

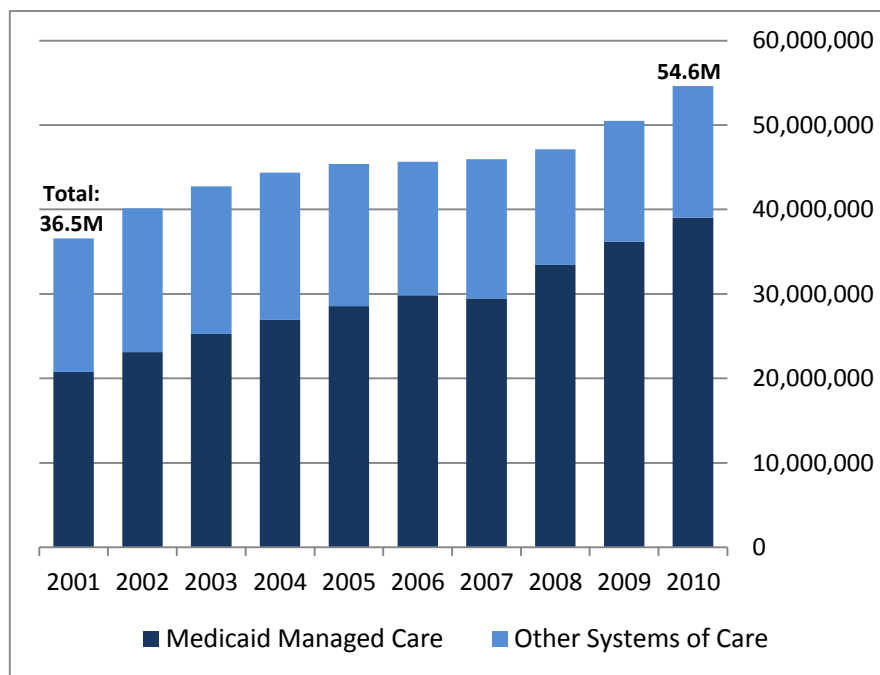


FACT SHEET:

As Medicaid Program Expands, Plans Focused On Serving Medicaid Populations Play an Outsized Role

As the Medicaid program has expanded in scope over the past decade, managed care has become Medicaid’s dominant delivery system. According to data published by the Centers for Medicare and Medicaid Services¹, Medicaid managed care today serves more than 39 million beneficiaries, or 71.4% of all Medicaid enrollees.² This is a steep increase from the fewer than 3 million beneficiaries enrolled in Medicaid managed care in 1991.³

Figure 1.
Enrollment in Medicaid Managed Care and Other Medicaid Systems of Care, 2001-2010
Figures represent enrollment on July 1 of each calendar year.



Source: Centers for Medicare & Medicaid Services, National Summary of Medicaid Managed Care Programs and Enrollment

¹ Centers for Medicare & Medicaid Services. 2010 Medicaid Managed Care Enrollment Report. <https://www.cms.gov/MedicaidDataSourcesGenInfo/downloads/2010Trends.pdf>. Accessed January 24, 2012.

² This includes beneficiaries enrolled in capitated full-risk arrangements, primary care case management (PCCM), program for the all-inclusive care for the elderly (PACE) and other less-comprehensive prepaid plans.

³ Centers for Medicare & Medicaid Services. 2010 Medicaid Managed Care Enrollment Report.

The term “Medicaid managed care” includes services provided to beneficiaries enrolled in capitated full-risk arrangements, Primary Care Case Management (PCCM), the Program of All-Inclusive Care for the Elderly (PACE), and other less-comprehensive prepaid plans such as Prepaid Inpatient Health Plans (PIHP) and Prepaid Ambulatory Health Plans (PAHP). In 2010, 26.6 million Medicaid beneficiaries were covered by fully-capitated arrangements such as managed care organizations (MCOs). More than 8.2 million individuals were enrolled in Primary Care Case Management. PACE, PIHPs and PAHPs covered a defined set of services for additional enrollees.⁴

Of the 26.6 million beneficiaries enrolled in fully-capitated arrangements, more than 15.4 million -- or 57 percent -- were enrolled in “Medicaid-focused” health plans (Figure 2). Such plans primarily serve populations enrolled in the Medicaid and Children’s Health Insurance Program (CHIP) programs.

