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**NEW REPORT DETAILS SAVINGS AFFORDED MEDICAID PROGRAMS
THROUGH MANAGED CARE**

Highlights Further Areas for Potential Savings Through Capitation

WASHINGTON – The Association for Community Affiliated Plans (ACAP) today released a new report that examined projected savings of capitation in the Medicaid program. The report, authored by The Menges Group, pegged overall savings to Medicaid programs owing to capitation at \$2.1 billion in 2011, and projected that these savings would increase to \$6.4 billion in calendar year 2016. Much of these savings could be attributed to an increasing prevalence of contracting with Medicaid managed care organizations among states in the intervening years, as well as an overall increase in the number of lives covered by Medicaid owing to its expansion under the provisions of the Affordable Care Act.

“This report details how a thoughtfully-implemented managed care program can make the most of limited taxpayer dollars,” said ACAP CEO Margaret A. Murray. “At the same time, many states could expand managed care to include additional populations and services and could benefit from doing so – not just from the perspective of the bottom line, but also because Medicaid managed care offers a suite of tools to help states measure and improve the quality of care delivered.”

The report notes that Medicaid spending will total just over half a trillion dollars in 2016; roughly 44 percent of those expenditures will be paid out via capitation. It estimates that if all Medicaid fee-for-service costs were to be moved to a capitated model beginning in 2016, more than \$50 billion in additional savings could be realized over the ten-year period from 2016-2025. About \$29 billion in savings would be realized by the Federal government; states would capture the remaining \$21 billion.

“Given the accelerating pace of change in Medicaid programs around the country, the question of savings through capitation in Medicaid managed care has become far more urgent,” said Joel Menges, Chief Executive Officer, The Menges Group. “There are state-specific dynamics that need to be taken into account when considering a transition to Medicaid managed care. But the data here suggest that states dismissing such a transition out of hand may be leaving taxpayer dollars on the table, and managed care might be worth a second look.”

The report, *Projected Savings of Medicaid Capitated Care*, features national and state-by-state estimates of the benefits of capitation. It is available in full at www.communityplans.net.

About ACAP

ACAP represents 60 nonprofit Safety Net Health Plans in 24 states, which collectively serve more than fifteen million people enrolled in Medicaid, Medicare, the Children’s Health Insurance Program (CHIP), and other health programs. For more information, visit www.communityplans.net.

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