Health Care Reform Review Committee

Testimony by:

Community HealthCare Association of the Dakotas

September 26, 2018

Roughrider Room – State Capitol

Bismarck, ND

Good afternoon, Chairman Keiser and Members of the Committee. My name is Jody Link, and I am the Director of Policy and Communications with the Community HealthCare Association of the Dakotas (CHAD). Thank you for the opportunity to be here today to share some recommendations for next steps as the Committee wraps up its deliberations. I am joined today by Shelly Ten Napel, the CEO of CHAD, who is available along with myself to answer any questions you may have. We are pleased to be speaking with you today on behalf of our community health center CEOs and the 41,000 patients we serve in North Dakota.

The Committee has had wide-ranging conversations about the advantages and disadvantages of managed care, and from our perspective, it seems that two conclusions can be drawn: 1) there is widespread support for the type of value-oriented solutions that have shown potential for improving patient outcomes while constraining costs; and 2) the Committee is not ready at this time to make the wholesale change of turning the Medicaid program over to a managed care organization. We think both of those conclusions are right.

It is our conclusion that the committee would be wise to consider a small step toward more coordinated care while they (and other stakeholders) consider more widespread reforms. These small changes have proven effective in controlling costs in other states, they build capacity among providers to improve care, and

they could become a building block if the North Dakota Legislature wants to continue to work with local providers to improve care at lower costs for the Medicaid population.

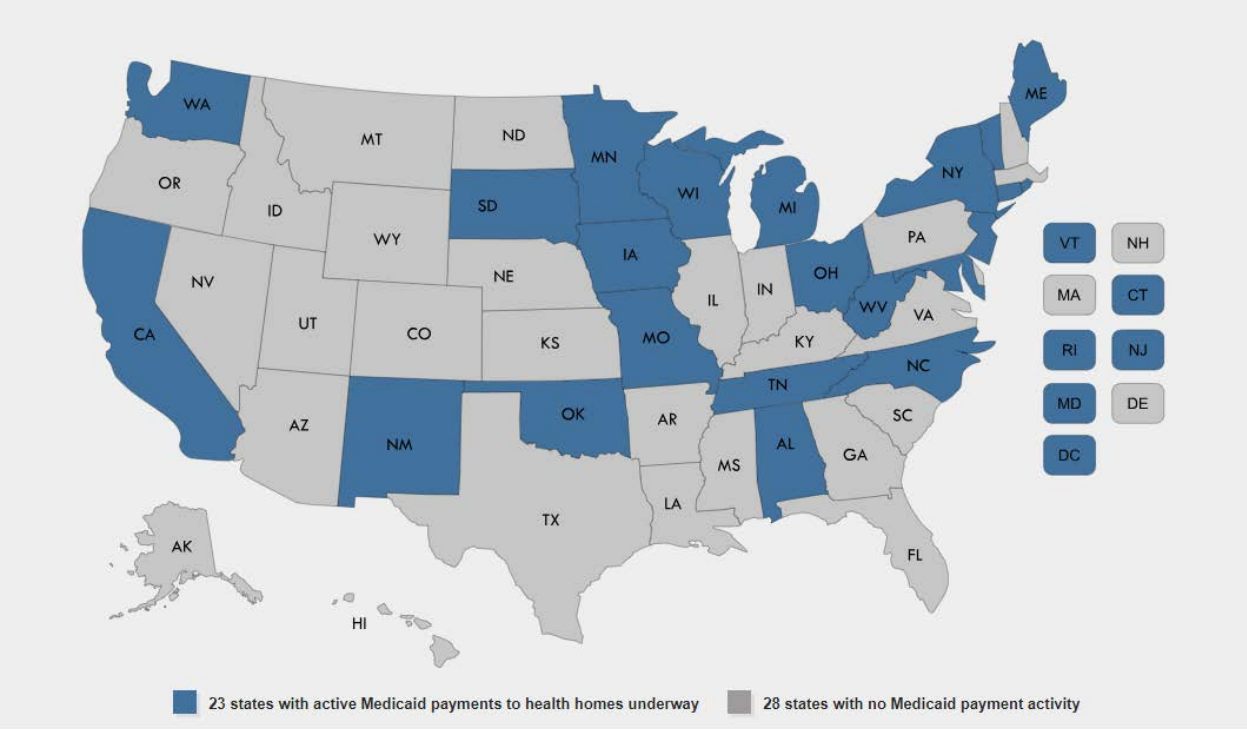
Our recommendation is that the Committee support legislation to implement a Medicaid Health Home program in North Dakota.

The Health Home program is a Medicaid authority that provides funding for these additional services:

- Comprehensive care management
- Care coordination
- Health promotion
- Comprehensive transitional care/follow-up
- Patient and family support
- Referral to community and social support services

