



State of New Hampshire

DEPARTMENT OF HEALTH AND HUMAN SERVICES

129 PLEASANT STREET, CONCORD, NH 03301-3857
603-271-9200 FAX 603-271-4912 TDD ACCESS: RELAY NH 1-800-735-2964

JEFFREY A. MEYERS
COMMISSIONER

August 10, 2016

Ms. Jennifer Kotesich
Project Officer
Division of Medicaid Expansion Demonstrations
Centers for Medicare & Medicaid Services
7500 Security Boulevard
Baltimore, MD 21244

Dear Ms. Kotesich:

In my capacity as the Commissioner of the Department of Health and Human Services for the state of New Hampshire, I am submitting to the Centers for Medicare and Medicaid Services (CMS) a request to amend the Section 1115(a) Medicaid Research and Demonstration Waiver entitled "New Hampshire Health Protection Program (NHPP) Premium Assistance" (11-W-00298/1).

The amendment seeks to:

1. Promote work opportunities for those in the Health Protection Population who are not working by aligning federal work programs provided under Temporary Assistance for Needy Families (TANF) Program, 42 U.S.C. Section 607(d), with coverage under the Health Protection Program.
2. Require newly eligible adults to verify United States citizenship by two (2) forms of identification and proof of NH residency by either a New Hampshire driver's license or a non-driver's picture identification card.
3. Require newly eligible adults who visit the emergency room for non-emergency purposes to make a payment of \$8 for the first visit and \$25 for each and every subsequent non-emergent use of a hospital emergency department.
4. Provide that all veterans who are current New Hampshire residents shall receive medical and medical-related services from any hospital in the state providing services to the newly eligible Medicaid population.
5. Waive cost-sharing comparability under Section 1902(a)(17) to allow different levels of cost-sharing for NHHPP participants with incomes above 100 percent of the federal poverty level who participate in Premium Assistance Program.

There are no proposed changes to enrollment, benefits, enrollee rights, or other comparable program elements. The requested effective date of this amendment is January 1, 2017.

Ms. Jennifer Kostasich
Centers for Medicare and Medicaid Services
August 10, 2016
Page 2 of 2

The state appreciates the support that CMS has provided for the Demonstration and we look forward to discussing the proposed amendment with you and your colleagues. The achievements of this program thus far would not have been possible without the guidance and support of CMS. New Hampshire continues to value its partnership with CMS in our united efforts to transform the state's healthcare system to improve the lives of our residents.

Sincerely,



FOR Jeffrey A. Meyers
Commissioner

**DRAFT Section 1115 Demonstration
Amendment**

**New Hampshire Health Protection Program
Premium Assistance
Project #11-W-00298/1**

**State of New Hampshire
Department of Human Services**

August 2, 2016

Table of Contents

Section I: Introduction	Page 3
Section II: Public Process	Page 5
Section III: Data Analysis	Page 7
Section IV: Description of Amendment	Page 7
Section V: Evaluation Design	Page 11
Appendix A: Notice of Amendment to Demonstration Authority	Page 12
Appendix B: Tribal Impact	Page 14
Appendix C: Amended 1115 Budget Neutrality Projections	Page 15

Section I – Introduction

New Hampshire is submitting this application for the Premium Assistance Waiver amendment in accordance with the reauthorization of the New Hampshire Health Protection Program as enacted on April 5, 2016.

On March 27, 2014, Governor Maggie Hassan signed into law the bi-partisan Senate Bill 413, an Act relative to health insurance coverage (the “Act”), (2014 NH Laws Chap. 3) establishing the New Hampshire Health Protection Program to expand health coverage in New Hampshire for adults with incomes up to 133 percent of the Federal Poverty Level.¹

Among other things, the New Hampshire Health Protection Program instituted : (1) a mandatory Health Insurance Premium Payment Program (HIPP) for individuals with access to cost-effective employer-sponsored insurance²; (2) a bridge program to cover the new adult group in Medicaid managed care plans through December 31, 2015; and (3) a mandatory individual qualified health plan (QHP) premium assistance program (the “Premium Assistance Program”) beginning on January 1, 2016.

The Premium Assistance Program was designed to reduce coverage disruptions for individuals moving between Medicaid and the Marketplace due to changes in income, offer comparable provider access, enable higher provider payments for covered services in order to ensure access, encourage more cross-participation by plans in Medicaid and the Marketplace, and achieve cost reductions due to greater competition.

On March 4, 2015, the Centers for Medicare and Medicaid Services (CMS) approved New Hampshire’s application for a one-year Section 1115(a) Medicaid Research and Demonstration Waiver entitled, “New Hampshire Health Protection Program (NHPPP) Premium Assistance” (Project Number 11-W-100298/1), in accordance with section 1115(a) of the Social Security Act (the Act). The demonstration became effective on January 1, 2016. Its continuation beyond December 31, 2016 and through December 31, 2018 was contingent upon the reauthorization of the program by the New Hampshire legislature. Pursuant to N.H. RSA 126-A:5, XXIII-XXV, the demonstration was scheduled to sunset on December 31, 2016, unless the New Hampshire legislature authorized the program to continue.

As of June 24, 2016, the New Hampshire Health Protection Program provided coverage to 48,853 Granite Staters - 40,963 of whom were covered by the five commercial insurance carriers offering Qualified Health Plans (QHPs) in New Hampshire’s federally facilitated Marketplace.³ Another 5,637 members – those that are medically frail or can otherwise opt-out of the Premium Assistance program -- were served by the state’s two Medicaid managed care organizations (MCOs), WellSense Health Plan and NH Healthy

¹ While the Patient Protection and Affordable Care Act expands coverage to 138 percent of the federal poverty level, the ACA otherwise establishes a 5 percent disregard for program eligibility, which extends coverage to those persons up to 133 percent of the federal poverty level.

² The mandatory nature of applying for HIPP was repealed through a budget bill in September of 2015. Voluntary HIPP participants continue to be excluded from the demonstration.

³ The five carriers are: Ambetter by NH Healthy Families, Anthem BlueCross BlueShield of New Hampshire, Community Health Options, Harvard Pilgrim Health Care, and Minuteman Health Incorporated.

Families. The remaining 2,253 participants were in fee-for-service during their plan selection window. Approximately 75 percent of NHHPP participants have income below the federal poverty level and 25 percent have income greater than the federal poverty level. Those participants with income above the federal poverty level are subject to cost-sharing for a range of services, consistent with the cost-sharing requirements at 42 CFR 447.56. The NH Health Protection Program eligibility group is overwhelming young, with 48 percent of members under 35 years of age and 66 percent of members under 45 years of age. A majority of participants are female (52 percent); 48 percent are male.

New Hampshire Health Protection Program participants have access to local providers and the State's Alternative Benefit Plan (ABP) which includes the ten Essential Health Benefits, pursuant to the Affordable Care Act. Covered Benefits are based on the Secretary Approved Base benchmark Matthew Thornton Blue Health Plan. Enrollees in the Premium Assistance Program receive the following wraparound services through New Hampshire Medicaid's fee-for-service delivery system: EPSDT services to 19 and 20 year olds; out-of-network family planning providers; limited dental and vision benefits; and non-emergency medical transportation. Medically-frail NHHPP members are excluded from the Premium Assistance Program and instead enroll in the state's Medicaid managed care delivery system. All participants in the NHHPP, regardless of which delivery system provides their benefits, receive the ABP.

