

# **Medicaid and Managed Care: Missouri and a National Perspective**

**for**

## **MO HealthNet Oversight Committee**

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# Medicaid and Managed Care: Missouri and a National Perspective

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- *Where Medicaid is now and how it got here – the trends driving the program across states:*
  - *Growth in health costs, insurance premiums, health insurance coverage, the uninsured*
- *Medicaid enrollment and spending growth, before and after the ACA.*
- *State strategies for controlling spending.*
  - *Why the big Medicaid story of 2015 is delivery and payment system reforms*
  - *Why states increasingly rely on MCOs.*

# *“Medicaid coverage is ...*

*“... extremely valuable to the low-income families and individuals who qualify for the services provided by the program.”*

*“... valuable to society at large, as it enables the least-fortunate members of the population to obtain the health care they need in an orderly way.”*

– CMS, *Actuarial Report on the Financial Outlook for Medicaid*, 2014.

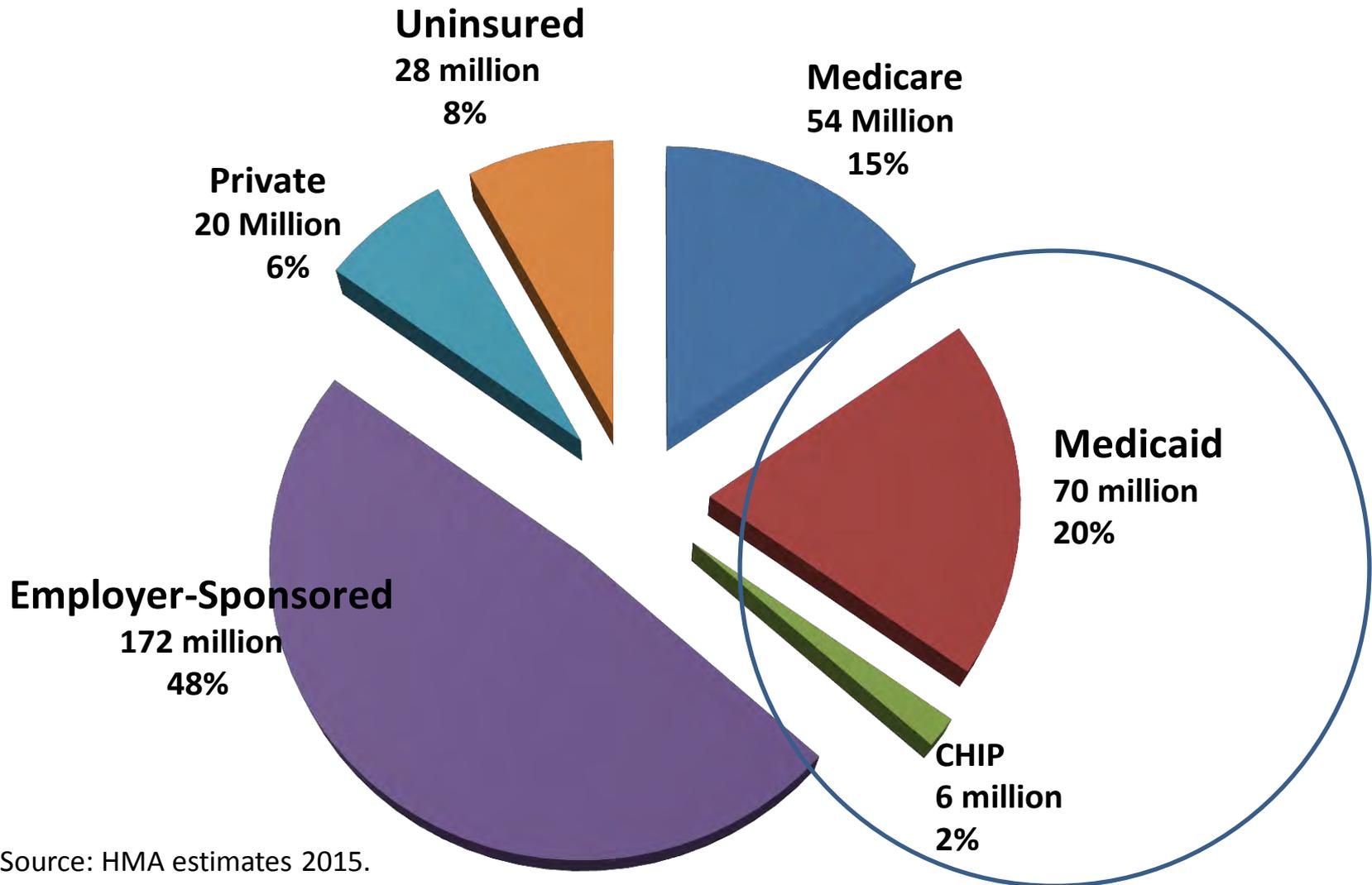
# The Value and Impact of Medicaid Is Shown in Many Studies

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- Improves access to medically needed care
- Improves health status
- Improves financial security
- Improves school performance and the productivity of current and future workforce
- Benefits medical providers, especially safety net hospitals and community health centers
- Lowers cost of health insurance for business
- Adds economic activity and jobs
- Saves state general funds in mental health, others
- Operates efficiently, very low administrative costs

# Insurance Status of Americans, 2015

## Medicaid: The Nation's Largest Single Health Program

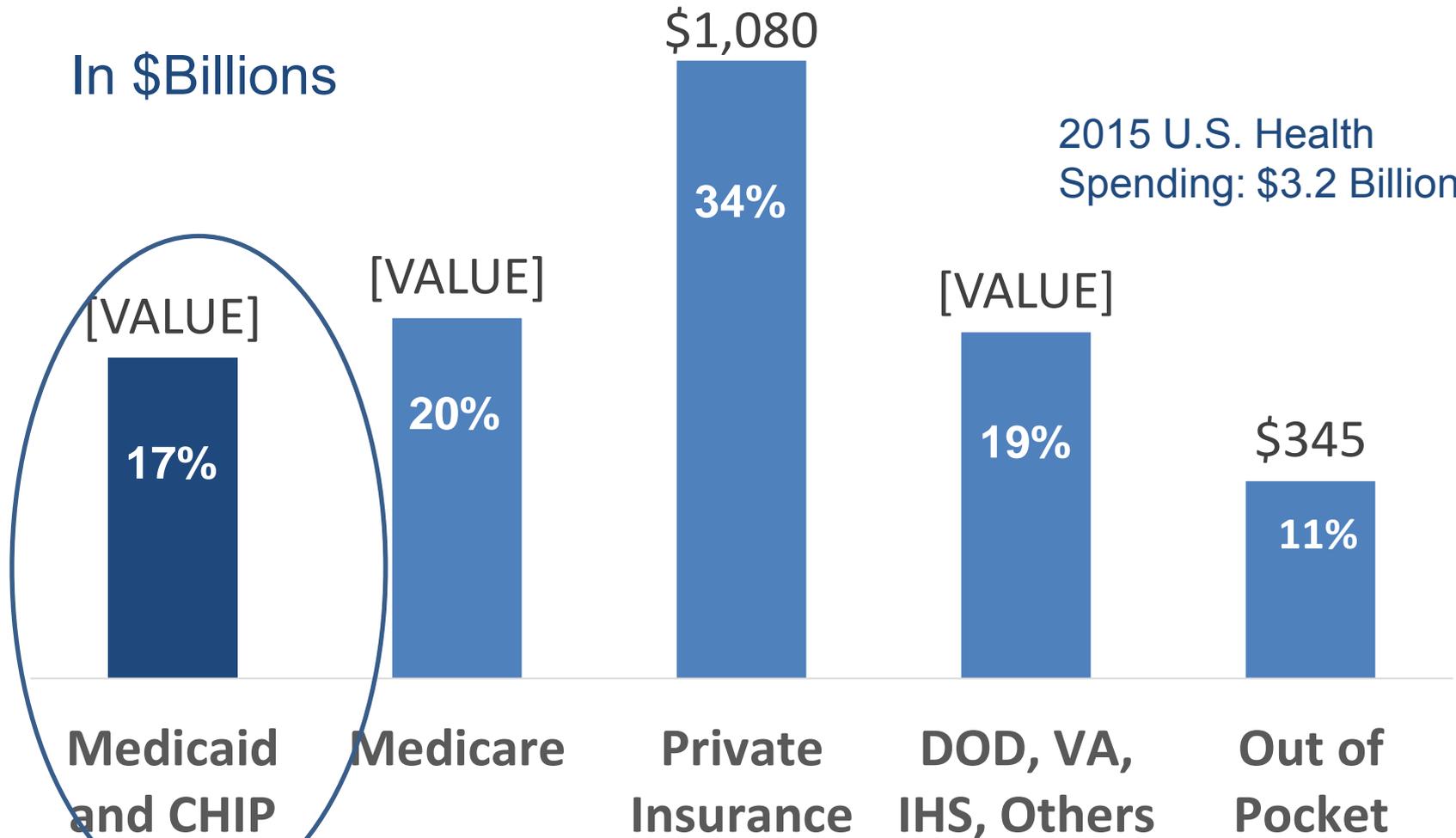


Source: HMA estimates 2015.

# Medicaid is a Significant Payer for Medical Care: U.S. Health Expenditures, by Payer, 2015

In \$Billions

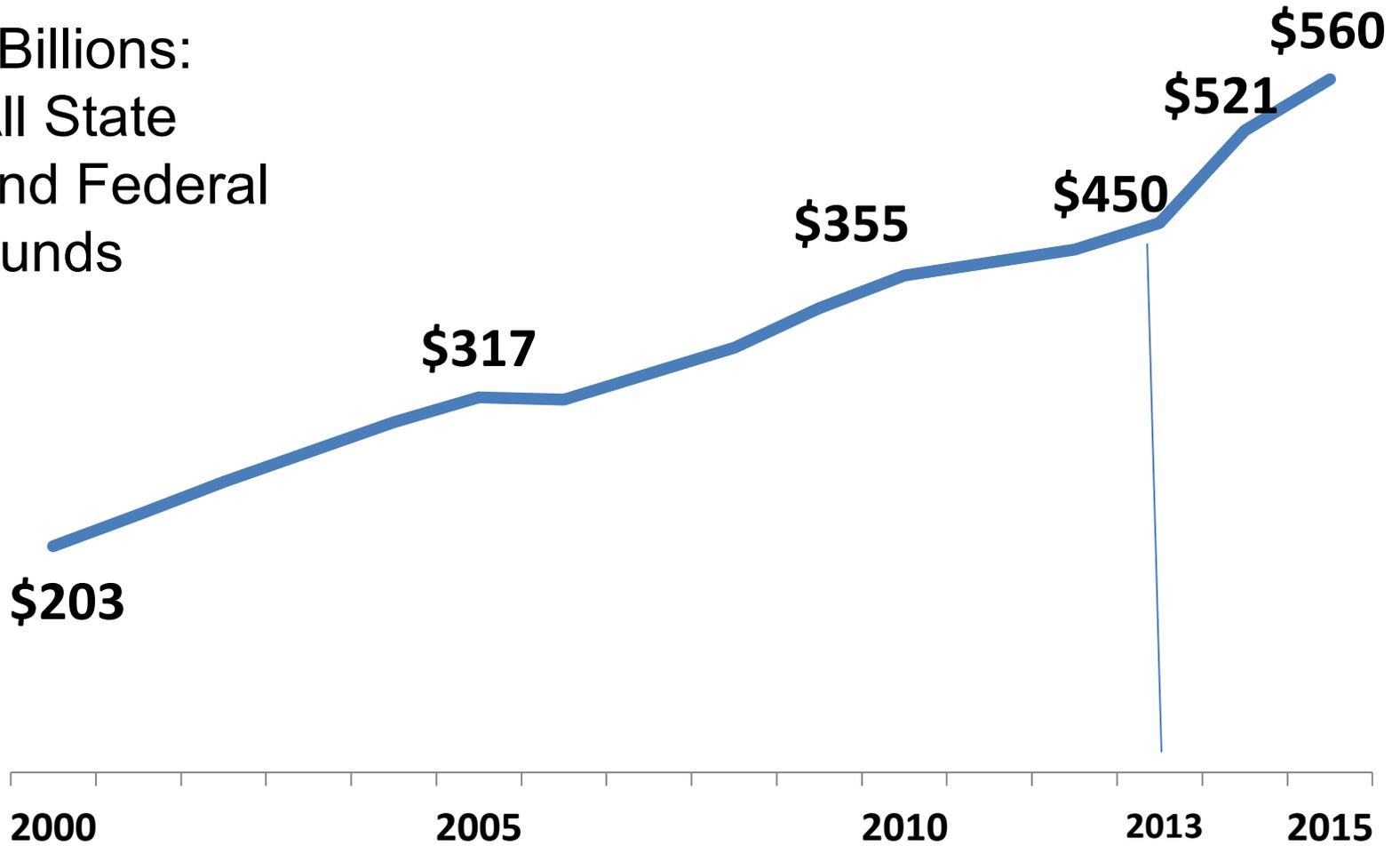
2015 U.S. Health  
Spending: \$3.2 Billion



Note: Medicaid includes \$15 billion for CHIP. Source: HMA estimates for 2015.

