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Henry Lipman, FACHE
 Medicaid Director
 New Hampshire Department of Health and Human Services
 129 Pleasant Street
 Concord, NH 03301

[Sent via email: henry.lipman@dhhs.nh.gov]

Re: Preliminary 1115 IMD Waiver Renewal Budget Neutrality Limits - DRAFT

Dear Henry:

At your request, we are providing the New Hampshire Department of Health and Human Services (DHHS) with budget neutrality limits for the 1115 waiver renewal of the Substance Use Disorder Treatment and Recovery Access (SUD-TRA) 1115 Demonstration including the SMI/SED amendment. We prepared these budget neutrality limit estimates for inclusion in the public comment period for the waiver renewal. The waiver renewal will allow DHHS to continue to claim federal financial participation (FFP) for Medicaid enrollees residing in an IMD for substance use disorder and mental health treatment through SFY 2028.

As part of the waiver submission, CMS requires DHHS to submit the completed CMS budget neutrality template for review. This letter includes documentation of the budget neutrality methodology and provides CMS template forms and related worksheets. The populated CMS budget neutrality template is provided in Excel format.

Please note, the information presented herein is draft and is subject to change. Milliman will continue to refine its calculations based on input from DHHS and continued review of the technical components underlying the results presented in this letter.

RESULTS

Table 1A shows the projected budget neutrality limits by Medicaid Eligibility Group (MEG) for the SFY 2024 through SFY 2028 renewal period for the SUD related MEGs.

Table 1A New Hampshire Department of Health and Human Services 1115 IMD Demonstration Waiver Renewal Preliminary SFY 2024-SFY 2028 Budget Neutrality Limits Substance Use Disorder Related MEGs					
MEG	SFY 2024	SFY 2025	SFY 2026	SFY 2027	SFY 2028
Medicaid Adults	\$1,617	\$1,696	\$1,778	\$1,865	\$1,956
Expansion Adults	1,028	1,078	,1131	1,186	1,243
Adolescents	1,158	1,215	1,274	1,337	1,403

Table 1B shows the projected budget neutrality limits by MEG for the SFY 2024 through SFY 2028 renewal period for the mental health related MEGs.

Table 1B
New Hampshire Department of Health and Human Services
1115 IMD Demonstration Waiver Renewal
Preliminary SFY 2024-SFY 2028 Budget Neutrality Limits
Mental Health Related MEGs

MEG	SFY 2024	SFY 2025	SFY 2026	SFY 2027	SFY 2028
Medicaid Adults	\$10,423	\$10,741	\$11,263	\$11,811	\$12,385
Expansion Adults	7,183	7,532	7,898	8,282	8,684

Our projections of historical data through the demonstration period use estimates of the President’s Budget trend rates developed from the 2018 Actuarial Report on the Financial Outlook for Medicaid prepared by CMS’ Office of the Actuary (OACT), as follows:

- 4.9% for Medicaid Adults
- 4.9% for Expansion Adults
- 4.9% for Adolescents

Note, the MEG structure is consistent with the current amended SUD-TRA 1115 IMD Waiver.

METHODOLOGY

We developed historical base year costs in the budget neutrality template separately for the SUD and mental health related MEGs.

The ‘IMD Historical’ tab in the CMS budget neutrality template contains two options for calculating the base year costs for the starting point of the budget neutrality calculations.

- Historical PMPM Cost by MEG: The top section contains actual historical expenditures, member months, and PMPM costs by MEG.
- Alternate Development: The bottom section requires the input of the total estimated expenditures services provided while in an IMD. The total historical base year cost is developed from the following three components:
 - Capitated expenditures under the Medicaid Care Management (MCM) program
 - Carved out non-IMD expenditures paid by DHHS on a fee-for-service (FFS) basis
 - IMD expenditures

Per CMS direction, we populated both sections and the PMPMs resulting from the alternate development section are used as the base year costs in the budget neutrality.

Identification of Individuals Eligible Under the Waiver

We counted member months consistent with CMS instructions for budget neutrality calculation and CMS 64 reporting. We included one whole month during which a Medicaid eligible individual is a patient in an IMD for at least one day. All IMD stays longer than 60 days are excluded from our calculations, as these stays do not qualify for the waiver.

Historical PMPM Cost by MEG

For the SUD related MEGs, we summarized actual CY 2019 costs and member months under the current waiver from supplemental files supporting the quarterly waiver monitoring reports.

For mental health related MEGs, we summarized actual CY 2019 FFS costs and member months for individuals age 21 to 64 receiving mental health services in an IMD under the standard FFS Medicaid or MCM programs. We included the CY 2019 MCM capitation payments to the historical costs for MCM enrollees.

Alternate Development

We developed an estimated projected cost by MEG in the Alternate Development section of the “IMD Historical” tab using the member months distribution by rate cell for each MEG. Each component of this development represents SFY 2023 costs and is discussed in more detail below.

