

accenture consulting

Medicaid Innovation, a Disruptive Reality

How Uncle Sam Became the
Country's Hottest Venture Capitalist

High performance. Delivered.



Since 2009, Federal and State governments have invested nearly \$25 billion in healthcare delivery and payment innovation initiatives targeting low-income and at-risk populations¹—a level not seen since Medicaid was created more than half a century ago. With this investment, payers, providers and local governments are ushering Medicaid into the digital era and leading the charge to reimagine healthcare. New programs, approaches and tools are well on their way to transforming how services are delivered and what citizens expect. By acting now and employing the right vision and strategy, organizations can win the future of healthcare.

A New Era with New Expectations

Medicaid has long been a persistent and steady force behind the introduction and implementation of contemporary payment and service delivery models. It improved infant mortality in the 1970s; advanced aged, blind and disabled care in the 1980s; launched the children's health insurance program (CHIP) in the 1990s; and promoted managed care and hospital value-based purchasing in the 2000s.²

Today, social, economic and societal forces are pressuring Federal and State governments to combat unsustainable increases in healthcare costs while meeting additional obligations. Medicaid spend is expected to outpace inflation over the next decade, growing at an annual rate of 6.0 percent from 2016–2025 and increasing as a proportion of State government budgets, which currently account for almost 25 percent.^{3,4}

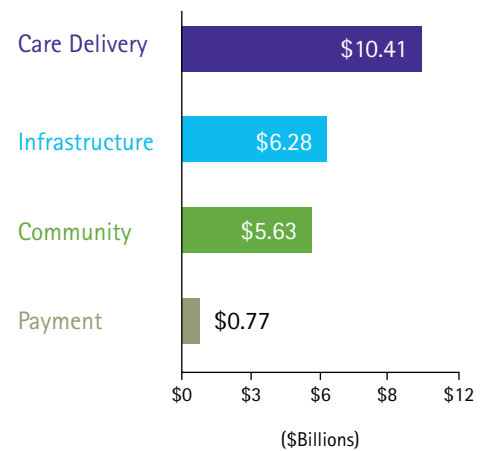
In 2010, the Patient Protection and Affordable Care Act (ACA) raised the stakes, expanding healthcare access to millions of Americans, mandating healthcare coverage and authorizing funding for innovation and experimentation. The profound impact of government-propelled innovation efforts has gone relatively unnoticed—until now.

Following the Money

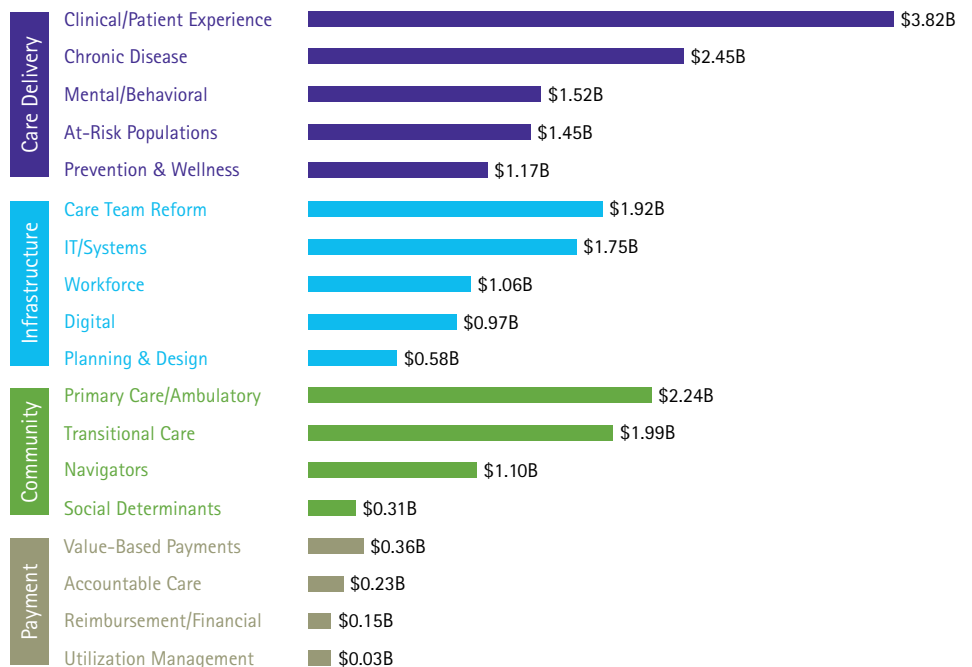
Accenture analysis suggests that Federal and State governments are swiftly answering the call to transform the nation's healthcare by recalibrating priorities under new leadership and investing over \$23 billion in 23 Medicaid care delivery reform programs.

