

# Texas Medicaid Managed Care

## *Saving Dollars, Saving Lives*

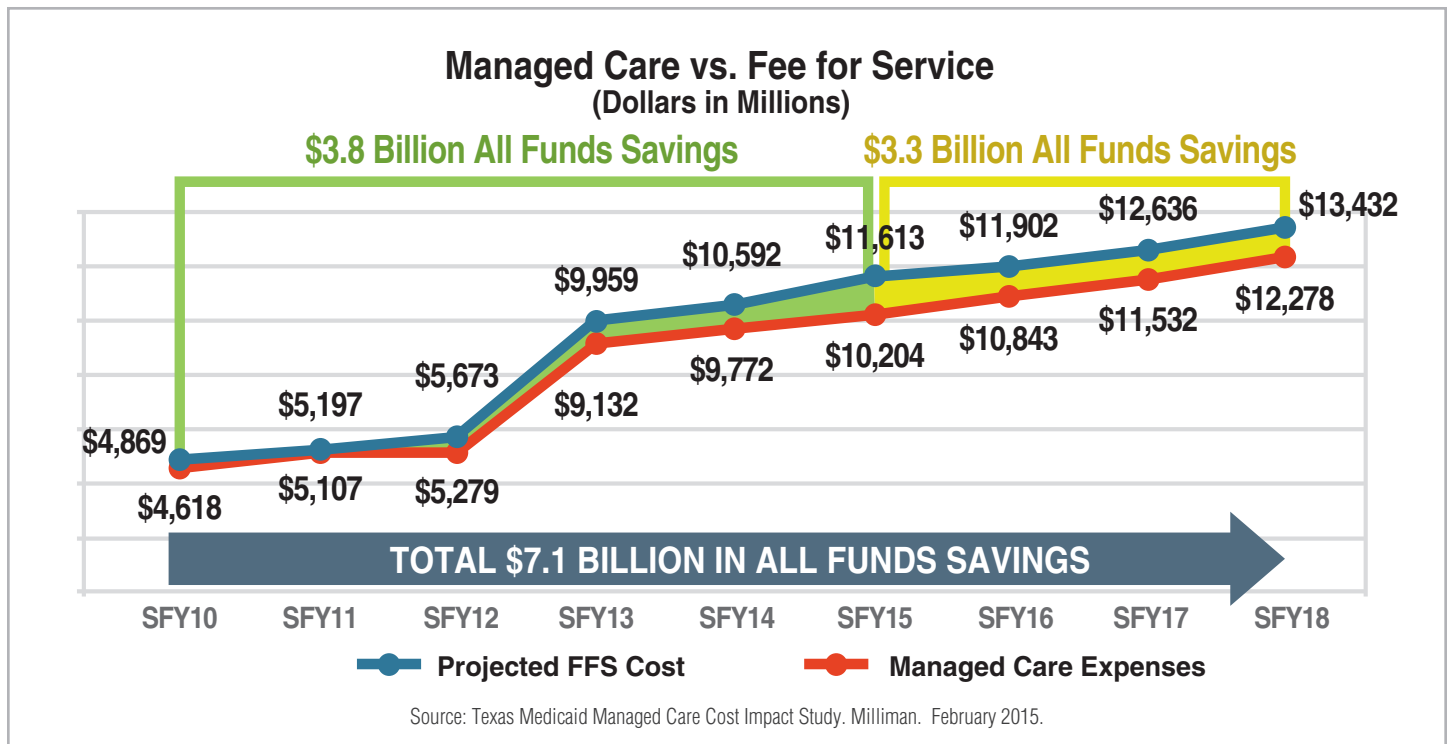


### Medicaid MCOs are a Proven Cost-Effective Delivery Model

Texas is a national leader in the use of managed care to increase access to care, manage costs, and improve health care quality in its Medicaid program. The managed care private-market approach drives innovation through flexibility and competition, reduces health care costs, and holds managed care organizations (MCOs) accountable for providing access to quality care.

