Deloitte.



# Managed Long Term Care Partial Capitation Program

## Second Supplemental Information Sharing Report
## April 1, 2024 – March 31, 2025

February 21, 2025

# Table of Contents

Introduction ..... 3
Data & Information ..... 5
Reliance and Limitations ..... 5
Supplemental Adjustments ..... 6
Activities of Daily Living (ADL) Eligibility Change ..... 6
Spenddown Adjustment ..... 6
Supplemental Adjustments Impact Exhibits ..... 7
Community ..... 7
NHT ..... 7
Capitation Rate Exhibits ..... 9
Community ..... 9
NHT ..... 9

# Introduction

In partnership with the New York State Department of Health ("DOH" or "State"), Deloitte Consulting LLP ("Deloitte") was engaged to analyze and certify actuarially sound capitation rates for the New York Managed Long Term Care Partial Capitation (MLTCP) program for State Fiscal Year (SFY) 2024-25 (April 1, 2024 – March 31, 2025).

This supplemental update replaces the actuarially sound rates for the MLTCP program for April 1, 2024– March 31, 2025 that were described in the first supplemental Information Sharing Report dated September 12, 2024. This supplemental update accounts for changes impacting benefit and non-benefit expenses which were confirmed after the initial and first supplemental SFY 2024-25 rates were developed. Each of the updates incorporates information that was not available at the time the initial SFY 2024-25 Actuarial Information Sharing Report dated March 1, 2024 and the first supplemental SFY 2024-25 Actuarial Information Sharing Report dated September 12, 2024 were issued. Any assumptions that were not updated in this supplemental update follow the same methodology and values as described in the initial Information Sharing Report dated March 1, 2024 or the first supplemental Information Sharing Report dated September 12, 2024.

The approach for the analysis and rate certification is to develop actuarially sound ranges for various assumptions within the rate development process and certify specific rates that correspond to specific assumptions within the actuarially sound assumption ranges, which is consistent with Section 3.2.1 of Actuarial Standard of Practice #49 (Medicaid Managed Care Capitation Rate Development and Certification):

> "Form of the Capitation Rates (Single Rate or Capitation Rate Ranges)—The capitation rate certification may apply to a single point estimate capitation rate or a range of capitation rates. If a range of capitation rates is prepared, the contracted rates with an MCO may be at either end of the range or a point within the range. The capitation rates may vary by MCO."

The Centers for Medicare & Medicaid Services (CMS) Final Rule 42 CFR §438.4(b) provides the conditions that must be met for capitation rates to be approved by CMS as actuarially sound and the CMS Final Rule 42 CFR §438.4(c) provides the conditions that must be met when developing and certifying actuarially sound rate ranges instead of a point estimate.

DOH has implemented a rate negotiation process that allows contracting managed care organizations (MCOs) and their actuaries to review the capitation rate development and provide comments and feedback to DOH. The specific rates submitted by DOH are the result of the negotiation process which is informed by the rate methodology and are then certified to be actuarially sound as long as they correspond to specific assumptions that are within the actuarially sound assumption ranges developed by Deloitte.

In compliance with the requirement outlined in Subdivision 18 of section 364-j of the Social Service Law, this report provides a detailed description of the rate analysis and shows the assumptions used for developing the selected capitation rates for the State. This document includes exhibits that quantify the impact of each adjustment and the resulting actuarially sound rates. This report has been prepared for the State and to assist the managed care health plans in reviewing the capitation rates described herein prior to submission to CMS and may not be appropriate for other purposes. The rates will be adjusted as necessary to reflect any further policy changes or impacts of State budget action when information is available.

Deloitte and the State have developed the capitation rates in accordance with the applicable CMS provisions under 42 CFR 438 and all applicable Actuarial Standards of Practice (ASOPs). The methods used for calculating these capitation rates are consistent with the requirements of the *2023-2024 Medicaid Managed Care Rate Development Guide* as promulgated by CMS that the capitation rates be actuarially sound and appropriate for the population covered by the program. For purposes of this report, actuarial soundness is defined consistent with ASOP No. 49, *Medicaid Managed Care Capitation*

*Rate Development and Certification*. ASOP No. 49 defines that Medicaid capitation rates are "actuarially sound" if, "for business for which the certification is being prepared and for the period covered by the certification, projected capitation rates, and other revenue sources provide for all reasonable, appropriate, and attainable costs."

