Missouri Association *of* Health Plans

Member Health Plans

Blue-Advantage Plus of Kansas City, Inc.

Children's Mercy Family Health Partners

Harmony Health Plan

HealthCare USA

Missouri Care Health Plan

Molina Healthcare of Missouri

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January 27, 2010

Dr. Ian McCaslin
MO HealthNet Director
MO HealthNet Division
P.O. Box 6500
Jefferson City, MO 65102

Dear Dr. McCaslin:

On behalf of the Missouri Association of Health Plans, I would like to thank you for last week's positive reporting on Medicaid managed care given by you and Director Levy to the House Appropriation's committee. It was exciting to hear (1) positives about managed care and (2) discussions about possible expansions into other counties or populations.

In regards to the positives of managed care, we as an association feel the conclusions in the executive summary of the Alicia Smith report are not reflective of the findings included in the actual study. The findings in the study reflect more positively on managed care than the executive summary would lead the reader to believe. This is of great concern to us as readers who are pressed for time may only read the executive summary. Our specific concerns with the executive summary are included as an attachment.

Again, thank you for your continued support of managed care. Please let us know what we can do to assist you.

Sincerely,

Daniel R. Paquin
2010 Chairperson, MAHP
President and CEO, HealthCare USA

Missouri Association of Health Plans
Comments & Responses Regarding the Report:
A Comparative Analysis of Managed Care and Fee-for-Service in Missouri
Alicia Smith & Associates, LLC
October 20, 2009

The **Missouri Association of Health Plans (MAHP)** submits the following comments and responses to the above referenced report to the MO HealthNet Division and the MO HealthNet Oversight Committee.

Regarding the Author's Conclusions and Recommendations in Section II. Executive Summary:

1. **We did not observe any significant difference in access to or quality of care between fee-for-service and managed care. Managed care performed better on Birth Outcomes and Provider Access. Fee-for-service did better on Well-Child Screenings and Prenatal Care. However, in all cases the differences were very slight with no clear advantage for either of the delivery systems. (Alicia Smith & Associates Comparative Analysis Report, 10/20/2009, Section II, Executive Summary).**

MAHP Comment/Response:

The statement "We did not observe any significant difference in access..." is not consistent with the data presented and the statements made on pages 40-42. The ratios are clearly favorable to managed care in each provider type examined and in the case of dental and mental health they are significantly more favorable in managed care. The author makes the following statement on page 41, "there does appear to be a significant advantage for managed care in expanding the dental provider network." And, on page 42 the author states (regarding behavioral health), "The overall managed care ratio (1/98) compares very favorably to FFS."

2. **MO HealthNet developed several HEDIS-like measures specifically for the comparisons in this report. They should be encouraged to continue to refine a HEDIS-like methodology to measure performance in fee-for-service. (Alicia Smith & Associates Comparative Analysis Report, 10/20/2009, Section II, Executive Summary)**

MAHP Comment/Response:

While we understand the need for FFS to create "HEDIS-like" measures for comparison purposes, we would like to emphasize that there are inherent difficulties in attempting to compare true HEDIS measures to non-HEDIS measures. This fact was pointed out by the authors on page 32 where they state, "Any attempt to compare HEDIS measures reported by the MCOs to HEDIS-like measures constructed from administrative claims data in FFS comes face-to-face with the shortcomings of administrative data alone as an indicator of health care quality."

The MCOs are required to have their HEDIS measures validated by an External Quality Review Organization, (EQRO), and further these measures will weigh heavily into whether the plans achieve NCQA accreditation. HEDIS measures serve as a benchmark for health plans across the country and so by their very definition make any comparison to non-HEDIS measures problematic.

Another point worth making relating to these overall quality comparisons, which was not highlighted in the executive summary, is that the MCOs performed better than FFS on a significant majority of these measures. The authors point out, "There does appear to be a meaningful differential in favor of managed care in terms of its performance on the *majority* of these measures. The Missouri MCO HEDIS scores are close to the national average for 2007 in every area except immunizations, where they are considerably lower. The capacity of the managed care system to report on **HEDIS scores with supplemental data is a clear advantage for policy makers who need accurate data in order to evaluate and direct health care delivery** (emphasis added)." See Alicia Smith & Associates Report at page 37.

