DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop: S2-25-26
Baltimore, Maryland 21244-1850

State Demonstrations Group

December 9, 2025

Meghan Groen
Senior Deputy Director
Behavioral and Physical Health and Aging Services Administration
Michigan Department of Health and Human Services
400 South Pine Street, 7th Fl.
Lansing, MI 48933

Dear Director Groen:

The Centers for Medicare & Medicaid Services (CMS) completed its review of Michigan's Final Report for the Managed Care Risk Mitigation COVID-19 Public Health Emergency (PHE) amendment to the section 1115 demonstration entitled "Flint Michigan Section 1115 Demonstration" (Project Number: 11-W-00302/5), approved on February 4, 2022. This report covers the demonstration period from October 1, 2021, through September 30, 2022. CMS determined that the Final Report, submitted on October 1, 2024 and finalized on June 2, 2025, is in alignment with the CMS-approved Evaluation Design, and therefore approves the state's Final Report.

The approved Final Report may now be posted on the state's Medicaid website. CMS will also post the approved Final Report on Medicaid.gov.

We appreciate the state's commitment to evaluating the Managed Care Risk Mitigation COVID-19 PHE amendment. If you have any questions, please contact your CMS demonstration team.

Sincerely,

DANIELLE DALY -S
Digitally signed by DANIELLE DALY -S
Date: 2025.12.09 10:54:47 -05'00'

Danielle Daly
Director
Division of Demonstration Monitoring and Evaluation

Enclosure
cc: Christine Davidson, State Monitoring Lead, CMS Medicaid and CHIP Operations Group

Michigan Managed Care

Flint, Michigan Section 1115 Demonstration

COVID-19 Public Health Emergency (PHE) Managed Care Risk Mitigation

Project Number 11-W-00302/5

Final Evaluation Report

06/02/25

Contents

A. Executive Summary

On February 4, 2022, the Centers for Medicare & Medicaid Services (CMS) approved Michigan's demonstration authority via amendment to the section 1115 demonstration entitled, "Flint Michigan Section 1115 Demonstration" to implement risk mitigation measures for its Medicaid managed care plans in response to the COVID-19 public health emergency (PHE). This final report focuses on the results of MDHHS' evaluation of the risk mitigation strategies that were employed through this waiver during the COVID-19 PHE. The results of the evaluation found that the risk mitigation strategies employed under the demonstration authority were effective in facilitating the objectives of Medicaid and in ensuring that appropriate and equitable payments were made to Medicaid managed care plans during the PHE to help maintain beneficiary access to care.

Michigan's final report is formatted as follows:

- Section A. Executive Summary
- Section B. Background
- Section C. Evaluation Questions and Hypotheses
- Section D. Methodology
- Section E. Methodological Limitations
- Section F. Results
- Section G. Conclusions, Interpretations, Lessons Learned, and Recommendations

B. Background

In March 2020, the President of the United States issued a national emergency due to the outbreak of COVID-19. Following this proclamation, the Secretary of Health and Human Services issued a determination to waive or modify certain requirements of the Social Security Act. As a result of the impact of the COVID-19 pandemic, this determination ensured that health care providers were equipped with the resources needed to address the impact of COVID-19 and that health care services were available to meet the needs of individuals affected by the COVID-19 Public Health Emergency (PHE).

On January 20, 2022, the Michigan Department of Health and Human Services (MDHHS) submitted a Managed Care Risk Mitigation COVID-19 PHE amendment to the section 1115 demonstration entitled, "Flint Michigan Section 11115 Demonstration" (Project Number 11-W-00302/5), effective through September 30, 2026, to the Centers for Medicare & Medicaid Services (CMS). The amendment to the Flint Michigan Section 1115 Demonstration sought retroactive approval of the State Fiscal Year 2022 risk mitigation mechanisms for Michigan's Comprehensive Health Care Program (CHCP). The amendment allowed the state to implement risk mitigation mechanisms outside of regulatory timeframes established by 42 C.F.R. § 438.6(b)(1).

