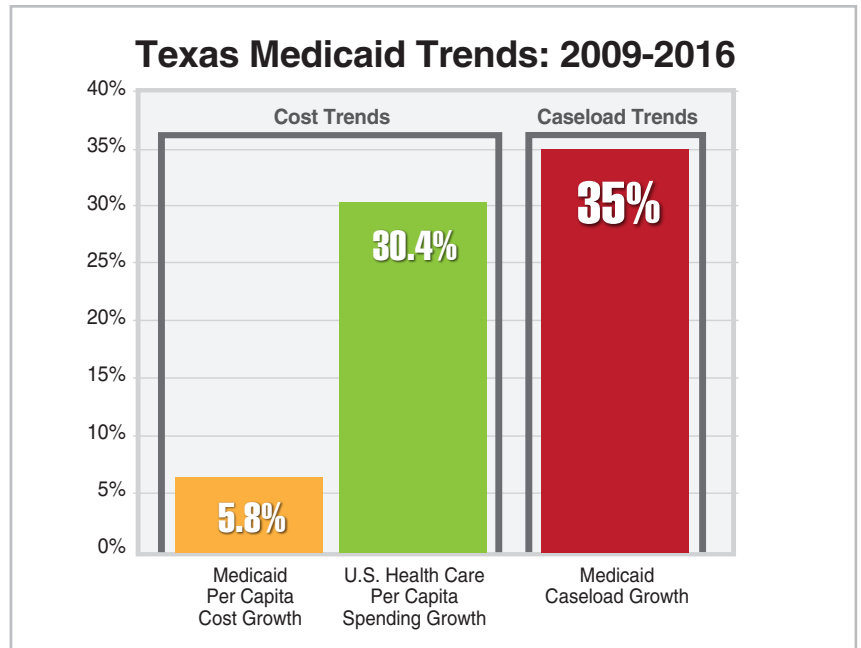


Medicaid Managed Care: Containing Costs and Improving Access

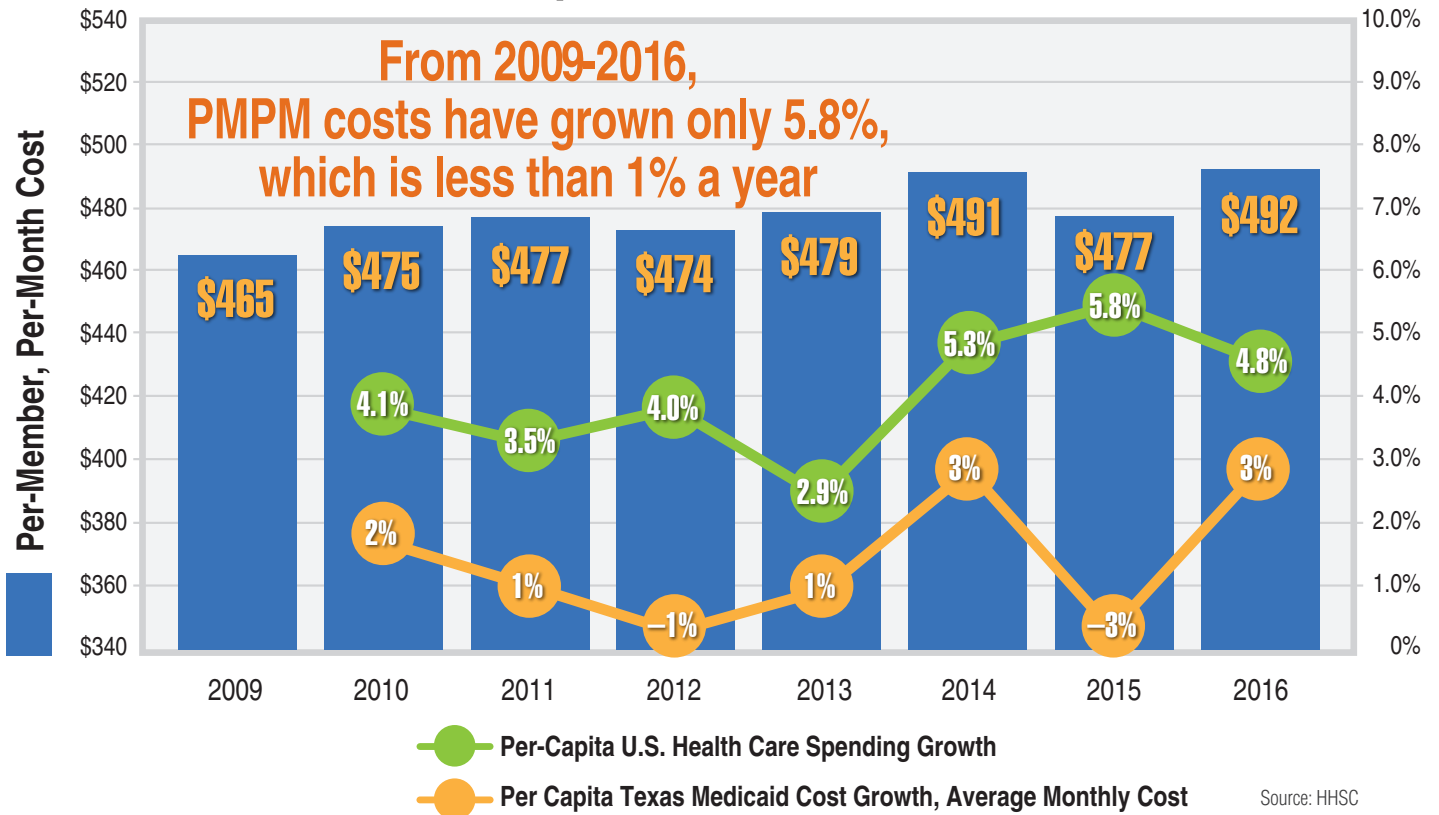
From 2009 to 2016, Texas Medicaid per-person costs, under managed care, have only grown 5.8%, which is on average less than 1% a year. This trend is substantially lower than U.S. per-person spending growth trend of 30.4% over the same 6-year period.

