

HEALTH WEALTH CAREER

FISCAL YEAR 2017-18 LONG TERM CARE – RATE SETTING PROGRAM ALIGNMENT

STATE OF NEW YORK

FEBRUARY 16, 2017

Presenters

Katherine Long, FSA, MAAA

Ron Ogborne, FSA, CERA, MAAA

Omni Patel

FY 2017–18 RATE SETTING PROGRAM ALIGNMENT AGENDA

Current Rate Methodology

Rate Methodology Refinements

Changes to the MAP Program

Program Alignment

- LTSS Services
- Program Acuity Factor
- NHT Add-on
- Acute Care Services

Other Considerations

Final Rate Buildup

Questions

FY 2017-18 RATE SETTING PROGRAM ALIGNMENT

CURRENT RATE METHODOLOGY

FY 2016-17 MLTC Partial Cap

- CY 2013 and CY 2014 MLTCOR base data
- Mandatory acuity adjustments

FY 2016-17 FIDA

- Long Term Services and Supports (LTSS) consistent with MLTC Partial Cap
- Acute care base data: FFS data from July 1, 2013 through June 30, 2014 (RY 2013-14) and RY 2014-15

FY 2016-17 PACE UPL Development

- FFS base data for CY 2011 and CY 2012 for all covered services

CY 2016 MAP

- FFS base data for CY 2010 and CY 2011 for all covered services

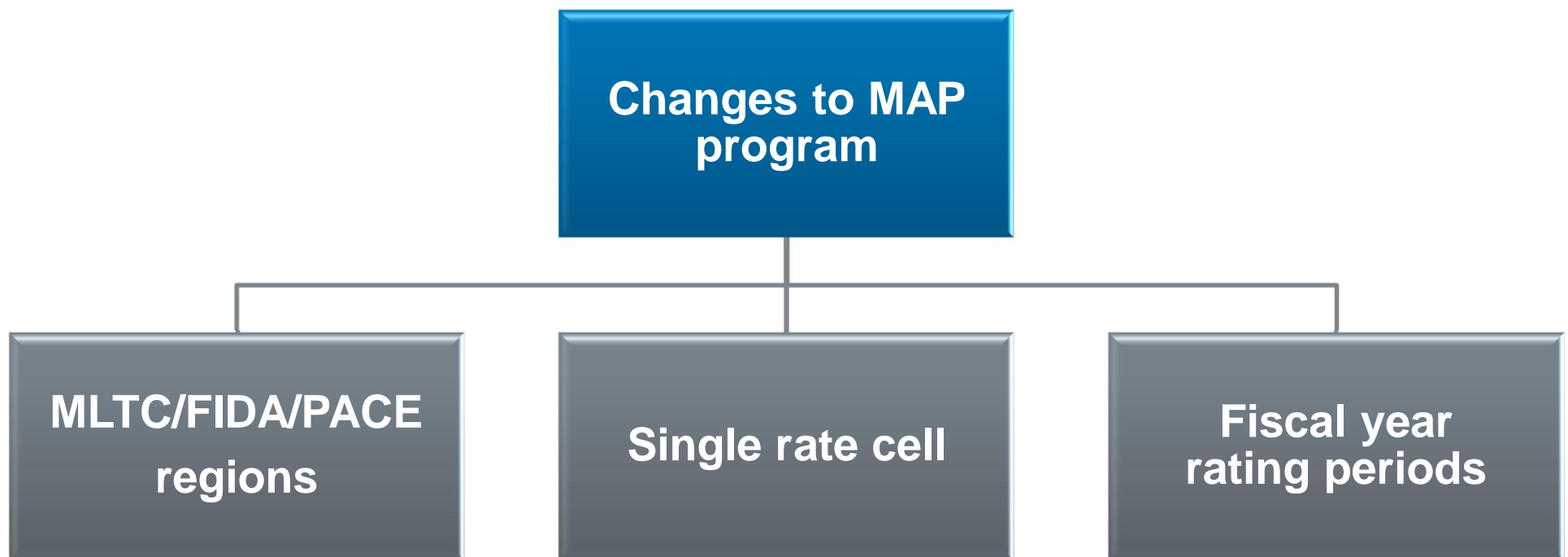
FY 2017–18 RATE SETTING PROGRAM ALIGNMENT

