



**Office of State Procurement  
PROACT Contract Certification of Approval**

**This certificate serves as confirmation that the Office of State Procurement  
has reviewed and approved the contract referenced below.**

**Reference Number:** 2000107363 ( 7)

**Vendor:** Amerihealth Caritas Louisiana, Inc.

**Description:** Provide healthcare services to Medicaid enrollees.

**Approved By:** Pamela Rice

**Approval Date:** 3/10/2017

Your amendment that was submitted to OSP has been approved.

AMENDMENT TO  
AGREEMENT BETWEEN STATE OF LOUISIANA  
LOUISIANA DEPARTMENT OF HEALTH

Amendment #: 7  
LAGOV#: 2000107363  
LDH #: 060468

(Regional/ Program/ Facility) Medical Vendor Administration  
Bureau of Health Services Financing  
AND  
Amerihealth Caritas Louisiana, Inc.  
Contractor Name

Original Contract Amt 1,964,731,789  
Original Contract Begin Date 02-01-2015  
Original Contract End Date 01-31-2018  
RFP Number: 305PUR-DHHRFP-BH-14

AMENDMENT PROVISIONS

Change Contract From: From Maximum Amount: Current Contract Term : 2/1/2015-1/31/2018

See Attachment A-7, Attachment C, Attachment D (3 attachments), Attachment I, Attachment J, and Attachment K

Change Contract To: To Maximum Amount: Changed Contract Term: N/A

See ASee Attachment A-7, Attachment C, Attachment D (3 attachments), Attachment I, Attachment J, and Attachment K

Justifications for amendment:

The changes contained in Attachment A-7 are necessary for the continued successful operation of the Medicaid managed care program.

This Amendment Becomes Effective: 07-01-2016

This amendment contains or has attached hereto all revised terms and conditions agreed upon by contracting parties.

IN WITNESS THEREOF, this amendment is signed and entered into on the date indicated below.

CONTRACTOR

Amerihealth Caritas Louisiana, Inc.

CONTRACTOR SIGNATURE 1/18/17  
DATE

PRINT NAME J. Michael Jernigan

CONTRACTOR TITLE President

STATE OF LOUISIANA  
LOUISIANA DEPARTMENT OF HEALTH

Secretary, Louisiana Department of Health or Designee

SIGNATURE 2/6/17  
DATE

NAME Jen Steele

TITLE Medicaid Director

OFFICE Bureau of Health Services Financing

PROGRAM SIGNATURE DATE  
NAME

**Contract Amendment #7**  
**Attachment A-7**

<b>Exhibit/ Attachment</b>	<b>Document</b>	<b>Change From:</b>	<b>Change To:</b>	<b>Justification</b>
Attachment C	Terms of Payment	Add subsection 7	Changes contained in the attached document.	Includes the terms of payment provision for participation in the Implementation Advanced Planning Document (IAPD) Electronic Health Record (EHR) Provider Outreach Incentive Program outlined in Section 5.3.3
Attachment D	Rate Certification <sup>1</sup>		Replace with Mercer rate certifications dated September 12, 2016, and September 13, 2016	<p>September 13, 2016, physical health rates effective January 1, 2016 through January 31, 2016. – Incorporates the 3.25% increase in premium tax mandated by Act 1 of the 2016 2nd Extraordinary Session of the Louisiana Legislature.</p> <p>September 12, 2016, rates effective 7/1/16 to 1/31/17 – Replaces previous Sept 12th rate cert. Incorporates policy and programmatic changes required by the 2016 Regular Session of the Louisiana Legislature.</p> <p>September 12, 2016, rates effective 2/1/16 to 1/31/17 – Incorporates the 3.25% increase in premium tax</p>

<sup>1</sup> Physical health, non-expansion

**Contract Amendment #7**  
**Attachment A-7**

<b>Exhibit/ Attachment</b>	<b>Document</b>	<b>Change From:</b>	<b>Change To:</b>	<b>Justification</b>
				mandated by Act 1 of the 2016 2nd Extraordinary Session of the Louisiana Legislature.
Attachment I	Behavioral Health Rate Certification		Replace with Mercer rate certification dated September 13, 2016	Incorporates the 3.25% increase in premium tax mandated by Act 1 of the 2016 2 <sup>nd</sup> Extraordinary Session of the Louisiana Legislature
Attachment J	Non-Emergency Medical Transportation Rate Certification		Replace with Mercer rate certification dated September 13, 2016	Incorporates the 3.25% increase in premium tax mandated by Act 1 of the 2016 2 <sup>nd</sup> Extraordinary Session of the Louisiana Legislature
Attachment K (erroneously referred to as Attachment I in Amendment #6)	Expansion Rate Certification		Replace with Mercer rate certification dated July 15, 2016	Adds minimum and maximum MLR as the risk mitigation strategy for the expansion population
Exhibit 3	RFP 305 PUR-DHHRFP-BH-MCO-2014-MVA	Add new subsection	3.8.1.12 Individuals enrolled in the Louisiana Health Insurance Premium Payment Program (LaHIPP).	The LaHIPP program will be reinstated.

**Contract Amendment #7**  
**Attachment A-7**

Exhibit/ Attachment	Document	Change From:	Change To:	Justification
Exhibit 3	RFP 305 PUR-DHHRFP-BH-MCO-2014-MVA	Add new subsection.	<p>5.3.3 <u>LDH shall provide the MCO a monthly supplemental lump sum payment in accordance with the payment terms of any adopt, implement, or upgrade (AIU) support outreach incentive program established in the State of Louisiana's Implementation Advanced Planning Document for Health Information Technology and Health Information Exchange in effect at the time the reimbursable activity occurs in the Current Implementation Advanced Planning Document (IAPD).</u></p> <p>5.3.3.1 <u>LDH shall provide the MCO a monthly supplemental lump sum payment in accordance with any meaningful use (MU) support outreach incentive program established in the Current IAPD.</u></p> <p>5.3.3.2 <u>Unless LDH subsequently alters its Current IAPD and notifies the MCO of a change in its payment terms, LDH shall reimburse services described in Section 5.3.3 of this Agreement only if delivered on or before March 31, 2017 and shall reimburse services described</u></p>	Adds a payment provision for participation in the IAPD EHR Provider Outreach Incentive Program

**Contract Amendment #7**  
**Attachment A-7**

Exhibit/ Attachment	Document	Change From:	Change To:	Justification
			<p><u>in Section 5.3.3.1 of this Agreement only if delivered on or after January 1, 2017.</u></p> <p><u>5.3.3.3 Payment under this Section shall be subject to the availability of funds under the IAPD. Reimbursement is contingent upon the Provider's acknowledgement of MCO's participation.</u></p> <p><u>5.3.3.4 Payment shall be provided only for completion of a unit of AIU support services or of MU support services as described in Section 10.7 of this Agreement.</u></p>	
Exhibit 3	RFP305PUR-DHHRFP-BH-MCO-2014-MVA	5.13.1.8 MCO must verify and add Medicaid recipient insurance updates for their members to their system within five business days of receipt. If a member is unable to access services or treatment until an update is made, update	<p><del>5.13.1.8 MCO must verify and add Medicaid recipient insurance updates for their members to their system within five business days of receipt. If a member is unable to access services or treatment until an update is made, update requests for that member must be verified and added within four business hours. These updates must be submitted to the DHH fiscal</del></p>	LDH entered into a contract with a TPL contractor (HMS) to discover, verify and add/update insurance coverage for all Medicaid enrollees. Except for urgent requests, members, providers and LDH staff submit all TPL update/add requests to this TPL contractor. Providers, members and LDH staff no longer submit routine add/update TPL requests to MCOs.

**Contract Amendment #7**  
**Attachment A-7**

Exhibit/ Attachment	Document	Change From:	Change To:	Justification
		requests for that member must be verified and added within four business hours. These updates must be submitted to the DHH fiscal intermediary on the daily file load on the day the update is made. This includes updates on coverage, including removal of coverage that existed prior to the members linkage to the MCO that impacts current provider adjudication or member service access (i.e. pharmacy awaiting TPL update to fulfill prescription).	<del>intermediary on the daily file load on the day the update is made.</del> <u>update its system with daily TPL records sent from LDH's Fiscal Intermediary (FI) within one (1) business day of receipt. MCO must reconcile its system with weekly TPL reconciliation files sent from LDH's FI within one (1) business day of receipt. If a P enrolled member is unable to access services or treatment until an update is made, the MCO must verify and update its system within four (4) business hours of receipt of an update request. P enrolled members are members enrolled with the MCO for Medical, Behavioral Health, Pharmacy and Transportation services.</u> This includes updates on coverage, including removal of coverage that existed prior to the member's linkage to the MCO that impacts current provider adjudication or member service access (i.e. pharmacy awaiting TPL update to fulfill prescription). <u>Such updates must be</u>	

**Contract Amendment #7**  
**Attachment A-7**

Exhibit/ Attachment	Document	Change From:	Change To:	Justification
			<u>submitted to LDH Third Party Liability contractor on the Louisiana Department of Health Medicaid Recipient Insurance Information Update Form the same day the update is made in the MCO system.</u>	
Exhibit 3	RFP305PUR-DHHRFP-BH-MCO-2014-MVA	5.13.2.2 The MCO may “pay and chase” the full amount allowed under the MCO payment schedule for the claim and then seek reimbursement from the TPL insurer (within sixty days after the end of the month in which the payment was made) for any liable TPL of legal liability if: o The claim is for prenatal care for pregnant women; o The claim is for preventive pediatric services (including EPSDT	5.13.2.2 The MCO <del>may</del> <u>shall</u> “pay and chase” the full amount allowed under the MCO payment schedule for the claim and then seek reimbursement from the TPL insurer (within sixty days after the end of the month in which the payment was made) for any liable TPL of legal liability if: o The claim is for prenatal care for pregnant women; o The claim is for preventive pediatric services (including EPSDT and well baby screenings); and o The claim is for a service that is provided to an individual on whose behalf child support enforcement is being carried out by the state Title IV-D agency.	The contract should be modified to mirror the previously issued health plan advisory and 42 CFR 433.139.

**Contract Amendment #7**  
**Attachment A-7**

Exhibit/ Attachment	Document	Change From:	Change To:	Justification
		and well baby screenings); and o The claim is for a service that is provided to an individual on whose behalf child support enforcement is being carried out by the state Title IV-D agency.		
Exhibit 3	RFP305PUR-DHHRFP-BH-MCO-2014-MVA	5.14.1. Other Coverage Information The MCO shall provide TPL information for each member in accordance with Sections 5.12. A weekly file will be sent to DHH reporting additions and updates of TPL information in a format and medium specified by DHH. The MCO shall reconcile the TPL file with the Louisiana Medicaid Fiscal	5.14.1. Other Coverage Information The MCO shall provide TPL information <u>it or its contractor discovers</u> for each member <u>that is not included in the weekly reconciliation files received from LDH's FI. in accordance with The MCO shall submit a daily file reporting additions and updates of TPL information in a format and medium specified by LDH.</u> <del>Sections 5.12. A weekly file will be sent to DHH reporting additions and updates of TPL information in a format and medium specified by DHH. The MCO shall review daily response files from LDH's FI and correct and resubmit</del>	LDH entered into a contract with a TPL contractor. MCOs may continue to use its TPL contractor to discover TPL, but must report TPL not identified in the daily and weekly files sent from LDH so the TPL may be loaded to LDH FI system.

**Contract Amendment #7**  
**Attachment A-7**

Exhibit/ Attachment	Document	Change From:	Change To:	Justification
		Intermediary and claims shall be adjudicated based off the State's resource file.	<u>rejected records until the record is correctly reported on weekly TPL reconciliation files received from LDH's FI. The MCO shall reconcile the TPL file with the Louisiana Medicaid Fiscal</u> <del>Intermediary and claims shall be adjudicated based off the State's resource file.</del>	
Exhibit 3	RFP305PUR-DHHRFP-BH-MCO-2014-MVA	6.3.1.3. The MCO is not required to enforce the DHH monthly prescription drug quantity limits. However, it may not enact prescription quantity limits more stringent than the Medicaid State Plan.	6.3.1.3. The MCO is not required to enforce the <del>DHH</del> LDH monthly prescription limits. However, it may not enact monthly prescription limits more stringent than the Medicaid State Plan. <u>MCO monthly prescription limits must have Point of Sale (POS) override capabilities when a greater quantity is determined to be medically necessary by the prescriber and MCO.</u>	To clarify language that this requirement concerns monthly prescription limits, not quantity limits, and to add Point of Sale override capabilities.
Exhibit 3	RFP 305 PUR-DHHRFP-BH-MCO-2014-MVA	Add a new subsection	<u>10.7 Provider EHR Outreach Incentive Program</u>  <u>10.7.1 The MCO shall endeavor to provide AIU support services as described in the State of Louisiana's Implementation Advanced Planning Document for Health Information</u>	To outline the required provisions for receipt of payment for participation in the IAPD EHR Provider Outreach Incentive Program

**Contract Amendment #7**  
**Attachment A-7**

Exhibit/ Attachment	Document	Change From:	Change To:	Justification
			<p><u>Technology and Health Information Exchange (IAPD) in effect at the time those services are rendered.</u></p> <p><u>10.7.2 AIU support services shall include those services for which the relevant IAPD makes provision for reimbursement of a non-provider for assisting an eligible Medicaid professional in attesting to adoption, implementation, or upgrading of certified EHR technology under an active, CMS-administered Medicaid EHR Incentive Program.</u></p> <p><u>10.7.3 MU support services shall include those services for which the relevant IAPD makes provision for reimbursement of a non-provider for assisting an eligible Medicaid professional in attesting to meaningful use of certified EHR technology under an active, CMS-administered Medicaid EHR Incentive Program. An eligible Medicaid professional is defined for terms of payment as a provider for whom the MCO was specifically paid under section 10.7.2 for AIU, a provider identified from a state-approved list of</u></p>	

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**Attachment A-7**

Exhibit/ Attachment	Document	Change From:	Change To:	Justification
			<p><u>providers that have neither attested to MU in the last two program years, and a provider identified from a state-approved list of providers who attested to AIU in a previous year and has not completed a subsequent MU attestation.</u></p> <p><u>10.7.4 A unit of AIU or MU support services shall be considered complete upon attestation by an eligible Medicaid professional under the relevant CMS-administered Medicaid EHR Incentive Program.</u></p> <p><u>10.7.4.1 The MCO shall be responsible for demonstrating that it provided AIU or MU support services. A written acknowledgement by the provider attesting to the receipt of such services from the MCO along with the provider's Medicaid ID and date of attestation under the relevant CMS-administered EHR Incentive Program shall be sufficient evidence of such services.</u></p> <p><u>10.7.4.2 Payment shall only be made to the primary service provider for the</u></p>	

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**Attachment A-7**

Exhibit/ Attachment	Document	Change From:	Change To:	Justification
			<p><u>eligible Medicaid professional's attestation under the relevant CMS-administered EHR Incentive Program. If LDH receives multiple claims for AIU support services funding or for MU support services funding, it shall require the eligible Medicaid professional to identify the primary service provider prior to distributing any funds. Nothing in this Section shall prohibit an MCO from serving as the primary MU support service provider if it did not serve as the AIU support services provider.</u></p> <p><u>10.7.4.3 LDH reserves the right to decline payment for insufficient documentation of the attestation described in Section 10.7.4 of this Agreement, for insufficient documentation of the provision of support services described in 10.7.3.1 of this Agreement, if the eligible Medicaid professional does not identify the MCO as the primary service provider, or if LDH determines that the</u></p>	

**Contract Amendment #7**  
**Attachment A-7**

Exhibit/ Attachment	Document	Change From:	Change To:	Justification
			<u>eligible Medicaid provider previously adopted certified EHR technology.</u>	

Terms of Payment

Maximum Contract Amount:

The maximum contract amount for each contract year is the product of projected enrollment in the MCO and the projected Per Member Per Month capitation rate. For calculation purposes, the projected Per Member Per Month capitation rate is the statewide composite prior to risk adjustment.

Contract Year	Projected Member Months	Projected Per Member Per Month Capitation Rate	Maximum Contract Amount
Contract year 1 - February 1, 2015 to January 31, 2016	2,007,023	\$302.90	\$607,927,267
Contract year 2 - February 1, 2016 to January 31, 2017	2,156,211	\$310.90	\$670,366,000
Contract year 3 - February 1, 2017 to January 31, 2018	2,161,943	\$317.51	\$686,438,522
3-Year Total			\$1,964,731,789

DHH reserves the right to adjust Per Member Per Month capitation rates in the following instances:

- 1. Changes to core benefits and services included in the capitation rates;
- 2. Changes to Medicaid population groups eligible to enroll in an MCO;
- 3. Legislative appropriations and budgetary constraints; or
- 4. Changes in federal requirements.

Terms of Payment:

- 1. DHH shall make monthly risk-adjusted capitation rate payments for each member enrolled into the MCO. Capitation rates are developed in accordance with 42 CFR 438.6 and are actuarially sound.
- 2. MCO agrees to accept payment in full and shall not seek additional payment from a member for any unpaid costs, including costs incurred during the retroactive period of eligibility.
- 3. DHH reserves the right to defer remittance of the monthly capitation rate payment for June until the first Medicaid Management Information System (MMIS) payment cycle in July to comply with state fiscal policies and procedures.
- 4. The monthly risk-adjusted capitation rate payment shall be based on the total number of Medicaid eligibles assigned to the MCO as of the last working day of the previous month and paid in the weekly payment cycle nearest the 15th calendar day of the month.
- 5. In addition to the monthly capitated rate, DHH shall provide MCOs a one-time supplemental lump sum payment for each obstetrical delivery. This kick payment is intended to cover the cost of prenatal care, the delivery event, and post-partum care and normal newborn hospital costs.
- 6. If the MCO is identified by the Internal Revenue Service (IRS) as a covered entity and thereby subject to an assessed fee ("Annual Fee") whose final calculation includes an applicable portion of the MCO's net premiums written from DHH's Medicaid/CHIP lines of business, DHH shall make an annual payment to the MCO in each calendar year payment is due to the IRS (the "Fee Year"). This annual payment will be calculated by DHH (and its contracted actuary) as an adjustment to each MCO's capitation rates for the full

amount of the Annual Fee allocable to Louisiana Medicaid/CHIP with respect to premiums paid to the MCO for the preceding calendar year (the “Data Year.”) The adjustment will be to the capitation rates in effect during the Data Year.

7. **In addition to all other payments described herein, LDH shall provide MCOs a monthly supplemental lump sum payment in accordance with the payment terms of any adopt, implement, or upgrade (AIU) support incentive program or meaningful use (MU) support incentive program established in the State of Louisiana’s Implementation Advanced Planning Document for Health Information Technology and Health Information Exchange in effect during the fiscal year in which the reimbursable activity occurs.**

**Effective Date of Enrollment**

MCO enrollment for members in a given month will be effective at 12:01AM on the first calendar day of the month of Medicaid eligibility not to exceed 12 months of retroactive eligibility.

**Withhold of Capitation Rate**

As outlined in detail in Section 5.3 of the RFP, a withhold of a portion of the monthly capitation rate payment shall be applied to provide an incentive for MCO compliance with the requirements of this contract. The withhold amount will be equivalent to two percent (2%) of the monthly capitation rate payment for all MCO enrollees, exclusive of maternity kick payments.



**Jaredd Simons, ASA, MAAA**  
Principal

**Erik Axelsen, ASA, MAAA**  
Senior Associate Actuary

Government Human Services Consulting  
3560 Lenox Road, Suite 2400  
Atlanta, GA 30326  
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Ms. Pam Diez  
Medicaid Deputy Director  
Louisiana Department of Health  
Bureau of Health Services Financing  
628 North 4th Street  
Baton Rouge, LA 70821

September 12, 2016

**Subject:** Healthy Louisiana Program – Full Risk-Bearing Managed Care Organization (MCO)  
Rate Development and Actuarial Certification for the Period February 1, 2016 through  
January 31, 2017

Dear Ms. Diez:

The Louisiana Department of Health (LDH) has contracted with Mercer Government Human Services Consulting (Mercer) to develop actuarially sound capitation rate ranges for the State of Louisiana's Healthy Louisiana (f/k/a Bayou Health) program for the period of February 1, 2016 through January 31, 2017. This certification update includes one revision that is retrospectively effective February 1, 2016. For reference, the original rate certification letter is included with this document in Appendix C.

This letter presents an overview of the methodology used to support the revision, and the resulting capitation rate ranges effective February 1, 2016 through January 31, 2017 for the purpose of satisfying the requirements of the Centers for Medicare & Medicaid Services (CMS). This rate development process used Medicaid fee-for-service (FFS) medical and pharmacy claims, Healthy Louisiana Shared Savings claims experience, Healthy Louisiana Prepaid encounter data, and LBHP claims experience. It resulted in the development of a range of actuarially sound rates for each rate cell. The capitation rate ranges are summarized in Appendix A and represent payment in full for the covered services.

Medicaid benefit plan premium rates are "actuarially sound" if, for business in the state for which the certification is being prepared and for the period covered by the certification, projected premiums, including expected reinsurance and governmental stop-loss cash flows, governmental risk adjustment cash flows, and investment income, provide for all reasonable, appropriate and attainable costs, including health benefits, health benefit settlement expenses, marketing and administrative expenses, any government mandated assessments, fees, and taxes, and the cost of capital. Note: Please see page 2 of Actuarial Standard of Practice Number 49, *Medicaid Managed Care Capitation Rate Development and Certification*, issued

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 Ms. Pam Diez  
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March 2015 by the Actuarial Standards Board,  
[http://www.actuarialstandardsboard.org/wp-content/uploads/2015/03/asop049\\_179.pdf](http://www.actuarialstandardsboard.org/wp-content/uploads/2015/03/asop049_179.pdf).

## Rate Revision

As a result of Act 1, House Bill No. 35, effective January 1, 2016, the state of Louisiana increased the premium tax rate of 2.25% to 5.50%. This legislation was enacted after the issuance of rates effective during the period which requires a revision to the previously certified rates. The revision to the premium tax rate resulted in a 3.50% increase to the final composite rate. The table below shows the impact to the midpoint rates by rate cell.

	[MM]	[A]	[B]	[C]	[D] = [B] + [C]
COA Desc	CY 2014 MMs	Original Midpoint PMPM	Midpoint PMPM less 2.25% Premium Tax	5.5% Premium Tax Revision Impact	Revised Midpoint PMPM
SSI	1,391,195	\$ 1,112.71	\$ 1,087.68	\$ 63.99	\$ 1,151.67
Family and Children	9,538,623	\$ 225.56	\$ 220.48	\$ 12.97	\$ 233.45
Foster Care Children	126,475	\$ 535.18	\$ 523.14	\$ 30.83	\$ 553.98
Breast and Cervical Cancer	13,070	\$ 2,301.40	\$ 2,249.61	\$ 132.22	\$ 2,381.83
LaCHIP Affordable Plan	40,170	\$ 189.76	\$ 185.49	\$ 10.92	\$ 196.41
HCBS Waiver	77,066	\$ 1,363.38	\$ 1,332.70	\$ 78.48	\$ 1,411.18
Chisholm Class Members	69,175	\$ 1,191.47	\$ 1,164.66	\$ 68.61	\$ 1,233.27
SBH - Chisholm Class Members	70,181	\$ 163.70	\$ 160.01	\$ 9.44	\$ 169.45
SBH - Dual Eligible	1,117,726	\$ 22.84	\$ 22.32	\$ 1.31	\$ 23.64
SBH - HCBS Waiver	77,066	\$ 84.23	\$ 82.34	\$ 4.84	\$ 87.18
SBH - Other	36,202	\$ 234.42	\$ 229.15	\$ 13.46	\$ 242.61
Maternity Kick Payment	37,712	\$ 9,401.84	\$ 9,190.30	\$ 539.15	\$ 9,729.45
Composite	12,556,949	\$ 350.32	\$ 342.44	\$ 20.14	\$ 362.58

## Certification of Final Rate Ranges

In preparing the rate ranges shown in Appendix A, Mercer has used and relied upon enrollment, FFS claims, encounter data, reimbursement level, benefit design, and other information

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Ms. Pam Diez  
Louisiana Department of Health

supplied by LDH and its fiscal agent. LDH, its fiscal agent, and the Prepaid plans are responsible for the validity and completeness of the data supplied. We have reviewed the data and information for internal consistency and reasonableness, but we did not audit them. In our opinion they are appropriate for the intended purposes. If the data and information are incomplete or inaccurate, the values shown in this report may need to be revised accordingly.

Mercer certifies that the rates in Appendix A were developed in accordance with generally accepted actuarial practices and principles and are appropriate for the Medicaid covered populations and services under the managed care contract. Rate estimates provided are based upon the information available at a point in time and are subject to unforeseen and random events. Therefore, any projection must be interpreted as having a likely range of variability from the estimate. The undersigned actuaries are members of the American Academy of Actuaries and meet its qualification standards to certify to the actuarial soundness of Medicaid managed care capitation rates.

Rates and ranges developed by Mercer are actuarial projections of future contingent events. Actual Healthy Louisiana MCO costs will differ from these projections. Mercer has developed these rates on behalf of LDH to demonstrate compliance with the CMS requirements under 42 CFR 438.6(c), and in accordance with applicable law and regulations. Use of these rate ranges for any purpose beyond that stated may not be appropriate.

Healthy Louisiana MCOs are advised that the use of these rate ranges may not be appropriate for their particular circumstance and Mercer disclaims any responsibility for the use of these rate ranges by Healthy Louisiana MCOs for any purpose. Mercer recommends that any Healthy Louisiana MCO considering contracting with LDH should analyze its own projected medical expense, administrative expense, and any other premium needs for comparison to these rate ranges before deciding whether to contract with LDH.

This certification letter assumes the reader is familiar with the Healthy Louisiana Program, Medicaid eligibility rules, and actuarial rate-setting techniques. It is intended for LDH and CMS, and should not be relied upon by third parties. Other readers should seek the advice of actuaries or other qualified professionals competent in the area of actuarial rate projections to understand the technical nature of these results.

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Ms. Pam Diez  
Louisiana Department of Health

If you have any questions on any of the information provided, please feel free to call us at  
+1 404 442 3358 or +1 404 442 3517.

Sincerely,



Jaredd Simons, ASA, MAAA  
Principal



Erik Axelsen, ASA, MAAA  
Senior Associate Actuary

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 Ms. Pam Diez  
 Louisiana Department of Health

## Appendix A: Healthy Louisiana Capitation Rate Range

Region Description	COA Desc	Rate Cell Desc	CY2014 MMs or Deliveries	Lower Bound PMPM or Cost per Delivery	Upper Bound PMPM or Cost Per Delivery
Gulf	SSI	Newborn, 0-2 Months	499	\$ 28,723.71	\$ 29,385.75
Gulf	SSI	Newborn, 3-11 Months	2,016	\$ 7,503.35	\$ 7,670.64
Gulf	SSI	Child, 1-20 Years	140,382	\$ 725.04	\$ 759.49
Gulf	SSI	Adult, 21+ Years	268,331	\$ 1,284.36	\$ 1,325.78
Gulf	Family and Children	Newborn, 0-2 Months	48,751	\$ 1,765.06	\$ 1,815.85
Gulf	Family and Children	Newborn, 3-11 Months	108,391	\$ 282.07	\$ 293.70
Gulf	Family and Children	Child, 1-20 Years	2,120,899	\$ 161.88	\$ 170.54
Gulf	Family and Children	Adult, 21+ Years	388,455	\$ 334.72	\$ 349.66
Gulf	Foster Care Children	Foster Care, All Ages Male & Female	23,352	\$ 536.27	\$ 571.68
Gulf	Breast and Cervical Cancer	BCC, All Ages Female	3,937	\$ 2,341.92	\$ 2,421.74
Gulf	LaCHIP Affordable Plan	All Ages	10,244	\$ 191.42	\$ 201.40
Gulf	HCBS Waiver	20 & Under, Male and Female	7,178	\$ 1,899.80	\$ 2,032.38
Gulf	HCBS Waiver	21+ Years, Male and Female	13,626	\$ 1,103.66	\$ 1,160.80
Gulf	Chisholm Class Members	Chisholm, All Ages Male & Female	16,983	\$ 1,189.63	\$ 1,276.91
Gulf	SBH - Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	17,167	\$ 162.93	\$ 175.97
Gulf	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	299,337	\$ 29.05	\$ 30.17

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Region Description	COA Desc	Rate Cell Desc	CY2014 MMs or Deliveries	Lower Bound PMPM or Cost per Delivery	Upper Bound PMPM or Cost Per Delivery
Gulf	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female	7,178	\$ 80.45	\$ 86.10
Gulf	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	13,626	\$ 87.66	\$ 90.62
Gulf	SBH - Other	SBH - Other, All Ages	7,536	\$ 239.15	\$ 246.07
Gulf	Maternity Kick Payment	Maternity Kick Payment, All Ages	10,549	\$ 10,535.94	\$ 10,674.16
Gulf	Maternity Kick Payment	Early Elective Delivery	NA	\$ 6,360.51	\$ 6,407.97
Capital	SSI	Newborn, 0-2 Months	384	\$ 28,723.71	\$ 29,385.75
Capital	SSI	Newborn, 3-11 Months	1,488	\$ 7,503.35	\$ 7,670.64
Capital	SSI	Child, 1-20 Years	104,301	\$ 725.53	\$ 761.69
Capital	SSI	Adult, 21+ Years	195,553	\$ 1,340.75	\$ 1,387.03
Capital	Family and Children	Newborn, 0-2 Months	42,461	\$ 2,018.28	\$ 2,070.32
Capital	Family and Children	Newborn, 3-11 Months	96,528	\$ 277.75	\$ 289.59
Capital	Family and Children	Child, 1-20 Years	1,914,036	\$ 170.11	\$ 179.24
Capital	Family and Children	Adult, 21+ Years	288,647	\$ 392.98	\$ 410.54
Capital	Foster Care Children	Foster Care, All Ages Male & Female	33,498	\$ 536.27	\$ 571.68
Capital	Breast and Cervical Cancer	BCC, All Ages Female	3,825	\$ 2,341.92	\$ 2,421.74
Capital	LaCHIP Affordable Plan	All Ages	10,876	\$ 191.42	\$ 201.40
Capital	HCBS Waiver	20 & Under, Male and Female	7,499	\$ 1,899.80	\$ 2,032.38
Capital	HCBS Waiver	21+ Years, Male and Female	12,294	\$ 1,103.66	\$ 1,160.80
Capital	Chisholm Class Members	Chisholm, All Ages Male & Female	17,068	\$ 1,189.63	\$ 1,276.91

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Region Description	COA Desc	Rate Cell Desc	CY2014 MMs or Deliveries	Lower Bound PMPM or Cost per Delivery	Upper Bound PMPM or Cost Per Delivery
Capital	SBH - Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	17,176	\$ 162.93	\$ 175.97
Capital	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	239,197	\$ 22.57	\$ 23.43
Capital	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female	7,499	\$ 80.45	\$ 86.10
Capital	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	12,294	\$ 87.66	\$ 90.62
Capital	SBH - Other	SBH - Other, All Ages	8,412	\$ 239.15	\$ 246.07
Capital	Maternity Kick Payment	Maternity Kick Payment, All Ages	9,280	\$ 10,046.81	\$ 10,168.49
Capital	Maternity Kick Payment	Early Elective Delivery	NA	\$ 6,872.26	\$ 6,924.95
South Central	SSI	Newborn, 0-2 Months	466	\$ 28,723.71	\$ 29,385.75
South Central	SSI	Newborn, 3-11 Months	1,871	\$ 7,503.35	\$ 7,670.64
South Central	SSI	Child, 1-20 Years	108,433	\$ 706.31	\$ 740.91
South Central	SSI	Adult, 21+ Years	237,953	\$ 1,203.32	\$ 1,242.77
South Central	Family and Children	Newborn, 0-2 Months	46,634	\$ 2,137.81	\$ 2,190.56
South Central	Family and Children	Newborn, 3-11 Months	104,955	\$ 286.48	\$ 298.38
South Central	Family and Children	Child, 1-20 Years	2,083,138	\$ 165.97	\$ 174.63
South Central	Family and Children	Adult, 21+ Years	299,789	\$ 361.26	\$ 377.62
South Central	Foster Care Children	Foster Care, All Ages Male & Female	44,797	\$ 536.27	\$ 571.68
South Central	Breast and Cervical Cancer	BCC, All Ages Female	2,747	\$ 2,341.92	\$ 2,421.74

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Region Description	COA Desc	Rate Cell Desc	CY2014 MMs or Deliveries	Lower Bound PMPM or Cost per Delivery	Upper Bound PMPM or Cost Per Delivery
South Central	LaCHIP Affordable Plan	All Ages	12,678	\$ 191.42	\$ 201.40
South Central	HCBS Waiver	20 & Under, Male and Female	6,786	\$ 1,899.80	\$ 2,032.38
South Central	HCBS Waiver	21+ Years, Male and Female	14,109	\$ 1,103.66	\$ 1,160.80
South Central	Chisholm Class Members	Chisholm, All Ages Male & Female	18,278	\$ 1,189.63	\$ 1,276.91
South Central	SBH - Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	18,709	\$ 162.93	\$ 175.97
South Central	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	323,040	\$ 19.79	\$ 20.53
South Central	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female	6,786	\$ 80.45	\$ 86.10
South Central	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	14,109	\$ 87.66	\$ 90.62
South Central	SBH - Other	SBH - Other, All Ages	10,727	\$ 239.15	\$ 246.07
South Central	Maternity Kick Payment	Maternity Kick Payment, All Ages	10,188	\$ 8,687.40	\$ 8,813.53
South Central	Maternity Kickpayment	Early Elective Delivery	NA	\$ 5,276.32	\$ 5,328.31
North	SSI	Newborn, 0-2 Months	442	\$ 28,723.71	\$ 29,385.75
North	SSI	Newborn, 3-11 Months	1,700	\$ 7,503.35	\$ 7,670.64
North	SSI	Child, 1-20 Years	119,014	\$ 758.45	\$ 798.89
North	SSI	Adult, 21+ Years	208,362	\$ 1,113.28	\$ 1,148.72
North	Family and Children	Newborn, 0-2 Months	35,265	\$ 2,041.16	\$ 2,093.88
North	Family and Children	Newborn, 3-11 Months	81,697	\$ 284.64	\$ 296.48
North	Family and Children	Child, 1-20 Years	1,639,346	\$ 167.65	\$ 177.11

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Region Description	COA Desc	Rate Cell Desc	CY2014 MMs or Deliveries	Lower Bound PMPM or Cost per Delivery	Upper Bound PMPM or Cost Per Delivery
North	Family and Children	Adult, 21+ Years	239,631	\$ 334.72	\$ 349.99
North	Foster Care Children	Foster Care, All Ages Male & Female	24,828	\$ 536.27	\$ 571.68
North	Breast and Cervical Cancer	BCC, All Ages Female	2,561	\$ 2,341.92	\$ 2,421.74
North	LaCHIP Affordable Plan	All Ages	6,372	\$ 191.42	\$ 201.40
North	HCBS Waiver	20 & Under, Male and Female	4,318	\$ 1,899.80	\$ 2,032.38
North	HCBS Waiver	21+ Years, Male and Female	11,256	\$ 1,103.66	\$ 1,160.80
North	Chisholm Class Members	Chisholm, All Ages Male & Female	16,846	\$ 1,189.63	\$ 1,276.91
North	SBH - Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	17,129	\$ 162.93	\$ 175.97
North	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	256,152	\$ 21.24	\$ 22.04
North	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female	4,318	\$ 80.45	\$ 86.10
North	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	11,256	\$ 87.66	\$ 90.62
North	SBH - Other	SBH - Other, All Ages	9,527	\$ 239.15	\$ 246.07
North	Maternity Kick Payment	Maternity Kick Payment, All Ages	7,696	\$ 9,307.91	\$ 9,430.41
North	Maternity Kick Payment	Early Elective Delivery	NA	\$ 5,809.03	\$ 5,855.53

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## Appendix B: Healthy Louisiana Premium Tax Change

Region Name	COA Desc	Rate Cell Desc	MMs	Original Lower Bound PMPM or Cost per Delivery	Original Upper Bound PMPM or Cost per Delivery	less 2.25% Prem Tax Low PMPM	less 2.25% Prem Tax High PMPM	5.5% Prem Tax Impact - Low PMPM	5.5% Prem Tax Impact - High PMPM	Revised Lower Bound PMPM or Cost per Delivery	Revised Upper Bound PMPM or Cost per Delivery
Guif	SSI	Newborn, 0-2 Months	499	\$ 27,754.36	\$ 28,393.93	\$ 27,129.89	\$ 27,755.07	\$ 1,593.82	\$ 1,630.68	\$ 28,723.71	\$ 29,385.75
Guif	SSI	Newborn, 3-11 Months	2,016	\$ 7,250.16	\$ 7,411.77	\$ 7,087.03	\$ 7,245.01	\$ 416.32	\$ 425.63	\$ 7,503.35	\$ 7,670.64
Guif	SSI	Child, 1-20 Years	140,382	\$ 700.51	\$ 733.78	\$ 684.74	\$ 717.27	\$ 40.30	\$ 42.22	\$ 725.04	\$ 759.49
Guif	SSI	Adult, 21+ Years	268,331	\$ 1,240.93	\$ 1,280.94	\$ 1,213.01	\$ 1,252.12	\$ 71.35	\$ 73.66	\$ 1,284.36	\$ 1,325.78
Guif	Family and Children	Newborn, 0-2 Months	48,751	\$ 1,705.49	\$ 1,754.55	\$ 1,667.11	\$ 1,715.08	\$ 97.95	\$ 100.77	\$ 1,765.06	\$ 1,815.85
Guif	Family and Children	Newborn, 3-11 Months	108,391	\$ 272.54	\$ 283.77	\$ 266.40	\$ 277.38	\$ 15.67	\$ 16.32	\$ 282.07	\$ 293.70
Guif	Family and Children	Child, 1-20 Years	2,120,899	\$ 156.41	\$ 164.78	\$ 152.89	\$ 161.07	\$ 8.99	\$ 9.47	\$ 161.88	\$ 170.54
Guif	Family and Children	Adult, 21+ Years	388,455	\$ 323.40	\$ 337.82	\$ 316.12	\$ 330.22	\$ 18.60	\$ 19.44	\$ 334.72	\$ 349.66
Guif	Foster Care Children	Foster Care, All Ages Male & Female	23,352	\$ 518.08	\$ 552.29	\$ 506.42	\$ 539.86	\$ 29.85	\$ 31.82	\$ 536.27	\$ 571.68
Guif	Breast and Cervical Cancer	BCC, All Ages Female	3,937	\$ 2,262.84	\$ 2,339.95	\$ 2,211.93	\$ 2,287.30	\$ 129.99	\$ 134.44	\$ 2,341.92	\$ 2,421.74
Guif	LaCHIP Affordable Plan	All Ages	10,244	\$ 184.94	\$ 194.58	\$ 180.77	\$ 190.21	\$ 10.65	\$ 11.19	\$ 191.42	\$ 201.40
Guif	HCBS Waiver	20 & Under, Male and Female	7,178	\$ 1,835.37	\$ 1,963.45	\$ 1,794.08	\$ 1,919.27	\$ 105.72	\$ 113.11	\$ 1,899.80	\$ 2,032.38
Guif	HCBS Waiver	21+ Years, Male and Female	13,626	\$ 1,066.32	\$ 1,121.51	\$ 1,042.33	\$ 1,096.28	\$ 61.33	\$ 64.52	\$ 1,103.66	\$ 1,160.80
Guif	Chisholm Class Members	Chisholm, All Ages Male & Female	16,983	\$ 1,149.31	\$ 1,233.62	\$ 1,123.45	\$ 1,205.87	\$ 66.18	\$ 71.04	\$ 1,189.63	\$ 1,276.91
Guif	SBH - Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	17,167	\$ 157.40	\$ 170.00	\$ 153.85	\$ 166.17	\$ 9.08	\$ 9.80	\$ 162.93	\$ 175.97
Guif	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	299,337	\$ 28.06	\$ 29.15	\$ 27.43	\$ 28.49	\$ 1.62	\$ 1.69	\$ 29.05	\$ 30.17
Guif	SBH-HCBS Waiver	SBH - 20 & Under, Male and Female	7,178	\$ 77.72	\$ 83.18	\$ 75.97	\$ 81.30	\$ 4.48	\$ 4.80	\$ 80.45	\$ 86.10
Guif	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	13,626	\$ 84.70	\$ 87.56	\$ 82.80	\$ 85.59	\$ 4.86	\$ 5.03	\$ 87.66	\$ 90.62
Guif	SBH - Other	SBH - Other, All Ages	7,536	\$ 231.08	\$ 237.77	\$ 225.88	\$ 232.42	\$ 13.27	\$ 13.65	\$ 239.15	\$ 246.07
Guif	Maternity Kickpayment	Maternity Kickpayment, All Ages	10,549	\$ 10,181.22	\$ 10,314.75	\$ 9,952.14	\$ 10,082.67	\$ 583.80	\$ 591.49	\$ 10,535.94	\$ 10,674.16
Guif	Maternity Kickpayment	Early Elective Delivery	NA	\$ 6,147.52	\$ 6,193.37	\$ 6,009.20	\$ 6,054.02	\$ 351.31	\$ 353.95	\$ 6,360.51	\$ 6,407.97
Capital	SSI	Newborn, 0-2 Months	384	\$ 27,754.36	\$ 28,393.93	\$ 27,129.89	\$ 27,755.07	\$ 1,593.82	\$ 1,630.68	\$ 28,723.71	\$ 29,385.75
Capital	SSI	Newborn, 3-11 Months	1,488	\$ 7,250.16	\$ 7,411.77	\$ 7,087.03	\$ 7,245.01	\$ 416.32	\$ 425.63	\$ 7,503.35	\$ 7,670.64
Capital	SSI	Child, 1-20 Years	104,301	\$ 700.95	\$ 735.88	\$ 665.18	\$ 719.32	\$ 40.35	\$ 42.37	\$ 725.53	\$ 761.69
Capital	SSI	Adult, 21+ Years	195,553	\$ 1,235.40	\$ 1,340.11	\$ 1,162.25	\$ 1,309.95	\$ 74.50	\$ 77.08	\$ 1,340.75	\$ 1,387.03
Capital	Family and Children	Newborn, 0-2 Months	42,461	\$ 1,950.22	\$ 2,000.49	\$ 1,906.34	\$ 1,955.48	\$ 111.94	\$ 114.84	\$ 2,018.28	\$ 2,070.32
Capital	Family and Children	Newborn, 3-11 Months	96,528	\$ 268.36	\$ 279.79	\$ 262.32	\$ 273.50	\$ 15.43	\$ 16.09	\$ 277.75	\$ 289.59
Capital	Family and Children	Child, 1-20 Years	1,914,036	\$ 164.35	\$ 173.17	\$ 160.66	\$ 169.27	\$ 9.45	\$ 9.97	\$ 170.11	\$ 179.24
Capital	Family and Children	Adult, 21+ Years	288,647	\$ 379.69	\$ 396.66	\$ 371.15	\$ 387.73	\$ 21.83	\$ 22.81	\$ 392.98	\$ 410.54
Capital	Foster Care Children	Foster Care, All Ages Male & Female	33,498	\$ 518.08	\$ 552.29	\$ 506.42	\$ 539.86	\$ 29.85	\$ 31.82	\$ 536.27	\$ 571.68
Capital	Breast and Cervical Cancer	BCC, All Ages Female	3,825	\$ 2,262.84	\$ 2,339.95	\$ 2,211.93	\$ 2,287.30	\$ 129.99	\$ 134.44	\$ 2,341.92	\$ 2,421.74
Capital	LaCHIP Affordable Plan	All Ages	10,876	\$ 184.94	\$ 194.58	\$ 180.77	\$ 190.21	\$ 10.65	\$ 11.19	\$ 191.42	\$ 201.40
Capital	HCBS Waiver	20 & Under, Male and Female	7,499	\$ 1,835.37	\$ 1,963.45	\$ 1,794.08	\$ 1,919.27	\$ 105.72	\$ 113.11	\$ 1,899.80	\$ 2,032.38
Capital	HCBS Waiver	21+ Years, Male and Female	12,294	\$ 1,066.32	\$ 1,121.51	\$ 1,042.33	\$ 1,096.28	\$ 61.33	\$ 64.52	\$ 1,103.66	\$ 1,160.80
Capital	Chisholm Class Members	Chisholm, All Ages Male & Female	17,068	\$ 1,149.31	\$ 1,233.62	\$ 1,123.45	\$ 1,205.87	\$ 66.18	\$ 71.04	\$ 1,189.63	\$ 1,276.91
Capital	SBH - Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	17,176	\$ 157.40	\$ 170.00	\$ 153.85	\$ 166.17	\$ 9.08	\$ 9.80	\$ 162.93	\$ 175.97
Capital	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	239,197	\$ 21.80	\$ 22.64	\$ 21.31	\$ 22.13	\$ 1.26	\$ 1.30	\$ 22.57	\$ 23.43
Capital	SBH-HCBS Waiver	SBH - 20 & Under, Male and Female	7,499	\$ 77.72	\$ 83.18	\$ 75.97	\$ 81.30	\$ 4.48	\$ 4.80	\$ 80.45	\$ 86.10
Capital	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	12,294	\$ 84.70	\$ 87.56	\$ 82.80	\$ 85.59	\$ 4.86	\$ 5.03	\$ 87.66	\$ 90.62
Capital	SBH - Other	SBH - Other, All Ages	8,412	\$ 231.08	\$ 237.77	\$ 225.88	\$ 232.42	\$ 13.27	\$ 13.65	\$ 239.15	\$ 246.07
Capital	Maternity Kickpayment	Maternity Kickpayment, All Ages	9,280	\$ 9,708.88	\$ 9,826.44	\$ 9,490.43	\$ 9,605.34	\$ 556.38	\$ 563.15	\$ 10,048.81	\$ 10,188.49
Capital	Maternity Kickpayment	Early Elective Delivery	NA	\$ 6,642.09	\$ 6,692.99	\$ 6,492.64	\$ 6,542.40	\$ 379.62	\$ 382.55	\$ 6,872.26	\$ 6,924.95
South Central	SSI	Newborn, 0-2 Months	466	\$ 27,754.36	\$ 28,393.93	\$ 27,129.89	\$ 27,755.07	\$ 1,593.82	\$ 1,630.68	\$ 28,723.71	\$ 29,385.75
South Central	SSI	Newborn, 3-11 Months	1,871	\$ 7,250.16	\$ 7,411.77	\$ 7,087.03	\$ 7,245.01	\$ 416.32	\$ 425.63	\$ 7,503.35	\$ 7,670.64
South Central	SSI	Child, 1-20 Years	108,433	\$ 682.40	\$ 715.83	\$ 667.05	\$ 699.72	\$ 39.26	\$ 41.19	\$ 706.31	\$ 740.91
South Central	SSI	Adult, 21+ Years	237,953	\$ 1,162.63	\$ 1,200.74	\$ 1,136.47	\$ 1,173.72	\$ 66.85	\$ 69.05	\$ 1,203.32	\$ 1,242.77
South Central	Family and Children	Newborn, 0-2 Months	46,634	\$ 2,065.71	\$ 2,116.67	\$ 2,019.24	\$ 2,069.05	\$ 118.57	\$ 123.81	\$ 2,137.81	\$ 2,190.56
South Central	Family and Children	Newborn, 3-11 Months	104,955	\$ 276.80	\$ 288.29	\$ 270.57	\$ 281.80	\$ 15.91	\$ 16.58	\$ 286.48	\$ 298.38
South Central	Family and Children	Child, 1-20 Years	2,083,138	\$ 160.35	\$ 168.72	\$ 156.74	\$ 164.92	\$ 8.71	\$ 9.15	\$ 165.97	\$ 174.63
South Central	Family and Children	Adult, 21+ Years	299,789	\$ 349.04	\$ 364.96	\$ 341.19	\$ 356.65	\$ 20.07	\$ 20.97	\$ 361.26	\$ 377.62
South Central	Foster Care Children	Foster Care, All Ages Male & Female	44,797	\$ 518.08	\$ 552.29	\$ 506.42	\$ 539.86	\$ 29.85	\$ 31.82	\$ 536.27	\$ 571.68
South Central	Breast and Cervical Cancer	BCC, All Ages Female	2,747	\$ 2,262.84	\$ 2,339.95	\$ 2,211.93	\$ 2,287.30	\$ 129.99	\$ 134.44	\$ 2,341.92	\$ 2,421.74
South Central	LaCHIP Affordable Plan	All Ages	12,678	\$ 184.94	\$ 194.58	\$ 180.77	\$ 190.21	\$ 10.65	\$ 11.19	\$ 191.42	\$ 201.40
South Central	HCBS Waiver	20 & Under, Male and Female	6,786	\$ 1,835.37	\$ 1,963.45	\$ 1,794.08	\$ 1,919.27	\$ 105.72	\$ 113.11	\$ 1,899.80	\$ 2,032.38
South Central	HCBS Waiver	21+ Years, Male and Female	14,109	\$ 1,066.32	\$ 1,121.51	\$ 1,042.33	\$ 1,096.28	\$ 61.33	\$ 64.52	\$ 1,103.66	\$ 1,160.80
South Central	Chisholm Class Members	Chisholm, All Ages Male & Female	18,278	\$ 1,149.31	\$ 1,233.62	\$ 1,123.45	\$ 1,205.87	\$ 66.18	\$ 71.04	\$ 1,189.63	\$ 1,276.91
South Central	SBH - Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	18,709	\$ 157.40	\$ 170.00	\$ 153.85	\$ 166.17	\$ 9.08	\$ 9.80	\$ 162.93	\$ 175.97
South Central	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	323,040	\$ 19.12	\$ 19.84	\$ 18.69	\$ 19.39	\$ 1.10	\$ 1.14	\$ 19.79	\$ 20.53
South Central	SBH-HCBS Waiver	SBH - 20 & Under, Male and Female	6,786	\$ 77.72	\$ 83.18	\$ 75.97	\$ 81.30	\$ 4.48	\$ 4.80	\$ 80.45	\$ 86.10
South Central	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	14,109	\$ 84.70	\$ 87.56	\$ 82.80	\$ 85.59	\$ 4.86	\$ 5.03	\$ 87.66	\$ 90.62
South Central	SBH - Other	SBH - Other, All Ages	10,727	\$ 231.08	\$ 237.77	\$ 225.88	\$ 232.42	\$ 13.27	\$ 13.65	\$ 239.15	\$ 246.07
South Central	Maternity Kickpayment	Maternity Kickpayment, All Ages	10,188	\$ 8,394.53	\$ 8,516.38	\$ 8,205.66	\$ 8,324.76	\$ 481.74	\$ 488.77	\$ 8,687.40	\$ 8,813.53
South Central	Maternity Kickpayment	Early Elective Delivery	NA	\$ 5,099.23	\$ 5,149.46	\$ 4,984.50	\$ 5,033.59	\$ 291.82	\$ 294.72	\$ 5,276.32	\$ 5,328.31
North	SSI	Newborn, 0-2 Months	442	\$ 27,754.36	\$ 28,393.93	\$ 27,129.89	\$ 27,755.07	\$ 1,593.82	\$ 1,630.68	\$ 28,723.71	\$ 29,385.75
North	SSI	Newborn, 3-11 Months	1,700	\$ 7,250.16	\$ 7,411.77	\$ 7,087.03	\$ 7,245.01	\$ 416.32	\$ 425.63	\$ 7,503.35	\$ 7,670.64
North	SSI	Child, 1-20 Years	119,014	\$ 732.77	\$ 771.83	\$ 716.28	\$ 754.47	\$ 42.17	\$ 44.42	\$ 758.45	\$ 798.89
North	SSI	Adult, 21+ Years	208,362	\$ 1,075.63	\$ 1,109.88	\$ 1,051.42	\$ 1,084.89	\$ 61.86	\$ 63.83	\$ 1,113.28	\$ 1,148.72
North	Family and Children	Newborn, 0-2 Months	35,265	\$ 1,972.31	\$ 2,023.24	\$ 1,927.93	\$ 1,977.71	\$ 113.23	\$ 116.17	\$ 2,041.16	\$ 2,093.88
North	Family and Children	Newborn, 3-11 Months	81,697	\$ 275.01	\$ 286.45	\$ 268.82	\$ 280.01	\$ 15.82	\$ 16.47	\$ 284.64	\$ 296.48
North	Family and Children	Child, 1-20 Years	1,639,346	\$ 161.97	\$ 171.11	\$ 158.32	\$ 167.26	\$ 9.33	\$ 9.85	\$ 167.65	\$ 177.11
North	Family and Children	Adult, 21+ Years	239,631	\$ 323.39	\$ 338.14	\$ 316.11	\$ 330.54	\$ 18.61	\$ 19.45	\$ 334.72	\$ 349.99
North	Foster Care Children	Foster Care, All Ages Male & Female	24,828	\$ 518.08	\$ 552.29	\$ 506.42	\$ 539.86	\$ 29.85	\$ 31.82	\$ 536.27	\$ 571.68
North	Breast and Cervical Cancer	BCC, All Ages Female	2,561	\$ 2,262.84	\$ 2,339.95	\$ 2,211.93	\$ 2,287.30	\$ 129.99	\$ 134.44	\$ 2,341.92	\$ 2,421.74
North	LaCHIP Affordable Plan	All Ages	6,372	\$ 184.94	\$ 194.58	\$ 180.77	\$ 190.21	\$ 10.65	\$ 11.19	\$ 191.42	\$ 201.40
North	HCBS Waiver	20 & Under, Male and Female	4,318	\$ 1,835.37	\$ 1,963.45	\$ 1,794.08	\$ 1,919.27	\$ 105.72	\$ 113.11	\$ 1,899.80	\$ 2,032.38
North	HCBS Waiver	21+ Years, Male and Female	11,256	\$ 1,066.32	\$ 1,121.51	\$ 1,042.33	\$ 1,096.28	\$ 61.33	\$ 64.52	\$ 1,103.66	\$ 1,160.80
North	Chisholm Class Members	Chisholm, All Ages Male & Female	16,846	\$ 1,149.31	\$ 1,233.62	\$ 1,123.45	\$ 1,205.87	\$ 66.18	\$ 71.04	\$ 1,189.63	\$ 1,276.91
North	SBH - Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	17,129	\$ 157.40	\$ 170.00	\$ 153.85	\$ 166.17	\$ 9.08	\$ 9.80	\$ 162.93	\$ 175.97
North	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	256,152	\$ 20.52	\$ 21.30	\$ 20.06	\$ 20.82	\$ 1.18	\$ 1.22	\$ 21.24	\$ 22.04
North	SBH-HCBS Waiver	SBH - 20 & Under, Male and Female	4,318	\$ 77.72	\$ 83.18	\$ 75.97	\$ 81.30	\$ 4.48	\$ 4.80	\$ 80.45	\$ 86.10
North	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	11,256	\$ 84.70	\$ 87.56	\$ 82.80	\$ 85.59	\$ 4.86	\$ 5.03	\$ 87.66	\$ 90.62
North	SBH - Other	SBH - Other, All Ages	9,527	\$ 231.08	\$ 237.77	\$ 225.88	\$ 232.42	\$ 13.27	\$ 13.65	\$ 239.15	\$ 246.07
North	Maternity Kickpayment	Maternity Kickpayment, All Ages	7,696	\$ 8,994.52	\$ 9,112.86	\$ 8,792.15	\$ 8,907.82	\$ 515.76	\$ 522.59	\$ 9,307.91	\$ 9,430.41
North</											

Ms. Amanda H. Joyner  
Acting Medicaid Deputy Director  
Louisiana Department of Health and Hospitals  
Bureau of Health Services Financing  
628 North 4th Street  
Baton Rouge, LA 70821

February 26, 2016

**Subject:** Louisiana Bayou Health Program – Full Risk-Bearing Managed Care Organization  
Rate Development and Actuarial Certification for the Period February 1, 2016 through  
January 31, 2017

Dear Ms. Joyner:

The Louisiana Department of Health and Hospitals (DHH) has contracted with Mercer Government Human Services Consulting (Mercer) to develop actuarially sound capitation rate ranges for the State of Louisiana's Bayou Health program for the period of February 1, 2016 through January 31, 2017.

The Bayou Health program began February 1, 2012, and operated under two separate managed care paradigms for the first three years of the program. The Bayou Health Prepaid program operated under an at-risk capitated arrangement, and the Shared Savings program was an enhanced Primary Care Case Management (ePCCM) program. Effective February 1, 2015, Bayou Health began operating as an at-risk capitated program only. Beginning December 1, 2015, the Bayou Health Program began covering specialized behavioral health (SBH) services. At the same time, DHH carved in new populations who will receive SBH and non-emergency transportation (NEMT) services from the Bayou Health MCOs. This bifurcated the Bayou Health program into two capitated sub-programs – the Physical Health (PH) program and the SBH program. The Bayou Health PH program covers all services and populations previously included in Bayou Health plus most SBH services that were previously covered by the Louisiana Behavioral Health Partnership (LBHP). The Bayou Health SBH program covers most SBH services and NEMT services for the populations previously excluded from the Bayou Health program. Bayou Health SBH program enrollees continue to receive physical health services from fee-for-service (FFS). For a list of included services by program, please see Appendix C.

For populations with a voluntary enrollment status, enrollees may select either the PH program or SBH program. Mercer developed a rate specific to each program for these populations.

From December 1, 2015 to January 31, 2016, it was necessary to create separate capitation payments for SBH and NEMT services in addition to the existing Bayou Health capitation rates that covered physical health services. This resulted in every Bayou Health enrollee being covered by a combination of two capitation payments, either SBH and NEMT or SBH and physical health. The rates developed effective February 1, 2016 unify all eligible services into one capitation payment per enrollee.

This letter presents an overview of the methodology used in Mercer's managed care rate development for the purpose of satisfying the requirements of the Centers for Medicare & Medicaid Services (CMS). This rate development process used Medicaid FFS medical and pharmacy claims, Bayou Health Shared Savings claims experience, Bayou Health Prepaid encounter data, and LBHP claims experience. It resulted in the development of a range of actuarially sound rates for each rate cell. The capitation rate ranges are summarized in Appendix A and represent payment in full for the covered services.

Medicaid benefit plan premium rates are "actuarially sound" if, for business in the state for which the certification is being prepared and for the period covered by the certification, projected premiums, including expected reinsurance and governmental stop-loss cash flows, governmental risk adjustment cash flows, and investment income, provide for all reasonable, appropriate and attainable costs, including health benefits, health benefit settlement expenses, marketing and administrative expenses, any government mandated assessments, fees, and taxes, and the cost of capital. Note: Please see page 2 of Actuarial Standard of Practice Number 49, *Medicaid Managed Care Capitation Rate Development and Certification*, issued March 2015 by the Actuarial Standards Board, [http://www.actuarialstandardsboard.org/wp-content/uploads/2015/03/asop049\\_179.pdf](http://www.actuarialstandardsboard.org/wp-content/uploads/2015/03/asop049_179.pdf).

The remainder of this letter is structured as follows:

- Section 1: Base Data Development
- Section 2: Capitation Rate Development
  - Subsection 2A: PH Services
  - Subsection 2B: SBH Services
  - Subsection 2C: All Services Combined
- Section 3: Certification of Final Rate Ranges

## **Section 1: Base Data Development**

### **Overview**

Capitation rate ranges for the Bayou Health program were developed in accordance with rate-setting guidelines established by CMS. For rate range development for the Bayou Health managed care organizations (MCOs), Mercer used calendar year 2013 (CY 2013) and CY 2014 Medicaid FFS medical and pharmacy claims, Bayou Health Shared Savings claims experience, Bayou Health Prepaid encounter data, and LBHP claims experience. All data was reported on an incurred basis and included payment dates through June 30, 2015. Restrictions were applied to the enrollment and claims data so that it was appropriate for the populations and benefit package defined in the contract.

Mercer reviewed the data provided by DHH, the Bayou Health plans, and the LBHP for consistency and reasonableness and determined the data are appropriate for the purpose of setting capitation rates for the MCO program. The data reliance attestation shown in Appendix L has been provided by DHH, and its purpose is to certify the accuracy, completeness, and consistency of the base data.

Adjustments were made to the selected base data to match the covered populations and Bayou Health benefit packages for rating year 2016 (RY16). Additional adjustments were then applied to the base data to incorporate:

- Prospective and historic (retrospective) program changes not reflected (or not fully reflected) in the base data.
- Provision for incurred-but-not-reported (IBNR) claims.
- Financial adjustments to encounter data for under-reporting.
- Trend factors to forecast the expenditures and utilization to the contract period.
- Changes in benefits covered by managed care.
- Addition of new populations to the Bayou Health program.
- Opportunities for managed care efficiencies.
- Administration and underwriting profit/risk/contingency loading.

In addition to these adjustments, DHH takes two additional steps in the matching of payment to risk:

- Application of maternity supplemental (kick) payments.
- Application of risk-adjusted regional rates.

The resulting rate ranges for each individual rate cell were net of Graduate Medical Education (GME) payments to teaching hospitals provided in the Louisiana Medicaid State Plan.

Appendix H-K shows the full rate development from the base data as shown in the data book released by DHH, dated January 8, 2016, and applies all the rate setting adjustments as described in this letter.

## **Bayou Health Populations**

### ***PH Program***

#### ***Covered Populations***

In general, the Bayou Health PH program includes individuals classified as Supplemental Security Income (SSI), Family & Children, Foster Care Children (FCC), Breast and Cervical Cancer (BCC), and Louisiana Children's Health Insurance Program (LaCHIP) Affordable Plan (LAP) as mandatory populations. Voluntary opt-in populations include Home- and Community-Based Services (HCBS) waiver participants and Chisholm Class Members (CCM).

#### ***Mandatory Populations***

The following individuals are automatically enrolled into the Bayou Health PH program:

- Children under 19 years of age, including those who are eligible under Section 1931 poverty-level related groups and optional groups of older children in the following categories:
  - Temporary Assistance for Needy Families (TANF)
  - Child Health and Maternity Program (CHAMP) Child
  - Deemed Eligible Child program
  - Youth Aging Out of Foster Care (Chafee Option)
  - Former FCC
  - Regular Medically Needy Program (MNP)
  - LaCHIP program
  - Medicaid Purchase Plan program
  - Provisional Medicaid program
- Parents and Caretaker Relative eligible under Section 1931 of the Social Security Act (SSA) including:
  - Parents and Caretakers Relatives program
  - TANF Family Independence Temporary Assistance program
  - Regular MNP
- Pregnant Women — Individuals whose basis of eligibility is pregnancy; who are eligible only for pregnancy-related services [42 CFR §440.210(2)] including:
  - LaMOMS (CHAMP-Pregnant Women)
  - LaCHIP Phase IV program
- BCC Program — Uninsured women under the age of 65 who are not otherwise eligible for Medicaid, and are identified through the Centers for Disease Control (CDC) National Breast and Cervical Cancer Early Detection program as being in need of treatment for breast and/or cervical cancer, including pre-cancerous conditions and early stage cancer

- Coordinated System of Care (CSoC) individuals
- Aged, Blind and Disabled (ABD) Adults — Individuals, 19+ years, who do not meet any of the conditions for exclusion from participation in an MCO, including:
  - SSI program
  - Extended Medicaid programs consisting of the following:
    - Disabled Adult Children
    - Early Widows/Widowers
    - PICKLE (Group One and Group Two)
    - Disabled Widows/Widowers (DW/W) and Disabled Surviving Divorced Spouses Unable to Perform Any Substantial Gainful Activity
    - Blood Product Litigation program
    - Medicaid Purchase Plan program
    - Provisional Medicaid program
  - Continued Medicaid program

Effective December 1, 2015, the following individuals were automatically enrolled into the Bayou Health PH program. Previously, under the Legacy Bayou Health program, they were able to voluntarily disenroll:

- Children under 19 years of age who meet one of the following:
  - Eligible for SSI under Title XVI of the SSA
  - Eligible under Section 1902(e)(3) of the SSA
  - In foster care or other out-of-home placement
  - Receiving foster care or adoption assistance
  - Receiving services through a family-centered community-based, coordinated care system that receives grant funds under Section 501(a)(1)(D) of Title V of the SSA, and is defined by DHH in terms of either program participation or special health care needs
  - Enrolled in the Family Opportunity Act Medicaid Buy-In program
- Native Americans who are members of federally recognized tribes except when the MCO is:
  - The Indian Health Service
  - An Indian health program or urban Indian program operated by a tribe or tribal organization under a contract, grant, cooperative agreement, or compact with the Indian Health Service

#### *Voluntary Opt-In Populations*

The following individuals are not automatically enrolled into the Bayou Health PH program, but may voluntarily enroll:

- Individuals receiving services through any 1915(c) HCBS waiver:
  - Adult Day Health Care (ADHC)

- New Opportunities waiver (NOW)
- Children's Choice (CC)
- Residential Options waiver (ROW)
- Supports waiver
- Community Choices waiver (CCW)
- Other HCBS waivers as may be approved by CMS
- Individuals under the age of 21 otherwise eligible for Medicaid who are listed on the Office for Citizens with Developmental Disabilities' (OCDD's) Request for Services Registry who are CCM

### *Excluded Populations*

The following individuals are excluded from participation in the Bayou Health PH program:

- Medicare-Medicaid Dual Eligible Beneficiaries
- Qualified Medicare Beneficiaries (QMB) (only where State only pays Medicare premiums)
- Specified Low-income Medicare Beneficiaries (SLMB) (where State only pays Medicare premiums)
- MNP Spend-Down Individuals
- Individuals residing in Long-Term Care (LTC) Facilities (Nursing Home, Intermediate Care Facility/Developmentally Disabled (ICF/DD))
- Eligible under the Program of All-Inclusive Care for the Elderly (PACE), a community-based alternative to placement in a Nursing Facility that includes a complete "managed care" type benefit combining Medical, Social, and LTC services
- Eligible under the Family Planning Eligibility Option (FPEO) that provides Family Planning services
- Eligible under the Greater New Orleans Community Health Connection (GNOCHC)

Appendix B encompasses a comprehensive list of Bayou Health's covered and excluded populations.

### ***Specialized Behavioral Health Program***

#### *Covered Populations*

The Bayou Health SBH program includes individuals classified as SBH Dual and SBH Other as mandatory populations. The voluntary opt-in populations that did not choose to opt into Bayou Health for PH services are automatically included in the SBH program. These populations are denoted as SBH HCBS Waiver participants and SBH CCM.

#### *Mandatory Populations*

The following population groups are automatically enrolled into the Bayou Health SBH program:

- SSI/LTC
- SSI Transfer of Resource(s)/LTC
- Transfer of Resource(s)/LTC
- LTC Spend-Down MNP
- LTC MNP/Transfer of Resources
- LTC
- Excess Home Equity SSI Under Special Income Level (SIL)
- Excess Home Equity SSI Under SIL-Reg LTC
- LTC Payment Denial/Late Admission Packet
- SSI Payment Denial/Late Admission
- Qualified Disabled Working Individual (QDWI)
- SSI/Public ICF/DD under the age of 21
- SSI/Private ICF/DD under the age of 21
- Private ICF/DD under the age of 21
- Public ICF/DD under the age of 21
- CSoC individuals not otherwise eligible for Medicaid services

#### *Voluntary Opt-In Populations*

The following individuals are not automatically enrolled into the Bayou Health PH program. If they choose not to voluntarily enroll into the Bayou Health PH program, they will automatically have only their SBH and NEMT services covered by the Bayou Health SBH program:

- Individuals receiving services through any 1915(c) HCBS waiver:
  - ADHC
  - NOW
  - CC
  - ROW
  - Supports waiver
  - CCW
  - Other HCBS waivers as may be approved by CMS
- Individuals under the age of 21 otherwise eligible for Medicaid who are listed on OCDD's Request for Services Registry who are CCM

In addition, the following new populations were not part of the CY 2013 and CY 2014 data, but will be considered as part of the rate development process:

- Presumptive Eligible Adult and Child populations
- LaCHIP Phase V: Affordable Plan
- Tuberculosis
- Provisional Medicaid

### ***Excluded Populations***

The following individuals are excluded from participation in the Bayou Health program:

- Eligible under the Refugee Cash/Medical Assistance program
- Eligible under the Medicare Savings program (QMB, SLMB, and Qualified Individuals)
- Eligible under the Emergency Services Only program (aliens who do not meet Medicaid citizenship/5-year residency requirements)
- Eligible under the LTC Medicare Co-Insurance program
- Eligible under the Section 1115 GNOCHC waiver
- Eligible under the FPEO that provides Family Planning services
- Eligible under the PACE, a community-based alternative to placement in a Nursing Facility that includes a complete “managed care” type benefit combining Medical, Social, and LTC services
- Non-Medicaid adult on the eligibility file who is eligible for a Low-Income Subsidy program administered by the SSA
- Former 1915(i)-only adult eligibles
- SSI/Public ICF/DD age 21 and over
- SSI/Private ICF/DD age 21 and over
- Private ICF/DD age 21 and over
- Public ICF/DD age 21 and over
- Any Medicaid eligible person during a period of incarceration

### ***Rate Category Groupings***

Rates will vary by the major categories of eligibility. Furthermore, where appropriate, the rates within a particular category of eligibility are subdivided into different age bands to reflect differences in risk due to age. In addition, due to the high cost associated with pregnancies, DHH will pay a maternity kick payment to the MCOs for each delivery that takes place. Table 1A shows a list of the different rate cells for each eligibility category including the maternity kick payments. PH program rate cell structure is similar to the rate structure instituted effective February 1, 2015, but has 2 notable changes.

- Child rate cells include enrollees up to age 20 (previously defined up to age 18)
- FCC have been separated into a distinct rate cell (previously included in Family & Children)

Five new rate cells were created for the SBH Program. These groups are labeled beginning with SBH and are displayed in Table 1B.

**Table 1A: PH Rate Category Groupings**

<b>SSI</b>	
Newborn, 0–2 Months, Male & Female	Child, 1–20 Years, Male & Female
Newborn, 3–11 Months, Male & Female	Adult, 21+ Years, Male & Female
<b>Family &amp; Children (TANF)</b>	
Newborn, 0–2 Months, Male & Female	Child, 1–20 Years, Male & Female
Newborn, 3–11 Months, Male & Female	Adult, 21+ Years, Male & Female
<b>HCBS Waiver</b>	
20 and Under, Male & Female	21+ Years, Male & Female
<b>FCC</b>	
All Ages, Male & Female	
<b>BCC</b>	
All Ages, Female	
<b>CCM</b>	
All Ages, Male & Female	
<b>LAP</b>	
All Ages, Male & Female	

**Table 1B: SBH Rate Category Groupings**

<b>SBH — CCM</b>	
All Ages, Male & Female	
<b>SBH — Dual Eligibles</b>	
All Ages, Male & Female	
<b>SBH — HCBS Waiver</b>	
20 and Under, Male & Female	21+ Years, Male & Female
<b>SBH — Other</b>	
All Ages, Male & Female	

### **Region Groupings**

For rating purposes, Louisiana has been split into four different regions. Table 2 lists the associated parishes for each of the four regions. The region groupings are the same in both programs.

**Table 2: Region Groupings**

<b>Region Description</b>	<b>Associated Parishes (Counties)</b>
Gulf	Assumption, Jefferson, Lafourche, Orleans, Plaquemines, St. Bernard, St. Charles, St. James, St. John, St. Mary, and Terrebonne
Capital	Ascension, East Baton Rouge, East Feliciana, Iberville, Livingston, Pointe Coupee, St. Helena, St. Tammany, Tangipahoa, Washington, West Baton Rouge, and West Feliciana
South Central	Acadia, Allen, Avoyelles, Beauregard, Calcasieu, Cameron, Catahoula, Concordia, Evangeline, Grant, Iberia, Jefferson Davis, Lafayette, Lasalle, Rapides, St. Landry, St. Martin, Vermilion, Vernon, and Winn
North	Bienville, Bossier, Caddo, Caldwell, Claiborne, DeSoto, East Carroll, Franklin, Jackson, Lincoln, Madison, Morehouse, Natchitoches, Ouachita, Red River, Richland, Sabine, Tensas, Union, Webster, and West Carroll

## **Bayou Health Services**

### ***Covered Services***

Appendix C lists the services the Bayou Health MCOs must provide to the members in the Bayou Health PH and Bayou Health SBH programs, respectively. The MCOs also have the ability to develop creative and innovative solutions to care for their members (i.e., provide other cost-effective alternative services), as long as the contractually-required Medicaid services are covered. Costs of alternative services are expected to be funded through savings on the contractually-required services for which these services are a cost-effective substitute.

### ***New Services***

The Legacy Prepaid and Shared Savings program did not have identical sets of covered services. Additionally, DHH incorporated services covered historically by FFS in the Bayou Health program effective February 1, 2015 and December 1, 2015.

The following services, included effective February 1, 2015, were previously excluded from both the Prepaid and Shared Savings programs:

- Hospice services
- Personal Care services for ages 0–20

The following services, included effective February 1, 2015, were previously excluded from the Legacy Shared Savings program:

- Inpatient Acute Detox services
- NEMT

- Behavioral Health prescribed drugs
- Durable medical equipment (DME) services

The following services, included effective December 1, 2015, were previously excluded from both the Legacy Bayou Health Prepaid and Shared Savings programs:

- SBH services

The SBH services required under the Bayou Health contract are detailed in the Behavioral Health Integration Amendment issued by DHH. Mercer analyzed service cost variance and grouped the SBH services into the following categories of service (COS):

- Inpatient
- Emergency Room
- Professional/Other

### ***State Plan Service Considerations***

The costs in the base data reflect costs for State Plan services delivered in a managed care environment. In some cases for the adult population, the LBHP pre-paid inpatient health plans (PIHP) provided an approved service in lieu of a State Plan service. In these cases, Mercer has reflected the costs of the State Plan service and applied a managed care discount to arrive at total costs consistent with actual paid expenses. A summary of these costs are shown in Table 3.

**Table 3: Summary of In Lieu of Services  
2013 Encounter Claims**

State Plan	In Lieu Of	2013 Encounter Claims	Encounter Unit Cost	State Plan Unit Cost	Managed Care Discount
Inpatient	Inpatient Institute for Mental Disease (IMD) (21-64)	\$16,119,521	\$487.01	\$646.94	-25%
Substance Use Disorder (SUD) Residential	SUD Residential IMD	\$5,047,040	\$71.02	\$145.51	-51%
Emergency Room	Crisis	\$175,323	\$87.49	\$249.12	-65%
<b>2014 Encounter Claims</b>					
State Plan	In Lieu Of	2014 Encounter Claims	Encounter Unit Cost	State Plan Unit Cost	Managed Care Discount
Inpatient	Inpatient IMD (21-64)	\$17,439,937	\$470.64	\$646.94	-27%
SUD Residential	SUD Residential IMD	\$6,463,591	\$79.51	\$145.51	-45%
Emergency Room	Crisis	\$362,095	\$58.09	\$249.12	-77%

### **Medicare Crossover Claims**

For dually eligible individuals, Medicare “Crossover” claims (claims that include primary payment from Medicare) for Inpatient, Outpatient, Emergency Room, and Professional services are excluded from the base data. These services will be paid directly by the State after coordinating with Medicare.

In order to exclude Crossover claims from the base data, Mercer identified claims submitted to DHH and coded with claim type “14” (Medicare Crossover Institutional) or claim type “15” (Medicare Crossover Professional). This includes claims with a Medicare qualifying Electronic Media Claim submitter ID and claim format 837-I (Institutional) or 837-P (Professional), as well as hard copy claims with an Explanation of Benefits from Medicare attached. Mercer then cross-referenced these claims to the encounter data and excluded matching records from the base data.

