

# The Case for Medicaid Managed Care

Presentation to the  
Federal Medicaid Commission

County Executive Maggie Brooks

# **Monroe Plan for Medical Care**

- **Delivery System for Excellus BlueCross BlueShield**
- **Blue Choice Option (BCO) 55,000 Members**
- **Child Health Plus (CHP) 19,500+ Members**
- **Family Health Plus (FHP) 14,000+ Members**
- **Service Area: 13 Counties in Upstate New York**  
**Including Cities of Rochester and Binghamton**
- **4,100 + Providers on Panel**

## **Prenatal/Perinatal Care**

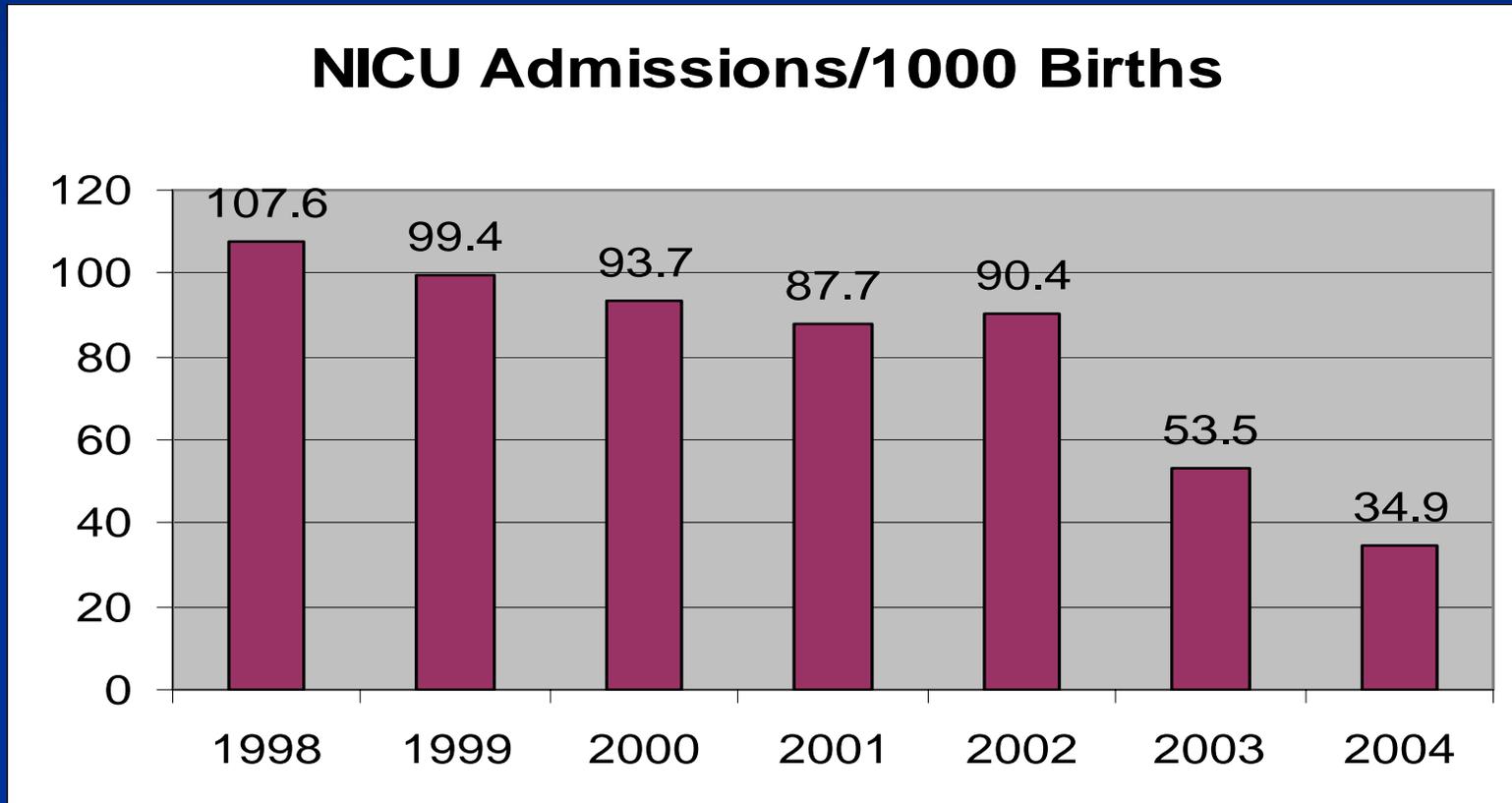
- **Prenatal/Perinatal Services Highest Medical Expense Diagnostic Group**
- **Over 1,800 Births 2005**
- **NICU Admissions Major Driver of Costs**
- **108 NICU Admits/1,000 Births in 1998 (Upstate New York Medicaid Rate About 110/1,000)**
- **Implemented Healthy Beginnings Prenatal Care Program in Late 1997**