Michigan utilized this amendment due to significant challenges posed by the COVID-19 PHE that caused delays with meeting federal deadlines. The COVID-19 PHE resulted in a wide range of MDHHS response actions. These response actions, while supporting readiness, response, and recovery activities, also resulted in the State managing new processes during the emergency phase of the COVID-19 response. Applying the rule to prohibit risk mitigation outside of the contract period would have posed a significant challenge to Michigan's Medicaid objectives. The

amendment was necessary to ensure that appropriate, equitable payment for services during the PHE were executed in order to deliver effective care to beneficiaries during the COVID-19 PHE. As a result, Michigan used the flexibilities allowed by CMS to seek an amendment to the Flint Michigan Section 1115 Demonstration. This ensured that risk mitigation intended to be implemented in SFY 2022 were maintained.

On February 4, 2022, CMS approved the state's requested amendment. The amendment would test whether an exemption from the regulatory prohibition in 42 CFR Section 438.6(b)(1) promoted the objectives of Medicaid in the context of the COVID-19 PHE. The amendment was expected to support MDHHS with making appropriate, equitable payments during the PHE to help maintain beneficiary access to care and allowed MDHHS to enter into or modify a risk mitigation arrangement with MHPs after the applicable rating period began.

On September 28, 2022, MDHHS submitted an evaluation design plan to CMS whereby the state described how the demonstration facilitated the objectives of Medicaid in implementing the approved risk mitigation strategies, including lessons learned, anticipated challenges, successes, and future recommendations. On February 9, 2023, CMS approved Michigan's Evaluation Design. The approved Evaluation Design is attached to this report as Appendix A.

Upon approval, MDHHS used the following SFY2022 Medicaid Health Plan (MHP) risk mitigation mechanisms:

- Medical Loss Ratio (MLR): SFY 2022 maintained a minimum 85% medical loss ratio standard which Michigan has used in prior years including a financial remittance component if below 85%.

- Healthy Michigan Plan (HMP) Dental Claims Loss Ratio: A minimum utilization threshold of 80% of base utilization included in the dental component of the Healthy Michigan Plan SFY 2022 capitated rates. For MHPs that fall below the 80% threshold, a recoupment was made for unspent HMP dental benefit funding.

- COVID-19 Vaccination Initiative:
    - Unspent COVID-19 vaccination administration MHP funding for members aged 12 and over were recouped.
    - Recouped funds were used to fund a MHP performance pool.
    - MHPs could earn payment for reaching established member vaccination targets.

Consistent with the approved evaluation design, this final report focuses on the results of MDHHS' evaluation of the risk mitigation strategies that were employed during the COVID-19 PHE.

C. Evaluation Questions and Hypotheses

The purpose for implementing these retroactive risk mitigation strategies was to target appropriate payments to the participating managed care health plans for the SFY 2022 time period. Following is a list of questions that were examined for the purposes of the final report and whether the proposed strategies met the intended purpose.

***Evaluation Question 1*. How did this demonstration facilitate the objectives of Medicaid?**

- 1.1 What were the principal lessons learned for any future PHEs in implementing the demonstration flexibilities?
- 1.2 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 Question 2. **How did the authority support making appropriate, equitable payments to help with the maintenance of beneficiary access to care during the PHE?**

- 2.1 What retroactive risk mitigation agreements did the state ultimately negotiate with the managed care plans under the demonstration authority?
- 2.2 To what extent did the retroactive risk mitigation implemented under the demonstration authority result in more accurate payments to the managed care plans?
- 2.3 What were the principal challenges associated with implementing the retroactive risk mitigation strategies from the perspectives of the state Medicaid agency and Medicaid managed care plans?
- 2.4 What actions did the state take to address challenges presented by the implementation of retroactive risk mitigation strategies? To what extent were those actions successful in the context of the PHE?
- 2.5 In what ways during the PHE did the demonstration support adding or modifying one or more risk mitigation mechanisms after the start of the rating period?

D. Methodology

This section details the proposed methodology for Evaluation Design, including the data sources and methods of analysis.

Data Sources

The State compiled qualitative and quantitative data from multiple sources, including documentation of funding received by and any recoupments from MHPs associated with the demonstration's risk mitigation mechanisms.

The State incorporated the following sources of data used in this evaluation:

- Staff Interviews
- Medical Loss Ratio (MLR) Reports
- Dental Utilization & Dental Claims Loss Ratio Reports
- Health Plan Utilization Reports on COVID-19 Vaccination
- Document Review

Descriptions of each of these data sources and methods are presented below.

