

# HEALTH MANAGEMENT ASSOCIATES

# HMA Weekly Roundup

Trends in State Health Policy

..... January 18, 2017 .....



In Focus



HMA Roundup



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## SAVE THE DATE

### **HMA'S 2017 CONFERENCE ON TRENDS IN PUBLICLY SPONSORED HEALTHCARE TO ADDRESS THE FUTURE OF MEDICAID**

Health Management Associates (HMA) is proud to announce its 2<sup>nd</sup> conference on *Trends in Publicly Sponsored Healthcare*, September 11-12, 2017, in Chicago, Illinois. The theme of this year's event is *The Future of Medicaid is Here: Implications for Payers, Providers and States* and features as keynote speakers some of the nation's most innovative healthcare leaders.

**Confirmed Keynote Speakers to Date**

(In alphabetical order; others to be announced)

The Growing Role of Medicaid Managed Care

- Laurie Brubaker, Head of Aetna Medicaid
- J. Mario Molina, MD, President, CEO, Molina Healthcare
- Pamela Morris, President, CEO, CareSource
- Fran Soistman, EVP, Government Services, Aetna, Inc.
- Paul Tufano, Chairman, CEO, AmeriHealth Caritas

The Future of State Innovation in Medicaid

- Gary Jessee, Deputy Executive Commissioner, Medical and Social Services, Texas Health and Human Services

The Pros and Cons of Shared Responsibility in Medicaid

- Joe Moser, Director of Medicaid, Indiana Family and Social Services Administration

Additional planned sessions to focus on the future of Provider Innovation and Delivery System Reform, Investor Views on the Future of Publicly Sponsored Healthcare, Waivers (1115, 1332, Block Grants, etc.), Long-Term Services and Supports, Value-Based Payments, Behavioral Integration for Vulnerable Populations, Community-based Organizations

This is the second conference HMA has presented on trends in publicly sponsored health care. Our inaugural event last year in Chicago brought together 250 executives from health plans, providers, state and federal government, community-based organizations and others serving Medicaid and other vulnerable populations. It was a collaborative, high-level event featuring more than 30 speakers and representing the interests of a broad-based constituency of healthcare leaders.

This year's meeting promises to be even better, with a sharp focus on the challenges and opportunities for organizations serving Medicaid and other vulnerable populations given the priorities of the incoming Trump Administration. Additional details, including a complete agenda, will be available in the weeks ahead. Questions can be directed to Carl Mercurio, [cmercurio@healthmanagement.com](mailto:cmercurio@healthmanagement.com), (212) 575-5929.

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## IN FOCUS

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### REVIEWING OREGON'S MEDICAID EXPENDITURE CAP WAIVER

This week, our *In Focus* section comes to us from HMA Principal Cathy Kaufmann, of our Portland, Oregon office. Cathy provides an overview of Oregon's Medicaid waiver program, under which the state implemented integrated managed care entities and committed to a per capita reduction on the rate of Medicaid cost growth. The model, viewed widely as a success, may be of interest to states as discussions at the federal level around restraining spending growth in Medicaid develop under the incoming administration.

### The Oregon Waiver Model

The Oregon experiment sheds light on an approach that reduces costs for both the federal government and the states, while at the same time protecting beneficiaries. In 2012, Oregon received approval for a \$1.9 billion 1115 Waiver from the Centers for Medicare & Medicaid Services (CMS) to transform its Medicaid program. As part of that agreement, the state committed to reduce the rate of growth of the program from 5.4 percent to 3.4 percent per capita. If Oregon fails to meet its goals for 2 percent reduced trend calculated over the life of the waiver or misses its quality targets, it must pay the federal government penalties amounting to hundreds of millions of dollars. Oregon made good on that promise, and the state's Waiver renewal was just approved last week, committing to continuing to hold down costs to 3.4 percent per capita rate of growth.

The Oregon model moved from multiple siloed managed care organizations (MCOs) – separate MCOs managing physical, behavioral, and dental healthcare -- to one managed care entity known as a Coordinated Care Organization (CCO). Instead of paying capitation rates to multiple managed care entities for different types of care for the same beneficiary, CCOs accept full financial risk and are accountable for all of a beneficiary's care out of one integrated budget that increases at a fixed rate of growth.