RATE METHODOLOGY REFINEMENTS

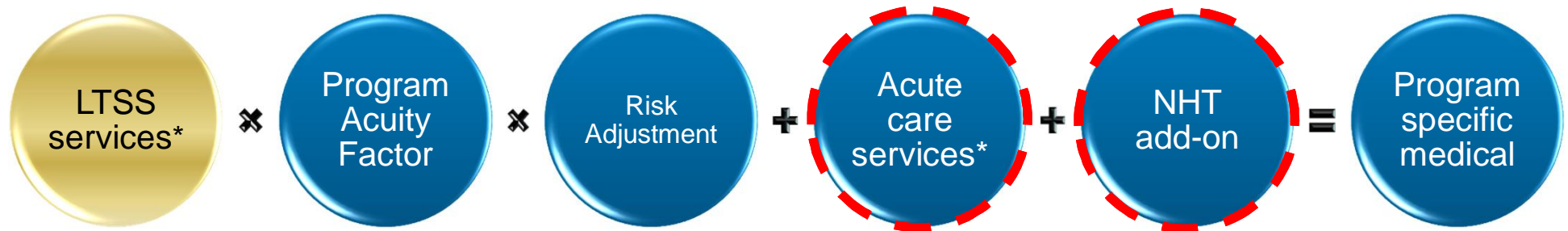
Opportunities to refine the current approach

- Inconsistencies between programs
 - Rating periods
 - Regions
 - Base data sources
 - Information available for rating adjustments due to timing
- Timing of rate releases
- Compliance with CMS regulations

FY 2017–18 RATE SETTING PROGRAM ALIGNMENT CHANGES TO THE MAP PROGRAM



FY 2017-18 RATE SETTING PROGRAM ALIGNMENT



* Final LTSS and Acute care services will include standard rate development methodology, with adjustments related to trend and programmatic changes.

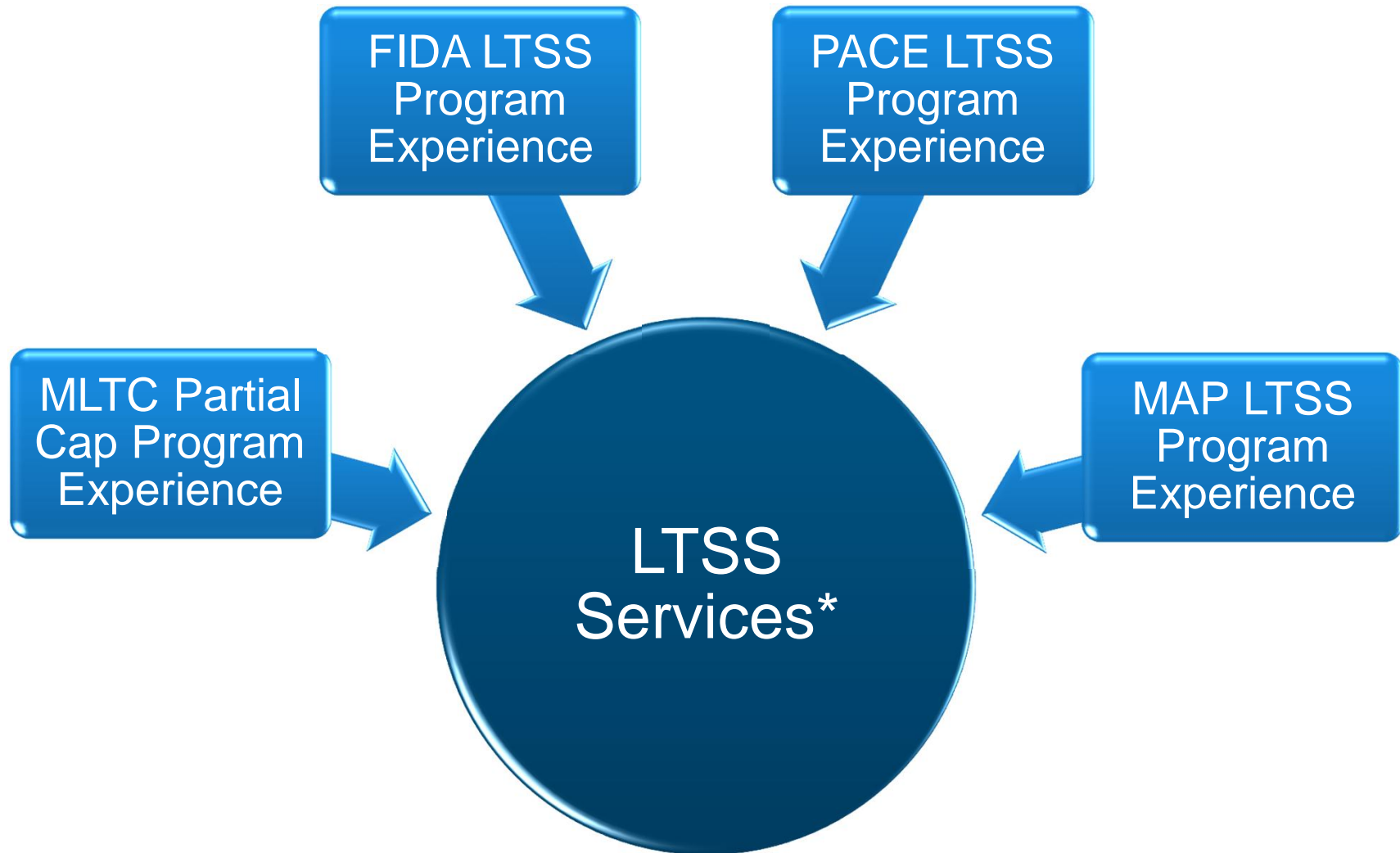
FY 2017-18 RATE SETTING PROGRAM ALIGNMENT

