Health & Medicine
POLICY RESEARCH GROUP

State Medicaid Reform
Health & Medicine Policy Research Group
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Health & Medicine Policy Research Group believes that the PPACA offers opportunities to build a healthcare infrastructure that aligns health systems, including Medicaid, Medicare, the new health insurance exchanges, and the employer-based insurance market. The State of Illinois should proceed diligently in implementing provisions of Federal reform, especially around Medicaid, to ensure the most seamless, effective, and affordable health system for all residents in the state..

Medicaid reform in Illinois should employ the following principles: State policy leaders should ensure that the new system is patient-centered, seamless, equitable and transparent. The health system should provide coordinated care, optimal benefits, interdisciplinary provider teams, opportunities for statewide research and evaluation, and overall system cost-savings. These principles are supported by evidence revealing their effectiveness in improving the quality of care and providing cost-savings.

- The patient should be the focus of all reforms in IL and primary care in patient-centered medical homes is one model that can be used successfully to improve quality and reduce costs.
- When there is flexibility, the State should implement options that create the most seamless and efficient system
    - The eligibility criteria for the new Medicaid expansion category differs from the traditional categories (and some traditional categories will be exempt from the new standards in 2014), but IL should create one common eligibility and enrollment form for Medicaid, the state health exchange, and other public programs to ensure a single point of entry into the system (while internally dealing with the complexities of having multiple standards for eligibility).
    - IL should review the Tri-Agency Letter, "Policy Guidance regarding Inquiries into Citizenship, Immigration Status and Social Security Numbers in State Applications for Medicaid, State Children's Health Insurance Program (SCHIP), Temporary Assistance for Needy Families (TANF), and Food Stamp Benefits." This letter establishes the minimally necessary questions needed when developing an application for the stated public programs, and we believe IL should work to create a streamlined application using this guidance (the guidance can be found at http://www.hhs.gov/ocr/civilrights/resources/specialtopics/tanf/triagencyletter.html).
    - States have options in determining the Medicaid "benchmark benefits." While these benefits must include "essential health services" as defined by HHS and meet other Medicaid benefits standards, States will be able to voluntarily provide additional services. Illinois should provide maximal benefits and implement cost-savings reforms so that these benefits can be provided. For those populations that will likely move from Medicaid to the Exchanges in 2014 (i.e. Pregnant women

between 133% and 200% of FPL), IL should consider developing the ACA optional "Basic Health Plan." The Basic Health Plan would function much like Medicaid for those between 133% and 200% of the Federal Poverty Level (and would not have a five year bar for immigrants like Medicaid) and may offer more benefits than the Exchanges (pending the release of the final rules and regulations for the Exchanges and "benchmark benefits" by HHS in 2011).

- All reforms must consider the needs of all residents, especially the most vulnerable, so that an equitable health system can be established.
    - If possible, IL should include plans for undocumented immigrants when implementing reform (even though they are explicitly left out of Federal reform, IL should include a plan for alternative avenues of coverage and care)
    - IL needs to ensure the viability of safety net institutions that will continue to serve the remaining uninsured (i.e.: Free clinics, the Cook County Health & Hospitals System, DSH Hospitals, etc.)
    - IL should work to increase its Medicaid reimbursement rates to be more like Medicare rates (cost-saving reforms can be used to off-set this increased reimbursement)
    - IL must find innovative ways of attracting a diverse and culturally competent workforce
        - State could expand the scope of practice for non-physician primary care providers (i.e. Advanced Practice Nurses)
        - State should be sure to apply for all Federal grants for workforce training programs, etc.
- Illinois must remain transparent as it implements reform.
- Illinois should promote care coordination and the use of interdisciplinary provider teams in Medicaid and the State exchanges. Care coordination and provider teams reduce costs (by reducing duplication of services, for example) and improve care quality. Perhaps the state should participate in ACOs, and other delivery system and payment reform options under health reform.
- IL should develop a state-wide research, evaluation, and innovation center to monitor IL's progress and the outcomes of other Federal innovation and evaluation entities. Pooling academic and state resources to create a coordinated innovation, research, and evaluation agenda that is aligned with the Federal agenda in those areas will improve the effectiveness and efficiency of health reform implementation in Illinois and help the public and professionals monitor its progress.
- The state must consider ways of sustaining Medicaid after the increase in Federal funding for the program declines. The state should consider innovative ways of financing the system, including in Long Term Care, as well as innovative delivery system reforms that can produce cost savings while maintaining and improving quality outcomes. The state should develop a Medicaid financial advisory committee to inform this transformation over time.

Beyond our recommended general principles above, we have the following specific recommendations:

IL should fully explore **the Medicaid state option to create health homes for persons with chronic health conditions** (section 2703 of the Affordable Care Act). This state option

emphasizes health care service delivery that promotes care coordination, transitional care services, referral to community and social support services, and care management. This service delivery focus supports the long-term care shift from institutional to home and community based service provision. Further, this state option is accompanied by a 90% increased FMAP for the first 2 years of operation, further incentivizing the necessity of coordinating care. There are also planning grants available to states beginning in 2011 for this Medicaid state plan option.

IL should fully explore **the Demonstration Project on Integrated Care Around Hospitalization** (section 2704) and subsequent application to participate in the demonstration. This provision focuses on bundled payments around an episode of care for Medicaid beneficiaries. Per the legislation, the demonstration project may target specific Medicaid beneficiaries, and it is worth exploring if IL could target Medicaid beneficiaries in the IL Medicaid 1915 (c) waiver program: Community Care Program. The majority of these individuals are dual eligibles as CCP serves persons 60 years and older. This presents an opportunity to focus on a particularly vulnerable, high-cost, high-need population.

IL should formally evaluate **the State Balancing Incentives Program**, a Medicaid grant funded project to incentivize the spending of Medicaid dollars in a home and community based setting (HCBS). IL's Older Adult Services Advisory Committee recently submitted a formal Plan for Long-Term Care Reform to the Governor and included under the primary goal of "improving funding for HCBS programs" the following recommendation: "Evaluate the impact of the state balancing incentive program and prepare an application which will be submitted to CMS." This opportunity fits in with Illinois' existing focus to balance long-term care services between institutional and HCBS, and offers a funding mechanism to support on-going efforts to balance long-term care. IL should work closely with stakeholders when addressing the requirements of this provision: establishing a single-point of entry system for long-term services and supports, adopting conflict free case management, and application of standardized assessment instruments for determining eligibility.

IL should explore the idea of using a portion of the enhanced FMAP funding received through **the Money Follows the Person (MFP) program** to promote quality housing options for individuals in the community. If IL is promoting home and community-based services through MFP, it is a necessity to provide access to affordable housing.

IL should adopt **section 2303 of the ACA, State Eligibility Option for Family Planning Services.** IL currently has a Medicaid waiver for this program and should make this change through a Medicaid state plan amendment, thus receiving an increased Federal match (90% rather than 50%) for those family planning services. CMS guidance for this option can be found at
http://www.nhelp.org/conf2010/uploads/presenters/23_CMS%20guidance%20on%20state%20option%20for%20family%20planning.pdf.

States have the option of **including language services in Medicaid,** and IL should do so to ensure residents have culturally and linguistically appropriate access to health reform information, applications, and coverage.

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