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Texas Health and Human Services Commission

before the

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Introduction

I am pleased to be with you today to offer testimony regarding the challenges and opportunities of providing comprehensive Medicaid health care services to the aged and persons with disabilities that are dually eligible for Medicaid and Medicare through the STAR+PLUS program.

The Texas Health and Human Services Commission (HHSC) is the state agency responsible for administering the state's Medicaid and Children's Health Insurance Programs.

Texas, like many other states, has experienced considerable growth in our Medicaid program in recent years. The Texas Medicaid program now serves more than 3 million people out of a total population of about 25 million.

The aged and persons with disabilities comprise about 25 percent of Medicaid recipients in the State of Texas and about 58 percent of the state's Medicaid costs.

These clients often have complex medical conditions and frequently need both acute care—hospitalization, outpatient services, laboratory—and long term services provided in the home or community, such as assistance with daily living, skilled nursing, and therapy services.

STAR+PLUS

In the mid-1990s, Texas began to see that the costs of care for the aged and persons with disabilities in Medicaid was rising in part because there was no comprehensive approach to treatment. In response, the state developed the STAR+PLUS program in Harris County Texas in 1998 serving 58,000 clients, half of whom were dual eligibles.

STAR+PLUS now serves 42 counties and over 257,000 persons. By March 2012, STAR+PLUS will serve over 386,000 people in 80 urban counties in Texas. Both Medicaid and Medicare cover more than half of these people, referred to as "dual eligibles." Dual eligibles confront a care system in which Medicare provides their acute care services, with most of their long-term services and supports provided by Medicaid. This bifurcation makes it difficult for either state or federal programs to assess the needs of these clients and address their health care and long-term care requirements comprehensively.

STAR+PLUS addresses this problem by integrating the delivery of acute and long-term services and supports for aged, blind and disabled Medicaid recipients. By increasing appropriate preventive and supportive care in the community, a corresponding reduction of acute care costs is possible. Presently, Texas is able to determine this for the Medicaid only population, as it has all the available data for this population. However, Texas believes that this same savings is achieved for the acute care services provided to the persons in STAR+PLUS that have both Medicare and Medicaid.

A central feature of STAR+PLUS is service coordination. Each STAR+PLUS member, including dual eligibles, has access to a Service Coordinator who is responsible for assessing that person's Medicaid and long-term care needs and ensuring that those needs are met. A Service Coordinator is a clinician or other knowledgeable person that can respond to a person needs to develop an individual plan of care for the person. While not responsible for the provision of Medicare services, the Service Coordinator is able to assist a person to locate a Medicare physician, ensure the physician is aware of the person's needs and services provided by Medicaid.

By providing early intervention or rapidly responding to a person's condition change, STAR+PLUS helps reduce inappropriate and unnecessary emergency room visits, hospitalizations, or placement in a nursing facility.

Cost

In STAR+PLUS, managed care organizations (MCOs) provide all acute and long-term care services through a “full-risk” capitated model. This model combines the responsibility for both the financing and service delivery under one entity and drives a patient-centered management approach to addressing multiple and complex health care needs. MCOs have incentives to coordinate care and services that reduce the costs of inpatient care, over-utilization of prescription drugs, and other expensive categories of health care services. The state balances cost and quality objectives through a system that puts part of the payments to the MCO “at-risk” of payback to the State if certain access to care and health outcome standards are not met.

Studies have shown that STAR+PLUS has improved access to services, reduced duplication, and created a more effective delivery of health care services. STAR+PLUS has stemmed the costs for this population, and established greater accountability for the services delivered to individuals under Medicaid. A recent analysis estimates STAR+PLUS may save up to:

- 22% for in-patient care;
- 15% for acute out-patient care, including emergency room care;
- 15% for non-physician services, ambulatory care, home health, and behavioral health; and
- 10% for long-term services and supports (LTSS).

Quality/Satisfaction

In addition to the cost advantages of the model, the comprehensive approach to care creates opportunities to deliver high quality services to clients and savings several ways. A review of 22 Medicaid managed care studies conducted by the Lewin Group determined that these mechanisms include:

- Improving access to preventive and primary health care by requiring providers to meet standards for hours of operation, availability of services, and acceptance of new patients;
- Investing in outreach and education that promote preventive services and healthy behaviors;
- Providing a "medical home" to an individual as opposed to relying on the patient's ability to self-refer appropriately;
- Providing case management and disease management services;
- Using lower-cost services and products where such services and products are available and clinically appropriate; and
- Enhancing provider accountability for quality and cost-effectiveness.

Access

A key integration feature of STAR+PLUS is improved access to long-term services and supports and the reduction of interest lists for community-based long-term care services in lieu of nursing facility placement. Upon entering STAR+PLUS, any person that is eligible for Supplemental Security Insurance and identified as having the need for long term services is immediately evaluated and a plan of care tailored to that person's needs

is developed. This access is not available in the traditional Medicaid Community-based Alternatives program.

Summary

The STAR+PLUS program has resulted in cost savings to the State and improved access and quality of care for clients. Since 1998 the STAR+PLUS program has demonstrated positive outcomes with regards to access to health care services, quality of care, client satisfaction and cost effectiveness. The STAR+PLUS program has demonstrated the ability to support aged and disabled persons in their communities and produce cost savings for a population that accounts for a disproportionate share of Medicaid costs.

Again, STAR+PLUS:

- Integrates acute care and long-term services and supports.
- Provides eligible persons that qualify for long-term services and supports access to these services without being placed on an interest list.
- Allows flexibility in benefits (can provide non-Medicaid covered services as service substitutions).
- Transfers risk for the cost of health care services from the state to the MCO.
- Facilitates the use of preventive health care and community support services.