



KanCare RFP Actuarial Pre-Bid Conference

RFP #EVT0009267

October 16th, 2023

AGENDA



- Welcome, Sign In, and Participation Instructions
- RFP Timelines
- Competitive Bidding Process
- Bidder's Library
- Required Bid Submission Documents
- Rate Range Development and Timelines
- Additional Comments
- Questions

Virtual Sign-in

- Please join via Zoom meeting link to view the presentation
- Verify the name of the bidder's representative, the name of the bidder's organization, and bidder's representative's email address in the chat feature
- Participants will be muted during the presentation but will be given time for questions thereafter
- Please do not use the video feature during the pre-bid conference

Questions

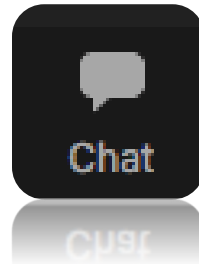
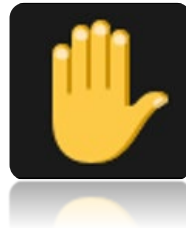
- For technical issues, please use the chat feature
- The State will provide an opportunity for clarifying questions following the presentation
- **Responses to questions during the pre-bid conferences are not binding**
 - Potential bidders must submit questions through the formal Q&A process to receive official responses



How to Ask Questions

DURING THIS CONFERENCE

- To ask a question at the end of the presentation, use the 'Raise Hand' button, and we will unmute your line to ask the question
- You may also provide written questions through the chat feature in Zoom



FORMAL RFP Q&A

- Complete Attachment 8, Template for Submission of Questions in Excel
- Submit via email to: Amanda Acuna, Procurement Officer
- Email: Amanda.Acuna@ks.gov

INTRODUCTIONS

- CBIZ Optumas is currently the actuarial vendor for the State of Kansas
- Involved in KanCare since implementation

RFP Timelines

- State Releases RFP: 10/2/23
- Pre-Bid Conferences: 10/16/23
- Bidders' Questions due: 10/23/23 by 12 p.m. CT
- State posts Amendment with Bidders' Q&A: 11/28/23
- Proposal Submissions due: 1/4/24 by 2 p.m. CT

RFP Timelines

- Initial Actuarially Sound Rate Range: Spring '24
- Offer Point Negotiated: Spring '24
- Winning Bidder's Selected: Spring '24
- Contracts Signed for CY25: Spring '24
- Final Actuarially Sound Rate Range: Fall '24
- KanCare 2.0 Contracts Expire: 12/31/24
- New Contracts Effective: 1/1/25

Competitive Bidding Process



Competitive Bidding Process

- Bids are for all populations, services, and regions within KanCare
- Bidders should assume statewide risk (1.0 risk)
- Bidders to submit a single, statewide blended Initial Capitation PMPM
- Bids developed by an actuary and comply with 42 CFR § 438.4
 - Include rate methodology letter from Bidder's actuary
 - Consistent with most recent CMS rate setting guidance
- Only Bidders that are selected by the Procurement Negotiating Committee to advance to Phase 3, Review of Cost Proposals, based upon the State's review of technical proposals will have their cost proposals evaluated

Competitive Bidding Process

- Competitive bidding process results in initial accepted rates for those Bidders where the State and the Bidder can agree upon a rate within the Initial Actuarially Sound Rate Range
- If Bidder's rate is outside of the Initial Actuarially Sound Rate Range, the State may establish an Offer Point at which it is willing to contract with Bidders
- State's actuary will verify that the Offer Point is within the Initial Actuarially Sound Capitation Rate Range but will not disclose where within the rate range the Offer Point falls

Competitive Bidding Process

- If rates are updated for newer data, the same point in the rate range from the Initial Actuarially Sound Rate Range will be applied to Final Actuarially Sound Rate Range
- For bidders that submit a statewide blended rate below Initial Actuarially Sound Capitation Rate Range:
 - The State will raise the blended rate to a consistent point intended to be in the bottom half of the Initial Actuarially Sound Capitation Rate Range, after accounting for all additional payment components (e.g., projected withhold earned)
- Bidder is encouraged to submit its best offer in its original bid as there is no guarantee the State will request Best and Final Offers (BFOs)