### **Behavioral Health Mixed Services Protocol (MSP)**

DHH implemented a new mixed services protocol effective February 1, 2015. Prior to February 1, 2015, Basic Behavioral Health Covered services were defined as services provided

in the Primary Care setting and Inpatient Hospital services for acute medical detoxification based on medical necessity. Institutional services (Inpatient, Outpatient, and Emergency Room) are considered SBH services if the claim is identified with a qualifying Behavioral Health diagnosis.

Effective February 1, 2015, the new mixed services protocol delineates coverage responsibility based on provider type and specialty or facility type. Basic Behavioral Health continues to include services provided in a Primary Care setting, but also includes all Inpatient Hospital services provided in a General Hospital setting, regardless of diagnosis. SBH includes services from Behavioral Health Facilities (distinct Psychiatric Units of General Hospitals and Freestanding Psychiatric Hospitals) and services provided by Behavioral Health specialists.

Since both PH services and SBH services are covered under Bayou Health for certain categories of aid (COA), an adjustment for mixed service protocol was needed only for the SBH program COAs whose PH services are covered under FFS. Appendix D summarizes the mixed services protocol adjustment.

### ***Excluded Services***

Bayou Health MCOs are not responsible for providing PH services and other Medicaid services not identified in Appendix C, including the following services:

- Applied Behavioral Analysis services
- Dental services, with the exception of Early and Periodic Screening & Diagnosis Treatment (EPSDT) varnishes provided in a Primary Care setting
- ICF/DD services
- Personal Care services 21 and older
- Institutional LTC Facility/Nursing Home services
- School-based Individualized services
- Education Plan services provided by a school district and billed through the intermediate school district, or School-based services funded with certified public expenditures, including school nurses
- HCBS waiver services
- Targeted Case Management services
- Services provided through DHH's Early-Steps program
- CSoC services previously covered under 1915(c) or 1915(b)(3) waiver authority
- Medicare Crossover services
- Services covered under a non-CSoC 1915(c) waiver

For more specific information on covered services, please refer to the Bayou Health Behavioral Health Integration Amendment issued by DHH.

## Base Data Adjustments

### IBNR

Capitation rate ranges were developed using claims data for services incurred in CY 2013 and CY 2014 and reflects payments processed through June 30, 2015. PH claims for dates of service in CY 2013 were deemed complete as they reflect at least 18 months of runout. Although SBH claims had the same amount of runout, Mercer determined a small IBNR adjustment for CY 2013 was necessary after reviewing financial reports.

IBNR factors were developed for claims with date of service in CY 2014 to incorporate consideration for any outstanding claims liability. To establish the IBNR factors for the Shared Savings/Legacy Medicaid FFS data, claims were grouped into three COA and six main IBNR service categories. Encounter claim IBNR factors, developed separately for each Prepaid plan, were compared to IBNR estimates provided by the Prepaid plan actuaries, and summarized by IBNR COS. IBNR category mapping is provided in Appendix C. Table 4A summarizes the IBNR factors that were applied to CY 2014 PH services data.

**Table 4A: IBNR Factors Applied to CY 2014 PH and NEMT Services Data**

IBNR COS	Encounter Data	Shared Savings Claims & Legacy Medicaid/FFS Cost Data		
	All COAs	TANF/FCC/LAP	SSI/BCC/CCM	HCBS
Inpatient	1.0065	1.0061	1.0274	1.0062
Outpatient	0.9960	0.9994	1.0074	0.9943
Physician	1.0054	1.0053	1.0110	1.0092
Other	1.0214	1.0091	1.0021	1.0034
Prescribed Drugs	1.0002	0.9952	0.9968	0.9981
Maternity Kick Payment	1.0053	1.0128	1.0128	1.0128

Mercer reviewed the financial lag triangles provided by the LBHP PIHP and determined the IBNR factors for SBH services. Claims were grouped into two main service categories, "Inpatient" and "Emergency Room and Other". Table 4B summarizes the IBNR factors that were applied to CY 2013 and CY 2014 SBH services data.

**Table 4B: IBNR Factors Applied to SBH Services Data**

IBNR COS	LBHP Encounter & FFS Data	
	All COAs	
	CY 2013	CY 2014
Inpatient	1.0013	1.0213
Emergency Room and Other	1.0012	1.0257

### ***Under-Reporting Adjustments***

Under-reporting adjustments were developed by comparing encounter data from the Medicaid Management Information System (MMIS) to financial information provided by the Prepaid MCOs and the LBHP PIHP. This adjustment was computed and applied on an MCO/PIHP basis. The adjustment resulted in an overall aggregate increase of 2.0% and 3.4% respectively to CY 2013 and CY 2014 PH services encounter cost data, and 11.72% and 6.11% respectively to CY 2013 and CY 2014 SBH services encounter cost data for the adult population. Note this adjustment does not apply to the Shared Savings claims or Legacy Medicaid/FFS data. Also, regarding SBH services, the children's population was operated under a non-risk model, where the PIHP was only reimbursed for submitted and approved encounters. Based on this service model, it is reasonable that encounters fully reflect the incurred costs, while under the adult service model encounter reporting was not as complete, and the PIHP was paid a capitation rate regardless of submitted encounters.

### ***Assertive Community Treatment (ACT) Services Payment Adjustment***

Claims for ACT services were not correctly reported in the encounter data for dates of service from January 1, 2013 through September 30, 2013. While units were available, paid amounts were zero for the dates listed. Mercer estimated a total for the missing paid amounts during this period by calculating a unit cost for the CY 2014 data and applying this to the units accompanied by zero-paid amounts. In total, this adjustment incorporated approximately \$9.4 million of additional ACT services for 2013. Table 5 displays the total ACT services added by COA.

**Table 5: Total ACT Services Added by COA**

<b>COA Description</b>	<b>CY 2013</b>
SSI	\$6,832,676
Family & Children	\$331,899
FCC	\$0
BCC	\$63,530
HCBS Waiver	\$81,017
CCM	\$0
SBH — CCM	\$0
SBH — Dual Eligible	\$1,988,514
SBH — HCBS Waiver	\$81,017
SBH — Other	\$19,687
<b>Total</b>	<b>\$9,398,339</b>

### ***Third-Party Liabilities***

All claims are reported net of third-party liability, therefore no adjustment is required.

### ***Fraud and Abuse Recoveries***

DHH provided data related to fraud and abuse recoveries on the LBHP, Shared Savings, and Legacy FFS programs. The total adjustment applied to the FFS and Shared Savings PH services was -0.2% for CY 2013 and CY 2014. The total adjustment for SBH services was -0.1% and -0.2% of the SBH services for CY 2013 and CY 2014, respectively. Prepaid plans included fraud and abuse recoveries in their financial reports. These recoveries were included in the development of the under-reporting adjustment for PH services.

### ***Co-Payments***

Co-pays are only applicable to prescription drugs. Pharmacy claims are reported net of any co-payments so no additional adjustment is necessary.

### ***Disproportionate Share Hospital (DSH) Payments***

DSH payments are made outside of the MMIS system and have not been included in the capitation rates.

### ***Data Smoothing***

As part of the rate development process, Mercer blended the CY 2013 and CY 2014 base data with the goal of obtaining a set of base data that has sufficient credibility and reasonableness to develop actuarially sound capitation rates. Mercer applied weights of 40% and 60% to the CY 2013 and CY 2014 data, respectively, after accounting for historical rating adjustments described in Subsection 2A and Subsection 2B of this certification.

Additionally, certain rate cells did not contain enough member months (MMs) within each region to produce a statistically credible rate. For rate cells with less than 30,000 MMs per region, Mercer calculated a statewide capitation rate. Affected rate cells include:

- SSI newborns 0-1 years of age
- BCC, All Ages
- LAP, All Ages
- HCBS, All Ages
- CCM, All Ages
- SBH — CCM, All Ages
- SBH — HCBS, All Ages
- SBH — Other, All Ages

## Section 2: Capitation Rate Development

Rating adjustments were developed and applied separately for PH and SBH services. Adjustments that were applied to each calendar year of base data are referred to as Historical Rating Adjustments and adjustments applied once the base data was blended are referred to as Prospective Rating Adjustments. The following subsections describe the analysis for each adjustment and provide the statewide impact to the respective PH or SBH services.

### Subsection 2A: Physical Health Services

#### *PH Historical Adjustments*

##### *Fee Schedule Changes*

The capitation rates reflect changes in covered services' fee schedules and unit costs, between the base period and the contract period. The fee adjustment process also took into account the closing of two state hospitals, W.O. Moss Regional Medical Center and Earl K. Long, which occurred in 2013. DHH provided Mercer guidance on which hospitals were expected to absorb the closed hospitals' utilization: W.O. Moss Regional Medical Center's utilization would be absorbed by Lake Charles Memorial and Earl K. Long's utilization would be absorbed by Our Lady of the Lake.

##### *Inpatient Services*

Inpatient claims were adjusted to reflect changes in the fee schedule between the base period and the contract period, using the most recent fee schedule published by DHH (i.e., the July 1, 2015 fee schedule). The non-GME part of the per diems were used in this fee adjustment process to be consistent with DHH's intention to continue paying GME amounts directly to the teaching hospitals.

Certain "High Medicaid Community Hospitals" receive supplemental payments that are provided for in the State Plan. The total pool is \$1 million annually. The per diem rates of the corresponding hospitals were adjusted accordingly. The total impact of the inpatient fee change is summarized below.

**Table 6A: Inpatient Fee Change Impact**

Time Period	Historical Cost	Adjustment Dollar Impact	Impact as % of	
			Historical Cost	All PH Services Cost
CY 2013	\$608,712,298	\$10,934,243	1.80%	0.44%
CY 2014	\$563,991,217	-\$1,296,978	-0.23%	-0.05%

##### *Outpatient Services*

Outpatient claims were adjusted to reflect the most recent cost-to-charge ratios (CCRs). The CCRs were reported on hospital fiscal year bases, which varied by hospital from February 28, 2014 to December 31, 2014. The adjustment also included estimation of cost

settlements and reflected the most up-to-date cost settlement percentages for each facility. For most non-rural facilities, the cost settlement percentage is 66.46%; however, the remaining facilities are settled at different percentages. Rural facilities are cost settled at 110%. The total impact of the outpatient fee change is summarized below.

**Table 6B: Outpatient Fee Change Impact**

Time Period	Historical Cost	Adjustment Dollar Impact	Impact as % of	
			Historical Cost	All PH Services Cost
CY 2013	\$351,651,586	\$15,044,474	4.28%	0.60%
CY 2014	\$371,250,343	\$13,364,559	3.60%	0.53%

*Affordable Care Act (ACA) Primary Care Physician (PCP) Fee Change*

Under Section 1202 of the ACA, state Medicaid programs were required to increase payments to PCPs in 2013 and 2014. This requirement expired on December 31, 2014. As a result, 2013 and 2014 base data were adjusted to reflect the decrease in PCP payment rates between the base data period and the rating period.

**Table 6C: ACA PCP Fee Change Impact**

Time Period	Historical Cost	Adjustment Dollar Impact	Impact as % of	
			Historical Cost	All PH Services Cost
CY 2013	\$233,541,569	-\$73,199,444	-31.34%	-2.92%
CY 2014	\$250,895,188	-\$76,658,689	-30.55%	-3.05%

*Other Physician Services*

Mercer reviewed all non-ACA PCP services at a procedure code level and adjusted the CY 2013 claims to reflect observed changes in unit cost between CY 2013 and CY 2014.

**Table 6D: Physician Fee Change Impact (Non-ACA PCP Services)**

Time Period	Historical Cost	Adjustment Dollar Impact	Impact as % of	
			Historical Cost	All PH Services Cost
CY 2013	\$602,101,459	\$12,853,265	2.13%	0.51%
CY 2014	\$596,242,559	\$0	0.00%	0.00%

*Prescribed Drugs Unit Cost Change*

Mercer reviewed pharmacy claims at a National Drug Code (NDC) level and adjusted the CY 2013 claims to reflect observed changes in unit cost between CY 2013 and CY 2014.

**Table 6E: Pharmacy Fee Change Impact**

Time Period	Historical Cost	Adjustment Dollar Impact	Impact as % of	
			Historical Cost	All PH Services Cost
CY 2013	\$708,050,576	\$56,655,579	8.00%	2.26%
CY 2014	\$731,726,815	\$0	0.00%	0.00%

Overall, as shown in Table 7, the combined effect of all the historical fee adjustments was a 0.89% increase in CY 2013 base data and a 2.57% decrease in CY 2014.

**Table 7: Summary of Fee Change Impact for All Claims**

Time Period	Historical Cost	Adjustment Dollar Impact	Adjusted Cost	Percent Impact
CY 2013	\$2,504,057,487	\$22,288,117	\$2,526,345,604	0.89%
CY 2014	\$2,514,106,122	-\$64,591,109	\$2,449,515,013	-2.57%

#### *Act 312 (Prescriber Prevails)*

Effective January 1, 2014, Act 312 requires that, when medications are restricted for use by an MCO using a step therapy or fail first protocol, the prescribing physician shall be provided with, and have access to, a clear and convenient process to expeditiously request an override of such restrictions from the MCO. The MCO is required to grant the override under certain conditions. Mercer reviewed this requirement and estimated the impact of this change to be an increase of approximately 3% of pharmacy costs.

#### ***PH Prospective Rating Adjustments***

##### *Rx Rebates*

FFS and Shared Savings pharmacy claims were reduced 2.08% for Rx rebates collected by the MCO. This factor was developed using Prepaid plans' experience as reported in financial statements provided to DHH. Prepaid Encounters were taken as net of drug rebates, so no adjustment was necessary.

##### *ACT 399 (Provider Fee Reimbursement)*

Effective December 1, 2015, Act 399 creates an appeal board to review pharmacy reimbursement disputes. It is the obligation of a health insurance issuer or its agent to reimburse a pharmacist or his agent for fees remitted by a pharmacy or pharmacist or his agent in compliance with R.S. 46:2625 or risk being sanctioned. Mercer reviewed this requirement and its underlying details and estimated the impact to the base period data to be approximately 0.16%.

### ***Early Elective Delivery (EED)***

Beginning February 2015, facility and delivering physician costs for EEDs will not be covered under the Bayou Health program. MCOs receive an EED Kick Payment for deliveries that occur prior to 39 weeks for reasons that are not medically indicated in the Louisiana Electronic Event Registration System (LEERS) maintained by the Office of Public Health/Vital Records.

Deliveries that occur prior to 39 weeks for reasons that are medically indicated in LEERS will receive the Maternity Kick Payment. Mercer identified the average facility and delivering physician costs included in the Maternity Kick Payment by region and removed those costs to create the EED Kick Payment. Table 8 shows the EED reduction amount by region in the low and high scenarios. The resulting EED Kick Payment is equal to the Maternity Kick Payment plus the reduction amount in Table 8 and is shown in Appendix A.

**Table 8: EED Rate Reduction**

<b>Region Description</b>	<b>Reduction – Low Cost per Delivery</b>	<b>Reduction – High Cost per Delivery</b>
Gulf	\$(4,033.70)	\$(4,121.38)
Capital	\$(3,066.79)	\$(3,133.45)
South Central	\$(3,295.30)	\$(3,366.92)
North	\$(3,380.12)	\$(3,453.54)
<b>Total</b>	<b>\$(3,465.14)</b>	<b>\$(3,540.45)</b>

### ***PH Trend***

Trend is an estimate of the change in the overall cost of providing health care benefits over a finite period of time. A trend factor is necessary to estimate the cost of providing health care services in a future period. Mercer studied historical cost and utilization data for each of the three data sources incorporated in the capitation rates: Prepaid encounters, Shared Savings, and FFS. Trends were selected based on Louisiana experience, as well as national trend information.

Trends, delineated by utilization, unit cost, per member per month (PMPM), and by population are shown in Appendix E.

### ***PH Efficiency and Managed Care Savings Adjustments***

Mercer distinguishes efficiency adjustments (which are applied to previously managed populations) from managed care savings adjustments (which are applied to previously unmanaged populations). Efficiency adjustments are intended to reflect improved efficiency in

the hospital inpatient, emergency department (ED), and pharmacy settings, and are consistent with DHH's goal that the Bayou Health program be operated in an efficient, high quality manner.

### *Inpatient Hospital Efficiency Adjustment*

Illness prevention is an important medical care element for all health care providers. DHH expects the MCOs to help their members stay healthy by preventing diseases or preventing complications of existing diseases. Since hospital expense represents a significant portion of all medical expenditures, Mercer performed a retrospective data analysis of the Plans' CY 2013 and CY 2014 encounter data using indicators developed by the Agency for Healthcare Research and Quality (AHRQ). These conditions are collectively referred to as Prevention Quality Indicators (PQI) and Pediatric Quality Indicators (PDI), respectively. Mercer utilized 13 adult and five pediatric PQIs as part of the analysis. Evidence suggests that hospital admissions for these conditions could have been avoided through high-quality outpatient care and/or the conditions could have been less severe if treated early and appropriately. AHRQ's technical specifications provide specific criteria that define each PQI and PDI that Mercer utilized in the analysis of the MCOs' inpatient hospital encounter data. Although AHRQ acknowledges that there are factors outside of the direct control of the health care system that can result in a hospitalization (e.g., environmental, patient compliance), AHRQ does recognize these analyses can be utilized to benchmark health care system efficiency between facilities and across geographies.

Accordingly, in the process of evaluating whether an adjustment is applicable to the rates, Mercer considered the following factors: member health risk and member enrollment duration with a particular health plan. Mercer then works with the State to identify the targeted efficiency level that should be applied to the outcome of the analysis.

While the AHRQ technical specifications include exclusionary criteria specific to each PQI and PDI, Mercer also considered clinically-based global exclusion criteria that removed a member's inpatient admissions from all inpatient efficiency analyses. The global exclusion criteria was utilized to identify certain conditions and situations (e.g., indications of trauma, burns, HIV/AIDS) that may require more complex treatment for members. Based on a review of the CY 2013 and CY 2014 inpatient encounter data, any member identified as having indications of any of the qualifying criteria resulted in all of that member's admissions being removed from the analyses. Once all clinical global exclusions (CGE) data was removed from the analysis, the embedded AHRQ exclusions, by PQI/PDI were then applied.

Additionally, even though the AHRQ technical specifications do not explicitly mention enrollment duration, Mercer considered enrollment duration as one of the contributing factors to review that would be associated with the applicability of a PQI/PDI-based adjustment. Enrollment duration was used as a proxy for issues such as patient compliance, health plan outreach and education,

time to intervene, and other related concepts. A variable-month enrollment duration ranging from two to twelve months, depending on PQI or PDI condition, was applied to the RY 2016 rates. This assumption meant that an individual had to be enrolled with the same plan for a minimum number of consecutive months prior to that individual's PQI or PDI hospital admission to be considered subject to the adjustment. Only the dollars associated with the PQI and PDI hospital admissions that met this enrollment duration criteria were included in the base data adjustment. Recipient eligibility data supplied by the State provided the information to make this duration test assessment.

Although the clinical global exclusions and enrollment duration criteria significantly reduced the total original PQI and PDI dollars, the State decided that to reflect its desire for value-focused purchasing, the final inpatient hospital efficiency adjustment had a 25% targeted efficiency level applied to the remaining PQI and PDI dollars that met both the health risk and enrollment duration criteria.

#### *ED Efficiency Adjustment*

Mercer performed a retrospective analysis of the health plans' CY 2013 and CY 2014 ED encounter data to identify ED visits that were considered preventable/pre-emptible. For the RY 2016 rate development, Mercer analyzed preventable/pre-emptible Low Acuity Non-Emergent (LANE) visits. This analysis was not intended to imply that members should be denied access to EDs or that the health plans should deny payment for the ED visits. Instead, the analysis was designed to reflect the State's objective that more effective, efficient, and innovative managed care could have prevented or pre-empted the need for some members to seek care in the ED setting in the first place.

The criteria used to define LANE ED visits was based on publicly available studies, input from Mercer's clinical staff, as well as review by practicing ED and PCPs. ICD-9 primary diagnosis code information was the basis for identifying an ED visit. A limited set of diagnosis codes was agreed upon by all physicians involved in developing the methodology for the analysis. Preventable percentages ranging from 5% to 90% were assigned to each diagnosis code to account for external factors that can influence and impact variation in ED use. Using procedure code information, the ED visits were evaluated from low complexity clinical decision making to high complexity clinical decision making. In addition, LANE ED visits that resulted in an inpatient admission or observation stay (observation revenue code 0762) were excluded. No adjustment was made for any possible up coding by providers.

For the RY 2016, Mercer excluded low unit cost visits from the LANE analysis to account for improvements in the health plans' use of triage fees and/or more appropriate health services management. A hierarchical process was used for the remaining LANE visits to identify those that could have been prevented or pre-empted. Beginning with the lowest acuity visits, data was

accumulated until the percentage of preventable/pre-emptible visits was achieved for each respective diagnosis code. Regardless of the targeted percentage, no LANE ED visit/dollars associated with the most complex clinical decision making procedure codes (99284-99285) were included in the final adjustment. In addition, a replacement cost amount (average cost physician visit) was made for the majority of LANE visits that were deemed preventable/pre-emptible. As a final step in the analysis, a 25% targeted efficiency level was applied to reflect the State's value-focused purchasing strategy. At this targeted efficiency level, 25% of the dollars identified were part of the final adjustment.

#### *Appropriate Diagnosis for Selected Drug Classes (DxRx)*

The DxRx efficiency adjustment is used to ensure appropriate utilization of selected drug classes in historical claims data, based on supporting diagnosis information in the recipients medical history. The selected drug classes were identified based on high cost, safety concerns, and/or high potential for abuse or misuse. Diagnosis information from 30 months (24 months prior to date of service, 6 months after date of service) of medical, professional, pharmacy and inpatient data is reviewed for each recipient. Appropriate drug-diagnosis pairs are reviewed annually by Mercer's team of clinicians, and include consideration for:

- FDA Approved Indications (both drug specific, and by drug class)
- Clinically-accepted, off-label utilization
  - As identified by published literature and clinical/ professional expertise
- Industry standard practices

#### *Retrospective Pharmacy Claims Analysis*

The clinical edits efficiency adjustment used a retrospective pharmacy claims analysis to identify inappropriate prescribing and/or dispensing patterns using a customized series of pharmacy utilization management edits that are clinically based on rules. Edits were developed by Mercer's managed pharmacy practice based on:

- Published literature
- Industry standard practices
- Clinical appropriateness review
- Professional expertise
- Information gathered during the review of several Medicaid FFS and managed care pharmacy programs across the country

The State decided that to reflect its response for value-focused purchasing, the final retrospective pharmacy claims analysis efficiency adjustment should reflect a 25% targeted efficiency level applied to the final adjustment identified.

The overall impact of the Inpatient, ED and Pharmacy efficiency adjustments was a decrease of \$1.78 to the PH program.

### *Managed Care Savings Adjustment*

For those populations and services that had previously been excluded from Bayou Health, Mercer adjusted the capitation rates to reflect areas for managed care efficiency. Managed Care is able to generate savings by:

- Encouraging the use of preventive services so that acute conditions are not exacerbated to the point that requires a visit to the emergency room or hospitalization
- Using alternatives to the emergency room for conditions that are non-emergent in nature
- Increasing access and providing member education
- Minimizing duplication of services
- Hospital discharge planning to ensure a smooth transition from facility-based care to community resources and minimize readmissions

Statewide managed care savings factors were applied to the HCBS and CCM COAs. Additionally, DME and NEMT costs for Shared Savings enrollees were adjusted as part of this rate setting, as these services were excluded from Bayou Health Shared Savings. Appendix F summarizes the managed care savings adjustments that were applied to the Shared Savings/Legacy Medicaid FFS data.

### *Shared Savings Rx claims*

Under the Bayou Health Shared Savings program, plans had limited ability to manage prescription drug costs. In order to use the Shared Savings experience to set capitated rates, adjustments were needed to account for generic dispense rate (GDR) differences between the Prepaid and Shared Savings experience. For the Prepaid program, GDR was approximately 84%, compared to approximately 77% for Shared Savings and FFS. This adjustment is a downward adjustment to the Shared Savings claims data. Mercer analyzed Shared Savings prescription drug experience and compared it to the spending on similar therapeutic classes of drugs in the Prepaid program. Mercer determined that achieving the same GDR levels would result in savings of 11.10% to 13.60%. Table 9 details the savings breakdown by COA.

**Table 9: GDR Savings Adjustment**

COS Description	Savings from Improvement in GDR (w/Phase-in)					Total
	SSI	Family & Children*	BCC	LAP	HCBS Waiver** (FFS)	
	(%)	(%)	(%)	(%)	(%)	(%)
Low Savings	3.47%	17.68%	0.00%	24.92%	5.62%	11.10%
High Savings	5.97%	20.18%	1.78%	27.42%	8.12%	13.60%

\*Includes FCC

\*\*Includes CCM

### **Outliers**

As part of the State Plan, inpatient hospitals receive an additional payment for high-cost stays for children under six, called outliers. These payments are for inpatient stays with a total cost to the hospital in excess of \$150,000, where the cost is determined based on the hospital's Neonatal Intensive Care Unit (NICU) or Pediatric Intensive Care Unit (PICU) -specific CCR. DHH makes payments to a maximum of \$10 million, annually. As payment of outlier liability is the responsibility of Bayou Health MCOs, this additional \$10 million was built into the rates based on the distribution by rate cell observed in state fiscal year (SFY) 13 payments. Outliers added an average cost of \$0.89 PMPM to the base data used in rate setting. Table 10 details the impact of outliers on the rates by rate cell.

**Table 10: Outlier Claims to be Added into Bayou Health from \$10 Million Pool**

COA Description	Rate Cell Description	CY 2014 MMs	Outlier PMPM	Outliers Total Adjustment
SSI	Newborn, 0-2 Months	1,791	\$1,457.70	\$2,610,741
SSI	Newborn, 3-11 Months	7,075	\$8.84	\$62,523
SSI	Child, 1-20 Years	472,130	\$0.50	\$234,445
Family & Children	Newborn, 0-2 Months	173,111	\$39.97	\$6,918,792
Family & Children	Child, 1-20 Years	7,757,419	\$0.02	\$173,499
<b>Total*</b>		<b>11,255,774</b>	<b>\$0.89</b>	<b>\$10,000,000</b>

\*Total includes MMs for all populations in Bayou Health Physical Health.

## **Subsection 2B: SBH Services**

Unlike PH services, SBH services are covered services in both the PH program and the SBH program. Therefore, the rate development adjustments in the following sections are applicable to both programs.

### ***SBH Historical Adjustments***

#### ***Inpatient Hospital Fee Schedules***

Inpatient Hospital fee schedules have changed in Medicaid from the levels reported in the base data. Most notably, rates for certain public hospitals changed as a result of the public/private partnership. The changes to the hospital rates represent both increases and decreases depending on the hospital.

Mercer has included an adjustment to the capitation rates to account for the changes to the hospital reimbursement, including the public/private partnership. In order to account for this change, Mercer analyzed the base data by hospital and region separately for adults and children services. For adults, Mercer compared the PIHP fee schedules and per diem costs reported in the encounter data to the new State Medicaid fee schedule. Based on this comparison, Mercer determined no adjustment was needed for the Adult rates as the PIHP fee schedule underlying the encounter data generally aligned with the new State Medicaid fee schedule. For children, however, hospital reimbursement levels in the encounter data generally followed historic State Medicaid fee schedules. As a result, an adjustment was necessary to reflect changes between the historic and the new fee schedule for the children's rates.

Overall, this represents a 0.3% increase to both CY 2013 and CY 2014 SBH services and impacts child rating groups only.

### *Outpatient/Psychiatric Residential Treatment Facility (PRTF)/Permanent Supportive Housing (PSH) Fee Adjustment*

#### *Outpatient Fee Adjustment*

The State has historically implemented fee schedule adjustments for various outpatient services. For outpatient providers, the fee schedule adjustment process includes an estimation of cost settlements that are not captured in the historic base data. Since cost settlements will become the responsibility of the MCOs under managed care, an adjustment to the Bayou Health rates was necessary.

#### *PRTF Per Diem Adjustment*

DHH informed Mercer of two PRTF providers that have historically been subject to risk-sharing arrangements that have had recent per diem changes. The prior risk-sharing process resulted in additional payments to the providers as the per diem documented in the cost reports was higher than the interim rates. Mercer has built in consideration of provider specific rates for these providers based on the cost report per diems.

To calculate the impact, DHH provided Mercer with the risk-sharing calculations that were based on base paid and final targeted per diem rates for these two providers. The final cost impact was calculated by another firm on behalf of DHH. Mercer reviewed these calculations for reasonability but did not audit them. Mercer leveraged the final calculations to determine the net impact to the CY 2013 and CY 2014 time period to develop the program change impact. Mercer incorporated the expected cost for the per diem change based on utilization during the 2013 and 2014 time periods.

#### *PSH Provider Rate Increase*

Subsequent to base data period, DHH implemented a 5% rate increase to certain providers delivering community psychiatric services to individuals in the PSH program. Using the list of PSH providers from DHH, Mercer summarized historic cost and utilization data for community psychiatric services for these providers and calculated the impact of the 5% increase. Mercer applied this impact to rating group and region based on historic utilization patterns.

Overall, the Outpatient, PRTF, and PSH fee adjustment represent a 0.2% and 0.3% increase to CY 2013 and CY 2014 SBH services, respectively.

### *1915(c) CSoC Regional Expansion*

DHH submitted an amendment to the 1915(c) CSoC waiver to increase the number of waiver slots to 2,400 slots. Upon expansion, certain children previously classified in a Bayou Health rating group shifted to the CSoC program. The CSoC population will have select services covered by Bayou Health, including PRTF, TGH, and SUD services. Magellan will continue to

administer the remaining SBH services for this population. Mercer calculated the volume of CSoC transitions by comparing the average 2013 and 2014 CSoC enrollment to emerging levels as of December 2015. The growth by region is outlined in Table 11:

**Table 11: CSoC Enrollment's Growth by Region**

CSoC Enrollment	Average 2013	Average 2014	As of December 2015	Projected RY 2016 CSoC Recipients
Gulf	198	282	673	688
Capital	213	256	615	629
South Central	153	192	444	454
North	493	506	517	529
<b>Statewide</b>	<b>1,057</b>	<b>1,235</b>	<b>2,249</b>	<b>2,300</b>

Mercer then analyzed the historic SBH expenses associated with CSoC enrollees and noted that it is materially higher when compared to the PMPM for other Bayou Health rating groups (\$611.47 and \$20.66, respectively for CY 2013; \$968.66 and \$26.08, respectively for CY 2014). Because of this differential, the movement of those higher needs children out of Bayou Health rating groups resulted in a reduction in the average PMPM by region. The transition analysis was performed on a regional basis using the underlying PMPMs for each region, as well as CSoC-specific PMPMs for each region.

Overall, this represents a decrease of 2.7% and 3.2% to CY 2013 and CY 2014 SBH services, respectively, and impacts child rating groups only.

#### *Medication Management Rate Change*

Effective January 2013, the prior Medication Management procedure code of 90862 was eliminated and the services were required to be billed under General Evaluation and Management codes 99211-99214, 90863. These codes, as reflected in the base data, were reimbursed at lower rates than the prior medication management services in 2012. The PIHP revised the fee schedule in 2014 to adjust the fees for medication management services up to prior historical levels. DHH indicated it expects providers to continue to be paid at the higher reimbursement level under the Bayou Health program. For this reason, Mercer determined it was necessary to adjust the 2013 base data, but not the 2014 base data.

Mercer analyzed 2014 encounter data by region and observed an increase in these services' 2013 average reimbursement rate to roughly \$71 per unit. Mercer calculated the program change impact based on reported service utilization in each region.

Overall, this represents a 1.1% increase to CY 2013 SBH services.

### *Historical Trend*

Mercer reviewed the 2013 and 2014 financials and encounters data for SBH services and determined it was necessary to apply a historical trend to the CY 2013 base data before blending the two years of base data. For SBH services, a historical trend of 3% and 32% were applied to adult and child rating groups, respectively. For NEMT Services, 16% historical trend was applied to the SBH Dual COA and 11% to the SBH CCM, SBH HCBS, and SBH Other COAs.

### ***SBH Prospective Adjustments***

#### *Elimination of the 1915(i) Program Authority and Amendment of the State Plan*

In order to accelerate receipt of medically necessary specialized mental health services for adults and make community-based licensed mental health professional (LMHP) services available to more individuals, DHH transitioned services currently in the 1915(i) to the Medicaid State Plan. The prior 1915(i) authority limited the availability of certain services to adults requiring acute stabilization or meeting certain functional criteria for a major mental disorder and the seriously mentally ill (SMI). The services covered under the 1915(i) included community psychiatric services including ACT, psychosocial rehab services, and services provided by other LMHPs. Another aspect of the 1915(i) program was the requirement of an independent assessment to confirm an individual met the population criteria before services could be received.

While the services will be covered under the State Plan, individuals will need to meet medical necessity criteria in order to be authorized for the services. Mercer understands the medical necessity criteria for community psychiatric and psychosocial rehab services will generally align with the diagnosis criteria associated with major mental disorders and SMI. The criteria for other LMHPs will apply to a broader segment of the covered population and not be specific to major mental disorders or SMI.

Mercer has reviewed the changes to the delivery of these former 1915(i) services with Mercer clinicians and policy consultants and identified two specific rate considerations.

- Elimination of the independent assessment will likely result in individuals accessing services more quickly. DHH has indicated that individuals have experienced, on average, a 30-day wait period for services while they await the independent assessment. Mercer analyzed the historical claims data to identify the subset of the 1915(i) users that were new to the program and expected to utilize more services in a 12-month period if the independent assessment was eliminated. Specifically, Mercer evaluated the individuals who utilized services through December 2014 and made an assumption about the number of members

who utilized services in 2014 that would have utilized more services had their authorizations started earlier in the year.

**Table 12: Impact to Adult Services of Elimination of Independent Assessment**

Total 1915(i) 2014 recipient count	51,344
Subset of recipients that are projected to receive an additional month of service	653
Average monthly cost of 1915(i) services (CY 2014)	\$538
Program Change PMPM	\$0.11
Adult PMPM	\$28.92
<b>Total Impact to Adult Services</b>	<b>0.4%</b>

- Expanded access to services provided by other licensed professionals (OLPs) will likely result in an increase to the penetration rate over time for other professional services. Individuals will still need to meet medical necessity criteria to access other professional services, but more individuals are expected to meet the criteria than historically when the 1915(i) services were limited to SMI or major mental disorder. To evaluate the potential change in utilization, Mercer reviewed the service utilization and penetration rates for other states where other professional services have been covered in the State Plan. The penetration rates in these other states are higher for adults indicating broader utilization of the services. The penetration rate findings are as follows:

**Table 13: Penetration rate findings**

2013 penetration rate for OLP services in Louisiana	2.5% of Adults
Penetration rate for similar OLP services in Other States	Up to 10% of Adults

- Mercer assumed the utilization of these services would increase over time essentially modeling a doubling of these services from January 2016 to January 2017. The utilization has been assumed to progressively increase over time as provider capacity may need to be developed to meet the demand as individuals understand the availability of these services.

**Table 14: Impact to Adult Services of Expansion of Access to Services**

December 2014 recipients	2,790
Projected January 2016 based on emerging data	2,881
Projected January 2017 users	5,762
Total new users in rating period	18,725
Average 2014 monthly cost by OLPs	\$130.88
Program change PMPM	\$0.73
Adult PMPM	\$28.92
<b>Total Impact to Adult Services</b>	<b>2.5%</b>

- This issue will continue to be monitored and evaluated as part of future rate-setting exercises as more data becomes available. The overall impact of the adjustment to account for the elimination of the 1915(i) authority and coverage of these services under the State Plan is a 0.8% impact overall and impacts the adult rate cells only.

### ***SBH Trend***

Trend is an estimate of the change in the overall cost of providing health care services over a finite period of time. Capitation rate ranges are actuarial projections of future contingent events and a trend factor is necessary to estimate the expenses of providing health care services in the future rating period.

For the Child population, Mercer studied historical cost and utilization encounter data as well as national trend information to select a trend. For the Adult population, Mercer relied upon Financials, due to encounter data reporting issues in the MMIS system.

Trends, delineated by utilization, unit cost, PMPM, and by population are shown in Appendix E.

### **Subsection 2C: All Services Combined**

The following adjustments were developed and applied using all covered services within the respective programs.

#### ***Retroactive Eligibility Adjustment***

Beginning in February 2015, members granted retroactive eligibility will be capitated retroactively, based on their eligibility for Bayou Health, for up to 12 months prior to enrollment in an MCO. The MCO selected by these members will then receive one capitation payment per month of retroactive enrollment, and will be liable for all claims incurred during this retroactive eligibility period. Mercer developed an adjustment factor to apply to the base data in the capitation rate development. Mercer did not apply any savings adjustments to the retroactive period claims in the development of these factors because the MCO will have no ability to manage utilization during the retroactive period.

The retroactive eligibility adjustment was developed as an increase to the capitation rates set for all members, meaning that the capitation payment is higher than otherwise required on non-retroactive MMs. Retroactive enrollment in any given rate cell will generate the same capitation payment per month to the MCO as any other enrollee in that same rate cell. The factors were developed at a rate cell level on a statewide basis (i.e., all regions used the same factors). The calculation relied upon retroactive claims PMPM, unique enrollee counts, and the average duration to develop the expected increase to Bayou Health claims.

Mercer reviewed the average duration of enrollees who were retroactively enrolled during 2014 using data from January 2013 to December 2014.

In some rate cells, the retroactive claims PMPM was below the base data claims PMPM. This generated an adjustment factor less than 1.0. The decision was made to not use a factor less than 1.0 on any rate cell. These implied factors (calculated) and final factors (used) are supplied in Appendix G.

Table 15 summarizes the overall adjustment by rate cell for retroactive eligibility.

**Table 15: Retroactive Eligibility Adjustment**

COA Description	Rate Cell Description	Adjustment (%)
SSI	0 - 2 Months	0.00%
SSI	3 - 11 Months	0.00%
SSI	Child 1 – 20	0.00%
SSI	Adult 21+	0.53%
Family & Children	0 - 2 Months	0.00%
Family & Children	3 - 11 Months	0.00%
Family & Children	Child 1 – 20	0.00%
Family & Children	Adult 21+	0.00%
FCC	FCC, All Ages	0.00%
BCC	BCC, All Ages	2.61%
LAP	LAP, All Ages	0.37%
HCBS	Child 0 – 20	0.00%
HCBS	Adult 21+	0.01%
CCM	CCM, All Ages	0.02%
SBH — CCM	SBH — Chisholm, All Ages Male & Female	0.00%
SBH — Duals	SBH — Dual Eligible, All Ages	0.00%
SBH — HCBS	SBH — 20 & Under, Male and Female	0.00%
SBH — HCBS	SBH — 21+ Years, Male and Female	0.00%
SBH — Other	SBH — Other, All Ages	0.00%
Maternity Kick Payment	Maternity Kick Payment	0.00%

### **Full Medicaid Pricing (FMP)**

Beginning in April 2014, DHH implemented a series of program changes to ensure consistent pricing in the Medicaid program for hospital services, including inpatient hospital, outpatient hospital, hospital-based physician, and ambulance services. This change required the use of FMP in the calculation of PMPM payments to MCOs. DHH expects this rate increase will lead to increased payments to those providers contracting with the MCOs to maintain and increase

access to inpatient hospital, outpatient hospital, hospital-based physician, and ambulance services to the enrolled Medicaid populations. Mercer and DHH reviewed the aggregate funding levels for these services between the base period and the contract period and determined that an addition to the historical data was necessary in order to ensure the capitation rate ranges reflect adequate statewide pricing levels. Separate adjustments were made to each of the four services to capture the full impact of statewide funding.

FMP adjustments were implemented for inpatient and outpatient services effective April 2014. Physician and ambulance FMP adjustments were implemented effective July 2015.

#### *Inpatient Hospital Services*

Mercer relied upon an analysis of Medicare diagnosis related group equivalent pricing of Medicaid services provided by DHH. For PH, this analysis was done for each legacy subprogram (i.e., the three legacy Prepaid plans in aggregate, and the legacy Shared Savings/FFS). A separate analysis was done for the SBH claims. The analyses relied upon encounter, Shared Savings/FFS, and LBHP data incurred from July 2013 to June 2014 and compared the adjusted Medicare payments to the Medicaid payment on a per discharge basis at each hospital. The Medicare payments were adjusted to reflect the treatment of Medicaid patients and reflected the SFY15 reimbursement schedule. The SFY14 Medicaid payments were adjusted to reflect fee changes effective in SFY15 and payments made outside of the claims system (outlier payments). Mercer applied the ratio between the two payments to the base data at a hospital-specific level. Tables 17a and 17b below show the impact of FMP on the adjusted base cost of PH and SBH inpatient hospital services, respectively.

**Table 17a: Inpatient Hospital FMP Impact (PH)**

	[A]	[B]	[C] = [A] + [B]	[D]	[E] = [D] / [C]
Time Period	Historical Cost	Historical Adjustment Dollar Impact (Table 6a)	Adjusted Cost	FMP Impact	FMP Impact as % of Adjusted Cost
CY 2013	\$608,712,298	\$10,934,243	\$619,646,540	\$435,065,137	70.21%
CY 2014	\$563,991,217	-\$1,296,978	\$562,694,239	\$413,327,440	73.46%

**Table 17b: Inpatient Hospital FMP Impact (SBH)**

	[A]	[B]	[C] = [A] + [B]	[D]	[E] = [D] / [C]
Time Period	Historical Cost	Historical Adjustment Dollar Impact	Adjusted Cost	FMP Impact	FMP Impact as % of Adjusted Cost
CY 2013	\$65,720,876	\$838,008	\$66,558,885	\$27,159,733	40.81%
CY 2014	\$60,329,251	\$1,030,195	\$61,359,446	\$21,725,797	35.41%

### *Outpatient Hospital Services*

The outpatient FMP was developed according to the State Plan using CCRs, which used reported costs and billed charges by hospital. The CCRs supplied by DHH were reported on hospital fiscal year bases, which varied by hospital from February 28, 2014 to December 31, 2014. The billed charges originated from the PH and SBH base data. Mercer applied the ratio between the base data and cost estimates at a hospital level to develop the outpatient component of the FMP. Tables 18a and 18b below show the impact of FMP on the adjusted base cost of PH and SBH outpatient hospital services, respectively.

**Table 18a: Outpatient Hospital FMP Impact (PH)**

	[A]	[B]	[C] = [A] + [B]	[D]	[E] = [D] / [C]
Time Period	Historical Cost	Historical Adjustment Dollar Impact	Adjusted Cost	FMP Impact	FMP Impact as % of Adjusted Cost
CY 2013	\$351,651,586	\$15,044,474	\$366,696,060	\$133,061,119	36.29%
CY 2014	\$371,250,343	\$13,364,559	\$384,614,902	\$142,417,061	37.03%

**Table 18b: Outpatient Hospital FMP Impact (SBH)**

	[A]	[B]	[C] = [A] + [B]	[D]	[E] = [D] / [C]
Time Period	Historical Cost	Historical Adjustment Dollar Impact	Adjusted Cost	FMP Impact	FMP Impact as % of Adjusted Cost
CY 2013	\$6,831,512	-\$306,525	\$6,524,987	\$939,767	14.40%
CY 2014	\$8,965,414	-\$92,370	\$8,873,044	\$704,437	7.94%

### *Hospital-Based Physician Services*

. Mercer performed an analysis of hospital-based physician services provided at participating facilities by participating physicians compared to the average commercial rates for the same

services according to the State Plan methodology. The average commercial rates are maintained by DHH and updated periodically. For state-owned or operated entities, average commercial rate factors are updated annually. DHH provided state-owned conversion factors for RY 2016. For non-state owned or operated entities, the average commercial rate factors are indexed to Medicare rates and updated every 3 years. DHH provided the latest available non-state factors, which were last updated as recently as December 2015. Tables 19a and 19b below show the impact of FMP on the adjusted base cost of PH and SBH hospital-based physician services meeting the State Plan's criteria for FMP.

**Table 19a: Hospital-Based Physician FMP Impact (PH)**

	[A]	[B]	[C] = [A] + [B]	[D]	[E] = [D] / [C]
Time Period	Historical Cost	Historical Adjustment Estimated Dollar Impact	Adjusted Cost	FMP Impact	FMP Impact as % of Adjusted Cost
CY 2013	\$87,306,690	\$1,863,766	\$89,170,456	\$85,986,130	96.43%
CY 2014	\$88,124,993	\$0	\$88,124,993	\$85,883,764	97.46%

**Table 19b: Hospital-Based Physician FMP Impact (SBH)**

	[A]	[B]	[C] = [A] + [B]	[D]	[E] = [D] / [C]
Time Period	Historical Cost	Historical Adjustment Dollar Impact	Adjusted Cost	FMP Impact	FMP Impact as % of Adjusted Cost
CY 2013	\$546,936	\$0	\$546,936	\$387,827	70.91%
CY 2014	\$639,270	\$0	\$639,270	\$298,063	46.63%

### *Ambulance Services*

Mercer performed an analysis of ambulance services utilized by Medicaid enrollees according to the State Plan using Medicare fee schedules and average commercial rates as a percentage of Medicare. Ambulance providers were classified as either Large Urban Governmental (LUG) or non-LUGs. LUGs have historically received 100% of the gap between average commercial rate and the Medicaid fee schedule while non-LUGs have historically received 17.35% of the gap. Mercer developed increases using these assumed funding levels. Average commercial rates as a percentage of Medicare were provided by DHH for RY 2016. According to the State Plan, average commercial rates are updated every three years. No ambulance services meeting the State Plan's criteria were found in the SBH claims experience. Tables 20a below shows the

impact of FMP on the adjusted base cost of PH ambulance services meeting the State Plan's criteria for FMP,

**Table 20a: Ambulance FMP Impact (PH)**

	[A]	[B]	[C] = [A] + [B]	[D]	[E] = [D] / [C]
Time Period	Historical Cost	Historical Adjustment Estimated Dollar Impact	Adjusted Cost	FMP Impact	FMP Impact as % of Adjusted Cost
CY 2013	\$27,841,853	\$594,350	\$28,436,203	\$13,028,188	45.82%
CY 2014	\$30,278,811	\$0	\$30,278,811	\$15,197,450	50.19%

As part of the rate development process, Mercer blended the CY 2013 and CY 2014 projected claims PMPM inclusive of the FMP amounts. The overall PMPM impact on final projected claims is summarized in Table 21 below:

**Table 21: FMP PMPM Impact**

		[A]	[B]	[C]	[D] = [A]+[B]+[C]
Full Medicaid Pricing PMPM Impact					
COA Description	CY 2014 MMs	Hospital (IP/OP)	Ambulance	Physician	Total
SSI	1,391,195	\$157.13	\$6.65	\$20.42	\$184.20
F&C	9,538,623	\$25.26	\$0.94	\$5.22	\$31.42
FCC	126,475	\$14.37	\$1.24	\$4.09	\$19.70
BCC	13,070	\$511.90	\$3.16	\$44.45	\$559.50
LAP	40,170	\$12.14	\$0.41	\$3.61	\$16.16
HCBS Waiver	77,066	\$106.68	\$6.83	\$13.80	\$127.32
CCM	69,175	\$73.30	\$2.73	\$8.51	\$84.54
SBH – CCM	70,181	\$0.00	\$0.00	\$0.00	\$0.00
SBH - Dual Eligible	1,117,726	\$0.73	\$0.00	\$0.06	\$0.79
SBH - HCBS Waiver	77,066	\$10.68	\$0.00	\$0.08	\$10.76
SBH – Other	36,202	\$61.19	\$0.00	\$0.28	\$61.47
Maternity Kick Payment	37,712	\$3,203.67	\$0.00	\$378.61	\$3,582.28
<b>Total<sup>1</sup></b>	<b>12,556,949</b>	<b>\$48.30</b>	<b>\$1.52</b>	<b>\$7.61</b>	<b>\$57.43</b>

Notes

1- The total line and composite PMPMs duplicate the voluntary opt-in membership

### ***Non-Medical Expense Load***

The actuarially sound capitation rate ranges developed include a provision for MCO administration and other non-medical expenses. Mercer reviewed historical Prepaid plan expense data and relied on its professional experience in working with numerous State Medicaid programs to develop the administrative load. The load for each rate cell was determined using a fixed and variable cost model. Under this model, a fixed administrative expense is attributed to each rate cell, which reflects program requirements, such as state-mandated staffing, and other indirect operational expenses. Added to this is a variable administrative amount, based on claims volume. In development of the PH Program rate cells, the variable administrative amount on each rate cell was determined by using 2% of pharmacy claim costs plus 5.66% of all other medical costs. Maternity kick payment rate cells have only the variable medical cost administrative load. For the SBH program, the variable administrative amount on each rate cell was determined using 4.77% of the covered claims expense. This methodology results in administrative expense loads that vary as a percentage by rate cell. The resulting variance in administrative expense determined using this methodology results in a higher allocation of administrative expenses on the rate cells with higher utilization, which Mercer believes is more accurate in reflecting the drivers of plan administration requirements.

Mercer reviewed plan financial information provided by the Prepaid plans to develop administrative cost expectations. The development included consideration for increases in expenses including items such as additional case management due to claims volume and increases in staff compensation over time. The administrative development also included an expected increase in staffing and operational expenses associated with the inclusion of SBH services and the new SBH program population. Final Administrative cost expectation was \$23.63 to \$24.84 PMPM.

Additionally, provision has been made in the rate development for a 2.00% underwriting gain calculated before applying any adjustment for FMP. Final rates also include provision for Louisiana's 2.25% premium tax. The FMP PMPMs include provision for premium tax only.

### ***Risk Adjustment***

Risk adjustment will be applied to the rates in Appendix A to reflect differences in health status of the members served in each MCO using the Adjusted Clinical Groups (ACG) model. The risk adjustment process does not increase nor decrease the overall cost of the program, but can change the distribution across the various Bayou Health MCOs according to the relative risk of their enrolled members. Table 21 shows the rate cells that will be risk adjusted.

**Table 21: Risk-Adjusted Rate Cells**

<b>SSI</b>	
Child, 1–20 Years, Male & Female	Adult, 21+ Years, Male & Female
<b>Family and Children (TANF)</b>	
Child, 1–20 Years, Male & Female	Adult, 21+ Years, Male & Female
<b>FCC</b>	
All Ages, Male & Female	
<b>LAP</b>	
All Ages, Male & Female	

### ***Voluntary Opt-In Adjustment***

It is unclear at this time if there will be a material difference in the risk profile of the Opt-in population from the historical FFS population. Therefore, Mercer made no adjustments for selection risk in the development of the HCBS and CCM rates.

### ***Federal Health Insurer Fee***

Section 9010 of the ACA established a health insurance provider fee (HIPF), which applies to certain for-profit/tax-paying health insurers. For-profit Medicaid health plans are not exempt from the HIPF, which will become a cost of doing business that is appropriate to recognize in actuarially sound capitation rates.

At the time of this certification, many aspects of the calculation and application of this fee are not yet determined and/or finalized. These fees will be calculated and become payable sometime during the third quarter of 2017. As these fees are not yet defined by insurer and by marketplace, no adjustment has been made in the rate range development for the Bayou Health program. An adjustment and revised certification will be considered when the fee amount and impacted entities applicable to this rate period are announced in 2017.

## **Section 3: Certification of Final Rate Ranges**

In preparing the rate ranges shown in Attachment A, Mercer has used and relied upon enrollment, FFS claims, encounter data, reimbursement level, benefit design, and other information supplied by DHH and its fiscal agent. DHH, its fiscal agent, and the Prepaid plans are responsible for the validity and completeness of the data supplied. We have reviewed the data and information for internal consistency and reasonableness, but we did not audit them. In our opinion they are appropriate for the intended purposes. If the data and information are incomplete or inaccurate, the values shown in this report may need to be revised accordingly.

Mercer certifies that the rates in Attachment A were developed in accordance with generally accepted actuarial practices and principles and are appropriate for the Medicaid covered populations and services under the managed care contract. Rate estimates provided are based upon the information available at a point in time and are subject to unforeseen and random events. Therefore, any projection must be interpreted as having a likely range of variability from the estimate. The undersigned actuaries are members of the American Academy of Actuaries and meet its qualification standards to certify to the actuarial soundness of Medicaid managed care capitation rates.

Rates and ranges developed by Mercer are actuarial projections of future contingent events. Actual Bayou Health MCO costs will differ from these projections. Mercer has developed these rates on behalf of DHH to demonstrate compliance with the CMS requirements under 42 CFR 438.6(c), and in accordance with applicable law and regulations. Use of these rate ranges for any purpose beyond that stated may not be appropriate.

Bayou Health MCOs are advised that the use of these rate ranges may not be appropriate for their particular circumstance and Mercer disclaims any responsibility for the use of these rate ranges by Bayou Health MCOs for any purpose. Mercer recommends that any Bayou Health MCO considering contracting with DHH should analyze its own projected medical expense, administrative expense, and any other premium needs for comparison to these rate ranges before deciding whether to contract with DHH.

This certification letter assumes the reader is familiar with the Bayou Health Program, Medicaid eligibility rules, and actuarial rate-setting techniques. It is intended for DHH and CMS, and should not be relied upon by third parties. Other readers should seek the advice of actuaries or other qualified professionals competent in the area of actuarial rate projections to understand the technical nature of these results.

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February 26, 2016  
Ms. Amanda Joyner  
Louisiana Department of Health and Hospitals

If you have any questions on any of the information provided, please feel free to call us at  
+1 404 442 3358 or +1 404 442 3517.

Sincerely,

A handwritten signature in blue ink, appearing to read "Jared Simons".

Jaredd Simons, ASA, MAAA  
Senior Associate Actuary

A handwritten signature in blue ink, appearing to read "Erik Axelsen".

Erik Axelsen, ASA, MAAA  
Senior Associate Actuary

## Appendix A: Bayou Health Capitation Rate Range

Region Description	COA Description	Rate Cell Description	CY 2014 MMs or Deliveries	Lower Bound PMPM or Cost per Delivery	Upper Bound PMPM or Cost per Delivery
Gulf	SSI	0 - 2 Months	499	\$27,754.36	\$28,393.93
Gulf	SSI	3 - 11 Months	2,016	\$7,250.16	\$7,411.77
Gulf	SSI	Child 1 - 20	140,382	\$700.51	\$733.78
Gulf	SSI	Adult 21+	268,331	\$1,240.93	\$1,280.94
Gulf	Family & Children	0 - 2 Months	48,751	\$1,705.49	\$1,754.55
Gulf	Family & Children	3 - 11 Months	108,391	\$272.54	\$283.77
Gulf	Family & Children	Child 1 - 20	2,120,899	\$156.41	\$164.78
Gulf	Family & Children	Adult 21+	388,455	\$323.40	\$337.82
Gulf	Foster Care Children	FCC, All Ages	23,352	\$518.08	\$552.29
Gulf	BCC	BCC, All Ages	3,937	\$2,262.84	\$2,339.95
Gulf	LAP	LAP, All Ages	10,244	\$184.94	\$194.58
Gulf	HCBS	Child 0 - 20	7,178	\$1,835.37	\$1,963.45
Gulf	HCBS	Adult 21+	13,626	\$1,066.32	\$1,121.51
Gulf	CCM	CCM, All Ages	16,983	\$1,149.31	\$1,233.62
Gulf	SBH — CCM	SBH — CCM, All Ages Male & Female	17,167	\$157.40	\$170.00
Gulf	SBH —Duals	SBH — Dual Eligible, All Ages	299,337	\$28.06	\$29.15
Gulf	SBH —HCBS	SBH — 20 & Under, Male and Female	7,178	\$77.72	\$83.18
Gulf	SBH —HCBS	SBH — 21+ Years, Male and Female	13,626	\$84.70	\$87.56
Gulf	SBH —Other	SBH — Other, All Ages	7,536	\$231.08	\$237.77
Gulf	Maternity Kick Payment	Maternity Kick Payment	10,549	\$10,181.22	\$10,314.75
Gulf	EED Kick Payment	EED Kick Payment	N/A	\$6,147.52	\$6,193.37
Capital	SSI	0 - 2 Months	384	\$27,754.36	\$28,393.93
Capital	SSI	3 - 11 Months	1,488	\$7,250.16	\$7,411.77
Capital	SSI	Child 1 - 20	104,301	\$700.95	\$735.88

Region Description	COA Description	Rate Cell Description	CY 2014 MMs or Deliveries	Lower Bound PMPM or Cost per Delivery	Upper Bound PMPM or Cost per Delivery
Capital	SSI	Adult 21+	195,553	\$1,295.40	\$1,340.11
Capital	Family & Children	0 - 2 Months	42,461	\$1,950.22	\$2,000.49
Capital	Family & Children	3 - 11 Months	96,528	\$268.36	\$279.79
Capital	Family & Children	Child 1 - 20	1,914,036	\$164.35	\$173.17
Capital	Family & Children	Adult 21+	288,647	\$379.69	\$396.66
Capital	Foster Care Children	FCC, All Ages	33,498	\$518.08	\$552.29
Capital	BCC	BCC, All Ages	3,825	\$2,262.84	\$2,339.95
Capital	LAP	LAP, All Ages	10,876	\$184.94	\$194.58
Capital	HCBS	Child 0 - 20	7,499	\$1,835.37	\$1,963.45
Capital	HCBS	Adult 21+	12,294	\$1,066.32	\$1,121.51
Capital	CCM	CCM, All Ages	17,068	\$1,149.31	\$1,233.62
Capital	SBH — CCM	SBH — CCM, All Ages Male & Female	17,176	\$157.40	\$170.00
Capital	SBH — Duals	SBH — Dual Eligible, All Ages	239,197	\$21.80	\$22.64
Capital	SBH — HCBS	SBH — 20 & Under, Male and Female	7,499	\$77.72	\$83.18
Capital	SBH — HCBS	SBH — 21+ Years, Male and Female	12,294	\$84.70	\$87.56
Capital	SBH — Other	SBH — Other, All Ages	8,412	\$231.08	\$237.77
Capital	Maternity Kick Payment	Maternity Kick Payment	9,280	\$9,708.88	\$9,826.44
Capital	EED Kick Payment	EED Kick Payment	N/A	\$6,642.09	\$6,692.99
South Central	SSI	0 - 2 Months	466	\$27,754.36	\$28,393.93
South Central	SSI	3 - 11 Months	1,871	\$7,250.16	\$7,411.77
South Central	SSI	Child 1 - 20	108,433	\$682.40	\$715.83
South Central	SSI	Adult 21+	237,953	\$1,162.63	\$1,200.74

Region Description	COA Description	Rate Cell Description	CY 2014 MMs or Deliveries	Lower Bound PMPM or Cost per Delivery	Upper Bound PMPM or Cost per Delivery
South Central	Family & Children	0 - 2 Months	46,634	\$2,065.71	\$2,116.67
South Central	Family & Children	3 - 11 Months	104,955	\$276.80	\$288.29
South Central	Family & Children	Child 1 - 20	2,083,138	\$160.35	\$168.72
South Central	Family & Children	Adult 21+	299,789	\$349.04	\$364.86
South Central	Foster Care Children	FCC, All Ages	44,797	\$518.08	\$552.29
South Central	BCC	BCC, All Ages	2,747	\$2,262.84	\$2,339.95
South Central	LAP	LAP, All Ages	12,678	\$184.94	\$194.58
South Central	HCBS	Child 0 - 20	6,786	\$1,835.37	\$1,963.45
South Central	HCBS	Adult 21+	14,109	\$1,066.32	\$1,121.51
South Central	CCM	CCM, All Ages	18,278	\$1,149.31	\$1,233.62
South Central	SBH — CCM	SBH — CCM, All Ages Male & Female	18,709	\$157.40	\$170.00
South Central	SBH — Duals	SBH — Dual Eligible, All Ages	323,040	\$19.12	\$19.84
South Central	SBH — HCBS	SBH — 20 & Under, Male and Female	6,786	\$77.72	\$83.18
South Central	SBH — HCBS	SBH — 21+ Years, Male and Female	14,109	\$84.70	\$87.56
South Central	SBH — Other	SBH — Other, All Ages	10,727	\$231.08	\$237.77
South Central	Maternity Kick Payment	Maternity Kick Payment	10,188	\$8,394.53	\$8,516.38
South Central	EED Kick Payment	EED Kick Payment	N/A	\$5,099.23	\$5,149.46

Region Description	COA Description	Rate Cell Description	CY 2014 MMs or Deliveries	Lower Bound PMPM or Cost per Delivery	Upper Bound PMPM or Cost per Delivery
North	SSI	0 - 2 Months	442	\$27,754.36	\$28,393.93
North	SSI	3 - 11 Months	1,700	\$7,250.16	\$7,411.77
North	SSI	Child 1 - 20	119,014	\$732.77	\$771.83
North	SSI	Adult 21+	208,362	\$1,075.63	\$1,109.86
North	Family & Children	0 - 2 Months	35,265	\$1,972.31	\$2,023.24
North	Family & Children	3 - 11 Months	81,697	\$275.01	\$286.45
North	Family & Children	Child 1 - 20	1,639,346	\$161.97	\$171.11
North	Family & Children	Adult 21+	239,631	\$323.39	\$338.14
North	Foster Care Children	FCC, All Ages	24,828	\$518.08	\$552.29
North	BCC	BCC, All Ages	2,561	\$2,262.84	\$2,339.95
North	LAP	LAP, All Ages	6,372	\$184.94	\$194.58
North	HCBS	Child 0 - 20	4,318	\$1,835.37	\$1,963.45
North	HCBS	Adult 21+	11,256	\$1,066.32	\$1,121.51
North	CCM	CCM, All Ages	16,846	\$1,149.31	\$1,233.62
North	SBH — CCM	SBH — CCM, All Ages Male & Female	17,129	\$157.40	\$170.00
North	SBH — Duals	SBH — Dual Eligible, All Ages	256,152	\$20.52	\$21.30
North	SBH — HCBS	SBH — 20 & Under, Male and Female	4,318	\$77.72	\$83.18
North	SBH — HCBS	SBH — 21+ Years, Male and Female	11,256	\$84.70	\$87.56
North	SBH — Other	SBH — Other, All Ages	9,527	\$231.08	\$237.77
North	Maternity Kick Payment	Maternity Kick Payment	7,696	\$8,994.52	\$9,112.86
North	EED Kick Payment	EED Kick Payment	N/A	\$5,614.41	\$5,659.32

## Appendix B: Bayou Health Eligibility Designation

COA/Eligibility Category Name	Mandatory	Voluntary Opt-In	SBH & NEMT	Excluded
<b>SSI (ABD)</b>				
Physical health Hospitals (LOS > 30 days)	●			
BPL (Walker vs. Bayer)	●			
CSOC	●			
Disability Medicaid	●			
Disabled Adult Child	●			
DW/W	●			
Early Widow/Widowers	●			
Family Opportunity Program	●			
Former SSI	●			
Medicaid Buy-In Working Disabled (Medicaid Purchase Plan)	●			
PICKLE	●			
Provisional Medicaid	●			
Section 4913 Children	●			
SGA Disabled W/W/DS	●			
SSI	●			
SSI Conversion	●			
Tuberculosis	●			
<b>SSI (Office of Community Service (OCS) Foster Care, IV-E OCS/Office of Youth Development (OYD) and OCS/OYD (XIX))</b>				
Foster Care IV-E — Suspended SSI	●			
SSI	●			
<b>TANF (Families and Children, Low Income Families with Children (LIFC))</b>				
CHAMP — Child	●			
CHAMP — Pregnant Woman (to 133% of Federal Poverty Income Guidelines (FPIG))	●			
CHAMP — Pregnant Woman Expansion (to 185% FPIG)	●			

COA/Eligibility Category Name	Mandatory	Voluntary Opt-In	SBH & NEMT	Excluded
Deemed Eligible	●			
ELE — Food Stamps (Express Lane Eligibility — Food Stamps)	●			
Grant Review	●			
LaCHIP Phase 1	●			
LaCHIP Phase 2	●			
LaCHIP Phase 3	●			
LaCHIP Phase IV —Pregnant Women Expansion	●			
HPE LaCHIP	●			
HPE LaCHIP Unborn	●			
LIFC — Unemployed Parent/CHAMP	●			
LIFC Basic	●			
PAP - Prohibited Aid for Families with Dependent Children Provisions	●			
Pregnant women with income greater than 118% of Federal Poverty Level (FPL) and less than or equal to 133% of FPL	●			
Regular MNP	●			
HPE Children under age 19	●			
Transitional Medicaid	●			
HPE Parent/Caretaker Relative	●			
<b>FCC (Families and Children)</b>				
Former Foster Care Children	●			
HPE Former Foster Care	●			
Youth Aging Out of Foster Care (Chaffee Option)	●			
<b>FCC (OCS Foster Care, IV-E OCS/OYD and OCS/OYD (XIX))</b>				
CHAMP — Child	●			
CHAMP — Pregnant Woman (to 133% of FPIG)*	●			
IV-E Foster Care	●			

COA/Eligibility Category Name	Mandatory	Voluntary Opt-In	SBH & NEMT	Excluded
LaCHIP Phase 1	●			
OYD — V Category Child	●			
Regular Foster Care Child	●			
YAP (Young Adult Program)	●			
YAP/OYD	●			
<b>BCC (Families and Children)</b>				
Breast and/or Cervical Cancer	●			
HPE B/CC	●			
<b>LAP (Families and Children)</b>				
LaCHIP Affordable Plan	●			
<b>HCBS Waiver</b>				
ADHC		●	●	
Children's Waiver — Louisiana CC		●	●	
Community Choice Waiver		●	●	
NOW — SSI		●	●	
NOW Fund		●	●	
NOW — Non-SSI		●	●	
ROW — Non-SSI		●	●	
ROW — SSI		●	●	
SSI Children's Waiver — Louisiana CC		●	●	
SSI Community Choice Waiver		●	●	
SSI NOW Fund		●	●	
SSI/ADHC		●	●	
Supports Waiver		●	●	
Supports Waiver SSI		●	●	
<b>CCM</b>				
CCM*		●	●	
<b>SBH — Other</b>				
LTC			●	
LTC MNP/Transfer of Resources			●	
LTC Payment Denial/Late Admission Packet			●	

COA/Eligibility Category Name	Mandatory	Voluntary Opt-In	SBH & NEMT	Excluded
LTC Spend-Down MNP			●	
Private ICF/DD			●	
Public ICF/DD			●	
SSI Payment Denial/Late Admission			●	
SSI Transfer of Resource(s)/LTC			●	
SSI/LTC			●	
SSI/Private ICF/DD			●	
SSI/Public ICF/DD			●	
Transfer of Resource(s)/LTC			●	
Excess Home Equity SSI Under SIL			●	
Excess Home Equity SSI Under SIL-Reg LTC			●	
QDWI			●	
<b>SBH — Dual Eligibles</b>				
Dual Eligibles**			●	
<b>Excluded</b>				
CHAMP Presumptive Eligibility				●
DD Waiver				●
Denied SSI Prior Period				●
Disabled Adults Authorized for Special Hurricane Katrina Assistance				●
EDA Waiver				●
Family Planning — New Eligibility/Non-LaMOMS				●
Family Planning — Previous LaMOMS Eligibility				●
Family Planning/Take Charge Transition				●
Forced Benefits				●
GNOCHC Adult Parent				●
GNOCHC Childless Adult				●
HPE Family Planning				●
HPE Take Charge Plus				●
LBHP — Adult 1915(i)				●

COA/Eligibility Category Name	Mandatory	Voluntary Opt-In	SBH & NEMT	Excluded
LTC Co-Insurance				●
LTC Spend-Down MNP (Income > Facility Fee)				●
OCS Child Under Age 18 (State Funded)				●
OYD (Office of Youth Development)				●
PACE SSI				●
PACE SSI-related				●
PCA Waiver				●
Private ICF/DD Spend-Down MNP				●
Private ICF/DD Spend-Down MNP/Income Over Facility Fee				●
Public ICF/DD Spend-Down MNP				●
QI-1 (Qualified Individual — 1)				●
QI-2 (Qualified Individual — 2) (Program terminated 12/31/2002)				●
QMB				●
SLMB				●
Spend-Down MNP				●
Spend-Down Denial of Payment/Late Packet				●
SSI Conversion/Refugee Cash Assistance (RCA)/LIFC Basic				●
SSI DD Waiver				●
SSI PCA Waiver				●
SSI/EDA Waiver				●
State Retirees				●
Terminated SSI Prior Period				●

\* Individuals under the age of 21 otherwise eligible for Medicaid who are listed on the OCDD's Request for Services Registry who are CCM.

\*\* Dual eligibles included in Bayou Health for SBH and NEMT services must be in a mandatory, voluntary opt-in or SBH and NEMT population listed above in Attachment C. They must also be eligible for Medicare, which is identified based on the Medicare Duals Eligibility table supplied by DHH's fiscal agent. Dually eligible individuals are represented by Dual Status code 02, 04, and 08.

## Appendix C: Bayou Health Covered Services

**Table 1: PH Program**

Medicaid COS	Units of Measurement	Completion COS
Inpatient Hospital	Days	Inpatient
Outpatient Hospital	Claims	Outpatient
Primary Care Physician	Visits	Physician
Specialty Care Physician	Visits	Physician
Federally Qualified Health Center (FQHC)/Rural Health Clinic (RHC)	Visits	Physician
EPSDT	Visits	Physician
Certified Nurse Practitioners/Clinical Nurse	Claims	Physician
Lab/Radiology	Units	Other
Home Health	Visits	Other
Emergency Transportation	Units	Transportation
NEMT	Units	Transportation
Rehabilitation Services (Occupational Therapy, Physical Therapy, Speech Therapy)	Visits	Other
DME	Units	Other
Clinic	Claims	Physician
Family Planning	Visits	Physician
Other	Units	Other
Prescribed Drugs	Scripts	Prescribed Drugs
Emergency Room	Visits	Outpatient
Basic Behavioral Health	Claims	Physician
Hospice*	Admits	Inpatient
Personal Care Services (Age 0–20)*	Units	Physician
Inpatient Services — Mental Health*	Days	Inpatient
Emergency Room — Mental Health*	Visits	Other
Professional/Other — Mental Health*	Units	Other

\* Services that were excluded during the base periods from the Bayou Health program and now are included.

**Table 2: SBH Program**

Medicaid COS	Units of Measurement	Completion COS
Inpatient Services — Mental Health*	Days	SBH Inpatient
Emergency Room — Mental Health*	Visits	SBH Other
Professional/Other — Mental Health*	Units	SBH Other
NEMT	Units	Transportation

\* Services that were excluded during the base periods from the Bayou Health program and now are included.

## Appendix D: PMPM Impact of Behavioral Health MSP

COA Description	CY 2014 MMs	Blended PMPM	MSP PMPM	MSP Adjustment
SBH — Chisholm Class Members	70,181	\$89.58	-\$4.19	-4.70%
SBH — Dual Eligible	1,117,726	\$15.38	-\$0.36	-2.30%
SBH — HCBS Waiver	77,066	\$53.34	-\$3.23	-6.10%
SBH — Other	36,202	\$141.59	-\$7.64	-5.40%
<b>Total SBH Only COAs</b>	<b>1,301,175</b>	<b>\$25.14</b>	<b>-\$0.94</b>	<b>-3.70%</b>

## Appendix E: Trends by utilization, unit cost and PMPM

Table 1: PH Covered Services

COS Group	SSI/BCC/HCBS					
	Unit Cost		Utilization		PMPM	
	Low	High	Low	High	Low	High
Inpatient						
Outpatient	7.00%	8.00%	1.00%	2.00%	0.00%	1.00%
Physician	1.58%	2.58%	0.47%	1.47%	2.06%	4.09%
Transportation					8.20%	11.18%
Pharmacy					8.83%	9.83%
Other	3.85%	5.56%	9.57%	10.56%	13.78%	16.71%
Maternity Kickpayment						

COS Group	F&C/FCC/LAP/CCM					
	Unit Cost		Utilization		PMPM	
	Low	High	Low	High	Low	High
Inpatient						
Outpatient	4.00%	6.00%	0.00%	1.00%	0.00%	1.00%
Physician	1.26%	2.84%	0.00%	1.00%	1.26%	3.87%
Transportation					9.71%	12.88%
Pharmacy					4.00%	5.00%
Other	1.24%	2.56%	4.60%	6.60%	5.90%	9.33%
Maternity Kickpayment						

COS Group	Maternity Kickpayment					
	Unit Cost		Utilization		PMPM	
	Low	High	Low	High	Low	High
Inpatient						
Outpatient						
Physician						
Transportation						
Pharmacy						
Other						
Maternity Kickpayment	0.00%	1.00%	0.00%	0.00%	0.00%	1.00%

## Appendix E: Trends by utilization, unit cost and PMPM

Table 2: SBH Trends

Mapped_COA_Desc	Rate_Cell_Code	PMPM Trend			
		SBH Services		NEMT Services	
		Low	High	Low	High
SSI	Newborn, 0-2 Months	29.00%	34.00%		
SSI	Newborn, 3-11 Months	29.00%	34.00%		
SSI	Child, 1-20 Years	29.00%	34.00%		
SSI	Adult, 21+ Years	4.00%	6.00%		
Family and Children	Newborn, 0-2 Months	29.00%	34.00%		
Family and Children	Newborn, 3-11 Months	29.00%	34.00%		
Family and Children	Child, 1-20 Years	29.00%	34.00%		
Family and Children	Adult, 21+ Years	4.00%	6.00%		
Foster Care Children	Foster Care, All Ages Male & Female	29.00%	34.00%		
Breast and Cervical Cancer	BCC, All Ages Female	4.00%	6.00%		
LaCHIP Affordable Plan	All Ages	29.00%	34.00%		
HCBS Waiver	20 & Under, Male and Female	29.00%	34.00%		
HCBS Waiver	21+ Years, Male and Female	4.00%	6.00%		
Chisholm Class Members	Chisholm, All Ages Male & Female	29.00%	34.00%		
Chisholm Class Members	Chisholm, All Ages Male & Female	29.00%	34.00%	10.00%	12.00%
Dual Eligible	Dual Eligible, All Ages	4.00%	6.00%	15.00%	17.00%
HCBS Waiver	20 & Under, Male and Female	29.00%	34.00%	10.00%	12.00%
HCBS Waiver	21+ Years, Male and Female	4.00%	6.00%	10.00%	12.00%
Other	Other, All Ages	4.00%	6.00%	10.00%	12.00%
Kickpayment	Kickpayment				

## Appendix F: Managed Care Savings Assumptions

Table 1: Managed Care Savings Assumptions

COS Description	HCBS Waiver/CCM						Historically VOO					
	Utilization			Unit Cost			PMPM			Utilization		
	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High
IP Hospital	-12.50%	-10.00%	1.00%	5.00%	-11.63%	-5.50%	-11.63%	-5.50%	-15.00%	3.00%	-19.20%	-12.45%
OP Hospital	-10.00%	-7.50%	1.00%	3.00%	-9.10%	-4.72%	-9.10%	-4.72%	5.00%	7.00%	10.25%	17.70%
PCP	2.50%	5.00%	5.00%	7.00%	7.62%	12.35%	7.62%	12.35%	10.00%	5.00%	25.00%	-18.40%
Specialty Care Physician	-12.50%	-10.00%	0.00%	2.00%	-12.50%	-8.20%	-12.50%	-8.20%	0.00%	2.00%	0.00%	7.10%
FQHC/Rural Health Clinic	0.00%	2.50%	0.00%	2.00%	0.00%	4.55%	0.00%	4.55%	0.00%	5.00%	10.25%	17.70%
EPSTD	0.00%	0.00%	5.00%	7.00%	5.00%	7.00%	5.00%	7.00%	10.00%	5.00%	10.25%	17.70%
GNP/CN	2.50%	5.00%	5.00%	7.00%	7.62%	12.35%	7.62%	12.35%	10.00%	5.00%	10.25%	17.70%
Lab/Radiology	-10.00%	-5.00%	0.00%	2.00%	-10.00%	-3.10%	-10.00%	-3.10%	0.00%	2.00%	0.00%	7.10%
Home Health	0.00%	0.00%	0.00%	2.00%	0.00%	2.00%	0.00%	2.00%	0.00%	2.00%	0.00%	7.10%
Emergency Transportation	-5.00%	-2.50%	0.00%	2.00%	-5.00%	-0.55%	-5.00%	-0.55%	0.00%	2.00%	0.00%	7.10%
NEMT <sup>1</sup>	0.00%	2.50%	0.00%	2.00%	0.00%	4.55%	0.00%	4.55%	0.00%	5.00%	0.00%	7.10%
Rehabilitation Services (OT, PT, ST)	-5.00%	-2.50%	0.00%	2.00%	-5.00%	-0.55%	-5.00%	-0.55%	0.00%	2.00%	0.00%	7.10%
Durable Medical Equipment (DME) <sup>1</sup>	-10.00%	-7.50%	0.00%	2.00%	-10.00%	-5.65%	-10.00%	-5.65%	0.00%	2.00%	0.00%	7.10%
Clinic	-10.00%	-7.50%	0.00%	2.00%	-10.00%	-5.65%	-10.00%	-5.65%	0.00%	2.00%	0.00%	7.10%
Family Planning	0.00%	2.50%	0.00%	2.00%	0.00%	4.55%	0.00%	4.55%	0.00%	5.00%	0.00%	7.10%
Other	0.00%	2.50%	0.00%	2.00%	0.00%	4.55%	0.00%	4.55%	0.00%	5.00%	0.00%	7.10%
Prescribed Drugs	-10.39%	-10.39%	0.00%	0.00%	-10.39%	-10.39%	-10.39%	-10.39%	0.00%	2.00%	0.00%	7.10%
Emergency Room	-12.50%	-10.00%	5.00%	7.00%	-8.12%	-3.70%	-8.12%	-3.70%	-20.00%	5.00%	-21.25%	-14.40%
Basic Behavioral Health	0.00%	0.00%	0.00%	2.00%	0.00%	2.00%	0.00%	2.00%	0.00%	5.00%	0.00%	7.10%
Hospice	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	5.00%	0.00%	7.10%
Personal Care Services <sup>2</sup>												

Table 2: Inpatient Managed Care Savings Assumptions by COA

1 - IP Hospital	Utilization			Unit Cost			PMPM		
	Low	High	Low	High	Low	High	Low	High	High
SSI/FCC/BCC/LaCHIP	-25.00%	-20.00%	1.00%	5.00%	-24.25%	-16.00%	-24.25%	-16.00%	-16.00%
Family and Children	-30.00%	-25.00%	1.00%	5.00%	-29.30%	-21.25%	-29.30%	-21.25%	-21.25%

Table 3: Prescribed Drugs Managed Care Savings Assumptions by COA

2 - Prescribed Drugs	Utilization			Unit Cost			PMPM		
	Low	High	Low	High	Low	High	Low	High	High
SSI	-20.78%	-20.78%	-5.57%	-5.57%	-25.19%	-25.19%	-25.19%	-25.19%	-25.19%
Family and Children	-23.11%	-23.11%	-2.65%	-2.65%	-25.15%	-25.15%	-25.15%	-25.15%	-25.15%
Foster Care Children	-18.50%	-18.50%	-1.53%	-1.53%	-19.75%	-19.75%	-19.75%	-19.75%	-19.75%
Breast and Cervical Cancer	-12.45%	-12.45%	-8.71%	-8.71%	-20.07%	-20.07%	-20.07%	-20.07%	-20.07%
LaCHIP Affordable Plan	-20.78%	-20.78%	-5.57%	-5.57%	-25.19%	-25.19%	-25.19%	-25.19%	-25.19%

Table 4: Hospice Managed Care Savings Assumptions by COA

3 - Hospice	Utilization			Unit Cost			PMPM		
	Low	High	Low	High	Low	High	Low	High	High
SSI/FCC/BCC/LaCHIP	-25.00%	-20.00%	1.00%	5.00%	-24.25%	-16.00%	-24.25%	-16.00%	-16.00%
Family and Children	-30.00%	-25.00%	1.00%	5.00%	-29.30%	-21.25%	-29.30%	-21.25%	-21.25%

### Notes

1 – Managed care savings adjustments were applied to NEMT and DME services incurred by the Legacy Shared Savings program populations, as these services were not historically covered under the Shared Savings program.

