

Health Plan Performance Series

Identifying the Value of Medicaid Managed Care

February 2009

Topic No. 2

Neighborhood's program for children with special health care needs limits cost growth to 1.4 percent over the last three years by expanding access to care and building new service options

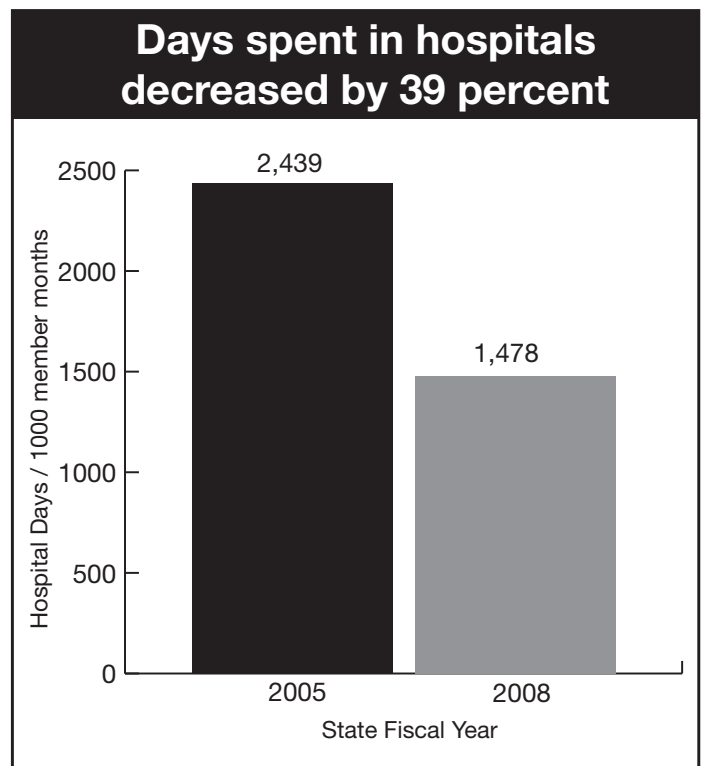
Medical and behavioral health hospital days decrease while visits to specialty physicians, behavioral health outpatient visits and diversionary treatment services increase

Neighborhood Health Plan of Rhode Island's managed care program for children with special health care needs (CSN) celebrated its fifth anniversary in September 2008 and analysis of the program's access, quality and cost data indicates the strategy to change where and how people receive care is producing favorable results.

Prior to CSN, children were insured through Medicaid fee-for-service and had limited access to specialist physicians and behavioral health providers. Lacking appropriate care, parents turned to the only option they felt they had for their children – hospitals. By the time these children with cerebral palsy, heart conditions, developmental delays, cancer, behavioral disorders, or other issues received care in medical and behavioral health hospitals, it was often costly, extended in duration and not in the setting parents or children wanted.

With the creation of CSN, Neighborhood began forming a broad network of specialty physicians and partnered with Beacon Health Strategies to expand access to behavioral health providers for children in need. It then collaborated with state and community partners to develop a new continuum of diversionary services to provide alternatives to the traditional behavioral health inpatient setting.

Finally, Neighborhood's team of nurses, pharmacists, behavioral health care managers (Beacon) and social workers forged relationships with member families and



helped them access outpatient care and manage their child's chronic illnesses.

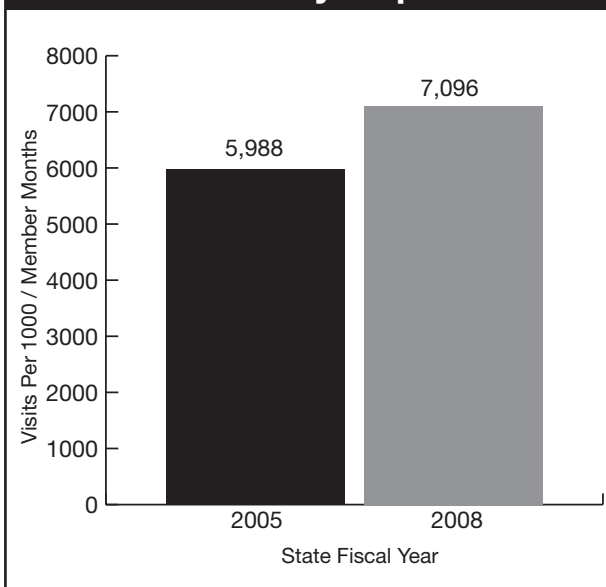
The result is that children are able to obtain preventive attention that meets their specific needs and this helps them improve health outcomes and stay out of hospitals. This change in service utilization has saved millions of dollars in State money.

Since State Fiscal Year (SFY) 2005, which ran from July 2004 to June 2005, Neighborhood's CSN program has produced remarkable results:

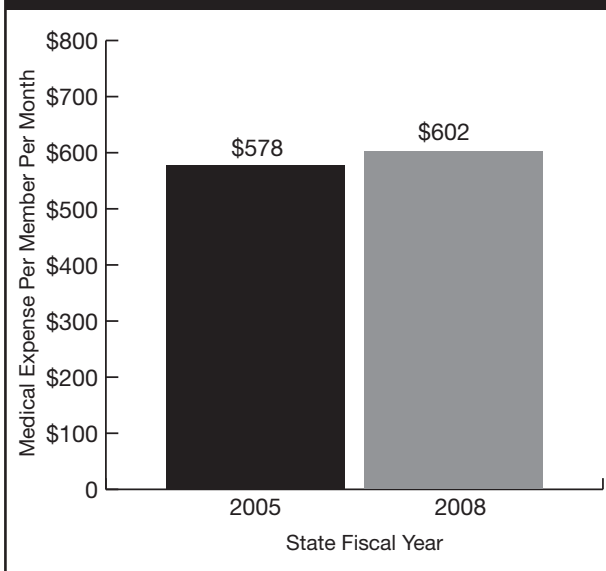
- Days spent in hospitals have decreased by 39 percent,
- Visits to specialty physicians have increased by 19 percent,
- Behavioral health diversionary treatment services (new alternatives to hospitals) have increased by 24 percent,
- Behavioral health outpatient visits have increased by 12 percent, and
- Growth in CSN spending on medical care has averaged 1.4 percent per year, well below the rate of inflation for Medicaid, general health care costs or the consumer price index.¹ If the CSN program had grown at the average rate for the Rhode Island Medicaid program (6.6 percent per year),² expenses in state fiscal years 2006 through 2008 would have been \$1.94 million higher.³ These savings were all returned to the State.

Additionally, survey results indicate parents with children in CSN continue to be highly satisfied with the program and the health care their child receives. In a spring 2007 Consumer Assessment of Healthcare Providers and Systems (CAHPS) study, a majority of CSN member parents rated Neighborhood a perfect ten, "the best health plan possible," and 89.5 percent rated Neighborhood an eight, nine or ten.⁴

Specialty physician visits increased by 19 percent



CSN spending has grown at an average rate of 1.4 percent since SFY 2005



Footnotes:

1. Data for state fiscal year 2008 have been adjusted to account for care provided to Neighborhood members during that period for which claims have not yet been submitted.
2. Actual and projected growth rates for Rhode Island Medicaid are from "Application for the Rhode Island Consumer Choice Global Compact Waiver" (July 2008).
3. We believe this to be a conservative comparison. If the CSN program had grown at the average rate for commercial health plans in RI, expenses in state fiscal years 2006 through 2008 would have been \$3.5 million higher.
4. On a scale from zero to ten where zero is the worst health plan possible and ten is the best health plan possible.