

MILLIMAN REPORT

State of Florida

Agency for Health Care Administration

Statewide Medicaid Managed Care Long-Term Care Program Data Book

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I. INTRODUCTION

The Florida Agency for Health Care Administration (Agency) retained Milliman, Inc. (Milliman) to develop a data book to provide relevant historical data and background information to potential contractors responding to the Invitation to Negotiate (ITN) issued under the Statewide Medicaid Managed Care (SMMC) program pursuant to Sections 409.961 through 409.985, Florida Statutes. This report discusses the Long-Term Care (LTC) program portion of the data book (LTC data book). The Managed Medical Assistance (MMA) program portion of the data book is explained in a separate report.

The LTC data book includes summaries of historical data to assist potential contractors in gaining a general understanding of program membership and costs by data source. Each LTC data book component is described in subsequent sections of this LTC data book narrative.

PROGRAM BACKGROUND

The LTC program is a statewide full-risk Medicaid managed care program that covers long-term care supports and services including nursing facility, hospice, assisted living, and other home and community-based services, as outlined in Florida Statutes. A limited number of services are covered under both the LTC and MMA programs. For individuals enrolled in both programs, such services are the financial responsibility of the LTC capitated plans.

The LTC program was implemented between August 1, 2013 and March 1, 2014, with implementation dates varying across eleven rate development regions. The Agency subsequently re-procured managed care plans for the program, and the current managed care plan contracts became effective on the following dates (varying by region and plan):

- December 1, 2018: Regions 9, 10, and 11
- January 1, 2019: Regions 5, 6, 7, and 8
- February 1, 2019: Regions 1, 2, 3, and 4

Region definitions will change from the current definition. These changes will be effective for the next set of managed care plan contracts awarded under the upcoming ITN and are discussed further in Section II.

Individuals eligible to enroll in the LTC program have been determined to be 18 years of age or older and eligible for placement in a nursing facility or hospital (only for individuals diagnosed with cystic fibrosis) by Department of Elder Affairs staff using the Comprehensive Assessment and Review for Long-Term Care Services (CARES) tool. Initial LTC enrollment also included the transition of members from several other Medicaid waivers or managed care programs. Certain individuals eligible for the LTC program have the option to alternatively enroll in a Program of All-Inclusive Care for the Elderly (PACE) plan. Individuals in certain waivers with small enrollment have the option of enrolling in the LTC program. To date, the number of such individuals opting to enroll has no material impact on rate development. Other eligible individuals are mandatorily enrolled.

Capitation payments to capitated plans are based on a blend of the home and community-based services (HCBS) and non-HCBS rate group monthly rates according to the capitated plan-specific mix of members across the rate groups, adjusted for a legislated “transition percentage,” as outlined in Florida Statutes. As part of the legislation, the transition percentage is applied until no more than 35% of a capitated plan’s enrollees in a particular region are placed in institutional settings. The transition percentages which apply to current contracts are as follows:

- A. Under 65% HCBS: 3 percentage points
- B. 65% to 75% HCBS: 1 percentage point
- C. Greater than 75% HCBS: 0 percentage points

Existing LTC members are assigned to a rate group based on the most recent location of care (LOC) identifiable from July 2022 through September 2022 for rate year (RY) 22/23. New LTC members are assigned to a rate group based on an examination of their service utilization patterns or eligibility shortly prior to LTC enrollment. Member rate group assignments do not change during a rate period unless new information becomes available about the LOC utilized by the new member *prior* to the rate period.

In addition to separate HCBS and non-HCBS rate group blending, the LTC program also includes a budget-neutral Community High Risk Pool (CHRP) risk mitigation mechanism for the HCBS rate group. A percentage of HCBS rates is withheld to fund the CHRP. Under the current contract, eighty percent of member expenditures greater than \$6,000 per month (“pooled claims”) are eligible to be reimbursed by the CHRP. These parameters are subject to change during the course of subsequent contracts. At the end of the rate period, if CHRP funds are inadequate to reimburse all pooled claims, the regional pooled claims will be funded on a proportional basis for each capitated plan. If CHRP funds exceed the level of pooled claims, excess CHRP funds will be returned to capitated plans on a PMPM basis. The Agency retains the right to update the withhold percentage on a quarterly basis, if needed. Inclusion of this information in the LTC data book does not imply the continued use of CHRP, and it does not imply that the methodology of CHRP will stay the same if it continues.

