HAP

THE HOSPITAL & HEALTHSYSTEM ASSOCIATION OF PENNSYLVANIA

Andrew W. Carter
President and Chief Executive Officer

November 7, 2013

Secretary Beverly Mackereth
Department of Public Welfare
Office of the Secretary
Health and Welfare Building
625 Forster Street
Harrisburg, PA 17120
RA-PWHealthyPA@pa.gov

Re: Healthy PA (Reforming Medicaid Proposal)

Dear Secretary Mackereth:

The Hospital & Healthsystem Association of Pennsylvania (HAP) appreciates the opportunity to provide comments on Governor Corbett's Healthy Pennsylvania proposals to reform Medicaid. HAP agrees with the Governor's vision that Pennsylvanians should have increased access to quality, affordable health care.

While our full comments and suggestions are outlined below, we respectfully request the Administration directly focus on the following recommendations and set an implementation date of July 1, 2014:

- **Benefits/Coverage**—Ensure access to appropriate and necessary care for the Medicaid population, including mental health and substance abuse services, chronic care, and care for other complex health conditions (i.e., high-risk pregnancy, burn, trauma, and transplant). Maintain the behavioral health carve-out for Medicaid consumers who purchase in the Marketplace.
- **Work Search Requirement**—Clearly defining who is an able-bodied person, what is required to comply, and what is the exceptions process to assure continued access to care.
- **Personal Responsibility and Cost-Sharing**—Implement an incentive for individual responsibility to achieve better health outcomes without causing a shift of financial burden onto health providers through increased uncompensated care and bad debt.
- **Private Option**—Structure the use of federal Medicaid funds to purchase private health insurance for newly eligible individuals in a way that does not: limit the number of individuals who would qualify; hamper the ability of providers to deliver high-quality care; and reduce the ability o fproviders to include the days of services provided in calculations of eligibility for federal programs or for Critical Access Hospital payment. Also, Qualified Health Plans (QHP) that serve the Medicaid population should be required to offer separate products to Medicaid-eligible consumers. HAP believes that participation by Medicaid managed care organizations (MCO) in Medicaid expansion is desirable for purposes of continuity of care and for the ability to secure necessary additional funds through the state's gross receipts tax.

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Healing. Health. Hope.

- **Waiver Process**—Explore opportunities to gain knowledge, and draw upon experiences of other states that have submitted similar applications, so that Pennsylvania's applications for Healthy PA have the best chance of receiving federal approval in an expedited fashion.
- **Targeted Date of Implementation**—Continue to finalize the Healthy PA plan for submission to the Centers for Medicare & Medicaid Services (CMS) for federal approval to achieve an implementation date of July 1, 2014.

HAP appreciates the opportunity to present these key policy issues that need to be addressed so that uninsured Pennsylvanians have access to health insurance coverage, and hospitals and health systems are better able to serve the state's most vulnerable citizens.

We look forward to continuing a constructive and productive dialogue with state government and key stakeholders in the coming weeks and months. Our goal is to help shape Healthy PA into an effective and workable program for Pennsylvania's citizens and hospitals, with the aforementioned target of expanded coverage to begin no later than July 1, 2014.

If you or your staff have questions regarding HAP's feedback, please contact Robert Greenwood, HAP's vice president, health care finance and insurance, at (717) 561-5358, or Pamela Clarke, Delaware Valley Healthcare Council of HAP's vice president, healthcare finance and managed care, at (215) 575-3755.

Sincerely,

Andy Carter
President and Chief Executive Officer

HAP

THE HOSPITAL & HEALTHSYSTEM ASSOCIATION OF PENNSYLVANIA

HAP's Comments
Governor Corbett's Healthy PA Proposal

Overall: The hospital community's priorities for strengthening Medicaid and the Healthy PA framework for increased access to quality affordable health care are aligned. In addition, HAP recognizes the potential benefits of other aspects of the Governor's Healthy PA plan including measures to bolster children's health insurance coverage, improve access to primary care, expand physician training and supply, bring specialized care to rural communities through expanded use of telemedicine, and implement medical liability reforms.

HAP has reviewed the concept paper on Medicaid reform and improved access to health insurance for low-income Pennsylvanians, and has comments and recommendations for how best to implement the proposed reform.

Targeted Date of Implementation: HAP would like to work in concert with the Administration and be a resource for the state to finalize the Healthy PA plan for submission to the Centers for Medicare & Medicaid Services for federal approval to achieve an implementation date of July 1, 2014.

