



Arkansas Medicaid

Dental Managed Care Rate Development

SEPTEMBER 22, 2016

Agenda

- Base Data
- Base Data Adjustments
- Medical Trend
- Managed Care Assumptions
- Data Blending
- Non-Medical Loading
- Regional Rates
- Next Steps

Base Data

- FY14 and FY15 FFS data
 - Allowed Amount
- Validated using reports from DMS
- Includes D-codes for all populations
- Data grouped into 12 categories of service:

COS
Adjunctive General Services
Diagnostic
Endodontics
Implant Services
Maxillofacial Prosthetics
Oral & Maxillofacial Surgery
Orthodontics
Periodontics
Preventative
Prosthodontics, fixed
Prosthodontics, removable
Restorative

Base Data

- Established rating cohorts based on population risk profiles
- Retroactive Coverage included in the rates
 - A combined retroactive/non-retroactive PMPM will be paid to vendors for each month of coverage
 - Retroactive and non-retroactive mix projected to remain constant from base data to contract period
- Expansion – QHP has insufficient base data and will be based on Medicaid Adult rates

Base Data

Base Data			
Cohort	Age Band	FY14 PMPM	FY15 PMPM
CHIP	0-1	\$ 1.89	\$ 2.14
Medicaid	0-1	\$ 0.24	\$ 0.26
CHIP	2-5	\$ 16.92	\$ 17.49
Medicaid	2-5	\$ 14.53	\$ 15.39
CHIP	6-18	\$ 25.16	\$ 24.75
Medicaid	6-18	\$ 22.81	\$ 23.43
Expansion - Frail	19-20	\$ 12.38	\$ 19.82
Medicaid	19-20	\$ 6.05	\$ 9.43
Expansion - Frail	21-54	\$ 20.27	\$ 16.56
Medicaid	21-54	\$ 6.97	\$ 8.20
Expansion - Frail	55-64	\$ 12.85	\$ 12.87
Medicaid	55-64	\$ 4.95	\$ 4.54
Medicaid	65+	\$ 2.20	\$ 2.18

Base Data Adjustments

- IBNR
 - Data contains incurred dates through 12/31/15, paid through 3/31/16

IBNR Adjustment			
Cohort	Age Band	FY14 Adjustment	FY15 Adjustment
CHIP	0-1	1.0000	0.9996
Medicaid	0-1	1.0000	0.9996
CHIP	2-5	1.0000	0.9996
Medicaid	2-5	1.0000	0.9996
CHIP	6-18	1.0000	0.9996
Medicaid	6-18	1.0000	0.9996
Expansion - Frail	19-20	1.0000	0.9996
Medicaid	19-20	1.0000	0.9997
Expansion - Frail	21-54	1.0000	0.9997
Medicaid	21-54	1.0000	0.9997
Expansion - Frail	55-64	1.0000	0.9996
Medicaid	55-64	1.0000	0.9996
Medicaid	65+	1.0000	0.9996

Base Data Adjustments

- Orthodontia benefit for ARKids B effective August 2015

Orthodontia Benefit				
Cohort	Age Band	COS	FY14 PMPM Change	FY15 PMPM Change
CHIP	2-5	Orthodontia	10.5%	9.3%
CHIP	6-18	Orthodontia	33.0%	23.3%
CHIP	2-5	Total	0.0%	0.0%
CHIP	6-18	Total	4.6%	3.1%

Base Data Adjustments

- Reduction for copayments
 - \$10 copay for ARKids B for all services except D0120

Copoly Adjustment			
Cohort	Age Band	FY14 Unit Cost Change	FY15 Unit Cost Change
CHIP	0-1	\$ 0.49	\$ 0.38
Medicaid	0-1	\$ -	\$ -
CHIP	2-5	\$ 0.75	\$ 0.61
Medicaid	2-5	\$ -	\$ -
CHIP	6-18	\$ 2.05	\$ 1.55
Medicaid	6-18	\$ -	\$ -
Expansion - Frail	19-20	\$ -	\$ -
Medicaid	19-20	\$ -	\$ -
Expansion - Frail	21-54	\$ -	\$ -
Medicaid	21-54	\$ -	\$ -
Expansion - Frail	55-64	\$ -	\$ -
Medicaid	55-64	\$ -	\$ -
Medicaid	65+	\$ -	\$ -

Medical Trend

- Sources of information:
 - Arkansas FFS dental data
 - General inflation data (e.g. CPI, PPI)
 - Optumas consulting experience in other states
 - Published Medicaid trends from other states

