



Bureau of Legislative Research

# Arkansas Health Care Reform Task Force – Final Draft Report Savings Model Review

TSG

December 14, 2016

# Alternative Care Delivery Models

## Recommendations

*Recommendation K: The task force recommends and supports that the Arkansas Department of Human Services develop and implement a Five-Year Medicaid Program Savings Plan that is in excess of the \$835 million in net savings to trend proposed by Governor Asa Hutchinson starting no later than July 1, 2017. Savings must be achieved through an increase in care management and coordination resulting in improved outcomes, quality, appropriate utilization based on need, reduction of duplication and unnecessary services, and the introduction of value based purchasing strategies and some degree of provider risk. The Department of Human Services will provide a Comprehensive Medicaid Budget Savings Dashboard Report tracking savings to trend to the Bureau of Legislative Research every quarter commencing September 1, 2017 and thereafter for five years.*

# Baseline and Savings Models

All Figures in \$Millions; Years are SFY								
Model/ Program	2017	2018	2019	2020	2021	2022	2017 – 2021	2018 – 2022
Baseline, Traditional Only	\$5,379	\$5,648	\$5,930	\$6,227	\$6,538	\$6,865	\$29,722	\$31,208
"Current Model", Traditional Only	\$5,299	\$5,492	\$5,755	\$6,026	\$6,322	\$6,649	\$28,894	\$30,244
Provider-Led CCO for BH and DD, Traditional Only	\$5,299	\$5,492	\$5,755	\$6,026	\$6,227	\$6,549	\$28,799	\$30,049
Capitated Managed Care for BH and DD, Traditional Only	\$5,299	\$5,492	\$5,755	\$5,951	\$6,202	\$6,523	\$28,699	\$29,923
Arkansas Works	\$1,721	\$1,820	\$1,924	\$2,035	\$2,152	\$2,276	\$9,652	\$10,207
Baseline, Traditional and AW	\$7,100	\$7,468	\$7,855	\$8,262	\$8,690	\$9,141	\$39,374	\$41,415
"Current Model", Traditional and AW	\$7,020	\$7,312	\$7,679	\$8,061	\$8,474	\$8,925	\$38,546	\$40,451
Provider-Led CCO for BH and DD, Traditional and AW	\$7,020	\$7,312	\$7,679	\$8,061	\$8,379	\$8,824	\$38,451	\$40,256
Capitated Managed Care for BH and DD, Traditional and AW	\$7,020	\$7,312	\$7,679	\$7,986	\$8,354	\$8,798	\$38,351	\$40,130

# Current Model

## Description

	Savings Strategy	Savings Timing	Admin Considerations and Costs
DD	\$18M per year in therapy caps; \$14M/yr. from screenings for children; \$17M/yr. from independent assessment and tiers for waiver services	therapy caps and screenings for children begin July 1, 2017 (savings over 5 years); independent assessment and tiers start July 1, 2019	\$2M per year for independent assessments starting July 1, 2019
BH	Updated outpatient policy, reduction in inpatient from independent assessment	Begins July 1, 2017; savings over 5 years	\$108M investment over 5 years for independent assessment and care coordination
Dental	\$5M per year in savings from capitated managed care	Begins July 1, 2017	
Elder	Industry MOU to save \$250M over 5 years	Begins July 1, 2016; savings evenly spread across 5 years; assume \$50M/yr. savings continues into SFY2022	None
Low-cost	No program changes		
Pharmacy	\$250M in savings	Begins July 1, 2016; savings evenly spread across 5 years	

