Summary Report on Managed Care Payment Roundtable

Chris Park
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Overview

• On March 13, 2014, MACPAC convened an expert roundtable on Medicaid managed care rate setting

• Attendees included representatives from actuarial firms, state Medicaid officials, managed care plans, CMS, and beneficiary advocacy groups

• Today’s session provides a summary of the main issues and themes that arose from the roundtable discussion
Roundtable Topics

• Medicaid expansion population
• Managed long-term services and supports (LTSS)
• Risk sharing and risk mitigation
• Pay-for-performance and value
• Medical loss ratios
• Managed care and other delivery models
• Federal oversight and state interaction
• Areas for future work
Medicaid Expansion Population

• Lack of historical experience to develop baseline rates and adjustments
• Assumptions on pent-up demand and mix of enrollees have greater uncertainty
• Experience in other states hard to apply broadly due to differences in state eligibility rules and benefit design
Managed LTSS

- Blended rate versus separate nursing facility and community-based rate cells
- Assumptions may need to differ by region due to provider capacity
- Plan-specific targets based on actual enrollment mix can reduce risk
- Functional assessment data can improve rate setting
Risk Sharing and Risk Mitigation

- CMS encourages states to use two-sided risk corridors for expansion population
- Plans have some concerns with timing of cash flow when using risk corridors
- Targeted risk mitigation around certain assumptions
- High-risk pool for special high-cost populations
Pay-for-Performance and Value

• Quality measures should be consistent, transparent, and attainable

• For new programs or populations, use operational quality measures first, then clinical measures later

• Withhold amount should be considered in determining actuarially sound rate range
Medical Loss Ratio (MLR)

- National MLR requirement would be difficult for Medicaid due to differences across states
- MLR should consider profit and loss for more than one year
- A few states use profit-sharing instead of MLR
Managed Care and Other Delivery Models

• Managed care sometimes overlaps with other delivery models such as accountable care organizations (ACO)
• Challenges in calculating savings for these other models
• State should clearly define how profits and losses should be shared between plan and other entities such as ACOs
Federal Oversight and State Interaction

- CMS working on improving the review process by updating tools and protocols
- Actuaries and plans would like more guidance from CMS on complicated issues
- Both CMS and states are concerned about administrative capacity
Areas for Future Work

• Data and research to improve adjustments
  • Expansion population
  • MLTSS incentives
• Guidance or technical assistance
  • Structure of quality incentives
  • Core domains of functional assessment
• Training and education