Medicaid: Current and Future Challenges

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How Do You Cover More Medicaid Lives?

- PPACA will create more than 16M Medicaid lives
- How do we create a more efficient system to make the Medicaid expansion affordable?
- Can it be done without jeopardizing quality of care?

An approach is to improve efficiency and effectiveness...
Levers for Improving Efficiency and Effectiveness

Provider
- Accountable Care Organizations (ACOs)
- Capitated Models
- Pay for Performance

Member
- Prevention
- Wellness
- Medicaid Consumerism
Healthy Indiana Plan Benefit Model: An Example of Medicaid Consumerism

Value-Based Benefit Design

Preventive Coverage $500
- Free to participants
- Coverage based on age and gender

POWER Account $1,100
- Funded by state and by participant contributions
  - Based on income
  - Payable in 12 monthly payments
  - Max. is $90 per month
- Benefits apply upon enrollment
- Unused funds roll over to next year

Copays for Nonemergent ER Visits
- No copays for member except for nonemergent ER visits
  - Caretaker ER copay: $3, $6 or $25
  - Childless Adults ER copay: $25
- Plan Pays: Annual Coverage $300,000 and Lifetime Coverage $1 Million

Qualified services include:
- Annual physical exam, screenings, etc.

Eligibility: Caretakers with FPL 22% - 200% FPL • Childless Adults under 200% FPL. Benefits Include: Physician Services • Prescriptions • Diagnostic Exams • Disease Management • Hospital.
Our Experience with HIP

- This population has different utilization and pent-up demand
- At least 2 times higher utilization compared to typical Medicaid members (all HIP members)
- Childless Adults costs are approximately 3.5 times more than typical Medicaid members
- Higher prevalence of co-morbidities and mental health conditions
- Requires unique program design, medical management, financial incentives and reimbursement

“Among people who were uninsured throughout the first year…used 29% more services during [the year they were insured] than people who were uninsured….”

ER Visits per 1,000

- Childless Adult HIP members utilize the ER less frequently than ABD (52% less) and Medicaid adults (80% less)
- Copays (up to $25) for non-emergency ER visits help deter unnecessary utilization

Source: 2009 Anthem data. Figures are relative. Medicaid adults exclude disabled and pregnant adults.
HIP ER Utilization

POWER Account and ER

- Individuals making POWER account contributions experienced a 27% reduction in ER usage over 12 months of enrollment

- Individuals who did not make POWER account contributions experienced no difference in ER usage over 12 months of enrollment

Source: State of Indiana; Indiana Family and Social Services Administration.
**HIP has higher preventive scores than Medicaid**

**HEDIS 2010 Medicaid HMO Benchmark Results**

<table>
<thead>
<tr>
<th>Measure</th>
<th>Medicaid National Average</th>
<th>Healthy Indiana Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Breast Cancer Screening</td>
<td>52.39</td>
<td>63.04</td>
</tr>
<tr>
<td>Comprehensive Diabetes Care – HbA1c Testing</td>
<td>80.64</td>
<td>81.75</td>
</tr>
<tr>
<td>Persistence of Beta-Blocker Treatment after a Heart Attack</td>
<td>76.92</td>
<td>86.36</td>
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Personal Responsibility and Continuity of Care

- **Over 98% pay** their POWER account contribution on time
- **90%** return their applications on time to continue their HIP eligibility
- **Three-fourths** said they are now more likely to seek preventive care
- **Two-thirds** said since enrolling in HIP they are more likely to seek treatment when needed; **76%** of all members received their required preventive services

Satisfaction

- **94%** surveyed said they are satisfied with the program
- **99%** indicated that they would re-enroll in the program

Source: State of Indiana; Indiana Family and Social Services Administration.
HIP encourages members to appropriately utilize care primarily through:

- POWER Account, a health savings account style fund
- Copay for nonemergent ER visits
- Free preventive care

The results of these design elements are:

- Lower ER rates compared to other Medicaid adults
- Higher generic utilization compared to Medicaid and commercial members
- Higher preventive care visits compared to Medicaid adults and commercial members
Thank you!

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