



# **Report from the JMOC Actuary**

Presentation to the JMOC Committee

April 29, 2021

# 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**

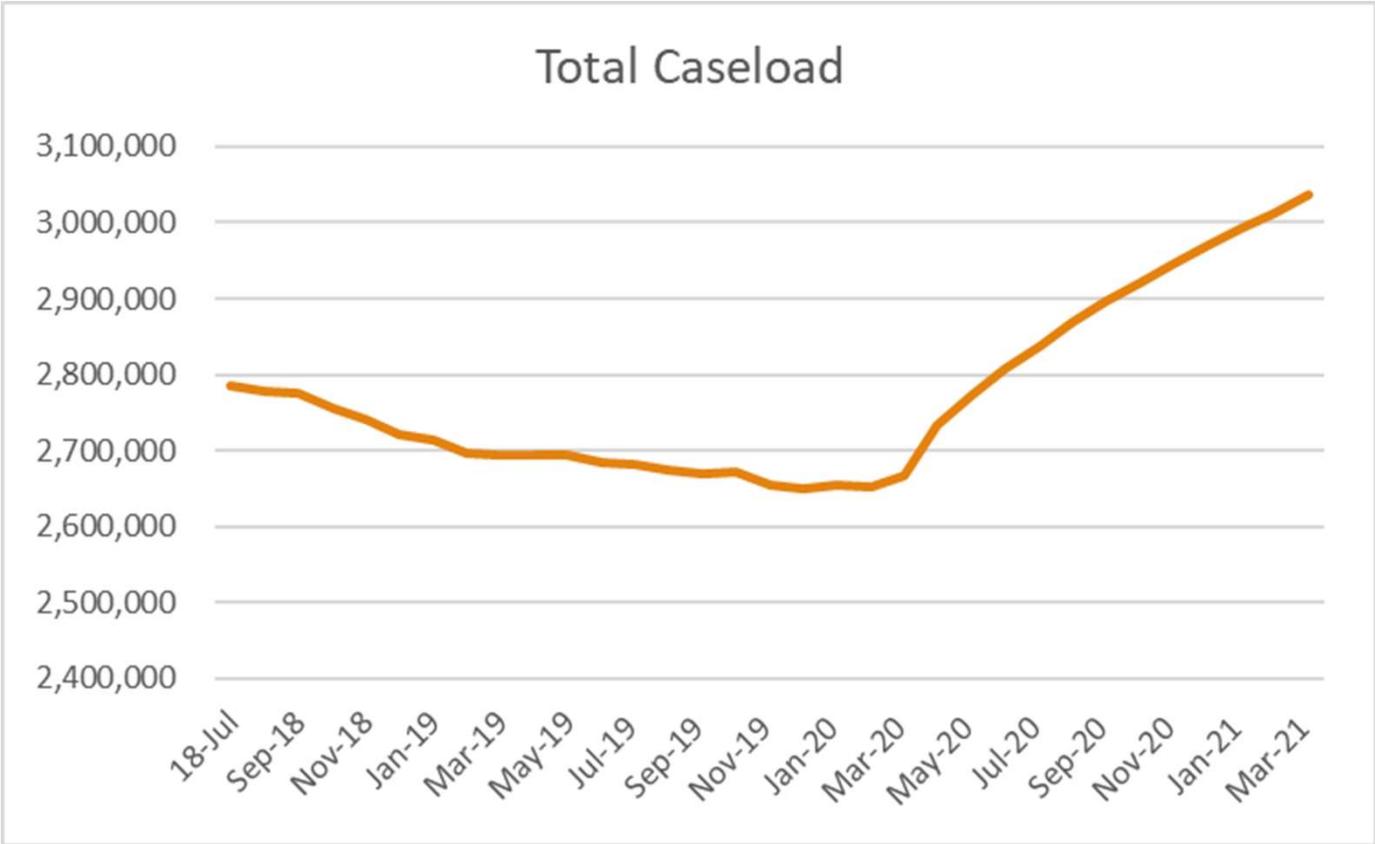
- Limit growth at an aggregate PMPM level across the entire program to the JMOC rate or 3 year average CPI, whichever is lower; and
- Improve the health of Medicaid recipients
- Reduce the prevalence of comorbid conditions and mortality rates of Medicaid recipients
- Reduce infant mortality rates among Medicaid recipients
- Help individuals who have the greatest potential to obtain income move to private health coverage

