



Community Discussion on Decreasing Med-QUEST Expenditures

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Our Current Situation

- The State faces a ~\$800 million biennium deficit and is required to have a balanced budget
- There are many critical competing priorities
- The Med-QUEST Division is tasked to decrease annual general fund expenditures by ~\$50 million (6%)



Values

- Prioritize the neediest and most vulnerable
 - Children
 - Pregnant women
 - Disabled
 - Elderly
- Minimize impact on overall population health status
- Recognize impact on already strained safety-net
- Maximize federal funding to supplant general funds



Who Do We Serve?

	Comprehensive benefits (QUEST, QExA)	Limited benefits (QUEST-ACE/Net)
Children	$\leq 300\%$ FPL	n/a
Pregnant Women	$\leq 185\%$ FPL	n/a
Adults*	$\leq 100\%$ FPL	0-100% FPL** (ACE) 101-200% FPL (ACE) 0-200% FPL (Net)
* An asset limit applies to non-pregnant adults. ** Eligible childless adult applicants 0-100% FPL receive limited benefits. FPL = Federal poverty level		



2011 Federal Poverty Level for Hawaii

Family Size	100%	200%	300%
1	\$12,540	\$25,080	\$37,620
2	\$16,930	\$33,860	\$50,790
3	\$21,320	\$42,640	\$63,960
4	\$25,710	\$51,420	\$77,130
5	\$30,100	\$60,200	\$90,300
6	\$34,490	\$68,980	\$103,470
7	\$38,880	\$77,760	\$116,640
8	\$43,270	\$86,540	\$129,810