# U.S. Medicaid Spending Trend: 2000 to 2015

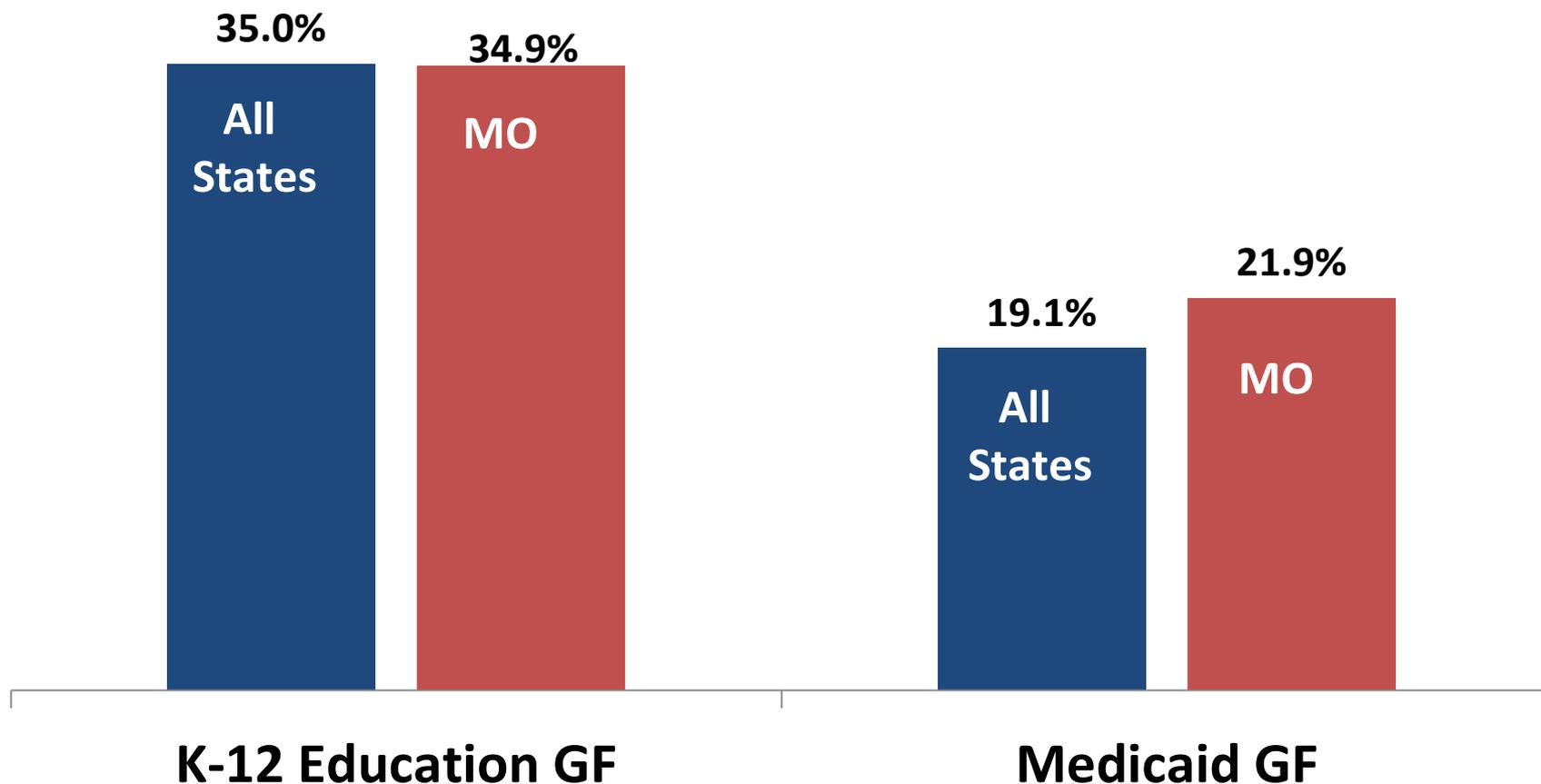
\$Billions:  
All State  
and Federal  
Funds



Note: Includes Medicaid and CHIP enrollment. Source: HMA, based on CMS, Office of the Actuary, 2015.

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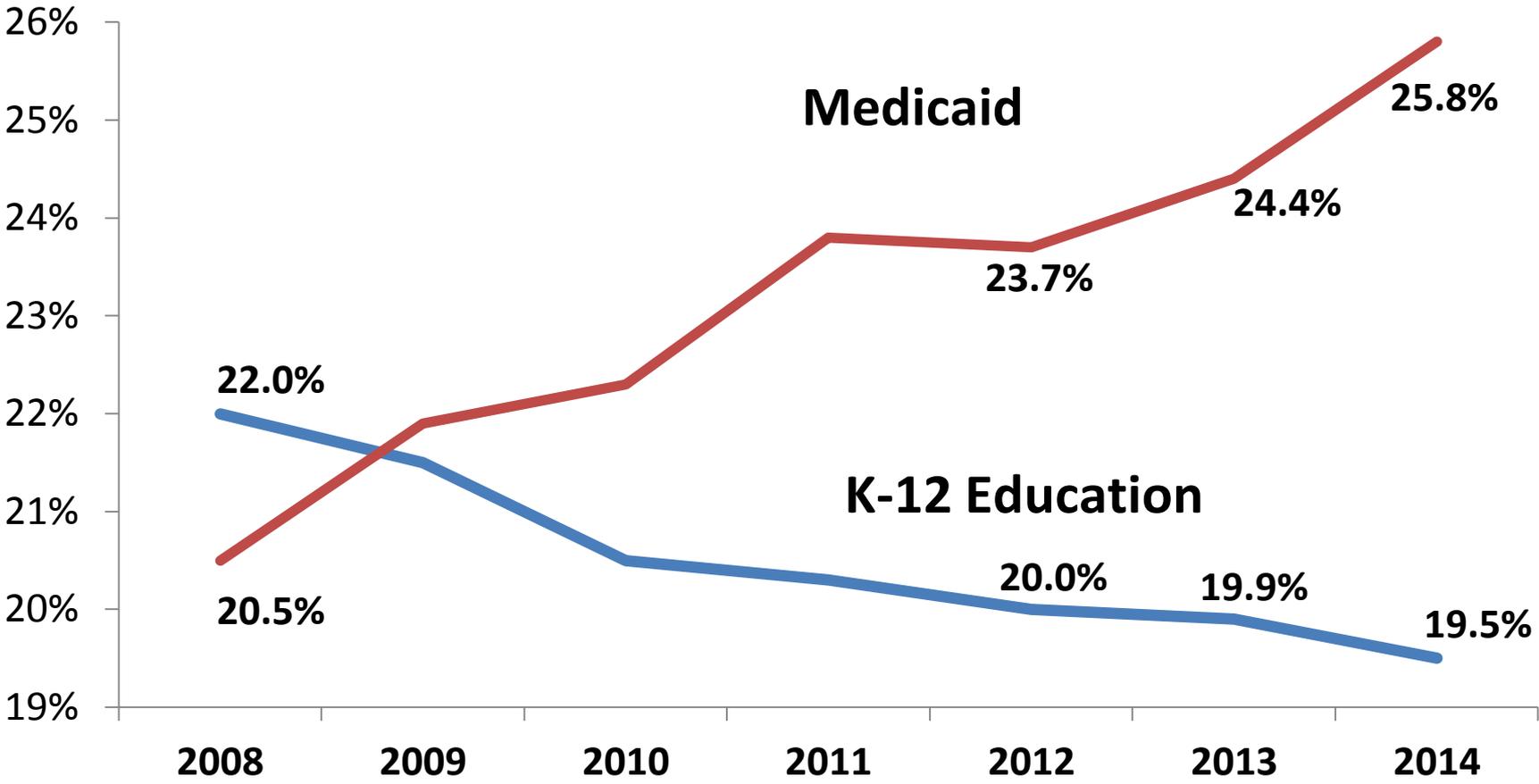
# General Fund Spending for Medicaid and K-12 Education, as Percent of All GF Spending: All States and Missouri, FY 2014



Source: HMA, based on: National Association of State Budget Officers, State Expenditure Survey, 2014.

# Total Spending on Medicaid and K-12 Education as % of Total State Spending

Average State Percentages, 2008 – 2014

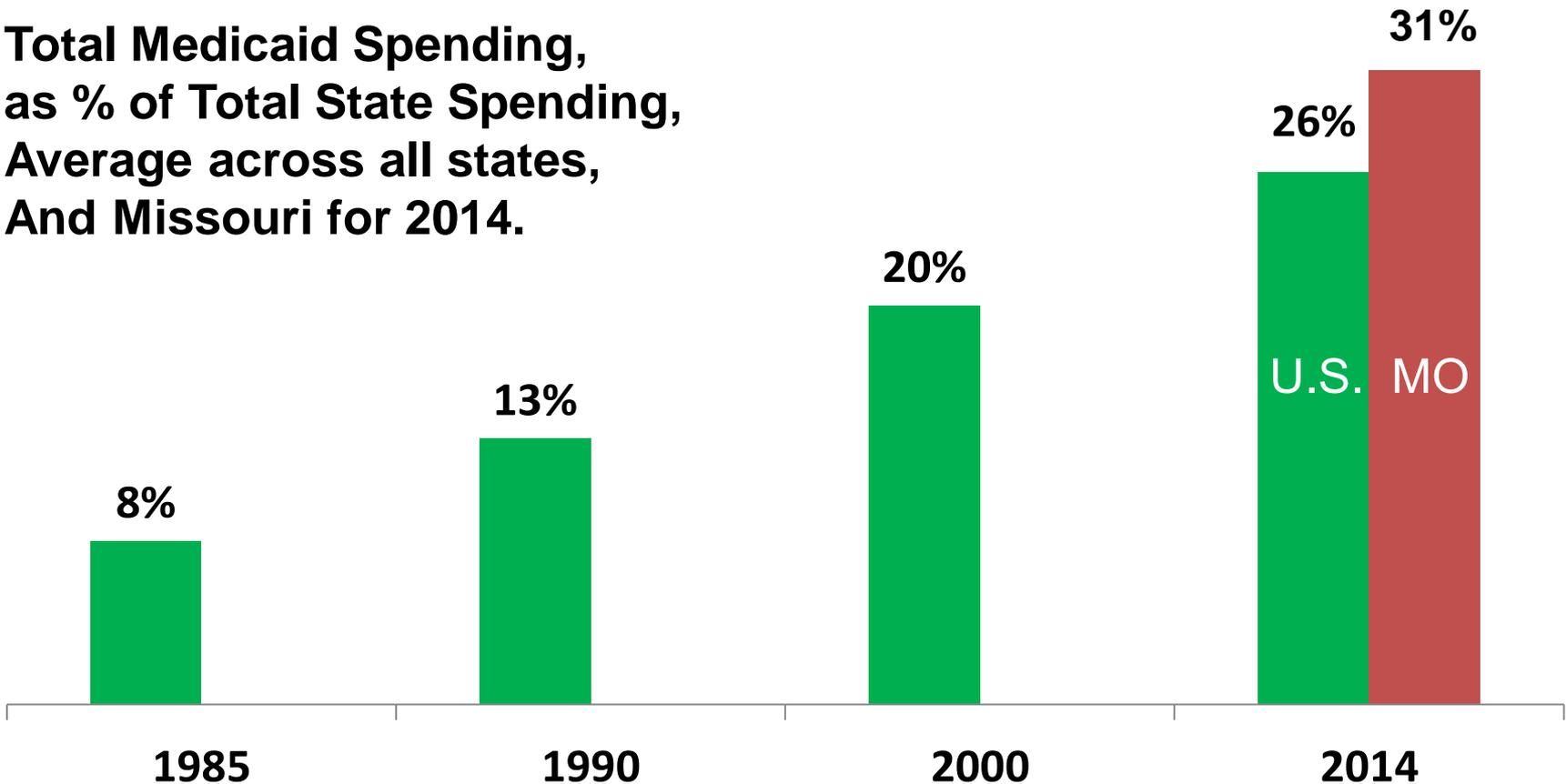


Source: HMA, based on data in: NASBO, *State Expenditure Report*, 2014 and Earlier Years.

# Medicaid Spending Now Averages 26% of Total State Budgets

1985 - 2013

Total Medicaid Spending,  
as % of Total State Spending,  
Average across all states,  
And Missouri for 2014.



Source: HMA, based on NASBO, *State Expenditure Report*, 2014 and earlier years.

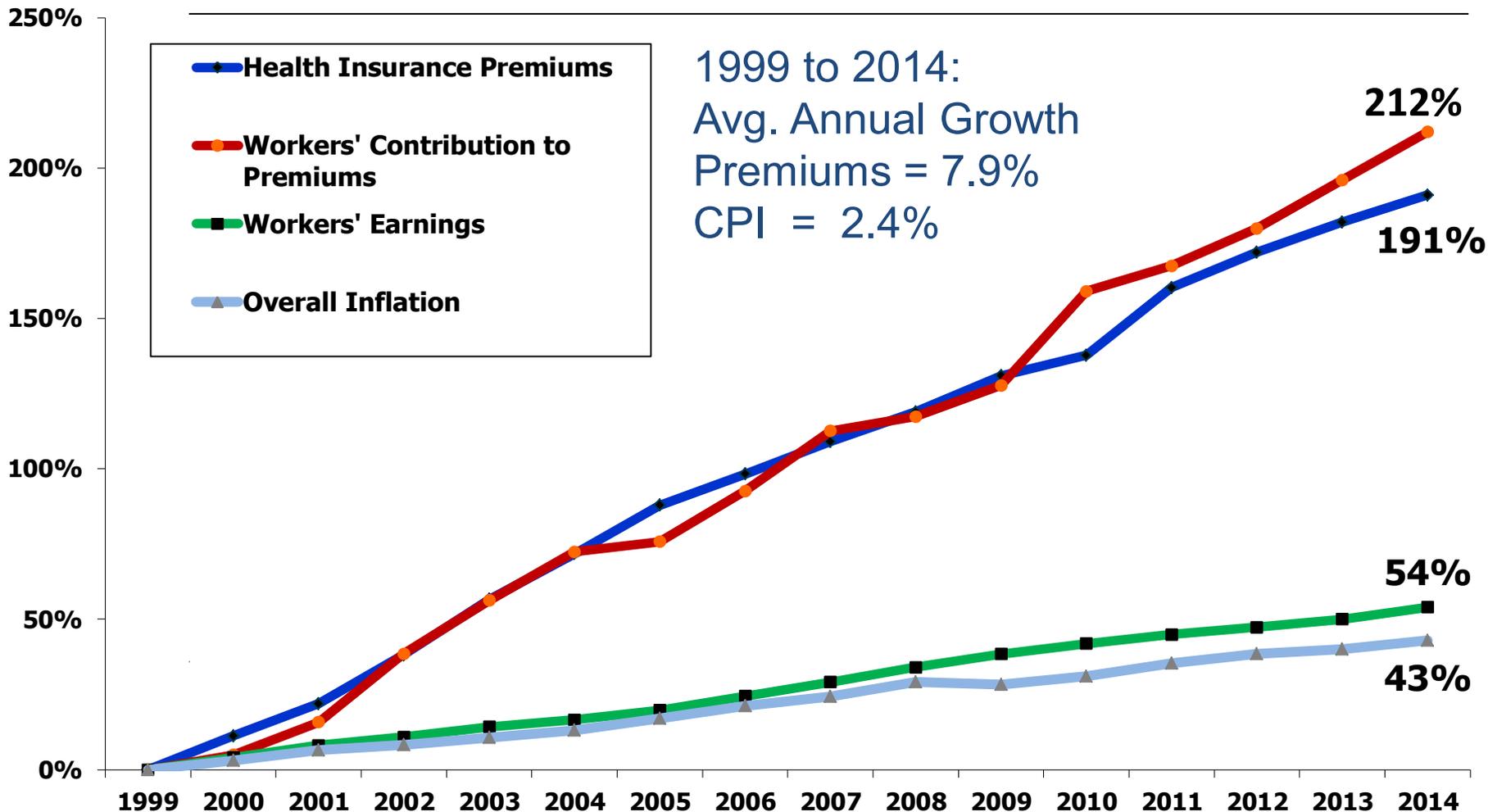
# What Are the Key Factors Driving Growth In Medicaid Spending?

