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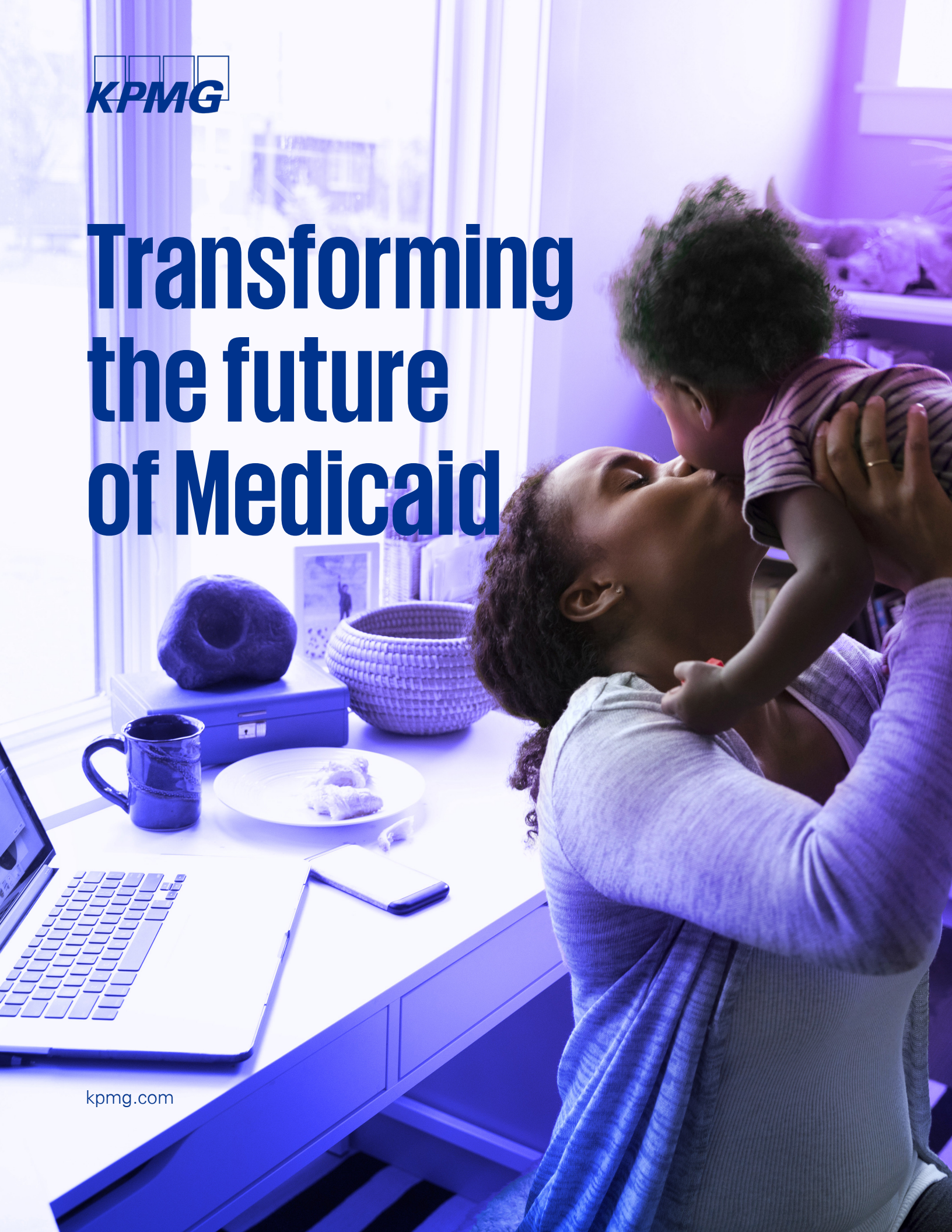
Transforming the future of Medicaid

Transforming Medicaid programs and systems is by no means an easy endeavor. It is compounded almost daily by the constant change in social, technological, economic, and regulatory trends. We explore the intersection of those trends with Medicaid, offering insights on how some of these trends are impacting programs today and projections for the future.

The "always-on" culture

Technology has created our "always-on" culture and revolutionized how we manage our work and life. We have certainly seen this in Medicaid with the need to engage with and serve clients in a much different way. From accessibility—which is no longer simply driving to a provider but now includes telehealth, care at home, and community-based providers—to the use of personal digital devices so health data can be shared with providers via multiple channels, consumer demands are ever evolving.