Figure 2. Enrollment in Medicaid Managed Care, 1998-2010

Year	Commercial Plans	Change	Medicaid-Focused Plans	Change	PCCM	Change
1998	7,247,636	-	4,644,987	-	-	-
1999	8,488,107	17.1%	3,524,049	-24.1%	-	-
2000	8,395,543	-1.1%	4,416,672	25.3%	4,635,409	-
2001	8,845,971	5.4%	5,077,666	15.0%	5,250,624	13.3%
2002	9,734,395	10.0%	6,233,907	22.8%	5,614,541	6.9%
2003	9,920,954	1.9%	7,379,934	18.4%	6,142,646	9.4%
2004	9,680,307	-2.4%	8,354,846	13.2%	5,891,174	-4.1%
2005	9,780,823	1.0%	9,106,944	9.0%	6,559,561	11.3%
2006	9,936,268	1.6%	9,880,465	8.5%	6,467,252	-1.4%
2007	9,677,544	-2.6%	11,278,333	14.1%	5,865,148	-9.3%
2008	9,580,653	-1.0%	12,101,638	7.3%	6,663,598	13.6%
2009	10,284,082	7.3%	13,778,243	13.9%	7,275,241	9.2%
2010	11,198,311	8.9%	15,476,798	12.3%	8,209,436	12.8%

Source: ACAP analysis of CMS Medicaid Managed Care enrollment data, abstracted from *Managed Care Enrollment by Plan*. <https://www.cms.gov/medicaiddatasourcesgeninfo/downloads/ENROLLMENT2010.pdf>. Accessed December 30, 2011. This table does not include the Program for All-Inclusive Care for the Elderly (PACE) or limited-benefit arrangements including prepaid inpatient or ambulatory plans; refer to footnote 4.

Among these Medicaid-focused plans, enrollment growth has averaged 14.5 percent per year since 1999, while enrollment in plans that serve low-income populations in addition to commercial clients has grown at a much slower rate and occasionally decreased over the same time frame. This is because commercial plans have entered, departed, and in some cases re-entered the market. In fact, by 2007, Medicaid-focused plans served more than half of all beneficiaries receiving care through fully-capitated plans.

⁴ Some Medicaid beneficiaries are enrolled in multiple Medicaid managed care arrangements. In 2010, there were 39 million unduplicated Medicaid managed care beneficiaries, but unduplicated enrollment counts by entity are not possible.

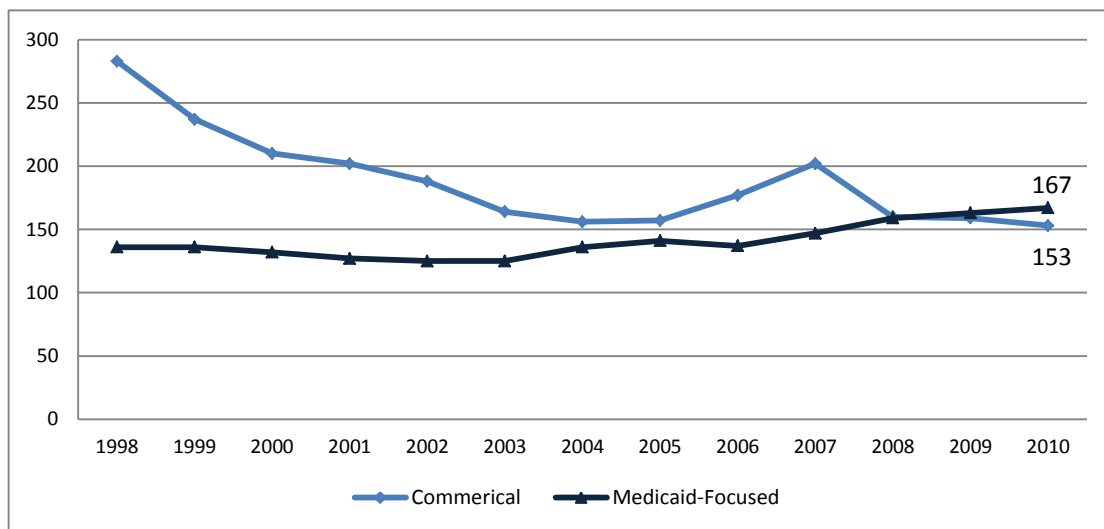
Medicaid-Focused Health Plans Remain a Strong Presence in the Medicaid Market

Medicaid-focused health plans provide critical coverage for low-income populations and financial, operational, and leadership support to critical health programs. Plans dedicated to serving Medicaid members are driven by their mission to provide services tailored to beneficiaries who often have special needs, which makes the delivery of appropriate health care more complex. Many such plans, especially not-for-profit plans, are also using their expertise in serving low-income populations to provide services to state-based programs for the uninsured.

