



**TAHP**

The Texas Association of Health Plans

**The Value of Medicaid Managed Care in Texas  
House Human Services Hearing  
March 8, 2016**

**JAMIE DUDENSING, CEO**

## Texas Managed Care Programs

**STAR** provides coverage of primary and acute care services for children, newborns, pregnant women, and some parents with dependent children.

**STAR+PLUS** provides integrated acute care services and LTSS to seniors and persons with disabilities.

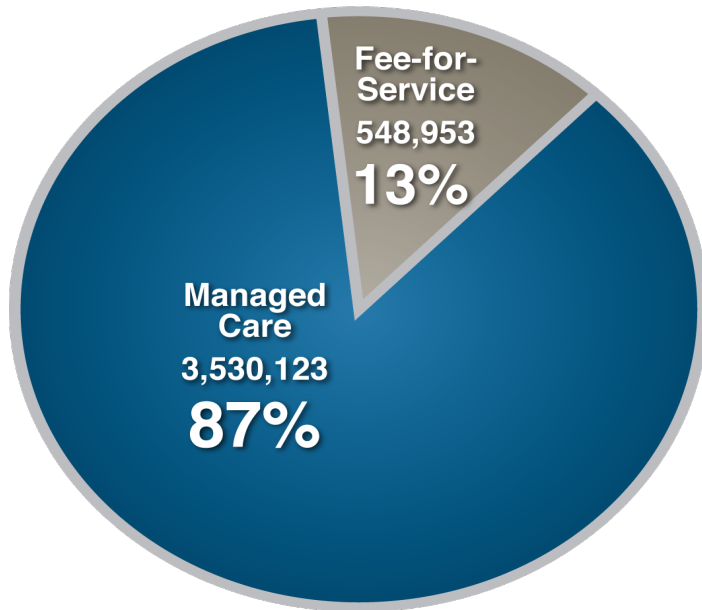
**STAR Health** provides comprehensive and integrated health services for children and youth in foster care and kinship care.

**STAR Kids** will provide acute and long-term services and supports to children with disabilities beginning in late 2016.

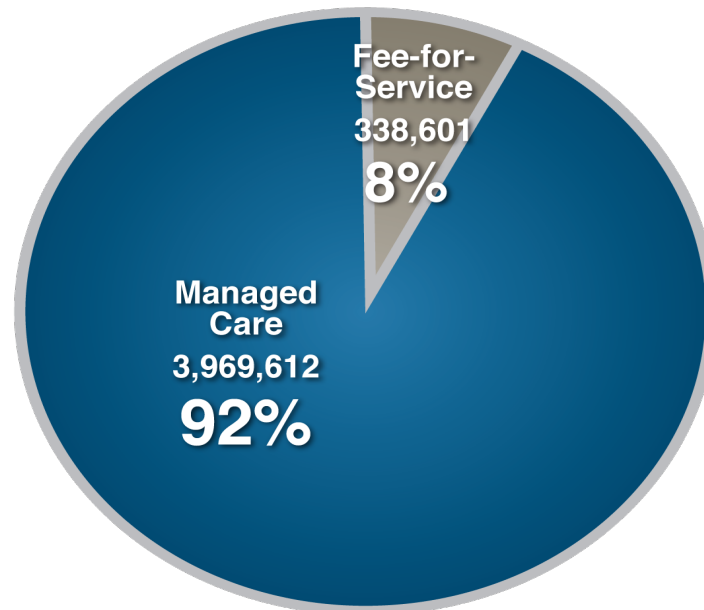
**Dual Eligible Integrated Care Demo** provides and coordinates care for individuals enrolled in both Medicare and Medicaid under one MCO in six counties (Bexar, Dallas, El Paso, Harris, Hidalgo, Tarrant).

# Texas Medicaid MCO Enrollment

**FY 2015**  
Fee-for-Service vs. Managed Care  
Total = 4,079,076



**FY 2017**  
Fee-for-Service vs. Managed Care  
Total = 4,308,213



## The Value of Medicaid Managed Care in Texas

**Goal of Managed Care:** To better manage care to improve access, quality, and outcomes while ensuring appropriate utilization, containing costs, and reducing fraud and abuse.

