State Innovation and Medicaid Expansion

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Centene Overview
Who We Are & What We Do

#51 **FORTUNE 500** 2019

#7 **FORTUNE 100** *CHANGE THE WORLD LIST 2019*

St. Louis based company founded in Milwaukee in 1984

52,000 employees

#168 Fortune Global 500 (2019)

#27 Fortune 100 Fastest Growing Companies (2018)

$60.1B revenue for 2018

$73.6-74.2B expected revenue for 2019

$14.8 Billion in cash and investments

32 States with goverment sponsored healthcare programs

Medicaid (27 states)

Marketplace (20 states)

Medicare (20 states)

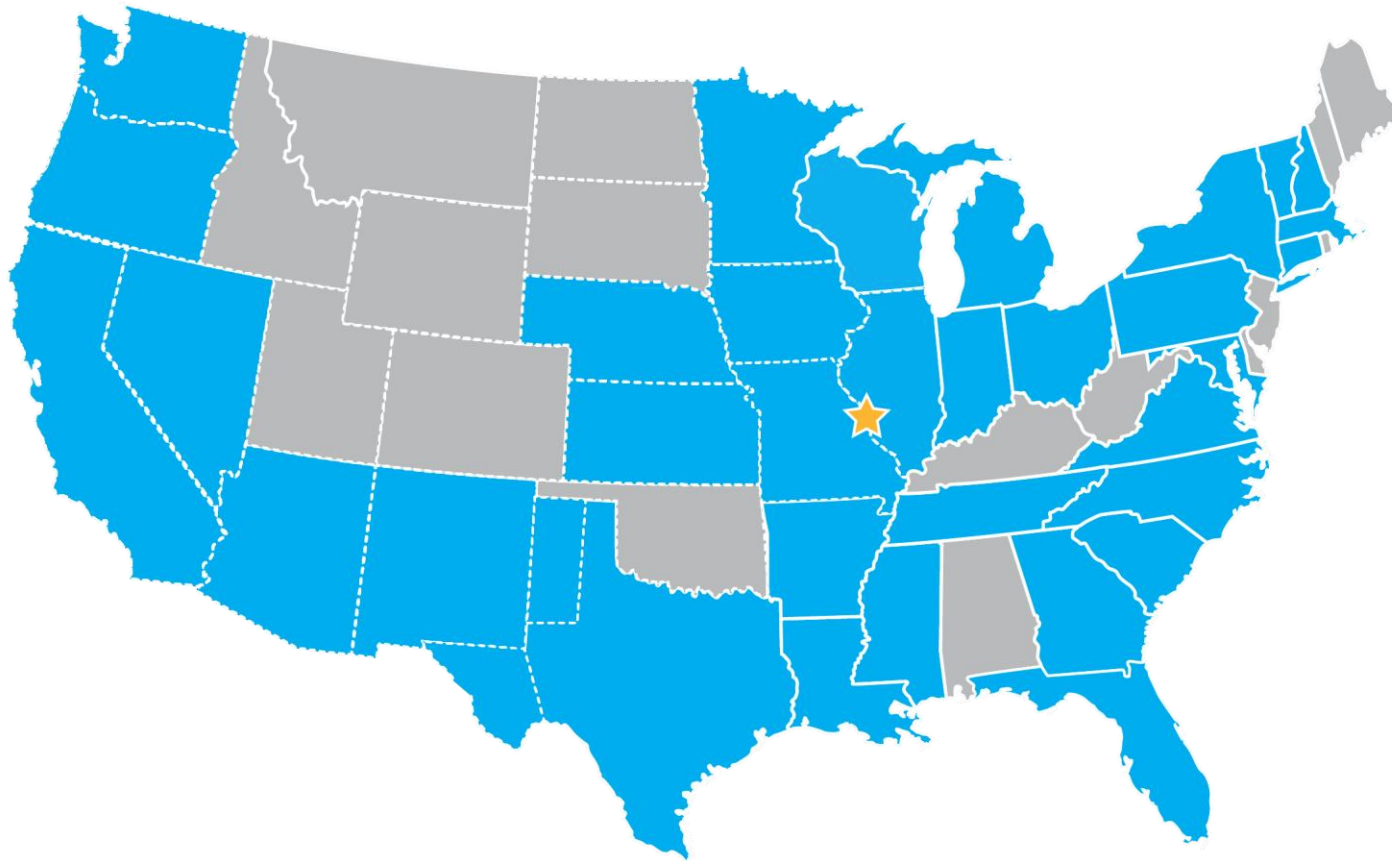Correctional (16 states)

