

Strengthen Medicaid Managed Care by Increasing Accountability for Efficiency and Losses

CRITICAL QUESTIONS & OBSERVATIONS

1. More than 65% of health plans lost money in 2018.
2. Common sense strongly suggests that these losses caused Medicaid costs to increase.
3. Some health plans have mismanaged their premium allocation from HHSC every year they have been in Medicaid. Others have mismanaged their premium allocation from HHSC for many years at a time.
4. Recurring financial losses appears to be an intentional and systematic approach to driving up Medicaid costs.
5. There should be new law and administrative rules establishing remedial consequences for MCOs with excessive losses (as there is for excessive profit).
6. The history of MCO losses roughly tracks the history of MCOs' profit-sharing with the state.

