Sustainable Financing Approaches for Medicaid Managed Care Organizations to Address Health-Related Social Needs

April 6, 2023
SNHPs participate in Medicaid, Medicare, Marketplaces, and other publicly-supported programs.

Our mission is to strengthen not-for-profit Safety Net Health Plans in their work to equitably improve the health and well-being of people with limited resources or significant health needs.
Agenda

- **Report Findings**
  - *Diana Crumley*, JD, MPAff, Senior Program Officer, CHCS
  - *Amanda Bank*, MPH, Program Associate, CHCS

- **Safety Net Health Plan Reactions & Achievements from CareSource**
  - *Dwayne Dabbs*, Senior Director of Community Transformation – Complex Health
  - *Angela Bickerstaff*, National SDOH Strategy Lead for Food & Nutrition
  - *Kyle Lowe*, National SDOH Strategy Lead for Housing
  - *Teresa Hottle*, Director of SDOH

- Moderated by *Jenny McGuigan Babcock*, SVP, Medicaid Policy, ACAP
In 2018, CHCS and ACAP worked together on an earlier report titled *Addressing Social Determinants of Health via Medicaid Managed Care Contracts and Section 1115 Demonstrations.*

- CHCS compiled incentives and requirements relating to SDOH and identified common themes among state approaches.

Recently, ACAP partnered with CHCS to publish *Financing Approaches to Address Social Determinants of Health via Medicaid Managed Care: A 12-State Review.*

- Explores how states finance MCOs’ HRSN activities and use federal flexibilities to do so.
What We Know Now About Medicaid MCOs & HRSN Services

- **95%** of MCOs provided HRSN services in 2020. ([IMI](#))
  - In 2020, **79%** provided HRSN services to unhoused/housing insecure people; this increased to **90%** in 2022.

- In 2020, **95%** used internal funding for HRSN efforts; **45%** listed state capitation. ([2020 ACAP/SSX Benchmark Survey](#))

- **55% never counted** HRSN expenditures in MLR as administrative expenses; **50% never counted** HRSN as medical or other allowable expenditures.

- **30%** measured the benefits of HRSN programming; **30% did not**.
Report Findings & Policy Recommendations
Center for Health Care Strategies

Dedicated to strengthening the U.S. health care system to ensure better, more equitable outcomes, particularly for people served by Medicaid.

Together with our partners, our work advances:

- **Effective models for prevention and care delivery** that harness the field’s best thinking and practices to meet critical needs.

- **Efficient solutions for policies and programs** that extend the finite resources available to improve the delivery of vital services and ensure that payment is tied to value.

- **Equitable outcomes for people** that improve the overall wellbeing of populations facing the greatest needs and health disparities.
New Report (Released February 2023)

• **Goal:** Explore how funds flow to and through Medicaid MCOs to address Health-Related Social Needs (HRSN)

• **Approach:** Identified contract and specific cost reporting guidance relating to HRSN activities and interventions in 12 states

  • Arizona, California, Massachusetts, Minnesota, North Carolina, New York, Ohio, Oregon, Pennsylvania, Texas, Virginia, Washington
Research Findings

1. HRSN contract requirements are commonplace, but rate impacts can be unclear.

2. When states provide guidance on reporting HRSN activities in the medical loss ratio, they rely heavily on broad definitions in federal rule.

3. States are using new and diverse managed care contracting levers to support provider-level and community-level HRSN-related activities.

4. Under new Section 1115 demonstrations, MCO capitation rates will reflect approved HRSN Services, like never before.
Out of 12 states . . .

10 expanded access to HRSN services beyond traditional 1915(c) HCBS services through a waiver or state plan amendment (SPA).

5 have approved HRSN services as in lieu of services.

6 reward MCOs for HRSN-related activities and related performance.

6 explicitly mention HRSN-related non-benefit costs used to develop rates.

