

RECOMMENDATIONS

1. Increase capitations paid to Medicaid Managed Care Organizations (“MMCOs”);
2. Increase monthly enrollee contributions toward Commonwealth Care;
3. Change co-payments and out-of-pocket caps; and
4. Simplify hardship waivers.

By way of summarizing the financial impact of these recommendations, the table below estimates the overall increase in capitations across all Plan Types and enrollees in Commonwealth Care (line 1), less the offsets for enrollee cost-sharing (lines 2 & 3). These are each shown as a percentage change in cost per member month, based on actual December 2007 member distribution (by geography, age, gender, and plan type) across all MMCOs.

Over the past two weeks, we have continued negotiations with all four MMCOs around reducing their capitation rates. These have been successful. As the table below indicates, the over all weighted increase is 12.1%.

Staff now recommends several changes to the co-payments and out-of-pocket maxima originally proposed at the February 14th board meeting. (See attachment 1 for details.) Line 2 in the table below reflects the impact of the “compromise” co-payment increases in Plan Types 2 & 3 for all member months (including Plan Type 1, where no co-payment changes were ever recommended).

Similarly, staff now recommends that increases in enrollee contributions for enrollees earning above 150% of fpl, be reduced from 14% to 10%, in line with recommended increases to the affordability schedule above 300%. (See attachment 2 for details.) Line 3 in the table below shows the budget impact of the 10% increase in enrollee contributions for all member months (including enrollees at or below 150% of fpl, for which contributions would remain \$0).

Staff newly recommends that the financial hardship waiver process be simplified. Hardship waivers allow CommCare enrollees at or below 150% of fpl to forego co-payments and above 150% to forego monthly contributions. The proposed process changes will make waivers more accessible to members. No budget estimate is provided for changing the hardship waiver process for enrollee contributions and co-payments, as we cannot credibly estimate one, but we presume it will have a very modest impact on overall program costs.

	% Change - Fiscal Year 2009
1. MMCO Capitation Rates	12.1
Offsets:	
2. Co-pay changes	(2.2)
3. Enrollee Contributions	(0.5)
Total increase	9.4



2008 Affordability Schedule and CommCare Enrollee Contributions

March 20, 2008

2008 Draft Affordability Schedule – Individuals

Annual Gross Income Range		Original Proposal	Change from 2007	Alt. Proposal (10%)	Change from 2007
Starting Point	End Point (FPL%)				
\$0	\$15,612 (150%)	\$0	\$0	\$0	\$0
\$15,613	\$20,808 (200%)	\$40	+\$5	\$39	+\$4
\$20,809	\$26,016 (250%)	\$80	+\$10	\$77	+\$7
\$26,017	\$31,212 (300%)	\$120	+\$15	\$116	+\$11
\$31,213	\$37,500 (360%)	\$165	+\$15	\$165	+\$15
\$37,501	\$42,500 (408%)	\$220	+\$20	\$220	+\$20
\$42,501	\$52,500 (505%)	\$330	+\$30	\$330	+\$30
>\$52,501		n/a		n/a	

2008 Draft Affordability Schedule – Couples

Annual Gross Income Range		Original Proposal	Change from 2007	Alt. Proposal (10%)	Change from 2007
Starting Point	End Point (FPL%)				
\$0	\$21,012 (150%)	\$0	\$0	\$0	\$0
\$21,013	\$28,008 (200%)	\$80	+\$10	\$78	+\$8
\$28,009	\$35,016 (250%)	\$160	+\$20	\$154	+\$14
\$35,017	\$42,012 (300%)	\$240	+\$30	\$231	+\$21
\$42,013	\$52,500 (375%)	\$300	+\$30	\$297	+\$27
\$52,501	\$62,500 (446%)	\$400	+\$40	\$396	+\$36
\$62,501	\$82,500 (589%)	\$550	+\$50	\$550	+\$50
>\$82,501		n/a		n/a	

2008 Draft Affordability Schedule – Families

Annual Gross Income Range		Original Proposal	Change from 2007	Alt. Proposal (10%)	Change from 2007
Starting Point	End Point (FPL%)				
\$0	\$26,412 (150%)	\$0	\$0	\$0	\$0
\$26,413	\$35,208 (200%)	\$80	+\$10	\$78	+\$8
\$35,209	\$44,016 (250%)	\$160	+\$20	\$154	+\$14
\$44,017	\$52,812 (300%)	\$240	+\$30	\$231	+\$21
\$52,813	\$70,000 (398%)	\$350	+\$30	\$352	+\$32
\$70,001	\$90,000 (511%)	\$550	+\$50	\$550	+\$50
\$90,001	\$110,000 (625%)	\$790	+\$70	\$792	+\$72
>\$110,001		n/a		n/a	

