No Husky MCOs

noHuskyMCOs.org

From the CT Health Policy Project

December 2024

What is being proposed?

- Governor Lamont is exploring returning to MCOs to run HUSKY, Connecticut's Medicaid program.
- Those explorations are happening mainly in private meetings without critical stakeholder or legislative input.
- Consultants were hired by DSS to explore Medicaid options. The report found that HUSKY is performing very well compared to other states and MCOs don't make sense for HUSKY.
- But HUSKY isn't perfect. The consultants identified areas of opportunities to improve the program. The state and advocates are developing options.
- We believe that sunshine is critical to good policymaking, so we created noHuskyMCOs.org to inform Connecticut about what is at stake.

  - What happened before when HUSKY had MCOs and why they ended
  - What the evidence since then says, and
  - How to have your voice heard.

What are Medicaid MCOs?

- Medicaid is Connecticut's state program providing healthcare coverage to low-income families, individuals, seniors, and people with disabilities.
- MCOs are managed care organizations hired by a state to run their Medicaid program. They are private insurance company plans and are very profitable.
- MCOs are paid a per-person flat fee to cover all necessary care for their members.
- If the costs of care are lower than the state's payments, the MCO can keep the extra as profit. But if the costs of care are higher than the fee, the MCO will lose money. This is called **capitation**.
- MCOs can make money by keeping people healthy so they don't need expensive care – or they can deny needed care.
- Currently Connecticut runs our Medicaid program without MCOs. We pay providers directly for the care they give members without middlemen.

What happened when HUSKY had MCOs?

- Governor Rowland first hired MCOs to run Connecticut Medicaid in 1996.
- A state study found that 4 in 10 providers listed by the MCOs did not take MCO patients.
- Enrollment in MCOs was regularly suspended because they didn't have enough providers to care for members.
- An audit found that the MCOs were overpaid by millions of dollars.
- Connecticut's doctors sued the MCOs for engaging in deceptive and improper practices that harmed patients.
- The state couldn't get data from the MCOs to hold them accountable for the quality of care.
- In 2012, Governor Malloy ended MCOs and moved to a successful care coordination model that helps members manage their care and stay healthy.

Do MCOs improve access and quality of care?

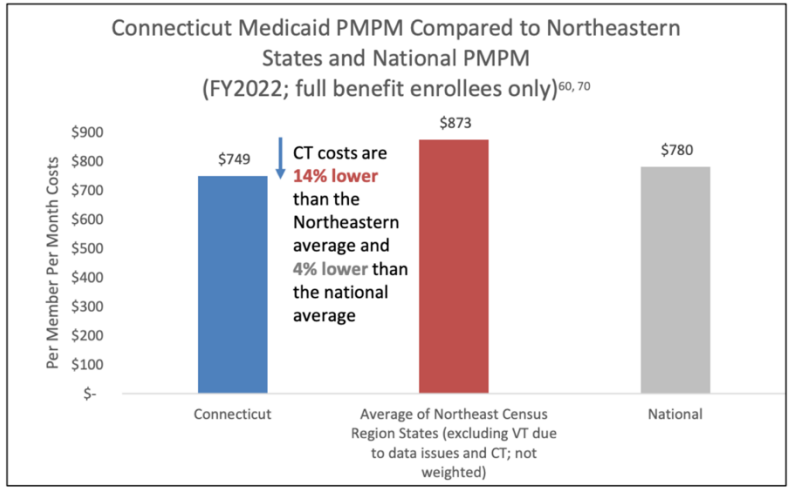
- Despite many years and many studies, there is no evidence that Medicaid MCOs improve access to care or the quality of care that members receive according to multiple independent reviews.
- Connecticut Medicaid now, without MCOs, is among the best states in the quality of care members receive.
- The new consultants' study acknowledges this as well.

Do MCOs save money?

- Connecticut has saved billions of taxpayer dollars since 2012 when we ended MCOs in HUSKY.
- Connecticut Medicaid's cost control is now the best in the nation
- We spend 3.8% of program costs on administration, compared to the US average of 9.4%
- Compared to other states with MCOs, Connecticut spends 7.7% less of our state budget on Medicaid
  - This frees up $4 billion in funding for other priorities
- Despite many years and many studies, there is no evidence that Medicaid MCOs save states money.
- Inefficiencies include advertising, federal MCO taxes, MCO administrative costs, state agency costs to manage contracts, overlapping and duplicate functions between MCOs and with the state, costs to collect, harmonize, and report data from multiple MCOs, and profits.

