



Managed Care Procurement and Contracting

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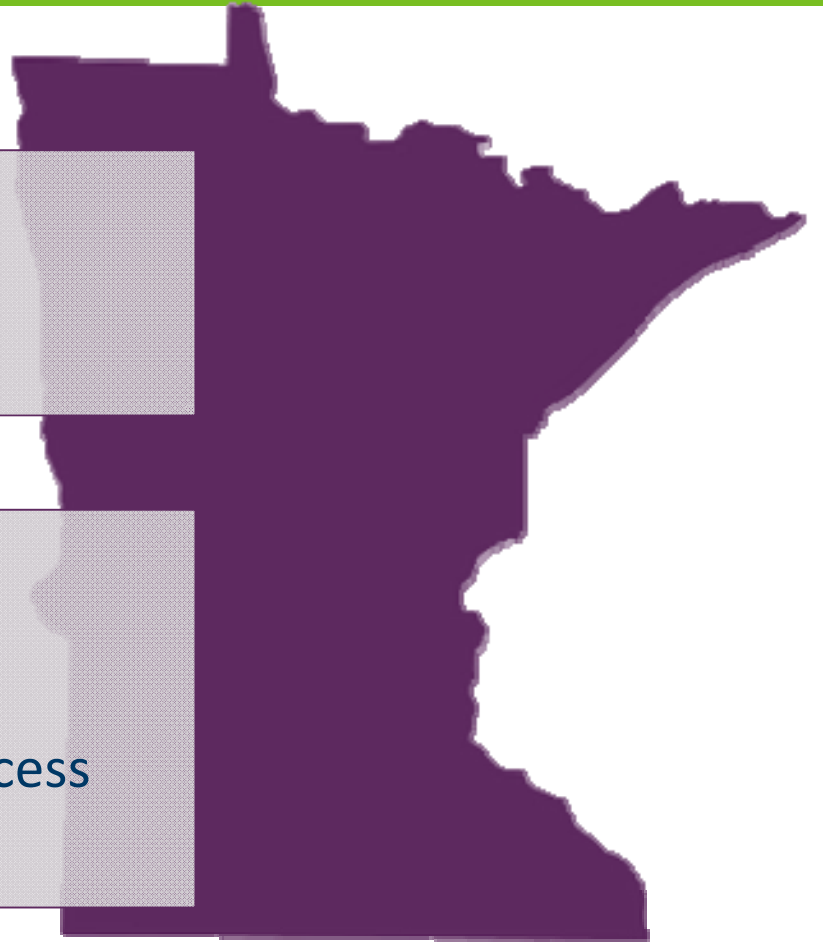
How Minnesota purchases health care for enrollees

Fee for service

- DHS processes claims and pays providers directly

Managed care organizations

- DHS pays managed care organizations (MCOs) to provide benefits to enrollees. MCOs process claims and pay providers.



Managed care organizations

The state contracts with managed care organizations to deliver

- Provider networks
- Payment arrangements
- Care coordination and disease management for complex cases



A high-angle, wide shot of a massive, diverse crowd of people. The crowd is composed of individuals of various ages, ethnicities, and clothing colors, creating a vibrant mosaic of human figures. They are arranged in a circular pattern, with their heads and shoulders visible from above, surrounding a large, solid white circle in the center. The perspective is from directly above, looking down on the assembly.

**About 75 percent of
people enrolled in public
health care programs are
served by managed care
organizations**

Who is covered through managed care?



