

PROGRAM DESCRIPTION

Department: Social Services

HB Section(s): 11.610

Program Name: MHD Transformation

Program is found in the following core budget(s): MHD Transformation

1a. What strategic priority does this program address?

Transform Medicaid to ensure healthy, safe, and productive lives.

1b. What does this program do?

The MO HealthNet Division (MHD) Transformation program is a combination of initiatives with the goal of transforming Missouri Medicaid. Missouri's Medicaid program is an important safety net for Missouri's most vulnerable populations, providing health care and support for many Missourians. Missouri Medicaid's delivery system, payment methodologies, and information systems are outdated in many respects compared to other states. Significant changes in the structure and performance of Missouri's Medicaid program will be necessary to bring Medicaid spending growth in line with projected economic growth for the state.

The initiatives are wide-ranging, and include operational improvements to bring the program up to date with common practices among other state Medicaid programs, as well as best practices and more transformational changes. The Transformation Office was an integral part in handling the public health emergency effort related to the COVID-19 pandemic. This office developed data analytics which were utilized to make policy decisions to ensure disruption to Missouri's Medicaid program remained at a minimal level.

Transformation goals:

- Bring Medicaid spending growth in line with the rate of growth for Missouri
- Ensure access to healthcare services to meet the needs of the most vulnerable populations
- Improve participant experience, healthcare outcomes, and increase independence
- Partner with providers to modernize care delivery systems
- Become a leader in the implementation of value based care in Medicaid

Initiatives completed in SFY2022:

- Rebase of hospital and nursing facility rates, which introduced acuity payments and value based quality incentives
- Implementation of significant provider rate increases
- Pharmacy program integrity measures to minimize fraud and abuse in prescribing practices
- Launch of an Enterprise Data Warehouse to improve data analytics capacity
- Development of an Electronic Visit Verification program to enhance the verification of personal care and personal assistance visits.

Initiatives that are "in-flight" include:

- Missouri Benefits Enrollment Transformation project to redesign the benefits application and written communications to help ensure access to all eligible citizens and improving the participant experience
- Planning phase of reimbursement methodologies based on Diagnosis Related Groups and Value-Based Payments to improve health outcomes
- Planning phase of a Rural Hospital Health Hub to reduce ER visits while supporting rural hospital involvement in improving social determinants of health
- Expanding Electronic Visit Verification to include home health
- Development of a Managed Care Tracking tool to monitor the performance of contracted managed care companies increasing accountability to contractual obligations

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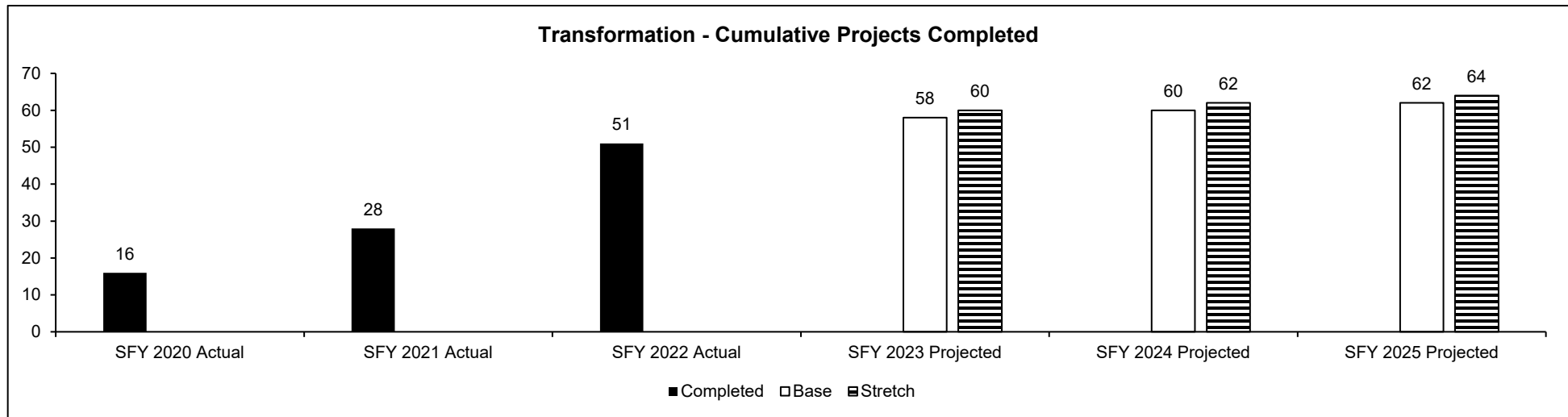
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2a. Provide an activity measure(s) for the program.



