



Managed Medicaid Enrollment Rising

4/18/2011

by Debra A. Donahue

Tough economic times are driving people both in and out of Medicaid programs. Medicaid enrollment climbs as individuals deal with loss of insurance through employment channels. Then, State legislators challenged with making budget cuts, are forced to reduce Medicaid rosters to balance budgets. Many States are increasing their use of care management strategies to help rein in costly Medicaid programs. However, it is often difficult to assess cost savings and total enrollment in Medicaid programs nationwide. 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 on the rise. Total membership grew by 11% from June 2008 to June 2009, reaching more than 33.6 million. Furthermore, current estimates for 2010 show enrollment up an additional 5% to 35 million.

According to data collected by the U.S. Census Bureau nearly 47.8 million people were enrolled in Medicaid programs in 2009, and at that time, roughly 33.6 million (70%) 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 11% from June 2008 to June 2009. By December 2010, managed Medicaid enrollment grew to an estimated 35 million Medicaid beneficiaries, up an additional 5%. More current NAIC enrollment data was used for Medicaid plans required to file statutory financial statements. In cases where NAIC data was unavailable, June 2009 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. Five of these public companies enrolled more than 1 million Medicaid members as of 2Q10.

Leading Medicaid Managed Care Companies						
Parent	2Q08	Market Share	2Q09	Market Share	2Q10*	Market Share
UnitedHealth	1,815,329	6%	2,304,328	7%	2,992,904	9%
Amerigroup	1,295,886	4%	1,517,801	5%	1,677,975	5%
Wellcare	1,200,640	4%	1,267,208	4%	1,264,616	4%
Molina Healthcare	1,022,168	3%	1,115,932	3%	1,248,882	4%
Centene	967,289	3%	1,077,479	3%	1,131,920	3%
WellPoint	984,106	3%	998,594	3%	1,078,762	3%
All Others	22,966,463	76%	25,327,173	75%	25,727,553	73%

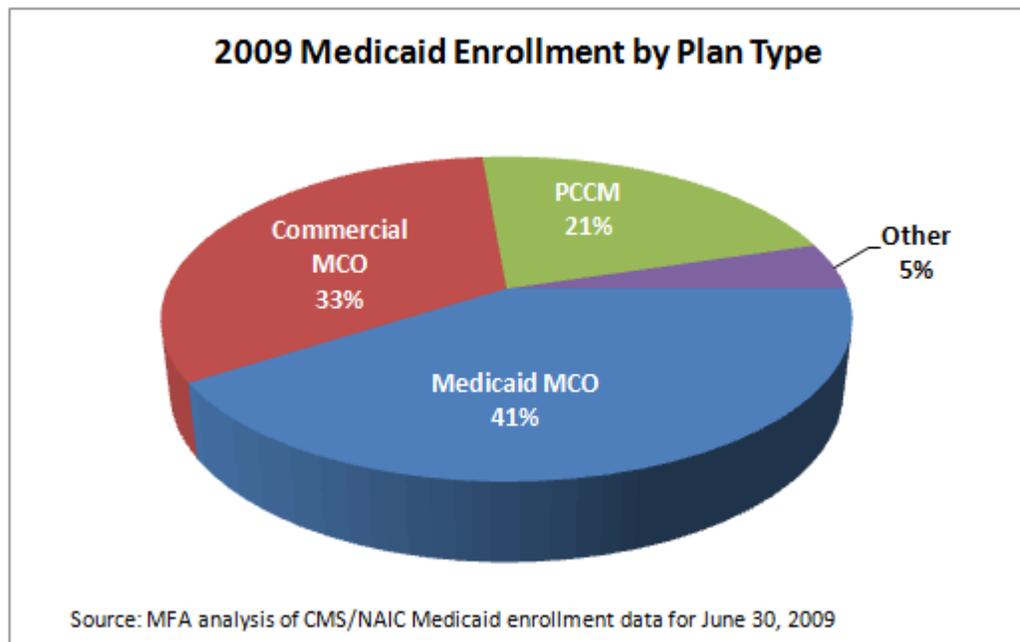
Total	30,251,881	100.0%	33,608,515	100.0%	35,122,612	100%
* Estimated Source: Mark Farrah Associates Medicaid Database using CMS, NAIC and CA DMHC data						

UnitedHealth, the largest commercial-company with a presence in the managed Medicaid market, increased its enrollment in subsidized plans by 30% between June 2009 and June 2010, according to MFA's analysis. UnitedHealth currently offers managed Medicaid products in 20 states. Among other public-companies in the managed Medicaid business, four specialists in government-sponsored healthcare — AmeriGroup (12 states), Centene (7), Molina (9), and WellCare (7) — all maintained or increased market share and most reported membership growth.

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 2009 about 24.7 million Medicaid beneficiaries (74%) were covered by either a commercial plan participant or Medicaid managed care organization. In addition to the 24.7 million covered by comprehensive plans, 7.3 million were signed up with PCCMs and 1.6 million were enrolled in limited plans for ambulatory or inpatient care. (CMS is expected to release data collected for June 2010 in the next few months.)



All but four states offer or require Medicaid beneficiaries to be enrolled in programs to manage Medicaid beneficiaries' medical care. Only Alaska and Wyoming have no Medicaid managed care. In Mississippi, beneficiaries are covered by a prepaid transportation plan, while New Hampshire uses a disease management program to care for beneficiaries with chronic diseases. All other medical care in these states is compensated on a fee-for-service basis.

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 36,000 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 2009, based on Medicaid figure reported to CMS and the NAIC:

- 8.0 million Medicaid beneficiaries were enrolled in limited mental health plans in 18 states, including programs treating them for substance abuse. In some states, beneficiaries were enrolled in both inpatient and ambulatory mental health programs.
- 6.1 million received non-emergency transportation through prepaid plans in 13 states.
- 1.9 million were enrolled in dental plans in six states.
- 1.2 million received prescription drug assistance from a pharmacy benefits manager in Tennessee.

A State-budget Challenged Market

As more commercial companies show interest in this segment, state regulators are proposing cut backs to Medicaid programs. Newspaper articles throughout the country during March 2011 called attention to this growing problem. In Arizona, Governor Jan Brewer announced a proposal to freeze enrollment in Medicaid programs, require some beneficiaries to pay more for their care and reduce provider payments to reduce budget shortfalls. In New York, Medicaid, which is a sizable portion of the state budget, is a divisive topic among legislators. Ohio Governor John Kasich has also proposed reshaping Medicaid in his state to help close an \$8 billion budget gap. Effective solutions for reducing Medicaid costs while maintaining benefits are definitely needed. Managed Medicaid enrollment is rising but many wonder if this trend can continue.

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 redistributor of NAIC data. MFA's Health Coverage Portal™ includes both risk-based and administrative services only 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™ and Health Plans USA™.

Healthcare Business Strategy is a FREE monthly brief that presents analysis of important issues and developments affecting healthcare business today. If you aren't on our email distribution list, [click here \(/email-options/subscribe-to-healthcare-business-strategy.aspx\)](mailto:options/subscribe-to-healthcare-business-strategy.aspx) to subscribe now.

Debra A. Donahue is Vice President Market Analysis and Online Products for Mark Farrah Associates



Mark Farrah Associates

Phone: 724.338.4100

Web: www.markfarrah.com

© Copyright 1997-2018. All rights reserved. Unauthorized use is prohibited. Healthcare Business Strategy™ is the product of Mark Farrah Associates. No part of this product may be reproduced, in any form or by any means, including posting in its entirety in blogs or other media applications, without permission in writing from Mark Farrah Associates - (724) 338-4100.