



MANAGED CARE LANDSCAPE:
CHALLENGES, PERSPECTIVES, AND OPPORTUNITIES
PRESENTED BY JOE RUSSELL



ABOUT ME

- VP of Network Management & Contracting at *Strategic Health Care*
- Network manager of the *Illinois Aging Services Network (ILASN)*
- Spent over six years as executive at *Ohio Council for Home Care & Hospice (OCHCH)* & *West Virginia Home Care & Hospice*
- Built the *Ohio Community at Home Network (OCHN)*- the country's first HH focused CIN
- Former health care lobbyist with a strong background in advocacy
- Live in Columbus, OH with my bulldog Elvis

DISCUSSION POINTS

- **Overview of Managed Care Landscape**
- **Regulatory Changes**
- **Spending & Cost Containment**
- **Demographic Impact**
- **Payment Models & VBC**
- **Hospital Impacts on Post-Acute Care**

MANAGED CARE LANDSCAPE – CURRENT STATE

- **Rapid Growth of Managed Care:** Over 51% of Medicare beneficiaries are enrolled in Medicare Advantage as of 2024.
This shift means agencies must adapt to managed care's growing influence on reimbursement and contract opportunities.
- **Increasing Role of Medicaid MCOs:** In Massachusetts, over 80% of Medicaid enrollees are in managed care plans.
Agencies must understand and navigate MCO requirements for successful Medicaid partnerships.
- **Shift Toward Home-Based Care:** Demand for home care and hospice is rising due to cost containment and patient preference.
This shift is driven by consumer demand showing market forces matter in health care.

MANAGED CARE LANDSCAPE – PROVIDER PERSPECTIVE



Complex Contracting and Authorization: Prior authorizations and varying payer requirements delay care and reimbursement.

Streamlining authorization processes is critical to reduce administrative burden and prevent revenue loss.



Payment Rate Pressures: Managed care often pays less than traditional fee-for-service.

Negotiating fair contract terms and knowing your agency's cost structure are essential.



Regulatory Uncertainty: Frequent policy changes require ongoing compliance and operational updates.

Continuous education and flexible operations help agencies stay ahead of changes.



Managing the MCOs: Juggling the compliance demands of several health plans is difficult.

Leveraging technology, partnerships, and joining a provider network can help alleviate this burden.

MANAGED CARE LANDSCAPE – PAYOR PERSPECTIVE

- **Focus on Cost Containment:** Payors prioritize reducing unnecessary utilization and readmissions.
Demonstrating positive outcomes can help agencies secure favorable contracts.
- **Emphasis on Quality Metrics:** Star ratings and HEDIS measures influence network status and bonus payments.
Agencies need robust data collection and reporting for quality improvement.
- **Interest in Integrated Care:** Payors seek providers who can coordinate across the care continuum.
Building relationships with hospitals and primary care can position agencies as key partners.

MEDICARE ADVANTAGE REGULATORY CHANGES (CMS 2024–2025)

- **Prior Authorization Rules:** CMS requires MA plans to streamline and justify prior auth, with new tracking/reporting rules effective 2024.
Agencies should expect faster decisions but must document medical necessity thoroughly.
- **Supplemental Benefits Expansion:** MA plans can offer non-medical supports, including in-home services.
Home care agencies can partner with plans to offer services beyond traditional Medicare scope.
- **Risk Adjustment Model Updates:** CMS is phasing in new risk models, impacting plan payments and patient targeting.
Understanding these models helps predict referral patterns and revenue shifts.

MEDICAID MANAGED CARE REGULATORY CHANGES – MASSACHUSETTS

- **Estate Recovery Reforms:** 2024 reforms limit estate recovery for Medicaid enrollees, reducing financial barriers to access.
This may increase Medicaid enrollment and utilization of home-based services.
- **Provider Network Adequacy:** New MassHealth standards require more timely access and broader provider networks.
Agencies can leverage these rules to negotiate inclusion and better rates.
- **MassHealth & D-SNPs Alignment:** D-SNPs must now provide robust care coordination, especially for transitions between hospital, home, and long-term care settings.
Agencies can grow by partnering with D-SNPs, One Care, and SCO plans, emphasizing care coordination and outcomes.



MANAGED CARE SPENDING

- **MA Spending Growth:** Medicare Advantage spending is projected to reach \$500B+ by 2025, outpacing traditional Medicare.
Agencies should focus on MA partnerships to capture a growing share of the market.
- **Medicaid Managed Care in Massachusetts:** Medicaid managed care accounts for roughly \$10B in annual state spending (2023).
Cost containment pressures will shape reimbursement and utilization policies.
- **Impact of OBBB:** Congress' One Big Beautiful Bill lowers inflationary projections of Medicaid through a work requirement on Group 8.
State compliance and eFMAP changes could create downward pressure on post-acute reimbursements.
- **Home-Based Care Investments:** Both payors are shifting dollars to home and community-based services (HCBS).
Agencies should highlight cost-effectiveness and outcomes of home-based care.



