



Georgetown University  
Health Policy Institute  
CENTER FOR CHILDREN  
AND FAMILIES

**NHeLP**  
NATIONAL HEALTH LAW PROGRAM

# Medicaid & CHIP Managed Care: Looking at the Rule through a Children's Lens

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# INTRODUCTION

Tricia Brooks



# Children in Managed Care

- CMS finalized sweeping changes to Medicaid and CHIP managed care regulations in May, 2016
- Almost 9 of every 10 children enrolled in Medicaid and CHIP are in managed care<sup>1</sup>
- States must follow the minimum standards laid out in the rule, but child health and legal advocates can push states to go beyond the minimum standards for children and low-income families

# Managed Care Enrollment of Children in Medicaid and CHIP

11% of  
children in  
Medicaid/  
CHIP are  
enrolled in  
FFS

22% of children  
in Medicaid/  
CHIP are  
enrolled in  
PCCMs

66% of children in  
Medicaid/CHIP are  
enrolled in MCOs



# Managed Care Project

- Series of six explainer briefs and webinars
  1. Looking at the Rule through a Children's Lens (June)
  2. Improving Consumer Information and Communications (June)
  3. Enhancing the Beneficiary Experience (July)
  4. Assuring Network Adequacy and Access to Services (August)
  5. Advancing Quality (September)
  6. Ensuring Accountability and Transparency (September)
- Fall meeting in D.C. with child & legal advocates

# BACKGROUND

Kelly Whitener

# Managed Care Entities

**Managed Care Organization (MCO)<sup>1</sup>:**  
an entity that agrees to provide a comprehensive set of services, assume the risk for the cost of those services and incur a loss if the cost is greater than the payments under the contract

- In 2012, 66 percent of children in Medicaid and CHIP were enrolled in MCOs<sup>2</sup>
- This percentage has most likely increased as more states have adopted and expanded managed care in the past few years

# Managed Care Entities

## **Primary Care Case Management (PCCM)<sup>1</sup>:**

a system in which a primary care case manager provides case management services to enrollees who receive their care on a fee-for-service basis

- In 2012, 22 percent of children in Medicaid and CHIP were enrolled in PCCM<sup>2</sup>
- In some PCCM systems, providers simply receive a small, per capita fee to coordinate care, but others act more like MCOs



# Managed Care Entities

**Primary Care Case Management Entity (PCCM entity)<sup>1</sup>:** an entity that provides not only case management, but also performs other administrative functions for the state, such as development of care plans or quality improvement activities

- PCCM entities are subject to more aspects of the rule than standard PCCM systems
- For example, PCCM entities whose contracts provide for shared savings or other financial rewards are subject to the managed care quality requirements<sup>2</sup>

# Managed Care Entities

**Prepaid Inpatient Health Plan (PIHP) and Prepaid Ambulatory Health Plan (PAHP)<sup>1</sup>:**  
entities that receive capitation payments for inpatient & institutional services (PIHP) or outpatient & ambulatory services (PAHP)

- In 2012, 56 percent of children in Medicaid and CHIP were enrolled in limited-benefit PIHPs or PAHPs<sup>2</sup>
- PIHPs and PAHPs typically provide dental or behavioral health services that are carved out from the MCO

# GENERAL PROVISIONS:

## Network Adequacy & Access to Services

Sarah Somers



# Access to Services

- Medicaid services must be available to managed care enrollees
- Plan networks must have providers sufficient to deliver services
  - Includes people with limited English proficiency (LEP) and disabilities
  - Family planning and women's health services
- Must allow coverage of services out-of-network when covered services are not available

# Network Adequacy: New Requirement

Requires states to develop time and distance standards in specific areas:

- Primary care
  - Pediatric and adult
- OB/GYN
- Behavioral health
  - Pediatric and adult
- Specialist
  - Pediatric and adult
- Hospital
- Pharmacy
- Pediatric dental
- LTSS and
- Additional provider types (det. by CMS)

# Network Adequacy

## Opportunities for Improvement

- Provide input into development of time and distance standards
- Encourage development of specific provider ratios and wait times