The 16 CCOs that exist across the state are regional entities, with accountability to the local communities they serve. They receive financial incentives for achieving improvements in targeted quality measures and have the flexibility, out of their integrated budgets, to pay for health-related services that can improve a member's outcomes and reduce medical costs. For example, Malik was an 8-year-old child who suffered from severe asthma and frequently ended up in the emergency room. Thanks to coordinated and team-based care through his CCO, Malik and his family received home-visiting services which helped identify asthma triggers in the home and development of a prevention care plan. This significantly reduced Malik's trips to the hospital; he went from visiting the ER twice a month to infrequent visits, which was better for Malik and reduced his health care expenses.

### Impact of Oregon Waiver, Next Steps

Oregon is now four years into this experiment with promising results. As a recent [Health Affairs](#) blog noted, "the CCOs were a stunning success. In three short years, they accumulated over \$900 million in surpluses." These savings came despite enrolling the expansion population, along with preserving (and, in some cases, increasing) benefits and primary care provider rates. At the same time savings have been realized, gains in important quality measures have also been achieved. Emergency department use has decreased while expenditures on primary care have risen. Over 80 percent of CCO members receive health care through a recognized Patient-Centered Primary Care Home. Developmental screenings have increased by 137 percent since CCOs launched. Significant improvements have been made in follow-up care for members who are hospitalized for mental illness.

In addition to improvements in quality measures, Oregon's CCOs continue to work toward integration of medical care with behavioral health and dental care. They are moving toward basing more of their provider contracts on alternative payment agreements. They are deepening relationships with their providers and

their communities, and developing strategies to address the social determinants of health.

Oregon's experiment shows the benefit of putting pressure on the system to change. The traditional levers – cutting beneficiaries, benefits, or provider rates – may reduce costs in the short term but will not help states transform their Medicaid programs. These efforts ultimately result in cost shifts, not cost reductions. The combination of a fixed rate of growth – a per capita cap – along with protections for beneficiaries and incentives to spur innovation and improve quality have helped Oregon achieve significant savings while making important improvements in quality. The baseline for spending and how the growth trend is calculated are obviously of critical importance. CMS and the state negotiated a calculation that will result in meaningful savings for the federal government, without setting the state up for failure.

The most important lesson from the Oregon experiment is that cost savings and improving care and coverage for beneficiaries can go hand in hand, rather than operating at odds with each other. Oregon's achievements to-date were only possible because the state expanded coverage and aggressively enrolled eligible people, hitting the goal of providing 95 percent of Oregonians with health coverage. Investing in prevention and coordinated care, rather than shifting the cost of preventable hospitalizations and uncompensated care across the system, are an important part of their successful formula for bending the cost curve in health care. That approach, coupled with meaningful constraints on the rate of growth at the per capita level, has led to healthier people and a more efficient health care system. Oregon still has a lot of work left to do, but its success so far provides valuable lessons for other states as further changes to Medicaid are implemented.



## HMA MEDICAID ROUNDUP

### California

#### HMA Roundup – Julia Elitzer ([Email Julia](#))

**Governor’s 2017-18 Budget Highlights.** On January 10, 2017, Governor Jerry Brown released California’s 2017-2018 budget. The Budget includes \$154.6 billion (\$34 billion General Fund and \$120.6 billion other funds) for all health and human services programs. Currently, California faces a \$1.9 billion deficit. Key provisions not previously reported in HMA’s Roundup include two small, but important, issues: 1) California is planning on delaying the transition of California Children’s Services into managed care until July 1, 2018, and 2) The Budget includes the California Healthcare, Research and Prevention Tobacco Tax Act of 2016 (Proposition 56), which increases the excise tax rate on cigarettes and tobacco products, effective April 1, 2017. Taxes collected from this initiative will support the Breast Cancer Fund as well as state and local governments to address revenue declines that result from the additional tax. [Read More](#)

**Merger for Cal INDEX May Revitalize Effort to Pool Medical Records.** *California Healthline* reported on January 10, 2017, that the Cal INDEX medical database agreed to a merger that would create one of the largest repositories of patient records in the country. California Integrated Data Exchange will merge with Inland Empire Health Information Exchange. Together, the merger would create a database of insurance claims and medical records of 16.7 million people. Starting February 1, 2017, Claudia Williams will serve as chief executive of the initiative. [Read More](#)

**Physician Community Disappointed by Lack of Rate Increases.** *The Sacramento Bee* reported on January 12, 2017, that California Governor Jerry Brown’s fiscal 2018 budget proposal does not include Medicaid reimbursement rate increases for doctors despite their help in passing a ballot initiative last year that increased the tobacco tax by \$2 to generate an additional \$1 billion for Medi-Cal. It was expected that the additional funding from Proposition 56 would allow for rate increases. Instead, Governor Brown’s proposal appropriates \$1.2 billion of the ballot money to cover cost increases for Medi-Cal, despite a measure that prohibits the Governor from using the revenue to support existing state Medi-Cal funds. The California Medical Association says doctors who have been struggling to get a rate increase to provide Medicaid services are disappointed in the appropriations. [Read More](#)

