MILLIMAN CLIENT REPORT

State Fiscal Year 2024 Healthy Louisiana Medicaid Managed Care Capitation Rate Amendment

State of Louisiana Department of Health

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1. Background

BACKGROUND

Milliman, Inc. (Milliman) has been retained by the State of Louisiana, Department of Health (LDH) to provide actuarial and consulting services related to the development of capitation rates for the Physical Health (PH) and Specialized Behavioral Health (SBH) programs within the Healthy Louisiana managed care program. This report is an amendment to the capitation rates developed for state fiscal year (SFY) 2024. The previously certified capitation rates and documentation of their development were published in the following correspondence:

- *State Fiscal Year 2024 Healthy Louisiana Medicaid Managed Care Capitation Rate Certification*, dated June 23, 2023

We have updated the capitation rates that were provided in the original certification to incorporate updated physician Full Medicaid Pricing (FMP) amounts and non-emergency transportation (NEMT), home health (HH), and dialectical behavior therapy (DBT) state directed payments as a separate payment term. Additionally, we have documented new in lieu of services (ILOSs) that were not described in the original certification and calculated the October 2023 blended rate for Humana as a result of the implementation of the single pharmacy benefit manager (PBM). Unless otherwise stated, the methodology and assumptions utilized are consistent with the capitation rate documentation included in the original certification. The required actuarial certification is in Appendix 1.

The capitation rates provided under this certification are “actuarially sound” for purposes of 42 CFR 438.4(a), according to the following criteria:

- The capitation rates provide for all reasonable, appropriate, and attainable costs that are required under terms of the contract and for the operation of the managed care plan for the time period and population covered under the terms of the contract, and such capitation rates were developed in accordance with the requirements under 42 CFR 438.4(b).

To ensure compliance with generally accepted actuarial practices and regulatory requirements, we referred to published guidance from the American Academy of Actuaries (AAA), the Actuarial Standards Board (ASB), the Centers for Medicare and Medicaid Services (CMS), and federal regulations. Specifically, the following were referenced during the rate development:

- Actuarial standards of practice applicable to Medicaid managed care rate setting which have been enacted as of the capitation rate certification date, including: ASOP 1 (Introductory Actuarial Standard of Practice); ASOP 5 (Incurred Health and Disability Claims); ASOP 12 (Risk Classification (for all Practice Areas)); ASOP 23 (Data Quality); ASOP 25 (Credibility Procedures); ASOP 41 (Actuarial Communications); ASOP 45 (The Use of Health Status Based Risk Adjustment Methodologies); ASOP 56 (Modeling); and ASOP 49 (Medicaid Managed Care Capitation Rate Development and Certification).
- Actuarial soundness and rate development requirements in the Medicaid and CHIP Managed Care Final Rule (CMS 2390-F) for the provisions effective for the CY 2021 managed care program rating period.
- The most recent Medicaid Managed Care Rate Development Guide published by CMS.

Throughout this document and consistent with the requirements under 42 CFR 438.4(a), the term “actuarially sound” is defined as in ASOP 49:

> *“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.”*[1]

1 http://www.actuarialstandardsboard.org/asops/medicaid-managed-care-capitation-rate-development-and-certification/

2. Executive Summary

This report is an amendment to the capitation rate certification report developed for SFY 2024. The previously certified capitation rates were published in the following correspondence (original certification):

- *State Fiscal Year 2024 Healthy Louisiana Medicaid Managed Care Capitation Rate Certification*, dated June 23, 2023

We have updated the capitation rates that were provided in the certification report mentioned above to reflect the following items:

- Development of October 2023 capitation rates for Humana, reflecting implementation of the single PBM on October 28, 2023
- Updated physician FMP amounts
- Inclusion of NEMT state directed payments as a separate payment term
- Inclusion of HH state directed payments as a separate payment term
- Inclusion of DBT state directed payments as a separate payment term
- Inclusion of new ILOSs not described in the original certification

Unless otherwise stated, the methodology and assumptions utilized are consistent with the capitation rate documentation included in the original certification.

