Medicaid Managed Care Contracts

Lisa Lee, Commissioner

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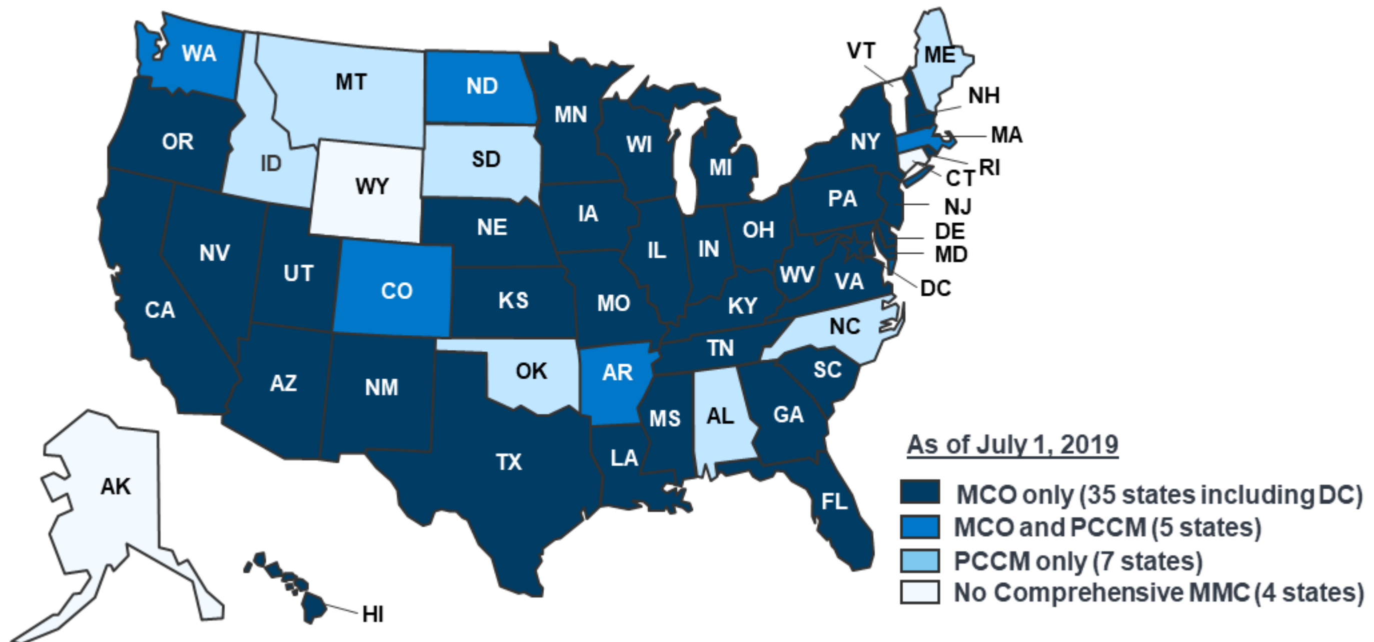
Medicaid Managed Care

Figure 1

As of July 2019, 40 states used capitated managed care models to deliver services in Medicaid.



NOTES: CA has a small PCCM program operating in LA County for individuals with HIV. SC uses PCCM authority to operate a small, children's care management program and is not counted here as a PCCM.

SOURCE: KFF survey of Medicaid officials in 50 states and DC conducted by HMA, October 2019.

Medicaid Managed Care

- National Statistics:
  - 5 States – 2 MCOs
  - 5 States – 3 MCOs
  - 5 States – 4 MCOS
  - 6 States – 5 MCOS
  - 16 states have more than 6
  - California - 23
  - Average - 7