3 International Markets

15 million members includes 2.9 million TRICARE eligibles

~340 Product/Market Solutions

Footprint and Membership

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⭐ Centene Headquarters

◌ TRICARE West Region, includes AK & HI

🔵 Health plan operations/pre-operations or provision of health services

Maryland Physicians Care is a non-risk Managed Service Organization (MSO) contract

Carolina Complete Health was awarded regions 3 and 5; operations set to commence February 2020

Current Membership

Total Membership
14,313,000

Medicaid 8,455,400	**TRICARE** 2,855,800	**ACA Marketplace** 2,449,400
Medicare & Duals 398,500	**Correctional** 153,900	

Medicaid Leadership
Bringing Experience to New Markets

mhs health wisconsin	mhs	superior healthplan	buckeye health plan	peach state health plan	bridgeway health solutions	absolute total care	sunshine health	arkansas health & wellness
1984	1995	1999	2004	2006	2006	2007	2009	2010

magnolia health	illinicare health	louisiana healthcare connections	coordinated care	home state health	sunflower health plan	california health & wellness	nh healthy families	michigan complete health
2011	2011	2012	2012	2012	2013	2013	2013	2015

Trillium Community Health Plan	nebraska total care	MARYLAND physicians care	silversummit healthplan	pennsylvania health & wellness	FIDELIS CARE®	western sky community care	iowa total care	carolina complete health
2015	2017	2017	2017	2018	2018	2019	2019	2020[1]

