

# **Medicaid Managed Care in New York: A Public-Private Partnership That Works**



*Delivering High-Quality, Cost-Effective Care for New Yorkers*

*A Report of the New York State Coalition of Prepaid Health Services Plans*

*December 2003*

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## INTRODUCTION

Nine years ago Governor George Pataki announced plans to require most New York Medicaid beneficiaries to enroll in managed care plans. New York State's application to the Federal government to begin mandatory managed care enrollment placed "greater reliance on primary and preventive care" and "higher quality care and better health outcomes" at the heart of the move to managed care. While managed care's beneficial impact on costs and on access to physicians in New York was relatively easy to assess, limitations in quality measures in fee-for-service Medicaid and initial gaps in managed care quality reporting capacity made it more difficult to evaluate whether managed care has improved healthcare quality.

Now, however, the data is unequivocal. While there remains much to be done, Medicaid managed care has made clear advances toward the goals of ensuring that all Medicaid beneficiaries see their doctors regularly for preventive care and receive appropriate medical attention for chronic health conditions. As detailed in this report, **managed care has made demonstrable improvements over Medicaid fee-for-service** in general primary care utilization rates, in the rates at which women get Pap smears and children get immunized, in prenatal and postpartum visit rates, and in the management of chronic conditions like diabetes. **New York Medicaid managed care has outperformed almost all national quality benchmarks** for Medicaid managed care plans in women's healthcare, children's healthcare, chronic care of adults, and treatment of mental illness. Moreover, this progress is ongoing. **Medicaid managed care showed improvement from 2001 to 2002 in most quality measures**, following several years of steady increases in these measures.

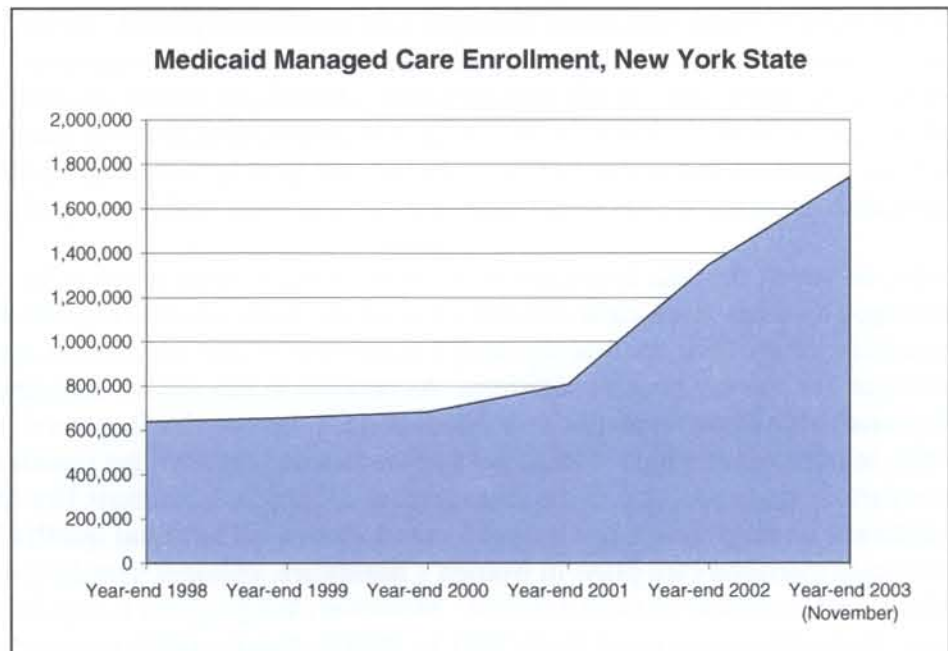
Medicaid managed care plans contribute to healthcare quality in multiple ways. As detailed below, plans have increased the number of New York physicians, particularly those who are board certified, serving Medicaid patients. Plans communicate regularly with their members and work to shape their members' patterns of seeking medical care. Plans educate physicians on practice guidelines and work with patients and physicians to manage the treatment of chronic conditions. The process of annual Medicaid quality measurement itself is made possible by managed care plan data collection and analysis. As New York State looks to build on the Medicaid quality gains described in this report, it is increasingly clear that managed care plans have been and will continue to be critically important partners.

The 15 plans in the NYS Coalition of PHSPs serve the majority of the State's Medicaid managed care enrollees. Sponsored by public and nonprofit hospitals and community health centers and physicians, these plans have been serving Medicaid managed care enrollees for more than a decade – some were part of the State's initial demonstration programs almost 20 years ago. They are proud of the improvements in public health reflected in this report and are committed to further enhancing healthcare access and quality for low-income New Yorkers in the years ahead.

