



Navigating Medicaid Managed Care Shifts: Financial Pressures, Federal Policy, and Medicaid MCO Implications

Presented by:

AANY TAZMIN-EWING, FSA, MAAA
FARAH HANLEY
ELAINE HORTON
GABBY PALMIERI
MARCIA STEIN, PHD

Copyright © 2025 Wakely Consulting Group, an HMA Company. All rights reserved. The content of this presentation is **PROPRIETARY** and **CONFIDENTIAL** to Wakely Consulting Group, an HMA Company and only for the information of the intended recipient. Do not use, publish or redistribute without written permission from Wakely Consulting Group, an HMA Company.





Contact us. We can help.

Copyright © 2025 Wakely Consulting Group, an HMA Company. All rights reserved. The content of this presentation is **PROPRIETARY** and **CONFIDENTIAL** to Wakely Consulting Group, an HMA Company and only for the information of the intended recipient. Do not use, publish or redistribute without written permission from Wakely Consulting Group, an HMA Company.



Farah Hanley

Managing Principal
fhanley@healthmanagement.com



Elaine Horton

Principal
ehorton@healthmanagement.com



Gabby Palmieri

Content Developer
gpalmieri@healthmanagement.com



Marcia Stein, PhD

Principal
mstein@healthmanagement.com

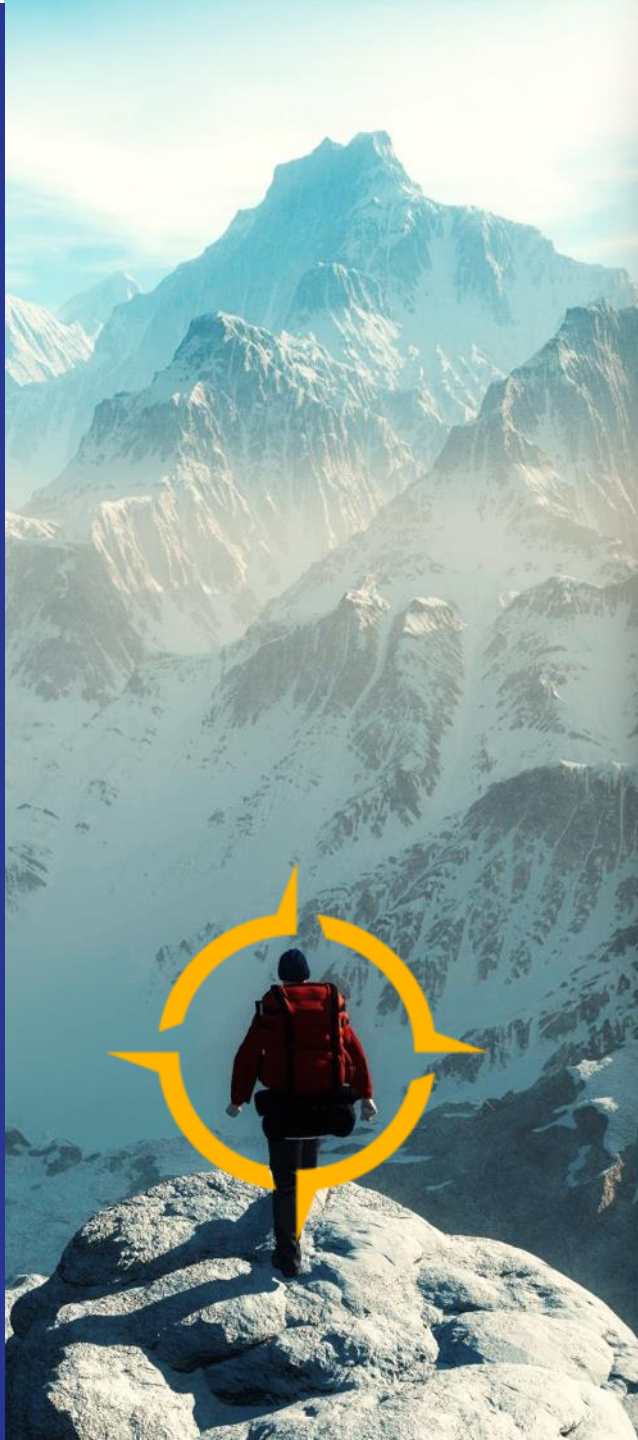


**Aany Tazmin-Ewing,
FSA, MAA**

Senior Consulting Actuary II
