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From: Parker, Pamela J (DHS)
Sent: Thursday, August 15, 2013 5:56 PM
To: Hudson, Mark J (DHS)
Subject: Some Thoughts on PCG

Importance: High

Follow Up Flag: Follow up
Flag Status: Flagged

- Scope of work: The statements made by PCG seem to be out of the scope of work, which was not to compare MN Medicaid benefit set to other states to see if we are too generous, it was to look at the value equation for managed care programs. The statement does not do that, rather it questions the judgment of the MN legislature and past leaders in providing the level of Medicaid benefits that we have been touted for and are proud of. The contractor should be told to stay within the scope of work required.
- Scope of work: The entire report is not clear about which managed care programs, which services and which populations are being included in the scope of work. MN is known for having fairly high overall PMPM costs not because of expensive PMPMs and benefits for families and children (though our expanded coverage has been good), but because of its investment in long term care and community based services for seniors and people with disabilities. MN is known for having rebalanced its institutional systems in favor of home and community based services, and for providing services to a large proportion of people needing long term care services, rather than having the long waiting lists that some other states have for these populations. Continuing Care might need to weigh in on whether there is a good value for that additional access to HCBS services. AARP has ranked MN #1 in its scorecard for access to community based services. MN is considered a leader in this area. The report does not clarify which set of services makes MN costs higher. Some of those services are included in managed care and others are not. If overall Medicaid costs are high in MN due to those services that seems way outside of the scope of this report.
- The contractor is not using a fair comparison of PMPM costs to other states for people enrolled in managed care. The scope of the report in terms of managed care programs and populations and services included should be clarified. Is this report covering all managed care programs and populations? If so, all of the differences in those programs in terms of services and care coordination and delivery should be described and MN should only be compared to other states with comparable programs. According to the

data cited for 2008, MN had the highest proportion of seniors (whose care is more expensive) enrolled in managed care of any state, 64% (Analytic Extract - Medicaid Expenditures Among Full Benefit Enrollees A3-13) (only AZ was close with 60.6%) and also had relatively high monthly managed care costs overall though MN's were lower than AZ. (A3.14). In 2008 MN and AZ were among the very few states running large managed long term care programs for seniors where because of the inclusion of long term care services, managed care costs would be much higher. The contractors should not be comparing MN to other states where there was no managed long term care and where few seniors were enrolled. When looking at costs for families and children Mathematica's report Page 53, V.2. shows that there are 23 other states who have higher managed care costs for non-disabled and non-elderly adults and children than does MN.

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