

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
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State Demonstrations Group

Kevin Bagley
Director, Division of Medicaid & Long-Term Care
Nebraska Department of Health and Human Services
301 Centennial Mall South
Lincoln, Nebraska 68509

Dear Mr. Bagley:

The Centers for Medicare & Medicaid Services (CMS) has approved the Evaluation Design for Nebraska's Managed Care Risk Mitigation COVID-19 Public Health Emergency (PHE) amendment to the section 1115 demonstration entitled, "Nebraska Substance Use Disorder Program" (Project Number 11-W-10025/7). We sincerely appreciate the state's commitment to efficiently meeting the requirement for an Evaluation Design stated in the demonstration's Special Terms and Conditions (STCs) for this amendment, especially under these extraordinary circumstances.

The approved Evaluation Design may now be posted to the state's Medicaid website within thirty days, per 42 CFR 431.424(c). CMS will also post the approved Evaluation Design on Medicaid.gov.

Please note that, consistent with the approved Evaluation Design, the draft Final Report will be due to CMS 18 months after either the expiration of the demonstration approval period or the end of the latest rating period covered under the state's approved expenditure authority, whichever comes later.

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We look forward to our continued partnership with you and your staff on the Nebraska Substance Use Disorder Program Demonstration. If you have any questions, please contact your CMS project officer, Shelby Higgins, who may be reached by email at shelby.higgins@cms.hhs.gov.

Sincerely,



Danielle Daly
Director
Division of Demonstration
Monitoring and Evaluation

cc: Michala Walker, State Monitoring Lead, Medicaid and CHIP Operations Group

Department of Health and Human Services
**Nebraska Substance Use Disorder
Program**

Project No. 11-W-10025/7

Emergency Demonstration Amendment –
Managed Care Risk Mitigation COVID-19 PHE
Evaluation Design

September 19, 2022

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A. General Background Information

On March 13, 2020, pursuant to Section 1135(b) of the Act, the Secretary of Health and Human Services invoked his authority to waive or modify certain requirements of Titles XVIII, XIX, and XXI of the Act because of the consequences of the COVID-19 pandemic. As a result, on March 22, 2020, the Centers for Medicare & Medicaid Services (CMS) announced a Section 1115 demonstration opportunity available to states under title XIX (Medicaid) of the Act. In response, the Nebraska Department of Health and Human Services submitted a Managed Care Risk Mitigation COVID-19 Public Health Emergency (PHE) Section 1115 demonstration application on November 12, 2020. On January 18, 2022, CMS approved the application as an amendment under the “Nebraska Substance Use Disorder Program” section 1115(a) demonstration (Project Number 11-W-10025/7).

Nebraska’s goal during the Managed Care Risk Mitigation COVID-19 PHE demonstration period is to add a risk-sharing arrangement, specifically a risk corridor, to support making appropriate, equitable payments to managed care organizations during the COVID-19 PHE to help maintain beneficiary access to care.

As part of the demonstration’s Monitoring and Evaluation Requirements, CMS requires Nebraska to develop a “simplified” Evaluation Design to understand the successes, challenges, and lessons learned in implementing the demonstration.

This Evaluation Design will guide the federally required Final Report and is organized as follows:

- **Section A.** General Background Information
- **Section B.** Evaluation Questions and Hypotheses
- **Section C.** Methodology
- **Section D.** Methodological Limitations
- **Section E.** Preparing the Final Report

B. Evaluation Questions and Hypotheses

Figure 1 outlines the hypotheses and research questions (RQs) related to understanding the successes, challenges, and lessons learned in implementing the demonstration.

Figure 1. Hypotheses and Research Questions

Research Question (RQ)	
Hypothesis 1 – The demonstration will facilitate attaining the objectives of Medicaid.	
RQ 1.1	What retroactive risk sharing agreements did the state ultimately negotiate with the managed care plans under the demonstration authority?
RQ 1.2	In what ways during the PHE did the demonstration support adding or modifying one or more risk sharing mechanisms after the start of the rating period?

