



## Executive Summary

### Medicaid Managed Care Program

The *Medicaid Managed Care Program* helped states and managed care health plans improve the care provided to beneficiaries of Medicaid and the State Children's Health Insurance Program.<sup>1</sup> The Robert Wood Johnson Foundation (RWJF) established the Center for Health Care Strategies (CHCS) in 1995 to direct the program.

The program started with a broad focus on funding research and demonstration projects. In 1999, it launched an intensive series of technical assistance and training for state Medicaid agencies and managed care plans. Purchasing Institutes helped states become better purchasers of health care, and Best Clinical and Administrative Practices Workgroups helped managed care plans improve their clinical and administrative practices. Mathematica Policy Research evaluated this phase.

Both efforts began with a focus on the entire Medicaid population, but starting in about 2004, the program began to emphasize improved care delivery for individuals with complex health problems; reducing disparities in care; and providing expertise to RWJF staff and programs, such as *Aligning Forces for Quality*, and to the federal government.

During this time, the program's efforts also evolved from a single stakeholder focus to involving states, health plans, and providers to improve care delivery across a region. RWJF funding ended in 2012, but the center has sustained and expanded its work through a variety of public and private funding sources totaling more than \$57 million since 2000.

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<sup>1</sup> Signed into law in 1997, the State Children's Health Insurance Program (S-CHIP or CHIP) provides health coverage to children in families with incomes too high to qualify for Medicaid, but who cannot afford private coverage. Like Medicaid, CHIP is managed by the states and funded jointly by the states and the federal government.

Read the full report.

## CONTEXT

Medicaid is the main source of access to health care for low-income and disabled people; it cost states and the federal government about \$150 billion in 1994. In response to budget pressures and severely limited availability of Medicaid providers, many states turned to managed care in their Medicaid programs.

Between 1990 and 1995, the percentage of Medicaid beneficiaries enrolled in managed care increased from 9 to 29 percent nationwide. The theory was that managed care, with its network of providers, could provide better access to care, reducing reliance on expensive care provided in emergency rooms and providing beneficiaries with a regular source of primary care for a set monthly fee. Managed care offered the capacity to monitor providers and hold health plans accountable, and thus, improve the quality of care. Importantly for states, managed care also offered the benefit of greater budget predictability.

Managed care was also changing the nature of Medicaid. Using managed care meant that state agencies had to become sophisticated group purchasers of care and protect beneficiaries from managed care organizations that provided inadequate services. "This was a whole new approach to providing care for their beneficiaries," said Stephen A. Somers, PhD, president and chief executive officer of CHCS and the national program director of the *Medicaid Managed Care Program*.

## THE PROGRAM

The *Medicaid Managed Care Program* helped states and health plans improve their use of managed care for Medicaid and CHIP beneficiaries from 1995 through 2012. The program used a structured but collaborative learning approach that focused on, first, bringing together groups of states and groups of health plans, and then, combining these groups with others in multi-stakeholder collaboratives. It also provided technical assistance and training; made grants; and supported research and analysis and other projects that brought together experts from across the country to identify challenges and opportunities for improving the financing and delivery of Medicaid services.

The *Medicaid Managed Care Program* initially focused on grantmaking aimed at improving services for Medicaid recipients, including both the broad population as well as individuals who were chronically ill or disabled. From 1995 through 2002, the

program awarded 177 grants for program demonstrations, best practices analyses, or policy studies.

In 1999, with a reauthorization from RWJF, the *Medicaid Managed Care Program* shifted its emphasis from grantmaking to providing intensive technical assistance to state governments and health plans, and to focusing on these two core audiences along with consumers.

RWJF contracted with Mathematica Policy Research in Princeton, N.J. to provide an early assessment of the *Medicaid Managed Care Program* and then again to evaluate the program's activities and outcomes between 2000 and 2003.

During and after this period, the program:

- Coordinated 15 Purchasing Institutes designed for state Medicaid staff members, helping them improve their skills in buying Medicaid managed care health services. Between 2000 and 2009, 46 states and the District of Columbia participated in at least one Purchasing Institute.
- Convened 11 Best Clinical and Administrative Practices Workgroups focused on improving the quality and cost-effectiveness of Medicaid managed care. Between 2000 and 2008, staff from more than 150 managed care plans in 37 states participated.

Around 2004, the program evolved again. By this time, Medicaid's transformation from fee-for-service to managed care had been underway for a decade. Effective partnerships had begun to emerge between states and health plans, but it was clear that the challenges of serving Medicaid recipients, particularly those with complex needs and those experiencing disparities in care required more attention.