**Budget Certainty and Cost Containment:** Premiums set once a year and MCOs assume the full financial risk of care delivery, limiting state exposure to costs and sharing profits with the state

**Improved Outcomes and Quality of Care**

**Increased Access:** Contracted network of providers and network adequacy standards

**Case Management and Care Coordination**

**No Wait list to Access Community Care:** Allows individuals to stay in the community rather than institutions, at no additional cost to the state

**Value Added Benefits:** Medicaid health plans tailor benefits and programs to the specific needs of patient populations at no additional cost to the state

**Increased Accountability:** Rigorous oversight including audits, contractual requirements, performance guarantees and penalties, transparency, and outcomes not found in FFS

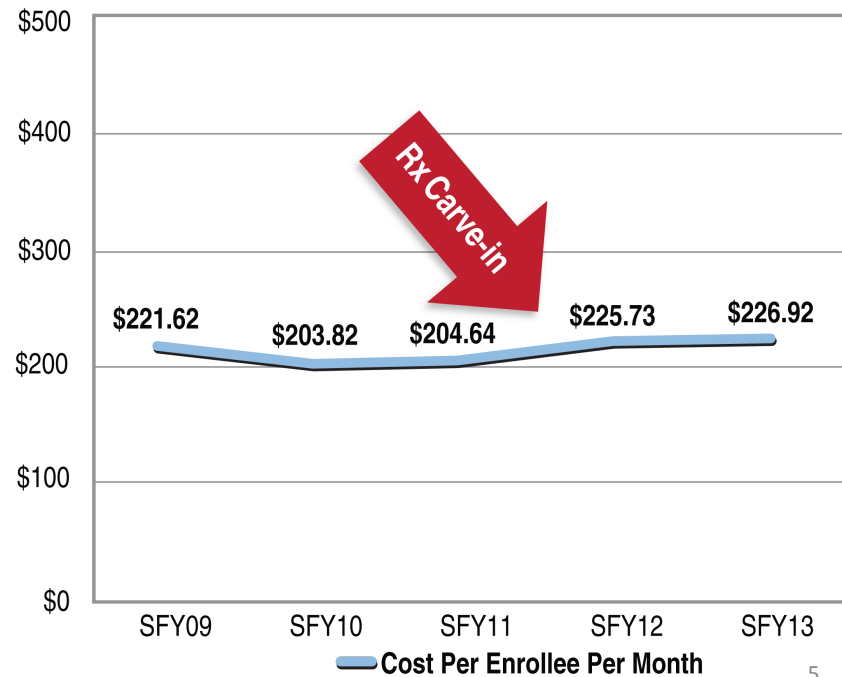
**Innovation:** MCOs adopt the use of technology and innovative benefits as tools to better manage outcomes and lead industry efforts on payment reform

