Appendix L

RISK SHARE AND SETTLEMENT CORRIDORS

Objective of the Program

The State acknowledges that due to circumstances beyond the control of the MCOs and the State, the established capitation rates may not be appropriate for the services to be provided. Even with utilization data and experience serving enrollees, it is difficult for the MCOs and the State to accurately predict the actual performance or utilization of services by the enrolled population. It is possible that more recipients will utilize more services than estimated, or that unit costs may exceed estimates. Conversely, it is also possible that more recipients will utilize substantially fewer services than estimated, or that unit costs are lower.

To address the unknown risk to the MCOs and the State, Med-QUEST will implement a risk share program. All of the settlements are MCO-specific (with the exception of the high risk newborn pool) and a MCO's settlement does not depend on the results of the program in aggregate.

We have included an excel workbook called "Appendix 10 – Risk Share and Settlement Corridors - Template" for each of these settlements. The templates are populated with an example to help illustrate the calculation of the settlements.

Note that service coordination costs are reported as healthcare services and not as administrative costs for this computation.

Specific to the CY 2022 rates, we will apply the retroactive risk adjustment and associated revenue transfers prior to the risk mitigation programs outlined below.

1. Retroactive Settlement Corridor

Background

Some Medicaid and CHIP members are retroactively enrolled with a MCO. During this retroactive enrollment period, a member may accrue claims prior to a MCO being aware of the member enrolling with the MCO. The MCO is financially responsible for these costs, but has no way to manage the member and their care during the retroactive enrollment period. To mitigate the MCO's risk during the retroactive period, the State introduced a retroactive settlement corridor in CY 2015.

Methodology Summary

The corridor only applies to the portion of the enrollment deemed to be retroactive as identified by contract type Q, and the associated claims with that period. Claims are considered to be incurred during the retroactive period based on the same criteria for assigning financial responsibility related to transition of care as detailed in memorandum number FFS M14-16 QI-1432 dated December 31, 2014 from the Med-QUEST Division. This risk corridor is not applicable to the ABD population.

Revenue includes the full amount of withhold regardless of how much was earned back. Supplemental payments, hospital pay for performance pool, and premium tax are not included. The health care services portion of the capitation revenues is consistent with the aggregate gain share calculation.

Expenses include incurred claims for medical and pharmacy (including high cost drugs) as well as other benefit costs including sub-capitation and care coordination/case management. More detail on the medical costs included can be found in the appendices. Expenses are net of pharmacy rebates and recoveries. Expenses for supplemental payments, hospital pay for performance pool, health insurance fee, and expenses determined not to be retroactive are not included.

Consistent with prior years, gain/loss is calculated separately for each MCO and population excluding ABD. If an MCO's calculated net gain/loss exceeds 2.5% of revenue for health care expenses, Med-QUEST will share equally in the gain/loss between 0% and 2.5%; Med-QUEST will recover/reimburse all gains/losses exceeding 2.5%.

Detailed Items needed from the MCOs

MCOs will provide a populated retroactive settlement form and detailed retroactive claims.

