

From MIRS newsletter

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Managed Care Offers Its Medicaid Medicine

The state could save \$600 to \$300 million by running all of its Medicaid populations through a managed care setting, the executive director of the state's Michigan Association of Health Plans (MAHP) will tell Department of Community Health (DCH) Director Olga **DAZZO** during a scheduled Wednesday meeting.

MAHP Executive Director Rich **MURDOCK** said some of the money saved will relieve pressure on the federal Medicare budget and not impact the state budget. But expanding a managed care strategy to the state's entire Medicaid population of 1.8 million as opposed to the current 1.2 million, will save the state costs, even if a final dollar figure isn't etched in stone.

Murdock said he is also going to suggest some administrative savings that can be made with DCH that can streamline the delivery of Medicaid services that would, again, squeeze efficiencies out of a state government that is facing around a \$1.8 billion budget hole in Fiscal Year (FY) 2012.

"Gov. Rick **SNYDER** has said that he is looking for cost savings and the Legislature is looking for the same thing," Murdock said. "He's looking for programs that can deliver accountability and value and I can think of no other place than our programs."

Currently, about a third of all Medicaid recipients are "fee-for-service" patients, meaning the emergency room or doctor's office that takes care of them is paid directly by the Medicaid system.

Under a managed care system, an insurance company acts as a middleman, directing the patient to a primary care physician and helping better manage the patient's health so as to avoid costly trips to the E.R. and prevent serious conditions before they happen.

There are four main groups that currently aren't run through a managed care system -- the 240,000-some who qualify for both Medicaid and Medicare, the 35,000-40,000 children with serious conditions, the 35,000-40,000 foster children and the nearly 300,000 "medically needed," who become eligible for Medicaid because of a lack of money.

About 10 years ago, the state's health care system wasn't set up in a way to handle all of these populations, Murdock said. Now, they are, he said.

DCH Spokeswoman Kelly **NIEBEL** said the administration is keeping an open mind as officials move through the budget process.

"It's too early to talk specifics, but it's safe to say that everything is on the table because of the state's fiscal situation," Niebel said. "We're looking at a number of things."

Murdock said he would also suggest to Dazzo some administrative changes that could be made within DCH to cut costs.