

HEALTH WEALTH CAREER

FISCAL YEAR 2016–17 MANAGED LONG TERM CARE RATE DEVELOPMENT

STATE OF NEW YORK

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Presenters

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FY 2016–17 MLTC RATE DEVELOPMENT

AGENDA

- Fiscal Year (FY) 2016–17 Managed Long Term Care (MLTC) Rate-Setting Overview
 - Base Data Development
 - Data sources
 - Data adjustments
 - Rate Development
 - Program changes
 - Wage Parity
 - Trend
 - Non-medical expense
 - Other Payment Considerations
 - Nursing Home Transition (NHT) add-on
- FY2016-17 MLTC Rate Update Considerations
- Questions

BASE DATA DEVELOPMENT

DATA SOURCES AND ADJUSTMENTS

Population	FY2015-16 Data Source	FY2016-17 Data Source
Existing	CY 2012 + CY 2013 MLTCOR Existing Enrollee Data	CY 2013 + CY 2014 MLTCOR Existing Enrollee Data
Mandatory – NYC Area	FY2011-12 FFS	CY 2013 + CY 2014 MLTCOR Mandatory Enrollee Data
Mandatory – Rest of State (ROS)	FY2011-12 FFS	CY 2013 + CY 2014 MLTCOR Existing Enrollee Data
NHT	CY 2012 FFS	CY 2012 FFS

- Due to the low credibility of the MLTCOR Mandatory population data in the ROS regions, the Existing population data was used with an acuity adjustment for the Mandatory population in these regions.
- For FY2016-17, the ROS regions were divided into 3 individual regions (Mid-Hudson/Northern Metro, Northeast/Western, and Upstate) to eliminate the need for geographic factors.

BASE DATA DEVELOPMENT

MANDATORY POPULATION ADJUSTMENTS

- Acuity and managed care savings adjustments applied to Mandatory population data reflect
 - Additional savings opportunities in New York City (NYC) Area
 - Acuity differences between Mandatory and Existing population base data for ROS regions
- Table below displays impact to total medical services for the Mandatory population at the best estimate for these adjustments

Region	Acuity Adjustment	Managed Care Savings
NYC Area	0.00%	-6.93%
Mid-Hudson/Northern Metro (MH/NM)	0.92%	0.00%
Northeast/Western (NE/WE)	-1.54%	0.00%
Upstate	3.37%	0.00%

- Final base PMPMs for Existing and Mandatory populations were blended into a single combined base data PMPM based on enrollment

RATE-SETTING ADJUSTMENTS

PROGRAM CHANGES

- Table below summarizes the impact to **total medical services** at the best estimate of each program change adjustment by region for MLTC and NHT:

Program change adjustment	MLTC		NHT	
	NYC Area	ROS	NYC Area	ROS
Nursing Home Fee Schedule	0.25%	0.83%	8.88%	13.61%
Benefit Limits	0.05%	0.02%	N/A	N/A
Live-in cases	0.14%	0.23%	N/A	N/A
HR&R	0.36%	0.17%	N/A	N/A
Wage Parity	5.37%	N/A	N/A	N/A
FLSA	1.47%	0.82%	N/A	N/A

RATE-SETTING ADJUSTMENTS

PROGRAM CHANGES

- Wage Parity
 - To develop the program change adjustment applied to rate, the **FY2016-17 Target MLTC Hourly Worker Cost** was compared to **CY 2013 MLTC Base Hourly Rate**
 - The table below summarizes these components and the development of the **Raw Wage Parity Program Change Adjustment**

Line Description	Formula	NYC Area
FY2016-17 Target MLTC Hourly Worker Cost	(A)	\$19.05
CY 2013 MLTC Base Hourly Rate	(B)	\$17.10
Raw Wage Parity Program Change Adjustment	$(C) = (B) / (A) - 1$	11.45%

RATE-SETTING ADJUSTMENTS

PROGRAM CHANGES

- Wage Parity
 - The **Raw Wage Parity Program Change Adjustment** was prorated for two aspects:
 - Ensure only Personal Care Aide and Home Health Aide services portion of the total Personal Care and Other Home Health categories of service are increased for Wage Parity requirements.
 - As Wage Parity requirements were effective March 1, 2014, 10 months of the base data (March 1, 2014 through December 31, 2014) already reflect Wage Parity requirements and the unit cost for that time period does not need to be adjusted.