Detailed Mechanics

- Retroactive periods are identified by the contract type Q. During the retroactive period an enhanced premium (premiums are higher than for non-retroactive members of the same rate code) is paid on behalf of the enrollee. This enhanced payment is paid for only during the retroactive period. All prospective periods of enrollment are paid at the standard capitation rates and are subject to the risk share program described below in "4 - Aggregate Gain/Loss Share."
- Revenue includes the full amount of withhold regardless of how much was earned. Assumed administrative load is as follows:
    - Expansion
        - January to June 2022: 8.85%
        - July to December 2022: 9.60%
    - Family & Children
        - January to June 2022: 8.85%
        - July to December 2022: 9.60%
    - Note that MCOs who do not participate on all islands will have administration reduced by 0.50%. The MCO specific administrative assumption consistent with the month of the capitation payment will be used for that calculation.
- Expenses include all high cost drug costs during the retroactive period.
- Expenses for a member will be adjusted to be consistent with any pricing adjustments included in the rate development. Specifically, if there are unit cost issues with a plan such that repricing was required for the rate development material, that same repricing would be applied to the claims before application of the retroactive settlement.
- Transition of Care
    - If a retroactive member remains admitted in a facility after being assigned to a MCO then facility costs continue to be associated with the retroactive period.
    - Costs will be excluded from the retroactive settlement and will be covered by the non-retroactive capitation rate after a transition of care occurs, based on the transition of care rules as included in the contract.
        - This is consistent with how costs are transferred from one MCO to another when a member in a facility changes MCOs.
    - Professional fees and enabling services (e.g. meals, transportation, and lodging) are considered prospective once the member is enrolled in the MCO. During the retroactive period these costs are associated with the retroactive settlement.
- If there are MCO-specific gains relative to the costs during the retroactive period included in the rates, Med-QUEST would share equally in the gain between 0% and 2.5%.
    - Med-QUEST would recover all gains exceeding 2.5%. If there are MCO specific losses Med-QUEST would share equally in the losses between 0% and 2.5%.
    - Med-QUEST will reimburse all losses exceeding 2.5%.
- The settlements will be calculated separately for each population for each MCO.

Timing

The settlement will take place within one year after the end of the contract period.

2. High Cost Drug Risk Corridor

Background

Some Medicaid members have conditions requiring very expensive drug treatments. These members are infrequent and not evenly distributed among the MCOs. To mitigate the MCO's risk, the State introduced a high cost drug corridor in CY 2018 and will continue to implement this corridor in CY 2022. For the purpose of the drug corridor, drugs are defined as 10-digit GPIs or J-code HCPCS. High cost drugs include drugs in excess of $125,000 per member per code while enrolled with an MCO for the rate setting period. Zolgensma is not included in this corridor as the financial liability of this drug lies with the state. For CY 2022, all costs for Aduhelm are included in this corridor due to uncertainty around utilization rates and coverage by Medicare.

Methodology Summary

The risk corridor applies to all populations for CY 2022, although the dual-eligible population is only included for Aduhelm drug costs.

Revenue is calculated using CY 2019 enrollment based on eligibility data from Med-QUEST and the high cost drug specific PMPM loaded into the CY 2019 rates. The revenue is net of premium tax and assumed drug rebates.

Expenses are net of any rebates and retroactive high cost drug expenses for the F&C and expansion populations.

Gain/loss is calculated separately for each MCO and population. If an MCO's calculated net gain/loss exceeds 3% of revenue for health care expenses, Med-QUEST will share equally in the gain/loss between 3% and 6%; Med-QUEST will recover/reimburse all gains/losses exceeding 6%.

Items needed from the MCOs

MCOs will provide a validation of data from State's data warehouse intended to be included in the settlement and rebates received for high cost drugs.

Detailed Mechanics

- Eligible Claims
  - The standard corridor is specific to drug costs exceeding $125,000 per member per drug while enrolled with an MCO during CY 2022 and excludes dual-eligible members. Supplemental rebates are included in the total costs.
  - All Aduhelm drug costs are included in the corridor and are not limited based on population.
  - According to the "Affordable Care Act Medicaid Prescription Drug Rebate Provision" memo "Health plans are required to provide NDC information for all J code reimbursement." Consistent with this memo, to be an eligible claim, the claims must be an accepted claim with an NDC in the State's data warehouse.
- For Family and Children and the Expansion populations, there is a retroactive settlement corridor in place. Drug costs incurred during a retroactive enrollment period are excluded for this settlement. For the Medicaid-only ABD population, all drug costs unless otherwise noted are included in this settlement since there is no retroactive settlement corridor. For CY 2022, the dual-eligible ABD population is included in this settlement for Aduhelm only.
- Table 10-1 summarizes the high cost drug PMPM loaded into the CY 2022 rates. The actual costs from the MCOs will be compared to these costs for the final settlement calculation.