aany.tazminewing@wakely.com



Navigating the toughest challenges in healthcare



01

Financial and rate adequacy
update – 2024-2027

02

Federal Policy Overview
and State Mitigation
Levers

03

Partnering for Resilience and
Sustainability

01

Financial and rate adequacy update – 2024-2027



Rate Advocacy Challenges

Capitation rates must be actuarially sound, meaning projected to cover all reasonable, appropriate and attainable costs, including, on average, margins of **1.2% - 1.3%**, per 2024 SOA Research

2020 - 2022 were favorable partially due to continuous eligibility provision, which began to be unwound in 2023. Acuity adjustments were included in rates, but were not adequate to predict cost increases

2024

Two-thirds of plans experienced gains below average pricing, only 43% broke even

2025

First half of 2025 results in many Wakely-supported states indicate that high trends in persist and accelerate into 2025

2026

State actuaries that underpriced in 2024 and incorporate emerging 2025 experience into 2026 rates may be pricing in double-digit rate increases.

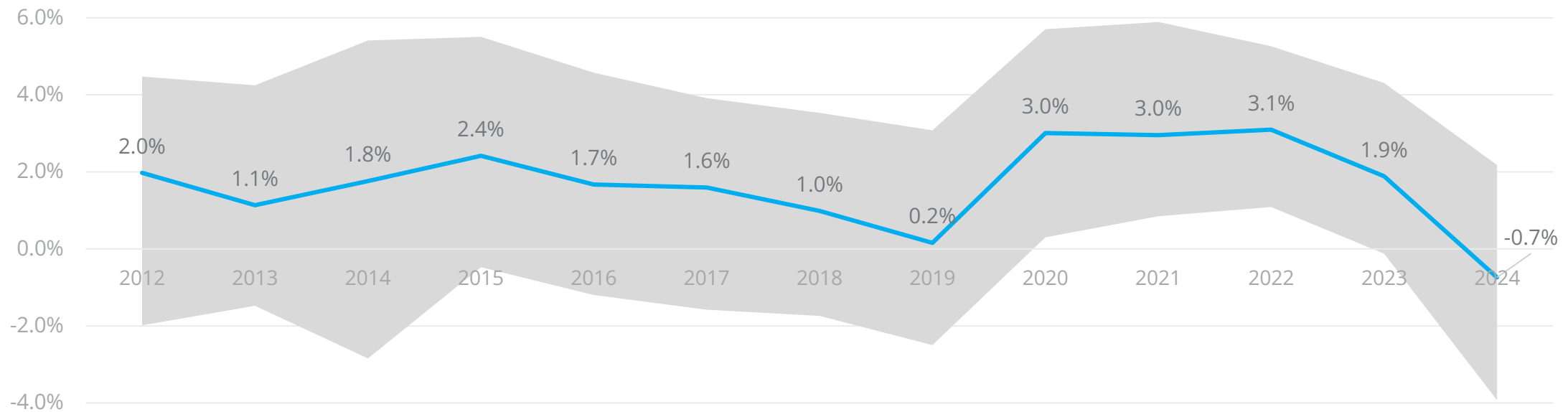
Not incorporating emerging experience may prolong MCO losses

2027

Work requirements and twice-annual redetermination for expansion members to cause more drops and acuity changes



