

MILLIMAN CLIENT REPORT

1115 Waiver Renewal – ESRD

Budget Neutrality

Expenditure authority for members with end-stage renal disease

Draft

State of Indiana

Family and Social Services Administration

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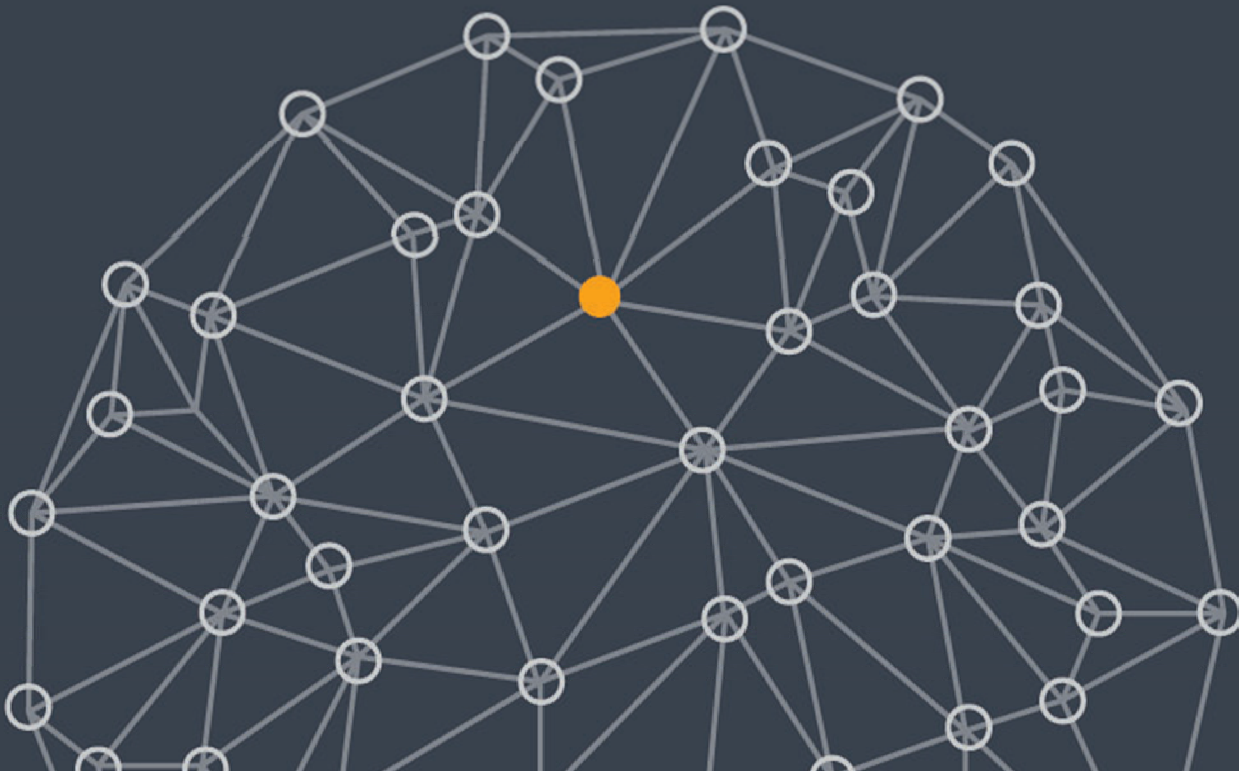




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BACKGROUND

The state of Indiana requests a renewal of 1115 waiver expenditure authority to provide supplemental wrap-around coverage, including supplemental coverage for kidney transplant services, to Medicare-enrolled individuals with ESRD who are otherwise ineligible for Medicaid. The current waiver was most recently approved on July 28, 2016 for the period January 1, 2018 through December 31, 2020. Under this renewal, budget neutrality documentation for the ESRD Medicaid Eligibility Group (MEG) was provided in a report titled "*01-1115 HIP Waiver Amendment – 2015 with ESRD – Final.pdf*" dated May 13, 2016.

The state wishes to request a five-year waiver renewal for the period January 1, 2021 through December 31, 2025. The remainder of this report details budget neutrality projections for this proposed waiver renewal.

EXECUTIVE SUMMARY

This report has been developed for the state of Indiana, Family and Social Services Association (FSSA) to document budget neutrality projections for the ESRD 1115 waiver renewal.

Those eligible under the currently approved 1115 waiver are not otherwise eligible for Medicaid on another basis, enrolled in Medicare, not institutionalized, and diagnosed with ESRD. In addition, they must meet one of the two criteria below:

1. **Population 1 (Grandfathered)** – were enrolled in Medicaid spend down effective May 31, 2014
2. **Population 2** – were enrolled after May 31, 2014 and have income between 150 and 300% FPL

In Indiana, dual eligible enrollees with income up to 150% FPL are eligible for QMB+ coverage.

