



The Commonwealth of Massachusetts
Executive Office of Health and Human Services
Office of Medicaid
One Ashburton Place, Room 1109
Boston, Massachusetts 02108



CHARLES D. BAKER
Governor

KARYN E. POLITO
Lieutenant Governor

MARYLOU SUDDERS
Secretary

DANIEL TSAI
Assistant Secretary for
MassHealth

Tel: (617) 573-1600
Fax: (617) 573-1891
www.mass.gov/eohhs

February 19, 2015

Senator Karen Spilka
Chair, Senate Committee on Ways and Means
State House, Room 212
Boston, MA 02133

Representative 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 three-year demonstration 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) 2015 budget, Chapter 165 of the Acts of 2014, 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 not later than January 13, 2015 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 November 1, 2014, 95,349 individuals were eligible for One Care and resided in a county where at least one One Care plan was available. Out of that number, 18,104 individuals were enrolled in a One Care plan as of November 1, 2014, including 21 individuals in nursing facilities.

The three One Care plans signed innovative three-way contracts with EOHHS and the Centers for Medicare and Medicaid Services (CMS) 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 of November



1, 2014, MassHealth has paid an average monthly amount of \$655.82 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 the C2A, C2B, and C3A, and a lower penetration rate among individuals in the lowest cost rating category, C1. However, as One Care rates are built from trended Fee for Service (FFS) historical costs for the eligible population, on a casemix adjusted basis, One Care capitation rates are comparable to FFS costs for eligible individuals. Additionally, an average monthly amount of approximately \$15.44 has been withheld from each PMPM paid to a plan to fund both a reinsurance risk pool and a quality incentive payment. Under the terms of the current contract, the amount withheld for the risk pool will be redistributed to the plans at a later date, based on the proportion of high cost individuals that each plan has enrolled. As of December 17, 2014, MassHealth, CMS, and the One Care plans were in the process of executing a contract amendment that would refund the One Care plans' 2013 and 2014 contributions to the risk pool rather than redistribute the pool based on the proportion of high-cost enrollees. 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 Calendar Year (CY) 2012, the average monthly MassHealth expenditure per One Care eligible member was \$550.38 (based on claims paid through July 2013). There are several important factors to note in comparing the CY2012 average expenditures with the One Care average PMPM to date:

- The CY2012 average MassHealth expenditure does not reflect the projected trend. A comparison between CY2012 FFS expenditures and CY2013 and CY2014 One Care expenditures should consider the MassHealth fee for service (FFS) trend for this time period.
- Coverage for adult dental fillings for front teeth was restored effective January 1, 2013, and coverage for all other adult dental fillings was restored effective March 1, 2014. These changes represent an added cost for the comparable FFS average expenditures for the One Care population in CY2013 and CY2014; they are reflected in the One Care rates in 2013 and 2014, but not in the CY2012 average PMPM.
- Section 1202 of the Affordable Care Act mandated certain minimum payment rates for primary care. These increases took effect in 2013 and therefore are included in the One Care average PMPM to date, as well as in CY2013 and CY2014 FFS expenditures; however, they are not reflected in the CY2012 average PMPM.
- Effective July 1, 2014, MassHealth began funding orientation and paid time off for eligible Personal Care Attendants. These costs are reflected in CY2014 One Care and FFS expenditures, but not in the CY2012 average PMPM.

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 John May at (617) 573-1763.

Sincerely,



Daniel Tsai
Assistant Secretary, MassHealth

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