



Commonwealth Care Extension Update (VOTE)

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Board of Directors Meeting, March 17, 2014

Background



- As part of the implementation of the Affordable Care Act (ACA), the Health Connector must transition members from its existing Commonwealth Care program to Qualified Health Plans (QHPs) or MassHealth
- In January, approximately 107,000 Commonwealth Care members successfully transitioned to MassHealth as part of ACA Medicaid expansion
- The remaining Commonwealth Care members, along with former Medical Security Program (MSP) members, are enrolled in continuation coverage through the Health Connector as part of extensions authorized by the federal Centers for Medicare and Medicaid Services (CMS)
- This coverage was initially authorized through March 31, 2014 to afford these members the full Open Enrollment period to switch to new QHPs
- Recently, the Commonwealth obtained authorization to further extend this coverage through June 30, 2014, given challenges with the new HIX-IES system that have delayed our ability to transition these members in a timely fashion
- To implement this additional extension period, we need to extend our current Commonwealth Care MCO contracts as well as our Dell Commonwealth Care customer service contract to provide continued services to these members

Health Plan Extensions



- The Health Connector is proposing to extend its current contracts with all five managed care organizations (MCOs) in order to ensure that, as much as possible, there is continuity of care for current members
- During this extension period, member services and benefits will be unchanged
- Analysis by the Health Connector's independent actuary determined that, based on prior claims, we needed to apply an upward adjustment in the actuarially sound rate range
- Accordingly, the Health Connector proposed an 8% percent upward adjustment in the medical capitation rate across the board, with no change in the administrative fee, representing a 7% overall rate increase
- The contract extensions are for the period of April 1, 2014 through June 30, 2014
 - If further extension of the program is required and approved by the federal Centers for Medicare and Medicaid Services (CMS), the Health Connector has the option to request one or two additional three-month extensions up to December 31, 2014
 - An actuarially sound rate for those additional extensions, if they occur, would be required
- All other significant contract provisions are proposed to remain unchanged

Health Plan Extensions: Network



- The only significant change to the program during the April to June extension period is that, because of changes in its provider contracts, Network Health will no longer be able to provide coverage to their members who live on the Islands
- The Health Connector is currently making plans to transfer these Island residents to other MCOs that do serve the area
 - Transfers will be made in a way that attempts as much as possible to put the transferred members into plans where they can continue to see their current primary care physician (PCP)
 - In a case where a PCP match does not occur, members are also able to switch to an alternative plan of their choice as this constitutes a triggering event
 - The Health Connector will be noticing these members to let them know about their change in carrier

Health Plan Extensions: Renewal Rates



- The Health Connector’s independent actuaries used updated financial information for FY13 and the first quarter of FY14 to establish an actuarially sound rate range of between 3.3% - 12.6% for the FY14 Q4 period
- The agreed upon per member per month capitation rates, subject to Board approval, for the FY14 Q4 period (April 1, 2014 through June 30, 2014) are provided below:

FY14 Q4 (Second Extension Period)

Total Capitation Rate (Medical & Admin.) Plan Type I, II and III

Commonwealth Care MCO	FY14 Q4 Medical Cap	FY14 Q4 Admin Rate	FY14 Q4 Capitation Rate (Medical & Admin.)	Overall Rate Increase FY14 Q3 to FY14 Q4
BMCHP	\$353.42	\$35.00	\$388.42	7%
NWH	\$362.45	\$35.00	\$397.45	7%
CeltiCare (PT I)	\$387.38	\$35.00	\$422.38	7%
CeltiCare (PT II, III)	\$353.42	\$35.00	\$388.42	7%
Neighborhood	\$429.35	\$35.00	\$464.35	7%
Fallon	\$429.42	\$35.00	\$464.42	7%

Note: During the FY14 renewal MCOs were given the opportunity to lower their capitation rate for Plan Type II and III members enrolled between July 2013 and December 2013; CeltiCare was the only MCO that chose to lower their rate for Plan Type II and III members at that time; CeltiCare continues to have differential rates for the FY14 Q3 and FY14 Q4 periods as reflected above.

Dell Extension

- In order to continue serving these members as well as ensure services are secured in the event of another coverage extension, the Health Connector is proposing to extend its contract with Dell through April 30, 2015
 - The Health Connector may terminate the contract at any time during the extension period with 2 weeks of written notice
 - Dell will offer continued customer service, account maintenance and billing support for existing members, offering a seamless experience for current enrollees
 - Dell will continue to maintain a wholly separate and dedicated Commonwealth Care Customer Service Center through January 31, 2015
 - The extension includes a 3 month “run off” period from February 2015 to April 2015 to manage any member activity, audit and reconciliation needs
- Enrollment in Commonwealth Care will decrease during the transition period as members shift to QHPs, but the overall breadth of functionality/servicing will need to be maintained

Dell Extension Financials



- The pricing for this extension is the same as the pricing for the initial extension from January – March 2014
- Dell will maintain its existing Per Member Per Month (PMPM) fee structure for membership at or above 150,001
- During any month in which the total number of enrolled members is 0-60,000, the Health Connector will be invoiced a flat fee equal to \$300,000, which will allow Dell to cover fixed costs as enrollment decreases
- For the run off period (February – April 2015) Dell will be paid a flat fee of \$35,000/month for technology and licensing in addition to labor costs charged at an hourly rate

Membership Band	Pricing Within Band	
0 to 60,000	\$300,000	Flat monthly fee for membership at or below 60,000
60,001 to 150,000	\$4.37	PMPM (applies only to this band)
150,001 to 155,000	\$4.60	PMPM (applies only to this band)
155,001 to 165,000	\$1.55	PMPM (applies only to this band)
165,001 to 175,000	\$1.39	PMPM (applies only to this band)
175,001 to 200,000	\$1.29	PMPM (applies only to this band)
200,001 to 215,000	\$1.24	PMPM (applies only to this band)
215,001 to 230,000	\$2.32	PMPM (applies only to this band)
230,001 to 250,000	\$2.06	PMPM (applies only to this band)

Health Connector staff recommends that the Board authorize the Executive Director to enter into extensions with our five current Commonwealth Care managed care organizations through June 30, 2014, with options to renew through December 31, 2014, as provided herein.

Further, Health Connector staff recommends that the Board authorize the Executive Director to enter into an extension of the current contract with Dell Marketing L.P. to provide for continued administration of the Commonwealth Care program through April 30, 2015.