



NATIONAL  
ASSOCIATION OF  
COUNTY & CITY  
HEALTH OFFICIALS

440 FIRST STREET, N.W., SUITE 500  
WASHINGTON, D.C. 20001  
(202) 783-5550 (202) 783-1583 FAX

Resource ID# 5062

“Medicaid Managed Care Arrangements: Local  
Health Dept and Community and Migrant  
Health Center Experiences”- Minnesota

## Medicaid Managed Care Arrangements: Local Health Department and Community and Migrant Health Center Experiences

*This is the first in a series of case studies addressing Medicaid managed care. Look for additional case studies in upcoming issues of MEMBERSHIP MONTHLY.*

This month's case study highlights the experiences of the Ramsey County Department of Public Health and the West Side Community Health Center, a federally funded community health center, both of which are located in the Saint Paul, Minnesota area.

Ramsey County is a geographically small, urban county, with Saint Paul, the capital of Minnesota, as the largest of its 17 cities. Total county population is 485,000, 56 percent from Saint Paul. Ramsey is a stable, low-growth county, with a poverty rate of about 12 percent. There is a large Southeast Asian refugee population, primarily of Hmong peoples from Laos. Approximately 60,000 County residents receive some form of cash grants, food benefits, or Medical Assistance.

In Ramsey County, there are eight community clinics, all of which are private, non-profit operations. The clinics include 2 federally funded community health centers, 3 other full service primary care clinics, 1 maternal and child health and adolescent school-based clinic operation, and 2 clinics specializing in family planning. Ramsey County gives grant money to the clinics, creating a safety net, as the clinics are able to accept clients on a sliding fee scale.

### I. Description of Medicaid Managed Care at the State Level

Minnesota began its Medicaid managed care efforts with an 1115 waiver (see Attachment A) from the Health Care Financing Administration (HCFA), using three counties as "pilots" for Medicaid managed care arrangements. Minnesota then obtained an extension of the waiver, bringing Medicaid managed care to Ramsey County in July 1993. By late 1994, all Medicaid recipients in Ramsey County were enrolled in Medicaid managed care. Today, the State has also brought managed care to Washington, Anoka, Scott, and Carver Counties; therefore all of its metropolitan counties now participate in Medicaid managed care. The HCFA waiver expired on December 31, 1994. The State currently has a renewal application pending before HCFA.

Medicaid managed care in Minnesota is known as the Minnesota Prepaid Medical Assistance Program (PMAP). In transitioning to this new system, the Income Maintenance Division of Minnesota's Department of Human Services met regularly with other State



## Ramsey County Department of Public Health

The Ramsey County Department of Public Health has not traditionally run a primary care clinic. Prior to implementation of PMAP, the Department offered the following primary care services: specialty care clinics, immunization clinics (in conjunction with WIC), and public health home nursing services. The Department also offered enabling services, including: advocacy, outreach, and case management.

## West Side Community Health Center

As a federally funded community health center, West Side has always offered comprehensive primary care services. In addition, the Community Health Center has offered such enabling services as patient transportation, sliding fee discounts, and translation services.

### III. Process of Becoming Involved in Managed Care Arrangement

## Ramsey County Department of Public Health

In 1991, as the State decided to expand PMAP to Ramsey County, the County was also creating its state-mandated community health services plan. The assessment preceding the implementation of PMAP found that access to medical care was a key issue to address in the County. In response, a study on prepaid health care was conducted and presented to the Board of Commissioners. The State Department of Human Services invited the County to be involved as PMAP was implemented, and the County Board of Commissioners asked the public health agencies to play that role. Since that time, as the State has implemented PMAP in additional counties, public health agencies have been invited to participate in the implementation planning process.

The Department was enthusiastic about being involved in the planning process, based on their perception that public health had a responsibility to ensure that the program worked well for the people of Ramsey County. The Department went to its Board of Health early in the process, and indicated that a slow start-up time was required to be certain that the program was implemented in the most appropriate way to meet enrollees' needs. Enrollment was gradual -- beginning with an initial 1,000 enrollees. A total of eighteen months was needed to complete the enrollment process, bringing nearly 45,000 enrollees into PMAP.

As part of their commitment to ensuring that the people of Ramsey County were properly served, the Department recommended delaying the initial start of enrollment after determining that the network was inadequate to meet the needs of the population -- not enough providers were available in certain areas of the County -- and the managed care companies were therefore spurred to actively recruit providers. Further, the Department was committed to moving slowly enough to allow the majority of enrollees to choose their own plans and providers. In the end, only 10 percent of Ramsey's Medicaid managed care population required assigned enrollment -- the other 90 percent chose their own plans and providers.

a full scope of services. Meetings are being held to address this issue, but it has not yet been resolved.

#### **IV. Description of Local Health Department and Community Health Center as a Participant in Medicaid Managed Care**

It is important to note that the Ramsey County Department of Public Health, the Saint Paul Division of Public Health, and the area community health centers were beginning to work cooperatively prior to the implementation of managed care. Through funding from the Robert Wood Johnson Foundation and local foundation money, these entities developed a system known as the East Metro Community Health Network, which resulted in: a centralized referral number for all clinics; expanded outreach to uninsured and underinsured populations; and a pool for physician coverage, so that no gaps would occur if physicians were unavailable for their scheduled duties. This effort enhanced the ability of the local health departments and community clinics to plan and strategize together when Medicaid managed care came to their area, and to experience less disruption than may have otherwise occurred.

Each member of the Network contracts individually with the health plans, although efforts are underway to develop an independent practice association which would contract on behalf of all the County clinics, as well as Hennepin County.

