

Purchasing Value in Medicaid Managed Care

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Key Considerations

Be realistic about the time necessary for large Medicaid managed care organizations (MCOs) procurements, it is easy to underestimate the time and resources needed. This brief includes a sample timeframe which assumes about 15 weeks from the release of the request for proposals (RFP) to the announcement of MCO awards. This timeline could be shorter or longer depending on the complexity of the procurement, number of expected bidders, state resource constraints, etc.

Achieving value-based reforms in state health systems has been an overarching goal of Medicaid programs, legislative champions and advocates for a number of years. A key element to achieving that change in a state is leveraging the power of Medicaid. Since a state controls so much of the policy and structuring of Medicaid, the opportunity to lead the change into new payment and delivery models should be a primary focus for states.

Making It Happen

[Value Based Purchasing for Managed Care Procurement: A Toolkit for State Medicaid Agencies](#) is designed to assist states interested in implementing value-based purchasing (VBP) approaches with their Medicaid managed care organizations (MCOs). Using a VBP approach can mean significant and ongoing changes for a state Medicaid agency and its MCOs. State agencies need to create and utilize detailed purchasing specifications, working collaboratively with MCOs, providers, and other stakeholders to achieve objective, measurable improvements in performance.

The Toolkit is designed to guide Medicaid agencies through key action steps and considerations in four phases of the managed care procurement cycle – 1) strategic procurement planning, 2) solicitation development, 3) bidder selection, and 4) contract management.

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Related Resources

- > [Value Based Purchasing for Managed Care Procurement: A Toolkit for State Medicaid Agencies](#)
- > [State Strategies: Value-Based Payment for Medicaid Populations with Complex Care Needs](#)

	MCO Request for Proposals Task	Timing	Description/Tips
Phase 1	Strategic Planning	6-12 months in advance of procurement release.	Develop strategic vision for the procurement and identify procurement team. Develop a target release date, be realistic and consider contractual or statutory deadlines.
	Develop model contract and procurement documents, including procurement library	Begin as soon as strategic planning is underway; continue through procurement release.	Do not underestimate the time it takes to develop procurement documents. Include subject matter experts (SMEs) in process but limit number of people editing request for proposals (RFP).
	Release procurement	Ideally, at least 15 weeks prior to contract award dates and at least 6 months prior to contract effective date.	As part of the strategic planning process, develop a target release date, be realistic and consider contractual or statutory deadlines.
Phase 2	Optional step: Receive non-binding intents to bid	1-2 weeks after RFP release.	Requiring intents to bid provides the state with an estimate of bids and assists in planning for bid evaluation period.
	Optional step: Hold bidders conference	7- 10 days after RFP release.	A bidders' conference allows the state to present its strategic vision to potential bidders and directly hear questions from bidders early on.
	Receive questions from potential bidders on RFP documents	Within 2 weeks of RFP release	Be prepared to receive many questions from bidders, particularly related to new MCO requirements and information in the procurement library.

	MCO Request for Proposals Task	Timing	Description/Tips
Phase 3	Respond to questions from potential bidders and make any modifications to procurement documents or timeline	As soon as possible or 1-2 weeks following receipt of the questions.	Timing for responses will vary based on the amount and type of questions received, and may take more time than estimated.
	Bid responses due	6-8 weeks after RFP release; may need to be extended if material changes are made to the procurement following bidder questions.	Allow sufficient time for bidders to provide thoughtful, organized bids and to clearly articulate how they will approach delivering services. Consider holidays/vacation periods when determining due date.
Phase 4	Selected bidders recommended	4-5 weeks after bid submission, depending on number of bids, complexity of scoring and length of submissions.	To ensure a fair and comprehensive review and documentation, provide evaluation team sufficient time to thoroughly and independently review bids before reviewing as a group.
	Award recommendations announced	2 weeks after bidder selection completed.	Allow evaluators time to finalize summary documents justifying their decisions; check math; and present selections to state leadership and procurement specialists.
	Contract Management	Execute contracts at least 90 days prior to the operational start date, preferably longer.	Establish a clear process for contract management with at least annual performance measurement and review, including in-person meetings with senior executives of state agency and contractors.

Implementing a statewide, competitive procurement for Medicaid managed care is one of the more important things state purchasers do to improve value. Throughout the process, both the state and plans must remain focused on the big picture: improving the health of vulnerable populations while being sensitive to the prudent use of taxpayers’ dollars.

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State Health and Value Strategies (SHVS) assists states in their efforts to transform health and health care by providing targeted technical assistance to state officials and agencies. The program is a grantee of the Robert Wood Johnson Foundation, led by staff at Princeton University’s Woodrow Wilson School of Public and International Affairs.

The program connects states with experts and peers to undertake health care transformation initiatives. By engaging state officials, the program provides lessons learned, highlights successful strategies and brings together states with experts in the field. Learn more at www.statenetwork.org.

ABOUT BAILIT HEALTH PURCHASING, LLC.

This Summary was prepared by Mary Beth Dyer and Beth Waldman. Bailit Health is a health care consulting firm dedicated to ensuring insurer and provider performance accountability on behalf of public agencies and private purchasers. For more information on Bailit Health, see www.bailit-health.com.