



Department of Community Health (DCH)  
Medicaid 1115 and 1332 Waiver  
Consulting Services

Orals presentation

# State of Georgia

30 May 2019

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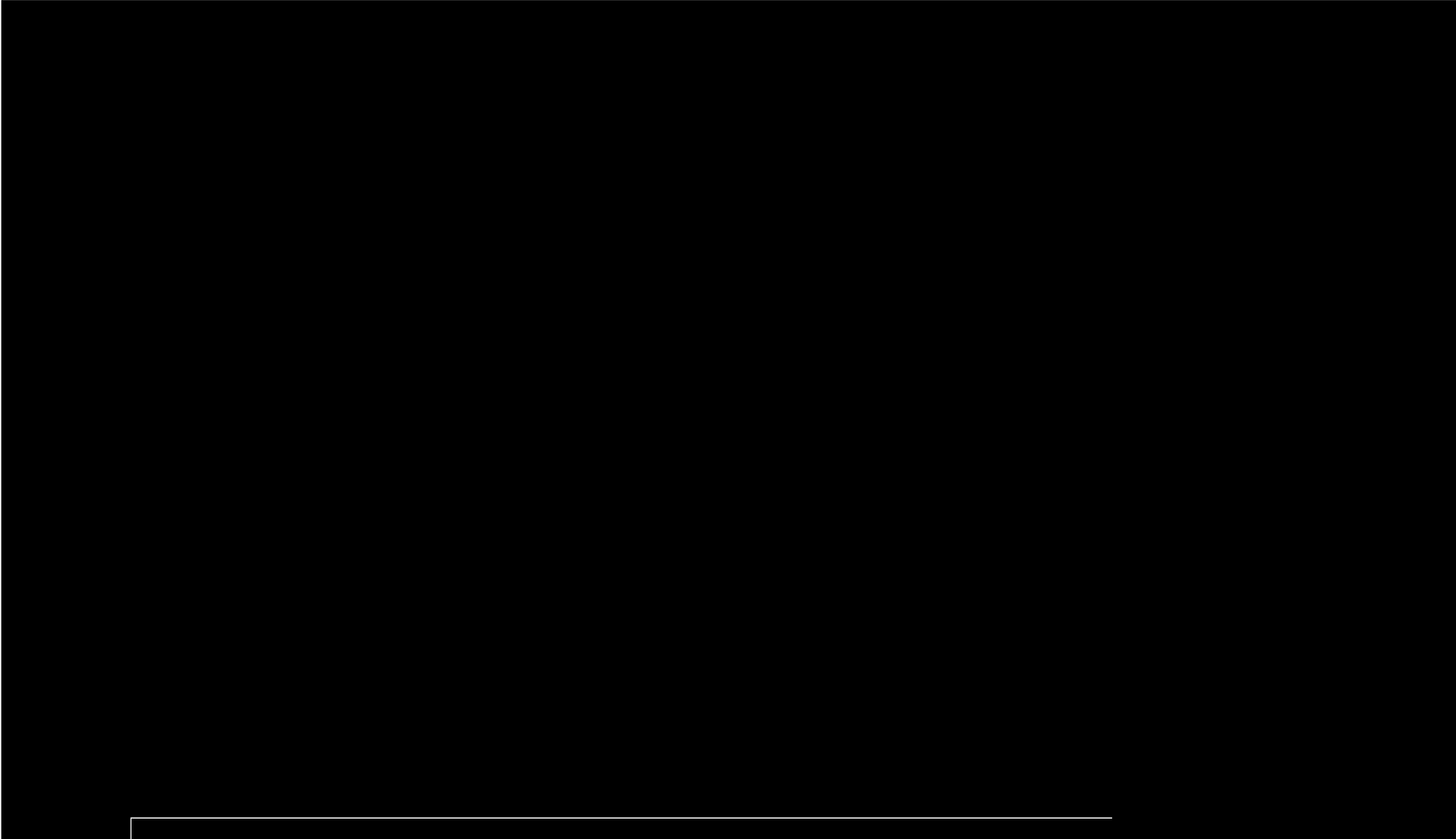
3 Key considerations

4 Approach and timeline

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# Team chart

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# Why EY?

## Why EY?

- ▶ Direct DCH experience and knowledge
  - ▶ Enterprise transformation
  - ▶ Medical Assistance Plans
  - ▶ More than ten years of Actuarial Services
- ▶ Right Subject Matter Resources (SMRs) and connected to:
  - ▶ State of Georgia
  - ▶ Other key state programs
  - ▶ Federal stakeholders (CMS, The White House, Congress, HHS)
- ▶ Direct waiver experience
  - ▶ 1115 Research and Demonstration programs
  - ▶ 1332 State Innovation Waivers
  - ▶ 1332 waiver tracking tool

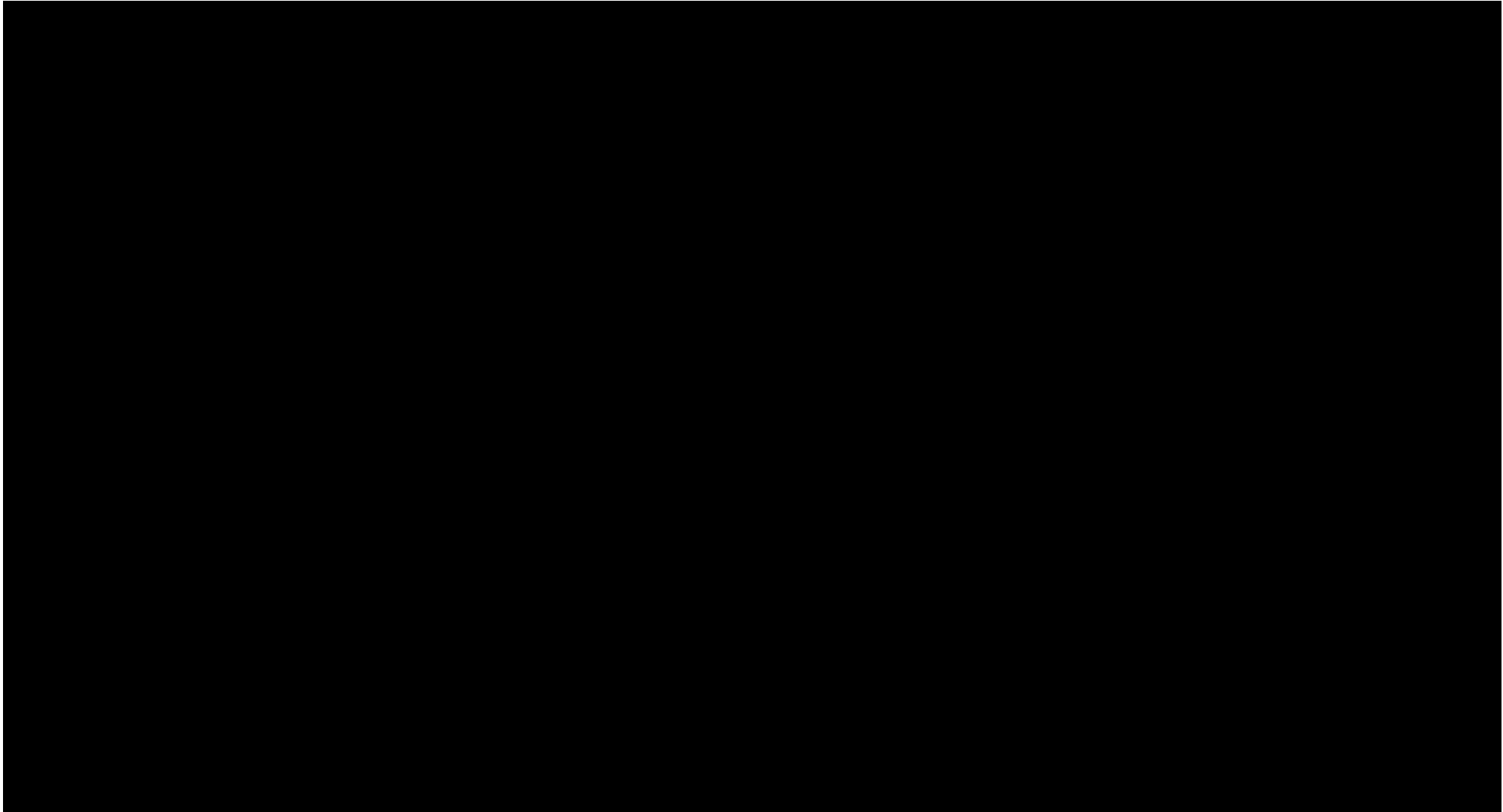
## EXPERIENCE

Flexibility Quality  
Knowledge **High-**  
Effective **performing**  
Integrated **team**  
**Culture** Accountability  
Proactive  
Tailored solution Timeliness  
**REDUCED** Responsive  
**RISK** Tools Relationships  
Speed **Insightful** **Connected**  
Present Risk management  
Growth



# DCH waiver process

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# Understanding your needs

## What

Where you are now	
Struggling rural hospitals	Increasing chronic diseases
Opioid epidemic	Rising healthcare costs
Increasing insurance premiums	Poor health outcomes

