



to: William Lessard and DMAS staff **date:** February 17, 2015
cc: CCC Duals Health Plans

from: Sandra Hunt **subject:** CY2015 VA CCC MEMA Adjustment:
Susan Maerki NOVA Rates Effective February 2015

As part of the rate development for the Medicaid component of the Virginia Duals Demonstration, called Commonwealth Coordinated Care (CCC), the member enrollment mix adjustment (MEMA) provides an update of the rate to reflect the risk mix of enrollees in each Medicaid Medicare plan (MMP) compared to the mix that was used to develop the capitation rates. Specifically, the MEMA addresses the relative risk/cost differences of the sub-populations that make up the combined rate for nursing home eligibles (NHE). The two sub-populations are the Nursing Home Eligible – Institutional (NHE-I) and Nursing Home Eligible – Waiver (NHE-W) populations. The MEMA will provide more revenue to health plans that have a greater proportion of high risk/cost individuals residing in an institution at the time of their enrollment into the CCC, while health plans with greater proportion of enrollees who are Nursing Home Eligible but receive waiver services and remain in the community at the time of initial enrollment will receive a lower NHE blended capitation rate. The process for further updating the MEMA is described in more detail below.

As stated on page 15 in the final CY 2014 CCC Medicaid rate report dated November 2013:

“The NHE Age 21-64 and Age 65 and Over regional blended rates will be revised prior to the 2014 implementation. DMAS will apply the MEMA as measured closer to the Demonstration voluntary dates, in order to reflect the updated mix of NHE-Institutional and NHE-Waiver eligibles, and at the passive enrollment dates, in order to reflect those who voluntarily enroll and those who initially accept passive enrollment assignment. There will be further adjustments to NHE rate over the course of the Demonstration.”

In January 2015, the Central Virginia, Southwest/Roanoke, Tidewater, and Western /Charlottesville region MEMAs were recalculated. The MMP rates for those regions will be in effect from January 1, 2015 through June 30, 2015. This memo reports on the fifth region, Northern Virginia (NOVA), which had auto-enrollment in November 2014 and has operated for three months. The NOVA three-month actual MEMA is calculated effective February 1, 2015, and those MMP rates will be in effect until June 30, 2015.

Future updates to the health plan regional MEMA will follow the policy recommendations described in a memo dated September 30, 2013, which is available on the DMAS website at <http://www.dmas.virginia.gov/Content/pgs/altc-enrl.aspx>. There will be a slight revision to the process outlined in that 2013 memo. Beginning with the July 2015 MEMA adjustment for all regions, the MEMA adjustment will be based on NHE-Institutional and NHE-Waiver enrollment at the beginning of the month prior to the adjustment. For example, the July 2015 MEMA will be based on enrollment at the beginning of June 2015. This



modification is being made in order to provide sufficient time for the adjustment to be calculated and the revised rates loaded to VAMMIS.

Voluntary Enrollment Eligibles: Benchmark NHE MEMA Adjustment and Future Adjustments

The NHE population is a combination of the NHE-Institutional and the NHE-Waiver populations. The first MEMA update, January 2014, established a baseline distribution of the NHE-I and the NHE-W eligibles, and represented a snapshot of the risk mix of eligibles at the start of the program. As auto enrollment effective dates were phased-in by region, health plan specific NHE MEMA were developed. The at-enrollment risk designation for each NHE eligible individual will be held constant for the first two years of the demonstration, until December 31, 2015. Future calculations will adjust for NHE members who leave the program, either voluntarily or because of death. The risk designation of new NHE enrollees will be held constant at the point when each is first identified as NHE eligible until there is an update. At the beginning of the third and fourth years, the NHE member risk designation will be updated to the NHE status at the beginning of the previous year or, for a new NHE member during the previous year, the NHE status at the point of NHE eligibility.

During the period used to develop the CY 2014 and CY2015 CCC Duals rates, CY 2011 to CY2013, there was a decrease in the proportion of the NHE-Institutional population and an increase in the proportion of the NHE-Waiver population. Over the period January 2011 to June 2014, the final month used to set the CY 2015 CCC Duals rates, the NHE-I population increased 1.0% and the NHE-Waiver population increased 24.9%. As of June 2014, the NHE-I represented 44.4% and the NHE-W was 55.6% of the NHE eligibles.

