



Louisiana Medicaid Dental Benefit Program Capitation
Rate Certification Addendum

**Effective January 1, 2022 through
December 31, 2022**

Louisiana Department of Health
April 25, 2022

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

Subject: Louisiana Medicaid Dental Benefit Program Capitation Rate Certification Addendum for the Period January 1, 2022 through December 31, 2022

April 25, 2022

Dear Mr. Cocran:

In partnership with the State of Louisiana (State), Mercer Government Human Services Consulting (Mercer), as part of Mercer Health & Benefits LLC, has developed statewide actuarially sound¹ capitation rates for the Louisiana Medicaid Dental Benefit Program. These rates are applicable for the contract period January 1, 2022 through December 31, 2022.

Following LDH review, it was determined that an update is required to the dental Full Medicaid Pricing (FMP) program. That review noted that not all providers who qualified for participation in the program were included within the previous rate certification dated November 18, 2021. This addendum reflects all qualifying providers participating in the program in the contract period. All other adjustments are unchanged. This results in a revised range of actuarially sound rates for each rate cell covering the period January 1, 2022, through December 31, 2022. The capitation rates are summarized in Appendix A and represent payment in full for the covered services.

¹ 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.

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Programmatic Changes

Program change adjustments recognize the impact of new benefits or other changes not reflected or not fully reflected in the base period. The Centers for Medicare & Medicaid Services (CMS) requires that the rate-setting methodology used to determine actuarially sound rates incorporates the results of any programmatic changes that have taken place, or are anticipated to take place, between the start of the base data period and the conclusion of the contract period.

Full Medicaid Pricing

Mercer calculated FMP payments by computing the difference between paid claim amounts and what would have been paid under the community rate, which is defined as the rate paid by the MCNA National Preferred Provider Organization 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. This addendum reflects all qualifying providers participating in the program during the contract period from January 1, 2022, through December 31, 2022; not all qualifying providers were included in the rate certification dated November 18, 2021.

The table below reflects the revised FMP impact resulting from the change to the participating providers retroactive to January 1, 2022.

Table 1-1: FMP

Time Period	Rate Cell	Historical PMPM*	FMP PMPM	Impact As %
CY 2019	LaCHIP Affordable Plan	\$18.49	\$7.98	43.13%
CY 2019	Medicaid Child/CHIP	\$14.81	\$6.55	44.26%
CY 2019	Medicaid Adult	\$ 0.99	\$0.46	46.37%
CY 2019	Medicaid Expansion Child	\$13.55	\$5.30	39.11%
CY 2019	Medicaid Expansion Adult	\$ 0.60	\$0.33	55.42%
Total		\$ 7.90	\$3.50	44.31%

*PMPM = per-member, per-month

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Certification of Final Rates

This certification assumes items in the Medicaid State Plan or waiver, as well as in the Dental Benefit Program (DBP) managed care organization contract, have been approved by CMS.

In preparing the rates shown in Appendix A, Mercer used and relied upon enrollment, eligibility, and encounter data, fee schedule benefit design and financial data, and information supplied by the State, its fiscal agent, and its contractor. The State, its fiscal agent, and its contractor are responsible for the validity and completeness of this supplied data and information. Mercer reviewed the summarized data and information for internal consistency and reasonableness but did not audit it. In Mercer's opinion, it is appropriate for the intended rate-setting 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.

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 its judgment. Use of such simplifying techniques does not, in Mercer's 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 in Appendix A were developed in accordance with generally accepted actuarial practices and principles and are appropriate for the Medicaid-covered populations and services under the managed care contract. Benefit plan premium rates are "actuarially sound" if, for the 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. The undersigned actuaries are members of the American Academy of Actuaries and meet its qualification standards to certify to the actuarial soundness of Medicaid managed care capitation rates.

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 developed these rates on behalf of the State to demonstrate compliance

with the CMS requirements under 42 CFR §438.4 and in 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 these rates may not be appropriate for their particular circumstance, and Mercer disclaims any responsibility for the use of these 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 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.

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 LDH if nothing is received by Mercer within such 30-day period.

If you have any questions on any of the above, please feel free to contact Adam Sery at +1 612 802 0780 or Rogelio Figueroa at +1 470 548 8862 at your convenience.

Sincerely,



Adam Sery FSA, MAAA
Principal



Rogelio Figueroa, ASA, MAAA
Senior Associate

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Appendix A

R_Y22 Dental Benefit Program Capitation Rates

January 1, 2022 through December 31, 2022	
Rate Cell Description	Monthly Capitation Rate Per Member
LaCHIP Affordable Plan	\$29.14
Medicaid Child/CHIP	\$23.65
Medicaid Adult	\$ 1.45
Medicaid Expansion Child	\$21.25
Medicaid Expansion Adult	\$ 1.00

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