TAHP
The Texas Association of Health Plans

Texas Association of Health Plans
1001 Congress Ave., Suite 300
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www.tahp.org

February 12, 2024

Dear Mr. Joyner,

On behalf of our member Medicaid health plans, thank you for the opportunity to provide input for the development of the state fiscal year (SFY) 2025 managed care rates. We appreciate the opportunity to partner with the state to continuously improve processes, create greater efficiencies, and provide high-quality care.

Below, we have outlined the key areas for consideration as you develop SFY 2025 rates. COVID-19 is still creating an unprecedented impact on the Medicaid program, making it difficult to develop rates. We appreciate and recognize this complexity and ask that you take into consideration our recommendations outlined below.

SSI Disenrollments During SFY 2024

MCOs have experienced material declines in their STAR+PLUS and STAR Kids membership starting at the end of October 2023. HHSC has indicated that these members no longer qualify for Medicaid due to changes in income levels and will not be retroactively enrolled back into the program. The volume of disenrolled members creates concerns for the acuity assumptions built into the SFY 2024 rates for these populations and their impacts on SFY 2025 acuity.

SFY 2024 PHE Assumptions			
Population	**Rate Cell**	**Weighting Factor**	**Months Impacted**
STAR+PLUS	Medicaid Only OCC	54.8%	6.6
STAR+PLUS	Medicaid Only HCBS	55.2%	6.6
STAR+PLUS	Dual Eligible OCC	39.2%	4.7
STAR+PLUS	All other rate cells	0.00%	0.0
STAR Kids	MDCP	100.0%	12.0
STAR Kids	IDD*	63.4%	7.6
STAR Kids	YES	0.0%	0.0
STAR Kids	Under Age 1*	63.4%	7.6
STAR Kids	Ages 1-5*	63.4%	7.6
STAR Kids	Ages 6-14*	63.4%	7.6
STAR Kids	Ages 15-20*	63.4%	7.6

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** Weighting factor represents the average across all regions*

Most of our observed SSI disenrollments occurred in October, resulting in 10 months of increased acuity (November 2023 – August 2024) on these populations during SFY 2024. The above exhibit illustrates that the SFY 2024 rates' assumed acuity impacts are below 10 months (apart from MDCP). This suggests that the PHE adjustments for STAR+PLUS and STAR Kids are understated in the SFY 2024 rates.

Given an anticipated base period of SFY 2023 for the SFY 2025 rate development, the shift in acuity in SFY 2024 will not be reflected in the base data and will likely require a materially larger adjustment than was included in the SFY 2024 rates.

Recommendation: Rudd and Wisdom and HHSC review enrollment within STAR+PLUS and STAR Kids and consider the shift in acuity during SFY 2024 when setting the rates for SFY2025.

STAR+PLUS Contract Requirements Effective 9/1/2024

The new STAR+PLUS contract with an effective date of September 1, 2024, has major changes on how service coordination will be administered to members. The following tables outline some of the major changes:

Level 1 Contractual Changes

	Current Contract	**RFP Contract**
Level 1 Visit Requirements	Face-to-Face Visits (Yearly) - 2 times Telephonic Visits (Yearly) (SPMI Only) - 1 time	Face-to-Face Visits (Yearly) - 2 times Telephonic Visits (Yearly) - 2 times

Level 2 Contractual Changes

	Current Contract	**RFP Contract**
Level 2 Population – Addition of IDD	1. IDD Waiver members could be stratified across any level	1. IDD Waiver members must be at least a level 2 member 2. The MCO must request to be invited by the LIDDA or IDD Waiver case manager to participate in the IDD Waiver service planning meetings

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Level 2 IDD/ICF Visit Requirements	Face-to-Face Visits (Yearly) - 1 time (limited population in Level 2)	Face-to-Face Visits (Yearly) - 2 times – All IDD members

The following list includes additional enhancements which will also require additional staffing:

- Service Coordination Person-Centered practices and Person-Centered plan training must be completed within two months of hire. Whereas, in the current contract, it needs to be completed within six months of hire.
- Community-based LTSS **must be initiated by the start date on the ISP or Service Plan**; or in the case of a Change of Condition within seven Days of the ISP or Service Plan effective date. The current contract states, "Community Long-Term Services and Supports for Members must be initiated within seven Days".
- Requirements to have a Smart Phone application that include personal information, provider search, request a PCP, and allow the user to update demographics.
- New requirements for the Provider and Member portals that include, but aren't limited to, displaying assessments and service plans.
- Added requirement of "A Member must receive a STAR+PLUS HCBS service no less than once per quarter to remain eligible for STAR+PLUS HCBS". This will result in additional Service Coordination follow-up.
- Service Coordination training requirements have changed from no less than 20 hours every two years to no less than 32 hours every two years.
- Expanded education processes to educate all household members on the process for reporting abuse, neglect, and exploitation (ANE).

As outlined in the detail above, the STAR+PLUS RFP requirements substantially increases the requirements for service coordination. In addition, these requirement changes increase the number of members and the number of contacts required. The primary driver of this expansion is due to moving new membership populations into the level 1 population. Certain populations within level 1 must be managed by RNs, including new Level 1 members that weren't previously managed by a RN. By requiring specific licensures and increasing additional service coordination requirements, the service coordination expenses will increase significantly.

