

Managed

Care

Coalition

Fact Sheet

2006

AmeriHealth Mercy Health Plan
Gateway Health Plan
Keystone Mercy Health Plan
Unison Health Plan, Inc.
UPMC *for You*, Inc.

Managed Care Organizations

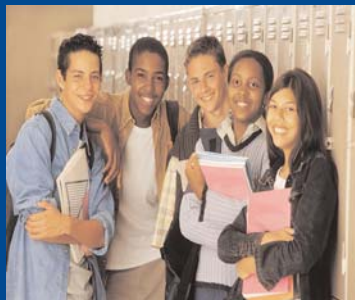
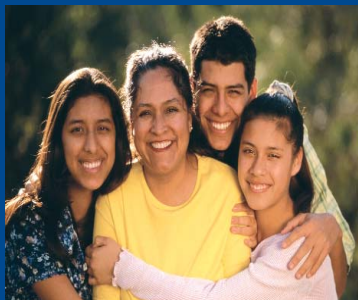
mean

Quality Care

and

Cost Savings

for Pennsylvania Medicaid





"On all fronts,
HealthChoices is as an
effective a program as we have seen
anywhere across the nation in the
Medicaid arena."

The four percent increase present in Governor Rendell's 2006/07 budget in Medicaid Managed Care Organization (MCO) capitation is moving in the right direction, but it's not enough.

According to the Lewin Group, HealthChoices has saved the Commonwealth more than **\$2.7 billion** over the last five years. The HealthChoices managed care organizations collectively have held average annual medical cost escalation to 7.4 percent over the past several years, compared to an average annual cost escalation of 10.4 percent in the Fee-for-Service Program.¹

Comparison of Annual Rate of Cost Escalation

Medicaid Population Group	Years Assessed	DPW Annual PMPM (per member/per month) Cost Escalations
Pennsylvania Fee For Service Medicaid	1999-2002	10.4%
MCO Average	2001-2004	7.4%

1. The Lewin Group: A Comparative Evaluation of PA's HealthChoices Program (May 2005)



Managed Care
Organizations
Build on
Quality

All PA HMOs

are ranked among the
top Medicaid Health Care Plans
in the country.



Managed Care Organizations Build on Quality

•NCQA (National Committee on Quality Assurance)/ US News and World Report ranked all Pennsylvania HMOs among the top Medicaid Health Care plans in the country based on the quality of the service we provide our members.

What are the benefits of Medicaid Managed Care Organizations?

For Consumers

- Coordinating care - Managed Care Organizations(MCO) place strong emphasis on preventive health care services, providing disease management services for chronically ill patients, and offering innovative programs to promote the health and well being of Medicaid consumers.
- Quality - MCOs are strongly committed to ensuring that Medicaid consumers have access to high quality, integrated, patient-centered health care management.
- Access - Increased access has been a hallmark of the HealthChoices program and has been a key reason why HealthChoices has improved health outcomes, resulting in considerable savings to the commonwealth.



For the Commonwealth

- HealthChoices provides **guaranteed cost savings** and predictable payments to PA MCOs participating in the **full risk** program. MCOs do not receive supplemental appropriations if they lose money or don't perform as promised - the MCOs take the loss.

- HealthChoices and the Medicaid Managed Care Organizations that provide services under HealthChoices have **saved Pennsylvania approximately \$540,000,000 each year.**

For Pennsylvania's economy

- The health care and social assistance industry is one of the two industries in PA primed for a significant job increase over the next 10 years.

- Health care, as an industry, produced 15,500 jobs - it was the largest net growth in jobs between 2003 and 2004.

What is the Estimated Impact of the Proposed State Budget?

- Three consecutive years of rate increases that fell well below medical cost increases have left the MCOs in a tenuous position.

- The Governor's 2006/07 Budget proposes an increase of only 4%. The MCOs need an increase of 8% to reflect medical costs to remain viable. This will cost \$88 million above the Governor's proposed budget.