2 – Managed care savings adjustments were applied to Personal Care Services incurred by the Legacy Shared Savings and Prepaid programs populations, as these services were not historically covered under the Shared Savings program.

## Appendix G: Retro-Active Eligibility Adjustment Factors Development

Table 1: Monthly Duration Calculation Example -- SSI Population

Unique Recipient Count Retroactive Eligibility Months	First Month of Enrollment in Bayou Health in 2014												Overall CY14
	January	February	March	April	May	June	July	August	September	October	November	December	
1	29	120	81	106	96	118	95	112	105	139	137	82	1,220
2	14	67	78	68	59	95	75	79	79	120	81	57	872
3	13	46	52	42	47	56	54	67	66	57	79	41	620
4	10	63	48	47	51	75	67	78	72	90	104	45	750
5	10	67	54	67	59	68	67	122	91	86	87	68	846
6	7	55	44	50	54	71	63	106	175	92	90	43	850
7	11	30	41	74	49	51	36	75	78	94	76	43	658
8	3	26	18	39	43	39	25	46	62	65	100	26	492
9	6	13	7	14	19	34	28	82	69	39	54	32	397
10	1	8	7	14	21	32	14	57	69	64	33	30	350
11	1	37	38	50	47	56	42	59	69	55	45	42	541
12	18	7	15	11	20	17	11	25	9	11	20	7	171
Grand Total: [A]	123	539	483	582	565	712	577	908	944	912	906	516	7,767
Retro Member Months: [B]	620	2,415	2,281	2,969	3,003	3,657	2,826	5,179	5,474	4,798	4,810	2,740	40,772
Avg. Retro Duration: [C] = [B] / [A]	5.0	4.5	4.7	5.1	5.3	5.1	4.9	5.7	5.8	5.3	5.3	5.3	5.2

## Appendix G: Retro-Active Eligibility Adjustment Factors Development

Table 2a: Retroactive Member Months by COA

COA Description	First Month of Enrollment in Bayou Health in 2014												Overall CY14
	January	February	March	April	May	June	July	August	September	October	November	December	
SSI	620	2,415	2,281	2,969	3,003	3,657	2,826	5,179	5,474	4,798	4,810	2,740	40,772
F&C	3,812	9,554	6,718	12,481	17,455	14,633	16,381	20,503	17,535	36,843	16,443	8,809	181,167
FCC	3	25	15	64	44	52	57	92	83	102	37	39	613
BCC	3	68	40	46	24	36	54	27	51	39	69	38	495
LAP		4	2	1	2	3	3	11	16	12	11	1	66
HCBS								1	2	8		9	20
CCM		4		8		6	15	6	4	10	4	5	62
<b>Grand Total</b>	<b>4,438</b>	<b>12,070</b>	<b>9,056</b>	<b>15,569</b>	<b>20,528</b>	<b>18,387</b>	<b>19,336</b>	<b>25,819</b>	<b>23,165</b>	<b>41,812</b>	<b>21,374</b>	<b>11,641</b>	<b>223,195</b>

Table 2b: Unique Recipient Count by COA

COA Description	First Month of Enrollment in Bayou Health in 2014												Overall CY14
	January	February	March	April	May	June	July	August	September	October	November	December	
SSI	123	539	483	582	565	712	577	908	944	912	906	516	7,767
F&C	1,899	4,325	2,660	4,354	5,907	5,731	5,573	6,912	6,138	10,756	7,042	3,954	65,251
FCC	2	13	12	32	19	25	25	46	31	53	22	26	306
BCC	1	25	13	21	10	13	21	15	18	17	27	14	195
LAP		2	2	1	2	3	3	6	9	7	7	1	43
HCBS								1	1	4		2	8
CCM		2		2		2	3	4	2	4	1	1	21
<b>Grand Total</b>	<b>2,025</b>	<b>4,906</b>	<b>3,170</b>	<b>4,992</b>	<b>6,503</b>	<b>6,486</b>	<b>6,202</b>	<b>7,892</b>	<b>7,143</b>	<b>11,753</b>	<b>8,005</b>	<b>4,514</b>	<b>73,591</b>

Table 2c: Average Duration by COA ( [2a] / [2b] )

COA Description	First Month of Enrollment in Bayou Health in 2014												Overall CY14
	January	February	March	April	May	June	July	August	September	October	November	December	
SSI	5.0	4.5	4.7	5.1	5.3	5.1	4.9	5.7	5.8	5.3	5.3	5.3	5.3
F&C	2.0	2.2	2.5	2.9	3.0	2.6	2.9	3.0	2.9	3.4	2.3	2.2	2.8
FCC	1.5	1.9	1.3	2.0	2.3	2.1	2.3	2.0	2.7	1.9	1.7	1.5	2.0
BCC	3.0	2.7	3.1	2.2	2.4	2.8	2.6	1.8	2.8	2.3	2.6	2.7	2.5
LAP		2.0	1.0	1.0	1.0	1.0	1.0	1.8	1.8	1.7	1.6	1.0	1.5
HCBS								1.0	2.0	2.0		4.5	2.5
CCM		2.0		4.0		3.0	5.0	1.5	2.0	2.5	4.0	5.0	3.0
<b>Grand Total</b>	<b>2.2</b>	<b>2.5</b>	<b>2.9</b>	<b>3.1</b>	<b>3.2</b>	<b>2.8</b>	<b>3.1</b>	<b>3.3</b>	<b>3.2</b>	<b>3.6</b>	<b>2.7</b>	<b>2.6</b>	<b>3.0</b>

## Appendix G: Retro-Active Eligibility Adjustment Factors Development

Table 3: Retroactive Eligibility Adjustment Factors Development

COA Description		Rate Cell Description	Base Data from Data Book		Retroactive Eligibility -- CY14 Experience			Adjustment Factors Development				
			CY14 MMs	CY14 PMPMs	Recipient Count	Average Duration	PMPMs	MMs	PMPMs	Observed Retro Adj. Factor	Final Retro Adj. Factor	
SSI	Newborn, 0-2 Months		1,791	\$ 17,484.87					1,791	\$ 17,484.87	1,000	1,000
SSI	Newborn, 3-11 Months		7,075	\$ 4,329.71					7,075	\$ 4,329.71	1,000	1,000
SSI	Child, 1-20 Years		472,130	\$ 462.78	886	5.3	\$ 188.66		476,782	\$ 460.11	0.994	1,000
SSI	Adult, 21+ Years		910,199	\$ 812.76	6,881	5.3	\$ 926.01		946,324	\$ 817.09	1.005	1,005
F&C	Newborn, 0-2 Months		173,111	\$ 1,199.02					173,111	\$ 1,199.02	1,000	1,000
F&C	Newborn, 3-11 Months		391,571	\$ 204.58					391,571	\$ 204.58	1,000	1,000
F&C	Child, 1-20 Years		7,757,419	\$ 112.98	35,649	2.8	\$ 46.53		7,856,523	\$ 112.14	0.993	1,000
F&C	Adult, 21+ Years		1,216,522	\$ 242.49	29,602	2.8	\$ 209.87		1,298,816	\$ 240.42	0.991	1,000
FCC	FCC, All Ages Male & Female		126,475	\$ 328.64	306	2.0	\$ 162.50		127,087	\$ 327.84	0.998	1,000
BCC	BCC, All Ages Female		13,070	\$ 1,337.82	195	2.5	\$ 2,292.67		13,565	\$ 1,372.68	1.026	1,026
LAP	All Ages		40,170	\$ 153.95	43	1.5	\$ 498.98		40,236	\$ 154.51	1.004	1,004
HCBS Waiver	20 & Under, Male and Female		25,781	\$ 1,368.09	4	2.5	\$ 1,109.00		25,791	\$ 1,367.99	1,000	1,000
HCBS Waiver	21+ Years, Male and Female		51,285	\$ 795.34	4	2.5	\$ 1,002.18		51,295	\$ 795.38	1,000	1,000
CCM	CCM, All Ages Male & Female		69,175	\$ 916.35	21	3.0	\$ 1,149.95		69,237	\$ 916.56	1,000	1,000

### Notes:

The retroactive eligibility adjustment does not apply to the newborn rate cells as retroactive experience is included in the base data for these rate cells.

$$F = A + (C * D)$$

$$G = ((A * B) + (C * D * E)) / F$$

$$H = G / B$$

$$I = \text{MAX}(H, 1)$$

# Appendix H: Physical Health Projected Claims PMPM Development

Table 1: PH Historical Rating Adjustments

Region Name	COA Desc	Rate Cell Desc	CY2013 MMs	CY2013 PMPM	Recoupment Adj (F&A)	Fee Sched Adj	ACT 312 Adj	CY2013 PMPM After Adj	CY2014 MMs	CY2014 PMPM	Recoupment Adj (F&A)	Fee Sched Adj	ACT 312 Adj	CY2014 PMPM After Adj
Gulf	SSI	Newborn, 0-2 Months	604	\$ 23,417.19	-0.18%	-5.20%	0.02%	\$ 22,163.84	489	\$ 22,257.30	-0.13%	-4.21%		\$ 21,281.82
Gulf	SSI	Newborn, 3-11 Months	2,059	\$ 6,381.27	-0.15%	-3.46%	0.02%	\$ 6,164.01	2,016	\$ 5,504.10	-0.14%	-3.71%		\$ 5,282.40
Gulf	SSI	Child, 1-20 Years	146,014	\$ 326.79	-0.10%	1.04%	1.10%	\$ 333.50	140,382	\$ 351.04	-0.12%	-2.89%		\$ 340.48
Gulf	SSI	Adult, 21+ Years	285,997	\$ 712.04	-0.08%	1.23%	1.08%	\$ 728.01	288,331	\$ 751.84	-0.09%	-2.65%		\$ 731.31
Gulf	Family and Children	Newborn, 0-2 Months	47,078	\$ 1,194.92	-0.16%	-4.56%	0.04%	\$ 1,139.10	48,751	\$ 1,114.81	-0.17%	-6.13%		\$ 1,044.74
Gulf	Family and Children	Newborn, 3-11 Months	105,588	\$ 197.18	-0.15%	-5.72%	0.51%	\$ 186.57	108,391	\$ 212.61	-0.12%	-8.17%		\$ 195.01
Gulf	Family and Children	Child, 1-20 Years	2,076,132	\$ 87.75	-0.13%	-2.48%	0.93%	\$ 86.26	2,120,899	\$ 90.14	-0.10%	-5.77%		\$ 84.85
Gulf	Family and Children	Adult, 21+ Years	364,014	\$ 211.15	-0.10%	1.17%	0.92%	\$ 215.36	388,465	\$ 211.94	-0.10%	-2.15%		\$ 207.18
Gulf	Foster Care Children	Foster Care, All Ages Male & Female	21,885	\$ 167.24	-0.11%	0.41%	1.33%	\$ 169.97	23,352	\$ 169.59	-0.10%	-4.02%		\$ 162.61
Gulf	Breast and Cervical Cancer	BCC, All Ages Female	3,850	\$ 1,356.05	-0.10%	-0.83%	0.39%	\$ 1,348.66	3,937	\$ 1,245.33	-0.12%	-6.35%		\$ 1,164.84
Gulf	LaCHIP Affordable Plan	All Ages	10,504	\$ 121.33	-0.13%	-3.37%	0.97%	\$ 118.22	10,344	\$ 138.40	-0.12%	-4.83%		\$ 131.56
Gulf	HCBS Waiver	20 & Under, Male and Female	7,958	\$ 901.22	-0.12%	5.82%	0.80%	\$ 958.33	7,718	\$ 907.41	-0.17%	-0.06%		\$ 905.30
Gulf	HCBS Waiver	21+ Years, Male and Female	13,356	\$ 684.74	-0.14%	9.16%	1.47%	\$ 768.50	13,526	\$ 702.50	-0.15%	-0.28%		\$ 689.49
Gulf	Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	16,111	\$ 684.94	-0.15%	5.09%	0.85%	\$ 703.65	16,983	\$ 790.86	-0.21%	-0.07%		\$ 788.65
Gulf	SBH - Dual Eligible	SBH - Chisholm, All Ages Male & Female	-	-	0.00%	0.00%	0.00%	-	-	-	0.00%	0.00%		-
Gulf	SBH - HCBS Waiver	SBH - Dual Eligible, All Ages	-	-	0.00%	0.00%	0.00%	-	-	-	0.00%	0.00%		-
Gulf	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female	-	-	0.00%	0.00%	0.00%	-	-	-	0.00%	0.00%		-
Gulf	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	-	-	0.00%	0.00%	0.00%	-	-	-	0.00%	0.00%		-
Gulf	SBH - Other	SBH - Other, All Ages	-	-	0.00%	0.00%	0.00%	-	-	-	0.00%	0.00%		-
Gulf	Maternity Kidpayment	Maternity Kidpayment, All Ages	10,575	\$ 5,740.32	-0.16%	-1.43%	0.00%	\$ 5,649.47	10,549	\$ 5,615.55	-0.15%	-1.83%		\$ 5,504.09
Capital	SSI	Newborn, 0-2 Months	438	\$ 17,483.68	-0.22%	3.60%	0.02%	\$ 18,077.29	384	\$ 17,219.17	-0.20%	-1.03%		\$ 17,007.88
Capital	SSI	Newborn, 3-11 Months	1,724	\$ 6,075.63	-0.15%	5.08%	0.22%	\$ 6,387.60	1,488	\$ 6,060.12	-0.22%	-0.52%		\$ 6,014.88
Capital	SSI	Child, 1-20 Years	107,730	\$ 389.62	-0.10%	3.95%	1.10%	\$ 388.07	104,301	\$ 395.72	-0.10%	-0.49%		\$ 393.37
Capital	SSI	Adult, 21+ Years	211,050	\$ 780.81	-0.07%	5.22%	1.16%	\$ 830.53	195,553	\$ 836.77	-0.08%	-0.03%		\$ 836.41
Capital	Family and Children	Newborn, 0-2 Months	42,322	\$ 1,162.54	-0.20%	0.75%	0.05%	\$ 1,189.71	42,461	\$ 1,187.34	-0.21%	-3.08%		\$ 1,158.04
Capital	Family and Children	Newborn, 3-11 Months	95,526	\$ 203.22	-0.19%	-3.25%	0.56%	\$ 197.33	96,528	\$ 197.03	-0.13%	-6.76%		\$ 183.48
Capital	Family and Children	Child, 1-20 Years	1,865,622	\$ 94.50	-0.10%	0.24%	1.07%	\$ 95.61	1,914,036	\$ 98.37	-0.10%	-3.70%		\$ 94.63
Capital	Family and Children	Adult, 21+ Years	281,190	\$ 244.60	-0.10%	4.87%	1.00%	\$ 258.83	288,647	\$ 245.04	-0.10%	0.96%		\$ 247.14
Capital	Foster Care Children	Foster Care, All Ages Male & Female	31,354	\$ 171.34	-0.10%	3.83%	1.50%	\$ 180.39	33,468	\$ 173.00	-0.08%	-2.52%		\$ 168.51
Capital	Breast and Cervical Cancer	BCC, All Ages Female	4,073	\$ 1,016.80	-0.13%	7.42%	0.43%	\$ 1,095.87	3,825	\$ 1,156.30	-0.12%	-1.70%		\$ 1,174.62
Capital	LaCHIP Affordable Plan	All Ages	11,368	\$ 119.18	-0.13%	0.82%	1.41%	\$ 121.68	10,876	\$ 180.15	-0.15%	-2.56%		\$ 175.28
Capital	HCBS Waiver	20 & Under, Male and Female	8,312	\$ 1,176.09	-0.14%	6.95%	0.66%	\$ 1,264.85	7,469	\$ 1,250.33	-0.13%	0.99%		\$ 1,261.13
Capital	HCBS Waiver	21+ Years, Male and Female	12,207	\$ 674.30	-0.14%	14.02%	1.44%	\$ 778.83	12,294	\$ 715.49	-0.16%	1.55%		\$ 725.45
Capital	Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	15,980	\$ 842.50	-0.13%	5.54%	0.83%	\$ 895.38	17,068	\$ 944.59	-0.18%	0.73%		\$ 949.81
Capital	SBH - Dual Eligible	SBH - Chisholm, All Ages Male & Female	-	-	0.00%	0.00%	0.00%	-	-	-	0.00%	0.00%		-
Capital	SBH - HCBS Waiver	SBH - Dual Eligible, All Ages	-	-	0.00%	0.00%	0.00%	-	-	-	0.00%	0.00%		-
Capital	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female	-	-	0.00%	0.00%	0.00%	-	-	-	0.00%	0.00%		-
Capital	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	-	-	0.00%	0.00%	0.00%	-	-	-	0.00%	0.00%		-
Capital	SBH - Other	SBH - Other, All Ages	-	-	0.00%	0.00%	0.00%	-	-	-	0.00%	0.00%		-
Capital	Maternity Kidpayment	Maternity Kidpayment, All Ages	9,368	\$ 4,979.05	-0.18%	-0.02%	0.00%	\$ 4,968.98	9,280	\$ 4,861.92	-0.18%	-0.18%		\$ 4,844.19

Notes:  
 $F = B * (1 + C) * (1 + D) * (1 + E)$   
 $L = H * (1 + I) * (1 + J)$   
 $M^1 = 40\% * CY13 + 60\% * CY14$   
 $W = (M * (1 + N) * (1 + O) * (1 + P) * (1 + Q) * 25/12) * S + U + V$   
 $X = (M * (1 + N) * (1 + O) * (1 + P) * (1 + R) * 25/12) * T + U + V$

M<sup>1</sup> is calculated separately for PP, SS and FFS data types

# Appendix H: Physical Health Projected Claims PMPM Development

Table 1: PH Historical Rating Adjustments

Region Name	COA Desc	Rate Cell Desc	A	B	C	D	E	F	G	H	I	J	K	L
			CY2013 MMs	CY2013 PMPM	Recoupment Adj (F&A)	Fee Sched Adj	ACT 312 Adj	CY2013 PMPM After Adj	CY2014 MMs	CY2014 PMPM	Recoupment Adj (F&A)	Fee Sched Adj	ACT 312 Adj	CY2014 PMPM After Adj
South Central	SSI	Newborn, 0-2 Months	504	\$ 13,205.19	-0.16%	1.05%	0.03%	\$ 13,327.83	466	\$ 16,560.58	-0.23%	-1.17%		\$ 16,327.93
South Central	SSI	Newborn, 3-11 Months	1,951	\$ 4,468.01	-0.13%	2.84%	0.42%	\$ 4,607.99	1,871	\$ 3,188.39	-0.16%	-0.34%		\$ 3,173.57
South Central	SSI	Child, 1-20 Years	109,883	\$ 370.39	-0.08%	2.87%	1.32%	\$ 385.72	108,433	\$ 365.62	-0.07%	-1.48%		\$ 359.96
South Central	SSI	Adult, 21+ Years	249,545	\$ 697.45	-0.07%	2.52%	1.12%	\$ 722.48	237,963	\$ 706.66	-0.08%	-1.29%		\$ 697.02
South Central	Family and Children	Newborn, 0-2 Months	46,805	\$ 1,274.83	-0.16%	-0.92%	0.05%	\$ 1,261.78	46,634	\$ 1,273.70	-0.17%	-2.69%		\$ 1,237.35
South Central	Family and Children	Newborn, 3-11 Months	105,452	\$ 213.23	-0.15%	-3.45%	0.05%	\$ 206.77	104,965	\$ 203.98	-0.12%	-7.06%		\$ 189.37
South Central	Family and Children	Child, 1-20 Years	2,041,990	\$ 99.89	-0.11%	-0.19%	1.12%	\$ 100.71	2,083,138	\$ 99.99	-0.08%	-4.45%		\$ 95.46
South Central	Family and Children	Adult, 21+ Years	271,825	\$ 230.41	-0.10%	2.94%	0.91%	\$ 239.09	299,789	\$ 224.94	-0.10%	-0.62%		\$ 223.33
South Central	Foster Care Children	Foster Care, All Ages Male & Female	39,937	\$ 183.55	-0.10%	3.24%	1.44%	\$ 192.04	44,797	\$ 175.30	-0.09%	-2.01%		\$ 171.62
South Central	Breast and Cervical Cancer	BCC, All Ages Female	2,936	\$ 1,674.64	-0.08%	1.24%	0.76%	\$ 1,665.30	2,747	\$ 1,364.04	-0.12%	-3.00%		\$ 1,321.55
South Central	LaCHIP Affordable Plan	All Ages	13,198	\$ 106.06	-0.14%	-2.40%	1.13%	\$ 104.53	12,678	\$ 109.66	-0.09%	-3.41%		\$ 106.13
South Central	HCBS Waiver	20 & Under, Male and Female	7,448	\$ 1,571.08	-0.08%	3.89%	0.67%	\$ 1,641.71	8,768	\$ 1,615.45	-0.11%	-0.12%		\$ 1,611.85
South Central	Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	14,510	\$ 805.69	-0.12%	3.74%	0.88%	\$ 884.09	14,109	\$ 802.20	-0.15%	0.16%		\$ 802.29
South Central	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	16,884	\$ 902.09	-0.12%	3.74%	0.88%	\$ 942.92	18,278	\$ 855.91	-0.15%	0.45%		\$ 858.47
South Central	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female	-	-	0.00%	0.00%	0.00%	-	-	-	0.00%	0.00%		-
South Central	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	-	-	0.00%	0.00%	0.00%	-	-	-	0.00%	0.00%		-
South Central	SBH - Other	SBH - Other, All Ages	-	-	0.00%	0.00%	0.00%	-	-	-	0.00%	0.00%		-
South Central	Maternity Kidspayment	Maternity Kidspayment, All Ages	10,301	\$ 4,726.64	-0.16%	6.53%	0.00%	\$ 5,027.25	10,188	\$ 4,881.71	-0.15%	4.49%		\$ 5,091.47
North	SSI	Newborn, 0-2 Months	476	\$ 16,309.91	-0.21%	-2.36%	0.03%	\$ 15,696.36	442	\$ 13,302.32	-0.21%	-4.02%		\$ 12,740.78
North	SSI	Newborn, 3-11 Months	1,874	\$ 2,590.80	-0.12%	0.31%	0.51%	\$ 2,608.91	1,700	\$ 2,669.59	-0.15%	-3.13%		\$ 2,562.12
North	SSI	Child, 1-20 Years	120,806	\$ 327.07	-0.07%	1.10%	1.13%	\$ 334.17	119,014	\$ 341.54	-0.08%	-2.64%		\$ 332.25
North	SSI	Adult, 21+ Years	212,523	\$ 668.11	-0.08%	0.49%	1.03%	\$ 677.76	208,362	\$ 675.79	-0.09%	-3.27%		\$ 663.08
North	Family and Children	Newborn, 0-2 Months	35,626	\$ 1,311.96	-0.16%	-2.79%	0.04%	\$ 1,273.85	35,265	\$ 1,216.25	-0.16%	-4.15%		\$ 1,163.87
North	Family and Children	Newborn, 3-11 Months	81,279	\$ 209.64	-0.13%	-2.55%	0.54%	\$ 205.15	81,697	\$ 202.47	-0.11%	-5.77%		\$ 190.58
North	Family and Children	Child, 1-20 Years	1,599,053	\$ 85.52	-0.11%	1.23%	0.93%	\$ 85.86	1,639,346	\$ 86.94	-0.09%	-3.78%		\$ 83.57
North	Family and Children	Adult, 21+ Years	206,386	\$ 216.53	-0.11%	1.23%	0.82%	\$ 220.73	239,631	\$ 214.29	-0.11%	-1.41%		\$ 211.03
North	Foster Care Children	Foster Care, All Ages Male & Female	22,040	\$ 190.21	-0.08%	5.40%	1.55%	\$ 203.42	24,828	\$ 177.29	-0.07%	-1.23%		\$ 174.98
North	Breast and Cervical Cancer	BCC, All Ages Female	2,439	\$ 1,663.11	-0.09%	-8.43%	1.03%	\$ 1,537.25	2,591	\$ 1,667.68	-0.12%	-12.61%		\$ 1,455.62
North	LaCHIP Affordable Plan	All Ages	7,217	\$ 131.24	-0.11%	2.67%	0.96%	\$ 130.49	6,372	\$ 145.46	-0.11%	-2.06%		\$ 142.30
North	HCBS Waiver	20 & Under, Male and Female	4,875	\$ 1,509.52	-0.10%	2.67%	0.82%	\$ 1,557.91	4,318	\$ 1,749.16	-0.13%	-0.16%		\$ 1,744.01
North	Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	11,273	\$ 784.80	-0.15%	6.44%	1.40%	\$ 845.82	11,256	\$ 793.49	-0.16%	0.00%		\$ 792.23
North	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	16,974	\$ 670.56	-0.12%	2.83%	0.69%	\$ 693.43	18,846	\$ 711.70	-0.16%	-0.03%		\$ 716.32
North	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female	-	-	0.00%	0.00%	0.00%	-	-	-	0.00%	0.00%		-
North	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	-	-	0.00%	0.00%	0.00%	-	-	-	0.00%	0.00%		-
North	SBH - Other	SBH - Other, All Ages	-	-	0.00%	0.00%	0.00%	-	-	-	0.00%	0.00%		-
North	Maternity Kidspayment	Maternity Kidspayment, All Ages	8,011	\$ 5,043.54	-0.15%	-0.51%	0.00%	\$ 5,010.21	7,666	\$ 4,969.24	-0.15%	-1.63%		\$ 4,880.85

Notes:

$$F = B * (1 + C) * (1 + D) * (1 + E)$$

$$L = H * (1 + I) * (1 + J)$$

$$M^1 = 40\% * CY13 + 60\% * CY14$$

$$W = (M * (1 + N) * (1 + O) * (1 + P) * (1 + Q) * 25/12) * S) + U * V$$

$$X = (M * (1 + N) * (1 + O) * (1 + P) * (1 + R) * 25/12) * T) * U * V$$

M<sup>1</sup> is calculated separately for PP, SS and FFS data types

# Appendix H: Physical Health Projected Claims PMPM Development

Table 2: PH Prospective Rating Adjustments

Region Name	COA Desc	Rate Cell Desc	CY2013 PMPM After Historical Adj	CY2014 PMPM After Historical Adj	Blended PMPM	Rx Adj	Act 399 Adj	Retro Adj	Low Trend	High Trend	MC Savings Factor - Low	MC Savings Factor - High	Clinical & Rx Efficiencies	Outliers	Projected PMPM - Low	Projected PMPM - High
Gulf	SSI	Newborn, 0-2 Months	\$ 22,163.84	\$ 21,291.82	\$ 21,268.57	-0.01%	0.00%	0.00%	0.54%	1.74%	0.98	0.99	(1.39)	\$ 1,457.70	\$ 22,585.36	\$ 23,244.60
Gulf	SSI	Newborn, 3-11 Months	\$ 6,164.01	\$ 5,392.40	\$ 5,655.69	-0.12%	0.05%	0.00%	1.62%	2.81%	0.99	0.99	(1.75)	8.84	\$ 5,800.06	\$ 5,983.75
Gulf	SSI	Child, 1-20 Years	\$ 333.50	\$ 340.48	\$ 337.05	-0.52%	0.20%	0.00%	6.20%	7.73%	0.97	0.98	(1.75)	0.50	\$ 366.77	\$ 383.04
Gulf	Family and Children	Adult, 21+ Years	\$ 728.01	\$ 731.31	\$ 730.32	-0.34%	0.22%	0.53%	6.18%	7.63%	0.97	0.98	(1.63)	-	\$ 806.80	\$ 838.98
Gulf	Family and Children	Newborn, 0-2 Months	\$ 1,138.10	\$ 1,044.74	\$ 1,087.31	-0.02%	0.01%	0.00%	0.81%	2.32%	0.97	0.97	(1.74)	39.97	\$ 1,110.28	\$ 1,154.21
Gulf	Family and Children	Newborn, 3-11 Months	\$ 186.57	\$ 195.01	\$ 191.73	-0.28%	0.10%	0.00%	2.26%	4.36%	0.97	0.97	(1.83)	-	\$ 192.20	\$ 201.81
Gulf	Family and Children	Child, 1-20 Years	\$ 86.26	\$ 84.85	\$ 85.55	-0.49%	0.19%	0.00%	3.08%	5.15%	0.95	0.95	(1.84)	0.02	\$ 84.38	\$ 88.85
Gulf	Family and Children	Adult, 21+ Years	\$ 215.36	\$ 207.18	\$ 210.76	-0.38%	0.18%	0.00%	3.60%	5.73%	0.96	0.96	(1.68)	-	\$ 213.16	\$ 224.92
Gulf	Foster Care Children	Foster Care, All Ages Male & Female	\$ 169.97	\$ 162.61	\$ 165.36	-0.74%	0.29%	0.00%	2.70%	4.04%	0.91	0.92	(1.74)	-	\$ 165.78	\$ 163.39
Gulf	Breast and Cervical Cancer	BCC, All Ages Female	\$ 1,348.66	\$ 1,164.84	\$ 1,241.72	-0.13%	0.08%	2.61%	7.03%	8.88%	0.97	0.98	(1.60)	-	\$ 1,425.04	\$ 1,493.62
Gulf	LaCHIP Affordable Plan	All Ages	\$ 118.22	\$ 131.56	\$ 125.62	-0.62%	0.21%	0.37%	2.49%	4.51%	0.91	0.92	(1.82)	-	\$ 118.75	\$ 125.40
Gulf	HCBS Waiver	20 & Under, Male and Female	\$ 958.33	\$ 905.30	\$ 926.51	-0.57%	0.15%	0.00%	7.92%	10.13%	0.94	0.94	-	-	\$ 1,019.46	\$ 1,094.63
Gulf	HCBS Waiver	21+ Years, Male and Female	\$ 768.50	\$ 699.49	\$ 727.09	-1.08%	0.28%	0.01%	5.65%	7.22%	0.90	0.93	-	-	\$ 731.96	\$ 775.17
Gulf	Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	\$ 703.65	\$ 788.65	\$ 754.65	-0.59%	0.15%	0.02%	2.75%	4.86%	0.93	0.98	-	-	\$ 738.55	\$ 797.45
Gulf	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	\$ -	\$ -	\$ -	-	0.00%	0.00%	0.00%	0.00%	1.00	1.00	-	-	\$ -	\$ -
Gulf	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female	\$ -	\$ -	\$ -	-	0.00%	0.00%	0.00%	0.00%	1.00	1.00	-	-	\$ -	\$ -
Gulf	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	\$ -	\$ -	\$ -	-	0.00%	0.00%	0.00%	0.00%	1.00	1.00	-	-	\$ -	\$ -
Gulf	SBH - Other	SBH - Other, All Ages	\$ -	\$ -	\$ -	-	0.00%	0.00%	0.00%	0.00%	1.00	1.00	-	-	\$ -	\$ -
Gulf	Maternity Kidpayment	Maternity Kidpayment, All Ages	\$ 5,649.47	\$ 5,504.08	\$ 5,587.00	-0.00%	0.00%	0.00%	0.00%	1.00%	1.00	1.00	-	-	\$ 5,587.00	\$ 5,688.39
Capital	SSI	Newborn, 0-2 Months	\$ 18,077.29	\$ 17,007.68	\$ 17,456.69	-0.01%	0.00%	0.00%	0.50%	1.71%	0.96	0.98	(1.33)	\$ 1,457.70	\$ 18,442.71	\$ 19,088.27
Capital	SSI	Newborn, 3-11 Months	\$ 6,387.60	\$ 6,014.88	\$ 6,109.22	-0.12%	0.04%	0.00%	2.48%	3.82%	0.99	0.99	(1.76)	8.84	\$ 6,384.11	\$ 6,563.86
Capital	SSI	Child, 1-20 Years	\$ 398.07	\$ 393.37	\$ 392.35	-0.57%	0.20%	0.00%	7.02%	8.67%	0.97	0.98	(1.76)	0.50	\$ 433.71	\$ 454.49
Capital	SSI	Adult, 21+ Years	\$ 830.53	\$ 836.41	\$ 834.81	-0.39%	0.22%	0.53%	6.35%	7.81%	0.97	0.98	(1.64)	-	\$ 925.00	\$ 962.17
Capital	Family and Children	Newborn, 0-2 Months	\$ 1,189.71	\$ 1,158.04	\$ 1,173.61	-0.03%	0.01%	0.00%	0.56%	2.01%	0.97	0.98	(1.78)	39.97	\$ 1,191.75	\$ 1,236.68
Capital	Family and Children	Newborn, 3-11 Months	\$ 197.33	\$ 183.48	\$ 188.89	-0.33%	0.11%	0.00%	2.20%	4.34%	0.96	0.97	(1.89)	-	\$ 187.94	\$ 197.70
Capital	Family and Children	Child, 1-20 Years	\$ 95.61	\$ 94.63	\$ 95.24	-0.58%	0.21%	0.00%	3.06%	5.08%	0.94	0.95	(1.87)	0.02	\$ 93.05	\$ 98.02
Capital	Family and Children	Adult, 21+ Years	\$ 258.83	\$ 247.14	\$ 251.79	-0.40%	0.18%	0.00%	3.64%	5.76%	0.95	0.96	(1.69)	-	\$ 254.90	\$ 268.91
Capital	Foster Care Children	Foster Care, All Ages Male & Female	\$ 180.39	\$ 168.51	\$ 173.41	-0.85%	0.29%	0.00%	2.17%	3.99%	0.91	0.92	(1.72)	-	\$ 161.90	\$ 169.51
Capital	Breast and Cervical Cancer	BCC, All Ages Female	\$ 1,095.87	\$ 1,174.62	\$ 1,142.20	-0.15%	0.07%	2.61%	7.71%	9.62%	0.98	0.99	(1.69)	-	\$ 1,336.75	\$ 1,399.04
Capital	LaCHIP Affordable Plan	All Ages	\$ 121.68	\$ 175.28	\$ 154.66	-0.65%	0.22%	0.37%	2.14%	3.92%	0.91	0.92	(1.86)	-	\$ 145.11	\$ 152.37
Capital	HCBS Waiver	20 & Under, Male and Female	\$ 1,264.85	\$ 1,281.13	\$ 1,292.62	-0.47%	0.12%	0.00%	8.01%	10.29%	0.96	0.99	-	-	\$ 1,416.59	\$ 1,519.96
Capital	HCBS Waiver	21+ Years, Male and Female	\$ 778.83	\$ 725.45	\$ 746.81	-1.01%	0.25%	0.01%	5.62%	7.22%	0.91	0.93	-	-	\$ 753.30	\$ 799.79
Capital	Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	\$ 895.38	\$ 949.81	\$ 928.04	-0.58%	0.15%	0.02%	2.89%	5.13%	0.94	0.94	-	-	\$ 919.01	\$ 992.08
Capital	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	\$ -	\$ -	\$ -	-	0.00%	0.00%	0.00%	0.00%	1.00	1.00	-	-	\$ -	\$ -
Capital	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female	\$ -	\$ -	\$ -	-	0.00%	0.00%	0.00%	0.00%	1.00	1.00	-	-	\$ -	\$ -
Capital	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	\$ -	\$ -	\$ -	-	0.00%	0.00%	0.00%	0.00%	1.00	1.00	-	-	\$ -	\$ -
Capital	SBH - Other	SBH - Other, All Ages	\$ -	\$ -	\$ -	-	0.00%	0.00%	0.00%	0.00%	1.00	1.00	-	-	\$ -	\$ -
Capital	Maternity Kidpayment	Maternity Kidpayment, All Ages	\$ 4,968.98	\$ 4,844.19	\$ 4,901.44	-0.00%	0.00%	0.00%	0.00%	1.00%	1.00	1.00	-	-	\$ 4,901.44	\$ 5,008.31

Notes:  
 $F = B * (1 + C) * (1 + D) * (1 + E)$   
 $L = H * (1 + I) * (1 + J)$   
 $M^1 = 40\% * CY13 + 60\% * CY14$   
 $W = (M * (1 + N) * (1 + O) * (1 + P) * (1 + Q) * 25/12) * S) + U * V$   
 $X = (M * (1 + N) * (1 + O) * (1 + P) * (1 + R) * 25/12) * T) + U * V$

M<sup>1</sup> is calculated separately for PP, SS and FFS data types

# Appendix H: Physical Health Projected Claims PMPM Development

Table 2: PH Prospective Rating Adjustments

Region Name	COA Desc	Rate Cell Desc	CY2013 PMPM After Historical Adj	CY2014 PMPM After Historical Adj	Blended PMPM	Rx Adj	Act 399 Adj	Retro Adj	Low Trend	High Trend	MC Savings Factor – Low	MC Savings Factor – High	Clinical & Rx Efficiencies	Outliers	Projected PMPM – Low	Projected PMPM – High
South Central	SSI	Newborn, 0-2 Months	\$ 13,327.83	\$ 16,327.93	\$ 15,061.56	-0.02%	0.01%	0.00%	0.80%	1.83%	0.98	0.99	\$ (1.30)	\$ 1,457.70	\$ 16,394.30	\$ 16,880.89
South Central	SSI	Newborn, 3-11 Months	\$ 4,607.98	\$ 3,173.57	\$ 3,688.13	-0.21%	0.08%	0.00%	2.82%	4.12%	0.98	0.99	\$ (1.65)	\$ 8.84	\$ 3,856.44	\$ 3,983.23
South Central	SSI	Child, 1-20 Years	\$ 386.72	\$ 359.96	\$ 370.13	-0.63%	0.25%	0.00%	6.96%	8.49%	0.97	0.98	\$ (1.67)	\$ 0.50	\$ 408.43	\$ 427.38
South Central	SSI	Adult, 21+ Years	\$ 722.48	\$ 697.02	\$ 707.92	-0.36%	0.21%	0.53%	6.31%	7.81%	0.98	0.99	\$ (1.72)	\$ -	\$ 786.13	\$ 817.20
South Central	Family and Children	Newborn, 0-2 Months	\$ 1,261.78	\$ 1,237.35	\$ 1,251.05	-0.03%	0.01%	0.00%	0.67%	2.14%	0.98	0.99	\$ (1.77)	\$ 39.97	\$ 1,281.04	\$ 1,326.65
South Central	Family and Children	Newborn, 3-11 Months	\$ 206.77	\$ 189.37	\$ 196.95	-0.33%	0.11%	0.00%	2.27%	4.36%	0.96	0.97	\$ (1.85)	\$ -	\$ 196.82	\$ 206.65
South Central	Family and Children	Child, 1-20 Years	\$ 100.71	\$ 95.46	\$ 97.83	-0.57%	0.22%	0.00%	3.13%	5.12%	0.94	0.95	\$ (1.85)	\$ 0.02	\$ 95.98	\$ 100.98
South Central	Family and Children	Adult, 21+ Years	\$ 239.09	\$ 223.33	\$ 230.06	-0.36%	0.17%	0.00%	3.64%	5.81%	0.96	0.96	\$ (1.67)	\$ -	\$ 233.76	\$ 246.71
South Central	Foster Care Children	Foster Care, All Ages Male & Female	\$ 192.04	\$ 171.62	\$ 179.27	-0.74%	0.26%	0.00%	1.95%	3.70%	0.91	0.92	\$ (1.73)	\$ -	\$ 168.14	\$ 176.01
South Central	Breast and Cervical Cancer	BCC, All Ages Female	\$ 1,665.30	\$ 1,321.55	\$ 1,451.38	-0.21%	0.13%	2.61%	7.63%	9.40%	0.98	0.98	\$ (1.66)	\$ -	\$ 1,691.65	\$ 1,765.02
South Central	LaCHIP Affordable Plan	All Ages	\$ 104.53	\$ 106.13	\$ 106.01	-0.63%	0.23%	0.37%	2.51%	4.52%	0.91	0.92	\$ (1.85)	\$ -	\$ 100.03	\$ 105.55
South Central	HCBS Waiver	20 & Under, Male and Female	\$ 1,641.71	\$ 1,611.85	\$ 1,623.79	-0.49%	0.13%	0.00%	9.34%	11.78%	0.96	0.96	\$ -	\$ -	\$ 1,678.02	\$ 2,013.17
South Central	HCBS Waiver	21+ Years, Male and Female	\$ 884.09	\$ 802.29	\$ 835.01	-1.06%	0.25%	0.01%	6.02%	7.89%	0.91	0.93	\$ -	\$ -	\$ 849.20	\$ 901.07
South Central	Chisholm Class Members	Chisholm, All Ages Male & Female	\$ 942.92	\$ 858.47	\$ 892.25	-0.62%	0.16%	0.02%	3.03%	5.31%	0.94	0.97	\$ -	\$ -	\$ 890.07	\$ 957.48
South Central	SBH - Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	\$ -	\$ -	\$ -	0.00%	0.00%	0.00%	0.00%	0.00%	1.00	1.00	\$ -	\$ -	\$ -	\$ -
South Central	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	\$ -	\$ -	\$ -	0.00%	0.00%	0.00%	0.00%	0.00%	1.00	1.00	\$ -	\$ -	\$ -	\$ -
South Central	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female	\$ -	\$ -	\$ -	0.00%	0.00%	0.00%	0.00%	0.00%	1.00	1.00	\$ -	\$ -	\$ -	\$ -
South Central	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	\$ -	\$ -	\$ -	0.00%	0.00%	0.00%	0.00%	0.00%	1.00	1.00	\$ -	\$ -	\$ -	\$ -
South Central	SBH - Other	SBH - Other, All Ages	\$ -	\$ -	\$ -	0.00%	0.00%	0.00%	0.00%	0.00%	1.00	1.00	\$ -	\$ -	\$ -	\$ -
South Central	Maternity Kidpayment	Maternity Kidpayment, All Ages	\$ 5,027.25	\$ 5,091.47	\$ 5,080.31	0.00%	0.00%	0.00%	0.00%	1.00%	1.00	1.00	\$ -	\$ -	\$ 5,080.31	\$ 5,191.07
North	SSI	Newborn, 0-2 Months	\$ 15,886.36	\$ 12,740.78	\$ 13,182.64	-0.01%	0.00%	0.00%	0.71%	1.96%	0.96	0.98	\$ (1.25)	\$ 1,457.70	\$ 14,364.50	\$ 14,878.51
North	SSI	Newborn, 3-11 Months	\$ 2,608.91	\$ 2,582.12	\$ 2,573.88	-0.25%	0.09%	0.00%	4.39%	5.92%	0.99	0.99	\$ (1.74)	\$ 8.84	\$ 2,781.96	\$ 2,883.72
North	SSI	Child, 1-20 Years	\$ 334.17	\$ 332.25	\$ 333.22	-0.51%	0.21%	0.00%	7.15%	8.78%	0.97	0.98	\$ (1.70)	\$ 0.50	\$ 366.15	\$ 386.08
North	SSI	Adult, 21+ Years	\$ 677.76	\$ 653.08	\$ 662.56	-0.31%	0.20%	0.53%	5.89%	7.36%	0.98	0.98	\$ (1.68)	\$ -	\$ 730.39	\$ 758.65
North	Family and Children	Newborn, 0-2 Months	\$ 1,272.85	\$ 1,163.87	\$ 1,212.28	-0.02%	0.01%	0.00%	0.66%	2.11%	0.98	0.98	\$ (1.71)	\$ 39.97	\$ 1,238.21	\$ 1,283.84
North	Family and Children	Newborn, 3-11 Months	\$ 205.15	\$ 190.58	\$ 196.87	-0.29%	0.10%	0.00%	2.26%	4.35%	0.97	0.97	\$ (1.81)	\$ -	\$ 197.37	\$ 207.15
North	Family and Children	Child, 1-20 Years	\$ 86.86	\$ 83.57	\$ 84.72	-0.44%	0.18%	0.00%	3.04%	5.14%	0.95	0.96	\$ (1.82)	\$ 0.02	\$ 84.03	\$ 88.43
North	Family and Children	Adult, 21+ Years	\$ 220.73	\$ 211.03	\$ 215.07	-0.33%	0.15%	0.00%	3.41%	5.58%	0.95	0.96	\$ (1.67)	\$ -	\$ 218.07	\$ 230.08
North	Foster Care Children	Foster Care, All Ages Male & Female	\$ 203.42	\$ 174.98	\$ 186.88	-0.74%	0.28%	0.00%	2.21%	4.01%	0.92	0.93	\$ (1.86)	\$ -	\$ 176.22	\$ 186.15
North	Breast and Cervical Cancer	BCC, All Ages Female	\$ 1,537.25	\$ 1,455.62	\$ 1,503.17	-0.43%	0.19%	0.261%	8.01%	9.67%	0.97	0.98	\$ (1.65)	\$ -	\$ 1,747.24	\$ 1,822.85
North	LaCHIP Affordable Plan	All Ages	\$ 130.49	\$ 142.30	\$ 139.28	-0.51%	0.18%	0.37%	2.64%	4.80%	0.93	0.94	\$ (1.82)	\$ -	\$ 134.66	\$ 142.26
North	HCBS Waiver	20 & Under, Male and Female	\$ 1,597.91	\$ 1,744.01	\$ 1,668.57	-0.43%	0.11%	0.00%	9.18%	11.61%	0.96	0.99	\$ (1.61)	\$ -	\$ 1,915.88	\$ 2,060.78
North	HCBS Waiver	21+ Years, Male and Female	\$ 845.82	\$ 792.23	\$ 813.67	-1.02%	0.26%	0.01%	5.23%	6.79%	0.91	0.93	\$ -	\$ -	\$ 815.61	\$ 865.05
North	Chisholm Class Members	Chisholm, All Ages Male & Female	\$ 693.43	\$ 716.32	\$ 707.16	-0.50%	0.13%	0.02%	3.04%	5.47%	0.95	0.95	\$ (1.78)	\$ -	\$ 708.71	\$ 767.00
North	SBH - Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	\$ -	\$ -	\$ -	0.00%	0.00%	0.00%	0.00%	0.00%	1.00	1.00	\$ -	\$ -	\$ -	\$ -
North	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	\$ -	\$ -	\$ -	0.00%	0.00%	0.00%	0.00%	0.00%	1.00	1.00	\$ -	\$ -	\$ -	\$ -
North	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female	\$ -	\$ -	\$ -	0.00%	0.00%	0.00%	0.00%	0.00%	1.00	1.00	\$ -	\$ -	\$ -	\$ -
North	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	\$ -	\$ -	\$ -	0.00%	0.00%	0.00%	0.00%	0.00%	1.00	1.00	\$ -	\$ -	\$ -	\$ -
North	SBH - Other	SBH - Other, All Ages	\$ -	\$ -	\$ -	0.00%	0.00%	0.00%	0.00%	0.00%	1.00	1.00	\$ -	\$ -	\$ -	\$ -
North	Maternity Kidpayment	Maternity Kidpayment, All Ages	\$ 5,010.21	\$ 4,880.85	\$ 4,936.65	0.00%	0.00%	0.00%	0.00%	1.00%	1.00	1.00	\$ -	\$ -	\$ 4,936.65	\$ 5,044.24

Notes:  
 $F = B * (1 + C) * (1 + D) * (1 + E)$   
 $L = H * (1 + I) * (1 + J)$   
 $M^1 = 40\% * CY13 + 60\% * CY14$   
 $W = (M * (1 + N) * (1 + O) * (1 + P) * (1 + Q) * 25/12) * S + U + V$   
 $X = (M * (1 + N) * (1 + O) * (1 + P) * (1 + R) * 25/12) * T + U + V$

M<sup>1</sup> is calculated separately for PP, SS and FFS data types

# Appendix I: Specialized Behavioral Health Projected Claims PMPM Development

Table 1a: SBH Historical Rating Adjustments (CY 2013)

Region Name	COA Desc	Rate Cell Desc	Historical Adjustments									
			A	B	C	D	E	F	G	H	I	J
			CY2013 MMs	CY2013 PMPM	IP/OP Fee Adj	PRTF Adj	PSH Increase Adj	CSOC Adj	Medication Mgmt Adj	Historical Trend	Recoupment Adj (F&A)	CY2013 PMPM After Adj
Gulf	SSI	Newborn, 0-2 Months	604	\$ -	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	\$ -
Gulf	SSI	Newborn, 3-11 Months	2,059	\$ 1.22	0.0%	0.0%	0.0%	0.0%	0.0%	32.0%	0.0%	\$ 1.60
Gulf	SSI	Child, 1-20 Years	146,014	\$ 82.20	-0.2%	0.1%	0.1%	-9.2%	0.0%	32.0%	-0.1%	\$ 100.25
Gulf	SSI	Adult, 21+ Years	285,997	\$ 78.20	-0.6%	0.0%	0.2%	0.0%	-0.1%	3.0%	-0.1%	\$ 80.07
Gulf	Family and Children	Newborn, 0-2 Months	47,078	\$ 0.09	-0.8%	0.0%	0.0%	0.0%	0.0%	32.0%	0.0%	\$ 0.12
Gulf	Family and Children	Newborn, 3-11 Months	105,588	\$ 0.03	-3.8%	0.0%	0.0%	0.0%	0.0%	32.0%	-0.1%	\$ 0.03
Gulf	Family and Children	Child, 1-20 Years	2,076,182	\$ 13.72	0.0%	0.1%	0.0%	-3.8%	1.6%	32.0%	-0.1%	\$ 16.63
Gulf	Family and Children	Adult, 21+ Years	364,014	\$ 16.15	-0.2%	0.0%	0.0%	0.0%	0.0%	3.0%	-0.1%	\$ 17.72
Gulf	Foster Care Children	Foster Care, All Ages	21,685	\$ 101.64	0.0%	0.6%	0.1%	-10.0%	1.5%	32.0%	-0.1%	\$ 123.42
Gulf	Breast and Cervical Cancer	BCC, All Ages Female	3,850	\$ 6.91	-0.8%	0.0%	0.0%	0.0%	-0.5%	3.0%	-0.2%	\$ 7.01
Gulf	LaCHIP Affordable Plan	All Ages	10,504	\$ 6.83	0.6%	0.0%	0.0%	0.0%	3.4%	32.0%	-0.2%	\$ 9.37
Gulf	HCBS Waiver	20 & Under, Male and Female	7,958	\$ 21.43	-0.9%	0.0%	0.0%	-10.0%	6.3%	32.0%	-0.1%	\$ 26.79
Gulf	HCBS Waiver	21+ Years, Male and Female	13,356	\$ 31.00	-1.2%	0.0%	0.2%	0.0%	0.0%	3.0%	-0.1%	\$ 31.78
Gulf	Chisholm Class Members	Chisholm, All Ages Male & Female	16,111	\$ 52.90	-0.2%	0.0%	0.0%	-11.9%	3.9%	32.0%	-0.1%	\$ 63.78
Gulf	SBH - Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	16,354	\$ 57.50	-0.3%	0.0%	0.0%	-10.8%	3.6%	31.0%	-0.1%	\$ 69.26
Gulf	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	304,778	\$ 16.76	5.3%	0.0%	0.4%	0.0%	0.0%	7.3%	-0.1%	\$ 19.08
Gulf	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female	7,958	\$ 26.42	-0.8%	0.0%	0.0%	-8.4%	5.1%	28.2%	-0.2%	\$ 32.31
Gulf	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	13,356	\$ 42.89	-0.9%	0.0%	0.1%	0.0%	0.0%	5.2%	-0.3%	\$ 44.91
Gulf	SBH - Other	SBH - Other, All Ages	6,844	\$ 131.85	-1.1%	0.0%	0.0%	0.0%	0.0%	5.8%	-0.3%	\$ 137.77
Gulf	Maternity Kickpayment	Maternity Kickpayment, All Ages	-	\$ -	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	\$ -
Capital	SSI	Newborn, 0-2 Months	438	\$ 7.44	0.0%	0.0%	0.0%	0.0%	0.0%	32.0%	-0.3%	\$ 10.28
Capital	SSI	Newborn, 3-11 Months	1,724	\$ 0.03	0.0%	0.0%	5.0%	0.0%	0.0%	32.0%	-0.3%	\$ 0.05
Capital	SSI	Child, 1-20 Years	107,730	\$ 60.84	0.2%	0.4%	0.0%	-13.6%	2.5%	32.0%	-0.1%	\$ 71.51
Capital	SSI	Adult, 21+ Years	211,050	\$ 68.16	0.7%	0.0%	0.0%	0.0%	0.0%	3.0%	-0.1%	\$ 70.64
Capital	Family and Children	Newborn, 0-2 Months	42,322	\$ 0.13	-0.2%	0.0%	0.0%	0.0%	0.0%	32.0%	0.0%	\$ 0.17
Capital	Family and Children	Newborn, 3-11 Months	95,526	\$ 0.14	0.0%	0.0%	3.6%	0.0%	0.0%	32.0%	-0.2%	\$ 0.19
Capital	Family and Children	Child, 1-20 Years	1,865,622	\$ 13.58	1.1%	0.2%	0.0%	-4.1%	3.0%	32.0%	-0.1%	\$ 17.89
Capital	Family and Children	Adult, 21+ Years	261,190	\$ 16.52	3.3%	0.1%	0.0%	0.0%	0.6%	3.0%	-0.1%	\$ 17.67
Capital	Foster Care Children	Foster Care, All Ages Male & Female	31,354	\$ 91.83	0.7%	1.1%	0.1%	-5.6%	2.4%	32.0%	-0.1%	\$ 119.38
Capital	Breast and Cervical Cancer	BCC, All Ages Female	4,073	\$ 7.09	-1.4%	0.0%	0.0%	0.0%	0.1%	3.0%	-0.1%	\$ 7.19
Capital	LaCHIP Affordable Plan	All Ages	11,368	\$ 8.26	6.7%	0.0%	0.0%	0.0%	7.5%	32.0%	-0.3%	\$ 12.46
Capital	HCBS Waiver	20 & Under, Male and Female	8,312	\$ 22.84	1.4%	0.0%	0.3%	-11.2%	5.2%	32.0%	-0.1%	\$ 28.61
Capital	HCBS Waiver	21+ Years, Male and Female	12,207	\$ 53.14	3.5%	0.0%	0.0%	0.0%	0.5%	3.0%	-0.1%	\$ 56.84
Capital	Chisholm Class Members	Chisholm, All Ages Male & Female	15,980	\$ 58.16	2.5%	0.7%	0.0%	-12.6%	3.6%	32.0%	-0.2%	\$ 71.68
Capital	SBH - Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	16,137	\$ 63.55	3.1%	0.6%	0.0%	-11.6%	3.3%	30.3%	-0.2%	\$ 78.28
Capital	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	245,750	\$ 12.39	2.2%	0.0%	0.0%	-0.2%	0.4%	10.9%	-0.1%	\$ 14.07
Capital	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female	8,312	\$ 28.93	1.1%	0.0%	0.3%	-9.2%	4.1%	27.8%	-0.2%	\$ 35.33
Capital	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	12,207	\$ 66.35	2.7%	0.0%	0.0%	0.0%	0.0%	4.6%	-0.2%	\$ 71.43
Capital	SBH - Other	SBH - Other, All Ages	8,284	\$ 115.30	0.7%	0.0%	0.0%	0.0%	0.1%	5.1%	-0.2%	\$ 121.85
Capital	Maternity Kickpayment	Maternity Kickpayment, All Ages	-	\$ -	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	\$ -

Notes:  
 NEMT services are included for SBH Program  
 $J = B * (1 + C) * (1 + D) * (1 + E) * (1 + F) * (1 + G) * (1 + H) * (1 + I)$   
 $T = L * (1 + M) * (1 + N) * (1 + O) * (1 + P) * (1 + S)$   
 $U = 40\% * J + 60\% * T$   
 $AA = U * (1 + V) * (1 + W) * (1 + X) * (1 + Y) * (1 + Z) * (1 + 25/12)$   
 $AB = U * (1 + V) * (1 + W) * (1 + X) * (1 + Y) * (1 + Z) * (1 + 25/12)$

# Appendix I: Specialized Behavioral Health Projected Claims PMPM Development

Table 1a: SBH Historical Rating Adjustments (CY 2013)

Region Name	COA Desc	Rate Cell Desc	Historical Adjustments									
			A	B	C	D	E	F	G	H	I	J
			CY2013 MMs	CY2013 PMPM	IP/OP Fee Adj	PRTF Adj	PSH Increase Adj	CSOC Adj	Medication Mgmt Adj	Historical Trend	Recoupment Adj (F&A)	CY2013 PMPM After Adj
South Central	SSI	Newborn, 0-2 Months	504	\$ -	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	\$ -
South Central	SSI	Newborn, 3-11 Months	1,951	\$ 2.88	0.0%	0.0%	0.0%	0.0%	0.0%	32.0%	0.0%	\$ 3.86
South Central	SSI	Child, 1-20 Years	109,883	\$ 66.55	-0.3%	0.4%	0.0%	-7.1%	1.0%	32.0%	-0.1%	\$ 62.57
South Central	SSI	Adult, 21+ Years	249,545	\$ 74.30	-0.7%	0.0%	0.1%	0.0%	0.5%	3.0%	-0.1%	\$ 76.39
South Central	Family and Children	Newborn, 0-2 Months	46,805	\$ 0.01	-7.4%	0.0%	0.0%	0.0%	0.0%	32.0%	-0.9%	\$ 0.01
South Central	Family and Children	Newborn, 3-11 Months	105,452	\$ 0.04	-0.9%	0.0%	0.0%	0.0%	0.0%	32.0%	0.0%	\$ 0.05
South Central	Family and Children	Child, 1-20 Years	2,041,990	\$ 11.41	-0.2%	0.2%	0.0%	-4.3%	1.0%	32.0%	-0.1%	\$ 14.55
South Central	Family and Children	Adult, 21+ Years	271,825	\$ 17.90	-0.9%	0.0%	0.0%	0.0%	1.3%	3.0%	-0.2%	\$ 18.49
South Central	Foster Care Children	Foster Care, All Ages Male & Female	39,937	\$ 104.75	-0.1%	1.8%	0.0%	-5.5%	0.5%	32.0%	0.0%	\$ 133.46
South Central	Breast and Cervical Cancer	BCC, All Ages Female	2,936	\$ 2.13	-0.3%	0.0%	0.3%	0.0%	1.2%	3.0%	0.0%	\$ 2.22
South Central	LaCHIP Affordable Plan	All Ages	13,198	\$ 5.87	-0.1%	0.0%	0.0%	0.0%	2.1%	32.0%	-0.1%	\$ 7.90
South Central	HCBS Waiver	20 & Under, Male and Female	7,448	\$ 31.15	-0.5%	0.0%	0.0%	0.0%	0.0%	32.0%	-0.2%	\$ 42.29
South Central	HCBS Waiver	21+ Years, Male and Female	14,510	\$ 42.91	-0.7%	0.0%	0.0%	0.0%	2.6%	3.0%	-0.2%	\$ 44.96
South Central	Chisholm Class Members	Chisholm, All Ages Male & Female	16,884	\$ 90.34	-0.3%	0.7%	0.0%	-12.8%	1.6%	32.0%	-0.1%	\$ 105.97
South Central	SBH - Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	17,361	\$ 98.94	-0.2%	0.6%	0.0%	-11.6%	1.4%	30.0%	-0.1%	\$ 115.62
South Central	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	328,533	\$ 11.41	3.2%	0.0%	0.1%	0.0%	0.5%	8.9%	-0.2%	\$ 12.88
South Central	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female	7,448	\$ 42.01	-0.4%	0.0%	0.0%	0.0%	2.6%	26.7%	-0.3%	\$ 54.29
South Central	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	14,510	\$ 64.34	-0.4%	0.0%	0.0%	0.0%	1.7%	5.6%	-0.3%	\$ 68.62
South Central	SBH - Other	SBH - Other, All Ages	10,261	\$ 199.32	-0.2%	0.0%	0.0%	0.0%	0.2%	4.8%	-0.2%	\$ 208.53
South Central	Maternity Kickpayment	Maternity Kickpayment, All Ages	-	\$ -	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	\$ -
North	SSI	Newborn, 0-2 Months	476	\$ -	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	\$ -
North	SSI	Newborn, 3-11 Months	1,874	\$ 0.01	0.0%	0.0%	0.0%	0.0%	0.0%	32.0%	-0.4%	\$ 0.02
North	SSI	Child, 1-20 Years	120,806	\$ 105.86	-0.1%	0.7%	0.0%	-0.7%	0.5%	32.0%	0.0%	\$ 140.35
North	SSI	Adult, 21+ Years	212,523	\$ 51.67	-0.7%	0.1%	0.1%	0.0%	0.3%	3.0%	-0.1%	\$ 53.08
North	Family and Children	Newborn, 0-2 Months	35,826	\$ 0.02	-7.4%	0.0%	0.0%	0.0%	0.0%	32.0%	0.0%	\$ 0.02
North	Family and Children	Newborn, 3-11 Months	81,279	\$ 0.00	-4.1%	0.0%	0.0%	0.0%	0.0%	32.0%	0.0%	\$ 0.01
North	Family and Children	Child, 1-20 Years	1,599,053	\$ 16.86	-0.1%	0.1%	0.0%	-0.3%	0.6%	32.0%	0.0%	\$ 22.30
North	Family and Children	Adult, 21+ Years	206,386	\$ 16.52	-0.8%	0.3%	0.0%	0.0%	0.3%	3.0%	-0.1%	\$ 16.98
North	Foster Care Children	Foster Care, All Ages Male & Female	22,040	\$ 277.60	0.2%	2.6%	0.0%	-0.3%	0.2%	32.0%	0.0%	\$ 376.24
North	Breast and Cervical Cancer	BCC, All Ages Female	2,439	\$ 36.08	0.0%	0.0%	0.0%	0.0%	0.0%	3.0%	-0.1%	\$ 37.14
North	LaCHIP Affordable Plan	All Ages	7,217	\$ 7.98	-1.2%	0.0%	0.1%	-0.4%	1.2%	32.0%	0.0%	\$ 10.51
North	HCBS Waiver	20 & Under, Male and Female	4,875	\$ 61.06	-0.5%	0.6%	0.1%	-1.7%	2.2%	32.0%	-0.1%	\$ 81.10
North	HCBS Waiver	21+ Years, Male and Female	11,273	\$ 41.95	-0.8%	0.0%	0.0%	0.0%	1.2%	3.0%	-0.1%	\$ 43.36
North	Chisholm Class Members	Chisholm, All Ages Male & Female	16,974	\$ 81.41	0.1%	0.8%	0.0%	-1.4%	1.4%	32.0%	0.0%	\$ 108.48
North	SBH - Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	17,290	\$ 84.30	0.1%	0.8%	0.0%	-1.3%	1.3%	31.3%	0.0%	\$ 111.73
North	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	268,049	\$ 11.14	1.9%	0.1%	0.1%	0.0%	0.3%	9.9%	-0.1%	\$ 12.52
North	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female	4,875	\$ 68.24	-0.4%	0.5%	0.0%	-1.6%	2.0%	29.8%	-0.1%	\$ 89.03
North	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	11,273	\$ 62.36	-0.5%	0.0%	0.0%	0.0%	0.0%	5.6%	-0.2%	\$ 65.90
North	SBH - Other	SBH - Other, All Ages	9,400	\$ 116.74	-0.3%	0.0%	0.0%	0.0%	0.1%	5.7%	-0.3%	\$ 122.79
North	Maternity Kickpayment	Maternity Kickpayment, All Ages	-	\$ -	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	\$ -

Notes:

NEMT services are included for SBH Program

J = B \* (1 + C) \* (1 + D) \* (1 + E) \* (1 + F) \* (1 + G) \* (1 + H) \* (1 + I)

T = L \* (1 + M) \* (1 + N) \* (1 + O) \* (1 + P) \* (1 + S)

U = 40% \* J + 60% \* T

AA = U \* (1 + V) \* (1 + W) \* (1 + X) \* (1 + Y) \* (1 + Z) \* (1 + 25/12)

AB = U \* (1 + V) \* (1 + W) \* (1 + X) \* (1 + Y) \* (1 + Z) \* (1 + 25/12)

# Appendix I: Specialized Behavioral Health Projected Claims PMPM Development

Table 1b: SBH Historical Adjustments (CY 2014)

Table 1b: SBH Historical Adjustments (CY 2014)															
Region Name	COA Desc	Rate Cell Desc	K		L	M					Historical Adjustments				T
			CY2014 MMs	CY2014 PMPM		IP/OP Fee Adj	PRTE	N	PSH Increase Adj	P	Q	R	S		
Gulf	SSI	Newborn, 0-2 Months	499	\$ -		0.0%	0.0%	0.0%	0.0%		0.0%			0.0%	\$ -
Gulf	SSI	Newborn, 3-11 Months	2,016	\$ 0.52		-0.1%	0.0%	0.0%	0.0%		0.0%			-0.1%	\$ 93.36
Gulf	SSI	Child, 1-20 Years	140,382	\$ 106.62		-0.1%	0.3%	0.1%	0.1%		-12.6%			-0.1%	\$ 87.46
Gulf	SSI	Adult, 21+ Years	268,331	\$ 87.70		-0.5%	0.0%	0.0%	0.4%		-0.1%			-0.2%	\$ 0.02
Gulf	Family and Children	Newborn, 0-2 Months	48,751	\$ 0.02		-7.0%	0.0%	0.0%	0.0%		0.0%			0.0%	\$ 0.09
Gulf	Family and Children	Newborn, 3-11 Months	108,391	\$ 0.09		-3.6%	0.0%	0.0%	0.0%		0.0%			-0.1%	\$ 18.30
Gulf	Family and Children	Child, 1-20 Years	2,120,899	\$ 19.23		0.0%	0.1%	0.0%	0.0%		-4.9%			-0.2%	\$ 17.78
Gulf	Family and Children	Adult, 21+ Years	388,455	\$ 17.84		-0.3%	0.0%	0.0%	0.2%		0.0%			-0.2%	\$ 121.60
Gulf	Foster Care Children	Foster Care, All Ages Male & Female	23,352	\$ 134.67		0.3%	0.8%	0.1%	0.1%		-10.7%			-0.1%	\$ 7.81
Gulf	Breast and Cervical Cancer	BCC, All Ages Female	3,937	\$ 7.88		-0.6%	0.0%	0.0%	0.0%		0.0%			-0.3%	\$ 8.51
Gulf	LaCHIP Affordable Plan	All Ages	10,244	\$ 8.51		0.3%	0.0%	0.0%	0.0%		0.0%			-0.2%	\$ 43.11
Gulf	HCBS Waiver	20 & Under, Male and Female	7,178	\$ 23.80		-0.6%	0.0%	0.1%	0.1%		-9.0%			-0.2%	\$ 50.18
Gulf	HCBS Waiver	21+ Years, Male and Female	13,626	\$ 43.59		-1.1%	0.0%	0.2%	0.0%		0.0%			-0.2%	\$ 53.81
Gulf	Chisholm Class Members	Chisholm, All Ages Male & Female	16,983	\$ 62.39		-0.1%	0.4%	0.1%	0.1%		-19.7%			-0.2%	\$ 20.54
Gulf	SBH - Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	17,167	\$ 65.89		-0.1%	0.4%	0.1%	0.1%		-18.5%			-0.2%	\$ 23.90
Gulf	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	299,337	\$ 19.00		7.6%	0.0%	0.7%	0.0%		0.0%			-0.2%	\$ 52.51
Gulf	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female	7,178	\$ 26.19		-0.5%	0.0%	0.0%	0.1%		-8.2%			-0.2%	\$ 155.65
Gulf	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	13,626	\$ 53.03		-0.9%	0.0%	0.0%	0.2%		0.0%			-0.3%	\$ -
Gulf	SBH - Other	SBH - Other, All Ages	7,536	\$ 158.01		-1.3%	0.0%	0.0%	0.0%		0.0%			-0.2%	\$ -
Gulf	Maternity Kickpayment	Maternity Kickpayment, All Ages	-	\$ -		0.0%	0.0%	0.0%	0.0%		0.0%			0.0%	\$ -
Capital	SSI	Newborn, 0-2 Months	384	\$ -		0.0%	0.0%	0.0%	0.0%		0.0%			0.0%	\$ -
Capital	SSI	Newborn, 3-11 Months	1,488	\$ 8.06		-0.5%	0.0%	0.0%	2.4%		0.0%			-0.2%	\$ 77.27
Capital	SSI	Child, 1-20 Years	104,301	\$ 88.10		0.1%	0.6%	0.0%	0.0%		-12.7%			-0.2%	\$ 70.65
Capital	SSI	Adult, 21+ Years	195,553	\$ 70.14		0.7%	0.1%	0.0%	0.0%		0.0%			-0.1%	\$ 1.25
Capital	Family and Children	Newborn, 0-2 Months	42,461	\$ 1.21		-0.1%	0.0%	0.0%	3.8%		0.0%			-0.3%	\$ 0.42
Capital	Family and Children	Newborn, 3-11 Months	96,528	\$ 0.42		-1.0%	0.0%	0.0%	3.0%		0.0%			-0.3%	\$ 17.17
Capital	Family and Children	Child, 1-20 Years	1,914,036	\$ 18.07		1.0%	0.1%	0.0%	0.0%		-5.7%			-0.3%	\$ 20.40
Capital	Family and Children	Adult, 21+ Years	288,647	\$ 19.95		2.3%	0.1%	0.0%	0.0%		0.0%			-0.2%	\$ 163.25
Capital	Foster Care Children	Foster Care, All Ages Male & Female	33,498	\$ 160.86		1.0%	1.6%	0.0%	0.0%		-1.1%			-0.1%	\$ 16.50
Capital	Breast and Cervical Cancer	BCC, All Ages Female	3,825	\$ 16.58		-0.3%	0.0%	0.0%	0.0%		0.0%			-0.1%	\$ 16.50
Capital	LaCHIP Affordable Plan	All Ages	10,876	\$ 15.96		2.2%	0.0%	0.0%	0.0%		0.0%			-0.3%	\$ 16.27
Capital	HCBS Waiver	20 & Under, Male and Female	7,499	\$ 44.31		0.0%	1.9%	0.1%	0.1%		-13.4%			-0.2%	\$ 39.07
Capital	HCBS Waiver	21+ Years, Male and Female	12,294	\$ 43.23		0.5%	0.0%	0.1%	0.0%		0.0%			-0.2%	\$ 43.40
Capital	Chisholm Class Members	Chisholm, All Ages Male & Female	17,068	\$ 68.04		2.3%	0.8%	0.0%	0.0%		-18.9%			-0.2%	\$ 56.83
Capital	SBH - Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	17,176	\$ 74.84		3.0%	0.7%	0.0%	0.0%		-17.1%			-0.2%	\$ 64.27
Capital	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	239,197	\$ 15.60		2.8%	0.0%	0.1%	0.0%		0.0%			-0.1%	\$ 16.03
Capital	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female	7,499	\$ 50.40		0.0%	1.6%	0.1%	0.1%		-11.8%			-0.2%	\$ 45.14
Capital	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	12,294	\$ 59.67		0.4%	0.0%	0.1%	0.0%		0.0%			-0.2%	\$ 59.79
Capital	SBH - Other	SBH - Other, All Ages	8,412	\$ 96.37		0.5%	0.0%	0.0%	0.0%		0.0%			-0.2%	\$ 96.67
Capital	Maternity Kickpayment	Maternity Kickpayment, All Ages	-	\$ -		0.0%	0.0%	0.0%	0.0%		0.0%			0.0%	\$ -

Notes:

