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Each S.C. County Will Have Four Managed Care Options By Year's End

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More than 60 percent of eligible Medicaid members in South Carolina are enrolled in managed care options, a significant boost for the state's two-year reform effort. Prior to the August 2007 rollout of Healthy Connections Choices, just shy of 25 percent of eligible Medicaid recipients were in managed care plans. Growth in the voluntary program is expected to slow, though a third-party enrollment broker remains under a five-year contract to reach out to beneficiaries and counsel them about their choices.

By the end of 2009, Medicaid recipients in all of South Carolina's 46 counties will have at least four managed care options—three HMOs and one home medical network.

A few providers who stepped in initially have dropped out. CHCcares of South Carolina, the smallest HMO, will pull out on Aug. 31; it had about 5,000 people enrolled on July 1, a fourth of the numbers of the next-largest provider. Centene Corp. bought out AMERIGROUP Community Care of South Carolina earlier this year, consolidating its South Carolina membership into Absolute Total Care, now the third-largest Medicaid HMO in the state.

Table 1-1: Reforms Swelling S.C. Medicaid Managed Care Membership

	Prior to Aug. 2007	July 1, 2009
Total eligible Medicaid managed care beneficiaries	632,328	647,470
Total HMO and medical home network members	157,378	402,358
Percent HMO and medical home network members	24.89%	62.14%
Number of HMO members	91,157	314,926
Percent of HMO members	14.41%	48.64%
Number of medical home network members	66,221	87,432
Percent of medical home network members	10.48%	13.50%

Source: South Carolina Department of Health and Human Services

The program will now have five HMOs and South Carolina Solutions, a medical home network. As of July 1, 62.1 percent of Medicaid recipients had joined them. Total enrollment tops 400,000.

“It is a big jump,” said Jeff Stensland, spokesman for the South Carolina Department of Health and Human Services. “We’ve come a long way. When we started this, many beneficiaries didn’t know what managed care was.”

Data, Quality Reporting Is Next Focus

With a high managed care penetration rate, the state will focus on quality reporting and setting benchmarks that will link payment to plans to healthcare outcomes in 2012. Already, data from 2008 comparing beneficiaries in managed care with those remaining in fee-for-service plans show that use of asthma medication, childhood immunizations and well-child visits are higher, as are screenings for lead exposure, breast cancer and cervical cancer, said Roy Hess, the state health department’s division director for care management. “We have always said that long-term health outcomes will be improved,” Hess said.

It is too early to measure whether healthier people will translate into savings, and the sickest Medicaid beneficiaries typically resist managed care and, given a choice, will stick with fee-for-service.

Table 1-2: Managed Care Enrollment In South Carolina Medicaid Plans

Plan Name	Parent Company	July 2008	July 2009	Increase
Absolute Total Care***	Centene Corp.	24,836	43,687	76%
AMERIGROUP	AMERIGROUP Corp.	6,551	0	N/A*
BlueChoice	BC/BS of S.C.	2,960	18,658	530%
Carolina Crescent	Virginia Commonwealth University Health	8,470	29,036	243%
CHCcares	Coventry Health Care	2,233	5,127	129%
First Choice	Select Health of S.C. (AmeriHealth Mercy)	108,677	168,317	55%
Unison Health Plan	AmeriChoice/UnitedHealth Group	24,544	50,101	104%
South Carolina Solutions	Community Health Solutions of America	56,991	87,432	53%
Total		236,262	402,358	70.3%

*AMERIGROUP enrollment is now part of Absolute Total Care

**CHCcares is withdrawing from the program effective Aug. 31, 2009

***2009 figures include former AMERIGROUP enrollees

Source: South Carolina Department of Health and Human Services

South Carolina has resisted mandatory enrollment in managed care plans, unlike some of its neighbors. Instead, Medicaid beneficiaries must take affirmative action to opt out of managed care and remain with fee-for-service coverage. As Healthy Connections Choices made its way across the state, Medicaid members had at least 30 days after receiving information packets to choose a plan or remain in regular Medicaid. If they took no action, Maximus, a Reston, Va.-based enrollment broker, assigned them to a managed care plan. Beneficiaries then had 90 days to transfer into another plan or to return to fee-for-service Medicaid. They also can change coverage on their anniversaries.