Families and children

- Greater Minnesota: 348,780
- Metro area: 432,530



Adults with disabilities

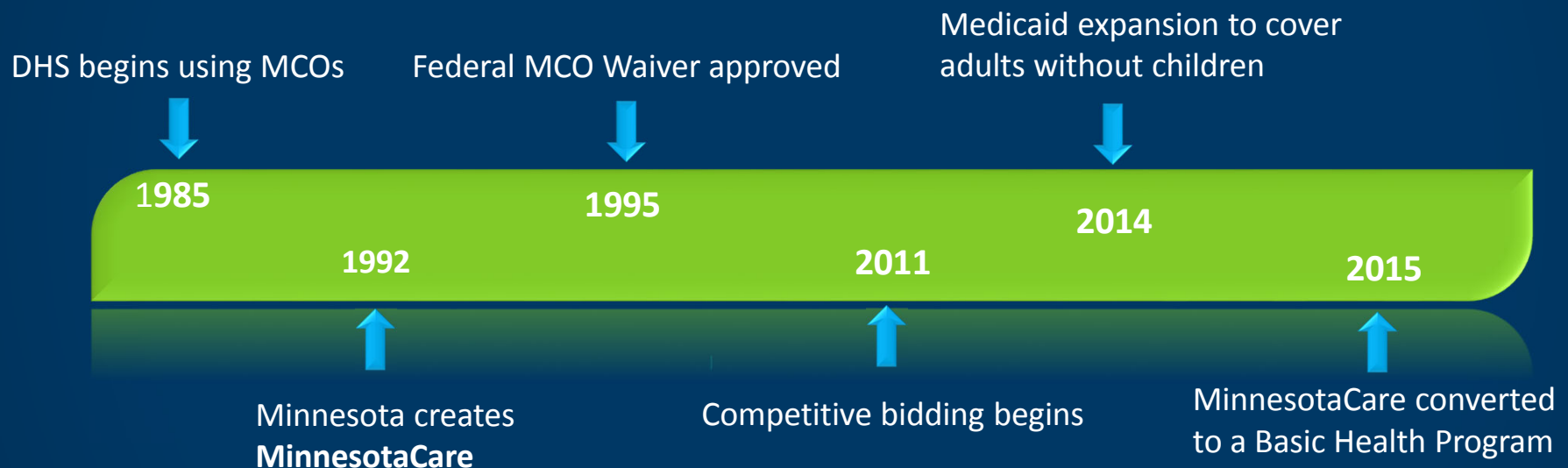
- Statewide: 53,527



Seniors

- Statewide: 55,717

History of Managed Care in Minnesota



What is procurement?

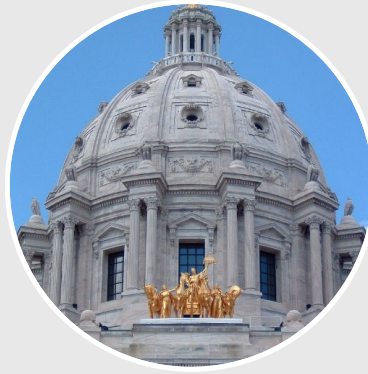
- The process used to determine which health plans participate in the Medical Assistance and MinnesotaCare programs
- Health plans respond to a request for proposals (RFP) issued by DHS
- DHS, the Department of Health and counties score the proposals to determine who will be offered a contract
 - Evaluate quality and service delivery
 - May include price components
- Final decision made by DHS commissioner as the single state Medicaid agency



Why re-procure contracts?