NEMT services are included for SBH Program  
 $J = B * (1 + C) * (1 + D) * (1 + E) * (1 + F) * (1 + G) * (1 + H) * (1 + I)$   
 $T = L * (1 + M) * (1 + N) * (1 + O) * (1 + P) * (1 + S)$   
 $U = 40\% * J + 60\% * T$   
 $AA = U * (1 + V) * (1 + W) * (1 + X) * (1 + Y) * (1 + Z) * (1 + 12)$   
 $AB = U * (1 + V) * (1 + W) * (1 + X) * (1 + Y) * (1 + Z) * (1 + 12)$

# Appendix I: Specialized Behavioral Health Projected Claims PMPM Development

Table 1b: SBH Historical Adjustments (CY 2014)

Table 1b: SBH Historical Adjustments (CY 2014)															
Region Name	COA Desc	Rate Cell Desc	K		L	M					Historical Adjustments				T
			CY2014 MMs	CY2014 PMPM		IP/OP Fee Adj	PTF Adj	N	O	P	Q	R	S		
South Central	SSI	Newborn, 0-2 Months	466	\$ -		0.0%	0.0%	0.0%	0.0%			0.0%	\$ -		
South Central	SSI	Newborn, 3-11 Months	1,871	\$ 0.08		-0.1%	0.0%	0.0%	0.0%			-0.2%	\$ 0.08		
South Central	SSI	Child, 1-20 Years	108,433	\$ 83.01		-0.2%	0.6%	0.0%	0.0%			-0.2%	\$ 75.57		
South Central	SSI	Adult, 21+ Years	237,953	\$ 69.44		-0.6%	0.1%	0.1%	0.0%			-0.2%	\$ 68.89		
South Central	Family and Children	Newborn, 0-2 Months	46,634	\$ 0.71		-0.1%	0.0%	0.0%	0.0%			0.0%	\$ 0.71		
South Central	Family and Children	Newborn, 3-11 Months	104,955	\$ 0.28		-0.2%	0.0%	0.0%	0.0%			0.0%	\$ 0.28		
South Central	Family and Children	Child, 1-20 Years	2,083,138	\$ 14.71		-0.1%	0.2%	0.0%	0.0%			-0.2%	\$ 14.19		
South Central	Family and Children	Adult, 21+ Years	299,789	\$ 19.82		-0.9%	0.1%	0.0%	0.0%			-0.3%	\$ 19.58		
South Central	Foster Care Children	Foster Care, All Ages Male & Female	44,797	\$ 103.55		0.0%	1.1%	0.0%	0.0%			-3.7%	\$ 100.73		
South Central	Breast and Cervical Cancer	BCC, All Ages Female	2,747	\$ 5.60		-0.3%	0.0%	0.0%	0.0%			0.0%	\$ 5.57		
South Central	LaCHIP Affordable Plan	All Ages	12,678	\$ 7.15		-0.1%	0.0%	0.0%	0.0%			0.0%	\$ 7.11		
South Central	HCBS Waiver	20 & Under, Male and Female	6,786	\$ 23.84		-0.2%	0.0%	0.0%	0.0%			0.0%	\$ 23.75		
South Central	HCBS Waiver	21+ Years, Male and Female	14,109	\$ 41.78		-0.3%	0.1%	0.0%	0.0%			0.0%	\$ 41.54		
South Central	Chisholm Class Members	Chisholm, All Ages Male & Female	18,278	\$ 114.05		0.0%	1.0%	0.0%	0.0%			-4.8%	\$ 109.45		
South Central	SBH - Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	18,709	\$ 122.06		0.0%	0.9%	0.0%	0.0%			-4.4%	\$ 117.55		
South Central	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	323,040	\$ 11.73		5.3%	0.1%	0.1%	0.0%			0.0%	\$ 12.36		
South Central	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female	6,786	\$ 32.74		-0.1%	0.0%	0.1%	0.0%			0.0%	\$ 32.62		
South Central	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	14,109	\$ 58.70		-0.2%	0.0%	0.0%	0.0%			0.0%	\$ 58.41		
South Central	SBH - Other	SBH - Other, All Ages	10,727	\$ 174.95		-0.2%	0.0%	0.0%	0.0%			0.0%	\$ 174.30		
South Central	Maternity Kickpayment	Maternity Kickpayment, All Ages	-	\$ -		0.0%	0.0%	0.0%	0.0%			0.0%	\$ -		
North	SSI	Newborn, 0-2 Months	442	\$ -		0.0%	0.0%	0.0%	0.0%			0.0%	\$ -		
North	SSI	Newborn, 3-11 Months	1,700	\$ 0.09		-0.1%	0.0%	0.0%	0.0%			0.0%	\$ 0.09		
North	SSI	Child, 1-20 Years	119,014	\$ 121.74		-0.2%	0.4%	0.0%	0.0%			-0.1%	\$ 121.15		
North	SSI	Adult, 21+ Years	208,362	\$ 56.01		-1.2%	0.1%	0.0%	0.0%			0.0%	\$ 55.41		
North	Family and Children	Newborn, 0-2 Months	35,265	\$ 0.01		0.0%	0.0%	0.0%	0.0%			0.0%	\$ 0.01		
North	Family and Children	Newborn, 3-11 Months	81,697	\$ 0.19		0.0%	0.0%	0.0%	0.0%			0.0%	\$ 0.19		
North	Family and Children	Child, 1-20 Years	1,639,346	\$ 24.48		-0.1%	0.1%	0.1%	0.0%			-0.3%	\$ 24.40		
North	Family and Children	Adult, 21+ Years	239,631	\$ 18.86		-0.4%	0.3%	0.0%	0.0%			0.0%	\$ 18.83		
North	Foster Care Children	Foster Care, All Ages Male & Female	24,828	\$ 257.07		0.0%	2.5%	0.0%	0.0%			-0.3%	\$ 262.89		
North	Breast and Cervical Cancer	BCC, All Ages Female	2,561	\$ 12.40		0.0%	0.0%	0.0%	0.0%			0.0%	\$ 12.39		
North	LaCHIP Affordable Plan	All Ages	6,372	\$ 21.12		-0.2%	0.0%	0.1%	0.0%			-0.3%	\$ 21.00		
North	HCBS Waiver	20 & Under, Male and Female	4,318	\$ 46.52		0.0%	0.0%	0.1%	0.0%			-1.5%	\$ 45.77		
North	HCBS Waiver	21+ Years, Male and Female	11,256	\$ 40.47		-0.1%	0.0%	0.0%	0.0%			0.0%	\$ 40.34		
North	Chisholm Class Members	Chisholm, All Ages Male & Female	16,846	\$ 106.55		0.0%	0.8%	0.0%	0.0%			-1.6%	\$ 105.70		
North	SBH - Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	17,129	\$ 108.48		0.0%	0.8%	0.1%	0.0%			-1.6%	\$ 107.64		
North	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	256,152	\$ 13.89		4.2%	0.2%	0.2%	0.0%			0.0%	\$ 14.50		
North	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female	4,318	\$ 52.97		0.0%	0.0%	0.1%	0.0%			-1.3%	\$ 52.20		
North	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	11,256	\$ 58.20		0.0%	0.0%	0.0%	0.0%			0.0%	\$ 58.00		
North	SBH - Other	SBH - Other, All Ages	9,527	\$ 109.51		-0.1%	0.0%	0.0%	0.0%			-0.2%	\$ 109.22		
North	Maternity Kickpayment	Maternity Kickpayment, All Ages	-	\$ -		0.0%	0.0%	0.0%	0.0%			0.0%	\$ -		

Notes:

NEMT services are included for SBH Program

J = B \* (1 + C) \* (1 + D) \* (1 + E) \* (1 + F) \* (1 + G) \* (1 + H) \* (1 + I)

T = L \* (1 + M) \* (1 + N) \* (1 + O) \* (1 + P) \* (1 + S)

U = 40% \* J + 60% \* T

AA = U \* (1 + V) \* (1 + W) \* (1 + X) \* (1 + Y) \* (1 + Z) \* (1 + 12)

AB = U \* (1 + V) \* (1 + W) \* (1 + X) \* (1 + Y) \* (1 + Z) \* (1 + 12)

# Appendix I: Specialized Behavioral Health Projected Claims PMPM Development

Table 2: SBH Prospective Rating Adjustments

Region Name	COA Desc	Rate Cell Desc	Prospective Adjustments										AB
			J	T	U	V	W	X	Y	Z	AA	AB	
			CY2013 PMPM After Historical Adj	CY2014 PMPM After Historical Adj	Blended PMPM	1915 Adj	Mixed Services Protocol Adj	Retro Adj	Low Trend	High Trend	Projected PMPM – Low	Projected PMPM – High	
Gulf	SSI	Newborn, 0-2 Months	\$ -	\$ -	\$ -	0.0%	0.0%	0.0%	0.0%	0.0%	\$ -	\$ -	
Gulf	SSI	Newborn, 3-11 Months	\$ 1.80	\$ 0.52	\$ 0.95	0.0%	0.0%	0.0%	29.0%	34.0%	\$ 1.62	\$ 1.75	
Gulf	SSI	Child, 1-20 Years	\$ 100.25	\$ 93.36	\$ 96.12	0.0%	0.0%	0.0%	29.0%	34.0%	\$ 163.38	\$ 176.85	
Gulf	SSI	Adult, 21+ Years	\$ 80.07	\$ 87.46	\$ 84.51	3.4%	0.0%	0.0%	4.0%	6.0%	\$ 95.28	\$ 99.14	
Gulf	Family and Children	Newborn, 0-2 Months	\$ 0.12	\$ 0.02	\$ 0.06	0.0%	0.0%	0.0%	29.0%	34.0%	\$ 0.10	\$ 0.11	
Gulf	Family and Children	Newborn, 3-11 Months	\$ 0.03	\$ 0.09	\$ 0.07	0.0%	0.0%	0.0%	29.0%	34.0%	\$ 0.11	\$ 0.12	
Gulf	Family and Children	Child, 1-20 Years	\$ 17.72	\$ 18.30	\$ 18.07	0.0%	0.0%	0.0%	29.0%	34.0%	\$ 30.71	\$ 33.25	
Gulf	Family and Children	Adult, 21+ Years	\$ 16.63	\$ 17.78	\$ 17.32	4.0%	0.0%	0.0%	4.0%	6.0%	\$ 19.55	\$ 20.35	
Gulf	Foster Care Children	Foster Care, All Ages Male & Female	\$ 123.42	\$ 121.60	\$ 122.33	0.0%	0.0%	0.0%	29.0%	34.0%	\$ 207.95	\$ 225.10	
Gulf	Breast and Cervical Cancer	BCC, All Ages Female	\$ 7.01	\$ 7.81	\$ 7.49	7.4%	0.0%	0.0%	4.0%	6.0%	\$ 8.95	\$ 9.32	
Gulf	LaCHIP Affordable Plan	All Ages	\$ 9.37	\$ 8.51	\$ 8.85	0.0%	0.0%	0.0%	29.0%	34.0%	\$ 15.10	\$ 16.35	
Gulf	HCBBS Waiver	20 & Under, Male and Female	\$ 26.79	\$ 21.51	\$ 23.63	0.1%	0.0%	0.0%	29.0%	34.0%	\$ 40.18	\$ 43.49	
Gulf	HCBBS Waiver	21+ Years, Male and Female	\$ 31.78	\$ 43.11	\$ 35.58	3.5%	0.0%	0.0%	4.0%	6.0%	\$ 43.32	\$ 45.08	
Gulf	Chisholm Class Members	Chisholm, All Ages Male & Female	\$ 63.78	\$ 50.18	\$ 55.62	0.0%	0.0%	0.0%	29.0%	34.0%	\$ 94.56	\$ 102.36	
Gulf	SBH - Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	\$ 69.26	\$ 53.81	\$ 59.99	0.0%	-6.6%	0.0%	27.9%	32.7%	\$ 93.59	\$ 101.11	
Gulf	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	\$ 19.08	\$ 20.54	\$ 19.96	1.9%	-1.0%	0.0%	7.4%	9.4%	\$ 23.38	\$ 24.29	
Gulf	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female	\$ 32.31	\$ 23.90	\$ 27.26	0.0%	-8.9%	0.0%	26.4%	31.0%	\$ 40.47	\$ 43.62	
Gulf	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	\$ 44.91	\$ 52.51	\$ 49.47	2.8%	-7.3%	0.0%	5.4%	7.4%	\$ 52.66	\$ 54.76	
Gulf	SBH - Other	SBH - Other, All Ages	\$ 137.77	\$ 155.65	\$ 148.49	0.2%	-6.2%	0.0%	6.6%	8.6%	\$ 159.40	\$ 165.70	
Gulf	Maternity Kickpayment	Maternity Kickpayment, All Ages	\$ -	\$ -	\$ -	0.0%	0.0%	0.0%	0.0%	0.0%	\$ -	\$ -	
Capital	SSI	Newborn, 0-2 Months	\$ 10.28	\$ -	\$ 4.11	0.0%	0.0%	0.0%	29.0%	34.0%	\$ 6.99	\$ 7.57	
Capital	SSI	Newborn, 3-11 Months	\$ 0.05	\$ 8.20	\$ 4.94	0.0%	0.0%	0.0%	29.0%	34.0%	\$ 8.39	\$ 9.08	
Capital	SSI	Child, 1-20 Years	\$ 71.51	\$ 77.27	\$ 74.97	0.0%	0.0%	0.0%	29.0%	34.0%	\$ 127.44	\$ 137.94	
Capital	SSI	Adult, 21+ Years	\$ 70.64	\$ 70.65	\$ 70.64	2.6%	0.0%	0.0%	4.0%	6.0%	\$ 79.08	\$ 82.28	
Capital	Family and Children	Newborn, 0-2 Months	\$ 0.17	\$ 1.25	\$ 0.82	0.0%	0.0%	0.0%	29.0%	34.0%	\$ 1.39	\$ 1.50	
Capital	Family and Children	Newborn, 3-11 Months	\$ 0.19	\$ 0.42	\$ 0.33	0.0%	0.0%	0.0%	29.0%	34.0%	\$ 0.56	\$ 0.61	
Capital	Family and Children	Child, 1-20 Years	\$ 17.89	\$ 17.17	\$ 17.46	0.0%	0.0%	0.0%	29.0%	34.0%	\$ 29.68	\$ 32.13	
Capital	Family and Children	Adult, 21+ Years	\$ 17.67	\$ 20.40	\$ 19.31	2.0%	0.0%	0.0%	4.0%	6.0%	\$ 21.37	\$ 22.23	
Capital	Foster Care Children	Foster Care, All Ages Male & Female	\$ 119.38	\$ 163.25	\$ 145.70	0.0%	0.0%	0.0%	29.0%	34.0%	\$ 247.66	\$ 268.08	
Capital	Breast and Cervical Cancer	BCC, All Ages Female	\$ 7.19	\$ 16.50	\$ 12.78	2.5%	0.0%	0.0%	4.0%	6.0%	\$ 14.59	\$ 15.18	
Capital	LaCHIP Affordable Plan	All Ages	\$ 12.46	\$ 16.27	\$ 14.74	0.0%	0.0%	0.0%	4.0%	6.0%	\$ 25.15	\$ 27.23	
Capital	HCBBS Waiver	20 & Under, Male and Female	\$ 28.61	\$ 39.07	\$ 34.88	0.0%	0.0%	0.0%	29.0%	34.0%	\$ 59.29	\$ 64.18	
Capital	HCBBS Waiver	21+ Years, Male and Female	\$ 56.84	\$ 43.40	\$ 48.77	3.1%	0.0%	0.0%	4.0%	6.0%	\$ 54.56	\$ 56.77	
Capital	Chisholm Class Members	Chisholm, All Ages Male & Female	\$ 71.63	\$ 56.83	\$ 62.77	0.0%	0.0%	0.0%	29.0%	34.0%	\$ 106.72	\$ 115.52	
Capital	SBH - Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	\$ 78.28	\$ 64.27	\$ 69.87	0.0%	-6.9%	0.0%	27.5%	32.3%	\$ 107.97	\$ 116.58	
Capital	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	\$ 14.07	\$ 16.03	\$ 15.25	1.2%	-5.7%	0.0%	11.1%	13.1%	\$ 18.12	\$ 18.81	
Capital	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female	\$ 35.33	\$ 45.14	\$ 41.22	0.0%	-5.4%	0.0%	26.1%	30.7%	\$ 63.26	\$ 68.14	
Capital	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	\$ 71.43	\$ 59.79	\$ 64.45	2.4%	-6.7%	0.0%	5.6%	7.6%	\$ 68.88	\$ 71.62	
Capital	SBH - Other	SBH - Other, All Ages	\$ 121.85	\$ 96.67	\$ 106.74	0.3%	-6.6%	0.0%	5.8%	7.8%	\$ 112.32	\$ 116.79	
Capital	Maternity Kickpayment	Maternity Kickpayment, All Ages	\$ -	\$ -	\$ -	0.0%	0.0%	0.0%	0.0%	0.0%	\$ -	\$ -	

Notes:  
 NEMT services are included for SBH Program  
 $J = B * (1 + C) * (1 + D) * (1 + E) * (1 + F) * (1 + G) * (1 + H) * (1 + I)$   
 $T = L * (1 + M) * (1 + N) * (1 + O) * (1 + P) * (1 + S)$   
 $U = 40\% * J + 60\% * T$   
 $AA = U * (1 + V) * (1 + W) * (1 + X) * (1 + Y) * (1 + Z)$   
 $AB = U * (1 + V) * (1 + W) * (1 + X) * (1 + Y) * (1 + Z) * (1 + Z)$

# Appendix I: Specialized Behavioral Health Projected Claims PMPM Development

Table 2: SBH Prospective Rating Adjustments

Region Name	COA Desc	Rate Cell Desc	Prospective Adjustments										AB
			J	T	U	V	W	X	Y	Z	AA	AB	
			CY2013 PMPM After Historical Adj	CY2014 PMPM After Historical Adj	Blended PMPM	1915 Adj	Mixed Services Protocol Adj	Retro Adj	Low Trend	High Trend	Projected PMPM – Low	Projected PMPM – High	
South Central	SSI	Newborn, 0-2 Months	\$	\$	\$	0.0%	0.0%	0.0%	0.0%	0.0%	\$	\$	
South Central	SSI	Newborn, 3-11 Months	\$	\$	\$	0.0%	0.0%	0.0%	0.0%	0.0%	\$	\$	
South Central	SSI	Child, 1-20 Years	\$	\$	\$	0.0%	0.0%	0.0%	0.0%	0.0%	\$	\$	
South Central	SSI	Adult, 21+ Years	\$	\$	\$	0.0%	0.0%	0.0%	0.0%	0.0%	\$	\$	
South Central	Family and Children	Newborn, 0-2 Months	\$	\$	\$	0.0%	0.0%	0.0%	0.0%	0.0%	\$	\$	
South Central	Family and Children	Newborn, 3-11 Months	\$	\$	\$	0.0%	0.0%	0.0%	0.0%	0.0%	\$	\$	
South Central	Family and Children	Child, 1-20 Years	\$	\$	\$	0.0%	0.0%	0.0%	0.0%	0.0%	\$	\$	
South Central	Family and Children	Adult, 21+ Years	\$	\$	\$	0.0%	0.0%	0.0%	0.0%	0.0%	\$	\$	
South Central	Foster Care Children	Foster Care, All Ages Male & Female	\$	\$	\$	0.0%	0.0%	0.0%	0.0%	0.0%	\$	\$	
South Central	Breast and Cervical Cancer	BCC, All Ages Female	\$	\$	\$	0.0%	0.0%	0.0%	0.0%	0.0%	\$	\$	
South Central	LaCHIP Affordable Plan	All Ages	\$	\$	\$	0.0%	0.0%	0.0%	0.0%	0.0%	\$	\$	
South Central	HCBS Waiver	20 & Under, Male and Female	\$	\$	\$	0.0%	0.0%	0.0%	0.0%	0.0%	\$	\$	
South Central	HCBS Waiver	21+ Years, Male and Female	\$	\$	\$	0.0%	0.0%	0.0%	0.0%	0.0%	\$	\$	
South Central	Chisholm Class Members	Chisholm, All Ages Male & Female	\$	\$	\$	0.0%	0.0%	0.0%	0.0%	0.0%	\$	\$	
South Central	SBH - Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	\$	\$	\$	0.0%	0.0%	0.0%	0.0%	0.0%	\$	\$	
South Central	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	\$	\$	\$	0.0%	0.0%	0.0%	0.0%	0.0%	\$	\$	
South Central	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female	\$	\$	\$	0.0%	0.0%	0.0%	0.0%	0.0%	\$	\$	
South Central	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	\$	\$	\$	0.0%	0.0%	0.0%	0.0%	0.0%	\$	\$	
South Central	SBH - Other	SBH - Other, All Ages	\$	\$	\$	0.0%	0.0%	0.0%	0.0%	0.0%	\$	\$	
South Central	Maternity Kickpayment	Maternity Kickpayment, All Ages	\$	\$	\$	0.0%	0.0%	0.0%	0.0%	0.0%	\$	\$	
North	SSI	Newborn, 0-2 Months	\$	\$	\$	0.0%	0.0%	0.0%	0.0%	0.0%	\$	\$	
North	SSI	Newborn, 3-11 Months	\$	\$	\$	0.0%	0.0%	0.0%	0.0%	0.0%	\$	\$	
North	SSI	Child, 1-20 Years	\$	\$	\$	0.0%	0.0%	0.0%	0.0%	0.0%	\$	\$	
North	SSI	Adult, 21+ Years	\$	\$	\$	0.0%	0.0%	0.0%	0.0%	0.0%	\$	\$	
North	Family and Children	Newborn, 0-2 Months	\$	\$	\$	0.0%	0.0%	0.0%	0.0%	0.0%	\$	\$	
North	Family and Children	Newborn, 3-11 Months	\$	\$	\$	0.0%	0.0%	0.0%	0.0%	0.0%	\$	\$	
North	Family and Children	Child, 1-20 Years	\$	\$	\$	0.0%	0.0%	0.0%	0.0%	0.0%	\$	\$	
North	Family and Children	Adult, 21+ Years	\$	\$	\$	0.0%	0.0%	0.0%	0.0%	0.0%	\$	\$	
North	Foster Care Children	Foster Care, All Ages Male & Female	\$	\$	\$	0.0%	0.0%	0.0%	0.0%	0.0%	\$	\$	
North	Breast and Cervical Cancer	BCC, All Ages Female	\$	\$	\$	0.0%	0.0%	0.0%	0.0%	0.0%	\$	\$	
North	LaCHIP Affordable Plan	All Ages	\$	\$	\$	0.0%	0.0%	0.0%	0.0%	0.0%	\$	\$	
North	HCBS Waiver	20 & Under, Male and Female	\$	\$	\$	0.0%	0.0%	0.0%	0.0%	0.0%	\$	\$	
North	HCBS Waiver	21+ Years, Male and Female	\$	\$	\$	0.0%	0.0%	0.0%	0.0%	0.0%	\$	\$	
North	Chisholm Class Members	Chisholm, All Ages Male & Female	\$	\$	\$	0.0%	0.0%	0.0%	0.0%	0.0%	\$	\$	
North	SBH - Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	\$	\$	\$	0.0%	0.0%	0.0%	0.0%	0.0%	\$	\$	
North	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	\$	\$	\$	0.0%	0.0%	0.0%	0.0%	0.0%	\$	\$	
North	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female	\$	\$	\$	0.0%	0.0%	0.0%	0.0%	0.0%	\$	\$	
North	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	\$	\$	\$	0.0%	0.0%	0.0%	0.0%	0.0%	\$	\$	
North	SBH - Other	SBH - Other, All Ages	\$	\$	\$	0.0%	0.0%	0.0%	0.0%	0.0%	\$	\$	
North	Maternity Kickpayment	Maternity Kickpayment, All Ages	\$	\$	\$	0.0%	0.0%	0.0%	0.0%	0.0%	\$	\$	

Notes:  
 NEMT services are included for SBH Program  
 $J = B * (1 + C) * (1 + D) * (1 + E) * (1 + F) * (1 + G) * (1 + H) * (1 + I)$   
 $T = L * (1 + M) * (1 + N) * (1 + O) * (1 + P) * (1 + S)$   
 $U = 40\% * J + 60\% * T$   
 $AA = U * (1 + V) * (1 + W) * (1 + X) * (1 + Y) * (1 + Z) * (1 + 25/12)$   
 $AB = U * (1 + V) * (1 + W) * (1 + X) * (1 + Y) * (1 + Z) * (1 + 25/12)$

## Appendix J: NEMT Projected Claims PMPM Development (For SBH Program Only)

Table 1: Historical Rating Adjustments

Region Name	COA Desc	Rate Cell Desc	A	B	C	D	E	F	G	H	I	J
			CY2013 MMs	CY2013 PMPM	Historical Trend	Recoupment Adj (F&A)	CY2013 PMPM After Adj	CY2014 MMs	CY2014 PMPM	Historical Trend	Recoupment Adj (F&A)	CY2014 PMPM After Adj
Guif	SSI	Newborn, 0-2 Months	-	\$ -	0.00%	0.00%	\$ -	-	\$ -	-	0.00%	\$ -
Guif	SSI	Newborn, 3-11 Months	-	\$ -	0.00%	0.00%	\$ -	-	\$ -	-	0.00%	\$ -
Guif	SSI	Child, 1-20 Years	-	\$ -	0.00%	0.00%	\$ -	-	\$ -	-	0.00%	\$ -
Guif	SSI	Adult, 21+ Years	-	\$ -	0.00%	0.00%	\$ -	-	\$ -	-	0.00%	\$ -
Guif	Family and Children	Newborn, 0-2 Months	-	\$ -	0.00%	0.00%	\$ -	-	\$ -	-	0.00%	\$ -
Guif	Family and Children	Newborn, 3-11 Months	-	\$ -	0.00%	0.00%	\$ -	-	\$ -	-	0.00%	\$ -
Guif	Family and Children	Child, 1-20 Years	-	\$ -	0.00%	0.00%	\$ -	-	\$ -	-	0.00%	\$ -
Guif	Family and Children	Adult, 21+ Years	-	\$ -	0.00%	0.00%	\$ -	-	\$ -	-	0.00%	\$ -
Guif	Foster Care Children	Foster Care, All Ages Male & Female	-	\$ -	0.00%	0.00%	\$ -	-	\$ -	-	0.00%	\$ -
Guif	Breast and Cervical Cancer	BCC, All Ages Female	-	\$ -	0.00%	0.00%	\$ -	-	\$ -	-	0.00%	\$ -
Guif	LacHIP Affordable Plan	All Ages	-	\$ -	0.00%	0.00%	\$ -	-	\$ -	-	0.00%	\$ -
Guif	HCBS Waiver	20 & Under, Male and Female	-	\$ -	0.00%	0.00%	\$ -	-	\$ -	-	0.00%	\$ -
Guif	HCBS Waiver	21+ Years, Male and Female	-	\$ -	0.00%	0.00%	\$ -	-	\$ -	-	0.00%	\$ -
Guif	Chisholm Class Members	Chisholm, All Ages Male & Female	-	\$ -	0.00%	0.00%	\$ -	-	\$ -	-	0.00%	\$ -
Guif	SBH - Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	16,354	\$ 2.84	11.00%	-0.43%	\$ 3.13	17,167	\$ 3.79	-	-0.27%	\$ 3.78
Guif	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	304,778	\$ 5.59	16.00%	-0.20%	\$ 6.47	299,337	\$ 5.66	-	-0.14%	\$ 5.66
Guif	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female	7,958	\$ 4.99	11.00%	-0.53%	\$ 5.51	7,178	\$ 2.39	-	-0.31%	\$ 2.38
Guif	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	13,356	\$ 11.89	11.00%	-0.54%	\$ 13.13	13,626	\$ 9.44	-	-0.34%	\$ 9.40
Guif	SBH - Other	SBH - Other, All Ages	6,844	\$ 46.91	11.00%	-0.59%	\$ 51.77	7,536	\$ 63.31	-	-0.40%	\$ 63.06
Guif	Maternity Kickpayment	Maternity Kickpayment, All Ages	-	\$ -	0.00%	0.00%	\$ -	-	\$ -	-	0.00%	\$ -
Capital	SSI	Newborn, 0-2 Months	-	\$ -	0.00%	0.00%	\$ -	-	\$ -	-	0.00%	\$ -
Capital	SSI	Newborn, 3-11 Months	-	\$ -	0.00%	0.00%	\$ -	-	\$ -	-	0.00%	\$ -
Capital	SSI	Child, 1-20 Years	-	\$ -	0.00%	0.00%	\$ -	-	\$ -	-	0.00%	\$ -
Capital	SSI	Adult, 21+ Years	-	\$ -	0.00%	0.00%	\$ -	-	\$ -	-	0.00%	\$ -
Capital	Family and Children	Newborn, 0-2 Months	-	\$ -	0.00%	0.00%	\$ -	-	\$ -	-	0.00%	\$ -
Capital	Family and Children	Newborn, 3-11 Months	-	\$ -	0.00%	0.00%	\$ -	-	\$ -	-	0.00%	\$ -
Capital	Family and Children	Child, 1-20 Years	-	\$ -	0.00%	0.00%	\$ -	-	\$ -	-	0.00%	\$ -
Capital	Family and Children	Adult, 21+ Years	-	\$ -	0.00%	0.00%	\$ -	-	\$ -	-	0.00%	\$ -
Capital	Foster Care Children	Foster Care, All Ages Male & Female	-	\$ -	0.00%	0.00%	\$ -	-	\$ -	-	0.00%	\$ -
Capital	Breast and Cervical Cancer	BCC, All Ages Female	-	\$ -	0.00%	0.00%	\$ -	-	\$ -	-	0.00%	\$ -
Capital	LacHIP Affordable Plan	All Ages	-	\$ -	0.00%	0.00%	\$ -	-	\$ -	-	0.00%	\$ -
Capital	HCBS Waiver	20 & Under, Male and Female	-	\$ -	0.00%	0.00%	\$ -	-	\$ -	-	0.00%	\$ -
Capital	HCBS Waiver	21+ Years, Male and Female	-	\$ -	0.00%	0.00%	\$ -	-	\$ -	-	0.00%	\$ -
Capital	Chisholm Class Members	Chisholm, All Ages Male & Female	-	\$ -	0.00%	0.00%	\$ -	-	\$ -	-	0.00%	\$ -
Capital	SBH - Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	16,137	\$ 5.28	11.00%	-0.44%	\$ 5.83	17,176	\$ 5.15	-	-0.25%	\$ 5.14
Capital	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	245,750	\$ 7.57	16.00%	-0.20%	\$ 8.76	239,197	\$ 9.51	-	-0.12%	\$ 9.49
Capital	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female	8,312	\$ 6.09	11.00%	-0.47%	\$ 6.72	7,499	\$ 6.09	-	-0.33%	\$ 6.07
Capital	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	12,207	\$ 13.21	11.00%	-0.50%	\$ 14.59	12,294	\$ 16.44	-	-0.29%	\$ 16.39
Capital	SBH - Other	SBH - Other, All Ages	8,264	\$ 30.86	11.00%	-0.58%	\$ 34.05	8,412	\$ 25.21	-	-0.40%	\$ 25.11
Capital	Maternity Kickpayment	Maternity Kickpayment, All Ages	-	\$ -	0.00%	0.00%	\$ -	-	\$ -	-	0.00%	\$ -

Notes:

$$E = B * (1 + C) * (1 + D)$$

$$J = G * (1 + I)$$

$$K = 40\% * E + 60\% * J$$

$$O = K * ((1 + M)^{25/12})$$

$$P = K * ((1 + N)^{25/12})$$

## Appendix J: NEMT Projected Claims PMPM Development (For SBH Program Only)

Table 1: Historical Rating Adjustments

Region Name	COA Desc	Rate Cell Desc	A	B	C	D	E	F	G	H	I	J
			CY2013 MMs	CY2013 PMPM	Historical Trend	Recoupment Adj (F&A)	CY2013 PMPM After Adj	CY2014 MMs	CY2014 PMPM	Historical Trend	Recoupment Adj (F&A)	CY2014 PMPM After Adj
South Central	SSI	Newborn, 0-2 Months	-	\$ -	0.00%	0.00%	\$ -	-	-		0.00%	\$ -
South Central	SSI	Newborn, 3-11 Months	-	\$ -	0.00%	0.00%	\$ -	-	-		0.00%	\$ -
South Central	SSI	Child, 1-20 Years	-	\$ -	0.00%	0.00%	\$ -	-	-		0.00%	\$ -
South Central	SSI	Adult, 21+ Years	-	\$ -	0.00%	0.00%	\$ -	-	-		0.00%	\$ -
South Central	Family and Children	Newborn, 0-2 Months	-	\$ -	0.00%	0.00%	\$ -	-	-		0.00%	\$ -
South Central	Family and Children	Newborn, 3-11 Months	-	\$ -	0.00%	0.00%	\$ -	-	-		0.00%	\$ -
South Central	Family and Children	Child, 1-20 Years	-	\$ -	0.00%	0.00%	\$ -	-	-		0.00%	\$ -
South Central	Family and Children	Adult, 21+ Years	-	\$ -	0.00%	0.00%	\$ -	-	-		0.00%	\$ -
South Central	Foster Care Children	Foster Care, All Ages Male & Female	-	\$ -	0.00%	0.00%	\$ -	-	-		0.00%	\$ -
South Central	Breast and Cervical Cancer	BCC, All Ages Female	-	\$ -	0.00%	0.00%	\$ -	-	-		0.00%	\$ -
South Central	LacCHIP Affordable Plan	All Ages	-	\$ -	0.00%	0.00%	\$ -	-	-		0.00%	\$ -
South Central	HCBS Waiver	20 & Under, Male and Female	-	\$ -	0.00%	0.00%	\$ -	-	-		0.00%	\$ -
South Central	HCBS Waiver	21+ Years, Male and Female	-	\$ -	0.00%	0.00%	\$ -	-	-		0.00%	\$ -
South Central	Chisholm Class Members	Chisholm, All Ages Male & Female	-	\$ -	0.00%	0.00%	\$ -	-	-		0.00%	\$ -
South Central	SBH - Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	17,361	\$ 9.80	11.00%	-0.38%	\$ 10.83	18,709	\$ 10.13		-0.22%	\$ 10.11
South Central	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	328,633	\$ 5.20	16.00%	-0.31%	\$ 6.02	323,040	\$ 6.01		-0.17%	\$ 6.00
South Central	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female	7,448	\$ 10.86	11.00%	-0.52%	\$ 11.99	6,786	\$ 8.90		-0.34%	\$ 8.87
South Central	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	14,510	\$ 21.44	11.00%	-0.55%	\$ 23.66	14,109	\$ 16.93		-0.36%	\$ 16.87
South Central	SBH - Other	SBH - Other, All Ages	10,261	\$ 45.56	11.00%	-0.59%	\$ 50.27	10,727	\$ 68.84		-0.40%	\$ 68.56
South Central	Maternity Kickpayment	Maternity Kickpayment, All Ages	-	\$ -	0.00%	0.00%	\$ -	-	-		0.00%	\$ -
North	SSI	Newborn, 0-2 Months	-	\$ -	0.00%	0.00%	\$ -	-	-		0.00%	\$ -
North	SSI	Newborn, 3-11 Months	-	\$ -	0.00%	0.00%	\$ -	-	-		0.00%	\$ -
North	SSI	Child, 1-20 Years	-	\$ -	0.00%	0.00%	\$ -	-	-		0.00%	\$ -
North	SSI	Adult, 21+ Years	-	\$ -	0.00%	0.00%	\$ -	-	-		0.00%	\$ -
North	Family and Children	Newborn, 0-2 Months	-	\$ -	0.00%	0.00%	\$ -	-	-		0.00%	\$ -
North	Family and Children	Newborn, 3-11 Months	-	\$ -	0.00%	0.00%	\$ -	-	-		0.00%	\$ -
North	Family and Children	Child, 1-20 Years	-	\$ -	0.00%	0.00%	\$ -	-	-		0.00%	\$ -
North	Family and Children	Adult, 21+ Years	-	\$ -	0.00%	0.00%	\$ -	-	-		0.00%	\$ -
North	Foster Care Children	Foster Care, All Ages Male & Female	-	\$ -	0.00%	0.00%	\$ -	-	-		0.00%	\$ -
North	Breast and Cervical Cancer	BCC, All Ages Female	-	\$ -	0.00%	0.00%	\$ -	-	-		0.00%	\$ -
North	LacCHIP Affordable Plan	All Ages	-	\$ -	0.00%	0.00%	\$ -	-	-		0.00%	\$ -
North	HCBS Waiver	20 & Under, Male and Female	-	\$ -	0.00%	0.00%	\$ -	-	-		0.00%	\$ -
North	HCBS Waiver	21+ Years, Male and Female	-	\$ -	0.00%	0.00%	\$ -	-	-		0.00%	\$ -
North	Chisholm Class Members	Chisholm, All Ages Male & Female	-	\$ -	0.00%	0.00%	\$ -	-	-		0.00%	\$ -
North	SBH - Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	17,290	\$ 2.67	11.00%	-0.28%	\$ 2.96	17,129	\$ 2.97		-0.17%	\$ 2.97
North	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	288,049	\$ 5.90	16.00%	-0.22%	\$ 6.83	286,162	\$ 7.30		-0.13%	\$ 7.29
North	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female	4,875	\$ 7.18	11.00%	-0.47%	\$ 7.93	4,318	\$ 6.45		-0.33%	\$ 6.43
North	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	11,273	\$ 20.41	11.00%	-0.51%	\$ 22.54	11,256	\$ 17.72		-0.34%	\$ 17.66
North	SBH - Other	SBH - Other, All Ages	9,400	\$ 39.73	11.00%	-0.58%	\$ 43.84	9,527	\$ 46.43		-0.40%	\$ 46.25
North	Maternity Kickpayment	Maternity Kickpayment, All Ages	-	\$ -	0.00%	0.00%	\$ -	-	-		0.00%	\$ -

Notes:

$$E = B * (1 + C) * (1 + D)$$

$$J = G * (1 + I)$$

$$K = 40\% * E + 60\% * J$$

$$O = K * ((1 + M)^{25/12})$$

$$P = K * ((1 + N)^{25/12})$$

## Appendix J: NEMT Projected Claims PMPM Development (For SBH Program Only)

Table 2: Prospective Rating Adjustments

Region Name	COA Desc	Rate Cell Desc	E CY2013 PMPM After Historical Adj	J CY2014 PMPM After Historical Adj	K Blended PMPM	L Prospective Adj	M Low Trend	N High Trend	O Projected PMPM – Low	P Projected PMPM – High
Guif	SSI	Newborn, 0-2 Months	\$ -	\$ -	\$ -		0.00%	0.00%	\$ -	\$ -
Guif	SSI	Newborn, 3-11 Months	\$ -	\$ -	\$ -		0.00%	0.00%	\$ -	\$ -
Guif	SSI	Child, 1-20 Years	\$ -	\$ -	\$ -		0.00%	0.00%	\$ -	\$ -
Guif	SSI	Adult, 21+ Years	\$ -	\$ -	\$ -		0.00%	0.00%	\$ -	\$ -
Guif	Family and Children	Newborn, 0-2 Months	\$ -	\$ -	\$ -		0.00%	0.00%	\$ -	\$ -
Guif	Family and Children	Newborn, 3-11 Months	\$ -	\$ -	\$ -		0.00%	0.00%	\$ -	\$ -
Guif	Family and Children	Child, 1-20 Years	\$ -	\$ -	\$ -		0.00%	0.00%	\$ -	\$ -
Guif	Family and Children	Adult, 21+ Years	\$ -	\$ -	\$ -		0.00%	0.00%	\$ -	\$ -
Guif	Foster Care Children	Foster Care, All Ages Male & Female	\$ -	\$ -	\$ -		0.00%	0.00%	\$ -	\$ -
Guif	Breast and Cervical Cancer	BCC, All Ages Female	\$ -	\$ -	\$ -		0.00%	0.00%	\$ -	\$ -
Guif	LACHIP Affordable Plan	All Ages	\$ -	\$ -	\$ -		0.00%	0.00%	\$ -	\$ -
Guif	HCBS Waiver	20 & Under, Male and Female	\$ -	\$ -	\$ -		0.00%	0.00%	\$ -	\$ -
Guif	HCBS Waiver	21+ Years, Male and Female	\$ -	\$ -	\$ -		0.00%	0.00%	\$ -	\$ -
Guif	Chisholm Class Members	Chisholm, All Ages Male & Female	\$ -	\$ -	\$ -		0.00%	0.00%	\$ -	\$ -
Guif	SBH - Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	\$ 3.13	\$ 3.78	\$ 3.52		11.00%	11.00%	\$ 4.38	\$ 4.38
Guif	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	\$ 6.47	\$ 5.66	\$ 5.98		16.00%	16.00%	\$ 8.15	\$ 8.15
Guif	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female	\$ 5.51	\$ 2.38	\$ 3.63		11.00%	11.00%	\$ 4.52	\$ 4.52
Guif	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	\$ 13.13	\$ 9.40	\$ 10.89		11.00%	11.00%	\$ 13.54	\$ 13.54
Guif	SBH - Other	SBH - Other, All Ages	\$ 51.77	\$ 63.06	\$ 58.54		11.00%	11.00%	\$ 72.76	\$ 72.76
Guif	Maternity Kickpayment	Maternity Kickpayment, All Ages	\$ -	\$ -	\$ -		0.00%	0.00%	\$ -	\$ -
Capital	SSI	Newborn, 0-2 Months	\$ -	\$ -	\$ -		0.00%	0.00%	\$ -	\$ -
Capital	SSI	Newborn, 3-11 Months	\$ -	\$ -	\$ -		0.00%	0.00%	\$ -	\$ -
Capital	SSI	Child, 1-20 Years	\$ -	\$ -	\$ -		0.00%	0.00%	\$ -	\$ -
Capital	SSI	Adult, 21+ Years	\$ -	\$ -	\$ -		0.00%	0.00%	\$ -	\$ -
Capital	Family and Children	Newborn, 0-2 Months	\$ -	\$ -	\$ -		0.00%	0.00%	\$ -	\$ -
Capital	Family and Children	Newborn, 3-11 Months	\$ -	\$ -	\$ -		0.00%	0.00%	\$ -	\$ -
Capital	Family and Children	Child, 1-20 Years	\$ -	\$ -	\$ -		0.00%	0.00%	\$ -	\$ -
Capital	Family and Children	Adult, 21+ Years	\$ -	\$ -	\$ -		0.00%	0.00%	\$ -	\$ -
Capital	Foster Care Children	Foster Care, All Ages Male & Female	\$ -	\$ -	\$ -		0.00%	0.00%	\$ -	\$ -
Capital	Breast and Cervical Cancer	BCC, All Ages Female	\$ -	\$ -	\$ -		0.00%	0.00%	\$ -	\$ -
Capital	LACHIP Affordable Plan	All Ages	\$ -	\$ -	\$ -		0.00%	0.00%	\$ -	\$ -
Capital	HCBS Waiver	20 & Under, Male and Female	\$ -	\$ -	\$ -		0.00%	0.00%	\$ -	\$ -
Capital	HCBS Waiver	21+ Years, Male and Female	\$ -	\$ -	\$ -		0.00%	0.00%	\$ -	\$ -
Capital	Chisholm Class Members	Chisholm, All Ages Male & Female	\$ -	\$ -	\$ -		0.00%	0.00%	\$ -	\$ -
Capital	SBH - Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	\$ 5.83	\$ 5.14	\$ 5.42		11.00%	11.00%	\$ 6.73	\$ 6.73
Capital	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	\$ 8.76	\$ 9.49	\$ 9.20		16.00%	16.00%	\$ 12.53	\$ 12.53
Capital	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female	\$ 6.72	\$ 6.07	\$ 6.33		11.00%	11.00%	\$ 7.87	\$ 7.87
Capital	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	\$ 14.59	\$ 16.39	\$ 15.67		11.00%	11.00%	\$ 19.48	\$ 19.48
Capital	SBH - Other	SBH - Other, All Ages	\$ 34.05	\$ 25.11	\$ 28.69		11.00%	11.00%	\$ 35.66	\$ 35.66
Capital	Maternity Kickpayment	Maternity Kickpayment, All Ages	\$ -	\$ -	\$ -		0.00%	0.00%	\$ -	\$ -

Notes:

$$E = B * (1 + C) * (1 + D)$$

$$J = G * (1 + I)$$

$$K = 40\% * E + 60\% * J$$

$$O = K * ((1 + M)^{25/12})$$

$$P = K * ((1 + N)^{25/12})$$

## Appendix J: NEMT Projected Claims PMPM Development (For SBH Program Only)

Table 2: Prospective Rating Adjustments

Region Name	COA Desc	Rate Cell Desc	E	J	K	L	M	N	O	P
			CY2013 PMPM After Historical Adj	CY2014 PMPM After Historical Adj	Blended PMPM	Prospective Adj	Low Trend	High Trend	Projected PMPM -- Low	Projected PMPM -- High
South Central	SSI	Newborn, 0-2 Months	\$ -	\$ -	\$ -		0.00%	0.00%	\$ -	\$ -
South Central	SSI	Newborn, 3-11 Months	\$ -	\$ -	\$ -		0.00%	0.00%	\$ -	\$ -
South Central	SSI	Child, 1-20 Years	\$ -	\$ -	\$ -		0.00%	0.00%	\$ -	\$ -
South Central	SSI	Adult, 21+ Years	\$ -	\$ -	\$ -		0.00%	0.00%	\$ -	\$ -
South Central	Family and Children	Newborn, 0-2 Months	\$ -	\$ -	\$ -		0.00%	0.00%	\$ -	\$ -
South Central	Family and Children	Newborn, 3-11 Months	\$ -	\$ -	\$ -		0.00%	0.00%	\$ -	\$ -
South Central	Family and Children	Child, 1-20 Years	\$ -	\$ -	\$ -		0.00%	0.00%	\$ -	\$ -
South Central	Family and Children	Adult, 21+ Years	\$ -	\$ -	\$ -		0.00%	0.00%	\$ -	\$ -
South Central	Foster Care Children	Foster Care, All Ages Male & Female	\$ -	\$ -	\$ -		0.00%	0.00%	\$ -	\$ -
South Central	Breast and Cervical Cancer	BCC, All Ages Female	\$ -	\$ -	\$ -		0.00%	0.00%	\$ -	\$ -
South Central	LaCHIP Affordable Plan	All Ages	\$ -	\$ -	\$ -		0.00%	0.00%	\$ -	\$ -
South Central	HCBS Waiver	20 & Under, Male and Female	\$ -	\$ -	\$ -		0.00%	0.00%	\$ -	\$ -
South Central	HCBS Waiver	21+ Years, Male and Female	\$ -	\$ -	\$ -		0.00%	0.00%	\$ -	\$ -
South Central	Chisholm Class Members	Chisholm, All Ages Male & Female	\$ -	\$ -	\$ -		0.00%	0.00%	\$ -	\$ -
South Central	SBH - Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	\$ 10.83	\$ 10.11	\$ 10.40		11.00%	11.00%	\$ 12.93	\$ 12.93
South Central	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	\$ 6.02	\$ 6.00	\$ 6.00		16.00%	16.00%	\$ 8.18	\$ 8.18
South Central	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female	\$ 11.99	\$ 8.87	\$ 10.12		11.00%	11.00%	\$ 12.57	\$ 12.57
South Central	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	\$ 23.66	\$ 16.87	\$ 19.68		11.00%	11.00%	\$ 24.34	\$ 24.34
South Central	SBH - Other	SBH - Other, All Ages	\$ 50.27	\$ 68.56	\$ 61.24		11.00%	11.00%	\$ 76.12	\$ 76.12
South Central	Maternity Kickpayment	Maternity Kickpayment, All Ages	\$ -	\$ -	\$ -		0.00%	0.00%	\$ -	\$ -
North	SSI	Newborn, 0-2 Months	\$ -	\$ -	\$ -		0.00%	0.00%	\$ -	\$ -
North	SSI	Newborn, 3-11 Months	\$ -	\$ -	\$ -		0.00%	0.00%	\$ -	\$ -
North	SSI	Child, 1-20 Years	\$ -	\$ -	\$ -		0.00%	0.00%	\$ -	\$ -
North	SSI	Adult, 21+ Years	\$ -	\$ -	\$ -		0.00%	0.00%	\$ -	\$ -
North	Family and Children	Newborn, 0-2 Months	\$ -	\$ -	\$ -		0.00%	0.00%	\$ -	\$ -
North	Family and Children	Newborn, 3-11 Months	\$ -	\$ -	\$ -		0.00%	0.00%	\$ -	\$ -
North	Family and Children	Child, 1-20 Years	\$ -	\$ -	\$ -		0.00%	0.00%	\$ -	\$ -
North	Family and Children	Adult, 21+ Years	\$ -	\$ -	\$ -		0.00%	0.00%	\$ -	\$ -
North	Foster Care Children	Foster Care, All Ages Male & Female	\$ -	\$ -	\$ -		0.00%	0.00%	\$ -	\$ -
North	Breast and Cervical Cancer	BCC, All Ages Female	\$ -	\$ -	\$ -		0.00%	0.00%	\$ -	\$ -
North	LaCHIP Affordable Plan	All Ages	\$ -	\$ -	\$ -		0.00%	0.00%	\$ -	\$ -
North	HCBS Waiver	20 & Under, Male and Female	\$ -	\$ -	\$ -		0.00%	0.00%	\$ -	\$ -
North	HCBS Waiver	21+ Years, Male and Female	\$ -	\$ -	\$ -		0.00%	0.00%	\$ -	\$ -
North	Chisholm Class Members	Chisholm, All Ages Male & Female	\$ -	\$ -	\$ -		0.00%	0.00%	\$ -	\$ -
North	SBH - Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	\$ 2.96	\$ 2.97	\$ 2.96		11.00%	11.00%	\$ 3.68	\$ 3.68
North	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	\$ 6.83	\$ 7.29	\$ 7.11		16.00%	16.00%	\$ 9.68	\$ 9.68
North	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female	\$ 7.93	\$ 6.43	\$ 7.03		11.00%	11.00%	\$ 8.74	\$ 8.74
North	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	\$ 22.54	\$ 17.66	\$ 19.61		11.00%	11.00%	\$ 24.38	\$ 24.38
North	SBH - Other	SBH - Other, All Ages	\$ 43.84	\$ 46.25	\$ 45.29		11.00%	11.00%	\$ 56.29	\$ 56.29
North	Maternity Kickpayment	Maternity Kickpayment, All Ages	\$ -	\$ -	\$ -		0.00%	0.00%	\$ -	\$ -

Notes:

$$E = B * (1 + C) * (1 + D)$$

$$J = G * (1 + I)$$

$$K = 40\% * E + 60\% * J$$

$$O = K * ((1 + M)^{25/12})$$

$$P = K * ((1 + N)^{25/12})$$

# Appendix K: Combined Rate Development

Table 1: Final Projected Claims PMPM Development

Projected Claims PMPM										Final Projected Claims PMPM <sup>2</sup>											
Region Name	COA Desc	Rate Cell Desc	A		B		C		D		E		F		G		H		I	J	
			CY2014 MMs		PH (Appendix H)		SBH (Appendices I)		PH & SBH Combined		Low PMPM		High PMPM		Low PMPM		High PMPM				Credibility <sup>1</sup>
			Low PMPM	High PMPM	Low PMPM	High PMPM	Low PMPM	High PMPM	Low PMPM	High PMPM	Low PMPM	High PMPM	Low PMPM	High PMPM							
Guif	SSI	Newborn, 0-2 Months	499	\$ 22,585.36	\$ 23,244.60	\$	\$	\$	\$	\$	\$	\$	\$	\$ 22,585.36	\$ 23,244.60	0%	\$ 18,056.38	\$ 18,636.79			
Guif	SSI	Newborn, 3-11 Months	2,016	\$ 5,800.06	\$ 5,963.75	1.62	1.75	1.62	1.75	1.62	1.75	1.62	1.75	\$ 5,801.68	\$ 5,965.50	0%	\$ 4,682.47	\$ 4,829.35			
Guif	SSI	Child, 1-20 Years	140,382	\$ 366.77	\$ 383.04	163.38	176.85	163.38	176.85	95.28	99.14	95.28	99.14	\$ 302.09	\$ 305.89	100%	\$ 530.15	\$ 559.89			
Guif	SSI	Adult, 21+ Years	268,331	\$ 806.80	\$ 838.98	95.28	99.14	95.28	99.14	0.10	0.11	0.10	0.11	\$ 1,110.38	\$ 1,154.32	100%	\$ 902.09	\$ 938.12			
Guif	Family and Children	Newborn, 0-2 Months	48,751	\$ 1,110.28	\$ 1,154.21	0.10	0.11	0.10	0.11	0.10	0.11	0.10	0.11	\$ 1,110.38	\$ 1,154.32	100%	\$ 1,110.38	\$ 1,154.32			
Guif	Family and Children	Newborn, 3-11 Months	108,391	\$ 192.20	\$ 201.81	0.11	0.12	0.11	0.12	0.11	0.12	0.11	0.12	\$ 192.32	\$ 201.93	100%	\$ 192.32	\$ 201.93			
Guif	Family and Children	Child, 1-20 Years	2,120,899	\$ 84.38	\$ 88.85	30.71	33.25	30.71	33.25	115.10	122.10	115.10	122.10	\$ 115.10	\$ 122.10	100%	\$ 115.10	\$ 122.10			
Guif	Family and Children	Adult, 21+ Years	388,455	\$ 213.16	\$ 224.92	19.55	20.35	19.55	20.35	232.72	245.26	232.72	245.26	\$ 232.72	\$ 245.26	100%	\$ 232.72	\$ 245.26			
Guif	Foster Care Children	Foster Care, All Ages Male & Female	23,352	\$ 155.78	\$ 163.39	207.95	225.10	207.95	225.10	363.73	388.49	363.73	388.49	\$ 363.73	\$ 388.49	0%	\$ 441.56	\$ 472.02			
Guif	Breast and Cervical Cancer	BCC, All Ages Female	3,937	\$ 1,425.04	\$ 1,493.62	8.95	9.32	8.95	9.32	1,433.99	\$ 1,502.94	1,433.99	\$ 1,502.94	\$ 1,433.99	\$ 1,502.94	0%	\$ 1,531.34	\$ 1,600.99			
Guif	LaCHIP Affordable Plan	All Ages	10,244	\$ 118.75	\$ 125.40	15.10	16.35	15.10	16.35	133.85	\$ 141.75	133.85	\$ 141.75	\$ 133.85	\$ 141.75	0%	\$ 141.71	\$ 149.91			
Guif	HCBS Waiver	20 & Under, Male and Female	7,178	\$ 1,019.46	\$ 1,094.63	40.18	43.49	40.18	43.49	1,059.64	\$ 1,138.12	1,059.64	\$ 1,138.12	\$ 1,059.64	\$ 1,138.12	0%	\$ 1,570.53	\$ 1,686.28			
Guif	HCBS Waiver	21+ Years, Male and Female	13,626	\$ 731.96	\$ 775.17	43.32	45.08	43.32	45.08	775.28	\$ 820.25	775.28	\$ 820.25	\$ 775.28	\$ 820.25	0%	\$ 835.64	\$ 885.32			
Guif	Chisholm Class Members	Chisholm, All Ages Male & Female	16,983	\$ 738.55	\$ 797.45	94.56	102.36	94.56	102.36	833.11	\$ 899.81	833.11	\$ 899.81	\$ 833.11	\$ 899.81	0%	\$ 958.40	\$ 1,034.39			
Guif	SBH - Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	17,167	\$ -	\$ -	93.59	101.11	93.59	101.11	93.59	\$ 101.11	93.59	\$ 101.11	\$ 93.59	\$ 101.11	0%	\$ 142.41	\$ 153.85			
Guif	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	299,337	\$ -	\$ -	23.38	24.29	23.38	24.29	23.38	\$ 24.29	23.38	\$ 24.29	23.38	\$ 24.29	100%	\$ 23.38	\$ 24.29			
Guif	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female	7,178	\$ -	\$ -	40.47	43.62	40.47	43.62	40.47	\$ 43.62	40.47	\$ 43.62	40.47	\$ 43.62	0%	\$ 63.91	\$ 68.82			
Guif	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	13,626	\$ -	\$ -	52.66	54.76	52.66	54.76	52.66	\$ 54.76	52.66	\$ 54.76	52.66	\$ 54.76	0%	\$ 63.72	\$ 66.26			
Guif	SBH - Other	SBH - Other, All Ages	7,536	\$ -	\$ -	159.40	165.70	159.40	165.70	159.40	\$ 165.70	159.40	\$ 165.70	159.40	\$ 165.70	0%	\$ 152.27	\$ 158.30			
Guif	Maternity Kickpayment	Maternity Kickpayment, All Ages	10,549	\$ 5,567.00	\$ 5,688.39	\$ -	\$ -	\$ -	\$ -	\$ 5,567.00	\$ 5,688.39	\$ 5,567.00	\$ 5,688.39	\$ 5,567.00	\$ 5,688.39	100%	\$ 5,567.00	\$ 5,688.39			
Capital	SSI	Newborn, 0-2 Months	384	\$ 18,442.71	\$ 19,098.27	6.99	7.57	6.99	7.57	\$ 18,449.70	\$ 19,105.84	\$ 18,449.70	\$ 19,105.84	\$ 18,449.70	\$ 19,105.84	0%	\$ 18,056.38	\$ 18,636.79			
Capital	SSI	Newborn, 3-11 Months	1,488	\$ 6,364.11	\$ 6,563.86	8.39	9.08	8.39	9.08	6,372.50	\$ 6,572.94	6,372.50	\$ 6,572.94	6,372.50	\$ 6,572.94	0%	\$ 4,682.47	\$ 4,829.35			
Capital	SSI	Child, 1-20 Years	104,301	\$ 433.71	\$ 454.49	127.44	137.94	127.44	137.94	561.15	\$ 592.43	561.15	\$ 592.43	561.15	\$ 592.43	100%	\$ 561.15	\$ 592.43			
Capital	SSI	Adult, 21+ Years	195,553	\$ 925.00	\$ 962.17	79.08	82.28	79.08	82.28	1,004.08	\$ 1,044.45	1,004.08	\$ 1,044.45	1,004.08	\$ 1,044.45	100%	\$ 1,004.08	\$ 1,044.45			
Capital	Family and Children	Newborn, 0-2 Months	42,461	\$ 1,191.75	\$ 1,236.68	1.39	1.50	1.39	1.50	1,183.14	\$ 1,238.19	1,183.14	\$ 1,238.19	1,183.14	\$ 1,238.19	100%	\$ 1,183.14	\$ 1,238.19			
Capital	Family and Children	Newborn, 3-11 Months	96,528	\$ 187.94	\$ 197.70	0.56	0.61	0.56	0.61	188.50	\$ 198.31	188.50	\$ 198.31	188.50	\$ 198.31	100%	\$ 188.50	\$ 198.31			
Capital	Family and Children	Child, 1-20 Years	1,914,036	\$ 93.05	\$ 98.02	29.68	32.13	29.68	32.13	122.74	\$ 130.15	122.74	\$ 130.15	122.74	\$ 130.15	100%	\$ 122.74	\$ 130.15			
Capital	Family and Children	Adult, 21+ Years	288,647	\$ 254.90	\$ 268.91	21.37	22.23	21.37	22.23	276.27	\$ 291.14	276.27	\$ 291.14	276.27	\$ 291.14	100%	\$ 276.27	\$ 291.14			
Capital	Foster Care Children	Foster Care, All Ages Male & Female	33,498	\$ 161.90	\$ 169.51	247.66	268.08	247.66	268.08	409.57	\$ 437.59	409.57	\$ 437.59	409.57	\$ 437.59	0%	\$ 441.56	\$ 472.02			
Capital	Breast and Cervical Cancer	BCC, All Ages Female	3,825	\$ 1,336.75	\$ 1,399.04	14.59	15.18	14.59	15.18	1,351.33	\$ 1,414.22	1,351.33	\$ 1,414.22	1,351.33	\$ 1,414.22	0%	\$ 1,531.34	\$ 1,600.99			
Capital	LaCHIP Affordable Plan	All Ages	10,876	\$ 145.11	\$ 152.37	25.15	27.23	25.15	27.23	170.27	\$ 179.60	170.27	\$ 179.60	170.27	\$ 179.60	0%	\$ 141.71	\$ 149.91			
Capital	HCBS Waiver	20 & Under, Male and Female	7,499	\$ 1,416.59	\$ 1,519.96	59.29	64.18	59.29	64.18	1,475.88	\$ 1,584.15	1,475.88	\$ 1,584.15	1,475.88	\$ 1,584.15	0%	\$ 1,570.53	\$ 1,686.28			
Capital	HCBS Waiver	21+ Years, Male and Female	12,294	\$ 753.30	\$ 799.79	54.56	56.77	54.56	56.77	807.87	\$ 856.56	807.87	\$ 856.56	807.87	\$ 856.56	0%	\$ 835.64	\$ 885.32			
Capital	Chisholm Class Members	Chisholm, All Ages Male & Female	17,068	\$ 919.01	\$ 992.08	106.72	115.52	106.72	115.52	1,025.73	\$ 1,107.60	1,025.73	\$ 1,107.60	1,025.73	\$ 1,107.60	0%	\$ 958.40	\$ 1,034.39			
Capital	SBH - Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	17,176	\$ -	\$ -	107.97	116.58	107.97	116.58	107.97	\$ 116.58	107.97	\$ 116.58	107.97	\$ 116.58	0%	\$ 142.41	\$ 153.85			
Capital	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	239,197	\$ -	\$ -	18.12	18.81	18.12	18.81	18.12	\$ 18.81	18.12	\$ 18.81	18.12	\$ 18.81	100%	\$ 18.12	\$ 18.81			
Capital	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female	7,499	\$ -	\$ -	63.26	68.14	63.26	68.14	63.26	\$ 68.14	63.26	\$ 68.14	63.26	\$ 68.14	0%	\$ 63.91	\$ 68.82			
Capital	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	12,294	\$ -	\$ -	68.88	71.62	68.88	71.62	68.88	\$ 71.62	68.88	\$ 71.62	68.88	\$ 71.62	0%	\$ 63.72	\$ 66.26			
Capital	SBH - Other	SBH - Other, All Ages	8,412	\$ -	\$ -	112.32	116.79	112.32	116.79	112.32	\$ 116.79	112.32	\$ 116.79	112.32	\$ 116.79	0%	\$ 152.27	\$ 158.30			
Capital	Maternity Kickpayment	Maternity Kickpayment, All Ages	9,280	\$ 4,901.44	\$ 5,008.31	\$ -	\$ -	\$ -	\$ -	\$ 4,901.44	\$ 5,008.31	\$ 4,901.44	\$ 5,008.31	\$ 4,901.44	\$ 5,008.31	100%	\$ 4,901.44	\$ 5,008.31			

Notes:

1- Rate Cells with a 0% are set on a statewide basis.

2- Claims PMPM adjusted for statewide rate cells.

3- FMP amounts include premium tax.

F = B + D

G = C + E

Q = (1 \* (1 + M) + K) / (1 - O - P)

R = (1 \* (1 + N) + L) / (1 - O - P)

V = S + T + U

W = Q + V

X = R + V

# Appendix K: Combined Rate Development

Table 1: Final Projected Claims PMPM Development

Region Name	COA Desc	Rate Cell Desc	CY2014 MMs	PH (Appendix H)				Projected Claims PMPM SBH (Appendices I)				PH & SBH Combined				Final Projected Claims PMPM <sup>2</sup>			
				A		B		C		D		E		F		G		H	
				CY2014 MMs		Low PMPM		High PMPM		Low PMPM		High PMPM		Low PMPM		High PMPM		Credibility <sup>1</sup>	
South Central	SSI	Newborn, 0-2 Months	466	\$ 16,384.30	\$ 16,880.89	\$ -	\$ -	\$ 2.71	\$ -	\$ -	\$ -	\$ 2.93	\$ -	\$ 16,384.30	\$ 16,880.89	\$ 16,880.89	\$ 16,880.89	0%	\$ 18,056.38
South Central	SSI	Newborn, 3-11 Months	1,871	\$ 3,856.44	\$ 3,983.23	\$ 3,983.23	\$ 2.71	\$ 2.93	\$ 2.71	\$ 2.93	\$ 2.93	\$ 2.93	\$ 2.93	\$ 3,856.44	\$ 3,983.23	\$ 3,983.23	\$ 3,983.23	0%	\$ 4,682.47
South Central	SSI	Child, 1-20 Years	108,433	\$ 408.43	\$ 427.38	\$ 427.38	\$ 133.22	\$ 144.20	\$ 133.22	\$ 144.20	\$ 144.20	\$ 144.20	\$ 144.20	\$ 408.43	\$ 427.38	\$ 427.38	\$ 427.38	100%	\$ 541.65
South Central	SSI	Adult, 21+ Years	237,953	\$ 786.13	\$ 817.20	\$ 817.20	\$ 79.82	\$ 83.05	\$ 79.82	\$ 83.05	\$ 83.05	\$ 83.05	\$ 83.05	\$ 786.13	\$ 817.20	\$ 817.20	\$ 817.20	100%	\$ 865.95
South Central	Family and Children	Newborn, 0-2 Months	46,634	\$ 1,281.04	\$ 1,326.65	\$ 1,326.65	\$ 0.74	\$ 0.80	\$ 0.74	\$ 0.80	\$ 0.80	\$ 0.80	\$ 0.80	\$ 1,281.04	\$ 1,326.65	\$ 1,326.65	\$ 1,326.65	100%	\$ 1,281.78
South Central	Family and Children	Newborn, 3-11 Months	104,955	\$ 196.82	\$ 206.65	\$ 206.65	\$ 0.32	\$ 0.34	\$ 0.32	\$ 0.34	\$ 0.34	\$ 0.34	\$ 0.34	\$ 196.82	\$ 206.65	\$ 206.65	\$ 206.65	100%	\$ 197.14
South Central	Family and Children	Child, 1-20 Years	2,083,138	\$ 95.98	\$ 100.98	\$ 100.98	\$ 24.36	\$ 26.37	\$ 24.36	\$ 26.37	\$ 26.37	\$ 26.37	\$ 26.37	\$ 95.98	\$ 100.98	\$ 100.98	\$ 100.98	100%	\$ 127.35
South Central	Family and Children	Adult, 21+ Years	299,789	\$ 233.76	\$ 246.71	\$ 246.71	\$ 21.16	\$ 22.01	\$ 21.16	\$ 22.01	\$ 22.01	\$ 22.01	\$ 22.01	\$ 233.76	\$ 246.71	\$ 246.71	\$ 246.71	100%	\$ 254.92
South Central	Foster Care Children	Foster Care, All Ages Male & Female	44,797	\$ 168.14	\$ 176.01	\$ 176.01	\$ 193.48	\$ 209.43	\$ 193.48	\$ 209.43	\$ 209.43	\$ 209.43	\$ 209.43	\$ 168.14	\$ 176.01	\$ 176.01	\$ 176.01	0%	\$ 441.56
South Central	Breast and Cervical Cancer	BCC, All Ages Female	2,747	\$ 1,691.65	\$ 1,765.02	\$ 1,765.02	\$ 4.87	\$ 5.06	\$ 4.87	\$ 5.06	\$ 5.06	\$ 5.06	\$ 5.06	\$ 1,691.65	\$ 1,765.02	\$ 1,765.02	\$ 1,765.02	0%	\$ 1,531.34
South Central	LaCHIP Affordable Plan	All Ages	12,678	\$ 100.03	\$ 105.55	\$ 105.55	\$ 12.67	\$ 13.72	\$ 12.67	\$ 13.72	\$ 13.72	\$ 13.72	\$ 13.72	\$ 100.03	\$ 105.55	\$ 105.55	\$ 105.55	0%	\$ 141.71
South Central	HCBS Waiver	20 & Under, Male and Female	6,786	\$ 1,878.02	\$ 2,013.17	\$ 2,013.17	\$ 52.98	\$ 57.35	\$ 52.98	\$ 57.35	\$ 57.35	\$ 57.35	\$ 57.35	\$ 1,878.02	\$ 2,013.17	\$ 2,013.17	\$ 2,013.17	0%	\$ 1,570.53
South Central	HCBS Waiver	21+ Years, Male and Female	14,109	\$ 849.20	\$ 901.07	\$ 901.07	\$ 47.28	\$ 49.20	\$ 47.28	\$ 49.20	\$ 49.20	\$ 49.20	\$ 49.20	\$ 849.20	\$ 901.07	\$ 901.07	\$ 901.07	0%	\$ 835.64
South Central	Chisholm Class Members	Chisholm, All Ages Male & Female	18,278	\$ 890.07	\$ 957.48	\$ 957.48	\$ 183.71	\$ 198.86	\$ 183.71	\$ 198.86	\$ 198.86	\$ 198.86	\$ 198.86	\$ 890.07	\$ 957.48	\$ 957.48	\$ 957.48	0%	\$ 958.40
South Central	SBH - Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	18,709	\$ -	\$ -	\$ -	\$ 180.80	\$ 195.14	\$ 180.80	\$ 195.14	\$ 195.14	\$ 195.14	\$ 195.14	\$ -	\$ -	\$ -	\$ -	0%	\$ 142.41
South Central	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	323,040	\$ -	\$ -	\$ -	\$ 15.08	\$ 15.66	\$ 15.08	\$ 15.66	\$ 15.66	\$ 15.66	\$ 15.66	\$ -	\$ -	\$ -	\$ -	100%	\$ 15.08
South Central	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female	6,786	\$ -	\$ -	\$ -	\$ 59.47	\$ 63.82	\$ 59.47	\$ 63.82	\$ 63.82	\$ 63.82	\$ 63.82	\$ -	\$ -	\$ -	\$ -	0%	\$ 63.91
South Central	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	14,109	\$ -	\$ -	\$ -	\$ 65.70	\$ 68.30	\$ 65.70	\$ 68.30	\$ 68.30	\$ 68.30	\$ 68.30	\$ -	\$ -	\$ -	\$ -	0%	\$ 63.72
South Central	SBH - Other	SBH - Other, All Ages	10,727	\$ -	\$ -	\$ -	\$ 200.14	\$ 208.08	\$ 200.14	\$ 208.08	\$ 208.08	\$ 208.08	\$ 208.08	\$ -	\$ -	\$ -	\$ -	0%	\$ 152.27
South Central	Maternity Kickpayment	Maternity Kickpayment, All Ages	10,188	\$ 5,080.31	\$ 5,191.07	\$ 5,191.07	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,080.31	\$ 5,191.07	\$ 5,191.07	\$ 5,191.07	100%	\$ 5,080.31
North	SSI	Newborn, 0-2 Months	442	\$ 14,364.50	\$ 14,878.51	\$ 14,878.51	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,364.50	\$ 14,878.51	\$ 14,878.51	\$ 14,878.51	0%	\$ 18,056.38
North	SSI	Newborn, 3-11 Months	1,700	\$ 2,781.95	\$ 2,883.72	\$ 2,883.72	\$ 0.11	\$ 0.12	\$ 0.11	\$ 0.12	\$ 0.12	\$ 0.12	\$ 0.12	\$ 2,781.95	\$ 2,883.72	\$ 2,883.72	\$ 2,883.72	0%	\$ 4,682.47
North	SSI	Child, 1-20 Years	119,014	\$ 369.15	\$ 386.08	\$ 386.08	\$ 218.98	\$ 237.04	\$ 218.98	\$ 237.04	\$ 237.04	\$ 237.04	\$ 237.04	\$ 369.15	\$ 386.08	\$ 386.08	\$ 386.08	100%	\$ 588.13
North	SSI	Adult, 21+ Years	208,362	\$ 730.39	\$ 759.65	\$ 759.65	\$ 61.25	\$ 63.73	\$ 61.25	\$ 63.73	\$ 63.73	\$ 63.73	\$ 63.73	\$ 730.39	\$ 759.65	\$ 759.65	\$ 759.65	100%	\$ 791.64
North	Family and Children	Newborn, 0-2 Months	35,265	\$ 1,238.21	\$ 1,283.84	\$ 1,283.84	\$ 0.02	\$ 0.02	\$ 0.02	\$ 0.02	\$ 0.02	\$ 0.02	\$ 0.02	\$ 1,238.21	\$ 1,283.84	\$ 1,283.84	\$ 1,283.84	100%	\$ 1,238.87
North	Family and Children	Newborn, 3-11 Months	81,697	\$ 197.37	\$ 207.15	\$ 207.15	\$ 0.20	\$ 0.22	\$ 0.20	\$ 0.22	\$ 0.22	\$ 0.22	\$ 0.22	\$ 197.37	\$ 207.15	\$ 207.15	\$ 207.15	100%	\$ 197.56
North	Family and Children	Child, 1-20 Years	1,639,346	\$ 84.03	\$ 88.43	\$ 88.43	\$ 40.05	\$ 43.35	\$ 40.05	\$ 43.35	\$ 43.35	\$ 43.35	\$ 43.35	\$ 84.03	\$ 88.43	\$ 88.43	\$ 88.43	100%	\$ 124.07
North	Family and Children	Adult, 21+ Years	239,631	\$ 218.07	\$ 230.08	\$ 230.08	\$ 20.32	\$ 21.14	\$ 20.32	\$ 21.14	\$ 21.14	\$ 21.14	\$ 21.14	\$ 218.07	\$ 230.08	\$ 230.08	\$ 230.08	100%	\$ 238.39
North	Foster Care Children	Foster Care, All Ages Male & Female	24,828	\$ 178.22	\$ 186.15	\$ 186.15	\$ 523.93	\$ 567.13	\$ 523.93	\$ 567.13	\$ 567.13	\$ 567.13	\$ 567.13	\$ 178.22	\$ 186.15	\$ 186.15	\$ 186.15	0%	\$ 441.56
North	Breast and Cervical Cancer	BCC, All Ages Female	2,561	\$ 1,747.24	\$ 1,822.85	\$ 1,822.85	\$ 25.41	\$ 26.44	\$ 25.41	\$ 26.44	\$ 26.44	\$ 26.44	\$ 26.44	\$ 1,747.24	\$ 1,822.85	\$ 1,822.85	\$ 1,822.85	0%	\$ 1,531.34
North	LaCHIP Affordable Plan	All Ages	6,372	\$ 134.66	\$ 142.26	\$ 142.26	\$ 28.67	\$ 31.03	\$ 28.67	\$ 31.03	\$ 31.03	\$ 31.03	\$ 31.03	\$ 134.66	\$ 142.26	\$ 142.26	\$ 142.26	0%	\$ 141.71
North	HCBS Waiver	20 & Under, Male and Female	4,318	\$ 1,915.88	\$ 2,060.78	\$ 2,060.78	\$ 101.82	\$ 110.22	\$ 101.82	\$ 110.22	\$ 110.22	\$ 110.22	\$ 110.22	\$ 1,915.88	\$ 2,060.78	\$ 2,060.78	\$ 2,060.78	0%	\$ 1,570.53
North	HCBS Waiver	21+ Years, Male and Female	11,256	\$ 815.61	\$ 865.05	\$ 865.05	\$ 47.14	\$ 49.05	\$ 47.14	\$ 49.05	\$ 49.05	\$ 49.05	\$ 49.05	\$ 815.61	\$ 865.05	\$ 865.05	\$ 865.05	0%	\$ 835.64
North	Chisholm Class Members	Chisholm, All Ages Male & Female	16,846	\$ 709.71	\$ 767.00	\$ 767.00	\$ 181.60	\$ 196.57	\$ 181.60	\$ 196.57	\$ 196.57	\$ 196.57	\$ 196.57	\$ 709.71	\$ 767.00	\$ 767.00	\$ 767.00	0%	\$ 958.40
North	SBH - Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	17,129	\$ -	\$ -	\$ -	\$ 183.95	\$ 198.96	\$ 183.95	\$ 198.96	\$ 198.96	\$ 198.96	\$ 198.96	\$ -	\$ -	\$ -	\$ -	0%	\$ 142.41
North	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	256,152	\$ -	\$ -	\$ -	\$ 16.63	\$ 17.27	\$ 16.63	\$ 17.27	\$ 17.27	\$ 17.27	\$ 17.27	\$ -	\$ -	\$ -	\$ -	100%	\$ 16.63
North	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female	4,318	\$ -	\$ -	\$ -	\$ 110.97	\$ 119.74	\$ 110.97	\$ 119.74	\$ 119.74	\$ 119.74	\$ 119.74	\$ -	\$ -	\$ -	\$ -	0%	\$ 63.91
North	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	11,256	\$ -	\$ -	\$ -	\$ 69.02	\$ 71.76	\$ 69.02	\$ 71.76	\$ 71.76	\$ 71.76	\$ 71.76	\$ -	\$ -	\$ -	\$ -	0%	\$ 63.72
North	SBH - Other	SBH - Other, All Ages	9,527	\$ -	\$ -	\$ -	\$ 128.01	\$ 133.07	\$ 128.01	\$ 133.07	\$ 133.07	\$ 133.07	\$ 133.07	\$ -	\$ -	\$ -	\$ -	0%	\$ 152.27
North	Maternity Kickpayment	Maternity Kickpayment, All Ages	7,696	\$ 4,936.65	\$ 5,044.24	\$ 5,044.24	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,936.65	\$ 5,044.24	\$ 5,044.24	\$ 5,044.24	100%	\$ 4,936.65

Notes:

1- Rate Cells with a 0% are set on a statewide basis.

