ACOs and Medicaid Expansion

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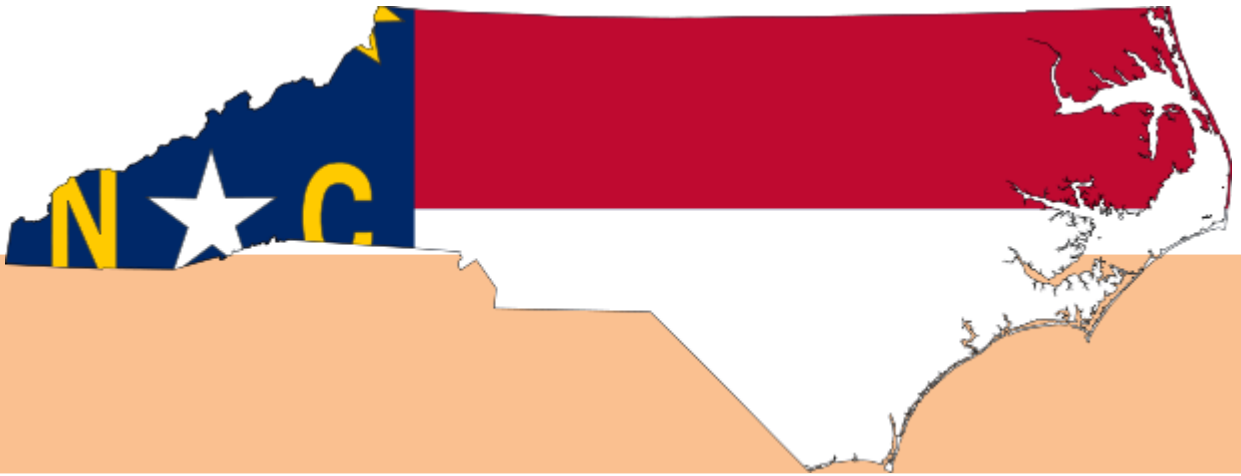
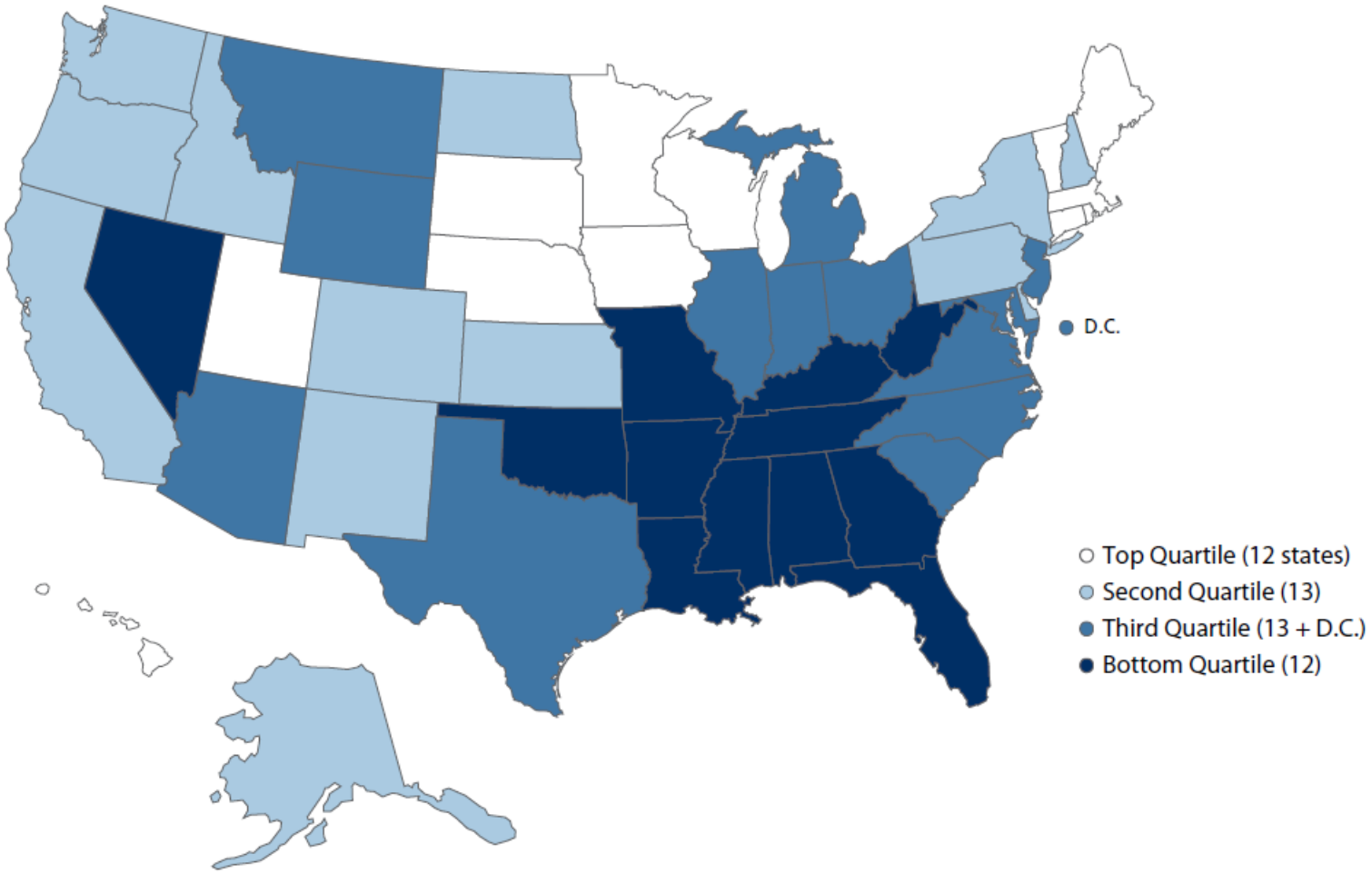


