



Some Speech Titles Are Better Spoken Than Written

Hot Issues in Health Care

December 5, 2017

Alan Weil

Editor-in-Chief

Health Affairs

HealthAffairs

Because

Whither: (adv) to what situation, position, degree or end

Wither: (v) to lose vitality, force or freshness

So I ask: Whither (or Wither) Medicaid managed care?

What I'm Going To Cover

- **What do I mean by managed care?**
- **The phases of MMC**
- **The evolving rationale for MMC**
- **Looking forward**

The Phases of MMC

- **MMC Beta (1970s)**
- **MMC 1.0 (1990s)**
- **MMC 2.0 (2000s)**
- **MMC 3.0**

MMC Beta

ESCALATING COSTS, UNEVEN ACCESS TO PHYSICIANS, and lack of quality control in Medicaid programs have led policymakers to seek options to the fee-for-service system. In 1971, California led the nation in implementing a promising alternative—a statewide prepaid health program for Medicaid beneficiaries. This action was widely heralded as a solution to the problems of cost containment, guaranteed access, and quality assurance in the provision of health care to the poor.

California's program, however, has fallen so far short of its promise that many consider it scandalous.

D'Onofrio et al., Public Health Report (1977)

HealthAffairs

The Early Rationale (1.0)

- **Improved access, especially to primary care**
- **Reduced institutional care**
- **Budget savings**
- **Budget certainty**

State Ceded to MCOs

- **Provider enrollment**
- **Provider payment rates**
- **Claims payment**
- **Utilization controls**

States Took On

- **MCO selection**
- **MCO rate setting**
- **Beneficiary enrollment in MCOs**
- **But none of the old functions went away...**

And Then States Realized They Had To Also Handle

- **MCO contract oversight**
- **MCO shadow claims**
- **MCO transitions**
- **Carve outs**
- **Coverage adjudication**

And They Did

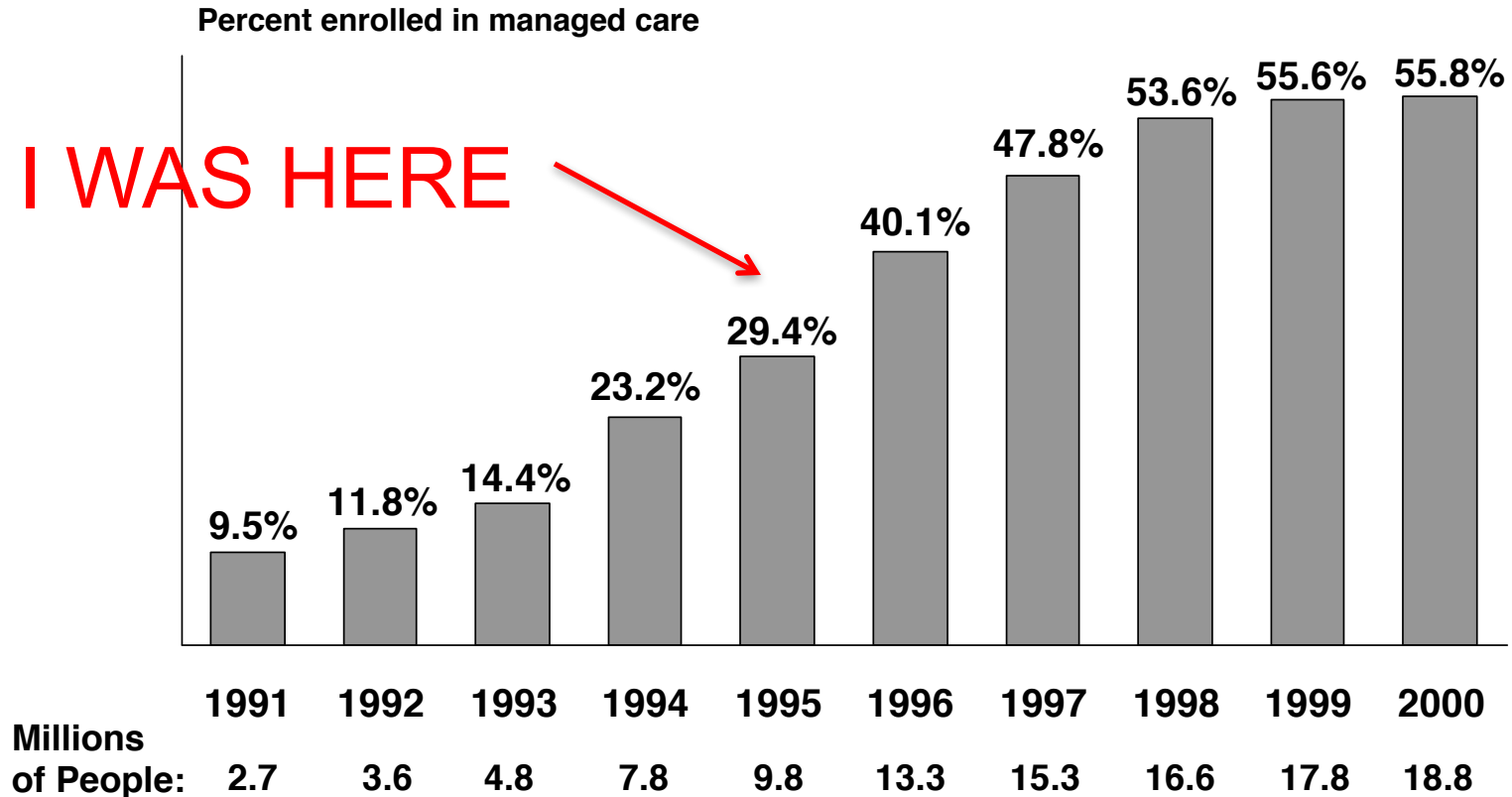
And some even got pretty good at it!