# Current Model

## Projection

Savings by year and program	SFY17	SFY18	SFY19	SFY20	SFY21	SFY22	SFY17-21	SFY18-22
DD Savings - Therapy Caps	\$0	\$18	\$18	\$18	\$18	\$18	\$72	\$90
DD Savings - Screenings for Children	\$0	\$14	\$14	\$14	\$14	\$14	\$56	\$70
DD Savings - Independent Assessment and Tiers/Waiver Changes	\$0	\$0	\$0	\$17	\$17	\$17	\$34	\$51
DD Cost - Independent Assessment	\$0	\$0	\$0	\$2	\$2	\$2	\$4	\$6
Net DD Savings	\$0	\$32	\$32	\$47	\$47	\$47	\$158	\$205
BH Savings - Updated Outpatient Benefits Policy	\$15	\$16	\$33	\$33	\$33	\$33	\$130	\$148
BH Savings - Inpatient	\$0	\$15	\$25	\$35	\$50	\$50	\$125	\$175
BH Cost - Independent Assessment	\$0	\$1	\$2	\$2	\$2	\$2	\$7	\$9
BH Cost - Care Coordination	\$0	\$15	\$21	\$21	\$21	\$21	\$78	\$99
Net BH Savings	\$15	\$15	\$35	\$45	\$60	\$60	\$170	\$215
Dental Savings - Capitated Managed Care	\$0	\$5	\$5	\$5	\$5	\$5	\$20	\$25
Dental Premium Tax	\$0	\$3	\$3	\$4	\$4	\$4	\$14	\$18
Net Dental All-Funds Impact	\$0	\$8	\$8	\$9	\$9	\$9	\$34	\$43
Elder Savings	\$15	\$50	\$50	\$50	\$50	\$50	\$215	\$250
Low-Cost Populations	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Pharmacy	\$50	\$50	\$50	\$50	\$50	\$50	\$250	\$250
Net Fiscal Impact	\$80	\$155	\$175	\$201	\$216	\$216	\$827	\$963

# Provider-Led CCO Model

## *Description*

	<b>Savings Strategy</b>	<b>Savings Timing</b>	<b>Admin Considerations and Costs</b>
<b>Current strategy</b>	All savings from current strategy as above	As above	As above
<b>DD Provider-led CCO model</b>	Care coordination for DD halo services	5% savings off of halo spend starting year 4	Savings net of admin costs (admin under APCCO/RCCO payment)
<b>BH Provider-led CCO model</b>	Care coordination for BH halo services	5% savings off of halo spend starting year 4	Savings net of admin costs (admin under APCCO/RCCO payment)

# Provider-Led CCO Model

## Projection

Savings by year and program	SFY17	SFY18	SFY19	SFY20	SFY21	SFY22	SFY17-21	SFY18-22
All cost savings from current model	\$80	\$155	\$175	\$201	\$216	\$216	\$827	\$963
DD Provider-Led CCO Model Savings	\$0	\$0	\$0	\$0	\$12	\$13	\$12	\$25
DD Provider-Led CCO Model Premium Tax	\$0	\$0	\$0	\$0	\$26	\$27	\$26	\$52
Net additional DD all funds impact	\$0	\$0	\$0	\$0	\$38	\$40	\$38	\$77
BH Provider-Led CCO Model Savings	\$0	\$0	\$0	\$0	\$28	\$29	\$28	\$57
BH Provider-Led CCO Model Premium Tax	\$0	\$0	\$0	\$0	\$30	\$31	\$30	\$61
Net additional BH all funds impact	\$0	\$0	\$0	\$0	\$58	\$61	\$58	\$118
Net Fiscal Impact	\$80	\$155	\$175	\$201	\$311	\$316	\$923	\$1,159

# Capitated Managed Care Model

## Description

	Savings Strategy	Savings Timing	Admin Considerations and Costs
Current strategy	All savings from current strategy as above	As above	As above
DD Capitated Managed Care	Care coordination for DD halo services	8.07% savings off of halo spend starting year 3	Savings net of admin costs (admin under MCO payment)
BH Capitated Managed Care	Care coordination for BH halo services	8.07% savings off of halo spend starting year 3	Savings net of admin costs (admin under MCO payment)



# Capitated Managed Care Model

## Projection

Savings by year and program	SFY17	SFY18	SFY19	SFY20	SFY21	SFY22	SFY17-21	SFY18-22
All cost savings from current model	\$80	\$155	\$175	\$201	\$216	\$216	\$827	\$963
DD Capitated Managed Care Savings	\$0	\$0	\$0	\$19	\$20	\$21	\$39	\$59
DD Capitated Managed Care Premium Tax	\$0	\$0	\$0	\$24	\$26	\$27	\$50	\$77
Net DD additional all funds impact	\$0	\$0	\$0	\$43	\$45	\$48	\$88	\$136
BH Capitated Managed Care Savings	\$0	\$0	\$0	\$3	\$45	\$47	\$48	\$96
BH Capitated Managed Care Premium Tax	\$0	\$0	\$0	\$28	\$30	\$31	\$58	\$89
Net additional BH all funds impact	\$0	\$0	\$0	\$32	\$75	\$78	\$107	\$185
Net Fiscal Impact	\$80	\$155	\$175	\$276	\$336	\$342	\$1,022	\$1,284