

Medicaid Managed Care Quarterly Transparency Report

Response to Act 482 of the 2018 Regular Legislative Session

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Bureau of Health Services Financing

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Introduction

This report is submitted in response to Act 482 of the 2018 Regular Legislative Session. The report contains requested data on the Medicaid expansion population and managed care organization (MCO) pharmacy benefit managers. The report will be produced quarterly according to the following schedule.

| State Fiscal Year Quarter | Months Reported | Report Issue Date |
|---------------------------|-----------------------------|-------------------|
| Q1 | July, August, September | January 20 |
| Q2 | October, November, December | April 20 |
| Q3 | January, February, March | July 20 |
| Q4 | April, May, June | October 20 |

Each quarterly report will provide monthly data for the reporting period, as well as unduplicated year-to-date (YTD) totals for the 2019 state fiscal year. A collective chart of the data submitted in each quarterly report will be included in the annual Medicaid Managed Care Transparency Report.

All data reported will be current as of the run date of each report; however, some data may change over time due to the dynamic nature of Medicaid enrollment and claims processing. Claims data will be reported based on date of payment, rather than date of service as previously reported under SR 163 of the 2017 Regular Legislative Session. This will minimize fluctuations in data due to claim lag when data for the same reporting period is reported at a later date. Likewise, because Medicaid provides for retroactive enrollment, enrollment data presented each quarter may vary somewhat from data reported in the annual summary or other future reports.

Acronyms Used in This Report

Throughout this report, several acronyms are used to enable the concise presentation of data in tables. These acronyms are presented below.

Managed Care Organizations

| | |
|------|----------------------------------|
| ABH | Aetna Better Health |
| ACLA | Amerihealth Caritas of Louisiana |
| HB | Healthy Blue |
| LHCC | Louisiana Healthcare Connections |
| UHC | United HealthCare Connections |

Other Acronyms

| | |
|------|------------------------------|
| MCO | Managed Care Organization |
| DBPM | Dental Benefits Plan Manager |
| MCNA | MCNA, Inc. (the DBPM) |
| SFY | State Fiscal Year |
| YTD | Year to Date |

Louisiana Medicaid Expansion Population

On July 1, 2016, per Executive Order JBE 16-01, Louisiana expanded Medicaid coverage under the Affordable Care Act to adults aged 19 through 64 under 138 percent of the Federal Poverty Level. Benefits are provided to this expansion group through enrollment in one of five contracted Medicaid managed care organizations (MCOs).

During the current reporting quarter, July 1, 2018 through September 30, 2018, the unduplicated count of expansion enrollees was 503,326.

Expansion Enrollment by Age Cohort and MCO

Table 1 provides a breakdown of enrollees by age, MCO and month. Totals for each MCO and for the fiscal YTD are unduplicated and therefore will not equal the sum of counts by MCO or the sum of counts by months.

Table 1: Expansion enrollment by age cohort and MCO, SFY 2019 Quarter 1

| | ABH | ACLA | HB | LHCC | UHC | Total |
|-----------------------|--------|--------|--------|---------|---------|---------|
| July 2018 | | | | | | |
| Ages 19 to 49 | 37,291 | 50,469 | 67,034 | 102,999 | 111,021 | 368,814 |
| Ages 50 to 64 | 15,290 | 14,537 | 19,558 | 25,862 | 29,094 | 104,341 |
| Total | 52,581 | 65,006 | 86,592 | 128,861 | 140,115 | 473,155 |
| August 2018 | | | | | | |
| Ages 19 to 49 | 37,406 | 50,708 | 67,802 | 103,547 | 111,708 | 371,204 |
| Ages 50 to 64 | 15,427 | 14,575 | 19,789 | 25,987 | 29,273 | 105,051 |
| Total | 52,833 | 65,283 | 87,591 | 129,567 | 140,981 | 476,255 |
| September 2018 | | | | | | |
| Ages 19 to 49 | 37,163 | 50,762 | 70,612 | 102,648 | 112,802 | 373,987 |
| Ages 50 to 64 | 15,220 | 14,416 | 20,477 | 25,960 | 29,514 | 105,587 |
| Total | 52,383 | 65,178 | 91,089 | 128,608 | 142,316 | 479,574 |
| SFY 2019 YTD | | | | | | |
| Ages 19 to 49 | 40,719 | 54,898 | 75,413 | 111,440 | 121,168 | 394,311 |
| Ages 50 to 64 | 16,473 | 15,564 | 21,776 | 27,879 | 31,585 | 110,681 |
| Total | 57,010 | 70,242 | 96,888 | 138,871 | 152,258 | 503,326 |