**Doctor Files Lawsuit Against Medicaid MCO for Underpayments.** *Kaiser Health News* reported on January 12, 2017, that a Los Angeles doctor filed a class-action lawsuit against Molina Healthcare on December 30, 2016, alleging that the insurance company owes him thousands of dollars in enhanced reimbursements for providing certain services to Medi-Cal expansion members. Manual

Figueroa, MD, a member of the physician group Associated Hispanic Physicians of Southern California, filed the lawsuit in Los Angeles County Superior Court. [Read More](#)

## Florida

HMA Roundup - Elaine Peters ([Email Elaine](#))

**Governor Rick Scott to Name Justin Senior Secretary of AHCA.** *The Miami Herald* reported on January 11, 2017, that Florida Governor Rick Scott will name Justin Senior as secretary of the state's Agency for Health Care Administration, which oversees Medicaid. Senior has been serving as interim secretary since October 2016. [Read More](#)

## Georgia

HMA Roundup - Kathy Ryland ([Email Kathy](#))

**Governor's Proposed Budget Includes Medicaid, Mental Health, DFCS Initiatives.** *Georgia Health News* reported on January 11, 2017, that Georgia Governor Nathan Deal outlined several health care initiatives in his fiscal 2018 budget proposal. The \$25 billion proposal includes \$17.9 million to raise Medicaid pay for primary care doctors and OB/GYNs and \$2.5 million to expand mental health services under Medicaid and PeachCare to children under four years old. Caseworkers at Georgia Division of Family and Children Services will receive a 19 percent salary increase to address high turnover rates. The budget also includes \$3 million in bonds for the construction of a rehabilitation facility for veterans with traumatic brain injuries or post-traumatic stress disorder. The Governor also stated that the hospital provider fee will be renewed, which would draw down \$600 million in federal matching funds for the state. [Read More](#)

## Illinois

**Property Tax Exemption for Not-for-Profit Hospitals to be Decided by State Supreme Court.** *The Chicago Tribune* reported on January 12, 2017, that Carle Foundation Hospital and Urbana, Illinois, municipal leaders met before the Illinois Supreme Court to argue whether a state law that exempts not-for-profit hospitals from property taxes is constitutional. About 156 of Illinois' 200 not-for-profit hospitals do not have to pay property taxes as long as the value of their charity care is equal to or exceeds their tax liabilities. Those hospitals say the exemption is necessary, allowing them to use that money to support community care. Meanwhile, the Illinois Department of Revenue issued a moratorium on new property tax exemptions for hospitals until the outcome of the case is determined. [Read More](#)

## Iowa

**DHS Director Downplays Criticism of Medicaid Managed Care Program.** *The Des Moines Register* reported on January 11, 2017, that Iowa Department of Human Services (DHS) Director Charles Palmer rejected criticism that the state's transition to Medicaid managed care has been "catastrophic." Palmer defended

the level of capitation rates paid to Medicaid plans as actuarially sound. Amerigroup (Anthem), UnitedHealthcare, and AmeriHealth Caritas have yet to accept a proposed capitation payment increase of \$127.7 million over 15 months, deeming the amount insufficient to cover the losses in the past year. [Read More](#)

## Kansas

**Medicaid Expansion Bill Clears Committee.** *KCUR* reported on January 12, 2017, that the Kansas House Health and Human Services Committee voted to introduce a Medicaid expansion bill. State Representative Susan Concannon, who is vice chair of the committee, believes that the retirement of former House Speaker Ray Merrick could provide an opportunity to pass expansion. Her proposal would expand KanCare to another 100,000 to 150,000 individuals. However, Kansas Governor Sam Brownback publicly renewed his opposition to expanding Medicaid earlier in the week. [Read More](#)

## Massachusetts

**Governor Proposes Employer Assessment to Help Offset MassHealth Costs.** *WBUR.org* reported on January 17, 2017, that in an effort to offset rising Medicaid costs, Massachusetts Governor Charlie Baker is expected to propose a \$2,000 per employee annual assessment on employers that do not offer health insurance. The plan would also cap provider reimbursement rates, excluding primary care and behavioral health providers, place a moratorium on coverage mandates, and eliminate vision and non-emergency medical transportation benefits for MassHealth members. Cost increases in MassHealth are driven in part by an increase in the number of individuals who are employed, but signing up for the program. The proposal is expected to be included in the Governor's budget, to be released on January 25, 2017. [Read More](#)

