

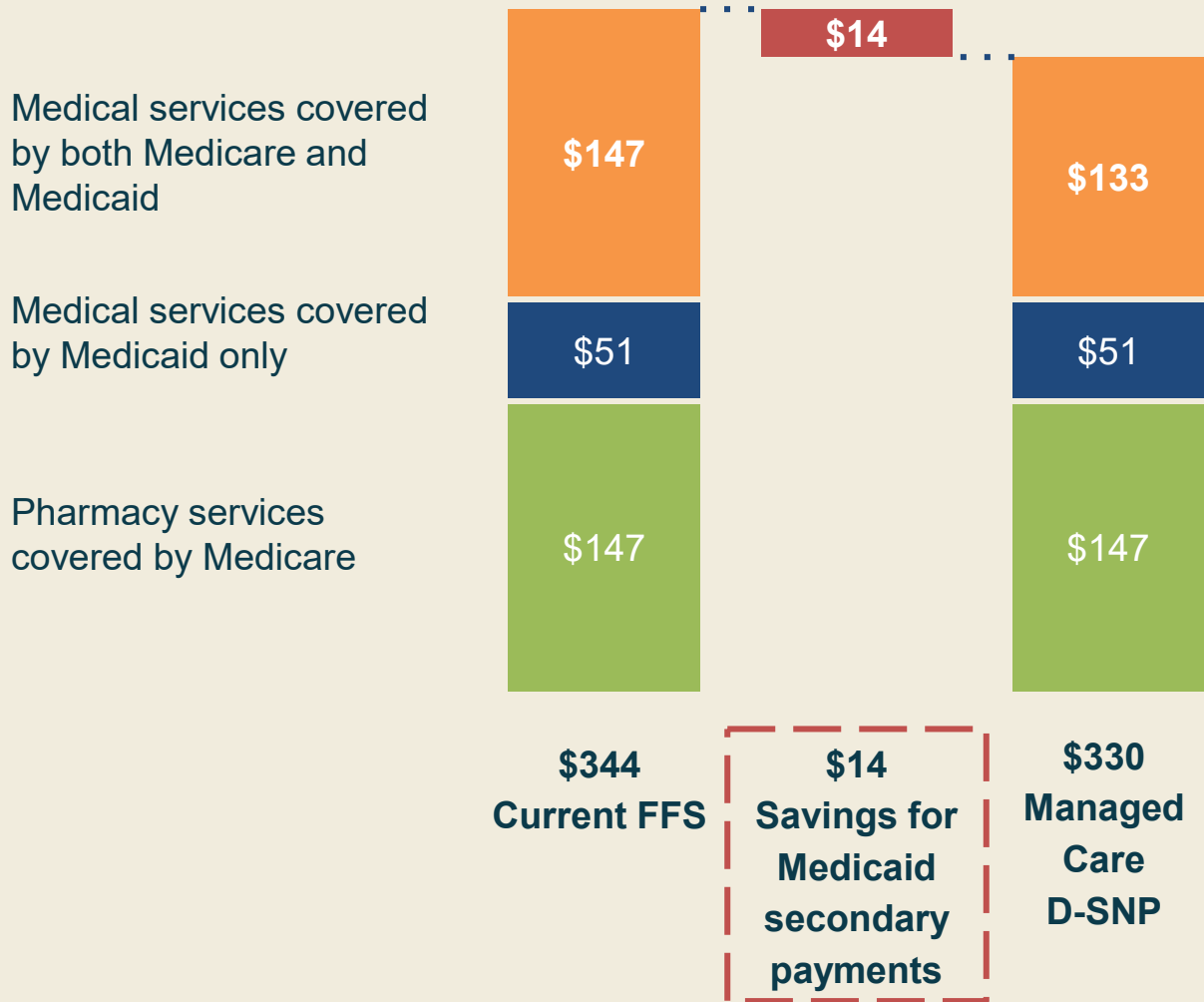
Dual Special Needs Plan (D-SNP) North Dakota Business Case

May 2022



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Financial benefits to North Dakota of D-SNP



Based on conservative estimates, the state could see **\$13.90 savings** related to your Medicaid liability, which represents 9.5% of services covered by both Medicare and Medicaid (\$147) and 4.0% of total Medicaid covered services (\$344)*.

*Covered services may vary by state, the above represents an initial estimate of total covered services. Currently the \$13.90 savings is a conservative estimate that does not include savings from Rx which will not be directly impacted by D-SNP.

By moving to managed care, there will likely be better coordination and thus additional savings from Rx services.

Financial benefits to North Dakota of D-SNP

D-SNP can generate Medicaid savings

Launching D-SNP can generate ~\$192K and ~\$575K in year 1 and 2+, respectively, based on the estimated **PMPM savings** and assumed D-SNP **penetration rate**.

ND needs to mobilize the following steps

Add one resource to coordinate MIPAA/SMAC with the D-SNP plans, provide access to validate Medicaid eligibility, and provide access to Medicaid provider information

To unlock the net cash flows to the state

Assuming the cost of FTE of \$80K per year, D-SNP can bring the state net cash flow of ~\$102K in year 1 and ~\$495K in year 2+.

| | Year 1 | Year 2+ | Notes |
|-------------------------------|-----------------|-----------------|-------|
| PMPM Savings | \$13.90 | \$13.90 | 2 |
| Dual Eligible Members | 11,556 | 11,556 | 3 |
| Penetration Rate | 10% | 30% | 4 |
| D-SNP Members | 1,149 | 3,448 | |
| D-SNP Member Months | 13,793 | 41,378 | |
| Total Medicaid Savings | \$191.8K | \$575.3K | |
| Cost of FTE*1 | \$80K | \$80K | 5 |
| Net Cash Flow | \$101.8K | \$495.3K | |

Notes:

1. Estimated total savings were based on conservative approach reflecting savings from medical costs only (i.e. did not include potential savings from drug costs) and assuming average savings from the basics of managed care (e.g. network, authorization; adding in care coordination could drive higher savings).
2. See prior slide for details on \$13.90 Medicaid PMPM savings.
3. Based on eligible membership published by CMS - sum of 3 categories with full Medicaid benefits.
4. Penetration rate represents the portion of dual eligible members that actually sign up for D-SNP. Estimated final penetration rate to be 30% based on Nebraska 28% (peer state which recently established Medicaid managed care program) and national average 30%; assumed Year 1 penetration rate of 10%.
5. Cost of one FTE uses \$80K per year as a placeholder.