

1915(b)(c) Medicaid Waiver Managing the Capitation

A Return to Local Control, Oversight,
Accountability and Stability



1915(b)(c) Medicaid Waiver Goals

- Increase Consumer Access to Care.
- Improve Quality of Care.
- Demonstrate Cost Effectiveness.

*“ the right services, to the right person,
at the right time, at the right amount,
at the right cost”*

Consumer Benefits

- Resources can be used flexibly to create and modify services to address local needs and demands.
- Local authorization of services.
- Utilization of more integration of Primary Healthcare with behavioral health.
- Increased options for better Self-Determination and Provider selection.

Provider Benefits

- Local LME can respond to concerns about Claims & Authorizations.
- Flexibility and Resources to develop specialized services to meet local needs.
- Opportunities to increase Quality of Care via a success-shared reward system.
- Input into development of Benefits Plans.

Fiscal Implications

- Funding for Services is based on a PMPM (Per Member Per Month) basis... which provides greater stability and flexibility.
- State will provide additional Funds to create a “Risk Pool”.
- LME Operations/Administration Funds is a negotiated rate.
- LME will function more like a Business.

Annual Funding

Projection based on FY2010 data.

\$ 93,000,000 Medicaid Capitation.

\$ 27,000,000 IPRS (State & Federal).

\$120,000,000 Total for Services.

Plus the following Funds.

\$11,400,000 LME operations.

\$ 1,860,000 Medicaid Risk Reserve.

How does the funding work for a waiver site?

- All funds are received in one lump payment on the first Medicaid check write each month.
 - An amount equal to 2% of the PMPM Medicaid monthly capitation is deposited into the Risk Reserve Account. This amount is in addition to the regular monthly capitation payment.
 - 9.5% is recorded as LME operation funding each month.

Risk Reserve

- The Risk Reserve account is a restricted and separate bank account set aside to fund outstanding obligations of the LME such as cost overruns related to program services or for any other purpose approved by DMA.
- The LME may make contributions to the Risk Reserve account in excess of the required minimum balance or can fund a 2nd Risk Reserve as a Board Designation of Fund Balance.
- The balance of the Risk Reserve account upon the date of termination or expiration of the Contract shall become the property of the LME.

Managing Financial Risk

- Staff will be employed to monitor all aspects of the Waiver requirements and reporting.
- Weekly interdepartmental team meetings.
- Development of “real time” information tools (dashboards).
- Additional Medicaid only financial statements presented to the Board monthly to monitor revenues & expenses and financial status.
- Required monthly fiscal and programmatic reporting to State Medicaid office.