TABLE L-1: QUEST INTEGRATION – HIGH COST DRUG CORRIDOR PMPMS

POPULATION	"STANDARD" PMPM	ADUHELM PMPM	TOTAL PMPM
ABD Medicaid-Only	$74.10	$0.51	$74.61
ABD Dual-Eligible	$0.00	$1.10	$1.10
Family and Children	$5.70	$0.00	$5.70
Expansion	$12.84	$0.01	$12.85

- For the gain/loss calculation, the net gain or loss percentage will be computed for each MCO separately.
  - If there is MCO-specific gain/losses exceeding 3%, Med-QUEST will share equally in the gain/loss between 3% and 6%.
  - Med-QUEST will recover/reimburse all gains/losses exceeding 6%.

Timing

The settlement will take place once the retroactive settlement corridor has been finalized.

3. High Risk Newborn Risk Pool

Background

In recent years, the State has become increasingly aware of the volatility of newborn costs between MCOs and the resulting impact on MCO performance. In many cases, the MCOs are automatically assigned a newborn or a late-term pregnant mother, not enabling them to manage the care in order to reduce costs. In response to this concern, the State introduced a High Risk Newborn Pool (HRNBP) to protect MCOs with high risk newborns in CY 2019, and will continue to implement this pool in CY 2022.

Methodology Summary

The pool applies to all newborns (defined as being in an 'Ages < 1' rate code) except those who are dual-eligible.

The risk pool amount is calculated using CY 2022 F&C newborn enrollment (excluding retroactive enrollment) based on eligibility data and the high risk newborn pool PMPM loaded into the CY 2022 rates. The risk pool is initially allocated to each MCO on a PMPM basis, and then re-allocated based on each MCO's share of high risk newborn expenditures.

The allocation of the pool is determined by the actual costs for non-retroactively enrolled F&C newborns and all Medicaid-Only ABD newborns with eligible APR Diagnosis-Related Groups (DRGs): neonates with a birthweight below 1,500 grams (588, 589, 591, 593, 602, 603, 607, 608), neonates above 1,500 grams with major procedure (609, 630, and 631), and neonates with ECMO (583). An MCO's share of the pool is the ratio of the MCO's eligible costs and the sum of eligible costs across the entire QI program for the calendar year.

Regardless of the actual high risk newborn claims paid out in CY 2022, the total amount paid out of the risk pool is no less/greater than the amount loaded into the risk pool. This settlement is budget-neutral from Med-QUEST's perspective, simply shifting funding between MCOs. The redistributed revenue is calculated by taking each MCO's share of the pool minus the amount of funding they initially received.

Items needed from the MCOs

MCOs will provide a validation of data from State's data warehouse intended to be included in the pool and IBNP assumptions and documentation for eligible claims.

Detailed Mechanics

- Eligible Claims
  - High risk newborns will be determined using APR Diagnosis-Related Groups (DRGs) version consistent with the effective year of the risk pool. Eligible DRGs include neonates with a birthweight below 1,500 grams (588, 589, 591, 593, 602, 603, 607, 608), neonates above 1,500 grams with major procedure (609, 630, and 631), and neonates with ECMO (583). Only costs associated with these DRGs are eligible for the risk pool.
  - Eligible claims will be determined based on admission date. If a claim crosses between multiple years, the dollars will be included in the year corresponding to the admission date of the claim.
  - Claims must be an accepted claim in the State's data warehouse, but will allow for an incomplete claim adjustment with supporting documentation of outstanding claims.
- The risk pool amount is based on a PMPM calculated using eligible claims in the base year multiplied by the current period's newborn member months. The PMPM loaded into the CY 2022 rates is $247.56. MCOs hold this funding as a placeholder but final revenue will be based on this settlement.
- To minimize cash flow issues, this risk pool amount will initially be allocated to each MCO on a PMPM basis based on their number of newborns from the Family and Children population during the rate setting period. This funding is not guaranteed revenue for each MCO but will instead be re-allocated to the appropriate MCOs once the high risk newborn settlement takes place after the rate setting period.
- The risk pool will be budget-neutral from the State's perspective, simply shifting money between MCOs based on which MCOs get a larger share of high risk newborns. The pool will be allocated between MCOs based on their actual costs for eligible newborns with eligible DRGs costs, including transfers, identified as members discharged and admitted within one day. An MCO's share of the pool will be the MCOs eligible

costs / the sum of eligible costs across the entire QI program for the rate setting period. Regardless of the actual high risk newborn claims paid out in CY 2022, the total amount paid out of the HRNBP will be no less than/greater than the amount loaded into the risk pool.