And So Did The MCOs

HealthAffairs

Figure 1

Growth in the Share of Medicaid Beneficiaries Enrolled in Managed Care, 1991-2000

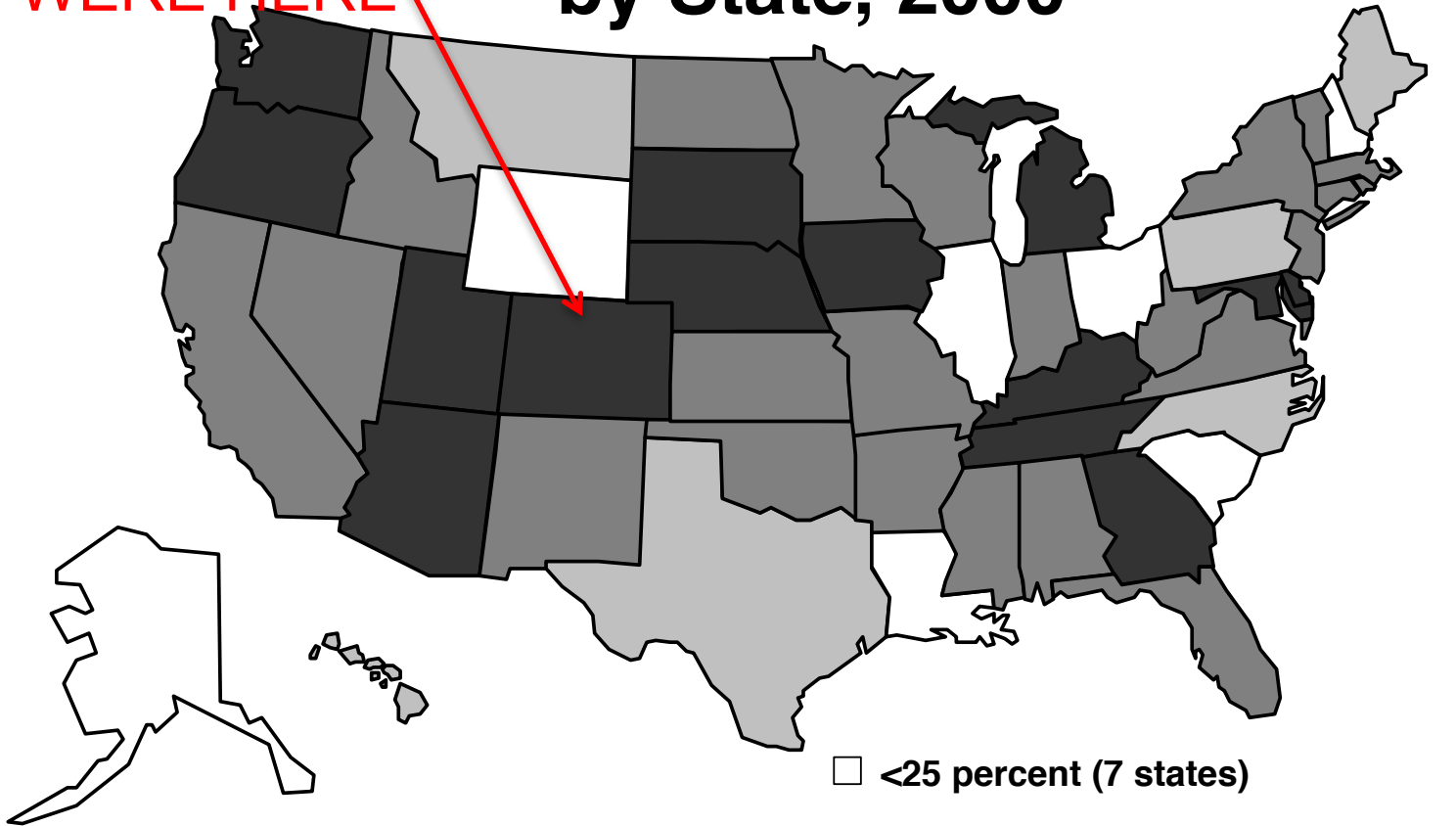


Note: Includes full-risk and PCCM arrangements.
SOURCE: CMS, 2001.

