

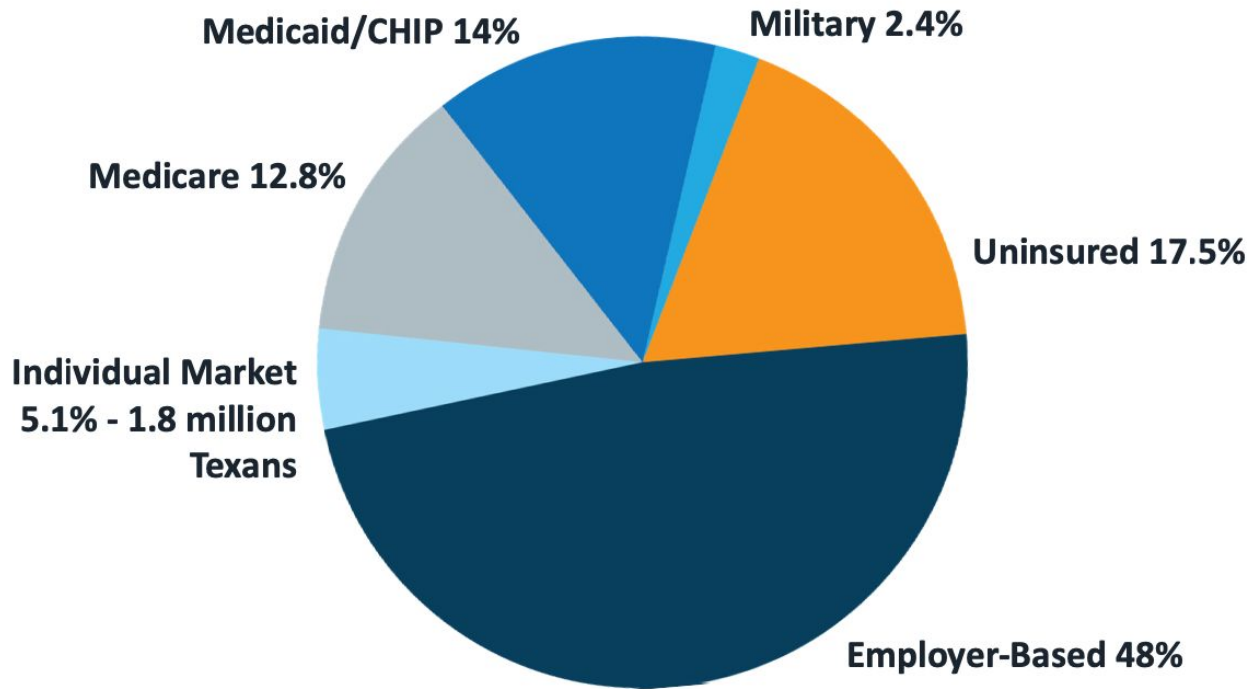


Medicaid 101

88th Legislative Session

TAHP
The Texas Association of Health Plans

Texas Health Plans Cover More Than 20 Million Texans



Health insurance helps keep families and communities healthy through:

- Medicaid
- Medicare
- Tricare
- Individual
- Employer

[Who We Are: One Pager](#) – Meet the Texas Health Plans

The Value of Coverage

Research shows that individuals with health insurance coverage have better health outcomes and access to care than those without

- Uninsured people are far more likely than those with insurance to postpone health care or forgo it altogether
- People without health insurance are more likely to skip preventive services and report that they do not have a regular source of health care
- New mothers who have consistent access to Medicaid and private insurance coverage have [healthier babies and lower mortality rates](#)
- Adults with Medicaid are [less likely to postpone or go without needed care](#) due to cost
- Children with Medicaid [do better in school, miss fewer school days](#), are more likely to finish school and achieve higher education, have fewer ER visits as adults, and have higher earning potential
- Uninsured patients have an increased risk of being diagnosed at later stages of diseases and have higher mortality rates

Medicaid 101: The Basics



Medicaid Provides Affordable, Quality Health Insurance for More Than 5 Million Texans

Pregnant Women



Children



Older Texans



Texans with Disabilities



Texas Medicaid – 5.5 Million Texans (4.3M Pre-PHE)

