



Nevada Managed Care Dental Program

CY 2022 Rate Development Methodology

Nevada Division of Health Care Financing and Policy

May 13, 2021

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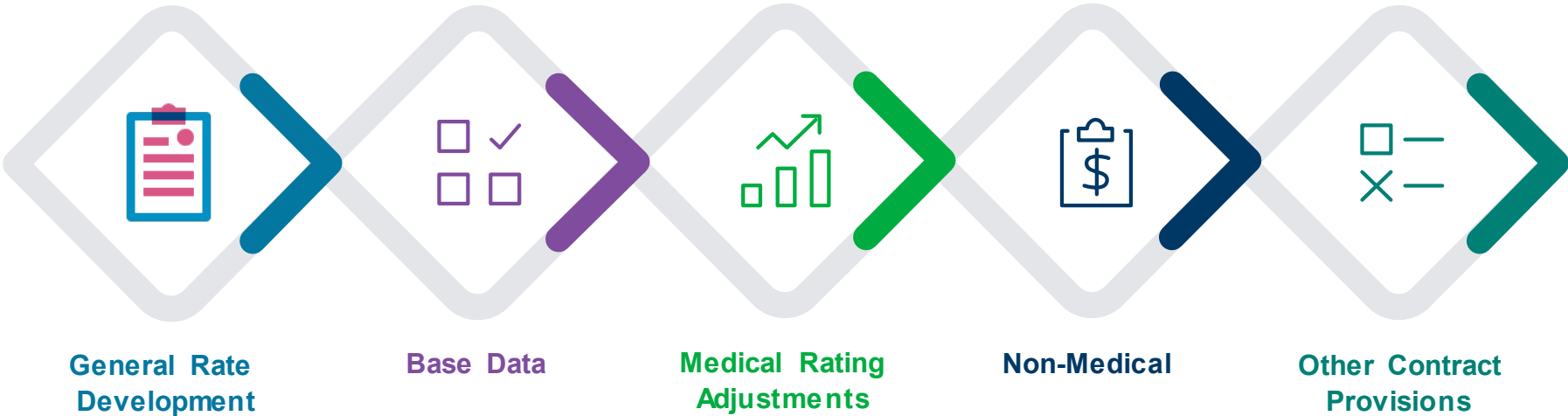
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Agenda

- 01 General Rate Development
- 02 Base Data
- 03 Medical Rating Adjustments
- 04 Non-Medical
- 05 Other Contract Provisions

