



June 25, 2018

## Exploring the Growth of Medicaid Managed Care

AcademyHealth's Annual Research Meeting  
Seattle, Washington

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Medicaid is a federal-state program that provides health benefits to 70 million low-income individuals.

In fiscal year 2015, it accounted for \$348 billion in federal spending and \$205 billion in state spending.

States typically use two payment systems to provide Medicaid benefits:

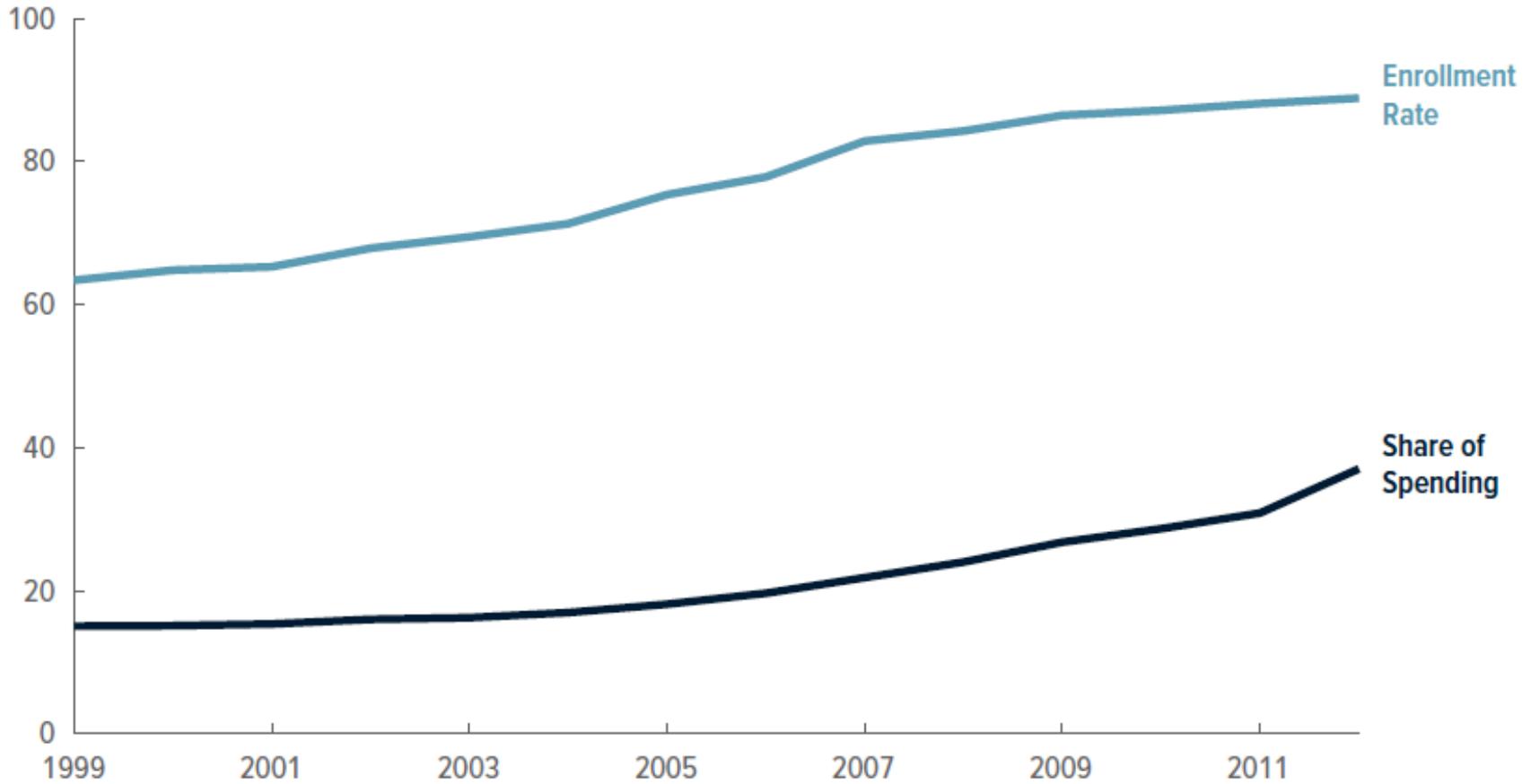
- Fee-for-service (FFS), and
- Managed care.

## Why would states adopt managed care?

- To make spending for Medicaid more predictable, or
- To improve the coordination of care, which may reduce costs or improve outcomes.

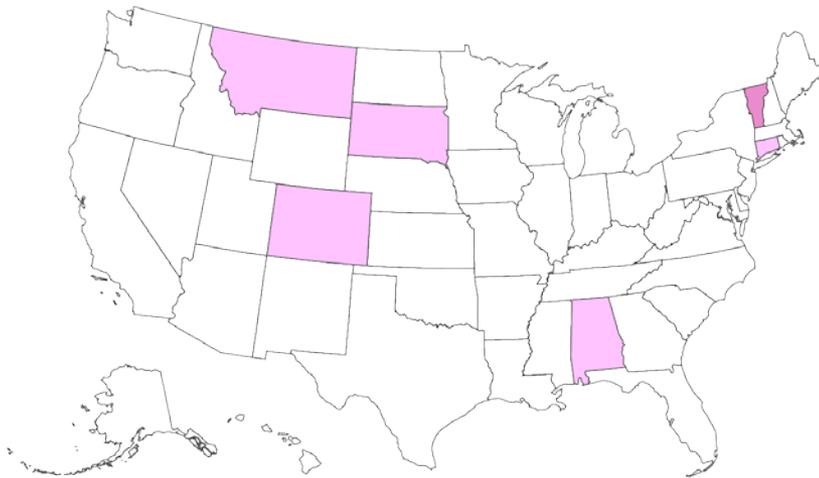
# Managed Care's Enrollment Rate and Share of Medicaid Spending

Percent

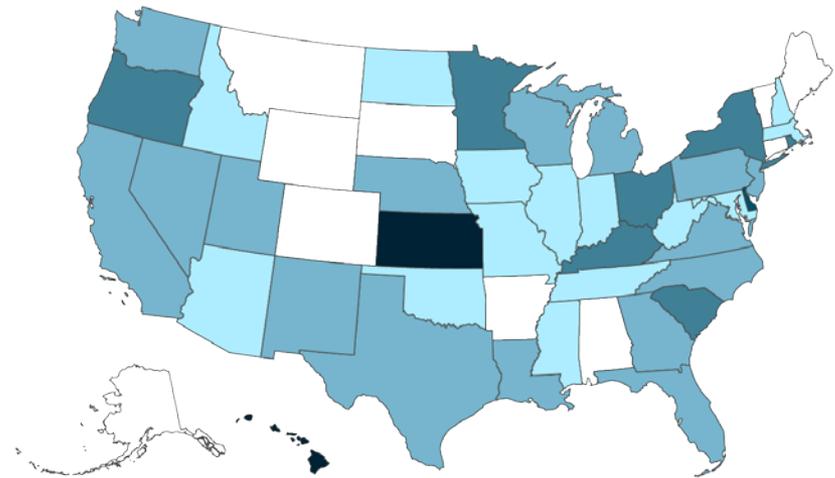


# Changes in the Share of Medicaid Spending Attributable to Managed Care, 1999 to 2014

Decreases



Increases



Percentage Change



CBO examined these questions:

- To what extent does managed care deliver Medicaid services?
- How and why has managed care grown in recent years?

