Health Care Cost Growth Benchmark Program

Nevada Patient Protection Commission Advisory Subcommittee

May 3, 2022

bailit health

Where We Are & Where We Are Going: Meetings and Topics

PPC Meeting Date	Primary Topics of Discussion
April 14th - **Cancelled due to lack of quorum**	*Advisory Subcommittee Meeting*: Review findings of Medicaid & PEBP Phase 1 cost driver analyses
April 20th	1) Introduction to data use strategy. 2) Review findings of Medicaid & PEBP Phase 1 cost driver analyses. 3) Revisit provider entity population thresholds based on RI's and CT's pre-benchmark analyses.
May 3rd	*Advisory Subcommittee Meeting*: 1) Key findings of Medicaid & PEBP Phase 1 cost driver analyses. 2) Criteria for prioritizing cost growth mitigation strategies. 3) Cost growth mitigation strategies to ensure the benchmark strategy is successful
May 18th	1) Cost growth mitigation strategies to ensure the benchmark strategy is successful. 2) Review three bill drafts to request for 2023 legislative session.
June 15th	1) Discuss bill drafting. 2) Review quality benchmark work of other states. 3) Review opportunities for quality improvement in Nevada.
September 21st	Presentation from another cost growth state (potentially OR)
October 19th	Discuss pre-filing requirements

Agenda

1. Medicaid and PEBP Phase 1 Cost Driver Analyses: Key Findings
2. Process for Identification and Prioritization of Cost Growth Mitigation Strategies
3. Cost Growth Mitigation Strategies
4. Next Steps

Agenda

1. Medicaid and PEBP Phase 1 Cost Driver Analyses: Key Findings
2. Process for Identification and Prioritization of Cost Growth Mitigation Strategies
3. Cost Growth Mitigation Strategies
4. Next Steps

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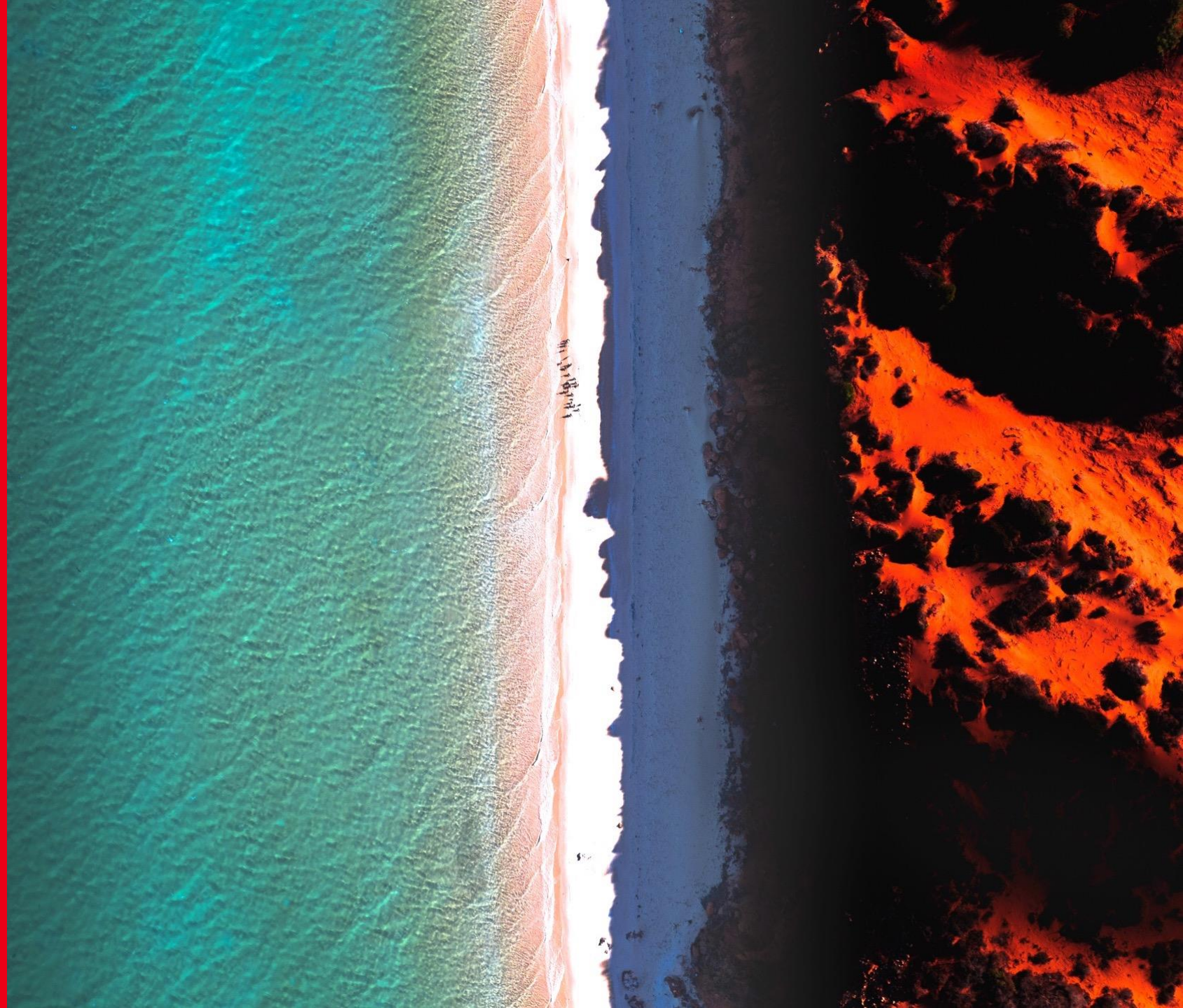
PEBP

PEBP Cost Driver Analysis



Data and Methodology

- Medical claims and member month counts were collected from HealthScope data warehouse
- Rx claims were received from Express Scripts and do not include Rx rebates
- Claims represent employer-paid claims
- HealthScope data warehouse stores 5 years of data – all data represents claims incurred from March 2017 – December 2020 and paid through February 2022
- Utilizer counts are based on monthly utilization and aggregated by calendar year
- Geographic regions map to the following counties;
  - North Region – Washoe and Carson City
  - South Region – Clark County
  - Rural Region – All other Nevada counties
  - Outside of NV

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Nevada Medicaid Cost Driver Analysis

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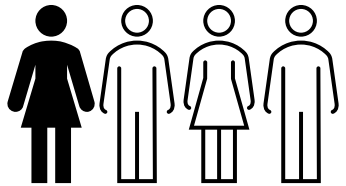
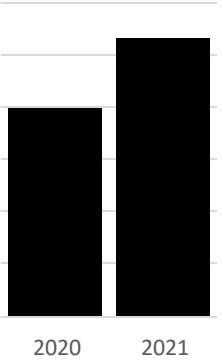
Nevada Medicaid Cost Driver Analysis: Background

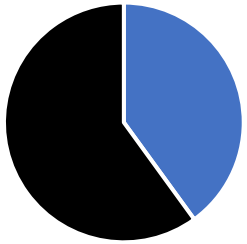
- Nevada Medicaid is the largest provider of health insurance in Nevada, covering approximately one in four Nevadans.