CY 2022 Rate Development Methodology



CY 2022 Rate Development Methodology
General Rate Development



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General Rate Development



General Rate Development

Actuarial Rate-Setting Process



Key Stakeholders		
Medicaid Agency	Health Plans	CMS

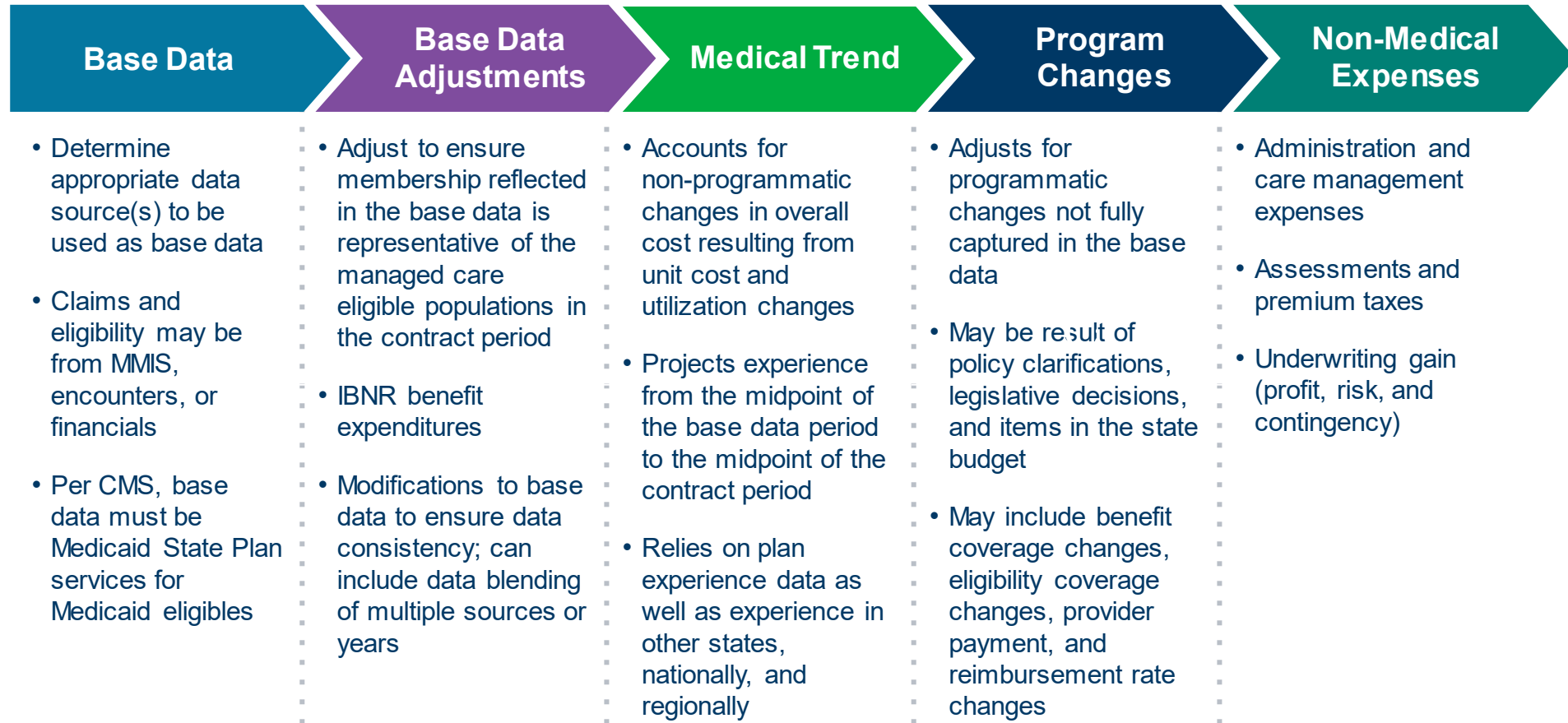
Goals

The goal of states and their actuary when setting Medicaid managed care capitation rates is to create an **appropriate** and **reasonable** reimbursement arrangement between the state and the DBAs for the transfer of risk and the provision of services as required in the managed care contract

Capitation Rates Should...

- Provide for all reasonable, appropriate, and attainable costs for covered services provided to the enrolled population during a specific period
- Promote cost containment and quality health outcomes
- Provide a well-managed plan with the *opportunity* to earn a reasonable profit
- Ensure tax dollars are being spent efficiently and effectively

General Rate Development Components



General Rate Development

Nevada Rate Structure



18 Rate Cells

TANF/CHAP

- Under 1
- Child 1–2
- Child 3–14
- Female 15–18
- Male 15–18
- Female 19–34
- Male 19–34
- Female 35 and Over
- Male 35 and Over

Check Up

- Under 1
- Child 1–2
- Child 3–14
- Female 15–18
- Male 15–18

Expansion

- Female 19–34
- Male 19–34
- Female 35 and Over
- Male 35 and Over

CY 2022 Rate Development Methodology
Base Data



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Base Data



Base Data Development



CY 2019 Base Data Development



Base Data Sources

- DBA encounter data reported via MMIS
- DWSS eligibility and DHCFP enrollment



Member Exclusions

- Missing enrollment
- Missing demographics
- Ineligible age/COA
- Per 42 CFR § 438.6(e), exclude experience for adult members for months with 16 or more days at an IMD facility



Excluded & Carved-Out Services

- Orthodontic services
- Value-added services
 - All ages: Caries risk assessment
 - Children: Fluoride varnish at PCP
 - Adults: Oral evaluation, adult prophylaxis, and non-emergency films

