

DHHS, Office of Medicaid  
Agg 047 Div III Follow-up  
3/13/17

Attachment A



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March 13, 2017

Ms. Deborah H. Fournier, Esq.  
Medicaid Director  
NH Department of Health and Human Services  
129 Pleasant Street  
Concord, NH 03301

**Re: Responses to House Finance - Division III Requests – Version 2**

Dear Deb,

At your request, we are providing the New Hampshire Department of Health and Human Services (DHHS) with a letter addressing additional requests from House Finance – Division III. These requests include:

- Summary of optional service users and related costs
- Estimate of future population case mix

This letter addresses these two topics and the details supporting our responses.

**SUMMARY OF OPTIONAL SERVICE USERS AND RELATED COSTS**

We estimated the number of Medicaid enrollees who use certain optional services during SFY 2016. We excluded the Medicaid expansion (NHHPP) population. This analysis reflects the most recent MCO encounter data for SFY 2016 as well as FFS data for Step 2 services such as home and community based services (HCBS).

We provided information for the optional services that can be reasonably identified in the data. There are some optional benefits (e.g., "other diagnostic, screening, preventive, and rehabilitative services") that we could not evaluate at this time given the vague description of the benefit. It is possible that using a more precise definition of optional services would produce a different result.

There are additional issues to consider related to any discussion about removing optional Medicaid services. Early and Periodic Screening, Diagnostic, and Treatment (EPSDT) requirements may limit the extent to which DHHS can exclude optional services for children under the age of 21. Additionally, the removal of certain services may create unmet needs (i.e., CMHC and psychiatric services) or may increase the use of other covered services (i.e., the removal of prescription drugs may increase ER and inpatient service usage).

Table 1 below shows the number of enrollees receiving each service during SFY 2016, separated by children (less than 21 years old) and adult (age 21 and older). We included MCM enrollees and FFS Medicaid beneficiaries in our analysis. This table also includes the aggregate SFY 2016 costs for these services. The costs represent the amount paid to providers and do not include the administrative allowance or MCO risk margin for services provided in the MCM program.

Table 1  
New Hampshire Department of Health and Human Services  
Summary of Optional Medicaid Services - SFY 2016  
Medicaid Enrollees Receiving Services

	Unique Utilizers			Service Costs		
	Child	Adult	Total	Child	Adult	Total
Adult Day Care	3	246	249	<\$1,000	\$1,185,000	\$1,185,000
CMHC	9,005	9,639	18,644	37,873,000	39,978,400	77,851,400
Dental	61,395	4,614	66,009	23,780,000	1,443,000	25,223,000
Eyeglasses	10,780	7,318	18,098	153,000	134,000	287,000
HCBS	5,095	8,326	13,421	20,154,000	289,886,000	310,040,000
IP Drug and Alcohol Abuse	6	99	105	32,000	304,000	336,000
IP Psychiatric	576	N/A	576	8,516,000	N/A	8,516,000
Opioid Treatment	16	1,637	1,653	26,000	3,790,000	3,816,000
Personal Care	5	184	189	82,000	6,959,000	7,041,000
Preventive Medicine	58,516	11,863	70,379	5,842,000	1,569,000	7,411,000
Prosthetics	3,218	2,962	6,180	949,000	806,000	1,755,000
PT/OT/ST	6,434	6,013	12,447	6,233,000	2,527,000	8,760,000
Prescription Drugs	65,711	34,182	99,893	\$53,242,000	\$68,501,000	121,743,000

## ESTIMATE OF FUTURE POPULATION CASE MIX

A review of recent MCM enrollment patterns shows a slight decline in the number of total beneficiaries served. As DHHS works with the state legislature on developing the SFY 2018 and SFY 2019 MCM program budgets, it is important to consider the total expected MCM enrollees as well as the mix among rate cells. Exhibit 1 contains the total member months for July 2016, and our estimated enrollment for SFY 2018 and SFY 2019 by MCM rate cell.

In addition to member months, this exhibit shows the resulting aggregate PMPM and estimated annual expenditure to measure the impact of the rate cell mix. Specifically, the \$355.22 estimated in our preliminary draft rates with July 2016 membership becomes \$352.93 and \$352.12 using the estimated SFY 2018 and SFY 2019 membership, respectively. Additionally, the total expenditure becomes \$535 million and \$530 million for SFY 2018 and SFY 2019, respectively from the estimated \$549 million using July 2016 enrollment. **Please note, this does not take into account future utilization, cost trends or other policy or legislative changes from SFY 2018 to SFY 2019.**

We developed these estimates by reviewing historical MCM program enrollment figures at the rate cell level. Our analysis covers MCM members enrolled in an MCO and the FFS opt-out population. While we reviewed historical enrollment patterns, it is important to understand external economic factors often drive Medicaid enrollment levels. For example, more individuals are likely to be eligible for Medicaid in a struggling economy than in a thriving economy. As such, enrollment changes often coincide with changes in economic stability. **We did not review historical economic conditions or attempt to estimate future economic conditions in our analysis.**



Ms. Deborah H. Fournier  
NH Department of Health and Human Services  
March 13, 2017  
Page 3 of 3

#### CAVEATS AND LIMITATIONS ON USE

This letter is designed to assist DHHS with responding to requests from House Finance – Division III related to the New Hampshire Medicaid program. This information may not be appropriate, and should not be used, for other purposes.