- 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: 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

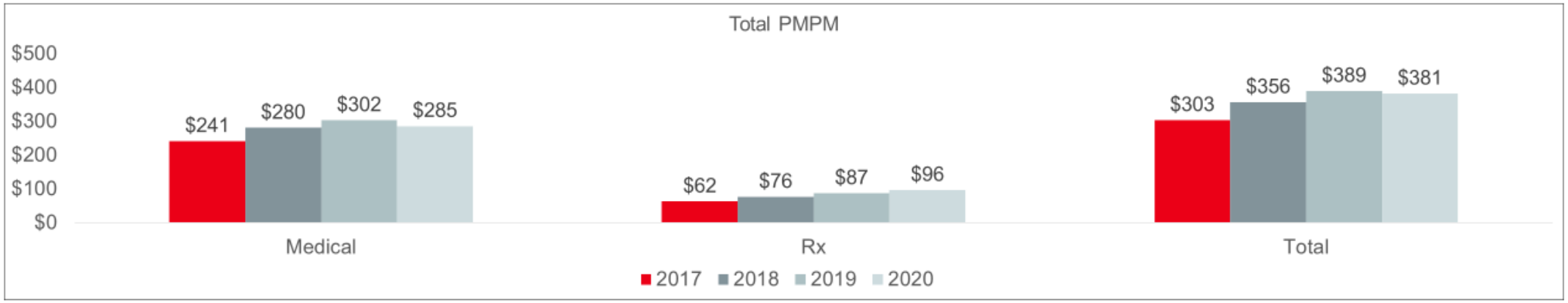
In addition to a comprehensive market analysis, spend has been analyzed at five levels:

1) Plan Type
   - Fee-for-Service (FSS)
   - Managed Care Organizations (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

Spend – All Enrollees

Medical and Pharmacy Claims

Per Member Per Month (PMPM) Spend by Benefit



PMPM (Medical + Rx) Trend			
CY	Medical	Rx	Total
2017	-	-	-
2018	16%	22%	18%
2019	8%	14%	9%
2020	-6%	11%	-2%
Average YOY Trend	**+ 6%**	**+ 16%**	**+ 8%**

- Medical claim costs have increased on average of 6% per year, in line with healthcare market trends
  - 2018 medical/pharmacy includes a new population effective 7/1/2018 since the EPO plan moved from fully insured to self funded. This population has historically higher healthcare costs
  - 2020 medical costs decreased 6% from 2019 as elective surgeries and procedures were deferred due to Covid-19
- Rx claim costs have grown significantly at an average of 16% per year prior to rebates

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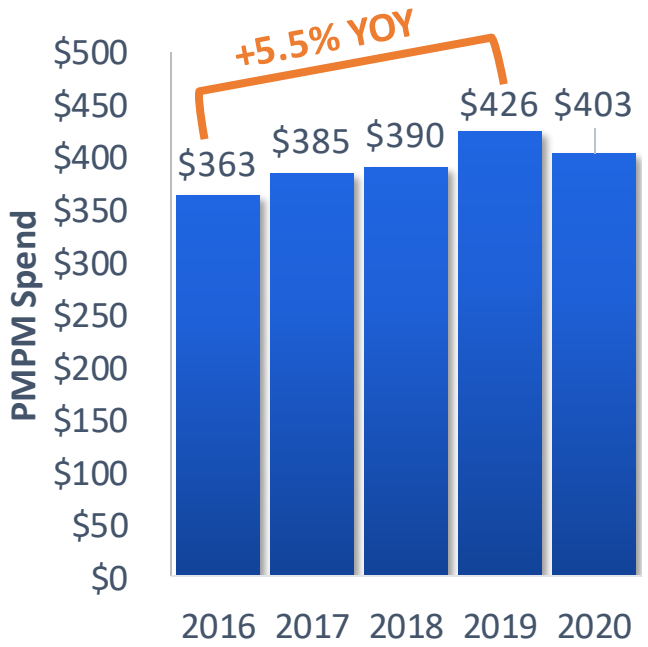
Nevada Medicaid Cost Driver Analysis: Overall Per Member Per Month (PMPM) Spend

- 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.



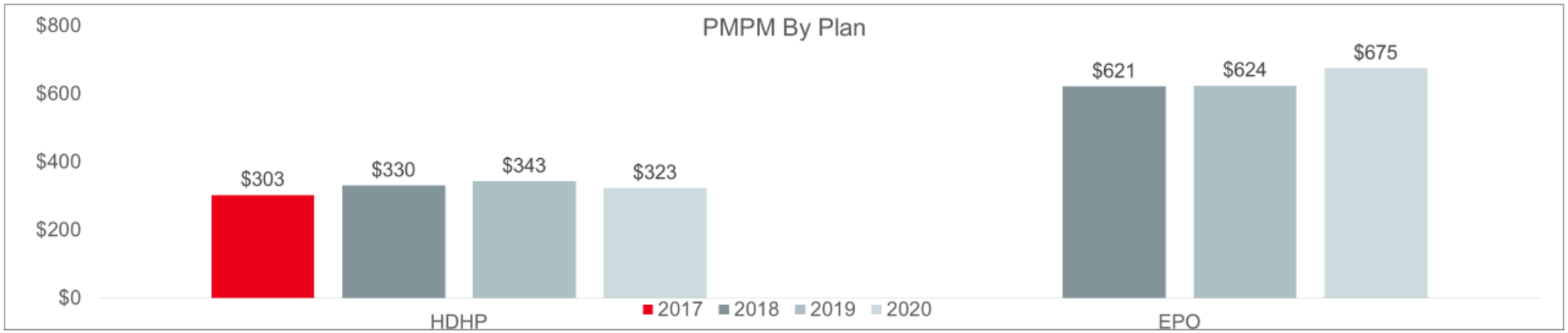
	2016	2017	2018	2019	2020
PMPM	$363	$385	$390	$426	$403
YOY % Change		6%	1%	9%	-5%
Change from base (2016)		6%	7%	17%	11%
Average YOY Trend			**5.5%**		

Spend by Plan

Medical and Pharmacy Claims

PMPM by Plan

Medical + Rx



PMPM (Medical + Rx) Trend		
CY	HDHP	EPO
2017	-	-
2018	9%	-
2019	4%	1%
2020	-6%	8%
Average YOY Trend	**+2%**	**+4%**

