

# The Value of Medicaid Managed Care:

Improving the Quality of Care in Medicaid

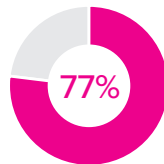


# The Value of Medicaid Managed Care:

## Improving the Quality of Care in Medicaid



Medicaid managed care plans improved their performance on 26 out of 30 (87%) key HEDIS® and CAHPS® quality measures\* between 2014 and 2018. The improvements covered a broad range of measures—from providing comprehensive diabetes care to controlling high blood pressure.



77% of Medicaid managed care enrollees in 2018 were members of NCQA-accredited health plans, up from 71% in 2015. Accreditation by the NCQA signifies a high level of quality.



24 states recognize the value of ongoing quality improvement in their managed care programs by incentivizing Medicaid managed care plans to meet or exceed quality targets. The number indicates the value states place on Medicaid managed care plans and the quality they provide.

**Two-thirds of Americans enrolled in Medicaid are served by Medicaid managed care, a public-private partnership between federal and state governments and managed care plans. Medicaid managed care plans work closely with states to improve care quality.**

Medicaid must work for the people who rely on it – and the hardworking taxpayers who pay for it. Medicaid managed care plans meet and exceed the high standards set by state and federal regulators and deliver real results for the people they serve.

Fee-for-service (FFS) payment models pay health and service providers directly for services they provide to patients. This gives providers an incentive to provide more services, because payment depends on the quantity of care, not the quality. Medicaid FFS settings typically lack systematic efforts to measure, reward and improve the quality of care and services provided to enrollees. In contrast, Medicaid managed care programs pursue quality through a wide-ranging set of initiatives and resource investments.

But how does the quality of care in managed care programs stack up in Medicaid? America's Health Insurance Plans (AHIP) turned to experts at [The Menges Group](#) to conduct in-depth research to help us find out. A well-respected analysis and consulting firm, The Menges Group is committed to evaluating the highest quality and most cost-effective strategies to deliver care to high-risk, high-need populations. The result is a series of research studies AHIP will release throughout 2020.

Their research found that quality performance is up across the board and increasing numbers of Medicaid managed care plans are being accredited by independent organizations for their strong quality performance. And state Medicaid programs are also increasingly offering performance bonuses to Medicaid managed care plans that meet quality of care metrics, rewarding them for the quality of the care they provide.

Medicaid managed care is proof that when the public and private sector work together, Americans get the quality and value they deserve.

# Measuring Quality Improvement for Medicaid Managed Care Plans

Medicaid managed care plans have boosted their quality performance over the last 5 years.

The National Committee for Quality Assurance (NCQA) is an independent organization that measures quality in health care providers and managed care plans. NCQA monitors health plan performance through its HEDIS® (*Healthcare Effectiveness Data Information Set*) and CAHPS® (*Consumer Assessment of Healthcare Providers and Systems*) quality measures. Across all Medicaid managed care plans reporting scores for the 30 combined quality measures, performance improved on 26. **Figure 1** presents industry-wide average Medicaid managed care plan performance trends on 30 key quality measures from 2014 to 2018.

A 5-year analysis of 30 key HEDIS and CAHPS quality measures indicate that Medicaid managed care plan performance is improving on the vast majority of measures.