Staff Interviews**:** The State interviewed State of Michigan employees and staff at Milliman, MDHHS' contracted Medicaid actuary, covering both internal processes and efforts in partnership with relevant parties like Medicaid Health Plans. An interview protocol was developed to ensure consistency in interviews and cover the broad spectrum of processes, partners, and program oversights to provide a comprehensive qualitative analysis. The interviews followed a schematic presentation of specific research questions to gather information on the outcome measures

needed to answer relevant evaluation questions.

***Medical Loss Ratio (MLR) Reports*:** The State reviewed MHP COVID-19 vaccination incentive and MLR reporting and other data relevant to the risk mitigation mechanisms.

HMP *Dental Utilization & Dental Claims Loss Ratio Reports*: The State reviewed dental utilization summary reports created by Milliman that summarized utilization for the Healthy Michigan population by health plan on a quarterly basis. MHP MLRs, which included MHP HMP dental utilization remittances, was also reviewed.

Health Plan Utilization Reports on COVID-19 Vaccination: The State reviewed reported MHP COVID-19 Vaccination administration data and SFY 2022 recoupment and incentive payment materials.

***Document Review*:** Additional documents were reviewed as necessary to provide qualitative and quantitative information relevant to the Risk Mitigation Mechanisms. There were no applicable qualitative and quantitative data relating to audits, investigations or lawsuits, or any state legislative developments that may impact the demonstration.

Analytic Methods

The State conducted qualitative and quantitative analysis on data gathered, employing quantitative and qualitative reviews as needed to answer the Evaluation Questions. A qualitative analysis was conducted related to staff interviews, with responses categorized and coded as applicable to provide some quantitative measures that may provide additional insights. Table 1 outlines the evaluation questions, outcome measures, data sources, and analytic approach for each research question.

Table 1. Analytic Methods Table

Evaluation Question 1. How did this demonstration facilitate the objectives of Medicaid?			
Research Question	**Outcome Measure**	**Data Source**	**Analytic Approach**
1.1 What were the principal lessons learned for any future PHEs in implementing the demonstration flexibilities?	Description of implementation process, including challenges encountered, solutions developed, and successes or opportunities for improvement	Document Review; Staff Interviews	Qualitative
1.2 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?	Description of potential issues from application of section 438.6(b)(1), as well as and how the exemption addressed or prevented these problems (if applicable)	Document Review; Staff Interviews	Qualitative

Evaluation Question 2. How did the authority support making appropriate, equitable payments to help with the maintenance of beneficiary access to care during the PHE?

Research Question	Outcome Measure	Data Source	Analytic Approach
2.1 What retroactive risk mitigation agreements did the state ultimately negotiate with the managed care plans under the demonstration authority?	Details of sharing agreements negotiated with managed care plans for Risk Mitigation Mechanisms	Document Review	Qualitative
2.2 To what extent did the retroactive risk mitigation implemented under the demonstration authority result in more accurate payments to the managed care plans?	Comparison of MLR/DLR/Documents prior to & following implementation of Risk Mitigation Mechanisms	MLR & DLR Reports; Document Review	Quantitative
2.3 What were the principal challenges associated with implementing the retroactive risk mitigation strategies from the perspectives of the state Medicaid agency and Medicaid managed care plans (MCOs)?	Description of challenges faced by State & MCOs regarding implementation of Risk Mitigation Mechanisms	Staff Interviews	Qualitative
2.4 What actions did the state take to address challenges presented by the implementation of retroactive risk mitigation strategies? To what extent were those actions successful in the context of the PHE?	Description of actions taken by state to implement retroactive mitigation strategies; description of successes and/or opportunities for improvement in context of PHE	Staff Interviews	Qualitative
2.5 In what ways during the PHE did the demonstration support adding or modifying one or more risk mitigation mechanisms after the start of the rating period?	Description of costs/benefits related to adding or modifying risk mitigation mechanisms	Staff Interviews	Qualitative

The evaluation period primarily focused on state fiscal year 2022. It also included applicable historical information of associated risk mitigation mechanisms from state fiscal years 2019 through 2021 in order to provide necessary context as applicable.