[1] *Operations expected to commence February 2020*

Product Solutions
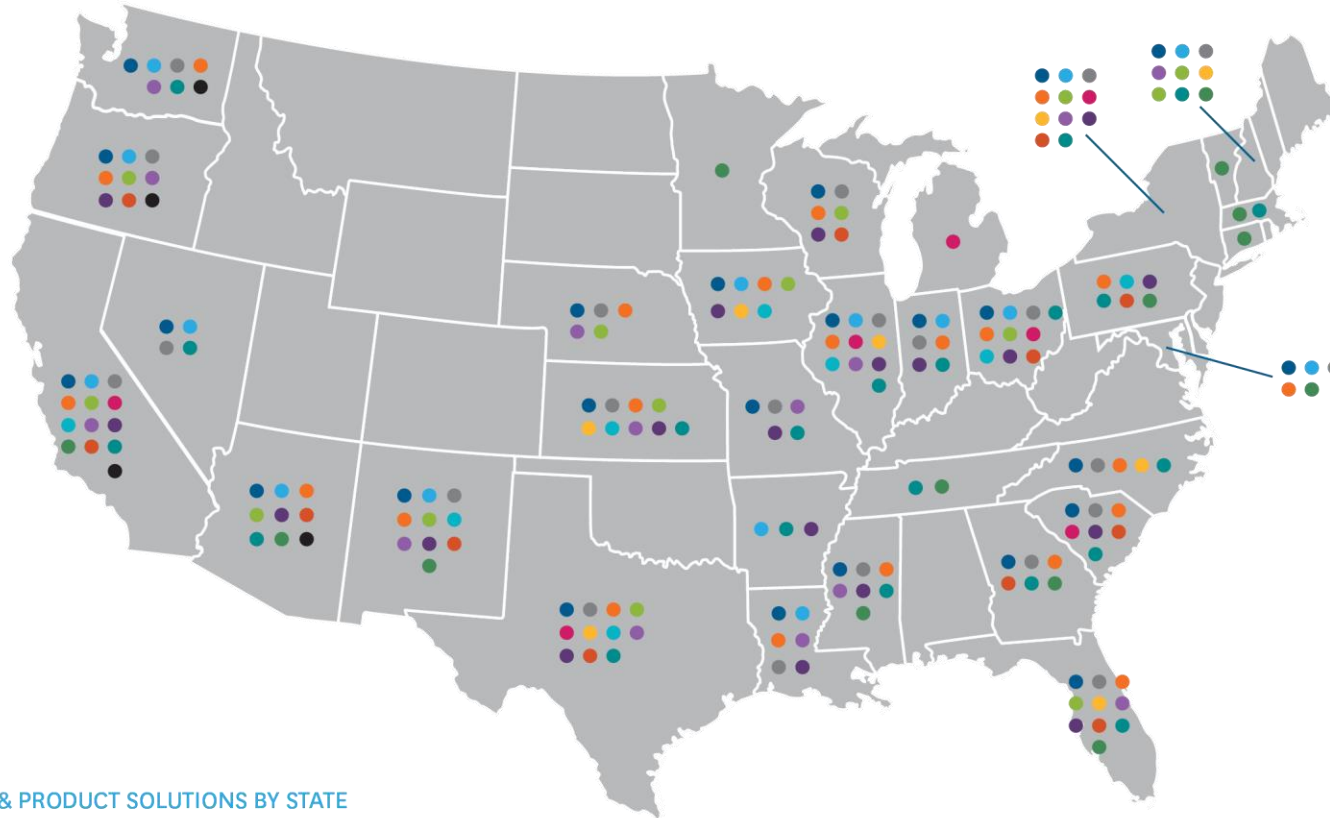
GROUP & PRODUCT SOLUTIONS BY STATE

- ● TANF
- ● MEDICAID EXPANSION
- ● CHIP
- ● MEDICARE-MEDICAID PLANS

- ● ABD NON-DUALS
- ● ABD (MEDICAID ONLY DUAL-ELIGIBLE)
- ● LONG TERM SERVICES AND SUPPORTS
- ● HEALTH INSURANCE MARKETPLACES

- ● FOSTER CARE
- ● MEDICARE ADVANTAGE
- ● MEDICARE SPECIAL NEEDS PLAN
- ● INTELLECTUALLY/DEVELOPMENTALLY

- ● CORRECTIONAL HEALTHCARE
- ● COMMERCIAL INSURANCE (LARGE/SMALL GROUP)

Centene's Experience with the Expansion population

We serve roughly <u>1.4 million members</u> who are in the expansion eligibility category in <u>14 states</u>.

In our experience, the expansion population may have:

- Different healthcare needs than traditional Medicaid population (e.g., behavioral health needs)
- Unique opportunities for support through addressing social determinants of health

What the Research Shows

Characteristics of enrollees

- Enrollees may have complex needs, such as homelessness, mental illness, and substance use[1].

- Enrollees reported improved health, ability to work, and job seeking after receiving coverage. However, some enrollees faced persistent barriers to employment such as poor health, disability, caregiving responsibilities, and older age[2].

Utilization patterns

- "Pent-up demand" in 1st year of expansion with increase in hospitalizations which return to comparable rates of utilization as non-expanded states in the 2nd year[3].

- May be an opportunity to increase supply for primary care to improve access. Additionally, FQHCs have greater financial stability in expansion states and could be used to promote access[4].

Medicaid Expansion: Areas of Consideration

Eligibility

Program Design

Delivery System

Implementation

Eligibility

- Partial expansion waivers with expansion up to 100% FPL with the enhanced 90% federal match are not being approved at this time.