NOTE 1: The Transformation Office continues to identify opportunities for improvement within Missouri's Medicaid Program and initiates formalized projects to implement cost and efficiency savings to curb the rising cost of the program and improve health care outcomes for participants and enhance participant experience.

NOTE 2: In SFY 2022, the Transformation Office, along with agency staff, launched a rebased hospital payment methodology which focuses on acuity, stop-loss, private psychiatric facilities, and a refocused graduated medical education payments. Prior to this implementation, hospital per diem rates for most hospitals were based on 1995 cost reports trended through 2001. Most hospitals had not received a per diem increase since SFY 2001. Part of this rebase introduced a case mix index to ensure facilities treating the most severe patients were paid appropriately. This is the first step in transitioning hospital payments towards diagnosis related groups (DRGs) which will be the focus for SFY 2023-2024. This rebase effort was completed while remaining budget neutral.

NOTE 3: Another monumental achievement in SFY 2022 was the rebase of nursing facility rates. Nursing facilities have not seen a rate increase since 2005, which was only a partial rebase. Prior to this rebase, facility rates were based on the cost report from the year the facility entered into the Medicaid system and there was no mechanism to account for the complexity and varying degrees of acuity care that occurred. Under the new model, adjustments were made for acuity, wages, and allows for the flexibility for future rebasing and adjustments to quality measures. Facilities will be able to obtain additional payments in addition to the rebased amount based on how they score on their quality measurements. This project was achieved through collaboration with Missouri's nursing facilities to ensure the efforts were fair, rational, and transparent.

NOTE 4: Every effort is made to strategically plan and implement Transformation projects in a way to minimize disruption of everyday operations or overload the limited MHD workforce. The Transformation Office eliminates as much of this burden as possible by conducting all pre-project preparations to maximize the time of MHD resources.

