



**Response to Request for Information  
To Improve Pennsylvania's HealthChoices Program**

**Submitted by the  
Safety-Net Association of Pennsylvania  
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The Safety-Net Association of Pennsylvania (SNAP) appreciates this opportunity to respond to the request for information issued by the Department of Human Services (DHS) seeking suggestions for improving the HealthChoices program before the state solicits bids from managed care organizations (MCOs) interested in serving the state's growing Medicaid population in the coming years. SNAP also appreciates DHS's specific interest in finding better ways to coordinate the care delivered by physical and behavioral health care providers and in finding new and better ways to encourage providers to employ various models that are thought to do a better job of delivering primary health care services – models such as patient-centered medical homes and health homes.

**SNAP's Suggestion: A Regional Approach to Innovation**

HealthChoices has been an effective program for many years – but it can be better. The MCOs that serve Medicaid beneficiaries and the many health care providers that serve those beneficiaries have done a good job serving their patients – but they, too, can do better. What Pennsylvania needs now is to take a major step into the future: a truly transformative step marked by real, effective, game-changing innovation.

HealthChoices is the ideal vehicle for accomplishing this. SNAP envisions the state forging what we view as regional health and innovation collaboratives – five such collaboratives, or one for each HealthChoices zone. Participating in these collaboratives would be the MCOs serving each zone – both the physical and behavioral health MCOs – as well as the hospitals located in the zone, FQHCs and FQHC look-alikes, community health centers, community outreach organizations, local and county health departments, non-Medicaid social service providers, and others. These regional collaboratives would mark the first time in the nearly 30-year history of Medicaid managed care in Pennsylvania that insurers and providers would be required to work together.

Expanding mandatory managed care state-wide has helped the state achieve greater predictability in its budgeting, but has also led to a system of disparate policies and incentives across the spectrum of Medicaid payers. Individual contracts with the MCOs requiring compliance with broad quality goals often leads to a disjointed and short-sighted system of incentives imposed upon providers that are limited in scope and duration that fails to achieve meaningful outcomes. The state's reform goals articulated in the RFI can best be achieved if structured in a transformative manner that aligns incentives across all the regional partners that play a critical role in ensuring quality care to HealthChoices enrollees and shares successes among these stakeholders. Even if the scope of the MCO procurement is too narrow to include all of the elements described in this paper (such as incorporating behavioral health MCOs or community service organizations in the regional collaboratives), it could provide a basis upon which these other organizations can build through their own planning and contracting.



Because the state spends \$13 billion a year on Medicaid managed care inpatient and outpatient services, it would have considerable leverage over these regional collaboratives – leverage it can use in a constructive manner to drive the improved coordination of care and improved delivery of primary care services that this RFI identifies as its goal. The state could use this approach to achieve the “triple aim” of health care reform: better care, healthier communities, and lower health care costs; to facilitate better coordination of physical and behavioral health services; to encourage better coordination of care among all providers serving Medicaid beneficiaries; to foster broader use of different, more innovative approaches to delivering primary care; and much more.

### **Paying for Collaboration and Innovation**

SNAP believes the state can pay for these and other transformative innovations by launching a Delivery System Reform Incentive Payment or DSRIP program. Across the country, states have secured Medicaid waivers that enable them to secure significant new federal resources with which to invest in innovative ways to serve their low-income and medically vulnerable residents. Such waivers offer major new financial, programmatic, and service opportunities.

DSRIP is a combination of federal and non-federal money distributed by state governments to providers that serve significant numbers of low-income and medically vulnerable patients to help them address health care needs in their communities in new, innovative ways. Providers compete for DSRIP funds and must earn them based on their ability to propose and execute projects that meet narrowly defined and mutually agreed-upon objectives.

The idea of DSRIP payments is to enable states to leverage federal money to finance much-needed delivery system reforms. In a DSRIP program, the state works with insurers, providers, and stakeholders to develop specific goals, and after the federal government has approved those objectives, the participants, working collaboratively, submit proposals for how they would use DSRIP funds to achieve those concrete, measurable goals. Generally, DSRIP projects fall into four broad categories: infrastructure development, delivery system and program innovation and design, quality improvements, and population-based improvements.

DSRIP offers the prospect of enhanced federal funding – funding beyond what the federal government normally provides and funding that is not subject to many of the limits imposed on ordinary Medicaid spending. It also gives the state an unprecedented tool for identifying its health care needs and setting the agenda; for influencing providers to develop and propose programs, improvements, and innovations that address those needs in a manner that demonstrates clear, tangible, quantifiable results in exchange for DSRIP funding; and for achieving the objectives set forth in this RFI. Establishing the collaboratives described above offers a platform upon which the state can build a successful DSRIP program.

### **Conclusion**

Creating regional collaboratives and securing DSRIP resources to help fund their efforts can help Pennsylvania take a transformative step toward a better way of caring for its Medicaid population and paying for those services in a manner that produces better health care and healthier communities at less cost.

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