



welcome to brighter



Pre-Proposal Actuarial Conference

Request for Proposal (RFP) # 23-630-8000-0001 for Managed Care Organization (MCO) Contractors for Turquoise Care

New Mexico Human Services Department
October 18, 2022

A business of Marsh McLennan



Investing for tomorrow, delivering today.

Conference Participation

Pre-Proposal Conference Participation Instructions

Virtual Sign-In

- Please verify your name, organization, and email address in participant settings
- Join via Zoom meeting link to view the presentation
- Microphones will remain muted during presentation

Questions

- For technical issues, please use the chat feature
- HSD will provide an opportunity for questions following the presentation
- Responses to questions raised during the pre-proposal conferences are preliminary and non-binding
- Potential Offerors are highly encouraged to submit questions in writing to receive formal responses

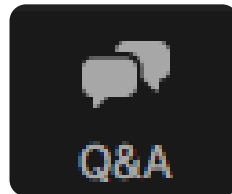


Conference Participation

How to Ask Questions

During This Conference

- To share your questions, use the 'Raise Hand' button in the 'Participants' panel and we will unmute your line
- You may also provide written questions through the Q&A feature in Zoom



Formal RFP Q&A

Procurement Manager
Charles Canada
TurquoiseCare.rfp@state.nm.us



Land Acknowledgement

- On behalf of all colleagues at the Human Services Department, we humbly acknowledge we are on the unceded ancestral lands of the original peoples of the Apache, Diné and Pueblo past, present, and future.
- With gratitude we pay our respects to the land, the people and the communities that contribute to what today is known as the State of New Mexico.



Evening drive through Corrales, NM in October 2021.
By HSD Employee, Marisa Vigil

MISSION

To transform lives. Working with our partners, we design and deliver innovative, high quality health and human services that improve the security and promote independence for New Mexicans in their communities.

GOALS



We help NEW MEXICANS

1. Improve the value and range of services we provide to ensure that every qualified New Mexican receives timely and accurate benefits.



We communicate EFFECTIVELY

2. Create effective, transparent communication to enhance the public trust.



We make access EASIER

3. Successfully implement technology to give customers and staff the best and most convenient access to services and information.



We support EACH OTHER

4. Promote an environment of mutual respect, trust and open communication to grow and reach our professional goals.

1. Welcome and Introductions
2. Program Background and Services
 - a. Populations
 - b. Covered Services
3. Capitation Rate Development Process
 - a. Rate Development Adjustments
 - i. Trend
 - b. Risk Mitigation and Withholds
 - i. Risk Adjustment
 - ii. High-Cost Member Risk Pool
 - iii. Withhold Arrangements
4. Exhibit Descriptions
5. Questions

