

**FOOD FOR
THOUGHT**

TAHP
The Texas Association of Health Plans

Texas Medicaid 101

April 11, 2024



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The Texas Association of Health Plans

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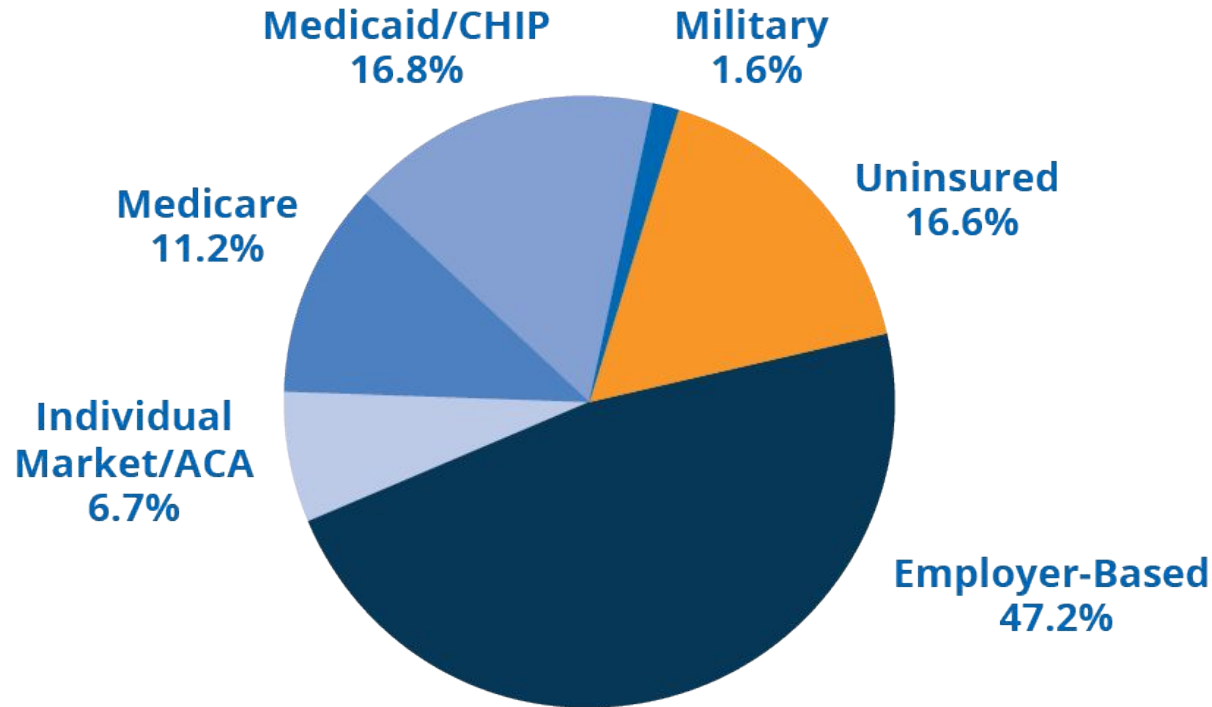


**FOOD FOR
THOUGHT**

TAHP

Texas Health Plans Cover More Than 20 Million Texans

Health Coverage in Texas



Health insurance helps keep families and communities healthy through:

- Medicaid
- Medicare
- Tricare
- Individual
- Employer

Why Does Health Insurance Coverage Matter?

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



Texas Medicaid Program

1964 – Over 50 years ago, U.S. create the Medicaid Program – Partnership between the federal and state governments

- Federal Government: Sets Guidelines (60/40 match)
- State Governments: Operate the program
- Medicaid is an entitlement program – open ended
- Texas largely covers only federally mandatory populations

1967 – Texas adopted Medicaid – the Texas Medical Assistance Program

1993 – Texas began shifting to a health insurance model – Managed Care

1999 – CHIP implemented in Texas

2011 – Texas expanded Medicaid managed care statewide and carved in most populations and services through an 1115 waiver

Today 97% of Medicaid clients are in Medicaid managed care

2022 Total Medicaid Spending: \$57.8 billion

2022 Total MCO Spending: \$37.5 billion – 65% of Medicaid spending



Who is Eligible for Medicaid?

Medicaid Provides Affordable, Quality Health Insurance for 4 Million Texans

Pregnant Women



Children



Older Texans



Texans with Disabilities



Texas Medicaid – 4 Million Texans

- 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 **4 million Texans**, roughly 14% of the state's population. **97% of Medicaid in Texas is managed care.**

14%

of all Texans

25%

of all Texans on Medicare

51%

of all Texas births

50K

Veterans

47%

of all Texas children

45K

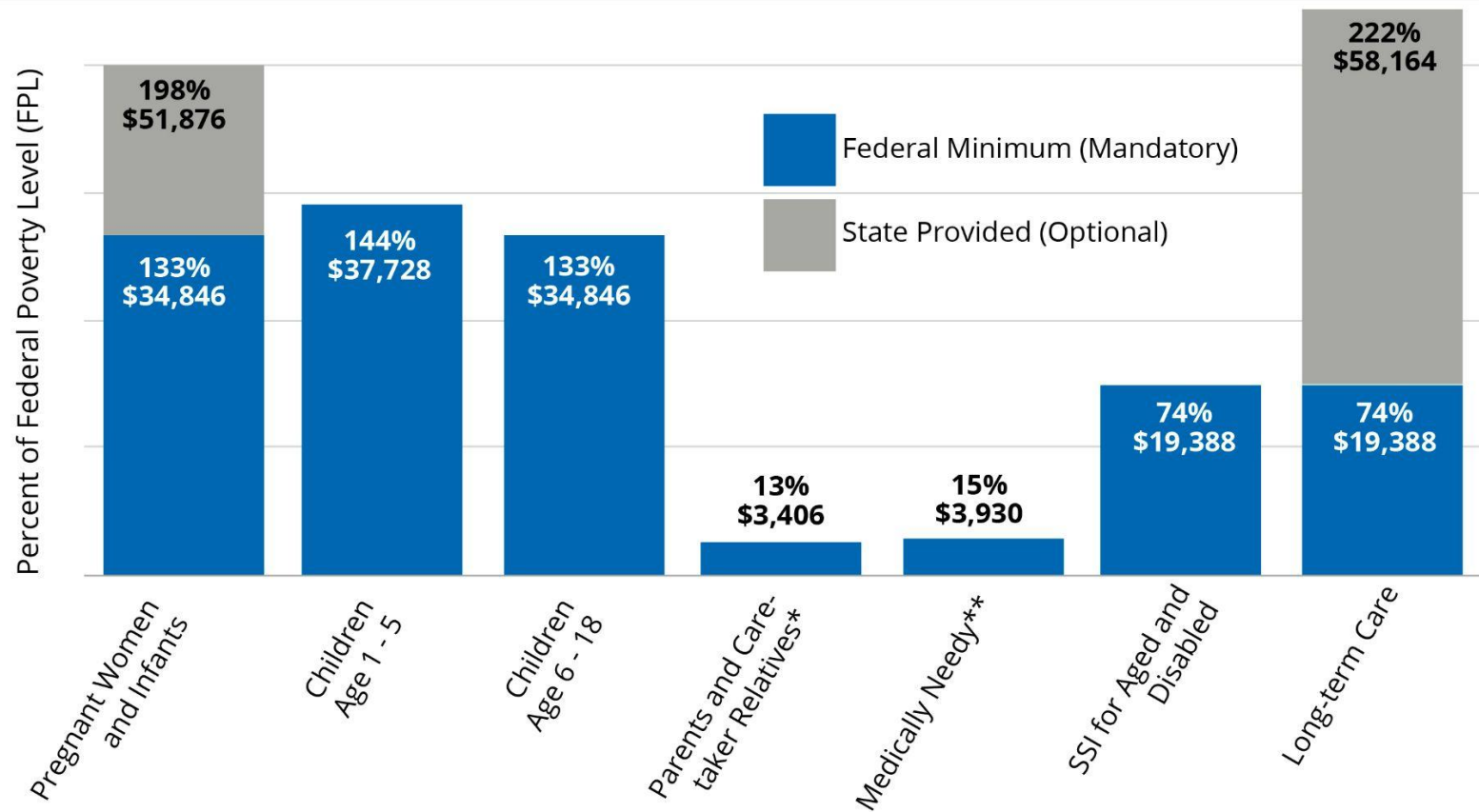
Texas children in foster care

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.



