1.0 General Report Overview

Section 7 of the Medicaid Managed Specialty Supports and Services Concurrent 1115 and 1915(c)/(i) Waiver Program Contract (Contract) outlines the contractual obligations with respect to the Risk Corridor. Funding from other sources or contractual arrangements are completely excluded from the shared risk arrangement, as the PIHP/CMHSP assumes full risk of operating within the boundaries of the approved expenditure and revenue budget of each of these funding arrangements, i.e., funding formula, categorical and all fee-for-service payments. The shared risk arrangements shall cover all Medicaid 1115, 1915(c)/(i) and Healthy Michigan capitation. The risk corridor is administered across all services, with no separation for mental health and substance abuse funding.

The establishment of an Internal Service Fund (ISF) is one method for securing funds as part of the overall strategy for covering risk exposure under the Medicaid Managed Specialty Supports and Services Concurrent 1115, 1915(c)/(i) Waiver Program Contract (Contract). The ISF should be kept at a minimum to assure that the overall level of Prepaid Inpatient Health Plan (PIHP) funds are directed toward consumer services. For further information refer to Section 4 Internal Service Fund (ISF) and Section 7 Risk Corridor of the Contract.

The Medicaid Shared Risk Calculation and Risk Financing reports serve as a point in time reflection of activities for monitoring purposes and must be submitted specific to the reporting period. The final report is the basis for the Contract Reconciliation and Cash Settlement and must reflect all activities for the entire fiscal year (FY).

> Note: The Centers for Medicare and Medicaid Services (CMS) has mandated, that at a minimum, MDHHS report ISF, lapse and savings for Medicaid and Healthy Michigan funding separately. Although each shall retain its character as Medicaid or Healthy Michigan Plan, the current year surplus funding and ISF may be used for risk financing across both the Medicaid and Healthy Michigan Plan programs.

The funding priority, for federal funding, established in FY 17 relative to Medicaid and Healthy Michigan funds is indicated below:

If a shortfall in Medicaid or Healthy Michigan exists, surplus current year Medicaid or Healthy MI Plan funding should be utilized first, if a shortfall still exists, then the Medicaid or Healthy MI Plan ISF. Thus, the risk calculation will consider the total risk for the Medicaid and Healthy Michigan Plan as one.

2.0 Report - Due Dates

Refer to the reporting grid incorporated in Schedule E of the Contract for identification of report due dates. Reporting requirements can be found on the MDHHS website: https://www.michigan.gov/mdhhs/0,5885,7-339-71550_2941_38765---,00.html

3.0 Report Submission

3.1 Report Submitted via US Mail

This is no longer applicable. Electronic report submission required.

3.2 Report Submission – Electronic

The report should be submitted electronically to the department by the due date identified in 2.0 above at MDHHS-BHDDA-Contracts-MGMT@michigan.gov.

The report's file name must identify the reporting fiscal year, period covered (submission type), agency name, report title and date of submission. Example: For the FY XX Year End Interim submitted from network180 for the Medicaid Shared Risk Calculation, the file name should read **FYXX Year End Interim Northcare FSR Bundle MM-DD-YYYY.**

Note: The Medicaid Shared Risk Calculation and Risk Financing worksheet is included in the FSR Bundle. It is not a stand-alone report.

Refer to the Electronic Report Submission Guidelines for report submission specifications.

4.0 Report Specific Navigation or Terminology

The Medicaid – Shared Risk Calculation & Risk Financing worksheet includes cell shading to assist the end user with completion of the form.

Report headers are shaded in light green.

Cells requiring data entry are shaded in yellow.

Cells that are formula driven and should not have data entered are not shaded.

Select cells have conditional formatting applied so that if an erroneous entry is made the cell will turn orange.

Worksheet protection has been enabled.

Precision as displayed functionality has been enabled. As such, Excel will utilize the displayed value instead of the stored value when it recalculates formulas.

The term "Submission Type" on the worksheet refers to the reporting period, i.e., Interim, Final, Projection.

5.0 Instructions for Completion of the Report

The PIHP name, Fiscal Year, Submission Type and Submission Date have been brought forward from the FSR – Medicaid.

