



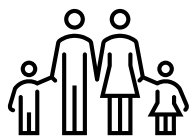
House Bill 1012

Medical Services Budget- Traditional

House Appropriations Human Resources Division, Chairman Nelson

Caprice Knapp, PhD **Medical Services Director**

DHS 2021-2025 KEY PRIORITIES



Strong Stable Families

- Maintain family connections
- Improve stability and prevent crises
- Promote and support recovery and well-being



Early Childhood Experiences

- Support workforce needs with improved access to childcare
- Help kids realize their potential with top quality early experiences
- Align programs for maximum return on investment



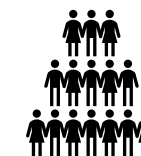
Services Closer to Home

- Create pathways that help people access the right service at the right time
- Engage proactively with providers to expand access to services



Efficiency Through Redesign

- Embrace process redesign to find efficiencies in our work
- Leverage technology to support greater efficiency, quality and customer service



High-Performing Team

- Develop a One DHS Team culture
- Engage team with opportunities for learning and development
- Implement fiscal scorecard to drive efficiency and effectiveness

Reinforce the Foundations of Well-being

Economic Health | Behavioral Health | Physical Health

MEDICAL SERVICES DIVISION

Our Values



We help...

our members receive safe, appropriate, quality care in a timely manner.



We communicate...

by listening, sharing information, and seeking feedback.



We partner...

with stakeholders, other state agencies, and tribes to achieve shared goals.



We oversee...

Medicaid to ensure integrity, efficiency, and stewardship of public resources.

MEDICAL SERVICES DIVISION

Who We Serve

Traditional and Expansion Medicaid Members 24 Month Period October 2018 - September 2020

- Expansion Medicaid Members
- Traditional Medicaid Members

Over **100,000** Members
August 2020



Note: Children's Health Insurance Program numbers prior to January 1, 2020 are included in the Traditional Medicaid Members count. Effective January 1, 2020, Healthy Steps children transitioned to Traditional Medicaid and are included in the Traditional Medicaid Members count.

MEDICAL SERVICES DIVISION

How We Pay

Traditional Medicaid

Payments:

- Fee-For-Service
- Payment rate for most professional services is about 100% of Medicare's reimbursement
- Some providers are paid according to their cost like nursing homes, critical access hospitals, and Human Service Centers
- Some provider payment rules are set by the feds IHS, FQHC

Fee Schedules: <http://www.nd.gov/dhs/services/medicalserv/medicaid/provider-fee-schedules.html>

Children's Health Insurance Program Interim Changes

CHIP Savings (1Q20-3Q20)

- Expected CHIP cost = \$6,706,332
 - Average 2,378 kids per month x Average \$313.38 premium per month
- Actual CHIP cost = \$1,932,582
 - Actual Provider Payments = \$2,872,734
 - Drug rebates = \$940,152
- Savings = **\$4,773,750**
- % reduction = **71.18%**

