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All Plan Meeting – Maternity Supplemental (Kick) Payment

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Maternity Supplemental (Kick) Payment – Background

- Overall goal of a reimbursement system is to match payment to risk of population
- This is why there are different capitation rates for different *COA groups*
- *COA groups* represent homogenous groupings of the 100+ COAs
- Two of the most common and most easily identifiable/verifiable risk differentiators within the Family COA group are:
 - The cost of a pregnancy/delivery
 - The cost of a newborn child
- Historically there have been significant variance in delivery/birth rates among health plans

Variation in Delivery Rates

Calendar Year 2005 & 2006 Averages (Adult/Family COAs)

	Two-Plan	GMC
County Average	24.07	27.25
County High	34.35	32.63
County Low	19.73	21.80
Health Plan High	35.83	35.98
Health Plan Low	19.60	18.08

Births/1,000 members annually

Delivery Cost Impact

- If you assume each delivery event costs \$5,300 (for mother and child), this equates to approximately \$8.83 PMPM for every 20 deliveries per 1,000 members
- Variation in delivery rates = variation in costs
- Some other states that use a maternity kick payment (AZ, DC, DE, FL, GA, MD, MO, NJ, NY, NC, OR, OH, PA,)



Maternity Kick – Design

- Pay on delivery event that generates state Vital Record
- One Kick Payment per delivery regardless of number of births
- One blended Kick Payment combining caesarean and vaginal deliveries
- Kick Payment varies by county, but not by health plan
- Kick Payment reflects cost of delivery event only (mother and baby),

Maternity Kick – Design (cont.)

- Combine Adult and Family COA groups
 - Without maternity event, risk of Adult group is similar to Family group
- Carve-out Maternity Costs from Adult/Family and Disabled Medi-Cal Only COA groups (99.9% of all deliveries)

Maternity – Rate Development

- Calculate delivery costs by county
- Calculate delivery costs from health plan RDT data
 - Same general data selection process used as in regular rate development
 - Developed smoothed data points to replace missing or unreasonable data
- Blend reported and smoothed costs from the plans to generate county-specific amounts
- Trend base costs forward to the midpoint of the contract period
- Add load for Administration and Profit/Risk/Contingency
- Delivery event only (i.e., excluding pre-natal and post-partum care) is generating rates in the range of \$4,500 – \$6,000 per delivery

Draft Two-Plan County Average Maternity Rate

Category of Service	Utilization per 1,000	Unit Cost	Per Member per Delivery (PMPD)
Inpatient Hospital	2,293	\$1,767	\$4,053
Outpatient Facility	285	\$90	\$26
Emergency Room Facility	195	\$104	\$20
Long-Term Care Facility	0	\$0	\$0
Laboratory and Radiology	13	\$21	\$0
Physician Primary Care	1,159	\$285	\$330
Physician Specialty	1,700	\$239	\$407
Pharmacy	0	\$0	\$0
FQHC	1,494	\$69	\$103
Other Medical Professional	568	\$105	\$60
Transportation	82	\$128	\$10
All Others	0	\$0	\$0
Total Medical Costs			\$5,009
Administrative Costs			\$224
Profit/Risk/Contingencies			\$107
Total Maternity Payment			\$5,340

Maternity – Rate Development (cont.)

- Calculate delivery counts by health plan
 - Rely on Medi-Cal Deliveries Report information generated by DHCS
 - Medi-Cal eligibility is the primary data source
- Calculate historical birth rates by health plan
- Back total dollar amount from Adult/Family and Disabled Non-Dual costs by health plan
 - Delivery rate X delivery cost
 - Remove these costs from base data
- Budget neutral to base data

Maternity – Impact Example

- Assume:
 - a health plan's birth rate is 25 births/1,000 Adult/Family members annually
 - the cost of a delivery event is \$5,300
 - the Adult/Family combined rate would otherwise be \$110.00 PMPM
 - the new Adult/Family rate would be \$98.96 PMPM