Figure 2

Medicaid Managed Care Enrollment, by State, 2000

WE WERE HERE

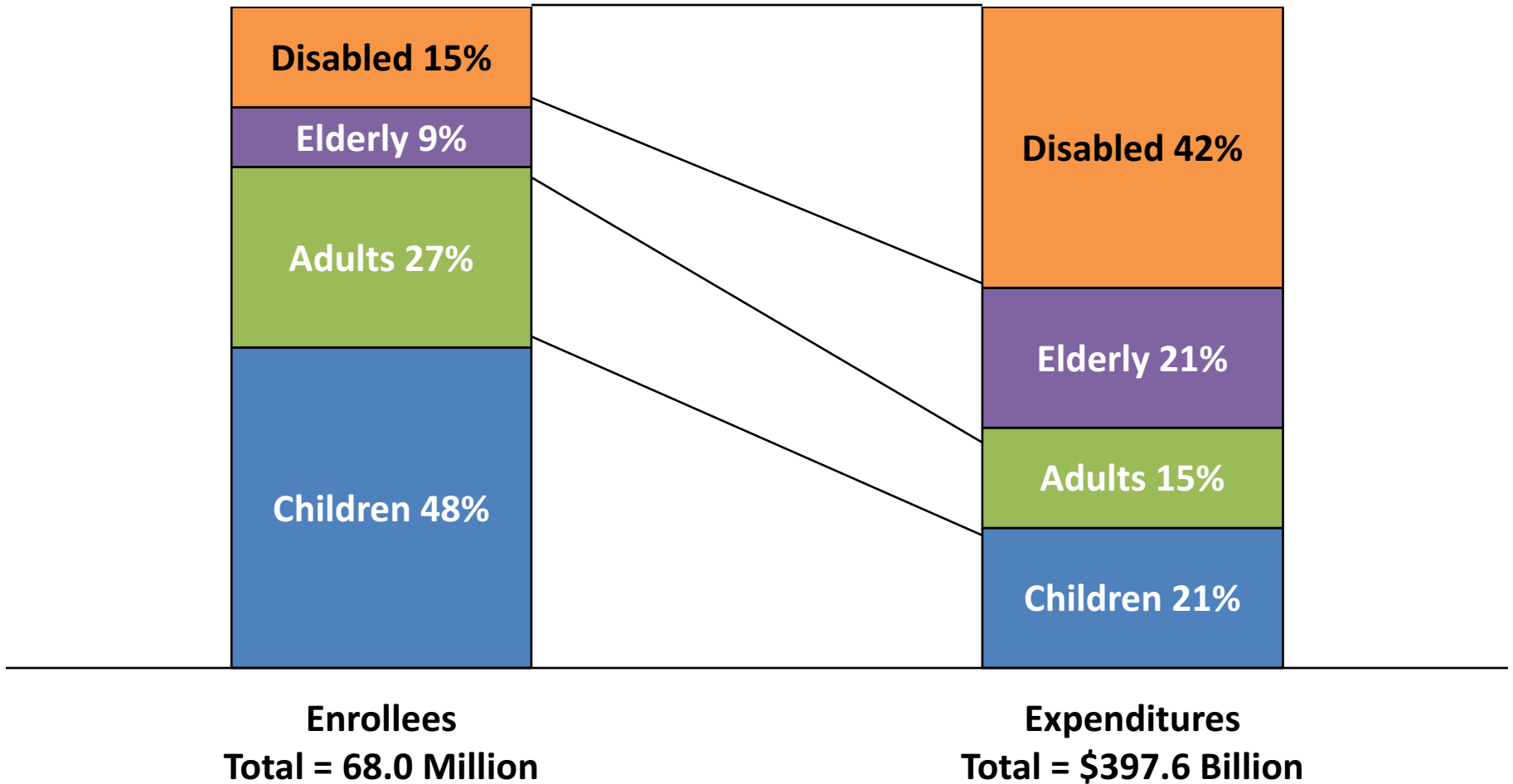


National Average = 55.8%

- <25 percent (7 states)
- 25 to <75 percent (29 states + DC)
- 75+ percent (14 states)

Note: Includes full-risk and PCCM arrangements.
SOURCE: CMS, 2001.

But...50% of Enrollees ≠ 50% of \$



SOURCE: KCMU/Urban Institute estimates based on data from FY 2011 MSIS and CMS-64. MSIS FY 2010 data were used for FL, KS, ME, MD, MT, NM, NJ, OK, TX, and UT, but adjusted to 2011 CMS-64.

The Evolving Rationale (2.0)

- **Accountability for outcomes**
- **Care management**
- **Reallocation of resources**
- **Medicare integration**
- **Oh yes, and money**
- **and ideology**
- **and politics**



Medicaid Enrollment in Comprehensive Risk-Based Managed Care | The Henry J. Kaiser Family Foundation

Timeframe: 2003 - 2014

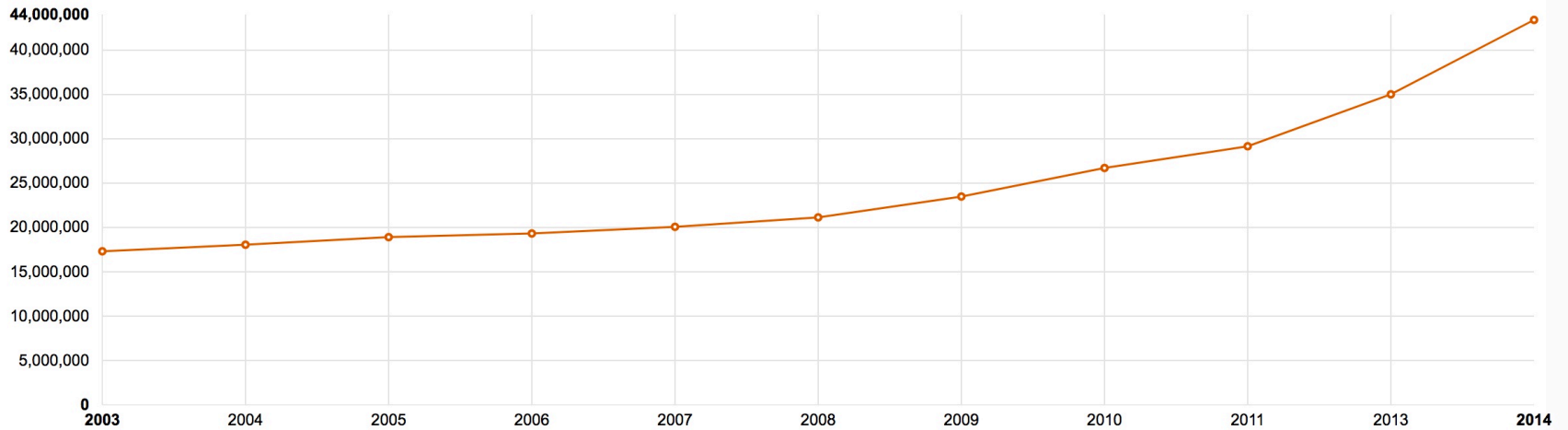
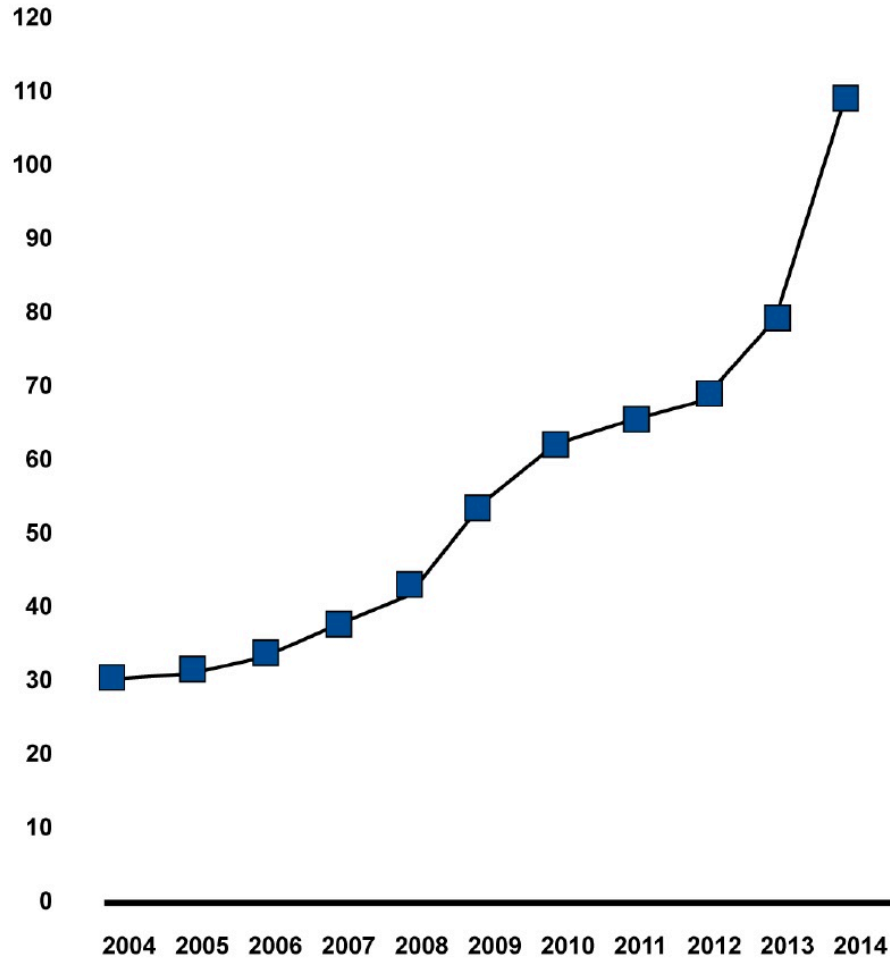


