

Medicaid Financing For Project ECHO: Strategies for Engaging State Medicaid Officials

As states pursue health care transformation initiatives to achieve better outcomes, Medicaid programs increasingly recognize the need to improve access to high-quality, cost-effective specialty care. By working with specialist teams at an academic medical center to enhance primary care capacity in local communities, Project ECHO® expands specialty care access in underserved areas, increasing the likelihood that patients get the care they need, when they need it, without having to rely on referrals and travelling long distances. Project ECHO enables more effective use of existing health care resources, and can support states' efforts to achieve better outcomes and reduce costs in Medicaid.

This fact sheet is designed for ECHO hub leaders who are interested in building the case for Medicaid financing with their state policymakers. It includes a primer on the Medicaid program and outlines considerations for engaging Medicaid officials. This resource complements the *Project ECHO Medicaid Financing Options* brief, which provides detailed examples and options for financing ECHO through Medicaid.

What You Need to Know about State Medicaid Programs

Medicaid provides a health care safety net for individuals who are eligible via income or disability requirements, and is one of the largest components of state budgets. Following is a basic overview:

- **Medicaid is a federal-state partnership.** Medicaid is administered at the state level, and subject to federal oversight by the Centers for Medicare & Medicaid Services (CMS). Medicaid is jointly financed by the state and federal governments, with the federal government currently paying about half the cost. The federal share differs by state, with the amount determined by a formula based on state per capita income. States with lower per capita incomes receive a higher federal share.
- **State Medicaid programs operate under various federal authorities and a federally approved state plan.** States are required to cover certain population groups and benefits, and have the option to cover others. A state can make changes to its state plan, or request additional flexibilities through agreements with CMS known as “waivers.” Most Medicaid financing options for funding ECHO require states to get CMS approval through a waiver, State Plan Amendment, or formal letter.
- **There is great diversity across state Medicaid programs.** States have flexibility under federal requirements to establish their own eligibility standards, benefit packages, provider payment policies, and administrative structures, effectively creating 56 different Medicaid programs — one for each state, territory, and the District of Columbia. Therefore, an ECHO financing strategy that works in one state might not work in another state.
- **Many states enroll beneficiaries in managed care plans for some or all Medicaid-covered services.** Managed care is the predominant delivery system for state Medicaid programs, with 77 percent of all beneficiaries enrolled in managed care.¹ However, even in states with managed care, some Medicaid services may be provided outside the managed care plans, and some beneficiaries may be excluded. A state's approach to financing Project ECHO is dependent on the delivery system that is in place for the targeted patient population.
- **Medicaid can be a driving force in health care innovation and delivery system transformation.** As the source of coverage for more than 73 million Americans,² state Medicaid programs play a key role in improving the nation's health care system, including: (a) encouraging adoption of patient-centered medical homes; (b) changing reimbursement to reward value rather than volume; (c) implementing care management for people with chronic conditions; (d) promoting integration of physical and behavioral health and acute and long-term care; and (e) addressing social determinants of health.

Engaging State Medicaid Officials

Project ECHO hub leaders have various opportunities to connect with state Medicaid officials, ranging from one-on-one conversations to larger meetings that may include potential partners, health plans, legislators, and other state officials. Following are tips for engaging state Medicaid officials to consider state financing for ECHO:

1. **Explain the ECHO Model.** Medicaid leaders may not be familiar with or understand the ECHO model. Create an information packet and share an overview of how the ECHO model works. The ECHO Institute has resources available for this purpose.³
2. **Demonstrate how ECHO aligns with and supports state health priorities.** When presenting opportunities to state policymakers, it is important to demonstrate how ECHO addresses a clear health care need in the state and how it would impact specific Medicaid populations. Consider how ECHO can help Medicaid in tackling one or more of its most pressing challenges. States may be interested in addressing a specific health need (e.g., expanding use of evidence-based treatment to combat the opioid epidemic) or targeting a specific population (e.g., increasing access to specialty care for beneficiaries in rural communities). State health priorities may be identified through review of the governor's and Medicaid agency's websites, public meeting presentations, or local media coverage. Resources available on the state's health department web site, such as the State Health Improvement Plan, may offer additional information about the state's health priorities.
3. **Understand your state's delivery system and consider how Project ECHO best fits into that environment.** Is your state's Medicaid delivery system fee-for-service, managed care, or a combination of both? Is the state actively pursuing some specific delivery system reforms, such as Medicaid accountable care organizations (ACOs)? Understanding the context of the Medicaid program will help identify where and how ECHO might fit in, and which additional partners may also warrant engagement. For example, if you are operating in a fully managed care state, you may want to consider engaging directly with the managed care plans instead of, or in addition to, pursuing financing through the state directly. Likewise, if ACOs are an important component of your state's Medicaid program, consider opportunities to engage with participating health systems that may have the right incentives to adopt Project ECHO directly. Look for state specific delivery system information on both state Medicaid agency and the Centers for Medicare & Medicaid⁴ websites as well as the Kaiser Family Foundation's website.⁵
4. **Provide data demonstrating improved health outcomes and reduced costs, ideally focusing on opportunities to generate near-term cost savings.** Sharing evaluation results that demonstrate improved health outcomes and reduced costs will help make the case for securing and sustaining Medicaid funding. Analyses conducted by your program or other ECHO hubs can help illuminate the value of investing Medicaid funds in an ECHO program. There are a number of evaluations underway in ECHO hubs across the country that, when completed, could bolster the case for ECHO. The ECHO Institute also has cataloged peer-reviewed papers from 18 academic centers that describe a range of benefits and positive impacts from ECHO.⁶ Note that state-specific data is always preferable if available, given the variation in health care delivery and costs across regions.

