Whitepaper

Managing At-Risk Medicaid Population With the FHIR-Enabled Data Activation Platform

innovaccer

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Executive Summary

As value-based care accrues renewed urgency due to the systemic deficiencies illustrated by the COVID-19 pandemic. It has also illustrated unprecedented financial pressures that come with degrading health. After years of offering voluntary value-based care programs that involved minimal risk for providers, the Centers for Medicare and Medicaid Services is moving forward with initiatives that increase providers' downside risk. Since beginning in the 1960s, Medicaid managed care has now been adopted in various forms by 48 US states, with private insurers (both nonprofit and for-profit) covering an increasing number of beneficiaries. Despite its widespread adoption, there is a need for payment reform with stronger quality monitoring and alignment among states, plans, and providers to enhance value.

This whitepaper will shed light on the changing Medicaid landscape. We delve deeper into important findings about Medicaid policies and enrollments. It will also reveal the impact of government interventions as well as the opportunities and challenges for Medicaid providers. Lastly, it will disclose strategies to prepare for the change and improve spending, access, and quality outcomes for beneficiaries..

Introduction

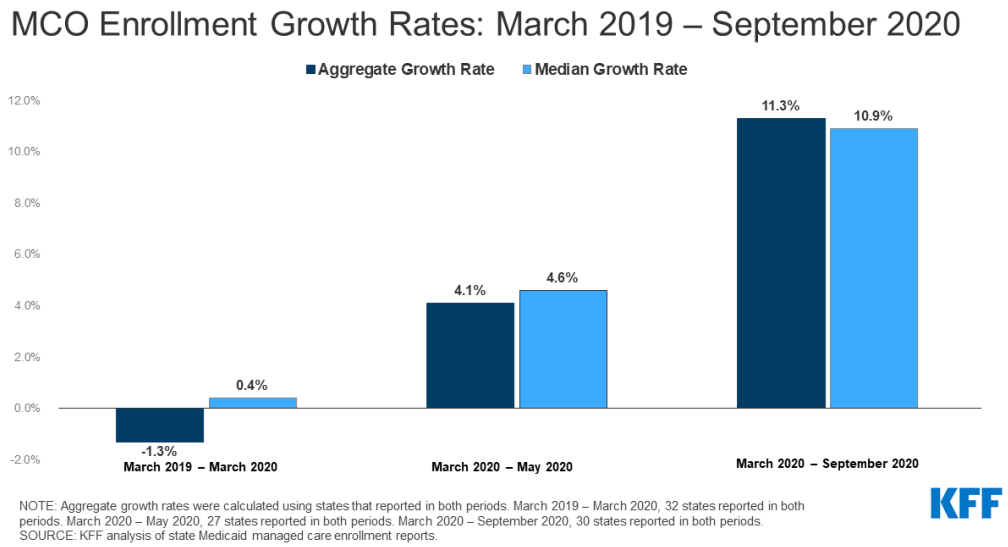
Despite MCOs' efforts to boost the standard of healthcare delivery over the past four decades, the value-based care revolution that was imagined to introduce a new era of higher-quality, cheaper health care has not materialized. Whereas health care spending within the U.S. has steadily climbed and currently accounts for nearly a fifth of GDP, Americans suffer from chronic diseases much more compared to the populations of other developed countries. Even worse, the U.S. ranks dead last among peer countries when it comes to health care access and quality[7].

The pandemic affected the healthcare system and population health for the worst. As a result, nearly 17 percent of the U.S. workforce have already lost their jobs. As of April 23, 2020, 26 million people[1] had filed for unemployment. Loss of jobs and deteriorating health among Americans led to a steady rise in Medicaid enrollment and ushered new reforms and actions by the government.