Some state Medicaid programs have leveraged technology such as chatbots to assist beneficiaries through the renewal process as a part of Medicaid unwinding. By leveraging technology, beneficiaries can obtain assistance at a time that is convenient for them. Other state Medicaid programs have modernized and consolidated their call centers to more efficiently triage calls to answer beneficiaries' questions.

No longer taboo— mental health and substance use

Access to both mental health and substance use disorder treatment continues to be a major challenge, with nearly 47 million people over the age of 12 reporting substance use disorder in 2021, but only 9 percent receiving care. This is almost doubled from 2019 with nearly 21 million people over the age of 12 reporting substance use disorder, but only 10 percent who received care.[1] The impact of the COVID-19 pandemic has led to significant increases in symptoms of depression, anxiety, and drug overdose deaths, with marginalized communities facing even greater barriers in accessing treatment and services.[2] As the largest payer of public mental health services in the nation, Medicaid can play a critical role in funding and providing comprehensive care for vulnerable populations.

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[1] Substance Abuse and Mental Health Services Administration. "Key substance use and mental health indicators in the United States: Results from the 2020 National Survey on Drug Use and Health." HHS Publication No. PEP21-07-01-001, NSDUH Series H-56. Rockville, MD: Center for Behavioral Health Statistics and Quality, Substance Abuse and Mental Health Services Administration, 2021.

[2] Ibid.

Over 23 state Medicaid programs changed payment policies to cover opioid use treatment services delivered by telehealth since the beginning of the pandemic.[3] And we all are aware of the investment by the current federal administration in crisis centers and other mental health services to support the creation of 988 Suicide and Crisis Lifeline—to the tune of $400 million.[4]

State Medicaid programs have strengthened access to behavioral health service by incorporating it as a "covered benefit" and holding providers accountable for meeting industry accepted benchmark standards for quality and timeliness of service. Twenty states have leveraged American Rescue Plan Act funding for planning grants for community-based mobile crisis intervention services. Oregon was the first state to receive Centers for Medicare and Medicaid Services (CMS) approval to implement its Medicaid Mobile Crisis Services as a state plan option.[5] This is an important service to "meet beneficiaries where they are in the community" and intervene quickly during a crisis to prevent further escalation.

Environmental changes are more than weather-related events, though. They can also include air pollution, noise pollution, chemical exposures, and water contamination. The health of low-income populations is disproportionately at risk from these environmental changes. As such, environmental impacts significantly increase Medicaid costs.

Several state Medicaid agencies have drawn the connection between social determinants of health and medical health outcomes. Several states, such as Oregon and Massachusetts, have successfully pursued 1115 waivers with CMS to leverage Medicaid funding to address specific social determinants of health.[7] States such as New Mexico are examining data related to wildfires and the impact on low-income and Medicaid populations. They are documenting lessons learned for future program and policy considerations. Other states such as California have begun closer coordination between the state's Emergency Management Department and the Medicaid program to help ensure residents' needs are addressed.

Another social determinant of health: environmental impacts

We as an industry continue to explore how social determinants of health impact overall health and wellness. However, there is an emerging conversation coming into focus regarding environmental impacts as another social determinant of health. We have all experienced environmental effects this year—with the smoke from Canadian wildfires impacting air quality across many states, almost nationwide, and the enduring high temperatures as we experienced the hottest summer on record.[6]

Applying artificial intelligence

The biggest, most talked about technology trend of late is digital health and, specifically, artificial intelligence (AI). While clearly a technology driver, we foresee broad implications for program operations, such as uncovering operational efficiencies, for policy such as making predictions of impact, and for Medicaid beneficiaries and how we interact with them. As most of us have determined, it's a matter of "when," not "if," digital AI will be incorporated into Medicaid agencies.

State Medicaid programs, such as Iowa, see AI as a major disruptive technology across the care delivery system. States will need to carefully understand

[3] Pew Charitable Trusts. "Most States Eased Access to Opioid Use Disorder Treatment During the Pandemic." https://www.pewtrusts.org/en/research-and-analysis/articles/2022/06/01/most-states-eased-access-to-opioid-use-disorder-treatment-during-the-pandemic, June 1, 2022.