Source: Medicaid Data Warehouse

Expansion Enrollees with Earned Income

Table 2 presents the number of expansion enrollees in each MCO with earned income. Approximately 65 percent of the expansion population reported earned income. This analysis was not restricted to only able-bodied adults and therefore may include individuals with a disability or other persons identified in CMS guidance whose ability to work may be limited, such as students and individuals with complex medical conditions. Additionally, it does not include persons with other reported income (disability, retirement, etc.).

Table 2: Unduplicated expansion enrollees with earned income by age cohort and MCO, SFY 2019 Quarter 1

| | ABH | ACLA | HB | LHCC | UHC | Total |
|-----------------------|--------|--------|--------|--------|--------|---------|
| July 2018 | | | | | | |
| Ages 19 to 49 | 22,786 | 33,760 | 46,634 | 71,128 | 77,359 | 251,667 |
| Ages 50 to 64 | 7,173 | 7,257 | 10,058 | 13,581 | 14,809 | 52,878 |
| Total | 29,959 | 41,017 | 56,692 | 84,709 | 92,168 | 304,545 |
| August 2018 | | | | | | |
| Ages 19 to 49 | 23,072 | 34,120 | 47,331 | 72,152 | 78,381 | 255,056 |
| Ages 50 to 64 | 7,219 | 7,283 | 10,192 | 13,661 | 14,994 | 53,349 |
| Total | 30,291 | 41,403 | 57,523 | 85,813 | 93,375 | 308,405 |
| September 2018 | | | | | | |
| Ages 19 to 49 | 23,061 | 34,261 | 47,642 | 72,474 | 78,549 | 255,987 |
| Ages 50 to 64 | 7,219 | 7,287 | 10,277 | 13,694 | 15,028 | 53,505 |
| Total | 30,280 | 41,548 | 57,919 | 86,168 | 93,577 | 309,492 |

Source: Medicaid Eligibility Data System (MEDS)

Expansion Per Member Per Month Payments

In the first quarter of SFY 2019, total payments of \$725,602,718 were issued to the five MCOs to manage the care of individuals in the expansion population for medical, specialized behavioral health, pharmacy and transportation services. Table 3 presents the total payments to each MCO to manage the care of the individuals in the expansion population assigned to their MCO by month of payment.

Table 3: Total payments to MCOs for expansion population, SFY 2019 Quarter 1

| | ABH | ACLA | HB | LHCC | UHC | Total |
|---------------------|--------------|--------------|---------------|---------------|---------------|---------------|
| July 2018 | \$28,162,742 | \$33,050,018 | \$43,436,822 | \$63,717,872 | \$70,897,399 | \$239,264,853 |
| Aug 2018 | \$28,488,554 | \$33,585,502 | \$45,440,993 | \$64,989,876 | \$71,826,097 | \$244,331,023 |
| Sept 2018 | \$28,345,881 | \$33,325,835 | \$43,681,806 | \$64,795,617 | \$71,857,703 | \$242,006,842 |
| SFY 2019 YTD | \$84,997,177 | \$99,961,355 | \$132,559,621 | \$193,503,365 | \$214,581,199 | \$725,602,718 |

Source: Medicaid Data Warehouse and ISIS/CP-012

In addition to the services provided by the MCOs, the state contracts with a single dental benefits program manager, MCNA, Inc., to provide administration of dental benefits for the expansion population. Expansion enrollees aged 19 and 20 years are eligible for all Medicaid covered dental services. Enrollees 21 years of age and over are eligible for covered denture services only. Table 4 provides total payments for dental benefits by month of payment.

Table 4: Total payments for dental benefits for expansion population, SFY 2019 Quarter 1

| | MCNA |
|---------------------|-------------|
| July 2018 | \$1,150,764 |
| Aug 2018 | \$1,163,116 |
| Sept 2018 | \$1,180,385 |
| SFY 2019 YTD | \$3,484,265 |

Source: Medicaid Data Warehouse and ISIS/CP-012

Medicaid Expansion Population Service Utilization

As requested in Act 482 of the 2018 Regular Legislative Session, this section provides a comparison of specified service utilization for the expansion population and the non-expansion population, by age group. Note that the data are not directly comparable to data presented in previous SR 163 reports due to the change in methodology from date of service to date of payment as discussed in the introduction.

