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Connecticut 1915(b) Waiver Presentation

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1915(b) Waiver – Overview

What is a 1915(b) Freedom of Choice waiver?

- 1915(b) waivers allow states to request that certain provisions of Section 1902 of the SSA be waived:
 - Statewideness
 - Comparability of services
 - Freedom of choice

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1915(b) Waiver Requirements

What are the 1915b waiver requirements?

- Access to quality services
- No restriction of emergency services or family planning services
- Consistent with the Medicaid Fee-For-Service (FFS) program
- Cost-effectiveness test

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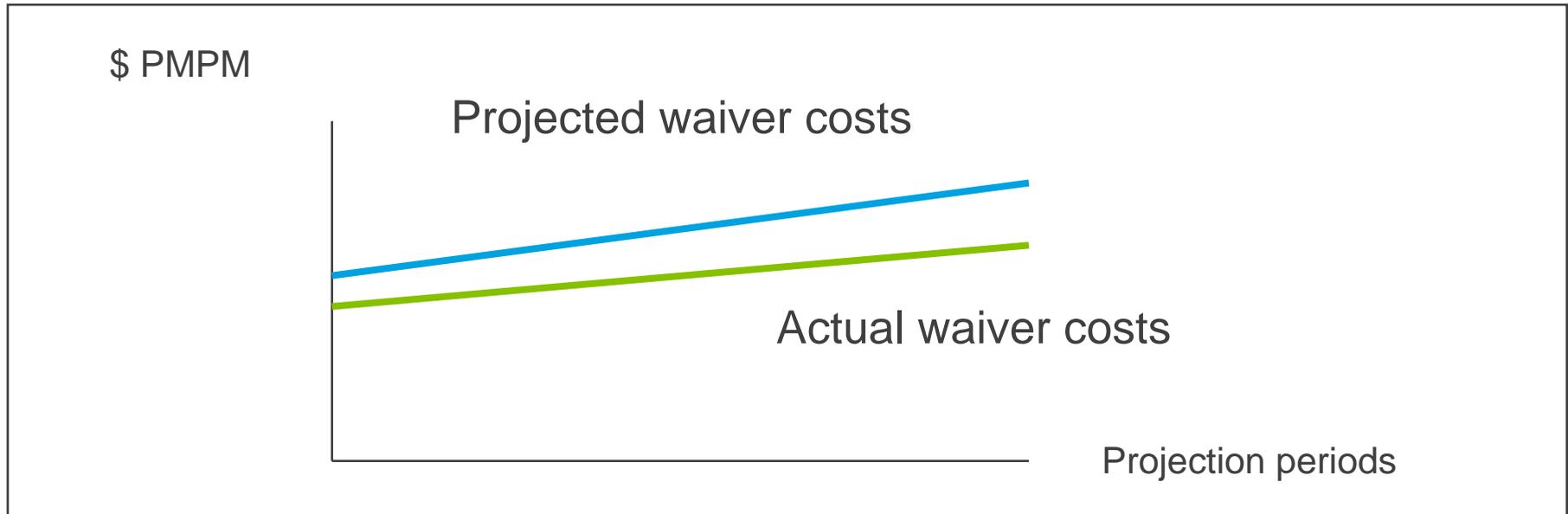
New 1915(b) Cost-Effectiveness Test

- Historically, 1915(b) waivers included a cost-effectiveness test that compared FFS costs to managed care costs:
 - In many instances, the FFS data was outdated and was trended forward several years
 - This data was not related to CMS-64 reports
- Currently, the 1915(b) test for cost-effectiveness compares the cost projections with actual reported expenditures:
 - Expenditures must be at or below the projections
 - Quarterly CMS-64 reports are run and are utilized in reviewing cost-effectiveness
 - Renewal reports are now automated

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New 1915(b) Cost-Effectiveness Test (continued)

1915(b) Cost-effectiveness test



- Waiver cost = service expenditures + administration costs
- Total costs (not just Federal share)
- PMPM test

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Connecticut's 1915(b) Waiver Application - Background

- The State's HUSKY A population has operated under an approved waiver authority since 1995

- Significant changes to the HUSKY A program resulted in preliminary discussions between the State and CMS to determine the most appropriate type of waiver application to submit
 - Connecticut will submit an initial waiver application rather than a renewal application
 - The base data time period utilized for projecting expenditures is calendar year 2007. The expenditures associated with the PIHP time period are not accounted for in this waiver application
 - The projection years are SFY10 and SFY11

