The Texas Association of Health Plans
Representing health insurers, health maintenance organizations, and other related health care entities operating in Texas.

MEDICAID MANAGED CARE:
A Fiscally Responsible Pathway to a Healthier Texas

Texas is a national leader in the use of managed care to increase access to care, manage costs, and improve health care quality in its Medicaid program. The managed care private market approach drives innovation through flexibility and competition, reduces health care costs and holds managed care organizations (MCOs) accountable for providing access to quality care.

Managed care is a proven cost-effective delivery model:

• Provides the state budget certainty because MCOs assume the financial risk of care delivery
• Saves the state money while delivering quality care
• Promotes preventive care and continuity of care through the establishment of medical homes and a network of specialists within our local communities
• Offers access to a full spectrum of medical services plus additional cost-effective benefits not available under traditional fee-for-service (FFS) Medicaid
• Provides accountability through rigorous oversight including audits, contractual requirements, performance guarantees and penalties, transparency, and outcomes
• Promotes innovative solutions to improve health care access
• Provides integration of services through the coordination of patient care

“Over the past 20 years managed care has revolutionized the delivery of Medicaid health care services in Texas.”
—Sellers Dorsey, Medicaid Managed Care in Texas, February 2015

Medicaid MCO Success

• Estimated $7.1B All Funds cost-savings for FY10-FY18 compared to traditional FFS model
• 28.4% All Funds cost-savings for Dental Managed Care program since FY13
• No wait list to access community care allowing individuals to stay in the community rather than institutions
• Surpassed national performance expectations on child well visits and childhood immunizations
• Significant reductions in hospital admissions for asthma, diabetes, GI infections, UTIs, and bacterial pneumonia
• High level of consumer satisfaction—83% of families with children in managed care report an overall positive experience with their MCO
• 93% of families with children in Medicaid managed care report having access to their primary care provider when needed
**Managed Care Cost Savings**

Between SFY 2010 and SFY 2015, actuaries estimate that managed care reduced Medicaid costs by 7.9%, or nearly $3.8 billion, when compared to the traditional fee-for-service (FFS) model. This trend is expected to yield an additional $3.3 billion in savings through SFY 2018. Medicaid Dental managed care has experienced the highest percentage of total program savings: 28.4% since SFY 2013.

![Managed Care Cost Savings Chart](image)

**Improved Access to Care**

Managed care provides enhanced access to care compared to FFS. At no additional cost to the state, MCOs have dramatically reduced the interest list for long term services and supports (LTSS) through STAR+PLUS, the managed care program that serves the elderly and individuals with disabilities. On average, 93% of child and adolescent members report having a primary care provider (PCP) when they need one.

![Improved Access to Care Chart](image)
**Improved Quality of Care**

Due to care coordination and better access to preventive services, MCOs have also improved quality of care and outcomes for Medicaid patients. The STAR program serves children, pregnant women, and related caregivers of dependent children, and the STAR+PLUS program serves the elderly and individuals with disabilities.

**MCOs Improved Quality of Care**

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<tbody>
<tr>
<td>Asthma</td>
<td>22%</td>
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<tr>
<td>Diabetes</td>
<td>37%</td>
<td>37%</td>
<td>21%</td>
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<tr>
<td>Diarrhea</td>
<td>23%</td>
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<tr>
<td>GI Infections</td>
<td>37%</td>
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<td>UTI</td>
<td>20%</td>
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<tr>
<td>Urticaria</td>
<td>31%</td>
<td>31%</td>
<td>19%</td>
<td>19%</td>
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<tr>
<td>Bacterial pneumonia</td>
<td>16%</td>
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The continued benefits of managed care in Texas rely on maintaining a regulatory environment that fosters innovation, allowing full integration of services, ensuring a collaborative and transparent rate development process, and reducing administrative complexity whenever possible.

**Recommendations**

**Innovation**

The Texas Medicaid MCOs have brought many best practices to the communities they serve. The ability to innovate is critical to being able to provide the highest quality services to Medicaid members while being responsible partners to the Texas Medicaid program. Maintaining this crucial ability requires a careful balance between necessary regulatory requirements and flexibility to experiment with new initiatives to improve care delivery and cost-effectiveness of the Medicaid program.

