Massachusetts Medicaid Policy Institute

Presented to

Massachusetts Consortium for Children with Special Health Care Needs

By

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Massachusetts Medicaid Policy Institute

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MMPI Massachusetts Medicaid Policy Institute

MMPI Mission

- The Massachusetts Medicaid Policy Institute (MMPI) is an independent and nonpartisan source for information about the Massachusetts Medicaid program.
- MMPI seeks to help facilitate and enhance the development of effective Medicaid policy approaches and solutions. It conducts and commissions research, and distributes information about the Massachusetts Medicaid program, highlighting the program's successes and helping to identify the challenges ahead.

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MMPI: History

- BCBS of Massachusetts Foundation formed in 2001 to expand access to health care.
  - Focus on uninsured, vulnerable and low-income individuals
- Since 2001, policy focus has broadened to include preserving coverage.
- Medicaid policy is one of most critical determinants of access and coverage in the state
- Yet Medicaid program is not well understood beyond a small group of legislators, policymakers and others.

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Commitments to MMPI from BCBS of Massachusetts and BCBS of Mass. Foundation

- BCBSMA:
  - $1 million in funding over two years to "jump-start" MMPI
  - Use of existing but dormant 501(c)(3) foundation
- BCBSMA Foundation:
  - Office space, administrative support, brainpower and other in-kind support

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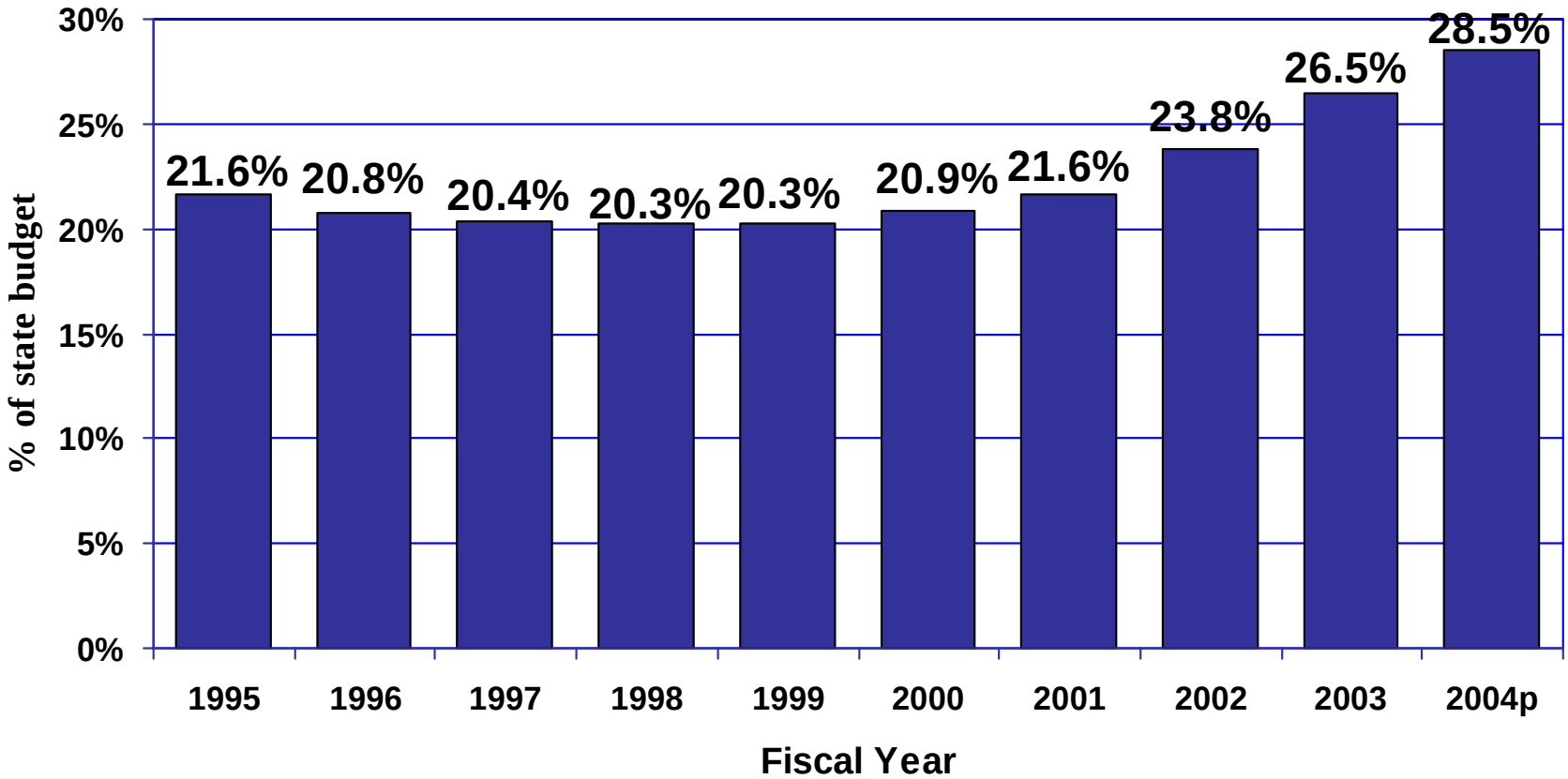
MassHealth Is A Growing Share Of The State's Budget



