

HEALTH WEALTH CAREER

NURSING HOME TRANSITION RATE DEVELOPMENT

STATE OF NEW YORK

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Ron Ogborne, FSA, CERA, MAAA

Albany, NY

NURSING HOME TRANSITION RATE DEVELOPMENT AGENDA

- Review the methodology for developing Fiscal Year (FY) 2015-16 Nursing Home Transition (NHT) rates for Medicaid Managed Care (MMC), Managed Long Term Care (MLTC), Fully Integrated Duals Advantage (FIDA) and HIV Special Needs Plans (HIV SNP)
 - Overview of NHT rate methodology
 - Base data
 - Program changes
 - Medical trend
 - Other rate setting adjustments
 - Non-medical expenses
- MLTC/FIDA and NHT blending methodology
- MLTC/FIDA Quarterly Updates
- Nursing Home Price Mitigation (NHMP) Pool
- Future NHT rating considerations

NURSING HOME TRANSITION RATE DEVELOPMENT OVERVIEW OF NHT RATE METHODOLOGY

- Beginning February 1, 2015, Medicaid enrollees who were determined to be long stay nursing home residents and meet chronic care budgeting and eligibility criteria were required to enroll in managed care
 - Medicaid-covered long stay nursing home residents placed prior to the effective date have the option to remain in fee-for-service (FFS) or enroll in managed care beginning October 1, 2015
 - The pediatric specialty population is exempt from this requirement
- Rate development methodology is discussed in greater detail in other relevant documentation and presentations and remains largely unchanged
 - NHT rate development presentation dated April 23, 2015
 - Actuarial Memorandum for each impacted program
 - Quarterly update presentation dated March 11, 2015

NURSING HOME TRANSITION RATE DEVELOPMENT BASE DATA

- Base data development
 - Calendar Year (CY) 2012 FFS experience received by Mercer was used to develop the base data
 - Individuals who were in a nursing home as of December 2012 and who started a 100+ consecutive day nursing home stay during CY 2012 were used to proxy the long stay population
 - Data provided was net of share of cost
 - Covered services
 - MLTC plans are only at-risk for services included in the MLTC benefit package
 - Additional services covered in the FIDA benefit package considered when developing an adjustment to the FIDA rates
 - MMC and HIV SNP plans will be at-risk for the full MMC or HIV SNP benefit package, including Nursing Facility costs, for Non-Dual members

NURSING HOME TRANSITION RATE DEVELOPMENT BASE DATA (CONT'D)

- The following table provides CY 2012 FFS base experience per member per month (PMPM) by major service category for NYC Area and Rest of State (ROS):

Program/Region	Member Months	Nursing Facility	All Other LTC Services	Acute Care Services	Total – All Services
MLTC NYC Area	390,927	\$ 6,948.43	\$ 30.99	\$ 0.00	\$ 6,979.42
MLTC ROS	258,739	\$ 4,767.26	\$ 30.06	\$ 0.00	\$ 4,797.32
FIDA NYC Area	390,927	\$ 6,948.43	\$ 30.99	\$ 135.51	\$ 7,114.93
MMC NYC Area	65,723	\$ 8,407.01	\$ 35.35	\$ 2,149.87	\$ 10,592.23
MMC ROS	11,115	\$ 6,638.06	\$ 30.23	\$ 1,662.21	\$ 8,330.49
HIV SNP NYC Metro	9,098	\$ 14,190.47	\$ 34.42	\$ 4,447.20	\$ 18,672.09

* Other LTC Services provided by the Nursing Facility will be removed from final rates.

NURSING HOME TRANSITION RATE DEVELOPMENT PROGRAM CHANGES

- In order to develop actuarially sound rate ranges, Mercer applied the following program change adjustments:
 - Nursing Home Benchmark adjustment reflects changes to Nursing Home fee schedule pricing. The Nursing Home fee schedules include the following components:
 - Direct and indirect care components
 - Capital component
 - Transition adjustment
 - Quality adjustment
 - Cash receipt component
 - Bed hold adjustment
 - Case mix adjustment

NURSING HOME TRANSITION RATE DEVELOPMENT PROGRAM CHANGES (CONT'D)

- Inpatient adjustment reflects changes to the APR-DRG fee schedule pricing
- Mental health and substance abuse (MH/SA) adjustment removes costs for these services that are not covered in the benefit package (specifically applies to duals and Supplemental Security Income (SSI) non duals)
 - Adjustment to SSI non dual experience also accounts for interactions with Behavioral Health Organization (BHO)/Health and Recovery Plan (HARP) implementation

