



Forge new pathways to Medicaid innovation

Modular, open, and focused on users and services: The new road to savings, efficiencies, and quality care

The U.S. Medicaid program grows in importance as a critical part of the nation's health care and insurance system. Thought leaders in state and federal government—partnering with providers, plans, and beneficiaries—must ensure that Medicaid programs lead the national conversation regarding health care investments, access, performance, and integrity. When Medicaid leaders consider the future of their programs, change is one of few certainties.

Massive changes are underway in how Medicaid programs finance care, manage operations, and procure crucial products and services while sharing and collaborating between other government entities. Responding to changes requires fundamental shifts in the Medicaid operating model, including technologies that facilitate cost savings, performance efficiencies, and improved care outcomes at lower total cost.

These forces are driving a transformation of traditional IT—design, development, implementation—models for Medicaid Management Information Systems (MMIS) that have been used for decades. To succeed in the rapidly evolving Medicaid sector, organizations must adapt to this new reality.

Future solutions will be more interoperable, collaborative, and standardized to improve how the Medicaid community delivers cost-effective, higher-quality care. Centers for

Medicare & Medicaid Services (CMS) funding rules and views on modularity will guide this transformation.

Payment innovation

Health care is shifting away from traditional fee-for-service payment methods (transaction-oriented) toward payment strategies based on quality, population health improvement, and individual outcomes. These new formulas are centered on value-based approaches.

Clinical outcome measures must be included in provider payment determinations to accommodate fundamental changes. Business model shifts move accountability to health care providers, driving substantial, high-impact changes for calculating claims assets and liabilities.

State Medicaid leaders can use analytics to drive payment innovation in several ways. First, they can identify the most significant cost drivers of cost within their Medicaid populations. Three broad areas account for significant systemic excess spending: overtreatment, failure of care delivery, and lack of care coordination.

Second, they can engage providers and Managed Medicaid Organizations through new payment approaches such as Episodes of Care payments. They will continue to seek

improvements in overall health care quality, but actual quality gains are notoriously difficult to measure—and especially hard to document across managed care organizations (MCOs). By understanding and optimizing medical spending for populations, payers gain the potential to quickly, effectively slow growth in medical costs.

To meet objectives, payers need capabilities that support today's changing and innovative payment formulas. Advanced analytics can better link clinical data with outcome-based payment formulas; however, the next-generation solutions will require technical knowledge and business process expertise in Title XIX.

Managed care convergence

Many state Medicaid programs have introduced commercial MCOs to drive cost savings, innovation, and efficiencies. Through capitation payment models, MCOs offer a potential for measurable, short-term spending reductions and greater predictability for aggregate program expenses. Advanced medical management capabilities used in commercial health care could potentially decrease aggregate costs in Medicaid organizations. Additionally, mitigating cost trends help reduce overall medical spending in the long term.

Reaching operational objectives will require more interoperable and secure systems capable of managing eligibility, enrollment, and other activities across large populations and multiple MCOs. State Medicaid staff need solutions that enable financial and quality performance monitoring in multiple MCO environments.

Procurement model changes

At the same time, state Medicaid programs are being challenged by CMS to change their basic procurement models. This CMS initiative gives incentives to states shifting away from the one-source, monolithic solutions that

single vendors have provided for decades to MMIS and fiscal agent needs.

This newer procurement approach incentivizes reusable software as a service (SaaS) and commercial-off-the-shelf (COTS) solutions. It promotes interoperable technologies—ones that use application program interfaces (APIs)—and sharing between states. Moving to COTS and SaaS is an inevitable journey for states; the question now is how to embrace, plan, and acquire solutions in this new procurement model.

By rethinking the procurement model, CMS' intent is for state Medicaid organizations to realize operational cost savings over time—including more flexibility, new functionality, and more innovation. Also, states can forgo complex projects and avoid unpredictable expense. This more flexible strategy greatly reduces risks from design, development, and implementation while giving payers access to more vendor options and innovative technologies.

Medicaid communities can realize procurement efficiencies by embracing multivendor solutions that leverage cloud-native, multitenant, and as-a-service models. Forward-looking leaders are seeking modular solutions that help enable new innovations and business capabilities. As a community, Medicaid leaders should encourage this new approach, including the challenges that come with it.

Collaboration

CMS and Medicaid states are offering incentives for scalable, multistate shared services models to handle core function, population health analytics, and other MMIS modular capabilities. This approach will encourage participation in multitenant environments, reducing needs for customized business processes and technologies.

