2024 UnitedHealthcare Community & State Medicaid Trends Report

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Overview

At UnitedHealthcare Community & State, part of the UnitedHealth Group family of businesses, we are dedicated to improving care for the people and communities we are privileged to serve. We are the line of business dedicated to serving millions of Medicaid consumers across the U.S., many of whom face complex medical conditions on top of a daily struggle to make ends meet.

Our technology-driven health services division, Optum, recently published their annual health care trends report that offers insights into the forces driving industry change and guidance for C-suite leaders on navigating these shifts. In alignment with this, we have developed the following report, which highlights how some of these trends have significantly impacted state Medicaid programs. Trends such as prioritization of equitable outcomes, workforce challenges, regulatory complexities and consumerism are driving Medicaid programs towards greater interconnectedness, agility and preventive care.

As we examine how these trends are shaping the Medicaid landscape, we identify pivotal growth areas of improving access to care and promoting value-based care (VBC).

Trend 1: Prioritization of equitable outcomes

Disparities within the U.S. health care system can prevent individuals from accessing affordable, high-quality care, potentially leading to over $1 trillion in annual health care costs by 2040 if not addressed.[1] Recognizing this risk, the Centers for Medicare & Medicaid Services (CMS) have introduced an updated framework aimed at advancing health equity for the more than 170 million individuals supported by its programs. This framework is set to guide health care action and policy over the next decade.[2]

> *"Organizations that can successfully convene and share best practices will be the leaders in the health equity space. This sharing should include specific details on what interventions worked, why they worked and how they can be replicated in other communities or populations."*
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> – **Catherine Anderson**, Senior VP Health Equity Strategy, UnitedHealth Group

Forces driving health equity in 2024

Health equity remains a primary objective for both the federal government and states.[3,4] States have significantly increased their funding and emphasis on health equity initiatives, with a focus on behavioral health services.[5] In response to the growing demand for health equity, the U.S. Department of Health and Human Services is investing in enhanced data management practices.[6] Digital health technologies are being leveraged to advance health equity and improve access to health care services. Regulatory pressures are also pushing for increased access to clinical trials and treatments, ensuring they meet the unique needs of diverse populations.

Progress and challenges

Data availability, credibility and trust are some of the biggest challenges in addressing health disparities. Credible and validated self-reported data can be limited and difficult to obtain. This hinders understanding of where disparities specifically exist. Additionally, systemic mistrust of the health delivery system affects the willingness of individuals to share their information. This remains a major barrier to data collection.

Prioritizing health equity, a large focus for UnitedHealthcare Community & State, is integral to improving health outcomes, fostering community relationships and meeting regulatory requirements.

The National Committee for Quality Assurance (NCQA) is an independent, non-profit organization dedicated to improving the quality of health care across the nation.[7] NCQA's

[1] Economic cost of health disparities | Deloitte Insights
[2] CMS Framework for Health Equity | CMS
[3] Strategic Plan FY 2022 – 2026 | HHS.gov
[4] Health Equity in Healthy People 2030 - Healthy People 2030 | health.gov
[5] SAMHSA Seeks $10.8 Billion in Fiscal Year 2024
[6] Fact Sheet: Advancing Health Equity Across HHS | HHS.gov
[7] https://www.ncqa.org/about-ncqa/

Health Equity Accreditation evaluates how well organizations meet rigorous standards in areas including practitioner network cultural responsiveness, culturally and linguistically appropriate services programs and reducing health care disparities.

The NCQA accreditation is used by purchasers, regulators and consumers to identify organizations that excel in serving diverse populations. Plans that obtain this accreditation, including 17 UnitedHealthcare Community Plans, strive to maintain an equitable internal culture and improve health outcomes for all members.[8]

One of the health care industry's biggest opportunities is to provide better care for underserved populations by reducing long-standing health disparities. Health equity is a catalyst for growth and crucial in the context of VBC. But regardless of whether health care providers operate under an FFS or VBC model, addressing health equity and social drivers of health is vital for improving health outcomes and ensuring quality care for all.

Trend 2: Workforce challenges

Many health care organizations are chronically under-resourced, posing a challenge as specialized staffing becomes essential for the success of VBC and new digital strategies. This year, high staff turnover rates persist, with some estimates projecting a gap of 200–450K registered nurses (RNs) and 50–80K doctors by 2025.[9]

Implementing digital interventions in care delivery, administrative simplification, clinical productivity and technology enablement could potentially generate over $1 trillion in savings. However, achieving these savings will require significant investments in technology, training and transition management.

