



N.C. Department of Health
and Human Services

Capitation Rate Setting 101 (MLTSS)

Capitation Rate Setting Goals

- Actuarially sound
- Base on actual costs in absence of capitation
- Reflect risk profile of enrolled population
- Administrative ease

Process Overview



Base Data

- Prior period fee-for-service experience
- Adjustments
 - Completion factors for lagging claims
 - Non-claim expenditures, e.g., DSH
 - Patient cost sharing
 - Third party liability

Program Changes & Trend

- Program changes since base period
 - Fee schedule changes
 - Benefit and eligibility changes
 - Federal or state actions
- Cost trend since base period
 - Inflation
 - Utilization patterns
 - Technology influences

Delivery System Differences

- Change in mix of HCBS and NF users
- Change in HCBS capacity/access
- Reductions in ER, hospital admissions

Administration & Care Mgmt.

- Estimate care utilization savings
- Add allowances for MLTSS plan:
 - Administration
 - Care management
 - Risk/contingency
 - Margin

Risk Adjustment

- Demographic factors
 - Age, sex, geography, Medicare status
- Medical condition
- LTSS factors
 - Functional, cognitive, behavioral needs
 - Frailty
 - Setting of care (institution vs. community)

Source Reference



Rate Setting for Capitated Medicaid Managed Long Term Supports and Services (MLTSS)

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The Integrated Care Resource Center is a joint technical assistance initiative of the Centers for Medicare & Medicaid Services' Medicare-Medicaid Coordination Office and the Center for Medicaid and CHIP Services. Technical assistance is coordinated by Mathematica Policy Research and the Center for Health Care Strategies.

http://www.chcs.org/media/Study_Hall_Call_-_MLTSS_Ratesetting2.pdf