



# Rates Update

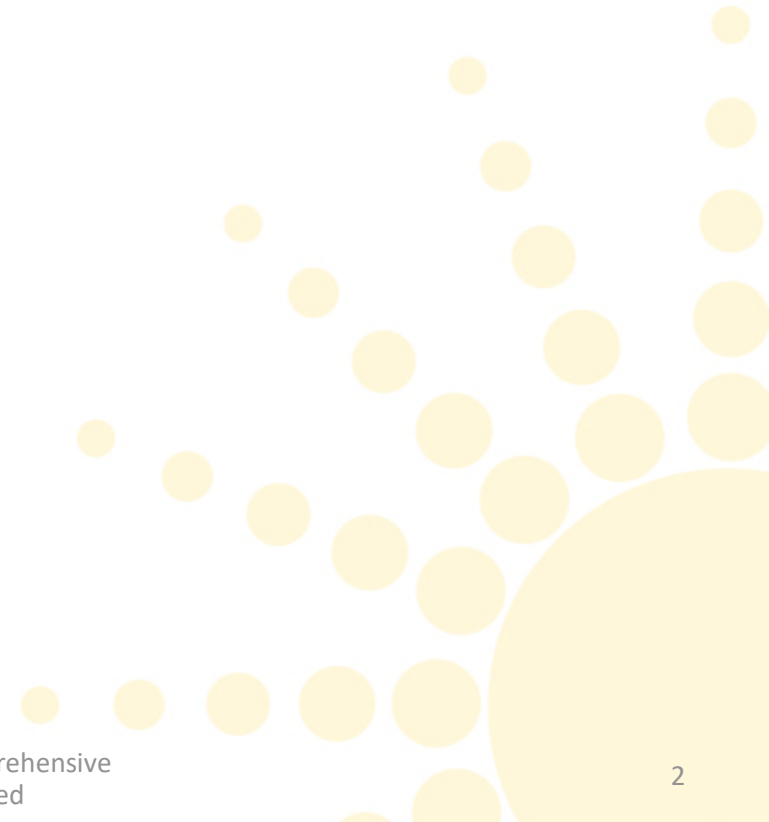
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# Overview

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- CYE 2020 Capitation Rates
  - Debrief on Process
  - Summary of Results
- CYE 2020 Rates Guidance
- CYE 2021 Planning
  - Process
  - Risk Adjustment



# CYE 20 Capitation Rates - Debrief

Key Activity	Date
1. MCO Encounter Data Submission for Rate Setting (first cycle)	2/7/2019
2. MCO Encounter Data Submission for Rate Setting (final cycle)	2/21/2019
3. MCO Identification of Items for Consideration by Actuaries	On or before 3/22/19
4. AHCCCS Send Projected Trends to MCOs	On or before 5/31/19
5. MCO Feedback to AHCCCS on Projected Trends	(2 weeks after sent)
6. AHCCCS Send Projected Admin to MCOs	On or before 6/28/19
7. MCO Feedback to AHCCCS on Projected Admin	(2 weeks after sent)
8. AHCCCS Send Rates to MCOs with Summary of Key Items	Send on 7/26/19
9. MCO Feedback to AHCCCS on Rates	Due on 8/9/19
10. AHCCCS Review MCO Feedback and Ask Follow-up Questions	Send by 8/9/19
11. AHCCCS Submit Actuarial Certifications to CMS	Send on 8/15/19

# Preliminary Trends

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- Requests for additional detail regarding data, assumptions, and methodologies
- Intent is to provide additional information to actuaries for consideration – were not able to provide additional detail / answer questions
- Pharmacy trends were increased from 3.5% to 7.2% on a state-wide weighted average basis

# Admin & Case Management

- Requested projections from MCOs
- Intent is to provide additional information to actuaries for consideration – not intended to be sole basis for setting rates
- Different methodologies employed by LOB
- MCO review reminded AHCCCS of changes to Case Manager weight requirements for SMI eff. 10/1/19

# Challenges / Opportunities

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- Maximize information to actuaries
- Limited ability to respond to questions or requests for additional information
- Aligning expectations