TABLE 1. Distribution of Managed Care Enrollees by Eligibility Group, FY 2013

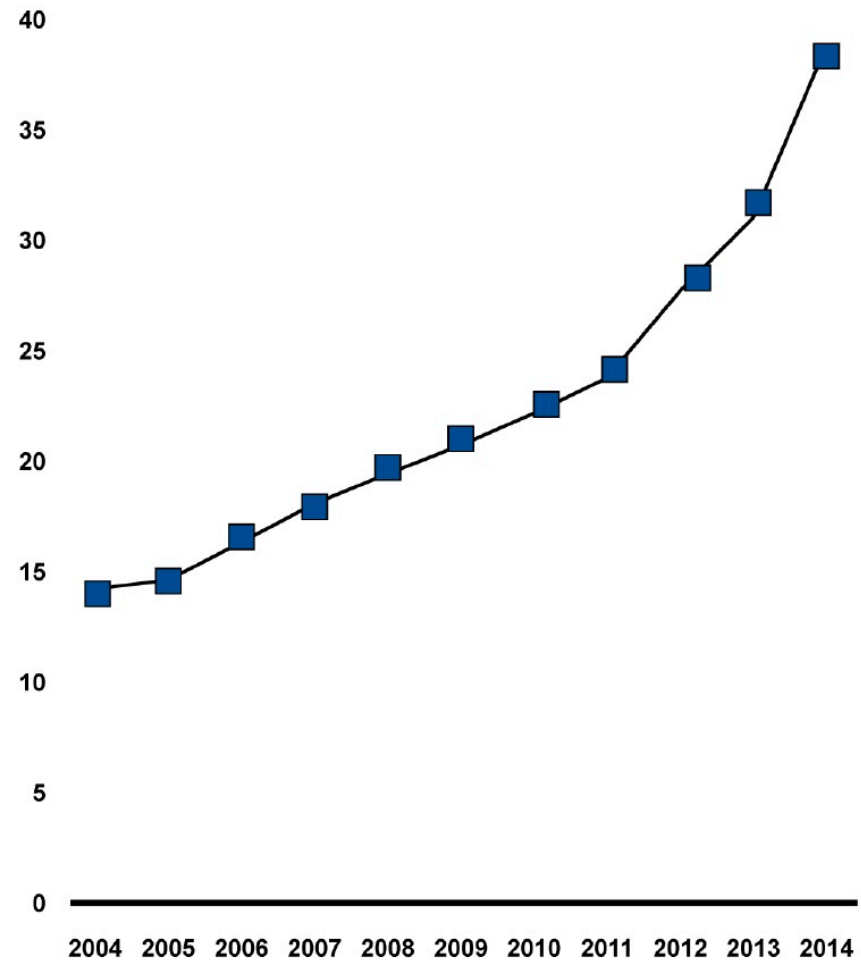
Basis of eligibility	Any managed care	Comprehensive managed care ¹	Limited-benefit plans	Primary care case management
Total	77.5%	53.9%	49.5%	12.7%
Children	92.8	67.8	58.8	17.4
Adults	66.9	50.9	35.9	9.3
Disabled	70.4	40.2	53.1	11.3
Aged	47.9	18.1	40.7	2.5

Figure 3: Federal Comprehensive Risk-Based Medicaid Managed Care Expenditures, Total and as a Percentage of Overall Federal Medicaid Expenditures, Fiscal Years 2004-2014

Expenditures (in billions)