Analysis of this investment reveals disruption in four key areas: care delivery, infrastructure, community and payment.⁵ The Federal government's primary concern is reshaping the way that care is delivered, with particular focus on enhancing and upgrading the nation's healthcare infrastructure and building community-based connections and competencies.

Innovation Investment by Primary Category



Innovation Investment by Secondary Category



Medicaid's Guide to Disruption

Medicaid is incubating and accelerating innovation in several forms: the Centers for Medicare and Medicaid Services (CMS) is funding demonstrations (e.g., Health Care Innovation Awards, or HCIA); state governments are promoting, piloting and prototyping (e.g., State Innovation Models, or SIM); and collaborative partnership arrangements are allowing for local implementation of national priorities (e.g., Delivery System Reform Incentive Payments or DSRIP). These efforts empower stakeholders to find new approaches to addressing social determinants of care.

To further accelerate disruption, CMS reorganized its innovation engine, establishing the Center for Medicare and Medicaid Innovation (CMMI) to lead these bold new efforts. Medicaid Innovation programs are already realizing benefits:

The Ben Archer Health Center in New Mexico expects \$6.3 million in savings over three years by developing a home visitation program for at-risk rural populations. Through \$1.3 million in CMS Health Care Innovation Awards grants, the organization is improving engagement with hard to reach residents by deploying nurse health educators and community health workers to bridge gaps in care and deliver desperately needed case management services.⁶

The University of Pittsburgh Medical Center realized 2.8 percent fewer inpatient admissions, 18.3 percent fewer hospital readmissions and a 160 percent return on investment by identifying high-risk members

with multiple chronic conditions, installing integrated care management teams called Patient-Centered Medical Homes (PCMH) and delivering targeted, holistic care.⁷

In New England, Accenture is helping a leading Medicaid Managed Care Organization improve patient outcomes and reduce the cost of care by piloting a series of Medicaid Innovation initiatives, including digitally-enabled diabetes management, coordinated substance use disorder interventions and maternal and child health improvement.

Expectations of and attitudes toward healthcare delivery have reached unprecedented levels. There is no better time to explore impactful, creative solutions.

Seize the Moment

A new era of innovation is in full swing. Public and private sector organizations have a unique and fleeting opportunity to leverage federal funding to realize and fulfill the Triple Aim of enhanced patient outcomes, improved quality of care and solidified financial sustainability. When it comes to innovating, talk is cheap. Now is the time to act. So how can healthcare stakeholders achieve success today and in the future?

Embrace the digital era

Leading healthcare stakeholders are "digital" businesses that leverage digital sensors, platforms and engagement engines to improve care delivery and enhance the customer experience. But to date, many have only tested digital capabilities. The winners will modernize their approach digitally across the entire enterprise.

Engage in rapid prototyping


Successful innovation requires an intentional, pragmatic approach. The current investment environment gives organizations great opportunity to experiment in low-risk settings. By developing and deploying rapid prototypes and pilots, pioneering organizations can quickly test concepts, learn, pivot and fail fast, where appropriate. Implementing rapid prototyping not only speeds up the product lifecycle, it can also achieve up to 80 percent reduced cost and lead time.⁸

Lean in to government-led trends

Innovating is difficult, particularly amid rising consumer expectations and tight budgets. But if you look closely, the answers to the "how" and the "where" are already there: just follow the money. Government investment signals opportunity not only through financing but also by directing the areas of promise and priority.