3. **We observed a difference in the timing of the entry of pregnant women into prenatal care between managed care and fee-for-service. MO HealthNet should re-evaluate existing policies on eligibility and enrollment to try and facilitate first trimester prenatal care for low-income pregnant women. (Alicia Smith & Associates Comparative Analysis Report, 10/20/2009, Section II, Executive Summary).**

MAHP Comment/Response:

The report points to the inherent barriers put on managed care to identify pregnant women early and implement appropriate interventions to prevent poor birth outcomes. However, in spite of those barriers, managed care birth outcomes are better than FFS outcomes. For example, the report states, "The managed care regions do appear to demonstrate an improvement in birth outcomes versus the regions where participants continue to receive services through FFS." (See Alicia Smith & Associates Report, page 38).

In light of these better birth outcomes, we would support the author's recommendation that MO HealthNet "consider new policies to grant Medicaid eligibility to low-income women earlier during pregnancy and, where applicable, to enroll those women into managed care as soon as possible." (See Alicia Smith & Associates Report, page 38).

4. **Immunization rates for children in both fee-for-service and managed care are significantly below the national average. MO HealthNet should consider measures and strategies to improve immunization rates for Medicaid children.**

MAHP Comment/Response:

The issue of low immunization rates applies to both FFS and managed care. Reasons cited as potential impacts on the ability to capture accurate data included the state's requirement for the use of Vaccines for Children program and the fact that the provider would be required to submit a claim for the $1-$2 administrative fee in order for the data to be captured. Many providers may consider the cost to submit the claim prohibitive considering the low reimbursement.

As was pointed out in the report, "Funding for immunizations is provided to the states by the federal government through the Vaccines for Children program (VFC). Providers are prohibited per the terms of their Medicaid provider agreements, to bill Medicaid for services that are provided free of charge to the general public. As a result, Medicaid programs do not pay a separate procedure code for immunizations. In many cases, as in Missouri, states do add a procedure code to their fee schedules for the administration of the immunization, absent any charge for the vaccine itself." (See Alicia Smith & Associates Report at page 32).

The MCOs consistently review means in which we can improve our immunization rates, as well as focus on improving other important quality measures. For example, the MCOs are currently working on a statewide Performance Improvement Project (PIP) aimed at increasing adolescent well child visits.

5. **We did observe that a slightly lower percentage of children who received an EPSDT screen in managed care were referred on for corrective treatment than was the case in fee-for-service. Additional analysis is warranted to determine the validity of that observed difference.**

MAHP Comment/Response:

MAHP would simply like to reiterate a point made by the authors relative to this issue. On page 47 the report states that while the MCOs percentage of children

who receive an EPSDT screen and were referred on for corrective treatment was lower, it may be that "Managed care may simply be doing a better job of determining the medical necessity for follow up care. In that case, the lower rates of referrals translate into dollar savings to the MCOs, and presumably the state, by keeping treatment within the medical home of the primary care provider and avoiding potentially expensive specialty care." In other words, perhaps the measurement itself may not be that useful.

6. **MO HealthNet has a robust provider network in both fee-for-service and managed care. Analysis of the providers in fee-for-service indicated that a large proportion of those enrolled providers restrict their patient panels. MO HealthNet should conduct a comparable analysis of the level of participation by providers in managed care.**

MAHP Comment/Response

We support the author's recommendation that MO HealthNet conduct a comparable analysis of the level of participation by providers in managed care. Managed Care Organization (MCO) provider contracts require advance notification to the MCO regarding the application of practice limitations. Further, the contract between the MCOs and MO HealthNet requires the following:

- MCOs must ensure providers are accessible to members within the State defined distance standards that are measured yearly by the Missouri Department of Insurance for compliance,

- MCOs must meet the service accessibility standards as defined in the contract which include that Primary Care Providers are accessible 24 hours a day/seven days a week and that members are able to schedule appointments within the State defined timeframe for their clinical condition for all provider types.

- MCOs must monitor their provider networks to ensure service accessibility standards are met including but not limited to the reporting of panel or referral limitations and notification to the health plan when a provider has reached eighty-five percent of panel capacity.