HealthChoices Expansion

A Public Discussion Paper

August 23, 2011

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Overview

The Pennsylvania Department of Public Welfare (the Department) is committed to expanding HealthChoices, the Department's mandatory managed care program, to serve the physical health needs of Medical Assistance (MA) consumers throughout Pennsylvania. The expansion of HealthChoices will offer MA consumers additional options to obtain the care they need to remain healthy and to pursue opportunities to allow them to live more independently. This paper describes the approach the Department proposes to employ to implement the expansion.

The Department must ensure that our efforts to expand HealthChoices statewide would result in a value-oriented, performance-driven system that delivers person-centered care. The expansion of HealthChoices must afford the Commonwealth the flexibility to account for the ever-evolving landscape of Pennsylvania's health care markets. Finally, the expansion must continue to provide the Department with the tools necessary to remain a responsible steward of taxpayer dollars by operating as a "smart purchaser" of health care services.

Planning for and successfully implementing a HealthChoices expansion is no small task, and it must be done the right way – serving the best interests of the Commonwealth, the taxpayers and, most importantly, our MA consumers. The historic success of the HealthChoices program is due in no small part to the Department's careful planning and deliberation prior to and during program implementation. We recognize that the program's continued success will also require close collaboration and cooperation with all HealthChoices stakeholders, including MA consumers, health care providers and managed care organizations (MCOs). As such, we greatly appreciate your feedback and comments on the proposals in this paper.

History of Success

The HealthChoices program was successfully designed to improve access to and quality of care for MA consumers. HealthChoices began in 1997 in the Southeast region of Pennsylvania and successfully expanded to both the Southwest and Lehigh/Capital regions. The program serves as the primary service delivery model for approximately 1.2 million MA consumers.

The program's design and administrative structure draw from many years of MA experience with managed care. Some HealthChoices program highlights include:

- **Improves Access:** All HealthChoices members have access to primary and preventive care through a primary care provider (PCP).
- **Improves Quality of Care**: The HealthChoices program improves quality of care by setting high standards that are continually measured to ensure that the MCOs proactively manage the care members receive.

- **Stabilizes Spending**: Due to the program's nationally acclaimed pay-for-performance program, HealthChoices has been able to sustain quality outcomes and benefit levels for MA consumers while making only modest increases to MCO payment rates.

The Commonwealth's HealthChoices program is one of the most successful Medicaid managed care programs in the nation. *US News and World Report* examines MCO performance using the National Committee for Quality Assurance measures and ranks MCOs according to their performance scores. In 2010, all seven of the Commonwealth's HealthChoices physical health MCOs ranked in America's Best Medicaid Health Plans, with five ranking in the top 25.

The success of these MCOs is closely linked to the program's emphasis on quality outcomes, which is strongly influenced by the HealthChoices' pay-for-performance initiative. In Calendar Year 2009, the program reported statistically significant improvements for 10 of 12 clinical quality measures between the baseline year and Calendar Year 2009. With the proposed expansion of HealthChoices, the Department would build upon these successes by identifying additional opportunities for performance-oriented purchasing and program oversight.

The Department is eager to extend the choices, opportunities and advantages currently offered by HealthChoices throughout the Commonwealth.

