

Assessment of Kentucky's Medicaid Managed Care Program Impacts

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The Menges Group

Strategic Health Policy & Care Coordination Consulting

Project Overview

- The Kentucky Association of Health Plans (KAHP) enlisted The Menges Group to prepare a report to assess the value of the Commonwealth's Medicaid managed care program. Through this program, Kentucky's Department of Medicaid Services (DMS) contracts with six managed care organizations (MCOs) to coordinate health care services for the Commonwealth's Medicaid population.
- Our full report is available at: <https://www.themengesgroup.com/Assessment-of-Kentucky%E2%80%99s-Medicaid-Managed-Care-Program-Impacts.html#.YY2E-mDMKU1>
- The ensuing slides summarize the report's findings. Our overall finding is that the capitated managed care program is delivering strong value to the Medicaid program both in terms of financial savings and quality improvements.
 - The report quantifies the health plans' collective performance in these areas. These achievements are attributable to the MCOs' efforts and expertise, to the rigorous contract requirements DMS has in place which the MCOs must adhere to, as well as to a competitive procurement process that pushes the MCOs to offer innovative features (above the DMS requirements) in order to earn a contract.

Key Findings

- Based on cost trends in Kentucky relative to other states from 2000-2019, Kentucky's Medicaid expenditures in 2019 were **15% to 20% lower** than would have occurred had Kentucky relied predominantly on the FFS coverage model. These percentages equate to FFY2019 **overall Medicaid savings of \$1.2 billion to \$1.7 billion in Kentucky, and to savings of \$219 to \$310 million in Kentucky's share of its Medicaid costs.**
- Several important quality and access to care achievements have occurred under Kentucky's Medicaid managed care program.
 - All Kentucky Medicaid managed care organizations (MCOs) secure NCQA accreditation. Kentucky MCOs' overall quality scores have been closely in line with nationwide Medicaid MCO averages despite Kentucky's population having more challenging social determinants of health (SDOH) barriers to overcome.
 - From 2016-2019, across 21 core Kentucky quality and access measures, the Kentucky Medicaid MCOs' composite quality scores **improved by an average of 3.27 points.** This improvement translates to tens of thousands of additional Medicaid enrollees accessing indicated services.
 - During 2019, Kentucky's Medicaid program had **55 MAT prescriptions for every 100 opioid prescriptions, far above the nationwide ratio** of 35 MAT prescriptions per 100 opioid prescriptions.
 - Kentucky's adult population has accessed COVID-19 vaccinations to a much greater degree than in most of its neighboring states.

The Remaining Slides are Grouped into Four Sections

1. Cost Impacts of Kentucky's Medicaid Managed Care Program
2. Quality and Access to Care Impacts of Kentucky's Medicaid Managed Care Program
3. Kentucky's Contract Requirements for Medicaid MCOs
4. Competitive Procurement Dynamics

1) Cost Impacts

- Kentucky's Medicaid managed care program has significantly reduced Medicaid program expenditures.
- During the 2000-2019 timeframe, the percentage of Kentucky Medicaid expenditures paid via capitation **increased dramatically from 15.0% to 65.3%**. A similar increase in the use of capitation contracting occurred nationally during this timeframe, rising from 13.5% in 2000 to 49.9% in 2019.
- As shown on the following slide, Kentucky's Medicaid costs (excluding Medicaid expansion expenditures) **more than doubled, increasing by 138%**, or by an **average of 6.6% annually** between 2000 and 2019.
 - This increase was slightly lower than the corresponding nationwide Medicaid cost progression of 140%.

1) Cost Impacts (continued)

- A **158% increase** occurred across the four largest states relying on the Medicaid FFS model. This suggests Kentucky’s FFY2019 Medicaid costs were **20% lower** than would have occurred if the Medicaid MCO model had not been used (and embraced on a large scale) in Kentucky.
- The rate of increase across the four southeastern states making extensive use of the MCO contracting model was 143% from 2000–2019. This cost trend as of 2019 was **15 percentage points below** the group of the four largest states that did not use this model.
 - Both comparisons suggest that Medicaid managed care has favorably “bent the trend” by nearly one percentage point per year from 2000–2019.