Federal law requires competitive procurement



State law requires re-procurement every five years

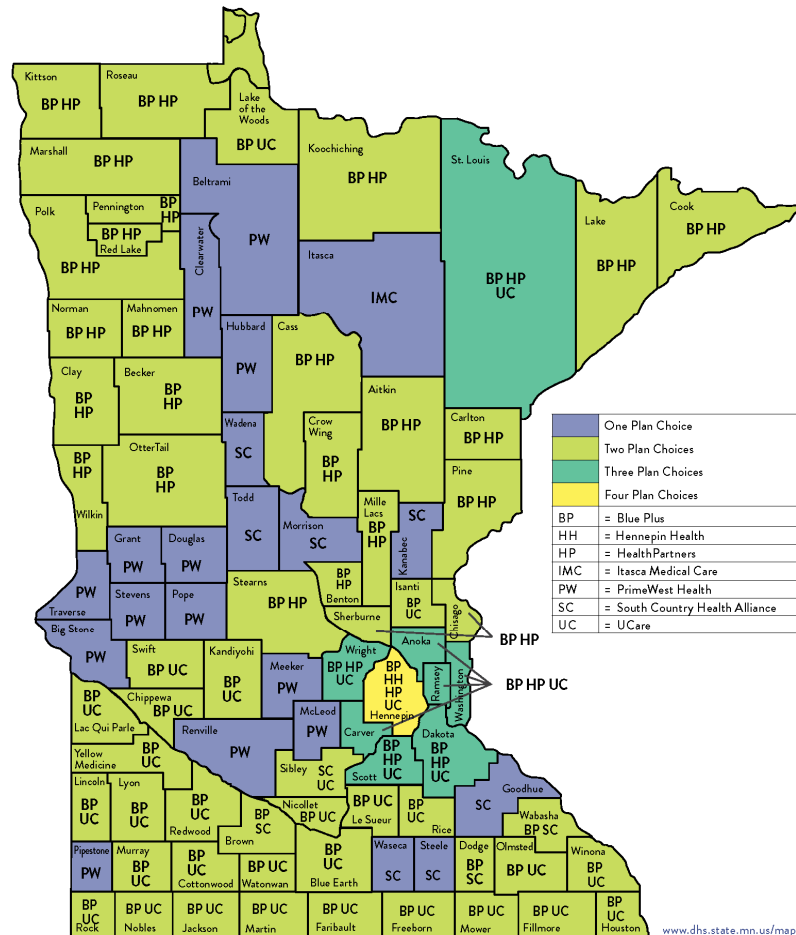


The process ensures the highest quality care for the best value

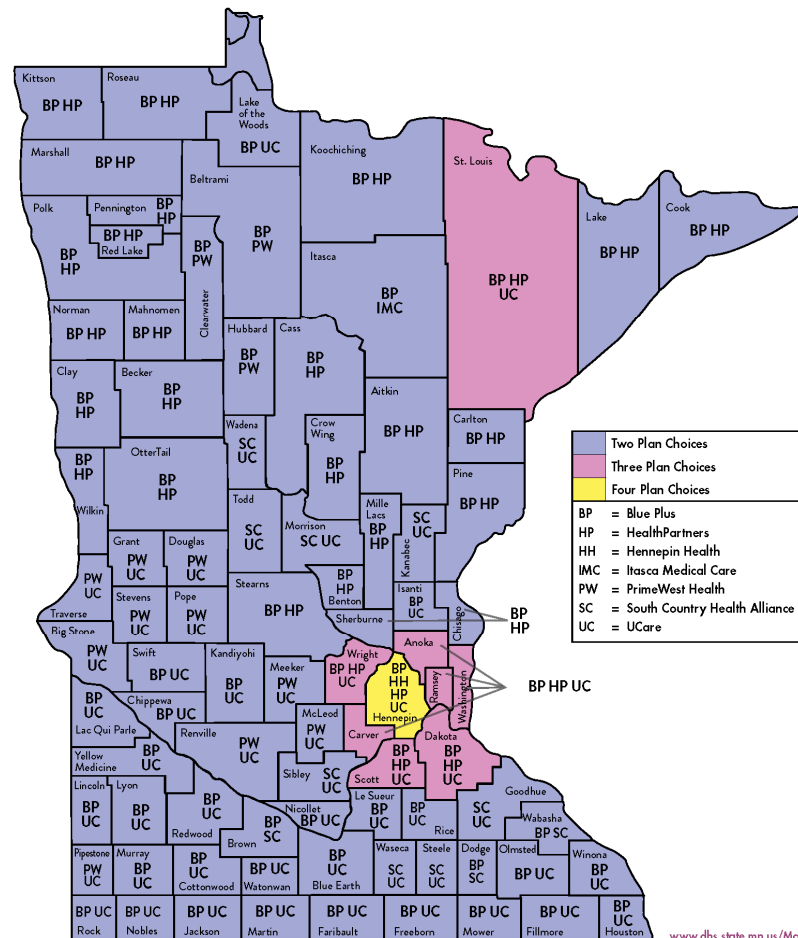