Source: Mass Taxpayers Foundation

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MMPI's Products

- Policy analysis and research
- Education
- Program data
- "Honest broker"/Convening role

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Recent and Upcoming Products

- *Understanding MassHealth Members with Disabilities*
- *The New Medicare Prescription Drug Law*
- FY2005 Budget Bulletin
- Employers and Medicaid
- Barriers to enrollment
- MassHealth members in nursing homes

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Understanding MassHealth Members with Disabilities

June 2004



A Report from the Massachusetts Medicaid Policy Institute

In collaboration with:

The University of Massachusetts Medical School
Commonwealth Medicine
Center for Health Policy and Research

Boston University School of Public Health
Health and Disability Working Group

Summary Of Key Findings

- The MassHealth program is a key health care safety net for children and adults with disabilities
- Consistent with national trends, enrollment and spending for MassHealth members with disabilities has been increasing.
  - Most of the enrollment growth is in “state optional” enrollment categories due to deliberate state policy initiatives
  - Much of the spending and the fastest growth is in pharmacy and community based long term care, services not covered by Medicare or most private insurers
- Comparison to nation and other states:
  - The percentage and cost of the state’s population with disabilities enrolled in MassHealth are above the national averages but are similar to levels observable in peer states

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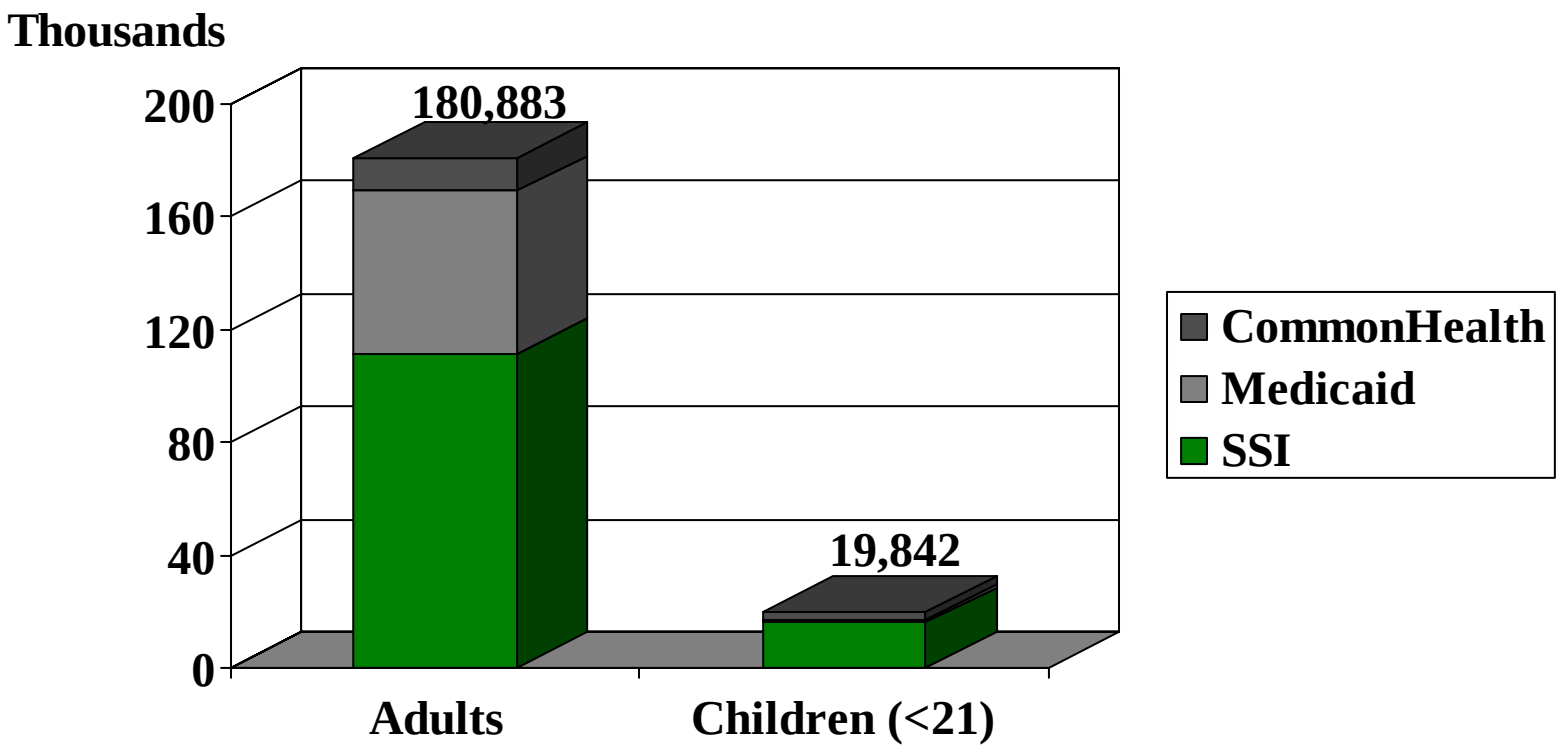
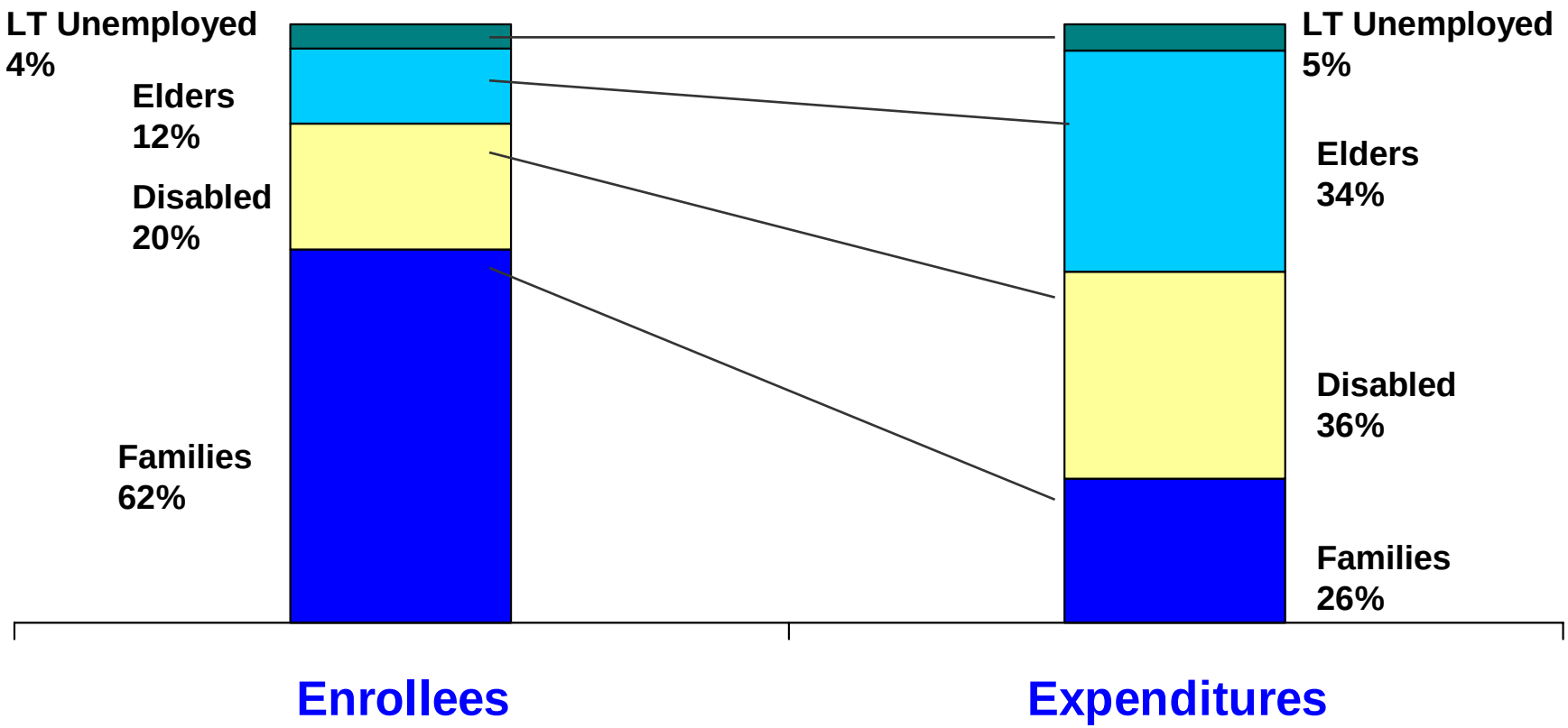
MassHealth Members with Disabilities



