The Value of Medicaid Managed Care

Improving Care and Reducing Costs for States

Medicaid, the public health insurance program for low-income Americans, is the largest source of health coverage in the nation. In 2014, Medicaid covered nearly 68 million people, roughly 1 in every 5.

How Medicaid Managed Care Organizations (MCOs) Improve Quality

Medicaid MCOs have a proven track record of providing high-quality care to low-income Americans by providing access to:

- **Coordinated Care**: Helps members access the right care, at the right time, in the appropriate setting through coordinated care teams and community partnerships.
- **Preventive Care**: Promotes prevention, wellness and healthy living.
- **Case and Disease Management**: Improves care for recipients with complex health care needs.
- **Social Services**: Helps to remove social barriers to health by linking members to critical services like shelter, clothing, food and transportation.
- **Accountability**: Responsible for meeting strict care delivery metrics and guidelines.

Studies Show Medicaid Managed Care Plans Deliver Cost Savings for States

39 states and D.C. contract with MCOs to provide Medicaid services

Of the 68 million people in Medicaid, 49 million were enrolled in an MCO in 2011.

- *Key Findings on Medicaid Managed Care: Highlights from the Medicaid Managed Care Market Tracker.* The Henry J. Kaiser Family Foundation, Dec. 2014.
**Snapshots: States Improving Quality, Achieving Cost Savings with Managed Care**

**Kentucky:** Since 2011, Kentuckians on Medicaid managed care are more likely to get cancer screenings, physicals and dental checkups. Breast cancer screenings are up 111%; cervical cancer screenings are up 88%; colorectal screenings are up 108%; preventive dental services increased 116%; physical exams increased 187%; and more people got cholesterol screenings, flu shots and diabetes screenings. The state also saved over $1.3 billion in state and federal funds from the inception of managed care through FY2014.5-6

**Missouri:** In 2011, Missouri approved 28 comprehensive community mental health centers (CMHCs), which have improved outcomes and care delivery for Medicaid enrollees. Comparisons of Medicaid expenditures for hospitalizations and emergency room visits before and after the program’s first year showed hospital admissions fell 12.8% (per 1,000) and emergency room use dropped 8.2% (per 1,000), resulting in an overall cost savings of approximately $2.9 million.8

**California:** California’s Medicaid program (Medi-Cal) experienced 7,000 fewer hospitalizations under managed care, resulting in a $66 million reduction in avoidable hospitalization costs compared to costs that would have been incurred under fee-for-service between 1994 and 1999.9

**Pennsylvania:** In one Pennsylvania managed care plan, patients with Type 2 diabetes and obesity who participated in a 12-week health education and awareness program lost an average of 10-15 pounds and improved BMI levels by an average of 3.78%. The total cost of diabetes care among participants fell by 12.1%.7

**Georgia:** Children enrolled in Medicaid managed care were more than twice as likely to get six or more well child visits during the first 15 months of life compared to those in the fee-for-service program. Children ages 12 to 19 in Medicaid managed care were also more likely to visit primary care physicians. Additionally, Georgia saved over $940 million from the inception of managed care in 2006 through FY2013.10-11

**South Carolina:** Adults with diabetes enrolled in Medicaid managed care were more likely to be monitored for diabetes. Sixty-three percent of adults with diabetes in managed care were monitored with a hemoglobin A1C test for blood sugar control compared to 33% of adults in fee-for-service.12

---

7 “Innovations in Medicaid Managed Care: Highlights of Health Plans’ Programs to Improve the Health and Well-Being of Medicaid Beneficiaries.” America’s Health Insurance Plans (AHIP), March 2013.
10 Dubberly, Jerry. Presentation to 2013 Joint Study Committee on Medicaid Reform.
12 “Innovations in Medicaid Managed Care: Highlights of Health Plans’ Programs to Improve the Health and Well-Being of Medicaid Beneficiaries.” America’s Health Insurance Plans (AHIP), March 2013.