Medicaid Managed Care

Medicaid Managed Care – Texas Uses Health Insurance for Medicaid

- **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



Children, pregnant women and some families

STAR Kids



Children and youth with disabilities

CHIP



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

STAR Health



Children who get Medicaid through the Department of Family and Protective Services and young adults previously in foster care

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

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

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

TEXAS Managed Care Service Areas

(Effective January 2022)



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 - Amerigroup 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 Medicaid STAR+PLUS Plan
 Tarrant - Amerigroup

MRSA: Medicaid Rural Service Area
MMP: Medicare - Medicaid Plan



TEXAS
Health and Human
Services

Map Prepared by: Texas Health and Human Services Commission.
 Center for Analytics and Decision Support. MRL.
 December 2, 2021

Value-Added Services: Enhancing Medicaid with Extra Care

- **Beyond Basic Benefits:** MCOs offer Value-Added Services (VAS) on top of standard medically necessary benefits, enhancing member care without additional state funding
- **Wide Range of Extras:** VAS can include additional healthcare services, benefits, or incentives approved by HHSC to promote healthy living and improve health outcomes. Examples include:
 - 24-Hour Nurse Line
 - Rides to appointments not covered by Medicaid or approving an additional family member to accompany a member to appointments
 - Additional vision allowances or dental care kits or gift programs
 - Sports and school physicals
- MCOs utilize VAS to distinguish themselves from other MCOs and members may use VAS to help choose which MCO has the added benefits most suited for their needs

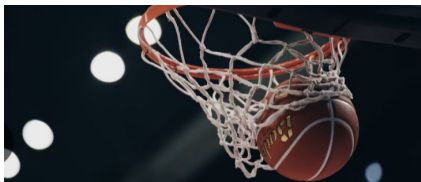


Texas Medicaid: Beyond Traditional Care

- **Personal Care Coordination:** Direct assistance navigating the complex healthcare system for a healthier, independent life.
- **Beyond the Walls of Doctors Office:** Unique access to transportation, housing, meals, and support for daily challenges, enhancing member well-being.
- **Tailored Support for Complex Needs:** Health plan nurses (service coordinators) provide dedicated coordination for members with complex medical and behavioral health challenges, offering crucial support within an overwhelming system.

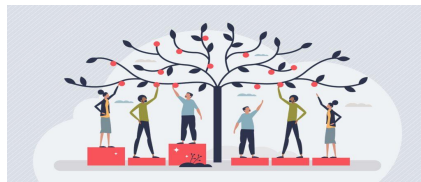


Managed Care Plans Connect Members to Communities



Community Fitness **[Superior HealthPlan](#)** **[launches new](#)** **[partnership with Spurs](#)** **[Sports & Entertainment](#)**

The program helps promote healthy activities for children and youth, and offers anyone who signs up a chance to win game tickets.



Health Equity **[The MolinaCares](#)** **[Accord Invests \\$3.7](#)** **[Million to Improve](#)** **[Health Equity](#)**

"As part of our commitment to advancing health equity, Molina is deploying a multi-pronged approach that targets various areas of health care..."



Maternal Health Care **[Blue Cross and Blue](#)** **[Shield of Texas grants](#)** **[\\$1.2 million to fund March](#)** **[of Dimes' first Texas](#)** **['Mom & Baby Mobile](#)** **[Health Center®](#)**

Taking next steps to bridge gaps in maternal and infant health care access.



Vaccine Access **[Centene Highlights](#)** **[Importance of Vaccines](#)** **[to Enhance Member and](#)** **[Community Health](#)**

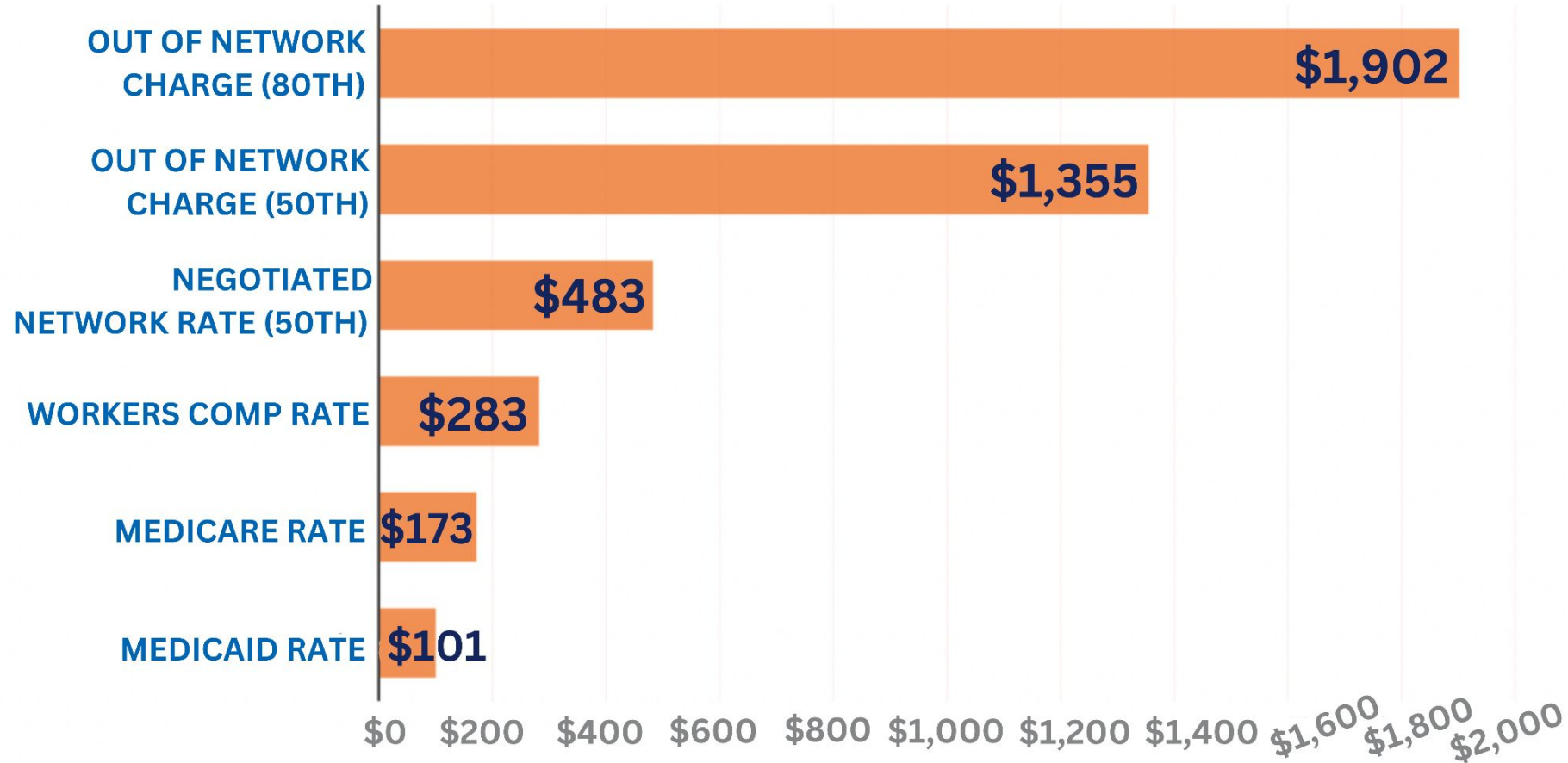
Centene is dedicated to improving access to high-quality healthcare, including through immunization education.

Texas Medicaid Costs

- **Texas Medicaid rates or prices are substantially lower than private market** and Medicare prices, which is why it costs less than any other type of coverage.
- **So, why is Medicaid expensive?** 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.

