LOUISIANA'S PUBLIC HEALTH CARE SYSTEM

2016

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Public Health in Louisiana

- Challenges of Health Care in Louisiana
  - 50th in overall health
  - 50th in unhealthy behaviors (drinking, smoking, inactivity, drug deaths, etc.)
  - 50th in childhood poverty
  - 50th in healthy community/environment
  - 50th in infectious diseases
  - But 4th in health disparities and 3rd in Tdap immunization rate.

Budget Crisis

- DHH has been a consistent target of cuts over the past decade.
  - From over 12,000 employees in 2008 to under 5,600 in 2016.
  - Flat per-beneficiary spending over the past 10 years despite incredible medical inflation.
- Payment mechanisms are struggling to keep up with budgetary realities.
  - Upper Payment Limit cap
  - Impending Disproportionate Share Hospital cap reductions.
- 10-20% expected cuts in State Fiscal Year 16/17.
  - Hospital closures.
  - Dramatic MCO rate reduction.
  - In the worst case, elimination of state-based graduate medical education funding, elimination of behavioral health rehabilitation services and dramatic reduction of funding for private behavioral health hospitals, elimination of several Medicaid waiver services, and elimination of several services for the aging population.

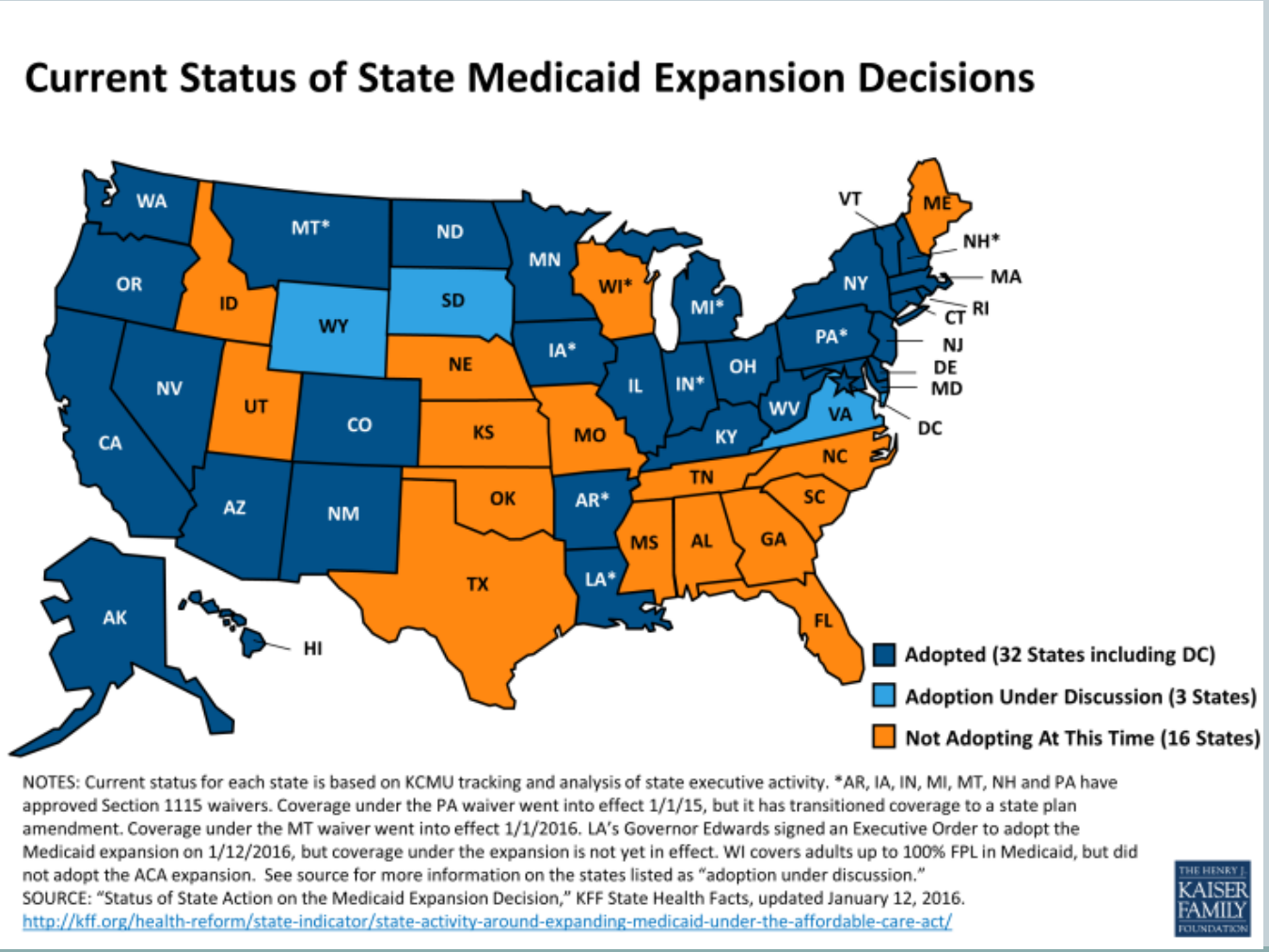
Fragmented Health Values

- Four Critical Disconnects in our Health System
  - Patient|Payment
  - Provider|Price
  - Provider|Population Health
  - Payer|Long-Run Outcomes

So, what do we do?

