

Methodology Notes for the SMMC Transition Budget Analysis
as shared with the Social Services Estimating Conference Principals via email March 17, 2014

This package includes updates to exhibits provided at the Social Services Estimating Conference on February 7, 2014, related to transitioning the Medicaid budget to an SMMC basis. The SMMC implementation schedule is shown below. The Agency expects to be fully implemented August 1, 2014, meaning that most of the SFY 2014-15 budget period will be under SMMC.

MLTC Implementation Schedule		MMA Implementation Schedule	
Date	Regions	Date	Regions
August 1, 2013	7	May 1, 2014	2, 3, and 4
September 1, 2013	8 and 9	June 1, 2014	5, 6, and 8
November 1, 2013	2 and 10	July 1, 2014	10 and 11
December 1, 2013	11	August 1, 2014	1, 7, and 9
February 1, 2014	5 and 6		
March 1, 2014	1, 3, and 4		

The figures shown here include mandatory and voluntary SMMC populations. The Medically Needy population is included in the "Excluded" population in this exhibit series.

This package includes the following components:

Timing Exhibits

Estimates of payment amounts per month during SFYs 2013-14 and 2014-15, given the timing of the SMMC rollout. Fee-for-service claims payment runoff is modeled based on historical patterns of claims payment, so that the temporary higher payment months associated with a large transition to pre-paid managed care can be evaluated for their budget implications. Total budget year payments are compared to February 2014 SSEC expenditure estimates to facilitate this evaluation.

THERE ARE IMPORTANT DIFFERENCES IN THE MMA TIMING EXHIBIT PROVIDED HERE AND THE ONE PROVIDED FOR THE FEBRUARY 7 IMPACT CONFERENCE. The Impact Conference version considered the implications of timing isolated from other characteristics, and did not compare expected payments to estimating conference forecasts. No adjustments were made at that time to true up MMA capitation to other budget issues, such as the PCP fee increase, Health Insurance Providers Fee, or the elimination of self-funded IGTs. This version of the exhibit projects the payment stream including all those elements, and compares the budget year expenditures to the conference forecast.

Additional Notes on Projections Used in the Timing Exhibits

1. MMA payment levels are based on the negotiated capitation rates updated for changes to hospital rates and other program changes that occurred between the publication of the MMA Data Book and the implementation. Because the structure of hospital rates effective July 1, 2014 is uncertain, Milliman has not yet finalized rates that cover the period July 1, 2014 - August 31, 2015; however, they have provided drafts with both full IGT incorporation and no IGT incorporation. For this analysis, the Agency interpolated between those scenario rates to estimate the rates with self-funded IGTs removed in alignment with the February 2014 SSEC forecast.
2. For at least the first year of the MMA program, the MMA plans are required to follow the Medicaid Prescription Drug List. Expected rebate increases associated with this requirement are not shown in these exhibits.
3. Excluded and Churn - FFS claims associated with individuals receiving SMMC-covered services but excluded from the program, as well as new SMMC-eligible enrollees immediately prior to enrolling in a plan ("Churn"). Based on AHCA research regarding new eligibles, churn is estimated at 2.2% ongoing for MMA and 2.0% for MLTC. A limitation of this churn estimate at this time, is that it likely includes the expenses of some newborns who will be enrolled in MMA plans retroactive to their birth. For MLTC, "churn" does not apply to community-based enrollees, whose eligibility start will coincide with their plan enrollment.
4. Actual program capitation through February 2014 was used for all programs except D-SNPs and MLTC. For D-SNPs, actual program capitation through August 2013 was used. For MLTC, projected capitation was compared to actual capitation payments through February 2014 to confirm reasonableness.
5. Actual MLTC enrollment through March 2014 was used to allocate enrollees among the capitated plans and the FFS PSN American Eldercare. Further movement could still occur as enrollees can change plans within 90 days of enrollment. The incorporation of actual enrollment is an important improvement in these estimates compared to prior estimates, as the FFS PSN enrollment is significantly lower than original projections which assumed proportionality in regions where actuals were not yet available.