5.1 Section 1 – Shared Risk Calculation

This section represents the shared risk calculation and the determination of risk responsibility between the PIHP and MDHHS.

Section 1.a.1 – Specialty Managed Care – Medicaid Capitation (FSR Medicaid A 101 + FSR HMP AI 101 + Medicaid Worksheet – 1.j PBIP Withhold) - Column: Medicaid Amount
The cell is formula driven. The formula is *plus FSR-Medicaid, A 101, Column I*.

Section 1.a.1 – Specialty Managed Care – Medicaid Capitation (FSR Medicaid A 101 + FSR HMP AI 101 + Medicaid Worksheet – 1.j PBIP Withhold) - Column: Healthy Michigan Plan Amount
The cell is formula driven. The formula is *plus FSR-Healthy Michigan, AI 101, Column I*.

Section 1.a.1 – Specialty Managed Care – Medicaid Capitation (FSR Medicaid A 101 + FSR HMP AI 101+ Medicaid Worksheet – 1.j PBIP Withhold) - Column: Performance Bonus Incentive Pool (PBIP) Amount
The cell is formula driven. The formula is *plus Medicaid Worksheet 1.j*, *Total column.*

Section 1.a.1 – Specialty Managed Care – Medicaid Capitation (FSR Medicaid A 101 + FSR HMP AI 101 + Medicaid Worksheet – 1.j PBIP Withhold) - Column: Total Amount
The cell is formula driven. The formula is *plus Medicaid Amount, HMP Amount, and PBIP Amount (1.a1).*

Section 1.a.2 – Band # 1 (100 – 105%)
The PIHP is responsible for the first risk band up to 105% of the Specialty Managed Care – Medicaid capitation (authorization). This cell is formula driven and represents 5% of the Specialty Managed Care – Medicaid capitation (authorization). The formula is *Specialty Managed Care – Medicaid Capitation (FSR Medicaid A 120 + FSR HMP AI 120 + Medicaid Worksheet – 1.j PBIP Withhold) - Total Amount column (1.a.1) times 5%.*

Section 1.a.3 – Band # 2 (105 – 110%)
The second risk band from 105% to 110% is shared equally between the MDHHS and the PIHP. This cell is formula driven and represents the amount of the second risk band. The formula is *Specialty Managed Care – Medicaid Capitation (FSR Medicaid A 120 + FSR HMP AI 120 + Medicaid Worksheet – 1j PBIP Withhold – Total Amount column (1.a.1) times 5%.*

Section 1.b – Total Risk
This cell represents the total net Medicaid and Healthy Michigan Services deficit (risk) amount prior to the risk financing "funding redirects". This cell is formula driven. The formula is an IF/THEN/ELSE statement. The statement goes as follows:

IF *the sum of the FSR – Medicaid – Sub-Total Net Medicaid Services Surplus (Deficit) (A 295) plus the FSR – Healthy Michigan - Sub-Total Net Healthy Michigan Services Surplus (Deficit) (AI 295 is less than zero, THEN less the sum of FSR – Medicaid - Sub-Total Net Medicaid Services Surplus (Deficit (A 295) less the FSR – Medicaid - Sub-Total Redirected Funds row 301 – 325 (A 330) less FSR – Healthy Michigan - Sub-Total Net Healthy Michigan Services Surplus (Deficit (AI 295) less the FSR – Healthy Michigan - Sub-Total Redirected Funds row 301 – 325 (AI 330, ELSE zero.* Basically, the formula is calculating the surplus and deficit of both the Medicaid and Healthy MI Plan. The result indicates an overall funding deficit in Medicaid and Healthy Michigan.

The funding priority, for federal funding, established in FY 17 relative to Medicaid and Healthy Michigan funds is indicated below:

If a shortfall in Medicaid or Healthy Michigan exists, surplus current year Medicaid or Healthy MI Plan funding should be utilized first, if a shortfall still exists then the Medicaid or Healthy MI Plan ISF.

