Coalition of New York State Public Health Plans

NYS Coalition of MLTC and PACE Plans

NEW YORK PACE ALLIANCE

TESTIMONY OF

THE COALITION OF NEW YORK STATE PUBLIC HEALTH PLANS,

THE NEW YORK STATE COALITION OF MANAGED LONG TERM CARE AND PACE PLANS, AND

THE NEW YORK PACE ALLIANCE

ON THE GOVERNOR'S PROPOSED SFY 2019-2020 HEALTH AND MEDICAID BUDGET

SUBMITTED TO THE

JOINT LEGISLATIVE FISCAL COMMITTEES

HEALTH AND MEDICAID

FEBRUARY 5, 2019

Introduction

Members of the Joint Legislative Budget Committee: Thank you very much for the opportunity to testify on behalf of the Coalition of New York State Public Health Plans ("PHP Coalition"), the New York State Coalition of Managed Long Term Care and Programs of All-Inclusive Care for the Elderly Plans ("MLTC/PACE Coalition"), and the New York PACE Alliance ("PACE Alliance").

Background on the PHP Coalition

Established in 1995, the PHP Coalition is an important voice for New York's public program-focused health plans and their members. The PHP Coalition represents nine health plans serving more than 4 million individuals in New York's Medicaid Managed Care, HIV Special Needs Plan (HIV SNP), Child Health Plus, Health and Recovery Plan (HARP), Essential Plan and Qualified Health Plan programs—approximately two-thirds of all of adults and children enrolled in these programs across the State. PHP Coalition plans specialize in delivering high-quality services to populations that have traditionally faced significant barriers to health care, and they consistently receive high marks in quality of care and member satisfaction.

Background on the MLTC/PACE Coalition

The MLTC/PACE Coalition represents 15 public program-focused managed care plans that serve elderly or disabled Medicaid beneficiaries. MLTC plans provide the full array of long-term care services, ranging from personal care to nursing home care, for a fixed per-member-per-month payment through a variety of different products. The majority of members are enrolled in "partial cap" MLTC; however, the Coalition plans also offer fully integrated products—including PACE, Medicaid Advantage Plus (MAP), and Fully Integrated Duals Advantage (FIDA)—that provide Medicaid and Medicare benefits to members that are eligible for both programs. While the partial cap plans are not responsible for providing coverage of physician, hospital or other services, which patients typically access through their Medicare coverage, for the vast majority of MLTC enrollees, they oversee and coordinate all aspects of members' care through intensive care management, regardless of payer. These plans provide access to quality long-term care at a fraction of the cost of institutional care, while also achieving high rates of patient and family satisfaction.

Background on New York State PACE Alliance

The New York State PACE Alliance represents all 10 of the PACE plans operating across the State, which manage comprehensive medical and social services for more than 5,700 members age 55 and older. PACE plans provide integrated coverage under both Medicaid and Medicare, including all physician, hospital, and pharmacy services. By meeting the needs of elderly New Yorkers where they live, PACE plans are instrumental in helping members stay healthy in their community, rather than receiving care in a nursing home.

The Coalitions and the Alliance would like to comment on plans' partnership with the State to achieve the Medicaid Redesign Team's goals and further the coverage gains and successes achieved thus far through the *New York State of Health*, the State's Health Insurance

Marketplace.[1] In addition, there are a number of provisions in the Executive Budget that we wish to discuss with you today. We respectfully request that the Executive and the Legislature consider strategies that will enable Coalition plans to achieve the aims of the Medicaid Redesign Team and continue to deliver high-quality health care to their members.

Plan Partnership with the State

The foundation of plans' partnership with the State is made up of shared and deeply rooted values and goals. The members of the Coalitions and the Alliance serve some of the neediest New Yorkers—the poorest, sickest and hardest to reach—and in doing so, they, like the State, face myriad challenges. To effectively address these challenges, plans have worked closely with the State to improve the way care is delivered and to do so for an increasing number of residents.

