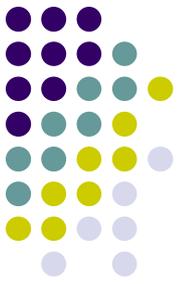


# ***PREFATORY NOTE ADDED BY WAHSA:***



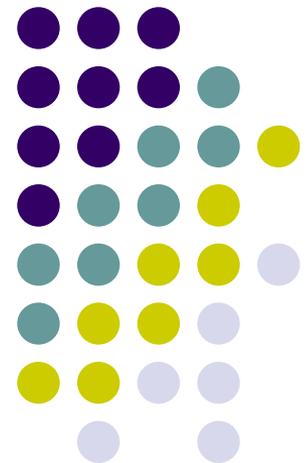
This PowerPoint presentation was prepared by WI Department of Health Services officials. It documents their intent to identify an additional \$415 million in Medicaid reductions in the 2009-2011 biennium and solicits input from Medicaid providers and advocates on how to achieve these reductions without cutting Medicaid eligibility or benefits.

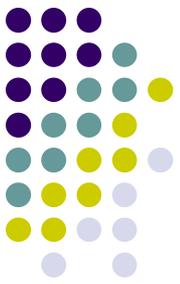
# ForwardHealth Rate Reform Project

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Bureau of Fiscal Management  
Division of Health Care Access  
and Accountability

March 23, 2009





# Why Rate Reform?

- A comprehensive examination of how MA purchases specific health care services has not been done in many years
- Initial effort will be to encourage more integrated and cost-effective care
- Necessary to help balance the 2009-11 Medicaid Budget
  - Unallocated budget savings target approximately \$415 million (AF) over the biennium



# Context, Precedent and Parameters

# Medicaid GPR Cuts

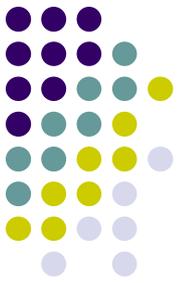
## Included in the Governor's SFY09-11 Budget



Governor's Budget Item	SFY 2010	SFY 2011
<b><i>Unallocated Cuts: \$415 million AF (\$137 million GPR)</i></b>		
MA Efficiencies & Reductions	\$31,450,000	\$64,950,000
Across-the-Board 1% Cuts	\$20,107,000	\$20,107,000
<b><i>Other Cuts/Savings Items</i></b>		
FMAP Stimulus	\$567,630,000	\$295,880,000
Smoking Ban	\$150,900	\$298,600
MMHI County Payments	\$3,704,500	\$5,989,800
SeniorCare Reestimate	\$19,186,600	\$15,142,900
Eliminate SeniorCare Supplement	\$2,056,900	\$2,056,900
Transportation Broker	\$2,316,100	\$4,659,300
Insurance Intercept	\$1,116,600	\$2,266,200
Nursing Home Assessment	\$14,177,000	\$13,299,100
<b>Total</b>	<b>\$661,895,600</b>	<b>\$424,649,800</b>

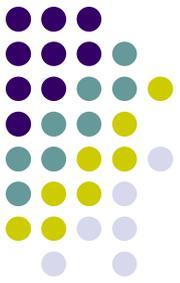
# Previous Unallocated MA Cuts

## SFY 08 & 09



- DOA provided authority to allocate cuts to all State programs
  - \$200 million GPR required by 2007 Wisconsin Act 20
  - Additional \$270 million GPR required by 2007 Wisconsin Act 226
- Medicaid cuts from Act 20 and Act 226 totaled \$113 million GPR
- DHCAA has met these savings targets with revenue maximization strategies for public providers, rate reductions (pharmacy), and other payment changes

# Budget Savings Parameters: Governor's Priorities

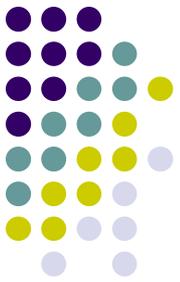


- Wisconsin should continue to be a national leader in access to basic, affordable health care coverage
- We need to build on our achievements in providing healthcare coverage
- Budget savings will not be accomplished through stricter eligibility standards or reductions in benefits
- The state will have to trim back reimbursement rates for services such as medical care