Dan Gallagher, president of Unison Health Plan of South Carolina, said regular Medicaid benefits have been replaced by the Medical Home Network. “As long as you keep moving the business toward managed care, the business is there, and there is still a way to preserve the choice aspect with the Medical Home Network. “But as long as there is that ability to fall back [to regular Medicaid], you are going to have bleed in any move to managed care.”

As of July 1, Unison had expanded to 41 counties; it will have all 46 counties covered by the end of the year, Gallagher said. In 12 months, the company boosted its Medicaid enrollment by 55 percent, to about 50,000. It is the second-largest Medicaid HMO, with 12.45 percent of the enrolled managed care population.

First Choice by Select Health of South Carolina remains the largest HMO; 42 percent of enrolled managed care Medicaid beneficiaries signed up with the plan, which is run by the AmeriHealth Mercy subsidiary. Select Health has been in the state for 13 years, and its longevity and robust, statewide provider network have been big draws, says Michael Jernigan, the company's CEO.

In addition to basic benefits offered in the fee-for-service program, health plans may also provide enhanced benefits such as asthma, diabetes and pregnancy health management programs, unlimited office visits, adult dental and vision services and a 24-hour nurse advice line.

Unlike states such as Tennessee that have moved to centralized pharmacy benefit management, South Carolina's MCOs manage pharmacy benefits individually. They employ a number of management techniques, from step therapy to prior authorization, and most require generic substitution for brand-name drugs when a generic is available.

In addition, South Carolina imposes a four-prescription-per month limit on adult Medicaid beneficiaries, with some exceptions. Adult enrollees make a \$3 copay.

Enrollment Expands Dramatically

First Choice enrollment has more than doubled under the reforms, to 168,317 on July 1. "I think Maximus has played a very important role in educating families about options, and we want our own people out in the community," Jernigan said. "Those two things are the primary reason we've added more than 80,000 people."

Whether smaller plans can make it work remains to be seen. The South Carolina Legislature opened up HMO enrollment to the state's CHIP population and most recipients of the Temporary Assistance for Needy Families program to enlarge the pool of potential members. As of July 1, though, fewer than 15,000 CHIP eligibles were signed up with Healthy Connection Kids. Unison's Gallagher estimates this pool contains 60,000 to 70,000 youngsters. "Enrollment has been very slow," he said. Children under age 19 and in families with incomes of 150 percent to 200 percent of the poverty level are eligible to join CHIP.

Smaller Medicaid HMO plans may find it tough going. As of Sept. 1, the roughly 5,000 beneficiaries with CHCcares will be in other plans. After acquiring AMERIGROUP's South Carolina business, Absolute Total Care was up to 43,687 members on July 1. "I think you will see some more consolidation," Gallagher said.

The leading players believe potential for growth exists beyond the 145,000 people still with traditional Medicaid. If national healthcare reform extends Medicaid eligibility to 100 percent of the U.S. poverty level, for example, another 400,000 people would be added to the rolls in South Carolina, Jernigan said.

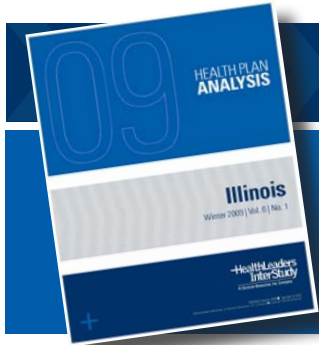
Even at current levels, though, the state's market-oriented approach has paid off by enticing new insurers to the program, giving beneficiaries options, and creating competition that has added benefits beyond basic Medicaid coverage, Stensland said.

Next, South Carolina will work on quality control. Medicaid managed care plans have already begun reporting uniform quality indicators using HEDIS, or Healthcare Effectiveness Data and Information Set, measures. The next contract cycle requires National Committee for Quality Assurance accreditation, which some of the bigger insurers already have.

If the reforms stay on track, outcome-based reimbursement will start in 2012..

Outlook

With the biggest jump in managed care enrollment behind it, South Carolina's Medicaid program now has to prove that the move will generate better health outcomes and financial savings, or at the very least budget neutrality. At least so far, the enrollment push seems to have worked. Consolidation of health plans is a normal part of such ramp-ups and it's possibly not the last of it. ■



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