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Nevada Medicaid Cost Driver Analysis

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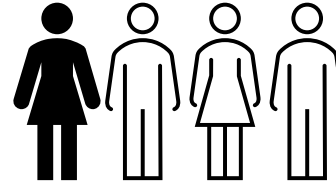


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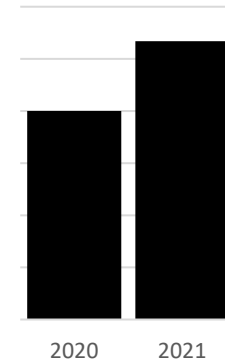
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Nevada Medicaid Cost Driver Analysis: Background

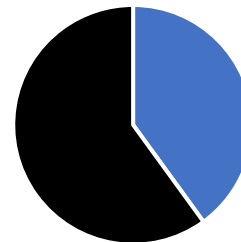
- Nevada Medicaid is the largest provider of health insurance in Nevada, covering approximately one in four Nevadans.



- The program experienced a year-over-year (YOY) caseload growth of 33.5%, or 215,324 Nevadans, in 2021.



- In any given month approximately 40% of Nevada's Medicaid members utilize healthcare.



Nevada Medicaid Cost Driver Analysis: Purpose

- Monitor Per Member Per Month (PMPM) health care cost growth in Nevada's Medicaid population
- Serve as a starting point for understanding cost drivers and spending patterns in Nevada Medicaid.

<u>Terms</u>	<u>Definitions</u>
PMPM	Monthly Spend / Unique Member Monthly Enrollment
Utilizer	Members with an associated billing claim for the given month
Spend Per Utilizer	Monthly Spend / Unique Monthly Utilizers. This calculation includes only members who have an associated billing claim for the given month.
Utilization	The monthly total number of claims or visits submitted and then averaged over the 12-month period (CY).



Nevada Medicaid Cost Driver Analysis: Methods

Data Source: Nevada Medicaid Data Warehouse

Analysis Period: Incurred CY 2016 through 2020

Average YOY Trend: Used to quantify cost growth; Considers CY 2016-2019

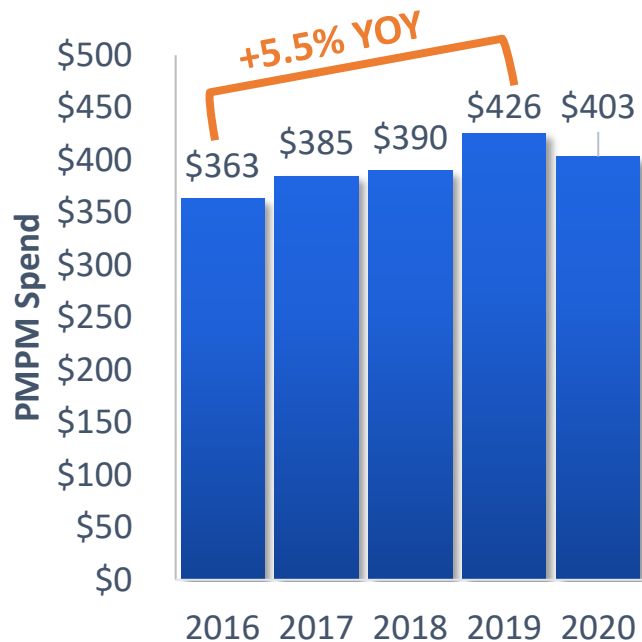
In addition to a comprehensive market analysis, spend has been analyzed at five levels:

- 1) Plan Type
 - Fee-for-Service (FSS)
 - Managed Care (MCO)
- 2) Service Category
 - Inpatient hospital
 - Outpatient hospital
 - Professional
 - Long Term Care
 - Dental
 - Pharmacy
- 3) Geography:
 - North (Washoe and Carson City)
 - South (Clark County)
 - Rural (All other Nevada counties)
- 4) Age
- 5) Gender