The number of recipients who received services is unduplicated within each service category and reporting time period and as a result cannot be added to ascertain the total number of recipients who received services each month. Total expenditures within these reporting categories for the expansion population in quarter 1 of SFY 2019 was \$357,188,198 and \$425,892,460 for the non-expansion population, as detailed by service and month in Tables 5 and 6 below.

Table 5: Service utilization and expenditures for expansion enrolled individuals, SFY 2019 Quarter 1

| Age Group | ER | | Hospital Inpatient | | Hospital Outpatient | | NEMT | | Pharmacy | | Physicians | |
|-----------------------|------------|--------------|--------------------|--------------|---------------------|--------------|------------|-------------|------------|--------------|------------|--------------|
| | Recipients | Payments | Recipients | Payments | Recipients | Payments | Recipients | Payments | Recipients | Payments | Recipients | Payments |
| July 2018 | | | | | | | | | | | | |
| 19 to 49 | 31,881 | \$4,766,322 | 4,651 | \$23,119,735 | 60,485 | \$14,806,194 | 3,868 | \$466,984 | 140,679 | \$30,519,025 | 97,867 | \$14,613,921 |
| 50 to 64 | 7,580 | \$1,245,721 | 1,702 | \$11,809,750 | 26,760 | \$10,345,378 | 2,815 | \$244,675 | 64,345 | \$17,312,458 | 37,531 | \$7,415,738 |
| August 2018 | | | | | | | | | | | | |
| 19 to 49 | 38,920 | \$6,676,628 | 4,797 | \$25,034,424 | 69,366 | \$19,225,638 | 4,528 | \$680,157 | 146,845 | \$32,480,296 | 99,847 | \$15,207,614 |
| 50 to 64 | 9,824 | \$1,904,268 | 1,606 | \$11,580,727 | 31,263 | \$13,539,914 | 3,143 | \$335,313 | 66,457 | \$18,657,871 | 38,264 | \$7,802,425 |
| September 2018 | | | | | | | | | | | | |
| 19 to 49 | 31,098 | \$5,142,610 | 4,273 | \$21,886,909 | 58,763 | \$15,550,008 | 3,725 | \$442,966 | 143,089 | \$29,928,458 | 98,101 | \$14,584,358 |
| 50 to 64 | 7,333 | \$1,385,583 | 1,458 | \$11,380,169 | 26,709 | \$10,878,342 | 2,669 | \$229,521 | 64,690 | \$16,857,849 | 38,165 | \$7,372,616 |
| SFY 2019 YTD | | | | | | | | | | | | |
| 19 to 49 | 80,865 | \$16,585,561 | 12,316 | \$70,041,068 | 129,382 | \$49,581,840 | 8,040 | \$1,590,107 | 213,929 | \$92,927,778 | 181,514 | \$44,405,893 |
| 50 to 64 | 19,829 | \$4,535,572 | 4,115 | \$34,770,647 | 52,201 | \$34,763,634 | 5,165 | \$809,509 | 80,871 | \$52,828,178 | 64,680 | \$22,590,779 |

Source: Medicaid Data Warehouse

Table 6: Service utilization and expenditures for non-expansion enrolled individuals, SFY 2019 Quarter 1

