

This issue brief summarizes the organizational aspects of Florida Medicaid Reform. This information covers the time period of approximately July 2006 to March 2007. Data were collected from the Florida Agency for Health Care Administration (AHCA) Medicaid website, other AHCA sources, informant interviews, and a stakeholder survey.

Medicaid Reform Organizational Analyses

Reform Organizations • July 2006 – March 2007

Medicaid Reform Plans and Networks

Beginning July 1, 2006, Florida implemented Medicaid Reform in Broward and Duval Counties. Beneficiaries were enrolled in Medicaid Reform plans beginning in September 2006. As of March 2007, approximately 165,674 Floridians were enrolled in Medicaid Reform.

In total, 16 health plans were participating in Medicaid Reform as of March 2007 (Table 1). Six of the participating plans are Provider Service Networks (PSNs). Two of the PSNs are operated by safety net hospital systems (First Coast Advantage and South Florida Community Care Network), one is a specialty plan operated by the Florida Department of Health and the others are physician networks.

The remaining ten plans are Health Maintenance Organizations (HMOs). Of the participating plans, thirteen began enrolling patients at the beginning of Reform, while the others began participating over subsequent months. In both Broward and Duval Counties, there were more health plans available to Medicaid beneficiaries in March 2007 than before Reform.

Table 1: Medicaid Reform Plans and Networks in Broward and Duval Counties as of March 2007

Plan Name	County	Type	Application Date	Contract Start Date	First Enrollment
Access Health Solutions	Broward & Duval	PSN	May 9, 2006	July 21, 2006	Sept. 1, 2006
Amerigroup Florida, Inc.	Broward	HMO	April 14, 2006	July 1, 2006	Sept. 1, 2006
CMS PSN	Broward	PSN	April 14, 2006	Dec. 1, 2006	Dec. 1, 2006
First Coast Advantage	Duval	PSN	April 17, 2006	July 1, 2006	Sept. 1, 2006
HealthEase	Broward & Duval	HMO	April 14, 2006	July 1, 2006	Sept. 1, 2006
Humana	Broward	HMO	April 14, 2006	July 1, 2006	Sept. 1, 2006
Florida NetPass	Broward	PSN	April 14, 2006	July 1, 2006	Sept. 1, 2006
Pediatric Associates	Broward	PSN	May 9, 2006	Aug. 11, 2006	Oct. 1, 2006
Preferred Medical Plan, Inc.	Broward	HMO	April 14, 2006	July 1, 2006	Sept. 1, 2006
South Florida Community Care Network	Broward	PSN	April 13, 2006	July 1, 2006	Sept. 1, 2006
Staywell	Broward & Duval	HMO	April 14, 2006	July 1, 2006	Sept. 1, 2006
Total Health Choice, Inc.	Broward	HMO	April 14, 2006	July 1, 2006	Sept. 1, 2006
United Healthcare	Broward & Duval	HMO	April 17, 2006	July 1, 2006	Sept. 1, 2006
Universal	Broward & Duval	HMO	April 17, 2006	Dec. 1, 2006	Jan. 1, 2007
Vista Health Plan of S. Florida, Inc.	Broward	HMO	April 14, 2006	July 1, 2006	Sept. 1, 2006
Vista Health Plan: Buena Vista	Broward	HMO	April 14, 2006	July 1, 2006	Sept. 1, 2006

Source: Agency for Health Care Administration. MediPass/HMO/PSN Enrollment reports. March 2007

Medicaid Reform Enrollment

Reform increased the number of participants in Medicaid managed care in both Broward and Duval Counties. Enrollment under Reform varies based on plan organizational characteristics. After the first six months, the majority of Medicaid Reform beneficiaries belonged to HMOs (70%). New participating managed care organizations in the Reform markets are, for the most part, PSNs. To date, Reform has not drawn any new commercial players to Florida Medicaid.

