Agenda

Actuary Bidder's Conference for SoonerSelect

1. Welcome
2. Meeting Overview
3. OHCA Introductions
4. Mercer Introductions
5. Mercer Presentation
6. Questions and Answers
7. Close Meeting

Copyright © 2020 Mercer (US) Inc. All rights reserved.

Meeting Overview

- The Question and Answer feature can be found at the bottom of the screen. All questions should be submitted through the Q&A feature and will be answered at the end of the meeting. Please wait towards the end of the meeting to submit questions.
- The chat feature will be monitored for technical issues such as the speaker's volume. OHCA is not responsible for technical issues involved with private devices
- All binding information will be presented in written form.

Copyright © 2020 Mercer (US) Inc. All rights reserved.

The Oklahoma Health Care Authority
SoonerSelect and
SoonerSelect Specialty Children's Plan

Capitation Rate Development October 1, 2021–June 30, 2022

December 14, 2020

Presenters
Mike Nordstrom, ASA, MAAA
An Danh, FSA, MAAA

Oklahoma Health Care Authority (OHCA)

OHCA is the primary entity in the State of Oklahoma charged with controlling costs of state-purchased health care.

The agency must balance this fiscal responsibility with two equally important goals:

- Assuring state-purchased health care meets acceptable standards of care.
- Ensuring citizens of Oklahoma who rely on state-purchased health care are served in a progressive and positive system.

OKLAHOMA
Health Care Authority

Copyright © 2020 Mercer (US) Inc. All rights reserved.

Oklahoma Health Care Authority

Our vision is for Oklahomans to be healthy and to have access to quality health care services regardless of their ability to pay.

Copyright © 2020 Mercer (US) Inc. All rights reserved.

Oklahoma Health Care Authority

Our Mission:

Our mission is to responsibly purchase state and federally-funded health care in the most efficient and comprehensive manner possible; to analyze and recommend strategies for optimizing the accessibility and quality of health care; and, to cultivate relationships to improve the health outcomes of Oklahomans.

Our Values and Principles:

- Passion for Purpose
- Empowerment and Accountability
- Trust and Transparency
- Best in Class and Solution-Oriented
- Servant Leadership

Copyright © 2020 Mercer (US) Inc. All rights reserved.

Oklahoma Health Care Authority — Goals

- **Goal #1 – Responsible Financing**
  Purchase cost-effective health care for members by maintaining appropriate rates that strengthen the State's health care infrastructure.
- Goal #2 – Responsive Programs
  Develop and offer medically necessary benefits and services that meet the health care needs of our members.
- Goal #3 – Member Engagement
  Inform and engage members about how their choices and behaviors affect their own health status and services.
- Goal #4 – Satisfaction and Quality
  Protect and improve member health and satisfaction with health care services, as well as ensuring quality.
- Goal #5 – Effective Enrollment
  Ensure that qualified individuals in Oklahoma receive health care coverage.
- **Goal #6 – Administrative Excellence**
  Promote efficiency and innovation in the administration of OHCA.
- **Goal #7 – Collaboration**
  Foster collaboration among public and private individuals and entities to build a responsive health care system for Oklahoma.

Source: http://www.okhca.org/about.aspx?id=32

Copyright © 2020 Mercer (US) Inc. All rights reserved.

The OHCA has Managed Cost Trends Superbly

Through various programs, initiatives and investments over multiple years, the OHCA has managed Total claim costs and claim cost trends extremely well.

State Fiscal Year (SFY)	Total Members Served*	Per Member Served Per Year	Annualized Trend to SFY2019
SFY2013	1,015,939	$4,174	2.3%
SFY2015	996,825	$4,364	2.4%
SFY2017	989,916	$4,481	3.4%
SFY2019	990,236	$4,795	

*SOURCE: http://www.okhca.org/research.aspx?id=17500

All members, paid basis

Copyright © 2020 Mercer (US) Inc. All rights reserved.

Request for Proposal (RFP): SoonerSelect Goals

- The SoonerSelect program has been designed to advance Governor Stitt's plan to transform Oklahoma into a Top Ten state in health outcomes. OHCA is pursuing a comprehensive Medicaid managed care approach that will allow the State to achieve the following payment and delivery system reform goals:
  - Improve health outcomes for Oklahomans.
  - Transform payment and delivery system reform statewide by moving toward value-based payment and away from payment based on volume.
  - Improve SoonerCare Eligibles' access to and satisfaction with necessary services.
  - Contain costs through better coordinating services.
  - Increase cost predictability to the State.

Copyright © 2020 Mercer (US) Inc. All rights reserved.

Why are The Capitation Rates and Exhibits Labeled "Draft" and not "Final/Certified"?

Centers for Medicare & Medicaid Services (CMS) has not reviewed or approved. Targeted submission end of January 2021.

It's still 2020. Bets *against* anything unforeseen happening?

Outstanding change regarding Oklahoma University/Oklahoma State University state-employed physicians and a portion of reimbursement to be a separate payment term Supplemental Directed Payment.

Potential change to Supplemental Hospital Offset Payment Program (SHOPP) amount(s).

