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# Non-Emergency Medical Transportation Fiscal Estimate

**Non-exempt HIP Population**

**State of Indiana**

**Family and Social Services Administration**

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## BACKGROUND

Milliman has been retained by the State of Indiana, Family and Social Service Administration (FSSA) to develop a fiscal estimate of the cost to provide non-emergency medical transportation (NEMT) services to the non-exempt Healthy Indiana Plan (HIP) 2.0 population.

The HIP 2.0 demonstration program began on February 1, 2015, building upon the original HIP program that has been operating since 2008. While Indiana previously operated HIP with an NEMT waiver for seven years, the Special Terms and Conditions (STCs) for the HIP 2.0 program granted Indiana a one-year waiver of the obligation to provide NEMT coverage to individuals in the new adult group. On December 22, 2015, the Centers for Medicare and Medicaid Services (CMS) temporarily extended the HIP 2.0 NEMT waiver through November 30, 2016 to allow more time for adequate data collection. The STCs require the state to study and report on the impact of the NEMT policy on member access to care in its first year before it may request an amendment to extend the temporary NEMT waiver period. This report is intended to supplement FSSA's response to the STCs.

## EXECUTIVE SUMMARY

This report was prepared for FSSA to provide the estimated fiscal impact of providing Non-emergency medical transportation (NEMT) services to the non-exempt HIP 2.0 population from December 1, 2016 through calendar year (CY) 2022. The current NEMT waiver expires November 30, 2016.

We projected NEMT expenditures for the non-exempt HIP 2.0 population based upon historical emergency medical transportation (EMT) per member per month (PMPM) cost for the non-exempt HIP 2.0 population as well as an assumption for NEMT service cost as a percentage of total transportation cost (62%). The assumption for NEMT service cost as a percentage of total transportation cost was developed based upon research of populations receiving both NEMT and EMT services. Table 1 illustrates the estimated NEMT PMPM and total expenditures for the non-exempt HIP 2.0 population from CY 2017 through CY 2022. The fiscal impact summary stratified by Federal Fiscal Year and State Fiscal Year in the standard format it also provided in Appendix 1.

Table 1 State of Indiana, Family and Social Services Administration Non-Emergency Medical Transportation Fiscal Estimate HIP Non-exempt Population							
	CY 2016	CY 2017	CY 2018	CY 2019	CY 2020	CY 2021	CY 2022
Non-exempt Enrollment	279,615	303,815	306,853	309,922	313,021	316,151	319,313
EMT PMPM	\$ 3.31	\$ 3.34	\$ 3.39	\$ 3.44	\$ 3.49	\$ 3.54	\$ 3.60
NEMT PMPM	5.42	5.47	5.55	5.63	5.71	5.80	5.89
Total Transportation PMPM	\$ 8.73	\$ 8.80	\$ 8.94	\$ 9.07	\$ 9.21	\$ 9.34	\$ 9.48
Estimated NEMT Expenditures	\$ 1.5	\$ 19.9	\$ 20.4	\$ 20.9	\$ 21.5	\$ 22.0	\$ 22.6
Federal Share	1.5	18.9	19.2	19.4	19.4	19.8	20.3
State Share	0.0	1.0	1.2	1.5	2.2	2.2	2.3
HIP 2.0 FMAP	100%	95%	94%	93%	90%	90%	90%

Note: Expenditure values are illustrated in millions of dollars.

## DATA AND METHODOLOGY

This section provides documentation on the data, assumptions, and methodology used to develop the projections in this report.

### DATA

#### Encounter data

Managed care encounter data was reported through the State of Indiana's Enterprise Data Warehouse (EDW), as provided by the fiscal agent. Enrollment and claims data were from calendar year 2015, as paid and reported through February 2016.

#### Enrollment data

Enrollment data for historical time periods was summarized from the EDW, as provided by the fiscal agent.

## METHODOLOGY

### Develop CY 2015 Non-exempt HIP 2.0 EMT PMPM Cost

We developed the CY 2015 EMT PMPM for the non-exempt HIP 2.0 population using historical encounter experience and enrollment for the February 1, 2015 to December 31, 2015 time period. The PMPM cost was calculated as expenditures divided by member months. EMT PMPM cost was trended from CY 2015 to the projection periods utilizing an annual trend rate of 1.5%, consistent with our trend rate for transportation services used in the December 2015 Budget Committee Medicaid Forecast Update. We utilized enrollment estimates that are consistent with the December 2015 Budget Committee Medicaid Forecast Update, which provides enrollment projections through June 2017. We trended non-exempt HIP 2.0 enrollment at a 1.0% annualized trend rate after June 2017 because we are assuming the ramp-up of the non-exempt HIP 2.0 population will be complete by June 2017.

### Estimating Non-exempt HIP 2.0 NEMT PMPM Cost

We utilized prior research on populations receiving both EMT and NEMT services to develop an estimated percentage of transportation costs that were from non-emergent providers (62.1%). We divided the CY 2015 non-exempt HIP 2.0 EMT PMPM by 1 minus this percentage (37.9%) to estimate total transportation PMPM cost for CY 2015. NEMT PMPM cost was then calculated as total transportation PMPM cost less the EMT PMPM cost.