- The EPO plan costs PMPM is nearly double the HDHP plan as the design is richer and attracts higher risk participants
- The HDHP plan costs has increased on average of 2% per year, but saw a large decrease in 2020 of -6%
    - The EPO plan costs increased 8% in 2020 as higher risk participants continued routine healthcare utilization while HDHP participants deferred procedures

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**EPO Plan began 7/1/2018*

Utilization by Plan
Medical

	Medical Claims		Total Monthly Utilizers		Spend Per Monthly Utilizer		Visits	
CY	HDHP	EPO	HDHP	EPO	HDHP	EPO	HDHP	EPO
2017	$103,936,717	-	131,161 (30%)	-	$792	n/a	273,012	n/a
2018	$136,843,093	$25,290,141	160,949 (30%)	21,562 (42%)	$850	$1,173	337,584	47,425
2019	$144,220,606	$48,960,651	166,345 (31%)	45,599 (43%)	$867	$1,074	347,302	101,751
2020	$127,654,394	$52,349,087	154,350 (29%)	43,224 (41%)	$827	$1,211	330,516	99,725
Average YOY Trend					**+1%**	**+2%**		

- The HDHP plan has lower average monthly utilizers (30%) than the EPO plan (42%), the EPO plan became self-funded beginning 7/1/2018
- Spend per monthly utilizer trend has trended at 1% per year for the HDHP plan and 2% per year for the EPO plan
    - The EPO plan saw a 13% increase in per utilizer trend from 2019 to 2020
- From 2019 to 2020, total visits by HDHP members decreased -5% while EPO visits decreased only -2%

**EPO Plan began 7/1/2018*

Utilization

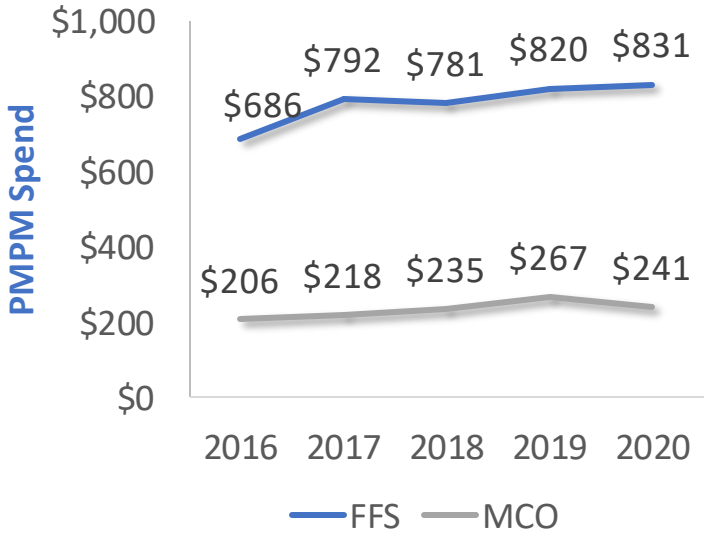
Rx

Calendar Year	Rx Claims	Total Monthly Utilizers	Spend Per Monthly Utilizer
2017	$26,887,944	146,420 (34%)	$184
2018	$43,857,720	198,755 (34%)	$221
2019	$55,254,593	207,209 (32%)	$267
2020	$60,563,632	197,982 (31%)	$306
Average YOY Trend			**+19%**

- Rx spend per utilizer has increased an average of 19% per year as plan participants have utilized higher cost drugs
- Rx claims were not impacted by Covid-19 as utilization remained steady

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.

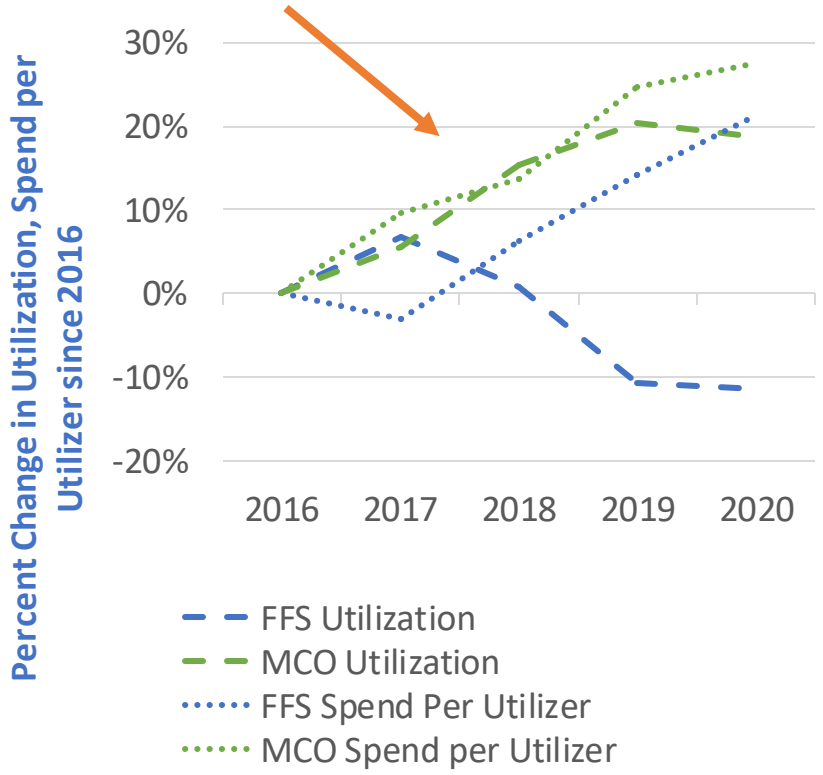


	PMPM by Plan		YOY % Change		Average YOY Trend	
	FFS	MCO	FFS	MCO	**FFS**	**MCO**
2016	$686	$206				
2017	$792	$218	15%	6%		
2018	$781	$235	-1%	8%	**6%**	**9%**
2019	$820	$267	5%	14%		
2020	$831	$241	1%	-10%		

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)

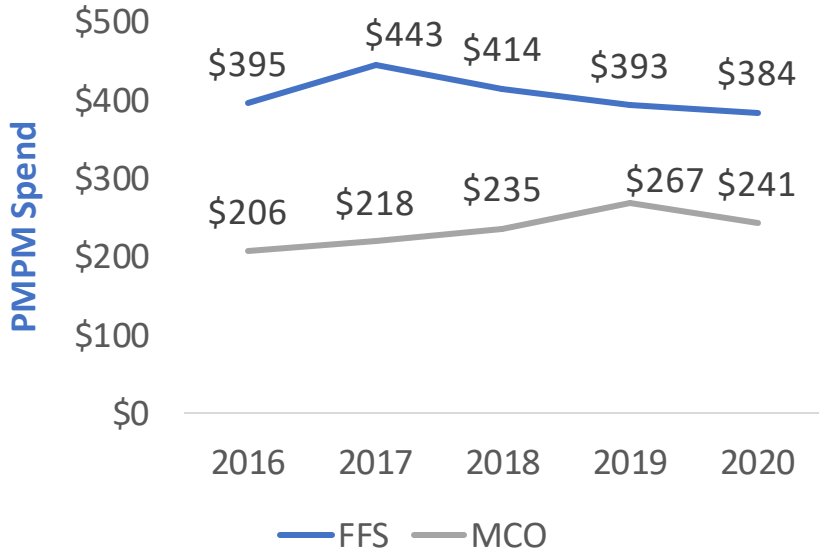


	Spend per Utilizer		YOY % Change		Average YOY Trend	
	FFS	MCO	FFS	MCO	**FFS**	**MCO**
2016	$1,259	$523				
2017	$1,219	$573	-3%	10%		
2018	$1,338	$595	10%	4%	**5%**	**8%**
2019	$1,435	$652	7%	10%		
2020	$1,526	$667	6%	2%		

