

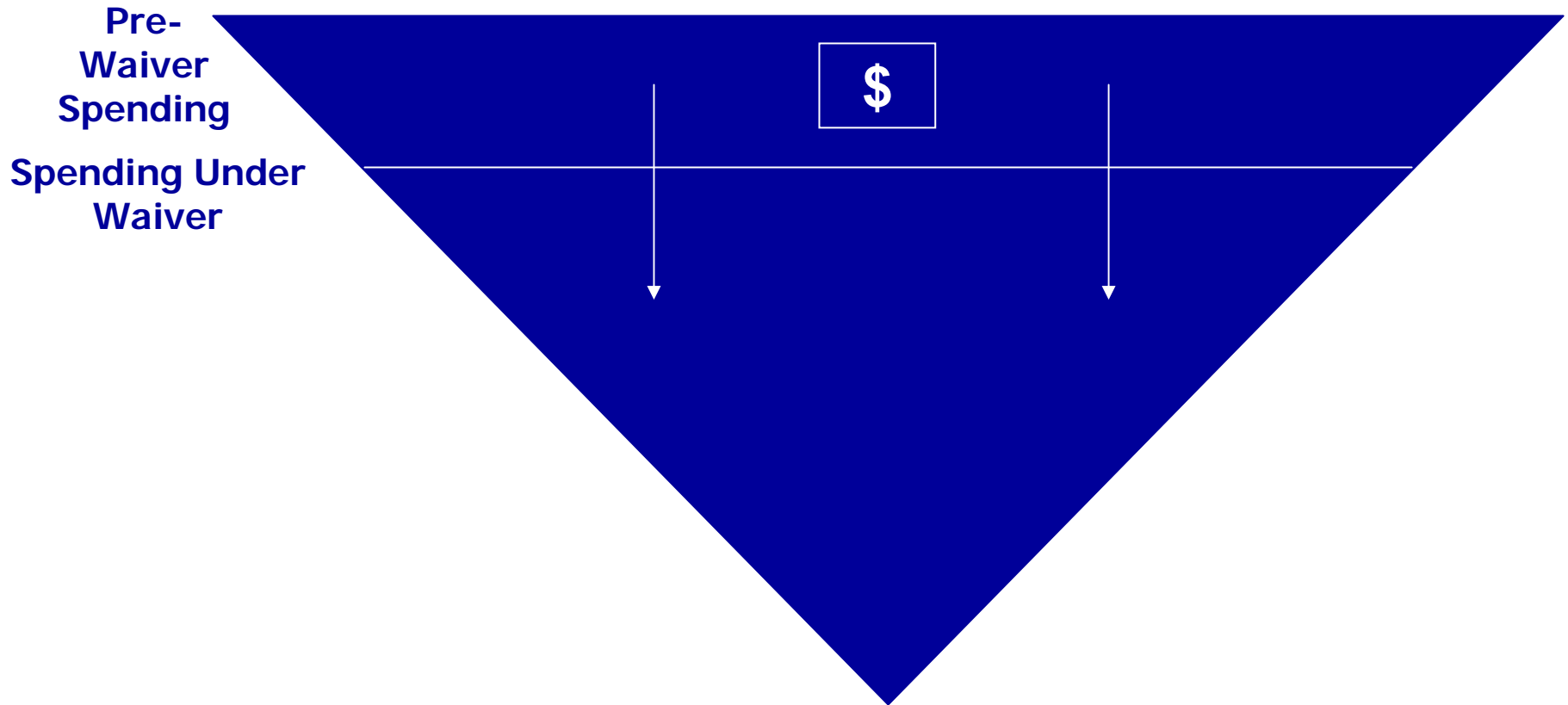
# **Medicaid Reform In Florida Impact and Consequences in Southwest Florida**

