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## XVI. General Update

A “general update” section was added to the 2003 State Survey, since it is the last in the series of all-state surveys in the Tracking Project. The effects of the current economic climate in the country — and any detrimental effects for behavioral health managed care systems — were examined, recognizing that many state governments are implementing cut-backs in health and human services in response to budget deficits. In addition, items were incorporated to explore perceived success in achieving the goals of managed care systems to date, as well as states’ future plans for behavioral health managed care.

### Effects of Current Fiscal Climate

Given the massive budget deficits facing most state governments, and the consequent cost cutting measures that many states are implementing, items were added to the 2003 State Survey to assess the extent to which the current fiscal climate is impacting managed care systems and in what ways. Over three-quarters of managed care systems (78%) reportedly are experiencing detrimental effects as a result of the nation’s current economic climate (**Table 121**).

	2003		
	Carve Out	Integrated	Total
Current fiscal climate is having detrimental effects on managed care system	82%	73%	78%
Current fiscal climate is not having detrimental effects on managed care system	18%	27%	22%

The systems experiencing detrimental effects reportedly have taken a variety of measures to address fiscal problems (**Table 122**). The most frequently reported effects include:

- Reducing services to non-Medicaid, uninsured children and adolescents
- Eliminating specific populations from eligibility for the managed care system
- Reducing coverage of services or eliminating coverage for certain services
- Reducing levels of services, such as number of visits, length of stay, or duration
- Incorporating or raising co-pays
- Decreasing capitation or case rates to MCOs
- Implementing more stringent authorization procedures or policies

	2003		
	Carve Out	Integrated	Total
Lowered the federal poverty level eligibility cut-off	11%	27%	17%
Eliminated specific populations from eligibility for the managed care system	39%	27%	34%
Reduced coverage of services (i.e., eliminated coverage for certain services)	22%	36%	28%
Reduced levels of service (i.e., number of visits, length of stay, duration)	28%	27%	28%
Incorporated or raised co-pays	11%	55%	28%
Decreased provider reimbursement rates	28%	0%	17%
Decreased capitation or case rates to MCOs	28%	18%	24%
Implemented more stringent authorization procedures, guidelines, or policies	28%	18%	24%
Changed drug formulary	11%	36%	21%
Reduced services to non-Medicaid, uninsured children and adolescents	61%	18%	45%
Reduced interagency coordination	6%	9%	7%
Other	28%	27%	28%

Interestingly, integrated systems are far more likely to have incorporated or raised co-pays (55% did so) or changed drug formularies (36% reported this), and carve outs are far more likely to have reduced services to non-Medicaid, uninsured children (61% did so), a population that fewer integrated systems served to begin with, or eliminated specific populations from eligibility for the managed care system (39%).

- The current fiscal climate may be associated with other findings of the 2003 survey, including:
  - A decline in parity
  - An increased focus on cost containment goals
  - Less coverage of the total Medicaid population, the SCHIP population, non-Medicaid populations, and high-cost/high-need populations
  - A decline in the percentage of reforms to which the mental health agency contributes dollars
  - More use of full-blown capitation
  - Fewer rate increases for MCOs
  - A decline in the use of risk adjusted rates and other risk adjustment mechanisms
  - More use of management mechanisms
  - Declines in investment in service capacity development

## Perceived Success in Achieving Managed Care Goals

Perceptions of respondents (state child mental health directors and/or Medicaid agency staff) are that managed care systems have been, on balance, moderately to mostly successful in achieving their goals (containing costs, increasing access, expanding service array, improving quality, and improving accountability), with about a third of the systems falling into each of these categories overall. Carve outs reportedly have had greater success in goal achievement; 73% fall into the moderately or mostly successful categories combined, as compared with 56% of the integrated systems (**Table 123**).

	Percent of Systems by Ratings of Success of Managed Care System in Achieving Managed Care Goals				
	1 Completely Successful	2 Mostly Successful	3 Moderately Successful	4 Marginally Successful	5 Not At All Successful
Carve Outs	18%	39%	34%	7%	2%
Integrated	8%	32%	24%	28%	9%
<b>Total</b>	13%	36%	30%	16%	5%

Considering individual goals, **Table 124** shows the mean ratings for each (1 to 5 scale, with 1 being completely successful and 5 not at all successful). Although the mean ratings cluster between “mostly” and “moderately” successful (between 2 and 3), results suggest that respondents perceive slightly greater success in improving access and improving accountability than with containing costs or improving quality. Overall, the least success is seen with respect to expanding the service array. Mean ratings also show that perceived success is greater in carve outs with respect to each of the managed care goals.

	2003		
	Carve Out	Integrated	Total
Containing costs	2.50	3.25	2.61
Increasing access	2.27	2.81	2.50
Expanding service array	2.41	3.44	2.84
Improving quality	2.38	2.93	2.64
Improving accountability	2.24	2.94	2.54
Other	3.00	NA	3.00
NA=Not Applicable			

## Future Plans for Managed Behavioral Health Care

The 2003 State Survey found that managed care for behavioral health care is highly likely to continue in the future. No respondents indicated plans to phase out managed care in their states. In fact, in the majority of cases (89%), states reportedly plan to continue their present use of managed care technologies to manage behavioral health service delivery. Of those indicating potential changes, one state indicated plans to move to a non-risk based system, and four indicated potential plans to increase the use of ASO (Administrative Service Organization) arrangements (**Table 125**).

	2003		
	Carve Out	Integrated	Total
State plans to continue to use managed care technologies to manage behavioral health service delivery	100%	73%	89%
State plans to phase out managed care	0%	0%	0%
State plans to move to a non-risk-based system	0%	20%	3%
State plans to increase the use of administrative service organizations (ASOs)	5%	20%	11%
Other	14%	27%	19%

Thus, Tracking Project results indicate that managed care will continue into the foreseeable future, underscoring the need to implement the refinements and revisions that will ensure that these systems are successful in meeting the needs of children and adolescents with behavioral health disorders and their families.