Significant Rise in Medicaid enrollment due to COVID-19

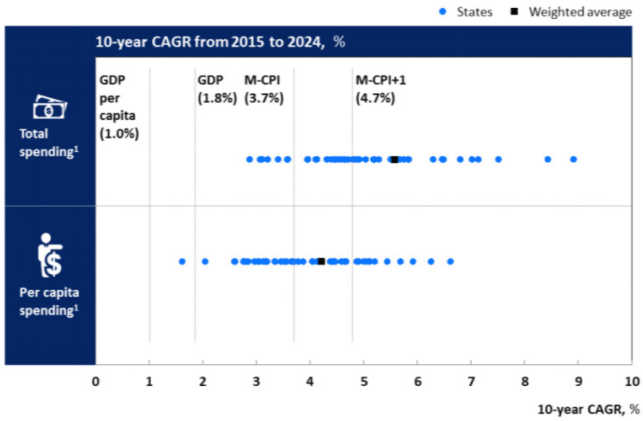
Due to the disruptions brought about by the COVID-19 pandemic, more people became eligible for Medicaid enrollment. At the start of the COVID situation studies said that there could be an increase in enrollments by 10.6 million and about 23 million people would become eligible for Medicaid. Data collected from March 2020 through September 2020 for 30 states show Medicaid managed care enrollment increased to 11.3%. The rate accelerated from the 4.1% reported for 27 states from March 2020 through May 2020[3]

The Families First Coronavirus Response Act (FFCRA) prevents states from disenrolling Medicaid beneficiaries if they accept the additional federal funding — are likely contributing to enrollment increases/growth across states. This implies that Medicaid expansion states will have to implement strategies to administer Medicaid services to a larger population. State and local agencies that administer Medicaid, Managed Care Organizations and providers that cater to the Medicaid population will face new challenges and opportunities as they endeavor to deal with the COVID-19 emergency.

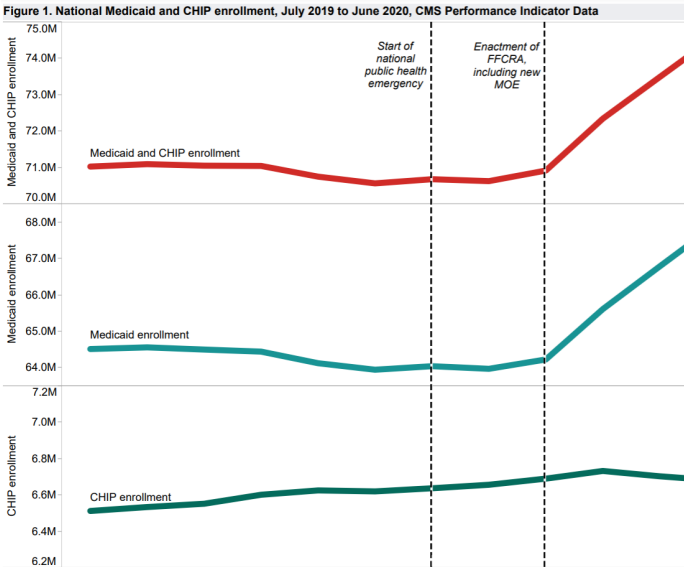


States also found that spending is rising higher than anticipated due to coronavirus. 32 out of 34 states with key enrollment data sets expected their state Medicaid enrollment to continue to grow in 2020 and soar even higher in 2021. Eighteen of 32 participants who had projection data found that 2020 spending growth would exceed their projections from before.

