



# 85<sup>th</sup> Legislature

**TAHP**  
The Texas Association of Health Plans

Representing health insurers,  
health maintenance organizations,  
and other related health care entities  
operating in Texas.

## Texas Medicaid Managed Care: Saving Lives & Saving Dollars

Texas is a national leader in the use of managed care. Medicaid managed care has dramatically improved the lives, outcomes, and quality of care for Medicaid patients. Hospital admissions are down 20 to 40% for some of the most common and treatable conditions, including asthma, diabetes, pneumonia, and infections. A new study has also found that access and quality for Medicaid health plan enrollees is better than Medicaid fee for service and comparable to private health coverage.<sup>1</sup>

Taxpayer dollars are being saved through better care coordination, private market competition and negotiations, and reductions in fraud, waste and abuse. The managed care approach, which replaced the less efficient fee-for-service model, has saved the state billions. As a result, Texas has some of the lowest per capita Medicaid costs in the country.

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*“Texas has been very innovative in our policies to ensure Medicaid services are provided in a cost-effective manner through managed care.”*

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Governor Greg Abbott, September 29, 2015 letter to the federal Centers for Medicare and Medicaid Services

### Benefits of Managed Care

- Provides the state **budget certainty** – Fixed monthly premiums
- **Saves the state money** while delivering quality of care
- **Promotes preventive care and continuity of care** through medical homes
- **Guaranteed access** to a network of providers
- **Promotes innovative solutions** such as value-based purchasing to improve health care access
- **Provides integration of services** through the coordination of patient care

### Texas Medicaid Health Plans by the Numbers

**\$3.8B**

Total Est. Taxpayer Savings Achieved from SFY 2010 - SFY 2015

**\$3.3B**

Total Est. Taxpayer Savings to be Achieved from SFY 2015 - SFY 2018

**\$7.1B**

Total Est. Taxpayer Savings to be Achieved from Under the Managed Care Model, Compared to FFS

<sup>1</sup> Texas Medicaid Performance Study, The University of Texas Health Science Center at Houston, December 2016



## Building on Successes in Texas Medicaid Managed Care

**TAHP Position:** TAHP supports maintaining and strengthening the continued benefits, including:

- **Fostering Innovation:** The continued ability to innovate is critical to ensuring high quality of services and requires a careful balance between necessary regulatory requirements and flexibility to implement innovative solutions.
- **Fully Integrating Medicaid Benefits:** Ensuring Medicaid recipients receive fully integrated benefits will result in further improvements in health outcomes and will reduce Medicaid costs.



## The Prescription for a Healthier Medicaid Rx Program

Texas is moving to a more efficient Medicaid prescription drug program, through Medicaid managed care, that negotiates the most clinically effective and lowest-priced drugs. This will replace the existing program, which: favors expensive brand-name drugs that are up to 5 times more expensive than generics, is not based on standard medical practice, and has become overly cumbersome for Texas physicians.

According to the Texas Medical Association (TMA), more than half of Texas Medicaid physicians say they meet confusion, delays and challenges in prescribing the most appropriate drugs for their patients under the existing state-run drug program.<sup>2</sup>

**TAHP Position:** TAHP supports allowing managed care organizations to fully manage the pharmacy benefit in order to bring down costs and provide more timely access to clinically appropriate medications to Texans in the Medicaid program.



*That's just nuts. It's amazing to me the vendor drug program evolved itself into this mess where a doctor and a patient are penalized for prescribing the generic rather than the brand name. It's foreign to our training to write a generic prescription and have it rejected.*

TMA member and San Antonio pulmonologist  
Dr. John R. Holcomb, M.D., Texas Medicine, July 2016



*No other payer has such a Byzantine pharmacy benefit, thus fueling physicians' reluctance to participate in the program. Making the pharmacy benefit more transparent and easier to use will reduce program hassles for physician practices.*

TMA and Texas Pediatric Society Stakeholder Comments to HHSC, Texas Medicine, July 2016

### Better Care

The existing program poses a number of challenges for patients, including the fact that its drug list is not updated frequently and keeps doctors from being able to prescribe patients the most current, appropriate and effective drug. Delays, denials, and the absence of the right medicines on the state drug list result in more hospital admissions and lower quality of care for Texans. Prescription drug care coordination through managed care will ensure that Medicaid recipients receive fully integrated, high quality of care, resulting in further improvements in the lives and outcomes of Texans. As with previous expansions of managed care, the shift of the Rx benefit to managed care will maintain all current patient protections and include the development of new protections.

### Lower Prices: Millions in Savings

Managed care organizations will also negotiate significantly lower net prices for prescription drugs – reducing the average net price of a drug. HHSC estimates this will result in roughly \$40 million in GR savings and \$100 million in AF savings for Texas and taxpayers annually. The full transition to managed care will result in improved care for Medicaid patients and a streamlined system for Texas physicians.

<sup>2</sup> 2014 Texas Medical Association Survey of Physicians