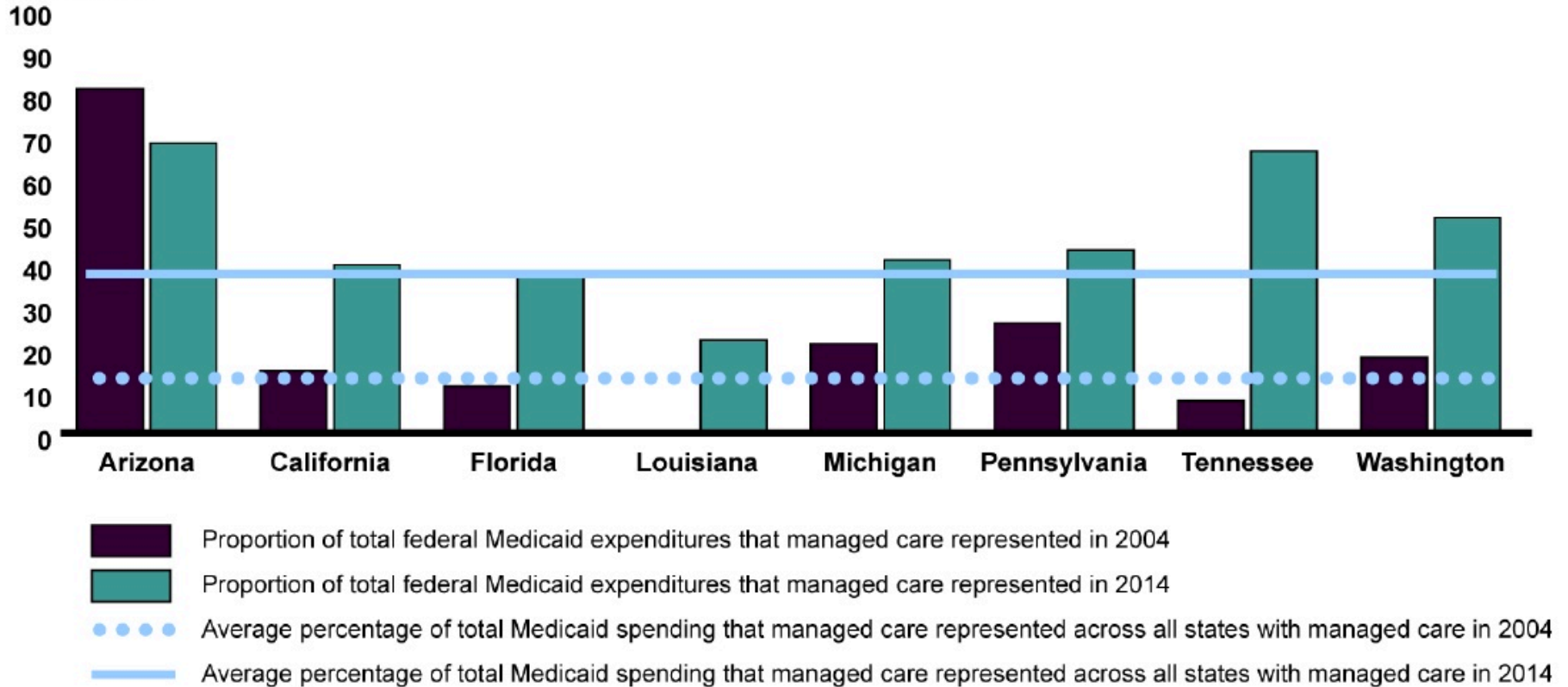
Percentage



Source: GAO analysis of Centers for Medicare & Medicaid Services data. | GAO-16-77

Federal Expenditures for Medicaid Managed Care as a Percentage of Federal Medicaid Expenditures, in Eight States, Fiscal Years 2004 and 2014