Nevada Medicaid Cost Driver Analysis: Overall PMPM Spend

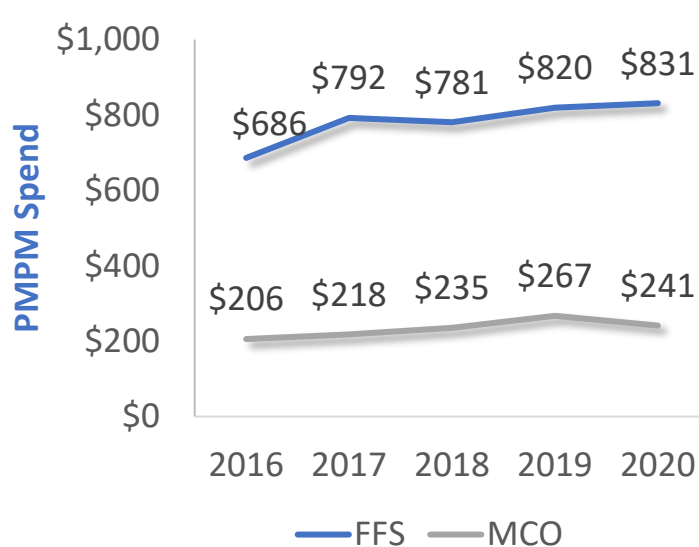
- Average YOY trend in PMPM growth per year is 5.5%.
- Largest YOY increase was from 2018 to 2019 (9%).
- PMPM cost decreased in 2020, due to a combination of increased enrollment and decreased utilization driven by the COVID-19 pandemic.



	2016	2017	2018	2019	2020
PMPM	\$363	\$385	\$390	\$426	\$403
YOY % Change		6%	1%	9%	-5%
Change from base (2016)		6%	7%	17%	11%
Average YOY Trend			5.5%		

Nevada Medicaid Cost Driver Analysis: By Plan Type

- Growing health care costs are present in both plans, MCO and FFS.
- FFS plan type is significantly more costly than MCO on a per member level (although only 30% of membership)
 - Driven by the aged, blind, and disabled (ABD) population
- The MCO plan saw a reduction in PMPM spend in 2020.

