

TO BE RESCINDED

5101:3-26-09 **Managed health care programs: reimbursement and financial responsibility.**

(A) Reimbursement.

- (1) In consideration for all services rendered or arranged by an MCP in performing its obligations under a provider agreement with ODJFS, the MCP will be entitled to receive a monthly capitation payment for each enrollee for the duration of the agreement unless restricted in accordance with rule 5101:3-26-10 of the Administrative Code. This amount represents the total obligation of ODJFS to the MCP for the costs of medical care and services provided except as provided for in paragraph (D) of this rule.
- (2) The capitation rates are prepared in accordance with 42 CFR 434. Capitation fees will not exceed the cost of providing the same services on a fee-for-service basis to an actuarially equivalent nonenrolled population. This rate does not include any amount for risks assumed under any existing or any previous agreement or contract. The capitation rate will be reviewed at least annually and may be modified based on existing actuarial factors and experience. Except as provided for in paragraph (D) of this rule, any savings remaining after costs have been deducted from the capitation will be wholly retained by the MCP.
- (3) Subject to modification as stated in paragraph (B) of this rule, the rates will be determined as set forth in the provider agreement executed between ODJFS and the MCP.
- (4) ODJFS may establish financial incentive programs based on MCP performance and as specified in the provider agreement executed between ODJFS and the MCP.

(B) Fiscal responsibility requirements.

- (1) Each MCP must maintain a fiscally sound operation and meet performance standards as specified by ODJFS.
- (2) MCPs must make provisions against the risk of insolvency. Neither enrollees nor ODJFS shall be liable for any MCP debts, including those that remain in the event of MCP insolvency or the insolvency of any subcontractors.
- (3) The following requirements apply to MCPs licensed by ODI:

- (a) For purposes of this rule, "Annual financial statement" is the annual "National Association of Insurance Commissioners" (NAIC) statutory filing of financial condition as adopted and required by the Ohio department of insurance (ODI). Copies of all annual and quarterly financial statements must be submitted to ODJFS simultaneously with the submission to ODI. Revisions to all such reports must be submitted to ODJFS simultaneously with the submission to ODI.
- (b) Each MCP must submit to ODJFS a copy of its audited financial statement as compiled by an independent auditor and including the statement of reconciliation with statutory accounting principles as required by ODI. The statement must be submitted annually to ODJFS simultaneously with the submission to ODI.

(C) Reinsurance requirements.

- (1) All MCPs must carry reinsurance coverage from a licensed commercial carrier to protect against catastrophic inpatient-related medical expenses incurred by medicaid enrollees.
- (2) To the extent that the risk for such expenses is transferred to a subcontractor, the MCP must provide proof of reinsurance coverage for that subcontractor in accordance with the provisions of paragraph (C) of rule 5101:3-26-09 of the Administrative Code.
- (3) A copy of the fully-executed reinsurance agreement to provide the specified coverage must be submitted to ODJFS prior to the effective date of the provider agreement. No provider agreement will be signed in the absence of such documentation. MCPs must provide copies of new or modified reinsurance agreements to ODJFS within thirty days of execution.
- (4) The annual deductible must be specified in the reinsurance agreement and must not exceed the amount specified in the applicable provider agreement in each contract year.
- (5) The reinsurance coverage must remain in force during the term of the provider agreement with ODJFS and must contain adequate provisions for contract extensions.
- (6) The MCP shall provide written notification to ODJFS of the names, medicaid management information system (MMIS) identification numbers, dates of admission, diagnoses, and estimates of the total claims incurred for all

medicaid enrollees for which reinsurance claims have been submitted. The MCP must provide such notification to ODJFS as part of the ODJFS "Medicaid Managed Care Plan Cost Report."

- (7) The MCP must give ODJFS prior written notice of any changes or modifications in the reinsurance agreement. Such notice shall be submitted to ODJFS thirty days prior to the intended effective date of any proposed change and must include the complete and exact text of the proposed change.
- (8) In the event of termination of the reinsurance agreement due to insolvency of the MCP or the reinsurance carrier, the MCP will be fully responsible for all pending or unpaid claims.
- (9) Any reinsurance agreements which cover expenses to be paid for continued benefits in the event of insolvency must include medicaid enrollees as a covered class.

(D) Risk corridors.

- (1) Provisions in paragraph (D) of this rule will apply only as specified in certain provider agreements.
- (2) A risk corridor will be specified in certain provider agreements whereby the MCP and ODJFS will share the risk and savings which accrue.
- (3) The provider agreement will specify the size of the risk corridor and the amount of risk and/or savings to be assumed by the MCP and ODJFS.
- (4) Reinsurance requirements for provider agreements with risk corridors will be specified in the provider agreement and may differ from those specified in paragraph (C) of this rule.

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CERTIFIED ELECTRONICALLY

Certification

06/20/2003

Date

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