COST CONTAINMENT STRATEGIES

- **Utilization Management:** Payors use prior auth and care pathways to control spending.
Agencies can reduce denials by adhering to evidence-based protocols.
- **Value-Based Contracting:** Incentives and penalties tied to quality and efficiency are expanding.
Engaging in value-based arrangements can reward high-performing agencies.
- **Network Narrowing:** Payors are forming preferred provider lists to limit costs.
Building a strong track record can help agencies remain in-network.

DEMOGRAPHIC IMPACT TO HOME-BASED CARE

- **Aging Population:** U.S. adults 65+ will reach 80 million by 2040; Massachusetts' senior population is growing faster than the national average.
Agencies must plan for surges in demand for home-based care services.
- **Chronic Disease Prevalence:** Over 60% of older adults have two or more chronic conditions.
Integrated care models are needed to manage complex patient needs at home.
- **Workforce Shortages:** National vacancy rates for home health aides exceed 12% (2024).
Workforce investment is essential to sustain growth and quality.

PAYMENT MODEL INNOVATION – MEDICARE & MEDICAID



Bundled Payments: Medicare’s Home Health Value-Based Purchasing (HHVBP) model expanded nationwide in 2023.

Agencies need to focus on outcomes to maximize performance bonuses.



Shared Savings & Risk: Medicaid ACO pilots in Massachusetts include home care in shared savings arrangements.

Participation can bring new revenue opportunities but also financial risk.



Flexible Payment for Non-Medical Supports: More plans are piloting payments for social determinants of health (SDOH) interventions.

Agencies can diversify offerings to include non-traditional services.



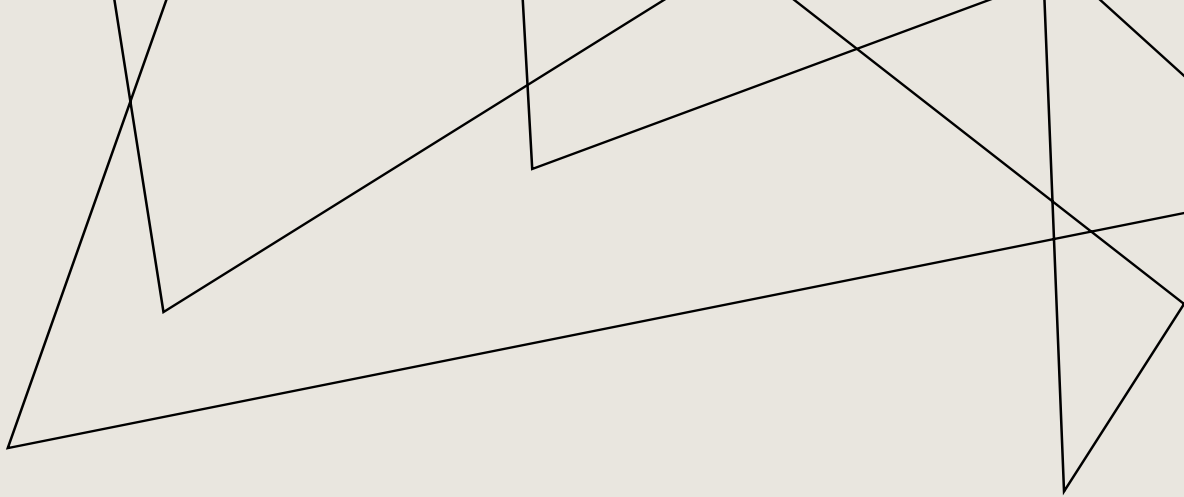
Value-based Contracting: MCOs want to pay providers for managing patients, not for time and task

Agencies can succeed in VBC by working together to produce efficient and predictable outcomes.