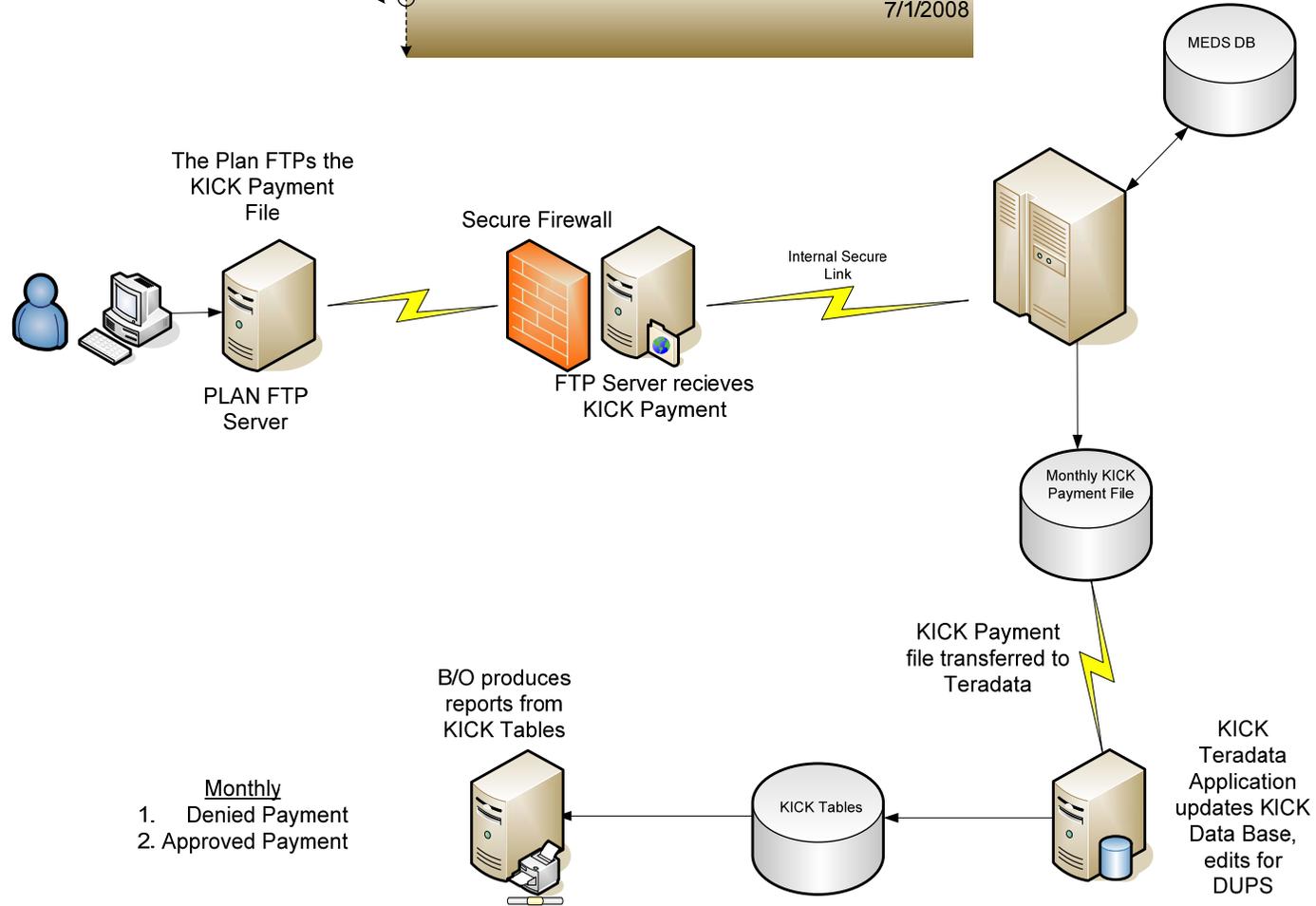
Maternity Kick Payment – Process

1. **Delivery** means a live or non-live birth that generates a Vital Record for the State of California.
2. **The Supplemental Maternity Payment** reimburses the Contractor for the cost of delivery. The Supplemental Maternity Payment is in addition to the monthly Capitation Rate paid by DHCS to the Contractor for the Member.
3. One Maternity Supplemental Payment Rate per County.
4. One maternity supplemental payment will be made in the case of multiple births.
5. Contractor submits its delivery data to DHCS by the 10th of each month via a secure FTP site.
6. DHCS will make payment at the end of each month