For decades, plans have been effecting positive change in New York's health care delivery system. Both before and since Governor Cuomo's 2011 formation of the Medicaid Redesign Team (MRT), plans have played a critical role in efforts to improve the quality of care and reduce per capita costs in the State's public programs. This is exemplified by the MRT's embrace of Medicaid managed care as the vehicle to achieving the Governor's stated goals: "measurable improvement in health outcomes, sustainable cost control and a more efficient administrative structure."[2] It is further demonstrated by the Special Terms and Conditions of New York's Delivery System Reform Incentive Payment (DSRIP) Program, which recognize the integral role of plans in the long-term sustainability of DSRIP. In fact, the savings associated with expanding managed care allowed the State to negotiate over $8 billion in new investment in its delivery system. **It is clear that in the midst of such redesign and reform, managed care plans have been a critical partner in the delivery of health care in New York.**

Over the last several years, plans have enrolled new, more complex populations, offered a more comprehensive array of services and developed original products to implement new State programs. For example, PHP Coalition plans have implemented the State's program for individuals with significant behavioral health needs, HARP, and now cover 75% of the State's HARP enrollees. Looking ahead, plans in both Coalitions and the Alliance will continue to work with the State to "carve in" additional services and populations. **The continued shift of more complex populations and services into managed care is testament to plans' collective success in providing high-quality care to members at lower costs.**

In addition to their significant Medicaid redesign efforts, PHP Coalition plans have worked closely with multiple State agencies to support the continued success of the *New York State of Health* ("NYSOH"). On the Marketplace, seven PHP Coalition plans offer Essential Plan (EP) coverage and five offer Qualified Health Plan (QHP) coverage, collectively accounting for 66% and 74% of the Statewide markets, respectively. PHP Coalition plans bring to the Marketplace a unique perspective that stems from a longstanding mission and operational focus on public programs for the neediest, lowest income residents. Beyond serving the majority of the State's Medicaid and Child Health Plus enrollees, **Coalition plans are committed to providing New**

[1] As of December 15, 2018, more than 4.7 million New Yorkers were enrolled in coverage through the Marketplace. See https://info.nystateofhealth.ny.gov/news/press-release-ny-state-health-reaches-record-enrollment-level.
[2] State of New York, Executive Order #5 (January 2011). See http://www.governor.ny.gov/executiveorder/5.

Yorkers with a *continuum of coverage*, to minimize disruption in care when income or other circumstances change.

Similarly, the MLTC/PACE Coalition and PACE Alliance plans work closely with the State to implement Medicaid redesign and to work toward the goal of providing *fully integrated care* to New Yorkers in need of long-term care, a vast majority of whom are dually eligible for Medicaid and Medicare. Plans have continued to offer existing fully integrated products to enrollees—including PACE and MAP—and, in recent years, several MLTC/PACE Coalition plans have partnered with DOH to offer enrollment in the FIDA program, a joint Medicare and Medicaid demonstration designed to integrate care for individuals eligible for both Medicare and Medicaid. **The MLTC/PACE Coalition and PACE Alliance are committed to partnering with DOH on the future of integrated care** by winding down the FIDA program and improving and increasing enrollment in MAP and PACE.

Plans' work on these transitions and programs presents tremendous opportunity to improve health outcomes and quality of life for hundreds of thousands of New Yorkers across the State. However, the success of these new initiatives require thoughtful policy implementation, well-designed state infrastructure and adequate premium support. Indeed, past experiences have shed light on areas where policy refinements can allow future initiatives—and improved implementation of existing ones—to better meet New Yorkers' health needs.

Affordability and Expansion of Coverage to the Currently Uninsured

The Coalitions support the Executive Budget proposals to codify key provisions of the Affordable Care Act (ACA) in State law, to protect consumers' coverage, increase affordability, and preserve and foster New York's health insurance market. However, these provisions alone do not go far enough to expand coverage to the 1.3 million New Yorkers who remain uninsured.[3] ***To truly increase affordability and expand coverage, we urge the Legislature to pursue the following proposals.***

- ***Implement State Supplemental Premium Tax Credits.*** To improve affordability for New Yorkers who are currently priced out of the market or otherwise struggle to access coverage and care, we urge the State to provide State-funded tax credits to individuals with incomes between 200% and 400% of the federal poverty level (FPL).These credits would be in addition to federal tax credits for those who are eligible to receive them today. Depending on their design and level of funding, these tax credits could do much to improve affordability for New Yorkers who are currently priced out of the market or otherwise struggle to access coverage and care because of costs.

