Medicaid Health Plans of America

The Value of Medicaid Managed Care

The value of Medicaid managed care is demonstrated on a daily basis through the quality of care and services delivered to Medicaid enrollees across the United States and through support for the financial sustainability of the Medicaid program. Providing comprehensive medical benefits and services to almost 75% of Medicaid enrollees[i], Medicaid managed care organizations (MCOs) have the flexibility to deliver services and care coordination beyond what is available under a fee-for-service (FFS) model meeting the holistic needs of individuals through value-added services, such as medically tailored meals and transportation.

What is Medicaid?

Medicaid is a joint federal and state program that provides free or low-cost health coverage to millions of Americans, including many low-income individuals, families and children, pregnant women, the elderly, and people with disabilities. As of January 2024, almost 74 million individuals were enrolled in Medicaid.[ii]

About Medicaid Managed Care

States may provide Medicaid services under a FFS model, a managed care model, or a hybrid of both. Under a FFS model, states make payments directly to providers for services provided and the federal government reimburses the state its share of spending based on these payments. Under a managed care service model, states pay Medicaid MCOs a capitation payment, which is a fixed periodic payment per beneficiary enrolled in an MCO, typically, per member per month. The federal government also reimburses states its share of capitation payments.

Managed care is the predominant Medicaid program delivery system in 40 states, the District of Columbia, and Puerto Rico. Medicaid MCOs utilize a person-centered approach that facilitates the delivery of quality care and services and are a critical source of health care coverage for people of color, individuals with disabilities, and additional underserved groups. This approach enables MCOs to provide health care solutions and supports that are appropriate, quality-driven, and tailored to meet individual needs. Working with Medicaid MCOs also enables flexibility for adjustments as the needs of individual enrollees change, encourages innovation, and supports the elimination of silos that create care fragmentation.

Medicaid MCOs are valued partners in the delivery of care and services whether working with Medicaid beneficiaries, state and federal governments, providers, or community organizations.

Access to Health Care & Services

Establishing access and connecting consumers to high quality, appropriate, and timely care is central to the mission of Medicaid MCOs. Oriented to build networks, clinical programs, consumer services, and quality initiatives, Medicaid MCOs are making meaningful strides on engaging and connecting consumers to care.

Medicaid MCOs are working to address provider shortages that have been reported across all states and geographies. Today, more than 99 million people live in a federally designated primary care shortage area; 70 million live within dental shortage areas; and 158 million live in areas with a shortage of mental health professionals[iiii]. Efforts utilized by Medicaid

MCOs to help mitigate systemic barriers include facilitating appointments, arranging for transportation, providing care navigation, providing nurse consultation, and offering telehealth appointments.

Strong relationships with safety net providers and health systems committed to serving the Medicaid population bolster Medicaid MCO efforts to engage enrollees and improve the capacity to serve. Because different populations may experience different barriers to accessing health care, many Medicaid MCOs have achieved or are working to achieve Health Equity Accreditation from the National Committee for Health Quality Assurance (NCQA), a national non-profit organization dedicated to improving health quality. This accreditation is one of the many strategies pursued by MCOs to continually improve member access to care and reduce health disparities.

Care Management & Coordination

Recognizing that the range of care and services needed by Medicaid enrollees varies among individuals and over time, Medicaid MCOs utilize a whole-person approach that meets the unique needs and circumstances of individuals. Care coordination supports access to providers and improved health outcomes through engagement with enrollees, their families, providers, and state and local social service agencies.

- **Children with Medically Complex Conditions.** Children with medically complex conditions represent almost 6% of all children enrolled in the Medicaid program and are increasingly being covered through managed care[iv]. Children with medically complex needs benefit from a consistent care management and coordination team that can help the child and family navigate multiple health care systems and providers to ensure timely and appropriate care. Medicaid MCOs support children with medically complex conditions and their families throughout their care journey including provider coordination; communications that are clear, consistent, and culturally appropriate; and assistance with travel for out-of-state for care.
- **Dually Eligible Beneficiaries.** In 2022, an estimated 3 million dually eligible people (eligible for both Medicare and Medicaid) were enrolled in comprehensive Medicaid managed care[v]. Dually eligible individuals have considerable medical and non-medical needs, and accountability for their care is split between Medicare and Medicaid. Navigating two separate government health care programs puts dually eligible individuals at risk for uncertainty and confusion, raises barriers to care, and can result in overall increased costs. Medicaid MCOs are experienced, accountable, and well-positioned to meet the varied and often complex health and social service needs of dually eligible individuals through the delivery of care and services that are coordinated, integrated, and aligned. State partnerships with Medicaid MCOs include participation in the Financial Alignment Initiative (FAI)'s Medicare-Medicaid Plan (MMP) model that is extended through 2025, and contracting with dual eligible special needs plans (D- SNPs) to better integrate Medicare and Medicaid services.
- **Long-Term Services & Supports.** Medicaid plays a key role in covering the nearly 6 million aged, blind and disabled individuals[iv] who receive long-term services and supports (LTSS) for assistance. These individuals often have complex medical conditions and need high levels of support with daily activities. LTSS include all home- and community-based services (HCBS) such as personal care services, social engagement, work supports, adult day care, home-delivered meals, and transportation services, as well as institutional