NHHPP Reauthorization

On April 5, 2016, the New Hampshire Legislature reauthorized the New Hampshire Health Protection Program through December 31, 2018 conditioned on the Centers for Medicare and Medicaid approving any necessary state plan amendment or waiver to this operating Demonstration no later than November 1, 2016. The New Hampshire Legislature enacted this legislation to continue coverage of newly eligible adults - those eligible for coverage under Section 1902(a)(10)(A)(I)(VIII). As previously noted, the medically frail newly eligible adults are not covered by the Demonstration and will continue to enroll in New Hampshire's Medicaid managed care delivery system; most of the other newly eligible adults are eligible to be served through Qualified Health Plans (QHPs)⁴.

Pursuant to the reauthorization of the New Hampshire Health Protection Program and the state's health policy goals, New Hampshire is seeking to amend its Demonstration to:

- 1.) Promote work opportunities for the Health Protection Population who are not working by aligning existing federal work programs provided under Temporary Assistance for Needy Families (TANF) Program, 42 U.S.C. section 607 (d) with coverage under the Health Protection Program. New Hampshire is the first state to seek CMS approval to promote coverage for unemployed childless, able-bodied

⁴ NHHPP members who become pregnant after application can choose to opt-out of the demonstration, as can those who identify as American Indian/Alaskan Native. NHHPP members who enroll in the Health Insurance Premium Payment Program are excluded from the demonstration and obtain their coverage through employer sponsored insurance available.

newly eligible adults on their engaging in at least 30 hours per week of one or a combination of specific employment and training activities detailed in section X of the waiver amendment, consistent with the TANF program.

- 2.) Require newly eligible adults to verify United States citizenship by two (2) forms of identification and proof of New Hampshire residency by either a New Hampshire driver's license or a non-driver's picture identification card.
- 3.) Require newly eligible adults who visit the emergency room for non-emergency purposes to make a payment of \$8 for the first visit and \$25 for each and every subsequent non-emergent use of a hospital emergency department.
- 4.) Provide that all veterans who are current New Hampshire residents shall receive medical and medical-related services from any hospital in the state providing services to the newly eligible Medicaid population.
- 5.) Waive cost-sharing comparability under Section 1902(a)(17) to allow different levels of cost-sharing for NHHPP participants with incomes above 100 percent of the federal poverty level who participate in the Premium Assistance Program.

The Plan's newest proposed design features seek to increase personal responsibility, improve accuracy and accountability of the Medicaid eligibility system, and ultimately lower costs by implementing principles of value based insurance design by using financial disincentives to dissuade participants from using low-value care. The key premises of the Premium Assistance Demonstration at initial implementation were to construct a delivery system that ensured participants had: 1.) continuity of coverage, 2.) plan variety, 3.) cost-effective coverage and 4.) uniform provider access. The State continues to focus on these key goals, as well as foster appropriate health care consumer behavior for a population that remains relatively new to health care coverage.

There are no proposed changes to enrollment, benefits, enrollee rights, or other comparable program elements. The requested effective date of this amendment is January 1, 2017.

Section II – Public Process

Pursuant to the New Hampshire Health Protection Program Premium Assistance (11-W-00298/1) special terms and conditions (STCs), the following provides an explanation of the public process used by the State to reach a decision regarding the requested amendment.

Per STC 16, regarding public notice, tribal consultation, and consultation with interested parties, the State must comply with the State Notice Procedures set forth in 59 Fed. Reg. 49249 (September 27, 1994). New Hampshire is *not* required to comply with the tribal consultation requirements in Section 1902(a)(73) of the Act as there are no federally recognized Indian tribes in New Hampshire.

Public Notice

On June 30th, 2016, the Department of Health and Human Services released a draft waiver amendment for the New Hampshire Health Protection Program Premium Assistance (11-W -00298/1). This release was preceded by the development of a publicly accessible web page, an email address for public input, and an announcement of one public hearing, along with a United States Postal Service address, to provide for remote

and in-person public comment to the proposed amendment.

Please see web page at <http://www.dhhs.state.nh.us/pap-1115-waiver/index/htm>. Email address is deborah.fournier@dhhs.nh.gov. The United States Postal Services address is Department of Health and Human Services, Office of Medicaid and Business Policy, 129 Pleasant Street, Brown Building, Concord, NH 03301, Attn: Deborah Fournier, Deputy Medicaid Director.

Responses to Comments on the draft waiver amendment for the New Hampshire Health Protection Program Premium Assistance (11-W -00298/1):

Comment 1:

Most commenters expressed their appreciation for the continuation of the New Hampshire Health Protection Program.

Response 1:

Thank you. The Department appreciates this feedback.

Comment 2:

A number of commenters expressed concern about the requirement for applicants to verify their US citizenship by two (2) forms of identification. Commenters were specifically concerned that individuals who are homeless may not be able to produce two forms of identification.

Response 2:

The Department appreciates this feedback and is exploring all available avenues to address this provision of the statute.

Comment 3:

One commenter asked if the Department believes a waiver is required to authorize the co-pays for non-emergent use of a hospital emergency department.

Response 3: Yes.

Comment 4: One commenter asked if the co-pays for non-emergency use of a hospital emergency room will apply to all New Hampshire Health Protection Program enrollees, regardless of income.

Response 4: This is an operational detail the Department is working on.

Comment 5: One commenter asked if the Department believes a waiver is required to permit residency to be considered verified only if the applicant or enrollee provides a New Hampshire driver's license or non-driver photo identification card.

Response 5: This is an operational detail the Department is working on.

Comment 6: One commenter asked if the Department will refer applicants or enrollees who are not already in compliance with the work requirement to the NH Employment Program (NHEP) for employment related services.

Response 6: This is an operational detail the Department is working on

Comment 7: One commenter asked if enrollees with temporary illness or incapacity are exempt from the work requirement, will enrollees who have permanent illness or

incapacity be exempt as well.

Response 7: The Department believes the intent of the language that exempts those with temporary illness or incapacity would also reasonably apply to those who have on-going illness or permanent incapacity but will explore this question more fully.

Comment 8: One commenter asked for clarification of the due date/time for public input.

Response 8: Public input can be submitted until midnight on August 1, 2016.

Comment 9: One commenter asked for clarification regarding the use of the term “newly eligible adult”.

Response 9: Individuals eligible to participate in the NH Health Protection Program are referred to as newly eligible adults.

Section III – Data Analysis

Updated Comparative Analysis - Budget Neutrality

Pursuant to the New Hampshire Health Protection Program Premium Assistance (11-W-00298/1) special terms and conditions (STCs number 7 entitled Amendment Process), the following will provide a data analysis which identifies the specific “with waiver” impact of the proposed amendment on the current budget neutrality agreement. The analysis will include total computable “with waiver” and “without waiver” status on both a summary and detailed level through the current approval period using the most recent actual expenditures, as well as summary and detail projections of the change in the “with waiver” expenditure total as a result of the proposed amendment, which isolates (by Eligibility Group) the impact of the amendment.