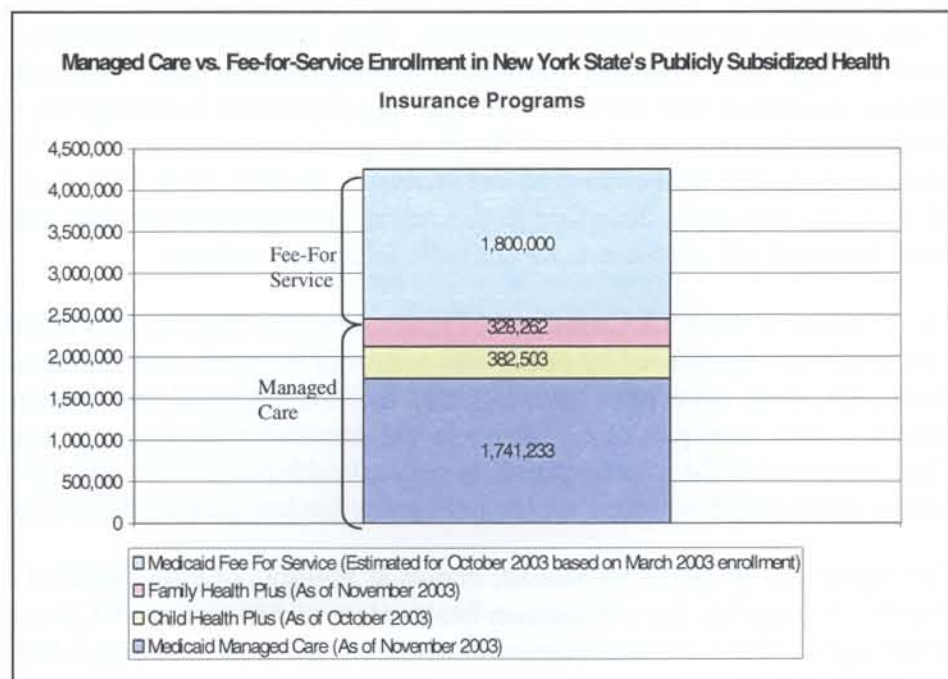
This report was prepared by Manatt, Phelps & Phillips, LLP on behalf of the NYS Coalition of PHSPs. A complete list of Coalition health plans and their provider partners appears at the end of the report. For additional copies of this publication, please contact Manatt, Phelps & Phillips, LLP at 212-830-7223.

## MANAGED CARE'S ROLE IN NEW YORK'S PUBLICLY SUBSIDIZED HEALTH INSURANCE PROGRAMS

- Over the course of the last seven years, managed care has become the delivery system of choice in New York State. Since Governor Pataki's announcement in 1995, Medicaid managed care enrollment has more than quadrupled to over 1.7 million; enrollment has more than doubled in the last two years alone.



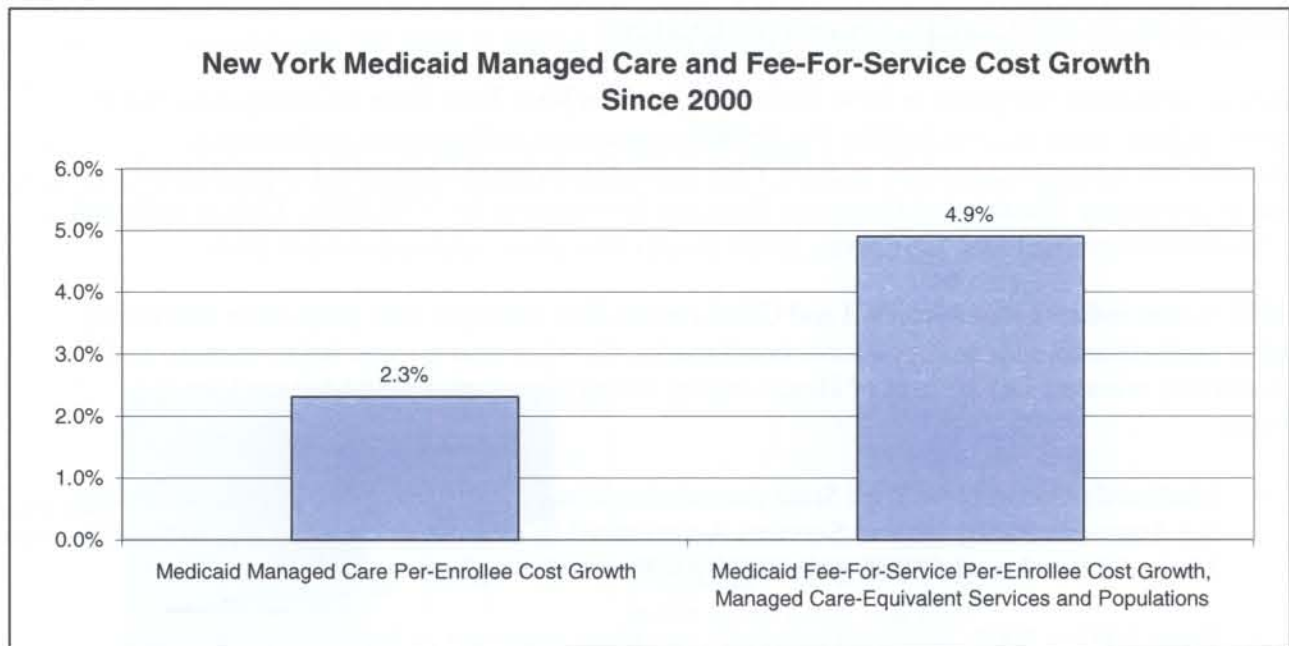
- Child Health Plus and Family Health Plus, New York's programs for low-income individuals with incomes just above Medicaid levels, rely exclusively on managed care, bringing the total number of New Yorkers covered in publicly subsidized managed care programs to almost 2.5 million. Today almost 60% of New Yorkers covered by publicly subsidized health insurance are enrolled in a managed care plan.



