
HMA

HEALTH MANAGEMENT ASSOCIATES

*HMA Investment Services Weekly Roundup
Trends in State Health Policy*

IN FOCUS: MEDICAID MANAGED CARE ENROLLMENT UPDATE - Q3 2012

HMA ROUNDUP: TEXAS RELEASES DRAFT RFP FOR STAR+PLUS PROGRAM IN RURAL AREAS; OHIO HEALTH HOMES PROGRAM FOR SMI LAUNCHED; MEDICAID MCO ACQUISITION IN NEW YORK; ILLINOIS ANNOUNCES CCE/MCCN AWARDEES

OTHER HEADLINES: CENTENE ANNOUNCES PLANS TO TERMINATE KENTUCKY CONTRACT; DC CHARTERED MAY LOSE MEDICAID MANAGED CARE CONTRACT; ASCENSION TO SELL TWO HOSPITALS IN KANSAS CITY; STATES EVALUATE COST OF MEDICAID EXPANSION

OCTOBER 17, 2012

Research and Consulting in the Fields of Health and Human Services Policy, Health Economics and Finance, Program Evaluation, Data Analysis, and Health System Restructuring

ATLANTA, GEORGIA • AUSTIN, TEXAS • BAY AREA, CALIFORNIA • BOSTON, MASSACHUSETTS • CHICAGO, ILLINOIS
DENVER, COLORADO • HARRISBURG, PENNSYLVANIA • INDIANAPOLIS, INDIANA • LANSING, MICHIGAN • NEW YORK, NEW YORK
OLYMPIA, WASHINGTON • SACRAMENTO, CALIFORNIA • SOUTHERN CALIFORNIA • TALLAHASSEE, FLORIDA • WASHINGTON, DC

Contents

In Focus: Medicaid Managed Care Enrollment Update - Q3 2012	2
HMA Medicaid Roundup	15
Other Headlines	19
Company News	23
RFP Calendar	25
Dual Integration Proposal Status	26
HMA Recently Published Research	27
HMA Upcoming Appearances	28

Edited by:

Gregory Nersessian, CFA

212.575.5929

gnersessian@healthmanagement.com

Andrew Fairgrieve

312.641.5007

afairgrieve@healthmanagement.com

Health Management Associates (HMA) is an independent health care research and consulting firm. HMA operates a client service team, HMA Investment Services, that is principally focused on providing generalized information, analysis, and business consultation services to investment professionals. Neither HMA nor HMA Investment Services is a registered broker-dealer or investment adviser firm. HMA and HMA Investment Services do not provide advice as to the value of securities or the advisability of investing in, purchasing, or selling particular securities. Research and analysis prepared by HMA on behalf of any particular client is independent of and not influenced by the interests of other clients, including clients of HMA Investment Services.

IN FOCUS: MEDICAID MANAGED CARE ENROLLMENT UPDATE – Q3 2012

This week, our *In Focus* section reviews recent Medicaid MCO enrollment trends in 18 states. Many state Medicaid agencies elect to post to their website monthly enrollment figures by health plan for their Medicaid managed care population. We believe this data allows for the most timely analysis of enrollment trends across states and managed care organizations. As the discussion below describes, most of these 18 states¹ have released monthly Medicaid managed care enrollment data through much of the second and third quarters of 2012.

In the discussion below, we describe recent enrollment trends in the states where we track data. We also provide company-specific data for 10 Medicaid managed care organizations. Before continuing, however, it is important to note the limitations of the data that is presented. First, we note that not all states report the data at the same time during the month. As a result, some of these figures reflect beginning-of-the-month tallies while others reflect an end-of-the-month snapshot. Second, in some cases the data are comprehensive in that they cover all of the state-sponsored health programs for which the state offers managed care; in other cases, the data reflects only a subset of the broader population. For example, Florida posts Medicaid managed care enrollment on a monthly basis for its Medicaid and Medicaid Reform populations but not for its Healthy Kids (CHIP) programs. This is a significant limitation of the data and the key limiting factor in drawing direct ties between the data described below and figures publicly reported by Medicaid MCOs. As such, the data we review in Table 1 should be viewed as a sampling of the enrollment trends across these states as opposed to a comprehensive summary, which, unfortunately, is not available on a monthly basis.

¹ Arizona, California, Florida, Georgia, Hawaii, Illinois, Louisiana, Maryland, Michigan, Missouri, New York, Pennsylvania, South Carolina, Texas, Washington, West Virginia, Wisconsin

Table 1 - Medicaid Managed Care Monthly Enrollment April 2012 - September 2012

	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12
Arizona	1,132,758	1,127,889	1,121,477	1,121,807	1,128,373	1,125,563
+/- m/m	(10,324)	(4,869)	(6,412)	330	6,566	(2,810)
% y/y	-4.9%	-6.0%	-7.3%	-7.9%	-8.1%	-7.8%
California	3,803,418	3,822,201	3,841,213	3,853,040	3,843,688	3,866,890
+/- m/m	50,578	18,783	19,012	11,827	(9,352)	23,202
% y/y	14.1%	13.9%	12.8%	11.5%	10.7%	10.0%
Florida	1,163,410	1,182,542	1,190,601	1,202,646	1,203,581	1,207,003
+/- m/m	12,182	19,132	8,059	12,045	935	3,422
% y/y	3.0%	4.6%	4.8%	5.7%	6.6%	8.2%
Georgia	1,122,730					
+/- m/m	6,310	N/A	N/A	N/A	N/A	N/A
% y/y	-0.5%					
Hawaii	44,676	44,901	44,967	45,061	45,246	
+/- m/m	15	225	66	94	185	N/A
% y/y	3.3%	3.6%	3.7%	3.8%	3.9%	
Illinois	211,542	213,253	214,428	215,960	218,945	222,401
+/- m/m	(133)	1,711	1,175	1,532	2,985	3,456
% y/y	7.9%	8.3%	7.5%	7.7%	7.9%	8.8%
Louisiana	569,379	573,339	875,629	875,958	879,201	896,377
+/- m/m	310,877	3,960	302,290	329	3,243	17,176
% y/y	N/A	N/A	N/A	N/A	N/A	N/A
Maryland	779,433	773,720	773,869	780,740	783,964	780,467
+/- m/m	4,823	(5,713)	149	6,871	3,224	(3,497)
% y/y	5.4%	4.7%	4.8%	4.9%	4.9%	4.1%
Michigan	1,234,814	1,233,133	1,229,778	1,237,774	1,225,071	1,232,163
+/- m/m	5,015	(1,681)	(3,355)	7,996	(12,703)	7,092
% y/y	-0.2%	0.8%	1.3%	2.2%	0.5%	1.8%
Missouri	428,383	424,999	413,738	420,228		
+/- m/m	(622)	(3,384)	(11,261)	6,490	N/A	N/A
% y/y	-1.1%	-1.2%	-2.7%	-1.2%		
New York	3,113,256	3,132,545	3,151,834	3,216,566	3,261,140	3,284,280
+/- m/m	19,289	19,289	19,289	64,732	44,574	23,140
% y/y	6.5%	6.6%	6.3%	8.3%	9.2%	9.7%
Pennsylvania	1,282,977	1,284,947	1,283,596	1,267,747		
+/- m/m	(953)	1,970	(1,351)	(15,849)	N/A	N/A
% y/y	N/A	N/A	N/A	N/A		
South Carolina	452,120					
+/- m/m	3,056	N/A	N/A	N/A	N/A	N/A
% y/y	9.1%					
Tennessee	1,205,271	1,199,005	1,203,220			
+/- m/m	(1,267)	(6,266)	4,215	N/A	N/A	N/A
% y/y	-0.8%	-1.3%	-0.8%			
Texas	3,445,687	3,436,340	3,443,530	3,422,554	3,408,895	3,383,709
+/- m/m	219,436	(9,347)	7,190	(20,976)	(13,659)	(25,186)
% y/y	48.1%	46.8%	44.1%	43.1%	42.2%	33.4%
Washington	697,885	696,257	685,349	743,380	746,514	762,811
+/- m/m	(1,262)	(1,628)	(10,908)	58,031	3,134	16,297
% y/y	-0.1%	-0.3%	-2.4%	6.4%	6.6%	8.3%
West Virginia	170,174	167,520	169,735	166,488		
+/- m/m	(196)	(2,654)	2,215	(3,247)	N/A	N/A
% y/y	1.4%	-0.4%	0.7%	0.0%		
Wisconsin	703,735	707,298	706,195	700,605	687,762	683,289
+/- m/m	(2,128)	3,563	(1,103)	(5,590)	(12,843)	(4,473)
% y/y	0.5%	0.3%	-0.4%	-0.9%	-3.3%	-3.5%

Source: State Medicaid Agency websites

State Specific Analysis

Arizona

Arizona's Q3 enrollment showed the first positive quarter of enrollment in the past calendar year thanks to two months of consecutive enrollment growth (July and August). Acute care enrollment shed roughly 10,000 enrollees over Q2 and Q3 of 2012, while long term care enrollment picked up a little more than 3,000 additional enrollees. Overall, year-over-year enrollment as of September 2012 is down 7.8 percent.