A major challenge to understanding the growth of managed care is the variation in states' programs and the lack of systematic data.

CBO constructed, and will soon publish, a new dataset to make comparing states' Medicaid managed care programs easier.

# What Types of Managed Care Plans Are Beneficiaries Enrolled in?

CBO used Medicaid Analytic eXtract data on beneficiaries' spending and enrollment from 1999 to 2012 (the most recent year for which data were available).

Only data for beneficiaries who were eligible for full Medicaid benefits were analyzed.

# Types of Managed Care Organizations (MCOs)

## **Comprehensive MCOs:**

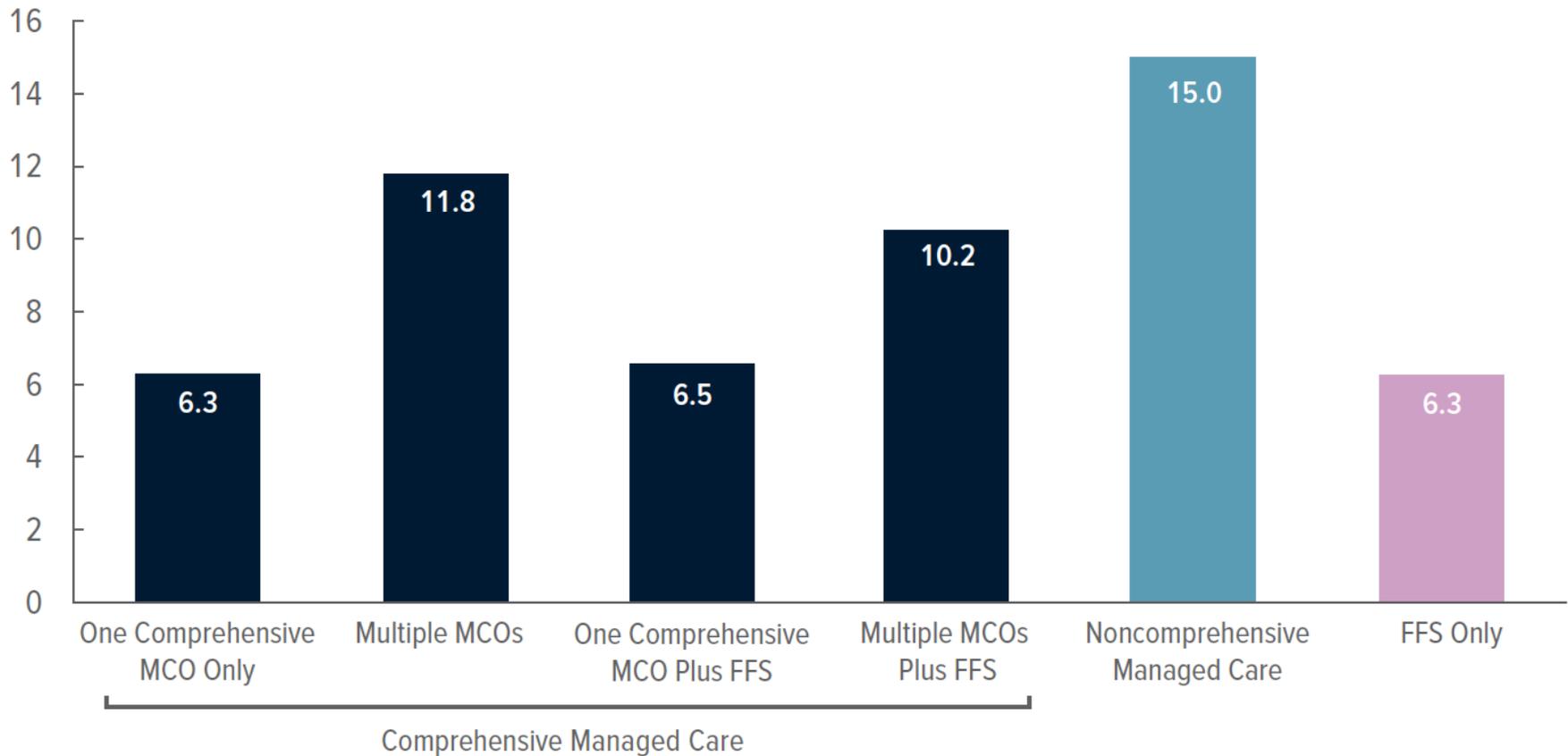
- General comprehensive
- Long-term services and supports
- The Program of All-inclusive Care for the Elderly (PACE)

## **Noncomprehensive MCOs:**

- Behavioral
- Dental
- Case management
- “Other”

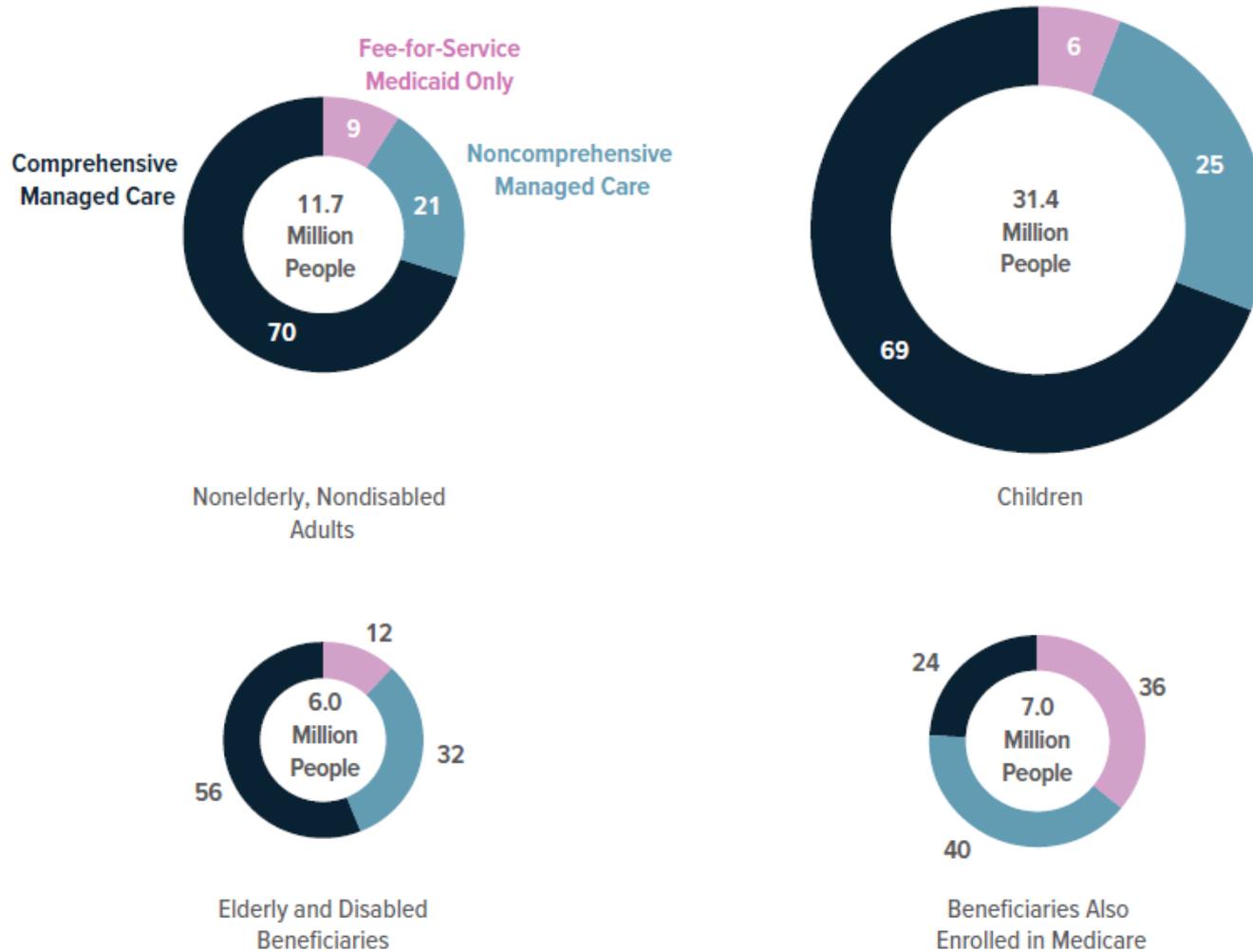
# Medicaid Beneficiaries, by Type of Enrollment, 2012

