



# Managed care procurement and contracting

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# How Minnesota purchases health care for enrollees

## Fee for service (25%)

- DHS processes claims and pays providers directly

## Managed care (75%)

- DHS pays managed care organizations (MCOs) to provide benefits to enrollees. MCOs process claims and pay providers.



# Managed care organizations

The state contracts with managed care organizations to deliver

- Provider networks
- Payment arrangements
- Care coordination and disease management for complex cases



# Who is covered through managed care?



## Families and children

- Metro area: 556,281
- Greater Minnesota: 429,277



## Adults with disabilities

- Statewide: 60,188



## Seniors

- Statewide: 60,194

# Why do we re-procure MCO contracts?



Federal law requires competitive procurement



State law requires re-procurement every five years



Procurement promotes highest quality care for best value



Managed care contracts cost more than \$5 billion annually

# 2021 procurement update

- DHS, Association of Minnesota Counties, and Minnesota Association of County Social Service Administrators established workgroup in May 2020 to explore changes to procurement process
- Metro-area families and children RFP released Jan. 4, 2021
  - DHS and metro-area counties jointly developed RFP; will score proposals together
  - RFP reflects shared DHS and county priorities of better health, fuller lives, equitable outcomes, at lower cost growth
- Contract awards anticipated in May



# Upcoming procurement schedule

- **January 4, 2021** RFP for **2022 contracts**: Metro counties families and children and MinnesotaCare
- **October 2021** RFP for **2023 contracts**: Statewide Seniors and SNBC
- **January 2022** RFP for **2023 contracts**: Greater Minnesota families and children and MinnesotaCare



# Questions?