Agenda

Welcome and Introductions



Welcomes and Introductions

Presenters

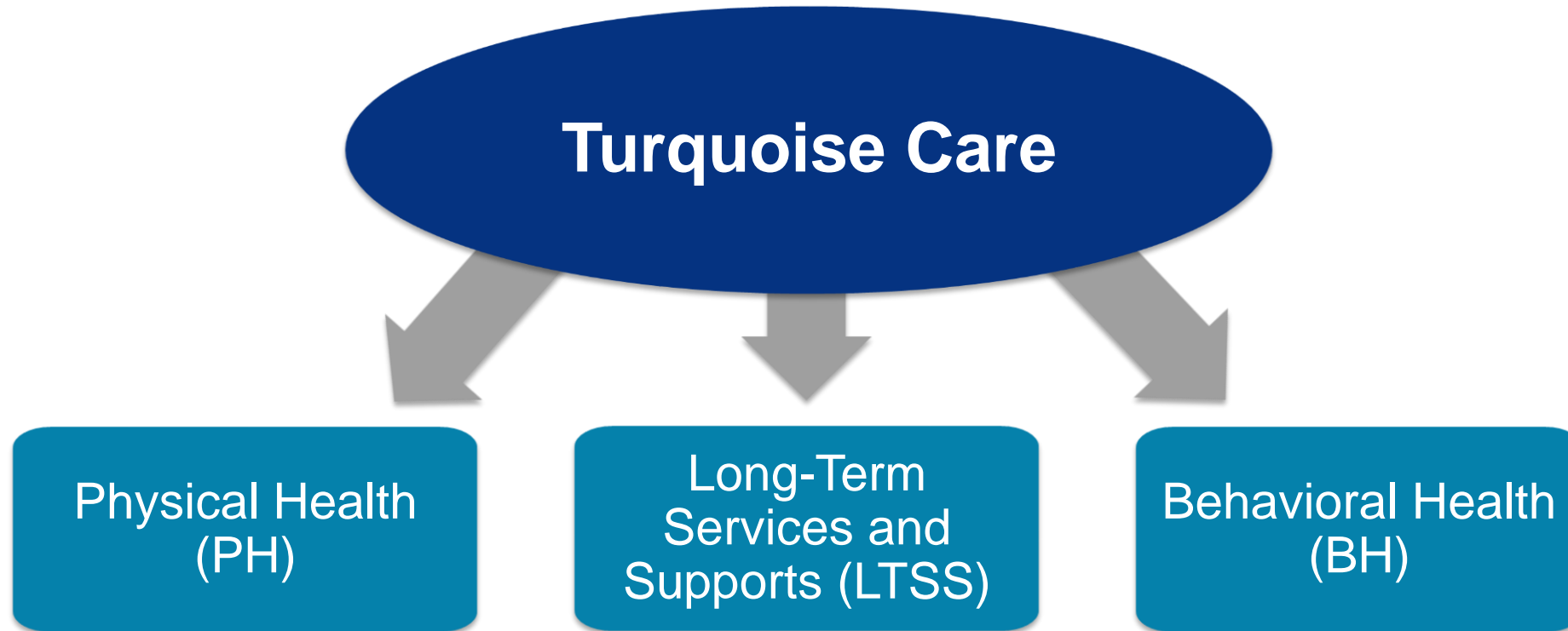
- HSD Team
 - Charles Canada, Procurement Manager for the Turquoise Care MCO RFP
- Mercer Team
 - Stewart Campbell, ASA, MAAA
 - Brad Diaz, FSA, MAAA
 - Gina Pompa, FSA, MAAA
 - Kelsey Rea-Clarke
 - Julie Tang, ASA, MAAA

Program Background and Services



Program Background and Services

Populations



PH and BH programs include new population: Children in State Custody (CISC)

Program Background and Services

Populations

PH

- Temporary Assistance for Needy Families (TANF)
- Children, Youth, and Families Department (CYFD)
- Social Security Income (SSI)
- Pregnant women
- Low-income parents
- Childless Adults (Other Adult Group [OAG])
 - Between 19–64 years of age
 - Income up to 133% of the FPL
- CISC

BH

LTSS

- Nursing facility level of care (NF LOC)
Dually eligible for Medicare and Medicaid (Dual Eligible)
 - Healthy Duals

Program Background and Services

Covered Services

PH and PH CISC

- **Acute care services** such as:
 - Inpatient hospital
 - Outpatient
 - Physician
 - Specialists
 - Pharmaceuticals
 - Dental
 - Non-emergent Transportation
 - Emergent Transportation
 - Vision
- OAG may be eligible for select Community Benefit/Personal Care Services (PCS)

LTSS

- **Acute care services**
- **Long-term care services** such as:
 - NF
 - Self-directed and Agency-based PCS
 - Adult Day Health/Assisted Living
 - Home Health
 - Community Transition Services
 - Private Duty Nursing for Adults
 - Environmental Modifications
 - Respite
 - Therapies

