



Managed Medicaid Enrollment Escalates

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by Debra A. Donahue

The United States Supreme Court will hear testimony on the legal issues surrounding the two year old Patient Protection and Affordable Care Act (PPACA) this week. One of the key legal questions being decided asks, "Are states being 'coerced' by the federal government to expand their share of Medicaid costs and administration, with the risk of losing that funding if they refuse?" If the Supreme Court upholds PPACA, significantly more people will become eligible for Medicaid (the government-funded health program for poor people) in 2014, when most of the provisions of PPACA are scheduled to take effect.

State governments faced with swollen Medicaid enrollment levels due to the economy are already using managed care programs to reduce costs and additional cost-containment measures are being implemented. According to the U.S. Census Bureau, nearly 48.6 million people were enrolled in Medicaid programs in 2010. Mark Farrah Associates found roughly 75% were covered by Medicaid managed care programs. Working with data reported by state regulators to the Centers for Medicare & Medicaid Services (CMS) and by insurers through the National Association of Insurance Commissioners (NAIC), Mark Farrah Associates (MFA), a leading data aggregator and publisher of health plan market data, confirmed U.S. enrollment in managed Medicaid plans is still on the rise. Total membership grew by 8% from June 2009 to June 2010, reaching more than 36.4 million. Furthermore, current estimates for 2011 show enrollment up an additional 4% to 37.8 million.

Managed Medicaid Enrollment Continues to Rise

According to data collected by the U.S. Census Bureau nearly 48.6 million people were enrolled in Medicaid programs in 2010. Roughly 36.4 million (75%) were covered by comprehensive Medicaid managed care programs based on a new analysis by Mark Farrah Associates (MFA). MFA's analysis of Medicaid enrollment data filed with the Centers for Medicare & Medicaid Services (CMS) and the National Association of Insurance Commissioners (NAIC) found total Medicaid membership grew by 8% from June 2009 to June 2010. By June 2011, managed Medicaid enrollment grew to an estimated 37.8 million Medicaid beneficiaries, up an additional 4%. More current NAIC enrollment data was used for Medicaid plans required to file statutory financial statements. In cases where NAIC data was unavailable, June 2010 CMS enrollment data was applied to provide a more comprehensive assessment of overall growth.

Because individual states operate their own Medicaid programs, this segment of the health insurance market has not become heavily concentrated in national companies. However, at least seven public companies contract with Medicaid agencies to provide managed care services. Six of these public companies enrolled more than 1 million Medicaid members as of 2Q11.

Leading Medicaid Managed Care Companies						
Parent	2Q09	Market Share	2Q10	Market Share	2Q11*	Market Share
UnitedHealth	2,302,202	7%	2,949,754	8%	3,140,835	8%
Amerigroup	1,523,686	5%	1,712,554	5%	1,799,593	5%

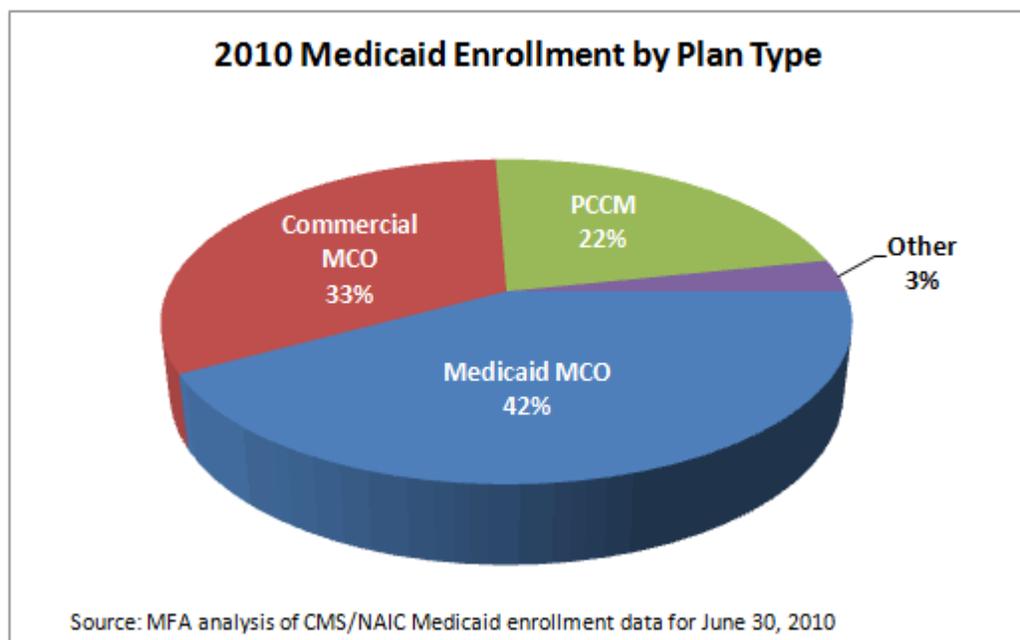
Centene	1,077,535	3%	1,222,485	3%	1,329,974	4%
Molina Healthcare	1,123,616	3%	1,266,034	3%	1,317,129	3%
Wellcare	1,267,208	4%	1,252,398	3%	1,156,548	3%
WellPoint	969,362	3%	974,471	3%	1,072,631	3%
All Others	25,338,370	75%	27,024,874	74%	28,030,251	74%
Total Medicaid Enrollment	33,601,979	100.0%	36,402,570	100.0%	37,846,961	100%
* Estimated						
Source: Mark Farrah Associates Medicaid Database using CMS, NAIC and CA DMHC data						

UnitedHealth, the largest commercial-company with a presence in the managed Medicaid market, increased its enrollment in subsidized plans by 6.5% between June 2010 and June 2011, according to MFA's analysis. UnitedHealth currently offers managed Medicaid products in 21 states. Among other public-companies in the managed Medicaid business, four specialists in government-sponsored healthcare — AmeriGroup (11 states), Centene (9), Molina (9), and WellCare (7) — all maintained or increased market share and most reported membership growth. WellCare, the exception, saw a 1.2% decline in Medicaid enrollment between 2Q09 and 2Q10 and the company is reporting an 8% decline between 2Q10 and 2Q11 based on NAIC enrollment. Centene, which reported Medicaid enrollment in two additional states in 2Q11, may have moved ahead of Molina and WellCare based on estimated enrollment for 2Q11.

