

Ms. Amanda Joyner  
Acting Medicaid Deputy Director  
Louisiana Department of Health and Hospitals  
Bureau of Health Services Financing  
628 North 4th Street  
Baton Rouge, LA 70821

April 15, 2016

**Subject:** Louisiana Bayou Health Program – Family Planning Portion of the Capitation Rate Development for the Period February 1, 2016 through January 31, 2017

Dear Ms. Joyner:

The Louisiana Department of Health and Hospitals (DHH) has contracted with Mercer Government Human Services Consulting (Mercer) to develop actuarially sound capitation rate ranges for the State of Louisiana's Bayou Health program for the period of February 1, 2016 through January 31, 2017. As part of this work, Mercer was asked to develop the family planning component of the capitation rates using the same data that was used to develop the capitation rate ranges. This letter presents an overview of the analyses and methodology used in Mercer's family planning rate development for the purpose of satisfying the requirements of the Centers for Medicare & Medicaid Services (CMS), in order for DHH to receive the 90% federal match for eligible family planning services. This addendum should be read in conjunction with the rate certification letter dated February 26, 2016. Attachment A displays the percent of the capitation rates that are attributable to family planning services. These percentages should be applied directly to capitation rates to determine the family planning amount. The resulting family planning amount does not include load for premium tax, administration, or underwriting gain.

## **Base Data**

The capitation rates were developed using the medical expenses incurred during calendar year 2013 and 2014 with runout through June 30, 2015, as reported through the Medicaid Management Information Systems (MMIS) system. All family planning services were assigned to the appropriate rate cells. Please see the Rate Certification letter dated January 26, 2016 for more details.

## **Methodology for Identifying Family Planning Services**

Using data from the State's MMIS system, a multi-step process was followed to measure the amount of family planning for the calendar year, region, and rate tier. Each of these steps is described below:

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## 1. Family Planning Service Identification

Family planning can be identified through procedure codes that are specifically indicative of a family planning service. Tables 1 and 2 contain the lists of procedure codes that were used to identify family planning services, solely on a procedure code match basis. Table 1 contains sterilization services and Table 2 contains contraception services.

**Table 1: Sterilization Services Always Reimbursable at the 90% Federal Match Rate**

Women	Men
00851	55250
00921	55450
58565	
58600	
58605	
58611	
58615	
58670	
58671	

**Table 2: Contraception Services Always Reimbursable at the 90% Federal Match Rate**

Women	Men
11975	A4267 (condoms)
11976	
11977	
57170	
58300	
58301	
A4261	
A4266	
A4268	
A4269	
H1010	
J7304	
J1055	
J1056	

Women	Men
J7300	
J7302	
J7303	
J7306	
J7307	
S4989	
S4993	

Family planning can also be identified with other procedure codes if the family planning service can be confirmed through the use of contraceptive management diagnosis codes in the V25 series. Table 3 contains the list of procedure codes that require a V25 series diagnosis code to be present in order to classify a service as family planning.

**Table 3: Procedure Codes that Require a V25 Series Diagnoses Code**

CPT/HCPCS Codes That May or May Not Represent Contraception/Sterilization Family Planning Services						
00952	76880	99058	99238	99360	A9900	T1023
11981	76977	99070	99239	99371	E1399	
11982	77078	99071	99241	99372	J1885	
11983	77079	99080	99242	99373	G0101	
36415	77080	99144	99243	99383	G0123	
36416	77081	99145	99244	99384	G0141	
57800	77082	99201	99245	99385	H0034	
58100	77083	99202	99251	99386	J3490**	
58340	*	99203	99252	99393	P3000	
58345	88300	99204	99253	99394	P3001	
62311	88302	99205	99254	99395	Q0091	
62319	89310	99211	99255	99396	Q0111	
64435	89321	99212	99261	99401	Q0112	
72190	96372	99213	99262	99402	Q3014	
74000	99000	99214	99263	99403	S0610	
74010	99001	99215	99271	99404	S0612	
74740	99002	99221	99272	99411	S9445	
74742	99024	99222	99273	99412	S9446	
76830	99050	99223	99274	99420	T1001	

CPT/HCPCS Codes That May or May Not Represent Contraception/Sterilization Family Planning Services					
76831	99052	99231	99275	99429	T1002
76856	99054	99232	99281	A4550	T1013
76857	99056	99233	99282	A4931	T1015

\* Also included: 80047–88189 (except 82143)

\*\* Used to indicate SubQ Depro Provera

Professional service claim lines were classified as family planning if the service contained a procedure code from Table 1 or Table 2, or a procedure code from Table 3 accompanied by a V25 diagnosis code in either the primary or the secondary position.