Millions of Beneficiaries



# Rates of Enrollment in Managed Care and Fee-for-Service Medicaid, by Eligibility Group, 2012

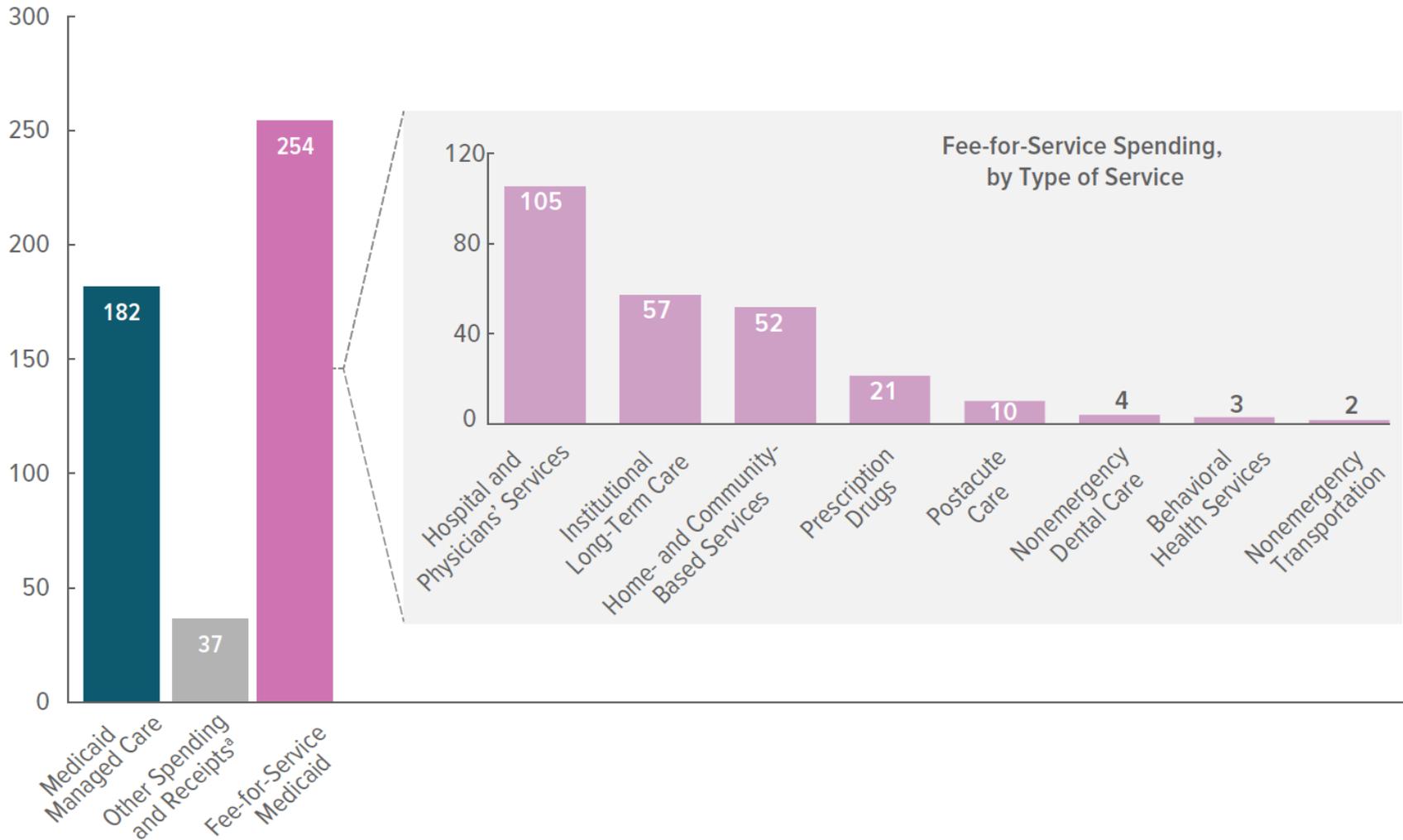
Percent



# Why is Spending on Managed Care Less Than Spending on FFS?

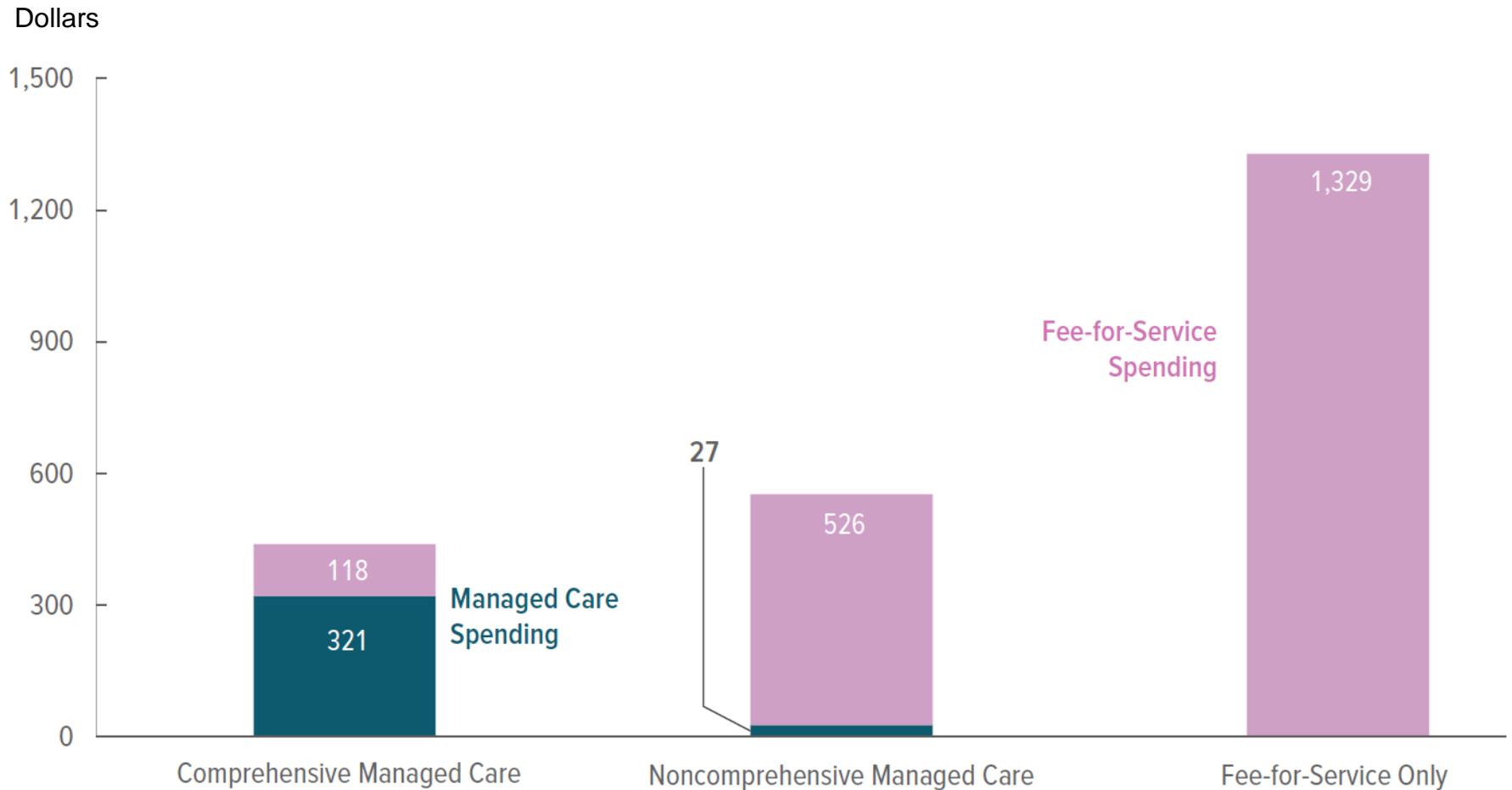
# Total Medicaid Spending, by Category, 2014

Billions of Dollars