	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12
Acute Care	1,085,450	1,078,056	1,071,555	1,071,760	1,078,191	1,075,164
LTC	47,308	49,833	49,922	50,047	50,182	50,399
Total Arizona	1,132,758	1,127,889	1,121,477	1,121,807	1,128,373	1,125,563
+/- m/m	(10,324)	(4,869)	(6,412)	330	6,566	(2,810)
% y/y	-4.9%	-6.0%	-7.3%	-7.9%	-8.1%	-7.8%

California

At the end of September 2011, California enrolled over 3.5 million lives in MCO plans. Enrollment grew consistently through Q4 2011 and Q1 2012 and continued through Q2. Despite one month of negative enrollment, Q3 continued this trend, adding more than 23,000 enrollees in September alone and bringing Q3 final enrollment well above 3.86 million lives, up 10 percent annually.

	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12
Total California	3,803,418	3,822,201	3,841,213	3,853,040	3,843,688	3,866,890
+/- m/m	50,578	18,783	19,012	11,827	(9,352)	23,202
% y/y	14.1%	13.9%	12.8%	11.5%	10.7%	10.0%

Florida

Florida managed care enrollments have continued a general trend upward over the past nine months. As of September 2012, Florida managed care plans enrolled more than 1.2 million total lives, up 8.2 percent on a year-over-year basis. As noted above, this does not include Florida Healthy Kids CHIP enrollments.

	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12
MMCP	1,006,240	1,024,111	1,031,486	1,041,972	1,043,431	1,046,134
Reform Pilot	157,170	158,431	159,115	160,674	160,150	160,869
Total Florida	1,163,410	1,182,542	1,190,601	1,202,646	1,203,581	1,207,003
+/- m/m	12,182	19,132	8,059	12,045	935	3,422
% y/y	3.0%	4.6%	4.8%	5.7%	6.6%	8.2%

Hawaii

With month-to-month fluctuations up and down on enrollment, Hawaii's managed care enrollment in both the QUEST and QExA programs has held fairly constant through Q2 and most of Q3 2012. Between the two programs, enrollment is up 4.5 percent from the previous year, at nearly 283,000 total enrollees. September 2012 enrollment data has not been made public as of the date of this publication.

	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12
Total QUEST	237,839	237,304	239,081	235,646	237,691	
Total QExA	44,676	44,901	44,967	45,061	45,246	
Total Hawaii	282,515	282,205	284,048	280,707	282,937	
+/- m/m	(1,075)	(310)	1,843	(3,341)	2,230	
% y/y	5.6%	5.1%	5.7%	4.3%	4.5%	

Illinois

As of September 2012, Illinois managed care plans enrolled close to 260,000 Medicaid lives. Enrollment in the Suburban Chicago Integrated Care Program appears to have leveled off at around 36,000 of an expected 40,000 enrollees, while voluntary MCO enrollment has picked up in August and September, adding roughly 7,500 new enrollees. Overall, enrollment is up close to 12 percent over the previous year.

	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12
Voluntary MCO	211,542	213,253	214,428	215,960	218,945	222,401
+/- m/m	(133)	1,711	1,175	1,532	2,985	3,456
% y/y	7.9%	8.3%	7.5%	7.7%	7.9%	8.8%
Integrated Care Program	35,518	35,924	35,768	35,987	35,962	36,091
+/- m/m	82	406	(156)	219	(25)	129
Total Illinois	247,060	249,177	250,196	251,947	254,907	258,492
+/- m/m	(51)	2,117	1,019	1,751	2,960	3,585
% y/y	26.0%	26.6%	25.4%	18.3%	15.9%	11.7%

Louisiana

Having gone live early in 2012, Louisiana's Bayou Health Medicaid managed care program has now enrolled nearly 900,000 Medicaid beneficiaries. The third and final phase, GSA C, went live on June 1, 2012, adding more than 300,000 lives.

	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12
Total Louisiana	569,379	573,339	875,629	875,958	879,201	896,377
+/- m/m	310,877	3,960	302,290	329	3,243	17,176

Maryland

As of September 2012, Maryland enrolled just over 780,000 Medicaid managed care lives. Month-to-month enrollment increases have varied significantly over the past six months. However, despite the variations in month-to-month enrollment, year-over-year enrollment is up 4.1 percent.

	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12
Total Maryland	779,433	773,720	773,869	780,740	783,964	780,467
+/- m/m	4,823	(5,713)	149	6,871	3,224	(3,497)
% y/y	5.4%	4.7%	4.8%	4.9%	4.9%	4.1%

Michigan

After six months of up and down enrollment, Michigan's Medicaid managed care population is down only slightly, less the 3,000 enrollees, over the Q2 and Q3 period. Enrollment is still up slightly (1.8 percent) on a year-over-year basis.

	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12
Total Michigan	1,234,814	1,233,133	1,229,778	1,237,774	1,225,071	1,232,163
+/- m/m	5,015	(1,681)	(3,355)	7,996	(12,703)	7,092
% y/y	-0.2%	0.8%	1.3%	2.2%	0.5%	1.8%

Missouri

Missouri Medicaid managed care enrollments declined by roughly 15,000 in Q2 2012. Total June enrollment of 413,700 was down 2.7 percent year-over-year. July is the only month of Q3 enrollment data available and showed positive growth as the state implemented new managed care contracts on July 1, 2012, adding close to 6,500 enrollees.

	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12
Total Medicaid	383,397	380,304	371,437	376,362		
Total CHIP	44,986	44,695	42,301	43,866		
Total Missouri	428,383	424,999	413,738	420,228		
+/- m/m	(622)	(3,384)	(11,261)	6,490		
% y/y	-1.1%	-1.2%	-2.7%	-1.2%		

Pennsylvania

After relatively stable Q2 month-to-month enrollment, July enrollment numbers show a decline of more than 17,000 voluntary MCO enrollees., bringing total enrollment down under 1.27 million. August and September data were not available at the time of publication.

Pennsylvania	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12
HealthChoices	1,211,601	1,213,374	1,212,400	1,213,741		
Voluntary MCO	71,376	71,573	71,196	54,006		
Total MCO	1,282,977	1,284,947	1,283,596	1,267,747		
+/- m/m	(953)	1,970	(1,351)	(15,849)		

Tennessee

Tennessee's Q2 Medicaid managed care enrollment in the TennCARE program was down roughly 2,000 lives, with final enrollment still above 1.2 million, down less than 1 percent on the year. No Q3 data has been made available as of publication.

	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12
Total Tennessee	1,205,271	1,199,005	1,203,220			
+/- m/m	(1,267)	(6,266)	4,215			
% y/y	-0.8%	-1.3%	-0.8%			

Texas

As of December 2011, Texas had enrolled more than 2.6 million lives in MCO plans. By September 2012, the number of enrolled lives was nearly 3.4 million. In March and April

2012, Texas added more than 800,000 managed care lives through expansions in the STAR and STAR+PLUS managed care programs into several new regions in the state. Despite negative enrollment in all three months of Q3 2012, year-over-year enrollment is up more than 33 percent thanks to the geographic expansion.

	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12
STAR	2,481,041	2,486,461	2,494,801	2,472,858	2,456,915	2,433,261
STAR+PLUS	376,185	362,044	363,677	362,991	364,571	365,613
STAR HEALTH	31,508	30,041	28,859	29,737	29,654	29,575
CHIP	556,953	557,794	556,193	556,968	557,755	555,260
Total Texas	3,445,687	3,436,340	3,443,530	3,422,554	3,408,895	3,383,709
+/- m/m	219,436	(9,347)	7,190	(20,976)	(13,659)	(25,186)
% y/y	48.1%	46.8%	44.1%	43.1%	42.2%	33.4%

Washington

On July 1, 2012, newly procured managed care plans began to serve both the Basic Health and Healthy Options programs. Enrollment has continued to grow since implementation, with an addition of nearly 20,000 lives in August and September, and bringing Q3 final enrollment up to nearly 763,000.

	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12
Total Washington	697,885	696,257	685,349	743,380	746,514	762,811
+/- m/m	(1,262)	(1,628)	(10,908)	58,031	3,134	16,297
% y/y	-0.1%	-0.3%	-2.4%	6.4%	6.6%	8.3%

West Virginia

West Virginia managed care enrollments have varied month to month but remain steady on a year-over-year basis. As of July 2012, more than 166,000 lives were enrolled in managed care plans, essentially flat from the year prior.

	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12
Total West Virginia	170,174	167,520	169,735	166,488		
+/- m/m	(196)	(2,654)	2,215	(3,247)		
% y/y	1.4%	-0.4%	0.7%	0.0%		

Wisconsin

Enrollment growth trends in Wisconsin have continued to slow over the past six months. Q2 and Q3 enrollment levels have fallen below their prior year totals. The rate of year-over-year enrollment growth has steadily fallen from more than 16 percent in early 2011, to negative 3.5 percent in September 2012.

