

# Preliminary NEMT capitation rates - July 2024 to June 2025

State of Indiana  
Family and Social Services Administration

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# Agenda

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**General Information**



**Scenarios**



**Data and Adjustments**



**Non-Benefit Costs**



**Capitation Rates and Fiscal Impact**



**Risk Mitigation and Withholds**

## General Information

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- Provide non-emergency medical transportation (NEMT) services to Indiana Medicaid beneficiaries who are not enrolled in comprehensive managed care.
- Benefits covered under the NEMT program include:
  - Non-emergency ambulance transportation
  - Wheelchair van transportation
  - Commercial or taxi transportation
  - Public transit
  - Gas and mileage reimbursement
  - Food and lodging as needed
- Extra costs covered by the NEMT program include:
  - Attendant/escort reimbursement
  - Waiting Time

## General Information (cont.)

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- Covered Populations (current program)
  - Nursing home, hospice, and waiver enrollees with physical disabilities
  - Other institutional, waiver enrollees with intellectual disabilities, and Full Duals
  - Foster children and other non-dual disabled members
  - Low-income family members
- Population definitions may change due to program policy changes, as outlined in scenarios included in preliminary rates

# Potential Policy Changes – Three Scenarios

## ■ Three scenarios

### 1. Base scenario

- All NEMT eligible members under current population definitions

### 2. MLTSS excluded scenario

- The state expects to launch a comprehensive managed long-term services and supports (MLTSS) program in early CY 2024. All members who will qualify for this program will no longer be eligible for NEMT managed care program

### 3. All NF excluded scenario

- MLTSS eligible members are still excluded
- The state is considering a policy change that would make providing NEMT services the responsibility of nursing facilities for their residents. If this policy were to be enacted, these additional members would also no longer be eligible for the NEMT managed care program
- Currently, RFP evaluation such as calculation of minority/women/veteran business subcontract commitments will be done on the basis of this scenario, although the state reserves the right to change this guidance

RATE CELL	PROJECTED MEMBER MONTHS		
	BASE	MLTSS EXCLUDED	ALL NF EXCLUDED
Nursing Home and Waiver PD	881,989	181,528	141,719
Other Institutional, Waiver ID, and Full Duals	1,739,372	1,061,436	1,060,973
Foster and Other Non-Dual Disabled	391,710	390,415	390,273
Low-Income Family	531,286	531,286	531,286
<b>Total</b>	<b>3,544,357</b>	<b>2,164,664</b>	<b>2,124,251</b>

## Preliminary Rate Purpose

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- Although preliminary rates are shared in this presentation, it is anticipated these will be updated in early CY 2024 to reflect more recent information
- Intent is to outline the methodology that will be used in rate development
- Anticipated future adjustments (not a comprehensive list):
  - Refresh base data with more recent experience
  - Adjust trend and morbidity assumptions accordingly
  - Implement any program policy changes related to covered populations, covered benefits, or other material impacts that would affect reimbursement to providers
  - Other methodology changes appropriate for development of actuarially sound capitation rates

# Capitation Rate Methodology

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Base Data  
Summary and  
Adjustments



Trend Adjustments



Non-benefit costs



Capitation  
Rates

# Data

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- All claims, encounter, and capitation payment data used are stored in the Indiana Medicaid program's Enterprise Data Warehouse (EDW)
- Base data period of **March 1, 2021 to February 28, 2022**
  - 6 months of data runout (Reported through August 31, 2022)
  - Duplicate encounter submissions are excluded and the most recent version of the encounter is used
- Claim completion factors
  - Developed for each month of the base experience period, based on historical completion patterns
  - The composited completion factor for the EDW submitted encounter claims is **1.0048**



# Data Adjustments

- Trend
  - Based on historical and emerging experience, as well as future expectations
  - Impact of COVID-19 on cost and utilization trend
  - From mid-point of base period (September 1, 2021) to mid-point of the rating period (January 1, 2025), or **40 months** of trend
  - Plan to revisit the prospective trend with more recent emerging data prior to beginning of the rating period

CATEGORY OF SERVICE	UTILIZATION PER 1,000	COST PER UNIT	PMPM
Wheelchair van	1.0%	2.5%	3.5%
Ambulance (non-emergency)	1.0%	1.0%	2.0%
Commercial - taxi	0.5%	1.0%	1.5%
Other Commercial	0.0%	5.0%	5.0%
Mileage	1.0%	1.0%	2.0%
Other Add-ons	1.0%	1.0%	2.0%

- Final cap rates may also include adjustments for any program or policies changes that would materially affect the reimbursement paid to providers