Expected Payment Pattern of SMMC MMA-Related Expenses -- SFY 2013-2014 Budget Year

Paid Months	Pre-Paid Expenditures					FFS Expenditures			Grand Total	Applicable FMAP
	Current Program (incl PDHP & PMHP)	D-SNP	NET	MMA	Childrens Medical Services Network Plan	MMA Eligibles Pre-MMA Rollout	MMA Excluded and Churn	Run in from Prior Year Svc Dates		
July	\$339,274,231	\$2,160,592	\$5,087,636	\$0	\$0	\$148,529,876	\$51,597,912		\$546,650,247	0.5808
August	\$340,234,944	\$2,200,920	\$5,087,636	\$0	\$0	\$350,418,075	\$121,595,786		\$819,537,360	0.5808
September	\$345,587,544	\$2,200,920	\$5,087,636	\$0	\$0	\$419,063,973	\$144,905,810		\$916,845,883	0.5808
October	\$431,773,336	\$2,200,920	\$5,087,636	\$0	\$0	\$465,531,947	\$160,629,291	\$113,155,601	\$1,178,378,732	0.5879
November	\$354,608,434	\$2,200,920	\$5,087,636	\$0	\$0	\$496,053,030	\$171,364,913	\$76,943,091	\$1,106,258,024	0.5879
December	\$350,943,405	\$2,200,920	\$5,087,636	\$0	\$0	\$517,412,962	\$178,865,825	\$52,734,819	\$1,107,245,567	0.5879
January	\$348,165,761	\$2,200,920	\$5,087,636	\$0	\$0	\$532,737,583	\$183,662,072	\$38,619,360	\$1,110,473,332	0.5879
Feb	\$349,967,437	\$2,200,920	\$5,087,636	\$0	\$0	\$544,548,315	\$187,215,825	\$29,134,455	\$1,118,154,588	0.5879
March	\$382,292,642	\$2,200,920	\$5,087,636	\$0	\$0	\$553,870,233	\$190,112,245	\$22,217,539	\$1,155,781,215	0.5879
April	\$382,292,642	\$2,200,920	\$5,087,636	\$0	\$0	\$563,380,452	\$192,735,876	\$16,265,015	\$1,161,962,541	0.5879
May	\$326,775,558	\$2,200,920	\$4,096,242	\$170,954,429	\$0	\$531,624,007	\$196,517,143	\$11,240,224	\$1,243,408,522	0.5879
June	\$219,438,115	\$2,200,920	\$2,933,704	\$389,163,410	\$0	\$451,571,688	\$202,242,597	\$7,197,606	\$1,274,748,040	0.5879
July - CF						\$307,582,239	\$149,216,548	\$4,185,032	\$460,983,819	0.5879
August - CF						\$165,202,596	\$73,035,989	\$3,396,065	\$241,634,649	0.5879
September - CF						\$110,775,540	\$48,822,183	\$2,882,941	\$162,480,665	0.5879
Run out into Future Budget Years						\$262,817,378	\$112,968,754	\$12,042,811	\$387,828,942	
Total SFY 2013-2014 Budget Year	\$4,171,354,048	\$26,370,712	\$57,906,307	\$560,117,839	\$0	\$6,158,302,517	\$2,252,520,015	\$377,971,747	\$13,604,543,185	0.5867

Federal	\$7,981,901,400
Non-Federal	\$5,622,641,784
February 2014 SSEC Estimate	\$13,577,065,053
Difference	\$27,478,132
February 2014 SSEC FMAP	0.5867
February 2014 SSEC Federal	\$7,965,664,066
February 2014 SSEC Non-Federal	\$5,611,400,986
Non-Federal Required	<u>\$11,240,798</u>

Expected Payment Pattern of SMMC MMA-Related Expenses -- SFY 2014-2015 Budget Year

