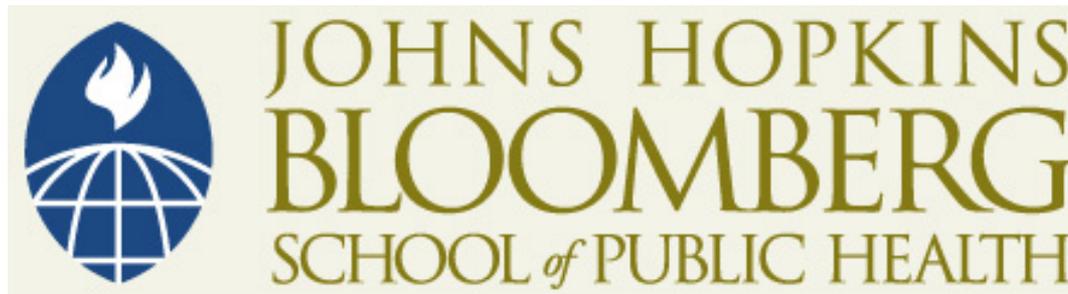


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Copyright 2007, The Johns Hopkins University and Bruce Leff. All rights reserved. Use of these materials permitted only in accordance with license rights granted. Materials provided "AS IS"; no representations or warranties provided. User assumes all responsibility for use, and all liability related thereto, and must independently review all materials for accuracy and efficacy. May contain materials owned by others. User is responsible for obtaining permissions for use from third parties as needed.

# **What's New in Maryland Medicaid**

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**Department of Health and Mental Hygiene**  
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# Overview

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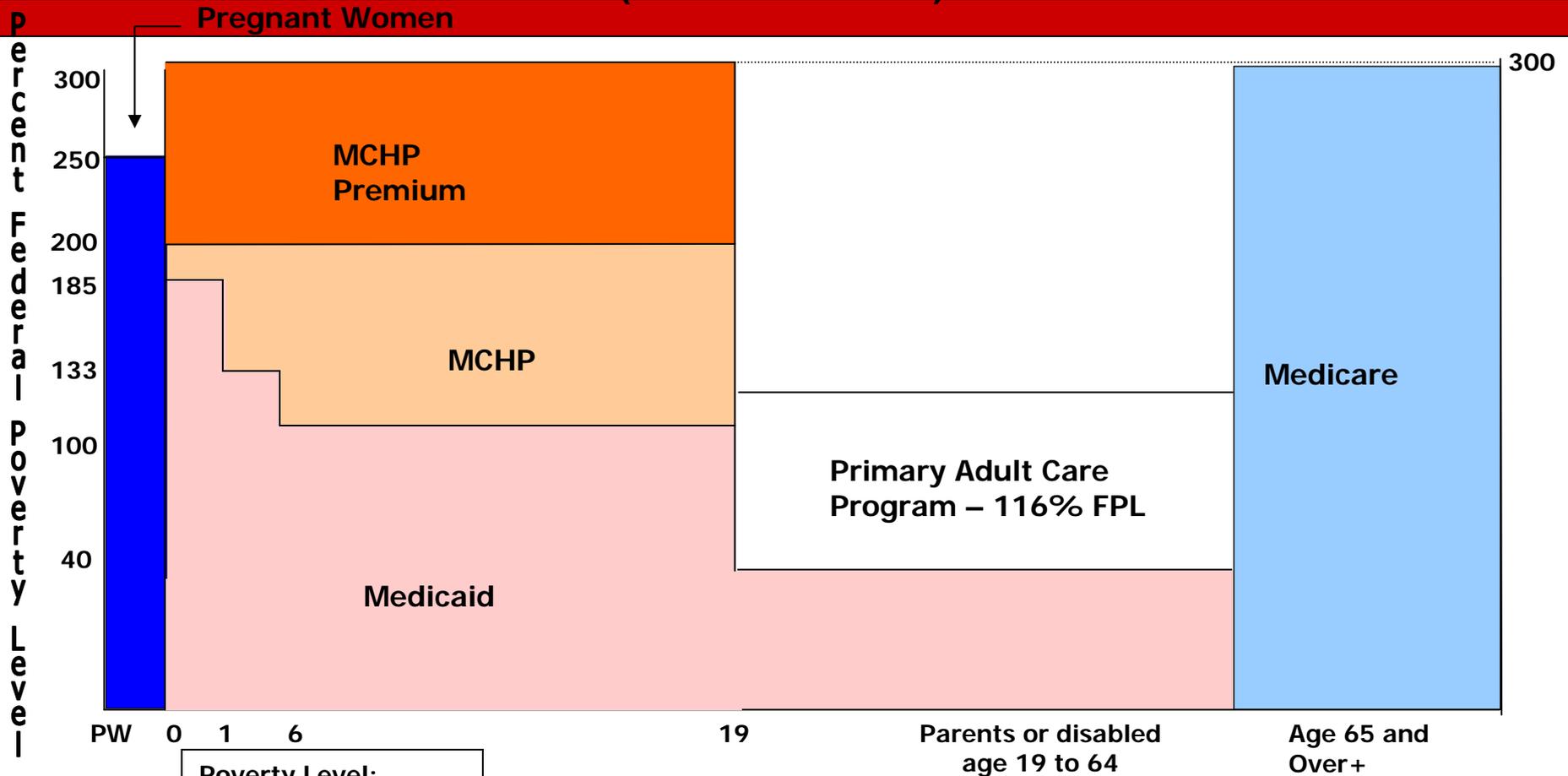
- ∩ Big Picture
- ∩ Health Care Reform
- ∩ Long Term Care
  - Current System
  - HCBS Waivers
  - CommunityChoice
  - DRA

