

# Priority Medicaid Issues for New State Officials

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## The Issue

Medicaid is woven into the fabric of states' health care systems and economies: it covers one in five Americans; is the single largest insurer in every state; and is the largest source of funding for mental health, substance use disorder (SUD), long-term care, and maternity services. Medicaid is also a critical engine in state economies and a significant item in their budgets. Given Medicaid's importance, new state officials will want to evaluate the program, disentangling fact from fiction, identifying challenges and opportunities, and tackling pressing program priorities. This brief highlights priority issues for consideration and potential action.

## The Structure of the Medicaid Agency

The Medicaid Director is charged with **stewardship** of the Medicaid program. Where the agency and its leadership "sit" within state government enables or impedes the authority of the Medicaid Director to make critical decisions about program strategy, services, and budget. For example, while Medicaid is the primary funder of behavioral health and long-term-care services—and enrollees requiring these services are among the program's most complex—in some states, responsibility for delivery system and payment policy for these services is vested with agencies that are outside of the purview of the Medicaid Director.

**States are increasingly questioning the rationale of this fragmented structure, and consolidating authority for all physical health, behavioral health, and long-term-care services under the Medicaid Director.** New state officials should evaluate the structure of the Medicaid Agency and consider changes to strengthen the Medicaid Director's ability to run the program effectively.

## Enabling Coverage and Access

Medicaid is first and foremost a health insurance program. Without stable coverage it is difficult for states to design effective care delivery and payment models. When individuals churn on and off coverage, plans and providers are hard-pressed to manage care effectively, and patients themselves are less likely to access "the right care, at the right time, in the right setting." Thus, **a fundamental issue for state policymakers is the state's policies and operating procedures with respect to Medicaid eligibility and enrollment.** A focus on children's coverage is especially critical at this time. For more than a decade, the proportion of children with health insurance has consistently increased year over year; however, in 2017, the rate of insured children declined.<sup>1</sup> **As a first priority, state policymakers should identify any children's coverage loss in their state and determine how this downswing can be reversed.**

Additionally, with the Centers for Medicare and Medicaid Services (CMS) offering states new flexibility in terms of coverage rules—most notably, permitting states to condition coverage on work requirements—coverage policies are under intense scrutiny at this time. Before embracing proposals to add work requirements or any new coverage conditions, state policymakers will want to carefully assess their potential impact on continuous coverage.

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## Addressing the Needs of Special Populations

**Services for Elderly and Disabled Adults.** Medicaid beneficiaries who rely on community and institutional long-term-care services and supports comprise a small percentage of Medicaid beneficiaries—about 6 percent—but consume a disproportionate share of Medicaid resources—over 40 percent.<sup>2</sup> Accordingly, states are **examining whether care is being delivered in the most appropriate setting**, and **building** the continuum of community-based care. Recognizing the particular importance of care management for these elderly and disabled beneficiaries, states with more mature managed care programs **are increasingly moving these individuals, and the services they require, into the managed care delivery system.**

**Behavioral Health Care.** Medicaid is the dominant payer for mental health and SUD services nationally. With the expansion of Medicaid, the onset of the opioid epidemic, and an alarming increase in “deaths of despair,” Medicaid has become an especially important **lever** in addressing the most pressing behavioral health needs among Americans. States that have expanded Medicaid are initiating **programs for adults transitioning from prison back into the community, and into Medicaid coverage**, with the goal of improving access to care and reducing mortality and recidivism rates. With strong evidence that physical and behavioral health service integration is essential to effective care delivery, **states are reviewing their payment models and managed care contracts to identify opportunities to support integration, including for people suffering from opioid use disorder.** (See Issue Brief #6 for additional information.)

## Buying Value: Quality, Cost-Effective Care

Medicaid agencies are increasingly using their purchasing power to make providers more accountable for total cost of care and quality outcomes through “value-based” or “alternative payment” **initiatives.** **Most Medicaid agencies are abandoning cost-based reimbursement and adopting value-based payment policies.** Through their Medicaid managed care programs, states are requiring or incentivizing their plan contractors to use value-based payment methodologies with providers. States are also **incentivizing plans to meet new quality metrics that link to state priorities**—from reducing avoidable hospital admissions to improving integration of physical and behavioral health care. And, with CMS support, states are **initiating multi-payer purchasing strategies** that align payment approaches and bargaining power across Medicaid, public employee plans, commercial payers, and Medicare.

For more information about Medicaid administration, trends, and coverage for targeted populations, please refer to the resources below.