BH and BH CISC

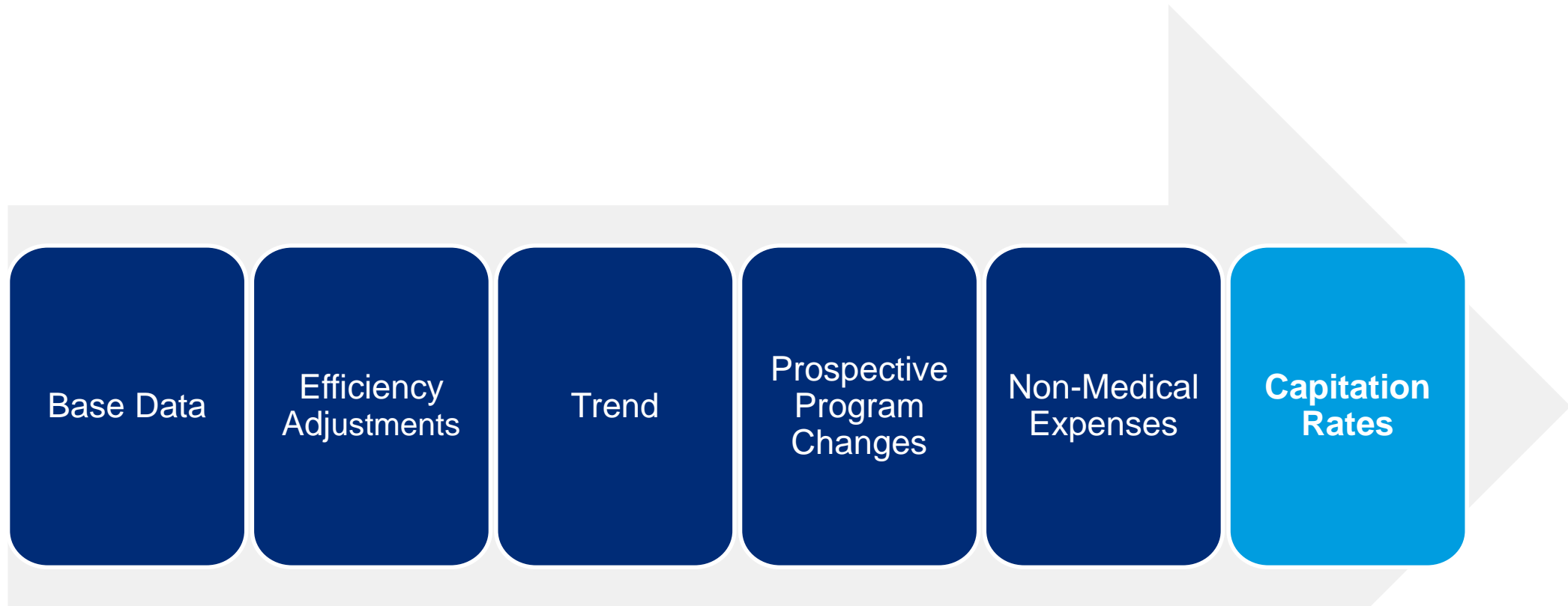
- **Behavioral health services** such as:
 - BH Professional/Therapies
 - Autism Spectrum Disorder Treatment
 - Day Treatment
 - Residential Treatment Centers/Group Homes
 - Foster Care Therapeutic
 - BH Pharmaceuticals
 - Medication Assistance Treatment
 - Other BH Waiver Services

