

Proportion of Non-Participating Providers Serving Apple Health Enrollees

Annual Report: July 1, 2016-June 30, 2017

House Bill 1652; Laws of 2015, Chapter 256, § 1(11); RCW 74.09.522

Engrossed Substitute Senate Bill 5927; Laws of 2011, 1st Special Session,
Chapter 9, § 2(9); RCW 74.09.522

January 1, 2018



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Executive Summary

The Washington State Health Care Authority (HCA) is submitting this report to the Legislature as required by House Bill 1652 (2015):

“Pursuant to federal managed care access standards, 42 C.F.R. Sec. 438, managed care health care systems must maintain a network of appropriate providers that is supported by written agreements sufficient to provide adequate access to all services covered under the contract with the authority, including hospital based physician services. The authority will monitor and periodically report on the proportion of services provided by contracted providers and nonparticipating providers, by county, for each managed health care system to ensure that managed health care systems are meeting network adequacy requirements. No later than January 1st of each year, the authority will review and report its findings to the appropriate policy and fiscal committees of the legislature for the preceding state fiscal year.”

As directed by the Legislature, this report details the proportion of services provided by non-participating providers¹ to Apple Health (Medicaid) enrollees. Non-participating providers do not have written contracts to participate in an Apple Health managed health care system’s (or Managed Care Organization’s [MCOs]) provider network. However, these providers deliver health care services to Apple Health enrollees whose care is provided by an MCO.

All Apple Health MCOs are responsible for contracting with a sufficient number of providers in all areas of health care delivery to meet the needs of their enrollees. However, some care is purchased from non-participating providers. The state Apple Health contract requires plans to reimburse non-participating providers no more than the lowest amount paid for that service under the plan’s contracts with similar providers in the state.

The data in this report relates to services rendered from July 1, 2016 through June 30, 2017 and purchased from non-participating providers as reported by each managed care plan. This and all previous non-participating provider reports have relied exclusively on MCO reported data. Beginning in 2018, for future non-participating provider reports, HCA will explore the feasibility of conducting independent data validation on the MCO attested data. Total spent this period for these providers was \$180 million, a 25 percent decrease from last year.

¹ Providers, as defined for the purpose of this report, does not include inpatient hospital facilities, outpatient hospital facilities, ambulatory care centers, imaging facilities, laboratory facilities, birthing centers and skilled nursing facilities. Therefore, expenditures for services received in these facilities, as well as expenditures for services such as: home health, hospice, private duty nursing, therapies: occupational, speech, physical, and mental health are not included in this report.

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Background

In July 2012, HCA began increasing the number of individuals enrolled in Apple Health managed care by expanding enrollment criteria to include the disabled and blind Supplemental Security Income (SSI) eligibility group (adults and children) and other new client populations. Previously, enrollment criteria included children, mothers, and pregnant women. In CY 2013, 800,000 individuals received Apple Health services through an MCO. Following Medicaid expansion, over 1.3 million individuals were receiving services in managed care by the end of December 2014.

Since CY 2013, HCA has contracted with five MCOs: Amerigroup Washington, Inc. (AMG); Community Health Plan of Washington (CHPW); Coordinated Care Corporation of Washington (CCW); Molina Healthcare of Washington (MHC); and United Healthcare Community Plan (UHC). Effective April 1, 2016, two new managed care programs began: Apple Health Foster Care (AHFC) and Fully Integrated Managed Care (FIMC), which includes the full Behavioral Health Benefit. Effective January 1, 2017, clients who have a secondary (primary) insurance were moved to managed care plans.

This report shows the cost and utilization of services provided between July 1, 2016 through June 30, 2017 to Apple Health enrollees by non-participating providers. The data is reported by county, by MCO, and by contract. To meet the reporting requirements, HCA directed each contracted MCO to provide the following data for the fiscal year:

- Total cost, per county, the MCO paid to all providers for overall services (claims paid) delivered to Apple Health enrollees.
- Percent of overall cost, per county, the MCO paid to non-participating providers—including hospital-based providers—for services (claims paid) delivered to Apple Health enrollees.
- Number of overall claims and separated number of non-participating provider claims, per county, the MCO paid.
- Number of overall clients with paid claims and separated number of client claims to non-participating providers the MCO paid.

This was the first year we directed MCOs to separate their data by participating and non-participating services. Additionally, each MCO provided HCA with information on provider types: “professional” (including MD [medical doctor], PA [physician assistant], ARNP [advanced registered nurse practitioner]) and their specialties, “durable medical equipment,” “pharmacy,” or “other.” Professional specialty categories include “cardiovascular,” “emergency room,” “endocrinology,” “gastroenterology,” “general practice,” “hematology,” “neurology,” “obstetrics and gynecology,” “pediatrics,” “pulmonary,” and “surgeon.”

Key Findings

HCA analyzes cost and utilization data to look for trends that may indicate network adequacy changes that could affect enrollee access to services. Here are some highlights of our analysis:

- Amerigroup paid \$37 million to non-participating providers in fiscal year 2017, an increase of \$2 million from the previous fiscal year. AMG saw a minimal increase in enrollees. Forty-two percent of the claims paid were to non-participating providers for services provided to 30 percent of clients enrolled with AMG. The most utilized non-participating provider specialty/subspecialty was “general practice physician.”
- Coordinated Care of Washington paid approximately \$41 million in fiscal year 2017 to non-participating providers, an increase of \$14 million from the previous fiscal year. CCW saw little change in enrollees. Forty percent of the claims paid were to non-participating providers for services provided to 35 percent of the CCW-enrolled clients. The most utilized non-participating provider specialty/subspecialty was “pharmacy.”
- Community Health Plan of Washington paid approximately \$21 million in fiscal year 2017 to non-participating providers, a decrease of \$3 million from the previous fiscal year. CHPW saw a small increase in enrollment in Lincoln County and Klickitat County. Twenty percent of the claims paid were to non-participating providers for services provided to 23 percent of the clients enrolled with CHPW. The most utilized non-participating provider specialty/subspecialty was “emergency room.”
- Molina Healthcare of Washington paid approximately \$44 million in fiscal year 2017 to non-participating providers, a decrease of \$2 million from the previous fiscal year. There was a small increase in enrollment in Chelan County and Lewis County. Eighteen percent of the claims paid were to non-participating providers for services provided to 20 percent of clients enrolled with MHC. The most utilized non-participating provider specialty/subspecialty was “pharmacy.”
- United Healthcare paid approximately \$21 million in Fiscal Year 2017 to non-participating providers, an increase of \$3 million from the previous fiscal year. UHC saw an increase in enrollment in King, Benton, Pierce, Snohomish, and Spokane counties. Eighteen percent of the claims paid were paid to non-participating providers for services provided to 33 percent of clients enrolled with UHC. The most utilized non-participating provider specialty/subspecialty was “emergency room.”
- All plans: Clallam, Island, Garfield, and Pend Oreille counties have the highest percentage of non-participating providers paid for services provided to clients enrolled with an Apple Health MCO. These counties, as some of the most rural areas in the state, have fewer providers and therefore require more frequent use of non-participating providers.
- The most utilized non-participating provider specialties/subspecialties were “other.” “pharmacy.” and “emergency room.” Unfortunately, all plans misunderstood the instructions regarding reporting specialties; the plans reported many services under the “other” category instead of the categories provided. Underreporting when the service was provided by a PA or ARNP seemed especially common. To avoid an incomplete picture of the data we did not

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include “other” in the individual plan analyses. We will provide more detailed instruction regarding reporting categories and specialties to all MCOs prior to next year’s submission.

- For the foster care contract, Coordinated Care of Washington paid approximately \$7 million in fiscal year 2017 to non-participating providers. Forty percent of the claims paid were to non-participating providers for services provided to 62 percent of the clients. The most utilized non-participating provider specialty/subspecialty was “pediatric medicine.”

Fully Integrated Managed Care Contract

Community Health Plan of Washington paid approximately \$1.9 million in fiscal year 2017 to non-participating providers. Thirty-two percent of the claims paid were to non-participating providers for services provided to 31 percent of the clients enrolled with CHPW. The most utilized non-participating provider specialty/subspecialty was “emergency room.”

Molina Healthcare of Washington paid approximately \$6.7 million in fiscal year 2017 to non-participating providers. Fourteen percent of the claims paid were to non-participating providers for services provided to 17 percent of clients enrolled with MHC. The most utilized non-participating provider specialty/subspecialty utilized was “pharmacy.”

We do not yet have enough data to make comparisons because the foster care and FIMC contracts were new in the previous reporting year.

Apple Health Managed Care (AHMC) Fiscal Year 2016 Findings

Amerigroup (AMG)

Amerigroup paid a total of \$533,370,396 for services to 31,401 providers for 195,976 clients.

Approximately \$37 million (7 percent of the total) was paid to 13,036 providers (42 percent of the total) for 58,600 clients (30 percent of the total) who received healthcare services from a non-participating provider. This is a \$2 million increase compared to the previous year.

Payments to non-participating providers increased in:

- Klickitat County—\$1.6 million increase with 21 percent enrollment decrease
- Grays Harbor County—\$1.1 million increase with 23 percent enrollment increase
- Pierce County—\$465 thousand with 2 percent enrollment decrease
- Kitsap County—\$377 thousand with 2 percent enrollment decrease
- Whatcom County—\$301 thousand with 79 percent enrollment increase

Payments to non-participating providers decreased in Spokane County (\$931 thousand), Skagit County (\$302 thousand), Walla Walla County (\$288 thousand), King County (\$288 thousand), and Yakima County (\$125 thousand).

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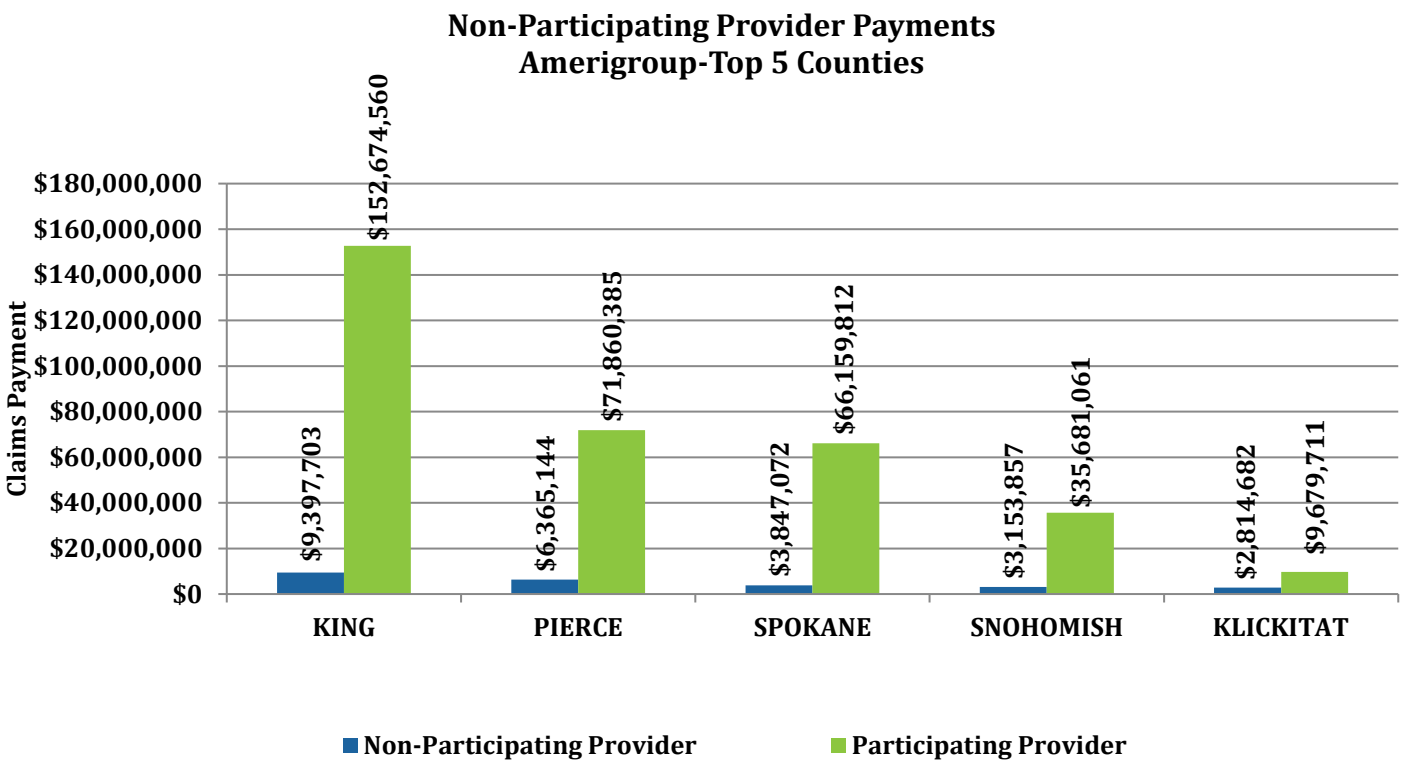
Only one county had more than 50 percent of claims paid to a non-participating providers: Klickitat County at 53 percent with 1,073 non-participating providers and 952 participating providers paid.

No counties had more than 50 percent of clients seeing a non-participating provider for their healthcare needs.

The top non-participating provider type visited was “general practice physician,” which was 5 percent of the total paid for the specialty.