Competitive Bidding Process

- Individual meetings between Bidder/State/State's Actuary for Bidder's whose proposals have been selected by the PNC to advance to Phase 3, Review of Cost Proposals
 - Bidder to substantiate rate methodology
 - Bidder to explain business model
 - Clarification on rate development components
 - Potentially include substantiated bidder's information in State Initial Capitation Rate Range

Bidder's Library



Bidder's Library

- Claims-Level Data
 - Detailed, de-identified data on the populations and services to be included within RFP
 - Member ID scrambled to ensure HIPAA compliance
 - Consistent de-identification between claims and eligibility
 - Data does not include the Provider ID and will not provide the member's location (address, city, or zip)
- Data Dictionary
 - Provide Bidders with a list of all fields provided in detailed claims, including technical specifications, and descriptions of each field
 - Includes valid values for select data fields

Bidder's Library

- Rate Development Narrative
 - Provided detail surrounding CY23 rate development methodology, which will be similar to the methodology used for CY25
 - Includes details on each individual program change included within base data used for Bidder's Rate Development Template
- Risk Score Methodology
 - Provided detail surrounding CY23 risk score methodology, which will be similar to the methodology used for CY25
 - Potentially update to most recent version of CDPS + Rx (7.0) for CY25

Bidder's Library

- Program Change Exhibits
 - Provides summary level impact by rate cell, and separately by category of service, of each individual program change included within base data used for Bidder's Rate Development Template
- Current KanCare Provider Frequency Databook
 - Provides Bidders data on volume of services rendered by current KanCare Providers with some de-identification and/or summarization to address HIPAA disclosure requirements
- Current Kansas Medicaid Fee Schedule
 - KanCare reimbursement floor
 - <https://portal.kmap-state-ks.us/PublicPage/ProviderPricing/FeeSchedules>

Bidder's Library

- Bidder's Rate Development Template
 - “KS RFP - Bidder's Library with Rate Dev. Model 2023.10.16.xlsx”
 - Ensures Bidders provide consistent levels of information related to the development of statewide blended rate and assists State in bid scoring process

Bidder's Library

- Summary Level Databook
 - Contains information on populations and services included within procurement on a statewide basis
 - With/without programmatic changes
- Base Data Adjustments
 - Total raw claims data
 - Impact of removal of sensitive data from de-identified claims data
 - IBNR
 - Underreporting/reporting adjustment – aligns encounters with reported financials
 - Programmatic changes

Bidder's Library

- Category of Service Hierarchy Tables
 - Shows Bidders how claims-level utilization data is aggregated into the summary level databook
- KanCare Regional Factors
 - Informational only on regional cost relativities
- KanCare Rate Cell Factors
 - Informational only on rate cell relativities

Bidder's Library

- Bidder's Rate Development Template
 - Long term care (LTC) mix
 - Fixed blending consistent across bidders
 - Specific to LTC Dual and LTC Non Dual rate cells
 - Blend of nursing facility, frail elderly, and physically disabled
- Profit/Risk Contingency
 - Fixed pricing assumption of 1.0% used for each Bidder's cost proposal
 - Same pricing assumption used for State Initial Capitation Rate Range
- Privilege Fee
 - Fixed pricing assumption of 5.77% used for each Bidder's cost proposal
 - Same pricing assumption used for State Initial Capitation Rate Range

Bidder's Library

- Bidder's Rate Development Template
 - Pay for Performance (P4P)
 - Year 1 includes 3% withhold
 - Potential additional withhold related to HCBS
 - MCOs can earn back based on quality targets
 - Bidder's should assume 100% will be earned back to ensure that all bids are on same basis
 - Final Offer Point will incorporate estimated portion of withhold earned (MCOs historically earned roughly 60% to 70% in aggregate)
 - Documentation on historic P4P metrics provided in Bidder's Library

Bidder's Library

- Bidder's Rate Development Template
 - Walk through rate development template

Required Bid Submission Documents

- Completed Attachment 9, Cost Sheet
 - Bidder's Rate Development Template Documentation that includes the accompanying actuarial narrative and rate methodology letter signed by the actuary
- Completed Bidder's Rate Development Template
- Completed Exhibit 1-3, Rate Estimate Form
 - In the Bidder's Rate Development Template

