MaineCare Rate Reform Overview

Presented to the Health and Human Services Committee

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March 23, 2023

Agenda

- MaineCare Rate Reform Background
  - Objectives
  - Rate System Evaluation
  - P.L. 2021, c. 639
- Accomplishments to date
  - Delivery System Reform and transition to Alternative Payment Models (APMs)
  - Scope of efforts
  - Status of current annual Rate Determination schedule
- Case studies on the need for reform: Complexity, burden, inequity, outdatedness, and misaligned incentives
  - Hospital Services
  - Long Term Care: cost, quality, and how they connect

Rate Reform Background

MaineCare Rate Reform Objectives

- Ensure adequate, data-driven reimbursement
- Reward quality, cost effective care
- Promote accountability for cost and performance
- Reduce administrative burden

State of 2019 Rate "System"

Outdated:

- Rates in over 40% of MaineCare policies had no schedule for review.
- Rates in almost 40% of MaineCare policies had not been updated since prior to 2015.

Inconsistent:

- Rates benchmarking Medicare utilized a range of percentages and benchmarks from various different years. New services within a policy would benchmark a more recent year, resulting in skewed incentives for which services a provider would deliver.

Often no basis:

- Rates in almost 30% of polices were "legacy rates" for which no methodology is available.

Complex:

- Management of myriad, inconsistent methodologies and different timelines for adjustment is administratively burdensome and confusing for providers and the Department.

Comprehensive Rate System Evaluation

November 2020

Benchmarking Report

- Compares MaineCare reimbursement rates with rates for similar services from Medicaid comparison states, Medicare, and commercial payers.

January 2021

Interim Report

- Recommendations to simplify and streamline rate setting system.
- Recommended prioritization of services for rate review.
- Estimates of associated investments.

March 2021

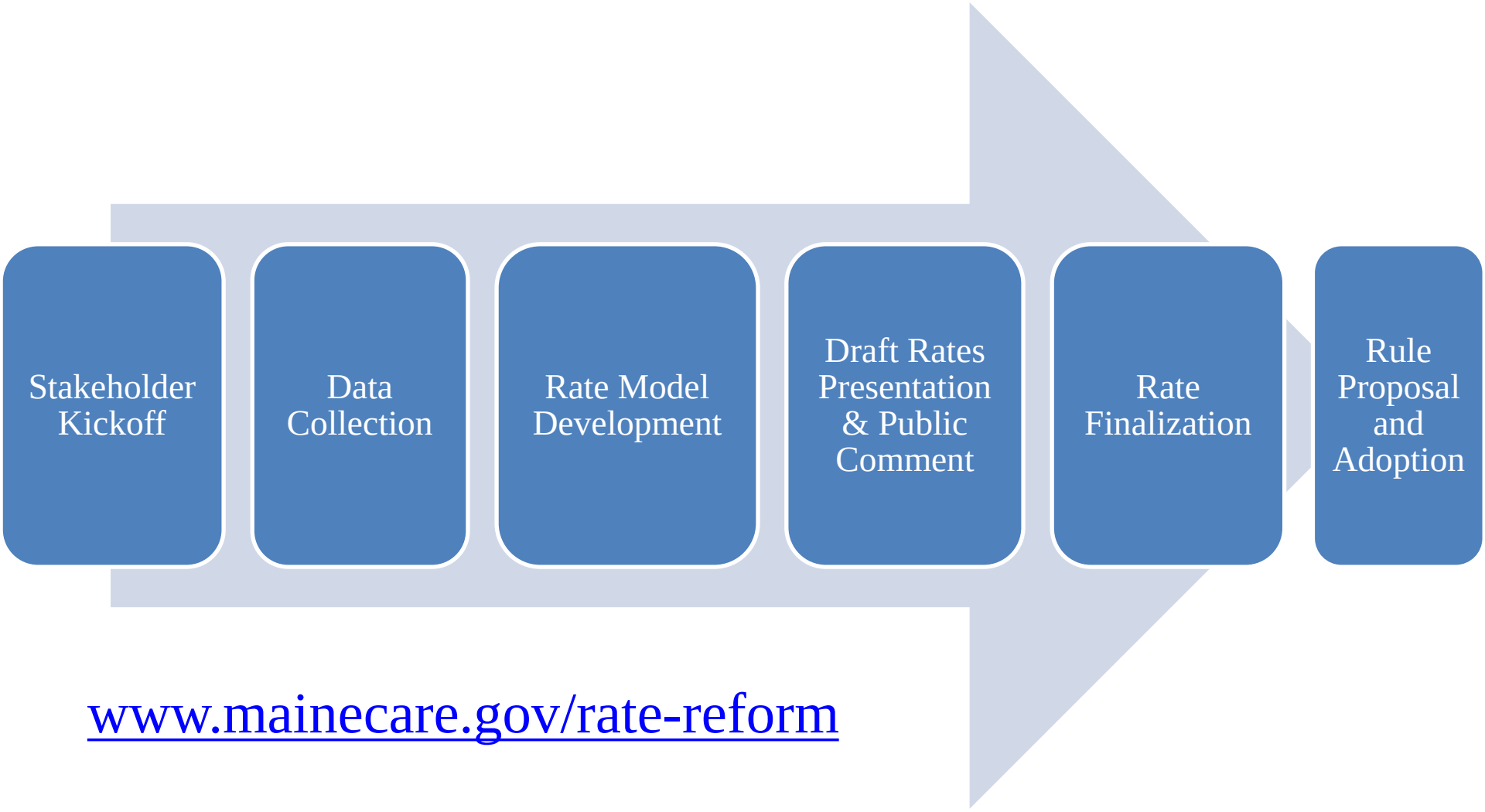
Implementation Plan

- Incorporates DHHS' recent, in-progress & planned rate adjustments into prioritization.
- Presents recommendations, rationale, and estimated effective date by policy section and service category.

PL21, Ch. 639/22 MRSA §3173-J Governs MaineCare Rate System

1. **Sets schedule for regular rate review and adjustment**
   - Annual updates to rates benchmarked off Medicare or other payers
   - For non-benchmarked rates:
     - Department annually develops schedule of rate determination for coming year
     - Rates not being re-determined per schedule receive annual cost of living adjustments
2. **Ensures review of relevant state and national data** to inform rate amounts and payment models, with emphasis on models that promote high value services by connecting reimbursement to performance
3. **Formalizes clear and transparent process for rate determination**
   - Public notice, public presentation and comment on proposed rates, and a public response to comments
   - Establishment of rate system subcommittee to MaineCare Advisory Committee
4. **Establishes Technical Advisory Panel**