Amerigroup also paid \$6,478 to 17 providers for 4 clients who received services by a provider out of state or in a border city.

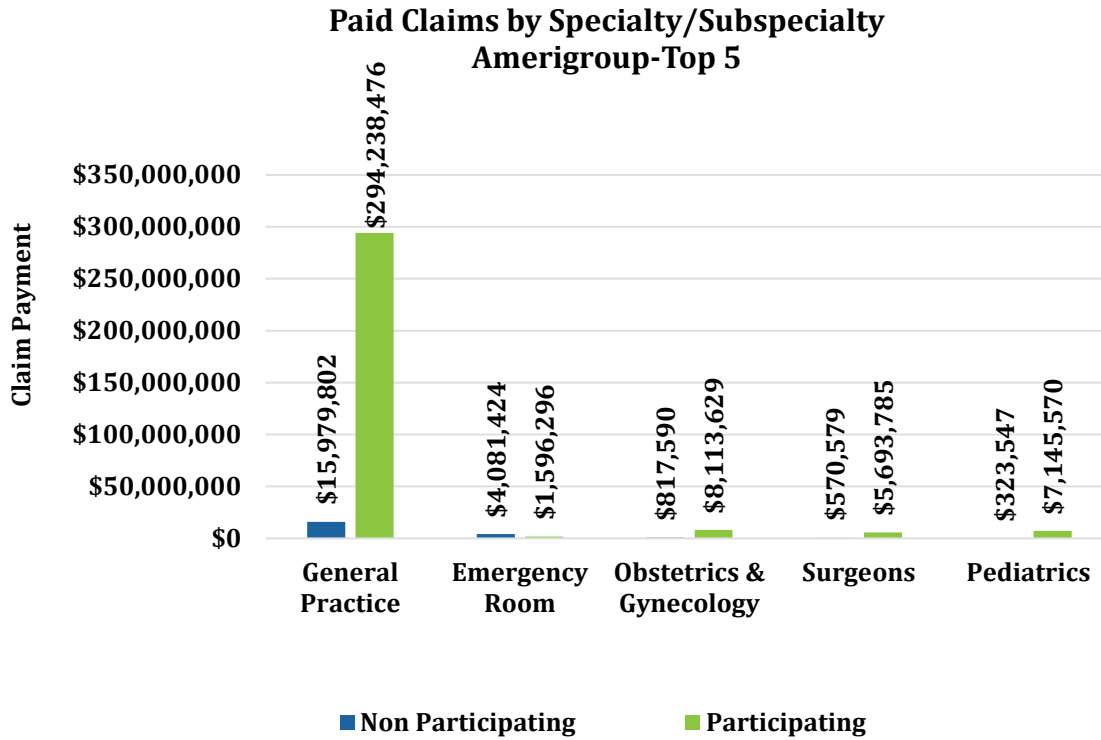
Chart 1: Non-Participating Provider Payments, Amerigroup-Top 5 Counties



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Chart 2: Highest Number of Paid Claims by Provider Specialty/Subspecialty, Amerigroup-Top 5



Coordinated Care of Washington (CCW)

Coordinated Care (CCW) paid a total of \$536,238,280 for services to 30,191 providers for 181,374 clients.

Approximately \$41 million (8 percent of the total) was paid to 12,232 providers (41 percent of the total) for 95,527 clients (35 percent of the total) who received healthcare services from a non-participating provider. This is a \$14 million increase compared to the previous year.

Payments to non-participating providers increased in:

- Clark County—\$845 thousand increase with no change in enrollment
- Cowlitz County—\$343 thousand increase with no change in enrollment
- Lewis County—\$234 thousand with 23 percent enrollment decrease
- Whatcom County—\$68 thousand with 13 percent enrollment increase
- Klickitat County—\$45 thousand with no change in enrollment

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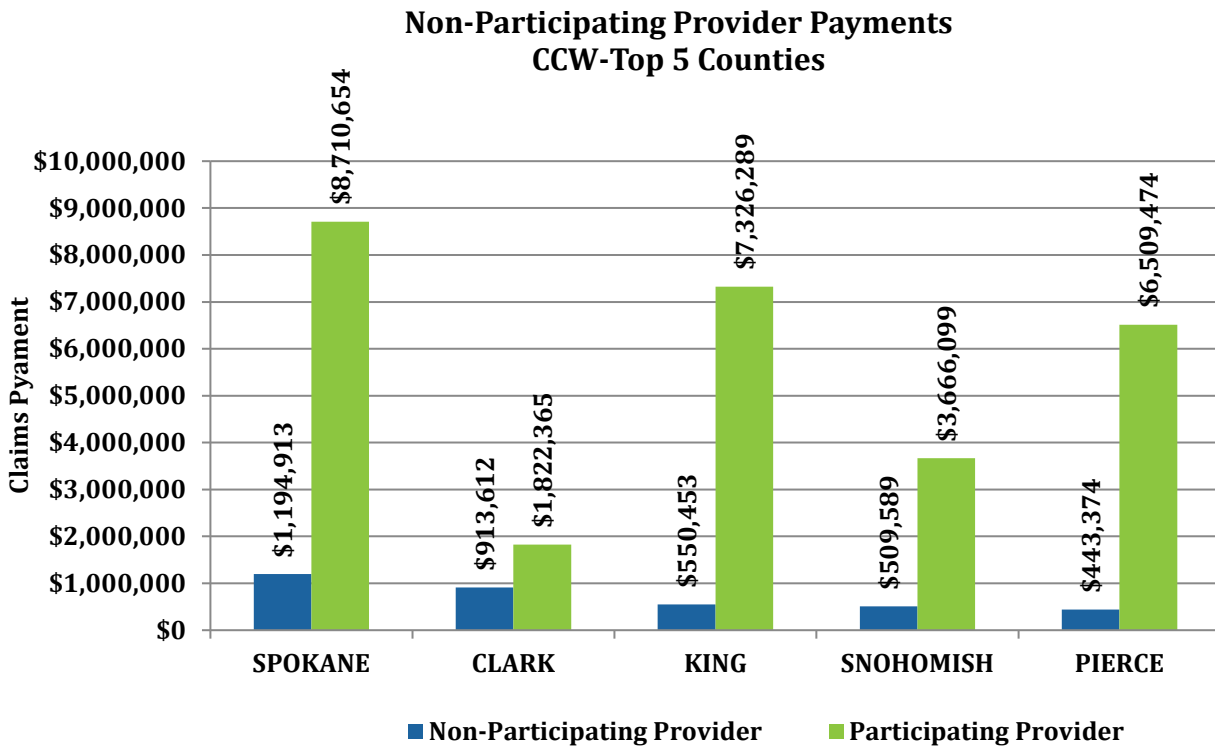
Payments to non-participating providers decreased in:

- King County—\$10 million decrease with 2 percent enrollment decrease
- Pierce County—\$4 million decrease with 2 percent enrollment decrease
- Yakima County—\$2.5 million decrease with 7 percent enrollment increase
- Snohomish County—\$1.2 million decrease with 2 percent enrollment decrease
- Benton County—\$1 million decrease with 8 percent enrollment increase

The top non-participating provider type visited was “pharmacy,” which was 5 percent of the total paid for the specialty.

CCW also paid \$8,789 to 29 providers for 3 clients who received services by a provider out of state or in a border city.

Chart 3: Non-Participating Provider Payments, Coordinated Care of Washington-Top 5 Counties



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Chart 4: Counties with More than 50% Paid Claims to Non-Participating Providers, Coordinated Care of Washington, Top 5 Counties

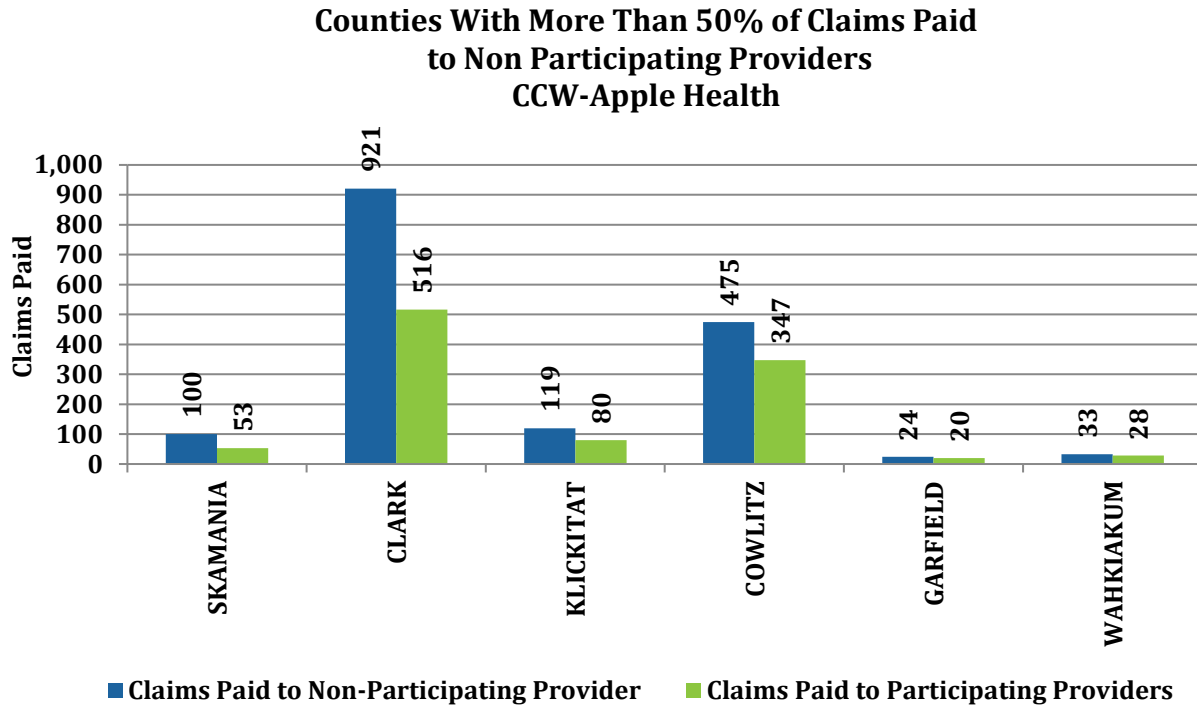
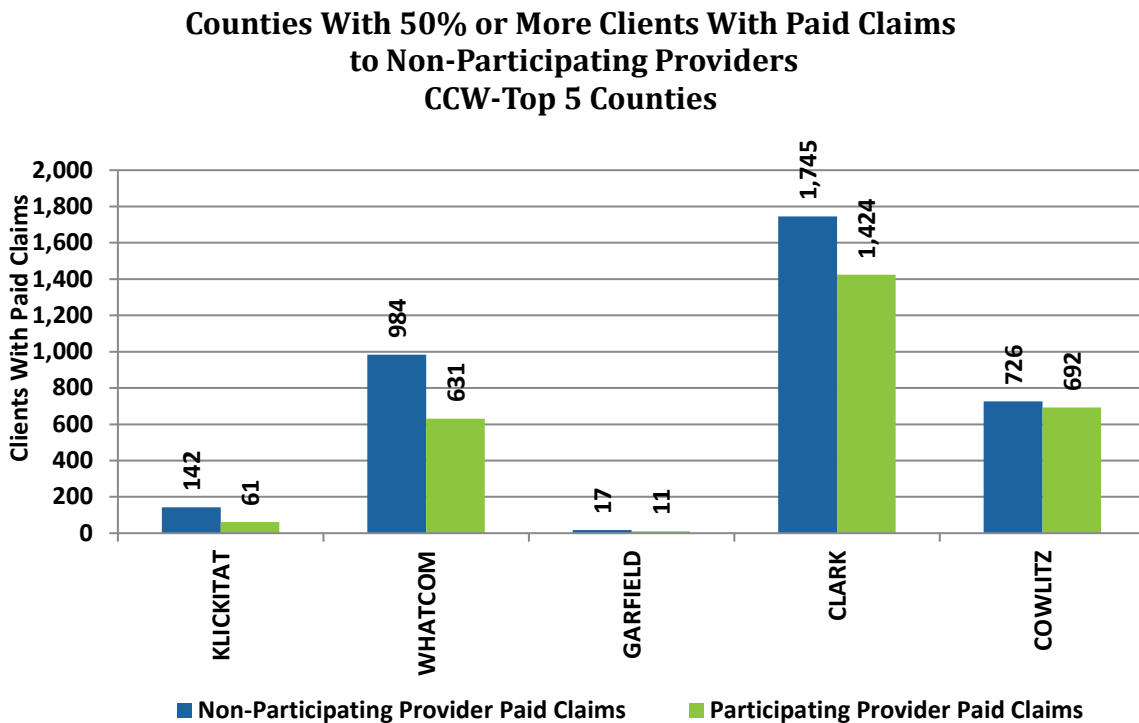