- ***Pursue a State Individual Mandate.*** As states around the country adopt or consider adopting their own mandates for residents to purchase or enroll in coverage, we urge the Legislature to reinstate an ACA-like individual mandate, now that the federal mandate has been repealed.

[3] Urban Institute Modeling, HIPSM-NY 2018. The estimated number of uninsured reflects the projected impact of the repeal of the federal individual mandate by 2020.

- ***Consider Expansion of Essential Plan or ACA-Equivalent Coverage to Low-Income Undocumented Immigrants.*** About three-quarters of the 435,000 undocumented and uninsured immigrants in the State have incomes below 200% of the FPL but are excluded from Medicaid and other public or subsidized coverage programs due to their immigration status. The Coalitions support allowing undocumented adults to enroll in the Essential Plan or another coverage program. We urge the Legislature to consider offering State-funded coverage to young adult ("dreamer") or all adult undocumented immigrants earning below 200% FPL.

- ***Simplify Eligibility and Enrollment Processes to Help Individuals Currently Eligible for (but Not Enrolled in) Public Coverage Obtain and Retain Coverage***. For 441,000 New Yorkers, Medicaid *eligibility* is not an issue, yet they remain uninsured. The barriers for these Medicaid-eligible-but-not-enrolled individuals are rooted in a lack of awareness of eligibility and challenges related to enrollment and renewal. To maintain and build on the State's coverage gains over the last several years, the Coalitions urge the State to evaluate its eligibility and enrollment processes across the coverage continuum to identify opportunities to streamline these functions.

Health Plans Rates

With over half of the Medicaid budget now allocated to health plans, the Coalitions and the Alliance urge the Legislature to be attentive to the overarching issue of rate adequacy. Adequate and timely rates are a critical prerequisite to effective and appropriate delivery and management of care. Over the past few years, plans have collectively reported losses totaling hundreds of millions of dollars, while the State has added—and continues to add—populations and benefits for plans to manage. ***We encourage the Legislature to become more engaged in ensuring the Department of Health sets timely and adequate rates that reflect the true costs of serving the populations covered, with particular focus on personal care, private duty nursing, drugs, and minimum wage impacts.***

Pharmacy Provisions

The Executive Budget includes several proposals pertaining to oversight of Pharmacy Benefit Managers (PBM) contracting with managed care plans. The Budget seeks to require that plans' contracts with PBMs: forbid the PBM from retaining any portion of "spread pricing," limit payment to PBMs to the actual drug cost, dispensing fee, and administrative fee for each claim, and require the PBM to identify all sources of income related to the contract. **The Coalitions strongly support cost containment initiatives for the pharmacy program but are concerned about the feasibility of this proposal and achieving its projected savings—** $86 million (gross) in FY 2019-20 alone. The proposal offers no guarantee that these savings would be realized from the PBMs; plans fear the savings may merely take the form of a rate cut, paired with the administrative hassle of having to renegotiate contracts (many of which were just recently negotiated). ***We urge the Legislature to refine the PBM reforms to ensure that plans have adequate time and resources for implementation and guarantee that the expected savings would come from the PBMs, as intended, and not impact plans' ability to serve their members.***

The Executive Budget would also eliminate the prescriber prevails policy utilized in both the state's Medicaid fee-for-service and managed care programs. ***The Coalitions urge the Legislature to support the elimination of prescriber prevails.***

Long Term Care Provisions

This year's Executive Budget includes several provisions aimed specifically at MLTC and PACE plans.