| Age Group | ER | | Hospital Inpatient | | Hospital Outpatient | | NEMT | | Pharmacy | | Physicians | |
|-----------------------|------------|--------------|--------------------|--------------|---------------------|--------------|------------|-------------|------------|--------------|------------|--------------|
| | Recipients | Payments | Recipients | Payments | Recipients | Payments | Recipients | Payments | Recipients | Payments | Recipients | Payments |
| July 2018 | | | | | | | | | | | | |
| 0 to 18 | 28,912 | \$3,615,551 | 4,100 | \$24,700,077 | 57,022 | \$9,391,611 | 3,179 | \$321,777 | 151,033 | \$23,346,719 | 160,595 | \$18,921,375 |
| 19 to 49 | 15,290 | \$2,368,333 | 3,852 | \$16,638,922 | 30,949 | \$7,755,392 | 4,687 | \$418,103 | 66,161 | \$21,977,580 | 49,569 | \$8,558,045 |
| 50 to 64 | 4,779 | \$816,057 | 1,337 | \$9,505,998 | 13,565 | \$6,507,610 | 5,913 | \$439,017 | 31,828 | \$17,418,793 | 19,705 | \$4,372,807 |
| 65+ | 86 | \$15,244 | 29 | \$257,485 | 336 | \$172,132 | 1,911 | \$115,365 | 925 | \$268,243 | 514 | \$102,597 |
| August 2018 | | | | | | | | | | | | |
| 0 to 18 | 33,285 | \$4,532,026 | 4,145 | \$24,471,624 | 65,596 | \$10,710,416 | 4,130 | \$545,988 | 178,819 | \$23,807,806 | 187,376 | \$21,843,488 |
| 19 to 49 | 18,614 | \$3,404,171 | 3,706 | \$17,706,520 | 35,023 | \$9,896,576 | 5,194 | \$632,757 | 66,893 | \$19,083,817 | 50,136 | \$8,965,318 |
| 50 to 64 | 6,225 | \$1,313,632 | 1,375 | \$10,146,387 | 15,475 | \$8,306,688 | 6,400 | \$598,172 | 32,609 | \$16,413,155 | 20,091 | \$4,542,397 |
| 65+ | 82 | \$18,758 | 33 | \$199,370 | 355 | \$159,014 | 2,097 | \$160,464 | 964 | \$262,666 | 492 | \$108,476 |
| September 2018 | | | | | | | | | | | | |
| 0 to 18 | 33,054 | \$4,505,697 | 3,951 | \$23,736,783 | 63,245 | \$9,902,895 | 3,137 | \$329,484 | 192,096 | \$23,640,942 | 183,752 | \$20,908,270 |
| 19 to 49 | 14,665 | \$2,476,774 | 3,375 | \$15,264,126 | 29,914 | \$8,039,230 | 4,370 | \$407,446 | 65,647 | \$19,538,403 | 49,212 | \$8,519,029 |
| 50 to 64 | 4,575 | \$893,875 | 1,131 | \$8,904,566 | 13,233 | \$6,367,664 | 5,580 | \$454,476 | 31,618 | \$15,149,689 | 19,597 | \$4,259,295 |
| 65+ | 74 | \$17,860 | 31 | \$325,726 | 306 | \$149,049 | 1,838 | \$124,367 | 953 | \$257,262 | 500 | \$106,300 |
| SFY 2019 YTD | | | | | | | | | | | | |
| 0 to 18 | 83,653 | \$12,653,274 | 11,417 | \$72,908,484 | 144,683 | \$30,004,923 | 7,662 | \$1,197,249 | 318,163 | \$70,795,466 | 356,969 | \$61,673,132 |
| 19 to 49 | 37,525 | \$8,249,278 | 9,913 | \$49,609,568 | 62,465 | \$25,691,199 | 8,450 | \$1,458,306 | 97,839 | \$60,599,799 | 85,585 | \$26,042,391 |
| 50 to 64 | 11,594 | \$3,023,564 | 3,197 | \$28,556,952 | 24,831 | \$21,181,962 | 9,560 | \$1,491,665 | 37,538 | \$48,981,638 | 31,010 | \$13,174,499 |
| 65+ | 201 | \$51,862 | 87 | \$782,581 | 615 | \$480,195 | 3,077 | \$400,196 | 1,219 | \$788,171 | 875 | \$317,373 |

Source: Medicaid Data Warehouse

Pharmacy Benefit Managers

All five MCOs manage pharmacy benefits for members enrolled with full-benefits coverage. Partial-benefit only members continue to receive pharmacy benefits under fee-for-service Medicaid.

A managed care organization can self-administer its pharmacy benefits or subcontract with a pharmacy benefit manager (PBM). Table 7 lists the name of each PBM, identified as contracted or owned and whether the PBM was a subsidiary of the MCO's parent company during State Fiscal Year 2019, quarter 1.

Table 7: MCO PBMs, SFY 2019 Quarter 1

| | ABH | ACLA | HB | LHCC | UHC |
|-----------------------------|--------------|-----------|-----------------|-----------|---------|
| PBM Name | CVS Caremark | PerformRx | Express Scripts | US Script | OptumRx |
| Contracted/Owned | Contracted | Owned | Contracted | Owned | Owned |
| Subsidiary of Parent | No | Yes | No | Yes | Yes |

Source: Self-reported by health plan, Report 054, accessible at <http://ldh.la.gov/index.cfm/page/1700>

PBM Revenue Streams

Table 8 provides a listing of revenues paid monthly to each PBM for management of the MCO's pharmacy benefit, including any rebates earned and retained by either the PBM or the MCO. All amounts are reported on a cash basis in the month received or remitted. The time period for collection of rebates by the PBM and remittance to the MCO varies across plans, with some occurring monthly and others quarterly. Rebates collected by the MCO are not remitted to the Department; however, these amounts are used by the actuary as a reduction in net pharmacy costs in the calculation of capitation rates. A year to date summary for SFY 2019 is provided in Table 9.