A. SUMMARY OF METHODOLOGY

The methodology used in developing this amendment to the certified SFY 2024 capitation rates is outlined below.

i. Step 1: Development of October 2023 capitation rates for Humana

To reflect the implementation of the single PBM on October 28, we developed capitation rates to be paid to Humana in October 2023 that reflect risk for prescription drug services once the single PBM was implemented. These rates are a blend of two sets of rates that were each previously included in the original certification.

Documentation about the October 2023 capitation rates for Humana is provided in Section 3 of this report.

ii. Step 2: Incorporate updated physician FMP and additional state directed payments

Based on additional information received after the original certification was completed, LDH has re-calculated the amount of physician FMP payments included in the SFY 2024 Healthy Louisiana capitation rates. The updated physician FMP amounts are shown in Appendix 2.

Separately, we estimated the value of the three new directed payments by region and rate cell based on information available in the preprint that was submitted to CMS. These costs are shown on a PMPM basis in Appendix 2 and are incorporated in the total expected payments of Appendix 3. The directed payments have no effect on the risk-based capitation rates paid to MCOs.

Documentation about the updated physician FMP and directed payments is provided in Section 4 of this report.

iii. Step 3: Document new in-lieu of services

We have provided required documentation of the new ILOSs, consistent with requirements in the 2023-2024 Managed Care Rate Setting Guide and guidance in the State Medicaid Directors Letter dated January 4, 2023. These new ILOS had no effect on the risk-based capitation rates or total expected payments.

Documentation for the new ILOSs is provided in Section 5 of this report.

iv. Step 4: Issuance of actuarial certification

An actuarial certification is included in Appendix 1 and signed by Anders Larson, FSA, a Principal and Consulting Actuary of Milliman. Mr. Larson meets the qualification standards established by the American Academy of Actuaries and follows the practice standards established by the Actuarial Standards Board, in order to certify that the final rates meet the standards in 42 CFR §438.4(a).

B. FISCAL IMPACT ESTIMATE

The amended capitation rates for the Medicaid managed care populations are illustrated in Figure 1. These rates are effective from July 1, 2023 through June 30, 2024. Figure 1 also provides a comparison to the previously effective capitation rates for July 1, 2023. The rates are inclusive of directed payments and Full Medicaid Pricing (FMP) amounts. The composite rates illustrated for SFY 2024 have been developed based on an estimate of projected enrollment in SFY 2024. This figure was developed using the rates including full risk for prescription drugs and does not reflect the October 2023 rate adjustment for Humana. The estimated fiscal impact of the October 2023 Humana capitation rate adjustment is discussed at the end of this section.

FIGURE 1: COMPARISON WITH ORIGINAL JULY 2023 PMPM RATES

POPULATION	ESTIMATED SFY 2024 AVERAGE MONTHLY ENROLLMENT	COMPOSITE MCO EXPECTED PAYMENTS		
		ORIGINAL SFY 2024	AMENDED SFY 2024	% CHANGE
SSI	106,910	$1,973.21	$1,976.00	0.1%
F&C	826,180	380.15	380.37	0.1%
SBH	130,375	45.37	45.82	1.0%
Medicaid Expansion	680,449	749.38	749.63	0.0%
All Other Populations	27,165	1,229.09	1,234.73	0.5%
Maternity Kick – Expansion	1,166	19,889.64	19,925.75	0.2%
Maternity Kick – Non-Expansion	2,128	20,381.90	20,406.22	0.1%
Composite	1,771,079	644.14	644.68	0.1%

Notes:
1. Original and amended SFY 2024 composite rates were developed based on SFY 2024 projected monthly enrollment. This figure reflects capitation rates with full risk for prescription drugs and does not reflect the October 2023 rate adjustment for Humana
2. All Other Populations includes HCBS, Act 421, Foster Care Children, Breast and Cervical Cancer, LaHIPP Affordable Plan, and non-SBH Chisholm Class Members rate cells.

Figure 2 compares the estimated federal and state expenditures under the SFY 2024 rates, based on estimated enrollment in SFY 2024. Revenue shown in Figure 3 includes state directed payment and FMP amounts.