For details, please see the *Amended 1115 Budget Neutrality Projections* dated July 28, 2016 included in Appendix C.

CHIP Allotment

Pursuant to the New Hampshire Health Protection Program Premium Assistance (11-W-00298/1) special terms and conditions (STCs), the following provides an up-to-date CHIP allotment neutrality worksheet.

Not applicable as the CHIP population is not covered under the New Hampshire Health Protection Program Premium Assistance.

Section IV – Description of Amendment

Pursuant to the New Hampshire Health Protection Program Premium Assistance (11-W-00298/1) special terms and conditions (STCs), the following provides a detailed description of the amendment including impact on beneficiaries, with sufficient supporting documentation and data supporting the evaluation hypothesis as detailed in the evaluation design.

Demonstration Enhancement -- The State seeks to amend the demonstration relative to eligibility and cost sharing as follows.

- *New Hampshire Health Protection Work Promotion and Personal Responsibility*

Consistent with the existing federal TANF program, newly eligible adults who are unemployed shall be eligible to receive benefits, under RSA 126A:5 XXIV-XXV, if the State finds the individual is engaging in at least 30 hours per week of one or a combination of the following activities: a.) unsubsidized employment, b.) subsidized private sector employment, c.) subsidized private sector employment, d.) work experience, including work associated with the refurbishing of publicly assisted housing, if sufficient private sector employment is not available, e.) on the job training, f.) job search and readiness assistance, g.) community programs, h.) vocational educational training not to exceed 12 months with respect to any individual, i.) job skills training directly related to employment, j.) education directly related to employment, in the case of a recipient who has not received a high school diploma or a certificate of high school equivalency, k.) satisfactory attendance at a secondary school or in a course of study leading to a certificate of general equivalence, in the case of a recipient who has not completed secondary school or received such a certificate, and l.) the provision of child care services to an individual who is participating in a community service program. Grounds for disqualification of benefits are consistent with the federal Temporary Assistance for Needy Families (TANF) Program, 42 U.S.C. Section 607 (e).

These requirements will apply only to those considered childless, able-bodied adults as defined in section 1902(a)(10)(A)(i)(VIII) of the Social Security Act of 1935, as amended, 42 U.S.C. section 1396a(a)(10)(A)(i). In this subparagraph, "childless" means an adult who does not live with a dependent child which includes a child under 18 years of age or under 20 years of age if the child is a full-time student in secondary school or the equivalent.

These requirements will not apply to a person that is temporarily unable to participate due to illness or incapacity as certified by a licensed physician, and advanced practice registered nurse (APRN), a licensed behavioral health professional, a licensed physician assistant, or board certified psychologist. The physician, APRN, licensed behavioral health professional, licensed physician assistant, or board certified psychologist shall certify, on a form provided by the department, the duration and limitations of the disability. In addition, this requirement shall not apply to (i.) a person participating in a state-certified drug court program, as certified by the administrative office of the superior court or (ii.) a parent or caretaker as identified in RSA 167:82, II (g) where the required care is considered necessary by a licensed physician, APRN, board-certified psychologist, physician assistant, or licensed behavioral health professional who shall certify the duration that such care is required.

New Hampshire seeks to encourage unemployed and underemployed adults to proceed to full employment by requiring them to become connected with job training

or other work-related activities while they look for full-time employment or to obtain full-time employment. Waivers are intended to grant states flexibility to expand Medicaid in a way that recognizes local considerations and conditions. The poverty facing these residents is an important state issue. It is in New Hampshire's economic and financial interest to facilitate sustained employment or a return to sustained employment for as many participants as possible. Gaining financial stability will enable some participants to mitigate negative environmental and economic factors that can contribute to poor health. Putting participants on the path to attaining financial stability and moving out of poverty is a component of a long-term investment New Hampshire seeks to make in its vulnerable citizens. Ultimately, New Hampshire hopes to help citizens graduate from safety net programs and attain or return to a financially stable life. This trajectory provides flexibility to the state in future years to focus taxpayer dollars on other vitally needed services and to promote prosperity and well-being among its citizens.

- *Veteran medical services*

The state seeks to permit all veterans who are New Hampshire residents to receive medical and medical related services from any New Hampshire hospital currently providing services to the New Hampshire Health Protection Program population.

New Hampshire residents who are veterans deserve access to the same medical services that all current participants in the New Hampshire Health Protection Program enjoy. Their service on behalf of their country entitles them to nothing less. In order to better ensure that veterans are able to reliably and promptly obtain health care, with timely access to medical and medical-related services, through both Veteran Health Administration (VA) hospitals and other hospitals already serving newly eligible adults in the NHHPP, the state seeks to ensure timely and generous health insurance coverage for these New Hampshire veterans. Comprehensive health care services are especially important for veterans. Many veterans suffer from unique, ongoing and frequently acute or complicated health issues as a result of their time serving in combat zones on behalf of the nation. Access to health care that veterans will gain through a statewide network of hospitals outside the VA system will help increase access to care, reduce unmet needs, and improve outcomes. This specific group of Granite Staters, regardless of their income level or their proximity to a VA hospital, should enjoy the continuity of care, uniform access to providers, variety of carriers and cost-effective coverage that the current participants in the NHHPP experience. By providing this comprehensive health insurance coverage, New Hampshire will be facilitating for veterans the successful re-entry or integration within their communities that are central to addressing the ongoing and complex needs veterans may have subsequent to their experiences in combat.

- *Payment for non-emergent use of the emergency department*

The State seeks to require newly eligible adults participating in the Demonstration who visit the emergency room for non-emergency purposes to pay a copayment of \$8

for the first use of the non-covered service and \$25 for each and every non-emergency visit thereafter in instances where the QHP determines to pay the hospital for the service. The State seeks to utilize value-based insurance design principles to encourage all members to seek care in the most medically appropriate and cost effective setting, as well as take personal responsibility for making informed decisions about where to seek care. The initial co-payment will give the participant an opportunity to receive education about the availability of, and advantages of, utilizing the most appropriate and cost effective setting for medical treatment, without placing an excessive financial burden on them. If the recipient continues to access the emergency room for non-emergent care, the co-payment amount will be higher in order to discourage use of low-value care, such as non-emergent care provided in an Emergency Department.

By requiring a co-payment, the State expects that more members will seek care in the most appropriate setting and deter utilization of the emergency department. There is some evidence that co-payments decrease inappropriate emergency department use and the State seeks approval to adopt a co-payment approach.

The waiver evaluation will analyze whether this use of co-payments encourages participants to seek non-emergency services from appropriate providers, thereby improving quality of care. The State's intent is to encourage members to seek high-value service at the right place, at the right time, in the right setting. Ultimately, through this value-driven effort along with patient education, the State hopes to drive appropriate care utilization, higher quality of care, and better outcomes for demonstration beneficiaries.

- *Citizenship Verification*

A person shall not be eligible to enroll or participate in the New Hampshire health protection program unless such person verifies his or her United States citizenship by two (2) forms of identification and proof of New Hampshire residency by either a New Hampshire driver's license or a non-driver's picture identification card.