LTSS SERVICES

| NYC Area | Line # | FIDA | NHT | Combined |
|--|--------|------------|-------------|------------|
| Projected Member Months | (A) | 10,000 | 500 | 10,500 |
| Combined Projected Managed Care LTSS Medical | (B) | \$4,545.45 | \$9,000.00 | N/A |
| Illustrative FIDA Program Acuity Factor | (C) | 1.1000 | 1.0000 | N/A |
| Program-Specific Projected Managed Care LTSS Medical | (D) | \$5,000.00 | \$9,000.00 | N/A |
| Illustrative Plan-Specific Relative Risk Score | (E) | 0.9000 | 1.0000 | N/A |
| Program-Plan-Specific Projected LTSS Medical | (F) | \$4,500.00 | \$9,000.00 | N/A |
| Acute Care Services | (G) | \$150.00 | \$100.00 | N/A |
| Care Management PMPM | (H) | \$275.00 | \$225.00 | N/A |
| % of Program-Plan-Specific Projected Medical | (I) | 5.91% | 2.47% | N/A |
| Administrative Expenses | (J) | \$465.00 | \$455.00 | N/A |
| % of Program-Plan-Specific Projected Medical | (K) | 10.00% | 5.00% | N/A |
| Underwriting Gain | (L) | \$166.70 | \$199.59 | N/A |
| % of Total Premium | (M) | 3.00% | 2.00% | N/A |
| Best Estimate Capitation Rate | (N) | \$5,556.70 | \$9,979.59 | N/A |
| Third Party Payments | (O) | \$ (50.00) | \$(25.00) | N/A |
| Premium Based Taxes | (P) | \$56.87 | \$102.81 | N/A |
| % of Final Capitation Rate | (Q) | 1.02% | 1.02% | N/A |
| Final Best Estimate Capitation Rate | (R) | \$5,563.57 | \$10,057.40 | \$5,777.56 |
| Final NHT Add-On (Final Combined Rate - Final FIDA Rate) | (S) | N/A | N/A | \$213.99 |

