



to: William Lessard and DMAS staff **date:** July 19, 2017
cc: CCC Duals Health Plans

from: Sandra Hunt **subject:** Revised CY 2017 CCC Duals Rates
Susan Maerki and MEMA Adjustment Effective July 1, 2017

Revised CY 2017 CCC Duals Rates Effective July 1, 2017

PricewaterhouseCoopers LLP (PwC) has re-calculated capitation rates for the Medicaid portion of the Virginia Medicare-Medicaid Financial Alignment Demonstration for Calendar Year 2017 for rates effective July 1, 2017. The demonstration is called Commonwealth Coordinated Care (CCC) or the Dual Demonstration in this memo. The revised CY 2017 CCC capitation rates incorporated three adjustment revisions, which are detailed in the sections below. These adjustments are also described in the July 2017 revised report titled Dual Demonstration Data Book and Capitation Rates: Medicaid Component for Calendar Year 2017.

The revised base rates are then subject to the member enrollment mix adjustment (MEMA) that provides an update of the rate to reflect the risk mix of enrollees in each Medicaid Medicare Plan. The MEMA uses the CCC Duals enrollment mix as of June 2017. This is the final MEMA adjustment to the rates. The CCC Duals program will be discontinued effective December 31, 2017 and all enrollees will be moved to the new Commonwealth Coordinated Care Plus (CCC Plus) program for their Medicaid covered acute and long term care services.

Adjustments Effective July 1, 2017

Nursing Facility adjustment

Effective July 1, 2017, there is a 3.1% nursing facility fee increase and a negative 0.85% rebasing adjustment for FY 2018 that is applied to the full FY 2013 – FY 2014 base period on the non-capital component of claims.

The adjustment is calculated uniformly across all eligible Dual populations. The calculation of the Nursing Facility adjustment is shown in Table 1 and as a revision to Exhibit 2d in the CY 2017 CCC Duals capitation rate report.



RBRVS rebasing adjustment

Each year DMAS adjusts physician rates consistent with the Medicare RBRVS update in a budget neutral manner based on funding. Up until recently, the update was based solely on DMAS FFS data. Plans reported that the rebasing is not cost neutral to their operations and that the impact on them varies. Therefore, the analysis was revised and the DMAS update now uses both FFS and MCO data. The FY 2017 DMAS analysis used FFS and the MCO data, as repriced to the DMAS physician fee schedule. Claims covered all professional providers, including physicians, nurse practitioners, psychologists, therapists, opticians, and federally qualified health centers and the full range of CPT codes from 10000 to 99499. The new physician rates for FY 2018 result in a -0.19% reduction to the MCO experience and a 0.71% increase to the FFS experience. Other codes, such as J codes for drugs administered in an office setting and anesthesia-related codes that are grouped in the professional service categories, are excluded from the adjustment.

The FFS professional fee adjustment is approximately 0.7%. The adjustment value is calculated separately for Nursing Home Eligible – Institutional (NHE-I), Nursing Home Eligible – Waiver (NHE-W) and Community Well (CW). The calculation of the RBRVS adjustment is shown in Table 2 and as a revision to Exhibit 2l in the CY 2017 CCC Duals capitation rate report.

Home Health and Rehabilitation adjustment

Effective July 1, 2017, there is an increase to the fee schedule for home health care and outpatient rehabilitation agencies. The adjustments are 50% of inflation rates and result in a 1.15% increase to home health care and a 1.35% increase to outpatient rehabilitative agency. DMAS provided a list of outpatient rehabilitative procedure codes and provider class subject to the fee schedule inflation adjustment. The identified claims are under the Physician – Other practitioner service line.

The adjustment value is calculated separately for Nursing Home Eligible – Institutional (NHE-I), Nursing Home Eligible – Waiver (NHE-W) and Community Well (CW). The calculation of the Home Health and Rehab adjustment is shown in Table 3 and as a revision to Exhibit 2m in the CY 2017 CCC Duals capitation rate report.

Addiction Rehabilitation and Treatment Services (ARTS) adjustment

The 2017 Virginia budget authorized DMAS to restructure its Addiction and Recovery Treatment Services to more effectively address the opioid epidemic. This initiative includes adding inpatient services for Substance Use Disorder and increasing rates significantly for key services. DMAS is implementing this initiative April 1, 2017 and is working closely with MCOs and providers to build a provider network for ARTS and to increase utilization. ARTS services will be available to members in all of the DMAS managed care programs, including Medallion 3.0, FAMIS, FAMIS Moms, CCC Duals and CCC Plus.