Medical Trend

- Trend by rating cohort

Cohort	Age Band	Annual Trend Rate					
		Lower Bound			Upper Bound		
		Util. Trend	UC Trend	PMPM Trend	Util. Trend	UC Trend	PMPM Trend
CHIP	0-1	1.5%	1.9%	3.4%	2.5%	2.9%	5.4%
Medicaid	0-1	1.5%	2.0%	3.5%	2.5%	3.0%	5.5%
CHIP	2-5	1.4%	1.9%	3.3%	2.4%	2.9%	5.3%
Medicaid	2-5	1.4%	1.9%	3.3%	2.4%	2.9%	5.3%
CHIP	6-18	1.4%	1.8%	3.3%	2.4%	2.8%	5.3%
Medicaid	6-18	1.4%	1.8%	3.3%	2.4%	2.8%	5.3%
Expansion - Frail	19-20	1.1%	2.0%	3.1%	2.1%	3.0%	5.1%
Medicaid	19-20	2.0%	2.0%	4.1%	3.0%	3.0%	6.2%
Expansion - Frail	21-54	0.9%	2.0%	3.0%	1.9%	3.0%	5.0%
Medicaid	21-54	2.1%	2.1%	4.2%	3.1%	3.1%	6.3%
Expansion - Frail	55-64	0.9%	2.0%	3.0%	1.9%	3.0%	5.0%
Medicaid	55-64	2.1%	2.0%	4.2%	3.1%	3.0%	6.3%
Medicaid	65+	2.1%	2.0%	4.2%	3.1%	3.0%	6.2%

Managed Care Assumptions

- Assumes utilization efficiencies due to managed care delivery system
- Utilized independent clinician expertise
- Reviewed data from other state dental programs transitioning to managed care
- Assumptions account for “ripple effect”
 - Utilization reductions in some services cause unit cost increase in other services
 - Managed care results in increased utilization in certain service categories

Managed Care Assumptions

- Four services targeted for Year 1 change:
 - Imaging (reduction)
 - Panograph (reduction)
 - Restoration (minor reduction)
 - Sealant (increase)
- As the dental program matures, additional savings are expected in Year 2 and Year 3
- Future savings are primarily driven by a reduction to restoration services

Managed Care Assumptions

		Managed Care Savings			
		Lower Bound		Upper Bound	
Cohort	Age Band	FY14 PMPM Adj.	FY15 PMPM Adj.	FY14 PMPM Adj.	FY15 PMPM Adj.
CHIP	0-1	-1.9%	-1.9%	-1.2%	-1.1%
Medicaid	0-1	-2.1%	-1.6%	-1.3%	-0.9%
CHIP	2-5	-3.6%	-3.7%	-2.3%	-2.3%
Medicaid	2-5	-3.5%	-3.5%	-2.2%	-2.2%
CHIP	6-18	-3.7%	-3.8%	-2.4%	-2.5%
Medicaid	6-18	-3.9%	-3.9%	-2.5%	-2.6%
Expansion - Frail	19-20	0.0%	0.0%	0.0%	0.0%
Medicaid	19-20	0.0%	0.0%	0.0%	0.0%
Expansion - Frail	21-54	0.0%	0.0%	0.0%	0.0%
Medicaid	21-54	0.0%	0.0%	0.0%	0.0%
Expansion - Frail	55-64	0.0%	0.0%	0.0%	0.0%
Medicaid	55-64	0.0%	0.0%	0.0%	0.0%
Medicaid	65+	0.0%	0.0%	0.0%	0.0%

Data Blending

- Both years of data are fully adjusted and projected to CY18
- Blended together at 25% FY14, 75% FY15

		Data Blending					
		Lower Bound			Upper Bound		
Cohort	Age Band	FY14 PMPM	FY15 PMPM	Blended PMPM	FY14 PMPM	FY15 PMPM	Blended PMPM
CHIP	0-1	\$ 2.07	\$ 2.34	\$ 2.27	\$ 2.23	\$ 2.53	\$ 2.45
Medicaid	0-1	\$ 0.26	\$ 0.29	\$ 0.28	\$ 0.28	\$ 0.31	\$ 0.30
CHIP	2-5	\$ 18.07	\$ 18.64	\$ 18.50	\$ 19.63	\$ 20.26	\$ 20.10
Medicaid	2-5	\$ 15.79	\$ 16.64	\$ 16.43	\$ 17.13	\$ 18.07	\$ 17.83
CHIP	6-18	\$ 27.28	\$ 26.75	\$ 26.88	\$ 29.65	\$ 29.08	\$ 29.22
Medicaid	6-18	\$ 24.46	\$ 25.20	\$ 25.02	\$ 26.57	\$ 27.38	\$ 27.18
Expansion - Frail	19-20	\$ 12.35	\$ 22.06	\$ 19.63	\$ 13.23	\$ 23.63	\$ 21.03
Medicaid	19-20	\$ 7.78	\$ 10.87	\$ 10.10	\$ 8.33	\$ 11.64	\$ 10.81
Expansion - Frail	21-54	\$ 19.88	\$ 18.35	\$ 18.73	\$ 21.29	\$ 19.66	\$ 20.07
Medicaid	21-54	\$ 8.95	\$ 9.48	\$ 9.35	\$ 9.58	\$ 10.15	\$ 10.01
Expansion - Frail	55-64	\$ 12.63	\$ 14.28	\$ 13.87	\$ 13.53	\$ 15.30	\$ 14.86
Medicaid	55-64	\$ 6.35	\$ 5.25	\$ 5.53	\$ 6.80	\$ 5.62	\$ 5.92
Medicaid	65+	\$ 2.83	\$ 2.52	\$ 2.60	\$ 3.03	\$ 2.70	\$ 2.78