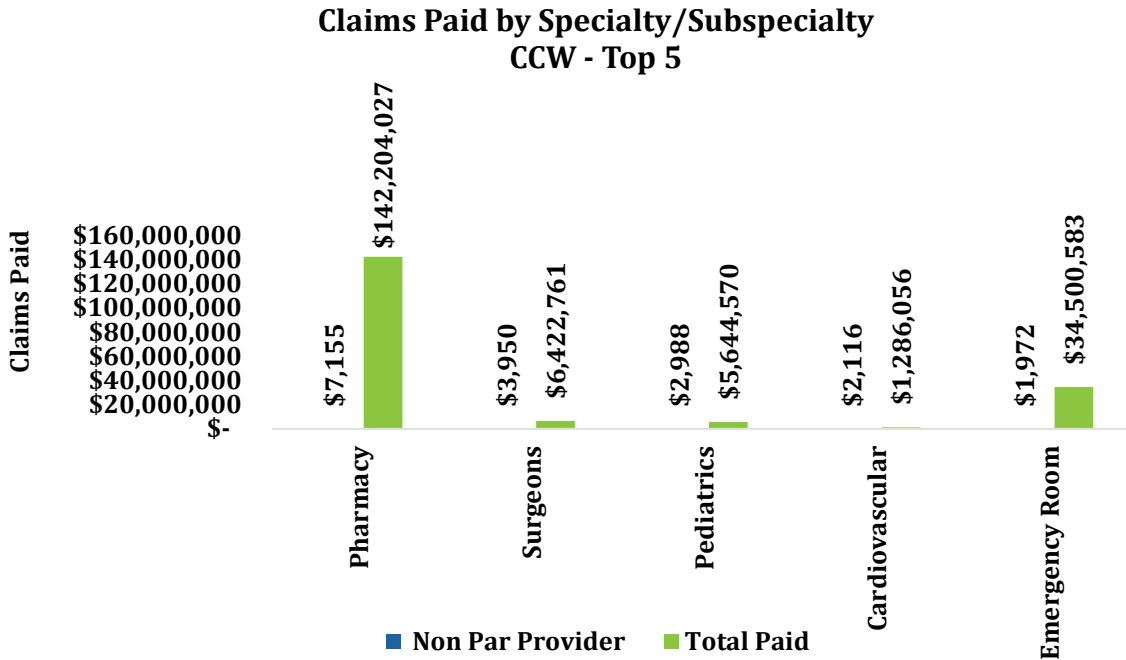
Chart 5: Counties with More than 50% of Clients with Paid Claims to Non-Participating Providers, Coordinated Care of Washington-Top 5 Counties



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Chart 6: Claims paid by Specialty/Subspecialty to Non-Participating Providers, Coordinated Care of Washington, Top 5



Community Health Plan of Washington (CHPW)

Community Health Plan of Washington (CHPW) paid a total of \$338,346,358 for services to 87,573 providers for 332,784 clients.

Approximately \$21 million (6 percent of the total) was paid to 17,287 providers (20 percent of the total) for 75,984 clients (23 percent of the total) who received healthcare services from a non-participating provider. This is a \$3 million decrease compared to the previous year.

Payments to non-participating providers increased in:

- Garfield County—\$3 thousand with no change in enrollment
- Lincoln County—\$3 thousand with 20 percent enrollment increase
- Klickitat County—\$2 thousand with 21 percent enrollment increase

Payments to non-participating providers decreased in:

- King County—\$2 million with 2 percent enrollment decrease
- Pierce County—\$2 million with 10 percent enrollment increase
- Spokane County—\$1.2 million with 2 percent enrollment decrease
- Clark County—\$1.1 million with no change in enrollment
- Whatcom County—\$800 thousand with 8 percent enrollment decrease

The top non-participating provider type visited was “emergency room,” which was 41 percent of the total paid for the specialty.

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CHPW also paid \$3,869,804 to 2,528 providers for 3,017 clients who received services by a provider out of state or in a border city.

Chart 7: Non-Participating Provider Payments, Community Health Plan of Washington-Top 5 Counties

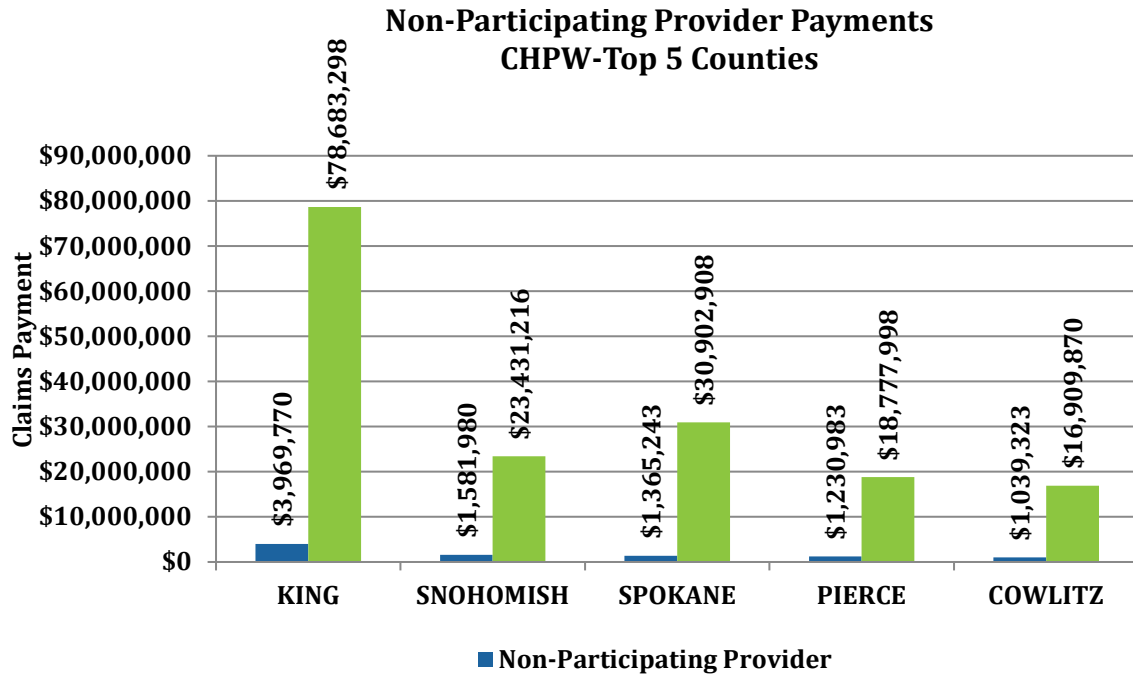
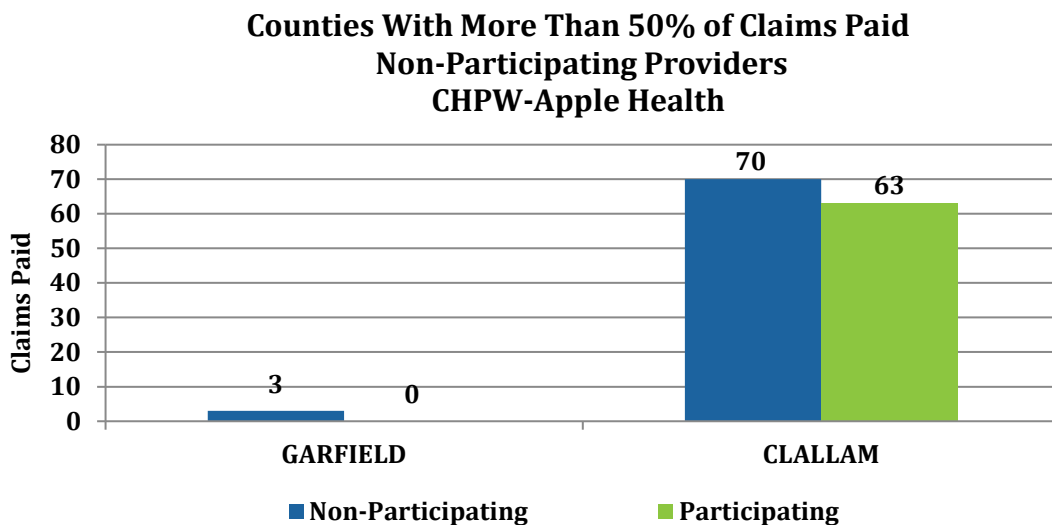


Chart 8: Counties with More than 50% Paid Claims to Non-Participating Providers Community Health Plan of Washington-Top 5 Counties



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Chart 9: Counties with More than 50% of Clients with Paid Claims to Non-Participating Providers, Community Health Plan of Washington-Top 5 Counties

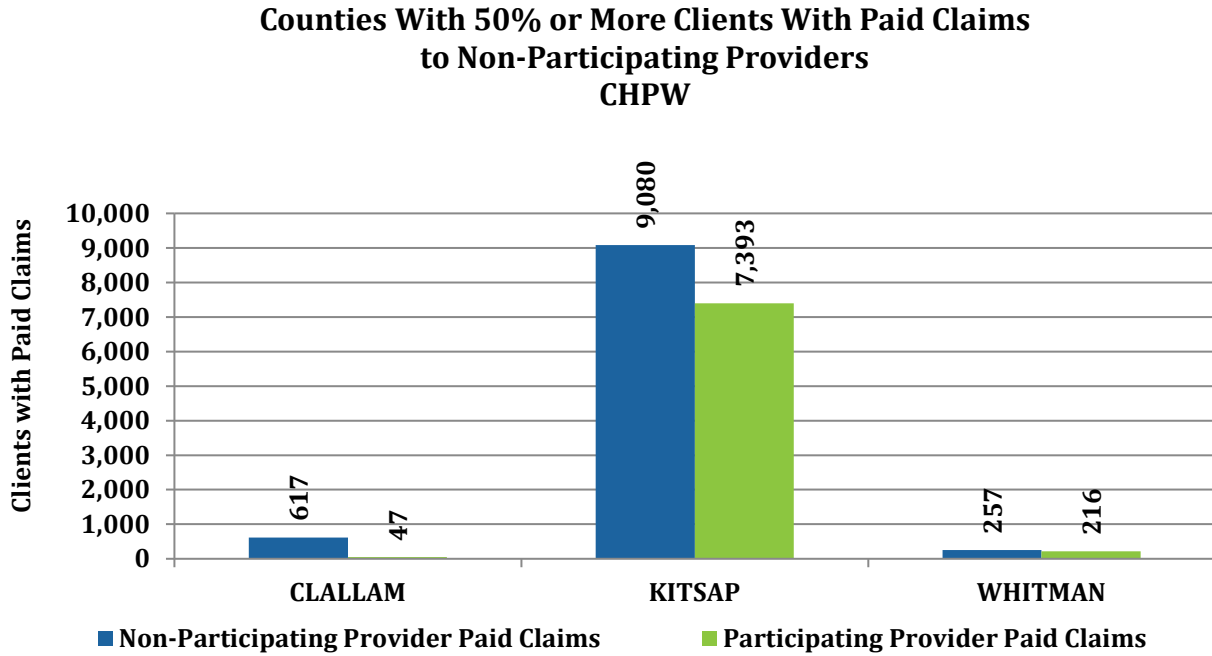
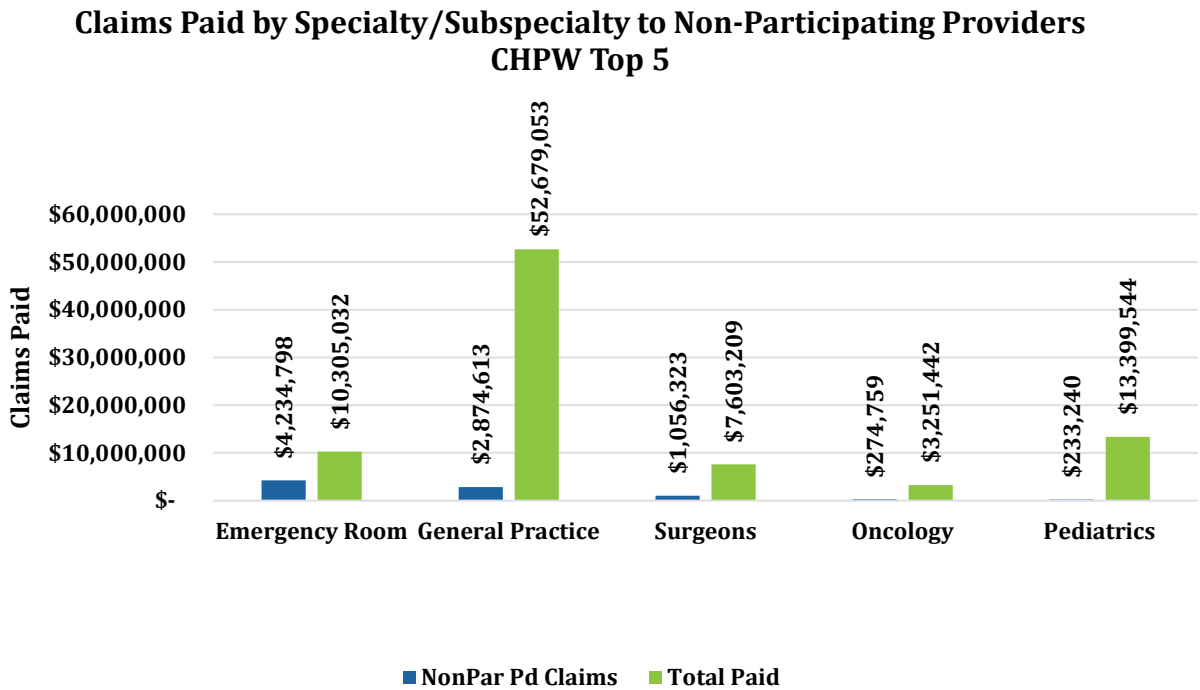


Chart 10: Claims paid by Specialty/Subspecialty to Non-Participating Providers, Community Health Plan of Washington-Top 5



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Molina Healthcare of Washington, Inc. (MHC)

Molina Healthcare of Washington (MHC) paid a total of \$1,209,837,381 for services to 31,748 providers for 711,538 clients.