EXECUTIVE REQUEST 2021-2023

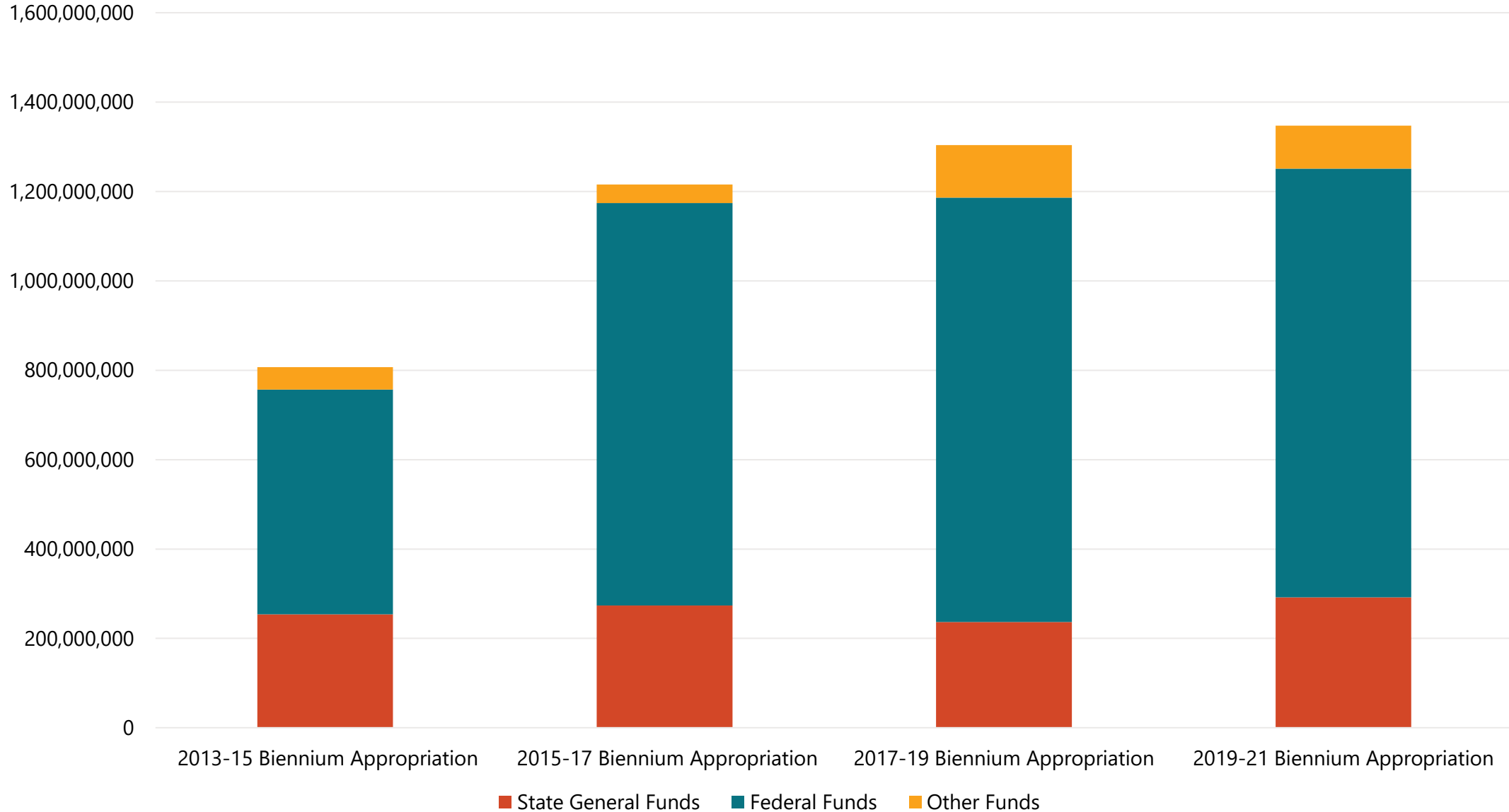


OVERVIEW OF BUDGET

Description	2013-2015 Appropriation	2015-2017 Appropriation	2017-2019 Appropriation	2019-2021 Appropriation	Changes	2021-2023 Executive Budget
Salary and Wages	9,361,167	11,006,399	9,217,240	17,623,821	839,862	18,471,683
Operating	39,355,085	44,241,160	53,320,237	48,290,789	8,712,126	57,002,915
Grants						
Medical Grants	806,717,552	1,215,896,867	1,303,690,959	1,352,417,879	49,551,425	1,401,969,304
Total	855,433,804	1,271,144,426	1,366,228,436	1,418,332,489	59,111,413	1,477,443,902
General Fund	289,891,636	313,547,595	284,162,440	342,465,788	42,758,835	385,224,623
Federal Funds	514,107,184	914,467,704	962,268,730	977,292,683	30,619,126	1,007,911,809
Other Funds	51,434,984	43,129,127	119,797,266	98,574,018	(14,266,548)	84,307,470
Total	855,433,804	1,271,144,426	1,366,228,436	1,418,332,489	59,111,413	1,477,443,902
Full Time Equivalent (FTE)	59.50	59.50	48.00	86.50	12.00	98.50