RQ 1.3	What problems may have been caused by the application of section 438.6(b)(1) during the PHE that would have undermined the objectives of Medicaid, and how did the exemption address or prevent these problems?
RQ 1.4	What were the principal challenges associated with implementing the retroactive risk mitigation strategies from the perspectives of the state Medicaid agency and Medicaid managed care plans?
RQ 1.5	What actions did the state take to address challenges presented by the implementation of retroactive risk mitigation strategies? To what extent were those actions successful in the context of the PHE?
RQ 1.6	What were the principal lessons learned for any future PHEs in implementing the demonstration flexibilities?
Hypothesis 2 – The authority will support the Department in making appropriate, equitable payments during the COVID-19 PHE to help with maintenance of beneficiary access to care that would have otherwise been challenging due to the prohibitions in Section 438.6(b)(1).	
RQ 2.1	To what extent did the retroactive risk sharing implemented under the demonstration authority result in more accurate payments to the managed care plans?

C. Methodology

This section provides details on the proposed methodology for the Evaluation Design, including anticipated data sources, analytic methods, and evaluation reporting periods.

Section C.1 summarizes the types of data that will be used to prepare the Final Report. Section C.2 outlines the Department’s proposed analytic methods for the Evaluation.

Section C.3 includes analytic tables that detail the evaluation approach for each hypothesis. The analytic tables outline the planned research questions, outcome measures, data sources, and analytic approaches.

1. Data Sources

The department will compile data for the Evaluation from qualitative and quantitative data sources including staff interviews and state and administrative data.

Document Review

To examine information related to the risk corridor negotiated with the managed care plans, the state will conduct a review of relevant documentation (e.g., managed care contracts).

Department Staff Interviews

The department will conduct departmental staff interviews to evaluate if the demonstration facilitated attaining the objectives of Medicaid. The department will identify departmental interview participants based on involvement in the implementation of the risk corridor.

MCO Medical Loss Ratio (MLR) Reports

MCOs submit regular medical loss ratio (MLR) reports which provide aggregate revenue, claims costs, and other financial metrics for the purposes of calculating

MLRs. The department will examine calendar year (CY) 2018, CY 2019, CY 2020 MLR calculations to evaluate, in part, to what extent the risk sharing implemented under the demonstration authority resulted in more accurate payments to the MCOs.

State Medicaid Claims Data

The department will use claims cost data, collected, and validated regularly by the department's actuaries, to estimate the unforeseeable impact of COVID-19 on utilization patterns. This forms the basis of the standard 'encounter data' the actuary relies on for rate development.

CY 2020 Rate Development Exhibits

The department's actuaries will provide CY 2020 Rate Development Exhibits. The department will examine these Exhibits to evaluate, in part, to what extent the risk sharing implemented under the demonstration authority resulted in more accurate payments to the MCOs.

2. Analytic Methods

As part of the 1115 demonstration approval, CMS required Nebraska to develop a "simplified" Evaluation Design that does not undertake evaluations that would prove overly burdensome and impractical for data collection or analyses, but rather focuses on using qualitative methods and descriptive statistics to understand how this flexibility helped Nebraska respond to the COVID-19 PHE. As such, Nebraska will use qualitative and descriptive statistics methods to conduct the Evaluation.

Qualitative Analysis

The department will collect qualitative data through methods such as staff interviews. Where applicable, the qualitative data will be categorized and coded systematically. The department will use thematic analysis, which is a systematic and iterative data coding and analysis process that will allow the department to identify themes or patterns within the responses.

Descriptive Analyses

For research questions assessing payments to managed care plans, the department will calculate standard summary statistics to report findings.

3. Analytic Table

Figure 2 outlines the hypotheses, research questions, outcome measures, data sources, and analytic approaches for this Evaluation Design.

