

May 2019

Introduction

Medicaid programs serve a disproportionate share of populations that are negatively impacted by health disparities. However, addressing health disparities and pursuing equity for less advantaged populations is typically not a focus of health care quality improvement initiatives. This State Health Policy Highlight provides an overview of a step-by-step approach for states interested in measuring disparities in health care quality in Medicaid managed care as a first step in improving health equity. The underlying issue brief, [*How States Can Use Measurement as a Foundation for Tackling Health Disparities in Medicaid Managed Care*](#), reviews examples from a handful of states that have begun the work of identifying, evaluating, and reducing health disparities within their Medicaid managed care programs and delves into the details of the step-by-step approach.

Steps for Using Measurement in the Pursuit of Health Equity

Step 1: Assess the landscape through stratification of existing quality measures. Before launching an effort to address health disparities, it is important to understand the nature of the disparities in the state's Medicaid managed care program. Comparisons should be made not to the total population average, but to the subpopulation with the highest quality score for a given measure. The availability of reliable demographic data is a prerequisite for this type of analysis.

Step 2: Monitor health disparities on an on-going basis and produce annual reports of health disparities. After the initial assessment, the most basic approach to promoting equity is through measurement, and the one most commonly adopted by states in their Medicaid managed care programs is the ongoing monitoring of stratified performance measures and the corresponding production of annual "disparity reports."

Step 3: Identify a health disparity reduction target(s) and select an intervention(s). Ongoing monitoring of health disparities in and of itself is insufficient to make meaningful strides towards health equity. Once the data have been analyzed, a state should conduct a process for determining a health disparity reduction target(s). Having defined the target for the intervention, the state should determine the intervention approach(es) and may choose to require the use of a specific, ideally evidence-based, intervention or to give flexibility to its MCOs to innovate and implement different interventions based on their specific needs and strategies.

Step 4: Determine and implement a measurement approach. Once the intervention has been selected, the state should identify a measurement approach for assessing the effectiveness of the intervention and progress towards equity. Once the measures have been established, the state should consider implementing various incentives to encourage additional focus on disparities reduction.

Step 5: Assess performance and reassess program design. After the measurement period, the state should use the measurement strategy to assess the MCO/provider performance, share the data either publicly or privately, and distribute any applicable incentives payments.

Support for this research was provided by the Robert Wood Johnson Foundation. The views expressed here do not necessarily reflect the views of the Foundation.

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ABOUT BAILIT HEALTH

This brief was prepared by Kate Reinhalter Bazinsky and Michael Bailit. Bailit Health is a health care consulting firm dedicated to ensuring insurer and provider performance accountability on behalf of public agencies and private purchasers. For more information on Bailit Health, see www.bailit-health.com.