FIGURE 2: COMPARISON WITH ORIGINAL JULY 2023 RATES (AGGREGATE EXPENDITURES $ MILLIONS)

POPULATION	TOTAL MCO EXPECTED PAYMENTS		
	ORIGINAL SFY 2024	AMENDED SFY 2024	% CHANGE
SSI	$ 2,531.5	$ 2,535.0	$ 3.6
F&C	3,768.9	3,771.0	2.2
SBH	71.0	71.7	0.7
Medicaid Expansion	6,119.0	6,121.0	2.0
All Other Populations	400.7	402.5	1.8
Maternity Kick – Expansion	278.4	278.9	0.5
Maternity Kick – Non-Expansion	520.6	521.2	0.6
Composite	$ 13,689.9	$ 13,701.3	$ 11.5
Federal	$ 10,685.4	$ 10,693.7	$ 8.3
State	$ 3,004.5	$ 3,007.7	$ 3.1

Notes:
1. Original and amended SFY 2024 composite rates were developed based on SFY 2024 projected monthly enrollment. This figure reflects capitation rates with full risk for prescription drugs and does not reflect the October 2023 rate adjustment for Humana.
2. State expenditures based on Federal Fiscal Year (FFY) 2023 FMAP of 67.28% for 3 months and FFY 2024 FMAP of 67.67% for 9 months for all except the Expansion population. FMAP values do not include additional FFCRA-related enhanced FMAP during the phase-out period ending December 31, 2023.
3. State expenditures based on FMAP of 90% for the Expansion population.
4. All Other Populations includes HCBS, Act 421, Foster Care Children, Breast and Cervical Cancer, LaHIPP Affordable Plan, and non-SBH Chisholm Class Members rate cells.

As noted earlier, the figures above were developed using the rates including full risk for prescription drugs and does not reflect the October 2023 rate adjustment for Humana. Separately, we estimated the impact of the adjusted October 2023 capitation rate for Humana, relative to the original assumption that Humana would be fully at risk for prescription drugs in October 2023. In developing this adjustment, we reflected actual June 2023 enrollment for Humana and risk-adjustment results that have been shared with the MCOs. Figure 3 below presents the estimated payments due to Humana for October under the adjusted rates in this amendment relative to the full-risk rates they were slated to be paid.

FIGURE 3: COMPARISON OF OCTOBER 2023 HUMANA CAPITATION RATES (AGGREGATE EXPENDITURES $ MILLIONS)

	TOTAL MCO EXPECTED PAYMENTS		
POPULATION	ORIGINAL (FULL RX RISK)	AMENDED	CHANGE
SSI	$ 6.1	$ 5.1	($ 1.1)
F&C	24.1	21.6	(2.5)
SBH	0.3	0.3	(0.0)
Medicaid Expansion	31.2	24.8	(6.4)
All Other Populations	0.6	0.5	(0.1)
Maternity Kick – Expansion	0.8	0.8	0.0
Maternity Kick – Non-Expansion	1.7	1.7	0.0
Composite	$ 64.7	$ 54.7	(10.0)
Federal	$ 50.9	$ 42.7	(8.2)
State	$ 13.8	$ 12.0	(1.8)

Notes:
1. Original and amended composite rates were developed based on June 2023 Humana enrollment. Values reflect Humana's risk-adjustment results for July through December 2023.
2. State expenditures based on Federal Fiscal Year (FFY) 2024 of 67.67% for all except the Expansion population. FMAP values do not include additional FFCRA-related enhanced FMAP during the phase-out period ending December 31, 2023.
3. State expenditures based on FMAP of 90% for the Expansion population.
4. All Other Populations includes HCBS, Act 421, Foster Care Children, Breast and Cervical Cancer, LaHIPP Affordable Plan, and non-SBH Chisholm Class Members rate cells.

3. Adjusted October 2023 Humana Capitation Rates

This section describes the adjusted capitation rates to be paid to Humana in October 2023.