Copyright © 2020 Mercer (US) Inc. All rights reserved.

SoonerSelect and SoonerSelect Specialty Children's Plan

Rate Development Overview

Rate Development Overview
Eligible Populations

Mandatory Enrollment

- SoonerSelect
  - TANF Children
  - CHIP Enrollees
  - TANF Parents and Caretaker Relatives
  - (Effective July 1, 2021) Expansion Adults
- Specialty Children's Plan
  - Former Foster Children*
  - Children that are in the custody of the State
  - Children receiving adoption assistance*

Voluntary Enrollment

- American Indian/Alaska Native populations+

** Former Foster Children and Children Receiving Adoption Assistance shall be enrolled in the SoonerSelect Specialty Children's Plan. These Eligibles may opt-out of enrollment in the SoonerSelect Specialty Children's Plan and enroll with a SoonerSelect MCO.*

+ American Indian/Alaska Native individuals, who otherwise meet program eligibility criteria, will have the option to enroll in the SoonerSelect through an opt-in process.

Copyright © 2020 Mercer (US) Inc. All rights reserved.

Rate Development Overview
Excluded Populations

Excluded Populations

- Dual-eligible individuals
- Individuals enrolled in the Medicare Savings Program, including QMB, SLMB, QDW and QI
- Persons with a nursing facility or ICF-IID level of care, with the exception of Health Plan Enrollees with a pending level of care determination
- Individuals during a period of Presumptive Eligibility
- Individuals eligible for tuberculosis-related services under 42 CFR 435.215
- Individuals determined eligible for SoonerCare on the basis of needing treatment for breast or cervical cancer under 42 CFR § 435.213
- Individuals enrolled in a §1915(c) Waiver
- Undocumented persons eligible for Emergency Services only in accordance with 42 CFR § 435.139
- Insure Oklahoma Employee Sponsored Insurance (ESI) dependent children in accordance with the Oklahoma Title XXI State Plan
- Coverage of Pregnancy-Related Services under Title XXI for the benefit of unborn children ('Soon-to-be-Sooners'), as allowed by 42 C.F.R. § 457.10
- Individuals determined eligible for Medicaid on the basis of age, blindness or disability

MERCER

Copyright © 2020 Mercer (US) Inc. All rights reserved.

Rate Development Overview
Excluded Services

Dental Services

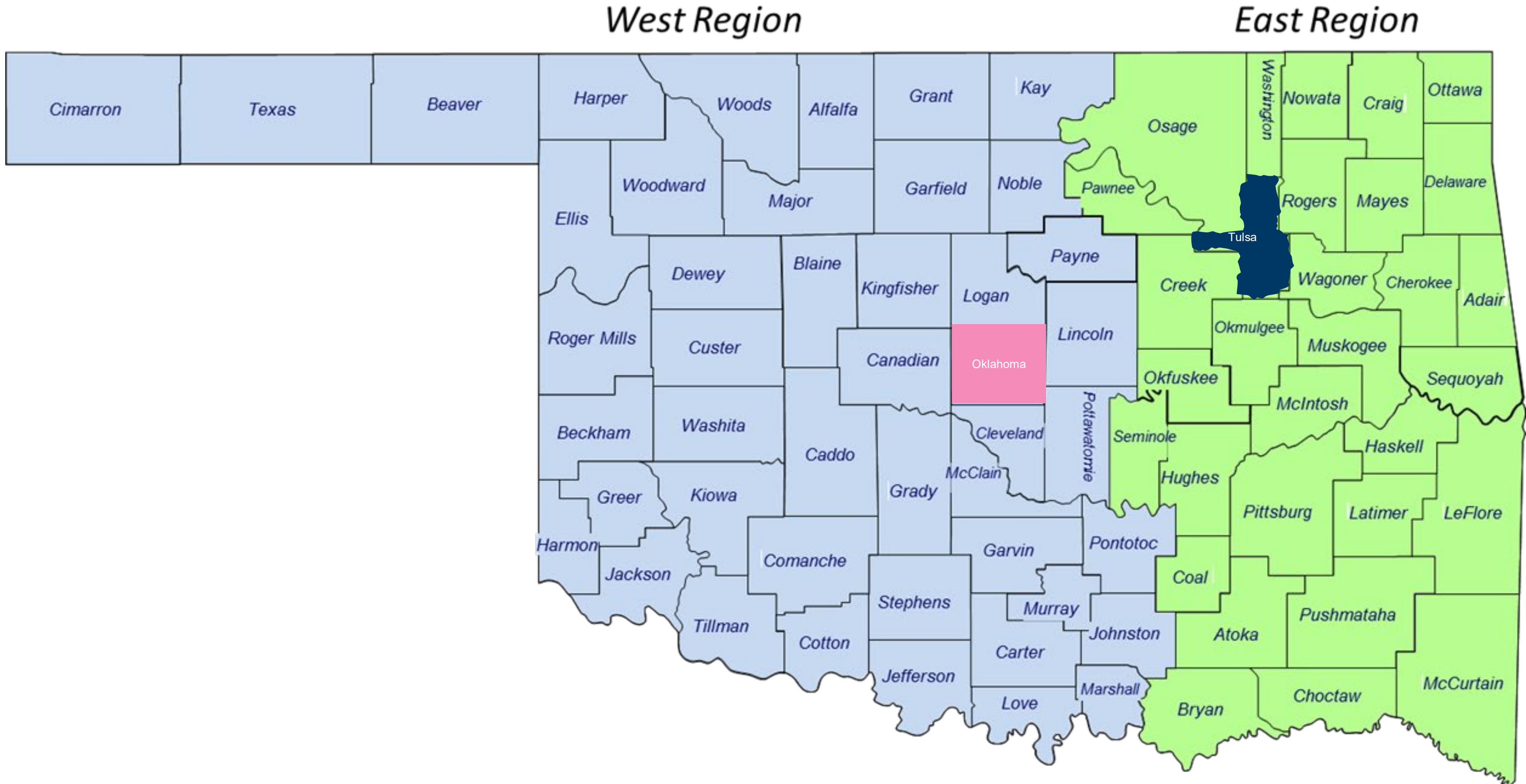
- Except for trauma-related oral surgeries in the inpatient and ambulatory surgery center settings