Source: UBER Eligibility Snapshot Data FY03

Enrollment and Spending



Source: EOHHS and CHPR

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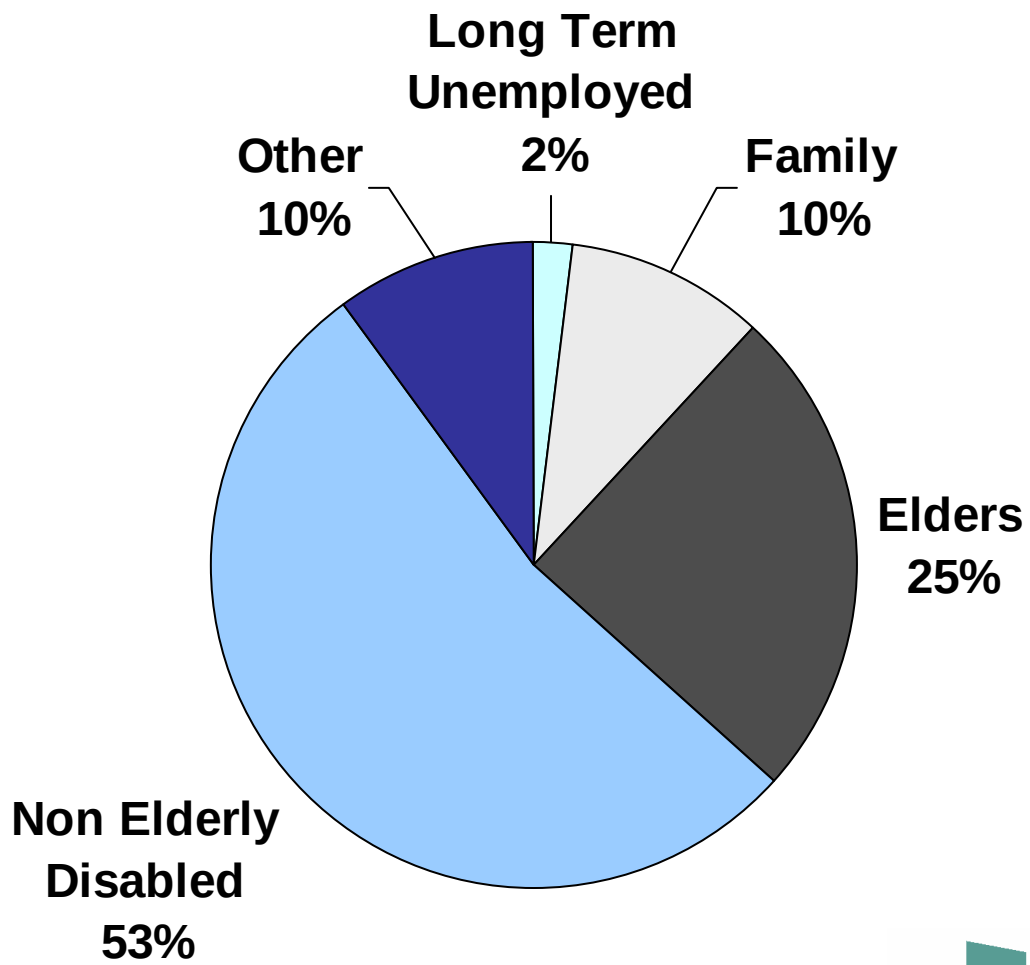
Members With Disabilities Accounted For 53% Of MassHealth Expenditure Growth Between FY99 And FY03



