

New York State Medicaid Managed Care Risk Assessment

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NYS Department of Health
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Agenda

1. Medicaid Program Overview

2. RAR Decision Points

3. Process Methodology

4. Implementation / Monitoring

5. Questions/Comments

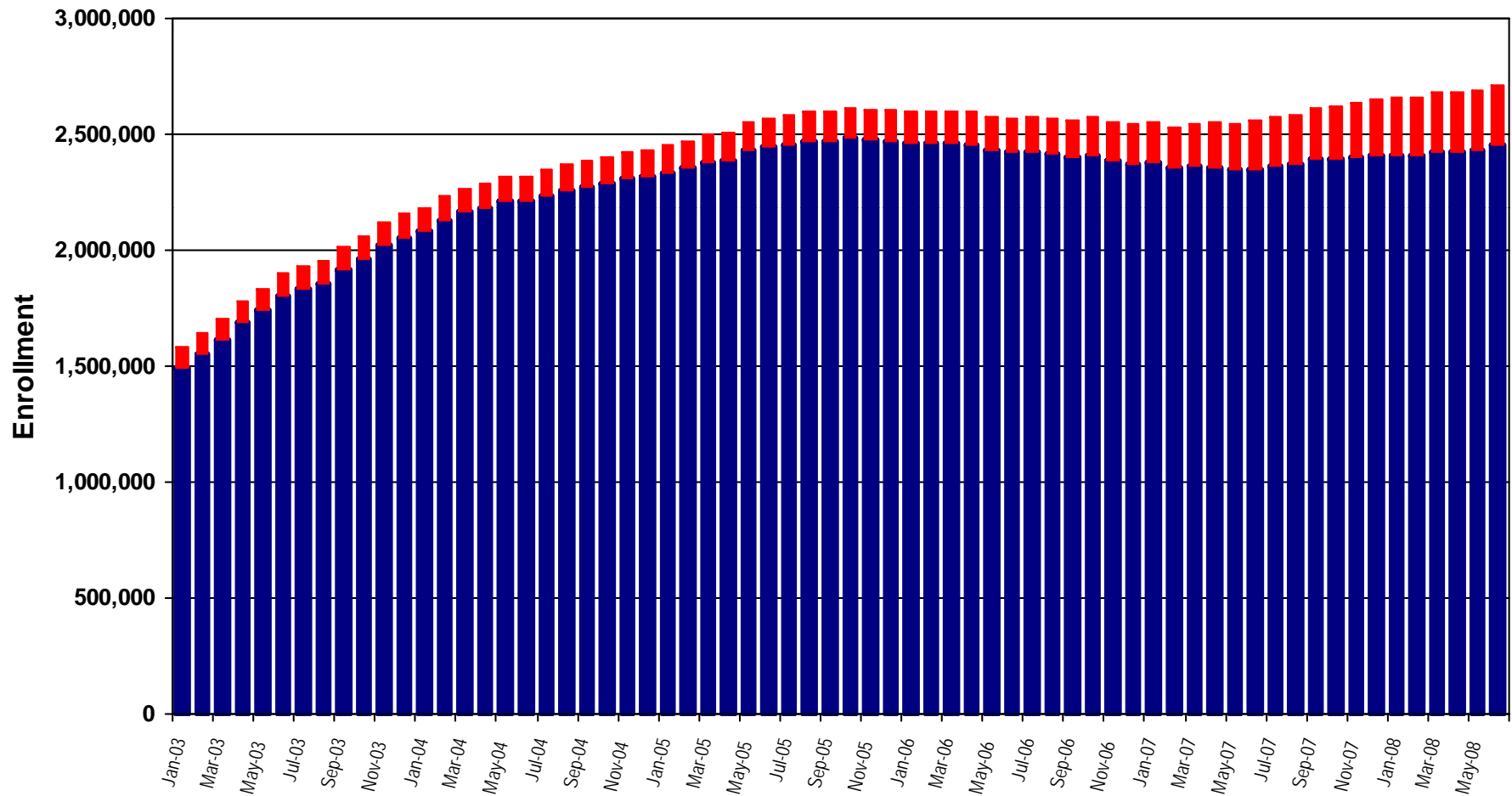


Medicaid in New York State

- Medicaid is a \$47.3B program, representing 28% of health care spending in New York.