**None of these exist in the fee for service system**

# MCOs Contain Costs for Taxpayers

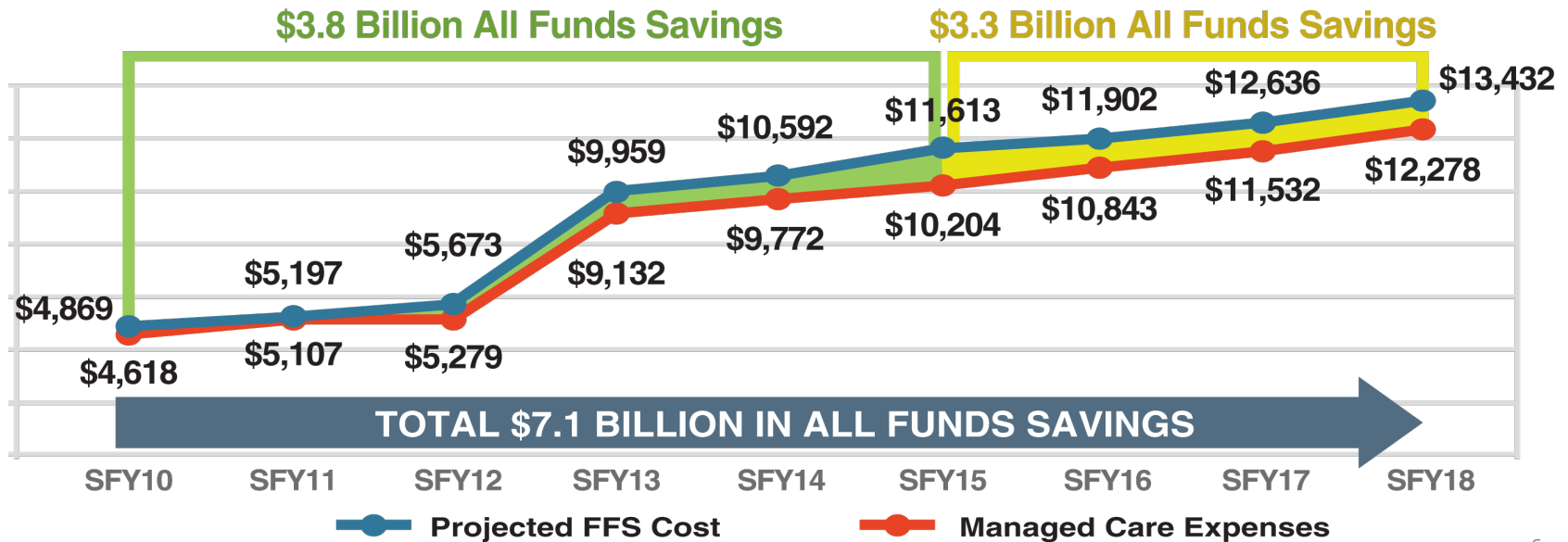
- Texas Medicaid's largest managed care program is STAR with 2.7 million consumers (66% of MCO Enrollment)
- STAR premiums only grew 2.2% from FY09 to FY13
- National health care costs grew 7x's as much, or 15%, over the same period

Texas STAR Managed Care



# Texas Managed Care Savings: Managed Care Compared to Fee-for-Service

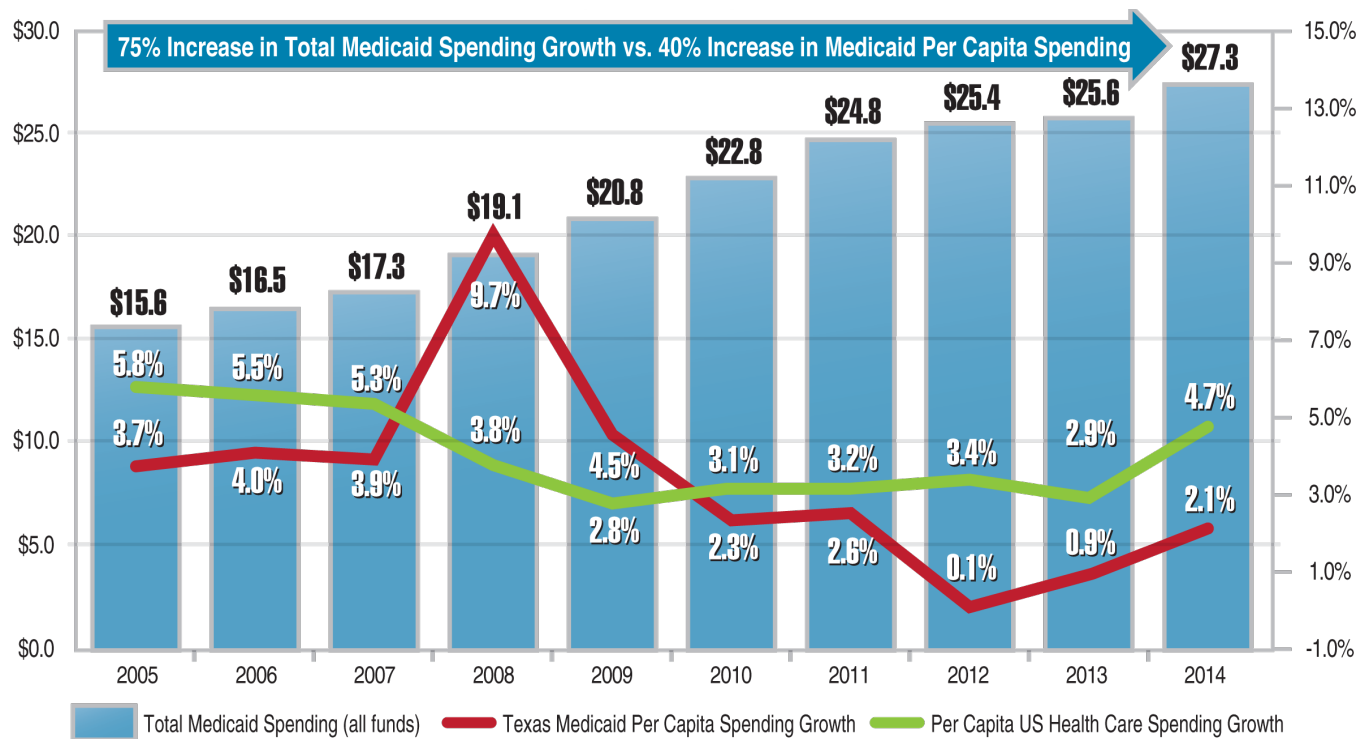
Managed Care vs. Fee for Service  
(Dollars in Millions)