# Big Picture

- ⌚ FY2008 Medicaid budget is \$5.1 billion
- ⌚ Medicaid growth is not sustainable
- ⌚ Over the past several years, the average annual growth rate for Medicaid expenditures has been close to 9% per year (although trends have slowed in the most recent fiscal year)
  - Pharmacy costs up approximately 12% per year
  - Long term care costs up approximately 10% over the past several years
- ⌚ Medicaid makes up an increasingly large portion of the State budget – approximately 16% (general funds)
- ⌚ Long term care services: 30% of the Medicaid budget for 5% of population

# Public Coverage

(Effective 07/01/06)

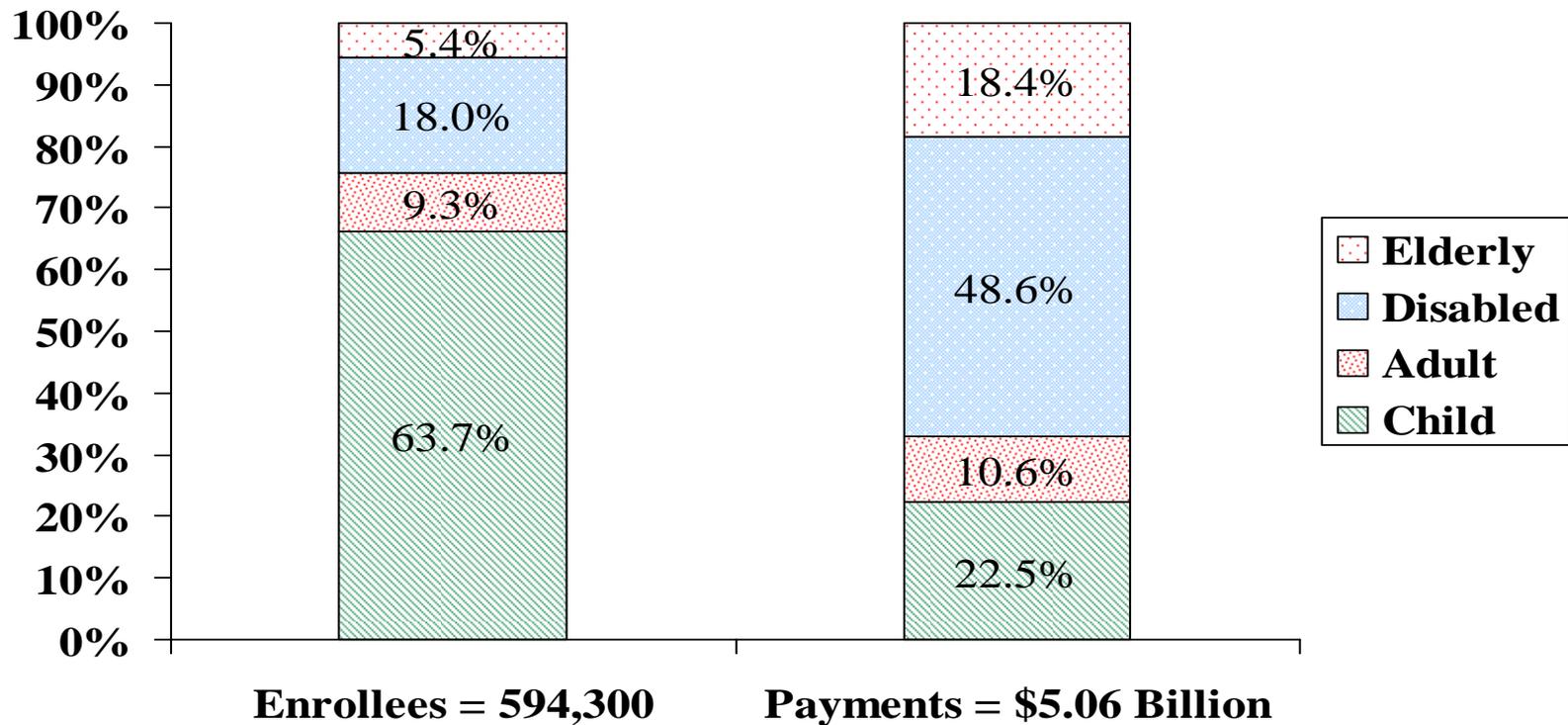


Poverty Level:  
 1 person = \$10,210  
 2 persons = \$13,690  
 4 persons = \$20,650

As of 1/24/2007

Note: This chart is for illustrative purposes only. Each coverage group has specific eligibility and some asset requirements, which are not shown.

# Medicaid Expenses by Enrollment Category





# Medicaid Long Term Care Today

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- ⌚ Fee for service
- ⌚ Defined benefits package
- ⌚ Institutional bias
- ⌚ Case management is service-specific
- ⌚ 1915(c) waivers offer better benefits to a limited population

# Current Long Term Care System

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- Fundamental problems in Medicaid
  - No systemic incentives for cost efficiency, especially if savings accrue to Medicare
