

## MEDICAID MANAGED CARE: AN OVERVIEW

LAURA TOBLER, NCSL

[LAURA.TOBLER@NCSL.ORG](mailto:LAURA.TOBLER@NCSL.ORG)

303-856-1545

February 19, 2015



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### Medicaid is in a period of growth and reform.

The method by which the state delivers and pays for care in the Medicaid program is a critical programmatic and fiscal decision.

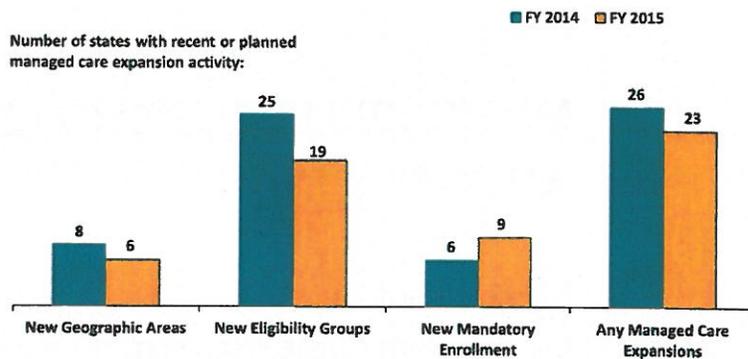
- ▣ Historically: fee-for-service (except AZ).
- ▣ Increasingly moving to a managed care model.

February 10, 2015



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## Many states are expanding their Medicaid managed care programs.



SOURCE: KFF Medicaid Managed Care Market Tracker



## Federal Managed Care regulations recognize four types of managed care entities:

### Managed Care Organizations (MCOs)

- Comprehensive benefit package
- Payment is risk-based/capitation

### Primary Care Case Management (PCCM)

- Primary care case managers contract for case management.
- Generally, fee for service for medical services plus a monthly case management fee

### Prepaid Ambulatory Health Plan (PAHP)

- Limited benefit package that does not include inpatient hospital or institutional services (examples: dental and transportation)
- Payment may be risk or non-risk

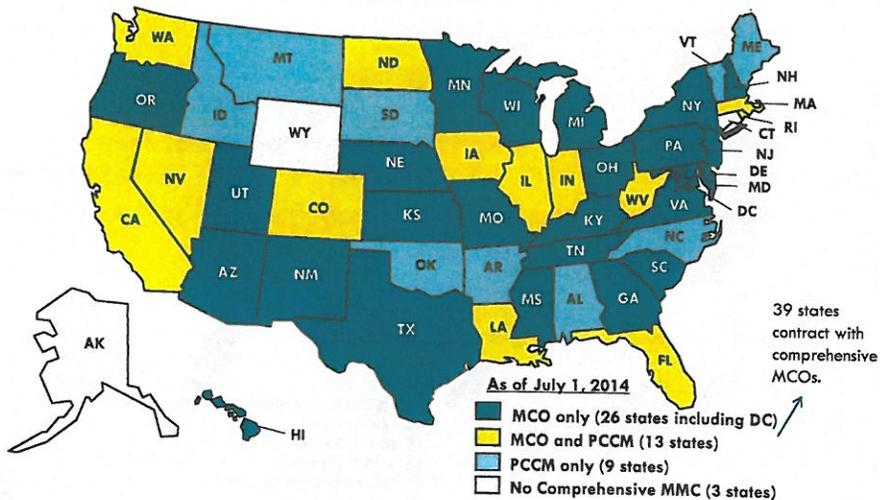
### Prepaid Inpatient Health Plan (PIHP)

- Limited benefit package that includes inpatient hospital or institutional services (example: mental health)
- Payment may be risk or non-risk



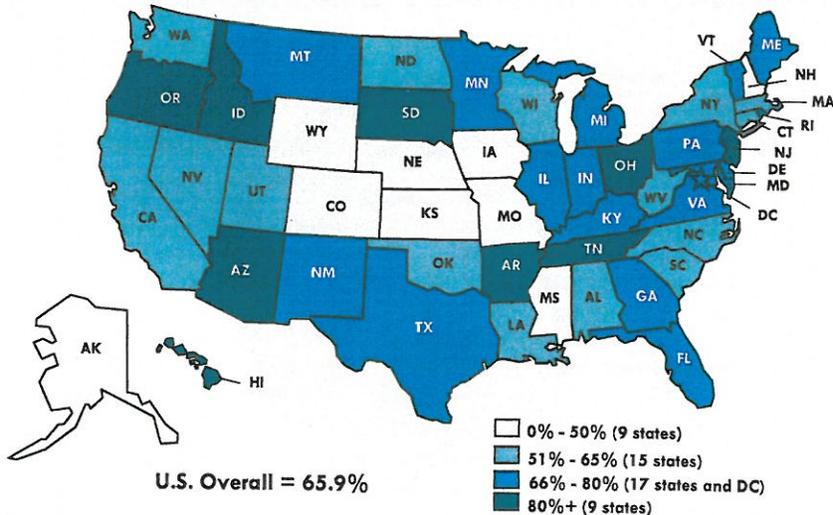
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### Comprehensive Medicaid Managed Care Models in the States, 2014