Table 8: MCO PBM revenues by month, SFY 2019, Quarter 1

| | ABH | ACLA | HB | LHCC | UHC |
|--|-----------|-------------|-------------|-------------|-------------|
| July 2018 | | | | | |
| Transaction Fees Paid by MCO to PBM | \$105,388 | \$0 | \$364,813 | \$1,476,600 | \$1,000,754 |
| Rebates and Discounts Retained by the MCO or PBM | \$376,816 | \$0 | \$685,919 | \$96,539 | \$1,222,378 |
| Rebates and Discounts Collected by the MCO or PBM and Remitted to LDH | \$0 | \$0 | \$0 | \$0 | \$0 |
| Amount Retained by the PBM through Spread Pricing | \$0 | \$0 | \$1,650,861 | \$0 | \$2,511,863 |
| Other Monies Retained by the PBM that are not Reimbursed to Pharmacists ¹ | \$0 | \$416,214 | \$0 | \$0 | \$0 |
| August 2018 | | | | | |
| Transaction Fees Paid by MCO to PBM | \$112,926 | \$0 | \$305,567 | \$1,512,762 | \$1,174,285 |
| Rebates and Discounts Retained by the MCO or PBM | \$255,517 | \$0 | \$557,693 | \$3,060,681 | \$2,063,232 |
| Rebates and Discounts Collected by the MCO or PBM and Remitted to LDH | \$0 | \$0 | \$0 | \$0 | \$0 |
| Amount Retained by the PBM through Spread Pricing | \$0 | \$0 | \$2,678,071 | \$0 | \$2,961,494 |
| Other Monies Retained by the PBM that are not Reimbursed to Pharmacists ¹ | \$0 | \$418,446 | \$0 | \$0 | \$0 |
| September 2018 | | | | | |
| Transaction Fees Paid by MCO to PBM | \$87,984 | \$0 | \$327,638 | \$1,488,115 | \$1,073,521 |
| Rebates and Discounts Retained by the MCO or PBM | \$102,599 | \$1,465,024 | \$527,233 | \$10 | \$1,707,610 |
| Rebates and Discounts Collected by the MCO or PBM and Remitted to LDH | \$0 | \$0 | \$0 | \$0 | \$0 |
| Amount Retained by the PBM through Spread Pricing | \$0 | \$0 | \$3,051,486 | \$0 | \$3,030,440 |
| Other Monies Retained by the PBM that are not Reimbursed to Pharmacists ¹ | \$0 | \$423,954 | \$760 | \$0 | \$0 |

Source: MCO self-reported, Report 054, accessible at <http://ldh.la.gov/index.cfm/page/1700>

¹Other monies reported by ACLA and HB were listed as administrative fees.

Table 9: MCO PBM revenues year to date summary, SFY 2019

| | ABH | ACLA | HB | LHCC | UHC |
|--|-----------|-------------|-------------|-------------|-------------|
| SFY 2019 YTD | | | | | |
| Transaction Fees Paid by MCO to PBM | \$306,299 | \$0 | \$998,017 | \$4,477,478 | \$3,248,560 |
| Rebates and Discounts Retained by the MCO or PBM | \$734,932 | \$1,465,024 | \$1,770,846 | \$3,157,230 | \$4,993,220 |
| Rebates and Discounts Collected by the MCO or PBM and Remitted to LDH | \$0 | \$0 | \$0 | \$0 | \$0 |
| Amount Retained by the PBM through Spread Pricing | \$0 | \$0 | \$7,380,418 | \$0 | \$8,503,797 |
| Other Monies Retained by the PBM that are not Reimbursed to Pharmacists ¹ | \$0 | \$1,258,614 | \$760 | \$0 | \$0 |

Source: MCO self-reported, Report 054, accessible at <http://ldh.la.gov/index.cfm/page/1700>

¹Other monies reported by ACLA and HB were listed as administrative fees.

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