2- Claims PMPM adjusted for statewide rate cells.

3- FMP amounts include premium tax.

F = B + D

G = C + E

Q = (1 \* (1 + M) + K) / (1 - O - P)

R = (J \* (1 + N) + L) / (1 - O - P)

V = S + T + U

W = Q + V

X = R + V

# Appendix K: Combined Rate Development

Table 2a: Loaded Rate Development

Region Name		COA Desc	Rate Cell Desc	Final Projected Claims PMPM		Retention Load		Loaded Rates					
				I	J	K	L	M	N	O	P	Q	R
				Low PMPM	High PMPM	Fixed Admin Load - Low (PMPM)	Fixed Admin Load - High (PMPM)	Variable Admin Load - Low (%)	Variable Admin Load - High (%)	UW Gain @ 2%	Premium Tax @ 2.25%	Low	High
Guif	SSI		Newborn, 0-2 Months	\$ 18,056.38	\$ 18,636.79	\$ 13.01	\$ 13.67	5.63%	5.62%	2.00%	2.25%	\$ 19,933.38	\$ 20,572.95
Guif	SSI		Newborn, 3-11 Months	\$ 4,682.47	\$ 4,829.35	\$ 13.01	\$ 13.67	5.23%	5.22%	2.00%	2.25%	\$ 5,159.48	\$ 5,321.09
Guif	SSI		Child, 1-20 Years	\$ 530.15	\$ 559.89	\$ 13.01	\$ 13.67	4.70%	4.71%	2.00%	2.25%	\$ 593.27	\$ 626.54
Guif	SSI	Family and Children	Adult, 21+ Years	\$ 902.09	\$ 938.12	\$ 13.01	\$ 13.67	4.30%	4.30%	2.00%	2.25%	\$ 986.18	\$ 1,036.19
Guif	Family and Children		Newborn, 0-2 Months	\$ 1,110.38	\$ 1,154.32	\$ 13.01	\$ 13.67	5.61%	5.60%	2.00%	2.25%	\$ 1,238.30	\$ 1,287.37
Guif	Family and Children		Newborn, 3-11 Months	\$ 192.32	\$ 201.93	\$ 13.01	\$ 13.67	5.07%	5.07%	2.00%	2.25%	\$ 224.63	\$ 235.86
Guif	Family and Children		Child, 1-20 Years	\$ 115.10	\$ 122.10	\$ 13.01	\$ 13.67	4.82%	4.83%	2.00%	2.25%	\$ 139.59	\$ 147.96
Guif	Family and Children		Adult, 21+ Years	\$ 232.72	\$ 245.26	\$ 13.01	\$ 13.67	4.64%	4.65%	2.00%	2.25%	\$ 267.92	\$ 282.35
Guif	Foster Care Children		Foster Care, All Ages Male & Female	\$ 441.56	\$ 472.02	\$ 13.01	\$ 13.67	5.03%	5.05%	2.00%	2.25%	\$ 497.92	\$ 532.14
Guif	Breast and Cervical Cancer		BCC, All Ages Female	\$ 1,531.34	\$ 1,600.99	\$ 13.01	\$ 13.67	4.85%	4.86%	2.00%	2.25%	\$ 1,690.46	\$ 1,767.57
Guif	LaCHIP Affordable Plan		All Ages	\$ 141.71	\$ 149.91	\$ 13.01	\$ 13.67	4.60%	4.60%	2.00%	2.25%	\$ 168.40	\$ 178.05
Guif	HCBS Waiver		20 & Under, Male and Female	\$ 1,570.53	\$ 1,686.28	\$ 13.01	\$ 13.67	4.95%	4.98%	2.00%	2.25%	\$ 1,734.98	\$ 1,863.06
Guif	HCBS Waiver		21+ Years, Male and Female	\$ 835.64	\$ 885.32	\$ 13.01	\$ 13.67	3.98%	4.04%	2.00%	2.25%	\$ 921.06	\$ 976.26
Guif	Chisholm Class Members		Chisholm, All Ages Male & Female	\$ 958.40	\$ 1,034.39	\$ 13.01	\$ 13.67	4.82%	4.87%	2.00%	2.25%	\$ 1,062.82	\$ 1,147.14
Guif	SBH - Chisholm Class Members		SBH - Chisholm, All Ages Male & Female	\$ 142.41	\$ 153.85	\$ 1.50	\$ 1.58	4.77%	4.78%	2.00%	2.25%	\$ 157.40	\$ 170.00
Guif	SBH - Dual Eligible		SBH - Dual Eligible, All Ages	\$ 23.38	\$ 24.29	\$ 1.50	\$ 1.58	4.77%	4.78%	2.00%	2.25%	\$ 27.15	\$ 28.23
Guif	SBH - HCBS Waiver		SBH - 20 & Under, Male and Female	\$ 63.91	\$ 68.82	\$ 1.50	\$ 1.58	4.77%	4.78%	2.00%	2.25%	\$ 71.50	\$ 76.95
Guif	SBH - HCBS Waiver		SBH - 21+ Years, Male and Female	\$ 63.72	\$ 66.26	\$ 1.50	\$ 1.58	4.77%	4.78%	2.00%	2.25%	\$ 71.29	\$ 74.15
Guif	SBH - Other		SBH - Other, All Ages	\$ 152.27	\$ 158.30	\$ 1.50	\$ 1.58	4.77%	4.78%	2.00%	2.25%	\$ 168.19	\$ 174.88
Guif	Maternity Kickpayment		Maternity Kickpayment, All Ages	\$ 5,567.00	\$ 5,688.39	\$ -	\$ -	5.66%	5.65%	2.00%	2.25%	\$ 6,143.22	\$ 6,276.75
Capital	SSI		Newborn, 0-2 Months	\$ 18,056.38	\$ 18,636.79	\$ 13.01	\$ 13.67	5.63%	5.62%	2.00%	2.25%	\$ 19,933.38	\$ 20,572.95
Capital	SSI		Newborn, 3-11 Months	\$ 4,682.47	\$ 4,829.35	\$ 13.01	\$ 13.67	5.23%	5.22%	2.00%	2.25%	\$ 5,159.48	\$ 5,321.09
Capital	SSI		Child, 1-20 Years	\$ 561.15	\$ 592.43	\$ 13.01	\$ 13.67	4.60%	4.61%	2.00%	2.25%	\$ 626.59	\$ 661.52
Capital	SSI	Family and Children	Adult, 21+ Years	\$ 1,004.08	\$ 1,044.45	\$ 13.01	\$ 13.67	4.24%	4.25%	2.00%	2.25%	\$ 1,106.75	\$ 1,151.46
Capital	Family and Children		Newborn, 0-2 Months	\$ 1,193.14	\$ 1,238.19	\$ 13.01	\$ 13.67	5.61%	5.60%	2.00%	2.25%	\$ 1,329.56	\$ 1,379.83
Capital	Family and Children		Newborn, 3-11 Months	\$ 188.50	\$ 198.31	\$ 13.01	\$ 13.67	5.03%	5.03%	2.00%	2.25%	\$ 220.36	\$ 231.80
Capital	Family and Children		Child, 1-20 Years	\$ 122.74	\$ 130.15	\$ 13.01	\$ 13.67	4.70%	4.71%	2.00%	2.25%	\$ 147.80	\$ 156.61
Capital	Family and Children		Adult, 21+ Years	\$ 276.27	\$ 291.14	\$ 13.01	\$ 13.67	4.62%	4.63%	2.00%	2.25%	\$ 315.44	\$ 332.41
Capital	Foster Care Children		Foster Care, All Ages Male & Female	\$ 441.56	\$ 472.02	\$ 13.01	\$ 13.67	5.03%	5.05%	2.00%	2.25%	\$ 497.92	\$ 532.14
Capital	Breast and Cervical Cancer		BCC, All Ages Female	\$ 1,531.34	\$ 1,600.99	\$ 13.01	\$ 13.67	4.85%	4.86%	2.00%	2.25%	\$ 1,690.46	\$ 1,767.57
Capital	LaCHIP Affordable Plan		All Ages	\$ 141.71	\$ 149.91	\$ 13.01	\$ 13.67	4.60%	4.60%	2.00%	2.25%	\$ 168.40	\$ 178.05
Capital	HCBS Waiver		20 & Under, Male and Female	\$ 1,570.53	\$ 1,686.28	\$ 13.01	\$ 13.67	4.95%	4.98%	2.00%	2.25%	\$ 1,734.98	\$ 1,863.06
Capital	HCBS Waiver		21+ Years, Male and Female	\$ 835.64	\$ 885.32	\$ 13.01	\$ 13.67	3.98%	4.04%	2.00%	2.25%	\$ 921.06	\$ 976.26
Capital	Chisholm Class Members		Chisholm, All Ages Male & Female	\$ 958.40	\$ 1,034.39	\$ 13.01	\$ 13.67	4.82%	4.87%	2.00%	2.25%	\$ 1,062.82	\$ 1,147.14
Capital	SBH - Chisholm Class Members		SBH - Chisholm, All Ages Male & Female	\$ 142.41	\$ 153.85	\$ 1.50	\$ 1.58	4.77%	4.78%	2.00%	2.25%	\$ 157.40	\$ 170.00
Capital	SBH - Dual Eligible		SBH - Dual Eligible, All Ages	\$ 18.12	\$ 18.81	\$ 1.50	\$ 1.58	4.77%	4.78%	2.00%	2.25%	\$ 21.40	\$ 22.23
Capital	SBH - HCBS Waiver		SBH - 20 & Under, Male and Female	\$ 63.91	\$ 68.82	\$ 1.50	\$ 1.58	4.77%	4.78%	2.00%	2.25%	\$ 71.50	\$ 76.95
Capital	SBH - HCBS Waiver		SBH - 21+ Years, Male and Female	\$ 63.72	\$ 66.26	\$ 1.50	\$ 1.58	4.77%	4.78%	2.00%	2.25%	\$ 71.29	\$ 74.15
Capital	SBH - Other		SBH - Other, All Ages	\$ 152.27	\$ 158.30	\$ 1.50	\$ 1.58	4.77%	4.78%	2.00%	2.25%	\$ 168.19	\$ 174.88
Capital	Maternity Kickpayment		Maternity Kickpayment, All Ages	\$ 4,901.44	\$ 5,008.31	\$ -	\$ -	5.66%	5.65%	2.00%	2.25%	\$ 5,408.77	\$ 5,526.33

Notes:

1- Rate Cells with a 0% are set on a statewide basis.

2- Claims PMPM adjusted for statewide rate cells.

3- FMP amounts include premium tax.

F = B + D

G = C + E

Q = (I \* (1 + M) + K) / (1 - O - P)

R = (J \* (1 + N) + L) / (1 - O - P)

V = S + T + U

W = Q + V

X = R + V

# Appendix K: Combined Rate Development

Table 2a: Loaded Rate Development

Region Name	COA Desc	Rate Cell Desc	Final Projected Claims PMPM		Retention Load				Loaded Rates			
			I	J	K	L	M	N	O	P	Q	R
			Low PMPM	High PMPM	Fixed Admin Load - Low (PMPM)	Fixed Admin Load - High (PMPM)	Variable Admin Load - Low (%)	Variable Admin Load - High (%)	UW Gain @ 2%	Premium Tax @ 2.25%	Low	High
South Central	SSI	Newborn, 0-2 Months	\$ 18,056.38	\$ 18,636.79	\$ 13.01	\$ 13.67	5.63%	5.62%	2.00%	2.25%	\$ 19,933.38	\$ 20,572.95
South Central	SSI	Newborn, 3-11 Months	\$ 4,682.47	\$ 4,829.35	\$ 13.01	\$ 13.67	5.23%	5.22%	2.00%	2.25%	\$ 5,159.48	\$ 5,321.09
South Central	SSI	Child, 1-20 Years	\$ 541.65	\$ 571.59	\$ 13.01	\$ 13.67	4.35%	4.37%	2.00%	2.25%	\$ 637.34	\$ 667.12
South Central	SSI	Adult, 21+ Years	\$ 865.95	\$ 900.26	\$ 13.01	\$ 13.67	4.30%	4.31%	2.00%	2.25%	\$ 956.89	\$ 995.00
South Central	Family and Children	Newborn, 0-2 Months	\$ 1,281.78	\$ 1,327.45	\$ 13.01	\$ 13.67	5.61%	5.60%	2.00%	2.25%	\$ 1,427.33	\$ 1,478.29
South Central	Family and Children	Newborn, 3-11 Months	\$ 197.14	\$ 206.99	\$ 13.01	\$ 13.67	5.00%	5.00%	2.00%	2.25%	\$ 229.78	\$ 241.27
South Central	Family and Children	Child, 1-20 Years	\$ 120.34	\$ 127.35	\$ 13.01	\$ 13.67	4.60%	4.61%	2.00%	2.25%	\$ 145.05	\$ 153.42
South Central	Family and Children	Adult, 21+ Years	\$ 254.92	\$ 268.72	\$ 13.01	\$ 13.67	4.69%	4.70%	2.00%	2.25%	\$ 292.30	\$ 308.11
South Central	Foster Care Children	Foster Care, All Ages Male & Female	\$ 441.56	\$ 472.02	\$ 13.01	\$ 13.67	5.03%	5.05%	2.00%	2.25%	\$ 497.92	\$ 532.14
South Central	Breast and Cervical Cancer	BCC, All Ages Female	\$ 1,531.34	\$ 1,600.99	\$ 13.01	\$ 13.67	4.85%	4.86%	2.00%	2.25%	\$ 1,690.46	\$ 1,767.57
South Central	LaCHIP Affordable Plan	All Ages	\$ 141.71	\$ 149.91	\$ 13.01	\$ 13.67	4.60%	4.60%	2.00%	2.25%	\$ 168.40	\$ 178.05
South Central	HCBS Waiver	20 & Under, Male and Female	\$ 1,570.53	\$ 1,686.28	\$ 13.01	\$ 13.67	4.95%	4.98%	2.00%	2.25%	\$ 1,734.98	\$ 1,863.06
South Central	HCBS Waiver	21+ Years, Male and Female	\$ 835.64	\$ 885.32	\$ 13.01	\$ 13.67	3.98%	4.04%	2.00%	2.25%	\$ 921.06	\$ 976.26
South Central	Chisholm Class Members	Chisholm, All Ages Male & Female	\$ 958.40	\$ 1,034.39	\$ 13.01	\$ 13.67	4.82%	4.87%	2.00%	2.25%	\$ 1,062.82	\$ 1,147.14
South Central	SBH - Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	\$ 142.41	\$ 153.85	\$ 1.50	\$ 1.58	4.77%	4.78%	2.00%	2.25%	\$ 157.40	\$ 170.00
South Central	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	\$ 15.08	\$ 15.66	\$ 1.50	\$ 1.58	4.77%	4.78%	2.00%	2.25%	\$ 18.06	\$ 18.78
South Central	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female	\$ 63.91	\$ 68.82	\$ 1.50	\$ 1.58	4.77%	4.78%	2.00%	2.25%	\$ 71.50	\$ 76.95
South Central	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	\$ 63.72	\$ 68.26	\$ 1.50	\$ 1.58	4.77%	4.78%	2.00%	2.25%	\$ 71.29	\$ 74.15
South Central	SBH - Other	SBH - Other, All Ages	\$ 152.27	\$ 158.30	\$ 1.50	\$ 1.58	4.77%	4.78%	2.00%	2.25%	\$ 168.19	\$ 174.88
South Central	Maternity Kickpayment	Maternity Kickpayment, All Ages	\$ 5,080.31	\$ 5,191.07	\$ -	\$ -	5.66%	5.65%	2.00%	2.25%	\$ 5,606.16	\$ 5,728.00
North	SSI	Newborn, 0-2 Months	\$ 18,056.38	\$ 18,636.79	\$ 13.01	\$ 13.67	5.63%	5.62%	2.00%	2.25%	\$ 19,933.38	\$ 20,572.95
North	SSI	Newborn, 3-11 Months	\$ 4,682.47	\$ 4,829.35	\$ 13.01	\$ 13.67	5.23%	5.22%	2.00%	2.25%	\$ 5,159.48	\$ 5,321.09
North	SSI	Child, 1-20 Years	\$ 588.13	\$ 623.12	\$ 13.01	\$ 13.67	4.76%	4.77%	2.00%	2.25%	\$ 657.05	\$ 696.12
North	SSI	Adult, 21+ Years	\$ 791.64	\$ 822.38	\$ 13.01	\$ 13.67	4.36%	4.37%	2.00%	2.25%	\$ 876.44	\$ 910.67
North	Family and Children	Newborn, 0-2 Months	\$ 1,238.23	\$ 1,283.87	\$ 13.01	\$ 13.67	5.62%	5.61%	2.00%	2.25%	\$ 1,379.42	\$ 1,430.34
North	Family and Children	Newborn, 3-11 Months	\$ 197.56	\$ 207.37	\$ 13.01	\$ 13.67	5.07%	5.07%	2.00%	2.25%	\$ 230.38	\$ 241.83
North	Family and Children	Child, 1-20 Years	\$ 124.07	\$ 131.77	\$ 13.01	\$ 13.67	4.93%	4.94%	2.00%	2.25%	\$ 149.56	\$ 158.70
North	Family and Children	Adult, 21+ Years	\$ 238.39	\$ 251.22	\$ 13.01	\$ 13.67	4.77%	4.78%	2.00%	2.25%	\$ 274.45	\$ 289.20
North	Foster Care Children	Foster Care, All Ages Male & Female	\$ 441.56	\$ 472.02	\$ 13.01	\$ 13.67	5.03%	5.05%	2.00%	2.25%	\$ 497.92	\$ 532.14
North	Breast and Cervical Cancer	BCC, All Ages Female	\$ 1,531.34	\$ 1,600.99	\$ 13.01	\$ 13.67	4.85%	4.86%	2.00%	2.25%	\$ 1,690.46	\$ 1,767.57
North	LaCHIP Affordable Plan	All Ages	\$ 141.71	\$ 149.91	\$ 13.01	\$ 13.67	4.60%	4.60%	2.00%	2.25%	\$ 168.40	\$ 178.05
North	HCBS Waiver	20 & Under, Male and Female	\$ 1,570.53	\$ 1,686.28	\$ 13.01	\$ 13.67	4.95%	4.98%	2.00%	2.25%	\$ 1,734.98	\$ 1,863.06
North	HCBS Waiver	21+ Years, Male and Female	\$ 835.64	\$ 885.32	\$ 13.01	\$ 13.67	3.98%	4.04%	2.00%	2.25%	\$ 921.06	\$ 976.26
North	Chisholm Class Members	Chisholm, All Ages Male & Female	\$ 958.40	\$ 1,034.39	\$ 13.01	\$ 13.67	4.82%	4.87%	2.00%	2.25%	\$ 1,062.82	\$ 1,147.14
North	SBH - Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	\$ 142.41	\$ 153.85	\$ 1.50	\$ 1.58	4.77%	4.78%	2.00%	2.25%	\$ 157.40	\$ 170.00
North	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	\$ 16.63	\$ 17.27	\$ 1.50	\$ 1.58	4.77%	4.78%	2.00%	2.25%	\$ 19.76	\$ 20.54
North	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female	\$ 63.91	\$ 68.82	\$ 1.50	\$ 1.58	4.77%	4.78%	2.00%	2.25%	\$ 71.50	\$ 76.95
North	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	\$ 63.72	\$ 68.26	\$ 1.50	\$ 1.58	4.77%	4.78%	2.00%	2.25%	\$ 71.29	\$ 74.15
North	SBH - Other	SBH - Other, All Ages	\$ 152.27	\$ 158.30	\$ 1.50	\$ 1.58	4.77%	4.78%	2.00%	2.25%	\$ 168.19	\$ 174.88
North	Maternity Kickpayment	Maternity Kickpayment, All Ages	\$ 4,936.65	\$ 5,044.24	\$ -	\$ -	5.66%	5.65%	2.00%	2.25%	\$ 5,447.63	\$ 5,565.97

Notes:

1- Rate Cells with a 0% are set on a statewide basis.

2- Claims PMPM adjusted for statewide rate cells.

3- FMP amounts include premium tax.

F = B + D

G = C + E

Q = (I \* (1 + M) + K) / (1 - O - P)

R = (J \* (1 + N) + L) / (1 - O - P)

V = S + T + U

W = Q + V

X = R + V

# Appendix K: Combined Rate Development

Table 2b: Loaded Rates, inclusive of FMP

Region Name	COA Desc	Rate Cell Desc	Loaded Rates		Full Medicaid Pricing <sup>3</sup>							21/2016 Rates w/ FMP	
			Q	R	S	T	U	V	W	X			
Guif	SSI	Newborn, 0-2 Months	\$ 19,933.38	\$ 20,572.95	\$ 7,254.60	\$ 21.21	\$ 545.17	\$ 7,820.99	\$ 27,754.36	\$ 28,393.93			
Guif	SSI	Newborn, 3-11 Months	\$ 5,159.48	\$ 5,321.09	\$ 1,999.21	\$ 8.37	\$ 83.10	\$ 2,090.68	\$ 7,250.16	\$ 7,411.77			
Guif	SSI	Child, 1-20 Years	\$ 693.27	\$ 626.54	\$ 3.25	\$ 3.25	\$ 9.81	\$ 107.24	\$ 700.51	\$ 733.78			
Guif	SSI	Adult, 21+ Years	\$ 996.18	\$ 1,036.19	\$ 206.33	\$ 12.93	\$ 25.49	\$ 244.75	\$ 1,240.93	\$ 1,280.94			
Guif	Family and Children	Newborn, 0-2 Months	\$ 1,238.30	\$ 1,287.37	\$ 432.99	\$ 4.83	\$ 29.37	\$ 467.18	\$ 1,705.49	\$ 1,754.55			
Guif	Family and Children	Newborn, 3-11 Months	\$ 224.63	\$ 235.86	\$ 39.96	\$ 1.12	\$ 6.83	\$ 47.91	\$ 272.54	\$ 283.77			
Guif	Family and Children	Child, 1-20 Years	\$ 139.59	\$ 147.96	\$ 12.67	\$ 0.77	\$ 3.38	\$ 16.82	\$ 156.41	\$ 164.78			
Guif	Family and Children	Adult, 21+ Years	\$ 267.92	\$ 282.35	\$ 42.98	\$ 3.72	\$ 8.78	\$ 55.48	\$ 323.40	\$ 337.82			
Guif	Foster Care Children	Foster Care, All Ages Male & Female	\$ 497.92	\$ 532.14	\$ 14.70	\$ 1.27	\$ 4.18	\$ 20.15	\$ 518.08	\$ 562.29			
Guif	Breast and Cervical Cancer	BCC, All Ages Female	\$ 1,690.46	\$ 1,767.57	\$ 523.68	\$ 3.23	\$ 45.47	\$ 572.38	\$ 2,262.84	\$ 2,339.95			
Guif	LaCHIP Affordable Plan	All Ages	\$ 168.40	\$ 178.05	\$ 12.42	\$ 0.41	\$ 3.70	\$ 16.54	\$ 184.94	\$ 194.58			
Guif	HCBS Waiver	20 & Under, Male and Female	\$ 1,734.98	\$ 1,863.06	\$ 85.72	\$ 3.29	\$ 11.38	\$ 100.39	\$ 1,835.37	\$ 1,963.45			
Guif	HCBS Waiver	21+ Years, Male and Female	\$ 921.06	\$ 976.26	\$ 120.91	\$ 8.85	\$ 15.49	\$ 145.26	\$ 1,066.32	\$ 1,121.51			
Guif	Chisholm Class Members	Chisholm, All Ages Male & Female	\$ 1,062.82	\$ 1,147.14	\$ 74.98	\$ 2.80	\$ 8.71	\$ 86.49	\$ 1,149.31	\$ 1,233.62			
Guif	SBH - Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	\$ 157.40	\$ 170.00	\$ -	\$ -	\$ -	\$ -	\$ 157.40	\$ 170.00			
Guif	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	\$ 27.15	\$ 28.23	\$ 0.71	\$ -	\$ 0.20	\$ 0.92	\$ 28.06	\$ 29.15			
Guif	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female	\$ 71.50	\$ 76.95	\$ 6.12	\$ -	\$ 0.10	\$ 6.22	\$ 77.72	\$ 83.18			
Guif	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	\$ 71.29	\$ 74.15	\$ 13.33	\$ -	\$ 0.08	\$ 13.41	\$ 84.70	\$ 87.56			
Guif	SBH - Other	SBH - Other, All Ages	\$ 168.19	\$ 174.88	\$ 62.60	\$ -	\$ 0.29	\$ 62.89	\$ 231.08	\$ 237.77			
Guif	Maternity Kickpayment	Maternity Kickpayment, All Ages	\$ 6,143.22	\$ 6,276.75	\$ 3,520.74	\$ -	\$ 517.26	\$ 4,038.00	\$ 10,181.22	\$ 10,314.75			
Capital	SSI	Newborn, 0-2 Months	\$ 19,933.38	\$ 20,572.95	\$ 7,254.60	\$ 21.21	\$ 545.17	\$ 7,820.99	\$ 27,754.36	\$ 28,393.93			
Capital	SSI	Newborn, 3-11 Months	\$ 5,159.48	\$ 5,321.09	\$ 1,999.21	\$ 8.37	\$ 83.10	\$ 2,090.68	\$ 7,250.16	\$ 7,411.77			
Capital	SSI	Child, 1-20 Years	\$ 626.59	\$ 661.52	\$ 59.58	\$ 1.85	\$ 12.93	\$ 74.36	\$ 700.95	\$ 735.88			
Capital	SSI	Adult, 21+ Years	\$ 1,106.75	\$ 1,151.45	\$ 143.86	\$ 9.04	\$ 35.76	\$ 188.65	\$ 1,295.40	\$ 1,340.11			
Capital	Family and Children	Newborn, 0-2 Months	\$ 1,329.56	\$ 1,379.83	\$ 586.47	\$ 2.06	\$ 32.13	\$ 620.66	\$ 1,950.22	\$ 2,000.49			
Capital	Family and Children	Newborn, 3-11 Months	\$ 220.36	\$ 231.80	\$ 37.13	\$ 0.88	\$ 9.98	\$ 48.00	\$ 268.36	\$ 279.79			
Capital	Family and Children	Child, 1-20 Years	\$ 147.80	\$ 156.61	\$ 10.95	\$ 0.57	\$ 5.03	\$ 16.55	\$ 164.35	\$ 173.17			
Capital	Family and Children	Adult, 21+ Years	\$ 315.44	\$ 332.41	\$ 44.27	\$ 3.20	\$ 16.77	\$ 64.25	\$ 379.69	\$ 396.66			
Capital	Foster Care Children	Foster Care, All Ages Male & Female	\$ 497.92	\$ 532.14	\$ 14.70	\$ 1.27	\$ 4.18	\$ 20.15	\$ 518.08	\$ 562.29			
Capital	Breast and Cervical Cancer	BCC, All Ages Female	\$ 1,690.46	\$ 1,767.57	\$ 523.68	\$ 3.23	\$ 45.47	\$ 572.38	\$ 2,262.84	\$ 2,339.95			
Capital	LaCHIP Affordable Plan	All Ages	\$ 168.40	\$ 178.05	\$ 12.42	\$ 0.41	\$ 3.70	\$ 16.54	\$ 184.94	\$ 194.58			
Capital	HCBS Waiver	20 & Under, Male and Female	\$ 1,734.98	\$ 1,863.06	\$ 85.72	\$ 3.29	\$ 11.38	\$ 100.39	\$ 1,835.37	\$ 1,963.45			
Capital	HCBS Waiver	21+ Years, Male and Female	\$ 921.06	\$ 976.26	\$ 120.91	\$ 8.85	\$ 15.49	\$ 145.26	\$ 1,066.32	\$ 1,121.51			
Capital	Chisholm Class Members	Chisholm, All Ages Male & Female	\$ 1,062.82	\$ 1,147.14	\$ 74.98	\$ 2.80	\$ 8.71	\$ 86.49	\$ 1,149.31	\$ 1,233.62			
Capital	SBH - Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	\$ 157.40	\$ 170.00	\$ -	\$ -	\$ -	\$ -	\$ 157.40	\$ 170.00			
Capital	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	\$ 21.40	\$ 22.23	\$ 0.38	\$ -	\$ 0.03	\$ 0.41	\$ 21.80	\$ 22.64			
Capital	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female	\$ 71.50	\$ 76.95	\$ 6.12	\$ -	\$ 0.10	\$ 6.22	\$ 77.72	\$ 83.18			
Capital	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	\$ 71.29	\$ 74.15	\$ 13.33	\$ -	\$ 0.08	\$ 13.41	\$ 84.70	\$ 87.56			
Capital	SBH - Other	SBH - Other, All Ages	\$ 168.19	\$ 174.88	\$ 62.60	\$ -	\$ 0.29	\$ 62.89	\$ 231.08	\$ 237.77			
Capital	Maternity Kickpayment	Maternity Kickpayment, All Ages	\$ 5,408.77	\$ 5,526.33	\$ 3,679.16	\$ -	\$ 620.95	\$ 4,300.11	\$ 9,708.88	\$ 9,826.44			

Notes:

1- Rate Cells with a 0% are set on a statewide basis.

2- Claims PMPM adjusted for statewide rate cells.

3- FMP amounts include premium tax.

F = B + D

G = C + E

Q = (1 \* (1 + M) + K) / (1 - O - P)

R = (J \* (1 + N) + L) / (1 - O - P)

V = S + T + U

W = Q + V

X = R + V

# Appendix K: Combined Rate Development

Table 2b: Loaded Rates, inclusive of FMP

Region Name		COA Desc	Rate Cell Desc	Loaded Rates		Full Medicaid Pricing <sup>3</sup>						21/2016 Rates w/ FMP	
				Q	R	S	T	U	V	W	X		
				Low	High	Hospital (IP/OP) FMP PMPM	Ambulance FMP PMPM	Physician FMP PMPM	Total FMP PMPM	Low	High		
South Central	SSI	Newborn, 0-2 Months		\$ 19,933.38	\$ 20,572.95	\$ 7,254.60	\$ 21.21	\$ 545.17	\$ 7,820.99	\$ 27,754.36	\$ 28,393.93		
South Central	SSI	Newborn, 3-11 Months		\$ 5,169.48	\$ 5,321.09	\$ 1,999.21	\$ 8.37	\$ 83.10	\$ 2,090.68	\$ 7,250.16	\$ 7,411.77		
South Central	SSI	Child, 1-20 Years		\$ 603.91	\$ 637.34	\$ 66.86	\$ 1.25	\$ 10.38	\$ 78.49	\$ 682.40	\$ 715.83		
South Central	SSI	Adult, 21+ Years		\$ 956.89	\$ 995.00	\$ 172.77	\$ 4.86	\$ 28.10	\$ 205.74	\$ 1,162.63	\$ 1,200.74		
South Central	Family and Children	Newborn, 0-2 Months		\$ 1,427.33	\$ 1,478.29	\$ 616.98	\$ 1.80	\$ 19.60	\$ 638.38	\$ 2,065.71	\$ 2,116.67		
South Central	Family and Children	Newborn, 3-11 Months		\$ 229.78	\$ 241.27	\$ 36.68	\$ 0.61	\$ 9.74	\$ 47.02	\$ 276.80	\$ 288.29		
South Central	Family and Children	Child, 1-20 Years		\$ 145.05	\$ 153.42	\$ 9.96	\$ 0.34	\$ 4.99	\$ 15.30	\$ 160.35	\$ 168.72		
South Central	Family and Children	Adult, 21+ Years		\$ 292.30	\$ 308.11	\$ 38.54	\$ 1.83	\$ 16.37	\$ 56.75	\$ 349.04	\$ 364.86		
South Central	Foster Care Children	Foster Care, All Ages Male & Female		\$ 497.92	\$ 532.14	\$ 14.70	\$ 1.27	\$ 4.18	\$ 20.15	\$ 518.08	\$ 552.29		
South Central	Breast and Cervical Cancer	BCC, All Ages Female		\$ 1,690.46	\$ 1,767.57	\$ 523.68	\$ 3.23	\$ 45.47	\$ 572.38	\$ 2,262.84	\$ 2,339.95		
South Central	LaCHIP Affordable Plan	All Ages		\$ 168.40	\$ 178.05	\$ 12.42	\$ 0.41	\$ 3.70	\$ 16.54	\$ 184.94	\$ 194.58		
South Central	HCBS Waiver	20 & Under, Male and Female		\$ 1,734.98	\$ 1,863.06	\$ 85.72	\$ 3.29	\$ 11.38	\$ 100.39	\$ 1,835.37	\$ 1,963.45		
South Central	HCBS Waiver	21+ Years, Male and Female		\$ 921.06	\$ 976.26	\$ 120.91	\$ 8.85	\$ 15.49	\$ 145.26	\$ 1,066.32	\$ 1,121.51		
South Central	Chisholm Class Members	Chisholm, All Ages Male & Female		\$ 1,052.82	\$ 1,147.14	\$ 74.98	\$ 2.80	\$ 8.71	\$ 86.49	\$ 1,149.31	\$ 1,233.62		
South Central	SBH - Chisholm Class Members	SBH - Chisholm, All Ages Male & Female		\$ 167.40	\$ 170.00	\$ -	\$ -	\$ -	\$ -	\$ 157.40	\$ 170.00		
South Central	SBH - Dual Eligible	SBH - Dual Eligible, All Ages		\$ 18.06	\$ 18.78	\$ 1.06	\$ -	\$ 0.00	\$ 1.06	\$ 19.12	\$ 19.84		
South Central	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female		\$ 71.50	\$ 76.95	\$ 6.12	\$ -	\$ 0.10	\$ 6.22	\$ 77.72	\$ 83.18		
South Central	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female		\$ 71.29	\$ 74.15	\$ 13.33	\$ -	\$ 0.08	\$ 13.41	\$ 84.70	\$ 87.56		
South Central	SBH - Other	SBH - Other, All Ages		\$ 168.19	\$ 174.88	\$ 62.60	\$ -	\$ 0.29	\$ 62.89	\$ 231.08	\$ 237.77		
South Central	Maternity Kickpayment	Maternity Kickpayment, All Ages		\$ 5,606.16	\$ 5,728.00	\$ 2,581.38	\$ -	\$ 207.00	\$ 2,788.38	\$ 8,394.53	\$ 8,516.38		
North	SSI	Newborn, 0-2 Months		\$ 19,933.38	\$ 20,572.95	\$ 7,254.60	\$ 21.21	\$ 545.17	\$ 7,820.99	\$ 27,754.36	\$ 28,393.93		
North	SSI	Newborn, 3-11 Months		\$ 5,169.48	\$ 5,321.09	\$ 1,999.21	\$ 8.37	\$ 83.10	\$ 2,090.68	\$ 7,250.16	\$ 7,411.77		
North	SSI	Child, 1-20 Years		\$ 603.91	\$ 637.34	\$ 66.86	\$ 1.25	\$ 10.38	\$ 78.49	\$ 682.40	\$ 715.83		
North	SSI	Adult, 21+ Years		\$ 956.89	\$ 995.00	\$ 172.77	\$ 4.86	\$ 28.10	\$ 205.74	\$ 1,162.63	\$ 1,200.74		
North	Family and Children	Newborn, 0-2 Months		\$ 1,427.33	\$ 1,478.29	\$ 616.98	\$ 1.80	\$ 19.60	\$ 638.38	\$ 2,065.71	\$ 2,116.67		
North	Family and Children	Newborn, 3-11 Months		\$ 229.78	\$ 241.27	\$ 36.68	\$ 0.61	\$ 9.74	\$ 47.02	\$ 276.80	\$ 288.29		
North	Family and Children	Child, 1-20 Years		\$ 145.05	\$ 153.42	\$ 9.96	\$ 0.34	\$ 4.99	\$ 15.30	\$ 160.35	\$ 168.72		
North	Family and Children	Adult, 21+ Years		\$ 292.30	\$ 308.11	\$ 38.54	\$ 1.83	\$ 16.37	\$ 56.75	\$ 349.04	\$ 364.86		
North	Foster Care Children	Foster Care, All Ages Male & Female		\$ 497.92	\$ 532.14	\$ 14.70	\$ 1.27	\$ 4.18	\$ 20.15	\$ 518.08	\$ 552.29		
North	Breast and Cervical Cancer	BCC, All Ages Female		\$ 1,690.46	\$ 1,767.57	\$ 523.68	\$ 3.23	\$ 45.47	\$ 572.38	\$ 2,262.84	\$ 2,339.95		
North	LaCHIP Affordable Plan	All Ages		\$ 168.40	\$ 178.05	\$ 12.42	\$ 0.41	\$ 3.70	\$ 16.54	\$ 184.94	\$ 194.58		
North	HCBS Waiver	20 & Under, Male and Female		\$ 1,734.98	\$ 1,863.06	\$ 85.72	\$ 3.29	\$ 11.38	\$ 100.39	\$ 1,835.37	\$ 1,963.45		
North	HCBS Waiver	21+ Years, Male and Female		\$ 921.06	\$ 976.26	\$ 120.91	\$ 8.85	\$ 15.49	\$ 145.26	\$ 1,066.32	\$ 1,121.51		
North	Chisholm Class Members	Chisholm, All Ages Male & Female		\$ 1,052.82	\$ 1,147.14	\$ 74.98	\$ 2.80	\$ 8.71	\$ 86.49	\$ 1,149.31	\$ 1,233.62		
North	SBH - Chisholm Class Members	SBH - Chisholm, All Ages Male & Female		\$ 167.40	\$ 170.00	\$ -	\$ -	\$ -	\$ -	\$ 157.40	\$ 170.00		
North	SBH - Dual Eligible	SBH - Dual Eligible, All Ages		\$ 19.76	\$ 20.54	\$ 0.75	\$ -	\$ 0.01	\$ 0.76	\$ 20.52	\$ 21.30		
North	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female		\$ 71.50	\$ 76.95	\$ 6.12	\$ -	\$ 0.10	\$ 6.22	\$ 77.72	\$ 83.18		
North	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female		\$ 71.29	\$ 74.15	\$ 13.33	\$ -	\$ 0.08	\$ 13.41	\$ 84.70	\$ 87.56		
North	SBH - Other	SBH - Other, All Ages		\$ 168.19	\$ 174.88	\$ 62.60	\$ -	\$ 0.29	\$ 62.89	\$ 231.08	\$ 237.77		
North	Maternity Kickpayment	Maternity Kickpayment, All Ages		\$ 5,447.63	\$ 5,565.97	\$ 3,380.63	\$ -	\$ 166.21	\$ 3,546.89	\$ 8,994.52	\$ 9,112.86		

Notes:

1- Rate Cells with a 0% are set on a statewide basis.

2- Claims PMPM adjusted for statewide rate cells.

3- FMP amounts include premium tax.

F = B + D

G = C + E

Q = (1 \* (1 + M) + K) / (1 - O - P)

R = (J \* (1 + N) + L) / (1 - O - P)

V = S + T + U

W = Q + V

X = R + V

## Appendix L: Data Reliance Letter

Bobby Jindal  
GOVERNOR



Kathy H. Kliebert  
SECRETARY

**State of Louisiana**  
Department of Health and Hospitals  
Bureau of Health Services Financing

September 15, 2015

**VIA ELECTRONIC MAIL ONLY**


Mr. Jarredd Simons, ASA, MAAA  
Senior Associate Actuary  
Mercer Government Human Services  
3560 Lenox Road, Suite 2400  
Atlanta, GA 30326

**Subject:** Capitation Rate Certification for the Bayou Health Program – Implementation  
Year (February 1, 2016 through January 31, 2017)

Dear Jarredd:

I, Jen Steele, Medicaid Deputy Director, for the State of Louisiana's Department of Health and Hospitals (DHH), hereby affirm that the data prepared and submitted to Mercer Government Human Services Consulting (Mercer) for the purpose of certifying the February 1, 2016 through January 31, 2017 Bayou Health Rates were prepared under my direction, and to the best of my knowledge and belief, are accurate, complete, and consistent with the data used to develop the capitation rates. This data includes calendar years 2013 and 2014 fee-for-service (FFS) data files, managed care organization submitted encounter data, pre-paid inpatient health plans-submitted encounter data, and supplemental information on payments made outside of Louisiana's Medicaid Management Information Systems.

Mercer relied on DHH and its fiscal agent for the collection and processing of the FFS data, encounter data, and other information used in setting these capitation rates. Mercer did not audit the data, but did assess the data for reasonableness as documented in the rate certification letter.

  
\_\_\_\_\_  
Signature

9/15/15  
\_\_\_\_\_  
Date



**Jaredd Simons, ASA, MAAA**  
Principal

Government Human Services Consulting  
3560 Lenox Road, Suite 2400  
Atlanta, GA 30326  
+1 404 442 3358  
jaredd.simons@mercer.com  
www.mercer-government.mercer.com

Ms. Pam Diez  
Deputy Medicaid Director/Chief Financial Officer  
Louisiana Department of Health  
Bureau of Health Services Financing  
628 North 4th Street  
Baton Rouge, LA 70821

September 13, 2016

**Subject:** Healthy Louisiana Physical Health Services – Full Risk-Bearing Managed Care Organization (MCO) Rate Range Development and Actuarial Certification update for the Period January 1, 2016 to January 31, 2016

Dear Ms. Diez:

The Louisiana Department of Health (LDH) has contracted with Mercer Government Human Services Consulting (Mercer) to develop actuarially sound capitation rate ranges for the State of Louisiana's Healthy Louisiana (f/k/a Bayou Health) program for the period of January 1, 2016 to January 31, 2016. This certification update includes one revision that is retrospectively effective January 1, 2016. This revised certification letter replaces the certification letter issued on October 15, 2015 for the period of December 1, 2015 through January 31, 2016 and only applies to the period of January 1, 2016 to January 31, 2016. For reference, the original capitation rate certification letter is included with this document in Appendix C.

This letter provides an overview of the analyses and methodology to support the revision and the resulting capitation rate ranges effective January 1, 2016 through January 31, 2016 for the purpose of satisfying the requirements of the Centers for Medicare & Medicaid Services (CMS). This rate development process used Medicaid fee-for-service (FFS) medical and pharmacy claims, Healthy Louisiana Shared Savings claims experience, and Healthy Louisiana Prepaid encounter data. It resulted in the development of a range of actuarially sound rates for each rate cell. The capitation rate ranges are summarized in Appendix A and represent payment in full for the covered services.

Medicaid benefit plan premium rates are "actuarially sound" if, for business in the state for which the certification is being prepared and for the period covered by the certification, projected premiums, including expected reinsurance and governmental stop-loss cash flows, governmental risk adjustment cash flows, and investment income, provide for all reasonable, appropriate, and attainable costs, including health benefits, health benefit settlement expenses, marketing and administrative expenses, any government mandated assessments, fees, and

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taxes, and the cost of capital. Note: Please see pages 8-9 of the August 2005, Actuarial Certification of Rates for Medicaid Managed Care Programs, from the American Academy of Actuaries, [http://www.actuary.org/pdf/practnotes/health\\_medicaid\\_05.pdf](http://www.actuary.org/pdf/practnotes/health_medicaid_05.pdf).

## Rate Revision

As a result of Act 1, House Bill No. 35, effective January 1, 2016, the state of Louisiana increased the premium tax rate of 2.25% to 5.50%. This legislation was enacted after the issuance of rates effective during the period which requires a revision to the previously certified rates. The revision to the premium tax rate resulted in a 3.50% increase to the final composite rate. The table below shows the impact by rate cell to the midpoint rates.

	[MM]		[A]		[B]		[C]		[D] = [B] + [C]
COA Desc	MMs		Original Midpoint PMPM		Midpoint PMPM less 2.25% Premium Tax		5.5% Premium Tax Revision Impact		Revised Midpoint PMPM
SSI	1,352,006	\$	892.07	\$	872.00	\$	51.30	\$	923.30
Family and Children	9,210,827	\$	195.29	\$	190.90	\$	11.24	\$	202.13
Breast and Cervical Cancer	12,926	\$	2,380.59	\$	2,327.03	\$	136.78	\$	2,463.81
LaCHIP Affordable Plan	38,711	\$	161.53	\$	157.89	\$	9.30	\$	167.19
HCBS Waiver	104,050	\$	860.27	\$	840.91	\$	49.53	\$	890.44
Chisholm Class Members	63,548	\$	943.65	\$	922.42	\$	54.33	\$	976.75
Maternity Kick Payment	38,581	\$	8,495.33	\$	8,304.18	\$	487.46	\$	8,791.64
Composite	10,782,068	\$	326.39	\$	319.05	\$	18.77	\$	337.82

## Certification of Final Rate Ranges

In preparing the rate ranges shown in Appendix A, Mercer has used and relied upon enrollment, FFS claims, encounter data, reimbursement level, benefit design, and other information supplied by LDH and its fiscal agent. LDH, its fiscal agent, and the Prepaid plans are responsible for the validity and completeness of the data supplied. We have reviewed the data and information for internal consistency and reasonableness, but we did not audit them. In our opinion they are appropriate for the intended purposes. If the data and information are incomplete or inaccurate, the values shown in this report may need to be revised accordingly.

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Louisiana Department of Health

Mercer certifies the rates in Appendix A were developed in accordance with generally accepted actuarial practices and principles and are appropriate for the Medicaid covered populations and services under the managed care contract. Rate estimates provided are based upon the information available at a point in time and are subject to unforeseen and random events. Therefore, any projection must be interpreted as having a likely range of variability from the estimate. The undersigned actuary is a member of the American Academy of Actuaries and meets its qualification standards to certify to the actuarial soundness of Medicaid managed care capitation rates.

Rates and ranges developed by Mercer are actuarial projections of future contingent events. Actual Healthy Louisiana MCO costs will differ from these projections. Mercer has developed these rates on behalf of LDH to demonstrate compliance with the CMS requirements under 42 CFR 438.6(c), and in accordance with applicable law and regulations. Use of these rate ranges for any purpose beyond that stated may not be appropriate.

Healthy Louisiana MCOs are advised that the use of these rate ranges may not be appropriate for their particular circumstance and Mercer disclaims any responsibility for the use of these rate ranges by Healthy Louisiana MCOs for any purpose. Mercer recommends that any Healthy Louisiana MCO considering contracting with LDH should analyze its own projected medical expense, administrative expense, and any other premium needs for comparison to these rate ranges before deciding whether to contract with LDH.

This certification letter assumes the reader is familiar with the Healthy Louisiana program, Medicaid eligibility rules, and actuarial rate-setting techniques. It is intended for LDH and CMS, and should not be relied upon by third parties. Other readers should seek the advice of actuaries or other qualified professionals competent in the area of actuarial rate projections to understand the technical nature of these results.

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Louisiana Department of Health

If you have any questions on any of the information provided, please feel free to call me at  
+1 404 442 3358.

Sincerely,



Jaredd Simons, ASA, MAAA  
Principal

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## Appendix A : Healthy Louisiana Capitation Rate Range

Region Description	COA Desc	Rate Cell Desc	CY2013 MMs or Deliveries	Lower Bound PMPM or Cost per Delivery	Upper Bound PMPM or Cost Per Delivery
Gulf	SSI	Newborn, 0-2 Months	287	\$ 28,512.91	\$ 29,993.61
Gulf	SSI	Newborn, 3-11 Months	1,728	\$ 5,492.17	\$ 5,794.87
Gulf	SSI	Child, 1-18 Years	121,839	\$ 429.61	\$ 458.02
Gulf	SSI	Adult, 19+ Years	276,046	\$ 1,053.36	\$ 1,108.78
Gulf	Family and Children	Newborn, 0-2 Months	43,082	\$ 1,823.95	\$ 1,919.38
Gulf	Family and Children	Newborn, 3-11 Months	104,284	\$ 256.25	\$ 273.39
Gulf	Family and Children	Child, 1-18 Years	2,050,898	\$ 124.44	\$ 132.59
Gulf	Family and Children	Adult, 19+ Years	373,887	\$ 335.61	\$ 354.30
Gulf	Breast and Cervical Cancer	BCC, All Ages Female	3,695	\$ 2,384.53	\$ 2,535.80
Gulf	LaCHIP Affordable Plan	All Ages	9,457	\$ 160.25	\$ 171.34
Gulf	HCBS Waiver	18 & Under, Male and Female	6,538	\$ 1,604.71	\$ 1,742.01
Gulf	HCBS Waiver	19+ Years, Male and Female	20,790	\$ 637.33	\$ 685.52
Gulf	Chisholm Class Members	Chisholm, All Ages Male & Female	15,581	\$ 934.54	\$ 1,017.94
Gulf	Maternity Kick Payment	Maternity Kick Payment, All Ages	10,700	\$ 9,332.00	\$ 9,593.58
Gulf	EED Kick Payment	EED Kick Payment	NA	\$ 5,333.56	\$ 5,423.38
Capital	SSI	Newborn, 0-2 Months	163	\$ 29,405.39	\$ 30,886.09
Capital	SSI	Newborn, 3-11 Months	1,461	\$ 5,583.25	\$ 5,885.95
Capital	SSI	Child, 1-18 Years	88,633	\$ 466.07	\$ 498.98
Capital	SSI	Adult, 19+ Years	209,421	\$ 1,082.78	\$ 1,146.11
Capital	Family and Children	Newborn, 0-2 Months	38,631	\$ 1,978.73	\$ 2,077.19
Capital	Family and	Newborn, 3-11 Months	94,165	\$ 276.06	\$ 295.61

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Region Description	COA Desc	Rate Cell Desc	CY2013 MMs or Deliveries	Lower Bound PMPM or Cost per Delivery	Upper Bound PMPM or Cost Per Delivery
	Children				
Capital	Family and Children	Child, 1-18 Years	1,858,073	\$ 131.63	\$ 140.62
Capital	Family and Children	Adult, 19+ Years	268,605	\$ 383.05	\$ 404.87
Capital	Breast and Cervical Cancer	BCC, All Ages Female	3,946	\$ 2,376.72	\$ 2,527.99
Capital	LaCHIP Affordable Plan	All Ages	10,487	\$ 161.57	\$ 172.66
Capital	HCBS Waiver	18 & Under, Male and Female	6,774	\$ 1,603.49	\$ 1,740.79
Capital	HCBS Waiver	19+ Years, Male and Female	20,494	\$ 637.18	\$ 685.37
Capital	Chisholm Class Members	Chisholm, All Ages Male & Female	15,381	\$ 935.60	\$ 1,019.00
Capital	Maternity Kick Payment	Maternity Kick Payment, All Ages	9,457	\$ 8,649.07	\$ 8,880.45
Capital	EED Kick Payment	EED Kick Payment	NA	\$ 5,588.77	\$ 5,688.96
South Central	SSI	Newborn, 0-2 Months	213	\$ 28,651.16	\$ 30,131.86
South Central	SSI	Newborn, 3-11 Months	1,662	\$ 5,490.32	\$ 5,793.02
South Central	SSI	Child, 1-18 Years	90,974	\$ 501.82	\$ 534.57
South Central	SSI	Adult, 19+ Years	246,315	\$ 1,001.42	\$ 1,057.67
South Central	Family and Children	Newborn, 0-2 Months	43,407	\$ 2,179.05	\$ 2,282.12
South Central	Family and Children	Newborn, 3-11 Months	104,247	\$ 294.65	\$ 313.58
South Central	Family and Children	Child, 1-18 Years	2,034,374	\$ 139.93	\$ 149.17
South	Family and	Adult, 19+ Years	285,291	\$ 353.41	\$ 373.61

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Region Description	COA Desc	Rate Cell Desc	CY2013 MMs or Deliveries	Lower Bound PMPM or Cost per Delivery	Upper Bound PMPM or Cost Per Delivery
Central	Children				
South	Breast and				
Central	Cervical Cancer	BCC, All Ages Female	2,890	\$ 2,392.53	\$ 2,543.80
South	LaCHIP Affordable				
Central	Plan	All Ages	12,222	\$ 162.39	\$ 173.48
South	HCBS Waiver	18 & Under, Male and			
Central		Female	6,213	\$ 1,607.26	\$ 1,744.56
South	HCBS Waiver	19+ Years, Male and			
Central		Female	22,305	\$ 638.91	\$ 687.10
South	Chisholm Class	Chisholm, All Ages			
Central	Members	Male & Female	16,290	\$ 934.80	\$ 1,018.20
South	Maternity Kick	Maternity Kick			
Central	Payment	Payment, All Ages	10,347	\$ 8,354.84	\$ 8,593.49
South	EED Kick				
Central	Payment	EED Kick Payment	NA	\$ 5,086.32	\$ 5,184.69
North	SSI	Newborn, 0-2 Months	239	\$ 28,932.77	\$ 30,413.47
North	SSI	Newborn, 3-11 Months	1,678	\$ 5,490.49	\$ 5,793.19
North	SSI	Child, 1-18 Years	99,769	\$ 461.64	\$ 490.37
North	SSI	Adult, 19+ Years	211,578	\$ 955.76	\$ 1,008.51
North	Family and				
	Children	Newborn, 0-2 Months	32,218	\$ 2,064.15	\$ 2,168.70
North	Family and				
	Children	Newborn, 3-11 Months	80,049	\$ 271.30	\$ 289.45
North	Family and				
	Children	Child, 1-18 Years	1,586,038	\$ 125.77	\$ 133.88
North	Family and				
	Children	Adult, 19+ Years	213,578	\$ 337.55	\$ 357.02
North	Breast and				
	Cervical Cancer	BCC, All Ages Female	2,395	\$ 2,407.42	\$ 2,558.69
North	LaCHIP Affordable				
	Plan	All Ages	6,545	\$ 162.41	\$ 173.50
North	HCBS Waiver	18 & Under, Male and			
		Female	3,944	\$ 1,607.90	\$ 1,745.20
North	HCBS Waiver	19+ Years, Male and	16,992	\$ 638.98	\$ 687.17

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Region Description	COA Desc	Rate Cell Desc	CY2013 MMs or Deliveries	Lower Bound PMPM or Cost per Delivery	Upper Bound PMPM or Cost Per Delivery
		Female			
North	Chisholm Class Members	Chisholm, All Ages Male & Female	16,296	\$ 935.28	\$ 1,018.68
North	Maternity Kick Payment	Maternity Kick Payment, All Ages	8,077	\$ 8,222.88	\$ 8,458.43
North	EED Kick Payment	EED Kick Payment	NA	\$ 4,822.04	\$ 4,911.44

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 Ms. Pam Diez

Louisiana Department of Health

## Appendix B: Healthy Louisiana Premium Tax Change

Region Name	COA Description	Rate Cell Description	MMs	Original Loaded Rates - Low PMPM	Original Loaded Rates - High PMPM	less 2.25% Prem Tax Low PMPM	less 2.25% Prem Tax High PMPM	5.5% Prem Tax Impact Low PMPM	5.5% Prem Tax Impact - High PMPM	Revised Loaded Rates - Low PMPM	Revised Loaded Rates - High PMPM
Gulf	SSI	Newborn, 0-2 Months	287	\$ 27,550.49	\$ 28,980.93	\$ 26,930.61	\$ 28,328.86	\$ 1,582.30	\$ 1,664.75	\$ 28,512.91	\$ 29,993.61
Gulf	SSI	Newborn, 3-11 Months	1,728	\$ 5,306.40	\$ 5,598.83	\$ 5,187.01	\$ 5,472.85	\$ 305.16	\$ 322.02	\$ 5,492.17	\$ 5,794.87
Gulf	SSI	Child, 1-18 Years	121,839	\$ 415.04	\$ 442.49	\$ 405.70	\$ 432.53	\$ 23.91	\$ 25.49	\$ 429.61	\$ 458.02
Gulf	SSI	Adult, 19+ Years	276,046	\$ 1,017.77	\$ 1,071.30	\$ 994.87	\$ 1,047.20	\$ 58.49	\$ 61.58	\$ 1,053.36	\$ 1,108.78
Gulf	Family and Children	Newborn, 0-2 Months	43,062	\$ 1,762.38	\$ 1,854.57	\$ 1,722.73	\$ 1,812.84	\$ 101.22	\$ 106.54	\$ 1,823.95	\$ 1,919.38
Gulf	Family and Children	Newborn, 3-11 Months	104,284	\$ 247.57	\$ 264.13	\$ 242.00	\$ 258.18	\$ 14.25	\$ 15.21	\$ 256.25	\$ 273.39
Gulf	Family and Children	Child, 1-18 Years	2,050,898	\$ 120.22	\$ 128.09	\$ 117.51	\$ 125.21	\$ 6.93	\$ 7.38	\$ 124.44	\$ 132.59
Gulf	Family and Children	Adult, 19+ Years	373,887	\$ 324.27	\$ 342.33	\$ 316.98	\$ 334.63	\$ 18.63	\$ 19.67	\$ 335.61	\$ 354.30
Gulf	Breast and Cervical Cancer	BCC, All Ages Female	3,695	\$ 2,303.99	\$ 2,450.13	\$ 2,252.15	\$ 2,395.00	\$ 132.38	\$ 140.80	\$ 2,384.53	\$ 2,535.80
Gulf	LaCHIP Affordable Plan	All Ages	9,457	\$ 154.82	\$ 165.53	\$ 151.33	\$ 161.81	\$ 8.92	\$ 9.53	\$ 160.25	\$ 171.34
Gulf	HCBS Waiver	18 & Under, Male and Female	6,538	\$ 1,550.29	\$ 1,682.92	\$ 1,515.40	\$ 1,645.05	\$ 89.31	\$ 96.96	\$ 1,604.71	\$ 1,742.01
Gulf	HCBS Waiver	19+ Years, Male and Female	20,790	\$ 615.74	\$ 662.30	\$ 601.89	\$ 647.40	\$ 35.44	\$ 38.12	\$ 637.33	\$ 685.52
Gulf	Chisholm Class Members	Chisholm, All Ages Male & Female	15,581	\$ 902.87	\$ 983.44	\$ 882.55	\$ 961.31	\$ 51.99	\$ 56.63	\$ 934.54	\$ 1,017.94
Gulf	Maternity Kickpayment	Maternity Kickpayment, All Ages	10,700	\$ 9,017.49	\$ 9,270.20	\$ 8,814.60	\$ 9,061.62	\$ 517.40	\$ 531.96	\$ 9,332.00	\$ 9,593.58
Gulf	EED Kick Payment	EED Kick Payment	NA	\$ 5,154.77	\$ 5,241.55	\$ 5,038.79	\$ 5,123.61	\$ 294.77	\$ 299.77	\$ 5,333.56	\$ 5,423.38
Capital	SSI	Newborn, 0-2 Months	163	\$ 28,413.29	\$ 29,843.73	\$ 27,773.99	\$ 29,172.24	\$ 1,631.40	\$ 1,713.85	\$ 29,405.39	\$ 30,886.09
Capital	SSI	Newborn, 3-11 Months	1,461	\$ 5,394.45	\$ 5,686.88	\$ 5,273.08	\$ 5,558.92	\$ 310.17	\$ 327.03	\$ 5,583.25	\$ 5,885.95
Capital	SSI	Child, 1-18 Years	88,633	\$ 450.26	\$ 482.06	\$ 440.13	\$ 471.22	\$ 25.94	\$ 27.76	\$ 466.07	\$ 498.98
Capital	SSI	Adult, 19+ Years	209,421	\$ 1,046.14	\$ 1,107.32	\$ 1,022.60	\$ 1,082.41	\$ 60.18	\$ 63.70	\$ 1,082.78	\$ 1,146.11
Capital	Family and Children	Newborn, 0-2 Months	38,631	\$ 1,911.98	\$ 2,007.10	\$ 1,868.96	\$ 1,961.94	\$ 109.77	\$ 115.25	\$ 1,978.73	\$ 2,077.19
Capital	Family and Children	Newborn, 3-11 Months	94,165	\$ 266.71	\$ 285.59	\$ 260.71	\$ 279.16	\$ 15.35	\$ 16.45	\$ 276.06	\$ 295.61
Capital	Family and Children	Child, 1-18 Years	1,858,073	\$ 127.17	\$ 135.85	\$ 124.30	\$ 132.79	\$ 7.33	\$ 7.83	\$ 131.63	\$ 140.62
Capital	Family and Children	Adult, 19+ Years	268,605	\$ 370.10	\$ 391.18	\$ 361.77	\$ 382.38	\$ 21.28	\$ 22.49	\$ 385.05	\$ 404.87
Capital	Breast and Cervical Cancer	BCC, All Ages Female	3,946	\$ 2,296.45	\$ 2,442.59	\$ 2,244.78	\$ 2,387.63	\$ 131.94	\$ 140.36	\$ 2,376.72	\$ 2,527.99
Capital	LaCHIP Affordable Plan	All Ages	10,487	\$ 156.10	\$ 166.81	\$ 152.59	\$ 163.06	\$ 8.98	\$ 9.60	\$ 161.57	\$ 172.66
Capital	HCBS Waiver	18 & Under, Male and Female	6,774	\$ 1,549.11	\$ 1,681.74	\$ 1,514.25	\$ 1,643.90	\$ 89.24	\$ 96.89	\$ 1,603.49	\$ 1,740.79
Capital	HCBS Waiver	19+ Years, Male and Female	20,494	\$ 615.60	\$ 662.16	\$ 601.75	\$ 647.26	\$ 35.43	\$ 38.11	\$ 637.18	\$ 685.37
Capital	Chisholm Class Members	Chisholm, All Ages Male & Female	15,381	\$ 903.90	\$ 984.47	\$ 883.56	\$ 962.32	\$ 52.04	\$ 56.68	\$ 935.60	\$ 1,019.00
Capital	Maternity Kickpayment	Maternity Kickpayment, All Ages	9,457	\$ 8,357.76	\$ 8,581.29	\$ 8,169.71	\$ 8,388.21	\$ 479.36	\$ 492.24	\$ 8,649.07	\$ 8,880.45
Capital	EED Kick Payment	EED Kick Payment	NA	\$ 5,401.33	\$ 5,498.12	\$ 5,279.80	\$ 5,374.41	\$ 308.97	\$ 314.55	\$ 5,688.77	\$ 5,688.96
South Central	SSI	Newborn, 0-2 Months	213	\$ 27,684.14	\$ 29,114.58	\$ 27,061.25	\$ 28,459.50	\$ 1,589.91	\$ 1,672.36	\$ 28,651.16	\$ 30,131.86
South Central	SSI	Newborn, 3-11 Months	1,662	\$ 5,304.60	\$ 5,597.03	\$ 5,185.25	\$ 5,471.09	\$ 305.07	\$ 321.93	\$ 5,490.32	\$ 5,793.02
South Central	SSI	Child, 1-18 Years	90,974	\$ 484.82	\$ 516.46	\$ 473.92	\$ 504.84	\$ 27.90	\$ 29.73	\$ 501.82	\$ 534.57
South Central	SSI	Adult, 19+ Years	246,315	\$ 967.55	\$ 1,021.89	\$ 945.78	\$ 998.90	\$ 55.64	\$ 58.77	\$ 1,001.42	\$ 1,057.67
South Central	Family and Children	Newborn, 0-2 Months	43,407	\$ 2,105.59	\$ 2,205.16	\$ 2,058.21	\$ 2,155.54	\$ 120.84	\$ 126.58	\$ 2,179.05	\$ 2,282.12
South Central	Family and Children	Newborn, 3-11 Months	104,247	\$ 284.68	\$ 302.96	\$ 278.28	\$ 296.15	\$ 16.37	\$ 17.43	\$ 294.65	\$ 313.58
South Central	Family and Children	Child, 1-18 Years	2,034,374	\$ 135.19	\$ 144.12	\$ 132.15	\$ 140.88	\$ 7.78	\$ 8.29	\$ 139.93	\$ 149.17
South Central	Family and Children	Adult, 19+ Years	285,291	\$ 341.46	\$ 360.98	\$ 333.77	\$ 352.85	\$ 19.64	\$ 20.76	\$ 353.41	\$ 373.61
South Central	Breast and Cervical Cancer	BCC, All Ages Female	2,890	\$ 2,311.73	\$ 2,457.87	\$ 2,259.71	\$ 2,402.56	\$ 132.82	\$ 141.24	\$ 2,392.53	\$ 2,543.80
South Central	LaCHIP Affordable Plan	All Ages	12,222	\$ 156.89	\$ 167.60	\$ 153.36	\$ 163.83	\$ 9.03	\$ 9.65	\$ 162.39	\$ 173.48
South Central	HCBS Waiver	18 & Under, Male and Female	6,213	\$ 1,552.75	\$ 1,685.38	\$ 1,517.81	\$ 1,647.46	\$ 89.45	\$ 97.10	\$ 1,607.26	\$ 1,744.56
South Central	HCBS Waiver	19+ Years, Male and Female	22,305	\$ 617.27	\$ 663.83	\$ 603.38	\$ 648.90	\$ 35.53	\$ 38.20	\$ 638.91	\$ 687.10
South Central	Chisholm Class Members	Chisholm, All Ages Male & Female	16,290	\$ 903.12	\$ 983.69	\$ 882.80	\$ 961.56	\$ 52.00	\$ 56.64	\$ 934.80	\$ 1,018.20
South Central	Maternity Kickpayment	Maternity Kickpayment, All Ages	10,347	\$ 8,073.20	\$ 8,303.75	\$ 7,891.56	\$ 8,116.91	\$ 463.28	\$ 476.58	\$ 8,354.84	\$ 8,593.49
South Central	EED Kick Payment	EED Kick Payment	NA	\$ 4,915.62	\$ 5,010.65	\$ 4,805.02	\$ 4,897.91	\$ 281.30	\$ 286.78	\$ 5,086.32	\$ 5,184.69
North	SSI	Newborn, 0-2 Months	239	\$ 27,956.38	\$ 29,386.82	\$ 27,327.36	\$ 28,725.61	\$ 1,605.41	\$ 1,687.86	\$ 28,932.77	\$ 30,413.47
North	SSI	Newborn, 3-11 Months	1,678	\$ 5,304.78	\$ 5,597.21	\$ 5,185.42	\$ 5,471.27	\$ 305.07	\$ 321.92	\$ 5,490.49	\$ 5,793.19
North	SSI	Child, 1-18 Years	99,769	\$ 446.01	\$ 473.76	\$ 435.97	\$ 463.10	\$ 25.67	\$ 27.27	\$ 461.64	\$ 490.37
North	SSI	Adult, 19+ Years	211,578	\$ 923.45	\$ 974.40	\$ 902.68	\$ 952.48	\$ 53.08	\$ 56.03	\$ 955.76	\$ 1,008.51
North	Family and Children	Newborn, 0-2 Months	32,218	\$ 1,994.50	\$ 2,095.51	\$ 1,949.62	\$ 2,048.36	\$ 114.53	\$ 120.34	\$ 2,064.15	\$ 2,168.70
North	Family and Children	Newborn, 3-11 Months	80,049	\$ 262.11	\$ 279.64	\$ 256.21	\$ 273.34	\$ 15.09	\$ 16.11	\$ 271.30	\$ 289.45
North	Family and Children	Child, 1-18 Years	1,586,038	\$ 121.52	\$ 129.35	\$ 118.78	\$ 126.44	\$ 6.99	\$ 7.44	\$ 125.77	\$ 133.88
North	Family and Children	Adult, 19+ Years	213,578	\$ 326.13	\$ 344.94	\$ 318.79	\$ 337.18	\$ 18.76	\$ 19.84	\$ 337.55	\$ 357.02
North	Breast and Cervical Cancer	BCC, All Ages Female	2,395	\$ 2,326.15	\$ 2,472.29	\$ 2,273.81	\$ 2,416.66	\$ 133.61	\$ 142.03	\$ 2,407.42	\$ 2,558.69
North	LaCHIP Affordable Plan	All Ages	6,545	\$ 156.89	\$ 167.60	\$ 153.36	\$ 163.83	\$ 9.05	\$ 9.67	\$ 162.41	\$ 173.50
North	HCBS Waiver	18 & Under, Male and Female	3,944	\$ 1,553.38	\$ 1,686.01	\$ 1,518.43	\$ 1,648.07	\$ 89.47	\$ 97.13	\$ 1,607.90	\$ 1,745.20
North	HCBS Waiver	19+ Years, Male and Female	16,992	\$ 617.34	\$ 663.90	\$ 603.45	\$ 648.97	\$ 35.53	\$ 38.20	\$ 638.98	\$ 687.17
North	Chisholm Class Members	Chisholm, All Ages Male & Female	16,296	\$ 903.59	\$ 984.16	\$ 883.26	\$ 962.02	\$ 52.02	\$ 56.66	\$ 935.28	\$ 1,018.68
North	Maternity Kickpayment	Maternity Kickpayment, All Ages	8,077	\$ 7,945.68	\$ 8,173.24	\$ 7,766.90	\$ 7,989.34	\$ 455.98	\$ 469.09	\$ 8,222.88	\$ 8,458.43
North	EED Kick Payment	EED Kick Payment	NA	\$ 4,660.27	\$ 4,746.63	\$ 4,555.41	\$ 4,639.84	\$ 266.63	\$ 271.60	\$ 4,822.04	\$ 4,911.44

Ms. Jen Steele  
Medicaid Deputy Director  
Louisiana Department of Health and Hospitals  
Bureau of Health Services Financing  
628 North 4th Street  
Baton Rouge, LA 70821

October 15, 2015

**Subject:** Louisiana Bayou Health Physical Health Services – Full Risk-Bearing Managed Care Organization Rate Range Development and Actuarial Certification update for the Period December 1, 2015 through January 31, 2016

Dear Ms. Steele:

The Louisiana Department of Health and Hospitals (DHH) has contracted with Mercer Government Human Services Consulting (Mercer) to develop actuarially sound capitation rate ranges for the State of Louisiana's Bayou Health program for the period of December 1, 2015 through January 31, 2016. This certification update includes two technical revisions that are retrospectively effective February 1, 2015 and two programmatic changes that will be effective December 1, 2015. For reference, the original capitation rate certification letter for the period July 1, 2015 through January 31, 2016 is included with this document in Appendix E.

This letter provides an overview of the analyses and methodology to support the technical revisions, programmatic changes, and the resulting capitation rate ranges effective December 1, 2015 through January 31, 2016 for the purpose of satisfying the requirements of the Centers for Medicare & Medicaid Services (CMS). This rate development process used Medicaid fee-for-service (FFS) medical and pharmacy claims, Bayou Health Shared Savings claims experience, and Bayou Health Prepaid encounter data. It resulted in the development of a range of actuarially sound rates for each rate cell. The capitation rate ranges are summarized in Appendix A and represent payment in full for the covered services. Appendix B shows the full rate development from the base data as shown in the data book released by the State, dated January 31, 2015 (after excluding LaHIPP claims and including the revised Maternity kick payment deliveries {Table 1-A and 1-B}), and applies all the rate setting adjustments as described in this letter.

Medicaid benefit plan premium rates are "actuarially sound" if, for business in the state for which the certification is being prepared and for the period covered by the certification, projected premiums, including expected reinsurance and governmental stop-loss cash flows,

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governmental risk adjustment cash flows, and investment income, provide for all reasonable, appropriate, and attainable costs, including health benefits, health benefit settlement expenses, marketing and administrative expenses, any government mandated assessments, fees, and taxes, and the cost of capital. Note: Please see pages 8-9 of the August 2005, Actuarial Certification of Rates for Medicaid Managed Care Programs, from the American Academy of Actuaries, [http://www.actuary.org/pdf/practnotes/health\\_medicaid\\_05.pdf](http://www.actuary.org/pdf/practnotes/health_medicaid_05.pdf).

## Technical Revisions

Following the implementation of the Bayou Health at-risk capitated program, effective February 1, 2015, Mercer became aware of two issues requiring a technical revision to the previously certified rates. These are the following:

- A misalignment in the Maternity kick payment delivery event count logic between the State's fiscal agent and what was included in rate development.
- A decision made by the First Circuit Court of Appeals altering the reimbursement to out-of-state border hospitals.

These issues and methodology of the technical revisions are described in detail in the following sections.

### Technical Revision #1 (Maternity Kick Payment Delivery Event Count Logic)

Mercer worked with DHH and the State's fiscal agent (Molina) to revise and align the Maternity kick payment delivery event count logic underlying the rate development and the logic implemented by Molina for payment to the Bayou Health managed care organizations (MCOs). A full description of the Maternity kick payment logic can be found in Schedule Z of the Bayou Health MCO financial reporting requirements guideline.

The following describes all the changes made to the inpatient physical health services encounters delivery event count logic. All other logic remains unchanged:

- Included all available diagnoses codes on a claim to identify a delivery. Previously, only the primary diagnosis code was used to identify a delivery.
- Included inpatient hospital claims only (claim type = 01 and billing provider type = 60) to identify a delivery. Previously, outpatient claims and all billing provider types were considered to identify a delivery.
- Restricted the age of the enrolled mother to greater than or equal to 10 years of age to identify a delivery. Previously, all ages were considered to identify a delivery.

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- Diagnoses code range 640-669 where the 5th digit must be a 1 or 2. Previously, all codes in the range 650-669 were used to identify a delivery and no consideration was made for the 5th digit.
- Stillborn deliveries are identified using the following revenue codes: V271, V273-274, or V276-277. Previously, all V27 (V271-V279) were used to identify a stillborn delivery.

The following describes all the changes made to the professional encounters delivery logic, all other logic remains unchanged:

- Restricted to billing provider types 19, 20, and 90 to identify a delivery. Previously, all billing provider types were considered to identify a delivery.
- Restricted the age of the recipient to greater than or equal to 10 years of age to identify a delivery. Previously, all ages were considered to identify a delivery.

Additionally, after all encounters are identified, a single live-born delivery is identified for a given recipient within a 245-day period, plus or minus. Previously, a 120-day period, plus or minus, was used to identify a single delivery.

The revision to the Maternity kick payment delivery event count logic resulted in a reduction in deliveries of 1.98%, which increased the cost per delivery by 2.02%. Table 1-A shows the regional impact to the Maternity kick payment deliveries and cost per delivery. Table 1-B shows the regional impact to the Full Medicaid Pricing (FMP) cost per delivery.

