

MEDICAID MINUTE

from the West Virginia Association of Health Plans

Welcome to Medicaid Minute from the West Virginia Association of Health Plans. Every month you can expect our newsletter to provide you with the most up to date information about the work Managed Care Organizations are doing within the Medicaid Program and for our state. We want to serve as a resource for your Medicaid questions.

The Case for Capitation

The Harvard Business Review published an article in 2016 titled, The Case for Capitation, that offers ideas on how to reduce the high cost of healthcare in the United States. The article is based on studies that used W. Edward Deming's, a well known management expert, approach to cutting waste.

Payment methods and waste, among other things, play a part in how they effect healthcare costs.

Waste at the production level, case level and population level vary in their inefficiencies, but collectively, these things negatively impact the cost of healthcare. Fee for service, cost plus, per case and capitation were four payment models outlined in this report . Capitation, as it refers to healthcare, is defined as a fixed payment a provider receives based on the number of insured people they have as patients. According to authors Brent C. James, MD and Gregory P. Poulsen, capitation is the payment model that "can encourage waste reduction at all three levels, and give patients and physicians the freedom to make the treatment decisions they think are best."

The MCOs in West Virginia are on board with this approach and receive capitation payments. Reducing waste and raising the quality of care benefit not only the MCOs and the state but most importantly, their members. [Click here to view report.](#)

WV Medicaid Highlights*

Total enrollment in WV Medicaid:

483,490 members

MCO Total Enrollment:

387,058 members

SSI Enrollment:

42,729

Expansion Enrollment:

148,449

TANF Enrollment:

195,880

MCO Age Demographics:

43% are 19 yrs old or younger

30% are 20-39 years old

27% are 40 years old or older

* Data Source: DHHR report ending 8-31-19

Good News Stories

aetna[®]

Aetna Better Health[®] of West Virginia

Thank you Aetna Better Health of WV for partnering with KVC Health Systems in the WV HERO workshop.

This program is designed to help teens who will soon be aging out of foster care begin building a social network of support. To learn more about this, [click here.](#)