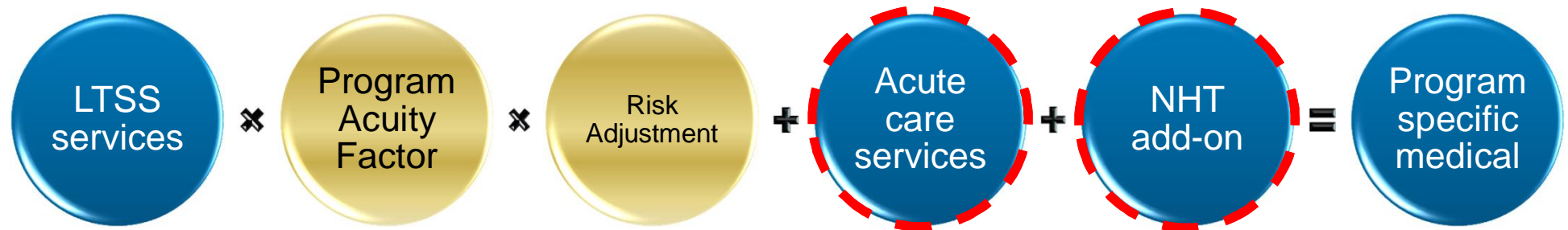
Illustrative FIDA plan-specific
best estimate build up

FY 2017-18 RATE SETTING PROGRAM ALIGNMENT LTSS SERVICES (CONT'D)



*Data used for development of LTSS services is pending review of each program's operating report.

FY 2017-18 RATE SETTING PROGRAM ALIGNMENT



FY 2017-18 RATE SETTING PROGRAM ALIGNMENT

PROGRAM ACUITY FACTOR & RISK ADJUSTMENT

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Illustrative FIDA plan-specific
best estimate build up

FY 2017–18 RATE SETTING PROGRAM ALIGNMENT PROGRAM ACUITY FACTOR

A program acuity factor will be applied to reflect the difference between the actual aggregate relative risk of each individual LTC program

- Detail on the calculation will be included in supplemental documentation
- Will be developed only once for FY2017-18
- NHT population will be excluded
- Applied to LTSS services only
- Budget neutral across programs

FY 2017–18 RATE SETTING PROGRAM ALIGNMENT

PROGRAM ACUITY FACTOR

Recipient Risk Scores:

- CY **2014** cost weight associated with LTCCI group
- Most recent UAS assessment in **Jan 2014 to Jun 2016 (primarily 1H 2016)**
- Enrollees assigned to plan, program, and region based on **January 2017** enrollment snapshot
- Includes all managed care enrollees except NHT members

Program Acuity Factor:

- Calculate using average risk score for each program and region provided there is credible data.
- Program-wide average risk score weighted using region member months for each program
- Calculate each program's risk score relative to all other programs in the same region
- Calculate by dividing the program's raw risk score by the program-wide average risk score

FY 2017–18 RATE SETTING PROGRAM ALIGNMENT

RISK ADJUSTMENT

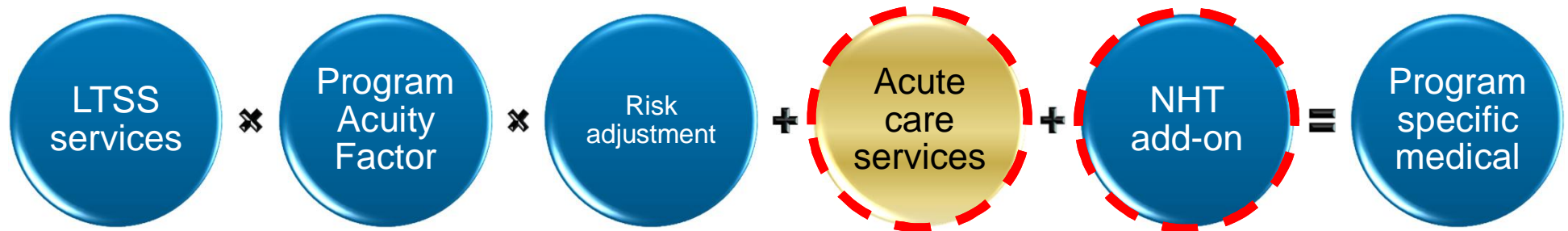
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- CY **2014** cost weight associated with LTCCI group
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- Enrollees assigned to plan, program, and region based on **January 2017** enrollment snapshot
- Includes all managed care enrollees except NHT members