The State seeks to amend its demonstration authority to incorporate the additional eligibility verification processes noted above to improve the accuracy of the current Medicaid eligibility determination system. The state seeks to ensure that all citizenship and immigration eligibility requirements are robustly monitored and enforced at the state level. New Hampshire prides itself on being a good steward of the public dollars funding this coverage and as such is compelled to ensure that only those whose citizenship and immigration status are truly consistent with federal requirements are deemed eligible. The State's infrastructure and approach to implementation will be monitored so as not to cause excessive burden to applicants or unreasonable delays in eligibility determinations. The State will monitor eligibility determination timeframes to ensure that there is minimal inappropriate impact on participants and will also analyze data to report out any significant delays in eligibility processing or declines in enrollment after the enactment of this requirement.

- *Waive cost-sharing comparability between NHHPP medically frail participants in*

Medicaid managed care and NHHPP Premium Assistance demonstration participants.

The State is requesting to waive comparability requirements for cost-sharing among the adults newly eligible at Section 1902(a)(10)(A)(i)(VIII) so that the copayments charged to NHHPP medically-frail participants who remain in Medicaid managed care will differ from the co-payments charged to the NHHPP participants in the Premium Assistance Program demonstration. The cost-sharing schedule in the Premium Assistance Program is a commercial design. The benefit of exposing NHHPP members to this schedule of payments is to introduce them to the features of commercial coverage to prepare them for their eventual graduation from the NHHPP and into commercial coverage that they will eventually have the financial stability to obtain on their own. The waiver of comparability allows the state to target this commercial cost-sharing to only those NHHPP members who are in the Premium Assistance demonstration.

Section V – Evaluation Design

Pursuant to the New Hampshire Health Protection Program Premium Assistance (11-W-00298/1) special terms and conditions (STCs), the following provides a description of how the evaluation design will be modified to incorporate the amendment provisions.

The additional waiver provisions for citizenship, veterans, and comparability will affect the current evaluation design. The State will include a PAP waiver goal to evaluate whether changing citizenship verification requirements had any negative impact on participants and will also analyze data to report out any significant delays in eligibility processing or declines in enrollment after the enactment of this requirement. The State will also include a PAP waiver goal to evaluate the number and rate of veterans who took advantage of the health care services made available and whether the health care provided was comprehensive and timely.

The State is amending “PAP Waiver Goal” number five (5) titled “Improve Health Outcomes and Increase Personal Accountability and Responsibility.” The demonstration will, with this amendment, evaluate if employment, along with other designated activities, and emergency department payments for non-emergent use will encourage appropriate utilization and improve health outcomes. The State will work closely with the evaluation vendor to determine specific design evaluation modifications which will be inclusive of an analysis of 1.) beneficiaries who pay for emergency department utilization and their patterns of use and 2.) the correlation between the named activities and improved mental and physical health.

APPENDIX A

Notice of Amendment to Demonstration Authority

Notice is hereby given that the New Hampshire Department of Health and Human Services (DHHS) seeks to amend its Section 1115(a) Research and Demonstration Waiver, #11-W-100298/1 entitled, the New Hampshire Health Protection Program (NHHPP) Premium Assistance, with such amendment to be effective January 1, 2017.

Summary of Demonstration

Under the NHHPP Premium Assistance demonstration, New Hampshire uses premium assistance to support the purchase of health insurance coverage for beneficiaries eligible under the new adult group provided via certain qualified health plans (QHPs) doing business in the individual market through the Marketplace. The demonstration affects individuals in the new adult group covered under Title XIX of the Social Security Act who are adults from age 19 up to and including age 64 with incomes up to and including 133 percent of the federal poverty level (FPL) who are neither enrolled in (nor eligible for) Medicare or enrolled in the state's Health Insurance Premium Payment (HIPP) program.

Proposed Amendment

The proposed amendment seeks to effect the following modifications:

- Modify eligibility to be inclusive and consistent with the federal Temporary Assistance for Needy Families (TANF) Program, 42 U.S.C. section 607 (d), as well as require that newly eligible adults who are unemployed be eligible to receive benefits if the Department of Health and Human Services finds that the individual is engaging in at least 30 hours per week of one or a combination of other clearly outlined activities.
- Modify eligibility such that a participant cannot be eligible for coverage unless such person verifies his or her United States citizenship by 2 forms of identification and proof of New Hampshire residency by either a New Hampshire driver's license or a non-driver's picture identification card.
- Modify cost-sharing requirements such that newly eligible adults who participate in the demonstration who visit the emergency room for non-emergency purposes shall be required to make a co-payment of \$8 for the first visit and \$25 for each and every non-emergency visit thereafter.
- Provide that all veterans who are current New Hampshire residents shall receive medical and medical-related services from any hospital in the state providing services to the newly eligible Medicaid population.
- Waive comparability in cost-sharing requirements for the medically frail NHHPP participants under managed care and NHHPP participants who are in the Premium Assistance Program demonstration.

WAIVER & EXPENDITURE AUTHORITIES

Existing waiver and expenditure authorities will be not modified. However, the following will be added:

- Section 1902(a)(17) comparability of cost sharing in order to allow for different co-payments between NHHPP medically frail and the NHHPP PAP demonstration participants.
- Section 1902(a)(10)(A)(i)(VIII) requirements related to eligibility to add as a condition of eligibility individuals who are veterans may be eligible and those who are unemployed must engage in at least 30 hours per week in one or a combination of the activities defined in 42 U.S.C. Section 607 (d).
- Sections 1137, 1902(a)(46)(B), 1902(ee), and 1903(x) of the Act which governs verification of citizenship and immigration status.

Opportunity for Public Input

The complete version of the current draft of the Demonstration application is available for public review at <http://www.dhhs.nh.gov/pap-1115-waiver/index.htm>. Public comments may be submitted until midnight on August 1, 2016. Comments may be submitted by email to deborah.fournier@dhhs.nh.gov or by regular mail to Department of Health and Human Services, 129 Pleasant Street, Concord, NH 03301-3857. Comments should be addressed to Deborah Fournier, Deputy Medicaid Director.

REVIEW OF DOCUMENTS & SUBMISSION OF DOCUMENTS

This notice, waiver documents, and information about the New Hampshire Health Protection Program (NHHPP) Premium Assistance Demonstration are available at: <http://www.dhhs.nh.gov/pap-1115-waiver/index.htm>. To reach all stakeholders, non-electronic copies of all the aforementioned documents are available by contacting the Department of Health and Human Services, Deborah Fournier, Deputy Medicaid Director at 603-271-9434.

The State will host one public hearing during the public comment period.

Tuesday, July 12, 2016

1:00PM-3:00 PM

New Hampshire Department of Health and Human Services

Brown Auditorium

129 Pleasant St,

Concord, NH 03301

APPENDIX B

TRIBAL IMPACT

Not applicable to the State of New Hampshire.

