kaiser commission on medicaid and the uninsured
KEY FACTS
THE HENRY J. KAISER FAMILY FOUNDATION

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Massachusetts and Ohio: Capitated Financial Alignment Demonstrations for Dual Eligible Beneficiaries Compared

The Centers for Medicare and Medicaid Services (CMS) has finalized memoranda of understanding (MOUs) with Massachusetts and Ohio to test a capitated financial alignment model to integrate care and align financing for people who are dually eligible for Medicare and Medicaid in 2013.[1] CMS also has signed an MOU with Washington to test a managed fee-for-service model.[2] These three year demonstrations will introduce changes in the care delivery systems through which beneficiaries presently receive services and in the financing arrangements among CMS, the state, and providers.

Key provisions of Massachusetts' and Ohio's capitated demonstrations are summarized in Table 1. Similarities include:

- **Enrollment**: Both demonstrations will begin with a voluntary enrollment period, with subsequent passive enrollment periods in which the remaining beneficiaries will be automatically enrolled. Beneficiaries in both states retain the right to opt out of the demonstration at any time but must take affirmative action to do so.

- **Care delivery model**: Both states will use managed care plans to coordinate services for beneficiaries through a person-centered planning process. Massachusetts requires its plans to contract with community-based organizations to provide Independent Living/Long-Term Services and Supports coordinators, while Ohio requires its plans to contract with Area Agencies on Aging to coordinate home and community-based waiver services for enrollees over age 60.

- **Financing**: Both demonstrations will test CMS's capitated financial alignment model, in which managed care plans will receive capitated payments from CMS for Medicare services and the state for Medicaid services. Demonstration savings will be derived upfront by reducing CMS's and the state's respective baseline contributions to the plans by a savings percentage for each year. Both demonstrations also include provisions to adjust the capitated rates to account for high cost/high risk beneficiaries, to share risk among plans and CMS and the state, and to withhold a portion of the capitated rate that plans can earn back if specified quality measures are met.

The demonstrations also have some differences:

- **Target population**: Each state's demonstration includes an estimated 115,000 beneficiaries, and both exclude beneficiaries with developmental disabilities. However, Massachusetts focuses on non-elderly beneficiaries ages 21 to 64 statewide, while Ohio targets beneficiaries age 18 and older in 29 counties organized into 7 regions in parts of the state.

- **Benefits**: Both demonstrations include nearly all Medicare and Medicaid services and allow plans to offer flexible benefits as appropriate to beneficiary needs. In addition, Massachusetts' demonstration offers certain diversionary behavioral health and community support services that are not otherwise covered as well as expanded Medicaid state plan benefits.

- **Ombudsman**: Ohio's MOU provides that its existing Office of the State Long-term Care Ombudsman will offer individual advocacy and independent systemic oversight in the demonstration. Massachusetts' MOU does not address an ombudsman, although its demonstration proposal states that it will continue to discuss this function with stakeholders.

- **Managed care plans:** Massachusetts has selected six non-profit health plans to participate in its demonstration, while Ohio has selected five for-profit health plans.[3] Participation is subject to plans satisfying the demonstration readiness review criteria.

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Table 1:
Key Provisions of the Massachusetts and Ohio Capitated Financial Alignment Demonstrations Compared