	Utilization		YOY % Change		Average YOY Trend	
	FFS	MCO	FFS	MCO	**FFS**	**MCO**
2016	509,725	463,937				
2017	543,861	489,940	7%	6%	**-3%**	**6%**
2018	513,052	534,878	-6%	9%		
2019	454,763	558,568	-11%	4%		
2020	451,250	550,158	-1%	-2%		

Nevada Medicaid Cost Driver Analysis: By Plan Type – excluding Aged, Blind, and Disabled (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.



	PMPM by Plan		YOY % change		Average YOY Trend	
	FFS	MCO	FFS	MCO	**FFS**	**MCO**
2016	$395	$206				
2017	$443	$218	12%	6%		
2018	$414	$235	-7%	8%	**<1%**	**9%**
2019	$393	$267	-5%	14%		
2020	$384	$241	-2%	-10%		

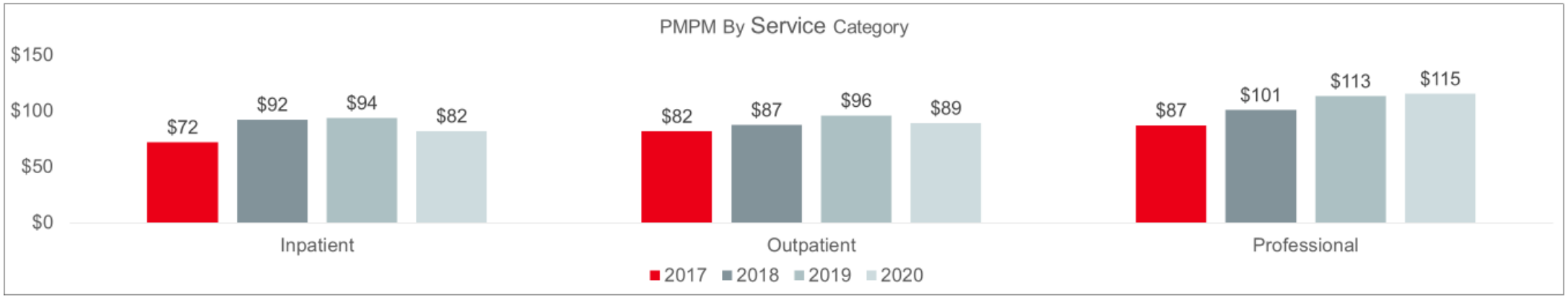
ABD Average PMPM: $1,699
ABD Average YOY Trend: 6%

Spend by Service Category

Medical Only

Spend by Service

Medical



PMPM (Medical) Trend			
CY	Inpatient	Outpatient	Professional
2017	-	-	-
2018	28%	-7%	16%
2019	2%	10%	12%
2020	-12%	-7%	2%
Average YOY Trend	**4%**	**3%**	**10%**

- Outpatient and Inpatient costs decreased -7% and -12%, respectively, from 2019 to 2020
- Professional services PMPM increased slightly at 2%
- Professional costs have trended at 10% on average

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Utilization by Service

Medical

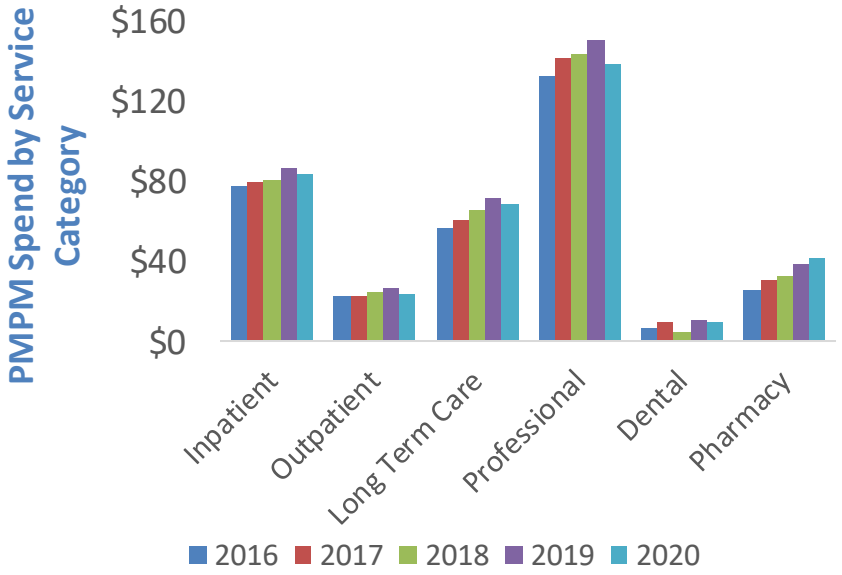
	Total Monthly Utilizers			Spend Per Monthly Utilizer			Visits		
Calendar Year	Inpatient	Outpatient	Professional	Inpatient	Outpatient	Professional	Inpatient	Outpatient	Professional
2017	1,822 (0%)	24,137 (6%)	128,019 (30%)	$17,049	$1,461	$294	2,468	41,095	249,790
2018	2,639 (0%)	36,153 (6%)	182,530 (32%)	$20,220	$1,397	$319	4,141	59,660	363,711
2019	2,961 (0%)	43,245 (7%)	211,655 (33%)	$20,193	$1,414	$341	4,792	71,059	421,224
2020	2,627 (0%)	41,812 (7%)	194,280 (31%)	$19,667	$1,343	$374	4,116	68,428	401,290
Average YOY Trend				**5%**	**-3%**	**8%**			

- Professional spend per utilizer has increased the highest at 8% per year on average
- Outpatient spend per utilizer has decreased as the number of visits at this place of service (POS) has increased since 2017
- Inpatient service spend per monthly utilizer has increased at 5% per year on average; however, less than 1% of members utilize inpatient services

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.



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.

