

# Medicaid Managed Care: The Prescription for a Healthier Texas

## How Does Medicaid Managed Care Work?

Today, Texas partners with private health insurers known as managed care plans. Managed care plans cover the costs associated with delivering care, make Texans healthier, and save taxpayer money by prioritizing preventive care and coordinating pharmacy and health care for Texans on Medicaid and CHIP.

Managed care works just like your insurance. Every month, Texas pays a health care premium to the managed care plans for each person they cover. In turn, the health plans accept all financial risk for providing needed services and prescriptions to their members.

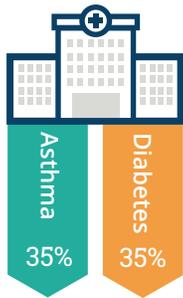
## Texas Medicaid Works

As a result of Texas' transition to Medicaid managed care, millions of Texans have seen improved outcomes and increased access to preventive and timely care. Medicaid health plans have also improved care coordination for Texans with complex medical needs reducing hospital stays and ER visits.

**The focus on prevention, wellness, care coordination and medication adherence**—getting Texans the care they need to get healthy, stay healthy and live in their community—**has translated into lower costs for Texas taxpayers.**

## Medicaid Managed Care Is Healthier and Smarter for Texas

Reduces Hospital Stays and ER Visits by Making Sure Texans Have the Care and Prescription Drugs They Need



Managed care significantly reduced hospital stays for expensive chronic diseases by **35%**

Source: HHSC, 2011 - 2016 Analysis of HEDIS

Saves Money by Focusing on Prevention, Wellness, Care Coordination and Medication Adherence



\$13.9B

\$5.3B

Managed care saved Texas **\$5.3B - \$13.9B** since 2009

Provides Affordable Coverage

Texas Medicaid cost growth is less than

**1% per year**  
compared to  
**4% nationally**

Cost Growth Is Less Than 1% on Average

Texas Medicaid Acute and Long-Term PMPM Costs: FY09-FY16

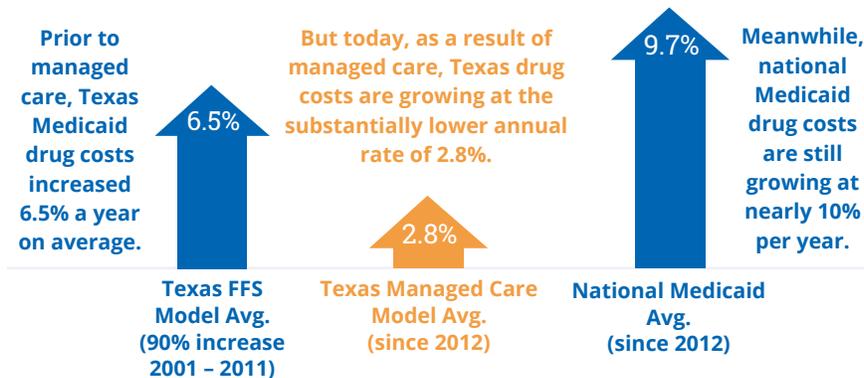


# Texas Medicaid Prescription Drug Coverage

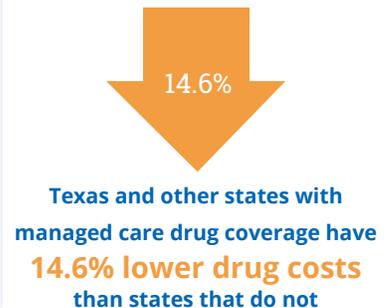
Most states “carve in,” or integrate, all Medicaid benefits into managed care. Carving in medical care, behavioral health, prescription drugs, and other services ensures they all work together for better health and outcomes while saving hardworking taxpayers billions of dollars. Research has shown that shifting the administration of Medicaid drug benefits to managed care reduced spending by 22.4% with no decrease in quality of care. **In 2017, prescription drug carve-in programs achieved \$7.4 billion in savings for U.S. Taxpayers.**

## Medicaid Prescription Drugs Were Shifted to Managed Care in 2012 to Improve Care and Coordination, Which Help Texans Get and Stay Healthy

Since the Shift to Managed Care, Texas Has Dramatically Bent the Medicaid Drug Cost Curve



States With Managed Care Drug Coverage Have More Efficient Medicaid Rx Programs



Sources: The National Bureau of Economic Research, A Dose of Managed Care: Controlling Drug Spending in Medicaid, 10/17. The Manges Group, Prescription Drug Costs and Utilization in Medicaid: FFS and MCO Comparisons, 10.18. HHSC, Rider 60: Prescription Drug Benefit Administration in Medicaid, CHIP, and Other Health-Related Services, 08/18. HHSC, Medicaid Prescription Drug Carve In, 10/11. The Manges Group, Comparison of Medicaid Pharmacy Costs and Usage in Carve-In Versus Carve-Out States, 05/15.

## Improving Quality of Care

Medicaid health plans take a more comprehensive approach to drug management that focuses on treating the whole patient. Integrating up-to-the-minute medical and pharmacy data gives health plans the ability to monitor clients’ health in real-time and enables them to identify high-risk patients, ensuring clients take the right medication at the right time. Integration of medical and pharmacy data also allows health plans to work with providers to ensure the best outcomes for Medicaid clients.

### Case Study: Managed Care Pharmacy Coordination Improves Outcomes



Parkland Children’s Health Plan has received national recognition for their asthma management program that integrates medical and pharmacy data to better coordinate care. Although asthma is easily controlled with treatment, it is the leading cost of hospitalizations for children. Through this program, Parkland has decreased costs by 50%, ER visits by 40% and hospitalizations by 50%. Programs like this would not be possible if drugs are carved out of managed care.

### Case Study: Managed Care Pharmacy Coordination Reduces Opioid Abuse



Real-time pharmacy and medical data enable Superior HealthPlan to combat the simultaneous use of Vicodin, Xanax and Soma, a dangerous and deadly mix of drugs called the “Houston cocktail.” Since July 2016, Superior has seen an 89% reduction in the number of Houston cocktail prescriptions. The results are so successful that they have extended the initiative to include all other opiates, benzodiazepines and muscle relaxers and have seen a 35% reduction since 2018. A carve-out of prescription drugs would end this successful, lifesaving effort.

## TEXAS ASSOCIATION OF HEALTH PLANS

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