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STATE FISCAL YEAR 2013–2014 MANAGED LONG-TERM CARE RISK-ADJUSTED PAYMENT METHODOLOGY

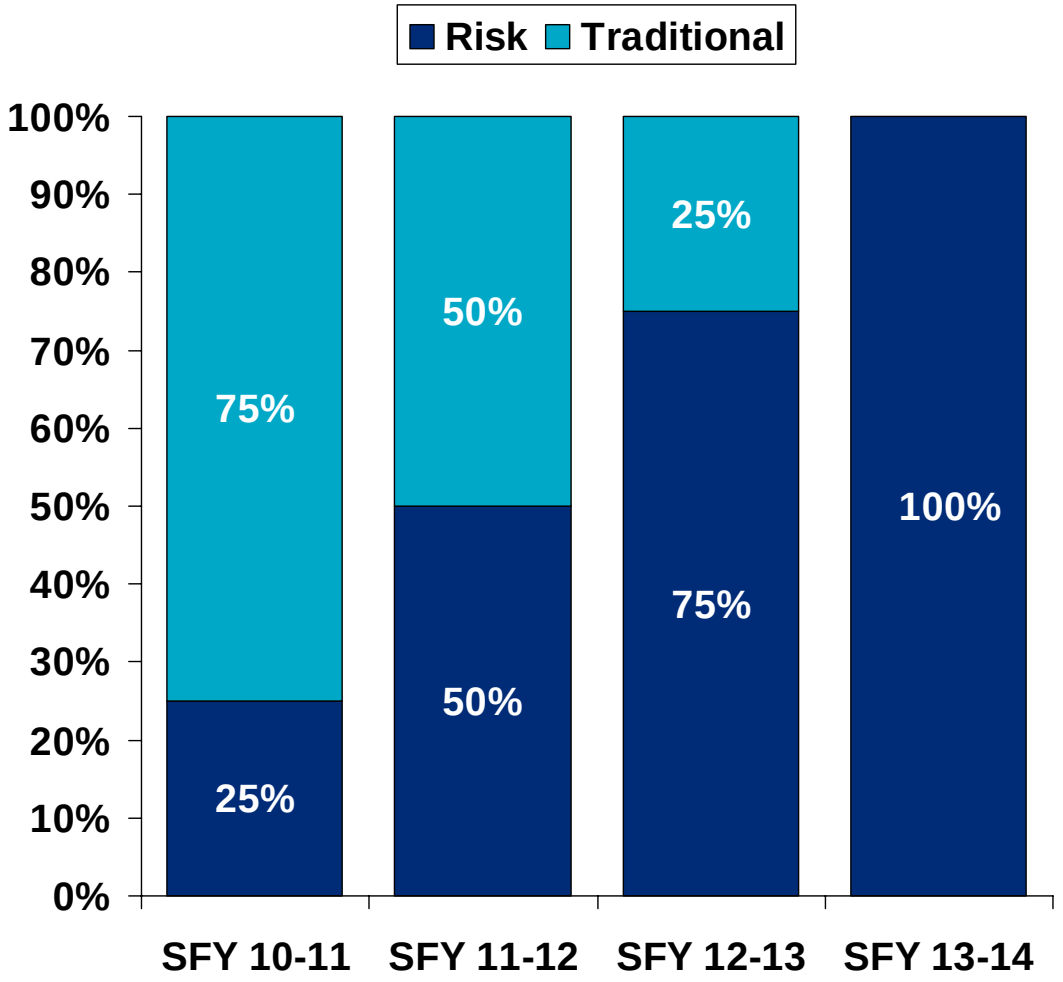
Denise Blank

Olga Olsen

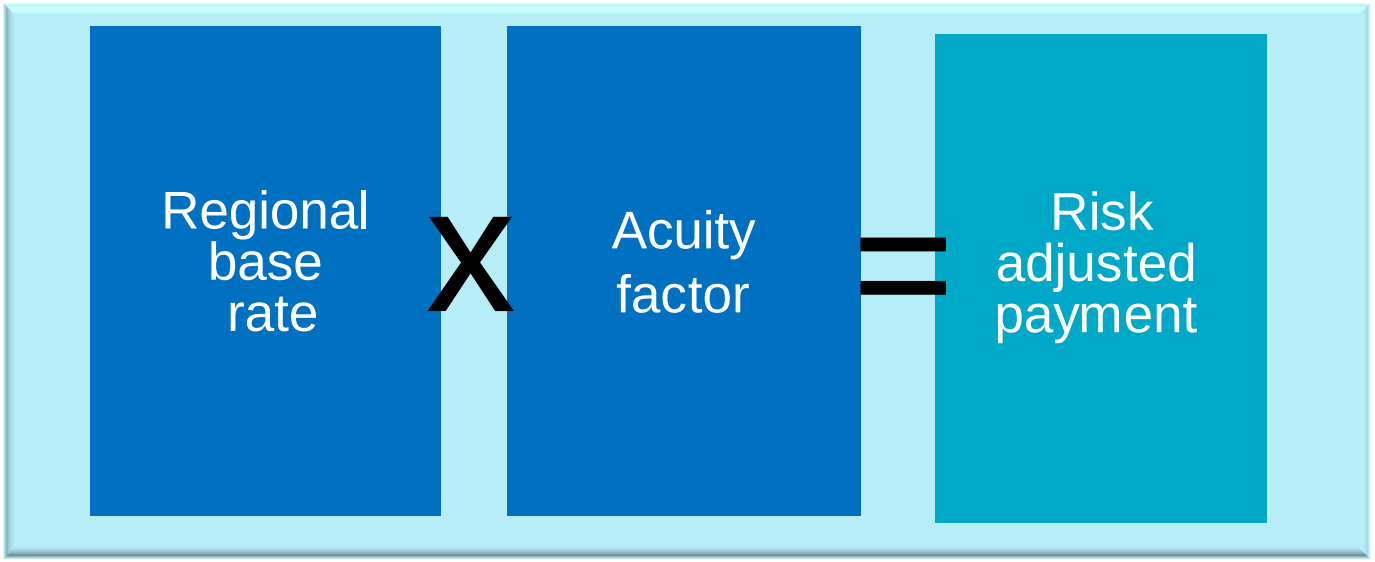
MARSH & McLENNAN COMPANIES

MLTC Risk Rate Development

- Developed for:
  - Partial managed long-term care (MLTC).
  - Program of All Inclusive Care for the Elderly (PACE).
- Four-year blended phase in:
  - State fiscal year (SFY) 2013–2014 is 100% risk blend.



MLTC Risk Rate Methodology



The acuity factor is applied to the long-term care service and care management components of the premium rate.

Similar payment design for other New York State rate reform initiatives.

Data Source Used for Risk Assessment

Enrollment/Eligibility

- Identify eligible recipients.
- Member month calculations.
- Health plan assignments.
- Socio-demographics.

Encounter Data

- Calendar year (CY) 2011 received through October 2012.
- Identification of MLTC services.
- Costs of covered MLTC services.

Medicaid Managed Care Operating Report (MMCOR)

- Medicaid reported costs.
- Evaluate sufficiency and completeness of encounter data.
- Reported member months for regional risk scores.

SAAM

- Regression model predictors.
- Diagnosis codes used with 3M Clinical Risk Groups to determine disease classifications.
- Development of cost index.

Key Inputs — MLTC Model (Predictors and Relative Costs)