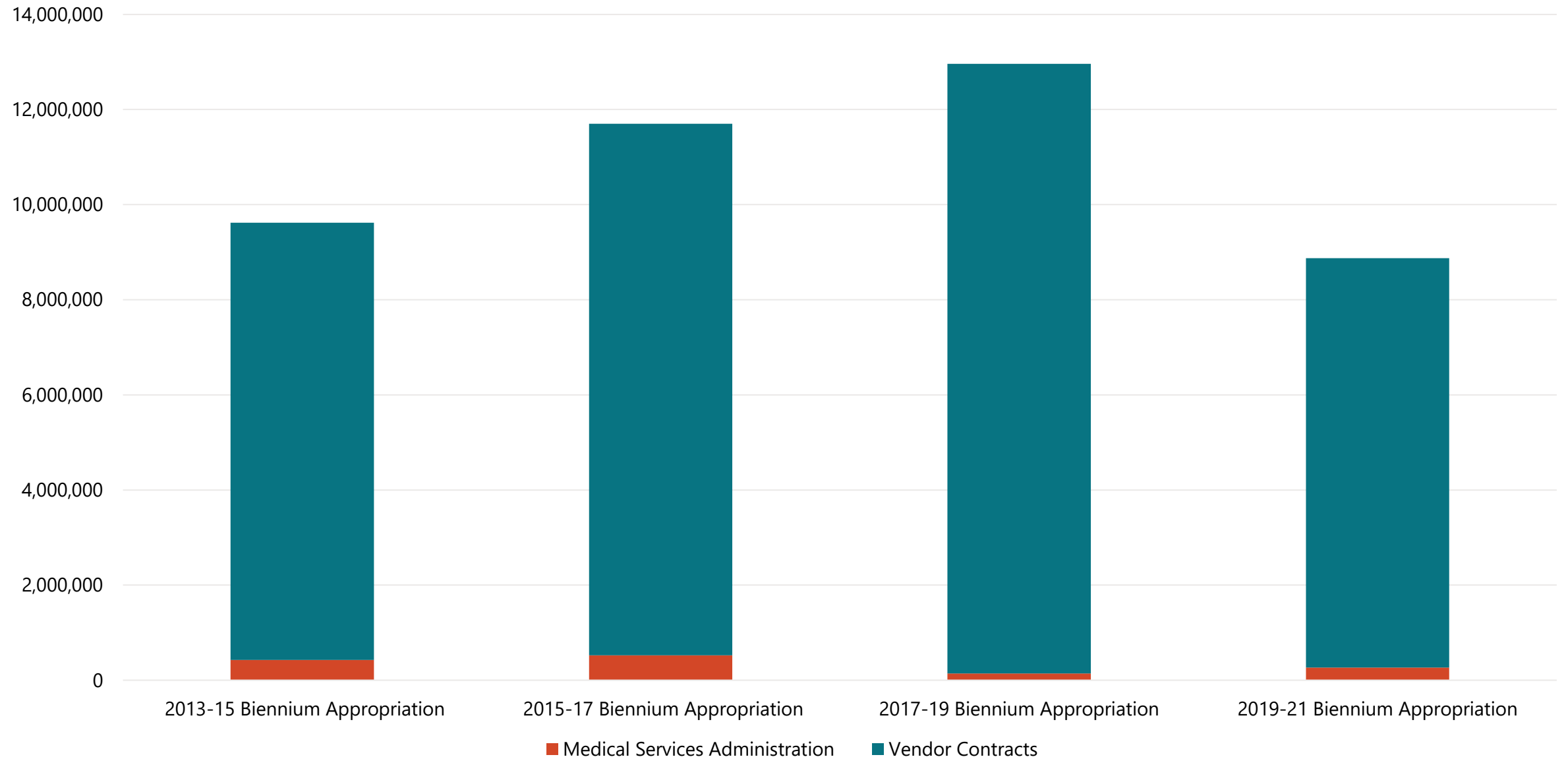
HISTORY OF MEDICAL GRANTS BUDGET CHANGES BY FUND

Medical Grants



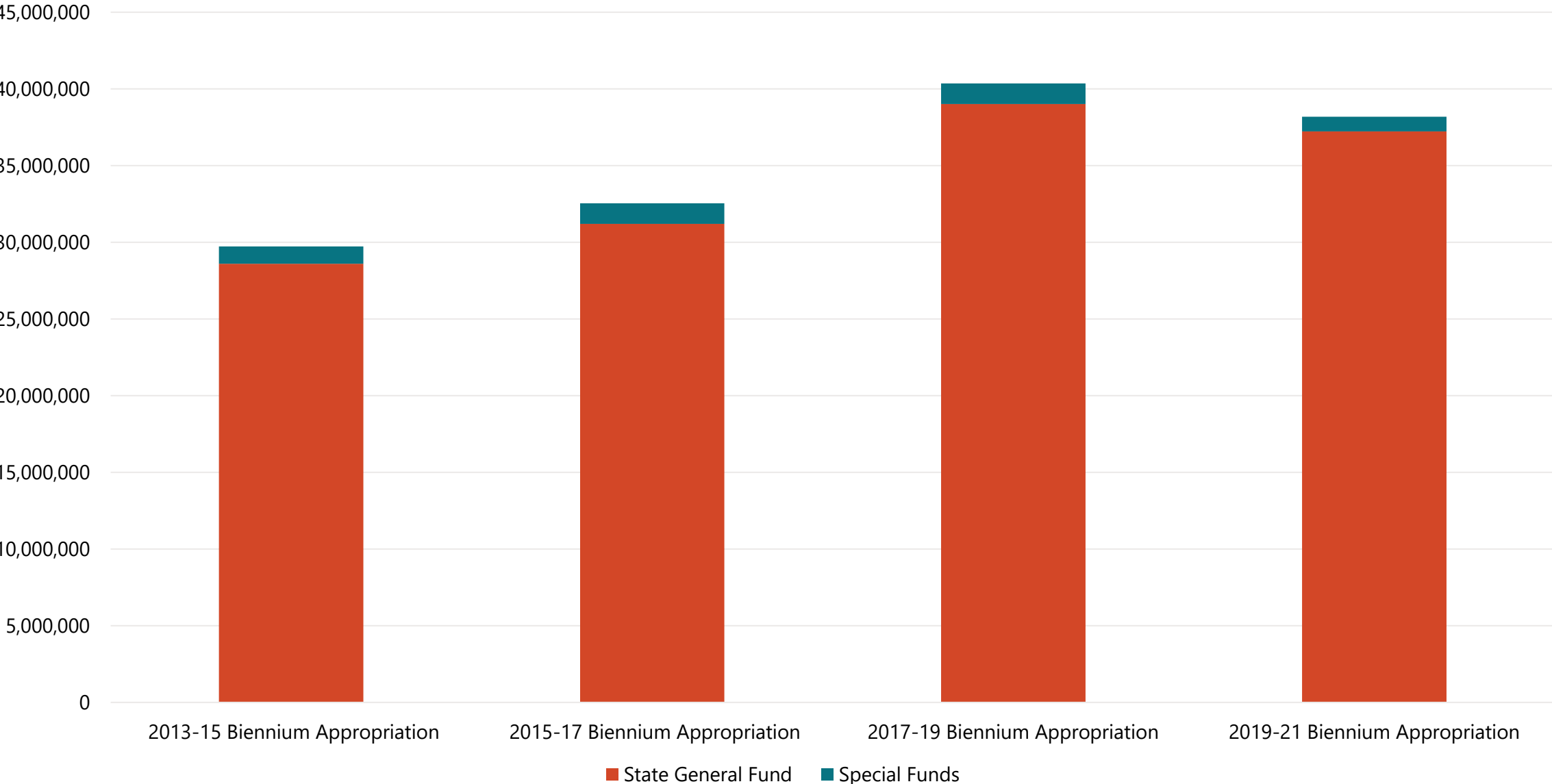
HISTORY OF OPERATING BUDGET, EXCLUDING CLAWBACK

Medical Services Operating Budget, Excluding Clawback



HISTORY OF MEDICARE PART D (CLAWBACK) BUDGET

Medicare Part D (Clawback)



Department of Human Services

Medical Services

19-21 Authorized FTE Base	19-21 Authorized FTE Realigned	21-23 Requested Base FTE	# vacancies 12-31-20 (from base)	Assignment of Requested FTE		
				% of FTE	Descriptor	# of FTE
86.50	86.50	98.50	2	40%	Operations (Claims/TPL/Program Integrity)	39
				19%	Pharmacy/Utilization Review/Quality	19
				16%	Programs (Managed Care/Health Tracks/HCBS)	16
				12%	Administration	12
				8%	Medicaid Policy	7.5
				5%	Rate Setting/Compliance	5

COVID INFO

Medical Services is actually processing more claims on medical and pharmacy due to FMAP MOE, our cost avoidance for TPL recovery has increase \$1.2 million post-COVID, we track prior authorizations each month as well

Telework Headcount

Pre-COVID
14

Current
87

GREEN SHEET WALKTHROUGH

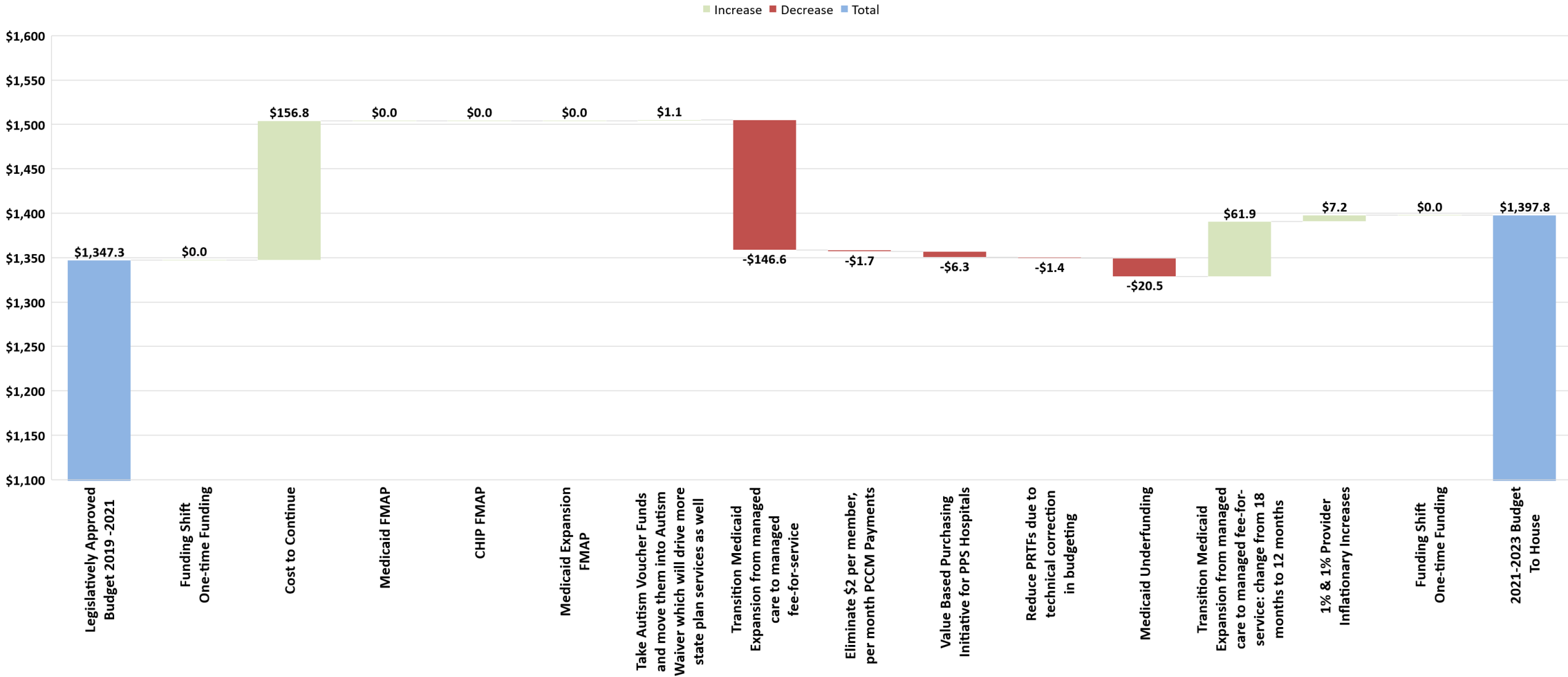
Executive Budget Request

	<u>FTE</u> <u>Positions</u>	<u>General Fund</u>	<u>Other Funds</u>	<u>Total</u>
Medical Services				
Continued program changes		2,493,060	5,504,976	7,998,036
Agency savings plan, including adjustments to Medicaid Expansion administration and rates	12.00	(11,725,352)	(80,633,115)	(92,358,467)
Grant cost and caseload changes		55,976,251	100,813,594	156,789,845
Other fund reprioritization			(40,000)	(40,000)
Funding source change - community health and tobacco prevention and control trust funds		14,400,000	(14,400,000)	-
Underfund Medicaid grants		(9,580,913)	(9,955,925)	(19,536,838)
Subtotal Medical Services	12.00	51,563,046	1,289,530	52,852,576