Section 1.c - State Risk Column
This column represents the portion of the risk liability that is State responsibility. It is formula driven by band. For Band #1 Liability, since there is no State responsibility, the cell is grayed out. For Band # 2 Liability, since the State and the PIHP share equally in responsibility, the formula is *Band # 2 Liability times 50%.* For Band # 3, since the State is fully responsible, the formula is *plus Band # 3 Liability.*

Section 1.c - Local Risk Column
This column represents the portion of the risk liability that is PIHP responsibility. It is formula driven by band. For Band # 1 Liability, since the PIHP is fully responsible, the formula is *plus Band # 1 Liability.* For Band # 2 Liability, since the State and the PIHP share equally in responsibility, the formula is *Band # 2 Liability (1.c.3) less the column State Risk Band # 2 Liability (1.c.3).* For Band # 3 Liability, since the State is fully responsible, the cell is grayed out.

Section 1.c - Total Risk Corridor Column
This column represents the total Risk Corridor. The formula is *the sum of State Risk and Local Risk.*

Section 1.c.1 Band # 1 Liability
This cell is formula driven and represents the liability of risk in the first band. The formula is an IF/THEN/ELSE statement. The statement goes as follows: I*F the Total Risk (1.b) is less than or equal to the Band # 1 (1.a.2), THEN enter the Total Risk (1.b), ELSE enter the Band # 1 (1.a.2).*

Section 1.c.2 – Sub-Total – Band # 1
This cell is formula driven and represents the amount of Risk after consideration of Band # 1 Liability. The formula is Total *Risk (1.b) less Band #1 Liability (1.c.1).*

Section 1.c.3 – Band # 2 Liability
This cell is formula driven and represents the liability of risk in the second band. The formula is an IF/THEN/ELSE statement. The statement goes as follows: *IF the Sub-Total – Band # 1 (1.c.2) is less then Band # 2 (105 – 110%) (1.a.3), THEN Sub-Total – Band # 1 (1.c.2), ELSE enter Band # 2 (1.a.3).*

Section 1.c.4 – Sub-Total – Band # 2
This cell is formula driven and represents the amount of Risk after consideration of Band # 2 Liability. The formula is *Sub-Total – Band # 1 (1.c.2) less Band # 2 Liability (1.c.3).*

Section 1.c.5 – Band # 3 Liability
This cell is formula driven and represents the liability of risk in the third band. The formula is *plus Sub-Total – Band # 2 (1.c.4).*

Section 1.c.6 Total Risk Responsibility
This row represents the total State and Local Risk. It is formula driven. The formula is *the sum of Band # 1 Liability, Band # 2 Liability and Band # 3 Liability.*

5.2 Section 2 – Disposition of Risk

This section represents the PIHP's Risk Management Strategy (RMS) for financing of the identified risk. Per the MDHHS/PIHP Contract, if a shortfall in Medicaid or Healthy Michigan exists, surplus current year Medicaid or Healthy MI Plan funding should be utilized first, if a shortfall still exists then the Medicaid or Healthy MI Plan ISF. The PIHP financial responsibility for liabilities for costs between 100% and 110% must be paid from Stop/Loss Insurance for cost over runs and, if the PIHP has an Internal Service Fund (ISF) for risk funding, it must be used prior to any other funds being utilized. If the PIHP liability exceeds the amount available from insurance and ISF, other funding available to the PIHP may be utilized in accordance with the terms of the PIHP RMS. The utilization of state general funds to address the Medicaid risk requires prior approval from MDHHS. The MDHHS reserves the right to disallow such use of general funds in whole or in part through the RMS process. Thus, use of state general funds to address Medicaid risk is limited to the MDHHS approved amount.

Section 2.a – Stop/Loss Insurance (FSR – All Non-Medicaid Line N 101) – Column: Local Risk
This cell represents the amount of stop/loss insurance utilized to finance the PIHP portion of risk. The cell is formula driven. The formula is plus FSR All Non-Medicaid line N 101.

Section 2.b – Medicaid/HMP ISF for PIHP Share Risk Corridor (FSR All-Non-Medicaid Line N 102) – Column: Local Risk

This cell represents the amount of the ISF utilized to finance the PIHP portion of risk. This is inclusive of the PIHP risk for Medicaid and HMP. The cell is formula driven. The formula is plus FSR All Non-Medicaid line N 102.