The January 2015 NHE member month eligible distribution showed a continuation of this trend. Overall, NHE-I was down to 41.2% and NHE-Waiver was 58.8% of the NHE eligibles. As of January 1, 2015, there are 74,164 CCC Dual eligibles in the five regions, with 22,479 in NHE and 51,685 in Community Well (CW).

New CY 2015 CCC Duals rates are effective January 1, 2015. The NOVA MEMA is calculated to reflect the NHE mix based on enrollment as of February 2015. This regional MEMA distribution is applied to the CY 2015 CCC Duals rates and will be in effect from February 1, 2015 to June 30, 2015. The schedule for CCC implementation and the MEMA updates is shown in Table 1.



Northern Virginia: Rates Effective February 1, 2015

As of January 1, 2015, there are 16,121 individuals in the NOVA region eligible for the CCC. As of February 1, 2015, there were 1,477 enrollees in CCC participating health plans in that region, about 9% of the NOVA eligibles. The primary reason for the low enrollment is that eight of the eleven city/counties in the NOVA region had only one Medicare-Medicaid plan approved to operate and eligibles cannot be auto-assigned unless there is a choice of at least two managed care plans. February enrollment penetration varies by aid subpopulation with about 8% of the NHE eligibles and 10% of the Community Well eligibles enrolled. Within the NHE, there is a 10% lower enrollment penetration among the Under 65 eligibles compared to the Over 65 eligibles. Within the CW population, there is a 20% lower enrollment penetration among the Under 65 eligibles compared to the Over 65 eligibles. This comparison is shown in Table 2.

Of the total Northern Virginia CCC enrollees in February 2015, approximately 21%, or 310, are in the NHE aid category. Within the NHE population, 48% are NHE-Institutional and 52% are NHE-Waiver.

The Northern Virginia CCC enrollment decreased each month between November 2014 and February 2015. Enrollment in November stood at 1,682 and represented 10.2% of eligibles identified in January 2014. Enrollment decreased approximately 6.8% in December, 2.5% in January 2015, and 3.3% in February 2015.

Rates paid to the Northern Virginia plans for the next five months will reflect the enrollment as of February 1, 2015 are presented in the attached exhibits and revise the Northern Virginia column in the CY 2015 CCC Duals report Exhibits 5-6.



Report Exhibits

The worksheet included with this memo presents the February NOVA MEMA weighted using CY 2015 CCC Duals rates. This replaces the NOVA column in the CY 2015 CCC Duals report Exhibits 5-6. The worksheets in the Northern Virginia region exhibit are:

- Exhibit 5a presents the regional NHE blending using the NOVA February 2015 enrollment distribution. The PMPM values used for the weighting are the same as those in Exhibit 5a in the CY 2015 CCC Duals Demonstration report.
- Exhibit 5b summarizes the NOVA NHE blended rates by health plan and adds the CY 2015 rates for Community Well. The weighted average uses the February 2015 enrollment mix.
- The first year 1% savings percentage adjustment in Exhibit 5c is applied to the revised base rates and the adjusted results are presented in Exhibit 5d.
- Exhibit 5e in each regional exhibit shows the NOVA February 2015 CCC Duals enrollment member month distribution.



Table 1

**Virginia Medicaid
 CY 2015 Dual Demonstration Capitation Rate Development
 MEMA: NHE-Institutional and NHE-Waiver Eligibles
 Schedule for Healthplan MEMA Updates**

Region	Auto Enrollment	Effective Dates		
		Three Month Actual	CY15 1 st MEMA Reset	CY15 Mid-Year MEMA Reset
Phase I				
Tidewater	July 2014 August 2014	October 2014	January 2015	July 2015
Central VA	September 2014	December 2014	January 2015	July 2015
Phase II				
SW/Roanoke	October 2014	January 2015	January 2015	July 2015
W/Charlottesville	October 2014	January 2015	January 2015	July 2015
NOVA	November 2014	February 2015	February 2015	July 2015

Starting January 2015, the three month actual MEMA will be rebased to CCC rates developed for CY 2015.