- IBNP for Open claims
    - For claims that are still open when the final settlement is calculated, an MCO will be required to provide an Incurred-But-Not-Paid (IBNP) estimate for the remainder of the claim. MCOs must provide detailed documentation of IBNP assumptions.
    - Once reviewed and approved, IBNP estimates related to eligible claims will be included with eligible costs.
- The settlements will be calculated in total across populations and MCOs.

Timing

- Semi-Annual Updates
    - The State will provide semi-annual updates to the MCOs showing their current share of the pool relative to the rest of the QI program.
    - These updates are informational only and no money will be paid out with these updates.
- Final Settlement
    - A final settlement will take place once the retroactive and high cost drug risk corridor settlements have been finalized.

4. Aggregate Gain/Loss Share

Background

There was concern relative to the gain-share program being one-sided. The program was changed in CY 2017 to provide two sided protection to the MCOs. Additionally, gains or losses are determined by MCO across all populations.

Methodology Summary

The aggregate gain share population applies to all populations.

For CY 2022, there will be an adjustment to the revenue used in the calculation to mitigate the disruption of the COVID-19 public health emergency (PHE) on the enrollment levels. The pause in enrollment redeterminations has led to significant growth in Medicaid enrollment, and once the PHE ends and enrollment redeterminations recommence a sizeable number of members who are currently included in our rate setting snapshots may be disenrolled during CY 2022. Given the potential large fluctuations in enrollment levels and member mix we will adjust the Family & Children and Expansion revenue amounts using retrospective concurrent risk scores and the ABD revenue amounts using a blend of non-LTSS/LTSS rates based on actual CY 2022 proportion of non-LTSS/LTSS members. The change in revenue will be included along with the final settlement amount calculated using the adjusted revenue.

Revenue is net of the amount included in the retroactive and high cost drug corridors and includes the revenue redistribution for the High Risk Newborn Pool. Revenue includes the full amount of withhold regardless of how much was earned. Revenue covered by the other settlements, supplemental payments, hospital pay for performance pool, health insurer fees, and premium tax are not included. The health care services portion of the capitation revenues is based on the administrative load from the capitation rate development for the respective population and time period as detailed below.

Expenses are net of those included in the retroactive and high cost drug corridors. Expenses include incurred claims for medical, pharmacy, and long-term services and supports as well as other benefit costs including sub-capitation and care coordination/case management. Expenses are net of pharmacy rebates, recoveries, and expenses covered by the other settlements. Expenses for supplemental payments, hospital pay for performance pool, health insurance fee, and institution for mental disease state funded expenses are not included.

Consistent with prior years, gain/loss is calculated for each MCO separately and determined across all populations. The total net gain/loss amount is calculated by taking Health Care Revenue minus Health Care Expenses. The percentage is then calculated by further dividing by the Health Care Revenue. If an MCO's calculated net gain/loss exceeds 3% of revenue for health care expenses across all populations, Med-QUEST will share equally in the gain/loss between 3% and 5%; Med-QUEST will recover/reimburse all gains/losses exceeding 5%.

Items needed from the MCOs

MCOs will provide a populated aggregate financials and claim lag triangles.

Detailed Mechanics

- Family & Children and Expansion concurrent risk score adjustment
  - Capitation rates will be paid using a prospective risk score consistent with historical methodology.
  - Concurrent risk scores will be calculated using actual CY 2022 claims and eligibility data and use concurrent weights from the CDPS+Rx model. An enrollment snapshot month and minimum exposure basis will not be used, all eligible member months and claims will be considered.
  - This change will only address relative risk between MCOs, not the overall acuity of the members and will be revenue neutral to Med-QUEST overall.
- ABD LTSS blend adjustment
  - Capitation rates will be paid using a projected distribution of non-LTSS vs LTSS members consistent with historical methodology.