General Steps of a Rate Determination Process



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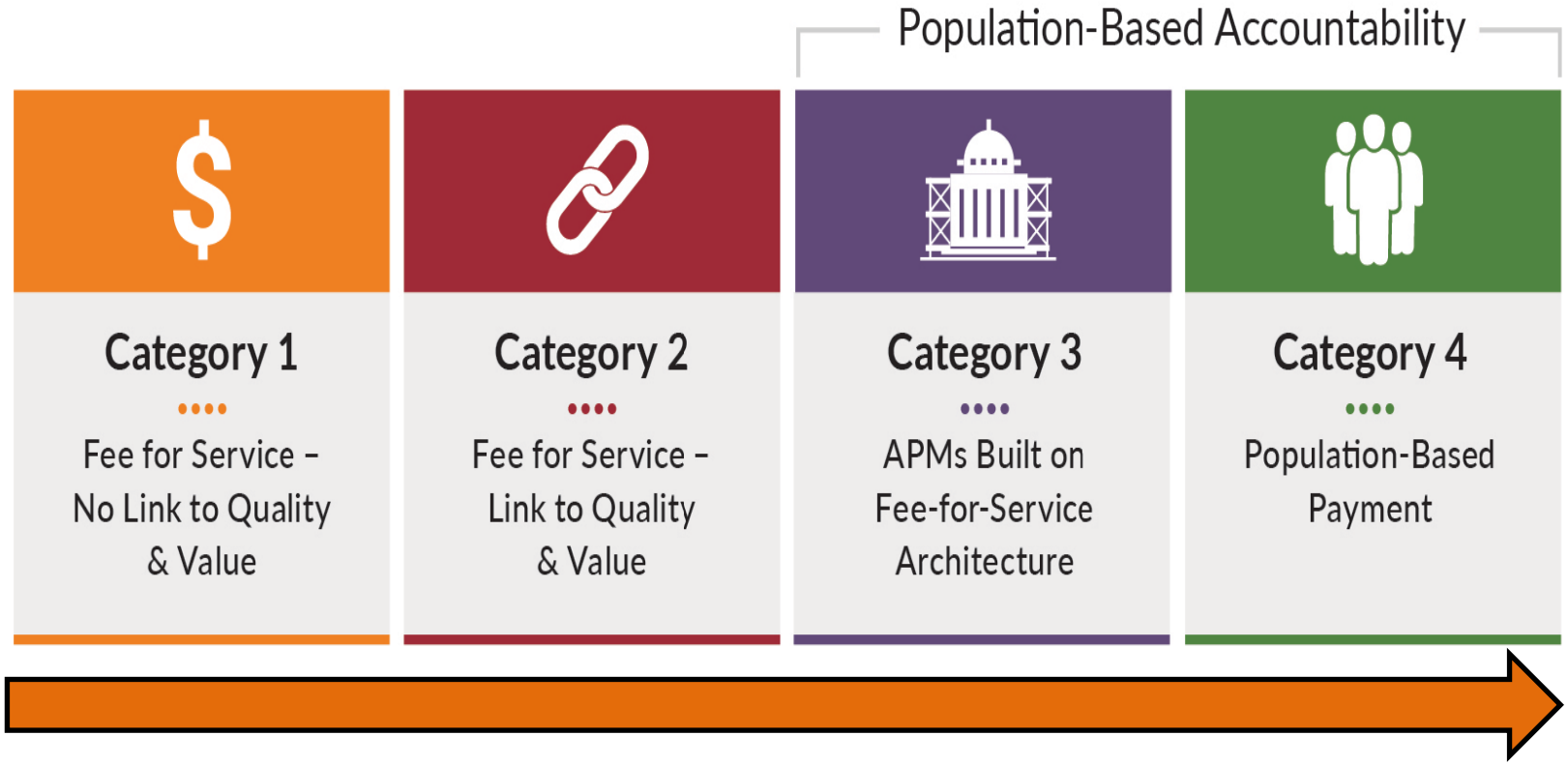
Rate Reform Accomplishments

MaineCare Broader "Delivery System Reform"

Figure 1. CMS Innovation Center Vision and 5 **Strategic Objectives** for Advancing System Transformation.

Department Alternative Payment Model (APM) Goal

By the end of 2022, have at least **40% of MaineCare payments tied to value by (Category 2C or higher)**



HCPLAN
Health Care Payment Learning & Action Network

https://hcp-lan.org/

Recent Efforts to Incent High Value Care

☑ Surpassed APM goal, reaching ~50% of payments tied to value-based purchasing initiatives in 2022

2022 Highlights:

✓ Implemented **Primary Care Plus (PCPlus):**

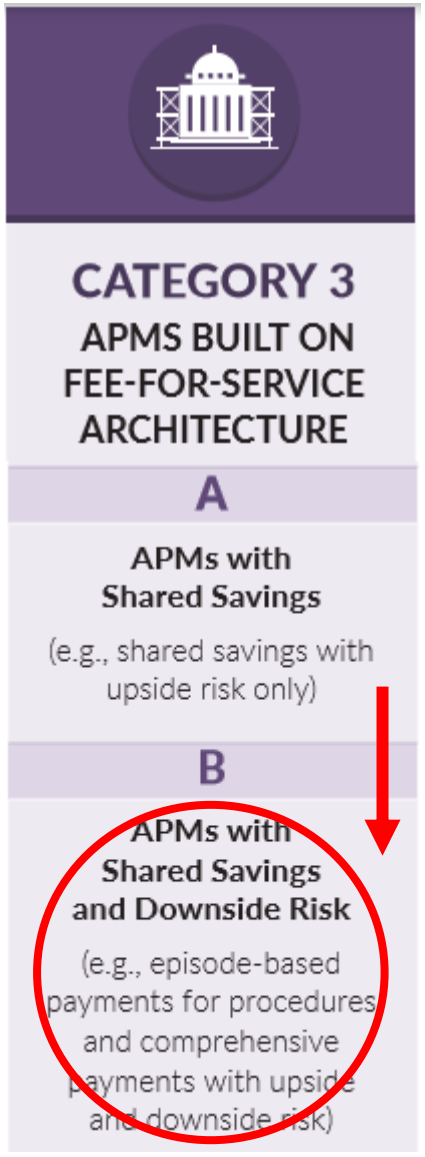
- Staged approach to move primary care towards more flexible population-based payments tied to risk and performance.
- Part of a multi-payer effort to support primary care.
- Includes over 220 practices and 225,000 MaineCare members

✓ Added performance metrics into the **Opioid Health Home** model

✓ Adapted the **Accountable Communities** program to include broader total cost of care accountability. Aligned with PCPlus.

✓ Implemented the **Value-based Sub-Pool** payment for hospitals.

Accountable Communities: Glidepath to Downside Risk



Since February 2020, DHHS has been clear on the goals for advancing the AC initiative:

- ✓ Include more services under AC accountability *(Summer 2021 onward)*
- Require ACs to participate in a shared risk model *(Forthcoming Summer 2023)*
- ✓ Ensure ACs address health related social needs *(Summer 2021 onward)*
- ✓ Grow the AC program *(Growth every year)*
- ✓ Improve the utility of MaineCare data provided to ACs to assist data-driven strategy and decision-making *(Ongoing)*
- ✓ Foster broader and deeper collaborations *(Ongoing)*

Quantifying Scope of Rate Reform Accomplishments

- Since 1/1/22, Rate Reform efforts have impacted 29 sections of policy, representing 55% of MaineCare's claims-based spending.

- Current studies that are underway impact 8 sections of policy, representing 39% of claims-based spending.

