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MO HealthNet Managed Care Cost Avoidance

State of Missouri

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Managed Care Cost Avoidance

Overview

- Results
- Model Goals
- Managed Care Savings Considerations
- Questions

Managed Care Cost Avoidance Results

- Managed care program is consistently showing savings relative to projected costs for the same population absent managed care
- SFY 2009 Results

FFS Benchmark Costs	\$1.430 billion
Managed Care Costs	\$1.392 billion
SFY 2009 Savings	\$38 million
Percentage Savings	2.7%

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Results – SFY 2009 Detail

<u>SFY 2009 FFS Benchmark PMPMs</u>		<u>SFY 2009 Managed Care PMPMs</u>	
Inpatient	\$85.57	Medical Capitation	\$201.61
Outpatient	\$56.04	FFS Costs	\$53.52
Professional	\$105.73		
Pharmacy	\$40.93		
TPL	(\$15.28)		
Medical Adjustments ¹	\$8.63	Medical Adjustments ²	(\$2.26)
Medical Total	\$281.63	Medical Total	\$252.88
		Medical Savings	\$28.75

¹ Includes mass adjustments and geographic adjustment.

² Includes mass adjustments.

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Results – SFY 2009 Detail

<u>SFY 2009 FFS Benchmark PMPMs</u>		<u>SFY 2009 Managed Care PMPMs</u>	
Medical Total	\$281.63	Medical Total	\$252.88
State Administration	\$12.97	Health Plan Admin	\$23.21
		Target Profit	\$6.11
		State MC Oversight	\$4.48
Grand Total	\$294.60	Grand Total	\$286.68
		Total Savings	\$7.92

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Model Goals

- Model goal is to answer the following question:
If the MC program did not exist, what would the cost of the existing MC eligibles be in the FFS delivery system?
- Historical financial analysis of MC program
- Not a direct comparison between the existing FFS and MC populations and delivery systems
 - Tool for historical financial performance of MC program
 - Not a depiction of anticipated savings associated with MC expansion opportunities
- Development of Benchmark population and cost to compare to MC costs
- Comparison done on a per member per month (PMPM) basis

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Managed Care Savings Considerations

- Level of savings experienced through MC varies based on many factors
 - Rural versus urban population
 - TANF versus ABD population
 - Level of provider acceptance of managed care
 - Effectiveness of managed care organizations
 - Maturity of managed care program
 - Sophistication of existing FFS care management
- Typical long-term savings for a TANF-like population are 3 – 6%
- States experience a wide range in MC savings based on their actual environment in regards to the factors above

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