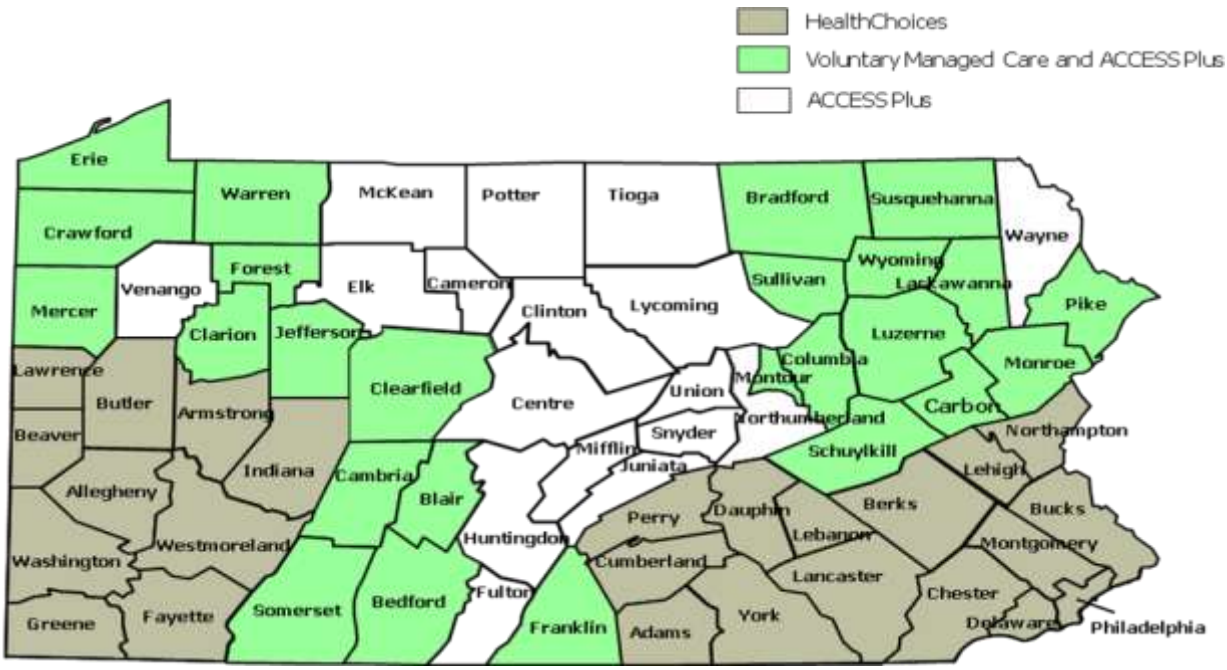
HealthChoices is not currently available in 42 of the Commonwealth's 67 counties.

Today, HealthChoices operates in three zones (25 counties) – the Southeast, Southwest, and Lehigh/Capital Zones – and is the sole program option for most eligible MA consumers residing in these three zones. MCOs operating in these zones are required to cover all counties in the zone.

In the 42-county central region of the Commonwealth, the Department allows MCOs, on a county-by-county basis, to participate in a Voluntary Managed Care Program (Voluntary Program) through agreements that mirror all the essential requirements and services of HealthChoices.[1] Through the Voluntary Program, MCOs now serve MA consumers in 25 of these 42 counties, as illustrated in Figure 1. Thus, today, eligible MA consumers who live in this 25-county area have the option to enroll in either the Commonwealth's enhanced primary care case management program, ACCESS Plus, or with an MCO in the Voluntary Program. In the remaining 17 counties, MA consumers have not had the option to enroll in an MCO.

[1] Voluntary managed care indicates that MA consumers have an option to choose to enroll in an MCO or ACCESS Plus (the Department's enhanced primary care case management program). In addition, MCOs are not required to operate in these counties; rather they voluntarily choose to participate.

Figure 1: Current Managed Care Programs in Pennsylvania



The MCOs' market presence has continued to grow in the 42 counties. As of 2010:

- Four of the seven HealthChoices MCOs have elected to serve in the Voluntary Program.
- Through the Voluntary Program, MCOs serve 25 of the 42 ACCESS Plus counties. MCOs have expressed interest in expanding to serve additional ACCESS Plus counties but, to date, the Department has not opted to move forward with any of the expansions the MCOs have proposed.
- On average, 11 percent of eligible MA consumers in the 42 counties are enrolled in an MCO. On a county-by-county basis, this figure ranges from 0 percent to 41 percent.
- When MA consumers have a choice between the Voluntary Program and ACCESS Plus, an average of 23 percent choose to participate in the Voluntary Program.

Through this proposal, the Department will expand HealthChoices to all 42 counties currently served by ACCESS Plus and the Voluntary Program.