7 direct MCOs to support provider-level HRSN-related activities through value-based payment or directed payment arrangements.

6 provide guidance on how HRSN-related non-benefit costs can be reported in the numerator of the MLR.

2 apply social risk adjustment to MCO rates.

6 allow or direct MCOs to reinvest profits/reserves into communities, with four of those states adopting a current or future requirement.
## State Financing Approaches

<table>
<thead>
<tr>
<th>HRSN-RELATED APPROACH</th>
<th>AZ</th>
<th>CA</th>
<th>MA</th>
<th>MN</th>
<th>NC</th>
<th>NY</th>
<th>OH</th>
<th>OR</th>
<th>PA</th>
<th>TX</th>
<th>VA</th>
<th>WA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Community Health Worker SPA</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1915(i) or 1915(i)-like HCBS</td>
<td></td>
<td></td>
<td></td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Expanded HRSN Services via 1115</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td></td>
<td>X</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>In Lieu of Services</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>X</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>MCO Performance Incentives</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Projected non-benefit costs explained</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>VBP/Directed Payment</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MLR Reporting Guidance</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Social Risk Adjustment of MCO Rates</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Community Reinvestment</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Medicaid and Health-Related Social Needs (HRSN): Common State-Directed Activities

1. Screening for social risk factors

2. Coordinating and integrating care (e.g., across physical health, behavioral health, social care)
   → e.g., MCOs providing care coordination & care management (CC/M)

3. Encouraging partnerships among health care organizations and community-based organizations

4. Providing services that address HRSN:
   → Formal Medicaid benefits
     • e.g., through a new state plan amendment, Section 1115 demonstration, or policy change
   → HRSN services, provided at option of Medicaid managed care organizations (MCOs)
     • e.g., value-added services, in lieu of services, or quality improvement (QI)
What’s in the rate? What’s in the MLR?

Numerator of the Medical Loss Ratio (MLR)

Benefits (i.e., in a state plan/waiver/demonstration)
*In lieu of services*

QI, CC/M
Other admin

“Medical”/
Benefit Component of the Rate

“Administration”/
Non-benefit Component of the Rate

Value-added Services
Deep Dive: Three Financing Approaches

- In lieu of services
- Section 1115 demonstrations
- Community health worker state plan amendments (SPAs)
In Lieu of Service (ILOS)

• **What is it?** A medically appropriate, cost-effective substitute for a state plan service or setting – provided at the option of plans

• **New development:** CMS released new guidance in January.
  → ILOS can be a direct substitute, or when service “can be expected to reduce or obviate the future need to utilize state plan-covered services or settings.”
  → ILOS can address health-related social needs.

• **Rate impact:** Managed care rates can reflect cost and utilization of in lieu of services. The ILOS cost percentage can be no more than five percent.

• **Example:** California Community Supports
In Lieu of Services

KEY
- HRSN ILOS pre-approved list, or ILOS in use
- HRSN ILOS anticipated
- Part of study, but no proposed HRSN ILOS

States colored:
- Blue: HRSN ILOS pre-approved list, or ILOS in use
- Orange: HRSN ILOS anticipated
- Light blue: Part of study, but no proposed HRSN ILOS
Section 1115 Demonstrations

• **What is it?** Demonstrations give states additional flexibility to design and improve their programs, and allow state and federal partners to test and evaluate new approaches.

• **New Development:** In December 2022, CMS announced a demonstration opportunity to address health-related social needs (HRSN), with a focus on nutrition supports, housing supports, and HRSN case management.

• **Rate impact:** Managed care rates can reflect cost and utilization of approved HRSN services. Separate state funding will be available for HRSN infrastructure, like technology and workforce.