	Average CY 2016	YOY Trend -	(% Change) CY 2019	% Change CY 2019	-	CY 2020
Service Category	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%

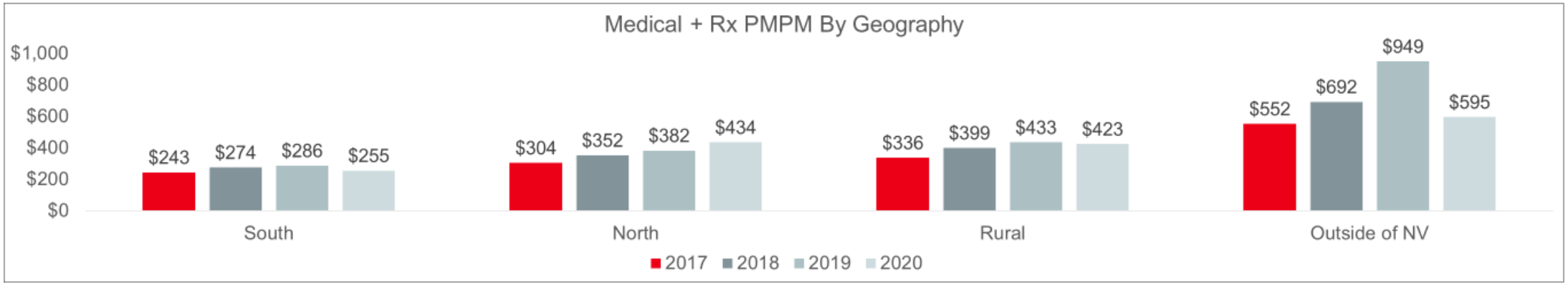
**Percent change shown in dental is due to a change in billing policy and does not accurately represent a price increase.*

Spend by Geography

Medical and Pharmacy

Spend by Geography

Medical + Rx



PMPM (Medical + Rx) Trend				
CY	South	North	Rural	Outside of NV
2017	-	-	-	-
2018	+13%	+16%	+19%	+25%
2019	+4%	+9%	+9%	+37%
2020	-11%	+14%	-2%	-37%
Average YOY Trend	**+2%**	**+13%**	**+8%**	**+3%**

- The South region is the lowest cost region for PEBP on a PMPM basis
- The North region has the fastest growing costs at an average of 13% per year
    - In 2020, the North region cost 70% more than the South region compared to 25% more in 2017
- Outside of Nevada region is the highest cost PMPM, but only accounts for 9% of total Medical and Rx claims from 2017 – 2020
    - 2019 claims were heavily impacted by high-cost claimants

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Utilization by Geography
Medical

Medical Claims					Total Monthly Utilizers				Medical Spend Per Monthly Utilizer				Visits			
Calendar Year	South	North	Rural	Outside of NV	South	North	Rural	Outside of NV	South	North	Rural	Outside of NV	South	North	Rural	Outside of NV
2017	$35,337,813	$36,234,586	$20,398,525	$9,433,910	52,415 (29%)	46,967 (32%)	20,581 (28%)	6,119 (26%)	$674	$771	$991	$1,542	109,234	98,553	40,818	19,166
2018	$48,953,772	$60,765,240	$32,023,601	$14,833,944	66,376 (29%)	73,867 (33%)	29,501 (30%)	7,497 (27%)	$738	$823	$1,086	$1,979	138,643	156,698	59,337	22,841
2019	$51,854,933	$76,853,752	$38,430,768	$20,753,631	69,768 (30%)	93,741 (36%)	35,077 (32%)	7,257 (27%)	$743	$820	$1,096	$2,860	146,938	200,533	71,195	22,812
2020	$43,825,788	$87,266,262	$34,389,003	$10,701,767	65,771 (28%)	88,024 (33%)	32,208 (30%)	6,157 (25%)	$666	$991	$1,068	$1,738	140,285	192,384	64,694	19,555
Average YOY Trend									**0%**	**+9%**	**+3%**	**+4%**				

- Spend per utilizer has increased significantly in North region by 9% per year on average
  - The North region is the highest utilizer of medical benefits with 33% of monthly members utilizing benefits in 2020
  - The North region was the only one to see an increase in spend per utilizer in 2020
- The Rural region saw the largest decrease in visits out of any group in 2020

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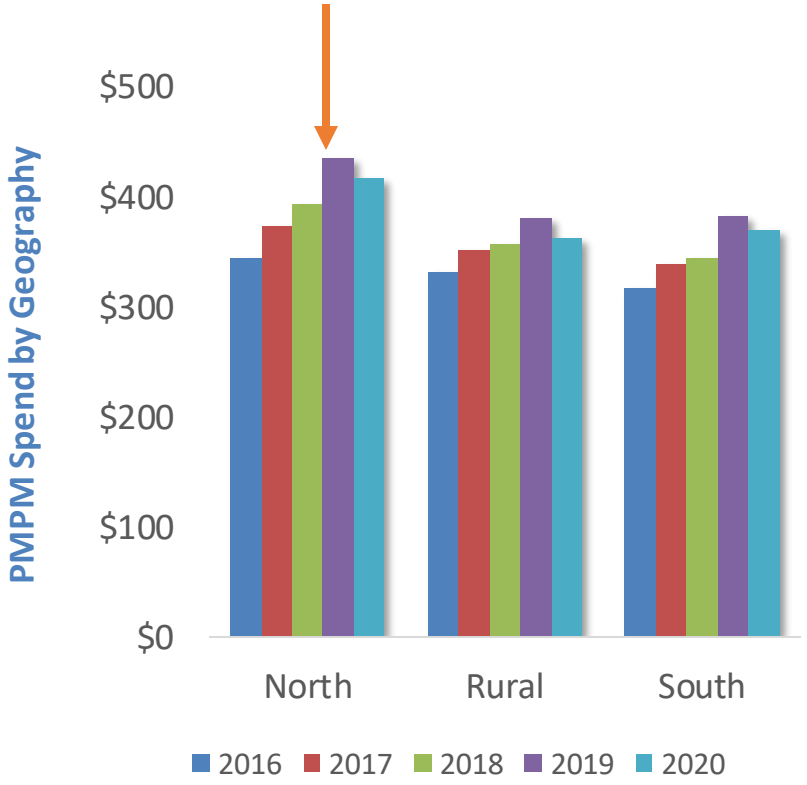
Nevada Medicaid Cost Driver Analysis: By Geography

