

MEMORANDUM

TO: LeadingAge New York Members
FROM: Karen Lipson
DATE: February 11, 2020
RE: MRT II - Meeting 1

The MRT held its first meeting today in Albany. The meeting consisted of introductory and closing remarks by the co-chairs, Michael Dowling and Dennis Rivera and presentations by the Budget Director, Robert Mujica, Medicaid Director, Donna Frescatore, and DOH director Greg Allen. There were few questions or statements from MRT members and no public comment. The meeting slides are available [here](#).

The meeting was intended to provide the MRT members and the audience with a common base of knowledge regarding Medicaid spending trends and to present the MRT schedule going forward. The presentations focused on the data underlying the Medicaid budget gap and sought to demonstrate that current growth trends are unsustainable.

The following MRT members attended the meeting:

- Co-chair: Michael Dowling, President and CEO of Northwell Health
- Co-chair: Dennis Rivera, Former Chair of SEIU Healthcare
- Dr. Steven Corwin, President and CEO, New York Presbyterian
- Thomas Quatroche, PhD, President and CEO, Erie County Medical Center
- LaRay Brown, CEO of One Brooklyn Health
- Mario Cilento, President of New York State AFL-CIO
- Christopher Del Vecchio, President and CEO of MVP Health Care
- Pat Wang, President and CEO of Healthfirst
- Emma DeVito, President and CEO of VillageCare
- Wade Norwood, CEO of Common Ground Health
- Steven Bellone, County Executive, Suffolk County
- T.K. Small, Director of Policy at Concepts of Independence
- Donna Colonna, CEO, Services for the UnderServed (S:US)
- Todd Scheuermann, Secretary of Finance, NYS Senate
- Blake Washington, Secretary of Ways and Means, NYS Assembly
- Paul Francis, Deputy Secretary for Health and Human Services, Governor's Office
- Dr. Howard Zucker, Commissioner of Health
- Dr. Ann Sullivan, Commissioner for the Office of Mental Health
- Arlene González-Sánchez, Commissioner of the Office of Addiction Services and Supports
- Dr. Theodore Kastner, Commissioner of the Office for People with Developmental Disabilities
- Robert Megna, Senior Vice Chancellor and COO, SUNY

In addition, the following staff from the Governor's office, Department of Health (DOH), and Division of Budget (DOB) participated in the meeting:

- Robert Mujica, Budget Director
- Megan Baldwin, Governor's staff

- Brett Friedman, DOH
- Amir Caseri, DOH
- Doug Fish, DOH
- Ryan Ashe, DOH
- Mike Ogborn, DOH
- Greg Allen, DOH

Michael Dowling began the meeting by reiterating the MRT's charge -- to make recommend to generate \$2.5 billion in savings that must be effective in the SFY 2020-21 budget and must be recurring savings, not one shot strategies. A package of findings and recommendations must be provided to the Governor by mid-March. He stressed that the first MRT reduced Medicaid spending by \$2.1 billion and kept growth at half the national average.

Timetable

The following timetable was announced:

- Within "a couple of days" a Long-Term Care Advisory Group will be appointed to develop specific recommendations to be presented to the MRT at the next meeting. The savings to be achieved by those recommendations will be scored by DOH and DOB.
- Until 12:00 pm on February 21, members of the public may submit Medicaid reform and savings proposals through the [web address](#) and using the survey tool established for this purpose.
- To engage the public in this process, a webinar for members of the public will be held in the evening soon describing the MRT 2 process and how to submit proposals. In addition, there will be 3 public comment days in separate regions before March 4.
- The second meeting will be held on March 4 in New York City. At this meeting, a condensed list of proposals will be reviewed and the framework for evaluating the proposals will be discussed.
- The third and final meeting will be held "before mid-March."

Medicaid Trends

Robert Mujica described current Medicaid spending trends as unsustainable. DOB projects Medicaid spending gaps ranging from \$3 billion in FY2021 to \$3.9 billion in FY2023. Mujica noted that Medicaid represents 23 percent of the State budget and 43 percent of the FY 2021 mid-year spending gap. If the State does nothing to address growth, Medicaid would grow about 6.7 percent per year. According to Mujica, tax revenue is not growing at a high enough rate to cover that growth. Mujica also pointed out that from 2013 to 2018, New York's Medicaid spending grew by 2.2 percent annually, in comparison with a national average state Medicaid growth of 5.3 percent.