Market share for Reform plans in Broward County is described in Table 2. In March 2007, Staywell had the highest market share (23%) followed by HealthEase (13%). Eight plans and networks had between 3 and 10% market share, and four plans had less than 3% of the market. As of March 2007, 72% of Medicaid Reform beneficiaries were in HMOs and 28% were in PSNs.

Table 2: Medicaid Reform Market Share, Broward County (Sept. '06 – March '07)

Broward County Plans	Type	2006				2007		
		Sept	Oct	Nov	Dec	Jan	Feb	March
Access Health Solutions	PSN	0.3%	6.7%	7.0%	7.6%	5.8%	4.9%	4.2%
Amerigroup Florida, Inc.	HMO	12.1%	7.6%	7.3%	7.1%	8.0%	8.9%	9.4%
Buena Vista	HMO	4.1%	4.5%	4.2%	4.2%	5.2%	5.8%	6.2%
CMS PSN	PSN				0.2%	2.5%	2.2%	1.9%
HealthEase	HMO	21.5%	12.4%	11.3%	11.1%	12.1%	12.8%	13.4%
Humana	HMO	6.3%	6.6%	6.6%	6.7%	8.4%	9.4%	10.1%
Florida NetPass	PSN	2.5%	7.5%	8.7%	8.4%	6.7%	5.8%	4.9%
Pediatric Associates	PSN	0.0%	14.1%	17.0%	17.1%	13.6%	11.4%	9.9%
Preferred Medical Plan, Inc.	HMO	1.1%	1.9%	1.7%	1.7%	1.8%	2.0%	2.1%
South Florida Community Care Network	PSN	2.4%	9.2%	10.3%	11.1%	9.2%	8.0%	7.0%
Staywell	HMO	34.1%	19.3%	17.5%	16.9%	19.2%	21.1%	23.1%
Total Health Choice, Inc.	HMO	0.6%	1.3%	1.1%	1.1%	1.1%	1.1%	1.2%
United Healthcare	HMO	11.5%	6.3%	4.9%	4.5%	4.2%	4.4%	4.5%
United Healthcare dba Evercare	HMO							
Universal*	HMO							
Vista Health Plan S. Florida, Inc.	HMO	3.6%	2.7%	2.3%	2.2%	2.2%	2.2%	2.2%
		100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

* Universal began enrollment in April 2007

Market share for Reform plans in Duval County is described in Table 3. HealthEase had the highest market share followed by First Coast Advantage (as of March 2007). HealthEase had over 50% of the market share, and together with First Coast Advantage, the two plans represented over 70% of the Reform market in Duval County. Access and United both had approximately 10% of market share. As of March 2007, 68% of Medicaid beneficiaries were in HMOs and 32% were in PSNs.

Table 4 describes the plans participating in Reform as of March 2007, noting specific organizational characteristics. Of the 16 plans participating in Reform, seven have a multi-state presence, while the remaining nine operate only in Florida. The seven multi-state plans are all HMOs.

With regard to plan ownership, five of the participating plans are publicly traded, four are for-profit but privately owned, and seven of the plans are not-for-profit organizations.

The organizational missions of the Reform plans also vary, with eight of the participating plans serving diversified populations, seven of the plans serving the Medicaid population exclusively, one plan operated by a State agency for children with chronic conditions, and one serving Medicaid children only.

Statewide, Florida's Medicaid program had a total of 1.4 million recipients as of March 2007. Of these recipients, approximately 165,674 (12%) were enrolled in Medicaid Reform.

Figure 1 (right) graphically depicts Reform enrollment by plan for Broward County. Participating plans began enrollment in September 2006, and numbers steadily increased for all participants during the initial period of Reform.

Staywell experienced the highest rate of growth and was clearly the market leader as of March 2007. The growth of Pediatric Associates' enrollment initially outpaced Staywell, but the plan experienced a sharp decline in January from which it had not fully recovered as of March 2007. HealthEase consistently grew between September and March of 2007, and the plan had the second largest Reform enrollment in Broward County.