E. Methodological Limitations

In performing the evaluation of the demonstration, the evaluators relied upon certain data and information provided by MDHHS and the MHPs for this purpose. To the extent that the data and information provided is not accurate, or is not complete, the evaluation may likewise be inaccurate or incomplete.

Limitations with the data were minimized by requiring the health plans to attest to the accuracy of the data and performing an independent review of the submitted information.

Lastly, as this evaluation focused primarily on qualitative data, there are known limitations with this methodology. As qualitative data relies upon interpretations, inferences may be subjective as qualitative data are not amenable to statistical analysis which may limit the scope of interpretation. Target and comparison populations may not be suitable for this evaluation.

F. Results

This section provides detailed observations organized by evaluation question.

Evaluation Question 1: How did this demonstration facilitate the objectives of Medicaid?

This evaluation question sought to examine the procedures in which the managed care risk mitigation strategies, facilitated through the demonstration authority, attained the objectives of Medicaid. The state's findings are detailed below and organized by evaluation question.

1.1 What were the principal lessons learned for any future PHEs in implementing the demonstration flexibilities?

One lesson learned during this process was the need to manage timelines for internal operations, regardless of external circumstances. The PHE caused unforeseeable disruptions in timelines and processes for approval of rates by the Department, created major concerns about the unpredictability of expenditures, and was a novel experience for staff at all levels. Another lesson learned was the benefit of implementing PHE-specific risk mechanism tools. The COVID-19 Vaccination Initiative incented MHPs to increase COVID-19 vaccination rates among their members. Finally, should state Medicaid programs face a future public health emergency like the COVID-19 PHE that may impact beneficiary access to care and managed care contracts and expenditures, CMS should allow similar flexibilities allowed under Section 1115 authorities to address those concerns.

1.2 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?

The exception supported Medicaid objectives in several ways. First, the exception allowed MDHHS to adhere to federal Medicaid MLR requirements. Second, the COVID-19 Vaccination Initiative supported increased access to COVID-19 vaccinations. MHPs were incented to increase COVID-19 vaccination rates among their members, which supported improved health outcomes for Medicaid populations. The HMP Dental Claims Loss Ratio incented MHPs to increase dental service utilization among their members, which supported improved health outcomes for Medicaid population. The HMP Dental Claims Loss Ratio also supported MHP dental provider networks. These Medicaid objective benefits would have been undermined if the exception to section 438.6(b)(1) was not granted during the PHE.

Evaluation Question 2: How did the authority support making appropriate, equitable payments to help with the maintenance of beneficiary access to care during the PHE?

This evaluation question sought to examine if the authority supported the state in making appropriate, equitable payments to assist with the maintenance of beneficiary access to care during the PHE. The state's findings are detailed below and organized by evaluation question.

2.1 What retroactive risk mitigation agreements did the state ultimately negotiate with the managed care plans under the demonstration authority?

MDHHS sought approval for the following risk mitigation mechanisms to result in more accurate payments to MHPs. Table 2 lists risk mitigation mechanisms used from SFY 2019 through SFY 2023, highlighting how risk mitigation mechanisms were maintained in FY 2022 from CMS' exception of 438.6(b)(1).

Table 2. Risk Mitigation Mechanisms Per Fiscal Year

Risk Mitigation Mechanism	SFY 2019	SFY 2020	SFY 2021	SFY 2022 Retroactive Request	SFY 2023
Medical Loss Ratio	85% - reporting requirement, not tied to recoupment	Reported, MDHHS implemented a risk corridor.	Reported, MDHHS implemented a risk corridor.	85%	85%
HMP Dental Claims Loss Ratio	Not in effect	Initially 80%, was removed/ replaced with risk corridor.	Not in effect/replaced with risk corridor	80%	80%
COVID-19 Vaccination Initiative	Not in effect	Not in effect	Implemented – no MHPs met performance metrics.	Implemented – same terms as SFY21.	Discontinuing

2.2 To what extent did the retroactive risk mitigation implemented under the demonstration authority result in more accurate payments to the managed care plans?