Exhibit 1. Scenario for state-level Medicaid spend growth



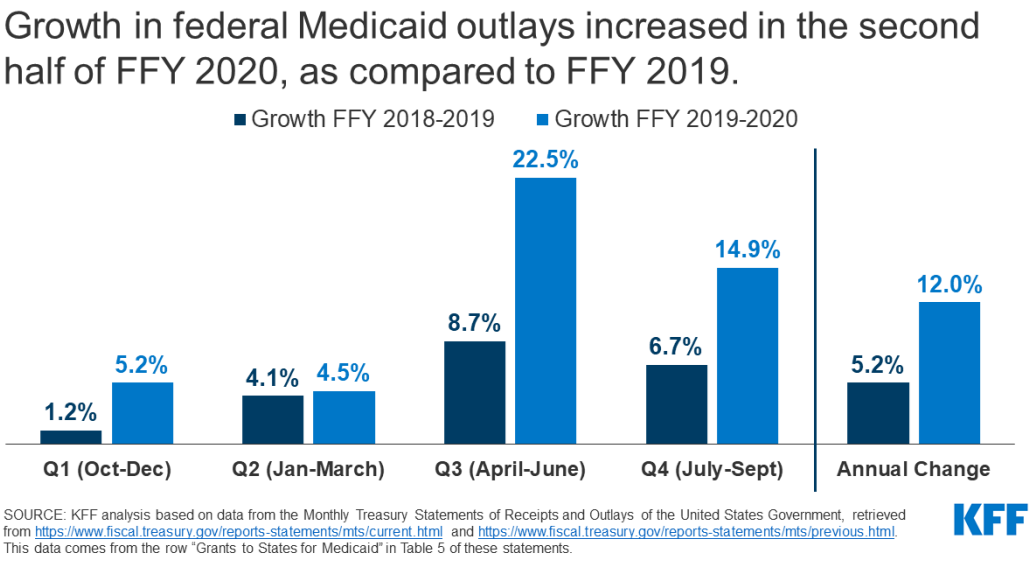
The pandemic registered as the first economic downturn since Medicaid expansion. This has forced some states to transform rather than expanding the Medicaid related population and services. The upheaval in Medicaid can also be attributed to the seismic shift in employment. A recent report[4] by Health Management Associates (HMA), a national health care research and consulting firm Medicaid enrollment could grow by 5 million regardless of the number of people who lose their jobs due to the pandemic. The report further states that the number of people receiving coverage from an employer could decline by 12 to 35 million, including both workers and family members. In general Medicaid enrollment would go north from 75-78 million in the coming months.



The changing tide has followed rising income inequality, joblessness and pressure from hospitals in economic turmoil — issues exacerbated by the coronavirus pandemic. What is clear with COVID is that expanding Medicaid is the right thing to do but maximum adjustments are required.

Increasing Federal Funding for Medicaid and Pricing Rule

As part of the federal response to the COVID-19 pandemic added with the new reforms, states may access enhanced federal Medicaid funds. States and the federal government jointly finance Medicaid. To both support Medicaid and provide broad fiscal relief as state revenues declined precipitously, the Families First Coronavirus Response Act (FFCRA) authorized a 6.2 percentage point increase in the federal Medicaid match rate ("FMAP") (retroactive to January 1, 2020) available if states meet certain "maintenance of eligibility" (MOE) requirements. States could draw down the increased federal matching funds beginning at the end of March for claims paid in the first quarter of 2020, and in early April for the second quarter of 2020.



Through August 2020, the median expansion state saw growth in the Affordable Care Act (ACA) adult expansion group of 15.6 percent; this rate was substantially higher in some states, including in Maine (39.2 percent from February through September 2020) and Minnesota (24.2 percent from February through September 2020).

Across all states with reported data, enrollment of non-expansion adults (i.e., parents and pregnant women eligible through pathways other than the ACA expansion) grew at a median rate of 18.7 percent from February through August 2020. As of the most recent month of reported data, at least eleven states—including Kansas, Minnesota, Mississippi, Missouri, New Hampshire, New Jersey, New Mexico, Oklahoma, Texas, Utah and Wisconsin—had seen growth of over 20 percent. Since expansion states tend to enroll a larger share of non-elderly, non-disabled adults in Medicaid, these states have seen slightly faster overall enrollment growth compared to non-expansion states; through August 2020, the median expansion state saw total enrollment grow by 8.5 percent, compared to 6.9 percent in the median non-expansion state.

CMS Increasing commitment to VBC in Medicaid

In December 2020 Centers for Medicare & Medicaid Services (CMS) brought to life certain regulatory changes to provide more flexibility to enter into value-based purchasing (VBP) arrangements for prescription drugs. The move will modernize Medicaid prescription drug purchasing and propel payment innovation making it easier to experiment with new therapies coming to market today that fight disease in an entirely new way.