	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12
BadgerCare+	670,354	673,789	672,561	666,816	653,966	649,487
SSI	33,381	33,509	33,634	33,789	33,796	33,802
Total Wisconsin	703,735	707,298	706,195	700,605	687,762	683,289
+/- m/m	(2,128)	3,563	(1,103)	(5,590)	(12,843)	(4,473)
% y/y	0.5%	0.3%	-0.4%	-0.9%	-3.3%	-3.5%

Select Company Analysis

Where available, we have included total Medicaid enrollments as reported in Q2 company financial statements.

Aetna

We track monthly enrollment data in four states where Aetna operates. Aetna lost nearly 100,000 managed care lives on January 1, 2012, when Connecticut discontinued its managed care program. Aetna's total risk-based covered lives in the states shown were down more than 20 percent on a year-over-year basis in June 2012. However, new managed care contracts implemented in Missouri, which consolidated the MCO market under three plans, added more than 41,000 new lives to Aetna's enrollment, mitigating some of the losses since the prior year. In the four states below, Aetna enrolled nearly 520,000 Medicaid beneficiaries in July 2012. Aetna reported 1.18 million total Medicaid lives reported in Q2 2012 financial statements.

Aetna	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12
Arizona	298,745	297,180	295,783	295,434	297,510	297,079
+/- m/m	(2,892)	(1,565)	(1,397)	(349)	2,076	(431)
% y/y	-3.3%	-4.3%	-5.6%	-6.3%	-6.3%	-5.9%
Missouri	54,726	55,886	53,582	94,904		
+/- m/m	958	1,160	(2,304)	41,322	N/A	N/A
% y/y	6.3%	8.3%	4.3%	84.3%		
Pennsylvania	57,973	57,492	57,010	56,051		
+/- m/m	(93)	(481)	(482)	(959)	N/A	N/A
% y/y	N/A	N/A	N/A	N/A		
Texas	72,826	73,251	73,322	72,661	71,703	71,362
+/- m/m	1,503	425	71	(661)	(958)	(341)
% y/y	18.0%	16.4%	11.7%	10.3%	7.7%	4.8%
Total Aetna	484,270	483,809	479,697	519,050	369,213	368,441
+/- m/m	(524)	(461)	(4,112)	39,353	1,118	(772)
% y/y	-18.1%	-18.6%	-20.2%	-12.9%	-23.6%	-23.7%

Source: State Medicaid Enrollment data

Notes: Totals, month/month, and year/year changes adjusted for missing MO, PA data

Amerigroup

We track monthly enrollment data in seven of the thirteen states where Amerigroup operates. Unfortunately, Georgia and Tennessee have not updated enrollment reports with any Q2 2012 data at this time. Within the five states that have reported monthly enrollment through September, Amerigroup covers over 1.2 million lives, up more than 40 percent year-over-year. This growth comes largely from new contracts in Louisiana (Q1 2012) and Washington (Q3 2012), as well as in managed care expansions in Texas. In Q2 2012 financial statements, Amerigroup reported total Medicaid enrollments of more than 2.6 million across all states.

Amerigroup	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12
Florida	184,565	186,437	187,277	189,015	188,080	188,321
+/- m/m	2,672	1,872	840	1,738	(935)	241
% y/y	3.4%	4.1%	4.0%	4.6%	5.7%	7.2%
Georgia	265,090					
+/- m/m	2,465	N/A	N/A	N/A	N/A	N/A
% y/y	-0.9%					
Louisiana	95,593	93,104	143,590	141,283	140,444	142,388
+/- m/m	51,310	(2,489)	50,486	(2,307)	(839)	1,944
% y/y	N/A	N/A	N/A	N/A	N/A	N/A
Maryland	206,849	205,506	205,533	206,972	207,548	206,515
+/- m/m	791	(1,343)	27	1,439	576	(1,033)
% y/y	1.4%	1.3%	1.6%	2.0%	2.3%	1.8%
Tennessee	198,901	197,873	198,582			
+/- m/m	(79)	(1,028)	709	N/A	N/A	N/A
% y/y	-0.5%	-1.0%	-0.6%			
Texas	723,209	716,554	721,076	718,959	716,328	711,159
+/- m/m	46,947	(6,655)	4,522	(2,117)	(2,631)	(5,169)
% y/y	28.3%	26.7%	25.6%	25.5%	25.5%	20.3%
Washington				16,509	13,860	17,119
+/- m/m	N/A	N/A	N/A	16,509	(2,649)	3,259
% y/y				N/A	N/A	N/A
Total Amerigroup	1,674,207	1,399,474	1,456,058	1,272,738	1,266,260	1,265,502
+/- m/m	103,315	(8,300)	56,557	(2,686)	(4,405)	(2,984)
% y/y	18.5%	22.0%	25.9%	33.1%	33.0%	30.5%

Source: State Medicaid Enrollment data

Notes: Totals, month/month, and year/year changes adjusted for missing GA, TN data

Centene

We track monthly enrollment data in nine states where Centene operates risk-based health plans. Unfortunately, Georgia and South Carolina have not updated their monthly enrollment figures since April. Within the seven states that have reported July 2012 enrollment, Centene covers more than 1.38 million lives, up 96 percent over the previous year. Centene's nationwide Medicaid enrollment is around 2.3 million, as reported in Q2 2012 financial statements. Centene has experienced major gains in enrolled lives from February on, as a result of managed care expansions in Louisiana and Texas. Additionally, new contracts in Missouri and Washington went live on July 1, adding close to 100,000 additional covered lives.

Centene	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12
Arizona	21,766	22,773	22,629	22,624	22,547	22,386
+/- m/m	16	1,007	(144)	(5)	(77)	(161)
% y/y	4.6%	8.9%	8.3%	8.4%	6.7%	6.8%
Florida	198,631	200,171	200,888	203,136	204,187	206,308
+/- m/m	1,918	1,540	717	2,248	1,051	2,121
% y/y	6.4%	7.1%	6.8%	7.9%	9.8%	11.5%
Georgia	300,895					
+/- m/m	2,267	N/A	N/A	N/A	N/A	N/A
% y/y	-0.3%					
Louisiana	107,656	106,820	168,736	166,497	166,337	169,037
+/- m/m	56,439	(836)	61,916	(2,239)	(160)	2,700
% y/y	N/A	N/A	N/A	N/A	N/A	N/A
Missouri				58,466		
+/- m/m	N/A	N/A	N/A	58,466	N/A	N/A
% y/y				N/A		
South Carolina	86,891					
+/- m/m	1,159	N/A	N/A	N/A	N/A	N/A
% y/y	5.3%					
Texas	864,825	858,374	862,926	864,708	866,879	863,845
+/- m/m	84,324	(6,451)	4,552	1,782	2,171	(3,034)
% y/y	94.7%	91.8%	88.9%	88.8%	88.7%	79.7%
Washington				33,695	35,098	40,284
+/- m/m	N/A	N/A	N/A	33,695	1,403	5,186
% y/y				N/A	N/A	N/A
Wisconsin	39,373	39,891	39,671	39,409	38,611	38,254
+/- m/m	(372)	518	(220)	(262)	(798)	(357)
% y/y	-3.5%	-2.3%	-3.1%	-3.2%	-6.0%	-6.0%
Total Centene	1,620,037	1,228,029	1,294,850	1,388,535	1,333,659	1,340,114
+/- m/m	145,751	(4,222)	66,821	59,990	2,187	1,269
% y/y	50.5%	76.4%	83.2%	96.1%	88.5%	84.2%

Source: State Medicaid Enrollment data

Notes: Totals, month/month, and year/year changes adjusted for missing GA MO, SC data

Coventry

We track monthly enrollment data in six states where Coventry operates risk-based health plans. As of July 2012, enrollment in these states is up 16 percent over the prior year, to more than 430,000 covered lives, driven largely by growth in Missouri and Florida. Across all states, Coventry enrolls 932,000 Medicaid lives, as reported in Q2 2012 financial statements.

Coventry	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12
Florida	44,170	44,933	45,716	46,787	47,124	47,892
+/- m/m	670	763	783	1,071	337	768
% y/y	5.7%	7.7%	9.5%	11.1%	12.2%	14.0%
Maryland	14,130	13,582	13,329	13,079	12,731	12,411
+/- m/m	(185)	(548)	(253)	(250)	(348)	(320)
% y/y	8.3%	3.2%	0.4%	-3.6%	-6.8%	-10.0%
Michigan	45,025	44,560	44,171	43,957	43,222	42,937
+/- m/m	(196)	(465)	(389)	(214)	(735)	(285)
% y/y	-9.5%	-8.3%	-7.1%	-6.8%	-8.0%	-7.7%
Missouri	252,898	255,155	238,900	266,858		
+/- m/m	6,950	2,257	(16,255)	27,958	N/A	N/A
% y/y	29.2%	30.9%	24.1%	38.5%		
Pennsylvania	17,772	17,890	19,920	20,599		
+/- m/m	279	118	2,030	679	N/A	N/A
% y/y	N/A	N/A	N/A	N/A		
West Virginia	61,240	61,543	61,543	60,128		
+/- m/m	221	1,346	1,346	(1,415)	N/A	N/A
% y/y	6.5%	5.9%	5.9%	4.7%		
Total Coventry	417,463	419,773	403,659	430,809	103,077	103,240
+/- m/m	7,924	4,019	(12,485)	28,079	(398)	483
% y/y	11.7%	12.8%	8.6%	16.2%	0.4%	0.9%

Source: State Medicaid Enrollment data

Notes: Totals, month/month, and year/year changes adjusted for missing MO, PA. WV data

Health Net

We track Health Net's monthly enrollment data in California where the company covered nearly 770,000 Medicaid members through September 2012, an increase of almost 19 percent from the previous year. The figures listed below do not include enrollment in the state's Healthy Families program, which is operated separately and for which monthly enrollment data is not available. We note that Health Net's Fresno contract (123,000 lives) was awarded in March to a local plan called CalViva for whom Health Net is serving as a subcontractor.