Table 3: Medicaid Reform Market Share, Duval County (Sept. '06 – March '07)

Duval County Plans	Type	2006				2007		
		Sept	Oct	Nov	Dec	Jan	Feb	March
Access Health Solutions	PSN	0.4%	13.0%	16.9%	11.4%	13.8%	11.8%	10.2%
First Coast Advantage	PSN	8.7%	33.9%	32.0%	22.0%	27.7%	24.3%	21.9%
HealthEase	HMO	71.0%	39.2%	38.0%	26.0%	44.8%	49.8%	54.5%
Staywell	HMO	2.0%	2.7%	2.9%	2.0%	2.9%	3.1%	2.8%
United Healthcare	HMO	17.8%	11.2%	10.2%	6.8%	10.8%	11.0%	10.6%
Universal	HMO							
		100.0%	100.0%	100.0%	68.2%	100.0%	100.0%	100.0%

* Universal began enrollment in April 2007
Source: AHCA Monthly Enrollment Reports

Table 4: Organizational Characteristics of Reform Plans by County

Plan Type	Area Served*		Ownership*			Mission*		
	Multi-State	Florida Only	Publicly Traded	For Profit (Not Public)	Not-for-profit	Diversified	Medicaid Only	Govt. Payers
Broward County								
Amerigroup	HMO	X		X			X	
HealthEase	HMO	X		X				X
Humana	HMO	X		X		X		
Preferred	HMO		X		X	X		
Staywell	HMO	X		X				X
Total Health	HMO	X				X	X	
United	HMO	X		X		X		
Universal	HMO	X			X	X		
Buena Vista	HMO		X		X	X		
Vista	HMO		X		X	X		
Netpass	PSN		X				X	
Pediatric Associates	PSN		X			X		X
Access	PSN		X			X		X
SFCCN	PSN		X			X		X
CMS	PSN		X			X	X	X
Duval County								
HealthEase	HMO	X		X				X
Staywell	HMO	X		X				X
United	HMO	X		X		X		
Universal	HMO	X			X	X		
Access	PSN		X			X		X
First Coast Advantage	PSN		X			X		X

* Area served, ownership, and mission defined for parent company, not individual plans
Source: Reform Plan websites.
Source: AHCA Enrollment Reports September 06 – March 07

Figure 1: Enrollment by Plan—Broward County

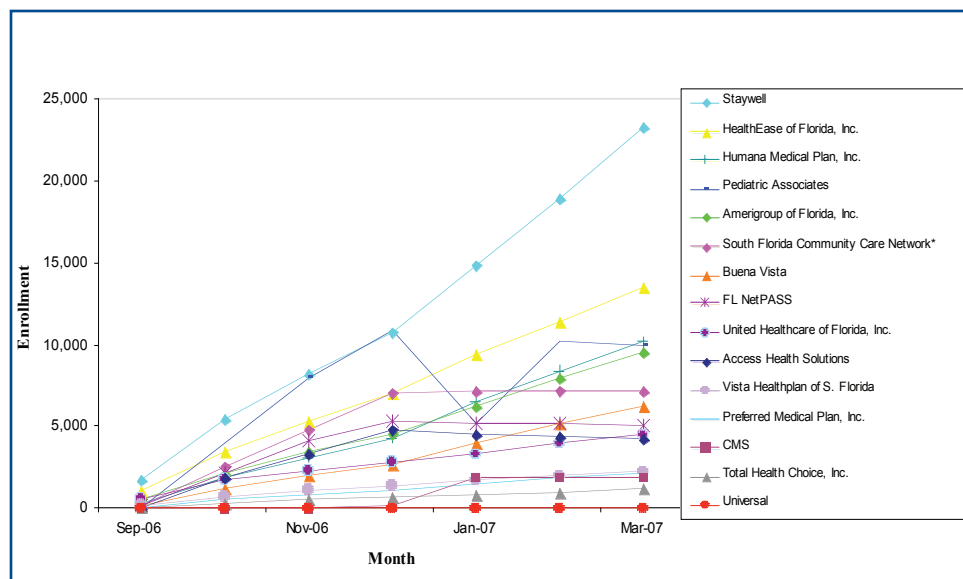


Figure 2 illustrates Reform enrollment by plan for Duval County. Plans started enrollment in September 2006 and enrollment steadily increased during the initial period of Reform. HealthEase experienced the highest rate of growth and was clearly the market leader as of March 2007. First Coast also grew consistently between September and March of 2007, and had the second largest Reform enrollment in Duval County. Both United Healthcare and Access had around 7,000 enrollees at the end of March. Staywell and Universal reported fewer than 5,000 enrollees.