Value-based payment models can prove to be an important element to improve patient health, control costs, and offer steady revenue sources for providers[7]. In September 2020, the Centers for Medicare & Medicaid Services (CMS) released a State Medicaid Director (SMD) letter on value-based care (VBC) opportunities in Medicaid. The letter communicates how states can advance value based care across their healthcare systems, laying emphasis on Medicaid populations, and share ways for adoption of such strategies with different states.

The letter further includes a pathway for following value-based payment via a state plan amendment (SPA) outside of managed care. Some takeaways from the letter are:

- A fact sheet that follows the letter mentions: “CMS will now consider state plan payment methodologies (for payments to providers for covered services) that include downside risk for providers through advanced payment strategies outside of the context of managed care plan payments.”

- The letter also announces “comprehensive models” that “generally include comprehensive population-based payments, often in the form of providers receiving a capitated, flat PMPM(per member per month) payment and being responsible for some or all aspects of a member’s care via a TCOC (total cost of care) arrangement. These models encourage providers to deliver well-coordinated, high-quality, person-centered care within either a defined scope of practice, a comprehensive collection of care, or a highly integrated finance and delivery system.”

With the new flexibilities under the final rule, manufacturers will be more willing to negotiate with Medicaid payers on the grounds of drug pricing being driven by the value of their drug to the individual patient. The price rule can simplify use of genetic-based treatments and make great positive impacts upon outcomes and evidence-based measures such as reduced hospitalizations, lab visits, and physician office visits. It is estimated that these new VBP approaches could save up to $228 million in Federal and state dollars through the year 2025.

Major Challenges for Providers Caring for the Medicaid population

The health care workforce is facing increased stress and instability due to the pandemic and the rising enrollment to Medicaid that it has bought along. A major redesign of the workforce is needed to extend care to millions of Americans as the challenges providers and care teams face transgress care delivery. There are multiple challenges that new age care delivery has presented to providers.

According to a recent Health Affairs research patient engagement was one of the primary challenges for providers. Its successful implementation requires significant investment in the development of infrastructure and processes needed to effectively integrate care. Data sharing also proved difficult to manage for a variety of reasons.

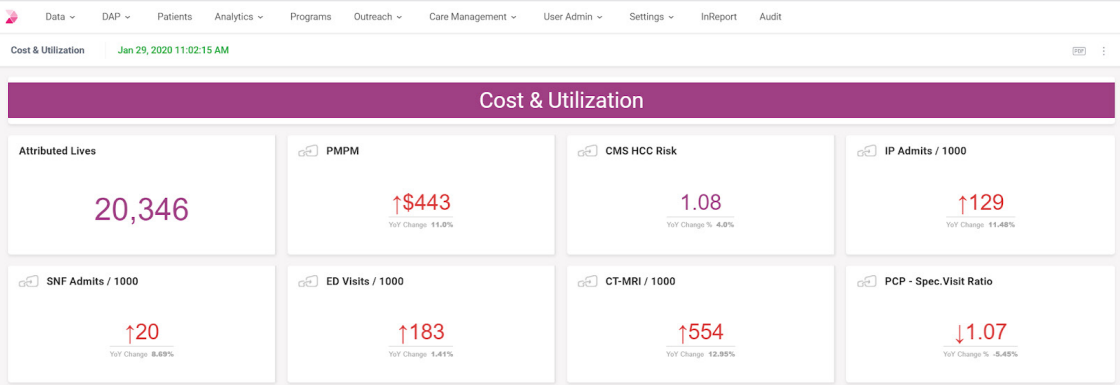
Regulatory restrictions related to data sharing proved problematic for many pilots. Providers may therefore want to pursue near-term strategies in response to state efficiency improvement efforts while simultaneously developing long-term strategies to better serve Medicaid beneficiaries.

Providers are also increasingly recognizing that success in Medicaid may require them to shift the primary site of care away from hospitals and toward community-based and primary care. Such an approach should address the specific medical, behavioral, and social needs of Medicaid subpopulations defined by demographics (e.g., the aged, disabled, children, mothers, adults) or conditions (e.g., medical conditions, behavioral health issues, comorbidity).