Title XIX Services Billed by Indian Health Service (IHS) or 638 Tribal Facilities

- OHCA will separately pay for medically-necessary, acute-care services that are eligible for 100% Federal reimbursement and are provided by an IHS or 638 tribal facility to a Title XIX member enrolled with the Contractor who is eligible to receive services through an IHS or 638 Tribal Facility.
- Encounters for Title XIX services billed by IHS or 638 Tribal Facilities will not be accepted by OHCA or considered in capitation rate development. The IHS and 638 claims are included in the Data Book to provide a total cost of care informational view.

Copyright © 2020 Mercer (US) Inc. All rights reserved.

Rate Development Overview
Rating Regions

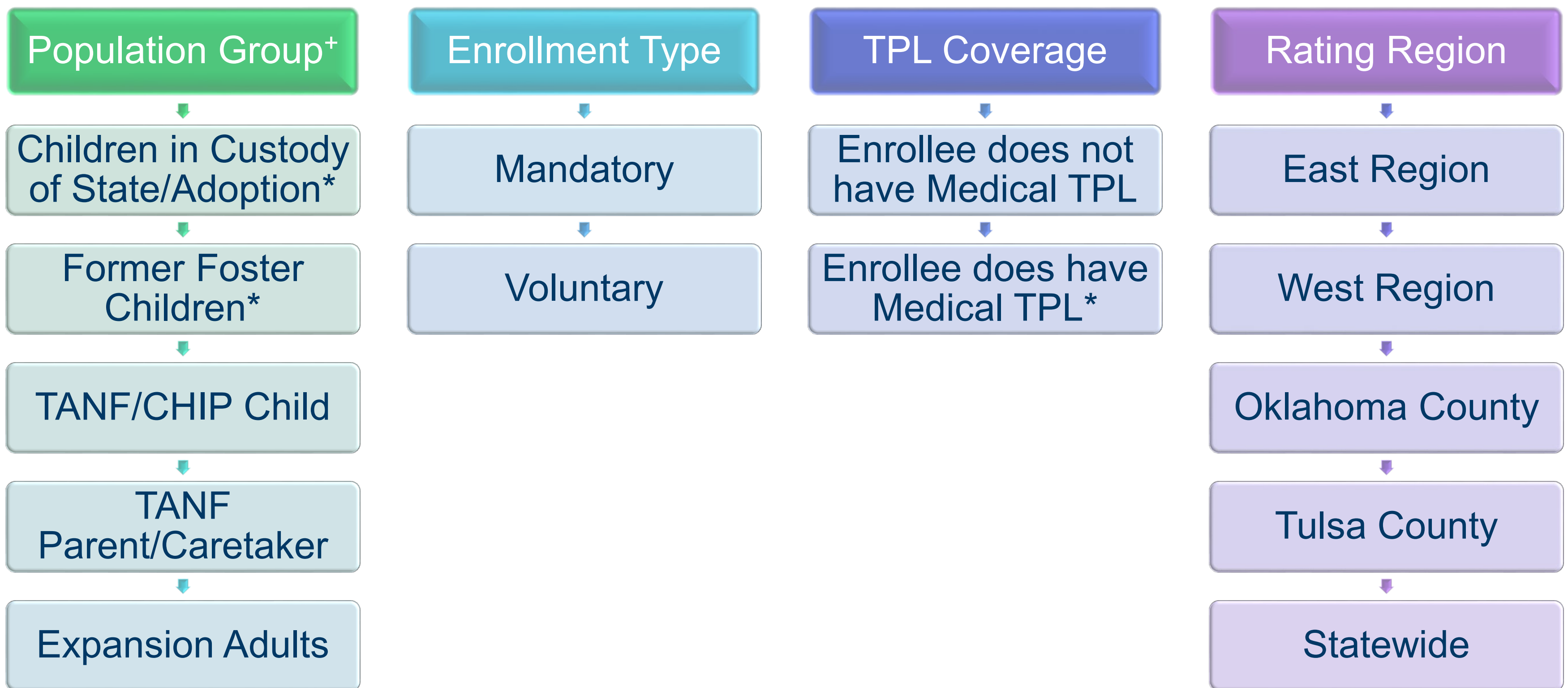


Copyright © 2020 Mercer (US) Inc. All rights reserved.