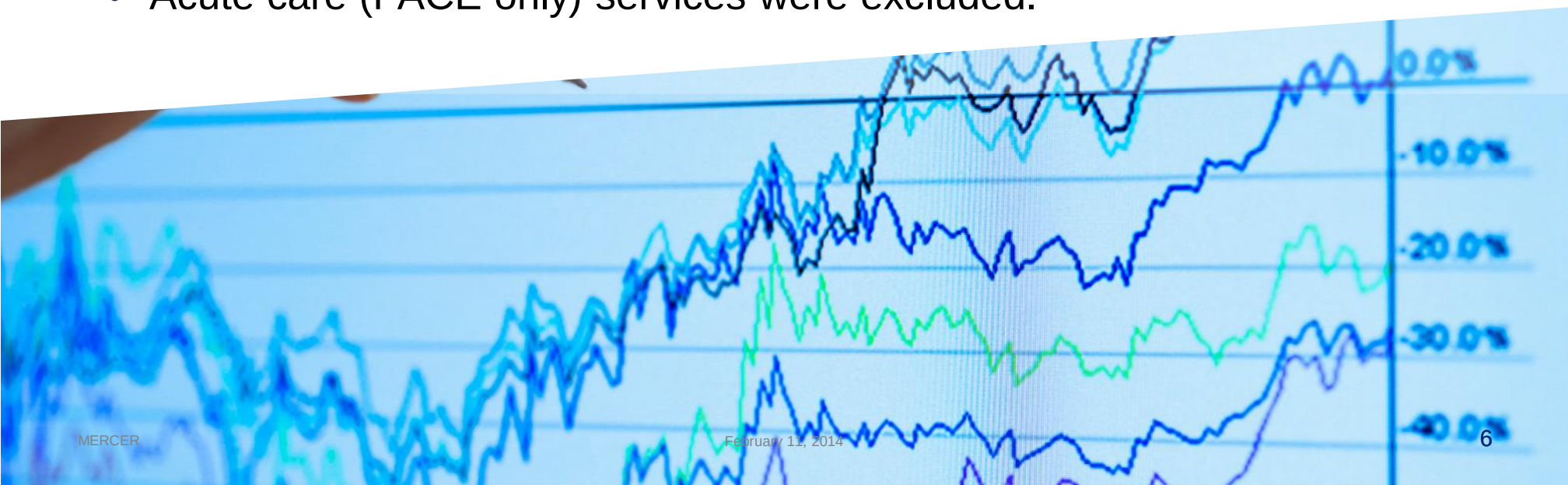
- MLTC model updates — predictors and relative costs:
  - Based on CY 2011 assessments/encounter data for 36,247 recipients.
  - Included 15 plans with a strong MMCOR to Medicaid Encounter Data System comparison (0.68-1.16).
  - New predictors (possible range of 0–108, observed range 0-81).
  - This model performed well producing a R-squared value of 40.84.
  - Fewer consolidated cost index groups (46 compared to prior 33 groups)
  - Excluded data related to individuals required to enroll in MLTC starting July 1, 2012 as a result of MRT#90.
- Risk score development — based on CY 2012 eligibility and most recent Semi-Annual Assessment of Members (SAAM) throughout CY 2012.

Summary of Steps

1. Identify MLTC services and costs.
2. Shadow price cost data.
3. Validate cost data.
4. Risk adjustment model development.
5. Calculate MLTC cost index scores.
6. Cost index groupings.
7. Cost weight developments.
8. Risk score calculations (“acuity factor”).
9. Application of acuity factor to base rates.

Encounter Data

- Encounter data files were extracted for the CY 2011 risk assignment period after allowing for 10 months of run out.
- To be included in the extraction, plans had to submit their data by the October 2012 submission cycle.
- Risk assessment was restricted to costs associated with MLTC categories of service.
- Acute care (PACE only) services were excluded.



Included Encounter Services and Costs

- Home health care.
- Personal care.
- Nursing facility care.
- Other MLTC services.
- Adult day health care.
- Audiology.
- Dental.
- Durable medical equipment.
- Home delivered and congregate meals.
- Outpatient physical rehab/therapy.
- Personal emergency response services.
- Podiatry.
- Social day care.
- Transportation.
- Vision care (including eyeglasses).

