

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
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Baltimore, Maryland 21244-1850



State Demonstrations Group

December 9, 2025

Kristin Sousa
Assistant Secretary and State Medicaid Director
Rhode Island Executive Office of Health and Human Services
3 West Road, Virks Building
Cranston, RI 02920

Dear Director Sousa:

The Centers for Medicare & Medicaid Services (CMS) completed its review of Rhode Island's Final Report for the Managed Care Risk Mitigation COVID-19 Public Health Emergency (PHE) amendment to the section 1115 demonstration entitled "Rhode Island Comprehensive Demonstration" (Project Number: 11-W-00242/1), approved on January 18, 2022. This report covers the demonstration period from March 1, 2020, through June 30, 2023. CMS determined that the Final Report, submitted on April 25, 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
Director
Division of Demonstration Monitoring and Evaluation

Enclosure

cc: Joyce Butterworth, State Monitoring Lead, CMS Medicaid and CHIP Operations Group

Rhode Island Managed Care Risk Mitigation COVID-19 Public Health Emergency Section 1115

Demonstration Evaluation

Project No. 11-W-00242/1



April 25, 2025

Introduction

Effective March 1, 2020, CMS approved Rhode Island's Managed Care Organization Risk Mitigation COVID-19 PHE 1115 Waiver. This authority allowed the state to operate its Medicaid program exempt from the regulatory prohibition in 42 CFR 438.6(b)(1) in order to protect, to the greatest extent possible, the health, safety, and welfare of individuals and providers who were at risk for being affected by COVID-19.

The Demonstration allowed Rhode Island to enter or modify a risk mitigation arrangement with a Medicaid managed care organization (MCO) after the applicable rating period had begun.

Rhode Island has historically used risk corridors to limit the gains and losses of its MCOs if actual medical expenses differ by more than a certain percentage from the baseline estimate for the rating period. Prior to the prohibition in 42 CFR 438.6(b)(1), these risk corridors were, in some cases, applies "retroactively" in the sense that the contracts defining the corridors were not always formally executed before the start of the rating period but did apply "retroactively" from the start of the rating period.

Rhode Island relied on this Demonstration authority for the July 1, 2020 through June 30, 2021 rate period. In subsequent years, the state was able to execute contracts with risk corridors before the start of the rate periods. Accordingly, this evaluation only reflects outcomes from the rate period ending June 30, 2021.

Evaluation Methodology

Data Sources

The following sources of quantitative data were used to calculate the Baseline and Medical Expenses:

1. Capitation payments, specifically the medical component of the rates
2. Medical encounters submitted by the health plans (and stored in the MMIS)
3. Financial Data Cost Reports submitted by the health plans
4. National Association of Insurance Commissioners (NAIC) Annual Statement
5. Risk Share Settlement Template

Evaluation Measures

The state calculated both the Baseline Medical and Actual Medical Expenditures for the MCOs participating in the Medicaid program. Utilizing those calculations and the distribution of costs for each MCO, the state compared those figures to the Baseline medical component of the capitation rates.

Limitations

Differences between the actuarially certified medical baseline and the actual experience of each plan can be influenced by many factors. The base capitation rates are subject to actuarial judgement regarding what claims experience during the rating period will look like; this involves assumptions around changes in utilization, both underlying and due to the PHE, program changes, enrollment changes to the extent to which the actuary feels it will have an impact on overall acuity, among many others. Further, when creating the risk adjusted capitation rates, EOHHS's actuaries utilize a membership snapshot combined with claims experience from a prior period to assign risk scores to members in each plan using the CDPS +MRx model. In addition to the changes in utilization of services due to the PHE, utilization of services and member acuity can differ from the base period for many reasons; further, beneficiaries can choose to enroll in a different plan throughout the course of a fiscal year which does not result in a rebasing of the overall risk scores used to create rates for each plan

Hypotheses

The primary hypothesis for this Demonstration is that the risk corridors will have resulted in overall savings to the state's Medicaid program in the rating period ending June 30, 2021.

Findings

The tables below describe the results of the risk mitigation strategy for the rating period ending June 30, 2021. Each managed care contract is represented in one table each – United Healthcare, Neighborhood Health Plan of Rhode Island, and Tufts Health Plan.