Managed care contracts cost more than \$5 billion annually

Prepaid Medical Assistance Program contracts

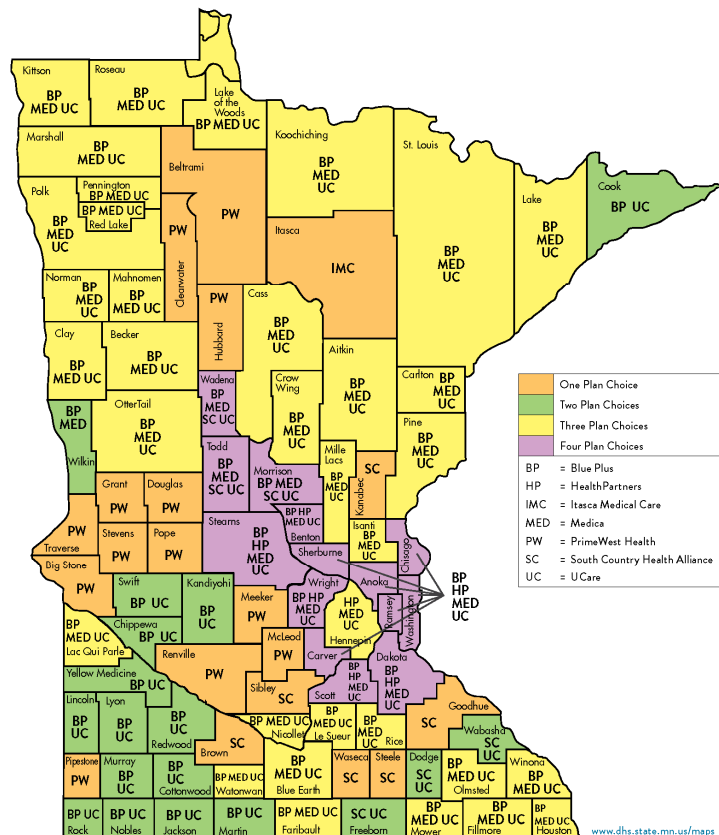


MinnesotaCare contracts



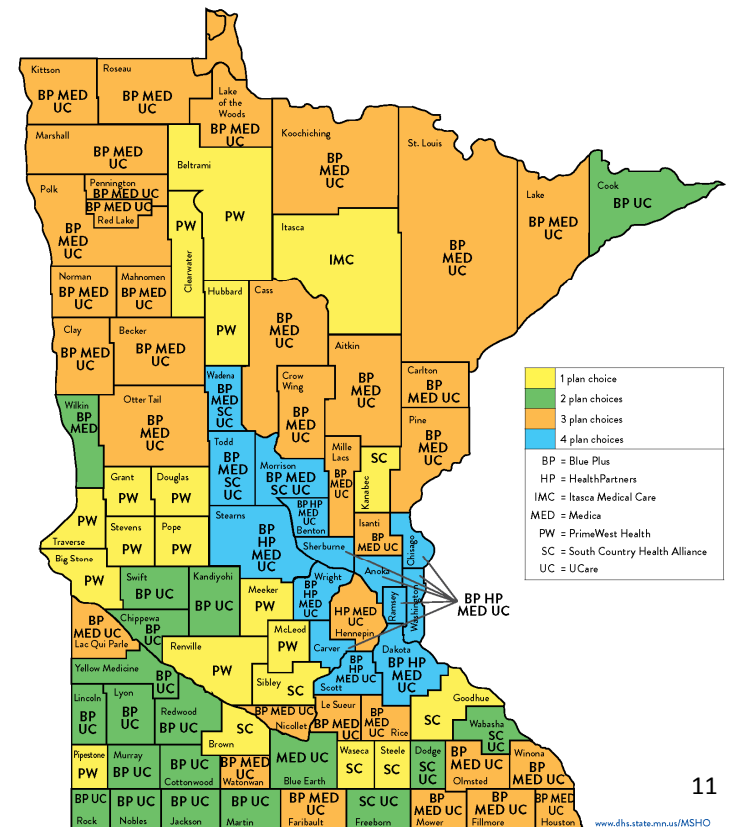
Seniors contracts

Minnesota SeniorCare Plus (MSC+)



