Supporting Technology-Enabled Innovation in Medicaid Managed Care to Improve Quality and Equity: State Considerations

By Kelsey Brykman, Center for Health Care Strategies

TAKEAWAYS

- Medicaid agencies can support adoption of technology-enabled solutions to advance goals of improving access to care, health quality, and equity.
- Through the Medicaid Innovation Collaborative, the Center for Health Care Strategies and its partners helped states explore strategies to incentivize and support adoption of tech-enabled solutions in Medicaid managed care.
- Specific policy approaches may depend on how prescriptive states want to be in incentivizing technology uptake and the specific type of technologies states seek to scale.

As technology-enabled solutions become an increasingly widespread aspect of health care delivery, it is important for policymakers to consider how technology can support Medicaid policy goals and ensure that Medicaid beneficiaries have access to beneficial innovations adopted in other parts of the health care system. Tech-enabled solutions can be one tool in the Medicaid toolbox for increasing access, improving quality, advancing health equity, and ensuring efficient care delivery.

Tech-enabled solutions include a wide variety of products and services such as telehealth, texting platforms, mobile platforms supporting health education, data-sharing solutions, electronic health records, e-prescribing, and in-person care delivery models that integrate technology.¹²³ These innovations hold promise for improving health outcomes and advancing health equity by increasing patient access to providers, supporting more seamless care coordination, providing culturally responsive care, and offering new ways for patients to manage their...

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However, there are challenges to scaling tech-enabled innovations within Medicaid, such as: payment barriers to adoption of new care delivery models; policy variability across states; lack of tech-sector familiarity with how Medicaid managed care operates; and misperceptions around Medicaid-covered populations’ access to technology. Medicaid agencies can play an important role in helping to overcome these challenges and realize the potential of tech-enabled innovation.

Most states implement their Medicaid programs through managed care, whereby states pay health plans a capitated rate for managing delivery of health care services. This brief explores design considerations and policy levers Medicaid agencies may consider for encouraging uptake of tech-enabled innovation within Medicaid managed care. It is a product of the Medicaid Innovation Collaborative (MIC), which brings together state Medicaid programs, their managed care plans, and other key stakeholders to identify and adopt scalable innovations that can improve the health of Medicaid populations. MIC is led by Acumen America, Adaptation Health, and the Center for Health Care Strategies and supported by The MolinaCares Accord, CommonSpirit Health, and Hopelab. The first cohort of MIC included three state Medicaid agency participants — Arizona, Hawaii, and West Virginia — and explored private tech-sector innovations aimed at advancing adolescent and maternal behavioral health. Based on the innovations explored through this cohort, the policy levers outlined in this brief primarily focus on tech-enabled solutions that have a patient-facing component, such as a patient education, telehealth, or texting.

Starting Considerations

Following are overarching considerations for state Medicaid agencies exploring opportunities for tech-enabled innovation. These considerations may help states define their approach for supporting adoption of technology solutions.

Where does technology have the greatest opportunity to impact state and community priorities related to improving Medicaid services and health outcomes?

As a first step, state Medicaid policymakers should consider what existing state policy priorities may benefit from tech-enabled solutions. Defining the opportunity for tech-enabled innovation within a state can be important for identifying relevant solutions, developing policies to incentivize technology adoption, and measuring impact. In defining goals for tech-enabled innovation, states may consider: (1) existing access and quality gaps and health disparities within Medicaid programs; (2) priorities of and barriers experienced by individuals enrolled in Medicaid.
Medicaid; (3) challenges faced by health care organizations within the state in meeting patient needs; and (4) the types of challenges tech-enabled innovations are suitable to address (e.g., removing geographic and transportation barriers to care access, providing new modalities for communication, etc.).

What are priority areas for improvement as identified by Medicaid enrollees and communities?

