



FACT SHEET: Medicaid-Focused Health Plans Continue Growing Amid Overall Decline in Medicaid Managed Care Enrollment

As of June 30, 2007, over 11 million beneficiaries were enrolled in Medicaid-focused health plans (MFHPs) up from 9.8 million the year before. While overall enrollment in Medicaid Managed Care has declined from 65% of all Medicaid enrollees in 2006 to 64% in 2007, MFHPs continued to grow and for the second year in a row now cover half of the total number of Medicaid health plan enrollees in fully-capitated managed care. MFHPs serve managed care enrollees in Medicaid, SCHIP and other public insurance programs for low-income and vulnerable populations, but do not serve commercial health insurance enrollees.¹

Managed care – including both capitated risk arrangements and primary care case management (PCCM) – has become Medicaid’s dominant delivery system, covering 64% of all Medicaid enrollees, according to June 2007 data from the Center for Medicare and Medicaid Services (CMS), and serving over 29 million beneficiaries. In stark contrast, fewer than 3 million beneficiaries were enrolled in Medicaid managed care in 1991.² In 2007, 19 million enrolled individuals were covered by fully-capitated arrangements and 5.8 million were enrolled in Primary Care Case Management. Enrollment in Primary Care Case Management decreased from 6.5 million in 2006 to 5.8 million in 2007, causing an overall decline in Medicaid Managed Care enrollment for the first time ever.

MFHPs, on the other hand, increased enrollments from 9.8 million in 2006 to 11.2 million in 2007 and for the second year in a row cover half of all Medicaid health plan enrollees. Still, **only 16 percent** of all Medicaid spending in 2003 was fully capitated, indicating that high-cost enrollees who could benefit from risk arrangements are often excluded.³

Medicaid-focused health plans are an integral and essential part of the health care system and the Medicaid program, providing health care for low-income populations and financial, operational, and leadership support to critical health programs. Many of these health plans, especially the

¹ This paper uses data from the CMS report *Medicaid Managed Care Penetration Rates and Expansion Enrollment by State*. For calculations related to Medicaid-focused health plans, ACAP included health plans designated by CMS as Medicaid-only MCOs (which provide comprehensive services only to Medicaid beneficiaries, rather than to commercial or Medicare enrollees) and Health Insurance Organizations, or HIOs (HIOs are Medicaid managed care entities which are exempt from some of the rules governing MCOs, and operate primarily in the State of California). This data is available at http://www.cms.hhs.gov/MedicaidDataSourcesGenInfo/05_MdManCrPenRateandExpEnrll.asp.

² CMS Medicaid Managed Care Overview, <http://www.cms.hhs.gov/MedicaidManagCare/>.

³ The Lewin Group, *Medicaid Capitation Expansion's Potential Cost Savings*, April 18, 2006.