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HUSKY A Rate Development versus Waiver Development

| Issue | Waiver development | Rate development |
|-------------------------|--|---|
| Primary Purpose | Obtain CMS approval to operate the HUSKY A program under 1915b waiver authority. Impacts the HUSKY A managed care and PCCM programs. | Provide actuarially sound rate ranges in compliance with Federal regulations to assist with MCO payment negotiations. |
| Role of CMS | Approval of the waiver application. Quarterly tracking of actual expenditures compared to projections. | Approval of the rate development methodology. |
| Impacted populations | HUSKY A eligibles. | HUSKY A eligibles. |
| Impacted services | All state plan approved services. | HUSKY A MCO-contracted services. |
| Primary data components | CMS-64W reports for medical and administrative expenditures. HUSKY A capitation rates and FFS data. | MCO financial and encounter data. |

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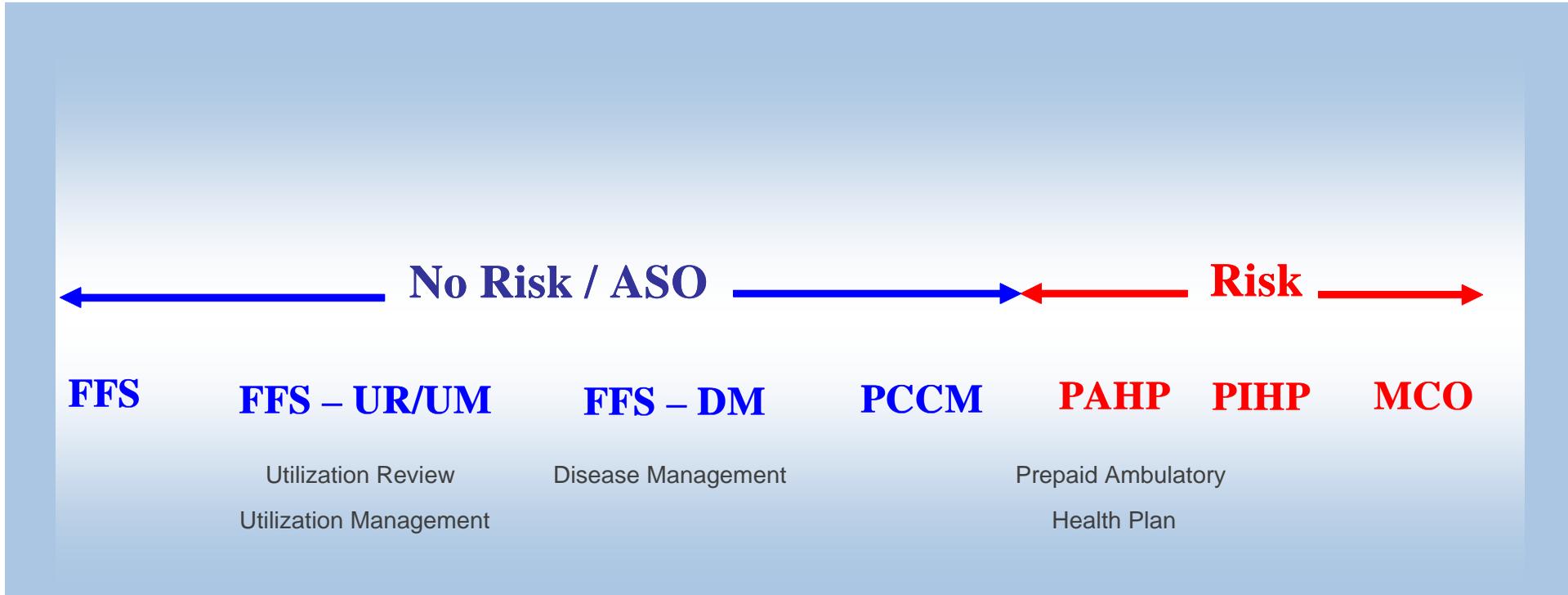
Why Medicaid Managed Care?