Benefits: It is HAP's understanding that the current Medicaid benefit package for able-bodied adults would be modified to resemble commercial benefits. The proposed Medicaid benefit package would be comparable to the health benefits provided in the commercial market for working Pennsylvanians. The Healthy PA proposal would move the Medicaid program from having 14 different benefit designs down to having two benefit designs, namely a high-risk package and a low-risk package. Similarly, the newly eligible would be enrolled in private plans through the Health Insurance Marketplace with a more typical commercial benefit package.

HAP could agree with the notion that most non-elderly, non-disabled adults in Medicaid use health care in a fashion comparable to adults covered in commercial plans. However, HAP is concerned that the Medicaid program needs to ensure that there is access to appropriate and necessary care for the Medicaid population.

- It is important to assure access for this vulnerable population to vitally needed health care, including mental health and substance abuse services, chronic care, and care for other complex health conditions (i.e., high-risk pregnancy, burn, trauma, and transplant). Therefore, HAP agrees with the plan to retain the current benefit structure for coverage of mental health and substance abuse disorders.
- Maintaining benefits currently offered for children and pregnant women by ensuring that such benefits are incorporated in the two-benefit package structure is essential.
- Regarding care for other complex health conditions, it is important that the scope and/or duration of benefits do not unduly impede access to medically necessary care.

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Work Search Requirement: Healthy PA includes work requirements. This would be a new aspect of the program that impacts eligibility and cost-sharing for consumers. HAP recommends that the definition of able-bodied for purposes of the work requirement be clarified. Likewise, the requirement for work needs to be clear and reasonable. Finally, there needs to be an adequate exceptions process to assure access to appropriate and necessary care for vulnerable populations.

To support quality of life within communities, HAP suggests that careful consideration be given to how the work search requirement is applied. For instance:

- There may be single parents, with children under the age of five, who may be eligible for Medicaid and meet the definition of able-bodied, but stay at home caring for their young children. It is important that the work search requirement not adversely affect an economically disadvantaged single parent who needs to care for his/her children at home.
- Healthy PA should be structured to recognize and support the caretaker role that single parents with young children have by permitting them to obtain Medicaid at a critical time in their children's lives if they meet the other eligibility criteria.
- Furthermore, allowing such caretakers to maintain their eligibility makes financial sense because if working, they would require child care services for their children under the age of five, which would be an unanticipated increased cost to the commonwealth.
- Another example that requires special consideration could be an adult who is the primary caregiver for an elderly relative in the home. HAP recommends that there be an exception to the work search requirement in such situations.

Personal Responsibility and Cost-Sharing: One of the principles of Healthy PA seems to be the promotion of personal responsibility for one's health and well-being. This is a concept that HAP supports, although we have some concerns about its proposed application through Healthy PA.

- It is imperative that the concept of individual responsibility be structured so it serves as an incentive to achieve better health outcomes, and not be structured in a way that would inhibit the appropriate use of care or the maintenance of insurance coverage.
- It is important that any requirement for individual responsibility not result in a shift of financial burden onto health providers through increased bad debt, which would unduly strain hospitals' financial sustainability.
- Further, eliminating the complicated array of co-payments that currently exist for adults under Medicaid is a positive change. However, it is essential that these changes not result in reduced payments to providers. That would exacerbate the underfunding of care, particularly in outpatient settings.

HAP also has particular concerns about the proposal to implement a $25 co-payment for inappropriate use of emergency services. If Medicaid adult consumers are going to be responsible for co-payments when they use emergency services inappropriately, the definition of inappropriate emergency use must be communicated to consumers clearly.

- This responsibility should predominantly be assumed by the Medicaid fee-for-service program and the HealthChoices plans.

In addition, under the federal Emergency Medical Treatment and Active Labor Act (EMTALA), hospitals are required to assess the health care needs of all patients that present to the emergency department. They are not in the position to question whether or not the use of emergency services is appropriate at the time of assessment or triage.

- If the Medicaid program institutes a co-payment for inappropriate emergency services, HAP recommends that the insuring entity, whether Medicaid fee-for-service or a HealthChoices plan, be responsible to collect the corresponding co-payment from the consumer.

Healthy PA also calls for able-bodied adults to contribute a modest amount each month toward the premium and includes a provision for premium reduction if an individual participates in health and wellness appointments and actively engages in job search and training programs. This provision would need to be established in a way that provides an incentive, and not a barrier, to coverage and care.