• **Example:** Arizona and Oregon’s new Section 1115 demonstrations, which include coverage of a new HRSN service: 6 months of post-transition rent.
Section 1115 Demonstrations

KEY
- HRSN Services Demonstration Approved
- HRSN Services Demonstration Application Pending
- Part of study, but no HRSN Services Proposal

States with HRSN Services Demonstration Approved:
- CA
- AZ
- TX
- NC

States with HRSN Services Demonstration Application Pending:
- WA
- OR

States with Part of study, but no HRSN Services Proposal:
- NY
- PA
- VA

Other states:
- DC
- VT
- NH
- MA
- RI
- CT
- NJ
- DE
- MD
- FL
- AL
- GA
- SC
- TN
- MS
- LA
- AR
- OK
- KS
- MO
- IA
- IL
- IN
- OH
- WV
- WV
- KY
- NY
- PA
- VA
- NC

States not shown:
- AK
- HI
- PR

Legend:
- CA: California
- AZ: Arizona
- TX: Texas
- NC: North Carolina
- WA: Washington
- OR: Oregon
Community Health Worker State Plan Amendment (SPA)

• **What is it?** States can cover community health worker services as formal Medicaid benefits. States do this by submitting a SPA.

• **New Development:** In 2014, CMS clarified that states can pay for preventive services provided by practitioners that do not have a medical license, such as community health workers. States are increasingly submitting more SPAs using this rule (42 C.F.R. 440.130).

• **Rate impact:** Managed care rates can reflect cost and utilization of state plan services.

• **Example:** Minnesota’s Community Health Worker SPA
Community Health Worker Services SPA/Benefit
Visit CHCS.org to...

• Download practical resources to improve health care for people served by Medicaid.

• Learn about cutting-edge efforts from peers across the nation to enhance policy, financing, and care delivery.

• Subscribe to CHCS e-mail updates, to learn about new resources, webinars, and more.

• Follow us on Twitter @CHCShealth.
Safety Net Health Plan
Reactions & Achievements
SDOH and HRSN

Building Momentum...

2021
New guidance from The Centers for Medicare & Medicaid Services (CMS) designed to drive the adoption of strategies that address the social determinants of health (SDOH) in Medicaid and the Children’s Health Insurance Program (CHIP)

2022
CMS announces a new 1115 Medicaid demonstration opportunity around housing supports, nutrition supports and HRSN case management

2023
CMS SMD#: 23-001 Additional Guidance on Use of In Lieu of Services and Settings in Medicaid Managed Care expands the definition of HRSNs, the Use of In Lieu of Services and Settings in Medicaid Managed Care
CareSource Life Services® SDoH Strategy

1. Driving a life-course, whole-person model through MyLife
2. Utilize real-time, high-quality data to drive our population health and SDoH strategy
3. Our focus is on addressing HRSNs pro-actively in communities and with members – upstream focus
4. Leveraging evidence-based, novel interventions to help prevent SDoH gaps from occurring and close them when they do occur
5. Strengthening collaborations among all stakeholders to encourage gap closure with continuous feedback
6. Driving, measuring and rewarding positive outcomes through innovative VBID that addresses all providers and collaborators engaged
CareSource Life Services
CareSource JobConnect™
- CareSource’s workforce development program
- Members are provided a life coach to assist with employment and/or education goals, and help with other SDOH barriers
- Facilitates access to community-based resources

HousingConnect
- Identification and tracking of housing insecure/unhoused members
- Housing Locator and landlord recruitment
- Housing Investments in partnerships and programs
- Covered benefits and value-added services

FoodConnect
- Addresses food as both a social and clinical healthcare need
- Increase member security and access for food and nutrition
- Includes nutrition education, screening and referral, tailored food interventions, food assistance models, covered benefits

CaregiverConnect™
- Care plan development tailored specifically for the caregiver
- Innovative e-learning platform designed for family caregivers to provide tools to look after their loved ones in their own homes
- Provides access to training in caregiving skills, emergency response, and trauma-informed care

PeerConnect™
- Increase the use of certified Peer Support Specialists to assist our complex health population
- Increase provider competency on Peer Support
- Increase member awareness of and access to Peer Support Services

Health-related social needs are found where people live, learn, work and socialize; they impact health outcomes.
Overview of CareSource JobConnect™

- JobConnect serves members or the parents/guardians of CareSource members in Ohio, Indiana, and Georgia.
- Life Coaches are paired with the member to work on SDOH needs, employment, and/or education.
- Enrollment into JobConnect has shown decrease in ED and in-patient utilization and total cost of care.