 - \$7B to Medicaid Managed Care
- Average Monthly Enrollment in Medicaid is 4.1 Million recipients.
- Enrollment in mainstream Medicaid Managed Care (MMC) is over 2.57 million (62%) recipients.

Medicaid Managed Care Enrollment

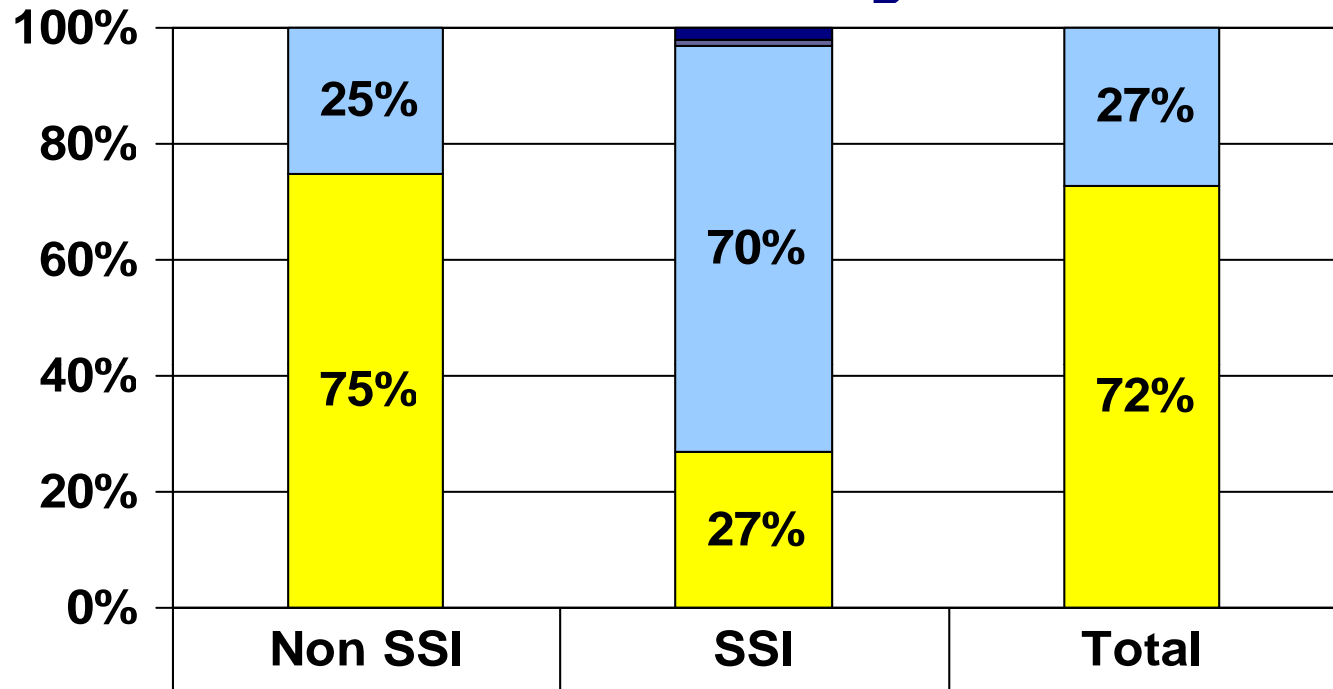
■ Non SSI ■ SSI



Note: Not restricted to mainstream MMC enrollment

Snapshot of MMC Acuity

Data Source:
 3M Clinical Risk Groups V1.5.1
 On CY06 Experience
 3+ Months MMC Enrollment



