

Use of Capitation Contracting in Medicaid: State-by-State Overview as of 2016

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The Menges Group

Summary of Findings

- Capitation will be the primary form of Medicaid spending from 2017 onward. During 2016, 48.9% of national Medicaid expenditures were paid via capitation and this percentage has been increasing rapidly each year. During 2010, for example, capitation represented “only” 27% of national Medicaid spending.
- The following slides convey the extent to which each state’s Medicaid expenditures were paid via capitation during 2016. The information was tabulated using CMS 64 report data. Capitation contracting figures primarily include payments to comprehensive managed care organizations (MCOs), but also include specialized capitation programs such as initiatives limited to behavioral health services and primary care case management.
- In five states – Kansas, Hawaii, Arizona, Delaware and New Mexico – capitation contracting represented more than 80% of the state’s overall 2016 Medicaid expenditures. Kansas led the nation in this regard with 93.1% of Medicaid spending occurring via capitation payments.
- In 20 states, capitation represented the majority of 2016 Medicaid spending; nine states had no capitation contracting during 2016.

17 States with Largest Proportion of 2016 Medicaid Expenditures Paid via Capitation

State	FFY2016 Medicaid Spending	FFY2016 Capitated Spending	Percent of Medicaid Spending Paid by Capitation, FFY2016	State Rank in Percentage of Medicaid Expenditures Paid via Capitation
Kansas	\$3,252,725,194	\$3,029,662,373	93.1%	1
Hawaii	\$2,156,012,061	\$1,938,658,711	89.9%	2
Arizona	\$11,118,985,133	\$9,683,119,933	87.1%	3
Delaware	\$1,883,220,982	\$1,616,107,823	85.8%	4
New Mexico	\$5,339,766,195	\$4,461,697,022	83.6%	5
Florida	\$21,689,957,388	\$15,706,906,241	72.4%	6
Kentucky	\$9,609,364,927	\$6,878,104,559	71.6%	7
Michigan	\$16,714,754,874	\$10,963,275,584	65.6%	8
Tennessee	\$9,463,742,287	\$6,119,439,351	64.7%	9
Washington	\$10,787,810,275	\$6,516,952,134	60.4%	10
Oregon	\$8,316,707,109	\$5,005,544,493	60.2%	11
New Jersey	\$14,319,021,372	\$8,528,400,366	59.6%	12
Pennsylvania	\$27,350,279,117	\$16,108,824,996	58.9%	13
Rhode Island	\$2,411,382,026	\$1,385,986,104	57.5%	14
Ohio	\$21,571,025,591	\$11,895,433,176	55.1%	15
New York	\$60,995,857,591	\$32,171,587,918	52.7%	16
Louisiana	\$8,536,666,882	\$4,450,521,745	52.1%	17

Middle 17 States Regarding Proportion of 2016 Medicaid Expenditures Paid via Capitation

State	FFY2016 Medicaid Spending	FFY2016 Capitated Spending	Percent of Medicaid Spending Paid by Capitation, FFY2016	State Rank in Percentage of Medicaid Expenditures Paid via Capitation
Utah	\$2,100,346,398	\$1,069,616,952	50.9%	18
California	\$81,469,418,209	\$41,246,812,116	50.6%	19
Mississippi	\$5,397,714,759	\$2,715,086,472	50.3%	20
Texas	\$39,563,147,154	\$19,378,851,060	49.0%	21
Illinois	\$19,178,940,763	\$9,306,257,218	48.5%	22
Wisconsin	\$7,626,998,105	\$3,678,160,845	48.2%	23
Minnesota	\$10,893,812,759	\$5,087,187,527	46.7%	24
South Carolina	\$5,941,185,838	\$2,761,241,577	46.5%	25
Maryland	\$10,398,319,397	\$4,798,061,423	46.1%	26
Nevada	\$3,335,480,165	\$1,473,758,853	44.2%	27
Indiana	\$10,371,904,061	\$4,443,745,110	42.8%	28
Iowa	\$4,716,461,091	\$1,994,195,634	42.3%	29
New Hampshire	\$1,948,727,991	\$801,919,923	41.2%	30
Virginia	\$8,498,905,069	\$3,364,949,339	39.6%	31
Georgia	\$9,723,814,007	\$3,798,735,856	39.1%	32
West Virginia	\$3,655,890,862	\$1,399,159,482	38.3%	33
Massachusetts	\$16,990,908,511	\$6,428,905,806	37.8%	34

Bottom 17 States with Smallest Proportion of 2016 Medicaid Expenditures Paid via Capitation

State	FFY2016 Medicaid Spending	FFY2016 Capitated Spending	Percent of Medicaid Spending Paid by Capitation, FFY2016	State Rank in Percentage of Medicaid Expenditures Paid via Capitation
District of Columbia	\$2,761,584,285	\$1,001,639,861	36.3%	35
Nebraska	\$1,968,891,548	\$692,508,343	35.2%	36
North Dakota	\$281,512,456	\$88,039,406	31.3%	37
North Carolina	\$12,157,764,904	\$2,143,616,381	17.6%	38
Missouri	\$9,811,515,212	\$1,315,531,229	13.4%	39
Colorado	\$7,876,027,821	\$954,543,148	12.1%	40
Idaho	\$1,689,275,323	\$186,207,046	11.0%	41
Oklahoma	\$4,460,334,118	\$57,395,260	1.3%	42
Alabama	\$5,435,036,771	\$0	0.0%	43
Alaska	\$1,785,355,973	\$0	0.0%	43
Arkansas	\$5,955,864,929	\$0	0.0%	43
Connecticut	\$7,344,137,284	\$0	0.0%	43
Maine	\$2,490,164,925	\$0	0.0%	43
Montana	\$1,361,662,906	\$0	0.0%	43
South Dakota	\$832,399,125	\$0	0.0%	43
Vermont	\$1,679,425,056	\$0	0.0%	43
Wyoming	\$573,809,794	\$0	0.0%	43
USA Total	\$545,794,016,573	\$266,646,348,396	48.9%	

5 Slide Series Overview

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Address: 4001 9th Street N., Suite 227, Arlington, VA 22203

Website: www.themengesgroup.com