services, such as care received through nursing homes. Beneficiaries who receive LTSS should receive benefits that are coordinated across all providers and services. Medicaid MCOs are uniquely positioned to serve these populations with a focus on person-centered care (including self-directed care); improved care management; caregiver support; and care coordination.

- **Mental Health/Substance Use Disorders.** In 2020, nearly 40 percent of the nonelderly adult Medicaid population (13.9 million enrollees) had a mental health (MH) condition or substance use disorder (SUD)[vii]. Individuals with one or more behavioral health disorders are more likely to have high medical health needs and are high utilizers of health care services. Co-occurring behavioral and medical health conditions result in increased functional impairment and health care costs. Evidence suggests that physical health and behavioral health conditions and/or SUDs are best addressed in a coordinated manner to facilitate access to care and services and to improve outcomes. Medicaid MCOs provide integrated care management programs for Medicaid enrollees with MH conditions and/or SUDs that conduct holistic care coordination. Coordination of behavioral health and medical benefits supports high quality care and allows MCOs to work with different provider types, such as primary care and behavioral health providers, to co-locate or coordinate services.

Social Determinants of Health

Social Determinants of Health (SDOH), also referred to as social drivers of health, are non-medical factors defined as "the conditions in the places where people live, learn, work, and play that affect health and quality of life[viii]" such as employment, housing, food, and education. Health-Related Social Needs (HRSN), a related term, are the social and economic needs that individuals experience that affect their ability to maintain their health and well-being[ix].

Working with their state partners, Medicaid MCOs have been effectively serving complex populations with person-centered care, including services that address SDOH and HRSN, within the parameters of

the Medicaid program for many years and understand how to best meet and coordinate the medical and non-medical needs of Medicaid beneficiaries. SDOH-focused efforts continue to gain momentum today with more Medicaid MCO-state partnerships seeking to maximize opportunities to address non-medical needs of Medicaid beneficiaries. A recent KFF report found that "More than half of MCO states reported requiring MCOs to screen enrollees for behavioral health needs, provide referrals to social services, screen enrollees for social needs, and partner with community-based organizations (CBOs)[x]."

Medicaid MCOs have the flexibility of using "in lieu of" services (ILOS), which are services or settings provided to an enrollee in lieu of services or settings covered under the state plan. ILOS can address unmet health-related social needs that contribute to health disparities, such as housing instability and food insecurity. Medicaid MCOs also provide services beyond what is required in the state Medicaid contract, known as value-added services. Value-added services can help address HRSNs such as assisting with access to technology and meeting transportation needs. In addition to meeting the specific needs of individual Medicaid beneficiaries, Medicaid MCOs invest in the larger community's HRSNs through engagements with community organizations and through investments in community health projects, such as mobile health clinics for areas that are underserved or are facing provider shortages.

Health Equity

Medicaid is a critical source of health care coverage for underserved groups, with more than half of the adults in Medicaid being individuals of color. Healthy People 2030 defines health equity as "the attainment of the highest level of health for all people. Achieving health equity requires valuing everyone equally with focused and ongoing societal efforts to address avoidable inequalities, historical and contemporary injustices, and the elimination of health and health care disparities[xi]."

Medicaid MCOs have long committed to doing their part to advance a more equitable health care system. They utilize data to enhance the deployment of effective, targeted efforts to improve health outcomes and drive programs that enable health equity. Partnering with providers and engaging with communities, Medicaid MCOs ensure network providers deliver culturally competent and linguistically appropriate care through access to free language services and qualified oral interpreters; written translations of key documents and communications; hiring of multilingual staff in call centers; and cultural competency/humility trainings to all providers.

