



Ohio SFY16/SFY17 Biennial Projections Iteration 1

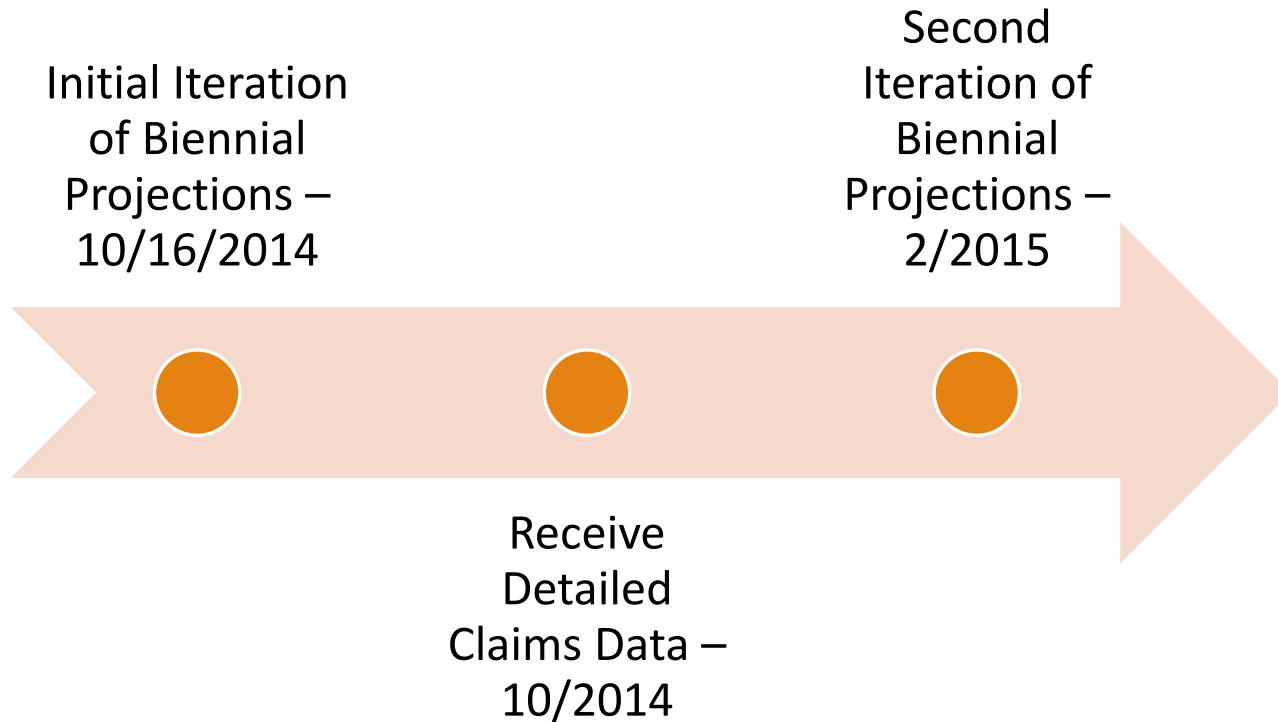
OCTOBER 16, 2014

Agenda

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 - Process
 - Trend
- Projections
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 - Drivers of Change
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- Next Steps
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Objective

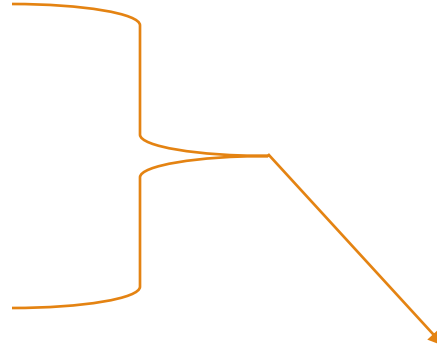
Population specific projection for JMOC Biennial forecast of SFY16-17



Objective

4 Determinants of Risk:

- Program Design
- Population
- Benefits
- Network



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

Objective

- **PMPM Projections** – Optumas develops category of service level PMPM projections for JMOC Biennial forecast of SFY16-17.
- PMPM – Normalized cost at an average per-member per-month level. Takes into account total expenditures and total enrollment – both utilizers and non-utilizers alike. This consists of two components:
 - Unit Cost – Average cost per service/visit
 - Utilization – Average rate of service utilization across all eligible members
- **Iterative Process** – Will include multiple forecasts, with the final forecast completed by February 2015.
- **Multiple Iterations** – Will include varying levels of detailed data. Each iteration will be more refined and be supported by more complete information.