Additional program information is included in the Agency’s summary titled, “A Snapshot of the Florida Statewide Medicaid Managed Care Program,” which can be found at:

https://ahca.myflorida.com/medicaid/statewide_mc/pdf/mma/SMMC_Snapshot.pdf

Complete program details will be provided by the Agency in the ITN.

COVID-19 CONSIDERATIONS

The COVID-19 pandemic and determination of a federal public health emergency (PHE) have impacted health care costs significantly since March 2020. Costs changed significantly at the beginning of the pandemic, particularly due to limited access to specific services and the overall dampening of utilization of services. The following impacts resulting from the COVID-19 pandemic and PHE may be reflected in the historical enrollment and cost data included in the LTC data book:

- LTC population size and acuity: During the PHE there has been a decrease of members enrolling into nursing facilities, impacting the mix of individuals in the Non-HCBS and HCBS rate groups.
- Deferred and foregone services: The COVID-19 pandemic resulted in the deferral or elimination of a significant number of non-essential services, either through government-enacted policies, the impact of social distancing on the administration of services, or personal choice. In particular, adult day care centers were closed early in the pandemic, and we have observed a slow return to pre-PHE utilization for these services.
- COVID-19 testing, treatment, and vaccine costs: Costs for these services are not included in the LTC data book, as these are considered acute care and not included in the LTC program. Any costs for members are included in the MMA data book for individuals that are enrolled in both programs.
- Service mix changes: The service mix underlying the data book cost data has changed over time as a result of the COVID-19 pandemic. Most notably, we observed significant decreases to utilization of adult day care and assisted living facilities in CY 2020 with a gradual return. Utilization of these services rebounded during CY 2021 and the relative mix of HCBS appeared to stabilize by December 2021. However, the utilization patterns differed from those patterns observed during CY 2019.
- Other impacts related to the COVID-19 pandemic and federal PHE: The items above are not an exhaustive list of all possible impacts related to the COVID-19 pandemic and federal PHE. Users of the LTC data book may wish to consider other available research and information.
- Potential contractors may want to give special consideration to these impacts when considering program membership and costs given the significant impact of these items.

OVERVIEW OF LTC DATA BOOK CONTENTS

The LTC data book includes historical data spanning January 2019 through December 2021 service dates. The LTC data book historical data period represents the most recently available claim cost data that has been validated for capitation rate development. Some exhibits included in the LTC data book are split to show data separately for service dates within January 2019 through December 2019 (CY 2019), January 2020 through December 2020 (CY 2020), and January 2021 through December 2021 (CY 2021).

Historical enrollment and claims are summarized from the following data sources, as discussed in detail in the remainder of this document.

- Eligibility Files – Detailed eligibility files from the Agency enrollment system.
- Encounter Data – CY 2019 and CY 2020 special feed encounter data submission to Agency for the purpose of capitation rate setting and CY 2021 encounter data submitted through the Florida Medicaid Management Information System (FMMIS)
- Achieved Savings Rebate (ASR) Financial Data – Each calendar year quarter the capitated plans submit program enrollment, revenue, and claim experience for the LTC program, separated by quarter, region, and HCBS and Non-HCBS populations. The ASR template is available at the following location:

https://ahca.myflorida.com/Medicaid/statewide_mc/report_guides/asr_fin.shtml

LTC DATA BOOK STRUCTURE

Appendix L - SMMC LTC Data Book includes several exhibits, with one exhibit for CY 2019, CY 2020, and CY 2021, unless noted, to allow potential contractors to gain a general understanding of the historical costs in the LTC program.

- **Exhibit L-1: LTC Data Book Summary – Historical Rate Group Basis**
 - **Exhibits L-1A, L-1B, and L-1C** show the member months and total service costs, net of patient responsibility, per member per month (PMPM) for members enrolled in the LTC program during CY 2019, CY 2020, and CY 2021, respectively. Experience is shown individually for the Non-HCBS and HCBS rate groups by region. Costs were allocated by rate group based on the payment flags used by the Agency to determine the blended rate to be paid to each capitated plan. Member months shown are from the Agency's eligibility file and service costs are from a combination of special feed encounter data and ASRs.
- **Exhibit L-2: LTC Data Book Summary – Projected Rate Group Basis**
 - **Exhibits L-2A, L-2B, and L-2C** show the member months and total service costs, net of patient responsibility, per member per month (PMPM) for members enrolled in the LTC program during CY 2019, CY 2020, and CY 2021, respectively. Experience is shown individually for the Non-HCBS and HCBS rate groups by region. allocated based on the projected rate group in a given month. **This is the basis on which data will be used for capitation rate development.** Additional details on the algorithm used to convert the historical flags to a projected rate group basis are provided in Section III of this document. In addition, the HCBS rate group is broken into subpopulations based upon the member's location of care and for individuals ages under and over 45.
- **Exhibit L-3: LTC Provider Contracting Summaries**
 - **Exhibit L-3A** shows the average per diem paid for nursing facilities by region for CY 2019, CY 2020, and CY 2021.