MOU Provision	Massachusetts (MOU signed August 22, 2012)	Ohio (MOU signed December 11, 2012)
Duration:	3 years July 1, 2013[4] to December 31, 2016	3 years September 1, 2013 to December 31, 2016
Target group:	An estimated 115,000 full benefit dual eligible beneficiaries ages 21 to 64 statewide; excludes beneficiaries with other comprehensive coverage, ICF/DD facility residents, and all § 1915(c) HCBS waiver participants; Medicare Advantage, PACE, and Independence at Home enrollees may participate if they disenroll from their existing plan	An estimated 115,000 full benefit dual eligible beneficiaries age 18 or older in 29 counties grouped into 7 regions; excludes beneficiaries with other comprehensive coverage, beneficiaries with developmental disabilities who are served through an ICF/DD or a § 1915(c) HCBS waiver, beneficiaries on a Medicaid spend down, and PACE and Independence at Home enrollees
Enrollment:	Initial enrollment period is voluntary, followed by two passive enrollment periods in which the remaining beneficiaries in the target population will be automatically enrolled with the ability to opt out at any time	Initial enrollment period is voluntary, followed by three passive enrollment periods in which the remaining beneficiaries in the target population will be automatically enrolled with the ability to opt out at any time
Care delivery model:	Integrated Care Organizations will provide patient-centered medical homes that integrate primary care and behavioral health services, care coordination, and clinical care management; requires Independent Living-LTSS coordinators from community-based organizations independent of ICOs	Integrated Care Delivery System Plans will offer care management services to coordinate medical, behavioral health, LTSS and social needs; requires contracts with Area Agencies on Aging to coordinate home and community-based waiver services for beneficiaries over age 60
Benefits:	Includes nearly all Medicare and Medicaid services except Medicare hospice and Medicaid mental health and DD targeted case management services and mental health rehabilitation option services; plans have discretion to offer flexible benefits as appropriate to beneficiary needs; adds supplemental diversionary behavioral health and community support services and expanded Medicaid state plan benefits	Includes nearly all Medicare and Medicaid benefits, except Medicare hospice and Medicaid habilitation services and targeted case management for beneficiaries with developmental disabilities; includes Medicaid home and community-based waiver services except for beneficiaries with developmental disabilities; plans have discretion to offer flexible benefits as appropriate to beneficiary needs
Financing:	Capitated with savings percentage (1% in year 1, 2% in year 2, and 4% in year 3) applied upfront to baseline Medicare and Medicaid contributions; risk adjustment through rating categories and high cost risk pools for certain Medicaid LTSS; risk sharing through risk corridors in first year only	Capitated with savings percentage(1% in year 1, 2% in year 2, and 4% in year 3) applied upfront to baseline Medicare and Medicaid contributions; risk adjustment through rating categories and member enrollment mix adjustment to account for plans with greater proportion of high risk/high cost beneficiaries; risk sharing through required minimum medical loss ratios

Endnotes

[1] The states' MOUs with CMS are available at http://www.cms.gov/Medicare-Medicaid-Coordination/Medicare-and-Medicaid-Coordination/Medicare-Medicaid-Coordination-Office/FinancialModelstoSupportStatesEffortsinCareCoordination.html.

[2] Washington's capitated proposal and financial alignment proposals from 19 other states remain pending with CMS. For more information about the demonstrations, *see* Kaiser Commission on Medicaid and the Uninsured, *Explaining the State Integrated Care and Financial Alignment Demonstrations for Dual Eligible Beneficiaries* (Oct. 2012), available at http://www.kff.org/Medicaid/8368.cfm.

[3] *See* Massachusetts Executive Office of Health and Human Services, Related Information, ICO Selection Announcement, available at http://www.mass.gov/eohhs/provider/guidelines-resources/services-planning/national-health-care-reform-plan/federal-health-care-reform-initiatives/integrating-medicare-and-medicaid/related-information.html; Ohio's Integrated Care Delivery System Update: Aug. 27, 2012, available at http://www.healthtransformation.ohio.gov/LinkClick.aspx?fileticket=CEnFHbwxoYg%3d&tabid=105.

[4] Although Massachusetts' MOU with CMS provided for an April 1, 2013 start date, the state and CMS subsequently agreed to delay implementation until July 1, 2013. Massachusetts Executive Office of Health and Human Services, Duals Demonstration Timeline, available at http://www.mass.gov/eohhs/provider/guidelines-resources/services-planning/national-health-care-reform-plan/federal-health-care-reform-initiatives/integrating-medicare-and-medicaid/related-information.html.

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