



IT TAKES VISION

2018 BadgerCare Plus and SSI Rates: Financial Reporting Template Updates

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Agenda

- Discuss financial template updates
 - Additional information needed to address federal MLR reporting requirements
 - Minor updates to template to be used to collect emerging 2017 financial data
 - Other clarifications and minor updates
- Walk through financial template (Excel spreadsheet)

Purpose of Financial Reporting

- Validate the 2015 and 2016 encounter data
- Estimate missing data adjustments based on comparison of financial data and final encounter data
- Include appropriate non-claim based payments in the base period (e.g., sub-capitation payments and provider risk sharing)
- Analyze historical administrative costs and financial results to develop 2018 administrative cost and risk margin targets
- Review related party arrangements
- Review MLRs: review historical and consider projected
- Review emerging 2017 experience

Timing of Financial Reporting Submissions

- **First submission - due May 30, 2017**
 - Experience for 2015 and 2016 dates of service
 - Payments through April 30, 2017
- **Second submission - due July 31, 2017**
 - Experience for 2017 dates of service through April 30, 2017
 - Payments through June 30, 2017
 - Do not need to restate 2016 data in the second submission

MLR Calculation Enhancements

$$\text{MLR} = \frac{\text{Claims} + \text{Quality Improvement} + \text{Fraud Prevention}}{\text{Premium} - \text{Taxes and Fees}} + \text{Credibility Adjustment}$$

- Added fraud expense reporting
 - “Expenses to Recover Fraud Related Claims”: Must be directly used to recover fraud related claims and cannot exceed fraud related claim recoveries
 - “Fraud Prevention Activities”: Not currently allowed and contingent on inclusion in the commercial MLR
- Added “Waived Member Cost Sharing”
 - Represents cost sharing amounts owed by members but intentionally not collected by providers
 - Included in the denominator with premium and lowers the MLR

Changes from Prior Template

- Document methodologies for allocating expenditures
 - Required in Medicaid MLR regulations
 - Between products (i.e., commercial, Medicaid, etc.)
 - Between Medicaid eligibility categories
- Comparison to audited financials
 - Required in Medicaid MLR regulations
 - May enter information using the standard comparison template we provide on the 'Exh 10 Fin Compare Std' tab
 - Alternatively, a custom comparison can be completed in the 'Exh 10 Fin Compare Custom' blank tab

Clarifications and Minor Changes

- Sub-capitation: Should only include claims expenses and **exclude** any administrative expenses built into payments to sub-capitated providers
- Incurred but not reported (IBNR) claims: Should represent best estimates and **exclude** any margins for adverse experience
- Premium: Include risk score adjustments in reported premiums
- Claim payments outside encounters (Exhibit 5)
 - Use consistent arrangement numbers for all incurred quarters
 - Provide arrangement descriptions in sufficient detail so DHS can clearly understand the covered services and sub-capitated entities
- MLR qualified taxes and fees
 - Entities exempt from federal income taxes may include community benefit expenses up to the greater of 3% or the highest premium tax rate in the state multiplied by earned premium

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