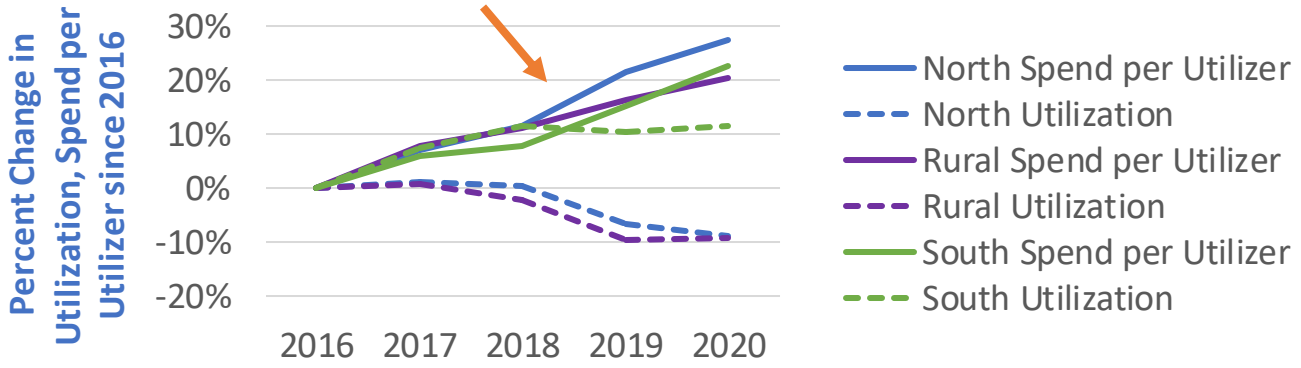
- PMPM spend is highest in northern Nevada and is rising at the fastest rate.



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.



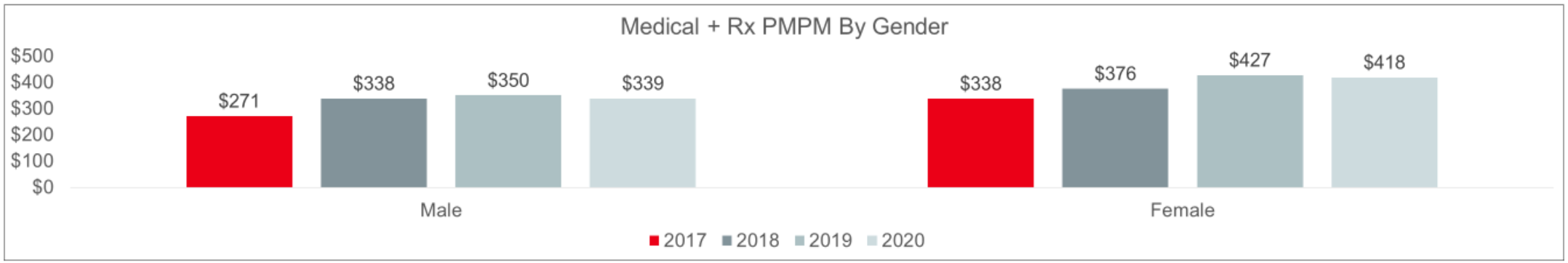
	Average YOY Trend (% Change) CY 2016 - CY 2019			% Change CY 2019 - CY 2020		
Geography	PMPM	Utilization	Spend per Utilizer	PMPM	Utilization	Spend per Utilizer
North	**8%**	-2%	13%	-4%	-2%	5%
South	**7%**	3%	10%	-3%	1%	6%
Rural	**5%**	-3%	12%	-4%	<1%	4%

Spend by Demographic

Medical and Pharmacy

Spend by Gender

Medical + Rx



PMPM (Medical + Rx) Trend		
CY	Male	Female
2017	-	-
2018	+25%	+11%
2019	+4%	+14%
2020	-3%	-2%
Average YOY Trend	**+8%**	**+7%**

- Female member claims are higher than males on a PMPM basis
  - This is largely driven by higher utilization of benefits for females
  - Men who utilize benefits tend to cost much more than females, specifically on Rx
- Males and female PMPM costs have trended at 8% and 7%, respectively, per year on average

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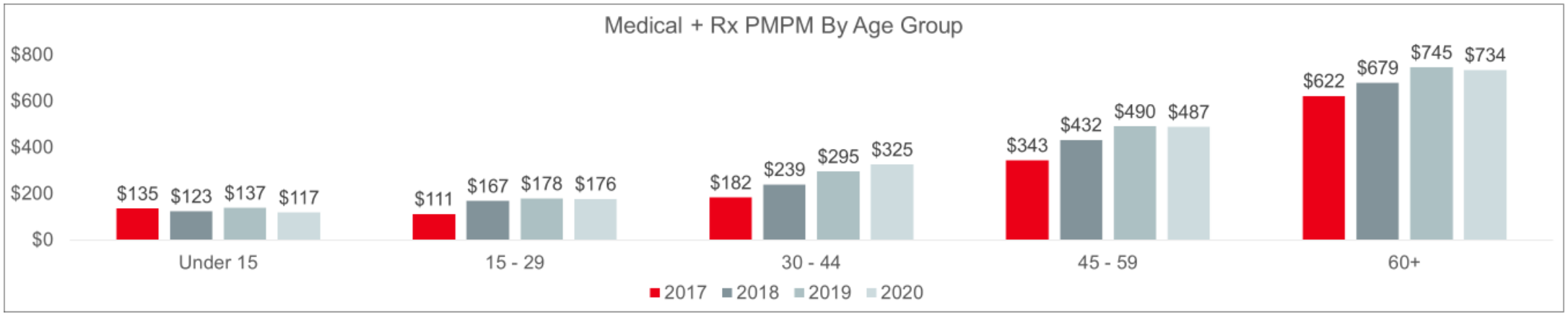
Spend by Age Group

Medical + Rx



PMPM (Medical + Rx) Trend					
CY	Under 15	15 - 29	30 - 44	45 - 59	60+
2017	-	-	-	-	-
2018	-9%	+50%	+31%	+26%	+9%
2019	+12%	+6%	+23%	+13%	+10%
2020	-14%	-1%	+10%	-1%	-1%
Average YOY Trend	**-4%**	**17%**	**21%**	**12%**	**6%**

- The <15 age group PMPM cost decreased 14% cost in 2020, possibly indicating that many children did not receive routine preventive care
  - The 30-44 age group was the only group with an increase in cost in 2020
- The 15-29 and 30-44 age groups have the highest cost trend on average per year
- 60+ age group represents 40% of total cost but only 21% of total members

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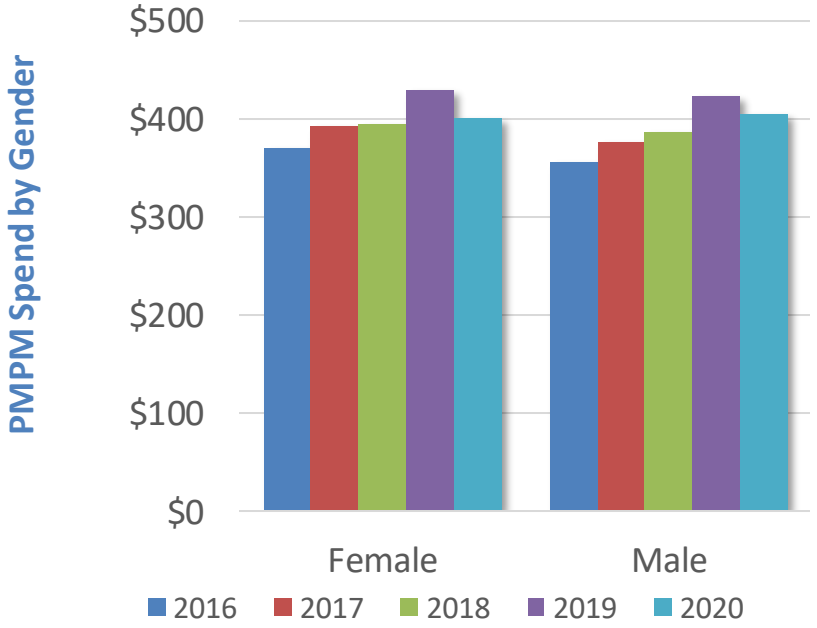
Nevada Medicaid Cost Driver Analysis: By Gender

- 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.