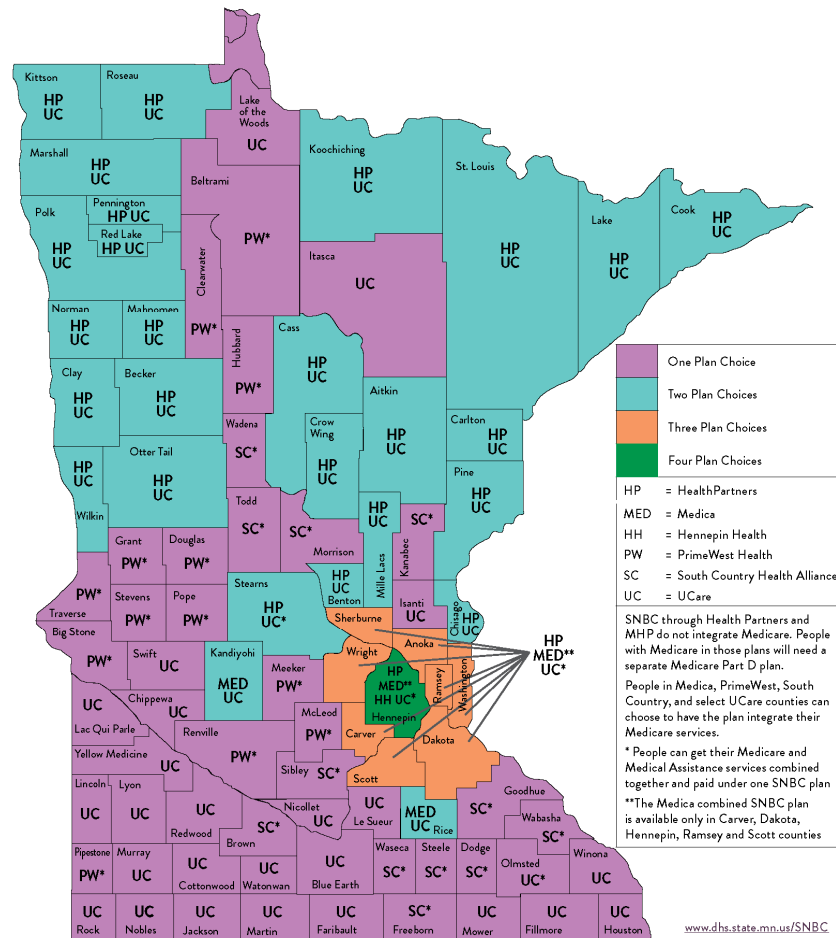
1/15/2019

Minnesota Senior Health Options (MSHO)



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Special Needs BasicCare contracts



Upcoming procurement schedule

- **2019** procurement for **2020** contracts:
Greater Minnesota families and children
- **2019** procurement for **2020** contracts:
Seniors
- **2020** procurement for **2021** contracts:
metro area families and children



Changes in landscape that impact upcoming procurement

- Federal managed care regulations finalized in 2016
 - Strengthened conflict of interest protections
 - Reinforced competitive bidding requirement
 - Prohibit states from requiring specific payment rates to providers except under certain limited conditions and subject to measurement and evaluation.
- State law changes in 2017
 - Minnesota changed state law to allow for-profit health plans to do business in the state.
 - Phasing out certain payments to hospitals that are no longer allowed

Families and Children RFP

- Quality and service delivery proposal has several parts including:
 - ✓ Operational capacity (DHS)
 - ✓ Financial review (DHS/MDH)
 - ✓ Required statements (DHS legal)
 - ✓ County questions (Counties)
 - ✓ State questions (DHS policy)
 - ✓ Quality and program initiatives (DHS)
 - ✓ Network review (MDH and Counties)
- If a price bid is included, it is scored by DHS



Seniors

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 - ✓ Quality and program initiatives (DHS)
 - ✓ Network review (MDH and Counties)
- No price bid



Tentative procurement timeline



Questions?