- **Exhibit L-3B** shows the average per diem paid for hospice facilities by region for CY 2019, CY 2020, and CY 2021.
- **Exhibit L-3C** shows the average per diem paid for assisted living facilities by region for CY 2019, CY 2020, and CY 2021.
- **Exhibit L-3D** shows the average per diem and per 15 minute unit paid for adult day care by region for CY 2019, CY 2020, and CY 2021.
- **Exhibits L-3E** shows the average per 15 minute unit paid for other HCBS services including personal care attendants, homemaker services, and companion care by region for CY 2019, CY 2020, and CY 2021.
- **Exhibit L-4: LTC Data Book Supplemental Information**
 - **Exhibit L-4A** outlines LTC mandatory, voluntary, and excluded populations.
 - **Exhibit L-4B** includes definitions of each service category included in Exhibits L-1 and L-2. This exhibit includes the ASR report instructions that LTC plans are given, as well as additional information regarding which data source (special feed encounter data or ASR financial data) Milliman used for each service category in the LTC data book.
 - **Exhibit L-4C** provides a list of Florida Medicaid LTC program changes since January 1, 2019. These program changes may impact costs reflected in the LTC data book or may impact future costs of the LTC program.
 - **Exhibit L-4D** includes the average, minimum, and maximum reported PMPM costs for each time period for each expanded benefit covered by plans. While other components of the LTC data book are generally focused on costs exclusive of expanded benefits, this exhibit is intended to allow potential contractors to understand the historical value of each expanded benefit that has been offered at the LTC plan's expense.

LTC Data Book Narrative

The remainder of this document includes the following sections describing the information used to produce the LTC data book:

- Section II describes the eligibility data used to both define the LTC eligible population and summarize the service cost data to develop the LTC data book.
- Section III describes the claims data and adjustments made to the data to develop the LTC data book.
- Section IV outlines adjustments that have not been included in the LTC data book.
- Section V includes caveats and limitations on the use of the LTC data book.

II. ELIGIBILITY DATA

The LTC data book only includes experience for members enrolled in the LTC program. To date, the number of voluntary population individuals opting to enroll has not had a material impact on rate development. Therefore, membership and experience for members in voluntary populations who did not enroll in the LTC program are not included in the LTC data book.

The Agency provided eligibility data files which were used to summarize membership by region and HCBS versus Non-HCBS populations to populate the LTC data book.

REGION DEFINITIONS

The SMMC program groups Florida counties into regions according to definitions outlined in Florida Statute. Grouping counties together to form regions also helps to increase the credibility of claims experience. The regional mappings will be condensed from 11 to 9 regions beginning with the new capitated plan contracts, as shown in Table 1.

Table 1 State of Florida SMMC Region Definitions		
New Region	Old Region	Counties
A	1	Escambia, Okaloosa, Santa Rosa, and Walton
A	2	Bay, Calhoun, Franklin, Gadsden, Gulf, Holmes, Jackson, Jefferson, Leon, Liberty, Madison, Taylor, Wakulla, and Washington
B	3	Alachua, Bradford, Citrus, Columbia, Dixie, Gilchrist, Hamilton, Hernando, Lafayette, Lake, Levy, Marion, Putnam, Sumter, Suwannee, and Union
B	4	Baker, Clay, Duval, Flagler, Nassau, St. Johns, and Volusia
C	5	Pasco and Pinellas
D	6	Hardee, Highlands, Hillsborough, Manatee, and Polk
E	7	Brevard, Orange, Osceola, and Seminole
F	8	Charlotte, Collier, DeSoto, Glades, Hendry, Lee, and Sarasota
G	9	Indian River, Martin, Okeechobee, Palm Beach, and St. Lucie
H	10	Broward
I	11	Miami-Dade and Monroe

The region for each member included in this data book is based on the following hierarchy:

1. LTC capitated plan ID that is specific to a region.
2. County of residence information in the Agency's eligibility file.

