



Texas Medicaid 101

Fall 2024

TAHP

The Texas Association of Health Plans

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History of Texas Medicaid

1964 – Over 50 years ago, U.S. created 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

Texas Uses Health Insurance Model 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

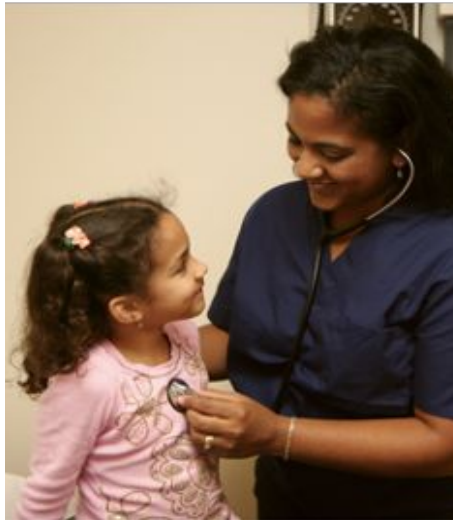
Who is Eligible for Medicaid?

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

What Does Medicaid Managed Care Cover?

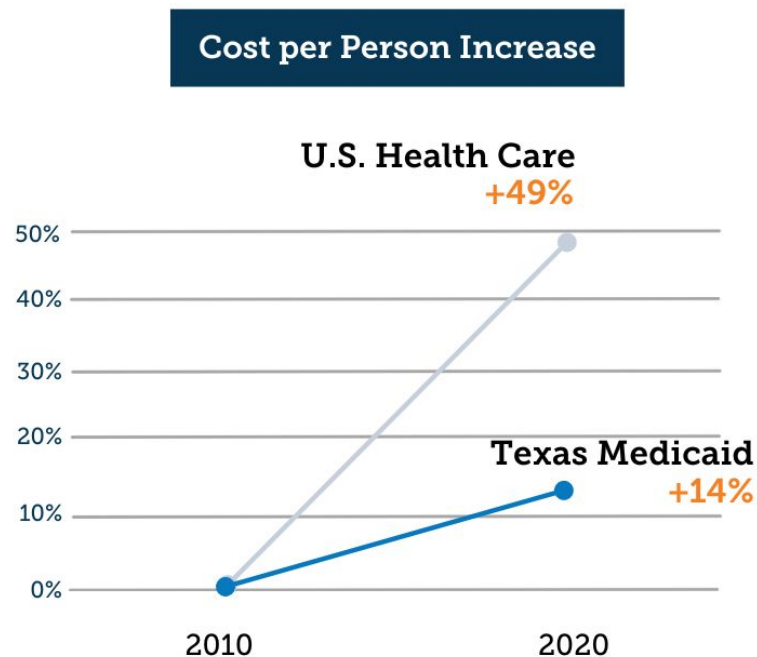
Acute Care Services	Preventative care, diagnostics and medical treatments Ex: Physician, inpatient and outpatient hospital services, laboratory, x-ray services
Long-Term Services and Supports	Support with ongoing, daily activities for individuals with disabilities and older adults Ex: Community-based 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

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.

