

Getting the Most Out of Medicaid MCO Procurements

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Key Advantages of Using the Procurement Model

- The vast majority of states contracting with Medicaid health plans do so through a competitive procurement process. Key objectives of these procurements are to 1) raise the quality of the health plans serving a state's Medicaid population, and 2) avoid inundating the beneficiary population with a dizzying array of choices.
- As an example, more than 150 Medicare Advantage plan options are available in Illinois (counting different benefits/premium product options, but not counting Special Needs Plans, Part D Plans, etc.). Conversely, Illinois' Medicaid agency contracts via procurement with 7 Medicaid MCOs, with each entity offering a single benefits package.
- Coupled with mandatory enrollment, Medicaid MCO procurements create strong economies of scale for the selected health plans, while maximizing the degree to which the government's premium dollar is focused on serving rather than selling. (Minimal marketing is allowed in the Medicaid managed care arena.)
- The remaining slides offer suggestions regarding how states can optimally access the intended objectives of their Medicaid MCO procurements. We also discuss the challenges that states and MCOs have experienced with many procurements – particularly at the protest stage – and offer suggestions for preventing and mitigating the unwelcome “side effects” that can arise.

A Key State Procurement Opportunity Involves Prioritizing What the Competition Will Be About

- Through the Request for Proposal (RFP) process, states have control over:
 - a) the baseline minimum requirements for the upcoming contract term;
 - b) the questions the applicants will respond to;
 - c) the number of points associated with each question and the scoring criteria;
 - d) the number of MCOs that will be selected (by geographic region or statewide); and
 - e) how persons who do not select a health plan will be auto-assigned among the MCOs.
- States can leverage the RFP in ***all*** the above areas to push their Medicaid program northward in the areas that are most important to them.
 - Address known “pain points” in the current program
 - Catapult progress towards specific objectives (e.g., improving birth outcomes, tracking health disparities and making progress against them, etc.)
- For MCO applicants, the opportunities and threats associated with these Medicaid procurements are enormous. MCOs typically compete aggressively and creatively in accordance with whatever terms/priorities the State establishes.

A Few Specific Suggestions for States to Improve Their RFP Process and Plan Selection Outcomes

- **Scoring Rubric:** Create meaningful scoring differentiation opportunities, especially in the priority areas. If plans are mostly getting the same score as one another on the state's most important questions, something has probably gone awry with the scoring design and/or with the evaluation team's scoring. The whole point of the procurement is to identify and reward the superior features and proven capabilities -- not deploy scoring that mashes all the applicants' responses too closely together.
- **Concrete Commitments:** We encourage structuring the questions to identify the MCOs' clear commitments that are above the contract requirements threshold, to strongly reward valuable commitments (and where possible, proven accomplishments tied to these commitments), and to *avoid rewarding* non-commitments and not-quite commitments. It is useful for evaluators to be "weasel word watchdogs."
- **Page Limits:** We have more often felt a state-established page limit is too short rather than too long. Most questions now have multiple parts; there needs to be adequate page limit room to address each component well. The competition should revolve around actual features – not around which entities can be most concisely and/or creatively cram more content onto each page.

We Encourage States to Retain Some Latitude Regarding Number of MCOs Selected

Two hypothetical scoring outcomes are presented below (which are identical other than Plan D's score). If a state locks itself into taking 3 MCOs, it will not be able to partner with Plan D under Scenario 1, despite there being minimal differentiation among the plans ranked 2nd through 4th. Similarly, if a state locks itself into taking 4 MCOs, in Scenario 2 it would partner with Plan D, despite this plan being far behind the 3rd ranked applicant and much closer to 6th.

Scenario 1

Plan A: 560 points
Plan B: 532 points
Plan C: 528 points
Plan D: 526 points
Plan E: 408 points
Plan F: 402 points

Scenario 2

Plan A: 560 points
Plan B: 532 points
Plan C: 528 points
Plan D: 411 points
Plan E: 408 points
Plan F: 402 points

These dynamics argue for states to maintain some flexibility regarding the number of MCO awardees (e.g., at least 3, or 3-5) and then make a final determination based on what each applicant has offered.

Overcoming Procurements Challenges -- Protests

- MCO protests, filed once the initial awardees have been announced, have become increasingly common. In too many cases, these protests have thrown a procurement into disarray.
- In past years, protest psychology among non-awardees seems to have often shifted:
 - Previously: “Let’s look at the evidence to see if there are any appropriate grounds for filing a protest.”
 - Currently: “Let’s protest using whatever grounds we can identify.”
- We cannot just eliminate protests -- it is important that a clearly wrong verdict be able to be remedied. However, we encourage states to explore the following avenues (and to conceptualize other potential solutions):
 - Minimize disqualification potential around issues that are not relevant to which applicant is legitimately offering the strongest set of features. Plans should be able to remedy minor submission mistakes (or at worst be levied a minor reduction in their technical score) rather than face disqualification.
 - Require a significant fee for filing a protest (e.g., \$2 million), which will be refunded only if the protest is upheld. The filing fee could perhaps vary based on whether an entity is a for-profit or a not-for-profit entity.
- However it is achieved, there needs to be a much greater cost to the MCOs to dissuade them from adopting a “throw everything at the wall and hope something sticks” protest strategy.

Continuity of Care and Care Coordination

- Procurements can also disrupt continuity of care and care coordination when an incumbent MCO is displaced.
 - This is particularly concerning for high-need enrollees and subgroups (e.g., dual eligibles), where lasting provider relationships, case manager relationships, care plans, interdisciplinary care teams, etc. are often in place.
- Potential ways to mitigate these challenges are listed below.
 - Include questions in the RFP regarding how the MCO will support continuity of care for new enrollees, as well as how it will support continuity of *care coordination* for any MCOs displaced as a result of this procurement. To what extent will a new entrant commit to preferential hiring of case managers and care coordinators from an exiting MCO, for example? To what extent will an MCO permit continuity of care for non-network providers that extends beyond the minimum contract requirements?
 - Create a process to assign enrollees from an exiting MCO to the awardee MCO that provides the most continuity with regard to its provider network, care coordination team, etc. Also create a process for an enrollee of an exiting plan's claims history, care plan, interdisciplinary care team, etc. to be shared with the enrollee's new health plan.
 - Allow a non-awardee MCO to retain certain existing enrollees (but not enroll new members).
- Notwithstanding the continuity issues, it is important for a state to be able to replace a poorer offer with a better one.

5 Slide Series Overview

Our 5 Slide Series is typically a monthly publication whereby we briefly discuss/address a selected topic outside the confines of our client engagements. The Menges Group has developed a variety of datasets that we use to support our 5 Slide Series and client projects.

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