Source: Texas Medicaid Managed Care Cost Impact Study. Milliman. February 2015.

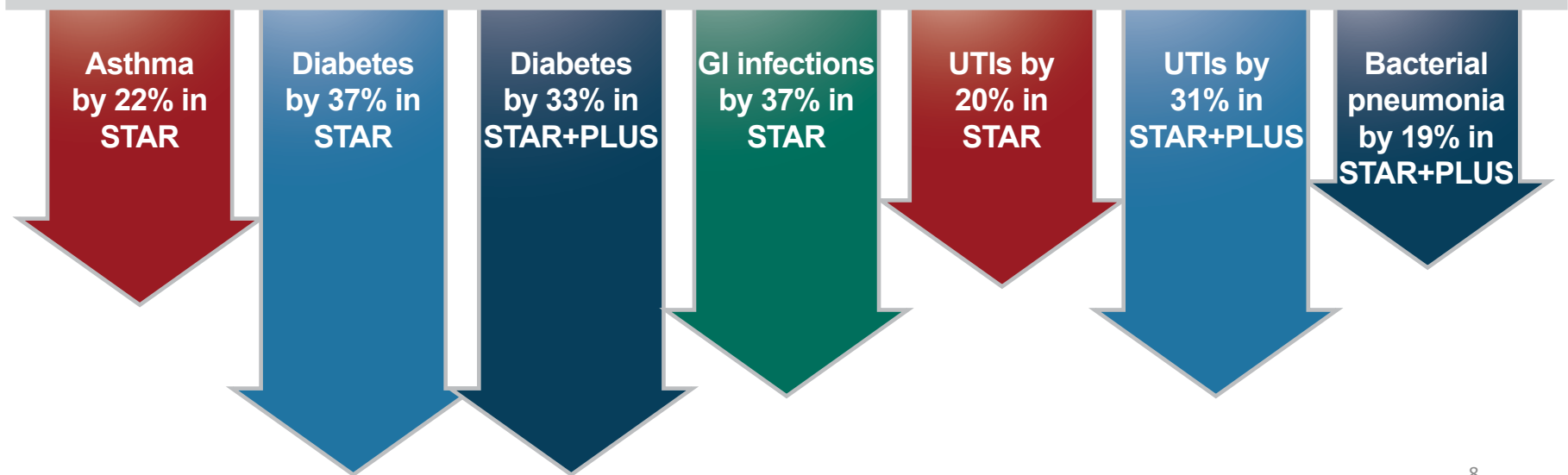
# Texas Medicaid Spending vs. Per Capita Spending