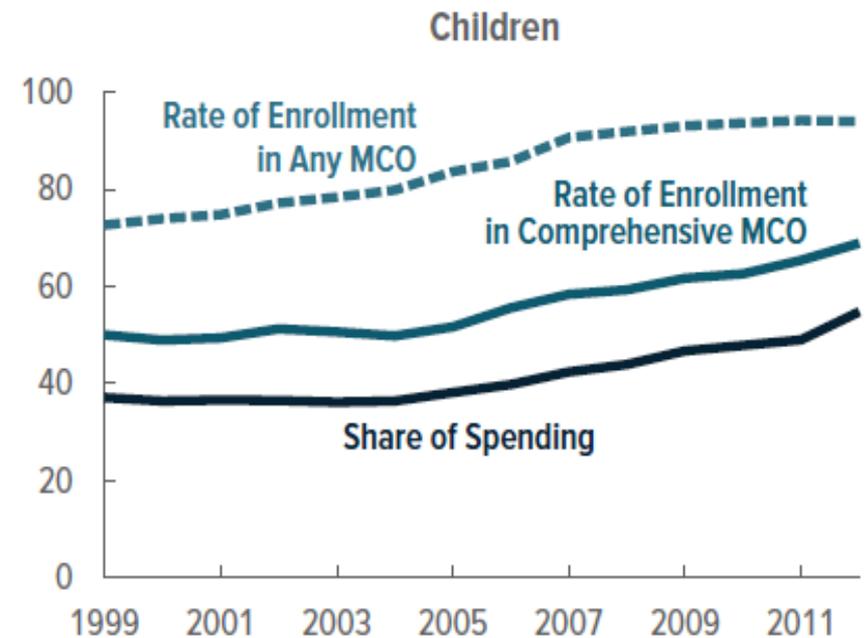
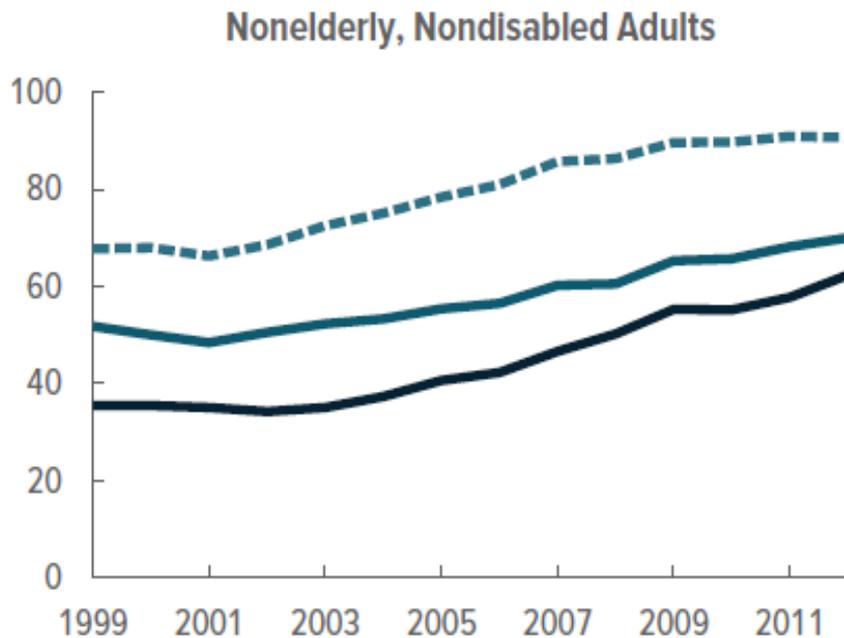
a. Comprises Medicaid spending and rebates that do not correspond to any particular beneficiary, such as supplemental payments to providers and prescription drug rebates; those amounts are not included in the data on Medicaid beneficiaries.