## Mississippi

**Mississippi to Rebid Medicaid Managed Care Contracts Early This Year.** The Mississippi Division of Medicaid (DOM) announced on January 17, 2017, that the state will release a request for proposal (RFP) for the Mississippi Coordinated Access Network (MississippiCAN) early this year, with the award announcement expected in summer 2017. DOM expects to award contracts to at least three organizations. There were more than 490,000 individuals enrolled in the MississippiCAN program as of September 2016. [Read More](#)

## Missouri

**Lawmaker to Introduce Medicaid Block Grant Legislation.** *St. Louis Post-Dispatch* reported on January 11, 2017, that state legislators in Missouri may consider a bill in the coming weeks that would request conversion of the state's Medicaid program funding to a block grant. State Senator David Sater plans to propose block grant legislation next week. Senator Sater indicated that the state could adjust its model based on eventual Medicaid block grant decisions at the federal level. [Read More](#)

## New Jersey

### HMA Roundup – Karen Brodsky ([Email Karen](#))

**New Jersey State legislature prepares for ACA repeal.** On January 17, 2017, *NJ Spotlight* reported that Democrats and some Republicans have begun to assemble a response to address the impact the Affordable Care Act (ACA) repeal would have on New Jersey residents, the healthcare industry in New Jersey, and the state budget. Senator Joseph Vitale (D-Middlesex), who chairs the Senate's Health, Human Services, and Senior Citizens committee, is forming a workgroup to consider how New Jersey could continue ACA benefits. New Jersey Senator Robert Melendez (D-Union) said that maintaining the ACA is "a fight for our lives" and Senator Cory Booker has called the ACA repeal "reckless, dangerous and cruel." [Read More](#)

**New Jersey ranked 9<sup>th</sup> in health with improvements in national health ranking from last year.** The UnitedHealth Foundation's annual America's Health Rankings report was released in December and placed New Jersey ninth in an overall score among states for health status. New Jersey's ranking improved from last year when it ranked 11<sup>th</sup>. Hawaii received the best overall score for health while Mississippi ranked last. The study groups health factors under five domains: 1) behaviors; 2) community and environment, 3) policy, 4) clinical care, and 5) outcomes. Measures included, for example: change in smoking and obesity prevalence among adults, drug deaths, excessive drinking, high school graduation, infectious disease, immunizations, infant mortality, dental care access, diabetes, mental disease as well as cardiovascular and cancer deaths. A copy of the report can be found [here](#).

**New Jersey Department of Human Services (DHS) issues housing assistance policy and guidance for individuals with developmental disabilities.** On January 13, 2017, the DHS Division of Developmental Disabilities released the finalized [Housing Assistance Policy](#), which details the rules surrounding Supportive Housing Connection (SHC) vouchers. SHC is a partnership between the State's Housing and Mortgage Finance Agency (HMFA) and DHS to administer rental subsidies to individuals served by DHS through the Division of Developmental Disabilities (DDD). This policy, which becomes effective on February 6, 2017, outlines how individuals served by DDD can be evaluated to receive a SHC housing voucher. Additionally, the State also released the following documents: [DDD Housing Assistance: FAQs](#), [Residential Providers and Housing Costs: FAQs](#), and [How to Finding Housing: A Guide for Individuals Who Have Been Approved for SHC Housing Vouchers](#).

## North Carolina

**Governor, HHS Ask Judge to Lift Block on Medicaid Expansion.** *The Charlotte Observer* reported on January 16, 2017, that North Carolina and federal regulators filed motions asking U.S. District Court Judge Louise Flanagan to lift a temporary restraining order blocking state Governor Roy Cooper from expanding Medicaid before the end of President Obama's term. The court issued the restraining order in response to a lawsuit filed by state legislators who argued that Governor Cooper's plan violates state law. U.S. Health & Human Services (HHS) Secretary Sylvia Burwell argues that the case does not belong in federal court. Governor Cooper already sought permission from the federal



government to expand Medicaid, and the Obama administration agreed to act quickly before the end of the President's term. [Read More](#)

## Ohio

### HMA Roundup – Jim Downie ([Email Jim](#))

**Joint Medicaid Oversight Committee Reports \$1.6 Billion in Savings.** The Joint Medicaid Oversight Committee reported on January 13, 2017, that Ohio saved over \$1.6 billion in total Medicaid funds in State Fiscal Years 2015 and 2016 compared to Executive Budget estimates. The primary drivers of savings were the increased use of managed care and home and community-based alternatives to institutional care, as well as improved program administration. The report also identified policies that have increased spending such as rate increases and adding new services. Finally, the report identified future policies that can further decrease spending, such as integrating behavioral health and physical health in managed care. [Read More](#)

