



Ohio SFY16/SFY17 Biennial Projections Second Iteration

FEBRUARY 19, 2015

Setting a Growth Target for Medicaid: JMOC Responsibilities

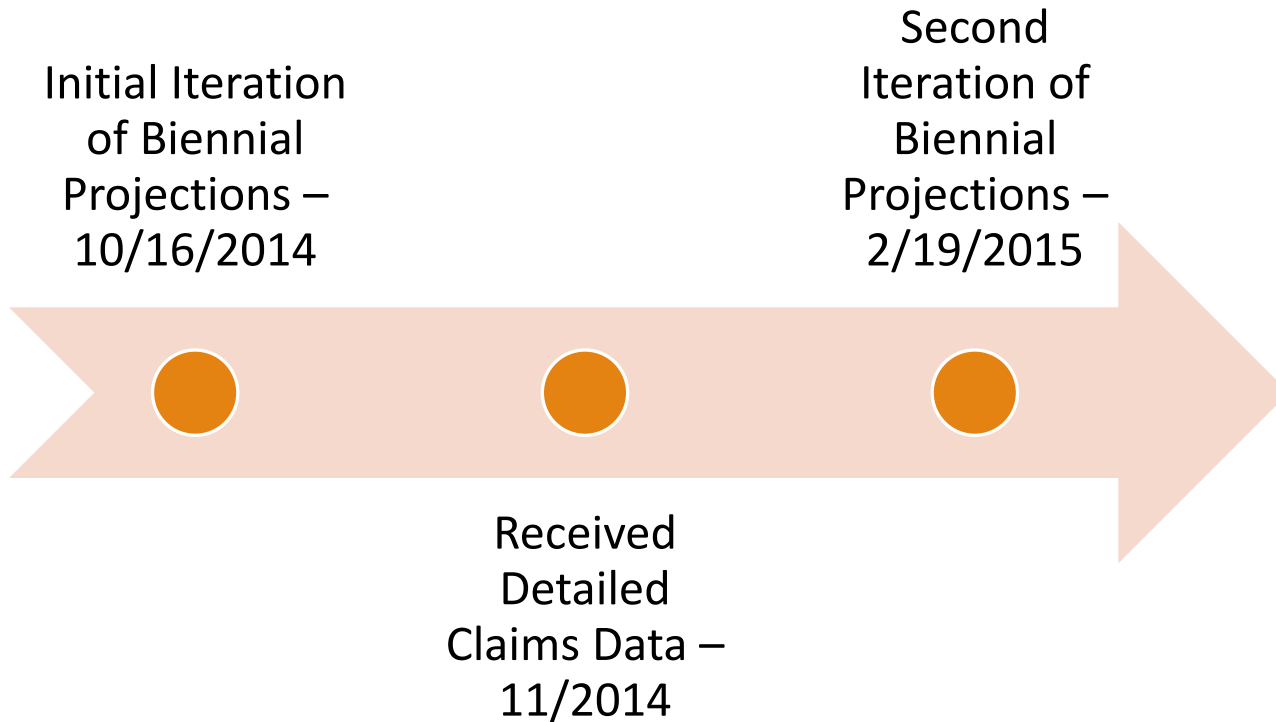
- **Under ORC Section 103.414, JMOC must**
 - Contract with actuary to determine the projected medical inflation rate for the upcoming biennium
 - Determine if it agrees with the actuary's findings
 - If not, JMOC must develop its own projected medical inflation rate
 - Complete a report and submit to Governor and General Assembly

Agenda

- Background
 - Objective
 - Data
 - Process
 - Trend
- Projections
 - Comparison to ODM's Projections
 - Normalized Growth and CPI Measurements
- Supplemental Summaries
 - FFS Cost Drivers
- Appendices
 - Pre-MyCare Cost Differences
 - Category of Aid Summaries

