Medicaid Reimbursement Options to Address Social Risks and Health Related Social Needs

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Senate Joint Resolution 54

Required the Department for Medicaid Services to:

(1) Study efforts undertaken by other states to account for social risks and health-related social needs (HRSN) in Medicaid payment models;

(2) Review federal regulations related to Medicaid reimbursements and the ability of states to design reimbursement models that effectively address social risks and HRSN;

(3) Assess the appropriateness of the Area Deprivation Index (ADI) as a valid measure of social risks and HRSN in Kentucky; and

(4) Develop a proposal to modify Kentucky's current Medicaid reimbursement model to better account for the social risks and HRSN at the community level by modifying reimbursement rates for providers based on the ADI score of the location in which the provider practices

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Summary of Report

ADI Concepts and Kentucky Data
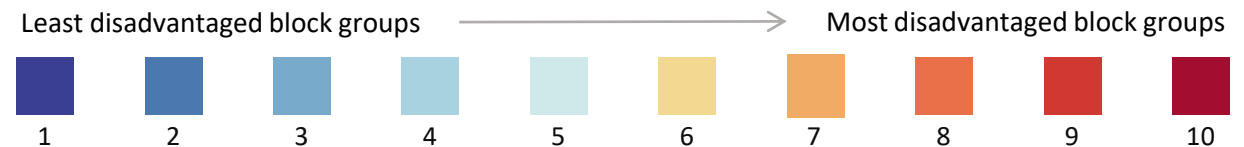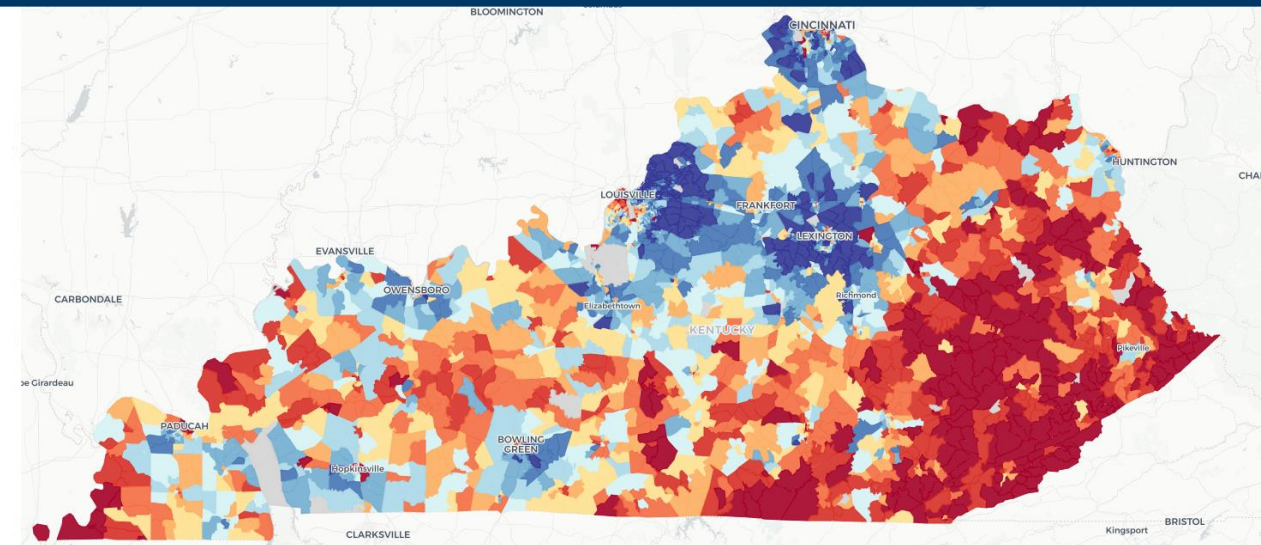
Area Deprivation Index (ADI) – Overview

General Background

- ADI methodology has been refined and updated by a research team at the University of Wisconsin-Madison
- Allows for rankings of neighborhoods by socioeconomic disadvantage in a region of interest
- Reflects variables, such as income, education, employment, and housing quality

What do ADI Values Mean?