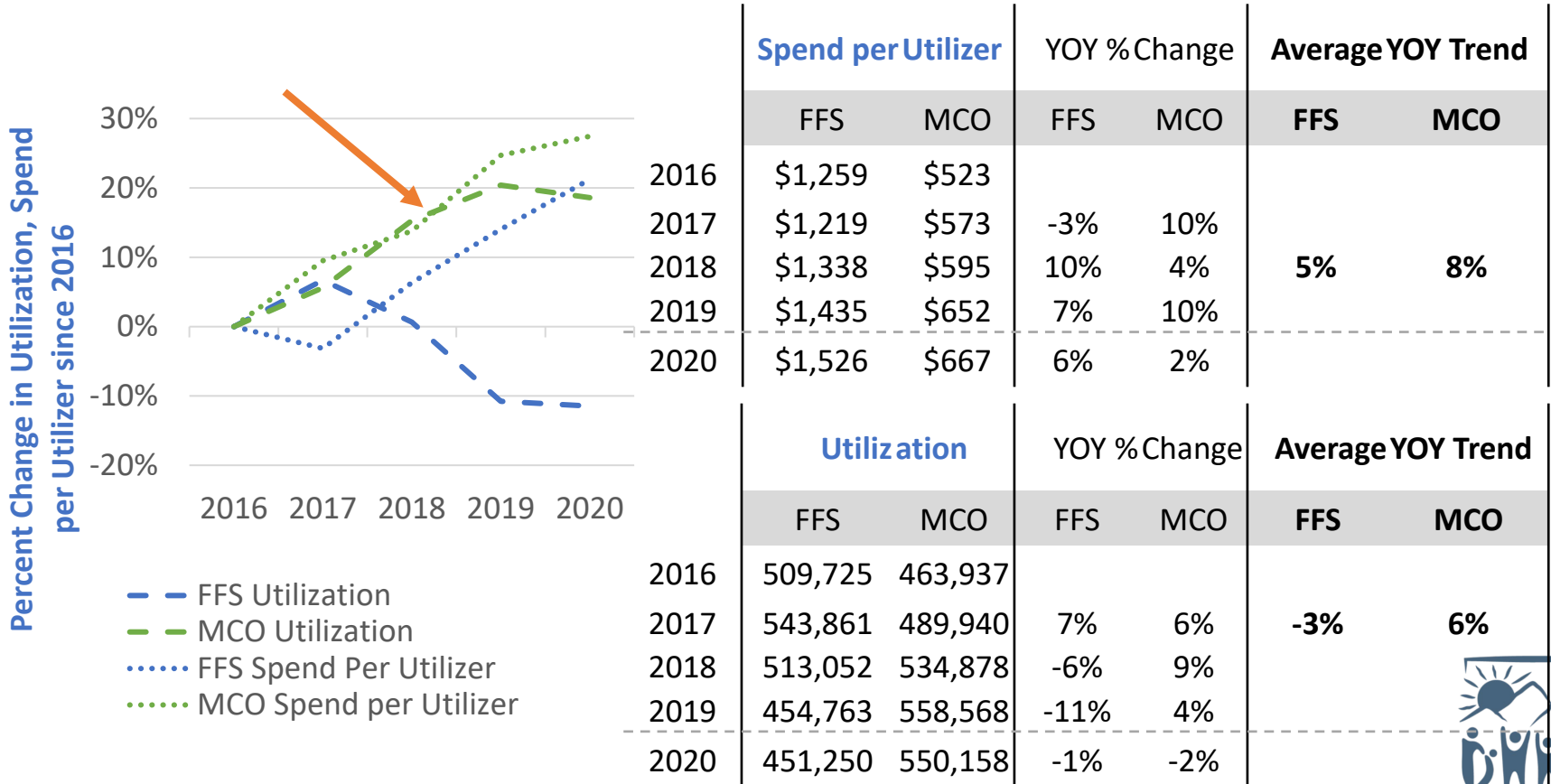


	PMPM by Plan		YOY %Change		Average YOY Trend	
	FFS	MCO	FFS	MCO	FFS	MCO
2016	\$686	\$206				
2017	\$792	\$218	15%	6%		
2018	\$781	\$235	-1%	8%	6%	9%
2019	\$820	\$267	5%	14%		
2020	\$831	\$241	1%	-10%		

Nevada Medicaid Cost Driver Analysis: By Plan Type

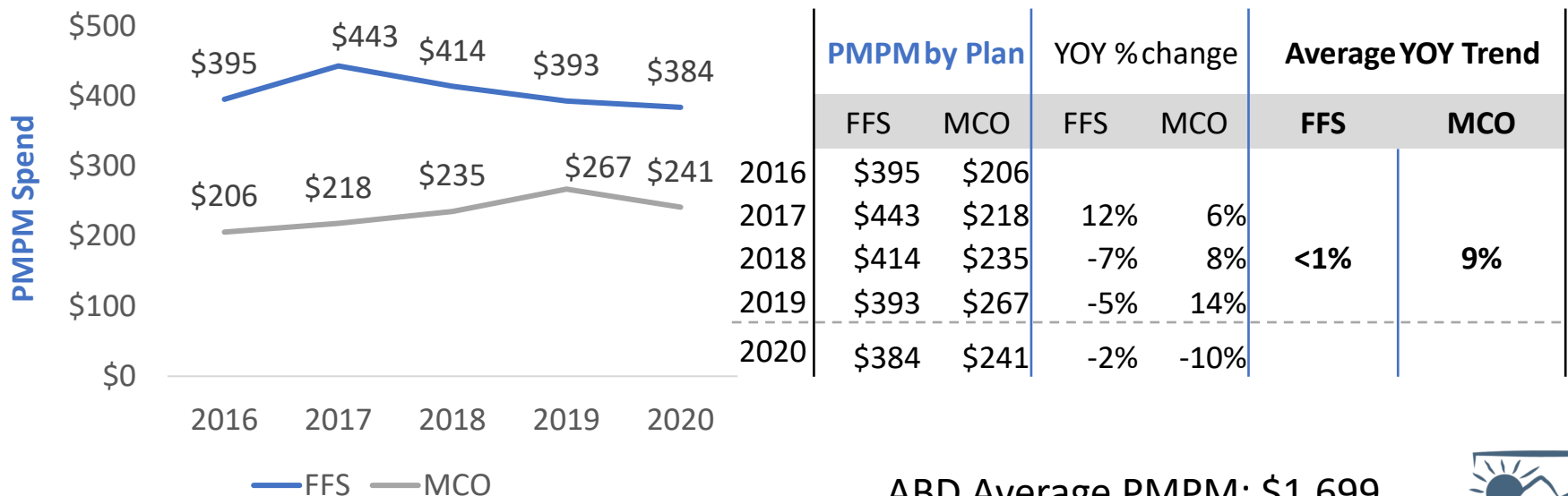
What is driving the increasing PMPM?