HISTORICAL RATE GROUP ASSIGNMENT

Existing LTC members are assigned to a rate group for a rate period consistent with the most recent LOC identifiable in the three months prior to the rate period (i.e., July to September 2022 for RY 22/23). New LTC members are assigned to a rate group based on an examination of their service utilization patterns or eligibility shortly prior to LTC enrollment. Member rate group assignment does not change during a rate period unless new information becomes available about the LOC utilized by the new member *prior* to the rate period. The Agency provided separate flags by rate year which we relied upon to split the membership between HCBS and Non-HCBS populations. **This enrollment definition is referred to as the “historical rate group basis” and the enrollment used to develop Exhibits L-1A, L-1B, and L-1C.**

PROJECTED RATE GROUP ASSIGNMENT

LTC capitation rates are paid to capitated plans as a blend of HCBS and Non-HCBS rate groups, with a transition percentage between rate groups each year from Non-HCBS to HCBS. Each year, members are assigned a flag that assigns the member to a rate group for the entire rate year. Since the rate group transition impact is applied outside of the HCBS and Non-HCBS rate group rate development, it is imperative that the base data and the resulting rates for each rate group exclude the impact of historical member transitions between locations of care that would trigger a new rate group flag for the next rate year. **This enrollment definition is referred to as the “projected rate group basis” and the enrollment used to develop Exhibits L-2A, L-2B, and L-2C.**

Looking at the LOC for the first and last months of the time period, as well as the timing of any location of care changes, creates a reasonable approximation of rate group costs absent member transitions. Such an algorithm only shifts base period membership and service costs between rate groups and does not change the base data experience in total.

Following are scenarios that highlight key considerations in the algorithm. In the scenarios, “N” indicates treatment in a nursing facility or institutional hospice, while “H” indicates treatment in the home or community. “X” indicates a member was not enrolled in the managed LTC program.

The rate group flags used for the special feed encounter data are consistent with the rate group flags used for final capitation payments in each month. The data book is stated on a calendar year basis; therefore, we are not able to use the flags set by the Agency, which are only on a rate year basis. For the CY 2019 data the algorithm below is applied using flags developed by Milliman for both a January 2019 start date (based on the most recent LOC identifiable from October 2018 through December 2018) and a January 2020 start date (based on the most recent LOC identifiable from October 2019 through December 2019). Similarly, flags were developed for CY 2020 and CY 2021.

We have compared the results of this process to rate group flags developed in previous periods and found no material difference in the proportion of members assigned to each rate group.

Scenario 1 – No Change in Location of Care from First to Last Month for Continuing Members

In this scenario, continuing members are treated in the same LOC for their first month of enrollment as their last month of enrollment within the historical data period. Since these are continuing members, they have rate group flags for the subsequent rate period and did not leave the program during the historical data period. However, these members may have started during the middle of the historical data period. Please note, any LOC changes will be retained in the base costs for the projected rate group.

Scenario 1													Projected Rate Group	Comments
Month:	1	2	3	4	5	6	7	8	9	10	11	12		
Member A	N	N	N	N	N	H	H	N	N	N	N	N	Non-HCBS	Home or community-based costs are retained in Non-HCBS
Member B	X	X	H	H	H	H	H	N	H	H	H	H	HCBS	Month 3 is compared to month 12 to determine if an ongoing transition has occurred

Scenario 2 – Change in Location of Care from First to Last Month for Continuing Members

In this scenario, continuing members are treated in a different LOC their first month of enrollment as their last month of enrollment. Since these are continuing members, the rate group flags for the subsequent rate period will match their last LOC during the historical data period. As in Scenario 1, these members may have started during the middle of the historical data period.

For these members, a portion of the base period is allocated to each rate group. Once the final rate group is triggered for the first time in the historical data period, that month and the remainder of the historical data period experience is allocated to the projected rate group. As before, any LOC changes during the latter portion of the year will be retained in the base costs for the future rate group.

Scenario 2													Projected Rate Group	Comments
Month:	1	2	3	4	5	6	7	8	9	10	11	12		
Member C	N	N	N	N	N	H	H	N	H	H	H	H	5 mo. Non-HCBS; 7 mo. HCBS	Month 6 is first month in HCBS; Month 8 NF experience is retained in HCBS
Member D	X	X	H	H	H	H	H	N	N	N	N	N	5 mo. HCBS; 5 mo. Non-HCBS	

Scenario 3 – Non-Continuing Members

Many members leave the program throughout the year due to death or other reasons. For members who start the historical data period with treatment in the home or community and died during the year, the likelihood of needing nursing facility or institutionalized hospice treatment with a high cost of treatment greatly increases. A member dying during a rate period does not receive a revised rate group flag, and a capitated plan is not paid a revised capitation rate. For that reason, experience for non-continuing members is assigned a projected rate group based upon their first LOC during the historical data period. In that way, the higher end of life costs are retained in the beginning of period rate group, consistent with how similar members will be treated in future rate periods.