- Medicaid managed care is safety net health insurance that protects Texans who need it most, including children, mothers, grandparents, and Texans with disabilities.
- Texas partners with private health insurers to cover over **5 million Texans**, roughly 17% of the state's population. **97% of Medicaid in Texas is managed care.**

17%

of all Texans

25%

of all Texans on Medicare

51%

of all Texas births

50K

Veterans

47%

of all Texas children

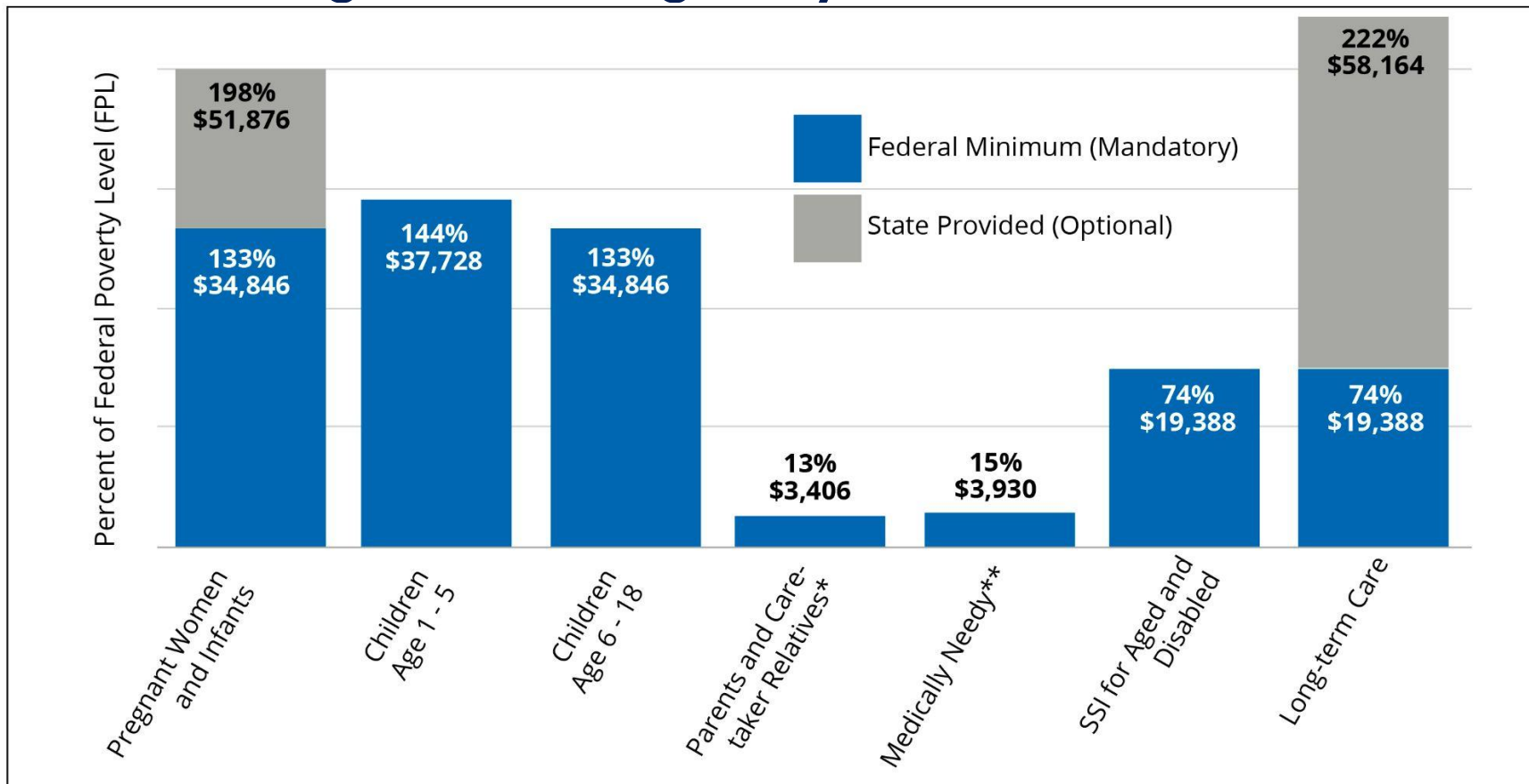
45K

Texas children in foster care

58%

of nursing home residents

Determining Income Eligibility



This figure reflects eligibility levels as of March 2020.