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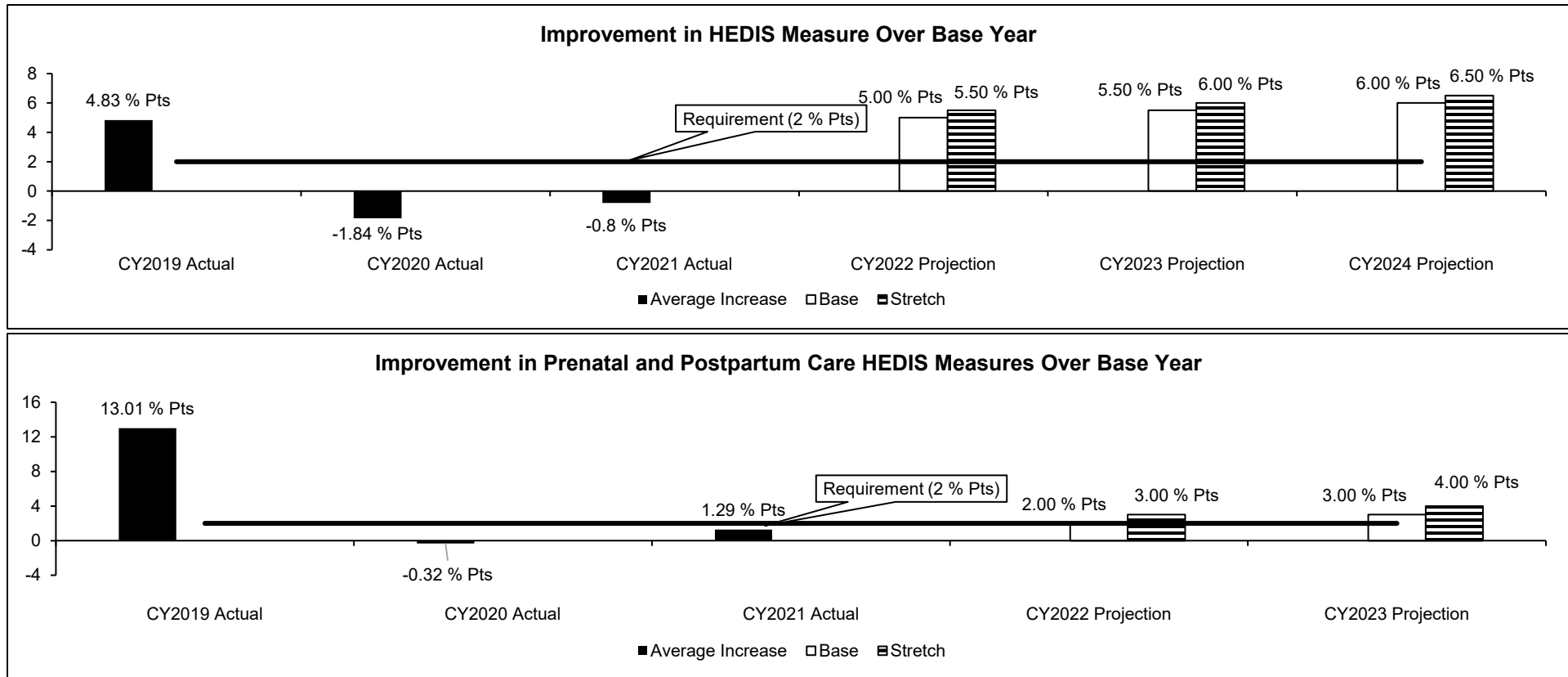
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2b. Provide a measure(s) of the program's quality.



MO HealthNet transformed the Managed Care Performance Withhold Program which has resulted in significant growth in multiple Healthcare Effectiveness Data and Information Set (HEDIS) measures. In CY2019, Health Plans were tasked with improving each measure by two percentage points over their baseline. The average increase across all health plans in year two (CY2020) was -1.84, primarily due to COVID-19 resulting in a drastic decline in annual dental visits nationwide. MO HealthNet quickly pivoted and worked with managed care organizations to utilize the COVID-19 pandemic as an opportunity to identify meaningful gaps in geographical and racial barriers that may be resulting in declining measures. As a result, CY2021 rates on average only saw a small decline, primarily due to measures such as well-child visits in the 15-30 month range, requiring an in-office visit. However, prenatal and postpartum visits bounced back with an increase of 1.29% over the prior year. The Transformation Office has placed maternal/infant health as a top priority and seeks to build on this growth in CY2022 and CY2023. The metrics selected in this program target areas that are driving Medicaid costs up in Missouri. Year-over-year improvements in these quality areas are projected to decrease these costs.