	Non SSI	SSI	Total
■ Catastrophic Condition (e.g., HIV)	0%	2%	0%
■ Malignancies	0%	1%	0%
■ Chronic Condition(s)	25%	70%	27%
■ Healthy/Acute	75%	27%	72%



Medicaid Encounter Data

- NYS health plans are required to submit accurate and complete encounter data every month for all services provided to their managed care enrollees.
- Health plans submit cost information on both the service line and document level.
- Enrollee socio-demographic and eligibility data are captured through the enrollment system.
- 'Carved Out' claim and pharmacy data are also maintained (and used in risk assessment).



Many Uses of Encounter Data

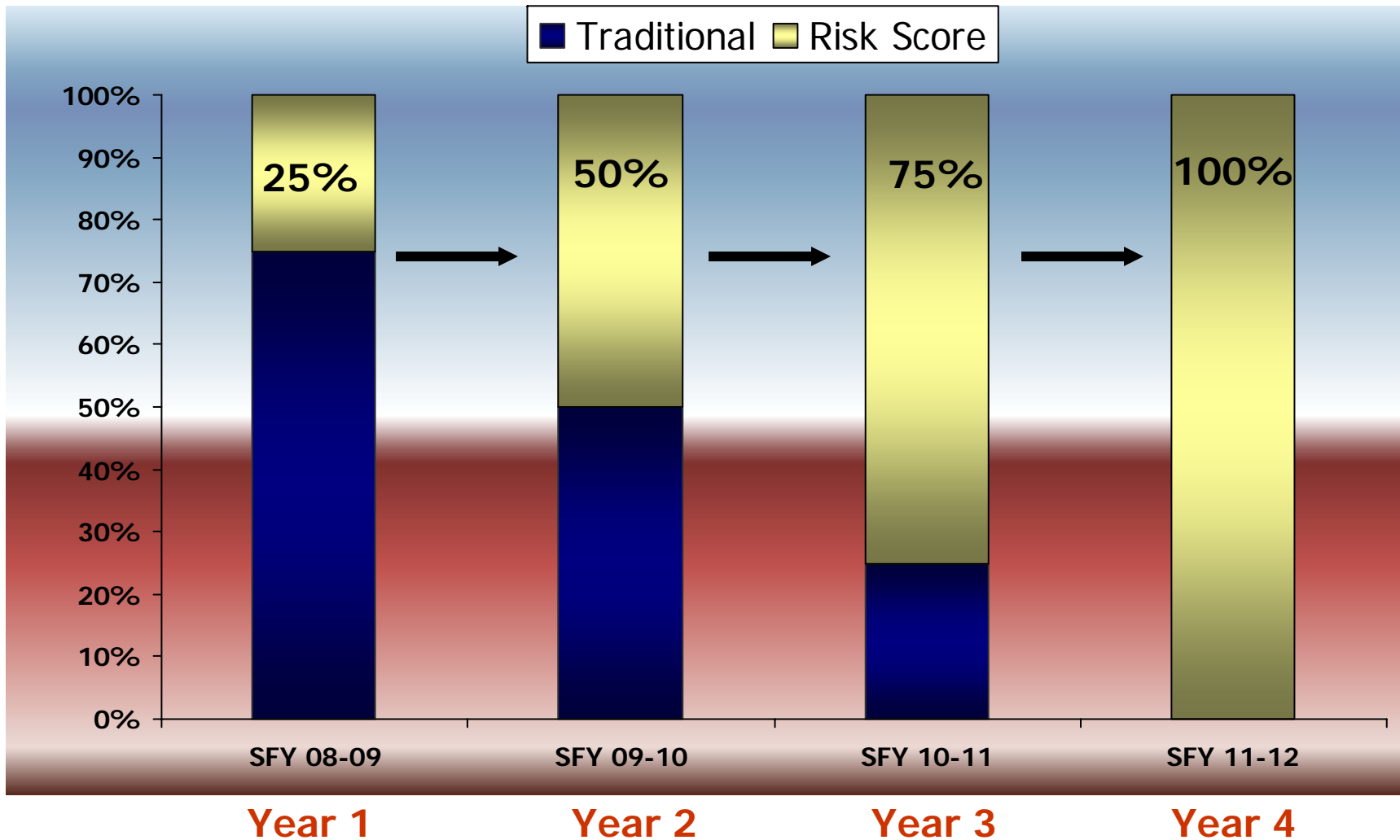
- Risk Adjustment/Risk Based Payment
- Clinical Risk Groups
- QARR/HEDIS Reporting
- Focused Clinical Studies
- SSI Mandatory Phase In Monitoring
- Budget Neutrality Monitoring
- CMS EPSDT Reporting
- Utilization Monitoring
- Quality Improvement
- Quality Incentive (\$62M in 2007)
- Quality Weight in Auto-assignment
- Measuring Access/Availability
- Measuring Health Status/Outcomes
- MRR for Surveillance Visits
- Validation Reports
- AP-DRGs, Federal DRGs
- APGs
- Patient Quality Indicators
- Pediatric Quality Indicators
- OMIG Audits / Monitoring
- Manuscript Preparation
- Budget Forecasting/Trending
- Standardized Price Schedules
- Ad Hoc Requests from Governor's Staff
- Disease Measurement
- Research and Special Studies
- Policy and Program Development
- Fraud and Abuse Monitoring
- Further CAHPS analyses
- Compliance
- Etc.



