



# The Next Managed Care Procurement




# Time Frames

- ▶ Current contracts ends June 31, 2015
  - ▶ Some pending Legislation would require Expanding Managed Care or Medicaid on January 1, 2015
  - ▶ MHD is currently developing the RFP for Managed Care re-procurement
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# Size Considerations

- ▶ Current Managed Care = 390,000
  - ▶ Statewide Managed Care with Current Eligibility = 641,000
  - ▶ Managed Care statewide including Expansion Population under 100% FPL who are not Medically Frail = 888,000 (estimate)
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# Option – Bid Statewide Without Regions

- ▶ The differences in actuarial rates is now much smaller across the regions than in the past.
  - ▶ There is not any plan currently contracted that is not statewide.
  - ▶ A statewide bid is likely to attract more bidders.
  - ▶ A statewide bid combines the financially attractive urban areas more completely with the more difficult and less lucrative rural areas
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# Option – Limit Number Plans Awarded to Three or Increase to Four

- ▶ CMS requires we offer a choice of plans.
  - ▶ If we only have 2 and one quits or fails then we have to rebid immediately. With 3 plans one can quit or fail and there is still choice.
  - ▶ Larger plans are more stable and successful.
  - ▶ A limit on the number of plans makes the offer more attractive to bid on.
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# Considering Lowering the Current 65% Max Market Share Per Plan Cap and Institute a Minimum Size Cap

- ▶ The current 3 plans Market share are:
  - US Healthcare 61%,
  - MoCare 24%,
  - HomeState 15%.
- ▶ Small market share makes it difficult to be profitable and less actuarially stable. A lower max market share cap will increase the minimum plan size.
- ▶ Lowering the max. market share cap will make the RFP more attractive for new plans to bid on.
- ▶ We are modeling a new max. cap in the 50% range.

# Considering Creating a Separate Rate Cell for Pregnant Women

- ▶ There are assignment algorithms for new enrollees that favor the smallest plan.
  - ▶ Most new enrollees are pregnant women so the smallest plan will always get the most pregnant women.
  - ▶ Pregnant women are more expensive and more likely to become ineligible after delivery and therefore contribute to instability and insolvency in the smallest plan.
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# Considering Statewide Open Enrollment

- ▶ Historically 75–80% of enrollees choose to stay in the same plan.
  - ▶ If Managed Care expansion passes almost none of the new mostly rural enrollees will go to the largest plan.
  - ▶ If Managed Care expansion and Medicaid expansion pass the newly eligible will be selectively targeted away from any of the current plans that win the new contract especially the largest plan.
  - ▶ Statewide open enrollment will make the RFP more attractive for new plans to bid on.
  - ▶ For all MHN participants open enrollment would be on a first come/first enrolled up to the new cap.
  - ▶ Downside – persons who are currently covered by the current largest plan, want to continue with them, but are not allowed to choose them due to the lower cap.
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# Option – Carve Out Dental and Bid it Separately

- ▶ Currently all 3 managed care plans carve out dental to the same vendor.
- ▶ It will be more efficient for MHD to carve it out and bid it directly.
- ▶ Combining the 3 MC plan groups with any remaining FFS dental covered groups will result in a larger population bid which will be more attractive for the Dental MC vendors to bid on.
- ▶ Several other states bid their dental benefit as a carve out.
- ▶ Holding the dental contract directly will allow new MHD Dental Director to work directly with the dental plan to improve access to and quality of dental care.
- ▶ We plan to bid either:
  - Two Dental Plans or;
  - A single statewide managed care dental plan, any MHN participant who doesn't want a managed dental benefit could choose FFS dental instead.