The Association for Community Affiliated Plans (ACAP) is a national trade association representing 57 not-for-profit Safety Net Health Plans⁵ in 26 states including the District of Columbia. Collectively, ACAP plans serve nearly 10 million lives, including more than half of all Medicaid enrollees in Medicaid-focused health plans.

Since 1998, the number of Medicaid-focused plans as a proportion of all Medicaid health plans (including commercial plans) steadily increased, growing from 32 percent to 52 percent. The number of Medicaid-focused plans has grown slowly but steadily from 136 plans in 1998 to 167 plans today. In contrast, the number of commercial plans serving the market has dropped over the same time, from 283 in 1998 to 153 in 2010 – owing in part to departures from the market and in part to industry consolidation (Figure 3).

Figure 3. Number of Managed Care Organizations Serving Medicaid Populations: Medicaid-Focused vs. Commercial, 1998 – 2010



Source: Data from *2010 Medicaid Managed Care Enrollment Report*. Centers for Medicare & Medicaid Services.

2008 marked a turning point: the number of Medicaid-focused plans in the market grew an unprecedented eight percent, while the number of commercial plans posted an eight percent

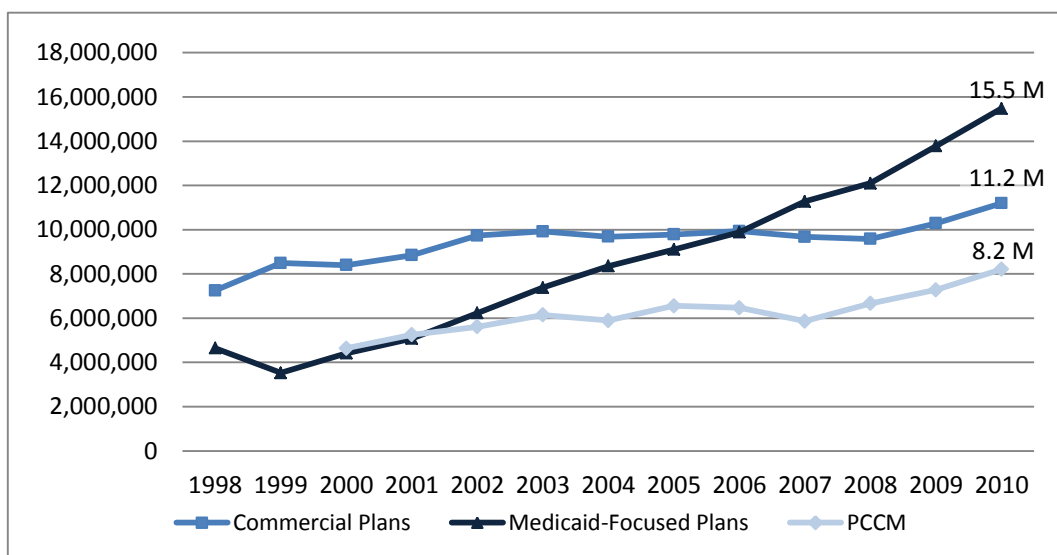
⁵ ACAP defines a “Safety Net Health Plan” as a local, community affiliated not-for-profit health plan that derives 75 percent or more of its gross revenues from government programs that target low-income, elderly or disabled populations. Congress has acknowledged the special nature of many of these plans by exempting them from the health insurance plan excise tax.

decline. For the first time, the numbers of Medicaid-focused and commercial plans in the Medicaid managed care market were roughly equal. By 2010, Medicaid-focused health plans were more numerous than their commercial counterparts, serving Medicaid recipients in 33 states and the District of Columbia.

Enrollment in Medicaid-Focused Health Plans Triples

The number of people enrolled by Medicaid-focused plans has tripled since 1998, growing from 4.6 million to 15.5 million in 2010. Over the same period of time, the number of commercial Medicaid health plan enrollees increased 54 percent (Figure 4).