For the past year, LDH has been working to implement a single PBM to be used by all MCOs in the Healthy Louisiana managed care program. Additionally, Humana entered the program in January 2023, and under its managed care contract, it will not be at risk for retail pharmacy services until the implementation of the single PBM. In the original SFY 2024 certification, separate capitation rates were developed with and without retail pharmacy services. All incumbent MCOs would receive the full rates (with pharmacy services), while Humana would receive the pharmacy carve-out rates until the implementation of the single PBM, at which time it would switch to the full rates.

At the time the original rate certification was completed, the anticipated start date for the single PBM was October 1, 2023. However, the implementation date of the single PBM was delayed until October 28, 2023. As a result, Humana will be at risk for retail pharmacy services for 4 of 31 days during October. To fairly compensate Humana, LDH will pay the new entrant a blended capitation rate for October that reflects 27 days of the pharmacy carve-out rates and 4 days of the full rates.

In this amendment, we calculated blended October 2023 rates for Humana by using a weighted average of the Rx carve-out rates (27 / 31 = 87.1%) and the full-risk rates (4 / 31 = 12.9%). The October 2023 Humana rates are shown in Appendix 5 of this amendment. The July through September 2023 Humana rates are shown in Appendix 4. Starting in November 2023, Humana will be paid the same rates as other MCOs, which are shown in Appendix 3. Note, appendix values have not been adjusted for Humana's risk scores. As a result, the values reported in Appendix 5 will not match the values reported in Figure 3 of this report.

4. Updated Physician FMP and New State Directed Payments

This section describes three new state directed payments that are being incorporated into the capitation rates, as well as a change to FMP amounts.

Physician FMP

Based on additional information received after the original certification was completed, LDH has re-calculated the amount of physician FMP payments included in the SFY 2024 Healthy Louisiana capitation rates. The additional amount is estimated to be approximately $3.2 million, or approximately $0.15 PMPM. However, the change was not uniform across regions and rate cells. The updated FMP amounts by region and rate cell are included in Appendix 2.

State Directed Payments

The information regarding the new state directed payments has been presented consistently with requirements in the managed care rate setting guide, similar to Section 1, subsection 4.D of the original certification.

D. DELIVERY SYSTEM AND PROVIDER PAYMENT INITIATIVES

i. Rate development standards

This section provides information on new directed payments for certain providers which are pertinent to the SFY 2024 capitation rates. All other directed payments applicable to the SFY 2024 capitation rates were documented in the original certification.

(a) Description of Managed Care Plan Requirement

Effective January 1, 2024, MCOs will pay qualifying NEMT providers add-on payments based on the number of vehicles in use each month.

Effective January 1, 2024, MCOs will pay qualifying home health providers recruitment and retention add-on payments.

Effective January 1, 2024, MCOs will pay qualifying licensed mental health professionals (LMHPs) an add-on when providing dialectical behavioral therapy (DBT) services.

All directed payments described in this amendment are consistent with LDH descriptions of the 438.6(c) pre-prints which have been submitted to CMS, if required.

(b) Approval by CMS and consistency with preprints

All directed payments described in this rate certification have been submitted to CMS. The descriptions in this rate certification are consistent with the 438.6(c) pre-prints that have been submitted to CMS.

(c) Contract arrangements with MCOs

All contract arrangements that direct MCO's expenditures were developed in accordance with 42 CFR §438.4 and 42 CFR §438.5.

(d) Inclusion of Provider Payment Initiatives in Capitation Rates

Non-emergency transportation directed payments

The payments for the NEMT directed payment are made on a retrospective basis to the managed care health plans.

Home health directed payments

The payments for the home health directed payment are made on a retrospective basis to the managed care health plans.

DBT directed payments

The payments for the DBT directed payment are made on a retrospective basis to the managed care health plans.

(i) Documentation related to separate payment term included in the rate certification

Documentation related to the separate payment term is addressed in Section I, Item 4.D.ii.a.iii.

(ii) PMPM estimate of directed payments addressed through separate payment term

The estimated rating period PMPM amounts of the directed payments are illustrated by rate cell in Appendix 3.