- It must be easy to implement and administer so as to avoid situations where non-payment of premiums, and concurrent disruptions to access, could occur due to administrative difficulties, confusion, or misunderstanding of the requirement.
- Iowa provides an example of how this can be accomplished where the premiums are waived in the initial year of coverage during which the individual is given the opportunity to comply with preventive health care and healthy living incentives. Compliance eliminates the premium in the following year. This process is then repeated annually.
- Further, regardless of how the premium sharing requirement is structured, there needs to be clear delineation of health plan accountability for timely claims payment pursuant to state law to ensure that hospitals providing necessary care are not held financially liable for failure of an individual to make a monthly premium payment.

HAP supports the promotion of preventive health care and healthy lifestyles as incentives in the Medicaid program. Healthy PA should be structured so that premium sharing may occur only if certain health and wellness requirements are not met. It is critical that in designing this aspect of the program the requirements for health and wellness be reasonable and achievable.

Private Option: The proposal calls for use of federal Medicaid funds to purchase private health insurance for newly eligible individuals. It is important that the program be structured in a way that does not limit the number of individuals who could qualify under the expanded Medicaid program or hamper the ability of providers to deliver high-quality care.

- Since federal Medicaid funds would be used for newly eligible adults to purchase coverage through the Health Insurance Marketplace, it is crucial that the program be structured in a way that assures the additional enrollees in these private plans are able to be counted toward Medicaid provider eligibility requirements for disproportionate share, the 340B prescription drug program, and critical access hospital payment policies.

In addition, Healthy PA proposes that Medicaid managed care organizations (MCO) participate in the Health insurance Marketplace and newly eligible adults be permitted to enroll in these plans. Further, current Medicaid recipients would have the option of purchasing Medicaid through the Marketplace.

- HAP believes that participation by Medicaid MCOs in Medicaid expansion is desirable for purposes of continuity of care and for the ability to secure additional funds through the state's gross receipts tax (if allowed).
- These plans must be precluded, however, from enrolling anyone other than Medicaid-eligible individuals in their Medicaid product. Separate products could be offered for the newly eligibles and for other individuals.
- HealthChoices plans that apply to be Qualified Health Plans (QHP) and serve the Medicaid population via the Marketplace should be required to offer separate products to consumers who are Medicaid eligible.

Given the fact that Healthy PA proposes that newly eligibles purchase coverage through the Marketplace, HAP also recommends:

- There should be a mechanism for retrospective coverage to be consistent with the state's current Medicaid application process, in which a Medicaid consumer's coverage begins based on the date he/she submits an application. This stands in contrast to the Marketplace, where there would be a waiting period for someone who enrolls in a QHP for the effective date of insurance coverage.
- HAP strongly urges that Medicaid coverage be established based on the date of application, as exists under the Medicaid program.

Behavioral Health: Pennsylvania's Medicaid program uses a behavioral health carve-out. This has required a constant effort toward collaboration between the behavioral health and physical health plans and delivery system.

- HAP believes the behavioral health carve-out should be maintained because of the services needed by this vulnerable population, and recommends that it apply to coverage for the newly eligibles who purchase insurance through the Marketplace.
- Determining a mechanism for maintaining the behavioral health carve-out for Medicaid would be important.
- HAP suggests that HealthChoices physical health plans could apply to be QHPs with products that partner with the corresponding HealthChoices behavioral health plans in the regions where they operate. This way the essential health benefits including coverage for mental health and substance abuse conditions would be coordinated.

- Consumers would be required to select a plan from the county where they live. This also would include the HealthChoices behavioral health plan that would provide coverage and would mirror the current Medicaid program.

Provider Payments: It is paramount that health plan-provider contracting remains a negotiated approach between any plans in the Marketplace serving newly eligibles. The federally facilitated Health Insurance Marketplace is precluded from interfering in health plan-provider contracts.

- HAP urges the state to refrain from attempts to impose any requirements that would interfere in contract negotiations between private health plans and providers under Medicaid in the Marketplace.

Innovative Payment Models: The proposal calls for greater use by the Medicaid program of innovative competitive payment models. The concept of innovative payment models is appropriate provided that the incentives and payments enable health care providers to deliver high-quality, cost-effective care. HAP has been working with state agencies on designs for the incorporation of innovative payment models in the public and private sectors.

- The hospital community could support appropriately designed inclusion of medical homes for persons with chronic conditions, bundled payments to assure adequate care across an episode of care, and innovative approaches such as payments to support the infrastructure needed to manage the care and address the special medical and behavioral health needs of the approximately three percent of Medicaid patients who are frequent users of health care services.

Waiver Process: In closing, as Pennsylvania prepares to submit a formal waiver application to CMS, HAP suggests every opportunity be taken to gain advantage from the experiences of other states that have submitted similar applications. This would improve the chance that Pennsylvania's applications for Healthy PA will receive federal approval in an expedited fashion.