Figure 2. Analytic Table

Research Question	Outcome Measure(s)	Data Source(s)	Analytic Approach
Hypothesis 1 – The demonstration will facilitate attaining the objectives of Medicaid.			
RQ 1.1: What retroactive risk sharing agreements did the state ultimately negotiate with the managed care plans under the demonstration authority?	Type(s) of risk sharing agreement(s) negotiated with the managed care plans Terms of negotiated risk sharing agreement(s).	Document Review	Qualitative Analysis
RQ 1.2: In what ways during the PHE did the demonstration support adding or modifying one or more risk sharing mechanisms after the start of the rating period?	Benefits/successes of adding a risk sharing mechanism that would not have been realized if the demonstration authority were not in Place.	Department Staff Interview(s)	Qualitative Analysis
RQ 1.3: What problems may have been caused by the application of section 438.6(b)(1) during the PHE that would have undermined the objectives of Medicaid, and how did the exemption address or prevent these problems?	Description of how the demonstration authority addressed or prevented problems related to the application of section 438.6(b)(1).	Department Staff Interview(s)	Qualitative Analysis
RQ 1.4: What were the principal challenges associated with implementing the retroactive risk mitigation strategies from the perspectives of the state Medicaid agency and Medicaid managed care plans?	Description of challenges (if any) related to implementing the risk sharing agreement(s) with the managed care plans.	Department Staff Interview(s)	Qualitative Analysis
RQ 1.5: What actions did the state take to address challenges presented by the implementation of retroactive risk mitigation strategies? To what extent were those actions successful in the context of the PHE?	Description of actions taken by Nebraska to address the challenges identified (if any) in RQ 1.4. Description of how these actions were successful.	Department Staff Interview(s)	Qualitative Analysis
Research Question	Outcome Measure(s)	Data Source(s)	Analytic Approach
RQ 1.6: What were the principal lessons learned for any future PHEs in implementing the demonstration flexibilities?	Description of lessons learned for future PHEs in implementing the demonstration flexibilities.	Department Staff Interview(s)	Qualitative Analysis
Hypothesis 2 – The authority will support the department in making appropriate, equitable payments during the COVID-19 PHE to help with maintenance of beneficiary access to care that would have otherwise been challenging due to the prohibitions in Section 438.6(b)(1).			

<p>RQ 2.1: To what extent did the retroactive risk sharing implemented under the demonstration authority result in more accurate payments to the managed care plans?</p>	<p>MLRs prior to the application of the risk corridor, both at an aggregate-level as well as MCO-specific.</p> <p>MLRs after application of the risk corridor, both at an aggregate-level as well as MCO-specific.</p>	<p>MLR Calculations</p> <p>State Medicaid Claims Data</p> <p>CY 2020 Rate Development Exhibits</p>	<p>Descriptive Analysis</p>
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D. Methodological Limitations

Given the simplified nature of this Evaluation Design, Nebraska does not anticipate encountering extensive methodological limitations. However, there are a few limitations the state may encounter, which are described below.

Qualitative Analysis

The main analytic approach the department will use in this Evaluation is qualitative analysis. There are a few widely known limitations to the qualitative analysis approach such as difficulty to demonstrate rigor, dependency of an individual’s skills on research quality, and bias. Nebraska MLTC will do its best to minimize these limitations, for example, by creating a scripted interview template.

Staff Interviews

The department plans to conduct a limited number of department staff interviews to evaluate RQs 1.2 – 1.6. The department will schedule interviews with the critical department staff members that were involved in the development and implementation of the risk corridor. If any of the critical department staff members involved in the development and implementation of the risk corridor depart the department prior to the interview, it may be difficult to fully evaluate RQs 1.2 – 1.6. The department anticipates including contractor interviewees as needed which will aid in mitigating this limitation.

E. Preparing the Final Report

Nebraska MLTC will submit to CMS a Final Report for this demonstration 18 months after either the expiration of the demonstration approval period or the end of the latest rating period covered under the state’s approved expenditure authority, whichever comes later. The Final Report will include all applicable elements required by 42 CFR 431.428.