**Figure 1. Average Medicaid managed care plan Improvement on Key HEDIS Measures, 2014 to 2018**

| Measure Name and Abbreviation                                                                                             | a.<br># Medicaid Managed Care Plans Reporting |      | b.<br># Medicaid Managed Care Plans Reporting Score Each Year | c.<br>Change from 2014 to 2018 |
|---------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------|------|---------------------------------------------------------------|--------------------------------|
|                                                                                                                           | 2014                                          | 2018 |                                                               |                                |
| Weight Assessment / Counseling for Nutrition and Physical Activity for Children/ Adolescents – BMI percentile (Total) WCC | 119                                           | 190  | 84                                                            | ✓✓✓✓                           |
| Appropriate Testing for Children with Pharyngitis CWP                                                                     | 115                                           | 184  | 101                                                           | ✓✓✓✓                           |
| Adult BMI Assessment ABA                                                                                                  | 113                                           | 193  | 85                                                            | ✓✓✓                            |
| Follow Up Care for Children Prescribed ADHD Medication - Continuation & Maintenance Phase ADD                             | 92                                            | 156  | 79                                                            | ✓✓✓                            |
| Avoidance of Antibiotic Treatment in Adults with Acute Bronchitis AAB                                                     | 117                                           | 192  | 105                                                           | ✓✓✓                            |
| Medication Management for People with Asthma: Medication Compliance 75% (Total) MMA                                       | 108                                           | 188  | 98                                                            | ✓✓✓                            |
| Antidepressant Medication Management - Effective Continuation Phase Treatment AMM                                         | 108                                           | 182  | 98                                                            | ✓✓                             |
| Appropriate Treatment for Children with Upper Respiratory Infection URI                                                   | 117                                           | 185  | 103                                                           | ✓✓                             |
| Comprehensive Diabetes Care: Eye Exam CDC-EE                                                                              | 126                                           | 200  | 116                                                           | ✓✓                             |
| Rating of All Health Care (9+10) RHC                                                                                      | 92                                            | 145  | 72                                                            | ✓✓                             |
| Annual Dental Visit (Total) AVD                                                                                           | 42                                            | 97   | 31                                                            | ✓✓                             |
| Rating of Personal Doctor (9+10) RPD                                                                                      | 92                                            | 145  | 72                                                            | ✓✓                             |
| Comprehensive Diabetes Care - HbA1c Control (<8%) CDC-HB                                                                  | 119                                           | 201  | 111                                                           | ✓✓                             |
| Pharmacotherapy Management of COPD Exacerbation - Systemic Corticosteroid PCE-SC                                          | 95                                            | 173  | 86                                                            | ✓✓                             |
| Rating of Health Plan (9+10) RHP                                                                                          | 92                                            | 146  | 72                                                            | ✓✓                             |
| Chlamydia Screening / Women – Total CHL                                                                                   | 121                                           | 190  | 91                                                            | ✓✓                             |
| Getting Needed Care Composite GNC                                                                                         | 96                                            | 141  | 72                                                            | ✓                              |
| Diabetes Screening for People with Schizophrenia or Bipolar Disorder Who Are Using Antipsychotic Medications SSD          | 86                                            | 171  | 73                                                            | ✓                              |

| Measure Name and Abbreviation                                                            | a.<br># Medicaid<br>Managed<br>Care Plans<br>Reporting |      | b.<br># Medicaid<br>Managed Care<br>Plans Reporting<br>Score Each Year | c.<br>Change from<br>2014 to 2018 |
|------------------------------------------------------------------------------------------|--------------------------------------------------------|------|------------------------------------------------------------------------|-----------------------------------|
|                                                                                          | 2014                                                   | 2018 |                                                                        |                                   |
| Rating of Specialist Seen Most often (9+10) ROS                                          | 88                                                     | 125  | 57                                                                     | ✓                                 |
| Getting Care Quickly Composite GCQ                                                       | 96                                                     | 140  | 72                                                                     | ✓                                 |
| Comprehensive Diabetes Care - Blood Pressure Control (<140/90) CDC-BPC                   | 117                                                    | 200  | 108                                                                    | ✓                                 |
| Controlling High Blood Pressure Total CBP                                                | 122                                                    | 201  | 110                                                                    | ✓                                 |
| Prenatal & Postpartum Care - Postpartum Care PPC-Post                                    | 129                                                    | 199  | 97                                                                     | ✓                                 |
| Pharmacotherapy Management of COPD Exacerbation – Bronchodilator PCE-B                   | 95                                                     | 173  | 86                                                                     | ✓                                 |
| Medical Assistance with Smoking and Tobacco Use Cessation - Advising Smokers to Quit MSC | 96                                                     | 130  | 75                                                                     | ✓                                 |
| Adherence to Antipsychotic Drugs for Individuals with Schizophrenia SAA                  | 73                                                     | 152  | 62                                                                     | ✓                                 |
| Childhood Immunization Status CIS                                                        | 110                                                    | 187  | 78                                                                     | --                                |
| Asthma Medication Ratio (Total) AMR                                                      | 102                                                    | 196  | 97                                                                     | --                                |
| Prenatal & Postpartum Care - Timeliness of Prenatal Care PPC-Pre                         | 129                                                    | 199  | 97                                                                     | --                                |
| Use of Imaging Studies for Low Back Pain LBP                                             | 124                                                    | 195  | 111                                                                    | --                                |