Policymakers have established an ambitious set of goals for Medicaid managed care: to save the state and federal governments money relative to the previous fee-for-service system, to increase access to primary care physicians, to coordinate care for people with chronic conditions and to monitor and improve healthcare quality. There is now strong evidence that managed care has begun to fulfill each of these goals.

### **MEDICAID MANAGED CARE HAS REDUCED THE RATE OF MEDICAID COST GROWTH**

- Cost savings relative to Medicaid fee-for-service were initially built into the State’s process for setting premiums for plans.
- Since 2000, per-enrollee costs in New York’s Medicaid managed care program have grown at a slower rate than per-enrollee costs in Medicaid fee-for-service, looking at the fee-for-service populations and medical services equivalent to Medicaid managed care (excluding elderly and disabled populations and services like long-term care).<sup>1</sup>
- From 2000 to 2002, New York Medicaid managed care per-enrollee costs have grown 2.3%, about 1% a year<sup>2</sup>. Comparable per-enrollee costs in Medicaid fee-for-service have grown more than twice as fast, while total fee-for-service costs grew four times as fast – 9.2% – and New York commercial health insurance premiums grew by 10% a year<sup>3</sup>.



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## **MEDICAID MANAGED CARE HAS INCREASED ACCESS TO PRIMARY CARE**

- According to a United Hospital Fund study released in 2001, Medicaid managed care has dramatically increased access to physicians for Medicaid beneficiaries, particularly in New York City, where primary care access has been especially poor historically for Medicaid enrollees.
- In New York City the number of primary care physicians accepting Medicaid managed care is about 50% higher than the number accepting fee-for-service<sup>4</sup>.
- The same study finds that 85% of New York City Medicaid managed care physicians are board certified, compared to 68% of Medicaid fee-for-service physicians and 65% of non-Medicaid physicians<sup>5</sup>.
- As detailed below, Medicaid managed care has dramatically improved the rate at which Medicaid beneficiaries see their primary care physician and receive appropriate screenings and immunizations. Plans have standards for minimum provider hours of operation and telephone availability, conduct telephone and community outreach to their members, and – in cooperation with providers, local governments, and the State Department of Health – educate Medicaid enrollees about how to use their insurance coverage to receive effective and regular primary and preventive care.

## **MEDICAID MANAGED CARE HAS IMPROVED QUALITY**

Medicaid managed care plans in New York participate in New York State's Quality Assurance Reporting Requirements, or QARR. The QARR is an annual collection of performance indicators for managed care plans in New York State, following the National Committee for Quality Assurance "Healthplan Employer Data and Information Set" (HEDIS). Data is collected for Medicaid/Family Health Plus plans, Child Health Plus plans, and commercial plans.

QARR scores indicate that Medicaid and Child Health Plus managed care plans have had strong quality performance, exceeding national benchmarks, showing year-to-year improvement, and, in a recently released Department of Health report, strongly outperforming Medicaid fee-for-service.

- Medicaid plans in New York State exceeded national quality benchmarks (established by the American Public Human Services Association) in nine out of ten measures for which Medicaid benchmarks exist, generally by substantial margins.
- From 2001 to 2002, Medicaid managed care plans improved in three out of four Women's Health measures, five out of eight Child and Adolescent Care measures, in all measures for the Chronic Care of Adults and in all Mental Health measures. Child Health Plus plans improved in seven out of ten QARR measures.

**MEDICAID MANAGED CARE HAS IMPROVED QUALITY (CONT.)**

- This year has also seen the release of the New York State Medicaid Fee-For-Service HEDIS/QARR project’s results. In this research study, the Island Peer Review Organization (IPRO) calculated QARR performance indicators for the fee-for-service system in the year 2000, and compared them to managed care rates for the same year. Managed care outperformed fee-for-service in 11 out of 13 measures, often dramatically.

