CHCS Center for Health Care Strategies, Inc.

Seeking Higher Value in Medicaid: A National Scan of State Purchasers

Executive Summary

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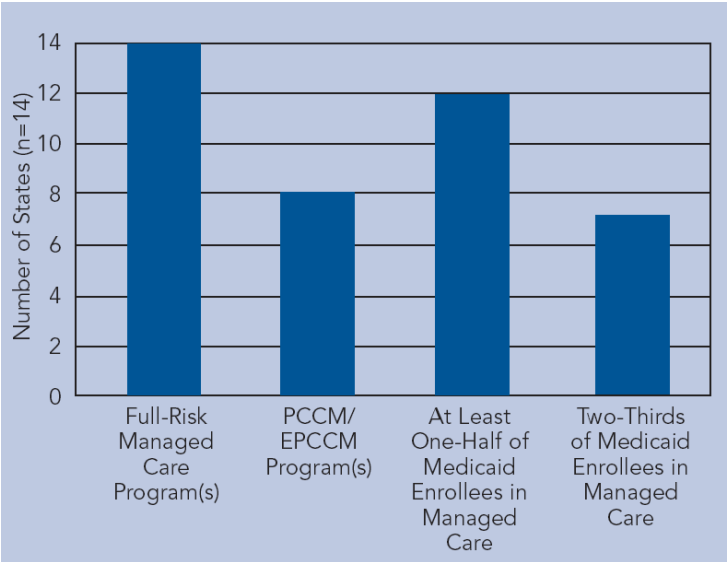
States are increasingly using managed care to provide accountable "medical homes" for Medicaid beneficiaries, not only for children and families, but also for adults with chronic conditions and seniors. Today's definition of managed care, however, goes far beyond the traditional full-risk model. States are using a variety of innovative strategies, including enhanced primary care case management and comprehensive care management, to administer high-quality, cost-effective care.

Seeking Higher Value in Medicaid: A National Scan of State Purchasers, published by CHCS in November 2006, provides a comprehensive look at the current Medicaid managed care environment from the perspectives of 14 states – California, Colorado, Florida, Georgia, Hawaii, Kentucky, Maryland, Michigan, Ohio, Oregon, Pennsylvania, Texas, Washington, and Wisconsin. Interviews with Medicaid directors and staff in these states offer valuable insights about states' plans for managed care expansions, promising practices for improving quality through value-based purchasing, and innovative trends in the Medicaid managed care marketplace. The report was funded by Kaiser Permanente Community Benefit with additional support from the Robert Wood Johnson Foundation.

The interviews revealed that states have become more sophisticated purchasers in reaction to external budget pressures and through the realization that they can use their purchasing leverage to obtain better value. The interviewed states are adopting new tools to achieve quality and efficiency improvements, including: new approaches for managing care; incentives for improving performance; standardized measures; consumer engagement strategies; and methods of systematically collecting encounter data. By using a variety of innovative managed care models, these states are demanding more value for public health expenditures and are developing mechanisms to deliver high-quality, cost-effective care for Medicaid's beneficiaries with the most complex and highest-cost needs.

Medicaid Managed Care in Scan States



Source: State interviews and websites, Kaiser State Health Facts.
Note: Figures are not unduplicated counts.

Our interviews particularly focused on state plans for managed care expansions, trends in the Medicaid managed care marketplace, and promising state practices for improving quality. Three cross-cutting themes emerged:

1. States are generally happy with and continue to pursue full-risk managed care, and are also using managed care alternatives as a way to provide accountable medical homes and expand care management.

2. States want to expand and extend mechanisms for accountable medical homes and managed care into new areas (rural) and populations (aged, blind, and disabled and dual eligibles).

3. States now realize that they can do much more with their purchasing power than merely secure financial predictability, and they are acting accordingly. Increasing quality, efficiency, and accountability are all important goals.

These three themes form the backbone of the report. Overall, we found that states are expanding the boundaries of traditional full-risk managed care and are using innovative models, including enhanced primary care case management and comprehensive care management, to find the best value in delivering care to Medicaid beneficiaries. The findings within this report outline future priorities, barriers, and opportunities for managed care expansion or enhancements, in the eyes of leading state purchasers.

To download a copy of the full report, visit www.chcs.org.

State Alternatives to Full-Risk Managed Care

Model	Description
Enhanced Primary Care Case Management (EPCCM)	EPCCM programs use primary medical providers to coordinate primary care and approve specialty referrals for Medicaid beneficiaries, and also incorporate features originally developed for capitated managed care programs, such as care coordination and quality improvement efforts.
Disease Management	Disease management is a strategy of delivering health care services to improve the health outcomes of patients with specific diseases. It often uses telephone interventions, interdisciplinary clinical teams, and patient self-management education.
Comprehensive Care Management	Comprehensive care management is designed to ensure continuity and accessibility of services to overcome rigidity, fragmented services, and the misutilization of facilities and resources. It also attempts to match the appropriate intensity of services with the patient's changing needs over time.

Source: Seeking Higher Value in Medicaid: A National Scan of State Purchasers. Center for Health Care Strategies, Inc., November 2006.