

### ***Sub-project 3: Fiscal Analysis***

Florida's Medicaid Reform includes wide-ranging changes in numerous components of the Medicaid program. The evaluation project will assess the effects of these changes on a variety of constituents, most importantly on enrollees, providers, and the Medicaid program itself. In addition, the evaluation will measure these effects along multiple dimensions, such as access, enrollee satisfaction, and expenditures.

Fiscal concerns have been a central element in the design of Medicaid Reform and are germane to the evaluation.

#### **Research Questions**

The fiscal analysis of Medicaid Reform primarily involves addressing the effect of Florida's Medicaid Reforms on expenditures. The following questions will be addressed to evaluate the fiscal impact of Reform.

1. For enrollees in Reform plans and provider service networks (PSNs), how do utilization of and expenditures for services differ before and after implementation of the pilot programs? This will involve addressing several specific questions, including:
  - a. What is the difference in per member per month (PMPM) total expenditures from the fiscal year prior to implementation of Reform (FY0506: July 2005 – June 2006) to each of the fiscal years following implementation of Reform?
    - i. Comparisons will be made by county and eligibility type. Therefore there will be four categories for total expenditures that will be compared: Duval TANF, Duval SSI, Broward TANF, and Broward SSI. Each of these categories will be further split into two groups: plans and PSNs, for Broward County only as there were no PSNs in Duval County prior to implementation of Reform. This will be done to see if enrolling in a plan vs. a PSN has a differential impact on PMPM expenditures.
    - ii. The baseline expenditures are calculated by selecting all enrollees who lived at least one month in Broward or Duval County during FY0506 and would have been eligible for Reform (i.e., in an eligibility category that would make the person Reform eligible). Only those months where the individual lived in the county and was Reform eligible are used in calculating the baseline PMPM expenditures.
  - b. What is the difference in per member per month (PMPM) expenditures by category of expenditure from the fiscal year prior to implementation of

Reform (FY0506: July 2005 – June 2006) to each of the fiscal years following implantation of Reform?

- i. emergency room expenditures
    - ii. inpatient expenditures
    - iii. specialist expenditures
    - iv. primary care expenditures
  - c. What is the difference between expenditures for enrollees in Reform and what expenditures would have been if the enrollees had remained in non-Reform Medicaid?
2. What is the difference in PMPM total expenditures between enrollees in the pilot programs and comparable enrollees in non-Reform Medicaid?
  - a. PMPM expenditures for enrollees in Reform will be compared to PMPM expenditures for enrollees in a non-Reform county (e.g., Duval compared to Orange, Broward compared to Miami-Dade).
3. Repeat the analyses described for questions 1 and 2, but for service utilization. The following categories of utilization will be examined:
  - a. total number of claims,
  - b. total number of inpatient claims,
  - c. total number of inpatient days,
  - d. total number of outpatient and medical claims,
  - e. total number of emergency room claims, and
  - f. total number of medication prescriptions filled.
4. What are the administrative costs of implementing and administering Reform?
  - a. From AHCA's perspective:
    - i. staff time
    - ii. third party contracts: Choice Counseling, Opt-Out, Enhanced Benefits, Reform evaluations
    - iii. ongoing costs vs. one-time start-up costs
  - b. From the plans' perspective:
    - i. staff time
    - ii. infrastructure
    - iii. ongoing costs vs. one-time start-up costs
  - c. From the PSNs perspective:

- i. staff time
  - ii. infrastructure
  - iii. ongoing costs vs. one-time start-up costs
5. What are the costs and expenditures associated with the Enhanced Benefits Account program (EBA)?
  - a. How much have plans contributed to EBA?
  - b. How much of EBA contributions have been distributed to enrollees?
  - c. Is enrollee participation in the EBA associated with a reduction in total expenditures?
6. How appropriate are the risk adjustment methods used for calculating monthly capitated premiums for plans and PSNs participating in Reform?
  - a. What is the association of plan risk scores to total expenditures paid to providers by the plans and PSNs?
  - b. What is the medical loss rate by plan and PSN?
  - c. How does risk adjustment using pharmacy data compare to risk adjustment using encounter data?

### **Data Collection Activities**

All data on utilization and expenditures will be obtained via pre-established protocols from the Florida Medicaid Management Information System (FMMIS), the managed care organizations' reporting systems, and AHCA's Florida Center for Health Information and Policy Analysis (which houses the hospital discharge data).

FMMIS is the key information system for Medicaid enrollment and claims processing. Since FMMIS does not contain information on the types or amounts of utilization for Medicaid capitated plan patients, the FMMIS data will be augmented with encounter data or other reliable sources of utilization data from individual plans.

For example, AHCA is currently developing a Medical Encounter Data System (MEDS), an encounter data system that meets federal data reporting requirements that will function to conduct capitation rate analyses, set capitation rates, and audit managed care plans. AHCA is also developing a set of procedures through which managed care organizations will provide AHCA with patient-specific encounter information. The MRE team will obtain such data as they become available.