Bidder's Questions and Initial Responses



- Verbal answers provided during the Bidder's Conference, per Kansas procurement law, are considered non-binding and only those answers formally provided in writing by the designated procurement officer are binding
- Any communication regarding this procurement by Bidder or Bidder's Representative with any State personnel or State's actuary other than through the designated procurement officer is grounds for disqualification of Bidder's proposal

Rate Range Development and Timelines



Rate Range Development and Timelines

- Initial Actuarially Sound Rate Range
 - Timeline: Spring '24, after bids have been submitted
 - Rate Development
 - Conducted by State's actuary, and will consider Bidder's assumptions that are reasonable, attainable, and achievable
 - Unreasonable bids/assumptions will not be considered
 - Will use base data consistent with Bidder's Rate Development Template

Rate Range Development and Timelines

- Offer Point:
 - Timeline: Spring '24, after Initial Actuarially Sound Rate Range
 - Negotiated Procurement
 - The State reserves the right to negotiate the rate regardless of where the bid falls relative to the State's actuary's actuarially sound rate range
 - The final negotiated rate will be within the actuarially sound rate range
 - At the State's discretion, bids that are above the rate range may be offered a rate that is not as advantageous as those offered to bids below the bottom of the rate range

Rate Range Development and Timelines

- Winner's selected, and contracts signed for CY25
 - Timeline: Spring '24
 - Performance bond
 - Will be forfeited if winning Bidder(s) with signed contract(s) does not accept the final rates
 - Performance bond remains in effect for the term of the contract, including renewal periods

Rate Range Development and Timelines

- Final Actuarially Sound Rate Range
 - Timeline: Fall '24
 - Development
 - Performed State's actuary, and it is very likely that newer, emerging data will be incorporated to finalize the CY25 rate development
 - The data update decision will be driven by actuarial principles and will be made independent of the impact to the rates
 - Changes to initial rates will be isolated and provided to CY25 contracted MCOs, along with a rate presentation meeting(s)

Rate Range Development and Timelines

- Final Actuarially Sound Rate Range (continued)
 - Rate Selection
 - The position in the Initial Actuarially Sound Rate Range, based on the negotiated and accepted Offer Point, will be maintained in the Final Actuarially Sound Rate Range
 - This is only applicable to CY25

Rate Range Development and Timelines

- Final Actuarially Sound Rate Range (continued)
 - Withhold
 - The Final Actuarially Sound Rate Range will be shifted in its entirety to account for the portion expected to be unearned from the withhold arrangement based on historic experience and the CY25 P4P measures
 - See next slide for illustrative example

Rate Range Development and Timelines

- Withhold Adjustment to Rate Range (example)

Step 1: Develop Rate Range

Lower Bound	Upper Bound
\$100.00	\$105.00

Step 2: Calculate portion expected to be unearned from the withhold arrangement

Withhold Adjustment: $40\% \text{ (projected unearned amount)} * 3.0\% \text{ (P4P amount)} = 1.2\%$

Step 3: Shift rate range

Pre-Withhold Adjustment

Lower Bound	Upper Bound
\$100.00	\$105.00

Post-Withhold Adjustment (Increase lower bound by 1.2%)

Lower Bound	Upper Bound
\$101.20	\$105.00

Rate Range Development and Timelines

- CY26 – Forward
 - Rate Development
 - Intent is to use similar rate development methodology, using updated emerging base data as it becomes available
 - Bidder's assumptions are not anticipated to be used for CY26 and beyond
 - Rate Selection
 - Each winning MCO's Offer Point in the Initial Actuarially Sound Rate Range will not be binding after CY25

Additional Comments

- Bid Evaluation
 - Bids will be reviewed equally and independently of whether the Bidder is currently a KanCare MCO
- Risk Adjustment
 - Detailed narrative provided in Bidder's Library surrounding current risk adjustment methodology, which is anticipated to remain for CY25
 - Risk adjustment will be applied once the MCO member assignment has been finalized in CY25
 - Rates prior to that will not include MCO-specific risk adjustment or MCO-specific LTC mix

Additional Comments

- Continuous Enrollment
 - Bidders are to assume the same acuity level reflected within the CY21 base data for purposes of their cost proposal
 - Optumas will use the same approach for the State Initial Capitation Rate Range
 - A retroactive adjustment to current capitation rates is currently in development due to complexity and variability of current redetermination process
 - CMS approved process
 - CY25 prospective adjustment methodology has not been finalized at this time