Objective

Projected PMPMs include:

- Total Medicaid spend
- Does not include spending that is not tied to a recipient
 - State Administration, HCAP, UPL, P4P
- Assumes current policy continues and one time spending removed
- SFY 2015 base is updated to reflect current policy

Data Sources

Data limitations for Iteration 1:

- Non-Managed Care:
 - **Member/aid category-level information was not available.**
 - Unable to develop population-specific projections – the mix of membership impacts overall PMPM.
- Managed Care:
 - **Only summarized annual base data available.**
 - Requires the use of Mercer’s developed trend/rate development methodology.
 - Limits the ability to identify drivers for change in capitation rates.

Data Sources

- Medicaid Variance Reports
 - Monthly expenditures summarized at the category of service level. Non-Managed Care categories are projected across all populations.
- Department of Medicaid Caseload Reports
 - Monthly enrollment summarized at the delivery system/high-level population level.
- Ohio Projected Medicaid Expenditures SFY 2013-2015 (Fatbook)
 - Mix of actual and projected expenditures and membership for all Medicaid populations. Expenditures December 2012 and later are projected.
- CY14 & CY15 Managed Care Certification Letters
 - Includes detailed rate sheets for all managed care populations.

Projection Categories

- **PMPM Projections** – Completed on a PMPM basis at a category of service level. An aggregate PMPM is developed to project program-wide expenditures.
- **Future Iterations** – Projections will first be developed at a population/category of service level and aggregated into a program-wide projection.

Projection Categories

Projection Categories	
Nursing Facility	Managed Care - MyCare
Dept. of Aging Waivers	Managed Care - CFC
Home Care Waiver (MCD)	Behavioral Health/Health Homes SPMI
Inpatient Hospital	All Other
Outpatient Hospital	Medicare Buy In (includes QI)
Physician	Medicare Part D
Prescribed Drugs	Group VIII
Managed Care - ABD	DDD Services ¹
Managed Care - ABD Kids	

¹ Base (SFY15 expenditures) utilizes the Department of Medicaid's SFY15 projection.

Adjustments

- **Reflect Current Policy** – Adjustments are made to historical expenditure data to reflect current policy (*Projections assume that current policy continues*)
- **One-time Spending** – Removed for consistent comparisons
- **Population/Membership** – Adjusted the base years to reflect current population mix. These include:
 - Change in populations covered in managed care
 - Newly eligible populations
- **Policy Changes** – Adjusts for policies implemented within the base data that have the potential to impact the risk of the program. These include:
 - Reimbursement rate changes
 - Implementation of new programs

What is trend?

- **Adjust Time Period** – Trend factors project cost from the base period to future time periods
- **Multiple Components** – Trend is comprised of multiple factors:
 - Secular trend
 - External influences
 - Change in demographics
 - Other reimbursement changes

What is trend?

- **Levels of Trend** – Trend factors are estimated by major categories of service and categories of aid as appropriate
 - Trend is reviewed at various levels and estimated as a reasonable range of what change could occur over time
- **Secular Trend** – Components of secular trend include:
 - Utilization rate – captures the change (increase or decrease) in frequency of services over time
 - Unit cost – captures the change in service reimbursement over time, as well as change in mix of services over time
- **Other Considerations** – In addition to trend:
 - A placeholder has been assumed for emerging drugs, including Hep-C and other biologicals

Overall Projection

Overall Projection ¹							
SFY	PMPM		Total Dollars ²		Trend		
	Midpoint		Midpoint				
2014 ³	\$609	\$609	\$18,346,900,000	\$18,346,900,000			
2015 ⁴	\$642	\$642	\$21,630,900,000	\$21,630,900,000			
2015 ⁵	\$630	\$630	\$21,245,200,000	\$21,245,200,000			
	Lower Bound	Upper Bound	Lower Bound	Upper Bound	Lower Bound	Upper Bound	
2016	\$638	\$647			1.2%	2.6%	
2017	\$652	\$675			2.2%	4.4%	

¹All Agency Administration, Hospital UPL, Hospital HCAP, P4P, Health Insurer Fee & ACA Physician Fee not included.

²SFY14 is based on paid expenditures. SFY15 is projected on ODM SFY15 MMS.

³Medicaid's actual SFY14 expenditures - reported on paid basis.

⁴Medicaid's SFY15 projections - reported on paid basis.

⁵Optumas' preliminary SFY15 projected midpoint.