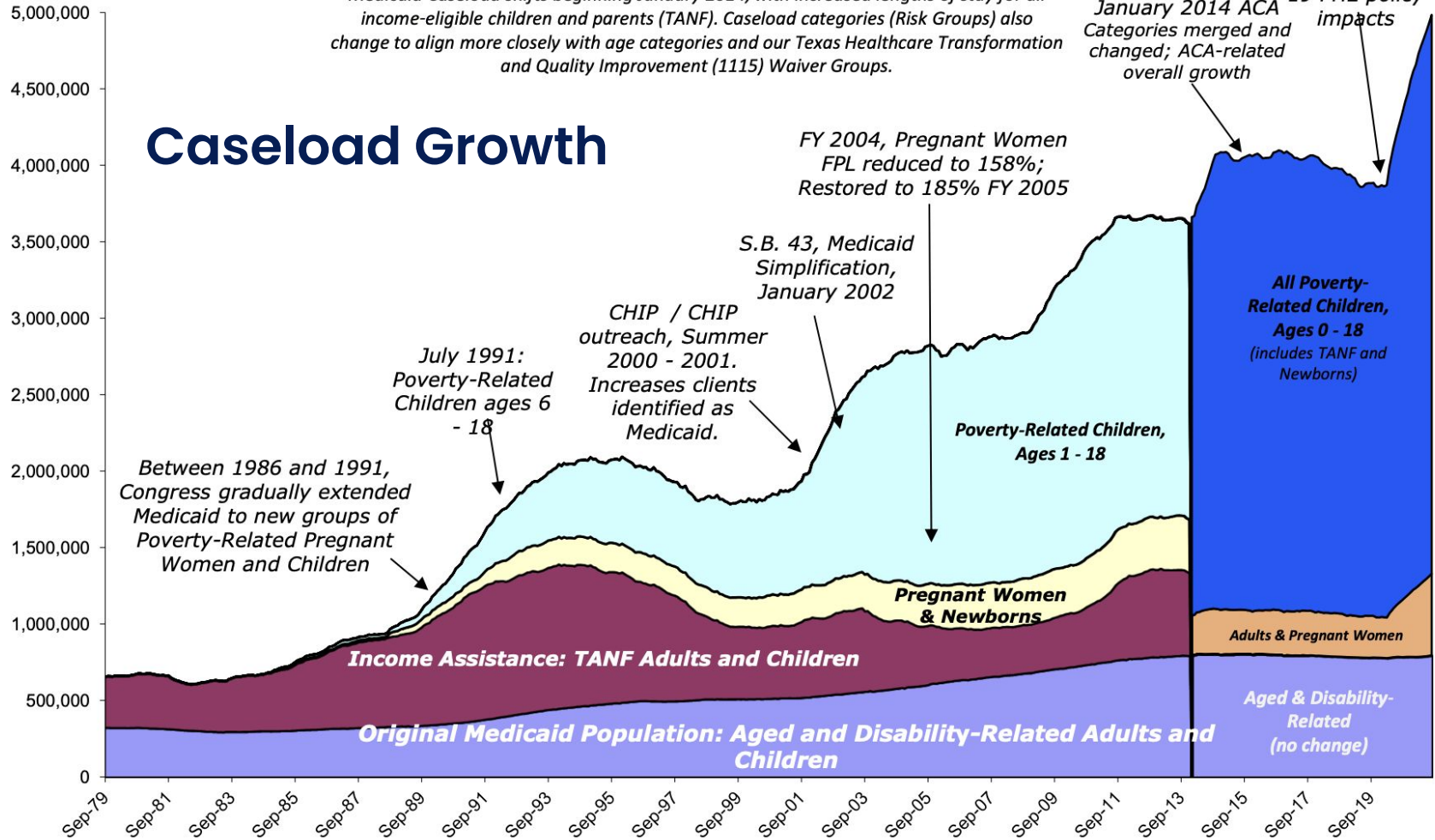


Comparison of Texas ER Physician Prices: Negotiated Rates & Billed Charges for High Severity & Threat in 2018