Rate Reform: Other Accomplishments in Advance of P.L. 2021, c. 639

Policy Section & Service	Calendar Year of Reform and Services	Rate/ Methodology Changes
Home and Community Based Services (HCBS) for Members with IDD or Autism: 18, 20, 21, 29	Jul 2020: Home & Work Supports (18, 20) Jan 2020: Home, Community, & Work Supports (18, 20, 21, 29) Jul 2021: Home, Family, & Community Supports (21, 29) 2022: All services, per Part AAAA	• 73.7% median rate increase • 29.4% median rate increase • 5.8% median rate increase • 4.9% COLA for all. For svcs requiring addt'l increase per Part AAAA, addt'l median increase of: • 18: 5.2% • 20: 5.4% • 21: 6.9% • 29: 41.6%
Personal Care Services: 12- Consumer Directed Attendant Services 19- HCBS for older adults & those w/ physical disabilities 96- Private Duty Nursing	2020: Personal Care Services (12, 19, 96) 2022: All services (12, 19, 96), per Part AAAA	• 28.4% median rate increase • 4.9% COLA for all. For svcs requiring addt'l increase per Part AAAA, addt'l median increase of: • 12: 21.3% • 19: 1.8% • 96: 8.8%
Private Non Medical Institutions (PNMI): 97B- Substance Use Disorder Residential Tx 97D- Children's Residential	2021	Median rate increases: • 97B: 35.8% • 97D: 33.2%

Rate Reform: Other Accomplishments in Advance of P.L. 2021, c. 639, cont.

Policy Section & Service	Calendar Year of Reform and Services	Rate/ Methodology Changes
5- **Ambulance Services**	2022: Medicare codes/ services	Adoption of Medicare "super rural" rate at 100%
25- **Dental Services**	2022: Comprehensive adult and children's dental	• 57% median rate increase
Medicare-Benchmarked Medical Services: 14- Advanced Practice Registered Nursing 15- Chiropractic Services 30- Family Planning 68- Occupational Therapy 75- Vision 85- Physical Therapy 90- Physician 95- Podiatry 101- Medical Imaging 109- Speech and Hearing	2022: Medicare-covered services Ongoing: Annual updates	• Most services went from 70% of 2009 Medicare to 72.4% of current year Medicare
Behavioral Health Services: 89- MaineMOM**	2023	New rate

**Federal approval effective July 1, 2022. Rulemaking in progress.

Rate Reform: Other Accomplishments in Advance of P.L. 2021, c. 639, cont.

Policy Section	Calendar Year and Adjustment	Rate/ Methodology Changes
67- Nursing Facility Services	Jul 2022: Part AAAA 125% min wage adjustment	20.8% average rate increase July over July with standardized case mix
97C- Private Non-Medical Institution, Medical & Remedial	Jul 2022: Part AAAA RCF 125% min wage adjustment	2.5% average annual rate increase July over July with standardized case mix
13- Targeted Case Management Services 17- Community Support Services 23- Developmental and Behavioral Clinic Services 28- Rehab & Community Support Svcs for Children w/ Cognitive Impairments & Functional Limitations 30- Family Planning Agency Services 40- Home Health Services 65- Behavioral Health Services 91- Health Home Services - Community Care Teams 92- Behavioral Health Home Services 93- Opioid Health Home Services 97D- Therapeutic Foster Care 102- Rehabilitative Services	2022: Cost of Living Adjustment under c. 639	4.9% COLA

Rate Reform: Accomplishments in Advance of P.L. 2021, c. 639, cont.

Policy Section	Calendar Year and Adjustment	Rate/ Methodology Changes
67- Nursing Facility Services	Jan 2023: Part AAAA 125% min wage adjustment	0.9% average rate increase over July 2022 rates, with standardized case mix
97C- Private Non-Medical Institution, Medical & Remedial	Jan 2023: Part AAAA RCF 125% min wage adjustment	2.5% average rate increase over July 2022 rates, with standardized case mix
12 - Consumer Directed Attendant Services 18- Home and Community Based Services (HCBS) for Adults with Brain Injury 19- HCBS for Older adults & those with physical disabilities 20- Home and Community Based Services (HCBS) for Adults with Other Related Conditions 21- Home and Community Based Services (HCBS) for Members with IDD or Autism 29- Supportive Services for Members with IDD or Autism 96- Private Duty Nursing	2023: Cost of Living Adjustment under c. 639 and Part AAAA	8.2%

Progress on CY23 Rate Determination Schedule

CY23 Rate Determination Schedule Status: Complete

Policy Section	Status	Effective Date	Rate/ Methodology Changes
13- Targeted Case Management	Rates Implemented	1/1/23	6.6% rate increase
Behavioral Health Services: 17- Community Support Services 28- Rehab & Community Support Svcs for Children w/ Cognitive Impairments & Functional Limitations* 65- Behavioral Health Services 92- Behavioral Health Home Services	Rates Implemented	1/1/23	Median rate increases: • 17: 59.2% • 28: 72.3% • 65: 22.0% • 92: 43.0% Changes to flexible, performance-based case rates for ACT and HCT, per stakeholder feedback
26- Day Health Services	Rates Implemented	1/1/23	53.3%
60- Durable Medical Equipment	Rates Implemented	1/1/23	100% Medicare rates and methodology (urban/ rural)

CY23 Rate Determination Schedule Status: In Progress

Policy Section	Status
2- Adult Family Care Homes	Rate Finalization
45- Acute inpatient distinct psychiatric units and Substance Use Disorder units (for medically supervised withdrawal)	Rate Finalization
31- Federally Qualified Health Centers (FQHCs) Rebasing	Presentation of Recommendation
TBD - National Diabetes Prevention Program (NDPP)	Finalization of Recommendation
23- Developmental and Behavioral Clinic Services -- Foster Care Comprehensive Health Assessment	Finalization of Recommendation
67, 97C- Nursing Homes & Residential Care Facility Reform	Public kick-off; stakeholder groups engaged
30- Family Planning Agencies	Public kick-off; stakeholder groups engaged
45, 46- Psychiatric Hospital Services	Provider Data Collection
45- Hospital Services	Internal Analysis

CY23 Rate Determination Schedule Status: In Progress, cont.

