CareStar

Testimony presented before the Ohio Senate Finance Committee

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Chairman Oelslager, Vice Chair Manning, Ranking Member Skindell and committee members, my name is Dan Barnes, M.D., Medical Director for CareStar, a case management company coordinating Long Term Services and Supports (LTSS) in all 88 counties of Ohio for 20 years. In doing so, we have become experts in the coordination of person-centered services and management of the care for Ohio's severely disabled residents through the Ohio Home Care Waivers Program. These services are provided through a diverse group of providers, including therapists, primary care and specialty physicians, transportation companies, durable equipment providers, adult foster homes and numerous other social services. It is a complicated task for an at-risk group.

I am here to testify against moving LTSS into Managed Long Term Services and Supports (MLTSS) because it sets up an inherent conflict of interest for Managed Care Organizations (MCOs), will not improve quality of care, will not save money and will be disruptive to the care of our clients.

By transitioning LTSS to MLTSS the Ohio Department of Medicaid will pay MCOs a per member per month (PMPM) capitated rate, who then will pay for client services out of that same pool of money. While we have a responsibility to our clients, the MCO has a responsibility to its shareholders. Setting this rate is difficult, particularly for this high utilization group. "MLTSS is new, populations in programs vary and states initially focus on critical things like provider networks, leaving little time to develop their own risk adjustment models"[1] and while independent assessments (which avoid gaming of the system when PMPM is tied to assessments) is the most reliable way to make adjustments to PMPM, "Risk adjustment that takes into account the expected costs of LTSS benefits based on enrollees' level of function ... remains rare."[1] **Rules must be written into this legislation that keeps Independent Case Management Agencies engaged for this reason**. Additionally, the MyCare Ohio Demonstration project will not accurately predict costs as it only covers 29 of the most urban counties of Ohio, where greater choice in provider networks and proximity to services will reduce transportation costs.

Claims that MCO care coordination will improve quality of care for this population are speculative at best. Case Management agencies already provide care coordination. "Evaluations of MLTSS Programs have shown Mixed Results regarding health outcomes"[2] and when improvements are noted they often "were too small to justify the cost of changing models of care."[2] In Ohio, the MyCare Ohio Child with Chronic conditions CAHPS survey results show

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comparatively lower scores on Rating of Health Plan, Rating of All Health Care and Getting Needed Care as well as having declining performance with lower satisfaction in 2016 compared to 2015 in Getting Needed Care and Getting Care Quickly.[3] This is one of the patient groups that would be served by MLTSS and demonstrates that more work is needed before rolling out across all of the state.

One of ODM's goals in transitioning to MLTSS is to "Lower Cost of Care." **Studies on the impact of MLTSS on costs are generally inconclusive** because no two programs are identical, and they cover different populations of consumers and services. While it is true that some gains have been made in lowering the percentage of "low needs" nursing home populations, **examining programs that are similar to Ohio's proposal has shown increased costs** ($200-@250 PMPM in Minnesota 2003[2], "several hundred dollars" PMPM for PACE Medicaid clients[2]) **compared to traditional Medicaid FFS** costs. In part, this is due to inherent headwinds of administrative costs and profit margins, required to operate MLTSS by MCOs (often set at 15% of Minimum Medical Loss Ratios and 85% of PMPM must be paid on medical services). Finally, a study on the "Medicaid Only MLTSS" program STAR+PLUS highlights that "**MLTSS would not be cost-effective in rural counties**."[2] The MyCare Ohio demonstration project cannot provide reliable information on "potential savings" in Ohio's rural counties.

Finally, the **transition from LTSS to MLTSS has been historically disruptive** to consumers and providers. When Wisconsin instituted MLTSS, poor payments caused disruption in provider networks (this was attributed to capitation rates being set too low).[2] **Tennessee's experience** was worse. When Tennessee initially set up TennCare, costs were higher than expected, MCOs were unable to pay providers, and their provider networks eroded. One MCO was put into receivership and a number of others exited the market. It was **so bad they had to move back to FFS arrangements to stabilize the system**.[2] The MyCare Ohio program does not offer encouragement on this point. CareStar has had difficulty in getting payments and other provider experience has been similarly poor.[4]

The goals of improving Access to Care, Patient Satisfaction, Health Outcomes and lowering Cost of Care are worthy of effort. My concern is that **in transitioning LTSS to MLTSS** before we learn from and remediate the problems with MyCare Ohio, **we will pay more for disorganized care,** leaving all stakeholders dissatisfied. The risks to Ohio's LTSS consumers is too high to undertake such a venture. **For these reasons, I ask that you commission a full study group including representatives from key stakeholders currently providing services and delay this transition until 2021**.

Thank you for your time and consideration. I will gladly entertain your questions at this time.

[1] Center for Healthcare Strategies Technical Brief August 2016 - "Look before you leap: Risk Adjustment for Managed Care Plans" - Debra Lipson (Mathematica Policy Research).

[2] AHCA Analysis: Future Spending Fears Spur Managed Care for Older Adults: A Risky Business with Challenges and Uncertainties for all Parties - Medicaid Long Term Services and Supports – A review of Available Evidence.

[3] HSAG 2016 Medicaid Managed Care Program CAHPS Summary Report State of Ohio.

[4] Ohio Health Care Association: Membership Survey on MyCare Ohio - May 2017.