<table>
<thead>
<tr>
<th>Enrollment</th>
<th>Assessment / Stabilization</th>
<th>Education</th>
<th>Employment &amp; Financial Planning</th>
<th>Advancement</th>
</tr>
</thead>
<tbody>
<tr>
<td>“No Wrong Door” approach to serving members.</td>
<td>Health Risk Assessments include social determinants of health questions.</td>
<td>The Life Coach recommends an education path.</td>
<td>The Life Coach connects the member directly with employers.</td>
<td>Continued support for 24 months to assist in employment retention and advancement.</td>
</tr>
<tr>
<td>Connecting through nurse case managers, providers, community organizations and events, etc.</td>
<td>Assess consumer resources, skills, talents and wishes for long-term employment. Weekly interactions with care team and medical case management</td>
<td>The consumer develops appropriate skills matched with our employer partners’ needs.</td>
<td>The Life Coach helps consumer with financial planning and community resources to backfill as they lose government subsidies (TANF, SNAP)</td>
<td>Life Services is effectively helping consumers and their families achieve an unsubsidized, stable, healthy life.</td>
</tr>
</tbody>
</table>
CareSource JobConnect™ and CBOs

• Life Coaches facilitate access to community based referrals
• Over 30,000 CBO referrals since inception of the program (2016)
• Pilot partnership with a CBO for fee for service but moving to a value based payment model
• Mobile learning platforms as a way to increase employment opportunities and bridge the digital divide
Overview of FoodConnect

A multi-layered, whole-person care approach to address food as a clinical and health-related social need.

Our program model provides the foundation for CareSource to address food insecurity and is focused on the direct connection of members to food and the nutritional support needed to heal and thrive.
HAPCAP is one of 50 Community Action Agencies in Ohio and is a part of Corporation for Ohio Appalachian Development (COAD). They are a private, non-profit, community-based organization serving Southeast Ohio and operate six Head Start centers, three Home Energy Assistance Program (HEAP) offices, a Housing office and the Regional Food Center.

HAPCAP for Health bridges the gap to ensure better health outcomes, equity, and literacy within a ten-county service area. Residents living within the ten-county service area are welcome to seek assistance for a variety of services including:

- Medicaid and SNAP application assistance
- Navigating Medicaid and Medicare
- Community resource referrals
- Food and nutrition programming and assistance

➢ HAPCAP, Hopewell Health Center, and CareSource are working collaboratively to develop a food prescription initiative focused on subset of CS members living in Southeast Ohio.
➢ Food Rx program in direct support of individuals with Diabetes and significant SDOH barriers.
➢ Program clients/CS members will receive food for the entire household - delivered monthly, directly to their residence
➢ Comprehensive case management, including a Dietician and a CHW, to support member and supply appropriate guidance regarding diet, recipes, meal planning and in-home checks/assessments
➢ **GOAL:** to increase access to healthy, nutritious food in rural, hard-to-reach communities, address chronic health conditions and resource navigation challenges, in addition to measuring behavior changes and health outcomes
## Overview of HousingConnect