APPENDIX C

Amended 1115 Budget Neutrality Projections- New Hampshire Health Protection Program Premium Assistance Program



15800 Bluemound Road
Suite 100
Brookfield, WI 53005
USA
Tel +1 262 784 2250
Fax +1 262 923 3680

milliman.com

John D. Meerschaert, FSA, MAAA
Principal and Consulting Actuary

john.meerschaert@milliman.com

July 28, 2016

Mr. Jeffrey A. Meyers
Commissioner
NH Department of Health and Human Services
Brown Building
129 Pleasant Street
Concord, NH 03301

Re: Amended 1115 Budget Neutrality Projections – New Hampshire Health Protection Program Premium Assistance Program

Dear Jeff:

This letter provides the New Hampshire Department of Health and Human Services (DHHS) with amended budget neutrality projections for the *New Hampshire Health Protection Program Premium Assistance Program* Section 1115 Demonstration Waiver. This letter includes documentation of the budget neutrality methodology and provides CMS template forms and related worksheets. This information is appropriate for including in the waiver application to CMS.

SUMMARY OF CHANGES

This letter revises the approved budget neutrality projections to reflect the following change in the waiver amendment:

1. Require newly eligible adults who visit the emergency room for non-emergency purposes to make a payment of \$8 for the first visit and \$25 for each and every subsequent non-emergent use of a hospital emergency department. We assumed the following distribution of visits to the emergency room:
 - a. 95% of visits are deemed to be for emergency visits
 - b. 4% of visits are deemed to be for non-emergency purposes and incur the \$8 copay
 - c. 1% of visits are deemed to be for non-emergency purposes and incur the \$25 copay

The impact of the copays is reflected as a 0.99998 adjustment to the projected with-waiver costs for CY 2017 and CY 2018 based on the results of the federal actuarial value (AV) calculator, resulting in a \$0.01 per member per month (PMPM) reduction to the with-waiver costs. The without-waiver projections are unchanged.

The other changes in the waiver amendment are not expected to materially impact the PMPM projections in the budget neutrality projections.

The rest of this letter repeats the documentation of the approved budget neutrality projections so that the documentation of the amended projections is complete.

OVERVIEW OF METHODOLOGY

New Hampshire will maintain budget neutrality over the three-year lifecycle of the *Premium Assistance Program* Section 1115 Demonstration Waiver, with total spending under the waiver not exceeding what the federal government would have spent without the waiver. New Hampshire's budget neutrality methodology includes the following components, resulting in a projected net savings of \$45.0 million over the three year demonstration period:

- The "without waiver" projections reflect the current New Hampshire Health Protection Program (NHHPP) Bridge Program capitation rates and enrolled population. The CY 2015 Bridge Program capitation rates were adjusted to reflect expected trends and population acuity for calendar year 2016.
- The "with waiver" projections reflect the expected cost of enrolling the Premium Assistance Program population in a qualified health plan (QHP) purchased on the federally facilitated New Hampshire Health Insurance Marketplace. The "with waiver" projections include the cost of the insurance premium, cost sharing subsidies, and wraparound fee-for-service (FFS) Medicaid services.
- We also extended the projections to include potential year two and year three projections if the waiver would be extended beyond the initial one year period based on expected 2017 and 2018 trends.

The rest of this document includes the information requested in the Budget Neutrality Form available at www.medicaid.gov regarding historical expenditure data and projected expenditures. The budget neutrality projections using the CMS template are included as Attachment A of this letter. The budget neutrality worksheet is also provided in Excel format.

HISTORICAL DATA

True historical data is not available for the NHHPP Bridge Program population because it is a newly covered population that began enrollment into Medicaid managed care organizations (MCOs) on September 1, 2014. The data presented in the "Historic Data" tab of the budget neutrality worksheet reflects the following information:

- The CY 2015 NHHPP Bridge Program capitation rates in our November 24, 2014 report
- The expected impact of pharmacy rebates DHHS will collect on MCO drug expenditures
- An expected enrollment of 45,000 adults
- The demographics of the population enrolled in the NHHPP Bridge Program as of October 2014, summarized Table 1:

Table 1 Summary of NHHPP Bridge Program Enrollment October 2014			
Age Group	Female	Male	Total
19 - 24	2,107	1,796	3,903
25 - 34	3,218	2,127	5,345
35 - 44	2,180	1,506	3,686
45 - 54	1,851	1,586	3,437
55 - 64	1,344	1,136	2,480
Total	10,700	8,151	18,851

BRIDGE PERIOD TO BASE YEAR

The Premium Assistance Program will begin on January 1, 2016. Therefore, the data used for the historical year (calendar year 2015) is the same as the Base Year prior to the first demonstration year (calendar year 2016). Therefore, zero months of aging are used in the "WOW" tab of the budget neutrality worksheet.

WITHOUT-WAIVER PROJECTIONS

We used the following adjustments to project the "without waiver" costs assuming that the NHHPP Bridge Program would continue during calendar year 2016:

- Annual enrollment trend = 0.0%: DHHS expects approximately 45,000 adults to enroll in the Premium Assistance Program. The historical data also reflects 45,000 adults.
- PMPM annual cost trend = 4.0%: The CY 2015 NHHPP Bridge Program capitation rates were trended for 12 months at an annual rate of 4.0% to reflect utilization and pharmacy trends. Reimbursement trends for non-pharmacy services are 0% since the NHHPP fee schedule is fixed at 2014 Medicare reimbursement rates.
- Wear-off of adverse selection = -9.1%: We removed the September 2014 – December 2015 NHHPP Bridge Program rating assumption that increased capitation rates by 10% for adverse selection ($-9.1\% = 1.00 / 1.10 - 1$). The impact of adverse selection is expected to resolve prior to 2016.
- Wear-off of pent-up demand = -4.8%: We removed the September 2014 – December 2015 NHHPP Bridge Program rating assumption that increased capitation rates by 5% for pent up demand ($-4.8\% = 1.00 / 1.05 - 1$). The impact of pent up demand is expected to resolve prior to 2016.
- Adjustment for actual medically frail population incidence = 4.4%: The September 2014 – December 2015 NHHPP Bridge Program capitation rates assumed that 10% of the population identified as medically frail and opted into traditional Medicaid coverage. Emerging experience shows that 8% of the population identifies as medically frail. The capitation rates would be 4.4% higher using the 8% medically frail rate.

The net impact of the "without waiver" adjustments is shown as a -6.0% trend adjustment in the "WOW" tab of the budget neutrality worksheet. The projection results in a \$701.53 PMPM "without waiver" target for DY 01 (CY 2016).

The DY 02 and DY 03 projections assume a 4% annual trend rate from the DY 01 "without waiver" projection of \$701.53 PMPM based on expected utilization and pharmacy trends.

Attachment B shows the "without waiver" projection in more detail.

BUDGET NEUTRALITY METHODOLOGY

New Hampshire expects to establish a "Per Capita Method" budget neutrality methodology where it will be at risk for the PMPM Cost of individuals under the Demonstration. Under a per capita method, New Hampshire will not be at risk for the number of member months of participation in the Demonstration.

WITH-WAIVER PROJECTIONS

The "with waiver" projections reflect the expected cost of enrolling the Premium Assistance Program population in a QHP purchased on the federally facilitated New Hampshire Health Insurance Marketplace. The "with waiver" projections include the cost of the insurance premium, cost sharing subsidies, and wraparound fee-for-service (FFS) Medicaid services.