Overarching Themes and Observations

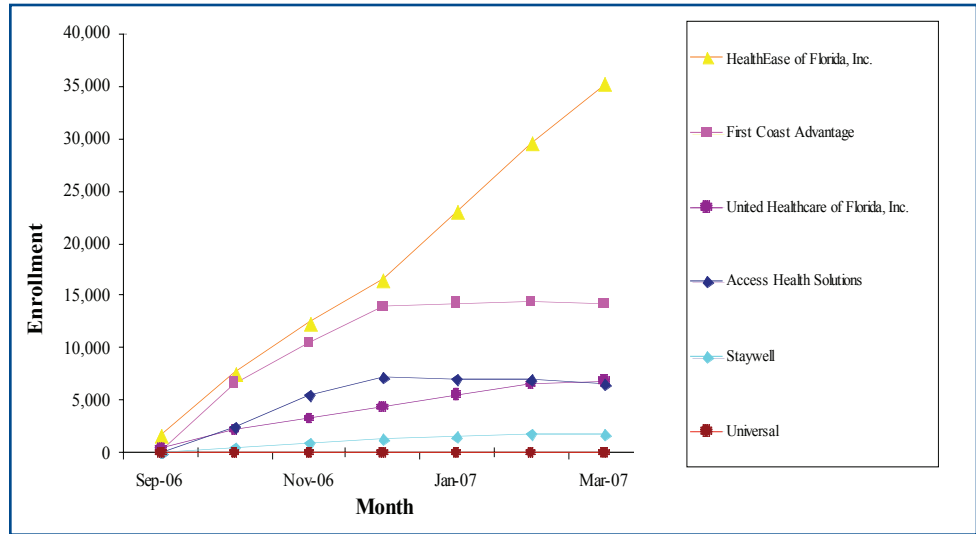
This Medicaid Reform evaluation identified several overarching organizational themes derived from over 107 interviews with key informants, including leaders and staff members of AHCA, participating health plans, and other stakeholders, such as community members and advocates. The following themes were identified. Quotes from informants are provided in text boxes.

Several themes were identified from AHCA’s perspective:

- Reform was implemented very quickly, because AHCA was committed to meeting its legislated timeline.
- The implementation of a disciplined, specific Project Management approach was critical to the use of Medicaid Reform. From the very beginning, AHCA organized key participants into teams that included Bureau staff, content experts, and trained, experienced project managers.
- Strong leadership at all levels played an integral role in the development and successful implementation of Reform.
- Although challenging, the effective creation of multiple linkages and communication among multiple stakeholders were critical to Reform development and implementation.

“I’ve got to tell you, I was a believer in Project Management before...but I am even a bigger believer in Project Management [now]. There are so many things going on, so many initiatives. If we didn’t have good Project Managers keeping us on track, keeping us straight, I don’t know where we would be today.”

Figure 2: Enrollment by Plan – Duval County



“The Technical Advisory Panel that was created in the statute has turned out to be a very positive thing.”

- The State’s dedication of significant resources to Reform development and implementation was critical. Resources, including funding, vendors, human resources, information, and time, were all valuable in the implementation phase.

Several overarching themes were identified from the Reform health plans’ perspective:

- Plans indicated that the major reason for participating in Reform was to remain in the Medicaid business. Most plans were participating in Medicaid prior to Reform, and they wanted to maintain their patient base.

“Our choice was either to get out of Medicaid or join Reform. We wanted to play and get involved early.”