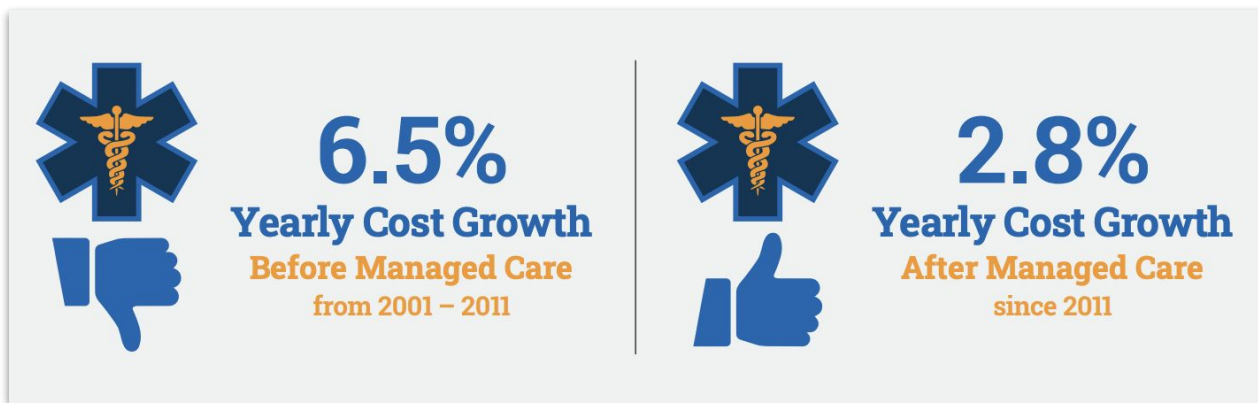
Medicaid MCOs Produce Savings

- 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

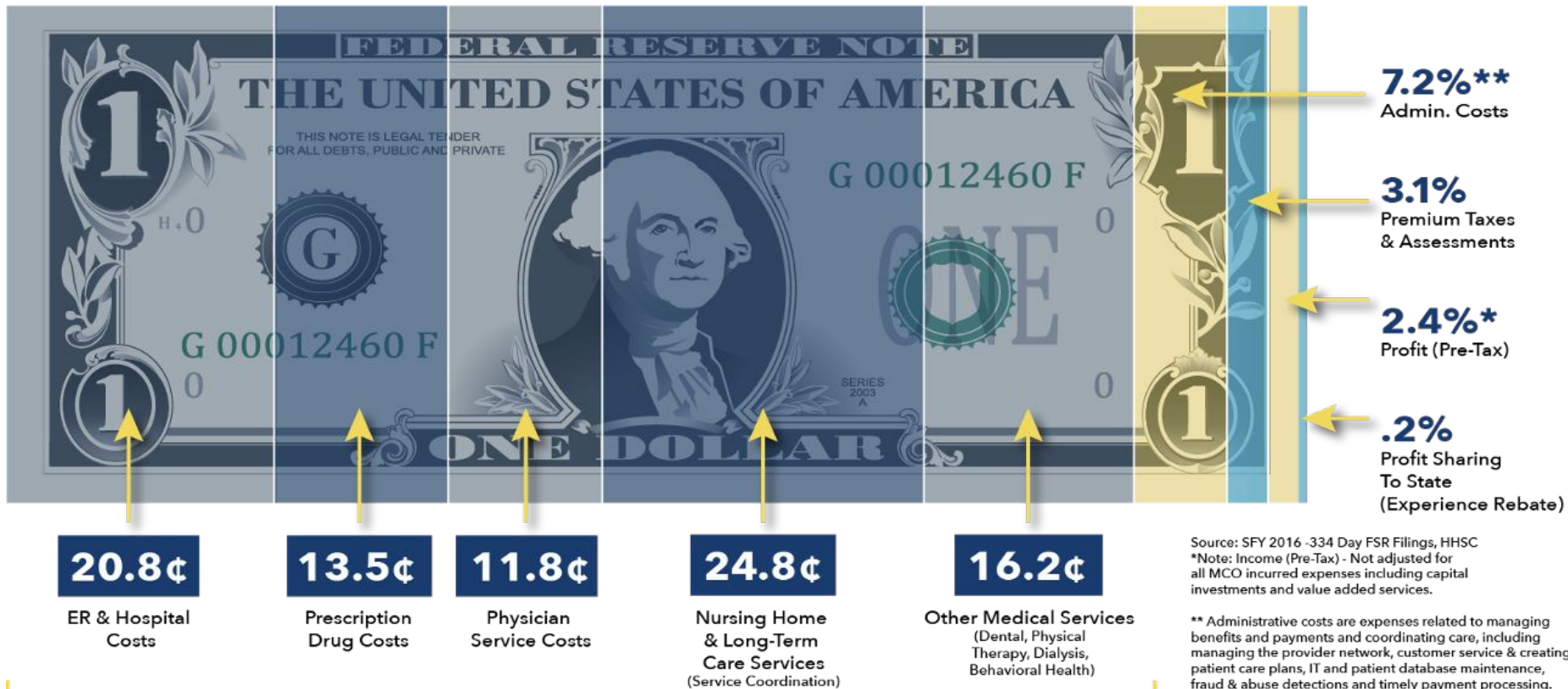


Medicaid MCOs Produce Savings

- 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

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