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November 27, 2019

Ms. Tara Smith Clark, JD, CHP
Executive Administrator
Mississippi Office of the Governor, Division of Medicaid
550 High Street, Suite 1000
Jackson, MS 39201

Re: MississippiCAN Estimated Program Savings Summary – January 2011 to June 2020

Dear Tara:

The Mississippi Division of Medicaid (DOM) retained Milliman to calculate, document, and certify to the state fiscal year (SFY) 2020 MississippiCAN capitation rate development. This letter provides estimated MississippiCAN cost savings projections for the most recent SFY 2020 rating period, along with cumulative cost savings for the program since its inception in January 2011, consistent with the capitation rate development for each rating period. We estimate DOM cost savings, excluding the impact of premium tax, and the net state government premium tax proceeds.

Table 2 below displays the estimated cost savings to Mississippi for medical services in SFY 2020 for MississippiCAN enrolled populations relative to our projection of what their fee-for-service (FFS) costs would have been in absence of managed care. While it is not possible to know with certainty what medical costs would have been if MississippiCAN had not been in place, we examined the most recent FFS experience available for each population prior to their enrollment in MississippiCAN to make a “best estimate” projection using accepted actuarial practices, where possible. The savings were calculated as reductions in medical costs relative to FFS which are then partially offset by targeted CCO administrative costs and margin to provide more efficient and higher quality of care under managed care. In addition, beginning in January 2014, the Health Insurer Fee (HIF) imposed under the Affordable Care Act offsets some savings. Bill H.R. 195, enacted January 22, 2018, put a moratorium on HIF payments for calendar year 2019. Therefore, for SFY 2020 the HIF payments are only in effect for the period of January through June 2020.

Table 2 also estimates the net revenue the state of Mississippi will realize through collection of the 3% premium tax on MississippiCAN capitation payments collected by the Department of Insurance (DOI). Since the capitation rates are funded by federal and state money based upon the Federal Medical Assistance Percentage (FMAP), the federal government pays an equivalent of approximately 2.32% and the state government (DOM) pays 0.68%, assuming the FMAP percentages shown in Table 1. Therefore, the State realizes net proceeds from the MississippiCAN premium tax (DOI collections less DOM costs) equivalent to the 2.32% federal contribution.

Table 1
MississippiCAN Estimated Program Savings
SFY 2020
Federal Match Percentages

Federal Fiscal Year	FMAP	e-FMAP
2019	76.39%	100.00%
2020	76.98%	95.39%
Blended*	76.83%	96.54%

*Blended to reflect 3 months of FFY 2019 and 9 months of FFY 2020.

Concurrent with the inclusion of inpatient hospital services in MississippiCAN capitation rates effective December 1, 2015, the Mississippi Hospital Access Program (MHAP) was established. This program helps to ensure sufficient access to inpatient hospital services for the Medicaid population by including enhanced hospital reimbursement in the capitation rates. Including these amounts in the capitation rates also subjects the amounts to state premium tax. Table 2 displays the cost and net premium tax impact of MHAP separately from the MississippiCAN capitation rates.

Beginning in SFY 2020, the Mississippi Medicaid Access to Physician Services (MAPS) program will enhance payments to physicians and other eligible professional service practitioners who are employed by a qualifying hospital or who assigned Mississippi Medicaid payments to a qualifying hospital. Similar to MHAP, the MAPS program will improve access to care for Medicaid beneficiaries, and including the MAPS program in capitation rates subjects MAPS program payments to state premium tax. Table 2 displays the cost and net premium tax impact of the MAPS program separately from the MississippiCAN capitation rates.

We did not reflect the timing of payments in our analysis for any of the components of this analysis. Rather the amounts in Table 2 reflect the estimate of total payments for the SFY even if those payments are not made within the given SFY.