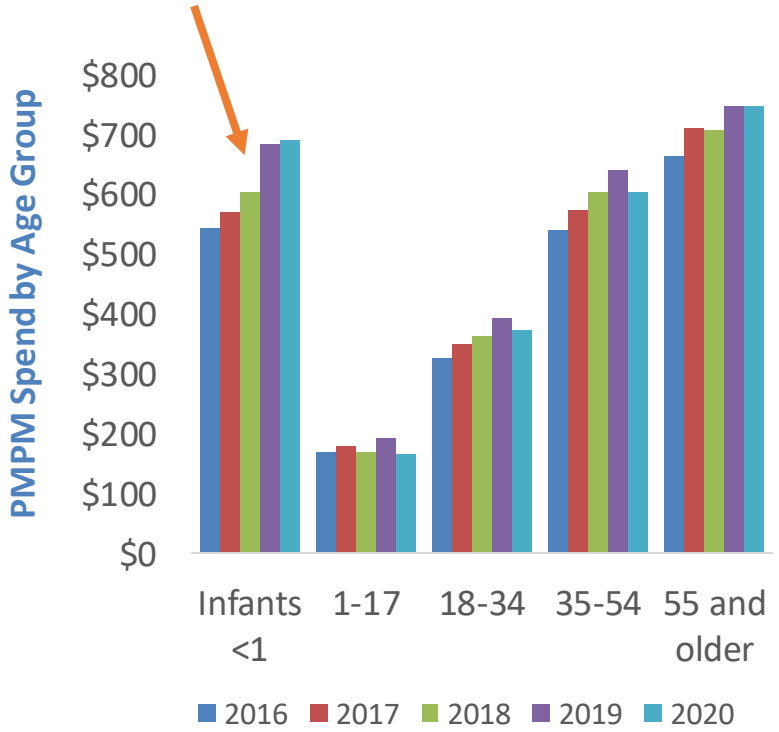
YOY % Change in PMPM by Gender	2017	2018	2019	2020	Avg. YOY Trend
Female	6%	1%	9%	-7%	**5%**
Male	6%	2%	10%	-4%	**6%**

Increases driven by:

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

Nevada Medicaid Cost Driver Analysis: 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%**

<u>Increases driven by:</u>

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

Spend by Health Conditions

Medical Only

Spend by Top 5 Health Conditions
Medical

Medical Claims						
Calendar Year	Cancer	Gastrointestinal Disorders	Cardiac Disorders	Musculoskeletal Disorders	Pregnancy	Total Claims (All Conditions)
2017	$13,560,996	$9,953,728	$6,118,976	$9,009,951	$7,043,321	$103,936,717
2018	$20,158,197	$14,361,773	$12,994,392	$11,726,368	$10,769,553	$162,133,234
2019	$19,345,078	$15,629,031	$15,256,313	$14,305,501	$12,532,225	$193,181,258
2020	$20,275,923	$14,170,362	$14,128,467	$12,744,681	$10,602,200	$180,003,482
Average Percent of Total Medical Claims	**11%**	**8%**	**8%**	**7%**	**6%**	

- 5 health conditions accounted for ~41% of total Medical claims from 2017 to 2020: Cancer, Gastrointestinal disorders, Cardiac disorder, MSK, Pregnancy
- The 3 top increasing cost conditions include:
  - Infections, hematological (blood) disorders, and Mental Health
  - These 3 conditions represented 13% of medical claims in 2020 compared to 7% in 2017

Summary of Key Findings (1 of 2)

1. Prior to the onset of COVID-19 in 2020, annual per capita health care spending growth far exceeded historical annual state median wage growth and state economic growth:
    - Medicaid: 5.5% (2016-19)
    - PEBP: 13.5% (2017-19)

    - Median wage growth: 2.2% (2002-20)
    - State economic growth: 4.3% (2002-20)

Summary of Key Findings (2 of 2)

2. Annual health care spending growth was **highest for pharmacy** for both Medicaid and PEBP. Hospital outpatient (Medicaid) and professional services (PEBP) were also significant cost drivers.
    - Medicaid:
        - Pharmacy: 15% (2016-19)
        - Hospital Outpatient: 6% (2016-19)
    - PEBP:
        - Pharmacy: 18% (2016-17)
        - Professional: 14% (2016-17)
3. For the areas with the highest spending growth, **high growth in prices** appeared to be the primary reason for spending growth.

Agenda

1. Medicaid and PEBP Phase 1 Cost Driver Analyses: Key Findings
2. Process for Identification and Prioritization of Cost Growth Mitigation Strategies
3. Cost Growth Mitigation Strategies
4. Next Steps

Reasons to Establish Criteria for Prioritizing Cost Growth Mitigation Strategies

- It is unlikely that key stakeholders, including the State, will have the resources to implement *all* potential strategies to address cost growth.
- Setting criteria for what cost growth mitigation strategies to prioritize helps ensure the most important issues are addressed.
- Having a structure that makes setting priorities more systematic and more likely to reflect the realities of the stakeholders involved helps ensure buy-in.

Potential Criteria for Selecting Strategies to Support Cost Growth Benchmark Attainment

1. Analysis of spending data indicates a significant opportunity for reduced spending or spending growth. A "significant opportunity" is indicated by:
   - Recent spending growth rate in excess of the cost growth target
   - Significant variation in spending, utilization or price levels across geographies, payers, providers, or those provider entities likely subject to the target, and
   - Spending or service utilization in excess of external benchmarks.
2. Implementation of the strategy is likely to have a substantive impact on cost growth target attainment
   - "Substantive impact" is defined to mean a measurable reduction in per capita cost growth at the market and/or state levels.
   - Evidence supports the strategy, or if not, there is a compelling logic model for the strategy.
3. The strategy is actionable for the State, payers, or provider organizations.
4. Relevant stakeholders have the capability and capacity to design and execute the strategy thoughtfully and successfully.