# CYE 20 Capitation - Results

Program	Rebase (Services)	Trend (Services)	Admin, Case Mgt, Care Mgt	Pharmacy Savings	APSI Savings	Other	Baseline	Leg. Inc.	Total
ACC	-0.4%	3.7%	0.2%	-0.2%	-0.7%	0.4%	2.9%	0.1%	3.0%
RBHA	2.7%	3.1%	0.3%	-0.5%	-0.3%	0.3%	5.7%	0.2%	5.9%
CMDP	-0.6%	3.0%	4.1%	-0.3%	0.0%	0.7%	6.8%	0.0%	6.8%
EPD	4.5%	2.4%	-0.2%	-0.1%	0.0%	0.3%	6.9%	6.8%	13.7%
DDD	-3.7%	4.5%	0.9%	-0.1%	-0.04%	1.7%	3.2%	6.7%	9.9%
<b>Total</b>	<b>0.0%</b>	<b>3.6%</b>	<b>0.3%</b>	<b>-0.2%</b>	<b>-0.5%</b>	<b>0.6%</b>	<b>3.8%</b>	<b>2.0%</b>	<b>5.8%</b>

Note: Budgeted baseline capitation rate growth is **3.0%** for all programs

<b>CYE 20 Trends by Category of Service</b>	<b>% Contribution to Cap Rate Change</b>	<b>Trend Rate</b>
<b>ACC, RBHA and CMDP Programs</b>		
Pharmacy	0.8%	7.2%
Inpatient Hospital	0.6%	4.2%
Practitioner	0.4%	2.7%
Outpatient Hospital	0.4%	4.6%
Community Health Centers	0.1%	4.4%
Transportation	0.1%	2.6%
Laboratory & Radiology	0.1%	2.3%
Other	0.2%	2.6%
<b>Sub-Total Non-ALTCS Trend</b>	<b>2.6%</b>	
<b>Home &amp; Community Based Services</b>		
Home & Community Based Services	0.7%	4.4%
Acute Care & Behavioral Health	0.3%	4.7%
Nursing Facilities	0.1%	1.5%
<b>Sub-Total ALTCS Trends</b>	<b>1.0%</b>	
<b>TOTAL TRENDS ALL COS</b>		<b>3.6%</b>



# Rate Guidance

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- CYE 2020 Rate Guidance sent on 08/30/19
- Base Rates (Pass-Through) – Clarifications
- Differential Adjusted Payments (DAP)
- Behavioral Health (BH) Outpatient (OP)
- Lump Sum Payments – APSI & PSI

# Base Rate Increases

- Nursing Facility Increases
  - 10/01/19 +4.4%
  - 01/01/20 +1.3%/1.2%
- HCBS Provider Increases
  - 10/01/19 +4.9% or +8.7%
  - 01/01/20 +2.6%/2.4% (Prop 206 only)
- HCBS increase applies to BH services
  - S5110, S5136, S5150, S5151, and T1019
- Pass-through mandated for all LOBs (Funded)

# Differential Adjusted Payments

DAP applies to Base Rate – Example:

## Nursing Facilities - Revenue Code 191, Subacute Care Level 1

	Base Rate		Rate With 2% NF DAP	
	Urban Rate (Statewide)	% Change	Urban Rate - NF DAP	% above Base Rate
1/1/2019 Rate	\$ 161.89			
10/1/19 Rate (Adjusted for all ALTCS Providers)	\$ 166.10	2.6%	\$ 169.42	2.0%
10/1/2019 Rate (Adjusted for Prior Year Prop 206 Increases)	\$ 169.06	1.8%	\$ 172.44	2.0%
1/1/2020 Rate (Adjusted for 1/1/20 Prop 206 Increase)	\$ 171.27	1.3%	\$ 174.70	2.0%
<b>Cumulative Adjustment Above 1/1/19 Base Rate</b>		<b>5.8%</b>		<b>7.9%</b>

# BH Outpatient Fee Schedules

- BH OP “FFS Program Capped Fee Schedule” increased to reflect market rates
- BH OP “AHCCCS MCO Capped Fee Schedule” only adjusted for BHRF and HCBS rate increases
- Contracts should reference MCO schedule
- Non-contract reimbursement at FFS schedule

# Lump Sum Payments - 438.6(c)

- No General Fund – IGT State Match
- Access to Professional Services Initiative
  - Removed from capitation rates
  - Effective increase is 40% -> 85% (\$180M)
- Pediatric Services Initiative
  - Qualifying provider is PCH
  - Effective increase is 19% (\$50M)

# CYE 2021 Planning

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- Meet with MCOs beginning October 2019 on CYE 20 rates and CYE 21 planning
- Risk Adjustment
  - Prospective CDPS+RX
  - Semiannual

# Discussion