OVERVIEW OF BUDGET CHANGES BY EXPENSE CATEGORY

Expense Category	2017 - 2019 Biennium Expenditures	2019 - 2021 Base Level Budget	2019 - 2021 Year 1 (SFY 20)	Increase/ (Decrease) to 2021 - 2023	2021 - 2023 Executive Budget Request
511x Salaries - Regular	8,289,724	9,706,660	4,656,019	2,496,860	12,203,520
513x Salaries - Temp	1,214,610	2,110,752	441,191	(1,628,113)	482,639
514x Salaries - Over Time	334,296	467,424	84,452	(467,424)	-
516x Salaries - Benefits	4,132,220	5,338,985	2,298,437	446,541	5,785,526
Total Salaries & Benefits	13,970,850	17,623,821	7,480,099	847,864	18,471,685
52x Travel	50,139	47,413	33,609	-	47,413
53x Supply	33,461	30,962	14,273	-	30,962
54x Postage & Printing	159,914	102,218	72,293	-	102,218
55x Equipment Under \$5,000	2,697	2,100	1,826	-	2,100
58x Rent/Leases - Bldg./Equip	111,859	119,244	48,320	(107,208)	12,036
61x Professional Development	69,745	77,192	26,474	-	77,192
62x Fees - Operating & Professional	41,363,713	47,907,663	22,022,018	8,819,334	56,726,997
60x IT Expenses	3,406	3,997	1,744	-	3,997
Total Operating	41,794,934	48,290,789	22,220,557	8,712,126	57,002,915
71x Grants, Benefits, & Claims	1,156,014,751	1,352,417,879	569,360,205	49,551,424	1,401,969,303
72x Transfers	2,269,057	-	-	-	-
Total Grants	1,158,283,808	1,352,417,879	569,360,205	49,551,424	1,401,969,303
Total	1,214,049,592	1,418,332,489	599,060,861	59,111,414	1,477,443,903

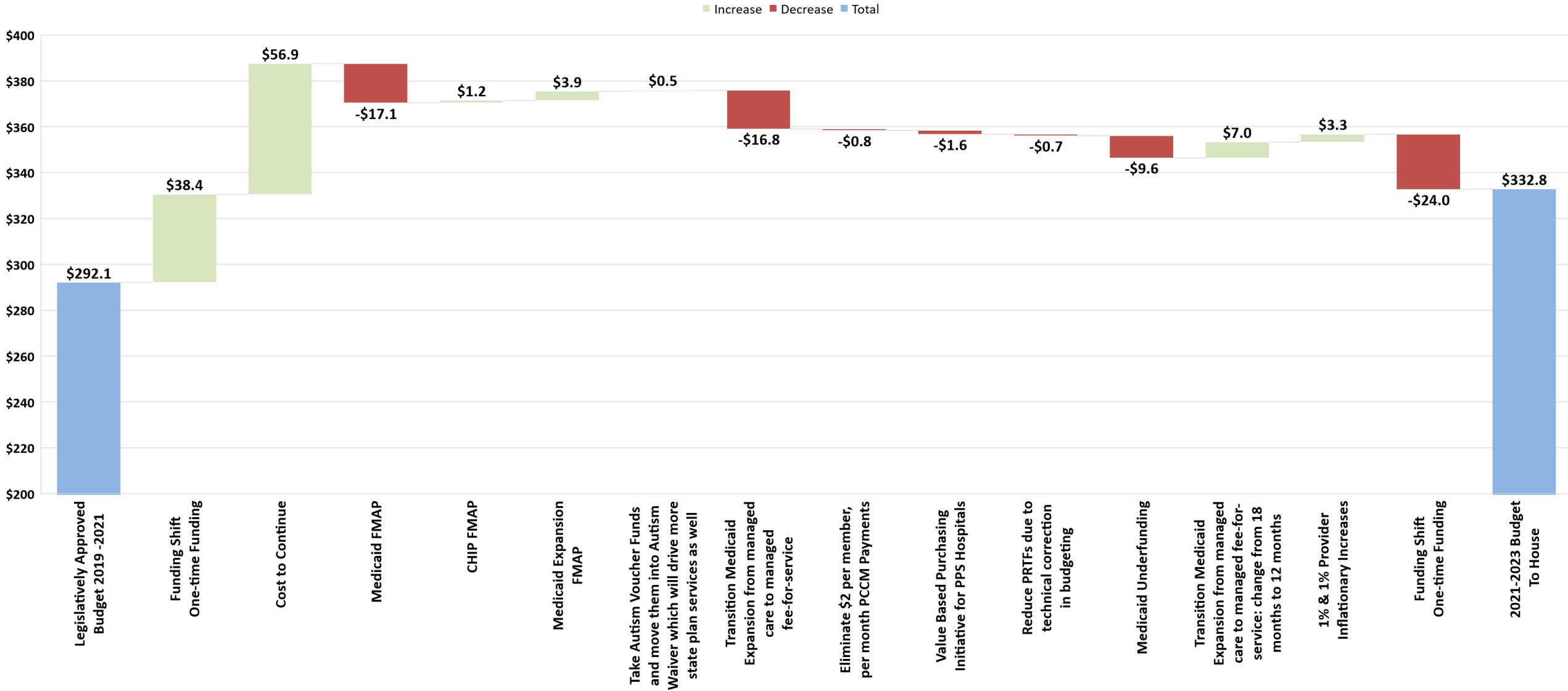
MEDICAL GRANTS TOTAL FUND CHANGE (IN MILLIONS)



OVERVIEW OF BUDGET CHANGES BY FUNDING SOURCE

Expense Category	2017 - 2019 Biennium Expenditures	2019 - 2021 Base Level Budget	2019 - 2021 Year 1 (SFY 20)	Increase/ (Decrease) to 2021 - 2023	2021 - 2023 Executive Budget Request
General	287,764,723	342,465,788	172,337,929	42,758,836	385,224,624
Federal	849,792,766	977,292,683	417,969,286	30,619,128	1,007,911,811
Other	76,492,103	98,574,018	8,753,646	(14,266,550)	84,307,468
Total	1,214,049,592	1,418,332,489	599,060,861	59,111,414	1,477,443,903

