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

This is the fourth in a series of case studies addressing Medicaid managed care. For more information, please contact Grace Gorenflo at NACCHO.

The following case study addresses Medicaid managed care in Austin/Travis County, Texas, using a health maintenance organization (HMO) model.

I. Description of Medicaid Managed Care at the State Level

In 1991, due to the rapid rise in Medicaid enrollment and cost, the Texas Legislature passed House Bill 7, authorizing two pilot projects to demonstrate the feasibility of managed care in the Texas Medicaid program.

A freedom of choice, or 1915(b)(1), waiver was obtained from the Health Care Financing Administration, in order to conduct the two pilots, collectively known as the LoneSTAR (State of Texas Access Reform) Health Initiatives. The Texas Department of Health (TDH) selected two demonstration sites for the pilots, Travis County and the Tri-County area of Galveston, Chambers, and Jefferson. Travis County was selected for a health maintenance organization model (HMO), and the Tri-County area was selected to demonstrate a fee-for-service, enhanced primary care case management (PCCM) model. The Travis County waiver will expire at the end of July 1995, and the Tri-County waiver expires at the end of November 1995. TDH must apply to renew the waivers if it wishes to extend the project beyond those dates.

The purpose of the legislatively mandated Medicaid managed care pilot project is to seek an innovative and cost effective program for Medicaid clients. LoneSTAR is designed to improve access to care, assure quality of services, reduce inappropriate utilization of services, and enhance provider and client satisfaction.

The pilot was mandated for Aid to Families with Dependent Children (AFDC) recipients. Composed primarily of women of childbearing age and children, this population was allowed earned income up to 185% of federal poverty index guidelines.

TDH contracted with National Heritage Insurance Company (NHIC) to assist in the implementation and administration of the LoneSTAR Health Initiatives. The Travis County pilot began on August 1, 1993. PCA Health Plan, a federally qualified health

Prior to the LoneSTAR pilot, the Austin Health and Human Services/Travis County Health Department provided primary care, family planning, EPSDT-Comprehensive Care Program, well child, maternity and dental services on a fee-for-service basis with Medicaid for approximately 5,700 people. Funding for these services came primarily from the City and County General Fund, with Medicaid reimbursement comprising less than $.5 million. Case management services were provided through state grant funding for pregnant teens and other high-risk pregnant women in two of the thirteen FQHC look-alike's sites. The other sites implemented limited case management services for pregnant women and infants of teen mothers up to age one. Community case workers were utilized in these efforts. Translation services were provided when a need was identified. See Attachments A, B, and C for patient data by age, race/ethnicity, and financial class.

III. Process to Becoming Involved in Managed Care Arrangement

The Austin Health and Human Services/Travis County Health Department participated in the planning of the pilot in Travis County. The Division Director of the Medical Assistance Program closely followed the events occurring at the State level, which enabled the Department to actively participate in the development and planning of the managed care pilot. The Director of the Department served on the Coordinated Care Advisory Council for the State of Texas.

For Travis County, the options for participation provided by the State included:

1. continue conducting business as usual;
2. contract directly with the State on a risk or non-risk basis;
3. elect payment for services through capitation or reasonable cost reimbursement;
4. subcontract as a provider of services with an existing HMO.

Following discussions with the City's publicly owned hospital and the Graduate Medical Education Program, the Austin Health and Human Services/Travis County Health Department decided to subcontract with the PCA Health Plan (HMO) to serve as primary care providers and to provide home health services. The City of Austin contracts with the HMO on behalf of the FQHC look-alike.

This decision was made in large part to assure cost-based reimbursement for the newly designated FQHC look-alike. The Department also lacked the sophisticated information system needed to manage care in a capitated environment, and was only beginning to move to a managed care model.

Negotiation with the State included the establishment of an agreement that provided the FQHC look-alike cost-based reimbursement, with the difference between capitated payments from the HMO and cost-based reimbursement being paid by the State. Additionally, the agreement calls for quarterly interim settlements from the State.

2. There are still unresolved issues involving verification of benefits and eligibility. The current system does not readily distinguish whether a patient is in the managed care pilot or the non-pilot Medicaid population. Providers must determine whether to send the bill to NHIC or PCA Health Plan; however, providers do not always have sufficient information to make this determination.

3. Since EPSDT-Comprehensive Care Program and family planning services are carve outs from the LoneSTAR pilot, problems arise when patients receive their EPSDT-Comprehensive Care Program exams from providers who are not their assigned PCP. Providers for these services cannot be reimbursed for any necessary follow-up, and cannot directly refer patients for specialty care, if it is needed. Further, providers of these services (who are not the patient's PCP) may not have complete medical records for patients receiving such care. Conversely, a patient's PCP may not have records about such services if the PCP is not chosen to provide them. Thus, the carve outs essentially create fragmentation of care.

4. There were insufficient HMO training materials and written documentation for managed care providers, and front line staff were not trained timely prior to implementation.