"Medicaid reform is long overdue and essential for the future health of North Carolina."

Governor Pat McCrory
April 3, 2013
State of NC Press Release

Overall Health System Performance for Low-Income Populations

Exhibit 1. Overall Health System Performance for Low-Income Populations



Source: Commonwealth Fund Scorecard on State Health System Performance for Low-Income Populations, 2013.

North Carolina Facts

- NC Population is 9.8 Million (2013)
- 1.5 Million uninsured in 2013
- NC Medicaid Program costs approximately $36 million a day

Medicaid Expansion Expectations

- The Medicaid expansion and other provisions of the ACA would lead state Medicaid spending to increase by $76B over 2013-2022 (an increase of less than 3%), while federal Medicaid spending would increase by $952 B (a 26% increase).
- 21.3 M people will enroll in Medicaid by 2022.
- State cost of implementation $8 billion, saving states $10 billion over 2013-2022
- Federal cost of implementation $800 billion
- Reduce number of uninsured by 15.1 million
- If all states expanded, total uncompensated care would decline by ~$183 billion

The Henry J. Kaiser Family Foundation, *Medicaid and the Uninsured*, Nov 2012

Economic Factors to Consider

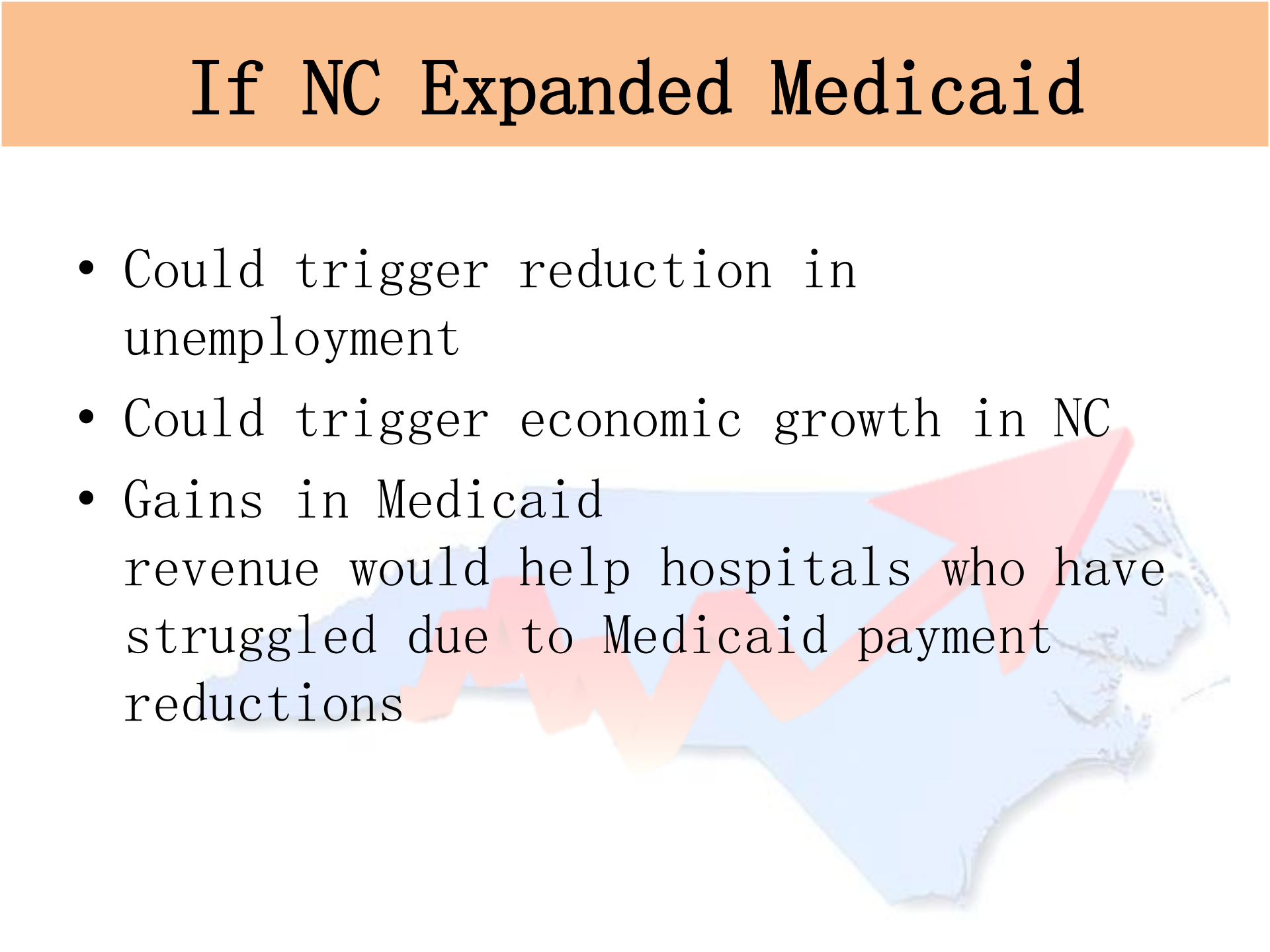
- Costs of new eligible
- Costs of existing eligible
- New Administrative costs
- Savings that could occur from transitioning current Medicaid population to new eligibility groups
- Savings from reductions in state programs for uninsured

Important Changes Needed

- Change how providers are paid
- Change how providers deliver care
- Change how we invest in new capabilities and infrastructure
- Use health care to drive economic growth

If NC Expanded Medicaid

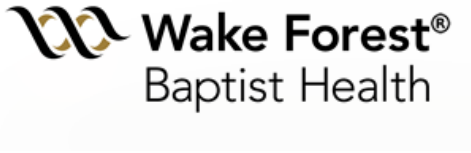
- Could trigger reduction in unemployment
- Could trigger economic growth in NC
- Gains in Medicaid revenue would help hospitals who have struggled due to Medicaid payment reductions



