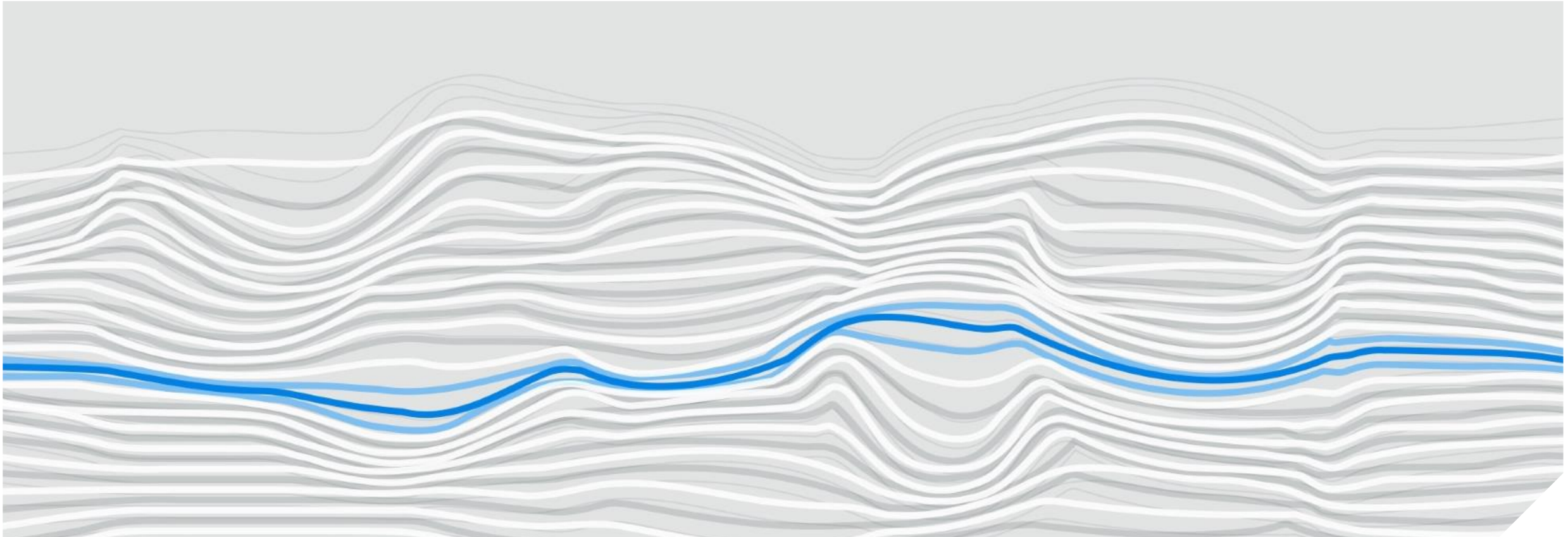


Nevada Association of Counties

LTC Match Assessment Actuarial Modeling
June 26, 2020



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Overview

LTC Match Assessment Overview

Medicaid long term care (LTC) assistance to individuals who meet specified financial and medical eligibility criteria

- 142% - 156% FBR County Match
- 156% - 300% FBR County Match
- 142% - 155% FBR HCBS
- 142% - 155% FBR ALF (Clark Co.)

Individual counties are responsible for share of medical, administrative and transactions costs

- Medicaid medical expenses (primarily LTC) – non-federal share
- Administrative costs – non-federal share
- Medicare Part B premiums
- Part D claw-back

Project Scope

Provide NACO with a high-level understanding of the potential impact of demographic changes and healthcare cost trends on future Nevada county LTC match assessments over 30-year time horizon.

Results reflect high-level and simplistic assumptions:

- Population projections provided by Nevada State Demographer, Nevada Department of Taxation
- Known Federal Medical Assistance Percentage (FMAP) amounts through FFY 2021
- High-level cost inflation assumptions based on external benchmarks
- No significant changes in program eligibility or delivery of LTC
- Assessments modeled gross of the 8 cent property tax contribution limit for rural counties

The authors of this report do not intend for NACO, individual Nevada counties, the state of Nevada, or any other parties to take specific financial or policy action based on the results of this analysis.

COVID-19 Scenario

Provide NACO with a high-level understanding of the potential impact of key economic and Medicaid federal match rate changes associated with COVID-19, relative to status quo scenario.