    - The non-LTSS and LTSS rates will be set prospectively for each MCO using respective population distributions. LTSS members include nursing facility, HCBS, and at-risk members.
    - The actual distribution of non-LTSS to the LTSS members in CY 2022 for each MCO will be applied to the rates above to calculate an adjusted revenue amount.
- Other risk protections will be accounted to ensure there is no overlapping of risk corridors. The other risk corridors include the retroactive enrollment corridor, high cost drug corridor, and the high risk newborn pool. High risk newborn pool revenue and claims will be included in the settlement, but revenue will be adjusted for the redistribution from the pool that takes place.
- This will not be applied separately for each population, but in aggregate for all of managed care.
- Costs for a member will be adjusted to be consistent with any pricing adjustments included in the rate development. Specifically, if there are unit cost issues with a plan such that repricing was required for the rate development material, that same repricing would be applied to the claims before application of the aggregate gain/loss share settlement.
- Revenue includes the full amount of withhold regardless of how much was earned. Assumed administrative load is as follows:
    - Expansion
        - January to June 2022: 8.85%
        - July to December 2022: 9.60%
    - Aged, Blind, and Disabled (ABD)
        - January to June 2022: 5.85%
        - July to December 2022: 6.05%
    - Family and Children
        - January to June 2022: 8.85%
        - July to December 2022: 9.60%
- Note that MCOs who do not participate on all islands will have administration reduced by 0.50% for the Family & Child and Expansion populations and 0.25% for ABD population, respectively. The MCO specific administrative assumption consistent with the month of the capitation payment will be used for that calculation. For the gain/loss calculation, the net gain or loss percentage will be computed for each MCO separately.
    - If there is MCO-specific gain/losses exceeding 3%, Med-QUEST will share equally in the gain/loss between 3% and 5%.
    - Med-QUEST will recover/reimburse all gains/losses exceeding 5%.

Timing

The settlement will take place once the retroactive, high cost drug risk corridor, and high risk newborn pool settlements have been finalized.

State of Hawai`i, Department of Human Services
Retroactive Settlement Calculation
Effective Period: January 1, 2022 - December 31, 2022

	ABD	F&C	Expansion	Total
1. Member Months	NA	12,000	4,000	16,000
2. Revenue				
Total Reported Retroactive Revenue(1)	NA	$ 1,950,000	$ 1,400,000	$ 3,350,000
P4P Withhold	NA	$ (30,000)	$ (20,000)	$ (50,000)
Supplemental Payments	NA	$ 45,000	$ 35,000	$ 80,000
Premium Tax Revenue	NA	$ 85,000	$ 60,000	$ 145,000
Facility Pay for Performance Pool Revenue	NA	$ 45,000	$ 35,000	$ 80,000
Net Total Retroactive Revenue	NA	$ 1,805,000	$ 1,290,000	$ 3,095,000
Health Care Services Portion of Total Revenue %(2)	NA	91.15%	91.15%	91.15%
Health Care Services portion of Total Revenue $	NA	$ 1,645,258	$ 1,175,835	$ 2,821,093
3. Health Care Expense				
Retroactive Incurred Health Care Expenses	NA			
Hospital Facility		$ 601,500	$ 601,500	$ 1,203,000
Professional/Other		$ 300,750	$ 300,750	$ 601,500
Rx (Excluding High Cost Drugs)		$ 300,750	$ 300,750	$ 601,500
Other Benefit Costs Not Included Above	NA	$ 6,000	$ 3,000	$ 9,000
Other Supplemental Rx Rebates (Excluding High Cost Drugs)	NA	$ (6,000)	$ (3,000)	$ (9,000)
Retroactive High Cost Drug Expenses	NA	$ 4,000	$ 45,000	$ 49,000
Retroactive High Cost Drug Rebates	NA	$ (100)	$ (3,600)	$ (3,700)
Total Retroactive Health Care Expenses	NA	$ 1,206,900	$ 1,244,400	$ 2,451,300
4. Settlement Calculations				
Net Gain/Loss	NA	$ 438,358	$ (68,565)	$ 369,793
Calculated Gain/Loss Percentage	NA	26.64%	-5.83%	
Below 2.50%	NA	2.50%	-2.50%	
Excess of 2.50%	NA	24.14%	-3.33%	
Plan Share of Gain/(Loss) < 2.50%	NA	$ 20,566	$ (14,698)	
DHS Share of Gain/(Loss) < 2.50%	NA	$ 20,566	$ (14,698)	
DHS Share of Gain/(Loss) > 2.50%	NA	$ 397,226	$ (39,169)	
Total DHS Share - Pre Tax	NA	$ 417,792	$ (53,867)	$ 363,925
Total DHS Share - Post Tax	NA	$ 436,404	$ (56,267)	$ 380,138