# Average Monthly Spending on Managed Care and Fee-for-Service Medicaid, by Enrollment, 2012



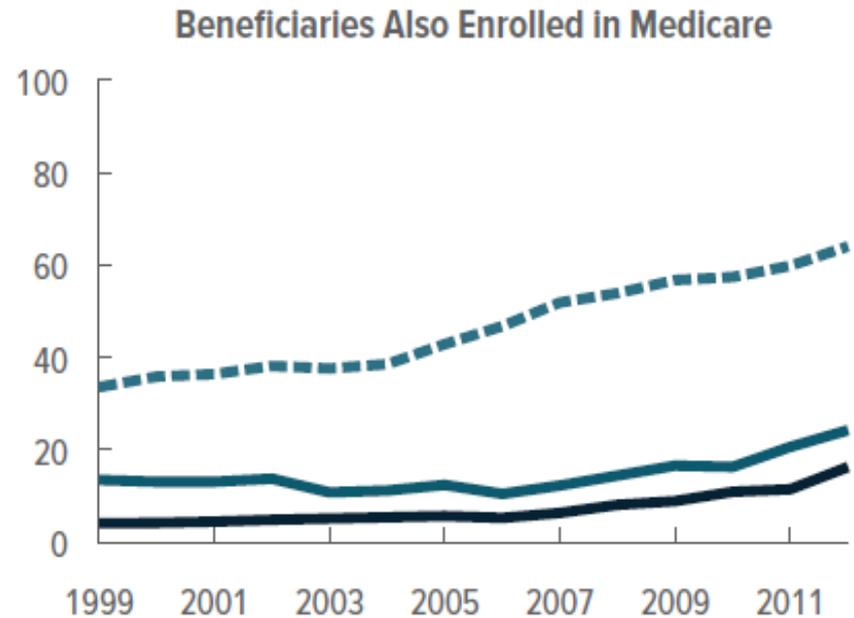
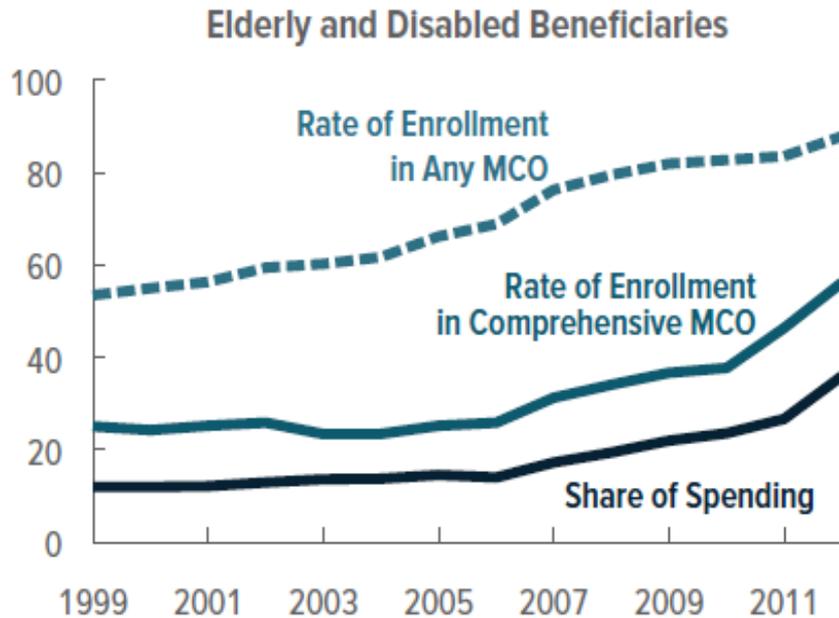
# Managed Care's Enrollment Rate and Share of Medicaid Spending

Percent



# Managed Care's Enrollment Rate and Share of Medicaid Spending (Continued)

Percent



# FFS Spending for Comprehensive Managed Care Enrollees Who Were Nonelderly and Nondisabled, 2012

Millions of Dollars

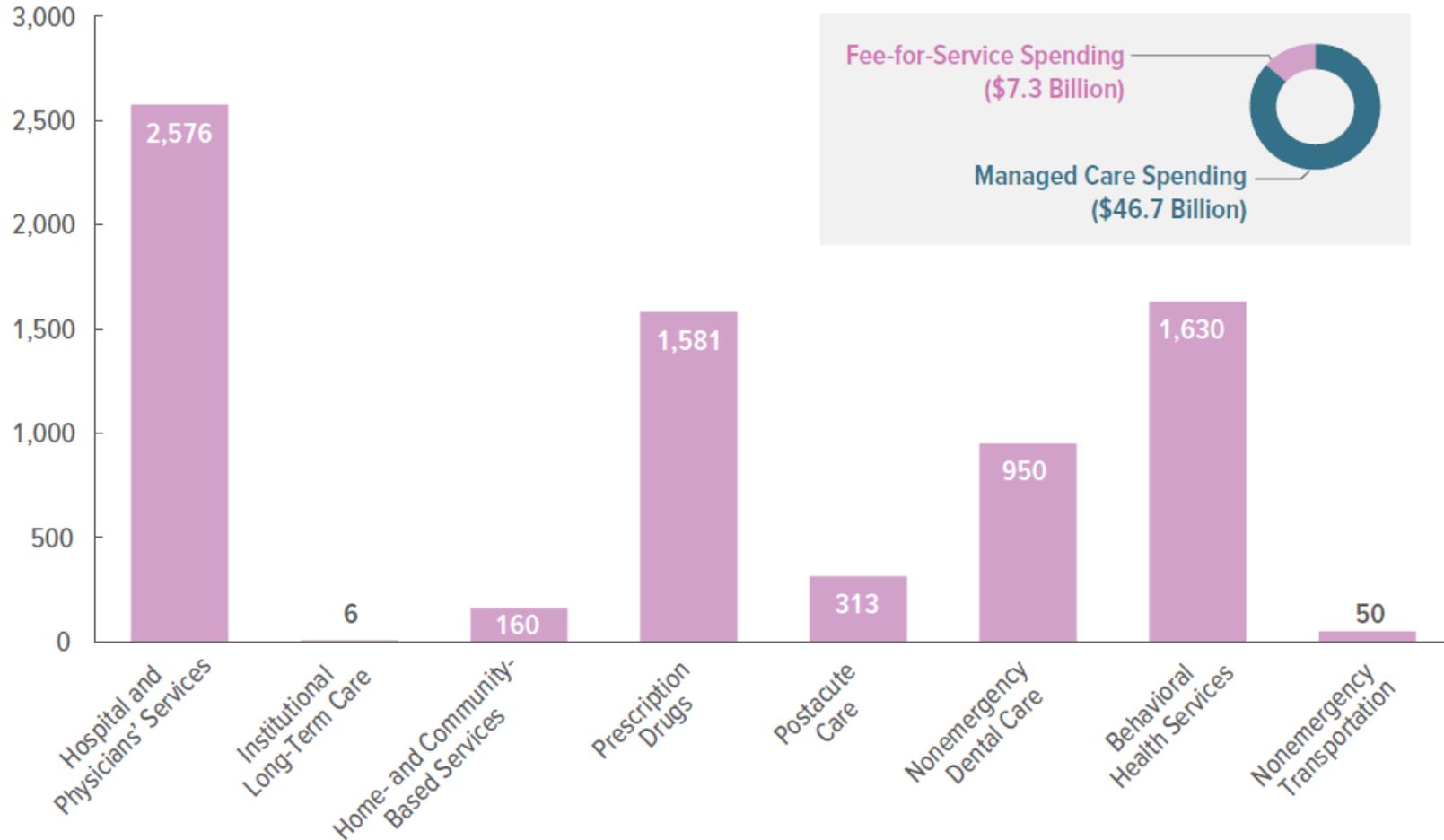


Figure shows spending for nonelderly, nondisabled adults and children who were enrolled in comprehensive managed care for their entire period of eligibility.

