

Managed Care Plans Enroll Nearly 37% In S.C.

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By Heather Johnston

Just a year into reform efforts, South Carolina's new Medicaid HMOs are steadily bringing on new members, more than doubling the managed care enrollment.

With more than one-third of eligible Medicaid members now enrolled in the plans, the voluntary Healthy Connections Choices program seems on track for even higher numbers. The verdict is still out on whether all eight plans will remain in the program long term, but so far, the state's oldest plan, run by Select Health of South Carolina, has gained nearly half of the state's managed care enrollment, largely trading on its longevity in the state and its well-established network.

If the state's adult recipients aren't enough to keep plans interested, the added lives from the State Children's Health Insurance Program could. The state legislature passed a provision in June 2007 creating Healthy Connections Kids, thus opening up Medicaid HMO enrollment to the state's SCHIP population and giving insurers access to a relatively low-risk membership pool. The state offers Medicaid HMOs to the majority of recipients of the Temporary Assistance for Needy Families program, which includes pregnant women and children, and to some aged, blind and disabled beneficiaries.

As more Medicaid recipients enroll in the HMOs, the Palmetto State will transition to a new stage of its reform and require more quality information from plans. Plans will eventually be required to provide more data and meet certain healthcare benchmarks.

The More The Merrier? While South Carolina did not follow neighbors Georgia and Tennessee into mandatory enrollment in managed care plans, its emphasis on managed care has brought several newcomers to the state and encouraged other state insurers to dive in. The reform lured six new insurers to the program, although only one of the state's medical home networks, or MHNs, remains now that Centene has folded the PhyTrust MHN into its Total Carolina Care HMO and Physicians Care, the smallest of the MHNs, has exited the program.

South Carolina's program also bucked the competitive request-for-proposals process seen in other states. Instead, insurers only needed to meet the state's criteria, namely an approved network and compliance with quality standards and approved business practices, to offer a Medicaid HMO. Plans receive a standard capitated per member, per month rate that is rated by age and sex. For example, PMPM capitation rates for adult males ages 19-44 were close to \$200, while rates for females in the category were around \$270.

With efforts to direct more fee-for-service members into managed care plans still in their infancy, it's unclear if all of the current plans will sign on enough members to make a profit in the state. The state's move to include SCHIP in Healthy Connections Choices could be the added boost many plans need to bring on enough members to spread their risk at competitive levels. When it comes to pharmacy benefits, plans are on their

MEMBERSHIP JUMPS FOR MEDICAID HMOs IN S.C.

Plan Name	Parent Company	March 2008	July 2008
AMERIGROUP	AMERIGROUP	846	6,551
BlueChoice	BC/BS of S.C.	N/A	2,960
Carolina Crescent	Virginia Commonwealth University Health System	1,160	8,470
CHCcares	Coventry Health Care	968	2,233
First Choice	Select Health of South Carolina (AmeriHealth Mercy)	86,836	108,677
Total Carolina Care	Centene Corp.	2,131	24,836
Unison Health Plan	AmeriChoice (UnitedHealth Group)	16,569	25,544
South Carolina Solutions*	Community Health Solutions of America	43,863	56,991

* A medical home network

Sources: S.C. Department of Health and Human Services; HealthLeaders-InterStudy

own. Some plans charge copays for drugs, so it's up to insurers to develop a drug formulary that is actuarially equivalent to the FFS side and still allows the plan to control costs.

Red Carpet Rollout. Closing in on a year since the first rollout began in the Midlands region in August 2007, around 36.5 percent of Medicaid recipients have joined one of seven Medicaid HMOs or the state's one MHN, says Jeff Stensland, spokesman for the South Carolina Department of Health and Human Services. Total enrollment in the plans is at 236,262 as of August 2008, while the state has more than 630,000 Medicaid beneficiaries. The state has achieved its goal to offer at least two choices in each of its 46 counties, while Richland County—part of the greater Columbia area—has all eight options available.