Rate Development Overview
Rate Cells — Populations

SoonerSelect and SoonerSelect Specialty Children's Plan rate cells are combinations of Population Group, Enrollment Type, TPL Coverage and Rating Region.

Example Rate Cell: *TANF/CHIP Child, 1–14 years, Male and Female, Mandatory, No TPL, East Region*



+ Population Groups are further segmented by age cohorts, as displayed on the next slide.
** All rate cells for these populations are developed on a statewide basis.*

Copyright © 2020 Mercer (US) Inc. All rights reserved.

Rate Development Overview
Rate Cells — Populations

Population	Rate Cells
Children in Custody of the State/Adoption*	• Newborn < 1 Year • Ages 1+, Male and Female
Former Foster Children*	• 15+ Years, Female • 15+ Years, Male
TANF/CHIP Child	• Newborn < 1 Year • 1–14 Years, Male and Female • 15+ Years, Female • 15+ Years, Male
TANF Parent/Caretaker	• < 45 Years, Adult Female • < 45 Years, Adult Male • 45+ Years, Male and Female
Expansion Adults	• < 45 Years, Adult Female • < 45 Years, Adult Male • 45+ Years, Male and Female

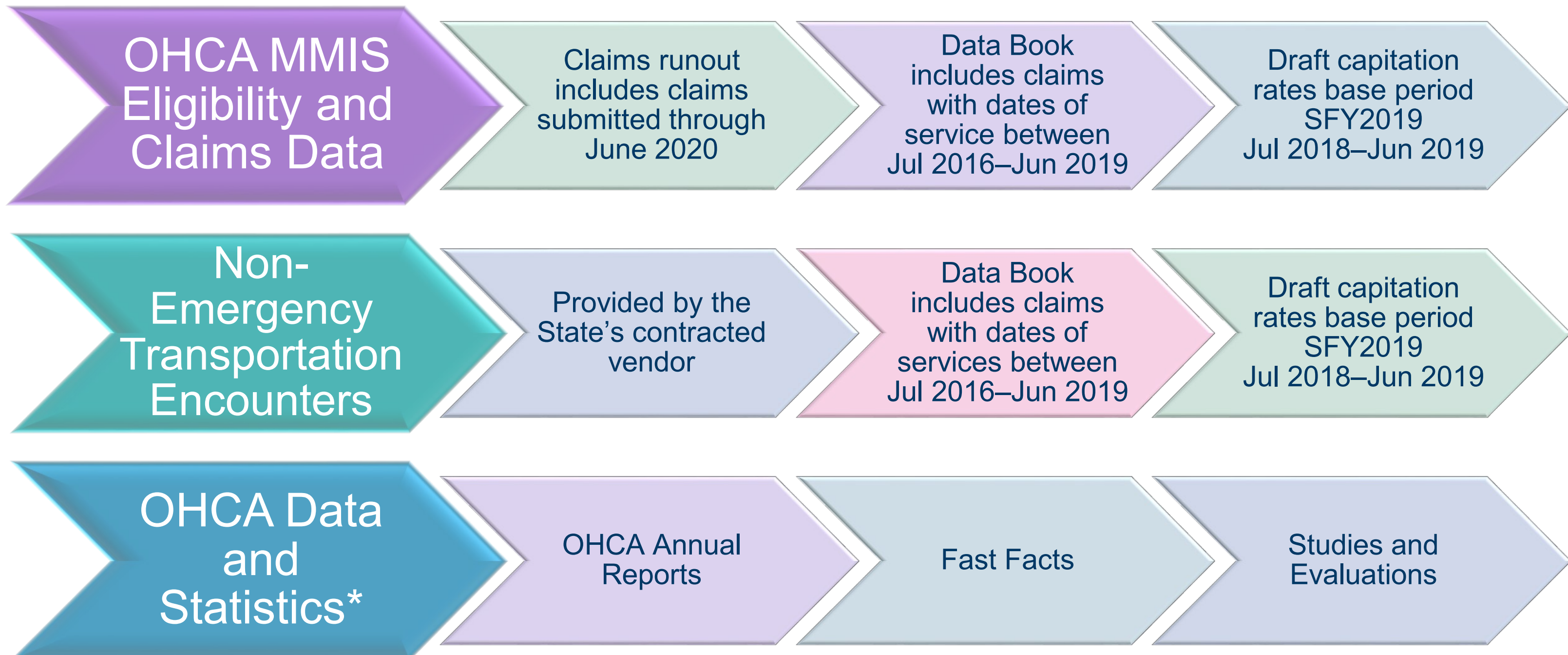
** All rate cells for these populations are developed on a statewide basis.*

MERCER

Copyright © 2020 Mercer (US) Inc. All rights reserved.