Scenario 3													Projected Rate Group	Comments
Month:	1	2	3	4	5	6	7	8	9	10	11	12		
Member E	N	N	H	H	H	H	N	N	X	X	X	X	Non-HCBS	
Member F	X	X	H	H	H	H	H	N	N	N	X	X	HCBS	Higher NF costs are retained in the HCBS rate group

Algorithm Impact

Total member months and costs across rate groups are unaffected by the application of the algorithm to convert membership from a historical rate group basis to a projected rate group basis. The algorithm results in 2.1% of member months with a Non-HCBS historical rate group flag during CY 2019 being reassigned to the HCBS projected rate group, while 1.7% of member months with a HCBS historical rate group flag are reassigned to the Non-HCBS projected rate group. Similar impacts are observed for CY 2020 and CY 2021, as shown in Table 2.

Table 2 State of Florida LTC Program % of LTC Member Months by Rate Group						
Historical Rate Cell	CY 2019		CY 2020		CY 2021	
	Projected Rate Cell	HCBS	Projected Rate Cell	HCBS	Projected Rate Cell	HCBS
Non-HCBS	40.70%	2.10%	37.60%	3.70%	33.90%	2.30%
HCBS	1.70%	55.40%	2.40%	56.20%	1.60%	62.10%

Table 3 below shows the proportion of member months utilizing nursing facility or institutional hospice services by both historical and projected rate group for CY 2019, CY 2020, and CY 2021.

Table 3 State of Florida LTC Program Proportion of Member Months with NF / Hospice Utilization		
Rate Group	Historical Rate Group Basis	Projected Rate Group Basis
CY 2019		
Non-HCBS	92.1%	95.9%
HCBS	3.6%	1.3%
CY 2020		
Non-HCBS	87.6%	95.3%
HCBS	4.7%	1.3%
CY 2021		
Non-HCBS	89.5%	95.2%
HCBS	3.7%	1.4%

III. CLAIMS DATA SOURCES AND ADJUSTMENTS

This section of the LTC data book narrative describes the claims data sources and adjustments made to these data sources to develop the LTC data book.

The Agency and Milliman went through an extensive data validation process to review LTC plan data included in the data book. This review and validation were originally undertaken as part of the October 2021 through September 2022 (RY 21/22), RY 22/23, and RY 23/24 capitation rate development processes and also support the summarization of the data in the LTC data book.

First, the Agency reviewed multiple iterations of ASR financial data for internal consistency and helped to validate the special feed encounter data for CY 2019 and CY 2020 and FMMIS encounter data for CY 2021. We also performed a review of the data for validation purposes. This review included detailed analysis of numerous aspects of the special feed encounter data, FMMIS encounter data, and ASR financial data, as well as a comparison between the data sources.

We provided plan-specific data summaries and data validation questions to all plans based on review of the data sources and comparisons of the ASR financial data to encounter data. Additionally, we held one-on-one meetings with plan representatives on several occasions between December 2020 and January 2023, in which we discussed the data with plans. After receiving additional encounter data and ASR data submissions, as well as written responses to the data questions, we summarized the historical data for use in both capitation rate development and the development of this data book.

While we have performed a considerable amount of data review and validation, it is not practical to validate every possible outcome, and we did not audit the data. As a result, data anomalies, inconsistencies, or errors may exist, and these situations may have a larger relative impact when reviewing more detailed cuts of data. Users of the LTC data book should be aware of the limitations of the data when reviewing it.

Note, encounter data for CY 2020 was never directly used for LTC capitation rate development due to changes in utilization patterns during the COVID-19 PHE. This data should be reviewed with caution.

LTC CAPITATED PLAN ENCOUNTER DATA

PMPM claim costs, net of patient responsibility, were summarized by service category as reported in the special feed encounter data submitted to the Agency.

- Members are allocated based on the historical rate group basis for Exhibits L-1A, L-1B, and L-1C and the projected rate group basis for Exhibits L-2A, L-2B, and L-2C, as described in Section II.
 - If the recipient ID submitted in the encounter data does not match a recipient ID for the given month in the eligibility file the claim was excluded.
- Each calendar year quarter of encounter data was limited by paid date to match the runout included in the ASR data used for the given quarter as shown in Table 4. The encounter data has not been adjusted to reflect estimates of outstanding IBNR as discussed in Section IV of this document.