While improving health is an important goal for states, Medicaid directors may be more inclined to financially support ECHO if there are clear connections to near-term cost savings. State Medicaid programs are under constant pressure by their budget office and legislature to control costs. The likelihood of finding state resources to finance a new program is greatly enhanced when a strong case can be made that the new program will generate savings within near-term budget horizons.
5. **Demonstrate provider interest and ability to scale.** While a single ECHO hub, or an ECHO pilot, is a good way to demonstrate the value of ECHO, state leaders may be more interested in investing time and resources if they can see the potential for ECHO to expand. Conducting surveys and meeting with stakeholders to assess community health needs and gauge provider interest can be useful for building the case for state support.
6. **Share patient stories and anecdotes.** Patient stories are powerful tools for building the case with state policymakers. Sharing qualitative information gathered from patients or providers caring for specific patient populations can provide state leaders with a greater understanding of the impact ECHO can have on care delivery, access to services, and patient outcomes.

Stories about increased provider satisfaction – particularly in health care professional shortage areas – can be similarly compelling to convey the benefits of the ECHO model for provider recruitment and retention in underserved communities.

- 7. Account for the impact of ECHO on various stakeholders.** There are many Medicaid stakeholders who would be impacted by ECHO, including beneficiaries, providers, and managed care plans. State policymakers will be interested in understanding how ECHO affects each of these constituencies and how ECHO can add value to the health care system as a whole. It is important to consider the perspective of the specific audience within state government with whom you may be meeting. For example, a chief medical officer may be most interested in how ECHO benefits providers, a state health officer may be focused on addressing a particular health need, and a budget analyst will likely be interested in cost savings.

Policymakers will also be interested in knowing about support you have already received from other key constituencies. It is important to mention and leverage support from other stakeholders, such as the state primary care association, professional associations, patient groups, local foundations, and state legislators.

- 8. Highlight Project ECHO's bipartisan appeal and support at the federal level.** Congress unanimously approved the ECHO Act⁷ that was signed into law in 2016. The ECHO Act directs the federal government to evaluate and report on the impacts of the Project ECHO model and make recommendations for expanding the model in federal programs and in continuing medical education.⁸ This bipartisan show of support will likely resonate with state policymakers, and will underscore the federal government's interest in the ECHO model as a mechanism for increasing access to care for underserved populations.

ABOUT THE CENTER FOR HEALTH CARE STRATEGIES

The Center for Health Care Strategies (CHCS) is a nonprofit policy center dedicated to improving the health of low-income Americans. It works with state and federal agencies, health plans, providers, and consumer groups to develop innovative programs that better serve people with complex and high-cost health care needs. For more information, visit www.chcs.org.

ADDITIONAL INFORMATION AND RESOURCES

- **For more information about Project ECHO**, please visit <https://echo.unm.edu/> or contact Erika Harding (EHarding@salud.unm.edu) or Elizabeth Clewett (EClewett@salud.unm.edu).
- **Financing Project ECHO: Options for State Medicaid Programs** – This CHCS brief outlines an array of financing options, including approaches currently in use as well as new options, and highlights how four states leveraged Medicaid support for ECHO.
- **Medicaid Financing Models for Project ECHO** – This CHCS technical assistance tool outlines Medicaid financing options for supporting Project ECHO — including approaches that are currently being used as well as strategies that are not yet operational.

¹ U.S. Department of Health and Human Services (HHS), Center for Medicaid & CHIP Services. (2016, Spring). Medicaid Managed Care Enrollment and Program Characteristics, 2014. Available at: <https://www.medicaid.gov/medicaid-chip-program-information/by-topics/data-and-systems/medicaid-managed-care/downloads/2014-medicaid-managed-care-enrollment-report.pdf>.

² Centers for Medicare & Medicaid Services. *Medicaid and CHIP: November and December 2016 Preliminary Monthly Enrollment*. Available at: <https://www.medicaid.gov/medicaid/program-information/medicaid-and-chip-enrollment-data/report-highlights/index.html>

³ To access resources on the ECHO Institute website, visit <https://echo.unm.edu/>.

⁴ For information on Medicaid program and policy: <https://www.medicaid.gov/medicaid/index.html>.

⁵ See State Medicaid Fact Sheets on the Kaiser Family Foundation website, at <http://www.kff.org/interactive/medicaid-state-fact-sheets/>.

⁶ For the Project ECHO library of peer-reviewed studies, see <http://echo.unm.edu/about-echo/research/>.

⁷ For text of the ECHO Act, see <https://www.congress.gov/bill/114th-congress/senate-bill/2873/text>.

⁸ Ibid.