    - AR and MA sought to roll back from full to partial expansion

    - UT sought to expand up to 100% FPL

        - Now pursuing "Fallback Plan" waiver that would expand up to 138% FPL

- States will likely continue to push CMS on partial expansion (e.g., GA).

Delivery System

- Medicaid Managed Care vs. Individual Market
- Most states use traditional Medicaid Managed Care Organizations
- Arkansas uses Marketplace plans in the Individual Market as a "Private Option":
  - Concept was to expand coverage and promote continuity of care.
  - New Hampshire also experimented with this model, but has now moved back to utilizing their Medicaid MCOs.

Program Design

States are leveraging waivers to experiment with program features that test new concepts and drive innovation.

Examples include:

- Incentives to encourage healthy behaviors

- Eligibility limits

- Benefit tiers

- Program requirements that encourage personal responsibility (e.g., cost-sharing and premiums)

Implementation

An effective and efficient implementation of any coverage expansion is as important as the program design itself. Vital to a successful implementation is consideration of:

1. Process for **informing beneficiaries** of program features/changes

    • Communication to beneficiaries through multiple channels (e.g., mail, e-mail, telephone, text messaging)

    • Staggered Implementation

2. Plan for **evaluation** of program effectiveness

    • Dashboards

    • Research and Reporting

Centene health plans and subsidiaries continue to develop promising and best practice programs across the country

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- Today, 100+ local SDoH pilots and programs occur across the country

- Pilot and program outcomes are constantly and rigorously reviewed

- Many promising practices and partnerships are under consideration for expansion across the country

Landscape: Sample of Current SDoH Initiatives

Housing   Food   Education   Employment   Transportation
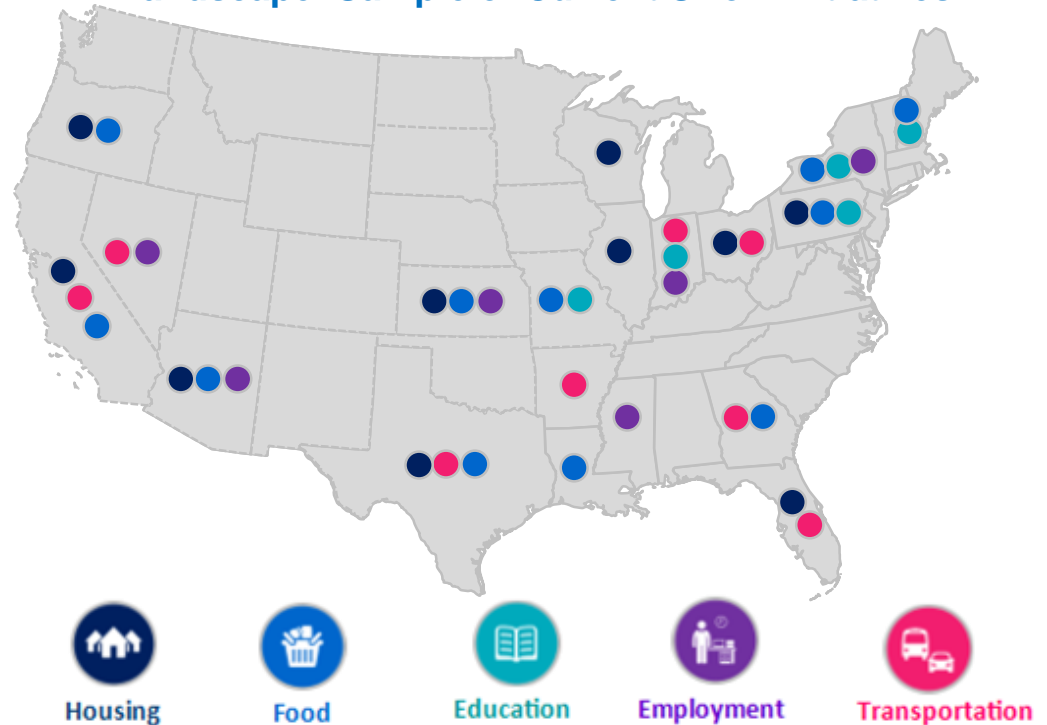
Centene pilots SDoH programs that achieve demonstrable results in identifying SDoH risk and improving healthcare outcomes