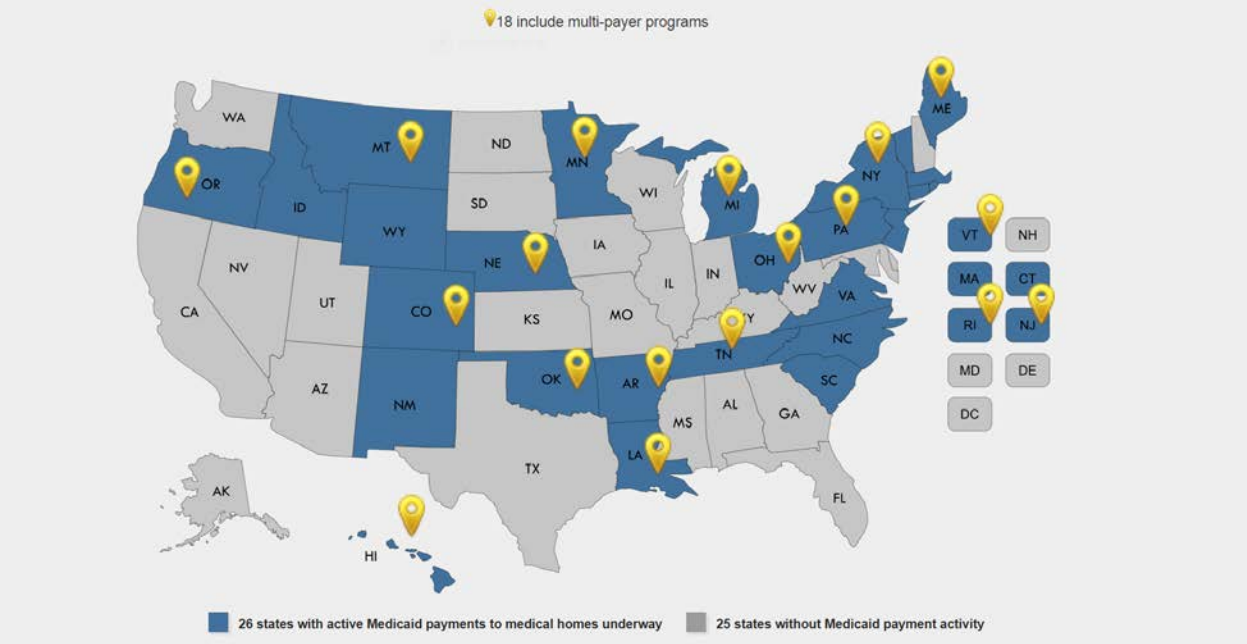
The state can determine which patients are eligible for enhanced services, but it is typically focused on individuals with multiple chronic conditions. The primary care or mental health provider receives a per member per month payment to support the types of services we know can help hold down total costs by preventing avoidable hospitalizations and unnecessary emergency room visits. The federal government provides a 90 percent match for the first two years of any Health Home program, which would allow North Dakota to test the program at minimal cost to the state.

This program is already in use in 23 states across the country.



Source: the National Academy for State Health Policy, https://nashp.org/state-delivery-system-payment-reform-map/.

When paired with a similar Medicaid program that also invests in comprehensive primary care that supports health centers who become patient-centered medical homes (PCMH), you can see that North Dakota is one of the few states that has not invested in primary care as a way to improve health care and contain costs.



Source: the National Academy for State Health Policy, https://nashp.org/state-delivery-system-payment-reform-map/

The aims and approach of the Health Home program are consistent with the Blue Alliance Program that is already being implemented in the private sector by Blue Cross Blue Shield. In fact, the quality metrics of a Health Home program could be aligned with those already in place under Blue Alliance.

South Dakota, which is similar to North Dakota in that is has a state-run Medicaid program, implemented the Health Home program in 2013. In calendar year 2016, the state estimates that the Medicaid program saved $7.7 million after accounting for the cost of the program. Their data show that 29 percent of the cost avoidance is due to a decrease in inpatient admissions and 39 percent can be attributed to reduced emergency room utilization. In addition, the quality data shows that Health Home patients have more controlled diabetes and blood pressure, their mental health and substance abuse screening rates are better,

they have higher prescription fill rates for individuals with severe and persistent mental illness and the program has even reductions in obesity rates.[1]

As states across the country have considered Medicaid reforms, nearly all of them start with primary care. Primary care makes up a very small portion of total Medicaid costs, yet primary care and community-based services can have a significant effect on total costs. Any larger-scale reforms such as Accountable Care Organizations and even effective Managed Care Organizations can only be successful if built on a foundation of strong primary care and preventive care services. So, Health Homes could be of value in and of itself, or it could prove an effective building block to any additional reforms the state may want to consider down the road.

There could be one additional reason for North Dakota to consider the Health Home program: it could align well with another successful new program, Free Through Recovery. As you know, the state currently uses a similar model of per member per month payments to providers for individuals who are leaving the penal system with a history of substance abuse. The monthly payments cover the costs of peer support specialists, case managers, and recovery support services. If that program were moved into a Medicaid Health Home program, the state could get a 90 percent federal match, rather than paying full freight as it currently does. That match would enable the program to serve more people and perhaps even fund a Health Home program for patients with chronic conditions with the savings.

[1] "Health Home Data Dashboard." South Dakota Department of Human Services. Retrieved from https://dss.sd.gov/healthhome/dashboard.aspx on January 31, 2018.

In summary, we think that a Committee recommendation to support a Health Home program in North Dakota could align well with the Committee's work over the last several months. Implementing such a program would build capacity among North Dakota's providers even to the point of altering the options the state has for system reform in future years. It also carries the potential of producing long-term savings for the Medicaid program.

This recommendation could be a key factor in the ongoing work and discussions of the North Dakotans for the Advancement of Care Medicaid Work Group. We see the Health Home program not as a competing effort to the work of this group, but as a collaborative opportunity to explore options for reducing costs and improving health outcomes within North Dakota's Medicaid program. We stand ready to work with you as you continue to review options for a managed care program and work to advance North Dakota's health care system.

Thank you for your attention today and for your dedicated work over these last many months. We welcome any questions.