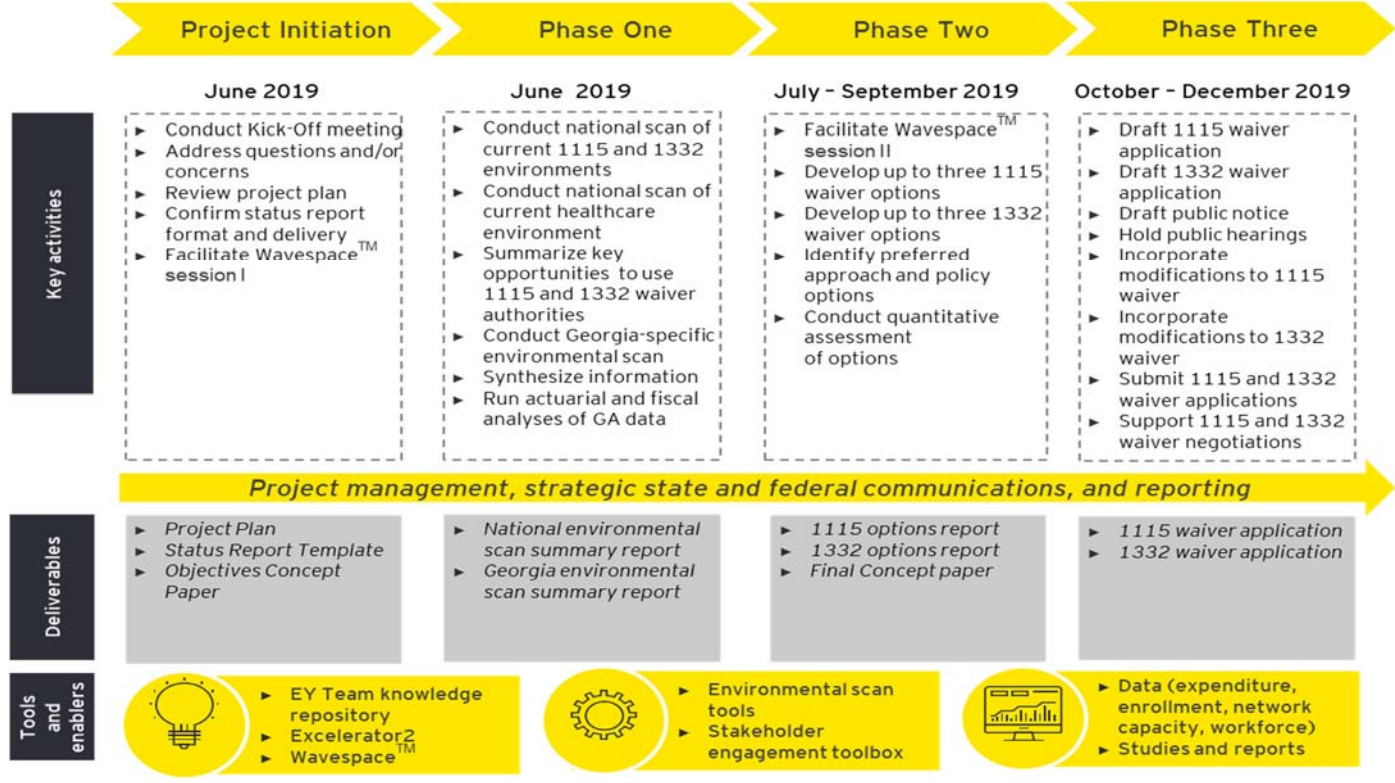
## Where you want to be

- ▶ Maximize state flexibility
- ▶ Improved Medicaid coverage
- ▶ Equitable healthcare
- ▶ Value-based payments



- ▶ Affordable health insurance
- ▶ Accessible healthcare system
- ▶ Innovative solutions and strategies

## When







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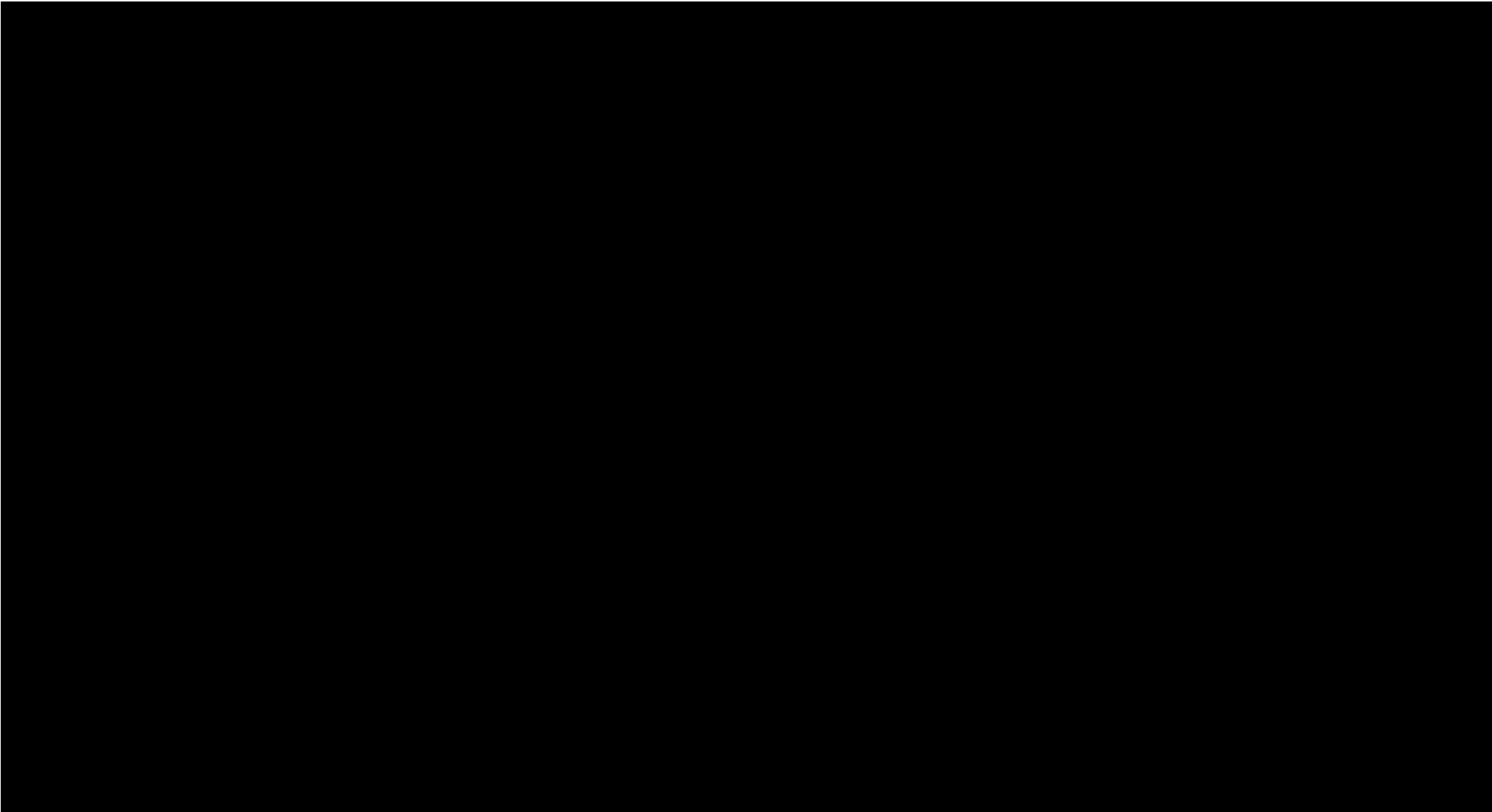
Q&A

# Overview of Section 1115 waivers

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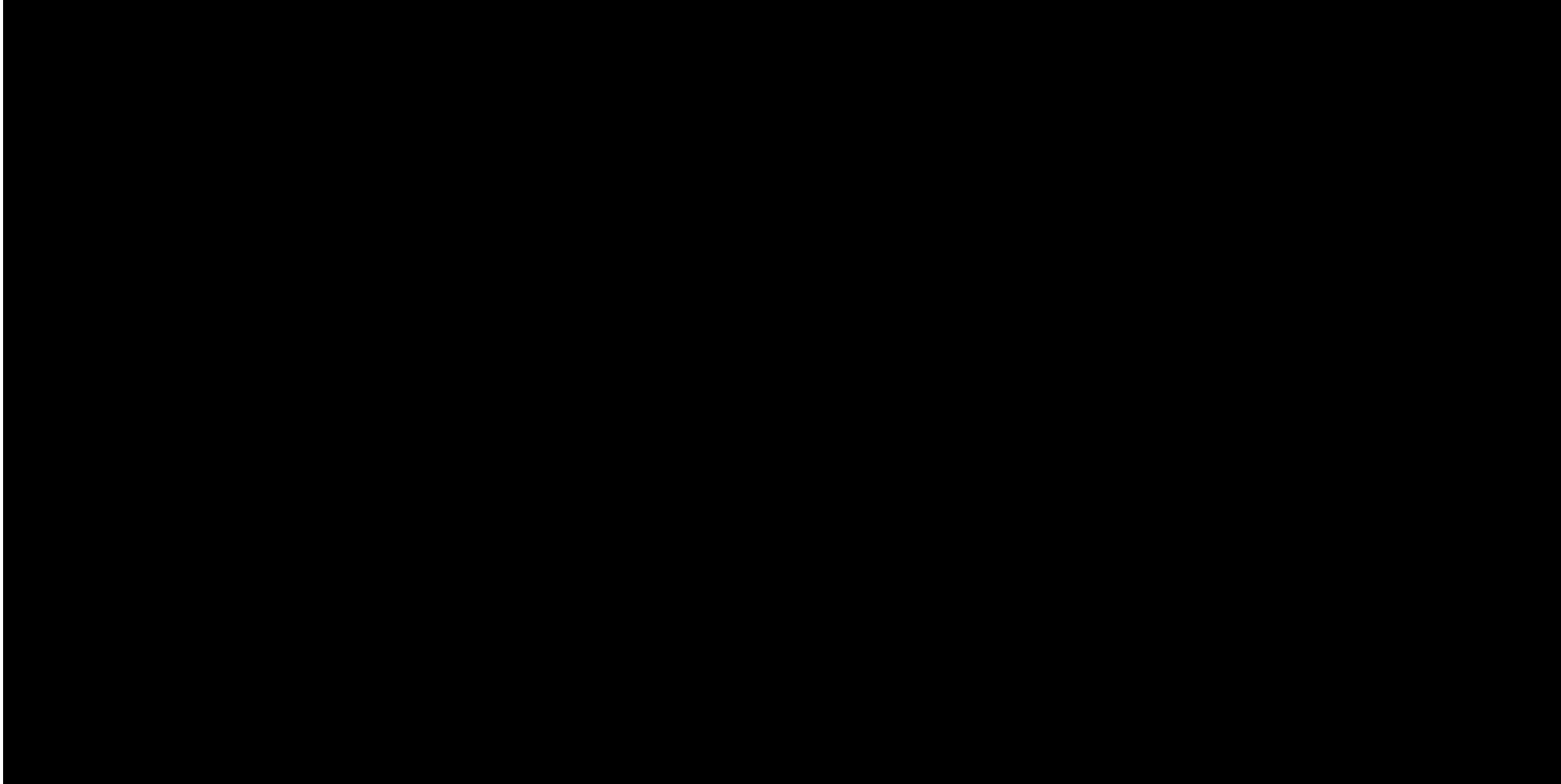
# Overview of Section 1332 waivers