- As use of managed care has increased, Medicaid per capita spending growth has decreased
- Medicaid per capita spending is usually lower than U.S. per capita spending
- Exception: Frew rate increases in 2007-2008



# Improved Quality of Care

Between 2009 and 2011,  
MCOs reduced hospital admissions for:



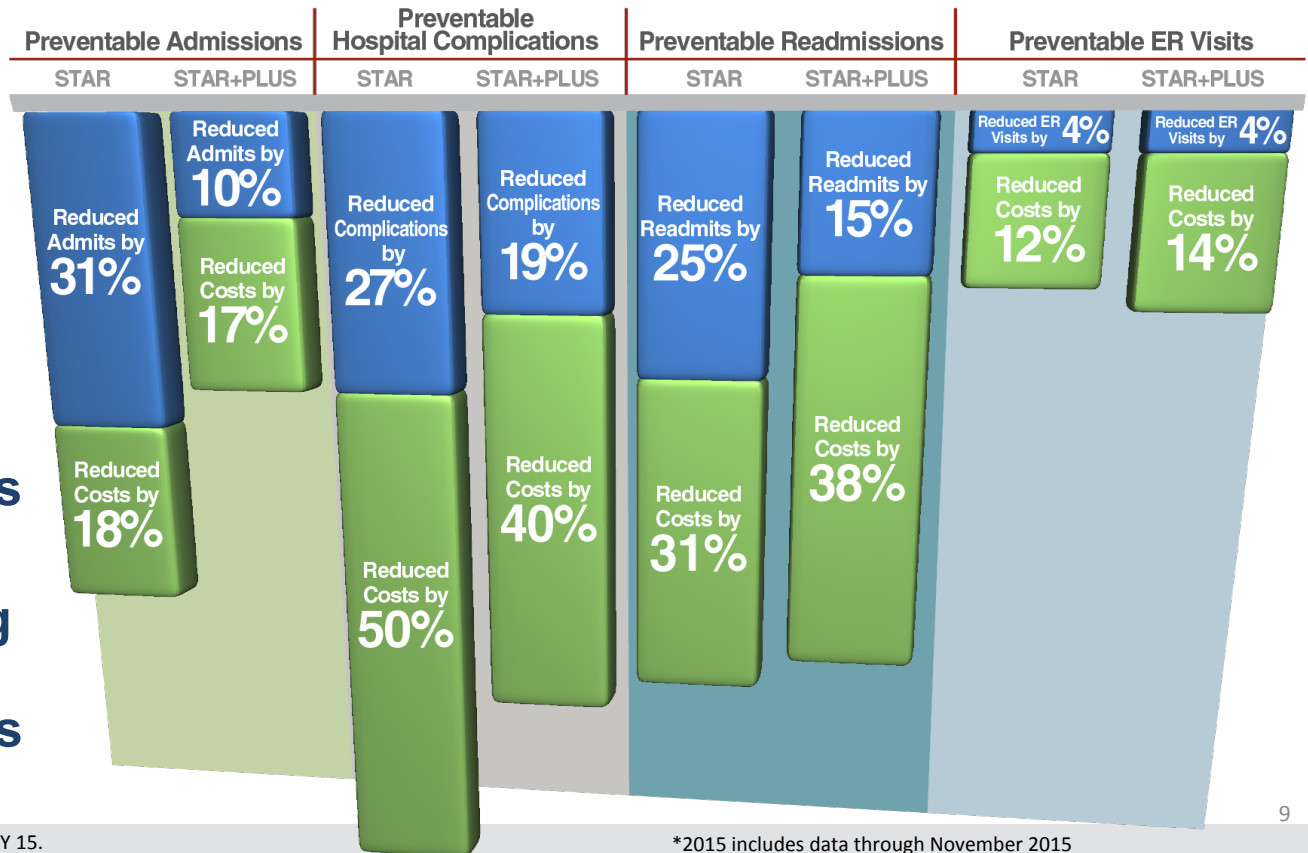


