COMMERCIAL MANAGED CARE
PLANS LEAVING THE MEDICAID
MANAGED CARE PROGRAM IN
NEW YORK STATE: IMPACT ON
QUALITY AND ACCESS

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ABSTRACT
To develop sufficient managed care capacity to accomplish the goal of transitioning Medicaid recipients into managed care, state policymakers have relied on commercial health maintenance organizations to open their panels of providers to the Medicaid population. However, while commercial health maintenance organization involvement in Medicaid managed care was high initially, since 1996 New York State has had 14 commercial plans leave the New York State Medicaid Managed Care Program. It has been speculated that the exodus of these commercial plans would have a negative impact on Medicaid enrollees' access and quality of care. This paper attempts to evaluate the impact of this departure from the perspective of quality and access measures and plan audit performance. Univariate and multivariate analyses were performed to evaluate the effect of commercial managed care plans leaving the Medicaid program. The overall performance of plans that remained in the program was compared to that of the plans that chose to leave for the two time periods 1996–1997 and 1998–2000. Access to care, quality of care, and annual audit performance data were analyzed. The departure of commercial health plans from the New York State Medicaid Managed Care Program has not had a statistically significant negative effect on the quality of care provided to Medicaid recipients as evaluated by standardized performance measures. In addition, there were no instances when there was a negative impact of the exit of the commercial plans on access to care. Managed care plans that chose to remain in Medicaid passed the Quality Assurance Reporting Requirements audit at a significantly ($P < .01$) higher rate than plans that chose to leave.

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Conclusions. A program consisting of health plans voluntarily participating and committed to Medicaid managed care can provide Medicaid recipients with appropriate access to high-quality health care. The exodus of commercial health plans from New York’s Medicaid Managed Care Program during the time periods studied did not result in a detectable adverse impact on the quality of care for enrollees.

KEY WORDS Access to care, Commercial managed care, Health care delivery, Managed care, Medicaid managed care, Quality assessment.

INTRODUCTION

Many states have enacted programs to enroll Medicaid recipients into managed care plans as a means of improving access to high-quality health services, at the same time controlling spiraling costs. Enrollment in Medicaid managed care has grown significantly, from 11.6 million in 1995 to 21.2 million enrollees in 1998.\(^1\) To develop sufficient managed care capacity to accomplish the goal of transitioning Medicaid recipients into managed care, state policymakers, including those in New York State, have relied in part on commercial health maintenance organizations (HMOs) to open their panels of providers to the Medicaid population. By encouraging commercial health plans to offer Medicaid product lines, government officials believed that Medicaid recipients potentially would have access to a greater range of providers, including those providers who had been unwilling to participate in Medicaid fee for service due to low reimbursement or bureaucracy.

While commercial HMO involvement in Medicaid managed care was high initially (24 of 28 commercial plans participated in Medicaid managed care in 1994), since 1996, a number of commercial plans (14) have left the Medicaid Managed Care Program in New York State. Currently, the majority (57%) of the state’s Medicaid managed care enrollees are in plans only certified to serve Medicaid recipients; these plans are known as prepaid health service plans (PHSPs) in New York. The PHSPs represent 18 of the 30 plans certified by the state to serve Medicaid recipients.

Some policy analysts have expressed concern that the departure of commercial plans from the Medicaid market would jeopardize the state’s Medicaid Managed Care Program by reducing or compromising the quality of care. This paper attempts to evaluate the impact of this departure from the perspective of standardized quality measures.

BACKGROUND

COMMERCIAL PLAN INVOLVEMENT IN MEDICAID MANAGED CARE

The departure of commercial plans from state Medicaid programs has received much attention recently. A Kaiser Family Foundation report states that: “In 1998,