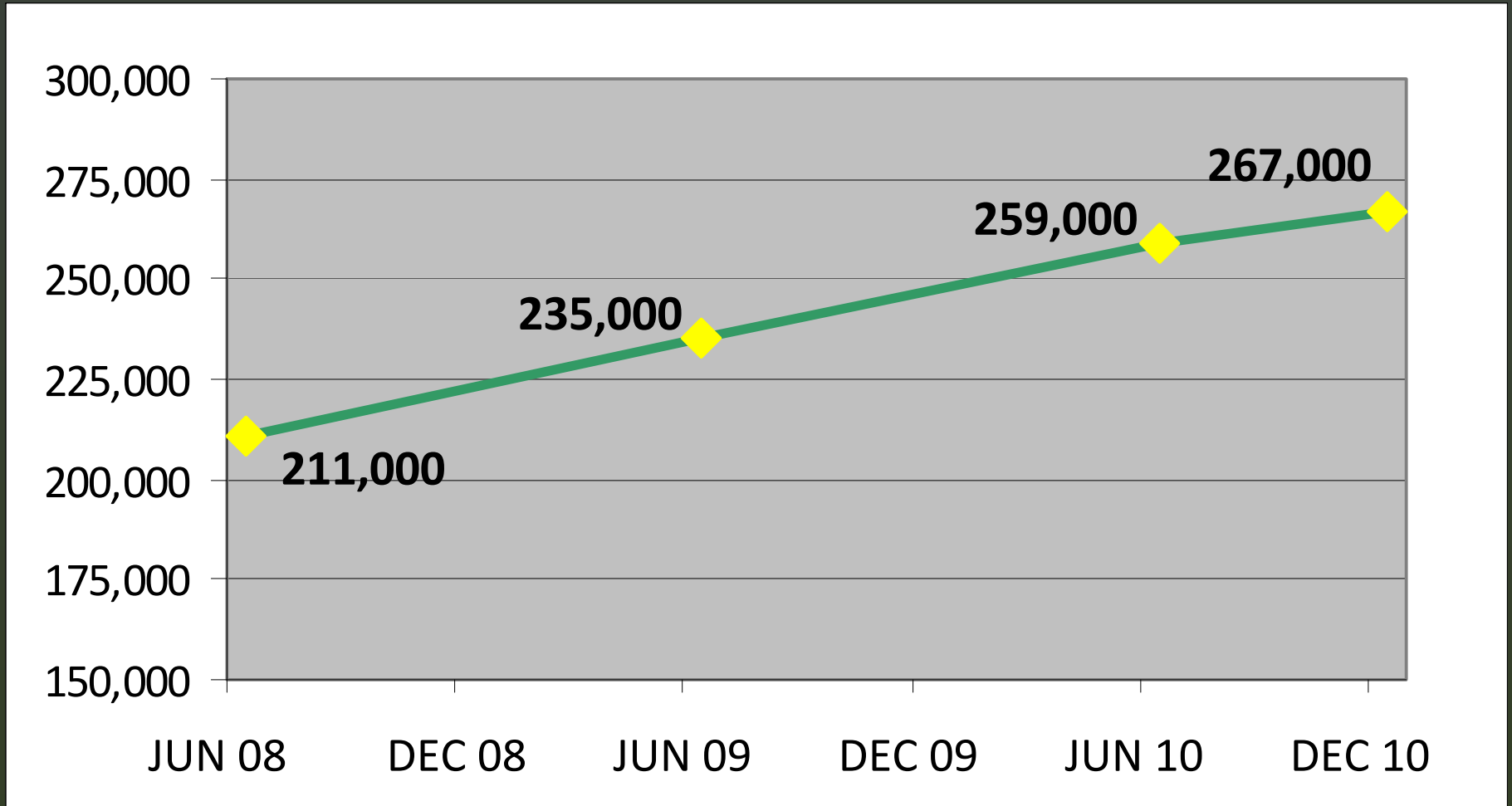


QUEST Expanded Programs

- QUEST
 - Younger than 65, not blind or disabled
 - comprehensive primary and acute care benefits
- QUEST Expanded Access (QExA)
 - 65 or older, blind, or disabled (ABD)
 - QUEST benefits plus long term care services
- QUEST-Adult Coverage Expansion (ACE)
 - Expanded population (childless adults) and/or income
 - Limited benefits
- QUEST-Net
 - Previously QUEST, QExA or FFS with increased income/assets
 - Same benefits as QUEST-ACE