A critical aspect of defining how technology can help improve care delivery is engaging with people enrolled in Medicaid either directly or through community-based organizations that work closely with Medicaid enrollees, particularly populations experiencing disparities. This work is essential to understanding existing barriers to care, enrollee priorities, and acceptability of tech-enabled solutions to the community. States may consider how to use existing patient and community engagement mechanisms such as member advisory boards, surveys, newsletters, and focus groups to support exploration and implementation of tech-enabled innovation. To the extent managed care organizations (MCOs) are responsible for implementing tech-enabled innovation, states may also consider requiring MCOs to develop mechanisms to engage enrollees in this work.

How prescriptive does the state want to be in driving tech-enabled solution adoption in Medicaid?

In developing incentives for Medicaid MCOs to adopt tech-enabled solutions, states can consider a range of strategies:

- Requiring or incentivizing plans to contract with a specific vendor or a limited pool of state-approved vendors;
- Requiring or incentivizing plans to pursue tech-enabled innovations, but allowing flexibility in what types of solutions or which vendors plans contract with; and
- Setting quality and equity goals (e.g., incentivizing MCOs to meet benchmarks for maternal health metrics) that encourage a wide range of care delivery innovations, potentially including but not limited to, tech-enabled innovation. Such policies may indirectly incentivize plans to adopt tech-enabled solutions.

In defining a policy approach, states may consider how much alignment they want across MCOs. Giving MCOs flexibility in vendor contracting can allow for testing of novel care delivery approaches and customization of solutions to integrate with MCO-specific programs. However, for some types of innovation, alignment may be important for achieving cross-MCO goals, such as reducing administrative burden.
for providers, providing consistent services to Medicaid enrollees, or supporting data-sharing. Finally, because more prescriptive solutions generally require more Medicaid staff time, states should consider how much bandwidth they have for activities such as MCO oversight and, potentially, procurement of tech-enabled solution vendors.

✔ **What are the state’s budgetary constraints?**

Some strategies for incentivizing and holding MCOs accountable for adoption of tech-enabled innovation may be budget neutral while others may require additional state funding. For example, strategies such as leveraging MCO quality incentive programs and including contract requirements related to tech-enabled innovation do not necessarily have a budgetary impact for Medicaid. However, such requirements may be most impactful when coupled with payment policies to support care delivery models that integrate tech solutions. As detailed below, state Medicaid agencies may consider whether there is opportunity to adjust payment policies, such as expanding types of services covered by Medicaid, to support innovative care delivery models, including tech-enabled solutions.

✔ **How can state Medicaid agencies center health equity as a goal and avoid unintended consequences of technology adoption?**

Tech-enabled innovations that do not focus on health equity may have unintended consequences, such as exacerbating disparities, competing with local health or social service providers, or straining capacity of local organizations. Engaging with people enrolled in Medicaid, as described above, is essential to identifying tech-enabled innovation approaches that are culturally appropriate and align with the priorities of populations experiencing disparities, such as communities of color and people with disabilities. States should also consider how to drive adoption of innovations that complement or support the capabilities of local organizations. For example, telehealth solutions can increase access to care by allowing patients in provider shortage areas to access providers in other localities or states. Solutions may also support local organizations through enhancing care coordination and data-sharing capabilities.

States can work closely with MCOs and local stakeholders to understand the potential impacts of technology and ensure that relationships between tech vendors and local organizations are mutually beneficial. Ideally, these efforts are part of a broader state health equity strategy, including enhanced measurement of health disparities, establishment of explicit health equity goals, and MCO
accountability for reducing disparities. Such actions can help assess the specific impact of technology and incentivize MCOs to collaborate with technology vendors that also value health equity as a goal and are willing to customize solutions to meet local needs. Technology alone cannot solve long-entrenched barriers to equity; rather, technology should complement broad equity strategies and community investments.

Potential Policy Levers to Support Adoption of Tech-Enabled Innovation

State Medicaid agencies can take various policy approaches to support the adoption of tech-enabled solutions, depending on specific state goals and the type of tech-enabled innovation they seek to advance. For example, state approaches may focus on incentivizing specific quality goals that tech-enabled innovation is well-positioned to support or implementing payment policies that support adoption of new care delivery models. The approaches listed in Exhibit 1 and described below are based on the types of tech-enabled innovations explored through the first cohort of MIC, which focused on behavioral health. These approaches are examples only and do not cover all opportunities that are available to states.