# **Healthy Beginnings Prenatal Care Program**

- Use of Prenatal Health Risk Assessment Form (1998)**
- Enhanced Payment for Health Risk Assessment Form Submitted During First Trimester (2001)**
- Engagement of Community-Based Outreach Program (BabyLove) for Psycho-Social Needs in 2002\***

**\*Stankitis JA, Brill HR and Walker DM: “Reduction in Neonatal Intensive Care Unit Admission Rates in a Managed Care Program”, The American Journal of Managed Care, March 2005**

# Healthy Beginnings Prenatal Care Program



**Analysis of NY State SPARCS Data Demonstrated No Concurrent Changes in NICU Admission Rates in Upstate New York for Medicaid During These Years With NICU Admission Rates remaining in 110-120/1000 Births Range**

# Return on Investment (ROI) Methodology:

**Ratio:**

$$\frac{\text{(Pre-Program Medical Costs)} - \text{(Post-Program Medical Costs)}}{\text{Program Costs}}$$

$$\frac{\$3,565,688}{\$1,246,207} = 2.86$$

From: American Healthways/Johns Hopkins Standard Evaluation Methodology in  
*Calculating Return on Investment*

# Healthy Beginnings Prenatal Care Program

- **Decreased Number of NICU Admissions Translates into Potentially Substantive Cost Savings**
- **Fewer NICU Admissions Would Indicate Healthier Infants at Birth for the Population and Probably Fewer Children with Severe Developmental Disabilities**
- **To Further Improve Outcomes, a Pilot Program Targeted African-American Pregnant Teens During 2005**
- **NICU Admission Rate for Program Participants: 5.3%**
- **NICU Admission Rate for All African-American Teens Decreased from 18% to 13.5%**

# **Business Case for Quality**

## **Monroe Plan Focus:**

- **Improving Asthma Care for Children**
- **Diabetes Care for Adults**

# **Improving Asthma Care for Children & Diabetes Care for Adults**

## **Interventions:**

- **Enhanced Practitioner Education**
- **Outreach**
- **Care Coordination**
- **New Modalities for Care:**
  - **Group Visits (Diabetes)**
  - **Reimbursement to PCPs for Asthma Education**
  - **Patient-Centered Care**