Approximately \$44 million (4 percent of the total) was paid to 5,611 providers (18 percent of the total) for 139,736 clients (20 percent of the total) who received healthcare services from a non-participating provider. This is a \$2 million decrease compared to the previous year.

Payments to non-participating providers increased in:

- Thurston County—\$1.4 million increase with 6 percent enrollment increase
- Pierce County—\$800 thousand increase with 8 percent enrollment increase
- Yakima County—\$300 thousand increase with 2 percent enrollment increase
- Chelan County—\$200 thousand increase with 20 percent enrollment increase
- Lewis County—\$200 thousand increase with 12 percent enrollment increase

Payments to non-participating providers decreased in:

- Clark County—\$3 million decrease with no change in enrollment.
- Cowlitz County—\$2.4 million decrease with 58 percent enrollment decrease
- Franklin County— \$600 thousand decrease with 8 percent enrollment increase
- King County— \$400 thousand decrease with 9 percent enrollment increase
- Clallam County— \$100 thousand decrease with 20 percent enrollment increase

No counties had more than 50 percent of clients seeing a non-participating provider for their healthcare needs.

The top non-participating provider type visited was for “pharmacy,” which was 33 percent of the total paid for the specialty.

MHC also paid \$48,628,726 to 5,856 providers for 95,494 clients who received services by a provider out of state or in a border city.



Chart 11: Non-Participating Provider Payments, Molina Health Care-Top 5 Counties

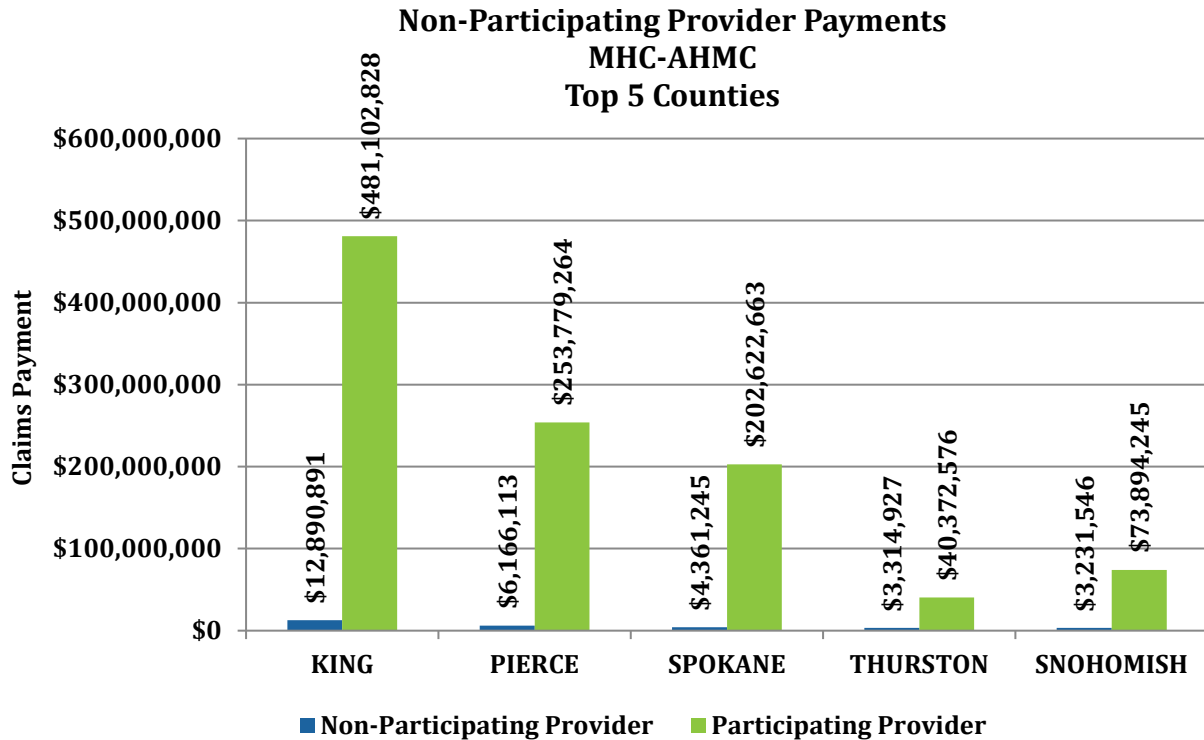
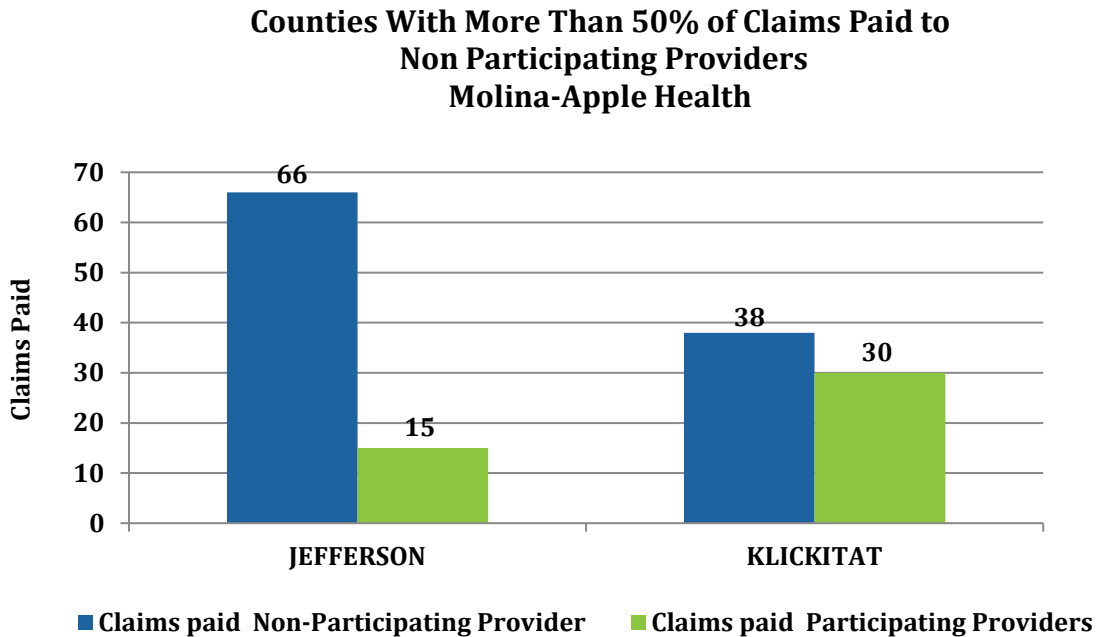


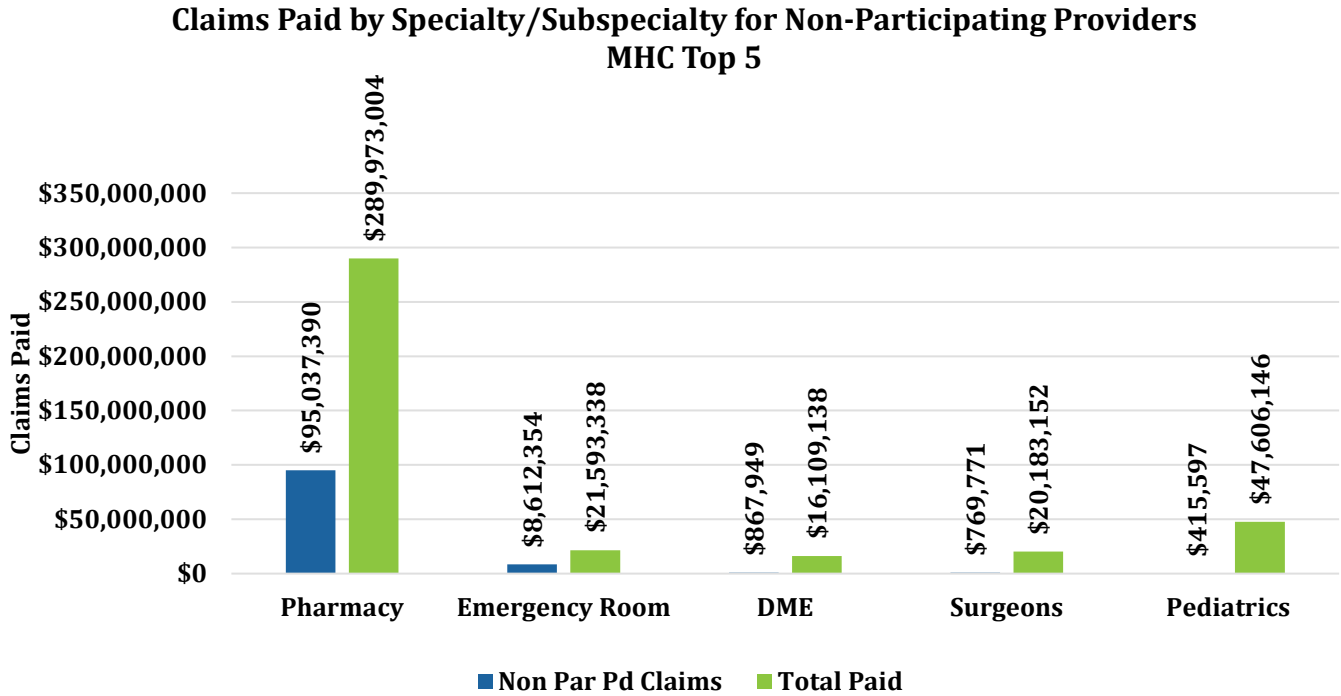
Chart 12: Counties with More than 50% Paid Claims to Non-Participating Providers, Molina Health Care-Top 5 Counties



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Chart 13: Claims paid by Specialty/Subspecialty to Non-Participating Providers, Molina Health Care-Top 5



United Healthcare (UHC)

United Healthcare (UHC) paid a total of \$737,734,753 for services to 27,498 providers for 194,225 clients.

Approximately \$21 million (3 percent of the total) was paid to 5,031 providers (18 percent of the total) for 64,982 clients (33 percent of the total) who received healthcare services from a non-participating provider. This is a \$3 million increase compared to the previous year.

Payments to non-participating providers increased in:

- Pierce County—\$869 thousand increase with 4 percent enrollment increase
- Snohomish County—\$855 thousand increase with 5 percent enrollment increase
- Benton County—\$818 thousand increase with 10 percent enrollment increase
- Spokane County—\$488 thousand increase with 4 percent enrollment increase
- King County—\$458 thousand increase with 2 percent enrollment increase

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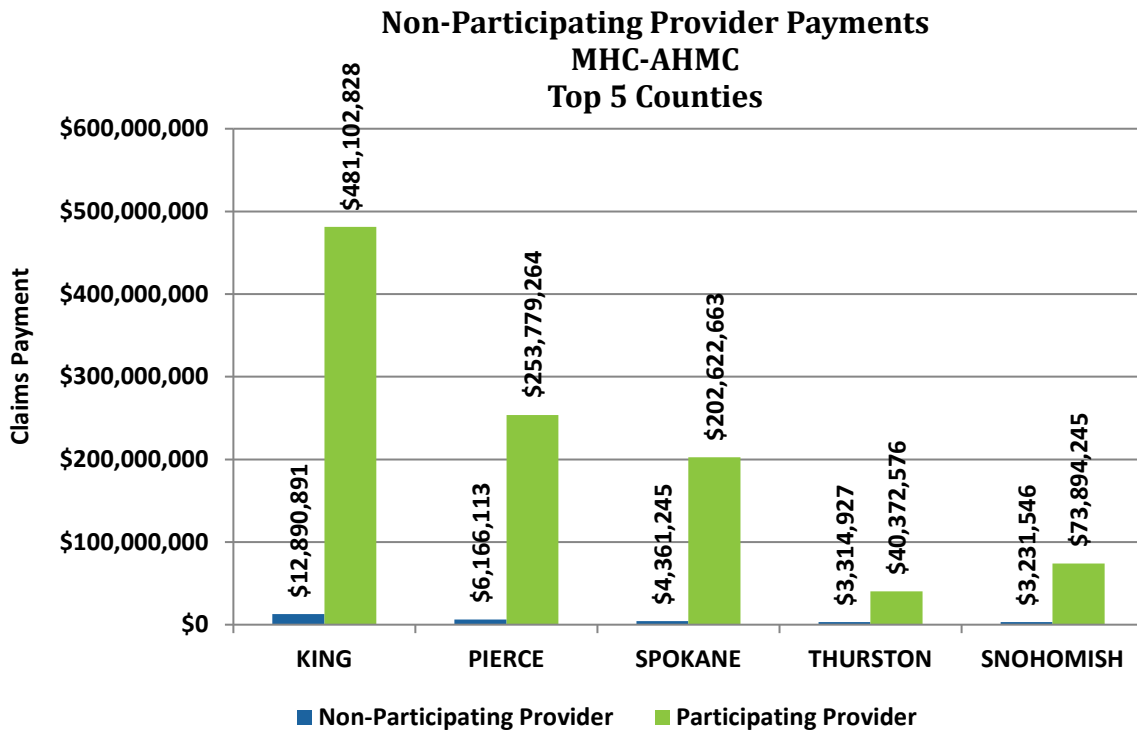
Payments to non-participating providers decreased in:

- Thurston County—\$187 thousand decrease with 11 percent enrollment increase
- Mason County—\$174 thousand decrease with 3 percent enrollment decrease
- Clark County—\$125 thousand decrease with no change in enrollment
- Lewis County—\$44 thousand decrease with 6 percent enrollment increase
- Kitsap County—\$42 thousand decrease with 8 percent enrollment increase

The top non-participating provider type visited was “emergency room,” which was 82 percent of the total.

