

March 2021

Support Medicaid Managed Care Reforms Senate Bill 2006

IHA Position: When initially approved by the General Assembly, the goal of Medicaid managed care was to create an integrated, coordinated care delivery system to improve health outcomes for individuals with complex medical and social needs. More than 10 years later, this promise has not been realized for the more than 2.5 million beneficiaries served by Managed Care Organizations (MCOs), due largely to administrative burdens and red tape. To move beyond these long-standing challenges, IHA urges the General Assembly to enact the practical reforms in [Senate Bill 2006](#), which are grounded by three key principles—transparency, standardization, and accountability.

TRANSPARENCY

- **Challenge:** Lack of access to the Department of Healthcare and Family Services' (HFS') contractual and policy guidance to the MCOs. Providers are bound by the terms and conditions of HFS' contracts with and guidance to the MCOs, but these documents are not current or available to the public.
- **Proposed Solution:** Require HFS to post current versions of any existing and new MCO contracts and policy guidance. Most state Medicaid agencies make this information available to the public, giving providers, legislators, and the other stakeholders the tools needed to evaluate MCO performance.

STANDARDIZATION

- **Challenge:** Unfair MCO readmission practices that target cost savings rather than care coordination for vulnerable Medicaid patients. The MCOs' readmission policies are designed for commercial plans, which serve a very different population, and do not account for the unique needs of Medicaid patients; are inconsistent with the state's fee-for-service program; and deny payment for the entire stay based on proprietary criteria.
- **Proposed Solution:** Require HFS to establish standard guidelines for readmissions and, in the interim, prohibit the MCOs from operating any readmission policies. Setting clear guidelines would ensure a fair process to hold the MCOs accountable for addressing barriers to post-acute placement, actively engage in discharge planning, and, most importantly, improve patient outcomes.

ACCOUNTABILITY

- **Challenge:** Unilateral contract changes designed to increase profits at the expense of patients and providers. MCOs are contractually allowed to implement new clinical and payment policies with little to no notice.
- **Proposed Solution:** Prohibit unilateral contract changes that have a material impact on reimbursement or access to care unless approved by HFS, after consideration of public comments. Such review would allow HFS to hold the MCOs accountable for compliance with state law, regulation, and policy.

A complete summary of SB2006 is available [here](#).