

MEDICAID LEADERSHIP INSTITUTE

An Initiative of the Robert Wood Johnson Foundation

Leading New Jersey’s Medicaid Care Delivery Transformation

April 2013

IN BRIEF

As the CEOs of the largest health insurers in their states, Medicaid directors are positioned to influence the delivery of higher-quality, more cost-effective services across the health care system. This profile details the critical role of New Jersey’s Medicaid director Valerie Harr. It also describes the *Medicaid Leadership Institute*, a unique fellowship program designed to enhance the leadership capacity of Medicaid directors to maximize the potential of publicly financed health care.

In October 2012, Valerie Harr had just learned that New Jersey received federal approval for its massive Medicaid waiver proposal – and was hard at work putting it into action – when her state got hammered by Superstorm Sandy. This was an unexpected test of leadership and versatility for Harr, who serves as the state’s Medicaid director. Her agency is part of New Jersey’s largest Department, Human Services, which serves one in seven state residents.

She immediately shifted from policy to emergency mode, making sure that thousands of Medicaid beneficiaries in storm shelters around the state received the services they needed from her program and its managed care plans. They ranged from children on ventilators to seniors needing wheelchairs, medications, and oxygen refills.

Harr and her staff worked round the clock to get nurses and care coordinators into the shelters to deliver needed services and equipment. She worked the phones persuading health plan and federal Medicaid

officials to offer as much flexibility as possible, for instance extending benefits for people whose eligibility was lapsing, but whose homes had been destroyed by the storm. These experiences led her to draft recommendations to the department on how to handle Medicaid-related crises during future emergencies.

All this was happening concurrently to implementing one of the most comprehensive Section 1115 research and demonstration waivers in the nation. The five-year waiver, along with related state reforms, will reshape nearly every aspect of New Jersey’s Medicaid program, which currently serves 1.3 million people at a cost of about \$11 billion a year. Through her leadership and collaboration with stakeholders and state policymakers, Harr established new levels of innovation for New Jersey Medicaid.

“Valerie’s exemplary leadership is evident on both macro- and micro-levels. While she is working to ensure that New Jersey’s reforms are both comprehensive and sustainable, she is also keenly aware of the impact of any changes on the clients served by the Medicaid program,” says Jennifer Velez, Commissioner of New Jersey’s Department of Human Services.



Valerie Harr

Steering Between Politics and Pragmatic Policy

By all accounts, Harr’s achievements in little more than two years since she was

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named Medicaid director in December 2010, have been remarkable. During the waiver development process, she orchestrated a collaboration across three state departments – Human Services (including Medical Assistance and Health Services, Mental Health and Addiction Services, Developmental Disabilities, and Disability Services); Health and Senior Services; and Children and Families. She impressed many skeptical patient and provider advocacy groups with her transparent process and listening skills, and skillfully negotiated and won federal approval for the waiver. All the while, she deftly steered a delicate course between politics and pragmatic policy.

“Valerie has been a wonderful partner, very collaborative,” says Lynn Kovich, Assistant Commissioner for DHS’ Division of Mental Health and Addiction Services, who has worked closely with Harr on the state’s planned behavioral health transformation. “She’s been so open to making sure our consumers are well served in the new system.”

As a result of the governor’s recent decision to expand Medicaid under the Affordable Care Act, Harr will have the responsibility to extend coverage to an estimated 104,000 low-income people. An additional 190,000 individuals who were previously eligible are expected to also sign up. “Valerie has been a very effective state Medicaid director in a very difficult time,” says Robert Schwaneberg, New Jersey governor Chris

Christie’s health care policy adviser. “She’s already had a number of very significant accomplishments with this administration, and there are some very big challenges ahead of her. We’re all very proud of her.”

A Deliberate Evolution

Harr’s state leadership role follows many years of studying and gaining experience in Medicaid policy, first working with the Center for Health Care Strategies (CHCS) in the 1990s, where she got wide exposure to what other states were doing, and later signing on as New Jersey’s Medicaid budget director in 2002 and then deputy director of the Division of Medical Assistance and Health Services in 2007 before becoming director in 2010. “This job is what I’d been working toward for 15 years,” Harr says. “I can’t imagine a better fit.”

She clearly has a big job ahead. Over the next several years, nearly all New Jersey Medicaid beneficiaries – including those dually eligible for Medicare, people with behavioral health issues, seniors eligible for nursing homes, and children and adults with disabilities – will be shifted into some form of managed care.