Section 2.c – Local Funds / Local Fund Balance – Medicaid / HMP Services (FSR All Non-Medicaid Lines M 301 and M 301.1)
At the discretion of the PIHP, local funds / local fund balance may be utilized to finance the MDHHS and/or PIHP portion of risk. This row represents the amount of local funds / local fund balance utilized to finance the MDHHS and/or PIHP portion of risk.

Enter in the State Risk column the amount of local funds or local fund balance utilized to finance the State portion of risk.

The cell to report the amount of local funds / local fund balance utilized to finance the PIHP portion of risk is included in the Local Risk column. The cell is formula driven. The formula is less FSR All Non-Medicaid line M 301 less FSR All Non-Medicaid line M 301.1.

Section 2.d – Restricted Funds / Restricted Fund Balance – Medicaid / HMP Services (FSR – Non-Medicaid Line N 104)
At the discretion of the PIHP, restricted funds / restricted fund balance may be utilized to finance the MDHHS and/or PIHP portion of risk. This row represents the amount of restricted funds / restricted fund balance utilized to finance the MDHHS and/or PIHP portion of risk.

Enter in the State Risk column the amount of restricted funds / restricted fund balance utilized to finance the State portion of risk.

The cell to report the amount of restricted funds / restricted fund balance utilized to finance the PIHP portion of risk is included in the in the Local Risk column. The cell is formula driven. The formula is plus the FSR All Non-Medicaid line N 104.

Section 2.e – General Fund Redirect for Unfunded Medicaid / HMP Costs – MDHHS Approved ONLY (FSR All Non-Medicaid Line B 301 and B 301.1)
This row represents the MDHHS approved amount of general funds redirected to unfunded Medicaid / HMP costs. This row represents the amount of general funds utilized to finance the MDHHS and/or PIHP portion of risk.

Enter in the State Risk column the MDHHS approved amount of general funds redirected to unfunded Medicaid / HMP costs utilized to finance the State portion of risk.

The cell to report the MDHHS approved amount of general funds redirected to unfunded Medicaid / HMP costs utilized to finance the PIHP portion of risk is included in the in the Local Risk column. The cell is formula driven. The formula is less FSR All Non-Medicaid line B 301 less FSR All Non-Medicaid line B 301.1.

Section 2.f – Due PIHP From MDHHS (FSR All Non-Medicaid Line N 103) – Column: State Risk
The amount in this cell represents the MDHHS share of the Medicaid risk liability that is due the PIHP. The cell is formula driven. The formula is plus FSR All Non-Medicaid line N 103.

Section 2.g – Total Risk Corridor Funding
This row represents the total funding of the State and Local Risk. It is formula driven. The formula is *the sum of Stop/Loss Insurance (2.a), Medicaid/HMP for PIHP Share Risk Corridor (2.b), Local Funds / Local Fund Balance – Medicaid / HMP Services (2.c), Restricted Funds / Restricted Fund Balance – Medicaid / HMP Services (2.d), General Fund Redirect for Unfunded Medicaid / HMP Costs (2.e) and Due PIHP From MDHHS (2.f).*

5.3 Section 3 – Summary of Total Risk / Funding

This section summarizes the total risk, the disposition of risk and provides a check total to validate that the funding of the risk liability has been identified.

Section 3.a – Total Risk
This row represents the total State and Local risk liability. The cells are formula driven. The formulas are *plus Total Risk Responsibility (Section 1.c.6).*

Section 3.b – Total Disposition of MDHHS / Local Risk - Medicaid
This row represents the total funding of the MDHHS and Local risk liability for Medicaid. Enter, as applicable in the State or Local Risk column, the amount of risk funding being utilized to fund Medicaid.

Section 3.b.1 – Total Disposition of MDHHS / Local Risk – Healthy Michigan
This row represents the total funding of the MDHHS and Local risk liability for Healthy Michigan. Enter, as applicable in the State or Local Risk column, the amount of risk funding being utilized to fund Healthy Michigan.

Section 3.c – Balance of Risk Corridor (Must = $0)
This row is a check total to validate that the funding of the risk liability has been identified. The cells must equal zero and are formula driven. The formulas are *plus Total Risk (3.a) less Total Disposition of MDHHS / Local Risk – Medicaid (3.b) less Total Disposition of MDHHS / Local Risk – Healthy Michigan (3.b.1).*