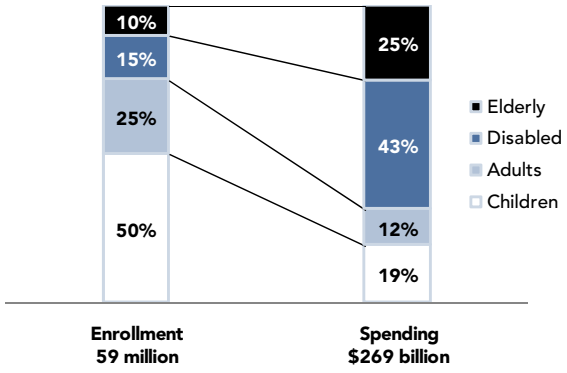
Medicaid in the United States: A Snapshot

As the largest health coverage program in the country, Medicaid serves approximately 67 million individuals[1]—many with a complex and costly array of chronic illnesses and disabilities. No longer linked to welfare in many states, Medicaid provides coverage to individuals well beyond its traditional base, including working parents, childless adults and the recently unemployed. While poor health care quality confronts all Americans, the quality gap is substantially greater for Medicaid beneficiaries, who have lower measures of care for many chronic conditions compared to those with commercial coverage.[2] Managing the care of Medicaid enrollees more effectively could improve health outcomes for millions of Americans and reduce health care expenditures.

With Medicaid enrollment and costs continuing to rise—one million additional enrollees are expected for each 1 percent increase in unemployment[3]—innovations that produce better financial and clinical outcomes are increasingly essential. Such advances will become even more important if a large Medicaid expansion occurs under federal health care reform efforts. Medicaid is uniquely positioned to partner in system-wide initiatives due to its:

- ***High prevalence of chronic illness:*** Sixty-one percent of adult Medicaid enrollees have a chronic or disabling condition, representing a significant opportunity to test and lead advances in care management.[4,5]
- ***High percentage of racial/ethnic diversity:*** People in racial and ethnic minority populations, who make up roughly half of Medicaid beneficiaries under age 65,[6] experience more barriers to care, a greater incidence of chronic disease, lower quality of care and higher mortality than the general population.[7]
- ***High proportion of small provider practices:*** About half of all Medicaid beneficiaries in select states go to practices with three or fewer providers. These practices have large gaps in chronic care performance—especially for minority populations—creating significant opportunities for improving quality and reducing disparities.[8]

Total Medicaid Enrollees and Expenditures Nationally, by Enrollment Group, 2006



SOURCE: Urban Institute and Kaiser Commission on Medicaid and the Uninsured estimates based on 2006 MSIS data.

- ***Leadership in value-based purchasing***: State Medicaid programs are increasingly using purchasing leverage to measure provider and plan performance; mine data to target improvement efforts; and realign financial incentives and reimbursement. States can maximize these efficiencies by aligning financial incentives with other public and commercial payers to reward better outcomes.
- ***Existing systems for managing care:*** More than 60 percent of Medicaid beneficiaries are in a managed health care system (e.g., full risk, primary care case management, etc.),[9] linking them directly to a primary care provider. Managed care can be leveraged to provide more integrated care, particularly for those with complex needs.

[1] Health Management Associates estimate for 2009 based on Congressional Budget Office, *Budget and Economic Outlook*, January 2008. Estimate is for Medicaid beneficiaries ever enrolled in 2009 (not average enrollment).
[2] E.A. McGlynn et al. "The Quality of Health Care Delivered to Adults in the United States." *New England Journal of Medicine* 348, no. 26 (2003); National Committee for Quality Assurance's Quality Compass 2008, available at www.ncqa.org/tabid/177/Default.aspx.
[3] S. Dorn, B. Garrett, J. Holahan, and A. Williams. *Medicaid, SCHIP and Economic Downturn: Policy Challenges and Policy Responses*, Kaiser Commission on Medicaid and the Uninsured, April 2008.
[4] Kaiser Commission on Medicaid and the Uninsured, 2001 data; and R.G. Kronick, M. Bella, T.P. Gilmer, and S.A. Somers, *The Faces of Medicaid II: Recognizing the Care Needs of People with Multiple Chronic Conditions.* Center for Health Care Strategies, Inc., October 2007.
[5] R.H. Kronick, M. Bella, T.P. Gilmer, and S.A. Somers. *The Faces of Medicaid II: Recognizing the Care Needs of People with Multiple Chronic Conditions.* Center for Health Care Strategies, October 2007.
[6] Medicaid Statistical Information System State Summary FY 2004, Centers for Medicare and Medicaid Services, June 2007.
[7] Unequal Treatment: Confronting Racial and Ethnic Disparities in Health Care, Institute of Medicine, 2002.
[8] Data derived from CHCS Practice Size Exploratory Project, 2008.
[9] CMS, Medicaid Managed Care Overview, 2004.