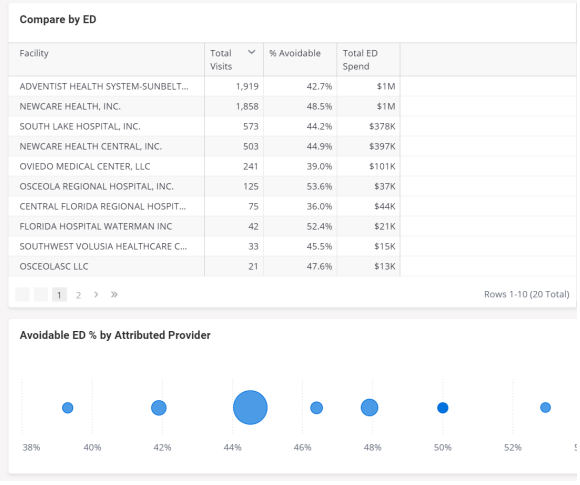
Innovaccer's Managed Medicaid Solution to manage increased enrollment

With Innovaccer's solution suite, providers can utilize multiple levers to manage cost, quality and utilization outcomes of Medicaid lives. The solution focuses on 4 major pillars to ensure the quality of care increases while the prices stay down.

Data and Analytics



- Provide data management support to aid cost, utilization and quality performance monitoring.
- Store patient eligibility / patient attribution and care management information.
- View of all medicaid contracts including quality metrics, risk scores, and performance relative to network target.
- Improve network performance by ensuring in-network referrals and ensure pharmacy medication adherence by sending reminders.



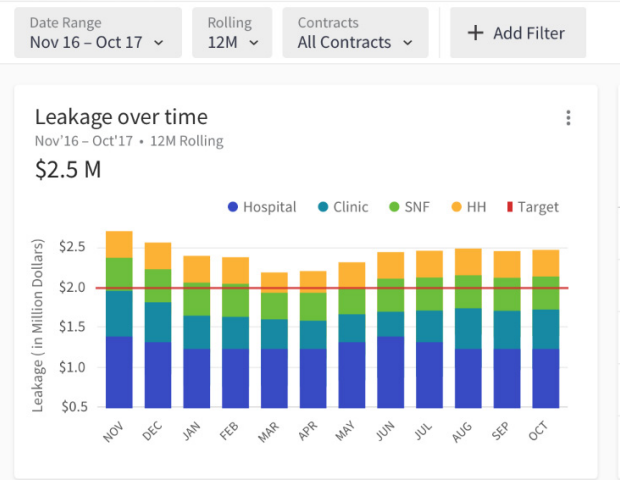
Cost Centers

Service Category	Service Sub Category	PMPM	PMPM - YoY Change	Unit Cost	Unit Cost - YoY Change	Utilization Per 1000	Utilization Per 1000 - YoY Change
1. Inpatient	Hospice	$10	-7.2%	$10,395	-27.8%	12	28.7%
	IP Hospital	$135	15.1%	$12,499	3.3%	129	11.5%
	SNF	$20	9.3%	$11,842	0.6%	20	8.7%
2. Emergency Department	ED - Unavoidable	$10	3.4%	$688	2.0%	183	1.4%
3. Outpatient	Home Health	$22	16.8%	$4,390	10.5%	60	5.7%
	Outpatient Hospit...	$71	22.1%	$566	9.6%	1,499	11.3%
	Outpatient others	$14	33.5%	$440	32.2%	381	1.0%
4. Professional	PCP	$16	-0.5%	$75	1.0%	2,592	-1.5%
	Professional others	$90	9.0%	$136	4.7%	7,948	4.2%
	Specialist	$13	4.5%	$63	0.3%	2,426	4.2%
5. Ancillary	DME	$12	-27.1%	$190	-26.8%	758	-0.4%
	Imaging	$14	7.5%	$74	2.7%	2,231	4.6%
	Laboratory	$17	7.3%	$53	10.5%	3,772	-2.9%
Grand Total		$443	11.0%	$242	8.3%	22,011	2.5%

- Highlight quality gaps closure opportunity to improve quality measures performance (e.g., per State Medicaid agency or MCO-defined metrics).