MHP risk mitigation tools permitted MDHHS to provide MHPs funding for key services, dental and COVID-19 vaccination administration, while ensuring if utilization targets were not met Medicaid funding would be recouped. This permitted MDHHS to incent service-specific MHP performance, while supporting MHP payment accuracy as shown in Tables 3, 4, and 5 below:

Table 3. Risk Mitigation Results

Program	Parameters	SFY 2022 Results	Impact of Waiver Amendment
Medical Loss Ratio (MLR)	85% requirement, remittance required if MLR is below 85%.	MHP MLR range: 86% - 95%. MLR calculated post-HMP Dental Claims Loss Ratio and COVID-19 Vaccination Initiative recoupments.	Maintain MLR requirement, consistent with federal regulation and state contract.
HMP Dental Claims Loss Ratio	80% minimum utilization, remittance required if not satisfied.	No MHPs met minimum utilization requirement. $101.9M in Medicaid funding recouped from MHPs.	Ensured dental services funding, while conditioning funding on plan performance.
COVID-19 Vaccination Initiative	Recoupment and quality bonus pool. Unspent MHP funding recouped, with those funds creating an incentive pool for	$53.9 million in recouped MHP funding awarded to one MHP satisfying vaccination target for beneficiaries aged 12 and above.	Incented MHP beneficiary COVID-19 vaccination performance.

	beneficiary vaccination rates.		

Table 4: HMP Dental Recoupment: Calculated MLR Impact

	Reported MLRs with Waiver-Approved HMP Dental Recoupment	**Calculated MLRs without HMP Dental Recoupment**
Plan A	91.79%	90.56%
Plan B	90.91%	89.52%
Plan C	90.94%	90.05%
Plan D	94.07%	93.04%
Plan E	94.98%	93.92%
Plan F	88.25%	87.03%
Plan G	90.61%	89.53%
Plan H	91.74%	90.47%
Plan I	85.36%	84.74%
Note: The waiver also permitted MDHHS to enact an 85% MLR requirement; as all final MLRs were above that threshold there was no MLR-related funded impact on Medicaid Health Plans.		

Table 5: COVID-19 Incentive Payment

This risk mitigation tool was used to support an approved incentive program, as such not included in the FY 2022 MLR template. As outlined below, the incentive payment recouped $53.87M in incentive funding tied to performance benchmarks.	
	$ thousands rounded
Vaccination Administration Funding	$71,451.1
Vaccination Administration Funding (and qualifying incentive expenses)	$17,580.4
Funds Used as Incentive Award When MHP Performance Targets Met	$53,870.6

2.3 What were the principal challenges associated with implementing the retroactive risk mitigation strategies from the perspectives of the state Medicaid agency and Medicaid managed care plans?

There was a discrepancy in the types of strategies being pursued – FY20 was about the State recouping losses while FY21 was about the unpredictable nature of service utilization during the PHE. There was also a high degree of uncertainty at the time, with solutions focused more on working around the missed deadline and responding to the PHE than implementing risk mitigation strategies.

Additionally, the COVID-19 vaccination Initiative verification of vaccine rates met some challenges as MDHHS could not just rely on reported encounters to determine Medicaid Health Plan COVID vaccination rates. This was primarily due to federally purchased and distributed COVID-19 vaccinations that were provided at sites where no Medicaid reimbursement was required. Fortunately, MDHHS' state vaccine registry could be used in addition to encounter

data to determine Medicaid vaccine status, and Medicaid Health Plans could receive that data as well.

2.4 What actions did the state take to address challenges presented by the implementation of retroactive risk mitigation strategies? To what extent were those actions successful in the context of the PHE?

First and foremost, Michigan would not have been able to respond without the flexibility allowed by CMS. The collaborative effort put forward by CMS, their willingness to provide essential matching funds, and approval of rates all gave Michigan the freedom to pursue strategies related to COVID-19 vaccination and dental loss ratios.

The PHE created a moving target for all policies and processes, each constantly in flux as new information and guidance came out. For vaccinations, Michigan leveraged additional data sources to improve the accuracy of its reports on vaccination status. The success of efforts related to data quality, as well as the outreach conducted to beneficiaries, was a major success within the context of the PHE. The dental loss ratio encouraged health plans to invest in dental networks and conduct outreach, which would have been halted without the waiver. These efforts were invaluable for beneficiaries.

2.5 In what ways during the PHE did the demonstration support adding or modifying one or more risk mitigation mechanisms after the start of the rating period?

