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Attachment 15
High-Cost Drug Pool Risk Corridor

*This is an example from the current MCO contract. This may not reflect the High Cost Drug Pool Risk Corridor for the awarded contract.

Nebraska Medicaid has implemented a high-cost drug pool as part of the Heritage Health program. The purpose of this pool is to develop a mechanism that will retrospectively re-allocate funding between MCOs should there be a disproportionate share of high-cost drug experience for any MCO(s). The CY19 high-cost drug pool was considered budget-neutral from the State and CMS' perspective. However, as a result of continued uncertainty regarding emerging high-cost drugscoming into the market, the State has decided to include a risk corridor around the high-cost drug pool in CY20, CY21, and CY22. Details surrounding the high-cost drug risk corridor for CY22 are below.

Drug Identification Criteria
High-cost drug experience has been identified within the CY18 and CY19 base data using a cost-based approach. Ten-digit Generic Product Indicators (GPIs), as well as injectable codes on the CY18 and CY19 fee schedules that have an average cost of ten thousand dollars ($10,000) PMPM (per member per month), have been classified as high-cost. This high-cost drug pool will only be applicable to the non-Dual populations. The following Heritage Health rating cohorts will be exempt: Healthy Dual, Dual LTC, and Dual Waiver. Additionally, the Heritage Health Adult (HHA) and Health Insurance Premium Payment populations are exempt from the high-cost drug pool as a result of having their own population-specific risk corridors in place.

The following steps have been taken to identify the GPIs or Physician-Administered Drugs (PAD) that meet the high-cost criteria:
1. Utilizers of each GPI or injectable/PAD were identified, along with all associated member months for these utilizers across the entire calendar year
2. The total paid dollars and total member months for drug utilizers were summarized to determine an average "utilizer" PMPM for each GPI and injectable within the CY18 and CY19 data
3. Each GPI or injectable with an average "utilizer" PMPM of ten thousand dollars ($10,000) or greater meets the criteria for the high-cost pharmacy risk pool within the base data

For example: there are ten (10) members who utilize a particular GPI in CY18. These ten (10) members have a combined ninety (90) member months through CY18. The total expenditures for this GPI are $900,000 (nine hundred thousand dollars), resultingin an average PMPM of ten thousand dollars ($10,000). All expenditures associated with this GPI would now be included in thedevelopment of the high-cost drug pool.

Establish Benchmarks
Upon identification of the relevant GPIs and injectables, the total spend associated with these drugs was summarized to arrive at a specific high-cost drug PMPM by COA and Rating Region. These amounts were then projected forward to the CY22 contract period. A sample of the high-cost drug pool cost projection is shown below:

COA	Total COA MMs	High-Cost GPI PMPM	High-Cost Injectable Code PMPM	Total High Cost PMPM (GPI+J Code)	Illustrative Projection Factor	Projected to CY20
1	50,000	*$0.00*	*$0.00*	$0.00	-	$0.00
2	150,000	*$8.00*	*$2.00*	$10.00	1.15	$11.50
3	250,000	*$15.00*	*$5.00*	$20.00	1.15	$23.00

Once COA and Regional PMPM projections are established, these PMPMs are converted to MCO-specific PMPMs. MCO-specific PMPMs are calculated using the CDPS+Rx prospective risk score applicable to the CY21 Heritage Health capitation rates.

		MCO A		MCO B	
COA	**Statewide Projected to CY20**	**Risk Score**	**MCO-Specific PMPM**	**Risk Score**	**MCO-Specific PMPM**
1	$0.00	1.00	$0.00	1.00	$0.00
2	$11.50	1.10	$12.65	0.90	$10.35
3	$23.00	0.95	$21.85	1.05	$24.15

Experience Period Reconciliation

Once the CY22 contract period ends, a reconciliation will occur between MCOs to the extent that the distribution of high-cost drugs between MCOs is different than the distribution projected by the rate development process.

A total pool of dollars will be calculated after the end of the CY22 contract period. This pool will be calculated based on the total CY20 member months and the MCO-specific PMPMs described in the "Establish Benchmarks" section above. Once this pool is established, dollars may be added to or subtracted from the pool, as a result of the risk corridor that is in place for CY22.

To determine the CY22 actual expenditures that will be compared to the high-cost drug pool, high-cost GPIs and PADs relevant to CY22 are yet to be identified. Due to the nature of new drugs coming onto the market over time, it is possible that drugs that exist in CY22 were not present in the CY18 or CY19 base data period. Therefore, a separate identification of drugs with an average PMPM of ten thousand dollars ($10,000) in the CY22 contract period will be completed. This will be completed in a manner consistent with the approach described in the "High-Cost Drug Identification Criteria" section above, with the exception that the membership and claims data will be based on CY22 experience and a standardized unit cost will be applied to NDCs underlying each GPI identified. Once this identification process is completed, the total experience for the GPIs and injectables meeting the criteria in CY22 will comprise the experience to be compared to the high-cost drug pool.

Prior to the determination of dollar transfers between MCOs, the CY22 experience for drugs that

meet the high-cost criteria will be evaluated against the risk corridor. The risk corridor bands are noted below:

Corridor Bands		**State/Fed and MCO Share**	
Low	**High**	**State/Fed Share**	**MCO Share**
<=85%	85%	100%	0%
85%	90%	75%	25%
90%	95%	50%	50%
95%	100%	0%	100%
100%	105%	0%	100%
105%	110%	50%	50%
110%	115%	75%	25%
115%	>=115%	100%	0%

If the program-wide experience for high-cost drugs exceeds the original pool enough to warrant a State/Fed share of the excess expenditures, new dollars will be added to the pool in addition to the capitation rates. Likewise, if the experience is far enough below the original pool to warrant State/Fedsavings, then dollars will be removed and MCOs will collectively pay dollars back to the State/Fed.

Once the risk corridor is calculated, any additions or reductions to the pool will be made as necessary. A dollar transfer will then occur to the extent that an MCO's total contribution to the statewide pool is proportionally different than its actual CY22 experience, as compared to the statewide CY22 actual experience. For example, an MCO's CY22 member month count, multiplied by its MCO-Specific PMPMs, contributes thirty percent (30%) of the high-cost drug pool, but its CY22 expenditures for high-cost drugs reflects thirty-five (35%) of the statewide CY22 expenditures. In this scenario, the MCO would receive a payment of five percent (5%) (thirty-five percent (35%) minus thirty percent (30%)) of the total high-cost drug pool. Conversely, either one or two of the other MCOs would have to pay out the equivalent of the five percent (5%).