The Menges Group

Strategic Health Policy & Care Coordination Consulting

Assessment of the Value of Managed Care for Pennsylvania's Medicaid Program

Prepared for the Pennsylvania Medicaid Managed Care Organizations (PAMCO)

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I. Executive Summary

The purpose of this report is to assess the impacts of Pennsylvania's Medicaid managed care program on quality, costs, and other important factors.

Pennsylvania's primary Medicaid managed care program, named Physical HealthChoices, currently serves over 2.3 million individuals (2,352,115 persons were enrolled as of July 2025). These persons were enrolled in one of the seven managed care organizations (MCOs) under contract with Pennsylvania's Department of Human Services (DHS). Pennsylvania's Medicaid program currently ranks 6th in the nation in terms of persons covered, and 5th in terms of the percentage of all Medicaid expenditures paid via capitation (78% during 2024). Given these statistics, and that HealthChoices has been operating since 1997, an extensive body of information is available to assess the program. We have highlighted key findings from our assessment below.

Key Findings:

A. Quality Performance Has Been Exceptional

The National Committee for Quality Assurance (NCQA) is the leading accrediting organization for health plans and produces ratings of all accredited Medicaid plans. Pennsylvania's enrollment-weighted average NCQA score of 4.19 (on a 1-5 scale) for all Medicaid MCOs that reported data in the most recent measurement year (2023-2024) ranks 4th among all states.

Pennsylvania delivers a valuable and rare combination of excellent quality scores on a very large enrollment scale—its MCOs collectively serve a larger number of Medicaid enrollees than the three states currently ranked higher in quality—Rhode Island, Minnesota, and Massachusetts.

Pennsylvania has consistently delivered strong quality performance. Across the past nine available years, Pennsylvania's weighted average NCQA rating has been 4.04, improving to 4.09 across the past five years. These scores are all well above the nationwide average rating of roughly 3.50 and demonstrate that Pennsylvania's relative performance is improving over time.

Additionally, of the nation's 14 current top-rated Medicaid MCOs—all of which earned a rating of 4.5—four are Pennsylvania MCOs, including the two with the largest Medicaid enrollment.

B. Cost Trends Have Been Modest, Yielding Large-Scale Savings

HealthChoices cost trends were assessed in two ways with both approaches demonstrating strong cost management over time.

- Trends in the HealthChoices capitation rate payments were quantified across the 2018-2025 timeframe, with increases averaging 4.20% annually. As comparison points, we assessed nationwide trends in Medicare per capita costs (selecting Medicare due to its large statistical size and fairly stable demographics and health benefits), and also assessed nationwide per capita health care cost trends. Both these comparisons indicate

that Pennsylvania Medicaid manage care costs have trended modestly. The Medicare per capita costs increased by 4.58% annually from 2018-2023, and nationwide per capita costs increased by 5.66% annually during this timeframe.

The compounding of these cost trend differentials translates to significant cost savings in Pennsylvania. Across the 2018-2025 timeframe, **Pennsylvania's Medicaid managed care costs would have been $3.3 billion higher than actually occurred based on Medicare trends, and $13.1 billion higher than actually occurred based on the national per capita cost trend for all health expenditures.**

- We also assessed Medicaid Expansion cost trends, as enrollment and costs were publicly available for each state and this population has similar demographics and covered benefits across states. Pennsylvania's per capita costs for its Medicaid Expansion enrollees increased by a total of 22.0% across the 2016-2024 timeframe (an average annual increase of 2.5%). By comparison, Pennsylvania's neighboring states collectively experienced a 54.8% per capita cost increase during this timeframe (an average annual increase of 5.6%), and the nationwide increase was 61.4% (an average annual increase of 6.2%). Pennsylvania's Medicaid Expansion costs per capita were 13% above the collective figure across the neighboring states in 2016, but were **11% below** the neighboring states as of 2024.

- During federal fiscal year (FFY) 2024, Pennsylvania's Medicaid Expansion expenditures were $979 per enrollee lower than occurred across the six neighboring states. Multiplying this per person differential by Pennsylvania's average Medicaid Expansion enrollment during 2024 (approximately 887,000) indicates that Pennsylvania's costs were $868 million below what would have occurred in that year (had Pennsylvania been at the neighboring states' average). Applying this same approach to each year across the 2016-2024 timeframe yields an aggregate Medicaid savings of **$3.8 billion** in Pennsylvania versus annual per capita costs across the neighboring states.

C. The State and the MCOs Have Achieved an Ideal Partnership

Financially, Pennsylvania's Medicaid managed care program has achieved an ideal outcome of being viable for the MCOs, but at a very modest percentage operating margin befitting a program that serves Pennsylvania's low-income population.

- Across the 10-year period 2015-2024, the collective operating margin across Pennsylvania's Medicaid MCOs was 2.3%. This figure averaged 2.4% across the 2015-2019 timeframe and 2.2% across the 2020-2024 timeframe.[1]

[1] These analyses excluded MCOs and years where the operating margins appeared to be intentionally placed very close to 0.0% due to accounting practices between the MCO and its parent entity. Without these exclusions, the average program-wide operating margin across 2015-2024 was 1.1%.

- While year-to-year fluctuations have occurred, with the "COVID era" creating challenges in prospectively matching up capitation rates with ensuing costs, these multi-year groupings demonstrate that the program has achieved a highly successful financial balance.

DHS oversees Pennsylvania's overall Medicaid program and its managed care components. DHS' critical contributions to the program's success are discussed in detail in the report, grouped into the following categories:

- **Contractual Requirements for the Medicaid MCOs**: DHS has established a "high bar" in terms of the volume and nature of the requirements all participating MCOs must meet. Examples include provider access, fraud/waste/abuse detection and prevention, intensive protection for consumer rights through appeals and grievance processes, value-based purchasing, and minimum thresholds for hiring individuals who have formerly been covered by Pennsylvania Medicaid.
  .
- **Competitive Procurements**: Pennsylvania's Medicaid MCOs must win contract awards through a highly competitive procurement, whereby DHS selects only a handful of top-qualified MCO partners in each geographic region. These procurements push the MCOs to innovate and operate above the "high bar" of contract requirements mentioned above.

- **Collaborative Efforts**: DHS spearheads an array of programs and initiatives that all the MCOs participate in through collaborations both with DHS and with one another. Examples of current areas of collaboration include patient-centered medical homes, community-based care management, opioid use disorder, Hepatitis C, pay for performance (P4P) programs, telephonic psychiatric services, and deployment of community health workers (CHWs).

- **Ongoing Program Oversight**: DHS also fulfills its regulatory role ensuring that its contract requirements are adhered to by the participating MCOs, implementing corrective actions where appropriate.

D. Programmatic Initiatives

The programs that Pennsylvania's Medicaid MCOs have implemented that go beyond merely "paying for health services" are so vast that adequately capturing them posed a significant challenge in our report. We have included only a small proportion of the programmatic information we received from the MCOs, which still spans dozens of pages. The depth of what is taking place within Pennsylvania's Medicaid managed care program is magnificent and collectively touches hundreds of thousands of Pennsylvanians in a positive manner.

We have provided a summary of some of these initiatives below and have included many specific examples in the full report and appendix.

- **Community Investments**
  - The Medicaid MCOs provide a large stream of funding to community-based organizations (CBOs), helping these organizations fulfill their missions and, in the process, meeting the shared objectives of many Pennsylvania stakeholders—DHS, MCOs, providers, enrollees, policymakers, etc. Based on community investment data provided by several of the MCOs, we estimate that the **HealthChoices MCOs are collectively contributing approximately $22 million per year in community investments.**
  - The Medicaid MCOs all host and/or support a wide array of community health events each year.
  - The MCOs hire community health workers from the communities they serve, and often help other CBOs do the same.
  - Many MCOs directly operate community wellness and enrollee support centers, located in low-income neighborhoods.
  - MCO staff provide extensive community volunteer hours, in addition to their ongoing involvement during regular work hours. One MCO provided more than 3,100 hours in partnership with just one of its CBOs during 2024 (with these efforts encompassing 11 separate community events).

"I feel lucky to have Alma, [my community health worker], she has helped me from transportation to calming me down. When everything is upside down, [she has] been there to support me and doing the best to support me and my family. My children have MA assistance because [she has] supported us. My communication with the doctors is better since I am taking notes. I have SNAP and I have an option to apply for SSD or SSI."

—Member Testimonial

- **Social Determinants of Health (SDOH)**
  - Addressing SDOH, broader socioeconomic factors that exist in enrollee's lives, can be critical to maintaining good health and being able to access appropriate care. The MCOs push into the SDOH arena extensively, supporting their enrollees' housing, nutrition, employment, and other SDOH needs in many ways. One example is conveyed below, showing the degree to which the Medicaid MCOs take a "data-driven" approach to assessing their programs' impacts (in this case, leading to an increased investment).

One Medicaid MCO currently employs four housing coordinators (two in the Lehigh/Capital zone and two in the Southwest zone) who provide education and referral assistance to state, regional, and local resources to address housing needs. This includes issues related to rent and utility assistance, desire for relocation, eviction, homelessness, temporary housing, home modifications, landlord disputes, lead abatement, and basic budgeting skills.

In 2023, with two housing coordinators supporting the program, the initiative demonstrated an inpatient savings of $1.2 million (among other favorable impacts).

These results demonstrated a considerable return on investment for the MCO in hiring these community health workers, enabling the MCO to expand the program to four staff. This expansion will broaden the program's expected health and quality of life benefits for the MCO's enrollees – as well as deliver further net savings to the MCO and the Medicaid program.

E. Provider Partnerships

Medicaid MCOs play a crucial role in enhancing Pennsylvania's provider delivery system and ensuring members have timely access to high-quality care. Most of Pennsylvania's Medicaid MCOs are owned by or strongly affiliated with Pennsylvania health systems.

Through proactive network management, innovative expansion efforts, and longstanding provider relationships, Pennsylvania's Medicaid MCOs have established robust provider networks that exceed those built under traditional Medicaid structures.

To further enhance provider capacity and mitigate persistent workforce shortages, Medicaid MCOs are taking steps such as contracting with specialized providers like physician assistants, doulas, and independent pharmacists and partnering with health systems to recruit affiliated providers into their networks.

Additionally, MCOs have adopted proactive, innovative measures to maximize provider capacity, including implementing value-based payments, increasing community outreach, strengthening provider relations, and offering tailored rates in specific situations.

F. Key Takeaways

Pennsylvania's Medicaid managed care program has a longstanding track record of high quality, cost-effectiveness, outstanding design and program administration from its Medicaid agency, a myriad of inspiring initiatives and investments from the participating Medicaid MCOs, broad provider partnerships, community-based organization involvement, and deployment of new technology. HealthChoices extends far beyond the confines of traditional health coverage and into SDOH domains – especially housing and nutrition supports.

Pennsylvania has been at the forefront of Medicaid managed care for nearly three decades, constantly refining and evolving all these complementary elements to best provide quality and comprehensive Medicaid services to enrollees while delivering cost effectiveness for the Commonwealth's taxpayers.

Increasingly, Medicaid programs around the country are striving to provide a comprehensive system of health coverage and care coordination. Pennsylvania's managed care program exemplifies what Medicaid can be and can achieve.

II. Foreword from Sherry Knowlton

Sherry Knowlton served as Pennsylvania's Medicaid Director during the period of the HealthChoices program's design and later served as CEO of one of the HealthChoices MCOs for several years. She was invited to provide commentary about the HealthChoices program's evolution as shown below.

I've been in a somewhat unique position to observe the evolution of HealthChoices. The program was designed and obtained federal approvals during my tenure as Deputy Secretary for Medical Assistance, although it did not launch until the following Administration. Later, I served for almost a decade as the Administrator of one of the HealthChoices Managed Care Organizations (MCOs).

Pennsylvania was one of the pioneers in implementing statewide Medicaid managed care. Our goal with HealthChoices was to design a comprehensive mandatory managed care program that would 1) improve availability and quality of services to enrollees through greater access to providers and coordination of medical services, thus improving health status; 2) expand and better engage provider networks through flexibility in payment methods and coordination of care models; and 3) curb spiraling Medicaid costs and make annual State budgeting more predictable through the use of a fixed payment system called capitation.

As articulated in this report, the mature HealthChoices program has been wildly successful. Pennsylvania's steady commitment has allowed the program to evolve and excel, relying on strong collaboration between the Department of Human Services (DHS) and the MCOs. The MCOs have used HealthChoices as a learning laboratory with a focus on continuous improvement. They now are deemed among the highest-quality MCOs in the nation. They provide a wide range of medical services and help enrollees both coordinate their care and meet other key social needs that can make or break the success of healthcare treatment. A myriad of MCO-sponsored projects draw on the wealth of community-based human services throughout the Commonwealth to better enhance enrollee care, treatment, and quality of life. DHS and the MCOs have engaged provider networks in ensuring accessibility and high-quality care through Value Based Purchasing and other innovative payment models. Last, but by no means least, HealthChoices has had an impact on containing costs and producing better financial results for Pennsylvania than attained in most states.

As it approaches the end of three decades of operation, I can honestly say HealthChoices has far exceeded any of the dreams of success that I and the other designers of the program ever could have envisioned.

III. Pennsylvania's Use of the Managed Care Model

Throughout the past decade, Pennsylvania has been among the nation's largest-scale adopters of managed care in Medicaid. During FFY 2024, 78.0% of Pennsylvania's Medicaid expenditures were paid through capitation, ranking the Commonwealth of Pennsylvania 5th across all states. From FFY 2013-2024, the share of Pennsylvania Medicaid expenditures paid via capitation increased by 30.2 percentage points, from 47.7% to 78.0%. This growth represents a heightened reliance on a *system of care and care coordination* for Pennsylvania's Medicaid population.

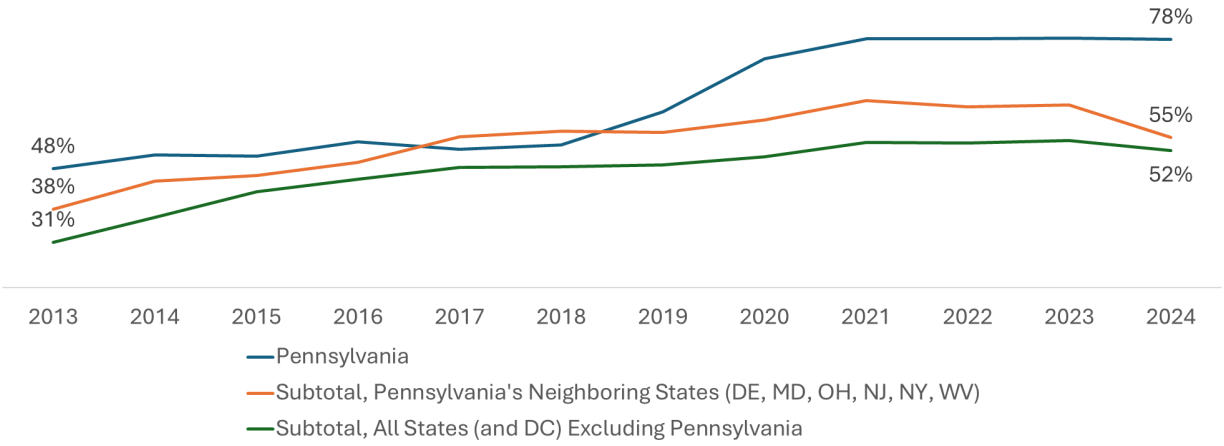
Exhibit A. Share of Medicaid Expenditures Paid via Capitation (FFY 2013-2024)

Jurisdiction	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	% Point Change, 2013-2024
Pennsylvania	47.7%	51.0%	50.7%	54.0%	52.3%	53.4%	61.0%	73.4%	78.1%	78.2%	78.3%	78.0%	**30.2%**
Subtotal, Pennsylvania's Neighboring States (DE, MD, OH, NJ, NY, WV)	38.3%	44.8%	46.1%	49.2%	55.2%	56.5%	56.3%	59.1%	63.6%	62.2%	62.6%	55.4%	**17.1%**
Subtotal, All States (and DC) Excluding Pennsylvania	30.5%	36.4%	42.4%	45.4%	48.1%	48.2%	48.6%	50.5%	53.9%	53.8%	54.3%	52.4%	**21.9%**
Pennsylvania's Ranking	9	10	13	13	17	19	11	6	7	7	5	5	**10**

As shown in Exhibit A (table above) and Exhibit B (graph below), Pennsylvania's growth trend aligns with a broader national and regional shift toward embracing the managed care model for Medicaid.

From FFY 2013 to 2024, Medicaid capitation spending across the rest of the United States grew from 30.5% to 52.4% of total Medicaid expenditures. Across Pennsylvania's six neighboring states during this timeframe (Delaware, Maryland, New Jersey, New York, Ohio, and West Virginia), Medicaid capitation spending grew from 38.3% to 55.4%.

Exhibit B. Share of Medicaid Expenditures Paid via Capitation (2013-2024)



Pennsylvania's combination of being a large state, in terms of Medicaid enrollment, and using the managed care model so extensively is unique. There were nine states (Arizona, Delaware, Hawaii, Iowa, Kansas, Kentucky, Louisiana, New Mexico, and Pennsylvania) where over 70% of Medicaid expenditures were paid via capitation in FFY 2024. Among these, Pennsylvania stands out as having by far the largest Medicaid enrollment (2,917,052 persons); none of these other states had more than 2 million Medicaid enrollees in FFY 2024.

Pennsylvania Medicaid has widely embraced the managed care model through two large-scale MCO contracting programs. The HealthChoices program, which serves families and children, has been in operation since 1997. Pennsylvania also introduced the Community Health Choices program in 2018, which focuses on persons covered by both Medicaid and Medicare ("dual eligibles") as well as Medicaid-only eligible adults with physical disabilities.

IV. Analyses of Quality Performance

The National Committee for Quality Assurance (NCQA) is the leading accrediting organization for Commercial, Medicaid, and Medicare health plans across the nation, known for its rigorous criteria and processes for obtaining and maintaining accreditation. NCQA assigns quality scores to health plans using a 5 star rating system, with 5 stars representing the highest quality. These ratings are based on a combination of Healthcare Effectiveness Data and Information Set (HEDIS) measures which assess clinical performance, Consumer Assessment of Healthcare Providers and Systems (CAHPS) measures which assess patient experience, and a plan's accreditation status. HEDIS® is a registered trademarks of NCQA and CAHPS@ is a registered trademark of the Agency of Healthcare Research and Quality (AHRQ).