Recommendation: HHSC and Rudd and Wisdom increase service coordination funding to align with new STAR+PLUS contract requirements, including the additional services, enhancements, and licensures required.

STAR+PLUS Handbook Amendment (Draft – Proposed Effective Date 9/1/2024)

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Additionally for STAR+PLUS, HHSC has issued a Draft amendment to the STAR+PLUS Handbook that will significantly impact service coordination operations. The proposed effective date of these changes will likely occur as of 9/1/2024 or prior.

For HCBS members in STAR+PLUS and MMP, the proposed amendment will require updates to Form 1700-2 completion any time a change occurs in either a covered or non-covered service. This change will require any changes in services to be added throughout the members' individual service plan (ISP) year. This will substantially increase the number of outreaches to members.

Recommendation: HHSC and Rudd and Wisdom increase service coordination funding to align with new STAR+PLUS handbook requirements.

STAR+PLUS Dual Special Needs Plans (DSNP) PMPM

The STAR+PLUS MCOs that have D-SNP contracts with HHSC have received the same $10 PMPM for at least 20 years to cover Medicare cost sharing. We mentioned this in our previous four rate letters, and the issue has not been addressed. Last year, CMS released guidance to clarify that actuarial soundness requirements of 42 CFR 438.4 apply to the full scope of benefits covered when there is a capitated contract between the D-SNP and the State Medicaid agency.[1] The health plans would like HHSC to review this rate and attempt to align it with the actual cost observed in recent experience, especially in light of last year's clarification from CMS that this component should be included in the actuarial certification for the Medicaid rates. We believe the current run-rate cost is over $50 PMPM, net of administrative costs.

Recommendation: HHSC updates the STAR+PLUS D-SNP capitated cost share rate to reflect the projected costs of the program.

Non-Risk Pharmacy Concerns

Currently, HHSC does not reimburse drugs that are administered in an inpatient setting. Some newer drugs like Zynteglo require the drug to be administered in an inpatient setting. We are

[1] https://www.cms.gov/regulations-and-guidance/legislation/paperworkreductionactof1995/pra-listing/cms-10398-37
"As discussed in the preamble of the Final Rule for the Medicare Program: Contract Year 2023 Policy and Technical Changes to the Medicare Advantage and Medicare Prescription Drug Benefit Programs (87 FR 27704), capitation rates developed for Medicaid managed care contracts between a State Medicaid agency and a dual eligible special needs plan (D-SNP) must meet Medicaid managed care actuarial soundness requirements under 42 CFR § 438.4."

aware of an initiative to address high-cost drugs in an inpatient setting, but that initiative has been ongoing for several years now.

Recommendation: HHSC reimburses high-cost drugs as non-risk regardless of the setting in which the drugs are administered.

While non-risk drugs are reimbursed by HHSC at Medicaid allowable, at least one large Specialty provider refuses to accept Medicaid allowable because it is below their true cost. This creates a gap in expense for MCOs that is not considered in reimbursement, FSR reporting, or rate setting.

Recommendation: HHSC reimburse MCOs for the full amount paid to providers for administering non-risk drugs.

Pharmacy Pipeline Drugs

Certain high cost, low utilization drugs have been recently approved or will be approved before or at the beginning of the SFY 2025 rating period: Resmetirom, KarXT (xanomeline/trospium chloride) and MIN-101 (roluperidone). Given the recency of these approvals, it is unlikely they will be fully reflected in the base period selected for the SFY 2025 rate development.

Recommendation: Resmetirom, KarXT (xanomeline/trospium chloride) and MIN-101 (roluperidone) be moved to the non-risk based payment. If not included in the non-risk based payments, we recommend Rudd and Wisdom review the expected utilization and cost for these drugs and include an explicit adjustment for them in the SFY 2025 rate development, since they will most likely not be fully reflected in the selected base period experience.

Private Duty Nursing (PDN) Costs

Nursing shortages have put particularly high pressure on costs for services such as PDN. All available material on this subject suggests the nursing industry will continue to see higher wages and sign-on bonuses throughout the coming years to meet demand. It is important that Rudd and Wisdom consider the ongoing impacts of inflation and nursing shortages when considering how to set SFY 2025 rates that align with the financial pressures that MCOs face in continuing to ensure access to these services.

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Recommendation: Rudd and Wisdom considers the higher unit costs trends that have been observed for PDN services in recent experience and the current need to increase wages for nurses to ensure access to PDN services for members.

Institutions for Mental Disease (IMD) Funding

Today HHSC does not reimburse MCOs for IMD stays over 15 days but the plans are still expected to pay for those stays.

Recommendation: HHSC provide guidance on how MCO will be reimbursed for IMD stays that are longer than 15 days.

Thank you for your time and your consideration of these issues. We greatly appreciate the opportunity to discuss them in more detail and gain a better understanding of what is being done to address issues with the experience trend, the fluctuation in member acuity, and new benefits and treatments. We also request your consideration of additional information in the form of a rate data book to provide MCOs the opportunity to analyze and better understand their rates. Please let us know if you have any questions or would like to schedule a meeting to discuss any of our recommendations.

Sincerely,

Jamie Dudensing

Jamie Dudensing, RN
CEO
Texas Association of Health Plans