

Florida's Medicaid Reform

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Goals of Florida's Medicaid Reform

Old Medicaid

- Government as consumer
- Complex programs
- Government controls
- Centralized planning/purchasing
- Blank check
- Unsustainable growth

Florida's New Medicaid

- *Patients as consumers*
- *Consistent policies*
- *More consumer choice*
- *Marketplace decision-making*
- *Defined investment*
- *Predictable growth*

Goal-Driven Innovations

- Empower Medicaid patients to be active consumers:
 - Customized Plans.
 - Opt-Out.
 - Enhanced Benefits.
- Assure that Medicaid is affordable and sustainable:
 - Premium Based.
 - Risk-Adjusted Premium.
 - Comprehensive and Catastrophic Component.
- Provoke innovation by providers:
 - Coordinated Systems of Care (PSNs and HMOs).

Innovation #1.

Flexible Plan Design

- Variation in amount, scope and duration:
 - Certain services must be provided at or above current coverage levels.
 - Other services must be provided to meet sufficiency standards for the population.
 - Remaining services must be offered, but amount, scope and duration are flexible.
- Reform plans can enhance any service above current levels.
- Reform plans can add services not currently covered.

Innovation #2

Opt-Out

- Recipient can choose to enroll in employer-sponsored health insurance instead of a Medicaid-certified plan.
- Self-employed individuals may purchase private insurance.
- Medicaid will pay the employee share of the employer-sponsored premium on behalf of the recipient.
- Individuals with access to employer-sponsored insurance may opt-out at any time.

Innovation #3

Enhanced Benefits

- A pool of funds is set aside to encourage recipients to engage in “Healthy Behaviors.”
- Individual Medicaid recipients earn access to “credit” dollars (up to \$125 per year) from the pool by completing defined healthy practices and / or behaviors.
- Once credits are earned, they may be used to purchase health-related services and products, at participating pharmacies.
- Recipients use their Medicaid card to purchase items.
- Earned credits may be used for up to three years following cessation of Medicaid eligibility.

Innovation #4

Risk-Adjusted Premium

- Statistical models correlate historical diagnoses / pharmaceutical utilization to the likelihood of future health care cost.
- Individuals are assigned a "risk score."
- Individual risk scores generate premium, based on recipient's predicted needs.
- Health plans are credited with risk score / premium of each individual enrolled.
- Collective risk scores / premiums of members generate health plan revenues / capitation tied to expected health costs.

Innovation #5

State Reinsurance

- A single set of benefits:
 - Recipients see their chosen set of benefits.
 - Transition between Comprehensive and Catastrophic (reinsured) component is transparent to the recipient.
 - Continuous coverage of benefits.
- Comprehensive risk is always borne by the health plan; catastrophic risk may be borne by the plan or the state:
 - All care continues to be managed by the health plans.
 - Whether a plan accepts catastrophic risk is transparent to the recipient.
- If the plan does not cover catastrophic risk:
 - State reimburses the plan for claims that exceed the threshold at Medicaid fee-for-service cost.