# Benchmark: CPI Rate for Medical Services

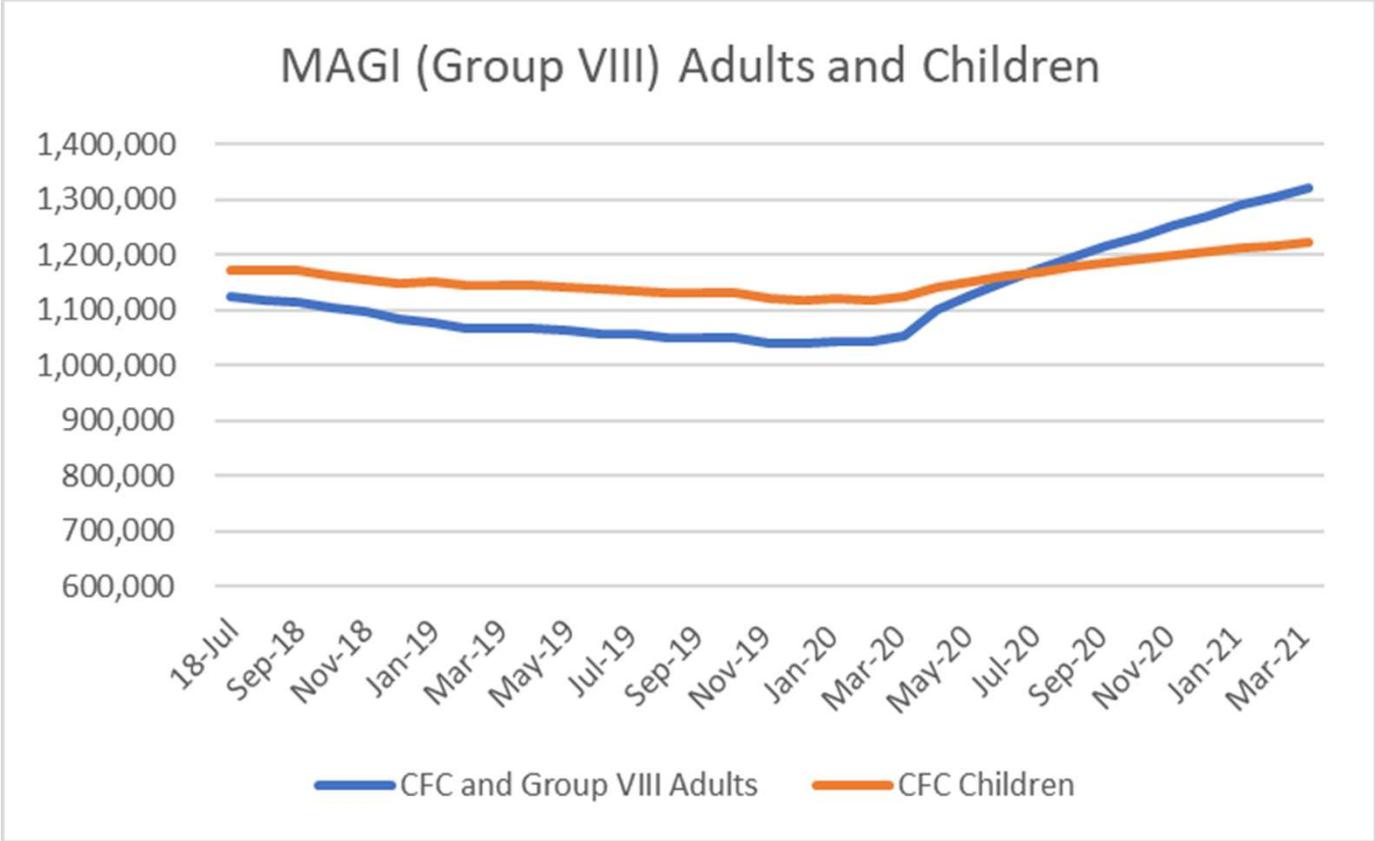
	Midwest CPI	US CPI
September 2018	1.5%	1.7%
September 2019	3.0%	3.5%
September 2020	4.4%	4.2%
	Unweighted	Unweighted
<b>3 Year Average</b>	<b>3.0%</b>	<b>3.1%</b>