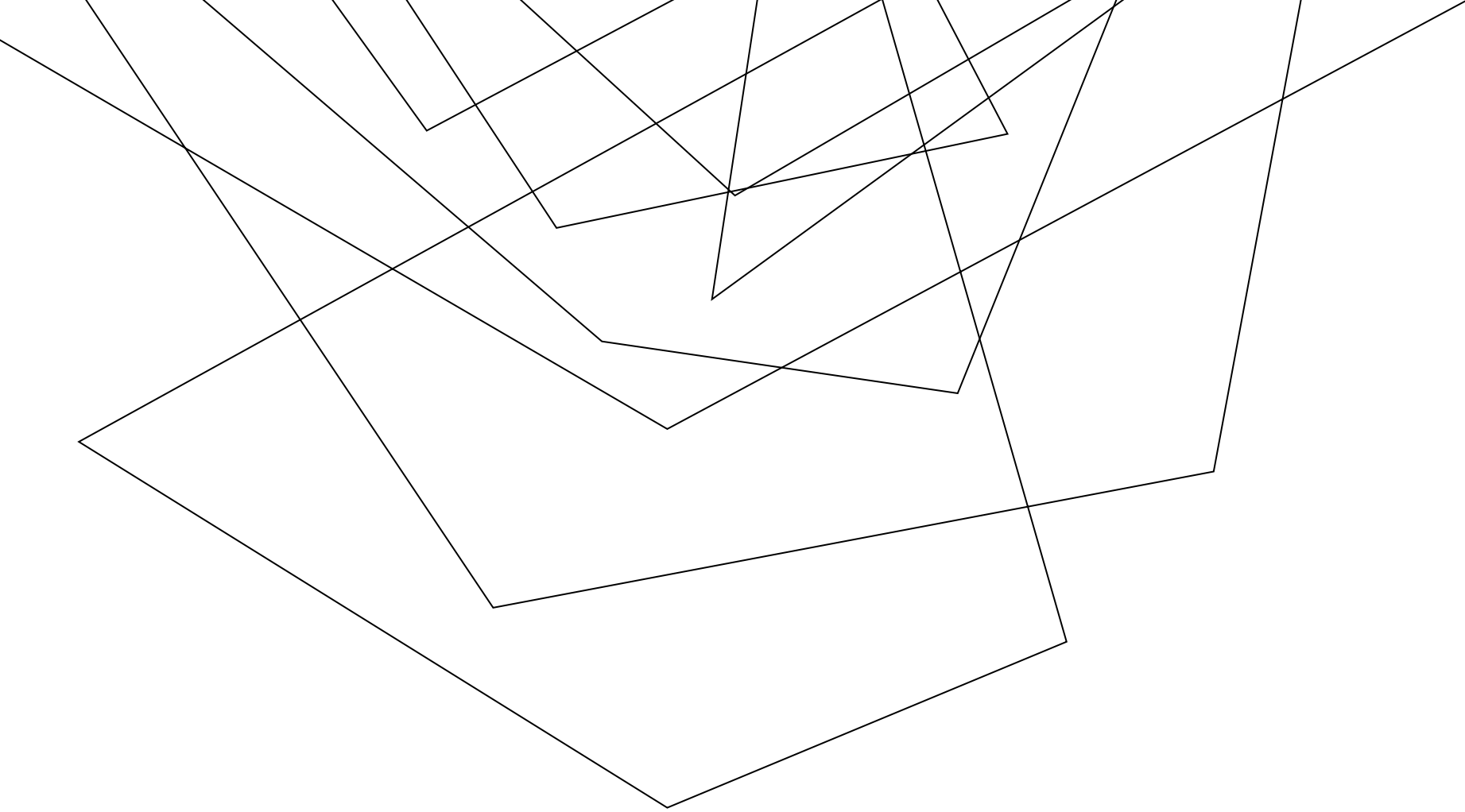
VALUE-BASED CARE IN ACTION

- **Quality Metrics Drive Reimbursement:** Star ratings and other important VBR metrics impact MA plan payments and network status.
Continuous improvement on quality metrics is essential for financial stability.
- **Incentives for Hospital Avoidance:** Both MA and Medicaid reward agencies for reducing readmissions.
Care transition programs and remote monitoring can improve outcomes and payment.
- **Data Sharing and Reporting:** Real-time data exchange with payers is increasingly required.
Investing in interoperable EHRs can streamline reporting and increase payer trust.

HOSPITAL SPENDING & REGULATORY IMPACTS ON POST-ACUTE CARE



- **Hospital Discharge Pressures:** Hospitals are incentivized to discharge patients to lower-cost settings post-COVID.
Agencies may see increased referrals but must be ready for higher acuity cases.
- **Regulatory Push for Shorter Lengths of Stay:** CMS penalties for readmissions encourage faster, safer transitions.
Strong care coordination with hospitals can secure a steady referral stream.
- **Network Alignment:** Hospitals increasingly form and/or utilize preferred networks with high-performing post-acute providers.
Demonstrating quality and efficiency helps agencies join or stay in these networks.



MANAGED CARE PANEL DISCUSSION