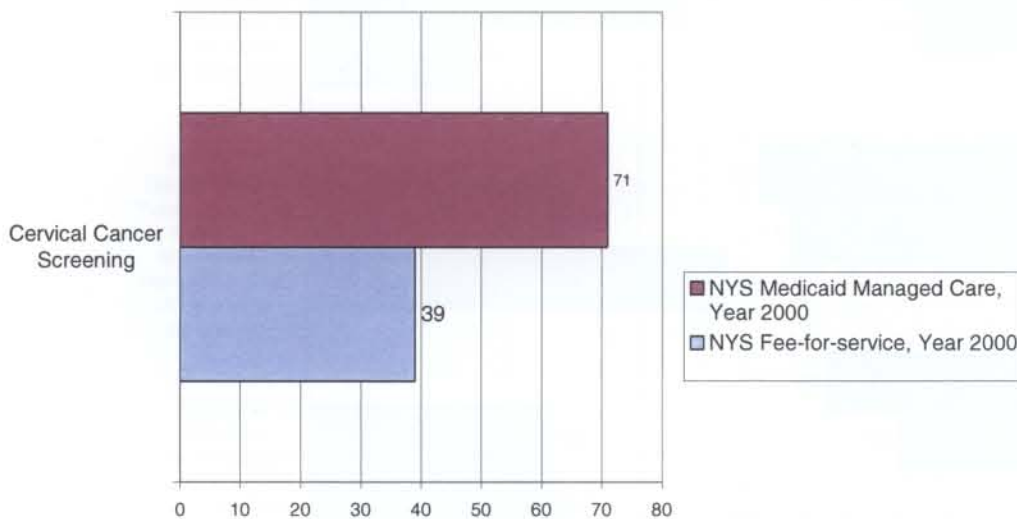
*An important caveat accompanies these figures. HEDIS measures generally include only those enrollees who have been enrolled in the same health plan for 12 months without interruption; some measures require even longer periods of continuous enrollment.*

*These requirements reflect the basic medical realities behind the quality measures – the minimal length of time it takes to administer necessary immunizations to a child, the time necessary to get diabetes symptoms under control, the period within which a child should have a well-visit and a woman should have a pap smear.*

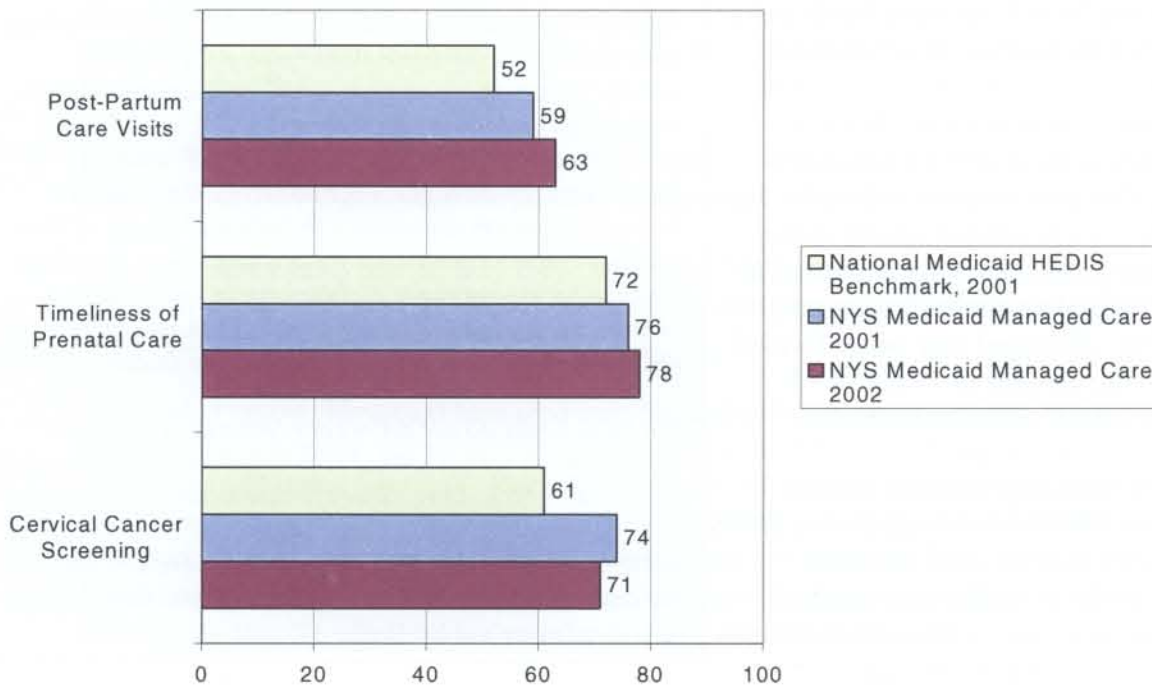
*But these limits do not reflect the realities of Medicaid enrollment, in which annual recertification requirements lead 30% to 50% of enrollees to disenroll every year, the vast majority of whom are still eligible for coverage. The PHSP Coalition as well as many others have described the causes and consequences of these disenrollment levels in several other publications.*

In addition to demonstrating dramatic quality improvement under Medicaid managed care, both the 2002 QARR data and the 2000 Fee-For-Service Study show the contribution managed care plans make in enabling the State to monitor quality effectively. The IPRO reported significant difficulties in procuring fee-for-service medical records, and it is notable that year 2000 fee-for-service data became available only this year, at approximately the same time as 2002 managed care HEDIS results. Through managed care, the State is able to monitor quality improvement through regular plan reporting.