SFY 2015 Comparison			
SFY	Optumas Projection	Medicaid Projection	Percent Difference
2015	\$630	\$642	-1.8%

While overall SFY 2015 projection is similar, variation exists at the category of service level



Trend Summary

Trend Summary:

Projection Period	Lower Bound	Upper Bound
SFY 2015-> 2016	1.2%	2.6%
SFY 2016-> 2017	2.2%	4.4%

- In Comparison – 3 year average Medical Care CPI for the Midwest is 3.3% and the national average is 2.8% (bls.gov)
- Benchmark – While CPI may be a useful benchmark, it is not a direct comparison to PMPM trends

Drivers of Change – Spending Migration

- **MyCare Implementation** – MyCare Managed Care Program shifts spend from the FFS environment into the Managed Care environment.

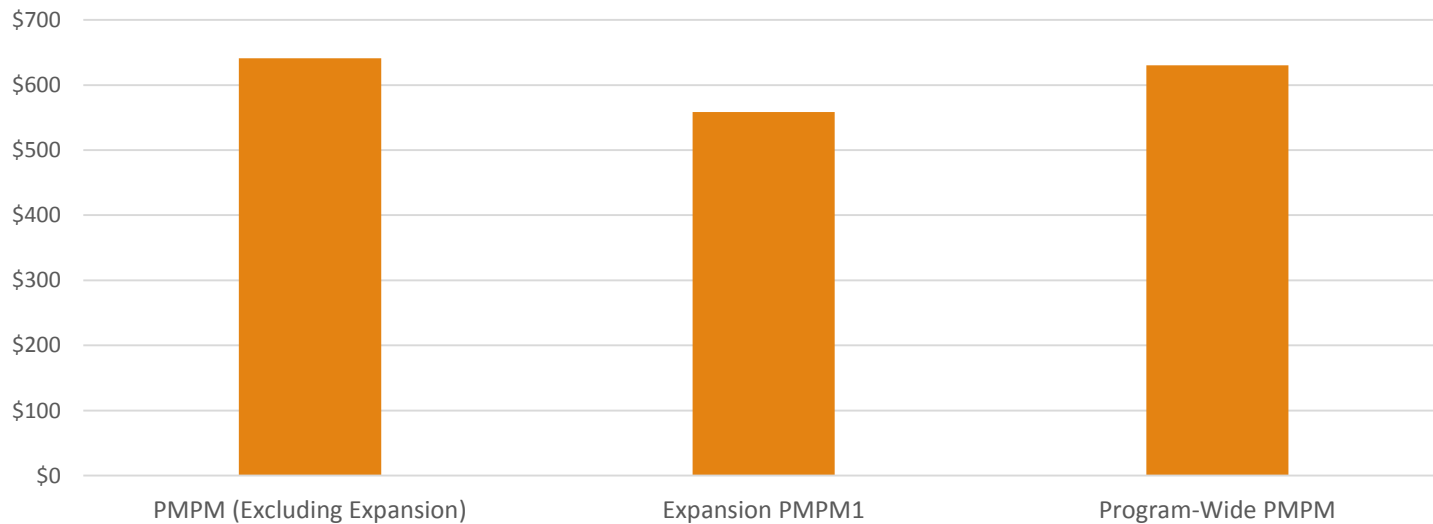
Drivers of Change – Spending Migration

Expansion – PMPM Comparison

PMPM (Excluding Expansion)	Expansion PMPM ¹	Program-Wide PMPM	Percent Change
\$641	\$558	\$630	-1.7%

¹Expansion PMPM is based on draft managed care capitation rates and does not reflect actual medical experience.

