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STATE OF NEW HAMPSHIRE
DEPARTMENT OF HEALTH AND HUMAN SERVICES
DIVISION OF MEDICAID SERVICES

Lori A. Weaver
Commissioner

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April 22, 2025

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

Her Excellency, Governor Kelly A. Ayotte
and the Honorable Council
State House
Concord, NH 03301

REQUESTED ACTION

Pursuant to the provisions of RSA 14:30-a, VI, authorize the Department of Health and Human Services, Division of Medicaid Services, to accept and expend additional other revenue received from a portion of capitated premium payments in the amount of \$12,865,236, to be used for incentive payments for performance targets achieved that enhance care management and administrative practices as part of the DHHS Withhold and Incentive Program Policy, effective upon Fiscal Committee and Governor and Executive Council approval through June 30, 2025, and authorize the allocation of these funds in the account below. 100% other Funds (Agency – Managed Care Organization [MCOs] Liquid Damages).

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

Class/Obj	Class Title	Current Budget	Other Fund 405615	Revised Modified Budget
000-403978-16	Medicaid Grants-Federal Funds	\$537,714,848		\$537,714,848
001-403187-16	Trans from Other Agy-Refugee Med	\$552,233		\$552,233
005-405242-04	DSH Audit Recoupment	\$154,550,000		\$154,550,000
007-407145-44	Drug Rebates - Regular Care	\$28,000,000		\$28,000,000
009-405615-12	Agency - MCO Liquid Damages	\$8,987,674	\$12,865,236	\$21,852,910
	General Fund	\$345,798,589		\$345,798,589
Total Revenue		\$1,075,603,344	\$12,865,236	\$1,088,468,580
041-500801	Audit Set Aside	\$578,944		\$578,944
101-500729	Medical Payments to Providers	\$972,204,358	\$12,865,236	\$985,069,594
535-500376	Out of Home Placements	\$81,578,998		\$81,578,998
563-500915	Community Based Services	\$21,241,044		\$21,241,044
Total Expense		\$1,075,603,344	\$12,865,236	\$1,088,468,580

EXPLANATION

The Department of Health and Human Services (Department) requests to accept additional other funds to Accounting Unit 79480000 for Medicaid Care Management, which represents revenue derived from a Withhold and Incentive Program arrangement designed to achieve quality and operational performance targets and incentive performance. The Department seeks to accept these Other funds that were withheld and unearned initially by the MCOs to allow it to distribute the previously unearned incentive revenue to the three MCOs based on achievement of additional performance metrics. These funds were previously approved under the contract. Acceptance of these funds allows the Department to distribute the funds earned back to meet DHHS' contractual and actuarial adequacy obligations. DHHS will use its Withhold and Incentive Program Policy criteria that was established based on meeting specific performance targets.

For background, the Department entered into agreements with three (3) Managed Care Organizations (MCOs) for the period of July 1, 2020, through August 31, 2024, which was the second five-year MCO (MCO 2.0) procurement. In the agreements, the Department established a Withhold and Incentive Program arrangement and established a percentage of each MCO's actuarial determined risk adjusted Capitation Payment that would be set aside to incentivize performance. The actuarial determined adjustment was required for the actuary to certify the rates and for the Centers for Medicare & Medicaid Services to approve DHHS's rate filing in each year.

In establishing a Withhold and Incentive Program arrangement, DHHS could better hold the MCOs financially accountable to achieve quality and operational performance targets and incentive performance. The Program included that any unearned withhold from a given year by the MCOs is pooled; with an opportunity for earning incentive payments in a subsequent period for higher performing MCOs. All funds from the five-year period are required contractually and actuarially to be dispersed as described further below.

In accordance with the terms of the existing contracts, MCOs are eligible to earn back monetary incentives from unearned withhold funds related to performance of activities to enhance care management and administrative practices. The period for this request for processing the earned incentive relates to remainder of the MCO 2.0 contract period. These activities included: achieving higher performance in designated quality metrics (for example lead screening rates in children, medication reviews for DCYF-involved youth, and comprehensive medication reviews for polypharmacy members); assistance with beneficiary outreach related to the unwind from continuous coverage; audits and related activity for Opioid Treatment Provider oversight; timely investigations for fraud, waste, and abuse; and outreach to beneficiaries to support completion of redeterminations and to learn of individuals no longer requesting coverage.

This is the third and final fiscal item requesting to Accept and Expend funds related to the MCO 2.0 contract incentive program reporting period. FIS 24-144 was approved on April 19, 2024, and FIS 24-256 was approved on August 16, 2024. The Withhold and Incentive program is also included within the MCO 3.0 (third five-year MCO procurement) Contract that will require to accept additional funds once the incentives have been achieved.

Funds will be budgeted as follows:

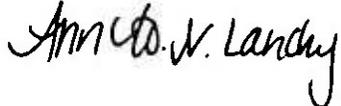
Class 101 - MEDICAL PAYMENTS TO PROVIDER - Funds will be used for expenses associated with Medicaid Care Management capitation payments, fee-for-service provider payments for clients enrolled in New Hampshire's Medicaid program.

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This payment does not increase the approved MCO contract price limitations. It is required to make the rates actuarially sound and approved by the Centers for Medicare and Medicaid Services.

Source of Funds: 100% Other only.

Respectfully Submitted,


for:

Lori A. Weaver
Commissioner