**Table 1-A: Regional impact to deliveries and cost per delivery due to the Maternity kick payment delivery event count logic change**

Region Description	CY 2013 Deliveries	Original Cost per Delivery	CY 2013 Revised Deliveries	Revised Cost per Delivery	Deliveries % Change	Cost per Delivery % Change	Cost Per Delivery Impact
Gulf	10,987	\$5,758.51	10,706	\$5,910.05	-2.56%	2.63%	\$151.54
Capital	9,772	\$5,100.71	9,480	\$5,258.10	-2.99%	3.09%	\$157.40
South Central	10,504	\$5,063.13	10,352	\$5,137.39	-1.45%	1.47%	\$74.27
North	8,132	\$5,207.82	8,080	\$5,241.63	-0.65%	0.65%	\$33.82
<b>Statewide</b>	<b>39,396</b>	<b>\$5,296.26</b>	<b>38,617</b>	<b>\$5,403.03</b>	<b>-1.98%</b>	<b>2.02%</b>	<b>\$106.78</b>

**Table 1-B: Regional impact to FMP cost per delivery due to delivery event count logic change**

Region Description	CY 2013 Deliveries	Original FMP Cost per Delivery	Revised Deliveries	Revised FMP Cost per Delivery	FMP Cost per Delivery % Change	FMP Cost Per Delivery Impact
Gulf	10,987	\$3,053.19	10,706	\$3,133.54	2.63%	\$80.35
Capital	9,772	\$3,046.41	9,480	\$3,140.42	3.09%	\$94.01
South Central	10,504	\$2,662.95	10,352	\$2,702.01	1.47%	\$39.06
North	8,132	\$2,632.96	8,080	\$2,650.06	0.65%	\$17.10
<b>Statewide</b>	<b>39,396</b>	<b>\$2,860.71</b>	<b>38,617</b>	<b>\$2,918.39</b>	<b>2.02%</b>	<b>\$57.68</b>

### Technical Revision #2 (Out-of-State Border Hospital Reimbursement)

A First Circuit Court of Appeals decision, Vicksburg, LLC v. State ex rel. Dep't of Health and Hospitals, 2010-1248 (La. App. 1st Cir. 3/25/11), 63 So.3d205, determined that a reimbursement methodology promulgated by DHH was unconstitutional in its application to River Region. River Region is a hospital located in Vicksburg, Mississippi, and administered inpatient health care services to Louisiana Medicaid patients. Consequently, DHH altered its reimbursement methodology to Mississippi out-of-state (Mississippi trade area) border hospitals from a per diem basis to a percentage of billed charges. These hospitals will now be reimbursed at 60% and 40% of billed charges for children and adults, respectively.

Mercer re-priced these out-of-state border hospital claims using the base claims experience (calendar year {CY} 2013) and determined the change to be immaterial to all rating categories with the exception of the Maternity kick payment. The South Central and North regions' Maternity kick payments were affected most with a 4.78% and 1.60% increase, respectively, as these are the regions bordering the Mississippi trade area. There was minimal to no impact to the Maternity kick payments of the Capital and Gulf regions. Table 2 shows the regional impact to the Maternity kick payments cost per delivery.

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**Table 2: Regional impact to cost per delivery due to the out-of-state border hospitals reimbursement methodology change**

Region Description	CY 2013 Revised Deliveries	Table 1-A Revised Cost per Delivery	Out of State Inpatient Hospital Adjustment	Revised Cost per Delivery	Cost Per Delivery Impact
Gulf	10,706	\$5,910.05	0.00%	\$5,909.95	(\$0.10)
Capital	9,480	\$5,258.10	0.04%	\$5,260.37	\$2.27
South Central	10,352	\$5,137.39	4.78%	\$5,382.83	\$245.44
North	8,080	\$5,241.63	1.60%	\$5,325.55	\$83.91
<b>Statewide</b>	<b>38,617</b>	<b>\$5,403.03</b>	<b>1.55%</b>	<b>\$5,486.91</b>	<b>\$83.88</b>

**Table 3: Total impact of the technical revisions**

Region Description	Delivery Count Logic Update Impact		OOS IP Hospital Adj. Impact		[E] = [A] + [B] + [C] + [D]
	[A]	[B]	[C]	[D]	
	Original Total Cost per Delivery <sup>1</sup>	Cost Per Delivery Impact <sup>2</sup>	FMP Cost per Delivery Impact <sup>3</sup>	Cost Per Delivery Impact <sup>4</sup>	Revised Total Cost Per Delivery
Gulf	\$8,811.70	\$151.54	\$80.35	(\$0.10)	\$9,043.49
Capital	\$8,147.12	\$157.40	\$94.01	\$2.27	\$8,400.79
South Central	\$7,726.08	\$74.27	\$39.06	\$245.44	\$8,084.84
North	\$7,840.78	\$33.82	\$17.10	\$83.91	\$7,975.61

Notes:

- 1: Target cost per delivery certified in the August 11, 2015 letter for the period July 1, 2015 through January 31, 2016.
- 2: Limited cost per delivery impact shown in Table 1-A.
- 3: FMP cost per delivery impact shown in Table 1-B.
- 4: Limited cost per delivery impact shown in Table 2.

## Programmatic Changes

Effective December 1, 2015, DHH will implement two program changes to Bayou Health:

- The termination of the Louisiana's Health Insurance Premium Payment (LaHIPP) program.
- The mandatory enrollment of populations who were previously allowed to voluntarily opt-out of Bayou Health.

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The details of the methodology used to quantify and reflect the impact of the aforementioned program changes are described in the following sections.

### **Programmatic Change #1 (LaHIPP Program)**

Effective December 1, 2015, DHH will terminate the LaHIPP program. This program pays for some or all of the health insurance premiums for an enrollee if they have insurance available through someone in the family and are enrolled in Medicaid. The program also covers out of pocket expenses incurred by the enrollee (Medicaid is the secondary payer).

LaHIPP is not a category of eligibility and enrollees in this program were eligible under the other categories of aid (COA) in Bayou Health. LaHIPP membership and claims experience were removed from the base claims experience (CY 2013) for purposes of developing the capitation rate range. Appendix C shows the statewide impact by COA from removing LaHIPP enrollees from the base claims experience. The LaHIPP claims are explicitly provided in the data book dated January 31, 2015.

### **Programmatic Change #2 (Voluntary Opt-Out Populations)**

Effective December 1, 2015, populations currently allowed to voluntarily opt-out of Bayou Health will become mandatorily enrolled. These populations are defined in section 3.1 of the contract as the following:

- Children under 19 years of age who are:
  - Eligible for Supplemental Security Income (SSI) under title XVI of the Social Security Act;
  - Eligible under Section 1902(e)(3) of the Social Security Act;
  - In foster care or other out-of-home placement;
  - Receiving foster care or adoption assistance;
  - Receiving services through a family-centered, community-based, coordinated care system that receives grant funds under Section 501(a)(1)(D) of title V of the Social Security Act, and is defined by the DHH in terms of either program participation or special health care needs; or
  - Enrolled in Family Opportunity Act Medicaid Buy-In Program
- Native Americans who are members of federally recognized tribes, except when the MCO is:
  - The Indian Health Service; or
  - An Indian health program or urban Indian program operated by a tribe or tribal organization under a contract, grant, cooperative agreements or compact with the Indian Health Service.

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Mercer used logic provided by DHH to identify SSI and foster care children who have opted-out of Bayou Health; however, there was no clearly defined logic available to Mercer to identify Native Americans. Thus, for base claims experience, Mercer utilized the residual CY 2013 FFS claims incurred by FFS populations who met the criteria for inclusion into Bayou Health and were not identified as a voluntary opt-in population (home- and community-based services {HCBS} Waiver and Chisholm Class Members), as defined in section 3.2 of the contract.

After identifying the appropriate voluntary opt-out populations' CY 2013 FFS membership and claims experience, Mercer created an adjustment to be applied in the rate development to account for the voluntary opt-out experience. When reviewing the opt-out experience to create this adjustment, Mercer accounted for the same rating adjustments as the Shared Savings/FFS population in the capitation rates effective February 1, 2015. These adjustments include:

- Incurred but not reported (IBNR)
- Fee adjustments
- Retroactive eligibility
- Fraud and abuse recoupments
- ACT 312 and pharmacy rebates
- Pediatric Day Health Care adjustments
- Specialized behavioral health mixed services protocol
- Affordable Care Act (ACA) Primary Care Providers (PCP) enhanced payments
- Trend

As the opt-out population has not been previously covered by the Bayou Health program, additional considerations had to be taken for the trend duration for the opt-out experience. The population covered under Bayou Health effective February 1, 2015 has a trending midpoint of August 1, 2015. The rating period for the voluntary opt-out population is December 1, 2015 through January 31, 2015 and therefore has a trending midpoint of January 1, 2015. Mercer accounted for the five month difference in trending midpoint for the opt-out population.

Additionally, Mercer used specific managed care contracting adjustments for the voluntary opt-out population. Considering the short rating period for the voluntary opt-outs, Mercer did not apply contracting adjustments for utilization but did apply a 1.0% to 3.0% increase for unit cost.

The overall adjustment for the inclusion of the voluntary opt-out populations can be found in Appendix D.

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## **Certification of Rate Ranges**

In preparing the rate ranges shown in Appendix A, Mercer has used and relied upon enrollment, FFS claims, encounter data, reimbursement level, benefit design, and other information supplied by DHH and its fiscal agent. DHH, its fiscal agent, and the Prepaid plans are responsible for the validity and completeness of the data supplied. We have reviewed the data and information for internal consistency and reasonableness, but we did not audit them. In our opinion they are appropriate for the intended purposes. If the data and information are incomplete or inaccurate, the values shown in this report may need to be revised accordingly.

Mercer certifies that the rates in Appendix A were developed in accordance with generally accepted actuarial practices and principles and are appropriate for the Medicaid covered populations and services under the managed care contract. Rate estimates provided are based upon the information available at a point in time and are subject to unforeseen and random events. Therefore, any projection must be interpreted as having a likely range of variability from the estimate. The undersigned actuaries are members of the American Academy of Actuaries and meet its qualification standards to certify to the actuarial soundness of Medicaid managed care capitation rates.

Rates and ranges developed by Mercer are actuarial projections of future contingent events. Actual Bayou Health MCO costs will differ from these projections. Mercer has developed these rates on behalf of DHH to demonstrate compliance with the CMS requirements under 42 CFR 438.6(c), and in accordance with applicable law and regulations. Use of these rate ranges for any purpose beyond that stated may not be appropriate.

Bayou Health MCOs are advised that the use of these rate ranges may not be appropriate for their particular circumstance and Mercer disclaims any responsibility for the use of these rate ranges by Bayou Health MCOs for any purpose. Mercer recommends that any Bayou Health MCO considering contracting with DHH should analyze its own projected medical expense, administrative expense, and any other premium needs for comparison to these rate ranges before deciding whether to contract with DHH.

This certification letter assumes the reader is familiar with the Bayou Health program, Medicaid eligibility rules, and actuarial rate-setting techniques. It is intended for DHH and CMS, and should not be relied upon by third parties. Other readers should seek the advice of actuaries or other qualified professionals competent in the area of actuarial rate projections to understand the technical nature of these results.

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If you have any questions on any of the information provided, please feel free to call me at  
+1 404 442 3358.

Sincerely,



Jaredd Simons, ASA, MAAA  
Senior Associate Actuary

## Appendix A: Bayou Health Physical Health Services Capitation Rate Range

Region Description	COA Description	Rate Cell Description	CY 2013 MMs or Deliveries	Lower Bound PMPM or Cost per Delivery	Upper Bound PMPM or Cost per Delivery
Gulf	SSI	0-2 Months	287	\$27,550.49	\$28,980.93
Gulf	SSI	3-11 Months	1,728	\$5,306.40	\$5,598.82
Gulf	SSI	Child 1-18	121,839	\$415.04	\$442.48
Gulf	SSI	Adult 19+	276,046	\$1,017.76	\$1,071.30
Gulf	Family & Children	0-2 Months	43,082	\$1,762.38	\$1,854.57
Gulf	Family & Children	3-11 Months	104,284	\$247.57	\$264.13
Gulf	Family & Children	Child 1-18	2,050,898	\$120.22	\$128.10
Gulf	Family & Children	Adult 19+	373,887	\$324.28	\$342.34
Gulf	BCC	BCC, All Ages	3,695	\$2,303.99	\$2,450.13
Gulf	LAP	LAP, All Ages	9,457	\$154.82	\$165.54
Gulf	HCBS	Child 0-18	6,538	\$1,550.29	\$1,682.92
Gulf	HCBS	Adult 19+	20,790	\$615.74	\$662.30
Gulf	CCM	CCM, All Ages	15,581	\$902.87	\$983.44
Gulf	Maternity Kick Payment	Maternity Kick Payment	10,700	\$9,017.48	\$9,270.19
Gulf	EED Kick Payment	EED Kick Payment	N/A	\$5,154.77	\$5,241.55
Capital	SSI	0-2 Months	163	\$28,413.29	\$29,843.73
Capital	SSI	3-11 Months	1,461	\$5,394.45	\$5,686.88
Capital	SSI	Child 1-18	88,633	\$450.26	\$482.06
Capital	SSI	Adult 19+	209,421	\$1,046.13	\$1,107.31
Capital	Family & Children	0-2 Months	38,631	\$1,911.98	\$2,007.10
Capital	Family & Children	3-11 Months	94,165	\$266.72	\$285.60
Capital	Family & Children	Child 1-18	1,858,073	\$127.17	\$135.85
Capital	Family & Children	Adult 19+	268,605	\$370.09	\$391.17
Capital	BCC	BCC, All Ages	3,946	\$2,296.45	\$2,442.59
Capital	LAP	LAP, All Ages	10,487	\$156.09	\$166.80
Capital	HCBS	Child 0-18	6,774	\$1,549.11	\$1,681.75

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Region Description	COA Description	Rate Cell Description	CY 2013 MMs or Deliveries	Lower Bound PMPM or Cost per Delivery	Upper Bound PMPM or Cost per Delivery
Capital	HCBS	Adult 19+	20,494	\$615.61	\$662.17
Capital	CCM	CCM, All Ages	15,381	\$903.89	\$984.46
Capital	Maternity Kick Payment	Maternity Kick Payment	9,457	\$8,357.75	\$8,581.28
Capital	EED Kick Payment	EED Kick Payment	N/A	\$5,401.33	\$5,498.12
South Central	SSI	0-2 Months	213	\$27,684.14	\$29,114.58
South Central	SSI	3-11 Months	1,662	\$5,304.60	\$5,597.03
South Central	SSI	Child 1-18	90,974	\$484.83	\$516.46
South Central	SSI	Adult 19+	246,315	\$967.55	\$1,021.90
South Central	Family & Children	0-2 Months	43,407	\$2,105.59	\$2,205.16
South Central	Family & Children	3-11 Months	104,247	\$284.68	\$302.96
South Central	Family & Children	Child 1-18	2,034,374	\$135.19	\$144.12
South Central	Family & Children	Adult 19+	285,291	\$341.45	\$360.97
South Central	BCC	BCC, All Ages	2,890	\$2,311.73	\$2,457.87
South Central	LAP	LAP, All Ages	12,222	\$156.88	\$167.60
South Central	HCBS	Child 0-18	6,213	\$1,552.76	\$1,685.39
South Central	HCBS	Adult 19+	22,305	\$617.28	\$663.84
South Central	CCM	CCM, All Ages	16,290	\$903.12	\$983.69
South Central	Maternity Kick Payment	Maternity Kick Payment	10,347	\$8,073.21	\$8,303.76
South Central	EED Kick Payment	EED Kick Payment	N/A	\$4,915.62	\$5,010.65
North	SSI	0-2 Months	239	\$27,956.38	\$29,386.81
North	SSI	3-11 Months	1,678	\$5,304.79	\$5,597.21
North	SSI	Child 1-18	99,769	\$446.00	\$473.76
North	SSI	Adult 19+	211,578	\$923.45	\$974.40
North	Family & Children	0-2 Months	32,218	\$1,994.51	\$2,095.51
North	Family & Children	3-11 Months	80,049	\$262.11	\$279.64
North	Family & Children	Child 1-18	1,586,038	\$121.51	\$129.34
North	Family & Children	Adult 19+	213,578	\$326.14	\$344.95
North	BCC	BCC, All Ages	2,395	\$2,326.15	\$2,472.29

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Region Description	COA Description	Rate Cell Description	CY 2013 MMs or Deliveries	Lower Bound PMPM or Cost per Delivery	Upper Bound PMPM or Cost per Delivery
North	LAP	LAP, All Ages	6,545	\$156.89	\$167.60
North	HCBS	Child 0-18	3,944	\$1,553.38	\$1,686.01
North	HCBS	Adult 19+	16,992	\$617.35	\$663.91
North	CCM	CCM, All Ages	16,296	\$903.59	\$984.16
North	Maternity Kick Payment	Maternity Kick Payment	8,077	\$7,945.67	\$8,173.23
North	EED Kick Payment	EED Kick Payment	N/A	\$4,660.27	\$4,746.63

## Appendix B: Development of Rate Ranges for December 1, 2015 through January 31, 2016

### Rate Development Description

The below portrays the details of the rate development based on the combined Prepaid, Shared Savings, and Legacy Medicaid/FFS (Chisholm and HCBS) data. The rate development exhibit takes the base data that was provided in Attachment 1 of the data book issued on January 31, 2015, (after excluding LaHIPP claims and including the revised Maternity kick payment deliveries (Table 1-A)), and applies the various rate-setting adjustments. The columns in the exhibit are as follows:

**Base Data** – The base data in these columns includes IBNR.

**Member Month (MMs)** – MMs for the CY 2013 period.

**Per Member Per Month (PMPM)** – Computed as the total paid amount divided by the total MMs. Statewide PMPMs were used where appropriate, as indicated in the rate certification letter.

### Base Data Adjustments:

**Annual Trend – (Low & High)** – Annualized trend that is equivalent to the trend factor applied to the base data.

**Trend Factor – (Low & High)** – Trend factor that is equivalent to the compounded annualized trend applied to the base data.

**Base Period Adj.** – Overall base period adjustment applied to both the low and high PMPMs. A list of the data source-specific adjustments and the level of detail in which they were applied can be found in the table below:

Base Period Adjustments	
Prepaid	Shared/FFS
	Fraud and Abuse Adjustment (statewide adj.)
Fee Schedule Adjustment (hospital specific adj.)	Fee Schedule Adjustment (hospital specific adj.)
ACT 312 Adjustment (statewide adj.)	ACT 312 Adjustment (statewide adj.)
	Rx Rebate Adjustment (statewide adj.)
ACA PCP Adjustment (category of service level adj.)	ACA PCP Adjustment (category of service level adj.)
LBHP Adjustment (category of service level adj.)	LBHP Adjustment (category of service level adj.)
Retro-activity Adjustment (rate cell level adj.)	Retro-activity Adjustment (rate cell level adj.)
NEMT Adjustment (rate cell level adj.)	

**Managed Care Adj. Factor – (Low & High)** – Low and high managed care savings factors applied to the corresponding low and high PMPMs. A list of the data source-specific adjustments and the level of detail in which they were applied can be found in the table below:

Managed Care Adjustments	
Prepaid	Shared/FFS
Managed Care Savings*	Managed Care Savings*
	GDR

\* Managed care savings adjustments were applied to previously unmanaged populations utilizing Legacy Medicaid/FFS claims (HCBS and Chisholm), as well as newly added services.

**Voluntary Opt-Out Adj. Factor – (Low & High)** – Low and high factors applied to the corresponding low and high PMPMs for mandating the voluntary opt-out populations.

**Out-of-State Adj. Factor** – Factor applied to account for the out-of-state border hospitals reimbursement change. Applies to both Low and High PMPMs.

**Outlier Add-on (PMPM)** – PMPM added to account for outlier payments. Applies to both Low and High PMPMs.

**Claims PMPM – (Low)** – Calculated as:  $N = [B * E * (1+G)^H * J * L] + M$ .

**Claims PMPM – (High)** – Calculated as:  $O = [B * F * (1+G)^I * K * L] + M$ .

**Fixed Admin Load – (Low & High)** – A PMPM adjustment added to the corresponding Low and High PMPMs.

**Variable Admin Load – (Low & High)** – A percentage adjustment applied to the corresponding Low and High PMPMs.

**Profit @ 2%** – Provision in these rates has been made for a 2% risk margin.

**Premium Tax @ 2.25%** – Provision in these rates has been made for Louisiana's 2.25% premium tax.

**PMPM After Admin – (Low)** – Calculated as:  $V = (N * (1 + Q) + P) / (1 - T - U)$ .

**PMPM After Admin – (High)** – Calculated as:  $W = (O * (1 + S) + R) / (1 - T - U)$ .

**Full Medicaid Pricing (FMP) Add-On** – FMP component of the rate.

**Premium tax on FMP** – Provision in the FMP component of the rates has been made for Louisiana's 2.25% premium tax.

**Final Loaded Rates – (Low)** – Calculated as:  $Z = V + X + Y$ .

**Final Loaded Rates – (High)** – Calculated as:  $AA = W + X + Y$ .



MAKE TOMORROW, TODAY

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Base Data			Base Data Adjustments										Outliers			Capital Rate Load										Full Medicaid Payment				
Rate	PMPL	Annual Trend/High	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	U	V	W	X	Y	Z	AA			
Rate Call Code	COA Desc	Region Name	Rate Call Code	COA Desc	Region Name	Rate Call Code	COA Desc	Region Name	Rate Call Code	COA Desc	Region Name	Rate Call Code	COA Desc	Region Name	Rate Call Code	COA Desc	Region Name	Rate Call Code	COA Desc	Region Name	Rate Call Code	COA Desc	Region Name	Rate Call Code	COA Desc	Region Name	Rate Call Code	COA Desc	Region Name	
207	19,653.05	0.4%	3.8%	1.03	1.03	-5.0%	1.00	1.00	1.00	0.91	0.92	1.00	945.10	\$ 18,133.97	\$ 19,413.94	\$ 10.39	5.0%	11.57	5.0%	2.25%	2.25%	20,075.10	\$ 21,855.41	\$ 7,307.15	\$ 168.20	\$ 27,560.45	\$ 28,866.93	GA	SS	Neurom 0-1 Months
1726	4,401.32	1.2%	4.2%	1.03	1.03	-1.7%	0.99	1.00	1.00	0.97	0.97	1.00	65.79	\$ 3,598.93	\$ 4,266.71	\$ 10.39	5.5%	11.57	5.5%	2.25%	2.25%	4,440.26	\$ 4,702.43	\$ 0.75	\$ 0.15	\$ 5,354.40	\$ 5,354.40	GA	SS	Neurom 2-11 Months
121,838	259.23	2.3%	5.9%	1.06	1.13	-1.4%	0.98	0.99	1.00	1.00	1.00	1.00	2.39	\$ 330.23	\$ 354.60	\$ 10.39	4.4%	11.57	4.4%	2.0%	2.25%	3,711.02	\$ 3,883.57	\$ 42.54	\$ 0.38	\$ 4,151.04	\$ 4,424.48	GA	SS	Neurom 1-18 Months
275,146	682.55	2.9%	5.9%	1.06	1.13	0.4%	0.99	0.99	1.00	1.00	1.00	1.00	2.39	\$ 717.96	\$ 768.17	\$ 10.39	4.3%	11.57	4.4%	2.0%	2.25%	7,933.72	\$ 8,417.25	\$ 219.00	\$ 5.04	\$ 1,071.78	\$ 1,071.78	GA	SS	Adult, 15+ Years
43,882	1,161.57	0.7%	4.1%	1.01	1.09	-7.9%	1.00	1.00	1.00	1.03	1.04	1.00	46.33	\$ 1,118.18	\$ 1,242.84	\$ 10.39	6.0%	11.57	6.0%	2.0%	2.25%	1,265.25	\$ 1,387.74	\$ 456.32	\$ 10.50	\$ 1,762.38	\$ 1,854.57	GA	SS	Family and Children
104,204	2,008.33	2.3%	5.9%	1.06	1.13	-10.6%	0.97	0.97	1.00	1.00	1.00	1.00	0.21	\$ 1,824.1	\$ 1,957.72	\$ 10.39	5.3%	11.57	5.3%	2.0%	2.25%	2,121.01	\$ 2,238.57	\$ 34.78	\$ 0.80	\$ 2,471.57	\$ 2,541.3	GA	SS	Neurom 0-1 Months
2,050,886	89,895	3.0%	5.2%	1.06	1.13	-4.9%	0.95	0.96	1.00	1.00	1.00	1.00	0.06	\$ 88.25	\$ 92.69	\$ 10.39	4.7%	11.57	4.8%	2.0%	2.25%	1,053.73	\$ 1,113.60	\$ 14.75	\$ 0.33	\$ 1,202.22	\$ 1,230.10	GA	SS	Neurom 2-11 Months
371,897	214.99	2.9%	5.9%	1.06	1.13	1.7%	0.96	0.97	1.01	1.01	1.00	1.00	0.06	\$ 225.50	\$ 241.23	\$ 10.39	4.8%	11.57	4.8%	2.0%	2.25%	2,251.15	\$ 2,372.25	\$ 64.50	\$ 1.49	\$ 3,024.38	\$ 3,063.94	GA	SS	Adult, 15+ Years
8,497	1,201.14	3.3%	5.2%	1.07	1.14	-2.4%	0.92	0.93	1.00	1.00	1.00	1.00	0.06	\$ 1,168.0	\$ 1,247.3	\$ 10.39	5.1%	11.57	5.1%	2.0%	2.25%	1,373.63	\$ 1,444.4	\$ 16.71	\$ 0.38	\$ 1,543.62	\$ 1,584.3	GA	SS	Neurom 1-18 Months
9,457	1,201.14	3.3%	5.2%	1.07	1.14	-2.4%	0.92	0.93	1.00	1.00	1.00	1.00	0.06	\$ 1,168.0	\$ 1,247.3	\$ 10.39	4.9%	11.57	4.9%	2.0%	2.25%	1,373.63	\$ 1,444.4	\$ 16.71	\$ 0.38	\$ 1,543.62	\$ 1,584.3	GA	SS	Adult, 15+ Years
1,361	1,201.14	3.3%	5.2%	1.07	1.14	-2.4%	0.92	0.93	1.00	1.00	1.00	1.00	0.06	\$ 1,168.0	\$ 1,247.3	\$ 10.39	4.9%	11.57	4.9%	2.0%	2.25%	1,373.63	\$ 1,444.4	\$ 16.71	\$ 0.38	\$ 1,543.62	\$ 1,584.3	GA	SS	Family and Children
20,664	521.43	2.0%	4.6%	1.04	1.09	0.8%	0.94	0.94	1.00	1.00	1.00	1.00	0.06	\$ 480.59	\$ 521.43	\$ 10.39	4.3%	11.57	4.3%	2.0%	2.25%	534.32	\$ 569.89	\$ 76.58	\$ 1.83	\$ 624.73	\$ 650.31	GA	SS	Neurom 0-1 Months
15,891	771.12	2.1%	4.6%	1.04	1.09	0.8%	0.92	0.92	0.96	1.00	1.00	1.00	0.06	\$ 749.15	\$ 821.56	\$ 10.39	5.1%	11.57	5.1%	2.0%	2.25%	833.32	\$ 918.95	\$ 67.97	\$ 1.56	\$ 907.07	\$ 964.4	GA	SS	Neurom 2-11 Months
10,700	5,265.63	0.0%	2.0%	1.00	1.04	-5.0%	1.00	1.00	1.00	1.01	1.00	1.00	0.06	\$ 5,211.3	\$ 5,542.24	\$ 10.39	5.1%	11.57	5.1%	2.0%	2.25%	5,837.36	\$ 6,183.53	\$ 3,084.13	\$ 70.31	\$ 8,071.87	\$ 8,702.19	GA	SS	Adult, 15+ Years
213	19,653.05	0.4%	3.8%	1.03	1.03	-5.0%	1.00	1.00	1.00	0.91	0.92	1.00	945.10	\$ 18,133.97	\$ 19,413.94	\$ 10.39	5.0%	11.57	5.0%	2.25%	2.25%	20,075.10	\$ 21,855.41	\$ 7,307.15	\$ 168.20	\$ 27,560.45	\$ 28,866.93	GA	SS	Neurom 0-1 Months
1,652	4,401.32	1.2%	4.2%	1.03	1.03	-1.7%	0.99	1.00	1.00	0.97	0.97	1.00	65.79	\$ 3,598.93	\$ 4,266.71	\$ 10.39	5.5%	11.57	5.5%	2.25%	2.25%	4,440.26	\$ 4,702.43	\$ 0.75	\$ 0.15	\$ 5,354.40	\$ 5,354.40	GA	SS	Neurom 2-11 Months
50,974	344.33	3.4%	5.9%	1.07	1.13	0.4%	0.99	0.99	1.00	1.00	1.00	1.00	2.39	\$ 393.39	\$ 427.57	\$ 10.39	4.1%	11.57	4.1%	2.0%	2.25%	4,402.26	\$ 4,672.73	\$ 18.94	\$ 0.43	\$ 480.26	\$ 492.06	GA	SS	Neurom 1-18 Months
246,351	682.00	2.8%	5.9%	1.06	1.13	1.0%	0.99	0.99	1.00	1.01	1.01	1.00	2.39	\$ 775.92	\$ 821.41	\$ 10.39	4.4%	11.57	4.4%	2.0%	2.25%	8,801.41	\$ 9,377.5	\$ 239.00	\$ 5.04	\$ 1,071.78	\$ 1,071.78	GA	SS	Adult, 15+ Years
43,407	1,252.75	0.7%	4.1%	1.01	1.09	-6.8%	1.00	1.00	1.00	1.03	1.03	1.00	46.33	\$ 1,257.07	\$ 1,346.41	\$ 10.39	6.0%	11.57	6.0%	2.0%	2.25%	1,406.26	\$ 1,502.22	\$ 456.32	\$ 10.50	\$ 1,762.38	\$ 1,854.57	GA	SS	Family and Children
104,427	2,239.31	2.4%	5.7%	1.05	1.12	-8.3%	0.96	0.97	0.99	0.99	0.99	1.00	0.21	\$ 2,083.77	\$ 2,222.66	\$ 10.39	5.2%	11.57	5.2%	2.0%	2.25%	2,338.60	\$ 2,458.89	\$ 34.78	\$ 0.80	\$ 2,667.72	\$ 2,765.60	GA	SS	Neurom 0-1 Months
2,034,374	1,027.39	2.9%	5.9%	1.07	1.14	-3.0%	0.94	0.95	1.00	1.00	1.00	1.00	0.06	\$ 1,028.81	\$ 1,082.27	\$ 10.39	4.5%	11.57	4.5%	2.0%	2.25%	1,146.38	\$ 1,243.65	\$ 11.54	\$ 0.27	\$ 1,336.85	\$ 1,416.80	GA	SS	Neurom 2-11 Months
2,235,938	2,235.93	3.3%	5.9%	1.06	1.13	2.0%	0.97	0.97	1.00	1.00	1.00	1.00	0.06	\$ 2,235.93	\$ 2,354.93	\$ 10.39	4.6%	11.57	4.6%	2.0%	2.25%	2,523.93	\$ 2,659.38	\$ 64.50	\$ 1.49	\$ 3,024.38	\$ 3,063.94	GA	SS	Adult, 15+ Years
1,201.14	1,201.14	3.3%	5.2%	1.07	1.14	-2.4%	0.92	0.93	1.00	1.00	1.00	1.00	0.06	\$ 1,168.0	\$ 1,247.3	\$ 10.39	4.9%	11.57	4.9%	2.0%	2.25%	1,373.63	\$ 1,444.4	\$ 16.71	\$ 0.38	\$ 1,543.62	\$ 1,584.3	GA	SS	Neurom 1-18 Months
1,201.14	1,201.14	3.3%	5.2%	1.07	1.14	-2.4%	0.92	0.93	1.00	1.00	1.00	1.00	0.06	\$ 1,168.0	\$ 1,247.3	\$ 10.39	4.9%	11.57	4.9%	2.0%	2.25%	1,373.63	\$ 1,444.4	\$ 16.71	\$ 0.38	\$ 1,543.62	\$ 1,584.3	GA	SS	Adult, 15+ Years
6,133	1,201.14	3.3%	5.2%	1.07	1.14	-2.4%	0.92	0.93	1.00	1.00	1.00	1.00	0.06	\$ 1,168.0	\$ 1,247.3	\$ 10.39	4.9%	11.57	4.9%	2.0%	2.25%	1,373.63	\$ 1,444.4	\$ 16.71	\$ 0.38	\$ 1,543.62	\$ 1,584.3	GA	SS	Family and Children
22,365	521.43	2.0%	4.6%	1.04	1.09	0.8%	0.94	0.94	1.00	1.00	1.00	1.00	0.06	\$ 480.59	\$ 521.43	\$ 10.39	4.3%	11.57	4.3%	2.0%	2.25%	534.32	\$ 569.89	\$ 76.58	\$ 1.83	\$ 624.73	\$ 650.31	GA	SS	Neurom 0-1 Months
15,891	771.12	2.1%	4.6%	1.04	1.09	0.8%	0.92	0.92	0.96	1.00	1.00	1.00	0.06	\$ 749.15	\$ 821.56	\$ 10.39	5.1%	11.57	5.1%	2.0%	2.25%	833.32	\$ 918.95	\$ 67.97	\$ 1.56	\$ 907.07	\$ 964.4	GA	SS	Neurom 2-11 Months
10,347	5,454.97	0.0%	2.0%	1.00	1.04	-5.0%	1.00	1.00	1.00	1.02	1.02	1.00	0.06	\$ 5,400.95	\$ 5,806.95	\$ 10.39	5.1%	11.57	5.1%	2.0%	2.25%	6,141.12	\$ 6,547.12	\$ 3,079.15	\$ 70.31	\$ 8,071.87	\$ 8,702.19	GA	SS	Adult, 15+ Years
213	19,653.05	0.4%	3.8%	1.03	1.03	-5.0%	1.00	1.00	1.00	0.91	0.92	1.00	945.10	\$ 18,133.97	\$ 19,413.94	\$ 10.39	5.0%	11.57	5.0%	2.25%	2.25%	20,075.10	\$ 21,855.41	\$ 7,307.15	\$ 168.20	\$ 27,560.45	\$ 28,866.93	GA	SS	Neurom 0-1 Months
1,652	4,401.32	1.2%	4.2%	1.03	1.03	-1.7%	0.99	1.00	1.00	0.97	0.97	1.00	65.79	\$ 3,598.93	\$ 4,266.71	\$ 10.39	5.5%	11.57	5.5%	2.25%	2.25%	4,440.26	\$ 4,702.43	\$ 0.75	\$ 0.15	\$ 5,354.40	\$ 5,354.40	GA	SS	Neurom 2-11 Months
50,974	344.33	3.4%	5.9%	1.07	1.13	0.4%	0.99	0.99	1.00	1.00	1.00	1.00	2.39	\$ 393.39	\$ 427.57	\$ 10.39	4.1%	11.57	4.1%	2.0%	2.25%	4,402.26	\$ 4,672.73	\$ 18.94	\$ 0.43	\$ 480.26	\$ 492.06	GA	SS	Neurom 1-18 Months
246,351	682.00	2.8%	5.9%	1.06	1.13	1.0%	0.99	0.99	1.00	1.01	1.01	1.00	2.39	\$ 775.92	\$ 821.41	\$ 10.39	4.4%	11.57	4.4%	2.0%	2.25%	8,801.41	\$ 9,377.5	\$ 239.00	\$ 5.04	\$ 1,071.78	\$ 1,071.78	GA	SS	Adult, 15+ Years
43,407	1,252.75	0.7%	4.1%	1.01	1.09	-6.8%	1.00	1.00	1.00	1.03	1.03	1.00	46.33	\$ 1,257.07	\$ 1,346.41	\$ 10.39	6.0%	11.57	6.0%	2.0%	2.25%	1,406.26	\$ 1,502.22	\$ 456.32	\$ 10.50	\$ 1,762.38	\$ 1,854.57	GA	SS</	

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## Appendix C: Statewide Impact by COA from Removing the LaHIPP Program

COA Description	Base Data		LaHIPP Base Data		Base Data without LaHIPP	
	CY 2013 MMs or Deliveries	PMPM or Cost per Delivery	CY 2013 MMs or Deliveries	PMPM or Cost per Delivery	CY 2013 MMs or Deliveries	PMPM or Cost per Delivery
SSI	1,358,223	\$604.69	6,217	\$209.79	1,352,006	\$606.51
Family and Children	9,226,622	\$134.62	15,795	\$41.30	9,210,827	\$134.78
Breast and Cervical Cancer	12,936	\$1,291.59	10	\$173.89	12,926	\$1,292.45
LaCHIP Affordable Plan	38,711	\$120.14	-	\$-	38,711	\$120.14
HCBS Waiver	108,183	\$704.37	4,133	\$501.96	104,050	\$712.42
Chisholm Class Members	64,569	\$774.94	1,021	\$950.64	63,548	\$772.12
Maternity Kick Payment	38,617	\$4,755.22	36	\$2,548.60	38,581	\$4,757.30
<b>Total</b>	<b>10,809,244</b>	<b>\$221.53</b>	<b>27,176</b>	<b>\$187.53</b>	<b>10,782,068</b>	<b>\$221.62</b>
						<b>0.04%</b>

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## Appendix D: Statewide Impact by Rating Category from Mandating the Voluntary Opt-Out Populations

COA Description	Rate Cell Description	MMs	Target PMPM	Voluntary Opt-out Impact	Revised Target PMPM
SSI	Newborn, 0-2 Months	902	\$22,649.82	-8.21%	\$20,790.32
SSI	Newborn, 3-11 Months	6,529	\$4,681.23	-2.67%	\$4,556.26
SSI	Child, 1-18 Years	401,215	\$390.44	8.50%	\$423.64
SSI	Adult, 19+ Years	943,360	\$835.78	0.17%	\$837.21
Family and Children	Newborn, 0-2 Months	157,338	\$1,365.85	2.75%	\$1,403.46
Family and Children	Newborn, 3-11 Months	382,745	\$239.82	-0.38%	\$238.92
Family and Children	Child, 1-18 Years	7,529,383	\$116.71	0.20%	\$116.94
Family and Children	Adult, 19+ Years	1,141,361	\$284.46	0.68%	\$286.39
Breast and Cervical Cancer	BCC, All Ages Female	12,926	\$1,681.21	7.70%	\$1,810.70
LaCHIP Affordable Plan	All Ages	38,711	\$142.65	0.31%	\$143.08
HCBS Waiver	18 & Under, Male and Female	23,469	\$1,562.16	0.00%	\$1,562.16
HCBS Waiver	19+ Years, Male and Female	80,581	\$557.60	0.00%	\$557.60
Chisholm Class Members	Chisholm, All Ages Male & Female	63,548	\$873.67	0.00%	\$873.67
Maternity Kick Payment	Maternity Kick Payment, All Ages	38,581	\$5,489.32	1.58%	\$5,575.99
<b>Total</b>		<b>10,782,068</b>	<b>\$267.33</b>	<b>0.93%</b>	<b>\$269.81</b>

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## **Appendix E: Bayou Health Rate Certification Effective July 1, 2015 through January 31, 2016**

Ms. Jen Steele  
Medicaid Deputy Director  
Louisiana Department of Health and Hospitals  
Bureau of Health Services Financing  
628 North 4th Street  
Baton Rouge, LA 70821

August 11, 2015

**Subject:** Louisiana Bayou Health Program – Full Risk-Bearing Managed Care Organization  
Rate Development and Actuarial Certification for the Period July 1, 2015 through  
January 31, 2016

Dear Ms. Steele:

The Louisiana Department of Health and Hospitals (DHH) has contracted with Mercer Government Human Services Consulting (Mercer) to develop actuarially sound capitation rate ranges for the State of Louisiana's Bayou Health program for the period of July 1, 2015 through January 31, 2016. This certification includes the addition of Full Medicaid Pricing (FMP) for ambulance and hospital-based physician services, and replaces the capitation rate ranges certified in the January 31, 2015 letter for the period February 1, 2015 through January 31, 2016.

The Bayou Health program began February 1, 2012, and operated under two separate managed care paradigms for the first three years of the program. The Bayou Health Prepaid program operated under an at-risk capitated arrangement, and the Shared Savings program was an enhanced Primary Care Case Management (ePCCM) program. Effective February 1, 2015, Bayou Health will begin operating as an at-risk capitated program only.

This letter presents an overview of the methodology used in Mercer's managed care rate development for the purpose of satisfying the requirements of the Centers for Medicare & Medicaid Services (CMS). This rate development process used Medicaid fee-for-service (FFS) medical and pharmacy claims, Bayou Health Shared Savings claims experience, and Bayou Health Prepaid encounter data. It resulted in the development of a range of actuarially sound rates for each rate cell. The capitation rate ranges are summarized in Appendix A and represent payment in full for the covered services and CMS Consultation guide is included in Appendix N.

Medicaid benefit plan premium rates are “actuarially sound” if, for business in the state for which the certification is being prepared and for the period covered by the certification, projected premiums, including expected reinsurance and governmental stop-loss cash flows, governmental risk adjustment cash flows, and investment income, provide for all reasonable, appropriate and attainable costs, including health benefits, health benefit settlement expenses, marketing and administrative expenses, any government mandated assessments, fees, and taxes, and the cost of capital. Note: Please see pages 8-9 of the August 2005, Actuarial Certification of Rates for Medicaid Managed Care Programs, from the American Academy of Actuaries, [http://www.actuary.org/pdf/practnotes/health\\_medicaid\\_05.pdf](http://www.actuary.org/pdf/practnotes/health_medicaid_05.pdf).

## **Rate Methodology**

### **Overview**

Capitation rate ranges for the Bayou Health program were developed in accordance with rate-setting guidelines established by CMS. For rate range development for the Bayou Health managed care organizations (MCOs), Mercer used calendar year 2013 (CY13) Medicaid FFS medical and pharmacy claims, Bayou Health Shared Savings claims experience, and Bayou Health Prepaid encounter data. Restrictions were applied to the enrollment and claims data so that it was appropriate for the populations and benefit package defined in the contract.

Mercer reviewed the data provided by DHH and the Prepaid and Shared Savings plans for consistency and reasonableness and determined that the data are appropriate for the purpose of setting capitation rates for the MCO program. The data certification shown in Appendix L has been provided by DHH, and its purpose is to certify the accuracy, completeness, and consistency of the base data.

Adjustments were made to the selected base data to match the covered populations and Bayou Health benefit packages for rating year 2015 (RY15). Additional adjustments were then applied to the base data to incorporate:

- Prospective and historic (retrospective) program changes not reflected (or not fully reflected) in the base data.
- Provision for incurred-but-not-reported (IBNR) claims.
- Financial adjustments to encounter data for under-reporting.
- Trend factors to forecast the expenditures and utilization to the contract period.
- Changes in benefits covered by managed care.
- Addition of new populations to the Bayou Health program.
- Opportunities for managed care efficiencies.
- Administration and underwriting profit/risk/contingency loading.

In addition to these adjustments, DHH takes two additional steps in the matching of payment to risk:

- Application of maternity supplemental (kick) payments.
- Application of risk-adjusted regional rates.

The resulting rate ranges for each individual rate cell were net of Graduate Medical Education (GME) payments to teaching hospitals provided in the Louisiana Medicaid State Plan. Appendix M shows the full rate development from the base data as shown in the data book released by the State, dated January 31, 2015, and applies all the rate setting adjustments as described in this letter.

## **Bayou Health Populations**

### **Covered Populations**

In general, the Bayou Health program includes individuals classified as Supplemental Security Income (SSI), Family & Children, Breast and Cervical Cancer (BCC), and LaCHIP Affordable Plan (LAP) as mandatory or voluntary opt-out populations. Voluntary opt-in populations include Home- and Community-Based Services (HCBS) waiver participants and Chisholm Class Members (CCM).

### **Chisholm Class Members**

Effective February 1, 2015, members of Louisiana's Chisholm class will be permitted to participate in Bayou Health on a voluntary opt-in basis. Previously, membership in the Chisholm class would make a recipient ineligible for Bayou Health.

Chisholm refers to a class action lawsuit (*Chisholm v. Hood*) filed in 1997. CCMs are defined as all current and future recipients of Medicaid in the State of Louisiana, under age 21, who are now or will in the future be placed on the Office of Citizens with Developmental Disabilities' Request for Services Registry.

### **LaHIPP Population**

Effective February 1, 2015, Bayou Health will include individuals covered by the Louisiana's Health Insurance Premium Payment (LaHIPP) Program. This program pays for some or all of the health insurance premiums for an enrollee if they have insurance available through someone in the family and are enrolled in Medicaid. The program also covers out of pocket expenses incurred by the enrollee (Medicaid is the secondary payer).

Premiums will continue to be paid by DHH, but out of pocket expenses incurred by the enrollee will be the responsibility of the MCO. LaHIPP is not a category of eligibility. Enrollees in this program are eligible under the other categories of aid (COA) and their experiences are included in the applicable COA and Rate Cell combination for purposes of developing the capitation rate range.

### Excluded Populations

The following individuals are excluded from participation in the Bayou Health program:

- Medicare-Medicaid Dual Eligible Beneficiaries.
- Qualified Medicare Beneficiaries (QMB) (only where State only pays Medicare premiums).
- Specified Low-income Medicare Beneficiaries (SLMB) (where State only pays Medicare premiums).
- Medically Needy Spend-Down Individuals.
- Individuals residing in Long-term Care Facilities (Nursing Home, Intermediate Care Facility/Developmentally Disabled (ICF/DD)).
- Individuals enrolled in the Program for All-inclusive Care for the Elderly (PACE).
- Individuals only eligible for Family Planning services.
- Individuals enrolled in the Greater New Orleans Community Health Connection (GNOCHC) Demonstration waiver.

Appendix B encompasses a comprehensive list of Bayou Health's covered and excluded populations.

### Rate Category Groupings

Rates will vary by the major categories of eligibility. Furthermore, where appropriate, the rates within a particular category of eligibility are subdivided into different age bands to reflect differences in risk due to age. In addition, due to the high cost associated with pregnancies, DHH will pay a maternity kick payment to the MCOs for each delivery that takes place. Table 1 shows a list of the different rate cells for each eligibility category including the maternity kick payments.

**Table 1: Rate Category Groupings**

COA Description	Rate Cell Description
SSI	Newborns, 0-2 Months of Age
	Newborns, 3-11 Months of Age
	Child, 1-18 Years of Age
	Adult, 19+ Years of Age

COA Description	Rate Cell Description
Family & Children	Newborns, 0-2 Months of Age
	Newborns, 3-11 Months of Age
	Child, 1-18 Years of Age
	Adult, 19+ Years of Age
BCC	BCC, All Ages
LAP	LAP, All Ages
HCBS	Child, 0-18 Years of Age
	Adult, 19+ Years of Age
CCM	CCM, All Ages
Maternity Kick Payment	Maternity Kick Payment
Early Elective Delivery Kick Payment	EED Kick Payment

## Region Groupings

For rating purposes, Louisiana has been split into four different regions. Table 2 lists the associated parishes for each of the four regions.

**Table 2: Region Groupings**

Region Description	Associated Parishes (Counties)
Gulf	Assumption, Jefferson, Lafourche, Orleans, Plaquemines, St. Bernard, St. Charles, St. James, St. John, St. Mary, and Terrebonne
Capital	Ascension, East Baton Rouge, East Feliciana, Iberville, Livingston, Pointe Coupee, St. Helena, St. Tammany, Tangipahoa, Washington, West Baton Rouge, and West Feliciana
South Central	Acadia, Allen, Avoyelles, Beauregard, Calcasieu, Cameron, Catahoula, Concordia, Evangeline, Grant, Iberia, Jefferson Davis, Lafayette, Lasalle, Rapides, St. Landry, St. Martin, Vermilion, Vernon, and Winn
North	Bienville, Bossier, Caddo, Caldwell, Claiborne, DeSoto, East Carroll, Franklin, Jackson, Lincoln, Madison, Morehouse, Natchitoches, Ouachita, Red River, Richland, Sabine, Tensas, Union, Webster, and West Carroll

## **Bayou Health Services**

### **Covered Services**

Appendix C lists the services that the Bayou Health MCOs must provide. The MCOs also have the ability to develop creative and innovative solutions to care for their members (i.e., provide other cost-effective alternative services) as long as the contractually-required Medicaid services are covered. Costs of alternative services are expected to be funded through savings on the contractually-required services for which these services are a cost-effective substitute.

### **New Services**

Effective February 1, 2015, DHH has decided to incorporate services covered historically by FFS in the Bayou Health program. The following services were previously excluded from the Bayou Health program and now are included:

- Hospice services.
- Personal care services for ages 0-20.
- Non-Emergent Medical Transportation (NEMT) services (non-covered services).

Hospice and Personal Care services claims are all captured in Legacy Medicaid/FFS claims. Therefore, the impact of Hospice and Personal Care services can be calculated by referencing Attachment 1 of the Bayou Health Data Book released by the State, dated January 31, 2015.

Additionally, NEMT will be the responsibility of the Bayou Health MCO, even if the recipient is being transported to a Medicaid-covered service that is not a Bayou Health-covered service. Previously, Prepaid enrollee NEMT to Bayou Health excluded services would have been FFS. Mercer has created an adjustment for the Prepaid NEMT Encounters to account for this addition and the impact can be found in Appendix D. This additional service cannot be distinguished for Shared Savings/FFS claims because all NEMT services for these populations were covered under FFS. The impact of the additional services are fully captured for the Shared Savings and FFS populations in the NEMT experience on Attachment 1 of the Bayou Health Data Book released by the State, dated January 31, 2015.

### **Behavioral Health Mixed Services Protocol**

In the Request for Proposals (RFP) issued by the State for the Bayou Health program to be effective February 1, 2015, Behavioral Health services are divided into two levels: basic and specialized. Basic Behavioral Health services will be the responsibility of Bayou Health MCOs. Basic services include:

- General hospital inpatient services, including acute detoxification.

- General hospital emergency room (ER) services, including acute detoxification.
- Federally Qualified Health Center (FQHC)/Rural Health Center (RHC) encounters that do not include any service by a specialized behavioral health professional.
- Professional services, excluding services provided by specialized behavioral health professionals.

Specialized Behavioral Health services will be identified primarily based on provider type. Any service provided by behavioral health specialists, as well as behavioral health facilities are considered Specialized Behavioral Health. Appendix E summarizes the adjustment that was applied to each Basic Behavioral Health service category.

Behavioral health pharmacy costs will remain the responsibility of the Bayou Health plans, regardless of the prescribing doctor's specialty. Therefore, no adjustment to pharmacy costs are required.

### **Excluded Services**

Bayou Health MCOs are not responsible for providing acute care services and other Medicaid services not identified in Appendix C, including the following services:

- Applied Behavioral Analysis.
- Dental services with the exception of Early and Periodic Screening & Diagnostic Treatment (EPSDT) varnishes provided in a primary care setting.
- ICF/DD services.
- Personal Care services for those ages 21 and older.
- Nursing Facility services.
- School-based Individualized Education Plan services provided by a school district and billed through the intermediate school district, or school-based services funded with certified public expenditures including school nurses.
- HCBS waiver services.
- Specialized Behavioral Health.
- Targeted Case Management services.
- Services provided through DHH's Early-Steps Program.

### **Data Adjustments**

#### **IBNR Claims**

Completion factors were developed to incorporate consideration for any outstanding claims liability. The paid through date for the IBNR factor development is February 28, 2014 (2 months of runoff).

To establish the completion factors for the Shared Savings/Legacy Medicaid FFS data, claims were grouped into three COA and seven main completion service categories. All remaining service categories were grouped into the other service category. Completion category mapping is provided in Appendix C. Note that the BCC and CCM populations utilized SSI completion factors and the LAP population utilized Family & Children completion factors, as these populations are expected to exhibit similar completion patterns. Appendix F-1 summarizes the completion factors adjustment that was applied to the Shared Savings/Legacy Medicaid FFS data.

Encounter claim completion factors, developed separately for each Prepaid plan, were compared to completion factors provided by the Prepaid plan actuaries and summarized by completion category of service. Appendix F-2 summarizes the completion factors adjustment that was applied to the Prepaid encounter data. Mercer determined that Prepaid encounter claims categorized as “Prescribed Drugs” for all populations and “Other” for the Family & Children and LAP populations only, is deemed to be complete, thus a 0% IBNR adjustment is applied. All other IBNR adjustments shown as 0.0% in Appendices F-1 and F-2 are due to rounding.

### **Under-Reporting**

Under-reporting adjustments were developed by comparing encounter data from the Medicaid management information system (MMIS) to financial information provided by the Prepaid plans. This adjustment was computed and applied on a plan basis resulting in an overall adjustment of 3.6%. Note this adjustment does not apply to the Shared Savings claims nor Legacy Medicaid/FFS data. This adjustment is included in the data book released by the State, dated January 31, 2015.

### **Third-Party Liabilities**

All claims are reported net of third party liability, therefore no adjustment is required.

### **Fraud and Abuse Recoveries**

DHH provided data related to fraud and abuse recoveries on the Shared Savings and Legacy FFS. The total adjustment applied was -0.1%. Prepaid plans included fraud and abuse recoveries in their financial reports. These recoveries were included in the development of the under-reporting adjustment.

### **Co-Payments**

Co-pays are only applicable to prescription drugs. Pharmacy claims are reported net of any co-payments so no additional adjustment is necessary.

## Disproportionate Share Hospital Payments

Disproportionate share hospital (DSH) payments are made outside of the MMIS system and have not been included in the capitation rates.

## Fee Schedule Adjustments

### Fee Changes

These capitation rates reflect changes made by DHH to the fee schedules used in the FFS program. The first of these changes, effective February 1, 2013, was a 1% cut in fees paid to non-rural, non-state hospitals. This 1% cut also applied to physician services, except for procedure codes affected by Section 1202 of the Affordable Care Act (ACA), when performed by a physician eligible for the enhanced payment rate. Fee changes also include estimation of cost settlements and reflect the most up to date cost settlement percentages for each facility. For most non-rural facilities, the cost settlement percentage is 66.46%; however, some facilities are settled at different amounts. Rural facilities are cost settled at 110%. The Fee Schedule adjustments for Prepaid and Shared Savings/FFS are different primarily because the Shared Savings adjustment includes the impact of removing GME costs. A detailed breakdown of the fee changes by fee type (Inpatient, Outpatient, and Physician) is provided in Tables 3 through 7.

**Table 3: Total Inpatient Fee Change Impact**

Program	Historical Cost	Adjusted Cost	Difference	% Change
FFS/Shared	\$241,618,333	\$231,450,795	\$(10,167,538)	-4.2%
Encounter	\$242,871,303	\$245,575,202	\$2,703,899	1.1%
<b>Total:</b>	<b>\$484,489,636</b>	<b>\$477,025,997</b>	<b>\$(7,463,639)</b>	<b>-1.5%</b>

**Table 4: Total Outpatient Fee Change Impact**

Program	Historical Cost	Adjusted Cost	Difference	% Change
FFS/Shared	\$144,561,703	\$145,753,679	\$1,191,976	0.8%
Encounter	\$163,170,757	\$178,679,937	\$15,509,181	9.5%
<b>Total:</b>	<b>\$307,732,460</b>	<b>\$324,433,616</b>	<b>\$16,701,157</b>	<b>5.4%</b>

**Table 5: Total Physician Fee Change Impact (does not reflect reduction of Affordable Care Act {ACA}-enhanced payments)**

Program	Historical Cost	Adjusted Cost	Difference	% Change
FFS/Shared	\$317,853,687	\$317,707,582	\$ (146,105)	0.0%
Encounter	\$262,096,884	\$261,889,654	\$ (207,147)	-0.1%

Program	Historical Cost	Adjusted Cost	Difference	% Change
<b>Total:</b>	<b>\$579,950,571</b>	<b>\$579,597,236</b>	<b>\$(353,252)</b>	<b>-0.1%</b>

**Table 6: Total Fee Change Impact for Other Claims (includes pharmacy, lab/radiology, FQHC/RHC, and other services)**

Program	Historical Cost	Adjusted Cost	Difference	% Change
FFS/Shared	\$516,113,110	\$516,113,110	\$(0)	0.0%
Encounter	\$472,643,308	\$472,643,391	\$(0)	0.0%
<b>Total:</b>	<b>\$988,756,418</b>	<b>\$988,756,501</b>	<b>\$(0)</b>	<b>0.0%</b>

**Table 7: Total Fee Change Impact for All Claims (excluding ACA Primary Care Providers {PCP} Enhanced Payments)**

Program	Historical Cost	Adjusted Cost	Difference	% Change
FFS/Shared	\$1,220,146,833	\$1,211,025,166	\$ (9,121,667)	-0.7%
Encounter	\$1,140,782,252	\$1,158,788,184	\$18,005,932	1.6%
<b>Total:</b>	<b>\$2,360,929,085</b>	<b>\$2,369,813,350</b>	<b>\$8,884,266</b>	<b>0.4%</b>

### ***Hospital Privatization***

During 2013, nine state hospitals were affected by privatization, with seven privatizing and two closing. They are listed below:

#### **Privatizing**

- E.A. Conway
- Huey P. Long
- Leonard J. Chabert
- LSU Shreveport
- Medical Center of LA – New Orleans
- University Medical Center Lafayette
- Washington St. Tammany Regional Medical Center

#### **Closing**

- W.O. Moss Regional Medical Center
- Earl K. Long

As a result of this privatization, they are no longer paid for services based on the state hospital fee schedule, but rather on the non-state, non-rural fee schedule. Similarly, reimbursement for

cost-based services for these hospitals is now based on the 66.46% cost settlement percentage for non-state, non-rural hospitals, rather than the 90% cost-settlement percentage applicable to state hospitals. The utilization in the facilities that are closing was assumed to be absorbed by other facilities in the regions and claims were adjusted accordingly.

For Shared Savings/FFS inpatient hospital claims, the inpatient settlements received as a state hospital were removed from the rate calculation since they are not paid to non-state hospitals. The claims were then re-priced using the July 1, 2014 per diems provided by DHH. For the two hospitals that are closing, W.O. Moss Regional Medical Center and Earl K. Long, DHH provided Mercer guidance on which hospitals were expected to absorb their utilization. W.O. Moss Regional Medical Center will be absorbed by Lake Charles Memorial and Earl K. Long will be absorbed by Our Lady of the Lake. For Encounter claims, the ratio between historical per diems and current per diems were used for claims re-pricing.

For outpatient hospital claims, the historical claims were adjusted for differences between the state hospital fee schedule and the general hospital fee schedule. Outpatient cost-based services were re-priced based on cost-to-charge ratios (CCRs) provided by DHH, which reflect costs associated with the Prepaid plans claims. The overall claims dollar impact of this adjustment is shown in Tables 8 and 9.

**Table 8: Inpatient Impact of LSU Hospital Privatization\***

Program	Historical Cost	Adjusted Cost	Difference	% Change
FFS/Shared	\$15,196,381	\$13,793,540	\$ (1,402,840)	-9.2%
Encounter	\$22,826,670	\$23,165,474	\$338,804	1.5%
<b>Total:</b>	<b>\$38,023,050</b>	<b>\$36,959,014</b>	<b>\$(1,064,036)</b>	<b>-2.8%</b>

\* Change in FFS/Shared includes removal of GME costs.

**Table 9: Outpatient Impact of LSU Hospital Privatization**

Program	Historical Cost	Adjusted Cost	Difference	% Change
FFS/Shared	\$12,910,923	\$10,663,597	\$ (2,247,325)	-17.4%
Encounter	\$25,564,646	\$23,390,499	\$ (2,174,147)	-8.5%
<b>Total:</b>	<b>\$38,475,568</b>	<b>\$34,054,096</b>	<b>\$ (4,421,472)</b>	<b>-11.5%</b>

Table 10 summarizes the overall fee schedule adjustment by COA that was applied to the Prepaid encounter and Shared Savings/FFS claims data.

**Table 10: Fee Schedule Adjustment**

<b>Prepaid Fee Schedule Adjustment</b>	
<b>COA Description</b>	<b>Rate Impact</b>
SSI	1.5%
Family & Children	1.7%
BCC	0.6%
LAP	2.3%
HCBS	0.0%
CCM	0.0%
Maternity Kick Payment	1.7%
Early Elective Delivery (EED) Kick Payment	1.7%
<b>Total</b>	<b>1.6%</b>

<b>Shared Savings/FFS Fee Schedule Adjustment</b>	
<b>COA Description</b>	<b>Rate Impact</b>
SSI	-1.4%
Family & Children	-0.8%
BCC	-0.3%
LAP	0.8%
HCBS	0.7%
CCM	0.7%
Maternity Kick Payment	-0.6%
EED Kick Payment	-0.6%
<b>Total</b>	<b>-0.8%</b>

### ***Full Medicaid Pricing***

Beginning in April 2014, DHH implemented a series of program changes to ensure consistent pricing in the Medicaid program for hospital services, including inpatient hospital, outpatient hospital, hospital-based physician, and ambulance services. This change required the use of FMP in the calculation of per member per month (PMPM) payments to MCOs. DHH expects that this rate increase will lead to increased payments to those providers contracting with the MCOs to maintain and increase access to inpatient hospital, outpatient hospital, hospital-based physician, and ambulance services to the enrolled Medicaid populations. Mercer and the State reviewed the aggregate funding levels for these services between the base period and the contract period and determined that an addition to the historical data was necessary in order to ensure the capitation rate ranges reflect adequate statewide pricing levels. Separate adjustments were made to each of the four services to capture the full impact of statewide funding.

FMP adjustments were implemented for inpatient and outpatient services effective April 2014. Physician and ambulance FMP adjustments are effective July 2015.

### ***Inpatient Hospital Services***

For the Prepaid encounter and the Shared Savings/FFS data, inpatient service costs were increased by 65.1% and 59.9%, respectively. Mercer relied upon an analysis of Medicare diagnosis related group equivalent pricing of Medicaid services provided by DHH. For the Prepaid encounter, this analysis was done for the population served by the three Prepaid plans in aggregate. A separate analysis was done for the Shared Savings/FFS population. The

analyses relied upon encounter and Shared Savings/FFS data incurred from July 2012 to June 2013 and compared the adjusted Medicare payments to the Medicaid payment on a per discharge basis at each hospital. The Medicare payments were adjusted to reflect the treatment of Medicaid patients and reflected the state fiscal year 2014 (SFY14) reimbursement schedule. The SFY13 Medicaid payments were adjusted to reflect fee changes effective in SFY14 and payments made outside of the claims system (outlier payments). Mercer applied the ratio between the two payments to the base data at a hospital-specific level.

#### *Outpatient Hospital Services*

For the Prepaid encounter and the Shared Savings/FFS data, outpatient service costs were increased by 52.7% and 56.3%, respectively. The outpatient increase was developed according to the State Plan using cost to charge ratios, which used reported costs and billed charges by hospital. The cost to charge ratios supplied by DHH were reported on hospital fiscal year bases, which varied by hospital from 2/28/2013 to 12/31/2013. The billed charges originated from the Prepaid encounter and the Shared Savings/FFS base data. Mercer applied the ratio between the base data and cost estimates at a hospital level to develop the outpatient component of the FMP.

#### *Hospital-Based Physician Services*

For Prepaid encounter and Shared Savings/FFS experience, hospital-based physician services meeting the State Plan's criteria for FMP were increased by 83.2% and 105.6%, respectively. Mercer performed an analysis of hospital-based physician services provided at participating facilities by participating physicians compared to the average commercial rates for the same services according to the State Plan methodology. The average commercial rates are maintained by DHH and updated periodically. For state-owned or operated entities, average commercial rate factors are updated annually. DHH provided state-owned conversion factors for calendar year 2015. For non-state owned or operated entities, the average commercial rate factors are indexed to Medicare rates and updated every 3 years. DHH provided the latest available non-state factors, which were last updated as recently as April 2013. The scheduled update of these factors is currently underway and expected to be completed by the end of calendar year 2015.

#### *Ambulance Services*

For Prepaid encounter and Shared Savings/FFS experience, ambulance services meeting the State Plan's criteria for FMP were increased by 49.2% and 44.4%, respectively. Mercer performed an analysis of ambulance services utilized by Medicaid enrollees according to the State Plan using Medicare fee schedules and average commercial rates as a percentage of Medicare. Ambulance providers were classified as either Large Urban Governmentals (LUG) or non-LUGs. LUGs have historically received 100% of the gap between average commercial rate

and the Medicaid fee schedule while non-LUGs have historically received 17.35% of the gap. Mercer developed increases using these assumed funding levels. Average commercial rates as a percentage of Medicare were provided by DHH and were determined based on SFY12 claims. According to the State Plan, average commercial rates are updated every three years. The next update is anticipated to occur before the end of calendar year 2015.

### ACA PCP

Under Section 1202 of the ACA, state Medicaid programs were required to increase payments to PCPs in 2013 and 2014. This requirement expires on December 31, 2014. As a result, 2013 Bayou Health encounter and FFS claims were adjusted to reflect the decrease in PCP payment rates between 2013 and 2015. The reduction, applied at the COA level is based on adjusting the provider fee schedule from the enhanced ACA rate to the Medicaid rate set by DHH. For the Prepaid Encounters, the enhanced payment data was under-reported at the time Mercer requested data as Prepaid health plans were still reprocessing some of the enhanced claims. Discussions were held with each of the existing Prepaid health plans to make sure that Mercer was identifying these claims appropriately. For detail on the adjustment applied to these claims, see Appendices G1-G2.

Table 11 summarizes the overall adjustment by COA that was applied to the Prepaid encounter and Shared Savings/FFS claims data.

**Table 11: ACA PCP Adjustment**

Prepaid Encounter ACA PCP Carve-Out		Shared Savings/FFS ACA PCP Carve-Out	
COA Description	Rate Impact	COA Description	Rate Impact
SSI	-1.3%	SSI	-1.4%
Family & Children	-3.9%	Family & Children	-4.7%
BCC	-0.7%	BCC	-0.7%
LAP	-4.3%	LAP	-5.1%
HCBS	0.0%	HCBS	-0.7%
CCM	0.0%	CCM	-0.9%
Maternity Kick Payment	0.0%	Maternity Kick Payment	0.0%
EED Kick Payment	0.0%	EED Kick Payment	0.0%
<b>Total</b>	<b>-2.4%</b>	<b>Total</b>	<b>-3.1%</b>

### Program Changes

The following adjustments were developed for known program changes as of December 31, 2014.

### **Act 312**

Effective January 1, 2014, Act 312 requires that when medications are restricted for use by an MCO using a step therapy or fail first protocol, the prescribing physician shall be provided with, and have access to, a clear and convenient process to expeditiously request an override of such restrictions from the MCO. The MCO is required to grant the override under certain conditions. Mercer reviewed this new requirement and estimated the impact of this change to be an increase of approximately 3% of pharmacy costs.

### **EED**

Beginning February 2015, facility and delivering physician costs for EEDs will not be covered under the Bayou Health program. MCOs receive an EED Kick Payment for deliveries that occur prior to 39 weeks for reasons that are not medically indicated in the Louisiana Electronic Event Registration System (LEERS) maintained by the Office of Public Health/Vital Records. Deliveries that occur prior to 39 weeks for reasons that are medically indicated in LEERS will receive the Maternity Kick Payment. Mercer identified the average facility and delivering physician costs included in the Maternity Kick Payment by region and removed those costs to create the EED Kick Payment. Table 12 shows the EED adjustment and reduction amount by region in the low and high scenarios. The resulting EED Kick Payment is equal to the Maternity Kick Payment plus the reduction amount in Table 12 and is shown in Appendix A.

**Table 12: Early Elective Delivery Rate Reduction**

<b>Early Elective Delivery Rate Reduction</b>			
<b>Region Description</b>	<b>Reduction (%)</b>	<b>Reduction – Low Cost per Delivery</b>	<b>Reduction – High Cost per Delivery</b>
Gulf	34.3	\$(3,703.28)	\$(3,858.92)
Capital	43.3	\$(2,832.60)	\$(2,951.64)
South Central	41.2	\$(2,914.86)	\$(3,037.36)
North	38.0	\$(3,164.81)	\$(3,297.82)
<b>Total</b>	<b>38.9</b>	<b>\$(3,167.07)</b>	<b>\$(3,300.16)</b>

### **Retro-Active Eligibility Adjustment**

Beginning in February 2015 members granted retro-active eligibility will be capitated retro-actively, based on their eligibility for Bayou Health, for up to 12 months prior to enrollment in an MCO. The MCO selected by these members will then receive one capitation payment per month of retro-active enrollment, and will be liable for all claims incurred during this retro-active

eligibility period. Mercer developed an adjustment factor to apply to the base data in the capitation rate development. Mercer did not apply any savings adjustments to the retro-active period claims in the development of these factors because the MCO will have no ability to manage utilization during the retro-active period.

The retro-active eligibility adjustment was developed as an increase to the capitation rates set for all members, meaning that the capitation payment is higher than otherwise required on non-retro-active member months (MMs). Retro-active enrollment in any given rate cell will generate the same capitation payment per month to the MCO as any other enrollee in that same rate cell. The factors were developed at a rate cell level on a statewide basis (i.e., all regions used the same factors). The calculation relied upon retro-active claims PMPM, unique enrollee counts, and the average duration to develop the expected increase to Bayou Health claims.

Mercer reviewed the average duration of enrollees who were retro-actively enrolled during 2013 using data from July 2012 to December 2013. From August 2012 to May 2013, DHH performed additional enrollment review processes, which caused the average duration of retro-active enrollment to increase significantly over normal levels. After May 2013, DHH returned to normal enrollment review processes and the average duration of enrollment decreased significantly. DHH confirmed that they do not foresee a need for implementing this additional review process in the future and expect the enrollment patterns to be consistent with those observed in the second half of 2013. Mercer relied upon July through December 2013 enrollment lags to develop an average durational assumption by COA and is shown in Appendix H-1.

In some rate cells, the retro-active claims PMPM was below the base data claims PMPM. This generated an adjustment factor less than 1.0. The decision was made to not use a factor less than 1.0 on any rate cell. These implied factors (calculated) and final factors (used) are supplied in Appendix H-2.

Table 13 summarizes the overall adjustment by rate cell for retro-active eligibility.

**Table 13: Retro-Active Eligibility Adjustment**

Retro-Active Eligibility Adjustment		
COA Description	Rate Cell Description	Adjustment (%)
SSI	0-2 Months	0.0
SSI	3-11 Months	0.0
SSI	Child 1-18	0.0
SSI	Adult 19+	0.5

<b>Retro-Active Eligibility Adjustment</b>		
Family & Children	0-2 Months	0.0
Family & Children	3-11 Months	0.0
Family & Children	Child 1-18	0.0
Family & Children	Adult 19+	1.7
BCC	BCC, All Ages	7.5
LAP	LAP, All Ages	0.0
HCBS	Child 0-18	0.0
HCBS	Adult 19+	0.0
CCM	CCM, All Ages	0.0
Maternity Kick Payment	Maternity Kick Payment	0.0
EED Kick Payment	EED Kick Payment	0.0
<b>Total</b>		<b>0.4<sup>1</sup></b>

## Rating Adjustments

### Trend

Trend is an estimate of the change in the overall cost of providing health care benefits over a finite period of time. A trend factor is necessary to estimate the cost of providing health care services in a future period. Mercer studied historical cost and utilization data for each of the three data sources incorporated in the capitation rates: Prepaid encounters, Shared Savings, and FFS. Trends were selected based on Louisiana experience, as well as national trend information.

Due to the relatively short history of managed care in Louisiana, as well as the bifurcated nature of the current Bayou Health program, Mercer's trend studies using Louisiana-specific data were limited in scope. Based on these studies, it was determined that the use of a single trend rate for all three data sources was best. In selecting these trends, there was reliance on national Medicaid trends as well as Louisiana-specific data.

Trends, delineated by utilization, unit cost, PMPM, and by population are shown in Appendices I1-I3.

<sup>1</sup> Revised from 0.7 to 0.4 due to a typographical error in the certification letter dated January 31, 2015.

### **PDHC Adjustments**

The number of PDHC providers has grown throughout the State during 2014. In areas where centers have begun operation, there has been an increase in the total costs of enrollees whom utilize these services indicating that this population may have been historically under served by alternative services.

Due to the uneven distribution of PDHC providers in the State, each regional group has different proportions of members utilizing PDHC services. Mercer developed projected utilization per 1,000 MMs of PDHC-eligible members for each region based on the number of new facilities that will be operating during the rating period in that region. PDHC eligible members were simply defined as any enrollee in a child rate cell (SSI ages 0-18, Family & Children ages 0-18, LA CHIP, HCBS 0-19, and Chisholm). Any enrollees under the age of 21 are eligible for PDHC services, however, the data showed that virtually all users of this service were under the age of 19 and therefore no adjustment to the adult rate cells was warranted. Table 14 shows the summary of PDHC providers and estimated PDHC users by regions. To develop the estimated PDHC service cost, Mercer developed the PDHC cost per PDHC user per month. The estimation is based on the regional experience of PDHC providers during CY13. In the Gulf region, where there is little experience due to a lack of providers, an average statewide cost was used. The summary of estimated PDHC service cost per PDHC user per month and the estimated PDHC service cost due to the increased number of providers are shown in Table 15.

**Table 14: Projected Number of PDHC Users**

<b>Projected Number of PDHC Users</b>						
<b>Region</b>	<b>Existing Number of Providers<sup>2</sup></b>	<b>Projected Number of Providers in Operation</b>	<b>Total PDHC Eligible MMs</b>	<b>Projected PDHC Users Per 1,000 MMs</b>	<b>Current Number of PDHC Users</b>	<b>Projected PDHC Users</b>
Gulf	1	2	2,357,462	0.076	5	179
Capital	5	6	2,121,456	0.481	901	1,020
South Central	1	3	2,315,409	0.173	176	401
North	3	5	1,829,787	0.421	228	770

<sup>2</sup> Based on December 2013 Experience.

**Table 15: PDHC Adjustment**

PDHC Adjustment						
	PDHC Cost per Month <sup>3</sup>	Projected Number of PDHC Users	Estimated Total PDHC Cost	PDHC Expenses in Base Data	Total Expenses for Category of Service "Other"	Program Change Factors for Category of Service "Other"
	(A)	(B)	(C)= (A) * (B)	(D)	(E)	(F)= ((C)-(D)) / (E)
Gulf	\$4,260.64	179	\$764,123	\$12,737	\$681,410	110.3%
Capital	\$4,559.67	1,020	\$4,651,437	\$4,249,502	\$4,638,594	8.7%
South Central	\$3,664.74	401	\$1,470,474	\$688,524	\$2,213,236	35.3%
North	\$4,557.50	770	\$3,507,473	\$1,099,006	\$1,578,008	152.6%

### Managed Care Adjustments

For those populations and services that had previously been excluded from Bayou Health, Mercer adjusted the capitation rates to reflect areas for managed care efficiency. Managed Care is able to generate savings by:

- Encouraging the use of preventive services so that acute conditions are not exacerbated to the point that requires a visit to the ER or hospitalization.
- Using alternatives to the ER for conditions that are non-emergent in nature.
- Increasing access and providing member education.
- Minimizing duplication of services.
- Hospital discharge planning to ensure a smooth transition from facility-based care to community resources and minimize readmissions.

Statewide managed care savings factors were applied to the HCBS and Chisholm class COAs. Additionally, durable medical equipment (DME) and NEMT costs for Shared Savings enrollees were adjusted as part of this rate setting, as these services were excluded from Bayou Health Shared Savings. Appendices J1-J2 summarizes the managed care savings adjustments that were applied to the Shared Savings/Legacy Medicaid FFS data.

<sup>3</sup> Based on PDHC users' CY13 experience. Gulf region does not have enough experience and the projection is based on the average of the other three regions' projections.