*For Parents and Caretaker Relatives, the monthly income limit in SFY 2020 was \$230 for a family of three or about 13 percent of the FPL.

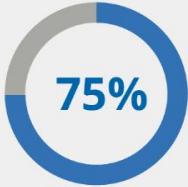
**For Medically Needy children and pregnant women, the monthly income limit in SFY 2020 is \$275 for a family of three or about 15 percent of the FPL.

Texas Uses Risk-Based Capitated Managed Care

- **Managed care works just like insurance—every month, HHSC pays a health care premium to the MCO for each person** they cover (called the PMPM, per member per month) and in return the MCOs accept all financial risk
- **HHSC actuaries set the premium** every year based on historical claims and the **rates are certified by an independent actuary** and certified a third time by CMS
- **MCOs are obligated to pay for all medically necessary services** for their members, even if it means the rates they receive from HHSC will not fully cover their costs
- **MCOs take on full financial risk**—if in any given year a plan incurs losses, that plan absorbs those losses—**Gives State budget certainty**
- **Texas caps profits and requires health plans to share savings** back to the state (called the experience rebate)
- **Texas also caps administrative spending** resulting in Texas having some of the lowest administrative costs in the country

Coverage Across Five Managed Care Products

STAR



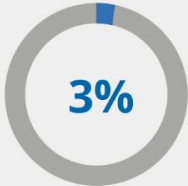
Pregnant women, newborns, children, some families, and Healthy Texas Women (HTW) and HTW Plus

STAR Health



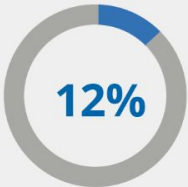
Children in foster care and young adults previously in foster care

STAR Kids



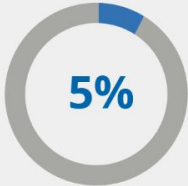
Children and youth with disabilities

STAR+PLUS



Adults with a disability, people age 65 and older (including those dually eligible for Medicare and Medicaid), and women with breast or cervical cancer

CHIP



Children and youth who don't qualify for Medicaid due to family income

TEXAS Managed Care Service Areas (Effective January 2022)



STAR Health (statewide) - Superior
Dental (statewide) - DentaQuest, MCNA, UnitedHealth Care Dental

LUBBOCK

STAR - Amerigroup, FirstCare, Superior
STAR+PLUS - Amerigroup, Superior
STAR Kids - Amerigroup, Superior
CHIP - FirstCare, Superior

MRSA WEST

STAR - Amerigroup, FirstCare, Superior
STAR+PLUS - Amerigroup, Superior
STAR Kids - Amerigroup, Superior
CHIP - Molina, Superior

EL PASO

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

TRAVIS

STAR - Blue Cross and Blue Shield of Texas, Dell Children's, Superior
STAR+PLUS - Amerigroup, United
STAR Kids - Blue Cross and Blue Shield of Texas, Superior
CHIP - Blue Cross and Blue Shield of Texas, Dell Children's, 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 - Molina, Superior
STAR Kids - Driscoll, Superior, United
CHIP - Molina, Superior

STAR - Aetna, Amerigroup, Cook Children's
STAR+PLUS - Amerigroup, Molina
STAR Kids - Aetna, Cook Children's
CHIP - Aetna, Amerigroup, Cook Children's

TARRANT

DALLAS

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

MRSA NORTHEAST

STAR - Amerigroup, Superior
STAR+PLUS - Molina, United
STAR Kids - Texas Children's, United
CHIP - Molina, Superior

MRSA CENTRAL

STAR - Amerigroup, RightCare-Scott and White, Superior
STAR+PLUS - Superior, United
STAR Kids - Blue Cross and Blue Shield of Texas, United
CHIP - Molina, Superior

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

NUECES

STAR - Driscoll, Superior, United
STAR+PLUS - Superior, United
STAR Kids - Driscoll, Superior
CHIP - Driscoll, Superior, United

MMP (6 counties below):
Bexar - Amerigroup, Molina, Superior
Dallas - Molina, Superior
El Paso - Amerigroup, Molina
Harris - Amerigroup, Molina, United
Hidalgo - Molina, Superior, Molina Medicare Mediacid STAR+PLUS Plan
Tarrant - Amerigroup



What Does Medicaid Managed Care Cover?