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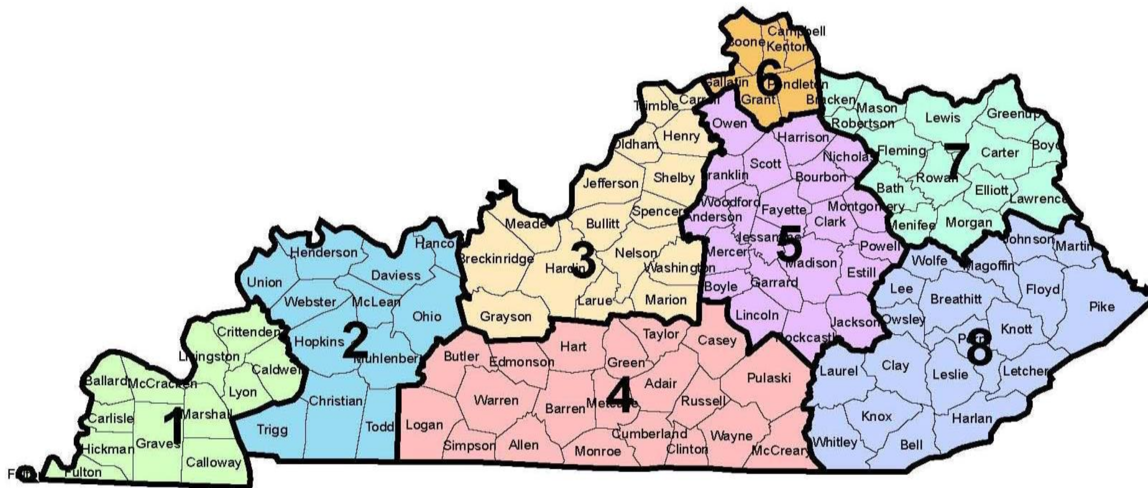
Kentucky Medicaid Managed Care Background

- Kentucky operated a Primary Care Case Management (PCCM) - 1986
- Risk-Based Managed Care through Partnerships Based on 8 Regions – 1997 (Only Regions 3 and 5 were operationalized)



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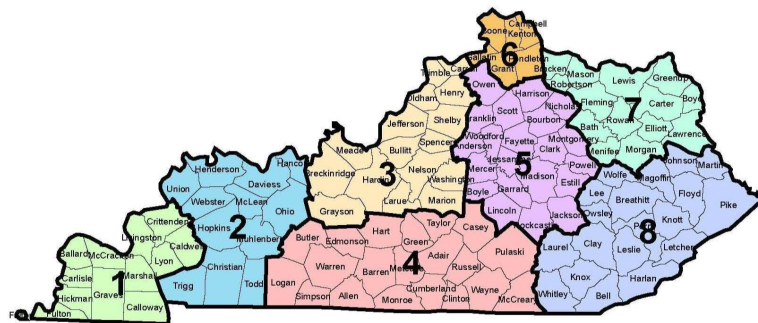
Kentucky Medicaid Managed Care Background

- Statewide Medicaid Managed Care – 2011
  - Passport only operated in Region 3
- Aetna buys Coventry – 2012
- Statewide Medicaid Managed Care – 2013
  - All MCOs operating in all regions



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Current MCO Contracts

- 5 MCOs
  - Aetna Better Health of Kentucky
  - Anthem
  - Humana
  - Passport
  - WellCare
- Original Expiration June 30, 2020
- All Contracts Extended to December 31, 2020

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Changes to Current Contracts

- Contract Term
- Removed KY HEALTH Readiness Review Language
- Medical Loss Ratio Adjustment Period Extended Due to Extension
- Timely Filing Period Same as FFS – 365 Days

