



January 2014 NHE MEMA Adjustment

The NHE population is a combination of the NHE-Institutional and the NHE-Waiver populations. The first MEMA update is to establish a baseline distribution of the NHE-I and the NHE-W populations, and represents a snapshot of the risk mix of enrollees at the start of the program. The initial risk designation for each NHE eligible individual will be held constant for the first two years. Future calculations will adjust for NHE eligible members who leave the program, either voluntarily or because of death. The risk designation of a new NHE eligible will be held constant at the point when each is first identified until there is an update. At the beginning of the third and fourth years, the NHE eligible risk designation will be updated to the NHE status at the beginning of the previous year or, for a new NHE eligible during the previous year, the NHE status at the point of NHE eligibility.

During the period used to develop the CCC rates, CY 2011-CY2012, we noted 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 2013, the final month used to set the MEMA in the November 2013 report, the NHE-I population decreased approximately 14% and the NHE-Waiver population increased 18%.

The January 2014 NHE member month distribution shows a continuation of this trend. Overall, The NHE-Waiver proportion of NHE eligibles is 52.2%, up from 51.1% in June 2013. The MEMA mix varies by region, as shown in Table 1.

Revised CY 2014 NHE Rates

The revised rates are presented in the separate workbook, Exh 5-6 – PMPM –Dual14 (with LTC Split) Jan 14 MM HC 2014.04.08.xlsx. This includes a comparison to the NHE base rates published in the November 2013 reports and updates the remaining exhibits using the January 2014 member month distribution.

Exhibit 5a presents a comparison of the NHE blending using the June 2013 and the January 2014 member month distribution. The June 2013 PMPM values are the same as those in Exhibit 5a in the November 2013 report. The base rate cell PMPM are the historical CY 2011-CY2012 costs and member months and are used in both the June 2013 and January 2014 tables. The January 2014 PMPM values use the updated member month distribution.

The updated weighted average for NHE is \$3,663.65 PMPM. Because the January 2014 mix includes a slightly higher proportion of the lower cost NHE-Waiver population, this is a decrease of approximately \$25 PMPM from the previous estimate of \$3,688.50, or -0.67%.



Since the capitation rates were published in November, the Internal Revenue Service published its final rule on the health insurance tax. In that final rule, the IRS clarified that premiums for “long-term care, nursing home care, home health care, community-based care, or any combination thereof...” were exempt from the tax calculation, if these costs could be separately identified. We have updated Exhibits 5 to identify the portion of each rate that is for acute and for long-term care. The long term care service category does not include service costs for Medicare crossover payments for skilled nursing facility or home health, because CMS has indicated on a preliminary basis that these should be considered acute care costs.

The NHE blending using the separate acute care and long term care components is shown in Exhibit 5b. The two components add to the base rate PMPM values shown in Exhibit 5a and are weighted by the January 2014 member month distribution. The new weighted average NHE rate is \$3,663.65.

The revised NHE and the Community Well base rates are presented in Exhibit 5c. Both the NHE and the Community Well rates are weighted by the January 2014 member month distribution.

The first year 1% savings percentage adjustment is applied to the revised base rate and the results are presented in Exhibit 5e.

The Enhanced Medicare PCP Supplemental Payments shown in Exhibit 5f are weighted by the January 2014 member month distribution. Overall weighted average PCP supplemental payment is \$1.59 PMPM.

The rates to be paid during the CCC Phase I and Phase II opt-in enrollment periods are presented in Exhibit 5g. The statewide weighted average NHE PMPM is \$3,629.07. This is approximately a \$25 PMPM reduction from the \$3,653.68 NHE PMPM weighted average published in the November report, or -0.67%. The statewide weighted average Community Well PMPM is \$307.82. This is a \$0.78 PMPM increase from the \$307.04 Community Well PMPM weighted average published in the November report, or 0.25%.

Exhibit 5h is the January 2014 member month distribution.



Table 1

**Virginia Medicaid
 CY 2014 Dual Demonstration Capitation Rate Development
 MEMA: NHE-Institutional and NHE-Waiver Eligibles
 January 2014 Member Month Distribution**

		NHE MEMA: January 2014 Member Month Distribution Proportions					
		Phase I		Phase II			Total
MEG	Age Group	Central Virginia	Tidewater with Accomack and Northampton	Northern Virginia	Southwest/ Roanoke	Western/ Charlottesville	CY 2014 Average
Nursing Home Eligible Institutional	Age 21-64	28.1%	30.4%	38.6%	31.7%	27.5%	30.6%
	Age 65 and Over	52.1%	51.5%	38.2%	65.5%	58.8%	52.3%
	Total	47.1%	46.4%	38.2%	57.8%	52.4%	47.8%
Nursing Home Eligible Waiver	Age 21-64	71.9%	69.6%	61.4%	68.3%	72.5%	69.4%
	Age 65 and Over	47.9%	48.5%	61.8%	34.5%	41.2%	47.7%
	Total	52.9%	53.6%	61.8%	42.2%	47.6%	52.2%