Transparency

- Health Plan Meetings and Technical Workshops
- Secure Intranet Web Page
- Connect Site
- Listserv Discussion Group
- Monthly Refreshed Reports Sent on Statewide and Plan-Specific Basis
- Quarterly Risk Reports Generated
- Two years of sharing enrollee level risk group assignments.
- Continue to strive for open communication during development and phase in.

4 Year Blended Rate Phase In

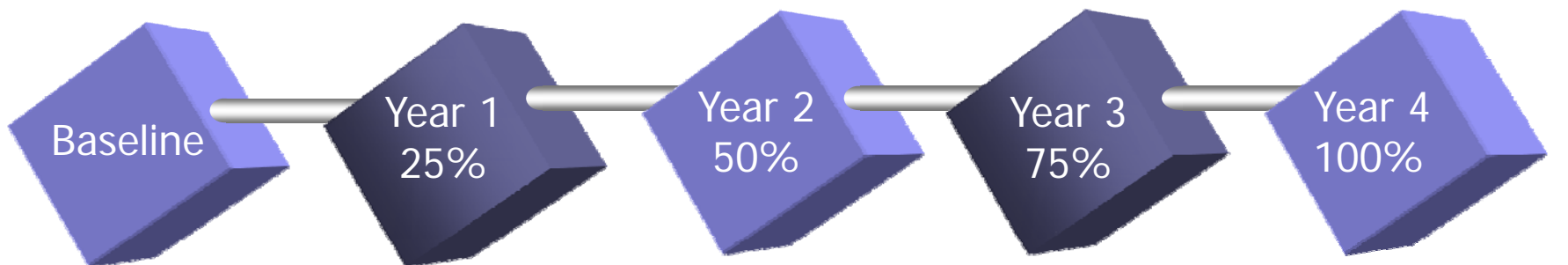




RAR Decision Points