In measurement year (MY) 2024-2025, which captures calendar year 2024 HEDIS measure performance and is the most recent timeframe currently available, Pennsylvania achieved an enrollment-weighted average NCQA score of 4.19 across its Medicaid MCOs. This places Pennsylvania 4th nationally, behind only Rhode Island (1st), Massachusetts (2nd), and Minnesota (3rd). The enrollment weighted average most accurately represents each state's Medicaid MCO quality and member experience.

Pennsylvania's Medicaid MCO program stands alone as a state that delivers a valuable combination of excellent quality scores on a very large enrollment scale. Its MCOs collectively serve a larger number of Medicaid enrollees than all three states currently ranked higher.

Additionally, of the 14 Medicaid MCOs nationwide that earned the top rating of 4.5 during MY 2024-2025 (no plan received a 5.0), four are Pennsylvania MCOs. These include the nation's two largest 4.5 rated Medicaid plans (in terms of their Medicaid enrollment).

As shown in Exhibit C, Pennsylvania is the only state among its six neighboring states with an average NCQA score above 4.0 for its Medicaid MCOs, further demonstrating Pennsylvania's position as a Medicaid quality leader.

Pennsylvania's Medicaid MCOs have consistently achieved high quality throughout the past nine years (Exhibit D). Pennsylvania's enrollment weighted average NCQA score throughout the past nine available measurement years has ranged from 3.88 to 4.19, averaging 4.04. The nationwide average each year is at or very near 3.50.

Exhibit C. Average NCQA Scores in Pennsylvania and Neighboring States (MY 2024-2025)

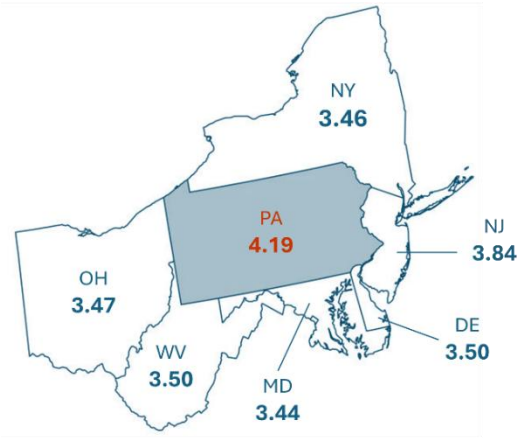


Exhibit D. Average NCQA Scores in Pennsylvania (2017-2025)

Average NCQA Scores									
2017	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**Average (2017-2025)**
4.02	3.88	3.90	4.11	4.06	3.93	4.11	4.14	4.19	4.04

These aggregate quality scores reflect a "rolling up" of dozens of specific measures encompassing access to care, delivery of services indicated for a given health condition, prompt follow-up after critical health events (such as behavioral health hospitalizations), and enrollee satisfaction. The scale at which Pennsylvania has achieved these high scores is of tremendous value to both the state and its Medicaid population. Compared to other states, Pennsylvania's Medicaid MCOs consistently close care gaps that persist in other Medicaid programs.

Pennsylvania MCOs' Investments in Quality

The high quality scores in Pennsylvania are a result of sustained, strategic efforts by its Medicaid MCOs, including significant investments in staff, technology, data-driven processes, and provider relationships—all of which are explored further in this report. These scores reflect operational efficiencies driven by advanced IT infrastructure and data analytics, robust provider networks built through long-term partnerships and targeted incentives, and community investments that aim to address upstream health factors such as social determinants of health. Specific examples of the techniques the MCOs have implemented to achieve strong quality results are described below.

- **Staffing:** While the MCOs take the stance that "quality is everyone's responsibility," considerable staffing positions are expressly dedicated to achieving strong quality outcomes and quality performance scores. One MCO, for example, has a Chief Quality Officer, an Associate Vice President of Quality Improvement, Senior Directors, and Directors, each responsible for key aspects of quality such as regulatory compliance, provider performance, member experience, and data analytics. The MCOs employ extensive mid-level and junior quality staff – including data analysts, persons who work with and "coach" providers (e.g., Practice Based Care Managers, and Clinical Improvement Specialists), persons who systematically address enrollee care gaps, etc.

- **Value-Based Payment (VBP) Incentives:** Many components of the Pennsylvania MCOs' VBP algorithms are pointedly focused on providers' performance on HEDIS quality measures. Through these incentive models and their corresponding data reporting and tracking activities –such as ongoing care gap reports identifying which enrollees are need to access which types of services, the objectives of DHS, the MCOs, and Pennsylvania's provider community are all aligned in the direction of achieving strong quality. One of these initiatives is summarized in the text box below.

One MCO implements an "OB-Bundle" program, a VBP model that requires providers to meet quality scores before savings are shared. The program includes evidence-based workflows for prevention and management of key obstetrical conditions as well as doula services. It is a collaborative provider-MCO partnership, incorporating transparency of data via a dashboard showing clinical, quality, and financial performance through each trimester of pregnancy, delivery, and the postpartum period. Most participating hospitals have been successful in achieving the quality targets.

- **Information Technology (IT) Investments:** The MCOs have invested heavily in IT to support the production and analytics of member gaps in care. The IT infrastructures used promptly capture available clinical data, identify the degree to which enrollees are (and are not) meeting various HEDIS measures, and organize the data for user-friendly and actional care gap reporting to internal staff and to the appropriate provider partners.

Accreditation

Pennsylvania's Medicaid MCOs have also demonstrated their commitment to quality via the accreditations they have earned and maintained. In Pennsylvania's HealthChoices Program, all seven Medicaid MCOs operating during MY 2023-2024 are accredited by NCQA for their Medicaid operations, in accordance with contract requirements. Nationally, only approximately 70% of Medicaid MCOs currently hold NCQA accreditation.

Pennsylvania's Department of Human Services also encourages its Medicaid MCOs to achieve NCQA's Health Equity Accreditation. Pennsylvania is home to the first MCO in the country to earn this distinction, and all HealthChoices MCOs have obtained either the Health Equity Accreditation or its predecessor, Multicultural Health Care Distinction. In contrast, just 56% of Medicaid MCOs nationwide currently hold either the Health Equity Accreditation or Multicultural Health Care Distinction. Several Medicaid MCOs in Pennsylvania have also exceeded requirements by achieving additional distinctions such as the Health Equity Accreditation Plus and the Long-Term Services and Supports (LTSS) Distinction for Health Plans.

V. Analyses of Program Financial Impacts

Our assessment of the financial performance of the Pennsylvania HealthChoices MCOs indicates that the program has achieved favorable cost trends. We have calculated the program to have achieved savings of **$3.3 billion** across the 2018-2025 timeframe based on average capitation rate increases under HealthChoices, as compared to the progression of nationwide Medicare costs per person. These savings are **$13.1 billion** across this timeframe when comparing HealthChoices capitation rate trends with overall USA per capita health care cost trends.

The partnership between the Commonwealth's DHS and the MCOs has also achieved sound financial balance when assessed across time. Across the 2015-2024 timeframe, an aggregation of the Medicaid MCOs' annual financial statements indicates that the MCOs operated viably, but with a modest operating margin of 2.3%.

Favorable cost management performance is further evidenced when comparing Pennsylvania's Medicaid Expansion costs with other states. We conducted this comparison because Medicaid Expansion costs and enrollment are reported to CMS in a consistent format, and because the Expansion population has a similar age mix from state to state. Pennsylvania's per person costs for Medicaid Expansion enrollees during 2024 were 10.7% below the nationwide figure and 10.8% below the per person cost across all states adjacent to Pennsylvania. Pennsylvania's per capita costs for the Expansion population trended dozens of percentage points below the comparison states between 2016 and 2024.

These analyses are described in detail below.

A. Operating Margins

All MCOs nationwide submit annual financial statements in a format maintained by the National Association of Insurance Commissioners (NAIC). We obtained the HealthChoices MCOs' filings, focusing on the ten-year timeframe 2015-2024. This timeframe permits a prolonged assessment and avoids relying only on recent years when a series of dynamics related to the COVID-19 pandemic complicate state rate-setting efforts and per capita cost predictability.

The aggregated financial performance of the MCOs is summarized in Exhibit E. These figures demonstrate that while annual fluctuations have occurred – and have been particularly wide since the COVID pandemic began – the MCOs' operating margin across years have consistently averaged between 1-2%.

This is an ideal policy outcome. It is critical for the MCOs to operate viably; otherwise, they will become insolvent or stop serving Medicaid. It is also important for the MCOs' operating margins to be modest in size in the Medicaid arena, a fully taxpayer-funded program serving

impoverished individuals. A report from Milliman USA indicates that the nationwide operating margin across Medicaid MCOs averaged 1.7% during the ten-year period 2015-2024.[2]

It is also important to note that HealthChoices funds are focused on serving rather than selling. Many marketing practices (e.g., direct to consumer mailings, phone calls, door-to-door visits, etc.) that occur on a widespread basis in the Medicare managed care, Medicare supplemental coverage, and other individual insurance settings are not permitted to occur in HealthChoices.

Exhibit E. Aggregated Financial Performance, HealthChoices MCOs, 2015-2024

Medicaid Line of Business Totals ($ Figures in Billions)				
Year	**Total Revenue**	**Total Expenses**	**Operating Gain (Loss)**	**% Gain (Loss)**
2015	$10.8	$10.6	$0.2	2.1%
2016	$12.8	$12.4	$0.4	3.0%
2017	$12.8	$12.5	$0.3	2.4%
2018	$14.4	$14.2	$0.2	1.4%
2019	$17.9	$17.9	$0.0	0.1%
2020	$21.9	$21.6	$0.4	1.6%
2021	$24.7	$24.1	$0.6	2.5%
2022	$27.3	$26.7	$0.7	2.4%
2023	$28.5	$28.3	$0.3	0.9%
2024	$28.9	$29.4	-$0.4	-1.5%
10 Year Total, 2015-2024	$200.2	$197.6	$2.6	1.3%
5 Year Total, 2015-2019	$68.7	$67.6	$1.1	1.6%
5 Year Total, 2020-2024	$131.5	$130.0	$1.5	1.1%

From 2015-2019, prior to the COVID pandemic, program-wide operating margins were positive each year, ranging from a low of 0.1% in 2019 to a high of 3.0% in 2016. The ensuing five years (2020-2024) were all affected in some manner by the pandemic, and operating margins ranged from a 1.5% loss in 2024 to a 2.5% gain in 2021. Across both five-year timeframes, operating margins were positive and modest, averaging between 1% and 2%.

[2] "Medicaid managed care financial results for 2024," prepared by Jeremy Palmer, Christopher Pettit, Ian McCulla, and Cameron Kinnick. The full report can be downloaded at: https://edge.sitecorecloud.io/millimaninc5660-milliman6442-prod27d5-0001/media/Milliman/PDFs/2025-Articles/6-30-25_Medicaid-managed-care-financial-results-2024.pdf

The figures in Exhibit E above include some Medicaid MCOs that consistently report almost identical Medicaid operating margins (essentially at financial breakeven) every year. When we exclude the plans with these types of financial results (where underlying annual operating margin fluctuations appear elsewhere among parent and subsidiary entities), the results fluctuate more widely year-to-year.

The findings across groups of years are shown in Exhibit F. The overall "story" remains consistent, with the program-wide performance being a favorable but modest operating margin across the MCOs – between 2.0% and 2.5% throughout the 2015-2024 ten-year timeframe.

Another favorable outcome is that the Medicaid MCOs have remained stable throughout this timeframe with no voluntary exits (with the only exits occurring through procurements). Between 2015 and 2024, there have been 11 instances (out of 70 outcomes) where a Pennsylvania Medicaid MCO incurred losses in a certain year.

Exhibit F. Medicaid Financial Performance of HealthChoices MCOs, Excluding MCOs that Report Highly Similar Results Each Year

Medicaid Line of Business Totals ($ Figures in Billions)				
Year	**Total Revenue**	**Total Expenses**	**Operating Gain (Loss)**	**% Gain (Loss)**
10 Year Total, 2015-2024	$109.3	$106.8	$2.5	2.3%
5 Year Total, 2015-2019	$43.8	$42.7	$1.0	2.4%
5 Year Total, 2020-2024	$65.5	$64.0	$1.5	2.2%

B. Cost Trends

Our assessment of cost trends focuses on the Commonwealth's costs, which occur through the capitation payments paid to each Medicaid MCO. Distinct capitation rates are established for six "rate cells" ([1] Under 1; [2] TANF / MAGI Ages 1-20; [3] TANF/MAGI Ages 21+; [4] Disabled / BCC Ages 1+; [5] Newly Eligible Ages 19-44; and [6] Newly Eligible Ages 45-64), for 10 geographic areas (five Zones and two regions within each Zone), for each MCO, and for each year.

The degree to which capitation rates have increased over time across these rate cells was assessed across the 2018-2025 timeframe, with four Medicaid MCOs providing capitation rate data. We calculated percentage increases year-to-year by rate cell, MCO, and Zone/Region, then averaged these percentage increases together based on each MCO's enrollment in that rate cell.

Across the 2018-2025 period, the average annual capitation rate increase was 4.20%. As a point of comparison, we calculated nationwide Medicare per enrollee costs from 2018 ($12,609) to

2023 ($15,772). The average annual increase across this timeframe is 4.58%. Medicare provides an excellent comparison point given the vast statistical size of the program, the program's near-uniform package of covered services, and the consistent demographic mix of Medicare's covered population over time.

The HealthChoices annual cost trend of 4.20% may not appear to be meaningfully below the Medicare trend of 4.58%. However, as shown in Exhibit G, the annual compounding of this differential and the large scale of the HealthChoices Program creates a significant cost savings.

The figures in Exhibit G demonstrate that if HealthChoices costs had trended at the national Medicare average from 2018-2025, program costs would have been $3.3 billion higher across this timeframe. Viewed in this context, the MCOs' cost management efforts across this timeframe have yielded a $3.3 billion savings to the Commonwealth.

We also assessed the trend in overall per capita health expenditures in the United States. The average annual increase from 2018 to 2023 (the most recent available year) was 5.66%. Compounded **savings for Pennsylvania Medicaid relative to this overall national per capita trend are estimated at $13.1 billion across the 2018-2025 timeframe**, as also shown in Exhibit G.

Exhibit G: Impact of HealthChoices Cost Trend Differential

Year	Percent Savings Relative to Medicare Cost Trend	Percent Savings Relative to Overall U.S. Health Care Cost Trend	Pennsylvania Medicaid Capitation Spending	Dollar Savings from Trend Reduction Relative to Medicare	Dollar Savings from Trend Reduction Relative to Overall U.S. Health Care
2019	0.36%	1.46%	$19,316,516,772	$70,444,111	$282,021,145
2020	0.73%	2.92%	$23,155,859,275	$169,199,063	$676,151,091
2021	1.10%	4.38%	$28,216,767,892	$309,832,688	$1,235,894,434
2022	1.47%	5.84%	$31,378,510,413	$460,238,734	$1,832,505,008
2023	1.84%	7.30%	$33,337,912,635	$612,338,940	$2,433,667,622
2024	*2.21%*	*8.76%*	*$33,337,912,635*	*$736,149,838*	$2,920,401,147
2025	*2.58%*	*10.22%*	*$36,671,703,899*	*$946,453,480*	$3,747,848,138
7 Year Total, 2019-2025	-	-	-	**$3,304,656,854**	**$13,128,488,585**

Capitation spending figures were derived from capitation costs in Medicaid Financial Management Reports submitted to the Center for Medicare & Medicaid Services each year. 90% of reported capitation costs are estimated to be applicable to the MCOs, with remaining 10% estimated to be the county behavioral health allocations. Italicized revenue figures are estimated based on known figures for other years.

C. Assessment of Medicaid Expansion Costs and Cost Trends

At the outset of serving Pennsylvania's expansion population—2016 was the first year of full enrollment "take-up" in Pennsylvania—per capita costs were significantly higher than regional and national averages. However, by 2024, Pennsylvania's per capita costs had fallen to 10.8% below the collective figure across its neighboring states and 10.7% below the rest of the country. From 2016 to 2024, Pennsylvania's overall per capita cost trend was 32.8 percentage points

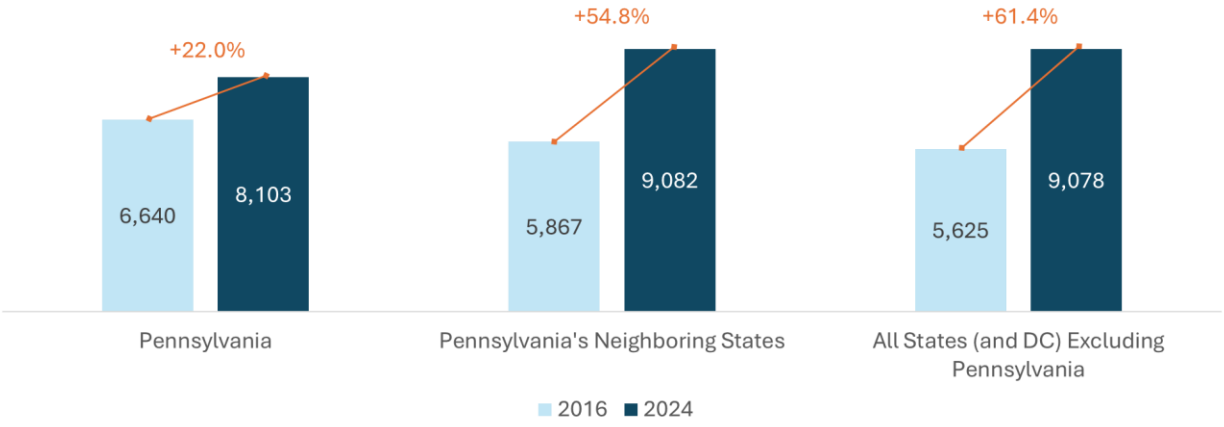
below its neighboring states and 39.4 percentage points below the rest of the nation. These trends reflect the state's success in managing costs in a period of rising medical inflation.

