

**STATE OF TEXAS
MEDICAID NORTHSTAR
PROGRAM RATE SETTING
STATE FISCAL YEAR 2014**

Prepared for:
Texas Health and Human Services Commission

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FY2013 NorthSTAR Medicaid Rate Setting Methodology

To calculate the state fiscal year 2014 (FY 2014) NorthSTAR Medicaid rates for the five risk groups (SSI child, SSI aged, SSI adult, TANF adult, TANF child), the following methodology and assumptions data were used and incorporated into the rate setting calculations.

Table 1: Member Months by Risk Group

The NorthSTAR payment processing system receives information from the statewide eligibility system to calculate behavioral health organization (BHO) payments and is the official source of Medicaid member month information. The member month information is from FY2012, which is the last complete fiscal year of enrollment data.

Risk Group	Member Months
SSICHILD	246,177
SSIADULT	492,488
SSIAGED	212,667
TANFCHILD	4,390,782
TANFADULT	254,299
Total	5,596,413

Table 2: NorthSTAR Data Warehouse Encounters by Risk Group

FY2012 encounter data was used as the basis of this part of the rate calculation. The services included in the data are all outpatient mental health services, inpatient mental health services, and substance abuse/chemical dependency services covered by the Medicaid 1915b waiver. The expenditures from encounters for each risk group are listed below.

Risk Group	Encounters
SSICHILD	\$4,588,800.95
SSIADULT	\$17,622,482.63
SSIAGED	\$149,336.96
TANFCHILD	\$10,515,014.61
TANFADULT	1,671,143,.06
Total	\$34,546,778.20

Table 3: Fixed Contract Costs Utilization by Risk Group from BHO schedules

ValueOptions reimburses some providers on an invoice basis for certain services. The expenditure totals for these contracted services are paid via invoice, with no corresponding encounters (claims). These services include mobile crisis services, other crisis related services, and other contracted mental health clinical services. FY2012 encounter data utilization by risk group was used as the basis for apportioning these costs across the Medicaid risk groups. Below is a summary of those calculations.

Risk Group	Contract Expenditures
SSICHILD	\$335,609.33
SSIADULT	\$1,288,848.57
SSIAGED	\$10,922.00
TANFCHILD	\$769,032.48
TANFADULT	\$122,221.73
Total	\$2,526,634.11

Table 4: State Hospital Costs for Medicaid Enrollees

Rate adjustments were made to recognize additional funding for state hospital costs for Medicaid enrollees. These costs were previously funded outside of the NorthSTAR Medicaid capitation structure. The amount of additional FY2014 funding (on an All Funds basis) for state hospital services were projected to be approximately \$14.8 million, as shown below.

Risk Group	State Hospital Costs
SSICHILD	\$1,465,660
SSIADULT	\$12,030,534
SSIAGED	\$106,894
TANFCHILD	\$1,185,201
TANFADULT	\$88,711
Total	\$14,877,000

Table 5: Total Services Expenditures from Tables 2 through 4

Risk Group	Total Service Expenditures
SSICHILD	\$6,390,070.27
SSIADULT	\$30,941,865.20
SSIAGED	\$267,152.95
TANFCHILD	\$12,469,248.09
TANFADULT	\$1,882,075.79
Total	\$51,950,412.31

OTHER COSTS INCORPORATED INTO MEDICAID PMPM

Table 6: Service Expenditures with Fixed Admin \$1.03 Per Member Per Month (PM_PM)

Risk Group	Fixed Admin
	\$1.03 PMPM
SSICHT..D	\$253,562.31
SSIADULT	\$507,262.64
SSIAGED	\$219,047.01
TANFCHILD	\$4,522,505.46
TANFADULT	\$261,927.97
Total	\$5,764,305.39

Table 7: Total with Variable Admin of 5.75%

The following table presents the administrative charge of 5.75%.

Risk Group	Total w/ Admin
	5.75%
SSICCHILD	\$422,643.66
SSIADULT	\$4,999,218.10
SSIAGED	\$31,352.82
TANFCHILD	\$1,089,118.11
TANFADULT	\$136,773.27
Total	\$3,679,105.95

Table 8: Risk Charge of 2.00%

Below is a table that presents the 2.00% risk charge for the risk groups.

Risk Group	Risk Charge
	2.00%
SSICCHILD	\$147,006.49
SSIADULT	\$695,380.21
SSIAGED	\$10,905.33
TANFCHILD	\$378,823.69
TANFADULT	\$47,573.31
Total	\$1,279,689.03

Table 9: Premium Tax of 1.75%

Below is the 1.75% premium tax for the five risk groups.

Risk Group	Premium Tax
	1.75%
SSICHILD	\$128,630.68
SSIADULT	\$608,457.68
SSIAGED	\$9,542.16
TANFCHILD	\$331,470.73
TANFADULT	\$41,626.65
Total	\$1,119,727.90

Table 10: Maintenance Tax of \$0.034

Below is the maintenance tax data of \$0.034 for the five risk groups.

Risk Group	Maintenance Tax
	\$0.034
SSICHILD	\$8,411.05
SSIADULT	\$16,826.67
SSIAGED	\$7,266.12
TANFCHILD	\$150,018.39
TANFADULT	\$8,688.55
Total	\$191,210.78

Table 11: Total FY2014 Premiums by Risk Group

Below is the summary table incorporating all the above costs.

Risk Group	Total FY2014PMPM	PMPMRate
SSICHILD	\$7,350,324.46	\$29.86
SSIADULT	\$34,769,010.51	\$70.60
SSIAGED	\$545,266.39	\$2.56
TANFCHILD	\$18,941,184.46	\$4.31
TANFADULT	\$2,378,655.53	\$9.35
Total	\$63,984,451.36	\$11.43