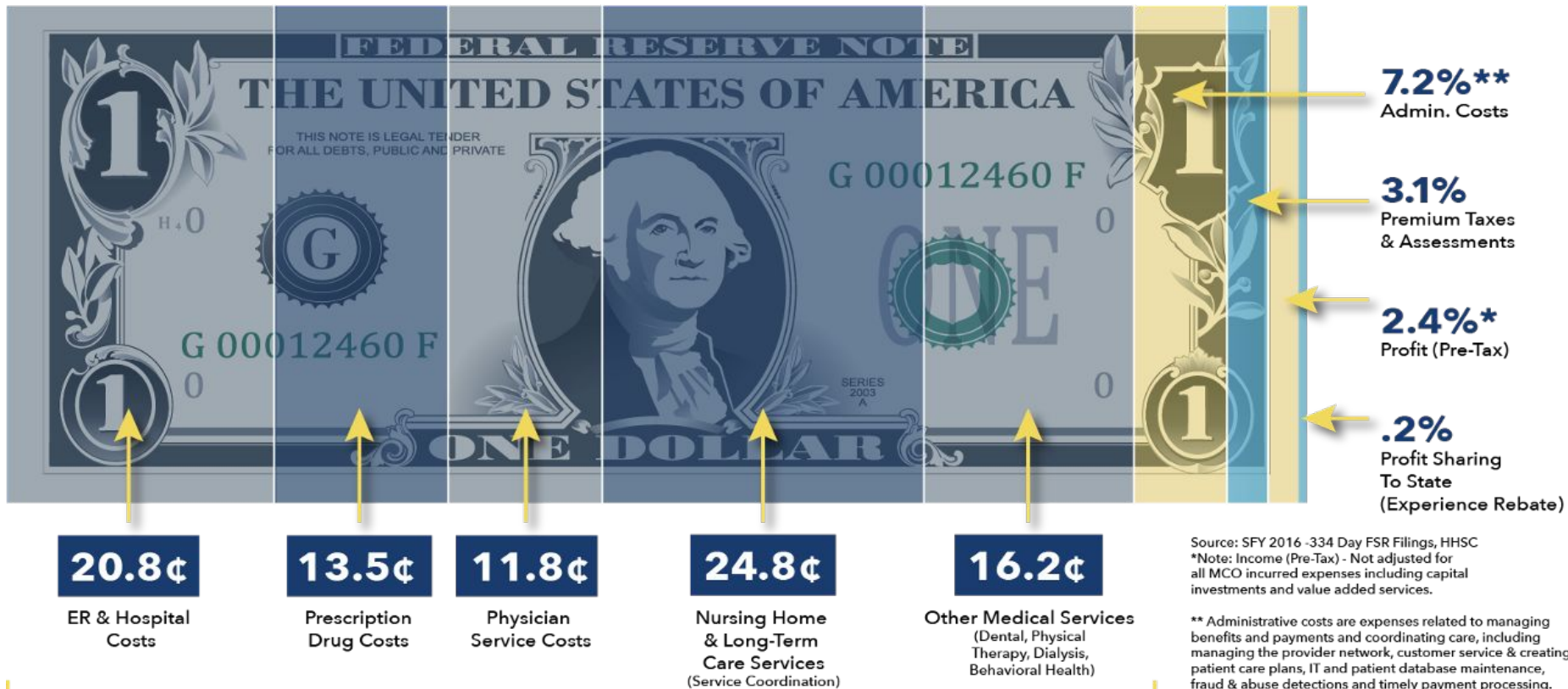
Acute Care Services	Preventative care, diagnostics and medical treatments Ex: Physician, inpatient and outpatient hospital services, laboratory, x-ray services
Long-Term Services and Supports	Support with ongoing, daily activities for individuals with disabilities and older adults Ex: Community-based care, personal assistance with activities of daily living (cleaning, cooking), nursing facility services
Behavioral Health Services	Screening and treatment for mental health conditions and substance use disorders (SUD) Ex: Mental health rehabilitation, medication assisted therapy for SUD, psychological and neuropsychological testing
Medical Transport Services	Non-emergency medical transportation (NEMT) Ex: Rides to a doctor's office or pharmacy and money for gas to drive to an appointment
Pharmacy Services	Coverage for prescription drugs

