

HEALTH WEALTH CAREER

**FISCAL YEAR 2016–17 MEDICAID  
MANAGED CARE AND HIV SPECIAL  
NEEDS PLANS  
PREMIUM DEVELOPMENT**

STATE OF NEW YORK

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# FY 2016–17 MMC AND HIV SNP PREMIUM DEVELOPMENT AGENDA

- Overview of FY 2016 – 17 Medicaid Managed Care (MMC) and HIV Special Needs Plans (HIV SNP) Premium Development
- Pharmacy Efficiency Adjustments
  - Maximum Allowable Cost (MAC)
  - Retrospective Pharmacy Claims Analysis (Clinical Edits)
  - Reimbursement on drug-related Healthcare Common Procedure Coding System (HCPCS) codes (*Informational Only*)
- Program Changes
  - New Populations
- Trend
  - Non-Pharmacy
  - Pharmacy

# FY 2016–17 MMC AND HIV SNP PREMIUM DEVELOPMENT AGENDA(CONT'D)

- Pharmacy
  - Rebates
  - Premiums
- MMC Risk Adjusted Rates Update
- Next Steps

# FY 2016–17 MMC AND HIV SNP PREMIUM DEVELOPMENT OVERVIEW

- Base Data presented by Mercer at the March Health Plan meeting on March 10, 2016
  - Non-Pharmacy for MMC and HIV SNP
  - Pharmacy for MMC, Health and Recovery Plan (HARP) and HIV SNP
- Base data and base adjustments covered
  - Supplemental exhibits provided
  - Exhibits considered final
- Today's presentation considered a continuation of the March Health Plan meeting moving from final adjusted base data to final best estimate rate ranges
  - Some rate range components remain outstanding at this time

# FY 2016–17 MMC AND HIV SNP PREMIUM DEVELOPMENT

## PHARMACY EFFICIENCY ADJUSTMENTS

- Efficiency adjustments are applied and are consistent with State's goal of Managed Care programs operating in an efficient, high quality manner
- Applicable to MMC, HARP, and HIV SNP programs
  - MMC results include historical MMC HARP Eligibles
- Downward adjustment to the pharmacy base by region and premium group for:
  - MAC
  - Clinical Edits
- Informational only efficiency results provided for HCPCS analysis
  - May be included as adjustments in future rating periods

# FY 2016–17 MMC AND HIV SNP PREMIUM DEVELOPMENT

## PHARMACY EFFICIENCY ADJUSTMENTS: MAC

- Evaluates pricing on multi-source drugs
- Analysis identifies potential savings for each plan based on Mercer's Benchmark MAC List pricing compared to the plan paid amounts on the date of service for drugs that are on Mercer's MAC list
- Previously excluded all brand claims in FY 2015–16
- For FY 2016-17, excluded only Dispense as Written (DAW) 1, 7, and 8 claims
- Evaluate each health plan's MAC program for breadth of MAC list and depth of reimbursement price points

# FY 2016–17 MMC AND HIV SNP PREMIUM DEVELOPMENT

## PHARMACY EFFICIENCY ADJUSTMENTS: MAC

- The following table summarizes the best estimate MAC adjustment as a percent of the pharmacy rate in total by premium group for the FY 2016–17 contract period:

	MMC		HARP		HIV SNP
Premium Group	NYC Metro	Rest of State	NYC Metro	Rest of State	NYC Metro
TANF Children	0.0%	-0.0%	N/A	N/A	0.0%
TANF/SN Adult	-0.5%	-0.9%	N/A	N/A	-0.3%
SSI Core	-0.8%	-0.9%	N/A	N/A	-0.5%
HARP	N/A	N/A	-1.4%	-1.3%	N/A

- Additional MAC exhibits provided in Actuarial Memo consistent with prior years

# FY 2016–17 MMC AND HIV SNP PREMIUM DEVELOPMENT

## PHARMACY EFFICIENCY ADJUSTMENTS: CLINICAL EDITS

- Retrospective clinical rules-based, pharmacy utilization management claims edits that identify potentially inappropriate prescribing and dispensing patterns:
  - Quantity limits, dosage limits, age edits, and therapeutic duplication
- Edits were developed by Mercer's Managed Pharmacy Practice based on:
  - Published literature
  - Industry standard practices
  - Clinical appropriateness review
  - Professional expertise
  - Information gathered during the review of several Medicaid FFS and managed care pharmacy programs across the country



