Where Are We Going With Medicaid? 11/7/24

David Burda:
Welcome to the 4sight Health Roundup podcast, 4sight Health podcast series for healthcare revolutionaries, outcomes matter customers, count and value rules. Hello again, everyone. This is Dave Burda, news editor at 4sight Health. It is Thursday, November 7th. There's a lot of crazy happening right now, so I'm just gonna stick to the script. On today's show, we're gonna talk about something we rarely talk about on the roundup, and that's Medicaid. We don't talk about Medicaid much for two reasons. One, Medicaid is 51 times more complicated than Medicare, and two, I don't know much about it at all. I have a lazy brain, so I usually stick to topics that I think I know a little about. But that's why we have two people with busy brains and who know all about Medicaid on the Roundup. Dave Johnson, founder and CEO of 4sight Health, and Julie Murchinson, partner at Transformation Capital. Hi Dave. Hi, Julie. How you two doing this morning, Dave?

David W. Johnson:
Mirror, mirror on the wall. What kind of country are we after all, I I'm still trying to wrap my head around these these election results, which were far more decisive in Trump's favor than I ever could have imagined.

Burda:
Yep. I feel the same way. Thanks Dave. Julie, how are you?

Julie Murchinson:
Well, I am at the behavioral health tech conference thank you to Solame and Team, which might just have been one of the best places to be this week. So, you know, people here have been pretty <laugh> pretty open to talking and relating, and, you know, that's been helpful.

Johnson:
Yeah. Just more deep breathing exercises, probably <laugh>.

Burda:
Yep. Tear up that agenda. I know. Exactly. So why don't we skip the icebreaker today, because whatever we talk about will seem small compared with what's happening two days after the election. So let's jump right to the topic, which is Medicaid, based on an equally complicated report from the Kaiser Family Foundation. The report is based on Kaiser's 24th annual survey of Medicaid directors in all 50 states and the District of Columbia. I'm gonna give you some of the top line findings in three areas. One, enrollment in spending, two care delivery, and three priorities for next year. Then I'm gonna ask you for your reactions and takeaways. So here we go. Regarding Medicaid enrollment and spending enrollment dropped 7.5% this year and is expected to drop by 4.4% next year. State spending on Medicaid rose 19.2% this year and is expected to rise 7% next year Regarding care delivery, 34 states and the District of Columbia offered a comprehensive managed care organization for recipients. Eight states offered an MCO and primary care case management. Four states offered primary care case management only, and five states didn't offer either an MCO or primary care case management. And regarding what's up for next year, about half of the Medicaid directors said improving mental health and substance abuse services are top priorities, and about half said they expect new initiatives on social determinants of health and justice involved populations. Dave, that's a lot to take in. Give me your reaction to those top line findings and tell me what else caught your attention in the report and why.

Johnson:

Yeah, <laugh>, well, I first thing I'm wondering is who's handling the mental health for all those state Medicaid directors that respond to this survey? There are minuses and pluses like always on the minus side, costs are up, enrollment down. It's still almost entirely fee for service payment when you cut through it. And that payment is vastly differential and lower than for Medicare and certainly commercial. That creates all kinds of access issues, which have always been an issue with, with Medicaid on the plus side. There's definitely movement toward comprehensive care management programs. So more resources getting directed to prevention and chronic disease management, early detection, that type of thing. Still nowhere near enough. And you know, from our book, Dave, that we believe that the disruptive innovation that's roiling the healthcare system as it currently operates is the democratized and decentralized distribution 3D of Whole Person Health WPH. And we are starting to see evidence of that including in benefit enhancements in, in most states. And as always Medicaid, because it's 51 laboratories, right? If you throw if you throw Washington DC into the mix, it's an opportunity for experimentation. And and I really do believe if we spent our money differently, if we got better balance between health and healthcare, if we did a better job of promoting health, we would need to spend as much money on healthcare. And so you do see that in some of the states. But overall you know, costs up, enrollment down, access still ridiculously difficult in most places. There was a golden moment right after the stimulus bill where we paid low income families with young children more money. And that took we saw the biggest drop in in poverty statistics in the country. We didn't kick anybody off of Medicaid. And so I think we got to see what it was like if we had a modest shift in resources toward helping lower income families adjust to their challenges and the stresses they face. That's all gone now, right? Which, as we're going through redetermination and cutting the, the enrollment down you know, at the state level I think these Medicaid directors have a threshold decision to make, and it varies by state. Are they primarily there to cut or control costs? Are they primarily there to improve the health and wellbeing outcomes for the Medicaid population, or some combination of both? And depending on the state, you fall into different levels of of result for each of those categories. But even in the states that dedicate the most resources to Medicaid, there's still terrible access issues and, and declining life expectancy and very significant death gaps between low income communities and higher income communities. Trying to look forward a little bit. I gotta believe with what looks like you know, Republican dominance in in the federal government that Medicaid is going to be at the center of the table for budget cuts and program redesign. There are opportunities there, but ob obviously great great threats too. That's kind of my over the top <laugh> quick and dirty assessment of where we are with Medicaid right now. The report just kind of lays it out.