# FFS Spending for Comprehensive Managed Care Enrollees Who Were Elderly, Disabled, or Also Enrolled in Medicare, 2012

Millions of Dollars

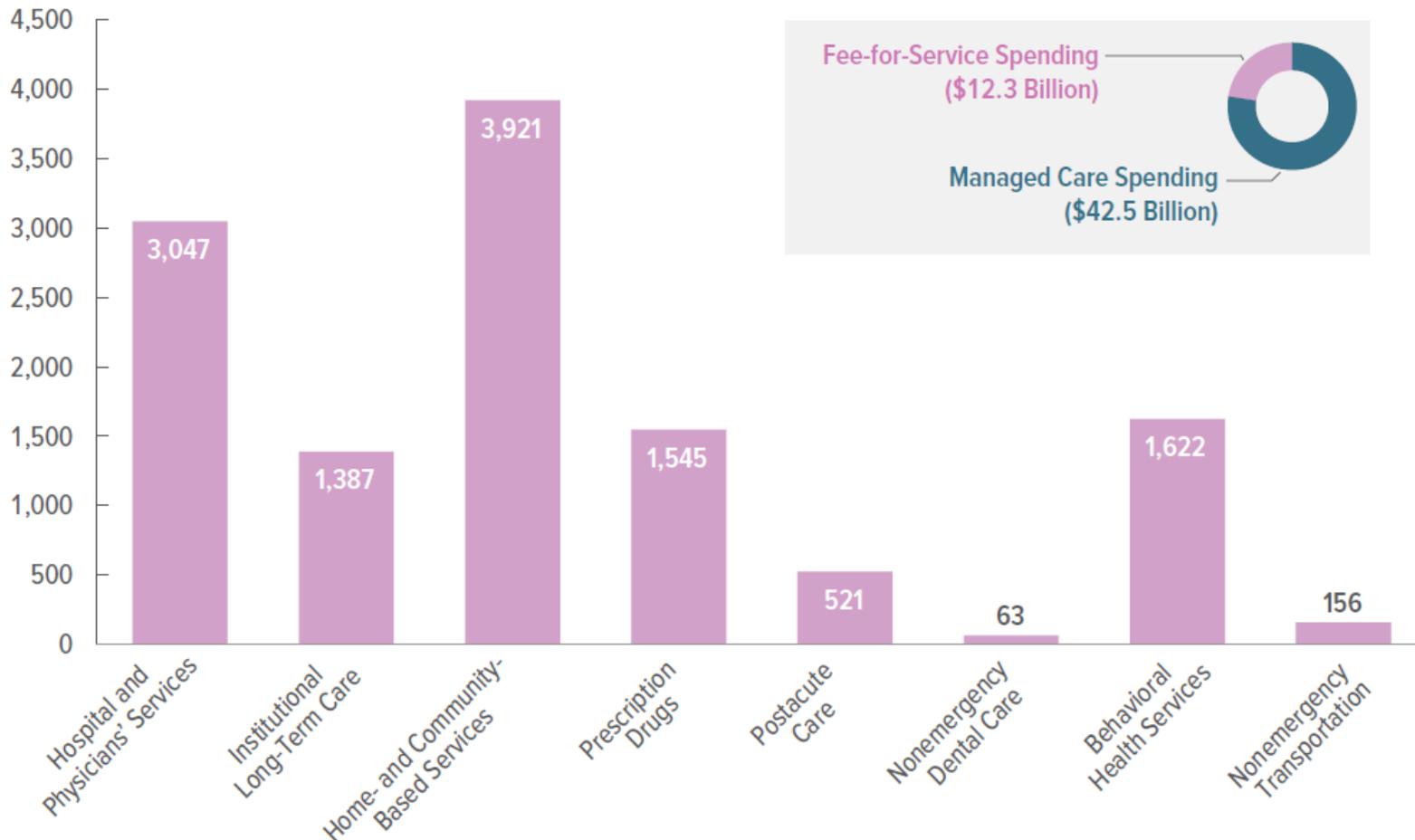
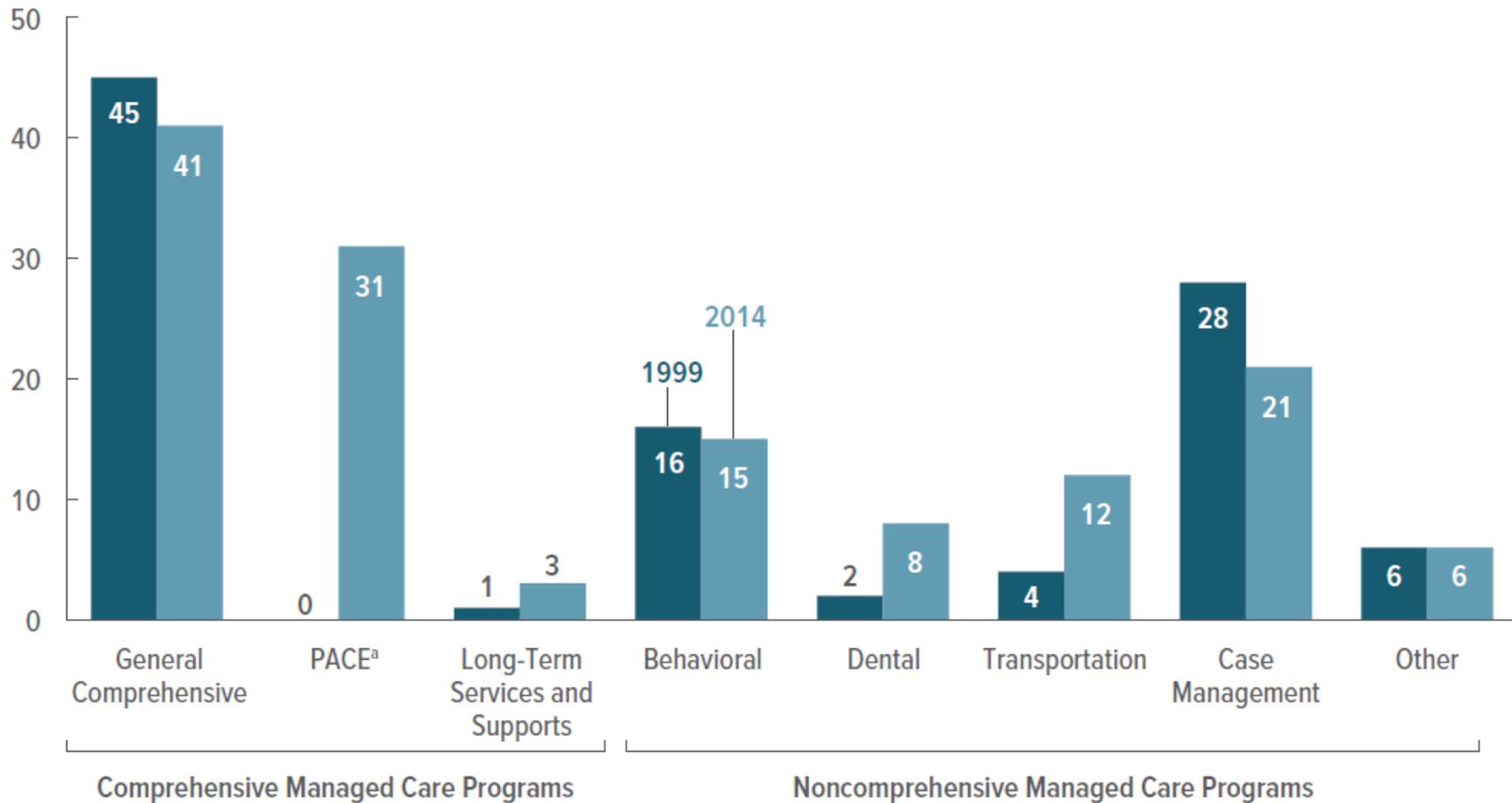