Percentage

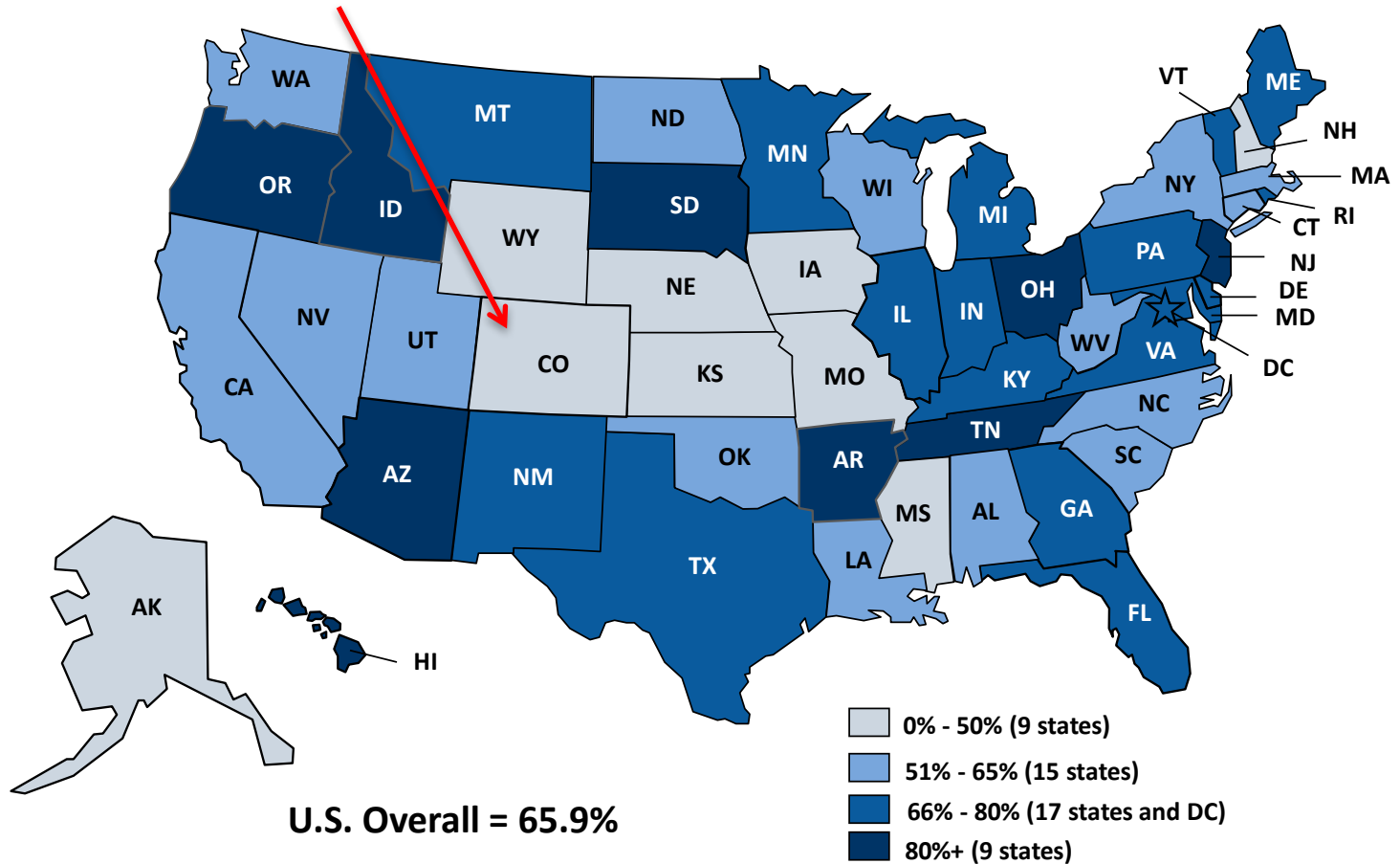


Source: GAO analysis of federal data. | GAO-16-77

Figure 1

Comprehensive Medicaid Managed Care Penetration by State, October 2010

WE ARE HERE



NOTE: Includes enrollment in MCOs and PCCMs. Most data as of October 2010.

SOURCE: KCMU/HMA Survey of Medicaid Managed Care, September 2011.

The New State Challenges

- **Quality oversight**
- **Disruption**
- **Risk adjustment**
- **No agreed upon yardstick to measure success**

MACPAC on Managed Care

Managed Care

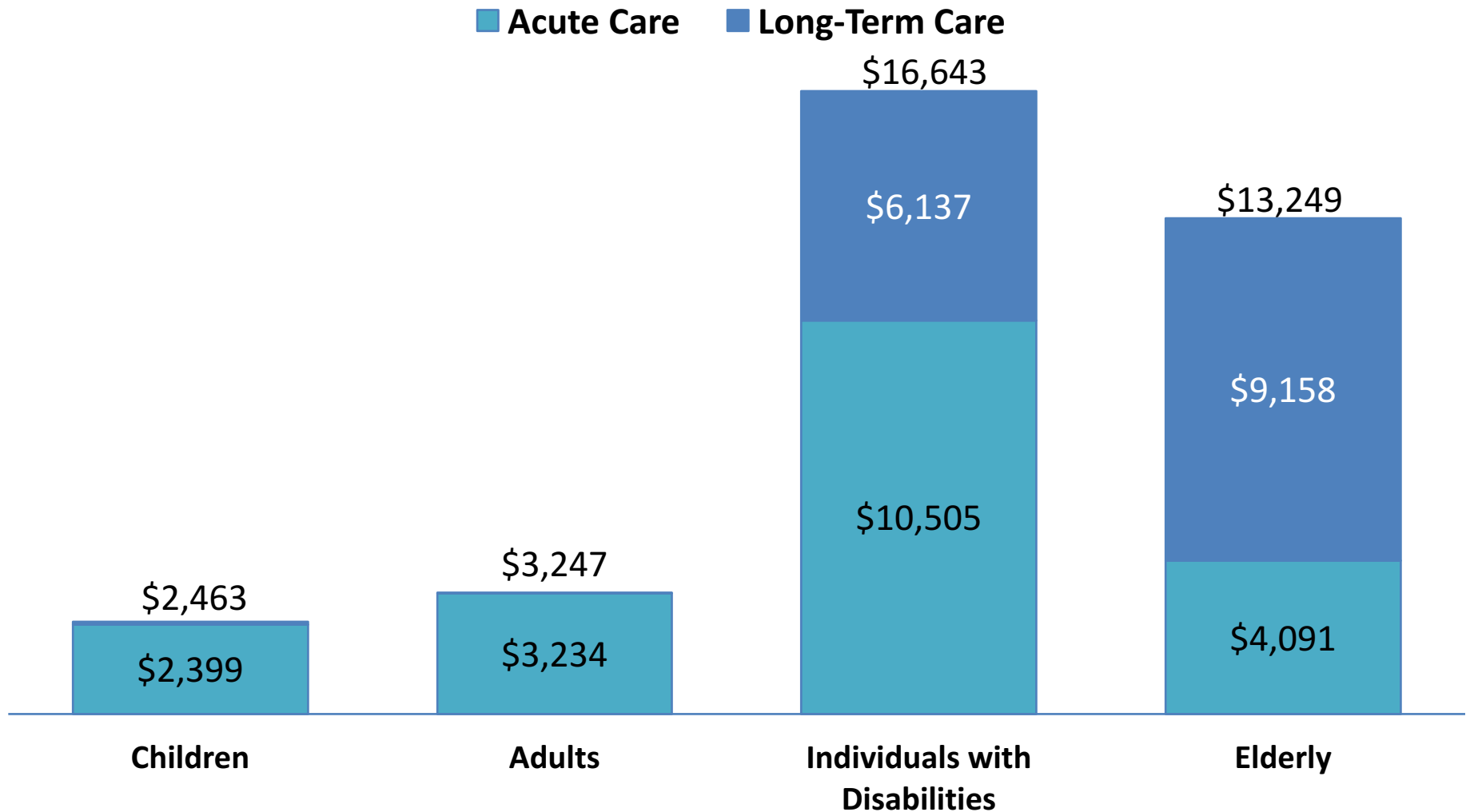
While much research has been conducted on whether managed care delivery systems result in better outcomes than traditional fee for service (FFS), there is no definitive conclusion as to whether managed care improves or worsens access to or quality of care for beneficiaries.