Policy Section	Status
107- Psychiatric Residential Treatment Facility	Service Model Design
TBD- Certified Community Behavioral Health Clinics (CCBHC)	Service Model & Payment Design
93- Opioid Health Home, including new model for other SUDs	Service Model Design
TBD- Palliative Care	Service Model Design
TBD- Community Paramedicine	Service Model Design

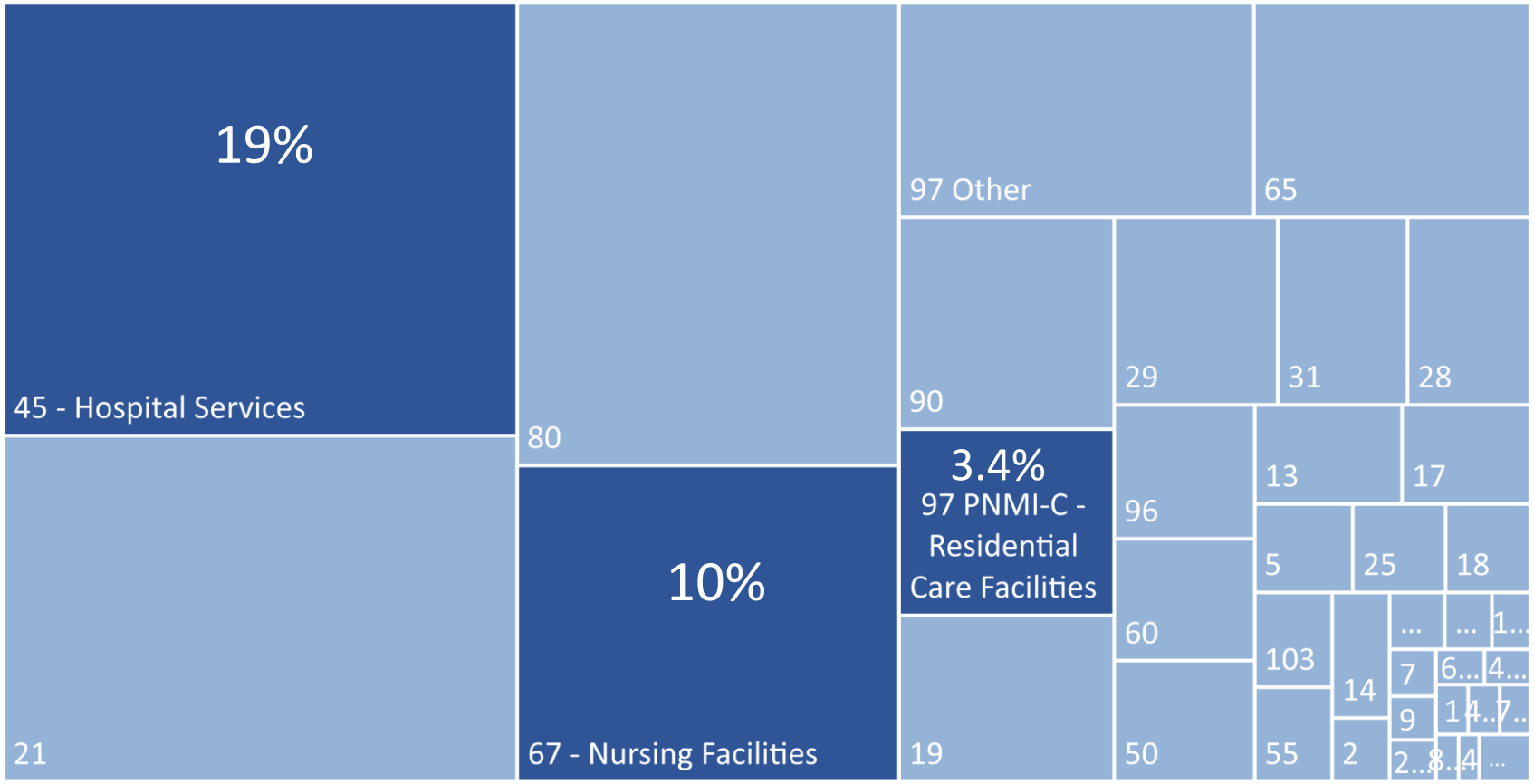
CY23 Rate Determination Schedule Status: Upcoming

Policy Section	Status
Ch. VI Sec 3- Primary Care Plus (PCPlus) Phase Two	Procurement
TBD/97D- Therapeutic Foster Care	Internal Planning
Secs 19, 20, 21, 40, 96, 102 Home and Community-Based Services: Nursing & Clinical Services only	Internal Planning
25- Dental (for rebasing of benchmarks)	Internal Planning
97 Private Non-Medical Institution (PNMI) E & F	Internal Planning

Case Studies: The Need for Reform Long Term Care & Hospital Services

Scope: Long Term Care & hospitals alone comprise a third of total claims-based spending

Proportion of MaineCare's
Claims-based Spending* by Section of Policy



*Does not include supplemental payments, cost settlement, or other non claims-based payments.

Example of Complexity & Burden: Hospital Reimbursement Methodology

	Acute Care "Rural":	Acute Care (non "Rural")	Critical Access	Private Psychiatric	NON Hospital Based Practices (for comparison)
Inpatient	Diagnosis Related Group (DRG) discharge rates, includes: •Facility costs •Capital cost settled at 100% •Graduate medical education (GME) cost settled at 100%	DRG discharge rates, includes: •Facility costs •Capital cost settled at 100% •GME cost settled at 100%	Facility Costs- settled at 109%	•Federal prohibition on payment for adults •Negotiated rate between 85%-100% of charges	N/A
Inpatient	Physician costs: paid under Sec. 90, cost settled at **100%**	Physician costs- paid under Sec 90, cost settled at **93.3%**	Physician costs settled at **100%**		
Outpatient (Includes imaging, labs, Hospital Based Practices)	Physician costs- paid under Sec 90*, cost settled at **100%**	Physician Costs- paid under Sec 90*, cost settled at **83.8%**, ED at **93.4%**	Physician costs settled at **100%**	Cost settled at **117%**	Sec 90*: •Primary Care: **100%** Medicare •Other services: **72.4%** Medicare
Outpatient (Includes imaging, labs, Hospital Based Practices)	Facility costs- **83.7%** of Medicare Ambulatory Payment Classification (APC) •Outlier payments available	Facility costs- **83.7%** of Medicare APC •Outlier payments available	Facility costs settled at **109%**		

Supplemental Payments

- Not subject to cost settlement
- Not tied to current provision of services
- With exception of $600K sub-pool, not related to value of care

*Fee schedules differ by inclusion of facility costs

Example of Complexity & Burden: Nursing Facility Reimbursement

Direct Care

- Wages and Benefits
- Contract Nursing
- AAAA Add-on
- Case Mix Adjustment
- Regional wage index
- Medical Supplies

Routine

- Building, Property, Furniture, Fixtures, & Equipment
- Amortization of Debts, Interest Payments
- Directors' Salaries
- Housekeeping, Laundry, Dietary
- Bed Hold Days while hospitalized
- Plant Operations and Maintenance, utilities

- Reimbursement caps are calculated for each Peer Group
- Annual adjustment for inflation
- Rebased every two years

Supplemental Payments

- Subject to cost settlement
- Not tied to current provision of services
- Not related to value of care

Complexity & Burden: Cost Settlement

Hospitals and Long Term Care facilities continue to rely in large part on cost settlement.

Myers & Stauffer's recommendations to the Department in its Rate System Evaluation:

Cost settlement…

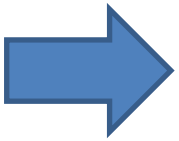
- Is "costly to administer for the Department"
- Is "complex for providers"
- Does not provide predictability of total reimbursement, versus prospective rates which "are set in advance and are known by all parties before services are provided."

The Wrong Incentives

From firm Myers & Stauffer's recommendations to the Department in its Rate System Evaluation:

Cost settlement…

- "Provides little incentive for the provision of high quality, integrated, coordinated, and effective care."
- Does "not include incentives for cost efficiencies"



- Inequity
- Unwarranted variation

Overall:

Reimbursement has no little or no connection to provision of quality care.