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# Examples of provisions in 1115 waivers

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# Headlines in the news

"Some 400,000 Kentuckians have enrolled in Medicaid under the expansion, more than double the initial projections, prompting officials to allocate over \$257 million for fiscal years 2017 and 2018. That's well beyond the initial estimate of \$107 million."

Associated Press  
October 5, 2016

## KFF

### Key Findings

This body of research suggests that the expansion presents an opportunity for gains in coverage, improvements in access and financial security, and economic benefits for states and providers.

- **Coverage:** Studies show that Medicaid expansion states experienced significant coverage gains and reductions in uninsured rates, among the low-income population broadly and within specific vulnerable populations. States that implemented the expansion through a waiver have seen coverage gains, but some waiver provisions appear to compromise coverage. Data do not support a relationship between states' expansion status and community-based services waiver waiting lists.
- **Access to care, utilization, affordability, and health outcomes:** Most research demonstrates that Medicaid expansion has positively affected access to care, utilization of services, the affordability of care, and financial security among the low-income population. However, findings on provider capacity were mixed, with some studies suggesting that provider shortages are a challenge in certain contexts. Studies show improved self-reported health following expansion, and multiple new studies demonstrate a positive association between expansion and health outcomes. Further research is needed to more fully determine effects on outcomes given that it may take additional time for measureable changes in health outcomes to occur.
- **Economic measures:** Analyses find positive effects of expansion on numerous economic outcomes, despite Medicaid enrollment growth initially exceeding projections in many states. Total (federal and state) Medicaid spending increased following expansion implementation, but research suggests that there were no significant increases in state spending from state funds as a result of the expansion through 2015 (although an uptick in state Medicaid spending growth was projected for 2017 and later years as the federal share for the expansion population phases down from 100% to 90%). Studies also show that Medicaid expansions result in reductions in uncompensated care costs for hospitals and clinics as well as positive or neutral effects on employment and the labor market.

## Medicaid Expansion Crushes State Budgets

So far, Kansas has avoided Medicaid expansion under Obamacare and whether one's focus is on avoiding more tax increases or diversion of funding for education and other services, that's a very good thing. A new study published by the Foundation for Government Accountability explains [How Obamacare is Bankrupting Taxpayers](#) and includes these key findings:

- States that expanded Medicaid under Obamacare have signed up **more than twice as many able-bodied adults as promised.**
- Obamacare expansion per-person costs **exceeded original estimates by 76 percent.**
- The enrollment explosion, combined with higher per-person costs, has led to **cost overruns of 157 percent.**

STATE	PROJECTED COST	ACTUAL COST	COST OVERRUNS	PERCENT OVER	YEARS OF DATA AVAILABLE
Alaska	\$320	\$593	\$273	85%	2 years
Arizona	\$4,652	\$5,350	\$698	15%	2.5 years
Arkansas	\$1,800	\$3,225	\$1,425	79%	2.5 years
California	\$11,558	\$43,679	\$32,122	278%	2.5 years
Colorado	\$1,133	\$2,370	\$1,237	109%	2.5 years

## Medicaid expansion: a budget-sinking ship

March 12, 2019 by [Leah Byers](#)

- In every state with available data, Medicaid expansion has overrun the projected costs.
- Overruns exist despite a high federal match - something that will likely not last forever.
- Given North Carolina's balanced budget requirement, Medicaid expansion would likely necessitate tax increases or spending cuts to supplement cost overruns.

## Rising cost of Medicaid expansion is unnerving some states

CHRISTINA A. CASSIDY October 5, 2016

## Expanding Medicaid: Better Health, Jobs, and Economic Activity for States

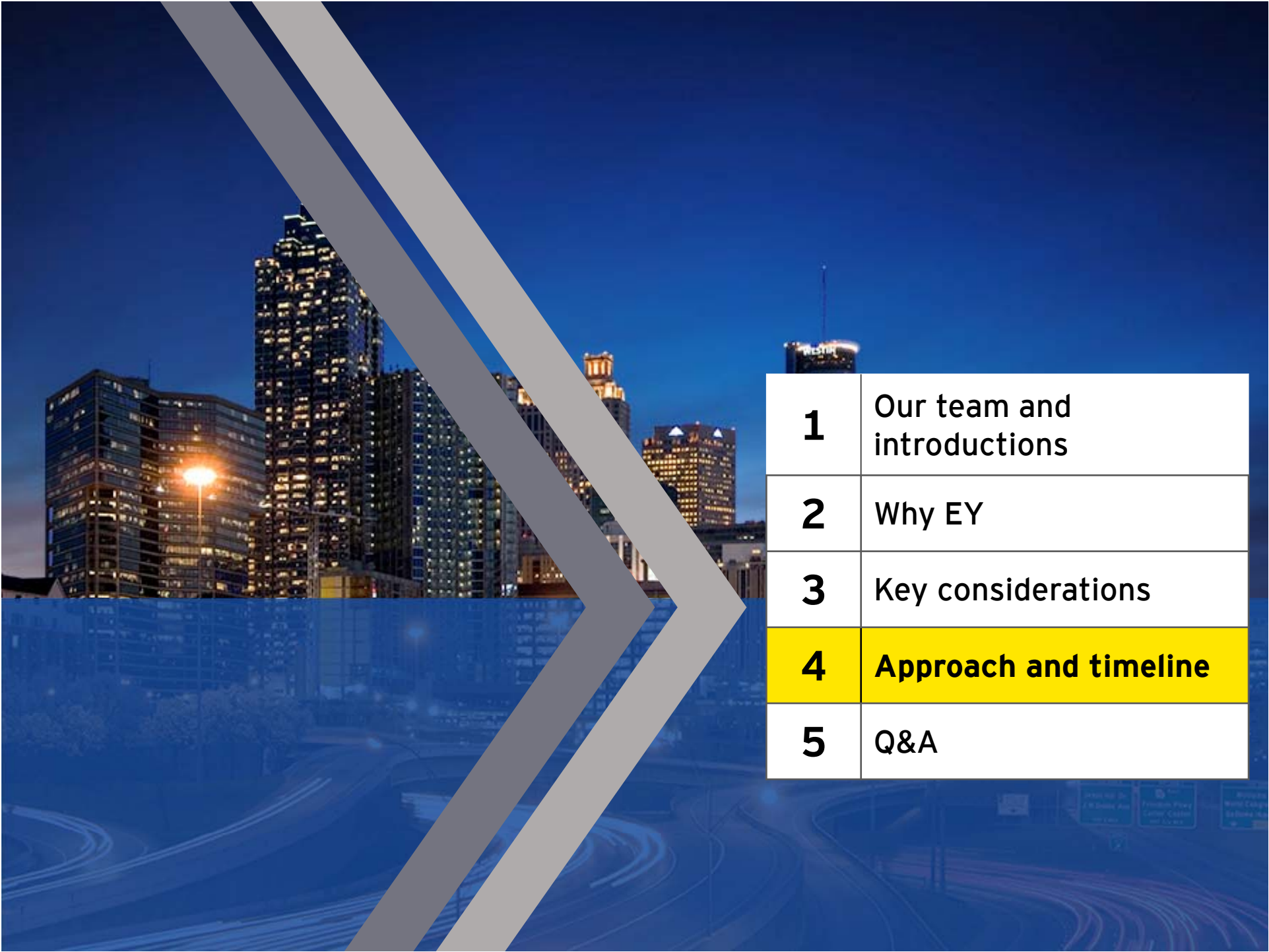
## The Costs Of Medicaid Expansion Are Real And Often Much Larger Than Expected