Objective

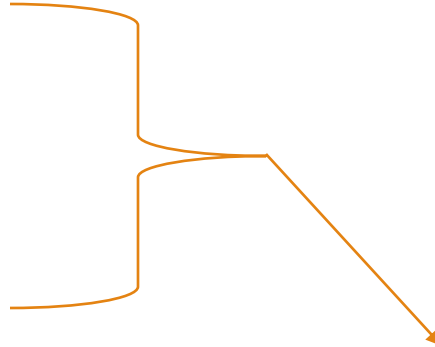
Population specific projection for JMOC Biennial forecast of SFY16-17



Objective

4 Determinants of Risk:

- Program Design
- Population
- Benefits
- Network



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

Objective

- **PMPM (Per Member Per Month) Projections** – Optumas has developed category of aid 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
- **Multiple Iterations**
 - Iteration 1 utilized category of service-level summarized paid data and managed care capitation rates
 - Iteration 2 utilizes claims-level detailed data obtained through the Ohio Department of Medicaid and Mercer, as well as managed care capitation rates

Objective

Projected PMPMs Include:

- Total Medicaid Spend
- Does not include spending that is not tied to a recipient
– State Administration, HCAP, Hospital UPL, P4P, HIF, ACA Physician Fee, Settlements and Rebates handled outside of the claims system and paid outside of managed care capitation rates
- Assumes current policy continues and one time spending removed
- SFY 2015 base is updated to reflect current policy

HCAP – Hospital Care Assurance Program, UPL – Upper Payment Limit, P4P – Managed Care Pay for Performance, HIF – Health Insurer Fee

Data Sources – Iteration 2

Data Sources:

- SFY 2013 – SFY 2014 detailed FFS and Encounter claims-level data
- SFY 2013 – SFY 2014 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
 - CY 2014 Capitation Rates
 - CY 2015 Capitation Rates

Data Sources – Iteration 2

Data Limitations for Iteration 2:

- Non-Managed Care:
 - No significant limitations
- Managed Care:
 - Managed Care projection is based on projection of current capitation rates into the biennium period
 - Benchmarked base data in cert letters to cost reports provided by ODM as well as encounter data provided by ODM and Mercer
 - Reviewed managed care assumptions with internal clinician for reasonableness

Projection Categories

PMPM Projections

- Developed at a category of aid (COA) and category of service (COS) level
- COA and COS PMPMs are projected into the biennium period
- SFY15 projected membership is used to calculate the aggregate PMPM across all populations and services

Projection Categories

Categories of Aid	
SNF (Non-MyCare)	CFC
ICF/DD Private	Extension
ICF/DD Public	MyCare
Aging Waivers	ADFC
DD Waivers	Breast & Cervical Cancer (BCCP)
Medicaid Waivers	Family Planning
Community Well – Dual	RoMPIR/Presumptive/Alien
Medicare Premium Assistance	Refugee/Not Assigned
ABD	

Projection Categories

Categories of Service ¹	
SNF	Clinics
ICF/DD Private	Clinics - Mental Health
ICF/DD Public	FQHC/RHC
Aging Waivers	Health Homes
DD Waivers	Laboratory/Radiology
Medicaid Waivers	ODADAS/MARP
Home Health/PDN	DME/Supplies
Hospice Services	EPSDT
Inpatient Hospital	Family Planning
Outpatient Hospital	Medicaid Schools Program
Prescribed Drugs	Mental Inpatient Hospital
PCP	Developmental Disabilities
Specialist	Transportation
Dental Services	Vision

¹Projected for each COA listed above.

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:
 - Adjusted the placeholder that had been assumed for emerging drugs, including Hep-C and other biologicals

Overall Projection

SFY 2015 Midpoint Projection ¹	
SFY	Midpoint
2015 - Optumas	\$ 635
2015 - ODM	\$ 628
Percent Difference	1.2%

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

SFY	PMPM ¹			Trend		
	Lower Bound	Upper Bound	ODM Mix Adj. ²	Lower Bound	Upper Bound	ODM Mix Adj. ²
2016	\$ 648	\$ 654	\$ 636	2.1%	3.0%	1.4%
2017	\$ 664	\$ 678	\$ 665	2.4%	3.6%	4.5%
2016 - 2017				2.2%	3.3%	2.9%

