Technical Assistance Tool | August 2019

# Making the Business Case for CDC's 6|18 Initiative Interventions: Key Considerations

Medicaid and public health team members can work together during all stages of the business case development process to increase efficiency and impact. This tip sheet outlines two core steps to help Medicaid and public health partners work together in developing an effective business case to support CDC's 6|18 interventions to address high-priority chronic conditions: (1) **calculating the expected impact of the intervention**; and (2) **proposing to Medicaid or health plan leadership.**

**IN BRIEF**

This tip sheet provides guidance for Medicaid-public health teams interested in presenting a business case to state or health plan leadership related to Medicaid coverage for an evidence-based intervention under the Centers for Disease Control and Prevention's (CDC) 6|18 Initiative. The business case may seek to justify Medicaid reimbursement for a previously uncovered benefit or present a case for changing or improving existing Medicaid coverage.

## 1. Calculate the Expected Impact of a 6|18 Prevention Intervention

The first step in developing a 6|18 intervention business case is articulating the costs and benefits associated with the proposed policy change. More detailed information on preparing a program cost analysis for a 6|18 Initiative intervention is available in the following brief: ***Conducting a Program Cost Analysis for Medicaid-Public Health 6|18 Prevention Programs***.

### Determine the cost

Medicaid-public health teams can use available data to determine the expected costs associated with making the policy change or covering the new benefit. If possible, state agency staff should aim to identify costs that will accrue in the current fiscal year, as well as those anticipated for future years. These calculations should demonstrate the general magnitude of the proposed change (i.e., is this a big or small change?) by considering factors like the per-person cost of the program/policy and the expected number of individuals impacted. Note that Medicaid agencies may be unable or unwilling to cover a new benefit without a reliable offset in the same fiscal year.

### Identify the potential gains for payers and enrollees

Another important component of an effective business case is a description of the benefits associated with implementing the program or policy change, including those to the payer (either the state Medicaid agency or Medicaid managed care plans) and those to Medicaid enrollees. Benefits to the payer may be financial (if the policy change results in medical or administrative cost savings), but could also include non-financial gains such as:

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more consistency/alignment across health plans and providers; improvement on quality of care indicators; and higher customer satisfaction. Benefits to enrollees may include: more coverage options; fewer access barriers; a more positive interaction with providers; and improved health outcomes.

### Gather evidence for savings

Finally, Medicaid-public health teams may consider should collect data from pilot or demonstration programs and/or examples from other states to quantify expected cost savings associated with the prevention intervention. Two key points to consider:

1. **Determine how the savings will accrue:** It is important to distinguish between a true cost saving measure, in which a policy change reduces current expenditures and can be accurately quantified, and a cost avoidance measure, in which a policy change prevents unknown future costs from being incurred. For 6|18 interventions likely to result in avoided future costs (e.g., preventing unnecessary births, hospitalizations, emergency department visits, etc.), Medicaid-public health agency staff should use existing models — or if none exist, develop their own models when possible — to quantify the expected impact.
2. **Determine where the savings will accrue:** Medicaid-public health teams should differentiate between cost savings that will accrue to the Medicaid program versus to other state/federal programs (for example, 6|18 Initiative interventions that prevent unintended pregnancies may yield savings both to Medicaid and other social service programs). Another important point of delineation is whether savings accrue to the state directly or to Medicaid managed care plans. If an intervention reduces emergency department visits and those visits are included in the per member per month (PMPM) rate the state pays to managed care plans, the savings go to the plan. If an intervention reduces births that are covered by the state directly, the state Medicaid agency reaps the savings.

#### Key Tips for Making the Business Case

- ✔ Involve both Medicaid and public health team members in collecting relevant data, running analyses, and meeting with Medicaid/health plan leaders.
- ✔ Highlight short-term savings that may offset some or all new program costs.
- ✔ Keep Medicaid enrollees at the center of the conversation.
- ✔ When appropriate, get health plans involved in strategizing solutions.

#### Cost Savings vs. Cost Avoidance

**Cost saving measures**: Actions that lower *current* spending levels, resulting in a tangible financial benefit. These reductions are noticeable and quantifiable and can be reflected in a budget.

**Cost avoidance measures**: Actions that avoid having to incur costs in the *future*. These reductions are hard to measure and cannot be accurately reflected in a budget.

## 2. Propose to Medicaid or Health Plan Leadership

The second step in developing a business care for a 6|18 prevention intervention is devising a strategy to "pitch" the business case to the appropriate Medicaid or health plan leaders. Medicaid-public health teams should consider presenting to leadership in person with both Medicaid and public health representatives in the meeting to demonstrate the proposal's cross-agency support.

## State Medicaid Agency

As noted above, the state Medicaid agency should be the target audience for the business case pitch if the state directly pays for or manages the health condition/benefit in question. For an intervention likely to result in overall cost savings, Medicaid-public health teams should consider pitching the change as a "budget savings initiative" instead of a new or expanded benefit. Reframing the proposal in this way will likely resonate with Medicaid leadership: they will immediately understand that the policy change will help control Medicaid costs, not expand them.

To prepare for the meeting with Medicaid leaders, teams should prepare a set of persuasive talking points and print out one-page fact sheets that clearly and succinctly describe the intervention and its short-term financial and non-financial impacts. Teams should also have more in-depth analyses and calculations on hand if requested.

## Managed Care Organizations

If the policy or benefit change affects the package of services covered by Medicaid managed care plans, Medicaid-public health teams need to determine whether the change will affect plans' PMPM rate. Rates will likely increase if the intervention costs more than it saves. If the intervention produces cost savings or is cost neutral, rates may remain unchanged. Actuaries working with states and Medicaid health plans will carefully review proposed rate changes and accompanying data to ensure that new rates are "actuarially sound" — meaning they appropriately cover all services defined in the contract.

### The Actuaries' Perspective: Factors for Determining PMPM Rate Changes

- Accuracy and reasonableness of the rate filing estimates and accompanying information
- History and past examples
- Enrollee characteristics (age, gender, cultural preferences, geography, disease prevalence, etc.)
- Delivery system features (integrated vs. uncoordinated, payment structures, provider incentives, program maturation timeline, etc.)
- Health plan features (size, mission, etc.)

In some instances, the intervention may have negligible cost implications, but require a change in procedure from health plans. For example, Medicaid-public health teams may be looking for health plans to remove prior authorization requirements for tobacco cessation medications or services, which can impede enrollees' access to care. In a case like this, Medicaid-public health agency staff should consider describing the current problem and desired outcome to health plan leadership, without getting too prescriptive about the best solution. Health plans may be amenable to changing the status quo, but will likely want some say in how to get there.

### ADVANCING IMPLEMENTATION OF THE CDC'S 6|18 INITIATIVE

Through support from the Robert Wood Johnson Foundation, the Center for Health Care Strategies, in collaboration with a number of partners, is coordinating technical assistance to facilitate state Medicaid and public health implementation of the Centers for Disease Control and Prevention's (CDC) 6|18 Initiative. The CDC's 6|18 Initiative promotes the adoption of evidence-based interventions that can improve health and control costs related to six high-burden, high-cost health conditions — tobacco use, high blood pressure, inappropriate antibiotic use, asthma, unintended pregnancies, and type 2 diabetes. For more information and additional resources, visit www.618resources.chcs.org.