

SUSTAINABLE FINANCING FOR HEALTH-RELATED SOCIAL BENEFITS: KEY INSIGHTS FROM THE ACAP CEO SUMMIT

ABSTRACT

Last month, Siftwell leaders heard from the Association for Community Affiliated Plans (ACAP) plans, partners, and vendors, at the ACAP CEO Summit. By supporting Community Based Organizations (CBOs) and using available (and often creative) mechanisms to finance social needs, ACAP plans create programs that serve to reduce health disparities and improve member health. The strategies shared at the conference, and outlined below, provide breadcrumbs that other health plans can follow to introduce and fund similar initiatives to create peer-based health systems in their regions.

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Additional conversations centered around redetermination, the topic that continues to take the Medicaid nation by storm and demand significant investment in time and resources for plans. There is hope – ACAP plans are seeing some success here as they continue to battle challenges associated with reaching members despite often poor contact information. We continue to watch this space as eligibility redetermination dates come and go, especially in regards to what tactics are working best to actually reach members and get them to reapply.

Let’s dive in on some specifics of what we heard on financing of social benefits.

SUSTAINABLE FINANCING FOR HEALTH-RELATED SOCIAL BENEFITS:

ACAP leaders shed light on actionable tactics their plans are implementing to operationalize social determinants, structure supplemental benefits, and ensure sustainable financing for these critical benefits. As health plans work to find innovative and effective ways to fund social needs and support CBOs, these strategies can serve as actionable guidance to fund initiatives aimed at addressing social determinants of health.

The Center for Health Care Strategies presented 5 specific approaches plans are currently implementing to support and scale up benefits that improve outcomes and reduce disparities. By leveraging the mechanisms outlined below plans can create and sustain financing for programs that drive improvements for health-related social benefits.

- In lieu of services (ILOS)

The use of In Lieu of Services (ILOS) involves redirecting funds from traditional healthcare services to address social determinants of health. This strategy recognizes that certain non-medical interventions can be effective in improving health outcomes and reducing healthcare costs. ILOS allows healthcare organizations to allocate resources towards social interventions that directly impact the underlying factors affecting health.

ILOS ultimately provides medically appropriate and cost-effective substitutes for plan services or settings. Recent guidance from CMS has facilitated the implementation of ILOS, allowing plans to address health-related social needs without the requirement of being budget neutral. By integrating social interventions into healthcare funding streams, organizations can proactively address social determinants of health and work towards achieving better health outcomes for individuals and communities.

- Section 1115 demonstrations

Section 1115 demonstrations, enabled by CMS, provide states financial flexibility to design and improve their programs and serve as opportunities for state and federal partners to test and evaluate new approaches. Managed care rates can reflect the cost and utilization of approved Health-Related Social Needs (HRSN) services, while separate state funding supports HRSN infrastructure like technology and workforce. By leveraging these demonstrations, states can explore innovative approaches, collaborate with CBOs, and demonstrate the value of interventions targeting social determinants of health.

- Community Health Worker (CHW) State Plan Amendments (SPAs):

State Plan Amendments (SPAs) refer to changes made to a state’s Medicaid program to include reimbursement for the services provided by Community Health Workers (CHWs). CHWs are frontline healthcare workers who are also trusted members of the communities they serve- we wrote about this more in our [recent post about the AHIP Conference](#). They often have a similar background as the community they work in, allowing them to establish strong relationships, provide culturally competent care, and ultimately improve outcomes for communities.

CHW SPAs are a way for states to recognize and integrate the role of CHWs into their healthcare systems and reimbursement structures. States can cover CHW services as formal Medicaid benefits by submitting SPAs to include them as eligible providers and outline the services they can offer. Managed care rates can reflect the cost and utilization of these state plan services, providing support for community health worker programs and their impact on addressing social needs. Including CHWs in Medicaid reimbursement ensures sustainable financing for their services, making it feasible for organizations and healthcare providers to employ and utilize valuable CHWs as part of their care teams. See [our post](#) to learn how other plans are leveraging this strategy.

- Managed Care Organization (MCO) Incentives

Managed Care Organization (MCO) incentives promote cost-effective, quality care delivery and better outcomes. These incentive strategies are designed to align the interests of the MCOs with the goals of improving health outcomes, managing costs, and enhancing patient satisfaction. States can design withhold incentive arrangements and auto-assignment methodologies that incentivize performance on quality measures related to Health-Related Social Needs (HRSN) screening and activities. Successful implementations of this mechanism have shown that MCOs can either receive a return of withheld capitation funds or receive up to five percent of the capitation rate as incentives. These various incentives aim to align the interests of the entire care ecosystem, MCOs can drive improvements in outcomes, patient satisfaction, and overall healthcare value.

- Community Reinvestment

Reinvesting in the community is critical, by harnessing local resources organizations can ensure ongoing funding to sustain and expand programs that address social determinants of health, leading to improved health outcomes. To support this, states can direct Managed Care Organizations (MCOs) to reinvest a portion of their profits, reserves, or after-tax underwriting margin into local communities to address Health-Related Social Needs (HRSN). MCOs with profits in excess of three percent may retain a portion of those excess gains if they invest in initiatives that seek to address housing, employment and food insecurity, help achieve health equity or community development. Pennsylvania’s long standing community reinvestment provisions for its behavioral health plans are an exemplary model of this strategy. The plans are expected to expand this approach to physical health MCOs later this year.

DEPLOYING SDOH STRATEGIES TO ADDRESS SOCIAL NEEDS

At Siftwell, we are excited to sit alongside plans and helping them identify and precisely deploy SDOH strategies that sustainably and effectively address social needs. Our analytics software helps identify impactable pockets of members who can benefit the most from SDOH support, along with rich context that guides plans as to what modes of support are most likely to engage members and impact member health. Siftwell’s models also predict member retention and churn rates, allow plans for the first time to understand how to optimize their resources and to retain high-needs members who are at higher risk of leaving the plan or losing coverage (see more on this work [here](#)). Once identified, plans can help educate these at-risk members on how to reverify their coverage and avoid coverage loss, and also on what medical, behavioral, and social programs might benefit them most.

The ACAP CEO Summit provided a platform for leaders to share the details of their innovative initiatives and the utilization of governance related mechanisms at their disposal. The healthcare industry is making significant strides in integrating social determinants of health into care delivery models, thanks to the innovative measures implemented by plans like ACAP and their leaders. By leveraging analytics and software solutions, organizations like Siftwell are empowering plans to create better health outcomes, support communities, and create a more equitable healthcare system. Together, we can drive positive change and improve the well-being of individuals and communities across the nation.