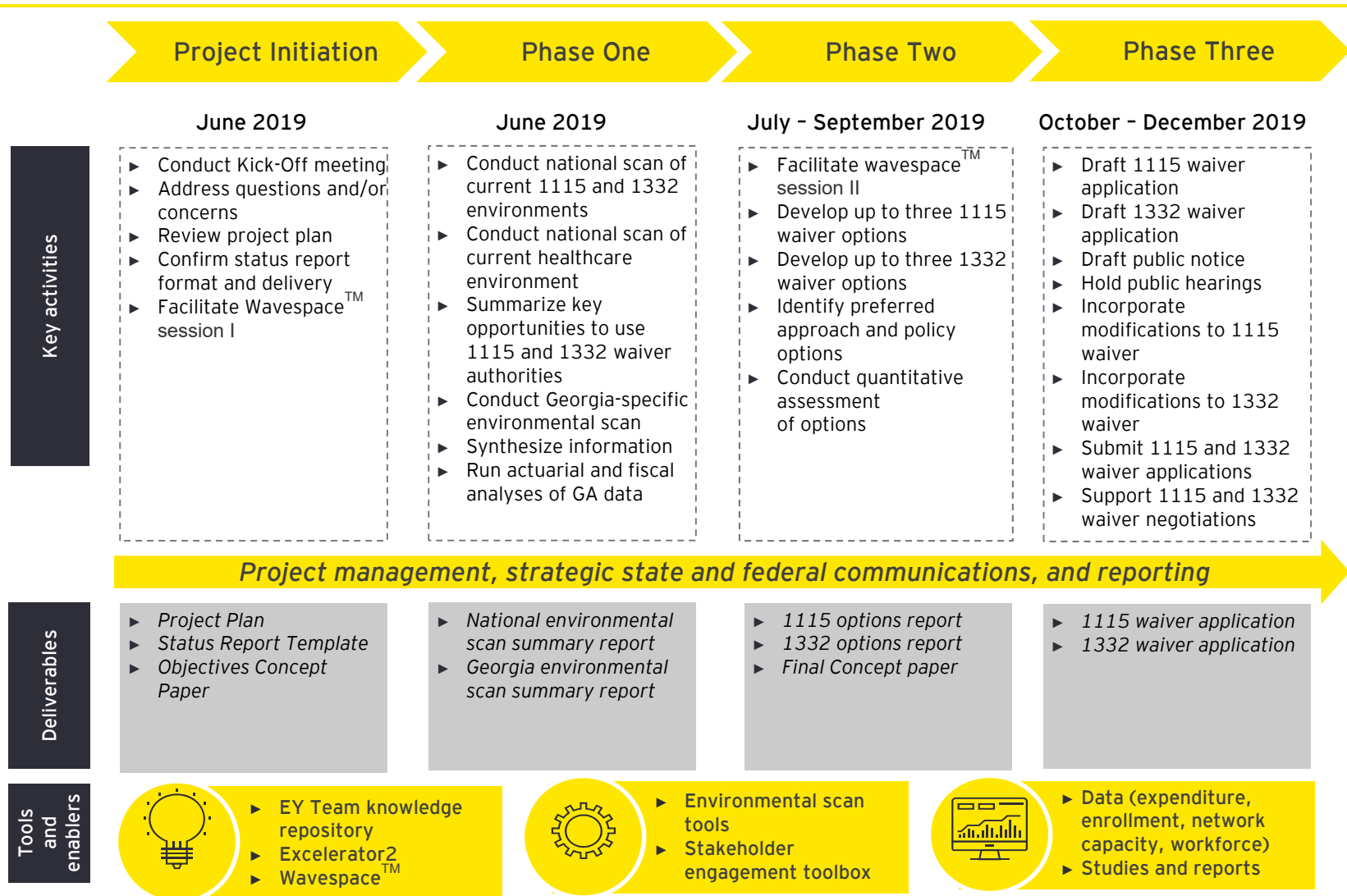
# Lessons learned

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# Timeline



# Project initiation

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[wavespace™](#) anchored on purpose to drive impactful change



Enable DCH, stakeholders and the project team to:

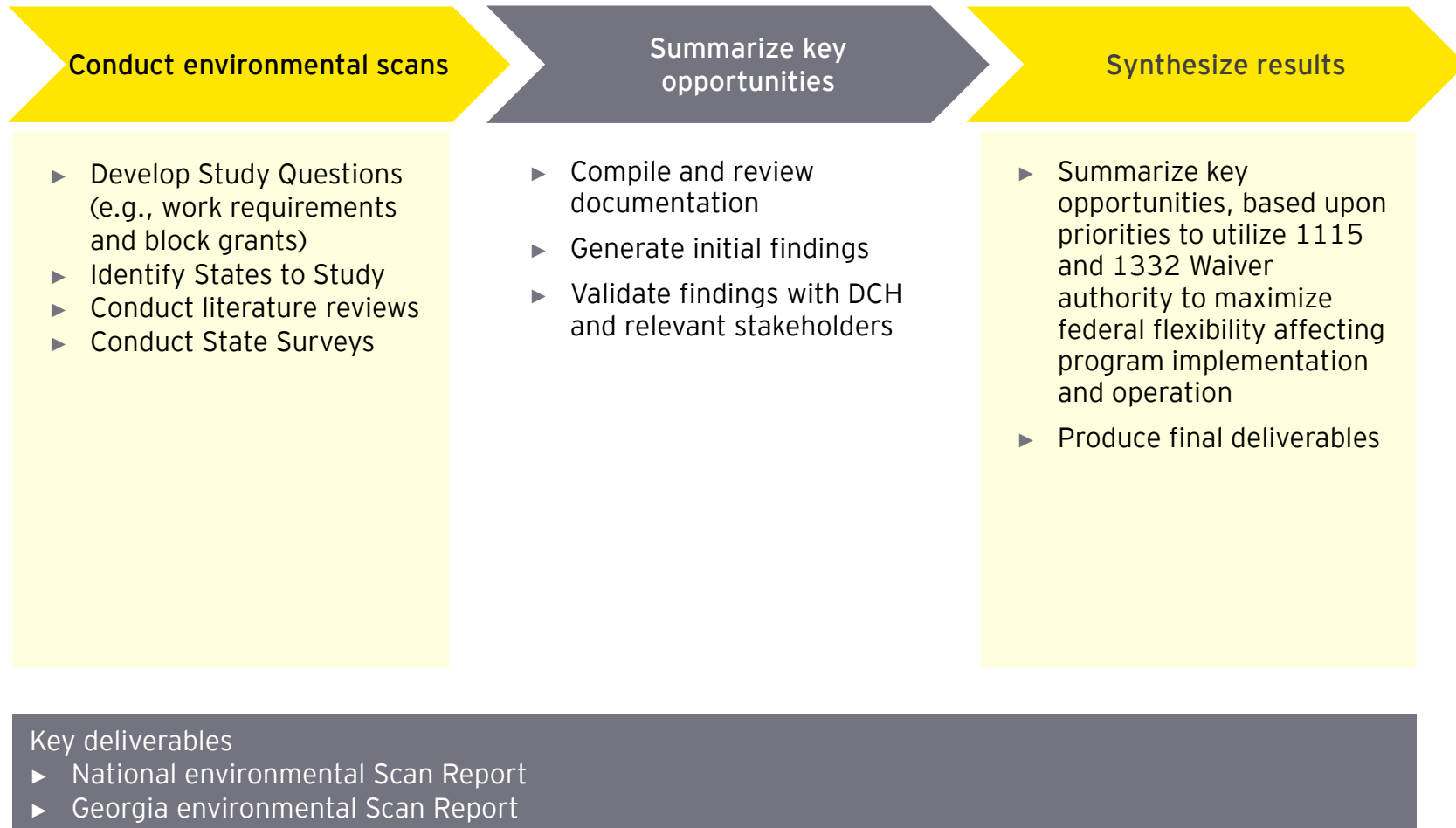
- ▶ Focus on meaningful outcomes and objectives - faster
  - ▶ Align people for decision making
  - ▶ Accelerate creativity
  - ▶ Use open, creative space to collaborate with team members
  - ▶ Leverage technology to explore, test ideas and unlock creativity
- 

Key objectives to understand:

- ▶ What are you trying to achieve, what problems/challenges are you trying to solve?
- ▶ How do you accomplish MAPs' purpose through this initiative?
- ▶ What health factors are you trying to impact (access, quality, cost, combination of those three)?
- ▶ What quantifiable outcome are you targeting (e.g., increase coverage by x%, lower average costs by %, improve insurance coverage by x%)?

