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.

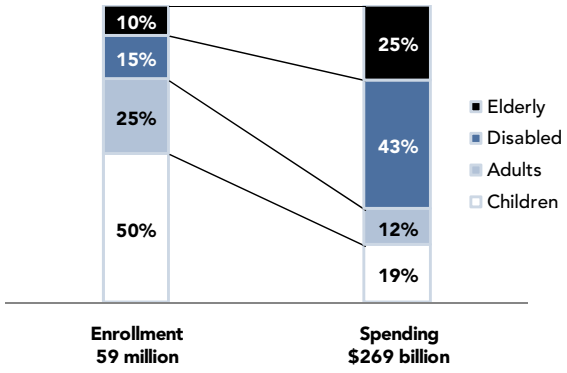
With Medicaid enrollment and costs continuing to rise—one million additional enrollees are expected for each 1 percent increase in unemployment[3]—innovations that produce better financial and clinical outcomes are increasingly essential. Such advances will become even more important if a large Medicaid 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 Minnesota: A Snapshot[10]

Approximately 774,000 Minnesota residents (15%) are enrolled in the state's Medicaid program, Medical Assistance (MA). This number is likely to rise amid the current recession. The greatest concentration of beneficiaries is in Minneapolis' Hennepin County, which has an average monthly enrollment of 122,000.[11]

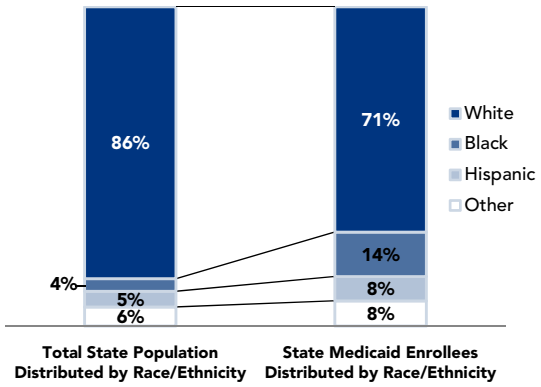
- ***About Medical Assistance:*** MA is the largest offering of Minnesota Health Care Programs (MHPC), providing health care coverage for qualified residents. MA is overseen by the Department of Human Services, with eligibility administered by the counties.

- ***Medicaid Demographics:*** Children account for the greatest proportion (51%) of MA enrollees, followed by non-disabled adults ages 18-64 (23%), the non-elderly disabled (15%) and the elderly (12%).

- ***Medicaid Spending:*** In FY 2007, MA expenditures totaled $6.19 billion, of which $3.10 billion was state spending.

- ***Medicaid Contracting and Delivery of Care:*** In 2009, approximately 296,000 MA beneficiaries were enrolled in managed care, provided by the following plans: Blue Plus, First Plan Blue, Health Partners, Itasca Medical Care, Medica, Metropolitan Health Plan, PrimeWest Health, South Country Health Alliance and UCare. Blue Plus, Medica and UCare have the highest MA enrollment.

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



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

- ***Medicaid and Safety Net Providers:*** Minnesota has 14 federally qualified health centers, with 71 service delivery sites, serving as safety net providers. Approximately 34 percent of their revenue in 2007 came from Medicaid.

- ***Medicaid Reimbursement:*** In 2008, the state's fee-for-service (FFS) primary care provider (PCP) rate was 58 percent of Medicare. PCP rates in Medicaid managed care vary, but often are based on, or greater than, Medicaid FFS rates. The closer the Medicaid rate is to the Medicare rate, the more likely providers are to serve Medicaid patients, creating a greater overlap of payers across provider networks.

- ***Pay for Performance (P4P):*** In 2008, MHCP implemented a P4P program for FFS providers, awarding $125 up to twice in 12 months when physicians or advance practice registered nurses deliver optimal chronic disease care to MHCP recipients (including MA beneficiaries) with cardiovascular disease and/or diabetes. Many of the Medicaid health plans also have physician-level P4P programs.

- ***Collection and Public Reporting of Quality Data:*** Medicaid managed care plans must adhere to numerous reporting requirements, including submission of annual HEDIS reports. The most recent statewide report is available at *www.health.state.mn.us/divs/hpsc/mcs/hedishome.htm*.

- ***State Medicaid Leadership:*** MHCP leadership includes: Acting Medicaid Director Ann Berg and Medical Director Jeff Schiff.

- ***Participation in CHCS Systems/Quality Improvement Initiatives:*** Minnesota has participated in the following Center for Health Care Strategies (CHCS) systems/quality improvement initiatives: *Managed Long-Term Supports and Services Purchasing Institute, Long-Term Care Partnership Expansion, Integrated Care Program* and *Best Practices for Oral Health Access.* For more information, visit *www.chcs.org.*

[10] Unless otherwise noted, all Minnesota data are from Kaiser State Health Facts, *www.statehealthfacts.kff.org*, or Minnesota Department of Human Services, *www.dhs.state.mn.us* .
[11] Note: Average monthly enrollment for Hennepin County is as of May 2008.