## 2. Identification of Family Planning Prescription Drug Claims

In identifying eligible family planning claims from prescription drug data, Mercer identified all drug claims containing one of the HIC3 codes listed in Table 4. These codes have been determined by Mercer’s pharmacy team to represent those drugs eligible for the enhanced federal match rate.

**Table 4: Drugs Eligible for the Enhanced Federal Match Rate**

HIC3	HIC3 Description
G8A	Contraceptives, oral
G8B	Contraceptives, implantable
G8C	Contraceptives, injectable
G8D	Abortifacient, progesterone receptor, antagonist type
G8F	Contraceptives, transdermal
G9A	Contraceptives, intravaginal
G9B	Contraceptives, intravaginal, systemic
X1A	Condoms
X1B	Diaphragms/cervical cap
X1C	Intrauterine devices

## Process of Developing Family Planning Portion of Rate

In order to determine what portion of the capitation payment was eligible for the enhanced federal match rate, Mercer totaled all of the family planning-eligible claims for a given rate cell and determined what percentage these claims represented of the total claims for that rate cell. This percentage was then applied to the claims cost per member per month (PMPM) (without administration, profit, and Full Medicaid Pricing {FMP} payment), at the rate cell level, to determine the family planning PMPM that DHH could claim at the enhanced federal match rate.

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In a similar manner, Mercer determined what percentage of the FMP add-on was due to family planning services and also eligible for the enhanced federal match rate. This percentage was then applied to the FMP PMPM add-on (without premium tax) at the rate cell level to determine the amount DHH could claim at the enhanced federal match rate.

The enhanced match on the claims cost PMPMs and the FMP PMPM were added together to generate the total family planning PMPM DHH could claim at the enhanced rate. Mercer then calculated a new percentage as the ratio of the total family planning PMPM (claims cost + FMP PMPMs) to the final loaded rate with FMP to provide the final family planning percent.

### **Limitations and Considerations**

In preparing these calculations, Mercer has used and relied upon enrollment, fee-for-service claims, encounter data, and other information supplied by DHH and its fiscal intermediary. DHH and its fiscal intermediary are responsible for the validity and completeness of the data supplied. We have reviewed that data and information for internal consistency and reasonableness but we did not audit it. In our opinion it is appropriate for the intended purposes. If the data and information are incomplete or inaccurate, the values shown in the attached exhibits may need to be revised accordingly. Use of this information for any purposes beyond that stated may not be appropriate.

If you have any questions on any of the information provided, please feel free to call me at +1 404 442 3358.

Sincerely,



Jaredd Simons, ASA, MAAA  
Principal

## Attachment A

### Family Planning Rate Summary

Region Description	Category of Aid Description	Rate Cell Description	CY 2014 Member Months or Deliveries	Lower Bound PMPM or Cost per Delivery	Upper Bound PMPM or Cost per Delivery	Family Planning %
Gulf	SSI	0 - 2 Months	499	\$27,754.36	\$28,393.93	0.00%
Gulf	SSI	3 - 11 Months	2,016	\$7,250.16	\$7,411.77	0.00%
Gulf	SSI	Child 1 - 20	140,382	\$700.51	\$733.78	0.24%
Gulf	SSI	Adult 21+	268,331	\$1,240.93	\$1,280.94	0.13%
Gulf	Family & Children	0 - 2 Months	48,751	\$1,705.49	\$1,754.55	0.00%
Gulf	Family & Children	3 - 11 Months	108,391	\$272.54	\$283.77	0.00%
Gulf	Family & Children	Child 1 - 20	2,120,899	\$156.41	\$164.78	0.88%
Gulf	Family & Children	Adult 21+	388,455	\$323.40	\$337.82	3.54%
Gulf	Foster Care Children	FCC, All Ages	23,352	\$518.08	\$552.29	0.47%
Gulf	BCC	BCC, All Ages	3,937	\$2,262.84	\$2,339.95	0.05%
Gulf	LAP	LAP, All Ages	10,244	\$184.94	\$194.58	0.83%
Gulf	HCBS	Child 0 - 20	7,178	\$1,835.37	\$1,963.45	0.24%
Gulf	HCBS	Adult 21+	13,626	\$1,066.32	\$1,121.51	0.40%
Gulf	CCM	CCM, All Ages	16,983	\$1,149.31	\$1,233.62	0.10%
Gulf	SBH - CCM	SBH - Chisholm, All Ages Male & Female	17,167	\$157.40	\$170.00	0.00%
Gulf	SBH - Duals	SBH - Dual Eligible, All Ages	299,337	\$28.06	\$29.15	0.00%
Gulf	SBH - HCBS	SBH - 20 & Under, Male and Female	7,178	\$77.72	\$83.18	0.00%
Gulf	SBH - HCBS	SBH - 21+ Years, Male and Female	13,626	\$84.70	\$87.56	0.00%