During federal fiscal year (FFY) 2024, Pennsylvania's Medicaid Expansion expenditures were $979 per enrollee lower than occurred across the six neighboring states. Multiplying this per person differential by Pennsylvania's average Medicaid Expansion enrollment during FFY 2024 (approximately 887,000 persons) indicates that **Pennsylvania saved approximately $868 million** during that year relative to the costs in the neighboring states. Applying this same methodology to each year across 2016 through 2024, we estimate that overall **Pennsylvania Medicaid Expansion costs across these nine years were $3.8 billion lower** than would have occurred if the Commonwealth's per capita costs were at the neighboring states' level each year.

Exhibit H. Detailed Per Capita Cost Trend Among Medicaid Expansion Population (2016-2024)

Jurisdiction	Expansion Population's Per Capita Cost, FFY 2016	Expansion Population's Per Capita Cost, FFY 2024	Average Annual Cost Increase for Expansion Group, 2016-2024	Total Percentage Cost Increase for Expansion Group, 2016-2024
Pennsylvania	**$6,640**	**$8,103**	**2.5%**	**22.0%**
Subtotal, Pennsylvania's Neighboring States (DE, MD, OH, NJ, NY, WV)	$5,867	$9,082	5.6%	54.8%
Subtotal, All States (and DC) Excluding Pennsylvania	$5,625	$9,0786	6.2%	61.4%
Pennsylvania as % of Neighboring States	113.2%	89.3%	-	-
Pennsylvania as % of Rest of USA	118.0%	89.2%	-	-

Exhibit I. Per Capita Cost Trends Among Medicaid Expansion Population (2016-2024)



Over the same period, the medical component of the Consumer Price Index (CPI)—which tracks price changes for a fixed "market basket" of services and excludes factors like the introduction of new drugs and technologies—increased by 22.1%. **Pennsylvania's total per capita cost increase for its Medicaid Expansion population during this seven-year period was 22.0%, closely mirroring this increase.**

VI. DHS' Role in Fostering Program Successes

The HealthChoices program is overseen by the Department of Human Services (DHS), Pennsylvania's Medicaid agency. The many successes of the program delineated throughout this report are attributable to the ***partnership*** between DHS, the participating MCOs, Pennsylvania's provider community, and the many community-based organizations that support the commonwealth's low-income population. This section focuses on the role of DHS (and its predecessor agencies throughout the past decades) as the designer, regulator and top-tier payer throughout the HealthChoices program's evolution.

At the most important level, DHS has steered the HealthChoices Program through its creation, its geographic expansions to statewide operation, and the addition of Community HealthChoices (beginning in 2018) to also establish a comprehensive system of care coordination for Pennsylvania's Medicaid/Medicare dual eligible population. Pennsylvania's policymakers—including, but not limited to, those at DHS—have embraced managed care to a unique extent among the nation's larger states. Roughly 80% of Pennsylvania's current Medicaid expenditures occur via capitation payments to MCOs. As shown in Section III, Pennsylvania is the only state with over 70% of its Medicaid expenditures paid via capitation that has more than 3 million Medicaid enrollees.

In the remainder of this section, DHS' critical contributions to the program's success are discussed, grouped into the following categories:

- Contractual Requirements for the MCOs
- Competitive Procurements to Select Top-Qualified MCO Partners
- Collaborative Efforts led by DHS
- Ongoing Program Oversight

Rigorous Contractual Requirements for Participating MCOs

Pennsylvania's DHS has established a comprehensive and rigorous set of contract requirements—including program, financial, and reporting requirements—for any organization serving as a Medicaid MCO in the Commonwealth. These requirements are outlined in the HealthChoices Physical Health Agreement (effective January 1, 2024) begin on page 44 and span more than 130 pages (through page 177). Several examples illustrating the depth of these requirements are detailed in Exhibit J below.

Exhibit J. Requirements in the HealthChoices Physical Health Agreement

Program Area	Requirement
Key Personnel	Physical HealthChoices MCOs must include these full-time positions that are solely dedicated to the Pennsylvania HealthChoices Program in their Executive Management structures: Administrator; HealthChoices Program Manager; Medical Director; Pharmacy Director; Dental Director; Director of Quality Management; Chief Financial Officer; Information Systems Coordinator. They must also fill each of these administrative roles: Quality Management Coordinator; Behavioral Health Coordinator; Utilization Management Coordinator; Special Needs Unit Coordinator; Government Liaison; Maternal Health/EPSDT Coordinator; Member Services Manager; Provider Services Manager; Complaint, Grievance and DHS Fair Hearing Coordinator; Claims Administrator; Provider Claims Educator; Contract Compliance Officer; HEDIS Project Manager; Special Investigations Unit Director.
Accreditation	The Physical HealthChoices MCOs' Quality Management, Utilization Management, and Quality Improvement programs must obtain accreditation by a nationally recognized organization, such as National Committee of Quality Assurance (NCQA). All seven of Pennsylvania's Medicaid MCOs have obtained and maintained NCQA accreditation, whereas 30% of the nation's Medicaid MCOs have not yet obtained accreditation.
Credentialing of Providers	Physical HealthChoices MCOs must establish and maintain minimum credentialing and recredentialing criteria for all Providers. Criteria must include, but not be limited to, appropriate license or certification as required by state law; verification that Providers and/or subcontractors have a current Provider Agreement and an active PROMISe™ Provider ID; consideration of quality issues such as Member complaints and/or satisfaction information; and more.
Licensure of Providers	Physical HealthChoices MCOs must require that each of its Network Providers complies with all certification and licensing laws and regulations applicable to the profession or entity. MCOs must also provide data to the Department monthly to confirm licensing information is valid for all participating providers.
Provider Accessibility	Physical HealthChoices MCOs must comply with CMS network adequacy standards to ensure members have timely access to quality care without excessive travel. They must maintain a sufficient network of providers and be able to report on provider availability, geographic access, and PCP panel capacity upon the Department's request. If in-network providers are unavailable within required travel times, Physical HealthChoices MCOs must make reasonable efforts to arrange out-of-network care or offer reasonable alternatives. Physical HealthChoices MCOs are also expected to honor member provider preferences whenever possible and adhere to specific network and access requirements established by the Department for PCPs, pediatricians, specialists, hospitals, special health needs, dental providers, and other providers.
Coordination of Primary Care and Behavioral Health Care	To improve care for members receiving both physical and behavioral health services, DHS requires that Physical HealthChoices MCOs work in collaboration with the Behavioral HealthChoices MCOs through participation in joint initiatives. At a minimum, this includes: (1) exchanging information—such as behavioral health utilization data provided by the Department—to help prevent avoidable hospital admissions, readmissions and emergency department usage; and (2) developing coordination mechanisms to assess and, where appropriate, reduce the use of psychotropic medications prescribed for children, especially those in substitute care. Additionally, DHS oversees the Physical HealthChoices MCO and Behavioral HealthChoices MCO Integrated Care Plan Pay for Performance Program, which provides financial incentives to MCOs to improve the quality of healthcare and reduce expenditures through enhanced coordination of care, particularly for members with serious persistent mental illness.

Value-Based Payment (VBP)	DHS outlines both recommended and required VBP models for contracted MCOs. Required models include Maternity Care Bundled Payment, Patient Centered Medical Home, Rural Health Model, Pediatric Shift Nursing Improvement Payment, Federally Qualified Health Center (FQHC) / Rural Health Clinic (RHC) Conceptual Modeling Pilot, and Dental School Pilot. In 2023, DHS required that 50% of the medical portion of the capitation and maternity care revenue rate be expended through VBP, and 18% of the total medical portion of the capitation and maternity care revenue incorporate at least one community-based organization that addresses at least one SDOH domain.
Complaint and Grievance Processes	Physical HealthChoices MCOs must develop, implement, and maintain a Department-approved Complaint, Grievance, and DHS Fair Hearing process that complies with federal and state regulations. The MCOs must use specific templates to communicate decisions to members and may not delegate these processes to subcontractors without prior Department approval. The MCOs must adhere to the established mechanisms and timeframes for reporting member complaints and grievances to the Department and abide by final decisions from the Bureau of Managed Care and Independent Review Organizations when a member requests an external review.
Fraud, Waste, and Abuse	Physical HealthChoices MCOs must implement a comprehensive written compliance plan in line with federal and state requirements to prevent, detect, and address fraud, waste, and abuse. This includes appointing a Compliance Officer, establishing a Regulatory Compliance Committee, training staff, maintaining open communication, enforcing disciplinary measures, and conducting regular audits and monitoring. Additionally, Physical HealthChoices MCOs must maintain a dedicated Fraud, Waste, and Abuse Unit with qualified staff, including at least one full-time investigator per 60,000 members, focused on HealthChoices activities.
Maternity Care	Physical HealthChoices MCOs' maternity programs must provide a maternal continuum of care by instituting a community-based maternal home visiting program. An in-person maternal home visiting program must be an extension of MCOs' traditional case management program that transitions maternal family care to an evidence-informed or evidence-based home visiting program.
Opioid Use Disorder (OUD) and Substance Use Disorder (SUD) Management	At a minimum, Physical HealthChoices MCOs' OUD/SUD strategy must include care management initiatives, alternative treatment modalities such as pain management, strategies to address opioid related harm reduction, tapering strategies and medication assisted treatment. In addition, MCOs must coordinate and collaborate with the Opioid Use Disorder Centers of Excellence for enrollees with OUD/SUD.
Management Information Systems (MIS)	Physical HealthChoices MCOs must have a secure, comprehensive, automated and integrated MIS that includes a test environment, and is capable of meeting DHS' requirements. Upon request by DHS, MCOs must also provide Department staff with access to their MIS.
Enrollee Call Center	Physical HealthChoices MCOs must maintain and staff a 24-hour, seven days-a-week toll-free dedicated hotline to respond to enrollees' inquiries, issues and problems regarding services. MCOs must document all calls and if the caller is not satisfied, must refer the call to the appropriate individual within the MCO for follow-up and/or resolution within 48 hours of the call. MCOs are also required to staff their call centers adequately to ensure that at least 85% of all calls are answered within 30 seconds and that less than 5% of all calls are abandoned.
Employing Medicaid Recipients	DHS oversees the Contractor Partnership Program whereby Physical HealthChoices MCOs are required to hire a certain number of persons who have recently been Medicaid recipients. In addition to directly creating employment opportunities for low-income individuals, the Contractor Partnership Program ensures that the MCOs have considerable representation of persons with "lived experience" being covered by Pennsylvania's Medicaid program. A quote from an MCO employee hired through the program (who earned promotions into a supervisory role) is presented below.

	"The contractor partnership program is such a wonderful program. I am a single mother of three and with this program it has allowed me to grow as an individual and provide so much for my family. I was starting to feel like I was at a point of no return but thanks to the program and [MCO], I was able to provide more for my family and to help others. I was able to move out of my old neighborhood where I was not comfortable living to a better place for my kids to have a safe upbringing. I purchased a car and was able to live a better lifestyle. I'm so very grateful and thankful for this program. I feel more confident and I now teach others to always go for what you want in life, the sky is the limit!!"
Cultural Competency	Physical HealthChoices MCOs and network providers must demonstrate cultural competency by ensuring that racial, ethnic, and cultural differences do not hinder access to quality health care. They must be willing and able to incorporate both traditional and non-traditional treatment methods aligned with a member's cultural background and deliver consistent, quality care across diverse populations. Factors such as language, religion, cultural norms, socioeconomic conditions, and diet may influence which treatments are most appropriate for different members.

Competitive Procurements

Pennsylvania's Medicaid MCOs have all been awarded a contract to serve Medicaid enrollees by virtue of being selected by DHS through a competitive procurement. The most recent procurement for HealthChoices occurred during 2019-2020, with the request for applications (RFA) being published in October 2019 and proposals being due in January 2020.

Contracts are awarded separately in five geographic regions (referred to as "zones"). These procurements create intense competition, which DHS leverages to motivate innovations and commitments above the (already rigorous) baseline contractual requirements described above. The RFA included roughly 60 technical questions, as well as extensive required information related to experience and staffing. A few examples of DHS' RFA questions are shown in Exhibit K. These questions depict some of the ways the competitive procurement process is being used to optimize services rendered to Pennsylvania's Medicaid population.

The RFA questions seek to differentiate the applicants both with their regard to their overall ability to deliver a comprehensive and effective system of care coordination, as well as their ability to address specific areas of concern the Medicaid population is experiencing (such as in the above-listed shift care and dental access questions).

The procurements have immense consequences for the Medicaid MCOs, both in terms of business growth for MCOs being awarded new zones, and business loss for applicants displaced from a zone they had been serving (which has occurred). Applicants seeking market entry in Pennsylvania have no assurance of an award, as demonstrated by the shift in awards in the most recent HealthChoices procurement. As a result, the MCOs have tremendous motivation to compete meaningfully – making commitments on the behalf of the Commonwealth's beneficiaries – to earn an award.

Exhibit K. Examples of Questions in Recent HealthChoices Procurement

Topic Area	Question in RFA
Member Management	**Question 1**: Describe the innovative approaches your organization takes and will take to promote personal responsibility among consumers by involving them in managing their own healthcare benefits and providing incentives that encourage wellness and healthy lifestyles. For any existing programs, include the number of consumers engaged and any results. Describe how your MCO plans to publicize such programs. Describe the approaches to be used for the HealthChoices PH program.
Case Management	**Question 3**: Describe opioid use disorder and substance use disorder strategies you developed and implemented for a Medicaid population. Include a description of each initiative, including any challenges experienced and how you overcame them. Describe the outcomes of your strategies. Identify and describe the strategies that will be used if selected for award.
Case Management	**Question 6**: Describe your current strategy and the strategy that will be used for working with home health agencies to coordinate and fill authorized hours and shifts for pediatric shift care. Discuss the strategies you have in place to address shifts that are not staffed for all authorized hours and shifts, including the effectiveness of these strategies.
Special Needs	**Question 2**: Describe the process and initiatives to actively identify and outreach to members with special needs who would benefit from assistance from the Special Needs Unit. Include how this outreach will address the unique cultural and ethnic populations that exist in the Zone(s).
Provider Network Composition	**Question 3**: Describe actions taken and to be taken to incent growth in the Dental provider network. Describe how your organization will have a Dental provider network that will grow beyond compliance with the minimum network access requirements. Specifically discuss how your organization will increase access to pediatric and special needs dentistry through the use of incentives or other innovative provider attraction techniques. Provide recent examples of dental network improvements made by your organization.

In addition, the procurements create a small field of highly qualified MCOs (four or five MCOs serve each zone), all of whom have economies of scale advantages that come with serving many Medicaid enrollees. As of January 2025, the average HealthChoices enrollment across the seven participating MCOs was 341,000, with Pennsylvania's *smallest* HealthChoices plan having nearly 100,000 enrollees.

Collaborative Efforts Led by DHS

Beyond the competitive procurement and contracting process, DHS and the MCOs have built a collaborative partnership to optimize and improve the HealthChoices program. The success of HealthChoices is rooted in DHS' commitment to transparency, responsiveness, and fairness—ensuring that the Department and the Medicaid MCOs work together to address challenges, develop meaningful solutions, and deliver on all parties' shared goals. DHS' role extends beyond oversight, with the agency playing a participatory role in many aspects of HealthChoices operations. Similarly, the MCOs do not focus only on operations – they regularly contribute their ideas regarding policy and program design modifications that can strengthen the program.

This collaborative approach has led to the integration of innovative clinical and operational strategies, including patient-centered medical homes to reduce unnecessary emergency

department visits, a statewide referral tool to connect members with community-based resources and address SDOH, and targeted interventions to combat the opioid crisis.

Additionally, DHS's proactive engagement—providing clear guidance, resources, and contract interpretation—has strengthened its partnership with the Medicaid MCOs. The Department's ongoing enhancements to its IT and data systems (eCIS, Extranet, DocuShare) have further streamlined data exchange and improved operational efficiencies.

Below, we highlight key collaborative efforts that have emerged from this partnership.

- **Opioid Use Disorder Center of Excellence (COE) Program:** The establishment of the opioid treatment disorder Centers of Excellence program. Opiate use disorder was and continues to be a leading cause of death in the Commonwealth of Pennsylvania. Each Medicaid MCO had approaches to addressing the opiate use epidemic in the Commonwealth. DHS recognized that there was wide variation in the responses of the various plans to the opiate epidemic in the Commonwealth and, working in conjunction with the University of Pittsburgh Program Evaluation and Response Unit (Pitt PERU), brought the plans together to develop a coordinated and cohesive plan to address the opiate epidemic. Out of this work, the Center of Excellence program was developed. This program developed minimum standards of care for high-quality treatment providers. Working in conjunction with DHS and the University of Pittsburgh, the Medicaid MCOs agreed on these minimum standards of care and developed a process to implement the standards for providers across the Commonwealth. Providers were required to apply to the COE program and meet initial and ongoing standards of quality for the treatment of opiate use disorder. The program now has more than 250 providers statewide and various work groups continue with input and support from DHS as we develop ongoing guidelines and standards to improve and maintain the quality of care of those with opiate use disorder and to save lives.

  DHS has transitioned monitoring and oversight of the COEs to the MCOs. DHS enabled flexibility within the COE payment model to enable MCOs to develop value-based payment models with the COEs.

- **Hepatitis C Workgroup:** DHS conducted hepatitis C workgroups with MCOs, aligned with the State's objectives to reduce hepatitis C infections. DHS requested regular reporting of hepatitis C data results from MCOs and the sharing of best practices for screening and managing hepatitis C and comorbid hepatitis B and HIV. Some Medicaid MCOs have subsequently created MCO staff and provider network education/trainings, as well as pharmacy and care management programs to support optimal treatment, medication adherence, and social supports. This work includes identifying and tracking members with hepatitis C during pregnancy and developing tracking programs to prevent loss of follow-up for mothers and infants born to mothers with hepatitis C.

- **COMPASS Community Partners (CCPs):** DHS permits Medicaid MCOs to have full-time employees (FTEs) become registered CCPs who can assist individuals in the community to electronically submit / resubmit their respective eligibility information to DHS for Medicaid eligibility determination of their case. Reducing potential gaps in coverage reduces gaps in care. CCPs can also help individuals navigate COMPASS to submit information needed for DHS to make eligibility determinations pertaining to benefits including SNAP, LIHEAP and WIC.