Also Covers Services Beyond the Walls of the Doctors Office

- Medicaid managed care health plan nurses (service coordinators) work with members with complex medical or behavioral health needs and their caregivers to ensure members have access to to the care and services they need to live the fullest lives possible
- Care coordinators and services coordinations also connect members to services beyond doctor's visits—they help with transportation, housing, meals, and navigating challenges at school and work
- **These nurses walk Texans through every step** of what can be an overwhelming health care system to help Texans lead healthy, active lives and live independently
- This **personalized care and support helps Texans in need lead healthy, active lives** and live independently in their own homes and communities

Funding for Texas Medicaid

- Medicaid is funded by a **combination of federal and state dollars: 63% federal and 37% state**
- There is no cap on federal funding to provide services to eligible individuals – **Medicaid is an entitlement program**
- The portion the federal government pays, called the Federal Medical Assistance Percentage (FMAP), is derived from each state's average per capita income
- The Centers for Medicare & Medicaid Services updates the rate annually
- Texas is receiving an enhanced FMAP during the public health emergency for an additional 6.2% of federal funding
- **Appropriations for Medicaid client services in SFY 2022–23 total \$64.9B in All Funds**



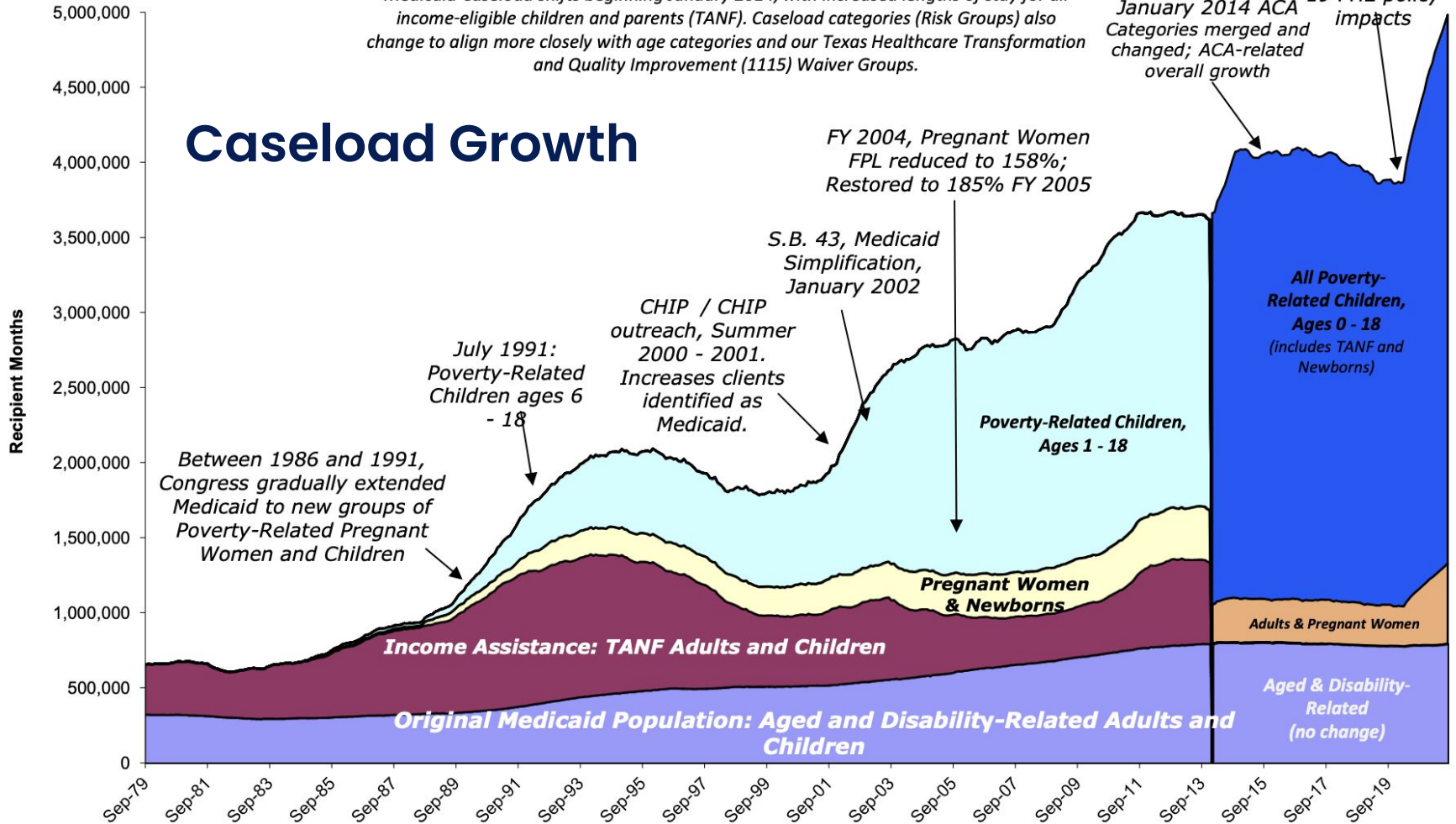
90% of every Medicaid dollar is invested directly in patient care