Source: TRAP claims data, disburse=0

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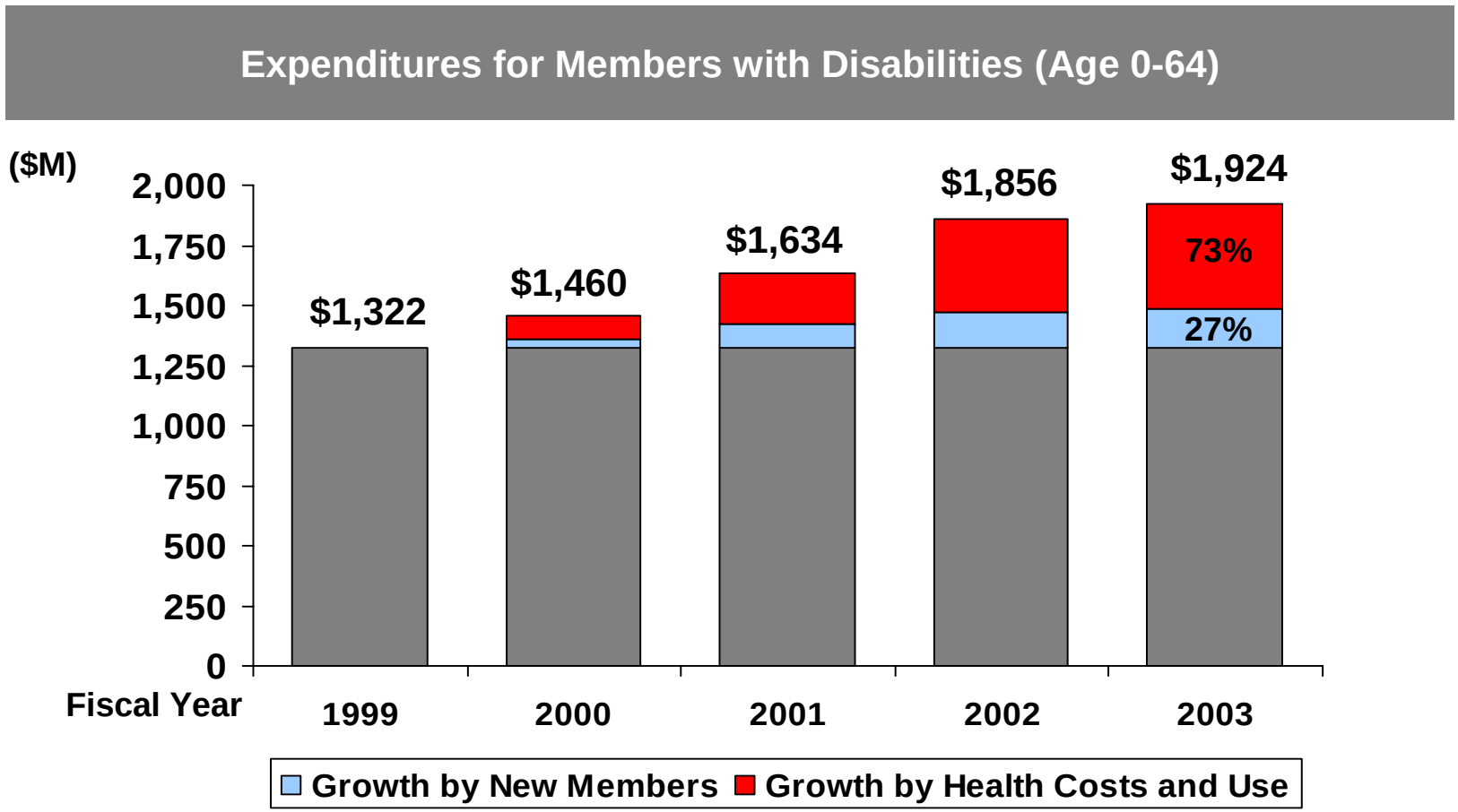
More Than 70% Of Spending Growth Has Come From Rising Health Care Cost And Use, Rather Than Enrollment Growth



