



Risk Adjustment Update (VOTE)

EDWARD DeANGELO
General Counsel

MICHAEL NORTON
Senior Manager of External Affairs & Carrier Relations

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Background & Update On Risk Adjustment



The Health Connector is obligated to carry out an Affordable Care Act (ACA) risk adjustment program for benefit years 2015 and 2016, and today will be seeking a Board vote for ongoing consulting services to support the program.

- In July 2015, the Health Connector completed risk adjustment (RA) calculations and received / made RA transfer payments for the 2014 benefit year
- We are now in the final resolution phase for the 2014 benefit year, and are beginning the process of analyzing data and conducting simulations for the 2015 benefit year
- At this point in time, we are responsible for administering this program through benefit year 2016, at which time we are permitted to transition the program to the federal government, unless a choice is made to retain the nation's only state-based risk adjustment program
- To that end, we have issued a Request for Information (RFI) to the market seeking public comment on whether we should transition the program beginning with the 2017 benefit year or beyond
- In the meantime, however, we continue to rely on technical and programmatic support from an external vendor, and today we will be seeking the Board's vote on a contract and work order with Milliman, Inc., in an amount not to exceed \$2,003,336

Background & Update On Risk Adjustment (cont'd)



- Since 2011, the Health Connector has contracted with Milliman, Inc. to provide technical support for the RA process
- Milliman has assisted in developing Massachusetts' RA methodology, which has been approved by the Centers for Medicare and Medicaid Services (CMS) for benefit years 2014-2016
- Milliman's existing contract expires at the end of 2015; the Health Connector needs continued assistance through the remaining benefit years of its currently approved methodology (*i.e.*, through benefit year 2016, and thus at least through calendar year 2017)
- To that end, the Health Connector issued a Request for Proposals (RFP) in September 2015, seeking bids from qualified entities for a Technical Consultant to support administration of the Massachusetts RA program
 - Milliman submitted the only response that we received to the RFP

Technical Consultant Procurement



- The Health Connector’s Procurement Management Team evaluated Milliman’s response which evidenced a strong understanding of the required scope of work, a demonstration of considerable experience in ACA RA and a thorough understanding of the Massachusetts RA program

Criteria	Weight	Score
Bidder Experience and Qualifications	25	25
Programmatic Response	30	28
References	5	5
Financial Proposal	30	25
Overall value to the Health Connector	10	10
Overall Total Procurement Score	100	93

Milliman Scope of Work



Milliman will support the Commonwealth on key activities related to administration of the risk adjustment program.

- Assist the Health Connector and its contractor(s) in RA Data Validation program development and implementation for the 2015 benefit year
- Support the 2015 annual funds settlement
- Assist with submission of the 2015 Annual RA program report to CMS
- Conduct 2016 statewide risk adjustment simulations and data quality reporting
- Assist the Health Connector and the Center for Health Information and Analysis (CHIA) in data discrepancy resolution and reconsideration, as well as the collection of supplemental diagnoses for risk adjustment
- Assist the Health Connector and CHIA in monitoring and analyzing federal rules, regulations and guidance as they relate to risk adjustment as well as the risk adjustment methodology

Contract Terms



- Contract length would extend from January 1, 2016 – December 31, 2018, with three optional one-year extensions
 - The obligation would be governed by a series of work orders, running a year long or less during that time period, to be entered into based on need
- The initial work order would be for the period of January 1 – December 31, 2016
- Milliman will bill for actual hours worked based on estimated budget, with a not-to-exceed fee of \$2,003,336
 - Note, to date, actuals for Milliman have been within or under budget

	Expenses for Milliman, Inc by Year/Contract				
	CY2012	CY2013	CY2014	Jan-Apr 2015	May-Dec 2015
Budgeted	\$1,712,700	\$2,162,722	\$1,524,189	\$765,244	\$1,174,918
Actual	\$1,267,387	\$1,081,108	\$1,103,815	\$544,883	\$455,637 (to date)
Difference	(\$445,313)	(\$1,081,614)	(\$420,374)	(\$220,361)	TBD

- All other terms would match the existing contract

VOTE



Health Connector staff recommends that the Board authorize the Executive Director to enter into a contract with Milliman, Inc. and a work order for calendar year 2016, on the terms set out in this presentation.