Under the waiver, there will continue to be some eligible individuals who will be enrolled in FFS; therefore, we included the FFS and MCM data to calculate a blended PMPM using the historical proportion of MCM and FFS member months eligible for this waiver.

[Estimated Eligible Member Months for All Medical Assistance Provided in an IMD](#)

We used estimated SFY 2023 member months Medicaid enrollees who could be eligible for medical assistance provided in an IMD for both the SUD and mental health related MEGs.

[Managed Care PMPM](#)

We calculated the expenditures for individuals enrolled in standard FFS Medicaid and MCM separately and combined them to create our projected SFY 2023 costs.

For SUD related MEGs, we summarized waiver experience from Demonstration Year 4 (DY 4) which represents SFY 2022 (July 2021 through March 2022) to which we applied a completion factor to adjust for claims liability runoff and annualized the results. We also applied an adjustment at the rate cell level to convert the capitation rate base data from SFY 2022 to SFY 2023.

For the mental health related MEGs, we summarized SFY 2023 MCM capitation rate expenditures for the CY 2019 membership distribution of individuals residing in a IMD for mental health purposes.

The capitation expenditures include base rates, directed payments and an estimate for hospital inpatient psychiatric admission kick payments.

Additionally, we added expenditures for known expansions to Medicaid covered services and / or program changes including:

- Non-Emergency Medical Transportation (NEMT) provider reimbursement increases
- Critical Access Hospital (CAH) provider reimbursement increases

[Currently State Plan FFS \(e.g., Carved Out\) or Not Currently State Plan but Otherwise Approvable \(Including Pending SPAs\)](#)

For the mental health related MEGs, we summarized carved-out non-IMD expenditures currently covered on a FFS basis outside the MCM program that reflect the average cost by MEG for these services. We used the actual cost for these services while Medicaid enrollees are IMD residents. The carved-out expenditures include the following service categories:

- Long Term Services and Support (LTSS)
- Mobile Crisis Response Team (MCRT) and emergency psychiatric services
- Prescription drug carve outs
- Other services excluded from MCM capitation rates (e.g., dental services)

We found that IMD residents do not incur any expenditures for any carved-out services while residing in an IMD. Therefore, no additional adjustments were necessary.

For the SUD related MEGs, we trended the SFY 2022 (July 2021 through March 2022) expenditure labeled as FFS to the same SFY 2023 base period using the estimated change in capitation rates between SFY 2022 and SFY 2023.

[Absent 1115 Authority, Not Otherwise Eligible for FFP Under Title XIX, or "Costs Not Otherwise Matchable" \("Non-IMD" or "Non-Hypo" CNOMs\)](#)

For the SUD related MEGs, we have not reported IMD costs separately since they have been included in the MCM capitation rates for several years. As for IMD expenditures for the FFS population, the data provided by DHHS did not separately identify these expenses, so we are unable to report them separately.

For the mental health related MEGs, we only included the IMD expenditures for the FFS population. The IMD expenditures for the MCM population are included in the SFY 2023 MCM capitation rates and reporting those separately would be challenging.

CAVEATS AND LIMITATIONS ON USE

This letter is designed to assist DHHS with developing budget neutrality limits for the 1115 IMD demonstration waiver renewal. This information may not be appropriate, and should not be used, for other purposes.

Milliman has developed certain models to estimate the values included in this letter. The intent of the models was to estimate budget neutrality limits for the 1115 IMD demonstration waiver renewal. We have reviewed the models, including their inputs, calculations, and outputs for consistency, reasonableness, and appropriateness to the intended purpose and in compliance with generally accepted actuarial practice and relevant actuarial standards of practice (ASOPs).

The information contained in this letter has been prepared for DHHS. To the extent that the information contained in this letter is provided to third parties, this letter should be distributed in its entirety. Any user of this information must possess a certain level of expertise in actuarial science and healthcare modeling, so as not to misinterpret the information presented.

We constructed several projection models to develop the capitation rates shown in this letter. Actual results will vary from estimates and actual results will depend on the extent to which future experience conforms to the assumptions made in these calculations. It is certain that actual experience will not conform exactly to the assumptions used herein. DHHS should monitor emerging results and take corrective action when necessary.

In preparing this information, we relied on information from DHHS regarding historical expenditures, historical enrollment, projected costs under the demonstration, and the expected return on investment for certain initiatives. 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.

Guidelines issued by the American Academy of Actuaries require actuaries to include their professional qualifications in all actuarial communications. I am a member of the American Academy of Actuaries, and I meet the qualification standards for performing the analyses in this letter.

The terms of Milliman's contract with the New Hampshire Department of Health and Human Services effective July 1, 2022, apply to this letter and its use.



Please call us at 262 784 2250, if you have any questions.

Sincerely,

- DRAFT -

Mathieu Doucet, FSA, MAAA
Senior Consulting Actuary

MD/mb

Attachment

DRAFT

EXHIBITS
(Provided in Excel)