# Data & Information

The following data sources provided by the State were used in order to develop the adjustments, in addition to those described in the initial and the first supplemental SFY 2024-25 information Sharing Reports:

- CY 2022, CY 2023 and 2024 Q1 health plan submitted financial data from the cost reports for the MLTCP program
- Policy information provided by the State regarding implementation timing of eligibility changes

The scope of the capitation rate development and the intended use of the analysis being performed has been considered in order to determine the nature of the data needed. Additionally, Actuarial guidelines on utilizing imperfect data have been followed and the quality of data has been considered in the actuarial analysis as outlined in ASOP No. 23, *Data Quality*. Deloitte believes the data used in this analysis is credible unless otherwise noted and reasonable data sources are used to develop capitation rates for Managed Long-Term Care (MLTC) services offered to the State of New York's Medicaid population.

### Reliance and Limitations

In developing the SFY 2024-25 supplemental capitation rates, it has been assumed that the Model Contracts for MLTCP, MAP, and PACE, and all New York Medicaid program specifics have been approved by CMS.

Data provided by the State and participating managed care health plans was relied upon. The data was reviewed for reasonableness and consistency during the course of the work; however, the data was not audited. If the underlying data or information provided is inaccurate or incomplete, the results of this analysis may likewise be inaccurate or incomplete.

This report provides a detailed description of the methodology used in cooperation with DOH for developing the selected capitation rates to be used by the State and to inform the plans in New York State that participate in MLTCP. The capitation rates have been solely prepared for the State of New York and should not be reproduced in any form without the prior consent of Deloitte and should not be relied upon by any entity other than the State of New York nor for any other purpose than that expressly stated in this document.

Capitation rates developed by Deloitte and DOH are based on actuarial analysis of future MLTC program costs for SFY 2024-25. It may be expected that actual experience will vary from the values shown in this report. The methods used for calculating these rates are consistent with CMS requirements detailed in the *2023-2024 Medicaid Managed Care Rate Development Guide* and all applicable actuarial guidance.

# Supplemental Adjustments

The following adjustments are made to the first supplemental SFY 2024-25 MLTCP Rates to develop the second supplemental SFY 2024-25 MLTCP Rates. For program changes effective after the start of the rating period, the program change adjustments applied to the full 12 months of the rating period were developed to only reflect the impact from the effective date through the end of the rating period. The impact of each adjustment is shown at the regional level in the Supplemental Adjustments Impact Exhibits section of this report.

### Activities of Daily Living (ADL) Eligibility Change

During the development of the first supplemental rates, it was expected that the eligibility criteria for new members intending to enroll in the MLTCP/MAP programs would be revised effective October 1, 2024. However, after the first supplemental rates were delivered, the implementation date on the eligibility change was postponed to an undetermined date after the end of SFY 2024-25. As a result, the adjustment, including all benefit and non-benefit costs and enrollment impacts, was removed from the second supplemental rate update.

### Spenddown Adjustment

In the initial April SFY 2024-25 capitation rates, a downward adjustment was applied to the historic spenddown amounts to reflect the implementation of the policy change which raised the Medicaid Income Eligibility level for the Aged, Blind, and Disabled (Non-MAGI) population from 87% to 138% of the Federal Poverty Level (FPL) starting January 2023. The adjustment was based on estimates from the State that spenddown would be significantly reduced after members were re-budgeted following the policy change.

After the initial capitation rates were developed, feedback from plans and analysis of newly available MLTCOR data indicated that the implementation of the re-budgeting process is being completed slower than anticipated and spenddown amounts were not reduced to the level initially estimated by the State. In this supplemental update, the downward Spenddown adjustment was updated based on this information and newly available plan reported MLTCOR data from 2023 through 2024 Q1.

The spenddown adjustment was calculated separately for the NYC and Upstate regions. It was applied to the plan-specific spenddown assumption calculated from the MLTCORs, which is then deducted from each plan’s projected capitation rate. For plans that were not active in CY 2022 or did not report any Spenddown for the Community population, the regional average per enrollee was deducted.

# Supplemental Adjustments Impact Exhibits

The supplemental adjustments impact exhibits detail the impact of the second supplemental adjustments compared to the first supplemental rates for both the Community and NHT populations.