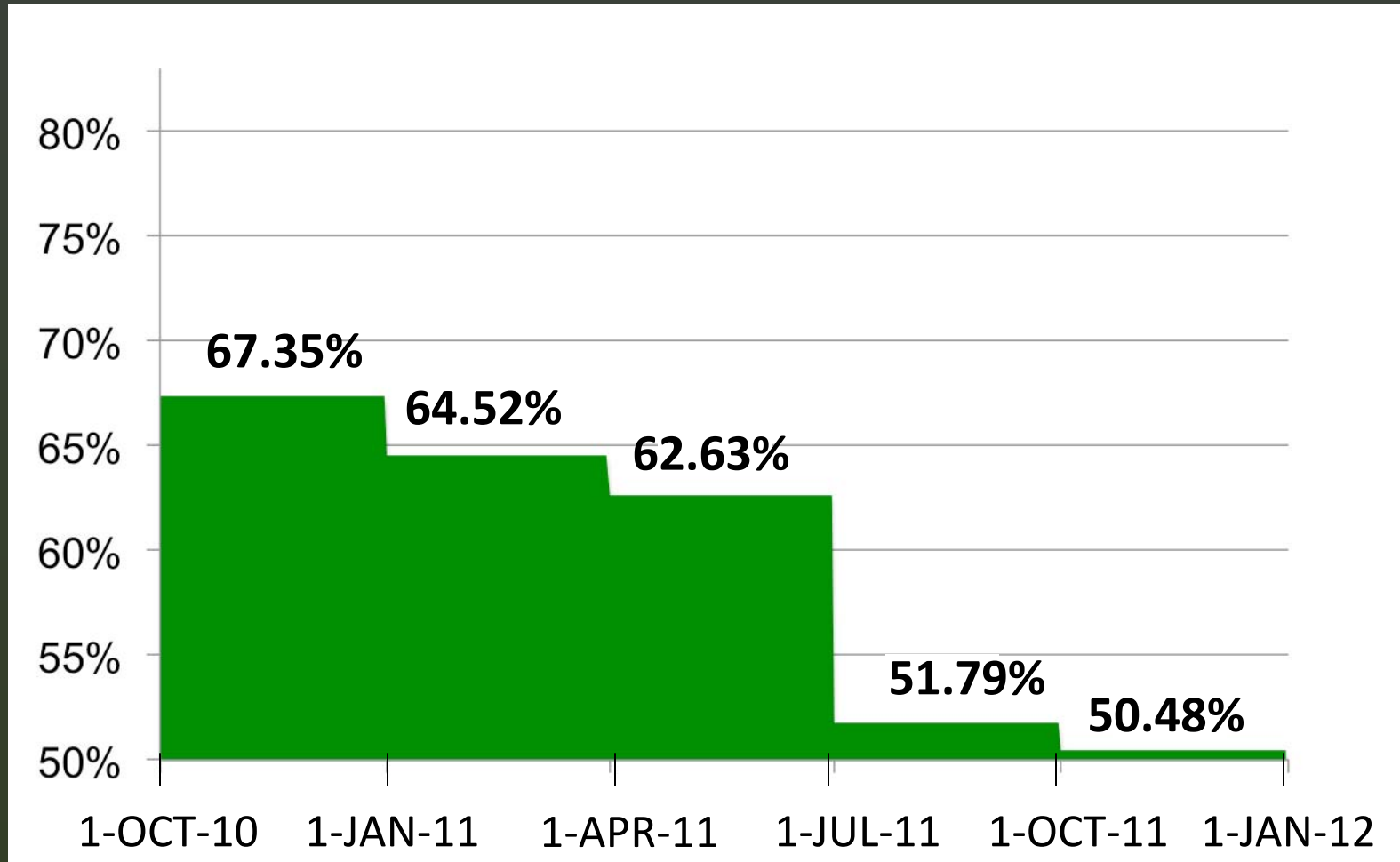


26.5% Enrollment Increase June 2008 through December 2010



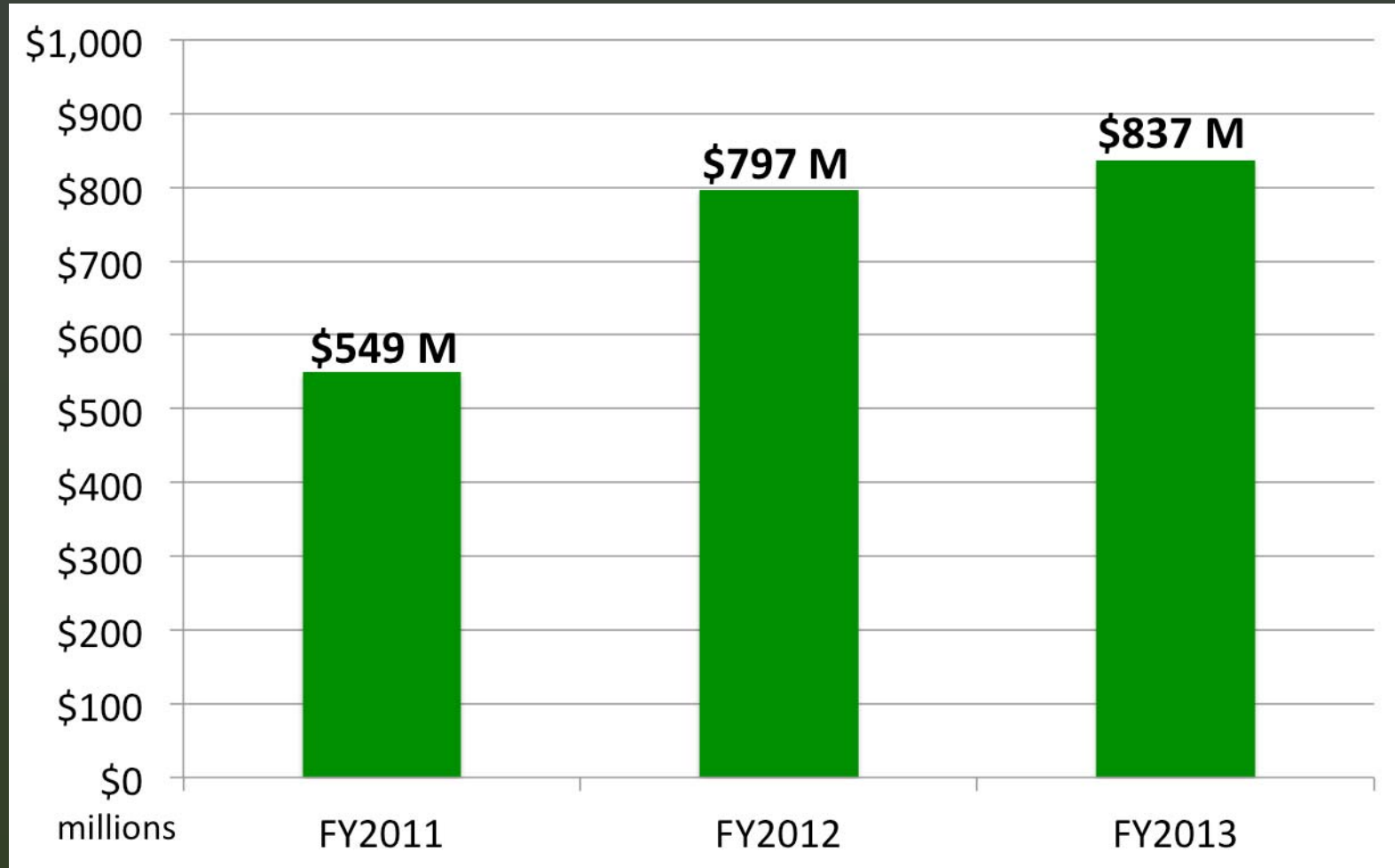


FMAP Precipice





Increasing General Fund Requirements





Potential Strategies to Reduce Expenditures

- Decrease eligibility
- Decrease reimbursement
- Decrease benefits
- Increase cost-sharing
- Other community ideas