The *Medicaid Managed Care Program* responded by heightening its focus on these populations and developing multi-stakeholder alliances to move toward a more systemwide approach to quality care. Initiatives included Purchasing Institutes focused on high-need beneficiary groups, as well as the Regional Quality Improvement Initiative, the Business Case for Quality initiative, Reducing Disparities at the Practice Site, and the Medicaid Value Program. The program also provided support to a variety of federal and RWJF programs and initiatives.

## EVALUATION FINDINGS

Evaluators at Mathematica concluded in their evaluation of the program, “Overall, the *Medicaid Managed Care Program* reached large sectors of its intended audiences between 2000 and 2003 with products that were well-regarded, and the program's support led to concrete changes in the way some states and health plans delivered Medicaid managed care.”

- **The Medicaid Managed Care Program reached a substantial share of states and health plans, two of its three target audiences.** At least 75 percent of the states had been involved with the program in a substantial way. About 42 percent of Medicaid managed care plans participated in one or more program activities. The program was much less successful with consumer groups.
- **About half of the 43 Medicaid directors interviewed made some improvements in their Medicaid managed care programs because of participating.** At least 10 states made concrete, substantive improvements in their Medicaid managed care programs. Improvements included:
  - The development and public reporting of health plan performance information
  - New ways of contracting and working with health plans

## OVERALL RESULTS

RWJF program officers, another funder of the *Medicaid Managed Care Program*, and the program's director noted the following overall results.<sup>2</sup>

The *Medicaid Managed Care Program* helped transform Medicaid to a quality health insurance program by helping state agencies become better purchasers of health care and managed care plans deliver better care to Medicaid beneficiaries.

Through the *Medicaid Managed Care Program*, CHCS has become a national go-to resource for guidance to these and other stakeholders on organizing, financing, and delivering high-quality, publicly financed care. The center played a role in helping to shape—and is now assisting with—implementation of aspects of health reform.

CHCS also informs RWJF's work and provides technical assistance related to Medicaid on some of the Foundation's programs and projects. RWJF turned to CHCS for assistance with a number of its other initiatives ranging from efforts to improve asthma care for children<sup>3</sup> and oral health care for low-income and minority populations and children and adults with disabilities,<sup>4</sup> as well as initiatives to reduce racial and ethnic disparities in health. CHCS is the national program office for the *Medicaid Leadership Institute*, a fellowship program for state Medicaid directors, which grew out of the *Medicaid Managed Care Program*.

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<sup>2</sup> RWJF program officer Nancy Barrand, MPA, senior adviser for program development; Michael B. Rothman, MPP, a former RWJF program officer; and senior program officer Anne F. Weiss, MPP; Chris Perrone, MPP, deputy director of the California HealthCare Foundation's Health Reform and Public Programs Initiative; and Stephen A. Somers, PhD, director of the *Medicaid Managed Care Program*.

<sup>3</sup> The Center for Health Care Strategies served as the national program office for RWJF's national program *Improving Asthma Care for Children*. See [Program Results Report](#).

<sup>4</sup> The Center for Health Care Strategies served as the national program office for RWJF's *State Action for Oral Health Access* national program. See [Program Results Report](#).

CHCS' focus on performance improvement in Medicaid managed care and providing technical assistance for states and health plans was a key and effective strategy to attract other funders.

## AFTERWARD

CHCS continues to use the Best Clinical and Administrative Practices Workgroup approach in many of its initiatives. It also continues to assist RWJF programs such as the *State Health Reform Assistance Network* and *Aligning Forces for Quality*.

With support from the Centers for Medicare & Medicaid Services (CMS) and other federal agencies, in 2013 CHCS is providing technical assistance to states participating in several federal programs:

- The Integrated Care Resource Center (helping states integrate care for Medicare-Medicaid enrollees)
- The Health Home Information Resource Center (helping states develop Health Homes for beneficiaries with chronic health problems)
- The State Innovation Models Initiative (supporting the development and testing of state-based models for transforming the public payment and delivery systems in 25 states)
- The Medicaid and CHIP Learning Collaboratives (helping states partner with CMS on achieving high-performing state health coverage programs)
- The Medicaid Managed Care Technical Assistance Center (assisting states in developing, enhancing, implementing, and evaluating Medicaid managed care programs)

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### Program Management

National Program Office: Center for Health Care Strategies

Program Director: Stephen A. Somers, PhD

Evaluator: Mathematica Policy Research

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