# Phase one

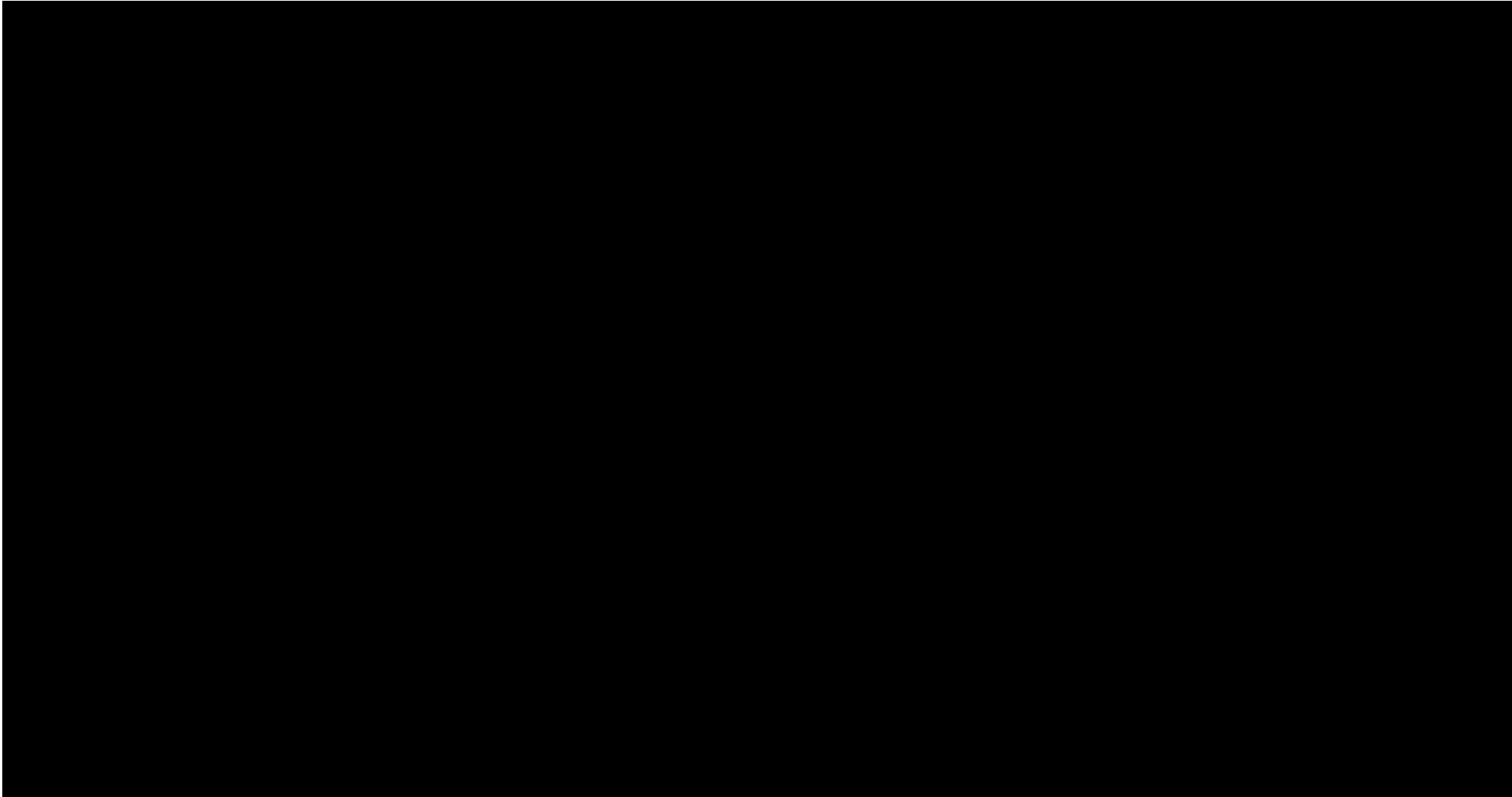
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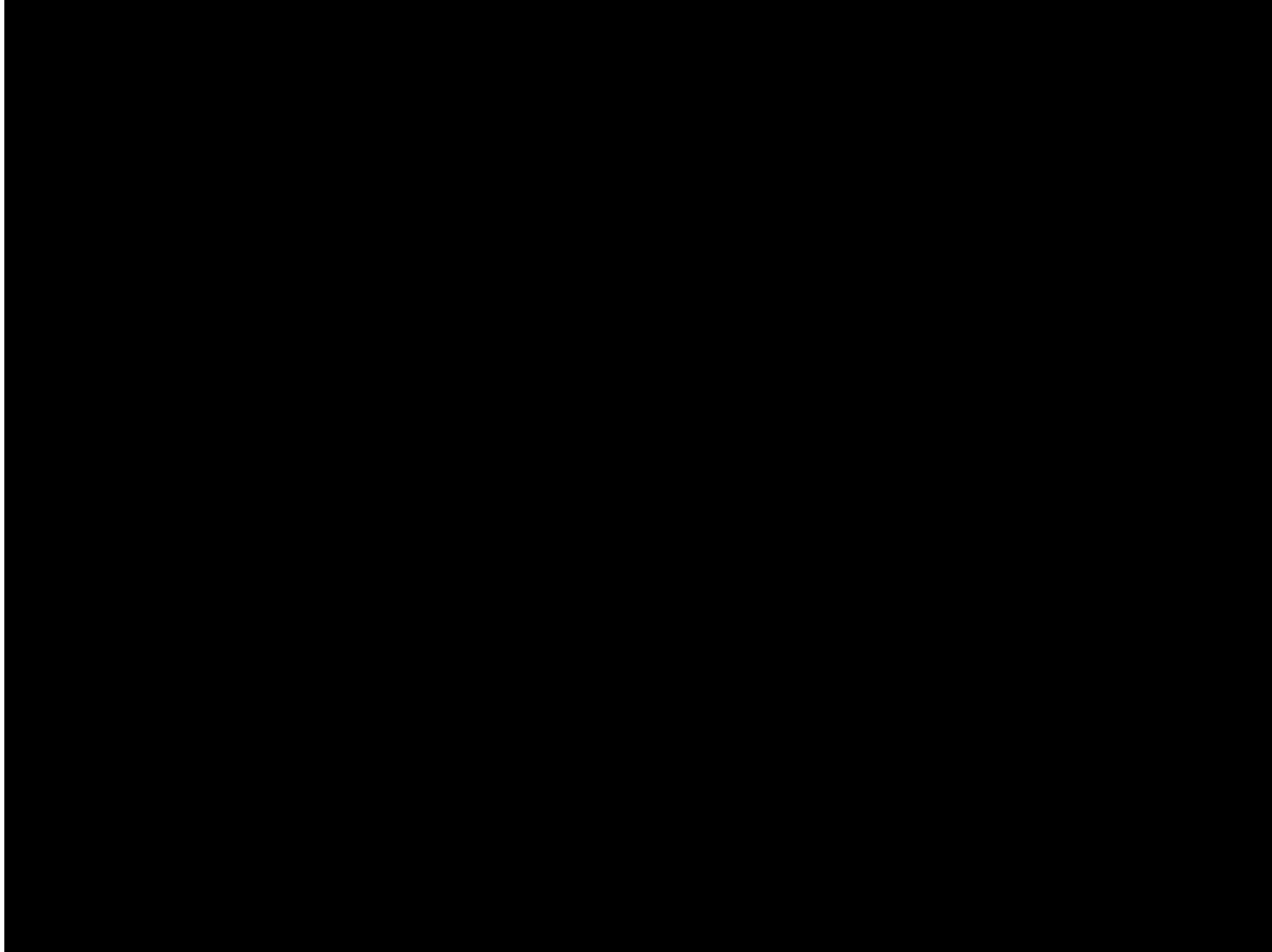
# Political landscaping

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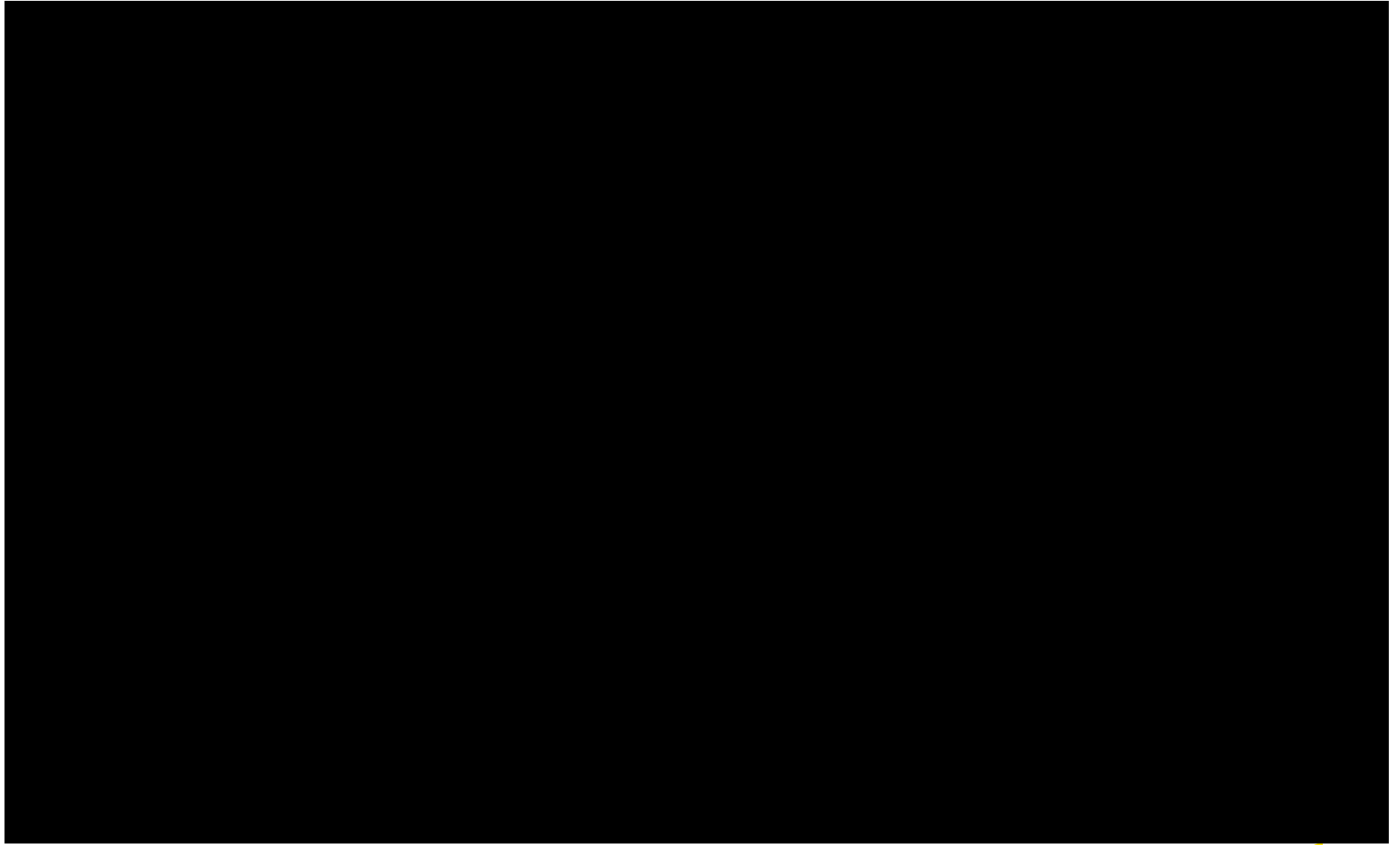
# Georgia-specific environmental scan