Trends in Medicaid Expenditures, 2000-2019

| Statistical Measure | Kentucky | USA (50 States + DC) | 4 Largest States Predominantly Using FFS Model Throughout 2000-2019 (Alabama, Arkansas, North Carolina, & Oklahoma) | 4 Southeastern States of Similar Size Extensively Using MCO Model as of 2019 (Kentucky, Louisiana, Mississippi, and Tennessee) |
|--|----------|----------------------|---|--|
| Aggregate Percent Increase in Medicaid Expenditures From 2000-2019 (2019 figures exclude Medicaid expansion costs for states adopting expansion) | 138% | 140% | 158% | 143% |
| Percentage of Medicaid Expenditures Paid Via Capitation, 2000 | 15.0% | 13.5% | 1.7% | 22.2% |
| Percentage of Medicaid Expenditures Paid Via Capitation, 2019 | 65.3% | 49.9% | 12.9% | 60.4% |

1) Cost Impacts (continued)

- Kentucky’s Medicaid managed care program has resulted in 2019 Medicaid costs (excluding Medicaid expansion expenditures) being **15% to 20% lower** than the FFS coverage model.
 - The FFY2019 total dollar savings range from approximately **\$1.1 billion to \$1.7 billion overall**, and from **\$219 million to \$310 million in Kentucky’s share of its Medicaid costs**.
- The state share of the savings primarily occurs for the non-expansion population, where the Commonwealth paid for approximately 28.25% of Medicaid costs during FFY2019.
- Considerable Commonwealth savings of **\$36 million to \$51 million** occurred through serving the Medicaid expansion population via the MCO capitation contracting model – even though the state share of the expansion population’s overall Medicaid costs during FFY2019 was only 6.83%.
- Kentucky’s large-scale savings in the Medicaid managed care program have occurred with the capitation program representing roughly two-thirds of overall Medicaid expenditures.
 - Additional savings may be achievable by enlisting Medicaid MCO management of much of Kentucky’s remaining FFS expenditures. For example, a 15% savings on remaining fee-for-service Medicaid expenditures would have **lowered total FFY2019 Medicaid spending by \$530 million** and yielded **Commonwealth (state fund) savings of \$150 million**.

FFY2019 Savings Attributable to Kentucky’s Medicaid MCO Contracting

| | 15% Savings | 20% Savings |
|--|------------------------|------------------------|
| Total Medicaid Savings, FFY2019 | | |
| Non-Expansion Population | \$648,224,033 | \$918,317,380 |
| Expansion Population | \$527,532,233 | \$747,337,330 |
| Total | \$1,175,756,266 | \$1,665,654,710 |
| State Medicaid Savings, FFY2019 | | |
| Non-Expansion Population | \$183,107,265 | \$259,401,959 |
| Expansion Population | \$36,052,735 | \$51,074,708 |
| Total | \$219,160,000 | \$310,476,667 |
| Federal Medicaid Savings, FFY2019 | | |
| Non-Expansion Population | \$465,116,767 | \$658,915,421 |
| Expansion Population | \$491,479,498 | \$696,262,623 |
| Total | \$956,596,266 | \$1,355,178,043 |

2) Quality and Access to Care Impacts

- NCQA Accreditation

- All of Kentucky's Medicaid MCOs operating during the years assessed are accredited by NCQA for their Medicaid operations. Nationwide, approximately 60% of Medicaid MCOs are currently NCQA-accredited.

- Overall NCQA Quality Ratings for Medicaid MCOs

- During NCQA's most recent rating year (2019-2020), the Kentucky Medicaid MCOs averaged a score of 3.30.
- This figure closely aligns with the nationwide average for Medicaid MCOs in that rating period (3.42), even though Kentucky has far more significant social determinants of health (SDOH) barriers to overcome in achieving access than exist "on average" in the country. For example, Kentucky is the sixth lowest state for overall health (per America's Health Rankings, 2018). The Commonwealth also has the fifth highest percentage of the population that is obese, and the nation's second highest percentage of residents who smoke tobacco. Working against this baseline, Kentucky's Medicaid MCOs' delivery of "average" quality scores on a national scale is a strong accomplishment.

- Progression of Quality Scores on Key HEDIS Measures

- From 2016-2019, the Kentucky Medicaid MCOs' quality score **improved by an average of 3.27 points** across the 21 core Kentucky measures. These scores also **improved by an average of 3.03 points** across all 24 key measures, as shown on following slide.
- Among the 21 core Kentucky measures, the MCOs' average score **improved** from 2016-2019 on **16 measures (76%)**. Across all 24 key measures, the MCOs' average score **improved** from 2016-2019 on **18 measures (75%)**.