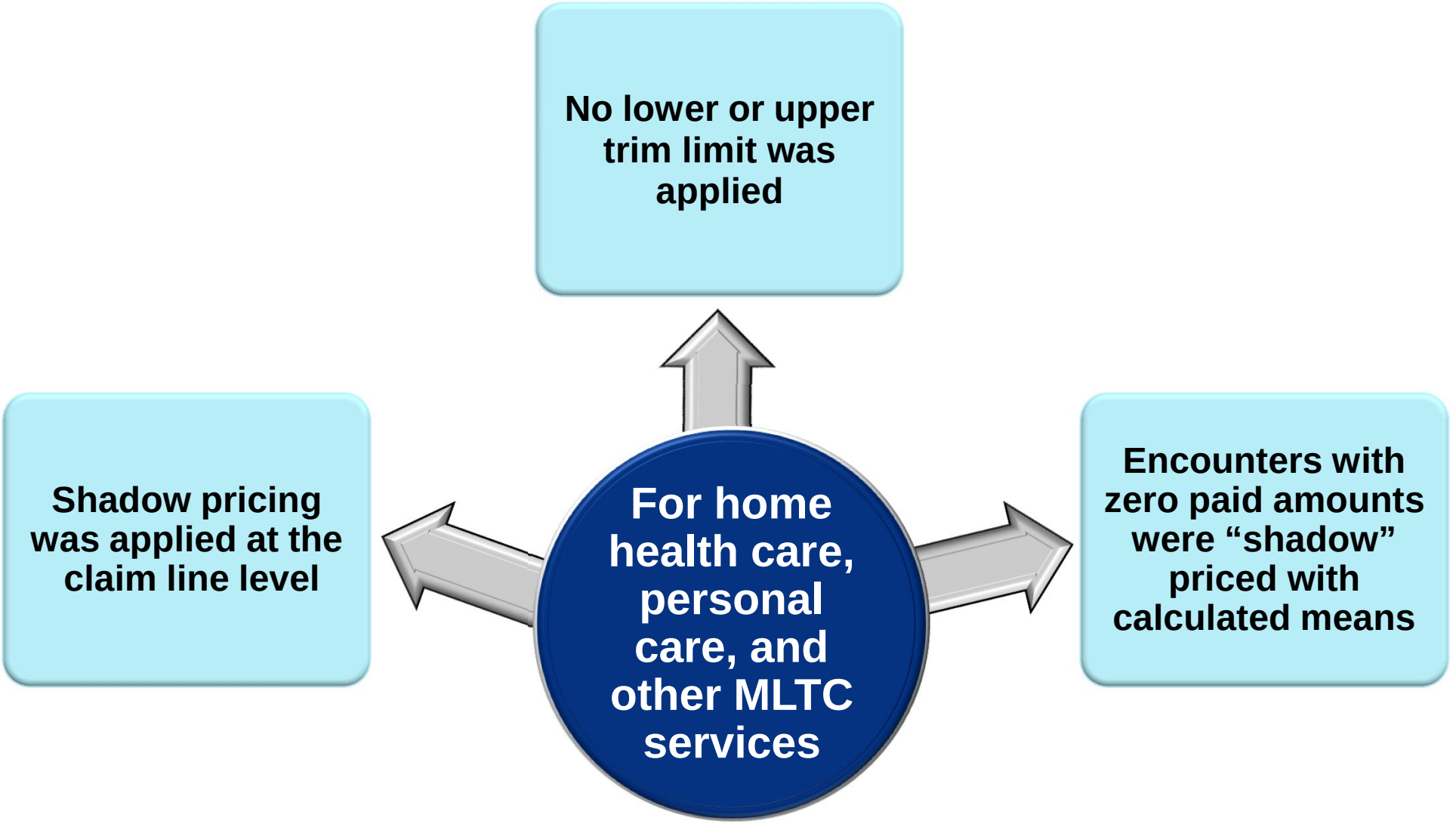
Excluded Services for Cost Weight Development for PACE Only

- Inpatient.
- Primary care.
- Specialty care.
- Diagnostic, testing, lab, and x-ray.
- Emergency room visits.
- Ambulatory surgery.
- Outpatient mental health.

Shadow Pricing

- Standardized costs were derived to impute costs for service claim lines where the submitted amount was missing or zero.
- Shadow pricing methods employed varied by the categories of MLTC services:
  - Nursing facility.
  - Home health care/personal care/other MLTC.

Shadow Pricing: Home Health Care/Personal Care/Other MLTC



Shadow Pricing: Nursing Facility

- Nursing facility services were priced using a standardized price per day.
- Lower trim point of $141.50 per day.
- No upper trim applied.
- Fee mean per day of $251.27.
- Total cost was derived by multiplying the per day fee mean by number of unique nursing facility days reported per enrollee.

Validate Encounter Data

- Per member per month (PMPM) cost data comparisons between health plan submitted costs and MMCOR reported costs were conducted.
- Health plan results were then compared to determine which plans had sufficient reporting to be included in the development of the risk adjustment model and payment weight development.
- Plans with sufficient reporting were included in cost weight development:
  - 15 health plans included.
  - 7 health plans excluded.
- Final cohort of 36,247 recipients.

Validate Encounter Data (cont'd)

- Overall assessment of encounter data concludes that it is robust enough for risk adjustment:
  - PACE data continues to be under-reported for most plans.
- The 15 plans included in cost weight development represent 91% of all MLTC (partial and PACE) enrollment and represented over 92% of MMCOR CY 2011 reported costs.

