Perspectives on Medicaid Managed Care

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Overview

- About GAO
- GAO’s recent Medicaid work:
  - Medicaid payments
  - Medicaid managed care spending patterns,
  - Variation in Medicaid enrollees’ distribution and health needs, and
  - Efforts to ensure Medicaid program integrity
- Ongoing studies
About GAO

• Independent, nonpartisan legislative agency
• Called the “congressional watchdog”
• Work is generated through
  • Mandates in public laws or committee reports
  • Congressional requests
  • Comptroller General authority
• High interest in Medicaid work
Background on Medicaid

- Traditionally, income and category requirements, such as:
  - Low-income children and their parents
  - Individuals who are aged
  - Individuals with disabilities
  - Pregnant women
- Under the Patient Protection and Affordable Care Act (PPACA), states may expand Medicaid coverage to all low-income individuals
- Medicaid expansion is federally funded 2014-2016
Medicaid Managed Care Payments Relative to Private Insurance

Percentage difference between Medicaid managed care and private insurance payments

Source: GAO analysis of 2009 and 2010 claims data from Medicaid managed care organizations and Truven Health Analytics. | GAO-14-533
Medicaid Payment Comparisons Between Fee-for-Service (FFS) and Managed Care

Percentage difference between Medicaid managed care and Medicaid FFS payments

Source: GAO analysis of 2009 and 2010 claims data from Medicaid managed care organizations and the Centers for Medicare & Medicaid Services. | GAO-14-533
Percent of Total Medicaid Expenditures by Beneficiary Spending Group, FY 2009

Source: GAO analysis of Centers for Medicare & Medicaid Services data.
High-Expenditure Medicaid-Only Beneficiary Probabilities, FY 2009

- Certain characteristics increase a beneficiary’s chances
  - 24.4 percent for those living in a long term care facility
  - 20.8 percent for those with HIV/AIDS
  - 18.3 percent for those with disabilities
  - 13.3 percent for new mothers or infants
High-Expenditures and Managed Care, FY 2009

High-expenditure Medicaid-only beneficiaries 2,763,407
Total expenditures $99.4 billion

All other Medicaid-only beneficiaries 52,357,221
Total expenditures $104.2 billion

Source: GAO analysis of Centers for Medicare & Medicaid Services data. | GAO-14-176
States’ Use of Managed Care, 2009

Map showing the states’ use of managed care. The map indicates the following:
- **Primary Care Case Management (PCCM) Dominant**: 18 states
- **PCCM and managed care organizations (MCO)**: 16 states
- **MCO Predominant**: 12 states
- **Other**: 5 states

Sources: GAO analysis; Map Resources (map) | GAO-12-872R
Medicaid Managed Care & Mental Health, FY 2012

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**Number of adult Medicaid beneficiaries (in thousands)**

- Pennsylvania
- Arizona
- Washington
- Oregon
- North Carolina
- Colorado
- Iowa
- Florida
- Massachusetts
- New Mexico
- Michigan
- Utah
- Kansas

- Number of adult Medicaid beneficiaries enrolled in limited benefit plans providing mental health services
- Number of adult Medicaid beneficiaries

Source: GAO analysis of state reported data.
Coordination of Mental and Physical Health Services

- Medicaid beneficiaries with mental illness often have other medical conditions
- Steps to facilitate coordination of mental and physical health services included
  - Care coordination requirements in contracts
  - Monitoring plan performance
  - Other policies or program designs aimed at improving coordination
- Federal reviews of waivers (CMS)
Estimated Medicaid Spending per Enrollee, by State, Fiscal Year 2008

Map showing estimated Medicaid spending per enrollee by state. The map is color-coded to indicate different spending ranges:
- $10,500 or above (8 states)
- $9,000 to $10,499 (4 states)
- $7,500 to $8,999 (13 states)
- $6,000 to $7,499 (19 states)
- Under $6,000 (6 states)
- Data excluded (1 state)

Sources: GAO analysis of Centers for Medicare & Medicaid Services data; Map Resources (map). | GAO-14-456
Reasons for Variation

• Various factors influence per capita spending
  • Age distribution
  • Disability rates
  • Eligibility policies

• Data limitations hinder more complete analysis
  • Technical issues
  • Use of financing methods
Estimated State Medicaid Spending Per Enrollee, By Eligibility Group, FY 2008

Source: GAO analysis of Centers for Medicare & Medicaid Services data. [GAO-14-456]
Service Needs, Benefits and Cost of Care Delivery Vary Widely Across States, FY 2008

[Bar chart showing varying levels of care delivery across different states.]

Source: GAO analysis of Centers for Medicare & Medicaid Services data. | GAO-14-456
Percentage of Medicaid Enrollees Who Were Disabled or Aged, CY 2008

- West Virginia
- Kentucky
- Alabama
- Pennsylvania
- Mississippi
- State average
- Alaska
- California
- Utah
- New Mexico
- Arizona

Source: GAO analysis of Centers for Medicare & Medicaid Services data. | GAO-14-456
Program Integrity and Managed Care

- Entities involved in program integrity
- Managed care v. FFS
- Approaches to program integrity
  - Provider enrollment
  - Pre-payment and post-payment reviews
  - Auditing, investigations, and recovery
- Program integrity—gaps or inefficiencies (fragmentation, duplication or overlap)?
Program Integrity and Managed Care

- Gap—managed care
  - States
  - Federal (CMS and Inspector General)
  - Plans may not have incentives to ensure program integrity

- Inefficiencies—fragmentation
  - Multiple entities involved in post-payment reviews, audits, and investigations
  - Coordination raises benefits and challenges
Program Integrity and Managed Care

- Recommendations
  - Hold states accountable for Medicaid managed Care program integrity
  - Update CMS guidance on program integrity practices and effective handling of MCO recoveries
  - Provide states with additional support in overseeing Medicaid managed care
- CMS response
GAO Work Underway

• Medicaid managed care encounter data

• New eligible individuals – statistics and spending

• Information technology issues and Medicaid

• Medicaid and interactions with the exchanges