UHC also paid \$141,177,066 to 7,375 providers for 296,266 clients who received services by a provider out of state or in a border city.

Chart 14: Non-Participating Provider Payments, United Healthcare-Top 5 Counties



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Chart 15: Counties with More than 50% Paid Claims to Non-Participating Providers, United Healthcare-Top 5 Counties

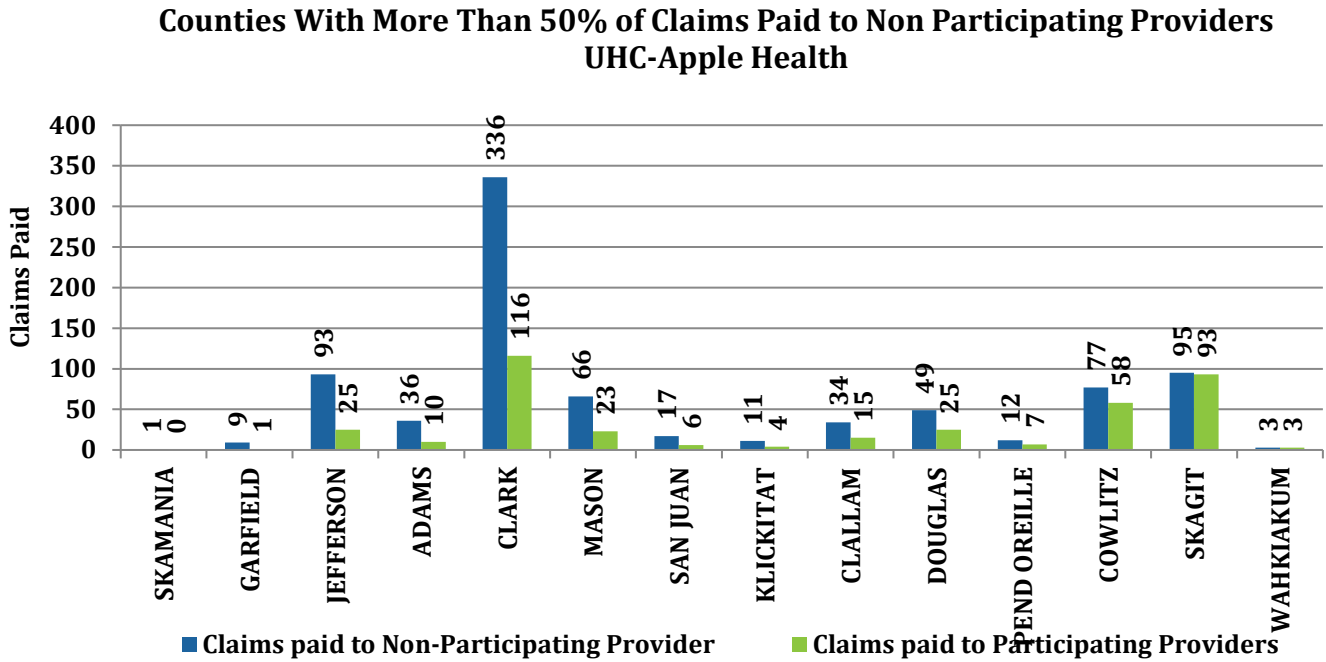
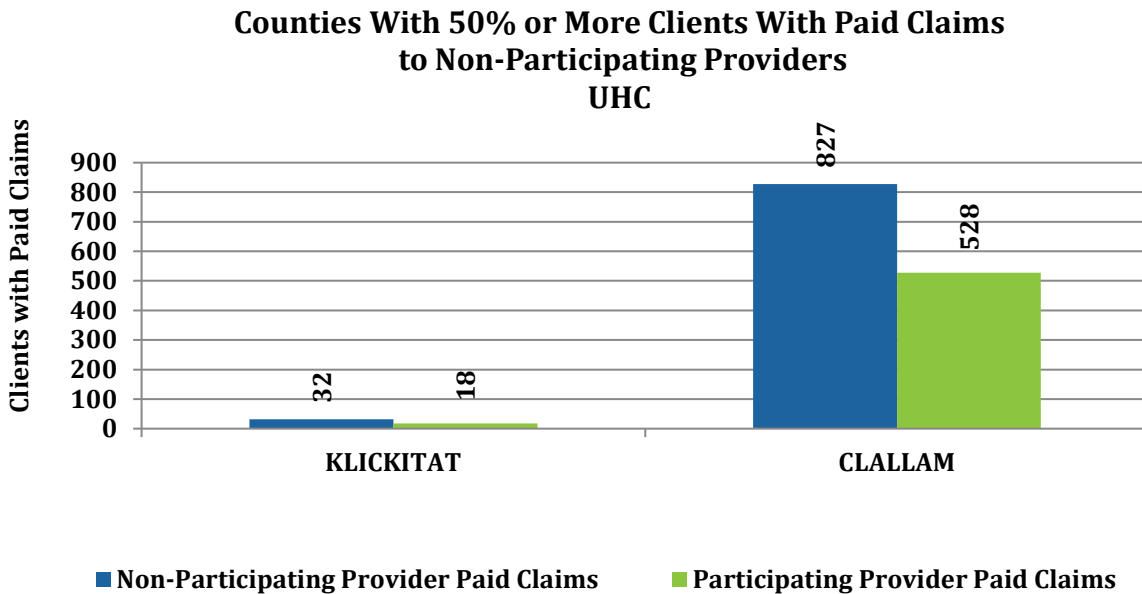


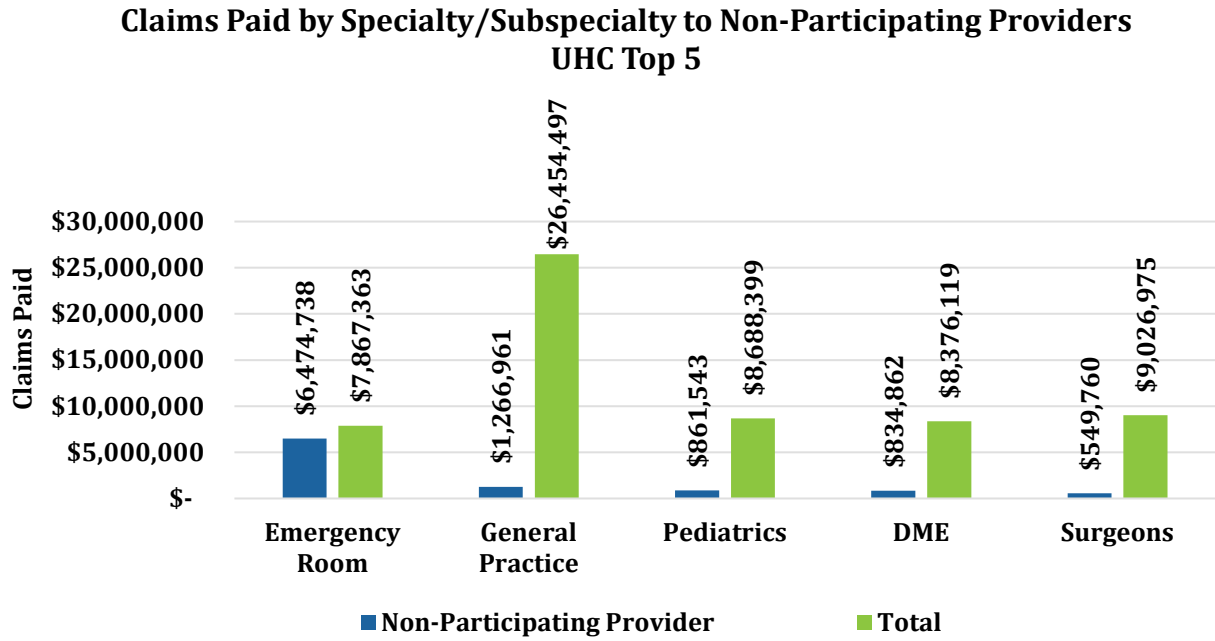
Chart 16: Counties with More than 50% of Clients with Paid Claims to Non-Participating Providers, United Healthcare-Top 5 Counties



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Chart 17: Claims paid by Specialty/Subspecialty to Non-Participating Providers, United Healthcare-Top 5



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Overall Non-Participating Provider Payment Analysis

Charts 18, 19, and 20 reflect the non-participating provider use, by county, for all MCOs by dollars spent, utilization percentage, and provider specialty.

Chart 18: Total Non-Participating Provider Payments, All Plans-Per County

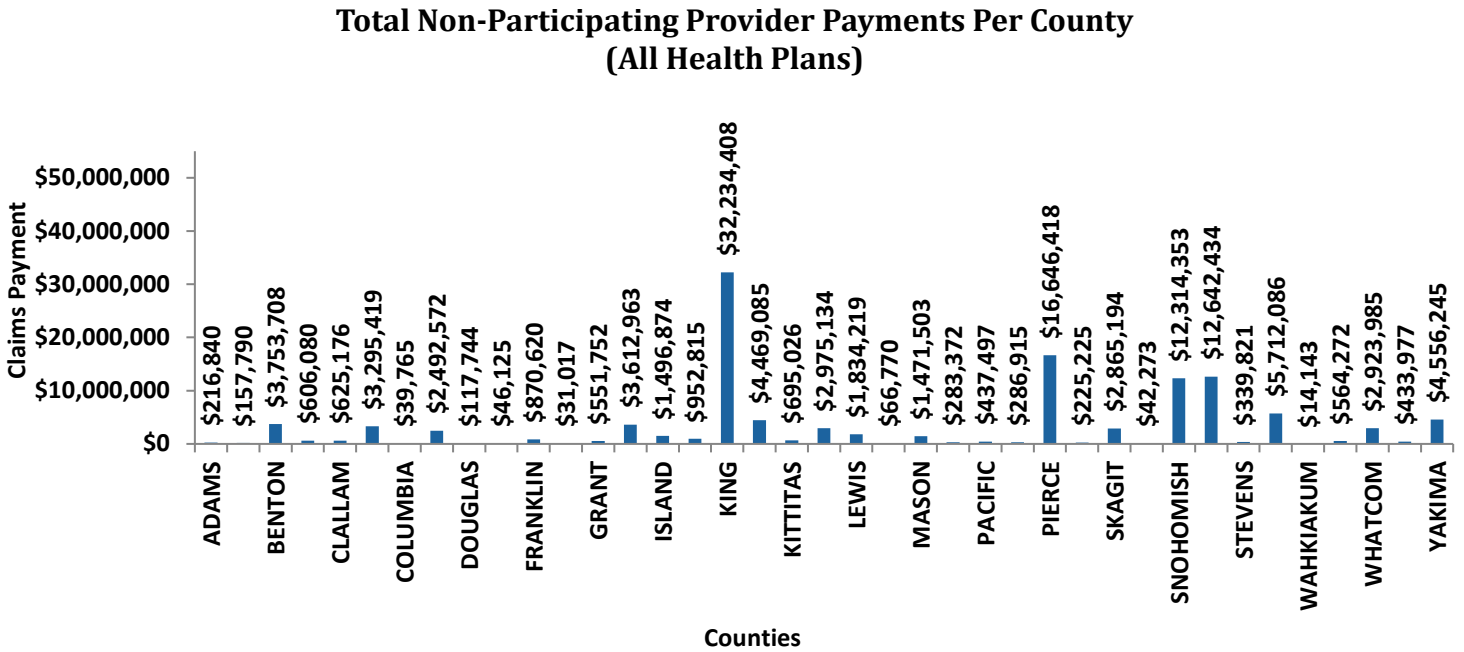
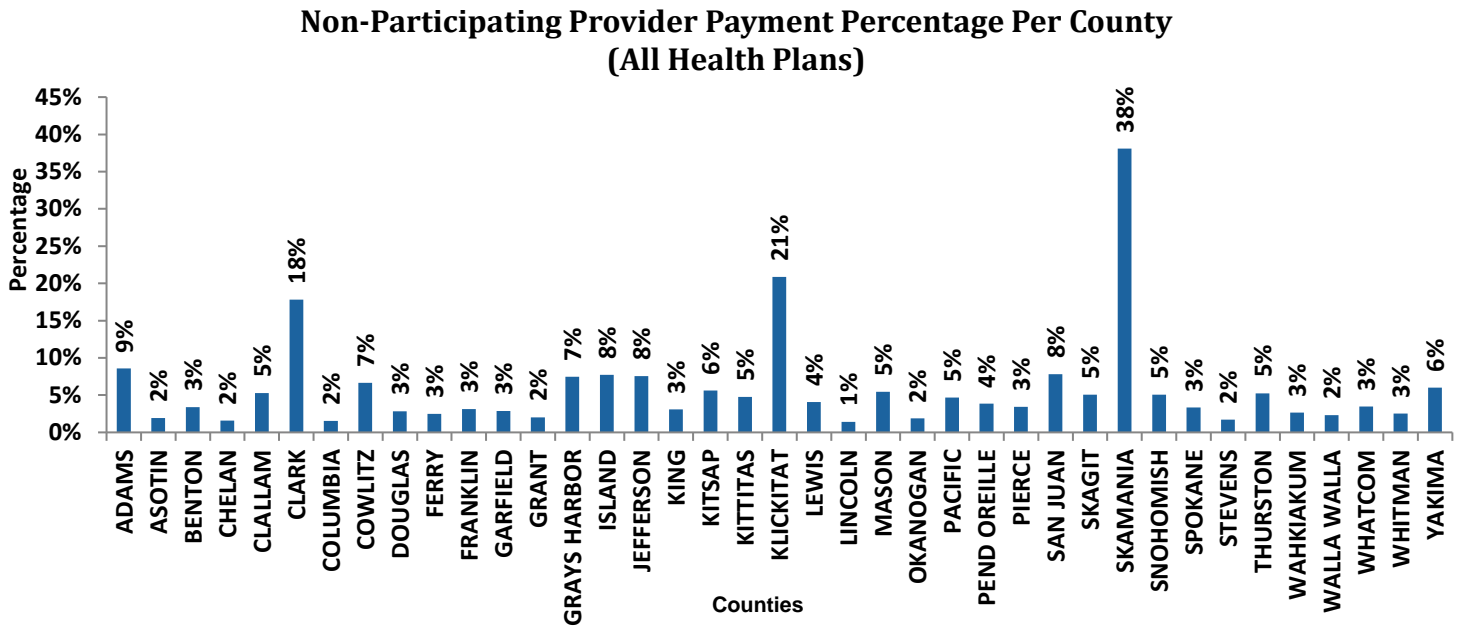