Historical MCO Net Gains / Losses



line : 50th percentile of results

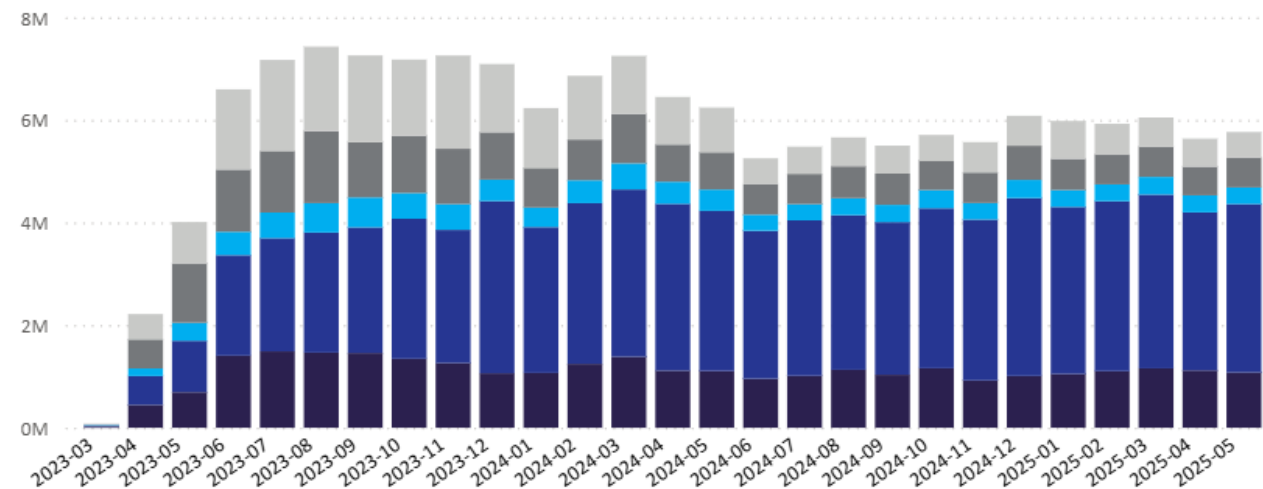
shading: Interquartile range (25th to 75th percentile)

● Total Medicaid And CHIP Enrollment



Distribution of Renewal Outcomes

● Renewed via Form ● Renewed via Ex Parte ● Determined Ineligible at Renewal ● Procedural Disenrollment ● Pending Renewal



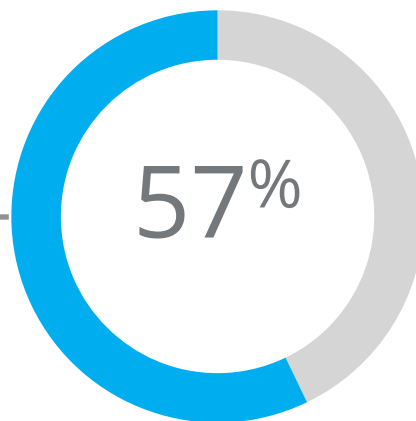
Mid-year amendments

Many states amend their capitation rates mid-year to account for changes to provider fee schedules and other program changes mid-year.

In 2025, many state actuaries are using this as an opportunity to correct pricing misses

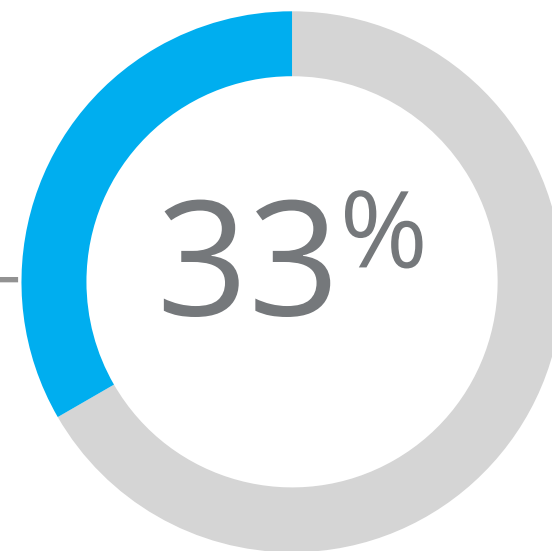


Usual Program Changes



Twelve of the twenty-one states in our informal, internal survey normally update rates mid-year

2025 Pricing Misses



Seven of twenty-one states amended rates to address poor results, and two additional states had double-digit rate increases due to rate advocacy

02

Federal Policy Overview and State Mitigation Levers



Overview of HR 1 Provisions with Most Significant Financial Impacts

Other than \$50B Rural Health Transformation Program, most provisions were developed to reduce overall cost of the program at the federal level.

