

Long-Term Services and Supports Fee-for-Service vs. Managed Care

Pennsylvania long-term services and supports (LTSS) are currently provided through a Fee-for-Service (FFS) system. In a FFS system, the Commonwealth pays each provider for delivered services. Historically, states used a FFS system for their Medicaid programs. The desire for better coordination of services and payment reform is driving a move to managed care.

In a managed care system, the Commonwealth contracts with a vendor. The vendor receives a fixed fee (also called capitation payment) for each participant. The vendor is responsible for ensuring that the care is coordinating and participants receive medically necessary services. Pennsylvania uses managed care for most recipients in physical health and behavioral health today.

	Fee-for-Service (FFS)	Managed Care
Payments	<ul style="list-style-type: none"> • Health care provider receives an individual payment for each medical service delivered to a beneficiary • Standardized payments for all providers based on the medical service delivered 	<ul style="list-style-type: none"> • Negotiated between the provider and the managed care organization (MCO) • May vary between providers for the same service
Gatekeeper	<ul style="list-style-type: none"> • Does not typically provide for the coordination of care for beneficiaries who have several medical providers 	<ul style="list-style-type: none"> • MCO serves as primary gatekeeper for access to benefits
Benefit Package	<ul style="list-style-type: none"> • A standardized benefit package • May be prior authorization requirements and benefit limit exceptions 	<ul style="list-style-type: none"> • Defined set of covered services that may vary by insurance company • May be prior authorization requirements and benefit limit exceptions
Provider Network	<ul style="list-style-type: none"> • Any provider who is willing to accept the defined payment 	<ul style="list-style-type: none"> • Selective contracting with providers