Capitation Rate Development Process

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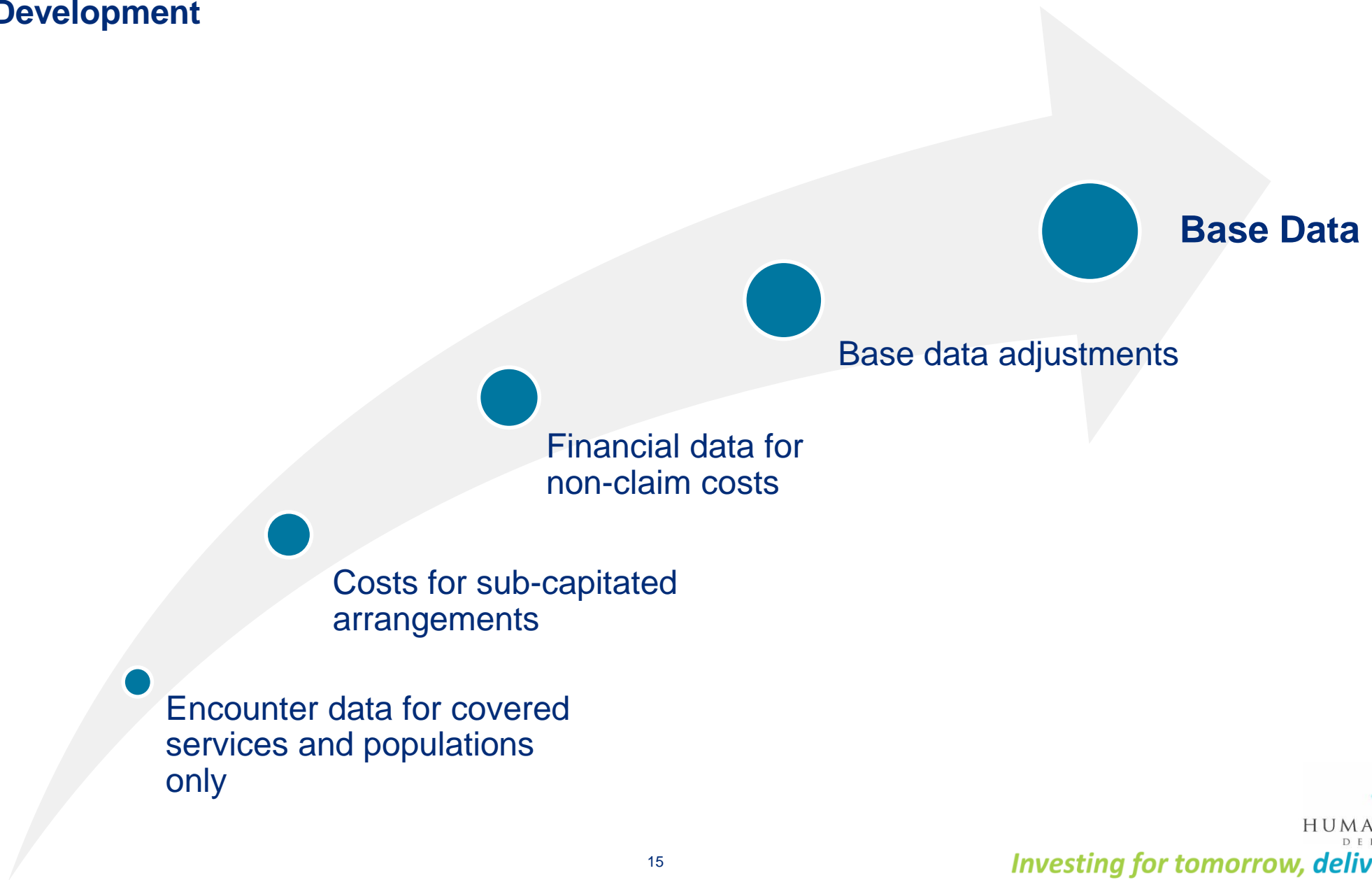
Capitation Rate Development Process

Overview



Capitation Rate Development Process

Base Data Development



Capitation Rate Development Process

Base Data Adjustments

Outstanding IBNR claims liability

Encounter under-reporting

Reinsurance payments/recoveries

Historic program changes

Capitation Rate Development Process

Base Data Efficiency Adjustments

Goal and Objective

Effective management can reduce overall healthcare costs and improve patients' quality of care

Approaches

Ensuring coordinated care takes place in the appropriate setting within the appropriate timeframes

Use of preventive care and care management services

Monitoring and eliminating unnecessary utilization and cost

Efficient, competitive unit cost pricing

Capitation Rate Development Process

Base Data Efficiency Adjustments



Pharmacy cost and utilization

- Pharmacy clinical utilization management edits
- Pharmacy maximum allowable cost (MAC) pricing
- Pharmacy Medicare Part B and D coverage edits