## Pennsylvania

### HMA Roundup – Julie George ([Email Julie](#))

**New Payment Model to be Tested for Rural Hospitals.** *Pittsburgh Post-Gazette* reported on January 12, 2017, that Pennsylvania will be testing a new payment model for rural hospitals called the Pennsylvania Rural Health Model. Funded with \$25 million from CMS, hospitals will be paid a fixed amount each month, instead of being reimbursed for services provided. Department of Health Secretary Dr. Karen Murphy led the development of this proposal, which will also create a rural health redesign center to provide data analytics and other support. Six Pennsylvania hospitals will be selected in the spring to participate in a pilot project to launch in 2018. Over the next three years, 24 additional hospitals will be added. Both Governor Wolf and Secretary Murphy stated this new initiative will be budget neutral as it pertains to the state budget. [Read More](#)

**DHS to Close Two State Facilities and Transition Residents to Community.** Pennsylvania Department of Human Services (DHS) Secretary Ted Dallas announced closures at the Hamburg State Center (Hamburg) for people with intellectual disabilities in Berks County and the civil section of Norristown State Hospital (Norristown) in Montgomery County. Transitioning residents into the community is expected to take 18-24 months. Hamburg is one of five state centers for people with intellectual and developmental disabilities and currently serves 80 residents. Norristown's civil unit is one of six state hospitals with services for individuals with mental illness and currently serves 122 individuals. DHS will hold public meetings and is currently accepting comments on the closures. The closures are part of the Wolf Administration's commitment to serve more people in the community. Prior to leaving either facility, individuals will participate in a series of assessments and planning meetings in order to determine their level of need for services and support. [Read More](#)

## Puerto Rico

**Treasury, HHS Urge Government to Increase Health Care Funding to Puerto Rico.** *Reuters* reported on January 17, 2017, that Treasury Secretary Jacob Lew and Health & Human Services (HHS) Secretary Sylvia Burwell called on Congress to increase funding for health care in Puerto Rico, which is in the midst of an economic and fiscal crisis. In a letter to U.S. House Speaker Paul Ryan, Secretary Jacob and Secretary Burwell warned that inaction by Congress could put 900,000 residents in Puerto Rico at risk of losing health coverage by April of this year. In December 2016, a Congressional task force recommended several fixes, including increased health care funding and providing access to the federal Earned Income Tax Credit. Puerto Rico currently has \$70 billion in debt, a 45 percent poverty rate, and an unemployment rates twice the U.S. average. [Read More](#)

## Tennessee

**Legislation Would Expand Medicaid Under Block Grant.** *The Tennessean* reported on January 17, 2017, that Tennessee Senator Richard Briggs has proposed legislation that would expand the state TennCare Medicaid program to individuals with incomes up to 138 percent of the federal poverty level, provided the incoming Trump Administration eased federal regulations and moved ahead with Medicaid block grants. The bill makes it easier to request a block grant waiver without legislative approval for expansion. Senator Briggs left the language intentionally vague to allow for flexibility under the potential structure of federal block grants for Medicaid, if pursued. [Read More](#)

## Utah

**Medicaid Expansion Approval Unlikely to Occur Until Trump Takes Office.** *The Salt-Lake Tribune* reported on January 12, 2017, that approval of Utah's Medicaid expansion plan is unlikely to occur until it can be considered by the incoming Trump administration. The state initially expected that the plan, which would cover an additional 9,000 to 11,000 beneficiaries, would be approved by the Centers for Medicare & Medicaid Services (CMS) in time to enroll new individuals beginning January 1, 2017. However, the timeline for approval is now uncertain, with some wondering if the state will need to submit a new proposal. [Read More](#)

## Virginia

**General Assembly, Governor's Administration Express Medicaid Block Grant Funding Concerns.** *The Roanoke Times* reported on January 16, 2017, that members of both parties in the Virginia General Assembly, as well as Governor Terry McAuliffe's administration, are concerned that a federal Medicaid block grant could put the state at a significant funding disadvantage. The concern centers around the potential that current per capita Medicaid spending, for which Virginia ranks 47th nationally, could be the basis for block grant funding. General Assembly budget leaders are working to create a subcommittee to monitor and respond to the actions of President-elect Donald Trump. Current estimates indicate ACA repeal could cost Virginia a net loss of \$123.2 million in

state funds in the next fiscal year and \$191.2 million in the following fiscal year. The state could also lose \$114 million from a reduced federal share of the Children's Health Insurance Program. [Read More](#)