- **Unwinding of Continuous Coverage:** DHS provided Medicaid MCOs with tremendous flexibility to minimize the impact of the federally mandated unwinding of continuous coverage period, which began in April 2023 and extended through July 2024. Early recognition by DHS, Medicaid MCOs, and other stakeholders of the potential for significant disruption to members at the onset of the redetermination/continuous coverage unwinding process. Early recognition allowed stakeholders to anticipate and discuss anticipated disruptions, mitigation strategies, and efforts to effectively communicate with members and other stakeholders allowing the state to achieve the 4th lowest termination rate in the country for those members not responding to communication efforts surrounding the unwinding process.

  Throughout the unwinding, DHS allowed HealthChoices MCOs to leverage CCP designations to help Medicaid recipients complete their redeterminations telephonically or in-person. These MCOs were also permitted to outreach to members up to 90 days following their termination date to educate about the availability of other plan options, such as Pennie (Pennsylvania's individual health insurance marketplace), and the Children's Health Insurance Program (CHIP). Medicaid MCOs could also notify members who failed to furnish proper documentation as part of their renewal, increasing the likelihood of members maintaining Medicaid eligibility. Medicaid MCOs also engaged heavily with DHS to proactively educate members about the unwinding of continuous coverage period and the potential impact on their health care benefits.

- **Health Equity:** Through a variety of HealthChoices contract additions, DHS supported MCOs' focus on improving health equity across the Commonwealth, including:
  - Adding health equity metrics for chronic conditions, prenatal/postpartum care, and preventive pediatric services specific to the African American member population (calendar year 2022) and the Latino member population (calendar year 2025) to the MCO pay for performance (P4P) program.
  - Adding health equity metrics around chronic conditions, prenatal/postpartum care, and preventive pediatric services to the provider P4P program.
  - Encouraging MCOs to attain NCQA's Health Equity Accreditation and/or Health Equity Accreditation Plus Accreditation by meeting the NCQA requirement guidelines.

- **Close DHS Involvement in Provider P4P and Value Based Payment (VBP) Programs:** DHS provides Medicaid MCOs with funding on a per member per month (PMPM) basis to support provider P4P incentives. The PMPM funding level is the same for all HealthChoices MCOs. Medicaid MCOs are required to submit their respective provider P4P programs to DHS in advance for its approval prior to implementation. Provider P4P programs must focus on the achievement of relevant performance metrics by providers. All provider P4P incentive funding must be utilized for provider P4P programs. Any undistributed resources must be returned to DHS.

- **Supplemental Nutrition Assistance Program (SNAP) Evaluation:** Beginning with a research grant, DHS supported the evaluation of the impact of the Supplemental Nutrition Assistance Program (SNAP) benefits on Medicaid beneficiaries' health. This work led to DHS sharing SNAP enrollment data with its Medicaid MCOs and Pennsylvania having more aligned enrollment across Medicaid and SNAP.

- **Pennsylvania Community Health Worker (PACHW) Collaborative:** The PACHW Collaborative's formation meetings began in 2019 and extended into 2020. During this time, the Collaborative included stakeholders from across Pennsylvania, such as community-based organizations (CBOs), FQHCs, universities, DHS, local government, and all the HealthChoices MCOs. The Collaborative has worked to develop networks of education and peer support for CHWs, a statewide job board, an inventory of certified and active CHWs in Pennsylvania, and reviews of CHW policies nationally.

- **Telephonic Psychiatric Services (TiPS) Program:** TiPS is approaching ten years of service to the HealthChoices Program and is an excellent example of DHS collaboration with the HealthChoices MCOs. The overall goal of the program is to serve members up to age 21 by connecting them with warranted, relevant and timely BH services as they present in their PCP's office for care. During an encounter, if the member's PCP sees evidence that BH services are needed, they can telephonically reach out to a BH professional for a peer-to-peer consult to share the PCP's observations and determine next steps relative BH service delivery. Standard for BH response to the PCP's outreach is 30 minutes and ~98% of all BH response calls are received by the PCP within 30 minutes. An MCO executive described the program in the following manner:

> "Through TiPS we can support and have open discussions regarding opportunities, strengths and trends with our fellow MCOs. We can discuss ways to provide more innovation to the HealthChoices program and improve the health outcomes of the communities we serve. Also, the TiPS program is designed to help pediatricians with behavioral health issues that can be seen in primary care to help bridge the gap of shortages in the behavioral health provider space. Not only does TiPS allow for MCOs to collaborate with DHS on a physical health perspective but behavioral as well."

All the HealthChoices MCOs collectively provided the resources to launch and sustain the program to its current level. There is currently exploration into seeing if commercial insurers are interested in resourcing the TiPS Program and having access to it as well.

- **Pittsburgh Children's Hospital Child Abuse Initiative:** The Pennsylvania Coalition of Medical Assistance MCOs (PAMCO) facilitated the engagement of its member plans with Children's Hospital of Pittsburgh to provide child abuse-related data on their respective members under age 21 who present at Children's.
    - Children's Hospital provides this data to each of the respective MCOs contracted with them, which is critical in understanding domestic dynamics standing to impact the overall health status of children who may live in abusive home environments.
    - Payment for this service is integrated into the annual dues paid by all PAMCO MCO members.

- **Health Equity Action Team (HEAT) – Previously Regional Accountable Healthcare Collaboratives (RAHCs):** The RAHCS initiative was driven by the HealthChoices MCOs in partnership with PA DHS, to identify and execute best practices in serving the needs of Pennsylvania's Medicaid residents by means of community-based supports and services.

  Geographically, the RAHCs were aligned with the five HealthChoices zones. Each RAHC had a board responsible for coalescing community stakeholders to create a bit of an ecosystem to promote access to clinical and socioeconomic service within their zone. The RAHC initiative resided under DHS for approximately five years and has since been transitioned under the auspices of the Department of Health's (DOH's) Office of Health Equity. Under DOH, the RAHCs have been rebranded as the Health Equity Action Team (HEAT) initiative which builds on the charge of the former RAHCs by adding a concerted focus on health equity.

  The overall objective of HEAT is to leverage current community-based infrastructure – and build additional components – to ensure that equitable access to relevant and timely health-related services occurs throughout Pennsylvania.

- **Community-Based Care Management (CBCM):** DHS provides PMPM funding for Medicaid MCOs to develop CBCM approaches to deliver community-based supports via CBOs designed to break down barriers to care and address health related social needs (HRSN) to improve overall health status at the individual level.
    - All CBCM initiatives for the upcoming calendar year must be submitted annually to the Department in October for its approval prior to implementation.
    - MCOs are permitted to augment approved CBCM initiatives once implemented, no later than June in the year they are deployed.
    - Being that CBCM funding is based on MCO enrollment, there may be occasions when an MCO has additional CBCM funds due to unanticipated higher

enrollment compared to enrollment projections when CBCM initiatives are submitted for DHS approval. In such cases, DHS has permitted Medicaid MCOs to submit proposals that will effectively utilize the remaining resources.

- **PA-Navigate: Community-Based Resource Referral Tool:** DHS and the Medicaid MCOs have collaborated throughout the development and implementation of PA-Navigate, the state's community-based resource referral tool. These efforts ensure interoperability with existing MCO investments (i.e., Neighborly) and clinical efforts to enhance and communicate access to community-based resources and support through electronic health records.

- **Annual Rate Technical Assistance:** DHS provides its Medicaid MCOs the opportunity to participate in an annual rate setting technical assistance meeting that includes the Department's actuary, Mercer Consulting.
    - Mercer discusses all areas evaluated to leverage efficiency adjustments in the areas requiring greater MCO attention and progress.
    - The forum provides an opportunity for MCOs to raise questions, concerns pertaining to the upcoming year's MCO capitation rate development as well as suggestions for future MCO capitation rate development.
    - Six months in advance, the DHS Bureau of Fiscal Management extends the opportunity for MCOs to submit in writing, items that Mercer needs to take into consideration relative to MCO capitation rate development for the upcoming.

DHS' Oversight Role and the MCOs' Compliance Efforts

Pennsylvania's HealthChoices program is highly regulated via an array of federal and Commonwealth laws, rules, regulations, and guidelines that are pertinent to each MCO obtaining and maintaining licensure. These include rules and regulations from the Centers for Medicare & Medicaid Services (CMS), the Pennsylvania Insurance Department (PID), the Pennsylvania Department of Health (DOH), and particularly the Pennsylvania Department of Human Services (DHS).

The DHS Contract Management team directly monitors each MCO's compliance with the HealthChoices Agreement requirements. For example, MCOs are required to submit QM/UM reports to the Department to demonstrate compliance with applicable contractual requirements. These reports are reviewed in detail during routine contract management meetings, which allows DHS to provide the MCO with timely feedback to ensure any regulatory risks are successfully mitigated.

MCOs are also subject to external audits received from DHS. These audits may be routine or Ad hoc and in addition to DHS, these audits and independent assessments may be made by following agencies to ensure effective oversight:

- Department of Human Services (DHS), which includes Office of Medical Assistance Programs (OMAP), Office of Long-Term Living (OLTL) & Office of CHIP (OCHIP)

- DHS Bureau of Program Integrity (BPI)
- Centers for Medicare and Medicaid Services (CMS)
- National Committee for Quality Assurance (NCQA)
- U.S. Department of Health & Human Services – Office for Civil Rights (OCR)
- Equal Employment Opportunity Commission (EEOC)
- Pennsylvania Insurance Department (PID)
- Department of Labor (DOL)
- Sarbanes Oxley (SOX)
- PA Office of State Inspector General (OSIG)
- PA Attorney General's Medicaid Fraud Control Section (MFCS)
- U.S. Department of Health & Human Services – Office of Inspector General (HHS-OIG)

DHS regularly performs specific subject-matter audits, which include, but are not limited to:

- The Bureau of Program Integrity's (BPI) MCO Program Integrity (PI) & Third-Party Liability (TPL) Audit
- DHS's Annual Smart Standards Audit
- Commonwealth of PA MCO Triennial Encounter and Financial Review

These external audits provide MCOs valuable/timely feedback regarding the Department's expectations for the MCO to address identified compliance concerns. Based on the results of these external audits, an MCO can request follow up internal auditing/monitoring be conducted to detail deficiencies and/or validate deficiency correction, if indicated, to ensure compliance with all the requirements of the Agreement. These audits also serve to identify best practices across MCOs for efficiencies and quality improvement opportunities.

In addition, each HealthChoices MCO is required to have an independent, external licensed Certified Public Accountant perform an annual review of financial and performance audits based on the Agreement requirements. This is a financial reporting audit for the period of January through December of the prior year and statutory reports that are audited include:

- Claims Processing
- Membership
- Lag Reports
- Income Statements
- Inpatient, Physician and Dental Statistics
- Emergency Utilization
- Coordination of Benefits
- Sub-capitation
- Pay for Performance
- Medical Loss Ratio

DHS has issued Corrective Action Plans (CAPs) when it identifies compliance concerns. When issued a CAP, MCOs work closely with DHS to successfully resolve the issue(s). In turn, DHS works closely with MCOs to ensure all items are addressed prior to closing out the applicable CAPs. Each of the HealthChoices MCOs deploys extensive Program Integrity and Compliance personnel to monitor their organization's activities to deliver and maintain compliance.

Across all these activities, the HealthChoices program has strong and ongoing monitoring mechanisms – both at the governmental level (particularly DHS) and through the internal efforts put forth by each MCO.

VII. Provider Delivery System Dynamics and Accomplishments

HealthChoices MCOs play a crucial role in enhancing Pennsylvania's provider delivery system and ensuring members have timely access to high-quality care. Through proactive network management, innovative expansion efforts, and longstanding provider relationships, MCOs have established robust provider networks that exceed those built under traditional Medicaid models. Using data analytics and monitoring tools like Quest Analytics, MCOs actively monitor and assess provider capacity and network adequacy, identify gaps, and strategically recruit providers to ensure comprehensive coverage in all regions. These efforts have increased mainstream provider participation in the HealthChoices program, improving access for members statewide.

Innovative Strategies to Expand Provider Capacity

To further enhance provider capacity and mitigate persistent workforce shortages, MCOs are taking steps such as funding scholarships for those pursuing careers in health care, contracting with specialized providers like physician assistants, doulas, and independent pharmacists, and partnering with health systems to recruit affiliated providers into their networks. Some MCOs are also expanding their provider networks by leveraging existing relationships with commercial and Medicare providers to bring them into the HealthChoices network.

Pennsylvania's Medicaid MCOs have also adopted proactive, innovative measures to maximize provider capacity, including implementing value-based payments, increasing community outreach, strengthening provider relations, and offering tailored rates in specific situations.

Value-Based Payment (VBP)

An evolution towards embracing VBP is occurring nationwide as a means of aligning payer and provider behaviors to better achieve access, quality, and cost objectives – and to move away from a traditional reimbursement model that primarily rewards service volume. DHS has played a strong role in this evolution by contractually requiring the Medicaid MCOs to have VBP programs in at least the following areas:

- Maternity Care Bundled Payment
- Patient Centered Medical Home
- Rural Health Model
- Pediatric Shift Nursing Improvement Payment
- FQHC/RHC Conceptual Modeling Pilot
- Dental School Pilot

In the 2024 HealthChoices Agreement, the Department required that 50% of the medical portion of the capitation and maternity care revenue rate be expended through VBP programs. In addition, 18% of the total medical

In 2023, one MCO distributed $2.7 million dollars of shared savings and quality incentives among five of the six ACOs under contract. All six ACOs achieved additional quality bonuses.

One of the ACOs shared, "[We] have invested the ACO incentive payments towards the development of an Enterprise Incentive Bonus program for our employees designed to promote quality and closure of care gaps, improve access to care, and enhance operational process improvement efforts."

portion must incorporate at least one community-based organization that addresses a SDOH domain.

Many HealthChoices MCOs go above and beyond the Department's goals by implementing additional VBP programs and surpassing the target spend requirements for the DHS-required programs. The VBP programs span a continuum from being highly targeted to influence a specific enrollee subgroup and need, to being nearly all-encompassing across the MCOs' membership. For example, one MCO's VBP program encompasses 94% of their Medicaid enrollees.

A key theme to the VBP initiatives has been that all parties – DHS, the MCOs, and the involved providers – are working to achieve the same objectives. The following quote from an FQHC's Quality Nurse depicts these aligned efforts and shared goals:

"In a very practical way, I share the goals and performance that are being incentivized with our provider care team. Almost always, this is in alignment with our UDS [Uniform Data System] measurements for the FQHC program."

Specific examples of value-based programs that have been implemented include the following:

- An MCO has engaged a primary care center, which has earned considerable VBP bonus payments. These payments have helped them fulfill and expand their mission. For example, the practice has been able to hire multiple Community Health Assistants, who directly assist patients with a multitude of needs (including SDOH needs).

- An MCO's provider pay for performance (P4P) program is offered to PCP provider groups serving a large panel of HealthChoices enrollees. This program is funded via DHS pass through dollars, 100% of which must be shared with providers via this program. Collectively, providers participating in the program have continually improved performance on the key metrics.

- An MCO has engaged multiple FQHCs in an enhanced VBP arrangement focused on improving performance across adult and pediatric quality measures. Considerable improvements have occurred. For example, two of the FQHCs improved in all five measures in the VBP. Incentives have evolved to reward both meeting absolute score targets as well as rewarding year-over-year improvement on measures where absolute scores have been low. This approach helps motivate ***all*** providers to elevate their performance – not just those with high scores.

- One Medicaid MCO has a team of Quality Project Managers who assist high volume provider groups in focusing on quality measures and VBP and P4P programs. One FQHC has a full-time community health worker (CHW) who focuses on closing quality gaps in care. The MCO provides this CHW with training on measures, uploading to a clinical gap management tool, data mining, public benefit supports, and outbound call scheduling. Improvements have occurred at this site for all the incentivized measures.

- One Medicaid MCO employs eight Clinical Transformation Consultants (CTCs) who collaborate with providers to enhance quality and performance. CTCs provide proactive support, including chart mining and collaborative strategy alignment to avoid redundant efforts when using the MCO's Care Gap Management Application. This application allows providers to view member-specific care gaps and upload medical record documentation, facilitating targeted improvements. An example is conveyed below:

  A provider participating in the MCO's VBP program granted the MCO's CTC access to their electronic medical records to focus on chart mining support. Their analysis revealed significant missing postpartum visit data. By working collaboratively, the CTC and provider team identified and resolved an underlying billing system issue causing code omissions. The provider then implemented corrective measures to ensure future accurate submissions. This collaborative effort significantly improved the provider's postpartum performance rate, leading to better quality scores and increased incentives.

  The use of VBP programs has not only strengthened provider engagement but also enabled meaningful reinvestments in services that align with DHS' goals and seek to further elevate Pennsylvania's Medicaid program. Providers have used their VBP incentive revenue to fund community health workers, upgrade health information systems, expand on-site services (e.g., physical therapy, pharmacy, dental), and close care gaps by increasing outreach and hiring advanced practice providers. These investments have extended critical support to uninsured individuals, justice-involved populations, and pregnant and postpartum individuals with opioid use disorder.

Community Outreach Partnerships Between MCOs and Pennsylvania Providers

HealthChoices MCOs conduct a wide array of community events in partnership with the provider community. A few recent examples are conveyed below.

- Well-Woman Day Events: An MCO's CHWs work with network providers to deliver preventive women's health services. In 2024, five events focused on breast cancer screenings. On-site and telephonic support freed up provider time, leading to higher appointment volume.

- Preventive Dental Events: In 2024, one MCO coordinated 19 community-based dental events with medical practices and mobile dental providers, which collectively resulted in 489 scheduled appointments with 301 members seen (62% show rate).
- Diabetic Retinal Exam (DRE) Events: To improve access to DREs, one Medicaid MCO hosted events at provider sites to proactively identify and engage members with overdue check-ups. CHWs captured DRE images using the MCO's equipment, which were then interpreted by a network ophthalmologist. In 2024, 14 events served 28 members.

- Enhanced Appointment Scheduling: An MCO supported dental practices by conducting outreach to pediatric members due or overdue for services, scheduling appointments, arranging transportation, and making reminder calls. In 2024, 203 appointments with 115 attendees occurred (a 57% show rate), creating enhanced patient volume at minimal administrative burden for providers.