Progression of Average Kentucky Medicaid MCO Quality Scores on Key HEDIS Measures, 2016-2019

| HEDIS MEASURE | Abbreviation | 2016 Average Score, Kentucky Medicaid MCOs | 2019 Average Score, Kentucky Medicaid MCOs | Increase or Decrease in Average Score |
|--|----------------------|--|--|---------------------------------------|
| Weight Assessment and Counseling for Nutrition and Physical Activity for Children/Adolescents - BMI percentile (Total) | WCC | 62.25 | 79.32 | 17.07 |
| Prenatal and Postpartum Care - Postpartum Care | PPC - Post | 59.30 | 68.25 | 8.95 |
| Childhood Immunization Status - Combo 10 | CIS Combo 10 | 22.06 | 30.56 | 8.50 |
| Adult BMI Assessment | ABA | 83.91 | 91.43 | 7.52 |
| Well-Child Visits in the first 15 Months of Life (6 or more visits) | W15 - 6+ Visits | 59.59 | 66.89 | 7.30 |
| Controlling High Blood Pressure - Total | CBP | 51.51 | 57.57 | 6.06 |
| Comprehensive Diabetes Care - Eye Exam | CDC - Eye Exam | 44.42 | 50.46 | 6.04 |
| Comprehensive Diabetes Care - Blood Pressure Control (<140/90) | CDC - Blood Pressure | 55.62 | 60.42 | 4.81 |
| Use of Imaging Studies for Low Back Pain | LBP | 60.90 | 65.17 | 4.27 |
| Appropriate Testing for Pharyngitis (Total) | CWP | 54.62 | 57.96 | 3.34 |
| Well-Child Visits in the 3rd, 4th, 5th, and 6th Years of Life | W34 | 63.40 | 66.36 | 2.96 |
| Prenatal and Postpartum Care - Timeliness of Prenatal Care | PPC - Pre | 81.66 | 84.24 | 2.58 |
| Medication Management for People With Asthma - Medication Compliance 75% (Total) | MMA | 41.31 | 43.87 | 2.56 |
| Annual Dental Visit (Total) | ADV | 54.96 | 57.37 | 2.41 |
| Well-Child Visits in the first 15 Months of Life (0 visits), low score is desired | W15 - 0 Visits | 2.01 | 1.37 | 0.64 |
| Pharmacotherapy Management of COPD Exacerbation - Systemic Corticosteroid | PCE - SC | 68.85 | 69.45 | 0.60 |
| Comprehensive Diabetes Care - HbA1c Control (<8%) | CDC - HbA1c | 45.41 | 45.15 | -0.27 |
| Pharmacotherapy Management of COPD Exacerbation - Bronchodilator | PCE - B | 81.28 | 78.20 | -3.08 |
| Antidepressant Medication Management - Effective Continuation Phase Treatment | AMM | 38.87 | 34.97 | -3.90 |
| Follow Up Care for Children Prescribed ADHD Medication - Continuation & Maintenance Phase | ADD | 66.34 | 62.28 | -4.06 |
| Spirometry - COPD | SPR | 34.88 | 29.28 | -5.60 |
| Diabetes Screening for People With Schizophrenia or Bipolar Disorder Who Are Using Antipsychotic Medications | SSD | 81.37 | 84.54 | 3.17 |
| Asthma Medication Ratio | AMR | 64.60 | 65.51 | 0.92 |
| Adherence to Antipsychotic Medications for Individuals With Schizophrenia | SAA | 58.61 | 58.44 | -0.17 |
| AVERAGE, ALL 24 MEASURES WHERE DATA WERE AVAILABLE | | | | 3.03 |
| AVERAGE, ALL 21 KENTUCKY CORE MEASURES WHERE DATA WERE AVAILABLE | | | | 3.27 |

- These data demonstrate both the degree to which Kentucky closely tracks quality performance, and the degree to which Kentucky’s Medicaid MCOs are collectively “moving the needle” favorably in terms of achieving steadily improved quality.
- While these percentage point improvements may appear modest, these are important achievements. A 3% increase in these average scores translates to tens of thousands of additional Kentucky Medicaid enrollees accessing preventive services and indicated treatments for their health conditions in 2019 relative to 2016.

2) Quality and Access to Care Impacts (continued)

- Opioid and MAT Usage Progression

- It is widely recognized that Kentucky has been hard-hit by the opioid epidemic. Kentucky's share of nationwide Medicaid opioid prescriptions **doubled from 2012-2019, from 2.4% to 4.8%**. These percentages, particularly the 2019 figure, are above Kentucky's share of overall Medicaid prescription volume.
- As a component of the Medicaid MCOs' efforts to counter this epidemic, Kentucky is a national leader in providing its Medicaid population with access to MAT.
- Kentucky's share of nationwide MAT prescriptions, 7.6% in 2019, is far above Kentucky's share of all Medicaid prescriptions and its share of all opioid Medicaid prescriptions.
- While the ratio of MAT prescriptions as a percentage of opioid Medicaid prescriptions has improved (with relatively more MAT prescriptions occurring) nationally and in Kentucky every year from 2012-2019, Kentucky's ratio is far above the nationwide figure each year.