- Values are whole numbers ranging from 1 to 100 and ranked lowest to highest
- A lower value indicates a lower level of "disadvantage"
- ADI scores are presented in deciles from 1 to 10. For example, a 1 represents ADI values from 1 to 10 whereas a 10 represents ADI values from 91-100.
- ADI values are assigned based on census block group or 9-digit ZIP Code

Kentucky ADI Mapping from Neighborhood Atlas – State Methodology

Least disadvantaged block groups → Most disadvantaged block groups

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |

Source: https://www.neighborhoodatlas.medicine.wisc.edu/mapping

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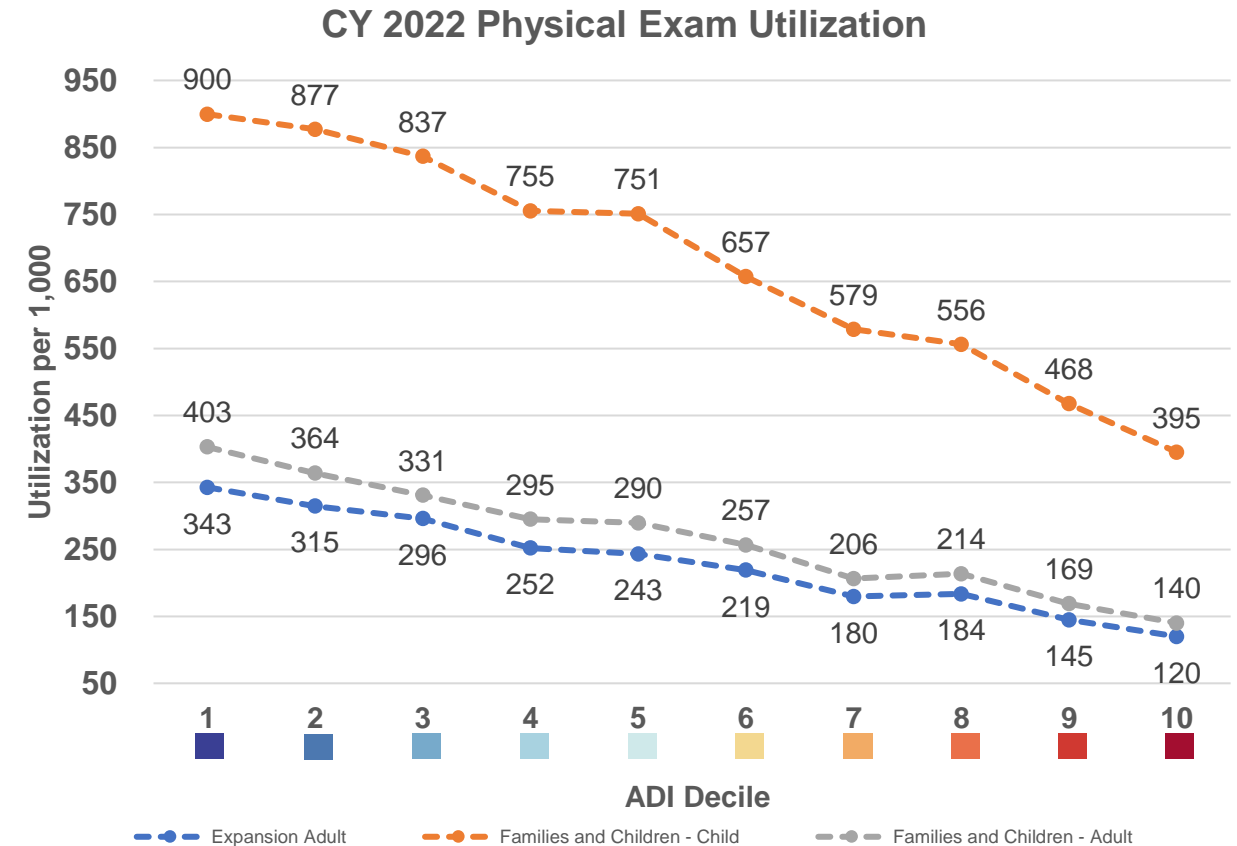CABINET FOR HEALTH AND FAMILY SERVICES