## Preliminary Findings for Asthma After 1 Year:

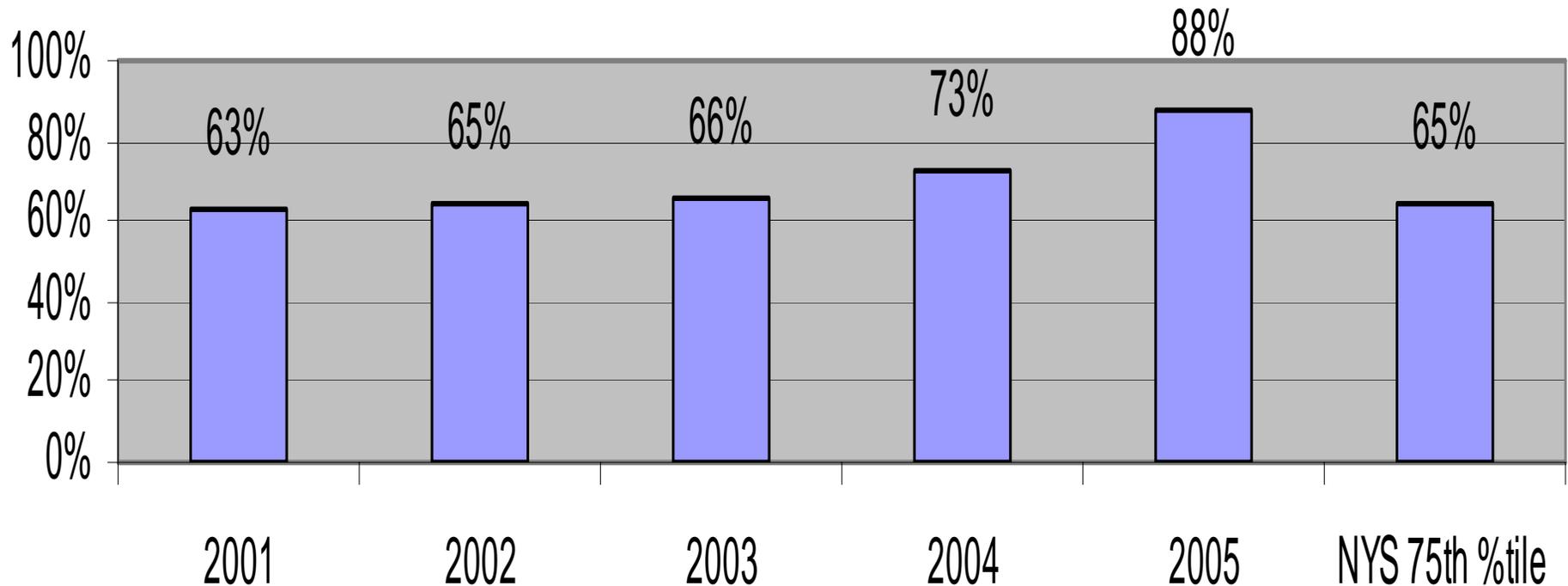
**Ratio:**

(Pre-Program Medical Costs) – (Post-Program Medical Costs)  
Program Costs

$$\frac{\$ 402,000}{\$ 272,000} = 1.48$$

# Improving Asthma Care for Children

## Asthma Medication Management



## Preliminary Findings for Diabetes After 1 Year:

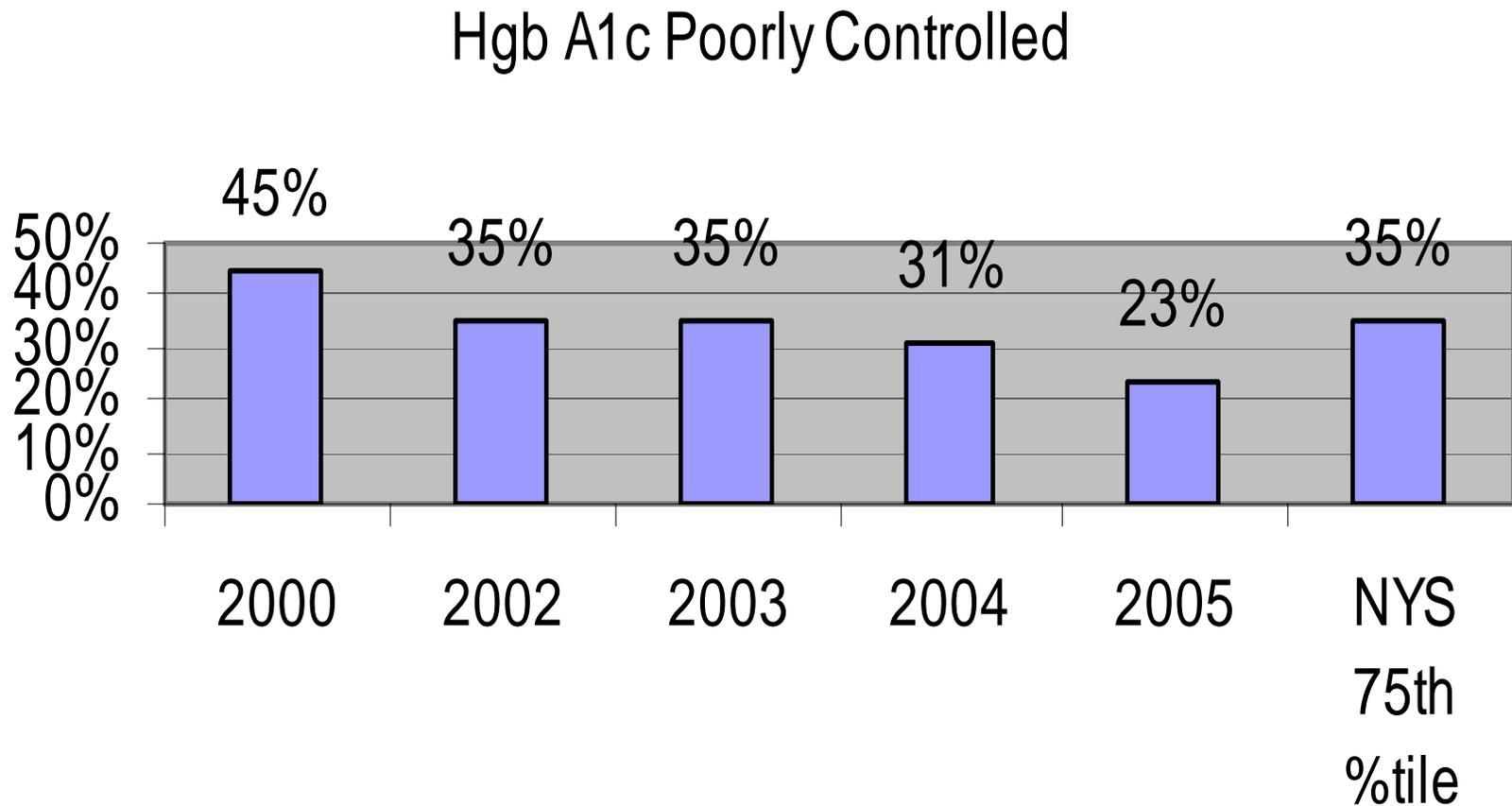
**Ratio:**

$$\frac{\text{(Pre-Program Medical Costs)} - \text{(Post-Program Medical Costs)}}{\text{Program Costs}}$$

$$\frac{\$ 630,000}{\$258,000} = 2.44$$

# Diabetes Care for Adults

(Lower Percent is Better)



# **Improving Asthma Care for Children & Diabetes Care for Adults**

- **Demonstrated Financial Return on Investment**
- **Improved Quality of Life for Enrollees:**
  - **Improved Health Status by Integrated Therapeutics Group (ITG) Survey for Children with Asthma**
  - **Improved Health Status by Audit of Diabetes-Dependent Quality of Life (ADDQoL) Survey for Adults with Diabetes**

# **Medicaid Managed Care Can Reduce Health Care Disparities**

## **Socioeconomic Disparities Index Methodology**

- Progress Measured by Percent Difference between  
Commercial and Medicaid Product for Each Measure**
- Difference in Performance for Each of the 10 Measures  
Summed**
- The Sum is Averaged Over the 10 Measures Forming  
the Index**
- Index Tracked Annually (2002, 2003, 2004 HEDIS/QARR  
Measurement Years)**