First Choice And The Competition. For the state's largest and oldest Medicaid HMO, many of the reform's changes are welcome. The First Choice plan, run by Select Health of South Carolina, an AmeriHealth Mercy subsidiary, has maintained the lion's share of the market, in spite of competition from an additional seven plans. The plan enrolls members in all 46 South Carolina counties and employs more than 200 people in the state, says Michael Jernigan, CEO of Select Health of South Carolina.

Select Health sets itself apart from the competition by having a more complete provider network, especially a network of OB/GYN providers across the state, Jernigan says. "We always look for opportunities to add additional providers to the network. We have all four of the children's hospitals in the state, and a very strong obstetrical services network; it's comprehensive statewide," Jernigan says.

Part of the state's Medicaid reform included a contract with Reston, Va.-based Maximus, which acts as an enrollment broker, offering counseling services and health assessments. The five-year, \$21 million contract with Maximus is intended to thwart serious enrollment discrepancies by educating recipients used to the FFS Medicaid approach about their new options.

Jernigan says Maximus' services are a "great addition to the program," because it's important to emphasize the new options available. First Choice has grown from around 75,662 enrollees in 36 counties, as of June 2007, to more than 111,000 statewide, as of August 2008.

"We are standing out as a good option as families consider their choices," Jernigan says, "Now that we have a formal choice counseling process, the state's effort to engage with families is increased, and families are in the position to make their own choice for healthcare."

Unison Expands Statewide. Dan Gallagher, president of Unison Health Plan of South Carolina, says the initial work done by Maximus is an advantage because the state is essentially recruiting for the plans. Stensland says Maximus takes more than 800 calls a day from beneficiaries, in addition to holding community forums that have included more than 200 events

this summer. As the program matures, however, many insurers hope the voluntary approach will transition to a mandatory program, although Stensland adds such a change would need legislative approval and lawmakers haven't shown interest in a mandatory program.

"I think they may find over time, some of the savings associated with a voluntary program, may be better realized with a mandatory one," Gallagher says. Unison was acquired by UnitedHealth Group in June, and the national insurer runs Medicaid plans throughout the country under its AmeriChoice subsidiary. Many Unison plans already operate in states with mandatory enrollment, such as Pennsylvania and Tennessee.

In the meantime, plans are gaining members and staying competitive by offering additional services. HMOs may differentiate themselves by offering enhanced vision and dental benefits for adults, as Unison does. On the whole, all participating plans offer basic enhancements that help propel beneficiaries from FFS into the plans. A common practice, for example, is to offer adults unlimited physician visits, versus the state's 12 annual covered visits and to waive copays for hospital stays.

Unison, in the state since 2004, had members in 21 counties with an enrollment of 13,291, as of July 2007. On the road to state-wide expansion, Unison's network has been approved in 32 counties, and it has some 26,000 members, Gallagher says.

Quality Concerns. Going forward, the state hopes high quality ratings will direct members to certain HMOs. Medicaid plans already are required to be certified by either the National Committee for Quality Assurance (NCQA) or URAC and they must match the benefits and network offered by the FFS program. Stensland says plan quality ratings are the logical next step.

"Because we have a choice-based program, we want to make sure quality information is available to members, so they can make an informed choice," he says.

Getting the quality rating system off the ground will take at least another six months to a year as the state works to develop a baseline level of performance and then develop a system that likely will be based on HEDIS, or Healthcare Effectiveness Data and Information Set, measures.

The reform effort's one-year anniversary was in late August and many plans didn't begin at the onset, so it will take another six months before a true annual set of data is available.

Participation in the program has likely stabilized. The last plan to join was BlueCross and BlueShield of South Carolina in August 2007.

Outlook. So far, a broad and varied network has been the key to luring Medicaid members from fee for service. Since South Carolina's newest Medicaid HMOs had the added burden of building a network in addition to getting it approved by the state, it will take them longer to sign on members; that extra window of time with too few members could be enough to force out the smallest newcomers. ■