Burda:
Yeah. Yeah. I think of those three options you mentioned earlier, I'm afraid it's gonna be number one for the next few years. Thanks Dave. Julie, any questions for Dave?

Murchinson:
Yeah, Dave. So our friends at the Marwood group have already put out you know, kind of mini report on what this Trump victory means to medic and to many things, including Medicaid. They say Medicaid has a wide range of outcomes given the risk to non-federal share of Medicaid funding from a few angles, but a more likely focus on work requirements and other eligibility side issues. State directed payments do not appear to face direct risk. So that's a few words from Marwood. Where do you think some of the biggest risk is from Medicaid now with Trump and the Senate?

Johnson:
You know, the worker requirements issue really does cut against the broader community-wide health of these lower income populations. So that's a risk. I mean, as a country, we already sort of tolerate

unacceptable gaps between the health status of lower income populations and, and higher income populations. So that's a big risk. You also gotta believe with the focus on immigration and deportation, many people that in need of care will avoid getting it until they're absolutely desperate. And that's, you know, exactly the wrong way to go about things. If we had better investment in health, we would not need as much healthcare. And far too many people wait until they're in desperate straits with diseases like diabetes to receive care. And then it's, it's both expensive and too late. So I worry just about that general trend. On the flip side, the report did contain kind of an interesting tidbit on your favorite topic, Julie, GLP one drugs. And 12 states are making them eligible to their Medicaid populations. And that strikes me as a very prudent investment. If indeed controlling obesity reduces longer term levels of chronic disease it's probably a smart trade off, and maybe we'll get some positive evidence there. So anyway, for better or worse <laugh>, I think there's more risk on the table than not, but you know, a few nuggets in there potentially to improve the overall health and wellbeing of the Medicaid populations.

Burda:
That's great, Dave. Thanks. Julie, it's your turn. What's your reaction to those top line findings from the report on enrollment spending care delivery and priorities for next year? And what caught your eye from the report and why?

Murchinson:
Well, we all know enrollment trends have been going down with redetermination and, you know, Medicaid programs like other insurers and other populations are having to raise their payments to providers for long-term care, outpatient behavioral health, primary care, and dental services. So, you know, it's getting more expensive on a per and enroll basis. And Medicaid needs to innovate <laugh>. I was I guess heartened to see that about half the states say they increased inpatient outpatient hospitals this year. Most Medicaid leaders have also, you know, continued a lot of administrative challenges like others in healthcare. Their workforce shortages of their own staff have been quite challenging for them. And they already have lea n funds that have to go farther. So a lot of, you know, bad. There. A few things that caught my eye though. You know, the conservative think tanks and GOP lawmakers and <laugh>, our new administration perhaps perhaps have plans to reduce federal share program costs as Marwood said, and add work requirements. And then I think a lot of people think that these work requirements are gonna come back with a vengeance. So that's, you know, not positive. Like Dave, I tried to look at the bright side. Most states are still working to expand coverage as of, you know, last week and 41 states reported new or enhanced benefits in 24, 38 states said they planned to add or boost benefits in 25. I guess on the bright side, Texas and Nevada were the only two states that reported reducing benefits in 24, but most states said they're gonna continue to prioritize mental health and substance abuse disorder services, and expanding crisis care and pregnancy and postpartum support. I read that pregnancy and postpartum services showed beneficial actions with services like doula services and expansion of other pre and postnatal services. And this just brings me back to what I shared a few months ago about this down East digital group that Amda Robinson's pulled together, and really deep fascinating discussions about midwifery and doula models that engage prenatal and create family focused medical services postnatal. They have much higher engagement due to the cultural fabric that those create. So, just even mentions of, you know, where there is innovation here in Medicaid, I think is, you know, net positive.