- FFS: increases in spend per utilizer
- MCO: increases in spend per utilizer and utilization (driven by enrollment)



Nevada Medicaid Cost Driver Analysis: By Plan Type (excluding ABD)

- When excluding the ABD eligible population from FFS, we identify a different overall PMPM trend.
- FFS PMPM excluding the ABD population declined YOY from 2017 through 2020.
- Still, PMPM spend for FFS excluding ABD is consistently higher than that for the MCO population.



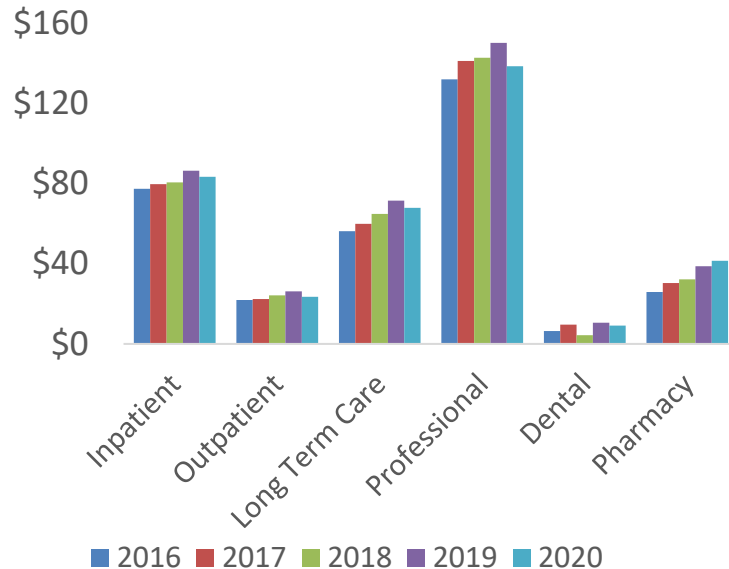
ABD Average PMPM: \$1,699
ABD Average YOY Trend: 6%



Nevada Medicaid Cost Driver Analysis: By Service Category

- The highest proportions of PMPM spend are for:
 - Professional services: due to high utilization
 - Inpatient hospitalizations: due to high cost per service
 - Long-term care: due to high cost per service
- Growing health care costs are present across all service categories from 2016 to 2019.

PMPM Spend by Service Category



YOY % Change in PMPM by Service Category

	2017	2018	2019	2020	Avg. YOY Trend
Inpatient	3%	1%	7%	-3%	4%
Outpatient	2%	8%	8%	-10%	6%
Long Term Care	6%	8%	10%	-5%	8%
Professional	7%	1%	5%	-8%	4%
Dental*	49%	-55%	143%	-14%	46%
Pharmacy	-1%	-12%	47%	-3%	15%

*Percent change shown in dental is due to changes in billing policy and does not accurately represent price increase.



Nevada Medicaid Cost Driver Analysis: By Service Category

- Increases in both utilization and cost per service are driving spend increases.
 - Unit costs are increasing more significantly than utilization.
- PMPM decreases were observed from 2019 to 2020, driven by decreased utilization and increased enrollment. Simultaneously, cost per service increased across the board.

