

Oregon Medicaid Demonstration Health Plan Data Development of Trend Rates CY 2008/2009

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Presented by
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Outline of Presentation

- Source of trend information
- Total trend from FFY06/07 (October 2001-September 2003 historical data period) to CY08/09 (July 2003-June 2005 historical data period) biennia
- Resulting trend calculations

Reasons for Change in Per Capita Costs

- Rebase per capita cost calculation with more current data
- Assumptions regarding changes in costs and utilization from data period to contract period
- Programmatic changes in covered populations and services
- Methods used to assess “rates necessary to cover the cost of providing services”

Changes to Base Per Capita Costs

- Update of OHP Plus data from Jul 2003-Jun 2005 experience for both managed care and FFS
- Update of OHP Standard data from Jan-Dec 2006 experience for both managed care and FFS
- Detailed analysis of underlying trends
- Strong billed charge trend on hospital services

Trend Calculations

- Multiple sources of information for trend development
 - Encounter and FFS data
 - Centers for Medicare and Medicaid Services Office of the Actuary
 - Industry reports

Trend Calculations

- Examined encounter and FFS data to measure rates of change during the data period
 - Units per 1000 members per month
 - Billed and paid per person per month
 - Billed and paid per unit of service
- Use data smoothing techniques to adjust for data anomalies

Trend Calculations

- Use OLS Regression to calculate rate of change
 - Monthly values
 - 3-month moving average
 - 6-month moving average
 - 12-month moving average

Trend Calculations

- Choose trend values for data period and projection period
- For some services OHP data are used for both values, for others a combination of OHP, CMS, and industry data are used based on actuarial judgment
- Generally, where regression line is smooth and data anomalies are minimal, used OHP data, otherwise used other sources
- Have different trend rates for capitated and non-capitated services

Source of Trend Values for Capitated Services

	TANF and Related (TANF Adults, PLM Adults, OHPFAM)		Children (TANF Children, PLM Children, CHIP, SCF)		Disabled and Related (ABAD, OAA, OHPAC)		Dually Eligible (ABAD-Med, OAA-Med)	
	Cost	Utilization	Cost	Utilization	Cost	Utilization	Cost	Utilization
<i>Inpatient Hospital</i>								
Data Period	CMS	Encounter	CMS	Encounter	CMS	Encounter	CMS	CMS
Projection Period	CMS	Actuarial (increase)	CMS	Actuarial (increase)	CMS	CMS	CMS	CMS
<i>Outpatient Hospital</i>								
Data Period	CMS	Encounter	CMS	Encounter	CMS	Encounter	CMS	Encounter
Projection Period	CMS	Actuarial (increase)	CMS	CMS	CMS	CMS	CMS	CMS
<i>Physician & Other Prof</i>								
Data Period	CMS	Encounter	CMS	Encounter	CMS	Encounter	CMS	Encounter
Projection Period	CMS	Encounter & CMS	CMS	Encounter & CMS	CMS	Encounter & CMS	CMS	Encounter & CMS
<i>Prescription Drug & Prescription Drug MH</i>								
Data Period	OMAP	Actuarial (increase)	OMAP	Actuarial (increase)	OMAP	Actuarial (increase)	OMAP	Actuarial (increase)
Projection Period	Industry	Industry	Industry	Industry	Industry	Industry	Industry	Industry
<i>Dental</i>								
Data Period	CMS	Encounter	CMS	Encounter	CMS	Encounter	CMS	Encounter
Projection Period	CMS	CMS	CMS	CMS	CMS	CMS	CMS	CMS
<i>Mental Health / Chem Dependency</i>								
Data Period	CMS	Encounter	CMS	Encounter	CMS	Encounter	CMS	Encounter
Projection Period	Actuarial (increase)	Actuarial (decrease)	Actuarial (increase)	Actuarial (decrease)	Actuarial (increase)	Actuarial (decrease)	Actuarial (increase)	Actuarial (decrease)