Low Acuity Non-Emergent (LANE) emergency department (ED) utilization



Inpatient hospital potentially preventable admissions (PPA)

Capitation Rate Development Process

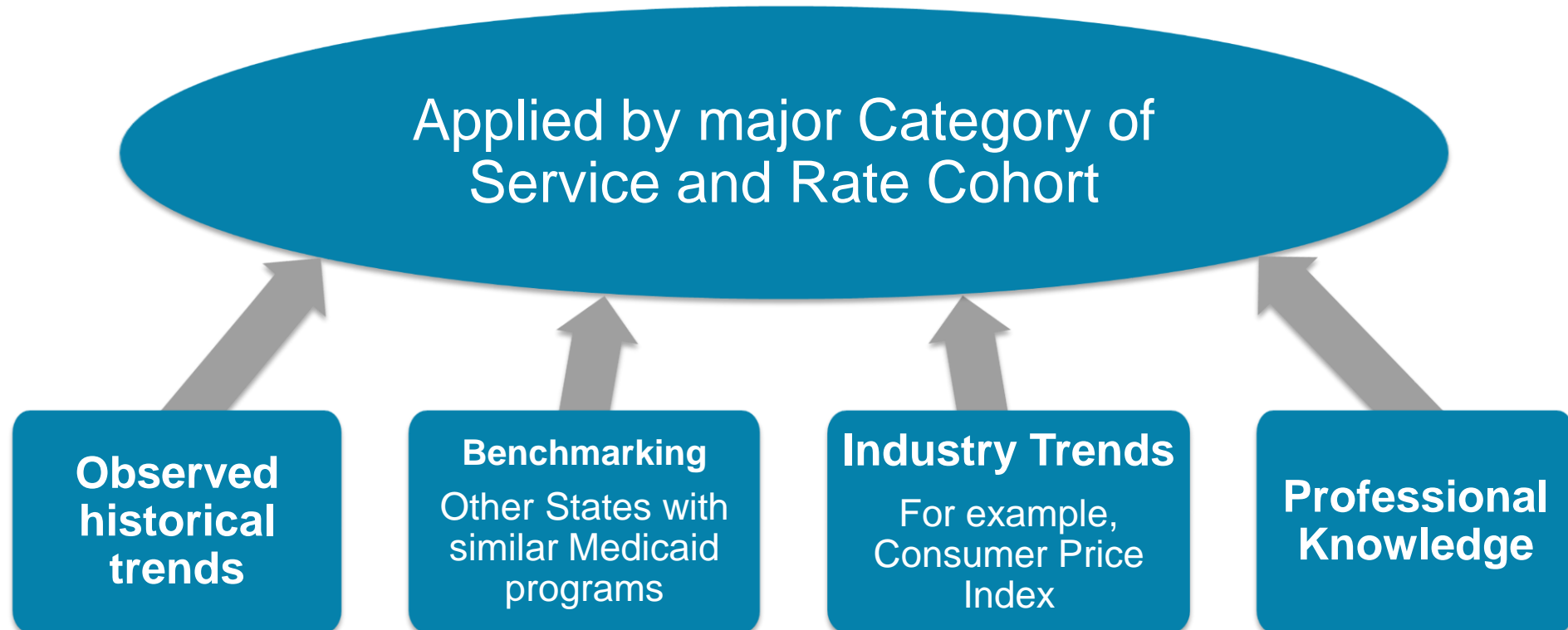
Base Data Efficiency Adjustments

Efficiency Adjustment	PH	LTSS	BH
Pharmacy Clinical Utilization Management Edits	X	X	X
Pharmacy MAC Pricing	X	X	X
Pharmacy Medicare Part B and D Coverage Edits		X	
LANE ED Utilization	X		
Inpatient Hospital PPA	X		