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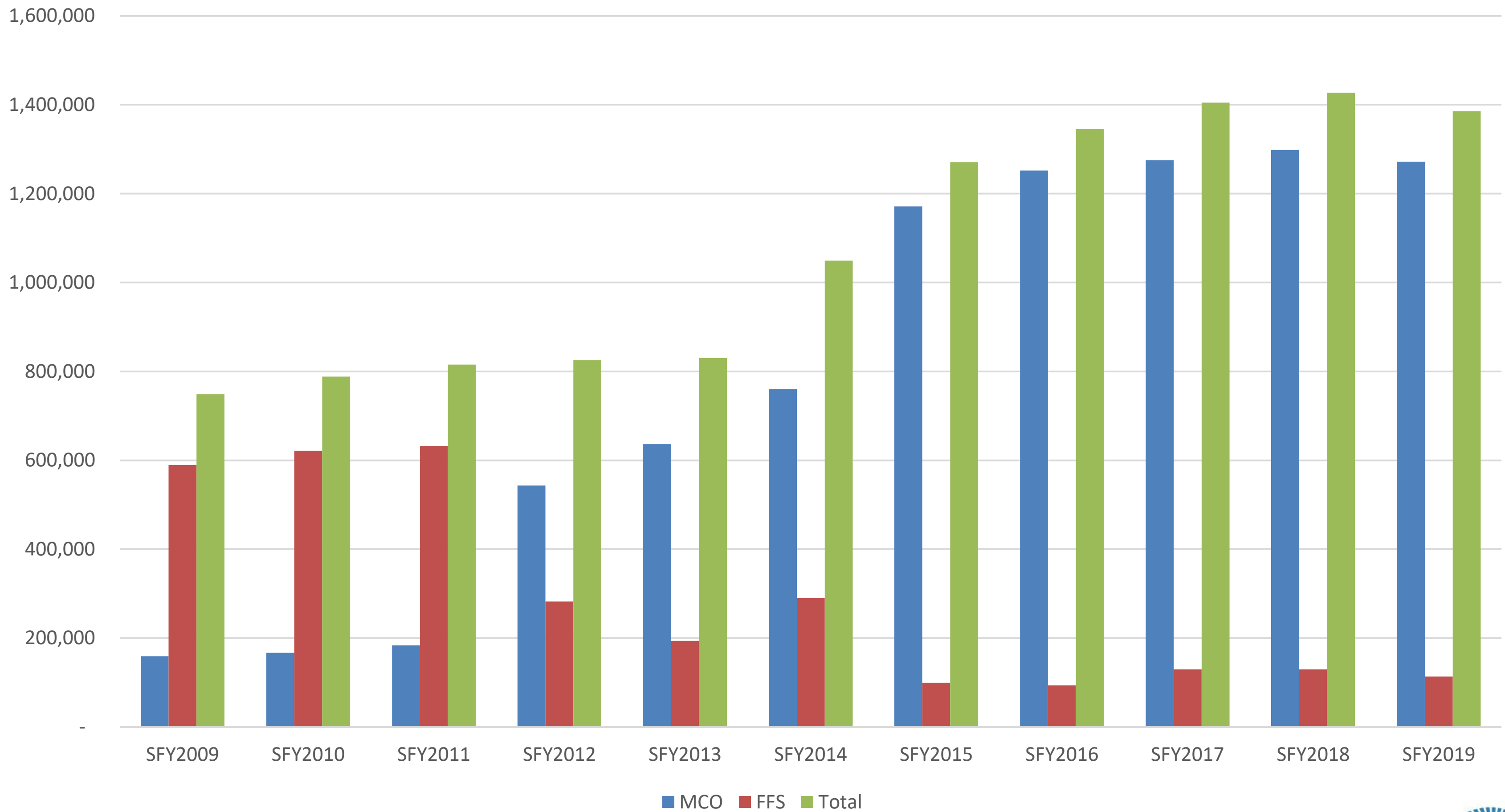
Average Monthly Medicaid Enrollment



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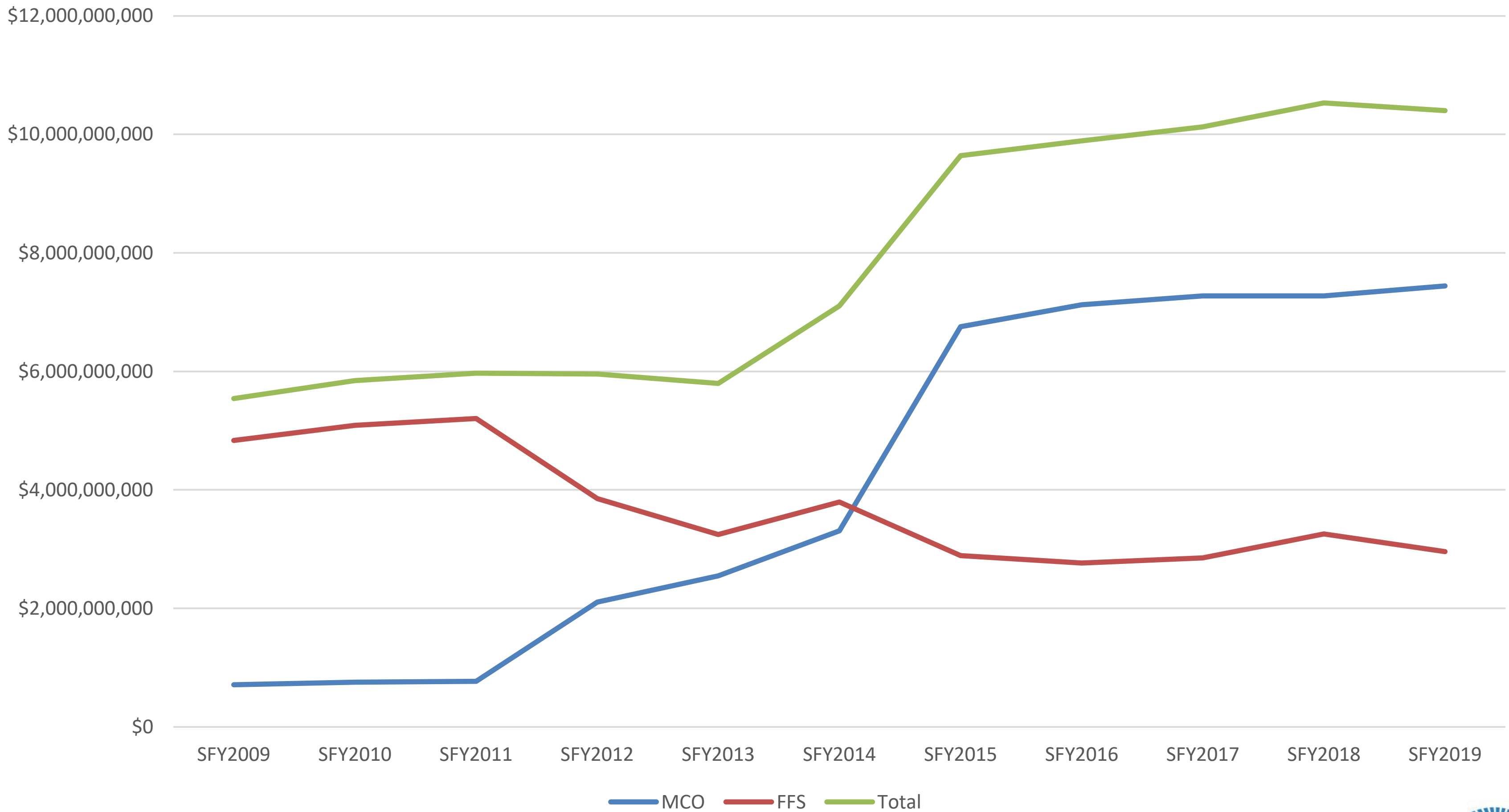
Medicaid Expenditures



