

## Economic Sense - Twenty-Second Edition

### Mismanagement, Part III: Low-Income Washingtonians on Medicaid Receiving Substandard Care

#### Bottom line up front:

Washington taxpayers pay nearly \$6 billion a year for low-income individuals and families to receive health care. The managed-care companies receiving that money are often providing care at levels far below the national average, particularly on health measures related to women and children.

SB 5523 is a bipartisan proposal that seeks to improve the delivery of this sector of health care. It would do so by setting expectations regarding quality of care and withholding payments if managed-care companies do not perform at least at the 50th percentile nationally.

The first two editions of Economic Sense for 2019 looked at mismanagement in state government. We started with a human tragedy -- individuals with developmental disabilities being stuck in hospitals despite having no medical need<sup>1</sup> -- then moved to how taxpayers are being stuck in the upcoming state budget for over \$500 million of costs directly resulting from mismanagement.<sup>2</sup>

This edition continues with the theme of mismanagement. It looks at the performance of managed care companies, which collectively are the largest private recipient of state tax dollars in the budget, and how neither the low-income individuals receiving care nor the Washington taxpayers paying the bill are getting the value they deserve.

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## 1) Report Finds Managed Care Performance Lacking

Last month, Qualis Health, through a contract with the state Health Care Authority, issued a comparative report on the performance of managed care organizations ("MCOs") in providing care to 1.6 million Washingtonians on Medicaid.<sup>3</sup> Using a variety of nationally recognized metrics, the report compares these MCOs' performance to the national MCO average for Medicaid clients. The state MCOs' performance was found lacking in numerous measures, as reflected in the report's recommendations<sup>4</sup>:

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### Recommendations

Statewide rates for maternal care measures, including timeliness of prenatal care and postpartum care, dropped or remained flat in 2018 RY, and remain below the 33<sup>rd</sup> percentile of national performance.

- HCA needs to examine root causes for poor performance on these measures and determine what action is needed. The State should consider requiring MCOs to have a plan in place, including timelines and deliverables, to improve performance.

Statewide rates for numerous measures, including child and adolescent access to care, adolescent well-care and well-child visits, immunizations for adolescents, women's health screenings, HbA1c control, antidepressant medication management, and follow-up care for children prescribed ADHD medication, have either dropped or remained flat since 2017 RY, yet are still below the 50<sup>th</sup> national percentile.

- To continue to improve care delivery to all Apple Health enrollees, HCA should continue to monitor these measures. To bring statewide performance above national standards, HCA should consider setting higher statewide performance goals for MCOs.

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Of the four major categories (access to care, preventive care, chronic care management, and medical care utilization), MCOs in Washington scored at or above the national average in only one category, in the majority of metrics. That was medical care utilization, i.e. not engaging in unnecessary care (such as limiting use of low back pain imaging).

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Again, let's look at the health measures in which performance was found to be low or substandard:

- Maternal care, prenatal & postpartum - Performance below 33rd percentile of MCOs nationally
- Child & Adolescent Access to Care - below 50th percentile
- Adolescent Well-Care & Well-Child Visits - below 50th percentile
- Immunizations for Adolescents - below 50th percentile
- Women's Health Screenings - below 50th percentile
- Diabetes Testing Management - below 50th percentile
- Antidepressant Medication - below 50th percentile

What does this mean in real-world terms?

- Only 1 in 2 women are receiving the recommended breast cancer screenings.<sup>5</sup>
- Only 1 in 2 women are receiving the recommended cervical cancer screenings.<sup>6</sup>
- Just 7 in 10 women are receiving the recommended pre-natal care.<sup>7</sup>
- Less than 6 in 10 are receiving the recommended post-partum care.<sup>8</sup>
- Only 1 in 2 children receive the recommended flu shot, and less than 4 in 10 receive full recommendation on vaccinations.<sup>9</sup>

Considering five managed-care companies are paid nearly \$6 billion a year to provide this care,<sup>10</sup> these outcomes are unacceptable. Yet in the Governor's budget the MCOs are rewarded with an 8% rate increase, costing taxpayers hundreds of millions more.<sup>11</sup>

## 2) SB 5523: Setting Expectations Regarding Quality of Care

Senate Bill 5523, a bipartisan proposal to improve the quality of care given to individuals on Medicaid, addresses this issue.<sup>12</sup> Following the recommendation of the Qualis report, the measure would set performance goals for MCOs to hit the 50th percentile in national performance for each metric.

Under the bill, an MCO must remit 1% of its appropriated funding back to HCA for each performance-metric target it fails to meet. HCA may waive the 1% remittance if the MCO offers adequate reasons for failing to hit the performance target and a plan to achieve

the target in the subsequent year. However, HCA may issue a waiver to an MCO for a specific metric only once every five years.

The goal of SB 5523 is simple: considering the billions in tax dollars that MCOs in our state receive each year, Washingtonians should expect the care provided will at least meet the average level of care associated with MCOs nationally. If the companies are unable to achieve that baseline, they lose a portion of their funding.

*It is not too much to ask that managed-care companies, which are paid handsomely to provide health care to 1.6 million low-income Washingtonians, should provide a level of care at least equal to the 50th percentile of managed-care companies nationally.*

*To date, sadly, that standard of care has not been achieved. For nearly \$6 billion a year, taxpayers and those receiving care expect and deserve better.*

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## Footnotes:

1. Economic Sense - 20th Edition, "Stuck in the Hospital: A Human Tragedy"  
<http://johnbraun.src.wastateleg.org/wp-content/uploads/sites/16/2019/01/Economic-Sense-Stuck-in-the-Hospital.pdf>
2. Economic Sense - 21st Edition, "The Inslee Mismanagement Toll"  
<http://johnbraun.src.wastateleg.org/wp-content/uploads/sites/16/2019/01/Economic-Sense-The-Inslee-Mismanagement-Toll.pdf>
3. "2018 Comparative Analysis Report" (Dec. 2018, Qualis Health)  
[https://www.hca.wa.gov/assets/billers-and-providers/EQRO\\_Comparative-Analysis-Report\\_2018\\_FINAL.pdf](https://www.hca.wa.gov/assets/billers-and-providers/EQRO_Comparative-Analysis-Report_2018_FINAL.pdf)  
Note: There are 1.85 million individuals on Medicaid in last fiscal year; 84% receive Medicaid through managed care organizations.
4. Id., page 11.
5. Qualis Health Report, p. 45 (55.3% of age-appropriate women received recommended screening)
6. Id., p. 45 (56.9%)
7. Id., p. 38 (72.6%)
8. Id., p. 38 (58.8%)
9. Id., p. 43 (50.7% flu shots & 38.1% combination 10)
10. Senate Ways & Means Work Session on Managed Care, 1/29/19 - Page 8
11. Senate Ways & Means Work Session on Managed Care, 1/29/19 - Page 8
12. SB 5523: <https://aor.billsummary/default.aspx?bill=5523&year=2019&initiative=false>