Risk Adjustment Model Development

- Developed on a sample of n=36,247 recipients enrolled in 15 MLTC plans during CY 2011.
- Recipients with less than three months of enrollment were excluded from the model development.
- Outcome variable was PMPM MLTC costs.
- Model predictors were derived from enrollee's most recent CY 2011 SAAM data.
  - Included SAAM elements that were completed across sites of assessment.
  - Diagnoses reported in the CY 2011 SAAM were supplemented with the diagnoses from the CY 2009 and CY 2010 assessments when more precise diagnostic reporting to the 5th digit occurred.
- Predictors with negative coefficients were removed.

Final 24 SAAM Predictors

Socio-Demographic:

- Age 80+.
- Female.

Interaction:

- Chronic neuromuscular diagnoses.
- Ambulation unable.

Functional:

- Ambulation/locomotion.
- Bathing.
- Bowel incontinence.
- Dressing lower body limitation.
- Dressing upper body limitation.
- Feeding/eating.
- Grooming limitation.
- Medication management.
- Number of disruptive behaviors demonstrated.
- Number of impaired behaviors demonstrated.
- Speech limitation.
- Toileting.
- Transferring.
- Urinary incontinence.

Disease Conditions:

- Alzheimer's disease and other dementia.
- Chronic genitourinary diagnoses.
- Chronic neuromuscular diagnoses.
- Neurodegenerative chronic conditions.
- Quadriplegia and persistent vegetative state.
- Chronic renal failure.
- Congestive heart failure.

MLTC Cost Index Creation

- A categorical approach of risk adjustment was developed.
- Regression coefficients were rounded to the hundredth unit to create the response score (that is, 446.67/100 = 4).
- The response scores associated with each predictor were summed to calculate the cost index score by recipient.
- Possible index values range from 0 to 108.

Predictors	Coefficient	Score
Ambulation Unable and Chronic Neuromuscular Diseases Interaction	722.16	7
Medication Management	168.16	2
Age 80 +	213.72	2
Bathing – Assistance Needed	233.77	2
Bathing – Unable	444.67	4
Number of Disruptive Behaviors Demonstrated: 1	207.97	2
Number of Disruptive Behaviors Demonstrated: 2 or more	282.13	3
Bowel Incontinence - Level 1	121.33	1
Bowel Incontinence - Level 2	280.96	3
Dress Lower Body: Assistance Needed	189.94	2
Dress Upper Body: Assistance Needed	312.48	3
Neurodegenerative Chronic Conditions	143.60	1
Quadriplegia and Persistent Vegetative State	2,601.23	26
Chronic Neuromuscular Diagnoses	34.46	0
Chronic Renal Failure	217.06	2
Feeding - Assistance Needed	159.11	2
Feeding – Unable	213.53	2
Female	55.10	1
Grooming: Assistance Needed	165.98	2
Toileting - Assistance Needed	410.21	4
Toileting – Unable	734.24	7
Urinary Incontinence - Level 1	170.82	2
Urinary Incontinence - Level 2	352.92	4
Ambulation – Assistance Needed	586.94	6
Ambulation – Unable	629.06	6
Transfer - Assistance Needed	71.65	1
Transfer – Unable	545.14	5
Alzheimer's Disease and Other Dementias	181.48	2
Speech Limitations	84.60	1
Number of Impaired Behaviors Demonstrated	119.14	1
Chronic Genitourinary Diagnoses	66.27	1
Congestive Heart Failure	124.53	1

Categorization of MLTC Cost Index

- The cost index derived from the CY 2011 MLTC model was then categorized and combined into 46 mutually exclusive groupings based on:
  - Monotonicity of MLTC costs.
  - Sufficient enrollee and member month sample size in each grouping.
- Cost weights for each grouping were then calculated using the CY 2011 data from the 15 plans with sufficient encounter data reporting.

Cost Weight Development

- To compute the cost weights, each enrollee's long term care cost index group assignment is combined with CY 2011 eligibility information and encounter data costs.
- Average costs (PMPM) for each long term care cost index group is then calculated.
- The weight for each long term care index group is the specific cost index category average cost, divided by the overall average cost.
- In computing the averages, a member's experience was weighted by their CY 2011 months of eligibility.

Risk Score Calculations

Recipient risk scores:

- Most recent SAAM assessment (supplemented with diagnoses from CY 2009, CY 2010, and CY 2011 assessments) used for cost index calculation.
- CY 2011 cost weight associated with cost index group.