Win the Future

The U.S. healthcare system is undergoing rapid change, supported by government investment and ever loftier consumer expectations. The time is now for payers and state governments to act, innovate and capitalize on this new era. Only by being bold can organizations pave the way for a digital era.

Care Delivery	 Disease Management (eg. Asthma, Diabete, CHF)	 Health Needs/ Risk Assessment	 Substance Use Disorder Program	 Maternal & Child Health	 Pharmacy Prescription & Adherence
Infrastructure	 Patient-Centered Medical Homes	 Medicaid-Specific Practitioners	 Physical & Behavioral Health Integration	 Workforce Certification and Licensing	 Patient & Provider/ State Registries
Community	 Navigator Programs/ CHW Services	 High-Utilizer/ 'Frequent Flyer' Program	 Transitional Care Services	 Provider Community Collaboration	 Community Services/ Directory
Payment	 High-Risk Focused ACO	 P4P & Value-Based Contracting	 Utilization Optimization	 Bundled Payment	 Incentives/ Rewards

References

1. Accenture Health Strategy Analysis, Spring 2016.
2. Wachino, Victoria. Speech at the AHIP National Conference on Medicare and Medicaid and Dual Eligibles Summit. Washington, D.C. October 2015.
3. Medicaid and CHIP Payment and Access Commission. "Medicaid's Share of State Budgets." Available at <https://www.macpac.gov/subtopic/medicaids-share-of-state-budgets>.
4. Centers for Medicare and Medicaid Services. 2015. "National Health Expenditure Projections, 2015-2025." Available at <https://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/NationalHealthExpendData/Downloads/Proj2015.pdf>.
5. Accenture Medicaid Innovation Database, 2015.
6. Centers for Medicare and Medicaid Services. "Health Care Innovation Awards Round One Project Profiles." Available at <https://innovation.cms.gov/Files/x/HCIA-Project-Profiles.pdf>.
7. Patient-Centered Primary Care Collaborative. "UPMC Patient-Centered Medical Home Model: Western Pennsylvania." Available at <https://www.pcpcc.org/initiative/upmc-patient-centered-medical-home-model>.
8. Cited in Onuh, Spencer Ojogba and Yahaya Y. Yusuf. (1999) "Rapid prototyping technology: Applications and benefits for rapid product development." *Journal of Intelligent Manufacturing* 10(3): 301-311.

For more information, contact:

Drew Boston
Drew.boston@accenture.com

Michael Kovach
Michael.kovach@accenture.com

www.accenture.com/insightdrivenhealth

Connect with us to learn more on delivering public service for the future on Twitter @AccenturePubSvc.

Or visit www.accenture.com/publicservice

Methodology

Accenture identified and characterized U.S. Federal government funding directed at Medicaid-related programs from 2009 to Spring 2016. The analysis focused on initiatives targeting low-income and at-risk populations, excluding efforts related to Medicare, Medicaid expansion, public health exchanges and EHR/EMR implementation. Programs were sourced and vetted by Accenture, using publically available data from primary and secondary sources.

About Delivering Public Service for the Future

What does it take to deliver public service for the future? Public service leaders must embrace four structural shifts—advancing toward personalized services, insight-driven operations, a public entrepreneurship mindset and a cross-agency commitment to mission productivity. By making these shifts, leaders can support flourishing societies, safe, secure nations and economic vitality for citizens in a digital world—delivering public service for the future.

About Accenture

Accenture is a leading global professional services company, providing a broad range of services and solutions for government in strategy, consulting, digital, technology and operations. Combining unmatched experience and specialized skills across more than 40 industries and all organizational functions—underpinned by the world's largest delivery network—Accenture works at the intersection of government and technology to help clients improve their performance and create sustainable value for their stakeholders. With approximately 373,000 people serving clients in more than 120 countries, Accenture drives innovation to improve the way citizens work and live. Visit us at www.accenture.com.