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Managed Care Pilot Study Update
S.B. 1, Article II, Special Provisions Section 48, 81st Legislative Session

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Managed Care Pilot Study Update
S.B. 1, Article II, Special Provisions Section 48

Senate Bill 1, Article II, Special Provisions Section 48, 81st Legislature, directed HHSC and DADS to develop a plan to implement a managed care pilot for persons with intellectual and developmental disabilities (IDD).

HHSC awarded a contract to Health Management Associates (HMA) to study and report on options for a managed care pilot for persons with IDD.

- **The managed care pilot may be:**
  - Capitated (some entity would be at financial risk for providing the covered services); or
  - Non-capitated (no financial risk).

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- **Report components include:**
  - Studying other state systems for management of IDD services
  - Soliciting input from stakeholders
  - Developing and analyzing options of the pilot
  - Submitting final recommendations on the design of the pilot
- **Target population for the pilot:**
  - Individuals receiving services in an Intermediate Care Facility for Persons with Mental Retardation (ICF/MR) or from one of the following 1915(c) waivers: Community Living Assistance and Support Services (CLASS), Deaf-Blind with Multiple Disabilities (DBMD), Home and Community-based Services (HCS), and Texas Home Living (TxHmL).

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Experience in Other States

- **Other states' experience with IDD managed care is relatively limited.**
- **The study includes a review of IDD managed care approaches in four states: Arizona, Michigan, Wisconsin, and Vermont.**
- **The four states' experience with IDD includes:**
  - **Institutional/ICF/MR beds were reduced or almost eliminated.**
    - Prior to developing a managed care approach, the four states had already begun transitioning out of the ICF/MR "residential" model to other supported living arrangements, including HCS waiver residential settings.
    - These states had also substantially reduced their state institutional population or are in the process of doing so.

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Experience in Other States

- In all states except Vermont, Home and Community Based Services (HCBS) are an entitlement
- All states include self-directed services
- None of the states use a fully-capitated risk-based model that integrates acute care services and IDD services.

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Proposed Pilot Options

- **The study includes three options for a managed care pilot for people with IDD:**
  - Non-capitated enhanced management
    - This approach decentralizes services and budget management from a state role to a local role and promotes improvements in consumer choice and control.
  - Fully-capitated non-integrated managed long-term care
    - A managed care organization (MCO) would be responsible and at risk for all IDD services for eligible individuals in the pilot area. Capitation would be for IDD services only and would not include acute Medicaid or behavioral services.
  - Fully-capitated integrated managed long-term care
    - Pilot would build on the STAR+PLUS managed care plan. All acute care and IDD services would be the responsibility of the MCO.
- **The three options:**
  - Are a mix of capitated and non-capitated models
  - Are informed by, but not identical to, models used in other states.

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Proposed Pilot Options

- **Key assumptions across all options:**
  - Goal is to create additional waiver slots by delivering more cost-effective services.
  - Long-term savings are possible, but immediate short-term savings are unlikely and all options will require some startup costs.
  - Significant service system redesign will be required.
  - An entitlement to HCBS services is not created. Each option creates incentives for more cost-effective management of IDD services so that savings can be directed to serving additional clients.

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Stakeholder Involvement

- **In June 2010, pilot options were presented to stakeholders at forums held in Austin, Longview, El Paso, and Fort Worth.**
- **Stakeholders provided comments that will be incorporated into the final report.**

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Stakeholder Feedback on Preliminary Report

Stakeholder feedback includes:

- Any attempt to gain greater cost efficiencies and undertake meaningful redesign of the IDD service system should encompass all components of the system, including an analysis of the cost savings of closure and consolidation of State Supported Living Centers.
- Mixed input was provided regarding support for managed care for people with IDD:
  - Some stated that managed care is not an appropriate delivery model for individuals with IDD.
  - Others stated that managed care has the potential to provide more flexible and cost-effective services.

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Stakeholder Feedback on Preliminary Report

- **Managed care organizations support the use of managed care for individuals with IDD.**
- **Providers of services and supports for individuals with IDD are generally in opposition to the use of managed care based on concerns that managed care approaches would entail a reduction in services.**

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- **Data from the study is still under review.**
- **HHSC will submit a report and recommendations to the Legislature by December 1, 2010.**

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Supplemental Information

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Experience in Other States

Comparison of Other States' Experiences with Managed Care for Individuals with Intellectual and Developmental Disabilities

	Arizona Long Term Care System (ALTCS)	**Michigan Managed Specialty Services & Supports**	**Wisconsin Family Care (FC)**	**Vermont Global Commitment Waiver**
Population Covered	Children and adults with intellectual and developmental disabilities (IDD)	Children & adults with mental illness (MI), substance abuse (SA) disorders; or IDD who require specialty services and/or supports	Adults (18+) with physical disabilities, developmental disabilities, and frail elders	All persons except persons in Choices for Care waiver (nursing home level of care)
Level of Risk	Full risk	Shared risk (risk corridors)	Shared risk first three years, then full risk	State is at-risk under 1115 waiver
Type of Managed Care Entity	-Developmental disability agency for IDD services -Sub-capitated health plans for medical services	Traditional county service providers	Community-based managed care organizations (MCOs)	State agency functions as the managed care entity

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Comparison of Proposed Pilot Options

Comparison of Managed Care Pilot Options for Individuals with Intellectual and Developmental Disabilities (IDD)

	Managed care pilot options for individuals with intellectual and developmental disabilities (IDD)		
	Non-capitated enhanced care management	**Fully capitated non-integrated managed care**	**Fully capitated integrated managed care**
Enrollment	Mandatory coverage for children and adults	Mandatory coverage for adults; coverage for children to be determined	Mandatory coverage for adults; coverage for children to be determined
Uses risk-based capitation?	No	Yes	Yes
Includes services other than IDD services?	No	No	Yes
Who can serve as the managed care organization (MCO)?	No MCO: Mental Retardation Authority (MRA) role enhanced	Any entity that meets specific requirements	Two options: 1.Limited to existing STAR+PLUS MCOs, or 2.New procurement open to qualified entity