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Members of the Senate Health & Human Services Committee
State Capitol
St. Paul, MN 55155

Dear Members of the Committee:

We have just received the Report on the Value of Minnesota Health Care Programs (MHCP) Managed Care, as Compared to Fee-For-Service (FFS). While we have not had much time to review the report in detail, we have some preliminary comments that we wanted to share with the members of the committee, including drawing your attention to two highlights:

- “MHCP consistently performs among the highest-ranked managed care programs under nationally-accepted measures of consumer satisfaction with program quality, timeliness, and access to care. In fact, by those same standards, MHCP also outperforms the national average for commercial (private) managed care plans in the majority of its service categories.” – Page 38.
- “It is indisputable that managed care organizations have innovated and brought into being benefits that did not exist under the traditional FFS models. More recent innovations are more comprehensive and more targeted. Plans have moved away from broad-based reminders and incentives and increased focus on specific health outcomes and disparities in demographic populations.” – Page 50.

In general the 75-page report recognizes that Minnesota’s nonprofit health plans have contributed greatly to the overall health and well-being of enrollees covered by both Medical Assistance and MinnesotaCare. This is due in large part because Minnesota’s nonprofit health plans have helped give thousands of Minnesotans the access to health care that they might not have under the FFS system. We would add that the State of Minnesota also has benefited greatly because MHCP has brought stability and predictability to state budgets.

One area that continues to be an opportunity for improvement is well child care visits, defined as six or more visits during a child’s first 15 months of life and then yearly from ages three to six years old. While we are encouraged by the data that show 93 to 99 percent of these children saw a primary care provider in 2010, we continue to work with our community partners to improve the rates of well child visits.

In terms of the cost of Minnesota’s state public programs, the report suggests Minnesota MHCP and FFS systems are more expensive when compared to other state systems. “A high cost system does not necessarily signal poor value for money. In some cases, there are organizational factors, regional economic conditions, and unique state plan features that explain high expenditures for a given state without implying lesser value. In Minnesota’s case, the state’s extended benefit set appears to be the most important variable driving higher costs. Minnesota’s Medicaid program offers a number of additional, high cost benefits such as long-term care, mental

health, and home-and-community-based services (HBCS) that are considered optional benefits and so are not covered in many states." – Page 11. Minnesota has benefits and eligibility rules that are far more generous than federal requirements.

The report goes on to state that the "MN FFS system remains far more obscure when it comes to locating and eliminating system inefficiencies. For this reason alone it is more likely that managed care rather than FFS is better positioned to deliver significant cost savings to the Medicaid program going forward." – Page 12. Over the past several years, one way the legislature has attempted to balance the need of enrollees to have access to needed health care services and the rising costs of MHCP has been through substantial reductions in reimbursement to nonprofit health plans and providers.

This report validates a number of recent reports that also tout the high value Minnesota's nonprofit health plans bring to enrollees on state public programs. The Commonwealth Fund just issued its findings on state health system performance for low-income populations.¹ This report cites Minnesota as one of the top six leading states in the nation that performed best overall for low-income populations.

Finally, the report concludes that Minnesota managed care is positioned to assist the state in coping with many of the specific challenges posed by recent state and federal health reforms including the federal Affordable Care Act. Managed care has the capacity to make significant contributions to three major reform efforts:

1. Recruiting adequate provider networks to maintain high quality of care;
2. Crafting essential health benefits to ensure optimal alignment between commercial and state health programs; and
3. Coordinating plans offered in the Exchange to guarantee smooth interaction between commercial insurance and Medicaid.

In summary, the report confirms how both enrollees and the State of Minnesota have benefited by using nonprofit health plans and managed care techniques to serve those on state public programs. In fact, the report makes the recommendation that the state continue to maintain the statutory requirement that the nonprofit health plans participate in state public programs. Recall that the reason the legislature moved away from the FFS model was due to the many problems of patients being able access various types of providers. Through their networks, care management and disease management efforts, nonprofit health plans have delivered successfully on expanding access to high quality, cost effective care. This report is a solid endorsement of the value that the nonprofit health plans bring to Minnesota.

Sincerely,



Kathryn Kmit
Minnesota Council of Health Plans

¹ C. Schoen, D. C. Radley, P. Riley, J. A. Lipka, J. Berenson, C. Dermody, A. Shih, *Health Care in the Two Americas: Findings from the Scorecard on State Health System Performance for Low-Income Populations, 2013*, The Commonwealth Fund, September 2013.