- ***Fiscal Intermediary Oversight.*** The Consumer Directed Personal Assistance Services (CDPAS) program is an important tool for ensuring that individuals with long-term care needs can remain in the community, particularly in areas of the state where is limited access to personal care services. However, utilization in the CDPAS program has grown exponentially over the last four year, ballooning to nearly 6000% from $129.5 million in 2014 to over $900 million in 2018. As a result, CDPAS growth has become one of the largest drivers of cost growth in the MLTC program overall.

  The Governor included two proposals in his Executive Budget aimed at controlling this growth: language that would allow DOH to limit the growing number of Fiscal Intermediaries (FIs) operating in the State and proposal that would implement a monthly fee for the administrative component of the CDPAS rate, while continuing to reimburse the aide's wage on an hourly basis. The first proposal, to limit the number of FIs operating in the State, would grandfather certain FIs who have a history of providing these services to specialized populations, while requiring that any other FIs contract with DOH to provide these services.

  The second proposal would also implement a capitated (per member per month) payment for the administrative component of the CDPAS program, while requiring that the hourly wage be passed directly through to the aides. FIs are responsible for managing payroll, personnel, billing, and other administrative functions for the CDPAS program that do not vary based on the number of hours worked, yet they are currently reimbursed for their administrative functions on an hourly basis—creating an incentive for FIs to work with higher-utilizing members or to encourage members to seek and utilize more hours. .

  The Coalitions and the Alliance understand the importance of the CDPAS program and strongly support the use of consumer directed aides by members. We strongly believe these proposals are aimed at providing necessary oversight of the program and will not negatively impact beneficiaries or their aides. ***We urge the Legislature to support the FI oversight proposals to streamline the administrative costs associated with the CDPAS program, while preserving beneficiaries' ability to actively participate in the planning of their own care.***

- ***Personal Care Regulatory Changes.*** State regulations governing the provision of personal care services are outdated and limit the ability of MLTC plans to appropriately manage services. MLTC plans are responsible for engaging in robust care management for all members. Plans have developed and refined care management processes, including the use of assessment and tasking tools to accurately determine a member's level of need, while ensuring that a member's needs are met by continuously monitoring members' condition and collaborating with the member's providers—and they continue to further refine these

processes and tools. Plans and providers are also engaging in innovative value-based payment arrangements that utilize alternative staffing arrangements and may be stifled by the current regulations. Further, plans continue to consolidate at a rapid pace, with plans that are less efficient exiting the market, leaving the remaining plans to care for members who may be receiving inappropriate levels of care. The existing regulatory regime, however, limits plans' ability to right-size hours and leads to higher-than-necessary utilization of personal care services for some members, increasing costs in the program.

The Executive Budget proposes, through administrative action, to amend regulations to allow MLTC plans to more effectively manage utilization of personal care services. The Coalitions' plans are committed to providing the highest level of quality care to members and partnering with DOH to ensure that the appropriate safeguards are in place to ensure that members receive the care that they require; however, we believe that regulatory changes are needed for plans to engage in effective care management. ***The Coalitions urge the Legislature to support this proposal to provide plans with greater flexibility to manage members' care.***

- ***Transportation Carve-Out.*** The Executive Budget proposes "carving out" transportation expenses from the MLTC benefit package and relying on a State vendor to manage transportation services for MLTC members. This proposed change would have profound implications on the program models used—especially by MLTC plans serving upstate regions—that have successfully linked enrollees with needed medical services and that provide a host of other informal supports to enrollees in rural areas. As a result, most MLTC/PACE Coalition plans oppose the carve-out and, at a minimum, would strongly urge limiting any change in transportation services and funding to exempt upstate plans where these services can make a *significant* difference in enhancing access to care, reducing institutional care and increasing patient satisfaction. ***A strong majority of the MLTC/PACE Coalition and PACE Alliance plans urge the Legislature to reject this proposal.***

Excess Reserves

Last year's Budget authorized the State to confiscate "excess" reserves from not-for-profit prepaid health services plans. Given the fragility of the health insurance market, it is crucial for plans to maintain reserves to prepare for unanticipated costs and other financial reversals. Further, not-for-profit plans rely on reserves to support needed investments in infrastructure and technology. ***Now that the transaction that prompted this proposal has been fully consummated, we urge the Legislature to accelerate the provision's expiration date and repeal the provision forthwith.***