Rate Development Overview
Base Data Sources

These base data sources were used and/or reviewed when developing SoonerSelect and the SoonerSelect Specialty Children's Plan draft capitation rates



** OHCA Data and Statistics information can be found here: http://www.okhca.org/research.aspx?id=87*

Copyright © 2020 Mercer (US) Inc. All rights reserved.

Rate Development Overview
Retroactive Eligibility and Nursing Facility Limit

Managed Care Organizations (MCOs) will not be responsible for claims incurred prior to a member's enrollment in SoonerSelect or the SoonerSelect Specialty Children's Plan

The retroactive period is defined as the time period from when a member is eligible for Medicaid to the time when a member enrolls with the MCO

For all new enrollees during SFY2019 (excluding newborns*), the first 60 days of an enrollee's eligibility and claims experience were removed from the base data

Additionally, MCOs will not be responsible for claims incurred by members after 60 consecutive days within a nursing facility

The overall impact of removing the retroactive eligibility and nursing facility limit from enrollees' experience *reduced* the overall base period PMPM by 0.2%

** All newborns are retroactively enrolled back to the birth date under the mother's plan.*

MERCER

Copyright © 2020 Mercer (US) Inc. All rights reserved.

SooncerSelect

Rate Development Methodology
Base Data Adjustments — Data Book

The following exclusions were made to produce the data shown in the amended SoonerSelect and SoonerSelect Specialty Children's Plan Data Book, released on November 12, 2020

Eligibility	Claims
• Retroactive eligibility: 266K MMs	• Retroactive eligibility period claims: $68.5 million • SoonerSelect Dental Program claims: $133 million

Copyright © 2020 Mercer (US) Inc. All rights reserved.

Rate Development Methodology
Base Data Adjustments — Post Data Book

The following adjustments were made to the data shown in the amended SoonerSelect and SoonerSelect Specialty Children's Plan Data Book, released on November 12, 2020

Claims

- Exclusion of services that are eligible for 100% Federal reimbursement and are provided by an IHS or 638 Tribal Facility to a Title XIX member enrolled with the Contractor who is eligible to receive services through an IHS or 638 Tribal Facility. This was a downward adjustment of $112.8 million.
- Base Data Smoothing
  - Budget neutral adjustments were made to smooth large year-over-year variances for small rate cells and large claims.
- Medical Refunds
  - Refunds recouped outside of the claims system were added to the base data. This was worth $6.1 million or -0.38%.
- 3% provider rate increase
  - Most providers received a 3% fee schedule increase effective October 1, 2018. Claims incurred July 1, 2018 through September 30, 2018 during the SFY2019 base period do not reflect this increase. Mercer worked with OHCA to determine claims that are/are not subject to the increase and adjusted the July through September 2018 base experience accordingly. This adjustment was worth $6.7 million or +0.42% to the SFY2019 base data.

Copyright © 2020 Mercer (US) Inc. All rights reserved.

Rate Development Methodology
Prospective Claim Cost Trends

Trend projects the change in benefit expense from the base period to the rate effective period*, and includes change in utilization, unit cost, mix of services, etc.

Data/information used to develop trend factors included, but was not limited to:

- OHCA Medicaid Management Information Systems (MMIS) eligibility and claims data, as well as multiple SoonerCare reports
- Department of Labor Consumer Price Index (regional and national)
- Federal and industry reports and projections, such as the National Health Expenditures and the annual Actuarial Report for Medicaid

*With the initial rate effective period being the nine months October 1, 2021–June 30, 2022, trends were for 36 months from SFY2019 to SFY2022, with the Seasonality adjustment accounting for the remaining "trend" to the October 1, 2021–June 30, 2022 period.

Copyright © 2020 Mercer (US) Inc. All rights reserved.

Rate Development Methodology
Prospective Claim Cost Trends

- The following table displays average *annual* utilization, unit cost and Per Member Per Month (PMPM) trend factors by population and consolidated service category:

		Annual Utilization	Annual Unit Cost	Annual PMPM
Medical	CCOS			
TANF/CHIP Child & CUST/Adoption	Inpatient	0.25%	1.75%	2.00%
	Outpatient	0.00%	4.50%	4.50%
	Professional	0.25%	2.00%	2.26%
	Other	0.50%	3.00%	3.52%
	Rx	-2.00%	5.50%	3.39%
	Behavioral Health	0.25%	2.25%	2.51%
TANF Parent/Caretaker & FFC	Inpatient	0.50%	2.00%	2.51%
	Outpatient	0.25%	4.75%	5.01%
	Professional	0.50%	2.25%	2.76%
	Other	0.75%	3.25%	4.02%
	Rx	-2.50%	6.00%	3.35%
	Behavioral Health	0.50%	2.50%	3.01%

MERCER

Copyright © 2020 Mercer (US) Inc. All rights reserved.

Rate Development Methodology
Prospective Program and Fee Schedule Changes

- Program and fee schedule changes that occurred after SFY2019 were considered as part of rate development.

- Several program and fee schedules were deemed budget neutral and did not impact rates.

- Some fee schedule changes were considered in unit cost trend development.

- The following program and fee schedule changes resulted in a net increase of 5.9%.