(1) - The revenue is net of the P4P amount withheld and does not include any P4P withhold amount earned by the health plan.
(2) - Note that MCOs who do not participate on all islands will have administration reduced by 0.50% and 0.25% for non-ABD and ABD populations, respectively. The MCO specific administrative assumption consistent with the month of the capitation payment will be use

State of Hawai`i, Department of Human Services
High Cost Drug Risk Corridor Calculation
Effective Period: January 1, 2022 - December 31, 2022

	ABD Dual-Eligible	ABD Medicaid-Only	F&C	Expansion	Rebate Percentage	Total
1. Member Months[1]	80,000	50,000	420,000	260,000		810,000
2. Revenue						
Revenue for High Cost Drug PMPM	$ 1.10	$ 74.61	$ 5.70	$ 12.85		
High Cost Drug Subtotal	$ 87,866	$ 3,730,406	$ 2,395,164	$ 3,341,848		$ 9,555,284
Assumed High Cost Drug Rebates	$ (3,515)	$ (149,216)	$ (95,807)	$ (133,674)	-4.00%	$ (382,211)
Total Revenue for High Cost Drugs	$ 84,351	$ 3,581,189	$ 2,299,358	$ 3,208,174		$ 9,173,073
3. Health Care Expense						
High Cost Drug Costs (Including Retroactive High Cost Drugs)	$ -	$ 4,000,000	$ 2,000,000	$ 3,200,000		$ 9,200,000
Other Supplemental Rx Rebates (Excluding Retroactive Enrollment)	$ -	$ (160,000)	$ (80,000)	$ (128,000)		$ (368,000)
Retroactive High Cost Drug Claims	NA	NA	$ 3,900	$ 41,400		$ 45,300
Total High Cost Drug Expenses	$ -	$ 3,840,000	$ 1,916,100	$ 3,030,600		$ 8,786,700
4. Settlement Calculations						
Net Gain/Loss	$ 84,351	$ (258,811)	$ 383,258	$ 177,574		$ 386,373
Calculated Gain/Loss Percentage	100.00%	-7.23%	16.67%	5.54%		
Below 3.00%	3.00%	-3.00%	3.00%	3.00%		
Between 3.00% and 6.00%	3.00%	-3.00%	3.00%	2.54%		
Above 6.00%	94.00%	-1.23%	10.67%	0.00%		
Plan Share of Gain/(Loss) < 3.00%	$ 2,531	$ (107,436)	$ 68,981	$ 96,245		
Plan Share of Gain/(Loss) 3.00% to 6.00%	$ 1,265	$ (53,718)	$ 34,490	$ 40,664		
DHS Share of Gain/(Loss) 3.00% to 6.00%	$ 1,265	$ (53,718)	$ 34,490	$ 40,664		
DHS Share of Gain/(Loss) > 6.00%	$ 79,290	$ (43,939)	$ 245,296	$ -		
Total DHS Share - Pre Tax	$ 80,556	$ (97,657)	$ 279,787	$ 40,664		$ 303,350
Total DHS Share - Post Tax	$ 80,556	$ (97,657)	$ 279,787	$ 40,664		$ 303,350

(1) - Excludes Retroactive Enrollment for Family and Children and Expansion populations.