### **Shared Savings Rx claims**

Under the Bayou Health Shared Savings program, plans had limited ability to manage prescription drug costs. In order to use the Shared Savings experience to set capitated rates, adjustments were needed to account for generic dispense rate (GDR) differences between the Prepaid and Shared Savings experience. For the Prepaid program, GDR was approximately 84%, compared to approximately 77% for Shared Savings and FFS. Mercer assumed the change in GDR would be zero the first month the rates are in effect, increasing evenly over the next three months until an 84% GDR is achieved in May 2015. Per section 6.33 of the Bayou Health RFP, MCOs are required to allow members 60 days to transition medications after enrollment in the MCO. The extra 30 days is to allow time for the MCO to identify the member for such a transition. This adjustment is a downward adjustment to the Shared Savings claims data. Mercer's analyzed Shared Savings prescription drug experience and compared it to the spending on similar therapeutic classes of drugs in the Prepaid program. Mercer determined that achieving the same GDR levels would result in savings of 13%-16%. After adjusting for phase-in, the savings for rating year 2015 is 11%-13%. Tables 16 and 17 detail the savings breakdown by COA, both without and with the phase in period.

**Table 16: GDR Savings Adjustment – Without Phase In Period**

Category of Service Description	Annualized Savings from Improvement in GDR					Total
	SSI	Family & Children*	BCC	LAP	HCBS Waiver* (FFS)	
	(%)	(%)	(%)	(%)	(%)	(%)
Low Savings	4.2	21.2	0.0	29.9	6.7	13.3
High Savings	7.2	24.2	2.1	32.9	9.7	16.3

**Table 17: GDR Savings Adjustment – With Phase-In Period**

Category of Service Description	Savings from Improvement in GDR (w/Phase-in)					Total
	SSI	Family & Children*	BCC	LAP	HCBS Waiver* (FFS)	
	(%)	(%)	(%)	(%)	(%)	(%)
Low Savings	3.5	17.7	0.0	24.9	5.6	11.1
High Savings	6.0	20.2	1.8	27.4	8.1	13.6

\* In the above two tables, the HCBS waiver aid category is inclusive of CCMs.

## Rx Rebates

FFS and Shared Savings claims were reduced 1.5% for Rx rebates collected by the MCO. This factor was developed using Prepaid plans experience as reported in financial statements provided to DHH. Prepaid Encounters were taken as net of drug rebates, so no adjustment was necessary.

## Outliers

As part of the State Plan, inpatient hospitals receive an additional payment for high-cost stays for children under six, called outliers. These payments are for inpatient stays with a total cost to the hospital in excess of \$150,000, where the cost is determined based on the hospital's Neonatal Intensive Care Unit (NICU) or Pediatric Intensive Care Unit (PICU)-specific cost-to-charge ratio (CCR). DHH makes payments to a maximum of \$10 million, annually. As payment of outlier liability is the responsibility of Bayou Health MCOs, this additional \$10 million was built into the rates based on the distribution by rate cell observed in SFY11 and SFY12. The most recent outlier information received was for SFY13 payments, which Mercer analyzed and determined the claims payment distribution to be an anomaly compared to SFY11 and SFY12 experience that was more consistently distributed. Thus, Mercer came to the decision that utilizing data from SFY11 and SFY12 would provide a more representative basis for the future claims distribution patterns. Outliers added an average cost of \$0.93 PMPM to the base data used in rate setting. Table 18 details the impact of outliers on the rates by rate cell.

**Table 18: Outliers Adjustment**

Outlier claims to be added into Bayou Health from \$10 million pool				
COA Description	Rate Cell Description	CY13 MMs	Outlier PMPM	Outliers Total Adjustment
SSI	Newborn, 0-2 Months	915	\$945.10	\$864,764
SSI	Newborn, 3-11 Months	6,651	\$63.79	\$424,266
SSI	Child, 1-18 Years	403,901	\$2.39	\$965,701
Family & Children	Newborn, 0-2 Months	157,724	\$46.33	\$7,307,552
Family & Children	Newborn, 3-11 Months	383,886	\$0.21	\$82,083
Family & Children	Child, 1-18 Years	7,542,938	\$0.05	\$355,635
<b>Total*</b>		<b>10,809,244</b>	<b>\$0.93</b>	<b>\$10,000,000</b>

\* Totals includes MMs for all populations in Bayou Health.

## GME

Mercer removed GME amounts in the FFS and Shared Savings data to be consistent with DHH's intention to continue paying GME amounts directly to the teaching hospitals. The

adjustment to remove GME from FFS and Shared Savings is part of the fee adjustment process for hospital claims. It is not explicitly calculated as a separate item. Mercer uses fee schedules that are net of GME in the fee adjustment process. Encounter data does not include GME payments and therefore no adjustment is required.

### **Data Smoothing**

For certain rate cells, there were not enough MMs within each region to produce a statistically credible rate. For rate cells with less than 30,000 MMs per region, Mercer calculated a statewide capitation rate. Affected rate cells include:

- SSI newborns 0-1 years of age
- BCC, All Ages
- LAP, All Ages
- HCBS, All Ages
- CCM, All Ages

### **Voluntary Opt-In Adjustments**

It is unclear at this time if there will be a material difference in the risk profile of the Opt-in population from the historical FFS population. Therefore, Mercer made no adjustments for selection risk in the development of the HCBS and CCM rates.

### **Non-Medical Expense Load**

The actuarially sound capitation rate ranges developed include a provision for MCO administration and other non-medical expenses. Mercer reviewed historical Prepaid plan expense data and relied on its professional experience in working with numerous State Medicaid programs to develop the administrative load. The load for each rate cell was determined using a fixed and variable cost model. Under this model, a fixed administrative expense is attributed to each MM, which reflects program requirements, such as state-mandated staffing. Added to this is a variable administrative amount, based on claims volume. For pharmacy, 2% of claims cost was targeted, while 6.1% was targeted for medical. Maternity kick payment rate cells have only the variable medical administrative load. Previously, a percentage load was applied to all rate cells, with a smaller load being applied to maternity kick payments. This change results in retention loads that vary as a percentage by rate cell. See Appendix K for the percentage of premium allocated to total retention load in the rates. These percentages include all three components of retention: Administrative Costs, Margin, and Premium Tax. This methodology results in a higher allocation of administrative costs on the rate cells with higher utilization, which Mercer believes is more accurate in reflecting the drivers of plan administration requirements.

Mercer reviewed plan financial information provided by the Prepaid plans to develop administrative cost expectations. The development included allocations for increases in expenses including items such as additional case management due to claims volume and increases in staff compensation over time. The administrative development also included an expected increase in salary for the Behavioral Health Medical Director (\$200,000), Program Integrity Officer (\$100,000), and two Fraud and Abuse Investigators (\$65,000 each). Final Administrative cost expectation was \$21.78-\$23.34 PMPM.

Additionally, provision has been made in these rates for a 2% risk margin calculated before applying any adjustment for FMP. Final rates also include provision for Louisiana's 2.25% premium tax.

### **Risk Adjustment**

Risk adjustment will be applied to the rates in Attachment A to reflect differences in health status of the members served in each MCO using the Adjusted Clinical Groups (ACG) model. The risk adjustment process does not increase nor decrease the overall cost of the program, but can change the distribution across the various Bayou Health MCOs according to the relative risk of their enrolled members.

### **Federal Health Insurer Fee**

Section 9010 of the ACA established a health insurance provider fee (HIPF), which applies to certain for-profit/tax-paying health insurers. For-profit Medicaid health plans are not exempt from the HIPF, which will become a cost of doing business that is appropriate to recognize in actuarially sound capitation rates.

At the time of this certification, many aspects of the calculation and application of this fee are not yet determined and/or finalized. These fees will be calculated and become payable sometime during the third quarter of 2016. As these fees are not yet defined by insurer and by market place, no adjustment has been made in the rate range development for the Bayou Health program. An adjustment and revised certification will be considered when the fee amount and impacted entities applicable to this rate period are announced in 2016.

### **Certification of Final Rate Ranges**

In preparing the rate ranges shown in Attachment A, Mercer has used and relied upon enrollment, FFS claims, encounter data, reimbursement level, benefit design, and other information supplied by DHH and its fiscal agent. DHH, its fiscal agent, and the Prepaid plans are responsible for the validity and completeness of the data supplied. We have reviewed the data and information for internal consistency and reasonableness, but we did not audit them. In

our opinion they are appropriate for the intended purposes. If the data and information are incomplete or inaccurate, the values shown in this report may need to be revised accordingly.

Mercer certifies that the rates in Attachment A were developed in accordance with generally accepted actuarial practices and principles and are appropriate for the Medicaid covered populations and services under the managed care contract. Rate estimates provided are based upon the information available at a point in time and are subject to unforeseen and random events. Therefore, any projection must be interpreted as having a likely range of variability from the estimate. The undersigned actuaries are members of the American Academy of Actuaries and meet its qualification standards to certify to the actuarial soundness of Medicaid managed care capitation rates.

Rates and ranges developed by Mercer are actuarial projections of future contingent events. Actual Bayou Health MCO costs will differ from these projections. Mercer has developed these rates on behalf of DHH to demonstrate compliance with the CMS requirements under 42 CFR 438.6(c), and in accordance with applicable law and regulations. Use of these rate ranges for any purpose beyond that stated may not be appropriate.

Bayou Health MCOs are advised that the use of these rate ranges may not be appropriate for their particular circumstance and Mercer disclaims any responsibility for the use of these rate ranges by Bayou Health MCOs for any purpose. Mercer recommends that any Bayou Health MCO considering contracting with DHH should analyze its own projected medical expense, administrative expense, and any other premium needs for comparison to these rate ranges before deciding whether to contract with DHH.

This certification letter assumes the reader is familiar with the Bayou Health Program, Medicaid eligibility rules, and actuarial rate-setting techniques. It is intended for DHH and CMS, and should not be relied upon by third parties. Other readers should seek the advice of actuaries or other qualified professionals competent in the area of actuarial rate projections to understand the technical nature of these results.

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August 11, 2015  
Ms. Jen Steele  
Louisiana Department of Health and Hospitals

If you have any questions on any of the information provided, please feel free to call me at  
+1 404 442 3358.

Sincerely,



Jaredd Simons, ASA, MAAA  
Senior Associate Actuary

## Appendix A: Bayou Health Capitation Rate Range

Region Description	COA Description	Rate Cell Description	CY13 MMs or Deliveries	Lower Bound PMPM or Cost per Delivery	Upper Bound PMPM or Cost per Delivery
Gulf	SSI	0-2 Months	291	\$29,176.77	\$30,649.57
Gulf	SSI	3-11 Months	1,790	\$5,329.02	\$5,622.79
Gulf	SSI	Child 1-18	122,394	\$384.88	\$408.98
Gulf	SSI	Adult 19+	276,704	\$1,016.63	\$1,069.17
Gulf	Family & Children	0-2 Months	43,180	\$1,719.26	\$1,805.59
Gulf	Family & Children	3-11 Months	104,549	\$247.21	\$263.69
Gulf	Family & Children	Child 1-18	2,053,265	\$120.02	\$127.86
Gulf	Family & Children	Adult 19+	374,005	\$321.77	\$339.30
Gulf	BCC	BCC, All Ages	3,702	\$2,180.61	\$2,310.26
Gulf	LAP	LAP, All Ages	9,457	\$154.51	\$164.98
Gulf	HCBS	Child 0-18	6,826	\$1,542.22	\$1,671.56
Gulf	HCBS	Adult 19+	21,296	\$603.34	\$648.62
Gulf	CCM	CCM, All Ages	15,710	\$907.57	\$987.84
Gulf	Maternity Kick Payment	Maternity Kick Payment	10,987	\$8,693.19	\$8,930.22
Gulf	EED Kick Payment	EED Kick Payment	N/A	\$4,989.91	\$5,071.30
Capital	SSI	0-2 Months	168	\$29,990.86	\$31,463.67
Capital	SSI	3-11 Months	1,491	\$5,427.68	\$5,721.44
Capital	SSI	Child 1-18	89,519	\$428.69	\$457.43
Capital	SSI	Adult 19+	210,439	\$1,041.06	\$1,100.97
Capital	Family & Children	0-2 Months	38,789	\$1,860.57	\$1,949.19
Capital	Family & Children	3-11 Months	94,611	\$267.11	\$286.00
Capital	Family & Children	Child 1-18	1,863,396	\$126.75	\$135.38
Capital	Family & Children	Adult 19+	268,984	\$369.43	\$390.13
Capital	BCC	BCC, All Ages	3,946	\$2,174.10	\$2,303.74
Capital	LAP	LAP, All Ages	10,487	\$155.77	\$166.24
Capital	HCBS	Child 0-18	7,164	\$1,540.61	\$1,669.94

Region Description	COA Description	Rate Cell Description	CY13 MMs or Deliveries	Lower Bound PMPM or Cost per Delivery	Upper Bound PMPM or Cost per Delivery
Capital	HCBS	Adult 19+	21,638	\$601.27	\$646.55
Capital	CCM	CCM, All Ages	15,831	\$908.48	\$988.75
Capital	Maternity Kick Payment	Maternity Kick Payment	9,772	\$8,042.15	\$8,252.09
Capital	EED Kick Payment	EED Kick Payment	N/A	\$5,209.55	\$5,300.45
South Central	SSI	0-2 Months	217	\$29,299.51	\$30,772.32
South Central	SSI	3-11 Months	1,692	\$5,341.06	\$5,634.83
South Central	SSI	Child 1-18	91,728	\$447.09	\$474.60
South Central	SSI	Adult 19+	247,354	\$960.19	\$1,013.28
South Central	Family & Children	0-2 Months	43,502	\$2,067.98	\$2,162.65
South Central	Family & Children	3-11 Months	104,512	\$285.49	\$303.81
South Central	Family & Children	Child 1-18	2,038,315	\$134.79	\$143.67
South Central	Family & Children	Adult 19+	285,454	\$339.25	\$358.20
South Central	BCC	BCC, All Ages	2,893	\$2,188.81	\$2,318.46
South Central	LAP	LAP, All Ages	12,222	\$156.56	\$167.04
South Central	HCBS	Child 0-18	6,665	\$1,543.77	\$1,673.11
South Central	HCBS	Adult 19+	23,110	\$604.14	\$649.42
South Central	CCM	CCM, All Ages	16,556	\$907.77	\$988.04
South Central	Maternity Kick Payment	Maternity Kick Payment	10,504	\$7,621.88	\$7,830.28
South Central	EED Kick Payment	EED Kick Payment	N/A	\$4,707.02	\$4,792.92
North	SSI	0-2 Months	239	\$29,599.93	\$31,072.74
North	SSI	3-11 Months	1,678	\$5,356.16	\$5,649.93
North	SSI	Child 1-18	100,260	\$407.65	\$431.58
North	SSI	Adult 19+	212,259	\$921.58	\$971.65
North	Family & Children	0-2 Months	32,253	\$1,974.38	\$2,071.47
North	Family & Children	3-11 Months	80,214	\$262.78	\$280.30
North	Family & Children	Child 1-18	1,587,962	\$121.17	\$128.96
North	Family & Children	Adult 19+	213,631	\$324.52	\$342.79
North	BCC	BCC, All Ages	2,395	\$2,203.79	\$2,333.44

Region Description	COA Description	Rate Cell Description	CY13 MMs or Deliveries	Lower Bound PMPM or Cost per Delivery	Upper Bound PMPM or Cost per Delivery
North	LAP	LAP, All Ages	6,545	\$156.57	\$167.05
North	HCBS	Child 0-18	4,164	\$1,544.93	\$1,674.26
North	HCBS	Adult 19+	17,320	\$605.27	\$650.55
North	CCM	CCM, All Ages	16,472	\$908.28	\$988.54
North	Maternity Kick Payment	Maternity Kick Payment	8,132	\$7,733.60	\$7,947.96
North	EED Kick Payment	EED Kick Payment	N/A	\$4,568.79	\$4,650.14

## Appendix B: Bayou Health Eligibility Designation

COA/Eligibility Category Name	Mandatory	Voluntary Opt-In	Voluntary Opt-Out	Excluded
<b>SSI (Aged, Blind and Disabled)</b>				
Acute Care Hospitals (LOS > 30 days)	●			
BPL (Walker vs. Bayer)	●			
Disability Medicaid	●			
Disabled Adult Child	●			
Disabled Widow/Widower (DW/W)	●			
Early Widow/Widowers	●			
Family Opportunity Program*	●		●	
Former SSI*	●		●	
Medicaid Buy-In Working Disabled (Medicaid Purchase Plan)	●			
PICKLE	●			
Provisional Medicaid	●			
Section 4913 Children	●			
SGA Disabled W/W/DS	●			
SSI (Supplemental Security Income)*	●		●	
SSI Conversion	●			
Tuberculosis (TB)	●			
<b>SSI (OCS Foster Care, IV-E OCS/OYD and OCS/OYD (XIX))</b>				
Foster Care IV-E - Suspended SSI			●	
SSI (Supplemental Security Income)			●	
<b>TANF (Families and Children, LIFC)</b>				
CHAMP Child	●			
CHAMP Pregnant Woman (to 133% of FPIG)	●			
CHAMP Pregnant Woman Expansion (to 185%	●			

COA/Eligibility Category Name	Mandatory	Voluntary Opt-In	Voluntary Opt-Out	Excluded
<b>FPIG)</b>				
Deemed Eligible	●			
ELE - Food Stamps (Express Lane Eligibility-Food Stamps)	●			
Grant Review	●			
LaCHIP Phase 1	●			
LaCHIP Phase 2	●			
LaCHIP Phase 3	●			
LaCHIP Phase IV: Non-Citizen Pregnant Women Expansion	●			
LIFC - Unemployed Parent / CHAMP	●			
LIFC Basic	●			
PAP - Prohibited AFDC Provisions	●			
Pregnant women with income greater than 118% of FPL and less than or equal to 133% of FPL	●			
Regular MNP (Medically Needy Program)	●			
Transitional Medicaid	●			
<b>FCC (Families and Children)</b>				
Former Foster Care children	●			
Youth Aging Out of Foster Care (Chaffee Option)	●			
<b>FCC (OCS Foster Care, IV-E OCS/OYD and OCS/OYD (XIX))</b>				
CHAMP Child			●	
CHAMP Pregnant Woman (to 133% of FPIG)			●	
IV-E Foster Care			●	
LaCHIP Phase 1			●	
OYD - V Category Child			●	
Regular Foster Care Child			●	

COA/Eligibility Category Name	Mandatory	Voluntary Opt-In	Voluntary Opt-Out	Excluded
YAP (Young Adult Program)			●	
YAP/OYD			●	
<b>BCC (Families and Children)</b>				
Breast and/or Cervical Cancer	●			
<b>LAP (Families and Children)</b>				
LaCHIP Affordable Plan	●			
<b>HCBS Waiver</b>				
ADHC (Adult Day Health Services Waiver)		●		
Children's Waiver - Louisiana Children's Choice		●		
Community Choice Waiver		●		
New Opportunities Waiver - SSI		●		
New Opportunities Waiver Fund		●		
New Opportunities Waiver, non-SSI		●		
Residential Options Waiver - non-SSI		●		
Residential Options Waiver - SSI		●		
SSI Children's Waiver - Louisiana Children's Choice		●		
SSI Community Choice Waiver		●		
SSI New Opportunities Waiver Fund		●		
SSI/ADHC		●		
Supports Waiver		●		
Supports Waiver SSI		●		
<b>CCM</b>				
Chisholm Class Members**		●		
<b>LaHIPP</b>				
Louisiana's Health Insurance Premium Payment Program***	●	●	●	●

COA/Eligibility Category Name	Mandatory	Voluntary Opt-In	Voluntary Opt-Out	Excluded
<b>Excluded</b>				
CHAMP Presumptive Eligibility				●
CSOC				●
DD Waiver				●
Denied SSI Prior Period				●
Disabled Adults authorized for special hurricane Katrina assistance				●
EDA Waiver				●
Family Planning, New eligibility / Non-LaMOM				●
Family Planning, Previous LaMOMs eligibility				●
Family Planning/Take Charge Transition				●
Forced Benefits				●
GNOCHC Adult Parent				●
GNOCHC Childless Adult				●
HPE B/CC				●
HPE Children under age 19				●
HPE Family Planning				●
HPE Former Foster Care				●
HPE LaCHIP				●
HPE LaCHIP Unborn				●
HPE Parent/Caretaker Relative				●
HPE Pregnant Woman				●
LBHP - Adult 1915(i)				●
LTC (Long-Term Care)				●
LTC Co-Insurance				●
LTC MNP/Transfer of Resources				●

COA/Eligibility Category Name	Mandatory	Voluntary Opt-In	Voluntary Opt-Out	Excluded
LTC Payment Denial/Late Admission Packet				●
LTC Spend-Down MNP				●
LTC Spend-Down MNP (Income > Facility Fee)				●
OCS Child Under Age 18 (State Funded)				●
OYD (Office of Youth Development)				●
PACE SSI				●
PACE SSI-related				●
PCA Waiver				●
Private ICF/DD				●
Private ICF/DD Spend-Down Medically Needy Program				●
Private ICF/DD Spend-Down Medically Needy Program/Income Over Facility Fee				●
Public ICF/DD				●
Public ICF/DD Spend-Down Medically Needy Program				●
QI-1 (Qualified Individual - 1)				●
QI-2 (Qualified Individual - 2) (Program terminated 12/31/2002)				●
QMB (Qualified Medicare Beneficiary)				●
SLMB (Specified Low-Income Medicare Beneficiary)				●
Spend-Down Medically Needy Program				●
Spend-Down Denial of Payment/Late Packet				●
SSI Conversion / Refugee Cash Assistance (RCA)/ LIFC Basic				●
SSI DD Waiver				●
SSI Payment Denial/Late Admission				●
SSI PCA Waiver				●

COA/Eligibility Category Name	Mandatory	Voluntary Opt-In	Voluntary Opt-Out	Excluded
SSI Transfer of Resource(s)/LTC				●
SSI/EDA Waiver				●
SSI/LTC				●
SSI/Private ICF/DD				●
SSI/Public ICF/DD				●
State Retirees				●
Terminated SSI Prior Period				●
Transfer of Resource(s)/LTC				●

\* Children under 19 years of age who are automatically enrolled into Bayou Health, but may voluntarily disenroll.

\*\* Individuals under the age of 21 otherwise eligible for Medicaid who are listed on the OCDD's Request for Services Registry who are CCMs.

\*\*\* LaHIPP is not a category of eligibility. Eligibility designation for LaHIPP enrollees will vary according to the qualifying category of eligibility.

## Appendix C: Bayou Health Covered Services

Medicaid Category of Service	Units of Measurement	Completion Category of Service
Inpatient Hospital	Days	Inpatient
Outpatient Hospital	Claims	Outpatient
Primary Care Physician	Visits	Physician
Specialty Care Physician	Visits	Physician
FQHC/RHC	Visits	Physician
EPSDT	Visits	Physician
Certified Nurse Practitioners/Clinical Nurse	Claims	Physician
Lab/Radiology	Units	Other
Home Health	Visits	Other
Emergency Transportation	Units	Transportation
NEMT	Units	Transportation
Rehabilitation Services (occupational therapy {OT}, physical therapy {PT}, speech therapy {ST})	Visits	Other
DME	Units	Other
Clinic	Claims	Physician
Family Planning	Visits	Physician
Other*	Units	Other
Prescribed Drugs	Scripts	Prescribed Drugs
ER	Visits	Outpatient
Basic Behavioral Health	Claims	Physician
Hospice*	Admits	Inpatient
Personal Care Services (Age 0-20)*	Units	Physician

\* Services that were previously excluded from the Bayou Health program and now are included.

## Appendix D: NEMT Adjustment

COA Description	Rate Cell Description	NEMT Adjustment				
		Gulf (%)	Capital (%)	Southwest (%)	North (%)	Total (%)
SSI	Newborns, 0-2 Months of Age	0.0	0.0	0.0	0.0	0.0
SSI	Newborns, 3-11 Months of Age	0.0	0.0	0.0	0.0	0.0
SSI	Child, 1-18 Years of Age	183.3	73.1	42.9	9.7	68.7
SSI	Adult, 19+ Years of Age	24.1	25.9	14.5	12.6	20.0
Family & Children	Newborns, 0-2 Months of Age	0.0	0.9	1.0	0.3	0.3
Family & Children	Newborns, 3-11 Months of Age	0.0	0.1	0.1	0.8	0.2
Family & Children	Child, 1-18 Years of Age	73.2	49.9	26.1	13.9	39.7
Family & Children	Adult, 19+ Years of Age	12.1	13.8	6.6	2.4	9.4
BCC	BCC, All Ages	0.0	1.1	1.5	2.5	1.1
LAP	LAP, All Ages	13.4	34.2	0.0	0.0	7.8
HCBS	Child, 0-18 Years of Age	0.0	0.0	0.0	0.0	0.0
HCBS	Adult, 19+ Years of Age	0.0	0.0	0.0	0.0	0.0
CCM	CCM, All Ages	0.0	0.0	0.0	0.0	0.0
Maternity Kick Payment	Maternity Kick Payment	0.0	0.0	0.0	0.0	0.0
<b>Total</b>		<b>27.4</b>	<b>27.7</b>	<b>14.8</b>	<b>10.3</b>	<b>20.9</b>

## Appendix E: Behavioral Health Mixed Services Protocol

PMPM Impact of Behavioral Health Mixed Services Protocol							
COA Description	Rate Cell Description	Inpatient Hospital (%)	Outpatient Hospital (%)	Primary Care Physician (%)	ER (%)	FQHC/RHC (%)	Total (%)
SSI	Newborns, 0-2 Months of Age	0.0	0.0	0.0	0.0	0.0	0.0
SSI	Newborns, 3-11 Months of Age	0.0	0.0	0.0	0.0	0.1	0.0
SSI	Child, 1-18 Years of Age	1.1	0.3	4.4	4.8	10.4	2.4
SSI	Adult, 19+ Years of Age	0.6	0.1	1.0	5.0	0.9	1.3
Family & Children	Newborns, 0-2 Months of Age	0.0	0.0	0.0	0.0	0.0	0.0
Family & Children	Newborns, 3-11 Months of Age	0.0	0.0	0.0	0.0	0.0	0.0
Family & Children	Child, 1-18 Years of Age	1.6	0.1	1.2	1.5	3.7	1.5
Family & Children	Adult, 19+ Years of Age	0.6	0.1	0.7	1.9	1.0	1.0
BCC	BCC, All Ages	0.0	0.0	0.1	1.1	0.3	0.1
LAP	LAP, All Ages	1.1	0.0	1.4	1.3	5.5	1.4
HCBS	Child, 0-18 Years of Age	0.4	0.1	2.6	6.4	13.4	1.4
HCBS	Adult, 19+ Years of Age	0.4	0.1	1.3	9.2	3.4	1.5
CCM	CCM, All Ages	1.5	0.3	4.0	4.3	9.4	2.3
<b>Total</b>		<b>0.5</b>	<b>0.1</b>	<b>1.0</b>	<b>2.5</b>	<b>2.8</b>	<b>1.1</b>

## Appendix F-1: Shared Savings/FFS IBNR Adjustment

Category of Service Description	COA Description						
	SSI (%)	Family & Children (%)	BCC (%)	LAP (%)	HCBS (%)	CCM (%)	Maternity Kick Payment (%)
Inpatient Hospital	4.6	6.1	4.6	6.1	2.6	4.6	N/A
Outpatient Hospital	2.9	2.6	2.9	2.6	2.4	2.9	N/A
Primary Care Physician	3.8	2.4	3.8	2.4	3.9	3.8	N/A
Specialty Care Physician	3.8	2.4	3.8	2.4	3.9	3.8	N/A
FQHC/RHC	3.8	2.4	3.8	2.4	3.9	3.8	N/A
EPSDT	3.8	2.5	0.0	2.4	3.9	3.8	N/A
Certified Nurse Practitioners/Clinical Nurse	3.8	2.4	3.8	2.4	3.9	3.8	N/A
Lab/Radiology	3.3	3.0	3.3	3.0	1.5	3.3	N/A
Home Health	3.3	3.0	3.3	3.0	1.5	3.3	N/A
Emergency Transportation	2.4	3.8	2.4	3.8	1.3	2.4	N/A
NEMT	2.4	3.8	2.4	3.8	1.3	2.4	N/A
Rehabilitation Services (OT, PT, ST)	3.3	3.0	0.0	3.0	1.5	3.3	N/A
DME	3.3	3.0	3.3	3.0	1.5	3.3	N/A
Clinic	3.8	2.5	3.8	2.4	3.9	3.8	N/A
Family Planning	3.8	2.4	3.8	2.4	3.9	3.8	N/A
Other	3.3	3.0	3.3	3.0	1.5	3.3	N/A
Prescribed Drugs	0.0	0.0	0.0	0.0	0.0	0.0	N/A
ER	2.9	2.6	2.9	2.6	2.4	2.9	N/A
Basic Behavioral Health	3.8	2.5	3.8	2.4	3.9	3.8	N/A
Hospice	4.6	6.1	4.6	0.0	2.6	4.6	N/A
Personal Care Services	3.8	2.6	0.0	0.0	3.9	3.8	N/A
<b>Total</b>	<b>2.2</b>	<b>2.3</b>	<b>2.4</b>	<b>1.7</b>	<b>1.6</b>	<b>2.6</b>	<b>4.0</b>

## Appendix F-2: Prepaid IBNR Adjustment

Category of Service Description	COA Description						
	SSI (%)	Family & Children (%)	BCC (%)	LAP (%)	HCBS (%)	CCM (%)	Maternity Kick Payment (%)
Inpatient Hospital	2.0	6.9	1.7	9.7	N/A	N/A	N/A
Outpatient Hospital	2.4	3.0	2.6	2.6	N/A	N/A	N/A
Primary Care Physician	2.8	3.0	2.8	3.0	N/A	N/A	N/A
Specialty Care Physician	2.8	3.0	2.8	3.0	N/A	N/A	N/A
FQHC/RHC	2.9	3.0	2.9	3.0	N/A	N/A	N/A
EPSDT	2.9	3.0	2.4	3.0	N/A	N/A	N/A
Certified Nurse Practitioners/Clinical Nurse	2.8	3.0	2.8	3.1	N/A	N/A	N/A
Lab/Radiology	1.1	0.0	1.3	0.0	N/A	N/A	N/A
Home Health	1.1	0.0	1.3	0.0	N/A	N/A	N/A
Emergency Transportation	3.1	2.3	3.1	2.3	N/A	N/A	N/A
NEMT	1.3	1.5	1.6	2.4	N/A	N/A	N/A
Rehabilitation Services (OT, PT, ST)	1.1	0.0	0.5	0.0	N/A	N/A	N/A
DME	1.0	0.0	1.1	0.0	N/A	N/A	N/A
Clinic	2.5	3.1	2.7	2.9	N/A	N/A	N/A
Family Planning	2.8	3.0	2.8	2.8	N/A	N/A	N/A
Other	1.3	0.0	1.5	0.0	N/A	N/A	N/A
Prescribed Drugs	0.0	0.0	0.0	0.0	N/A	N/A	N/A
ER	2.3	2.9	2.4	2.6	N/A	N/A	N/A
Basic Behavioral Health	2.9	3.0	2.8	3.0	N/A	N/A	N/A
Hospice	4.6	6.1	4.6	0.0	N/A	N/A	N/A
Personal Care Services	3.8	2.4	0.0	0.0	N/A	N/A	N/A
<b>Total</b>	<b>1.4</b>	<b>2.9</b>	<b>1.9</b>	<b>2.2</b>	<b>N/A</b>	<b>N/A</b>	<b>2.1</b>

## Appendix G-1: ACA PCP Carve-Out Adjustment – Shared Savings/FFS Claims

COA Description	MMs	Expenses	PMPM	ACA Enhanced Claims	ACA Carve-Out	Enhanced Claims at Medicaid Fee Schedule	ACA Carve-Out PMPM
SSI	534,039	\$335,720,231	\$628.64	\$16,912,081	\$ (4,741,489)	\$12,170,592	\$(8.88)
Family & Children	4,803,890	\$687,008,562	\$143.01	\$119,227,890	\$ (31,854,474)	\$87,373,415	\$(6.63)
BCC	3,894	\$5,411,598	\$1,389.73	\$125,195	\$ (36,099)	\$89,096	\$(9.27)
LAP	24,552	\$3,089,875	\$125.85	\$580,909	\$ (159,439)	\$421,470	\$(6.49)
HCBS	104,050	\$74,126,785	\$712.42	\$1,792,858	\$ (546,701)	\$1,246,156	\$(5.25)
CCM	63,548	\$49,066,793	\$772.12	\$1,830,936	\$ (438,595)	\$1,392,341	\$(6.90)
Maternity Kick Payment	20,227	\$93,991,004	\$4,646.74	\$118,341	\$ (34,420)	\$83,921	\$(1.70)
<b>Total</b>	<b>5,533,973</b>	<b>\$1,248,414,847</b>	<b>\$225.59</b>	<b>\$140,588,209.72</b>	<b>\$ (37,811,217.78)</b>	<b>\$102,776,991.94</b>	<b>\$(6.83)</b>

## Appendix G-2: ACA PCP Carve-Out Adjustment – Prepaid Encounter Claims

COA Description	MMs	Expenses	PMPM	ACA Enhanced Claims	ACA Carve-Out	Enhanced Claims at Medicaid Fee Schedule	ACA Carve-Out PMPM
SSI	817,967	\$484,281,922	\$592.06	\$22,217,143	\$(6,355,861)	\$15,861,282	\$(7.77)
Family & Children	4,406,937	\$554,415,102	\$125.81	\$86,893,087	\$(22,109,241)	\$64,783,846	\$(5.02)
BCC	9,032	\$11,294,648	\$1,250.51	\$277,935	\$(75,376)	\$202,560	\$(8.35)
LAP	14,159	\$1,560,869	\$110.24	\$260,918	\$(70,249)	\$190,668	\$(4.96)
HCBS	-	\$-	\$-	\$-	\$-	\$-	\$-
CCM	-	\$-	\$-	\$-	\$-	\$-	\$-
Maternity Kick Payment	19,132	\$89,550,169	\$4,680.59	\$122,458	\$(33,773)	\$88,685	\$(1.76)
<b>Total</b>	<b>5,248,095</b>	<b>\$1,141,102,710</b>	<b>\$217.43</b>	<b>\$109,771,540.72</b>	<b>\$(28,644,499.92)</b>	<b>\$81,127,040.80</b>	<b>\$(5.46)</b>

## Appendix H-1: 6-Month Average Duration Calculation

First Month of Enrollment	SSI				Family & Children <sup>4</sup>				BCC <sup>4</sup>	
	Recipients	Member Months	Average Duration	Recipients	Member Months	Average Duration	Recipients	Member Months	Average Duration	Member Months
Jul-13	1,022	2,073	2.0	5,109	8,174	1.6	24	47	2.0	
Aug-13	1,129	2,292	2.0	6,475	10,519	1.6	29	55	1.9	
Sept-13	1,178	2,399	2.0	6,123	9,436	1.5	31	57	1.8	
Oct-13	1,022	2,219	2.2	5,678	9,096	1.6	15	29	1.9	
Nov-13	1,196	2,369	2.0	5,697	10,118	1.8	35	70	2.0	
Dec-13	1,089	2,220	2.0	4,720	7,916	1.7	19	37	1.9	
<b>6-Month Avg. Duration</b>			<b>2.0</b>			<b>1.6</b>			<b>1.9</b>	

<sup>4</sup> Revised due to a typographical error in the certification letter dated January 31, 2015.

## Appendix H-2: Statewide Summary by Rating Category

Category of Aid	Category of Aid Description	Recipients	Member Months (Capped at 12 months)	Retro-Active Period Claims				Total Base Claims				Total Base Claims Including Retro-Active Adjustment				
				(A)	(B)	(C)	(D)	(E) = (C)/(B)	(F) = (A)*(D)/(E)	(G)	(H)	(I) = (H)/(G)	(J) = (A)*(D)+(G)	(K) = (F)+(H)	(L) = (K)/(J)	(M) = (L)/(I)
							Selected Avg. Duration	Claims PMPM	Modified Claims Total	Member Months	Claims	Claims PMPM	Member Months	Claims	Claims PMPM	Observed Retro Factor
SSI	Newborn, 0-2 Months	-	-	-	-	-	2.05	\$ -	\$ -	915	\$ 17,215,170	\$ 18,814	915	\$ 17,215,170	\$ 18,814	1.0000
SSI	Newborn, 3-11 Months	-	-	-	-	-	2.05	\$ -	\$ -	6,651	\$ 24,818,296	\$ 3,732	6,651	\$ 24,818,296	\$ 3,732	1.0000
SSI	Child, 1-18 Years	1,097	3,528	\$ 779,022	2.05	\$ 220.81	496.801	\$ 818.07	\$ 20,558,886	946,756	\$ 630,085,266	\$ 675	406,146	\$ 123,600,531	\$ 304	0.9985
SSI	Adult, 19+ Years	12,278	32,453	\$ 26,548,934	2.05	\$ 818.07	20,558,886	\$ 818.07	\$ 20,558,886	946,756	\$ 630,085,266	\$ 675	971,887	\$ 689,644,152	\$ 679	1.0055
Family and Children	Newborn, 0-2 Months	-	-	-	-	-	1.63	\$ -	\$ -	157,724	\$ 179,711,511	\$ 1,139	157,724	\$ 179,711,511	\$ 1,139	1.0000
Family and Children	Newborn, 3-11 Months	-	-	-	-	-	1.63	\$ -	\$ -	383,886	\$ 79,427,903	\$ 207	383,886	\$ 79,427,903	\$ 207	1.0000
Family and Children	Child, 1-18 Years	30,101	73,414	\$ 4,989,780	1.63	\$ 67.95	3,332,762	\$ 67.95	\$ 3,332,762	7,542,938	\$ 699,145,300	\$ 92	7,591,982	\$ 699,478,003	\$ 92	0.9983
Family and Children	Adult, 19+ Years	42,338	64,174	\$ 18,628,437	1.63	\$ 290.28	20,024,218	\$ 290.28	\$ 20,024,218	1,142,074	\$ 255,222,939	\$ 223	1,211,056	\$ 275,247,157	\$ 227	1.0170
Breast and Cervical Cancer	BCC, All Ages/Female	366	822	\$ 2,540,941	1.93	\$ 3,091.17	2,183,263	\$ 3,091.17	\$ 2,183,263	12,938	\$ 16,384,789	\$ 1,267	13,942	\$ 18,568,052	\$ 1,361	1.0746
LaCHIP Affordable Plan	All Ages	-	-	-	-	-	-	\$ -	\$ -	38,711	\$ 4,566,649	\$ 118	38,711	\$ 4,566,649	\$ 118	1.0000
HCBS Waiver	18 & Under, Male and Female	-	-	-	-	-	-	\$ -	\$ -	24,819	\$ 32,738,606	\$ 1,319	24,819	\$ 32,738,606	\$ 1,319	1.0000
HCBS Waiver	19+ Years, Male and Female	-	-	-	-	-	-	\$ -	\$ -	83,364	\$ 41,966,487	\$ 503	83,364	\$ 41,966,487	\$ 503	1.0000
Chisholm Class Members	Chisholm, All Ages Male & Female	-	-	-	-	-	-	\$ -	\$ -	64,569	\$ 47,801,497	\$ 740	64,569	\$ 47,801,497	\$ 740	1.0000
Maternity Kidpayment	Maternity Kidpayment, All Ages	-	-	-	-	-	-	\$ -	\$ -	37,572	\$ 178,244,133	\$ 4,744	37,572	\$ 178,244,133	\$ 4,744	1.0000

### Notes:

- \* The above analysis does not include payments to members who paid out-of-pocket for services before being enrolled in Medicaid.
- 1. Final retro-adjustment factor was set to a 1.0 factor for those instances where the observed retro-active factor resulted in a negative adjustment.
- 2. Retro-active period claims not credible as the LAP population entered into Bayou Health effective January 1, 2013. Assumes Family & Children experience for the LAP retro-adjustment factor.
- 3. HCBS waiver and Chisholm populations are new to the Bayou Health program and no retro-active claims experience is available to determine retro-active period adjustment factor.

## Appendix I-1: Annualized Trend Adjustment for SSI/BCC

Category of Service Description	Annualized Trend					
	SSI/BCC					
	Low Util (%)	High Util (%)	Low Unit Cost (%)	High Unit Cost (%)	Low PMPM (%)	High PMPM (%)
Inpatient Hospital	0.0	2.0	0.0	1.0	0.0	3.0
Outpatient Hospital	1.0	4.0	1.0	3.0	2.0	7.1
Primary Care Physician	1.0	5.0	1.0	2.0	2.0	7.1
Specialty Care Physician	1.0	5.0	1.0	2.0	2.0	7.1
FQHC/RHC	2.0	5.0	1.0	2.0	3.0	7.1
EPSDT	1.0	5.0	1.0	2.0	2.0	7.1
Certified Nurse Practitioners/Clinical Nurse	1.0	5.0	1.0	2.0	2.0	7.1
Lab/Radiology	1.0	2.0	1.0	2.0	2.0	4.0
Home Health	1.0	2.0	1.0	2.0	2.0	4.0
Emergency Transportation	1.0	2.0	1.0	2.0	2.0	4.0
NEMT	1.0	2.0	1.0	2.0	2.0	4.0
Rehabilitation Services (OT, PT, ST)	1.0	2.0	1.0	2.0	2.0	4.0
DME	1.0	2.0	1.0	2.0	2.0	4.0
Clinic	1.0	5.0	1.0	2.0	2.0	7.1
Family Planning	1.0	5.0	1.0	2.0	2.0	7.1
Other	1.0	2.0	1.0	2.0	2.0	4.0
Prescribed Drugs	5.4	7.2	0.0	0.0	5.4	7.2
ER	0.0	1.0	1.0	3.0	1.0	4.0
Basic Behavioral Health	1.0	5.0	1.0	2.0	2.0	7.1
Hospice	1.0	2.0	1.0	2.0	2.0	4.0
Personal Care Services	1.0	2.0	1.0	2.0	2.0	4.0
<b>Total</b>	<b>2.4</b>	<b>4.6</b>	<b>0.4</b>	<b>1.2</b>	<b>2.8</b>	<b>5.8</b>

## Appendix I-2: Annualized Trend Adjustment for Family & Children/LAP

Annualized Trend						
Family & Children/LAP						
Category of Service Description	Low Util (%)	High Util (%)	Low Unit Cost (%)	High Unit Cost (%)	Low PMPM (%)	High PMPM (%)
Inpatient Hospital	0.0	2.0	0.0	1.0	0.0	3.0
Outpatient Hospital	2.0	5.0	1.0	3.0	3.0	8.2
Primary Care Physician	1.0	5.0	1.0	2.0	2.0	7.1
Specialty Care Physician	1.0	5.0	1.0	2.0	2.0	7.1
FQHC/RHC	2.0	5.0	1.0	2.0	3.0	7.1
EPSDT	1.0	5.0	1.0	2.0	2.0	7.1
Certified Nurse Practitioners/Clinical Nurse	1.0	5.0	1.0	2.0	2.0	7.1
Lab/Radiology	1.0	2.0	1.0	2.0	2.0	4.0
Home Health	1.0	2.0	1.0	2.0	2.0	4.0
Emergency Transportation	1.0	2.0	1.0	2.0	2.0	4.0
NEMT	1.0	2.0	1.0	2.0	2.0	4.0
Rehabilitation Services (OT, PT, ST)	1.0	2.0	1.0	2.0	2.0	4.0
DME	1.0	2.0	1.0	2.0	2.0	4.0
Clinic	1.0	5.0	1.0	2.0	2.0	7.1
Family Planning	1.0	5.0	1.0	2.0	2.0	7.1
Other	1.0	2.0	1.0	2.0	2.0	4.0
Prescribed Drugs	5.4	7.2	0.0	0.0	5.4	7.2
ER	0.0	1.0	1.0	2.0	1.0	3.0
Basic Behavioral Health	1.0	5.0	1.0	2.0	2.0	7.1
Hospice	1.0	2.0	1.0	2.0	2.0	4.0
Personal Care Services	1.0	2.0	1.0	2.0	2.0	4.0
<b>Total</b>	<b>2.1</b>	<b>4.5</b>	<b>0.5</b>	<b>1.3</b>	<b>2.7</b>	<b>5.8</b>

### Appendix I-3: Annualized Trend Adjustment for HCBS Waiver/CCMs

HCBS Waiver/Chisholm Class Members						
Category of Service Description	Low Util (%)	High Util (%)	Low Unit Cost (%)	High Unit Cost (%)	Low PMPM (%)	High PMPM (%)
Inpatient Hospital	0.0	2.0	1.0	1.0	1.0	3.0
Outpatient Hospital	1.5	4.5	2.0	4.0	3.5	8.7
Primary Care Physician	1.0	5.0	1.0	1.0	2.0	6.1
Specialty Care Physician	1.0	5.0	1.0	1.0	2.0	6.1
FQHC/RHC	1.0	5.0	2.0	2.0	3.0	7.1
EPSDT	1.0	5.0	1.0	1.0	2.0	6.1
Certified Nurse Practitioners/Clinical Nurse	1.0	5.0	1.0	1.0	2.0	6.1
Lab/Radiology	1.0	3.0	1.0	1.0	2.0	4.0
Home Health	1.0	3.0	1.0	1.0	2.0	4.0
Emergency Transportation	0.0	3.0	1.0	1.0	1.0	4.0
NEMT	0.0	3.0	1.0	1.0	1.0	4.0
Rehabilitation Services (OT, PT, ST)	1.0	3.0	1.0	1.0	2.0	4.0
DME	1.0	3.0	1.0	1.0	2.0	4.0
Clinic	1.0	5.0	1.0	1.0	2.0	6.1
Family Planning	1.0	5.0	1.0	1.0	2.0	6.1
Other	1.0	3.0	1.0	1.0	2.0	4.0
Prescribed Drugs	1.0	2.0	1.0	1.0	2.0	3.0
ER	1.5	4.5	2.0	4.0	3.5	8.7
Basic Behavioral Health	1.0	5.0	1.0	1.0	2.0	6.1
Hospice	1.0	3.0	1.0	1.0	2.0	4.0
Personal Care Services	1.0	5.0	1.0	1.0	2.0	6.1
<b>Total</b>	<b>0.9</b>	<b>3.2</b>	<b>1.1</b>	<b>1.2</b>	<b>2.0</b>	<b>4.5</b>

## Appendix J-1: Managed Care Savings Adjustment – HCBS Waiver/CCM

Managed Care Savings Assumptions						
HCBS Waiver/CCM <sup>5, 6</sup>						
Category of Service Description	Low Util (%)	High Util (%)	Low Unit Cost (%)	High Unit Cost (%)	Low PMPM (%)	High PMPM (%)
Inpatient Hospital	-12.5	-10.0	1.0	5.0	-11.6	-5.5
Outpatient Hospital	-10.0	-7.5	1.0	3.0	-9.1	-4.7
Primary Care Physician	2.5	5.0	5.0	7.0	7.6	12.4
Specialty Care Physician	-12.5	-10.0	0.0	2.0	-12.5	-8.2
FQHC/RHC	0.0	2.5	0.0	2.0	0.0	4.5
EPSDT	0.0	0.0	5.0	7.0	5.0	7.0
Certified Nurse Practitioners/Clinical Nurse	2.5	5.0	5.0	7.0	7.6	12.4
Lab/Radiology	-10.0	-5.0	0.0	2.0	-10.0	-3.1
Home Health	0.0	0.0	0.0	2.0	0.0	2.0
Emergency Transportation	-5.0	-2.5	0.0	2.0	-5.0	-0.6
NEMT	0.0	2.5	0.0	2.0	0.0	4.5
Rehabilitation Services (OT, PT, ST)	-5.0	-2.5	0.0	2.0	-5.0	-0.6
DME	-10.0	-7.5	0.0	2.0	-10.0	-5.6
Clinic	-10.0	-7.5	0.0	2.0	-10.0	-5.6
Family Planning	0.0	2.5	0.0	2.0	0.0	4.5
Other	0.0	2.5	0.0	2.0	0.0	4.5
Prescribed Drugs	-10.4	-10.4	0.0	0.0	-10.4	-10.4
ER	-12.5	-10.0	5.0	7.0	-8.1	-3.7
Basic Behavioral Health	0.0	0.0	0.0	2.0	0.0	2.0
Hospice	0.0	0.0	0.0	0.0	0.0	0.0
Personal Care Services	-10.0	-5.0	0.0	0.0	-10.0	-5.0
<b>Total</b>	<b>-7.2</b>	<b>-5.9</b>	<b>0.9</b>	<b>2.2</b>	<b>-6.4</b>	<b>-3.7</b>

<sup>5</sup> The HCBS waiver and CCM population are previously unmanaged populations.

<sup>6</sup> Current services for Prepaid, Shared Savings, and LaHIPP populations are managed and Managed Care savings are not applied

## Appendix J-2: Managed Care Savings Adjustment – Shared Savings

Managed Care Savings Assumptions						
Shared Savings*						
Category of Service Description	Low Util (%)	High Util (%)	Low Unit Cost (%)	High Unit Cost (%)	Low PMPM (%)	High PMPM (%)
Inpatient Hospital						
Outpatient Hospital						
Primary Care Physician						
Specialty Care Physician						
FQHC/RHC						
EPSDT						
Certified Nurse Practitioners/Clinical Nurse						
Lab/Radiology						
Home Health						
Emergency Transportation						
NEMT	0.0	5.0	0.0	2.0	0.0	7.1
Rehabilitation Services (OT, PT, ST)						
DME	-0.2	-15.0	0.0	2.0	-0.2	-13.3
Clinic						
Family Planning						
Other						
Prescribed Drugs	-1.0**	-0.5**	0.0	0.0	-1.0**	-0.5**
ER						
Basic Behavioral Health						
Hospice	0.0	0.0	0.0	0.0	0.0	0.0
Personal Care Services	-10.0	-5.0	0.0	0.0	-10.0	-5.0
<b>Total</b>	<b>-0.5</b>	<b>-0.2</b>	<b>0.0</b>	<b>0.0</b>	<b>-0.5</b>	<b>-0.2</b>

\* Covered services previously not covered under the Shared Savings program.

\*\* These Shared Savings managed care savings assumptions are not applied to the BCC COA.

\*\*\* Current services for Prepaid, Shared Savings, and LaHIPP populations are managed and Managed Care savings are not applied.

## Appendix K: Non-Medical Expense Load

		Retention Loads by Rate Cell							
		Lower Bound of Range				Upper Bound of Range			
COA Description	Rate Cell Description	Gulf Retention %	Capital Retention %	South Central Retention %	North Retention %	Gulf Retention %	Capital Retention %	South Central Retention %	North Retention %
SSI	Newborns, 0-2 Months of Age	9.7	9.7	9.7	9.7	9.7	9.7	9.7	9.7
SSI	Newborns, 3-11 Months of Age	9.5	9.5	9.5	9.5	9.5	9.5	9.5	9.5
SSI	Child, 1-18 Years of Age	11.4	10.9	10.5	11.2	11.4	10.9	10.6	11.2
SSI	Adult, 19+ Years of Age	9.5	9.4	9.6	9.8	9.6	9.4	9.6	9.8
Family & Children	Newborns, 0-2 Months of Age	10.5	10.5	10.4	10.4	10.5	10.4	10.4	10.4
Family & Children	Newborns, 3-11 Months of Age	14.0	13.4	13.3	13.6	13.9	13.4	13.3	13.5
Family & Children	Child, 1-18 Years of Age	18.4	17.5	17.0	18.3	18.4	17.5	17.0	18.3
Family & Children	Adult, 19+ Years of Age	12.7	12.0	12.4	12.7	12.7	12.0	12.4	12.7
BCC	BCC, All Ages	9.6	9.6	9.6	9.6	9.6	9.6	9.6	9.6
LAP	LAP, All Ages	16.0	16.0	16.0	16.0	16.0	16.0	16.0	16.0
HCBS	Child, 0-18 Years of Age	9.8	9.8	9.8	9.8	9.8	9.8	9.8	9.8
HCBS	Adult, 19+ Years of Age	10.1	10.1	10.1	10.1	10.2	10.2	10.2	10.2

Retention Loads by Rate Cell									
		Lower Bound of Range			Upper Bound of Range				
		Gulf	Capital	South Central	North	Gulf	Capital	South Central	North
COA Description	Rate Cell Description	Retention %	Retention %	Retention %	Retention %	Retention %	Retention %	Retention %	Retention %
CCM	CCM, All Ages	10.1	10.1	10.1	10.1	10.1	10.1	10.1	10.1
Maternity Kick Payment	Maternity Kick Payment	9.7	9.7	9.7	9.7	9.7	9.7	9.7	9.7

## Appendix L: Data Reliance Attestation

Bobby Jindal  
GOVERNOR



Kathy H. Kliebert  
SECRETARY

### State of Louisiana

Department of Health and Hospitals  
Bureau of Health Services Financing

#### VIA ELECTRONIC MAIL ONLY

August 27, 2014

Mr. Jared Simons, ASA, MAAA  
Senior Associate  
Mercer Government Human Services  
3560 Lenox Road, Suite 2400  
Atlanta, GA 30326

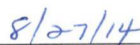
**Subject:** Capitation Rate Range Certification for the Bayou Health Prepaid Program –  
Implementation Year (February 1, 2015 – January 31, 2016)

Dear Jared:

I, Jen Steele, Medicaid Deputy Director and Chief Financial Officer, for the State of Louisiana's Department of Health and Hospitals (DHH), hereby affirm that the data prepared and submitted to Mercer Government Human Services Consulting (Mercer) for the purpose of certifying the February 1, 2015 – January 31, 2016 Prepaid rates were prepared under my direction, and to the best of my knowledge and belief, are accurate, complete, and consistent with the data used to develop the capitation rates. This data includes calendar year (CY) 2013 fee-for-service (FFS) data files, MCO submitted encounter data, and supplemental information on payments made outside of Louisiana's Medicaid Management Information Systems (MMIS).

Mercer relied on DHH and its fiscal agent for the collection and processing of the FFS data, encounter data, and other information used in setting these capitation rates. Mercer did not audit the data, but did assess the data for reasonableness as documented in the rate certification letter.

  
Signature

  
Date

## Appendix M: Development of Final Rates for July 1, 2015 through January 31, 2016

### Rate Development Description

The below portrays the detail of the rate development based on the combined Prepaid, Shared Savings, and Legacy Medicaid/FFS (Chisholm, HCBS, and LaHIPP) data. The rate development exhibit takes the base data that was provided in Attachment 1 of the data book issued on January 31, 2015, and applies the various rate setting adjustments. The columns in the exhibit are as follows:

**Base Data** – The base data in these columns includes IBNR.

**MMs** – MMs for the CY13 period.

**PMPM** – Computed as the total paid amount divided by the total MMs. Statewide PMPMs were used where appropriate, as indicated in the rate certification letter.

### Base Data Adjustments:

**Annual Trend - (Low & High)** – Annualized trend that is equivalent to the trend factor applied to the base data.

**Trend Factor - (Low & High)** – Trend factor that is equivalent to the compounded annualized trend applied to the base data.

**Base Period Adj.** – Overall base period adjustment applied to both the low and high PMPMs. A list of the data source-specific adjustments and the level of detail in which they were applied can be found in the table below:

Base Period Adjustments		
Prepaid	Shared/FFS	LaHIPP
	Fraud and Abuse Adjustment (statewide adj.)	Fraud and Abuse Adjustment (statewide adj.)
Fee Schedule Adjustment (hospital specific adj.)	Fee Schedule Adjustment (hospital specific adj.)	Fee Schedule Adjustment (hospital specific adj.)
ACT 312 Adjustment (statewide adj.)	ACT 312 Adjustment (statewide adj.)	ACT 312 Adjustment (statewide adj.)
	Rx Rebate Adjustment (statewide adj.)	Rx Rebate Adjustment (statewide adj.)
ACA PCP Adjustment (category of service level adj.)	ACA PCP Adjustment (category of service level adj.)	
LBHP Adjustment (category of service level adj.)	LBHP Adjustment (category of service level adj.)	LBHP Adjustment (category of service level adj.)

Base Period Adjustments		
Prepaid	Shared/FFS	LaHIPP
Retro-activity Adjustment (rate cell level adj.)	Retro-activity Adjustment (rate cell level adj.)	Retro-activity Adjustment (rate cell level adj.)
NEMT Adjustment (rate cell level adj.)		

**Managed Care Adj. Factor (Low & High)** – Low and high managed care savings factors applied to the corresponding low and high PMPMs. A list of the data source-specific adjustments and the level of detail in which they were applied can be found in the table below:

Managed Care Adjustments		
Prepaid	Shared/FFS	LaHIPP
Managed Care Savings*	Managed Care Savings*	None
	GDR	

\* Managed care savings adjustments were applied to previously unmanaged populations utilizing Legacy Medicaid/FFS claims (HCBS and Chisholm), as well as newly added services.

**Outlier Add-on (PMPM)** – PMPM added to account for outlier payments. Applies to both Low and High PMPMs.

**Claims PMPM (Low)** – Calculated as:  $K = [B * E * (1+G)^H] + J$ .

**Claims PMPM (High)** – Calculated as:  $L = [B * F * (1+G)^I] + J$ .

**Fixed Admin Load (Low & High)** – A PMPM adjustment added to the corresponding Low and High PMPMs.

**Variable Admin Load (Low & High)** – A percentage adjustment applied to the corresponding Low and High PMPMs.

**Profit @ 2%** – Provision in these rates has been made for a 2% risk margin.

**Premium Tax @ 2.25%** – Provision in these rates has been made for Louisiana's 2.25% premium tax.

**PMPM After Admin - Low** – Calculated as:  $S = (K * (1 + N) + M) / (1 - Q - R)$ .

**PMPM After Admin - High** – Calculated as:  $T = (L * (1 + P) + O) / (1 - Q - R)$ .

[illegible]

## Appendix N: 2015 Managed Care Rate Setting Consultation Guide

Section I. July 1, 2015 – January 31, 2016 Medicaid Managed Care Rates		Documentation Reference
<b>1. General Information</b>		
A. A letter from the certifying actuary, who meets the qualification standards established by the American Academy of Actuaries and follows the practice standards established by the Actuarial Standards Board, that certifies that the final capitation rates or rate ranges meet the standards in 42 CFR §438.6(c).		Please refer to the certification letter dated August 11, 2015. All following page and exhibit references are specific to this certification.
B. The final and certified capitation rates or the final and certified rate ranges for all rate cells and regions, as applicable.		Please refer to Appendix A for a summary of all rate ranges by rate cell and region.
C. Brief descriptions of:		
i. The specific state Medicaid managed care programs covered by the certification.		Please refer to page 1.
ii. The rating periods covered by the certification.		Please refer to page 1.
iii. The Medicaid populations covered through the managed care programs for which the certification applies.		A brief description can be found on pages 3-4. Appendix B encompasses a comprehensive list of Bayou Health's covered and excluded populations.
iv. The services that are required to be provided by the managed care plans.		A brief description can be found on pages 6-7. Appendix C encompasses a comprehensive list of Bayou Health's covered services.
<b>2. Data</b>		
A. A description of the data used to develop capitation rates. This description should include:		
i. The types of data used, which may include (but is not limited to) claims data, encounter data, plan financial data, or other Medicaid program data.		Please refer to page 2.
ii. The age of all data used.		Please refer to page 2.
iii. The sources of all data used.		Please refer to page 2.

Section I. July 1, 2015 – January 31, 2016 Medicaid Managed Care Rates	Documentation Reference
iv. To the extent that a significant portion of benefits are provided through subcapitated arrangements, a description of the data received from the subcapitated plans or providers.	N/A
v. To the extent that claims or encounter data are not used or not available, an explanation of why that data was not used or was not available.	N/A
B. Information related to the availability and the quality of the data used:	
i. The steps taken by the actuary or by others (which may include but is not limited to the state Medicaid program or the managed care organizations) to validate or improve the quality and accuracy of the data.	Please refer to the base data adjustment section beginning on page 7.
ii. Any concerns that the actuary has over the availability or quality of the data.	The data certification shown in Appendix L has been provided by DHH, and its purpose is to certify the accuracy, completeness, and consistency of the base data.
C. Any information related to changes in data used when compared to the most recent rating period:	
i. Any new data sources used by the actuary since the last certification and any data sources that the actuary has not continued to use since the last certification.	Bayou Health Shared Savings claims experience is used as a new data source. The Bayou Health Prepaid program operated under an at-risk capitated arrangement, and the Shared Savings program was an enhanced Primary Care Case Management (ePCCM) program. Effective February 1, 2015, Bayou Health will begin operating as an at risk capitated program only.
ii. How the data sources used have changed since the last certification.	N/A
D. Any plans or efforts to improve the data sources used for future certifications and any new data sources that are expected to be available and potentially used for future certifications.	N/A
E. Any adjustments that are made to the data.	Please refer to the base data adjustment section beginning on page 7.

Section I. July 1, 2015 – January 31, 2016 Medicaid Managed Care Rates	Documentation Reference
<b>3. Projected Benefit Costs</b>	
A. Covered services and benefits	
i. Any changes related to the benefits covered by the Medicaid managed care organizations since the last certification, including but not limited to:	
a. More or fewer state plan benefits covered by the Medicaid managed care organization.	Please refer to the new services section on page 6.
b. Requirements deemed necessary by the state to ensure access or proper delivery of covered services, for minimum or maximum levels of payment from managed care organizations to any providers or class of providers.	N/A
c. Requirements or conditions of any applicable waivers.	N/A
ii. For each change related to benefits covered, the estimated impact of the change on amount of projected benefit costs and a description of the data, assumptions, and methodologies used to develop the adjustment.	Please refer to the covered services section beginning on page 6.
B. Projected benefit cost trends	
i. The projected change in benefit costs from the historical period to the rating period, or trend, including but not limited to:	
a. The methodologies used to develop projected benefit costs trends.	Please refer to the trend section beginning on page 17.
b. Any data used or assumptions made in developing projected benefit cost trends.	Please refer to the trend section beginning on page 17.
c. Any applicable comparisons to historical benefit cost trends or other program benefit cost trends.	Please refer to the trend section beginning on page 17.

Section I. July 1, 2015 – January 31, 2016 Medicaid Managed Care Rates	Documentation Reference
d. The different components of projected benefit cost trends, including but not limited to changes in price (such as provider reimbursement rates) and changes in utilization (such as the volume of services provided).	Please refer to Appendices I1-I3.
e. Any other material adjustments to projected benefit cost trends, and a description of the data, assumptions, and methodologies used to determine those adjustments.	N/A
f. To the extent there are any differences, projected benefit cost trends by:	
i. Service or category of service.	Please refer to Appendices I1-I3.
ii. Rate cell or Medicaid population.	Please refer to Appendices I1-I3.
C. Other adjustments to projected benefit costs:	
i. Any other adjustments made to projected benefit costs excluding those described above, including but not limited to:	
a. The impact of managed care on the utilization on the unit costs of health care services.	Please refer to the managed care adjustments section beginning on page 19 and Appendices J1-J2.
b. Changes to projected benefit costs in the rating period outside of regular changes in utilization or unit cost of services.	Please refer to the program changes section beginning on page 14.
D. Final projected benefit costs by relevant level of detail (for example, by Medicaid population or by rate cell).	Please refer to Appendix M.
<b>4. Projected Non-benefit Costs</b>	
E. Non-benefit costs including but not limited to:	Please refer to the non-medical expense load section beginning on page 22.
i. Administrative costs.	
ii. Care management or coordination costs.	
iii. Provisions for:	
a. Cost of capital.	
b. Risk margin.	
c. Contingency margin.	

Section I. July 1, 2015 – January 31, 2016 Medicaid Managed Care Rates		Documentation Reference
d. Underwriting gain.		
e. Profit margin.		
iv. Taxes, fees, and assessments.		
v. Any other material non-benefit costs.		N/A
<b>5. Rate Range Development</b>		
A. Any assumptions for which values vary in order to develop rate ranges.		Please refer to the trend and managed care adjustments sections beginning on page 19, the Shared Savings Rx claims section beginning on page 20 and the non-medical expense load section on page 22.
B. The values of each of the assumptions used to develop the minimum, the mid-point (as applicable), and the maximum of the rate ranges.		Please refer to sections related to trend assumptions, managed care adjustments, Shared Savings Rx adjustment, prospective program change adjustments, and non-medical expense load considerations.
C. A description of the data, assumptions, and methodologies that were used to develop the values of the assumptions for the minimum, the mid-point (as applicable), and maximum of the rate ranges.		Please refer to sections related to trend assumptions, managed care adjustments, Shared Savings Rx adjustment, prospective program change adjustments, and non-medical expense load considerations.
<b>6. Risk and Contractual Provisions</b>		
A. Risk adjustment processes.		Please see risk adjustment section on page 23.
B. Risk sharing arrangements, such as risk corridor or large claims pool.		Please see outliers section on page 21.
C. Medical loss ratio requirements, such as a minimum medical loss ratio requirement.		N/A
D. Reinsurance requirements.		N/A
E. Incentives or withhold amounts.		Please see federal health insurer fee section on page 23.

Section I. July 1, 2015 – January 31, 2016 Medicaid Managed Care Rates	Documentation Reference
<b>7. Other Rate Development Considerations</b>	
A. All adjustments to the capitation rates, or to any portion of the capitation rates, should reflect reasonable, appropriate, and attainable costs in the actuary's opinion and must be included in the rate certification. CMS notes that adjustments that are performed at the end of the rate setting process without adequate justification might not be considered actuarially sound.	N/A
B. The final contracted rates should either match the capitation rates or be within the rate ranges in the actuarial certification. This is required in total and by each rate cell.	N/A. Certification of the rate range.

Ms. Pam Diez  
Deputy Medicaid Director/Chief Financial Officer  
Louisiana Department of Health  
Bureau of Health Services Financing  
628 North 4th Street  
Baton Rouge, LA 70821

September 12, 2016

**Subject:** Healthy Louisiana Program – Full Risk-Bearing Managed Care Organization (MCO)  
Rate Development and Actuarial Certification for the Period July 1, 2016 through  
January 31, 2017

Dear Ms. Diez:

The Louisiana Department of Health (LDH) has contracted with Mercer Government Human Services Consulting (Mercer) to develop actuarially sound capitation rate ranges for the State of Louisiana's Healthy Louisiana (f/k/a Bayou Health) program for the period of February 1, 2016 through January 31, 2017. This certification amends the previous certification issued September 12, 2016 for rates effective February 1, 2016 through January 31, 2017; and applies to the period of July 1, 2016 through January 31, 2017. The amendments include multiple programmatic changes implemented by the State effective July 1, 2016. For reference, the original rate certification letter is included with this document in Appendix F.

This letter presents an overview of the analyses and methodology used to support the programmatic changes, and the resulting capitation rate ranges effective July 1, 2016 through January 31, 2017 for the purpose of satisfying the requirements of the Centers for Medicare & Medicaid Services (CMS). This rate development process used Medicaid fee-for-service (FFS) medical and pharmacy claims, Healthy Louisiana Shared Savings claims experience, Healthy Louisiana Prepaid encounter data, and Louisiana Behavioral Health Partnership claims experience. It resulted in the development of a range of actuarially sound rates for each rate cell. The capitation rate ranges are summarized in Appendix A and represent payment in full for the covered services.

Medicaid benefit plan premium rates are "actuarially sound" if, for business in the state for which the certification is being prepared and for the period covered by the certification, projected premiums, including expected reinsurance and governmental stop-loss cash flows, governmental risk adjustment cash flows, and investment income, provide for all reasonable,

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appropriate and attainable costs, including health benefits, health benefit settlement expenses, marketing and administrative expenses, any government mandated assessments, fees, and taxes, and the cost of capital. Note: Please see page 2 of Actuarial Standard of Practice Number 49, *Medicaid Managed Care Capitation Rate Development and Certification*, issued March 2015 by the Actuarial Standards Board<sup>1</sup>.

## Programmatic Changes

### *Rural Hospital Fee Schedule*

Effective July 1, 2016, LDH made changes to the inpatient per diems and updated the cost to charge ratios (CCRs) for outpatient services. Small rural hospitals were the only group of hospitals affected by these changes. The new fee schedule can be found on LDH's fee schedules website<sup>2</sup>. Although MCOs are not required to change their reimbursement to providers based on changes in the Medicaid fee schedules, the fee schedule changes will still affect reimbursement for hospital services as MCOs usually contract with providers at rates that are proportional to the Medicaid fee schedule. In accordance with actuarial standards of practice, the capitation rates have been adjusted to reflect the percentage change in the Medicaid fee schedules. Tables 1a and 1b show the impacts of the fee schedule change. The tables include the impacts on both Limited Medicaid Pricing (LMP) and Full Medicaid Pricing (FMP) of the hospital services. The overall impact of the rural hospital fee schedule changes is a 0.02% rate decrease.

**Table 1a: Impacts on Inpatient Services**

[A]			[B]	[C]	[D]	[E]	[F] = [D] - [B]	[G] = [E] - [C]
Adjusted Costs Underlying Capitation Rate Development								
			February 2016 Capitation Rates		July 2016 Capitation Rates		Fee Schedule Change Impact	
Time Period	Provider Type	Historical Cost <sup>1</sup>	LMP <sup>2</sup>	FMP <sup>3</sup>	LMP	FMP	LMP	FMP
CY 2013	All	\$ 674,433,174	\$ 686,205,425	\$ 1,148,430,296	\$ 688,735,894	\$ 1,148,430,418	\$ 2,530,469	\$ 122
	Rural	\$ 44,917,612	\$ 46,740,386	\$ 55,489,105	\$ 49,270,856	\$ 55,489,228	\$ 2,530,469	\$ 123
	Non-Rural	\$ 629,515,562	\$ 639,465,039	\$ 1,092,941,191	\$ 639,465,039	\$ 1,092,941,191	\$ -	\$ -
CY 2014	All	\$ 624,320,469	\$ 624,053,685	\$ 1,059,106,922	\$ 626,388,068	\$ 1,059,106,946	\$ 2,334,382	\$ 25
	Rural	\$ 38,773,335	\$ 39,875,517	\$ 47,529,519	\$ 42,209,900	\$ 47,529,544	\$ 2,334,382	\$ 24
	Non-Rural	\$ 585,541,822	\$ 584,172,856	\$ 1,011,572,090	\$ 584,172,856	\$ 1,011,572,090	\$ -	\$ -

**Notes:**

- Sum of Column [A] from Tables 17a & 17b in February 2016 certification letter (Appendix F)
- Sum of Column [C] from Tables 17a & 17b in February 2016 certification letter (Appendix F)
- Sum of Columns [C] & [D] from Tables 17a & 17b in February 2016 certification letter (Appendix F)

<sup>1</sup> [http://www.actuarialstandardsboard.org/wp\\_content/uploads/2015/03/asop049\\_179.pdf](http://www.actuarialstandardsboard.org/wp_content/uploads/2015/03/asop049_179.pdf)

<sup>2</sup> [http://www.lamedicaid.com/provweb1/fee\\_schedules/feeschedulesindex2.htm](http://www.lamedicaid.com/provweb1/fee_schedules/feeschedulesindex2.htm)

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**Table 1b: Impacts on Outpatient Services**

Time Period	Provider Type	Historical Cost <sup>1</sup>	Adjusted Costs Underlying Capitation Rate Development				Fee Schedule Change Impact	
			February 2016 Capitation Rates		July 2016 Capitation Rates			
			LMP <sup>2</sup>	FMP <sup>3</sup>	LMP	FMP	LMP	FMP
CY 2013	<b>All</b>	<b>\$ 358,483,098</b>	<b>\$ 373,221,047</b>	<b>\$ 507,221,933</b>	<b>\$ 371,698,303</b>	<b>\$ 505,807,995</b>	<b>\$ (1,522,744)</b>	<b>\$ (1,413,938)</b>
	Rural	\$ 71,932,356	\$ 85,664,529	\$ 81,395,591	\$ 84,141,785	\$ 79,981,653	\$ (1,522,744)	\$ (1,413,938)
	Non-Rural	\$ 286,551,018	\$ 287,556,794	\$ 425,826,618	\$ 287,556,794	\$ 425,826,618	\$ -	\$ -
CY 2014	<b>All</b>	<b>\$ 380,215,756</b>	<b>\$ 393,487,946</b>	<b>\$ 536,609,444</b>	<b>\$ 390,603,733</b>	<b>\$ 533,931,864</b>	<b>\$ (2,884,213)</b>	<b>\$ (2,677,580)</b>
	Rural	\$ 80,628,902	\$ 87,647,005	\$ 83,476,107	\$ 84,762,792	\$ 80,798,527	\$ (2,884,213)	\$ (2,677,580)
	Non-Rural	\$ 299,586,874	\$ 305,840,961	\$ 453,133,357	\$ 305,840,961	\$ 453,133,357	\$ -	\$ -

**Notes:**

1. Sum of Column [A] from Tables 18a & 18b in February 2016 certification letter (Appendix F).
2. Sum of Column [C] from Tables 18a & 18b in February 2016 certification letter (Appendix F).
3. Sum of Columns [C] & [D] from Tables 18a & 18b in February 2016 certification letter (Appendix F).

***Psychosocial Rehabilitation (PSR) Services***

Effective July 1, 2016, the State implemented an initiative with the MCOs to reduce PSR spending through improved utilization management of child recipients. The State expects this initiative to reduce PSR spending by 11.7% over the course of State Fiscal Year 2017 (SFY17) (July 2016 – June 2017). PSR recipients are on a different prior authorization schedule ranging from no prior authorization to a 6 month prior authorization depending on the MCO in which they are enrolled. The timing of this initiative announcement and the mixture of prior authorization schedules caused a phase-in period outlined in Table 2. Due to the phase-in, Mercer expects an 8.9% reduction to PSR services for the rating period July 1, 2016 through January 31, 2017. However, an 11.7% reduction to PSR services is expected for SFY17. For the purpose of developing this adjustment, Mercer modeled the entire SFY, including the months beyond the rating period, which can be found in Table 2.

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**Table 2: PSR Services' Savings Initiative**

Feb 2016 PSR PMPM	\$	8.50
SFY17 Savings Initiative		-11.7%
SFY17 Savings PMPM	\$	(0.99)

Month	Phase-In	PMPM Impact
July 2016	0%	\$ -
August 2016	0%	\$ -
September 2016	33%	\$ (0.44)
October 2016	67%	\$ (0.88)
November 2016	100%	\$ (1.33)
December 2016	100%	\$ (1.33)
January 2017	100%	\$ (1.33)
February 2017	100%	\$ (1.33)
March 2017	100%	\$ (1.33)
April 2017	100%	\$ (1.33)
May 2017	100%	\$ (1.33)
June 2017	100%	\$ (1.33)

July 2016 Rating Period Impact	\$	(0.76)	-8.9%
Feb - Jun 2017 Impact	\$	(1.33)	-15.6%
Total SFY17 Impact	\$	(0.99)	-11.7%

Appendix C summarizes the PSR service rating adjustment. The overall impact due to the reduction in PSR services is a 0.23% rate decrease.

### *Pediatric Day Health Care (PDHC) Program Change*

Effective September 1, 2016, LDH issued three policy changes to the PDHC program. These policy changes include changes in the eligibility criteria, per diem requirement, and re-evaluation period. Because these changes are effective after July 1, 2016, Mercer first developed impacts for these changes assuming full implementation and then developed additional "phase-in" adjustments to reflect the impact of timing of the implementation of these changes on the rating period. The result is a diluted impact averaged over the entire 7 month rate period.

### *Eligibility Criteria*

Medicaid recipients are required to meet all criteria on the PDHC prior authorization checklist to be eligible for PDHC services. Effective September 1, 2016, LDH issued a more restrictive prior authorization checklist that will reduce the number of PDHC recipients. The State sampled

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78 children across 22 PDHCs and estimated 20.0% of PDHC recipients will no longer be eligible for PDHC services. Based on this estimate, Mercer applied a 20.0% reduction to all PDHC expenses.