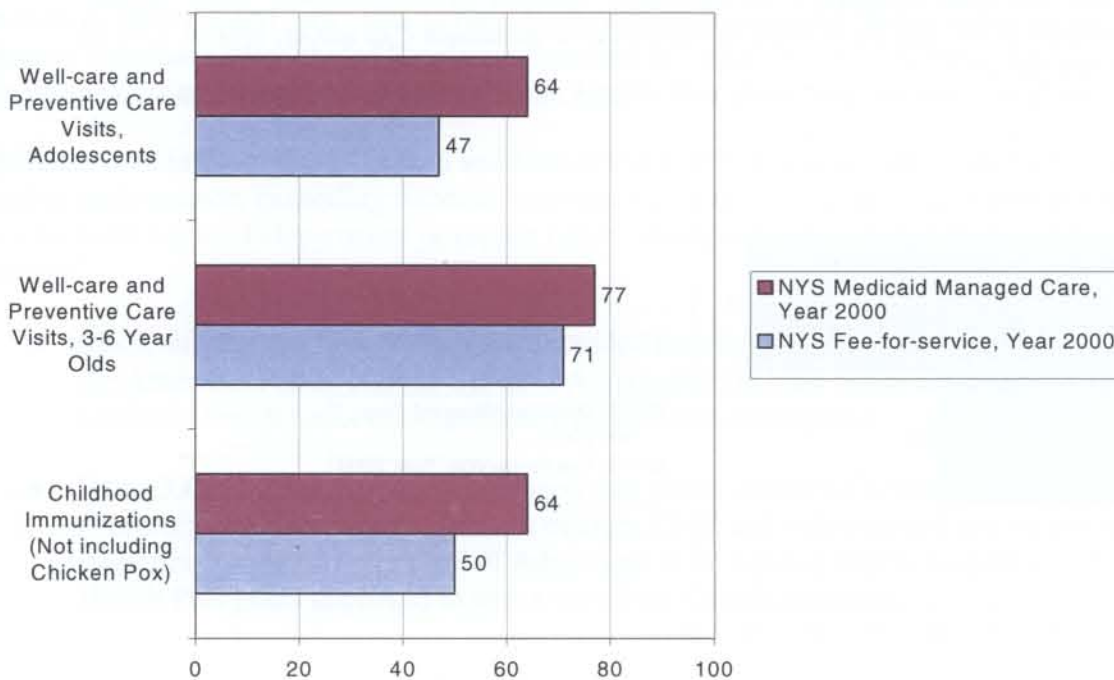
Medicaid managed care has made dramatic contributions to **Women’s Health** in New York. While fewer than 40% of women in the fee-for-service system receive an annual Pap smear, almost 75% of women in managed care do so.



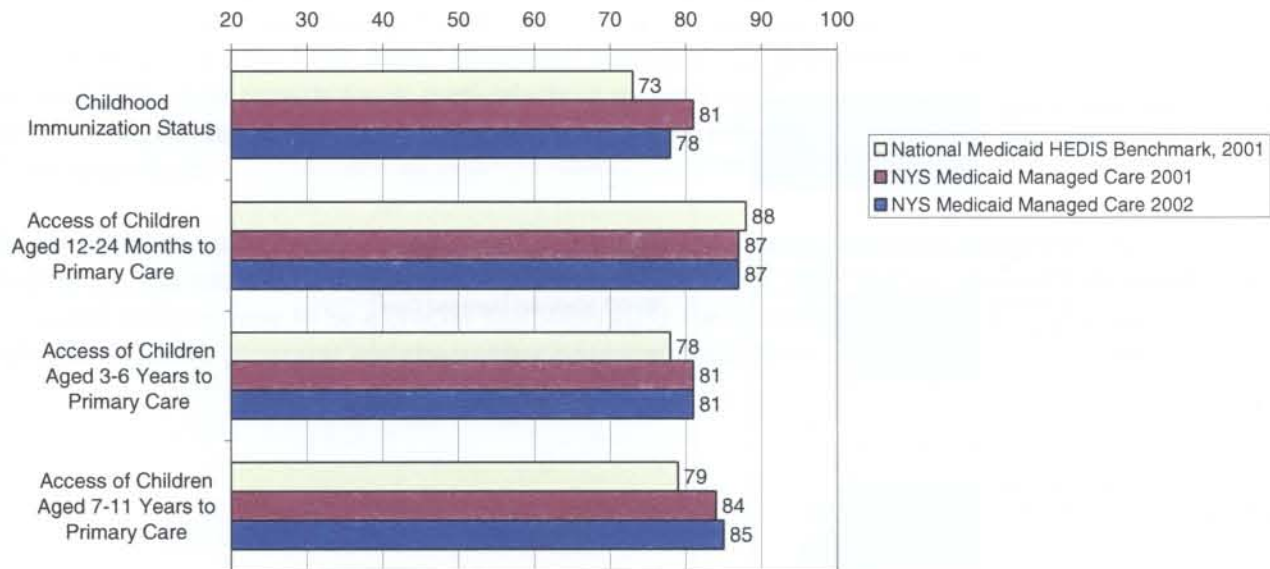
New York also significantly exceeds the three American Public Human Services Association national HEDIS benchmarks for women's health.