Table 2
MississippiCAN Estimated Program Savings
SFY 2020
Total Expenditures (State and Federal)
Estimated Program Savings Relative to FFS
(\$ Millions)

Capitated Population	Projected FFS Claims w/o Managed Care	MississippiCAN Costs*	Total Savings	Mississippi Share of Savings
SSI / Disabled, Foster Care, BCCP	\$1,021.7	\$926.6	\$95.1	\$22.0
MA Adults, Pregnant Women, Newborns	\$648.8	\$625.4	\$23.4	\$5.4
MA Children / Q-CHIP Children / SED Children	\$741.4	\$770.9	(\$29.5)	(\$6.3)
MHAP	\$533.1	\$533.1	\$0.0	\$0.0
MAPS	\$36.2	\$36.2	\$0.0	\$0.0
Subtotal				\$21.2
Net Premium Tax Revenue - Capitation				\$55.6
Net Premium Tax Revenue - MHAP				\$12.8
Net Premium Tax Revenue - MAPS				\$0.9
Total Mississippi Impact				\$90.4

* MississippiCAN costs include both capitated services and the Health Insurer Fee.

Table 3 summarizes the state share of the savings and net premium tax revenue by capitation rate period from January 2011 to June 2020 as estimated in this and previous studies.

Table 3 MississippiCAN Estimated Program Savings January 2011 to June 2020 State Share Only Estimated Program Savings Relative to FFS (\$ Millions)			
Capitation Rate Period*	Mississippi Share of Savings	Net Premium Tax Revenue	Total Mississippi Impact
CY 2011	\$14.5	\$10.2	\$24.7
CY 2012	\$15.6	\$9.8	\$25.4
CY 2013	\$21.9	\$18.3	\$40.2
January to June 2014	\$6.1	\$10.1	\$16.2
SFY 2015	\$10.9	\$20.7	\$31.6
SFY 2016	\$16.9	\$55.5	\$72.4
SFY 2017	\$11.4	\$63.6	\$75.0
SFY 2018	\$13.2	\$64.1	\$77.3
SFY 2019	\$20.1	\$65.7	\$85.8
SFY 2020	\$21.2	\$69.3	\$90.4
January 2011 to June 2020	\$151.8	\$387.3	\$539.0

* Costs included for populations only during enrollment in MississippiCAN.

CAVEATS AND LIMITATIONS

This letter is intended for the use of DOM in accordance with its statutory and regulatory requirements. Milliman recognizes the materials may be public records subject to disclosure to third parties; however, Milliman does not intend to benefit, and assumes no duty or liability to, any third parties who receive this letter and related materials. The materials should only be reviewed in their entirety. Milliman gives DOM permission to publicly release this letter.

This letter is designed to help estimate savings related to the MississippiCAN program. This information may not be appropriate, and should not be used, for other purposes. This information should be viewed in conjunction with documentation of the development of January 2011 to June 2020 capitation rates by rating period for the MississippiCAN populations.

Differences between actual and expected capitation payments, premium tax payments, and FFS costs will depend on the extent to which future experience conforms to the assumptions we made to develop these savings calculations. It is certain that actual experience will not conform exactly to the assumptions used. Actual amounts will differ from projected amounts to the extent that actual experience is better or worse than expected.

In preparing this information, we relied on information provided by DOM and MississippiCAN coordinated care organizations. We accepted this information without audit, but reviewed the information for general reasonableness. Our results and conclusions may not be appropriate if this information is not accurate.



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We, Jill Bruckert and Katarina Lorenz, are actuaries for Milliman, members of the American Academy of Actuaries, and meet the qualification standards of the Academy to render the actuarial opinion contained herein. To the best of our knowledge and belief, this letter is complete and accurate and has been prepared in accordance with generally recognized and accepted actuarial principles and practices.

The terms of Milliman's contract with DOM effective June 1, 2015 applies to this letter and its use.



Sincerely,

A handwritten signature in black ink that reads "Jill Bruckert".

Jill A. Bruckert, FSA, MAAA
Consulting Actuary

A handwritten signature in black ink that reads "Katarina Lorenz".

Katarina N. Lorenz, FSA, MAAA
Actuary

JAB/KNL/dlk