

# Medicaid Managed Care: The Prescription for a Healthier Texas

## Texas Medicaid Works

Today, Texas partners with private health insurers known as Medicaid managed care plans. Managed care plans save taxpayer money by prioritizing preventive care and coordinating pharmacy and health care for Texans on Medicaid and CHIP.

Every month, Texas pays a health care premium to the managed care plans for each person they cover. Managed care plans use that premium to cover medical expenses and prescription drugs, coordinate complex health care, and help Texans with Medicaid coverage lead healthy, active lives and live independently in their own homes and communities.

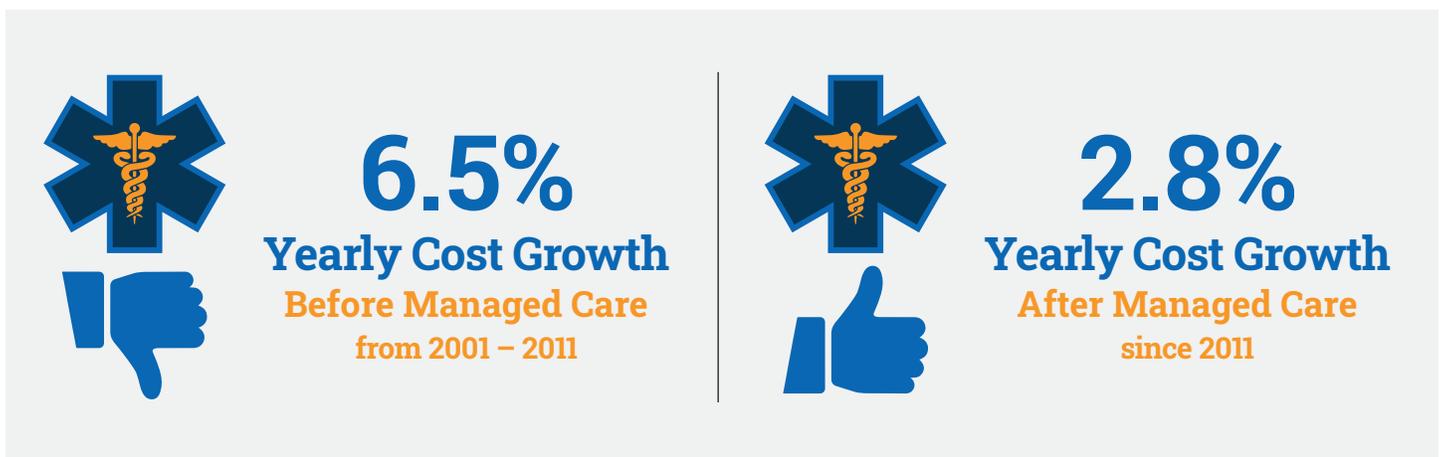
## Texas Medicaid Prescription Drug Coverage

Texas' Vendor Drug Program (VDP) oversees the prescription drug benefit for Medicaid and CHIP. The VPD manages the Texas Formulary (the state's list of covered drugs) and the Preferred Drug List (a tool that classifies drugs based on safety, efficacy, and cost-effectiveness).

By statute, managed care plans are set to fully manage the prescription drug benefit effective September 1, 2023.<sup>1</sup> This will allow managed care plans to develop the most cost-effective drug mix for the PDL that best serves the health needs of its members and ensures the most prudent use of taxpayer dollars.

## Texas Medicaid Managed Care Has Cut Drug Cost Growth in Half

Prior to carving in prescription drugs in Medicaid managed care in 2011, costs were out of control for Texas taxpayers. Drug costs had almost doubled from 2001 to 2011, growing more than 6.5% on average each year. **As a result of Medicaid managed care, Texas Medicaid prescription drug cost growth dropped by 50% and is now three times better than the national average.**<sup>2,3,4,5,6</sup>



## Further Savings for Texans Ahead

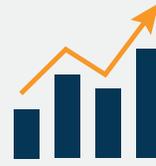
**Studies show that states that allow Medicaid managed care plans to coordinate prescription drug coverage are more efficient and cost 21% less than states that do not.**<sup>7</sup> Fully carving in the pharmacy benefit in 2023 will also better align whole-person care and allow managed care plans to tailor formularies to the clinical needs of the populations they treat.

## Medicaid Managed Care is Healthier and Smarter for Texas

Did you know that adults in fee-for-service are limited to just three prescriptions per month? Because of the focus on prevention, wellness, and care coordination provided by managed care plans, there are no similar prescription limitations in managed care. Texas' Medicaid managed care prescription drug coverage is an affordable and efficient prescription drug program that helps Texans get healthy and stay healthy.



Managed care has saved Texas more than **\$5 billion** since 2009.<sup>8</sup>



Medicaid prescription drug spending and outcomes are **transparent** and available online.

## Improving Quality of Care

Managed care plans have prescription drug coverage programs in place that reduce opioid abuse and deaths, emergency room visits, and unnecessary hospitalization for kids with asthma. In fact, Medicaid managed care has reduced hospital stays for asthma and diabetes in Texas—chronic diseases that are typically expensive to treat, by more than 35% through better coordination of care and prescription drugs.<sup>9</sup> One managed care plan in Texas successfully reduced the use of the Houston Cocktail, a dangerous and deadly mix of drugs that includes Viocodin, Xanax, and Soma.



Managed care significantly reduced hospital stays for expensive chronic diseases by **35%**



**89%** reduction in use of the Houston cocktail

## TAHP's Position

TAHP supports allowing managed care plans to fully manage the pharmacy benefit on September 1, 2023, in order to bring down costs and provide more efficient and timely access to clinically appropriate medications to Texans in the Medicaid program. No legislative action is needed to make this happen.

- TAHP opposes a carve out of prescription drugs that would move the benefit back to an expensive, inefficient and fragmented fee-for-service program.
- TAHP opposes any government mandated pharmacy pricing, NADAC, which will add costs to the Medicaid program and reduce competition.

1 Tex. Gov't Code § 533.005(a-1)

2 The National Bureau of Economic Research, A Dose of Managed Care: Controlling Drug Spending in Medicaid, 10/17.

3 The Menges Group, Prescription Drug Costs and Utilization in Medicaid: FFS and MCO Comparisons, 10/18.

4 HHSC, Rider 60: Prescription Drug Benefit Administration in Medicaid, CHIP, and Other Health-Related Services, 08/18.

5 HHSC, Medicaid Prescription Drug Carve In, 10/11.

6 The Menges Group, Comparison of Medicaid Pharmacy Costs and Usage in Carve-In Versus Carve-Out States, 05/15.

7 The National Bureau of Economic Research, A Dose of Managed Care: Controlling Drug Spending in Medicaid, 1/21.

8 HHSC, Rider 61: Evaluation of Texas Medicaid & CHIP Managed Care, 08/18.

9 HHSC, Analysis of HEDIS Measures 2011-2018.