Forces driving workforce decisions in 2024

Care utilization continues to rise, placing more pressure on existing staff. Growth in the aging population and an increasing demand for mental and behavioral health services is not matched by growth in the workforce. To address this imbalance, Medicaid stakeholders are considering policies focused on upskilling, automation and telehealth, as well as broadening the workforce to include non-traditional or non-clinical supports (such as community health workers, doulas and peer specialists).

Progress and challenges

With workforce challenges having significant implications for patient care and access, there are several opportunities within the Medicaid space such as building capacity with Federally Qualified Health Centers (FQHCs), expanding the doula workforce and widening the use of schools as delivery sites for health services.

FQHCs

FQHCs are nonprofit health centers that are primarily utilized by medically underserved populations.[10] These health centers provide primary care services regardless of ability to pay. FQHCs often include co-located primary and behavioral health in one clinic which can both leverage the same support and administrative staff. UnitedHealthcare Community & State developed and facilitates the National FQHC Advisory Board which provides guidance on FQHC policies and strengthens collaboration between managed care and FQHCs to shape the future of health care delivery.[11]

Doula workforce expansion

According to the National Center for Health Statistics, there were 817 instances of maternal mortality in the U.S. in 2022.[12] Almost half of all births in the United States are covered by Medicaid. There is growing evidence that doula care influences healthy pregnancies. A study conducted by the National Institute of Health found that doula care is associated with 22% less risk of preterm birth.[13] Programs that expand the doula workforce increase accessibility of support services thereby improving maternal outcomes. UnitedHealthcare Community & State for example, has been collaborating with The Doula Network to recruit and leverage doula support for members who are pregnant.[14]

School-based health services

With an estimated 11 million children living in poverty, Medicaid and Children's Health Insurance Program (CHIP) play a significant role in supporting positive health outcomes through free and low-cost health care coverage.[15] One in six Medicaid enrollees receive health care services from FQHCs including through school-based health services and School-Based Health Centers (SBHC). The impact of school-based health services extends beyond health care delivery as research demonstrates that they significantly reduce school absences and emergency room visits. According to a review highlighted by the National Institute of Health (NIH), each SBHC in the United States yields a total social benefit ranging from $15,028 to $912,878. Investments in SBHCs, such as UnitedHealthcare Community & State's collaboration with GraceMed Health Clinic, lead to more positive health outcomes for children and youth. Schools providing health services often include mobile clinics for services such as behavioral health and dental which also can create workforce efficiencies.

Trend 3: Regulatory complexities

Regulatory complexities are driven by the growing importance of Medicaid as a health care coverage option for over 88 million individuals despite a downturn in coverage influenced by redeterminations. Redeterminations, which is the annual process of establishing eligibility for Medicaid, was paused during the Public Health Emergency (PHE) and resumed early in 2024. Since the redetermination process resumed, 14 million individuals have been disenrolled from Medicaid and are transitioning into state

[10] https://www.healthcare.gov/glossary/federally-qualified-health-center-fqhc/
[11] National FQHC Advisory Board | UHCCS.com
[12] https://www.cdc.gov/nchs/data/hestat/maternal-mortality/2022/maternal-mortality-rates-2022.pdf
[13] https://www.ncbi.nlm.nih.gov/pmc/articles/PMC5544530/
[14] Doula Care Program
[15] SBHCs improve health outccomes and reduce absenteeism | UHCCS.com

exchanges, employer-provided coverage or are remaining uninsured.[16] According to KFF research, of those who were disenrolled, 23% remain uninsured.[17] However, 28% found other forms of health insurance such as employer coverage. Enrollment in state exchanges is growing as well, with over 21 million individuals gaining coverage in 2024.[18]

The increasing diversity of Medicaid members' needs is another factor driving regulatory complexities. One primary need for Medicaid members is greater access to health care providers who prioritize value and outcomes. In 2022, nearly 70 percent of Medicare Advantage enrollees opted for VBC providers.[19] VBC is an approach to health care delivery that aims to improve patient outcomes by focusing on the quality of care, provider performance and the patient experience. Some estimates project that 90 million individuals will receive care through VBC models by 2027.[20]

Regulatory complexity is further driven by the expansion of managed care as the administrative framework for Medicaid, as well as by states' efforts to implement effective services, control costs and streamline managed care organization policies to reduce administrative burdens.

Forces driving regulatory decisions in 2024

CMS has issued guidelines for the integration of Medicare and Medicaid for the 2025 contract year.[21] People who are eligible for both Medicare and Medicaid, also known as dually eligible enrollees, often have significant health and social needs.[22] Integration of financing and delivery of services would reduce care costs and improve care quality and the member experience. Integration will provide a more streamlined approach to consumer coverage and care as well as reduce fraud, waste and abuse. Another mandate from CMS requires health care organizations to address underlying conditions and limit disease progression to earn quality bonus payments.

