

FISCAL YEAR 2014–15 MANAGED LONG TERM CARE MANDATORY ENROLLEE RATES UPDATE STATE OF NEW YORK

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FY 2014–15 MLTC Mandatory Enrollee Rates

Agenda

- Overview of Fiscal Year (FY) 2014–15 Managed Long Term Care (MLTC) Mandatory Enrollee Rate-Setting
 - Base data development.
 - Rate-setting adjustments.
 - Program changes.
 - Trend.
 - Managed care savings.
 - Non-medical expense.
 - Risk adjustment case study.
- Questions

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Base Data Development

- The State collected eligibility and claims data for the fee-for-service (FFS) personal care program participants:
 - Dates of service during state FY 2011-12.
 - Dual eligibles with a need for at least 120 days of community-based, long-term care (LTC).
- The results of the CY 2010 functional assessments were used to support cost differences across Nursing Home Certifiable (NHC) and non-NHC subpopulations, consistent with FY 2013-14 MLTC Mandatory rate development.
- FY 2014-15 NHC and non-NHC populations are included in combined NHC/non-NHC rates by region.
- The full FFS data set was the basis for MLTC mandatory rate development:
 - Restricted to services included in the MLTC benefit package.
 - Utilization, unit cost, and per member per month (PMPM) costs analyzed by major service category.

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Rate-Setting Adjustments – Program Changes

- In order to project medical costs in the contract period, programmatic changes must be considered. For FY 2014–15, these adjustments include:
 - Nursing home rate changes: adjusts for nursing home rate statewide pricing system, fee schedule changes, and reduction in bed hold day reimbursement.
 - Compression stockings and prescription footwear: adjusts for benefit limits implemented for these services through MRT 42 effective October 1, 2011. Benefits were restored to previous levels effective December 9, 2013.
 - Wage Parity: adjusts for home care aid compensation to be no less than the prevailing rate.

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Rate-Setting Adjustments – Program Changes (continued)

- Wage parity background:
 - Effective March 1, 2014, Home Care Worker Wage Parity Law requires that home care aide compensation be “no less than the prevailing rate of total compensation as of January 1, 2011 or the total compensation mandated by the living wage law, whichever is greater.”
 - In conjunction with the Department of Labor (DOL), DOH established the applicable Prevailing Wage to be \$16.35 per hour.
 - Applies to New York City (NYC) only.

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Rate-Setting Adjustments – Program Changes (continued)

- Based on the DOH/DOL analysis, Mercer estimated the impact of this change to the NYC Area regional average rates to be a 7.57% increase to Personal Care and Other Home Health services.
 - The 7.57% increase reflects the following adjustments:
 - The 9.15% hourly rate increase.
 - An adjustment of 0.875 to reflect its applicability only to the 5 boroughs.
 - An adjustment of 0.945 to reflect its applicability to Personal Care and Home Health Care Aide services only.
- The 7.57% increase to Personal Care and Other Home Health services generates an increase of approximately 6.34% to total medical services.

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Rate-Setting Adjustments – Trend

- To project the base experience to the contract period, Mercer established medical trends by considering the following sources:
 - Historical FFS trends by region and category of service.
 - Historical MLTCOR trends by region and category of service.
 - Service trends observed in national and regional Medicaid programs for similar populations.
 - Health care economic indices, such as Consumer Price Index for the northeast region and Global Insight (formerly DRI).
- For FY 2014–15, trends are applied from the midpoint of the base period, October 1, 2011, to the midpoint of the contract period, October 1, 2014, for a total of 36 trend months.

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Rate-Setting Adjustments – Trend (continued)

- A summary of the trend factors that were used in the FY 2014-15 MLTC Mandatory rate development process are summarized in the table below.
- NYC Area Personal Care and Other Home Health trend factors were adjusted for the wage parity program change to ensure that anticipated changes in the unit cost for these services is accounted for exactly once.

Service Category	NYC Area	Mid-Hudson/ Northern Metro	Northeast/ Western	Upstate
Skilled Nursing Home	0.87%	0.32%	0.32%	0.32%
Personal Care Services	1.36%	2.82%	2.79%	2.83%
Other LTC Services	3.63%	3.63%	3.57%	3.51%
Total	1.62%	2.83%	2.82%	2.81%

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Rate-Setting Adjustments – Managed Care Savings

- Data from the *New York City Medicaid Personal Care Services Risk Assessment* report (released on April 14, 2011) performed by the State's Division of Quality and Evaluation was leveraged to estimate potential managed care savings opportunities for the mandatory population.
- Based on the responses of study participants to the survey questions, SAAM and Long Term Care Cost Index (LTCCI) scores were computed. Functional status data from this report were then linked to eligibility and FFS claims data from the October 1, 2012 through September 30, 2013 time period to allow for an analysis of the differences in cost patterns between mandatory enrollees in FFS and MLTC enrollees.
- For purposes of establishing managed care savings adjustment factors, consideration was given to the time and resources required to develop and implement revised care plans for mandatory enrollees.
 - Accordingly, these adjustments varied by region because of differences in implementation dates.

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Rate-Setting Adjustments – Managed Care Savings (continued)

- Managed care savings adjustment factors by region are summarized in the table below:

Region	FY14 Adjustment		FY15 Adjustment
	NHC	Non-NHC	Combined NHC/Non-NHC
NYC Area	-20.02%	-23.42%	-23.71%
Mid-Hudson/Northern Metro	-7.97%	-9.33%	-18.76%
Northeast/Western	-1.97%	-2.30%	-15.68%
Upstate	N/A	N/A	-7.32%

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Rate-Setting Adjustments – Non-Medical Expenses

- Actuarially sound rate ranges must include provisions for non-medical expenses, for MLTC rates this includes:
 - Care management.
 - Administration.
 - Underwriting gain.

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Rate-Setting Adjustments – Mandatory Enrollee Risk Adjustment Case Study

- Included only those members in the New York City Area region who were targeted to **mandatorily** enroll in an MLTC plan on or after July 1, 2012
- Included only members who had an enrollment segment and had a complete Semi-Annual Assessment of Members (SAAM) assessment during the October 1, 2012 through September 30, 2013 measurement period.
- Recipient risk scores were developed as follows:
 - Used most recent, complete SAAM assessment in the measurement period.
 - Applied the FY 2014-15 MLTC Existing Enrollee risk adjustment model.
 - Assigned the score for each SAAM predictor.
 - Determined member's MLTC cost index grouping.
 - Assigned cost weight based on MLTC cost index grouping.

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Rate-Setting Adjustments – Mandatory Enrollee Risk Adjustment Case Study (continued)

- Raw plan scores = weighted average of recipient risk scores and their associated member months (MMs) in measurement period.
- Regional average risk score = weighted average of raw plan risk scores and plans' annualized 3rd quarter 2013 MLTCOR MMs.
- Relative risk scores = raw score divided by the regional average risk score
- Low credibility situations excluded from Regional average risk score and Relative Risk Score was set to 1.000.
 - Less than 1,200 plan MMs per annualized 3rd quarter 2013 MLTCORs.
 - New plans that entered the MLTC program on October 1, 2012 or later.
- Results of the case study were used to inform Plan payment rates for October 1, 2014 forward.