Outdated Assumptions and/or Costs

Long Term Care & Hospitals:

- Years since baseline methodology has been re-assessed/ updated
- Instead, years of often inconsistent, complicated, and/or irrational adjustments or additions to existing methodology

Long Term Care:

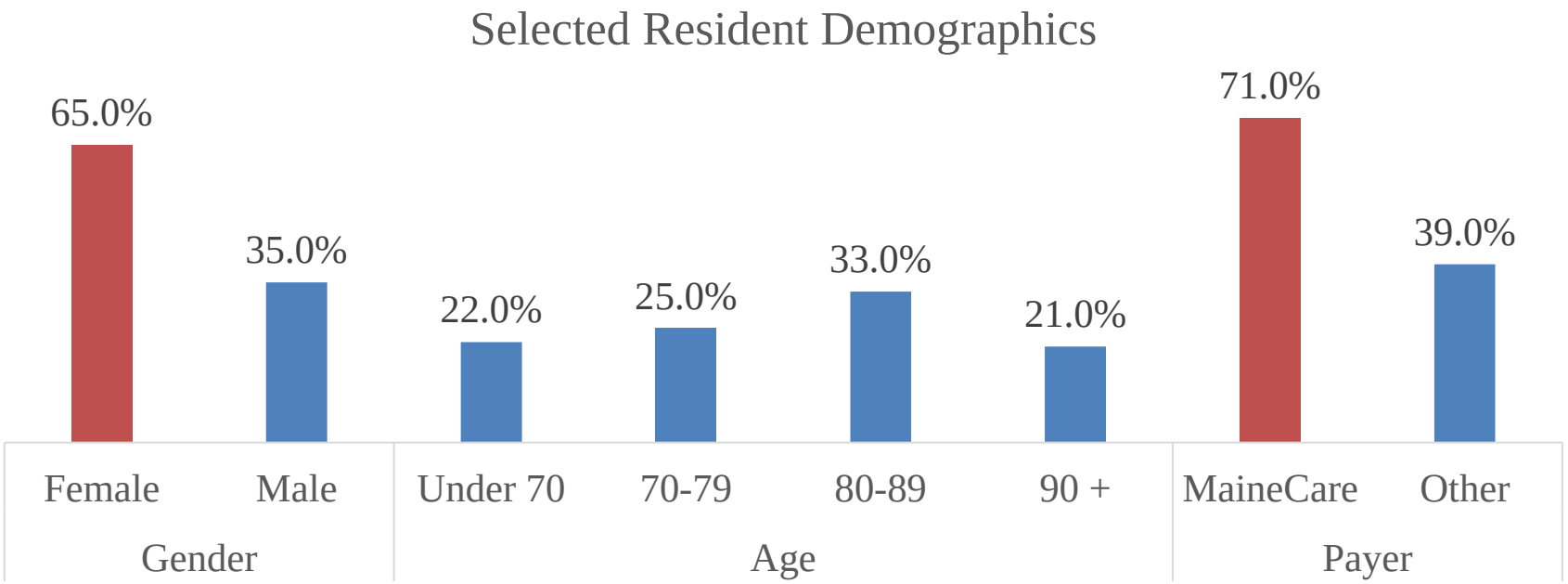
- Unclear whether peer groups, regions, and other differential treatment of certain categories of facilities still aligns with meaningful cost drivers

Hospitals:

- DRG methodology and rates have not been updated in so long that focus instead on cost reimbursement and supplemental payments is not surprising, though further divorces payment from accountability for costs and service.

Case Study: Nursing Facility Cost & Quality

Maine's Older Adults Rely on MaineCare for Nursing Home Care

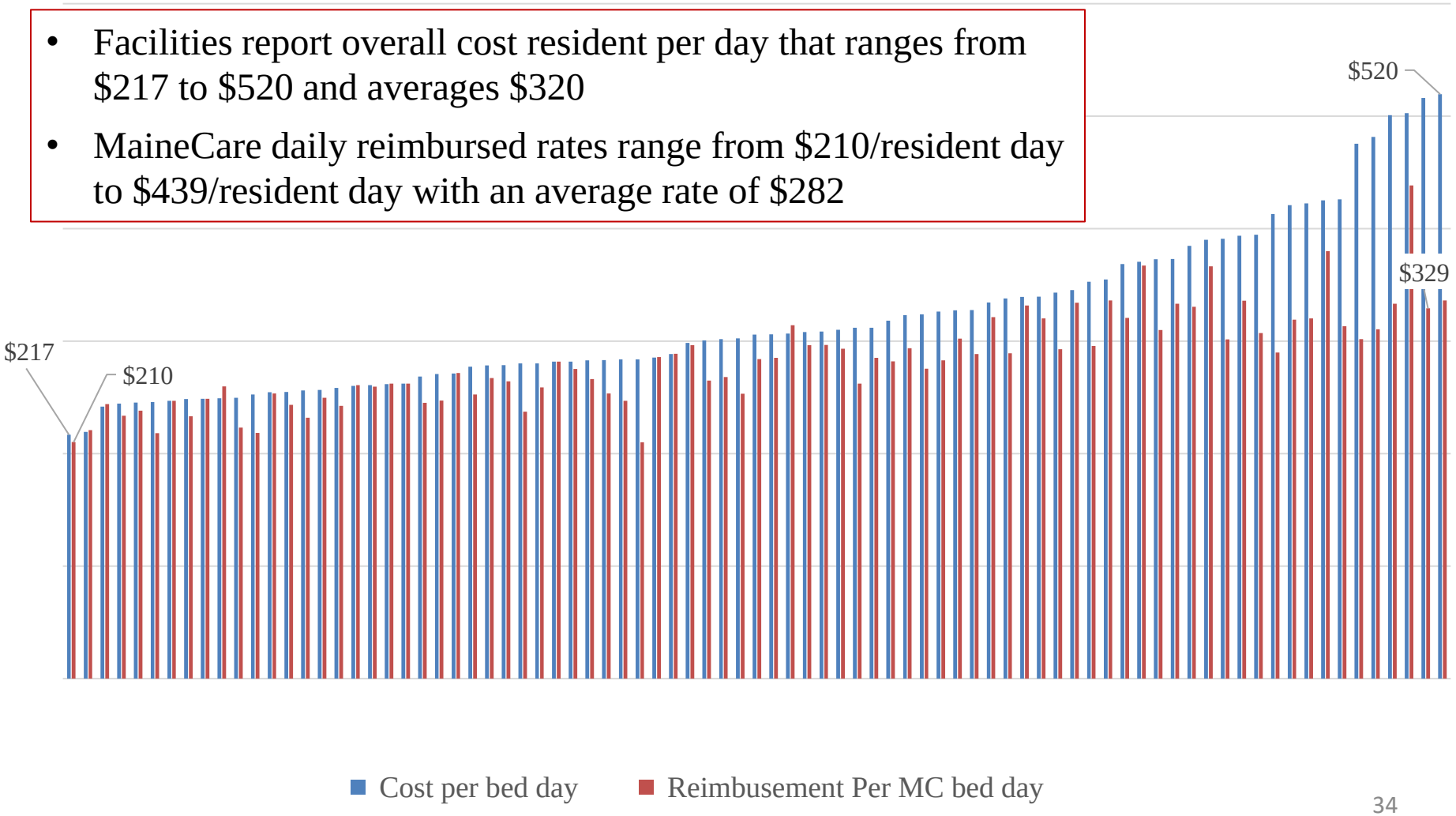


- MaineCare spent over $323 million in CY2021 to care for over 7,000 members in nursing facilities
- MaineCare represents 71% of nursing home resident days among MaineCare-enrolled facilities