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- *Rising health care and insurance costs*
- *Downward trend in employers offering health insurance*
- *Upward trend in the number of persons uninsured*

# Health Insurance Premiums (Reflecting Medical Costs) Have Increased Much Faster than Inflation and Earnings

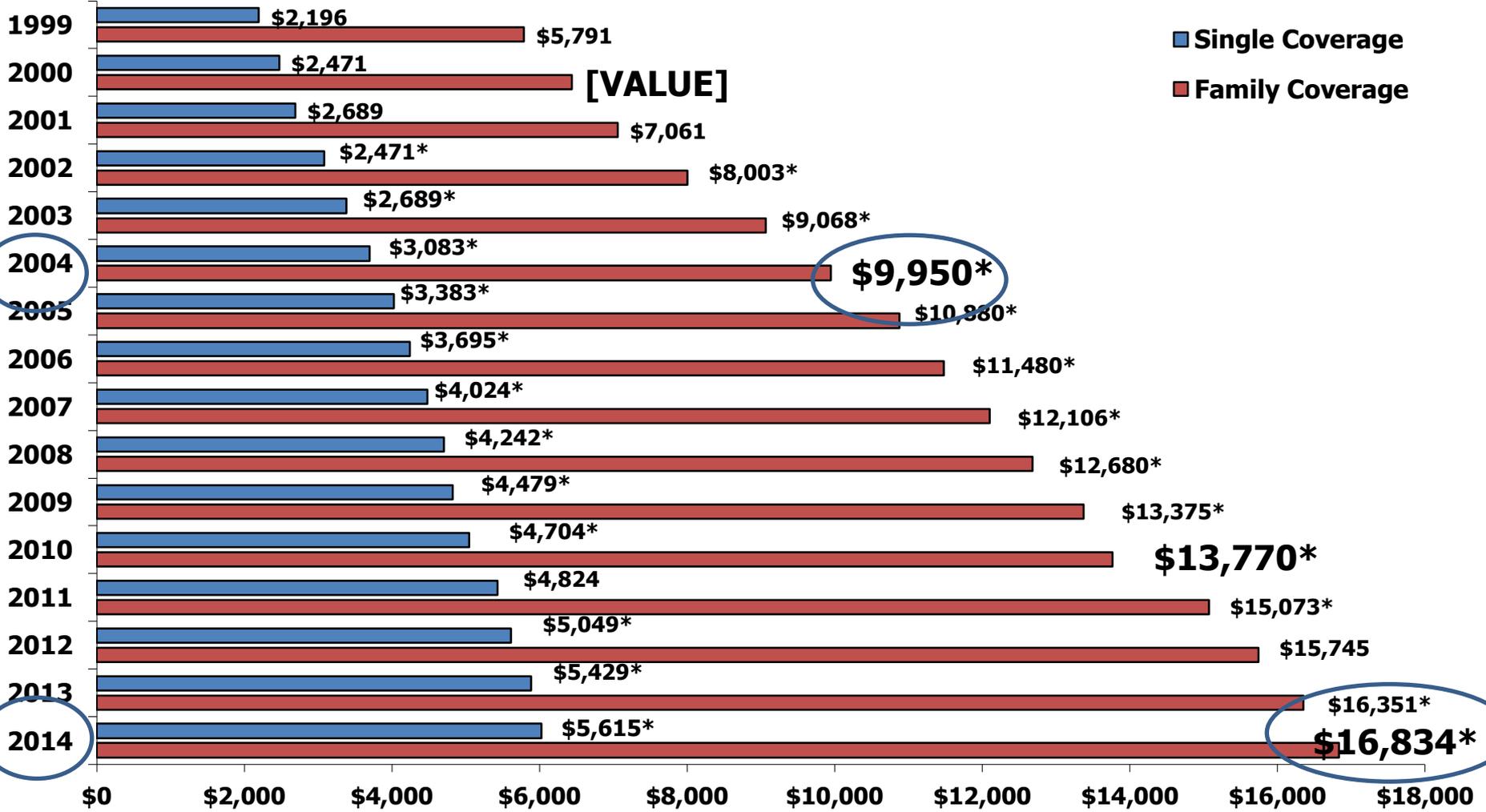
Cumulative Percent Increases 1999-2014



Source: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999-2014. Bureau of Labor Statistics, Consumer Price Index, U.S. City Average of Annual Inflation (April to April), 1999-2014; Bureau of Labor Statistics, Seasonally Adjusted Data from the Current Employment Statistics Survey, 1999-2014 (April to April).

# Premiums Up 70% Over Last Decade:

## Average Annual Premiums for Single and Family Health Insurance Coverage 1999-2014



• indicates estimate is statistically different from estimate for the previous year shown.

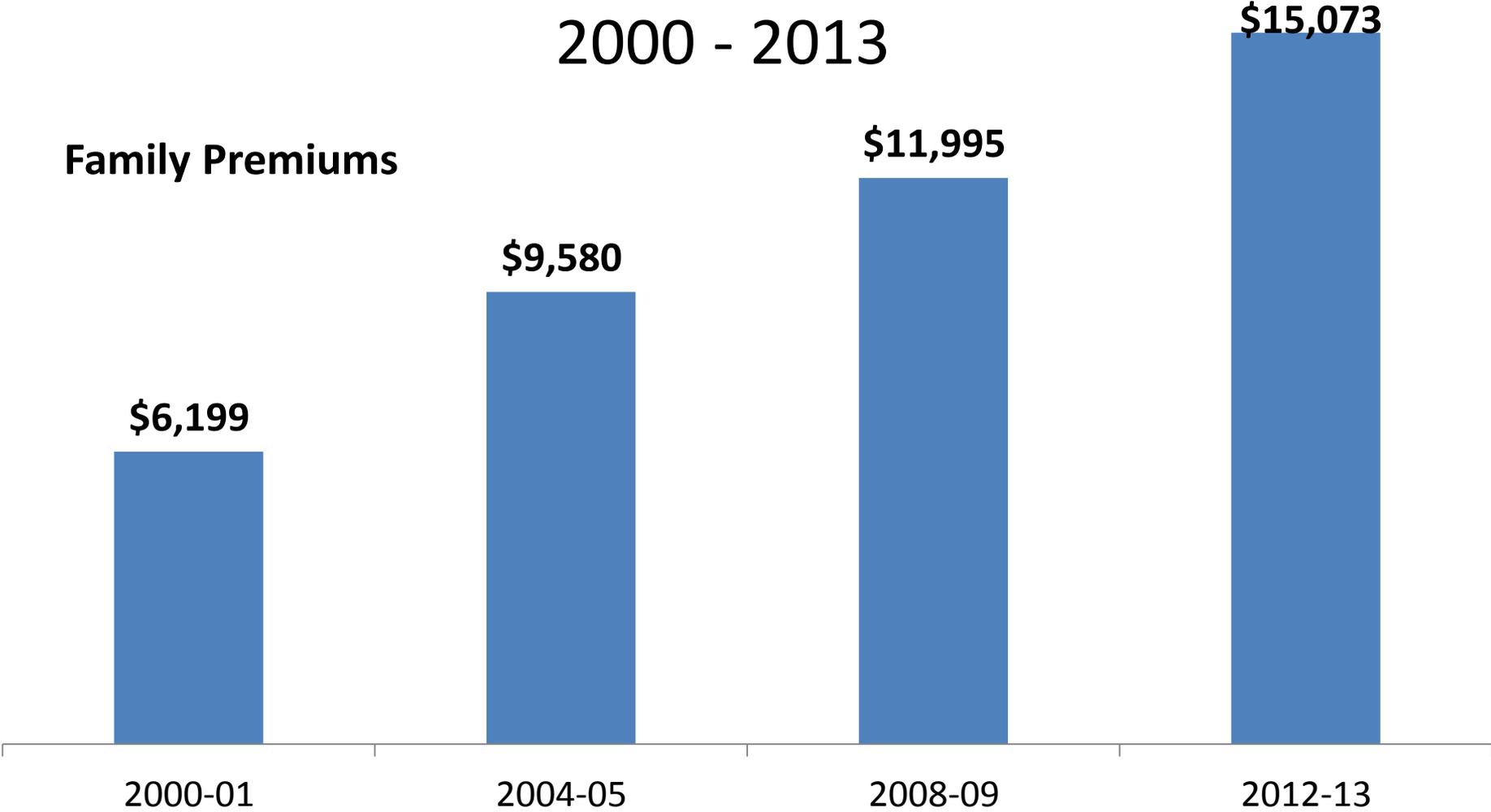
• Source: Kaiser/HRET, Employer Health Benefit Survey, 2014.