Appendix L
State of Hawai`i, Department of Human Services
High Risk Newborn Pool Calculation
Effective Period: January 1, 2022 - December 31, 2022

	Individual MCO	All MCOs[1]
1. Member Months		
Newborn Member Months (Excluding Retroactive Enrollment)	20,000	100,000
2. Risk Pool Amount Eligible		
Base Year High Risk Newborn Pool Eligible Costs (Excluding High Cost Drugs and Retroactive Enrollment)		$ 24,804,475
Base Year Newborn Member Months		100,198
Base Year High Risk Newborn Pool Funding PMPM	$ 247.56	$ 247.56
Total High Risk Newborn Pool Funding Received	$ 4,951,116	$ 24,755,582
3. Risk Pool Distribution		
High Risk Newborn Pool Eligible Costs Paid (Excluding High Cost Drugs and Retroactive Enrollment)	$ 7,000,000	$ 21,000,000
High Risk Newborn Pool Eligible IBNP (Excluding High Cost Drugs and Retroactive Enrollment) [2]	$ 1,000,000	$ 3,500,000
Total High Risk Newborn Pool Eligible Costs (Excluding High Cost Drugs and Retroactive Enrollment)	$ 8,000,000	$ 24,500,000
Risk Pool Distribution Percentage	33%	
Total Risk Pool Revenue	$ 8,083,455	$ 24,755,582
4. Settlement Calculations		
Redistributed Revenue	$ 3,132,339	$ -

(1) Total High Risk Newborn Pool Eligible Costs won't be known until we receive forms from all the MCOs
(2) MCOs must provide detailed documentation supporting IBNP assumptions.

State of Hawai`i, Department of Human Services
Aggregate Gain Loss Share Calculation
Effective Period: January 1, 2022 - December 31, 2022