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## Additional Resources

### Resources on Administration and Structure

- Allison, A. The Role of State Medicaid Directors: A Leadership Imperative. Milbank Memorial Fund. September 2015. [www.milbank.org/publications/the-role-of-state-medicaid-directors-a-leadership-imperative/](http://www.milbank.org/publications/the-role-of-state-medicaid-directors-a-leadership-imperative/)
- Koller, C. Dear Governor—About Those Statements on Health Care Affordability. Milbank Memorial Fund. November 2018. [www.milbank.org/2018/11/dear-governor-about-those-statements-on-health-care-affordability/](http://www.milbank.org/2018/11/dear-governor-about-those-statements-on-health-care-affordability/)
- National Association of Medicaid Directors. State Medicaid Operations Survey: Sixth Annual Survey of Medicaid Directors, FY 2017. National Association of Medicaid Directors. September 2018. <https://medicaiddirectors.org/publications/sixth-annual-medicaid-operations-survey/>

### Resources on Medicaid Trends

- Bachrach, D., Boozang, P., et al. Manatt on Medicaid: 10 Trends to Watch in 2018. Manatt Health. January 2018. [www.manatt.com/getattachment/5bd9b2f0-a061-465f-8c4e-3d34cae5f66f/attachment.aspx](http://www.manatt.com/getattachment/5bd9b2f0-a061-465f-8c4e-3d34cae5f66f/attachment.aspx)
- Boozang, P., Anthony, S., Glanz, D. The Future of MassHealth: Five Priority Issues for the New Administration. Massachusetts Medicaid Policy Institute and Blue Cross Blue Shield Foundation of Massachusetts. December 2014. [https://bluecrossmafoundation.org/sites/default/files/download/publication/Future-of-MassHealth\\_Webversion\\_FINAL.pdf](https://bluecrossmafoundation.org/sites/default/files/download/publication/Future-of-MassHealth_Webversion_FINAL.pdf)
- Boozang, P., Davis, H. Leveraging Medicaid Managed Care to Advance Value-Based Purchasing [webinar]. Manatt Health. November 2018. [www.manatt.com/Insights/Webinars/Leveraging-Medicaid-Managed-Care-to-Advance-Value](http://www.manatt.com/Insights/Webinars/Leveraging-Medicaid-Managed-Care-to-Advance-Value)

### Resources on Medicaid and Special Populations

- Grady, A., Boozang, P., et al. Medicaid: The Linchpin in State Strategies to Prevent and Address Opioid Use Disorders. Manatt Health. March 2018. [www.shvs.org/resource/medicaid-the-linchpin-in-state-strategies-to-prevent-and-address-opioid-use-disorder/](http://www.shvs.org/resource/medicaid-the-linchpin-in-state-strategies-to-prevent-and-address-opioid-use-disorder/)
- James, E., Gellad, W., Hughes, M. In This Next Phase Of Health Reform, We Cannot Overlook Long Term Care. Health Affairs Blog. March 2017. [www.healthaffairs.org/doi/10.1377/hblog20170316.059218/full/](http://www.healthaffairs.org/doi/10.1377/hblog20170316.059218/full/)
- Manatt and Center for Health Care Strategies, Inc. Strengthening Medicaid LTSS in an Evolving Policy Environment. December 2017. [www.manatt.com/Insights/White-Papers/2017/Strengthening-Medicaid-LTSS-in-an-Evolving-Policy](http://www.manatt.com/Insights/White-Papers/2017/Strengthening-Medicaid-LTSS-in-an-Evolving-Policy)
- Medicaid and CHIP Payment and Access Commission (MACPAC). Managed Long-Term Services and Supports: Status of State Adoption and Areas of Program Evolution. DC: MACPAC; 2018. [www.macpac.gov/publication/managed-long-term-services-and-supports-status-of-state-adoption-and-areas-of-program-evolution/](http://www.macpac.gov/publication/managed-long-term-services-and-supports-status-of-state-adoption-and-areas-of-program-evolution/)
- Morton, S., Dunn, W., et al. Addressing the Health Needs of Aging America: New Opportunities for Evidence-Based Policy Solutions. University of Pittsburgh: The Stern Center for Evidence-Based Policy. July 2015. [www.healthpolicyinstitute.pitt.edu/sites/default/files/SternCtrAddressingNeeds.pdf](http://www.healthpolicyinstitute.pitt.edu/sites/default/files/SternCtrAddressingNeeds.pdf)

## Endnotes

1. Alker, J., Pham, O. Nation's Progress on Children's Health Coverage Reverses Course. Georgetown University Center for Children and Families. November 2018. [https://ccf.georgetown.edu/wp-content/uploads/2018/11/UninsuredKids2018\\_Final\\_asof1128743pm.pdf](https://ccf.georgetown.edu/wp-content/uploads/2018/11/UninsuredKids2018_Final_asof1128743pm.pdf)
2. Medicaid and CHIP Payment and Access Commission (MACPAC). MACStats: Medicaid and CHIP Data Book. DC: MACPAC; 2018. [www.macpac.gov/wp-content/uploads/2018/12/December-2018-MACStats-Data-Book.pdf](http://www.macpac.gov/wp-content/uploads/2018/12/December-2018-MACStats-Data-Book.pdf)