> "Our practice has been contracted with [MCO] for the past 10-15 years. We have had the great pleasure of working with many individuals from [the] team. We have never received anything but respect and prompt attention to our clinical, administrative, and financial needs.
>
> — Family Practice Provider

Provider Relations

HealthChoices MCOs foster strong, collaborative relationships with providers by reducing administrative burdens, improving their overall experience, seeking out their input and expertise, and ensuring they have the tools and resources needed to deliver high-quality care to members. Below are some of the key ways MCOs support providers:

- Offering intuitive online provider portals equipped with self-service tools that simplify essential administrative tasks. Through these portals, providers can efficiently review member benefits, submit prior authorization requests, check claim statuses, and manage claim disputes and appeals.

- Investing in a robust Provider Relations function that welcomes and onboards new providers, hosts ongoing educational webinars and training sessions, and ensures providers' questions and issues are resolved as quickly as possible. This team also serves as a bridge between providers and key internal teams, including Clinical, Quality, and Pharmacy, to facilitate collaboration and problem-solving. Additionally, some MCOs offer a dedicated Provider Care line to assist providers with minimal wait times.

- Engaging in regular collaboration through Joint Operating Committees and other routine educational meetings. These meetings address specific challenges and operational concerns from both sides. MCOs actively seek provider input and work together to identify solutions that enhance provider experience and care delivery.

- Keeping providers informed of critical updates and policy changes through multiple communication channels—including provider websites, quarterly newsletters, educational meetings, live webinars, and more—in accordance with the annual Provider Education and Training workplans that MCOs submit to the Department.

Tailored Rates

By offering tailored rate structures in specific situations, Medicaid MCOs can help sustain provider participation, address workforce shortages, and prevent disruptions in care. Below are key ways MCOs are implementing targeted rate strategies to bolster their provider networks:

- To prevent disruptions in treatment for pediatric and adult members requiring specialized care, MCOs are establishing Single Case Agreements with renowned out-of-state hospitals.

- Recognizing the challenge of provider shortages in rural areas and certain medical specialties, MCOs are offering enhanced, competitive rate structures to attract and retain providers in these high-need areas.

- One Medicaid MCO has established specialized high-tech rates with two major home health providers to support members requiring advanced clinical care, such as tracheostomy management, ventilator dependency, and central line care. These rates help attract and retain skilled nurses by recognizing the additional training and expertise required to manage complex medical needs.

- Medicaid MCOs work with home health providers to establish single case agreement rates when necessary, understanding that workforce shortages can be exacerbated by factors such as split shifts, overnight hours, and rural locations. This flexibility ensures that providers are adequately supported and that members receive the care they need despite geographical and scheduling challenges.

Provider Satisfaction and Retention

Pennsylvania's Medicaid MCOs' efforts to foster strong provider relationships and continually improve their experience have led to high rates of provider satisfaction and retention. MCOs conduct annual provider satisfaction surveys to assess successes and identify areas for improvement—two MCOs shared that most surveyed providers indicated a high level of overall satisfaction in the most recent survey year.

Over the past two years, Pennsylvania's HealthChoices MCOs reported that most provider terminations occurred due to relocations, retirements, facility closures, or death. One MCO noted that beyond these reasons, the most common reason for a provider leaving the HealthChoices network was the failure to renew or loss of a Promise ID. To address this, the MCO has implemented a proactive process in which its Provider Relations team directly reaches out to affected providers, offering support with renewal and information gathering.

> "Staff are friendly and responsive, credentialing process is expedited and communicative, reimbursement is swift and easy."
>
> — Provider

VIII. Community Engagement Efforts and Activities

Pennsylvania's ability to address the needs of its low-income residents is significantly strengthened by the broad network of community-based organizations (CBOs) operating in the Commonwealth. In turn, these community entities' ability to fulfill their missions are greatly enhanced by the capitated MCO model of Medicaid coverage in Pennsylvania.

The Commonwealth's Medicaid MCOs have established hundreds of partnerships with CBOs, collectively involving extensive funding support, valuable data sharing, and a large ongoing stream of thousands of daily interactions between MCOs, providers, and CBOs to support Pennsylvania's Medicaid enrollees. These partnerships enhance the ability of both MCOs and CBOs to serve members more effectively and expand their reach.

This section describes the MCOs' partnerships with Pennsylvania's community-based entities, primarily by conveying examples of specific partnerships. The extent and importance of these partnerships is also evident in other sections of the report, such as Section X (Social Determinants of Health).

Financial Support

Extensive community investing is a hallmark of Pennsylvania's Medicaid MCOs. Several of the HealthChoices MCOs shared their payment levels during each of the past several years, and these health plans **averaged over $14.5 million in annual community investment**. These health plans represent roughly two-thirds of all HealthChoices enrollment; therefore, an extrapolated **estimate of program-wide community investment is approximately $22 million per year.**

Specific community investment activity examples are conveyed below.

- One MCO has invested over $30 million since 2018 via partnerships with more than 100 CBOs.

- Over the past four years (2021-2024), an MCO has invested over $12.6 million across 44 community-based programs.

- An MCO established a Community Health Benefit Fund, through which over $10 million of financial support was provided across more than 125 community organizations between 2022 and 2024.

- In 2023 alone, one MCO and its enrollees contributed over $3 million to philanthropic efforts across Pennsylvania and volunteered over 94,000 hours in local communities.

- Another MCO's annual investments have averaged approximately $2 million across the 2020-2024 timeframe, distributed across, on average, 160 CBO partners.

- An MCO provided $40,000 to enable a food market to add a part-time employee as a Food Programs Coordinator, to engage the community. This also enabled a full-time staff member at the food market to focus on expansion. As a result, in 2024 they were able to have $100,0000 of food assistance redeemed at the market. The market was also able to leverage the MCO's investment to attract additional support in the community.

- One MCO has helped five CBOs hire community health workers (CHWs), who are helping to engage with "hard to reach" populations, reconnecting them to primary care, and navigating their medical and non-medical needs. The CHWs are also conducting outreach to members to address specific gaps in care.

- During 2024, an MCO provided a $10,000 sponsorship to assist a CBO with programming for the 2,700 seniors to maintain a place for social connection, remain active, enjoy educational opportunities, and have health resources.

- An MCO has provided funding for the Erie Center for Arts and Technology (ECAT) since 2023 to employ a dedicated CHW to increase connections between members who reside in Erie's East End to primary care services and appropriate community resources to address their unmet health needs. ECAT's CHW outreaches to the MCO's members who are disconnected from the healthcare system, as evidenced by missed adult and child wellness preventive visits and dental checkups, to screen for HRSN and address the members' unique barriers to accessing healthcare services. In addition, the ECAT CHW supports Health and Wellness activities at ECAT, including a mobile dental clinic, Community Health Fair, and pop-up farmers' markets.

- Since 2018, an MCO has provided financial support to a faith-based organization that works in the South Hill's area of Allegheny County. This organization has addressed the needs of more than 3,900 community residents with food, clothing and social services.

Whether or not the MCOs' community financial support take the form of grants—these payments typically represent pointed investments in the community, in the health of the community and the health of the MCO's enrollees (for which the MCOs are at full cost risk).

The quotes below, from executives at different CBOs demonstrate how these investments have been viewed by Pennsylvania's CBOs.

"The unwavering support and strategic investments from [MCO] have been a catalyst for transformative change, enabling us to expand our health-related services to empower vulnerable individuals to live healthy, self-sustaining lives. Through the steadfast support and visionary investments of [MCO], we are not only transforming health delivery but also igniting economic development and development within our community. Together, we are building healthier communities."

"[MCO] has been a longstanding partner to the community and has continually demonstrated our commitment to the Latino and other immigrant communities in Montgomery County and beyond. We have been an important connector in Montgomery County's human services network for 46 years by offering a full range of critical bilingual, bicultural services to address gaps in access to vital resources in the community. With your help and partnership, we have been able to work together to extend our similar missions. [MCO] has provided our organization with support in numerous ways including dedicated health resources for our clients and innovated collaborations in educational activities for our community."

"[The MCO's] sponsorship and investment in Safe Berks' efforts have had a profound impact on our community and have significantly contributed to Safe Berks' ability to fulfill its mission. Over the past several years, the sponsorship support through the Continuing Education programs has provided the necessary funding to enhance staff training, improve service delivery, and extend outreach to individuals who may not otherwise have access to these essential services. The financial support from Highmark Wholecare allows Safe Berks to continually improve its programs, stay current with best practices, and train professionals who are on the front lines of domestic and sexual violence advocacy. This sponsorship also helps to create a safe space for survivors to access resources and counseling, empowering them to regain control over their lives and move toward healing."

"Project HOME is so grateful for [MCO's] pledge of $85,000 to support our new accessible van and fees for transport to and from Inn of Amazing Mercy… Together, [Epstein Street Medicine] and [Project HOME's Inn of Amazing Mercy] are serving individuals at all stages of recovery, from those currently experiencing homelessness and active substance use, to those who have entered respite to begin recovery, to those in permanent supportive housing who are receiving holistic assistance and connections to further resources… A van dedicated to the space at The Inn ensures that staff have access to transportation for both residents and patients for further medical assistance, appointments, shelter and housing placements, and other connections to services. This pledge of support opens up much-needed access to continued care for our patients and residents. Thank you so much!"

Investments of the nature and magnitude that are occurring via Pennsylvania's Medicaid MCOs are a unique advantage of a capitated, coordinated care system of coverage. These CBO investments simply do not occur in the Medicaid fee-for-service setting, which is grounded in paying providers for the services they render (usually at payment rates that are far from robust in comparison with what providers receive from other payers).

Community Engagement Staff

In addition to their external investments, MCOs invest internally in outreach staff who conduct extensive "street level" work to engage with CBOs, with enrollees, with schools, faith-based entities, and with many other community stakeholders. A few examples of these staff activities are conveyed below.

- One MCO's Community Engagement specialists engage with numerous Housing Authorities across the state as part of a health awareness outreach initiative that features health education, free health screenings and vaccinations, and community resource materials for residents and their families as part of events such as the mobile tour, outreach series, Health Awareness Series, block parties, community days, wellness days, walking programs and healthy eating programs in Urban, Suburban and Rural areas.

- Pennsylvania's MCO staff are active in the community outside of their official work roles, collectively providing considerable volunteer time. One MCO noted that "When providing financial support to a community-based organization, it is often coupled with volunteer engagement for our employees."

Community Events

Pennsylvania's Medicaid MCOs are extensively involved in community events – at minimum as attendees/participants, but often through financial sponsorship and/or volunteer staff support. At times, the MCOs serve as the creator and administrator of community health events. A few examples of these efforts and investments are conveyed below.

- One of Pennsylvania's MCO has participated in more than 1,000 community health events during each of the past two years (2023 and 2024).

- An MCO collaborated with numerous community partners to coordinate mobile and outreach events held across 26 Pennsylvania counties focused on Latino subgroups, engaging with members, prospective members and the community at large in places such as corner stores, libraries, neighborhood centers, housing sites and community events. The MCO worked to actively engage the community through education and health-related activities in a festive and comfortable setting for the attendees. Statistics related to these efforts during 2024 included:
    - 150 Outreach Series events with Latino Connection
    - Direct MCO engagement with over 37,000 participants
    - Total attendance of 60,000 across these events

Operating Community Centers

Pennsylvania's Medicaid MCOs have established and operated several community centers that serve as a "hub" for their enrollees (and other residents of the community) to obtain health education, take part in wellness activities, and get better connected to health and SDOH services. A few examples of these community centers are conveyed below.

- One MCO's Neighborhood Center provides health supports, community-based resources, and assistance from local organizations that help address SDOH issues, including lack of access to stable housing, meaningful job training and employment, and access to healthy food. The center hosted 250 events through partnerships with over 50 CBOs during 2024 alone and has served over 7,000 individuals since its inception in December 2022.

- An MCO invested more than $3 million to open and operate Connection Centers in Harrisburg and Pittsburgh.

- One MCO operates a Community Wellness Center in West Philadelphia, where it provides weekly professional development classes led by Community Educators. These sessions include resume reviews, budgeting guidance, interviewing skills training, mock interviews, and more.

Medicaid Eligibility Application Support

All of Pennsylvania's Medicaid MCOs work to assist persons in obtaining – and particularly in maintaining – Medicaid coverage.

- An MCO's staff team attends school events, (e.g., family nights, health fairs, parent/teacher conferences, various parent training sessions, and various other school events). The MCO staff help parents with the family's application for Medicaid or Medicaid benefits renewal. Outcomes from these events since 2023 include:
    - Review of 849 Medicaid coverage applications
    - Completion of 140 Medicaid coverage applications, 14 Cash Assistance applications, 64 Food Stamps applications, 3 Child Care applications, and 2 CHIP coverage applications.

- Administered through a Small Diverse Business (SDB) contract, an MCO's Resource Navigation Hub launched in 2020 and continues to comprehensively assist the MCO's members with Medicaid redeterminations, public benefits applications, health-related social needs screenings, and referrals to CBOs.

Additional Community Investment Examples

The Medicaid MCOs' community-focused investments and activities occur across a broad spectrum of areas of focus. A few additional investment examples are shared below in areas such as providing legal support to enrollees.

- An MCO's Medical Legal Community Partnership (MLCP) program spans across four zones. The MLCP integrates legal care into community-based care. The MLCP advocates screen members for socio-legal needs including but not limited to personal safety and family stability, housing and utilities, income supports and maintenance, and employment. When a need is identified, MLCP advocates provide members with the necessary support whether it be short-term assistance, longer representation, referring them to an attorney at the MLCP office, or connecting them with an external

organization. In 2024, 97.6% of members engaged in the MLCP program reported that their legal problem was completely resolved.

The Jefferson Collaborative for Health Equity (JCHE) is a broad-based community collaborative and action network that addresses health inequity challenges. The collaborative deploys innovative strategies, programs, and initiatives to advance health equity. The JCHE engages Health Partners Plans members into community-based services and supports through its clinical pipeline referral strategy. Members receive evidence-based health education programming in the form of Diabetes Prevention, Diabetes Self-Management, Hypertension Management, Nutrition Counseling, Smoking Prevention, and resource navigation support from community health workers. The program staff also complete health-related social needs assessments and the team's community health worker assists members with high social needs to connect with resources.

IX. Social Determinants of Health Programs and Accomplishments

Recognizing the impacts of social determinants of health (SDOH) on overall well-being, MCOs in Pennsylvania are actively implementing tailored initiatives to support both individual members and the broader communities they serve. These efforts address critical areas such as housing, nutrition and food security, employment, and more.

MCO efforts to address members' SDOH needs are multi-pronged and can be grouped into five key categories:

1. Identification of each enrollee's SDOH circumstances (both needs and strengths) through systematic data collection efforts
2. Broad-based efforts to support SDOH needs across the entire membership
3. Tailored efforts to support the specific SDOH needs of individual enrollees
4. Community partnerships and investments focused on addressing SDOH
5. Provider partnerships to enhance their ability to ascertain and address SDOH needs

This section of the report describes the Pennsylvania Medicaid MCOs' significant efforts in each of these areas, and Appendix A provides a more extensive list of specific initiatives within key SDOH domains such as housing, nutrition, and employment.

Identification of SDOH Circumstances

In a similar manner to MCOs' efforts to ascertain each enrollee's health needs, Pennsylvania's Medicaid MCOs are increasingly focused on systematically gathering data on enrollee's SDOH needs and strengths. At the point of enrollment, the MCOs are seeking to collect key information related to:

- Family and social support systems
- Housing circumstances and stability
- Nutritional needs and dietary behaviors

The specific methods used to collect SDOH data vary across MCOs, with some plans incorporating SDOH items into their overall health screening tools and other plans implementing SDOH-specific data collection efforts. For example, one Pennsylvania Medicaid MCO developed a specific SDOH assessment questionnaire, and conducted more than 20,000 SDOH assessments during 2024 using this tool.

These assessment efforts are occurring on a massive scale in the HealthChoices program. For example, during 2023 one MCO completed approximately 270,000 assessments that collectively encompassed the following types of activities:

- Medicaid renewal supports
- Social needs screening
- Special Needs Plan health risk assessments
- Public benefits enrollment screenings
- Pharmacy care management
- Dental hygiene

In addition to traditional screening methods, MCOs are adopting innovative strategies to reach members "where they are." One creative approach involves a partnership with Fabric Health, which engages enrollees at laundromats. While enrollees wait for their laundry, Fabric Health staff build rapport and assist them in completing a brief survey that assesses their social needs. Based on survey responses, members are connected to appropriate resources. Follow-up contact is completed for members as needed to ensure that all needs are met.

Broad-Based Efforts to Support SDOH Needs

A common theme across Pennsylvania's Medicaid MCOs is their extensive collaboration with public and private organizations that address SDOH needs. Whether or not they directly partner with SDOH-focused entities (e.g., through providing grants, serving as a payor for certain SDOH services rendered to their enrollees, etc.), all MCOs maintain comprehensive directories of available community resources. These directories include organizations offering services such as food assistance, housing support, and job placement. MCOs not only provide general educational materials about these resources but also refer enrollees to specific entities based on identified enrollee needs.

For example, one MCO implemented Neighborly (powered by *FindHelp*) in March 2020. Neighborly is an online platform offering an extensive, searchable database of over 600,000 resources nationwide, including over 11,000 local resources across Pennsylvania. The tool is accessible to providers, community-based organizations, and enrollees via a mobile app and a public website (www.NeighborlyPA.com), allowing users to find and connect with relevant services at any time.

Tailored Efforts to Support Specific SDOH Needs of Individual Enrollees

Once an SDOH need is identified, Pennsylvania's Medicaid MCOs follow up promptly to provide appropriate support. These responses are often highly tailored and draw upon strong partnerships with care coordination teams and community-based organizations. The following example highlights how targeted, member-centered efforts are driving measurable improvements in health and well-being.

One MCO partnered with Project Destiny to support the Thrive 18 program, which seeks to improve community health by addressing SDOH challenges in underserved neighborhoods. Thrive 18 utilizes a non-clinical community health worker model that integrates family support, care management, community organizing, and outreach to enhance health outcomes. The program has yielded statistically significant results, including:

- 9% increase in preventive visits;
- 75% increase in referrals for housing related services;
- 33% increase in referrals for utilities assistance programs; and
- 39% increase in referrals for transportation related services.

