Report from
the JMOC Actuary

Presentation to the JMOC Committee

October 20, 2022

Setting a Growth Target for Medicaid: JMOC Responsibilities

Under ORC Section 103.414, JMOC must

- Contract with actuary to determine the projected medical inflation rate for the upcoming biennium

- Determine if it agrees with the actuary's findings
  - If not, JMOC must develop its own projected medical inflation rate

- Complete a report and submit to Governor and General Assembly

Setting a Growth Target for Medicaid: Medicaid Responsibilities

Under ORC Section 5162.70, the Medicaid Director must

- Limit growth at an aggregate PMPM level across the entire program to the JMOC rate or 3 year average CPI, whichever is lower; **and**

- Improve the health of Medicaid recipients

- Reduce the prevalence of comorbid conditions and mortality rates of Medicaid recipients

- Reduce infant mortality rates among Medicaid recipients

- Help individuals who have the greatest potential to obtain income move to private health coverage

Ohio SFY24/SFY25 Biennial
Rate of Growth Projections

OCTOBER 20, 2022

Agenda

- Background
  - Objective
  - Data
  - Process
  - Trend
- Projections
  - Normalized Growth
- Supplemental Summaries
  - Population Cost Drivers
- Next Steps

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Objective

- Project Ohio's Medicaid medical inflation rate for the upcoming biennium

4 Determinants of Risk:

- Program Design
- Population
- Benefits
- Network
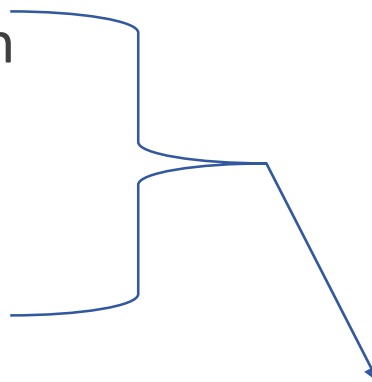
$$PMPM = \frac{\text{Utilization per 1,000 x Unit Cost}}{12,000}$$

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Objective

- PMPM (Per Member Per Month) Projections
  - Develop category of aid level PMPM projections
    - PMPM – Projected costs are normalized at an average per-member per-month level
      - Measure is not influenced by changes in enrollment volume
      - Accounts for total expenditures and total enrollment
    - Comprised of two components:
      - Unit Cost – Average cost per service/visit
      - Utilization – Average rate of service utilization across all eligible members

Data

- Data Sources:
  - January 2019-April 2022 detailed FFS and Encounter claims-level data
  - January 2019-April 2022 member-level eligibility data by month
  - Monthly Medicaid Variance Reports and MCP Cost Reports for benchmarking
  - Ohio Department of Medicaid Caseload Reports for benchmarking
  - Managed Care Certification Letters
    - July 2022-December 2023 Capitation Rates
    - Calendar Year 2022 MyCare Capitation Rates
  - Actual and Projected Medicare Premiums/Part D claw-back Amounts

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Process

- PMPM Projections
  - CY2021 used as base data to begin projection
    - Consistent CY2021 Membership throughout Biennium used for Scenario A
    - Modeled Public Health Emergency unwinding used for Scenario B
  - Developed at a category of aid (COA) and category of service (COS) level
  - COA and COS PMPMs are projected into the biennium period
  - **Excludes** spending not tied to a recipient[1]

[1] *Detailed exclusions in Appendix*

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Adjustments

- Reflect Current Policy – Adjustments to historical expenditure data to reflect current policy
  - Projections assume current policy continues
- Population/Membership – Adjust CY2021 base year to reflect recent population mix
  - Change in populations covered in Managed Care vs. FFS
- Policy Changes – Adjusts for policies that have potential to impact the risk of the program
  - Reimbursement rate changes
  - Implementation of new programs

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What is Trend?

- Adjust Time Period – Trend factors project cost from the base period to future time periods
- Multiple Components
  - Levels of Trend – Trend factors are estimated by major categories of service and categories of aid
  - Secular Trend – Components include:
    - Utilization – Change in frequency of services over time
    - Unit cost – Change in service reimbursement over time, as well as change in mix of services over time
- Other Considerations
  - Public Health Emergency (PHE)
    - Underutilization of services
    - Disenrollment pause

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CPI

Time Period	Midwest CPI	US CPI
9/2019 - 8/2020	4.3%	4.6%
9/2020 - 8/2021	2.1%	1.7%
9/2021 - 8/2022	2.1%	2.9%
3 Year Avg. (Unweighted)	2.8%	3.1%

This chart represents the average of the last 36 data points of monthly inflation as calculated by BLS. This agrees with the past methodology used in JMOC reports. There is a concern that in an environment of 8.2% (general) inflation (September 2022), 2.8% may understate the medical inflation in the SFY 2024-2025 biennium study period.

