MILLIMAN REPORT

# 1115 Waiver – Maternal Opioid Misuse Indiana Initiative

## Budget Neutrality

## Expenditure authority to extend postpartum coverage for women with OUD

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# Executive Summary

Milliman has been retained by the State of Indiana (the State), Family and Social Services Administration (FSSA) to develop budget neutrality projections for the Maternal Opioid Misuse Indiana Initiative (MOMII) Section 1115 Research and Development Waiver application. Through this application, the State of Indiana is requesting expenditure authority for the extension of postpartum health care coverage for women with opioid use disorder (OUD) with income at or below 213% of the federal poverty level (FPL). The current state plan authority provides coverage for the first 60 days postpartum. This 1115 waiver application is requesting the extension of postpartum coverage from 60 days to one full year for mothers with OUD, effective July 1, 2021. The services that would be offered to the affected population are currently covered under state plan authority.

This Section 1115 waiver application contains two different Medicaid eligibility groups (MEGs): 1) managed care recipients; 2) fee-for-service recipients. The State is proposing to consider the expenditures covered by this 1115 waiver application as "hypothetical" for budget neutrality purposes.

The State would like to maintain pregnant women in their current enrollment category for the remainder of the twelve-month postpartum period.

The MOMII grant will provide additional access to health care and enhanced care coordination to reduce morbidity and mortality for OUD mothers following the arrival of their newborn child, when they are most medically vulnerable. Specifically, we expect the enhanced care coordination will result in:

- Fewer Medicaid postpartum overdose-related hospitalizations;
- Increased access to long-acting reversible contraception resulting in more time between pregnancies ("birth spacing");
- and potentially reduced state child services (DCS) costs by enrolling more mothers in medication-assisted treatment (MAT) and retaining custody of their child.

Figure 1 below illustrates the projected enrollment and expenditures by waiver year. The demonstration year for this waiver is assumed to be on a calendar year basis.

**FIGURE 1: PROJECTED ENROLLMENT AND EXPENDITURES BY MEG**

| MEG | Member Months | Total PMPM Cost | Total Expenditures |
|---|---|---|---|
| **Managed Care** | | | |
| 2021 | 985 | $ 793.42 | $ 781,518 |
| 2022 | 1,970 | 817.22 | 1,609,927 |
| 2023 | 1,970 | 841.74 | 1,658,225 |
| 2024 | 1,970 | 866.99 | 1,707,971 |
| 2025 | 1,970 | 893.00 | 1,759,210 |
| **Fee-For-Service** | | | |
| 2021 | 130 | $ 1,082.09 | $ 140,130 |
| 2022 | 259 | 1,114.55 | 288,668 |
| 2023 | 259 | 1,147.98 | 297,328 |
| 2024 | 259 | 1,182.42 | 306,248 |
| 2025 | 259 | 1,217.90 | 315,435 |

Notes:
Effective July 1, 2021
Using trended CY 2020 capitation rates for managed care programs.
FFS claims experience has been adjusted to reflect current reimbursement level and trend.

The remainder of this document provides additional detail on the data, assumptions, and methodology.

# Data, assumptions, and methodology

### DATA

Projected member months and expenditures were estimated based on enrollment and claims data reported through the state of Indiana's Enterprise Data Warehouse (EDW), and originally provided by the fiscal agent. Enrollment and claim expenditures data reflect services incurred from calendar years 2015 through 2019, and reported as of May 29, 2020.

### IDENTIFYING POSTPARTUM WOMEN WITH OUD

Postpartum women were identified by claims data containing a physician delivery procedure code or one of the following diagnosis codes:

- O80.00 through O82.99 or
- Z37.00 through Z37.99

The subset of postpartum women with an OUD had one of the following diagnosis codes on a claim incurred within the nine months prior to delivery:

- F11.00 through F11.99 or
- Z79.891

### ESTIMATING ADDITIONAL ELIGIBILITY TO BE COVERED UNDER THE WAIVER

Currently, Medicaid coverage for pregnant women extends to 60 days postpartum, at which time Medicaid eligibility is reevaluated. As the income threshold for pregnant women is higher than for non-pregnant women (generally 213% FPL compared with 138% FPL), some women lost Medicaid coverage at 60 days postpartum. To estimate the additional eligibility to be covered under the 1115 waiver, projected members months represent the difference between the 12 months of postpartum coverage proposed in this 1115 waiver application, and the actual months of coverage observed for mothers with an OUD diagnosis. Recipients who died, moved out-of-state, or voluntarily withdrew within twelve months postpartum were excluded from the experience data analysis.

Recipients have been stratified based on their eligibility category on the last month of enrollment before termination of coverage. For example, those enrolled in the Healthy Indiana Plan are projected to remain enrolled in the Healthy Indiana Plan, and those enrolled in Hoosier Care Connect (for disabled members) are expected to remain in that program. Those who were enrolled in fee-for-service when they lost eligibility, most of whom are dual eligible or not eligible for full state plan Medicaid benefits, are projected to remain in fee-for-service.

### ESTIMATING PMPM COST

To estimate the per member per month (PMPM) cost for the additional eligibility, historical costs were summarized for postpartum women with OUD who remained Medicaid eligible during the 12 months after the birth, generally using costs from three to twelve months postpartum. Costs were stratified by eligibility category.