Analysis of ADI and Health Care Utilization

Key Aspects of ADI Analysis

- Assess relationship between the ADI and health care utilization within the Kentucky Medicaid managed care program
- Services analyzed include physical exams, emergency room, office visits, and dental services
- These services were chosen because they may be influenced by differences in provider access levels
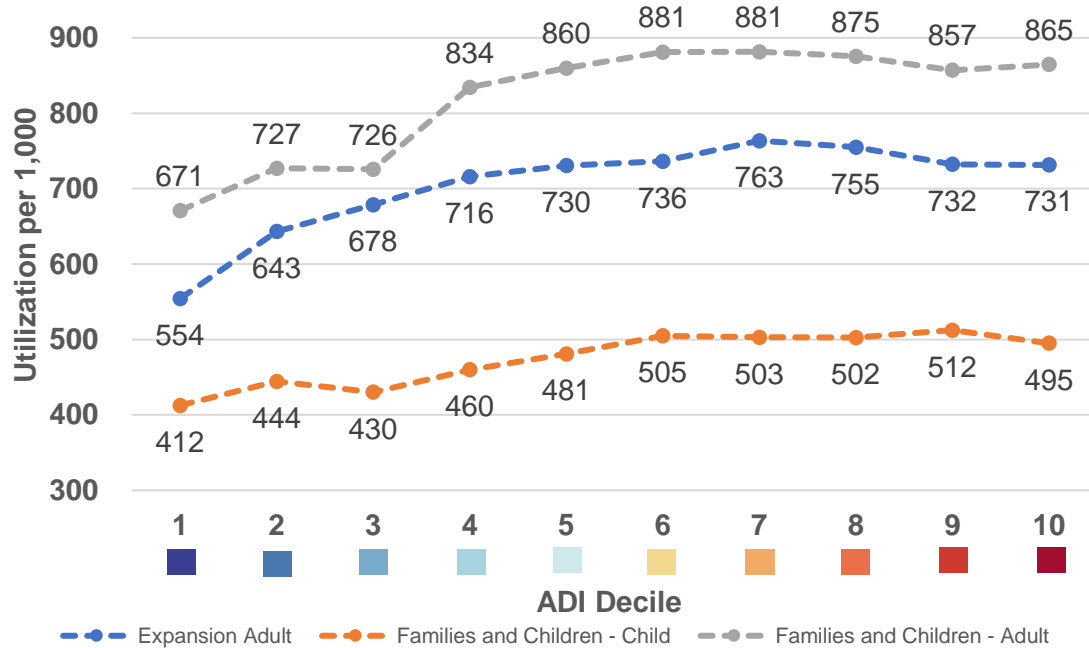
Physical Exam Utilization

- Includes annual checkups, preventative counseling, and vaccine administration
- Steady decline in physical exam utilization as the ADI decile increases
- Indicates correlation between utilization and ADI

CY 2022 Physical Exam Utilization

Families and Children - Child: 900, 877, 837, 755, 751, 657, 579, 556, 468, 395

Families and Children - Adult: 403, 364, 331, 295, 290, 257, 206, 214, 169, 140

Expansion Adult: 343, 315, 296, 252, 243, 219, 180, 184, 145, 120

ADI Decile: 1, 2, 3, 4, 5, 6, 7, 8, 9, 10

Legend: Expansion Adult, Families and Children - Child, Families and Children - Adult
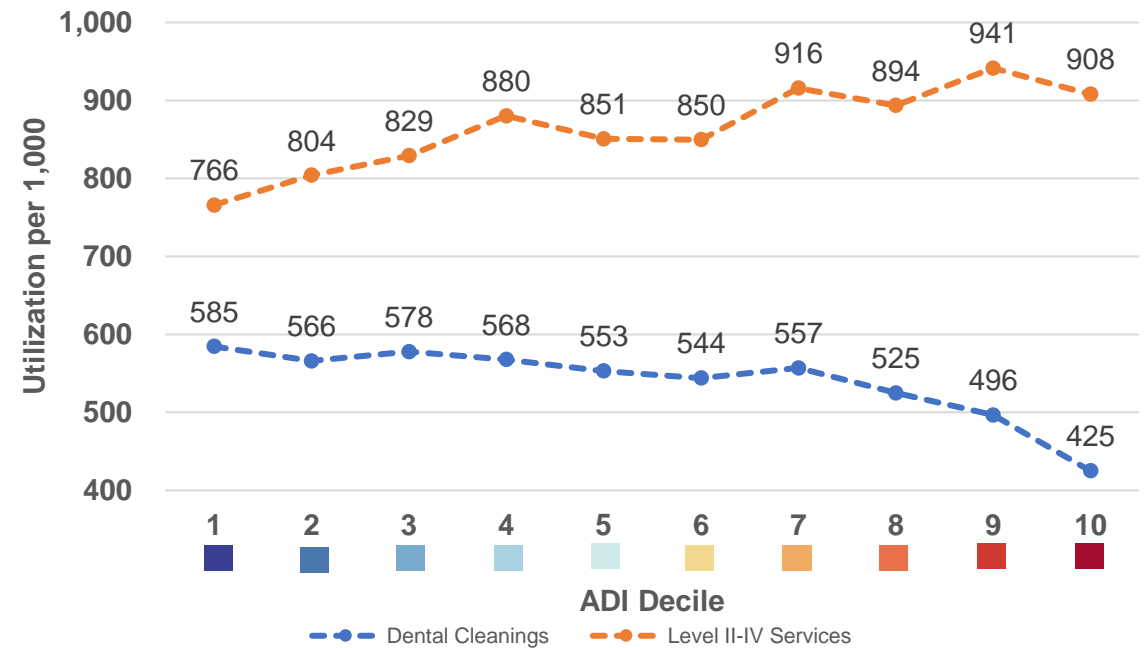
Analysis of ADI and Health Care Utilization

Greater utilization of professional emergency room visits and higher-level dental services for children observed as the ADI increased. Similar to physical exams, we observed a decline in dental cleanings for children as the ADI decile increased.