The Virginia budget appropriated additional funds for FY 2017 and FY 2018 for the new services, higher rates, and care coordination by MCOs and assumed some increase in utilization. DMAS expects additional utilization growth in future fiscal years.

The starting point for the medical component of the adjustment for CCC Duals for the CY17 rates is the \$16.3 million appropriation for FY 2018 that is allocated across all managed care populations with enrollees eligible for the ARTS services. The administrative component is calculated based on the FY 2018 ARTS administrative allocation of \$700,000. There was a revision to the original ARTS adjustment to reflect the cost of substance abuse services currently paid under Fee for Service that will now be covered in the Medallion 3.0 and CCC Plus programs. Estimated annual expenditure for these medical services is approximately \$2.6 million. This is added to the \$15.6 million in new ARTS funding for FY 2018. These FFS paid services have already been included in CCC Duals rate development, so the CCC Duals adjustment is limited to their share of the new ARTS funding.

DMAS provided a list of diagnosis codes to identify the target population. The potentially eligible population includes individuals in managed care and those currently in Medicaid FFS who will be enrolled in CCC Plus, but excludes individuals in the Technology Assisted waivers. ARTS eligible members were identified as those who incur claims with any of the substance abuse disorder diagnoses. After the prevalence was determined by population group, that percentage was adjusted for the estimated ARTS utilization factor for each population. The utilization factors were developed by DMAS program staff and varied by age and population group.

Multiplying the prevalence and the expected utilization rates produced an estimate of the ARTS participation factor for each eligible population. These values were used to allocate the medical and the administrative components of the funding per ARTS participant.

A full description of the calculation of the ARTS adjustment across all DMAS managed care programs is described in a separate memo dated April 25, 2017 that was distributed to the health plans.

Table 4 of this memo and Exhibit 5e in the attachments present the CY 2017 ARTS adjustment factors for the CCC Duals rates effective July 1, 2017. These values are applied after the July 1, 2017 MEMA adjustment and application of the savings. The ARTS adjustment is subject to the quality withhold adjustment.

The adjustment value is calculated separately for Nursing Home Eligible – Institutional (NHE-I), Nursing Home Eligible – Waiver (NHE-W) and Community Well (CW). The NHE-I and NHE-W are applied as the weighted average to the Blended NHE rate. The calculation of the ARTS adjustment is shown in Table 4



and as a revision to Exhibit 5g in the CY 2017 CCC Duals capitation rate report. The NHE-I and NHE-W ARTS amounts are applied as a weighted average to the Blended NHE rate.

Revised Summary Capitation Rates

There is no change in Historical Data (Exhibit 1a to 1c) or service-specific Trend and IBNR factors (Exhibit 3a to 3c) from the calculation of CY 2017 capitation rates, effective January 1, 2017. For Exhibit 3a to 3c, there are small differences in the weighted average total trend factor due to changes in policy adjustments that modified the proportion of completed and adjusted claims across the service categories.

For comparison purposes, the CY 2017 Dual Demonstration rates effective January 1, 2017 are presented in Table 5 and the CY 2017 Dual Demonstration capitation rates effective July 1, 2017 are presented in Table 6. All weighted averages use the distribution of member months in June 2016.

The revised weighted average CY 2017 CCC Demonstration Medicaid component is \$3,796.99 PMPM for the NHE and \$274.54 for the Community Well population. The total population weighted average is \$1,659.88 PMPM.

The amended CY 2017 rates, effective July 2017 (Table 6) are compared to the CY 2017 rates, effective January 2017 (Table 5) in Table 7. Overall, the amended CY 2017 dual rates are an increase of 1.01%. Compared to the January 1, 2017 rates, NHE-I has 1.97% change and NHE-W has approximately no change. The blended NHE rate is a 1.10% increase. Community Well has a 0.20% increase.

Compared to the CY 2016 Dual Demonstration rates effective July 1, 2016, the weighted average NHE-I increases 2.0%, NHE-W increases 1.3% and the blended NHE rate increases 1.7%. The weighted average Community Well rate increases by 2.7%. The overall weighted average change between the CY June 2016 and CY June 2017 revised base rates is 1.8%.

Commonwealth Coordinated Care MEMA Adjustment

As part of the rate development for the Medicaid component of 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). 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 provides 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 receive a lower NHE blended capitation rate.