(iii) Final documentation of total directed payment amount by rate cell

After the rating period is complete, a separate report documenting the actual directed payment amounts by region and rate cell will be provided to CMS.

(iv) Changes from initial base rate certification

The rate certification will be updated through a rate amendment if the total payment amount or distribution methodology varies from the initial estimates presented in Appendix 2.

ii. Appropriate documentation

(a) Description of Delivery System and Provider Payment Initiatives

(i) Description of delivery system and provider payment initiatives included in the capitation rates

State directed payments incorporated in the capitation rates are listed in Figure 4 below.

FIGURE 4: SUMMARY OF NEW DIRECTED PAYMENTS INCLUDED IN CERTIFICATION

CONTROL NAME OF THE STATE DIRECTED PAYMENT	TYPE OF PAYMENT	BRIEF DESCRIPTION	IS THE PAYMENT INCLUDED AS A RATE ADJUSTMENT OR SEPARATE PAYMENT TERM?
LA_Fee_OTH1_Amend_20230701-20240630	Add-on based on utilization	Add-on paid to NEMT providers based on the number of vehicles in use each month	Separate payment term
LA_Fee_HCBS2_New_20230701-20240630	Add-on based on utilization	Add-on paid to home health providers based on the number of nurses providing services to enrollees under the age of 21	Separate payment term
LA_Fee_BHO2_New_20240101-20241231	Add-on based on utilization	Add-on paid to LMHPs for each DBT service provided	Separate payment term

New separate payment term directed payments included in this amendment:

- **LA_ Fee_OTH1_Amend_20230701-20240630**

  The NEMT providers will be eligible for a bonus payment of $500 per month for each vehicle that was in use for the previous month, with a maximum of $1,500 per provider per month.

- **LA_Fee_HCBS2_New_20230701-20240630**

  The home health providers will be eligible for a bonus payment of up to $200 per month for each nurse providing a minimum of 120 hours a month to enrollees under the age of 21. Additionally, new or existing nurses may be eligible to receive a one-time bonus payment of $5,000 dollars.

- **LA_Fee_BHO2_New_20240101-20241231**

  LMHPs that are certified to provide DBT services will be paid an add-on for each DBT service provided. The add-ons are structured so that the total reimbursement per visit will be $200.00 for individual therapy and $177.68 per member for group therapy.

(ii) Description of payment arrangements incorporated as a rate adjustment

There are no new state directed payments incorporated in the capitation rates as a rate adjustment, other than those described in the original certification.

(iii) Description of payment arrangements incorporated as a separate payment term

New state directed payments incorporated in the capitation rates as a separate payment term are listed in Figure 5 below, with more description following the table.

FIGURE 5: DIRECTED PAYMENTS INCORPORATED AS SEPARATE PAYMENT TERMS

CONTROL NAME OF THE STATE DIRECTED PAYMENT	AGGREGATE AMOUNT INCLUDED IN THE CERTIFICATION	STATEMENT THE ACTUARY IS CERTIFYING THE SEPARATE PAYMENT TERM	MAGNITUDE ON A PMPM BASIS	CONFIRMATION THE RATES ARE CONSISTENT WITH PREPRINT	CONFIRMATION THE ACTUARY WILL SUBMIT REQUIRED DOCUMENTATION AT END OF RATING PERIOD
LA_Fee_OTH1_Amend_20230701-20240630	$ 2.8 million	Yes	$0.13	Yes	Yes
LA_Fee_HCBS2_New_20230701-20240630	$3.3 million	Yes	$0.16	Yes	Yes
LA_Fee_BHO2_New_20240101-20241231	$1.7 million	Yes	$0.08	Yes	Yes

Note: Values shown are net of premium tax. Preprint for LA_Fee_BHO2_New_20240101-20241231 is for calendar year 2024 and covers both Healthy Louisiana and Coordinated System of Care programs. The dollar values shown in this figure reflect only the Healthy Louisiana portion and are pro-rated to reflect only the January through June 2024 time period.

Actuarial certification of separate payment terms.

The actuary certifies the amounts of the separate payment terms provided in this document.