Assumptions based on impacts of 2007 – 2009 recession

- FFCRA enhanced FMAP
- Short-term increase in Nevada federal match rate
- Long-term return to Nevada federal match rate

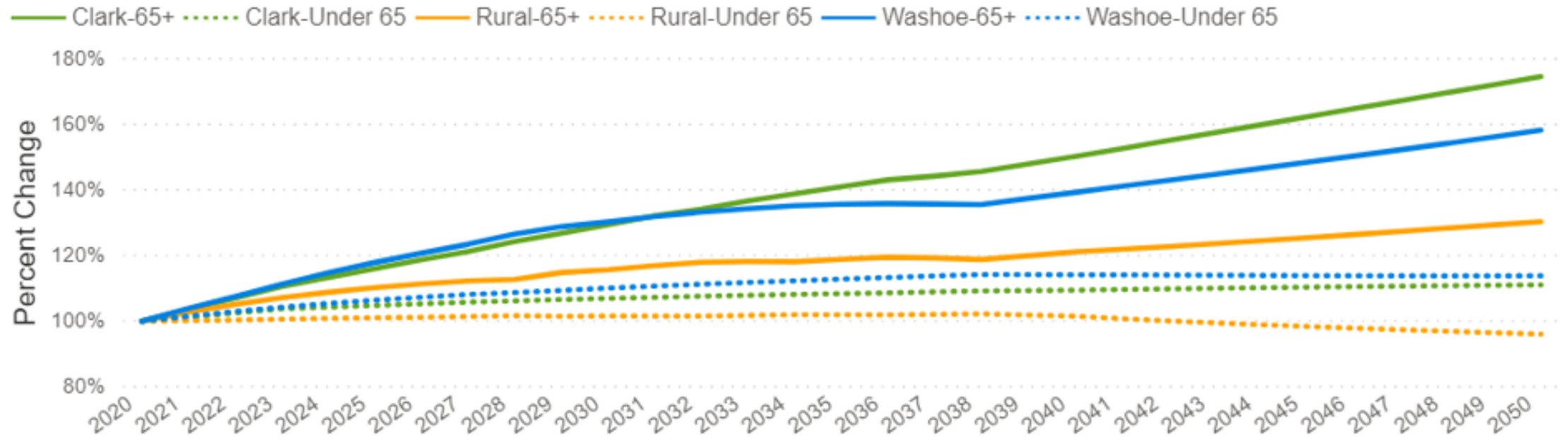
There is substantial uncertainty regarding the impact of the COVID-19 pandemic on future healthcare costs and utilization. Potential changes in population morbidity and mortality resulting from COVID-19 as well as any other impacts not listed above were not considered for this analysis.

Executive Summary

Population Growth Estimates

Nevada State Demographer, Nevada Department of Taxation

Population Growth Relative to 2020



Inflation Assumptions

FIGURE 1: PER MEMBER PER MONTH (PMPM) ANNUAL COSTS OR ANNUAL INCREASES

COMPONENT	CY 2019	CY 2020	CY 2021	CY 2022	CY 2023	CY 2024	CY 2025 – CY 2050
Medicaid Claim Costs – Waiver Enrollees	2.13%	2.13%	2.13%	2.13%	2.13%	2.13%	2.13%
Medicaid Claims Costs – County Match Enrollees	2.93%	2.93%	2.93%	2.93%	2.93%	2.93%	2.93%
Medicare Part B Premiums	\$135.50	\$144.60	3.95%	4.40%	5.68%	6.22%	5.97%
Medicare Part D Clawback Payments	\$110.44	\$119.02	\$126.36	\$133.18	\$140.51	\$148.24	5.40%

LTC Match Assessment Estimates – Status Quo Scenario

Gross of Contribution Limit

FIGURE 2: PROJECTED GROSS ASSESSMENTS (IN \$ MILLIONS) – STATUS QUO ASSUMPTIONS

COUNTY	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2030	FY 2040
Clark County	\$ 26.5	\$ 28.8	\$ 31.2	\$ 33.2	\$ 35.4	\$ 37.8	\$ 54.1	\$ 92.8
Washoe County	\$ 5.8	\$ 6.3	\$ 6.8	\$ 7.3	\$ 7.8	\$ 8.3	\$ 12.2	\$ 21.2
Rural Counties	\$ 6.5	\$ 7.0	\$ 7.6	\$ 8.0	\$ 8.5	\$ 9.1	\$ 12.5	\$ 20.1
Total	\$ 38.8	\$ 42.2	\$ 45.6	\$ 48.4	\$ 51.6	\$ 55.2	\$ 78.8	\$ 134.2