## Texas Medicaid Managed Care: Improved Outcomes and Quality of Care

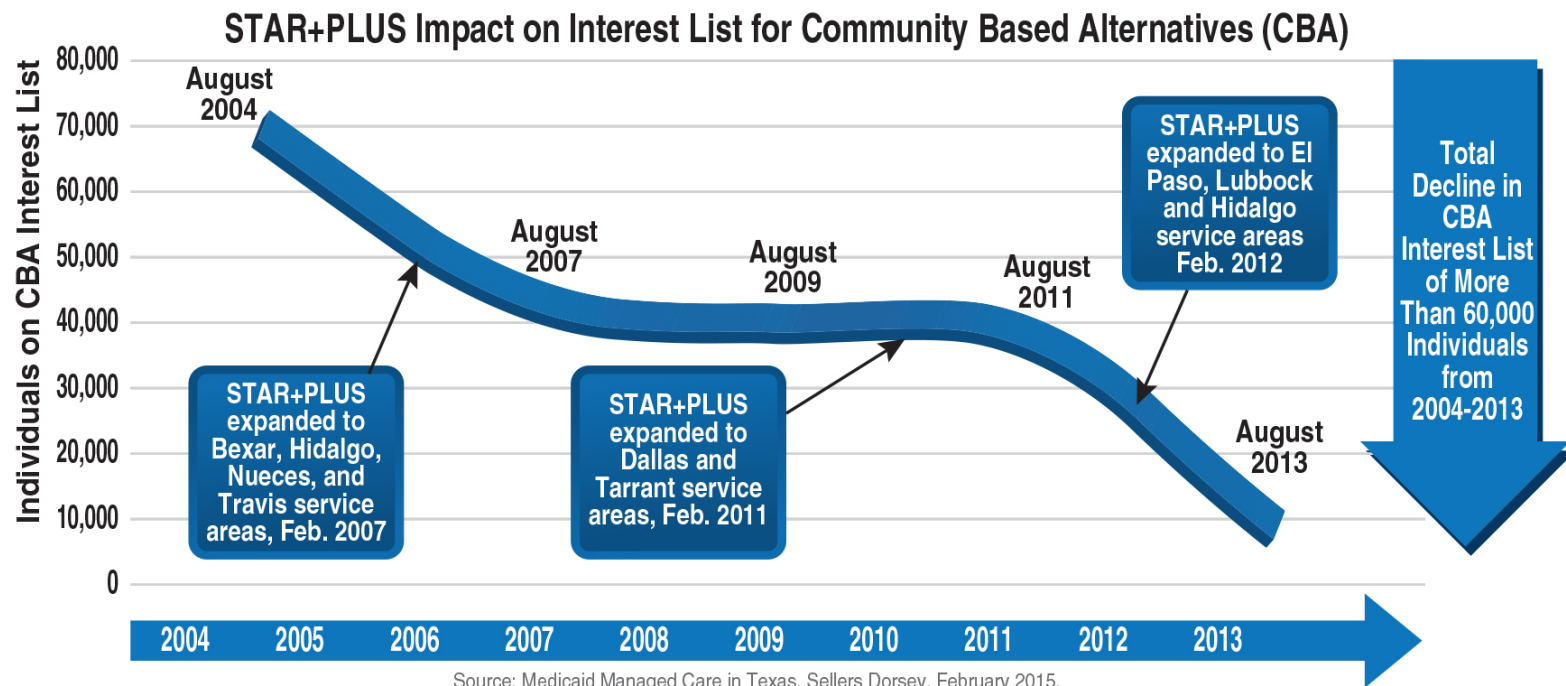
### P4Q Program:

- Focuses on outcomes
- 4% of MCO premium payments at risk for quality
- Focus on reducing Potentially Preventable Events (PPEs)

## Medicaid Health Plans Reduced Potentially Preventable Events



# STAR+PLUS: Increased Access to Community Care



Source: Medicaid Managed Care in Texas. Sellers Dorsey. February 2015.