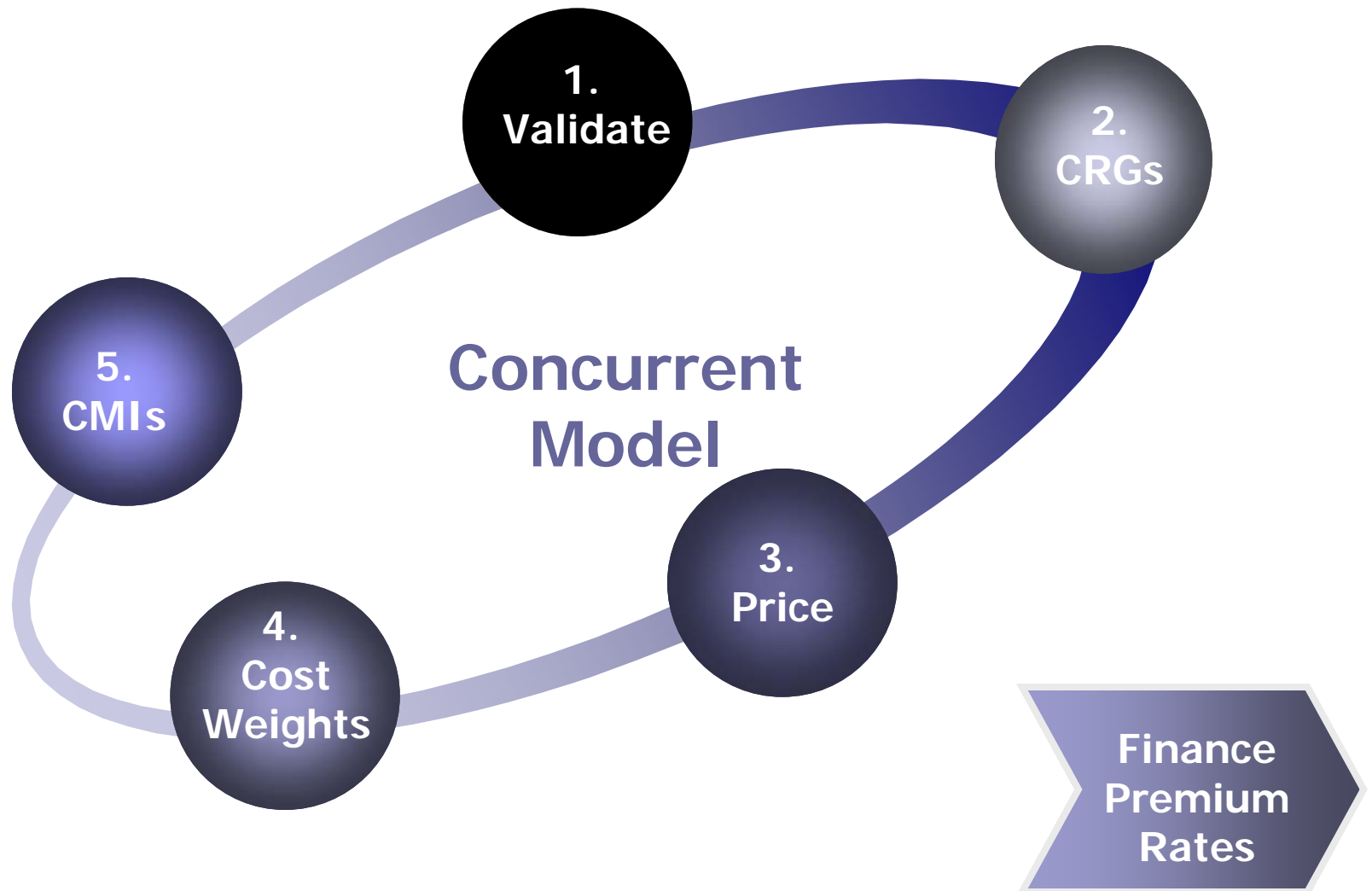
- **Analytical Population/Time Frames**
 - Mainstream MMC experience
 - Encounter/Claim lag
- **Claim Based Grouper Process Model**
 - Standard, Prospective, Concurrent
 - How to handle maternity/delivery → Separate newborn/maternity 'kick' payment
- **Standardized Pricing**
 - Outlier Threshold Methodology
 - Establishing Pricing Schedules
- **CRG Cost Weights**
 - Establishment of low exposure outlier threshold (3 or more months)