Commonwealth Care - Co-pay Options
 Final Recommendations - 3/18/2008

	Plan Type II		Recommendation	Adjusted Recommendation	Typical Small Group	GIC - FY 2009
	Current	Board presented Options				
PCP	\$5.00	\$10 to \$15	\$10.00	\$10.00	\$15 to \$20	\$10 to \$20
Specialist	\$10.00	\$20 to \$30	\$20.00	\$18.00	\$15 to \$20	\$15 to \$25
ER	\$50.00	\$75 to \$100	\$50.00	\$50.00	\$50 to \$75	\$50
Inpt - Hospital	\$50.00	\$0 to \$50	\$50.00	\$50.00	\$250 to \$500	\$200 to \$400
Inpt - Mental Health	\$50.00	\$0 to \$50	\$50.00	\$50.00	\$250 to \$500	\$200 to \$400
Otpt - Surgery	\$50.00	\$0 to \$50	\$50.00	\$50.00	\$150 to \$250	\$100 to \$125
Otpt - Mental Health	\$10.00		\$10.00	\$10.00	\$15	\$10 to \$15
Rx:						
Generic	\$5.00	\$10 to \$15	\$10.00	\$10.00	\$15	\$7 to \$10
Preferred	\$10.00	\$20 to \$30	\$20.00	\$20.00	\$30	\$20 to \$25
Non-preferred	\$30.00	\$45 to \$60	\$40.00	\$40.00	\$50	\$40 to \$45
Rx - Mail:						
Generic	\$10.00	\$20 to \$30	\$20.00	\$20.00	\$30	\$14 to \$20
Preferred	\$20.00	\$40 to \$60	\$40.00	\$40.00	\$60	\$40 to \$50
Non-preferred	\$90.00	\$135 to \$180	\$120.00	\$120.00	\$150	\$90 to \$135
Abortion Services	\$50.00		\$50.00	\$50.00	N/A	\$100 to \$125
Inpt Rehab (100 day max)	\$50.00		\$50.00	\$50.00	N/A	20% of reasonable charge
S/T Otpt Rehab (PT/OT/Speech)	\$10.00		\$10.00	\$10.00	N/A	\$15
Podiatry (diabetics only)	\$5.00		\$5.00	\$5.00	N/A	\$15
Vision (exam/eyeglass 24 mths)	\$10.00		\$10.00	\$10.00	N/A	\$15
<u>OOP - Maximums:</u>						
Inpt/Otpt Surgery	\$250.00					4 I/P hospital co-pays pmpy
Pharmacy	\$250.00					
DME/Supplies/etc.	N/A					
Total (by special request)	N/A					
All Services (excluding Rx)	N/A	\$250 to \$750	\$750.00	\$750.00	\$1,000 to \$4,000	Based on type-of-service
Rx Only	N/A	\$250	\$500.00	\$500.00	None	None
Estimated cap rate reduction				3.8%		

	Plan Type III		Initial Recommendation	Adjusted Recommendation	Typical Small Group	GIC
	Current	Board presented Options				
PCP	\$10.00	\$15 to \$20	\$15.00	\$15.00	\$15 to \$20	\$10 to \$20
Specialist	\$20.00	\$25 to \$40	\$25.00	\$22.00	\$15 to \$20	\$15 to \$25
ER	\$75.00	\$75 to \$150	\$100.00	\$100.00	\$50 to \$75	\$50
Inpt - Hospital	\$250.00	\$250	\$250.00	\$250.00	\$250 to \$500	\$200 to \$400
Inpt - Mental Health	\$250.00	\$250	\$250.00	\$250.00	\$250 to \$500	\$200 to \$400
Otpt - Surgery	\$100.00	\$100	\$125.00	\$125.00	\$150 to \$250	\$100 to \$125
Otpt - Mental Health	\$20.00		\$20.00	\$15.00	\$15	\$10 to \$15
Rx:						
Generic	\$10.00	\$10 to \$20	\$15.00	\$12.50	\$15	\$7 to \$10
Preferred	\$20.00	\$25 to \$40	\$25.00	\$25.00	\$30	\$20 to \$25
Non-preferred	\$40.00	\$50 to \$70	\$50.00	\$50.00	\$50	\$40 to \$45
Rx - Mail:						
Generic	\$20.00	\$20 to \$40	\$30.00	\$25.00	\$30	\$14 to \$20
Preferred	\$40.00	\$50 to \$80	\$50.00	\$50.00	\$60	\$40 to \$50
Non-preferred	\$120.00	\$150 to \$210	\$150.00	\$150.00	\$150	\$90 to \$135
Abortion Services	\$100.00		\$100.00	\$100.00	N/A	\$100 to \$125
Inpt Rehab (100 day max)	\$250.00		\$250.00	\$250.00	N/A	20% of reasonable charge
S/T Otpt Rehab (PT/OT/Speech)	\$20.00		\$20.00	\$20.00	N/A	\$15
Podiatry (diabetics only)	\$10.00		\$10.00	\$10.00	N/A	\$15
Vision (exam/eyeglass 24 mths)	\$20.00		\$20.00	\$20.00	N/A	\$15
<u>OOP - Maximums:</u>						
Inpt/Otpt Surgery	\$500.00					4 I/P hospital co-pays pmpy
Pharmacy	\$500.00					
DME/Supplies/etc.	\$500.00					
Total (by special request)	\$750.00					
All Services (excluding Rx)	N/A	\$750 to \$1,500	\$1,500	\$1,500	\$1,000 to \$4,000	Based on type-of-service
Rx Only	N/A	None	None	\$800	None	None
Estimated cap rate reduction				2.7%		

Proposed Hardship Waiver Process Changes

1. Extend the maximum length of a potential waiver from 6 months to 12 months
2. Extend proof of medical/dental expenses category from previous 12 months to previous 24 months of Commonwealth Care enrollment
3. Extended illness of the individual requiring full-time person for care will now be considered
 - Currently, this is only considered in cases of an aging parent, or other family member, including a child
 - Individual would need to prove that the illness led to an increase in expenses in the past six months for hiring a full-time person to care for them
4. Simplify MCO Plan Change requests
 - This is the process by which individuals can request a change in plan beyond the 60-day lock-in period
 - Will limit the need for physician signature as a requirement for processing the request