MEDICAL GRANTS GENERAL FUND CHANGE (IN MILLIONS)



Funding Request



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Be Legendary.™

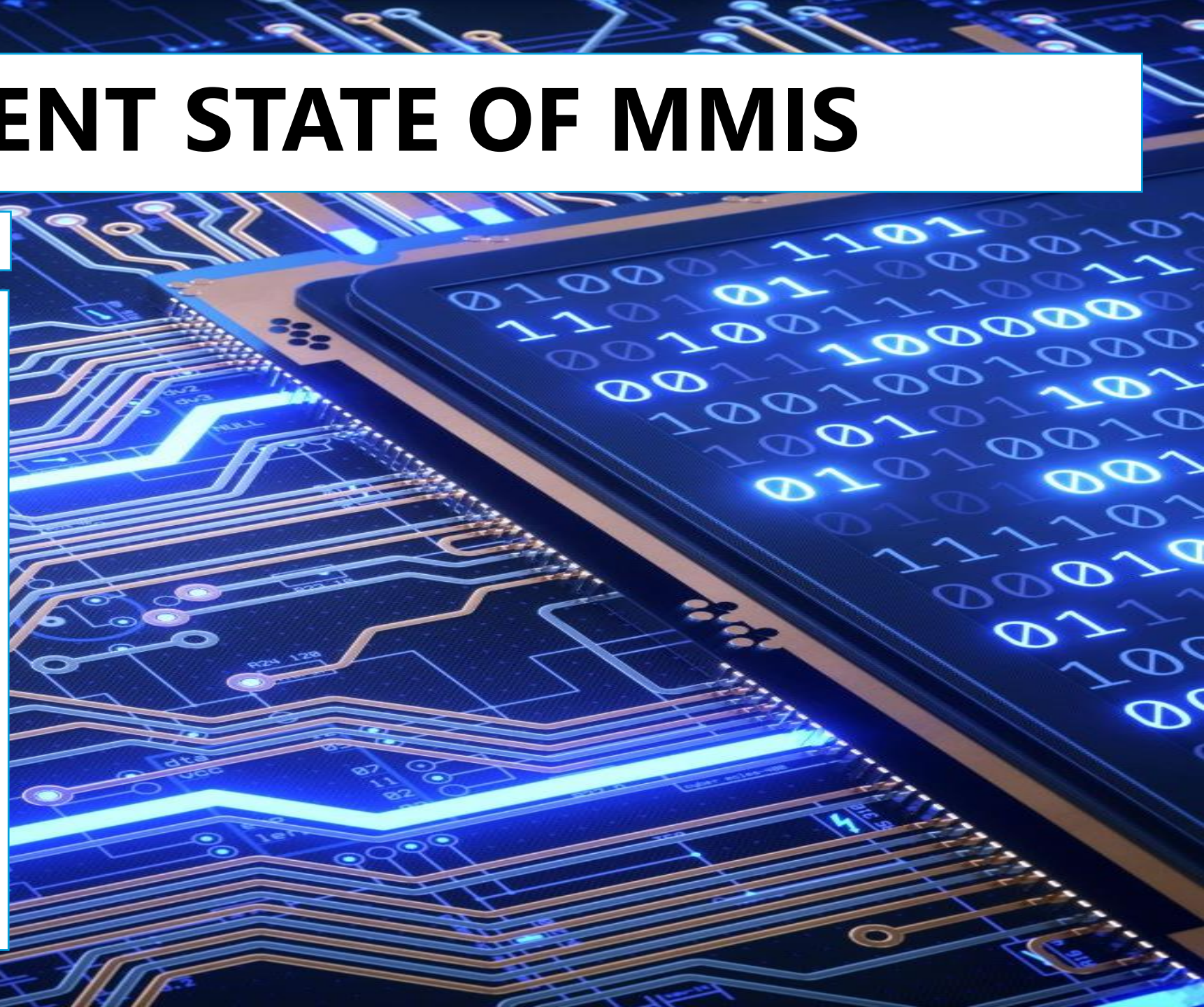
MMIS MODERNIZATION



CURRENT STATE OF MMIS

Monolithic System

- **Single system** for **all** functional areas
- Single system **limits the ability** for upgrades
- **One vendor controls** the single system
- **Entirely hosted** by NDIT
- **Limitations of a single system:**
 1. Prior Authorizations are **highly manual**
 2. **Lacks** case management functionality
 3. **Lacks the ability** to efficiently communicate to providers and members
 4. **No Member Portal**
 5. Third Party Liability is **highly manual**



CURRENT STATE OF MMIS

Current Operations

- **Meets CMS regulations** of timely payment
 - **99.90%** of clean claims processed **within 30 days**
 - **100%** of clean claims processed **within 90 days**
- **In 2019:**
 - **2,952,206** Claims processed
 - **\$1,308,172,318** paid to providers
- **Provider Portal:** Submit Claims, View Claims Status, Check Member Eligibility, View Remittance Advices, Submit Prior Authorization Requests, Provider Re-Validations

CURRENT STATE OF MMIS

MMIS Contracts

- Inclusive to only MMIS Vendor
 - **Design, Development, Implementation (DDI)**
 - 6/2006 – 9/2015: **\$77,000,000**
(90%/10%)
 - **Maintenance & Operations (M&O)**
 - 10/2015 – 9/2020: **\$72,000,000**
(75%/25%)
 - **Special Projects**
 - 6/2016-9/2020: **\$6,200,000**
(Mixed)
 - **M&O Extension**
 - 10/2020-9/2022: **\$30,500,000**
(75%/25%)
 - **M&O Renewal**
 - 10/2022-9/2024: **\$31,600,000**
(75%/25%)
 - **Tech Stack Upgrade**
 - 1/2021-7/2022: **\$8,800,000**
(75%/25%)



MMIS ASSESSMENT

**Medicaid Information Technology Architecture
State Self-Assessment (MITA SS-A)**

MMIS ASSESSMENTS

MITA SS-A

- Medicaid Information Technology Architecture (MITA) State Self-Assessment (SS-A)
 - Required by CMS
 - Analysis of the current and proposed future state of MMIS
 - Business Architecture
 - Information Architecture
 - Technical Architecture
 - Standards and Conditions Architecture
 - Developed a Future MMIS Roadmap

KEY FINDINGS

MITA SS-A

- Medicaid should develop and implement a MMIS modernization plan
- Medicaid should make progress toward an integrated Medicaid Enterprise System
- Modules should be based on the business needs
- Modules can adapt to rapidly changing technology needs
- Medicaid should adhere to CMS Modularity and Interoperability directives to receive enhanced FFP
- The State needs improved data governance & standards
- Medicaid should move towards process automation (Customer Satisfaction)
 - Increase Accuracy
 - Improves Timeliness
 - Reduce Costs