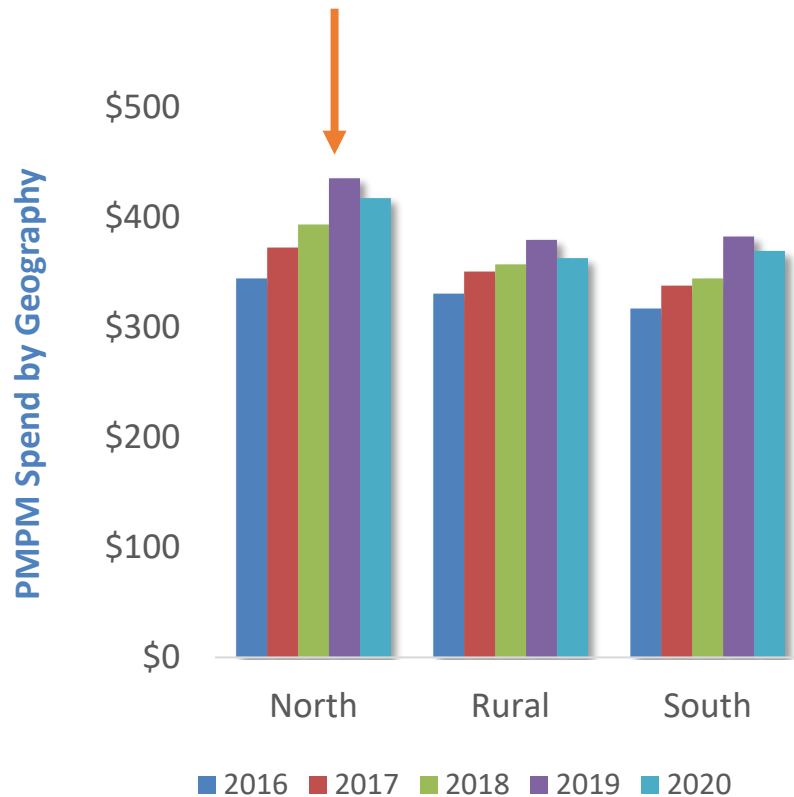
Service Category	Average YOY Trend (% Change)			% Change		
	CY 2016	-	CY 2019	CY 2019	-	CY 2020
	PMPM	Utilization	\$ per Visit	PMPM	Utilization	\$ per Visit
Inpatient Hospital	4%	1%	4%	-3%	-2%	7%
Outpatient Hospital	6%	3%	5%	-10%	-11%	9%
Long-Term Care	8%	3%	2%	-5%	-7%	7%
Professional	4%	<1%	6%	-8%	-2%	3%
Dental*	46%	9%	36%	-14%	-14%	9%
Pharmacy	15%	2%	14%	7%	1%	16%



*Percent change shown in dental is due to a change in billing policy and does not accurately represent a price increase.

Nevada Medicaid Cost Driver Analysis: By Geography

- PMPM spend is highest in northern Nevada and is rising at the fastest rate.

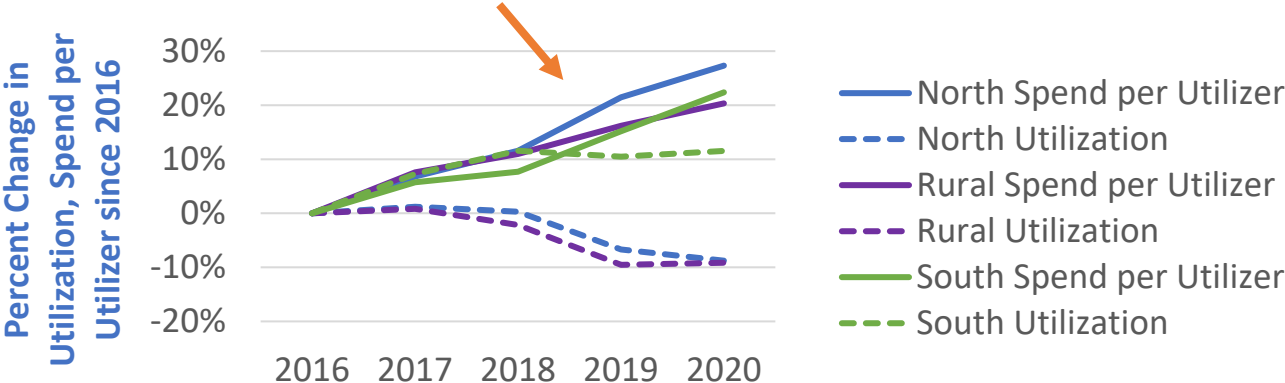


YOY % Change
in PMPM by
Geography

	2017	2018	2019	2020	Avg. YOY Trend
North	8%	6%	11%	-4%	8%
South	7%	2%	11%	-3%	7%
Rural	6%	2%	6%	-4%	5%