This is consistent with 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.

Enrollment of CCC Duals Eligibles as of July 2017

Approximately 34% of the CCC Duals eligibles are enrolled in the CCC MMPs as of July 1, 2017. The enrollment penetration ranges from a low of 17.1% in Northern Virginia to 42.3% in Southwest Roanoke. The NOVA eligibility penetration is 23.1% for NHE-I, 10.4% for NHE-W, and 18.4% for CW. This compares to the other four regions where eligibility penetration is 29.0% for NHE-I, 26.7% for NHE-W, and 45.2% for CW.

Since the last MEMA adjustment in January 2017, enrollment decreased in all of the CCC Duals regions. Overall, CCC enrollment went from 28,714 in January 2017 to 26,919 in July 2017, a decrease of 6.4%.

Attachments for MEMA Effective July 1, 2017

There are five MEMA regional exhibits included with this memo, one for each of the regions with a MEMA updated for June 1, 2017 enrollment. Each set of exhibits uses the same layout and replaces capitation rates in the CY 2017 CCC Duals report Exhibits 5-6. The worksheets in the regional exhibits are:

- Exhibit 5a presents the regional NHE blending using the June 2017 enrollment distribution. The PMPM values used for the weighting are those in Exhibit 5a in the CY 2017 CCC Duals Demonstration rates effective July 1, 2017.
- Exhibit 5b summarizes the NHE blended rates by health plan and adds the CY 2017 rates for Community Well. The weighted average uses the June 2017 enrollment mix.
- Exhibit 5c is the demonstration third year 2% savings percentage adjustment.
- Exhibit 5d presents the adjusted rates after the demonstration third year 2% savings percentage adjustment is applied to the base rates in Exhibit 5b.
- Exhibit 5e is the ARTS program adjustment to be added to the rates in Exhibit 5d.
- Exhibit 5f presents the rates with the ARTS adjustment applied on the capitation rates adjusted for savings in Exhibit 5d. These are the maximum rates that plans could eventually be paid if they meet all quality requirements.
- Exhibit 5g is the 3% quality withhold to be applied to the final rates.
- Exhibit 5h presents the final adjusted capitation rates after the 3% quality withhold is applied to the rates in Exhibit 5f. These are the monthly capitation rates that will be paid to the MMPs.
- Exhibit 5i shows the June 2017 CCC Duals enrollment member month distribution for the region.



Table 1 – Exhibit 2d
Virginia Medicaid
CY 2017 Commonwealth Coordinated Care Capitation Rate Development
Historical Fee-for-Service Claims
Nursing Facility Adjustment Effective July 1, 2017

	Adjustment Value	Source
1. Total Claims in Nursing Facility Service Category	\$1,299,176,087	FY13-FY14 FFS Invoices
2a. FY15 Prospective Payment Change	10.5%	Provided by DMAS
2b. Dollar Change	\$135,931,148	= ((1.) * (2a.))
3. FY17-FY18 Nursing Facility Capital Percentage	9.5%	Provided by DMAS
4a. FY17 Nursing Facility Rate Increase	0.9%	Provided by DMAS
4b. FY18 Nursing Facility Rate Increase	3.1%	Provided by DMAS
4c. Dollar Change	\$52,313,239	= [((1.) + (2b.)) * (1 - (3.))] * ((1 + (4a.)) * (1 + (4b.)) - 1)
5a. FY18 Nursing Facility Rate Change - Rebasing	-0.85%	Provided by DMAS
5b. Dollar Change	(\$11,441,982)	= ((1.) + (2b.) + (5a.)) * (1 - (3.)) * (5a.)
6. Nursing Facility Adjustment	13.6%	= ((2b.) + (4c.) + (5b.)) / (1.)



Table 2 – Exhibit 21
Virginia Medicaid
CY 2017 Commonwealth Coordinated Care Capitation Rate Development
Historical Fee-for-Service Claims
Resource Based Relative Value Scale Adjustment Effective July 1, 2017

	Nursing Home Eligible - Institutional	Nursing Home Eligible - Waiver	Community Well	Source
1. Professional Fee Adjustment - Effective FY18	0.71%	0.71%	0.71%	Provided by DMAS
2. Proportion of claims subject to fee adjustment	99.2%	99.9%	99.9%	FY13-14 FFS Invoices
3. Final Professional Fee Adjustment	0.7%	0.7%	0.7%	= (1.) * (2.)