Paid Months	Pre-Paid Expenditures					FFS Expenditures			Grand Total	Applicable FMAP
	Current Program (incl PDHP & PMHP)	D-SNP	NET	MMA	Childrens Medical Services Network Plan	MMA Eligibles Pre-MMA Rollout	MMA Excluded and Churn	Run in from Prior Year Svc Dates		
July	\$93,975,677	\$2,200,920	\$1,830,453	\$627,772,907	\$0	\$73,248,078	\$41,394,668		\$840,422,703	0.5879
August	\$0	\$2,200,920	\$949,200	\$818,186,532	\$72,785,236	\$106,493,820	\$103,866,031		\$1,104,481,739	0.5879
September	\$0	\$2,200,920	\$949,200	\$923,124,904	\$72,785,236	\$34,168,916	\$131,334,516		\$1,164,563,692	0.5879
October	\$0	\$2,200,920	\$949,200	\$828,070,587	\$72,785,236	\$22,380,077	\$149,972,627	\$110,123,064	\$1,186,481,710	0.5972
November	\$0	\$2,200,920	\$949,200	\$833,023,602	\$72,785,236	\$14,724,212	\$162,854,080	\$75,817,274	\$1,162,354,523	0.5972
December	\$0	\$2,200,920	\$949,200	\$837,984,242	\$72,785,236	\$9,867,276	\$171,616,377	\$53,204,346	\$1,148,607,597	0.5972
January	\$0	\$2,200,920	\$949,200	\$818,762,428	\$70,891,548	\$5,680,836	\$177,395,147	\$39,480,734	\$1,115,360,813	0.5972
Feb	\$0	\$2,200,920	\$949,200	\$821,214,678	\$70,891,548	\$3,809,626	\$181,551,789	\$29,860,252	\$1,110,478,014	0.5972
March	\$0	\$2,200,920	\$949,200	\$823,674,350	\$70,891,548	\$2,841,848	\$184,750,011	\$22,470,363	\$1,107,778,240	0.5972
April	\$0	\$2,200,920	\$949,200	\$826,141,466	\$70,891,548	\$2,426,456	\$187,547,355	\$16,208,547	\$1,106,365,492	0.5972
May	\$0	\$2,200,920	\$949,200	\$828,616,047	\$70,891,548	\$2,046,210	\$189,984,892	\$10,937,961	\$1,105,626,778	0.5972
June	\$0	\$2,200,920	\$949,200	\$831,098,117	\$70,891,548	\$1,659,246	\$191,972,175	\$7,089,924	\$1,105,861,131	0.5972
July - CF						\$1,408,753	\$149,678,203	\$4,203,607	\$155,290,563	0.5972
August - CF						\$299,167	\$85,206,190	\$3,454,449	\$88,959,806	0.5972
September - CF						\$189,828	\$58,532,303	\$2,933,554	\$61,655,685	0.5972
Run out into Future Budget Years						\$1,066,531	\$145,088,319	\$12,044,866	\$158,199,716	
Total SFY 2014-2015 Budget Year	\$93,975,677	\$26,411,040	\$12,271,653	\$9,817,669,859	\$789,275,471	\$281,244,347	\$2,167,656,364	\$375,784,076	\$13,564,288,487	0.5951

Federal	\$8,071,675,031
Non-Federal	\$5,492,613,456
February 2014 SSEC Estimate	\$13,542,144,217
Difference	\$22,144,270
February 2014 SSEC FMAP	0.5956
February 2014 SSEC Federal	\$8,065,701,096
February 2014 SSEC Non-Federal	\$5,476,443,121
Non-Federal Required	<u>\$16,170,335</u>

Expected Payment Pattern of SMMC LTC (MLTC)-Related Expenses -- SFY 2013-2014 Budget Year

Paid Months	Pre-Paid Expenditures		FFS Expenditures				Grand Total	Applicable FMAP
	NHD	MLTC	MLTC Eligibles Pre-MLTC Rollout	AEC Enrollees	MLTC Excluded and Churn Populations	Run in from Prior Year Svc Dates		
July	\$28,029,215	\$0	\$16,689,456	\$0	\$113,180		\$44,831,850	0.5808
August	\$24,383,378	\$22,170,161	\$265,029,669	\$742,990	\$2,848,890		\$315,175,088	0.5808
September	\$19,846,782	\$62,060,869	\$241,838,018	\$9,260,958	\$6,489,633		\$339,496,260	0.5808
October	\$19,579,030	\$62,060,869	\$203,686,846	\$18,314,564	\$6,657,058	\$15,229,859	\$325,528,227	0.5879
November	\$17,737,762	\$89,767,899	\$202,722,035	\$19,439,286	\$6,731,208	\$9,580,351	\$345,978,542	0.5879
December	\$8,883,800	\$134,758,978	\$172,177,710	\$25,071,118	\$6,775,837	\$6,178,357	\$353,845,800	0.5879
January	\$8,869,961	\$134,758,978	\$139,092,848	\$29,647,442	\$6,802,509	\$4,145,904	\$323,317,642	0.5879
Feb	\$3,127,453	\$194,673,003	\$133,355,831	\$30,912,203	\$6,820,146	\$2,881,572	\$371,770,210	0.5879
March	\$0	\$253,617,378	\$71,651,089	\$35,075,090	\$6,831,103	\$2,055,712	\$369,230,371	0.5879
April	\$0	\$253,617,378	\$9,511,073	\$43,033,092	\$6,838,176	\$1,415,515	\$314,415,234	0.5879
May	\$0	\$253,617,378	\$5,504,437	\$43,865,371	\$6,843,723	\$856,843	\$310,687,752	0.5879
June	\$0	\$253,617,378	\$3,557,454	\$44,325,491	\$6,847,953	\$453,498	\$308,801,774	0.5879
July - CF			\$2,409,831	\$40,469,679	\$6,582,208	\$101,220	\$49,562,938	0.5879
August - CF			\$1,595,076	\$5,103,492	\$457,976	\$54,894	\$7,211,438	0.5879
September - CF			\$1,061,387	\$2,882,534	\$233,379	\$40,689	\$4,217,989	0.5879
Run out into Future Budget Years			\$1,770,505	\$5,158,200	\$406,766		\$7,335,471	
Total SFY 2013-2014 Budget Year	\$130,457,382	\$1,714,720,270	\$1,469,882,759	\$348,143,313	\$77,872,978	\$42,994,414	\$3,784,071,116	0.5866