SFY15 Projected PMPMs



Overall Projection Summaries

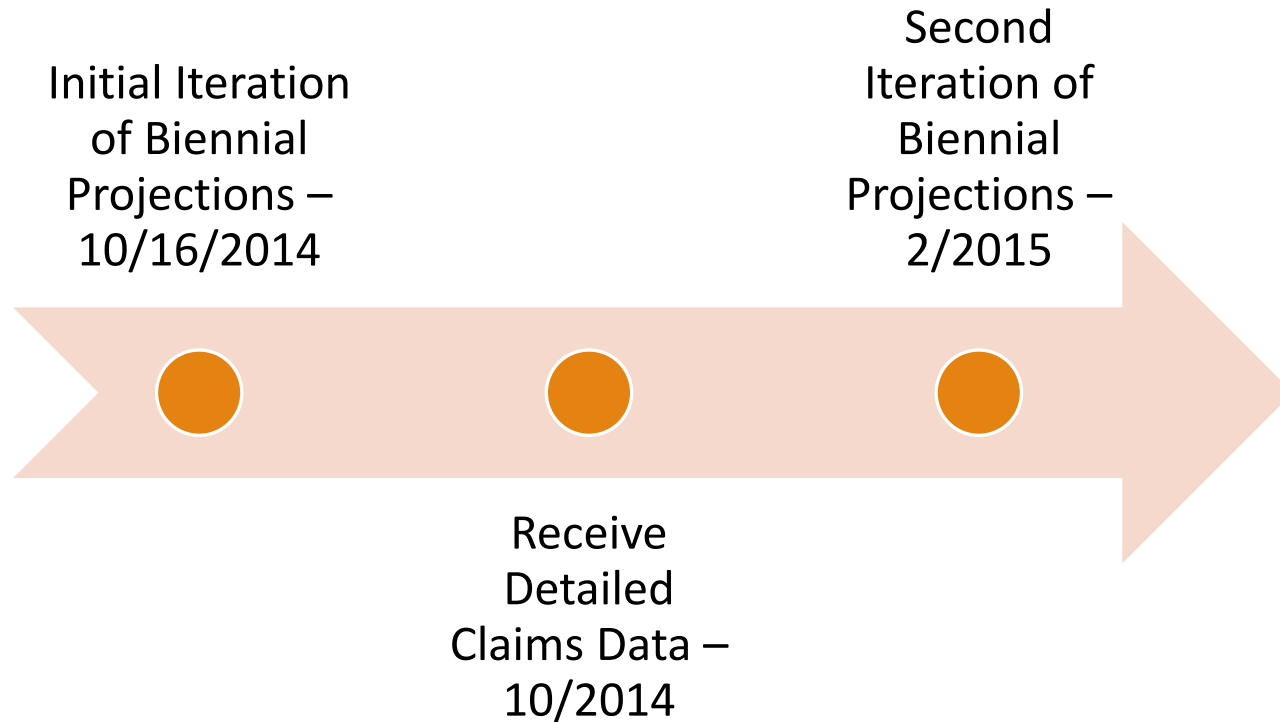
SFY Projections ¹			
SFY	Midpoint		
2014	\$609		\$609
2015 ²	\$630		\$630
Lower Bound		Upper Bound	
2016 ²	\$638		\$647
2017 ²	\$652		\$675

¹ All Agency Administration, Hospital UPL, Hospital HCAP, P4P, Health Insurer Fee & ACA Physician Fee not included.

² Projections are blended on Medicaid's SFY15 projected MMs.

Next Steps

Population specific projection for JMOC Biennial forecast of SFY16-17



Appendices

Appendix I–ODM SFY14 Projections vs. Actuals

Department of Medicaid SFY14 Projections vs. Actuals				
Projection Category	SFY14 Projection	SFY14 Actuals	% Variance	
Nursing Facility	\$ 2,271,995,736	\$ 2,412,070,412	6.2%	
Dept of Aging Waivers	\$ 632,688,413	\$ 535,126,402	-15.4%	
Home Care Waiver (MCD)	\$ 239,126,903	\$ 248,640,711	4.0%	
Inpatient Hospital	\$ 975,339,300	\$ 866,947,593	-11.1%	
Outpatient Hospital	\$ 351,636,731	\$ 297,705,493	-15.3%	
Hospital UPL	\$ 503,685,053	\$ 491,063,259	-2.5%	
Hospital HCAP	\$ 577,273,165	\$ 579,192,313	0.3%	
Physician	\$ 340,695,926	\$ 303,886,380	-10.8%	
ACA Physician Fee Increase	\$ 398,101,202	\$ 636,253,015	59.8%	
Prescribed Drugs	\$ 471,324,672	\$ 397,451,757	-15.7%	
Managed Care - ABD	\$ 2,202,519,521	\$ 2,221,978,498	0.9%	
Managed Care - ABD Kids	\$ 348,437,455	\$ 365,693,947	5.0%	
Managed Care - MyCare	\$ 639,914,612	\$ 139,349,614	-78.2%	
Managed Care - CFC	\$ 5,113,424,145	\$ 5,004,731,107	-2.1%	
Managed Care Pay For Performance	\$ 29,561,061	\$ 30,023,652	1.6%	
Behavioral Health/Health Homes SPMI	\$ 935,753,200	\$ 779,559,500	-16.7%	
All Other	\$ 1,465,661,387	\$ 1,299,511,155	-11.3%	
Medicare Buy In (includes QI)	\$ 444,160,810	\$ 429,582,829	-3.3%	
Medicare Part D	\$ 309,349,142	\$ 295,498,625	-4.5%	
Group VIII	\$ -	\$ 512,035,268		
DDD Services	\$ 2,272,559,011	\$ 2,237,108,932	-1.6%	
All Agency Administration	\$ 1,067,148,153	\$ 775,656,891	-27.3%	
Total	\$ 21,590,355,598	\$ 20,859,067,353	-3.4%	



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