# Budget Savings Parameters: Economic Stimulus Package



- The American Reinvestment & Recovery Act (ARRA) prohibits the imposition of stricter eligibility standards
- Wisconsin risks losing \$1.2 billion in federal funding if we impose stricter eligibility standards

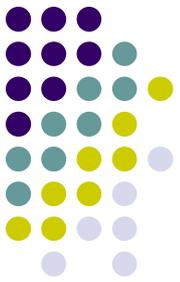


**Our Task:**  
**MA Rate Reform**  
**\$415 million AF Savings**



# Guiding Principles

- Ensure access to care for MA patients
- Align payments with value rather than volume
  - Base payments on an entire episode of care
  - Increase payments for successful outcomes
  - Reduce payments for errors, poor outcomes, unnecessary complications, and less cost-effective procedures
- Build on previous MA quality improvement efforts including the managed care P4P initiative



# Guiding Principles

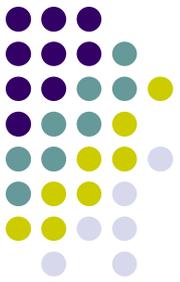
- Looking for both short-term solutions and long-term systemic changes
  - Short term changes implemented quickly without overly disrupting members, providers and managed care organizations
- Ensure that no one provider group is singled out for rate reductions
  - All provider groups must be part of the solution

# Focus Group Teams



Project Area	Team Lead	Contact Information	
Physicians/Clinics/Imagery	Rachel Carabell	<a href="mailto:Rachel.Carabell@dhs.wisconsin.gov">Rachel.Carabell@dhs.wisconsin.gov</a>	608.266.7024
Hospitals	Rich Albertoni	<a href="mailto:Richard.Albertoni@dhs.wisconsin.gov">Richard.Albertoni@dhs.wisconsin.gov</a>	608.266.9438
Pharmacy	Jim Vavra	<a href="mailto:James.Vavra@dhs.wisconsin.gov">James.Vavra@dhs.wisconsin.gov</a>	608.261.7838
Long-Term Care	Fredi Bove	<a href="mailto:FrediEllen.Bove@dhs.wisconsin.gov">FrediEllen.Bove@dhs.wisconsin.gov</a>	608.261.5987
Mental Health	Marlia Moore	<a href="mailto:Marlia.Moore@dhs.wisconsin.gov">Marlia.Moore@dhs.wisconsin.gov</a>	608.266.9749
Allied Health Professions	Anne Olson	<a href="mailto:Anne.Olson@dhs.wisconsin.gov">Anne.Olson@dhs.wisconsin.gov</a>	608.266.0511
Health Management Organizations	Curtis Cunningham	<a href="mailto:Curtis.Cunningham@dhs.wisconsin.gov">Curtis.Cunningham@dhs.wisconsin.gov</a>	608.261.6858
Advocacy Groups	Jim Johnston	<a href="mailto:James.Johnston@dhs.wisconsin.gov">James.Johnston@dhs.wisconsin.gov</a>	608.267.7283

# Project Timeline



2009	March	23	24	25	26	27	Communicate process to provider groups & obtain recommended advisory group participants
		30	31	1	2	3	
		Conduct first round of advisory group meetings					
		6	7	8	9	10	
		13	14	15	16	17	
	April	Internally conduct detailed fiscal, policy & systems analyses					
		20	21	22	23	24	
		27	28	29	30	1	
		4	5	6	7	8	
		11	12	13	14	15	
	May	18	19	20	21	22	Conduct second round of advisory group meetings; obtain feedback on recommended options
		25	26	27	28	29	
		Compile final recommendations					
		1					
		June	Submit final recommendations				



# Upcoming Key Dates

- **3/25:** Submit recommendations for Advisory Group participants to:  
Kerry Corneilson ([KerryA.Corneilson@wisconsin.gov](mailto:KerryA.Corneilson@wisconsin.gov))  
and  
Sally Fingar ([Sally.Fingar@wisconsin.gov](mailto:Sally.Fingar@wisconsin.gov))
- **3/27:** Notify Advisory Group participants of Advisory Group meetings
- **3/30 – 4/10:** Participate in Advisory Group meetings