COVID-19 FMAP Impact

FIGURE 3: FMAP BY FEDERAL FISCAL YEAR - PRE AND POST COVID-19 ASSUMPTIONS

PAYER	FFY 2018	FFY 2019	FFY 2020	FFY 2021	FFY 2022	FFY 2023	FFY 2024	FFY 2025	FFY 2026
Federal Share – Status Quo	65.8%	64.9%	63.9%	63.3%	63.3%	63.3%	63.3%	63.3%	63.3%
Federal Share – COVID-19	65.8%	64.9%	68.6%	69.5%	66.6%	67.2%	69.2%	70.2%	70.9%
PAYER	FFY 2027	FFY 2028	FFY 2029	FFY 2030	FFY 2031	FFY 2032	FFY 2033	FFY 2034	FFY 2035 - 2051
Federal Share – Status Quo	63.3%	63.3%	63.3%	63.3%	63.3%	63.3%	63.3%	63.3%	63.3%
Federal Share – COVID-19	71.8%	71.8%	70.7%	69.0%	67.2%	65.7%	64.4%	63.6%	63.3%

LTC Match Assessment Estimates – COVID-19 Scenario

Gross of Contribution Limit

FIGURE 4: PROJECTED GROSS ASSESSMENTS (IN \$ MILLIONS) – COVID-19 ASSUMPTIONS

COUNTY	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2030	FY 2040
Clark County	\$ 26.5	\$ 27.0	\$ 27.2	\$ 30.2	\$ 32.9	\$ 33.7	\$ 47.7	\$ 92.8
Washoe County	\$ 5.8	\$ 5.9	\$ 6.0	\$ 6.7	\$ 7.3	\$ 7.5	\$ 10.9	\$ 21.2
Rural Counties	\$ 6.5	\$ 6.5	\$ 6.6	\$ 7.3	\$ 7.9	\$ 8.1	\$ 11.0	\$ 20.1
Total	\$ 38.8	\$ 39.4	\$ 39.8	\$ 44.1	\$ 48.1	\$ 49.3	\$ 69.6	\$ 134.2

Actuarial Modeling Approach

Status Quo Scenario

LTC Match Assessment Modeling Approach

Overview

- LTC Match Assessment status quo scenario estimates calculated using the following steps:

1

Summarize SFY 2019 costs and enrollment

2

Project program enrollment through SFY 2050

3

Project costs through SFY 2050

4

Apply county match rate

LTC Match Assessment Modeling Approach (Continued)

1

Summarize SFY 2019 costs and enrollment

- Detailed claims (gross of contribution limit), Medicare premium, and enrollment data provided by counties (via NACO) for Clark, Washoe, and 9 of 15 rural counties
- Detailed population data provided by Nevada State Demographer, Nevada Dept. of Taxation
- Data summarized by:
 - Geographic area: Clark County, Washoe County, and all other counties combined
 - Age band: 5-year age band up to 85+
 - Aid category

LTC Match Assessment Modeling Approach (Continued)

2

Project program enrollment through SFY 2050

- Relied on Nevada State Demographer population projections by county and age from CY 2019 through CY 2050
- Assumed age and county-specific enrollment in the Medicaid programs will change proportionally with the increase (or decrease) in the population

LTC Match Assessment Modeling Approach (Continued)

3

Project costs through SFY 2050

- **Claims costs** projected separately for each age band, aid category, and geographic area.
 - Base SFY 2019 per member per month (PMPM) costs were selected by aid category as follows:
 - County Match (both 142-155% FBR and 156-300% FBR) used county-specific SFY 2019 PMPM costs adjusted for statewide age-band relativities
 - Home and Community populations used county-specific SFY 2019 PMPM costs adjusted for statewide age-band relativities
 - Assisted Living population used the SFY 2019 aggregate PMPM uniformly across all age groups.
 - Applied trends to the SFY 2019 claims as follows:
 - Applied 2.13% annual trend to the PMPM claim costs for the waiver populations. This trend applies projected increases in home health costs from the Center for Medicare and Medicaid Services' (CMS) to historical CPI data regarding price increases for services to care for the elderly.
 - Applied a 2.93% annual trend to the PMPM claim costs for other aid categories. This trend is based on projected Skilled Nursing Facility (SNF) cost increases from CMS' quarterly Market Basket Index

