

State of Indiana Family and Social Services Administration NEMT Rate Development - July 2015 to June 2016 Experience Capitation Rate Development Composite										
Population	Total Expenditures	Estimated Monthly Enrollment	Benefit Expense PMPM	Completion Adjustment	Trend Adjustment	Food and Lodging Adjustment	Managed Care Adjustment	Adjusted Benefit Expense PMPM	Non-Benefit Expense	Capitation Rate
<b>Fee for Service</b>										
Nursing Home and Waiver PD	\$ 10,728,934	42,230	\$ 21.17	1.0294	1.0404	1.0141	0.7626	\$ 17.54	\$ 3.09	\$ 20.63
Other Institutional, Waiver DD, and Full Duals	13,252,808	107,372	10.29	1.0189	1.0404	1.0141	0.4896	5.41	0.96	6.37
Non Duals	867,613	50,182	1.44	1.0559	1.0404	1.0141	0.6310	1.01	0.18	1.19
Retro Population	132,604	59,787	0.18	1.1025	1.0404	1.0141	0.6310	0.14	0.02	0.16
<b>Total Fee for service</b>	<b>\$ 24,981,959</b>	<b>259,571</b>	<b>\$ 8.02</b>	<b>\$ 8.22</b>	<b>\$ 8.55</b>	<b>\$ 8.68</b>	<b>\$ 5.32</b>	<b>\$ 5.32</b>	<b>\$ 0.94</b>	<b>\$ 6.26</b>

## METHODOLOGY

### A. Covered populations

Non-Emergency Medical Transportation (NEMT) services are provided to Indiana's Medicaid fee-for-service (FFS) populations. Summaries exclude those not eligible for NEMT services: Family Planning enrollees, those eligible for Emergency Services Only, and Medicare enrollees with partial Medicaid eligibility.

The following rate four groups have been established for the NEMT rate development:

- **Waivers Physically Disabled and Nursing Home:** This rate cell includes the Nursing Home, Aged and Disabled Waiver, Money Follow the Person Waiver, and Traumatic Brain Injury waiver populations.
- **Other Institutional, Waiver Developmentally Disabled, and Full Duals:** This rate cell includes the Hospice, ICF/IID, PRTF Facility, Family Supports Waiver, Community Integration and Habilitation Waiver, PRTF Grant, Dual ABD, AMHH 1915(i), and BPHC 1915(i) populations.
- **Non-Duals:** This rate cell includes the Non-Dual Adult, Children, and Fosters populations as well as Limited Benefit and CMHW 1915(i).
- **Retro Population:** This rate cell includes the retroactive eligibility periods for Adults, Pregnant Females, Children, and CHIP populations.

### B. Data

The data used to develop the NEMT capitation rates reflects eligibility and claims incurred from June 1, 2015 through July 31, 2016 (state fiscal year (SFY) 2016) with claims run-out through October 14, 2016. The primary data sources used in the development of the NEMT rates are the following:

- Historical enrollment and eligibility file
- Fee-for-service claims data

### C. Rate Adjustments

The NEMT capitation rates were developed from SFY 2016 data. The primary adjustments include completion adjustments, trend adjustments, managed care adjustments, and other program adjustments.

#### Completion adjustment

Completion adjustments for our FFS rate cells were developed using eligibility and NEMT service expenditures for the covered populations from January 2014 to October 2016.

Claim completion factors were developed for each month and rate cell of the base experience period, based on historical completion patterns. The monthly completion factors were applied to the SFY 2016 monthly experience to estimate the incurred but not paid claims for SFY 2016. Results were aggregated into annual completion factors for SFY 2016 by rate cell.

#### Food and Lodging adjustment

CMS has noted that OMPP must provide coverage and reimbursement for food and lodging associated with medically necessary non-emergency transportation services. The NEMT contract states that trips greater than 50 miles (100 miles round-trip) are eligible for food and lodging. In our rate development, we assumed enrollees would utilize the food and lodging per diem on approximately 25% of trips from 50 to 99 miles away, on 75% of trips between 100 and 199 miles away, and on all trips of 200 miles or more (one way).

#### Managed care efficiency adjustments

We included two managed Care adjustments in our NEMT rate development: trips to nowhere and billing the wrong distance.

**Trips to Nowhere** – This analysis identified NEMT services that did not have a corresponding medical claim submitted when the NEMT services were incurred. Examples of these trips include transportation providers billing for services that never occurred or providing trips to non-covered services (trips to the pharmacy or grocery store).

**Billing Wrong Distance** – This analysis identified NEMT claims where the mileage billed on the claim was greater than the distance actually traveled (based on the information provided on the claim).

#### Trend adjustments

We applied a trend adjustment to the NEMT experience; we utilized a trend rate of 2% to trend the experience from the midpoint of the base experience (January 1, 2016) to the midpoint of the rating period (January 1, 2018).

## LIMITATIONS

The information contained in this report has been prepared for the State of Indiana, Family and Social Services Administration (FSSA) to provide documentation of the development of the SFY 2018 actuarially sound NEMT capitation rates for the fee-for-service (FFS) populations. The data and information presented may not be appropriate for any other purpose.

It is our understanding that the information contained in this letter may be utilized in a public document. Any distribution of the information should be 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, primarily the managed care encounter data reported to FSSA and provided to Milliman by HP. 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.

It should be emphasized that capitation rates are a projection of future costs based on a set of assumptions. Results will differ if actual experience is different from the assumptions contained in this report.

The services provided for this project were performed under the signed Consulting Services Agreement between Milliman and FSSA approved May 14, 2010, and last amended December 16, 2015.

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