FY 2021 Risk Share Settlement Summary- FINAL

United Healthcare

SFY 2021 Plan Reporting - Reporting through:

Paid Through Q3 2022 FDCR - September 30, 2022

PRODUCT	2021	2021	2021	2021	TOTAL
	Core	CSHCN	RHP	Expansion	
Medical Premium	\$181,192,700	\$ 23,781,907	\$ 124,908,118	\$ 228,733,553	\$558,616,279
Medical Expense (FDCR)	\$169,966,285	\$ 21,203,977	\$ 123,811,612	\$ 212,428,636	\$527,410,510
Adjustments:					
[1] Less Claims Paid > 365 Days (Excluding Inpatient/Outpatient)	\$(660,022)	\$(53,115)	\$(116,992)	\$(409,326)	\$ (1,239,455)
[2] Less Reserves (end of 12 month run-out)	\$(26,557)	\$(4,628)	\$(20,061)	\$(688)	\$(51,933)
[3] Less Accrued Provider Settlements (end of 12 month run-out)	\$(225,910)	\$(14,163)	\$(167,318)	\$(299,228)	\$ (706,619)
[4] Less CC Expenditures Above Funded Amt	\$ -	\$ -	\$ -	\$ -	\$ -
[5] Plus FQHC Subcapitated (Subcap - Proxy Paid)	N/A	N/A	N/A	N/A	N/A
Net Medical Expense Recognized (Risk Share)	\$169,053,797	\$21,132,072	\$123,507,241	\$211,719,394	\$525,412,504
Medical Premium Above / (Below) Medical Expense	\$12,138,903	\$2,649,836	\$1,400,878	\$17,014,158	\$33,203,775
Gain / (Loss) on Medical Premium	6.7%	11.1%	1.1%	7.4%	
Calculation of Risk Share Payment					
105.0%	\$190,252,335	\$24,971,003	\$ 131,153,524	\$ 240,170,230	
103.0%	\$186,628,481	\$24,495,365	\$128,655,362	\$235,595,559	
97.0%	\$175,756,919	\$23,068,450	\$121,160,875	\$221,871,546	
95.0%	\$172,133,065	\$22,592,812	\$118,662,712	\$217,296,875	
Risk Share Pool					
Excess of 105%	-	-	-	-	
Between 103%-105%	-	-	-	-	
Baseline and 103%	-	-	-	-	
Baseline and 97%	(5,435,781)	(713,457)	(1,400,878)	(6,862,007)	
Between 95% and 97%	(3,623,854)	(475,638)	-	(4,574,671)	
Under 95%	(3,079,268)	(1,460,740)	-	(5,577,481)	
	\$(12,138,903)	\$(2,649,836)	\$(1,400,878)	\$(17,014,158)	
	TRUE	TRUE	TRUE	TRUE	
EOHHS Share of Risk Pool					
Excess of 105%	90%	90%	90%	90%	
Between 103%-105%	60%	60%	60%	60%	
Baseline and 103%	0%	0%	0%	0%	
Baseline and 97%	0%	0%	0%	0%	
Between 95% and 97%	60%	60%	60%	60%	
Under 95%	90%	90%	90%	90%	
EOHHS Payment/ (Recoupment)	\$ (4,945,654)	\$ (1,600,049)	\$	\$ (7,764,535)	\$ (14,310,238)

Neighborhood Health Plan of RI

SFY 2021 Plan Reporting - Reporting through:

Q3 2022 FDCR - September 30, 2022

	2021	2021	2021	2021	
PRODUCT	Core	CSHCN	RHP	Expansion	TOTAL
Medical Premium	\$341,735,506	\$92,603,933	\$149,021,590	\$319,783,058	\$903,144,086
Medical Expense (FDCR)	\$341,867,154	\$92,404,087	\$156,018,276	\$315,260,297	\$905,549,813
Adjustments:					
[1] Less Claims Paid > 365 Days (Excluding Inpatient/Outpatient)	\$ (204,693)	\$(44,744)	\$(58,410)	\$(55,863)	\$(363,710)
[2] Less Reserves (end of 12 month run-out)	\$(212,844)	\$(44,297)	\$(1,367,226)	\$(238,188)	\$1,862,555)
[3] Less Accrued Provider Settlements (end of 12 month run-out)	\$(1,152,940)	\$(585,311)	\$(1,318,185)	\$(647,123)	\$(3,703,559)
[4] Less CC Expenditures Above Funded Amt	\$ -	\$ -	\$ -	\$ -	\$ -
[5] Plus FQHC Subcapitated (Subcap - Proxy Paid)*	N/A	N/A	N/A	N/A	\$ -
Net Medical Expense Recognized (Risk Share)	\$340,296,677	\$91,729,734	\$153,274,455	\$314,319,124	\$899,619,990
Medical Premium Above / (Below) Medical Expense	\$1,438,829	\$874,198	\$(4,252,865)	\$5,463,934	\$3,524,096
Gain / (Loss) on Medical Premium	0.4%	0.9%	-2.9%	1.7%	
* Starting with Q3 2022 FDCR, these are reported "above the line" in Medical Expenses.					
Calculation of Risk Share Payment					
105.0%	\$358,822,281	\$97,234,129	\$156,472,669	\$335,772,211	
103.0%	\$351,987,571	\$95,382,051	\$153,492,238	\$329,376,549	
97.0%	\$331,483,441	\$89,825,815	\$144,550,942	\$310,189,566	
95.0%	\$324,648,730	\$87,973,736	\$141,570,510	\$303,793,905	
Risk Share Pool					
Excess of 105%	-	-	-	-	
Between 103%-105%	-	-	-	-	
Baseline and 103%	-	-	4,252,865	-	
Baseline and 97%	(1,438,829)	(874,198)	-	(5,463,934)	
Between 95% and 97%	-	-	-	-	
Under 95%	-	-	-	-	
	\$(1,438,829)	\$(874,198)	\$4,252,865	\$ (5,463,934)	
	TRUE	TRUE	TRUE	TRUE	TRUE
EOHHS Share of Risk Pool					
Excess of 105%	90%	90%	90%	90%	
Between 103%-105%	60%	60%	60%	60%	
Baseline and 103%	0%	0%	0%	0%	
Baseline and 97%	0%	0%	0%	0%	
Between 95% and 97%	60%	60%	60%	60%	
Under 95%	90%	90%	90%	90%	

	\$	\$	\$	\$	\$
EOHHS Payment/ (Recoupment)	-	-	-	-	-

FY 2021 Risk Share Settlement Summary - FINAL

Tufts

SFY 2021 Plan Reporting - Reporting through:

Paid Through Q3 2022 FDCR - September 30, 2022

	2021	2021	2021	2021	
PRODUCT	Core	CSHCN	RHP	Expansion	TOTAL
Medical Premium	\$24,044,311	\$1,365,500	\$11,948,321	\$43,653,002	\$ 81,011,134
Medical Expense (FDCR)	\$17,752,876	\$1,067,362	\$10,820,309	\$34,364,039	\$63,438,584
Adjustments:					
[1] Less Claims Paid > 365 Days (Excluding Inpatient/Outpatient)*	\$48,025	\$(4,201)	\$(22,479)	\$(20,849)	\$497
[2] Less Reserves (end of 12 month run-out)	\$(7,013)	\$(2,029)	\$(1,677)	\$(10,644)	\$(21,363)
[3] Less Accrued Provider Settlements (end of 12 month run-out)	\$ -	\$ -	\$ -	\$ -	\$ -
[4] Less CC Expenditures Above Funded Amt	\$ -	\$ -	\$ -	\$ -	\$ -
[5] FQHC Adjust to Final Reconciliation	\$ 174,401	\$ 1,963	\$ 26,959	\$ 183,565	\$386,888
[6] TCOC Prospect Final Settlement	\$ 19,796	\$ 3,173	\$ 36,431	\$ 59,400	\$
Net Medical Expense Recognized (Risk Share)	\$ 17,988,085	\$ 1,063,095	\$ 10,826,284	\$ 34,552,542	\$ 63,864,005
Medical Premium Above / (Below) Medical Expense	\$ 6,056,225	\$ 302,405	\$ 1,122,037	\$ 9,100,460	\$ 16,581,127
Gain / (Loss) on Medical Premium	25.2%	22.1%	9.4%	20.8%	

* Positive amount reflects net recoupments occurring > 365 Days from Date of Service

Calculation of Risk Share Payment

105.0%	\$ 25,246,526	\$ 1,433,775	\$ 12,545,737	\$ 45,835,652
103.0%	\$ 24,765,640	\$ 1,406,465	\$ 12,306,770	\$ 44,962,592
97.0%	\$ 23,322,981	\$ 1,324,535	\$ 11,589,871	\$ 42,343,412
95.0%	\$ 22,842,095	\$ 1,297,225	\$ 11,350,905	\$ 41,470,352

