



## MedImpact Healthcare Systems: Performance Based Strategic Tools for Medicaid

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## MedImpact Healthcare Systems



- MedImpact is a **performance based** PBM that provides Medicaid clients with a product and services platform of interchangeable strategic tools
- These interchangeable strategic tools provide our Medicaid clients **CHOICES** in developing strategies and solutions to address short to long term issues and emergent situations




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## Leveraging Strategic Strengths



- MedImpact leverages the 8 Strategic Strengths of CHT to partner with Medicaid clients
  - Transformational leadership – **MedImpact Leadership Council**
  - A vision of a better future – **Exploring possibilities with clients and health care leaders**
  - A strategic plan – **MedImpact Strategic Tools**
  - Proven solutions – **Evidence-based clinical programs**
  - A network of allies – **Alignment**
  - A message and the ability to get it out – **CHT**
  - Coalition building capabilities – **Aggregation**
  - Constant learning that allows us to identify key leverage points and opportunities, combined with the power, speed, and strategic skill and agility needed to impact them – **Sharing best practices as we have here today**




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## An Emergent Situation



- **The Situation:**
  - California legislated a 10% budget cut to the Medi-Cal (Medicaid) Fee-For-Service (FFS) program and an actuarial equivalent reduction in reimbursement to the Medi-Cal Managed Care Organizations (MCOs)
  - MedImpact partners with Medi-Cal MCOs
- **The Impact to MedImpact Medi-Cal MCOs**
  - The legislated budget cut created:
    - A cash flow crisis
      - A request to vendors to cut services and/or costs
      - Reallocation of internal resources to support external operations
    - Public discussions and decisions on the order of precedence when paying vendors, contractors and consultants




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## Addressing the Situation



- **MedImpact took immediate steps to address the Medi-Cal budget cut:**
  - In collaboration with our clients, MedImpact implemented new clinical initiatives to further reduce drug spend prior to the effective date of the legislated cut
  - MedImpact then used its Leadership Council process to meet with each Medi-Cal organization's Senior Leadership Team to further align goals
    - Leaders from both organizations collaboratively address the plan




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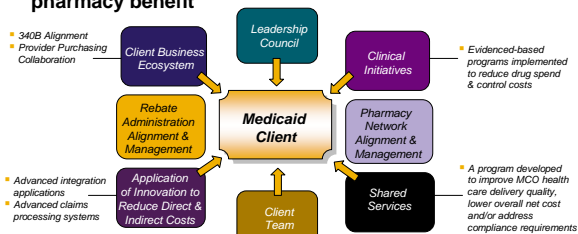
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## MedImpact Strategic Tools



- **MedImpact applied proven solutions to help our clients address the budget shortfall attributed to the pharmacy benefit**




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## Results for California



- Through the Leadership Council process, MedImpact aligned its goals with the client's goals to:
  - Attain cash flow relief for the impacted Medi-Cal organizations
    - 9-18% reduction in overall drug spend
  - Implement additional MedImpact clinical initiatives that results in longer term drug spend savings
    - \$700K-\$2.0M annualized savings with a conversion factor of approximately 50%
  - Additional discounts were obtained by marshalling key allies within pharmacy networks and pharmaceutical manufacturers to further align goals



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## Results for California (continued)



- MedImpact brings **Innovation** to attain greater efficiency, clinical quality and lower cost through our Shared Services program:
  - Specialty pharmacy management of multiple vendors
  - e-Prescribing
  - Quality Improvement Programs (QIPs)
    - Focused quality studies
  - Advanced integration capabilities via ASP model
  - Integration of medical, dental, vision and other health care claims adjudication systems



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## Lessons Learned



1. Leadership alignment can achieve positive results from an adverse situation
2. After all the simple actions are accomplished, future cost reductions are gained from innovations that improve quality, reduce costs and affect the broader health care system
3. Organizations can learn from each other
4. Coalition building helps to accelerate achievement of similar goals



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**Thank you!**



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