



**Office of State Procurement  
PROACT Contract Certification of Approval**

**This certificate serves as confirmation that the Office of State Procurement  
has reviewed and approved the contract referenced below.**

**Reference Number:** 2000412922 ( 1)

**Vendor:** MCNA Insurance Company, d/b/a MCNA Dental Plans

**Description:** 12-month extension of DBPM services & provider rate increase (HB 105)

**Approved By:** Pamela Rice

**Approval Date:** 4/17/2020

Your amendment that was submitted to OSP has been approved.

AMENDMENT TO  
AGREEMENT BETWEEN STATE OF LOUISIANA  
LOUISIANA DEPARTMENT OF HEALTH

Amendment #: 1  
LAGOV#: 2000412922  
LDH #: 062380  
Original Contract Amount \$179,341,913.00  
Original Contract Begin Date 07-01-2019  
Original Contract End Date 06-30-2020  
RFP Number: N/A

Medical Vendor  
(Regional/ Program/ Facility)

Medical Vendor Administration  
Bureau of Health Services Financing  
AND  
MCNA Insurance Company, d/b/a MCNA Dental Plans  
Contractor Name

AMENDMENT PROVISIONS

Change Contract From: Current Maximum Amount: \$179,341,913.00 Current Contract Term : 07/01/2019 - 06/30/2020

CF-1:  
Item 11) Termination Date: 06-30-2020  
Item 12) Maximum Contract Amount: \$179,341,913.00  
Item 13) Estimated Amounts by Fiscal Year: SFY 20: \$179,341,913.00  
  
Attachment B - Statement of Work  
Attachment D - Rate Certification

Change Contract To: If Changed, Maximum Amount: \$433,971,120.00 If Changed, Contract Term: 07/01/2019 - 06/30/2021

CF-1:  
Item 11) Termination Date: 06-30-2021  
Item 12) Maximum Contract Amount: \$433,971,120  
Item 13) Estimated Amounts by Fiscal Year: SFY 20: \$207,122,186; SFY 21: \$226,848,934  
  
Attachment B1 - Changes to Statement of Work  
Attachment D - Rate Certification

Justifications For Amendment:

The amendment is necessary to implement a provider rate increase included in House Bill 105 of the 2019 Regular Session, for increases in the reimbursement rates for dental exams for children under three (3) years of age and restorative dental services provided to Medicaid recipients, and to implement Dental Full Medicaid Payment (FMP). An extension of the contract term is needed for twelve months in order to not interrupt dental services to Medicaid members.

This Amendment Becomes Effective: 07-01-2019

This amendment contains or has attached hereto all revised terms and conditions agreed upon by contracting parties.

IN WITNESS THEREOF, this amendment is signed and entered into on the date indicated below.

CONTRACTOR  
  
MCNA Insurance Company, d/b/a MCNA Dental Plans  
  

CONTRACTOR SIGNATURE

March 20, 2020  
DATE

PRINT NAME

Carlos Lacasa

CONTRACTOR TITLE

Senior Vice President and General Counsel

STATE OF LOUISIANA  
LOUISIANA DEPARTMENT OF HEALTH  
Secretary, Louisiana Department of Health or Designee  
  

SIGNATURE

DATE

NAME

Cindy Rives

TITLE

Undersecretary

OFFICE

Louisiana Department of Health

PROGRAM SIGNATURE

DATE

NAME

AMENDMENT TO  
AGREEMENT BETWEEN STATE OF LOUISIANA  
LOUISIANA DEPARTMENT OF HEALTH

(Regional/ Program/ Facility)	Medical Vendor Administration Bureau of Health Services Financing AND MCNA Insurance Company, d/b/a MCNA Dental Plans Contractor Name	Amendment #: 1 LAGOV#: 2000412922 LDH #: 062380 Original Contract Amount \$179,341,913.00 Original Contract Begin Date 07-01-2019 Original Contract End Date 06-30-2020 RFP Number: N/A
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CONTRACTOR