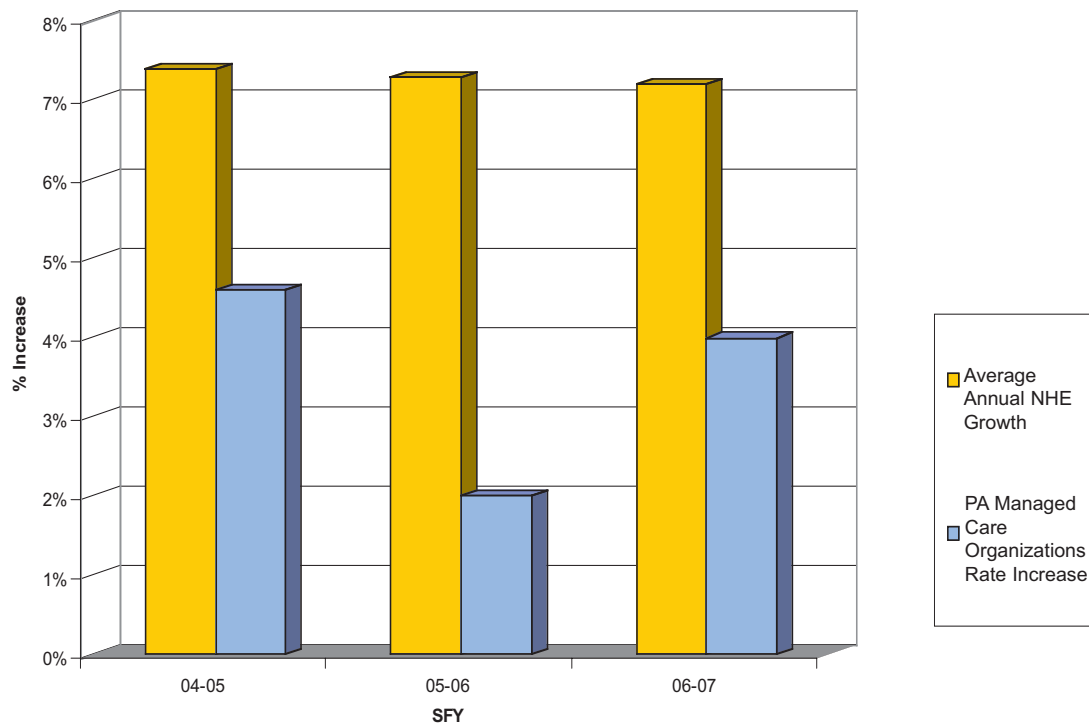
- The proposed delay of payment to the MCOs will delay payments to providers which will further adversely impact both the accessibility and availability of the vast provider network currently offered by the MCOs.

- A return to Fee For Service (FFS)/ACCESSPlus will result in even further rate reductions for hospitals, doctors and other providers since rates would return to Medicaid levels.

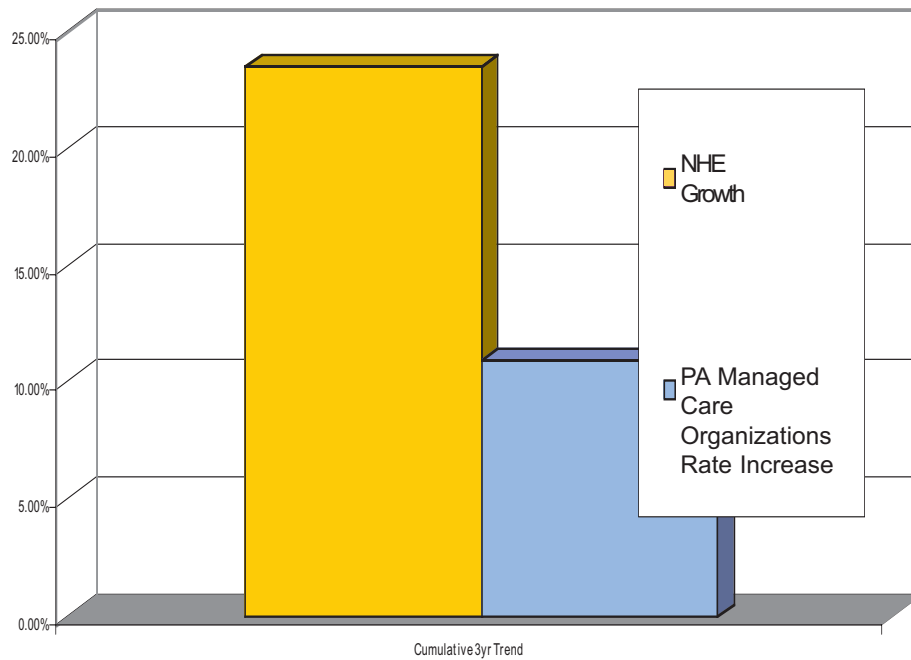
- The Department of Public Welfare's (DPW) proposed carve - out of pharmacy management from the MCOs will impact both the members at risk and the bottom line. The savings DPW is proposing are speculative as they themselves have budgeted for a 15% increase in pharmacy costs while the MCOs average an annual increase of 6-7%.

- Savings that result from full-risk managed care will disappear .

Comparison of National Health Expenditures to PA Managed Care Organizations Rate Trends



Summation of 3 yrs Under Funding



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Working
together
for better health.