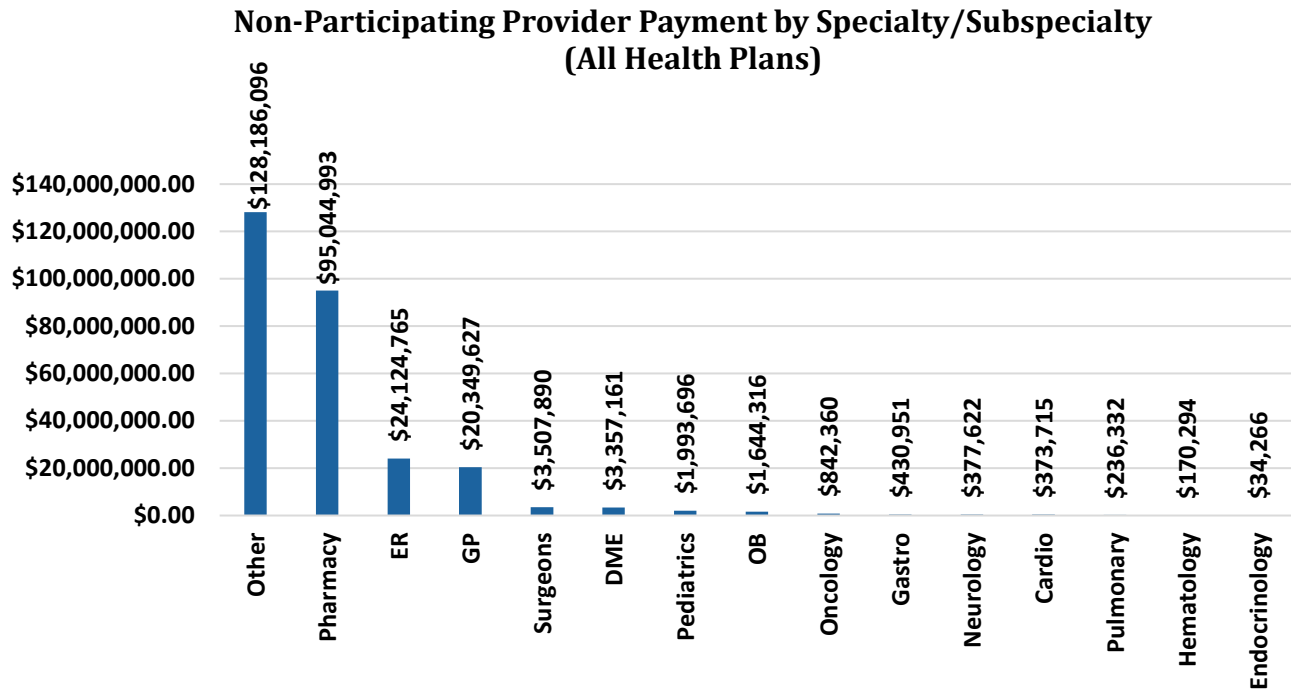
Chart 19: Percentage, Total Non-Participating Provider Payments, Per County-All Plans



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Chart 20: Non-Participating Provider Payments, By Specialty-All Plans



Foster Care (AHMC) Fiscal Year 2016 Findings

Coordinated Care of Washington (CCW)

Beginning April 1, 2016 a new program called Apple Health Foster Care was implemented; Coordinated Care of Washington is the single statewide MCO.

CCW paid a total of \$53,937,393 for services to 15,040 providers for 23,274 clients.

Approximately \$7 million (13 percent of the total) was paid to 5,982 providers (40 percent of the total) for 14,340 clients (62 percent of the total) who received healthcare services from a non-participating provider.

Since there was only a few months of reportable data in the last reporting period, a comparison would not be appropriate.

The top non-participating provider type visited was “pediatric medicine,” which was 16 percent of the total.

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Chart 21: Non-Participating Provider Payments, Coordinated Care of Washington-Foster Care Top 5 Counties

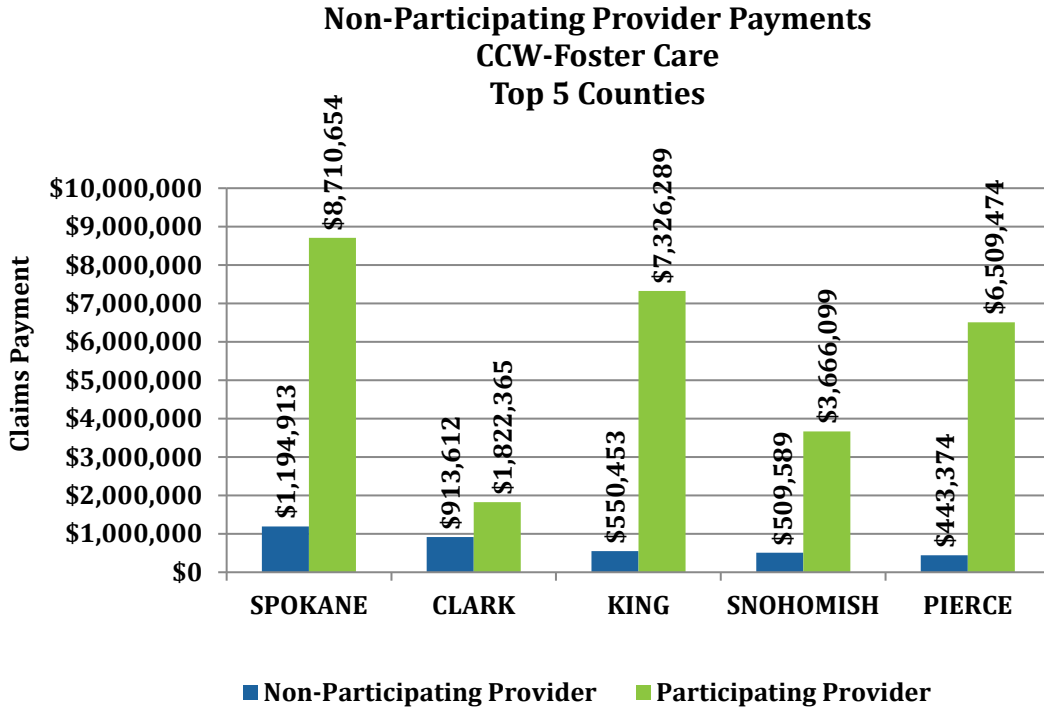
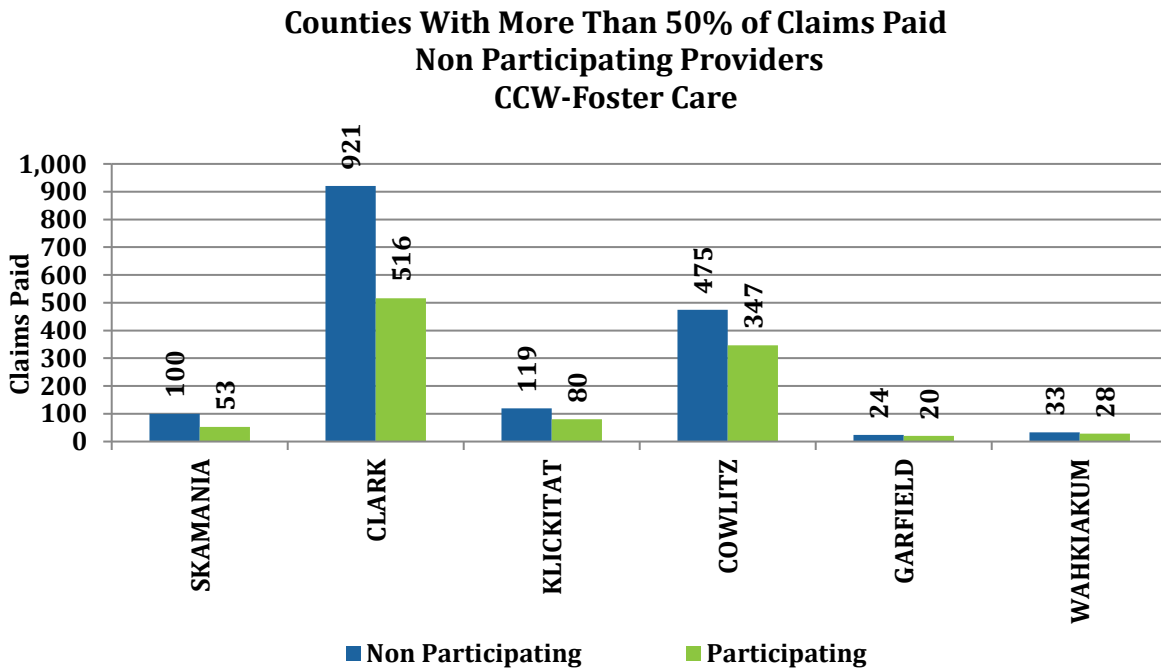


Chart 22: Counties with More than 50% Paid Claims to Non-Participating Providers, Coordinated Care of Washington-Foster Care Top 5 Counties



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Chart 23: Counties with More than 50% of Clients with Paid Claims to Non-Participating Providers, Coordinated Care of Washington–Foster Care Top 5 Counties

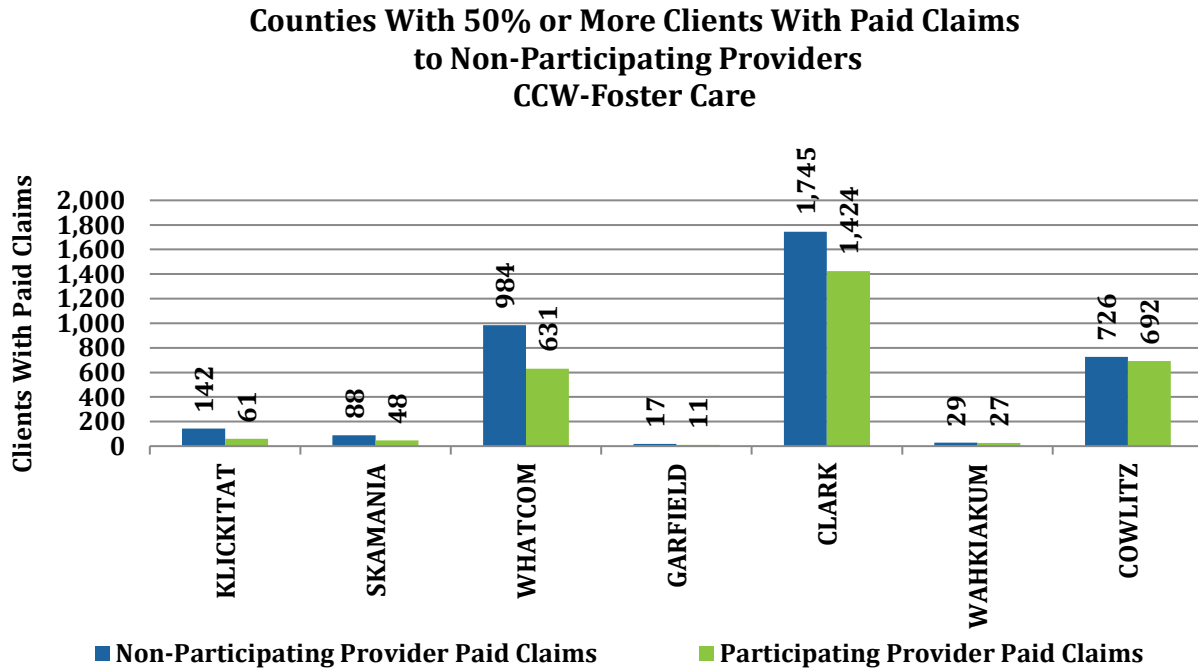
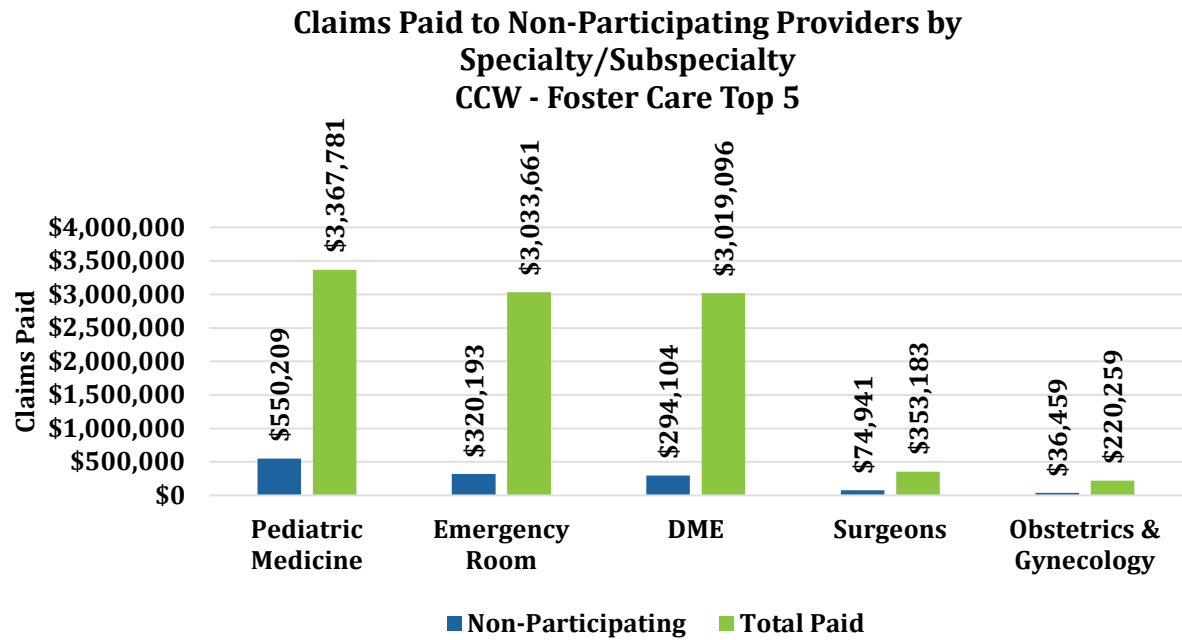