Texas Medicaid Costs

- **Texas Medicaid prices are substantially lower than private market** and Medicare prices, which is why it costs less than any other type of coverage
- Medicaid is expensive, because it provides long-term care benefits, such as nursing home care, home health, attendant services and private duty nursing. Neither the private market or Medicare provides these benefits. **Long term care services in Medicaid account for 25% of every dollar spent.** (Age and Disability-related populations that use these services are 22% of the Medicaid caseloads, but account for 58% of spending.)
- **The other cost driver in Medicaid is caseload growth,** not prices or costs. As Texas population continues to grow, so do Medicaid caseloads.
- **In the private market, the biggest cost driver is prices, not utilization.** The two largest price drivers are hospital prices and prescription drugs.

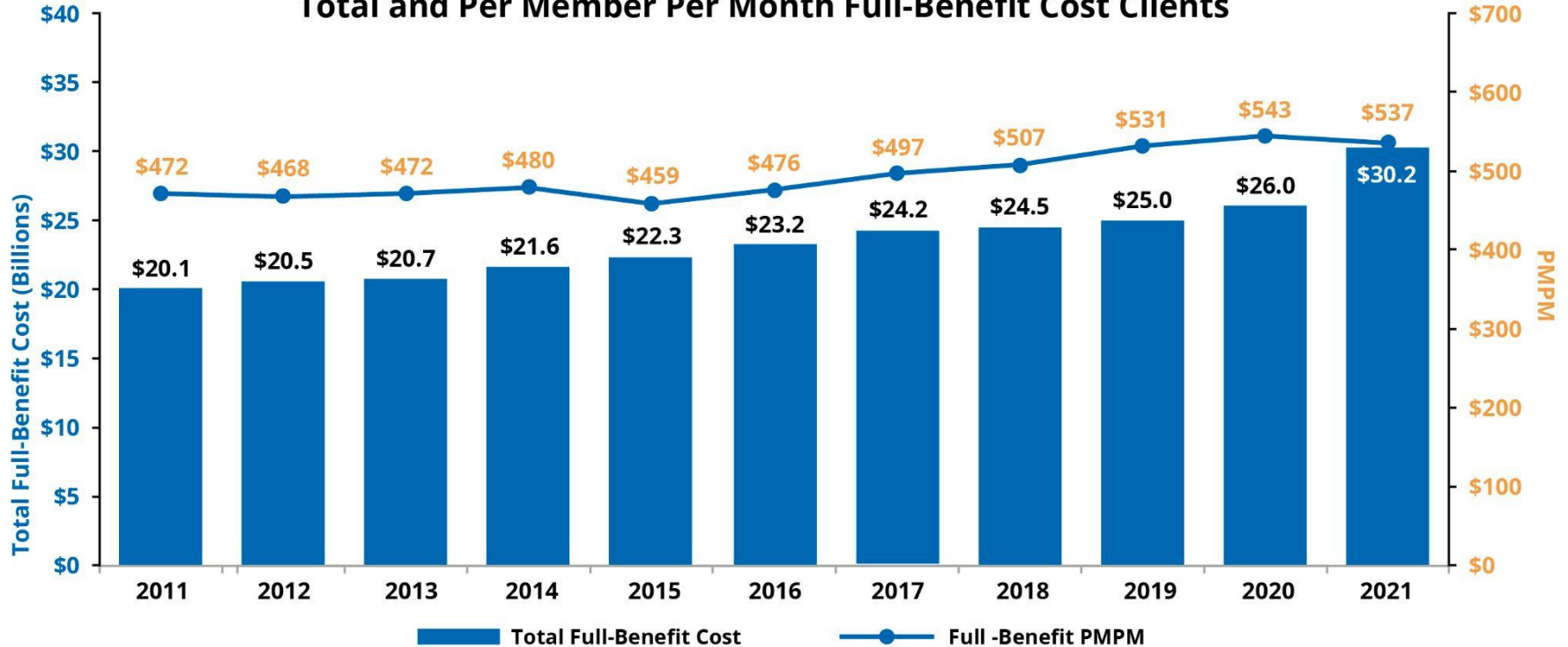
Caseload Growth

Medicaid Caseload shifts beginning January 2014, with increased lengths of stay for all income-eligible children and parents (TANF). Caseload categories (Risk Groups) also change to align more closely with age categories and our Texas Healthcare Transformation and Quality Improvement (1115) Waiver Groups.



Medicaid Cost Growth

Texas Medicaid Acute and Long-Term Services Costs, FY 2011-2021:
Total and Per Member Per Month Full-Benefit Cost Clients



MCOs Produce Savings

- Texas Medicaid managed care **saved taxpayers over \$5 billion from 2009 to 2017**
- Texas Medicaid is more efficient and costs less than U.S health care spending—**14% lower than the national average**—and has the lowest administrative costs in the country—90% of every dollar is invested in direct care
- As a result of Medicaid managed care, prescription **drug cost growth dropped by 50%** and is now three times better than the national average
- **Texas' managed care 1115 waiver savings creates the federal match for the hospital supplemental payment programs** and provides financial stability to hospitals and the state's health care safety net

MCO Accountability

- The HHSC Medicaid and CHIP Division has **a contract oversight team for the sole purpose of monitoring health plan performance and holding plans accountable**
- The Texas' Medicaid [Managed Care Contract](#) is **nearly 600 pages and is one of the most thorough, transparent, and enforceable managed care contracts in the country**