# GENERAL PROVISIONS:

## Quality

Sarah Somers

# Quality

- States must have a comprehensive quality strategy
  - Must include a Quality Rating System (QRS), which will be developed by CMS
  - Must contract with External Quality Review Organization (EQRO)
  - Plans must have Quality Assessment and Performance Improvement (QAPI) projects
  - Plans must conduct Performance Improvement Projects (PIPs)



# Quality

## Opportunity for Improvement

- Encourage states, plans and CMS to focus on pediatric measures and child-focused standards



# GENERAL PROVISIONS:

## Children & Youth with Special Health Care Needs

Sarah Somers



# Children & Youth with Special Health Care Needs

- Individuals with special health care needs are eligible for additional services
- States required to define term “special health care needs”
  - CMS declined to define term or focus it on children

# Children & Youth with Special Health Care Needs

## Opportunities for Improvement

- Provide input into development of definition
- Encourage states to include a definition specific to children



# CHILDREN'S PROVISIONS: EPSDT and Medical Necessity

Sarah Somers

# Medical Necessity for Children

- Early and Periodic Screening, Diagnostic and Treatment (EPSDT) services
  - Treatment must include all Medicaid services that can be covered under the plan when “necessary to correct or ameliorate” a condition or illness

# Medical Necessity for Children

- Plans generally must cover services to the same extent they are available under the Medicaid state plan
  - Generally cannot have narrower definition of medical necessity

# Medical Necessity for Children

- Proposed regulation required coverage of services for children as required by EPSDT
- Final regulation requires coverage of services as specified in “subpart B of section 440” of 42 Code of Federal Regulation (C.F.R.)
- Final rule preamble refers to “section 441” of 42 C.F.R.
  - **PROBLEM:** Section 440 refers to adult medical necessity and section 441 refers to outdated EPSDT standard



# Medical Necessity for Children

## Opportunity for Improvement

- Encourage CMS to correct this error and clarify that managed care plans must cover services for children as required by EPSDT statute



# CHILDREN'S PROVISIONS: CHIP

Kelly Whitener



# New CHIP Managed Care Rules

- In 2012, 80% of children in separate CHIPs were served by MCOs<sup>1</sup>
- States like CO, FL, GA, NY, PA and TX are likely to be the most affected, though about 20 states rely primarily on MCOs in their separate CHIPs<sup>1</sup>
- Though aligned with Medicaid where possible, the scope of the CHIP managed care regulations is narrower because there are fewer managed care rules in the CHIP statute

# Standard Contract Requirements

## Medicaid & CHIP

- Managed care contracts must be submitted to CMS for review and posted to the state's public website
- This will give advocates new insight into the division of responsibilities between the state and the plan to help promote compliance

## CHIP Differences

- CHIP contracts must be submitted to CMS for review but prior approval is not required
- CHIP contracts must include rate information but the rates will not be reviewed for compliance with Medicaid's rate-setting standards

# Rate Development & MLR

## Medicaid & CHIP

- Greater rate transparency will help shed light on long-standing questions about whether managed care saves money
- Rates must be designed to reasonably achieve an MLR of 85 percent

## CHIP Differences

- Medicaid provisions related to actuarial soundness and rate development standards do not apply to CHIP
- CHIP rates do not require CMS approval

# Enrollment Process

## Medicaid

- States may require children to enroll in managed care, but must offer a choice of plans
- Benefits are effective immediately upon determination of eligibility\*
- The enrollment process rules vary depending on whether managed care enrollment is mandatory or voluntary

## CHIP

- States may require children to enroll in managed care without a choice of plan
- Benefits may be prospective and dependent upon plan selection and/or premium payment
- The default enrollment process outlined in the rule is optional

# Quality

## Medicaid & CHIP

- States must have a comprehensive quality strategy that:
  - Uses the CMS quality rating system
  - Follows external quality review requirements
  - Reviews the accreditation status of plans
  - Requires plans to have a quality assessment and performance improvement program and conduct performance improvement projects

## CHIP Differences

- EQR activities in CHIP are matched at the regular CHIP match rate
- EQR activities in CHIP are subject to the 10 percent administrative cap

# For More Information

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