DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop S2-25-26
Baltimore, Maryland 21244-1850

State Demonstrations Group

January 10, 2023

Amir Bassiri
Medicaid Director, Deputy Commissioner
New York Department of Health
Empire State Plaza, Corning Tower, Room 1466
Albany, NY 12237

Dear Mr. Bassiri:

The Centers for Medicare & Medicaid Services (CMS) has approved the Evaluation Design for New York's Managed Care Risk Mitigation COVID-19 Public Health Emergency (PHE) amendment to the section 1115 demonstration entitled, "New York Medicaid Redesign Team" (Project Number 11-W00114/2). We sincerely appreciate the state's commitment to efficiently meeting the requirement for an Evaluation Design stated in the demonstration's Special Terms and Conditions (STCs) for this amendment, especially under these extraordinary circumstances.

The approved Evaluation Design may now be posted to the state's Medicaid website within thirty days, per 42 CFR 431.424(c). CMS will also post the approved Evaluation Design on Medicaid.gov.

Please note that, consistent with the approved Evaluation Design, the draft Final Report will be due to CMS 18 months after either the expiration of the demonstration approval period or the end of the latest rating period covered under the state's approved expenditure authority, whichever comes later.

We look forward to our continued partnership with you and your staff on the New York Medicaid Redesign Team section 1115 Demonstration. If you have any questions, please contact your CMS project officer, Jonathan Morancy, who may be reached by email at Jonathan.Morancy@cms.hhs.gov.

Sincerely,

[redacted]

Danielle Daly
Director
Division of Demonstration
Monitoring and Evaluation

cc: Melvina Harrison, State Monitoring Lead, Medicaid and CHIP Operations Group

Evaluation of Managed Care Risk Mitigation Arrangements during the COVID-19 Public Health Emergency (PHE)

General Background Information

The Centers for Medicare & Medicaid Services (CMS) allowed states an opportunity to add or modify Medicaid Managed Care risk sharing mechanism(s) after the start of risk rate periods. The expenditure opportunity allowed appropriate, equitable payments during the COVID-19 PHE to help maintain provider capacity and beneficiary access to care. Demonstrations are authorized to be in effect from March 1, 2020, through 60 days after the end of the COVID-19 PHE. On January 14, 2022, the federal Secretary of Health and Human Services declared that a COVID-19 PHE still exists nationwide because of continued consequences of the COVID-19 pandemic.[1]

CMS requires states to evaluate how the allowance of retrospective risk sharing either increased or decreased payments to plans, given the fluctuation in service utilization during the pandemic phases. The evaluation will ascertain through qualitative methods and descriptive statistics (based on actuarial certifications) the successes, challenges and lessons learned in implementing the demonstration. The evaluation design is due to CMS 180 calendar days after approval of the demonstration. The New York State (NYS) Medicaid Managed Care program demonstration was approved on January 18, 2022.

Demonstration Goals

New York State's Medicaid Managed Care program seeks to furnish medical assistance in a manner intended to protect, to the greatest extent possible, the health, safety, and welfare of individuals and providers who may be affected by COVID-19.

New York State Risk Mitigation Arrangements and Rating Periods

The retroactive risk sharing agreements that NYS negotiated with the Managed Care plans by rate period and Managed Care product line is identified **Table 1** below. The data sources used for actuarial certification are included, along with additional detail by specific mitigation strategy.

Table 1: Retroactive Risk Mitigation Arrangements January 1, 2020, through March 31, 2022, by Medicaid Managed Care Product and Rate Period

	Managed Care Product[2]							Rate Period				
Risk Mitigation Arrangements	**MMC**	**MLTCP**	**MAP**	**HARP**	**HIV-SNP**	**MA**	**FIDA-IDD**	**CY 2020**	**SFY 20-21**	**SFY 21-22**	**Data Sources**	**Additional Detail**
Behavioral Health Expenditure Targets (BHET)	✓			✓	✓				●	●	Cost Reports, BHET Premium Targets	
Clotting Factor Products and Services Reconciliation	✓			✓	✓				●		Managed Care Encounter Data, Managed Care Premiums, Managed Care Capitation Claims	

[1] https://www.phe.gov/emergency/news/healthactions/phe/Pages/default.aspx
[2] See Appendix A for full descriptions

Risk Mitigation Arrangements	Managed Care Product[2]							Rate Period			Data Sources	Additional Detail
	MMC	MLTCP	MAP	HARP	HIV-SNP	MA	FIDA-IDD	CY 2020	SFY 20-21	SFY 21-22		
Health Home Reconciliation	✓			✓	✓				●		Managed Care Encounter Data, Managed Care Premiums, Managed Care Capitation Claims	
Minimum/Medical Loss (MLR) Ratio	✓	✓	✓	✓	✓	✓	✓	●	●	●	Health Plan MLR Filing	MMC, MA, HIV-SNP, MAP, MLTCP, MAP, FIDA-IDD 86%; HARP 89%
Minimum Wage Reconciliation	✓	✓	✓	✓	✓				●	●	Health Plan Minimum Wage Cost Reports, Managed Care Premiums, Managed Care Capitation Claims	
Nursing Home Price Mitigation Pool (NHPM)		✓							●		Managed Care Encounter Data, Nursing Home Fee Schedule	
Nursing Home Transition (NHT) Add On		✓	✓						●	●	Enrollment Data, NHT Surveys, Managed Care Capitation Claims	
Risk Corridor COVID-19	✓	✓	✓	✓	✓				●		Health Plan Cost Reports, Health Plan MLR Filing	
Risk Corridor VNS		✓							●	●	Health Plan Cost Reports	VNS Choice Health Plans (VNS) Arrangement
Stop Loss	✓			✓	✓				●	●	Stop Loss Claims	General Inpatient, Inpatient Psych, Residential Rehabilitation

Evaluation Questions and Hypotheses

Questions

In the context of the current COVID-19 public health emergency (PHE), did an exemption from the regulatory prohibition of retroactive risk sharing promote the objectives of the NYS Medicaid Managed Care program?