Health Net	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12
California	755,406	756,802	762,615	765,509	764,060	769,821
+/- m/m	57,765	1,396	5,813	2,894	(1,449)	5,761
% y/y	22.1%	21.8%	21.1%	20.0%	19.4%	18.8%

Source: State Medicaid Enrollment data

Humana

We track Humana's monthly enrollment data in Florida, where the company covered 47,000 Medicaid members through September 2012. In Florida, Humana enrollment losses over the past year have slowly reversed, with September showing the first month of positive year-over-year enrollment so far in 2012.

Humana	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12
Florida	44,363	44,699	45,270	45,992	46,626	47,226
+/- m/m	163	336	571	722	634	600
% y/y	-11.2%	-10.0%	-8.0%	-6.2%	-3.1%	0.3%

Source: State Medicaid Enrollment data

Molina

We track monthly enrollment data in seven of the states where Molina operates risk-based health plans. Across these states, Molina experienced healthy enrollment growth through Q2 2012, driven by contract wins in Texas (rural CHIP, Dallas STAR+PLUS) and the acquisition of Abri Health Plan in Wisconsin. Additional enrollment under a new contract term in Washington was tempered by the loss of Molina's Missouri contract as of July 1, 2012. Despite this loss of 77,000 covered lives, enrollments for Q3 still show more than 16 percent growth from the prior year.

Molina	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12
California	177,118	178,399	177,574	177,006	175,355	175,366
+/- m/m	(24,316)	1,281	(825)	(568)	(1,651)	11
% y/y	-6.5%	-6.1%	-7.4%	-8.8%	-10.0%	-10.4%
Florida	68,949	69,402	69,373	69,921	70,314	70,415
+/- m/m	476	453	(29)	548	393	101
% y/y	6.3%	6.7%	5.8%	6.3%	8.0%	8.4%
Michigan	211,210	209,846	208,666	208,678	206,533	207,239
+/- m/m	37	(1,364)	(1,180)	12	(2,145)	706
% y/y	-2.9%	-1.8%	-1.1%	-0.6%	-1.6%	-0.3%
Missouri	76,175	71,409	77,096	0		
+/- m/m	(5,889)	(4,766)	5,687	(77,096)	N/A	N/A
% y/y	-7.1%	-11.2%	-2.3%	-100.0%		
Texas	284,652	283,981	283,759	275,253	271,230	267,048
+/- m/m	21,834	(671)	(222)	(8,506)	(4,023)	(4,182)
% y/y	131.7%	130.8%	128.0%	120.2%	115.0%	89.0%
Washington	339,805	340,523	339,149	376,749	383,476	388,154
+/- m/m	(565)	718	(1,374)	37,600	6,727	4,678
% y/y	3.8%	3.5%	2.1%	13.3%	14.7%	15.3%
Wisconsin	41,576	41,597	41,741	41,783	41,063	41,141
+/- m/m	(46)	21	144	42	(720)	78
% y/y	4.0%	2.3%	2.6%	1.9%	-0.2%	-0.1%
Total Molina	1,199,485	1,195,157	1,197,358	1,149,390	1,147,971	1,149,363
+/- m/m	(8,469)	(4,328)	2,201	(47,968)	(1,419)	1,392
% y/y	14.9%	14.7%	14.6%	18.7%	18.2%	16.4%

Source: State Medicaid Enrollment data

UnitedHealth

We track monthly enrollment data in twelve states where UnitedHealth operates risk-based health plans. Within these, UnitedHealth covers more than 2.2 million lives, more than half of UnitedHealth's reported 3.87 million total covered Medicaid lives (Q3 2012). In this subset of markets, UnitedHealth has seen expansion in Texas (up 58 percent over the prior year) and new business contracts that went live in Louisiana and Washington, adding more than 260,000 in new enrollment.

UnitedHealth	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12
Arizona	246,778	246,484	245,640	246,292	248,131	248,706
+/- m/m	(1,955)	(294)	(844)	652	1,839	575
% y/y	-1.4%	-2.3%	-3.8%	-4.3%	-4.4%	-4.0%
Florida	106,187	106,101	109,331	111,156	112,069	112,901
+/- m/m	(2,176)	(86)	3,230	1,825	913	832
% y/y	-9.7%	-10.1%	-7.9%	-6.6%	-5.0%	-2.5%
Hawaii	20,924	21,037	21,109	22,768	23,711	N/A
+/- m/m	54	113	72	1,659	943	
% y/y	3.5%	4.0%	4.5%	13.3%	17.3%	
Louisiana	146,920	153,264	222,010	225,561	227,980	233,040
+/- m/m	83,264	6,344	68,746	3,551	2,419	5,060
% y/y	N/A	N/A	N/A	N/A	N/A	N/A
Maryland	142,804	141,883	142,254	143,907	144,904	144,581
+/- m/m	1,216	(921)	371	1,653	997	(323)
% y/y	7.3%	6.6%	6.8%	7.0%	7.3%	6.6%
Michigan	240,907	239,314	238,413	239,680	235,979	235,410
+/- m/m	(73)	(1,593)	(901)	1,267	(3,701)	(569)
% y/y	0.7%	1.1%	0.4%	0.5%	-1.8%	-1.4%
Pennsylvania	207,012	205,699	204,063	191,814		
+/- m/m	(1,928)	(1,313)	(1,636)	(12,249)	N/A	N/A
% y/y	N/A	N/A	N/A	N/A		
South Carolina	67,934					
+/- m/m	(373)	N/A	N/A	N/A	N/A	N/A
% y/y	-9.4%					
Tennessee	562,112	559,660	561,149			
+/- m/m	(388)	(2,452)	1,489	N/A	N/A	N/A
% y/y	0.6%	0.2%	0.5%			
Texas	170,009	168,087	168,151	166,966	166,666	165,385
+/- m/m	11,240	(1,922)	64	(1,185)	(300)	(1,281)
% y/y	88.0%	84.7%	82.3%	79.4%	77.8%	58.1%
Washington				24,609	25,643	29,808
+/- m/m	N/A	N/A	N/A	24,609	1,034	4,165
% y/y				N/A	N/A	N/A
Wisconsin	296,203	297,414	297,509	296,072	290,837	289,203
+/- m/m	402	1,211	95	(1,437)	(5,235)	(1,634)
% y/y	3.7%	2.6%	2.3%	1.7%	-0.7%	-1.4%
Total UnitedHealth	2,207,790	2,138,943	2,209,629	1,668,825	1,475,920	1,459,034
+/- m/m	88,401	2,347	68,754	(7,576)	(4,065)	2,983
% y/y	9.8%	10.4%	14.1%	22.5%	21.8%	21.6%

Source: State Medicaid Enrollment data

Notes: Totals, month/month, and year/year changes adjusted for missing HI, PA, SC, TN data

WellCare

We track monthly enrollment data in five states where WellCare operates risk-based Medicaid health plans. WellCare lost a contract in Missouri, and roughly 15,000 enrollees, as of July, 2013. August enrollments across these selected states are still up 4 percent over the prior year, driven by growth in Florida and Hawaii, where WellCare entered the QUEST market on July 1, 2012. With the inclusion of Georgia, this covers roughly two-thirds of WellCare's 1.5 million total Medicaid enrollees as of Q2 2012 financial results.

WellCare	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12
Florida	362,463	372,727	374,685	376,123	374,439	372,131
+/- m/m	5,671	10,264	1,958	1,438	(1,684)	(2,308)
% y/y	5.3%	8.9%	9.6%	10.4%	10.1%	11.2%
Georgia	556,745					
+/- m/m	1,578	N/A	N/A	N/A	N/A	N/A
% y/y	-0.4%					
Hawaii	23,752	23,864	23,858	26,087	27,924	
+/- m/m	(39)	112	(6)	2,229	1,837	N/A
% y/y	3.1%	3.3%	3.1%	11.9%	19.6%	
Illinois	132,303	132,908	133,682	134,343	135,469	136,632
+/- m/m	(743)	605	774	661	1,126	1,163
% y/y	-3.8%	-2.8%	-1.2%	0.1%	0.9%	2.2%
Missouri	15,217	14,572	15,359	0		
+/- m/m	(1,101)	(645)	787	(15,359)	N/A	N/A
% y/y	-8.2%	-11.9%	-5.2%	-100.0%		
Total WellCare	1,090,480	544,071	547,584	536,553	537,832	508,763
+/- m/m	3,827	10,224	3,519	(13,260)	(558)	(1,145)
% y/y	1.0%	5.2%	6.3%	4.3%	4.8%	0.3%

Source: State Medicaid Enrollment data

Notes: Totals, month/month, and year/year changes adjusted for missing GA, HI data

WellPoint

We track monthly enrollment data in three states where WellPoint operates risk-based health plans since losing the contract in Texas. Within these three states, WellPoint covered 552,000 lives as of July 2012, or approximately 30 percent of the company's 1.88 million total reported lives Q2 2012.