New Jersey Medicaid will expand home- and community-based care for these groups; better integrate services for its 155,000 dually eligible Medicare beneficiaries by expanding special needs managed care plans; and establish new delivery models including health homes and accountable care organizations. Payment rates for primary care providers will be increased. With the myriad changes, the state hopes to make significant improvements in care delivery and also achieve cost savings once all the initiatives are implemented, Harr says.

In addition, she plays an integral role in the daunting effort to create an automated, one-stop-shopping eligibility determination system to ease enrollment in Medicaid and other state social service programs. The new system will ideally tie into federal databases and help people sign up for subsidized health coverage in New Jersey’s federally run health insurance exchange starting in October 2013.

A Turning Point on Becoming a Medicaid Leader

Harr says her Medicaid reform work was significantly helped by her participation as a 2011-2012 fellow in the *Medicaid Leadership Institute*, a professional development program for state Medicaid directors run by CHCS and funded by the Robert Wood Johnson Foundation. She received personal leadership coaching through the Institute, and helped develop a model for improving the delivery of mental health and substance abuse services.

She describes the fellowship as a “turning point” for her in understanding the difference between a manager and a leader, and in developing her leadership skills with the help of a personal coach. She says her coach, Ann Fischer, who teaches at the Wharton School of Business, particularly helped her communicate more effectively in uncomfortable or adversarial situations with other state legislative or executive officials as well as external stakeholders, including lobbyists and advocates.

“We worked on areas that were out of her comfort zone,” Fischer explains. “A big part was bolstering her confidence, delivering compelling messages, and conveying a greater sense of purpose and vision. Valerie is very reflective and motivated, and I thought she made very good progress.”

Harr utilized those skills in her negotiations with the Centers for Medicare & Medicaid Services over the waiver request, which lasted nearly a year and included near-daily phone calls. While New Jersey did not get everything it wanted, it won a key concession on coverage of low-income parents already receiving coverage under the state’s expanded Children’s Health Insurance Program.

Shepherding Integrated Care Management for Complex Needs Populations

In 2011, Harr supervised the challenging but successful shift of nearly 155,000 dually eligible beneficiaries from fee-for-service into Medicaid managed care plans, covering

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all services with the exception of behavioral health and long-term supports and services. Now she and Kovich are meeting with patient advocacy and provider groups to craft a plan for contracting with a single managed behavioral health organization statewide and shifting nearly 300,000 behavioral health patients from fee-for-service into a coordinated care system.

The behavioral health organization initially will receive an administrative fee for managing the patients’ care. But Harr envisions Medicaid eventually moving to a capitated risk contract for all behavioral health services. Harr faces a similar challenge in shifting many of the state’s 28,000 nursing home-eligible beneficiaries into a managed long-term services and support program – one of the department’s initiatives to advance improved quality of care and cost savings. New Jersey currently ranks 49th out of 51 states on the ratio of spending for institutional placement versus home- and community-based services.

Under the waiver authority, over the next two years the state’s four contracting Medicaid health plans will take on responsibility for coordinating care for the nursing home-eligible population – including adult day health, home health and personal assistance, home modification, and meals on wheels – if the plans pass the state’s readiness test. Harr currently is meeting with a steering committee including providers, advocates, and patients to plan a strategy for this highly sensitive transition.

“Nursing homes will continue to be necessary for people who need it. But to the

extent we can delay nursing home admission, that's the goal," says Harr.

Making it Personal

Harr's own family life helps her understand the difficult physical and behavioral health issues faced by many of her state's Medicaid clients. Her two sons, ages 5 and 9, both have special needs. One has severe attention deficit hyperactivity disorder and the other is in special education. Her husband, Paul Mlodzinski, left his career as a geologist to be a stay-at-home dad.

To help rev up her energy outside of work and home, Harr, who always was a runner, recently started competing in triathlons. "I would say I'm a pretty self-motivated person," she notes.

Author Harris Meyer is a Washington State-based freelance journalist who has been writing about health care policy and delivery since 1986.

About the Medicaid Leadership Institute

The *Medicaid Leadership Institute* is a unique opportunity for Medicaid directors to participate in an intensive leadership development curriculum designed to cultivate the skills necessary to transform their Medicaid programs into national models for high-quality, cost-effective care. The Institute is an initiative of the Robert Wood Johnson Foundation directed by the Center for Health Care Strategies, a nonprofit health policy resource center dedicated to improving health care quality for low-income children and adults, people with chronic illnesses and disabilities, frail elders, and racially and ethnically diverse populations experiencing disparities in care. For more information, visit www.MedicaidLeaders.org.