# Market Basket of Measures

**Childhood Immunizations Combo 1 (2002) Combo 2 (2003, 2004)**

**Breast Cancer Screening**

**Cervical Cancer Screening**

**Postpartum Care**

**Poor Hgb A1c Control**

**Follow-Up After Hospitalization for Mental Illness**

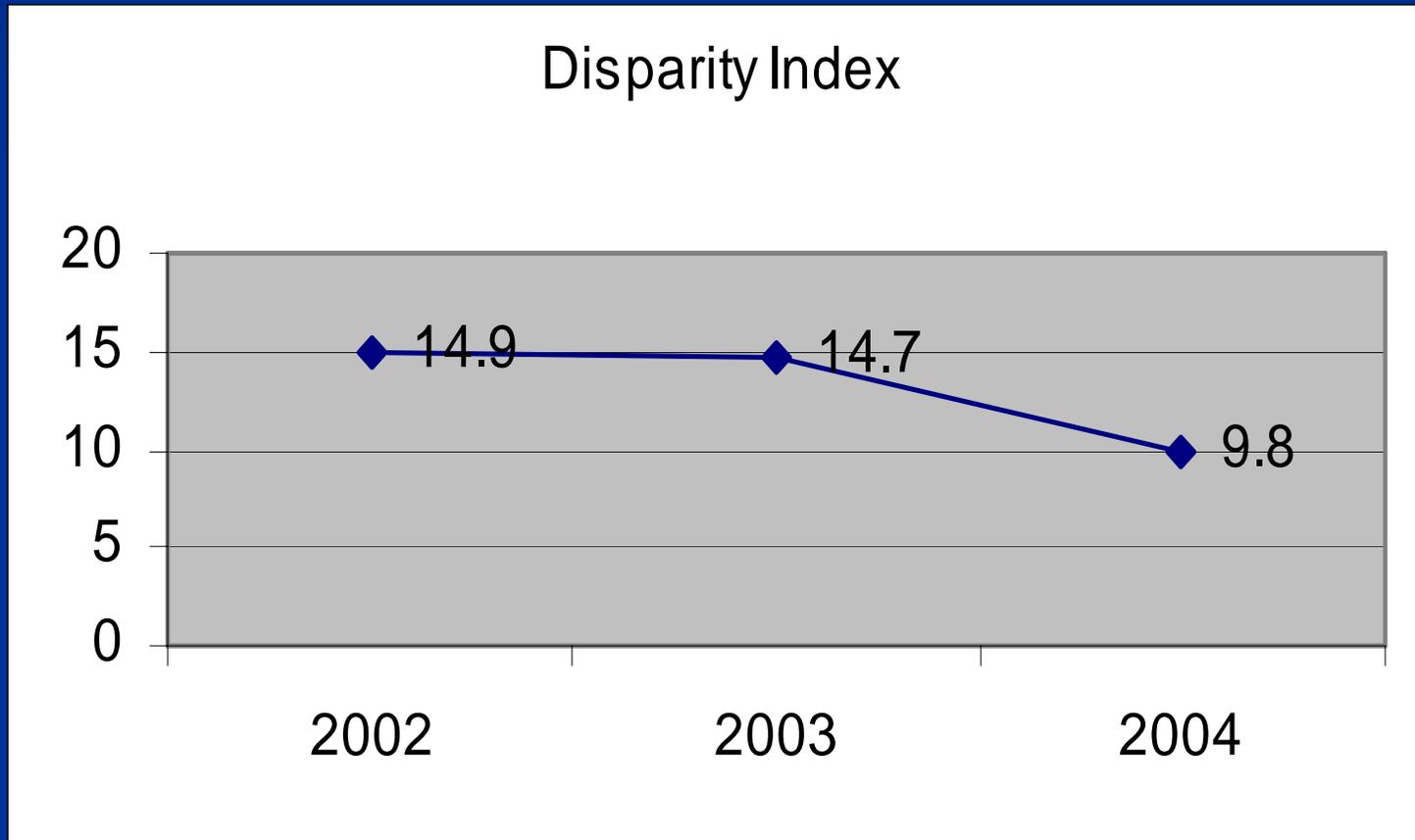
**Asthma Medication Management**

**Well Care Visits in 1st 15 Months of Life (5 or More)**

**Well Care Visits in 3rd, 4th, 5th, and 6th Years of Life**

**Adolescent Well Care Visits**

# Socioeconomic Disparities Index Results



# **Medicaid Managed Care Can Reduce Health Care Disparities**

- Medicaid Managed Care Can Facilitate a Narrowing of Socioeconomic Driven Disparities**
- The “Tide” Raises Outcomes for All Ethnic/Racial Groups**
- This Sets the Stage for Targeted Initiatives for Specific Ethnic/Racial Groups (e.g., Targeted African-American Teen Prenatal Care Program)**

# Medicaid Managed Care

- **Opens Up Access to Primary and Specialty Care**
- **Provides Accountability for Care that Does Not Exist**  
**Under Most Medicaid Fee for Service Programs**
- **Enhances Health Care Outcomes**
- **Makes Fiscal Sense**
- **Opens the Door for Patient Empowerment and**  
**Coordination of Care**
- **Improves Health Care Status**
- **Facilitates Elimination of Health Care Disparities**

# Recent Study on Medicaid Managed Care Savings

- Estimates have been jointly commissioned by:
  - Medicaid Health Plans of America (MHPA)
  - Association for Community Affiliated Plans (ACAP)
- Conducted by The Lewin Group, the project has two key components:
  - isolating subset of Medicaid costs that capitation expansion can impact in each state; and
  - estimating the Federal and state savings maximal use of the capitation model would create in each state across a ten year period

# Lewin Finds that Medicaid Capitation Currently Plays a Fairly Small Role in Medicaid...

- 16% of Medicaid spending was paid via capitation in FY2003
- Capitation represents  $> 30\%$  of Medicaid spending in only six states