Risk Assessment Time Frames



	Baseline Test	SFY 2008-2009 ★	SFY 2009-2010 ☆	SFY 2010-2011	SFY 2011-2012
CY 2005 Service Period		CY 2006 Service Period	CY 2007 Service Period	CY 2008 Service Period	CY 2009 Service Period
		Received Thru July 2007	Received Thru July 2008	Received Thru July 2009	Received Thru July 2010
		★ Implemented 4/1/2008	☆ Underway		

Risk Score Development





1. Data Validation

- Encounter data are extracted and summarized
- Frequency distributions by data elements are conducted
- Utilization reports are shared with health plans
- Volume, completeness and diagnostic specificity are examined
- Regulatory compliance standards are in place

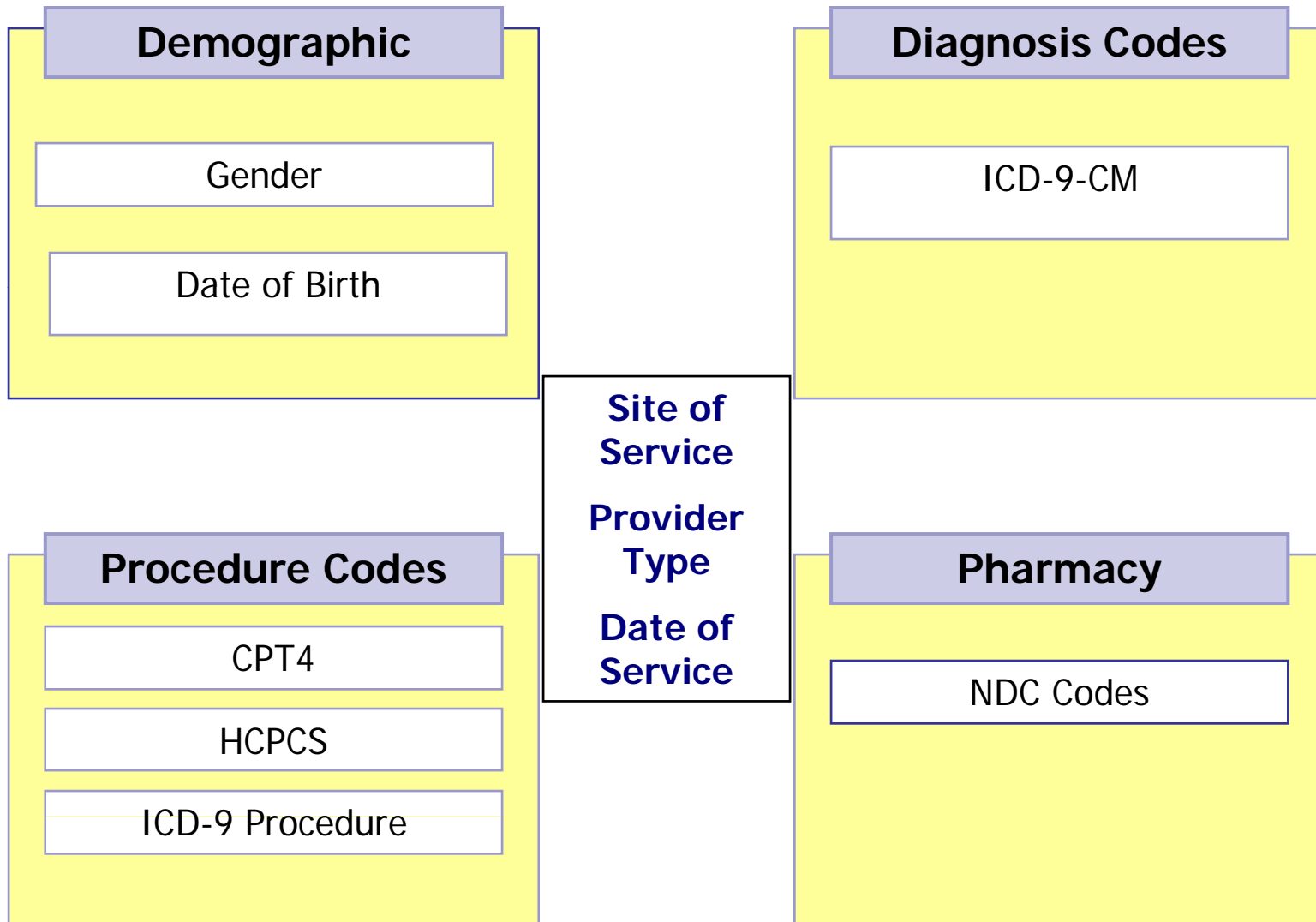


2. 3M Clinical Risk Groups

- CRGs are a categorical risk adjustment model which assigns each member to a single mutually exclusive risk category.
- CRGs use standard demographic, diagnostic, procedure, and pharmacy data from encounters and claims.
- The process of assigning a CRG uses a clinically based hierarchical model.
- Each CRG is clinically meaningful and provides the basis for the prediction of health care utilization and cost.

**Source: 3M Health Information System

Clinical Risk Group Core Data Elements





Clinical Risk Groups

- There are three models generated by the Clinical Risk Groups (CRG): Standard, Concurrent and Prospective.
- There are four levels of CRG assignments per individual: CRG, ACRG1, ACRG2 & ACRG3 ("A" refers to aggregated).
- There are currently 1,108 base CRG groups in the concurrent model.
- ACRG3 groups are the least detailed CRG risk groups, there are currently 44 ACRG3 groups in the concurrent model.
- The most recent release is Version 1.6.1 (August 2008)



3. Standardized Pricing

- The purpose is to:
 - Assign a value to encounters where the health plan did not report a payment amount;
 - Adjust for high and low end outliers;
 - Standardize prices to adjust for variations in contracted fees between plans and their provider network.
- Only encounter records are priced