For the renewal, Indiana has proposed no changes to the eligible population, other than to index resource limits to inflation based on COLA increases during the last five years.

For purposes of calculating budget neutrality thresholds, we populated the IMD Services Budget Neutrality Template provided by CMS. We have transitioned from the older template used in previous renewal submissions as we can no longer use accumulated savings to support budget neutrality. Instead, the IMD template seems appropriate as the ESRD MEG is considered a hypothetical population and therefore the "With Waiver" and "Without Waiver" costs should be the same, similar to the recently expanded options for IMD benefits.

For the historical data, we summarized calendar year (CY) 2018 expenditures for the population described above, including all Medicaid-funded expenses. We used CY 2018 experience because we did not yet have complete experience for the later months of 2019. We projected future demonstration years with the 4.6% annual president's budget trend, and a 0.0% enrollment trend rate.

Please refer to the Excel file named "*03-ESRD Budget Neutrality Template.xlsx*", included with the delivery of this report, to see the completed budget neutrality template. The remainder of this report details the data and methodology used to populate the template.

DATA, ASSUMPTIONS, AND METHODOLOGY

DATA

CY 2018 member months and expenditures were estimated based on enrollment, capitation payment, and claims data reported through the state of Indiana's Enterprise Data Warehouse (EDW), and originally provided by the fiscal agent. Data was queried for members identified in the ESRD demonstration according to a list of individuals provided by FSSA on March 6, 2020. FFS enrollment and expenditure data reflect services reported as of February 29, 2020. Managed care enrollment and capitation data reflect information incurred through September 30, 2019 and reported as of October 31, 2019.

Monthly Medicare Part B premiums and Part D clawback amounts reflect information included in the Office of the Actuary's 2019 Medicare Trustees Report.¹

METHODOLOGY AND ASSUMPTIONS

The methodology used to determine the CY 2018 member months and expenditures is described below:

Enrollment

Member months were summarized from the EDW according to a state-provided list of individuals in the ESRD waiver, including their effective dates within the program. The vast majority of member months represent fee-for-service enrollment, but there is a small portion of managed care eligibility. The managed care time spans typically represent short-term eligibility prior to a transition into fee-for-service. In 2018, there were 10 member months in managed care, representing 0.4% of the total.

Expenditures

The PMPM costs for these members include three components: EDW expenditures (fee-for-service claims, as well as managed care capitation payments), Medicare Part B premiums, and Medicare Part D clawback amounts.

EDW expenditures

Once the eligible member months were identified as described above, we summarized all corresponding fee-for-service claims expenses. For the minor amount of managed care member months, we also summarized the related capitation payments. The total value of the capitation was less than \$9,000.

Medicare Part B premium

In addition to the EDW expenditures, there are additional costs for the members in this waiver outside of the EDW. One of these is the payment of the member's monthly Part B premium. In 2018, the value of this benefit was \$134.00 PMPM.

Medicare Part D clawback

Similarly, Medicare Part D clawback amounts are processed outside of the EDW. For January through September 2018 the state clawback PMPM was \$114.79, and for October through December 2018, it was \$113.56. These values are consistent with those used in the December 2019 Medicaid Forecast Update.

The table below shows the CY 2018 enrollment and expenditures for this waiver population.

FIGURE 1: ESRD WAIVER CY 2018 EXPERIENCE

Member months	2,805
EDW expenditures	\$ 272.10
Part B premium	134.00
Part D clawback	114.47
Total PMPM	\$ 520.57

¹ <https://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/ReportsTrustFunds/Downloads/TR2019.pdf>

Limitations

The information contained in this report has been prepared for the state of Indiana, Family and Social Services Administration (FSSA) to assist with the development of budget neutrality for the ESRD 1115 waiver renewal to be submitted to the Centers for Medicaid and Medicare Services (CMS). The data and information presented may not be appropriate for any other purpose.

It is our understanding that the information contained in this report may be utilized in a public document. To the extent that the information contained in this correspondence is provided to any third parties, the correspondence should be distributed 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 correspondence to third parties. Likewise, third parties are instructed that they are to place no reliance upon this correspondence prepared for FSSA 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.

Milliman has relied upon certain data and information provided by the state of Indiana, Family and Social Services Administration and their vendors. The values presented in this letter are dependent upon this reliance. To the extent that the data was not complete or was inaccurate, the values presented in our report will need to be reviewed for consistency and revised to meet any revised data.

The services provided for this project were performed under the signed Consulting Services Agreement between Milliman and FSSA approved December 5, 2018.

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



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