Exploring the Growth of Medicaid Managed Care

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The information in this presentation is preliminary and is being circulated to stimulate discussion and critical comment as developmental work for analysis for the Congress.
Medicaid is a federal–state program that provides health benefits to over 70 million low-income individuals and accounted for $348 billion of federal spending and $205 billion in state spending in fiscal year 2015.
States typically use two payment systems: **fee-for-service (FFS)** and **Medicaid managed care (MMC)**.

States may adopt MMC to:

- Increase predictability of spending or
- Improve coordination of care, which may reduce costs or improve outcomes.
This project aims to improve our understanding of:

- Whether MMC is “the predominant delivery system in Medicaid” and

- How and why MMC has grown over time.

The project will therefore inform expectations for future growth.
Key to understanding the growth in MMC is understanding the difference between the percentage of Medicaid enrollment in MMC and the percentage of Medicaid spending that is attributed to payments for MMC.
Percentage of Total Medicaid Enrollment and Spending Accounted for by MMC
A major challenge to understanding the growth of MMC is the variation in state programs and the lack of systematic data.

We constructed and plan to disseminate a new dataset to support comparisons of states’ MMC programs.
Beneficiaries’ Enrollment in and Spending on Medicaid Managed Care
CBO used **Medicaid Analytic eXtract** data on beneficiaries’ spending and enrollment from **1999 to 2012** (the most recent period for which the data were available).

Analyses included beneficiaries who were eligible for **full Medicaid benefits**.
Types of Managed Care Organizations (MCOs)

Comprehensive MCOs
- General Comprehensive
- Long-Term Services
- The Program of All-inclusive Care for the Elderly (PACE)

Noncomprehensive MCOs
- Behavioral
- Dental
- Case Management
- “Other”
Enrollment in Medicaid Payment Systems, 2012
Millions of Beneficiaries

- 1 Comprehensive MCO only: 6.3
- Comprehensive MCO, multiple MCOs: 11.8
- Comprehensive MCOs, multiple MCOs, and FFS: 10.2
- 1 Comprehensive MCO and FFS: 6.5
- Noncomprehensive MCO(s) and FFS: 15.0
- FFS only: 6.3
Average Monthly Spending on Payments for MMC and FFS, 2012

Payments for MMC
- Comprehensive MMC: $439
- Noncomprehensive MMC: $553

Payments for FFS
- Medicaid: $526
- FFS Only: $1,329

Note: The $27 amount for noncomprehensive MMC is not specified in the text.
Enrollment by Medicaid Eligibility Group, 2012
Millions of Beneficiaries

- Nonelderly Adults: 12
  - Comprehensive MMC: 8
  - Noncomprehensive MMC: 2
  - FFS Only: 2
- Children: 31
  - Comprehensive MMC: 22
  - Noncomprehensive MMC: 8
  - FFS Only: 1
- Elderly and Disabled Beneficiaries: 6
  - Comprehensive MMC: 3
  - Noncomprehensive MMC: 2
  - FFS Only: 1
- Dual-Eligible Beneficiaries: 7
  - Comprehensive MMC: 2
  - Noncomprehensive MMC: 3
  - FFS Only: 3
Average Monthly Spending on Payments for MMC and FFS, 2012

- **Nonelderly Adults**: $175 (MM) + $241 (FFS) = $416
- **Children**: $117 (MM) + $125 (FFS) = $242
- **Elderly and Disabled Beneficiaries**: $1,068 (MM) + $534 (FFS) = $1,602
- **Dual-Eligible Beneficiaries**: $1,169 (MM) + $233 (FFS) = $1,402
Percentage of Total Medicaid Enrollment Accounted for by Comprehensive MMC and of Total Spending Accounted for by MMC

**Nonelderly Adults**

- Percentage Enrollment
- Percentage Spending

**Children**

- Percentage Enrollment
- Percentage Spending
Percentage of Total Medicaid Enrollment Accounted for by Comprehensive MMC and of Total Spending Accounted for by MMC

**Elderly and Disabled**

- **Enrollment**
- **Spending**

**Dual-Eligible**

- **Enrollment**
- **Spending**
Annual Per-Beneficiary FFS Medicaid Spending Among Nonelderly Adults and Children in Comprehensive MMC, 2012

Total Spending per Beneficiary: $2,783
- Payments for MMC: $2,408
- Payments on FFS Medicaid: $374

- Mental/Substance Use: $84
- Prescription Drugs: $81
- Clinic/Outpatient: $53
- Nonemergency Dental: $49
- Other Acute Care: $35
- Inpatient Hospital: $34

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Annual Per-Beneficiary FFS Medicaid Spending Among Elderly and Disabled and Dual-Eligible Beneficiaries in Comprehensive MMC, 2012

Total Spending per Beneficiary
Payments for MMC $14,912
Payments on FFS Medicaid $11,509
$3,403
Changes in States’ MMC Programs Between 1999 and 2014
Difference in Percentage of Spending Attributed to Payments for MMC

1999–2014
Number of States With Any Type of MMC by Program Type

<table>
<thead>
<tr>
<th>Program Type</th>
<th>1999</th>
<th>2014</th>
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<tbody>
<tr>
<td>General Comprehensive</td>
<td>45</td>
<td>41</td>
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<tr>
<td>PACE</td>
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<tr>
<td>Long-Term Services</td>
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<td>Comprehensive</td>
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<td>Behavioral</td>
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<tr>
<td>Dental</td>
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<td>Transportation</td>
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<td>12</td>
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<td>Case Management</td>
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<td>21</td>
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<tr>
<td>Other</td>
<td>8</td>
<td>7</td>
</tr>
<tr>
<td>Noncomprehensive</td>
<td></td>
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</tr>
</tbody>
</table>
Of States With General Comprehensive MMC, Percentage With Programs That Were Statewide or Regional

- Statewide Programs:
  - 1999: 47%
  - 2014: 83%

- Regional Programs:
  - 1999: 62%
  - 2014: 32%
Of States With General Comprehensive MMC, Percentage That Mandated Enrollment by Eligibility Group

- **Nonelderly Adults**
  - 1999: 76%
  - 2014: 93%

- **Children**
  - 1999: 73%
  - 2014: 88%

- **Elderly and Disabled Beneficiaries**
  - 1999: 44%
  - 2014: 76%

- **Dual-Eligible Beneficiaries**
  - 1999: 18%
  - 2014: 41%
Of States With General Comprehensive MMC, Percentage That Covered Various Types of Services
Key Takeaways
By integrating **quantitative** and **qualitative data**, CBO developed a more in-depth perspective on the growth of MMC and created a dataset to support future empirical research.
Measurement matters:

- MMC growth may be defined in terms of spending or enrollment.
- Comprehensive MMC has different levels of comprehensiveness.

Such considerations have significant implications for developing policy analysis and expectations for future growth.