### Member Journey to Stable Housing

<table>
<thead>
<tr>
<th>How do we know?</th>
<th>How do we track?</th>
<th>How do we respond?</th>
<th>How do we help?</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Homeless Member</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
| PRAPARE Assessment  
Nationally standardized tool  
designed to equip healthcare  
orgs and their community  
partners to better understand  
and act on individuals’ social  
determinants of health | Monthly PRAPARE reports  
- Compiled by Life Services  
Center of Excellence  
- Flagged in Guiding Care  
- Life Coach and Care  
Manager visibility | Contact member  
with 24-48 hrs.  
- Outreach by Life  
Coach or Care  
Manager | Finding Home locator tool  
- Person centered housing  
search  
- Housing Investment units included |
| Predictive Analytics  
- Z Code – Z59.0  
- Address – Known Shelter  
Address | Monthly PRAPARE reports  
- Compiled by Life Services  
Center of Excellence  
- Flagged in Guiding Care  
- Life Coach and Care  
Manager visibility | Contact member ASAP  
- Challenges in reaching population expected | Coordinated Entry  
- Connect to shelter or  
Permanent Supportive Housing  
- Connect to other supportive  
services  
- Housing Investment units included |
| **Member with Housing Instability** | | | |
| PRAPARE Assessment  
Or  
Life Coach/Care Manager  
Identification | Monthly PRAPARE reports  
- Compiled by Life Services  
Center of Excellence  
- Flagged in Guiding Care  
- Life Coach and Care  
Manager visibility | Member connected with a Life Coach  
(GA, IN, OH) or  
Care Manager  
(all other markets) | Person Centered Finding Home  
Housing Search  
- Identify location, size  
affordability, etc. for members’ unique housing needs  
- Housing Investment units included |
| **Housed Member** | | | |
| Member communicates  
interest to Life  
Coach/Care Manager | Life Coach/Care  
Manager indicates in  
Guiding Care | Life Coach/Care  
Manager connects  
member to CBO | CBO programming  
- HUD homeownership classes  
(pilot in GA)  
- Repair/Modification programs  
- Housing Investments  
- Ownership units included |
HBAH Overview

Healthy Beginnings at Home

GOALS:
- Decreased Infant Mortality
- Improved Birth Outcomes

Target Population
- Program Capacity of 100
- At-Risk Women Identified and Enrolled

Target Area
- Franklin County, Ohio

45% of all infant deaths occur in 13 zip codes

Social Determinants of Health Barriers
- Lack of Housing
- Food Insecurities
- Poverty
- Education Level
- Employment

Average paid per claim: Infant only at time of birth until initial release

Total Medicaid spending per member, per month (FSPM) without outliers:
- All household claims
  - from date of infant’s birth to first birthday

$21,521

$4,175
- Intervention group (n=47)
- Control group (n=41)

$351
- Intervention group (n=94)
- Control group (n=91)

* N is based on live births. Does not include fetal deaths. Source: CareSource
CaregiverConnect™ and PeerConnect™

CaregiverConnect™
• Serves the caregivers of our members
• Care plan developed specifically for each caregiver based on their needs
• Caregivers are provided an array of benefits, digital education, and training for caregiver skills, emergency response, and trauma informed care
• Program is altered depending on the population of the caregiver, e.g. seniors, foster parents, parents of chronically ill children, etc.

PeerConnect™
• Designed to increase the use of Peer Support Specialists for our complex health populations
• Provide better access to peer support for our member
• Increase provider competency on peer support
The Future

• Partnerships - Continued focus on VBID that starts with the member and builds out (think Bronfenbrenner’s Ecological Model)
• Prevention - Utilizing data and insights to better inform preventive measures
• Caregivers - A focus on supporting those who care for our members
• MLR - Pushing the reimbursement envelope through state partnerships, ACOs, CBO partnerships, hub & spoke models and provider partnerships
• Focus on the member - Blurring the lines that separate payers, providers, CBOs and channel partners to provide informed whole-person care
Questions?
1155 15th St. NW, Suite 600  
Washington, DC 20005  
202.204.7508  
Fax: 202.204.7517  
www.communityplans.net  
Jenny McGuigan Babcock: jbabcock@communityplans.net  
@safetynetplans  
search “ACAP”