Community Partnerships and Investments Focused on SDOH

Community partnerships are a critical component of the MCOs' SDOH activities and investments. Many of the domain-specific initiatives detailed in Appendix A—covering areas such as housing, nutrition, and employment—are centered around strong partnerships between MCOs and a wide array of local community-based organizations that directly deliver SDOH supports.

In addition to these targeted efforts, several broader partnerships span multiple SDOH domains, including a collaboration between an MCO and PA 211, a statewide network of telephonic specialists with expertise in connecting individuals to community-based resources. Through this partnership, enrollees are connected to tailored supports across a range of needs. In 2024 alone, this collaboration helped address nearly 3,000 SDOH-related concerns.

> *"The United Way of Pennsylvania, and PA 211 work every day to connect Pennsylvanians to resources that help improve their health and well-being and that of their families and communities. Having Resource Navigators at 211 who are specifically trained to provide [your MCO's] members with local resources and then follow up to learn about the efficacy of those referrals, highlights the degree to which PA 211 can create stabilizing, closed loop, outcomes-based connections between individuals and community based organizations."*
>
> – Vice President, PA 211

Provider Partnerships to Address SDOH Needs

Alongside community-based organizations, Pennsylvania's provider community plays a key role in delivering holistic care that addresses both medical and SDOH needs. As detailed in many of the domain-specific initiatives in Appendix A, MCO-provider partnerships are a central strategy for meeting enrollees' SDOH needs.

For example, an MCO partners with Valley Health Partners' Street Medicine program to deliver primary and urgent care services to individuals experiencing homelessness in the Lehigh Valley. Under this program, the team utilizes a holistic member-led approach to not only provide high-quality health care but also address barriers to health care access. Members are offered numerous services and links to community partners, including tele-psychiatry, mail services,

care coordination, survival support, grant-funded medical respite, and referrals to housing services. The overarching aim is to offer care on terms that align with members' preference in locations of their choice.

A more extensive list of SDOH initiatives led by the HealthChoices MCOs is provided in Appendix A. These initiatives are grouped into the following categories:

- Broad-Based Efforts to Support SDOH Needs
- Tailored Efforts to Support a Specific Enrollee's SDOH Needs
- Community Partnerships and Investments in the SDOH Arena
- Housing Initiatives and Efforts
- Nutrition and Food Security Initiatives and Efforts
- Employment Initiatives and Efforts
- Other SDOH Domains

It is important to note that the programs listed in Appendix A represent only a portion of the comprehensive SDOH activities underway across all HealthChoices MCOs.

X. Health Equity Programs and Accomplishments

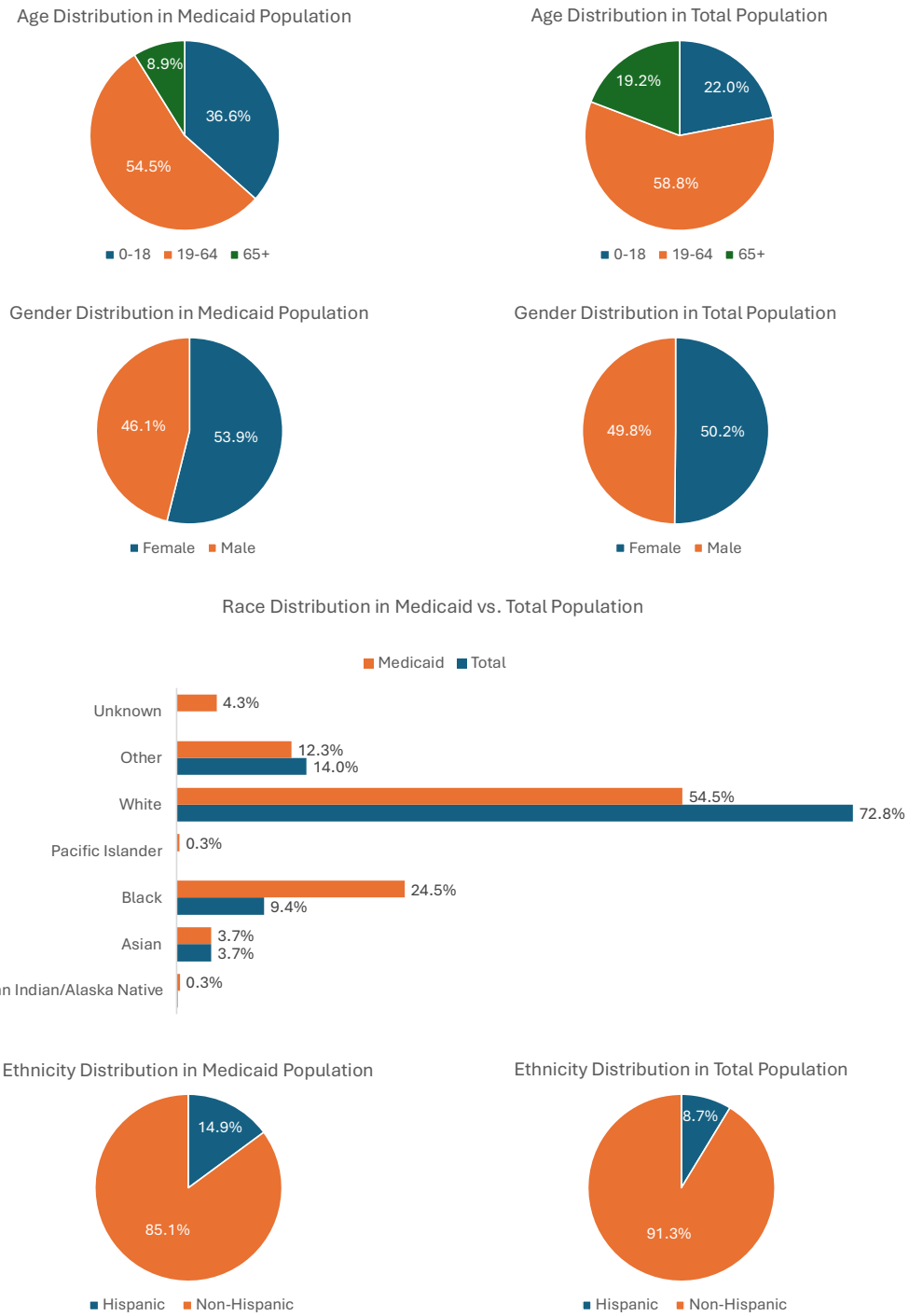
Pennsylvania's Medicaid program serves a population that is demographically distinct from the state's total population, reinforcing the need for targeted health equity initiatives (Exhibit L).

In 2022, children under the age of 18 made up 36.6% of Medicaid enrollees, compared to just 22.0% of Pennsylvania's total population, highlighting the importance of early intervention services and preventive health programs in reducing childhood health disparities. Additionally, Medicaid covered a higher proportion of women (53.9%) than the state's overall female population (50.2%), underscoring the need for robust maternal health programs and services tailored to women's healthcare needs.

The racial and ethnic composition of Pennsylvania's Medicaid population further highlights the program's role in addressing health disparities. Black individuals accounted for 24.5% of Medicaid enrollees but just 9.4% of the total state population, while Hispanic individuals represented 14.9% of Medicaid enrollees, compared to 8.7% statewide. Given the persistent disparities in chronic disease prevalence, maternal health outcomes, and access to care within these communities, Pennsylvania's Medicaid MCOs play a critical role in expanding equitable healthcare access through culturally tailored interventions and partnerships with trusted community organizations.

To advance health equity, Pennsylvania's Medicaid MCOs have adopted a multifaceted approach to better understand the unique challenges different communities face. By collaborating with members and key community stakeholders, MCOs are forming strategic partnerships and implementing targeted interventions to reduce disparities and improve health outcomes.

Exhibit L. Demographic Snapshot of Medicaid and Total Population in Pennsylvania (2022)



The following sections outline key MCO programs and accomplishments in strategy and planning, data collection and analysis, and specific initiatives that are improving health equity outcomes across the state.

Strategy and Planning

MCOs have incorporated health equity into their strategic planning processes through steering committees and workgroups, enterprise-level workplans, and intentional hiring practices. Several examples are described below.

- In 2025, one MCO launched a Health Equity Program that aims to improve health outcomes and reduce social risk factors for members experiencing disparities. Progress is tracked quarterly via a Health Equity Workplan, allowing for proactive program adjustments. Key initiatives include:
    - Data-Driven Disparity Identification and Addressal: Using data to pinpoint and address healthcare disparities among various populations.
    - Language Access Monitoring: Tracking and trending the use of translation and interpretation services, both internally and externally.
    - Enhanced Data Collection: Improving the collection of race/ethnicity, language, sexual orientation, disability, gender identity, and preferred pronouns data from both providers and members.
    - Social Needs Assessment: Annual analysis of member social risks and needs to ensure access to appropriate community resources.
    - Population Segmentation: Annual analysis of the overall population to identify meaningful sub-populations for targeted interventions.
    - Provider Network Education: Providing annual training and demographic data to educate providers on culturally sensitive care.
    - Culturally Sensitive Materials: Developing and distributing culturally appropriate and destigmatizing health information materials.
    - Diverse Provider Network: Maintaining a diverse provider network through annual gap analyses to meet the cultural, linguistic, and inclusive needs of the membership.
    - Provider Language Services: Partnering with providers to ensure adequate language and interpretation services are available.
    - Member Feedback Integration: Using direct member feedback and collaboration with community partners to assess program effectiveness.

- In 2023, one Medicaid MCO implemented a Health Equity Steering Committee (HESC), comprised of a multidisciplinary team of key leaders and stakeholders across the MCO. The committee guides and oversees strategies, workflows, and processes to advance the organization's health equity initiatives. The HESC has created four subcommittees focused on Data, Patient and Member Services, Community Health Initiatives, and Cultural Competency. The committee's efforts are guided by five key pillars: information gathering, data and reporting; MCO operations; member engagement; programs, pilots and interventions; vendors, partnerships and community-based organizations.

- Another Medicaid MCO established a Health Equity Workgroup to align its quality programs with regulatory priorities. This initiative integrates health equity into health promotion efforts and optimizes resources to address healthcare gaps across all business lines. The workgroup's primary objective is to develop and monitor quality and clinical strategies that reduce disparities and address identified needs among its members. Through an annual population health assessment, the MCO identifies characteristics and needs of key subpopulations, including children and adolescents, members with disabilities, those with serious persistent mental illness, various racial and ethnic groups, and those with limited English proficiency.

- In 2021, one Medicaid MCO hired its first Chief Diversity, Equity and Inclusion Officer (CDEIO) to enhance care delivery and community engagement. In this role, the CDEIO implemented a multipronged strategy focused on hiring diverse talent, creating an inclusive culture, strengthening community partnerships, advancing health equity, and promoting supplier diversity.

Data Collection and Analysis

Pennsylvania's Medicaid MCOs are continuing to develop innovative ways to use data to better serve their members. Expanding beyond traditional datasets has enabled them to identify and analyze health disparities across race, ethnicity, and other factors. By leveraging these insights, MCOs can pinpoint priority populations and establish community partnerships to address identified disparities. Several examples of efforts to advance data collection and analysis methods are described below.

- One MCO uses data from its partner health system's electronic record to collect key demographic and identity information, including race, ethnicity, language preference, sex, gender identity, sex assigned at birth, organ inventory, and affirmation history. Due to the use of the SOGI SmartForm, they are also able to capture additional information including pronouns, sexual orientation, and veteran status. The alignment of data elements between the electronic health record and the MCO's system enhances data collection and analysis.

- To address persistent disparities, one MCO uses an internal dashboard to track and monitor improvements in outcomes for the African American population in the following measures: Well-Child Visits (W15), Prenatal and Postpartum Care (PPC), Controlling Blood Pressure (CBP), and Glycemic Status Assessment for Patients with Diabetes (GSD).

Provider Networks

MCOs are supporting providers' efforts to advance health equity by offering incentive programs and training opportunities:

- One MCO established the Premier Partners Program (PPP) in 2011, a quality-first shared savings program, meaning that providers must meet quality targets before becoming eligible to share in savings. The program is built on a patient-centered medical home model, which emphasizes whole-person care, including screening and managing health-related social needs. Participating practices receive a variety of data, including race and ethnicity breakdowns, with a strong focus on health equity. Over the years, PPP practices have consistently achieved higher quality scores and lower disparity gaps compared to non-PPP practices. In 2025, the program is incentivizing practices to conduct HRSN screenings.

- All the HealthChoices MCOs' provider pay for performance (P4P) programs integrate health equity into their incentive structure. As an example, one MCO makes additional rewards available to providers who achieve the 70th percentile or higher or demonstrate improvement in outcomes for their Black patients. To support these efforts, the MCO shares data reports that highlight member-specific quality gaps in care by race.

- One MCO developed a curriculum and certification program to equip providers with the knowledge and skills to deliver inclusive, stigma-free care to LGBTQ+ members, particularly those who are transgender, gender diverse, or intersex. To earn certification, providers must attest that they:
    - Adhere to the most recent version of the World Professional Association of Transgender Health Standards of Care (wpath.org/publications/soc);
    - Understand the content presented in all three learning modules;
    - Are confident in communicating with patients about health needs relating to sexual orientation and gender identity;
    - Are an LGBTQIA+ Affirming Provider champion; and
    - Agree to the LGBTQIA+ Affirming Provider Designation being displayed with my provider details in the MCO's provider directory listing.

Tailored Initiatives for Members

In addition to integrating health equity into strategy and planning, enhancing data collection and analysis, and supporting providers in advancing equitable care, MCOs are implementing targeted initiatives to address disparities among specific populations. The following initiatives illustrate these efforts:

- One MCO has launched several initiatives to reduce disparities and improve health outcomes among its African American and Hispanic members:
    - Targeted Member Outreach: Registered nurses from the MCO's quality department conduct prioritized outreach calls to African American members. During the calls, nurses provide education on their conditions, medication adherence, lifestyle, and diet; assist in scheduling PCP visits; and offer to send a recipe book via mail to support healthier eating habits.
    - Diaper Pilot: In collaboration with the Visting Nurse Association, the MCO conducts monthly outreach to eligible African American members residing in zip codes with the highest postpartum care non-compliance rates (PPC-Postpartum HEDIS measure). Members who successfully complete a postpartum visit at home receive a gift card redeemable for baby supplies.
    - Medication Optimization Initiative: This program identifies African American members who are not on recommended therapy or non-compliant with recommend therapy for blood pressure management and aims to improve blood pressure control through medication management. Communications are sent to both members and providers, offering tips and best practices for managing blood pressure.
    - Health Events: In 2024, the MCO hosted multiple health events in predominantly African American neighborhoods, collaborating with Healthy Measures, a third-party vendor, to close care gaps. These events provided services such as A1c testing, particularly for members with A1c values over 9.
    - Community Reproductive Health Navigator Pilot: Partnering with the Maternity care Coalition, the MCO supports African American mothers by coordinating well-child visits during the first 15 months of their child's life.
    - Latino Connection Self-Monitoring Program: The MCO collaborates with Latino Connection to enroll Hispanic members with hypertension in the Lehigh Capital zone in a self-monitoring blood pressure program. Participants receive a blood pressure cuff and four months of educational support and coaching.

- One Medicaid MCO has operated the Preventing Prematurity Program (P3) since 2019, which provides MANNA meals to high-risk pregnant members in specific zip codes in Philadelphia with disproportionately high levels of pre-term births. Results have shown a 20% reduction in pre-term births for members enrolled in this program in select high volume and high-risk zip codes.

- One MCO collaborates with faith-based organizations in predominantly Black and Hispanic communities to train trusted members as health ambassadors. These ambassadors receive education on key health topics, including women's health, diabetes, pediatric care, and maternal health, enabling them to promote wellness within their communities. Over the past five years, this initiative has led to 64 partnerships.

- One MCO is expanding access to care in rural and minority-concentrated communities through the following initiatives:
    - Community Health Events: Hosting diabetes-focused events that offer A1c tests and eye exams at various locations.
    - In-Home Testing: Providing in-home A1c tests and diabetic eye exams. In 2024, 244 A1c tests, 161 eye exams, and 135 additional tests were completed via mailed kits. A third-party partner also provided 300 in-home eye exams for lower-risk members, while high-risk members received in-home assessments by nurse practitioners. Members with concerning results were referred to diabetes management programs.
    - In-Home Blood Pressure Monitoring: Supplying blood pressure monitors and scheduling provider appointments to support hypertension management. In 2024, this initiative supported 211 members.

These efforts to expand access to care have led to significant improvements in key health equity measures for the Black population in recent years. From 2020 to 2023, the MCO achieved the following outcomes:

- *Controlling Blood Pressure: Improved from 39% in 2020 to 55% in 2023.*
- *Diabetes A1c > 9% (lower is better): Decreased from 57% in 2020 to 50% in 2023.*
- *Timeliness of Prenatal Care: Increased from 72% in 2020 to 76% in 2023.*
- *Postpartum Care: Increased from 56% in 2020 to 65% in 2023.*
- *Well-Child Visits in First 15 Months: Increased from 55% in 2020 to 65% in 2023.*

XI. Value-Added Benefits

Value-added benefits (VABs) are a key tool for addressing member needs that extend beyond traditional clinical care. Pennsylvania's MCOs offer a wide range of VABs—including preventive services, chronic condition management, maternal and child health programs, and resources addressing social determinants of health—that align with DHS' goals to improve outcomes, reduce disparities, and promote long-term sustainability. By tailoring benefits to member needs and closing care gaps, Pennsylvania's MCOs are contributing to a more effective and responsive Medicaid program.

Exhibit M summarizes the VABs currently offered by MCOs across the state.