Table 4 State of Florida Encounter Data Paid Date Limitations		
Data Source	Data Period	Paid-Date Cutoff
Special Feed Encounter Data	January 2019 through December 2019	March 31, 2020
Special Feed Encounter Data	January 2020 through December 2020	March 31, 2021
FMMIS Encounter Data	January 2021 through December 2021	September 30, 2022

- The categories of service summarized from the encounter data are shown in Table 5. These categories of service definitions are consistent with the most recent ASR template.

Table 5 State of Florida Encounter Data Categories of Service	
ASR Service Category	Service Category Description
2.3	Nursing Facility Fee-for-Service (FFS) (Medicaid)
2.4	Nursing Facility FFS (Crossover)
2.6	Hospice FFS
2.11	Assisted Living FFS
2.12	Home Health FFS
2.13	Medical Equipment / Supplies FFS
2.14	Therapy Services FFS
2.15	Transportation Services FFS
2.18	Home & Community Based Services (HCBS) FFS

- Certain services reported in the encounter data were excluded from the LTC data book. Cost information for these services, except expanded benefits, are included in the LTC data book from the ASRs. The excluded services are shown in Table 6.

Table 6 State of Florida Categories of Service Removed from the Encounter Data	
ASR Service Category	Service Category Description
2.15	Transportation Services FFS
2.16 and 2.17	Case Management FFS
2.8 and 2.19	Subcapitated LTC Services
2.9 and 2.21	LTC Services Settlements
3.1	Expanded Benefits FFS
3.2	Expanded Benefits Subcapitation
3.4	Expanded Benefits Services Settlements
4.5	TPL and Fraud / Abuse Recoveries

- Transportation: Transportation services reported in the special feed encounter data are materially underreported for several plans, largely due to unique payment arrangements.
- Case Management: A majority of case management is performed by plan employees. The cost of these employees has not been converted to a per encounter basis to include in the encounter data submissions.
- Subcapitated claims: The encounter data for subcapitated services is underreported when compared to the reported values in the ASR reports.
- Settlements: The encounter data does not include any settlements, such as risk sharing arrangements.
- Expanded Benefits: Expanded benefits are not included in the base data, as these services are not funded through the benefit portion of the LTC capitation rates.
- TPL / Fraud / Abuse: Recoveries outside the health plan claim adjudication systems for third party liabilities, fraud, and abuse are not reported in the encounter data submissions.

ASR FINANCIAL DATA

Capitated plans submit ASR financial reports on a quarterly basis throughout the year, as well as a year-end report with three months of claim runout (e.g., the 2020 year-end ASR report includes payment runout through March 2021).

Per member per month claim costs, net of patient responsibility, were summarized by service category as reported in the ASR financial reports submitted to the Agency. For each quarter of data used, we selected the calendar year audited ASR submission unless this was not yet available, in which case we used the most recent ASR.

Table 7 State of Florida ASR Reports		
Data Period	ASR Submission	Paid-Date Cutoff
January 2019 through December 2019	CY 2019 Audited	March 31, 2020
January 2020 through December 2020	CY 2020 Audited	March 31, 2021
January 2021 through December 2021	CY 2021 Audited	March 31, 2022

- In the submission, capitated plans partition membership between HCBS and non-HCBS populations based on the rate group flag that determined the actual capitation payment for the given rate year of the LTC program, as provided by the Agency and discussed in Section II of this document.
- ASR reports are submitted net of patient responsibility.
- The ASR reports include paid date runout through the dates displayed in Table 7. As an enhancement from the initial data book release, for the final data book, we accounted for incurred but not paid (IBNP) amounts in CY 2021 by allocating the prior year adjustments from the 2022 Q3 ASR financial data. Plan-reported IBNP amounts are not included because the runout dates are already consistent between data sources.
- As outlined above, the following service categories in the LTC data book are summarized from the ASR reports. These categories of service definitions are consistent with the most recent ASR template.

Table 8 State of Florida Categories of Service Removed from the Encounter Data	
ASR Service Category	Service Category Description
2.15	Transportation Services FFS
2.16 and 2.17	Case Management FFS
2.8 and 2.19	Subcapitated LTC Services
2.9 and 2.21	LTC Services Settlements
3.1	Expanded Benefits FFS
3.2	Expanded Benefits Subcapitation
3.4	Expanded Benefits Services Settlements
4.5	TPL and Fraud / Abuse Recoveries

Expanded benefits are not included in the LTC data book, but are provided as a supplemental exhibit (Exhibit L-4D) for informational purposes only. These services are not funded through the LTC capitation rates.