The waiver provided millions of dollars to Michigan's health plans in support of vaccination campaigns, as well as the ability to pull back unspent funds. These tools were a cost-effective way to provide managed care organizations with monetary support for increases in services provided, while still prioritizing actuarial soundness. The complete lack of historical experience to base rates also ensured that plans were not limited, and instead MDHHS could take action on both dental and COVID-19 services.

The waiver most importantly allowed the continued operation of services in alignment with existing policies and priorities despite incongruencies with federal timelines. Michigan was able to implement plans that achieved targets and better understand challenges related to the expanded dental services. Without the wavier, an entire year of progress could have been lost.

G. Conclusions

In conclusion, the demonstration was highly effective in supporting the State of Michigan in achieving the objectives of Michigan Medicaid. Overall, the risk mitigation tools were cost-effective ways to provide MCOs funding to increase services, but in a way that ensured health plan rates remained actuarially sound by including recoupments for unspent funding. State administrative costs are primarily associated with MDHHS reviewing plan-reported encounters and encounter costs for reasonability, and follow-up with plans in instances of significant variance. In return, $101.9M Gross Medicaid funds were returned to the federal and state government as plans did not meet expected dental utilization targets. Regarding COVID-19 vaccination rates, a MHP was

rewarded for meeting the state's COVID-19 vaccination benchmark. As no plans met this in FY21, the risk mitigation tool indicates the tool's effectiveness in having plans meet targets.

The amendment was necessary to ensure appropriate, equitable payment for services made during the PHE and supported the State of Michigan in delivering effective care to its beneficiaries in light of the COVID-19 pandemic. The amendment allowed the State the mechanisms through which it was able to protect the health and safety of beneficiaries and providers who were impacted by the COVID-19 PHE. If faced with a public health emergency in the future, the State recommends that CMS consider allowing similar flexibilities provided during the COVID-19 PHE so that States can ensure appropriate and equitable payments are made to managed care programs and that beneficiary access to care is maintained and protected.

Appendix A: Evaluation Design

Flint, Michigan Section 1115 Demonstration

Managed Care Risk Mitigation COVID-19 Public Health Emergency (PHE) Section 1115 Demonstration

SFY 2022 Proposed Evaluation Design

09/25/2022

1. Evaluation Elements.

A. General Background

The Michigan Department of Health and Human Services (MDHHS) applied to and received approval from The Centers for Medicare & Medicaid Services (CMS) for retroactive approval of SFY 2022 risk mitigation mechanisms for Michigan's Comprehensive Health Care Program (CHCP). Specifically, MDHHS applied and received CMS's approval to be exempted from 42 C.F.R. § 438.6(b)(1) in order to add or modify risk mitigation mechanism(s) after the start of the rating period as specified in the state's contracts with its Medicaid managed care plans. Upon approval, MDHHS will use the following SFY2022 Medicaid Health Plan (MHP) risk mitigation mechanisms:

- Medical Loss Ratio (MLR): SFY 2022 maintains a minimum 85% medical loss ratio standard which Michigan has used in prior years including a financial remittance component if below 85%.

- Healthy Michigan Plan (HMP) Dental Claims Loss Ratio: A minimum utilization threshold of 80% of base utilization included in the dental component of the Healthy Michigan Plan SFY 2022 capitated rates. For (MHPs) which fall below the 80% threshold, a recoupment will be made for unspent benefit expense funding specific to the dental component of the rates.

- MHP COVID-19 Vaccination Initiative:
    - Unspent COVID-19 vaccination administration funding included the SFY 2022 Medicaid Health Plan capitated rates for ages 2 and over may be recouped.
    - Recouped funds will be utilized to create a bonus pool.
    - Medicaid Health Plans who achieve 55% of members aged 16 or over receiving administration of the first COVID-19 vaccine dose (or the single dose in the case of Johnson & Johnson COVID-19 vaccine) can access 30% of the bonus pool.
    - MHPs who achieve 70% of members aged 16 or over receiving COVID-19 vaccine administration, can access the remaining 70% of the bonus pool.

MDHHS sought approval for these risk mitigation mechanisms to result in more accurate payments to MHPs.

