

# Medicaid managed care

## Improving outcomes, enhancing access and managing costs

Medicaid managed care (MMC) offers a flexible approach to the delivery of healthcare benefits and services. MMC helps states manage budgets, address population health opportunities and ensure enrollees receive high-quality, person-centered care.

### Medicaid serves nearly 73 million Americans and covers:



1 in 5  
individuals<sup>1</sup>



39% of  
all children<sup>1</sup>



41% of  
all births<sup>1</sup>



43% of adults  
under 65 with  
disabilities<sup>2</sup>



62% of nursing  
home residents<sup>2</sup>

## Key benefits of Medicaid managed care

- ✓ **Budget predictability and savings**  
MMC shifts financial risk from states to payers, stabilizing Medicaid budgets while achieving cost savings:

  - Medicaid accounts for 29.6% of state budgets, often the largest expense
  - \$94.4B saved over 10 years through existing MMC programs<sup>3</sup>
  - \$63.2B in potential savings over 10 years if remaining fee for service (FFS) transitions to MMC
  - 0.00% improper payment rate for MMC in 2023 vs. 6.90% for FFS<sup>4</sup>
- ✓ **Cost-effective coverage**  
MMC is the most efficient way to provide coverage for individuals below the federal poverty level while providing quality health care services. With 45 states currently using comprehensive MMC programs, 75% of Medicaid beneficiaries receive care through risk-based Medicaid managed care organizations (MCOs)<sup>5</sup>.
- ✓ **Person-centered health care experience**  
MMC customizes programs to meet enrollee and community needs, supporting providers with real-time data to close care gaps. Unlike FFS, which places the burden on individuals to find care, MMC integrates clinical services with social supports to improve health outcomes. Social drivers of health account for 60% of preventable mortality, making MMC's holistic approach imperative<sup>6</sup>.
- ✓ **High-quality, value-based care**  
MMC ensures access to preventive and primary care, strengthening long-term health outcomes. By prioritizing value-based payments, MMC improves care coordination and provider engagement.
- ✓ **Medicaid safety net and public health challenges**  
MMC plays a key role in maternal health, opioid use disorder prevention and health equity. Medicaid funds 41% of U.S. births, with MCOs improving prenatal care and reducing early-life health costs<sup>7</sup>. In Georgia, opioid users in MMC had 69% lower odds of death than those in FFS<sup>8</sup>. MCOs also deploy data-driven solutions to address racial and ethnic health disparities, which cost the U.S. an estimated \$421-\$451B annually.

Learn more | Read the full **whitepaper**



<sup>1</sup> 10 Things to Know About Medicaid Managed Care (2024, May 1). KFF. 10 Things to Know About Medicaid Managed Care | KFF

<sup>2</sup> Distribution of Certified Nursing Facility Residents by Primary Payer Source (2024). KFF. Distribution of Certified Nursing Facility Residents by Primary Payer Source | KFF

<sup>3</sup> Menges, J. (2017). Potential Savings of Medicaid Capitated Care: National and State-by-State Estimates. Community Plans. Retrieved from <https://communityplans.wpenginepowered.com/wp-content/uploads/2017/07/ACAP-Menges-MMC-Savings-Report-FINAL-071117.pdf>

<sup>4</sup> PERM Error Rate Findings and Reports (2024, July 30). CMS.gov. PERM Error Rate Findings and Reports | CMS

<sup>5</sup> Foundation for Medical Care. KanCare Final Evaluation: 2013-2018 | KFMC

<sup>6</sup> Innovation and Opportunities to Address Social Determinants of Health in Medicaid Managed Care (2019, January). Institute for Medicaid Innovation. Innovation and Opportunities to Address Social Determinants of Health in Medicaid Managed Care | Institute for Medicaid Innovation

<sup>7</sup> 10 Things to Know About Medicaid Managed Care (2024, May 1). KFF. 10 Things to Know About Medicaid Managed Care | KFF

<sup>8</sup> Deaths Among Opioid Users: Impact of Potential Inappropriate Prescribing Practices. (2019, April 2). The American Journal of Managed Care. Deaths Among Opioid Users: Impact of Potential Inappropriate Prescribing Practices | AJMC