new thinking on major national issues confronting state Medicaid and human services agencies
- In addition to Optum, the Spark team is represented by 25 organizations to collectively develop a variety of resources for the public
2017 Spark Initiative Members

ACL
The Arc
National Association of Councils on Developmental Disabilities
Quality Trust for Individuals with Disabilities

Alliance
CQL
NATIONAL COUNCIL FOR BEHAVIORAL HEALTH Community Services Group
RCPA

aaidd
The National Leadership Consortium on Developmental Disabilities
University of Delaware

ANCOR
Human Services Research Institute
OPEN MINDS

The Arc: Arizona
Community Resource Associates
University of Mass. Boston, Institute for Community Inclusion
Michigan Department of Health and Human Services, The Behavioral Health and Developmental Disabilities Administration (BHDDA)
National Association of County Behavioral Health and Developmental Disability Directors (NACBHDD)
National Association for Rural Mental Health (NARMH)
People First of Nevada
## SPARK! I/DD work groups

### Shared framework
**Foundation for work of groups 2, 3 and 4**

<table>
<thead>
<tr>
<th>Audience</th>
<th>I/DD community</th>
<th>I/DD providers and I/DD system</th>
<th>Policy makers, legislators, state authorities</th>
<th>General public</th>
</tr>
</thead>
</table>

| Deliverable | White paper exploring what self-determination should look like for the disabled | Summary report from a nationwide provider survey to understand how individualized support is delivered today and what barriers exist for improvement | • Online self-assessment tool for local/state I/DD authorities to guide them to self-directed resources and best practices  
• White paper recommending ways programs can change to better support individuals with disabilities to lead a self-determined life | National campaign toolbox to help break down barriers and educate the public on how to best interact with people with disabilities in ways that enable them greater self-determination and independence |

| Status | Developing outline; authored by representatives of Human Research Services Institute | National quantitative online survey in market April 21 through May 25, 2018 | • Collecting models for analysis  
• Target completion: Q3 2018 | Direction for creative and campaign strategy finalized April 2018  
Target completion: Q4 2018 (toolbox, promotional plan with industry partners) |

| Engagement | White paper distribution via Spark organizations, industry conferences and national campaign toolbox | Report dissemination via Spark organizations, industry conferences, and national campaign toolbox | Promotion of deliverables via Spark organizations and industry speaker circuit; POV on needed policy changes | National Presume Competence awareness campaign |
What can we do together?

**Develop ideas**
- to improve general service delivery for I/DD individuals

**Co-design incentive-driven programs**
- to help individuals reach their goals (from a “paid services” model toward an “outcomes” model)

**Increase the dialogue**
- between MCOs and providers to maintain alignment on program goals
I/DD team experience and background at Optum

- Family members with I/DD
- Leadership of state I/DD agencies
- Policy advisors to state executives
- Provider trade association executives
- IT entrepreneurs focused on HHS and disabilities
- Medicaid program design for disability populations
- Population health and public sector product development
- Marketing consultants
- Advocacy and public policy
- Public sector finance, reporting and analytics
Guidance for I/DD providers in preparing to work in a managed care environment

- Update technology capabilities to better integrate with MCO systems and share information
- Consider alliances and partnerships with other providers to share investment costs
- Conduct managed care “readiness assessment”
- Affiliate with a larger entity who can perform managed care functions on your behalf
- Develop business cases on the value of your services
- Build competencies
- Forge partnerships with MCOs
Challenges ahead

1. Enhance the wages and benefits of direct support staff in community service programs to improve the quality of services they provide and minimize staff turnover.

2. Develop additional Medicaid-funded, person-centered community residential services, and supported living and family support programs to reduce waiting lists in states.

3. Create and implement more health promotion and disease prevention programs in residential a community services settings nationwide.

4. Increase the rate of community employment for persons with intellectual and/or other developmental disabilities and dramatically expand supported employment programs.

5. Accelerate the development and utilization of assistive and cognitive technologies for individuals with I/DD.

IN CLOSING

There are challenges but also opportunities:

- To make a positive impact on overall care and supports
- To defragment and integrate formerly siloed delivery systems
- To enhance the individual experience
Final thoughts

The organization and management of service systems should be rethought

Adapting, not replicating

Full, inclusive, quality life in the community

Realizing potential
Discussion
Thank you.

Contact information:

**Michael J. Hammond, MSM**
VP, Product & Partnership Development
michael.hammond@optum.com
1-785-230-3577 (mobile)

**Dan Ohler, MBA**
VP, State & Local Government Programs
dohler@optum.com
1-614-216-8904 (mobile)