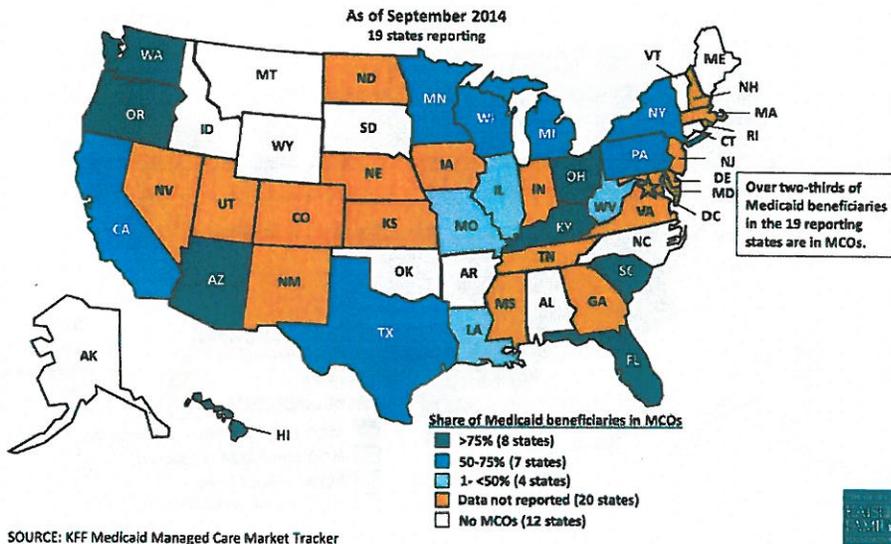
NOTES: ID's MMCP program, which is secondary to Medicare, has been re-categorized by CMS from a PAHP to an MCO by CMS but is not counted here as such. CA has a small PCCM program operating in LA county for those with HIV.  
 SOURCE: KCMU survey of Medicaid officials in 50 states and DC conducted by Health Management Associates, October 2014.

### Comprehensive Medicaid Managed Care Penetration by State, October 2010

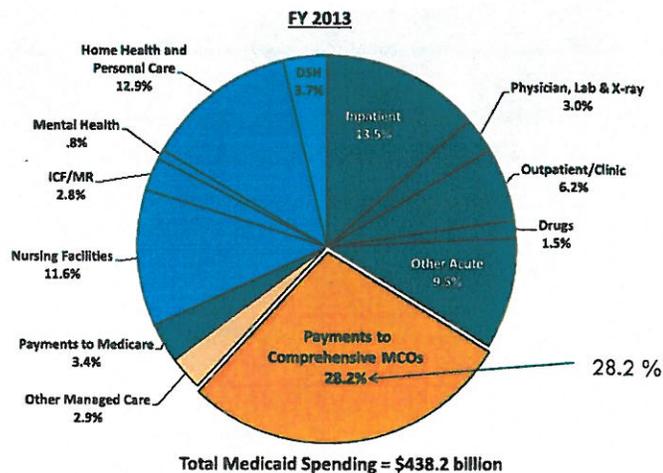


NOTE: Includes enrollment in MCOs and PCCMs. Most data as of October 2010.  
 SOURCE: KCMU/HMA Survey of Medicaid Managed Care, September 2011.

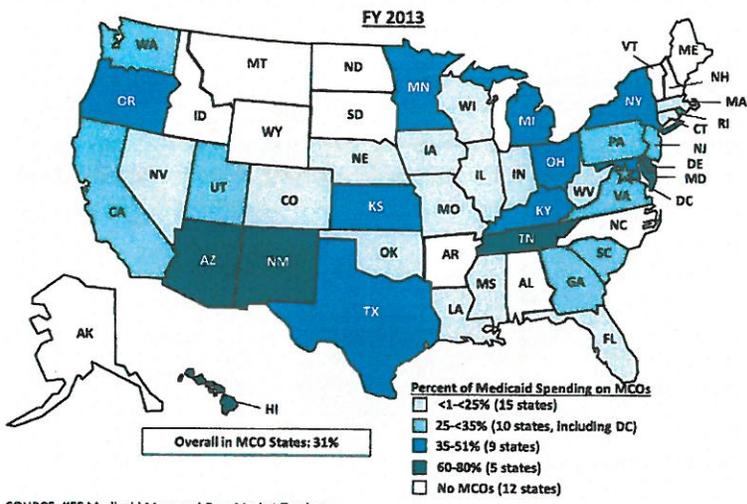
**In most states that report their Medicaid MCO enrollment data, at least 50% of beneficiaries are in MCOs.**