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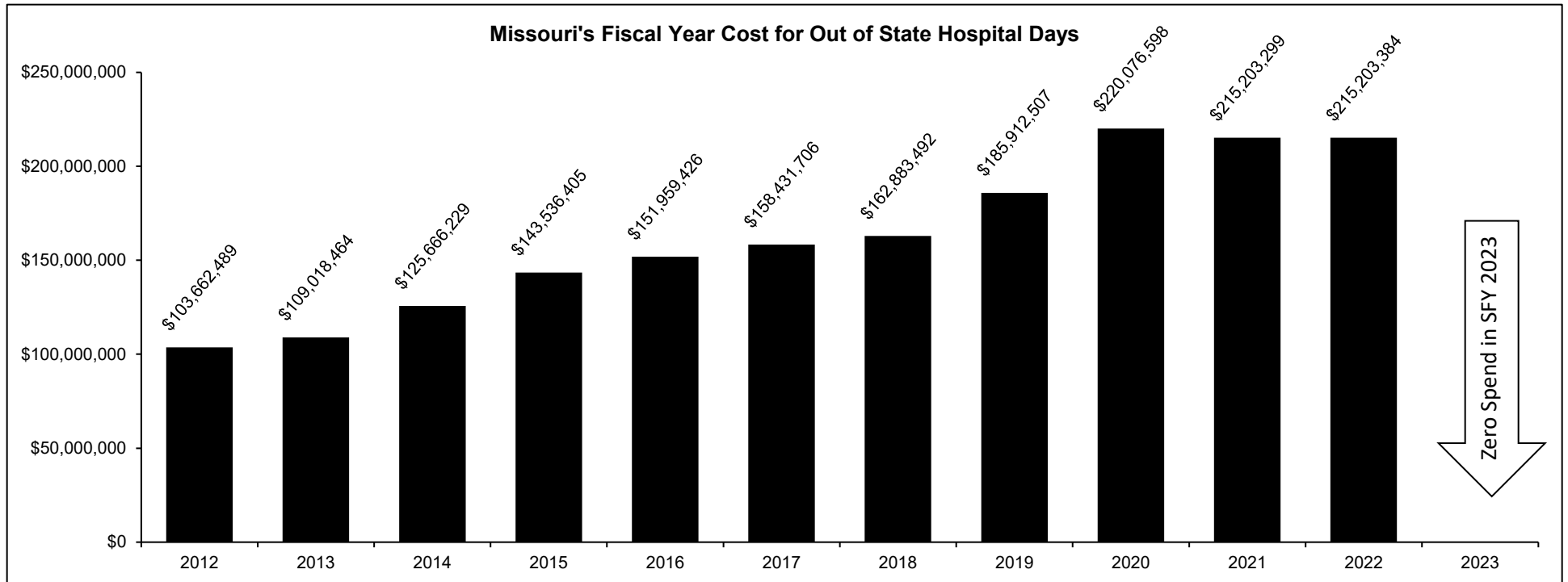
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2c. Provide a measure(s) of the program's impact.



Beginning July 1, 2022, MO HealthNet implemented a rebasing effort for Missouri hospital payments. This effort eliminated payments attributed to out of state Medicaid recipients. This decades-old funding stream had ballooned to over \$200M annually. By rebasing hospital rates, MO HealthNet can now redistribute these funds to provide services for Missouri Medicaid participants and have a more meaningful impact on the health of Missourians, rather than fund services for Medicaid enrollees residing in other states.

