

# Essential Plan (EP) Guidance 3.0

## Office of Health Insurance Programs

### Essential Plan (EP) Guidance 3.0: Information Regarding EP Rate Setting Assumptions for Calendar Year 2023 and 2024

**Date of Issuance: July 19, 2023**

---

The purpose of this document is to provide information in relation to provisions included as part of the State Fiscal Year (SFY) 2023-24 Enacted Budget.

#### **Essential Plan Rate Setting Assumptions**

The Department has added additional funding (\$800M) for both the Calendar Year (CY) 2023 and CY 2024 rates. This investment, which will recur annually beyond CY 2024, is intended to create reimbursement parity across all EP premium groups for hospital inpatient, hospital outpatient, and physician services. This funding is in addition to the annual \$420M existing provider reimbursement investment authorized in the SFY 2021-22 Budget (and outlined in EP Guidance 2.0\*).

- The Department expects that health plans will raise provider reimbursement rates for EP 3 and EP 4 premium groups to the level of EP 1 and EP 2 premium groups for hospital inpatient, hospital outpatient, and physician services and remit payments to impacted providers through reprocessing of claims or via lump sum payments.
- The goal of this EP rate enhancement is to expand access to services for EP enrollees, promoting health equity for all EP enrollees, and establishing parity in reimbursement across all premium groups for hospital inpatient, hospital outpatient, and physician services.
- For CY 2023, 12 months of funding (\$800M) will be included in a rate revision effective July 1, 2023 paid over a 6 month period. CY 2024 and beyond will include a full annual funding amount (\$800M) paid over a 12 month period.
- Consistent with prior years and the existing rate methodology, historical health plan reported expenditures were trended to the rating period. From there, an additional \$800M (CY 2023) and \$800M (CY 2024) will be added for this purpose. Consistent with past practice, the Department and its actuary will provide plans with their specific rate information and an overview of rate development via routine Plan Finance meetings in the coming months. Please note:

\*Essential Plan (EP) Guidance 2.0 included guidance for plans in EP1 and EP2 premium groups to reimburse inpatient and outpatient hospital services at 225% of Medicaid fee for service reimbursement for the same services.

- This health plan premium adjustment will be applied to all components of the inpatient and outpatient hospital-based categories of service (e.g., operating, capital, etc.).
- These funding amounts should be treated consistent with standard inpatient and outpatient fee schedule reimbursement. As such, rates have been adjusted for Graduate Medical Education (GME) for premium groups EP 1 and EP 2, the Covered Lives Assessment and HCRA Commercial rate of 9.63% where applicable.
- Health plans are required to report the additional funding associated with these provider investments on EPPOR cost reports (to the extent possible) and EIS/OSDS encounters in the appropriate categories of service regardless of the method by which plans choose to remit payments to impacted providers (i.e., claims reprocessing or lump sum payments).
- The Department will monitor health plan reimbursement to hospital inpatient, hospital outpatient, and physician services providers and reserves the right to request additional information from plans to ensure the additional investment is being distributed appropriately.
- Any unspent provider reimbursement parity funding may be recouped as part of the State's Medical Loss Ratio (MLR) Remittance process.

\*Essential Plan (EP) Guidance 2.0 included guidance for plans in EP1 and EP2 premium groups to reimburse inpatient and outpatient hospital services at 225% of Medicaid fee for service reimbursement for the same services.