

MARKETINSIGHT

PARTNERING WITH MEDICAID PROGRAMS

Medicaid is a federally funded, state-operated and state-implemented program. As such, the program is different in each state, whether in terms of eligibility, benefits, delivery of services, or provider payments. Some programs’ coverages tend to be very limited. For instance, in one state only certain types of transplants are covered and only infants under certain weight (1200 grams at birth) are covered under Medicaid. Having the knowledge of state specific programs, we help clients design the appropriate reinsurance coverage to meet their risk management and budgeting objectives.



Within each state Medicaid program, there are typically several sub programs. The most common Medicaid programs include TANF, ABD and CHIP. Different programs mean different risk characteristics. TANF (Temporary Assistance for Needy Families) which covers primarily low-income mothers and children is considered a low risk category. On the other hand, ABD (Aged, Blind or Disabled) covers low-income persons with chronic physical disabilities or behavioral health impairments and is a cohort with significantly higher medical utilization. To the extent possible, when we work on quotes, we encourage clients to provide underwriting data by sub program. Pricing by sub program can avoid over charging one group to subsidize another group. This is especially critical when the client’s product mix change dramatically from their projection.

OUR APPROACH

Unlike large health organizations who may write commercial business as well as Medicaid (for example the Blues), Medicaid specific plans tend to be local and are more limited in resources. In choosing their reinsurance partner, pricing should not be the only determining factor. Ancillary services can be of great value to clients, such as claims audit and negotiation and air ambulance, to name a few. We can help clients partner with the reinsurer who can provide the ancillary services that they need most, or assist them in developing direct relationships with partners providing these services whereby their fees are covered through cost reductions.

Besides the traditional catastrophe loss reinsurance purchase, many Medicaid plans are growing and looking to meet their RBC requirement. There are capital solutions that we can provide too.

- **EXPANSION** of roles by programs for Duals (LTSS vs traditional clinic roles). Since the first dual enrollment demonstration became effective in late 2013, more and more states have been working with the Centers for Medicare & Medicaid Services (CMS) to integrate care for dual eligible members. For Medicaid plans, participating in these dual demonstrations provides an opportunity to grow their business but also imposes challenges as they enter into the Medicare space.
- **HEAVY GOVERNMENTAL INFLUENCE/QUASI GOVERNMENTAL INFLUENCE.** We can provide resources or access to resources and cost savings that are otherwise not available, whether being data analysis, rate setting or claims management.
- **EXPANSION INTO OTHER STATES** can be greatly assisted by engaging reinsurers/ reinsurance brokers. Our combined experience is in most cases “most recent” vs data sets available through actuarial firms. We can also assist with reinsurance coverage preparation which sometimes is a prerequisite in the plan’s state application process.

We look forward to the opportunity to have a discussion about your organization and how Guy Carpenter’s service offering may help you meet your objectives. For more information on the Guy Carpenter HealthCare & Life Specialty Practice please contact Cyndi Zhang, Senior Vice President, CPCU, ARe, at (206) 621-2979 or cynthia.zhang@guycarp.com.

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