We developed the "with waiver" projections using the following information and assumptions. Attachment B shows the development of the projections on a step by step basis.

- We developed an average premium rate for all Silver Plan coverage available on the Health Insurance Marketplace in 2015 that would qualify for Premium Assistance Program enrollment. Using the healthcare.gov website, we summarized the 2015 non-smoker premium rates offered by five carriers with 16 separate plans. We then excluded plans that would not be available to Premium Assistance Program enrollees because they are multi-state plans or HSA plans. We also removed one high cost outlier plan that would likely be excluded under New Hampshire's plan selection criteria. We weighted each of the remaining 10 plan premiums equally to determine the average premium rate by age, and then used the NHHPP Bridge Program demographics from Table 1 calculate the overall average premium rate of \$356.37.
- The average tobacco use surcharge was about 15% for the 10 plans included in the average non-smoker premium. We assumed 27% of the Premium Assistance Program population would identify as a tobacco user based on New Hampshire and national tobacco use statistics. The impact of the tobacco use surcharge increases the average premium rate by 4.1% to \$370.81.
- We assumed a best estimate pricing trend of 8% between 2015 and 2016 based on our commercial market pricing experience, resulting in a 2016 average premium of \$400.47.
- We increased the average cost of the Health Insurance Marketplace risk pool by 3% to reflect induced utilization resulting from the reduced cost sharing levels under the Premium Assistance Program. We assumed an average induced utilization of 6% for the Premium Assistance Program population, and adding the premium assistance population doubles the size of the risk pool.
- We increased the average cost of the Health Insurance Marketplace risk pool by 5% to reflect the higher acuity level of the Premium Assistance Program population compared to the 2015 risk pool. While the Premium Assistance Program population is expected to be significantly younger than the current risk pool, they are expected to be slightly less healthy than currently insured members of the same age.
- We expect structural changes to the ACA reinsurance program to increase premiums by 3% from 2015 to 2016.

- We valued the cost sharing reduction (CSR) subsidies separately for the <100% FPL and 100 - 138% FPL populations.
 - The <100% FPL population will be enrolled in a 100% actuarial value (AV) plan rather than the 70% Silver Plan cost sharing. We added the expected cost of covering the 30% Silver Plan cost sharing amount.
 - The 100 - 138% FPL population will be enrolled in a 94% AV plan. The proposed 94% AV plan is valued at 95% in the 2016 AV calculator. In addition, DHHS will cover the plan deductible. Therefore, we added the expected cost of covering 27% of the 30% Silver Plan cost sharing amount.
 - We included a 3% adjustment to reflect induced utilization resulting from the reduced cost sharing levels under the Premium Assistance Program. The CSR subsidy is based on actual utilization, so since the Premium Assistance Program enrollees have a higher induced utilization than the average of the risk pool because they have reduced cost sharing amounts, then the expected CSR subsidy is higher than just the difference in the actuarial value of the benefit plans. We assumed an average induced utilization of 6% for the Premium Assistance Program population, which is 3% higher than the premium impact for the total risk pool.
- We estimated the cost of FFS wraparound services such as non-emergency medical transportation, limited dental services, and EPSDT services for 19 - 20 year olds to be \$10 PMPM. We believe this to be a conservatively high estimate.
- We blended our projections for the <100% FPL population (72%) and 100 - 138% FPL population (28%) using the emerging NHHPP Bridge Program enrollment demographics.

The net impact of the "with waiver" projections compared to the "without waiver" projections is shown as a -7.5% adjustment in the "WW" tab of the budget neutrality worksheet. The projection results in a \$648.92 PMPM "with waiver" target for DY 01 (CY 2016).

The DY 02 and DY 03 projections assume an 8% annual trend rate from the DY 01 "without waiver" projection of \$648.92 PMPM based on Milliman's emerging expectations of the commercial insurance market from 2016 – 2018.

This letter revises the approved budget neutrality projections to reflect the following change in the waiver amendment:

1. Require newly eligible adults who visit the emergency room for non-emergency purposes to make a payment of \$8 for the first visit and \$25 for each and every subsequent non-emergent use of a hospital emergency department. We assumed the following distribution of visits to the emergency room:
 - a. 95% of visits are deemed to be for emergency visits
 - b. 4% of visits are deemed to be for non-emergency purposes and incur the \$8 copay
 - c. 1% of visits are deemed to be for non-emergency purposes and incur the \$25 copay

The impact of the copays is reflected as a 0.99998 adjustment to the projected with-waiver costs for CY 2017 and CY 2018 based on the results of the federal actuarial value (AV) calculator, resulting in a \$0.01 per member per month (PMPM) reduction to the with-waiver costs.



DISPROPORTIONATE SHARE HOSPITAL EXPENDITURE OFFSET

New Hampshire is not proposing to use a reduction in Disproportionate Share Hospital (DSH) claims to offset Demonstration costs in the calculation of budget neutrality.

BUDGET NEUTRALITY WORKSHEET

The budget neutrality projections using the CMS template are included as Attachment A of this letter, which is also provided in Excel format. We customized the CMS template to be consistent with New Hampshire's budget neutrality approach.

Additional support for the projections is shown in Attachment B.

ADDITIONAL INFORMATION TO DEMONSTRATE BUDGET NEUTRALITY

We look forward to working with CMS and New Hampshire to discuss and refine the budget neutrality projections.

CAVEATS AND LIMITATIONS ON USE

This letter is intended for the internal use of the New Hampshire Department of Health and Human Services (DHHS) and it should not be distributed, in whole or in part, to any external party without the prior written permission of Milliman. We do not intend this information to benefit any third party even if we permit the distribution of our work product to such third party. We understand this letter will be part of New Hampshire's application to CMS.

This letter is designed to provide DHHS with amended budget neutrality projections for the *New Hampshire Health Protection Program Premium Assistance Program Section 1115 Demonstration Waiver*. This information may not be appropriate, and should not be used, for other purposes.

Actual without-waiver and with-waiver results will vary from estimates due to costs and savings under the demonstration being higher or lower than expected. DHHS should monitor emerging results and take corrective action when necessary.

In preparing this information, we relied on information from DHHS regarding emerging NHPPP Bridge Program experience, projected enrollment, and other information. We accepted this information without audit but reviewed the information for general reasonableness. Our results and conclusions may not be appropriate if this information is not accurate.

I am a member of the American Academy of Actuaries and I meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

The terms of Milliman's Consulting Services Agreement with DHHS signed on November 16, 2012 apply to this letter and its use.





Mr. Jeffrey A. Meyers
NH Department of Health and Human Services
July 28, 2016
Page 7 of 6

Please call Mathieu Doucet or me at (262) 784-2250 if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "John D. Meerschaert".