## Increased Access

- **Surpassed national performance expectations on child well visits and childhood immunizations**
- **Significant reductions in hospital admissions** for asthma, diabetes, GI infections, UTIs, and bacterial pneumonia
- **High level of consumer satisfaction**  
83% of families with children in managed care report an overall positive experience with their MCOs
- **93% of families with children in Medicaid managed care report having access to their PCPs when needed**
- **Better prescription drug management and adherence than FFS** – More than 93% of children in managed care receive appropriate asthma medications. Adherence has improved 27% for respiratory diseases and 24% for heart attack treatment

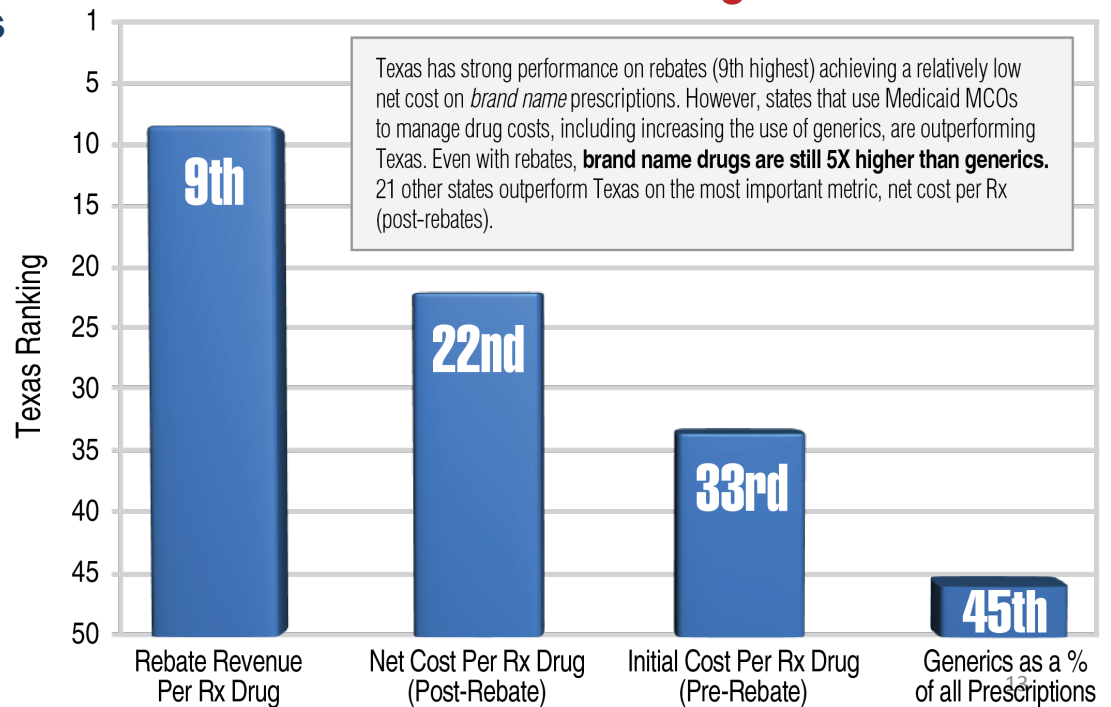
## Ongoing Efforts and Opportunities

- **New STAR KIDS Health Plan**
- **Medicaid MCOs are working together to create a common provider credentialing system**
- **Additional savings and quality improvement with fully carving in the Medicaid prescription drug program**
  - **Nearly \$100 million in savings a year**

## Full Rx Carve-In

- 21 other states outperform Texas on net per-Rx costs
- *“Playing the wrong game well”*
- Texas Ranks 45<sup>th</sup> in the use of generics
- States that focus on generics have costs that are 24% lower than states that focus on rebates
- States that use FFS for Rx have costs that are 22.5% higher than the national average and 27% above states that use MCOs
- Texas could save nearly \$100 million GR a year

## Texas Medicaid Prescription Drug Performance: State Rankings



## Opportunities for Medicaid Prescription Drug Savings in Texas Net Costs per Prescription (Post-Rebate)