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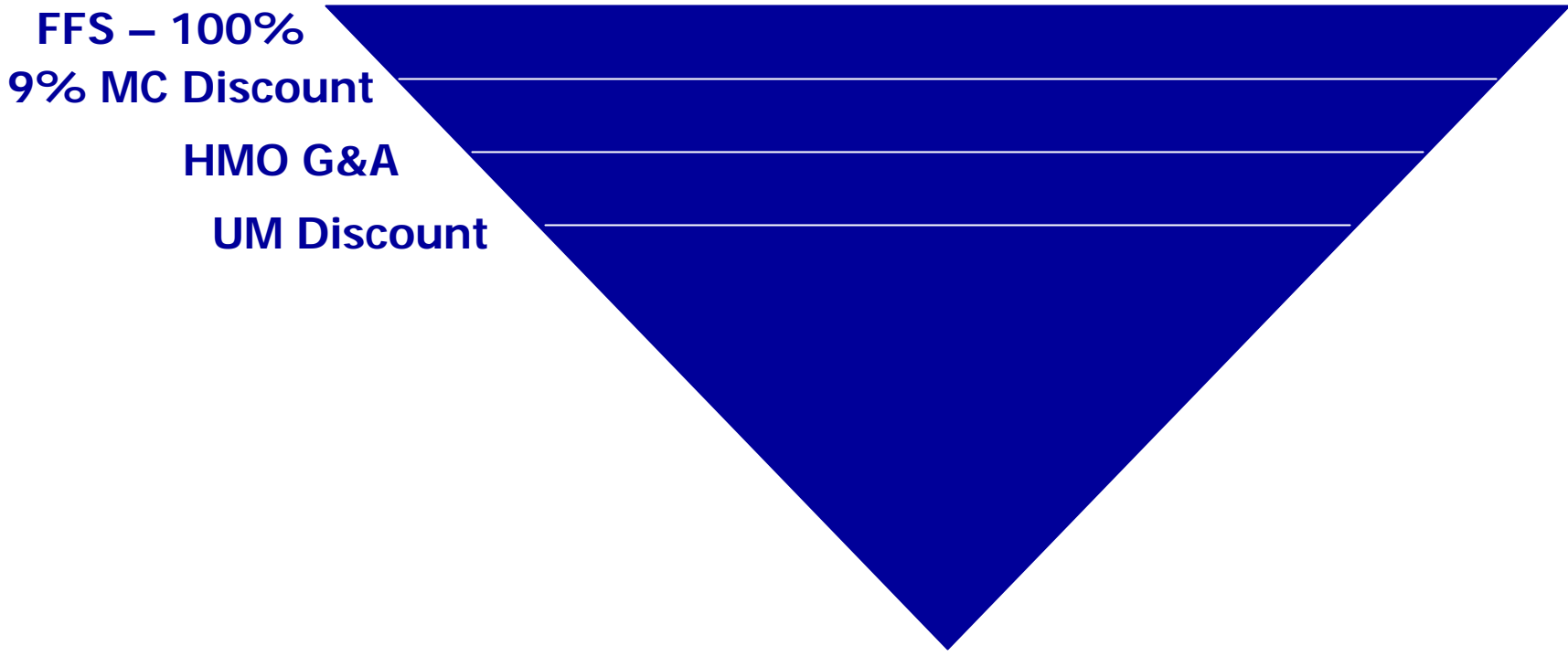
**Florida Council for  
Community Mental Health**

**May 10, 2007**

# Initial Discounting of the Health Benefit Medicaid Reform Effects



# Further Discounting of the Medicaid Benefit Managed Care Effects



# Action Taken by the 2007 Legislature

FFS

80% Medical-Loss  
Requirement

Eliminated the  
Medical Loss Ratio  
No Mental Health  
Spending Minimum

# What Else Did the HMOs Try to Get in the 2007 Legislative Session?

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- ◆ **Reduce Competition/Protect Markets**
- ◆ **Impede Additional PSN/HMO Formation**
- ◆ **Apply Financial Reserve Requirements to Non-Capitated PSNs**
- ◆ **Guarantee Annual HMO Rate Increases**
- ◆ **Delay Implementation of Risk Adjusted Rates**
- ◆ **Preserve Risk Corridors**
- ◆ **Delay Calculation of Capitation Rates Based on Encounter Data**

# Implications of Medicaid Reform Accelerated Managed Care Implementation

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- ◆ **Reduced Funding for Mental Health Care**
- ◆ **Loss of Federal Funding**
- ◆ **Loss of Certain Services/Coverages/Programs**
- ◆ **Maintenance of/Reversion to Medical Model of Care**
- ◆ **Consumer Harm**
- ◆ **Cost Shifts**
- ◆ **Damage to Safety Net**
- ◆ **Loss of Infrastructure**
- ◆ **Less DCF Influence on Public Mental Health System**

# Early Effects of Medicaid Reform/Managed Care

Provider Revenues



HMO/PSN Enrollment



Cost Shifts



Benefits/Service Menu



Use of Specialists



Provider Administrative Burden



Staff Layoffs



# Medicaid Managed Mental Health Care HMO/PSN Issues

- ◆ Loss of essential services
- ◆ Disruption of continuity of care
- ◆ Frequent denials of needed services
- ◆ Lack of plan understanding of SPMI/SED populations
- ◆ Failure to meet prompt pay requirements
- ◆ Multiple prior authorization forms/procedures
- ◆ Excessive paperwork requirements
- ◆ Frequent plan audits of providers
- ◆ Decline in provider productivity
- ◆ Increased provider administrative costs
- ◆ Different staff credentialing protocols/requirements
- ◆ Required service termination dates for severely and persistently mentally ill
- ◆ Poor plan communications
- ◆ Sharp drop in beneficiary referrals
- ◆ Precipitous decline in community mental health agency Medicaid revenues



# The Essential Questions

1. What's the issue - Medicaid reform or managed care?
2. What effect is managed care having on providers? What about consumers?
3. Is the basic issue control of service use and costs vs. needs of disabled beneficiaries?
4. Do consumer benefits change under reform/managed care? How do health plans pay providers?
5. What are the effects of risk corridors and risk adjustment of capitation rates?
6. What additional changes are HMOs seeking?
7. Are plans competent to serve disabled individuals?
8. What are the short-term and long-term implications of reform/managed care?
9. How should the disability community respond?
10. Is this a provider or consumer story?
11. What are the legislative/administrative options to protect consumers/providers?