- Although plans were given some latitude in benefit design, most reported only minimal changes to their benefit structure for Reform.
- Plans made few changes to provider networks, and problems with contracting that existed prior to Reform remain.
- Plans indicated that during network development, there were problems with finding enough specialists who accept Medicaid patients. It was acknowledged that this is not a Reform-specific issue.
- The most positive aspect of the Reform process was the communication occurring between plans and AHCA. Some plans indicated that Reform implementation went more smoothly than anticipated.

“I would just like to say overall it’s been amazing working with the Agency. Extremely committed [to] improvement, we are able to really work together.”

- Some things did not go well with Reform implementation. Technical difficulties were cited with regard to implementation, in particular, problems involving the fiscal intermediary.

“Reform is constantly changing; we have to continually change our processes. Risk adjustment and encounter data is changing... everything keeps changing.”

- Plans commented that Reform greatly increased administrative burden, specifically citing increased reporting requirements.
- The perceived higher level of competition among Medicaid health plans in Broward County was mentioned as another negative aspect of operating at the beginning of Reform.
- Overall, plans were supportive of the choice counseling concept. Prior to implementation and in the early stages of Reform, however, some participants expressed concern about member access to Choice Counselors and the accuracy of information provided.

“I think that the choice counselors have a tremendous amount of oversight; they know that they’re at the beginning of the process, and if something goes wrong the fingers start pointing, [and come] back around to them.”

- While Reform plans expressed support for the idea of the enhanced benefits accounts program, most felt the program will be difficult to meaningfully operationalize.

“Incentives to providers to manage care will make more of an impact than incentives to individuals.”

- The consensus among health plans was that the concepts of disease management and outcomes tracking are good things; however, the methods of choosing and tracking programs were questioned by some plans.

“I guarantee you, no plan can make improvements in 30 different areas at the same time.”

- For the most part, HMOs and PSNs were supportive of the concept of risk-adjusted premiums, but some organizations had questions about the proposed methodologies used in calculating the rates.
- Many plans felt that HMOs and PSNs are not “on a level playing field” in the marketplace. HMOs indicated that provider-affiliated PSNs have an advantage with regard to provider contracting. A key issue concerned the ability of hospitals to demand “above market payment rates” from health plans that they now compete with as PSNs. PSNs, however, suggested that HMOs have a market advantage with regard to flexibility in benefit design and mechanisms used to pay providers.

Themes were also derived from the stakeholder survey and key informant interviews.

- Most stakeholders indicated that it is still too soon to tell how well Medicaid Reform is working. However, when stakeholders did issue opinions about Reform, those opinions were overwhelmingly negative.
- A specific stakeholder concern regarded the difficulties certain populations (e.g., the mentally ill and disabled) may be experiencing with Reform.

“A complicated system of care has become more complicated.”

Findings and Ongoing Evaluation

Many questions remain unanswered with regard to the success of Florida’s Medicaid Reform initiative. The evaluation will continue to monitor changes in the marketplace from various perspectives. In addition, the evaluation will continue to track Medicaid Reform’s ability to succeed in the rural expansion areas of Clay, Baker, and Nassau Counties. As more data become available regarding the attitudes and behaviors of Reform beneficiaries, the evaluators will explore the implications of beneficiary health plan choices and aspects of Reform.

The University of Florida is conducting a five-year evaluation of Florida’s “Medicaid Reform Initiative” under a contract with the Agency for Health Care Administration (AHCA), Florida’s health policy and planning state agency. The evaluation is for the period of Florida’s Section 1115 Medicaid demonstration waiver (July 1, 2006 – June 30, 2010), which was approved by the U.S. Department of Health and Human Services. The evaluation study is known as the Medicaid Reform Evaluation, or the MRE, and is managed by the Department of Health Service Research, Management and Policy at UF. The Florida Center for Medicaid and the Uninsured is a major partner, with additional partners included on specific projects.

This issue brief is based on a more detailed report produced by the University of Florida Medicaid Reform Evaluation Team. For more information visit <http://mre.pphp.ufl.edu>.



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