- Every detail of MCO performance and funding is **transparent and posted online** for the public to view
 - Financial Statistical Reports ([click here](#))
 - Sanctions & Liquidated Damages ([click here](#))
 - MCO Contracts and Manuals ([click here](#))
 - Quality and Health Plan Performance ([click here](#))
 - Contractually required MCO data/reports (70-page list [here](#))

Medicaid MCO Quality of Care Measures

HHSC uses nationally recognized data to monitor MCO performance and care quality

- [HEDIS Measures](#) are a comprehensive set of more than 90 standardized performance measures designed to provide reliable comparison information
 - Ex: Percentage of deliveries in which women had a prenatal care visit in the first trimester
- [Pediatric and Prevention Quality Indicators](#) monitor hospital admissions that might have been avoided through high-quality outpatient care and appropriate follow-up care after discharge
 - Ex: Rate of clients admitted and readmitted to the hospital due to long-term complications from diabetes
- [CAHPS Surveys](#) collect standardized information on client experiences, assess MCO performance, help members choose a plan, and help the state identify MCO strengths and weaknesses
 - Ex: In the last 6 months, how often did you get appointments for your child with a specialist as soon as they needed?

Medicaid MCO Quality of Care Measures, con't.

HHSC uses nationally recognized data to monitor MCO performance and care quality

- [Potentially Preventable Events](#) identify services that might have been avoided with higher quality and greater access to care
 - Ex: Rate of infections contracted during a hospital stay
- [Potentially Preventable Emergency Room Visits](#) identify patterns and may suggest areas where primary care services should be improved
 - Ex: The rate of younger adults visiting the ER due to asthma

MCO Outcomes

MCOs Improve Access and Outcomes

- [Dramatically](#) reduced preventable hospital admissions, including expensive chronic diseases like asthma and diabetes by 35%
- [Reduced preventable ER visits](#) by 16% since 2013
 - [Reduced preventable ER visits in STAR Kids by 6%](#) in first year of implementation
- [90% of expectant moms](#) receive timely prenatal care (FFS: 14%, 2003)
- [90% of kids](#) receive at least one doctor's visit a year (FFS: 25%, 2003)

Resources



When Did Managed Care Begin in Texas?