Progress and challenges

To effectively manage challenges associated with regulatory changes, states, managed care organizations and providers must get creative with in-market solutions, such as expanding telehealth services and transitioning toward VBC models.

Recent CMS policies emphasize the importance of a patient-centered experience that addresses individual needs while analyzing consumer behaviors throughout their health care journey. As the regulatory environment continues to evolve, providers should focus on maximizing investments in electronic medical records, promoting environmental sustainability and finding new ways to positively impact communities.

An additional regulatory update is CMS's publication of two changes to its Medicaid rules. The Medicaid Access Rule and Medicaid Managed Care (MMC) Rule impose new requirements on states and MMC plans that standardize reporting and evaluation of Medicaid access to services.[23]

[16] Unwinding of Medicaid Continuous Enrollment: Key Themes from the Field | KFF
[17] https://www.kff.org/medicaid/poll-finding/kff-survey-of-medicaid-unwinding/
[18] Record Marketplace Coverage in 2024: A Banner Year for Coverage | CEA | The White House
[19] Key Value-Based Care Developments to Watch in 2024
[20] What to expect in US healthcare in 2024 and beyond | McKinsey
[21] Contract Year 2025 Medicare Advantage and Part D Final Rule (CMS-4205-F) | CMS
[22] https://www.chcs.org/topics/medicare-medicaid-integration/
[23] CMS Updates Medicaid Regulations – Policy & Medicine (policymed.com

CMS seeks to implement these rules through regulatory design, phased-in implementation and technical assistance. These rules align with the U.S. Department of Health and Human Services' focus on identifying health disparities and emphasizing meaningful engagement of members enrolled in Medicaid and CHIP.

Finally, adoption of some of the PHE flexibilities is also crucial for success within an evolving regulatory environment. Regulatory changes that allow for technological capabilities, such as texting members, will meet members where they are, improve efficiency and allow for greater personalization and comprehension of communications, thereby enhancing the member experience and ultimately their health outcomes.

Trend 4: Consumerism

Evolving attitudes toward health are reshaping consumer expectations, influencing engagement with the health care system and redefining business priorities. Tech-savvy generations, including Gen Z and millennials, prioritize values of holistic health, digital solutions and mental health. Additionally, 61% of baby boomers express a willingness to use telehealth for managing chronic diseases.[24] As of 2021, telehealth usage across income levels was above 30% for each income division.[25]

These values drive a demand for personalized, digital-first health care experiences, along with greater transparency, integration and accessibility in health services. In a recent report by Phaedon, it was found that almost 50% of baby boomers stated that having shared values with the health care facility or doctor they choose is of the highest importance.[26]

Progress and challenges

Consumers seek to make informed decisions about their care and expect a seamless, digital experience that integrates their medical records, care plans and scheduling in one accessible platform. Providing this integrated experience can enhance engagement and improve health outcomes.

Integrated care is changing the way patients receive care by focusing on caring for the whole person, often by combining physical and behavioral care into one plan to improve the mental and physical condition of an individual.[27] Integrated care programs work to better serve the health care delivery system on all levels.

UnitedHealthcare Community & State continues to leverage the resources and capabilities of UnitedHealth Group to enhance consumer experience. Medicaid enrollees have access to the same personalized tools and resources of UnitedHealthcare's other business lines such as the UHC app with integrated wellness programs.[28] UnitedHealthcare Community & State continues to engage consumers through innovative, digital solutions in caregiver support, behavioral health support and maternal health support.

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[24] PowerPoint Presentation (advisory.com)
[25] https://www.cdc.gov/nchs/products/databriefs/db445.htm
[26] 2023-Phaedon-Participation-Report.pdf (wearephaedon.com)

[27] Understanding complex care needs | UHCCS.com
[28] Harnessing technology to improve access to equitable care | UHCCS.com

Conclusion

The Medicaid system is at a pivotal point with the recent end of the PHE and the subsequent shift in numbers of Medicaid enrollees. Medicaid serves as a critical safety net but is also a major cost driver for states. With rising budget pressures and widening gaps in health care access and outcomes among vulnerable groups, states are working to balance these challenges. As a result, these trends will likely remain central in discussions with Medicaid stakeholders, with some accelerating and new areas of focus emerging.

At UnitedHealthcare Community & State, we serve millions of people, many of whom contend with complex medical conditions on top of a daily struggle to make ends meet. Learn more on how we leverage these trends and work with communities to deliver quality care for the members and state partners we serve by visiting UHCCS.com, or scanning the QR code below.