# Capitation Rates

## JULY 2024 TO JUNE 2025 CAPITATION RATES - BASE

RATE CELL	PROJECTED MEMBER MONTHS	BASE BENEFIT COST	ADMIN / PROFIT / SURPLUS	CAPITATION RATE
Nursing Home and Waiver PD	881,989	\$ 17.44	\$6.45	\$ 23.90
Other Institutional, Waiver ID, and Full Duals	1,739,372	4.62	1.71	6.33
Foster and Other Non-Dual Disabled	391,710	1.44	0.53	1.97
Low-Income Family	531,286	0.03	0.01	0.05
<b>Composite</b>	<b>3,544,357</b>	<b>\$ 6.77</b>	<b>\$ 2.50</b>	<b>\$ 9.28</b>

## JULY 2024 TO JUNE 2025 CAPITATION RATES - MLTSS EXCLUDED

RATE CELL	PROJECTED MEMBER MONTHS	BASE BENEFIT COST	ADMIN / PROFIT / SURPLUS	CAPITATION RATE
Nursing Home and Waiver PD	181,528	\$ 26.43	\$11.33	\$ 37.76
Other Institutional, Waiver ID, and Full Duals	1,061,436	4.87	2.09	6.96
Foster and Other Non-Dual Disabled	390,415	1.39	0.60	1.98
Low-Income Family	531,286	0.03	0.01	0.05
<b>Composite</b>	<b>2,164,664</b>	<b>\$ 4.86</b>	<b>\$ 2.08</b>	<b>\$ 6.95</b>

## JULY 2024 TO JUNE 2025 CAPITATION RATES - ALL NF EXCLUDED

RATE CELL	PROJECTED MEMBER MONTHS	BASE BENEFIT COST	ADMIN / PROFIT / SURPLUS	CAPITATION RATE
Nursing Home and Waiver PD	141,719	\$ 21.32	\$10.50	\$ 31.82
Other Institutional, Waiver ID, and Full Duals	1,060,973	4.85	2.39	7.24
Foster and Other Non-Dual Disabled	390,273	1.35	0.67	2.02
Low-Income Family	531,286	0.03	0.02	0.05
<b>Composite</b>	<b>2,124,251</b>	<b>\$ 4.10</b>	<b>\$ 2.02</b>	<b>\$ 6.12</b>

## Non-benefit Costs

- Determined as per member per month dollar amounts for each rate cell
- Different non-benefit amounts were developed for each of these scenarios
  - As expected size of the program and the average member profile changes, the expected non-benefit costs will change as well
- It is expected that the appropriateness of the non-benefit cost estimated will be revisited when the base data is updated in early 2024

RATE CELL	BASE	MLTSS EXCLUDED	ALL NF EXCLUDED
Nursing Home and Waiver PD	\$ 6.45	\$ 11.33	\$ 10.50
Other Institutional, Waiver ID, and Full Duals	1.71	2.09	2.39
Foster and Other Non-Dual Disabled	0.53	0.60	0.67
Low-Income Family	0.01	0.01	0.02
<b>Composite</b>	<b>\$ 2.50</b>	<b>\$ 2.08</b>	<b>\$ 2.02</b>

# Fiscal Impact

	BASE		MLTSS EXCLUDED		ALL NF EXCLUDED	
	PROJECTED MEMBER MONTHS	PROJECTED NEMT EXPENDITURES (IN MILLIONS)	PROJECTED MEMBER MONTHS	PROJECTED NEMT EXPENDITURES (IN MILLIONS)	PROJECTED MEMBER MONTHS	PROJECTED NEMT EXPENDITURES (IN MILLIONS)
<b>RATE CELL</b>						
Nursing Home and Waiver PD	881,989	\$ 21.1	181,528	\$ 6.9	141,719	\$ 4.5
Other Institutional, Waiver ID, and Full Duals	1,739,372	11.0	1,061,436	7.4	1,060,973	7.7
Foster and Other Non-Dual Disabled	391,710	0.8	390,415	0.8	390,273	0.8
Low-Income Family	531,286	0.0	531,286	0.0	531,286	0.0
<b>Total Projected Expenditures</b>	<b>3,544,357</b>	<b>\$ 32.9</b>	<b>2,164,664</b>	<b>\$ 15.0</b>	<b>2,124,251</b>	<b>\$ 13.0</b>

# Risk corridor and Withhold

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- Risk corridor Parameters
  - Symmetrical, narrow bands
  - Based on benefit cost portion of the capitated rates
- Proposed risk corridor ranges allow recognition of up to 1.5% in total profit or losses
  - +/- 1%: full risk to broker
  - +/- 1% to 2%: risk is shared equally between health plans and the state
  - Over 2%: full risk to the state
- Withhold
  - 3% of the certified rates

# Limitations

## Data and methodology

This presentation has been prepared for the State of Indiana, Family and Social Services Administration (FSSA) to provide initial information for preliminary capitation rate development for the NEMT rate procurement. The data and information presented may not be appropriate for any other purpose.

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.

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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 contract signed January 4, 2022.

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



# Thank you

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