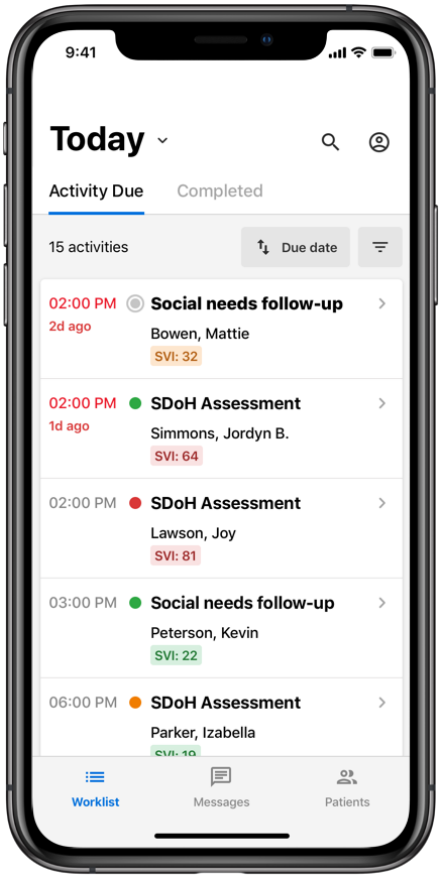
- Monitor performance across key quality metrics as mandated by the MCO or state. Leverage flexible reporting modules and automated compliant regulatory reporting, and capture required reportable core elements for the State / MCO (e.g., AMP Medi-Cal Measure reporting).

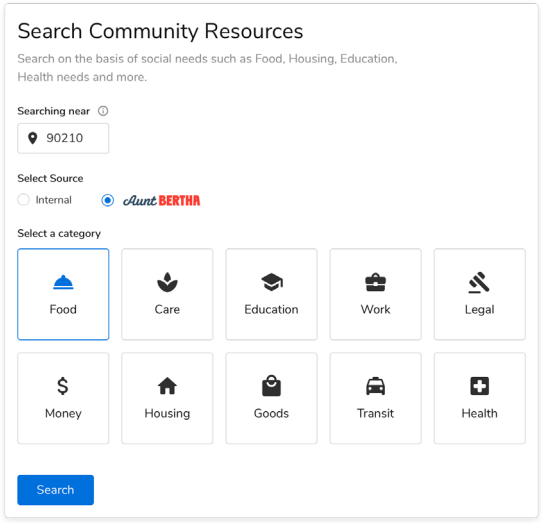
- Monitor the utilization of resources across various care settings. Track and benchmark key utilization metrics, ED, SNF, IP, Home Health, and develop action plans to reduce costs and increase efficiency.