Additional Comments

- TPL/COB Levels
 - Historically ranged from 1.5% to 3.0% for non-dual, non-MLTSS services and populations
 - Recently has increased due to continuous enrolment
 - Members gaining employment, with benefit coverage, while remaining on Medicaid
 - Bidders do not need to account for this change in their cost proposal
 - Will be adjusted for retroactively in current rates and prospectively in final CY25 capitation rates

Additional Comments

- Pharmacy
 - Specialty drugs
 - Currently the state carves very high-cost drugs (\$300k+) out of prospective capitation rates
 - Drug utilization still managed by MCOs
 - MCOs are reimbursement through a non-risk policy for these drugs
 - Excluded from cost proposal

Additional Comments

- Pharmacy
 - Hepatitis C therapies
 - The cost and utilization for these therapies has been included in the appropriate rate cells within the Rate Development Template
 - No further Hepatitis C therapy assumptions should be included in the cost proposal from Bidders
 - Generic Dispensing Rate (GDR)
 - The Rate Development Template includes the current pricing assumption for the GDR that was projected for CY23 capitation rates
 - Dispensing Fee
 - The latest dispensing fee, along with all other known pharmacy program changes, are included in the base data in the rate development model

Additional Comments

- MCO Reimbursement in Databook
 - Current Contracting
 - Levels are roughly the Medicaid fee schedule, where some services are slightly higher than the Medicaid fee schedule
 - Detailed claims data, as well as the Medicaid fee schedules, has been provided for Bidder's to do their own analysis on reimbursement
 - Contracting Floor
 - Note that the contracting floor is the Medicaid fee schedule

Additional Comments

- State Directed Payments (SDPs)
 - Currently three SDPs, all paid as separate payment terms outside of capitation rates
 - Cost proposal should NOT include any provisions for these SDPs

Additional Comments

- Current SDPs:
 - Health Care Access Improvement Program (HCAIP)
 - Inpatient and outpatient minimum fee schedule
 - Excludes University of Kansas and Children's Mercy (Missouri Campus)
 - Alternative Payment Method (APM)
 - Inpatient and outpatient minimum fee schedule
 - University of Kansas and Children's Mercy (Missouri Campus)
 - Supplemental medical Education (SME)
 - Professional minimum fee schedule for University of Kansas physician groups

Additional Comments

- Supplemental Payments
 - Work Opportunities Reward Kansas (WORK)
 - WORK population includes supplemental payments to allow that population to pay for and receive HCBS-like services from individual member accounts
 - This does not include the Financial Management Services (FMS) amounts, which should be captured in the non-medical loading assumption for the WORK population

Additional Comments

- Long Term Care (LTC) Blended Rate
 - LTC mix
 - Each Bidder required to use statewide mix in template for bids
 - Initial LTC mix set on a prospective basis using the statewide mix
 - Will be updated once members have been assigned (similar to risk adjustment process)
 - Share of Cost
 - Rates are set gross of share of cost and share
 - Already included within Rate Development Template
 - Removed by State on an individual basis when paying capitation rate
 - Providers responsible to collect share of cost

Additional Comments

- Non-Medical Loading
 - Bids should include assumptions consistent with all general admin and care coordination requirements in RFP
 - Bidders to use template assumptions for profit/risk contingency (1.0%) and privilege fee (5.77%) for consistency across bids

Additional Comments

- Minimum MLR
 - Remittance from MCO to State if below minimum MLR
 - Minimum MLR set at 3% below Pricing MLR
 - Pricing MLR follows CMS methodology
 - Based on capitation rates prospective assumptions
 - Includes provision for profit/risk contingency

Additional Comments

- Community Reinvestment
 - Per the RFP
 - *“The CONTRACTOR(S) must contribute three percent (3%) of its annual after-tax profit to community reinvestment”*
 - This amount will be outside of the capitation rates, and should not be included in the cost proposal

Additional Comments

- STEPS/OneCare
 - STEPS
 - This is an alternative benefit package program that provides employment assistance
 - This is separate from the capitation rates, and should not be included in the cost proposal
 - OneCare
 - This is the State's Health Home program
 - This is separate from the capitation rates, and should not be included in the cost proposal

QUESTIONS



THANK YOU