NURSING HOME TRANSITION RATE DEVELOPMENT PROGRAM CHANGES (CONT'D)

- The following table summarizes the program change impacts to each managed care program for the applicable categories of service and region:

Program/Region	Nursing Home Benchmark – Nursing Facility	Inpatient APR-DRG Fee Schedule – Inpatient Acute	Behavioral Health Adjustment – IP MH/SA, OP MH/SA
MLTC NYC Area	5.5%	N/A	-100.0%
MLTC ROS	8.3%	N/A	-100.0%
FIDA NYC Area	5.5%	-1.8%	N/A
MMC NYC Area	6.5%	-1.8%	-31.7%
MMC ROS	8.8%	-1.9%	-90.0%
HIV SNP NYC Metro	4.4%	-1.1%	N/A

NURSING HOME TRANSITION RATE DEVELOPMENT MEDICAL TREND

- To project the adjusted regional averages to the contract period, Mercer established appropriate medical trends
 - Medical trends analyzed by population and service category
 - Utilization and unit cost factors considered
 - Medical trends coordinated with significant program changes, as appropriate
- The following table summarizes the annual medical trend by major service category and region for each managed care program at the best estimate:

Program/Region	Nursing Facility	All Other LTC Services	Acute Care Services	Total – All Services
MLTC NYC Area	0.25%	3.98%	N/A	0.27%
MLTC ROS	0.25%	4.43%	N/A	0.28%
FIDA NYC Area	0.25%	3.98%	3.16%	0.32%
MMC NYC Area	0.25%	3.35%	3.93%	0.98%
MMC ROS	0.25%	2.56%	3.29%	0.82%
HIV SNP NYC Metro	0.25%	3.32%	6.95%	1.89%

NURSING HOME TRANSITION RATE DEVELOPMENT

OTHER RATE SETTING ADJUSTMENTS

- Mercer did not apply managed care adjustments to the projected FFS costs of each subpopulation for Year 1
 - Due to the nature of this population, only adjustments to acute care services were considered
 - Projected monthly enrollment was considered to ensure reasonability and attainability of potential managed care adjustments
 - Due to enrollment ramp up expected during Year 1, no adjustment was applied
 - Will be reconsidered for Year 2
- Selection adjustment was applied in the development of rate ranges to account for:
 - Changes in population mix between geriatric and non-pediatric specialty members
 - Variation in the facility utilization mix
 - Small size of the projected population

NURSING HOME TRANSITION RATE DEVELOPMENT OTHER RATE SETTING ADJUSTMENTS (CONT'D)

- Mercer reviewed CY 2012 FFS base experience by month along with monthly enrollment projections for any impact due to seasonality
 - No adjustment was determined to be necessary to long-term care services
 - Adjustment to acute care services was determined to be necessary
- The following table summarizes the final seasonality adjustment factor applied for each managed care program and region:

Program/Region	LTC Services	Acute Care Services	Total – All Services
Dual – MLTC NYC Area	1.000	N/A	1.000
Dual – MLTC Rest of State (ROS)	1.000	N/A	1.000
Dual – FIDA NYC Area	1.000	1.062	1.001
Non-Dual – MMC NYC Area	1.000	1.028	1.006
Non-Dual – MMC ROS	1.000	1.043	1.009
Non-Dual – HIV SNP NYC Metro	1.000	1.006	1.002

NURSING HOME TRANSITION RATE DEVELOPMENT

NON-MEDICAL EXPENSES

- The actuarially sound rate ranges include provisions for the following non-medical expenses:
 - Contractually required Care Management activities
 - Similar to requirements that exist for MLTC enrollees
 - Adjusted based on nature of NHT population and the role of the nursing home in completing some of these tasks
 - Administrative expenses
 - Underwriting gain
 - Financially Disadvantaged payments
 - Premium based taxes

NURSING HOME TRANSITION RATE DEVELOPMENT MLTC/FIDA AND NHT BLENDING METHODOLOGY

- The NHT rate is blended with the community rate for a single combined premium rate and a consistent methodology is applied for MLTC and FIDA
- Approximately \$10 million added to DOH payment rates for NHT add-on for NAMI Transition admin expenses.