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

² Based on ODM Case-Mixed PMPMs presented on page 73 of 'The ODM Forecast Book Executive SFY16_17'

Trend Summary

Trend Summary:

Projection Period	Iteration 1		Iteration 2	
	Lower Bound	Upper Bound	Lower Bound	Upper Bound
SFY 2015-> 2016	1.6%	2.9%	2.1%	3.0%
SFY 2016-> 2017	2.2%	4.5%	2.4%	3.6%

- Trend range has narrowed in iteration 2, as a result of more detailed data used to develop projections
- 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

Cost Drivers

- SNF (Non-MyCare) Population

SFY15 PMPM

COA	SNF	Inpatient	Prescribed Drugs	All Other	Total
SNF - Dual (Non-MyCare)	\$ 3,417	\$ 38	\$ 8	\$ 308	\$ 3,771
SNF - Non Dual (Non-MyCare)	\$ 4,455	\$ 1,226	\$ 708	\$ 902	\$ 7,291

Avg. Annual Trend - Lower Bound

COA	SNF	Inpatient	Prescribed Drugs	All Other	Total
SNF - Dual (Non-MyCare)	0.5%	1.7%	1.5%	1.6%	0.6%
SNF - Non Dual (Non-MyCare)	0.5%	1.5%	3.0%	2.2%	1.1%

Avg. Annual Trend - Upper Bound

COA	SNF	Inpatient	Prescribed Drugs	All Other	Total
SNF - Dual (Non-MyCare)	1.5%	2.7%	2.5%	2.7%	1.6%
SNF - Non Dual (Non-MyCare)	1.5%	2.5%	4.0%	3.2%	2.1%

Cost Drivers

- DD Waiver Population

SFY15 PMPM

COA	HCBS Services	Home Health	Behavioral Health/Mental Health	All Other	Total
DD Waivers - Dual	\$ 4,095	\$ 180	\$ 191	\$ 115	\$ 4,581
DD Waivers - Non Dual	\$ 3,016	\$ 534	\$ 228	\$ 822	\$ 4,600

Avg. Annual Trend - Lower Bound

COA	HCBS Services	Home Health	Behavioral Health/Mental Health	All Other	Total
DD Waivers - Dual	2.0%	4.5%	1.3%	1.2%	2.1%
DD Waivers - Non Dual	2.8%	4.5%	1.4%	1.8%	3.0%

Avg. Annual Trend - Upper Bound

COA	HCBS Services	Home Health	Behavioral Health/Mental Health	All Other	Total
DD Waivers - Dual	3.1%	5.6%	2.3%	2.5%	3.1%
DD Waivers - Non Dual	3.8%	5.6%	2.5%	3.9%	4.0%

Cost Drivers

- ICF/DD Population

SFY15 PMPM

COA	ICF/DD	Prescribed Drugs	Inpatient	All Other	Total
ICF/DD - Dual	\$ 9,035	\$ 15	\$ 19	\$ 157	\$ 9,225
ICF/DD - Non Dual	\$ 9,486	\$ 576	\$ 348	\$ 369	\$ 10,779

Avg. Annual Trend - Lower Bound

COA	ICF/DD	Prescribed Drugs	Inpatient	All Other	Total
ICF/DD - Dual	0.6%	1.5%	1.7%	1.1%	0.7%
ICF/DD - Non Dual	0.4%	4.8%	2.2%	2.5%	0.8%

Avg. Annual Trend - Upper Bound

COA	ICF/DD	Prescribed Drugs	Inpatient	All Other	Total
ICF/DD - Dual	1.5%	2.5%	2.7%	2.1%	1.5%
ICF/DD - Non Dual	1.2%	5.9%	3.2%	3.5%	1.6%

Section 5162.70 Requirements

The Medicaid Director is required to:

- Limit growth in per capita costs
- *and*
- Implement a series of strategies to increase the Program's efficiency and effectiveness and improve the health outcomes of Medicaid recipients