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Region Description	Category of Aid Description	Rate Cell Description	CY 2014 Member Months or Deliveries	Lower Bound PMPM or Cost per Delivery	Upper Bound PMPM or Cost per Delivery	Family Planning %
Gulf	SBH - Other	SBH - Other, All Ages	7,536	\$231.08	\$237.77	0.00%
Gulf	Maternity Kick Payment	Maternity Kick Payment	10,549	\$10,181.22	\$10,314.75	0.31%
Gulf	EED Kick Payment	EED Kick Payment	N/A	\$6,147.52	\$6,193.37	0.51%
Capital	SSI	0 - 2 Months	384	\$27,754.36	\$28,393.93	0.00%
Capital	SSI	3 - 11 Months	1,488	\$7,250.16	\$7,411.77	0.00%
Capital	SSI	Child 1 - 20	104,301	\$700.95	\$735.88	0.21%
Capital	SSI	Adult 21+	195,553	\$1,295.40	\$1,340.11	0.10%
Capital	Family & Children	0 - 2 Months	42,461	\$1,950.22	\$2,000.49	0.00%
Capital	Family & Children	3 - 11 Months	96,528	\$268.36	\$279.79	0.00%
Capital	Family & Children	Child 1 - 20	1,914,036	\$164.35	\$173.17	0.89%
Capital	Family & Children	Adult 21+	288,647	\$379.69	\$396.66	2.99%
Capital	Foster Care Children	FCC, All Ages	33,498	\$518.08	\$552.29	0.52%
Capital	BCC	BCC, All Ages	3,825	\$2,262.84	\$2,339.95	0.20%
Capital	LAP	LAP, All Ages	10,876	\$184.94	\$194.58	0.86%
Capital	HCBS	Child 0 - 20	7,499	\$1,835.37	\$1,963.45	0.18%
Capital	HCBS	Adult 21+	12,294	\$1,066.32	\$1,121.51	0.37%
Capital	CCM	CCM, All Ages	17,068	\$1,149.31	\$1,233.62	0.08%
Capital	SBH - CCM	SBH - Chisholm, All Ages Male & Female	17,176	\$157.40	\$170.00	0.00%
Capital	SBH - Duals	SBH - Dual Eligible, All Ages	239,197	\$21.80	\$22.64	0.00%
Capital	SBH - HCBS	SBH - 20 & Under, Male and Female	7,499	\$77.72	\$83.18	0.00%
Capital	SBH - HCBS	SBH - 21+ Years, Male and Female	12,294	\$84.70	\$87.56	0.00%
Capital	SBH - Other	SBH - Other, All Ages	8,412	\$231.08	\$237.77	0.00%
Capital	Maternity Kick Payment	Maternity Kick Payment	9,280	\$9,708.88	\$9,826.44	0.27%