# Missouri Health Insurance Premiums

Growth Parallels National Trend

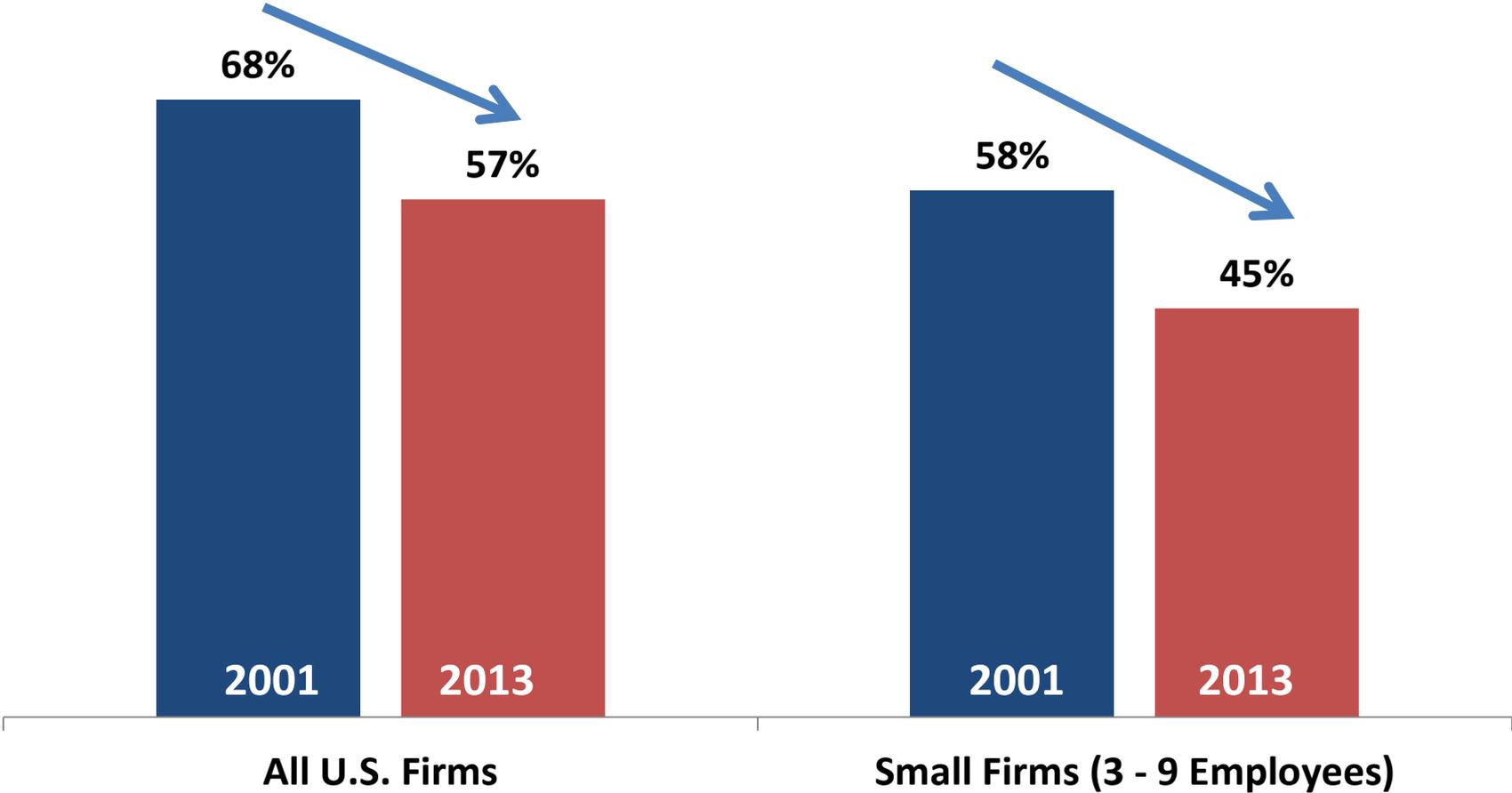
2000 - 2013

Family Premiums



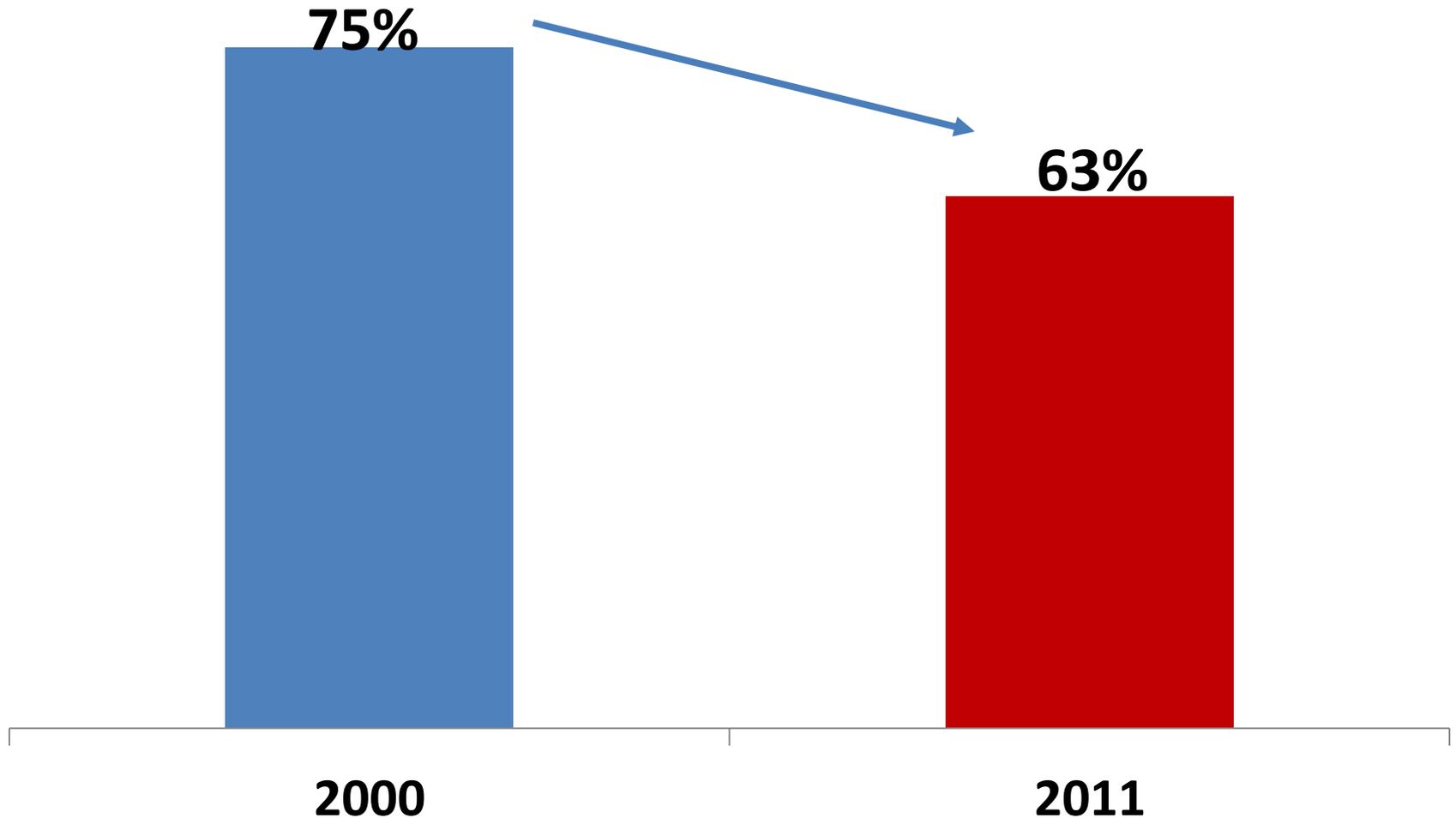
Source: HMA, based on: State Health Access Data Assistance Center, "State-Level Trends in Employer-Sponsored Insurance," 2015.

# As Premiums Increase, Fewer Firms Offer Coverage: Share of U.S. Firms Offering Health Insurance: 2001 and 2013



Source: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2013.

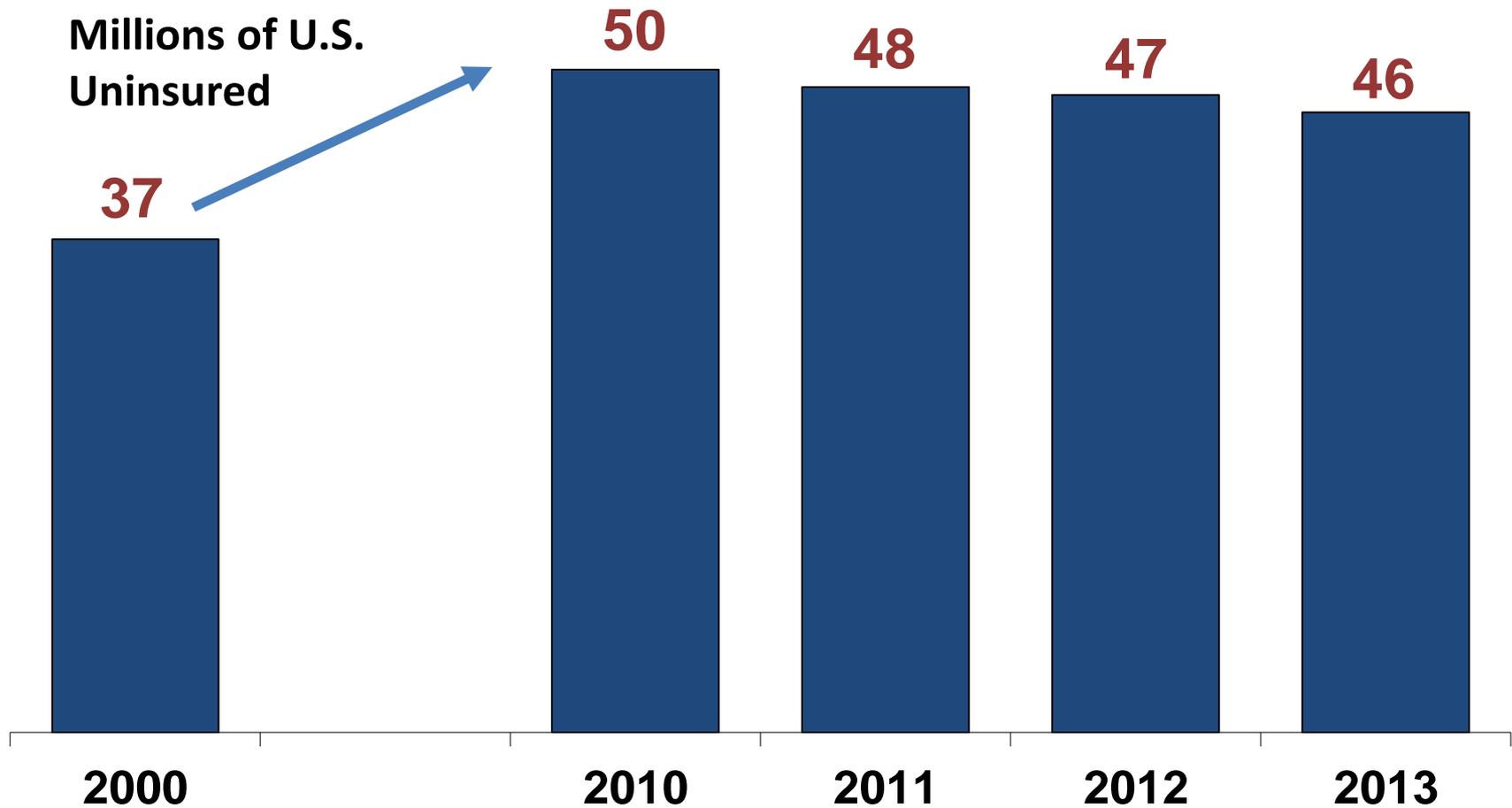
# Missouri Workers with Employer Sponsored Insurance Also Dropping



Source: HMA, based on: State Health Access Data Assistance Center, "State-Level Trends in Employer-Sponsored Insurance," April 2013. Includes workers and dependents.

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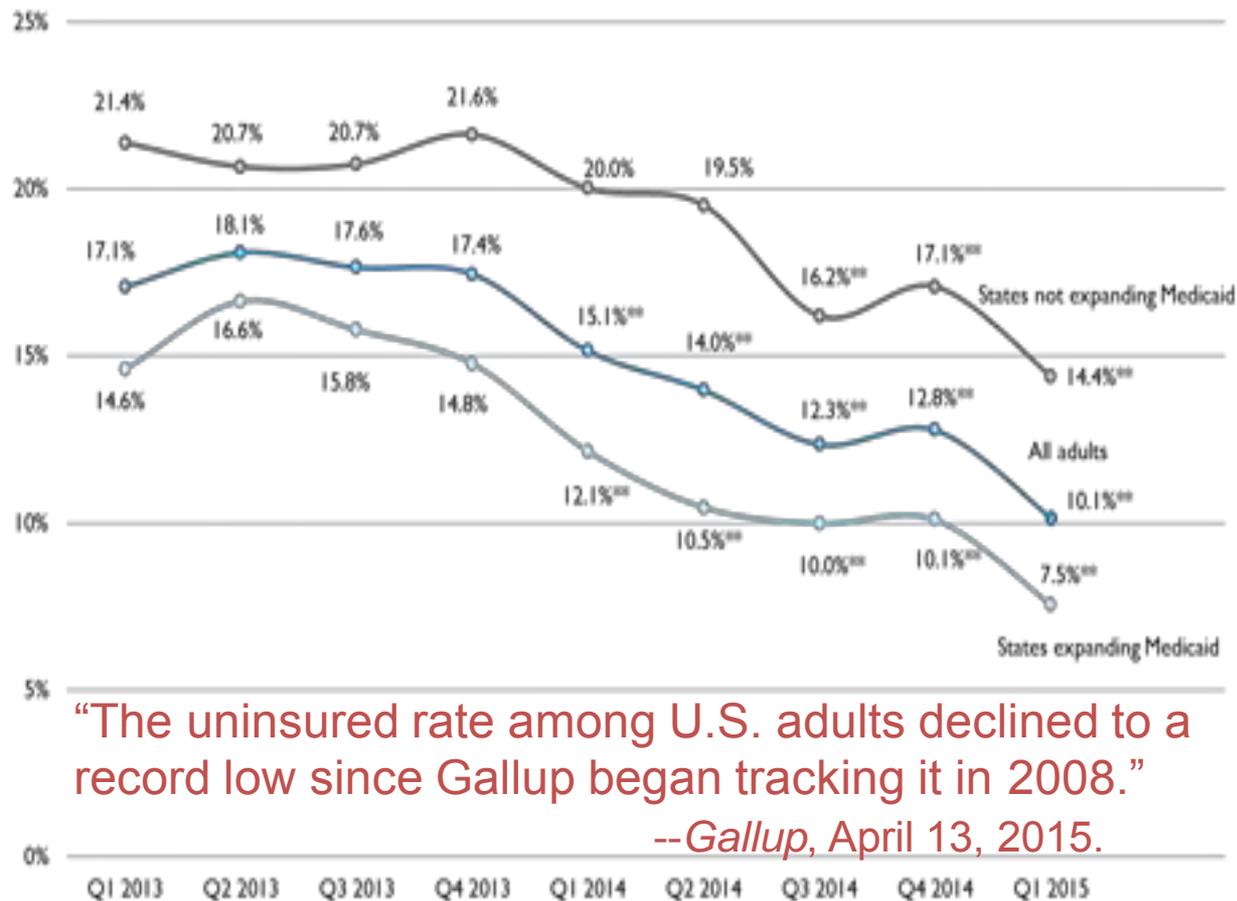
# Uninsured Increased by 13 Million 2000 – 2010, but dropped since 2010, primarily due to ACA



Source: HMA, prepared from: U.S. Census Bureau and CMS NHE projections, 2013.

# Uninsurance Rate for Adults Dropped to Historic Lows Across All States in 2 years, from 2013 to 2015

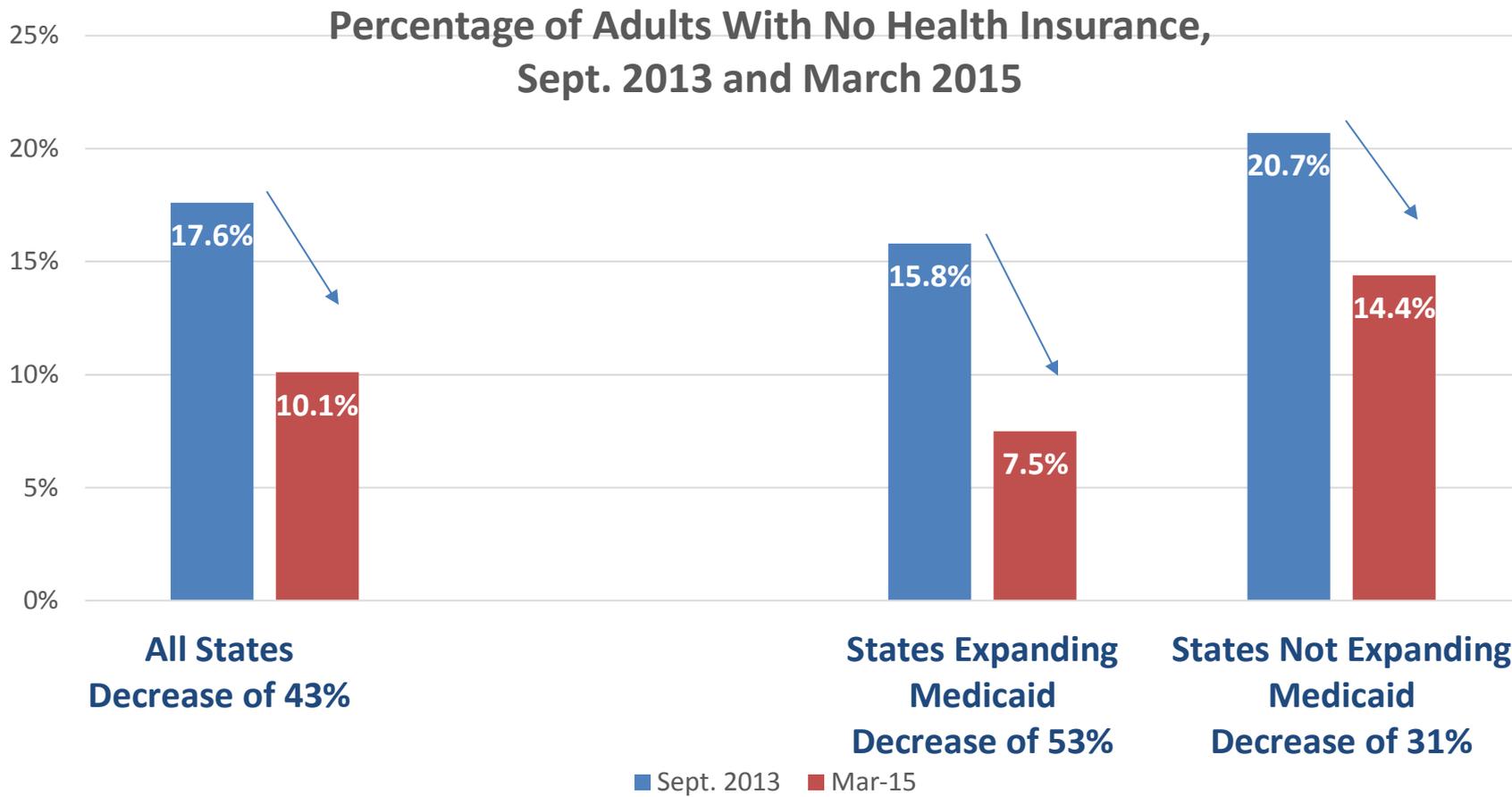
Figure I. Trends in Uninsurance for Adults Ages 18 to 64 from Quarter I 2013 to Quarter I 2015



“The uninsured rate among U.S. adults declined to a record low since Gallup began tracking it in 2008.”