North Carolina ACOs

There are over 20 ACOs in North Carolina

North Carolina ACOs

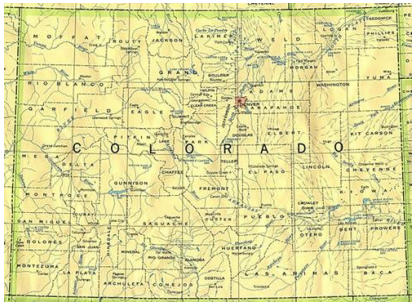


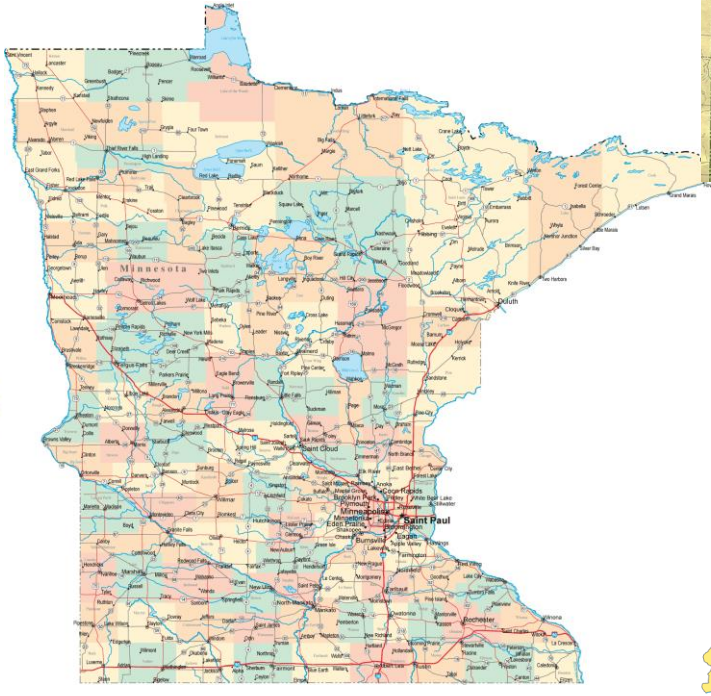
Potential HMO Impact to NC

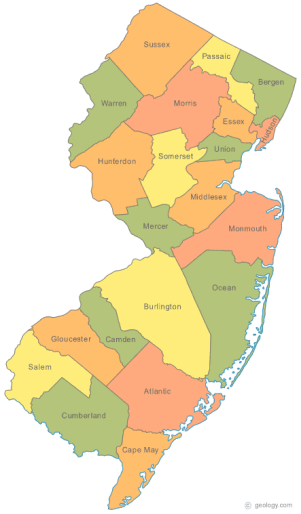
- Loss of hospital Medicaid reimbursement
- Reduction of Medicaid FFS payments
- Increased Administration costs
- Loss of clinical autonomy
- Limitation of patient choice/access
- Loss of medical homes
- Loss of Medicaid dollars to HMO profits
- Loss of NC dollars - 15% loss

