Medicaid Managed Care: The Texas Perspective

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Texas Medicaid At A Glance

- Total Estimated Medicaid Enrollment:* 4.07 million
  - Managed Care: 3.7 million (91.8%)
  - Fee-for-Service: 334,812 (8.2%)
- Medicaid Spending (FFY 2015): $37 billion (All Funds)
  - Health Care Services: $27.3 billion (74%)
  - Administration: $1.5 billion (4%)
  - DSH, UC, DSRIP: $8.2 billion (22%)

*As of August 2017

Source: Texas Health and Human Services Commission
Texas Medicaid Managed Care Programs

- **STAR** – provides acute and preventive care to newborns, children, and pregnant women
- **STAR+PLUS** – provides acute care and long term services and supports to adults with disabilities, those 65 and older, nursing facility residents, and dual eligibles
- **STAR Health** - Provides comprehensive and coordinated health services to children in foster care and kinship care through a single managed care organization
- **STAR Kids** – Provides acute care and long term services and supports to children and young adults with disabilities
- **Children’s Medicaid Dental Services** – Provides dental services for children and young adults under 21
- **Dual Demonstration** – Provides Medicare and Medicaid services to certain dual eligible members in six counties
Evolution of Managed Care in Texas

1991 – Legislation directed the state to establish Medicaid managed care pilot programs

1993 – Pilot project known as LoneSTAR in Travis County for acute care services (now called STAR)

1996 – Expanded to additional counties and to include Supplemental Security Income (SSI) and SSI-related clients on a voluntary basis

1997 – STAR expanded further. STAR+PLUS pilot in the Harris service area, integrating acute care and long-term services and supports

1999 – STAR expanded further. Medicaid NorthSTAR behavioral health pilot in the Dallas service area

2007 – STAR+PLUS expanded from Harris to four additional service areas

2008 – Statewide STAR Health model for children in state conservatorship

2011 - STAR and STAR+PLUS expanded to 28 additional counties
Evolution of Managed Care in Texas

2012 – STAR expanded statewide and STAR+PLUS expanded to all areas of the state, except the Medicaid rural service areas (MRSA)

2012 – Children’s dental services fully capitated statewide

2014 - STAR+PLUS expanded to the MRSA, acute care for adults with IDD carved into STAR+PLUS, and BH integration

2015 – Nursing facility services carved into STAR+PLUS and Dual Demonstration implemented

2016 – STAR Kids program implemented for children and young adults with disabilities

2017 – Services for Adoption Assistance/Permanency Care Assistance and Medicaid for Breast and Cervical Cancer beneficiaries carved in to existing programs
Texas MCOs and Service Areas
Financial Considerations

• The managed care model provides Texas with budget certainty due to the capitated per member, per month rate.
• HHSC requires profit sharing via the experience rebate.
• In a 2015 study commissioned by the Texas Association of Health Plans, Milliman estimated that managed care saved Texas $3.8 billion (7.9% of projected costs) from FY 2010 to FY 2015.
• Texas expanded managed care, preserved the hospital safety net, and works toward transforming the health care system via the Uncompensated Care Pool and the Delivery System Reform Incentive Program negotiated as part of the 1115 Transformation Waiver.
• Effective delivery of long term services and supports can impact acute care spending.
Managed Care Impact on Quality and Member Experience

Texas MCOs manage care and impact quality by:

- Focusing on preventive care and service coordination
- Providing a medical home for all members
- Utilizing prior authorization and other utilization management techniques
- Maintaining adequate networks
- Incorporating best practices based on experience in other markets
- Participating in the Pay for Quality Program
- Conducting required Performance Improvement Projects
- Implementing alternative payment models
Working with Stakeholders

Priorities included:

- Stakeholder input on design and implementation
- Education
- Promoting MCO choice
- Adequate provider networks
- Clarifying roles and responsibilities
- Problem resolution
- Continuous feedback
Operational Considerations

- State agency must evolve into a contract monitoring and regulatory entity
- This new role requires:
  - A comprehensive request for proposals and vendor selection process
  - A strong contract with measurable standards, performance metrics, and related penalties and corrective action plans for poor performance
  - A complete readiness review process
  - Staff with contract monitoring training and experience
  - Robust contract monitoring tools (financial, programmatic, and data driven)
  - Adequate technology systems capacity
  - Clear, documented policy guidance for the managed care plans
  - Staff transition plan
  - A detailed plan for regular, ongoing monitoring and communication with MCOs and other stakeholders
  - Regular contract amendments focused on continuous improvement