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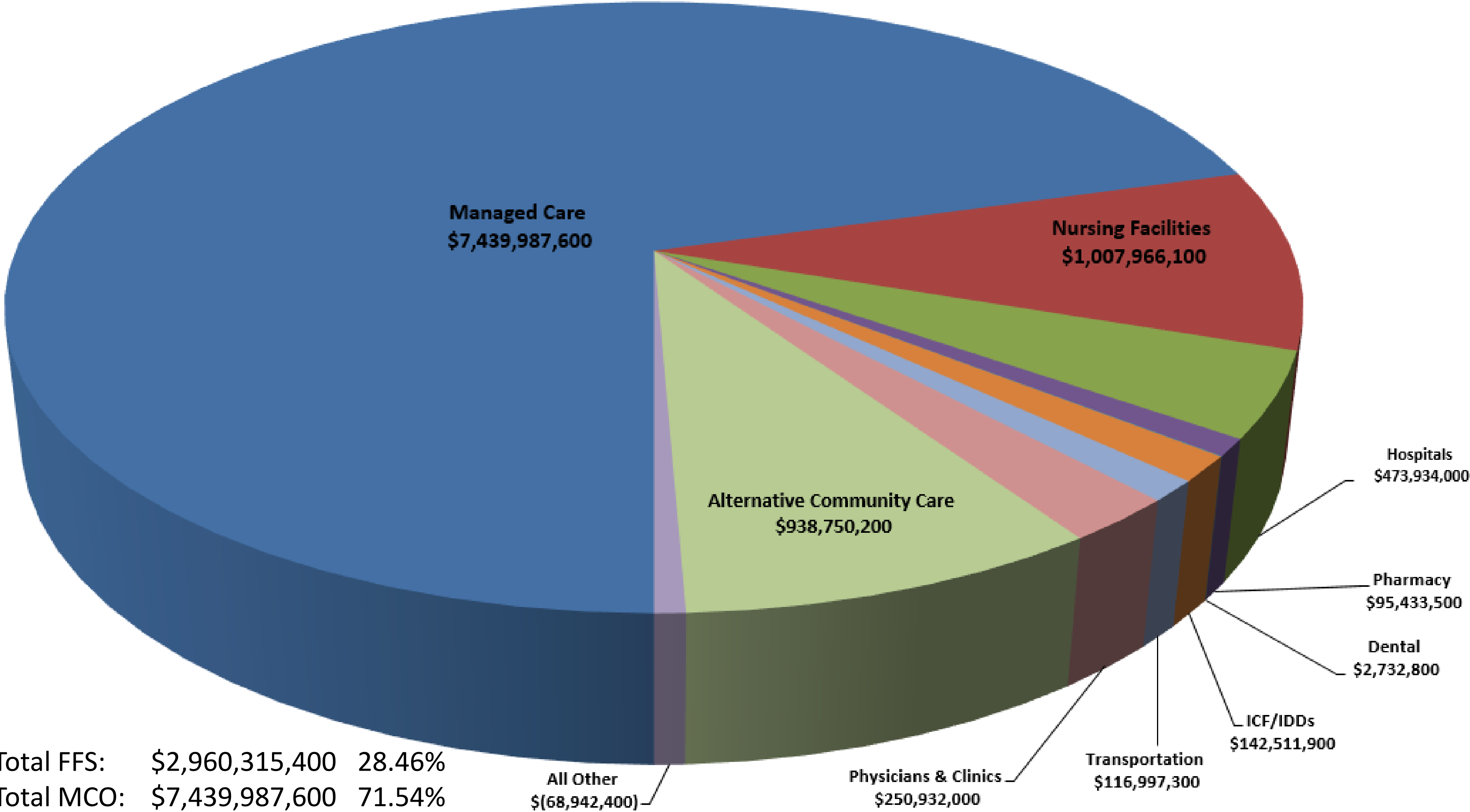
Medicaid Expenditures – Benefits SFY 2019