Nevada Medicaid Cost Driver Analysis: By Geography

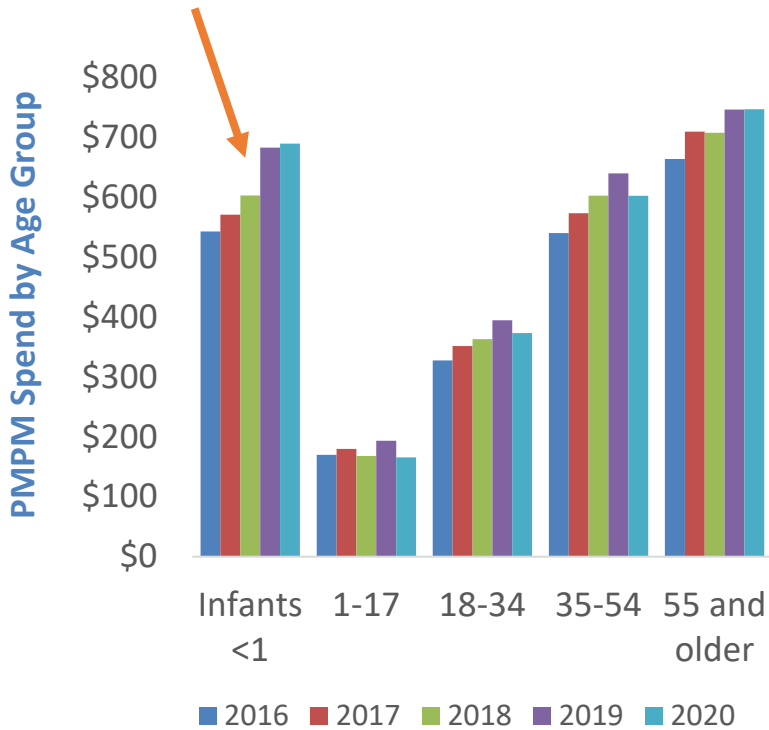
- Utilization volume is concentrated, and increasing, in southern Nevada (77%).
 - Primarily driven by increases to enrollment
- Cost growth in northern and rural Nevada is driven by spend per utilizer; utilization has a stable/declining trend.



Geography	Average YOY Trend CY 2016			% Change CY 2019 - CY 2020		
	PMPM	Utilization	Spend per Utilizer	PMPM	Utilization	Spend per Utilizer
North	8%	-2%	13%	-4%	-2%	5%
South	7%	3%	10%	-3%	1%	6%
Rural	5%	-3%	12%	-4%	<1%	4%

Nevada Medicaid Cost Driver Analysis: By Age

- Infants and older adults (aged 55 and older) drive PMPM spend by age group, followed by those aged 35-54 years old.
- Infants have observed the highest growth in PMPM spend from 2016 to 2019.