Base Data Adjustments



Supplemental Data Sources

■ CY 2019 DBA-reported SDR

Adjustments leverage CY 2021 rate development

Adjustments to Base Data

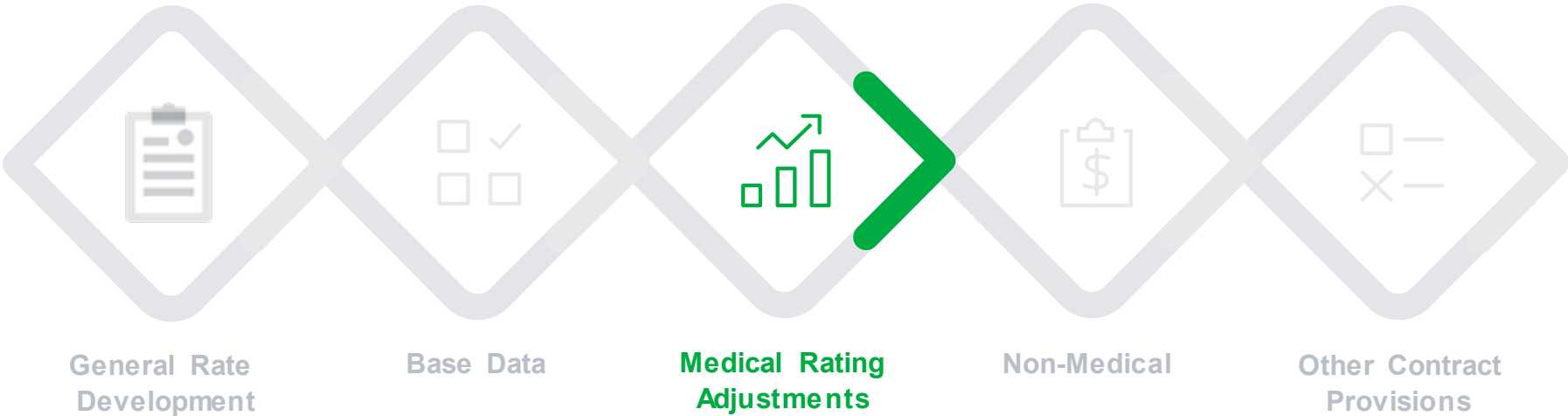
 IBNR	Run-Out: Paid through March 2020 (three months) Development: Paid lag triangles by major service category
 Non-Claims Adjustments	Description: Adjust for net provider overpayments as reported in the SDR

CY 2022 Rate Development Methodology
Medical Rating Adjustments



CY 2022 Rate Development Methodology

Medical Rating Adjustments



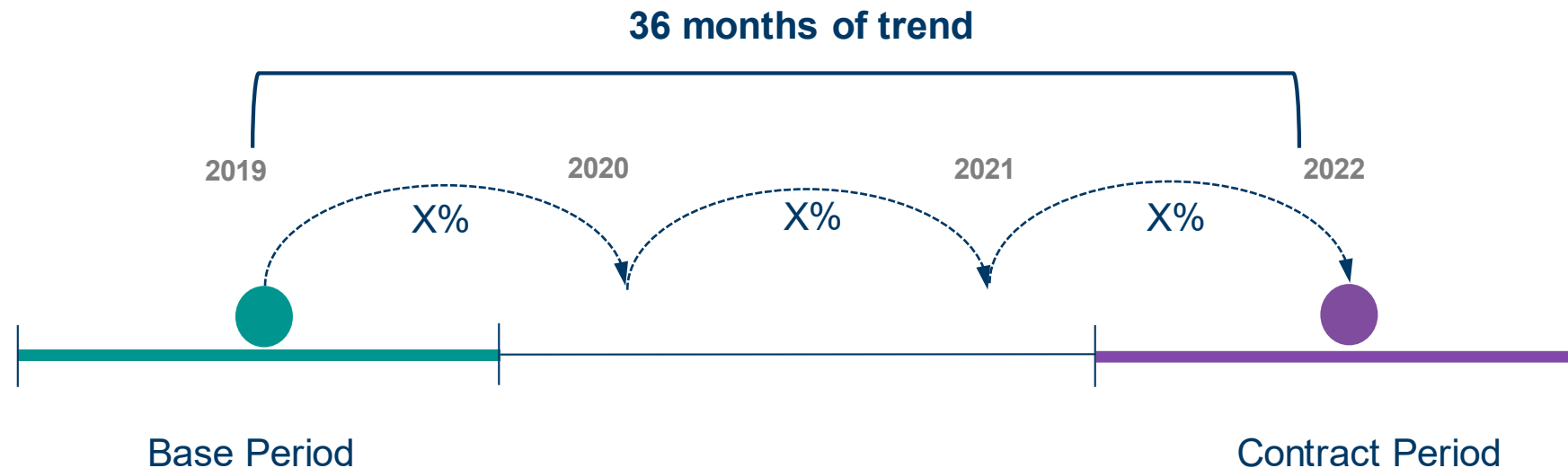


Medical Rating Adjustments

Trend Development Overview

Trend is applied from the midpoint of the base period to the midpoint of the contract period by rate cell and category of service:

- For CY 2022, this will be July 1, 2019 to July 1, 2022
- Trends are expressed as an annualized average rate (X%)
- Considers impact of known programmatic changes adjusted for outside of trend



Medical Rating Adjustments

Medical Trend Considerations



Observed Experience

Historical DBA encounter data trends
DBA supplemental data requests



Market Experience

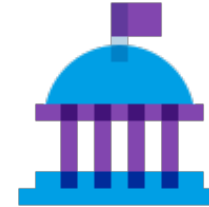
Trends observed in other state Medicaid programs covering similar populations and services

Commercial market experience impacting Medicaid programs



Industry Reports

Healthcare industry reports, such as Health Care Cost Institute



Federal Reports

National Health Expenditures from the Office of the Actuary

Bureau of Labor Statistics Consumer Price Index data



COVID-19 Considerations

Internal modeling and state and national data sources

Upward and downward pressures

Medical Rating Adjustments

Carrying Forward From CY 2021 Rate Development



Assembly Bill 3

- Various fee schedule reductions effective August 15, 2020 pursuant to Assembly Bill 3
- Pending legislative decision, reinstate percentage decreases to applicable encounters in CY 2019 base data



Medical Rating Adjustments

New Program Changes



SMI Population

Change to include SMI population in mandatory managed care. Evaluate impact of carving-in member months and associated service costs for SMI members who will newly enroll in managed care.

Nursing Home Coverage

Change to extend managed care coverage of nursing home stays from 45 days to 180 days. Evaluate impact of continued enrollment from day 46 to 180 for eligible members previously disenrolled from managed care on day 46.

RTC Coverage

Change for members admitted to an RTC to remain in managed care and cover all associated costs. Evaluate the impact of the change in members and services covered.

Legislative Session 81

Evaluate and incorporate policy decisions from the 81st session of the Nevada Legislature, anticipated by May 31, 2021.

Medical Rating Adjustments Credibility



- Apply weighting to rate cells with partial credibility. Full credibility based on 36,000 base data member months.
- Blend manual projected medical cost PMPMs with experience of credible rate cells.
- Check Up manual rates will include a population factor when leveraging TANF/CHAP Child rates.



CY 2022 Rate Development Methodology
Non-Medical



CY 2022 Rate Development Methodology

Non-Medical



Non-Medical Development Overview



Administrative Expenses

- Expected costs of DBAs to administer the program (e.g., DBA staffing, rent, IT systems, provider network, finance, and reporting), as required by the managed care contract

- A small portion of the total capitation rate to make the program a sustainable business venture for the risk-bearing DBAs

- Non-medical load considers applicable taxes and fees (state premium tax)

CY 2022 Rate Development Methodology
Other Contract Provisions



CY 2022 Rate Development Methodology

Other Contract Provisions





Other Contract Provisions

Special Contract Provisions Related to Payment

Remittance on MLR

- State collects remittance in the event a DBA's MLR falls below 85%



Questions?



CY 2022 Rate Development Methodology



General Rate Development

- Actuarial Rate-Setting Process
- Components
- Nevada Rate Structure

Base Data

- Development
- Adjustments

Medical Rating Adjustments

- Trend Development Overview
- Medical Trends Consideration
- Carrying Forward from CY 2021 Rate Development
- New Program Changes
- Credibility

Non-Medical

- Development Overview

Other Contract Provisions

- Special Contract Provisions Related to Payment

Abbreviations and Acronyms

AB3	Nevada Assembly Bill 3	IBNR	Incurred but not reported
CHAP	Child Health Assurance Program	IMD	Institutions for Mental Disease
COA	Category of aid	MLR	Medical loss ratio
COS	Category of service	MMIS	Medicaid management information system
COVID-19	Coronavirus Disease 2019	PCP	Primary care practitioner
DBA	Dental Benefits Administrator	PMPM	Per member per month
DHCFP	Division of Health Care Financing and Policy	RTC	Residential treatment center
DWSS	Division of Welfare and Supportive Services	SDR	Supplemental Data Request
FFS	Fee for service	SMI	Serious mental illness
		TANF	Temporary Assistance for Needy Families

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