This is achieved through a combination of cost shifting to states and implementation of provisions that are expected to reduce enrollment.

Budget impacts expected to be mixed for states and unfavorable for MCOs



Community Engagement

Must document compliance through avenues other than MCOs and other with financial relationships

Expected to reduce enrollment

Beginning in 2027

More Frequent Redetermination

Must be conducted every six months for expansion populations.

Expected to reduce enrollment and increase average member cost

Beginning in 2027

Medicaid Financing Changes

No new provider taxes, maximum allowable tax rate phase-down from 6 to 3.5% by 2032 for non-expansion states

State directed payment limitations tied to Medicare

Some provisions effective 2025

Retroactive Coverage Changes

Limits retroactive coverage to one month prior to application for expansion enrollees and two months prior for traditional enrollees

Beginning in 2027



03

Partnering for Resilience and Sustainability



A close-up photograph of a person's hand holding a silver pen, writing on a document. The document features a bar chart with several vertical bars of varying heights. Overlaid on the bar chart is a line graph with a solid green line and a dashed blue line. The background is slightly blurred, showing another person's hand and a desk.

Key Questions Leaders Could Be Asking...

- > **Are you at the right starting point?**
Has your organization changed the administration / fixed cost spending in relation to the decline in membership post-COVID?
- > **Are you prepared for the next wave?**
Is your organization adequately forecasting given the upcoming changes expected 2026+?
- > **Are you preparing people for (tough) change?**
Is your organization emphasizing the courage necessary to successfully deploy change management?

Key Questions Leaders Could Be Asking...