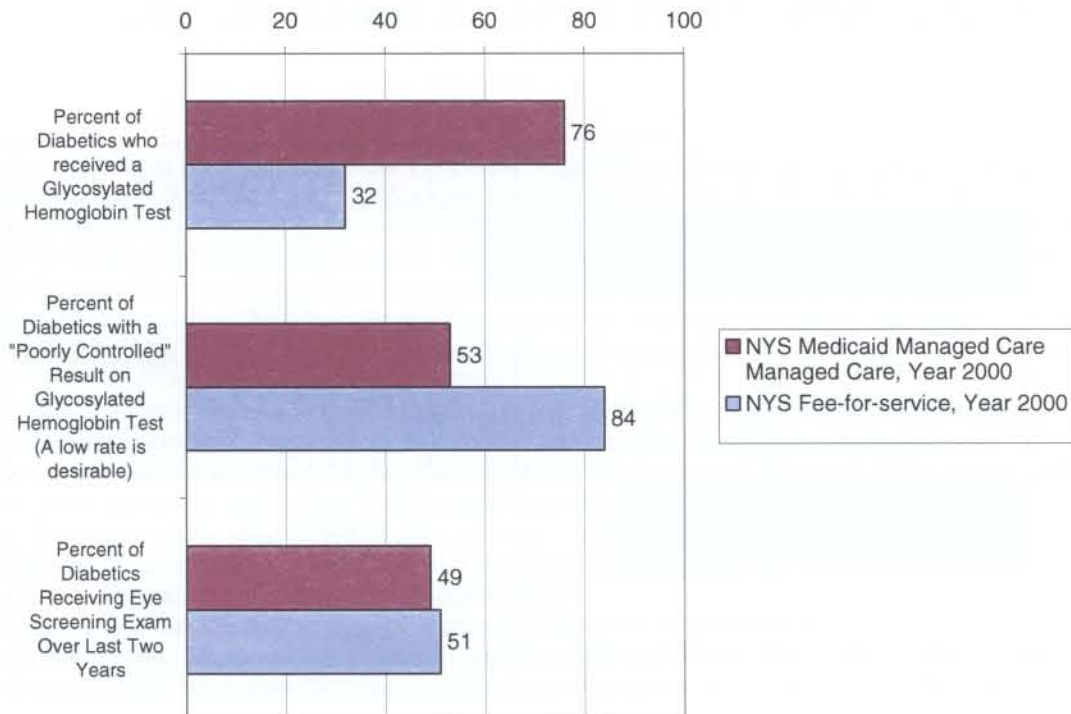
Medicaid managed care has significantly improved appropriate use of **primary and preventive care among children** in New York. Both immunization rates and well-care visit rates are substantially higher in the managed care system than in the fee-for-service system.



New York is either slightly above or even with national HEDIS benchmarks for quality of children's healthcare.

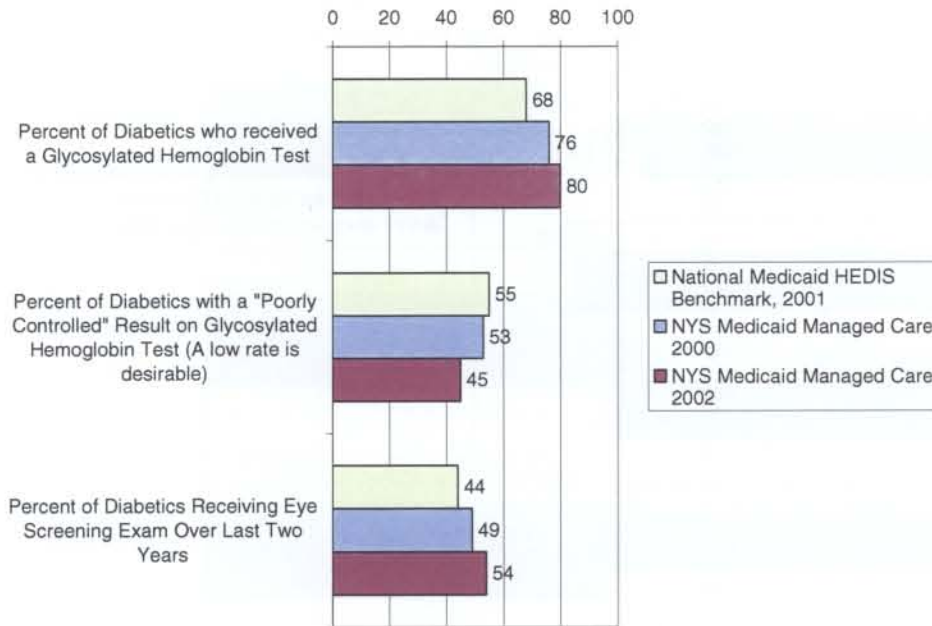


One of Medicaid managed care's most important objectives is to improve **management of chronic illnesses**. In recent years, HEDIS has focused on diabetes in its assessment of chronic illness management. In New York, managed care has dramatically improved the rate at which diabetics receive medical monitoring. As a result, it has improved their health status as well.