Enhanced Payments for State University Employed or Contracted Physicians
- Directed Payment (see next slide)
- July 1, 2019

Rural Health Clinics Reimbursement
- July 1, 2019

Applied Behavior Analysis Services
- July 1, 2019

Therapeutic Foster Care Rates
- July 1, 2019

Residential Behavioral Management Services Rates
- September 1, 2019

Maternal Depression Screenings
- September 1, 2019

Intensive Treatment Family Care Rates
- September 1, 2019

Inpatient Psychiatric Services (Under 21) Add-on Specialty Payment
- September 1, 2019

Neonatal, Infant and Young Child Rates
- October 1, 2019

Diabetes Self-Management Training Services
- January 1, 2020

Add Spinal Muscular Atrophy (SMA) Test to Newborn Screening Panel
- July 1, 2020

Non-IMD Residential Substance Use Disorder Treatment Facility Rates
- IMD 1115 Waiver
- October 1, 2020

IMD Residential Substance Use Disorder Treatment Facility Rates
- IMD 1115 Waiver
- October 1, 2020

SUPPORT Act Medication-Assisted Treatment
- October 1, 2020

Therapy Assistants Rates (PT, OT and SLPA)
- February 1, 2021

MERCER

Copyright © 2020 Mercer (US) Inc. All rights reserved.

Rate Development Methodology
Prospective Program and Fee Schedule Changes

Enhanced Payments for State University Employed or Contracted Physicians Directed Payment

Historically paid through Fee-For-Service

- Increased to 175% Medicare Fee Schedule effective July 1, 2019
- Draft rates include base experience and the prospective fee schedule change

MCOs will not be at-risk for this directed payment

- Experience will be removed from the base data
- Prospective change will be removed from rate development

Final capitation rates will include this directed payment as a Supplemental Add-on PMPM

- Appropriate non-benefit load will be applied

Copyright © 2020 Mercer (US) Inc. All rights reserved.

Rate Development Methodology
Seasonality

- The base data used to develop rates is SFY2019 which reflects incurred experience from July 1, 2018 through June 30, 2019.
- The first year rating period is for nine months (October 1, 2021 through June 30, 2022). Given the first rating period is less than one year and does not align with the base data which reflects a full SFY, cost differences during the last nine months of the SFY relative to the cost for the entire year SFY needs to be accounted for during the rate development process.
- Mercer reviewed the cost from October–June for SFY2017, SFY2018 and SFY2019 relative to the cost of the entire SFY. Where appropriate, Mercer weighted the factors from multiple SFYs to smooth the effects of random variation.
- The seasonality study was performed at the population, Non-Third-Party Liability (TPL) versus TPL and broad trend category of service levels to reflect differences amongst each category grouping.
- The overall seasonality adjustment was an increase of 1.3% to the cost PMPM.

Copyright © 2020 Mercer (US) Inc. All rights reserved.

Rate Development Methodology
At-risk Managed Care Adjustment Assumptions

Projected benefit expenses were adjusted to account for care management under a full-risk Medicaid managed care model.

- Certain services were adjusted to account for anticipated changes in utilization patterns and unit cost levels under full-risk managed care.
- For example, inpatient and emergency room utilization is expected to decrease materially for lower acuity cases. However, because this will increase remaining inpatient and emergency case-mix levels, an increase in average unit cost was assumed.

The adjustment factors are the same for Mandatory and Voluntary populations.

For TPL= Yes, both Utilization and Unit Cost factors = 1.0 for all rates and Category of Service (COS). So no managed care claim cost savings. In fact, increased cost given MCO Administration, UW Gain.

No Regional variation assumed.

MERCER

Copyright © 2020 Mercer (US) Inc. All rights reserved.

Rate Development Methodology
At Risk Managed Care Adjustment Assumptions

The Impact of Private Industry on Public Health Care: How Managed Care is Reshaping Medicaid in Ohio https://oahp.org/wp-content/uploads/2017/02/The-Impact-of-Private-Industry-on-Public-Health-Care.pdf

"MCPs achieve programmatic savings by promoting efficient use of the health care system and eliminating wasteful or inefficient spending by placing an emphasis on preventive care, managing chronic patients, and detecting and treating serious illnesses early. It is estimated that capitation rates paid to MCPs were 9 to 11 percent lower in calendar year 2013 through 2015 than the cost of serving Ohioans through traditional FFS – an estimated $2.5 to $3.2 billion dollars in savings."

Copyright © 2020 Mercer (US) Inc. All rights reserved.