Federal **\$2,219,688,936**
 Non-Federal **\$1,564,382,180**

SSEC Structure Scenario **\$3,843,741,205**
 Difference **-\$59,670,089**

Budget FMAP 0.5867

SSEC Structure Scenario Federal **\$2,255,122,965**
 SSEC Structure Scenario Non-Federal **\$1,588,618,240**

Non-Federal Required **-\$24,236,060**

Expected Payment Pattern of SMMC LTC (MLTC)-Related Expenses -- SFY 2014-2015 Budget Year

Paid Months	Pre-Paid Expenditures		FFS Expenditures				Grand Total	Applicable FMAP
	NHD	MLTC	MLTC Reconciliations on NH & Hospice	AEC Enrollees	MLTC Excluded and Churn Populations	Run in from Prior Year Svc Dates		
July	\$0	\$267,023,804	\$0	\$4,385,011	\$279,475		\$271,688,289	0.5879
August	\$0	\$267,023,804	\$0	\$41,916,587	\$6,650,677		\$315,591,068	0.5879
September	\$0	\$267,023,804	\$0	\$44,373,083	\$6,884,645		\$318,281,532	0.5879
October	\$0	\$267,023,804	\$0	\$45,599,603	\$6,976,521	\$2,667,781	\$322,267,709	0.5972
November	\$0	\$267,023,804	\$0	\$46,354,494	\$7,033,351	\$1,693,296	\$322,104,945	0.5972
December	\$0	\$267,023,804	\$0	\$46,837,194	\$7,065,449	\$1,050,855	\$321,977,302	0.5972
January	\$0	\$267,023,804	\$0	\$47,091,559	\$7,087,200	\$699,325	\$321,901,888	0.5972
Feb	\$0	\$267,023,804	\$0	\$47,248,098	\$7,100,858	\$469,640	\$321,842,400	0.5972
March	\$0	\$267,023,804	\$23,518,639	\$47,358,793	\$7,109,141	\$318,015	\$345,328,393	0.5972
April	\$0	\$267,023,804	\$0	\$47,449,047	\$7,115,225	\$220,271	\$321,808,346	0.5972
May	\$0	\$267,023,804	\$0	\$47,527,485	\$7,120,559	\$134,248	\$321,806,096	0.5972
June	\$0	\$267,023,804	\$0	\$47,593,855	\$7,123,673	\$63,676	\$321,805,008	0.5972
July - CF	\$0		\$0	\$43,262,038	\$6,847,279	\$10,327	\$50,119,644	0.5972
August - CF	\$0		\$0	\$5,735,965	\$476,595	\$4,616	\$6,217,176	0.5972
September - CF	\$0		\$0	\$3,280,519	\$242,834	\$3,422	\$3,526,775	0.5972
Run out into Future Budget Years				\$5,866,024	\$423,380	\$0	\$6,289,404	
Total SFY 2014-2015 Budget Year	\$0	\$3,204,285,646	\$23,518,639	\$566,013,331	\$85,113,483	\$7,335,471	\$3,886,266,571	0.5950

