Washington State Health Care Authority

Governor's Indian Health Advisory Council Brief
Indian Managed Care Entity

Federal Option and Navajo Nation Proposal

Background

Federal law authorizes state Medicaid programs to contract with managed care entities (such as managed care organizations), including Indian Managed Care Entities (IMCEs) (see 42 U.S.C. § 1396u-2(h) and 42 C.F.R. § 438.14). An IMCE is a managed care entity that is controlled by the Indian Health Service (IHS), a tribe, a tribal organization, or urban Indian organization, or a consortium of any of these. Unlike other managed care entities, an IMCE may restrict enrollment to American Indians and Alaska Natives (AI/ANs) in the same manner as Indian health programs may restrict the delivery of services to AI/ANs.

Fee-for-Service

In Medicaid fee-for-service, health care providers enroll directly with the state Medicaid agency and submit claims directly to the state Medicaid agency for payment. The state pays claims at the applicable rate in the state's fee schedule for services that are covered by the Medicaid fee-for-service program. The Washington state Medicaid fee-for-service program currently covers the following care coordination services: primary care case management (currently paying Indian Health Care Providers $3.00 per person per month for those clients enrolled in the program), health home services (for which clients must have multiple health conditions), and substance use disorder-related case management services.

Managed Care

In Medicaid managed care, the state pays a monthly premium to the managed care organization (MCO), which is a type of managed care entity, for every client enrolled with the MCO, and the MCO is financially at-risk for providing all of the managed care-covered services to Medicaid beneficiaries. The amount of the monthly premium for different Medicaid beneficiary groups is determined by an actuary using the previous years' costs of providing care to that group and estimates of cost increases. For example, in 2016, the premium amount paid to MCOs for the Medicaid blind/disabled and Community Options Program Entry System (COPES) groups (the highest premium groups) was $904.29 per month. If an MCO has 100,000 enrollees at these rates, the MCO receives $90,429,000 per month.

With those premiums, MCOs pay for all medically necessary health care services included in their contract with the state. MCOs negotiate rates with providers, which may be more than the rates in the state Medicaid fee-for-service fee schedule and which may include alternative payment arrangements, such as monthly fixed rates. MCOs may also use those premiums to pay for additional services (these are called value-added services), which are not covered by the state Medicaid program. MCOs enroll providers, making sure the providers are appropriately licensed or certified. MCOs manage risk and ensure the medical necessity of health care services using various authorization policies. MCOs then pay claims for health care services that qualify for Medicaid coverage (or that qualify under the MCOs' value-added benefits).

[IMCE] ALLOWS US TO PUT NAVAJO CULTURE IN HEALTH CARE. WE DON'T WANT SOMEONE ELSE TO DO IT FOR US. WE WANT TO BE CALLING THE SHOTS.

Manley Begay, Board Chairman
Naat'aanii Development Corporation,
a Navajo Nation-owned Section 17 corporation

Benefits of IMCE from Tribal Perspective

Through an IMCE, tribes and other Indian health care providers have the ability to make policy decisions over how the premium funds are used to pay for health care services with a focus on AI/AN enrollees. Specifically, an IMCE is able to:

- Be a purchaser of all Medicaid-covered health care services for AI/AN and non-AI/AN enrollees;
- Negotiate rates with providers as needed to ensure access to Medicaid-covered services for AI/AN and non-AI/AN enrollees;
- Develop incentives to encourage providers to learn culturally-appropriate and historic trauma-informed skills;
- Cover health care services that are not covered by Medicaid;
- Develop financing strategies to support traditional healing in tribally-determined, culturally appropriate ways;
- Offer Medicaid managed care services in multiple states for AI/AN and non-AI/AN enrollees;
- Offer Indian-controlled non-Medicaid health care plans covered by the IHS Purchased and Referred Care Program.

Navajo Nation IMCE Proposal

In February 2018, the Navajo Nation proposed an IMCE to the State of New Mexico Medicaid agency. The IMCE would be the Navajo MCO, majority owned by the Navajo Nation and minority owned by Agilon Health, Inc., an MCO based in Delaware. Since then, Agilon Health has been dropped, replaced by Molina Healthcare – one of the five MCOs participating in the Washington Medicaid program. The Navajo Nation Council is actively considering the current proposal.

The Navajo MCO would prioritize prevention and wellness, case management and care coordination, and customized programming to mitigate health disparities by addressing individual and community health needs on Navajo Nation. According to New Mexico, a Navajo MCO could generate up to $470 million per year if 70,000 people enroll in the plan. The proposal anticipates starting with the New Mexico Medicaid program and then expanding to the Arizona and Utah Medicaid programs.

Some benefits of the Navajo MCO include:

- Managed care benefit program designed with input from tribal leadership and community;
- Contracts with IHS, tribal 638 facilities, and other Indian health care providers that reflect an understanding of Indian health care and health care needs;
- Value-added benefits such as traditional healing and massage therapy;
- Culturally appropriate care coordination;
- Required training for all Navajo MCO employees in the unique cultural and language needs of the Navajo Nation and people; and
- Infrastructure development and job creation on the Navajo Nation reservation.