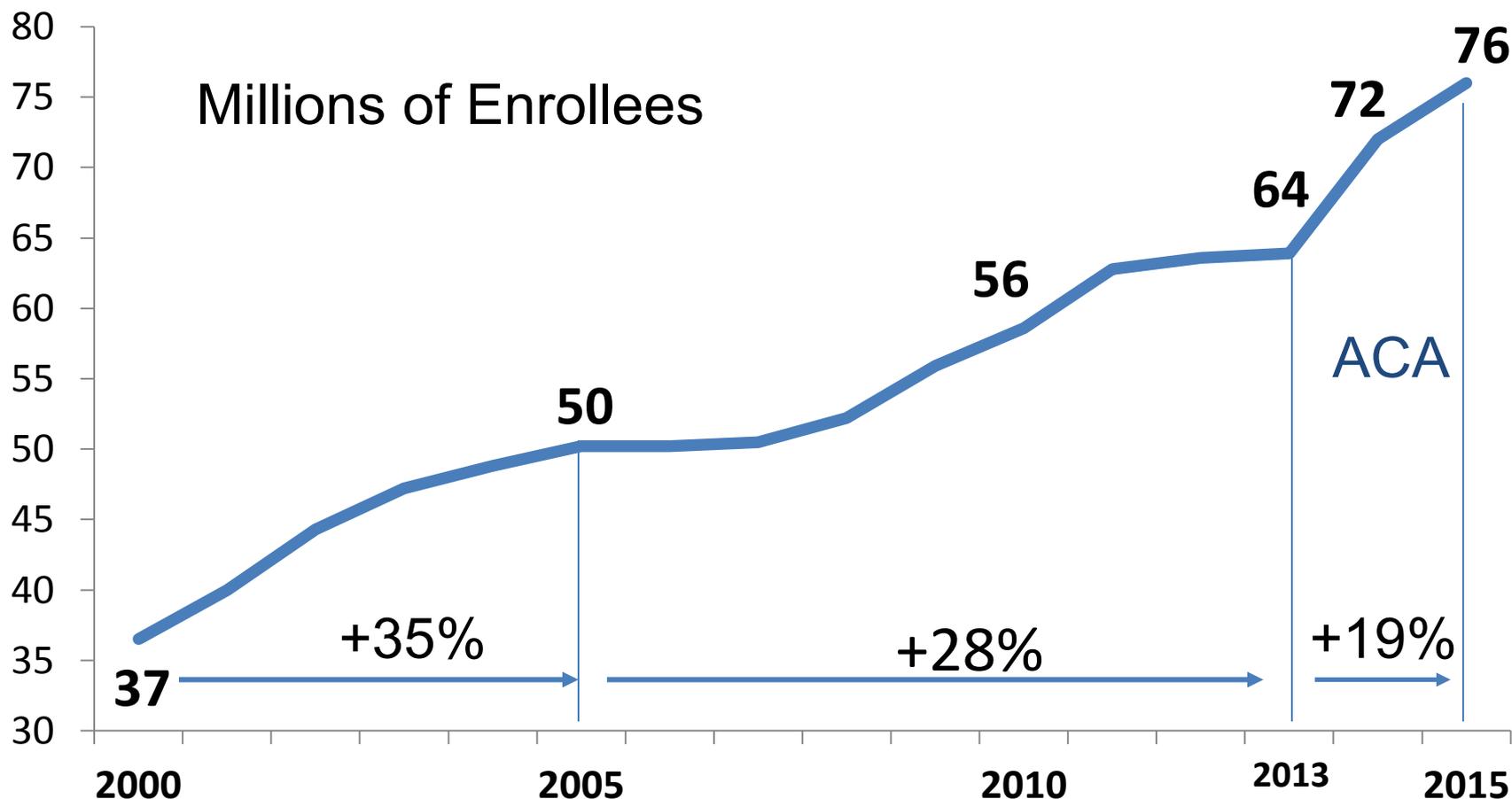
--Gallup, April 13, 2015.

# 15 Million adults Gained Coverage Sept. 2013 to March 2015, as Un-Insurance Rate Dropped by 43%



Source: Sharon K. Long, et al., "Taking Stock: Gains in Health Insurance Coverage under the ACA as of March 2015," Urban Institute, Health Policy Center, April 16, 2015

# U.S. Medicaid Enrollment Trend: 2000 to 2015

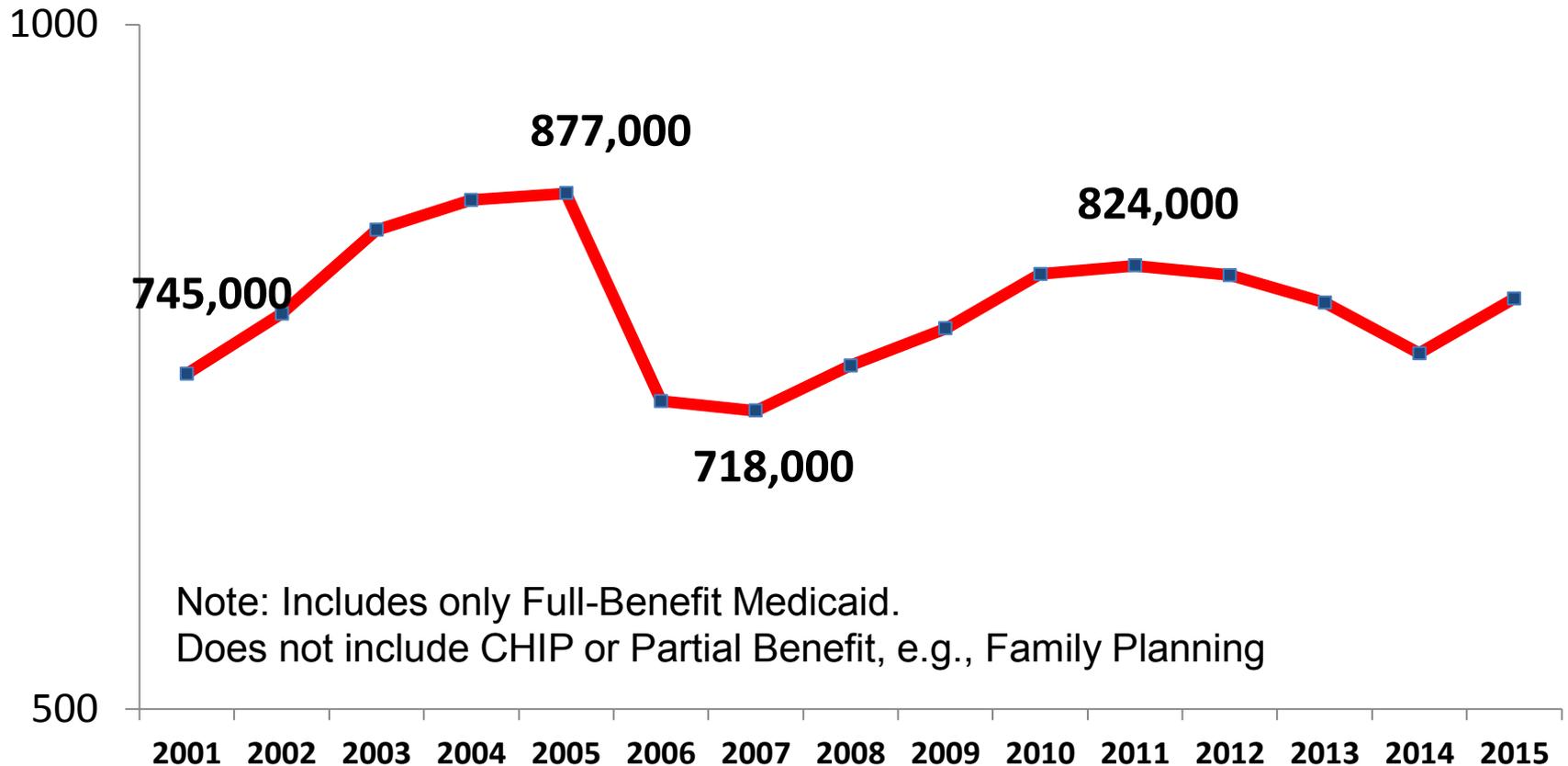


Note: Includes Medicaid and CHIP enrollment.

Source: HMA, based on CMS, Office of the Actuary, 2014 and prior years.

# Missouri Medicaid Enrollment Trend

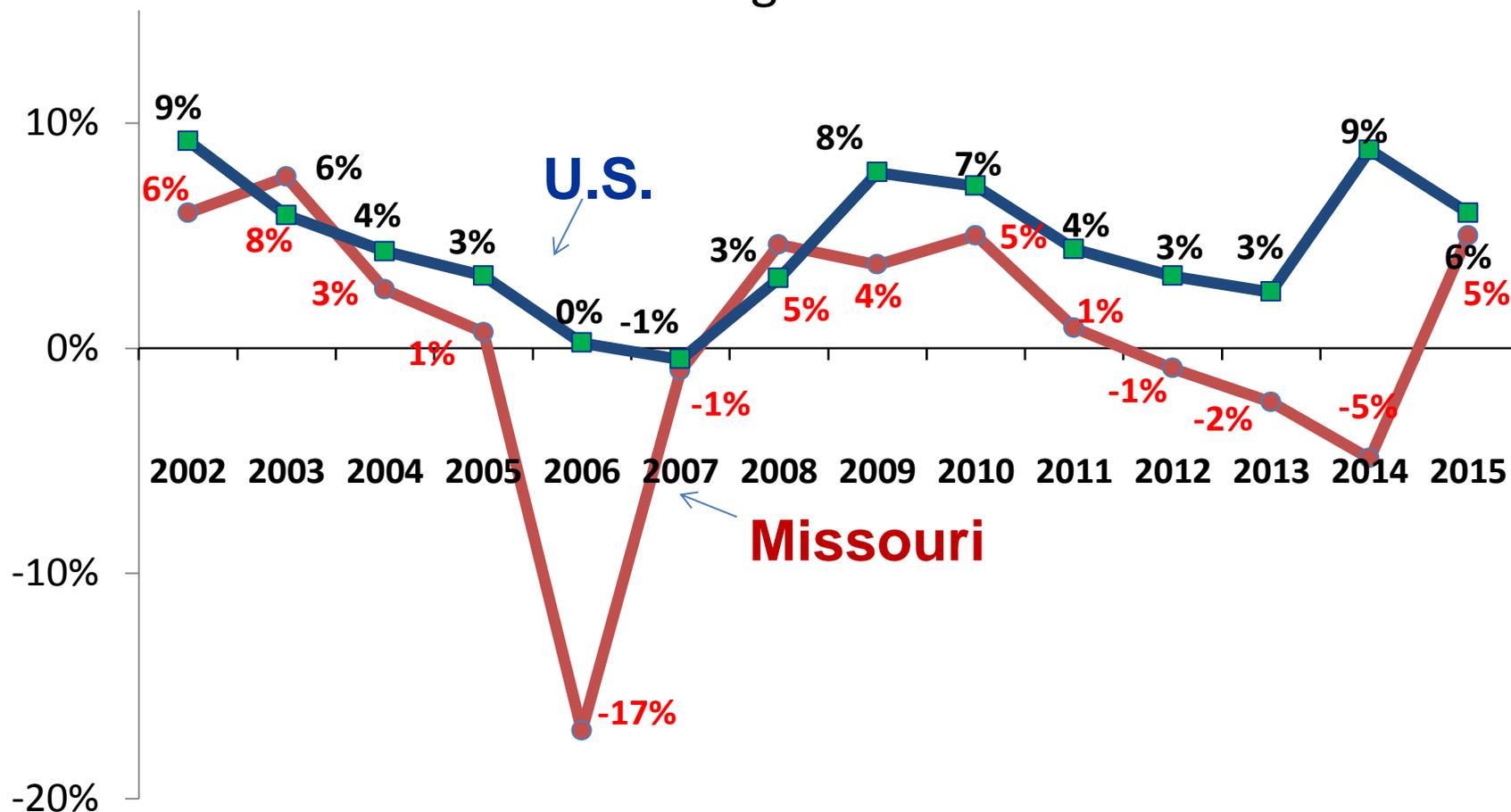
## 2001 – 2014



Source: Health Management Associates, based on data compiled by HMA for the Kaiser Commission on Medicaid and the Uninsured. 2000 – 2005 from “Medicaid Enrollment: June 2012 Data Snapshot,” August 2013.; 2006 – 2013 from “Medicaid Enrollment: June 2013 Data Snapshot,” January 2014. <http://kff.org/medicaid/issue-brief/medicaid-enrollment-june-2013-data-snapshot/> June 2014 estimated by HMA.