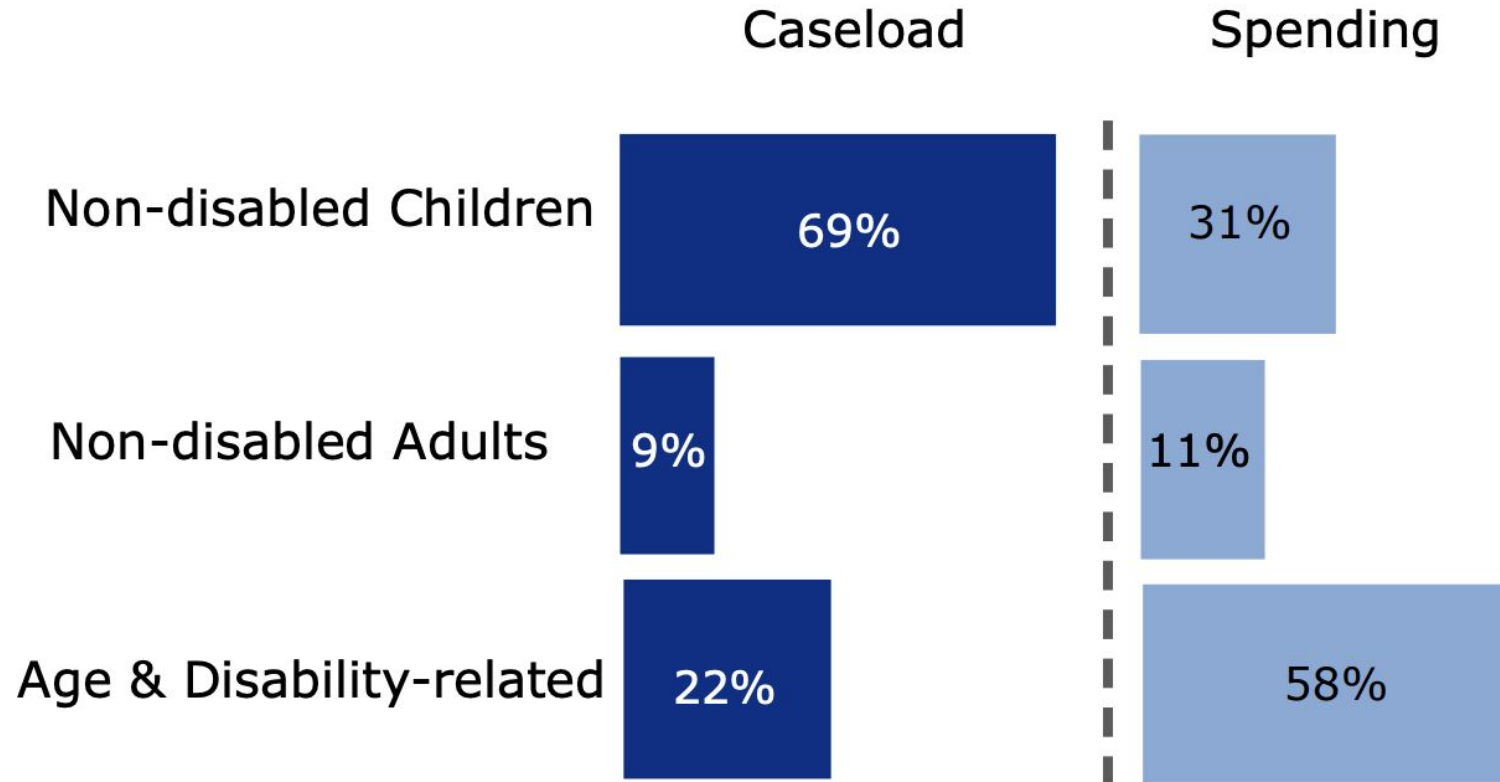


Caseload Growth

Recipient Months



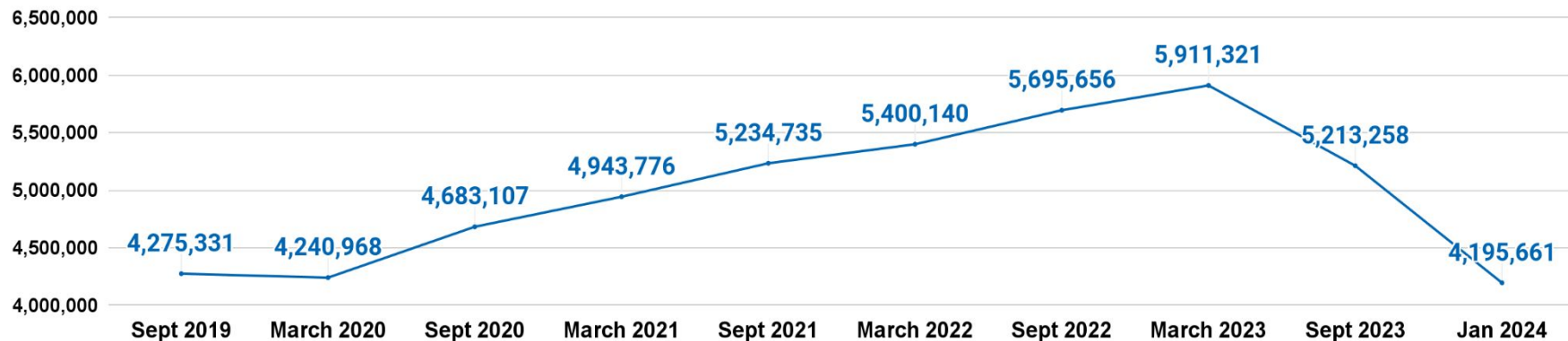
Caseload vs Spending



Managed Care Enrollment Set Records During Pandemic

- Medicaid MCOs rose to the challenge, covering an additional 1.5 million Texas

COVID-19 Medicaid & CHIP Caseload Growth



February 18, 2023

Identify continuous coverage population and distribute into cohorts

March 31, 2023

End of continuous Medicaid coverage requirement

June 1, 2023

Earliest effective date for first cohort to be disenrolled

March 2024

Last month to initiate a redetermination for the unwinding

January 28, 2023

Members began receiving notice continuous coverage is ending

March 2023

Begin checking electronic data sources for members in first cohort

April 2023

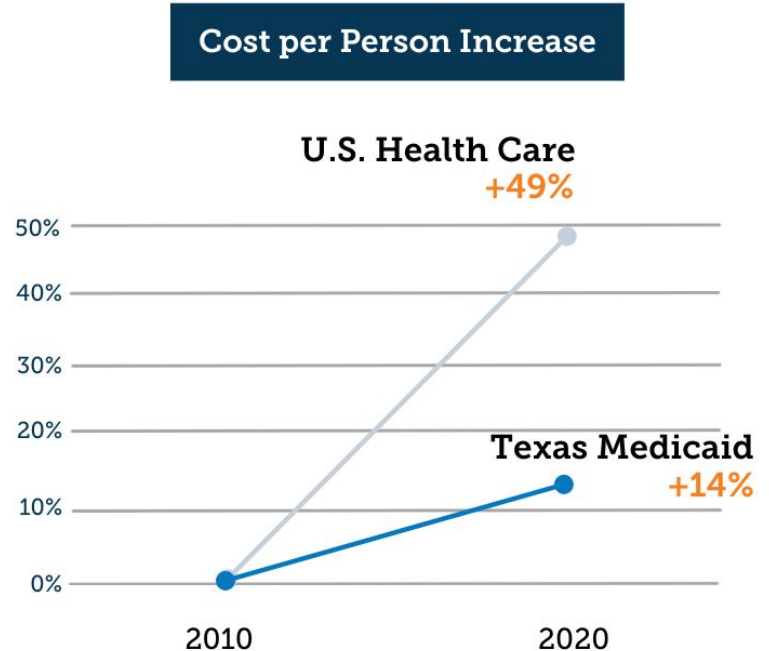
Members in the first cohort receive renewal packets or requests for information, with 30 days to respond

December 31, 2023

Enhanced FMAP ends

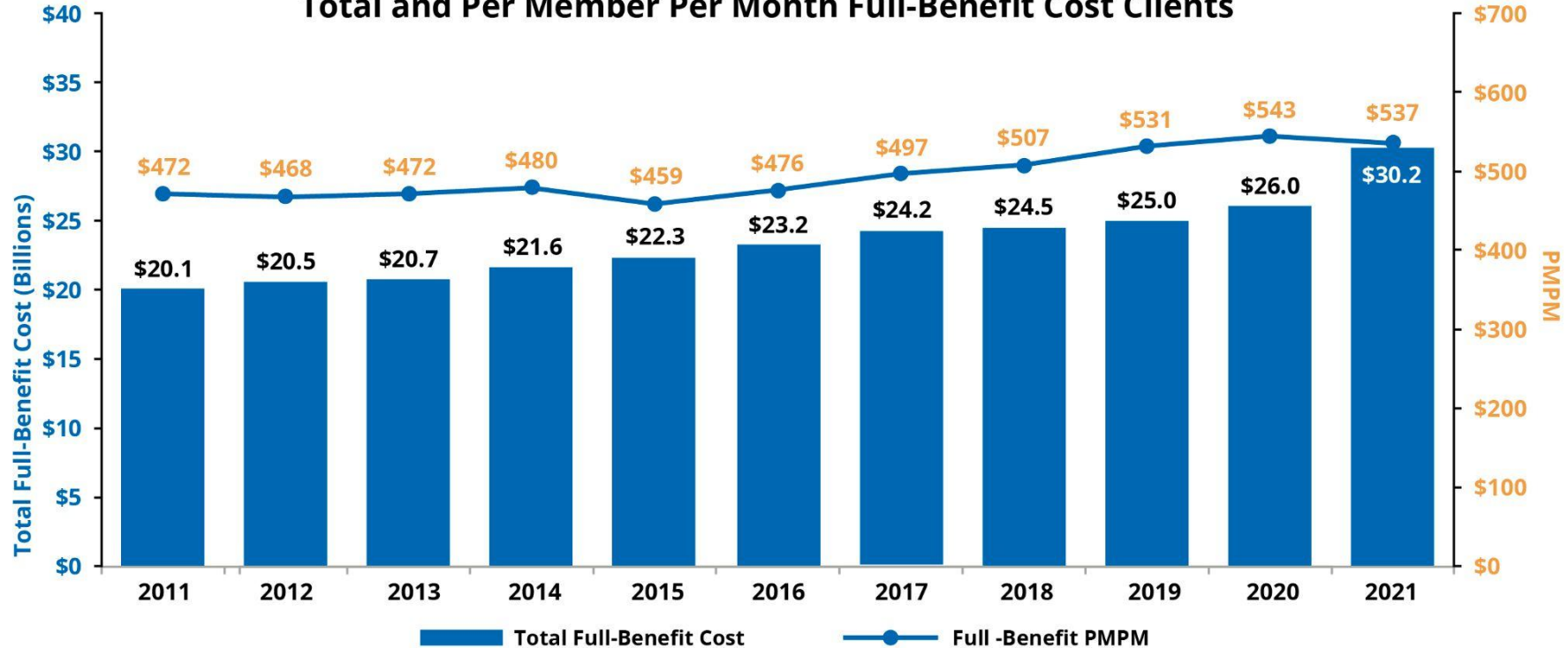
Medicaid MCOs Produce Savings

- Texas Medicaid managed care **saved taxpayers over \$5 billion from 2009 to 2017**
- As a result of managed care, Texas Medicaid is more efficient and costs less than U.S health care spending—**35% lower than the national average**—and has the lowest administrative costs in the country—90% of every dollar is invested in direct care



Medicaid Cost Growth

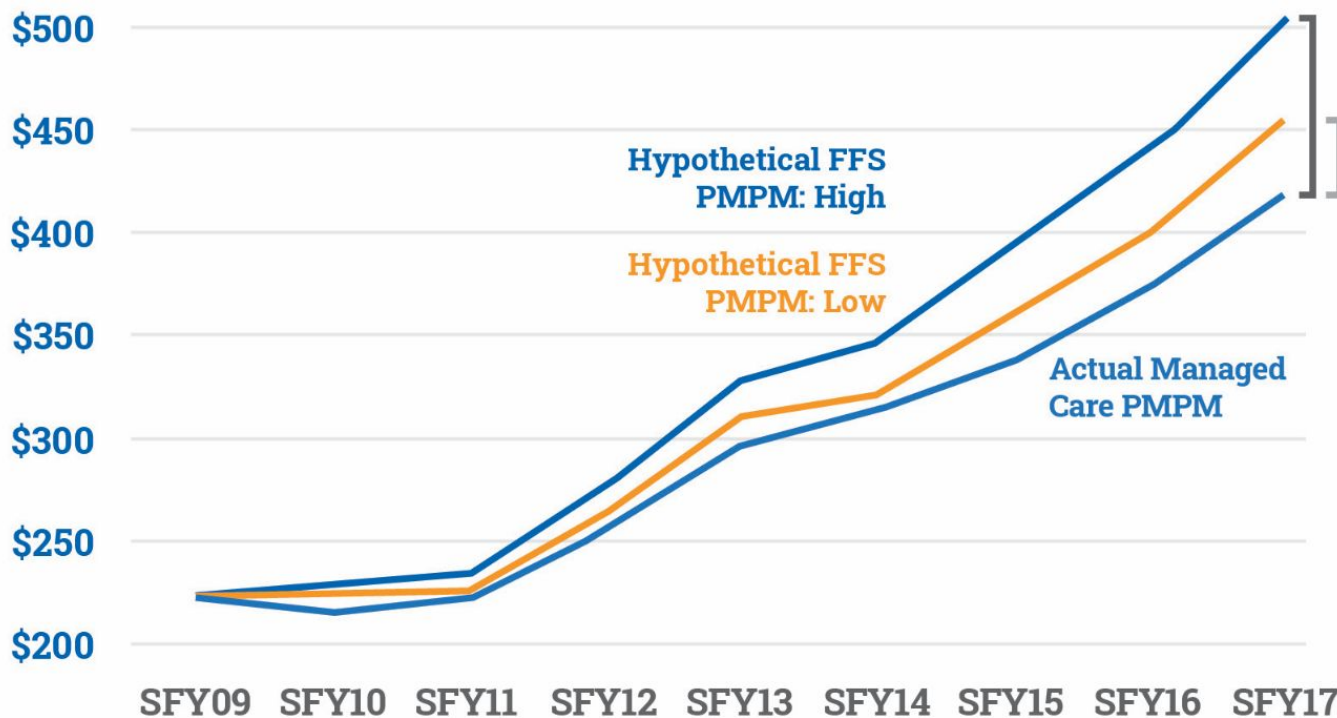
**Texas Medicaid Acute and Long-Term Services Costs, FY 2011-2021:
Total and Per Member Per Month Full-Benefit Cost Clients**



Managed Care Produces Savings for the State – Rider 61 Study

The Texas Medicaid and CHIP managed care programs have generated a **cost savings** of 4.7% – 11.5%, or **\$5.3 billion – \$13.9 billion** for the state