Kick Payment System Flowchart

KICK Application Overview

7/1/2008



Delivery Notification to DHCS

No.	<u>FIELD NAME</u>	TYPE	BYTES	LOCATION	EDIT
1	<u>MOTHER'S_LAST_NAME</u>	A	20	1-20	01-Must equal Name on MEDS for CIN (Status=N)
2	<u>MOTHER'S_FIRST_NAME</u>	A	15	21-35	02-Not Space
3	<u>MOTHER'S_CIN</u>	A/N	9	36-44	03-Must be found in MEDS(Status=N) 04-Recipient must be Female on MEDS(status=N)
4	<u>DELIVERY_DATE</u>	DATE	8	45-52	05-Must be valid Date(Status=N) 06-Must be Valid for Elig date for Plan in MEDS(Status=N) 07-Must not be Duplicate for Date/CIN(Status=D) Must be >= the implementation date YYYYMMDD
5	<u>BIRTH_FACILITY_NAME</u>	A	25	53-77	08-Not Space
6	<u>BIRTH_FACILITY_PROV_ID</u>	A/N	10	78-87	09-Valid Provider ID
7	<u>PLAN_CODE</u>	N	3	88-90	10-Must agree with Plan on MEDS for CIN(Status=N)

Kick Payment System Edits

Notification Errors	Error Number	Error Type F=Fatal W=Warning
Must equal Name on MEDS for CIN	1	W
First name not entered	2	W
CIN not found in MEDS	3	F
Recipient must be Female on MEDS	4	F
Delivery Date invalid	5	F
Not enrolled for Delivery date month	6	F
Enrolled Plan and input Plan do not match	7	F
Delivery Date and CIN duplicate	8	F
Birth Facility - Blank	9	W
Invalid Provider ID	10	F
Late submission	11	F
Delivery Date in the future	12	F
Recipient Not Eligible	13	F
Recipient Dual Eligible	14	F
Delivery data before KICK Implementation	15	F

Kick Payment System Edits

- **Delivery Date:**

- Delivery Date must be a valid date

- Error number – 05

- Delivery Date must be < the RECEIVED DATE

- Error number - 12

- Delivery Date must => Plan Implementation Date

- Error Number - 15

- **Late Submission:**

- If the DELIVERY_DATE is not within **365** days of RECEIVED DATE

- Error number - 11

- **Duplicate Record:**

- Compare received data with prior approved Notification records. If a payment has been made to the same RECIPIENT CIN with a DELIVERY DATE within **210** days of the CIN/DELIVERY DATE already on file, mark as Duplicate.

- Error number - 8



Kick Payment Report



KICK01000- Payment Detail Report

Plan Name:

Status Date From: 2/1/2009 **To:** 2/15/2009

Mothers Cin	Delivery Date	Received Date	Status Date	Status	Error Codes
	20090122	20090209	2/15/09	A	

Approved Count: 1

Denied Count 0



Health Plan Comments and Questions

- Support including only delivery costs
- If data is not sufficient/complete, will DHCS/Mercer supplement with data from other counties?
- Does DHCS/Mercer intend to project the delivery rate forward for the contract period or use historical delivery rates?
- What methodology will be used to project the maternity/newborn experience? Will trend rates be county-specific as well as maternity/newborn specific?



Health Plan Comments and Questions

- What methodology will DHCS/Mercer use to project the mix of vaginal/c-section deliveries? Will actual data be trended forward or will the mix be changed?
- Vital Records reporting and timeliness will vary by county, how will this impact the total amount and timing of payments.
- How will the claiming period be changed to allow kick payments beyond 12 months as providers have up to 12 months to report the claim costs?

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