  - No coordination with Medicare
  - Not sufficient flexibility to provide services that best meet the needs of consumers
  - System is fragmented, not consumer-friendly

# People want to live in the community!

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∞ States are looking for new ways to keep people in the community or transition them from nursing homes

- Home and Community-based services (HCBS) waiver programs/1915c waivers
- Managed LTC/CommunityChoice
- Deficit Reduction Act

# HCBS Waivers

- ⌚ Waiver authority enacted by Congress in 1981
- ⌚ Expand HCBS access to individuals who meet institutional level of care
- ⌚ Allow states to waive certain federal requirements
  - Expand covered services to include services not traditionally covered by Medicaid
  - Establish specific financial and technical eligibility criteria for the waiver
- ⌚ Cost-effectiveness requirement
  - Cannot cost more to serve waiver enrollees in community than in an institution

# HCBS Waivers

- ⌚ Maryland has 7 HCBS waivers; In FY08, waivers will serve more than 16,600 individuals.
- ⌚ There is a high demand for waiver services.
- ⌚ Many waivers are out of “slots” and not accepting new community applicants.
- ⌚ In December 2002, DHMH developed a “Money Follows the Person” policy
  - Individuals in nursing facilities whose services are paid by Medicaid may apply to the OAW or LAH waiver, regardless of the number of available “slots”