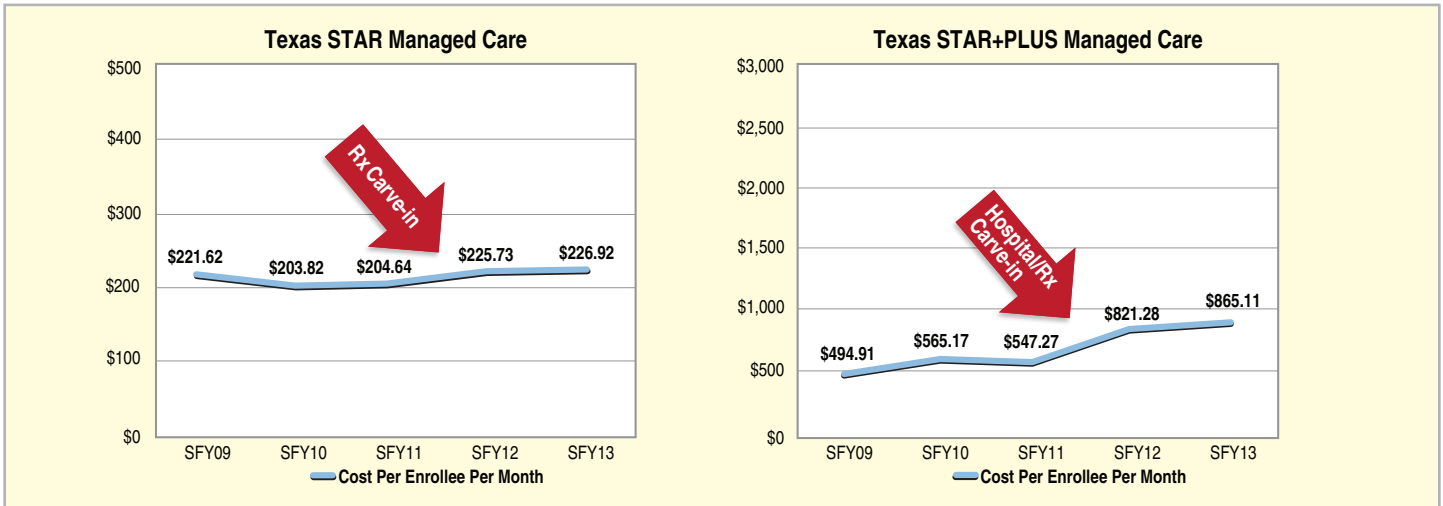
### Medicaid Managed Care Cost Savings

Between FY10 and FY 15, independent actuaries estimate that Medicaid managed care has **reduced costs by 7.9%**, compared to the fee-for-service (FFS) model. Texas Medicaid MCOs have saved the state **\$3.8 billion in AF** since 2010 and are expected to save another **\$3.3 billion AF** through 2018 when compared to FFS. Medicaid Dental managed care has **reduced costs by 28.4%** since FY13.



## Medicaid MCOs Contain Costs for Texas Taxpayers

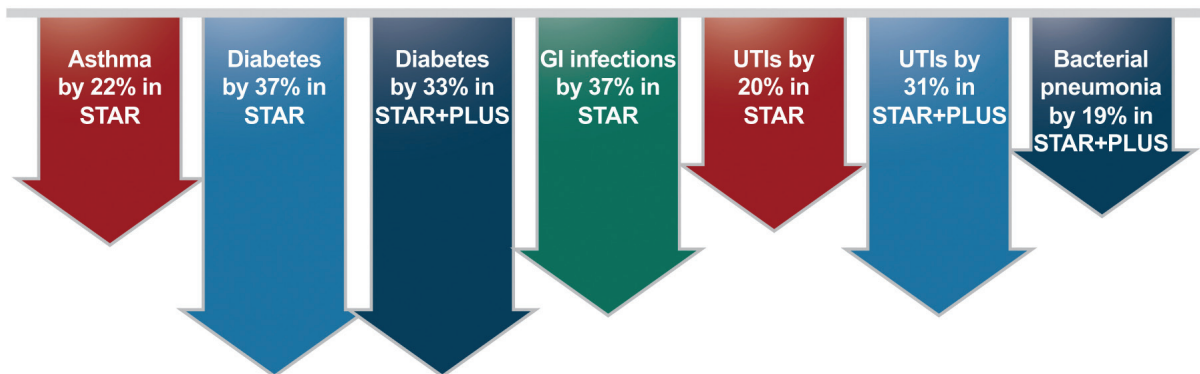
MCO premiums, including all health care and drug costs in the premium, have stayed relatively flat unlike FFS or general health care inflation. In the STAR program—Texas Medicaid’s largest managed care program, with 2.7 million consumers—costs grew only 2.2% from 2009 to 2013 while national health care costs grew nearly seven times as much, or 15%, over the same period of time.



Medicaid MCOs have *dramatically improved the lives, outcomes and quality of care* for Medicaid consumers.

## MCOs Improved Quality of Care

Between 2009 and 2011,  
MCOs reduced hospital admissions for:



## Texas Has the Strongest MCO Protections in the Country

- Texas is the only state that prescribes a limit on health plan administrative costs and defines which costs can be included in the administrative portion of the rate (MCO care management is considered administrative).
- Texas is one of only two states that have placed limits on health plan profits by requiring profit sharing with the state.
- Texas is one of a few states that have a one-way risk corridor that puts MCOs at full-risk for all costs and potential losses.
- Texas places the largest amount of MCO premium (4%) at risk based on performance and quality of care.