Actual Managed Care vs. Hypothetical FFS Expenditures

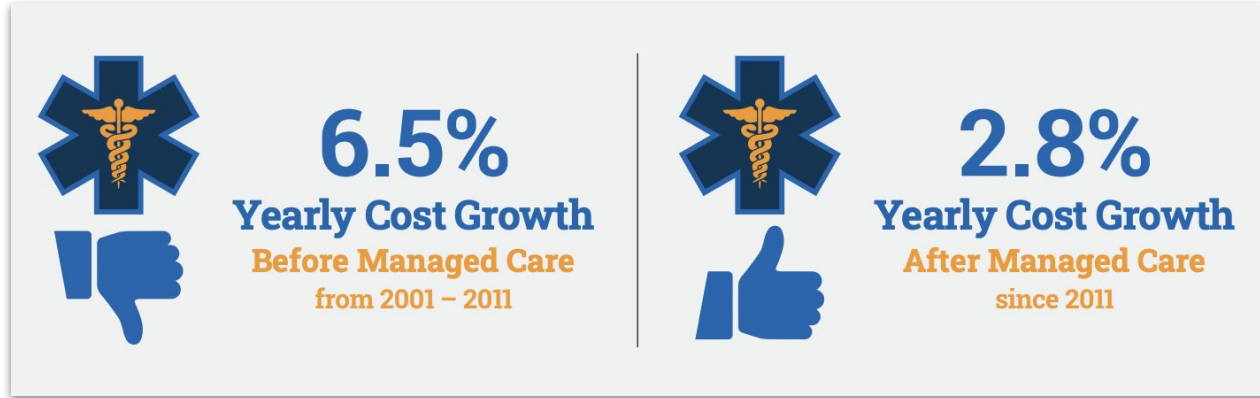


High Range
of Savings
\$13.9 billion

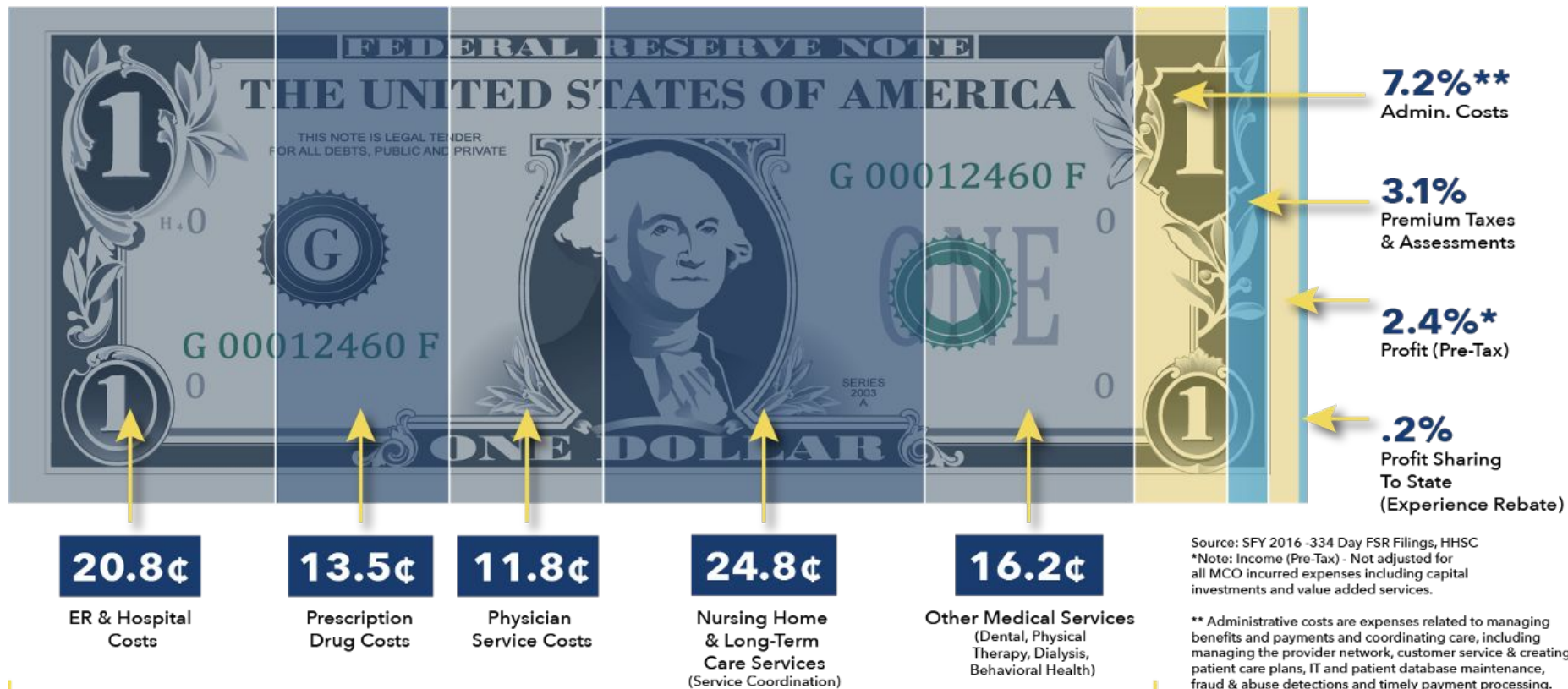
Low Range
of Savings
\$5.3 billion

Medicaid MCOs Produce Savings

- 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



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

HHSC Contract Oversight Tools



Access to Services

Network adequacy, appointment availability, member satisfaction



Service delivery

Acute care utilization reviews (UR), long-term services and supports URs, drug UR, electronic visit verification



Quality of care

Performance dashboard, custom evaluations, improvement projects, pay-for-quality, alternative payment models, MCO report cards



Financial

Financial statistical reports (FSRs) validation, administrative expense and profit limits, independent auditing



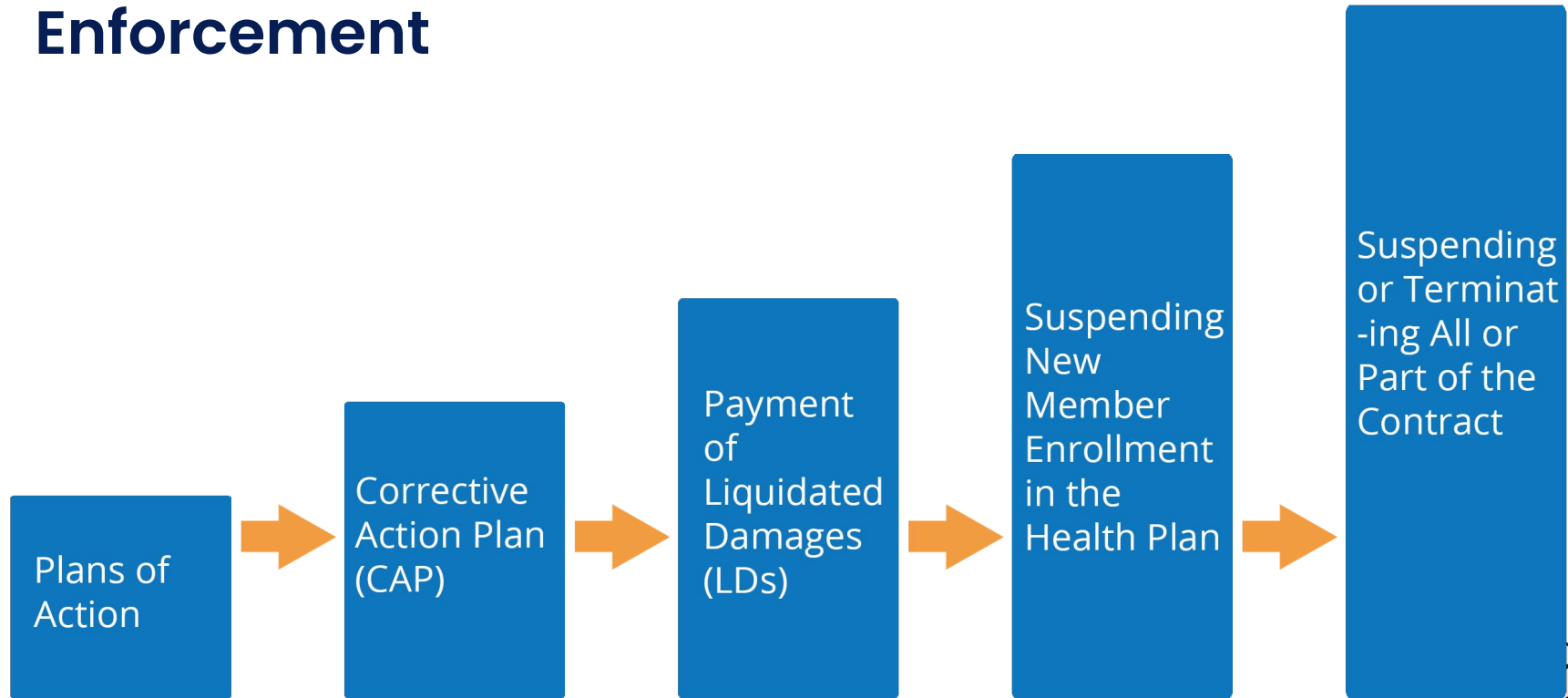
Operations

Readiness reviews, biennial operational reviews, targeted reviews

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](#))