WellPoint	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12
California	448,273	451,226	450,642	449,334	446,757	446,632
+/- m/m	5,326	2,953	(584)	(1,308)	(2,577)	(125)
% y/y	6.2%	6.4%	5.3%	4.3%	3.8%	3.2%
Wisconsin	22,100	22,402	22,450	22,179	21,875	21,454
+/- m/m	(307)	302	48	(271)	(304)	(421)
% y/y	-10.0%	-6.6%	-7.4%	-7.2%	-8.9%	-8.9%
West Virginia	82,317	81,174	81,849	80,413		
+/- m/m	(378)	(1,143)	675	(1,436)	N/A	N/A
% y/y	-0.5%	-1.9%	-1.3%	-1.8%		
Total WellPoint	552,690	554,802	554,941	551,926	468,632	468,086
+/- m/m	4,641	2,112	139	(3,015)	(2,881)	(546)
% y/y	1.0%	1.0%	0.0%	-0.8%	-1.2%	-1.9%

Source: State Medicaid Enrollment data

Notes: Totals, month/month, and year/year changes adjusted for missing GA, TN data

HMA MEDICAID ROUNDUP

Colorado

HMA Roundup – Joan Henneberry

Colorado Exchange Issues RFI for Provider Directory Services: The Colorado Health Benefit Exchange COHBE is seeking information from qualified vendors to supply health provider data to COHBE. This data would be loaded into the Exchange software application to assist consumers in searching for specific health providers when purchasing health insurance on the Exchange. COHBE is looking for a vendor to establish an approach and provide services to capture an initial data set from the health insurance carriers, normalize and merge the provider directory data, and provide regular updates on a monthly or more frequent basis. Responses must be received on or before 5:00pm MT, November 2, 2012.

COHBE Will Not Conduct 3Rs: Colorado will leave operation of the reinsurance and risk adjustment programs to the federal government in 2014. The Colorado Division of Insurance (DOI) released two documents explaining the reasons behind its decision not to conduct its own reinsurance and risk adjustment programs; letters from Commissioner Jim Riesberg are available here: [link](#)

Florida

HMA Roundup – Gary Crayton and Elaine Peters

Diagnosis Related Group (DRG): The Agency for Health Care Administration (AHCA) held a meeting on October 11, 2012, to discuss the planned conversion to a DRG-based hospital payment system. At the meeting, a presentation was made by the consultants – MGT of America, Inc., and Navigant Consulting, Inc. They stated that decisions have not been finalized regarding provider base rates and DRG payment method parameters. The consultants reviewed two simulation models but mentioned that additional simulations will be run as the payment method design is refined.

Hospital Rates: We anticipate that hospital rates will likely be finalized by the end of October, at a time most likely too late for any adjustments to be included in the November capitation payments to MCOs. Accordingly, we anticipate the December MCO capitation payments will reflect the retroactive impact of the change in hospital payment rates.

Georgia

HMA Roundup – Mark Trail

On October 11, 2012, the Georgia Department of Community Health (DCH) held a Board meeting in which changes to provider reimbursement models were discussed:

Change in outpatient hospital reimbursement system to an ambulatory prepaid class (APC)

- DCH approved an initial notice of a change in the reimbursement methodology for outpatient hospital care—from a cost-based system to an ambulatory payment

classification (APC) model. APC would essentially allow the DCH to pay a fixed price based on the HCPCS or CPT code basis. DCH proposed a total dollar savings of \$100 million (state funds \$34 million). DCH went on to say, however, that the hospitals should be able to make up most of the loss using supplemental payments. The change would go into effect July 1, 2013.

Re-base inpatient DRG rates

- DCH has not rebased DRGs since 2004 /2005. DCH will update the DRGs from the 04/05 cost reports to most recent audited and change from Tricare Grouper 24 to Tricare Grouper 31. DCH expects this change to be cost neutral.

Nursing Home Fair Rental Value Adjustment

- DCH approved release of two public notices (for 2013 and 2014) to lower the Construction Cost Index in the fair rental value per diem from 1.0708 to 0.206. The total dollar savings projected from this effort will result in a \$44.6 million savings in FY 2014 (\$15.2 million in state funds).

Despite these changes, Commissioner David Cook noted that DCH still needed to identify \$38 million in cost reductions to achieve the required savings for FY 2013 and \$54 million for FY 2014. More proposals are expected in the future.

Also last week, Gov. Nathan Deal announced that Georgia's net tax collections for the month of September totaled \$1.59 billion, for an increase of \$59.5 million, or 3.9 percent, compared to September 2011. Through the first quarter of this year, net revenue collections totaled \$4.2 billion—an increase of \$175 million, or 4.3 percent, compared to last year.

In the news

- **Poll Shows Support for Medicaid Expansion in Georgia**

According to a new statewide poll conducted by New York-based ABT-SRBI, more Georgia voters are in favor of expanding Medicaid under the Affordable Care Act than opposed. Health policy expert Tim Sweeney of the Georgia Budget and Policy institute says expanding the state Medicaid rolls through the health reform law makes financial sense for the state. ([WABE News](#))

- **Local hospitals split over renewing 'bed tax'**

Some of metro Atlanta's largest hospitals are divided over a proposal to reauthorize a state tax imposed two years ago to shore up a financially ailing Medicaid program. The General Assembly this winter is expected to take up legislation reauthorizing a "bed tax" of 1.45 percent on hospitals' net revenue to help plug a projected shortfall of \$415 million in next year's Medicaid budget. ([Atlanta Business Chronicle](#))

Illinois

HMA Roundup – Jane Longo & Matt Powers

On Tuesday, October 16, Governor Quinn's administration and the Department of Healthcare & Family Services (HFS) announced six awards in the state's Innovations Project to provide care coordination to Medicaid adults and seniors with complex behavioral and health needs. Twenty bidders responded in June to the state's RFP for Care Coordination Entities (CCEs) and Managed Care Community Networks (MCCNs). HFS has made six awards—four in the Greater Chicago area and two in Downstate Illinois—to five CCEs and one MCCN, which will enroll between 500 and 1,000 Medicaid beneficiaries within the next year, with the goal of expanding in the following years. The following CCEs and MCCN were selected. For further details on each entity, see ([State of Illinois Press Release](#)).

- Be Well Partners In Health (CCE) – Greater Chicago
- Healthcare Consortium of Illinois (CCE) – Greater Chicago
- Macon County Care Coordination (CCE) – Downstate Illinois
- Precedence Care Coordination (CCE) – Downstate Illinois
- Together4Health (CCE) – Greater Chicago
- Community Care Alliance of Illinois (MCCN) – Greater Chicago

The Community Care Alliance of Illinois is the only awardee that proposed to assume full risk for the population. They have also bid on the dual eligible integration RFP in the Greater Chicago region. The state expects to select additional participants next year.

In the news

• Partnerships to help control Ill. Medicaid costs

A for-profit nursing home company owned by a politically connected Chicago businessman is a partner in a project Illinois Gov. Pat Quinn announced Tuesday that aims to control health spending for high-cost Medicaid recipients. The selection of MADO Management raised questions from one advocate for nursing home residents, who pointed to some MADO facilities' below-average staffing levels and violations found by regulators during inspections. But a state official said it's important for a nursing home operator to be involved as the state moves more mentally ill residents into group homes and independent living apartments, and MADO, owned by businessman Peter O'Brien, is the only one that applied. ([Bloomberg Businessweek](#))

New York

HMA Roundup – Denise Soffel

HealthFirst announced it has reached an agreement to purchase Neighborhood Health Providers, a Medicaid managed care organization that will expand HealthFirst's footprint in the New York City area. HealthFirst, which has approximately 700,000 members in the New York City area, will be adding NHP's 218,000 members.