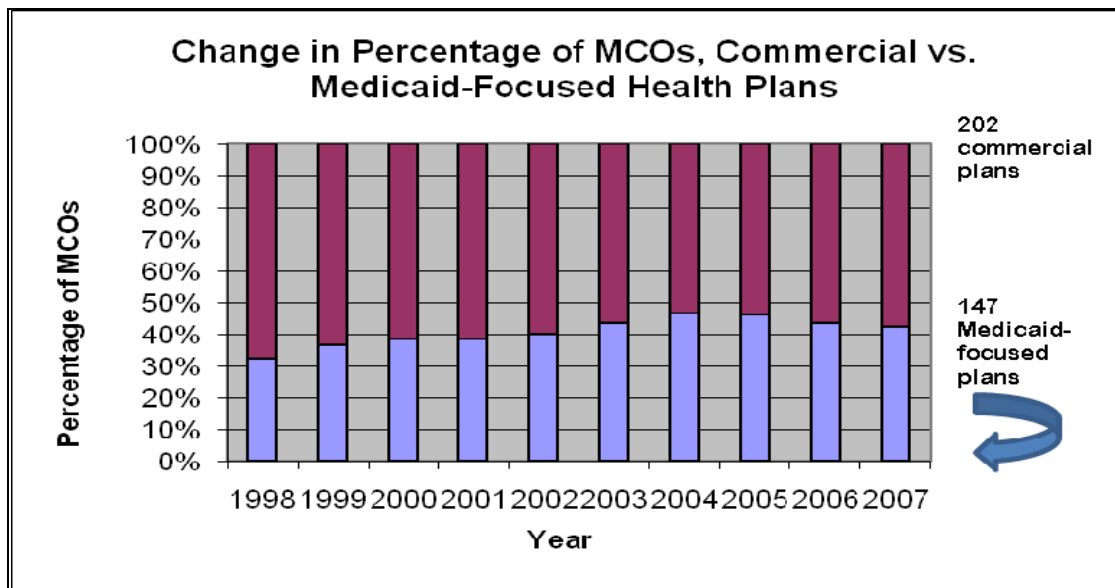


not-for-profit plans, are using their Medicaid expertise to also provide services to state-based programs for the uninsured.

The Association for Community Affiliated Plans (ACAP) is a national trade association representing 40 nonprofit safety net health plans in 23 states. Collectively, ACAP plans serve over 5.6 million lives, over 50% of all individuals enrolled in Medicaid-focused health plans. More than 25% of the individuals enrolled in fully capitated arrangements are covered by ACAP plans.

Number of Medicaid-Focused Health Plans Continue to Grow in the Medicaid Market

Since 1998, the number of MFHPs as a proportion of all Medicaid health plans (including commercial plans) steadily increased, growing from 32 percent to 42 percent. During the same period, the proportion of commercial MCOs serving the Medicaid program dropped from 68 percent to 57 percent.⁴ MFHPs display a consistent dedication to providing services to beneficiaries: although they have grown proportionately, the number of MFHPs serving the Medicaid program over the past decade has remained steady, hovering between 125 and 147 health plans. Commercial plans, on the other hand, have dropped from 283 to 202.

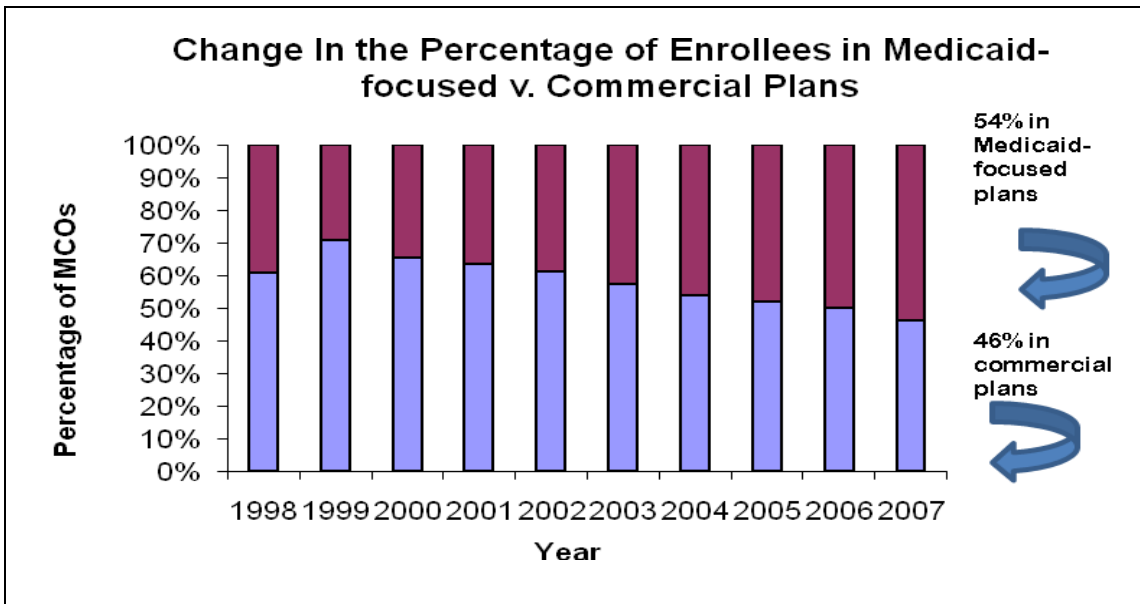


⁴ The drop in the number of commercial plans was due to departures from the Medicaid market by many commercial plans from 1998 to 2004.