**Table 3 – Exhibit 2m
Virginia Medicaid
CY 2017 Commonwealth Coordinated Care Capitation Rate Development
Historical Fee-for-Service Claims
Home Health and Rehab Adjustment Effective July 1, 2017**

			Nursing Home Eligible - Institutional	Nursing Home Eligible - Waiver	Community Well	Source	
1.	FY13-14 Claims in Service Categories	a.	Home Health Services	\$230	\$140,701	\$72,928	FY13-14 FFS Invoices
		b.	Physician - Other Practitioner	\$166,838	\$5,435,638	\$856,432	FY13-14 FFS Invoices
2.	FY13-14 Claims Associated with Fee Change	a.	Home Health	\$0	\$70,466	\$35,087	FY13-14 FFS Invoices
		b.	Physician - Other Practitioner	\$1,800	\$14,820	\$11,966	FY13-14 FFS Invoices
3.	FY17 Fee Change	a.	Home Health Inflation	1.7%	1.7%	1.7%	Provided by DMAS
		b.	OP Rehab Inflation	2.1%	2.1%	2.1%	Provided by DMAS
4.	FY18 Fee Change	a.	50% of Home Health Inflation	1.15%	1.15%	1.15%	Provided by DMAS
		b.	50% of OP Rehab Inflation	1.35%	1.35%	1.35%	Provided by DMAS
5.	Dollar Change	a.	Home Health Services	\$0	\$2,022	\$1,007	= ((2a.) * (((1 + (3a.) * (1 + (4a.)) - 1)
		b.	Physician - Other Practitioner	\$63	\$515	\$416	= ((2b.) * (((1 + (3b.) * (1 + (4b.)) - 1)
6.	Home Health and Rehab Adjustment	a.	Home Health Services	0.0%	1.4%	1.4%	= (5a.) / (1a.)
		b.	Physician - Other Practitioner	0.04%	0.01%	0.05%	= (5b.) / (1b.)



Table 4 – Exhibit 5g
Virginia Medicaid
CY 2017 Commonwealth Coordinated Care Capitation Rate Development
Historical Fee-for-Service Claims
Addiction Rehabilitation and Treatment Services (ARTS) Adjustment Effective July 1, 2017

	Dual NHE I	Dual NHE W	Dual CW	Source
1a. ARTS Medical PMPM (Per Participant)	\$100.62	\$100.62	\$100.62	Estimated for FY18
1b. ARTS Admin PMPM (Per Participant)	\$4.72	\$4.72	\$4.72	Estimated for FY18
2a. ARTS Participants	3	68	637	Jan 2017 snapshot
2b. Other members	3,137	3,559	21,309	Jan 2017 snapshot
3a. ARTS Medical PMPM (Rate Adjustment)	\$0.10	\$1.89	\$2.92	= (1a.) * (2a.) / ((2a.) + (2b.))
3b. ARTS Admin PMPM (Rate Adjustment)	\$0.00	\$0.09	\$0.14	= (1b.) * (2a.) / ((2a.) + (2b.))
3c. ARTS Total PMPM (Rate Adjustment)	\$0.10	\$1.98	\$3.06	= (3a.) + (3b.)



Table 5
Virginia Medicaid
CY 2017 Dual Demonstration Capitation Rate Development
Duals Base Rates Effective January 1, 2017 – June 30, 2017