Table 9 State of Florida Categories of Service Removed from the ASR Data	
ASR Service Category	Service Category Description
3.1	Expanded Benefits FFS
3.2	Expanded Benefits Subcapitation
3.4	Expanded Benefits Services Settlements

- Case Management
 - The allocation of total case management costs by region between the HCBS and Non-HCBS populations was adjusted to match the standard contractual caseload requirements of the program. The contractual caseload requirement for the HCBS population is one case manager for every 60 members, and the caseload requirement for the Non-HCBS population is one case manager for every 100 members. Total case management costs reported by capitated plans in each region were reallocated between the HCBS and Non-HCBS populations to be consistent with the 60:100 ratio included in the contract. The total case management dollars at an aggregate regional level were not impacted.
 - For subcapitated arrangements that covered case management expenses for the capitated plan's members, the portion of the subcapitated expense was restated as case management to most accurately show the historical capitated plan liability for that service category. Other services covered under subcapitated arrangements were not reallocated.

AGENCY FFS DATA

The LTC data book only summarizes historical membership and claims for individuals enrolled in the LTC program. No fee-for-service data is included as a supplement to the ASR and encounter data.

CY 2019 AND CY 2020 DATA PROCESSING AND ADJUSTMENTS

The CY 2019 LTC data was adjusted for use in RY 21/22 and RY 22/23 rate setting in the following manner to address certain concerns about the completeness, accuracy and comparability between the special feed encounter data and ASR data sources. Similar granular data adjustments have not been developed or applied to the CY 2020 data included in the data book as this data was not used for rate setting in the past. This does not mean that similar discrepancies do not exist in CY 2020 plan-reported LTC data and this data should be carefully reviewed and used with caution.

- Two capitated plans categorized assisted living facility encounter claims as nursing facility. Milliman re-mapped these claims appropriately.
- One capitated plan did not provide assisted living facility claims in the special feed encounter data. Milliman included assisted living facility experience as reported in the ASR financial data in the special feed encounter summaries.
- One capitated plan pays a portion of costs for durable medical equipment outside of their claim system and this experience is not reported in the special feed encounter data. Milliman added these costs to the special feed encounter summaries.
- One capitated plan allocated plan-provided case management across all regions, including those regions in which there was a material amount of non-plan provided case management. Milliman reallocated case management costs for that plan across regions, including both plan and non-plan provided case management.
- Encounter data for one capitated plan was significantly and consistently overstated relative to the ASR financial reports. Milliman made an adjustment to decrease encounters at a regional level for this plan to levels consistent with the relationship between ASRs and encounters for other plans by rate group.
- A small number of LTC members had an Institution for Mental Disease (IMD) stay totaling more than 15 days in a calendar month. Milliman removed these member months and all associated LTC claims for the applicable month from the base data.

- Milliman excluded enrollment and costs associated with Medicaid Pending (MED-P) and Sixty-days loss of eligibility (SIXT) individuals enrolled in Regions 9 through 11 in January 2019. One member month was excluded, as well as all associated LTC claims.
- We adjusted certain subcapitated experience included in ASR reporting to match the cost of providing covered services to members and exclude administrative overhead.

CY 2021 DATA PROCESSING AND ADJUSTMENTS

The CY 2021 LTC data was adjusted in the following manner to address certain concerns about the completeness, accuracy, and comparability between the FMMIS encounter data and ASR data sources.

- **FMMIS Encounter Data to ASR Financial Data Completion Adjustment**
 - Based on the results of our comparison between ASR financial data and FMMIS encounter data, the two data sources reflect differences in total paid claims for services paid on a FFS basis. Because the ASR reports are ultimately audited and because of known limitations with the FMMIS encounter data, we believe the ASR financial data is a more representative source for total paid claims within the LTC program. As a result, to account for this discrepancy and include a complete set of cost information in the LTC data book, we apply a FMMIS encounter data to ASR financial data completion adjustment.
 - To develop this adjustment, we summarized the FMMIS encounter data on a consistent basis as the ASR data in terms of types of claims included (e.g., expanded benefits are included in both sources for this comparison to avoid misalignment in their identification). To compare the FMMIS data and ASR financial data on a consistent time period basis we compared FMMIS encounter data with submission runout through September 30, 2022 to audited CY 2021 ASR financial data and the prior year adjustments from the 2022 Q3 ASR financial data. Plan-reported IBNP amounts are not included because the runout dates are already consistent between data sources.
 - We compared the amount of all claims identified in the ASR financial data with the amount of claims identified in the FMMIS encounter data at a plan, region, rate group, and service category level. Based on the application of adjustments to the data, we determine composite adjustments at the region based on the mix of plan data within each region. Table 10 shows the factors that are ultimately applied to the data by region.

