



15800 W. Bluemound Road  
 Suite 100  
 Brookfield, WI 53005  
 USA  
 Tel +1 262 784 2250  
 Fax +1 262 923 3680

milliman.com

March 6, 2020

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: Clark06 – MississippiCAN Rate Change Summary by State Fiscal Year**

Dear Tara:

The Mississippi Division of Medicaid (DOM) retained Milliman, Inc. (Milliman) to develop, document, and certify its July 1, 2020 through June 30, 2021 (SFY 2021) capitation rates for the MississippiCAN program. This letter provides a high level summary of the annual rate change for MississippiCAN populations from SFY 2017 through SFY 2021.

We composited the overall MississippiCAN rate two ways in Table 1 to calculate the year over year rate change:

- Composite based upon the membership mix across rate cells for each rate period (actual for SFY 2017 through SFY 2019 and projected for SFY 2020 and SFY 2021). This gives a more realistic view of the composite PMPM DOM expenditures for each time period including the change as a result of decreases in the lower cost membership in CY 2018.
- Composite based upon SFY 2021 projected membership by rate cell. This view eliminates the changes in membership mix over time and gives a more realistic measure of the changes in service costs underlying MississippiCAN for a “typical” enrollee.

**Table 1  
 Mississippi Division of Medicaid  
 Statewide MississippiCAN Capitation Rate Increases**

	SFY 2017	SFY 2018	SFY 2019	SFY 2020	SFY 2021
Member Months	5,867,839	5,615,395	5,212,931	5,208,322	5,222,463
Total - Composited on Each SFY MM	\$381.12	\$391.72	\$428.65	\$451.63	\$468.99
Percent Increase		2.8%	9.4%	5.4%	3.8%
Total - Composited on SFY 2021 MM	\$394.32	\$400.94	\$430.01	\$450.31	\$468.99
Percent Increase		1.7%	7.3%	4.7%	4.1%

There are two main drivers for the impact of membership mix, as illustrated by the differences in the rate change when membership is fixed:

- Significant membership decreases for the MA Adult, MA Children, and Quasi-CHIP rate cells from CY 2017 to CY 2019. These members are on average lower cost than the populations with steady enrollment in MississippiCAN (i.e., Non-Newborn SSI / Disabled) resulting in an increase to the overall PMPM of the MississippiCAN population.
- Effective October 1, 2018 the MYPAC population was transitioned from FFS to MississippiCAN. While the enrollment in the MYPAC rate cell is small, these children are very expensive relative to the other children enrolled in MississippiCAN. The addition of these high cost members results in an increase to the overall MississippiCAN PMPM.

Exhibit 1 includes the yearly capitation rate for each rate cell.

Exhibit 2 includes the yearly membership for each rate cell.

## **ASSUMPTIONS AND METHODOLOGY**

The capitation rates in Exhibit 1 for SFY 2017 through SFY 2020 are from the final capitation rate reports for each time period, as listed in the reference section at the end of this report. The SFY 2021 rates are the draft preliminary capitation rates delivered on March 6, 2020. The SFY 2021 rates have not yet been reviewed by DOM or the participating Coordinated Care Organizations (CCOs). The following assumptions were used to summarize the SFY capitation rates.

- All rates are shown prior to any adjustments for the Mississippi Hospital Access Program (MHAP). This allows for an easier comparison of capitation rates across time periods.
- For SFY 2019 we have combined the rates effective for Q3 2018 and Q4 2018 through Q2 2019.
- For SFYs 2020 and 2021 the rates are gross of the 1.00% quality withhold (assumes the full amount will be returned to the CCOs).

The member months in Exhibit 2 are from the supporting work for the latest iteration of the Mississippi Medicaid expenditure projection. Actual membership by month was summarized from the detailed Medicaid eligibility file provided by DOM's MMIS vendor, Conduent, and assigned to a MississippiCAN rate cell, based upon the rate cell definitions limiting on a lock-in code of 'CAN' (indicating MississippiCAN enrollment) and specified categories of eligibility and age limits for each rate cell. Member months reflect actual experience through February 2020 and projected membership for March 2020 through June 2021.

## **RESOURCES**

Member months and capitation rates from the following reports were used in this analysis. Please review the detailed documentation in the following documents for the data and methodology used to summarize membership and develop each set of capitation rates.

- Mississippi Medicaid Expenditure Projection: Wentworth02 - MS DOM Budget Item Projection - January 2020 Data Update.pdf dated February 29, 2020
- SFY 2017 MississippiCAN Capitation Rates: Report08 - SFY 2017 MississippiCAN Capitation Rates.pdf dated November 29, 2016
- SFY 2018 MississippiCAN Capitation Rates: Report02 - SFY 2018 MississippiCAN Capitation Rates.pdf dated January 26, 2018

- Q3 2018 MississippiCAN Capitation Rates: Clark16 - MSCAN Rates - July 1 2018 to September 30 2018 - REVISED.docx dated November 8, 2018
- Q4 2018 to Q2 2019 MississippiCAN Capitation Rates: Clark14 - Q4 2018 to Q2 2019 MississippiCAN capitation rates - REVISED.pdf dated October 22, 2018
- SFY 2020 MississippiCAN Capitation Rates: Report01 - SFY 2020 Preliminary MississippiCAN Capitation Rates.pdf dated January 20, 2020
- Draft SFY 2021 MississippiCAN Capitation Rates: Report06 - SFY 2021 Preliminary MississippiCAN Capitation Rates.pdf dated March 6, 2020

### CAVEATS AND LIMITATION ON USE

This letter is intended to summarize MississippiCAN capitation rate changes from SFY 2017 through SFY 2021. This information may not be appropriate, and should not be used, for other purposes. This information should not be provided to anyone other than DOM without Milliman's prior written consent.