# HCBS Waivers

<b>Waiver</b>	<b>Funded Waiver Slots - FY08</b>
Older Adults Waiver	3,750
Living at Home Waiver	500
Waiver for Children with Autism Spectrum Disorder	900
Waiver for Individuals with Developmental Disabilities	10,988
New Directions Waiver (Developmental Disabilities)	300
Model Waiver for Medically Fragile Children	200
Waiver for Individuals with Traumatic Brain Injury	35

# Waiver Services Registry

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As of September 2007, the Waiver Services Registry has:

- 9,800 individuals interested in OAW
- 1,780 individuals interested in LAH
- 2,125 individuals interested in AUT

# CommunityChoice Goals

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- ⌚ Develop alternatives to institutional care
- ⌚ Coordinate acute and long term care services and financing with Medicare
- ⌚ Control growth of long term care costs
- ⌚ Flexibility to provide services specific to the needs of the client (e.g. assisted living, home modifications)
- ⌚ Accountability for outcomes and quality of care
- ⌚ Develop consumer-directed options

# Proposal

- ⌚ Managed care program called CommunityChoice
  - Legislation passed in 2003, vetoed by legislature, overridden by Governor
- ⌚ Mandatory enrollment for dual eligibles and people who need LTC
- ⌚ Enrollees required to choose a “community care organization” or “CCO” that becomes responsible for all Medicaid services
- ⌚ Integrate financing and management with Medicare to the extent possible
- ⌚ Build on concept of PACE program

# Population

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- ⌚ All adult dual eligibles (approx. 75,000 statewide)
- ⌚ All adult Medicaid recipients who qualify for nursing home level of care
- ⌚ All other Medicaid recipients age 65+
- ⌚ Includes:
  - All nursing facility residents
  - Participants from two 1915(c) waivers
    - Older Adults Waiver
    - Living at Home Waiver

# Proposal

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- ⌚ Services include primary, acute, and long term care services, and flexibility to cover other services to meet enrollees' needs
- ⌚ Expanded HCBS services to more people
- ⌚ Entirely new perspective on quality assurance
  - Aggressive quality assurance and quality improvement
  - Focus on outcomes

# Legislative Mandates

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- ⌚ Specialty mental health services are carved out of CommunityChoice
- ⌚ Revised to pilot in two geographic areas of the State (two-thirds of statewide population)
  - In those areas, enrollment will be mandatory
- ⌚ Certain provider rate guarantees

# Challenges & Opportunities

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- ⌚ Coordination with Medicare and integrating the financing of care
- ⌚ Protecting consumers' rights, choice, access to high-quality health care
- ⌚ Politics and special interests
- ⌚ Developing capitation rates for population

# Now What?

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- ⌚ Sent to CMS in August 2005, CMS denied in March 2007
  - Redo as a 1915 (b) and (c)
- ⌚ Lessons Learned
- ⌚ Next Steps: new LTC plan in January 2008

# Deficit Reduction Act (DRA)

- ⌚ Federal government passed DRA in February 2006.
- ⌚ Expected to save millions of dollars through “reductions” by beneficiary premiums/cost sharing, changes in benefits and stricter asset transfer rules
- ⌚ Mandatory and optional initiatives
- ⌚ Maryland awarded Money Follows the Person rebalancing demonstration grant

# Money Follows the Person Rebalancing Demonstration

- ⌚ Creates a new program to offer **enhanced services** to individuals who transition from an institution to the community
- ⌚ Enhanced match for participants for one year (75% FFP, 25% GF)
- ⌚ Eligibility for MFP
  - Six months in an institution, at least one month of Medicaid eligibility
  - Participants must transition from a **qualified institution** to a **qualified community residence**
  - Maximum of four unrelated individuals in a single residence

# Money Follows the Person Rebalancing Demonstration

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- ⌚ Inclusive stakeholder process, multiple planning meetings
- ⌚ Operational protocol due t CMS by November 1, 2007
- ⌚ Program to begin in 2008