

**Executive Board
LB 442
February 1, 2017**

**Calder A. Lynch, Director
Division of Medicaid and Long-Term Care
Department of Health and Human Services**

Good afternoon, Senator Watermeier and members of the Executive Board. My name is Calder Lynch, (C-A-L-D-E-R-L-Y-N-C-H). I am the Director of the Medicaid and Long-Term Care (MLTC) Division within the Department of Health and Human Services. I am here to testify in opposition to LB 442 that will create a Medical Assistance Managed Care Organization Oversight Committee. Before I begin explaining Nebraska Medicaid's opposition to this proposal, I would like to share with you the history of managed care in Nebraska and the careful process done by the Department to implement our new managed care program, Heritage Health.

The Nebraska Medicaid managed care program, implemented in July 1995, initially provided physical health benefits to Medicaid members in three counties. Managed care expanded statewide nearly five years ago. Heritage Health, the state's new integrated managed care program, went live on January 1, 2017. On that date, a total of 225,746 members successfully transferred to their new integrated managed care plan. This program combines the delivery of physical, behavioral, and pharmacy services through a single comprehensive and coordinated system for Nebraska's Medicaid and CHIP members. Heritage Health will lead to not only better health outcomes for our Medicaid members, but also improve the financial sustainability of the Medicaid program in Nebraska.

Prior to implementation, extensive outreach was conducted, reaching out to Medicaid members, providers, and other stakeholders, by our three health plans, our enrollment broker, and the Department. Thousands of individuals participated in town halls and provider orientation sessions held across the state prior to the launch of the program. MLTC continues to hold open provider assistance calls.

These outreach efforts led to a smooth implementation with no significant issues, and certainly no issues that warrant the creation of another oversight committee. Health plans are meeting all call center service levels, and the three health plans have paid a total of 213,841 pharmacy claims and 18,099 professional and institutional claims. One hundred percent of claims have been processed within contractual timeliness service levels.

LB 442 would duplicate existing oversight for the Medicaid program, growing government unnecessarily. In addition to its existing stakeholder advisory groups, external auditors, and federal oversight, it is unclear why a separate legislative entity is needed or why the Health and Human Services committee is unable to provide the necessary legislative oversight of the program. Not only does that Committee have permanent oversight over Medicaid— it also has oversight over managed care. At any time, the HHS committee can call a hearing concerning Heritage Health. In fact, over the interim, I held two briefings to the HHS committee going over implementation of the program and Medicaid's outreach activities.

Nebraska Medicaid has also been very forthcoming and transparent to our stakeholders, including the legislature. MLTC has formed three ongoing advisory groups specifically as it relates to Heritage Health. We have published voluminous resources for providers and other stakeholders including resource guides, fact sheets, FAQs, recorded webinars, and other materials. I have brought with me examples of these documents for your review. They are also available on the MLTC website.

The contracts for Heritage Health require the plans to produce numerous operational and outcome-based performance metrics for everything from the health plans' call center performance time, their claim processing timeliness, to those actual outcome and quality metrics. MLTC has begun publishing daily operational reports from the plans and will have a dedicated transparency website for the program in the near future. New federal regulations also impose significant new oversight requirements for managed care, including the eventual publication of a managed care report card.

In addition to these overarching concerns, I also have technical concerns with the information requested by LB 442 and its feasibility to operationalize. Many terms require further definition or do not seem to relate to usual managed care information. Comparisons of the prior program contracts with the new Heritage Health contracts will be difficult to draw and cannot yield data from which we will be able to draw conclusions due to the differences in services and covered individuals.

To be clear, I do not object to oversight or transparency, and I believe we are holding ourselves to a high standard in that regard. We will continue to work closely with the legislature, the HHS committee, our providers, stakeholders and advocates to ensure the appropriate management of our programs. However, I do oppose LB 442 given its duplication of an existing oversight structure.

Thank you for the opportunity to testify before you today. I'm happy to answer any questions you may have.