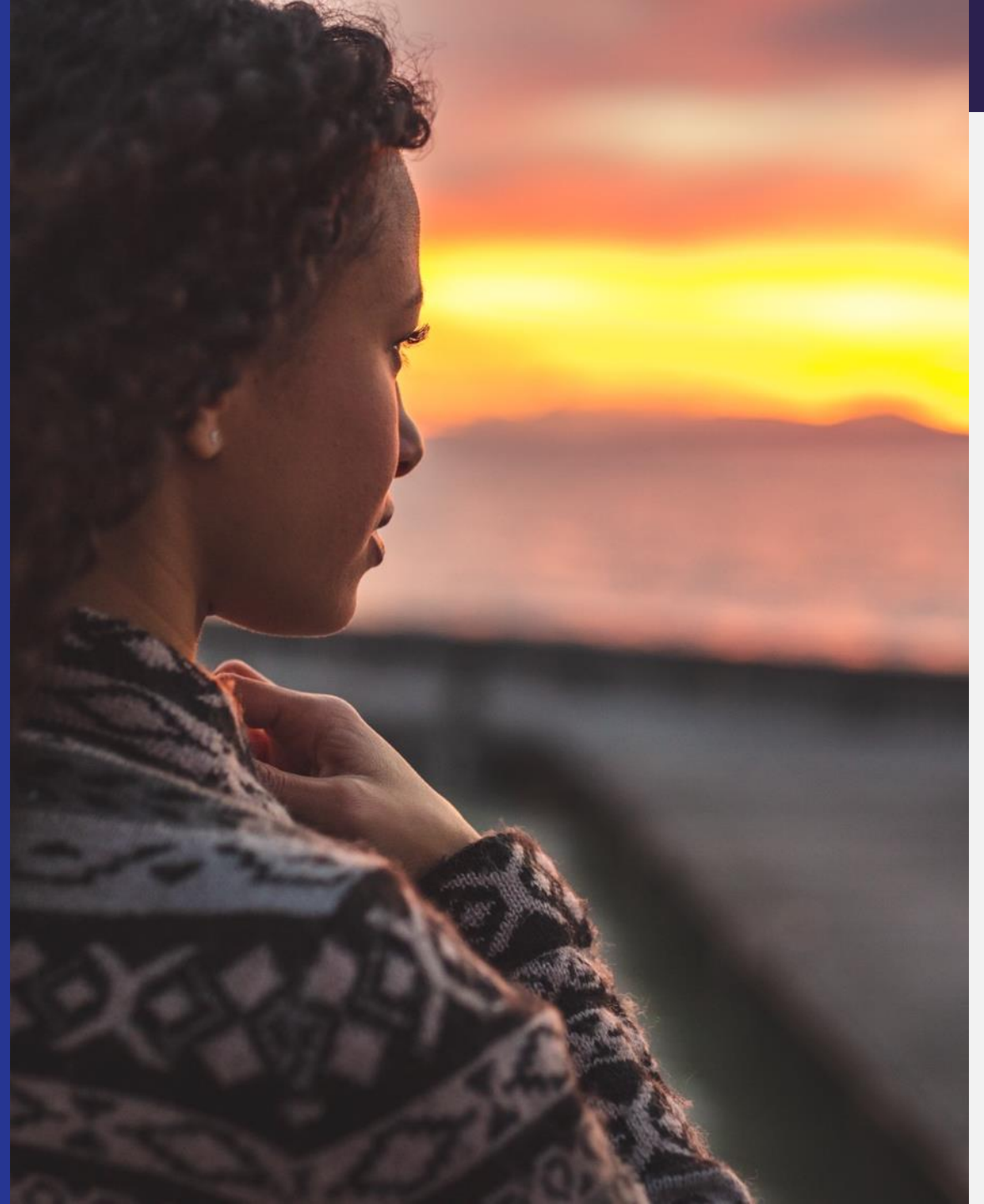
- > **Are you comparing to external benchmarks?**
Has your organization performed a benchmarking exercise to identify where there is opportunity compared to industry?
- > **Are you focused?**
Is your organization prioritizing no more than 10 MLR initiatives? (Top: Rx, Post acute care, Utilization management)
- > **Are you prepared for discipline, data & patience?**
Is your organization setting proper expectations on the timing of when savings may realistically be achieved from MLR initiatives (12+ months)?





*Your
organization
can do
anything
....not
everything*

”



Thank you

Q&A





Contact us. We can help.

Copyright © 2025 Wakely Consulting Group, an HMA Company. All rights reserved. The content of this presentation is **PROPRIETARY** and **CONFIDENTIAL** to Wakely Consulting Group, an HMA Company and only for the information of the intended recipient. Do not use, publish or redistribute without written permission from Wakely Consulting Group, an HMA Company.



Farah Hanley

Managing Principal
fhanley@healthmanagement.com



Elaine Horton

Principal
ehorton@healthmanagement.com



Gabby Palmieri

Content Developer
gpalmieri@healthmanagement.com



Marcia Stein, PhD

Principal
mstein@healthmanagement.com



**Aany Tazmin-Ewing,
FSA, MAA**

Senior Consulting Actuary II
aany.tazminewing@wakely.com



Resources

Citations and Further Reading

[Aug 13 InFocus: Medicaid Managed Care Profitability: Navigating Margin Pressures and Regulatory Shifts in 2024](#)

[Medicaid Unwinding: Wakely Survey of Capitation Rate Approaches for Emerging Experience](#)

[Medicaid MCO Financial Filings Including Medical Loss Ratio by State, 2024](#)

[HMAIS : Get Your Own Subscription](#)

<https://www.wakely.com/focus-areas/medicaid-managed-care-services/>

[Medicaid Managed Care Payment Policy Restoring Capitation's Incentives to Advance State Goals Post-Public Health Emergency \(PHE\), 2023](#)

<https://www.medicaid.gov/medicaid/national-medicaid-chip-program-information/medicaid-chip-enrollment-data>



Adapting for Success in a Changing Healthcare Landscape

#HMACon2025 • October 14-16 • New Orleans



**Learn.
Connect.
Grow.**