Many Strategies to Rein in Medicaid Costs

In addition to comprehensive managed care plans, many states are using limited care management strategies. The most common limited care strategies are primary care case management (PCCM) systems (under which practitioners are paid a capitated fee to manage medical care in addition to fees for services rendered), and prepaid plans covering only ambulatory or inpatient medical care.

In June 2010 about 27.1 million Medicaid beneficiaries (75%) were covered by either a commercial plan participant or Medicaid managed care organization. In addition to the 27.1 million covered by comprehensive plans, 8.1 million were signed up with PCCMs and 1.2 million were enrolled in limited plans for ambulatory or inpatient care. (CMS is expected to release data collected for June 2011 in the next few months.)



As of June 2010, all but three states offer or require Medicaid beneficiaries to be enrolled in programs to manage Medicaid beneficiaries' medical care. Neither Alaska nor Wyoming reported enrollment in Medicaid managed care through the CMS or NAIC reports used in Mark Farrah Associates' analysis. However, Alaska Medicaid, through their contractor Qualis Health, does provide case management services designed for patients with serious illnesses, injuries, and some chronic conditions as of 2012. APS Healthcare provides health and utilization management programs for Wyoming Medicaid as of 2012. New Hampshire has used a disease management program to care for Medicaid beneficiaries with chronic diseases since March 2005; however, CMS data for June 2010 did not include the program. In 2011, legislation was approved that required the New Hampshire Department of Health and Human Services (DHHS) to establish a Care Management Program in New Hampshire and required DHHS to contract with vendors of a managed care model to provide managed care services to the State's Medicaid population.

Ancillary Service Opportunities

Many state Medicaid agencies use separate "carve-out" contracts to cover dental, prescription drug, mental health, and disease management services. Some national companies offer such specialty plans; for example, UnitedHealth covers more than 48,000 Rhode Island Medicaid beneficiaries in a dental plan. However, most carve-out contracts go to companies that specialize in the services provided, such as Logisticare for non-emergency transportation, McKesson for disease management, ValueOptions for mental health plans, and many local and regional dental plans. Most are risk-based, capitated arrangements. As of June 2010, based on Medicaid figure reported to CMS and the NAIC:

- 9.3 million Medicaid beneficiaries were enrolled in limited mental health plans in 18 states, including programs treating them for substance abuse. From 2Q09 to 2Q10 enrollment in Medicaid behavioral health programs increased 15.4%. In some states, beneficiaries were enrolled in both inpatient and ambulatory mental health programs.
- 7.3 million received non-emergency transportation through prepaid plans in 15 states, up almost 21% year-over-year.
- 3.1 million were enrolled in dental plans in eight states, an increase of 56% from 1.9 million as of June 2009.
- 1.1 million received prescription drug assistance from a pharmacy benefits manager in Tennessee, down -13% from 2Q09.

Managed Medicaid's Future

Managed Medicaid enrollment is expected to continue to escalate through 2012 with or without a Supreme Court decision. On March 21, 2012, New Hampshire's Department of Health and Human Services submitted a contract to the State's governor to award Centene, Boston Medical Center HealthNet, and Granite Care-Meridian Health Plan the state's fully-capitated Medicaid managed care program, which will be implemented in July 2012. The state plans to transition essentially its entire Medicaid enrollment into managed care on a mandatory basis in three phases.

Louisiana began implementation of Medicaid managed care on February 1, 2012; five companies were selected including UnitedHealth, AmeriGroup and Centene. In Texas, Managed Medicaid was expanded as of March 1, 2012 to bring total enrolled to nearly 3.4 million. It is expected that a half-million more Michiganders will be eligible for Medicaid, when the most sweeping provisions of the Patient Protection and Affordable Care Act (PPACA) take effect in 2014. Other states are expected to see similar expansion. While managed Medicaid enrollment would grow significantly if the Supreme Court rules in favor of PPACA, it is unlikely that managed Medicaid enrollment would decline even if the decision is against the health reform act. Hopefully a decision will be reached by the Supreme Court before the court recesses for summer in late June, to eliminate uncertainty. It will take a full economic recovery to reduce the ranks of Medicaid beneficiaries and that is not expected in the near future.

About Medicaid Market Data

Working with data reported by state Medicaid agencies to the Centers for Medicare & Medicaid Services (CMS) and by insurers through the National Association of Insurance Commissioners (NAIC), Mark Farrah Associates (MFA) has compiled an extensive database of Medicaid enrollment. The data scope includes state-by-state membership, premiums, claims and loss ratios for plans nationwide. For more information about Medicaid data, please call us at 207.985.8484.

About Mark Farrah Associates (MFA)

Mark Farrah Associates (MFA) is a leading data aggregator and publisher providing health plan market data and analysis tools for the healthcare industry. We are a licensed distributor of NAIC data. MFA's Health Coverage Portal™ includes both risk-based and administrative services only (ASO) membership and financial data by plan, parent, state, region and nationally. Committed to simplifying analysis of health insurance business, our products include Medicare Business Online™, Medicare Benefits Analyzer™, Health Coverage Portal™, Health Insurer Insights™, Health Plans USA™ and the new County Health Coverage™.

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