



Utah Department of
Health & Human
Services

**Utah Section 1115 Managed Care Risk Mitigation
COVID-19 Public Health Emergency (PHE)
Final Evaluation Report**

Background Information

On January 18, 2022, the Utah Department of Health and Human Services received approval from the Centers for Medicare & Medicaid Services (CMS) of the state's Managed Care Risk Mitigation COVID-19 Public Health Emergency (PHE) section 1115 demonstration application, as an amendment under the "Utah Primary Care Network" section 1115(a) demonstration (Project Numbers 11-W-00145/8 and 21-W-00054/8). The PHE Demonstration approval was retroactively applied from March 1, 2020, through sixty (60) days after the PHE ended.

CMS approved expenditure authority for Utah to add or modify a risk mitigation arrangement after the start of the rating period to maintain capacity during the emergency. The application of section 438.6(b)(1) without the waiver authority would have resulted in non-approval of contracts and rates for those contracts that did not meet the timeliness requirements stipulated in section 438.6(b)(1). This would have had significant impacts to the delivery of Medicaid services to Medicaid members receiving services through the state's managed care delivery system. The contracts that would have been negatively impacted by section 438.6(b)(1) included physical health and behavioral health, both of which are linchpins of healthcare to Medicaid members. This could have resulted in access to care issues, significant challenges with affected managed care plans, and significant reimbursement issues.

It is important to note that the state did not negotiate or implement any retroactive risk mitigation arrangements with the managed care plans. The risk mitigation arrangements contained in the contracts that would have been non-compliant for timeliness with section 438.6(b)(1) were arrangements that were already in existence. The state did not negotiate or implement retroactive risk mitigation arrangements due to the COVID-19 PHE. This waiver authority provided a pathway for approval of the state's contracts and rates that included risk mitigation arrangements that did not meet the timely submission requirements stipulated in section 438.6(b)(1).

The following rating periods are applicable to this demonstration:

Rating Period	Program	Risk Mitigation Arrangement
07/01/20-06/30/21	Traditional/Non-Traditional	High-Cost Drug Pool
07/01/21-06/30/22	Expansion PMHP	Risk Corridor

Demonstration Objectives

This amendment will test whether, in the context of the current COVID-19 PHE, an exemption from the regulatory prohibition in 42 CFR § 438.6(b)(1) promotes the objectives of Medicaid. The expenditure authority supported the state with making appropriate, equitable payments during the PHE to help maintain beneficiary access to care. This exemption from the regulatory prohibition in 42 CFR § 438.6(b)(1) provided a pathway for CMS approval of the state's contracts and rates that included risk mitigation arrangements that did not meet the timely submission requirements stipulated in section 438.6(b)(1).

This exemption allowed the state to enter into or modify a risk mitigation arrangement with Medicaid managed care plans after the applicable rating period had begun.

Evaluation Questions and Hypotheses

The evaluation of the demonstration tested whether the waiver facilitated attaining the objectives of Medicaid, and how the authority supported the state in making appropriate, equitable payments during the COVID-19 PHE to help with maintenance of beneficiary access to care during this period that otherwise would have been challenging due to the prohibitions in section 438.6(b)(1). The evaluation question that was used to evaluate this demonstration is as follows:

- What problems does the state anticipate would have been caused by the application of section 438.6(b)(1) during the PHE that would have undermined the objectives of Medicaid, and how did the exemption address or prevent these problems?

Evaluation Methodology

The evaluation design covered the rating periods and risk mitigation arrangements included in the demonstration. The state used qualitative methods to address the evaluation questions to understand the successes, challenges, and lessons learned in implementing the demonstration.

The evaluation of the risk-mitigation arrangement was based on the process used to conduct the risk-corridor settlements in accordance with the language in applicable managed care contracts. The state utilized a third party MLR auditor to validate the MLR reports submitted by the managed care plans. Those finalized reports included MLR percentage information directing either payment to or payment from the managed care plans. Success was measured as the completion of the risk-corridor settlements with the managed care plans for the specific rating period(s) covered under this demonstration.

Research Question	Outcome Measures	Data Source(s)	Analytic Approach
Was the state fully able to execute and receive approval from CMS for contracts that included risk mitigation arrangements?	Approval of contracts with risk mitigation arrangements that did not meet timeliness compliance in section 438.6(b)(1) for those risk migration arrangements prior to the rating period in which they took effect.	Document Review: Approval letters from CMS for contracts identified in the outcome measure	Qualitative Analysis

Results

The State received approval from CMS for contracts that included risk mitigation arrangements and was fully able to execute these contracts. CMS approval was received on the following dates:

Rating Period	Program	Risk Mitigation Arrangement	Date of CMS Approval of Contracts
7/01/20-6/30/21	Traditional/Non-Traditional	High-Cost Drug Pool	7/05/22
7/01/21-6/30/22	Expansion PMHP	Risk Corridor	2/22/24

The risk settlements have been completed and settled for the rating period of 7/01/20-6/30/21 for the risk mitigation arrangement of “High-Cost Drug Pool”. The results are listed below:

- Health Choice- the risk settlement amount of \$1,813,394 was paid to the plan by the State.
- Healthy U- the risk settlement amount of \$3,564,463 was paid to the plan by the State.
- Molina- the risk settlement amount of \$203,803 was paid by the plan to the State.
- SelectHealth- the risk settlement amount of \$4,893,686 was paid to the plan by the State.

All but one of the risk settlements has been completed and settled for the rating period of 7/01/21-6/30/22 for the risk mitigation arrangement of “Risk Corridor”. The results are listed below:

- Bear River Mental Health- the risk settlement amount of \$15,240 was paid by the plan to the State.
- Central Utah Counseling Center- the risk settlement amount of \$356,443 was paid by the plan to the State for substance use. The risk settlement amount of \$14,420 was paid by the State to the plan for mental health.

- Four Corners Community Behavioral Health- the plan has not paid the risk settlement amount of \$743,885. It is still in process.
- Healthy U Behavioral Health- the risk settlement amount of \$231,227 was paid by the plan to the State.
- Northeastern Counseling Center- the risk settlement amount of \$1,214,450 was paid by the plan to the State.
- Southwest Behavioral Health- the risk settlement amount of \$861,955 was paid by the plan to the State.
- United Behavioral Health/Optum Tooele- the risk settlement amount of \$1,136,804 was paid by the plan to the State.
- Weber Human Services- the risk settlement amount of \$12,201 was paid by the State to the plan.

Conclusions and Lessons Learned

The waiver facilitated attaining the objectives of Medicaid and supported the state in making appropriate payments during the COVID-19 PHE to help with maintenance of beneficiary access to care during this period that otherwise would have been challenging due to the prohibitions in section 438.6(b)(1). Without this waiver, the State would've been unable to achieve this.

This 1115 demonstration was a mechanism for the state to secure approval from CMS for contractual risk mitigation arrangements that weren't submitted to CMS prior to the corresponding rating period in which they took effect due to contract execution delays. These risk-mitigation arrangements weren't new to the contracts and weren't the result of COVID-19. The primary challenge for the state was having to fit the reason for the state's waiver request into the COVID-19 framework, when no such connection existed.

The state has attached the CMS contract approval letters and the final MLR reports for the contracts identified above.

Attachments

SFY21 and SFY22 MLR Reports

SFY21 ACO Contract Approval Letter

SFY22 PMHP Contract Approval Letter