## Wisconsin

**State Continues to Look at Potential Changes to Medicaid.** *Wisconsin Public Radio* reported on January 11, 2017, that Wisconsin continues to seek changes to the state's Medicaid program, including drug tests and time limits for member eligibility. However, state Medicaid Director Michael Heifetz said that it is still unclear how block grants might fit into the state's plans. President-elect Trump and House Speaker Paul Ryan (R-Wisconsin) favor block grants for Medicaid. [Read More](#)

## National

**CMS Finalizes Rule Blocking Pass-Through Payments to Safety Net Providers.** *Modern Healthcare* reported on January 17, 2017, that the Centers for Medicare & Medicaid Services (CMS) has finalized a rule blocking pass-through payments made to safety net providers in Medicaid managed care states, with thousands of providers expected to be impacted. Medicaid managed care plans in many states receive supplemental payments on top of basic capitation rates, with the agreement that they will be passed through to safety net providers, those serving a higher proportion of Medicaid and uninsured patients. CMS estimates that more than \$3 billion in pass-through payments are made annually across 16 states, with another three states distributing around \$50 million in nursing home pass-through payments. The American Hospital Association and other provider groups expressed their objections to the CMS rule blocking the payments. [Read More](#)

**CBO Report Says ACA Repeal Could Double Premiums, Leave 32 Million Uninsured by 2026.** *The New York Times* reported on January 17, 2017, that according to a Congressional Budget Office report issued this month, a repeal of the major provisions of the Affordable Care Act could leave 18 million individuals uninsured in the first year and 32 million individuals after 10 years. Additionally, individual insurance premiums could double over 10 years. The report analyzed the effects of eliminating the individual mandate, Medicaid expansion, and subsidies for Exchange coverage, while keeping the requirement for insurers to provide coverage at a standard rate for individuals with pre-existing medical conditions. [Read More](#)

**Trump to Propose ACA Replacement that Provides 'Insurance for Everybody.'** *The Washington Post* reported on January 15, 2017, that President-elect Donald Trump announced he is working on an Affordable Care Act (ACA) replacement plan that will provide "insurance for everybody" with lower deductibles. Trump also stated his intention to force pharmaceutical companies to negotiate drug prices for Medicaid and Medicare directly with the government. Trump stated that his plan is nearly complete and will soon be unveiled. Meanwhile, Trump's nominee to head the Department of Health & Human Services, Georgia Republican Tom Price, is awaiting a confirmation vote from the U.S. Senate. [Read More](#)

**HHS Secretary Confirmation May Slip to Mid-February.** *Roll Call* reported on January 11, 2017, that confirmation of Health and Human Services Secretary nominee, Representative Tom Price (R-Georgia) may not happen until mid-February, according to Senator Lamar Alexander (R-Tennessee), who chairs the Health, Education, Labor and Pensions Committee. The timeline suggests that Price might not be able to present President Trump with an Affordable Care Act replacement plan until March at the earliest. Alexander said the committee will hear from Representative Price on January 18, with a confirmation vote likely in February after the finance committee has met with him as well. Senator Alexander added that he's likely to get input from state governors on plans to shift more Medicaid decision-making from Washington to the states. [Read More](#)

**Republican Governors in Medicaid Expansion States Make Case for Continuing Coverage.** *Politico* reported on January 13, 2017, that five of the 16 Republican governors in states that expanded Medicaid are advocating to keep it and warning Congressional Republicans of the consequences a full repeal would have on individuals and on state budgets. Massachusetts Governor Charlie Baker, Michigan Governor Rick Snyder, Ohio Governor John Kasich, Arkansas Governor Asa Hutchinson, and Nevada Governor Brian Sandoval are submitting written proposals to continue Medicaid expansion coverage to Republican Congressional leaders. Senate Finance Committee Republicans will hold a meeting with Republican governors next week. [Read More](#)

**Congressional Republicans to Consider Cuts in Optional Medicaid Benefits.** *Modern Healthcare* reported on January 13, 2017, that optional Medicaid benefits, such as prescription drugs, hospice care, and psychiatric services for children could be considered for cuts. Senate Finance Committee Chair Orrin Hatch (R-Utah) and House Energy & Commerce Committee Chair Greg Walden (R-Oregon) have asked the Medicaid and CHIP Payment and Access Commission (MACPAC) to create a report on optional Medicaid eligibility and benefits. The report would be used to guide discussions about potential cuts to these benefits. [Read More](#)