LTC Match Assessment Modeling Approach (Continued)

3

Project costs through SFY 2050

- **Medicare Part B and Part D payments** projected using:
 - Known Part B and Part D payment changes for near term amounts
 - Trends published in annual Medicare Trustees reports
- **Administrative costs and estate recoveries** for the 156-300% FBR County Match population applied as a percentage of total claim costs
 - Percentages based on a review of the SFY 2019 data

LTC Match Assessment Modeling Approach (Continued)

4 Apply county match rate

- Part B premium and Part D clawback – 100% county share
- Administrative costs – 25% or 50% county share
- Claim costs – match rate based Nevada FMAP

FIGURE 10: FEDERAL MEDICAID CLAIMS MATCH RATES AND COUNTY SHARE BY FEDERAL FISCAL YEAR

PAYER	FFY 2018	FFY 2019	FFY 2020	FFY 2021	ASSUMED FFY
					2022 – 2051
Federal Share	65.75%	64.87%	63.93%	63.30%	63.30%
State/County Share	34.25%	35.13%	36.07%	36.70%	36.70%

COVID-19 Scenario

COVID-19 Scenario

Match rate

- FFCRA enhanced FMAP
 - 6.2% increase for CY 2020
 - Assumed extension for CY 2021 based on 2007 – 2009 economic recession and guidance from NACO
- Short/medium-term increase in Nevada base federal match rate
 - Trajectory based on 2007 – 2009 economic recession and guidance from NACO

FIGURE 5: FEDERAL MATCH RATES AND COUNTY SHARE BY FEDERAL FISCAL YEAR (COVID-19 SCENARIO)

	FFY 2018	FFY 2019	FFY 2020	FFY 2021	FFY 2022	FFY 2023	FFY 2024	FFY 2025	FFY 2026
PAYER									
Federal Share	65.8%	64.9%	68.6%	69.5%	66.6%	67.2%	69.2%	70.2%	70.9%
State/County Share	34.3%	35.1%	31.4%	30.5%	33.5%	32.8%	30.8%	29.8%	29.1%
	FFY 2027	FFY 2028	FFY 2029	FFY 2030	FFY 2031	FFY 2032	FFY 2033	FFY 2034	FFY 2035
PAYER									- 2051
Federal Share	71.8%	71.8%	70.7%	69.0%	67.2%	65.7%	64.4%	63.6%	63.3%
State/County Share	28.2%	28.2%	29.3%	31.0%	32.8%	34.3%	35.6%	36.4%	36.7%

Limitations

Limitations

The services provided for this project were performed under the signed Consulting Services Agreement between Milliman and Nevada Association of Counties, dated November 15, 2019.

The information contained in this correspondence has been prepared for the NACO. We understand this information will be shared with NACO member counties. To the extent that the information contained in this correspondence is provided to any approved third parties, the correspondence should be distributed in its entirety. Any user of the data must possess a certain level of expertise in Medicaid, Long Term Care (LTC), and health care modeling that will allow appropriate use of the data presented.

Milliman makes no representations or warranties regarding the contents of this correspondence to third parties. Likewise, third parties are instructed that they are to place no reliance upon this correspondence prepared for NACO by Milliman that would result in the creation of any duty or liability under any theory of law by Milliman or its employees to third parties.

In performing this analysis, we relied on data and other information provided by NACO, NACO member counties, the Nevada State Demographers Office, and other sources. Data and information was accepted and used without audit. To the extent that the data provided is not accurate, the results of this analysis may need to be modified to reflect revised information.

Differences between the projections and actual amounts depend on the extent to which future experience conforms to the assumptions made for this analysis. It is certain that actual experience will not conform exactly to the assumptions used in this analysis. Actual amounts will differ from projected amounts to the extent that actual experience deviates from expected experience.

This presentation is for discussion purposes only. It should not be relied upon without the full report upon which it is based and the discussion that accompanied it.



Thank you

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