CY 2022 Emergency Room Utilization

Expansion Adult: 554, 643, 678, 716, 730, 736, 763, 755, 732, 731
Families and Children - Child: 412, 444, 430, 460, 481, 505, 503, 502, 512, 495
Families and Children - Adult: 671, 727, 726, 834, 860, 881, 881, 875, 857, 865

**CY 2022 Dental Utilization
Families and Children - Child**

Dental Cleanings: 585, 566, 578, 568, 553, 544, 557, 525, 496, 425
Level II-IV Services: 766, 804, 829, 880, 851, 850, 916, 894, 941, 908

Analysis of Policy Options

Health Care Payment Models to Address HRSN

Examples of how four states (Maine, Massachusetts, Washington, and Hawaii) have used provider reimbursement to address HRSN, as requested in Senate Joint Resolution 54

State	Payment Type	Details
Maine	Provider reimbursement	• Provides permanent supportive housing • Community Care Teams are paid on a per-member per-month basis that varies across three service tiers
Massachusetts	Payment to ACOs	• Adjusted payments*
	Payment to MCOs	• Adjusted capitation payments to MCOs to incorporate three member-level social risk factors and two area-level measures of social risk
Washington	Payment to MCO	• Higher capitation payments to MCOs for Medicaid members who are experiencing homelessness
Hawaii	Payment to MCO	• Higher capitation payments to MCOs for Medicaid members who are experiencing homelessness

*Nature of payment varies across three ACO models in MA (adjusted capitation payments, total cost-of-care target, and MCO state payment arrangement)

Policy Options

Increased reimbursement to providers in high-ADI areas is only one strategy the state can use to increase access to and utilization of preventative care

- Explore why certain geographic areas are considered high-ADI and what strategies would help drive ADI score improvement
  - Lack of access to health care may be one challenge
  - ADI methodology also includes income, education, employment, and housing quality
- Options analysis should also consider that the majority of Kentucky's Medicaid population is participating in managed care

Examples of states using non-provider reimbursement options to address social determinants of health (SDOH)	
State	**Requirement**
Arizona	Added a new managed care service for permanent supportive housing coordination
North Carolina	MCO to conduct care needs screening
Texas	MCO permitted to include housing services in MLR numerator
Colorado	MCO staff required to be knowledgeable of health disparities and inequities in their region
Oregon	MCO required to have extensive involvement with the community to address SDOH

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Summary of Options Outlined in SJR54 Report

Strategy	Definition
State Plan Fee Schedule Update	Increase reimbursement for some or all providers and/or services in a high-ADI region
State Directed Payment	Seek federal approval to mandate that MCOs pay certain providers (such as those in high-ADI region) according to certain payment terms
Value Based Payment (VBP) Arrangements	Pay an incentive to MCOs that meet quality performance goals related to improving outcomes in high-ADI regions or for meeting network contracting goals related to including VBP terms in provider contracts in high-ADI areas
New Medicaid Covered Services and Authorities	Add new targeted Medicaid services that directly address HRSN of members, such as enhanced case management, housing, support, or nutrition services
In Lieu of Services Through Managed Care Flexibilities	Include authorized list of services to support HRSN that MCOs may opt to cover under their contract
Risk Adjustment	Use the ADI of a member's area of residence as a consideration in risk adjustment for MCO capitation payments
Add Other Types of MCO Contract Requirements	Include contract requirements for MCOs to provide staffing or special programs to address HRSN

Summary of Suggested Options

Addressing health related social needs (HRSN) is a complex challenge that may require the implementation of multiple strategies aligned with potential state goals

	Increase pay to high-ADI area providers	Increase services in high-ADI areas	Incentivize quality for high-ADI areas	Address HRSN causing poor health in community
State plan fee-schedule update*	🟩	🟨	🟥	🟨
State directed payment	🟩	🟨	🟩 *Link to quality required*	🟨
Value-based payment arrangements	🟩 *Only if provider achieves VBP metrics*	🟨	🟩	🟩
New Medicaid covered services and authorities	🟩 *Only if provider offers the new services*	🟩	🟥	🟩
In lieu of services (ILOS) through managed care flexibilities	🟩 *Only if MCO and/or provider offers the ILOS services (not mandatory)*	🟨 *May help encourage valuable alternative services*	🟥	🟩
Risk adjustment	🟥	🟨	🟨 *May encourage MCOs to support high-need members*	🟨
Other types of MCO contract requirements	🟥	🟩	🟩	🟨

🟩 Aligned with goal
🟥 Not aligned with goal
🟨 May be aligned with goal

All options are allowable via managed care delivery system

*Not guaranteed to impact reimbursement for MCO providers unless state directed payment implemented to require MCOs to pay specific fee schedule or MCO voluntarily increases provider rates

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Thank you

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