Provider types receiving the payment

Providers who are part of the NEMT directed payment include NEMT providers as defined in the LDH state plan.

Providers who are part of the home health directed payment include pediatric home health nurses and home health agencies.

Providers who are part of the DBT directed payment include psychiatrists, advanced practice registered nurses (APRN), physician assistants (PA), clinical nurse specialists (CNS), psychologists, medical psychologists, licensed clinical social workers (LCSW), licensed professional counselors (LPC), licensed marriage and family therapists (LMFT), and licensed addiction counselors (LAC), limited to those who are trained and/or certified to provide DBT as an evidence-based therapy option.

Distribution methodology

The NEMT providers will be eligible for a bonus payment of $500 per month for each vehicle that was in use for the previous month, with a maximum of $1,500 per provider per month. NEMT providers will invoice MCOs on a quarterly basis, and LDH will pay each MCO an add-on payment equal to the amount invoiced by providers, plus a quarterly administrative fee for the MCOs, which totals approximately 5% of expected payments for the administrative entity.

The home health providers will receive recruitment and retention bonus payments as follows:

- Up to $200 a month for each nurse that provides 120 hours of home health service to enrollees under the age of 21.
- A one-time payment of $5,000 dollars to a new nurse that commits to providing 120 hours of home health services to enrollees under the age of 21.
- A one-time payment of $5,000 dollars to existing nurses that provided 120 hours of home health services to enrollees under the age of 21 in the month previous to the start of the recruitment and retention payments.

The State will monitor the MCOs to ensure no nurse receives more than one lump-sum payment.

Providers trained in DBT and who otherwise meet the provider class definition that bill the specific codes for psychotherapy services will receive reimbursement from the managed care organization upon processing the initial claim that represents the current reimbursement rate for psychotherapy services plus the DBT state directed payment add-on. The managed care organization will then invoice LDH quarterly for the state directed payment add-on portion of the reimbursement. LDH will pay the managed care organizations based on the invoices.

Estimated PMPM payout by rate cell

The estimated PMPM payout by population, rate cell, and region is provided in Appendix 2.

Consistency with 438.6(c) preprint

The directed payments, as described in this rate certification, are consistent with 438.6(c) preprints submitted to CMS.

Statement that certification will be amended if rates vary from initial estimate

To the extent the final directed payments by rate cell vary from the initial estimates presented in Appendix 2, the rate certification will be amended to reflect the final payments made to the providers.

(b) Additional directed payments not addressed in the certification

There are not any additional directed payments in the managed care program that are not addressed in this certification.

(c) Other requirements regarding reimbursement rates

There are not any additional requirements regarding the reimbursement rates the plans must pay to any providers unless specified in this certification as a directed payment or authorized under applicable law, regulation, or waiver.

5. Additional In Lieu of Services

This section describes the additional in-lieu of services (ILOS) that are being incorporated into the capitation rates. The information has been presented consistently with requirements in the managed care rate setting guide, similar to Section 1, subsection 3.B.v. of the original certification.

B. APPROPRIATE DOCUMENTATION

v. In Lieu of Services

(a) Description of ILOSs

The following are new ILOSs in the managed care program that were not described in the original certification. These ILOSs were not provided as a benefit during the base data period.

- Therapeutic Day Center for Age 5-20
  - Effective 7/1/2023
- Integrated Behavioral Health Homes
  - Effective 7/1/2023
- Remote Patient Monitoring
  - Effective 7/1/2023
- Outpatient Lactation Consultation
  - Effective 1/1/2024

Additionally, there are four other ILOS that were approved prior to SFY 2024 but had no utilization in the base period used in SFY 2024 capitation rate development.