John D. Meerschaert
Principal and Consulting Actuary, FSA, MAAA

JDM/vrr

Attachments



ATTACHMENT A
CMS BUDGET NEUTRALITY WORKSHEET

Attachment A
 New Hampshire Health Protection Program
 Premium Assistance Program Section 1115 Demonstration Waiver
 Budget Neutrality Template

	A	B	C	D	E	F	G
1	5 YEARS OF HISTORIC DATA						
2							
3	SPECIFY TIME PERIOD AND ELIGIBILITY GROUP DEPICTED:						
4							
5	NHHPP Bridge Program	NA	NA	NA	NA	CY 2015 (Projected*)	Total
6	TOTAL EXPENDITURES	\$ -	\$ -	\$ -	\$ -	\$ 402,982,471	\$ 402,982,471
7	ELIGIBLE MEMBER MONTHS	-	-	-	-	540,000	
8	PMPM COST	\$ -	\$ -	\$ -	\$ -	746.26	
9	TREND RATES						5-YEAR
10							AVERAGE
11	TOTAL EXPENDITURE		NA	NA	NA	NA	NA
12	ELIGIBLE MEMBER MONTHS		NA	NA	NA	NA	NA
13	PMPM COST		NA	NA	NA	NA	NA
47							
48	* Projection based on actual Calendar Year 2015 NHHPP Bridge Program premium rates and expected enrollment of 45,000 adults.						

Attachment A
 New Hampshire Health Protection Program
 Premium Assistance Program Section 1115 Demonstration Waiver
 Budget Neutrality Template

DEMONSTRATION WITHOUT WAIVER (WOW) BUDGET PROJECTION: COVERAGE COSTS FOR POPULATIONS												
A	B	C	D	E	F	G	H	I	J	K	L	M
1	2	3	4	5	6	7	8	9	10	11	12	13
ELIGIBILITY	TREND	MONTHS OF AGING	BASE YEAR	TREND	DEMONSTRATION YEARS (DY)	DY 01 to DY 02	DY 02	DY 02 to DY 03	DY 03	DY 04	DY 05	TOTAL
GROUP	RATE 1		DY 00	RATE 2	DY 01	Trend	DY 02	Trend	DY 03	DY 04	DY 05	WOW
7 NHHP Bridge Program												
8 Pop Type: Expansion												
9 Eligible Member	0.0%	0	540,000	0.0%	540,000	0.0%	540,000	0.0%	540,000	NA	NA	NA
10 PMPM Cost	0.0%	0	746.26	-6.0%	701.53	4.0%	729.59	4.0%	758.77	NA	NA	NA
11 Total Expenditure			\$ 376,825,200		\$ 376,825,200		\$ 393,976,600		\$ 409,735,800	NA	NA	\$ 1,182,540,600
12												

Attachment A
 New Hampshire Health Protection Program
 Premium Assistance Program Section 1115 Demonstration Waiver
 Budget Neutrality Template

	A	B	C	D	E	F	G	H	I
DEMONSTRATION WITH WAIVER (WW) BUDGET PROJECTION: COVERAGE COSTS FOR POPULATIONS									
				DEMONSTRATION YEARS (DY)					TOTAL WW
	ELIGIBILITY GROUP	DY 00	DEMO TREND RATE	DY 01	DY 02	DY 03	DY 04	DY 05	
7	<u>NHPP Bridge Program</u>								
8	Pop Type:	Expansion							
9	Eligible Member Months	540,000	0.0%	540,000	540,000	540,000	NA	NA	
10	PMPM Cost	\$ 746.26	-6.0%	701.53	NA	NA	NA	NA	
11	Adjustment to Reflect Projected 2016 Marketplace Premiums and Other Related Payments			-7.6%	NA	NA	NA	NA	
12	Trend to reflect expected 2017 and 2018 premium increases			NA	8.0%	8.0%	NA	NA	
13	Adjustment to Reflect Copays for Non-Emergency Use of the Emergency Room			NA	-0.082%	NA	NA	NA	
14	PMPM Cost Under Premium Assistance Program			\$ 648.92	\$ 700.82	\$ 756.89	NA	NA	
15	Total Expenditure under Premium Assistance Program			\$ 350,416,800	\$ 378,442,575	\$ 408,717,981	NA	NA	\$ 1,137,577,356
16									
17									
18									
19									
20									
21	Total Expenditure			\$ 350,416,800	\$ 378,442,575	\$ 408,717,981	NA	NA	\$ 1,137,577,356
22									
23									
24	NOTES								
25	For a per capita budget neutrality model, the trend for member months is the same in the with-waiver projections as in the without-waiver projections. This is the default setting.								

Attachment A
 New Hampshire Health Protection Program
 Premium Assistance Program Section 1115 Demonstration Waiver
 Budget Neutrality Template

A							B	C	D	E	F	G	
1	Panel 1: Historic DSH Claims for the Last Five Fiscal Years:												
2	RECENT PAST FEDERAL FISCAL YEARS												
3							20__	20__	20__	20__	20__		
4	State DSH Allotment (Federal share)												
5	State DSH Claim Amount (Federal share)												
6	DSH Allotment Left Unspent (Federal share)							\$ -	\$ -	\$ -	\$ -	\$ -	
7													
8	Panel 2: Projected Without Waiver DSH Expenditures for FFYs That Overlap the Demonstration Period												
9	FEDERAL FISCAL YEARS THAT OVERLAP DEMONSTRATION YEARS												
10							FFY 00 (20__)	FFY 01 (20__)	FFY 02 (20__)	FFY 03 (20__)	FFY 04 (20__)	FFY 05 (20__)	
11	State DSH Allotment (Federal share)												
12	State DSH Claim Amount (Federal share)												
13	DSH Allotment Projected to be Unused (Federal share)							\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
14													
15	Panel 3: Projected With Waiver DSH Expenditures for FFYs That Overlap the Demonstration Period												
16	FEDERAL FISCAL YEARS THAT OVERLAP DEMONSTRATION YEARS												
17							FFY 00 (20__)	FFY 01 (20__)	FFY 02 (20__)	FFY 03 (20__)	FFY 04 (20__)	FFY 05 (20__)	
18	State DSH Allotment (Federal share)							\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
19	State DSH Claim Amount (Federal share)												
20	Maximum DSH Allotment Available for Diversion (Federal share)												
21	Total DSH Allotment Diverted (Federal share)							\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
22	DSH Allotment Available for DSH Diversion Less Amount Diverted (Federal share, must be non-negative)							\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
23	DSH Allotment Projected to be Unused (Federal share, must be non-negative)							\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
24													
25	Panel 4: Projected DSH Diversion Allocated to DYs												
26	DEMONSTRATION YEARS												
27							DY 01	DY 02	DY 03	DY 04	DY 05		
28	DSH Diversion to Leading FFY (total computable)												
29	FMAP for Leading FFY												
30													
31	DSH Diversion to Trailing FFY (total computable)												
32	FMAP for Trailing FFY												
33													
34	Total Demo Spending From Diverted DSH (total computable)							\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Attachment A
 New Hampshire Health Protection Program
 Premium Assistance Program Section 1115 Demonstration Waiver
 Budget Neutrality Template

	A	B	C	D	E	F	G
1	Budget Neutrality Summary						
2							
3	Without-Waiver Total Expenditures						
4							
5							
6							
7							
17							
18							
19							
20	With-Waiver Total Expenditures						
21							
22							
23							
24							
37							
38							
39							
40							