PMPM Cost Growth: Executive Budget

	Executive Budget Normalized Rate		Executive Budget Non-Normalized Rate		JMOC Rate
	All Agencies PMPM	All Agencies Rate	All Agencies PMPM	All Agencies Rate	
SFY 15	\$ 628		\$ 628		
SFY 16	\$ 636	1.4%	\$ 648	3.3%	2.9%
SFY 17	\$ 665	4.5%	\$ 684	5.5%	3.3%
Biennial Average		2.94%		4.42%	3.1%

Appendices

Appendix I.A – SFY2015 Waiver & LTC PMPM

SFY2015 PMPM for Waiver and Long Term Care COAs by Major COS						
COA	SFY2015 Projected MMS	HCBS Services	SNF	ICF/DD	Home Health	
ICF/DD - Dual	53,728	\$ 1	\$ 30	\$ 9,035	\$ 2	
ICF/DD - Non Dual	26,723	\$ 0	\$ 18	\$ 9,486	\$ 4	
SNF - Dual (Non-MyCare)	205,992	\$ 0	\$ 3,417	\$ 0	\$ 2	
SNF - Non Dual (Non-MyCare)	80,560	\$ 0	\$ 4,455	\$ 1	\$ 13	
Aging Waivers - Dual	164,970	\$ 1,023	\$ 69	\$ 0	\$ 201	
Aging Waivers - Non Dual	47,195	\$ 1,072	\$ 110	\$ -	\$ 447	
DD Waivers - Dual	210,061	\$ 4,095	\$ 8	\$ 6	\$ 180	
DD Waivers - Non Dual	193,589	\$ 3,016	\$ 6	\$ 6	\$ 534	
MCD Waivers - Dual	27,926	\$ 1,947	\$ 32	\$ -	\$ 529	
MCD Waivers - Non Dual	52,056	\$ 1,870	\$ 68	\$ -	\$ 1,484	

SFY2015 PMPM for Waiver and Long Term Care COAs by Major COS (Continued)							
COA	SFY2015 Projected MMS	Inpatient	Prescribed Drugs	Behavioral Health/Mental Health	All Other	Total	
ICF/DD - Dual	53,728	\$ 19	\$ 15	\$ 10	\$ 114	\$	9,225
ICF/DD - Non Dual	26,723	\$ 348	\$ 576	\$ 28	\$ 319	\$	10,779
SNF - Dual (Non-MyCare)	205,992	\$ 38	\$ 8	\$ 12	\$ 295	\$	3,771
SNF - Non Dual (Non-MyCare)	80,560	\$ 1,226	\$ 708	\$ 36	\$ 853	\$	7,291
Aging Waivers - Dual	164,970	\$ 36	\$ 8	\$ 11	\$ 164	\$	1,512
Aging Waivers - Non Dual	47,195	\$ 665	\$ 514	\$ 38	\$ 643	\$	3,489
DD Waivers - Dual	210,061	\$ 8	\$ 7	\$ 191	\$ 85	\$	4,581
DD Waivers - Non Dual	193,589	\$ 166	\$ 386	\$ 228	\$ 259	\$	4,600
MCD Waivers - Dual	27,926	\$ 52	\$ 22	\$ 27	\$ 276	\$	2,884
MCD Waivers - Non Dual	52,056	\$ 1,110	\$ 980	\$ 42	\$ 958	\$	6,511

Appendix I.B – Waiver & LTC Lower Bound Trend

Lower Bound Trend for Waiver and Long Term Care COAs by Major COS						
COA	SFY2015 Projected MMS	HCBS Services	SNF	ICF/DD	Home Health	
ICF/DD - Dual	53,728	2.5%	3.0%	0.6%	5.0%	
ICF/DD - Non Dual	26,723	2.9%	3.0%	0.4%	2.5%	
SNF - Dual (Non-MyCare)	205,992	1.2%	0.5%	0.8%	5.0%	
SNF - Non Dual (Non-MyCare)	80,560	2.1%	0.5%	0.8%	2.5%	
Aging Waivers - Dual	164,970	0.7%	1.0%	0.8%	1.5%	
Aging Waivers - Non Dual	47,195	1.8%	3.5%	0.0%	3.5%	
DD Waivers - Dual	210,061	2.0%	2.5%	2.2%	4.5%	
DD Waivers - Non Dual	193,589	2.8%	3.0%	2.1%	4.5%	
MCD Waivers - Dual	27,926	1.0%	0.5%	0.0%	0.5%	
MCD Waivers - Non Dual	52,056	1.0%	0.5%	0.0%	0.5%	