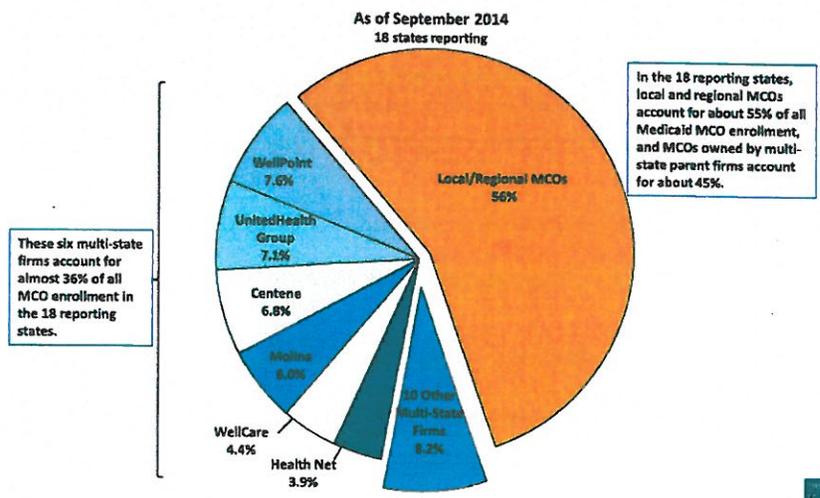
**Payments to comprehensive MCOs account for more than one-quarter of total national Medicaid spending.**



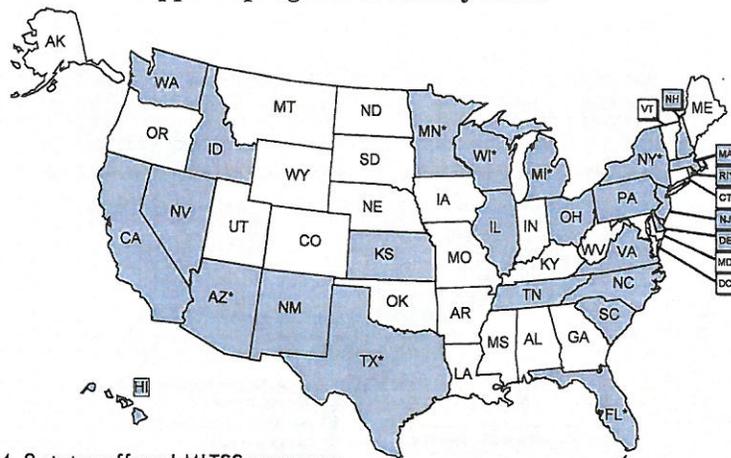
**But the share of Medicaid spending that goes to MCOs varies widely by state.**



**In the 18 states reporting MCO-level enrollment, six Fortune 500 firms have over one-third of the Medicaid MCO market.**



**26 states offered or plan to offer at least one Managed Long Term Service and Supports program as of July 2014.**



\* In 2004, 8 states offered MLTSS programs.

Source: "Population Groups Enrolled in managed Long Term Services and Support," a CMS/Truven Health Analytics publication.