Key to improvement range: ✓ up to 2%; ✓✓ 2 to 5%; ✓✓✓ 5 to 10%; ✓✓✓✓ greater than 10%

Source: Menges Group tabulations of NCQA Medicaid *Quality Compass* data files.

Column headings: a. Number of Medicaid Managed Care Plans Reporting a Score b. Number of Medicaid Managed Care Plans Reporting a Score Each Year in 2014-2018 Timeframe c. Change From 2014 to 2018. “2014” represents NCQA measurement year (MY) 2014-2015; “2018” means MY 2018-2019.

Out of the 43 measures, the 30 measures displayed in Figure 1 have been in continuous use through the five measurement periods from 2014-2015 through 2018-2019. The data show that **Medicaid managed care plans reporting a given measure’s score in each of the 5 years demonstrated improvement in 87% of the 30 measures.**

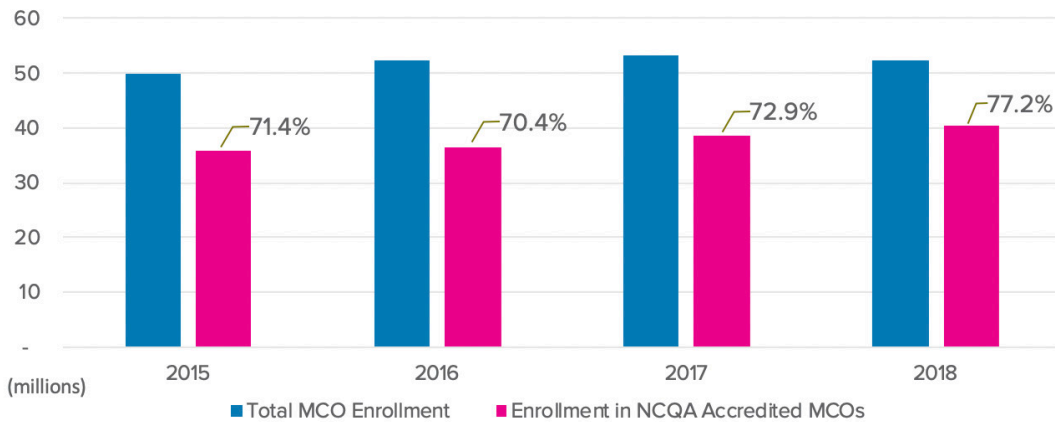
NCQA also uses its HEDIS and CAHPS data in annual ratings of health plans, including Medicaid MCOs. Scored on a 0-5 scale to the nearest half-point (e.g., 3.5), these published ratings help Medicaid managed care plans prioritize investments, resources, and improvements in quality programs. Medicaid managed care plans work diligently to improve their raw scores on the HEDIS/CAHPS measures to maintain their NCQA ratings from year to year.

## Health Plan Accreditation

Health plans that receive accreditation through organizations such as NCQA, the Utilization Review Accreditation Commission (URAC), or the Accreditation Association for Ambulatory Health Care (AAAHC) must demonstrate they have evidence-based programs for quality improvement and measurement. Medicaid managed care plans are increasingly becoming accredited, whether voluntarily or to meet state Medicaid agencies requirements. **Figure 2** shows that in 2018, more than three-quarters of Medicaid managed care plan enrollees (77.2%) were members of NCQA-accredited health plans, up from 71.4% in 2015.