Source: Bureau of Labor Statistics

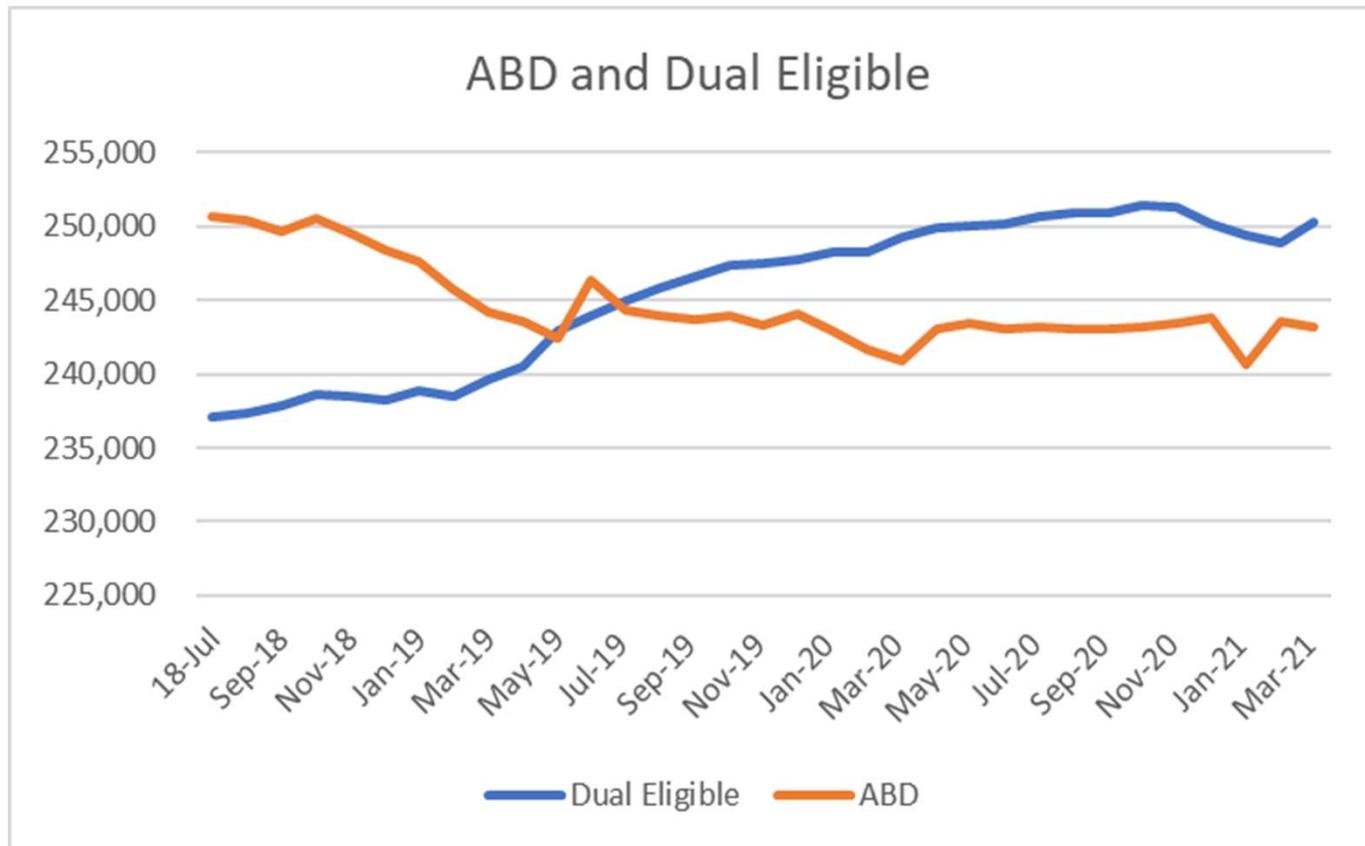
# Total Caseload



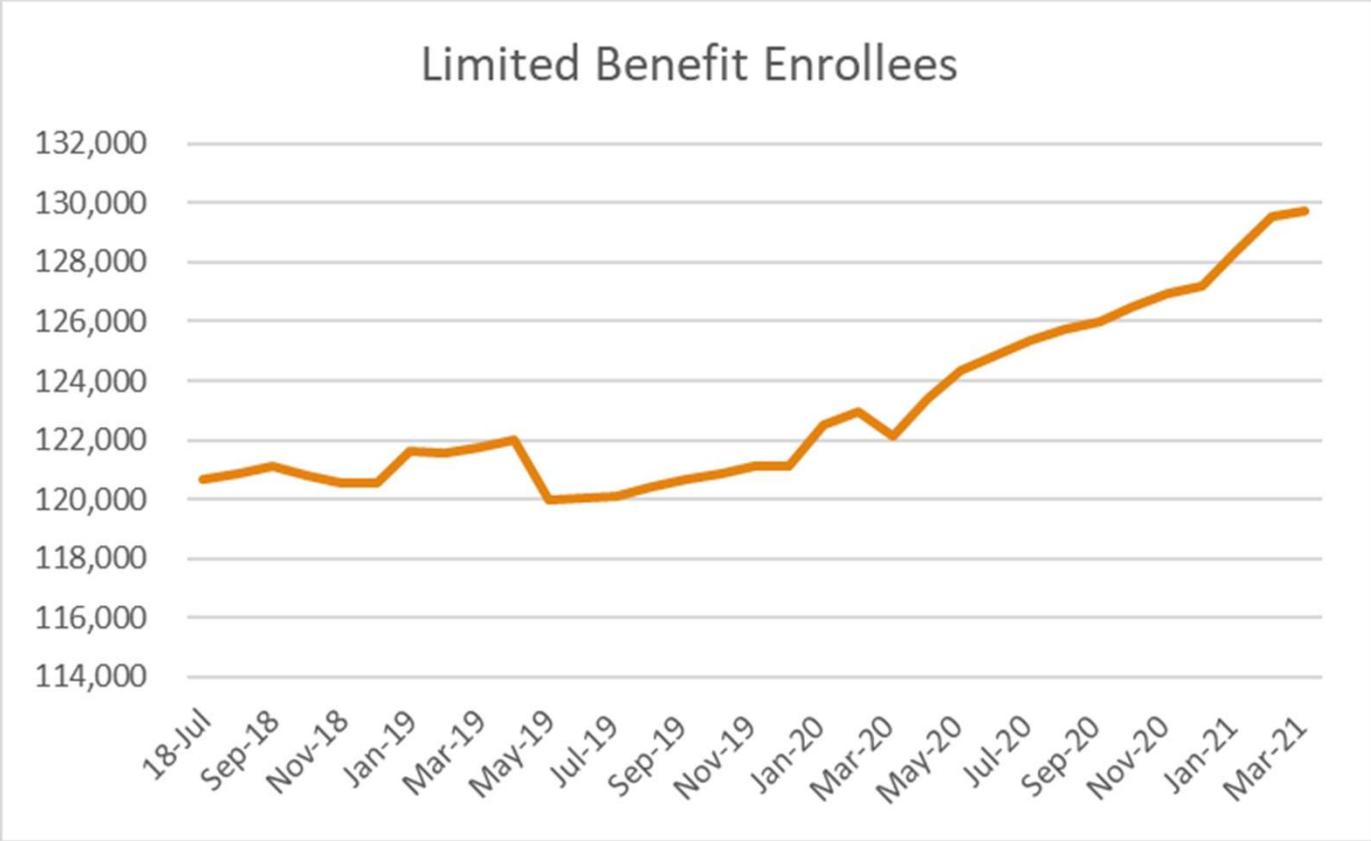
# MAGI (Group VIII) Adults and Children



# ABD and Dual Caseloads



# Limited Benefit Enrollees





# Ohio SFY22/SFY23 Biennial

## Rate of Growth Projections

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**APRIL 29, 2021**

# Agenda

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

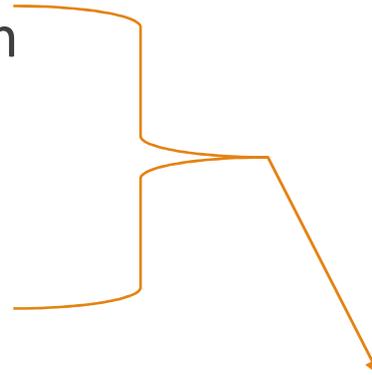
# Objective

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

## 4 Determinants of Risk:

- Program Design
- Population
- Benefits
- Network



$$\text{PMPM} = \frac{\text{Utilization per 1,000} \times \text{Unit Cost}}{12,000}$$

# Objective

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- 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

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- Data Sources:
  - July 2017-December 2020 detailed FFS and Encounter claims-level data
  - July 2017-December 2020 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
    - Midyear - July 2020 Capitation Rates
    - Calendar 2021 Capitation Rates
  - Actual and Projected Medicare Premiums/Part D claw-back Amounts