Lower Bound Trend for Waiver and Long Term Care COAs by Major COS (Continued)						
COA	SFY2015 Projected MMS	Inpatient	Prescribed Drugs	Behavioral Health/Mental Health	All Other	Total
ICF/DD - Dual	53,728	1.7%	1.5%	1.9%	1.1%	0.7%
ICF/DD - Non Dual	26,723	2.2%	4.8%	4.1%	2.5%	0.8%
SNF - Dual (Non-MyCare)	205,992	1.7%	1.5%	4.7%	1.6%	0.6%
SNF - Non Dual (Non-MyCare)	80,560	1.5%	3.0%	0.8%	2.2%	1.1%
Aging Waivers - Dual	164,970	1.7%	0.5%	2.4%	1.1%	0.9%
Aging Waivers - Non Dual	47,195	4.0%	20.5%	0.3%	2.9%	5.6%
DD Waivers - Dual	210,061	1.7%	3.0%	1.3%	1.2%	2.1%
DD Waivers - Non Dual	193,589	2.0%	4.1%	1.4%	1.8%	3.0%
MCD Waivers - Dual	27,926	1.7%	0.5%	0.7%	1.4%	0.9%
MCD Waivers - Non Dual	52,056	1.5%	6.7%	1.2%	2.2%	2.0%

- *Prescribed Drugs includes impact of Hepatitis C and other biologicals*

Appendix I.C – Waiver & LTC Upper Bound Trend

Upper Bound Trend for Waiver and Long Term Care COAs by Major COS					
COA	SFY2015 Projected MMS	HCBS Services	SNF	ICF/DD	Home Health
ICF/DD - Dual	53,728	3.5%	4.0%	1.5%	6.0%
ICF/DD - Non Dual	26,723	3.9%	4.0%	1.2%	3.5%
SNF - Dual (Non-MyCare)	205,992	2.2%	1.5%	1.8%	6.0%
SNF - Non Dual (Non-MyCare)	80,560	3.1%	1.5%	1.8%	3.5%
Aging Waivers - Dual	164,970	1.7%	2.0%	1.8%	2.5%
Aging Waivers - Non Dual	47,195	2.8%	4.5%	0.0%	4.5%
DD Waivers - Dual	210,061	3.1%	3.5%	3.2%	5.6%
DD Waivers - Non Dual	193,589	3.8%	4.0%	3.1%	5.6%
MCD Waivers - Dual	27,926	2.0%	1.5%	0.0%	1.5%
MCD Waivers - Non Dual	52,056	2.0%	1.5%	0.0%	1.5%

Upper Bound Trend for Waiver and Long Term Care COAs by Major COS (Continued)						
COA	SFY2015 Projected MMS	Inpatient	Prescribed Drugs	Behavioral Health/Mental Health	All Other	Total
ICF/DD - Dual	53,728	2.7%	2.5%	2.9%	2.1%	1.5%
ICF/DD - Non Dual	26,723	3.2%	5.9%	5.1%	3.5%	1.6%
SNF - Dual (Non-MyCare)	205,992	2.7%	2.5%	5.8%	2.6%	1.6%
SNF - Non Dual (Non-MyCare)	80,560	2.5%	4.0%	1.8%	3.2%	2.1%
Aging Waivers - Dual	164,970	2.7%	1.5%	3.4%	2.1%	1.9%
Aging Waivers - Non Dual	47,195	5.0%	21.2%	1.3%	3.9%	6.6%
DD Waivers - Dual	210,061	2.7%	4.0%	2.3%	2.2%	3.1%
DD Waivers - Non Dual	193,589	3.0%	5.1%	2.5%	2.8%	4.0%
MCD Waivers - Dual	27,926	2.7%	1.5%	1.6%	2.4%	2.0%
MCD Waivers - Non Dual	52,056	2.5%	7.6%	2.2%	3.2%	3.0%