The quality analyses demonstrate that Medicaid managed care plans are increasingly obtaining certification, with the great majority of Medicaid managed care plan members enrolled in accredited health plans as of September 2018.

**Figure 2. Percentage of Medicaid Managed Care Plan Enrollment in NCQA-Accredited Plans**



**Source:** Kaiser Family Foundation website (<https://www.kff.org/health-reform/state-indicator/total-monthly-medicaid-and-chip-enrollment>), supplemented with data obtained directly by The Menges Group. Based on enrollment as of September of each year.

## Quality Measurement

Medicaid managed care plans are committed to investing in quality measurement and improvement – both in terms of personnel and information technology (IT) resources. Medicaid managed care plans typically staff a department focused on measuring quality, as well as developing and implementing annual quality improvement plans.

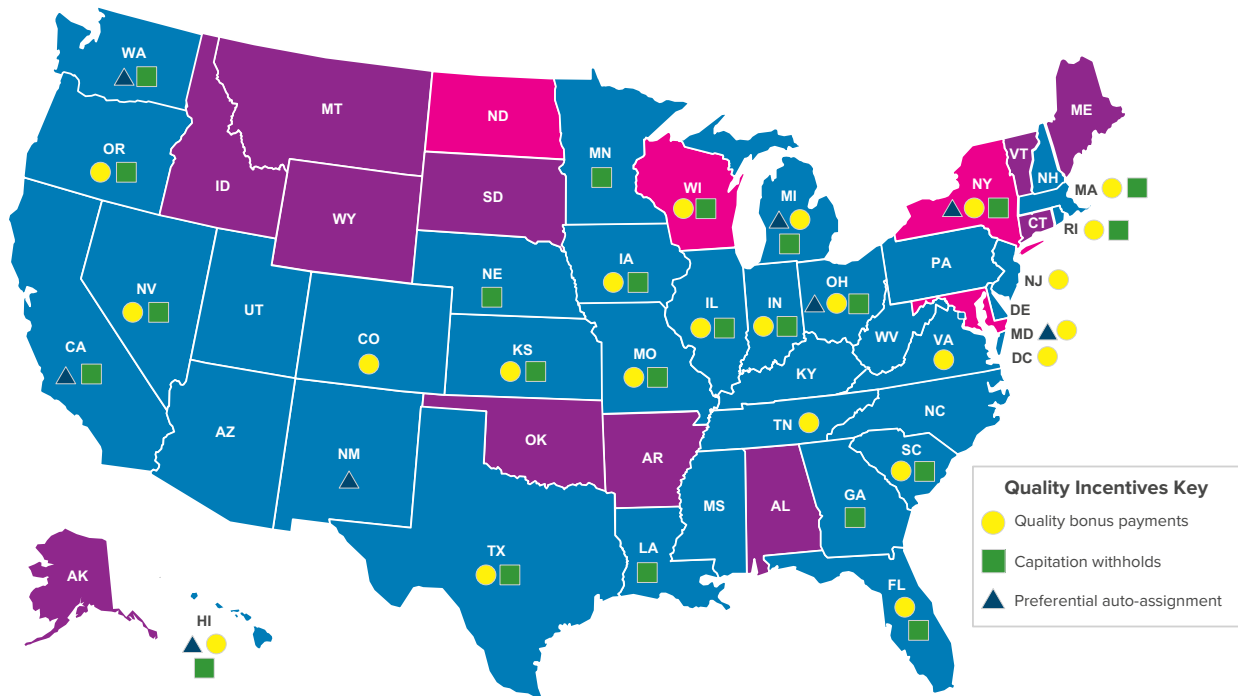
Medicaid managed care plans need strong IT resources to support their quality improvement programs, identify potential quality gaps and guide and track the efforts to address them. Quality measurement and improvement activities tend to cut across an entire health plan – as well as through the Medicaid managed care plans’ relationships with its network providers. Medicaid managed care plan provider relations staff, for example, communicate quality performance data to network providers and support their efforts to maintain and improve the quality of their care.