- Pricing is conducted on the service line



Standardized Pricing

- Encounters are classified into mutually exclusive service categories to establish Price Schedules
 - CPT/HCPCS, UB-92 Revenue Codes, AP-DRGs, NDC Codes
- High and Low Cost Trim Points Calculations
 - High Cost Trim Points are
 - $1.5 * (\text{Interquartile Range}) + 75^{\text{th}}$ Percentile (non-inpatient); or
 - $2.0 * (\text{Interquartile Range}) + 75^{\text{th}}$ Percentile (inpatient)
 - Low Cost Trim Points are the 25^{th} Percentile



Standardized Pricing

- Missing paid amounts are assigned the priced mean
- Amounts above the high end trim point are brought to the high end trim point
- >0 but less than 25th percentile are brought to low end trim point
- Sample size and service intensity (e.g., inpatient events) are taken into consideration.
- Comparisons to health plan cost reports (MMCOR), previous year pricing results, commercial and Medicare schedules are conducted.



4. CRG Cost Weight Development

- Enrollee CRG assignment is combined with eligibility information and health care expenditures into a normative, relative weight by ACRG3.
- Four premium group stratifications of Cost Weights
 - **Family Health Plus** (Medicaid expansion program for 19-64yrs)
 - **SSI** (Adults and Children Combined)
 - **TANF/SN Adults** (21 Years and Older)
 - **TANF Children** (0 to 20 Years)
- Cost Weights were Calculated at the QACRG3 Level
- Only enrollees with 3+ months of Medicaid enrollment are included in cost weight development.



CRG Cost Weights

- After standardized pricing was applied to the encounter data, the total cost for each member was summed.
- The CRG cost weight is calculated by dividing the average cost for the QACRG3 group by the average cost for members in the premium/age group combination
 - e.g., TANF Adults QACRG3 = 10 (Healthy) group mean is 49.36. TANF Adults group mean = 144.39. QACRG3 Cost Weight for 10 (Healthy) = .3418.
- In computing averages, a member's experience is weighted by their member months of eligibility.