Figure shows spending for elderly and disabled beneficiaries and beneficiaries also enrolled in Medicare who were enrolled in comprehensive managed care for their entire period of eligibility.

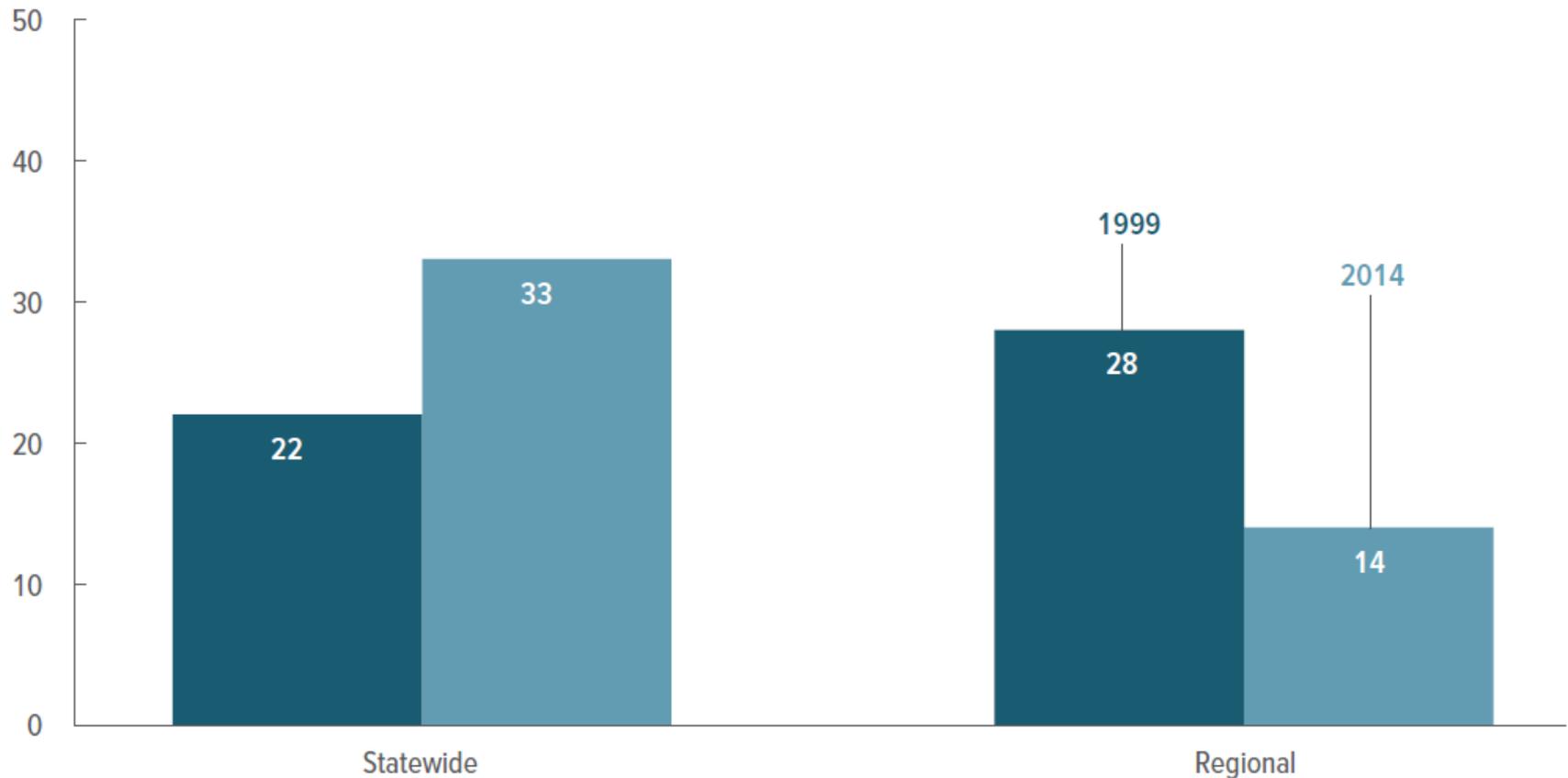
# How Has States' Use of Medicaid Managed Care Changed Over Time?