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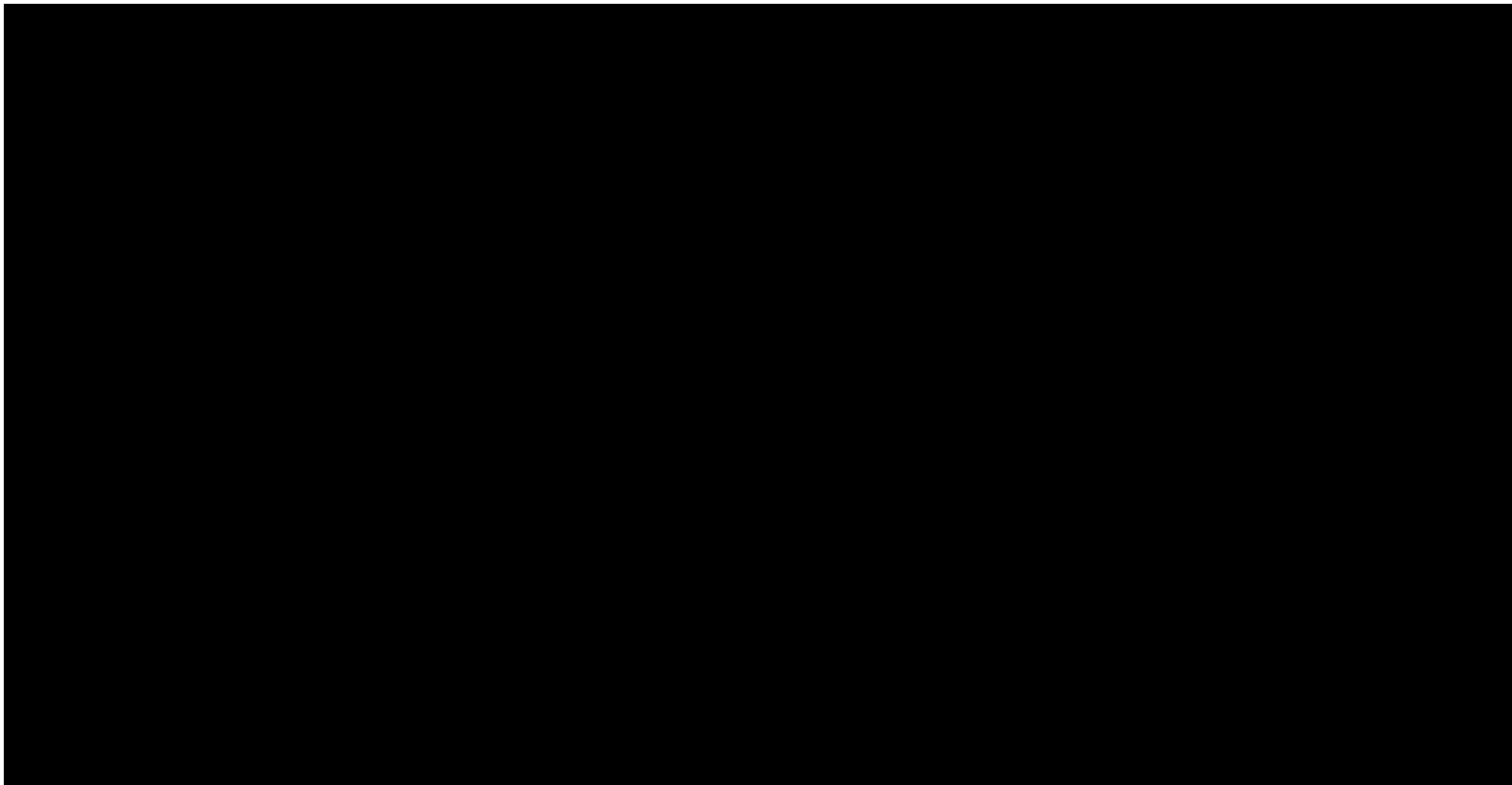
# Rural hospital scan

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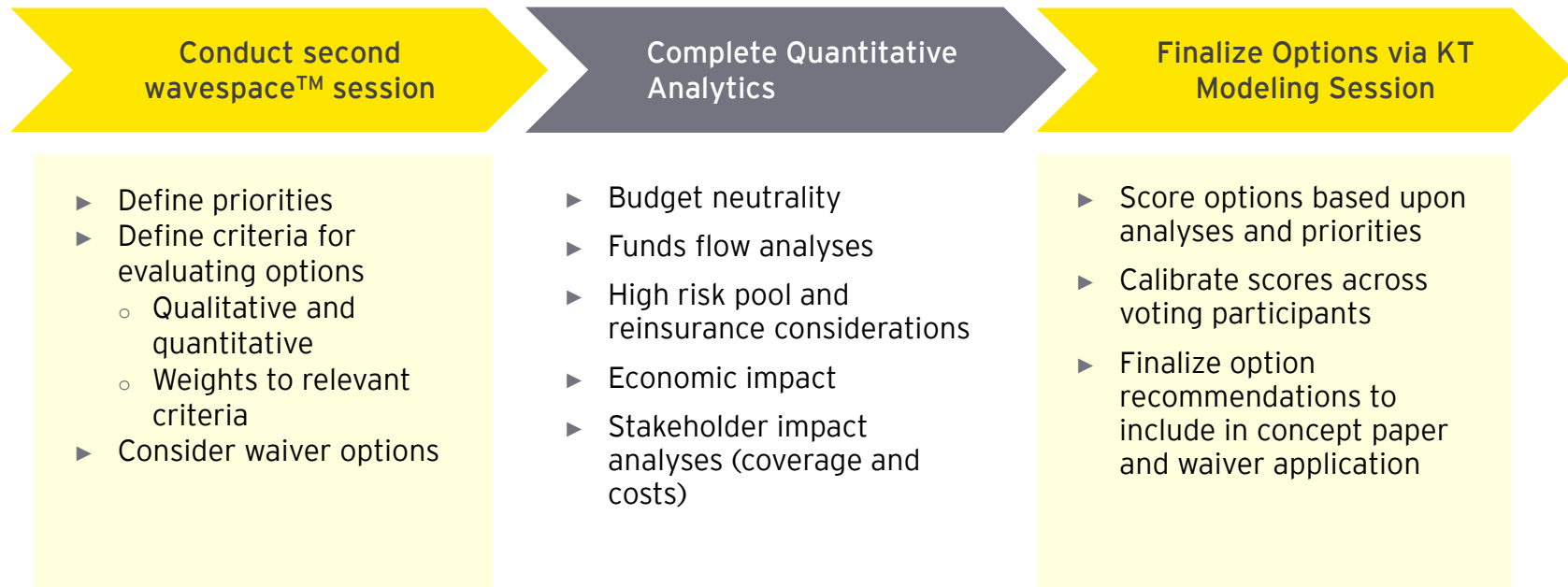