## Quality-Related Financial Incentives

Financial incentives tied to quality performance are increasingly common in Medicaid managed care. Some states offer quality-based incentives to Medicaid managed care plans that meet quality-of-care targets, and Medicaid managed care plans themselves are using such incentives in contracting with providers. Three of the financial quality incentives most commonly used by states are quality-related bonus payments, quality withholds, and preferential auto-assignment of enrollment. **Figure 3** shows states currently using these methods to reward quality in their Medicaid managed care programs.<sup>1</sup>

<sup>1</sup> Source: Medicaid Managed Care Quality Initiatives, Kaiser Family Foundation, SFY2018 <https://www.kff.org/medicaid/state-indicator/medicaid-managed-care-quality-initiatives/?currentTimeframe=0&sortModel=%7B%22colId%22:%22Location%22,%22sort%22:%22asc%22%7D>

**Figure 3. States Using Quality-Related Financial Incentives in Medicaid Managed Care**



**Quality bonus payments to Medicaid managed care plans based on performance against quality metrics.** States perform an annual assessment of each Medicaid managed care plan’s performance based on quality metrics negotiated from the prior year. If the Medicaid managed care plan’s performance meets the quality targets, the state pays a bonus. Washington, D.C., and the following states currently use this quality incentive:

- Colorado
- Florida
- Hawaii
- Illinois
- Indiana
- Iowa
- Kansas
- Maryland
- Massachusetts
- Michigan
- Missouri
- Nevada
- New Jersey
- New York
- Ohio
- Oregon
- Pennsylvania
- Rhode Island
- South Carolina
- Tennessee
- Texas
- Virginia
- Wisconsin

**Capitation withhold with payback contingent on quality performance.** In this model, the state retains or “withholds” a small portion (e.g., 1 to 2%) of the Medicaid managed care plan’s capitation payment. Then each year, similar to the “bonus” payment method, the state compares a Medicaid managed care plan’s performance against a set of quality metrics negotiated from the prior year. If the Medicaid managed care plan met some or all of the performance targets, the state pays the Medicaid managed care plan some or all of the withheld amount. Washington, D.C., and the following states currently use this quality incentive:

- California
- Florida
- Georgia
- Hawaii
- Illinois
- Indiana
- Iowa
- Kansas
- Louisiana
- Massachusetts
- Michigan
- Minnesota
- Missouri
- Nebraska
- Nevada
- Ohio
- Oregon
- Rhode Island
- South Carolina
- Tennessee
- Texas
- Virginia
- Washington
- Wisconsin

**Preferential auto-assignment of members.** When people enroll in Medicaid, they are asked to select a health plan. Those who do not choose one are “auto-assigned” or automatically enrolled into a plan. In preferential auto-assignment, the state assigns a higher proportion of Medicaid enrollees into Medicaid managed care plans with stronger performance on selected quality metrics. States currently using this quality method include:

- California
- Hawaii
- Maryland
- Michigan
- New Mexico
- New York
- Ohio
- Washington

Medicaid managed care plans are increasingly using quality-based financial incentives as well. It is becoming more and more common for quality performance metrics to be included in Medicaid managed care plans' contracted payment arrangements with primary and specialty care doctors and hospitals, and these arrangements are increasingly being extended to other health care providers.

## **Medicaid Managed Care Promotes High Quality Care**

Medicaid managed care plans are improving the quality of care for Medicaid enrollees every day. States are increasingly relying on Medicaid managed care plans to provide quality management programs that improve health outcomes.

Through a combination of ongoing work by dedicated and experienced staff, close relationships with doctors and other providers, and significant investments to track quality performance, Medicaid managed care plans are improving their quality of care across the board.

Medicaid managed care plans are responsible stewards of taxpayer dollars. They perform a significant range of provider network, care management, and administrative functions for states, demonstrating how efficiently and effectively they serve hardworking taxpayers.

By working together with the public sector, Medicaid managed care plans are delivering to Medicaid enrollees the high-quality care and coverage they deserve, leading to better outcomes and improved quality of life.