Medicaid Cost-Saving Strategies

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Cost containment: a challenge and an imperative

• All states see annual increases in Medicaid enrollees.
• Cost of health care services goes up, not just in Medicaid
• Complex populations with multiple, complicated needs: disabled adults and children, frail elderly, and behavioral health issues
• Federal investment in decline or at risk.
Cost containment is not easy

• There are some limitations on cost control:
  • Kids coverage requirements
  • RX coverage
  • Nursing home mandate

• Difficult to navigate the many hurdles of reform.

• New efforts require behavior change way beyond the Medicaid agency—providers, patients, and insurers must change their behaviors and patterns.

• Reforms always, ALWAYS take longer than desired to yield results.
But States are making changes

• Using Federal waiver authority and other tools in Medicaid, states are pursuing innovative reforms, addressing:
  1) The Opioid Crisis among adults (OUD – “opioid use disorder”)
  2) Tackling complex care for high-cost, high-need populations
  3) Reforming systems for long-term services and supports
  4) Promoting consumer engagement among adults to encourage work and cost-sharing
Medicaid tools: Opioids

- More common in Medicaid: 25% of those with OUD are in Medicaid
- But fewer get treatment: 32% of OUD patients in treatment.

- States promoting access to treatment through a focus on Medication-Assisted Treatment (MAT) and other interventions.
- Looking to expand access through Medicaid waivers that permit more treatment providers to be enrolled in Medicaid.
- Care coordination efforts to address other health problems alongside OUD.
Medicaid tools: Complex populations

• 50% of state Medicaid budget is spent on 5% of enrollees.
• These individuals have multiple chronic conditions, poor care coordination, and often rely on ERs for services.

• Using data to identify these folks, or those at risk.
• Incentivizing systems and providers that manage these enrollees better, including shared savings efforts and health homes models.
• Ensure coordination among providers, and with other social service supports, such as housing.
Medicaid tools: Long-term care

- Home- and community-based services (HCBS) are often a cheaper way to care for people with disabilities, and preferred by those individuals.
- Decades of a nursing home bias must be overcome, and community services cultivated.
- Rebalancing toward community-based care, including IDD (intellectual and developmental disabilities), physical and behavioral health.
- Managed LTC can incentivize HCBS.
- Dual Medicare-Medicaid eligibles initiatives.
Medicaid tools: Community engagement

- In expansion states, many more adults in Medicaid. States are looking for ways to smooth their transition to private insurance.
- Considering work requirements, premiums, co-pays, and other expectations on able-bodied adults.

- Using waiver authority to implement work requirements where access to benefits or service sets is restricted.
- Cost-sharing expectations are being required for certain adults.
- Enrolling in marketplace insurance to simulate mainstream coverage.