Total FFS: $2,960,315,400 28.46%
Total MCO: $7,439,987,600 71.54%
Grand Total: $10,400,303,000

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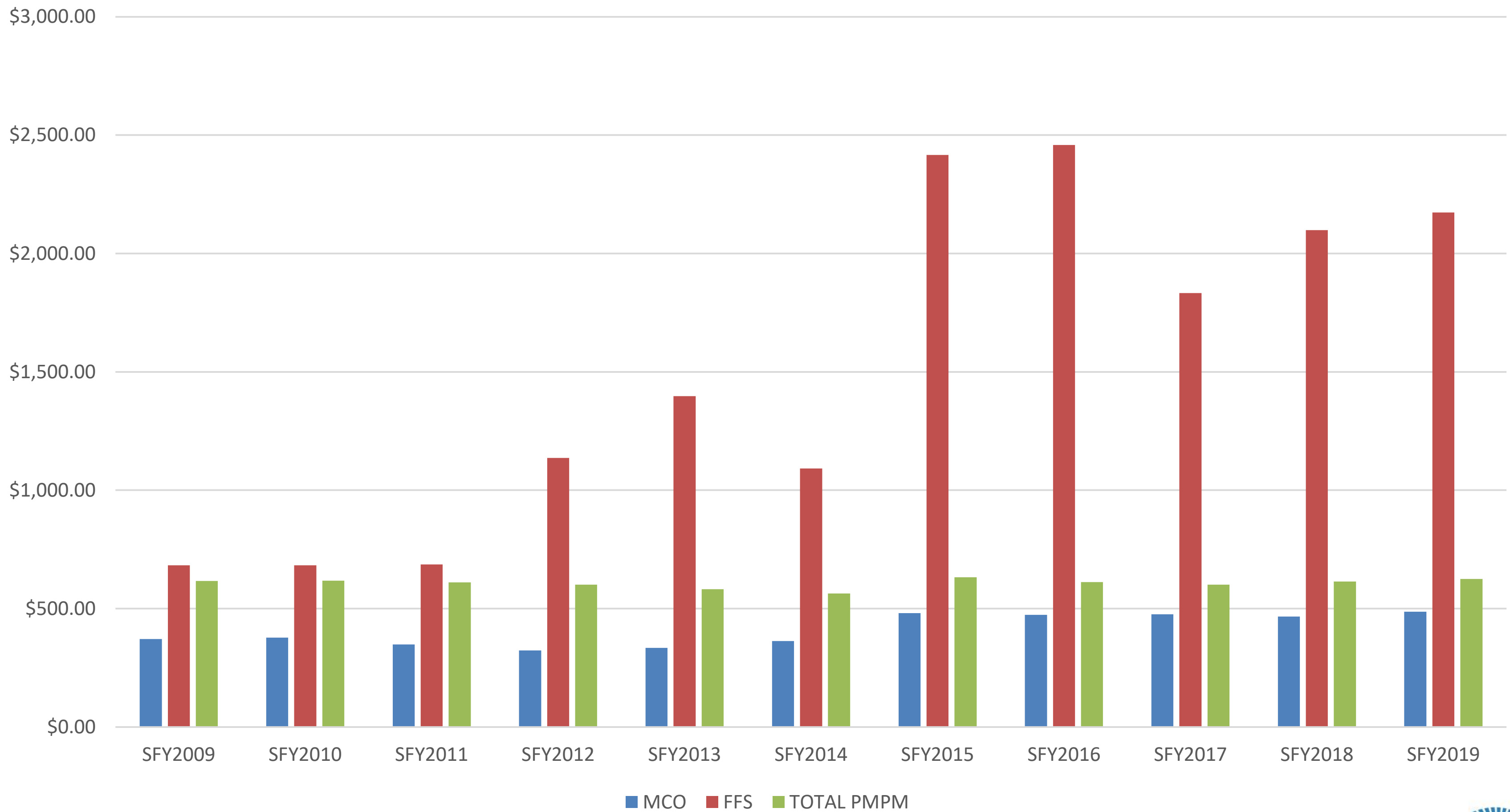
Average Per Member Per Month