Program Integrity Provisions

The Executive Budget includes several proposals that would expand oversight of Medicaid managed care plans by the Office of Medicaid Inspector General (OMIG) and the Medicaid Fraud Control Unit (MFCU). **While plans support efforts to ensure Medicaid program integrity, we are opposed to the proposal that would allow OMIG to fine plans up to 2% of the administrative component of their premium, should OMIG determine that a plan is "not meeting program integrity obligations."** This proposal is broad and ill-defined and could

potentially result in unsustainably large penalties on plans. ***As a result, we urge the Legislature to oppose this proposal.***

Quality Incentives

DOH has identified the delivery of high-quality and high-value care as one of its top priorities for the Medicaid program, rightfully so. At the same time, it has reduced the quality incentive funding available to mainstream Medicaid, MLTC and PACE plans over the last several years. These reductions undercut efforts aimed at improving quality in the managed care program. In a true value-based program, the State should be *reinforcing* quality, not cutting it. ***We therefore request that the State restore funding for the managed care quality programs.***

Conclusion

We thank you again for the opportunity to provide testimony on these critical issues. The Coalitions welcome the Committee's interest in them. Coalition plans look forward to continued partnership with the Legislature to ensure that a strong and sustainable health care system is in place to not only serve the growing number of New Yorkers that rely on it but also to reflect and enrich the collective vitality of the State.

APPENDIX I: MEMBERS OF THE COALITION OF NEW YORK STATE PUBLIC HEALTH PLANS

Plan	Product Lines Offered	Counties Served
Affinity Health Plan	Mainstream MMC, HARP, CHP, EP	New York City and Nassau, Orange, Rockland, Suffolk, and Westchester counties
Amida Care	HIV SNP	New York City
EmblemHealth	Mainstream MMC, HARP, CHP, QHP, EP	*Public Insurance Programs*: New York City and Nassau, Suffolk, and Westchester counties *EP and QHP*: New York City and Albany, Broome, Columbia, Delaware, Dutchess, Fulton, Greene, Montgomery, Nassau, New York City, Orange, Otsego, Putnam, Rensselaer, Rockland, Saratoga, Schenectady, Schoharie, Suffolk, Sullivan, Ulster, and Westchester counties
Fidelis Care	Mainstream MMC, HARP, CHP, QHP, EP	Every county in the State (for most product lines)
Healthfirst	Mainstream MMC, HARP, CHP, QHP, EP	New York City and Nassau, and Suffolk counties
MetroPlus Health Plan	Mainstream MMC, HARP, CHP, HIV SNP, QHP, EP	New York City
MVP Health Care	Mainstream MMC, HARP, CHP, QHP, EP	*Public Insurance Programs*: Albany, Columbia, Dutchess, Genesee, Greene, Jefferson, Lewis, Livingston, Monroe, Oneida, Ontario, Orange, Putnam, Rensselaer, Rockland, Saratoga, Schenectady, Sullivan, Ulster, Warren, Washington, and Westchester counties *EP and QHP*: 50 counties in the State
YourCare Health Plan	Mainstream MMC, HARP, CHP, EP	Allegany, Cattaraugus, Chautauqua, Erie, Monroe, Ontario and Wyoming counties
VNSNY Choice	HIV SNP	New York City