Chart 24: Claims paid by Specialty/Subspecialty to Non-Participating Providers Coordinated Care of Washington-Foster Care Top 5



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Fully Integrated Managed Care (AHMC) Fiscal Year 2016 Findings

Beginning April 1, 2016 HCA implemented Fully Integrated Managed Care (FIMC) for all physical and behavior health services through managed care in Skamania and Clark Counties. The contract was awarded to two plans: Community Health Plan of Washington and Molina Healthcare of Washington

Community Health Plan of Washington (CHPW)

Community Health Plan of Washington (CHPW) paid a total of \$22,511,245 for services to 7,015 providers for 22,000 clients.

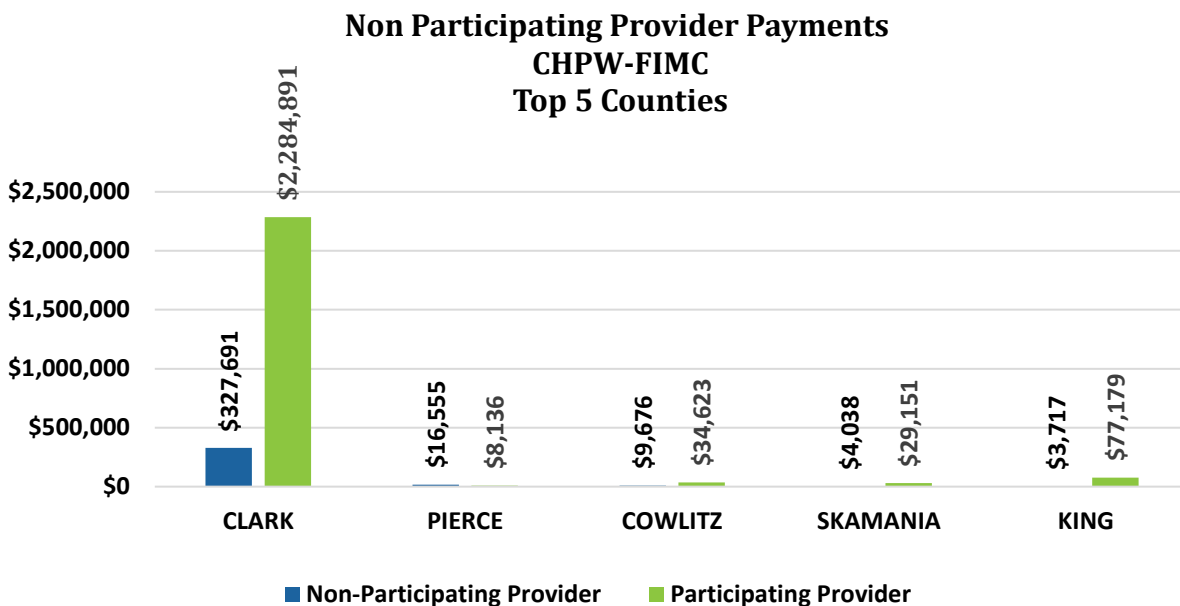
Approximately \$1.9 million (8 percent of the total) was paid to 1,745 providers (32 percent of the total) for 6,754 clients (31 percent of the total) who received healthcare services from a non-participating provider.

Since there was only a few months of reportable data in the last reporting period, a comparison would not be appropriate.

The top non-participating provider type visited was “emergency room,” which was 48 percent of the total.

CHPW also paid as total of \$839,522 to 2,858 providers for 3,017 clients who received services from a provider out of state or in a border city.

Chart 25: Non-Participating Provider Payments, Community Health Plan of Washington-FIMC Top 5 Counties



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Chart 26: Counties with More than 50% Paid Claims to Non-Participating Providers, Community Health Plan of Washington-FIMC Top 5 Counties

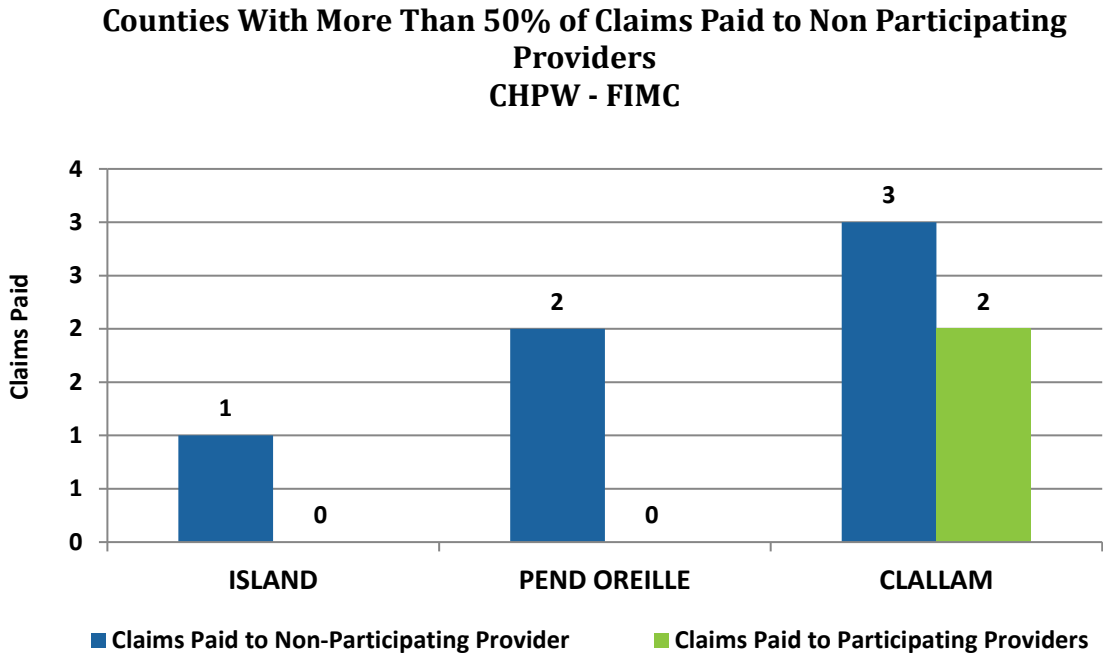
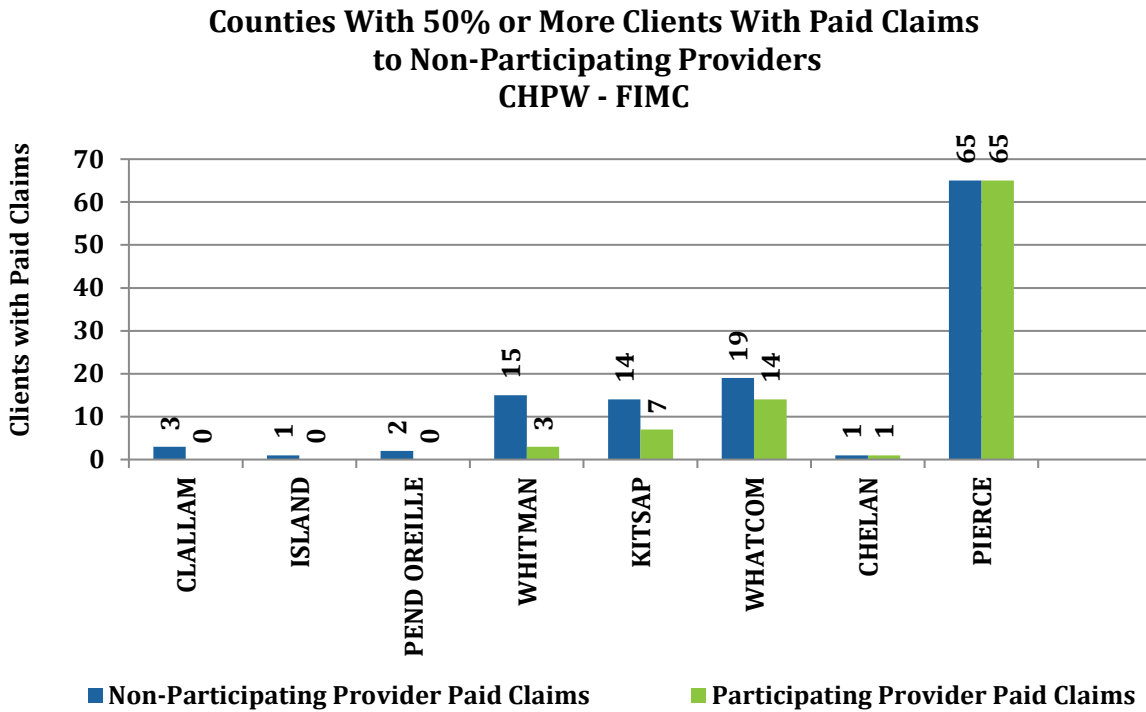


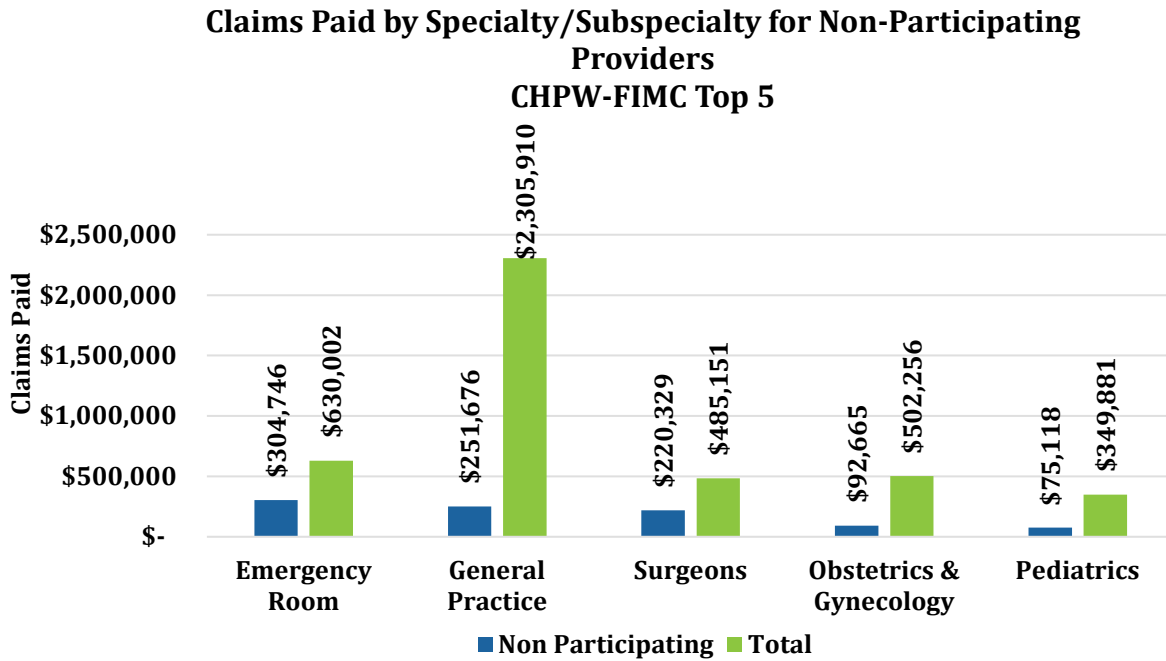
Chart 27: Counties with More than 50% of Clients with Paid Claims to Non-Participating Providers, Community Health Plan of Washington-FIMC Top 5 Counties



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Chart 28: Claims paid by Specialty/Subspecialty to Non-Participating Providers, Community Health Plan of Washington-FIMC Top 5



Molina Healthcare of Washington (MHC)

Molina Healthcare of Washington (MHC) paid a total of \$147,690,850 for services to 6,709 providers for 89,288 clients.