Exhibit M. Examples of Value-Added Benefits Offered by Pennsylvania MCOs

Category	Value-Added Benefit

Health and Wellness	• **Vision**: One routine eye exam per year; members over 21 receive one pair of glasses or contacts annually; members under 21 receive two pairs of glasses or contacts annually.
	• **Telehealth**: A virtual care platform enabling members to connect with non-emergency virtual care providers digitally.
	• **Care Management**:
	  ○ Asthma program offering video check-ins and follow-up to address side effects and adherence challenges.
	  ○ Support for members with uncontrolled blood pressure, including live outreach from nurses and care staff, automated blood pressure cuffs, and assistance with scheduling follow-up provider visits.
	  ○ Diabetes self-management education and resources.
	  ○ Smoking cessation support.
	  ○ Integrated care team of physicians, pharmacists, nurses, social workers, addiction specialists, and case managers that supports members for whom opioids are prescribed.
	• **Nurse Support**: 24/7 access to registered nurses via phone for health guidance and triage.
	  ○ One MCO's 24/7 Nurse Line leverages the Schmitt-Thompson evidence-based triage protocols for pediatric and adult members.
	  ▪ Nurses listen to members' chief complaint and navigate through the clinical protocol logic to provide the most salient disposition to address the member's needs, including but not limited to "watchful waiting", home care, PCP follow-up, virtual care, urgent care, or emergent care depending upon the member's unique needs.
	  ▪ Utilization has steadily increased over the past three years, with a 25% increase in Medicaid member utilization from 2023 to 2024.

	• **Remote Patient Monitoring**: A dedicated team monitors high-risk members using remote devices that track pulse rate, respiratory rate, SpO2, axillary temperature, weight, blood pressure, and patient mobility.
	• **Health Coaching**: Free health and wellness coaching to help members improve health, manage conditions, and overcome obstacles.
	  ○ Topics include weight management, nutrition basics/healthy eating, physical activity, tobacco cessation, stress management, sleep hygiene, family-based lifestyle support and education, and chronic condition support. From 2023 to 2024, the most utilized coaching programs among one MCO's members included: general lifestyle, emotional health, weight management, stress, and tobacco cessation.
	• **Fitness**: Free access to participating fitness facilities for both adults and children.
	• **Acupuncture**: Available for members experiencing back pain or migraines, implemented as an alternative treatment to help reduce the incidence of opioid use disorder.
	• **Home Visits**: In-home services include retinal eye exams and A1c lab testing.
	• **Test Kits**: Eligible members receive in-home test kits for lead, hemoglobin A1c level, and chlamydia
	• **Consumer Incentives**: Gift card rewards for completing preventive exams, health screenings, scheduled visits, and other wellness activities.
	  ○ One MCO's highest level of engagement involved these three measures: well visits between 15 and 30 months of age, HbA1c screening, and child and adolescent well visits ages 9-17.
	  ○ One MCO offers a Baby Steps Maternity Program baby gift incentive if members meet specific criteria.

Maternal and Child Health	• **Care Management**: Pregnancy-related care coordination provided via phone, telehealth, or in-person visits. Participants can choose from a selection of maternity gift bundles upon program completion. During 2024, an MCO's engagement in their program among eligible pregnant enrollees averaged 67%. Support was expanded to include preconception and inter-conception care support for members with ongoing needs prior to pregnancy and after delivery. • **Digital App**: A mobile application for expecting mothers providing personalized content, interactive tools, and consumer incentives. • **Telehealth/Home Visits**: Telehealth and in-home visits offered for postpartum care, diabetic A1c testing, and well-child visits for those in the 5-21 age range. An MCO's maternity and pediatric care management staff also leveraged telehealth visits with members and their families as an alternative engagement strategy.
Social Determinants of Health	• **GED Program**: Bilingual support and coverage of costs of training materials, practice tests, and GED test and retests. • **Nutrition Support**: Assistance with SNAP enrollment, mobile food distributions, Fresh Food Farmacy locations, digital nutrition education, and local food referrals. • **Home-Delivered Meals**: Provision of nutritionally balanced meals.

XII. Case Examples

In this section, we highlight several examples where MCOs went beyond standard expectations to deliver timely, personalized support to enrollees. These case examples demonstrate how MCOs address complex medical and social challenges to ensure enrollees receive the care, resources, and follow-up they need at critical moments.

Example 1: Supporting a Member's Journey to Diabetes Control

A member was referred to care coordination last year and worked with a care coordinator for six months. At the time of referral, the member had multiple chronic conditions, including diabetes with peripheral neuropathy, hypertension, and elevated cholesterol. His HbA1c was very high—greater than 14—and he expressed deep concern about his health, stating a strong desire to get his health under control.

To support him, the care coordinator connected the member to the MANNA meal program so that he could learn how to better manage a diabetic diet and obtain nutritional counseling. As the member also expressed interest in connecting with a mental health nurse, an integrated care plan was developed with the behavioral health MCO. Through the coordinated efforts of the care coordinator and the behavioral health case manager, the member re-established care with his primary care provider and endocrinologist. He began adhering to his medication regimen, completing lab work, improving his diet, and regularly monitoring his glucose levels.

Over the course of a year, the member's HbA1c dropped dramatically from over 14 to 7.6. He reports feeling more confident in managing his diabetes and has now set a new personal goal of reducing his HbA1c to below 7. He shared that he was grateful to have been contacted when he was—that he was ready to make a change and that the MCO was there to help him.

Example 2: Facilitating Behavioral Health Crisis Support and Recovery

A member was initially referred to Adult Care Coordination due to challenges accessing necessary care and resources, and a care coordinator worked with the member to help identify providers and address barriers. Unfortunately, the member became lost to follow-up, and after several outreach efforts, the care coordinator sent a letter and closed the case.

Fortunately, the letter prompted the member to reach back out when she was feeling distraught. She revealed to the care coordinator that she had recently experienced a difficult break-up and was feeling suicidal. The care coordinator remained calm and supportive, speaking with the member for over an hour. Recognizing the urgency, the care coordinator helped connect the member with her sibling for a three-way conversation. Together, they agreed that inpatient treatment would be the best next step.

The care coordinator was then able to facilitate crisis intervention, and the member was admitted for inpatient behavioral health treatment. A few weeks later, the member called the care coordinator to express her deep gratitude, sharing that the care coordinator saved her life by talking calmly to her and showing patience while encouraging her to seek immediate treatment.

Per the last conversation, the member is currently receiving MANNA meals, which she enjoys and credits for supporting her weight loss goals. She is now connected with both a primary care provider and behavioral health providers. She has an upcoming appointment and told the care coordinator that this is the best she has felt in a long time. She thanked the care coordinator profusely and shared that because someone cared about her at one of her lowest moments, she is now thriving and looking forward to the future.

Example 3: Resolving Ongoing Oral Health Issues for Child with Complex Needs

During an educational presentation, a dental care manager was approached by a concerned school nurse regarding a student experiencing frequent oral bleeding and noticeable behavioral changes. The student had multiple comorbid disabilities and physical health conditions, complicating both diagnosis and treatment.

The case was escalated through the MCO's Special Needs Unit and Office of Children, Youth, and Families, and led to several evaluation appointments to identify a provider equipped to manage the student's dental and medical complexities. Through the dedicated coordination and persistence of the dental care manager, the student underwent a comprehensive three-hour oral rehabilitation procedure we student's oral health and received family education focused on preventative dental care. During a follow-up three months post operation, the family reported that the student was doing well and established a consistent oral hygiene routine.

Example 4: Connecting Member to Transitional Housing through Community Resource Navigation

A member serving on the Northeast Health Education Advisory Committee reached out to a health services specialist with concerns that her apartment building was being sold, and she would soon be unhoused.

The specialist used the Neighborly platform to identify local housing resources within the member's county. In addition to providing initial referrals, the specialist maintained weekly contact to check in and offer continued support. During one of these weekly calls, the specialist recommended that the member attend the Scranton Home Fair, where additional housing resources would be available. To further support the member, the specialist attended the event in person and met with her onsite.

As a result of the specialist's proactive and consistent efforts, the member successfully connected with a transitional housing program and secured stable housing.

Example 5: In-Home Lead Testing and Remediation Support for Family of Eight in Rural Pennsylvania

A family with seven children living in rural Southwestern Pennsylvania faced persistently high lead levels following initial screenings. Their pediatrician's office struggled to schedule and complete follow-up testing due to a combination of transportation barriers, limited childcare, and the presence of only one caregiver in the home. Standard transportation services such as Medical Assistance Transportation Programs and ride-sharing services could not accommodate

the entire family at once, and the absence of a second caregiver prevented the family from making multiple trips to the doctor's office or laboratory.

In response, the MCO's Lead Team took proactive steps to ensure the children received timely and appropriate care. They contacted the local Community Paramedicine Program, working closely with the program director to arrange in-home lead level blood draws for all seven children. This involved obtaining the necessary provider orders and securing the required testing supplies from the local hospital laboratory.

When test results showed that lead levels remained elevated, the team facilitated additional in-home visits by community paramedics. During these follow-ups, paramedics continued monitoring the children's lead levels, provided lead poisoning education to the family, and shared observations about the family's home with the MCO's team. The community paramedics' keen observations, coupled with information from the Lead Team's communication with the family's doctor, helped pinpoint the source of the lead exposure: lead-based paint that had been uncovered during recent carpet removal. Once identified, appropriate remediation measures were promptly implemented.

As a result of these coordinated efforts, the children's lead levels began to decline, and the family received comprehensive support that extended well beyond traditional MCO services.

Example 6: Language-Specific Support for First-Time Mother

A 31-year-old first-time mother residing in Philadelphia County was identified as having rising risk due to various social and linguistic barriers. The member, whose primary language is Haitian Creole, expressed that she had difficulties navigating and completing applications for key community-based resources because of her limited English proficiency.

Recognizing the urgency of her needs, the MCO's community health worker took proactive steps to ensure the member received support before her expected delivery date. The community health worker facilitated multiple video conferences in conjunction with interpretation services to assist the member with completing applications for community resources such as WIC, CHOP Safety Seat program, and Philadelphia safe sleep program. During each session, the community health worker provided clear, step-by-step instructions on what was needed to qualify for each resource and verified that the member completed each step of the application. The community health worker also conducted follow-up outreaches to each organization to verify that the applications were being processed and was able to confirm that the member would receive a car seat and safe sleep crib in time for her delivery.

The member later shared, "I am thankful for your help! I received a car seat and Pack-n-Play. The services are great."

Example 7: Supporting a Member's End-of-Life Wishes through Pharmacy Care Management

In February 2024, an MCO's pharmacist care manager received a referral to assist a member recently diagnosed with stage IV liver cancer who wished to remain at home for as long as possible. The member was having difficulty picking up his medications—including pain management prescriptions—and requested help finding a pharmacy that could deliver to his home.

The MCO worked with the Pennsylvania Pharmacists Care Network, an integrated network of 117 community pharmacies across the Commonwealth, to identify a pharmacy in the member's area that could transfer the prescriptions from his current retail pharmacy and conducted regular check-ins. During one routine delivery, the courier observed a potentially unsafe condition at the member's home and notified the MCO. The case manager was able to intervene promptly, ensuring the member's safety.

Through this coordinated effort, the member was able to remain in his home longer than originally anticipated, honoring his wishes and avoiding an unwanted hospital admission.

XIII. Concluding Observations

HealthChoices epitomizes a successful public/private partnership. HealthChoices also epitomizes what Medicaid can be for those it serves, and the value of a well-designed, expertly implemented system of care and care coordination in the Medicaid arena.

The program, now in place for decades, has delivered exceptional quality of care and access to care for Pennsylvania's Medicaid population, while managing costs effectively for the Commonwealth's taxpayers. Among the accomplishments quantified in this report:

- The Pennsylvania Medicaid MCOs' average quality score in the most recent rating year (by the National Committee for Quality Assurance) ranked 4th in the nation. Pennsylvania was the top-rated state among the nation's 10 largest states and among all the states adjacent to Pennsylvania.

- The MCOs' efforts to hold down the escalation of per capita medical costs over the past decade have yielded an accumulated Medicaid program cost reduction of **$3.3 billion** relative to national Medicare cost trends and an accumulated cost reduction of **$13.1 billion** relative to overall USA per capita health spending trends.

- Pennsylvania's costs for the Medicaid Expansion population during federal fiscal year 2024 were **$868 million** below what would have occurred if Pennsylvania's per capita costs for this subgroup had been at the average across neighboring states. The accumulated favorable cost differential in Pennsylvania (relative to the neighboring states) across the 2016-2024 timeframe is **$3.8 billion**.

The report provides dozens of examples of the community investments and programs that the MCOs implement. The report also highlights the program's evolution and consistent high level of performance throughout the past decade.

"*This report brings to the public eye what those of us working in the trenches have known for many years,*" noted Emily Katz, Executive Director of Pennsylvania Medicaid Managed Care Organizations (PAMCO). "*HealthChoices is an exceptional program. It exemplifies what can be achieved in Medicaid when you have so many committed, passionate people at the state government, at the health plans, at the provider sites, and throughout the community working together to systematically track and facilitate access to needed care.*"

Appendix A. Listing of Specific Social Determinants of Health Initiatives Implemented by HealthChoices MCOs

Broad-Based Efforts to Support SDOH Needs

A common theme across Pennsylvania's Medicaid MCOs in the SDOH arena involves extensive partnering with organizations – both public and private – that directly address SDOH needs. Whether or not they directly partner with SDOH-focused entities (e.g., through providing grants, serving as a payor for certain SDOH services rendered to their enrollees, etc.), all the MCOs maintain a list of what SDOH resources are available for their enrollees. The MCOs provide general educational information to their enrollees about these organizations – food pantries, housing support entities, job placement agencies, etc. – and also refer enrollees to specific entities as SDOH needs are identified.

- One MCO implemented Neighborly (powered by *FindHelp*) in March 2020. Neighborly is an online database of up-to-date available resources accessible by providers, community-based organizations, and consumers. The platform contains more than 600,000 resources in every zip code in the United States. In Pennsylvania, there are over 11,000+ local resources. Neighborly is available through an app and on a public site (www.NeighborlyPA.com) for members to access any of the listed resources at any point in time.

- One MCO summarized its creation of SDOH connection points in the following manner: "Our Social Needs strategy includes connections to local, state and national organizations, initiatives and coalitions to expand the reach and work collaboratively with others. In response to the growing social needs of our patients and members, programs in partnership with local community-based organizations across Pennsylvania have been developed that focus on food access and Food is Health programming, housing, workforce, and transportation support."

Tailored Efforts to Support a Specific Enrollee's SDOH Needs

- One MCO that conducted over 20,000 SDOH screenings during 2024 then provided over 37,000 interventions to address the identified SDOH barriers. These efforts/interventions primarily included referrals to SDOH entities (e.g., food banks, rent assistance agencies, employment services agencies, etc.) but also included direct support such as assistance accessing transportation.

- One MCO has partnered with Project Destiny to support the Thrive 18 program, which seeks to improve community health by addressing SDOH. Thrive 18 utilizes a non-clinical community health worker model that integrates family support, care management, community organizing, and outreach to enhance health outcomes.

Statistically significant results include:
  - 9% increase in preventive visits
  - 75% increase in referrals for housing related services
  - 33% increase in referrals for utilities assistance programs
  - 39% increase in referrals for transportation related services

- An MCO's staff are trained to navigate to appropriate SDOH resources working with Neighborly. When members are referred through Neighborly to local social care organizations, MCO staff work with the referral entity and/or with the enrollee to assess whether the services were accessed (which is typically described as a "closed loop referral process" in the industry.

- Upon completing a social needs screening, another MCO asks its enrollees to select the domain(s) for which they would like to receive help and then follows up with specific referrals and/or other support.

- An MCO offers a community health worker program to members in select geographies. As part of the program, an HRSN assessment is conducted to identify and address barriers. Since its launch in March 2024, 5,367 interventions have been carried out to address members' specific needs.

Community Partnerships and Investments in the SDOH Arena

- At least one MCO partners with United Neighborhood Centers (UNC). UNC is a non-profit, social service community-based organization that has served Lackawanna and the surrounding counties for the past century. UNC serves individuals and families in areas of food, clothing, housing, childcare and youth programming, senior services, public health initiatives, neighborhood revitalization and networking projects, mental health services, workforce development, and education and support for immigrants and refugees.

- An MCO partners with PA 211, a team of telephonic specialists with expertise around community-based resources, to provide targeted SDOH support. In 2024, this collaboration helped address nearly 3,000 SDOH needs.

"The United Way of Pennsylvania, and PA 211 work every day to connect Pennsylvanians to resources that help improve their health and wellbeing and that of their families and communities. Having Resource Navigators at 211 who are specifically trained to provide [your MCO's] members with local resources and then follow up to learn about the efficacy of those referrals, highlights the degree to which PA 211 can create stabilizing, closed loop, outcomes-based connections between individuals and community-based organizations." – Vice President, PA 211

Provider Partnerships to Address SDOH Needs

- At least one MCO partners with Prevention Point Philadelphia (PPP) which primarily serves persons who are street homeless, substance using, and medically complicated. This population is at high risk for numerous medical complications including but not limited to HIV and Hepatitis C. With this initiative, PPP clients who are enrolled in the MCO work with one of the MCO's Care Managers to ensure they stay engaged in care, can navigate to any specialist care needed, get prescriptions filled, and are able to follow instructions of their healthcare provider at PPP.

- An MCO partners with Valley Health Partners (VHP) Street Medicine program to deliver primary and urgent health care to persons experiencing homelessness in the Lehigh Valley. Under this program, the team utilizes a holistic member-led approach to not only provide high-quality health care but also address barriers to health care access. Members are offered numerous services and links to community partners – tele-psychiatry, mail services, care coordination, survival support, grant-funded medical respite, and connection to housing services. The aim is to offer care in terms acceptable to members in the location of their choice.

Housing Initiatives and Efforts

Pennsylvania's Medicaid MCOs have implemented wide-ranging and longstanding housing support programs. Several of these programs are described below.

- One MCO currently employs four housing coordinators (two in the Lehigh/Capital zone and two in the Southwest zone) who provide education and referral assistance to state, regional, and local resources to address housing needs. This includes issues related to rent and utility assistance, desire for relocation, eviction, homelessness, temporary housing, home modifications, landlord disputes, lead abatement, and basic budgeting skills. In 2023, with two housing coordinators supporting the program, the initiative demonstrated several key impacts:
    - Medical costs decreased by $445 per member, including an aggregate inpatient cost reduction of $1.2 million
    - Reductions occurred in low-acuity ED visits, overall ED visits per 1,000 members, and preventable hospital admissions
    - Pharmacy costs increased, potentially indicating improved medication adherence

These results demonstrated a considerable return on investment for the MCO in hiring these community health workers, enabling the MCO to expand the program to four staff. This expansion will broaden the program's expected health and quality of life benefits for the MCO's enrollees – as well as deliver further net savings to the MCO and to the Medicaid program.