**Integration**

Further service integration within managed care will reduce Texas Medicaid costs and increase quality. By having all benefits administered by a single managed care plan, members are able to receive all of their health care and support needs through one individualized plan of care, which should raise questions when any services are proposed for “carve out” of managed care in the future. Integrating the formulary into managed care will save more than $64 million a biennium and will improve care coordination.

**Transparency**

To operate effectively and provide the state budget predictability, the MCOs and HHSC must establish a rate-setting process that is collaborative and transparent. The principles guiding such a process are timeliness, reliable data, and greater transparency on rate setting assumptions and cost trends to include policy changes and the addition of new treatment modalities (e.g. Sovaldi in 2014) to provide a basis for establishing actuarially sound rates. There are many factors that influence the cost of providing health care and services to the Medicaid population and these factors are constantly evolving.

**Administrative Simplification**

While Medicaid is a complex program, those complexities should not translate into administrative burdens for providers, consumers and health plans. Over the last several years there has been a tremendous increase in the MCO regulatory environment. Although some of the new regulations have been welcome, some may have unintended consequences. As highlighted by the Sunset Commission 2014 report, the vast amount of information providers and MCOs are administratively required to submit to HHSC results in an information overload that makes it difficult for the agency to use the data for program monitoring and improvement. TAHP will work with HHSC on future opportunities to reduce administrative complexity wherever possible.
A Competitive Landscape in Texas

**Lubbock**
- STAR—Amerigroup, FirstCare, Superior
- STAR+PLUS—Amerigroup, Superior
- STAR Kids—Amerigroup, Superior
- CHIP—FirstCare, Superior

**Medicaid Rural Service Area West**
- STAR—Amerigroup, FirstCare, Superior
- STAR+PLUS—Amerigroup, Superior
- STAR Kids—Amerigroup, Superior

**El Paso**
- STAR—El Paso First, Molina, Superior
- STAR+PLUS—Amerigroup, Molina
- STAR Kids—Amerigroup, Superior
- CHIP—El Paso First, Superior

**Medicaid Rural Service Area Central**
- STAR—Amerigroup, Scott & White, Superior
- STAR+PLUS—Superior, United
- STAR Kids—Blue Cross and Blue Shield of Texas, United

**Travis**
- STAR—Blue Cross and Blue Shield of Texas, Sendero, Seton, Superior
- STAR+PLUS—Amerigroup, United
- STAR Kids—Blue Cross and Blue Shield of Texas, Superior
- CHIP—FirstCare, Superior

**Bexar**
- STAR—Aetna, Amerigroup, Community First, Superior
- STAR+PLUS—Amerigroup, Molina, Superior
- STAR Kids—Community First, Superior
- CHIP—Aetna, Amerigroup, Community First, Superior

**Hidalgo**
- STAR—Driscoll, Molina, Superior, United
- STAR+PLUS—Cigna-HealthSpring, Molina, Superior
- STAR Kids—Driscoll, Superior, United

**TexMed**
- CHIP Health (statewide)—Superior
- CHIP Rural Service Areas (Medicaid Rural Service Areas & Hidalgo)—Molina, Superior
- Children’s Medicaid & CHIP Dental (statewide)—DentaQuest, MCNA

**Dallas**
- STAR—Aetna, Amerigroup, Molina, Parkland
- STAR+PLUS—Molina, Superior
- STAR Kids—Amerigroup, Molina, Parkland
- CHIP—Amerigroup, Molina, Parkland

**Medicaid Rural Service Area Northeast**
- STAR—Amerigroup, Superior
- STAR+PLUS—Cigna-HealthSpring, United
- STAR Kids—Texas Children’s, United

**Jefferson**
- STAR—Amerigroup, Community Health Choice, Molina, Texas Children’s, United
- STAR+PLUS—Amerigroup, Molina, United
- STAR Kids—Texas Children’s, United
- CHIP—Amerigroup, Community Health Choice, Molina, Texas Children’s, United

**Harris**
- STAR—Amerigroup, Community Health Choice, Molina, Texas Children’s, United
- STAR+PLUS—Amerigroup, Molina, United
- STAR Kids—Amerigroup, Texas Children’s, United
- CHIP—Amerigroup, Community Health Choice, Molina, Texas Children’s, United