MEG	Age Group	Region					CY 2017 Average
		Central Virginia	Northern Virginia	Southwest/ Roanoke	Tidewater	Western/ Charlottesville	
Nursing Home Eligible Institutional	Age 21-64	\$5,127.91	\$6,363.09	\$5,255.47	\$5,165.31	\$4,668.12	\$5,308.65
	Age 65 and Over	\$5,195.17	\$6,237.49	\$5,004.60	\$5,010.85	\$5,035.80	\$5,249.15
	Average	\$5,186.59	\$6,254.57	\$5,031.79	\$5,033.68	\$4,990.53	\$5,256.79
Nursing Home Eligible Waiver	Age 21-64	\$2,694.24	\$3,461.16	\$2,566.86	\$2,661.89	\$2,646.53	\$2,749.99
	Age 65 and Over	\$2,508.27	\$3,453.64	\$2,330.71	\$2,457.68	\$2,256.99	\$2,753.78
	Average	\$2,565.94	\$3,454.61	\$2,421.32	\$2,521.49	\$2,387.61	\$2,752.74
Nursing Home Eligible	Age 21-64	\$3,240.85	\$4,290.76	\$3,196.67	\$3,237.42	\$3,133.74	\$3,357.14
	Age 65 and Over	\$3,773.78	\$4,213.63	\$3,962.93	\$3,578.42	\$3,737.81	\$3,865.72
	Average	\$3,648.70	\$4,223.71	\$3,778.60	\$3,493.61	\$3,594.70	\$3,755.53
Community Well	Age 21-64	\$415.54	\$340.72	\$429.64	\$346.85	\$269.84	\$377.40
	Age 65 and Over	\$237.06	\$150.11	\$291.04	\$219.63	\$234.51	\$199.62
	Average	\$328.90	\$184.02	\$373.84	\$284.21	\$253.48	\$273.98
Weighted Average		\$1,768.51	\$1,405.93	\$1,883.34	\$1,582.36	\$1,745.69	\$1,643.24

Note:

Weighted Averages are based on June 2016 Member Month Distribution

NHE rates will be adjusted by MEMA calculations over the period of the demonstration.



Table 6
Virginia Medicaid
CY 2017 Dual Demonstration Capitation Rate Development
Duals Base Rates Effective July 1, 2017 – December 31, 2017

MEG	Age Group	Region					CY 2017 Average
		Central Virginia	Northern Virginia	Southwest/ Roanoke	Tidewater	Western/ Charlottesville	
Nursing Home Eligible Institutional	Age 21-64	\$5,226.00	\$6,485.81	\$5,354.95	\$5,264.42	\$4,756.80	\$5,410.17
	Age 65 and Over	\$5,296.24	\$6,359.00	\$5,101.86	\$5,108.22	\$5,133.83	\$5,351.25
	Average	\$5,287.28	\$6,376.25	\$5,129.29	\$5,131.30	\$5,087.40	\$5,358.82
Nursing Home Eligible Waiver	Age 21-64	\$2,694.38	\$3,461.27	\$2,567.05	\$2,661.99	\$2,646.60	\$2,750.12
	Age 65 and Over	\$2,508.33	\$3,453.66	\$2,330.78	\$2,457.73	\$2,257.03	\$2,753.82
	Average	\$2,566.03	\$3,454.64	\$2,421.44	\$2,521.55	\$2,387.66	\$2,752.80
Nursing Home Eligible	Age 21-64	\$3,262.99	\$4,325.92	\$3,220.12	\$3,260.29	\$3,155.17	\$3,381.33
	Age 65 and Over	\$3,821.42	\$4,246.81	\$4,022.33	\$3,621.19	\$3,790.07	\$3,911.24
	Average	\$3,690.36	\$4,257.15	\$3,829.35	\$3,531.42	\$3,639.65	\$3,796.43
Community Well	Age 21-64	\$415.66	\$340.99	\$429.80	\$346.98	\$270.01	\$377.55
	Age 65 and Over	\$238.15	\$150.54	\$292.63	\$220.60	\$235.92	\$200.45
	Average	\$329.50	\$184.42	\$374.58	\$284.76	\$254.23	\$274.53

Weighted Average	\$1,786.91	\$1,416.33	\$1,906.24	\$1,597.99	\$1,766.18	\$1,659.66
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Note:

Weighted Averages are based on June 2016 Member Month Distribution

NHE rates will be adjusted by MEMA calculations over the period of the demonstration.



Table 7
Virginia Medicaid
CY 2017 Dual Demonstration Capitation Rate Development
Comparison of Duals Base Rates – Rates effective January 1, 2017 – June 30, 2017 vs July 1, 2017 – December 31, 2017