# Missouri Annual Medicaid Enrollment Growth Has Been Much Lower Than U.S. Average

Annual Percent Changes FY 2002 – FY 2014

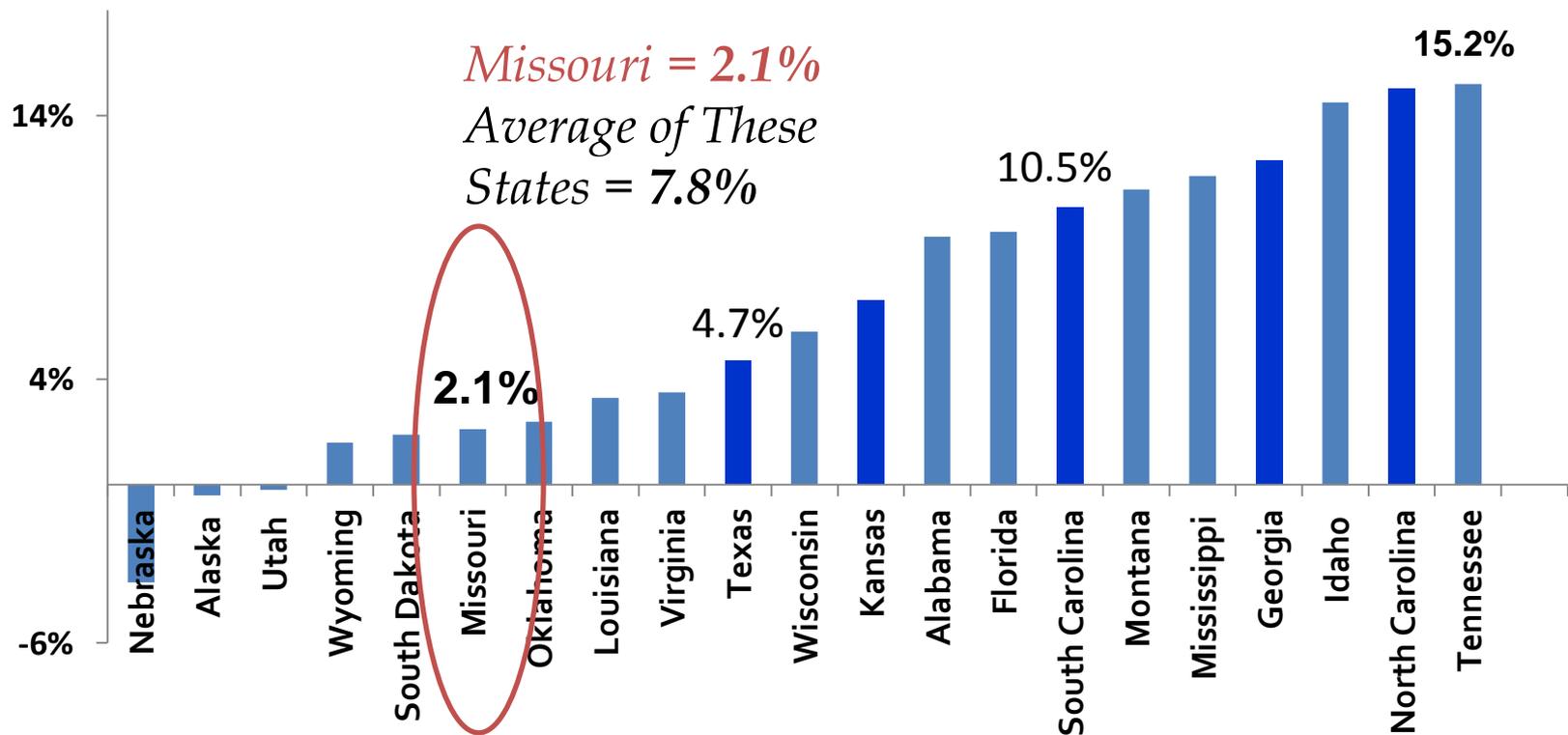


NOTE: Enrollment percentage changes from June to June of each year.

SOURCE: *Medicaid Enrollment June 2013 Data Snapshot*, KCMU, 2014. FY 2014 - 2015 data based on KCMU survey of Medicaid officials in 50 states and DC conducted by Health Management Associates, 2014.

# “Non-Expansion” States Have Still Seen Growth in Medicaid and CHIP Enrollment

Percent Change in Medicaid/CHIP Enrollment  
From Pre-ACA (July - Sept. 2013) to January 2015

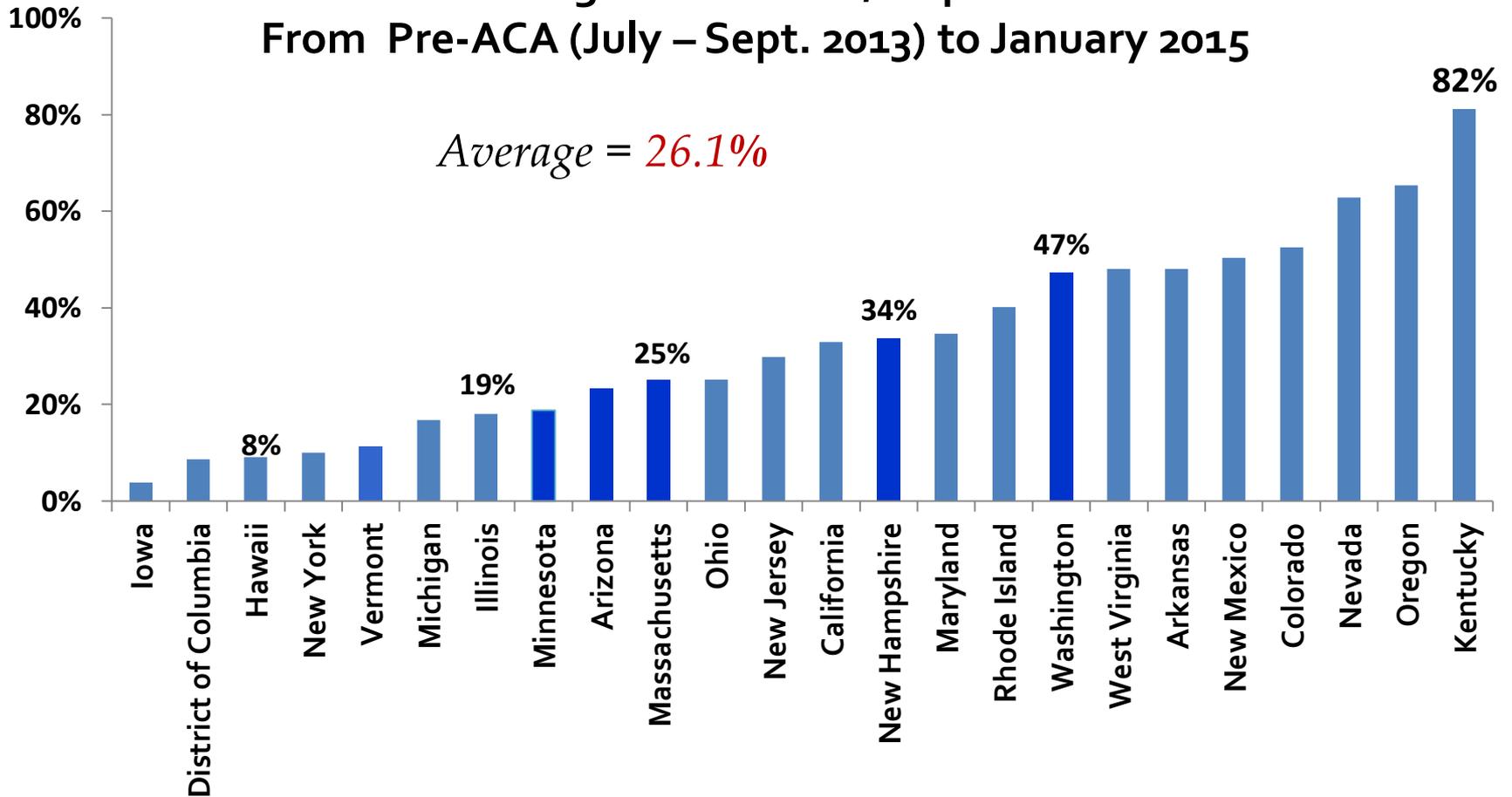


Note: Maine data omitted by CMS because data not comparable to other states.

SOURCE: CMS, “Medicaid & CHIP: January 2015 Monthly Applications, Eligibility Determinations, and Enrollment Report,” March 20, 2015

# “Expansion” States: Medicaid and CHIP Enrollment Growth Avg. of 26%

Percent Change in Medicaid/Chip Enrollment  
From Pre-ACA (July – Sept. 2013) to January 2015



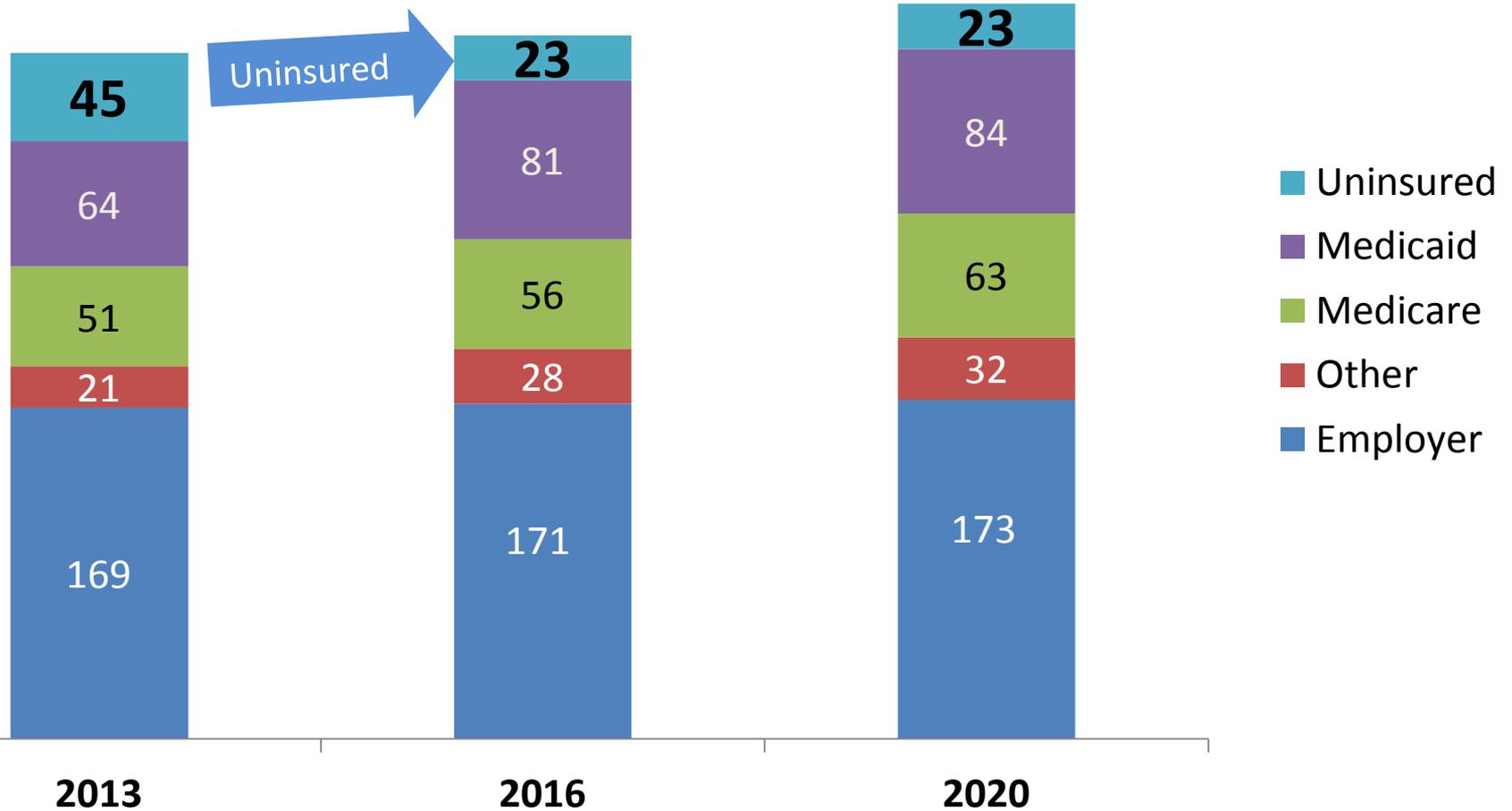
Note: Connecticut excluded because of missing data. Indiana (6.9%) and Pennsylvania (4.5%) excluded due to 2015 implementation.

SOURCE: CMS, “Medicaid & CHIP: January 2015 Monthly Applications, Eligibility Determinations, and Enrollment Report,” March 20, 2015.

# U.S. Health Coverage Changes: 2013 – 2020

## Number Uninsured To Drop by Half

Millions of Americans



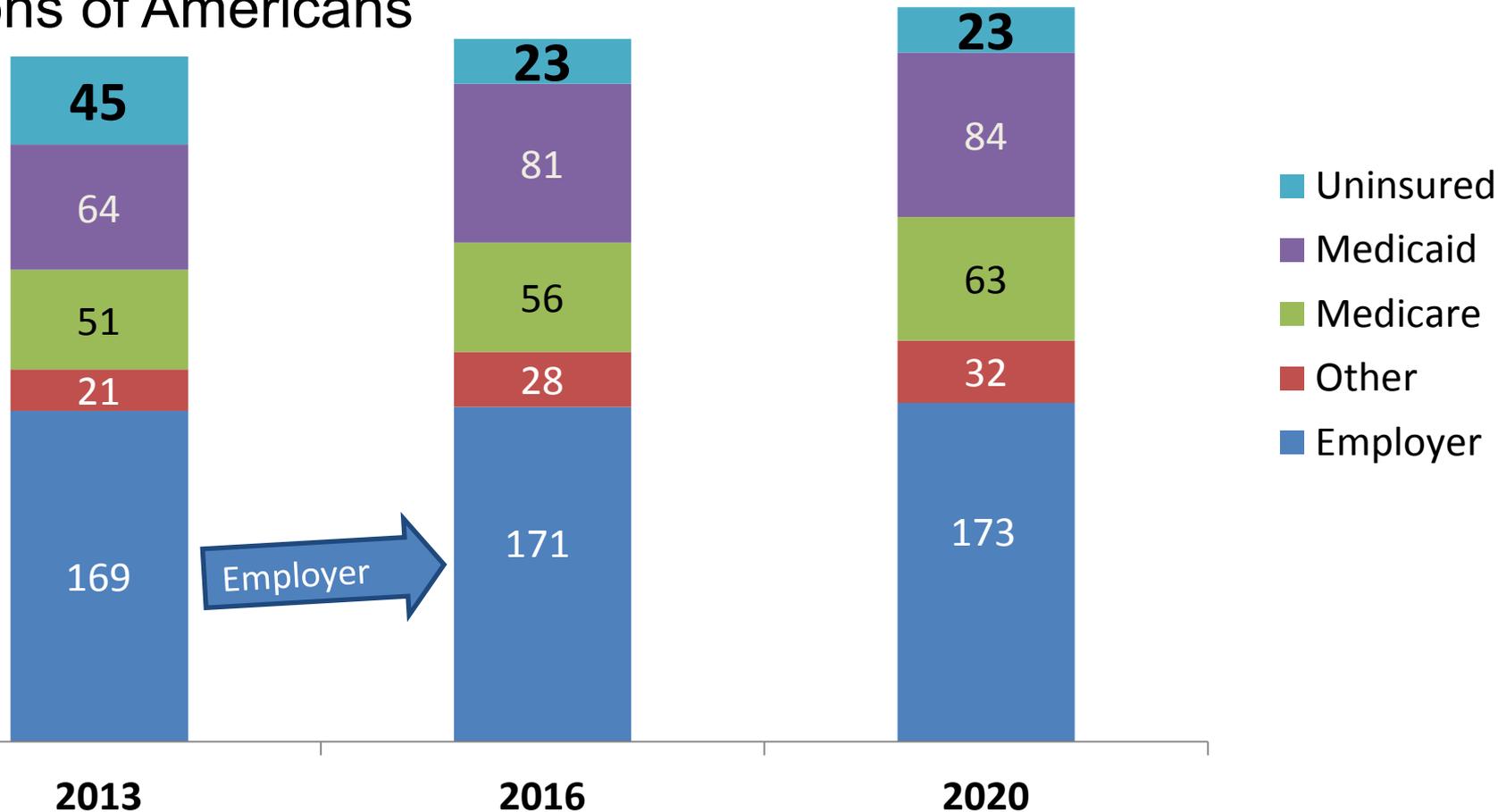
Source; HMA, based on CMS, Office of the Actuary, 2014.