HealthAffairs

MMC 3.0

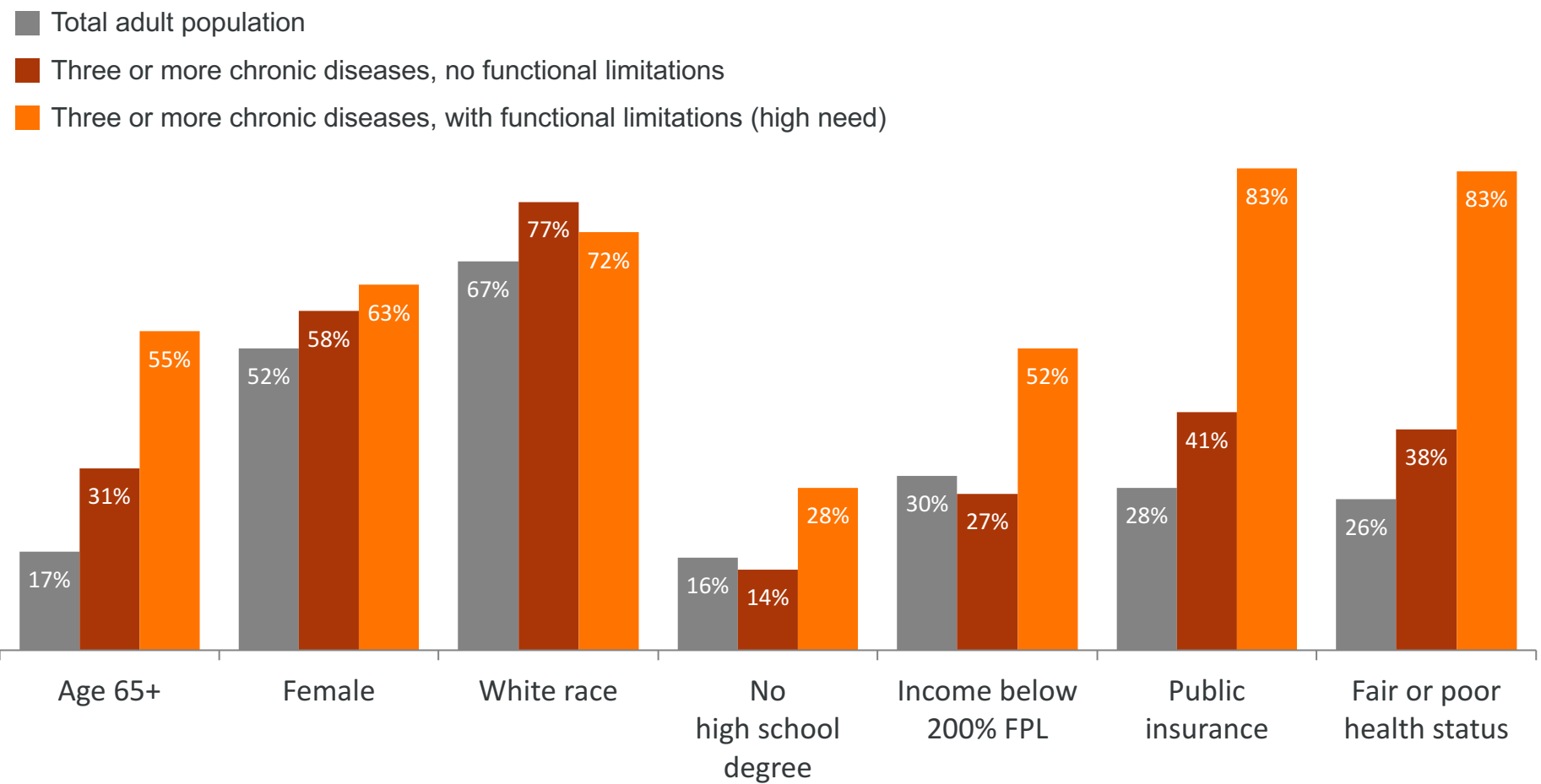
- **Addressing social and clinical needs of the most vulnerable and sometimes medically complex patients**

Where Are the Dollars?



SOURCE: Kaiser Commission on Medicaid and the Uninsured and Urban Institute estimates based on data from FY 2011 MSIS and CMS-64 reports. Because 2011 data were unavailable, 2010 MSIS data were used for FL, KS, ME, MD, MT, NM, NJ, OK, TX, and UT. Data for these states were adjusted to 2010 spending levels.

Adults with High Needs Have Unique Demographic Characteristics



Notes: Noninstitutionalized civilian population age 18 and older. Public insurance includes Medicare, Medicaid, or combination of both programs (dual eligible). Data: 2009–2011 Medical Expenditure Panel Survey (MEPS). Analysis by C. A. Salzberg, Johns Hopkins University.



What Should A State Make?

What Should A State Buy?

- **Provider panels & payment?**
- **Data analytics & care management?**
- **Social services?**
- **Social change?**

Whither Managed Care?