Raw plan risk scores:

- Enrollees aggregated for each health plan and region combination.
- Weighted by months of enrollment CY 2012 for each health plan and region combination.
- Excluded data for individuals required to enroll in MLTC starting July 1, 2012 as a result of MRT #90: Mandatory Enrollment in MLTC Plans/Health Home Conversion.

Regional average risk score:

- Weighted by the raw risk plan scores for each health plan in each region by their fourth quarter 2012 MMCOR member months.
- Calculated separately for PACE and partial MLTC by NYC area and upstate.

Relative risk score:

- Calculated plan's risk score relative to other plans in the region.

Relative Risk Scores

	Health Plan A	Health Plan B
Plan raw risk score	1.50	0.90
Regional average	1.20	1.20
Relative risk score	1.25	0.75

A plan's relative risk score will be computed by dividing their raw risk score by a regional risk score.

Health plans entering the program for SFY 2013–2014 will receive a relative risk score of 1.0 for the region(s) they are certified to enroll members.

PACE
Raw/Regional/Relative Risk Scores

Plan Name	Region*	Raw Risk Score	Relative Risk Score
Archcare Senior Life	1	1.0104	1.0212
CenterLight Healthcare PACE	1	0.9878	0.9984
Regional average	**NYC**	**0.9894**	**1.0000**
CHS Buffalo LIFE	3	0.9146	0.8745
Complete Senior Care	3	0.8265	1.0000
Eddy Senior Care	3	1.1481	1.0978
Independent Living for Seniors	3	1.1052	1.0568
PACE CNY	3	1.0474	0.0015
Total Senior Care	4	0.9094	0.8696
Regional average	**ROS**	**1.0458**	**1.0000**

* Regions:

1 = NYC, Nassau, Suffolk, Westchester.

2 = Dutchess, Orange Putnam, Rockland, Sullivan Ulster.

3 = Albany, Erie, Fulton, Genesee, Madison, Monroe, Montgomery, Niagara, Onondaga, Orleans, Rensselaer, Saratoga, Schenectady, Warren, Washington, Wyoming.

4 = Rest of State counties.

Partial MLTC
Raw/Regional/Relative Risk Scores

Plan Name	Region*	Raw Risk Score	Relative Risk Score
Aetna Better Health MLTC	1	0.8013	1.0000
AgeWell New York, LLC	1	0.8462	1.0000
Amerigroup New York, LLC	1	1.1205	1.1030
Archcare Community Life (Catholic MLTC)	1	1.0336	1.0000
CCM Select (CenterLight Healthcare Select MLTC)	1	0.9380	0.9233
Elderplan (Homefirst, Inc.)	1	1.0611	1.0445
Elderserve Health Inc.	1	1.0415	1.0252
Fidelis Care at Home	1	1.1082	1.0909
GuildNet, Inc.	1	1.1295	1.1118
HHH Choices Health Plan	1	0.8804	0.8666
HIP GNY	1	1.2181	1.0000
Independence Care System	1	1.1925	1.1738
Senior Health Partners	1	0.9524	0.9375
Senior Whole Health	1	1.0925	1.0000
VNS Choice	1	0.9638	0.9487
Village Care Max	1	0.8847	1.0000

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Partial MLTC
Raw/Regional/Relative Risk Scores continued

Plan Name	Region*	Raw Risk Score	Relative Risk Score
Wellcare Advocate	1	0.8209	0.8081
Regional Average	**NYC**	**1.0159**	**1.0000**
CCM Select (CenterLight Healthcare Select MLTC)	2	0.6179	1.0000
Elant Choice	2	0.9606	1.0925
Fidelis Care at Home	2, 3, 4	0.8620	0.9803
Senior Network Health	4	0.8486	0.9651
Total Aging in Place Program	3	0.9696	1.1027
VNS Choice	2	0.8492	1.0000
Wellcare Advocate	2, 3	0.8160	1.0000
Regional Average	**ROS**	**0.8793**	**1.0000**

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Questions

Questions regarding the risk rate methodology can be submitted via e-mail to:

- James DeMatteo: jmd21@health.state.ny.us
- Dan Carmody: dpc02@health.state.ny.us
- Denise Blank: denise.blank@mercer.com
- Olga Olsen: olga.olsen@mercer.com

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