Plan Risk Score:

- Each step is calculated separately for each program and region combination
- All Plans average risk score weighted using the raw plan risk scores
- Assumes that unscored members have the same risk profile as the scored members
- Exclude low credibility situations (<100 scored members, < 50% scored or new plans)
- Calculate plan's risk score relative to All Plans in the region and program
- Calculate by dividing the plan's raw risk score by the region-wide average risk score
- Plans who met low credibility situations had their relative risk score set to 1.0000

FY 2017-18 RATE SETTING PROGRAM ALIGNMENT



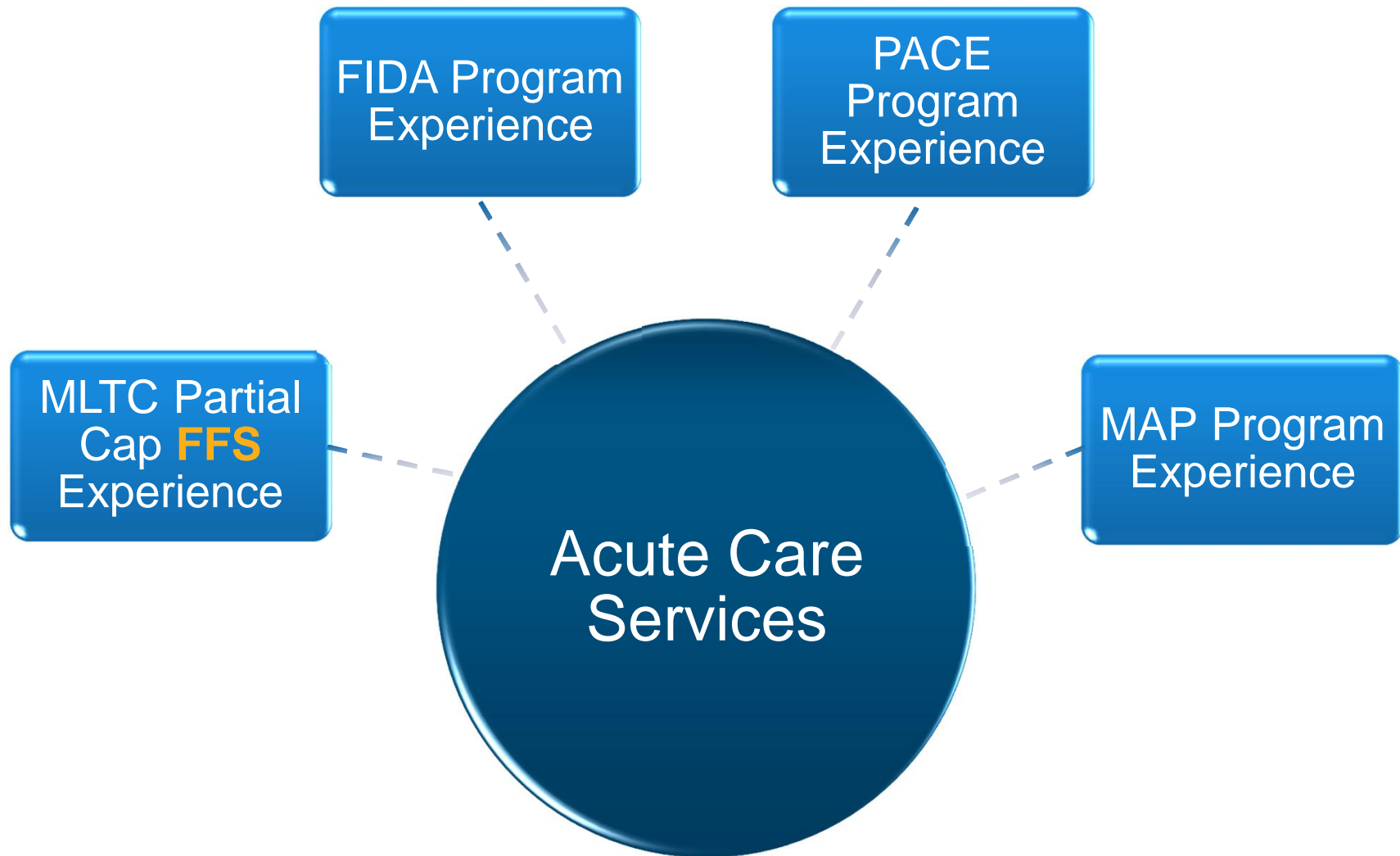
FY 2017-18 RATE SETTING PROGRAM ALIGNMENT