Table 2

Virginia Medicaid

CY 2015 Dual Demonstration Capitation Rate Development

Northern Virginia MEMA: Benchmark and Voluntary and Auto Enrollment

Member Months: January 2015 Eligibles Compared to February 2015 Enrollees

		Northern Virginia				
		January 2015		February 2015		
MEG	Age Group	Eligibles	% Distribution	Enrolled	% Distribution	% Jan Eligibles
Nursing Home Eligible	Age 21 - 64	682	4.2%	85	5.8%	12.5%
	Age 65 and Over	3,558	22.1%	225	15.2%	6.3%
Nursing Home Eligible Total		4,240	26.3%	310	21.0%	7.3%
Community Well	Age 21-64	2,499	15.5%	426	28.8%	17.0%
	Age 65 and Over	9,382	58.2%	741	50.2%	7.9%
Community Well Total		11,881	73.7%	1,167	79.0%	9.8%
Total		16,121	100.0%	1,477	100.0%	9.2%

Virginia Medicaid
CY 2015 Dual Demonstration Capitation Rate Development
Historical Fee-For-Service Data
Blending of Nursing Home Eligible - Institutional and Nursing Home Eligible - Waiver
Northern Virginia Base Rates Effective February 1, 2015 - June 30, 2015

Exhibit 5a

		Northern Virginia			
MEG	Age Group	HealthKeepers	Humana	Virginia Premier	Regional Average
CY 2015 Base Capitation Rates					
Nursing Home Eligible	Age 21 - 64	\$6,076.99	\$6,076.99	\$6,076.99	\$6,076.99
	Institutional Age 65 and Over	\$5,947.56	\$5,947.56	\$5,947.56	\$5,947.56
	Average	\$5,978.99	\$5,969.75	\$5,996.10	\$5,975.55
Nursing Home Eligible	Age 21 - 64	\$3,089.76	\$3,089.76	\$3,089.76	\$3,089.76
	Waiver Age 65 and Over	\$3,158.32	\$3,158.32	\$3,158.32	\$3,158.32
	Average	\$3,134.44	\$3,137.55	\$3,138.73	\$3,135.89

		Northern Virginia February 2015 Enrollment Distribution			
Nursing Home Eligible	Age 21 - 64	11%	9%	20%	10%
	Institutional Age 65 and Over	33%	43%	33%	37%
	Total	44%	51%	53%	48%
Nursing Home Eligible	Age 21 - 64	19%	15%	13%	17%
	Waiver Age 65 and Over	36%	34%	33%	35%
	Total	56%	49%	47%	52%

		Blended CY 2015 Base Capitation Rates			
Nursing Home Eligible	Age 21 - 64	\$4,147.74	\$4,209.97	\$4,882.10	\$4,214.37
	Age 65 and Over	\$4,490.12	\$4,713.86	\$4,552.94	\$4,596.33
	Average	\$4,386.76	\$4,595.30	\$4,662.66	\$4,491.60

**Virginia Medicaid
CY 2015 Dual Demonstration Capitation Rate Development**

Exhibit 5b

Historical Fee-For-Service Data

Summary of Northern Virginia Base Capitation Rates Effective February 1, 2015 - June 30, 2015

		Northern Virginia			
MEG	Age Group	HealthKeepers	Humana	Virginia Premier	Regional Average
Nursing Home Eligible	Age 21-64	\$4,147.74	\$4,209.97	\$4,882.10	\$4,214.37
	Age 65 and Over	\$4,490.12	\$4,713.86	\$4,552.94	\$4,596.33
	Average	\$4,386.76	\$4,595.30	\$4,662.66	\$4,491.60
Community Well	Age 21-64	\$373.85	\$373.85	\$373.85	\$373.85
	Age 65 and Over	\$147.78	\$147.78	\$147.78	\$147.78
	Average	\$229.33	\$228.81	\$258.51	\$230.30
Weighted Average		\$1,148.70	\$1,084.49	\$1,290.73	\$1,124.69