CY2006 TANF Adult CRG Cost Weights

STATUS		SEVERITY LEVEL						
		0	1	2	3	4	5	6
Healthy	Healthy	0.3418						
	Non-User	0.0139						
	Evidence of disease without Significant Illness present	0.6810						
History of Significant Acute Disease	History of Significant Acute Disease	0.6456						
	Evidence of Chronic Disease with History of Significant Acute Illness	1.2080						
Single Minor Chronic Disease			0.7804	1.2079				
Minor Chronic Disease in Multiple Organ Systems			1.1884	1.7912	1.7912	1.7912		
Single Dominant or Moderate Chronic Disease			0.7906	1.4041	2.4825	5.3928	6.1909	6.1909
Chronic Disease in 2 or More Organ Systems			1.6770	2.8280	3.9540	5.6325	13.4717	13.4717
Dominant Chronic Disease in Three or More Organ Systems			2.1812	6.2075	6.2075	24.4260	24.4260	24.4260
Dominant and Metastatic Malignancies			11.3012	11.3012	15.2421	32.0637	32.0637	
Catastrophic Conditions			1.8856	1.8856	5.0712	5.0712	38.5090	38.5090



5. Raw, Regional & Relative Risk Scores (CMIs)

- The plan's raw risk score is computed by combining their distribution of members across the CRG groups with the CRG weights.
- This calculation is performed separately for each premium group and region.
- A regional risk score is computed for each premium group using the CRG distribution of all plans operating in that region.
- A relative risk score is computed for each plan by comparing their raw risk score with the regional risk score for each premium group.
- The relative risk scores are used to risk adjust a plan's payment.



Plan Relative Value

	Plan A	Plan B
Plan Specific Raw Risk Score (A)	1.5	0.9
Regional Risk Score (B)	1.2	1.2
Health Plan Relative Value (A/B)	1.25	0.75

Each plans relative value is then multiplied by the regional average Medicaid Managed Care Operating Report (MMCOR) PMPM rate to arrive at the health plans' risk adjusted PMPM.

As of April 2011, premium rates will be 100% risk based.



Quarterly Monitoring

- Risk Payment is done once a year – however -
- On a rolling quarter, data are extracted and 'rolling risk' is monitored for informational purposes only
- Raw and Relative Value CMI's by aid group, by region are shared with health plans
- Cost Weights are held constant
- Grouper Version is held constant
- Actuarial Review/Consultation

Rolling Risk Report Example

	TANF CHILD							
	CY06		Apr 2006 - Mar 2007		Jul 2006 - Jun 2007		Oct 2006 - Sep 2007	
	Raw	Relative	Raw	Relative	Raw	Relative	Raw	Relative
Plan								
Plan A	0.9278	0.9258	0.8615	0.8590	0.9682	0.9596	0.9835	0.9980
Plan B	1.2956	1.2928	1.2851	1.2814	1.2449	1.2338	1.3073	1.3265
Plan C	0.8691	0.8672	0.8349	0.8325	0.7800	0.7730	0.6897	0.6998
Plan D	1.2180	1.2153	1.2738	1.2701	1.3068	1.2951	1.2912	1.3102
Plan E	1.0026	1.0004	0.9986	0.9957	1.0035	0.9945	0.9771	0.9915
Plan F	1.0517	1.0494	1.0718	1.0687	1.0983	1.0885	1.0832	1.0991
Plan G	0.9882	0.9860	0.9735	0.9707	0.9721	0.9634	0.9543	0.9683
Plan H	0.8847	0.8828	0.9155	0.9129	0.9190	0.9108	0.8823	0.8953
Region	1.0022		1.0029		1.0090		0.9855	



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