Nursing Facility Variation in Cost & Reimbursement

Nursing Facility Costs per Resident Day Vary Across Facilities by 240%

- Facilities report overall cost resident per day that ranges from $217 to $520 and averages $320
- MaineCare daily reimbursed rates range from $210/resident day to $439/resident day with an average rate of $282



Nursing Facility Variation in Quality

CMS Care Compare
Nursing Home 5-Star Quality Rating System

- System features an Overall Quality Rating of one to five stars based on nursing home performance in three areas, each of which has its own rating:
  - On-site Health Inspections
  - Staffing
  - Quality
- Ratings are based on the relative performance of facilities within a state.
- System is re-calibrated each month so that the distribution of star ratings within a state remains relatively constant over time.
- Designed for use by residents, families, and other consumers.

On average, MaineCare facilities show above-average ratings on staffing and quality, slightly below-average rating on inspections

Maine Nursing Homes Overall Average Stars

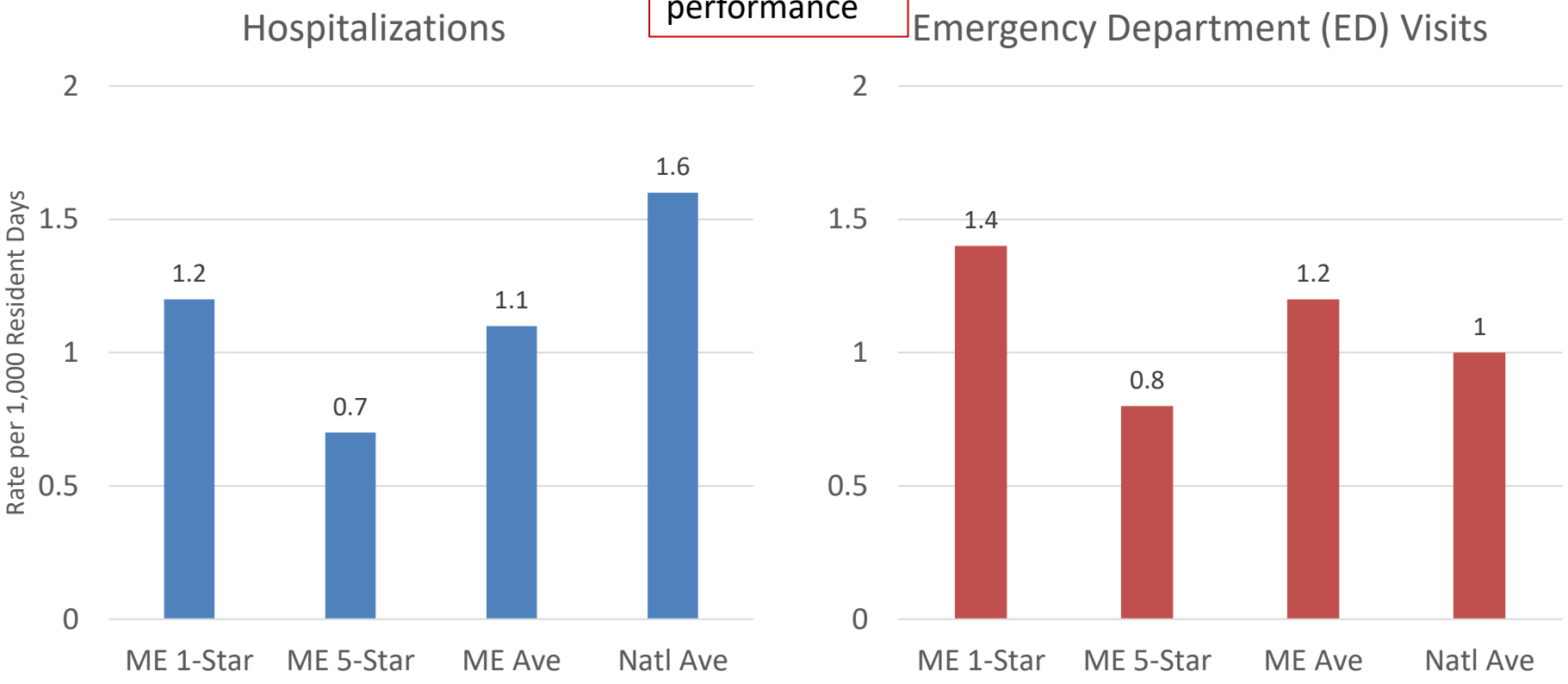
Overall	Inspections	Staffing	Quality Measures	Long-Stay Quality
3.1	**2.74**	**3.9**	**3.5**	**3.3**

Distribution of Stars in Maine Nursing Homes

Stars	# Facilities	% of Total
1	16	18.2%
2	16	18.2%
3	23	26.1%
4	9	10.2%
5	22	25.0%
No Data	2	2.3%
Total	**88**	**100%**