- Medicaid Expansion is the simple, short-run fix.
  - Savings
    - Lower uncompensated care costs
    - “Refinancing” individuals currently in Medicaid but eligible for expansion.
  - Increased tax revenues
    - New health care jobs
    - MCO provider tax

Louisiana is 32nd State to Adopt Expansion



NOTES: Current status for each state is based on KCMU tracking and analysis of state executive activity. *AR, IA, IN, MI, MT, NH and PA have approved Section 1115 waivers. Coverage under the PA waiver went into effect 1/1/15, but it has transitioned coverage to a state plan amendment. Coverage under the MT waiver went into effect 1/1/2016. LA's Governor Edwards signed an Executive Order to adopt the Medicaid expansion on 1/12/2016, but coverage under the expansion is not yet in effect. WI covers adults up to 100% FPL in Medicaid, but did not adopt the ACA expansion. See source for more information on the states listed as "adoption under discussion."
SOURCE: "Status of State Action on the Medicaid Expansion Decision," KFF State Health Facts, updated January 12, 2016.
http://kff.org/health-reform/state-indicator/state-activity-around-expanding-medicaid-under-the-affordable-care-act/

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What *is* Expansion?

- Medicaid has two eligibility groups: categorical and income-based.
  - Almost all eligibility classes are categorical – they include specific eligibility criteria plus and income cap.
    - E.g. pregnant women under 138% of the federal poverty level (FPL)
    - Category – Pregnancy; Cap – 138% of FPL
  - The first major Medicaid expansion – CHIP – created the primary income-based eligibility group for minor children under 200% of FPL.
- Expansion creates a new income-based eligibility group: adults ages 19-64 under 138% of FPL.

But what is it, *really?*

- Expansion is a financing mechanism coupled with the opportunity to reform health care delivery systems.
  - The eligible population is already receiving care in our system.
    - LSU Public-Private Partners
    - ED Uncompensated Care
    - Low-Income Insureds
    - Self-Pay Patients
  - Expansion accomplishes three core purposes:
    - Funds this existing care
    - Provides a mechanism for the state to guide those recipients toward appropriate care settings
    - Creates the climate and the capital to drive innovation in care delivery

Expansion Economics

- State Costs
  - Coverage for newly eligible adults
  - Increased administration costs
- State Savings
  - Enhanced federal matching funds for some previously enrolled Medicaid beneficiaries now eligible
  - Some services historically funded with State or local funds can be refinanced with Medicaid funds (e.g. inpatient hospital costs of inmates)
  - Redirecting spending on disproportionate share hospital payments (regular FMAP) to new adult spending (expansion FMAP)
- Revenue Gains
  - Expansion will result in State revenue gains related to existing health plan and/or provider taxes as health plan and provider revenue increase.

ACA Newly Eligible FMAP	
Calendar Year	**FMAP**
2016	100%
2017	95%
2018	94%
2019	93%
2020 and thereafter	90%

Next Steps

- If Medicaid Expansion is the department's only major accomplishment over the next 4 years, Louisiana will still be 50th in the nation in health.
- Expansion is a step in the path toward a healthier state, but we must build on it if we hope to improve our outcomes.

After Expansion

- Payment Modernization
  - Hospital payments are based on cost reports from 1991
  - Ideally, money should follow the patient, but need to be mindful that the state is not simply paying for volume
  - Movement toward Value-Based Purchasing
- Public Health Initiatives
  - Poor outcomes start with terrible health habits
  - Better alignment with private insurers

After Expansion (Cont.)

- Health Care Data Improvement
  - Excellent at collecting data, poor at using data to improve care
  - Several major gaps remain:
    - Linkage of data
    - Clinical data collection
    - Normalization of data
  - Real-time transfer of highly useful data is still several years off

What's Next?

- A final, critical goal of this administration is to rethink our approach – or lack thereof – to coordination with the private health insurance market.
- A repeated complaint from providers is that they have 5 different Medicaid systems to learn and several major private health insurance structures.
  - We think we can significantly improve the provider experience and the quality of services the produce if we simply do a better job of aligning our initiatives, our administrative requirements, and our policies.

Questions/Comments