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Housing

Participating in a Continuum of Care to integrate homelessness data and coordinate entry resulted in improved health outcomes and costs

9%▼
Reduction in inpatient behavioral health visits per month

Community Hub

Partnership between a health plan and community hub improved birth outcomes for high-risk members

136%▲
Return on investment in community hub program for maternal & infant health ($2.36 for every $1 invested)

Rideshare

Rideshare pilot programs demonstrate improvement in quality and reduction in cost across several populations

15-18%▼
Reduction in cost for non-emergency medical transportation

SDoH Risk Score

Development of an SDoH risk score powers our ability to conduct proactive outreach and support for members

30% ▲
Enhanced predictive power to understand drivers of health expenditures

Leading By Bridging the Divide

Enabling healthcare companies to work with community organizations to mitigate Social Determinants of Health

- **Aggregates scale from both sides**
- **Reduces administrative burden**
- **Delivers a standard product**
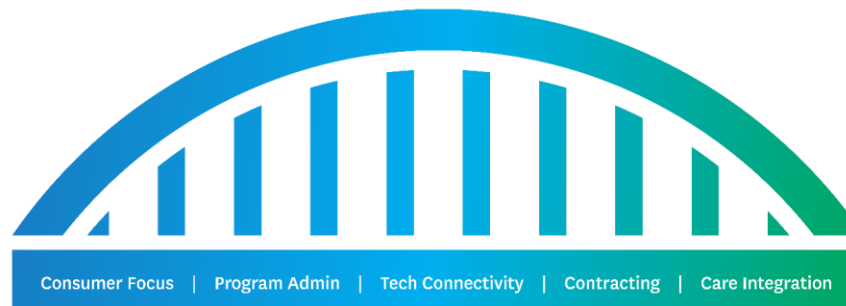- **Enables value based contracting**

Health Companies

- Payers
- At-risk providers
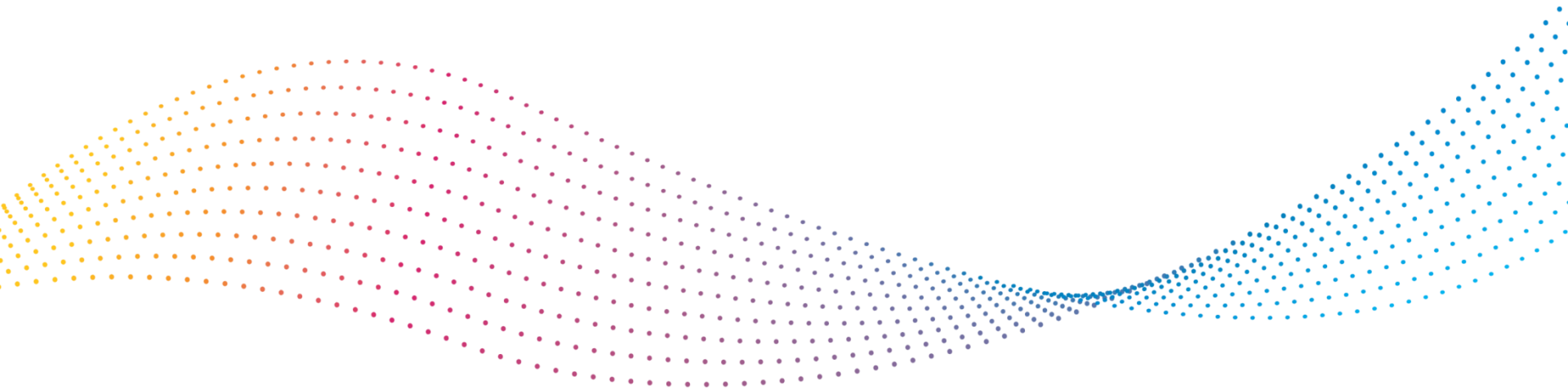- Government purchasers
- Others