Capitation Rate Development Process

Trend

Trend applied from the base period to the contract period



Capitation Rate Development Process

Adjustments

Program Changes

Benefit Changes

Reimbursement Changes

Directed Payments

Other

Non-Medical Expenses

Administration

Care Coordination

Additional Admin Add-ons

Underwriting Gain

Assessments and Taxes

NMMIP

beWellnm

Premium Taxes

Risk Mitigation and Withholds

Risk Adjustment

Risk-Adjusted Populations and Services

TANF Kids, TANF Adults, SSI, OAG

PH services

Methodology

CDPS+Rx

Semi-annual updates

NM-specific cost weights

Prospective cost weights and application

Risk Mitigation and Withholds

High-Cost Member Risk Pool

Premium Development

- PH populations and acute care services only
- Defined High-Cost Attachment Point
- Base data and rating adjustments from the capitation rate development
- Member's risk pool costs allocated based on their projected experience by population
- Adjustment for Risk Pool Funding Percentage

Transfer Payment

- Actual enrollment and claims experience for contract period
- Calculate each MCO's contributed share of total risk pool funds based on High-Cost Risk Pool Premium
- Calculate each MCO's actual share of eligible expenditures above attachment point by MCO for contract period
- Calculate Risk Pool Transfer Payment for each MCO based on Actual Share less Contributed Share of total risk pool funds

Risk Mitigation and Withholds

Withhold Arrangements

Delivery System Improvement Performance Targets (DSIPT)

- CY2024 performance evaluated on four equally weighted DS IPT objectives
- 1.5% of HSD's Capitation Payments, including lump sum payments, net of:
 - Premium taxes
 - New Mexico Medical Insurance Pool assessment
 - New Mexico Health Insurance Exchange assessment
- DS IPT objectives evaluated after the calendar year
- Failure to meet objective results in penalty payment back to HSD

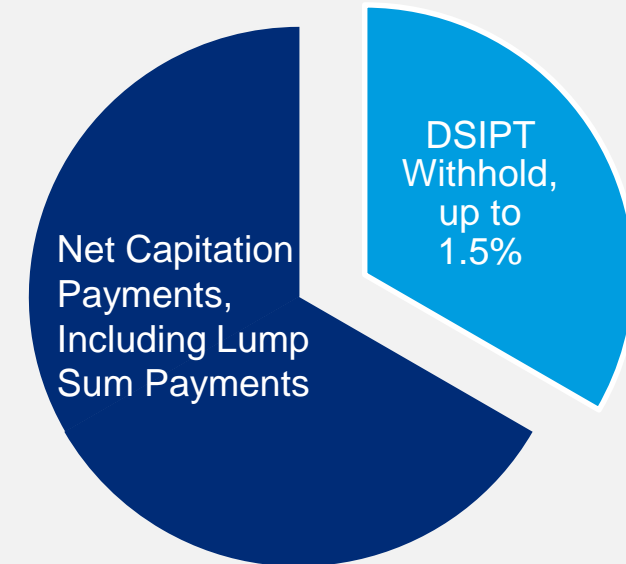


Exhibit Descriptions

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Exhibit Descriptions

Encounter and Risk Adjustment Summary Exhibits

Exhibits 1a, 1b, 1c



CY2019–CY2021 summarized PH, LTSS, and BH managed care encounter and eligibility experience, exclusive of CISC managed care experience. For each program, annual Member Months (MMs), dollars, and units are summarized across all Centennial Care 2.0 MCOs in aggregate by cohort and category of service.

Users of this Data Book are advised to review the information in Section 1 of the Turquoise Care Data Book Narrative regarding the sources of data and Section 3 of the Turquoise Care Data Book Narrative regarding adjustments and exclusions applied to the data, which will be considered in the capitation rate development process.

Exhibit Descriptions

Encounter and Risk Adjustment Summary Exhibits

Exhibits 2a, 2b, 2c



CY2019–CY2021 summarized CISC managed care encounter and eligibility experience. For each program, annual MMs, dollars, and units are summarized across all Centennial Care 2.0 MCOs in aggregate by category of service.