Exhibit 1. Examples of Medicaid Managed Care Policy Approaches to Support Tech-Enabled Innovation

<table>
<thead>
<tr>
<th>TYPES OF TECH-ENABLED SOLUTIONS*</th>
<th>POTENTIAL MEDICAID MANAGED CARE APPROACHES</th>
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<tbody>
<tr>
<td><strong>General, customizable strategies to advance a wide range of tech solutions</strong></td>
<td>• Track and incentivize MCO progress toward quality benchmarks &lt;br&gt; • Set care delivery expectations for MCOs related to tech-enabled innovation</td>
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<tr>
<td><strong>EXAMPLES</strong></td>
<td></td>
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<td><strong>Telehealth</strong> – Example, Brave Health and Workit Health offer a range of virtual behavioral health services through telehealth.</td>
<td>• Enhance telehealth payment policies &lt;br&gt; • Allow telehealth to count toward network adequacy &lt;br&gt; • Understand licensure requirements and ease credentialing for out-of-state providers</td>
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<tr>
<td><strong>Team-Based Care Supports</strong> – Example, Marigold Health offers virtual and in-person peer support and social network functions to engage patients and support care retention.</td>
<td>• Enhance Medicaid coverage and payment to support integrated, team-based models of care &lt;br&gt; • Collaborate with other state agencies to support workforce development</td>
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<td><strong>Solutions Enhancing Local Provider Capabilities</strong> – Example, Concert Health offers a platform and remote staff to support integration of behavioral health into primary care practices. Hazel Health and Daybreak Health are platforms supporting remote delivery of behavioral health services in partnership with schools.</td>
<td>• Enhance Medicaid coverage to support new models of care &lt;br&gt; • Implement value-based payment incentives for provider-level technology adoption &lt;br&gt; • Collaborate with other state and local agencies to support provisions of care in non-traditional settings</td>
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*Categories are not mutually exclusive; tech solutions may include multiple characteristics.
General, Customizable Strategies to Advance a Wide Range of Tech Solutions

Holding MCOs accountable for quality performance is a key lever for advancing care delivery innovation, including but not limited to, tech-enabled solutions. Once states have defined their goal for tech-enabled innovation, they may consider how to implement new or enhance existing quality incentives to advance that goal. For example, a key goal of the MIC initiative is to identify and support uptake of tech-enabled solutions that advance health equity. State Medicaid agencies can incentivize MCOs to achieve health equity goals, including through tech-enabled innovation, through holding MCOs accountable for achieving health equity benchmarks. States have a wide range of accountability levers they may consider for such purposes. For example, states can tie MCO payment to quality performance through levers such as quality withholds, bonus payments, and penalties. In withhold arrangements, a state withholds a portion of the capitation rate from an MCO; state payment of the withheld amount is dependent on the MCO meeting performance targets specified in its contract.

States can also make bonus payments to MCOs for meeting or exceeding quality benchmarks or levy penalties for not meeting benchmarks. States may also require MCOs to design performance improvement projects and participate in quality improvement activities focusing on specific quality and equity goals.

Depending how prescriptive states choose to be in their approach to advancing tech-enabled innovation, states may choose to pair general quality incentives with contract requirements or incentives specifically focused on adoption of tech-enabled innovation. Such policies could be aimed at incentivizing tech-enabled innovation in general, focus on certain type of innovations, or even require adoption of specific solutions. For example, states could require MCOs to develop a strategic plan for use of tech-enabled innovation, report on how they are advancing tech-enabled solutions, and track and report on member access to certain technologies, such as telehealth.