- Population health management programs
  - Effective 1/5/2022
- Chiropractic services for adults age 21 and older
  - Effective 1/1/2022
- Hospital-based care coordination for pregnant and postpartum individuals with substance use disorder and their newborns
  - Effective 1/1/2022
- Doula services
  - Effective 1/1/2022

(b) ILOS Cost Percentages

In the original certification, we estimated the ILOS cost percentage for all ILOSs other than IMD to be 0.15%. This calculation was based on the portion of the base data represented by these services. As noted above, there are several ILOSs that will be offered in SFY 2024 that had no utilization during the base data period. Based on the information provided by LDH and the MCOs, we have estimated the ILOS cost percentages in Figure 6 below for each of the ILOSs not included in the original certification. Figure 6 also includes a cost percentage for all ILOSs other than IMD which was included in the original certification and used to estimate the total ILOS costs as a percentage of the total projected payments. The method for developing the estimates below varied by ILOS, depending on the level of information available to us. We relied on MCOs to indicate whether they were offering each service, and where possible, we relied on MCO projections for the take-up of these services.

FIGURE 6: ESTIMATED ILOS PERCENTAGE FOR NEW ILOS

IN-LIEU-OF SERVICES/SETTINGS	TOTAL
All ILOSs other than IMD in original certification	0.15%
Therapeutic day center for age 5-20	0.00%
Integrated behavioral health homes	0.20%
Remote patient monitoring	0.02%
Outpatient lactation support	0.00%
Population health management programs	0.03%
Chiropractic services for adults age 21 and older	0.12%
Hospital-based care coordination for pregnant and postpartum individuals with substance use disorder and their newborns	0.01%
Doula services	0.00%
ILOS Costs as a Percentage of Total Projected Payments	**0.54%**

Note: Values above shown as 0.00% are non-zero; however, these services are expected to account for less than 0.005% of SFY 2024 total expected payments.

(c) Incorporation into rate development

The ILOSs in this section had no utilization during the base data period. Because ILOSs are provided as a cost-effective alternative to existing state plan services, they should not result in any incremental costs. Based on information from the MCOs and LDH, we do not anticipate material cost savings as a result of these services being offered. Therefore, no explicit adjustment was made to the capitation rate development to account for these new ILOSs.

Limitations

The services provided for this project were performed under the contract between Milliman and LDH, effective January 1, 2023.

The information contained in this report has been prepared for the State of Louisiana, Department of Health (LDH) and their consultants and advisors to provide documentation of the development of the amended state fiscal year 2024 actuarially sound capitation rates for the populations served under the Healthy Louisiana Medicaid managed care program. The data and information presented may not be appropriate for any other purpose.

It is our understanding that the information contained in this report will be shared with CMS and may be utilized in a public document. Any distribution of the information should be in its entirety. Any user of the data must possess a certain level of expertise in actuarial science and healthcare modeling so as not to misinterpret the information presented.

Milliman makes no representations or warranties regarding the contents of this report to third parties. Likewise, third parties are instructed that they are to place no reliance upon this report prepared for LDH by Milliman that would result in the creation of any duty or liability under any theory of law by Milliman or its employees to third parties. Other parties receiving this report must rely upon their own experts in drawing conclusions about the capitation rates, assumptions, and trends.

Milliman has developed certain models to estimate the values included in this report. The intent of the models was to develop amended actuarially sound capitation rates for the state fiscal year 2024 rating period. We have reviewed the models, including their inputs, calculations, and outputs for consistency, reasonableness, and appropriateness to the intended purpose and in compliance with generally accepted actuarial practice and relevant actuarial standards of practice (ASOP). The models rely on data and information as input to the models. We have relied upon certain data and information provided by LDH for this purpose and accepted it without audit. To the extent that the data and information provided is not accurate, or is not complete, the values provided in this report may likewise be inaccurate or incomplete.

Milliman's data and information reliance includes eligibility and FFS claims and encounter data, MCO-reported financial experience, as well as information related to LDH's eligibility system and assignment of enrollees to rate cells. The models, including all input, calculations, and output may not be appropriate for any other purpose.

Although the capitation rates have been certified as actuarially sound, the capitation rates may not be appropriate for any individual MCO. Results will differ if actual experience is different from the assumptions contained in the capitation rate setting documentation. LDH and Milliman provide no guarantee, either written or implied, that the data and information is 100% accurate or error free.

It should be emphasized that capitation rates are a projection of future costs based on a set of assumptions. Results will differ if actual experience is different from the assumptions contained in this report.