In the same time period, Texas saw its Medicaid enrollment increase by 35%. The state's total Medicaid cost increased but managed care effectively kept the average cost per Medicaid recipient flat.

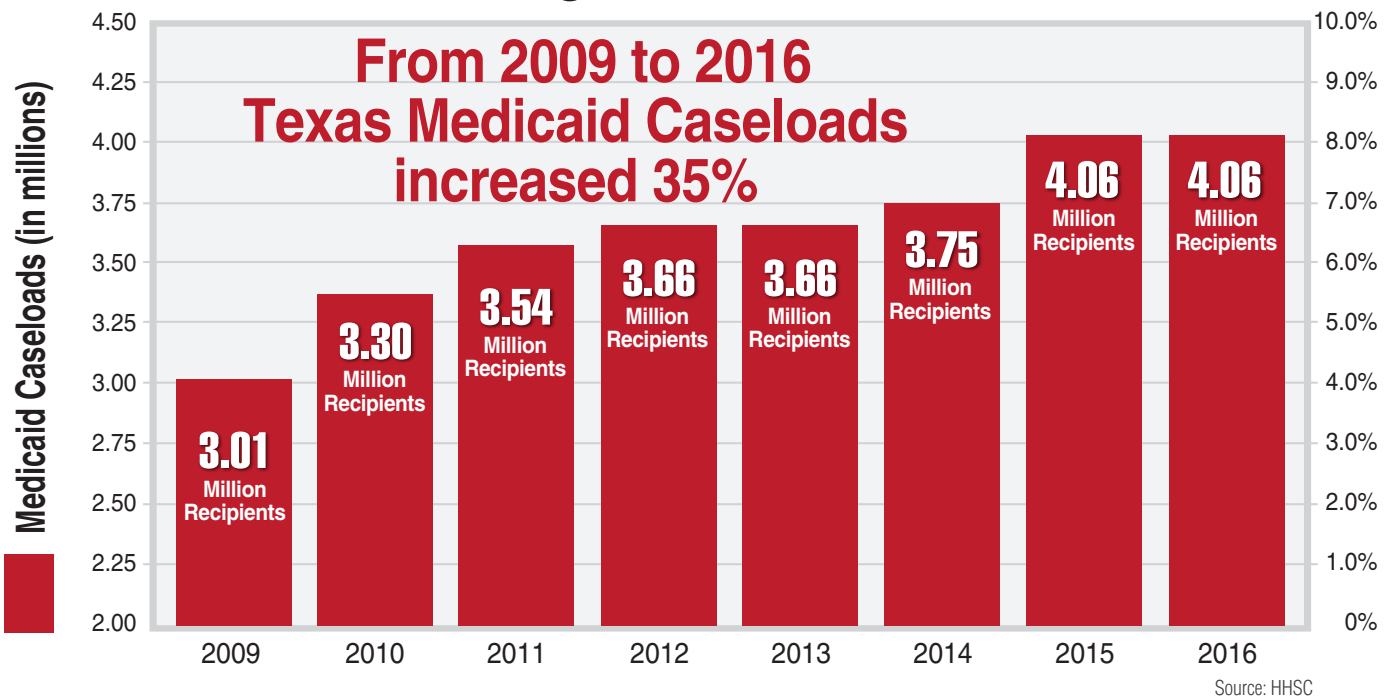
Major budget cuts and changes to managed care will disrupt the system for providers and clients and put the cost containment success achieved by managed care at risk.



Medicaid Acute and Long Term Care Services Per Capita Costs from 2009-2016



Texas Medicaid Program Caseload Growth: 2009-2016



Medicaid Managed Care Success

- From 2009 to 2016, Texas Medicaid per-person costs, under managed care, have only grown 5.8%, which is on average less than 1% a year and substantially lower than U.S. per-person spending. No other health care delivery system achieves this level of cost containment.
- Medicaid managed care replaced the less efficient fee-for-service (FFS) system and has saved the state and taxpayers billions of dollars—more than \$5.2 billion dollars since 2010.¹
- Texas MCOs are responsible for 92% of Texas’ population of Medicaid recipients, but are only responsible for 67% of overall Texas Medicaid spending. (Source: HHSC)
- In addition to containing costs, Medicaid MCOs have returned approximately \$1 billion in savings to the state treasury since 2010 through profit sharing.² This is the only industry with this contract provision for added accountability for taxpayer dollars.
- Medicaid MCOs have successfully generated the savings that fund the hospital safety net supplemental payment program through the 1115 waiver UC pool and DSRIP. (Source: HHSC)
- The Texas Medicaid managed care system is the only Medicaid health care delivery system and state contract that takes on all financial risk for the state. This means the incentive for the MCOs to ensure access to timely and appropriate care is inherent in the model.
- Texas Medicaid MCOs have dramatically reduced emergency room visits, hospital admissions, and hospital readmissions. Hospital admissions and re-admissions have seen double-digit reductions for major, common conditions such as asthma, diabetes, and pneumonia, which has led to substantial savings for the state.
- Managed care has dramatically improved access in the Medicaid program. Access to care through MCOs is now comparable to the private market, but at a much lower cost.

¹ Texas Medicaid Managed Care Cost Impact Study, prepared by Milliman, February 17, 2015.

² Medicaid Managed Care Organizations Financial Statistical Reports.