# Number of States With Managed Care Programs, by Type of Program

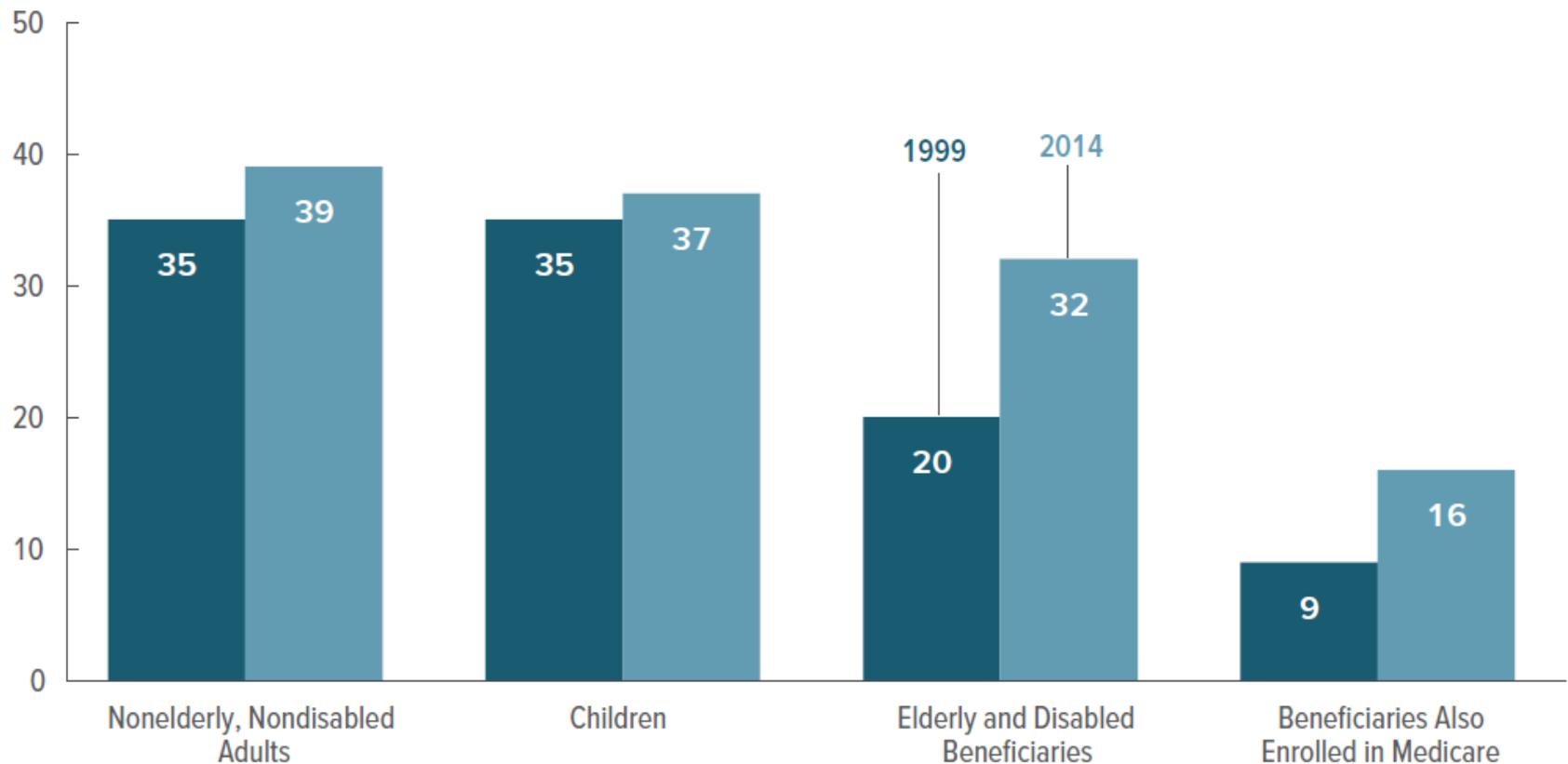


a. The Centers for Medicare & Medicaid Services did not collect data on PACE programs as part of its tracking of managed care programs in 1999, but the agency has done so since at least 2005.

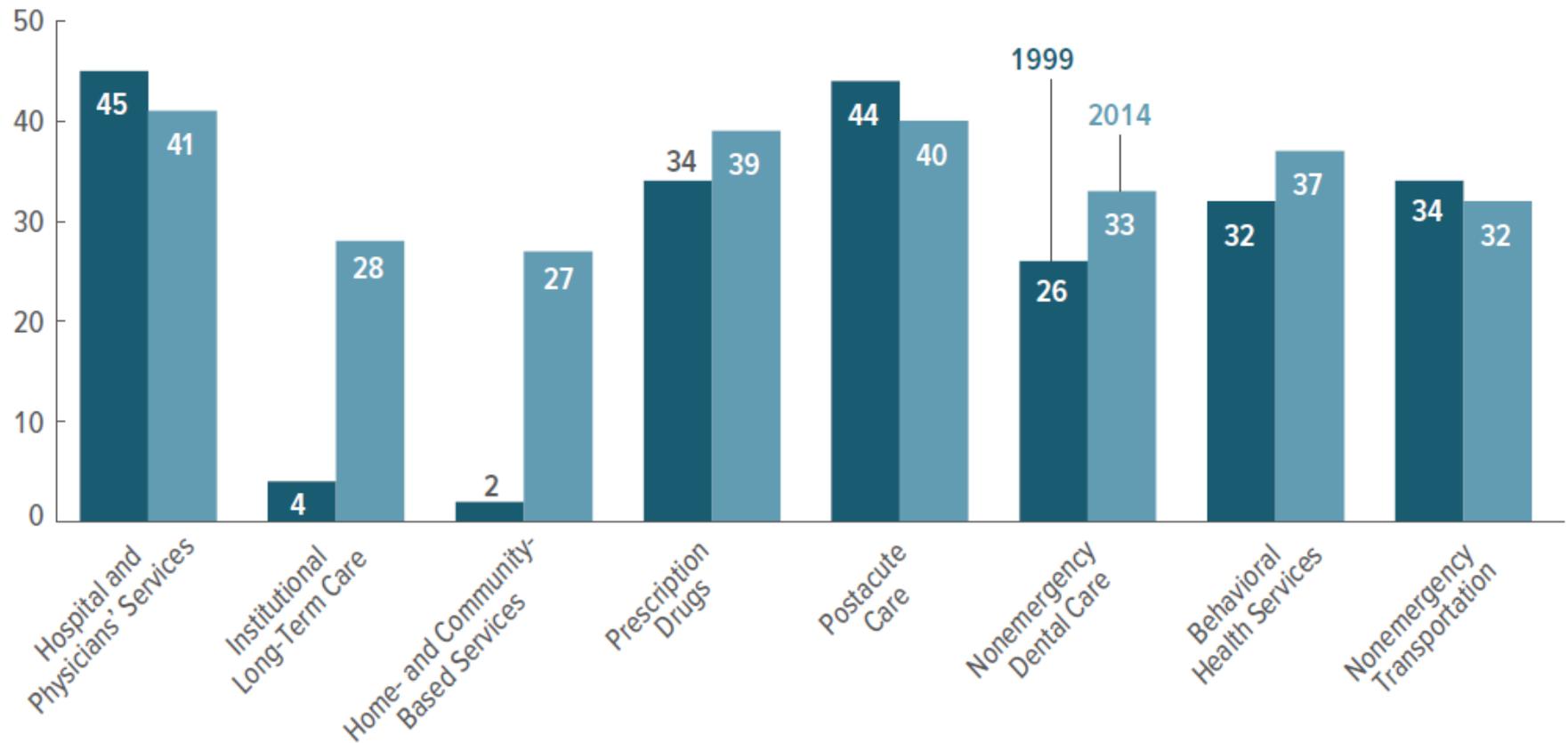
# Number of States With General Comprehensive Managed Care Programs, by Coverage Area



# Number of States With Mandatory Enrollment in General Comprehensive Managed Care Programs, by Eligibility Group



# Number of States With General Comprehensive Managed Care Programs, by Services Covered



# Key Takeaways

Plan design matters.

Both enrollment in and spending on Medicaid managed care grew rapidly from 1999 to 2014, even though the number of states with general comprehensive managed care programs declined over that period. That discrepancy reflects the increasing scope of states' contracts with MCOs.

Data matters.

By making it possible to compare states' managed care programs and changes in those programs over time, CBO's dataset provides a more nuanced perspective on the growth of managed care.

Such data will improve future research and inform expectations about the future of Medicaid managed care.