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Media Contact:

Jill Talley, Director of Communications

jtalley@mhpaa.org

C: 240-338-6479

Report Finds Medicaid Managed Care Generates Significant Cost Savings, Improved Health Outcomes for Millions of Americans

Washington, D.C. - A recently released [report](#) on the evolution of Medicaid managed care finds that managed care has played a critical role in improving access, increasing services, and injecting innovation into Medicaid over the last 25 years.

“Medicaid has always been a 50-state experiment, and one thing we now know for sure is that Managed Care is the most effective means to improve access and quality while controlling costs,” said **Craig Kennedy, president and CEO of Medicaid Health Plans of America (MHPA)**. “This timely research provides state policymakers, who are currently redetermining Medicaid eligibility for millions of vulnerable Americans, with insight into the inherent value of managed care from both a financial and healthcare perspective. It also reinforces that managed care organizations (MCOs) are helpful resources for states and enrollees navigating the complexities of redetermination.”

A joint effort between the [Medicaid Health Plans of America](#) (MHPA), Association for Community Affiliated Plans (ACAP), and Sellers Dorsey, the study reviews federal policies and regulations that have led to growth in Medicaid managed care across the country while examining positive results of case studies in Arizona, Calif., Fla., New Jersey, North Carolina, and Texas.

Major report findings include:

Arizona

- MCO efforts to contain costs saved the state in excess of \$9 billion over the four fiscal years from 2017 through 2020.
- Key improvements in the state’s 2021 interim evaluation report for its 1115 waiver include an increase in children’s access to immediate care, decreased emergency

department visits, increased use of alcohol and other drug abuse or dependence treatment, increased use of mental health services, and increased flu shot administration.

California

- Spending across all enrollee groups in Medi-Cal trended lower than the national average even though the state is home to the largest population of Medicaid beneficiaries in the country.
- Other improvements include better scores in weight assessment, postpartum care, immunizations, and emergency department visits.

Florida

- Per member per month (PMPM) costs, when adjusted for age, race, gender, and Chronic Illness and Disability Payment System scores for Managed Medical Assistance (MMA) services, were 32.9% lower for comprehensive plans compared to PMPM costs for beneficiaries enrolled in separate Long-Term Care and MMA plans (\$206 vs. \$306).
- In 2019, Florida's State Medicaid Managed Care program continued to show some of the highest quality scores in the state's Medicaid history.

New Jersey

- The National Core Indicators-Aging and Disabilities 2018-2019 survey found that New Jersey outperformed the national average on key quality measures including: individuals that had physical and wellness exams, flu shots, dental visits, and vision exams.
- Findings of a cost analysis of the Managed Long-Term Services and Supports (MLTSS) Home and Community-Based Services benefit provided exclusively through managed care suggest an overall per-beneficiary saving and a decrease in total incremental all-cause health care costs before and after implementation (after subtracting program implementation costs).

Managed care has become the predominant system that states use to deliver Medicaid services since the passage of the Balanced Budget Act of 1997 (BBA) and Affordable Care Act in 2010. About 90% of today's Medicaid beneficiaries are enrolled in some form of managed care, according to the Medicaid and CHIP Payment and Access Commission (MACPAC). By 2022, state Medicaid programs contracted with 282 MCOs.

Kennedy will join Meg Murray, CEO of ACAP and Gary Jessee, Senior Vice President of Sellers Dorsey for a webinar "[Transforming Medicaid Delivery: A Look into Managed Care's Past, Present, and Future](#)" on Thursday, March 16 at 2 p.m. ET.

About MHPA

Founded in 1995, the Medicaid Health Plans of America (MHPA) is the only national association that solely represents the interests of the Medicaid managed care industry. Through its advocacy and research work, MHPA supports innovative policy solutions that enhance the

delivery of comprehensive, cost-effective, and quality health care for Medicaid enrollees. MHPA works on behalf of its 130+ member health plans, known as managed care organizations (MCOs), which serve more than 40 million Medicaid enrollees in 40 states, the District of Columbia and Puerto Rico. MHPA's members include both for-profit and non-profit national and regional, as well as single-state health plans that compete in the Medicaid market. Visit [medicaidplans.org](https://www.medicaidplans.org) for more information.