Non-Medical Loading

- Administrative expense load
 - Discussed vendor requirements with DMS
 - Reviewed experience from other states and published reports
- Profit
 - Assumed 1.5% profit load
- Premium Tax to be added in as appropriate
- HIPF will be added in after vendors are selected

Non-Medical Loading

- Load rate by cohort

		Non-Medical Load			
		Lower Bound		Upper Bound	
Cohort	Age Band	Admin	Profit	Admin	Profit
CHIP	0-1	8.0%	1.5%	7.0%	1.5%
Medicaid	0-1	9.0%	1.5%	8.0%	1.5%
CHIP	2-5	8.0%	1.5%	7.0%	1.5%
Medicaid	2-5	9.0%	1.5%	8.0%	1.5%
CHIP	6-18	8.0%	1.5%	7.0%	1.5%
Medicaid	6-18	9.0%	1.5%	8.0%	1.5%
Expansion - Frail	19-20	7.0%	1.5%	6.0%	1.5%
Medicaid	19-20	11.0%	1.5%	10.0%	1.5%
Expansion - Frail	21-54	7.0%	1.5%	6.0%	1.5%
Medicaid	21-54	11.0%	1.5%	10.0%	1.5%
Expansion - Frail	55-64	7.0%	1.5%	6.0%	1.5%
Medicaid	55-64	11.0%	1.5%	10.0%	1.5%
Medicaid	65+	11.0%	1.5%	10.0%	1.5%

Final Statewide Rates

Statewide Rates				
Cohort	Age Band	FY15 MMs	LB	UB
CHIP	0-1	367,045	\$ 2.51	\$ 2.68
Medicaid	0-1	257,758	\$ 0.31	\$ 0.33
CHIP	2-5	1,140,171	\$ 20.44	\$ 21.97
Medicaid	2-5	124,495	\$ 18.35	\$ 19.71
CHIP	6-18	3,175,931	\$ 29.71	\$ 31.94
Medicaid	6-18	454,974	\$ 27.95	\$ 30.03
Expansion - Frail	19-20	8,139	\$ 21.46	\$ 22.73
Medicaid	19-20	60,724	\$ 11.54	\$ 12.21
Expansion - Frail	21-54	227,824	\$ 20.48	\$ 21.70
Medicaid	21-54	1,311,347	\$ 10.68	\$ 11.31
Expansion - Frail	55-64	51,150	\$ 15.16	\$ 16.06
Medicaid	55-64	447,075	\$ 6.31	\$ 6.69
Medicaid	65+	789,109	\$ 2.97	\$ 3.14

Regional Adjustment

- Rating Regions are created by modeling the cost for each county
- Low, medium, and high cost counties were grouped together
- Regional factors developed using mix-controlled cost of each region relative to the Statewide average.
- Separate regional factors developed for Children, Adults, and Expansion – Frail populations

Regional Adjustment

Regional Factors			
Cohort	Tier 1	Tier 2	Tier 3
Child	0.83	1.00	1.12
Medicaid Adult	0.92	0.95	1.13
Expansion - Frail	0.86	0.93	1.20