MODERNIZATION – THE ROAD AHEAD



MITA ROAD MAP-HIGH-LEVEL PROJECT SCHEDULE

Description / Project	21-23 biennium			23-25 biennium		25-27 biennium		27-29 biennium		29-31 biennium	
	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	
Medicaid Enterprise System (MES)	Planning										
EPMO / Governance Services	Procurement	EPMO / Governance Services									
Data Management Strategy, Technical Management Strategy, ConOps Update	NDIT / SMA	NDIT Data & Technical Management Strategy									
Independent Verification and Validation (IV&V) Services	Procurement	IV&V Services									
Testing Services		Procurement	Testing Services								
System Integrator (SI) Services	Procurement / NDIT	System Integrator Services									
Module 1: EVV	Personal Care Services	Outcome Based Certification		Home Health Care	Outcome Based Certification						
Module 2: SURS / Fraud Waste & Abuse		Procurement	DDI		CMS Certification						
Module 3: Utilization Management		Procurement	DDI		CMS Certification						
Module 4: Care Management			Procurement	DDI		CMS Certification					
Module 5: Provider Management			Procurement	DDI		CMS Certification					
Module 6: Contract Management				Procurement	DDI		CMS Certification				
Module 7: TPL Management				Procurement	DDI		CMS Certification				
Module 8: Pharmacy Management						Procurement	DDI		CMS Certification		
Module 9: Member Management						Procurement	DDI		CMS Certification		
Module 10: Claims Management							Procurement	DDI		CMS Certification	
Module 11: Financial Management							Procurement	DDI		CMS Certification	
NDHIN - Support Project		Interoperability with MMIS									
DSS/DW - Support Project		DDI to Include data from the Modules in the DSS/DW (include during design of each module)									
Current System (Legacy) M&O	Current System - Legacy - Maintenance and Operations										

PROGRESS IN OTHER STATES



Montana

Montana Program for Automating and Transforming HealthCare Project (**MPATH**) 6-year plan (\$99 Million)

- Data Analytics (Multi-release March 2018-November 2019)
- Provider Services (Multi-release August 2019-April 2020)
- System Integration Services(Implemented July 1 ,2019)
- Care Management (Multi-release June 2020-February 2022)
- Claims Module-Planned Implementation (Late 2022/Early 2023)
- Additional RFP Releases (October 2019-December 2022)
 - Fraud, Waste & Abuse Analytics
 - TPL Recoveries
 - Customer Care
 - Pharmacy Benefit Management System
 - Drug Rebate Management
 - Electronic Visit Verification



Wyoming

The Wyoming Department of Health, Division of HealthCare Financing, MMIS Replacement Project Team for the Wyoming Integrated Next Generation System (**WINGS**)

- \$75 million proposal
- Four Modules have been implemented and are live:
 - Pharmacy Benefit Management System(PBMS)
 - System Integrator
 - Data Warehouse
 - Fraud, Waste and Abuse Case Tracking
- Two Modules are in the implementation phase
 - Benefit Management System-Claims Processing with Third Party Liability
 - Electronic Visit Verification(EVV)
- Care/Case Management System Module RFP through procurement July 2020

2021-23 EXECUTIVE REQUEST

- \$35,000,000 Budget (**90% Medicaid Match**)
 - Target 2 Modules
- Establish Large IT Oversight – May 2021
- Release RFP in 2021
 - Systems Integrator
 - Independent Verification and Validation (IV&V) Services
 - Module 1
- Release RFP in 2022 – Module 2

MMIS Modernization			
	Total	Federal	State
MMIS	\$ 35,000,000	\$ 30,673,314	\$ 4,326,686

BUDGET SAVINGS ITEMS



BUDGET SAVINGS

Equity
PCCM \$2 PMPM
Elimination, Dental
Access Project



Equity
Remedial Eye
Program, PRTF



Quality
Value-Based
Purchasing



PCCM \$2 PMPM ELIMINATION



Estimated Total Potential Savings **\$1,652,240**

Elimination of PCCM PMPM Payments

	Total	Federal	State
Primary Care Case Management	\$ (1,652,240)	\$ (882,371)	\$ (769,869)

DENTAL ACCESS PROJECT



Estimated Total Potential Savings **\$40,000**

Elimination of Dental Access Project (loan repayment for dentists who serve a high proportion of Medicaid members)

	Total	Federal	State
Dental Access Project	\$ (40,000)		\$ (40,000)

REMEDIAL EYE PROGRAM, PRTF



Estimated Total Potential Savings **\$1,401,399**

Elimination of Remedial Eye, PRTF Payments

	Total	Federal	State
Remedial Eye Program	\$ (5,000)	\$ (0)	\$ (5,000)
PRTF Utilization	\$ (1,396,398)	\$ (745,834)	\$ (650,565)

VALUE BASED PURCHASING



North Dakota Hospital Quality: Compare Star Ratings

Star Rating	Hospital
★★★★	CHI St. Alexius Health Bismarck
★★★★	Essentia Health Fargo
★★	Altru Hospital Grand Forks
★★	Sanford Medical Center Bismarck
★★	Sanford Medical Center Fargo
★★	Trinity Hospital Minot

*Rating based on current data collection periods from Hospital Compare, last updated on July 22, 2020



Hospital Value-Based Purchasing Program



Domains (weight 25%)	CHI St. Alexius Bismarck	Essentia	Altru	Sanford Bismarck	Sanford Fargo	Trinity
Clinical Outcomes (weighted score)	21.9	18.8	16.9	10.6	16.3	13.8
Person & Community Engagement (weighted score)	3.5	7.8	3.8	3.3	4.8	2.8
Safety (weighted score)	7.5	7.5	12.1	8.3	5.0	11.7
Efficiency & Cost Reduction (weighted score)	15.0	10.0	0.0	12.5	2.5	5.0
Total Performance Score Out of 100 points	47.9	44.0	32.7	34.7	28.5	33.2

*Total Performance Score is composed of the following Domains: Clinical Outcomes weight 25%, Person and Community Engagement weight 25%, Safety weight 25%, and Efficiency and Cost Reduction weight 25%.