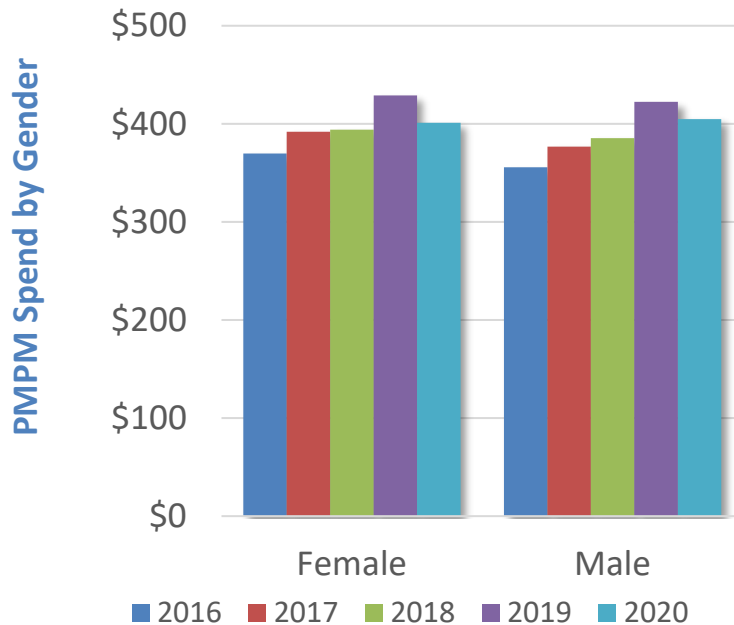
YOY % Change in PMPM by Age Group	2017	2018	2019	2020	Avg. YOY Trend
Infants <1	5%	6%	16%	<1%	8%
1-17	6%	-7%	15%	-14%	5%
18-34	7%	3%	9%	-5%	6%
35-54	6%	5%	6%	-6%	6%
55 and older	7%	<1%	5%	<1%	4%

Increases driven by:

- Primarily cost of service (all ages):
 - Most notably for infants <1 and adults 55+
- Small increases to utilization (18+)

Nevada Medicaid Cost Driver Analysis: By Gender

- Male and female enrollees have similar PMPM spend.
- Men utilize their Medicaid benefits less frequently than their female counterparts, however, have slightly higher average YOY growth.



YOY % Change in PMPM by Gender					Avg. YOY Trend
	2017	2018	2019	2020	
Female	6%	1%	9%	-7%	5%
Male	6%	2%	10%	-4%	6%

Increases driven by:

- Primarily cost of service
 - both genders, 6% YOY
- Small increases to utilization
 - both genders, 1% YOY

Nevada Medicaid Cost Driver Analysis: Findings

What is driving up PMPM healthcare costs in Nevada Medicaid?

By Plan Type

FFS (+6% YOY)

MCO (+9% YOY)

ABD

+5% Spend per Utilizer

+8% Spend per Utilizer

+6% Utilization

By Service Categories

Professional (+4%)

Inpatient Hospital (+4%)

Outpatient Hospital (+6%)

Long-Term Care (+8%)

Pharmacy (+16%)

+6% Spend per Visit

+<1% Utilization

+4% Spend per Visit

+1% Utilization

+5% Spend per Visit

+3% Utilization

+2% Spend per Visit

+3% Utilization

+14% Spend per Visit

+2% Utilization

Nevada Medicaid Cost Driver Analysis: Findings

What is driving up PMPM healthcare costs in Nevada Medicaid?

By Geography

North (+8% YOY)

South (+7% YOY)

Rural (+5% YOY)

+13% Spend per Utilizer

+10% Spend per Utilizer

+3% Utilization

+12% Spend per Utilizer

By Demographics

Infants
<1
(+8%)

1-17
(+5%)

18-54 (+6%)

55+ (+4%)

Male (+6%)

Female (+5%)

+8% Spend per Visit

+6% Spend per Visit

+5% Spend per Visit

+1% Utilization

+7% Spend per Visit

+2% Utilization

+6% Spend per Visit

+1% Utilization

+6% Spend per Visit

+1% Utilization

Nevada Medicaid Cost Driver Analysis: Findings and Future Considerations

Recurring themes:

- Cost per Utilizer/Unit Cost is driving YOY cost growth across all segments of the population.
- Sometimes increases in utilization are also present, driven by increases in enrollment

Future Considerations:

- As utilization returns to normal, we will likely see these compound into higher annual cost growth trends
- As the public health emergency unwinds and we return to traditional redetermination cycles, membership is expected to decline.
 - Could also result in higher annual cost growth trends
- Future reports are needed to better understand:
 - Health conditions
 - Case mix





Discussion and Questions

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Acronyms

- ABD – Aged, Blind, and Disabled
- FFS – Fee-for-Service
- MCO – Managed Care Organizations
- PMPM - Per Member Per Month
- YOY – Year over Year