Rate Development Methodology
At-risk Managed Care Adjustment Assumptions

SoonerSelect and Children's Plan						
Managed Care Adjustments	Newborns <1		All remaining:		All remaining:	
COS	Only impacts CUST, TANF/CHIP Child		CUST		T/C Child, TANF P/C, FFC	
	Utilization	Unit Cost	Utilization	Unit Cost	Utilization	Unit Cost
Inpatient Hospital	-25.0%	5.0%	-15.0%	2.5%	-40.0%	7.5%
Outpatient Hospital - ER	-25.0%	5.0%	-15.0%	2.5%	-40.0%	7.5%
Outpatient Hospital - Non-ER	-15.0%	5.0%	-10.0%	2.5%	-25.0%	7.5%
Physician/Professional	5.0%	-2.5%	5.0%	-2.5%	10.0%	-5.0%
Clinics (w/FQHC/RHC)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Laboratory/Radiology/Pathology	1.0%	-0.5%	1.0%	-0.5%	2.0%	-1.0%
Dental	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
DME and Supplies	0.0%	0.0%	-5.0%	1.0%	-15.0%	3.5%
Home Health/Hospice	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Physical/Occupational Therapy	0.0%	0.0%	-2.5%	0.5%	-5.0%	1.0%
ICF/MR Services	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Nursing Facility	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Pharmacy	2.5%	-2.5%	2.5%	-2.5%	5.0%	-5.0%
Non-Emergency Transportation	2.5%	-2.5%	2.5%	-2.5%	5.0%	-5.0%
Behavioral Health	0.0%	0.0%	-10.0%	2.5%	-20.0%	5.0%
Family Planning	0.0%	0.0%	0.0%	0.0%	5.0%	-5.0%
All Other	-2.5%	0.5%	-5.0%	1.0%	-10.0%	2.0%

MERCER

Copyright © 2020 Mercer (US) Inc. All rights reserved.

Rate development methodology
Expansion Population

Pent-up Demand

- Reflects higher acuity for enrollees who have put off treatment and will seek treatment once coverage is available under Medicaid expansion

Cost Relativities

- Cost difference between expansion and non-expansion population in other States were reviewed at the age/sex and broad COS levels
- Mercer reviewed CMS material on the cost differential between the expansion and non-expansion population

Expansion Population

Pent-up Demand assumption used in rate-setting is 3%.

Cost relativities applied to the TANF Parent/Caretaker PMPMs to develop the Expansion Population rates overall are:

- < 45 Years, Adult Female 0.86
- < 45 Years, Adult Male 1.25
- 45+ Years, Male and Female 1.21

MERCER

Copyright © 2020 Mercer (US) Inc. All rights reserved.

Non-Benefit Assumptions

Non-Benefit Rate Components	
MCO Administration (w/Care Coordination)	Vary by projected claims PMPM. 9.5% for PMPMs < or = $100 9.0% for PMPMs $100 < and < or = $200 8.5% for PMPMs $200 < and < or = $300 8.0% for PMPMs $300 < and < or = $400 7.5% for PMPMs $400 < and < or = $500 7.0% for PMPMs $500 < and < or = $700 6.5% for PMPMs $700 < and < or = $900 6.0% for PMPMs > $900 (Supplemental Payments portion of capitation rate uses 0.5%)
MCO Underwriting Gain	Flat 1.5% across all populations (Supplemental Payments portion of capitation rate uses 0.5%)
State Premium Tax	Flat 2.25% across all populations

Copyright © 2020 Mercer (US) Inc. All rights reserved.

32

Rate Development Methodology
Supplemental Add-On Payments

The following Supplemental Payments were added on to the SoonerSelect and SoonerSelect Specialty Children's Plan capitation rates.

SHOPP

- October 2021–June 2022: $353.0 million
- Amount varies between Expansion Adults and all other rate cells
- Separate Pools for inpatient and outpatient hospital, further segmented by the following:
  - Non-State Government Owned and Non-State Government Owned Critical Access Hospitals
  - Privately Owned and Privately Owned Critical Access Hospitals

Level 1 Trauma

- October 2021–June 2022: $164.6 million
- Amount varies between Expansion Adults and all other rate cells
- Separate Pools for inpatient and outpatient hospital

Enhanced Tier Payment System (ETPS)

- October 2021–June 2022: $28.4 million

Ground Emergency Medical Transportation (GEMT)