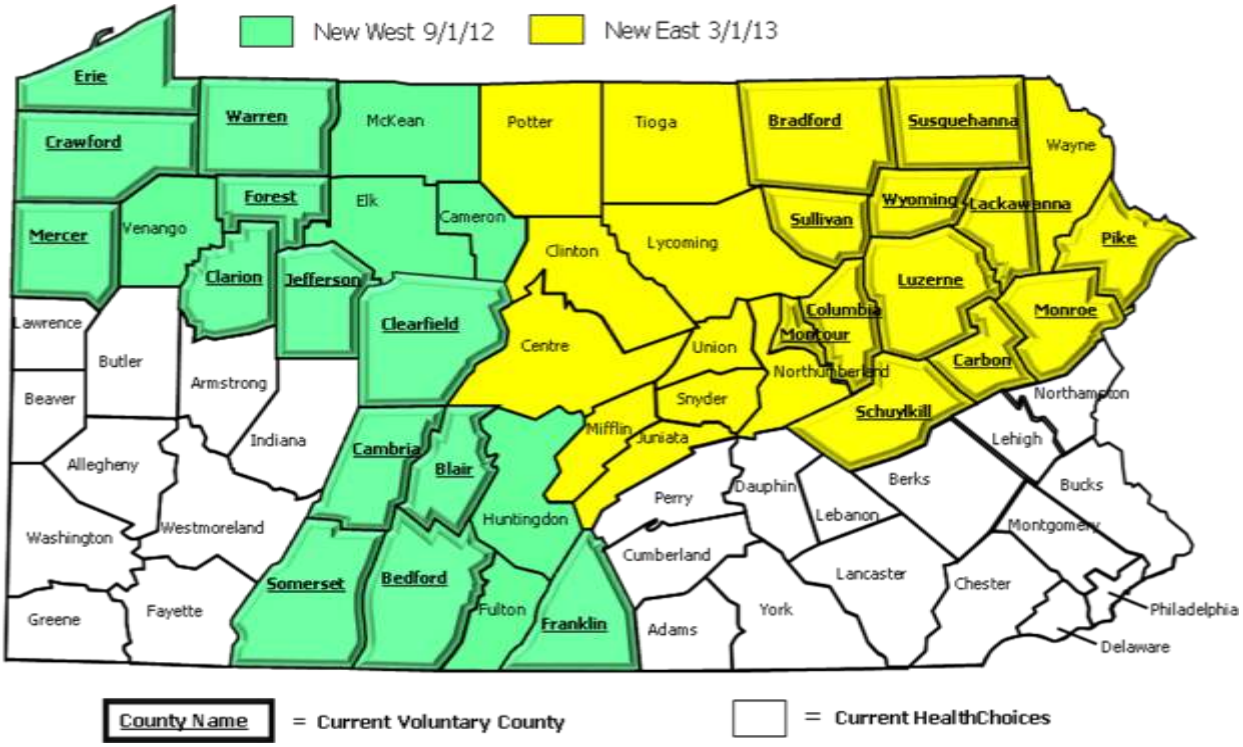
The 42 counties will be divided into the New East and New West Zones.
To expand HealthChoices into the 42-county central areas of the Commonwealth, the Department proposes to create two new zones, as illustrated in Figure 2. In

constructing these zones, the Department has carefully considered how the proposed geographic expansion of HealthChoices will affect MA consumers and providers. The two new zones reflect:

- MA consumers' current service utilization patterns, thereby minimizing possible disruptions in care-seeking patterns and established consumer-provider relationships.

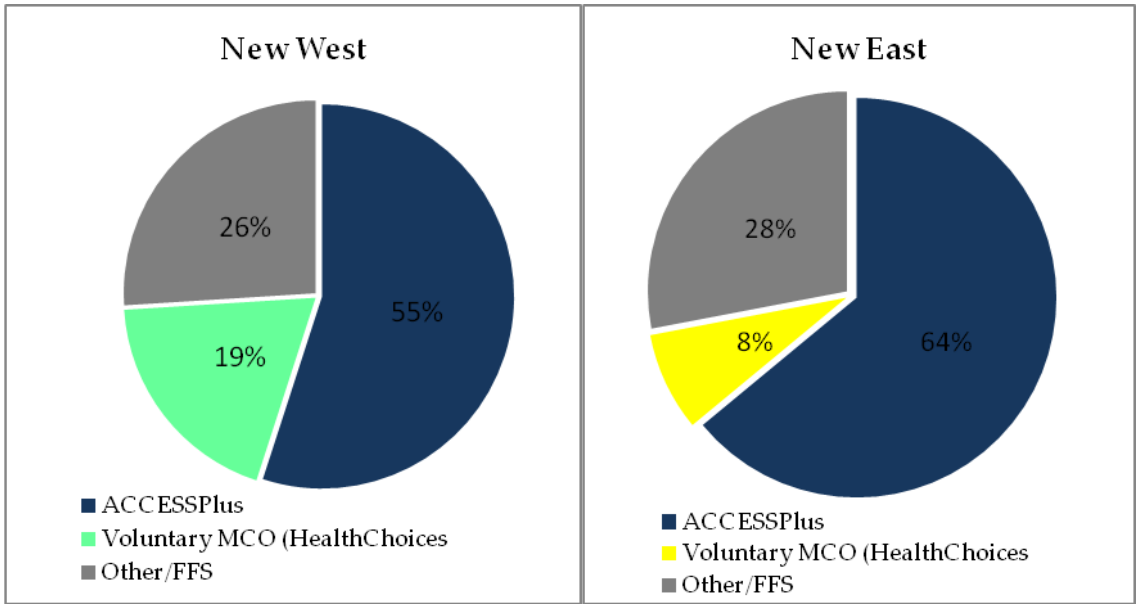
- Current provider network coverage, to promote competition and choice among MCOs which operate in discrete regions of the state as well as those which operate statewide.