Table 10 State of Florida FMMIS to ASR Completion Adjustment Factors -- Applied to 2021 FMMIS Encounter Data								
Region								
A	B	C	D	E	F	G	H	I
1.01	1.00	1.00	0.99	0.99	1.00	1.00	1.00	0.97

IV. ADJUSTMENTS NOT INCLUDED IN THE LTC DATA BOOK

The following adjustments were not incorporated into the LTC data book. Users of the data book should be aware of these items that are not reflected in the historical data.

- Incurred but not reported (IBNR) claim adjustments after the paid dates shown in Tables 4 and 7 in Section III.
- Adjustments to claims for anticipated third party liability recoveries not already reflected in the data.
- Adjustments related to IMD services to comply with 42 CFR § 438.6(e).
- Any seasonality adjustments to account for partial years of data in the LTC data book.
- Acuity or population mix adjustments for missing data.
- Adjustments to account for utilization changes, service mix changes, unit cost changes, population changes, or other changes over time (including changes that may be either related or unrelated to COVID-19 or the federal PHE).
- Adjustments to provider reimbursement due to legislated minimum wage increases.
- Program changes during or after the historical data period listed in Exhibit L-4C.
- Future program changes not yet known as of the LTC data book release date.
- Data smoothing to improve data credibility.
- Inclusion of administrative costs and plan underwriting margin.
- State directed payments that may be paid as separate payment terms.

V. CAVEATS AND LIMITATIONS

We prepared this report and the rest of the LTC data book for the specific purpose of assisting the Agency in publishing a data book to provide relevant historical data and background information to potential contractors responding to the Invitation to Negotiate (ITN) issued under the Statewide Medicaid Managed Care (SMMC) program pursuant to Sections 409.961 through 409.985, Florida Statutes. This report may not be appropriate, and should not be used, for other purposes.

This report and the rest of the LTC data book are intended solely for the benefit of the Agency. We understand that this material will be shared publicly by the Agency, and we recognize that materials delivered to the Agency may be public records subject to disclosure to third parties; however, Milliman does not intend to benefit, and assumes no duty or liability to, parties other than the Agency who receive this work. This material should only be distributed and reviewed in its entirety.

In preparing this material, we relied on several sources of data and information from LTC plans, the Agency, and other sources. Those data sources and information include Agency eligibility data, Agency FFS claims data, LTC plan ASR financial data submissions, LTC plan FMMIS encounter data, and other supporting information from the Agency and plans. We relied on the Agency for the accuracy of the eligibility and FFS claims data and other supporting information. We also relied on the Agency for the collection and processing of the LTC plan ASR financial data, encounter data, and other supporting information. We relied on the plans to provide accurate ASR financial data and encounter data as certified by the plan, as well as accurate follow-up information. **We did not audit any of the data sources or other information**, but we did assess the data and information for reasonableness. If the data or other information used is inadequate or incomplete, the results will be likewise inadequate or incomplete.

Milliman has developed certain models to estimate the values included in the LTC data book. The intent of the models was to process, adjust, and summarize historical data for the LTC data book. We have reviewed the models, including their inputs, calculations, and outputs for consistency, reasonableness, and appropriateness to the intended purpose and in compliance with generally accepted actuarial practice and relevant actuarial standards of practice (ASOPs). The models, including all input, calculations, and output, may not be appropriate for any other purpose.

Future LTC plan experience will differ from the contents of the LTC data book due to health care trend, managed care efficiency, provider reimbursement changes, enrollment demographic changes, the impact of the COVID-19 pandemic, the adjustments excluded from the LTC data book (described in Section IV), and many other factors. The LTC data book does not reflect projections of future costs.

The results of this report and the rest of the LTC data book are technical in nature and are dependent upon specific assumptions and methods. No party should rely on these results without a thorough understanding of those assumptions and methods. Such an understanding may require consultation with qualified professionals.

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 actuaries at Milliman, are members of the American Academy of Actuaries, and meet the Qualification Standards of the Academy to render the actuarial communication contained herein. To the best of our knowledge and belief, this communication is complete and accurate and has been prepared in accordance with generally recognized and accepted actuarial principles and practices.

This communication is subject to the terms and conditions of the October 12, 2021 contract between the Agency and Milliman.