

# Medicaid Health Plans and Medicaid Managed Care



*As federal policy expands Medicaid to help cover the uninsured and states struggle with limited budgets and cost containment, it is important to consider the prominent role that Medicaid health plans play in providing coverage to low income individuals, children and families.*

*While most Medicaid beneficiaries receive care through Medicaid health plans, health plans are often neglected in state and federal policymaking conversations. This primer aims to provide an introduction to the Medicaid health plans, their role in state Medicaid programs, and the improved health care services they provide.*

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## **What is Medicaid Managed Care?**

Medicaid managed care is a delivery system model that improves access to care and care coordination by assuring that enrollees have access to their primary care physician and a network of providers.

## **What is the role of Medicaid Health Plans?**

To implement a Medicaid managed care program, many states will enlist private health plans to provide Medicaid benefits. These “Medicaid health plans” enter into contracts with state Medicaid agencies to provide these benefits to enrollees. The state pays the health plan a per-member-per-month, or “capitated” fee transferring the financial risk away from the state to the health plan.

States rely on Medicaid health plans to contract with an adequate network of providers to ensure patients have access to physicians. Medicaid health plans also provide additional services such as disease management, case management, and managed behavioral health services.

## **How does it work for patients?**

Depending upon the state rules, enrollees either choose a health plan or are automatically assigned to a health plan. Patients are assigned to a primary care physician who will be the patient’s primary point of contact for their health care services.

Medicaid managed care is an alternative to traditional fee-for-service where a Medicaid enrollee finds a physician that accepts Medicaid, obtains medical services, then the physician seeks reimbursement directly from the state Medicaid agency. Patients in fee-for-service Medicaid often have difficulty finding physicians that accept Medicaid patients due to low provider reimbursement rates for Medicaid services.

### **Medicaid Managed Care In Brief**

- Medicaid managed care is an alternative to traditional fee-for-service
- States generally use Medicaid health plans for managed care
- Medicaid health plans provide predictable costs to states through capitation
- Medicaid managed care ensures that enrollees have access to a medical home and a network of qualified providers.