# FY 2016–17 MMC AND HIV SNP PREMIUM DEVELOPMENT

## PHARMACY EFFICIENCY ADJUSTMENTS: CLINICAL EDITS

- The following table summarizes the best estimate Clinical Edits adjustment as a percent of the pharmacy rate in total by premium group for the FY 2016–17 contract period:

	MMC		HARP		HIV SNP
Premium Group	NYC Metro	Rest of State	NYC Metro	Rest of State	NYC Metro
TANF Children	-0.7%	-0.9%	N/A	N/A	-1.9%
TANF/SN Adult	-0.6%	-1.0%	N/A	N/A	-0.8%
SSI Core	-0.8%	-1.2%	N/A	N/A	-0.9%
HARP	N/A	N/A	-1.1%	-1.2%	N/A

- Additional Clinical Edits exhibits provided in Actuarial Memo consistent with prior years

## **FY 2016–17 MMC AND HIV SNP PREMIUM DEVELOPMENT**

### **PHARMACY EFFICIENCY ADJUSTMENTS: HCPCS – INFORMATIONAL ONLY**

- Evaluates and compares the health plans' physician administered drug reimbursement for reasonableness
- Assess each health plan's payment reimbursement schedule for drug-related HCPCS claims. Evaluate if the per unit reimbursement for physician-administered drugs is appropriate. Comparison to industry benchmark to identify potential savings opportunities.
- Select drugs (top 50 HCPCS codes) based on the health plans' utilization
- Utilizes medical claims outpatient encounter data for analysis
- Removed outlier unit prices following comparison to health plan and national benchmark per-unit reimbursement

## FY 2016–17 MMC AND HIV SNP PREMIUM DEVELOPMENT

### PHARMACY EFFICIENCY ADJUSTMENTS: HCPCS – INFORMATIONAL ONLY

- The following table summarizes the best estimate HCPCS adjustment by premium group for the FY 2016–17 contract period (*informational only*):

Potential Savings				
MMC		HARP		HIV SNP
NYC Metro	Rest of State	NYC Metro	Rest of State	NYC Metro
(\$9,700,000)	(\$11,900,000)	(\$600,000)	(\$1,200,000)	(\$400,000)

## **FY 2016–17 MMC AND HIV SNP PREMIUM DEVELOPMENT PROGRAM CHANGES: NEW POPULATIONS**

- New populations added for FY 2016-17:
  - Effective April 1, 2016, premiums will be adjusted for two populations transitioning into Managed Care from FFS
  - Restriction/Exception (R/E) Code 90/91 with an R/E Code effective date prior to 1/1/2014
  - New York State of Health (NYSOH) Exchange Populations eligible for Managed Care, but were never auto assigned
- State provided historical cost and member month information for these populations by region and premium group
- Relative acuity compared to the entire MMC population and adjustment applied by region and premium group consistent with previous new population adjustments

## **FY 2016–17 MMC AND HIV SNP PREMIUM DEVELOPMENT TREND: NON-PHARMACY**

- Medical trends developed separately for non-pharmacy and pharmacy services
- To project adjusted regional averages to the contract period, Mercer establishes medical trend factors considering the following sources:
  - Historical financial based PMPM trends by region and major Category of Service (COS)
  - Service category trends observed in other state Medicaid programs for similar populations
  - Health care economic indices, such as Consumer Price Index and Global Insight
- Medical trends developed on a PMPM basis at the major region, premium group and category of service detail level
- Non-Pharmacy trends applied for 33 months, from the midpoint of the base period to the midpoint of the contract period
- Trends are adjusted to account for interactions between the inpatient pricing, wage parity adjustment, and the Fair Labor Standards Act (FLSA) adjustment

## FY 2016–17 MMC AND HIV SNP PREMIUM DEVELOPMENT TREND: NON-PHARMACY

- The following table displays the total FY 2016-17 non-pharmacy annual PMPM trends for MMC, HARP, and HIV SNP for each premium group:

	MMC		HARP		HIV SNP
Premium Group	NYC Metro	Rest of State	NYC Metro	Rest of State	NYC Metro
TANF Children	2.9%	3.3%	N/A	N/A	3.1%
TANF/SN Adult	3.3%	3.2%	N/A	N/A	3.0%
SSI Core	3.6%	3.6%	N/A	N/A	3.5%
HARP	N/A	N/A	N/A	N/A	N/A

- At this time numbers displayed are considered draft and are subject to change

## FY 2016–17 MMC AND HIV SNP PREMIUM DEVELOPMENT TREND: PHARMACY

- Numerous factors considered in establishing pharmacy specific trends to forecast expenditures from the base period to the contract period
- PMPM trends developed at major region and premium group level
  - Separate review of Traditional, Specialty, and Protected drug class trends
- For Traditional drug classes, primary factors impacting trends include:
  - Change in drug costs as additional generic products become available
  - Patent expirations between base and contract period
- For Specialty and Protected drug classes, primary factors impacting trends include:
  - Breakthrough therapy designations
  - Newly diagnosed patients
  - Expanded indications
  - Direct to consumer advertising
  - Blockbuster drug launches between base and contract period

## **FY 2016–17 MMC AND HIV SNP PREMIUM DEVELOPMENT TREND: PHARMACY (CONT'D)**

- Specific attention given to high cost drugs used to treat Hepatitis C
- Additional data analysis conducted to inform utilization and unit cost trend associated with Hepatitis C drugs:
  - Cost and utilization of Hepatitis C drugs within the base data
  - Prevalence of Hepatitis C within the MMC, HARP, and HIV SNP populations
  - Clinical guidelines related to new and existing Hepatitis C drugs
  - More recent encounter data beyond base data time period, including incurred dates through CY 2015
- Impacts related to new Hepatitis C criteria will not be included in the FY 2016-17 April rates. Subsequent FY 2016-17 rate packages will be adjusted to reflect impacts based on criteria implementation date.
- Pharmacy trends applied for 30 months, from the midpoint of the base period to the midpoint of the contract period



## FY 2016–17 MMC AND HIV SNP PREMIUM DEVELOPMENT TREND: PHARMACY (CONT'D)

- The following table displays the FY 2016-17 pharmacy annual PMPM trends for MMC by NYC Metro and Rest of State for each premium group:

Premium Group – NYC Metro	Traditional	Specialty	Protected
TANF Children	2.2%	7.5%	0.0%
TANF/SN Adult	2.0%	11.0%	7.0%
SSI Core	3.9%	17.7%	2.2%

Premium Group – Rest of State	Traditional	Specialty	Protected
TANF Children	2.0%	7.7%	-5.2%
TANF/SN Adult	1.3%	13.0%	-0.2%
SSI Core	3.4%	17.0%	0.3%

- Traditional, Specialty, and Protected classes are as defined by Mercer and consistent with the information displayed in the pharmacy dashboards

## FY 2016–17 MMC AND HIV SNP PREMIUM DEVELOPMENT TREND: PHARMACY (CONT'D)

- The following table displays the FY 2016-17 pharmacy annual PMPM trends for HIV SNP for each premium group:

Premium Group – NYC Metro	Traditional	Specialty	Protected Non-HIV	Protected HIV
TANF Children	2.2%	-0.2%	-1.5%	13.3%
TANF/SN Adult	2.5%	20.3%	-1.8%	13.3%
SSI Core	3.2%	14.3%	-1.7%	13.3%

- Traditional, Specialty, and Protected classes are as defined by Mercer and consistent with the information displayed in the pharmacy dashboards

## FY 2016–17 MMC AND HIV SNP PREMIUM DEVELOPMENT TREND: PHARMACY (CONT'D)

- The following table displays the total FY 2016-17 pharmacy annual PMPM trends for MMC, HARP, and HIV SNP for each premium group:

	MMC		HARP		HIV SNP
Premium Group	NYC Metro	Rest of State	NYC Metro	Rest of State	NYC Metro
TANF Children	3.1%	2.4%	N/A	N/A	12.7%
TANF/SN Adult	5.4%	3.7%	N/A	N/A	12.8%
SSI Core	6.8%	5.7%	N/A	N/A	12.2%
HARP	N/A	N/A	8.5%	7.0%	N/A