Source: UBER eligibility snapshot data
TRAP claims data, disburse=0

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Medicaid's Importance As An Insurer For Those With Disabilities

- Primary insurer for poor and near-poor
- Provides 'wrap-around' coverage for those with insurance limits (Commercial and Medicare)
- Improves quality of life for persons with disabilities
  - Provides support to stay in community
- Addresses health care barriers to seeking or maintaining employment

Importance Of Medicaid Program Quotes From Masshealth Members

- *"Without it [Medicaid] , I'd be ice cold."* **James, 21, diagnosed HIV positive as a result of a blood transfusion when a child**
- *"Without CommonHealth, I'd be sunk. I'd be in a nursing home."* **Ray, diagnosed with Left side hemiplegia after an auto accident in 1968**
- *"I feel very strongly that nobody owes me anything just because my children have disabilities. But my being able to get MassHealth benefits for my children helps keep my family intact, and keeps my children active and an integral part of the community."* **Jude, mother of Stephen (15) and Timothy (12) both severely disabled**

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What Could Be Done?

- Continue aggressive approach to containing prescription drug spending
- Expand efforts to develop and promote new systems and models of care, especially for the dual-eligible population
- Continue to explore other approaches to moderate spending and improving care
- Continue to support and encourage participation in the community and work place
- Enhance the MassHealth administrative and information infrastructure to better support program development, implementation, monitoring, and evaluation
- Use caution with approaches aimed at moderating demand for services through co-payments and deductibles
- Be careful when considering changes to eligibility

THE NEW MEDICARE PRESCRIPTION DRUG LAW:

Implications for Massachusetts State Health Programs

September 2004

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Massachusetts Health Policy Forum

Medicare Prescription Drug, Improvement, & Modernization Act (MMA) of 2003 (P.L. 108-173)

- Prescription drug discount card
- Part D prescription drug benefit
- Many other changes:
  - Increased Medicare reimbursement for hospitals, physicians, rural health providers, & managed care
  - Important changes for durable medical equipment, lab, ambulance, dialysis; indexing of the Part B premium & deductible
  - Replaced Medicare + Choice with *Medicare Advantage*
  - Created "Health Savings Accounts"

Part D Drug Benefit : The Basics

- Coverage is to begin: …… Jan. 1, 2006
- Enrollment: ……..... Voluntary
- Initial enrollment period: ... Nov. 15, 2005 for 6 mos.
- Annual enrollment periods: Nov. 15 to Dec. 31
- Premiums: …… Est. $35/month in 2006

Those who don't enroll initially, or who don't maintain continuous coverage, will pay higher premiums

- Employers: …… Incentive subsidy to maintain retiree Rx benefit
  28% between $250 & $5,000