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CPI – alternative option

Time Period	Modeled medical CPI
SFY 2024	4.3%
SFY 2025	3.3%
2 Year Avg. (Unweighted)	3.8%

We have modeled one potential outcome as an alternative based on three assumptions:

1. Medical inflation lags general inflation
2. We do not expect the current inflationary environment to continue indefinitely
3. In the long run, fiscal and monetary policy will be used to return inflation to historical levels

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Overall Projection – Scenario A

July 2022-December 2023 Projection PMPM		
SFY	**Lower Bound**	**Upper Bound**
RP 2022-2023	$727	$731

	Projection PMPM		Annualized Trend	
SFY	**Lower Bound**	**Upper Bound**	**Lower Bound**	**Upper Bound**
2024	$743	$752	2.8%	3.9%
2025	$762	$779	2.6%	3.6%
2024 - 2025			2.7%	3.7%

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Overall Projection – Scenario B

July 2022-December 2023 Projection PMPM		
SFY	**Lower Bound**	**Upper Bound**
RP 2022-2023	$737	$741

	Projection PMPM		Annualized Trend	
SFY	**Lower Bound**	**Upper Bound**	**Lower Bound**	**Upper Bound**
2024	$758	$768	3.7%	4.8%
2025	$781	$799	3.1%	4.1%
2024 - 2025			3.4%	4.4%

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Cost Drivers – Population Mix

COA	Scenario A - CY21 MMs	Lower Bound RP 22-23 PMPM
Adults	16,207,385	$ 608
Children	15,251,663	$ 305
Disabled	2,880,306	$ 2,203
Dual	3,002,876	$ 2,042
Other	1,672,655	$ 56
Total	**39,014,885**	**$ 694**
Buy-In/Part D Clawback		**$ 33**
Total Plus Addt. Pmts.		*$ 727*

COA	Scenario B - PHE unwound modeled population	Lower Bound RP 22-23 PMPM
Adults	14,051,189	$ 609
Children	15,027,401	$ 304
Disabled	2,953,482	$ 2,142
Dual	3,010,769	$ 2,071
Other	1,680,435	$ 56
Total	**36,723,277**	**$ 702**
Buy-In/Part D Clawback		**$ 35**
Total Plus Addt. Pmts.		*$ 737*

[1] Includes all Medicaid expenditures with following exceptions: payments made outside the claims system or not tied to individual recipients such as directed payments, hospital pass-throughs, incentives, taxes, fees, settlements and rebates.

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Next Steps

- Review presentation and actuary report

- JMOC staff and actuary are available for further questions

- Select JMOC target

Appendices

Expenditure Exclusions

- Excludes one-time funds and spending that is not tied to a recipient
  - All-Agency State Administration,
  - Hospital Care Assurance Program (HCAP),
  - Hospital Upper Payment Limit (UPL),
  - Hospital Pass Through Payments,
  - Health Insuring Corporation (HIC) Franchise and Premium Tax,
  - Care Innovation and Community Improvement Program (CICIP),
  - MCP/Hospital Incentive,
  - Other settlements and rebates paid outside of the claims system and outside of the Managed Care capitation rate,
  - Medicaid recipient share of cost (SOC),

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Projection Categories - COA

Categories of Aid	Rollup - Categories of Aid
CFC Adults	Adults
Extension	Adults
AFK	Children
CFC Children	Children
CHIP	Children
ABD <21	Disabled
ABD 21+	Disabled
Breast & Cervical Cancer (BCCP)	Disabled
LTSS Institutional Non Dual Populations[1]	Disabled
LTSS Waiver Non Dual Populations[2]	Disabled
Community Dual <65 (Non MMC)	Dual
Community Dual 65+ (Non MMC)	Dual
LTSS Institutional Dual Populations[1]	Dual
LTSS Waiver Dual Populations[2]	Dual
MyCare	Dual
Medicare Premium Assistance	Other
Refugee/Not Assigned	Other
RoMPIR/Presumptive/Alien	Other