##### Ramsey County Department of Public Health

As the East Metro Community Health Network allowed the community clinics to expand physician services and clinic hours, increasing numbers of people chose them as primary providers. Meanwhile, the Ramsey County Department of Public Health decreased its primary care services which other Network members could provide, and focused on public health home nursing. At this time, local tax money to the Department was increased in order to help maintain its nursing services. The Department's services to the Medical Assistance population dropped dramatically. In addition, the Department engaged further in health promotion activities.

While the Department had 36,000 reimbursed encounters with Medical Assistance recipients in 1992 (the last full year before managed care was implemented), they had just over 1,700 such encounters approved for reimbursement by PMAP plans in 1994. One reason for the decrease may be found in the health plans' definition of "medically necessary." This definition does not include the prevention services of public health nursing, and therefore the plan does not approve payment for such services. In 1994, the Department provided 9,300 encounters to PMAP clients who were denied approval for reimbursement by these plans.

The Department currently conducts over 200 intakes each month, and refers patients who are in the process of enrolling in PMAP to other clinics in the East Metro Community Health Network.

## VI. Conclusion

According to the West Side Community Health Center, under the Medicaid managed care program, access continues to be adequate to serve the enrollee population. In addition, both mental health and dental care access have improved under managed care, and overall care continues to be adequate, i.e., quality of care has been maintained. The Community Health Center also identified one area requiring improvement as immunization rates. Prior to the implementation of Medicaid managed care, immunization rates were low. Currently, efforts are underway to find incentives for both patients and providers to improve these rates.

Suggested improvements from both the Community Health Center and the Department include making a commitment to long-term public health prevention activities and possibly directing a percentage of total Medicaid managed care monies to that end, and ensuring that public providers are paid reasonable rates. It was also suggested that the managed care plans place increasing importance on truly managing *care*, in addition to their roles in managing money.

As for additional roles for local health departments and community health centers, the Department's advocacy role is being rapidly developed in Ramsey County, as State legislation has designated local health departments as ombudsman in managed care. The Department's strongest recommendation is that the public health community should insist on a "place at the table" and work to ensure that Medicaid managed care is implemented in such a way that it is beneficial to enrollees, rather than spend time and resources fighting managed care. According to the Community Health Center, it is important that local health departments and community health centers be able to remain competitive entities in the health care system, and continue to provide top quality primary care services.

The Department emphasizes that public health must ensure that safety net organizations such as federally funded community health centers be able to continue to provide a certain level of care to uninsured populations, so that services will not be cut off and local government money will not be needed to fill in the gaps. A final recommendation is to include performance standards in all Medicaid managed care contracts.

## SECTION 1115 RESEARCH AND DEMONSTRATION WAIVERS

States can test new approaches to publicly supported health care by obtaining waivers of Medicaid statutory requirements and limitations from the Secretary of the Department of Health and Human Services.

Two types of Medicaid waivers exist: Section 1915 program waivers and Section 1115 research and demonstration waivers. Section 1115 waivers are sufficiently broad to allow states substantial flexibility to test new ideas of policy merit. In return for greater flexibility, states commit to a policy experiment that can be evaluated.

Section 1115 waivers have been used by states to enact a broad variety of initiatives. For example:

- most state waiver programs extend coverage to poor and near-poor adults
- state waiver programs require some or all categories of both "demonstration" and "traditional" eligibles to enroll in managed care plans that are either partial or full-risk
- state waiver programs involved the purchase of managed care enrollment from full-risk managed care plans that do not meet the requirements of the federal statute
- most state waiver programs eliminate one or more categories of cost-based reimbursement, as well as disproportionate share payments to one or more classes of hospitals
- state waiver programs establish per capita annual payment limits for those services included in the plans' capitation rates.

Approved waiver initiatives range from projects that test providing special services to special populations, to projects that test some major restructuring of the Medicaid program and facilitate the state's goal for health care reform. Section 1115 waivers are also used for welfare reform projects.

Sources: "Review Guide for Section 1115 Research and Demonstration Waiver Proposals for State Health Care Reform," Health Care Financing Administration, 9/6/94; and "Medicaid Section 1115 Demonstration Waivers: Approved and Proposed Activities as of February 1995," Center for Health Policy Research, The George Washington University

*Enabling Services Provided*

advocacy  
outreach  
case management

*Funding Sources*

(for public health nursing only)

73%	Medical Assistance payment
21%	private insurance or personal payment
6%	county tax levy and state money (to cover patients receiving services free-of-charge)

West Side Community Health Center

*Number of Encounters and Patients Served Annually*

29,816 encounters with 9,785 patients

*Population Served*

- Age:

16%	Age 4 and below
28%	Ages 5 to 19
52%	Ages 20 to 64
4%	Age 65 and over
  
- Race/Ethnicity:

50%	Hispanic
25%	Hmong
23%	Caucasian
2%	African American
  
- Income Level: (No income data available. Data based on form of service payment.)

52 %	paid through Medical Assistance
23%	other forms of payment (i.e., private insurance, veterans benefits, Medicare)
3%	services provided free-of-charge
4%	paid personally on a sliding fee scale
18%	paid personally at full fee level

*Primary Care Services Provided*

prenatal care  
breast cancer testing  
aids testing  
pediatrics  
colposcopy  
family planning  
health education

*Enabling Services Provided*

patient transportation  
sliding fee discounts  
translation services

*Funding Sources*

35%	federal grants
34%	medical fees (net)
9%	dental fees (net)
7%	donations and in-kind
5%	contract fees
4%	state grants
3%	city funding
3%	county funding
1%	foundation funding

## **Conclusion**

This success of this demonstration project illustrates the potential value of using established, community-based entities as providers in managed care arrangements. In this arrangement, children who had previously faced access barriers are more likely to receive services that they had gone without in the past. The Health Department credits the success of this arrangement to Total Health Plan, for their willingness to enter into this type of agreement.