STATE EXAMPLES

**Minnesota** is incentivizing reductions in health disparities through its MCO withhold program. For Families and Children contracts, a subset of withhold program measures are stratified by race and ethnicity. For these measures, points are awarded toward an MCO’s total performance score for reductions in disparities and subtracted if disparities widen.¹⁹

**Arizona** requires its MCOs to “develop and implement a strategic plan…to engage and educate its membership, as well as improve access to care and services, through telehealth services and web-based applications intended to assist members with self-management of health care needs.”²⁰

**North Carolina** requires its MCOs to use NCCARE360, a statewide community resource referral platform, to help connect members to community resources, coordinate care, and track outcomes. ²¹, ²²
Depending on state goals, states may choose to be prescriptive about how technologies should be used, such as for patient communication, patient education, or remote monitoring. The most prescriptive approach for driving technology adoption by MCOs would be to require MCOs to use or contract with specific technology vendors. In such cases, the state would need to have a process for identifying proven technologies and reputable vendors that align with state priorities. This approach may also require states to develop strategies for either directly funding specific solutions or for including funding for the tech-enabled solution in MCO capitation rates.

Telehealth

Following the COVID-19 pandemic, the use of telehealth services grew dramatically. Moving forward, many tech-enabled solutions are focused on expanding access to care through telehealth services. This may include supporting in-state providers in delivering telehealth services or expanding telehealth services through out-of-state providers. Telehealth can reduce barriers to care such as the need for transportation and taking time off from work or caring for children or family members. There are a wide variety of policies that state Medicaid agencies may consider to support adoption of telehealth, such as:

- **Enhancing telehealth payment policies for covered services and providers.** For instance, states may consider covering a wider range of telehealth modalities (telephone-only, text-based communication, remote patient monitoring) and paying for telehealth services at the same rate as in-person services.
- **Allowing telehealth to count toward network adequacy for MCOs.** States set provider network adequacy standards that MCOs must meet as part of their contracts, such as time and distance standards to measure patient access to certain provider types. As telehealth can expand access to providers beyond a patient’s geographic area, some states allow MCOs to count telehealth providers toward meeting certain network adequacy requirements.

**STATE EXAMPLES**

**Hawaii’s** Medicaid managed care contract describes that “geographic access standards may, in part, be met via Telehealth access.” Additionally, plans may submit “a formal written request for a Waiver of certain DHS network adequacy standards including the driving time when there are no or a limited number of available providers. The Health Plan may leverage Telehealth… in its Waiver to DHS’ network adequacy standards, as appropriate and approved by DHS.”

**The Center for Connected Health Policy** has extensive resources on the basics of telehealth policy and a database on state telehealth policies, including for Medicaid.
• **Understanding state licensure requirements and examining opportunities to ease credentialing barriers for out-of-state providers.** Historically, most states have required telehealth providers to be licensed in the state the patient is receiving care. Many states have issued temporary waivers because of COVID-19, but the future of licensure requirements remains uncertain. While provider licensing is outside the authority of Medicaid agencies, Medicaid staff should take licensing policies into account when determining the fit of specific telehealth solutions. In some cases, Medicaid programs may have provider credentialing requirements that are more restrictive than state licensure policies, such as requiring telehealth provider presence in a state or affiliation with in-state providers. Medicaid agencies may consider reviewing policies to assess whether there are opportunities to remove barriers to access of out-of-state providers.

**Team-Based Care Supports**

Many tech-enabled innovations are aimed at delivering more comprehensive and integrated care by expanding access to care delivery models that integrate physical health, behavioral health, and social services as well as models that leverage non-traditional health care workers and peers to engage patients. To support this goal, states may assess opportunities to enhance Medicaid service coverage and payment policies to support integrated, team-based care models.

There are a wide variety of services or payment mechanisms states may consider supporting depending on their specific area of focus, such as enhanced payment for care coordination and care management, screenings for behavioral health and health-related social needs, or expanding coverage for services delivered by non-traditional providers (e.g., peers, doulas, community health workers). As one example, some tech-enabled innovations identified through the first cohort of MIC focused on expanding member access to peer providers. States aiming to support adoption and sustainability of such solutions may explore opportunities to expand Medicaid coverage for peer support services. As another example, some tech-enabled solutions support integrated behavioral health into primary care. States aiming to support these types of innovations may consider

**STATE EXAMPLES**

The Substance Abuse and Mental Health Services Administration produced a scan of state peer support policies, including aspects such as Medicaid funding mechanisms, billing codes, and billing amounts. Massachusetts’ 1115 Demonstration Waiver proposal for 2022-2027 includes workforce investments for community-based behavioral health, such as through loan repayments and training for clinicians, peers, and community health workers.
potential opportunities to enhance payment for behavioral health integration models, such as through reimbursement for collaborative care codes.