MCNA Insurance Company, d/b/a MCNA Dental Plans

CONTRACTOR SIGNATURE

DATE

PRINT  
NAME

Carlos Lacasa

CONTRACTOR  
TITLE

Senior Vice President and General Counsel

STATE OF LOUISIANA  
LOUISIANA DEPARTMENT OF HEALTH

Secretary, Louisiana Department of Health or Designee

SIGNATURE

NAME

Cindy Rives

TITLE

Undersecretary

OFFICE

Louisiana Department of Health

PROGRAM SIGNATURE

DATE

NAME

**DBPM Contract Amendment #1**  
**Attachment B-1**

Item Number	Exhibit/ Attachment/ Document	Change From:	Change To:	Justification
1	Attachment B Statement of Work	<p>B. 3. 11. G. ii. Minimum Reimbursement to In-Network Provider Payments</p> <p>The DBPM shall provide reimbursement for defined core dental benefits and services provided by an in-network provider. The DBPM rate of reimbursement shall be no less than the published Medicaid fee-for-service rate in effect on July 1, 2013, unless LDH has granted an exception for a provider- initiated alternative payment arrangement.</p>	<p>B. 3. 11. G. ii. Minimum Reimbursement to In-Network Provider Payments</p> <p>The DBPM shall provide reimbursement for defined core dental benefits and services provided by an in-network provider <u>pursuant to the current published Medicaid Fee Schedule.</u> <del>The DBPM rate of reimbursement shall be no less than the published Medicaid fee-for-service rate in effect on July 1, 2013, unless LDH has granted an exception for a provider- initiated alternative payment arrangement.</del></p>	<p>The contract amendment is necessary to implement a provider rate increase included in House Bill 105 of the 2019 Regular Session, for increases in the reimbursement rates for dental exams for children under three (3) years of age and restorative dental services provided to Medicaid recipients.</p>
2	Attachment D Rate Certification	Mercer rate certifications - Attachment D of original contract	Replaced with updated rate certification – Attachment D	<p>This rate certification implements the reimbursement rate increase (above), effective 07/01/2019, and dental Full Medicaid Payment (FMP) effective 01/01/2020.</p>

Mr. Daniel Cocran  
Chief Financial Officer  
Louisiana Department of Health  
628 North 4th Street  
Baton Rouge, LA 70821 0629

March 13, 2020

**Subject:** Louisiana Dental Benefit Program Rate Certification Amendment for the Period July 1, 2019 through June 30, 2020

Dear Mr. Cocran:

The Louisiana Department of Health (LDH) has contracted with Mercer Government Human Services Consulting (Mercer), part of Mercer Health & Benefits LLC, to develop actuarially sound capitation rates for the State of Louisiana's (State) Medicaid Dental Benefit Program (DBP) for the period of July 1, 2019 through June 30, 2020.<sup>1</sup> This certification amends the previous certification issued June 28, 2019 and applies to the period of July 1, 2019 through June 30, 2020. The amendment includes updates for new program changes implemented by LDH after the prior certification was issued.

This letter presents an overview of the analyses and methodology used to support the programmatic changes, and the resulting capitation rate ranges effective July 1, 2019 through June 30, 2020 for satisfying the requirements of the Centers for Medicare & Medicaid Services (CMS). This rate development process was based on managed care encounter data and financial data provided by Managed Care of North America (MCNA) Dental, the current DBP contractor. It resulted in the development of a range of actuarially sound rates for each rate cell. The final capitation rates are summarized in Tables 1 and 2 and represent payment in full for the covered services.

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<sup>1</sup> Actuarially Sound/Actuarial Soundness — Medicaid capitation rates are “actuarially sound” if, for business for which the certification is being prepared and for the period covered by the certification, projected capitation rates and other revenue sources provide for all reasonable, appropriate, and attainable costs. For purposes of this definition, other revenue sources include, but are not limited to, expected reinsurance and governmental stop-loss cash flows, governmental risk adjustment cash flows, and investment income. For purposes of this definition, costs include, but are not limited to, expected health benefits, health benefit settlement expenses, administrative expenses, the cost of capital, and government-mandated assessments, fees, and taxes.

[Reference: http://www.actuarialstandardsboard.org/wp-content/uploads/2015/03/asop049\\_179.pdf](http://www.actuarialstandardsboard.org/wp-content/uploads/2015/03/asop049_179.pdf)

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## DENTAL CAPITATION RATES

The proposed actuarially sound rates for the DBP effective July 1, 2019 through December 31, 2019 are shown in Table 1.

**TABLE 1: DENTAL CAPITATION RATES**

JULY 1, 2019 THROUGH DECEMBER 31, 2019	
Rate Cell Description	Monthly Capitation Rate Per Member
LaCHIP Affordable Plan	\$21.89
Medicaid Child/CHIP	\$18.14
Medicaid Adult	\$1.41
Medicaid Expansion Child	\$18.25
Medicaid Expansion Adult	\$0.97

The proposed actuarially sound rates for the DBP effective January 1, 2020 through June 30, 2020 are shown in Table 2.

**TABLE 2: DENTAL CAPITATION RATES**

JANUARY 1, 2020 THROUGH JUNE 30, 2020	
Rate Cell Description	Monthly Capitation Rate Per Member
LaCHIP Affordable Plan	\$29.78
Medicaid Child/CHIP	\$24.92
Medicaid Adult	\$2.34
Medicaid Expansion Child	\$24.26
Medicaid Expansion Adult	\$1.62

## PROGRAMMATIC CHANGES

Program change adjustments recognize the impact of benefit or eligibility changes occurring after the start of the base data period. CMS requires the rate-setting methodology used to determine actuarially sound



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rate ranges incorporates the results of any programmatic changes that have taken place, or are anticipated to take place, between the start of the base period and the conclusion of the contract period.