ACUTE CARE SERVICES

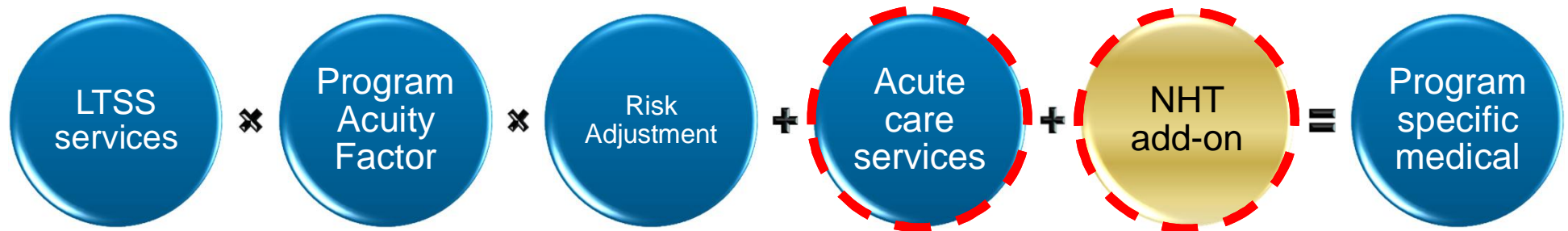
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| Program-Plan-Specific Projected LTSS Medical | (F) | \$4,500.00 | \$9,000.00 | N/A |
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| Care Management PMPM | (H) | \$275.00 | \$225.00 | N/A |
| % of Program-Plan-Specific Projected Medical | (I) | 5.91% | 2.47% | N/A |
| Administrative Expenses | (J) | \$465.00 | \$455.00 | N/A |
| % of Program-Plan-Specific Projected Medical | (K) | 10.00% | 5.00% | N/A |
| Underwriting Gain | (L) | \$166.70 | \$199.59 | N/A |
| % of Total Premium | (M) | 3.00% | 2.00% | N/A |
| Best Estimate Capitation Rate | (N) | \$5,556.70 | \$9,979.59 | N/A |
| Third Party Payments | (O) | \$(50.00) | \$(25.00) | N/A |
| Premium Based Taxes | (P) | \$56.87 | \$102.81 | N/A |
| % of Final Capitation Rate | (Q) | 1.02% | 1.02% | N/A |
| Final Best Estimate Capitation Rate | (R) | \$5,563.57 | \$10,057.40 | \$5,777.56 |
| Final NHT Add-On (Final Combined Rate - Final FIDA Rate) | (S) | N/A | N/A | \$213.99 |

Illustrative FIDA plan-specific
best estimate build up

FY 2017-18 RATE SETTING PROGRAM ALIGNMENT ACUTE CARE SERVICES (CONT'D)



FY 2017-18 RATE SETTING PROGRAM ALIGNMENT



FY 2017-18 RATE SETTING PROGRAM ALIGNMENT

NHT ADD-ON METHODOLOGY

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FY 2017–18 RATE SETTING PROGRAM ALIGNMENT

NHT ADD-ON METHODOLOGY (CONT'D)

NHT Rate Development

Developed using CY 2012 FFS data for long-term nursing home residents

Largest program change adjustment is for NH benchmark rate

Medical trend will be updated

Non-medical expenses will be reconsidered

NHT Add-on

Developed using program-specific projected regional enrollment to calculate regional average provided by DOH