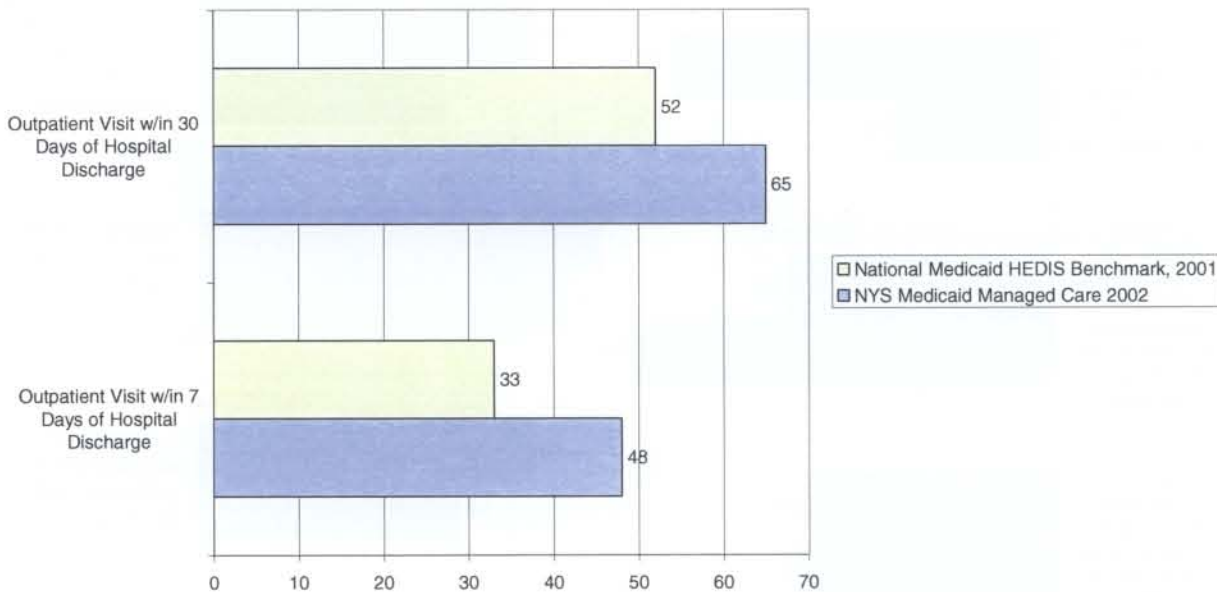




New York managed care exceeds national benchmarks and has shown strong year-to-year improvement in diabetes care.



Managed care plans in New York face particular challenges in ensuring appropriate treatment of acute episodes of **mental illness**. As in many other states, the New York Medicaid Managed Care benefit package does not cover pharmaceuticals and covers only a limited number of outpatient visits and inpatient days for treatment of mental illness, which are reimbursed instead by fee-for-service Medicaid. Nevertheless, New York substantially exceeds national benchmarks for appropriate primary care follow-up to hospitalizations for mental illness.



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## CONCLUSION

Medicaid managed care has made significant progress toward its original goals of higher-quality care and better health outcomes. And, although there is still much work to be done, there is good reason for optimism that managed care can continue to improve quality of healthcare for low-income people in New York State. Moreover, managed care has achieved these quality gains while holding cost growth down, particularly in recent years – as noted above, in the last two years managed care costs have barely increased despite renewed healthcare inflation in New York as a whole.

In an environment of budgetary pressures and increased scrutiny of quality performance in healthcare, the success of the partnership between New York State and private health plans has been and will continue to be a crucial tool supporting the success of New York’s publicly subsidized health programs and the welfare of low-income New Yorkers.

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<sup>1</sup> Cost calculations were made using the New York State Department of Health’s *Medicaid Reference Statistics 2000-2002, November 2003* and *Medicaid Managed Care Operational Reports*. Managed care-equivalent populations in fee-for-service included the ADC/TANF, Home Relief, and non-elderly Medicaid-only categories, and excluded disabled and elderly beneficiaries. Managed care-equivalent service categories in fee-for-service included Physician, Inpatient, Clinics/Emergency Room, Podiatrist, Psychology, Eye Care, Dental, Nursing, Laboratories, Transportation, Child/Teen Health Plan, and Durable Medical Equipment. Enrollment figures are derived from New York State Department of Health Medicaid Eligibility Reports and Managed Care Enrollment Reports.