Figure 2: Proposed Zone Creation for HealthChoices Expansion



Approximately 270,000 MA consumers reside in the 19 counties of the New West Zone, and approximately 295,000 reside in the 23 counties of the New East Zone, as illustrated in Figure 3.

Figure 3: MA Consumer Enrollment by Program for New West and New East



(Source: June 4, 2011 ARM569R06 report)

The Department will retain the ACCESS Plus program to operate alongside HealthChoices in the 42-county area.

Based on Pennsylvania's current experience operating both the full risk-based capitated managed care model (HealthChoices) and an enhanced primary care case management (ACCESS Plus) model simultaneously within a zone, and similar experiences of other states that operate both models in the same geographic area, the Department has concluded that operating the programs side-by-side offers advantages for MA consumers and the Commonwealth. Of particular interest to the Department is the success of states such as Indiana, Kansas and Florida, which have operated these program models concurrently in rural areas.

In addition, the ACCESS Plus program has offered many of our MA consumers opportunities for improving their health by better coordinating care and services through a medical home, as well as through disease management and case management programs. Like the HealthChoices program, ACCESS Plus has improved access to quality care for Commonwealth MA consumers while stabilizing spending.

By operating the programs side-by-side, the Department strives to maintain the continuity of services without disrupting the success of ACCESS Plus. Below are further considerations of the benefits of operating the HealthChoices and ACCESS Plus models concurrently.

- In the initial stages of expansion, maintaining ACCESS Plus as an option will offer the greatest potential for continuity of care for current ACCESS Plus enrollees.

- Expansion of full risk-based managed care coverage to all counties holds MCOs accountable and stimulates "healthy" competition. MCOs and the ACCESS Plus vendor are challenged to develop more innovative approaches toward quality improvement while achieving cost-effectiveness.

- MA consumers in some counties now have no choice of managed care options – they are offered only ACCESS Plus. This approach expands MA consumer choice and allows them to be smart purchasers. By 2013, all Commonwealth MA consumers will have a choice of managed care programs – ACCESS Plus and two contracted HealthChoices MCOs.

In light of these considerations, the Department proposes that in the New East and New West Zones, HealthChoices will operate side-by-side with ACCESS Plus. The Department will continue to assess the effectiveness of operating these programs concurrently and to monitor the quality of MA consumer care and the degree of MA consumer satisfaction.

In the two new zones, HealthChoices will cover the same services and populations as are currently covered in the other HealthChoices zones.

At this time, the proposed HealthChoices expansion is strictly geographic with no anticipated additional changes to the benefit packages for categories of eligibles within HealthChoices in the Southeast, Southwest and Lehigh/Capital Zones. The Department may consider the inclusion of additional populations and benefit package modifications over time.

The procurement and resulting contracts will be developed to provide the Department with the flexibility to modify the scope of the contract to address changes in program design as the Department considers emerging options regarding service delivery, benefit structure and populations to be served.

For example, as evidenced by Figure 3, 26 percent in New West and 28 percent in New East are MA consumers, such as dual eligibles, who are not currently enrolled in HealthChoices or ACCESS Plus in the initially proposed expansion zones. The Department recognizes that MCOs likely to bid on the expansion have expressed great interest in providing services to these populations. The Department will be considering future opportunities to enroll those populations in HealthChoices or ACCESS Plus. Additional stakeholder input will be sought prior to pursuit of expansion.

MA Consumers will have three choices, two MCOs and ACCESS Plus. The Department plans to award contracts to two MCOs within each of the two new HealthChoices zones.

The Department wants to contract with a sufficient number of MCOs to allow MA consumers a choice of MCOs and to promote competition, but with few enough MCOs to assure a viable program. Thus, we have determined that no more than two MCOs will be awarded contracts for each expansion zone. Doing so:

- Alleviates undue burden on providers;
- Fosters opportunities for economies of scale;
- Simplifies administrative logistics for the Department and providers; and
- Supports opportunities for reducing health care costs.