Approximately \$6.7 million (5 percent of the total) was paid to 908 providers (14 percent of the total) for 15,602 clients (17 percent of the total) who received healthcare services from a non-participating provider.

Since there was only a few months of reportable data in the last reporting period, a comparison would not be appropriate.

The top non-participating provider type visited was “pharmacy,” which was 37 percent of the total.

CHPW also paid as total of \$30,359,655 to 2,319 providers for 40,059 clients who received services from a provider out of state or in a border city.



Chart 29: Non-Participating Provider Payments, Molina Healthcare-FIMC Top 5 Counties

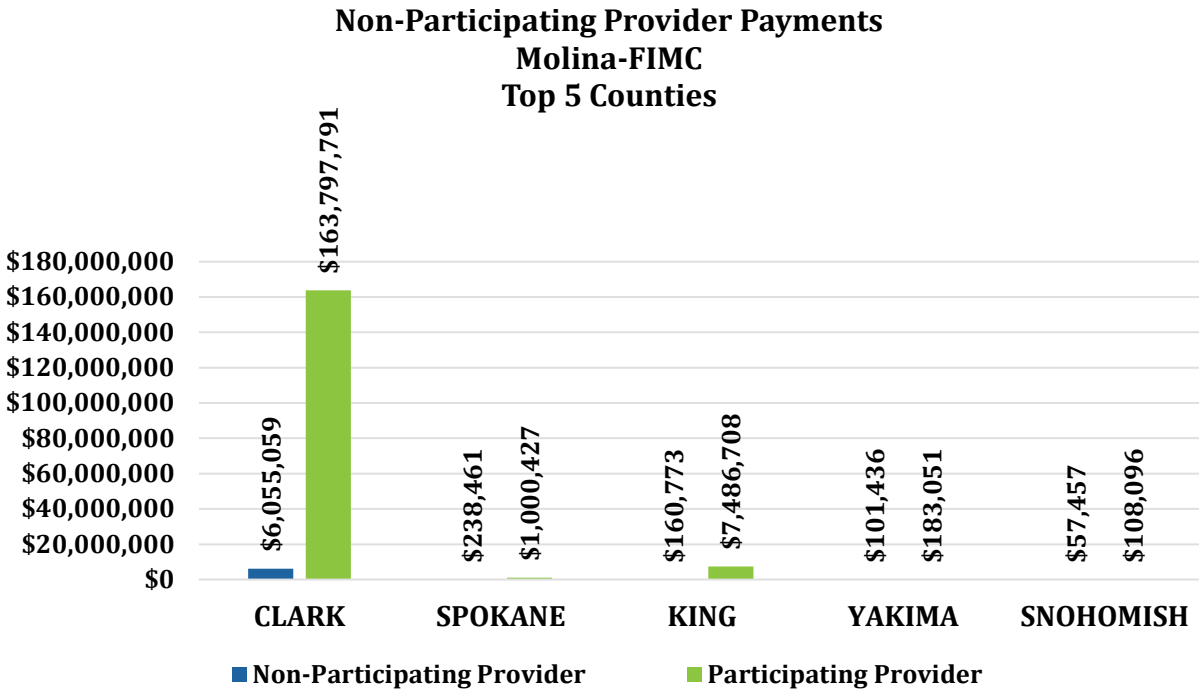
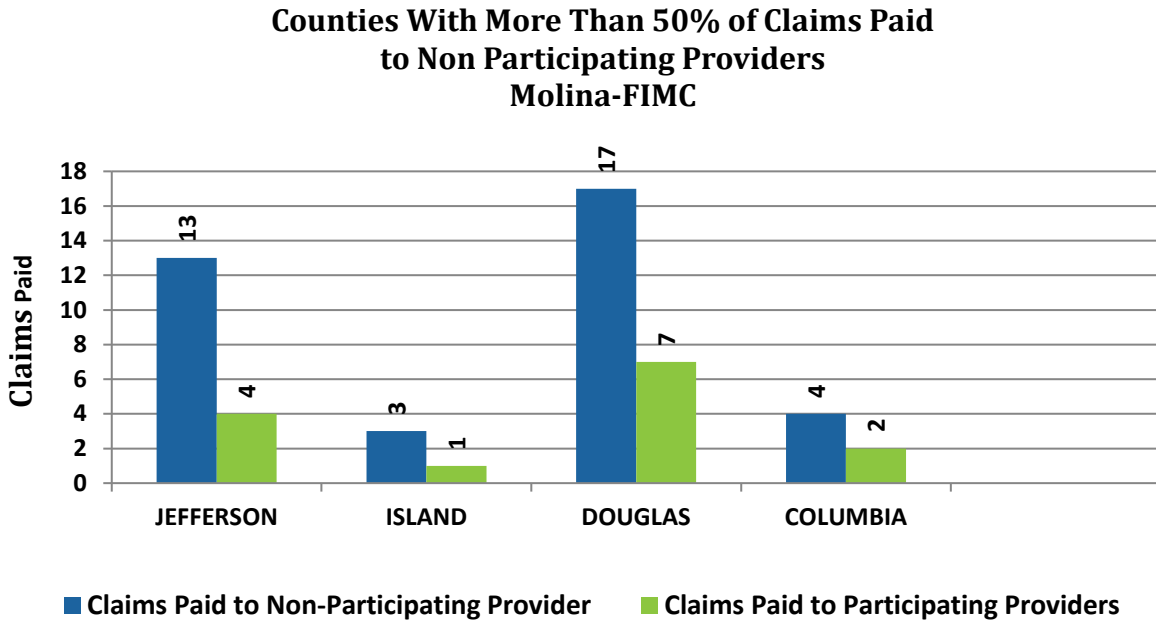


Chart 30: Counties with More than 50% Paid Claims to Non-Participating Providers, Molina Healthcare-FIMC Top 5 Counties



Proportion of Non-Participating Providers Serving Apple Health Enrollees
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Chart 31: Counties with More than 50% of Clients with Paid Claims to Non-Participating Providers, Molina Healthcare-FIMC Top 5 Counties

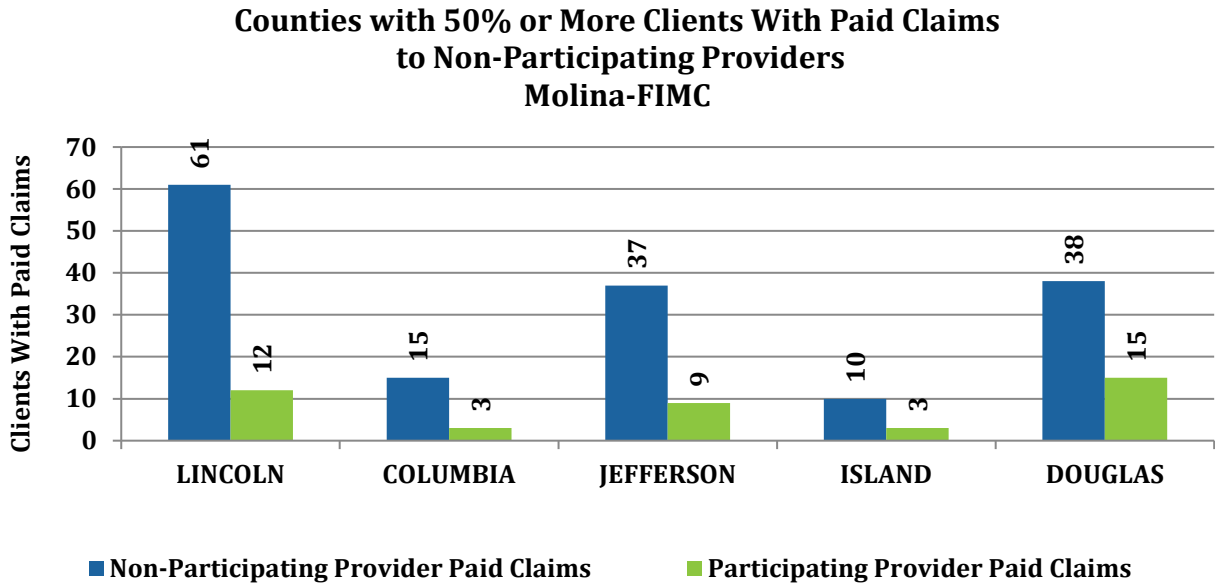
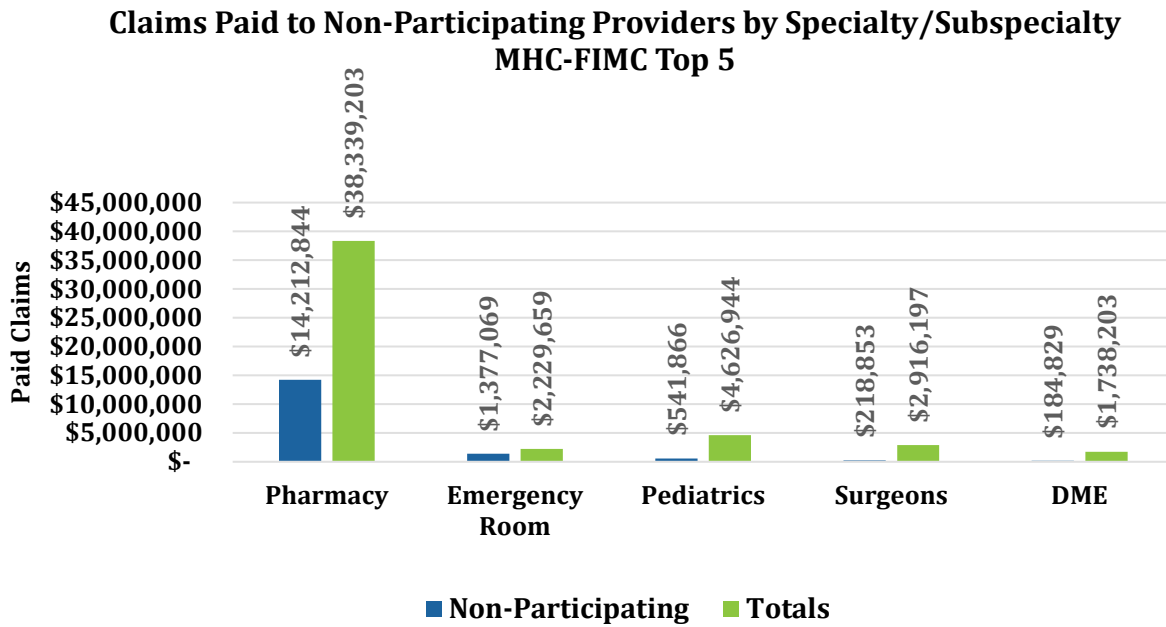


Chart 32: Claims paid by Specialty/Subspecialty to Non-Participating Providers, Molina Healthcare-FIMC Top 5



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Conclusion and Next Steps

Ensuring Apple Health clients have access to an extensive provider network is crucial to quality healthcare outcomes. This analysis shows:

- No increase in non-participating provider payments compared to previous reporting period;
- The greatest percentages of non-participating payments are still being made in rural areas; and
- The most dollars paid to non-participating providers are still in the larger counties: (King, Pierce, Spokane, and Snohomish).

A total of \$180 million was paid to non-participating providers, which is 5 percent of all expenditures. Twenty-six percent of all claims paid were to non-participating providers, while 27 percent of all clients receiving health care services sought care from a non-participating provider. This represents a 1 percent increase in non-participating providers paid, but no change to the percentage of clients receiving services from a non-participating provider, as compared to the previous year of 25 percent of all claims paid to non-participating providers and 27 percent of all clients seeking services from a non-participating provider.

There is no national standard or published best practice by which to benchmark these results. Non-participating providers do not have a contractual fee schedule. Instead, plans reimburse non-participating providers at the lowest contacted rate of a comparable participating provider. Regardless, the goal should always be to keep the rate as low as possible to encourage the plans to contract with more providers, thereby creating a more robust provider network that can meet their enrollees' medical needs. When a provider is not contracted with the plan and there is no "participating" relationship, care can be adversely impacted and the benefits of receiving care in a managed care can be compromised. For example, the provider may deliver services outside of the plan's treatment guidelines, choose not to engage with a case manager, choose not to participate in any care improvement initiatives sponsored by the plan, or support value-based purchasing initiatives.

HCA will continue monitoring the trends in these expenditures, but will also begin to work with the managed care plans to develop and implement strategies to reduce the number of payments made to non-participating providers. This work will include a more aggressive approach to contracting to ensure there is an adequate provider network, thus reducing non-participating provider utilization. We will also provide additional guidance to the plans on reporting specialty/subspecialty information to reduce the unnecessary use of the "other" category, thereby increasing the accuracy of these data.