### Fee Schedule Changes

The capitation rates reflect changes in covered services' fee schedules and unit costs between the base period and the contract period.

#### EPSDT Dental Program Fee Schedule Update

Effective July 1, 2019, LDH released an updated Early and Periodic Screening & Diagnosis Treatment (EPSDT) Dental program fee schedule, which can be located on LDH's website.<sup>2</sup> The dental projected cost was adjusted to reflect changes in the fee schedule between the base period and the contract period using the fee schedule effective July 1, 2019.

**TABLE 3: FEE SCHEDULE CHANGES**

EPSDT DENTAL PROGRAM FEE CHANGE IMPACT				IMPACT AS % OF	
Time Period	Rate Cell	Historical Cost	Fee change Impact	Historical Cost	All Services Cost
SFY17 and SFY18	LaCHIP Affordable Plan	\$265,398	\$57,774	21.8%	4.5%
SFY17 and SFY18	Medicaid Child/CHIP	\$53,071,932	\$12,058,746	22.7%	4.6%
SFY17 and SFY18	Medicaid Adult	\$0	\$0	0.0%	0.0%
SFY18	Medicaid Expansion Child	\$2,683,925	\$586,945	21.9%	9.3%
SFY18	Medicaid Expansion Adult	\$0	\$0	0.0%	0.0%
<b>Total</b>		<b>\$56,021,254</b>	<b>\$12,703,465</b>	<b>22.7%</b>	<b>4.5%</b>

#### Full Medicaid Pricing

Effective January 1, 2020, LDH implemented a program change to increase payments for dental providers. This change required the use of a Full Medicaid Pricing (FMP) adjustment in the calculation of payments for dental services provided by MCNA. LDH expects this rate increase will lead to increased payments to those providers contracted with MCNA to maintain and increase access to dental services to the enrolled Medicaid populations. Mercer calculated FMP payments by computing the difference between paid claim

<sup>2</sup> [https://www.lamedicaid.com/provweb1/fee\\_schedules/feeschedulesindex.htm](https://www.lamedicaid.com/provweb1/fee_schedules/feeschedulesindex.htm)

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amounts and what would have paid under the community rate, which is defined as the rate paid by the MCNA National Preferred Provider Organization (PPO) Network Specialist Fee for the same service. This methodology is designed to bring the payments for the dental services to the commercial specialist rate level. Mercer calculated the FMP adjustment by using the units of service from the base data and community rate provided by LDH. Table 4 shows the impact of FMP on the historical cost.

**TABLE 4: FEE SCHEDULE CHANGES**

FMP IMPACT				IMPACT AS % OF	
Time Period	Rate Cell	Historical Cost	FMP Gap	Historical Cost	All Services Cost
SFY17 and SFY18	LaCHIP Affordable Plan	\$873,205	\$549,442	62.9%	42.4%
SFY17 and SFY18	Medicaid Child/CHIP	\$182,944,096	\$115,599,721	63.2%	44.1%
SFY17 and SFY18	Medicaid Adult	\$4,285,097	\$5,824,632	135.9%	74.6%
SFY18	Medicaid Expansion Child	\$3,710,692	\$2,564,791	69.1%	40.5%
SFY18	Medicaid Expansion Adult	\$2,165,057	\$2,980,373	137.7%	75.4%
<b>Total</b>		<b>\$193,978,147</b>	<b>\$127,518,960</b>	<b>65.7%</b>	<b>45.3%</b>

#### PROJECTED NON-BENEFIT COSTS

The administrative expense load and underwriting gain load are calculated prior to the application of FMP adjustments.

#### CERTIFICATION OF FINAL RATES

This certification assumes items in the Medicaid State Plan, as well as the DBP managed care organization contract, have been approved by CMS.

In preparing the capitation rate for the contract period July 1, 2019 through June 30, 2020, Mercer used and relied upon enrollment, eligibility and encounter data, fee schedule, and benefit design information supplied by the State and its fiscal agent. The State, its fiscal agent and the DBP manager are responsible for the validity and completeness of this supplied data and information. We have reviewed the data and information for internal consistency and reasonableness, but we did not audit it. In our opinion they are appropriate for the intended purposes. However, if the data and information is incomplete or inaccurate, the values shown in this report may differ significantly from values that would be obtained with accurate and complete information; this may require a later revision to this report.



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Because modeling all aspects of a situation or scenario is not possible or practical, Mercer may use summary information, estimates, or simplifications of calculations to facilitate the modeling of future events in an efficient and cost-effective manner. Mercer may also exclude factors or data that are immaterial in our judgment. Use of such simplifying techniques does not, in our judgment, affect the reasonableness, appropriateness, or attainability of the results for the Medicaid program. Actuarial assumptions may also be changed from one certification period to the next because of changes in mandated requirements, program experience, changes in expectations about the future, and other factors. A change in assumptions is not an indication that prior assumptions were unreasonable, inappropriate, or unattainable when they were made.