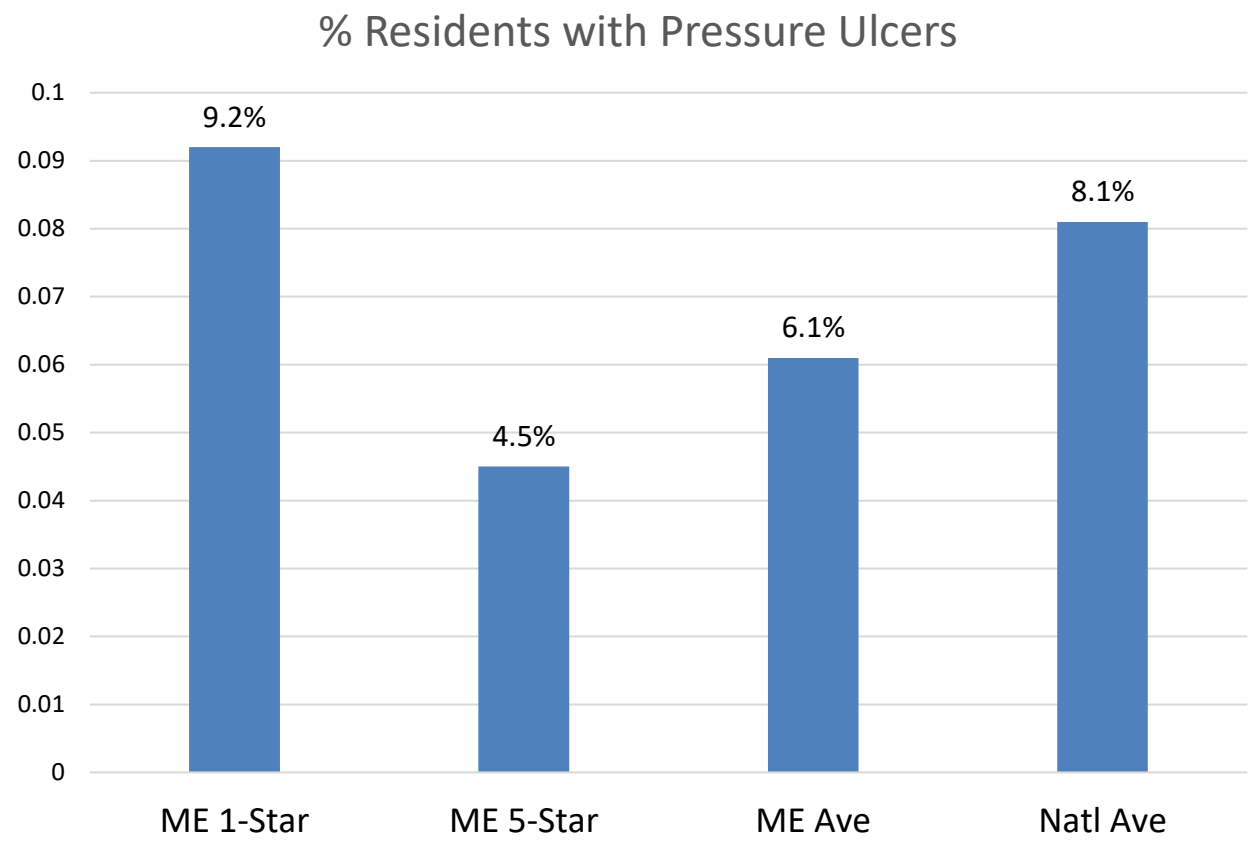
Maine NFs consistently outperform national average on hospitalizations, but show higher ED visits

Lower = better performance



- There is high variation in performance between Maine's 1- and 5-star facilities on both measures

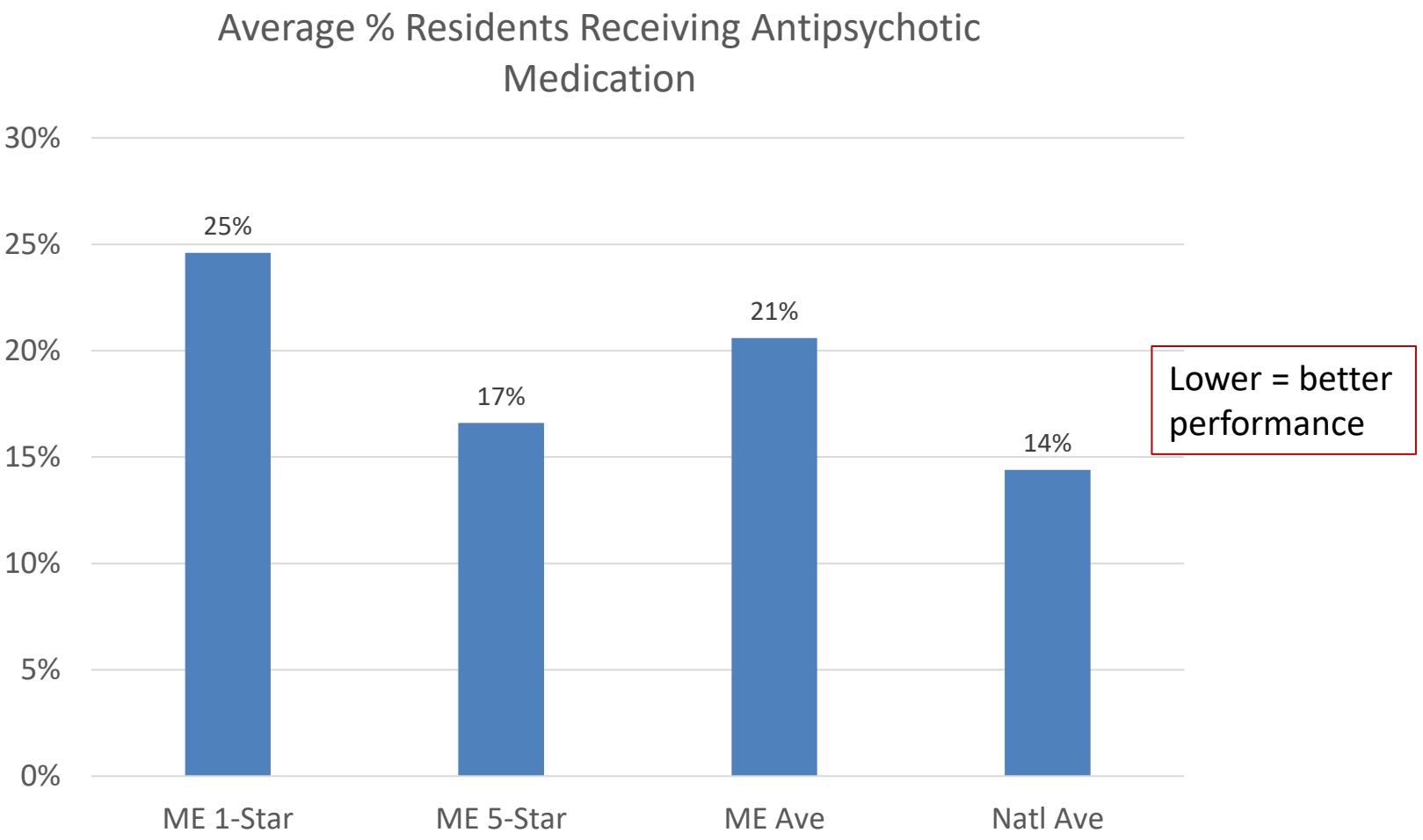
Maine NFs perform favorably compared to national average of percent of residents who have pressure ulcers



Lower = better performance

- There is high variation in performance between Maine's 1- and 5-star facilities

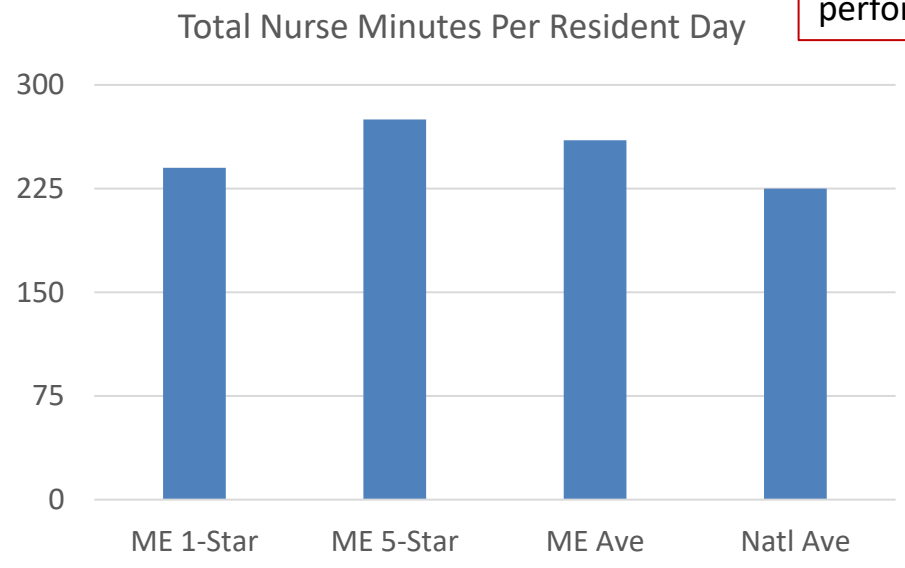
Maine NFs consistently underperform nationally on percent of residents receiving antipsychotic medication

