

Medicaid Managed Care Weekly

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One Million and Counting...

As of February 1, 2007, 1.1 million Ohio Medicaid consumers are receiving their health care via participating managed care plans. Most of the 1.1 million are within the Covered Families and Children (CFC) group. Increasingly, Medicaid consumers who are elderly or have disabilities are being enrolled in managed care. "This is a huge accomplishment within a very short timeframe," said Jon Barley, Chief of the Ohio Health Plans Bureau of Managed Health Care at an event celebrating the milestone. "Ohio's managed care expansion has been a real team effort relying on managed care plans, health care providers, consumers and families, local and state agencies, our OHP staff, and many other partners."

The expansion of Medicaid managed care began in July 2005 with the enactment of Amended Substitute H.B. 66, Ohio's State Fiscal Year 2006-2007 biennial budget. A major motivation for this change was that managed care has been shown to achieve an initial spending reduction of 3 to 5 percent compared to the traditional fee-for-service model of health care delivery.

Although Medicaid managed care has existed in Ohio since 1978, it has been limited to large metro areas and exclusively focused on the covered families and children population. The statewide expansion includes rural areas such as Appalachia where access to health care is more difficult and for the first time has begun enrolling people who are elderly or have disabling conditions.

Timeframes for the HB 66 mandated expansion were aggressive and the effort was, and continues to be, significant. Expanding Medicaid managed care involved extensive education and training for Medicaid consumers, health care providers and newly selected Medicaid managed care plans. Within a period of 18 months, Ohio Medicaid was required to transfer an additional 800,000 Medicaid consumers from fee-for-service to managed care arrangements. Accomplishing

this task began with two competitive procurement processes – one for the CFC group and a second for the ABD population – to select qualified managed care plans (MCPs). Ohio Medicaid also had to convert from a county-based Medicaid managed care delivery system to one that is divided into multi-county geographic regions, many of which are new to Medicaid managed care. Oversight, assurances, and quality measures had to be developed for MCPs related to their long-term fiscal stability; adequate array and supply of health care providers; case management of consumers with complex medical conditions; and requirements for consumer outreach, enrollment and ongoing access to needed health care services.

The mandate to implement full-risk managed care arrangements also demanded significant up-front planning. "Full-risk" managed care requires participating managed care plans to accept the financial responsibility for all needed health care services for their enrollees in exchange for monthly per-person "capitation" payments from Ohio Medicaid. Therefore, capitation rates had to be developed by the state-contracted actuarial firm. The

actuaries performed complex analyses of historic Medicaid spending and consumer utilization patterns for Ohio's Medicaid populations. Different and separate analyses had to occur for the CFC and the ABD populations because of the differences in their health care needs, utilization patterns, and overall Medicaid costs. Only after this rate setting process was completed were per-member monthly payment rates ready to be measured against the required federal standard of "actuarial soundness" and released to the MCPs.

Despite the challenge of significant work within an aggressive timeframe, Ohio's Medicaid managed care expansion is almost complete for the CFC population and is well underway for the ABD population. All participating Medicaid consumers will be enrolled in managed care arrangements by June 2007 and will benefit from the added-value managed care brings such as a focus on preventive care in a medical home setting, case management, 24/7 nurse hotline, enhanced member services to help navigate a complex health system, and guidance to appropriate health services.



Jon Barley, Chief, Bureau of Managed Health Care