



The Commonwealth of Massachusetts
Executive Office of Health and Human Services
Office of Medicaid
One Ashburton Place, Room 1109
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The Honorable Karen Spilka
Chair, Senate Committee on Ways and Means
State House, Room 212
Boston, MA 02133

The Honorable Brian S. Dempsey
Chairman, House Committee on Ways and Means
State House, Room 243
Boston, MA 02133

Dear Chairwoman Spilka and Chairman Dempsey,

As you know, MassHealth is engaged with the federal government in an innovative program known as One Care in order to improve care for adults ages 21-64 who are enrolled in both Medicare and Medicaid (Dual Eligibles). One Care members are served through contracted managed care entities that provide comprehensive and coordinated services. Care is integrated at the person level with the goal of providing a broader menu of services in a more cost-effective way.

The Fiscal Year (FY) 2017 budget, Chapter 133 of the Acts of 2016, requires in Section 2, line item 4000-0300 that the executive office of health and human services (EOHHS) shall report to the house and senate committees on ways and means on the number of members served in the dual eligible initiative, the average expenditure per member, the average expenditure per member prior to the demonstration project and the number of clients that receive care at skilled nursing facilities. I am pleased to provide you with the following information on One Care experience to date.

As of October 1, 2016, 104,167 individuals were eligible for One Care and resided in a county where at least one One Care plan was available. Out of that number, 13,718 individuals were enrolled in a One Care plan as of October 1, 2016, including 47 individuals in nursing facilities.

EOHHS and the Centers for Medicare and Medicaid Services (CMS) currently contract with two One Care plans to provide coordinated care covering all of the services of Medicare Parts A, B, and D, MassHealth, and additional dental, diversionary behavioral health, and community support services. For enrollees in One Care as October 1, 2016, MassHealth has paid an average



monthly amount of \$1,517 per enrollee in the form of a per member per month (PMPM) capitation payment to the One Care plans. This average PMPM reflects a higher enrollment penetration rate among eligible individuals in several higher cost rating categories, including C2A, C2B, and C3A, and a lower penetration rate among individuals in the lowest cost rating category, C1. As of October 1, 2016, approximately \$597,000 has been withheld for performance on quality measures from each PMPM paid to a plan. The quality withhold amount will be distributed to the plans at a later date, provided they meet certain benchmarks for pre-defined quality measures.

In Fiscal Year (FY) 2015, the average monthly MassHealth expenditure per One Care eligible member was \$747 (based on claims paid through March 2016). There are several important factors to note in comparing the FY2015 average expenditures with the One Care average PMPM to date:

- The FY2015 average MassHealth expenditure does not reflect the projected trend. A comparison between FY2015 FFS expenditures and FY2017 Q1 One Care expenditures should consider the MassHealth fee for service (FFS) trend for this time period.
- PMPMs are not adjusted for acuity. Since the acuity distribution is different between the enrolled and eligible One Care populations, non-adjusted average PMPMs should not be compared.

The One Care average PMPM is an average payment rate across six rating categories. The rating categories represent individuals with different levels of needs and expenditures, and each rating category has a specific payment rate associated with it. Whether the One Care average PMPM is higher or lower than the historical average PMPM partly depends on the proportion of enrollees from each rating category. If higher cost members disproportionately enroll in One Care and lower cost members disproportionately remain in FFS, as has been the experience to date, One Care average costs would appear higher than FFS average costs for the eligible population. Conversely, if lower cost members disproportionately enroll in One Care, while higher cost members disproportionately remain in FFS, One Care average costs would appear lower than FFS average costs for the eligible population.

A comparison of One Care to FFS average costs should adjust for the acuity and historical average costs of members choosing to enroll in One Care or to remain in FFS to ensure an accurate analysis of each cohort's costs.

Additional information about the One Care program may be found at:

<http://www.mass.gov/masshealth/onecare>

Thank you for your continuing commitment to the MassHealth program. If you have any questions about this report, please contact me at (617) 573-1770 or Danielle McCourt at (617) 680-1372.

Sincerely,



Daniel Tsai
Assistant Secretary, MassHealth

cc: Marylou Sudders, Secretary, Executive Office of Health & Human Services