

**Governor's Commission on Medicaid Care Management
First Gubernatorial Recommendation
Press Release**

For Immediate Release

May 31, 2013

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**Governor's Commission on Medicaid Care Management
Recommends Medicaid Expansion to Governor Hassan**

Concord, NH – The Governor's Commission on Medicaid Care Management has recommended to Governor Maggie Hassan by unanimous vote that Medicaid expansion, as permitted under the Affordable Care Act, be implemented in New Hampshire. The commission highly advises this step in order to ensure the successful transition from a Medicaid fee for service system to a more efficient, more effective, and more cost-effective Medicaid care management system in the Granite State.

This is the first recommendation issued by the Commission, which was established by executive order of the Governor in April of this year to review and recommend best practices in implementing New Hampshire's Medicaid care management program.

In a cover letter to the Governor, Mary Vallier-Kaplan, Chair of the Governor's Commission on Medicaid Care Management, states, "Our reason for urgency in this recommendation for Medicaid expansion is that the care management system being pursued by the State is constructed and depends on Medicaid expansion occurring. In the unanimous opinion of the Commission, failure to proceed with the expansion jeopardizes the entire care management initiative and the ability of the Department of Health and Human Services to carry out its legislative mandate in this regard."

The recommendation outlines several key reasons for implementing Medicaid expansion. The State of New Hampshire originally authorized a care management system based on expanding Medicaid. This authorization provides the three managed care organizations (MCOs), which were approved by the legislature's Joint Fiscal Committee and by the Governor and Executive Council, with a large enough managed care pool to provide efficient, cost-effective services. A larger pool translates into lower administrative and program costs per capita.

Rejecting Medicaid expansion would alter the business assumptions and costs for MCOs to participate in New Hampshire. It threatens to create a material change in contractual conditions between the State and the MCOs. This could jeopardize MCO participation, put projected savings to the State at risk and threaten to make care management untenable, states the recommendation.

In addition, the cost for Medicaid expansion enrollees will be 100% covered by federal funds for the first three years, beginning in 2014. The recommendation states that it makes "practical sense" for New Hampshire to take advantage of these funds, which will cover the costs to address a pent-up demand for health care services in a streamlined and coordinated system, rather than a fragmented and costly system of uncompensated care.

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“Two years ago, the New Hampshire General Court directed in SB147 that managed care become the policy of New Hampshire’s Medicaid program,” stated Vallier-Kaplan. “If Medicaid expansion is now rejected by the New Hampshire Legislature, it appears likely to reverse its previous policy and the Medicaid care management initiative. The commission urges that Medicaid expansion be supported by our elected officials to ensure the financial stability of our State’s Medicaid program.”

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About the Governor’s Commission on Medicaid Care Management

The Governor’s Commission on Medicaid Care Management was formed by executive order of the Governor in April of this year to review and advise the Governor on the implementation of an efficient, fair and high-quality Medicaid care management system. The commission meets monthly, including forums across the state with members of the public. The first meeting was held on May 3, 2013.

The commission brings together members of the public with expertise in managed care and payment reform models of care, Medicaid public policy, elderly affairs, children's health, public health, mental health, developmental disabilities and adult health care services. Mary Vallier-Kaplan, former vice president of the New Hampshire Endowment for Health, chairs the panel and Donald Shumway, former commissioner of the Department of Health and Human Services and president and CEO of Crotched Mountain Rehabilitation Center, serves as vice-chair. The Commission's members are Thomas Bunnell, policy consultant for NH Voices for Health; Sue Fox, project director at the UNH Institute on Disability and a parent of a child with developmental disabilities; Wendy Gladstone, MD, a pediatrician at Dartmouth-Hitchcock Medical Center's Child Advocacy and Protection Program; Yvonne Goldsberry, Ph.D, MPH, vice president of Population Health and Clinical Integration at Cheshire Medical Center/ Dartmouth-Hitchcock- Keene; Catherine McDowell, founder of Coos Family Health and now running McDowell Project Management; Douglas McNutt, Associate State Director for Advocacy, AARP NH; Gustavo Moral, President of Independent Services Network; Kenneth Norton, executive director of NAMI New Hampshire; and Jo Porter, MPH, deputy director of the NH Institute for Health Policy and Practice.

About the Medicaid Care Management Program

The Medicaid care management program, as enacted in 2011, is intended to improve the value, quality and efficiency of services provided through Medicaid, stimulate innovation and generate savings for New Hampshire. The program is to be implemented in three phases through contracts entered into between the Department of Health and Human Services and at least two Managed Care Organizations who are responsible for providing management of health care services to members enrolled in the New Hampshire Medicaid Program.