- Capitation represents  $< 12\%$  of Medicaid spending in 7 of the largest 10 states

This highlights the significant opportunity for savings from expanding Medicaid managed care

# Capitation is a larger part of TANF Acute Care Spending than it is for the SSI Acute Care Spending

- Capitation Spending on the TANF Population accounts for 43% of Acute Care Spending
- Capitation Spending on the SSI Population accounts for 17% of Acute Care Spending
- Dual Eligible Spending is not included in the above figures

This highlights the significant opportunity for savings from expanding Medicaid managed care

# ...And That Capitation Presents A Good Fit For The Disabled Population (as Well As a Good Opportunity)

Key:	
●	Strongly Met
◐	Partially Met
○	Usually Not Met

Population Characteristics that Enhance Effectiveness of Capitation Model	TANF	SSI (Medicaid-Only)	SSI (Dual Eligibles)
Sufficient Number of Persons to Support Choice-Based Model	●	◐	◐
Large Revenue Stream to Provide Administrative Scale Economies	●	●	○
Stable & Long-Lasting Medicaid Eligibility	○	●	●
High PMPM Medicaid Costs in Service Categories that MCOs Can Impact	○	●	○
High Prevalence of Chronic Conditions	○	●	●
Enrollee Outreach and Education Investments Likely to Pass Cost/Benefits Test	◐	●	○
Medicaid Typically Primary and Only Payer	●	●	○
Subgroup Can Be Included in a Mandatory MCO Program Without Political Resistance	◐	○	○

# Lewin Projects Significant Savings Potential From Expanding Medicaid Managed Care

- Initial savings estimated at 5% for TANF and 8% for SSI
  - lower savings assumptions used for rural areas, and for states where other managed care models are in place
  - percentage savings will steadily grow over time
- Two-thirds of savings come from serving SSI

## Nationwide Savings Through Optimal Adoption Of MCO Model



	FY 2006	FY 2015	5 Year Total 2006-2010	10 Year Total 2006-2015
Federal	\$2.6	\$4.2	\$16.7	\$46.6
State	\$2.0	\$3.2	\$13.0	\$36.0
Total	\$4.6	\$7.4	\$29.7	\$82.6

**Federal share of savings is 56%; state share is 44%**