### MANAGED CARE PROJECTIONS

Expenditures for managed care enrollees consist of three components: capitation payments, services administered under the FFS delivery system, and enhanced care coordination.

#### Capitation payments

Capitation payments were calculated for each member based on their managed care program. Projections for members in the Health Indiana Plan (HIP) and Hoosier Healthwise (HHW) programs utilize the pregnant women capitation rates for each program, respectively. Projections for members in the Hoosier Care Connect (HCC) program are expected to receive the non-dual adult capitation rate as the program does not have a separate capitation rate for pregnant women.

#### Services administered under FFS

While capitation payments represent the majority of expenditures for the managed care population, there are some services carved out of managed care that are administered via the fee for service delivery system that also must be included. Examples of these carve-outs include Medicaid Rehabilitation Option (MRO) services and certain high-cost drugs, such as Hepatitis C therapies.

### Enhanced care coordination

Capitation payments already include a base level of care coordination funding of approximately $40 PMPM. Based on experience from the MOMentum pilot program, and additional $80 (for a total of $120 PMPM) has been added to provide sufficient funds for outreach and support.

The three components above were summed to develop the comprehensive total cost for this MEG.

### FEE-FOR-SERVICE PROJECTIONS

Fee-for-service PMPM costs reflect the average fee for service PMPM costs for women with OUD during postpartum months three through twelve. These PMPMs are based on CY 2019 incurred claim expenditures data paid and reported to the EDW as of May 29, 2020. Claims expenditures have been adjusted to reflect current reimbursement levels. FFS claims experience was not adjusted for completion as it is not expected to have a material impact on the results.

In addition to the benefits provided via fee-for-service, some fee-for-service enrollees receive non-emergency medical transportation (NEMT) services through a capitated arrangement. There are four different rate cells for NEMT recipients. To develop a composite capitated PMPM for fee-for-service enrollees, the capitation rates for the four rate cells have been blended together based on the proportion of projected enrollment in each rate cell.

To provide for enhanced care coordination, $120 PMPM was added to historical claims expenditures.

### OTHER ASSUMPTIONS

Other assumptions used to develop projected member months and expenditures associated with eligibility extension for postpartum women with OUD are described below:

- A 0.0% enrollment trend was applied to CY 2019 experience to project member months in the managed care and fee for service MEGs
- Member months for CY 2021 were multiplied by 50%, reflecting the midyear July 1, 2021 effective date
- A PMPM cost trend of 3.0% was used to project expenditures

Figure 2 below illustrates the development of the total PMPM costs, for mothers with OUD, for coverage of postpartum months three through twelve by MEG.

**FIGURE 2: CY 2021 PMPM CALCULATION**

| | Managed Care | Fee-For-Service |
|---|---|---|
| CY 2019 FFS PMPM[1] | $ 144.72 | $ 904.69 |
| CY 2020 Capitated PMPM Cost | 543.58 | 2.23 |
| PMPM Trend | 3.0% | 3.0% |
| Trended CY 2021 PMPM Cost | $ 713.42 | $ 962.09 |
| Enhanced Care Coordination | 80.00 | 120.00 |
| **CY 2021 Total PMPM Cost** | **$ 793.42** | **$ 1,082.09** |

Notes:
[1] The CY 2019 FFS PMPM has been adjusted to reflect current reimbursement levels
The demonstration year for this waiver will be on calendar year basis.
Two years of trend was applied to the CY 2019 FFS cost and one year of trend was applied to the capitated costs.

# Limitations

The information contained in this report has been prepared for the state of Indiana, Family and Social Services Administration (FSSA) to assist with the development of budget neutrality documentation needed to secure Section 1115 expenditure authority for extension of eligibility for postpartum women with OUD. The documentation in this report supports the 1115 waiver submission to the Centers for Medicaid and Medicare Services (CMS). The data and information presented may not be appropriate for any other purpose.

It is our understanding that the information contained in this report may be utilized in a public document. To the extent that the information contained in this correspondence is provided to any third parties, the correspondence should be distributed in its entirety. Any user of the data must possess a certain level of expertise in actuarial science and healthcare modeling so as not to misinterpret the information presented.

Milliman makes no representations or warranties regarding the contents of this correspondence to third parties. Likewise, third parties are instructed that they are to place no reliance upon this correspondence prepared for FSSA 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.

Milliman has relied upon certain data and information provided by the state of Indiana, Family and Social Services Administration and their vendors. The values presented in this letter are dependent upon this reliance. To the extent that the data was not complete or was inaccurate, the values presented in our report will need to be reviewed for consistency and revised to meet any revised data.

Differences between projections documented in this report and actual amounts depend on the extent to which future experience conforms to the assumptions made for this analysis. It is certain that actual experience will not emerge exactly as projected.

The services provided for this project were performed under the signed Consulting Services Agreement between Milliman and FSSA approved December 5, 2018.

Guidelines issued by the American Academy of Actuaries require actuaries to include their professional qualifications in all actuarial communications. The authors of this report are members of the American Academy of Actuaries, and meet the qualification standards for performing the analyses in this report.

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