- Medicaid managed care saves money
 - Costs contained through rate setting, efficiencies, market leverage and coordination of care

- Medicaid managed care adds value and quality
 - Ensures access for every Medicaid managed care consumer
 - Ability to provide services not available under the FFS program
 - Quality is measured, monitored and improved
 - Specialized care provided through disease management, care management and coordination of care

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Managed Care Continuum



Characteristics

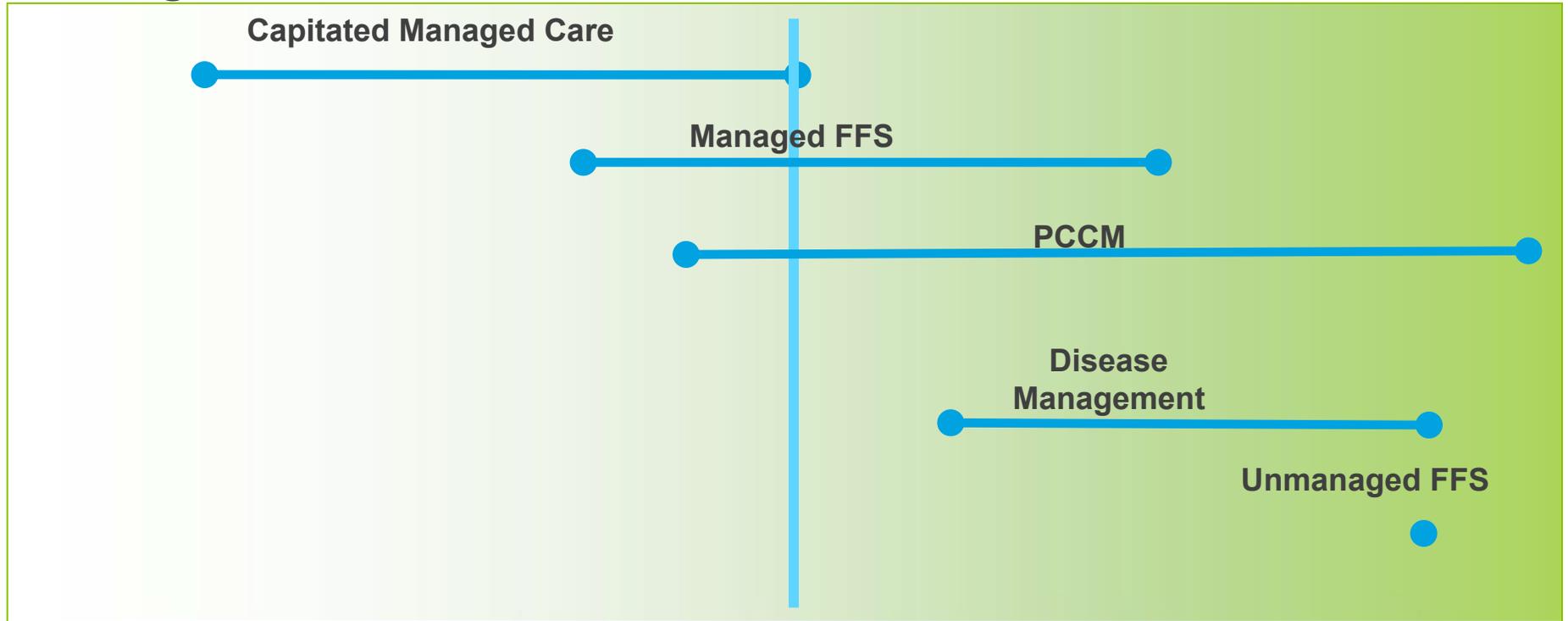
- Low potential for cost savings
- Low managed care
- Less provider accountability

Characteristics

- Greater potential for cost savings
- High managed care
- More provider accountability

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Managed Care Continuum



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Characteristics

- Low cost
- High managed care

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Characteristics

- High Costs
- Low managed care

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States Expanding Their Capitated Managed Care Programs

| State | Expansion Program |
|--------------|---|
| New York | Mandatory enrollment of SSI population |
| Texas | Expanded mandatory enrollment of SSI population |
| Pennsylvania | New integrated care model for duals – Full risk for Medicare, Physical Health (PH) and LTC services |
| New Mexico | Mandatory enrollment of all duals into new integrated care model – Full risk for PH and LTC |
| Tennessee | Expanding managed care to include LTC services |

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