Notes:

Actuarial = Health care subject matter expert
 CMS = Centers for Medicare and Medicaid Services, Office of the Actuary trend values
 Encounter/FFS = Encounter/FFS data, regression trend calculation

Industry = Industry research, specifically, Express Scripts report
 OMAP = OMAP fee level adjusted, either implemented or requested, depending on time period

Source of Trend Values for Fee-for-Service

	TANF and Related (TANF Adults, PLM Adults, OHPFAM)		Children (TANF Children, PLM Children, CHIP, SCF)		Disabled and Related (ABAD, OAA, OHPAC)		Dually Eligible (ABAD-Med, OAA-Med)		
	Cost	Utilization	Cost	Utilization	Cost	Utilization	Cost	Utilization	
Inpatient Hospital									
Data Period	OMAP	FFS	OMAP	FFS	OMAP	FFS	FFS	FFS	
Projection Period	OMAP	Actuarial (increase)	OMAP	CMS	OMAP	CMS	OMAP	Actuarial (decrease)	
Outpatient Hospital									
Data Period	OMAP	FFS	OMAP	FFS	OMAP	FFS	FFS	FFS	
Projection Period	OMAP	CMS	OMAP	CMS	OMAP	Actuarial (increase)	OMAP	Actuarial (increase)	
Physician & Other Prof									
Data Period	FFS	FFS	FFS	FFS	FFS	FFS	FFS	FFS	
Projection Period	OMAP	Encounter (increase) & CMS	OMAP	Encounter (increase) & CMS	OMAP	Encounter (increase) & CMS	OMAP	Encounter (decrease) & CMS	
Prescription Drug & Prescription Drug MH									
Data Period	FFS	FFS	FFS	FFS	FFS	FFS	FFS	FFS	
Projection Period	Industry	Industry	Industry	Industry	Industry	Industry	Industry	Industry	
Dental									
Data Period	FFS	FFS	FFS	FFS	FFS	FFS	FFS	FFS	
Projection Period	OMAP	CMS	OMAP	CMS	OMAP	CMS	OMAP	CMS	
Mental Health / Chem Dependency									
Data Period	FFS	FFS	FFS	OMAP	FFS	FFS	FFS	FFS	
Projection Period	OMAP	CMS	OMAP	CMS	OMAP	CMS	OMAP	CMS	

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Change in Per Capita Cost – Managed Care

	PCC 0507 v PCC 0809 with DRG Adjustment		PCC 0507 v PCC 0809 100% DRG	
	All Oregon Health Plan	Mandatory Populations	All Oregon Health Plan	Mandatory Populations
Inpatient	32.1%	37.8%	23.2%	28.5%
Outpatient	55.9%	53.1%	44.2%	41.7%
Professional	10.9%	10.7%	10.9%	10.7%
Drug	-35.8%	-39.8%	-35.8%	-39.8%
Chemical Dependency	-22.6%	-13.4%	-22.6%	-13.4%
Mental Health	22.9%	23.7%	21.5%	22.3%
Dental	4.6%	6.1%	4.6%	6.1%
Admin	15.0%	15.6%	13.0%	13.7%
Total	12.0%	12.3%	10.0%	10.5%

Weighted by June 2007 managed care organization enrollment distribution

Change in Per Capita Cost – Fee For Service

	PCC 0507 v PCC 0809	
	with DRG Adjustment	
	All Oregon Health Plan	Mandatory Populations
Inpatient	-18.2%	-14.9%
Outpatient	-4.2%	-5.7%
Professional	21.4%	22.1%
Drug	-37.8%	-43.5%
Chemical Dependency	-11.6%	0.6%
Mental Health	290.0%	286.1%
Dental	-48.1%	-48.0%
Total	-2.9%	-3.8%

Weighted by December 2006 fee-for-service Medicaid eligibility distribution

Discussion