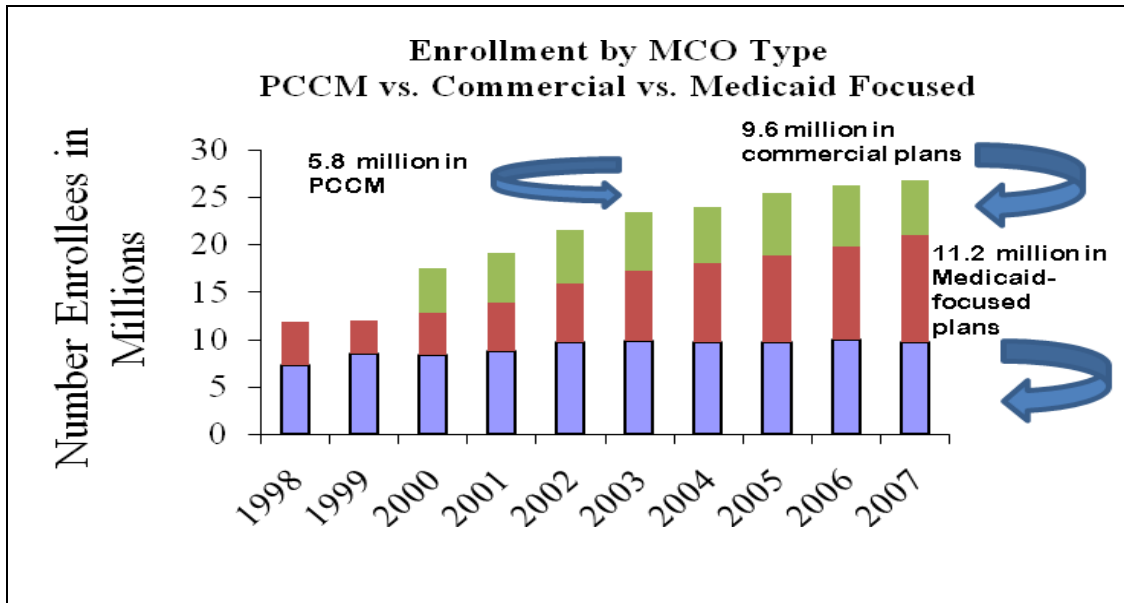
Over 50% of Capitated Enrollees in Medicaid-Focused Health Plans

MFHPs serve Medicaid recipients in 32 of the 50 states, including Puerto Rico and the District of Columbia, that have some managed care. As of 2007, 11.3 million out of the 20.9 million beneficiaries enrolled in capitated Medicaid managed care were covered by MFHPs. Enrollment in MFHPs increased as a percentage of all capitated Medicaid enrollments from 39 percent to 54 percent between 1998 and 2007.



Enrollment in Medicaid-Focused Health Plans Doubles

Serving only 4.6 million enrollees in 1998, MFHPs grew to cover 11.3 million in 2007, more than doubling in size with a 145 percent increase in nine years. In contrast, the number of commercial Medicaid health plan enrollees increased only 35 percent. As a result of this enrollment growth, a substantial portion of the 77 percent rise in overall enrollment for all Medicaid health plans can be attributed to MFHPS.



Conclusion

MFHPs have established a reliable and constant presence in the Medicaid managed care program. Meeting the needs of the growing Medicaid population and the increasing number of enrollees entering managed care programs, MFHPs continue to grow and provide valuable services to Medicaid beneficiaries, establishing their value to the Medicaid program.