### Federal financial participation

The federal government provides matching funds for the HIP 2.0 program at the enhanced Federal Matching Assistance Percentage (FMAP) for Indiana. Table 1 illustrates the current enhanced FMAP schedule for the Medicaid expansion populations from CY 2017 through CY 2022<sup>1</sup>.

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<sup>1</sup> <https://www.medicaid.gov/State-Resource-Center/FAQ-Medicaid-and-CHIP-Affordable-Care-Act-Implementation/Downloads/FAQs-by-Topic-Expansion-State-FMAP-2013.pdf>

## LIMITATIONS

The information contained in this report has been prepared for the State of Indiana, Family and Social Services Administration to provide an estimate of the fiscal impact for NEMT services for the non-exempt HIP 2.0 population from CY 2017 through CY 2022. The data and information presented may not be appropriate for any other purpose.

The letter may not be distributed to any other party without the prior consent of Milliman. Any distribution of the information should be in its entirety. Any user of the data must possess a certain level of expertise in actuarial science and healthcare modeling so as not to misinterpret the information 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 FSSA 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.

Milliman has relied upon certain data and information provided by the State of Indiana, Family and Social Services Administration and their vendors. The values presented in this letter are dependent upon this reliance. To the extent that the data was not complete or was inaccurate, the values presented in our report will need to be reviewed for consistency and revised to meet any revised data.

The services provided for this project were performed under the signed Consulting Services Agreement between Milliman and FSSA approved December 16, 2015.

Guidelines issued by the American Academy of Actuaries require actuaries to include their professional qualifications in all actuarial communications. The actuaries preparing this report are members of the American Academy of Actuaries, and meet the qualification standards for performing the analyses in this report

## APPENDIX 1: STATE AND FEDERAL FISCAL YEAR DETAIL

**State of Indiana  
Family and Social Services Administration  
Healthy Indiana Plan (HIP) Program**

**Estimated Fiscal Impact Calculation of ending the HIP Non-Emergency Transportation waiver (in millions)  
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NEMT for HIP Non-Exemp	From: 12/1/2016 7/1/2017		10/1/2017 7/1/2018		10/1/2018 7/1/2019				
	To: 6/30/2017 9/30/2017		6/30/2018 9/30/2018		6/30/2019 9/30/2019				
	FFY 2017		FFY 2018		FFY 2019				
	6 Months	3 Months	Total	9 Months	3 Months	Total			
Total	\$ 11.22	\$ 5.09	\$ 16.32	\$ 15.28	\$ 5.12	\$ 20.40	\$ 15.56	\$ 5.25	\$ 20.80
Federal Share	\$ 10.74	\$ 4.84	\$ 15.58	\$ 14.41	\$ 4.81	\$ 19.22	\$ 14.52	\$ 4.88	\$ 19.40
<b>State Share</b>	<b>\$ 0.49</b>	<b>\$ 0.25</b>	<b>\$ 0.74</b>	<b>\$ 0.87</b>	<b>\$ 0.31</b>	<b>\$ 1.17</b>	<b>\$ 1.04</b>	<b>\$ 0.37</b>	<b>\$ 1.40</b>
Applicable FMAP	95.68%	95.00%		94.34%	94.00%		93.33%	93.00%	
State Share	4.32%	5.00%		5.66%	6.00%		6.67%	7.00%	

  

	10/1/2019 7/1/2020		10/1/2020 7/1/2021		10/1/2021 7/1/2022				
	6/30/2020 9/30/2020		6/30/2021 9/30/2021		6/30/2022 9/30/2022				
	FFY 2020		FFY 2021		FFY 2022				
	9 Months	3 Months	Total	9 Months	3 Months	Total			
Total	\$ 15.95	\$ 5.38	\$ 21.33	\$ 16.35	\$ 5.51	\$ 21.86	\$ 16.76	\$ 5.65	\$ 22.41
Federal Share	\$ 14.51	\$ 4.84	\$ 19.35	\$ 14.71	\$ 4.96	\$ 19.68	\$ 15.08	\$ 5.09	\$ 20.17
<b>State Share</b>	<b>\$ 1.44</b>	<b>\$ 0.54</b>	<b>\$ 1.97</b>	<b>\$ 1.63</b>	<b>\$ 0.55</b>	<b>\$ 2.19</b>	<b>\$ 1.68</b>	<b>\$ 0.57</b>	<b>\$ 2.24</b>
Applicable FMAP	90.99%	90.00%		90.00%	90.00%		90.00%	90.00%	
State Share	9.01%	10.00%		10.00%	10.00%		10.00%	10.00%	

**Notes**

1. Federal Medical Assistance Percentages (FMAPs) represent the enhanced FMAP applied to the newly eligible, as stipulated in Section 2001 of the Affordable Care Act