ATTACHMENT B

**DETAILED BUDGET NEUTRALITY PROJECTIONS FOR
PREMIUM ASSISTANCE PROGRAM**

**Attachment B
1115 Waiver Budget Neutrality Projections for Premium Assistance Program**

Bridge Program Cost Projection (Without Waiver)

0-138% FPL

Comments

CY 2015 Bridge Program capitation rate **\$793.90** Average rate based on emerging Bridge program demographics and July 7, 2014 NHHPP rate report
 Impact of expected pharmacy rebates **0.940** Reflects estimated Medicaid drug rebate of 35% collected by DHHS on MCO drug expenditures
 Average Bridge Program rate net of pharmacy rebates **\$746.26**

Annual trend rate **1.040** 4% Reimbursement trend is 0% (fixed at 2014 Medicare fees), therefore utilization (3%) and Rx trend (8%) only
 Trend factor to CY 2016 **1.040** Trend period is 12 months (midpoint of CY 2015 rate period to midpoint of CY 2016)
 Trended Premium **\$776.11**

Wear-off of adverse selection **0.909** Remove 10% adverse selection adjustment from Bridge Program rate calculation
 Wear-off of pent-up demand **0.952** Remove 5% pent-up demand adjustment from Bridge Program rate calculation
 Adjustment for actual medically frail population **1.044** Actual medically frail identification rate in Bridge Program is 8% compared to rate setting assumption of 10% (still assumes medically frail population acuity is 2.5 x average 0-138% FPL population acuity)

Total "Without Waiver" CY 2016 cost projection (assumes Bridge Program continues) \$701.53

Annual trend rate **1.040** 4% Best estimate trend factor for future Bridge Program capitation rate growth
 Trend factor to CY 2017 **1.040** Trend period is 12 months (midpoint of CY 2016 to midpoint of CY 2017)

Total "Without Waiver" CY 2017 cost projection (assumes Bridge Program continues) \$725.59

Annual trend rate **1.040** 4% Best estimate trend factor for future Bridge Program capitation rate growth
 Trend factor to CY 2018 **1.040** Trend period is 12 months (midpoint of CY 2017 to midpoint of CY 2018)

Total "Without Waiver" CY 2018 cost projection (assumes Bridge Program continues) \$758.77

Attachment B

1115 Waiver Budget Neutrality Projections for Premium Assistance Program

Premium Assistance Program Cost Projection (With Waiver)	<100% FPL	100-138% FPL	Comments
CY 2015 Average Non-Smoker Premium on New Hampshire's Individual Marketplace	\$359.37	\$359.37	Average non-smoker premium rate across all carriers' age-specific rates and Bridge Program population age demographics (excludes HSA plans, multi-state plans, and one high cost outlier)
Average Tobacco use surcharge	1.15	1.15	Average tobacco use load for plans included above
Percent of Premium Assistance Program enrollees identifying as using tobacco	27%	27%	Assume 27% of population identifies as a tobacco user. Assume 18% of the New Hampshire adult population uses tobacco (16-20% depending on the source), and the low income population is about 50% more likely to use tobacco than an average adult (based on National Health Interview Survey, United States, 2005 and 2012).
CY 2015 Average Premium on New Hampshire's Individual Marketplace	370.61	370.61	
Annual pricing trend rate	8%	8%	Best estimate commercial market trend factor assumption based on Milliman expert expectations
Trend factor to CY 2016	1.080	1.080	Trend period is 12 months (midpoint of CY 2015 to midpoint of CY 2016)
Trended premium	\$400.47	\$400.47	
Impact of induced utilization by removing cost sharing (impact on total risk pool)	1.030	1.030	Impact of reduced cost sharing on utilization levels. Assumes an average induced utilization of 6% for the premium assistance population, and adding the premium assistance population doubles the size of the risk pool.
Adjusted premium	\$412.48	\$412.48	
Premium assistance population impact on individual marketplace risk pool average acuity	1.050	1.050	Assumes the premium assistance population is 10% "sicker" than the 2015 individual marketplace risk pool (after adjusting for AIG differences), and adding the premium assistance population doubles the size of the risk pool.
Adjusted premium	\$433.11	\$433.11	
General commercial pricing changes due to changes in the ACA reinsurance program	1.030	1.030	Based on Milliman's general commercial pricing work
Adjusted premium	\$446.10	\$446.10	
Actuarial Value	70%	70%	Silver plans reflect an average member cost sharing percentage of 30% (i.e., an actuarial value of 70%)
Actuarial Value of subsidized plan	100%	95%	For 100-138% population benefit, 2016 AV calculator is 95% (in allowable +/- 1% range for 94% AV plan)
Impact of induced utilization on CSR	1.03	1.03	Impact of reduced cost sharing on utilization levels. Assumes an average induced utilization of 6% for the premium assistance population, which is 3% higher than the premium impact for the total risk pool.
Value of cost sharing subsidy	\$243.92	\$211.10	
Total plan value	\$644.39	\$611.57	
AV of covering deductible for 100-138% FPL plan	0.0%	2.0%	Estimated value of the 94% AV plan deductible
Impact of induced utilization on value of deductible	1.03	1.03	Impact of reduced cost sharing on utilization levels. Assumes an average induced utilization of 6% for the premium assistance population, which is 3% higher than the premium impact for the total risk pool.
PHIPM to cover deductible for 100-138% FPL plan	\$0.00	\$13.28	
Total Medicaid payments to carriers	\$644.39	\$624.83	
Estimate of FFS Medicaid wraparound service cost	\$10.00	\$10.00	Conservatively high placeholder
"With Waiver" CY 2016 projected cost by FPL group	\$654.39	\$634.83	
Bridge Program population split by FPL	72%	28%	October 2014 Bridge Program enrollment data
Total "With Waiver" CY 2016 projected cost for Premium Assistance Program	\$648.82	\$648.82	
Projected Waiver Savings (\$ PHIPM)	\$52.61	\$52.61	
Projected Waiver Savings (as a % of "Without Waiver" projection)	7.5%	7.5%	
Annual pricing trend rate	8%	8%	Best estimate commercial market trend factor assumption based on Milliman expert expectations
Trend factor to CY 2017	1.090	1.090	Trend period is 12 months (midpoint of CY 2016 to midpoint of CY 2017)
Adjustment to reflect copays for non-emergency use of the emergency room	0.99998	0.99998	Assumes 4% of emergency room visits will be subject to the \$9 copay and 1% of emergency room visits will be subject to \$25 copay
Total "With Waiver" CY 2017 projected cost for Premium Assistance Program	\$700.82	\$700.82	
Projected Waiver Savings (\$ PHIPM)	\$28.77	\$28.77	
Projected Waiver Savings (as a % of "Without Waiver" projection)	3.5%	3.5%	
Annual pricing trend rate	8%	8%	Best estimate commercial market trend factor assumption based on Milliman expert expectations
Trend factor to CY 2018	1.080	1.080	Trend period is 12 months (midpoint of CY 2017 to midpoint of CY 2018)
Total "With Waiver" CY 2018 projected cost for Premium Assistance Program	\$756.89	\$756.89	
Projected Waiver Savings (\$ PHIPM)	\$1.89	\$1.89	
Projected Waiver Savings (as a % of "Without Waiver" projection)	0.2%	0.2%	