Care Management

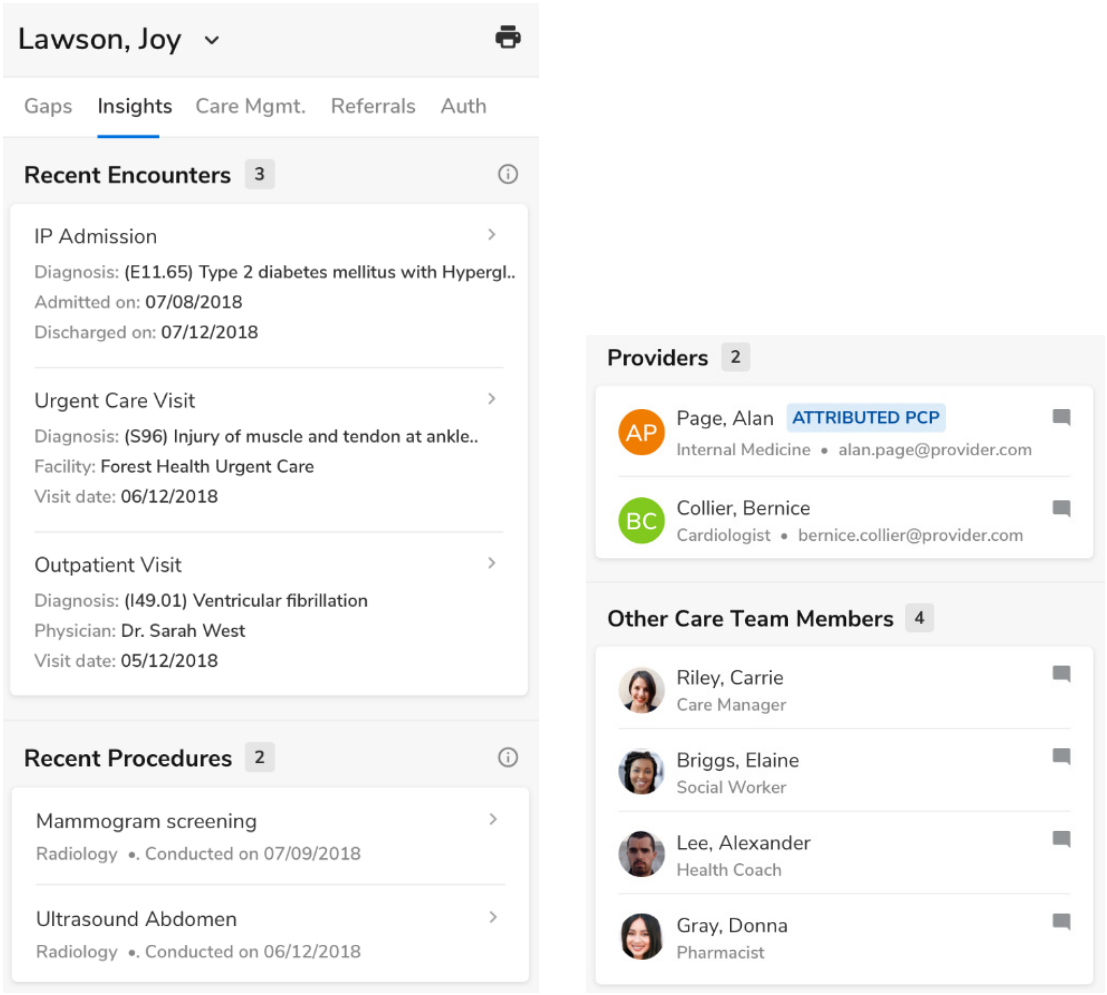
- Manage episodes of care for high-risk pregnancy, behavioral health and other chronic conditions.
- Facilitate closed-loop SDOH referrals to flag patient risk and enhance connectivity to resources.
- Facilitate state-specific assessments and coordinate LTSS service plan to aid prior authorization requests.
- Maximize engagement through contact center applications to understand, resolve, and track various patient requests / queries.
- Enable physicians to implement disease-specific care protocols or integrate with third-party apps to drive targeted care management programs for patients with diabetes, asthma, behavioral health, and other chronic conditions that need to be actively managed.