Did New York State Medicaid agency appropriately monitor the effectiveness of the risk mitigation arrangements implemented as part of the state's response to the COVID-19 PHE during the rate periods affected by the COVID-19 PHE?

In what ways during the COVID-19 PHE did the demonstration support adding or modifying one or more risk sharing mechanisms after the start of the rating period?

Did the implementation of risk mitigation after the start of the rating period outweigh the harms of not allowing retroactive risk sharing during a public health emergency?

Was there any adverse impact to the eligibility, enrollment, and coverage of Medicaid Managed Care beneficiaries because of this demonstration?

To what extent did the retroactive risk sharing implemented under the demonstration authority result in more accurate payments to the Managed Care plans?

What were the principal challenges associated with implementing the retroactive risk mitigation strategies from the perspectives of the state Medicaid agency and Medicaid Managed Care plans?

What actions did the state take to address challenges presented by the implementation of retroactive risk mitigation strategies? To what extent were those actions successful in the context of the PHE?

What were the principal lessons learned for any future PHEs in implementing the demonstration flexibilities?

Hypotheses

For each of the retroactive risk mitigation arrangements, the null hypothesis [H_O] and the alternative hypothesis [H_A] are to be tested for significance.

H_O The implementation of the risk mitigation arrangement during the COVID-19 PHE ***had no effect*** on the ability of the New York Medicaid Managed Care program to provide appropriate, equitable payments during the COVID-19 PHE to help maintain provider capacity and beneficiary access to care.

H_A The implementation of the risk mitigation arrangement during the COVID-19 PHE ***had an effect*** on the ability of the New York Medicaid Managed Care program to provide appropriate, equitable payments during the COVID-19 PHE to help maintain provider capacity and beneficiary access to care.

Table 2: Analyses to be Conducted

Risk Mitigation Arrangement	Policy Analysis (for the applicable rate periods)
Behavioral Health Expenditure Targets (BHET)	Was State expenditure risk sufficiently mitigated as evidenced through reconciliation of health plan reported behavioral health services to BHET premium targets provided during the rate periods?
Clotting Factor Products and Services Reconciliation	Was health plan expenditure risk sufficiently mitigated as evidenced through reconciliation of health plan reported clotting factor products and services provided during the rate periods?
Health Home Reconciliation	Was health plan expenditure risk sufficiently mitigated as evidenced through reconciliation of health plan reported health home services provided during the rate periods?
Minimum/Medical Loss Ratio	Was State expenditure risk sufficiently mitigated as evidenced through reconciliation of health plan reported medical expenditure to established minimum MLR targets provided during the rate periods?
Minimum Wage Reconciliation	Was health plan expenditure risk sufficiently mitigated as evidenced through reconciliation of health plan reported minimum wage funding provided during the rate periods?

Risk Mitigation Arrangement	Policy Analysis (for the applicable rate periods)
Nursing Home Price Mitigation Pool (NHPM)	Did the withholds and redistributions calculated and administered through adjustments to monthly capitation payments sufficiently mitigate the expenditure risk, to both the health plan and the state, associated with health plan reported nursing home care during the rate periods?
Nursing Home Transition (NHT) Add On	Was health plan risk of higher than expected mix of NHT enrollment during the rate periods sufficiently mitigated through the reconciliation based on actual plan enrollment reported?
Risk Corridor - COVID-19	Did the risk corridor arrangement sufficiently mitigate the pandemic-related financial risk incurred by the State and health plans during the rate periods?
Risk Corridor - VNS	Did the risk corridor arrangement sufficiently mitigate the financial risk associated with ensuring continuity and quality of care provided to members that transferred prior to the rate period from Independence Care Systems to VNS Choice Health Plans?
Stop Loss	For the three categories of stop loss – general inpatient, inpatient psychiatric and residential rehabilitation, were the reported stop loss claim data findings during the rate periods consistent with developed trends from base data used for premium development?

Methodology

The policy analysis will be conducted as a retrospective evaluation of the affected risk rate periods and risk mitigation arrangements implemented by Medicaid Managed Care product type. The methods for comparison of projected versus actual will be based on methods described in actuarial certification (if applicable) and qualitative findings through assessments.

Methodological Limitations

The evaluation of the retrospective risk sharing arrangements described in this design document depends on the data available at the time of evaluation. Managed Care health plan reported data must be be timely, complete, and accurate for robust evaluations for each time period and to assess impact of the COVID-19 PHE. Medicaid Managed Care encounter data may be subject to a reporting lag.

Data sources will undergo validations prior to evaluation however, full audits of the data will not occur in the timeline of this evaluation.

New York State will work to secure an independent evaluator, and there will be a period of data knowledge transfer and appropriate use data share arrangements that will occur for the evaluation to be conducted with the necessary data sources.

Appendix A: Medicaid Managed Care Products Included in Demonstration

The Medicaid Managed Care plans impacted by the demonstration cover approximately 5.8 million New York State residents annually.

Acronym	Medicaid Managed Care Product Name
MMC	Mainstream Managed Care
HARP	Health and Recovery Plan
HIV-SNP	Human Immunodeficiency Virus Special Needs Plan
MLTCP	Managed Long Term Care Partial Capitation
MAP	Medicaid Advantage Plus
MA	Medicaid Advantage
FIDA-IDD	Fully Integrated Duals Advantage for Individuals with Intellectual and Developmental Disabilities