Strong Oversight: Contract Compliance Enforcement



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 that could have been prevented



Managed Care Quality Programs

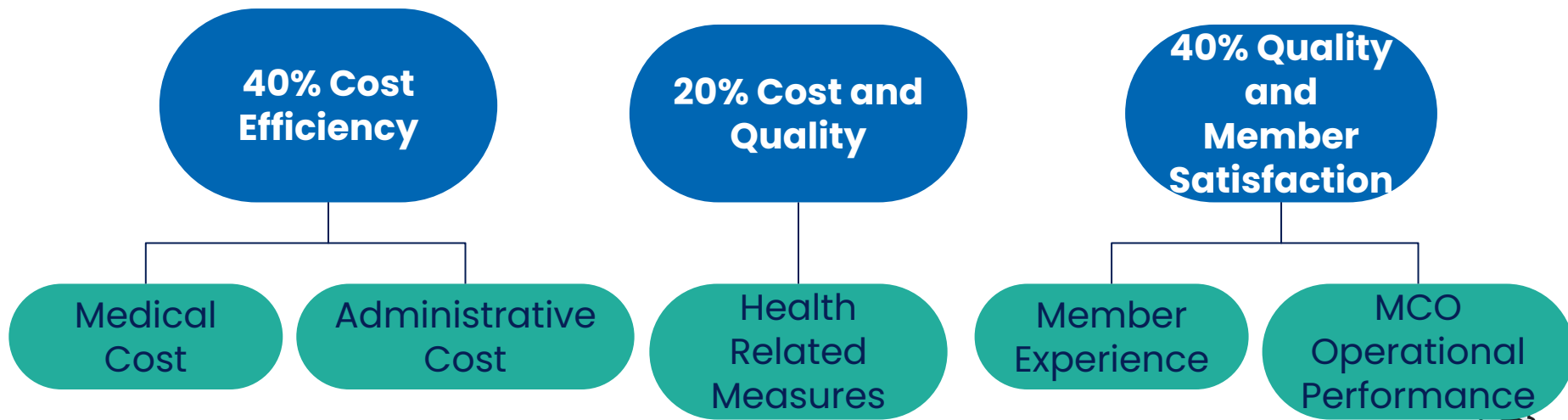
HHSC holds health plans accountable to ensuring quality of care through their Managed Care Quality Strategy which includes:

- **Pay for Quality Program**
 - 3% of MCO premium at risk for meeting targeted quality metrics
- **Value Based-Enrollment**
 - Health plans are awarded market share based on performance on key quality metrics and can earn bonus funds
- **Alternative Payment Models (APM)**
 - HHSC initiative to incentivize health plans to develop contracts with providers based on quality of care instead of quantity of services
 - Providers can gain additional funds for helping health plans meet or improve quality metrics
 - MCO contract requires 50% of all payments to providers be in some form of APM ; 25% must be an arrangement in which the provider takes financial risk



Value-Based Enrollment

How it Works? MCOs with better performance than others on the factors listed below receive a higher share of default enrollments (Medicaid recipients that do not choose a health plan) than under the previous methodology



Quality Improvement Programs Texas Medicaid

Direct Payment Programs SFY 2024

CHIRP

Comprehensive
Hospital Increased
Reimbursement
Program

\$6.5 Billion

393 Hospitals

3rd Year

STAR
STAR+PLUS

QIPP

Quality Incentive
Payment Program

\$1.1 Billion

975 Nursing
Facilities

7th Year

STAR+PLUS

TIPPS

Texas Incentive for
Physicians and
Professional
Services

\$757 Million

57 Physician
Groups

3rd Year

STAR
STAR+PLUS
STAR Kids

DPP BHS

Directed Payment
Program for
Behavioral Health
Services

\$164 Million

39 Behavioral
Health Centers

3rd Year

STAR
STAR+PLUS
STAR Kids

RAPPS

Rural Access to
Primary and
Preventive
Services

\$28 Million

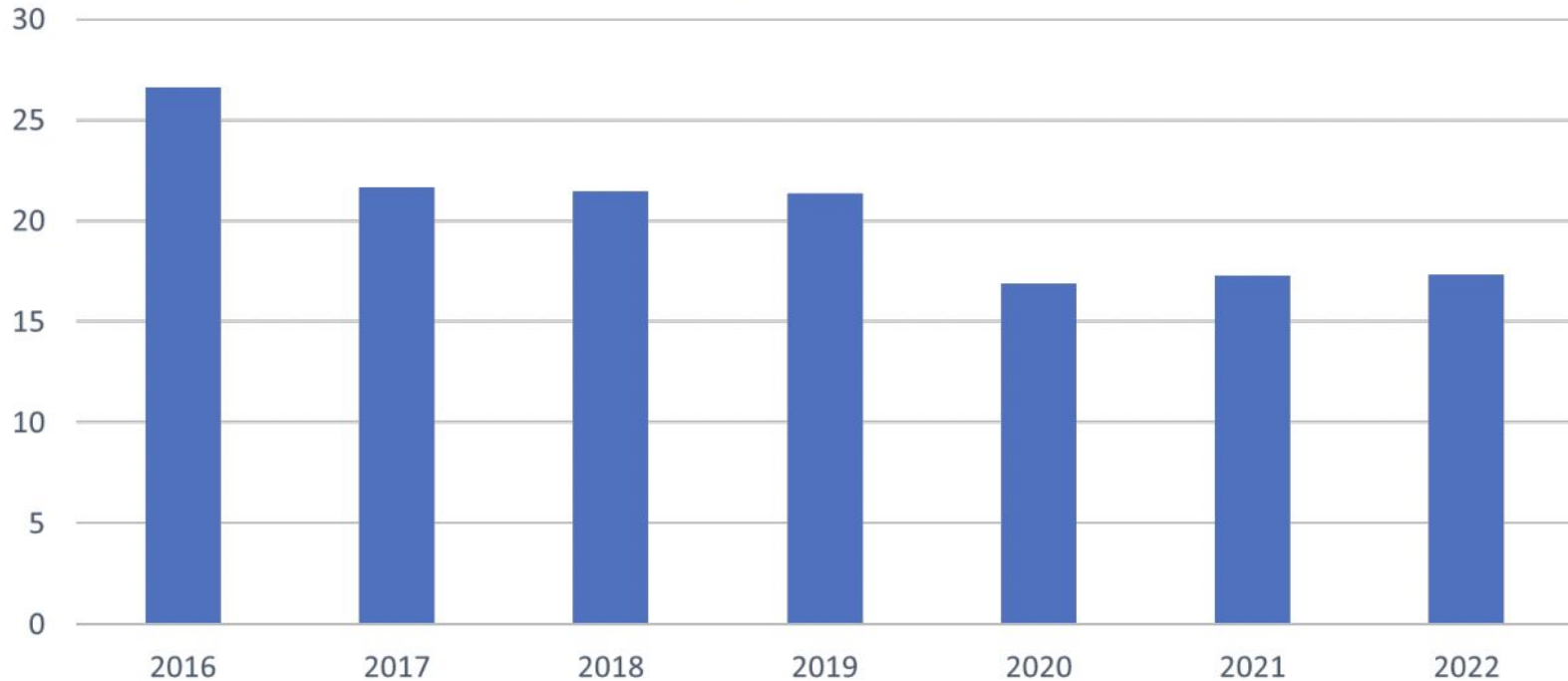
181 Rural
Health Clinics

3rd Year

STAR
STAR+PLUS
STAR Kids

Trends in Potentially Preventable Events: Potentially Preventable Emergency Department Visits

Calendar Year PPV Weights per 1,000 Member Months: STAR+PLUS



MCOs Improve Access and Outcomes Compared to FFS



Childhood Asthma

Reduced hospital stays
for children with asthma

65% reduction



Diabetes in Adults

Reduced hospital stays for
adults with complex diabetes

48% reduction



ER Visits

Reduced preventable
ER visits

16% reduction



Pregnant Moms

Timely access to
prenatal care

7x better



Annual Doctors Appointments for Children

4x better

Children

Recommendations



Protect & Build on the Savings of Managed Care

- For three decades Texas has steadily built on the innovations, competitive advantages, and savings of Medicaid managed care.
- When Texas faced budget constraints, lawmakers looked to Managed Care to create a competitive environment to drive cost savings while meeting state determined outcome measurements.