Note:
Weighted Averages are based on February 2015 Enrollment Distribution

**Virginia Medicaid
CY 2015 Dual Demonstration Capitation Rate Development
Dual Demonstration Program First Year Savings Percentage Adjustment**

Exhibit 5c

	Adjustment Value	Source
First Year Savings Percentage	1.0%	Provided by DMAS

**Virginia Medicaid
CY 2015 Dual Demonstration Capitation Rate Development**

Exhibit 5d

Historical Fee-For-Service Data

Summary of Northern Virginia Base Capitation Rates Effective February 1, 2015 - June 30, 2015

With 1% Savings Percentage

		Northern Virginia			
MEG	Age Group	HealthKeepers	Humana	Virginia Premier	Regional Average
Nursing Home Eligible	Age 21-64	\$4,106.26	\$4,167.87	\$4,833.28	\$4,172.22
	Age 65 and Over	\$4,445.22	\$4,666.72	\$4,507.41	\$4,550.37
	Average	\$4,342.89	\$4,549.35	\$4,616.04	\$4,446.68
Community Well	Age 21-64	\$370.11	\$370.11	\$370.11	\$370.11
	Age 65 and Over	\$146.30	\$146.30	\$146.30	\$146.30
	Average	\$227.03	\$226.52	\$255.92	\$228.00
Weighted Average		\$1,137.22	\$1,073.64	\$1,277.82	\$1,113.44

Note:

Weighted Averages are based on February 2015 Enrollment Distribution

**Virginia Medicaid
 CY 2015 Dual Demonstration Capitation Rate Development
 Member Months of Enrollees
 February 2015 Member Month Distribution**

Exhibit 5e

		Northern Virginia			
MEG	Age Group	HealthKeepers	Humana	Virginia Premier	Regional Total
Nursing Home Eligible	Age 21 - 64	6.7%	4.6%	7.8%	5.8%
	Age 65 and Over	15.4%	15.0%	15.6%	15.2%
Nursing Home Eligible Total		22.1%	19.6%	23.4%	21.0%
Community Well	Age 21 - 64	28.1%	28.8%	37.5%	28.8%
	Age 65 and Over	49.8%	51.6%	39.1%	50.2%
Community Well Total		77.9%	80.4%	76.6%	79.0%
Total		100.0%	100.0%	100.0%	100.0%

**Virginia Medicaid
CY 2015 Dual Demonstration Capitation Rate Development
County Listing by Region**

Exhibit 6

Central Virginia	Tidewater	Northern Virginia	Southwest/ Roanoke	Western/ Charlottesville
Amelia County	Lunenburg County	Chesapeake City	Alexandria City	Alleghany County
Brunswick County	Mecklenburg County	Gloucester County	Arlington County	Bath County
Caroline County	Middlesex County	Hampton City	Culpeper County	Bedford City
Charles City County	New Kent County	Isle of Wight County	Fairfax City	Bedford County
Chesterfield County	Northumberland County	James City County	Fairfax County	Botetourt County
Colonial Heights City	Nottoway County	Mathews County	Falls Church City	Buena Vista City
Cumberland County	Petersburg City	Newport News City	Fauquier County	Covington City
Dinwiddie County	Powhatan County	Norfolk City	Loudoun County	Craig County
Emporia City	Prince Edward County	Poquoson City	Manassas City	Floyd County
Essex County	Prince George County	Portsmouth City	Manassas Park City	Franklin County
Franklin City	Richmond City	Suffolk City	Prince William County	Giles County
Fredericksburg City	Richmond County	Virginia Beach City		Henry County
Goochland County	Southampton County	Williamsburg City		Highland County
Greensville County	Spotsylvania County	York County		Lexington City
Hanover County	Stafford County	Accomack County		Martinsville City
Henrico County	Surry County	Northampton County		Montgomery County
Hopewell City	Sussex County			Patrick County
King George County	Westmoreland County			Pulaski County
King William County				Radford City
King and Queen County				Roanoke City
Lancaster County				Roanoke County
				Rockbridge County
				Salem City
				Wythe County