MEG	Age Group	Region					CY 2016 Average
		Central Virginia	Northern Virginia	Southwest/ Roanoke	Tidewater with Accomack and Northampton	Western/ Charlottesville	
Nursing Home Eligible Institutional	Age 21-64	1.91%	1.93%	1.89%	1.92%	1.90%	1.91%
	Age 65 and Over	1.95%	1.95%	1.94%	1.94%	1.95%	1.95%
	Average	1.94%	1.95%	1.94%	1.94%	1.94%	1.94%
Nursing Home Eligible Waiver	Age 21-64	0.01%	0.00%	0.01%	0.00%	0.00%	0.00%
	Age 65 and Over	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
	Average	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Nursing Home Eligible	Age 21-64	0.68%	0.82%	0.73%	0.71%	0.68%	0.72%
	Age 65 and Over	1.26%	0.79%	1.50%	1.20%	1.40%	1.18%
	Average	1.14%	0.79%	1.34%	1.08%	1.25%	1.09%
Community Well	Age 21-64	0.03%	0.08%	0.04%	0.04%	0.06%	0.04%
	Age 65 and Over	0.46%	0.28%	0.55%	0.44%	0.60%	0.42%
	Average	0.18%	0.22%	0.20%	0.19%	0.29%	0.20%
Weighted Average		1.04%	0.74%	1.22%	0.99%	1.17%	1.00%

Note:

Weighted Averages are based on June 2016 Member Month Distribution

NHE rates will be adjusted by MEMA calculations over the period of the demonstration.



Table 8
Virginia Medicaid
CY 2017 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	CY17 1 st MEMA Reset	CY17 Mid-Year MEMA Reset
1				
Tidewater	July 2014			
	August 2014	October 2014	January 2017	July 2017
Central VA	September 2014	December 2014	January 2017	July 2017
Phase II				
SW/Roanoke	October 2014	January 2015	January 2017	July 2017
W/Charlottesville	October 2014	January 2015	January 2017	July 2017
NOVA	November 2014	February 2015	January 2017	July 2017



Table 9
Virginia Medicaid
CY 2017 Dual Demonstration Capitation Rate Development
Tidewater MEMA: Benchmark and Voluntary and Auto Enrollment
Member Months: January 2017 Eligibles Compared to June 2017 Enrollees

		Tidewater				
		January 2017		June 2017		
MEG	Age Group	Eligibles	% Distribution	Enrolled	% Distribution	% Jan Eligibles
Nursing Home Eligible	Age 21 - 64	1,594	8.4%	476	6.4%	29.9%
	Age 65 and Over	4,284	22.5%	1,095	14.7%	25.6%
Nursing Home Eligible Total		5,878	30.8%	1,571	21.1%	26.7%
Community Well	Age 21-64	7,582	39.8%	3,621	48.7%	47.8%
	Age 65 and Over	5,607	29.4%	2,250	30.2%	40.1%
Community Well Total		13,189	69.2%	5,870	78.9%	44.5%
Total		19,067	100.0%	7,442	100.0%	39.0%



Table 10
Virginia Medicaid
CY 2017 Dual Demonstration Capitation Rate Development
Central VA MEMA: Benchmark and Voluntary and Auto Enrollment
Member Months: January 2017 Eligibles Compared to June 2017 Enrollees

		Central Virginia				
		January 2017		June 2017		
MEG	Age Group	Eligibles	% Distribution	Enrolled	% Distribution	% Jan Eligibles
Nursing Home Eligible	Age 21 - 64	2,016	8.7%	546	6.0%	27.1%
	Age 65 and Over	5,918	25.4%	1,637	18.0%	27.7%
Nursing Home Eligible Total		7,934	34.0%	2,183	24.0%	27.5%
Community Well	Age 21-64	8,538	36.6%	4,071	44.7%	47.7%
	Age 65 and Over	6,830	29.3%	2,850	31.3%	41.7%
Community Well Total		15,368	66.0%	6,921	76.0%	45.0%
Total		23,302	100.0%	9,105	100.0%	39.1%



Table 11
Virginia Medicaid
CY 2017 Dual Demonstration Capitation Rate Development
Southwest/Roanoke MEMA: Benchmark and Voluntary and Auto Enrollment
Member Months: January 2017 Eligibles Compared to June 2017 Enrollees

		Southwest / Roanoke				
		January 2017		June 2017		
MEG	Age Group	Eligibles	% Distribution	Enrolled	% Distribution	% Jan Eligibles
Nursing Home Eligible	Age 21 - 64	1,116	9.4%	369	7.3%	33.1%
	Age 65 and Over	2,658	22.3%	770	15.3%	29.0%
Nursing Home Eligible Total		3,774	31.7%	1,140	22.6%	30.2%
Community Well	Age 21-64	5,135	43.1%	2,550	50.6%	49.7%
	Age 65 and Over	2,997	25.2%	1,347	26.7%	44.9%
Community Well Total		8,132	68.3%	3,897	77.4%	47.9%
Total		11,906	100.0%	5,036	100.0%	42.3%