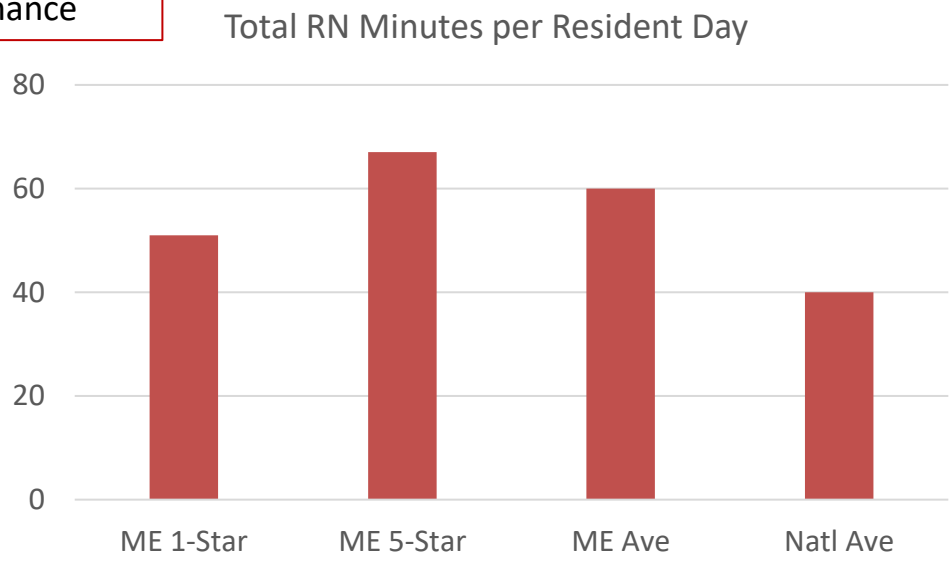


Maine's required staffing levels show results

- Maine, unlike many states, has required minimum staffing ratios for Facilities
- The 2022 National Academies report* demonstrates the positive correlation between staffing levels and quality outcomes
- Maine's average total nurse, RN and CNA time per resident are consistently greater than the national averages
- 5-star facilities have significantly higher total nurse and RN minutes per resident than in 1-star

higher = better performance



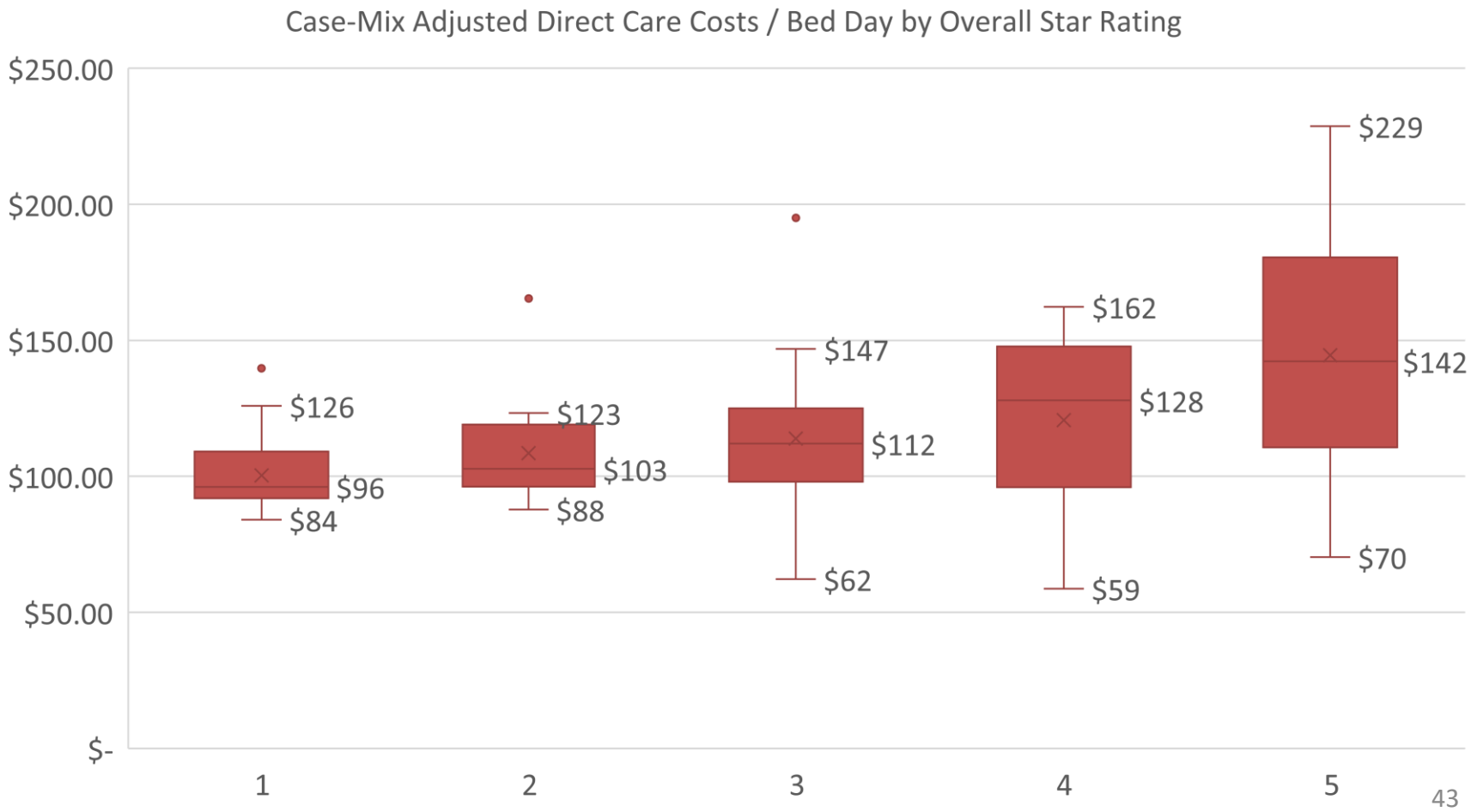


*https://nap.nationalacademies.org/catalog/26526/the-national-imperative-to-improve-nursing-home-quality-honoring-our

Nursing Facility Relationship Between Cost & Quality

MaineCare's lowest cost facilities have star ratings of 3 to 5 stars

Direct care costs have a positive correlation with the star ratings, but there is substantial variation.



Data from the unaudited as filed cost reports acquired from the DHHS Department of Audit for providers' fiscal year 2021

Questions

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