

# Department of Human Services Contracts with Managed Care Organizations

## Health and Human Services Finance Committee

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# Information provided to Managed Care Organizations (MCOs)

- The Department of Human Services (DHS) provides:
  - Enrollment information
  - Rate information
  - Information about the health risk of the MCOs' enrollees
  - Provider information
  - Information that needs to be tracked across MCOs



# Information provided to DHS

- MCOs submit a wide variety of information which includes:
  - Detailed, claim-specific encounter data
    - Beginning 2011, this will include payment data
  - Third-Party Liability and other collections
  - Information regarding incentives and withholds
  - Reports on Grievances and Appeals
  - Reports of Denials, Terminations or Reductions of services
  - Quality reports and Performance Improvement Projects



# Information provided to DHS (cont.)

- Child and Teen Checkup reports
- Documents for enrollees
- Information on Provider networks and care systems
  - Includes information on changes
- Review of Annual Care systems Audit (Minnesota Senior Health Options)
- Changes to care and case management systems
- Changes to single source subcontracts
- Aggregate payment information (for 2010)
- Reports of fraud or abuse



# Rate setting

- Rates are a projection based on MCO experience, actual cost trends, and anticipated cost trends
- Base rate period of 3 years
- Adjusted for changes in benefits, eligibility, payments, and medical costs,
- Benchmark to non-MCO specific data such as Medicare/Medicaid cost trends



# Rate setting

- Rates must reflect :
  - Population covered in the contract
  - Regional cost differences
  - Anticipated cost of services and other required duties
- Risk based contracts must include some provision for reserves



# Actuarial Soundness

To be actuarially sound, rates must be:

- Sufficient to cover anticipated claims costs and other contractual obligations.
  - Service delivery
  - Administrative activities
  - Taxes and license fees
  - Certification requirements, including contribution to reserves