This information should not be relied upon by anyone other than DOM. Milliman does not intend to benefit, and assumes no duty or liability to, other parties who receive this work. This letter assumes that the reader is familiar with the Mississippi Medicaid program, encounter data processing and financial reporting, and Medicaid capitation rate development.

In preparing these results, we relied on information provided by DOM and the participating CCOs, including eligibility data and CCO encounter and financial data. 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.

We are actuaries for Milliman, members of the American Academy of Actuaries, and meet the Qualification Standards of the American Academy of Actuaries 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 apply to this letter and its use.



Tara, please call us at 262 784 2250 if you have questions.

Sincerely,



Jill A. Bruckert FSA, MAAA  
Consulting Actuary



Katarina N. Lorenz, FSA, MAAA  
Consulting Actuary

JAB/KNL/mb

Attachment



## **EXHIBITS**

**Exhibit 1**  
**Mississippi Division of Medicaid**  
**Statewide MississippiCAN Capitation Rate Increases**

Rate Cell	SFY 2017	SFY 2018	SFY 2019	SFY 2020	SFY 2021
Non-Newborn SSI / Disabled	\$1,025.02	\$1,011.72	\$1,044.00	\$1,110.25	\$1,165.36
Foster Care	\$372.52	\$353.99	\$545.39	\$653.06	\$628.77
Breast and Cervical Cancer	\$3,468.62	\$3,067.71	\$3,417.98	\$3,543.00	\$3,689.46
SSI / Disabled Newborn	\$7,216.35	\$6,376.72	\$6,418.69	\$6,641.92	\$9,370.14
MA Adult <sup>1</sup>	\$454.14	\$468.93	\$500.22	\$500.64	\$543.41
Pregnant Women <sup>1</sup>	\$558.61	\$569.37	\$549.36	\$565.76	\$1,193.08
Non-SSI Newborns 0 to 2 Months	\$1,448.24	\$1,717.38	\$1,785.58	\$1,836.80	\$2,136.25
Non-SSI Newborns 3 to 12 Months	\$272.86	\$301.20	\$299.11	\$287.76	\$288.49
Delivery Kick Payment <sup>1</sup>	\$5,164.48	\$5,021.61	\$5,225.30	\$5,308.80	N/A
MA Children	\$183.43	\$189.91	\$206.30	\$217.93	\$217.82
Quasi-CHIP	\$195.09	\$183.53	\$202.62	\$213.62	\$216.28
MYPAC	N/A	N/A	\$4,000.09	\$4,076.45	\$4,147.20
<b>Total - Composited on Each SFY MM</b>	<b>\$381.12</b>	<b>\$391.72</b>	<b>\$428.65</b>	<b>\$451.63</b>	<b>\$468.99</b>
<b>Percent Increase</b>		<b>2.8%</b>	<b>9.4%</b>	<b>5.4%</b>	<b>3.8%</b>
<b>Total - Composited on SFY 2021 MM</b>	<b>\$394.32</b>	<b>\$400.94</b>	<b>\$430.01</b>	<b>\$450.31</b>	<b>\$468.99</b>
<b>Percent Increase</b>		<b>1.7%</b>	<b>7.3%</b>	<b>4.7%</b>	<b>4.1%</b>

<sup>1</sup> Delivery costs included with Pregnant Women and MA Adult rate cells effective SFY 2021.

**Exhibit 2**  
**Mississippi Division of Medicaid**  
**Statewide MississippiCAN Membership by Rate Cell**

Rate Cell	SFY 2017	SFY 2018	SFY 2019	SFY 2020	SFY 2021
Non-Newborn SSI / Disabled	776,735	771,809	764,953	763,218	762,254
Foster Care	62,345	75,499	77,914	82,182	83,259
Breast and Cervical Cancer	1,063	1,026	1,147	1,139	1,163
SSI / Disabled Newborn	6,367	6,123	6,421	6,271	6,173
MA Adult	591,699	548,569	494,688	488,894	486,079
Pregnant Women	135,930	136,499	136,564	135,447	129,553
Non-SSI Newborns 0 to 2 Months	77,645	77,758	75,346	81,106	83,431
Non-SSI Newborns 3 to 12 Months	263,235	260,083	256,595	254,381	260,307
Delivery Kick Payment <sup>1</sup>	21,158	19,000	18,130	17,288	16,536
MA Children	3,605,420	3,387,013	3,067,203	3,049,773	3,060,997
Quasi-CHIP	347,400	351,016	326,907	337,722	341,052
MYPAC	N/A	N/A	5,192	8,189	8,194
<b>Total Member Months</b>	<b>5,867,839</b>	<b>5,615,395</b>	<b>5,212,931</b>	<b>5,208,322</b>	<b>5,222,463</b>

<sup>1</sup> Total membership excludes the Delivery Kick Payment rate cell for SFY 2020 and prior. SFY 2021 Delivery Kick Payment counts included only for compositing SFY 2020 and prior capitation rates