



**Press Release**  
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## **New Managed Care Contract Has Potential to Help or Hurt Children in Kentucky**

**Jeffersontown, KY** – The Beshear administration is currently in the process of implementing a managed care system to deliver health services to Kentuckians enrolled in Medicaid and KCHIP with the intent to both improve health outcomes and achieve cost savings. As the state makes such a significant shift in service delivery it is critical to consider the potential impact on over 430,000 children who are served by Medicaid and KCHIP in Kentucky. Kentucky Youth Advocates outlines both concerns and opportunities for children around managed care in a new issue brief, "[Policymakers Need to Consider Children While Negotiating Managed Care Contracts.](#)"

In order to close a \$139 million gap in the Medicaid budget, Governor Beshear and the General Assembly decided to move money from the 2012 budget to 2011, and hope to save money by implementing a statewide system of managed care.

"The lesson from other states shows that managed care done well can not only reduce costs, but also improve health outcomes in Kentucky. But if plan or provider participation is inadequate, eligibility for Medicaid unstable, or the unique needs of the Medicaid population are overlooked, our children's health could potentially suffer." said Terry Brooks, Executive Director of Kentucky Youth Advocates.

Managed care is intended to be a cost-savings approach to delivering health care services that improves the quality and coordination of care and increases access to care. It does so by ensuring those enrolled in the program have a primary care provider, and that the enrollee relies mainly on preventive and primary care, rather than emergency care. It differs from traditional fee-for-service systems where more care results in more income, which is how the majority of states run Medicaid. Instead, the

prepayment of a set amount ideally provides incentives for the provider to avoid unnecessary services and to invest in preventive care.

Opponents of managed care argue the cost-saving strategies used by managed care companies could compromise the well-being of plan members by making it more difficult to navigate an already complex health care system.

“We are in a delicate position where we could either improve or damage the Medicaid landscape across Kentucky,” said Brooks. “This system is one that serves some of our most vulnerable populations, and there is no room for lack of attention to detail during the selection or implementation process.”

The brief outlines specific considerations for children, including children in foster care, school health services, and children with special health care needs.

- Children with special health care needs could experience developmental delays due to illness and disability that can have short and long term effects on their health and future outcomes. The state must ensure that a managed care model will emphasize proactively preventing and treating chronic conditions.
- Children who enter the child welfare system after a report of suspected abuse or neglect, and children in the system tend to have an extremely high prevalence of physical and behavioral health problems. These children require particular consideration under Medicaid managed care systems.
- School health services, a growing way to meet children’s health needs in Kentucky, are usually built upon close collaboration between local health departments and schools. It is critical to proactively address barriers which could make the partnership between managed care organizations and school health systems difficult.

“Kentucky needs to be tired of leading the nation in poor health outcomes. We do not lack resources; we lack a cooperative and comprehensive approach to care for youth,” said Eva Stone APRN, School Health Coordinator for Boyle County Schools. “Most children attend public schools and partnerships with local health departments to provide school nursing can bring services directly to one of our most vulnerable populations. A well designed managed care program will lead to improved outcomes for children with chronic illnesses; help detect barriers to learning; and save money by focusing on prevention in areas of high cost to Medicaid. This opportunity is too important to be overlooked.”

Kentucky Youth Advocates recently sent a survey to stakeholders, including local health departments, school-based health providers, and advocates, about their concerns and questions around Medicaid managed care expansion in Kentucky. Several key themes emerged among the 75 survey responses collected. Respondents are concerned about how the move to Medicaid managed care will affect local health departments, school health services, and healthcare access for children. Respondents also raised questions about how the managed care organizations will be evaluated and held accountable for their effectiveness, how the state will ensure every child has access to a provider in his or her community, and how will managed care organizations make data about health outcomes, services, and access transparent. Survey responses also indicate a hope that the managed care expansion will be implemented in a way that minimizes red tape and does not interrupt services currently provided.

“From now until mid-May, state officials will be reviewing proposals for managed care organizations, and we not only ask for careful review and planning, but coordination with consumers and advocates,” said Brooks. “In order to succeed with Medicaid managed care in Kentucky, there must be constant communication and continuous opportunities for feedback.”

View the full issue brief, “[Policymakers Need to Consider Children While Negotiating Managed Care Contracts](http://www.kyyouth.org/documents/11pubManagedCareGuide.pdf)” at <http://www.kyyouth.org/documents/11pubManagedCareGuide.pdf>.