<sup>2</sup> Prior to 2000, a series of changes to the Medicaid managed care benefit package make comparisons to fee-for-service cost trends impossible. Nevertheless, it is notable that since the introduction of mandatory managed care in 1997, average per-member per-month Medicaid managed care premiums have increased 28% – an average of only 5% a year. Both nationwide and in New York, commercial health insurance premiums have increased by over 70% – almost 15% a year – in the same period of time. (Source: “Tracking Health Care Costs: Trends Stabilize But Remain High In 2002,” Bradley C. Strunk and Paul Ginsburg, *Health Affairs*, June 11, 2003; Business Council of New York State Annual Survey of Employer Compensation.)

<sup>3</sup> Business Council of New York State Annual Survey of Employer Compensation.

<sup>4</sup> United Hospital Fund, “Physician Participation in Medicaid Managed Care,” *Currents*, Fall 2001 (Vol. 6, No. 3).

<sup>5</sup> United Hospital Fund, “Physician Participation in Medicaid Managed Care,” *Currents*, Fall 2001 (Vol. 6, No. 3).

**MEMBERS OF THE NEW YORK STATE COALITION OF PHSPs**

<b>HEALTH PLAN</b>	<b>AFFILIATED ORGANIZATIONS</b>	<b>SERVICE AREA</b>
ABC Health Plan	The Institute for Urban Family Health Beth Israel Medical Center	Bronx and New York Counties
Affinity Health Plan	<i>Primary care provider organizations with representation on the Board of Directors:</i> Morris Heights Health Center Charles B. Wang Health Center Urban Health Plan	New York City, Westchester, Suffolk, Rockland, Orange and Nassau Counties
CenterCare	Ryan Community Health Network	New York City
The Community Choice Health Plan	Mt. Vernon Neighborhood Health Center Sound Shore Medical Center	Westchester, Bronx and Rockland Counties
Community Premier Plus	New York Presbyterian Hospital Generations Plus Network of the NYC Health and Hospitals Corporation	Bronx and New York Counties
Fidelis Care New York (NY State Catholic Health Plan)	Diocesan Bishops of the State and Ecclesiastical Province of New York and Catholic healthcare providers	New York City and 29 upstate counties <sup>1</sup>
HealthFirst PHSP	Hospitals in all seven counties in which the plan operates <sup>2</sup>	New York City, Nassau and Suffolk Counties
Health Plus PHSP	Lutheran Medical Center	New York City
Hudson Health Plan	Open Door Family Medical Centers Hudson River HealthCare	Dutchess, Orange, Rockland, Sullivan and Westchester, Counties
MetroPlus Health Plan	New York City Health and Hospitals Corporation	Bronx, Kings, New York and Queens Counties
The Monroe Plan for Medical Care <sup>3</sup>	Predominantly physicians participating in the Plan.	Monroe, Seneca, Ontario, Orleans, Yates, Livingston and Wayne Counties
Neighborhood Health Providers	Brookdale Hospital and Medical Center Jamaica Hospital Medical Center	New York City
New York-Presbyterian Community Health Plan	New York-Presbyterian Hospital East Harlem Council for Human Services	Bronx, Kings, New York and Queens Counties
Partners in Health	St. Barnabas Community Enterprises, Inc.	Bronx
Total Care (Syracuse PHSP)	Syracuse Community Health Center	Onondaga, Oswego, and Tompkins Counties

<sup>1</sup> New York City and Albany, Bronx, Broome, Cattaragus, Chautauqua, Clinton, Columbia, Cortland, Dutchess, Erie, Essex, Greene, Hamilton, Herkimer, Nassau, Niagara, Oneida, Onondaga, Orleans, Oswego, Rensselaer, Rockland, Saratoga, Schenectady, Suffolk, Ulster, Warren, Washington and Westchester Counties.

<sup>2</sup> Beth Israel Medical Center, Bronx-Lebanon Hospital Center, The Brooklyn Hospital Center, Brunswick Hospital Center, Elmhurst Hospital Center, Episcopal Health Services, Inc., Interfaith Medical Center, Jamaica Hospital Medical Center, Kingsbrook Jewish Medical Center, Long Island Jewish Medical Center, Maimonides Medical Center, Montefiore Medical Center, Mount Sinai Medical Center, Mount Sinai of Queens, Nassau County Medical Center, New York Eye and Ear Infirmary, North Shore-Manhasset, North Shore-Forest Hills, New York Downtown Hospital, Staten Island University Hospital, University Hospital of Brooklyn, University Medical Center at Stony Brook, St. Luke's-Roosevelt Hospital Center.

<sup>3</sup> The Monroe Plan is an independent not-for-profit managed care organization that has an exclusive contract with Blue Cross Blue Shield of the Rochester division of Lifetime Health Care, Inc. to manage Blue Choice Option, Child Health Plus and Family Health Plus.

This report was prepared by Manatt, Phelps & Phillips, LLP on behalf of the New York State Coalition of PHSPs. For questions or additional copies, please contact Manatt, Phelps & Phillips, LLP at 212-830-7223