*Data from Hospital Compare Hospital Value-Based Purchasing Program data

Hospital-Acquired Condition Reduction Program



	CHI St. Alexius Bismarck	Essentia	Altru	Sanford Bismarck	Sanford Fargo	Trinity
PSI-90 W Z Score	1.2	-1.2	2.4	1.3	1.8	-0.2
CLABSI W Z Score	0.8	0.3	-0.2	0.6	0.1	-1.0
CAUTI W Z Score	0.9	0.2	-0.4	0.4	0.2	-0.2
SSI W Z Score	-0.7	1.5	1.6	0.2	1.9	2.1
MRSA W Z Score	-0.6	0.0	-0.1	-0.5	-0.1	-0.3
CDI W Z Score	1.5	0.4	1.5	-0.1	1.3	0.1
Total HAC Score	0.5	0.2	0.8	0.3	0.9	0.1
Payment Reduction	Yes	No	Yes	No	Yes	No

**Data used PSI-90 7/01/2016-6/30/2018 and HAI Measures 1/01/2017-12/31/2018, in 2014, CMS began reducing Medicare payments if HAC Score greater than 75th percentile of the Total HAC Score distribution will be subject to a payment reduction.*

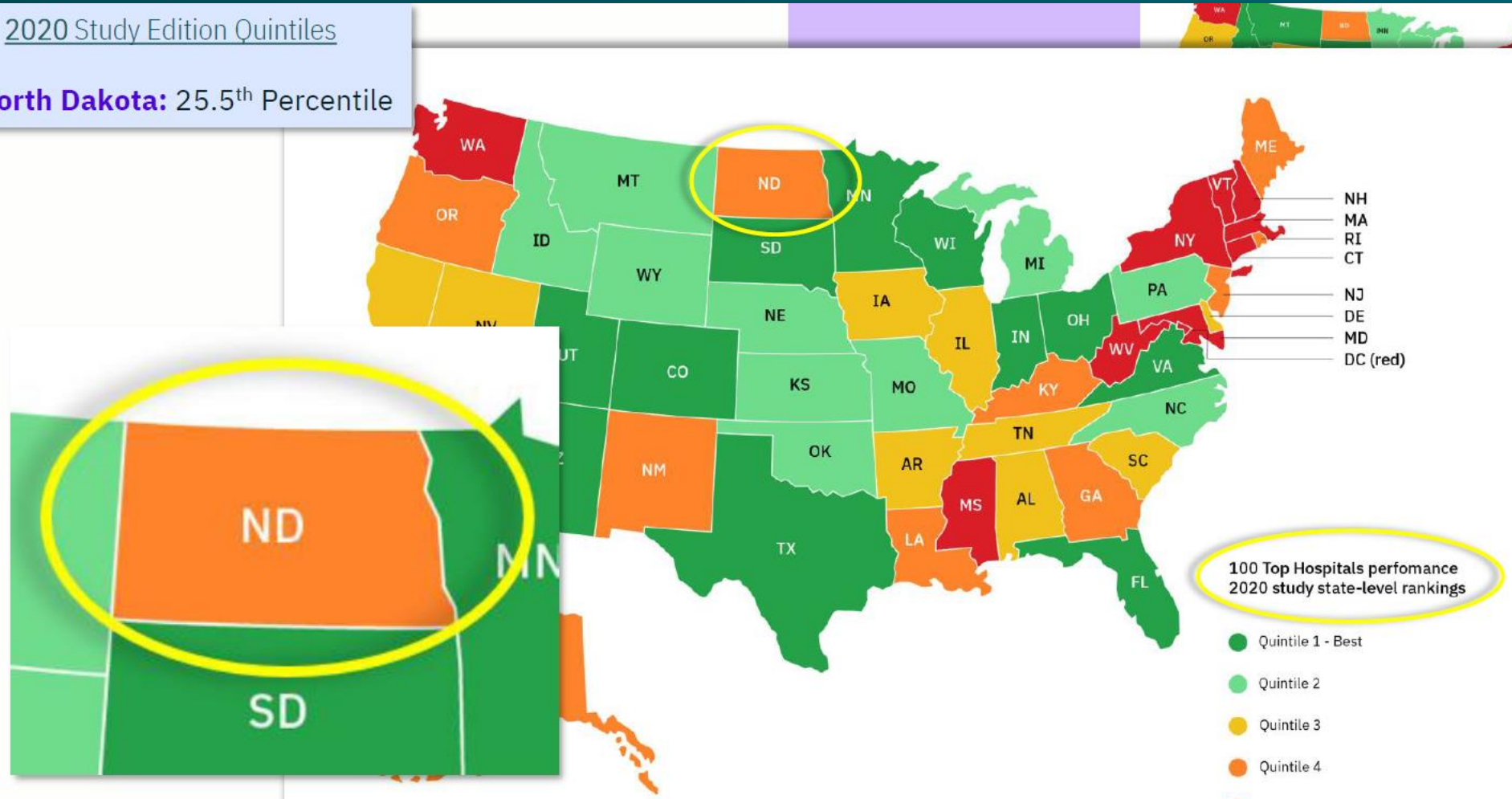
**CMS Patient Safety Indicators (PSI) 90, CDC NHSN Central Line-Associated Bloodstream Infection (CLABSI), Catheter-Associated Urinary Tract Infection (CAUTI), Surgical Site Infection (SSI), Methicillin-resistant Staphylococcus aureus (MRSA) bacteremia, Clostridium difficile Infection (CDI) measures*

VALUE BASED PURCHASING



2020 Study Edition Quintiles

★ **North Dakota: 25.5th Percentile**



VALUE BASED PURCHASING



Becker Hospital 2020 Rankings For Patient Experience

Star Rating	Hospital
★ ★ ★ ★ ★	Essentia Health Fargo
★ ★ ★	CHI St. Alexius Health Bismarck
★ ★ ★	Altru Hospital Grand Forks
★ ★ ★	Sanford Medical Center Bismarck
★ ★ ★	Sanford Medical Center Fargo
★	Trinity Hospital Minot

VALUE BASED PURCHASING



DHS met with members of the North Dakota Hospital Association

- 6 Prospective Payment System (PPS) Hospitals
- 3 large Critical Access Hospitals

Meeting Dates

- **11/13/20** – Episodes of Care
- **12/3/20** – Pay-For-Performance
- **12/10/20** – Accountable Care Organizations

The 3 VBP Models presented by experts from other states



Tennessee presented on Episodes of Care

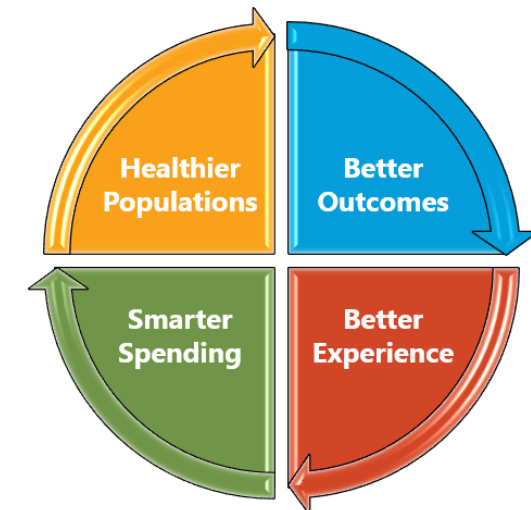


Wisconsin presented on Pay-For- Performance



Caravan Health presented on Accountable Care Organization

VBP Models align with Quality Quadruple Aim for ND Medicaid



VALUE BASED PURCHASING



States that **incorporate VBP model** into their Medicaid program can **increase quality** and **bend the cost curve**