Medicaid in Memphis, Tennessee: A Snapshot[10]

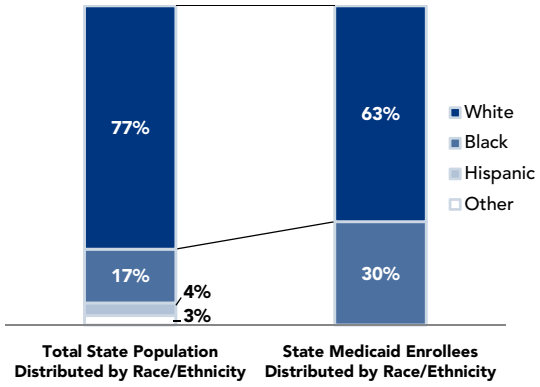
Approximately 1.5 million Tennessee residents (25%) are enrolled in TennCare, the state's Medicaid program. This number is likely to rise amid the current recession. Similarly, 25 percent of residents (approximately 233,000) in Memphis' Shelby County are TennCare beneficiaries.

- ***About TennCare:*** TennCare is a government-operated medical assistance program for people who are eligible for Medicaid, and for some uninsured children. It is a Medicaid waiver, or demonstration, program designed to show that managed care principles can generate sufficient savings to enable the state to cover more than Medicaid-eligible residents. TennCare is one of the few programs in the nation to enroll an entire state Medicaid population in full-risk managed care.

- ***Medicaid Demographics:*** Children account for the greatest proportion (48%) of TennCare enrollees, followed by non-disabled adults ages 18-64 (21%), the non-elderly disabled (21%) and the elderly (11%).

- ***Medicaid Spending:*** In FY 2008, TennCare expenditures totaled approximately $7.4 billion, of which $2.59 billion was state spending. Service expenditures in Shelby County were approximately $863.5 million, equating to about $3,400 per member.[11]

Distribution of Race/Ethnicity, Tennessee Population vs. State Medicaid Beneficiaries



SOURCE: Kaiser Family Foundation, www.statehealthfacts.org.

- ***Medicaid Contracting and Delivery of Care:*** All TennCare beneficiaries are enrolled in managed care, with medical and behavioral services covered by managed care organizations (MCOs) in each region. MCOs serving TennCare members in Shelby County are AmeriChoice, BlueCare and TennCare Select. While enrollees can choose among the MCOs serving their region, certain populations are assigned to TennCare Select.

- ***Medicaid and Safety Net Providers:*** Tennessee has 24 federally qualified health centers, with 132 service delivery sites, serving as safety net providers. Approximately 38 percent of their revenue in 2007 came from Medicaid.

- ***Quality Incentives:*** While TennCare does not offer a quality incentive program directly to providers, it contracts with participating MCOs that operate physician incentive plans. TennCare does offer a pay-for-performance program to MCOs based on their performance on eight selected HEDIS measures and a hospital readmission measure.

- ***Collection and Public Reporting of Quality Data:*** The Bureau of TennCare mandates that all of its MCOs become certified by the National Committee for Quality Assurance (NCQA), which measures quality and performance of health insurance companies. The MCOs must adhere to numerous reporting requirements, including submission of annual HEDIS and CAHPS reports. The most recent statewide report is available at *www.tn.gov/ tenncare/forms/hedis08.pdf*. Tennessee was the first state to require NCQA certification across a Medicaid managed care network.

- ***State Medicaid Leadership:*** TennCare leadership includes: Director/Deputy Commissioner, Bureau of TennCare, Darin Gordon; and Chief Medical Officer, TennCare, Wendy Long, M.D.

- ***Participation in CHCS Quality Improvement Initiative:*** TennCare has participated in the Center for Health Care Strategies' (CHCS) quality improvement initiative, *Improving Outcomes for Children Involved in Child Welfare.* For more information, visit *www.chcs.org.*

[10] Unless otherwise noted, all data are from Kaiser State Health Facts (*www.statehealthfacts.kff.org*) or TN.GOV (*www.tn.gov/tenncare/*)
[11] Note: 2006 data.