Community-Based Organizations

- Low-income housing
- Community Centers
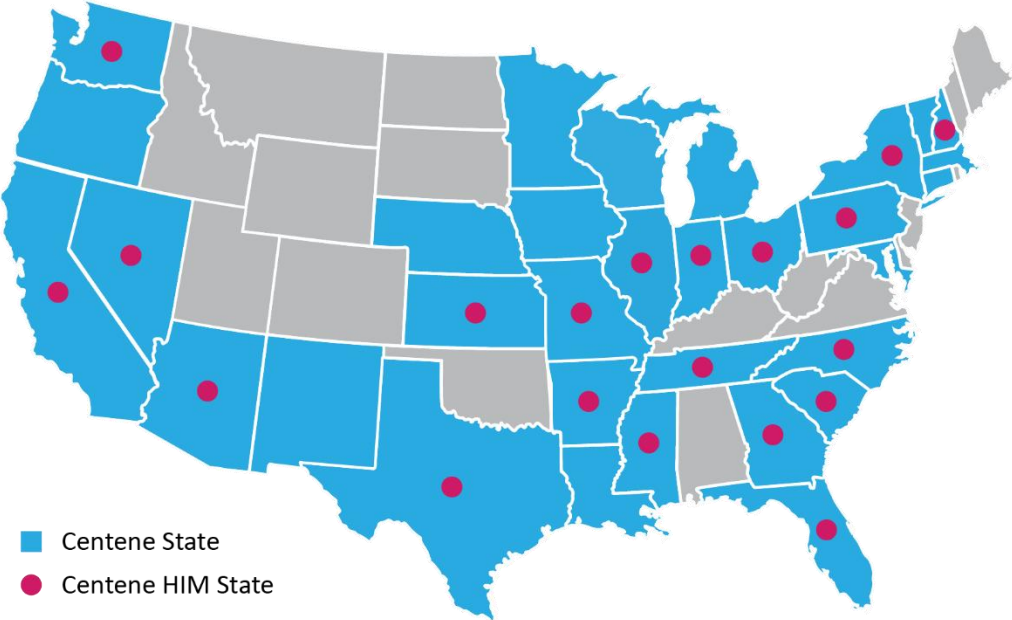- Violence protection & homeless shelters
- Food delivery & pantries
- Others

Consumer Focus | Program Admin | Tech Connectivity | Contracting | Care Integration

Scalability — Sustainability — Value

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Marketplace and Reinsurance

National View

- ■ Centene State
- ● Centene HIM State

New States	NC, PA, SC, TN (22 counties)
Expansion states	FL, GA, IN,KS, MO, TX (118 counties)
Sole Carrier	MS (Statewide)
Covering Bare Counties	MO (45), IN (13), OH (4), NV (14), WA (2), GA (73)
Statewide Presence	AR, IN, MS, NH, NV

