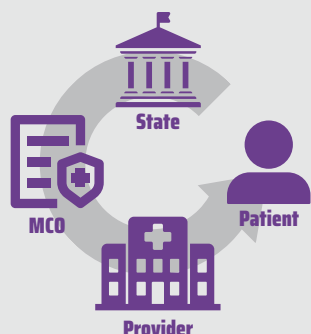




# Managed Care:

## Kicking the can on cost containment in Idaho

Niklas Kleinworth



### What is managed care?

- Managed care is a type of Medicaid administration system where the government contracts with private insurance companies, called managed care organizations or MCOs, to run the program.
- Unlike other administration systems, the state pays MCOs on a per member, per month basis.

### What's driving Idaho's Medicaid spending?

#### Climbing enrollment



Medicaid expansion costs  
2 1/2 times more than  
predicted <sup>1</sup>

#### Shaky integrity



2 in 5 dollars are  
spent improperly <sup>2</sup>

#### Rising usage



Prescription drug claims  
among expansion enrollees  
outpace enrollment by 50% <sup>3</sup>

### MCOs won't rein-in Idaho's Medicaid spending

They fail to address the iron law of cost control:



Reducing Enrollment



Reducing use



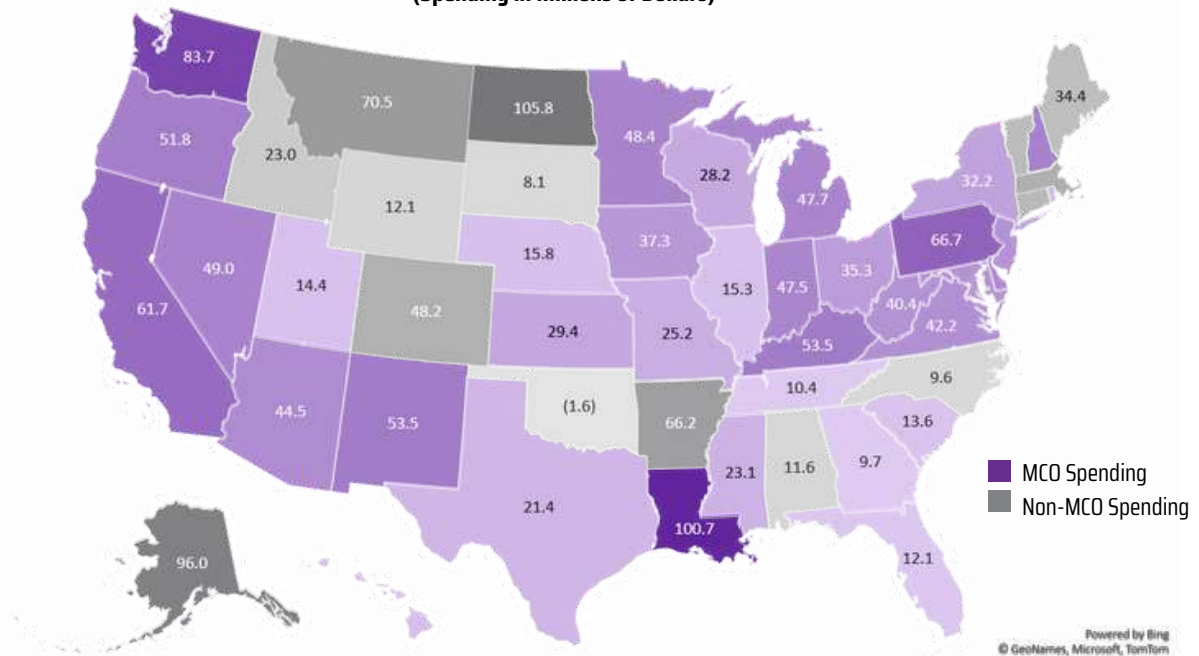
Reducing service costs

# Managed care in other states

## Nationally, MCOs have done little to control costs

- Despite 35 states covering at least 50% of Medicaid enrollees under comprehensive managed care, there is no evidence they controlled costs better than others.<sup>4</sup>

### Change in Medicaid spending per 100K residents (Spending in Millions of Dollars)



## Idaho spends less than its managed care peers:



**27% Greater**  
Total spending before COVID

**14% Higher**  
Average spending per member per month



**Equal Overall**  
Spending before COVID, despite lower enrollment

**31% Higher**  
Average spending per member per month

Sources:

- 1) Financial Impacts from Medicaid Expansion in Idaho, (2018), Milliman.
- 2) AFP Foundation Gets CMS to Release State-Level Medicaid Improper Payment Data After Years of Stonewalling, (2022), Americans for Prosperity.
- 3) Medicaid Spending is Driven by Enrollment; Cost Control Hinges on Promoting Self-Reliance, (July 2023), Idaho Freedom Foundation.
- 4) Expenditure Reports from MBES/CBES, (n.d.), Centers for Medicare and Medicaid Services; US Population Estimates, (n.d.), US Census Bureau.