# Process

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- PMPM Projections
  - CY2019 used as base data to begin projection
    - Consistent CY2019 Membership throughout Biennium
      - Allows for a recent/consistent mix of enrollment to base overall PMPMs
  - 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<sup>1</sup>

<sup>1</sup> Detailed exclusions in Appendix

# Adjustments

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- Reflect Current Policy – Adjustments to historical expenditure data to reflect current policy
  - Projections assume current policy continues
- Population/Membership – Adjust CY2019 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

# What is Trend?

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- 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

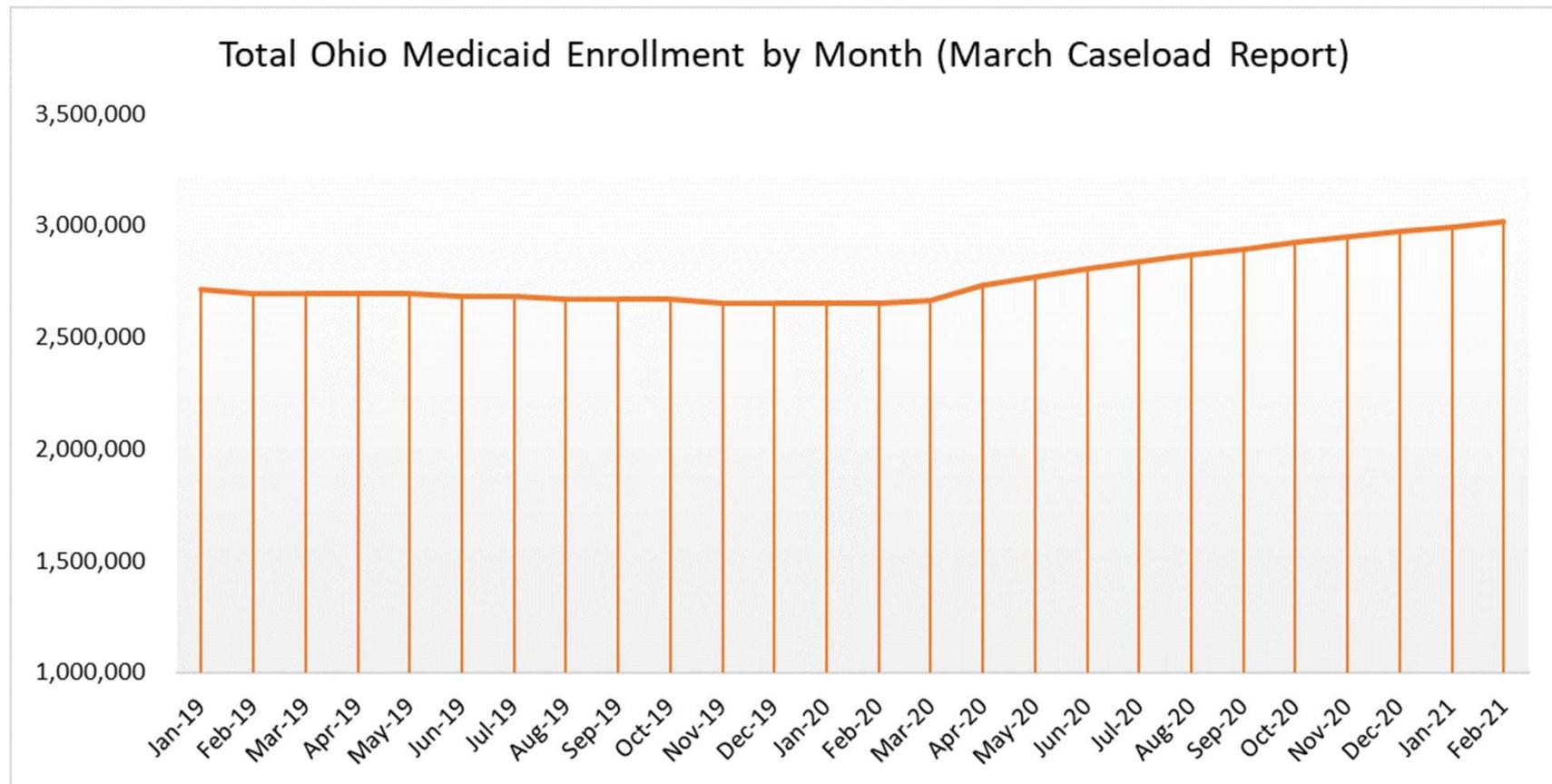
# Overall Projection

SFY 2021 Projection PMPM		
SFY	Lower Bound	Upper Bound
2021 - Optumas	\$761	\$765