Will be calculated once for entire contract period

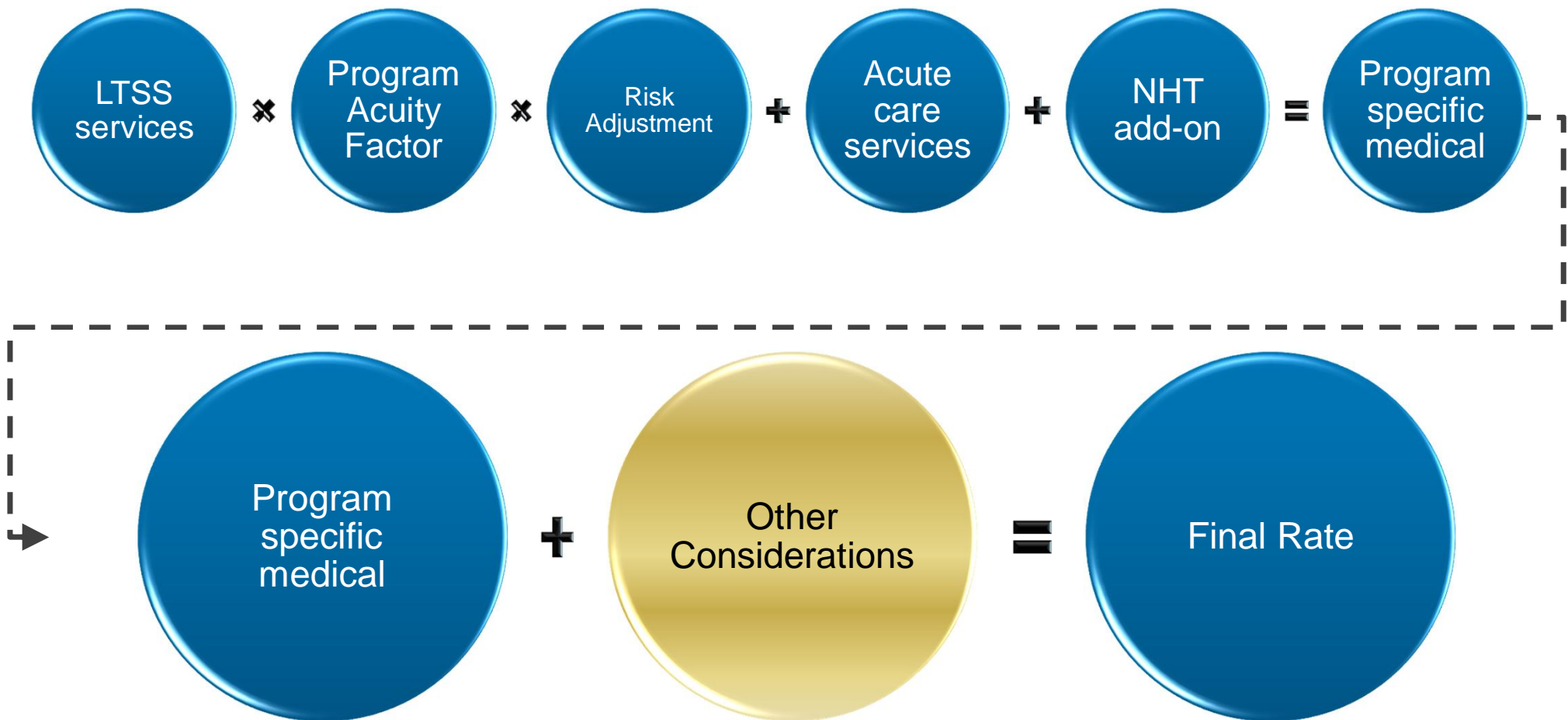
FY 2017–18 RATE SETTING PROGRAM ALIGNMENT NHT ADD-ON METHODOLOGY (CONT'D)

- Illustrative plan-specific NHT add-on calculation for FIDA program is shown below:

| Projected Member Months - FIDA | Projected Member Months - NHT | FIDA Program-Plan-Specific Best Estimate | NHT Best Estimate | NHT Add-On PMPM | Final Best Estimate Capitation Rate ¹ |
|--------------------------------|-------------------------------|--|-------------------|-----------------------------------|--|
| (A) | (B) | (C) | (D) | $E = (A * C + B * D) / (A+B) - C$ | (C) + (E) |
| 10,000 | 500 | \$5,563.57 | \$10,057.40 | \$213.99 | \$5,777.56 |

¹Final Best Estimate Capitation Rate is paid across total plan enrollment (i.e., 10,500 MMs).