Table 12
Virginia Medicaid
CY 2017 Dual Demonstration Capitation Rate Development
Western/Charlottesville MEMA: Benchmark and Voluntary and Auto Enrollment
Member Months: January 2017 Eligibles Compared to June 2017 Enrollees

		Western / Charlottesville				
		January 2017		June 2017		
MEG	Age Group	Eligibles	% Distribution	Enrolled	% Distribution	% Jan Eligibles
Nursing Home Eligible	Age 21 - 64	632	9.9%	172	7.4%	27.2%
	Age 65 and Over	1,751	27.3%	456	19.6%	26.1%
Nursing Home Eligible Total		2,383	37.2%	628	27.0%	26.4%
Community Well	Age 21-64	2,286	35.7%	1,009	43.3%	44.1%
	Age 65 and Over	1,743	27.2%	691	29.7%	39.7%
Community Well Total		4,029	62.8%	1,700	73.0%	42.2%
Total		6,412	100.0%	2,328	100.0%	36.3%



Table 13
Virginia Medicaid
CY 2017 Dual Demonstration Capitation Rate Development
Northern Virginia MEMA: Benchmark and Voluntary and Auto Enrollment
Member Months: January 2017 Eligibles Compared to June 2017 Enrollees

		Northern Virginia				
		January 2017		June 2017		
MEG	Age Group	Eligibles	% Distribution	Enrolled	% Distribution	% Jan Eligibles
Nursing Home Eligible	Age 21 - 64	766	4.3%	158	5.3%	20.6%
	Age 65 and Over	4,237	24.0%	532	17.7%	12.6%
Nursing Home Eligible Total		5,003	28.4%	690	22.9%	13.8%
Community Well	Age 21-64	2,650	15.0%	748	24.9%	28.2%
	Age 65 and Over	9,982	56.6%	1,570	52.2%	15.7%
Community Well Total		12,632	71.6%	2,318	77.1%	18.4%
Total		17,635	100.0%	3,008	100.0%	17.1%



**Qualified Actuarial Certification of
CY 2017 Dual Financial Alignment Demonstration Capitation Rates:
Commonwealth Coordinated Care
Commonwealth of Virginia Department of Medical Assistance Services**

I, Peter B. Davidson, am associated with the firm PricewaterhouseCoopers (PwC). I am a Member of the American Academy of Actuaries and meet its qualification standards to certify as to the actuarial soundness of the calendar year 2017 capitation rates developed for the Medicaid portion of the Dual Financial Alignment Initiative under the Virginia Department of Medical Assistance Services (DMAS) Medicaid program.

It is my qualified opinion that PwC and the Commonwealth of Virginia have developed actuarially sound Medicaid capitation rates in accordance with 42 CFR 438.6(c). The basis for the rates began with costs developed prior to the application of the Medicare and Medicaid composite savings percentages established by the State and CMS, informed by estimates from CMS and its contractors. This certification assures that the Medicaid capitated rates were set consistent with 42 CFR 438.6(c) in combination with a qualification that the Medicare capitation rates were established by CMS and the savings percentages were established by the State and CMS. I believe that the capitation rates are appropriate for the populations to be covered and the services to be furnished under the contract. The capitation rates are based solely on the projected costs for Medicaid State Plan services. Detailed descriptions of the original methodology and assumptions used in the development of the capitation rates are contained in the capitation rate setting report. In the development of the proposed capitation rates, I relied on enrollment, claims, and other data provided by the Virginia Department of Medical Assistance. I reviewed the data for reasonableness; however, I performed no independent verification and take no responsibility as to the accuracy of these data. The proposed actuarially sound rates shown are a projection of future events. It may be expected that actual experience will vary from the values shown here. Actuarial methods, considerations, and analyses used in developing the proposed capitation rates conform to the appropriate Standards of Practice promulgated from time to time by the Actuarial Standards Board.

The capitation rates may not be appropriate for any specific health plan. Each health plan will need to review the rates in relation to the benefits provided. The health plan should compare the rates with their own experience, expenses, capital and surplus, and profit requirements prior to agreeing to contract with the State. The health plan may require rates above, equal to, or below the proposed capitation rates. These rates represent the Medicaid portion only; total payments to plans participating in the Demonstration include separate payments from the Medicare program.



Peter B. Davidson

Peter B. Davidson, FSA
Member, American Academy of Actuaries

July 19, 2017

Date