In the news

- **HealthFirst to buy Neighborhood Health Provider**

Two New York City health plans that serve the Medicaid and Medicare market are merging. HealthFirst, the largest Medicaid managed care plan downstate, has entered into an agreement to acquire Neighborhood Health Providers. The deal marks the second time in a year that Medicaid managed care plans have joined forces. HealthFirst has 700,000 members, and is the sixth largest insurer in the city, according to Crain's annual list of the largest health plans. Neighborhood Health is a 218,000-member Medicaid plan and ranked 12th, according to Crain's. ([Crain's New York Business](#))

- **Medicaid drug cost savings disputed**

The state and federal governments have saved an estimated \$425 million this year from new pharmacy benefit management tools implemented as part of New York Medicaid reform efforts, according to a study released yesterday by the Pharmaceutical Care Management Association. The savings is four times greater than the state's initial projections. Most of it comes from a switch to generic drugs as well as a reduction in pharmacy dispensing fees, to \$1.75 per prescription from \$3.50. The PCMA represents major pharmacy benefit companies. ([Crain's New York Health Pulse](#))

Ohio

HMA Roundup – Alicia Smith

On Monday, October 15, the Ohio Medicaid agency, in conjunction with the Department of Mental Health, launched the first phase of its Health Home project for beneficiaries with serious and persistent mental illness in five counties. About 178,000 Ohio Medicaid beneficiaries will be eligible to participate in the Health Homes once the program is rolled out statewide. The Health Homes will provide case management services, including coordination of primary care and mental health services. Two additional phases of expansion will follow, with planned expansion to 30 counties in April and to the remaining 53 counties by July 2013.

Certified Ohio Medicaid Health Home Service Providers for Individuals with Serious & Persistent Mental Illness:

- Shawnee Mental Health Center – Adams, Lawrence, Scioto Counties
- Butler Behavioral Health Services – Butler County
- Harbor – Lucas County
- Unison Behavioral Health Group – Lucas County
- Zepf Center – Lucas County

In the news

- **Ohio officials spread word on new Medicaid benefit**

State officials are spreading the word about a plan to better coordinate care for Medicaid beneficiaries with severe mental illness who also face chronic medical issues, such as heart disease or diabetes. Under the new service, providers would partner with doctors, pharmacists, social workers and others to better address the patient's mental and physical health needs. The benefit is now available to Medicaid recipients in Butler,

Adams, Scioto, Lawrence and Lucas counties. All of Ohio's 88 counties are expected to provide the service by next year. Roughly 177,000 state residents could be eligible, but not all are expected to need or choose to get the service. ([The News-Messenger](#))

Texas

HMA Roundup - Gary Young

On October 11, 2012, the Texas Health and Human Services Commission released a draft RFP for the STAR+PLUS program to be implemented in three rural service areas. The contract would be for an effective date of September 2014 and would cover 108,617 dual and non-dual aged, blind and disabled beneficiaries across the three regions (MRSA Central, Northeast and West) totaling \$972 million in forecasted annualized spending. The comment period for the draft RFP will run through November 1, 2012. The RFP is scheduled for release on December 1, 2012, with proposals due May 1, 2013, and an operational start date of September 1, 2014. The contract would run through August 31, 2017, with an additional four optional years. [Link](#).

In the news

- **Would Medicaid Expansion Bankrupt or Save Texas Budget?**

At the Texas Tribune Festival last month, Gov. Perry doubled down on his statement that Texas would lose money by expanding the program. In contrast to that claim, some economists say expanding Medicaid would actually save state money in other areas, such as funding spent on other public assistance programs, community health centers and public hospitals. Although Texas would need to commit additional spending for Medicaid, an expansion would likely save some money in other areas of the budget. But whether or not Texas expands the program, lawmakers will have to make adjustments to the program to accommodate changes caused by federal health care reform. ([Texas Tribune](#))

OTHER HEADLINES

Alaska

- **State wants study of Medicaid expansion costs**

The state health department is soliciting proposals for a study on the cost of Medicaid expansion in Alaska. The study is intended to help state officials as they weigh whether to expand Medicaid coverage levels for adults. ([Anchorage Daily News](#))

District of Columbia

- **Chartered Health Plan may lose Medicaid contract amid financial irregularities**

D.C. Chartered Health Plan may be out as a Medicaid contractor for the District after an internal auditor discovered financial irregularities within the company, which gets nearly all its revenue from the program. Two government sources confirmed Monday that Mayor Vincent Gray's administration, in light of the irregularities, will not seek D.C. Council approval for a seven-month extension to Chartered's contract, which ex-

pired Sept. 30. If Chartered's Medicaid contract were not renewed, it would kick off a process in which the roughly 110,000 Medicaid beneficiaries now managed by Chartered would be redistributed to smaller competitors UnitedHealthcare Community Plan and MedStar Family Choice, a boon to them under the per-member payment scheme in Medicaid. ([Washington Business Journal](#))

Idaho

- **State spending \$195,000 on 2 consulting firms to study Medicaid expansion**

The state is spending \$195,000 for two out-of-state consulting firms to examine expanding Medicaid coverage in Idaho for more low-income people under President Barack Obama's health care overhaul, the Idaho Department of Health and Welfare says. The Idaho Business Review reports that the state is paying Utah-based Leavitt Partners \$100,000 and Seattle-based Milliman \$95,000. Information from the firms is being used by work groups formed by Gov. C.L. "Butch" Otter to scrutinize whether Idaho should expand Medicaid coverage. ([The Republic](#))

Kansas

- **Case managers encouraged to apply for MCO jobs**

Across Kansas, Medicaid-funded programs that help the disabled, brain-injured and frail elderly live in community settings and avoid expensive moves to nursing homes are encouraging their front-line case managers to go to work for the KanCare managed care companies. Some case managers said they had been offered better pay and benefits by the MCOs. ([Kansas Health Institute](#))

- **Go/no-go date looms this week for KanCare**

Several developments this week will help officials in the administration of Gov. Sam Brownback decide if their KanCare Medicaid reforms will move forward on the original timeline of a Jan. 1 launch or whether the program will get pushed to a later, yet-to-be-decided date. Among them: Sometime this week, completion of the last of the state's "readiness reviews" of the three managed care companies (Amerigroup, United Healthcare, and Centene) is due. On Thursday, the day before the administration's go/no-go decision on whether to begin assigning beneficiaries to the managed care plans, top Kansas health officials are set to meet in Baltimore, Md., with federal officials from the Centers for Medicare and Medicaid Services, the Office of Management and Budget and others, to discuss the state's 1115 Waiver. Much, if not most, of the KanCare plan requires federal approval, either as part of the waiver application, the state's ongoing Medicaid plan on file with federal officials, or the KanCare contracts and rates. ([Kansas Health Institute](#))

Michigan

- **Blues Bills Sent To Full Senate With Major Changes**

The Senate Insurance Committee on Tuesday reported two bills that would convert Blue Cross Blue Shield of Michigan to a nonprofit mutual company, despite multiple calls for the inclusion of a valuation of assets before finalizing the conversion. The substitutes for both SB 1293 and SB 1294 included language regarding insurance companies' use of so-called most favored nation clauses that is in line with the insurance

commissioner's recent prohibition against them without prior approval. Under that mandate, insurance companies will only be granted a most favored nation clause if granted approval, but even those approvals are expected to be few and far between. The biggest changes came to SB 1294, which now sets up a board to oversee the \$1.5 billion over the course of 18 years that Blue Cross Blue Shield is to set aside for another nonprofit to benefit health care in the state. Sen. Joe Hune (R-Hamburg), chair of the committee, won an amendment 5-1 that clarified that amount be capped at \$1.5 billion by including the words "up to." Sen. Steve Bieda (D-Warren) was the sole opposition. ([Gongwer Michigan-Subscription Required](#))

- **Report: State could save \$1B by expanding Medicaid eligibility**

Michigan could save \$1 billion over 10 years and provide health insurance to 600,000 residents if it expands Medicaid eligibility as allowed by the national health care reform law, according to a report to be released today. The report is issued by the Center for Healthcare Research and Transformation (CHRT) in collaboration with two University of Michigan economists. It shows cost savings to Michigan for six years starting in 2014, when states can begin expanding Medicaid eligibility and the federal government will pick up 100 percent of the cost. It also shows a minimal cost to Michigan starting in 2020, when the states pay 10 percent of the cost. ([Detroit News](#))

Minnesota

- **Minn. estimates health insurance exchange costs at \$40M**

Minnesota budget officials estimate it could cost the state as much as \$40 million to run its health insurance exchange in 2015. So far, Minnesota has received about \$70 million in federal money to build its exchange – everything from designing the exchange to hiring staff to making contracts with information technology vendors. But the gravy train stops in 2015 when state exchanges must be financially self-sustaining. ([Minnesota Public Radio](#))

New Jersey

- **Bill Aims to Block HMO Cuts in Medicaid Reimbursements**

A state Senate committee has moved to set up roadblocks in the face of reimbursement cuts planned by HMOs that oversee New Jersey's Medicaid program. The committee already was inclined to act as its chairman, Sen. Joseph Vitale sponsored legislation with Sen. Loretta Weinberg to require state administrative approval before the HMOs can lower reimbursements. Weinberg declared that the issue is of "increasing importance" to the state as it tries to encourage keeping people in their own homes instead of nursing homes, while shifting Medicaid clients into managed care. Last year, the state moved almost 155,000 people from fee-for-service Medicaid programs into the HMOs, with almost half going to Horizon. ([NJ Spotlight](#))