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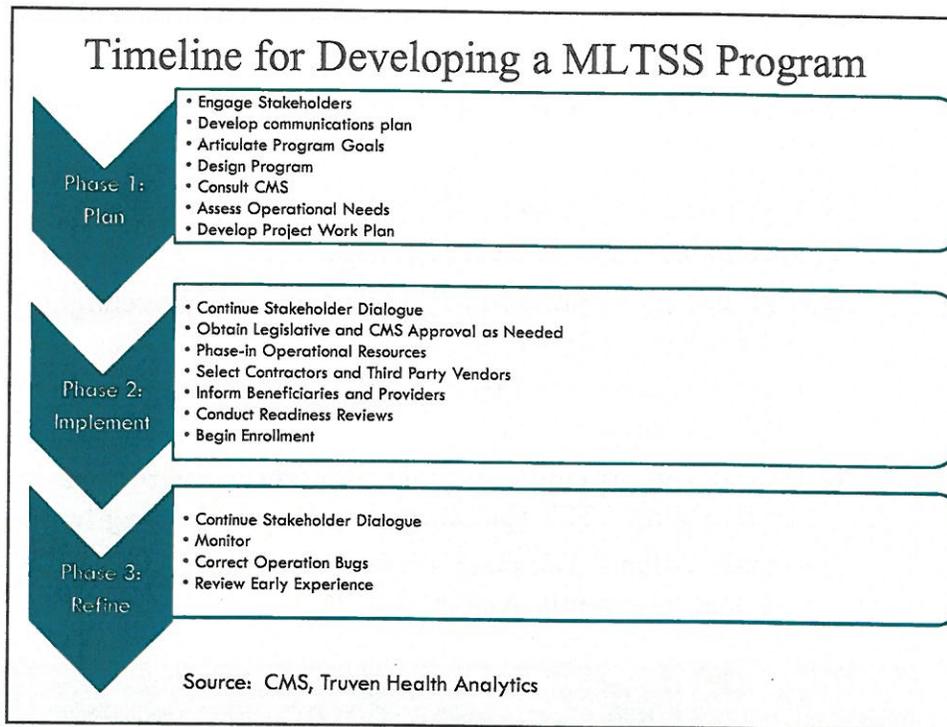
## Potential Benefits of MLTSS

- Improved Coordination of Services and Supports
- Improved Integration between Acute Care and LTSS
- Increased flexibility in benefit packages
- Improved quality management
- Enhanced movement towards LTSS rebalancing

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### Takeaways and Advice



- **Managed care is a set of tools and principles that can help improve coordination, quality and cost-effectiveness of care for the most complex populations. It is up to us to implement those tools in the right way to achieve the desired objectives and preserve core system values.**
- **Implementing managed care “well” and achieving program objectives requires a significant investment in the State’s capacity to manage managed care.**
- **It takes time to design and implemented managed care. Moving too quickly will undermine the success of your program.**
- **While managed care has significant potential for cost containment and even savings, assuming too much too soon will result in unintended negative consequences, and will undermine quality and cost effectiveness goals.**
- **Be careful not to confuse the success of the model with the success of the implementation.**



Patti Killingsworth, Deputy Commissioner and Chief, Long-Term Care Division, TennCare, October 23, 2013, from the NCSL Webinar, “The Changing Role of States in Long Term Services and Supports.

## More MLTSS Advice

- States have to “manage” their managed care.
  - Stakeholder involvement is crucial
  - High quality information systems and quality oversight make it work effectively.
  - MLTSS is not a short term fix to managing Medicaid LTSS spending growth.
  - MLTSS can provide a stronger program infrastructure for managing LTSS spending growth over the long term.
- \* Source: Allan I. Bergman’s presentation at NCSL’s Legislative Summit, August 21, 2014.

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## Legislative Oversight of Medicaid: Some Examples

- Connecticut’s Medical Assistance Program Oversight Council was established in 1995 when the state went from fee-for-service to managed care for child and adult caretaker relative populations. State law requires DSS to request approval of any Medicaid waiver or state plan amendment from the Human Services and Appropriations Committees.
- Indiana created the Select Joint Commission on Medicaid Oversight to provide legislative branch oversight of Medicaid due to the size of the Medicaid program in the state budget and the number of recipients.
- Kentucky’s Medicaid Oversight and Advisory Committee is required to meet at least four times annually and provide oversight on the implementation of Medicaid including access to services, utilization of services, quality of services, and cost containment.

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## Legislative Oversight continued

- Missouri's HealthNet Oversight Committee is a multidisciplinary committee created by the legislature to provide Medicaid oversight. There are 4 legislative committee members. The Committee is charged with evaluating the MO HealthNet program and its implementation.
- Ohio's Joint Medicaid Oversight Committee (JMOC) is a bicameral, bipartisan legislative committee that was created to review and recommend policies and strategies to improve how the Medicaid program in Ohio relates to the public and private provision of health care coverage.
- Virginia's Medicaid Innovation and Reform Commission was created to review, recommend and approve innovation and reform proposals affecting the Virginia Medicaid and Family Access to Medical Insurance Security (FAMIS) programs. The members are legislators.

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## NCSL Health Resources

[Health-info@ncsl.org](mailto:Health-info@ncsl.org)

[www.ncsl.org/Default.aspx?tabid=160](http://www.ncsl.org/Default.aspx?tabid=160)

- Web resources
- Publications
- Information requests
- Meetings/seminars
- Technical assistance

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