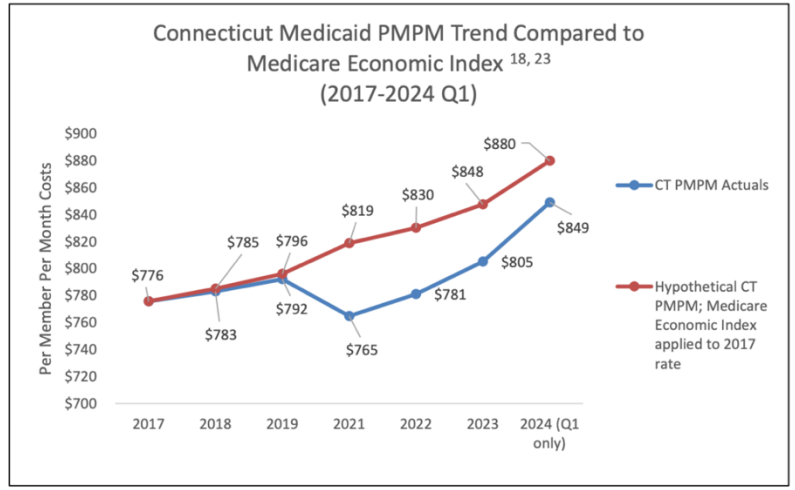
HUSKY per member costs are lower than states with MCOs and growing more slowly

CT Medicaid PMPM expenditures are lower than other Northeastern states…



Notes:
- CT Medicaid PMPM was also below the Northeast average pre-pandemic.
- CT aggregate Medicaid spending as a % of the state budget is also well below that of other nearby states (22% in CT compared to 29% for other Northeastern states in FY2023).

…and CT Medicaid PMPM cost growth since 2019 has tracked below medical inflation.



Notes:
- Other PMPM analysis prepared by the State incorporates pharmacy rebates; while figures are slightly different between these two analyses, the overall trend is similar.
- 2020 data not available.

Source: Medicaid Landscape Analysis, DSS, December 2024, p. 13

HUSKY is the only state Medicaid program that has adopted every innovation option

Figure 2

Performance Measure Focus Areas for Quality Incentives as of July 1, 2021

n = 47 states

Performance Area	# of States	States
Mental Health	33	AR, AZ, CA, CO, CT, HI, IA, ID, IL, IN, KS, LA, MA, ME, MI, MO, MS, MT, NE, NH, NV, NY, OH, OK, OR, PA, SC, SD, TN, VA, VT, WA, WI
Chronic Disease Management	27	AL, AR, AZ, CA, CO, CT, HI, IL, KS, LA, MA, ME, MI, MO, MS, MT, NH, NY, OH, OR, PA, SC, SD, TX, VA, VT, WI
Perinatal/Birth Outcome	23	AL, CA, CO, CT, FL, HI, IL, IN, KS, LA, MA, MI, MS, NE, NH, NJ, NY, OH, OR, PA, TX, VA, WI
Substance Use Disorder	23	AL, AZ, CA, CO, CT, HI, IL, IN, LA, MA, MI, NH, NJ, NY, OH, OR, PA, SC, SD, VA, VT, WA, WI
Potentially Preventable Events	22	AR, CO, CT, FL, HI, IL, KS, LA, MA, ME, MI, MT, NE, NY, OH, OK, OR, PA, SC, TX, VT, WI
Dental	21	AR, AZ, CA, CO, CT, FL, IA, IL, IN, KS, LA, MA, ME, MI, MO, NE, NY, OK, OR, PA, TX
Nursing Facility Quality	14	AZ, CT, ID, IN, KS, MT, NJ, NY, OH, OK, TN, TX, UT, WI
Health Disparities	12	CA, CO, CT, HI, IA, IL, MA, MI, OR, PA, TN, WI
Member Satisfaction	9	AR, CT, MA, ME, MI, MT, NY, TX, VA
LTSS Rebalancing	7	AL, CT, IL, MI, NJ, TX, WI

NOTE: DE, MN, NM, and RI did not respond to the 2021 survey.

KFF

Source: State Delivery System and Payment Strategies Aimed at Improving Outcomes and Lowering Costs in Medicaid, KFF (2022)
(red circles added)

2024 study found when MCOs left cancer survival rose 8% in CT, no change in NJ Medicaid

