Evaluating Medicaid’s Provider Service Network Demonstration Project: Utilization and Payment Analyses

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Today’s Topics

- Florida’s PSN Demonstration Project
- The PSN Evaluation
- Approaches to Evaluating the PSN’s Impact on Utilization and Payment
- Findings
- Conclusions
Goals of Florida’s PSN Demonstration Project

• To develop a successful managed care partnership between AHCA and an historical high-volume provider of care to Florida’s Medicaid enrollees

• To provide and test a new kind of health care choice for Medicaid enrollees in the demonstration areas
Goals of Florida’s PSN Demonstration Project

- To achieve favorable cost savings and improved enrollee health outcomes through enhanced coordination between Medicaid and Local Indigent health care programs.
- To improve the quality of life for Medicaid recipients living with chronic health conditions.
South Florida Community Care Network (SFCCN)

- Became operational on March 1, 2000
- Unique partnership of three large public health care systems in Miami-Dade and Broward counties:
  - Public Health Trust of Miami-Dade
  - Memorial Healthcare System
  - North Broward Hospital District
Overall PSN Evaluation

• Contract with the University of Florida, Paul Duncan, PI
• Three interrelated areas of study:
  – Organizational analysis
  – Satisfaction of enrollees
  – Fiscal dimensions
Approaches to Utilization and Payment Evaluation

- **Pre/Post Evaluation** – Compare the payment and utilization experience of those Medicaid enrollees who transitioned from MediPass to the PSN.
- **Cross-Sectional Evaluation** – Compare the payment and utilization experience of the overall MediPass and FFS populations to the overall PSN population.
Pre/Post Claims
Findings

• Initially, the pre/post analysis suggested that PSN total claims were 2.4% *higher* than MediPass total claims.

• After adjusting for the effects of inflation, however, PSN total claims were 1.2% *lower* than MediPass total claims.

• Likelihood of use in the PSN is only 94% of the likelihood of use in MediPass.
Cross-Sectional Claims Findings

- Broadly consistent with the pre/post findings, but more dramatic effects
- PSN enrollment is associated with $102 ($157) lower total claims per member per month than MediPass (fee-for-service) enrollment
- Likelihood of utilization in the PSN is lower than in MediPass (OR=0.81) or in FFS (OR=0.86).
Overall Payments

- PSN also receives administrative costs, withholds, and shared savings
- Analyses of early non-claims payments equal approximately $44 PMPM.*
- This amount is greater than the pre/post estimate of claims savings, but less than the cross-sectional estimate of claims savings.

* Based on our analyses of preliminary financial reconciliations. Subsequent adjustments may change this figure.
Conclusions

- PSN appears to reduce the likelihood of utilization
- PSN appears to reduce total payments compared to Medicaid FFS.
- Overall, the PSN appears to reduce total payments compared to MediPass as well.