	ABD Dual-Eligible[1]	ABD Medicaid-Only[1]	F&C	Expansion	Total
1. Member Months					
Non-LTSS Members	63,200	45,250	NA	NA	
LTSS Members [2]	16,800	4,750	NA	NA	
Total Membership	80,000	50,000	420,000	260,000	810,000
2. Revenue					
Total Reported Revenue [3]	$ 81,360,000	$ 87,500,000	$ 126,000,000	$ 143,000,000	$ 437,860,000
Non-LTSS PMPM [4]	$ 200.00	$ 1,300.00	NA	NA	
LTSS PMPM [4]	$ 4,000.00	$ 6,300.00	NA	NA	
Projected Proportion of LTSS Members for ABD / Projected Risk Score for Non-ABD	21.5%	9.0%	1.300	0.987	
Actual Proportion of LTSS Members for ABD / Actual Risk Score for Non-ABD	21.0%	9.5%	1.275	1.000	
Total Adjusted Revenue [5]	$ 79,840,000	$ 88,750,000	$ 123,600,000	$ 145,000,000	$ 437,190,000
Settlement for Change in Revenue [6]	$ (1,520,000)	$ 1,250,000	$ (2,400,000)	$ 2,000,000	$ (670,000)
P4P Withhold	$ (810,000)	$ (875,000)	$ (1,260,000)	$ (1,430,000)	$ (4,375,000)
Supplemental Payments	$ 800,000	$ 900,000	$ 1,290,000	$ 1,530,000	$ 4,520,000
Premium Tax Revenue	$ 3,470,000	$ 3,730,000	$ 5,370,000	$ 6,100,000	$ 18,670,000
Facility Pay for Performance Pool Revenue	$ 2,000,000	$ 23,000,000	$ 2,580,000	$ 3,060,000	$ 30,640,000
Reinsurance Premium	$ 800,000	$ 600,000	$ 1,940,000	$ 3,060,000	$ 6,400,000
Revenue Covered Under Other Settlements					
Retroactive Revenue	NA	NA	$ 1,805,000	$ 1,290,000	$ 3,095,000
High Cost Drug Revenue [7]	$ 89,593	$ 3,803,706	$ 2,522,609	$ 3,519,664	$ 9,935,572
High Risk Newborn Pool Revenue [7]	$ -	$ -	$ 3,436,466	NA	$ 3,436,466
Net Total Revenue	$ 73,490,407	$ 57,591,294	$ 105,915,925	$ 127,870,336	$ 364,867,962
Health Care Services Portion of Total Revenue % [8]	94.15%	94.15%	91.15%	91.15%	92.23%
Health Care Services Portion of Total Revenue $	$ 69,191,219	$ 54,222,203	$ 96,542,366	$ 116,553,811	$ 336,509,598
3. Health Care Expense					
Incurred Claims					
Medical	$ 12,915,000	$ 11,685,000	$ 53,720,000	$ 65,640,000	$ 143,960,000
Pharmacy	$ 12,757,500	$ 11,542,500	$ 26,860,000	$ 32,820,000	$ 83,980,000
LTSS	$ 31,500,000	$ 25,000,000			$ 56,500,000
Other Benefit Costs					
Subcapitation	$ -	$ -	$ -	$ -	$ -
Care coordination/case management	$ 6,300,000	$ 5,700,000	$ 8,640,000	$ 7,440,000	$ 28,080,000
Provider incentive and bonus payments	$ 1,050,000	$ 950,000	$ 3,460,000	$ 2,860,000	$ 8,320,000
Recoveries (TPL, subrogation, fraud, reinsurance)	$ (840,000)	$ (760,000)	$ (690,000)	$ -	$ (2,290,000)
Other medical/benefit costs	$ 4,200,000	$ 3,800,000	$ 8,640,000	$ 5,720,000	$ 22,360,000
Other Supplemental Rx Rebates	$ (525,000)	$ (475,000)	$ (860,000)	$ (1,430,000)	$ (3,290,000)
Total Health Care Expenses	$ 67,357,500	$ 57,442,500	$ 99,770,000	$ 113,050,000	$ 337,620,000
Expenses Covered Under Other Settlements					
Retroactive Health Care Expenses	NA	NA	$ 1,206,900	$ 1,244,400	$ 2,451,300
High Cost Drug Expenses	$ -	$ 3,840,000	$ 1,916,100	$ 3,030,600	$ 8,786,700
Total Health Care Expenses Eligible for Aggregate Gain Share	$ 67,357,500	$ 53,602,500	$ 96,647,000	$ 108,775,000	$ 326,382,000
4. Settlement Calculations					
Net Gain/Loss	$ 1,833,719	$ 619,703	$ (104,634)	$ 7,778,811	$ 10,127,598
Calculated Gain/Loss Percentage	2.65%	1.14%	-0.11%	6.67%	3.01%
Below 3.00%					3.00%
Between 3.00% and 5.00%					0.01%
Above 5.00%					0.00%
Plan Share of Gain/(Loss) < 3.00%					$ 10,095,288
Plan Share of Gain/(Loss) 3.00% to 5.00%					$ 16,155
DHS Share of Gain/(Loss) 3.00% to 5.00%					$ 16,155
DHS Share of Gain/(Loss) > 5.00%					$ -
Total DHS Share - Pre Tax [9]					$ (653,845)
Total DHS Share - Post Tax					$ (653,845)

(1) - Retroactive revenue and expenses are included since there is not a separate retroactive settlement for ABD.
(2) - LTSS members include nursing facility, HCBS, and at-risk members.
(3) - The revenue is net of the P4P amount withheld and does not include any P4P withhold amount earned by the health plan.
(4) - PMPMs shown are illustrative. The LTSS and non-LTSS amount will be MCO specific based on their respective population distributions.
(5) - The updated LTSS blend and concurrent risk scores will be applied to certified CY 2022 capitation rates to calculate an adjusted revenue amount.
(6) - Settlement for change in revenue is included in total DHS share in row 67.
(7) - Total high cost drug and newborn risk pool revenue includes administrative load.
(8) - Note that MCOs who do not participate on all islands will have administration reduced by 0.50% and 0.25% for non-ABD and ABD populations, respectively.
The MCO specific administrative assumption consistent with the month of the capitation payment will be used for that calculation
(9) - Total DHS share includes additional settlement from change in revenue in row 22.