The result:

- **Cost savings:** Rider 61 estimated that between 2009-17 the state saved over \$5 billion through managed care and as much as \$13 billion.
- **Better outcomes:** Reduced ER Visits and Hospitals Stays
- **Customized care coordination:** Prior to managed care, Texas had no program to manage the complex needs of diverse Medicaid populations.



Protect & Build on the Savings of Managed Care

- #1 Oppose any attempts to decrease flexibility**, suppress innovation, or endanger stability in the Medicaid Managed Care program.
 - Managed care allows for programs that fit the unique needs of diverse parts of Texas vs. a statewide one-size-fits-all program.
- #2 Reject proposals that carve drug coverage away or mandate high drug prices** from health coverage and threaten instability and consistent access for patients.
 - States that allow MCOs to coordinate drug coverage are more efficient and cost 21% less.
 - Texas MCO's lowered drug cost growth by 50% and Texas is now three times better than the national average.
 - Fiscal notes estimate that a carve out or mandating fee-for-service reimbursement would cost more than \$200m a biennium.
- #3 Transition all remaining services**, populations, and processes into managed care for a more efficient use of taxpayer dollars.
 - Managed care has delivered on both taxpayer savings and meeting the unique care needs of diverse populations.



Childhood Mental Health Care Starts with Medicaid

- Medicaid covers over 50% of Texas kids making the program the best opportunity to improve access to mental health services and coverage for children throughout the state.
- Medicaid lacks the the same continuum of mental health care services required in the private insurance market through mental health parity laws.
- While the legislature attempted to cover many of these services in 2019 as optional benefits that were “in lieu of” hospital benefits, none have been fully implemented.
- **The result:**
 - **Medicaid only covers two extremes**, basic therapy or full inpatient hospitalization, but nothing else in between.
 - **Medicaid families lack the supports** they need to get the right care for the right mental health needs.



Childhood Mental Health Care Starts with Medicaid

Texas Medicaid covers half of Texas kids. Improving childhood mental care means expanding Medicaid services.

- #1 Create coverage for “step-down” services** like intensive outpatient and partial hospitalization programs (IOPs and PHPs) which are routinely covered by private insurers, but not in Medicaid.
- #2 Focus on at-risk youth with coverage for short-term, effective community services** like functional family therapy (FFT) and multisystemic therapy (MST).
- #3 Add mobilize crisis stabilization services as Medicaid benefits** to step in when families need in-home and out-of-home crisis support.
- #4 Fix the licensure requirements for psychiatric residential treatment facilities** to align with federal Medicaid requirements so these services can be added as a Medicaid benefit.
- #5 Expand coverage for psychiatric hospital stays** or residential treatment settings for longer than 15 days for adults through an 1115 waiver.



Reduce the Uninsured through Existing Programs

- Covered children do better in school and have fewer emergency room visits that's because having a health plan means more access to preventive care and early interventions.
- Investing in health insurance coverage has long-term benefits for Texas families. Texas is missing the opportunity to reduce the uninsured through existing programs.

The Result:

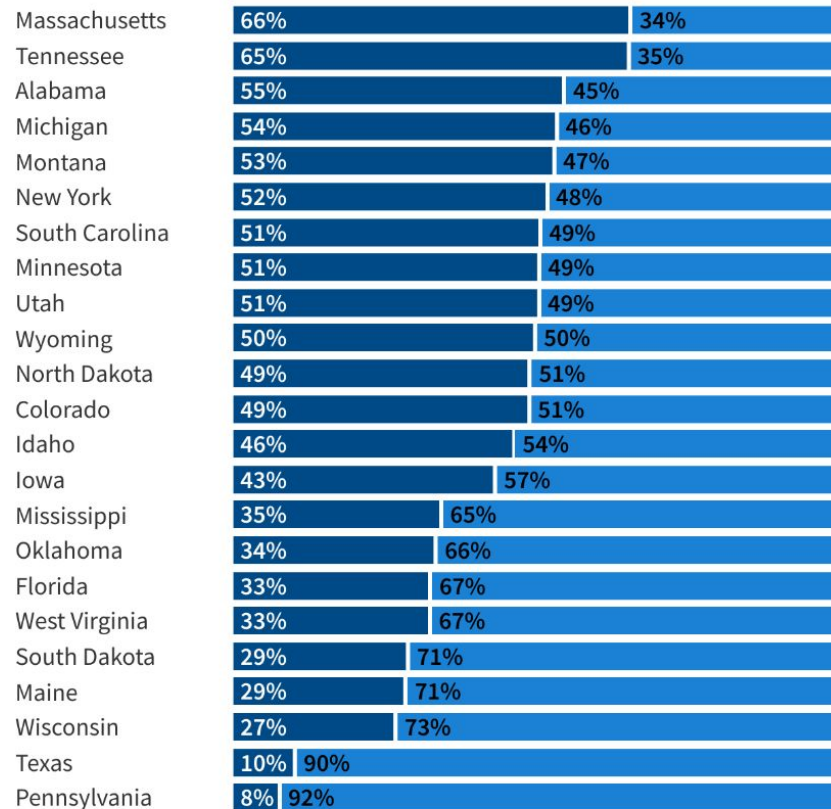
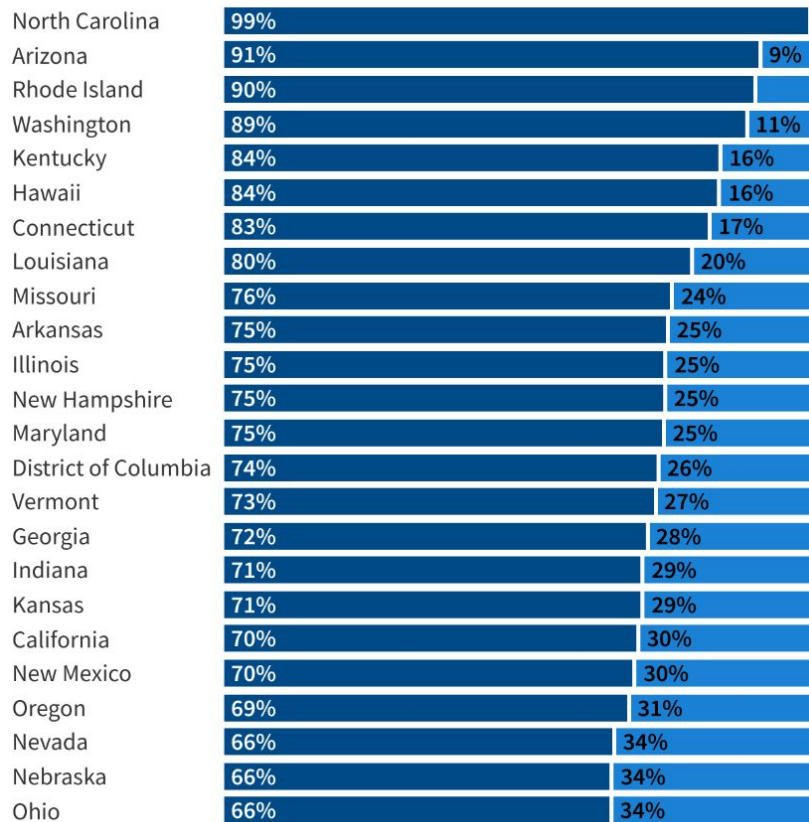
- **5 million Texans are uninsured** nearly 17% of the population and the highest rate in the country
- **9 out of 10 uninsured Texans** say they want a health plan and research shows that having coverage means more stable access to care.
- **Nearly half a million of the uninsured** population are likely already eligible for Medicaid.
- **Texas is second to worst in the country** for ex parte renewals where eligibility is determined quickly and efficiently through existing on hand information.