- *Prescribed Drugs includes impact of Hepatitis C and other biologicals*

Appendix II – Pre-MyCare Region to Non-Region

Cost Differential Relative to Statewide

SFY2014 PMPM Basis

Eligibility/Region	MyCare Region	Non-Region	Statewide
MyCare - Community	107.3%	82.1%	100.0%
MyCare - NF	100.3%	99.4%	100.0%
MyCare - Waiver	102.2%	95.5%	100.0%

Membership Distribution

SFY2014

Eligibility/Region	MyCare Region	Non-Region	Statewide
MyCare - Community	71.0%	29.0%	100.0%
MyCare - NF	69.5%	30.5%	100.0%
MyCare - Waiver	67.2%	32.8%	100.0%

- Figures above reflect SFY2014 FFS experience, prior to implementation of MyCare program

Appendix III – Opioid Treatment – FFS

SFY2014 - ODADAS/MARP - Opioid Treatment Split					
Cohort	SFY2014 MMs	Total PMPM	Net Opioid Treatment	Opioid Treatment ¹	
EXPAN	1,168,719	\$ 11	\$ 10	\$ 2	
HFAM	1,315,202	\$ 8	\$ 7	\$ 1	
ABD ADULT	212,143	\$ 9	\$ 7	\$ 2	
ADFC	335,648	\$ 13	\$ 13	\$ -	
MyCare - Community	639,532	\$ 5	\$ 3	\$ 2	
CHIP	127,255	\$ 28	\$ 28	\$ -	
DUAL	454,111	\$ 7	\$ 5	\$ 2	
ABD KIDS	59,547	\$ 6	\$ 6	\$ -	
DD WAIVER	403,650	\$ 0	\$ 0	\$ -	
SNF	286,552	\$ 1	\$ 1	\$ 0	
MCD WAIVER	79,982	\$ 3	\$ 2	\$ 1	
MyCare - Waiver	301,783	\$ 1	\$ 1	\$ 0	
PREMASST	1,448,410	\$ 0	\$ 0	\$ 0	
AGING WAIVER	212,165	\$ 1	\$ 1	\$ 0	
ICF	80,451	\$ 0	\$ 0	\$ -	
MyCare - NF	329,627	\$ 0	\$ 0	\$ 0	
BCCP	10,657	\$ 3	\$ 3	\$ 1	
OTHER	72,844	\$ 5	\$ 4	\$ 0	
FAM PLAN	1,547,029	\$ 0	\$ 0	\$ -	
Total	9,085,307	\$ 5	\$ 4	\$ 1	

¹ Based on procedure codes H0020 (Methadone administration) and J8499 (Generic Buprenorphine administered for induction and/or titration).

Appendix IV – Opioid Treatment – Managed Care

SFY2014 - ODADAS/MARP - Opioid Treatment Split					
Cohort	SFY2014 MMs	Total PMPM	Net Opioid Treatment	Opioid Treatment ¹	
HFAM	16,894,763	\$ 5	\$ 4	\$	1
ABD ADULT	1,586,081	\$ 14	\$ 10	\$	5
ABD KIDS	461,061	\$ 4	\$ 3	\$	0
EXPN	406,623	\$ 23	\$ 19	\$	4
CHIP	1,607,801	\$ 2	\$ 2	\$	0
Total	20,956,329	\$ 5	\$ 4	\$	1

¹ Based on procedure codes H0020 (Methadone administration) and J8499 (Generic Buprenorphine administered for induction and/or titration).

Appendix V – Iteration 1 SFY15 Projection

SFY 2015 Iteration 1 Midpoint Projection ¹		
SFY	Midpoint PMPM	
2015 - Optumas	\$	628
2015 - ODM	\$	642
Percent Difference		-2.1%

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



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