Figure 4. Enrollment in Managed Care by Managed Care Organization Type, 1998-2010

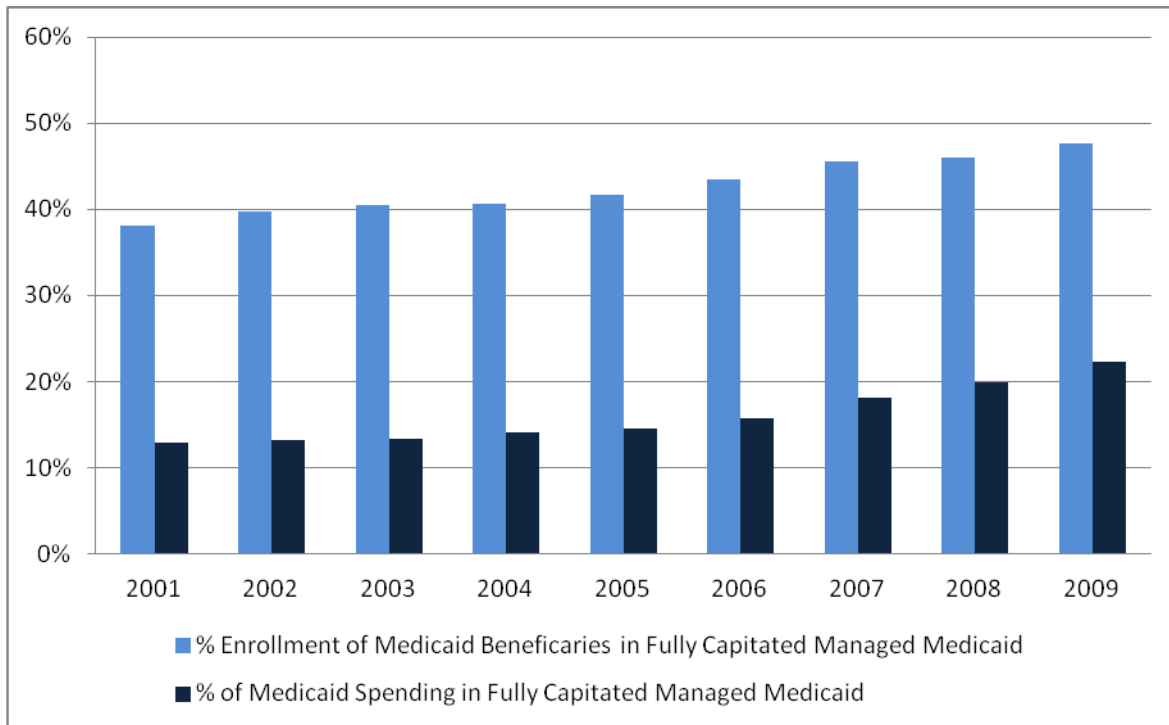


Source: Data from *2010 Medicaid Managed Care Enrollment Report*. Centers for Medicare & Medicaid Services.

Despite this robust growth in enrollment over the past decade, only 22 percent of all Medicaid spending in 2009 was fully capitated (Figure 5). This stems from the frequent exclusion of high-cost enrollees from the care coordination prevalent in plans which operate within risk arrangement environments.⁶

⁶ CMS MSIS Tables: <https://www.cms.gov/MedicaidDataSourcesGenInfo/MSIS/list.asp>

Figure 5. Fully-Capitated Risk Arrangements as a Percentage of Total Medicaid Enrollment and Total Medicaid Spending, 2001-2009



Sources: Spending data from Medicaid Statistical Information System (MSIS) data, 2001-2009, Centers for Medicare & Medicaid Services. Enrollment data from Centers for Medicare & Medicaid Services *2010 Medicaid Managed Care Enrollment Report*.

Many such high-cost enrollees, including those dually eligible for Medicare and Medicaid, could benefit from the care coordination and specialized expertise of Medicaid-focused plans. There are numerous efforts underway at the state and federal level to identify the most effective ways to provide care coordination to such individuals. In January 2012, ACAP issued a white paper that proposes a permanent state plan option where states could contract with managed care plans to provide services to dually eligible beneficiaries.⁷

Conclusion

Medicaid-focused health plans have established a reliable and constant presence in the Medicaid managed care program. As the Affordable Care Act calls for an expansion of Medicaid eligibility in 2014 and states increasingly turn to Medicaid managed care as a strategy to contain costs, Medicaid-focused plans will continue to demonstrate their value through an abiding commitment to serving low-income populations and a track record of scaling their operations to reliably and effectively meet the needs of a growing population.

⁷ Thorpe J., Hayes K. A new state plan option to integrate care and financing for persons dually eligible for Medicare and Medicaid. The George Washington University and Association for Community Affiliated Plans. December 8, 2011. http://communityplans.net/LinkClick.aspx?fileticket=ZYiq1_Vx7U%3d&tabid=66. Accessed January 18, 2012.