- October 2021–June 2022: $1.3 million

Supplemental Payment Non-Benefit Load = 1.0%

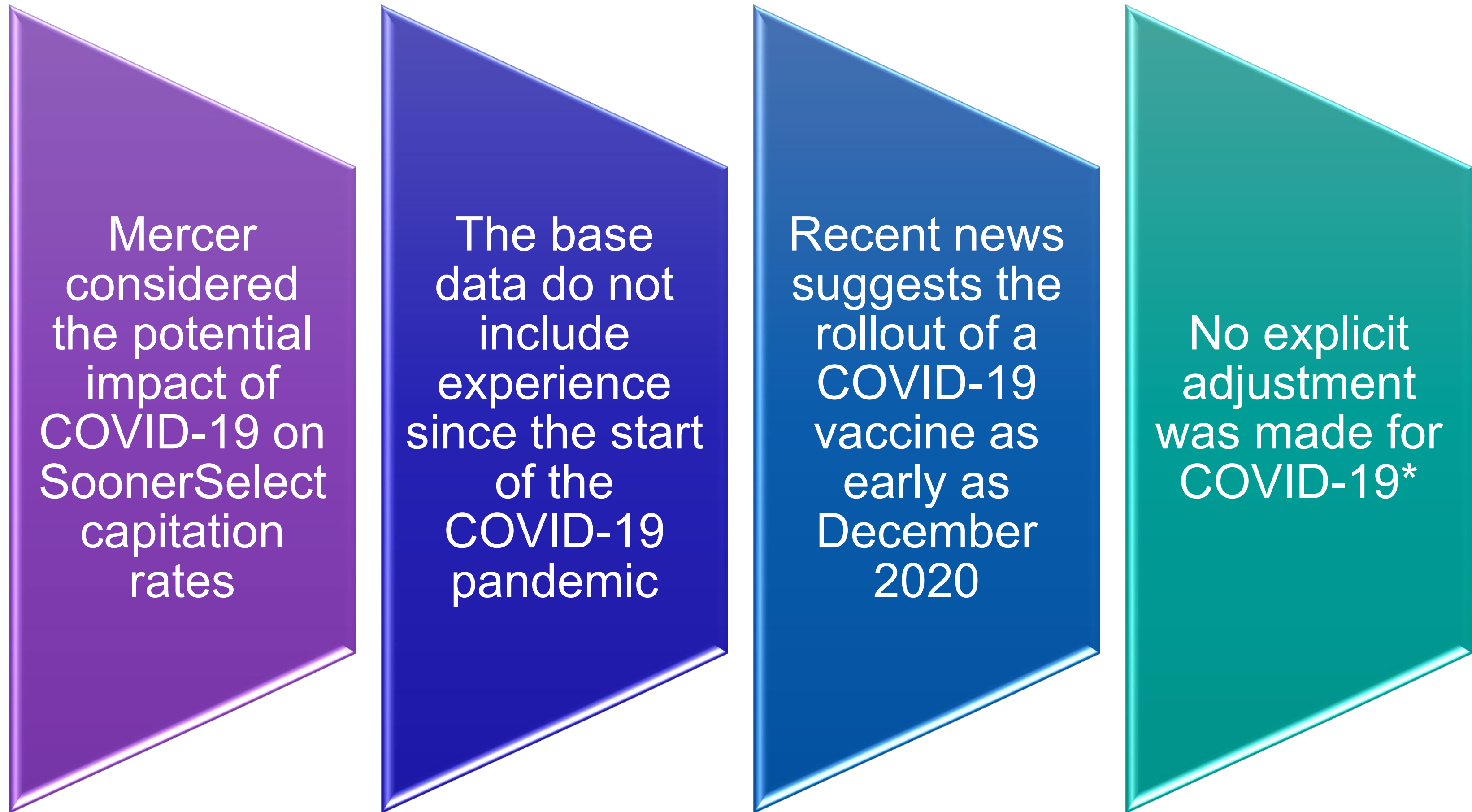
Copyright © 2020 Mercer (US) Inc. All rights reserved.

Capitation Withholds

- OHCA shall withhold one percent of the contractor's capitation payments beginning January 1, 2022. The contractor shall be eligible to receive some or all of the withheld funds based on the contractor's performance in the areas outlined in RFP Appendix 1D: "Performance Withhold Program"
- Withholds will not be applied to Directed/Pass-through payments.
- Potential payments based on performance in Calendar Year 2022 on five outcome measures and targets.
- Each of the target criteria are viewed as "reasonably achievable" (CMS phrase). The development of the capitation rates was not impacted by the withhold arrangement.

Copyright © 2020 Mercer (US) Inc. All rights reserved.

Rate Development Methodology
COVID-19



** OHCA and Mercer will monitor COVID-19 into 2021 and 2022, and discuss potential impacts on SoonerSelect, if necessary.*

Copyright © 2020 Mercer (US) Inc. All rights reserved.

Risk Adjustment

- Risk adjustment is a budget-neutral (to OHCA) process which seeks to be an incremental improvement in the matching of MCO payment to risk.
- The contractor's capitation rates will be risk adjusted based on health status. MedicaidRx will be used for the initial rating period. This risk adjustment model uses pharmacy data to assess health risk.
- OHCA will risk adjust existing TANF/CHIP Child and TANF Parent/Caretaker populations using an aggregate risk factor calculation and a retrospective/concurrent factor approach with final adjustment shortly after the end of the first period. OHCA will use age/gender rating bands for Expansion adults for the initial rating period.
- Transition limits will be developed and applied to restrict how much capitation revenue can change due to risk adjustment. Any limits needed depend, in part, on the accuracy and completeness of the submitted encounter data.

Copyright © 2020 Mercer (US) Inc. All rights reserved.

Risk Mitigation

The following table has been provided for illustrative purposes only. The 85% minimum MLR will not change and neither will the share factors. However, given the actual MCO priced-for MLR, the 88%, 92% and 95% will be adjusted to provide a symmetrical corridor.

Medical Loss Ratio Corridor	Contractor Share of Gain/Loss in the Corridor	OHCA/CMS Share of the Gain/Loss in the Corridor
MLR of less than 85%	0%	100%
MLR equal to or greater than 85% and less than 88%	50%	50%
MLR equal to or greater than 88% and less than 92%	100%	0%
MLR equal to or greater than 92% and less than 95%	50%	50%
MLR equal to or greater than 95%	0%	100%

Copyright © 2020 Mercer (US) Inc. All rights reserved.

QUESTIONS?

MERCER