
 Iowa Department of Human Services

State Innovation Model Grant

Jennifer Vermeer
Medicaid Director

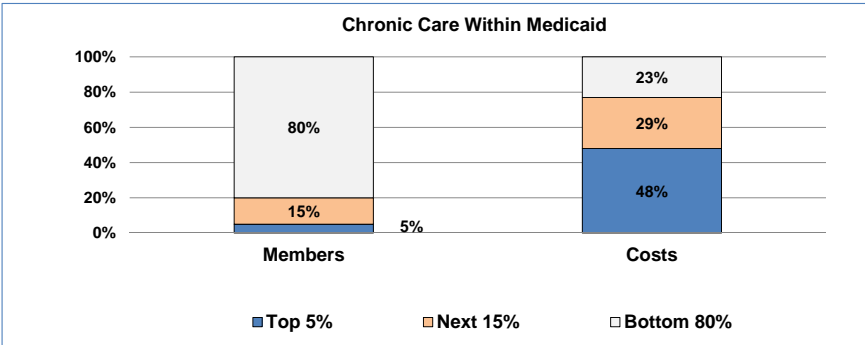
February 13, 2013

 Iowa Department of Human Services

The problem


Chronic disease drives costs

Chronic Care Within Medicaid



Category	Top 5%	Next 15%	Bottom 80%
Members	5%	15%	80%
Costs	48%	29%	23%

2/13/2012 2




Iowa Department of Human Services

Top 5% High Cost/High Risk Members* Accounted for:

- 90% of hospital readmissions within 30 days
- 75% of total inpatient cost
- Have an average of 4.2 conditions, 5 physicians, and 5.6 prescribers
- 50% of prescription drug cost
- 42% of the members in the top 5% in 2010, were also in the top 5% in 2009

*Excludes Long Term Care, IowaCare, Dual Eligibles, and maternity
2/13/2012

3




Iowa Department of Human Services

Why change?

- Health care delivery system is fragmented
- Reimbursement methods reward volume not value
- Cost of health care is unaffordable and unsustainable for citizens and taxpayers
- We need to increase quality/outcomes & lower cost

2/13/2012

4




Iowa Department of Human Services

What is Medicaid's role in Delivery Reform?

- Medicaid relies on the same health care system as all others to deliver care to our covered members
- Medicaid uses very similar payment and contracting methods
- Whatever is driving the rest of the health care system is also driving Medicaid
- Medicaid is a significant payor - 2nd largest payor, covers 23% of Iowans

2/13/2012 5




Iowa Department of Human Services

State Health Care Innovation Plan "Plan & Funding"

- Requested \$1.4 million
- Contractor support:
 - Data Analytics
 - Technical Assistance
 - Actuarial Services
 - Project Management

- Six month CMS grant to design, including request for second grant
- Submitted by DHS on behalf of Governor
- Stakeholder participation important
- CMS seeking multi-payor, broad-based delivery system reform

2/13/2012 6




Iowa Department of Human Services

**State Health Care Innovation Plan
“Vision”**

- Economically Sustainable
- Accountability
- Aligned Payment and Quality Strategies
- Patient-focused
- Workforce

Vision: Transform Iowa’s health care economy so that it is affordable and accessible for families, employers, and the state, and achieves higher quality and better outcomes for patients.

2/13/2012 7




Iowa Department of Human Services

**State Health Care Innovation Plan
“Goal & Strategies”**

Improve value and align payment models

GOAL: Reduce the rate of growth in health care costs for the state as a whole to the Consumer Price Index within 3 years. The goals of the ACO organization are more aggressive, to reduce costs by 5-8% within 3 years.

2/13/2012 8



Iowa Department of Human Services


State Health Care Innovation Plan – Iowa Proposal

Improve value and align payment models

- Payment reform
- Organized, coordinated delivery systems
- Health Home infrastructure
- Align payors to provide 'critical mass' to support needed investments in change

- 'Accountable Care Organizations' (ACO) are a reimbursement method that incentivizes accountability for outcomes and lower costs
- Iowa provider systems are developing ACOs with Wellmark and Medicare
- Under Governor's proposal, Medicaid would align with other payors
- Wellmark and Medicaid together cover 70% of Iowans

2/13/2012 9




Iowa Department of Human Services

State Health Care Innovation Plan – Iowa Proposal

- Long term care and disability systems lack coordination with physical health systems
- Medicaid is the key payor in these systems
- Long term care costs account for over half of Iowa Medicaid expenditures

- Strategy 1: Implement a multi-payer Accountable Care Organization (ACO) methodology across Iowa's primary health care payers.
- Strategy 2: Expand on the multi-payer ACO methodology to address integration of long term care services and supports and behavioral health services.
- Strategy 3: Population health and health promotion

2/13/2012 10




Iowa Department of Human Services

State Innovation Model Grant Letters of Support

- Governor's Office
- Wellmark Blue Cross/Blue Shield
- Iowa Hospital Association
- Iowa Medical Society
- Iowa Department on Aging
- Iowa Healthcare Collaborative
- University of Iowa Health Care
- Magellan Behavioral Health
- Iowa Health System
- Mercy ACO
- Genesis Health System

2/13/2012 11



Iowa Department of Human Services

Questions?

Jennifer Vermeer
Iowa Medicaid Director
Iowa Department of Human Services
jvermee@dhs.state.ia.us
515-256-4640

2/13/2012 12