

Department Report Evaluation

(FY2021 Appropriation Act - Public Act 166 of 2020)

May 30, 2021

Sec. 1792. By April 30 of the current fiscal year, the department shall evaluate pharmacy encounter data through the first two quarters of the fiscal year to determine, in consultation with the Medicaid health plans, if rates must be recertified. By May 30 of the current fiscal year, the department shall report the evaluation results to the senate and house appropriations subcommittees on the department budget, the senate and house fiscal agencies, the senate and house policy offices, the state budget office, and the Medicaid health plans.



Boilerplate Section 1792

Capitation rates are certified in composite across all covered services for each rate cell. When looking at the composite average across all rate cells and service categories, the average benefit expense included in the State Fiscal Year (SFY) 2021 capitation rates is \$263.44 per member per month (PMPM) for the October 2020 through March 2021 rating period based on actual enrollment. Based on a comparison of reported Managed Care Organization (MCO) experience, the emerging experience PMPM is equal to \$239.51, approximately \$24 less than the projected PMPM used for rate setting. In aggregate, this represents over \$295 million more paid to Medicaid health plans than the estimated incurred benefit expenses for the 6-month time period. The pharmaceutical benefit expenses incurred by contracted health plans are an estimated \$102 million higher than the rates initially implemented for Fiscal Year 2020-2021. A rate adjustment covering this difference is not supported by the current appropriation.