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# U.S. Health Coverage Changes: 2013 – 2020

Employer – Based Insurance Up Slightly

Millions of Americans



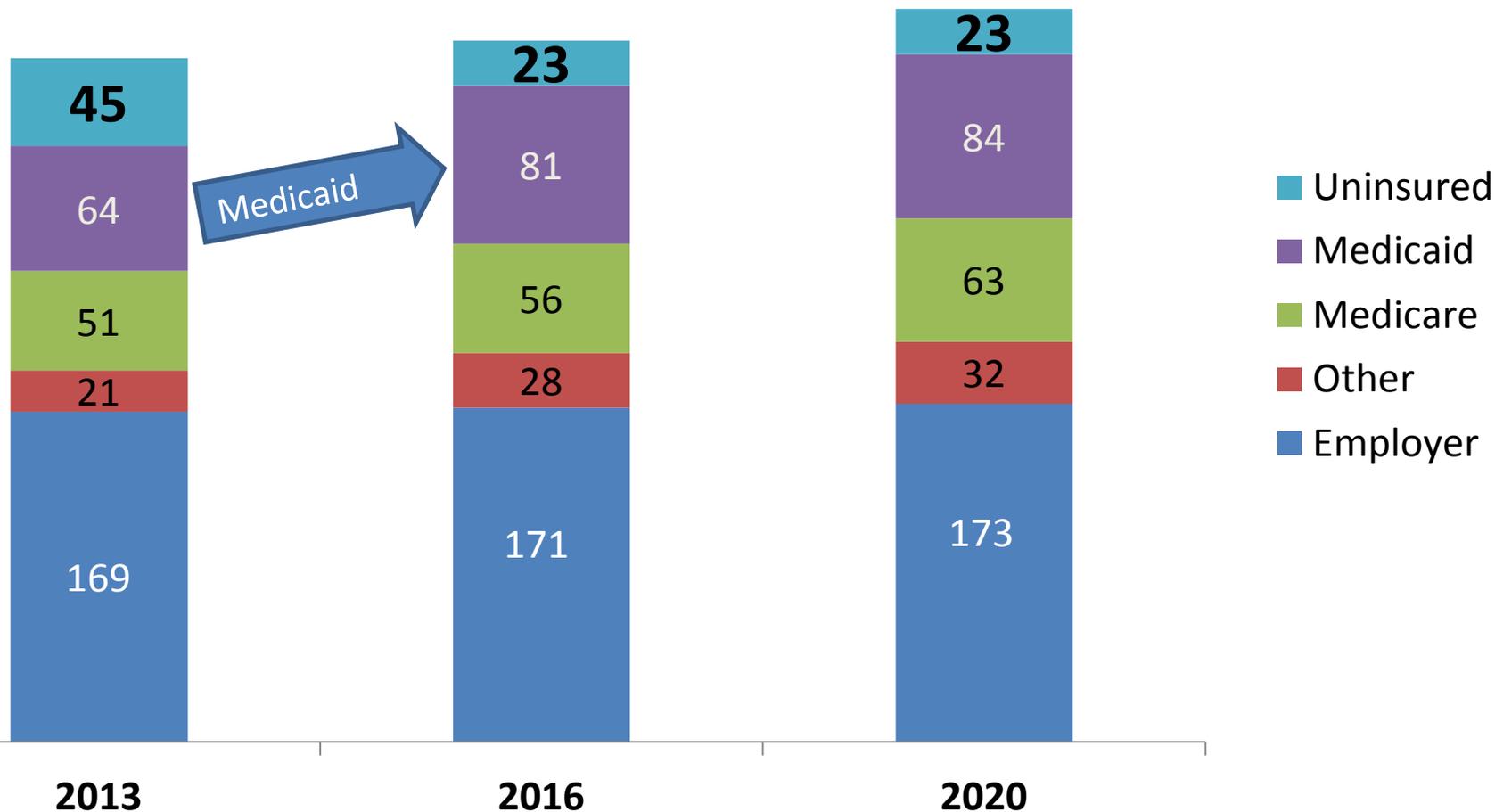
Source; HMA, based on CMS, Office of the Actuary, 2014.

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# U.S. Health Coverage Changes: 2013 – 2020

Medicaid to Increase by 20 million by 2020

Millions of Americans



Source; HMA, based on CMS, Office of the Actuary, 2014.

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# How Are States Responding to Need to Control Medicaid Spending?

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- *A Focus on Improving Quality, Controlling Costs and Increasing Value*
  - *Focus on high-need, high cost populations*, including persons with chronic conditions, disabilities, in LTC and on both Medicaid and Medicare (dual eligibles)
  - *Quality improvement*: strengthening contract requirements for health plans, pay-for-performance, special initiatives e.g., on non-emergency ER use.
  - *Cost savings* through managed care, delivery system and payment reforms, payment restrictions.

SOURCE: Vernon Smith, et al., "Medicaid in an Era of Health & Delivery System Reform: Results from a 50-State Medicaid Budget Survey for State Fiscal Years 2014 and 2015," Kaiser Family Foundation, October 2014.

# **Missouri Medicaid Has Used Several Strategies to Improve Care, Control Cost**

Cost and enrollment growth are well below national trends

- Controls on benefits and eligibility
- Focus on program integrity
- National model for Health Homes
- Increasing use of managed care, with new contract requirements for MCOs and patient incentives

# Nationally, Delivery System and Payment Reforms are a Priority for Medicaid in 2015

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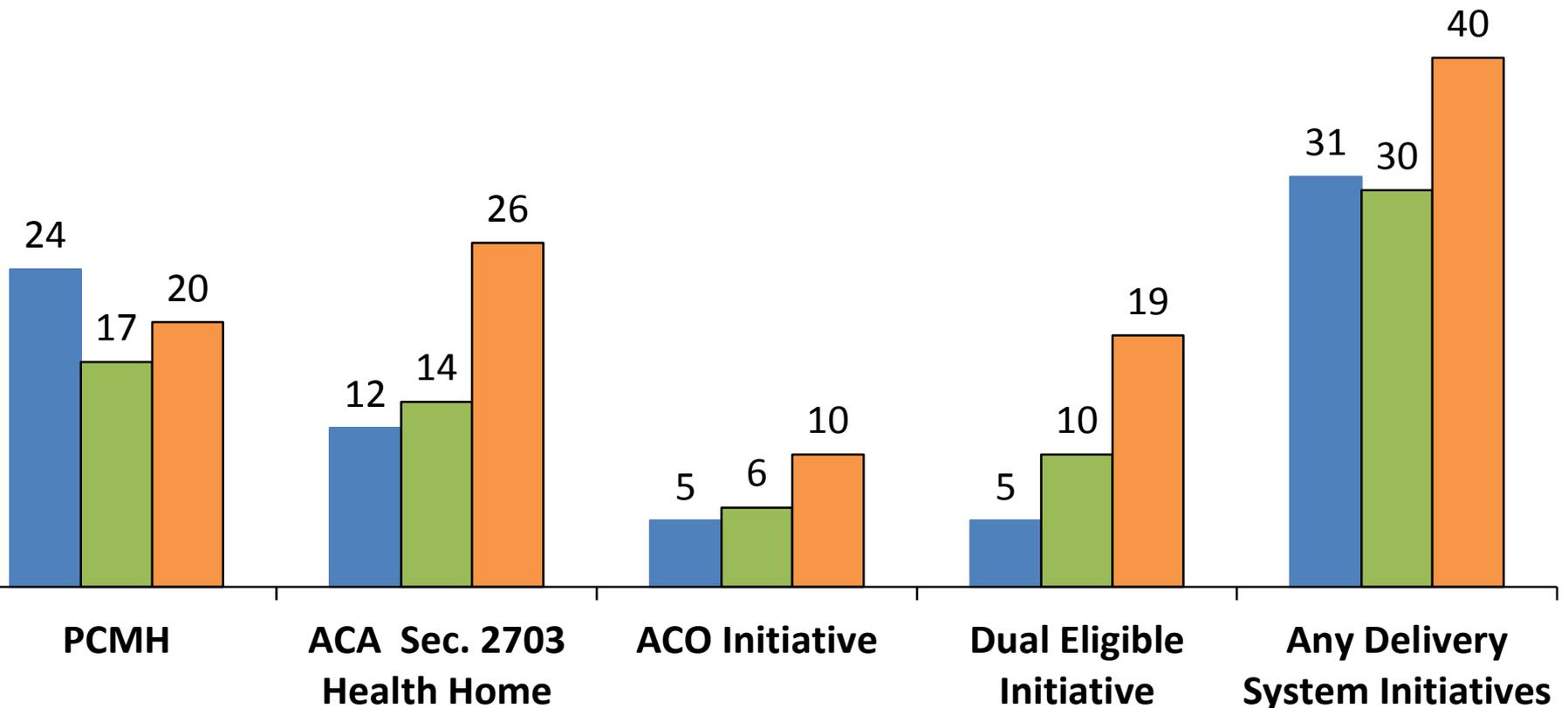
## *– Focus on improving care, cost and outcomes for high-need, high cost populations*

- Managed care, care management, coordinated and integrated care, often using State Innovation Model (SIM) grants or Delivery System Reform Incentive Payment (DSRIP) waivers.
- Payers are strengthening contractual requirements for health plans, with Pay-for-Performance, withhold incentives based on performance, auto – assignment algorithms, other initiatives, e.g., non-emergency ER use.

SOURCE: Vernon Smith, et al., “Medicaid in an Era of Health & Delivery System Reform: Results from a 50-State Medicaid Budget Survey for State Fiscal Years 2014 and 2015,” Kaiser Family Foundation, October 2014.

# Delivery System Reforms to Coordinate Care and Control Costs Are in Most States in 2014 - 2015

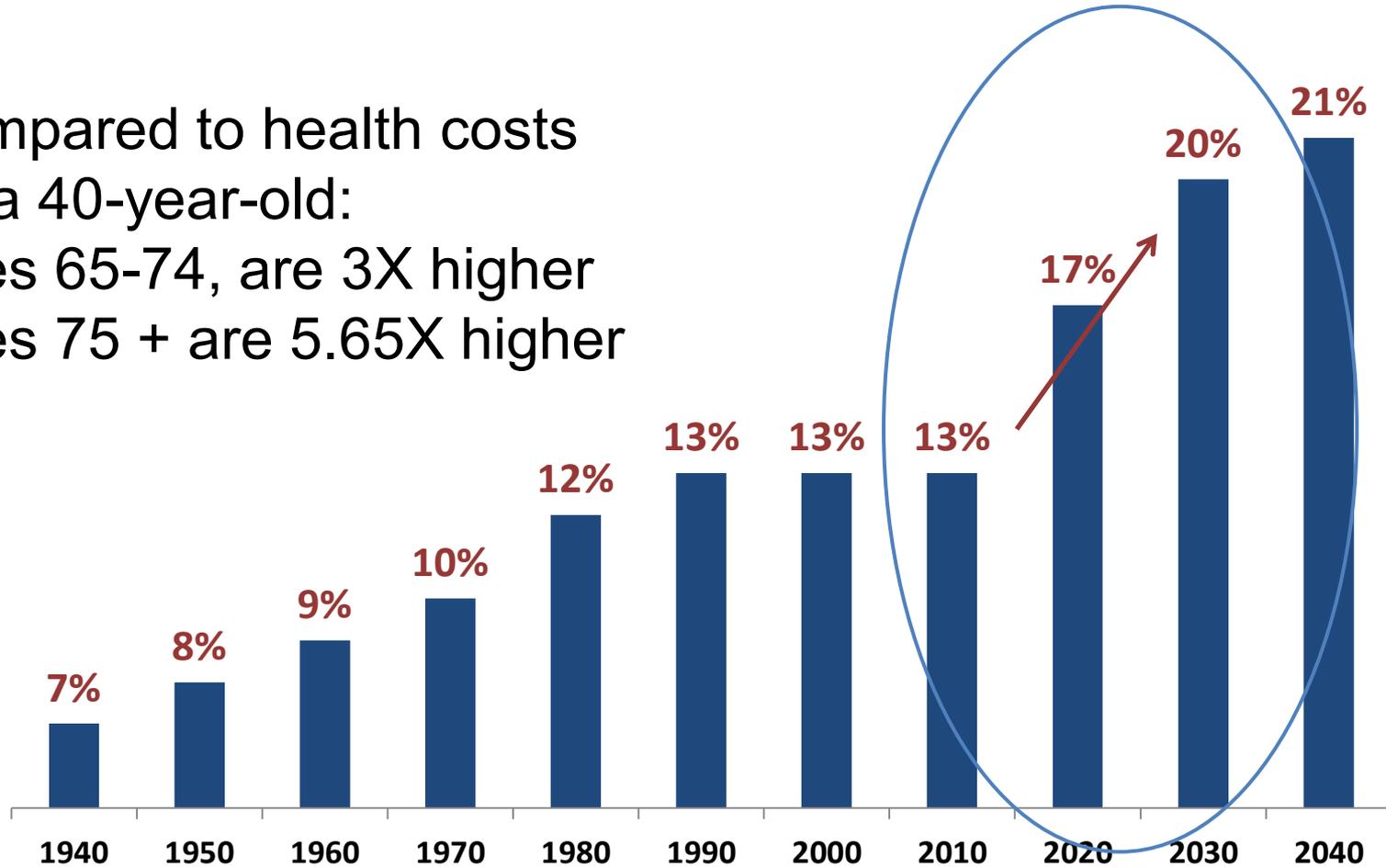
■ In Place in FY 2013   ■ New/Expanded in FY 2014   ■ New/Expanded in FY 2015



NOTE: Expansions of existing initiatives include rollouts of existing initiatives to new areas or groups and significant increases in enrollment or providers. Dual Eligible Initiatives include those through and outside CMS financial alignment demonstration.  
 SOURCE: Vernon Smith, et al., "Medicaid in an Era of Health & Delivery System Reform: Results from a 50-State Medicaid Budget Survey for State Fiscal Years 2014 and 2015," Kaiser Family Foundation, October 2014.