Users of this Data Book are advised to review the information in Section 1 of the Turquoise Care Data Book Narrative regarding the sources of data and Section 3 of the Turquoise Care Data Book Narrative regarding adjustments and exclusions applied to the data, which will be considered in the capitation rate development process.

Exhibit Descriptions

Encounter and Risk Adjustment Summary Exhibits

Exhibits 3a, 3b, 3c, 3d



Prevalence reports from the four most recent CDPS+Rx risk adjustment cycles for applicable Turquoise Care populations (TANF Children, TANF Adult, SSI, and OAG). These exhibits show the diagnostic and pharmaceutical condition categories for each population as well as the current New Mexico-specific cost weights.

Users of this Data Book are advised to review the information in Section 1 of the Turquoise Care Data Book Narrative regarding the sources of data and Section 3 of the Turquoise Care Data Book Narrative regarding adjustments and exclusions applied to the data, which will be considered in the capitation rate development process.



This Actuarial Conference Presentation summarizes information from the Turquoise Care Data Book Narrative 20220930.pdf and the Turquoise Care Data Book Exhibits 20220930.xlsx (collectively referred to as the Data Book). The Data Book covers information related to historical encounter and eligibility data provided by the State of New Mexico's Human Services Department, Medical Assistance Division (State) for Medicaid populations eligible for the Physical Health (PH), Long-Term Services and Supports (LTSS), and Behavioral Health (BH), managed care programs for the following calendar year (CY) time-periods: January 1, 2019 through December 31, 2019 (CY2019); January 1, 2020 through December 31, 2020 (CY2020); January 1, 2021 through December 31, 2021 (CY2021).

The Data Book summarizes historical Centennial Care 2.0 MCO-reported encounter data processed through the State's Medicaid Management Information Systems with run-out through March 31, 2022. The Data Book summarizes eligibility data from the State's capitation payment roster for CY2019, CY2020, and CY2021 as of March 31, 2022. Documents included in the Data Book include: the Turquoise Care Data Book Narrative 20220930.pdf and the Turquoise Care Data Book Exhibits 20220930.xlsx (collectively referred to as the Data Book).

The Data Book was prepared on behalf of the State and is intended to be relied upon by the State for providing potential Offerors, and any other parties the State deems appropriate as part of the Turquoise Care Request for Proposal #23-630-8000-0001 (TC RFP) process, with information related to the three most recent and complete years of Medicaid managed care experience and general information on the capitation rate development process. It should be read in its entirety and has been prepared under the direction of Stewart Campbell, ASA, MAAA; Brad Diaz, FSA, MAAA; Gina Pompa, FSA, MAAA; and Julie Tang, ASA, MAAA, who are members of the American Academy of Actuaries and meet its US Qualification Standard to issue the information contained herein.

To the best of Mercer's knowledge, there are no conflicts of interest in performing this work. The suppliers of data are solely responsible for its validity and completeness. Mercer has reviewed the data and information for internal consistency and reasonableness, but we did not audit it. All estimates are based upon the information and data available at a point in time and are subject to unforeseen and random events, and actual experience will vary from estimates. Mercer expressly disclaims responsibility, liability, or both for any reliance on this communication by third parties or the consequences of any unauthorized use or disclosure other than as mutually contemplated when we were first retained to perform this work.

Services provided by Mercer Health & Benefits LLC.

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Data Book Materials

- HSD Website

- Turquoise Care Medicaid Managed Care Request for Proposals (RFP# 23-630-8000-0001) and Procurement Library located at [Turquoise Care Medicaid Managed Care Request for Proposals \(RFP# 23-630-8000-0001\) and Procurement Library | New Mexico Human Services Department \(state.nm.us\)](#)

- Formal RFP Q&A

- Procurement Officer, Charles Canada, TurquoiseCare.rfp@state.nm.us
- Potential Offerors may submit questions to clarify this RFP and its appendices. **All questions must be in writing using the Template for Submission of Questions 18 (Appendix D) and submitted as a Word document via email to the Procurement Manager no later than the date stated in Section 2.1, Procurement Schedule.**

Questions

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