

MEDICAID MANAGED CARE

Playing a critical role in the delivery of health care to Louisiana’s Medicaid population

Because it insures one in five Americans and half of the nation’s births, Medicaid is essential to public health. Across the country, approximately 70% of all Medicaid beneficiaries (75 million) are enrolled in managed care plans. And since the start of the COVID-19 pandemic, that number has increased by almost 20%, making managed care organizations an integral and pivotal part of our nation’s healthcare delivery system. Ten years ago, Louisiana switched from its Medicaid “fee-for-service” structure and adopted a managed care model, ending years of providers and patients trapped in a system that rewarded volume over value. It was bold and visionary reform that provided a choice of health plans for recipients and paved the way for integrated care, transparency and accountability.

As originally implemented, the state’s Medicaid managed care program—then called Bayou Health—was a hybrid of full-risk or “prepaid” and “shared savings” health plans. Today, Healthy Louisiana is solely comprised of five capitated MCOs (Managed Care Organizations) responsible for managing the physical and behavioral health care of more than 1.74 million Louisiana Medicaid and Children’s Health Insurance Program enrollees. Through managed care, Louisiana creates budget predictability and savings. health equity by improving health outcomes for its most vulnerable populations.

HEALTHY LOUISIANA MANAGED CARE PLANS

Through a competitive bid process, the Louisiana Department of Health is currently contracted with five MCOs: Aetna Better Health, Inc., AmeriHealth Caritas Louisiana, Inc., Community Care Health Plan of Louisiana, Inc. (Healthy Blue), Louisiana Healthcare Connections, Inc. and UnitedHealthcare of Louisiana, Inc.

As the risk-bearing entities, MCOs receive a set per member per month (PMPM) payment that is set by LDH. In exchange, they provide a range of benefits, services and support. By federal law, these PMPM payments are actuarially sound and reflect “reasonable, appropriate and attainable costs required under the terms of the contract and for the operation of the managed care plan for the time period and population covered.” Unlike fee-for-service, these capitated or “fixed” payments provide for everything—utilization of services, administrative costs and even plan profit. And, because health plan contracts require certain staff be domiciled in-state, MCOs also have a strong jobs and economic impact, paying an average annual salary [weighted across all health plans] of **\$68,979**.

THE FUTURE OF MANAGED CARE

Having become the nation’s preferred model for managing Medicaid programs because it achieves value and results, managed care will continue to grow across the country. In Louisiana, Healthy Louisiana will continue its demonstrated record of improving health outcomes by serving its recipients with holistic care and by providing budget predictability and value-add for both federal and state investments. Working in partnership with the state to evolve their approaches to managed care, MCOs will continue improving their effectiveness and performance in order to achieve health equity in Louisiana.

MEDICAID MANAGED CARE PERFORMANCE MEASURES GAINS