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Region Description	Category of Aid Description	Rate Cell Description	CY 2014 Member Months or Deliveries	Lower Bound PMPM or Cost per Delivery	Upper Bound PMPM or Cost per Delivery	Family Planning %
Capital	EED Kick Payment	EED Kick Payment	N/A	\$6,642.09	\$6,692.99	0.39%
South Central	SSI	0 - 2 Months	466	\$27,754.36	\$28,393.93	0.00%
South Central	SSI	3 - 11 Months	1,871	\$7,250.16	\$7,411.77	0.00%
South Central	SSI	Child 1 - 20	108,433	\$682.40	\$715.83	0.21%
South Central	SSI	Adult 21+	237,953	\$1,162.63	\$1,200.74	0.11%
South Central	Family & Children	0 - 2 Months	46,634	\$2,065.71	\$2,116.67	0.00%
South Central	Family & Children	3 - 11 Months	104,955	\$276.80	\$288.29	0.00%
South Central	Family & Children	Child 1 - 20	2,083,138	\$160.35	\$168.72	0.90%
South Central	Family & Children	Adult 21+	299,789	\$349.04	\$364.86	2.78%
South Central	Foster Care Children	FCC, All Ages	44,797	\$518.08	\$552.29	0.38%
South Central	BCC	BCC, All Ages	2,747	\$2,262.84	\$2,339.95	0.02%
South Central	LAP	LAP, All Ages	12,678	\$184.94	\$194.58	1.15%
South Central	HCBS	Child 0 - 20	6,786	\$1,835.37	\$1,963.45	0.16%
South Central	HCBS	Adult 21+	14,109	\$1,066.32	\$1,121.51	0.32%
South Central	CCM	CCM, All Ages	18,278	\$1,149.31	\$1,233.62	0.13%
South Central	SBH - CCM	SBH - Chisholm, All Ages Male & Female	18,709	\$157.40	\$170.00	0.00%
South Central	SBH - Duals	SBH - Dual Eligible, All Ages	323,040	\$19.12	\$19.84	0.00%
South Central	SBH - HCBS	SBH - 20 & Under, Male and Female	6,786	\$77.72	\$83.18	0.00%
South Central	SBH - HCBS	SBH - 21+ Years, Male and Female	14,109	\$84.70	\$87.56	0.00%
South Central	SBH - Other	SBH - Other, All Ages	10,727	\$231.08	\$237.77	0.00%
South Central	Maternity Kick Payment	Maternity Kick Payment	10,188	\$8,394.53	\$8,516.38	0.47%
South Central	EED Kick Payment	EED Kick Payment	N/A	\$5,099.23	\$5,149.46	0.77%
North	SSI	0 - 2 Months	442	\$27,754.36	\$28,393.93	0.00%



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Region Description	Category of Aid Description	Rate Cell Description	CY 2014 Member Months or Deliveries	Lower Bound PMPM or Cost per Delivery	Upper Bound PMPM or Cost per Delivery	Family Planning %
North	SSI	3 - 11 Months	1,700	\$7,250.16	\$7,411.77	0.00%
North	SSI	Child 1 - 20	119,014	\$732.77	\$771.83	0.26%
North	SSI	Adult 21+	208,362	\$1,075.63	\$1,109.86	0.15%
North	Family & Children	0 - 2 Months	35,265	\$1,972.31	\$2,023.24	0.00%
North	Family & Children	3 - 11 Months	81,697	\$275.01	\$286.45	0.00%
North	Family & Children	Child 1 - 20	1,639,346	\$161.97	\$171.11	1.04%
North	Family & Children	Adult 21+	239,631	\$323.39	\$338.14	3.55%
North	Foster Care Children	FCC, All Ages	24,828	\$518.08	\$552.29	0.39%
North	BCC	BCC, All Ages	2,561	\$2,262.84	\$2,339.95	0.01%
North	LAP	LAP, All Ages	6,372	\$184.94	\$194.58	0.88%
North	HCBS	Child 0 - 20	4,318	\$1,835.37	\$1,963.45	0.11%
North	HCBS	Adult 21+	11,256	\$1,066.32	\$1,121.51	0.32%
North	CCM	CCM, All Ages	16,846	\$1,149.31	\$1,233.62	0.12%
North	SBH - CCM	SBH - Chisholm, All Ages Male & Female	17,129	\$157.40	\$170.00	0.00%
North	SBH - Duals	SBH - Dual Eligible, All Ages	256,152	\$20.52	\$21.30	0.00%
North	SBH - HCBS	SBH - 20 & Under, Male and Female	4,318	\$77.72	\$83.18	0.00%
North	SBH - HCBS	SBH - 21+ Years, Male and Female	11,256	\$84.70	\$87.56	0.00%
North	SBH - Other	SBH - Other, All Ages	9,527	\$231.08	\$237.77	0.00%
North	Maternity Kick Payment	Maternity Kick Payment	7,696	\$8,994.52	\$9,112.86	0.29%
North	EED Kick Payment	EED Kick Payment	N/A	\$5,614.41	\$5,659.32	0.46%