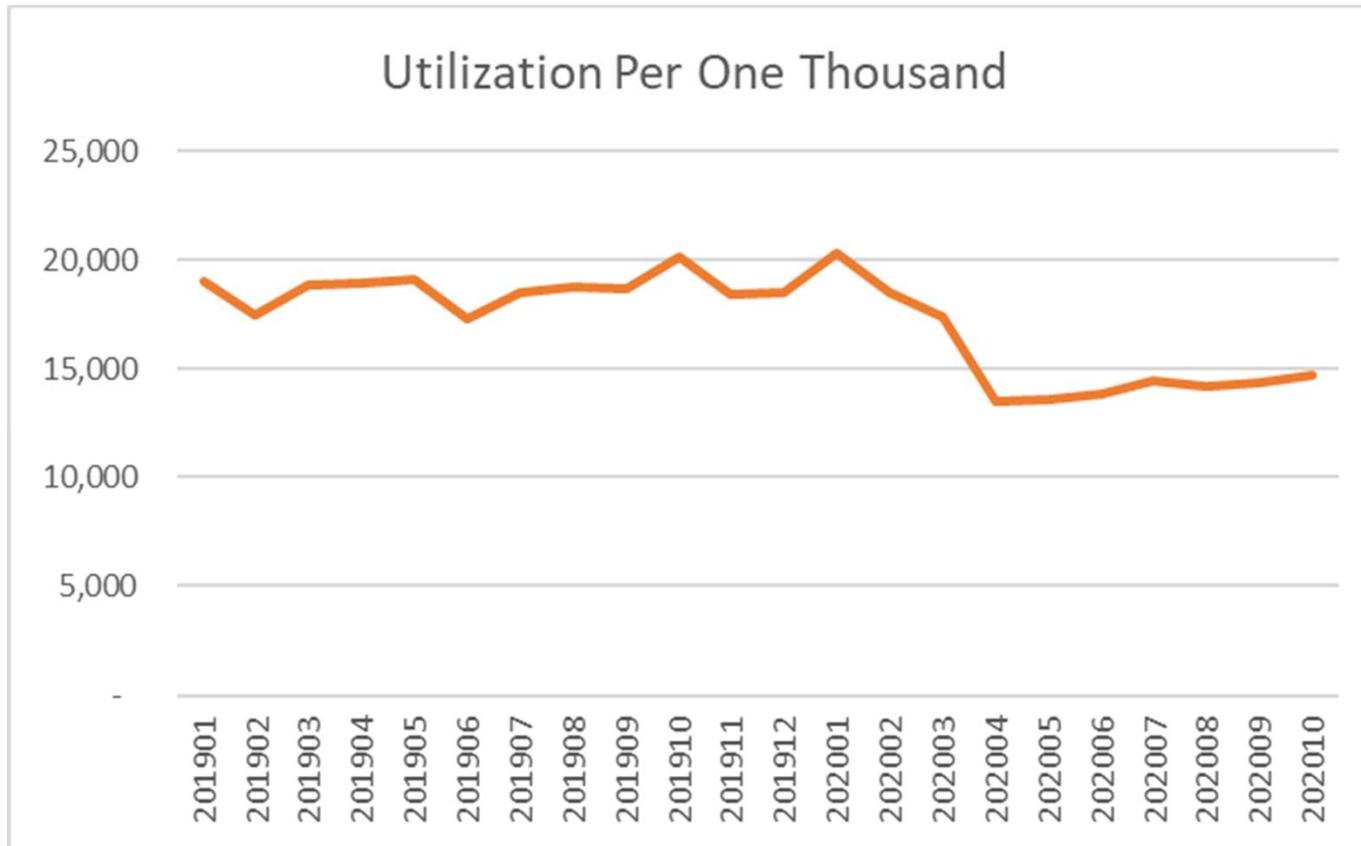
SFY	Projection PMPM		Annualized Trend	
	Lower Bound	Upper Bound	Lower Bound	Upper Bound
2022	\$785	\$796	3.1%	4.0%
2023	\$809	\$828	3.1%	4.1%
2021 - 2023			3.1%	4.1%



