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STATE OF NEW HAMPSHIRE
DEPARTMENT OF HEALTH AND HUMAN SERVICES
DIVISION OF FINANCE AND PROCUREMENT

Lori A. Weaver
Commissioner

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Nathan D. White
Chief Financial Officer

April 3, 2024

The Honorable Ken Weyler, Chairman
Fiscal Committee of the General Court and

His Excellency, Governor Christopher T. Sununu
and the Honorable Council
State House
Concord, NH 03301

REQUESTED ACTION

Pursuant to RSA 14:30-a, VI, Additional Revenues, authorize the Department of Health and Human Services to accept and expend additional other revenue received from a portion of capitated premium payments in the amount of \$2,565,566 to be used to make incentive payments for performance targets achieved that enhance care management and administrative practices as part of the DHHS Withold and Incentive Program Policy, effective upon approvals by the Fiscal Committee and Governor and Council through June 30, 2025, and further authorize the allocation of these funds in the account below. 100% Other Funds.

**05-95-47-470010-7948, HEALTH AND SOCIAL SERVICES, HEALTH AND HUMAN SVCS
DEPT OF HHS: DIVISION OF MEDICAID SERVICES, OFC OF MEDICAID SERVICES,
MEDICAID CARE MANAGEMENT**

Class/Obj	Class Title	Current Modified Budget	Other Fund Increase 405615	Revised Modified Budget
000-403978-16	Medicaid Grants-Federal Funds	\$463,242,504		\$463,242,504
005-402201-04	Agency Income: Medicaid Enhancement - Local	\$154,549,999		\$154,549,999
007-407145-44	Drug Rebates - Regular Care	\$25,921,476		\$25,921,476
009-405615-12	Agency - MCO Liquid Damages	\$0	\$2,565,566	\$2,565,566
	General Fund	\$292,858,746		\$292,858,746
	Total Revenue	\$936,572,725	\$2,565,566	\$939,138,291
041-500801	Audit Set Aside	\$484,946		\$484,946
101-500729	Medical Payments to Providers	\$831,826,237	\$2,565,566	\$834,392,003
535-500376	Out of Home Placements	\$81,609,908		\$81,609,908
563-500915	Community Based Services	\$22,651,434		\$22,651,434
	Total Expense	\$936,572,725	\$2,565,566	\$939,138,291

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EXPLANATION

The Department of Health and Human Services (DHHS) requests to accept additional other funds to Accounting Unit 79480000 for Medicaid Care Management, (MCM).

On July 1, 2020, DHHS entered new contracts with three Managed Care Organizations (MCOs). A new provision was added to the contracts that instituted a new Withhold and Incentive Program provision. The new Withhold and Incentive Program arrangement was established to hold the MCOs financially accountable to quality performance targets and provide an opportunity for incentive payments for higher performing MCOs.

Since entering into the new agreements, the Department has withheld a calculated actuarially sound percentage of each Managed Care Organization's (MCO) risk adjusted Capitation Payment for the contract period. The Department seeks to accept the Other funds that were withheld to allow it to distribute the earned incentive revenue to the three MCO's. DHHS will use its Withhold and Incentive Program Policy criteria that was established on the basis of meeting specific performance targets.

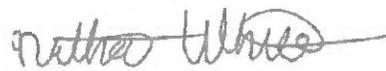
In accordance with the terms of the existing contracts, MCO's are eligible to earn back monetary incentives from unearned withhold funds related to performance of activities to enhance care management and administrative practices. These activities include, but are not limited to fraud, waste and abuse, medication reviews, polypharmacy, counseling, substance use disorder, and opioid treatment provider oversight and compliance. Acceptance of these funds will allow the Department to distribute the funds earned back to meet DHHS' contractual and actuarial adequacy obligations.

This payment does not increase the approved MCO contract price limitations.

Funds are to be budgeted as follows:

Class 101 The 100% other funds will be used for reimbursement achieved performance targets met by MCOs.

Respectfully Submitted,



FOR

Lori A. Weaver
Commissioner