

Financial Reconciliation of the 2-Way Risk Corridor Implemented in the Managed Care Capitation Rates

(FY2021 Appropriation Act - Public Act 166 of 2020)

September 1, 2022

Sec. 1881. (1) The funds appropriated in part 1 for health plan services and Healthy Michigan plan assume \$36,000,000.00 in estimated general fund/general purpose revenue savings and \$141,360,000.00 in gross savings from the financial reconciliation of the 2-way risk corridor implemented in the managed care capitation rates for the previous fiscal year. By September 1 of the current fiscal year, the department shall provide a report to the senate and house committees on appropriations, the senate and house fiscal agencies, and the state budget office on the actual amount of general fund/general purpose savings from the financial reconciliation of the 2-way risk corridor implemented in the managed care capitation rates for the previous fiscal year. Any adjustments made to the capitation rates under this section shall be made outside of the updated estimates of Medicaid expenditures revised pursuant to MCL 18.1367b in May of the current fiscal year.

(2) It is the intent of the legislature that the managed care capitation rates for the fiscal year ending September 30, 2022 do not include a 2-way risk corridor.

The actual savings from the FY20 MHP Risk Corridor amounted to \$253.3 million gross. MDHHS estimates this will equate to approximately \$62.9 million GF/GP. All recoupments related to the FY20 Risk Corridor will occur by the end of January 2022.