Regional Rates – Tier 1

Tier 1 Rates (Low Cost Region)					
Rating Region	Cohort	Age Band	Regional Factor	Regional LB	Regional UB
Tier 1	CHIP	0-1	0.83	\$ 2.09	\$ 2.23
Tier 1	Medicaid	0-1	0.83	\$ 0.26	\$ 0.28
Tier 1	CHIP	2-5	0.83	\$ 17.00	\$ 18.27
Tier 1	Medicaid	2-5	0.83	\$ 15.26	\$ 16.38
Tier 1	CHIP	6-18	0.83	\$ 24.70	\$ 26.55
Tier 1	Medicaid	6-18	0.83	\$ 23.24	\$ 24.97
Tier 1	Expansion - Frail	19-20	0.86	\$ 18.37	\$ 19.46
Tier 1	Expansion - QHP	19-20	0.92	\$ 10.61	\$ 11.23
Tier 1	Medicaid	19-20	0.92	\$ 10.61	\$ 11.23
Tier 1	Expansion - Frail	21-54	0.86	\$ 17.53	\$ 18.57
Tier 1	Expansion - QHP	21-54	0.92	\$ 9.83	\$ 10.40
Tier 1	Medicaid	21-54	0.92	\$ 9.83	\$ 10.40
Tier 1	Expansion - Frail	55-64	0.86	\$ 12.98	\$ 13.75
Tier 1	Expansion - QHP	55-64	0.92	\$ 5.81	\$ 6.15
Tier 1	Medicaid	55-64	0.92	\$ 5.81	\$ 6.15
Tier 1	Medicaid	65+	0.92	\$ 2.73	\$ 2.89

Regional Rates – Tier 2

Tier 2 Rates (Mid-Cost Region)					
Rating Region	Cohort	Age Band	Regional Factor	Regional LB	Regional UB
Tier 2	CHIP	0-1	1.00	\$ 2.50	\$ 2.67
Tier 2	Medicaid	0-1	1.00	\$ 0.31	\$ 0.33
Tier 2	CHIP	2-5	1.00	\$ 20.37	\$ 21.89
Tier 2	Medicaid	2-5	1.00	\$ 18.29	\$ 19.63
Tier 2	CHIP	6-18	1.00	\$ 29.60	\$ 31.82
Tier 2	Medicaid	6-18	1.00	\$ 27.85	\$ 29.92
Tier 2	Expansion - Frail	19-20	0.93	\$ 20.06	\$ 21.25
Tier 2	Expansion - QHP	19-20	0.95	\$ 11.01	\$ 11.66
Tier 2	Medicaid	19-20	0.95	\$ 11.01	\$ 11.66
Tier 2	Expansion - Frail	21-54	0.93	\$ 19.14	\$ 20.28
Tier 2	Expansion - QHP	21-54	0.95	\$ 10.20	\$ 10.80
Tier 2	Medicaid	21-54	0.95	\$ 10.20	\$ 10.80
Tier 2	Expansion - Frail	55-64	0.93	\$ 14.17	\$ 15.02
Tier 2	Expansion - QHP	55-64	0.95	\$ 6.03	\$ 6.38
Tier 2	Medicaid	55-64	0.95	\$ 6.03	\$ 6.38
Tier 2	Medicaid	65+	0.95	\$ 2.84	\$ 3.00

Regional Rates – Tier 3

Tier 3 Rates (High Cost Region)					
Rating Region	Cohort	Age Band	Regional Factor	Regional LB	Regional UB
Tier 3	CHIP	0-1	1.12	\$ 2.82	\$ 3.01
Tier 3	Medicaid	0-1	1.12	\$ 0.35	\$ 0.38
Tier 3	CHIP	2-5	1.12	\$ 22.99	\$ 24.71
Tier 3	Medicaid	2-5	1.12	\$ 20.64	\$ 22.17
Tier 3	CHIP	6-18	1.12	\$ 33.41	\$ 35.92
Tier 3	Medicaid	6-18	1.12	\$ 31.44	\$ 33.78
Tier 3	Expansion - Frail	19-20	1.20	\$ 25.78	\$ 27.31
Tier 3	Expansion - QHP	19-20	1.13	\$ 13.00	\$ 13.77
Tier 3	Medicaid	19-20	1.13	\$ 13.00	\$ 13.77
Tier 3	Expansion - Frail	21-54	1.20	\$ 24.60	\$ 26.07
Tier 3	Expansion - QHP	21-54	1.13	\$ 12.04	\$ 12.75
Tier 3	Medicaid	21-54	1.13	\$ 12.04	\$ 12.75
Tier 3	Expansion - Frail	55-64	1.20	\$ 18.21	\$ 19.30
Tier 3	Expansion - QHP	55-64	1.13	\$ 7.12	\$ 7.53
Tier 3	Medicaid	55-64	1.13	\$ 7.12	\$ 7.53
Tier 3	Medicaid	65+	1.13	\$ 3.35	\$ 3.54

Next Steps

- Revise rates in Summer. Allows for:
 - Any policy updates to be incorporated
 - CHIP population identification logic to be refined
 - More recent data to be used, decreasing the impact of trend
 - HIPF load added in as appropriate
 - State Premium Tax to be added in as appropriate

Questions
