



## Exploring Interactions between Local Health Departments and Managed Care Organizations

### Introduction

With the growth of Medicaid managed care and the increasing privatization of public health services, local health departments (LHDs) and managed care organizations (MCOs) are becoming “not-so-strange bedfellows.” (1) Health departments are reassessing and redefining their roles and responsibilities as they establish new relationships with the private healthcare sector.

The National Association of County and City Health Officials (NACCHO) recently completed a analysis of the 1997 Profile of U.S. Local Health Departments. This *Research Brief* examines the interactions between local health departments and managed care organizations. Specifically, it examines clinical and case management services provided for Medicaid and non-Medicaid populations using descriptive data from the 1997 Profile dataset.

### Are LHDs and MCOs interacting to provide clinical services to Medicaid and Non-Medicaid populations?

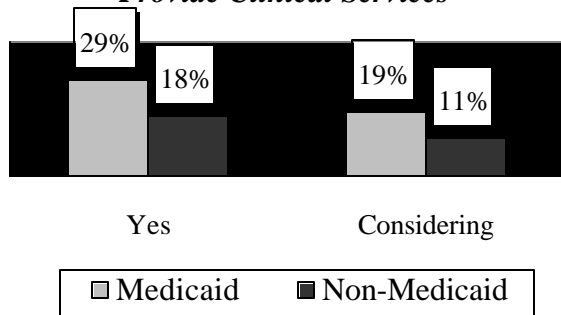
The 1997 Profile data reveal that LHDs were interacting with managed care organizations to deliver clinical services to Medicaid and non-Medicaid populations. Twenty-nine percent (29%) of local health departments interact with MCOs to provide clinical services to the Medicaid population while eighteen percent (18%) interact to provide clinical services to non-Medicaid beneficiaries (see Figure 1).

It appears that this relationship will continue to grow, given that an additional nineteen percent (19%) of LHDs indicated that they were “considering” interacting with managed care organizations to provide clinical services to Medicaid beneficiaries and eleven percent (11%) were “considering” interacting to provide clinical services to non-Medicaid populations.

### Are LHDs and MCOs interacting to provide case management services to Medicaid and non-Medicaid populations?

Local health departments and managed care organizations are interacting more frequently to provide case management services to Medicaid recipients than to non-Medicaid populations. In 1997, twenty-one percent (21%) of LHDs reported interacting with

**Figure 1: % LHDs Interacting to Provide Clinical Services**



MCOs to provide case management services to Medicaid recipients and eleven percent (11%) to provide case management services to non-Medicaid populations.

**What types of local health departments are interacting with managed care organizations to provide clinical services?**

Not surprisingly, interactions between local health departments and MCOs varied by the population size of the jurisdiction served. Local health departments serving large populations (one million or more residents) had the highest rate of interaction with managed care organizations to provide clinical services. Local health departments serving smaller populations (1 to 49,999 residents) had the fewest interactions with managed care organizations (see Table 1 below).

**Table 1. Percent of LHDs Interacting with MCOs to Provide Clinical Services to Medicaid Populations (N=2,492)**

Population of Jurisdiction	Percent of LHDs Providing Clinical Services (%)
1 to 24,999	27%
25,000 to 49,999	24%
50,000 to 74,999	30%
75,000 to 99,999	31%
100,000 to 249,999	32%
250,000 to 499,999	43%
500,000 to 999,999	48%
1 million +	67%

**Projects and Publications Relevant to Public Health and Managed Care**

The following NACCHO managed care projects and publications represent a starting point for exploring the relationship between managed care and local health departments and its impact on the public’s health.

📖 **Medicaid Managed Care: A Handbook for Public Health Agencies** offers strategies to provide primary care services within Medicaid managed care arrangements. October 1995.

📖 **Promoting Quality Care for Communities: The Role of Health Departments in an Era of Managed Care** addresses how and why state and local health departments play a role in quality of care issues regarding managed care. June 1996.

📖 **Medicaid Managed Care: Lessons Learned** presents eleven case studies of collaborations between local health departments and managed care. December 1997.

📖 **The Bottom Line: Profits and a Healthy Community** portrays the benefits of managed care-local public health agency partnerships. While targeted to managed care organizations, this packet also serves as a model for public health agencies seeking to market themselves to the private sector. February 1999.

📖 **The NACCHO Partnerships Project.** Funded by the Health Resources and Services Administration, Bureau of Primary Health Care, the NACCHO Partnerships Project aims to assist health departments negotiate the provision of primary care services in a changing public health environment. The Partnerships Project will address two issues over the coming years. First, there is a need for an assessment tool that will assist LHDs in determining whether they should be providing direct client services or whether those needs can be met through community partnerships. Second, for communities that choose to reduce their provision of direct services, recommendations are needed to assist in developing necessary partnerships and assuring adequate funding for population based services. For more information, contact NACCHO.

Continued research by NACCHO and its partners will contribute to further understanding the relationships between local health departments and managed care organizations and the implications of these relationships for public health practice. □

Reference 1. Halverson, PK; Mays, GP; Kaluzny, AD; Richards, TB. 1997. “Not-So-Strange Bedfellows: Models of Interaction between Managed Care Plans and Public Health Agencies.” *The Milbank Quarterly* 75 (1): 113-138.

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