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Key Contract Enhancements and Programmatic Changes

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Timeline for Contracts Beginning 2021

- Release of RFP – January 10, 2020
- Proposals Received – February 7, 2020
- Contracts Issued to Vendors – May 28, 2020
  - Aetna Better Health of Kentucky
  - Humana
  - Molina Healthcare
  - United Healthcare
  - WellCare
- Award Announcement – May 29, 2020
- Contract Start Date – January 1, 2021

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2021 MCO Contract

- One MCO for Supporting Kentucky Youth (SKY) serving foster children and dually committed youth
- Removed reference to KY HEALTH
- Contract Term
  - Amended to reflect 01/01/2021
  - Four additional 2 year renewal periods
  - Must meet contract requirements by October 1, 2020
- Pharmacy
  - Added reference to KY statute specific to SB5 to require compliance with all requirements
  - Language ensuring state can claim and maximize rebates on physician administered drugs
  - Revised cycle in which drugs are reviewed for preferred drug list status from 3 years to annually
  - Removed the MCO/PBM ability to charge hidden fees
  - Single pharmacy drug list
  - Requires pass through pricing vs spread pricing – creating more transparency with regard to Pharmacy Benefit Manger (PBM)
  - Future modifications based on SB50 requiring single PBM

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2021 MCO Contract

- Subcontractors
  - Department can approve or deny delegation to any subcontractor
  - Must have appropriate training, education, credentials, experience, and liability coverage to fulfill their responsibilities
  - MCO must share third party liability information with subcontractors that are responsible for payment of covered services
- Quality
  - Expectations of MCO to support Kentucky in goals to transform Medicaid program
  - Expanded requirements for ongoing monitoring of performance in addressing outcomes to identify needs for adjustments

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2021 MCO Contract

- Utilization Management
  - Criteria will be transparent
  - Amended specifics for telehealth based on KRS 205.5591
  - Medical necessity criteria must be based on scientific evidence

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2021 MCO Contract

- Provider Services
  - Requirement with KRS 205.532 for credentialing verification organization
  - Added topics to education requirements
- Provider Network
  - Updated accessibility requirements to comply with KRS 304.17A-515
  - MCOs cannot automatically enroll providers in any other product offered by the MCO
  - Termination of providers: expanded requirements for notice to the Department and requires an exit survey
  - Provider network information for enrollees: timing of notice of provider network changes to coincide with timing of provider termination notices

2021 MCO Contract

- Case Management
  - Revised to include a Population Health Management (PHM) program to hold the MCOs accountable for addressing care needs
  - Specifies conditions and populations as priority based on the highest needs in the Commonwealth
- Reporting
  - Requires MCOs to participate with the Department to develop reporting package of all MCOs that include comparable data across all MCOs
  - Telehealth reporting requirements

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2021 MCO Contract

- Remedies for Violation, Breach, or Non-Performance of Contract
  - Expanded language to further define Department's rights and decisions in addition to MCO responsibilities
  - MCO must maintain a $30 million performance bond throughout the life of the contract

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Payment Strategies

- Described the Department's risk adjustment model and indicated that supplemental pass-through payments and payments related to the health insurers' premium fee (HIF) will not be risk-adjusted
- Indicated the Department may, at its discretion and subject to CMS approval, implement medical loss ratio (MLR) incentive programs by which the MCO may reduce its allowable MLR
- Added language to allow Department to develop and require the MCO to participate in a value-based payment (VBP) model

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