**Hospital Executives Downplay Likely Financial Impact of ACA Repeal.** *Modern Healthcare* reported on January 14, 2017, that the repeal of the Affordable Care Act (ACA) would not make hospitals considerably worse off financially, according to executives from Kaiser Permanente and investor-owned hospitals including Lifepoint and Tenet. Hospital executives noted that if the ACA is repealed, and if Medicare cuts are reversed, hospitals would not be significantly impacted. The key question is whether the Medicare cuts would indeed be fully restored given budget constraints and other priorities. [Read More](#)



## INDUSTRY NEWS

**Help at Home Acquires Pennsylvania-based Excel Companion Care.** *PE Hub* reported on January 13, 2017, that Help at Home, an Illinois-based home care agency backed by Wellspring Capital, has acquired Pennsylvania-based Excel Companion Care, which provides in-home care. The acquisition expands Help at Home's footprint into its eleventh state with an additional 600 care staff. Financial terms of the deal were not disclosed. [Read More](#)

**Epic Health Services to Merge With PSA Healthcare.** *Home Health Care News* reported on January 17, 2017, that the nation's largest pediatric home care provider Epic Health Services is merging with PSA Healthcare. Epic, which operates in 21 states, will add more than 75 locations in 16 states through the merger. The combined entity will be an affiliate of Bain Capital Private Equity, which acquired Epic in 2016 for \$950 million. The combined entity will be led by PSA executives Rod Windley, who will serve as executive chairman, and Tony Strange, who will serve as CEO. [Read More](#)

**Ascension Names Patricia Maryland as Next CEO.** *Modern Healthcare* reported on January 12, 2017, that Ascension Healthcare has chosen Patricia Maryland to replace Bob Henkel as CEO of its health care division. Maryland became chief operating officer in 2013 after running the St. John Providence hospital in Detroit and serving as president of St. Vincent Indianapolis Hospital. Ascension has 141 hospitals and 2,500 ambulatory clinics across 24 states. [Read More](#)

## COMPANY ANNOUNCEMENTS

- "MCG Health and MedInsight Formally Launch New Analytics Tool to Increase Healthcare Efficiency" [Read More](#)
- "Hearst Acquires Work-Loss Data Institute" [Read More](#)

## RFP CALENDAR

Date	State/Program	Event	Beneficiaries
January 23, 2017	Arizona ALTCS (E/PD)	Proposals Due	30,000
January, 2017	Wisconsin Family Care/Partnership (MLTSS)	Contract Awards	14,000
February 16, 2017	Massachusetts MassHealth ACO - Full	Proposals Due	TBD
February 21, 2017	Texas CHIP (Rural, Hidalgo Service Areas)	RFP Release	83,000
February 28, 2017	Oklahoma ABD	Proposals Due	155,000
February, 2017	Rhode Island	Implementation	231,000
Early 2017	MississippiCAN	RFP Release	500,000
March 7, 2017	Arizona ALTCS (E/PD)	Contract Awards	30,000
March 15, 2017	Massachusetts	Proposals Due	850,000
Spring 2017	Virginia Medallion 4.0	RFP Release	700,000
May 1, 2017	Missouri (Statewide)	Implementation	700,000
June 1, 2017	Pennsylvania HealthChoices	Implementation	1,700,000
July 1, 2017	Wisconsin Family Care/Partnership (MLTSS)	Implementation	14,000
July 1, 2017	Nevada	Implementation	420,000
July 1, 2017	Virginia MLTSS	Implementation	212,000
July 1, 2017	Georgia	Implementation	1,300,000
Summer 2017	MississippiCAN	Contract Awards	500,000
September 1, 2017	Texas CHIP (Rural, Hidalgo Service Areas)	Contract Awards	83,000
October 1, 2017	Arizona ALTCS (E/PD)	Implementation	30,000
Fall 2017	Virginia Medallion 4.0	Contract Awards	700,000
December 18, 2017	Massachusetts	Implementation	850,000
January 1, 2018	Pennsylvania MLTSS/Duals	Implementation (SW Region)	100,000
March, 2018	North Carolina	RFP Release	1,500,000
April, 2018	Oklahoma ABD	Implementation	155,000
June, 2018	North Carolina	Proposals Due	1,500,000
July 1, 2018	Pennsylvania MLTSS/Duals	Implementation (SE Region)	145,000
July 1, 2018	MississippiCAN	Implementation	500,000
August 1, 2018	Virginia Medallion 4.0	Implementation	700,000
September 1, 2018	Texas CHIP (Rural, Hidalgo Service Areas)	Implementation	83,000
September, 2018	North Carolina	Contract awards	1,500,000
January 1, 2019	Pennsylvania MLTSS/Duals	Implementation (Remaining Regions)	175,000
January 1, 2019	Texas STAR+PLUS Statewide	Implementation	530,000
July 1, 2019	North Carolina	Implementation	1,500,000
January 1, 2020	Texas STAR, CHIP Statewide	Implementation	3,400,000

## DUAL ELIGIBLE FINANCIAL ALIGNMENT DEMONSTRATION IMPLEMENTATION STATUS

Below is a summary table of the progression of states toward implementing a dual eligible financial alignment demonstration.