FY 2017-18 RATE SETTING PROGRAM ALIGNMENT



FY 2017-18 RATE SETTING PROGRAM ALIGNMENT

OTHER CONSIDERATIONS

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Illustrative FIDA plan-specific
best estimate build up

FY 2017–18 RATE SETTING PROGRAM ALIGNMENT OTHER CONSIDERATIONS (CONT'D)

Non-medical
expenses

Care Management

Administrative Expenses

Underwriting Gain

Premium Based Taxes

Share of Cost/Patient Liability

Plan-specific
adjustments

Risk adjustment

Risk mitigation

FY 2017–18 RATE SETTING PROGRAM ALIGNMENT OTHER CONSIDERATIONS (CONT'D)

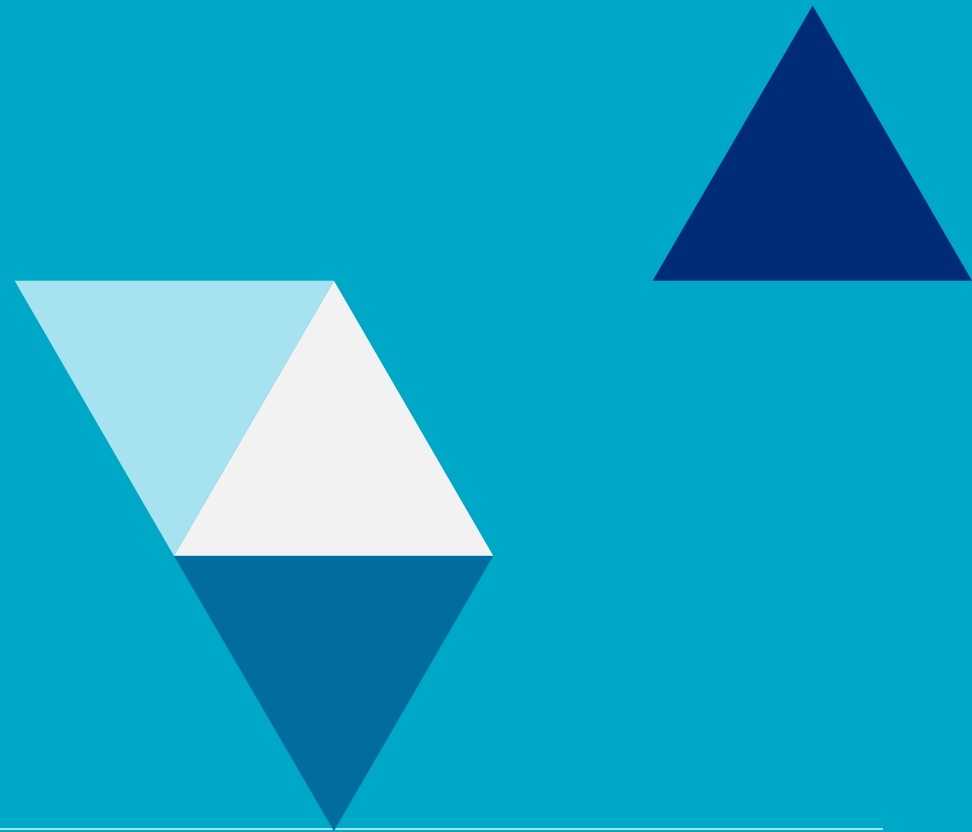
Regulatory Requirements

- PACE subject to UPL requirements
- FIDA subject to Demonstration requirements

DOH payment rate adjustments

- Vary by program
 - Shared savings
 - Quality Incentive pool
 - Fraud, waste and abuse reduction

QUESTIONS?





MERCER

MAKE TOMORROW, TODAY