## **FY 2016–17 MMC AND HIV SNP PREMIUM DEVELOPMENT PHARMACY: REBATES**

- Expectation of health plans to negotiate competitive supplemental rebate agreements with their pharmacy benefit managers
- Review based on supplemental data provided by health plans in order to develop an appropriate adjustment for market share/supplemental rebates by major region and premium group

## FY 2016–17 MMC AND HIV SNP PREMIUM DEVELOPMENT PHARMACY: REBATES(CONT'D)

- The following tables displays the rebate adjustment for the FY 2016-17 rates for MMC, HARP, and HIV SNP by major region and premium group:

	MMC		HARP		HIV SNP
Premium Group	NYC Metro	Rest of State	NYC Metro	Rest of State	NYC Metro
TANF Children	-4.1%	-3.9%	N/A	N/A	-0.6%
TANF/SN Adult	-6.0%	-5.4%	N/A	N/A	-1.6%
SSI Core	-3.5%	-5.3%	N/A	N/A	-2.4%
HARP	N/A	N/A	-3.0%	-3.0%	N/A

## FY 2016–17 MMC AND HIV SNP PREMIUM DEVELOPMENT PHARMACY PREMIUMS

- The following tables display the FY 2016-17 April MMC, HARP and HIV SNP pharmacy premiums
  - Premiums displayed do not include non-medical expense loads including underwriting gain, administrative expenses or taxes
  - Additional premium development detail is provided in the Actuarial Memo, consistent with prior years

	MMC		HARP		HIV SNP
Premium Group	NYC Metro	Rest of State	NYC Metro	Rest of State	NYC Metro
TANF Children	\$18.69	\$23.56	N/A	N/A	\$1,383.34
TANF/SN Adult	\$94.34	\$89.00	N/A	N/A	\$2,997.85
SSI Core	\$316.90	\$315.79	N/A	N/A	\$3,759.10
HARP	N/A	N/A	\$465.89	\$393.62	N/A

## FY 2016-17 MMC AND HIV SNP PREMIUM DEVELOPMENT

### MMC RISK ADJUSTED RATES

Category	Effective April 2016	Effective July 2016
Type of Update	<ul style="list-style-type: none"> <li>Partial Update</li> </ul>	<ul style="list-style-type: none"> <li>Full Update</li> </ul>
CRG Assignment	<ul style="list-style-type: none"> <li>CY 2014 data</li> <li>CRG version 1.12</li> </ul>	<ul style="list-style-type: none"> <li>CY 2014 data</li> <li>CRG version 1.12</li> </ul>
Cost Weights	<ul style="list-style-type: none"> <li>No change</li> <li>CY 2013 data</li> <li>Includes October 2015 updates for NYC Metro</li> </ul>	<ul style="list-style-type: none"> <li>CY 2014 data</li> <li>Add age/gender bands, replacing Non-User &amp; Healthy CRGs</li> </ul>
Pricing Refinements	<ul style="list-style-type: none"> <li>Not applicable</li> </ul>	<ul style="list-style-type: none"> <li>Bundled payments</li> <li>Others indicated by data</li> </ul>
Enrollment	<ul style="list-style-type: none"> <li>March 2016</li> </ul>	<ul style="list-style-type: none"> <li>August 2016</li> </ul>
Low Credibility Situations (Default to 1.00)	<ul style="list-style-type: none"> <li>New plan</li> <li>&lt; 100 scored members</li> <li>&lt; 50% scored</li> </ul>	<ul style="list-style-type: none"> <li>New plan</li> <li>&lt; 100 scored members</li> <li>&lt; 50% scored</li> </ul>

# FY 2016–17 MMC AND HIV SNP PREMIUM DEVELOPMENT NEXT STEPS

- Behavioral Health (BH) Carve-In
- HARP Population Adjustment
- Timing
  - Actuarial Memorandum
  - Risk-Adjustment Summary of Methods Document
  - Schedules of payment rates released
- FY 2016-17 July update
  - VBP Pilot
- FY 2017-18
  - Encounter Data



# QUESTIONS





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