# National waiver insight

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# Phase two



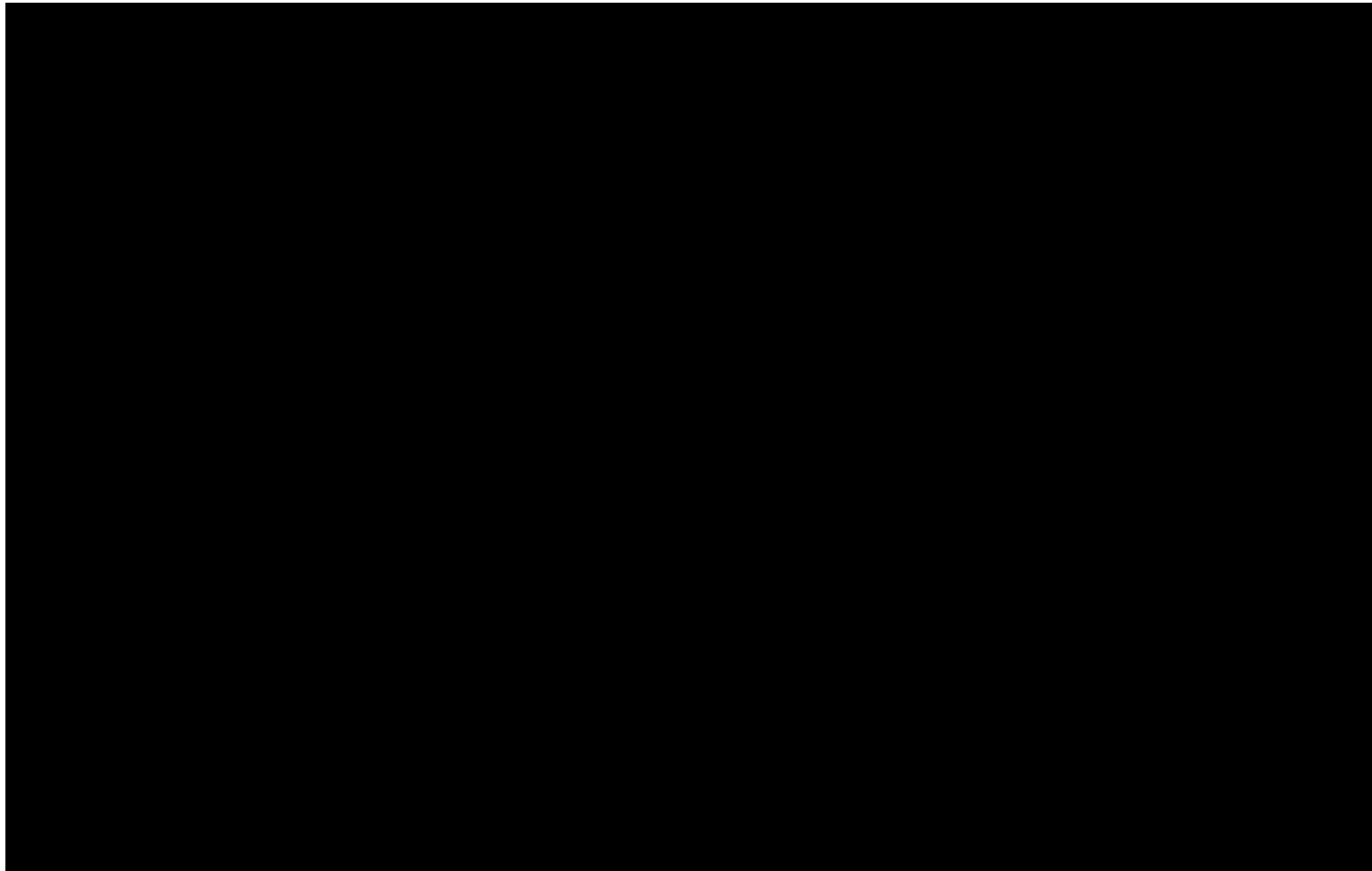
## Key deliverables

- ▶ Session outputs
- ▶ Kepner-Tregoe analysis
- ▶ Meeting with DCH to select options including high risk pool and reinsurance considerations
- ▶ Projections on each of the three models (population and costs)



# Kepner-Tregoe model

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# Examples of measures

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## Key quantitative measures of impact for each option

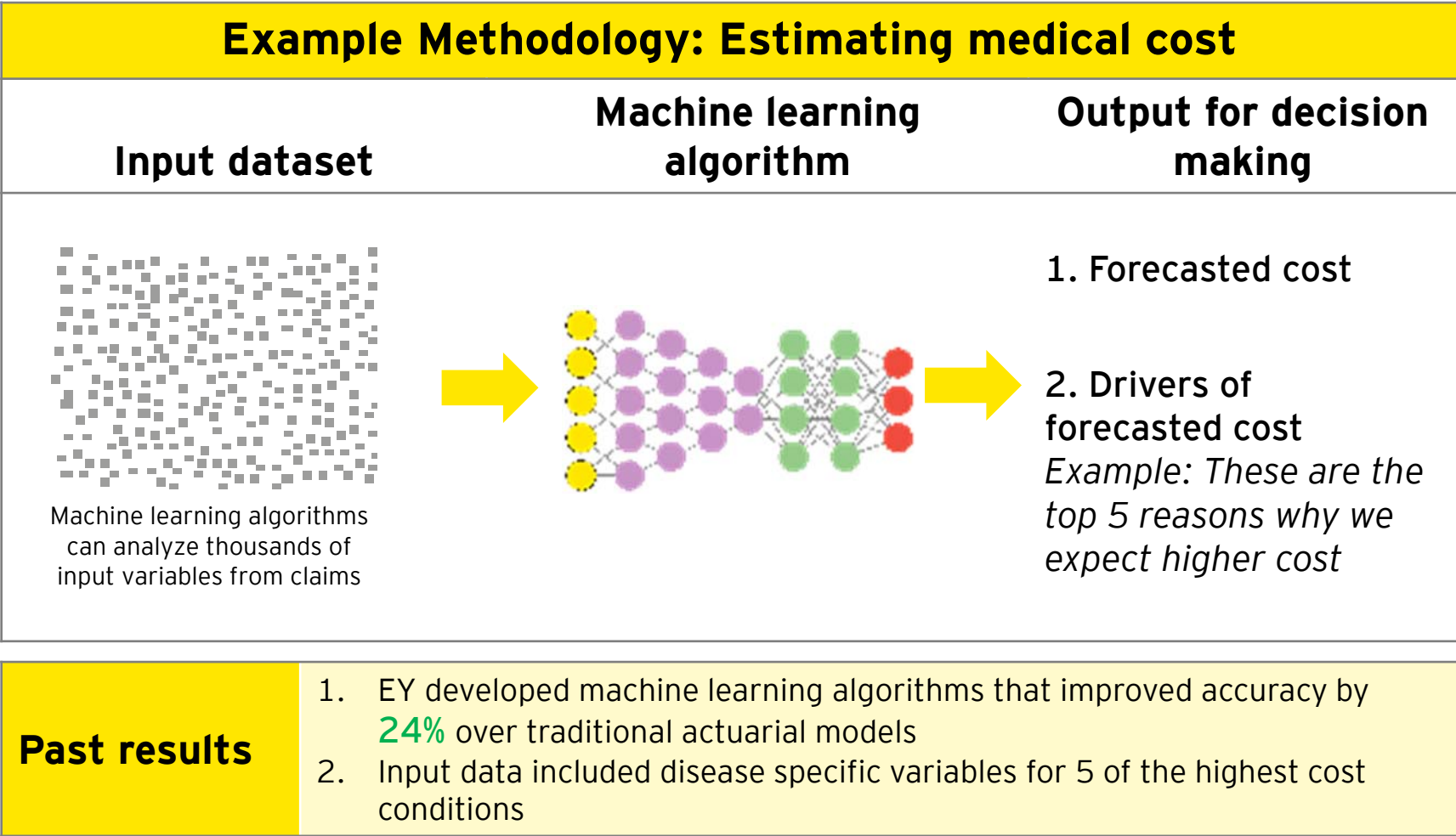
- ▶ Coverage as defined by percentage of people below poverty insured
- ▶ Percentage match from CMS
- ▶ Timeliness of approval (months from submission to decision)
- ▶ Permanency of decision (years decision is valid)
- ▶ Annual cost to state budget (estimate of medical cost)
- ▶ Impact on provider capacity (e.g., rooms, number of hospitals)
- ▶ Impact on population health (e.g., avoidable ER visits and readmissions, access)
- ▶ Economic impact of improved health (e.g., increased productivity)

## Key qualitative measures of impact for each option

- ▶ Governmental engagement and buy-in
  - ▶ HHS/Administration
  - ▶ Congress
  - ▶ State government
- ▶ Stakeholder support
  - ▶ Affected beneficiaries
  - ▶ Hospitals and providers
  - ▶ Exchange participants
  - ▶ Business community
  - ▶ Press
  - ▶ Advocacy groups
- ▶ Management of legal threats
- ▶ Perception of process (transparent, inclusive)
- ▶ Perception of DCH, Georgia, state leadership (innovative, diligent, fiscally responsible)