Thus, through a competitive procurement process, the Department will award contracts to the two MCOs that propose the most advanced and innovative approaches to serving MA consumers through HealthChoices.

HealthChoices will replace the current Voluntary Managed Care Program in these two zones.

At the time of implementation, the Department will terminate its contracts with MCOs currently operating in the Voluntary Program in the New East and New West Zones. If these MCOs wish to participate in the HealthChoices program in these zones, they must bid and be awarded a HealthChoices contract.

As illustrated in Figure 3, the Voluntary Program covers approximately 10 percent to 20 percent of MA consumers in the New West and New East Zones. Of those MA consumers, any who are currently enrolled in an MCO which is awarded a contract will remain enrolled in their current MCO unless they choose otherwise. Thus, continuity of care will be maintained for MA consumers.

The initial enrollment and auto assignment process will be designed to assure continuity for MA consumers currently enrolled in ACCESS Plus and Voluntary Program MCOs.

During the open enrollment period, all current MA consumers will be offered expanded choices, in a manner that balances the Department's responsibility to support continuity of care and services with the need to offer MCOs entering these new zones the opportunity to acquire sufficient membership.

MA consumers currently enrolled in ACCESS Plus or with a voluntary MCO will have an option to either remain with their current vendor or enroll with another program or MCO.

- MA consumers *currently enrolled in ACCESS Plus* will have the option to switch from ACCESS Plus to HealthChoices. If existing ACCESS Plus enrollees do not actively choose to switch, they will remain in ACCESS Plus.

- MA consumers *currently enrolled with a voluntary MCO* that *is awarded a contract in the new zone* will have the choice to remain with their MCO, or switch to ACCESS Plus or a new MCO. If they do not make an active choice, they will remain with their current MCO.

- MA consumers *currently enrolled with a voluntary MCO* that is not awarded a contract can choose to enroll in ACCESS Plus or with a new MCO. If they do not make an active choice, they will be auto-assigned to a new MCO.

- *New MA enrollees* who do not select a MCO will enter an auto-assignment pool which is structured to distribute members to the vendors, (MCO or ACCESS Plus) with a higher percentage of the auto-assignment going to the vendor with the lowest market share.

The Department recognizes that the expansion of HealthChoices into areas with existing programs may present some challenges to newly interested MCOs, as well as to the current programs. The Department will work closely with all selected MCOs and our ACCESS Plus vendor throughout the implementation and thereafter, particularly during the open enrollment period, to support MA consumer choice, continuity of care and vendor transition.

As is the case in the current HealthChoices zones, MA consumers who do not make a selection are automatically assigned. The Department will make these auto-assignments based on the distribution of the market share among the contracted HealthChoices MCOs and ACCESS Plus, so that, for example, the vendor which has the lowest market share will get the highest percentage of auto-assignees. This auto-assignment methodology is designed to help distribute MA consumers among the various vendors to support them as they develop their market presence.

The implementation of HealthChoices in the expansion area will be phased.

The rollout of the HealthChoices expansion will be phased by zone. The phased approach, and the timing of the phases, is based on the Department's experience implementing HealthChoices in other zones. This phased approach will also allow the MCOs, the Department and the communities served sufficient time for provider network development, MA consumer outreach and infrastructure development in each zone.

There will be a single procurement for both zones, as follows:

- The Department proposes to release an RFP for the HealthChoices expansion in October 2011, with proposals being due in November 2011.
- Proposers will have the option to bid for the New East Zone, the New West Zone or both zones.
- The Department's MCO selection process will begin in December 2011.
- Implementation in the New West Zone will start on September 1, 2012.
- Implementation in the New East Zone will start on March 1, 2013.

Conclusion

The Department is eager to extend the choices, opportunities and advantages currently offered by HealthChoices throughout the Commonwealth. Our experience proves that the success of any program change is highly dependent on an open and collegial relationship with our stakeholders. For the expansion of HealthChoices into the New East and New West, the Department again seeks the input of the public and key stakeholders.

Stakeholder Feedback

The Department seeks stakeholder feedback regarding:

- Approaches the Department should consider employing to ease the transition for MA consumers;
- Approaches the Department should consider employing to ease the transition for providers; and
- The county composition of the New East and New West Zones.

The public comment period is open until September 30, 2011. Please address your comments to:

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Written comments will also be accepted at the following email address: lheft@pa.gov