# Cost Drivers – Membership Disenrollment Freeze



## Cost Drivers – PHE Utilization Impact



## Cost Drivers – Population Mix

COA	Adj. CY 2019 MMs	Lower Bound SFY 2021 PMPM
Adults	12,690,678	\$ 653
Children	13,717,002	\$ 297
Disabled	2,964,208	\$ 2,113
Dual	2,923,081	\$ 2,060
Other	1,591,830	\$ 64
<b>Total</b>	<b>33,886,799</b>	<b>\$ 730</b>

COA	Annualized 4Q 2020 MMs	Lower Bound SFY 2021 PMPM
Adults	15,032,261	\$ 653
Children	14,393,223	\$ 297
Disabled	2,921,832	\$ 2,113
Dual	3,012,028	\$ 2,060
Other	1,646,780	\$ 64
<b>Total</b>	<b>37,006,124</b>	<b>\$ 718</b>

<sup>1</sup> Includes all Medicaid expenditures

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## **Next Steps**

- Review presentation and actuary report
- JMOC staff and actuary are available for further questions
- Select JMOC target at May meeting

# Appendices

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# Expenditure Exclusions

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- Excludes one-time funds and spending that is not tied to a recipient
  - State Administration
  - HCAP – Hospital Care Assurance Program
  - Hospital UPL (Upper Payment Limit)
  - P4P – Managed Care Pay for Performance
  - HIF – Health Insurer Fee
  - Settlements and Rebates handled outside of the claims system and paid outside of managed care capitation rates
  - Physician UPL/*CICIP*
  - *Hospital Pass Through Payments*
  - *HIC Franchise & Premium taxes*

# 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 <sup>1</sup>	Disabled
LTSS Waiver Non Dual Populations <sup>2</sup>	Disabled
Community Dual <65 (Non MC)	Dual
Community Dual 65+ (Non MC)	Dual
LTSS Institutional Dual Populations <sup>1</sup>	Dual
LTSS Waiver Dual Populations <sup>2</sup>	Dual
MyCare	Dual
Medicare Premium Assistance	Other
Refugee/Not Assigned	Other
RoMPIR/Presumptive/Alien	Other

<sup>1</sup> DD: ICF

Non-DD: SNF

<sup>2</sup> DD: Individual Options, Level One, SELF

Non-DD: Assisted Living, PASSPORT, OH Home Care



# Projection Categories - COS

Categories of Service <sup>1</sup>	
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	

<sup>1</sup> Projected for each COA defined in Appendix 'Projection Categories – COA'

# Cost Drivers – Lower Bound PMPM Projection

COA	Lower Bound PMPM Projection <sup>1</sup>			
	SFY21	SFY22	SFY23	Annualized Trend SFY21 -> SFY23
Adults	\$653	\$675	\$698	3.4%
Children	\$297	\$306	\$316	2.2%
Disabled	\$2,113	\$2,173	\$2,235	2.8%
Dual	\$2,060	\$2,118	\$2,179	2.8%
Other	\$64	\$65	\$67	2.4%
<b>Total</b>	<b>\$730</b>	<b>\$753</b>	<b>\$776</b>	<b>3.1%</b>
<b>Buy-In/Part D Clawback</b>	<b>\$31</b>	<b>\$32</b>	<b>\$33</b>	<b>3.7%</b>
<b>Total Plus Addt'l Pymts</b>	<b>\$761</b>	<b>\$785</b>	<b>\$809</b>	<b>3.1%</b>

<sup>1</sup> Includes all Medicaid expenditures

# Cost Drivers – Upper Bound PMPM Projection

COA	Upper Bound PMPM Projection <sup>1</sup>			
	SFY21	SFY22	SFY23	Annualized Trend SFY21 -> SFY23
Adults	\$653	\$682	\$712	4.4%
Children	\$297	\$310	\$323	4.2%
Disabled	\$2,125	\$2,206	\$2,291	3.8%
Dual	\$2,080	\$2,158	\$2,239	3.8%
Other	\$65	\$67	\$69	3.4%
<b>Total</b>	<b>\$733</b>	<b>\$763</b>	<b>\$794</b>	<b>4.1%</b>
<b>Buy-In/Part D Clawback</b>	<b>\$32</b>	<b>\$33</b>	<b>\$34</b>	<b>4.2%</b>
<b>Total Plus Addt'l Pymts</b>	<b>\$765</b>	<b>\$796</b>	<b>\$828</b>	<b>4.1%</b>

<sup>1</sup> Includes all Medicaid expenditures