Executive Summary:

RECOMMENDATIONS FOR MISSOURI MEDICAID TRANSFORMATION

Paying for value & prioritizing the social determinants of health

CENTER FOR HEALTH ECONOMICS AND POLICY
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Missouri's Medicaid system faces many of the same challenges confronting healthcare delivery systems nationwide: how to enhance access to high-quality care and improve patient outcomes while containing the trend of rising health care costs. To achieve these goals, state leaders in the Department of Social Services have expressed interest in a transition to value-based care.[1] Currently, almost all payments in Missouri Medicaid are fee-for-service, with the healthcare provider receiving a separate payment for each service rendered. Stakeholders in Missouri have expressed growing interest in mechanisms that pay for the value of care — i.e. rewarding high-quality, cost-effective care that achieves optimal patient outcomes — rather than simply paying for the volume of care delivered. At the same time, there is a growing understanding that "value" may include investing in improving patient health by addressing the unmet social needs of patients, such as food and housing insecurity or a lack of transportation; collectively, these risk factors are known as the social determinants of health. As Missouri implements its expansion of Medicaid and responds to the COVID-19 pandemic and its aftermath, the state is at a critical inflection point, with new opportunities to build innovative value-based payment models that center the social determinants of health.

In July 2020, the Center for Health Economics and Policy and the Clark-Fox Policy Institute at Washington University hosted *Missouri Medicaid Transformation: A Dialogue on Implementation*, a virtual event intended to generate innovative ideas for improving Medicaid payment in Missouri. The event was the fourth in a series called *Transforming Healthcare in Missouri (THM)*. Participants were divided into small groups and tasked with proposing innovative ways of paying for care, with a focus on improving health equity and addressing the social determinants of health. The following four potential solution categories arose from stakeholder conversations:

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1. **Expand Primary Care Health Homes (PCHH/PCMH) to include a greater number of Medicaid enrollees**

    - PCHH are a model that has been successfully implemented on a limited scale in Missouri and on a broader scale in other states. The approach proposed here would broaden the eligibility criteria for PCHH to include enrollees with a greater range of health conditions and include those at high social determinants of health (SDOH) risk based on a high score on a social risk screening tool.

2. **Hospitals receive global budgets and serve as 'health hubs'**

    - Rather than fee-for-service payments for individual healthcare expenses for patients, the state would pay participating hospitals a global budget based on the number of Medicaid patients falling within that hospital's community to cover healthcare and care coordination for those patients.
    - This payment structure would allow for financial stability and predictability and potentially could give hospitals greater flexibility to pay for services (including 'in lieu of' services such as transportation) that would improve the health of their Medicaid patients.
    - Hospitals could be given broad authority to use the funds to coordinate referrals to outside social services organizations, and Medicaid could provide additional incentive payments to hospitals that achieve good patient outcomes.

3. **Move additional Medicaid enrollees into managed care organizations**

    - The state of Missouri currently only contracts managed care plans to serve custodial parents, pregnant women, and children. This approach would add currently excluded populations and services, such as behavioral health, pharmacy, and the ABD (aged, blind and disabled) population to Missouri's Medicaid managed care contracts.

4. **Prioritize a more coordinated and integrated approach to delivering social and behavioral health services by streamlining eligibility/funding/communication across programs**

    - In particular, recognize that many of the social determinants of health have the potential to be addressed in whole or in part through services already available through another program within the state. Improved coordination could create efficiencies for the state and streamline residents' experience with various offices and programs.

During the event, these ideas were considered as starting points for developing a set of core ideas that can guide a transition toward paying for value of care as opposed to volume. In contrast with the current system, they place a greater emphasis on coordinated care and the ability to pay for patient services that do not fall directly in the realm of healthcare, but which nonetheless have a profound impact on health outcomes in the population. The suggestions presented in this paper are not meant to be exhaustive and could be modified or implemented in tandem with other payment innovations.