Line Description	Formula	NYC Area
Raw Wage Parity Program Change Adjustment	$(D) = (C)$	11.45%
Home Health and Personal Care Aide Services Proration Factor	(E)	93.50%
Base Data Time Period Proration Factor	$(F) = 14 / 24$	58.33%
Final Wage Parity Program Change Adjustment	$(G) = (D) * (E) * (F)$	6.25%

RATE-SETTING ADJUSTMENTS

MLTC TREND

- MLTC Community Trend
 - Aggregate annual best estimate trend factors that were used in the FY2015-16 and FY2016-17 MLTC rate development process are summarized in the table below

	FY2015-16 Existing Enrollee		FY2015-16 Mandatory Enrollee		FY2016-17 Existing and Mandatory Enrollee	
Service Category	NYC Area	Rest of State	NYC Area	Rest of State	NYC Area	Rest of State
Nursing Home	1.25%	2.25%	1.00%	0.75%	1.31%	2.17%
Personal Care Services	2.13%	4.75%	1.54%	3.25%	0.63%	2.75%
Other LTC Services	3.22%	4.64%	3.60%	3.78%	3.40%	3.24%
Total	2.21%	4.40%	1.78%	3.21%	0.93%	2.79%

- Trend factors for Nursing Home, Personal Care (NYC Area) and Other Home Health (NYC Area) were adjusted due to program changes applied to these services
- Decrease in trend between years driven by lower Personal Care utilization as observed in MLTCOR experience reported by plans

RATE-SETTING ADJUSTMENTS

NHT TREND

- NHT Trend
 - Aggregate annual best estimate trend factors that were used in the FY2015-16 and FY2016-17 NHT rate development process are summarized in the table below.

Service Category	FY2015-16 NHT		FY2016-17 NHT	
	NYC Area	Rest of State	NYC Area	Rest of State
Nursing Home	0.25%	0.25%	0.25%	0.25%
All Other Services	3.98%	4.43%	4.02%	4.23%
Total	0.27%	0.28%	0.27%	0.27%

- Nursing Home unit cost trends adjusted due to program changes applied to this service.

RATE-SETTING ADJUSTMENTS

MLTC COMMUNITY NON-MEDICAL EXPENSES

- MLTC Community Best Estimate Non-Medical Expense loads for FY2016-17 and FY2015-16 rate development

MLTC Non-Medical Expenses FY2016-17	NYC Area	MH/NM	NE/WE	Upstate
Care Management	\$248.00	\$195.00	\$237.00	\$183.50
Administration	\$294.11	\$268.64	\$258.98	\$203.30
Underwriting Gain	3.00%	3.00%	3.00%	3.00%
Premium Based Taxes	1.02%	1.02%	0.88%	0.88%

MLTC Non-Medical Expenses FY2015-16	NYC Area	MH/NM	NE/WE	Upstate
Care Management	\$213.50	\$211.50	\$211.50	\$211.50
Administration	\$255.22	\$247.63	\$225.44	\$209.15
Underwriting Gain	3.00%	3.00%	3.00%	3.00%
Premium Based Taxes	1.02%	1.02%	0.88%	0.88%

RATE-SETTING ADJUSTMENTS

NHT NON-MEDICAL EXPENSES

- NHT Best Estimate Non-Medical Expense loads for FY2016-17 and FY2015-16 rate development

NHT Non-Medical Expenses FY2016-17	NYC Area	MH/NM	NE/WE	Upstate
Care Management	\$204.60	\$172.54	\$172.54	\$172.54
Administration	\$294.11	\$247.86	\$247.86	\$247.86
Underwriting Gain	2.00%	2.00%	2.00%	2.00%
Premium Based Taxes	1.02%	1.02%	0.88%	0.88%