He identified the following Medicaid cost drivers:

- Health care costs are exceeding the 10-year rolling medical CPI;
- MLTC spending grew by 301% between 2013 and 2019;
- Minimum wage costs grew from \$44M to \$2 billion in FY 2022, but will stabilize;
- The State has picked up \$4.5 billion in spending that would have been paid by local social services districts since 2016; and
- Support for distressed hospitals increased by 160 percent to over \$500 million state share.

Mujica noted that long-term care represents \$12 billion or 47 percent of all Medicaid claims in the current year. The slide containing these figures was somewhat misleading; however, he stated that approximately 1 million

Medicaid beneficiaries of the 6.2 million receive long-term care services. He also noted that enrollment growth as a result of the Affordable Care Act has peaked, but he did not mention the growing older adult populations as a source of new enrollment.

MRT Scope of Work

Donna Frescatore described the scope of the MRT's work. She said that the MRT may consider changes in the components and growth rate of the Global Cap. However, changes in the local share of Medicaid and general revenue recommendations (i.e., raising taxes) are outside scope of the MRT.

Success and Challenges

Frescatore and Greg Allen enumerated the successes of MRT I from the State's perspective:

- Expanded health insurance coverage without exceeding the growth cap;
- Improved performance on national scorecards, including reductions in avoidable hospitalizations;
- Enhanced care through health homes and investment in advanced primary care;
- Shifted from a fee-for-service reimbursement system to paying for value through managed care plans;
- Expanding the use of health information exchanges
- Securing CMS approval of the \$8 billion DSRIP waiver which has promoted a stronger focus on social determinants of health, integration of primary care and behavioral health care, intensive care management through health homes, and strong performance on managed care quality metrics.

Frescatore detailed the Governor's charge to the MRT:

- Address drivers of greater than projected costs and growth in Medicaid;
- Improve care management and care delivery for beneficiaries with complex conditions;
- Modernize regulations laws policies and program to achieve efficiency and improve quality;
- Ensure a stable and appropriately skilled workforce, especially with respect to meeting the needs of a growing elderly population;
- Advance health care reform while restoring fiscal sustainability and ensuring access to benefits;
- Strengthen sustainability of safety net providers;
- Reassess global cap metrics and ensure access to quality care;
- Maximize service delivery system efficiencies and align supply with demand; and
- Reduce fraud waste and abuse.

She then identified several areas where a "course correction" may be needed:

- Long-term care and Consumer Directed Personal Assistance Services (CDPAS)
- Distressed hospitals and other supplemental payments
- Prescription drugs
- Transportation – especially emergency transportation
- Care management including health homes
- Program integrity

MLTC Spending and Enrollment Growth

Drilling down into MLTC spending and enrollment growth, Frescatore argued that at a 13 percent rate, MLTC enrollment is growing faster than demographic changes would suggest. She also noted that MLTC spending is increasing at a rate of roughly \$1.2 billion annually. Based on recent trends, CDPAS spending is projected to

grow over 800 percent from 2016-2021. She did not indicate how much of CDPAS growth might be driven by substitution of CDPAS utilization for personal care utilization.

She also spoke of the State's interest in expanding enrollment in integrated Medicare and Medicaid managed care plans. Of 770,000 dual eligibles in New York, only 3 percent are enrolled in integrated plans.

Other Sources of Spending Growth

The presentation also covered rising Medicaid spending in pharmacy, transportation, and care management (i.e., health homes). With respect to transportation, there has been a shift in utilization from ambulette to taxi/livery services since 2016. The number of users of transportation services has increased by 110 percent, and spending on transportation has grown by 800 percent. Care management has increased by 149 percent since 2011.

One of the MRT members asked whether initiatives such as increasing access to transportation and care management have reduced costs in other areas (e.g., hospital costs). Frescatore suggested that the State needs consider whether these programs are properly focused. Allen noted that health homes produce dramatic reductions in hospitalizations, but higher spending in pharmacy and clinic services, without generating a net savings in health care. He suggested that it may be time to re-program health home outreach payments.

The presenters also spoke to program integrity and suggested that the State should “go beyond traditional retrospective recovery efforts” and leverage data repositories and expand the managed care focus, including:

- The use of encounter data and acuity scores;
- Plan and Provider risk profiling;
- Complex VBP payment methodologies and program impact.

Closing

The co-chairs closed the meeting by stressing that rising costs must be addressed because they will weaken the program in the long run. They indicated that they will be seeking meetings with stakeholders. The Department is accepting Medicaid Program cost-saving proposals from the public, which can be submitted [here](#).

More information on MRTII can be found on the [MRT II homepage](#), which will be updated regularly as project updates become available.