

Medicaid Savings from the HealthChoices Program

The Lewin Group, a nationally recognized health care policy and research organization, recently released a report titled “An Evaluation of Medicaid Savings from Pennsylvania’s HealthChoices Program.” The following summarizes key findings of this Report, which updated a similar 2005 Lewin Group study by measuring program savings attributable to Pennsylvania’s Physical Health Medicaid Managed Care Program known as HealthChoices. HealthChoices serves over 1.2 million of the Commonwealth’s most vulnerable low-income and disabled citizens.

Cost Savings from HealthChoices

- HealthChoices has saved the State and Federal Governments \$5.0 to \$5.9 billion (\$2.9 billion to \$3.3 billion in State funds) over the past 11 years (CY2000 – CY2010) when compared to Pennsylvania’s traditional Medicaid Fee-for-Service (FFS) system in place prior to the launch of the HealthChoices Managed Care delivery model. Currently, the HealthChoices Program is offered in 25 of the Commonwealth’s 67 counties
- Looking forward, HealthChoices is projected to yield additional State Fund savings of \$2.9 billion to \$3.6 billion over the next five years (CY2011 – CY2015) and \$5.4 billion to \$6.6 billion for the ensuing five-year period (CY2016 – CY2020).

Estimated Savings from Geographic Expansion

- When contrasted to the ACCESS Plus program, HealthChoices has saved \$1.1 to \$1.4 billion in State funds over the past five years (CY2006 – CY2010). ACCESS Plus is an enhanced Primary Care Case Management Program that was introduced into non-HealthChoices counties several years ago to improve delivery within a FFS approach.
- The Lewin Group report estimates that savings would result by expanding HealthChoices statewide to Pennsylvania’s 42 ACCESS Plus counties.
- The report found that expanding HealthChoices statewide would yield:
 - State fund savings of approximately \$375 million between CY2012 and CY2015, or over \$90 million annually during this four year period;
 - State fund savings of approximately \$725 million across the five-year timeframe CY2016 – CY2020; and
 - State fund savings of roughly \$1.1 billion across the nine-year period CY2012 – CY2020.

Policy Implications

- The Lewin Group found that HealthChoices “continues to provide Medicaid cost savings to the State through a broad and innovative array of cost containment strategies.”
- The report concluded that there would be significant savings by replacing ACCESS Plus with the HealthChoices model.
- Given the pressing need to maximize fiscal savings in Medicaid, the report stated, “[t]his may be an opportune time ... to increase the role of HealthChoices in Pennsylvania.”
- The Pennsylvania Coalition of Medicaid Managed Care Organizations believes that the Lewin Group Study affirms the critical importance of a strong HealthChoices program, operated by viable Medicaid Managed Care Organizations, to the Commonwealth’s efforts to stem the rising cost of Medicaid.

The Lewin Group Report may be found at: www.PAMCO.org