- **Assembly Panel Approves Health Insurance Exchange Bill**

An Assembly panel approved legislation today to implement an important component of the federal Patient Protection and Affordable Care Act. The bill, A-3186 would establish a health insurance exchange, creating access to insurance for both consumers and small businesses. ([NJ Today](#))

Oklahoma

- **Is potential new DHS director the right pick? Oklahomans hope answer is yes**

Nearly nine months after the former head of the Department of Human Services announced he was leaving, and 3 1/2 months later than state officials hoped to fill the vacancy, Oklahoma finally has a new DHS director. The job was offered Wednesday to Ed Lake, who retired last year from Tennessee's Department of Human Services where he spent four decades, moving up the ranks to become deputy commissioner. Lake told Oklahoma's human services commissioners that he wanted to review the job offer with his wife before giving a firm yes or no. ([The Oklahoman](#))

Pennsylvania

- **Health insurance exchange in Pennsylvania unlikely**

Pennsylvania's chances of having an online, in-house health insurance exchange up and running by this time next year are slim to none -- and slim, according to the state's insurance commissioner, may have just left town. "For us to have something up and running by next year will be very challenging, if not impossible, given that we have no legislation" from the state, and little direction from the U.S. Department of Health and Human Services, said Insurance Commissioner Michael Considine. ([Pittsburgh Post-Gazette](#))

Utah

- **RFP for Medicaid Expansion Decision in Utah - Cost/Benefit Analysis**

Utah has issued an RFP soliciting a qualified firm to gather relevant information the State needs to determine whether, or not, to expand the voluntary Medicaid expansion program under the Affordable Care Act (ACA). This cost/benefit analysis needs to be completed by January 18, 2013. ([Link to RFP](#))

National

- **Home Health Aides: In Demand, Yet Paid Little**

The home care workforce — some 2.5 million strong — is one of the nation's fastest growing yet also worst paid. Turnover is high, and with a potential labor shortage looming as the baby boomers age, there are efforts to attract more people to the job. A recent study also finds that home health care is one of the most profitable franchises in the country, and growing fast. Demand is set to soar, with polls showing that baby boomers overwhelmingly want to age in their own home. ([NPR.org](#))

- **Politics, budgets and reform pummel state Medicaid programs**

State Medicaid directors are caught in the vice grip of competing interests driven by the looming election, lean state budgets, uncertainty about expansion caused by the Supreme Court health reform decision and the threat that Congress will cut the health program to help balance the federal budget. At the same time, Medicaid directors have an opportunity to make significant changes away from the traditional fee-for-service care delivery and payments that will ripple throughout the healthcare system, according to Matt Salo, executive director of the National Association of Medicaid Directors. ([Government Health IT](#))

COMPANY NEWS

- **Centene Initiates Termination Of Medicaid Contract With Kentucky**

Centene Corporation announced today that its subsidiary, Kentucky Spirit Health Plan (Kentucky Spirit), has notified the Cabinet for Health and Family Services that it is exercising a contractual right that it believes allows Kentucky Spirit to terminate its Medicaid managed care contract with the Commonwealth of Kentucky effective July 5, 2013. In addition, Kentucky Spirit has filed a formal dispute with the Cabinet for damages incurred under the contract. ([Centene Press Release](#))

- **Trinity Health, Catholic Health East plan to merge**

Trinity Health and Catholic Health East today announced plans to consolidate operations, which together span 21 states and include more than 70 hospitals. Combined, the new system would generate annual operating revenue of about \$13.3 billion, with \$9 billion coming from Trinity and \$4.3 billion from CHE, according to the release. There's no overlap, as the systems don't have hospitals in the same states. While Trinity has one hospital in Maryland and a handful in the West, the remainder are in the Midwest; all CHE hospitals are in the Eastern time zone. Trinity owns 36 hospitals and manages 14 hospitals in 10 states. CHE owns 23 hospitals in nine states. ([Modern Healthcare](#))

- **Ascension to sell 2 Kansas City hospitals**

Ascension Health is negotiating to sell two of its hospitals in Kansas City area to HCA Midwest Health System Officials at Ascension Health said Tuesday the company is trying to sell the 310-bed St. Joseph Medical Center in Kansas City, and the 146-bed St. Mary's Medical Center in Blue Springs. The two hospitals are operated by Carondelet Health, an Ascension Health subsidiary. The St. Louis Post-Dispatch reports Ascension Health, the nation's largest nonprofit Catholic health system, says it will continue to operate three long-term care facilities and two hospital foundations in the Kansas City area. ([St. Louis Post-Dispatch](#))

- **AdCare Health Systems To Sell Six Assisted Living Facilities for \$22.3 Million, Increasing Focus on Skilled Nursing Facilities**

AdCare Health Systems, Inc., a leading long-term care provider, has agreed to sell six assisted living facilities located in Ohio for \$22.3 million to a long-time Ohio operator of assisted living facilities. The proceeds will be used to finance the company's ongoing M&A program focused on skilled nursing facilities. The transaction is expected to close prior to December 31, 2012. The six facilities have an aggregate of 196 units in service and an estimated \$8.9 million in gross annualized revenues. The company will continue to operate two assisted living facilities in Ohio and Arkansas, and one in Alabama. ([Equities.com](#))

- **AmeriHealth Mercy set to compete in Medicare/Medicaid dual-eligible plan**

AmeriHealth Mercy said Thursday that it has gotten the green light to compete in certain Pennsylvania and South Carolina markets for so-called dual-eligibles, people who qualify for both Medicare and Medicaid. The new AmeriHealth Mercy plans, known as Medicare Advantage special-needs plans, represent a new business line for the Phila-

delphia company, which is majority-owned by Independence Blue Cross and provides services to Medicaid beneficiaries in 12 states. ([Philadelphia Inquirer](#))

- **WellPoint Reorganize in Interim CEO's First Major Move**

WellPoint Inc., the second-biggest U.S. health insurer, will reorganize into four business units in the first major move undertaken by interim Chief Executive Officer John Cannon. In a memo sent to employees today, Cannon said the changes will help smooth the integration of Amerigroup Corp. (AGP), the insurer Indianapolis-based WellPoint agreed to buy in July for \$4.9 billion. Separate Medicare and Medicaid divisions will each sell plans for those government-backed insurance programs, according to the memo. A commercial and individual unit will handle sales to large and small employers, individual customers and those buying in the new insurance exchanges created in the federal health-care law. Dental, vision and disability coverage will be under a specialty unit, the memo said. ([Bloomberg Businessweek](#))

- **Sverica Makes Growth Investment in Hospitalist Provider Inpatient Medical Services**

Sverica International ("Sverica"), an operationally-oriented middle market private equity group with offices in Boston and San Francisco, announced today it has completed a recapitalization and growth investment in Akron, Ohio based Inpatient Medical Services, Inc. ("IMS"). IMS is a leading provider of outsourced hospitalist physician programs to acute and post-acute care facilities and community primary care physicians in Northern Ohio. ([Business Wire](#))

RFP CALENDAR

Below is an updated Medicaid managed care RFP calendar. The events are color coded by state/program and are listed in date order.

