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IMPROVING FINANCING OF CARE for Children & Youth WITH SPECIAL HEALTH CARE NEEDS

Payment Reform and the Affordable Care Act

HRSA Genetic Service Collaboratives Webinar

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The Catalyst Center

- **Funded by** the Division of Services for Children with Special Health Needs, Maternal and Child Health Bureau (MCHB)
- **The National Center dedicated to the MCHB outcome measure**: "…all children and youth with special health care needs have access to adequate health insurance coverage for the care they require".
- Provides **applied research and technical assistance** support to MCH stakeholders

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What do we do?

- Provide technical assistance on health care financing policy and practice to states and stakeholders
- Conduct policy research to identify and evaluate financing innovations
- Create educational resources (such as policy briefs and webinars)
- Connect those interested in working together to address complex financing issues

Who are children with special health care needs?

- The federal Maternal and Child Health Bureau defines children with special health care needs as "*...those who have or are at increased risk for a chronic physical, developmental, behavioral, or emotional condition and who also require health and related services of a type or amount beyond that required by children generally.*"

McPherson, M, et al. *A new definition of children with special health care needs* (Elk Grove Village, IL: Pediatrics, 1998),102: 137-140

CSHCN – Some numbers....

- How many children in the US have special health care needs?

Approximately 11 million or...
15% of all children

Source: National Survey of Children with Special Health Care Needs. NS-CSHCN 2009/10. Data query from the Child and Adolescent Health Measurement Initiative, Data Resource Center for Child and Adolescent Health website. Retrieved 4/10/13 from www.childhealthdata.org

What percentage of CSHCN have health insurance and what kind?

Private	52.4%
Public	35.9%
Private and Public	8.2%
Uninsured	3.6%
Total insured	**96.4%**

What financial impact does the presence of special health care needs in children have on their families?

Currently insured CSHCN whose insurance is inadequate to meet their needs	**34%**
CSHCN whose families paid $1,000 or more out-of-pocket in medical expenses in past 12 months	**22%**
CSHCN whose health conditions cause financial problems for the family	**22%**
CSHCN whose health conditions cause family members to cut back or stop working	**25%**

Source: National Survey of Children with Special Health Care Needs. NS-CSHCN 2009/10. Data query from the Child and Adolescent Health Measurement Initiative, Data Resource Center for Child and Adolescent Health website. Retrieved 4/10/13 from www.childhealthdata.org

Costs: Comparing children in general, CSHCN and adults with health issues

- Most children are typically healthy and typically developing
- By definition, CSHCN use a disproportionate share of pediatric health care services
- Attention to reducing costs in health care has generally been focused on adults with disabilities and chronic illnesses, who are a much larger population than CSHCN and who consequently cost more overall

Differential Epidemiology: children compared with adults

- Children: small numbers scattered among many diagnoses, under broad categories. Examples:
  - Asthma and other respiratory problems
  - Genetic disorders and congenital anomalies
  - Mental/behavioral health issues
  - Developmental Disabilities, including Autism
- Adults: higher numbers tend to concentrate among a smaller number of specific diagnoses. Examples:
  - Heart disease/stroke
  - Cancer
  - Diabetes
  - Arthritis

So why should we be concerned about costs for CSHCN?

- Budget constraints
- Increasing numbers
- Increasing emphasis in health care on VALUE for all populations
- Life course context

Budget constraints

Every stakeholder group is experiencing economic pressure:

–Patients and families

–Providers

–Purchasers

–Payers

–States

No one has “money to burn”

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Increasing numbers of CSHCN with complex conditions are now living into adulthood

The average cost of care for a person with CF living in the United States in 2006 was just over $48,000 a year, more than 22 times higher than that of someone without CF

Source: Ouyang L, Grosse SD, Amendah DD, Schechter MS. *Healthcare expenditures for privately insured people with cystic fibrosis*. *Pediatric Pulmonology* 2009;44:989–996.

- Example - Cystic Fibrosis (CF):
  - In the 1950s, few people with CF lived long enough to begin elementary school
  - In 1986, the median survival age was approximately 27 years
  - In 2010, the predicted survival age was 38.3 years

Source: Cystic Fibrosis Foundation Patient Registry, 2010 Annual Data Report (2011)

Increasing emphasis in health care on VALUE for all populations

- Value is increasingly defined not only as cost savings but also as cost *effectiveness* – are we getting as much "bang for our health care buck" as we can?
- Cost effectiveness efforts must include quality measurement and improvement
  - Outcomes can include early identification of SHCN, waste/fraud/harm reduction, increased efficiencies, greater stakeholder satisfaction (providers and patients/families especially)
  - Better health outcomes can = lower costs in the short and long term or at least stabilization/slowing of cost increases

Life course context

- Many CSHCN grow up to be adults with disabilities, chronic illnesses and special health care needs. As stated earlier, adults are the major cost drivers.
- If we can improve or eliminate health issues earlier in life, overall costs should be lower; not only health care costs for the care of individuals but also associated societal costs (lost wages, employment loss, family instability, bankruptcy and medical debt, just to name a few.)

