

### MODEL OVERVIEW

The Financial Alignment Initiative (FAI) aims to provide individuals dually enrolled in Medicare and Medicaid with a better care experience and better align the financial incentives of the Medicare and Medicaid programs. CMS is working with States to test two integrated care delivery models: a capitated model and a managed fee-for-service model.

South Carolina and CMS launched the Healthy Connections Prime (HCP) demonstration in February 2015. The demonstration has been extended multiple times and is currently anticipated to continue through December 31, 2023.

#### Key Features of the South Carolina Demonstration

- Uses the capitated model based on a three-way contract between three Medicare-Medicaid Plans (MMPs), CMS, and the State to finance all Medicare and Medicaid services.
- HCP serves beneficiaries age 65 years or older and living in the community at the time of enrollment.
- Each MMP provides care coordination and plan-specific home- and community-based services (HCBS) flexible benefits, such as respite, personal care, and safety equipment.

### PARTICIPANTS



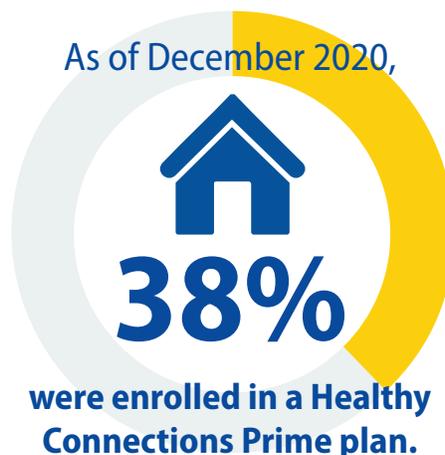
#### MEDICARE-MEDICAID PLANS

- As of January 2021, HCP operated in 44 of the 46 counties in South Carolina.
- Three MMPs contract with a network of Medicare and Medicaid providers to meet their enrollees' needs.
- MMPs partner with the State Department of Mental Health for behavioral health services.
- Enrollees receive a comprehensive assessment of medical, behavioral health, long-term services and supports, and social needs.
- Care coordinators assist enrollees to obtain the services on their care plans.



#### BENEFICIARIES

As of December 2020,



were enrolled in a Healthy Connections Prime plan.

15,933 of the total 41,799 eligible Medicare-Medicaid beneficiaries were participating in the South Carolina demonstration.

### FINDINGS



#### IMPLEMENTATION

- MMPs successfully **began operations in five additional counties** from January 2018-January 2021.
- **Care coordination was a key reason for high satisfaction** among 2021 beneficiary interview participants.
- **Competition from Medicare Advantage** plans was **an area of concern** affecting MMP enrollment.
- **Robust stakeholder engagement** continued to be a key feature of the demonstration.
- Among the three MMPs, the percentage of the Consumer Assessment of Healthcare Providers & Systems respondents who rated their health plan as a 9 or 10 **increased overall from 2017 to 2019**.

### FINDINGS *(continued)*



#### MEDICARE & MEDICAID EXPENDITURES

Regression analyses of the demonstration impact on Medicare Parts A and B costs, relative to a comparison group, found **no cost increases nor savings** cumulatively over demonstration years 1–3. In demonstration **year 3, the demonstration resulted in increased Medicare costs** of \$54.45 per member per month.

Regression analyses of the demonstration impact on Medicaid total costs of care (TCOC), relative to a comparison group, found **statistically significant increases in costs** of \$107.95 cumulatively over demonstration years 2–3. In demonstration **year 2, the demonstration resulted in increased Medicaid costs** of \$147.41 per member per month.

#### Monthly demonstration effect on Medicare Parts A and B costs & Medicaid TCOC, by demonstration year

Demonstration Period	Average Demonstration Effect on Medicare Expenditures, PMPM	Average Demonstration Effect on Medicaid TCOC, PMPM <sup>1</sup>
DY 1 (Feb 2015–Dec 2016)	-\$30.74	N/A <sup>2</sup>
DY 2 (2017)	\$39.90	\$147.41*
DY 3 (2018)	\$54.45*	\$67.10
Demonstration period (cumulative)	\$15.35	\$107.95*

DY = demonstration year; N/A = not available; PMPM = per member per month; TCOC = total costs of care

\*p<0.05.

<sup>1</sup> We account for differences across states in Medicaid eligibility, payment rates and services covered by controlling for individual-level Medicaid eligibility categories and area-level averages in Medicaid spending and utilization in the regression models.

<sup>2</sup> Estimates for demonstration year 1 were not calculated due to incompleteness of the capitated payment data in the Transformed Medicaid Statistical Information System (T-MSIS) for South Carolina in 2015 and 2016.



#### SERVICE UTILIZATION AND QUALITY OF CARE: Demonstration Years 1 through 3 (2015–2018)

Favorable Results	Unfavorable Results
<p>↑ Increased monthly number of physician evaluation and management visits</p> <p>↓ Decreased monthly inpatient admissions</p>	<p>↑ Increased annual probability of any long-stay nursing home use</p>

- There were no demonstration effects on emergency department (ED) visits, skilled nursing facility (SNF) admission, preventable ED visits, ambulatory care sensitive condition (ACSC) admission (overall and chronic), 30-day all-cause readmissions, or 30-day follow-up after mental health discharge.

### KEY TAKEAWAYS

Three MMPs participated in HCP in 44 of the State's 46 counties. Although the HCP demonstration faced challenges, stakeholders generally had favorable opinions about the demonstration and had a desire to have the demonstration continue. Beneficiary satisfaction during the report period was also high. The demonstration had mixed results on service use, no impact on Medicare costs relative to a comparison group cumulatively over the three years, showed increased Medicare costs in year 3, and showed increased Medicaid costs cumulatively over years 2 and 3 and in year 2.