NHT Non-Medical Expenses FY2015-16	NYC Area	MH/NM	NE/WE	Upstate
Care Management	\$176.14	\$176.14	\$176.14	\$176.14
Administration	\$249.21	\$230.97	\$230.97	\$230.97
Underwriting Gain	2.00%	2.00%	2.00%	2.00%
Premium Based Taxes	1.02%	1.02%	0.88%	0.88%

OTHER ADJUSTMENTS

NHT ADD-ON

- Developed using projected FY2016-17 regional enrollment to calculate regional average provided by DOH.
- Will be calculated once for entire contract period.
- Illustrative plan payment rate example on calculation of NHT add-on is shown in the table below:

MLTC Projected Enrollment	NHT Projected Enrollment	MLTC Payment Rate	NHT Payment Rate	NHT Add-On PMPM	Final Combined MLTC + NHT PMPM ¹
(A)	(B)	(C)	(D)	$E = (A * C + B * D) / (A+B) - C$	(C) + (E)
10,000	500	\$4,500.00	\$8,000.00	\$166.67	\$4,666.67

¹Final combined MLTC + NHT PMPM is paid across total plan enrollment (i.e. 10,500 MMs)

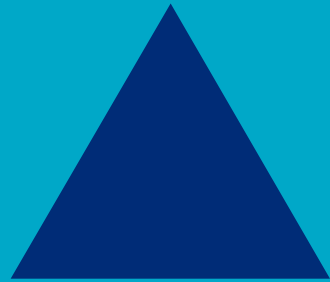
OTHER ADJUSTMENTS

NHT ADD-ON

- Illustrative total premium for NHT members example is shown in the table below:

Cost Analysis Component	Line #	Formula	Value
FY2016-17 NHT MMs	(1)	DOH Projection	500
MLTC Community Premium	(2)	Illustrative Payment Rate	\$4,500.00
Prem for NHT members before add-on	(3)	= (1) * (2)	\$2,250,000
FY2016-17 Regional Total MMs	(4)	DOH Projection	10,500
NHT Add-On PMPM	(5)	Illustrative Add-On	\$166.67
Marginal Additional Premium	(6)	= (4) * (5)	\$1,750,035
Total Premium for NHT members	(7)	= (3) + (6)	\$4,000,035

QUESTIONS ON FY2016- 17 APRIL RATES?



FY2016-17 RATE UPDATE CONSIDERATIONS

MINIMUM WAGE

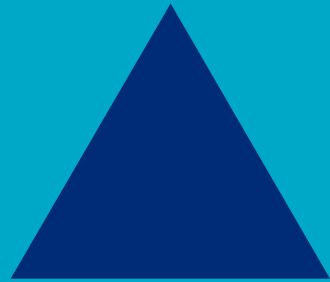
- Minimum Wage rates are scheduled to increase each year on 12/31 until they reach \$15.00 per hour.
- Minimum Wage updates are scheduled for December 31, 2016 and will impact October 2016 through March 2017 rates
 - NYC Metro Minimum Wage will increase from \$10.00 to \$11.00 on December 31, 2016
 - Apply adjustment to reflect hourly worker cost increase for Personal Care Aide and Home Health Aide services in NYC Metro based on State analysis
- If additional Minimum Wage adjustments are needed, updates would be included in January 2017 through March 2017 rates

FY2016-17 RATE UPDATE CONSIDERATIONS

CFCO

- Effective January 1, 2017, MLTC plans will be required to expand and/or enhance the benefit package to include services and supports within the Community First Choice Option (CFCO)
- CFCO updates are scheduled for January 1, 2017 and will impact January 2017 through March 2017 rates
- Utilization of these services for similar populations and programs will be reviewed to inform the program change adjustment for these services

QUESTIONS ON FUTURE RATE UPDATES?





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