2014-2015 excludes Health Net, 2014-2018 excludes Fidelis Care

ambetter.
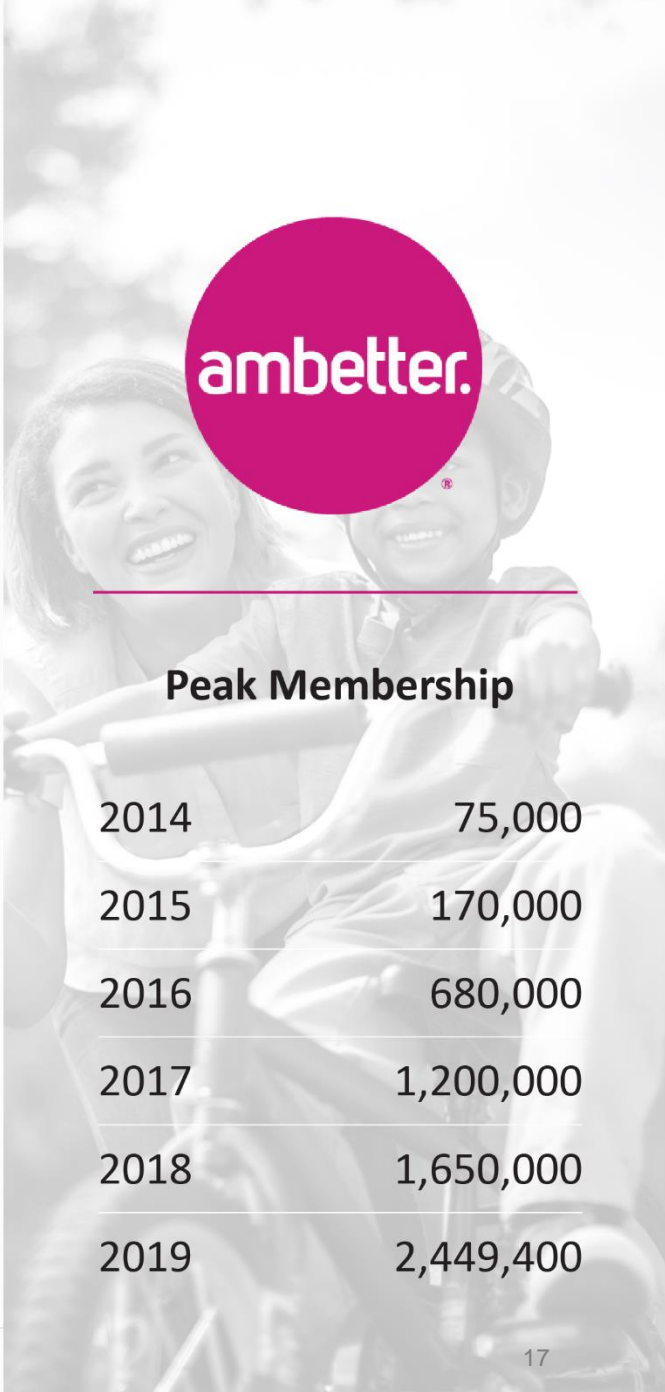
Peak Membership

2014	75,000
2015	170,000
2016	680,000
2017	1,200,000
2018	1,650,000
2019	2,449,400

Addressing High Premiums through Reinsurance

- Affordability a concern for many Kansans on the Marketplace
  - Most impacted are those ineligible for federal subsidies and often rural residents and older adults
- **Reinsurance** can be used to stabilize an insurance market and make premiums more affordable to consumers. Typically, reinsurance has been designed as:
  - A reimbursement system for health plans for high claims past a certain threshold (e.g., claims from one individual above $500,000)
  - Funded by states and/or CMS (versus health plan), which reduces premiums for beneficiaries
  - Reduced premiums may encourage healthier individuals to buy insurance, allowing health plans to lower premiums even more

1332 Waiver Authority for Reinsurance

- Companion waiver authority to 1115 authority but for Affordable Care Act programs.

- More rigorous requirements than 1115 waivers.

- Waivers must provide coverage that:
    - Is at least as **comprehensive** in covered benefits;
    - Is at least as **affordable** (taking into account premiums and excessive cost sharing);
    - Is for at least a **comparable number** of state residents; and
    - Does not increase the federal deficit.

- CMS October 2018 Guidance gave states more flexibility to pursue different types of waivers.

- Several states implemented 1332 waivers in 2018 or 2019, with a Traditional Reinsurance Program, to offset premium increases by 5 to 30% or $38 to $238 PMPM.