Kentucky's Share of Nationwide Medicaid Prescriptions

| | 2012 | 2019 |
|-------------------|-------|-------|
| All Prescriptions | 2.24% | 3.25% |
| Opioids | 2.39% | 4.79% |
| MAT | 3.51% | 7.55% |

Annual MAT Medicaid Prescription Volume as Percentage of Opioid Medicaid Prescription Volume, 2012 - 2019

| Geographic Area | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|-----------------|------|-------|-------|-------|-------|-------|-------|-------|
| Kentucky | 8.6% | 17.0% | 23.3% | 24.3% | 22.1% | 35.9% | 45.4% | 54.6% |
| USA | 5.9% | 6.7% | 7.5% | 8.9% | 11.8% | 16.4% | 24.9% | 34.6% |

2) Quality and Access to Care Impacts (continued)

- COVID-19 Vaccinations

- Available vaccination data demonstrate that Kentucky is faring quite well in achieving protection against COVID. As of November 12, 2021, Kentucky ranks 37th among all states regarding the percentage of its population that has been at least partially vaccinated. **This percentage is higher than five of the seven states contiguous to Kentucky, with the only two neighboring states having higher vaccination rates (Illinois and Virginia).**
- The below figure compares vaccination percentages as of November 12 in four non-senior adult age cohorts between Kentucky and selected neighboring states. **In almost every instance, Kentucky’s vaccination percentage is above the neighboring state’s figure.**
- These relatively successful vaccination rates in Kentucky appear to be partially attributable to the large degree to which Kentucky’s overall population is enrolled in Medicaid (Kentucky ranks fourth in the nation), coupled with the large degree to which its Medicaid population is served via MCOs that systematically track and facilitate access to care.
 - Kentucky’s Medicaid population is much more extensively enrolled in MCOs than in Indiana and West Virginia. Kentucky also has a significantly larger proportion of its population enrolled in Medicaid (35%) than Ohio (26%) and Tennessee (23%).

| First Vaccination Dose Administered by State by Age | | | | | |
|---|--|--|--|---|--|
| Age Bracket | Kentucky <i>9% Medicaid Population in FFS/other</i> | West Virginia <i>23% Medicaid Population in FFS/other</i> | Indiana <i>22% Medicaid Population in FFS/other</i> | Tennessee <i>0% Medicaid Population in FFS/other</i> | Ohio <i>6% Medicaid Population in FFS/other</i> |
| 18-24 | 49% | 50% (16-20) & 51% (21-25) | 47% (20-24) | 46% (21-30) | 51% (20-29) |
| 25-39 | 57% | 47% (26-30) & 55% (31-40) | 50% | 55% (31-40) | 58% (30-39) |
| 40-49 | 66% | 61% (41-50) | 59% | 61% (41-50) | 63% (40-49) |
| 50-64 | 76% | 69% (51-60) | 70% | 67% (51-60) | 73% |

3) Contract Requirements for Kentucky's Medicaid MCOs

- Kentucky's Department for Medicaid Services (DMS) has established a detailed and rigorous set of contract requirements for any organization that will serve as a Medicaid MCO in the Commonwealth.
 - The DMS requirements for MCOs regarding serving enrollees with special needs are particularly stringent, including the separate contract for the MCO serving children in foster care (named the Kentucky SKY Program).
- The volume and rigor of the contract requirements, including the program oversight requirements, position Kentucky and DMS to partner only with Medicaid MCOs that are exceptionally qualified to deliver comprehensive care coordination services tailored to the Commonwealth's Medicaid population.

4) Competitive Procurement Dynamics

- Kentucky's MCOs are selected through a competitive procurement process.
- Kentucky's competitive procurement for MCO contracts pushes health plans to “one-up” one another with the level of their programmatic commitments and innovative features in the effort to be one of the selected Medicaid MCO program participants. Through its procurement process throughout the past decade, DMS has been successful in attracting a large set of highly qualified applicants, leveraging its Request for Proposal (RFP) process to contract with the highest-qualified MCOs.
- DMS has been strategic in framing its RFP questions to motivate MCOs to compete and innovate in the programmatic areas of greatest importance to DMS. The core RFP questions in the most recent DMS Medicaid MCO RFP covered 30 operational areas, with the questions themselves extending across 25 pages of the RFP. The questions for the Kentucky SKY procurement spanned 22 pages.

Summary

- Achievements of Kentucky's Medicaid Managed Care Program demonstrate the advantages of implementing a comprehensive system of care coordination tailored to address the Medicaid population's diverse and complex health needs.
- The FFS coverage model does not systematically track or reward quality, facilitate access to care, or steer care to cost-effective treatments.
- The support rendered to the Medicaid population by the health plans during most of their lives when they are not directly obtaining health services is critical to enrollees' potential to achieve and maintain optimal health and quality of life.
- Kentucky's Medicaid managed care program represents a comprehensive means of achieving all these important objectives.