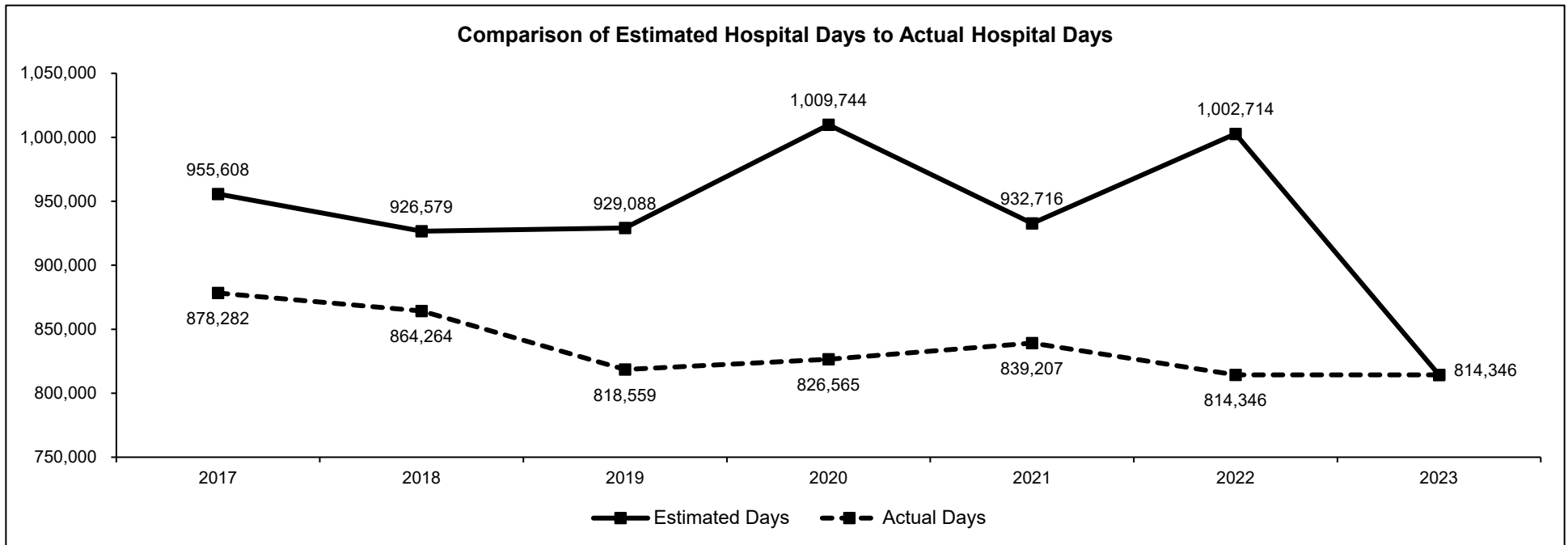
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This rebasing effort also eliminated the payment calculation for estimated hospital days. Historically, MO HealthNet calculated hospital per diems based on an estimated number of hospital days each hospital might account for within their Medicaid population each year. As shown on the chart above, the payment calculation had historically overestimated days when compared to actual days realized by Missouri hospitals on their annual cost reports. In some years, this overestimation of hospital days exceeded 180,000 days. By eliminating estimated days from the per diem calculation, MO HealthNet can redistribute these funds to address acute care and value based payment models.

NOTE: Chart data includes Fee-for-Service and Managed Care hospital days and the 2023 Actual Days value indicates a stretch target.

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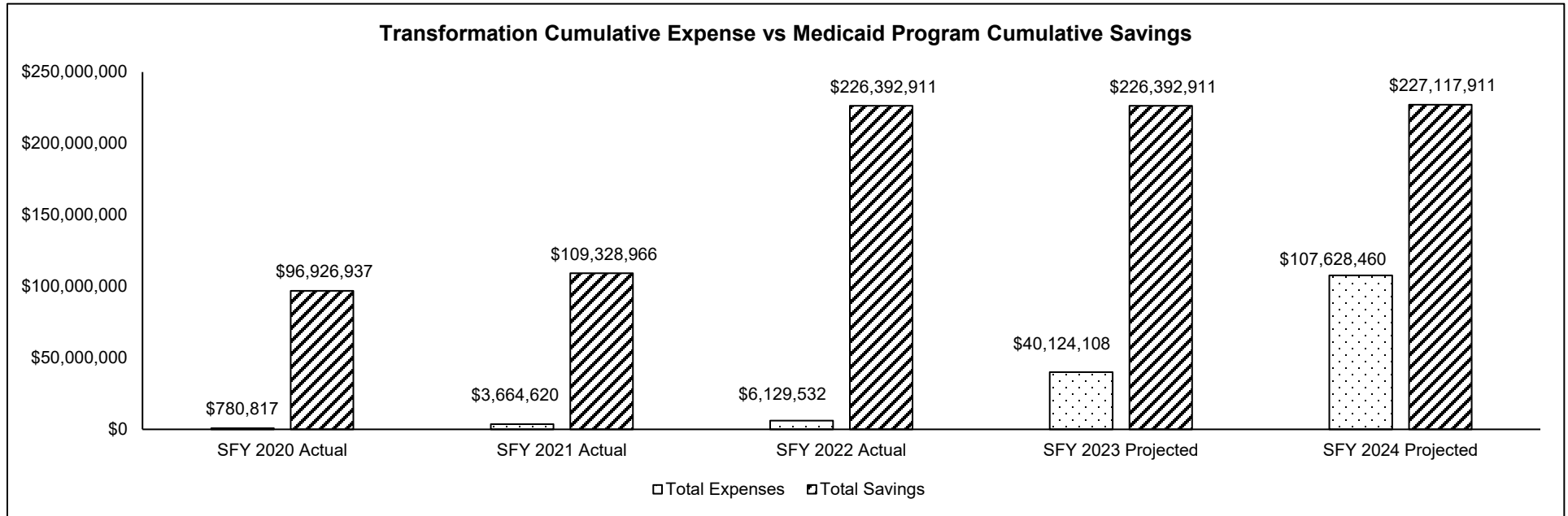
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2d. Provide a measure(s) of the program's efficiency.