- **1967:** Medicaid fee for service (FFS) begins in Texas
 - **FFS has no provider networks** and Medicaid members often have no way to find doctors that will accept Medicaid
 - **FFS mainly treats and pays for care after people are sick** – strong focus on paying for hospital care – no medical home and overutilization of costly emergent care
 - Medicaid FFS enrollees are limited to 3 prescriptions
 - State contracts out to a private company (TMHP) to pay providers FFS payments based on the volume and not the value of those services and **there are no accountability quality measures**
- **1993:** LoneSTAR managed care pilot implemented through a 1115 waiver type (renamed STAR) – **Texas begins to see savings from care coordination and reduced ER visits**
 - STAR **MCOs emphasize preventative health care**, establish PCPs as medical homes, no limits on prescriptions, create care coordination, and enroll members in value-added services like vision and transportation service and 24-hour nurse lines
- **1998:** STAR+PLUS pilot implemented – Texas is 1st in the nation to combine acute and long-term care – **Provides alternatives to costly long-term institutionalization not available through FFS Medicaid** – Increased access to community based services and supports by 32% for a vulnerable population
- **2002: HHSC studies on managed care demonstrate favorable outcomes regarding access, cost savings, and member satisfaction** – STAR+Plus reduced costs by 17% (\$123 million or \$91.67 PMPM), increased community care by 70%, and reduced ER visits by 40% compared to FFS

- **2003:** HB 2292 directs HHSC to provide Medicaid through the most cost effective model of managed care
- **2005:** Managed care expansion is implemented using a variety of models and **all fail except the current managed care model** because they did not provide the same quality of care and were not as cost efficient
 - STAR+Plus expansion saves over \$161M AF (\$69.2M GR), including \$42.5M in premium tax revenue – recognized as a national model that integrates acute and long-term care
- **2008:** STAR Health launched statewide, provides Health Passport to foster care kids – [use of two or more psychotropic drugs is cut](#) by by 71% (to less than 1.5%) and the number on five or more such drugs by 73% (to less than 0.5%) and the [readmission rate](#) of psychiatric hospitalizations decreases by 66%
- **2011:** Amends 1115 Waiver to expand managed care mandatory statewide – **1115 Waiver uses managed care savings (budget neutrality) to provide supplemental payments to hospitals** (now called Directed Payment Programs or DPPs)
- **2012–2015:** Pharmacy benefits, children’s dental, individuals with IDD, nursing facility benefits, and hospital benefits all carved in in; STAR+PLUS expanded statewide; dual demonstration implemented – saved \$263.3M in GR and \$645.3M in AF, while increasing state revenue collections by \$200M for '12-13
- **2016:** STAR Kids launched statewide – [reduced ER visits](#) by 6% in the first year
- **2018:** HHSC directs an **independent study of managed care showing [MCOs have saved Texas \\$5.3 to \\$13.9 billion since 2009](#)**
- **2019–2022:** Transportation and Healthy Texas Women carved in, 1115 Waiver approved until 2030, continuous eligibility for children, expansion of postpartum women benefits from 2 to 6 months becomes law but CMS halts implementation

Medicaid Resources

- [TAHP's Website](#)
- [Who We Are One Pager](#)
- [Value of Medicaid One Pager](#)
- [Subscribe](#) to Complete Coverage (articles authored by TAHP staff)
- [Subscribe](#) to Covered Weekly (top weekly health care headlines)
- [Medicaid & CHIP Reference Guide](#) (The Pink Book)
- [HHSC Medicaid Managed Care Contracts and Manuals](#)
- [Medicaid Managed Care Quality Programs and Initiatives](#)
- [Quality and Health Plan Performance](#)
- [Texas Healthcare Learning Collaborative Portal](#) (Medicaid data on medical and dental quality measures by year, program, plan, and service area)