Risk Share Pool

Excess of 105%	-	-	-	-
Between 103%-105%	-	-	-	-
Baseline and 103%	-	-	-	-
Baseline and 97%	(721,329)	(40,965)	(358,450)	(1,309,590)
Between 95% and 97%	(480,886)	(27,310)	(238,966)	(873,060)
Under 95%	(4,854,010)	(234,130)	(524,620)	(6,917,810)
	\$(6,056,225)	\$(302,405)	\$(1,122,037)	\$(9,100,460)
	TRUE	TRUE	TRUE	TRUE

EOHHS Share of Risk Pool

Excess of 105%	90%	90%	90%	90%
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Between 103%-105%	60%	60%	60%	60%	
Baseline and 103%	0%	0%	0%	0%	
Baseline and 97%	0%	0%	0%	0%	
Between 95% and 97%	60%	60%	60%	60%	
Under 95%	90%	90%	90%	90%	
EOHHS Payment/ (Recoupment)	\$(4,657,141)	\$ (227,103)	\$(615,538)	\$(6,749,865)	\$(12,249,647)

Discussion

In general, and consistent with the state's hypothesis, actual spending was lower than baseline in the rating year ending June 30, 2021. As a result, the application of the risk mitigation strategy permitted by the Demonstration allowed the state to ultimately make more accurate payments to MCOs and to achieve savings relative to the likely outcome without the risk corridors being in place.

As illustrated above, each managed care plan has four Medicaid "products" serving distinct populations: "Core," which generally serves children, their parents, and pregnant people; Children with Special Healthcare Needs; "Rhody Health Partners," which serves adults with disabilities; and Expansion, which serves adults eligible under the adult expansion group. Risk corridors are calculated separately for each MCO and each product.

As reflected in the tables above, agreements with the MCOs provided that the following risk corridors would be applied:

Risk Sharing Provisions	Plan Share of Risk/Surplus	EOHHS Share of Risk/Surplus
Actual Medical Expenses above 105% of Baseline	10%	90%
Actual Medical Expenses 103% - 105% of Baseline	40%	60%
Actual Medical Expenses 100% - 103% of Baseline	100%	0%
Actual Medical Expenses 100% - 97% of Baseline	100%	0%
Actual Medical Expenses 97% - 95% of Baseline	40%	60%
Actual Medical Expenses Under 95% of Baseline	10%	90%

United Healthcare experienced medical spending under baseline for all four products. However, for the "Rhody Health Partners" product, all spending was between 97% and 100% of baseline and therefore the state recouped a 0% share of the savings. The state did recoup savings for the other three products, for each of which United Healthcare experienced spending at both the "95-97% of baseline" level (60% state recoupment rate) and the "under 95% of baseline" level (90% state recoupment rate), as well as at the 97% to 100% level. Pursuant to these terms, the state recouped \$4,945,654 for the Core product; \$1,600,049 for the Children with Special

Healthcare Needs product; and \$7,764,535 for the Expansion population, for a total of \$14,310,238.

Neighborhood Health Plan experienced medical spending under baseline for all products except Rhody Health Partners, for which spending was between 100% and 103% of baseline (such that the MCO bore 100% of the risk). Spending for the other three products was between 100% and 97% of baseline, and therefore the state recouped a 0% share of the savings.

Tufts experienced medical spending under baseline for all four products, and in all four products, there was spending at both the “95-97% of baseline” level (60% state recoupment rate) and the “under 95% of baseline” level (90% state recoupment rate) as well as at the 97%-100% level (0% recoupment). Pursuant to these terms, the state recouped \$4,657,141 for the Core product; \$227,103 for the Children with Special Healthcare Needs product; \$615,538 for the Rhode Health Partners Product, and \$6,749,865 for the Expansion population, for a total of \$12,249,647.

These results demonstrate the importance of the exemption to the state. Had the risk corridors not been in place, the disruptions to the healthcare system during July 2020 through June 2021 would have led to inappropriate windfalls to MCOs, undermining the state’s ability to properly steward public resources and maintain future capacity to meet public needs.

Rhode Island appreciates the support the state received to implement this Demonstration. A principal lesson that the state will take forward is that risk corridors provide valuable protection from unexpected shocks to healthcare utilization.