DHS administered a **survey** to North Dakota Hospital Association member to understand their preferred VBP model based on the presented models

All **PPS Hospitals**: Essentia, CHI St. Alexius, Altru, and Trinity responded to the survey, **except for Sanford**

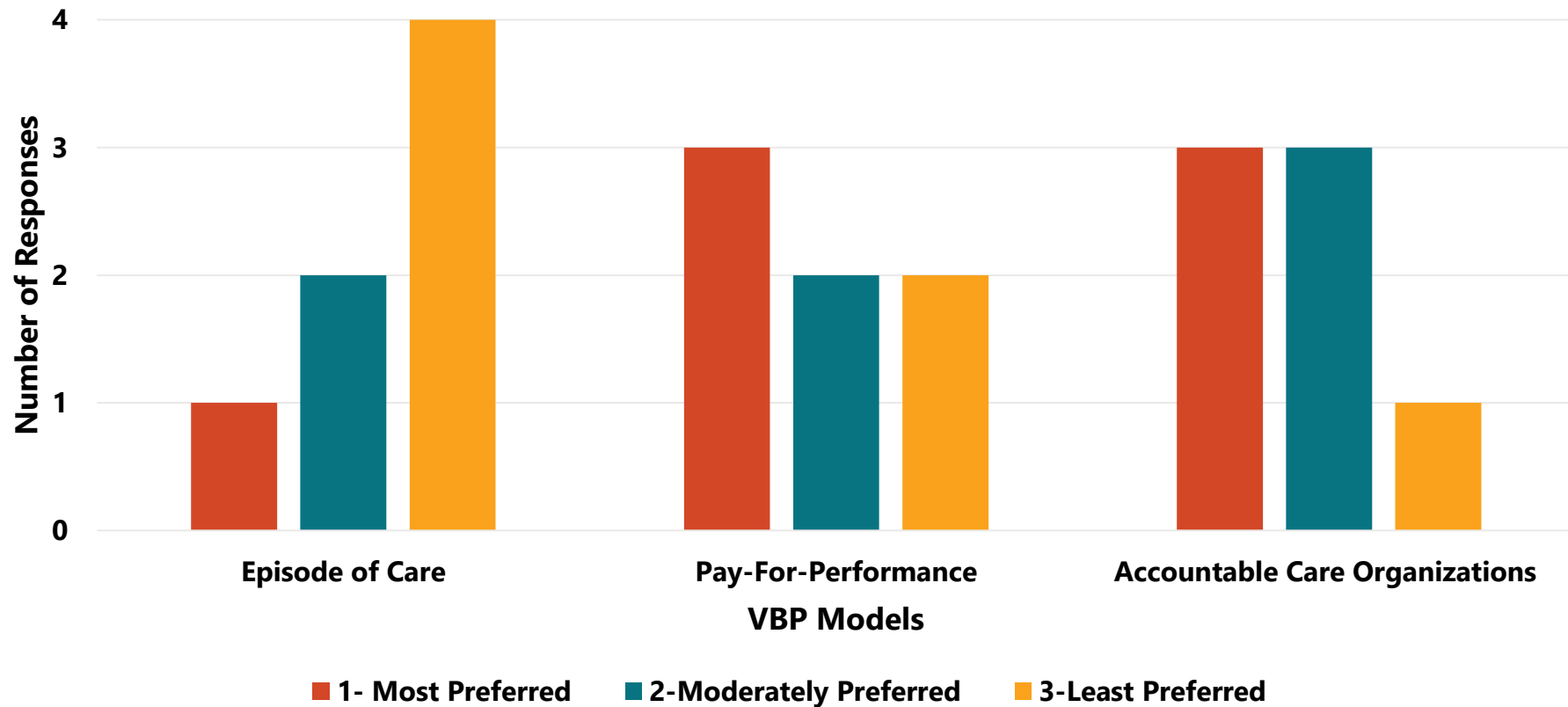
All **3 CAHs** responded to the survey



VALUE BASED PURCHASING SURVEY RESULTS

The following three value-based purchasing programs are being considered for implementation in North Dakota Traditional Medicaid. Rank order the programs based on what is most preferred for your organization (7 answers)

(1 is most preferred, 3 is least preferred)





VALUE BASED PURCHASING SURVEY RESULTS

VBP Models	Top Pro	Top Con
Episode of Care	No changes to current billing procedures	If cost is above an acceptable threshold, the provider owes a payment back to the state.
Pay-For-Performance	Simplicity from a billing perspective (one bill instead of many).	Any non-claims based measures will take additional funds to calculate.
Accountable Care Organization	Provides an opportunity to offer more comprehensive care.	Number of patients in the ACO - fewer Medicaid patients can mean more difficulty for providers to manage care and spread risk.



VALUE BASED PURCHASING SURVEY COMMENTS

What benefits do you foresee in transitioning to a value-based purchasing program in North Dakota Traditional Medicaid?

- If it frees up the state to really share data would be value add. Providers would like to get true gaps in care data.
- More focus on comprehensive care for patients to highlight better outcomes, payment model reflects trends in value-based care more so than traditional fee for service
- Successful value-based care programs improve the quality of care while reducing overall cost.
- Pay for performance
- If aligned with other value-based program, it facilitates the movement globally toward value-based payment mechanisms across the state of North Dakota.
- Closer alignment between payment and outcomes
- The trend the health care industry is headed



VALUE BASED PURCHASING SURVEY COMMENTS

What barriers do you foresee in transitioning to a value-based purchasing program in North Dakota Traditional Medicaid?

- Such a small population hard to get to real change.
- Lack of historical data for full evaluation of programs before shift, member attribution issues, patient compliance with care
- Data- timely, accurate data being shared with the providers at risk is critical to managing a population. This will require establishing the infrastructure and a willingness of both DHS and providers. 2. The small population of MCD in ND.
- One size does fit all, we have large and very small hospitals in ND
- Cost; time it takes to change the culture of an organization; the concern that money will initially be taken from all providers and then re-distributed to those that meet the thresholds.
- All programs eventually are takeaways financially. Organizations will have new infrastructure and administrative costs simply to assure they don't "lose" too much funding.
- If the program would be managed in house utilizing different metrics than those currently in existence in Commercial or Medicare Value Based programs.

VALUE BASED PURCHASING FOR HOSPITALS



Estimated Total Potential Savings **\$6,250,000**

Value Based Purchasing for Hospitals

	Total	Federal	State
Value-Based Purchasing	\$ (6,250,000)	\$ (4,687,500)	\$ (1,562,500)

Thank you!

North Dakota Medicaid



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Division Director

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