Burda:
Yeah, I caught that doula expanded coverage. I, I think that has a lot of potential. So good rundown. Thanks, Julie. Dave, any questions for Julie?

Johnson:
Well Julie, Burda is right. Medicaid is at least 50 times, 51 times more complicated than Medicare. And rather than get even deeper into the granular details of how the states administer Medicaid, I'm interested in your big picture view on providing health and healthcare services to lower income Americans, both in, in rural and, and urban settings. And specifically, can the United States ever achieve its ideal as a fair and equitable nation without giving fair and equitable access to health and healthcare services with equivalent reimbursement and payment service provision to all Americans?

Murchinson:
Yeah, such a good question. You know, when we really step back and look at these issues of equity inequality, like there, healthcare is so downstream of, you know, where these issues really begin. As I think we are all reminded of; of course they're related, but when you think about how we've expanded this discussion in Medicaid about housing and social determinants, and Dave, your term social drivers of health, and you think about even what you were talking about earlier in terms of you know, paying mothers and trying to create some financial security, we should be able to solve for a lot of what healthcare inherits in these issues upstream.

Johnson:
Yeah. And we're just, that's a really great way of putting it, healthcare, inheriting, and that's great language.

Murchinson:
Yeah. We're not, we're not doing it. And, you know, I moderated panel behavioral health tech yesterday on BH and Medicaid, and there are a lot of pretty amazing innovators out there who are trying to make the whole process of Medicaid or accessibility of BH services more available. There's a company, Fortuna Health, that's basically like the TurboTax for Medicaid and trying to get people on more easily and keep them on to avoid the churn, to create more stability. So, you know, healthcare does have its own issues, certainly, where a lot of people fall through the cracks. And we're creating our own inequity, but we've inherited so much.

Burda:
Yeah, and like I said, Medicaid is a rabbit hole for me that I try to avoid. So this was a real education. So I appreciate it. Thanks to both. Now let's talk about other big healthcare news that happened this week. Wasn't all bad. Was it, Julie? What else happened that we should know about?

Murchinson:
So let me read a couple other things I received from this MARWOOD report. They always do such a good job trying to break down where things are and where things might head because of the election this week. And, you know, they talk about you know, the risk that this could create for hospitals and the a CA exchange plans. Not totally surprising, but especially in Texas, Florida and non expansion states in particular. But of course, you know, I expect that MA could see a more positive environment, which I think would make a lot of health plans very happy. So mixed bag. But you know, I suspect that we will see a lot of analysis coming out in the next week.

Burda:
Yeah, it thank you, Dave. What else is worth mentioning?

Johnson:

<Laugh> I don't know, when you, the question to Julie, the first thing that popped into my head was that old quip, you know, other than that, Mrs. Lincoln, how was the play? <Laugh> <laugh>, I, you know, when RFK Jr gave his concession speech, I dunno, whenever that was, six weeks ago, two months ago I think I mentioned it on, on one of our podcasts. I forced myself to listen to it. And there was the normal amount of crazy stuff in there, in the anti-vax and so on. But he did 15 to 20 minutes on the challenge that chronic disease presents to the people of the United States and to our country overall. And he was remarkably articulate and compassionate about that. I guess in the coming weeks, we're gonna find out exactly what his role is going to be in the new administration. I worry that we're in the process of shifting from being the land of the free and the home of the brave to the land of the sick and the home of the frail. And maybe RFK will shine a light on this in a way that, that others haven't, up to this point.

Burda:
Dave, you found the silver lining! That's great. It took almost 20 minutes, but we found it <laugh>. Thank you. Good job. Thanks Dave, and thanks Julie. That is all the time we have for today. If you'd like to learn more about the topics we discussed on today's show, please visit our website at 4sighthealth.com. You also can subscribe to the roundup on Spotify, Apple Podcast, YouTube, or wherever you listen to your favorite podcasts. Don't miss another segment of the best 20 minutes in healthcare. Thanks for listening. I'm Dave Burda for 4sight Health.