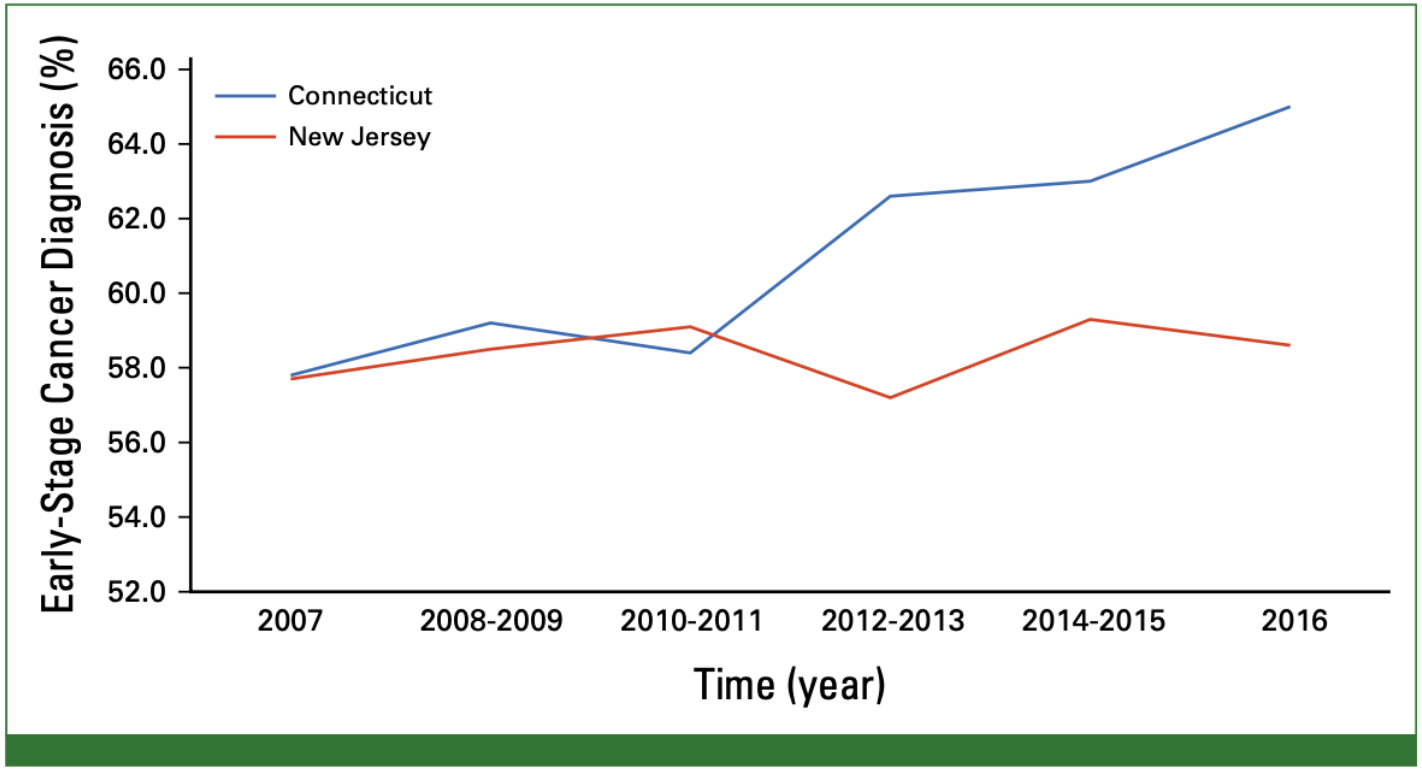


FIG 1. Early-stage change diagnoses over time.

Source: P Sunkara, et. al., Association of Medicaid Privatization With Patient Cancer Outcomes, JCO Oncology Practice, 1/31/2024 (with permission)

Why do most states use MCOs for Medicaid?

- It's easier – States with MCOs can outsource a lot of administration and complaints to the MCOs
- More predictable budgets – but still a lot of enrollment variance
- It can be hard to move large bureaucracies from MCO contract management back to direct program management
- In some states Medicaid is working very badly, so MCOs can improve quality and access to care
  - That would not be true for Connecticut Medicaid
- Almost all large employers, including Connecticut's state employee plan, do not use capitated MCOs for cost and quality reasons

HUSKY members have a lot to lose

- The quality of care could suffer
  - HUSKY is now in the top quarter of states in 17 of 28 adult quality measures and 13 of 22 child quality measures
  - Cancer detection and survival improvements could be lost
- It is likely to be harder to get appointments for care and there will be fewer providers accepting Medicaid patients at all.
- There will be more administrative hurdles to get the care you need, more delays, and less access to independent reviews to reverse denials
- May lose coordination of care through primary care provider and intensive care management
- People may not be told about better, but more expensive, care options.
- These problems would fall hardest on seniors, people with disabilities and communities of color increasing health disparities

What would MCOs mean for providers?

- Long-awaited provider payment rate increases will be at risk
- Providers will have to negotiate payment rates with MCOs
- Likely more prior authorizations and denials as well as delayed payments
- Administrative burden of submitting claims to multiple MCOs
- As providers leave the program, more demand for care to those who stay

Lost opportunities with MCOs

- Currently Connecticut Medicaid is working with stakeholders on projects to:
  - Improve primary care and connect people to community services
  - Increase low provider payment rates to improve access to care
  - Expand access to mental health and substance use care
  - Support justice-involved members to improve lives
- Connecticut is designing these programs and can implement them directly
- Under MCOs, policymakers would have to negotiate with the MCOs to implement them
  - The MCOs would profit from the savings generated by the programs

CT should not bring MCOs back into HUSKY

- Lower quality
- Costs more
- Lost opportunities
- Fewer providers
- Denied care
- More administration

For more information

Go to noHuskyMCOs.org for

Keep updated on what is happening

Get the evidence

Fact sheets and more

Get answers to your questions

Join others concerned about MCOs in HUSKY

Learn how to make your voice heard