Date	State	Event	Beneficiaries
October, 2012	Wisconsin LTC	Contract awards	38,800
October, 2012	Illinois Duals	Contract awards	136,000
October, 2012	Massachusetts Duals	Contract awards	115,000
October, 2012	Michigan Duals	RFP Released	198,600
November 1, 2012	Vermont Duals	RFP Released	22,000
November 15, 2012	Nevada	Proposals due	188,000
November 20, 2012	New Mexico	Proposals due	510,000
November, 2012	South Carolina Duals	RFP Released	68,000
November, 2012	Arizona - Acute Care	RFP Released	1,100,000
November, 2012	Washington Duals	RFP Released	115,000
December 1, 2012	Texas Rural STAR+PLUS	RFP Released	110,000
December 5, 2012	Idaho Behavioral	Proposals due	200,000
December 19, 2012	Nevada	Contract Awards	188,000
December, 2012	Virginia Duals	RFP Released	65,400
January 1, 2013	New Hampshire	Implementation (delayed)	130,000
January 1, 2013	Wisconsin LTC	Implementation	38,800
January 1, 2013	Kansas	Implementation	313,000
January 1, 2013	Kentucky - Region 3	Implementation	170,000
January 1, 2013	Florida acute care	RFP released	2,800,000
January 1, 2013	Vermont Duals	Proposals due	22,000
January 7, 2013	New Mexico	Contract awards	510,000
January 8, 2013	Arizona - Maricopa Behavioral	Proposals due	N/A
January 15, 2013	Florida LTC	Contract Awards	90,000
January, 2013	Arizona - Acute Care	Proposals due	1,100,000
February 28, 2013	Vermont Duals	Contract awards	22,000
February, 2013	Michigan Duals	Proposals due	198,600
February, 2013	Washington Duals	Proposals due	115,000
March 1, 2013	Pennsylvania	Implementation - New East Zone	290,000
March, 2013	Arizona - Acute Care	Contract awards	1,100,000
March, 2013	Idaho Duals	RFP Released	17,700
March, 2013	Michigan Duals	Contract awards	198,600
April 1, 2013	Illinois Duals	Implementation	136,000
April 1, 2013	Massachusetts Duals	Implementation	115,000
April 1, 2013	Ohio Duals NE, NW, NC, EC	Implementation	67,000
April 1, 2013	Wisconsin Duals	Implementation	17,600
April, 2013	Arizona - Maricopa Behavioral	Contract awards	N/A
April-May, 2013	Rhode Island Duals	RFP Released	22,700
May 1, 2013	Ohio Duals C, WC, SW	Implementation	48,000
May 1, 2013	Texas Rural STAR+PLUS	Proposals due	110,000
May-June, 2013	Idaho Duals	Proposals due	17,700
June 1, 2013	California Duals	Implementation	500,000
June, 2013	Rhode Island Duals	Contract awards	22,700
July 1, 2013	Ohio	Implementation	1,650,000
July 1, 2013	Nevada	Implementation	188,000
July 1, 2013	Michigan Duals	Implementation	198,600
July 1, 2013	Idaho Behavioral	Implementation	200,000
July 30, 2013	South Carolina Duals	Contract awards	68,000
July, 2013	Virginia Duals	Contract awards	65,400
July, 2013	Washington Duals	Contract awards	115,000
July, 2013	Idaho Duals	Contract awards	17,700
October 1, 2013	Florida LTC	Implementation	90,000
October 1, 2013	Arizona - Maricopa Behavioral	Implementation	N/A
January 1, 2014	New York Duals	Implementation	133,880
January 1, 2014	Arizona Duals	Implementation	120,000
January 1, 2014	New Mexico	Implementation	510,000
January 1, 2014	Hawaii Duals	Implementation	24,000
January 1, 2014	South Carolina Duals	Implementation	68,000
January 1, 2014	Vermont Duals	Implementation	22,000
January 1, 2014	Idaho Duals	Implementation	17,700
January 1, 2014	Washington Duals	Implementation	115,000
January 1, 2014	Virginia Duals	Implementation	65,400
January 1, 2014	Texas Duals	Implementation	214,400
January 1, 2014	Rhode Island Duals	Implementation	22,700
September 1, 2014	Texas Rural STAR+PLUS	Operational Start Date	110,000
October 1, 2014	Florida acute care	Implementation	2,800,000

DUAL INTEGRATION PROPOSAL STATUS

Below is a summary table of the progression of states toward implementing dual eligible integration demonstrations in 2013 and 2014.

State	Model	Duals eligible for demo	Proposal Released	Proposal Date	Submitted to CMS	Comments Due	RFP Released	RFP Response Due Date	Contract Award Date	Enrollment effective date
Arizona	Capitated	115,065	X	4/17/2012	X	7/1/2012	N/A+	N/A+	N/A	1/1/2014
California	Capitated	685,000**	X	4/4/2012	X	6/30/2012	X	3/1/2012	4/4/2012	6/1/2013
Colorado	MFFS	62,982	X	4/13/2012	X	6/30/2012				1/1/2013
Connecticut	MFFS	57,569	X	4/9/2012	X	6/30/2012				12/1/2012
Hawaii	Capitated	24,189	X	4/17/2012	X	6/29/2012				1/1/2014
Illinois	Capitated	136,000	X	2/17/2012	X	5/10/2012	X	6/18/2012	Oct. 2012	4/1/2013
Iowa	MFFS	62,714	X	4/16/2012	X	6/29/2012				1/1/2013
Idaho	Capitated	17,735	X	4/13/2012	X	6/30/2012	March, 2013	Q2 2013	July 2013	1/1/2014
Massachusetts	Capitated	109,636	X	12/7/2011	X	3/19/2012	X	8/20/2012	Oct. 2012*	4/1/2013
Michigan	Capitated	198,644	X	3/5/2012	X	5/30/2012				1/1/2014#
Missouri	Capitated#	6,380	X		X	7/1/2012				10/1/2012
Minnesota	Capitated	93,165	X	3/19/2012	X	5/31/2012				4/1/2013
New Mexico	Capitated	40,000	X		X	7/1/2012		CANCELLED as of August 17, 2012		
New York	Capitated	133,880	X	3/22/2012	X	6/30/2012				1/1/2014
North Carolina	MFFS	222,151	X	3/15/2012	X	6/3/2012				1/1/2013
Ohio	Capitated	122,409	X	2/27/2012	X	5/4/2012	X	5/25/2012	Scoring: 6/28/12	4/1/2013
Oklahoma	MFFS	79,891	X	3/22/2012	X	7/1/2012				7/1/2013
Oregon	Capitated	68,000	X	3/5/2012	5/11/2012	6/13/2012		Certification process		1/1/2014
Rhode Island	Capitated	22,737	X		X	7/1/2012		Apr-May 2013	6/1/2013	1/1/2014
South Carolina	Capitated	68,000	X	4/16/2012	X	6/28/2012	Nov. 2012		7/30/2013	1/1/2014
Tennessee	Capitated	136,000	X	4/13/2012	X	6/21/2012				1/1/2014
Texas	Capitated	214,402	X	4/12/2012	X	6/30/2012		Late 2012	Early 2013	1/1/2014
Virginia	Capitated	65,415	X	4/13/2012	X	6/30/2012	Dec. 2012		July 2013	1/1/2014
Vermont	Capitated	22,000	X	3/30/2012	X	6/10/2012	11/1/2012	1/1/2013	2/28/2013	1/1/2014
Washington	Capitated	115,000	X	3/12/2012	X	5/30/2012		Feb. 2013	July 2013	1/1/2014
Wisconsin	Capitated	17,600	X	3/16/2012	X	6/1/2012	X	8/23/2012	10/1/2012	4/1/2013
Totals	21 Capitated 5 MFFS	2.4M Capitated 485K FFS	26		26		5			

* Massachusetts was scheduled to award on Friday, September 21, 2012. The state has said the selection process is ongoing and we expect awards any day.

** Duals eligible for demo based on 8 counties included in May 31, 2012 proposal to CMS. Will expand to further counties in 2014 and 2015 with approval.

* Acute Care Managed Care RFP Responses due January 2013; Maricopa Co. Behavioral RFP Responses due October 2012. Duals will be integrated into these programs.

Capitated duals integration model for health homes population.

State's proposal refers to enrollment beginning in 2013, but CMS 9/5/2012 presentation "Status of the Capitated Financial Alignment Demonstrations" refers to Michigan as a 2014 state.

HMA RECENTLY PUBLISHED RESEARCH

Key Lessons from Hospitals with Low Readmissions

Sharon Silow-Carroll, MSW, MBA, Managing Principal

Jennifer Edwards, DrPH, Managing Principal

Health Management Associates, with support from The Commonwealth Fund, examined hospitals that achieved exceptionally low readmission rates to identify clinical and operational strategies, as well as the organizational, cultural, and environmental factors, that lead some hospitals to create or adopt “best practices” and achieve greater success. We studied four hospitals within the top 3 percent in terms of low readmission rates for at least two of the following: heart attack, heart failure, and pneumonia patients, as reported to CMS. ([Readmission News - requires subscription](#))

Delivery of Very Low Birth Weight Infants Georgia: Improving Performance

Donna Strugar-Fritsch, BSN, MPA, CCHP, Principal

Lori Weiselberg, MPH, Senior Consultant

Mark Trail, M.Ed, Managing Principal

The Georgia OBGyn Society contracted with Health Management Associates (HMA) to conduct an analysis of factors contributing to the state’s low performance on the national maternal-child health measure related to very low birth weight infants and their delivery hospital within the state’s Regional Perinatal System (RPS). The RPS designates and funds six Regional Perinatal Centers (RPCs) across the state. HMA conducted extensive research, including a literature review, interviews with state and national maternal child health and region perinatal system experts, a survey of the state’s OBGyn physicians, and analysis of four sources of data on VLBW births to Georgia residents. ([Link to Report - Presented to OBGyn Society of Georgia](#))

Making the Connection: The Role of Community Health Workers in Health Homes

Deborah Zahn, MPH, Principal

The development of health homes creates a unique opportunity to develop and implement care management models that meet the complex needs of high-need and high-cost patients. This brief explores options for incorporating community health workers (CHWs) into care management teams as an effective—and cost-effective—approach to achieving the goals of health homes. The brief assesses the roles and tasks CHWs perform that align with the six core services required of health homes and discusses how care management PMPM payments can provide the flexibility to hire CHWs without having to rely on unsustainable grant funding. ([Link to Report - NYS Health Foundation](#))

HMA UPCOMING APPEARANCES

2012 National Conference on Correctional Health Care:

Inmate Health Care and the Affordable Care Act: Opportunities and Challenges

Donna Strugar-Fritsch - Presenter

October 24, 2012

Las Vegas, Nevada

California Assembly Committee Oversight Hearing:

Evaluation and Monitoring of Medi-Cal Programs

Lisa Maiuro - Panelist

October 25, 2012

Sacramento, California

Metropolitan Chicago Healthcare Council APRN/PA Educational Summit:

Billing, Reimbursement & Documentation

Linda M. Follenweider - Presenter

November 30, 2012

Naperville, Illinois