Mercer certifies the rates were developed in accordance with generally accepted actuarial practices and principles, and are appropriate for the Medicaid and LaCHIP covered populations and services under the managed care contract. The undersigned actuary is a member of the American Academy of Actuaries and meets its qualification standards to certify to the actuarial soundness of Medicaid managed care capitation rates.

Capitation rates developed by Mercer are actuarial projections of future contingent events. All estimates are based upon the information and data available at a point in time, and are subject to unforeseen and random events. Therefore, any projection must be interpreted as having a likely, and potentially wide, range of variability from the estimate. Any estimate or projection may not be used or relied upon by any other party or for any other purpose than for which it was issued by Mercer. Mercer is not responsible for the consequences of any unauthorized use. Actual DBP contractor costs will differ from these projections. Mercer has developed these rates on behalf of the State to demonstrate compliance with the CMS requirements under 42 CFR 438.4 and accordance with applicable law and regulations. Use of these rates for any purpose beyond that stated may not be appropriate.

The DBP contractor is advised that the use of the rates may not be appropriate for their particular circumstance and Mercer disclaims any responsibility for the use of the rates by the DBP contractor for any purpose. Mercer recommends that any health plan considering contracting with the State should analyze its own projected dental expense, administrative expense, and any other premium needs for comparison to the rates before deciding whether to contract with the State.

The State understands that Mercer is not engaged in the practice of law, or in providing advice on taxation matters. This report, which may include commenting on legal or taxation issues or regulations, does not constitute and is not a substitute for legal or taxation advice. Accordingly, Mercer recommends that the State secure the advice of competent legal and taxation counsel with respect to any legal or taxation matters related to this report or otherwise.

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Louisiana Department of Health

This certification letter assumes the reader is familiar with the Louisiana DBP, Medicaid eligibility rules, and actuarial rating techniques. It has been prepared exclusively for the State and CMS, and should not be relied upon by third parties. Other readers should seek the advice of actuaries or other qualified professionals competent in the area of actuarial rate projections to understand the technical nature of these results. Mercer is not responsible for, and expressly disclaims liability for, any reliance on this report by third parties.

The State agrees to notify Mercer within 30 days of receipt of this report if it disagrees with anything contained in this report or is aware of any information or data that would affect the results of this report that has not been communicated or provided to Mercer or incorporated herein. The report will be deemed final and acceptable to the State if nothing is received by Mercer within such 30-day period.

If you have any questions or comments on the assumptions or methodology, please contact Han Lu at +1 404 442 3167.

Sincerely,



Han Lu, ASA, MAAA  
Associate

Copy:

Brandon Bueche, Program Management — State  
Erin Campbell, Medicaid Director — State  
Marisa Naquin, Managed Care Finance — State

Erik Axelsen, Senior Associate — Mercer  
Ron Ogborne, Partner — Mercer  
Michal Rudnick, Senior Associate — Mercer  
Adam Sery, Principal — Mercer

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#### APPENDIX A

Rate Cell	Jul 2019 – Jun 2020 Rates <sup>1</sup>	Jul 2019 – Dec 2019 Rates	% Change <sup>2</sup>
	[A]	[B]	[C] = [B]/[A] - 1
LaCHIP Affordable Plan	\$20.95	\$21.89	4.5%
Medicaid Child/CHIP	\$17.34	\$18.14	4.6%
Medicaid Adult	\$1.41	\$1.41	0.0%
Medicaid Expansion Child	\$16.70	\$18.25	9.3%
Medicaid Expansion Adult	\$0.97	\$0.97	0.0%

Notes:

1. These rates represent the final certified rates in the latest rate certification issued June 28, 2019.
2. The driver of the rate change is the new fee schedule effective July 1, 2019.

Rate Cell	Jul 2019 – Jun 2020 Rates <sup>1</sup>	Jan 2020 – Jun 2020 Rates	% Change <sup>2</sup>
	[A]	[B]	[C] = [B]/[A] - 1
LaCHIP Affordable Plan	\$20.95	\$29.78	42.1%
Medicaid Child/CHIP	\$17.34	\$24.92	43.7%
Medicaid Adult	\$1.41	\$2.34	66.0%
Medicaid Expansion Child	\$16.70	\$24.26	45.3%
Medicaid Expansion Adult	\$0.97	\$1.62	67.0%

Notes:

1. These rates represent the final certified rates in the latest rate certification issued June 28, 2019.
2. The drivers of the rate change are the new fee schedule effective July 1, 2019 and FMP effective January 1, 2020.