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Government Human Services Consulting

FISCAL YEAR 2015 NURSING HOME TRANSITION RATE DEVELOPMENT UPDATE

State of New York

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FY 2015 Nursing Home Transition Rate Development Update

Agenda

- Review the methodology for developing Fiscal Year (FY) 2015 Nursing Home Transition rates for Medicaid Managed Care (MMC), Managed Long Term Care (MLTC) and HIV Special Needs Plans (HIVSNP)
 - Overview of Nursing Home Transition policy
 - Base data
 - Program changes
 - Medical trend
 - Managed care adjustments
 - Non-medical expenses

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Overview of Nursing Home Transition Policy

- Effective April 1, 2014, Medicaid enrollees who are determined to be custodial nursing home residents and live in New York City, Nassau, Suffolk, or Westchester counties will be required to enroll in managed care
 - Medicaid-covered custodial nursing home residents placed prior to the effective date will have the option to remain in fee-for-service (FFS) or enroll in managed care
 - The pediatric specialty population will be exempt from this requirement
- Medicare/Medicaid dual eligible members will be required to enroll in a MLTC plan
 - An appropriate adjustment will be made to the MLTC premiums to accommodate this new population
- Non-dual eligible members will be required to enroll in a MMC or HIVSNP plan
 - A separate premium group will be established for this new population

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Base Data

- Base data development
 - Calendar Year (CY) 2012 FFS experience received by Mercer will be used to develop the base data
 - Individuals who were in a nursing home as of December 2012 and who started a 100+ consecutive day nursing home stay during CY 2012 were used to proxy the custodial population
 - Covered services
 - MLTC plans are only at-risk for the Partial benefit package for dual eligibles, this includes: Nursing Facility, Durable Medical Equipment (DME) & Supplies, and all Ancillary Services covered in the nursing facility per diem
 - MMC and HIVSNP plans will be at-risk for the full MMC or HIVSNP benefit package including Nursing Facility costs for non-dual members

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Base Data (cont'd)

- Base data development (cont'd)
 - In order to develop actuarially sound rate ranges, Mercer will apply the following base data adjustments:
 - Mental health and substance abuse (MH/SA) services: adjustment to remove all of these services from all of the dual experience as well as for any Supplemental Security Income (SSI) non-dual experience
 - Financial disadvantage (FD) payments: adjustment to remove these payments from the Nursing Facility service line

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Program changes

- Program change adjustments
 - Inpatient Adjustment: Reflect changes to the APR-DRG fee schedule pricing
 - Outpatient Mental Health: Reflect mandated changes to the payment methodology for certain Outpatient Mental Health services
 - Nursing Home Bed Hold Days: For hospital bed days, reflect a policy change that reduced the Nursing Facility payment from 95% to 50% of the per diem rate
 - Nursing Home Benchmark Rate Adjustment: Adjust the historical per diems to the “Benchmark Rate” per diems that the MMC and MLTC plans will be required to pay the nursing homes during the FY 2015 contract period

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Medical Trend and Managed Care Savings

- To project the adjusted regional averages to the contract period, Mercer will establish appropriate medical trends
 - Medical trends will be analyzed by population and service category
 - Utilization and unit cost factors will be considered
 - Medical trends will be coordinated with significant program changes, as appropriate
- In order to project FFS expenditures into a managed care environment, Mercer will apply Managed Care Adjustments to the projected FFS costs of each subpopulation
 - Due to the nature of this population, only adjustments to acute care services will be considered
 - Managed Care Adjustments will be aligned with projected enrollment to ensure that they are reasonable and attainable

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Non-Medical Expenses

- The actuarially sound rate ranges will include provisions for the following non-medical expenses
 - Contractually required Care Management activities
 - Although these will be similar to the requirements that exist of MLTC enrollees, they will be adjusted based on the nature of the Nursing Home Transition population and the role of the nursing home in completing some of these tasks
 - Administrative expenses
 - Underwriting gain



Services provided by Mercer Health & Benefits LLC.