Enhanced Reinsurance Program

Focusing on percentage of claims (co-insurance) varying based on rating area, addresses many limitations of Traditional Reinsurance:

- **Address premium affordability** where needed most:
  - Older adults and rural areas without federal premium subsidies
- **Minimize cost to State** for addressing state policy goals
- **Optimize the 1332 waiver federal pass-through budget dollars** by minimizing uncertainties
- Foster a **competitive Marketplace** with a level playing field
- **Mitigate federal risk adjustment** and reinsurance "double-dipping" for co-morbid beneficiaries

Questions?
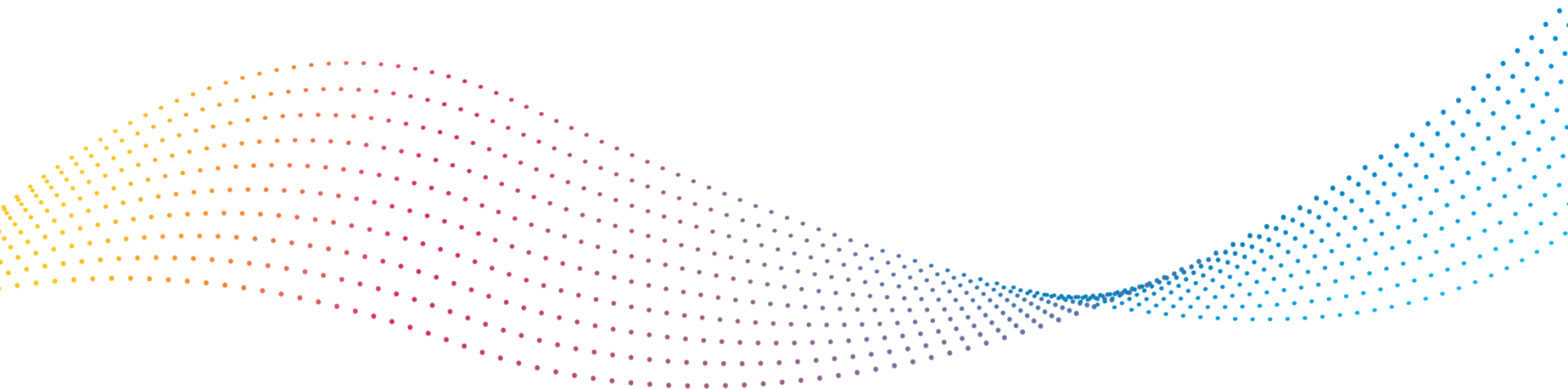
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1. Shippee, Nathan D., and Katherine D. Vickery. "The Complex Needs of Medicaid Expansion Enrollees with Very Low Incomes." *Commonwealth Fund*, 31 May 2018, www.commonwealthfund.org/publications/issue-briefs/2018/may/complex-needs-medicaid-expansion-enrollees-very-low-incomes#4.

2. Tipirneni, Renuka, et al. "Changes in Health and Ability to Work Among Medicaid Expansion Enrollees: a Mixed Methods Study." Journal of General Internal Medicine, Springer US, Feb. 2019, https://www.ncbi.nlm.nih.gov/pubmed/30519839.

3. Miller, Sarah, et al. "Health and Access to Care during the First 2 Years of the ACA Medicaid Expansions: NEJM." *New England Journal of Medicine*, 2 Oct. 2019, www.nejm.org/doi/full/10.1056/NEJMsa1612890.

4. Lewis, Corinne. "The Role of Medicaid Expansion in Care Delivery at Community Health Centers: Commonwealth Fund." *Role of Medicaid Expansion Care Delivery Community Health Centers | Commonwealth Fund*, 4 Apr. 2019, www.commonwealthfund.org/publications/issue-briefs/2019/apr/role-medicaid-expansion-care-delivery-FQHCs.