APPENDIX II: MEMBERS OF THE NEW YORK STATE COALITION OF MLTC AND PACE PLANS

Plan	Product Lines Offered	Counties Served
ArchCare Senior Life	Partial Capitation MLTC, PACE[4]	New York City, Putnam, Westchester
CenterLight Healthcare	MA I-SNP	New York City, Nassau, Suffolk, Westchester
Elant Choice (Evercare)	Partial Capitation MLTC	Dutchess, Orange, Rockland
ElderServe Health (RiverSpring Health Plans)	Partial Capitation MLTC, FIDA	New York City, Nassau, Suffolk, Westchester
Fallon Health Weinberg	Partial Capitation MLTC, PACE	Erie, Niagara
Fidelis Care at Home	Partial Capitation MLTC, MAP, FIDA	New York City and 57 additional counties[5]
Hamaspik Choice	Partial Capitation MLTC	Dutchess, Putnam, Orange, Rockland, Sullivan, Ulster
HomeFirst/Elderplan	Partial Capitation MLTC, MAP, FIDA	New York City, Dutchess, Nassau, Niagara, Orange, Putnam, Rockland, Suffolk, Sullivan, Ulster, Westchester
Independence Care System	Partial Capitation MLTC, FIDA	New York City
MetroPlus Health Plan	Partial Capitation MLTC, FIDA	New York City
Montefiore Diamond Care	Partial Capitation MLTC	New York City, Westchester
Nascentia Health	Partial Capitation MLTC	Albany and 46 additional counties[6]
Senior Health Partners/Healthfirst	Partial Capitation MLTC, FIDA, MAP	New York City, Nassau, Westchester
Senior Network Health	Partial Capitation MLTC	Herkimer, Oneida
VillageCareMAX	Partial Capitation MLTC, FIDA	New York City
VNSNY Choice	Partial Capitation MLTC, MAP, FIDA	New York City and 28 additional counties[7]

[4] ArchCare only offers PACE in New York City.

[5] Albany, Allegany, Broome, Cattaraugus, Cayuga, Chautauqua, Chemung, Chenango, Clinton, Columbia, Cortland, Delaware, Dutchess, Erie, Essex, Franklin, Fulton, Genesce, Greene, Hamilton, Herkimer, Jefferson, Lewis, Livingston, Madison, Monroe, Montgomery, Nassau, Niagara, Oneida, Onondaga, Ontario, Orange, Orleans, Oswego, Otsego, Putnam, Rensselaer, Rockland, Saratoga, Schenectady, Schoharie, Schuyler, Seneca, St. Lawrence, Steuben, Suffolk, Sullivan, Tioga, Tompkins, Ulster, Warren, Washington, Wayne, Westchester, Wyoming, Yates.

[6] Allegany, Broome, Cattaraugus, Cayuga, Chautauqua, Chemung, Chenango, Clinton, Columbia, Cortland, Delaware, Erie, Essex, Franklin, Fulton, Genesee, Greene, Hamilton, Herkimer, Jefferson, Lewis, Livingston, Madison, Montgomery, Niagara, Oneida, Onondaga, Ontario, Orleans, Oswego, Otsego, Rensselaer, St. Lawrence, Saratoga, Schenectady, Schoharie, Schuyler, Seneca, Steuben, Tioga, Tompkins, Warren, Washington, Wayne, Wyoming, Yates

[7] Albany, Columbia, Delaware, Dutchess, Erie, Fulton, Greene, Herkimer, Madison, Monroe, Montgomery, Nassau, Onondaga, Orange, Otsego, Putnam, Rensselaer, Rockland, Saratoga, Schenectady, Schoharie, Suffolk, Sullivan, Ulster, Warren, Washington, Westchester

APPENDIX III: MEMBERS OF THE NEW YORK STATE PACE ALLIANCE

Plan	Product Lines Offered	Counties Served
ArchCare Senior Life	Partial Capitation MLTC, PACE	New York City, Westchester
Catholic Health LIFE	PACE	Erie
CenterLight PACE	PACE	New York City, Nassau, Suffolk, Westchester
Complete Senior Care	PACE	Niagara
Eddy Senior Care PACE	PACE	Albany, Schenectady
Fallon Health Weinberg	Partial Capitation MLTC, PACE	Erie
Independent Living for Seniors, DBA ElderONE	PACE	Monroe, Ontario, Wayne
Nascentia Health	Partial Capitation MLTC	Albany and 46 additional counties (*see footnote 8*)
PACE-CNY	PACE	Onondaga
Total Senior Care	PACE	Allegany, Cattaraugus, Chautauqua