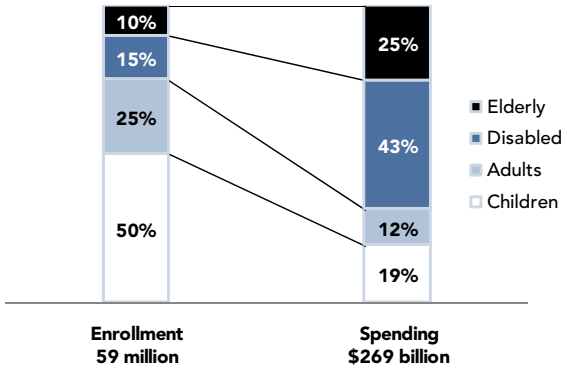
Medicaid in the United States: A Snapshot

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 Western New York: A Snapshot[10]

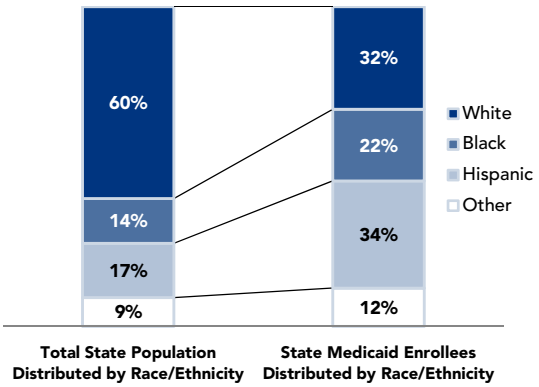
Over five million New York residents (27%) are enrolled in Medicaid, a number that is likely to rise during the current recession. In the eight counties of Western New York (Allegany, Cattaraugus, Chautauqua, Erie, Genesee, Niagara, Orleans and Wyoming), approximately 164,000 residents were enrolled in Medicaid as of April 2009.

- ***Medicaid Demographics:*** Children account for the greatest proportion (41%) of New York's Medicaid enrollees, followed by non-disabled adults ages 19-64 (36%), the disabled (13%) and the elderly (11%).

- ***Medicaid Spending:*** In FY 2007, New York's Medicaid expenditures were over $44.3 billion, half of which was provided by state and local governments.

- ***Medicaid Contracting and Delivery of Care:*** As of 2009, 82 percent of eligible Medicaid beneficiaries (approximately 135,000 individuals) in Western New York were enrolled in managed care, compared to 64 percent nationally. They are served by six health plans: Excellus, Fidelis Care, Health Now, Independent Health Association, Preferred Care and Univera Community Health. Of those, Fidelis Care has the greatest Medicaid enrollment. The plans serve children, families and SSI beneficiaries in all of the Western New York counties, with the exception of Wyoming County (where no managed care currently exists).

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



- ***Medicaid and Safety Net Providers:*** New York has 49 federally qualified health centers (FQHCs), with 443 service delivery sites, serving as safety net providers. Approximately 52 percent of their revenue in 2007 came from Medicaid. There are eight FQHCs in Western New York, three of which are in Erie County.[11]

- ***Medicaid Provider Reimbursement:*** In 2009, New York's fee-for-service (FFS) primary care provider (PCP) rate was 60 percent of Medicare. PCP rates in Medicaid managed care vary, but often are based on, or greater than, Medicaid FFS rates. The current budget proposal also includes substantial increases in primary care rates.[12] 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.

- ***State Medicaid Leadership:*** Leadership in the New York State Department of Health includes: Medicaid Director Deborah Bachrach; Medical Director Foster Gesten; Medical Director James Figgi; Associate Director of Managed Care Vallencia Lloyd; Director of Quality and Evaluation Patrick Roohan; and Director of Program and Quality Initiatives Donna Haskins. Alan Silver is the Medical Director of IPRO, the state's quality improvement organization.

- ***Quality Incentives:*** The state has operated a pay-for-performance (P4P) program for its Medicaid managed care plans since 1999. P4P requirements are incorporated in health plan contracts with the state; all Medicaid plans must participate. The state measures performance using HEDIS/HEDIS-like measures, CAHPS and other state-developed structural measures. Plans are rewarded through higher auto-assignments, higher reimbursement rates and/or public recognition. New York has recently explored physician incentive programs designed to promote patient safety and quality of care, and its current budget includes efforts to build and reimburse for a patient-centered medical home.

- ***Collection and Public Reporting of Quality Data:*** Medicaid health plans adhere to many reporting requirements, including the annual submission of Quality Assurance Reporting Requirements (QARR) based on HEDIS and state measures focused on primary and chronic care. Performance reports can be found at *www.health.state.ny.us/health_care/managed_care/reports /eqarr/2008/*.

- ***Participation in CHCS Systems/Quality Improvement Initiatives:*** New York Medicaid has participated in the following Center for Health Care Strategies (CHCS) systems/quality improvement initiatives: *Business Case for Quality: Phase II, Rethinking Care for Medicaid's Highest-Need, Highest-Cost Populations, Practice Size Exploratory Project, Regional Quality Improvement Initiative* and *Managed Care for People with Disabilities Purchasing Institute*. For more information, visit *www.chcs.org.*

[10] Unless otherwise noted, all New York data are from Kaiser State Health Facts (*www.statehealthfacts.kff.org)* or the New York State Department of Health website (*www.health.state.ny.us/health_care/medicaid/index.htm*).
[11] U.S. Department of Health and Human Services, Health Resources and Services Administration. *http://findahealthcenter.hrsa.gov/Search.aspx*
[12] *www.statecoverage.org/node/1763*