The Secret to Achieving Meaningful Medicaid Transformation

It is no secret that the U.S. healthcare system is in need of reform. Healthcare costs in the U.S. account for more than 17 percent of the gross domestic product. Those costs are expected to climb to nearly 20 percent in the near future, making the U.S. healthcare system the most costly in the world. That cost, however, is not necessarily translating into results. Recently, the U.S. healthcare system’s performance ranked worst among 11 of the wealthiest nations. To make matters more complex, total government spending accounts for 35 percent of all healthcare spending in the United States. States recognize first-hand that increasing costs and diminishing returns on outcomes is not sustainable. With Medicaid accounting for nearly 23 percent of total state expenditures, the need to improve the many complex and interconnected aspects of healthcare is now.

States across the country are currently exploring ways to transform healthcare in an effort to meet the “Triple Aim.” The approach adopted by the Centers for Medicare and Medicaid Services (CMS) for achieving healthcare system redesign includes improving the health of the population, improving patient outcomes and experiences, and reducing per capita cost of healthcare. By leveraging existing funding opportunities such as 1115 Waivers or Statewide Innovation Model (SIM) grants, states can create focused strategies that address the needs of their providers, payers, and patients.

In states that have achieved early success leveraging these federal funding options, providers have been a focal point of the transition. States seeking sustainable partnership with providers in this transformation are providing access to timely, substantive data that enhances transparency and encourages participation in proposed risk sharing agreements. Engaging providers with consistent communication and real-time data will likely be a crucial part of any future state’s journey to transform Medicaid delivery.

The following is a discussion of the important steps that can help a state plan for and achieve meaningful and sustainable Medicaid transformation.

Identify your goals and objectives

While it may seem straightforward, clearly identifying targeted and achievable goals and objectives of a Medicaid transformation is essential. Securing executive-level sponsorship from the appropriate state and federal stakeholders is perhaps even more important, and the lack thereof is more often than not, a root cause of failed efforts. With transformations of varying size, complexity, and cost, a clear endorsement from leadership will help relay a commitment to reform while enabling the prioritization of goals and availability of resources to meet those goals. Executive sponsorship is also essential to determine a realistic project scope upfront.

Project fatigue, scope creep, and other numerous challenges may arise. If the project execution team is empowered by an educated, dedicated, and strategically focused leadership, they will be able to leverage an enhanced ability to overcome these challenges. Strong executive sponsorship is therefore essential not just at the project’s inception, but throughout the lifespan of the transformation.

Leadership endorsement can also help support the critical aspect of transformation related to stakeholder engagement. While healthcare transformation must be galvanized by the
Examples of some of the most prominent funding opportunities currently available to states include:

1115 Waivers
- Section 1115 of the Social Security Act gives the Secretary of Health and Human Services authority to approve experimental, pilot, or demonstration projects that promote the objectives of Medicaid and Children’s Health Insurance Program (CHIP). The purpose of these demonstrations, which give states additional flexibility to design and improve their programs, is to demonstrate and evaluate policy approaches. Waivers are usually approved for a five-year period and can be renewed, typically for an additional three years. Demonstrations must be “budget neutral” to the federal government, which means that during the course of the project federal Medicaid expenditures will not be more than federal spending without the waiver. Notably the increasingly popular Delivery System Reform Incentive Payments (DSRIP) program exists within the 1115 waiver.

Statewide Innovation Model (SIM) Grants
- The SIM Initiative is providing financial and technical support to states for the development and testing of state-led, multi-payer healthcare payment and service delivery models that will improve health system performance, increase quality of care, and decrease costs for Medicare, Medicaid, and CHIP beneficiaries—and for all residents of participating states.

1332 Waivers
- Section 1332 of the Affordable Care Act opens the door to innovation by authorizing states to rethink the law’s coverage designs. Under waivers, states can modify the rules regarding covered benefits, subsidies, insurance marketplaces, and individual and employer mandates. States may propose broad alternatives or targeted fixes, but all waivers must demonstrate that coverage will remain as accessible, comprehensive, and affordable as before the waiver and that the changes will not add to the federal deficit.
Once a funding pathway is established, another critical aspect to successfully implementing it is utilizing pilots and galvanizing a group of early adopters who will help serve as a model for successful transformation. This will also help demonstrate some of the early benefits that transformation can bring about and articulate important lessons learned. This is an example of another opportunity for states to utilize policy levels to explicate their vision and demonstrate the broader motivation to move forward into the new world of healthcare.

**Execute an implementation strategy**

Execution often hinges on strong and consistent project management standards. Ongoing project management is critical to maintain progress, move towards stated goals, and achieve outcomes on time and on budget. While project management functions may seem an obvious component of executing a transformation strategy, the structure and strategy for staffing a project team is a more nuanced and critical component. To be successful, states need to first plan for adequate resources. More importantly, resources should be cross-functional and be able to represent the interrelated and foundational components of transformation. For example, the regulatory impact of transformation efforts are often managed as an afterthought. By including regulatory staff as part of the core leadership team, a state can capitalize on the opportunity to fully assess the regulatory frameworks and structures in place, and evaluate what changes may be required to implement successful policy frameworks and decisions.

**Monitor and Improve**

A successful transformation is one that does not end on a certain date, but rather one which continues to drive innovation beyond any program lifetime. The new healthcare ecosystem must incorporate extensive data and analysis from the outset to inform and provide insights into new, innovative practices which will continue to drive solutions to new obstacles.

In such a system, sophisticated intake systems might allow for real-time processing which drive up-to-the-minute reporting solutions, providing an operational expert with the intelligence needed to manage a Medicaid population’s health and cost outcomes. Interventions may be tracked beyond the borders of any single payer or provider network in an integrated system which could track more than the common claims-data fields available today. Budget concerns, return-on-investment, and concerns of fraud might be quickly assessed and the strategy adjusted in real-time to meet targets and set expectations for the future.

**Conclusion**

As states embark on healthcare transformation, choosing the right goals and a strategy to realize these are essential to ensuring the success of such complex undertakings. Those decisions should be largely informed by the savvy use of data at the outset and for the duration of any such effort. With the Triple Aim as the ultimate goal, the shift towards better care and population health at a reduced cost is a continuous one. The transformation of today will inform the goals of tomorrow, and a robust data architecture, from intake to analytics, can power the transformation all the way through to a more sustainable future paradigm.
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