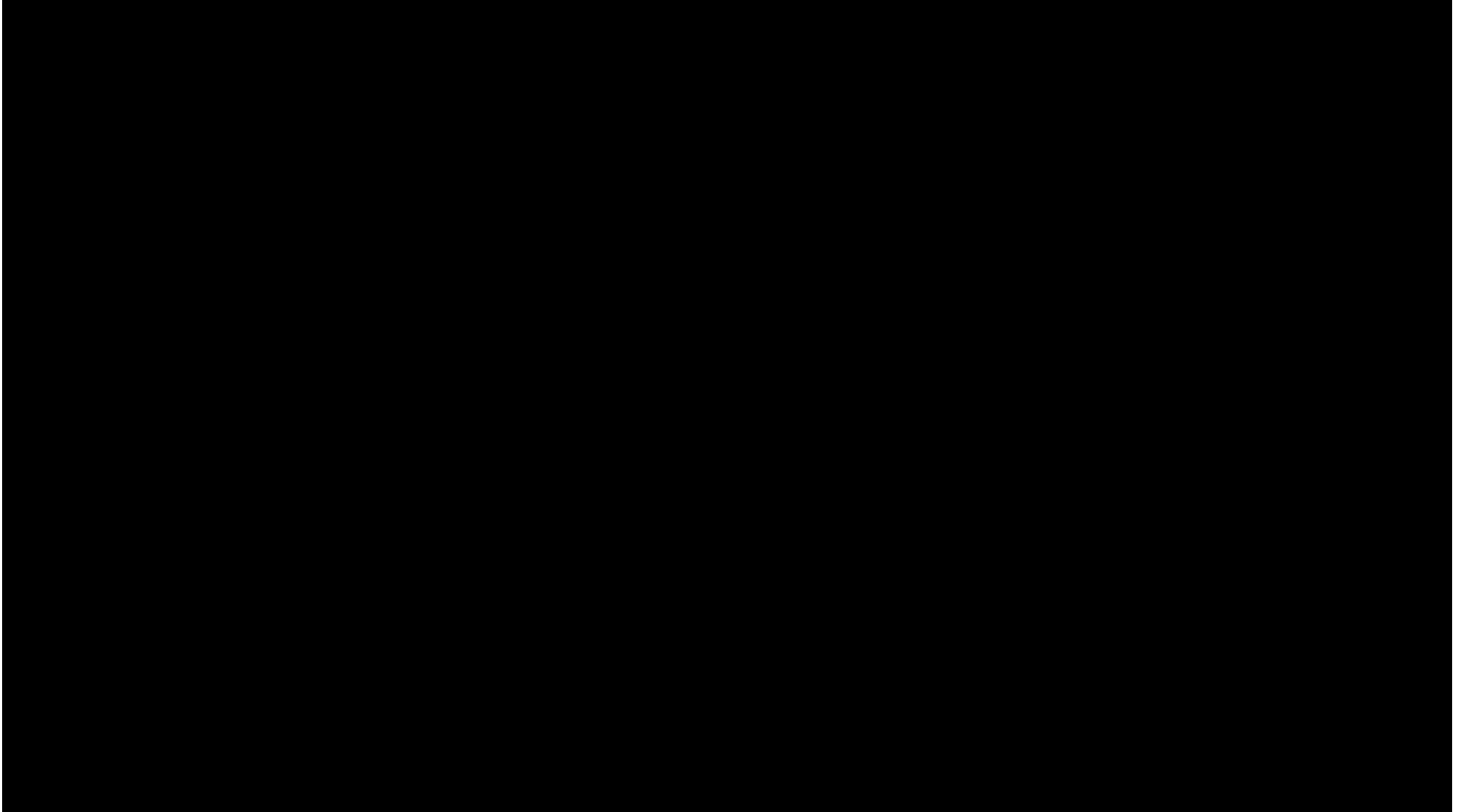
# Analytics and machine learning

EY has capabilities to work with claims data to improve actuarial forecasts



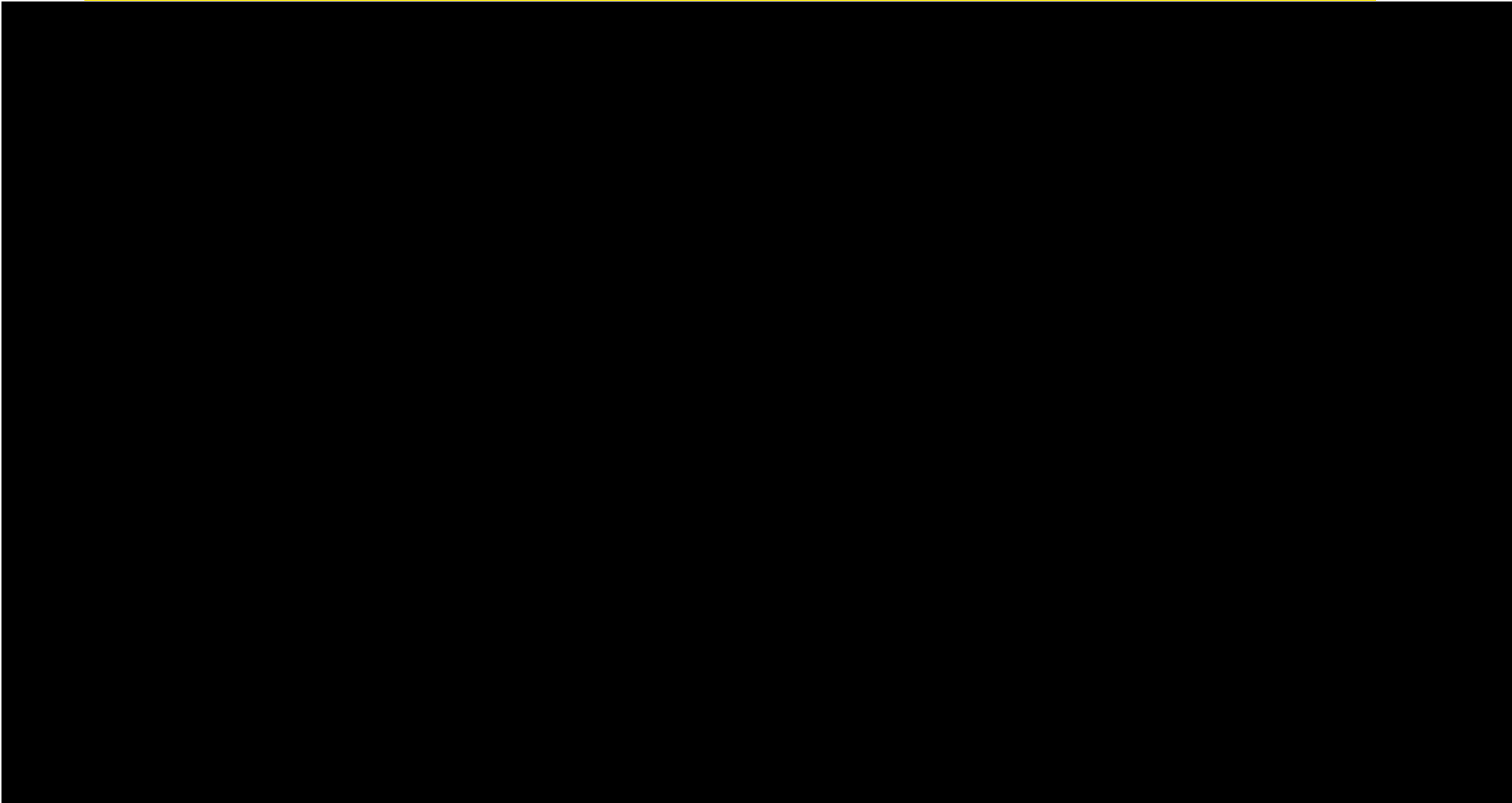
# AHCA impact case study

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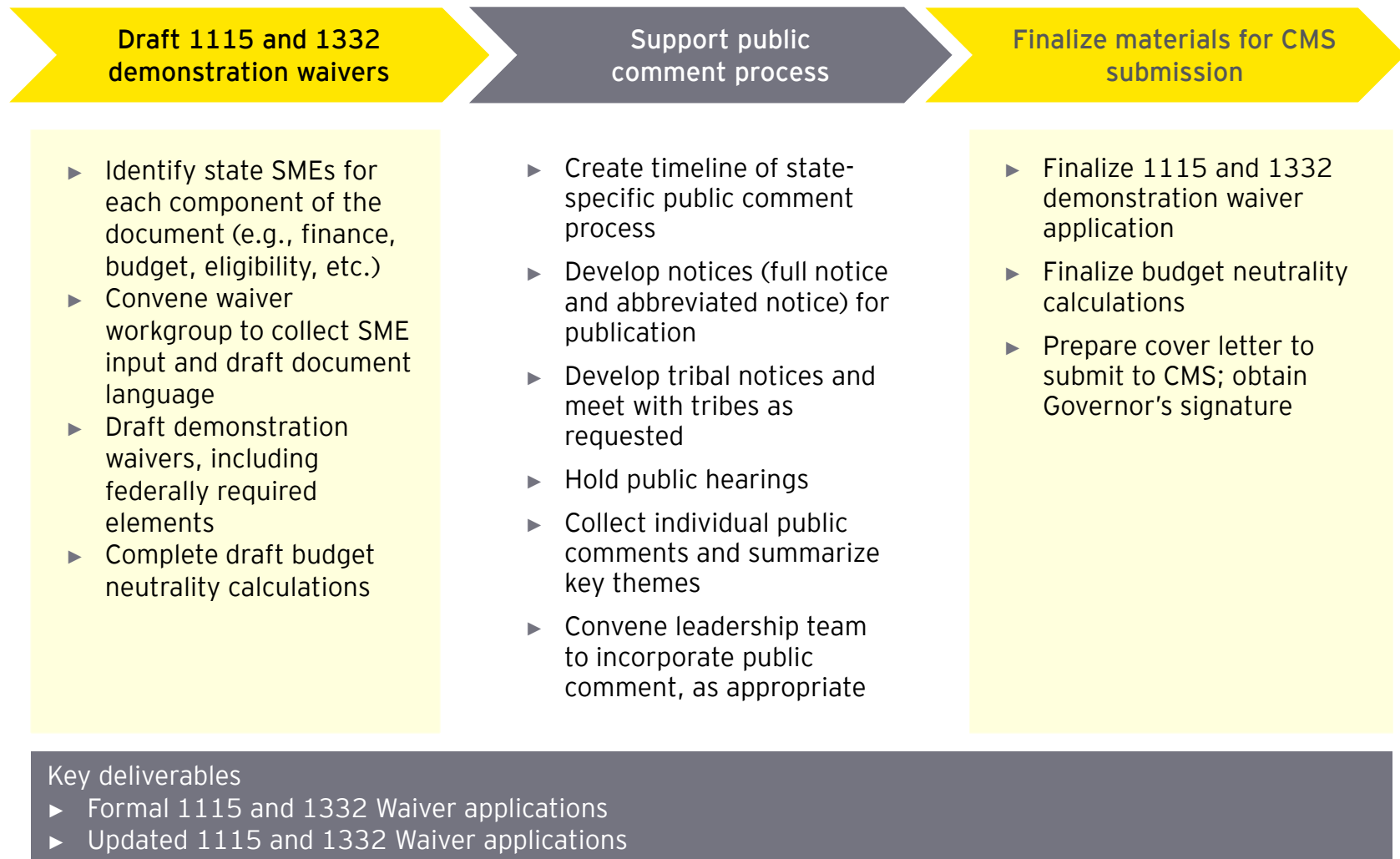
# AHCA impact case study (continued)

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# Phase three



# Beyond 12/31

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Continue ongoing discussions and negotiations with CMS for waiver approval

Prepare Medicaid Enterprise Systems and Support Modifications

Assess impacts on other workflows

Amend Medicaid manage care contracts, including rates

Refine internal oversight process (e.g., waiver reporting, contractor oversight, eligibility trends, budget trends, etc.)

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EY | Assurance | Tax | Transactions | Advisory

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