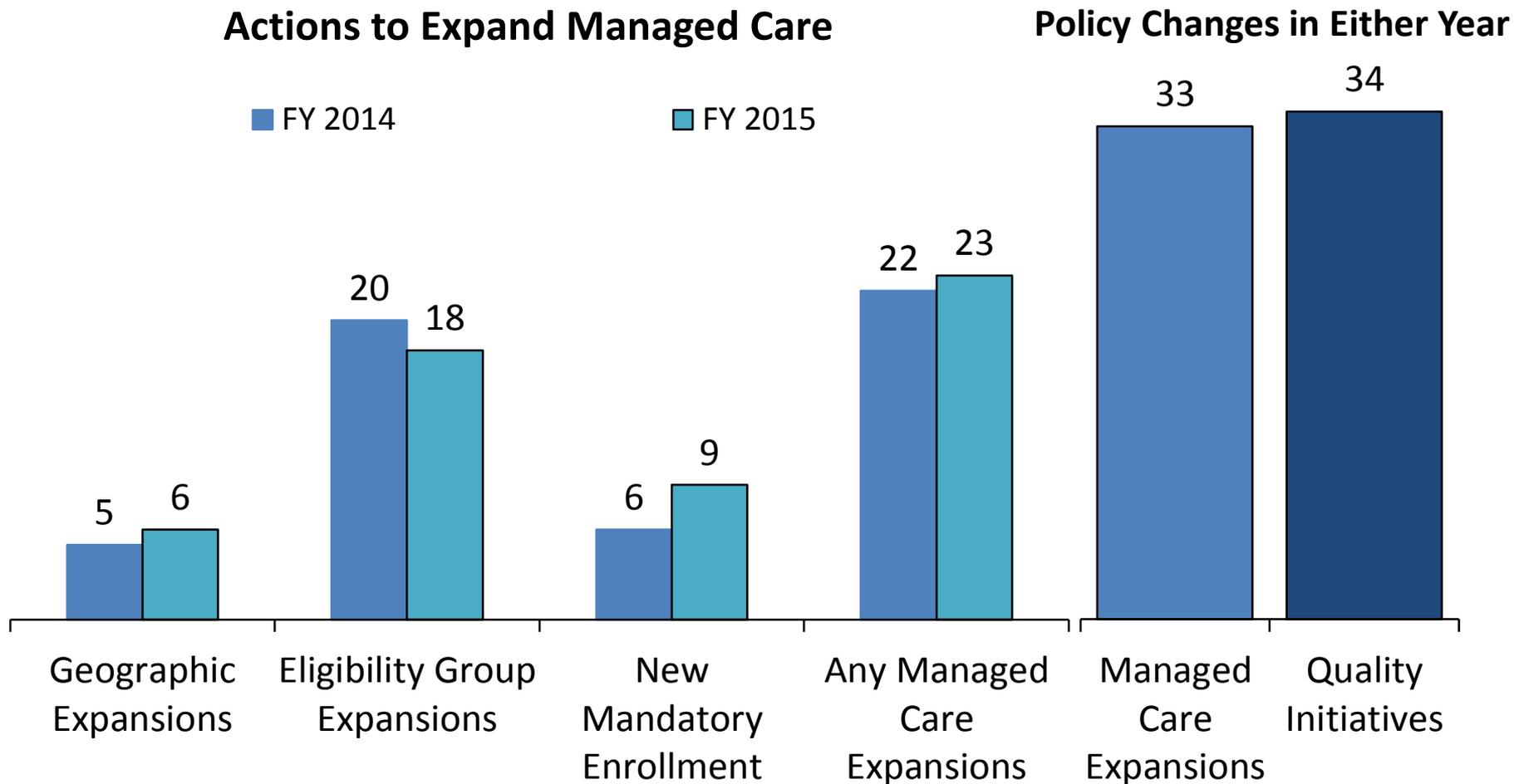
# The Need for Effective Systems of Care for an Aging Population Is Seen in Increasing Share of Population Age 65+

Compared to health costs for a 40-year-old:  
Ages 65-74, are 3X higher  
Ages 75 + are 5.65X higher



Source: U.S., Administration on Aging.

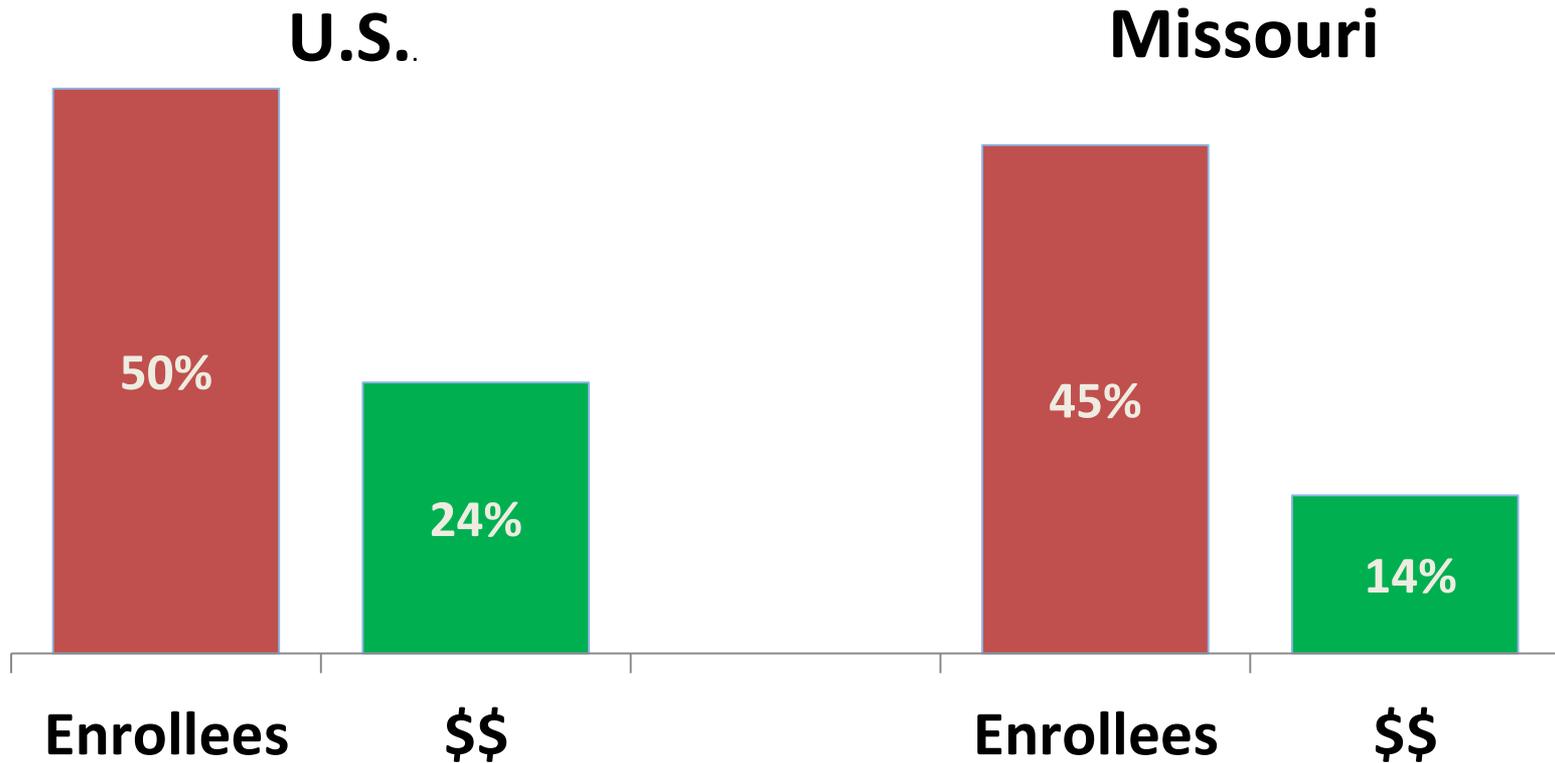
# In FY 2015, States Continue to Expand and Improve Managed Care.



SOURCE: Vernon Smith, et al., "Medicaid in an Era of Health & Delivery System Reform: Results from a 50-State Medicaid Budget Survey for State Fiscal Years 2014 and 2015," Kaiser Family Foundation, October 2014.

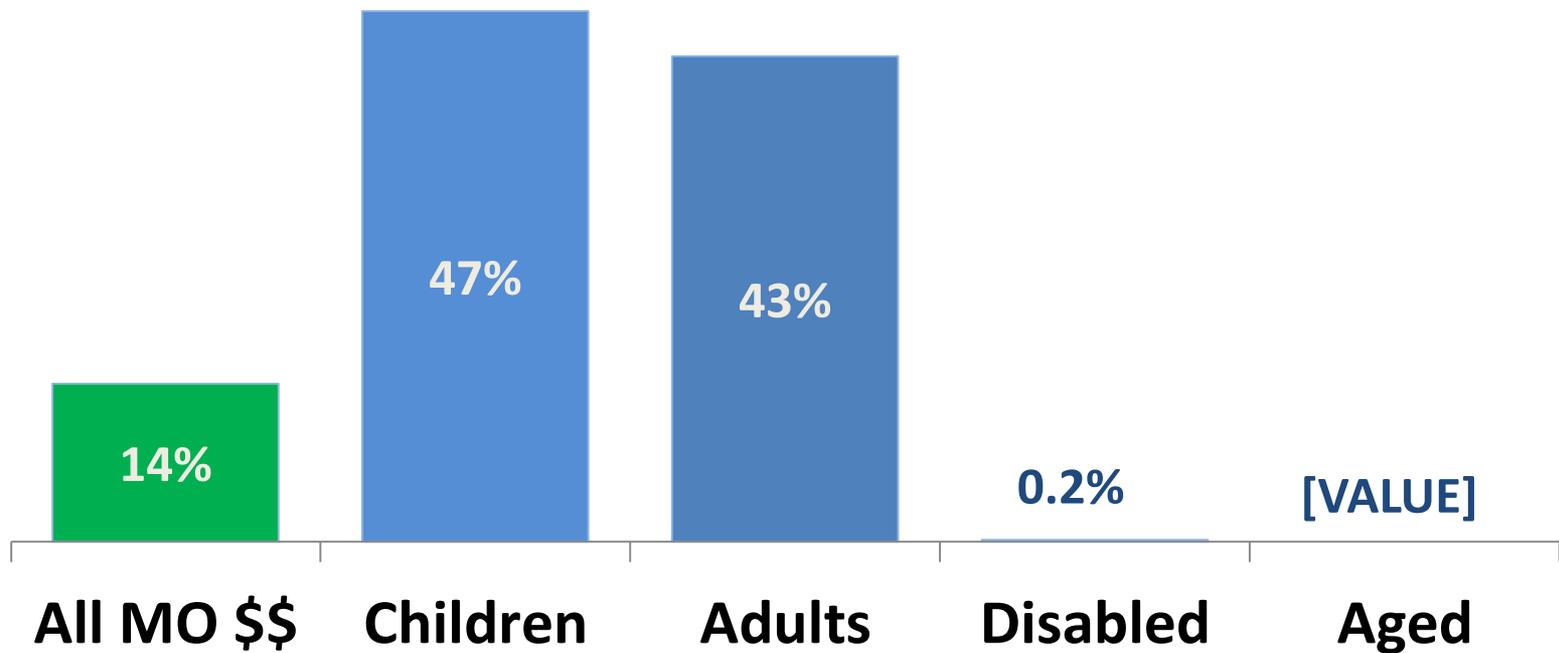
# In 2011, Half of U.S. Enrollees Were in MCOs, but Most Dollars Were Not

Share of Medicaid Enrollees and Dollars in Managed Care:  
(LTC and Dual Eligibles Account for Large Share of FFS Dollars)



Note: Managed care includes risk- and non-risk based, including MCOs, PCCMs, and limited benefit plans. Data are for 2011.  
Source: HMA, prepared from data in: MACPAC, *Medicaid and CHIP Program Statistics*, June 2014.

# Share of Missouri Medicaid Dollars in Managed Care, by Eligibility Group, 2011



Note: Managed care includes risk-based MCOs. Data are for 2011.

Source: HMA, prepared from data in: MACPAC, *Medicaid and CHIP Program Statistics*, June 2014.

# ***Conclusion: Significant Changes Are Occurring in Medicaid***

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- *Innovations with payment and delivery system initiatives, greater use of managed care and care management, to achieve greater value for state tax dollars.*
- *Managed care is the platform for accountability for better care, access, quality and health outcomes, and for saving costs.*
  - *Priorities involve care for all Medicaid groups, including persons with disabilities and chronic conditions, long term care, and dual eligibles.*

# Medicaid Can Make a Significant Difference

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*“We are unashamed to use the power of Medicaid to raise the standard of care for all the citizens of our state.”*

*-- State Medicaid director, describing initiatives in his state.*