



## MEDICAID HEALTH HOMES

*Giving patients a trusted team of providers to treat their chronic health conditions*

- ❖ The Affordable Care Act allows states to set up a **Health Home program for Medicaid patients living with chronic illnesses**. Health Home programs help to manage and **coordinate care across different providers for patients with chronic illnesses**, avoiding the ineffective and costly care of our current fragmented system.
- ❖ New Jersey will miss a major opportunity to enhance care coordination for one of its **most vulnerable—and expensive—populations** if the state fails to develop a Medicaid Health Home program that **includes diabetes and overweight as eligible conditions**.

### What is the Medicaid Health Home program?

A Medicaid Health Home program provides coordinated care for the most vulnerable and expensive Medicaid patients. States can design their Medicaid Health Homes to serve patients who have multiple chronic conditions, have one chronic condition and are at risk for a second, or have a serious mental illness. Health Homes provide these patients with core services including case management, care coordination across providers, health promotion, and referral to support services. The federal government covers 90% of the cost for these services for the first two years. States have flexibility to decide the geographic scope of the program, designate eligible providers, and design a payment system.

Check out Medicaid Health Homes in the  
**New Jersey PATHS Report:**  
pp. 109–112

### Why should New Jersey's Medicaid Health Home program cover diabetes and overweight?

New Jersey has begun to design a Health Home program for behavioral health, and can also design an additional program for other chronic conditions, including diabetes and overweight. Because diabetes and overweight are costly conditions requiring a broad array of different services, current uncoordinated fee-for-service medical care fails to effectively treat them. Requiring diverse primary care physicians, specialists, nutritionists, and other providers to coordinate their treatment will improve outcomes and reduce costs. This will also provide a funding source for case management and other essential services.

### What should New Jersey do?

1. The New Jersey Division of Medical Assistance and Health Services (DMAHS) should design a program that will be **available across the state**, though it may begin in specific regions.
2. DMAHS should **convene stakeholders**, including a range of healthcare providers, to help decide the eligibility rules for providers to serve as Health Homes. DMAHS will need to work with providers and Medicaid managed care organizations to design a payment system. One good option is to **offer a bundled per-patient-per-month payment** for all Health Home services. This would incentivize high performance over high volume of services. After making these decisions, the state must file a Medicaid State Plan Amendment with the federal government.

### FOR MORE INFORMATION, CONTACT:

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