These exhibits detail the following information:

### Community

- **ADL Eligibility Change**: PMPM impact due to the removal of ADL Eligibility Change adjustment as described in the ADL Eligibility Change subsection of this report.
- **Spenddown Adjustment**: PMPM impact of the Spenddown adjustment as described in the Spenddown Adjustment subsection of this report.

### NHT

- **ADL Eligibility Change**: PMPM impact due to the removal of ADL Eligibility Change adjustment as described in the ADL Eligibility Change subsection of this report.

## Supplemental Adjustments Impact Exhibits

### Community

| Region | ADL Eligibility Change | Administrative Expenses | Spenddown Adjustment | Underwriting Gain | Premium Taxes |
|---|---|---|---|---|---|
| NYC Area | -$18.43 | -$0.65 | -$17.43 | -$0.37 | -$0.77 |
| Mid-Hudson/Northern Metro | -$24.26 | -$1.06 | -$20.28 | -$0.46 | -$0.96 |
| Northeast/Western | -$33.91 | -$1.25 | -$14.86 | -$0.51 | -$0.90 |
| Rest of State | -$43.04 | -$1.72 | -$17.72 | -$0.63 | -$1.12 |

Notes:
1. The "Administrative Expenses" column includes the impact due to the removal of ADL eligibility change
2. The "Underwriting Gain" column isolates the impact of underwriting gain on each rate cell's PMPM
3. The "Premium Tax" column isolates the tax impact on each rate cell's PMPM and only applies to for-profit plans

### NHT

| Region | Administrative Expenses | Underwriting Gain | Premium Taxes |
|---|---|---|---|
| NYC Area | -$0.65 | -$0.01 | -$0.01 |
| Mid-Hudson/Northern Metro | -$1.06 | -$0.01 | -$0.02 |
| Northeast/Western | -$1.25 | -$0.01 | -$0.02 |
| Rest of State | -$1.72 | -$0.02 | -$0.03 |

Notes:
1. The "Administrative Expenses" column includes the impact due to the removal of ADL eligibility change
2. The "Underwriting Gain" column isolates the impact of underwriting gain on each rate cell's PMPM
3. The "Premium Tax" column isolates the tax impact on each rate cell's PMPM and only applies to for-profit plans

# Capitation Rate Exhibits

MLTCP capitation rate exhibits summarize the selected capitation rate by region, separately for the Community and NHT populations and by For-Profit and Not-For-Profit status. Plan specific payment rate considerations are not included in the exhibits. The below exhibits also show a comparison between the selected regional capitation rates described in this information sharing report with the first supplemental SFY 2024-25 selected regional capitation rates.

## Community

**Not-For-Profit Plans**

| Region | SFY 2024-25 First Supplemental April Regional Capitation Rate | SFY 2024-25 Second Supplemental April Regional Capitation Rate |
|---|---|---|
| NYC Area | $4,768.57 | $4,731.69 |
| Mid-Hudson/Northern Metro | $4,379.98 | $4,333.92 |
| Northeast/Western | $3,425.52 | $3,374.99 |
| Rest of State | $2,941.01 | $2,877.90 |

**For-Profit Plans**

| Region | SFY 2024-25 First Supplemental April Regional Capitation Rate | SFY 2024-25 Second Supplemental April Regional Capitation Rate |
|---|---|---|
| NYC Area | $4,868.25 | $4,830.60 |
| Mid-Hudson/Northern Metro | $4,471.54 | $4,424.52 |
| Northeast/Western | $3,486.53 | $3,435.10 |
| Rest of State | $2,993.39 | $2,929.16 |

## NHT

**Not-For-Profit Plans**

| Region | SFY 2024-25 First Supplemental April Regional Capitation Rate | SFY 2024-25 Second Supplemental April Regional Capitation Rate |
|---|---|---|
| NYC Area | $9,488.83 | $9,488.17 |
| Mid-Hudson/Northern Metro | $7,084.00 | $7,082.93 |
| Northeast/Western | $6,999.41 | $6,998.15 |
| Rest of State | $6,983.10 | $6,981.37 |

**For-Profit Plans**

| Region | SFY 2024-25 First Supplemental April Regional Capitation Rate | SFY 2024-25 Second Supplemental April Regional Capitation Rate |
|---|---|---|
| NYC Area | $9,687.17 | $9,686.50 |
| Mid-Hudson/Northern Metro | $7,232.08 | $7,230.99 |
| Northeast/Western | $7,124.09 | $7,122.80 |
| Rest of State | $7,107.48 | $7,105.72 |