States with Medicaid/ACO Concepts

- Colorado
- Minnesota
- Oregon
- New Jersey
- Utah





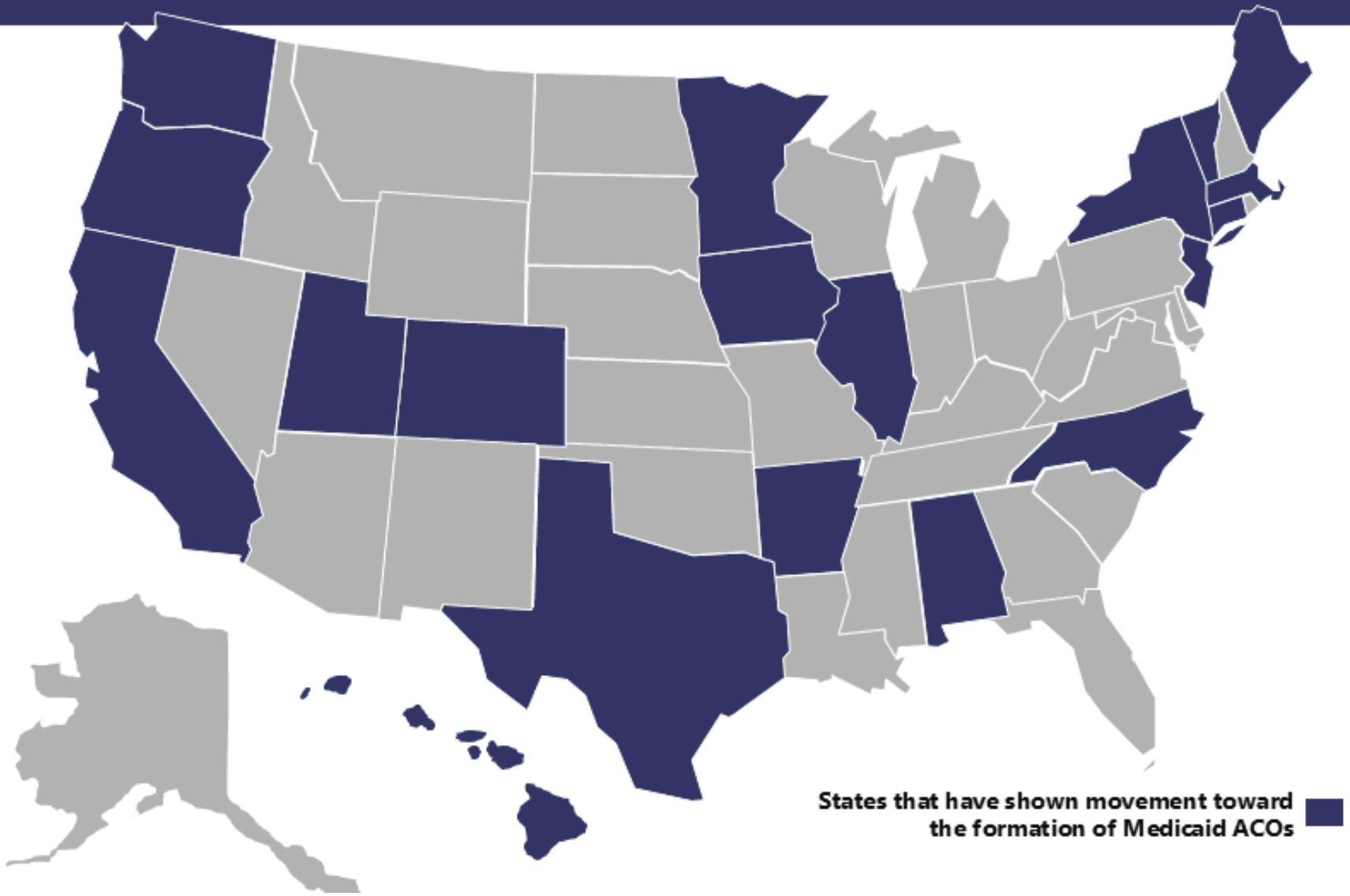


Oregon's Findings

- Decreased ED Visits by 13%
- Decreased hospitalization for chronic conditions
  - CHF by 32%
  - COPD by 36%
  - Adult Asthma by 18%
- Decreased readmissions from 12.3% to 11.3%

Oregon Health Authority February 2014

State Medicaid ACO Movement



http://www.beckershospitalreview.com/

Provider Led ACO Objectives

- Enhance partnership between DHHS and providers
- Create a new provider led ACO model for Medicaid
- Achieve cost savings and improve health outcomes
- Improve quality of life for Medicaid enrollees with chronic health conditions

Provider Responsibilities

- Decrease ED utilization
- Reduce Medicaid readmissions
- Maximize the use of Medicaid preferred drugs
- Improve collaboration of care

Cornerstone Health Care Results

Significant results with dual-eligible patients seen in the Cornerstone Care Outreach Clinic already

CORNERSTONE HEALTH CARE

Cornerstone Care Outreach Clinic

Cornerstone Dual-Eligible Patients