HealthAffairs

www.healthaffairs.org
www.healthaffairs.org/blog

Follow us on twitter:
[@Health_Affairs](https://twitter.com/Health_Affairs)
[@alanrweil](https://twitter.com/alanrweil)



JULY 2016 VOL. 35 NO. 7 Published by Project HOPE

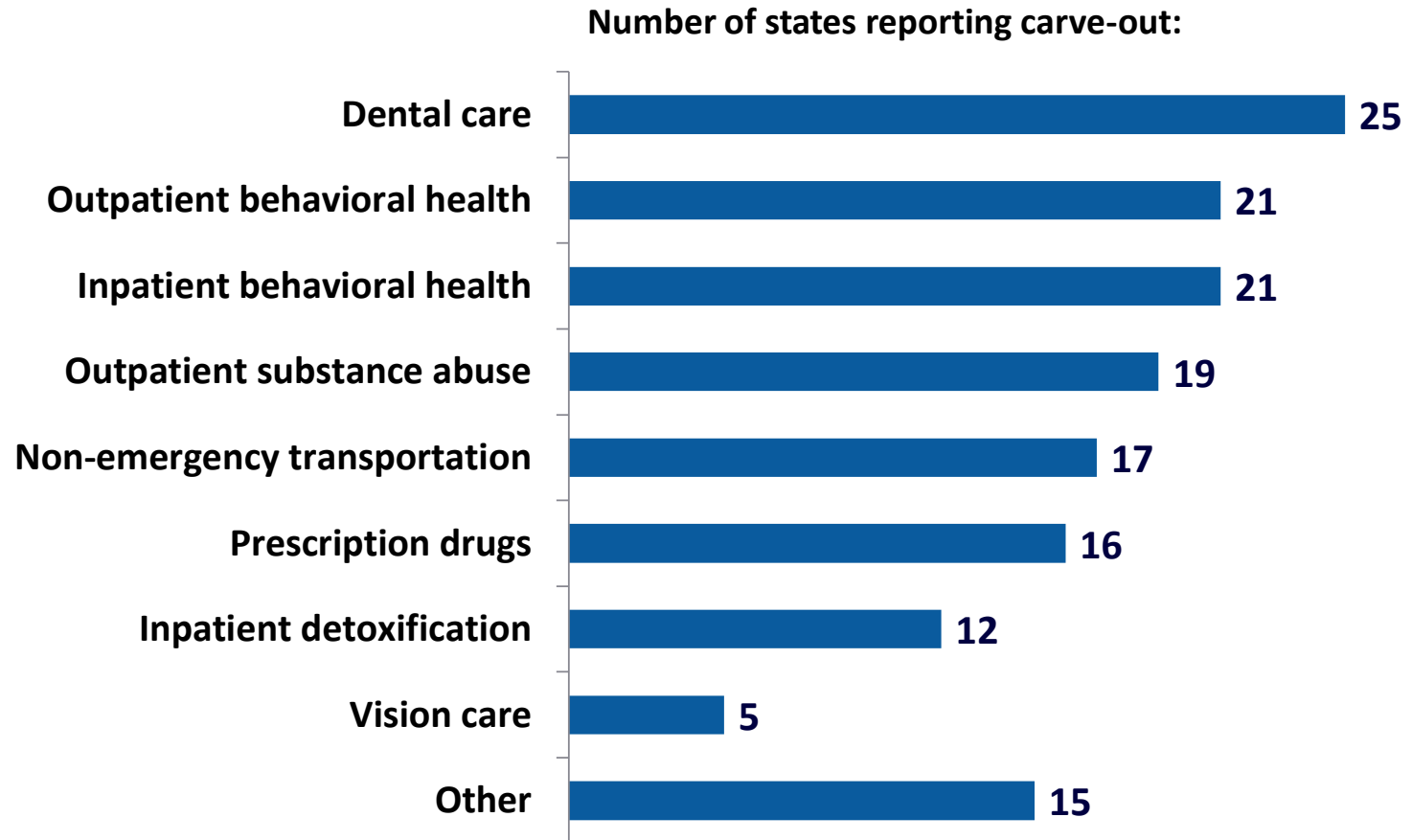
ENTRY POINT States & Cities Struggle As Zika Reaches US Shores — Corina Storrs	NARRATIVE MATTERS Beating A Cancer Death Sentence — Jonathan Friedlaender	CANCER CARE Rapid Adoption Of Evidence-Based Breast Cancer Care — D. Howard et al.
--	---	--

AT THE INTERSECTION OF HEALTH, HEALTH CARE, AND POLICY

Health Affairs

ACA Coverage, Health Spending & More	Network Adequacy In ACA Marketplaces <i>Simon F. Haeder et al.</i> PLUS <i>Changing The 'Family Glitch'</i> <i>Matthew Buettgens et al.</i> Page 1160	Tobacco Surcharges Cut Insurance Take-Up <i>Abigail S. Friedman et al.</i> Page 1176
Health Spending Diverging Trends For Low- & High-Income Americans <i>Samuel L. Dickmon et al.</i> Where Does The Money Go? <i>Sherry Glied et al.</i> Page 1189	Patient Cost Sharing Grows In Europe <i>Raffaele Pallodino et al.</i> PLUS <i>Role Of The Private Sector In Low- & Middle-Income Countries</i> <i>Karen A. Grépin</i> Page 1204	Drug Program Reduces Hospital Readmissions <i>Jennifer M. Polinski et al.</i> PLUS <i>Admissions & Readmissions Both Decline</i> <i>Kumar Dharmarajan et al.</i> Page 1222
Medicare ACOs & Behavioral Health No Overall Improvement In Mental Health Care Management <i>Alliso B. Busch et al.</i> Limited Success Integrating Behavioral Health & Primary Care <i>Catherine A. Fullerton et al.</i> Page 1247	Medical Marijuana Laws Reduce Medicare Prescriptions <i>Ashley C. Bradford & W. David Bradford</i> Page 1230	WEB FIRST Spending Patterns For End-Of-Life Care <i>Matthew Allen Davis et al.</i> Opioid Deaths Fall With Drug Monitoring Programs <i>Stephen W. Patrick et al.</i> WWW.HEALTHAFFAIRS.ORG

Acute-Care Benefit Carve-Outs in Medicaid MCOs



NOTE: 36 states contract with MCOs.

SOURCE: KCMU/HMA Survey of Medicaid Managed Care, September 2011.