MHP Risk Mitigation Mechanism	SFY 2019	SFY 2020	SFY 2021	SFY 2022 Retroactive Request	SFY 2023 (Planned)
Medical Loss Ratio	85% - reporting requirement, not tied to recoupment	Reported, MDHHS implemented a risk corridor.	Reported, MDHHS implemented a risk corridor.	85%	85%
HMP Dental Claims Loss Ratio	Not in effect	Initially 80%, was removed/ replaced with risk corridor.	Not in effect/replaced with risk corridor	80%	80%

COVID-19 Vaccination Initiative	Not in effect	Not in effect	Implemented – no MHPs met performance metrics.	Implemented – same terms as SFY21.	Discontinuing

B. Evaluation Questions

The purpose for implementing these retroactive risk mitigation strategies was to target appropriate payments to the participating managed care health plans for the SFY 2022 time period. The following provides a list of questions that are intended to be examined for purposes of the final report and whether the proposed strategies met their intended purpose.

Evaluation Question 1. How did this demonstration facilitate the objectives of Medicaid?

- 1.1 What were the principal lessons learned for any future PHEs in implementing the demonstration flexibilities?
- 1.2 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 Question 2. How did the authority support making appropriate, equitable payments to help with the maintenance of beneficiary access to care during the PHE?

- 2.1 What retroactive risk mitigation agreements did the state ultimately negotiate with the managed care plans under the demonstration authority?
- 2.2 To what extent did the retroactive risk mitigation implemented under the demonstration authority result in more accurate payments to the managed care plans?
- 2.3 What were the principal challenges associated with implementing the retroactive risk mitigation strategies from the perspectives of the state Medicaid agency and Medicaid managed care plans?
- 2.4 What actions did the state take to address challenges presented by the implementation of retroactive risk mitigation strategies? To what extent were those actions successful in the context of the PHE?
- 2.5 In what ways during the PHE did the demonstration support adding or modifying one or more risk mitigation mechanisms after the start of the rating period?

C. Methodology

This section will detail the proposed methodology for Evaluation Design, including the data sources and methods of analysis.

- **Data Sources**
  The State will compile qualitative and quantitative data from multiple sources, including documentation of funding received by and any recoupments from MHPs associated with the

demonstration's risk mitigation mechanisms. The State plans to incorporate the following:

Staff Interviews: The State will interview staff that have worked to implement the Risk Mitigation Mechanisms, covering both internal processes and efforts in partnership with relevant parties like Medicaid Health Plans. An interview protocol will be developed to ensure consistency in interviews and cover the broad spectrum of processes, partners, and program oversights to provide a comprehensive qualitative analysis. Interviews will include questions targeted to answer specific research questions and gather information on outcome measures.

Medical Loss Ratio (MLR) Reports: The State will review Medicaid Health Plan Risk Corridor and MLR Reports created by Milliman that detail recoupments, encounter data, reported expenses from managed care organizations, vaccine expenditures, and other data relevant to the risk mechanisms.

Dental Utilization & Dental Claims Loss Ratio Reports: The State will review dental utilization summary reports created by Milliman that show the average utilization for the Healthy Michigan population by health plan and incurred during quarterly periods. Additional reports with reported dental benefit expense in the encounter data, the amount of dental benefit expense included in the capitation rates, and the projected amount of recoupment will also be reviewed.

Health Plan Utilization Reports on COVID-19 Vaccination: The State will review reported encounter data and actuarial reports from Milliman on COVID-19 vaccinations, such as the Summary of SFY 2021 COVID-19 Incentive Recoupment by Health Plan. This information may be cross-referenced with other data sources and tracking databases to confirm vaccination among Medicaid beneficiaries.

Document Review: Additional documents will be reviewed as necessary to provide qualitative and quantitative information relevant to the Risk Mitigation Mechanisms. This may involve, as applicable, the incidence and results of any audits, investigations or lawsuits, or any state legislative developments that may impact the demonstration.

- **Analytic Methods**
  The State will conduct qualitative and quantitative analysis on data gathered, employing quantitative and qualitative reviews as needed to answer the Evaluation Questions. A qualitative analysis may also be conducted related to staff interviews, with responses categorized and coded as applicable to provide some quantitative measures that may provide additional insights.