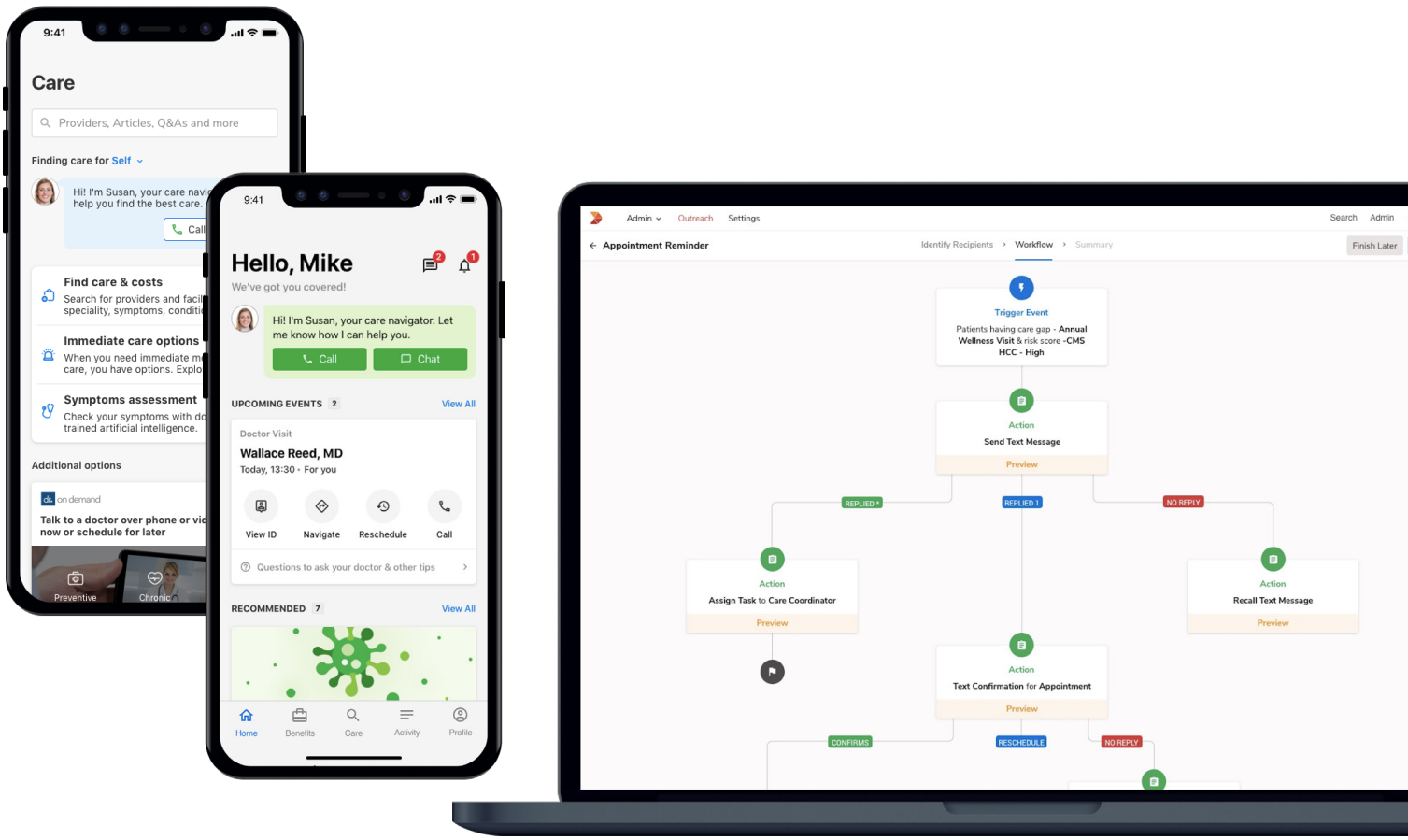
Physician Engagement

- Get actionable insights in the moment of care on top of EMR workflows.
- Access custom network management dashboards for performance tracking and analytics.
- Identify gaps in the network and track provider referral trends to help keep patients within the network.
- Access CRT referral workflows and option to have econsults through partnership.



Patient Engagement

- Enable automated patient outreach and ensure success through campaign analytics.
- Targeted campaigns using psychographic profiling using omni-channel communication to engage patients.
- Enable frequent interactions with your patients using patient app through virtual visits and bidirectional communication in order to better monitor symptoms and control costs.



About Innovaccer

Innovaccer, Inc. is a leading San Francisco-based healthcare technology company committed to helping healthcare care as one. The company is recognized as a Best in KLAS vendor for 2021 in Population Health Management and #1 customer-rated vendor by Blackbook. Using its Data Activation Platform, Innovaccer unifies patient records and leverages artificial intelligence and analytics to automate routine workflows and facilitate whole-person care. Its solutions have been deployed across more than 1,000 locations in the U.S., enabling more than 37,000 providers to transform care delivery and work collaboratively with payers, employers and life sciences companies. By using the connected care framework, Innovaccer has helped healthcare organizations unify records for more than 24 million people and generate more than $600M in savings for the healthcare ecosystem.

For more information, please visit innovaccer.com

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