Decrease Eligibility

- Decrease eligibility for non-pregnant non-ABD adults to 133% FPL
 - Affect ~4,500 individuals
 - Need Secretary approval
- Limit QUEST-ACE enrollment
 - Affect new childless adult applicants
 - Have authority
- Eliminate passive renewal
 - Up to 7-10% of samples may be ineligible
 - Need Centers for Medicare & Medicaid Services approval



Decrease Reimbursement

- Decrease payment to health plans
 - ACA requires medical loss ratio $\geq 85\%$ for standard health plan
 - Medical loss ratio already 90.5% in QUEST and 93% in QExA
- Health plans decrease reimbursement to providers by 3-5%
- Hope providers will continue to be accessible
- Commit to restoring provider reimbursement once fiscal situation improves



Decrease Benefits

- Children
 - Get all medically necessary care under Early and Periodic Screening, Diagnosis, and Treatment
- Adults
 - Decrease for all non-pregnant adults receiving QUEST benefits to an enhanced QUEST-ACE/Net benefit package
 - Increase benefits in QUEST-ACE/Net to be the same
 - Consider limiting or eliminating optional benefits in QUEST and QExA



HMSA and AlohaCare SFY2010 Expenditures for Non-pregnant Adults

- Hospital inpatient \$42 M
 - 99.3% had 10 days or less
- Hospital outpatient \$36 M
 - \$16 M emergency room
- Provider outpatient \$50 M
 - 96.3% had 18 visits or less
 - 98.1% had 24 visits or less
- Prescription drugs \$39 M
 - Excludes psychotropics
 - 97.8% had 6 average per month prescriptions or less
 - Generics account for 80% of prescriptions but 35% of costs



QExA Expenditures Nov 2009 – Oct 2010

- Nursing Facilities \$238 M
- Non-Emergency Transportation \$12 M
 - 66% of members use each month
 - Spend \$24 per member per month, compared to \$6-11 in other parts of the nation
 - Some of the increase is due to air travel, but much is due to higher utilization of ground transportation



Some Optional Medicaid Benefits

- Prescription drugs
- Organ transplantation
- Intermediate care facilities
- Hospice care
- Licensed practitioner services
- Vision services/eyeglasses
- Prosthetic and orthotic devices
- Physical, occupational, and speech therapies



State Pharmacy Assistance Program

- Pays Medicare Part D low income subsidy co-payments
 - Income \leq 100% FPL: \$1.10 generic/\$3.30 brand
 - Income 101-150% FPL: \$2.50 generic/\$6.30 brand
- Cost \$1.4 million state-only funds in 2009
- Served 22,000 individuals
 - 55% had total monthly co-payments \leq \$5
 - 81% had total monthly co-payments \leq \$10
 - 94% had total monthly co-payments \leq \$15



Co-Payments

- Currently none in our programs
- Decrease inappropriate utilization
- Heavily regulated
- According to the Kaiser Family Foundation (kff.org), in 2008 the following number of states had co-pays:
 - 41 for prescription drugs
 - 36 for outpatient hospital (ER) services
 - 31 for physician services
 - 12 for outpatient laboratory and x-ray
 - 7 for non-emergency transportation



Community Ideas

- Medical/health homes
- Single statewide formulary
- Emergency room diversion
- Advanced directive discussions
- Facility assessments



Conclusions

- We need to address the immediate challenge for the biennium
- Changes are necessary to decrease general fund requirements
- We then need to focus on developing a shared vision for 2014
- Your input and partnership are critical
- Let's start the dialogue





Financial Expenditures

	AlohaCare	Evercare	HMSA	Kaiser Permanente	Ohana Health Plan
	July 1, 2008 - June 30, 2009	February 1 - June 30, 2009	July 1, 2008 - June 30, 2009	January 1 - December 31, 2008	February 1 - June 30, 2009
Medical services	90.95%	94%	93.0%	90%	95%
Administrative costs	7.18%	6%	7.6%	10%	5%
Held in reserve	1.87%	0%	0%	0%	0%
Paid to shareholder	0%	0%	0%	0%	0%