



# BHO/HARP Open Finance Issues

*Stop-Loss, Risk Corridor / MLR, MMCOR Definitions,  
Contingent Reserves and Escrow*

July 17, 2014

# Agenda

- ❑ Stop Loss
- ❑ Risk Corridor/MLR, Administration, Start Up and P4P
- ❑ Medical and Administrative MMCOR Definitions
- ❑ Contingent Reserves and Escrow



# Stop Loss

# Stop Loss

- ❑ Hospital-based Inpatient Detox & Rehabilitation –
  - Hospital-based Inpatient Detox & Rehabilitation will be included in the “Inpatient Acute” stop loss program
- ❑ Replace current behavioral health inpatient stop loss program (30 behavioral health inpatient days per person per year) with the following policy to take effect January 1, 2015 for Mainstream, HIV/SNP, and HARPs (non HIV and HIV) statewide.

## Proposed Inpatient Psych Stop-Loss HARP & Mainstream

### Phase-in of Plan Responsibility Under Episode-Based Inpatient Psych Stop-Loss

	Days 1 - 45	Days 46 - 60	Days 61 - 100	Days 100+
Year 1	100%	50%	0%	0%
Year 2	100%	100%	50%	0%
Year 3	100%	100%	100%	0%

Issue: **CLOSED**



## **Risk Corridor/MLR, Administration, Start Up and P4P**

# Risk Corridor/MLR, Administration, Start Up and P4P

## HARP - NYC

	Year 1			Year 2			Year 3		
	<u>State Proposed</u>	<u>HPA Proposed</u>	<u>Compromise</u>	<u>State Proposed</u>	<u>HPA Proposed</u>	<u>Compromise</u>	<u>State Proposed</u>	<u>HPA Proposed</u>	<u>Compromise</u>
Administration	7.0%	8.0%	7.5%	7.0%	8.0%	7.5%	7.0%	8.0%	TBD
Start-Up	1.5%	2.0%	2.0%	0.5%	1.0%	1.0%	0.5%	0.0%	TBD
Profit	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	TBD
Pay for Performance	0.0%	0.0%	0.0%	1.0%	1.0%	1.0%	1.0%	2.0%	TBD
Total	10.0%	11.5%	11.0%	10.0%	11.5%	11.0%	10.0%	11.5%	TBD
MLR	90.0%	88.5%	89.0%	90.0%	88.5%	89.0%	90.0%	88.5%	TBD

# Risk Corridor/MLR, Administration, Start Up and P4P

- ❑ “Compromise” columns reflect NYC percentages relevant to the Risk Corridor/MLR calculation (not premiums). No additional funds will be added to the premium.
- ❑ Percentages will need to be recalculated once additional services are brought into the premium (e.g. 1915i, Health Home, etc.)
- ❑ Any administrative and Start-Up expenditures greater than the allowances reflected in the “Compromise” columns above will first be an offset to the profit/underwriting gain reserve. In any year if the sum of a HARP's expenditures for administration, Start-up, and profit/underwriting gain exceed the amounts above, the HARP shall repay the difference to NYS. The HARP will have the option of directly repaying the total amount due or having the payment withheld from monthly premiums paid the HARP at a rate 5% of the premiums due the HARP until the amount is repaid.
- ❑ The Year 3 proposal, which currently focuses on P4P to produce income to plans, will remain a tentative proposal. The State is open to exploring the elimination of Risk Corridor/MLR in Year 3 and identify resources to enhance P4P.
- ❑ The chart does not take into consideration how the Risk Corridor/MLR on the Mainstream BHO “carve in” or HIV/SNP HARP will be calculated.

**Issue: OPEN**





# Medical and Administrative MMCOR Definitions

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- ❑ All expenditures by HARPs for activities of their employees or subcontractors will be considered administrative expenditures EXCEPT those direct medical and/or behavioral services delivered directly to HARP enrollees for services from sites included in the HARP's network in the network documents submitted to and approved by NYS. **Issue: OPEN**
- ❑ All expenditures by BHOs, IPAs or other "downstream organizations", both "at-risk" and "not-at-risk", other than payments to service providers for direct services to HARP enrollees, shall be considered administrative expenditures and included in, and accounted for in, the administrative and Start-up allowances to each HARP EXCEPT for "bonus" or "performance" payments to service providers in conformance with a plan for those payments approved by NYS, which shall be considered "medical expenditures". **Issue: CLOSED**
- ❑ Reimbursed taxes(e.g. "for-profit", ACA, etc.) would be excluded from the Risk Corridor/MLR calculation, both on the expense and revenue side. **Issue: CLOSED**
- ❑ All medical and administrative definitions will need to be clear, consistent with current policy and endorsed by Office of Medicaid Inspector General (OMIG).



# Contingent Reserves and Escrow

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## Contingent Reserve

- ☐ Will be decreased from 7.25% to 5.0% for HARP only consistent with how the Department has handled other program start-up and expansions in the past.
- ☐ This reduction will be effective for Years 1 and 2. The State will review the contingent reserve requirements for Year 3 and make changes consistent with modifications to the Risk Corridor/MLR. In the event the Risk Corridor/MLR is eliminated, the percentage will revert back to an amount consistent with Mainstream Managed Care.

## Escrow

- ☐ Will be phased-in:
  - Year 1 = 4%
  - Year 2 = 5%
- ☐ These amounts reflect HARP lines of business only. Mainstream BHO “carve-in” will remain at 5%.

**Issue: OPEN**