Collaboration introduces economies of scale, reduces one-time initiation expenses, and lowers long-term operating costs. A shared service model will require greater integration and connectivity, with heightened focus on secure cooperation across organizations. Additionally, new collaboration will require procurement and organizational design shifts to achieve intended benefits.

The Hewlett Packard Enterprise perspective

Medicaid programs need faster pathways to value from their IT investments and roadmaps. These organizations should plan and act now to understand what is required to gain from more open, service- and user-oriented approaches to using technology. To achieve intended benefits, states must seek technology partners that can help them execute within a new paradigm.

To shift away from traditional “Big Bang” design, development, and implementation (DDI) approaches, Medicaid communities need solutions that are focused on business domains and results. They must chart and execute multiple transformation projects in parallel, with specific business results delivered in shorter time increments.

Medicaid organizations are focusing on project scope, reconstituting workflows, and adjusting business processes into plays and modules. They expect to integrate new features and functions; take advantage of new capabilities and services available for their market; scale to support growth; and assume new responsibilities quicker than ever before. Additionally, they need to do it all without risking ongoing operations, reliability, or security.

Historically, Medicaid organizations built and maintained technology on-site. The new collaborative model moves investment from on-premises infrastructure to configurations

that enable businesses to consume services on an as-needed basis. It encourages states to abandon unique, highly customized solutions, and to embrace more standardized processes and technologies. Costly investment-driven refreshes are out. Continuous innovation is in—reducing downtime and accelerating business value.

As procurement shifts from buying IT to configuring and consuming modular services, organizations will focus on reuse through COTS products and SaaS platforms. As a result, the overall focus becomes strategic organizational objectives and how technologies can support them—even if current business practices must be adapted to get the full benefits.

Many of these trends, including modularity and multivendor models, will require technologies that operate seamlessly in a hybrid infrastructure—including traditional IT, public, and private cloud resources. As organizations adopt hybrid architectures, they naturally will eliminate many traditional IT hosting boundaries.

Hybrid approaches require partners with cross-enterprise management and operational capabilities. They work together to support and optimize program results and business processes. States have an opportunity to think differently about buying and deploying software. They can consider how to create and optimize operational platforms and approaches that depend on and take advantage of hybrid environments.

Security is a concern in the multivendor, hybrid future. As infrastructures become more complex and data is dispersed across multiple providers, organizations must work with their technology partners to understand and mitigate sophisticated threats, ensuring patient and information privacy and regulatory compliance.

State organizations need a partner to modernize and transform their Medicaid IT platforms and solutions in multiple ways and roles. Here are some things a partner should contribute to your projects:

- **Business and systems integration**—Brings industry best practices to understand and map business requirements and goals; manages complex IT projects and risks; identifies and ensures success of handoffs; organizes change management; and supports future growth.
- **Medicaid IT modules and components**—Offers highly configurable solution sets designed for convergence in government and commercial health care markets. Offers solution as a set of independent modules or as a pre-integrated set of COTS to deliver consistent experiences and performance.
- **Infrastructure and software options**—Provides expertise to design and deliver hybrid solutions through mix-and-match modules, enabling better management of complex environments.
- **Product testing for emerging solutions**—Supports experimentation with new solutions and products; provides a contractual and technical testing environment for companies with creative, cutting-edge solutions important for state health care goals. Offers a partner with industrialized capabilities for innovative solutions; vets capabilities and performance transparently for state organizations; provides resources to complete development and testing; and helps prepare successful innovations for integration into state organizations' IT and business environments.

- **Legacy system modernization**—Lends experience and capabilities to modernize and transform monolithic, legacy platforms to modular and flexible ones.
- **Operations**—Offers experience and expertise in technologies that support business operations and processes to deliver results. This includes processing claims, enrolling providers, producing information and reports, interpreting data, delivering dashboards, managing appeals, and answering calls.
- **Industrial strength security**—Understands and mitigates sophisticated threats in a multivendor hybrid future environment, ensuring patient and information privacy.

Conclusion

Change is the word most often used throughout the health care industry today; however, it's time to substitute opportunity for change. Rapid advances in technology and procurement approaches give state Medicaid programs opportunities to reduce implementation time for new features and capabilities. The opportunity exists to improve the medical care received by Medicaid beneficiaries and lower costs. The right partners can help Medicaid leaders realize these opportunities while reducing risks associated with change.

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