

Testimony to the Minnesota Senate
Health, Human Services and Housing Committee
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Thank you Madame Chair and members of the Committee, my name is Rich Albertoni, and I am an Associate Manager at Public Consulting Group (PCG). The Minnesota Department of Human Services contracted with PCG to report on the value of the managed care delivery system for the state's public health care programs, as required by Minnesota Sessions Laws 2012, Chapter 247, Article 1, Section 31. I am here today to provide a summary of PCG's findings.

The legislation directed that the value of managed care be assessed in comparison to fee-for-service and according to seven specific criteria: health indicators, provider and recipient satisfaction, access to health services, the availability of additional services aimed at improving care, the potential of each system to deliver cost savings to the state and alignment with health care reforms, including capacity to support alternative provider payment models.

Overall, PCG found that Minnesota's health plans demonstrate a more developed level of health care coordination, performance measurement, and quality improvement than the state's fee-for-service system. The state's managed care system performs strongly quality measures reviewed in the report and shows a greater capacity for quality reporting and improvement than the fee-for-service system. Few outcome performance measures are in place for fee-for-service programs.

Where fee-for-service and managed care outcomes have been measured in comparable populations, fee-for-service lags behind managed care.

The most widely recognized basis for comparison between managed care and fee-for-service health outcomes is the Healthcare Effectiveness Data and Information Set, or HEDIS. HEDIS can be used not only to compare Minnesota's managed care and fee-for-service systems to one another, but also to generate national comparisons.

In 2011, DHS conducted a quality comparison of its managed care and fee-for-service systems, using the 2010 HEDIS data available for comparable groups within both programs. In that study, managed care outperformed fee-for-service on all of the 19 key HEDIS measures under review.

Additional outcome comparisons between the two systems are limited due to the lack of common measurement standards renders a comprehensive, comparative analysis of value between the two systems difficult. There are many elements of the two systems for which comparable measurement standards do not exist. This is due both to differences in the health status of managed care and fee-for-service enrollees, as well as the absence of effective fee-for-service performance metrics.

Minnesota's managed care organizations (MCOs) also rank exceptionally high in access to care and patient satisfaction. One of the most important metrics for measuring satisfaction among managed care organizations is the Consumer Assessment of Healthcare Providers and Systems, or CAHPS, which compares MCOs nationally on key satisfaction indicators.

In 2010, statewide average scores for Minnesota's MCOs placed above the 90th percentile nationally in six of the eight CAHPS indicators, ranking above the national Medicaid HMO average in all of the measures, and above the commercial average in all but one indicator.

One area in which managed care appears to provide significant additional value to Minnesota is in case management and care coordination. A number of MCOs have implemented population-based initiatives targeting critical health conditions, as well as performing community outreach to reduce healthcare disparities. Several of the health plans have also developed patient incentive programs and preventive care initiatives, along with enhanced transportation, phone, and online services.

PCG found that both managed care and fee for service delivery systems in Minnesota show higher costs for seniors and people with disabilities than other Medicaid programs nationwide. These higher costs are associated with more expansive health plan benefits and strong quality indicators. For example, Minnesota ranks in the 97th percentile nationwide for preventative care for seniors.

One exception to this broader trend of high quality at high cost in the state's public health care programs is in child health, where analysis reveals below average performance on a number of health indicators for children. Minnesota's health plans are above average nationally in HEDIS indicators for child primary care visits. However, other key benchmarks, such as Childhood Immunizations and adolescent and teen well-child care, show most health plans performing at levels lower than the national Medicaid average. When paired with the per member per month expenditures for the child population, these quality indicators raise

questions about whether the state is receiving optimal value for its spending on children's health. These outcomes represent exceptions to otherwise high health outcome performance among the health plans.

PCG also reviewed the compatibility of the state's managed care system with a number of health care reform efforts under the Affordable Care Act (ACA), such as the Medicaid Expansion and the new Health Insurance Marketplace. We found that both systems were broadly compatible with the spectrum of payment reform options currently being pursued in Minnesota, from patient-centered health care homes, to Total Cost of Care (TCOC) contracting and accountable care initiatives. In some cases, fee-for-service systems are more easily integrated into alternative payment arrangements because the state more directly controls payments to providers. In other cases, health plans offer more opportunities to bridge continuity of care issues when a person switches from Medicaid to a Health Insurance Marketplace plan.

Finally, the report also recommends continuation of the state requirement for HMOs to participate in MHCP as a condition of licensure. The report documents evidence that the requirement supports the law's intention to increase Medicaid recipients' access to strong provider networks.

Thank you very much for your time and consideration. I'm happy to take any questions you may have.