Quality of Care

Medicaid MCOs are subject to robust quality and performance measures to ensure beneficiaries receive the care to which they are entitled, including federal requirements for quality assessment and performance improvement. Medicaid MCOs are also held accountable to their state partners through a federally mandated state monitoring system for all managed care programs and the annual submission of a Managed Care Program Annual Report (MCPAR) to the Centers for Medicare and Medicaid Services (CMS). States that partner with Medicaid MCOs are also required to create a quality strategy and conduct external quality reviews with quality and performance standards incorporated into Medicaid MCO contracts. Other state efforts to monitor and measure performance in Medicaid MCOs include collecting and publishing Healthcare Effectiveness Data and Information Set (HEDIS) measures and Consumer Assessment of Healthcare Providers and Systems (CAHPS) surveys. Additionally, as of Fiscal Year (FY) 2024, Medicaid MCOs must report to states on the core set of health care quality measures for children enrolled in Medicaid and the Children's Health Insurance Program

(CHIP) and the core set of behavioral health measures for adults enrolled in Medicaid. All these requirements are intended to provide enrollees with more transparency and choice.

Accountability

From the procurement process through Medicaid program implementation and administration, Medicaid MCOs are subject to broad and in-depth federal and state oversight throughout the contracting lifecycle. Focusing on the delivery of care and services, quality, program integrity, and financial accountability, Medicaid MCOs work to meet the needs of Medicaid enrollees while ensuring compliance with statutory, regulatory, and contractual obligations. To learn more, please visit our issue brief on Managed Care Oversight.

Financial Predictability & Medicaid Program Sustainability

While nearly three quarters of all Medicaid beneficiaries receive their care through Medicaid MCOs, payments to Medicaid MCOs account for just over half of total national Medicaid spending. Unlike payments under a fee-for-service approach that are based on utilization of services, payments to Medicaid MCOs are for a specific amount per member per month providing states with greater predictability for state budgets under managed care arrangements. Other financial benefits for states contracting with Medicaid MCOs include aligned financial incentives, accountability, and limited financial risk that also contribute to the long-term sustainability of their Medicaid programs.

[i]KFF, State Fact Sheets. Available at: https://www.kff.org/other/state-indicator/total-medicaid-mco-enrollment/?currentTimeframe=0&sortModel=%7B%22colId%22:%22Location%22,%22sort%22:%22asc%22%7D

[ii]CMS website, available at: https://www.medicaid.gov/medicaid/program-information/medicaid-and-chip-enrollment-data/report-highlights/index.html

[iii]HRSA website, available at: https://data.hrsa.gov/topics/health-workforce/shortage-areas

[iv]Berry JG, Hall M, Neff J, Goodman D, Cohen E, Agrawal R, Kuo D, Feudtner. Children With Medical Complexity And Medicaid: Spending And Cost Savings. Health Affairs. 2014; 33(12): 2199-2206

[v]KFF, Issue Brief, Medicaid Arrangements to Coordinate Medicare and Medicaid for Dual-Eligible Individuals (April 2023). Available at: https://www.kff.org/medicaid/issue-brief/medicaid-arrangements-to-coordinate-medicare-and-medicaid-for-dual-eligible-individuals/

[vi] KFF, Issue Brief, Who Uses Medicaid Long-Term Services and Supports? (December 2023). Available at: https://www.kff.org/medicaid/issue-brief/who-uses-medicaid-long-term-services-and-supports/

[vii]KFF, website article, Medicaid Coverage of Behavioral Health Services in 2022: Findings from a Survey of State Medicaid Programs (March 2023). Available at: Medicaid Coverage of Behavioral Health Services in 2022: Findings from a Survey of State Medicaid Programs.

[viii]Office of the Assistant Secretary for Planning and Evaluation, Department of Health and Human Services, Report, April

2022. https://aspe.hhs.gov/sites/default/files/documents/e2b650cd64cf84aae8ff0fae7474af82/SDOH-Evidence-Review.pdf

[ix]U.S. Department of Health and Human Services, Addressing Health-Related Social Needs in Communities Across the Nation (November 2023). Available at: https://aspe.hhs.gov/sites/default/files/documents/3e2f6140d0087435cc6832bf8cf32618/hhs-call-to-action-health-related-social-needs.pdf

[x]KFF, Issue Brief, Medicaid Authorities and Options to Address Social Determinants of Health (January 2024). Available at: https://www.kff.org/medicaid/issue-brief/medicaid-authorities-and-options-to-address-social-determinants-of-health-sdoh/

[xi]Health Equity in Healthy People 2023, https://health.gov/healthypeople/priority-areas/health-equity-healthy-people-2030