Evaluation Question 1. How did this demonstration facilitate the objectives of Medicaid?			
Research Question	**Outcome Measure**	**Data Source**	**Analytic Approach**
1.1 What were the principal lessons learned for any future PHEs in implementing the demonstration flexibilities?	Description of implementation process, including challenges encountered, solutions developed, and successes or opportunities for improvement	Document Review; Staff Interviews	Qualitative

1.2 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?	Description of potential issues from application of section 438.6(b)(1), as well as and how the exemption addressed or prevented these problems (if applicable)	Document Review; Staff Interviews	Qualitative

Evaluation Question 2. How did the authority support making appropriate, equitable payments to help with the maintenance of beneficiary access to care during the PHE?			
Research Question	**Outcome Measure**	**Data Source**	**Analytic Approach**
2.1 What retroactive risk mitigation agreements did the state ultimately negotiate with the managed care plans under the demonstration authority?	Details of sharing agreements negotiated with managed care plans for Risk Mitigation Mechanisms	Document Review	Qualitative
2.2 To what extent did the retroactive risk mitigation implemented under the demonstration authority result in more accurate payments to the managed care plans?	Comparison of MLR/DLR/Documents prior to & following implementation of Risk Mitigation Mechanisms	MLR & DLR Reports; Document Review	Quantitative
2.3 What were the principle challenges associated with implementing the retroactive risk mitigation strategies from the perspectives of the state Medicaid agency and Medicaid managed care plans?	Description of challenges faced by State & MCOs regarding implementation of Risk Mitigation Mechanisms	Staff Interviews	Qualitative
2.4 What actions did the state take to address challenges presented by the implementation of retroactive risk mitigation strategies? To what extent were those actions successful in the context of the PHE?	Description of actions taken by state to implement retroactive mitigation strategies; description of successes and/or opportunities for improvement in context of PHE	Staff Interviews	Qualitative
2.5 In what ways during the PHE did the demonstration support adding or modifying one or more risk mitigation mechanisms after the start of the rating period?	Description of costs/benefits related to adding or modifying risk mitigation mechanisms	Staff Interviews	Qualitative

The evaluation period will primarily be focused on state fiscal year 2022. It will also include applicable historical information of associated risk mitigation mechanisms from state fiscal years 2019 through 2021 in order to provide necessary context as applicable.

D. Methodological Limitations

In performing the evaluation of the demonstration, the independent evaluator will rely upon certain data and information provided by MDHHS and the MHPs for this purpose. To the extent

that the data and information provided is not accurate, or is not complete, the evaluation may likewise be inaccurate or incomplete. The models, including all inputs, calculations, and outputs, may not be appropriate for any other purpose.

Further, the risk mitigation mechanisms employed by the state were based on initial projections. Differences between projections and actual amounts depend on the extent to which future experience conforms to the assumptions made for the analysis. It is certain that actual experience will not conform exactly to the assumptions used in this analysis. Actual amounts will differ from projected amounts to the extent that actual experience deviates from expected experience.

Limitations with the data will be minimized by requiring the health plans to attest to the accuracy of the data, performing an independent review of the submitted information, and engaging in discussions and further analysis to address any discrepancies.

Target and comparison populations may not be suitable for this evaluation, with possible exception of review other state approaches to COVID-19 vaccine administration risk mitigation mechanisms.

2. Attachments.

A. Independent Evaluator. As permitted by CMS, an independent evaluator will not be employed for this evaluation.

B. Evaluation Budget. Michigan will leverage existing resources and utilize neutral staff that have not been directly involved with implementation, negating the need for an evaluation budget.

C. Timeline. See below.

October - January 2023	Anticipated period for MDHHS to incorporate feedback from CMS regarding the demonstration's evaluation design.
August 30, 2023	MDHHS anticipated to have finalized reporting and possible recoupments associated with the demonstration's risk mitigation mechanisms. review of MHP financial performance in SFY22 and MHP recoupments/bonus payments will be provided to CMS.
November 30, 2023	MDHHS anticipates submission of an interim report with any changes to our Evaluation Questions, Methodology, and Evaluation Timeline.
January 31, 2024	MDHHS anticipates submission of a final report.
Within 30 Days of Approval	Within 30 calendar days after CMS approval of Final Report, MDHHS will post the CMS-approved final report to their Medicaid Agency website