[1] *DD: ICF*
  Non-DD: SNF
[2] *DD: Individual Options, Level One, SELF*
  Non-DD: Assisted Living, PASSPORT, OH Home Care

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Projection Categories - COS

Categories of Service[1]	
Clinics	Medicaid Schools Program
Clinics - Mental Health	Mental Health and Addiction Services
Dental Services	Other
DME	Other Professional
EPSDT	Outpatient ER
Family Planning	Outpatient Non-ER
FQHC/RHC	PCP
Home Health/PDN	Prescribed Drugs
Hospice Services	Psychology Services
ICF & ID Public	SNF
ICF & ID Private	Specialty
ID Services	Transportation
Inpatient Hospital	Vision
Inpatient Hospital - BH	Waiver Services
Laboratory/Radiology	

[1] *Projected for each COA defined in Appendix 'Projection Categories – COA'*

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Cost Drivers – Lower Bound PMPM Projection Scenario A – CY21 Mix

COA	Lower Bound PMPM Projection[1]			Annualized Trend RP22-23 -> SFY25
	RP 22-23	SFY24	SFY25	
Adults	$608	$619	$635	2.5%
Children	$305	$312	$322	3.0%
Disabled	$2,203	$2,249	$2,305	2.6%
Dual	$2,042	$2,081	$2,123	2.2%
Other	$56	$58	$60	4.5%
Total	**$694**	**$708**	**$725**	**2.6%**
Buy-In/Part D Clawback	**$33**	**$35**	**$37**	**5.5%**
Total Plus Addt'l Pymts	**$727**	**$743**	**$762**	**2.7%**

[1] *All Medicaid expenditures are net of the exclusions listed on Slide 18*

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Cost Drivers – Lower Bound PMPM Projection Scenario B – Modeled PHE Unwound Mix

COA	Lower Bound PMPM Projection[1]			Annualized Trend RP22-23 -> SFY25
	RP 22-23	SFY24	SFY25	
Adults	$609	$632	$658	4.5%
Children	$304	$311	$320	3.0%
Disabled	$2,142	$2,187	$2,242	2.6%
Dual	$2,071	$2,111	$2,153	2.2%
Other	$56	$58	$60	4.5%
Total	**$702**	**$721**	**$742**	**3.2%**
Buy-In/Part D Clawback	**$35**	**$37**	**$39**	**5.5%**
Total Plus Addt'l Pymts	**$737**	**$758**	**$781**	**3.4%**

[1] *All Medicaid expenditures are net of the exclusions listed on Slide 18*

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Cost Drivers – Upper Bound PMPM Projection Scenario A – CY21 Mix

COA	Upper Bound PMPM Projection[1]			Annualized Trend RP22-23 -> SFY25
	RP 22-23	SFY24	SFY25	
Adults	$608	$624	$646	3.5%
Children	$306	$315	$328	4.1%
Disabled	$2,218	$2,284	$2,365	3.7%
Dual	$2,062	$2,119	$2,179	3.2%
Other	$56	$59	$62	5.7%
Total	**$697**	**$717**	**$742**	**3.6%**
Buy-In/Part D Clawback	**$34**	**$35**	**$38**	**6.2%**
Total Plus Addt'l Pymts	**$731**	**$752**	**$779**	**3.7%**

[1] *All Medicaid expenditures are net of the exclusions listed on Slide 18*

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Cost Drivers – Upper Bound PMPM Projection Scenario B – Modeled PHE Unwound Mix

COA	Upper Bound PMPM Projection[1]			Annualized Trend RP22-23 -> SFY25
	RP 22-23	SFY24	SFY25	
Adults	$609	$638	$670	5.6%
Children	$304	$314	$326	4.1%
Disabled	$2,156	$2,221	$2,299	3.8%
Dual	$2,092	$2,150	$2,210	3.2%
Other	$56	$59	$62	5.7%
Total	**$705**	**$730**	**$759**	**4.3%**
Buy-In/Part D Clawback	**$36**	**$38**	**$40**	**6.2%**
Total Plus Addt'l Pymts	**$741**	**$768**	**$799**	**4.4%**

[1] *All Medicaid expenditures are net of the exclusions listed on Slide 18*

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