A key challenge to team-based care, especially for behavioral health, is workforce shortages. In addition to enhanced coverage and payment for team-based care, Medicaid agencies may also consider opportunities to support workforce development. While not specific to tech-enabled solutions, such activities can help create a state environment that is supportive of new innovations. For example, states with managed care programs are increasingly including community investment requirements in MCO contracts, which could be directed to support workforce development. Medicaid agencies may also explore opportunities, such as through 1115 waivers, to support workforce training and loan repayment. In many cases, increasing funding for or creating new workforce development programs requires legislation or cross-agency collaboration; for example, provider training and certification programs are often run by departments of health. Medicaid agencies may consider opportunities to measure and highlight Medicaid-specific workforce needs to legislatures or other agencies to build alignment across state workforce development programs.

Solutions Enhancing Local Provider Capabilities

As described in Exhibit 1, some tech-enabled solutions are designed to be integrated within local health care settings. For example, instead of being just patient-facing, some telehealth and care coordination solutions are designed to integrate into the workflow of local providers to enhance care coordination, management, and referral capabilities. For such innovations, it is important that states consider how to support and incentivize not just MCO uptake of technology, but also provider adoption of technologies. Expanding Medicaid coverage and payment policies, as described in the previous section, is one mechanism for supporting new care delivery models at the provider level. Another key policy lever that states can use to incentivize provider-level action is value-based payment (VBP), which seeks to move provider payment away from fee-for-service to allow more flexibility in how services are delivered and tie provider payment to quality performance. States frequently require MCOs to enter VBP arrangements with providers and may consider incorporating technology-related incentives, such as bonus payments, into such models. Additionally, many VBP programs require providers to have specific care delivery capabilities as a prerequisite to participation. State Medicaid agencies may consider including care delivery requirements related to tech-enabled innovation goals.
In addition to supporting uptake of tech-enabled innovation within traditional health care settings, some solutions are focused on engaging patients and offering services at other locations. For example, MIC identified multiple solutions aimed at enhancing access to behavioral health services through schools. State Medicaid agencies aiming to support access to care in non-traditional health care settings may consider whether there is a need for collaboration with other state agencies and what specific payment rules and regulations may apply to those settings. For instance, Medicaid agencies seeking to enhance access to care in schools should consider collaborating with departments of education to align goals, engage school staff, and pilot new programs. Additionally, as coverage of school-based care is restricted in many states, states seeking to support innovative school-based models may need to work with legislators and/or submit state plan amendments to expand covered services.39

**STATE EXAMPLE**

**Rhode Island**’s Accountable Entity (AE) initiative is a VBP program that holds provider organizations accountable for quality and cost of care. Provider organizations wishing to participate as an AE must meet state-defined AE certification standards. These standards encourage uptake of tech-enabled innovation, stating: “A successful [AE] will make use of new technologies for member engagement and health status monitoring. Social media applications and telemedicine can be used to promote adherence to treatment and for support and monitoring of physiological and functional status of older adults.”38

**Conclusion**

State Medicaid agencies can use tech-enabled innovation to help enhance access to care, advance health equity, and improve health care quality for people enrolled in Medicaid. To fully realize the potential of tech-enabled innovations, states need to play an active role in defining how technology can support policy goals and collaborating with stakeholders — including MCOs, tech partners, local health care organizations, and Medicaid enrollees — to support uptake of equity-focused tech solutions. Without this upfront cross-sector collaboration, MCOs and providers may face barriers to adopting tech-enabled solutions resulting in limited access to transformative care delivery innovations for Medicaid enrollees. MCO accountability mechanisms combined with payment policies supporting new care delivery models can be powerful levers to advance this work.
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ENDNOTES


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