We acknowledge the unique nature of the COVID-19 Public Health Emergency and the anticipated resumption of redeterminations and terminations of coverage that will occur during the rating period. The assumptions documented in this certification report reflect information known to us at the time of this report. We acknowledge that the resumption of redeterminations and enrollment unwinding period could have a material impact on utilization, acuity, Medicaid enrollment, service delivery, and other factors related to the capitation rates illustrated in this rate certification.

Guidelines issued by the American Academy of Actuaries require actuaries to include their professional qualifications in all actuarial communications. The authors of this report who are actuaries are members of the American Academy of Actuaries and meet the qualification standards for performing the analyses contained herein.

APPENDIX 1: ACTUARIAL CERTIFICATION

State of Louisiana
Department of Health
Healthy Louisiana Medicaid Managed Care Program
Amended State Fiscal Year 2024 Capitation Rates
Actuarial Certification

I, Anders Larson, am a Principal and Consulting Actuary with the firm of Milliman, Inc. I am a Member of the American Academy of Actuaries and a Fellow of the Society of Actuaries. I meet the qualification standards established by the American Academy of Actuaries and have followed the standards of practice established by the Actuarial Standards Board. I have been employed by the State of Louisiana, Department of Health to perform an actuarial review and certification regarding the development of capitation rates for the Healthy Louisiana Medicaid managed care program effective July 1, 2023. I am generally familiar with the state-specific Medicaid program, eligibility rules, and benefit provisions.

The capitation rates provided with this certification are considered "actuarially sound" for purposes of 42 CFR 438.4(a), according to the following criteria:

- *the capitation rates provide for all reasonable, appropriate, and attainable costs that are required under terms of the contract and for the operation of the MCO for the time period and population covered under the terms of the contract, and such capitation rates were developed in accordance with the requirements under 42 CFR 438.4(b).*

For the purposes of this certification and consistent with the requirements under 42 CFR 438.4(a), "actuarial soundness" is defined as in ASOP 49:

"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."

The assumptions used in the development of the "actuarially sound" capitation rates have been documented in my correspondence with the State of Louisiana. The "actuarially sound" capitation rates that are associated with this certification reflect an amendment to the state fiscal year 2024 capitation rates, originally certified on June 23, 2023.

The "actuarially sound" capitation rates are based on a projection of future events. Actual experience may be expected to vary from the experience assumed in the rates.

In developing the "actuarially sound" capitation rates, I have relied upon data and information provided by the State and MCOs. I have relied upon the State for audit of the data. However, I did review the data for reasonableness and consistency.

I acknowledge that LDH may elect to amend the capitation rates in accordance with 42 CFR 438.7(c)(3), which indicates that a capitation rate certification is not required for adjustments that increase or decrease capitation rates by 1.5% or less. The capitation rates developed may not be appropriate for any specific health plan. An individual health plan will need to review the rates in relation to the benefits that it will be obligated to provide. The health plan should evaluate the rates in the context of its own experience, expenses, capital and surplus, and profit requirements prior to agreeing to contract with the State. The health plan may require rates above, equal to, or below the "actuarially sound" capitation rates that are associated with this certification.

I acknowledge the unique nature of the COVID-19 Public Health Emergency and the anticipated resumption of redeterminations and terminations of coverage that will occur during the rating period. The assumptions documented in this certification report reflect information known to us at the time of this report. I acknowledge that the resumption of redeterminations and enrollment unwinding period could have a material impact on utilization, acuity, Medicaid enrollment, service delivery, and other factors related to the capitation rates illustrated in this rate certification.

Anders Larson, FSA
Member, American Academy of Actuaries

December 6, 2023
Date

APPENDIX 2: RATE DEVELOPMENT (PROVIDED IN EXCEL)

APPENDIX 3: RATE CHANGE SUMMARIES (PROVIDED IN EXCEL)

APPENDIX 4: RATES EXCLUDING PRESCRIPTION DRUGS (PROVIDED IN EXCEL)

APPENDIX 5: HUMANA RATES FOR OCTOBER 2023 (PROVIDED IN EXCEL)

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