

Maryland HealthChoice Program

January 2007

HealthChoice is Maryland's statewide mandatory managed care program. HealthChoice was implemented in 1997. Eighty-percent of Maryland Medicaid recipients, over 480,000 Marylanders, are now enrolled in HealthChoice.

Under HealthChoice, families and individuals are required to enroll into a managed care organization (MCO) that has been approved by the Maryland Department of Health and Mental Hygiene (DHMH). Each MCO is responsible for ensuring that HealthChoice recipients have access to a network of medical providers that can meet the health needs of each enrollee.

Now operating in its tenth year, HealthChoice has achieved quantifiable increases in access to care for its recipients.

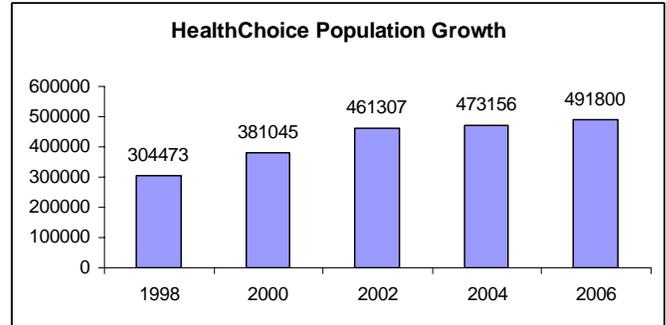
HealthChoice Evaluation

The most recent HealthChoice evaluation update was completed in March 2006. It demonstrated continued progress of Health Choice to expand access to services between Calendar Year (CY) 2001 and CY 2004, The HealthChoice evaluation updated showed:

- Increase in the percentage of enrollees receiving ambulatory care visits from 60% to 70%;
- Increase in the percentage of children receiving a well child visit from 38% to 46%;
- Increase the percentage of in children receiving a dental visit from 34% to 44%, and;
- Increase in the percentage of one-year olds receiving lead screening from 43% to 49%;
- Children in foster care receive services at higher rates than other HealthChoice children;
- Decrease in rates of avoidable hospital admissions for individuals with asthma and diabetes.

Enrollment

Between June 1998 and June 2006, enrollment in the HealthChoice program increased by approximately 190,000 individuals. Overall, enrollment increases in HealthChoice are largely due to the growth in the Maryland Children's Health Program (MCHP) and eligibility expansions for pregnant women. Table 1 illustrates the growth in HealthChoice population between 1998 and 2006 fiscal years.



Eligibility

Not all Maryland Medicaid recipients are enrolled in HealthChoice. The groups of Medicaid eligible individuals who are eligible for HealthChoice are:

- Low-income families with children;
- Families receiving Temporary Cash Assistance (TCA)
- Children under age 19 eligible for the Maryland Children's Health Program (MCHP);
- Pregnant and postpartum women;
- Supplemental Security Income (SSI) beneficiaries who are not also eligible for Medicare;
- Children in foster care.

Groups who are not eligible for HealthChoice enrollment include:

- Medicare recipients;
- Individuals aged 65 or over;
- Individuals who are eligible for Medicaid under a spend-down category;
- Individuals who are continuously enrolled over 30 days in a long term care facility or an institution for mental diseases;
- Individuals institutionalized in an intermediate care facility for mentally retarded persons (ICF-MR);
- Recipients enrolled in limited coverage categories (e.g. women enrolled in the Family Planning Waiver).

Benefits

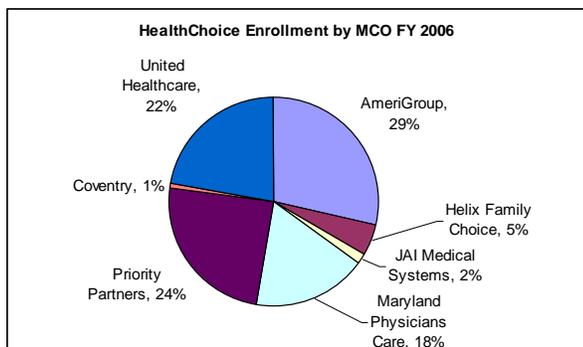
HealthChoice MCOs are required to provide the full range of health care services covered under the fee-for-service program except for certain "carved-out" benefits. Key carved-out services: specialty mental health services, nursing facility services after the first 30 continuous days of care, long-term home- and community-based services, physical therapy, speech therapy, occupational therapy, and audiology services.

HealthChoice MCOs

The HealthChoice program has seven MCOs:

- AMERIGROUP Community Care
- Diamond Plan
- Helix Family Choice
- Jai Medical Systems
- Maryland Physicians Care
- Priority Partners
- UnitedHealthcare

Five of the seven MCOs serve Medicaid enrollees only (AMERIGROUP, Helix Family Choice, Jai Medical Systems, Maryland Physicians Care, and Priority Partners). UnitedHealthcare and Diamond Plan serve both Medicaid enrollees and commercial members. The four largest MCOs operate on a statewide basis, meaning they serve at least 20 out of 24 counties. Table 2 illustrates the distribution of HealthChoice recipients among the seven MCO organizations.



MCO Reimbursement

The State pays HealthChoice MCOs for enrollees' care at a fixed capitation rate, set by the State annually by enrollment, geo-demographic, and diagnostic categories. MCOs are paid capitation rates on a monthly, prospective basis. The rates are "risk adjusted" so that monthly payments to MCOs are higher or lower based on enrollees' health status. In FY 2006 capitation rates account for \$1.6 billion total funds, or 33.2% of the Medicaid budget.

Budget Neutrality

The federal government approved HealthChoice under §1115 waiver authority. The State must meet "budget neutrality" spending limits, which means the cost per person to the federal government can be no more than the estimate of what costs would have been without the §1115 waiver. The federal government allows a cumulative inflation rate increase of 7.1% during the life of the §1115 waiver.

Current projections suggest that HealthChoice will be budget neutral though calendar year 2010.

Quality Assurance

The Medical Assistance Program has a number of activities to ensure HealthChoice MCOs provide quality care. Activities include:

- Value-Based Purchasing, a coordinated performance measurement initiative that uses incentives and disincentives to hold MCOs accountable for performance;
- Health Plan Employer Data and Information Set (HEDIS) measures, which allow the State to make comparisons of HealthChoice to national performance benchmarks;
- The Consumer Assessment of Health Plans (CAHPS) survey, a national survey administered to enrollees to determine consumers' perceptions of the care and services they have received from their MCOs;
- Quality of Care audit, which provides an independent annual review of systems performance and health services provided by each MCO;
- Encounter data collection and analysis to measure health services utilization;
- Consumer Report Card, a tool for consumers to use when selecting an MCO. Allows consumers to compare MCOs based upon several categories;
- A quarterly HealthChoice Financial Monitoring Report (HFMR) and an annual financial audit; and
- Healthy Kids Audit, a medical record review on whether primary care providers are providing appropriate services to children.

HealthChoice Evaluation

In January 2002, the Department completed a comprehensive evaluation of the HealthChoice program. The evaluation primarily compared calendar year 2000 data to pre-HealthChoice fiscal year 1997 data. The evaluation demonstrated that HealthChoice had been successful in improving access to health care while controlling costs.

The Department updates parts of the original evaluation annually in order to monitor how HealthChoice is performing. Findings show continued progress in expanding access services.