6. The FQHC look-alike lacked experience in pre-authorization required prior to performing services, as processes within the FQHC look-alike were geared more for chronic care rather than acute care.

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

Austin Health and Human Services/Travis County Health Department currently operates a system of thirteen FQHC look-alike sites which provide primary and preventive medical and dental services as part of Medicaid managed care. On August 1, 1993, the FQHC look-alike implemented an "after hours" access triage system using nursing staff, supported by physician staff, to field calls when the FQHC look-alike's sites were not open.

The FQHC look-alike also extended site hours to accommodate the needs of the LoneSTAR enrollees to improve customer service: one site is open Monday through Friday until 9:00 p.m. Other sites are open evening or weekend hours. Sites also provide maternity services which are considered "specialty care" services. Traditional public health services as well as community health and outreach are performed at other Department sites. See Attachments A, B, and C for patient data by age, race/ethnicity, and financial class.

Lessons learned by the Austin Health and Human Services/Travis County Health Department through its experience in a managed care environment include:

1. When developing the billing system, establish a separate identifier for the Medicaid managed care population, making it easy to determine who is and is not part of that population.

2. Participating health departments, FQHCs, etc. should carefully weigh the benefits and disadvantages of competing or contracting with the private sector for primary care service delivery to maintain a revenue source. They should consider whether to provide only traditional public health services.

3. Consideration should be given *not* to carve out EPSDT, family planning and other medical care programs, due to fragmentation of care, as described above.

4. The State should recognize local health departments as providers for specific public health care conditions, for example, tuberculosis, HIV disease, immunizations, etc., and require all health plans to reimburse them for such services.

Finally, the State of Texas is moving toward bringing all Medicaid recipients into a managed care system. In fact, recent developments within the City of Austin and the State could lead to a new role for the Department in Medicaid managed care. The Texas Legislature passed Senate Bill 10 for the establishment of Intergovernmental Initiatives by the City and County under an 1115 waiver, to expand Medicaid eligibility.

NACCHO would like to thank the following staff from the Austin Health and Human Services/Travis County Health Department for preparing this case study:

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Table I

Age Breakdown of Medicaid Clients Using FQHC for Medical Care for Fiscal Year 1992-1993

	Medicaid	PCA Star	Vista	Total	Percentage by Age Group
<15 years of age	5,167	366	15	5,548	47%
15-65 years of age	3,440	192	12	3,644	52%
>65 years of age	227	0	0	227	2%
Total of Payor Groups	8,834	558	27	9,419	100%

Table II

Age Breakdown of Medicaid Clients Using FQHC for Medical Care for Fiscal Year 1993-1994

Age of Medicaid Users	Medicaid	PCA Star	Vista	Total	Percentage by Age Group
<15 years of age	2,107	3,617	129	5,853	47%
15-65 years of age	2,456	1,730	145	4,331	52%
>65 years of age	181	1	0	182	2%
Total of Payor Groups	4,744	5,348	274	10,366	100%

Statistics obtained from CARA Quarterly Cumulative Statistical Report "City Wide Users/Encounters by Age and Financial Class"

Table III

Encounters of Medicaid Clients by Age for Fiscal Year 1992-1993

	Medicaid	PCA Star	Vista	Total	Percentage by Age Group
<15 years of age	15,011	1,578	89	16,678	44%
15-65 years of age	19,195	1,434	103	20,732	54%
>65 years of age	898			898	2%
Total of Payor Groups	35,104	3,012	192	38,308	100%

Table IV

Encounters by Medicaid Clients by Age for Fiscal Year 1993-1994

	Medicaid	PCA Star	Vista	Total	Percentage by Age Group
<15 years of age	5,876	15,170	445	21,491	47%
15-65 years of age	12,656	10,354	851	23,861	52%
>65 years of age	764	2	0	766	2%
Total of Payor Groups	19,296	25,526	1296	46,118	100%

Statistics obtained from CARA Quarterly Cumulative Statistical Report "City Wide Users/Encounters by Age and Financial Class"

Table V

Demographic Information for the Medicaid Population in Travis County

Race/Ethnicity	1991-1992		1992-1993	
Hispanics	52%	14,991	48%	14,991
African Americans	20%	9,006	29%	9,006
Caucasian	26%	6,622	21%	6,622
Other	2%		2%	469
Totals		30,619		31,088
Sex				
male	28%	12,312	40%	12,312
female	72%	18,776	60%	18,776
Age				
less than age 14	33%		59%	
ages 14-65	57%		39%	
over age 65	10%		2%	

Note: This information was provided by the Texas Department of Health. Demographic information for Fiscal Year 1993-1994 is not available at this time.

Table VI

FQHC Users by Financial Class

Financial Class	1992-1993		1993-1994	
Medicaid	9,419	42%	10,366	34%
Medicare	2,429	11%	2,883	10%
Other	5,418	24%	6,813	22%
Self-pay	5,392	24%	10,443	34%
Total	22,658		30,505	

Statistics obtained from CARA Quarterly Cumulative Statistical Report, "City Wide Users by Age and Financial Class".