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Government Human Services Consulting

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Florida Managed Care Rates – Reform Areas

Contract Year beginning September 1,
2010

Nicholas J. Simmons, FIA, FSA,
MAAA,

Services provided by Mercer Health & Benefits LLC.



Data Sources

Main Children & Families and SSI – No Medicare Rate cells

- Rx Drugs: 100% Encounters
- All Other: 50% FFS / 50% Financial Reporting

Dual Eligibles, HIV/AIDS, CMS Children, Maternity Kick payments

- 100% FFS

All Data sources are subject to various adjustments as described later.



Specifics of Data Sources

Region 4 – Reform

- FFS: Main Data Cells
 - FFS data from Non Reform Counties
 - PSN data from Reform Counties
- FFS: Special Data Cells
 - FFS data from non-reform Counties
 - PSN data from Reform Counties
- Financial:
 - HMO Financial templates
 - PSN FFS data from Reform counties



Specifics of Data Sources

Region 10

- FFS: Main data Cells
 - FFS data from Reform
 - PSN data from Reform
- FFS: Special Data Cells
 - FFS data from Reform
 - PSN data from Reform
- Financial:
 - HMO Financial templates
 - PSN FFS data from reform



Key Adjustments

- FFS Data Sources (non-PSN)
 - Remove retroactive claims
 - Adjust main data cells for risk score differences
 - Utilization and Unit Price adjustments for managed care by category of service with some differences by rate cells and populations
- PSN Data Sources
 - Risk score differences (HMO/PSN versus just PSNs)
 - Unit Price adjustments
- Financial Sources
 - Risk score differences (HMO/PSN versus just HMOs)
 - Unit Price adjustments
 - Reallocation of some subcapitated items across rate cells



Key Adjustments

- All Sources
 - Completion factors
 - Trends
 - Explicit load for administration and underwriting gain



Risk Score Adjustments

- Some Region 4 FFS data comes from non-reform counties.
 - Non-reform and reform have different risk characteristics.
- Some Region 10 FFS data comes from residual FFS population
 - Appears to have different risk characteristics
- Rates must be appropriate for HMO/PSN aggregate
 - All HMO-specific and PSN-specific data needs adjustment
- Used Risk scores calculated using Medicaid Rx from risk adjustment process, normalized where appropriate for impact of rate structure
 - Snapshot as of July 1, 2009

Utilization and Price Factors

- Compared to FFS, managed care typically reduces utilization
 - Varies by category of service, some categories increase
 - Varies by rate cell: maternity and newborn services can't change as much as other cells
 - PSNs data is not adjusted for utilization because it is “managed”
- Based on encounter data, some HMOs (not all) are contracting at higher rates than Medicaid FFS
 - Varies by region, HMO, provider and provider type



Trend Factors

- For many services, choice of trend was informed by AHCA's detailed analysis for budget purposes
- Some modifications, both upwards and downwards
- Special analysis of inpatient and outpatient hospital rates
 - Impact of “exempt” and “buy back” rates varies by Region
 - Examined mix of hospitals used by the HMOs
 - Examined changes in hospital-specific rates by semester through first half of 2010
 - Many reform area hospitals had already reached caps by FY 2009
 - Latest data average fee appeared to be slightly less than for FY 2009
 - The Agency has been authorized to establish a TAP and develop a methodology to address exemptions and buy back area variations
- Fee schedule is effectively frozen short term for inpatient, outpatient, and clinic providers

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