The information contained in this letter has been prepared for DHHS. To the extent that the information contained in this letter is provided to third parties, this letter should be distributed in its entirety. Any user of this information must possess a certain level of expertise in actuarial science and healthcare modeling so as not to misinterpret the information presented.

In preparing this information, we relied on information provided by DHHS and the MCOs. We have not audited this data and other information. If the underlying data or information is inaccurate or incomplete, the results of our analysis may likewise be inaccurate or incomplete. We performed a limited review of the data used directly in our analysis for reasonableness and consistency and have not found material defects in the data. If there are material defects in the data, it is possible that they would be uncovered by a detailed, systematic review and comparison of the data to search for data values that are questionable or for relationships that are materially inconsistent. Such a review was beyond the scope of our assignment.

Milliman makes no representations or warranties regarding the contents of this letter to third parties. Likewise, third parties are instructed that they are to place no reliance upon this letter prepared for DHHS by Milliman that would result in the creation of any duty or liability under any theory of law by Milliman or its employees to third parties. Other parties receiving this letter must rely upon their own experts in drawing conclusions about the information presented.

Guidelines issued by the American Academy of Actuaries require actuaries to include their professional qualifications in all actuarial communications. I am a member of the American Academy of Actuaries, and I meet the qualification standards for performing the analyses in this report.

The terms of Milliman's contract with DHHS dated November 16, 2012 apply to this letter and its use.



Please call John Meerschaert, Greg Herrle, or me at (262) 784-2250 if you have any questions.

Sincerely,

A handwritten signature in black ink that reads "Mathieu Doucet".

Mathieu Doucet, FSA, MAAA  
Consulting Actuary

MD/laa



## EXHIBIT

**Exhibit 1**  
**New Hampshire Department of Health and Human Services**  
**Medicaid Care Management Program**  
**Summary of Projected Enrollment Levels**  
**Average Annual Member Count**

<b>Eligibility Category</b>	<b>Draft SFY 2018 MCM Capitation Rates</b>	<b>July 2016</b>	<b>SFY 2018</b>	<b>SFY 2019*</b>
Low Income Children - Age 2-11 Months	\$223.08	4,590	4,414	4,386
Low Income Children - Age 1-18 Years	136.14	76,141	74,943	74,548
Low Income Adults	408.19	12,115	11,104	10,747
Foster Care / Adoption	291.98	1,687	1,685	1,688
Breast and Cervical Cancer Program	1,445.28	126	133	134
Severely Disabled Children	1,223.68	656	622	614
Elderly and Disabled Adults	1,009.20	6,975	6,878	6,859
Dual Eligibles	224.19	5,723	5,576	5,552
Newborn Kick Payment	2,953.24	273	130	103
Maternity Kick Payment	2,945.13	273	201	172
Nursing Facility Residents - Medicaid Only - Age 0-64	\$1,979.69	119	112	110
Nursing Facility Residents - Medicaid Only - Age 65+	1,204.57	83	88	92
Nursing Facility Residents - Dual Eligibles - Age 0-64	214.61	299	296	295
Nursing Facility Residents - Dual Eligibles - Age 65+	72.72	3,276	3,208	3,155
Community Residents - Medicaid Only - Age 0-64	2,977.52	295	323	337
Community Residents - Medicaid Only - Age 65+	1,321.93	151	152	153
Community Residents - Dual Eligibles - Age 0-64	1,176.93	752	716	701
Community Residents - Dual Eligibles - Age 65+	367.04	1,502	1,515	1,516
Developmentally Disabled - Medicaid Only	948.39	1,294	1,287	1,286
Developmentally Disabled - Dual Eligibles	264.75	2,448	2,493	2,512
Developmentally Disabled and In-Home Supports Children	1,292.26	1,228	1,130	1,090
Acquired Brain Disorder - Medicaid Only	1,202.62	52	52	52
Acquired Brain Disorder - Dual Eligibles	292.16	182	195	201
Severe/Persistent Mental Illness - Medicaid Only	\$2,209.82	1,091	1,153	1,166
Severe/Persistent Mental Illness - Dual Eligibles	1,650.29	1,184	1,233	1,228
Severe Mental Illness - Medicaid Only	1,568.79	832	795	762
Severe Mental Illness - Dual Eligibles	1,017.60	271	240	218
Low Utilizer - Medicaid Only	1,382.45	94	89	86
Low Utilizer - Dual Eligibles	487.22	125	118	111
Serious Emotionally Disturbed Child	923.65	5,600	5,804	5,886
<b>Total</b>		<b>128,890</b>	<b>126,354</b>	<b>125,486</b>
<b>Composite PMPM</b>		<b>355.22</b>	<b>352.93</b>	<b>352.12</b>
<b>Implied Case Mix Change</b>			<b>-0.6%</b>	<b>-0.2%</b>
<b>Estimated Annual Spending</b>		<b>549,406,161</b>	<b>535,126,500</b>	<b>530,232,180</b>
<b>Change in Estimated Annual Spending</b>			<b>-2.0%</b>	<b>-0.7%</b>

\*The estimated spending for SFY 2019 does not take into account future utilization and cost trends or other policy or legislative changes from SFY 2018 to SFY 2019.

