

Comment #8 – 5/7/14 – 3:33 p.m.

Below are my comments for the Exposure Draft for the Medicaid Managed-Care Capitation Rate Development and Certification.

1. I think it makes sense for this ASOP to apply to both actuaries working on behalf of an MCO and those developing rate certifications under 42 CFR 438.6(c)
2. I agree that the ASOP should apply to CHIP rate development as well
3. 3.2.16
I think this section should include replace “principal” with “CMS”. It is the actuary’s responsibility to develop rates that are actuarially sound. The way this section is currently worded seems to infer that the principal is the individual who decides whether or not an issue should be reported. I believe that decision should be made by the certifying actuary.
4. 3.2.2
I was wondering if it makes sense to reference ASOP 12 Risk Classification in this section. I think this is extremely important in States where it is the first year of a managed care program that contains more than just the normal Medicaid/CHIP population. Many States have recently included various new and expensive programs in the managed care programs, for example LTC and IDD. Sometimes the capitation development method has produced less than desirable results.

Section 3.4 of ASOP 12 states that “Upon the establishment of the risk classification system and upon subsequent review, the actuary should, if appropriate, test the long-term viability of the financial or personal security system. When performing such tests subsequent to the establishment of the risk classification system, the actuary should evaluate emerging experience and determine whether there is any significant need for change.”

Typically in this scenario, Year 2 of capitation rate development continues to rely on similar data as the Initial Year. Because of this, sometimes the impact of these higher cost programs moving into managed care are not appropriately reflected in Year 2. I believe it makes sense to direct the actuary to assess the appropriateness of the Initial capitation structure for reasonableness.

--Don Killian