Overall, 60% of People Who Retained Medicaid Coverage Were Renewed Through *Ex Parte* Processes, as of April 4, 2024

Of people who retained coverage, the share renewed via *ex parte* vs. the share renewed via renewal packet

■ Renewed on an *ex parte* basis ■ Renewed via renewal form



56% of Uninsured Texans are Eligible for Free or Subsidized Coverage from Existing Programs

Coverage Gap

Uninsured adults below 100% FPL that are not eligible for ACA or marketplace subsidies

Undocumented

Uninsured adults and children

14.9%

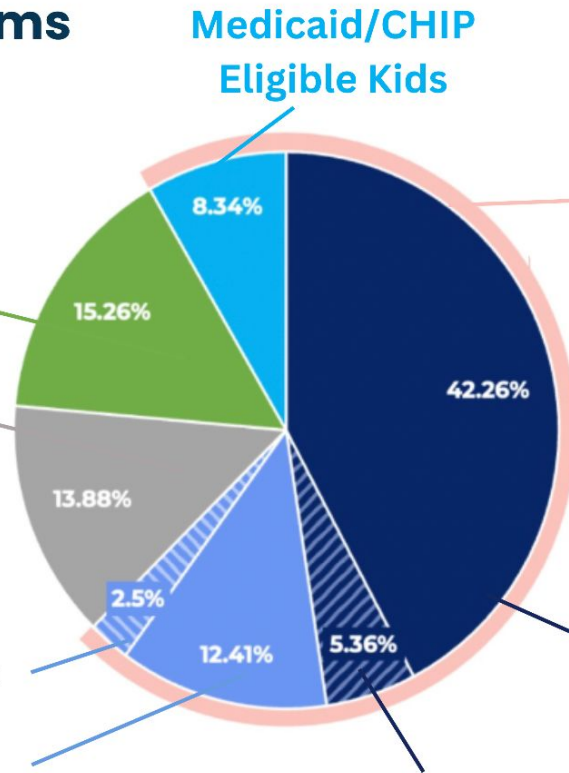
Maybe ACA Kids/Adults

Maybe ACA Kids

Uninsured children in families at or above 400% FPL, whose subsidy eligibility cannot be determined with public information

Maybe ACA Adults

Uninsured adults at or above 400% FPL, whose subsidy eligibility cannot be determined with public information



56.0%

Eligible for Existing Programs

(Includes ACA Eligible Kids/Adults and Medicaid/CHIP Eligible Kids)

Up to 70.9%

Potentially Eligible for Existing Programs

47.6%

ACA Eligible Kids/Adults

ACA Eligible Adults

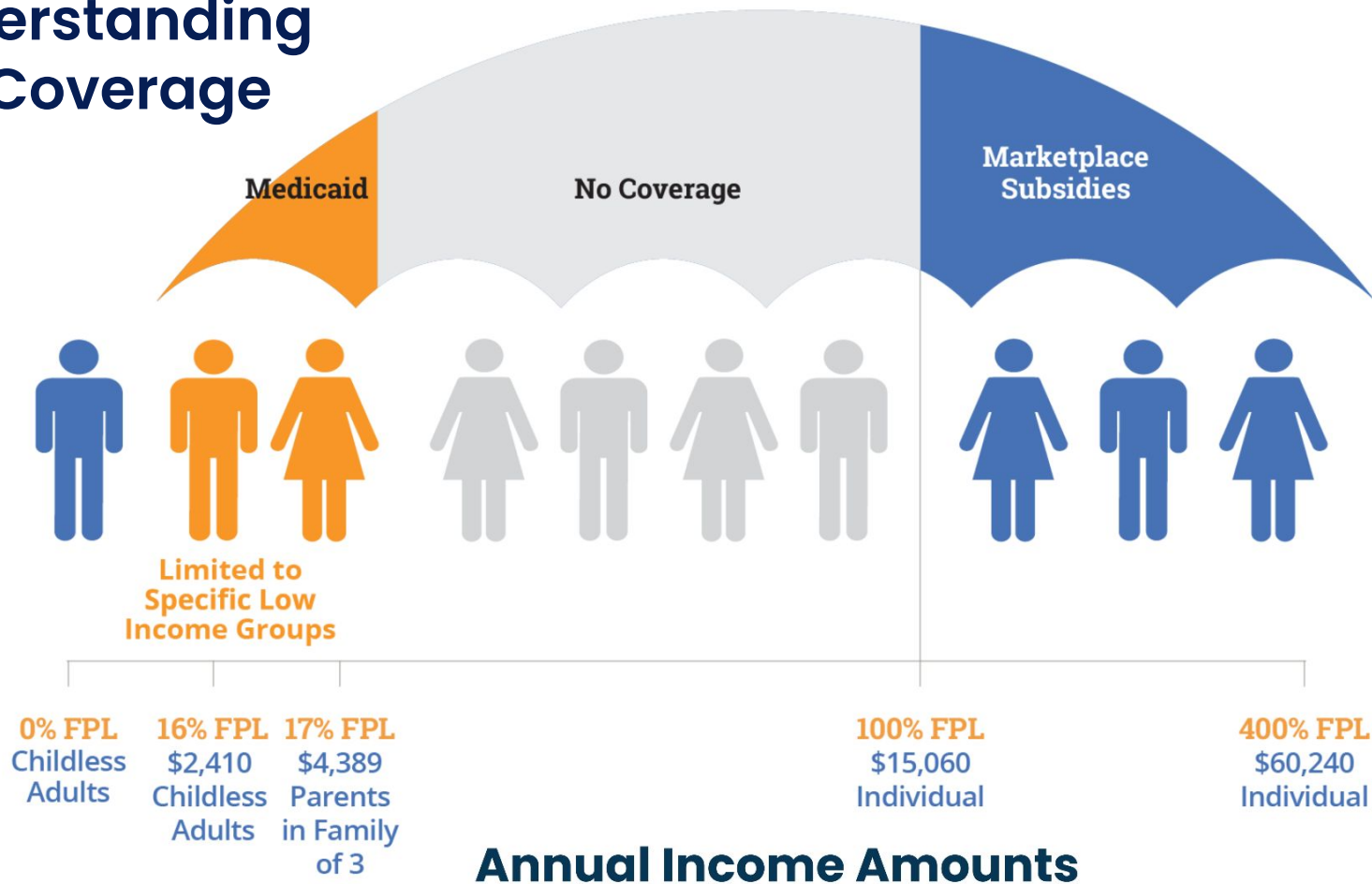
Uninsured adults eligible for subsidies on the ACA marketplace

ACA Eligible Kids

Uninsured children eligible for subsidies on the ACA marketplace

Credit:
Texas 2036

Understanding the Coverage Gap



Reduce the Uninsured through Existing Programs

Texas has an opportunity to reduce the uninsured through existing eligibility.

- #1 Fix the broken ex parte renewal process in Texas.** States are required to first attempt an automated, or ex parte, renewal by checking data available to the state to verify eligibility before requesting enrollees complete a renewal form. Texas ranks 2nd to last among states for completing renewals ex parte.
- #2 Grant Program for Enrollment Assistance:** Establish a grant program to fund enrollment assistance at FQHCs to screen for marketplace coverage as well as Medicaid programs.
- #3 Allow increased flexibility for Medicaid health plans to more effectively assist with enrollment:** While other states allow significant flexibility to utilize MCOs as partners in enrollment, Texas creates hurdles.
- #4 Consider allowing the federal healthcare.gov marketplace to conduct medicaid determination** through a no wrong door policy that gets people signed up for coverage when they qualify.



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 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:** 1115 Waiver expands managed care mandatory statewide – **Waiver uses managed care savings (budget neutrality) to provide supplemental payments to hospitals** (now called Directed Payment Programs)
- **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**
- **2019–2023:** Transportation and Healthy Texas Women carved in, 1115 Waiver approved until 2030, continuous eligibility for children, expansion of postpartum benefits for new mom from 2 to 12 months
- **What’s next:** STAR+PLUS contracts that have been procured with new MCOs take effect Sept. 1, 2024; the STAR and CHIP contract to be procured in late 2024; STAR Kids contract to be reprocured in 2025



Medicaid Resources

- [TAHP's Website](#)
- [88th Legislative Session Highlights | 88th Legislative Session Guide](#)
- TAHP One Pager: [Texas Health Plans Cover More than 20 Million Texans](#)
- TAHP One Pager: [Who is Texas Medicaid?](#)
- TAHP One Pager: [The Managed Care Solution](#)
- TAHP One Pager: [How Does Texas Medicaid Managed Care Work?](#)
- TAHP One Pager: [The Prescription for a Healthier Texas Medicaid](#)
- [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)

TAHP COMPLETE COVERAGE



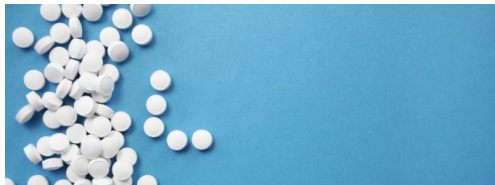
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Texas Extends Medicaid Coverage For New Moms On March 1st

January 18, 2024

What's new: CMS has approved Texas as the 43rd state to extend full Medicaid and CHIP coverage for new mothers to 12 months post-delivery, starting March 1st.



New Texas Medicaid Law Protects Families From Drug Shortages

November 30, 2023

What's new: A new Texas law will significantly improve medication access for over 4 million Medicaid and CHIP patients, including when drug shortages leave families scrambling to cover health needs.



Medicaid Health Plans Step Up To Protect Coverage For Texans

June 30, 2023

Now that the pandemic is over, the State of Texas is reviewing the eligibility of nearly 2.7 million Texans who had their Medicaid benefits extended during the COVID-19 crisis.



**FOOD FOR
THOUGHT**
TAHP

Register for April 30 FFT: Medicaid Drug Coverage 101



[Join TAHP on April 30th](#) for a Capitol luncheon, including a 101 presentation on how Medicaid patients get prescription drugs and taxpayers save money with managed care.

- Catered by The Peached Tortilla.
- Lunch is served at 11:30 a.m. and the presentation is at noon.



[Scan to register](#)