- One MCO's Cultivating Health for Success (CHFS) program utilizes a blended case management model that integrates expertise from community housing partners, care coordination teams, and local housing rental subsidies to support individuals in achieving their health goals. As of January 2025, CHFS has successfully housed 236 individuals.

- An MCO has partnered with the Henry L. Hillman Foundation and the Heinz Endowments to launch the Preserve Affordability Pittsburgh Loan Pool in March 2023. The $10 million fund seeks to preserve naturally occurring affordable housing at risk of experiencing increased prices by giving funding access to mission-minded developers. In August 2023, the fund closed its first loan that will preserve 22 units of Section 8 housing in the Knoxville neighborhood of Pittsburgh.

- One MCO actively participates in regional housing task forces and coalitions to create cross-sector relationships and collaborations that address housing and whole person care.

- One MCO's Utility Relief Program provides financial assistance to prevent or delay gas, electricity, water, or sewage shutoffs, or to cover security deposits for utility service activation. As a payer of last resort, the program steps in only after members have exhausted all available utility assistance resources in their area. In 2023, 20 members received assistance, 78% of whom received coordination for housing or rental assistance. A housing coordinator educated participants on available utility support services and programs. This MCO also tracks its program recipients' usage patterns, identifying that 80% of those receiving utility support accessed their PCP.

- An MCO leases two beds at a Pittsburgh medical respite facility in Pittsburgh, to support eligible members in need of short-term, specialized care. This facility provides recuperative services for individuals experiencing homelessness who require medical stabilization or post-hospitalization recovery. From January 2022 to December 2023, 12 members were served by this program.

- An MCO provides financial support to Broad Street Love (formally Broad Street Ministry) a non-profit organization that serves individuals who are homeless or housing insecure. The site offers meals daily during the week, mail service, hygiene products, case management, part-time health clinic, and more. Broad Street Love staff members provide a holistic, trauma informed approach to care.

- An MCO has partnered with the United Disabilities Service Foundation for over two years to provide accessible home modifications for individuals with disabilities across the state, including installing wheelchair ramps, stair glides, vertical platform lifts, ceiling lifts, and portable showers.

Because homelessness and behavioral health needs are often closely intertwined, the Pennsylvania MCOs often address housing and behavioral health needs simultaneously. Some examples of these efforts are conveyed below.

- An MCO invests in Project HOME, a program that serves persons who have experienced homelessness, with an emphasis on those with histories of mental illness and substance use disorder. Three types of residential support are offered: safe havens, recovery, and permanent supportive housing. All residents can access a wide-ranging array of services, including health care, service coordination, personal recovery services, education, social enterprise, and employment opportunities. Residents are also encouraged to participate in activities that lead to personal growth, well-being, and self-sufficiency.

- This MCO also partners with Family Service Association of Bucks County which delivers an array of mobile services to persons experiencing homelessness. These mobile services include physical health treatment and coordination, psychiatric and substance use treatment and coordination, and case management. The team meets with members in their own environments to build relationships and promote the acceptance of services and interventions designed to improve health and quality of life. The program targets members of all ages living on the street, encampments, individualized areas, or cars.

- An MCO serving the Southeast Zone partners with Pathways to Housing PA, which uses a "housing first" approach to ending homelessness receiving referrals through the City of Philadelphia's Department of Behavioral Health for individuals with multiple presenting issues including serious and persistent mental illness, opioid and poly-substance use, coupled with long term homelessness. The program seeks to house persons in their own apartments, with intense services and social supports. The MCO employs a full-time Service Navigator to support members who are high frequency or high-cost utilizers of health care services in establishing a relationship with 1) community-based primary care and behavioral healthcare services and 2) accessing the benefits and supports of their Medicaid MCO (dental care, vision care, etc.). The MCO's Service Navigator has office space at Pathways to Housing PA and coordinates care with external primary care entities, as well as Pathways' Integrated Care Clinic.

- To address the vast homeless and housing insecure population that seek services at a large urban hospital, an MCO's housing advocates, community health workers, and certified peer recovery specialists work as part of an interdisciplinary team. These team members focus solely on supporting members in securing safe and stable housing upon discharge. The program identifies and engages with community partners to create sustainability, via entitlement benefits, and/or workforce development.

- An MCO partners with the Lancaster EMS Refresh Lancaster Program, which provides a mobile shower and medical office unit for those who are in need. Members accessing these services are also provided with care coordination services and are connected to health-related social need resources.

Nutrition and Food Security

All of Pennsylvania's Medicaid MCOs are extensively involved in assessing and helping address their enrollees' nutritional needs. Several examples of these programs are described below.

- Throughout the past decade, an MCO has partnered with MANNA to provide medically tailored meals to members managing complex health conditions such as diabetes, heart disease/hyperlipidemia, kidney disease, and high-risk pregnancy. Traditionally, eligible members have been referred by a care coordinator who remains involved throughout the duration of the MANNA program and beyond. The program's evolution has included adding the following features:
    - Network providers are now able to place referrals on behalf of the MCO's members through a Provider Referral Program.
    - Since 2022, members discharged home from an inpatient hospital stay have the option to receive medically tailored meals. Eligible members can receive 4 weeks of meals specific to their medical needs once they are discharged home.

  The MCO has documented that its food support programs have been effective in reducing inpatient and emergency department utilization, as well as improving HbA1c scores for diabetic enrollees.

- One MCO has a Resource Navigation Hub that screens members telephonically for the Supplemental Nutrition Assistance Program (SNAP). If the member would like to apply for SNAP, they are transferred to an internal department that can submit the application on the member's behalf over the phone. Since the hub was established in 2021, 73% of the MCO-assisted SNAP applications have converted into SNAP enrollments.

- Since 2019, one MCO has partnered with The Food Trust, a non-profit organization based in Philadelphia that provides services throughout Pennsylvania, to improve access to fresh produce. Through this collaboration, members can receive Food Bucks, which are vouchers redeemable at farmers markets, corner stores, and grocery stores. Two types of Food Bucks are available:
    - "Produce Prescriptions" are distributed during clinical encounters to members who screen positive for food insecurity.
    - "Community Food Bucks" are provided through trusted community partners, including doulas, housing programs, and teen parenting initiatives.

  Since 2020, this MCO's members have redeemed over $108,000 in vouchers for fresh fruits and vegetables.

- Through a partnership with Independent Living Systems, one MCO provides up to 42 home-delivered meals over three weeks for members transitioning home after an inpatient hospital stay, skilled nursing facility stay, or rehabilitation stay. Menu options are low in sodium, fat, cholesterol and sugar, and include many specialized choices (e.g., pureed, gluten-free, shelf-stable choices). In 2023, 454 members received meals through

the program, which was associated with fewer post-discharge ED visits, lower all-cause readmission rates, and reduced overall medical expenses.

- In Western Pennsylvania, one MCO has partnered with the Allegheny Health Network (AHN) Center for Inclusion Health to directly refer food-insecure members to Healthy Food Centers located within select AHN hospitals. In addition to receiving healthy food for their families, members can meet with an onsite dietitian, obtain Food Bucks vouchers, and connect with community food resources such as farmers markets and hot meal programs. In 2023, 381 members participated in the program.

- In partnership with the Central Pennsylvania Food Bank, one MCO delivers food boxes containing dry goods to members who screen positive for food insecurity. Each member receives four boxes (two boxes per month over a two-month period) of shelf-stable, healthy foods such as low sodium products and whole-grain pastas and cereals. This program served 114 members from January to September 2023. This MCO summarized its overall nutrition support approach in the following manner:

"[Our] approach is built on key components such as: clinical interventions, nutrition, advocacy, education, community partnerships and access. A major focus of our efforts is on assisting individuals experiencing food insecurity with ***sustainable solutions*** *offered by community-based organizations, such as SNAP enrollment assistance, connection to local food resources, or expanding food access in rural communities through mobile food pantries to reach those in need across a broader footprint."*

- An MCO has created an initiative with the trademarked name Fresh Food Farmacy®. This program offers "prescriptions" for no-cost nutritious food to food-insecure patients that clinically qualify, with the goal of keeping their disease condition under control. The Fresh Food Farmacy program also provides recipes, access to classroom education, and regular phone calls from a health manager to educate patients and help eliminate barriers of food insecurity. The program involves partnering with community organizations to manage the distribution of healthy foods, with MCO staff providing clinical support.

- Since 2020, an MCO has implemented its Health Homes Food Delivery Program, in collaboration with Philabundance. Participation is based on self-identified food insecurity during routine screenings or conversations. Members receive weekly meal deliveries alongside a grocery box stocked with fresh produce, lean proteins, and dairy.

- An MCO partners with St. Christopher's Foundation for Children to identify enrollees eligible for the Foundation's Fresh to You Program. Participating families receive a weekly delivery to their home of fresh fruit, vegetables, and eggs.

- A quote from a Food Bank organization conveyed that, "[During] 2024, the [MCO] team has distributed an impressive 84,123 pounds of fresh, healthy produce to over 3,500 families in Greater Pittsburgh Community Food Bank's service area. This is enough to add healthy components to over 70,000 total meals - and has helped to make connections between families in need and the food assistance services they stand to benefit from. Additionally, this initiative has enabled the Food Bank to begin solution-oriented conversations in communities where more expansive and accessible food assistance services are still needed… We are thrilled to continue our partnership with the [MCO] in 2025 and beyond."

Employment

The Pennsylvania's Medicaid MCOs – individually and collectively – offer an array of employment support programs. Several examples of these programs are described below.

- One MCO's Pathways to Work program supports members, as well as unemployed and underemployed individuals in the community, who face barriers to finding work and economic stability. The program involves an array of workforce development education and training and includes specific job placement efforts. Examples of this program's outcomes include:
    - In 2023, the MCO hired 2,784 members into positions within the organization (across the MCO, its parent entity, and its sister companies).
    - Pathways to Work candidates are three times as likely to be hired as ordinary candidates and 34% more likely to be retained in key roles.
    - In 2024, Pathways to Work received more than 2,300 referrals from 70 community collaborators.
    - Since 2021, Freedom House 2.0 has graduated over 150 students in Allegheny, Erie, and Westmoreland counties. The 6-week curriculum provides the foundational knowledge necessary to become a medical assistant, patient care technician, or community health worker.
        - In 2024, over 80% of Freedom House 2.0 graduates were Black women and over 90% were Medicaid members.
        - 65% of graduates secure employment within 90 days of course completion, with 70% of placements within the MCO.
    - In 2024, Pathways to Work collaborated across multiple organizations to offer an English as a Second Language (ESL) networking event and English for Professional Communication training. The program provided ESL training to more than 50 job seekers in 2024, and there are plans to expand it in 2025.
    - A dedicated team of "Dream Makers" was established within the MCO's Human Resources Department during 2021. These staff primarily support the MCO's Pathways to Work and Freedom House 2.0 programs. They work directly with candidates to ensure the best fit for open positions and walk them through the employment process, from application to interview.

  - A prong of the program focused on supporting veterans, Pathways for Veterans, launched in 2021. Veterans using the program's career search and application services are 3.5 times more likely to advance to a hiring manager review and twice as likely to be hired. The program contacts approximately 350 job seekers each month and has placed nearly 50 active-duty service members into internships with the MCO, designed to lead to full-time roles.
  - Another program prong, Pathways for Students, helps recent high school graduates enter the workforce by connecting them with entry-level positions at the MCO or elsewhere. The program includes onsite visits, virtual education events, and an annual career event. In December 2023, 600 students from 31 schools attended the annual event and learned about over 40 career areas within the MCO.

- Another MCO has implemented its Gate to Success Program – an employment and education model that combines various initiatives, including Success Champions, Peer to Career, and GED Testing, to support members in their educational and professional journeys.
  - Success Champions are case management associates who assist highly motivated members in coordinating their education and employment needs, linking them to a variety of resources such as GED Testing, Flex Jobs vouchers, and Peer to Career partnerships.
  - Peer to Career is a collaboration network that partners with community-based organizations to help members access education, training, and employment resources. The network of Peer to Career partners, which include organizations like Pennsylvania CareerLink Allegheny County and Partner4Work, are listed on the FindHelp platform.
  - The GED Testing program provides members with access to an online portal offering study materials, practice tests, and test scheduling. During 2023, 8 enrollees participating in the Testing Program successfully completed their GED.

  Interestingly, participants in the MCO's Gate to Success program experienced reduced medical costs of $529 per enrollee comparing pre-program and post-program coverage months. Reductions were observed in low-acuity ED visits and overall ED visits, preventable admissions, and overall hospitalization rates.

- Through a three-year partnership with Goodwill of Southwestern Pennsylvania, an MCO is supporting the expansion of the Opportunity Accelerator program to serve an additional 700 community members and support 400 individuals in securing meaningful employment. The MCO collaborates with local employers to design job-specific curriculums aligned with workforce needs, while Goodwill offers SDOH support to address barriers to career advancement, such as food security, housing stability, and transportation. The program features a closed-loop referral process to measure and track individual outcomes and community impact.

- An MCO partners with community-based organizations throughout the state to support workforce development. These partnerships help members and patients connect to workforce guidance including interview skills and resume building, and access to resources such as clothing for job interviews, uniforms, and new employment opportunities.
    - Additionally, the Neighborly platform used by the MCO offers several hundred workforce programs locally and statewide to connect individuals to resources.
    - Support to earn a GED is also available to members that qualify and are looking to expand career advancement opportunities. Those enrolled in the GED program can connect with an advisor who can offer guidance and support, online coaching, resources tailored to preferred learning style, practice testing, and unlimited GED tests.

- One MCO has established partnerships with fitness centers, Career Link, and Impact Services to host career fairs that have provided information on employment opportunities within HPP to over 150 individuals. Also, HPP continues to partner with the Chester County Opportunities Industrialization Center and with Beyond Literacy to provide GED classes and exams to its members.
    - This MCO also: provides professional development classes weekly at its Community Wellness Center. Classes are led by Community Educators and include resume review, budgeting, interviewing skills, mock interviews and more. The MCO helped 25 members with resume reviews and mock interviews during 2024.
    - The MCO also partnered with Brandywine YMCA Career Explorer program and Temple University and their Behavioral Science & Public Health Internship program. Students are interviewed by the MCO staff in an effort to better prepare students for upcoming internships and career opportunities. The programs serve over 200 students each semester.

Other SDOH Domains

While the above-described three SDOH domains (housing, nutrition, and employment) each have a relatively large volume of MCO activities and investments, Pennsylvania's Medicaid MCOs also support many other SDOH domains. A few examples of program efforts in these additional SDOH areas are provided below.

- In addition to facilitating and paying for non-medical transportation to covered health services, multiple MCOs offer non-medical transportation to address SDOH needs for certain services and in certain geographic areas. Qualifying members can call a dedicated toll-free number to arrange fixed route public transit for their non-medical needs at no additional cost through their Transportation unit. Examples of how this benefit is used include travel to and from work, the grocery store, school, and laundromats.

- In Western Pennsylvania an MCO funds monthly Teen Workforce Academy and STEAM membership fees and related transportation costs. The Teen Workforce program helps youth develop essential skills for academic and career success, while the STEAM program fosters knowledge and interest in science, technology, engineering, arts, and math fields through creative programming.

- In Berks County, this MCO covers yearly membership fees for Olivet Boys & Girls Club, broadening access to after-school programs, meals, recreation, arts, homework assistance, and music lessons across 10 clubhouses.

Appendix B. Access to "Weight Loss Drugs" in Pennsylvania Medicaid

Given the recent interest in GLP-1 agonist drugs (often referred to as "weight loss drugs") — and these drugs' high costs — we compared Pennsylvania's Medicaid experience with its neighboring states and with the nation overall.

The recent progression of the GLP-1 Medicaid prescriptions and costs (pre-rebate) in Pennsylvania's Medicaid program is summarized in Exhibit N. These figures demonstrate that Pennsylvania's prescription volume doubled in the two-year period between Q1 2022 and Q1 2024. The continued increase in 2024 occurred despite a 10% decrease in Pennsylvania's Medicaid enrollment and a 7% reduction in overall Medicaid prescription volume. These usage increases also occurred despite these medications' high costs, which averaged approximately $1,000 per prescription.

Exhibit N. Progression of GLP-1 Agonist Prescriptions, Pennsylvania Medicaid Program

	Pennsylvania Medicaid Usage and Costs, GLP-1 Agonists			
Time Period	**Prescriptions**	**Expenditures (Pre-Rebate)**	**Cost per Prescription (Pre-Rebate)**	**% Change in Prescriptions from Q1 of Prior Year**
Q1 2022	54,815	$50,640,611	$924	-
Q1 2023	88,892	$87,529,614	$985	62%
Q1 2024	108,039	$110,376,598	$1,022	22%

Pennsylvania's adoption of the GLP-1 prescriptions serves as evidence that the MCOs are facilitating — rather than preventing — access to these costly medications. The figures in Exhibit O compare Pennsylvania's GLP-1 usage rate (prescriptions per overall Medicaid enrollee) with the collection of its six adjacent states and with the United States overall. The northeast region's usage has been above the national usage throughout the timeframe assessed, and Pennsylvania's usage rate has been above the collective figure across its neighboring states. This again demonstrates the HealthChoices MCOs' focus on access to services.

Exhibit O. Comparison of GLP-1 Usage Rates

	GLP-1 Prescriptions per 1,000 Medicaid Enrollees				
Time Period	**Pennsylvania**	**Adjacent States**	**USA Total**	**Pennsylvania Rate as % of Adjacent States Rate**	**Pennsylvania as % of USA Rate**
Q1 2022	0.015	0.015	0.010	102%	162%
Q1 2023	0.024	0.021	0.015	116%	155%
Q1 2024	0.032	0.023	0.023	142%	142%

Even though the costs for these drugs far exceeded the estimated amounts in their capitation rate derivation, the HealthChoices MCOs showcased their dedication to ensuring members received the necessary medications by going above and beyond to facilitate access. Additionally, the MCOs have expressed a need for greater clarity regarding the criteria for GLP-1 therapy eligibility to optimize patient care and resource allocation.