Federal **\$2,312,456,680**
 Non-Federal **\$1,573,809,891**

SSEC Structure Scenario **\$4,029,629,479**
 Difference **-\$143,362,908**

SSEC FMAP 0.5956

SSEC Structure Scenario Federal **\$2,400,047,318**
 SSEC Structure Scenario Non-Federal **\$1,629,582,161**

Non-Federal Required **-\$55,772,270**

SSEC Forecast Service Lines Captured in SMMC MMA Payment Timing Analysis

	SFY 2013 -2014	SFY 2014- 2015	
	Appropriated	Feb 2014 SSEC	Feb 2014 SSEC
Case Management Services	\$123,902,223	\$153,048,554	\$158,901,845
Therapeutic Services for Children	\$294,422,161	\$162,113,257	\$206,424,012
Community Mental Health Services	\$107,389,336	\$87,146,752	\$86,512,349
Adult Dental	\$34,651,634	\$35,455,601	\$36,768,350
Vision and Hearing Services	\$23,794,143	\$17,650,155	\$18,542,586
EPSDT except Child Dental	\$125,456,469	\$130,566,190	\$120,795,620
Child Dental	\$228,709,853	\$218,959,483	\$235,729,976
Family Planning Services	\$24,885,148	\$18,554,747	\$19,116,899
Home Health Services	\$174,711,990	\$178,265,937	\$188,545,205
Hospital Inpatient Services	\$3,525,484,373	\$3,275,662,827	\$2,750,451,757
Freestanding Dialysis Centers	\$17,981,416	\$16,706,110	\$16,955,257
Hospital Insurance Benefits	\$182,880,715	\$144,439,788	\$157,708,803
Hospital Outpatient Services	\$1,224,194,522	\$1,188,839,740	\$969,809,019
Respiratory Therapy Services	\$18,759,376	\$16,176,257	\$19,042,129
Nurse Practitioner Services	\$8,566,049	\$6,958,310	\$7,530,792
Birthing Center Services	\$1,504,207	\$1,726,650	\$1,727,276
Other Lab and X-Ray Services	\$127,270,028	\$145,088,843	\$149,591,066
Patient Transportation	\$138,375,334	\$144,038,851	\$147,099,483
Physician Assistant Services	\$17,546,801	\$11,753,681	\$12,362,967
Physical Therapy Services	\$10,601,607	\$12,473,959	\$11,188,991
Physician Services	\$1,413,561,732	\$1,360,773,294	\$1,340,824,516
Prepaid Health Plans	\$4,410,189,012	\$4,292,477,875	\$4,790,818,423
Prescribed Medicine/Drugs	\$1,508,631,951	\$1,480,358,481	\$1,598,406,671
Private Duty Nursing Services	\$137,931,040	\$160,692,681	\$162,655,110
Rural Health Clinics	\$144,606,418	\$142,003,423	\$155,016,956
Speech Therapy Services	\$53,051,148	\$60,542,581	\$60,710,529
MediPass Services	\$21,876,713	\$21,206,109	\$22,190,926
Occupational Therapy Services	\$34,852,380	\$38,664,577	\$38,816,275
Clinic Services	\$107,571,761	\$54,720,340	\$57,900,429
Total	\$14,243,359,540	\$13,577,065,053	\$13,542,144,217

SSEC Forecast Service Lines Captured in SMMC LTC Payment Timing Analysis

	SFY 2013 -2014		SFY 2014- 2015
	Appropriated	Feb 2014 SSEC	Feb 2014 SSEC
Capitated Nursing Home Diversion	\$364,530,717	\$364,530,717	\$364,530,718
HCB-Aging (Elder Affairs)	\$141,052,201	\$141,052,201	\$135,092,200
HCB-Aging Out	\$13,799,141	\$13,799,141	\$13,799,141
HCB-Disabled Adults	\$49,274,133	\$49,274,133	\$49,274,133
Adult Congregate Living	\$37,257,303	\$37,257,303	\$37,257,303
Skilled Nursing Crossover	\$5,959,397	\$4,607,230	\$4,673,077
Skilled Nursing Care	\$740,040,773	\$731,681,426	\$763,717,586
Intermediate Care	\$2,209,625,656	\$2,120,056,421	\$2,272,883,782
General Care	\$36,156,674	\$36,904,424	\$39,039,435
Hospice	\$322,628,329	\$318,398,348	\$323,182,244
Assistive Care Services	\$26,179,861	\$26,179,861	\$26,179,861
Total	\$3,946,504,185	\$3,843,741,205	\$4,029,629,480