[4] Substance Abuse and Mental Health Services Administration. "U.S. Transition to 988 Suicide Crisis Lifeline Begins Saturday." https://www.samhsa.gov/newsroom/press-announcements/20220715/us-transition-988-suicide-crisis-lifeline-begins-saturday, July 15, 2022.

[5] Centers for Medicare & Medicaid Services. "CMS Issues Guidance to States on Medicaid Coverage of COVID-19 Vaccines for Children and Adolescents." https://content.govdelivery.com/accounts/USCMSMEDICAID/bulletins/32c9ba7, December 22, 2021.

[6] NASA Goddard Space Flight Center Scientific Visualization Studio. "NASA Summer 2023 Temperature Media Resources." https://svs.gsfc.nasa.gov/14407, 2023.
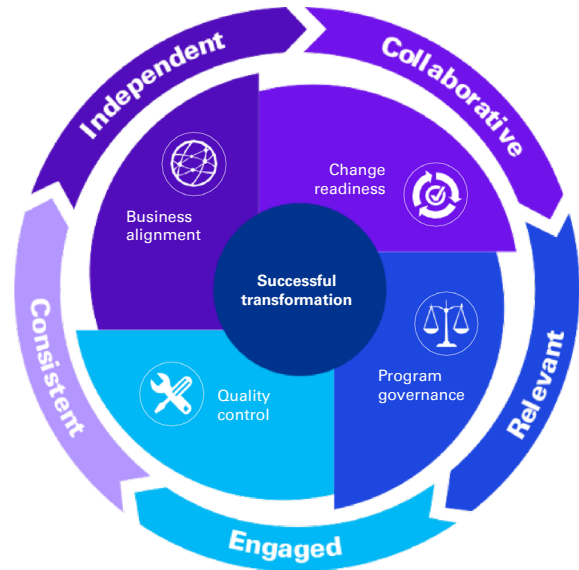
[7] Kaiser Family Foundation. "Section 1115 Waiver Watch: Approvals to Address Health-Related Social Needs." https://www.kff.org/medicaid/issue-brief/section-1115-waiver-watch-approvals-to-address-health-related-social-needs/, June 22, 2022.

how AI is emerging, especially regarding privacy and security, healthcare analytics, and direct patient care. If a state decides to incorporate AI in its Medicaid program, then all parties will play a significant role in its adoption, including the state Medicaid agency, vendor partners, and beneficiaries.

The future of Medicaid and its role in health care transformation

The future of Medicaid is highly dependent on focused delivery channels that optimize consumer and provider behaviors through data-driven modeling and regulatory oversight capabilities. Through using data in new ways to model programmatic interventions, to leveraging integrated care models to not only reduce redundancies but also transform into "care continuum" that focuses on population health, Medicaid will advance healthcare transformation. California is one state Medicaid agency leading healthcare transformation with the California Advancing and Innovating Medi-Cal (CalAIM) initiative. CalAIM is a framework that encompasses broader delivery system, program, and payment reform across California's Medicaid program, known as Medi-Cal.[8] California has adopted a person-centered approach to providing services and nonclinical interventions, with a focus on improving outcomes for all Californians.

New Mexico, with the establishment of a new Health Care Authority, is also advancing transformative whole-person care. The new entity, set to launch in July 2024, will leverage purchasing power, partnerships, and data analytics to create innovative policies and models of comprehensive coverage for New Mexicans.[9]

KPMG Transformation Advisory Services: a holistic, cohesive approach to transformation

Let's transform the future of Medicaid, together

At KPMG, we aim to think big while understanding that progress is often made in increments. Whether it's reducing substance use disorders or preparing for environmental impacts, we are ready to help you achieve future goals. Whether you are just beginning your transformation journey or adjusting course due to emerging trends, KPMG is here to help you think creatively, plan intentionally, and deliver successfully on your objectives. We offer a thorough portfolio of Transformation Advisory Services that help guide Medicaid system modernizations that meet your business and technical objectives, program and regulatory requirements, and quality and budget expectations. Let's transform the future of Medicaid, together.

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[8] California Department of Health Care Services. "California Advancing and Innovating Medi-Cal (CalAIM): High-Level Summary." https://www.dhcs.ca.gov/provgovpart/Documents/CalAIM/CalAIM-High-Level-Summary.pdf, 2022.

[9] New Mexico Human Services Department. (n.d.). "Health Care Authority." https://www.hsd.state.nm.us/health-care-authority/

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