Integrated care

- Integrated care is the seamless provision of health care services, from the perspective of the patient and family, across the entire care continuum. It results from coordinating the efforts of all providers, irrespective of institutional, departmental, or community-based organizational boundaries.

Elements of Integrated Care

- Patient- and family-centered
- Shared quality measures and outcomes
- Shared fiscal accountability across boundaries

Is there anything in the Affordable Care Act that supports care delivery transformation and payment reform?

Why,yes.....yes, there is.....

Section 2703 of the ACA: Health Homes

Medicaid State plan amendment (optional)

- Mechanism for financing select medical home components
  - Primary goal: integration and coordination of physical and behavioral health and long term supports
  - Available to states beginning January 1, 2011
  - Exclusions based on age not permitted
  - Waiver of comparability 1902(a)(10)(B)
  - Waiver of statewideness 1902(a)(1)

Eligibility Criteria

Medicaid enrollees with:

- two or more chronic conditions;
- one condition and the risk of developing another;
- or at least one serious and persistent mental health condition

How are chronic conditions defined?

By statute, they include:

- Mental health condition;
- Substance abuse disorder;
- Asthma;
- Diabetes;
- Heart disease; and,
- Being overweight (as evidenced by a BMI of > 25).

- *States may add other chronic conditions in their State Plan Amendment for review and approval by CMS.*

What services/supports are included?

- Comprehensive Care Management;
- Care coordination;
- Health promotion;
- Comprehensive transitional care from inpatient to other settings;
- Individual and family support;
- Referral to community and social support services;
- Use of health information technology, as feasible and appropriate

Enhanced Federal Match

Enhanced reimbursement

- 90% FMAP – only for health home services/supports
- First 8 fiscal quarters that SPA is in effect (2 years)
- Okay to implement in increments (start with one geographic area, for example, then move to another. "Clock resets")

Provider Types

- **A designated provider:** May be a physician, clinical/group practice, rural health clinic, community health center, community mental health center, home health agency, pediatrician, OB/GYN, or other provider.
- **A team of health professionals:** May include physicians, nurse care coordinators, nutritionists, social workers, behavioral health professionals, and can be free-standing, virtual, hospital-based, or a community mental health center.
- **A health team:** may include medical specialists, nurses, pharmacists, nutritionists, dieticians, social workers, behavioral health providers, chiropractics, licensed complementary and alternative practitioners.

Section 2703 Health Home Resources

Section 2703 and CSHCN Webinar Recording

Sponsored by the Association of Maternal and Child Health Programs (AMCHP) and the Catalyst Center, found at http://hdwg.org/catalyst/news/2011-12-03/1

CMS's Health Home Information Resource Center

- States' approved SPAs
- Design and Implementation Guide
- Request TA from CMS
- Access Learning Forums

http://www.medicaid.gov/State-Resource-Center/Medicaid-State-Technical-Assistance/Health-Homes-Technical-Assistance/Health-Home-Information-Resource-Center.html

The way care is paid for must change, also...

- Moving from fee for service (FFS) standard payment model
  - Fee-for-service: incentives for how *much*, not how *well*….
- Innovation is urgently needed to align incentives in order to:
  - Reduce health care spending
  - Improve outcomes for individual and population health
  - Increase stakeholder satisfaction (providers, patients, families, payers, purchasers, etc.)

Payment reform – some examples

- Primary care case management
- Specialty managed care plans and contracting specifications specific to CSHCN in managed care
- Global/bundled payments
- Pediatric Accountable Care Organizations (ACOs), ACOs with pediatric components, Community Accountable Care Organizations
- Pay for Performance (P4P)

Financial protections

- Risk adjustment for CSHCN
  - What is risk adjustment?
    - Important to payers
    - Important to purchasers, providers, patients and families
- Other financial protections: carve-outs, risk sharing/stop-loss, benefit exception protocols, Medicaid buy-in programs

To learn more about risk adjustment and CSHCN, see the Catalyst Center issue brief ***Risk Adjustment and Other Financial Protections for Children and Youth with Special Health Care Needs in Our Evolving Health Care System*** *at http://hdwg.org/catalyst/risk)*

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The importance of quality measurement and improvement

- Helps identify opportunities to increase “value”
- Helps set efficiency and health outcomes benchmarks
- Patient safety initiatives to reduce waste and harm; increase effectiveness of care
- Patient/family satisfaction

For more information,
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