Medicaid in the United States: A Snapshot

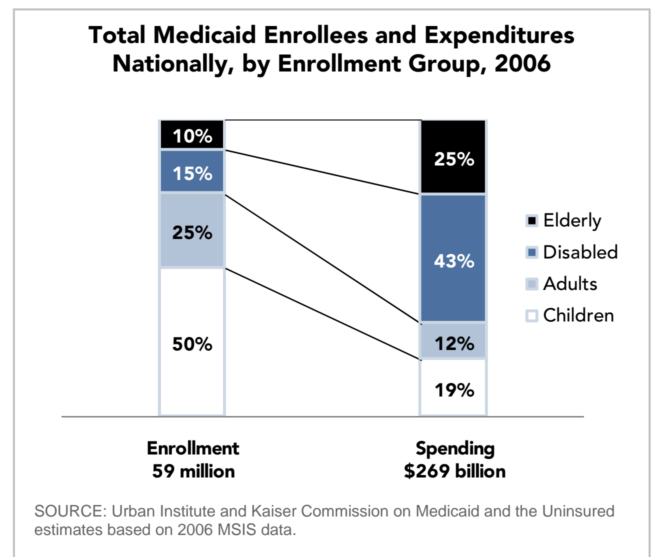
As the largest health coverage program in the country, Medicaid serves approximately 67 million individuals[1]—many with a complex and costly array of chronic illnesses and disabilities. No longer linked to welfare in many states, Medicaid provides coverage to individuals well beyond its traditional 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]



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.

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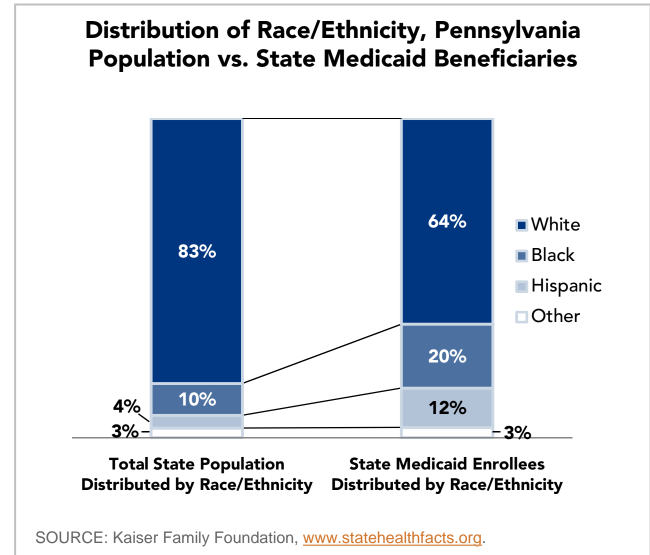
[1] Health Management Associates estimate for 2009 based on Congressional Budget Office, *Budget and Economic Outlook*, January 2008. Estimate is for Medicaid beneficiaries ever enrolled in 2009 (not average enrollment).
[2] E.A. McGlynn et al. "The Quality of Health Care Delivered to Adults in the United 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 South Central Pennsylvania: A Snapshot[10]

Approximately two million Pennsylvania residents (17%) are enrolled in Medicaid, a number that is likely to rise amid the current recession. In Adams and York Counties, there are a total of 42,000 beneficiaries.



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

- ***Medicaid Demographics:*** Children account for the greatest proportion (47%) of Pennsylvania's Medicaid enrollees, followed by the non-elderly disabled (23%), non-disabled adults ages 19-64 (18%) and the elderly (12%).

- ***Medicaid Spending:*** In FY 2007, Pennsylvania Medicaid expenditures reached over $15.9 billion, including $7.3 billion in state spending.

- ***Medicaid Contracting and Delivery of Care:*** York and Adams Counties participate in HealthChoices, Pennsylvania's mandatory Medicaid managed care program serving children, families, and aged, blind, disabled beneficiaries. As of September 2008, over 42,000 Medicaid beneficiaries in the two counties were enrolled in three managed care plans – AmeriHealth Mercy, Gateway Health Plan and Unison Health Plan (which has the greatest concentration of enrollment).

- ***Medicaid and Safety Net Providers:*** Pennsylvania has 32 federally qualified health centers (FQHCs), with a total of 189 service delivery sites, serving as safety net providers. Approximately 40 percent of their revenue in 2007 came from Medicaid. Five FQHCs serve Adams and York Counties.[11]

- ***Medicaid Reimbursement:*** In 2008, the state's fee-for-service (FFS) primary care provider (PCP) rate was 62 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):*** Since 2005, Medicaid health plans in Pennsylvania have participated in a P4P program. They report performance information for10 HEDIS measures, which the state then publicly reports.

- ***Collection and Public Reporting of Quality Data:*** Pennsylvania has a long history of health plan oversight through performance measurement and public reporting. Medicaid managed care plans must adhere to numerous reporting requirements, including submission of annual HEDIS reports. Performance reports can be found at *www.dpw.state.pa.us/PubsFormsReports/MedicalAssistanceDocuments/003674902.htm*.

- ***State Medicaid Leadership:*** Pennsylvania Medicaid leaders include: Medicaid Director Michael Nardone, Chief Medical Officer David Kelley and Acting Director of the Department of Public Welfare, Barbara Molnar.

- ***Participation in CHCS Systems/Quality Improvement Initiatives:*** Pennsylvania Medicaid has participated in the following Center for Health Care Strategies (CHCS) systems/quality improvement initiatives: *Transforming Care for Dual Eligibles, Reducing Disparities at the Practice Site, Return on Investment Purchasing Institute, Practice Size Exploratory Project* and *Improving Outcomes for Children Involved in Child Welfare.* For more information, visit www.chcs.org.

[10] Unless otherwise noted, all Pennsylvania data are from Kaiser State Health Facts (*www.statehealthfacts.kff.org*) or the Pennsylvania Office of Medical Assistance (*www.dpw.state.pa.us/OMAP/*).
[11] U.S. Department of Health and Human Services, Health Resources and Services Administration. *http://findahealthcenter.hrsa.gov/Search.aspx*