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July 26, 2022

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 Waiver Budget Neutrality Limit for Department of Correction Population - 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 proposed 1115 IMD demonstration waiver addition for community transition services targeted for those incarcerated in NH Department of Corrections (NHDOC) custody with mental disorders inclusive of substance use disorders transitioning to community release. This addition is included as part of 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 preliminary budget neutrality limit estimates for inclusion in the public comment period for the waiver renewal.

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 the 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 NHDOC and continued review of the technical components underlying the results presented in this letter.

RESULTS

Table 1 shows the projected budget neutrality limits by Medicaid Eligibility Group (MEG) for the SFY 2024 through SFY 2028 renewal period for the substance use disorder (SUD) and mental health related MEGs.

Table 1 New Hampshire Department of Health and Human Services 1115 IMD Demonstration Waiver Renewal Preliminary SFY 2024-SFY 2028 Budget Neutrality Limits Department of Correction Population					
MEG	SFY 2024	SFY 2025	SFY 2026	SFY 2027	SFY 2028
Substance Use Disorder	\$235.75	\$247.30	\$259.42	\$272.13	\$285.46
Mental Health	251.21	263.52	276.43	289.98	304.19

METHODOLOGY

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

Since this population is not currently covered by Medicaid, there is no available historical data to report. Therefore, we used the Alternate Development section of the template to report our preliminary cost projections.

Alternate Development

We developed an estimated projected cost by MEG in the Alternate Development section of the “IMD Historical” tab using information provided by DHHS and NHDOC. Each component of this development represents SFY 2023 costs and is discussed in more detail below.

Table 2 below shows the detailed assumptions used in developing projected costs under this new program.

Table 2 New Hampshire Department of Health and Human Services 1115 IMD Demonstration Waiver Renewal Preliminary SFY 2024-SFY 2028 Budget Neutrality Limits Department of Correction Population – Base Projected Costs Development		
Rate Development Component	Substance Use Disorder	Mental Health
Number of Eligible Participants	327	426
Percentage of Eligible Inmates Released per Year	85%	85%
Participation Rate	90%	90%
Program Duration (Days)	45	45
Estimated Member Months	370.1	482.2
Peer Recovery Support Services Per Participant	1.30	N/A
Mental Health Support Services Per Participant	N/A	1.40
New Patient Appointment Services Per Participant	1.00	1.00
Peer Recovery Support Services Fee	\$99.74	N/A
Mental Health Support Services Fee	N/A	108.20
New Patient Appointment Fee	202.77	202.77
Total Estimated Annual Spending	\$83,174	\$115,482
Total Estimated PMPM Cost	\$224.74	\$239.47

Out of the 991 individuals incarcerated as of July 2022, NHDOC estimates that approximately 33% and 43% have substance use disorder and mental health related issues, respectively. Further, NHDOC expects about 85% of inmates are released every year and that 90% of them would participate in the new program for a period of 45 days.

From conversations with NHDOC, we determine that:

- 70% of SUD program participants will get one, one-hour peer recovery support service (H0038), while 30% will get two, one-hour peer recovery support service
- 60% of mental health program participants will get one, one-hour mental health support service (H2015), while 40% will get two, one-hour mental health support service

We also assumed that all participants would also get a one-hour new patient telehealth appointment with a community mental health center (CMHC) provider (99205-HE) before being released from the facility.

All costs are included in the "Absent 1115 Authority, Not Otherwise Eligible for FFP Under Title XIX, or "Costs Not Otherwise Matchable" ("Non-IMD" or "Non-Hypo" CNOMs)" column since all costs included in our projections are not currently eligible for FFP.

Our projections of base program costs 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

These trend estimates are consistent with trends used for the 1115 IMD Waiver renewal.

Program Funding

Table 3 shows a summary of Federal and state share funding under different enrollment scenarios between the standard Medicaid population and the Granite Advantage Health Care Program (GAHCP) populations. Results for other enrollment scenarios can be interpolated from the information below.

Table 3 New Hampshire Department of Health and Human Services 1115 IMD Demonstration Waiver Renewal Preliminary Program Funding Based on Enrollment Scenarios				
Enrollment Scenario	State Share		Federal Share	Total
	General Funds	Other Funds		
100% Standard Medicaid / 0% GAHCP	\$99,328	\$0	\$99,328	\$198,655
50% Standard Medicaid / 50% GAHCP	29,798	29,798	139,059	198,655
0% Standard Medicaid / 100% GAHCP	0	19,886	178,790	198,655

CAVEATS AND LIMITATIONS ON USE

This letter is designed to assist DHHS with developing budget neutrality limits for the addition of the New Hampshire Department of Correction population to 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 Department of correction population as part of 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.



If you have any questions, please call me at 262 784 2250.

Sincerely,

- DRAFT -

Mathieu Doucet, FSA, MAAA
Senior Consulting Actuary

MD/laa

Attachment - (Provided in Excel)

DRAFT

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EXHIBITS
(Provided in Excel)