

MHPA Announces Actuarial Model Developed to Provide Additional Transparency in Managed Medicaid Rate Setting

WASHINGTON, DC — June 17, 2019 — The Medicaid Health Plans of America (MHPA), the national voice of health plans providing healthcare services to the nation's most vulnerable citizens, today released a paper describing a new actuarial model aimed at advancing and improving transparency in Medicaid managed care.

As one of the largest government-funded health programs in the United States, Medicaid serves a population of approximately 74 million low-income and vulnerable beneficiaries. Over the past two decades, Medicaid managed care has experienced steady growth; today, over 56 million Medicaid beneficiaries are enrolled in a Medicaid managed care plan that enables comprehensive, cost-effective, and quality healthcare.

The model and a supporting report released today were developed by a group of experienced Medicaid actuaries and may be used by actuaries and others to develop managed Medicaid capitation rates set and paid by States to their contracted health plans. Currently, there is no consistency in how the pre-tax net income (or underwriting gain) component of managed Medicaid capitation is developed. The model and report are intended to contribute to the discussions around developing this component of the capitation.

The use of this model brings additional transparency to Medicaid managed care rate setting that does not currently exist, furthering the transparency and fiscal integrity goals outlined by CMS in the Medicaid and Children's Health Insurance Program (CHIP) Managed Care Final Rule.

"This is an exciting development for Medicaid actuaries Medicaid health plans and States," said Sabrina Gibson, Chief Medicaid Actuary for WellCare Health Plans, Inc., and a contributor and developer of the model. "The underwriting assumption has long been a black box, derived through judgment alone. This model provides actuaries with a transparent analytical alternative for developing the assumption. It should improve the actuarial soundness of Medicaid managed care capitation rates."

To view the model and the accompanying report, visit the MHPA website

About Medicaid Health Plans of America (MHPA)

Founded in 1995, the Medicaid Health Plans of America (MHPA) represents the interests of the Medicaid managed care industry through advocacy and research to support innovative policy solutions that enhance the delivery of comprehensive, cost-effective, and quality healthcare for Medicaid enrollees. MHPA works on behalf of its 94 member health plans, known as managed care organizations, which serve approximately 23 million Medicaid enrollees in 37 states and the District of Columbia.