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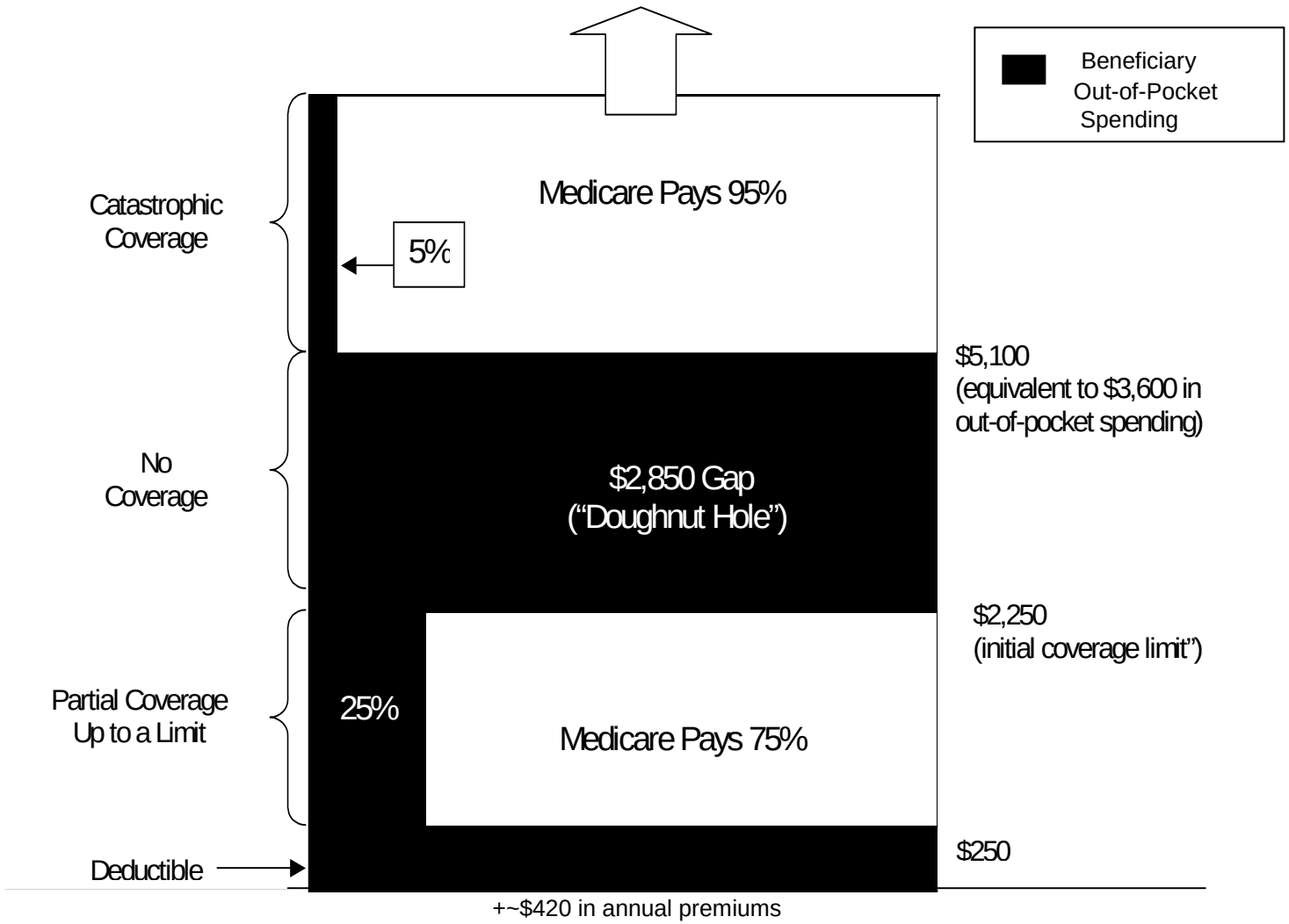
Part D Standard Benefit in 2006 : Beneficiary Coverage and Out-of-Pocket Drug Costs



SOURCE: Adapted from The Henry J. Kaiser Family Foundation, "*Medicare Fact Sheet: The Medicare Prescription Drug Law,"* March 2004.

Part D Presents Significant Issues for Massachusetts

- MassHealth
  - Clawback
  - Rebate impacts
  - Woodwork effect
  - Overall financial impact
- Prescription Advantage
- Rx Benefits for Retired State Employees

The Clawback

- The federal Medicare Part D benefit is funded in part by states through a "phased-down state contribution"

- Clawback is based on 2003 actual state per-capita Medicaid pharmacy costs for dual eligibles, trended forward

Beneficiary Impacts of Part D

- Dual eligibles will almost certainly have less coverage
- Nursing home patients
- Medical management – loss of data

Potential Effects on Children

- Dual eligible benefit
  - About 14,000 -16,000 under age 21
- Financial impact of unrealized savings
- Diversion of administrative resources
  - Preparing for change
  - Determining eligibility for low-income subsidy
  - Systems changes

Discussion Questions

- What are areas of concern for the Consortium, about Medicaid in particular, that might benefit from research (or other attention) from MMPI?
- How can the Consortium and other members of the CSHCN community contribute to MMPI's work?

www.massmedicaid.org

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