Criteria for Prioritizing Cost Growth Mitigation Strategies

The PPC supported the proposed criteria for prioritizing cost growth mitigation strategies, leaving open the possibility of making modifications once they have actual strategies to review.

- Does the Advisory Subcommittee agree with the proposed criteria?
  - Are there modifications to the proposed criteria the Advisory Committee wishes to suggest?
  - Are there other criteria that the Advisory Subcommittee would like to include?

Agenda

1. Medicaid and PEBP Phase 1 Cost Driver Analyses: Key Findings
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Discussion: Cost Growth Mitigation Strategies

- Based on what we have learned from the Phase 1 cost driver analyses, what cost growth mitigation strategies would you propose for consideration?

Agenda

1. Medicaid and PEBP Phase 1 Cost Driver Analyses: Key Findings
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Timeline for Benchmark Analysis

Measure

Measure performance relative to the cost growth benchmark

Report

Publish performance against the benchmark and analysis of cost growth drivers

Deadline	Key Deliverable
6/30/2022	Issue formal baseline data request to insurers
6/30/2022	Distribute benchmark implementation manual and hold trainings with payers
8/31/2022	Receive aggregate baseline benchmark data from payers
10/1/2022	Complete Medicaid and PEBP updated analyses for 2021 data
Winter 2023	Validate, analyze, and review baseline benchmark findings with PPC and stakeholders

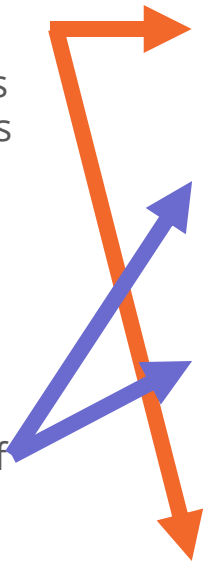
Timeline for Cost Driver Analysis

Analyze

Analyze spending to understand cost trends and cost growth drivers

Report

Publish performance of cost growth drivers



Deadline	Key Deliverable
3/31/2022	Medicaid and PEBP complete Phase 1 of cost driver analysis and begin Phase 2 cost driver analysis
4/30/2022	Review findings of Phase 1 cost driver analyses with the PPC
5/31/2022	Share findings of Phase 1 cost driver analyses with Advisory Subcommittee and other public stakeholders
7/1/2022	Update Phase 1 analysis with 2021 data

Timeline for Policy Initiatives

Identify

Identify opportunities and strategies to slow cost growth

Implement

Implement strategies to slow cost growth

Deadline	Key Deliverable
1/1/2022	Effective date of cost growth benchmark implementation
5/31/2022	PPC to make a decision on what three bills to draft for the 2023 legislative session
7/31/2022	Vote on and submit three bill drafts for 2023 legislative session
10/31/2022	Discuss pre-filing requirements for three bill drafts

Future Meetings

- The Patient Protection Commission will next meet on **May 18th** at 9:00 a.m.

Appendix: Supplemental Slides

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.

Terms	**Definitions**
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: Findings

What is driving up PMPM healthcare costs in Nevada Medicaid?

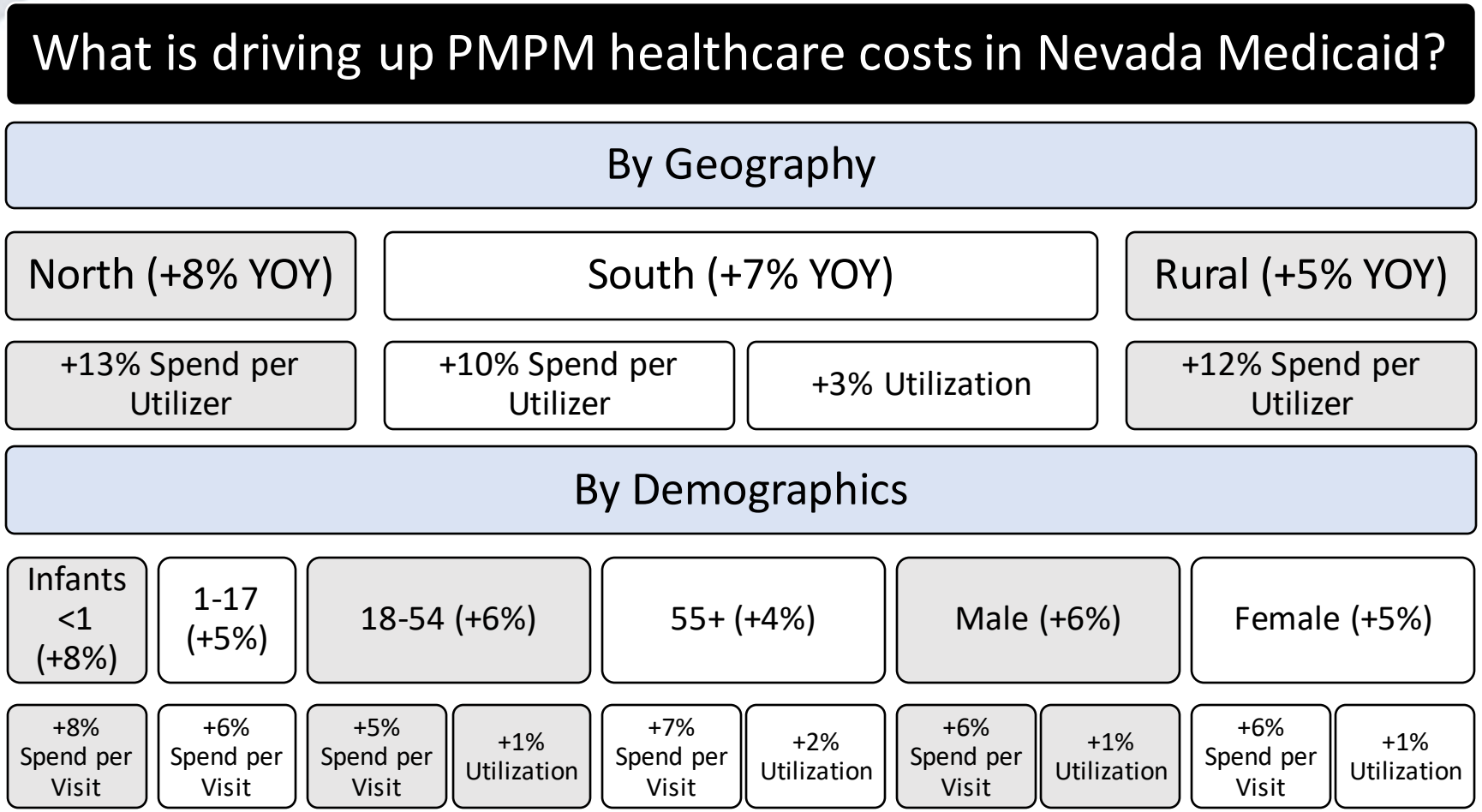
By Plan Type

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



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