State	Model	Opt-in Enrollment Date	Passive Enrollment Date	Duals Eligible For Demo	Demo Enrollment (Nov. 2016)	Percent of Eligible Enrolled	Health Plans
California	Capitated	4/1/2014	5/1/2014 7/1/2014 1/1/2015	350,000	112,468	32.1%	CalOptima; Care 1st Partner Plan, LLC; Community Health Group Partner; Health Net; Health Plan of San Mateo; Inland Empire Health Plan; LA Care; Molina; Santa Clara Family Health Plan; Anthem (CareMore)
Illinois	Capitated	4/1/2014	6/1/2014	136,000	46,216	34.0%	Aetna; Centene; Blue Cross Blue Shield of IL; Cigna-Health Spring; Humana; Meridian Health Plan; Molina
Massachusetts	Capitated	10/1/2013	1/1/2014	97,000	13,857	14.3%	Commonwealth Care Alliance; Network Health
Michigan	Capitated	3/1/2015	5/1/2015	100,000	36,656	36.7%	AmeriHealth Michigan; Coventry (Aetna); Fidelis SecureCare; Meridian Health Plan; HAP Midwest Health Plan; Molina Healthcare; Upper Peninsula Health Plan
New York	Capitated	1/1/2015 (Phase 2 Delayed)	4/1/2015 (Phase 2 Delayed)	124,000	4,860	3.9%	There are 15 FIDA plans currenting serving the demonstration. A full list is available on the MRT FIDA website.
New York - IDD	Capitated	4/1/2016	None	20,000	384	1.9%	Partners Health Plan
Ohio	Capitated	5/1/2014	1/1/2015	114,000	70,315	61.7%	Aetna; CareSource; Centene; Molina; UnitedHealth
Rhode Island	Capitated	7/1/2016	10/1/2016	25,400	4,086	16.1%	Neighborhood Health Plan of RI
South Carolina	Capitated	2/1/2015	4/1/2016	53,600	9,611	17.9%	Absolute Total Care (Centene); Molina Healthcare of South Carolina; Select Health of South Carolina (AmeriHealth)
Texas	Capitated	3/1/2015	4/1/2015	168,000	36,736	21.9%	Anthem (Amerigroup); Cigna-HealthSpring; Molina; Superior (Centene); United
Virginia	Capitated	3/1/2014	5/1/2014	66,200	29,186	44.1%	Humana; Anthem (HealthKeepers); VA Premier Health
<b>Total Capitated</b>	<b>10 States</b>			<b>1,254,200</b>	<b>364,375</b>	<b>29.1%</b>	

*Note: Enrollment figures in the above chart are based on state enrollment reporting, where available, and on CMS monthly reporting otherwise.*

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## HMA NEWS

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### **HMA's Ellen Breslin to Present at World Congress Workshop**

*February 27, 2017*

*Arlington, Virginia*

The World Congress 10th Annual Medicaid Managed Care Summit coming up on February 27-28, 2017. Visit [www.worldcongress.com/MMC](http://www.worldcongress.com/MMC) for more information.

### **Upcoming Webinar: "Relationship-Centered Care: A Healthcare Provider's Guide to Patient Engagement, Shared Decision Making, and Improved Outcomes"**

**Thursday, February 16, 2017**

**1 to 2 p.m. EST**

Relationship-centered care is more than just a good bedside manner. It's an entire primary and behavioral care construct designed to foster patient engagement, shared decision making, and a deep collaborative approach between healthcare providers and patients. During this webinar, HMA experts Margaret Kirkegaard, MD, Family Physician, and Jeffrey Ring, PhD, Health Psychologist, will provide a deep appreciation of the value of relationships in the provision of medical care, including data that illustrates the efficacy of the relationship-centered approach. The webinar will also provide a roadmap for provider organizations striving to enhance relationship-centered care initiatives that involve providers, patients, and the entire medical and administrative staff. [Link to Registration](#)

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