Governor Hassan's Commission on Medicaid Care Management

May 31, 2013
Governor Maggie Hassan
State House
107 North Main Street
Concord, NH 03301

Dear Governor Hassan,

On April 10, 2013 you established a Commission to review and advise on the implementation of New Hampshire's Medicaid care management program. Among its responsibilities, the Commission was to advise you regarding the program's implementation to ensure that it achieved the "goals of improving access to eligible populations, quality and appropriateness of care and cost effectiveness of the Medicaid program."

The Commission is in the early stages of its work. Its first meeting was held on May 2, 2013 and there is much to accomplish over the next several months. However, there is one issue of significance to the success of the care management program that the Commission felt warranted immediate attention. Consequently, we are writing to provide advice on the matter of what is known as Medicaid expansion under the federal Affordable Care Act (ACA).

For the reasons set forth in the following, the Commission's urgent recommendation is as follows:

The Governor's Commission on Medicaid Care Management hereby recommends that Medicaid expansion be implemented in New Hampshire due to its necessity in ensuring the successful transition from a Medicaid fee for service system to a more efficient, more effective, and more cost-effective Medicaid care management system in the Granite State.

Our reason for urgency in this recommendation for Medicaid expansion is that the care management system being pursued by the State is constructed and depends on Medicaid expansion occurring. In the unanimous opinion of the Commission, failure to proceed with the expansion jeopardizes the entire care management initiative and the ability of the Department of Health and Human Services to carry out its legislative mandate in this regard. The attached outlines our basis for concern in more detail.

Please feel free to contact me for further information. Thank you very much.

Sincerely,



Mary Vallier-Kaplan
Chair, Governor's Commission on Medicaid Care Management
mvallierkaplan@gmail.com
603-731-3542

Governor's Commission on Medicaid Care Management

Recommendation:

The Governor's Commission on Medicaid Care Management hereby recommends that Medicaid expansion be implemented in New Hampshire due to its necessity in ensuring the successful transition from a Medicaid fee for service system to a more efficient, more effective, and more cost-effective Medicaid care management system in the Granite State.

Rationale:

The Commission makes this recommendation concerning the implementation of Medicaid expansion because:

- The care management system authorized by the State of New Hampshire is premised on the implementation of Medicaid expansion.
- The care management request for proposals issued by the NH Department of Health and Human Services, the responses by the bidders, and the State of New Hampshire's contracts with three managed care organizations (MCOs) – as approved by the legislature's Joint Fiscal Committee and by the Governor and Executive Council – all had and have the expansion population built into implementation plans.
- The request for proposals and approved contracts included specific dates, transitional phases, operational steps, and required bidder proposals that reflected expansion. As such, all MCOs assumed the expansion as part of their business relationship with the State of New Hampshire. Removing expansion risks questions of the creation of a material change in contractual conditions.
- An expanded Medicaid population makes the care management system more efficient and more cost-effective. Serving a larger group means lower administrative and other program costs per capita. The larger the managed care pool, the better and more efficient and more cost-effective the care system opportunity.
- Because the cost of care for Medicaid expansion enrollees will be covered by 100% federal funds for the first three years that begin in 2014, capturing the majority of pent-up health care demand among eligible adults, it makes practical sense for New Hampshire to take full advantage of the impressive federal matching rate that starts in 2014.
- The opportunity to address the health needs of this population in a streamlined and coordinated care management system rather than a fragmented and more costly system of uncompensated care, and to do so at little or no financial cost to the State of New Hampshire, is an opportunity of historic significance that is not likely to occur again.

- Medicaid expansion provides New Hampshire with the flexibility, working with participating MCOs, to help resolve its health care provider network challenge for Medicaid care management.
- Hospitals, community mental health centers, and other community health care providers all have expressed strong support for the expansion, which will help to relieve health care providers of their uncompensated care costs.
- Provided Medicaid expansion is authorized, New Hampshire is poised to move forward with a Medicaid care management system that would begin to streamline our overall system of care, to enhance and incentivize care coordination, and to make the Medicaid program more efficient and cost-effective.
- A choice to reject the Medicaid expansion alters the effective assumptions and models about risk and cost for MCO participation in New Hampshire. Without the expansion enrollees, managed care vendors appear likely to be left not just with a lower number of covered lives, but with continued health care provider participation delays, and with associated costs.
- Rejection of the expansion would jeopardize ongoing MCO participation, put projected savings to the State at risk, and threaten to make care management untenable.

The Governor's Commission on Medicaid Care Management recommends that Medicaid expansion be authorized in New Hampshire in order to ensure that the Medicaid care management initiative is implemented and can succeed in our State.