The above chart depicts the total spend of the Transformation Office compared to the projected savings of the initiatives that are completed, in flight or on deck. Savings will continue to grow as future initiatives progress. Every \$1 spent on Medicaid Transformation through SFY 2022 has resulted in \$36.93 in savings in the Medicaid expenditures.

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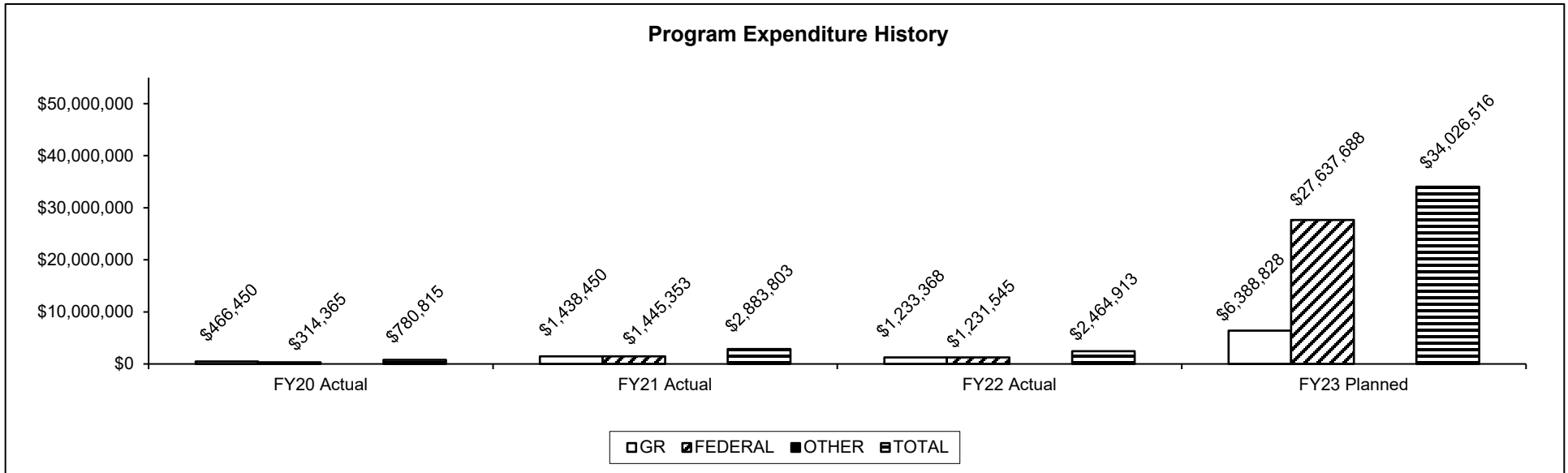
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3. Provide actual expenditures for the prior three fiscal years and planned expenditures for the current fiscal year. (Note: Amounts do not include fringe)



Planned FY2023 expenditures are net of reverted.

4. What are the sources of the "Other " funds?

N/A

5. What is the authorization for this program, i.e., federal or state statute, etc.? (Include the federal program number, if applicable.)

N/A

6. Are there federal matching requirements? If yes, please explain.

Expenditures are allocated in accordance with the methodology outlined in the department's cost allocation plan and charged to corresponding grants or identified and claimed as maintenance of effort as appropriate. A majority of the grants have a federal matching requirement.

7. Is this a federally mandated program? If yes, please explain.

No.