NURSING HOME TRANSITION RATE DEVELOPMENT MLTC/FIDA AND NHT BLENDING METHODOLOGY (CONT'D)

- The following table summarizes the steps in developing a combined rate for MLTC in the NYC Area region. The same process is followed for other regions and FIDA

NYC Area	Community Rate	Nursing Home Transition Rate	Combined
FY 2016 Projected Member Months	1,072,778	17,609	1,090,387
Projected Managed Care Medical	\$ 3,595.76	\$ 7,430.73	N/A
Illustrative Plan-Specific Risk Score	1.0172	1.0000	N/A
Risk Adjusted Projected Managed Care Medical	\$ 3,657.61	\$ 7,430.73	N/A
Care Management PMPM	\$ 213.50	\$ 176.14	N/A
% of Risk Adjusted Projected Managed Care Medical	5.84%	2.37%	N/A
Administrative Expenses	\$ 259.61	\$ 249.21	N/A
% of Risk Adjusted Projected Managed Care Medical	7.10%	3.35%	N/A
Underwriting Gain	\$ 127.75	\$ 160.33	N/A
% of Total Premium	3.00%	2.00%	N/A
Best Estimate Capitation Rate	\$ 4,258.47	\$ 8,016.40	N/A
Third-Party Payments ¹	\$ (26.12)	\$ (20.28)	N/A
Premium Based Taxes	\$ 43.71	\$ 82.58	N/A
% of Final Capitation Rate	1.02%	1.02%	N/A
Final Best Estimate Capitation Rate	\$ 4,276.06	\$ 8,078.71	\$ 4,337.47
Final NHT Add-On (<i>Final Combined Rate - Final Community Rate</i>)	N/A	N/A	\$ 61.41

¹ Third-party payments for community rate represent plan-specific share of cost and reflects regional financially disadvantaged payments for the NHT rate.

NURSING HOME TRANSITION RATE DEVELOPMENT

MLTC/FIDA QUARTERLY UPDATES

- The following table summarizes the phased schedule and quarterly updates for MLTC and FIDA:

Effective Date	Phase
April 1, 2015-June 30, 2015	Phase II - MLTC aggregate acuity factor, revised plan scores, NYC Area NHT add-on, reflect actual April 2015 MLTC/FIDA and NHT enrollee mix from State eligibility system
July 1, 2015-September 30, 2015	Phase III - MLTC aggregate acuity factor, revised plan scores, NYC Area and ROS NHT add-on, reflect actual July 2015 MLTC/FIDA enrollees from State eligibility system and NHT enrollees from plan submissions
October 1, 2015-December 31, 2015	Phase IV - MLTC aggregate acuity factor, revised plan scores, NYC Area and ROS NHT add-on, reflect actual October 2015 – December 2015 MLTC/FIDA enrollees from State eligibility system and NHT enrollees from plan submissions
January 1, 2016-March 31, 2016	Phase V - MLTC aggregate acuity factor, revised plan scores, NYC Area and ROS NHT add-on, reflect actual January 2016 – March 2016 MLTC/FIDA enrollees from State eligibility system and NHT enrollees from plan submissions

- Plan submissions are used to develop the NHT add-on and are updated for each phase in order to reflect the most complete information available at the time

NURSING HOME TRANSITION RATE DEVELOPMENT

NHPM POOL

- The NHPM Pool will provide additional reimbursement to plans identified as having a disproportionate share of days for members residing at nursing homes with above average costs in their provider network during FY2015-16
- NHPM Pool funded by 5% withhold on the NHT add-on amount by plan for all enrolled members
- NHPM pool fund is significantly below targeted \$10 million due to lower than expected enrollment.
- All funds withheld will be redistributed based on nursing home days paid to facilities with higher daily rate than the calculated regional average benchmark rate
 - Facility benchmark rates based on January 1, 2015
- Full FY 2015-16 withhold to be applied in the Phase V MLTC payment rates

NURSING HOME TRANSITION RATE DEVELOPMENT

FUTURE NHT RATING CONSIDERATIONS

- Base data unchanged for FY2016-17
- Program changes
 - Similar adjustments from FY2015-16 will be applied
 - Any benefit package changes in MLTC will be included for NHT
 - Benchmark adjustment will be updated to reflect most recent benchmark rates
- Medical trend will be reviewed and updated, including additional 12 months of trend
- Other rate setting adjustments
 - Managed care savings, selection and seasonality will be revisited
 - NHT enrollment survey look-back evaluation for lag impact
- Similar non-medical expenses from FY2015-16 will be applied
- Blending will be completed for the full FY2016-17 rate period based on FY2015-16 Phase V plan submissions
- NHPM Pool methodology will continue for FY2016-17

MAKE
TOMORROW,
TODAY