2,106 patients

Transformation Model Performance

	Per Patient (Savings) or Increase			Total Extrapolated (Savings) or Increase		
Select Programs	**Overall Change in TCOC**	**Inpatient Hospital**	**Other**	**Overall**	**Inpatient Hospital**	**Other**
All Programs Combined	($3,521)	($4,527)	$1,093	($6,896,469)	($9,785,874)	$2,002,051
Cornerstone Care Outreach Clinic	($3,811)	($2,574)	$718	($994,643)	($671,997)	$187,518
Congestive Heart Failure	($5,529)	($9,219)	$492	($1,774,920)	($2,959,359)	$158,225
Personalized Life Care	($5,473)	($3,701)	$1,835	($1,428,545)	($966,023)	$479,102
CIM – Westchester	($739)	($3,097)	$955	($501,238)	($2,099,944)	$648,123
Emerywood MS	($4,076)	($5,730)	$981	($2,197,123)	($3,088,551)	$529,083

Implementing a Medicaid ACO

- Build coalition of providers across the state
- Pilot full-risk product to the Triad with targeted providers

Key Partners

- Regional Groups of Hospitals
- CCNC
- Medical Groups
- Enablement Strategic Companies

Next Steps

- Move toward Value Based Care
- Obtain partnerships
- Participate in ACOs
- Identify Stakeholders