The eligibility criteria change is effective September 1, 2016 and will be implemented on a rolling basis as recipient eligibility is re-evaluated on or after the effective date. Mercer assumed that beginning in September 2016, 25.0% of the current PDHC utilizers will undergo eligibility determinations each of the next 4 months. This results in a 50.0% phase-in adjustment to the expected 20.0% reduction as shown in Table 3. Appendix D-1 summarizes the rate impact for the changes in PDHC eligibility criteria.

**Table 3: Eligibility Criteria Phase-in Adjustment**

<b>Month</b>	<b>Eligibility Criteria Phase-In</b>
July 2016	0.0%
August 2016	0.0%
September 2016	25.0%
October 2016	50.0%
November 2016	75.0%
December 2016	100.0%
January 2017	100.0%
<b>Phase-In Impact</b>	<b>50.0%</b>

*Per Diem Requirement*

Prior to September 1, 2016, PDHC providers billed an hourly rate for PDHC stays of up to 4 hours in a day and a per diem rate for stays between 4-12 hours. Effective September 1, 2016, the state fee schedule is changing to an hourly rate for stays up to 6 hours and a per diem rate for stays between 6-12 hours.

Mercer projected per diem recipients would utilize 75,382 days within a 12 month period under the requirements prior to September 1, 2016. Following the per diem requirement policy change, Mercer estimated 80.0%, or 60,305 days, would remain at the per diem rate of \$293.72. Conversely, Mercer estimated 20.0% of the days were for stays between 4-6 hours and would be billed at an hourly rate. Mercer estimated 6 hours would be billed at the hourly rate instead of the per diem, resulting in 90,458 additional hours billed at the hourly rate of

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\$42.01. The result is a per member per month (PMPM) decrease of \$0.05 which can be found in Table 4.

**Table 4: PDHC Per Diem Requirement Change**

	Projected PDHC Experience		
	Hourly and		Total
	Per Diem	Transportation	
<b>Units</b>	75,382	55,505	130,887
<b>Expenses</b>	\$22,116,839	\$ 1,681,032	\$ 23,797,871

	Revised PDHC Experience		
	Revised Per Diem		Hourly and
	Per Diem	Hourly	Transportation
<b>Units</b>	60,305	90,458	55,505
<b>Unit Cost</b>	\$ 293.72	\$ 42.01	
<b>Revised Expenses</b>	\$17,712,869	\$ 3,800,138	\$ 1,681,032
			\$ 23,194,039

<b>PDHC Expenses</b>	\$23,797,871
<b>Revised PDHC Expenses</b>	\$23,194,039
<b>Per Diem Requirement Impact</b>	\$ (603,832)
<b>Member Months</b>	12,556,949
<b>PMPM Impact</b>	\$ (0.05)

With the per diem requirement change effective September 1, 2016, Mercer used a phase-in adjustment of -28.6%. This was necessary to reflect that the first 2 months of the 7 month rate period will not be impacted by the per diem changes. Appendix D-2 summarizes the rate impact for the changes in PDHC per diem requirement.

#### *Re-evaluation Period*

Effective September 1, 2016, the days between a PDHC recipient's re-evaluations changed from 120 days to 90 days. Mercer determined this policy change had no direct impact on the rates.

Appendix D-3 summarizes the rate impact due to the PDHC policy changes. The overall combined impact of the PDHC policy changes is a 0.07% rate decrease.

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### *Preventive Services*

Authorized by Section 4106 of the Patient Protection and Affordable Care Act of 2010 (Pub. L. 111-152), states providing clinical preventive services recommended with a grade of A or B by the United States Preventive Services Task Force and adult immunizations recommended by the Advisory Committee on Immunization Practices are authorized to receive a one percentage point increase in their Federal medical assistance percentage rate for those services. Per this law, LDH decided to expand their State Plan to include the additional services necessary to meet this requirement. Appendices E-1 through E-5 show the methodology used by Mercer to add the additional preventive services as identified by LDH to satisfy the requirements of CMS in order for the State to receive an additional 1% federal match for eligible preventive services and immunizations. The overall impact of the rural hospital fee schedule changes is a 0.27% rate increase.

### **Certification of Final Rate Ranges**

In preparing the rate ranges shown in Appendix A, Mercer has used and relied upon enrollment, FFS claims, encounter data, reimbursement level, benefit design, and other information supplied by LDH and its fiscal agent. LDH, its fiscal agent, and the Prepaid plans are responsible for the validity and completeness of the data supplied. We have reviewed the data and information for internal consistency and reasonableness, but we did not audit them. In our opinion they are appropriate for the intended purposes. If the data and information are incomplete or inaccurate, the values shown in this report may need to be revised accordingly.

Mercer certifies the rates in Appendix A were developed in accordance with generally accepted actuarial practices and principles and are appropriate for the Medicaid covered populations and services under the managed care contract. Rate estimates provided are based upon the information available at a point in time and are subject to unforeseen and random events. Therefore, any projection must be interpreted as having a likely range of variability from the estimate. The undersigned actuaries are members of the American Academy of Actuaries and meet its qualification standards to certify to the actuarial soundness of Medicaid managed care capitation rates.

Rates and ranges developed by Mercer are actuarial projections of future contingent events. Actual Healthy Louisiana MCO costs will differ from these projections. Mercer has developed these rates on behalf of LDH to demonstrate compliance with the CMS requirements under 42 CFR 438.6(c), and in accordance with applicable law and regulations. Use of these rate ranges for any purpose beyond that stated may not be appropriate.

Healthy Louisiana MCOs are advised that the use of these rate ranges may not be appropriate for their particular circumstance and Mercer disclaims any responsibility for the use of these rate

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ranges by Healthy Louisiana MCOs for any purpose. Mercer recommends that any Healthy Louisiana MCO considering contracting with LDH should analyze its own projected medical expense, administrative expense, and any other premium needs for comparison to these rate ranges before deciding whether to contract with LDH.

This certification letter assumes the reader is familiar with the Healthy Louisiana Program, Medicaid eligibility rules, and actuarial rate-setting techniques. It is intended for LDH and CMS, and should not be relied upon by third parties. Other readers should seek the advice of actuaries or other qualified professionals competent in the area of actuarial rate projections to understand the technical nature of these results.

If you have any questions on any of the information provided, please feel free to call us at +1 404 442 3358 or +1 404 442 3517.

Sincerely,



Jarred Simons, ASA, MAAA  
Principal



Erik Axelsen, ASA, MAAA  
Senior Associate

## Appendix A: Healthy Louisiana Capitation Rate Range

Region Desc	COA Desc	Rate Cell Desc	Lower Bound PMPM or Cost per Delivery	Upper Bound PMPM or Cost Per Delivery
Gulf	SSI	Newborn, 0-2 Months	\$ 28,722.83	\$ 29,386.95
Gulf	SSI	Newborn, 3-11 Months	\$ 7,477.50	\$ 7,643.53
Gulf	SSI	Child, 1-20 Years	\$ 718.44	\$ 752.29
Gulf	SSI	Adult, 21+ Years	\$ 1,287.46	\$ 1,328.87
Gulf	Family and Children	Newborn, 0-2 Months	\$ 1,764.82	\$ 1,815.62
Gulf	Family and Children	Newborn, 3-11 Months	\$ 281.71	\$ 293.31
Gulf	Family and Children	Child, 1-20 Years	\$ 161.10	\$ 169.67
Gulf	Family and Children	Adult, 21+ Years	\$ 339.29	\$ 354.21
Gulf	Foster Care Children	Foster Care, All Ages M & F	\$ 538.02	\$ 573.54
Gulf	Breast and Cervical Cancer	BCC, All Ages Female	\$ 2,344.08	\$ 2,423.89
Gulf	LaCHIP Affordable Plan	All Ages	\$ 191.16	\$ 201.10
Gulf	HCBS Waiver	20 & Under, M & F	\$ 1,895.54	\$ 2,027.71
Gulf	HCBS Waiver	21+ Years, M & F	\$ 1,106.53	\$ 1,163.71
Gulf	Chisholm Class Members	Chisholm, All Ages M & F	\$ 1,183.55	\$ 1,270.20
Gulf	SBH - Chisholm Class Members	SBH - Chisholm, All Ages M & F	\$ 161.15	\$ 174.05
Gulf	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	\$ 29.06	\$ 30.18
Gulf	SBH - HCBS Waiver	SBH - 20 & Under, M & F	\$ 79.37	\$ 84.93
Gulf	SBH - HCBS Waiver	SBH - 21+ Years, M & F	\$ 87.67	\$ 90.63
Gulf	SBH - Other	SBH - Other, All Ages	\$ 239.09	\$ 246.02
Gulf	Maternity Kick Payment	Maternity Kick Payment, All Ages	\$ 10,535.94	\$ 10,674.16
Gulf	EED Kick Payment	EED Kick Payment	\$ 6,360.51	\$ 6,407.97
Capital	SSI	Newborn, 0-2 Months	\$ 28,722.83	\$ 29,386.95

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Region Desc	COA Desc	Rate Cell Desc	Lower Bound PMPM or Cost per Delivery	Upper Bound PMPM or Cost Per Delivery
Capital	SSI	Newborn, 3-11 Months	\$ 7,477.50	\$ 7,643.53
Capital	SSI	Child, 1-20 Years	\$ 718.01	\$ 753.52
Capital	SSI	Adult, 21+ Years	\$ 1,344.39	\$ 1,390.69
Capital	Family and Children	Newborn, 0-2 Months	\$ 2,018.26	\$ 2,070.30
Capital	Family and Children	Newborn, 3-11 Months	\$ 277.51	\$ 289.34
Capital	Family and Children	Child, 1-20 Years	\$ 169.62	\$ 178.68
Capital	Family and Children	Adult, 21+ Years	\$ 398.12	\$ 415.70
Capital	Foster Care Children	Foster Care, All Ages M & F	\$ 538.02	\$ 573.54
Capital	Breast and Cervical Cancer	BCC, All Ages Female	\$ 2,344.08	\$ 2,423.89
Capital	LaCHIP Affordable Plan	All Ages	\$ 191.16	\$ 201.10
Capital	HCBS Waiver	20 & Under, M & F	\$ 1,895.54	\$ 2,027.71
Capital	HCBS Waiver	21+ Years, M & F	\$ 1,106.53	\$ 1,163.71
Capital	Chisholm Class Members	Chisholm, All Ages M & F	\$ 1,183.55	\$ 1,270.20
Capital	SBH - Chisholm Class Members	SBH - Chisholm, All Ages M & F	\$ 161.15	\$ 174.05
Capital	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	\$ 22.57	\$ 23.43
Capital	SBH - HCBS Waiver	SBH - 20 & Under, M & F	\$ 79.37	\$ 84.93
Capital	SBH - HCBS Waiver	SBH - 21+ Years, M & F	\$ 87.67	\$ 90.63
Capital	SBH - Other	SBH - Other, All Ages	\$ 239.09	\$ 246.02
Capital	Maternity Kick Payment	Maternity Kick Payment, All Ages	\$ 10,046.81	\$ 10,168.49
Capital	EED Kick Payment	EED Kick Payment	\$ 6,872.26	\$ 6,924.95
South Central	SSI	Newborn, 0-2 Months	\$ 28,722.83	\$ 29,386.95
South Central	SSI	Newborn, 3-11 Months	\$ 7,477.50	\$ 7,643.53

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Region Desc	COA Desc	Rate Cell Desc	Lower Bound PMPM or Cost per Delivery	Upper Bound PMPM or Cost Per Delivery
South Central	SSI	Child, 1-20 Years	\$ 700.65	\$ 734.72
South Central	SSI	Adult, 21+ Years	\$ 1,205.71	\$ 1,245.15
South Central	Family and Children	Newborn, 0-2 Months	\$ 2,137.55	\$ 2,190.38
South Central	Family and Children	Newborn, 3-11 Months	\$ 285.98	\$ 297.85
South Central	Family and Children	Child, 1-20 Years	\$ 165.42	\$ 174.01
South Central	Family and Children	Adult, 21+ Years	\$ 365.90	\$ 382.25
South Central	Foster Care Children	Foster Care, All Ages M & F	\$ 538.02	\$ 573.54
South Central	Breast and Cervical Cancer	BCC, All Ages Female	\$ 2,344.08	\$ 2,423.89
South Central	LaCHIP Affordable Plan	All Ages	\$ 191.16	\$ 201.10
South Central	HCBS Waiver	20 & Under, M & F	\$ 1,895.54	\$ 2,027.71
South Central	HCBS Waiver	21+ Years, M & F	\$ 1,106.53	\$ 1,163.71
South Central	Chisholm Class Members	Chisholm, All Ages M & F	\$ 1,183.55	\$ 1,270.20
South Central	SBH - Chisholm Class Members	SBH - Chisholm, All Ages M & F	\$ 161.15	\$ 174.05
South Central	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	\$ 19.80	\$ 20.54
South Central	SBH - HCBS Waiver	SBH - 20 & Under, M & F	\$ 79.37	\$ 84.93
South Central	SBH - HCBS Waiver	SBH - 21+ Years, M & F	\$ 87.67	\$ 90.63
South Central	SBH - Other	SBH - Other, All Ages	\$ 239.09	\$ 246.02
South Central	Maternity Kick Payment	Maternity Kick Payment, All Ages	\$ 8,687.40	\$ 8,813.53
South Central	EED Kick Payment	EED Kick Payment	\$ 5,276.32	\$ 5,328.31

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Region Desc	COA Desc	Rate Cell Desc	Lower Bound PMPM or Cost per Delivery	Upper Bound PMPM or Cost Per Delivery
North	SSI	Newborn, 0-2 Months	\$ 28,722.83	\$ 29,386.95
North	SSI	Newborn, 3-11 Months	\$ 7,477.50	\$ 7,643.53
North	SSI	Child, 1-20 Years	\$ 747.92	\$ 787.55
North	SSI	Adult, 21+ Years	\$ 1,114.45	\$ 1,149.83
North	Family and Children	Newborn, 0-2 Months	\$ 2,040.47	\$ 2,093.30
North	Family and Children	Newborn, 3-11 Months	\$ 283.72	\$ 295.51
North	Family and Children	Child, 1-20 Years	\$ 166.32	\$ 175.66
North	Family and Children	Adult, 21+ Years	\$ 338.67	\$ 353.88
North	Foster Care Children	Foster Care, All Ages M & F	\$ 538.02	\$ 573.54
North	Breast and Cervical Cancer	BCC, All Ages Female	\$ 2,344.08	\$ 2,423.89
North	LaCHIP Affordable Plan	All Ages	\$ 191.16	\$ 201.10
North	HCBS Waiver	20 & Under, M & F	\$ 1,895.54	\$ 2,027.71
North	HCBS Waiver	21+ Years, M & F	\$ 1,106.53	\$ 1,163.71
North	Chisholm Class Members	Chisholm, All Ages M & F	\$ 1,183.55	\$ 1,270.20
North	SBH - Chisholm Class Members	SBH - Chisholm, All Ages M & F	\$ 161.15	\$ 174.05
North	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	\$ 21.23	\$ 22.03
North	SBH - HCBS Waiver	SBH - 20 & Under, M & F	\$ 79.37	\$ 84.93
North	SBH - HCBS Waiver	SBH - 21+ Years, M & F	\$ 87.67	\$ 90.63
North	SBH - Other	SBH - Other, All Ages	\$ 239.09	\$ 246.02
North	Maternity Kick Payment	Maternity Kick Payment, All Ages	\$ 9,307.91	\$ 9,430.41
North	EED Kick Payment	EED Kick Payment	\$ 5,809.03	\$ 5,855.53

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## Appendix B: Healthy Louisiana Rate Updates

		7-1-2016 Rate Updates									
		Revised 2-1-16		Rate for 5.5%		Rural Hospital		PSR Services		PDHC Services	
Region Des	COA Des	Rate Cell Des	CY2014 MW	Premium T2	Change	Change	Change	Change	Change	Change	Change
Gulf	SSI	Newborn, 0-2 Months	499	\$ 28,889.22	0.34	\$ -	\$ (0.70)	\$ -	\$ (0.35)	\$ 28,888.86	
Gulf	SSI	Newborn, 3-11 Months	2,016	\$ 7,545.17	(0.81)	\$ -	\$ (25.35)	\$ -	\$ (26.16)	\$ 7,519.01	
Gulf	SSI	Child, 1-20 Years	140,382	\$ 733.65	0.31	\$ -	\$ (5.21)	\$ (2.42)	\$ 0.57	\$ 726.90	
Gulf	SSI	Adult, 21+ Years	268,331	\$ 1,294.72	(0.26)	\$ -	\$ -	\$ -	\$ 3.35	\$ 1,297.81	
Gulf	Family and Children	Newborn, 0-2 Months	48,751	\$ 1,777.76	(0.16)	\$ -	\$ (0.08)	\$ -	\$ (0.24)	\$ 1,777.52	
Gulf	Family and Children	Newborn, 3-11 Months	108,391	\$ 284.98	(0.19)	\$ -	\$ (0.18)	\$ -	\$ (0.37)	\$ 284.61	
Gulf	Family and Children	Child, 1-20 Years	2,120,899	\$ 164.05	(0.06)	\$ (0.96)	\$ (0.06)	\$ 0.28	\$ (0.81)	\$ 163.24	
Gulf	Family and Children	Adult, 21+ Years	388,455	\$ 338.46	(0.21)	\$ -	\$ -	\$ 4.79	\$ 4.58	\$ 343.02	
Gulf	Foster Care Children	Foster Care, All Ages M & F	23,352	\$ 545.12	5.12	\$ (3.21)	\$ (0.61)	\$ 0.48	\$ 1.78	\$ 546.90	
Gulf	Breast and Cervical Cancer	BCC, All Ages Female	3,937	\$ 2,361.88	(0.84)	\$ -	\$ -	\$ 3.00	\$ 2.16	\$ 2,364.03	
Gulf	LaCHIP Affordable Plan	All Ages	10,244	\$ 193.92	(0.10)	\$ (0.38)	\$ (0.09)	\$ 0.30	\$ (0.28)	\$ 193.65	
Gulf	HCBS Waiver	20 & Under, M & F	7,178	\$ 1,932.95	0.09	\$ (1.42)	\$ (3.96)	\$ 0.94	\$ (4.36)	\$ 1,928.58	
Gulf	HCBS Waiver	21+ Years, M & F	13,626	\$ 1,117.95	(0.48)	\$ -	\$ -	\$ 3.36	\$ 2.88	\$ 1,120.83	
Gulf	Chisholm Class Members	Chisholm, All Ages M & F	16,983	\$ 1,211.45	1.02	\$ (3.01)	\$ (4.70)	\$ 0.45	\$ (6.23)	\$ 1,205.21	
Gulf	SBH - Chisholm Class Members	SBH - Chisholm, All Ages M & F	17,167	\$ 166.19	1.10	\$ (2.91)	\$ -	\$ -	\$ (1.81)	\$ 164.38	
Gulf	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	299,337	\$ 29.33	0.00	\$ -	\$ -	\$ -	\$ 0.00	\$ 29.34	
Gulf	SBH - HCBS Waiver	SBH - 20 & Under, M & F	7,178	\$ 81.86	0.28	\$ (1.38)	\$ -	\$ -	\$ (1.10)	\$ 80.76	
Gulf	SBH - HCBS Waiver	SBH - 21+ Years, M & F	13,626	\$ 88.40	0.01	\$ -	\$ -	\$ -	\$ 0.01	\$ 88.41	
Gulf	SBH - Other	SBH - Other, All Ages	7,536	\$ 240.88	(0.00)	\$ (0.05)	\$ -	\$ -	\$ (0.05)	\$ 240.82	
Gulf	Maternity Kick Payment	Maternity Kick Payment, All Ages	10,549	\$ 10,570.50	-	\$ -	\$ -	\$ -	\$ -	\$ 10,570.50	
Gulf	EED Kick Payment	Early Elective Delivery	N/A	\$ 6,372.38	-	\$ -	\$ -	\$ -	\$ -	\$ 6,372.38	
Capital	SSI	Newborn, 0-2 Months	394	\$ 28,889.22	0.34	\$ -	\$ (0.70)	\$ -	\$ (0.35)	\$ 28,888.86	
Capital	SSI	Newborn, 3-11 Months	1,488	\$ 7,545.17	(0.81)	\$ -	\$ (25.35)	\$ -	\$ (26.16)	\$ 7,519.01	
Capital	SSI	Child, 1-20 Years	104,301	\$ 734.57	0.80	\$ (3.23)	\$ (5.79)	\$ 0.55	\$ (7.68)	\$ 726.89	
Capital	SSI	Adult, 21+ Years	195,553	\$ 1,352.32	0.29	\$ -	\$ -	\$ 3.36	\$ 3.64	\$ 1,355.97	
Capital	Family and Children	Newborn, 0-2 Months	42,461	\$ 2,031.29	0.03	\$ -	\$ (0.04)	\$ -	\$ (0.01)	\$ 2,031.27	
Capital	Family and Children	Newborn, 3-11 Months	96,528	\$ 280.71	0.03	\$ -	\$ (0.27)	\$ -	\$ (0.24)	\$ 280.47	
Capital	Family and Children	Child, 1-20 Years	1,914,036	\$ 172.39	0.06	\$ (0.78)	\$ (0.08)	\$ 0.29	\$ (0.51)	\$ 171.89	
Capital	Family and Children	Adult, 21+ Years	288,647	\$ 397.37	0.10	\$ -	\$ -	\$ 5.05	\$ 5.16	\$ 402.52	
Capital	Foster Care Children	Foster Care, All Ages M & F	33,498	\$ 545.12	5.12	\$ (3.21)	\$ (0.61)	\$ 0.48	\$ 1.78	\$ 546.90	
Capital	Breast and Cervical Cancer	BCC, All Ages Female	3,825	\$ 2,361.88	(0.84)	\$ -	\$ -	\$ 3.00	\$ 2.16	\$ 2,364.03	
Capital	LaCHIP Affordable Plan	All Ages	10,876	\$ 193.92	(0.10)	\$ (0.38)	\$ (0.09)	\$ 0.30	\$ (0.28)	\$ 193.65	
Capital	HCBS Waiver	20 & Under, M & F	7,499	\$ 1,932.95	0.09	\$ (1.42)	\$ (3.96)	\$ 0.94	\$ (4.36)	\$ 1,928.58	
Capital	HCBS Waiver	21+ Years, M & F	12,294	\$ 1,117.95	(0.48)	\$ -	\$ -	\$ 3.36	\$ 2.88	\$ 1,120.83	
Capital	Chisholm Class Members	Chisholm, All Ages M & F	17,068	\$ 1,211.45	1.02	\$ (3.01)	\$ (4.70)	\$ 0.45	\$ (6.23)	\$ 1,205.21	
Capital	SBH - Chisholm Class Members	SBH - Chisholm, All Ages M & F	17,176	\$ 166.19	1.10	\$ (2.91)	\$ -	\$ -	\$ (1.81)	\$ 164.38	
Capital	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	239,197	\$ 22.79	(0.00)	\$ -	\$ -	\$ -	\$ (0.00)	\$ 22.79	
Capital	SBH - HCBS Waiver	SBH - 20 & Under, M & F	7,499	\$ 81.86	0.28	\$ (1.38)	\$ -	\$ -	\$ (1.10)	\$ 80.76	
Capital	SBH - HCBS Waiver	SBH - 21+ Years, M & F	12,294	\$ 88.40	0.01	\$ -	\$ -	\$ -	\$ 0.01	\$ 88.41	
Capital	SBH - Other	SBH - Other, All Ages	8,412	\$ 240.88	(0.00)	\$ (0.05)	\$ -	\$ -	\$ (0.05)	\$ 240.82	
Capital	Maternity Kick Payment	Maternity Kick Payment, All Ages	9,280	\$ 10,077.23	-	\$ -	\$ -	\$ -	\$ -	\$ 10,077.23	
Capital	EED Kick Payment	Early Elective Delivery	N/A	\$ 6,885.43	-	\$ -	\$ -	\$ -	\$ -	\$ 6,885.43	
South Central	SSI	Newborn, 0-2 Months	466	\$ 28,889.22	0.34	\$ -	\$ (0.70)	\$ -	\$ (0.35)	\$ 28,888.86	
South Central	SSI	Newborn, 3-11 Months	1,871	\$ 7,545.17	(0.81)	\$ -	\$ (25.35)	\$ -	\$ (26.16)	\$ 7,519.01	
South Central	SSI	Child, 1-20 Years	108,433	\$ 714.96	0.45	\$ (3.58)	\$ (3.24)	\$ 0.57	\$ (5.80)	\$ 709.17	
South Central	SSI	Adult, 21+ Years	237,953	\$ 1,213.18	(0.98)	\$ -	\$ -	\$ 3.36	\$ 2.38	\$ 1,215.57	
South Central	Family and Children	Newborn, 0-2 Months	46,634	\$ 2,151.00	(0.18)	\$ -	\$ (0.07)	\$ -	\$ (0.25)	\$ 2,150.76	
South Central	Family and Children	Newborn, 3-11 Months	104,955	\$ 282.46	(0.25)	\$ -	\$ (0.26)	\$ -	\$ (0.50)	\$ 288.95	
South Central	Family and Children	Child, 1-20 Years	2,083,138	\$ 168.14	(0.08)	\$ (0.72)	\$ (0.07)	\$ 0.30	\$ (1.57)	\$ 167.57	
South Central	Family and Children	Adult, 21+ Years	299,789	\$ 365.35	(0.51)	\$ -	\$ -	\$ 5.15	\$ 4.64	\$ 369.99	
South Central	Foster Care Children	Foster Care, All Ages M & F	44,797	\$ 545.12	5.12	\$ (3.21)	\$ (0.61)	\$ 0.48	\$ 1.78	\$ 546.90	
South Central	Breast and Cervical Cancer	BCC, All Ages Female	2,747	\$ 2,361.88	(0.84)	\$ -	\$ -	\$ 3.00	\$ 2.16	\$ 2,364.03	
South Central	LaCHIP Affordable Plan	All Ages	12,678	\$ 193.92	(0.10)	\$ (0.38)	\$ (0.09)	\$ 0.30	\$ (0.28)	\$ 193.65	
South Central	HCBS Waiver	20 & Under, M & F	6,786	\$ 1,932.95	0.09	\$ (1.42)	\$ (3.96)	\$ 0.94	\$ (4.36)	\$ 1,928.58	
South Central	HCBS Waiver	21+ Years, M & F	14,109	\$ 1,117.95	(0.48)	\$ -	\$ -	\$ 3.36	\$ 2.88	\$ 1,120.83	
South Central	Chisholm Class Members	Chisholm, All Ages M & F	18,278	\$ 1,211.45	1.02	\$ (3.01)	\$ (4.70)	\$ 0.45	\$ (6.23)	\$ 1,205.21	
South Central	SBH - Chisholm Class Members	SBH - Chisholm, All Ages M & F	18,709	\$ 166.19	1.10	\$ (2.91)	\$ -	\$ -	\$ (1.81)	\$ 164.38	
South Central	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	323,040	\$ 19.98	0.01	\$ -	\$ -	\$ -	\$ 0.01	\$ 19.99	
South Central	SBH - HCBS Waiver	SBH - 20 & Under, M & F	6,786	\$ 81.86	0.28	\$ (1.38)	\$ -	\$ -	\$ (1.10)	\$ 80.76	
South Central	SBH - HCBS Waiver	SBH - 21+ Years, M & F	14,109	\$ 88.40	0.01	\$ -	\$ -	\$ -	\$ 0.01	\$ 88.41	
South Central	SBH - Other	SBH - Other, All Ages	10,727	\$ 240.88	(0.00)	\$ (0.05)	\$ -	\$ -	\$ (0.05)	\$ 240.82	
South Central	Maternity Kick Payment	Maternity Kick Payment, All Ages	10,188	\$ 8,718.93	-	\$ -	\$ -	\$ -	\$ -	\$ 8,718.93	
South Central	EED Kick Payment	Early Elective Delivery	N/A	\$ 5,289.32	-	\$ -	\$ -	\$ -	\$ -	\$ 5,289.32	
North	SSI	Newborn, 0-2 Months	442	\$ 28,889.22	0.34	\$ -	\$ (0.70)	\$ -	\$ (0.35)	\$ 28,888.86	
North	SSI	Newborn, 3-11 Months	1,700	\$ 7,545.17	(0.81)	\$ -	\$ (25.35)	\$ -	\$ (26.16)	\$ 7,519.01	
North	SSI	Child, 1-20 Years	119,014	\$ 768.56	0.54	\$ (6.70)	\$ (5.14)	\$ 0.57	\$ (10.73)	\$ 757.83	
North	SSI	Adult, 21+ Years	208,362	\$ 1,122.14	(2.19)	\$ -	\$ -	\$ 3.36	\$ 1.17	\$ 1,123.30	
North	Family and Children	Newborn, 0-2 Months	35,265	\$ 2,054.34	(0.61)	\$ -	\$ (0.06)	\$ -	\$ (0.67)	\$ 2,053.68	
North	Family and Children	Newborn, 3-11 Months	81,697	\$ 287.60	(0.71)	\$ -	\$ (0.23)	\$ -	\$ (0.94)	\$ 286.67	
North	Family and Children	Child, 1-20 Years	1,639,346	\$ 170.02	(0.32)	\$ (1.27)	\$ (0.08)	\$ 0.29	\$ (1.37)	\$ 168.66	
North	Family and Children	Adult, 21+ Years	239,631	\$ 338.54	(1.12)	\$ -	\$ -	\$ 5.05	\$ 3.93	\$ 342.47	
North	Foster Care Children	Foster Care, All Ages M & F	24,828	\$ 545.12	5.12	\$ (3.21)	\$ (0.61)	\$ 0.48	\$ 1.78	\$ 546.90	
North	Breast and Cervical Cancer	BCC, All Ages Female	2,561	\$ 2,361.88	(0.84)	\$ -	\$ -	\$ 3.00	\$ 2.16	\$ 2,364.03	
North	LaCHIP Affordable Plan	All Ages	6,372	\$ 193.92	(0.10)	\$ (0.38)	\$ (0.09)	\$ 0.30	\$ (0.28)	\$ 193.65	
North	HCBS Waiver	20 & Under, M & F	4,318	\$ 1,932.95	0.09	\$ (1.42)	\$ (3.96)	\$ 0.94	\$ (4.36)	\$ 1,928.58	
North	HCBS Waiver	21+ Years, M & F	11,256	\$ 1,117.95	(0.48)	\$ -	\$ -	\$ 3.36	\$ 2.88	\$ 1,120.83	
North	Chisholm Class Members	Chisholm, All Ages M & F	16,846	\$ 1,211.45	1.02	\$ (3.01)	\$ (4.70)	\$ 0.45	\$ (6.23)	\$ 1,205.21	
North	SBH - Chisholm Class Members	SBH - Chisholm, All Ages M & F	17,129	\$ 166.19	1.10	\$ (2.91)	\$ -	\$ -	\$ (1.81)	\$ 164.38	
North	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	256,152	\$ 21.44	(0.01)	\$ -	\$ -	\$ -	\$ (0.01)	\$ 21.43	
North	SBH - HCBS Waiver	SBH - 20 & Under, M & F	4,318	\$ 81.86	0.28	\$ (1.38)	\$ -	\$ -	\$ (1.10)	\$ 80.76	
North	SBH - HCBS Waiver	SBH - 21+ Years, M & F	11,256	\$ 88.40	0.01	\$ -	\$ -	\$ -	\$ 0.01	\$ 88.41	
North	SBH - Other	SBH - Other, All Ages	9,527	\$ 240.88	(0.00)	\$ (0.05)	\$ -	\$ -	\$ (0.05)	\$ 240.82	
North	Maternity Kick Payment	Maternity Kick Payment, All Ages	7,696	\$ 9,338.54	-	\$ -	\$ -	\$ -	\$ -	\$ 9,338.54	
North	EED Kick Payment	Early Elective Delivery	N/A	\$ 5,820.66	-	\$ -	\$ -	\$ -	\$ -	\$ 5,820.66	

**Note:**  
 1- PMPMs shown are at the 25th percentile.

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## Appendix C: PSR Services Adjustment

COA Desc	Rate Cell Desc	CY2014 MMs	[A]	[B]	[C] = [A] * [B]	
			Feb 2016 - Jan 2017 PSR PMPM	PSR Reduction	Reduction in PSR Services	
SSI	Newborn, 0-2 Months	1,791	\$ -	0.0%	\$ -	
SSI	Newborn, 3-11 Months	7,075	\$ -	0.0%	\$ -	
SSI	Child, 1-20 Years	472,130	\$ 49.53	-8.9%	\$ (4.42)	
SSI	Adult, 21+ Years	910,199	\$ -	0.0%	\$ -	
Family and Children	Newborn, 0-2 Months	173,111	\$ -	0.0%	\$ -	
Family and Children	Newborn, 3-11 Months	391,571	\$ -	0.0%	\$ -	
Family and Children	Child, 1-20 Years	7,757,419	\$ 9.53	-8.9%	\$ (0.85)	
Family and Children	Adult, 21+ Years	1,216,522	\$ -	0.0%	\$ -	
Foster Care Children	Foster Care, All Ages M & F	126,475	\$ 33.31	-8.9%	\$ (2.97)	
Breast and Cervical Cancer	BCC, All Ages Female	13,070	\$ -	0.0%	\$ -	
LaCHIP Affordable Plan	All Ages	40,170	\$ 3.98	-8.9%	\$ (0.35)	
HCBS Waiver	20 & Under, M & F	25,781	\$ 14.78	-8.9%	\$ (1.32)	
HCBS Waiver	21+ Years, M & F	51,285	\$ -	0.0%	\$ -	
Chisholm Class Members	Chisholm, All Ages M & F	69,175	\$ 31.21	-8.9%	\$ (2.78)	
SBH - Chisholm Class Members	SBH - Chisholm, All Ages M & F	70,181	\$ 30.23	-8.9%	\$ (2.70)	
SBH - Dual Eligible	SBH - Dual Eligible, All Ages	1,117,726	\$ -	0.0%	\$ -	
SBH - HCBS Waiver	SBH - 20 & Under, M & F	25,781	\$ 14.30	-8.9%	\$ (1.27)	
SBH - HCBS Waiver	SBH - 21+ Years, M & F	51,285	\$ -	0.0%	\$ -	
SBH - Other	SBH - Other, All Ages	36,202	\$ 0.53	-8.9%	\$ (0.05)	
Maternity Kick Payment	Maternity Kick Payment, All Ages	37,712	\$ -	0.0%	\$ -	
<b>Aggregate</b>		<b>12,556,949</b>	<b>\$ 8.50</b>	<b>-8.9%</b>	<b>\$ (0.76)</b>	

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## Appendix D: PDHC Program Changes

### Appendix D-1: Eligibility Criteria Change

		[MM]	[A]	[B]	[C] = [B] * [A]	[D] = [50%] * [C]	[E] = [A] + [D]
COA Desc	Rate Cell Desc	CY2014 MMs	Projected	Eligibility Criteria	Projected Whole	7-1-16 Rate Impact	7-1-16 Resulting
			Feb 16 - Jan 17	Change Impact	Reduction in PDHC		
			PDHC PMPM		PMPM		PDHC PMPM
SSI	Newborn, 0-2 Months	1,791	\$ 5.62	-20%	\$ (1.12)	\$ (0.56)	\$ 5.06
SSI	Newborn, 3-11 Months	7,075	\$ 204.62	-20%	\$ (40.92)	\$ (20.46)	\$ 184.16
SSI	Child, 1-20 Years	472,130	\$ 32.76	-20%	\$ (6.55)	\$ (3.28)	\$ 29.48
SSI	Adult, 21+ Years	910,199	\$ -	0%	\$ -	\$ -	\$ -
Family and Children	Newborn, 0-2 Months	173,111	\$ 0.54	-20%	\$ (0.11)	\$ (0.05)	\$ 0.48
Family and Children	Newborn, 3-11 Months	391,571	\$ 1.88	-20%	\$ (0.38)	\$ (0.19)	\$ 1.69
Family and Children	Child, 1-20 Years	7,757,419	\$ 0.59	-20%	\$ (0.12)	\$ (0.06)	\$ 0.53
Family and Children	Adult, 21+ Years	1,216,522	\$ -	0%	\$ -	\$ -	\$ -
Foster Care Children	Foster Care, All Ages M & F	126,475	\$ 4.96	-20%	\$ (0.99)	\$ (0.50)	\$ 4.46
Breast and Cervical Cancer	BCC, All Ages Female	13,070	\$ -	0%	\$ -	\$ -	\$ -
LaCHIP Affordable Plan	All Ages	40,170	\$ 0.70	-20%	\$ (0.14)	\$ (0.07)	\$ 0.63
HCBS	20 & Under, M & F	25,781	\$ 32.24	-20%	\$ (6.45)	\$ (3.22)	\$ 29.01
HCBS	21+ Years, M & F	51,285	\$ -	0%	\$ -	\$ -	\$ -
Chisholm Class Members	Chisholm, All Ages M & F	69,175	\$ 38.31	-20%	\$ (7.66)	\$ (3.83)	\$ 34.48
SBH- Chisholm Class Members	SBH - Chisholm, All Ages M & F	70,181	\$ -	0%	\$ -	\$ -	\$ -
SBH- Dual Eligible	SBH - Dual Eligible, All Ages	1,117,726	\$ -	0%	\$ -	\$ -	\$ -
SBH- HCBS Waiver	SBH - 20 & Under, M & F	25,781	\$ -	0%	\$ -	\$ -	\$ -
SBH- HCBS Waiver	SBH - 21+ Years, M & F	51,285	\$ -	0%	\$ -	\$ -	\$ -
SBH - Other	SBH - Other, All Ages	36,202	\$ -	0%	\$ -	\$ -	\$ -
Maternity Kick Payment	Maternity Kick Payment, All Ages	37,712	\$ -	0%	\$ -	\$ -	\$ -
Aggregate		12,556,949	\$ 2.11	-20%	\$ (0.42)	\$ (0.21)	\$ 1.90

### Appendix D-2: Per Diem Requirement Change

		[MMs]	[A]	[B]	[C] = [B] * 71.4%	[D] = [C] - [A]
COA Desc	Rate Cell Desc	CY2014 MMs	7-1-16 PDHC	Per Diem	7-1-16 Rate	7-1-16 Resulting
			PMPM	Requirement PMPM Impact	Impact	PDHC PMPM
SSI	Newborn, 0-2 Months	1,791	\$ 5.06	\$ (0.13)	\$ (0.09)	\$ 4.97
SSI	Newborn, 3-11 Months	7,075	\$ 184.16	\$ (4.67)	\$ (3.34)	\$ 180.82
SSI	Child, 1-20 Years	472,130	\$ 29.48	\$ (0.75)	\$ (0.53)	\$ 28.95
SSI	Adult, 21+ Years	910,199	\$ -	\$ -	\$ -	\$ -
Family and Children	Newborn, 0-2 Months	173,111	\$ 0.48	\$ (0.01)	\$ (0.01)	\$ 0.47
Family and Children	Newborn, 3-11 Months	391,571	\$ 1.69	\$ (0.04)	\$ (0.03)	\$ 1.66
Family and Children	Child, 1-20 Years	7,757,419	\$ 0.53	\$ (0.01)	\$ (0.01)	\$ 0.52
Family and Children	Adult, 21+ Years	1,216,522	\$ -	\$ -	\$ -	\$ -
Foster Care Children	Foster Care, All Ages Male & Female	126,475	\$ 4.46	\$ (0.11)	\$ (0.08)	\$ 4.38
Breast and Cervical Cancer	BCC, All Ages Female	13,070	\$ -	\$ -	\$ -	\$ -
LaCHIP Affordable Plan	All Ages	40,170	\$ 0.63	\$ (0.02)	\$ (0.01)	\$ -
HCBS	20 & Under, Male and Female	25,781	\$ 29.01	\$ (0.74)	\$ (0.53)	\$ 28.49
HCBS	21+ Years, Male and Female	51,285	\$ -	\$ -	\$ -	\$ -
Chisholm Class Members	Chisholm, All Ages Male & Female	69,175	\$ 34.48	\$ (0.87)	\$ (0.62)	\$ 33.86
SBH- Chisholm Class Members	SBH- Chisholm, All Ages Male & Female	70,181	\$ -	\$ -	\$ -	\$ -
SBH- Dual Eligible	SBH- Dual Eligible, All Ages	1,117,726	\$ -	\$ -	\$ -	\$ -
SBH- HCBS Waiver	SBH- 20 & Under, Male & Female	25,781	\$ -	\$ -	\$ -	\$ -
SBH- HCBS Waiver	SBH- 21+ Years, Male & Female	51,285	\$ -	\$ -	\$ -	\$ -
SBH - Other	SBH- Other, All Ages	36,202	\$ -	\$ -	\$ -	\$ -
Maternity Kick Payment	Maternity Kick Payment, All Ages	37,712	\$ -	\$ -	\$ -	\$ -
Aggregate		12,556,949	\$ 1.90	\$ (0.05)	\$ (0.03)	\$ 1.86

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#### Appendix D-3: PDHC Program Changes

		[MMs]	[A]	[B]	[C]	[D] = [B] + [C]	[E] = [A] + [D]
COA Desc	Rate Cell Desc	CY2014 MMs	Projected Feb 2016 PDHC PMPM	Criteria Eligibility Change	Per Diem Requirement Change	Total PDHC Program Change	Projected Jul 2016 PDHC PMPM
SSI	Newborn, 0-2 Months	1,791	\$ 5.62	\$ (0.56)	\$ (0.09)	\$ (0.65)	\$ 4.97
SSI	Newborn, 3-11 Months	7,075	\$ 204.62	\$ (20.46)	\$ (3.34)	\$ (23.80)	\$ 180.82
SSI	Child, 1-20 Years	472,130	\$ 32.76	\$ (3.28)	\$ (0.53)	\$ (3.81)	\$ 28.95
SSI	Adult, 21+ Years	910,199	\$ -	\$ -	\$ -	\$ -	\$ -
Family and Children	Newborn, 0-2 Months	173,111	\$ 0.54	\$ (0.05)	\$ (0.01)	\$ (0.06)	\$ 0.47
Family and Children	Newborn, 3-11 Months	391,571	\$ 1.88	\$ (0.19)	\$ (0.03)	\$ (0.22)	\$ 1.66
Family and Children	Child, 1-20 Years	7,757,419	\$ 0.59	\$ (0.06)	\$ (0.01)	\$ (0.07)	\$ 0.52
Family and Children	Adult, 21+ Years	1,216,522	\$ -	\$ -	\$ -	\$ -	\$ -
Foster Care Children	Foster Care, All Ages M & F	126,475	\$ 4.96	\$ (0.50)	\$ (0.08)	\$ (0.58)	\$ 4.38
Breast and Cervical Cancer	BCC, All Ages Female	13,070	\$ -	\$ -	\$ -	\$ -	\$ -
LaCHIP Affordable Plan	All Ages	40,170	\$ 0.70	\$ (0.07)	\$ (0.01)	\$ (0.08)	\$ 0.62
HCBS	20 & Under, M & F	25,781	\$ 32.24	\$ (3.22)	\$ (0.53)	\$ (3.75)	\$ 28.49
HCBS	21+ Years, M & F	51,285	\$ -	\$ -	\$ -	\$ -	\$ -
Chisholm Class Members	Chisholm, All Ages M & F	69,175	\$ 38.31	\$ (3.83)	\$ (0.62)	\$ (4.46)	\$ 33.86
SBH - Chisholm Class Members	SBH - Chisholm, All Ages M & F	70,181	\$ -	\$ -	\$ -	\$ -	\$ -
SBH - Dual Eligible	SBH - Dual Eligible, All Ages	1,117,726	\$ -	\$ -	\$ -	\$ -	\$ -
SBH - HCBS Waiver	SBH - 20 & Under, M & F	25,781	\$ -	\$ -	\$ -	\$ -	\$ -
SBH - HCBS Waiver	SBH - 21+ Years, M & F	51,285	\$ -	\$ -	\$ -	\$ -	\$ -
SBH - Other	SBH - Other, All Ages	36,202	\$ -	\$ -	\$ -	\$ -	\$ -
Maternity Kick Payment	Maternity Kick Payment, All Ages	37,712	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Aggregate</b>		<b>12,556,949</b>	<b>\$ 2.11</b>	<b>\$ (0.21)</b>	<b>\$ (0.03)</b>	<b>\$ (0.24)</b>	<b>\$ 1.86</b>

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## **Appendix E: Preventive Services**

## Appendix E-1: Newly Added Preventive Services

CPT/HCPCS Code	Code Desc	Age
<b>Preventive medicine counseling</b>		
99401	Preventive medicine counseling and/or risk factor reduction intervention(s)...15 minutes	12 - 99
99402	Preventive medicine counseling and/or risk factor reduction intervention(s)...30 minutes	12 - 99
99403	Preventive medicine counseling and/or risk factor reduction intervention(s)...45 minutes	12 - 99
99404	Preventive medicine counseling and/or risk factor reduction intervention(s)...60 minutes	12 - 99
<b>Laboratory</b>		
81162	BRCA1, BRCA2 (breast cancer 1 and 2) (eg, hereditary breast and ovarian cancer) gene analysis; full sequence and full duplication/deletion analysis	19 - 70
81211	BRCA1, BRCA2 (breast cancer 1 and 2) (eg, hereditary breast and ovarian cancer) gene analysis; full sequence analysis and common duplication/deletion variants in BRAC1...	19 - 70
81212	BRCA1, BRCA2 (breast cancer 1 and 2) (eg, hereditary breast and ovarian cancer) gene analysis; ... 185delAG, 5385insC, 6174delTT variants	19 - 70
81213	BRCA1, BRCA2 (breast cancer 1 and 2) (eg, hereditary breast and ovarian cancer) gene analysis;...uncommon variants	19 - 70
81214	BRCA1 (breast cancer 1) (eg, hereditary breast and ovarian cancer) gene analysis; full sequence analysis and common duplication/deletion variants (i.e., exon 13 del 3.835kb, exon13 dup,....	19 - 70
81215	BRCA1 (breast cancer 1) (eg, hereditary breast and ovarian cancer) gene analysis; known familial variant	19 - 70
81216	BRCA2 (breast cancer 2) (eg, hereditary breast and ovarian cancer) gene analysis; full sequence analysis	19 - 70
81217	BRCA2 (breast cancer 2) (eg, hereditary breast and ovarian cancer) gene analysis; known familial variant	19 - 70
G0452	Molecular pathology procedure; physician interpretation and report	19 - 70
<b>Immunizations 19-20</b>		
90620	Meningococcal recombinant protein and outer membrane vesicle vaccine, serogroup B (MenB), 2 dose schedule, for IM use	19 - 20
90621	Meningococcal recombinant lipoprotein vaccine, serogroup B (MenB), 3 dose schedule, for IM use	19 - 20
90648	Haemophilus influenza type b vaccine (Hib), PRP-T conjugate, 4 dose schedule, for IM use	19 - 20
90670	Pneumococcal conjugate vaccine, 13 valent (PCV13), for IM use	19 - 20
<b>Immunizations 21+</b>		
90620	Meningococcal recombinant protein and outer membrane vesicle vaccine, serogroup B (MenB), 2 dose schedule, for IM use	21 - 99
90621	Meningococcal recombinant lipoprotein vaccine, serogroup B (MenB), 3 dose schedule, for IM use	21 - 99
90632	Hepatitis A vaccine (HepA), adult dosage, for IM use	21 - 99
90648	Haemophilus influenza type b vaccine (Hib), PRP-T conjugate, 4 dose schedule, for IM use	21 - 99
90670	Pneumococcal conjugate vaccine, 13 valent (PCV13), for IM use	21 - 99
90707	Measles, mumps, and rubella virus vaccine (MMR), live for subcutaneous use	21 - 99
90715	Tetanus, diphtheria toxoids and acellular pertussis vaccine (Tdap), when administered to individuals 7 years or older, for IM use	21 - 99
90716	Varicella virus vaccine (VAR), live, for subcutaneous use	21 - 99
90733	Meningococcal polysaccharide vaccine, serogroups A, C, Y, W-135, quadravalent (MPSV4), for subcutaneous use	21 - 99
90734	Meningococcal conjugate vaccine, serogroups A, C, Y, and W-135, quadravalent (Men ACWY), for IM use.	21 - 99
90736	Zoster (shingles) vaccine (HZV), live, for subcutaneous use	21 - 99
90746	Hepatitis B vaccine (HepB), adult dosage, 3 dose schedule, for IM use	21 - 99

## Appendix E-2: Fee Schedule

Fee Schedule Effective July 1, 2016									
		[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]
CPT/HCPCS Code	Age	TOS' 03	TOS 05	TOS 30	TOS 37	TOS 39	TOS 40	Prior Authorization	Service Limit
Preventive medicine counseling									
99401	12 - 99	\$ 19.72	n/a	\$ 19.72	\$ 19.72	\$ 19.72	\$ 19.72		
99402	12 - 99	\$ 33.64	n/a	\$ 33.64	\$ 33.64	\$ 33.64	\$ 33.64		
99403	12 - 99	\$ 40.85	n/a	\$ 40.85	\$ 40.85	\$ 40.85	\$ 40.85		
99404	12 - 99	\$ 49.61	n/a	\$ 49.61	\$ 49.61	\$ 49.61	\$ 49.61		
Laboratory									
81162	19 - 70	\$ 1,864.40	n/a	\$ 1,864.40	\$ 2,485.86	\$ 2,485.86	\$ 2,568.72	x	1/Lifetime
81211	19 - 70	\$ 1,635.17	n/a	\$ 1,635.17	\$ 2,180.22	\$ 2,180.22	\$ 2,252.89	x	1/Lifetime
81212	19 - 70	\$ 132.33	n/a	\$ 132.33	\$ 176.44	\$ 176.44	\$ 182.32	x	1/Lifetime
81213	19 - 70	\$ 436.38	n/a	\$ 436.38	\$ 581.84	\$ 581.84	\$ 601.23	x	1/Lifetime
81214	19 - 70	\$ 1,076.98	n/a	\$ 1,076.98	\$ 1,435.97	\$ 1,435.97	\$ 1,483.84	x	1/Lifetime
81215	19 - 70	\$ 69.83	n/a	\$ 69.83	\$ 93.10	\$ 93.10	\$ 96.20	x	1/Lifetime
81216	19 - 70	\$ 69.83	n/a	\$ 69.83	\$ 93.10	\$ 93.10	\$ 96.20	x	1/Lifetime
81217	19 - 70	\$ 69.83	n/a	\$ 69.83	\$ 93.10	\$ 93.10	\$ 96.20	x	1/Lifetime
G0452	19 - 70	n/a	\$ 13.60	n/a	n/a	n/a	n/a		
Immunizations 19-20									
90620	19 - 20	\$ 144.68	n/a	\$ 144.68	\$ 144.68	\$ 144.68	\$ 144.68		
90621	19 - 20	\$ 115.75	n/a	\$ 115.75	\$ 115.75	\$ 115.75	\$ 115.75		
90648	19 - 20	\$ 26.03	n/a	\$ 26.03	\$ 26.03	\$ 26.03	\$ 26.03		
90670	19 - 20	\$ 155.84	n/a	\$ 155.84	\$ 155.84	\$ 155.84	\$ 155.84		
Immunizations 21+									
90620	21 - 99	\$ 144.68	n/a	\$ 144.68	\$ 144.68	\$ 144.68	\$ 144.68		
90621	21 - 99	\$ 115.75	n/a	\$ 115.75	\$ 115.75	\$ 115.75	\$ 115.75		
90632	21 - 99	\$ 51.57	n/a	\$ 51.57	\$ 51.57	\$ 51.57	\$ 51.57		
90648	21 - 99	\$ 26.03	n/a	\$ 26.03	\$ 26.03	\$ 26.03	\$ 26.03		
90670	21 - 99	\$ 155.84	n/a	\$ 155.84	\$ 155.84	\$ 155.84	\$ 155.84		
90707	21 - 99	\$ 41.67	n/a	\$ 41.67	\$ 41.67	\$ 41.67	\$ 41.67		
90715	21 - 99	\$ 33.15	n/a	\$ 33.15	\$ 33.15	\$ 33.15	\$ 33.15		
90716	21 - 99	\$ 72.82	n/a	\$ 72.82	\$ 72.82	\$ 72.82	\$ 72.82		
90733	21 - 99	\$ 111.30	n/a	\$ 111.30	\$ 111.30	\$ 111.30	\$ 111.30		
90734	21 - 99	\$ 90.68	n/a	\$ 90.68	\$ 90.68	\$ 90.68	\$ 90.68		
90736	21 - 99	\$ 185.93	n/a	\$ 185.93	\$ 185.93	\$ 185.93	\$ 185.93		
90746	21 - 99	\$ 55.31	n/a	\$ 55.31	\$ 55.31	\$ 55.31	\$ 55.31		

## Notes

## 1. Type of service

TOS 03 = Full Service

TOS 05 = Professional Component

TOS 30 = Outpatient Hospital - Acute

TOS 37 = Outpatient Hospital - Small Rural

TOS 39 = Outpatient Hospital - State

TOS 40 = Outpatient Hospital - Sole Community

# Addition of Preventive Services to Healthy Louisiana's Covered Benefits and Services

## Appendix E-3: Expected Utilization

CPT/HCPCS Code	Age	[A]	[B]	[C]		[D] = [B] x [C]		[E]		[F]		[G]	[H] = [E] x [G]		[I] = [F] x [G]	
		Total Enrollee in Age Bracket (Aug 2016)	Potential Users Count <sup>1</sup>	Total Expected Users (Jul 2016 - Jan 2018)		Expected Users Count by Rating Period		Projected Units		Units/User	Units (Jul 2016 - Jan 2017)	Units (Feb 2017 - Jan 2018)				
Preventive medicine counseling																
99401	12 - 99	450,798	225,399	50.0%	112,700	37,567	75,133	1.00	37,567	75,133						
99402	12 - 99	450,798	225,399	30.0%	67,620	22,540	45,080	1.00	22,540	45,080						
99403	12 - 99	450,798	225,399	15.0%	33,810	11,270	22,540	1.00	11,270	22,540						
99404	12 - 99	450,798	225,399	5.0%	11,270	3,757	7,513	1.00	3,757	7,513						
Laboratory																
81162	19 - 70	201,617	1,542	20.0%	308	103	206	1.00	103	206						
81211	19 - 70	201,617	1,542	20.0%	308	103	206	1.00	103	206						
81212	19 - 70	201,617	1,542	10.0%	154	51	103	1.00	51	103						
81213	19 - 70	201,617	1,542	10.0%	154	51	103	1.00	51	103						
81214	19 - 70	201,617	1,542	10.0%	154	51	103	1.00	51	103						
81215	19 - 70	201,617	1,542	10.0%	154	51	103	1.00	51	103						
81216	19 - 70	201,617	1,542	10.0%	154	51	103	1.00	51	103						
81217	19 - 70	201,617	1,542	10.0%	154	51	103	1.00	51	103						
G0452	19 - 70	201,617	1,542	20.0%	308	103	206	1.00	103	206						
Immunizations 19-20																
90620	19 - 20	11,179	11,179	6.3%	699	233	466	1.00	233	466						
90621	19 - 20	11,179	11,179	6.3%	699	233	466	3.00	699	1,397						
90648	19 - 20	11,179	11,179	1.3%	140	47	93	4.00	186	373						
90670	19 - 20	11,179	11,179	0.2%	22	7	15	1.00	7	15						
Immunizations 21+																
90620	21 - 99	190,819	133,400	8.3%	11,006	3,669	7,337	1.00	3,669	7,337						
90621	21 - 99	190,819	133,400	8.3%	11,006	3,669	7,337	3.00	11,006	22,011						
90632	21 - 99	190,819	190,819	2.6%	4,961	1,654	3,308	1.50	2,481	4,961						
90648	21 - 99	190,819	190,819	1.0%	1,908	636	1,272	4.00	2,544	5,089						
90670	21 - 99	190,819	860	4.0%	34	11	23	1.00	11	23						
90707	21 - 99	190,819	190,819	2.0%	3,816	1,272	2,544	1.25	1,590	3,180						
90715	21 - 99	190,819	190,819	35.5%	67,810	25,008	42,802	1.00	25,008	42,802						
90716	21 - 99	190,819	190,819	2.0%	3,816	1,272	2,544	1.00	1,272	2,544						
90733	21 - 99	190,819	26,695	7.5%	2,002	667	1,335	1.00	667	1,335						
90734	21 - 99	190,819	26,695	3.0%	801	267	534	1.00	267	534						
90736	21 - 99	190,819	13,434	5.0%	672	224	448	1.00	224	448						
90746	21 - 99	190,819	190,819	0.5%	954	318	636	3.00	954	1,908						

### Notes

- For the preventive medicine counseling, Mercer assumed half of all enrollees between ages 12 and 99, will potentially use the service.  
For the newly added laboratory services, the potential users count is based on the count of enrollees with family history of malignant neoplasm of breast or ovary (ICD-9 codes: V16.3, V16.41).  
For the newly added immunization services, the potential users count reflects any age restriction recommended by the Centers for Disease Control and Prevention (CDC) (see website: <http://www.cdc.gov/vaccines/hcp/vis/index.html>)
- Sources used to estimate the immunizations' penetration rates include:  
- <http://www.cdc.gov/vaccines/vpd-vac/mening/who-vaccinate.htm>  
- National Immunization Survey Table Data for 2014 (<http://www.cdc.gov/vaccines/imz-managers/coverage/nis/child/data/tables-2014.html>)  
- CDC Press Briefing Transcript ([http://www.cdc.gov/media/releases/2013/t0129\\_adult\\_vacc\\_rates.html](http://www.cdc.gov/media/releases/2013/t0129_adult_vacc_rates.html))
- According to the CDC, expectant mothers should get the Tdap vaccination during each pregnancy. ([http://www.cdc.gov/media/releases/2013/t0129\\_adult\\_vacc\\_rates.html](http://www.cdc.gov/media/releases/2013/t0129_adult_vacc_rates.html))  
An additional adjustment was made in Exhibit E to account for the CDC recommendation regarding the Tdap vaccination.

**Appendix E-4: Expected Utilization by Type of Service (Jul 2016 - Jan 2017)**

Projected Units by Type of Service "TOS" (Jul 2016 - Jan 2017)									
		[A]	[B]	[C]	[D]	[E]	[F]	[G] = App. E-3, Col. H	
CPT/HCPCS Code	Age	TOS 03	TOS 05	TOS 30	TOS 37	TOS 39	TOS 40	All TOS	
Preventive medicine counseling									
99401	12 - 99								37,567
99402	12 - 99								22,540
99403	12 - 99								11,270
99404	12 - 99								3,757
Laboratory									
81162	19 - 70	77		22	3	0	0		103
81211	19 - 70	77		22	3	0	0		103
81212	19 - 70	39		11	1	0	0		51
81213	19 - 70	39		11	1	0	0		51
81214	19 - 70	39		11	1	0	0		51
81215	19 - 70	39		11	1	0	0		51
81216	19 - 70	39		11	1	0	0		51
81217	19 - 70	39		11	1	0	0		51
G0452	19 - 70								103
Immunizations 19-20									
90620	19 - 20								233
90621	19 - 20								699
90648	19 - 20								186
90670	19 - 20								7
Immunizations 21+									
90620	21 - 99								3,669
90621	21 - 99								11,006
90632	21 - 99								2,481
90648	21 - 99								2,544
90670	21 - 99								11
90707	21 - 99								1,590
90715	21 - 99								25,008
90716	21 - 99								1,272
90733	21 - 99								667
90734	21 - 99								267
90736	21 - 99								224
90746	21 - 99								954

**Notes**
**1. Type of service**

TOS 03 = Full Service

TOS 05 = Professional Component

TOS 30 = Outpatient Hospital - Acute

TOS 37 = Outpatient Hospital - Small Rural

TOS 39 = Outpatient Hospital - State

TOS 40 = Outpatient Hospital - Sole Community

**Appendix E-5: Total Projected Costs (Jul 2016 - Jan 2017)**

Projected Costs <sup>1</sup> by Type of Service "TOS" (Jul 2016 - Jan 2017)								
		[A]	[B]	[C]	[D]	[E]	[F]	[G]
CPT/HCPCS Code	Age	TOS 03	TOS 05	TOS 30	TOS 37	TOS 39	TOS 40	All TOS
Preventive medicine counseling								
99401	12 - 99							\$ 740,811
99402	12 - 99							\$ 758,242
99403	12 - 99							\$ 460,377
99404	12 - 99							\$ 186,367
Laboratory								
81162	19 - 70	\$ 143,745		\$ 41,379	\$ 6,960	\$ 930	\$ 852	\$ 193,866
81211	19 - 70	\$ 126,072		\$ 36,292	\$ 6,104	\$ 815	\$ 747	\$ 170,030
81212	19 - 70	\$ 5,101		\$ 1,468	\$ 247	\$ 33	\$ 30	\$ 6,880
81213	19 - 70	\$ 16,822		\$ 4,843	\$ 815	\$ 109	\$ 100	\$ 22,688
81214	19 - 70	\$ 41,518		\$ 11,951	\$ 2,010	\$ 269	\$ 246	\$ 55,994
81215	19 - 70	\$ 2,692		\$ 775	\$ 130	\$ 17	\$ 16	\$ 3,631
81216	19 - 70	\$ 2,692		\$ 775	\$ 130	\$ 17	\$ 16	\$ 3,631
81217	19 - 70	\$ 2,692		\$ 775	\$ 130	\$ 17	\$ 16	\$ 3,631
G0452	19 - 70							\$ 1,398
Immunizations 19-20								
90620	19 - 20							\$ 33,695
90621	19 - 20							\$ 80,873
90648	19 - 20							\$ 4,850
90670	19 - 20							\$ 1,161
Immunizations 21+								
90620	21 - 99							\$ 530,759
90621	21 - 99							\$ 1,273,887
90632	21 - 99							\$ 127,927
90648	21 - 99							\$ 66,227
90670	21 - 99							\$ 1,787
90707	21 - 99							\$ 66,262
90715	21 - 99							\$ 829,003
90716	21 - 99							\$ 92,636
90733	21 - 99							\$ 74,279
90734	21 - 99							\$ 24,207
90736	21 - 99							\$ 41,630
90746	21 - 99							\$ 52,771

**Immunization Administration<sup>3</sup> \$ 747,024**

**Grand Total \$ 6,656,524**

**Notes**

1. Projected Cost = product of Appendix E-2 and Appendix E-4

2. Type of service

TOS 03 = Full Service

TOS 05 = Professional Component

TOS 30 = Outpatient Hospital - Acute

TOS 37 = Outpatient Hospital - Small Rural

TOS 39 = Outpatient Hospital - State

TOS 40 = Outpatient Hospital - Sole Community

3. The projected costs for immunization administration is equivalent to the vaccine administration fee of \$14.70 x total Immunization utilization on Exhibit D.

## Appendix E-6: Projected Costs PMPM (Jul 2016 - Jan 2017)

Grand Total			10,682,226	907,135	6,349,945	\$	6,656,503	\$	1.05	\$	1.05	\$	1.07
			[A]	[B]	[C] = 7 x [B]		[D']	[E] = [D] / [C]		[F]	[G]	[H]	[I] = [G] x [H]
			Jul 2016 - Jan 2017 Projection										
			CY 2014	Aug 2016	Eligible	Total	Cost	Statewide	Cost PMPM after	MCO's	Jul 2016 - Jan 2017		
Region Description	COA Description	Rate Cell Description	Member Months	Enrollment	Member Months	Projected Cost	PMPM	Rate?	Rate Setting Smoothing	Contractual Arrangement	Final Projected Cost PMPM		
Gulf	SSI	Adult, 21+ Years	268,331	21,903	153,321	\$ 466,411	\$ 3.04	N	\$ 3.04	1.02	\$ 3.10		
Gulf	SSI	Child, 1-20 Years	140,382	10,309	72,163	\$ 37,222	\$ 0.52	N	\$ 0.52	1.02	\$ 0.53		
Gulf	Family and Children	Adult, 21+ Years	388,455	34,870	244,090	\$ 1,060,391	\$ 4.34	N	\$ 4.34	1.02	\$ 4.43		
Gulf	Family and Children	Child, 1-20 Years	2,120,899	182,772	1,279,404	\$ 324,201	\$ 0.25	N	\$ 0.25	1.02	\$ 0.26		
Gulf	Foster Care Children	Foster Care, All Ages Male & Female	23,352	2,206	15,442	\$ 7,638	\$ 0.49	Y	\$ 0.44	1.02	\$ 0.44		
Gulf	Breast and Cervical Cancer	BCC, All Ages Female	3,937	259	1,813	\$ 4,924	\$ 2.72	Y	\$ 2.72	1.02	\$ 2.77		
Gulf	LaCHIP Affordable Plan	All Ages	10,244	596	4,172	\$ 1,182	\$ 0.28	Y	\$ 0.27	1.02	\$ 0.27		
Gulf	HCBS Waiver	20 & Under, Male and Female	7,178	84	588	\$ 484	\$ 0.82	Y	\$ 0.86	1.02	\$ 0.88		
Gulf	HCBS Waiver	21+ Years, Male and Female	13,626	281	1,967	\$ 5,987	\$ 3.04	Y	\$ 3.04	1.02	\$ 3.11		
Gulf	Chisholm Class Members	Chisholm, All Ages Male & Female	16,983	482	3,374	\$ 1,535	\$ 0.45	Y	\$ 0.41	1.02	\$ 0.42		
Capital	SSI	Adult, 21+ Years	195,553	15,728	110,096	\$ 335,009	\$ 3.04	N	\$ 3.04	1.02	\$ 3.10		
Capital	SSI	Child, 1-20 Years	104,301	7,693	53,851	\$ 26,835	\$ 0.50	N	\$ 0.50	1.02	\$ 0.51		
Capital	Family and Children	Adult, 21+ Years	288,647	27,110	189,770	\$ 869,748	\$ 4.58	N	\$ 4.58	1.02	\$ 4.67		
Capital	Family and Children	Child, 1-20 Years	1,914,036	161,006	1,127,042	\$ 299,096	\$ 0.27	N	\$ 0.27	1.02	\$ 0.27		
Capital	Foster Care Children	Foster Care, All Ages Male & Female	33,498	3,035	21,245	\$ 10,173	\$ 0.48	Y	\$ 0.44	1.02	\$ 0.44		
Capital	Breast and Cervical Cancer	BCC, All Ages Female	3,825	270	1,890	\$ 5,134	\$ 2.72	Y	\$ 2.72	1.02	\$ 2.77		
Capital	LaCHIP Affordable Plan	All Ages	10,876	778	5,446	\$ 1,381	\$ 0.25	Y	\$ 0.27	1.02	\$ 0.27		
Capital	HCBS Waiver	20 & Under, Male and Female	7,499	86	602	\$ 528	\$ 0.88	Y	\$ 0.86	1.02	\$ 0.88		
Capital	HCBS Waiver	21+ Years, Male and Female	12,294	214	1,498	\$ 4,561	\$ 3.04	Y	\$ 3.04	1.02	\$ 3.11		
Capital	Chisholm Class Members	Chisholm, All Ages Male & Female	17,068	384	2,688	\$ 911	\$ 0.34	Y	\$ 0.41	1.02	\$ 0.42		
South Central	SSI	Adult, 21+ Years	237,953	19,281	134,967	\$ 410,807	\$ 3.04	N	\$ 3.04	1.02	\$ 3.10		
South Central	SSI	Child, 1-20 Years	108,433	8,267	57,869	\$ 30,126	\$ 0.52	N	\$ 0.52	1.02	\$ 0.53		
South Central	Family and Children	Adult, 21+ Years	299,789	29,586	207,102	\$ 967,355	\$ 4.67	N	\$ 4.67	1.02	\$ 4.76		
South Central	Family and Children	Child, 1-20 Years	2,083,138	180,523	1,263,661	\$ 349,492	\$ 0.28	N	\$ 0.28	1.02	\$ 0.28		
South Central	Foster Care Children	Foster Care, All Ages Male & Female	44,797	4,060	28,420	\$ 10,872	\$ 0.38	Y	\$ 0.44	1.02	\$ 0.44		
South Central	Breast and Cervical Cancer	BCC, All Ages Female	2,747	179	1,253	\$ 3,403	\$ 2.72	Y	\$ 2.72	1.02	\$ 2.77		
South Central	LaCHIP Affordable Plan	All Ages	12,678	851	5,957	\$ 1,615	\$ 0.27	Y	\$ 0.27	1.02	\$ 0.27		
South Central	HCBS Waiver	20 & Under, Male and Female	6,786	93	651	\$ 522	\$ 0.80	Y	\$ 0.86	1.02	\$ 0.88		
South Central	HCBS Waiver	21+ Years, Male and Female	14,109	273	1,911	\$ 5,819	\$ 3.04	Y	\$ 3.04	1.02	\$ 3.11		
South Central	Chisholm Class Members	Chisholm, All Ages Male & Female	18,278	494	3,458	\$ 1,434	\$ 0.41	Y	\$ 0.41	1.02	\$ 0.42		
North	SSI	Adult, 21+ Years	208,362	17,075	119,525	\$ 363,855	\$ 3.04	N	\$ 3.04	1.02	\$ 3.11		
North	SSI	Child, 1-20 Years	119,014	9,394	65,758	\$ 34,308	\$ 0.52	N	\$ 0.52	1.02	\$ 0.53		
North	Family and Children	Adult, 21+ Years	239,631	22,885	160,195	\$ 733,953	\$ 4.58	N	\$ 4.58	1.02	\$ 4.67		
North	Family and Children	Child, 1-20 Years	1,639,346	140,256	981,792	\$ 260,811	\$ 0.27	N	\$ 0.27	1.02	\$ 0.27		
North	Foster Care Children	Foster Care, All Ages Male & Female	24,828	2,572	18,004	\$ 7,525	\$ 0.42	Y	\$ 0.44	1.02	\$ 0.44		
North	Breast and Cervical Cancer	BCC, All Ages Female	2,561	201	1,407	\$ 3,822	\$ 2.72	Y	\$ 2.72	1.02	\$ 2.77		
North	LaCHIP Affordable Plan	All Ages	6,372	426	2,982	\$ 820	\$ 0.27	Y	\$ 0.27	1.02	\$ 0.27		
North	HCBS Waiver	20 & Under, Male and Female	4,318	85	595	\$ 562	\$ 0.94	Y	\$ 0.86	1.02	\$ 0.88		
North	HCBS Waiver	21+ Years, Male and Female	11,256	237	1,659	\$ 5,051	\$ 3.04	Y	\$ 3.04	1.02	\$ 3.11		
North	Chisholm Class Members	Chisholm, All Ages Male & Female	16,846	331	2,317	\$ 1,004	\$ 0.43	Y	\$ 0.41	1.02	\$ 0.42		

## Notes

1- Total Projected Costs can be found in column G within Appendix E-5.

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## **Appendix F: February 2016 Rate Certification Letter**

Ms. Pam Diez  
Medicaid Deputy Director  
Louisiana Department of Health  
Bureau of Health Services Financing  
628 North 4th Street  
Baton Rouge, LA 70821

September 12, 2016

**Subject:** Healthy Louisiana Program – Full Risk-Bearing Managed Care Organization (MCO)  
Rate Development and Actuarial Certification for the Period February 1, 2016 through  
January 31, 2017

Dear Ms. Diez:

The Louisiana Department of Health (LDH) has contracted with Mercer Government Human Services Consulting (Mercer) to develop actuarially sound capitation rate ranges for the State of Louisiana's Healthy Louisiana (f/k/a Bayou Health) program for the period of February 1, 2016 through January 31, 2017. This certification update includes one revision that is retrospectively effective February 1, 2016. For reference, the original rate certification letter is included with this document in Appendix C.

This letter presents an overview of the methodology used to support the revision, and the resulting capitation rate ranges effective February 1, 2016 through January 31, 2017 for the purpose of satisfying the requirements of the Centers for Medicare & Medicaid Services (CMS). This rate development process used Medicaid fee-for-service (FFS) medical and pharmacy claims, Healthy Louisiana Shared Savings claims experience, Healthy Louisiana Prepaid encounter data, and LBHP claims experience. It resulted in the development of a range of actuarially sound rates for each rate cell. The capitation rate ranges are summarized in Appendix A and represent payment in full for the covered services.

Medicaid benefit plan premium rates are "actuarially sound" if, for business in the state for which the certification is being prepared and for the period covered by the certification, projected premiums, including expected reinsurance and governmental stop-loss cash flows, governmental risk adjustment cash flows, and investment income, provide for all reasonable, appropriate and attainable costs, including health benefits, health benefit settlement expenses, marketing and administrative expenses, any government mandated assessments, fees, and taxes, and the cost of capital. Note: Please see page 2 of Actuarial Standard of Practice Number 49, *Medicaid Managed Care Capitation Rate Development and Certification*, issued

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March 2015 by the Actuarial Standards Board,  
[http://www.actuarialstandardsboard.org/wp-content/uploads/2015/03/asop049\\_179.pdf](http://www.actuarialstandardsboard.org/wp-content/uploads/2015/03/asop049_179.pdf).

## Rate Revision

As a result of Act 1, House Bill No. 35, effective January 1, 2016, the state of Louisiana increased the premium tax rate of 2.25% to 5.50%. This legislation was enacted after the issuance of rates effective during the period which requires a revision to the previously certified rates. The revision to the premium tax rate resulted in a 3.50% increase to the final composite rate. The table below shows the impact to the midpoint rates by rate cell.

	[MM]	[A]	[B]	[C]	[D] = [B] + [C]
COA Desc	CY 2014 MMs	Original Midpoint PMPM	Midpoint PMPM less 2.25% Premium Tax	5.5% Premium Tax Revision Impact	Revised Midpoint PMPM
SSI	1,391,195	\$ 1,112.71	\$ 1,087.68	\$ 63.99	\$ 1,151.67
Family and Children	9,538,623	\$ 225.56	\$ 220.48	\$ 12.97	\$ 233.45
Foster Care Children	126,475	\$ 535.18	\$ 523.14	\$ 30.83	\$ 553.98
Breast and Cervical Cancer	13,070	\$ 2,301.40	\$ 2,249.61	\$ 132.22	\$ 2,381.83
LaCHIP Affordable Plan	40,170	\$ 189.76	\$ 185.49	\$ 10.92	\$ 196.41
HCBS Waiver	77,066	\$ 1,363.38	\$ 1,332.70	\$ 78.48	\$ 1,411.18
Chisholm Class Members	69,175	\$ 1,191.47	\$ 1,164.66	\$ 68.61	\$ 1,233.27
SBH - Chisholm Class Members	70,181	\$ 163.70	\$ 160.01	\$ 9.44	\$ 169.45
SBH - Dual Eligible	1,117,726	\$ 22.84	\$ 22.32	\$ 1.31	\$ 23.64
SBH - HCBS Waiver	77,066	\$ 84.23	\$ 82.34	\$ 4.84	\$ 87.18
SBH - Other	36,202	\$ 234.42	\$ 229.15	\$ 13.46	\$ 242.61
Maternity Kick Payment	37,712	\$ 9,401.84	\$ 9,190.30	\$ 539.15	\$ 9,729.45
Composite	12,556,949	\$ 350.32	\$ 342.44	\$ 20.14	\$ 362.58

## Certification of Final Rate Ranges

In preparing the rate ranges shown in Appendix A, Mercer has used and relied upon enrollment, FFS claims, encounter data, reimbursement level, benefit design, and other information

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supplied by LDH and its fiscal agent. LDH, its fiscal agent, and the Prepaid plans are responsible for the validity and completeness of the data supplied. We have reviewed the data and information for internal consistency and reasonableness, but we did not audit them. In our opinion they are appropriate for the intended purposes. If the data and information are incomplete or inaccurate, the values shown in this report may need to be revised accordingly.

Mercer certifies that the rates in Appendix A were developed in accordance with generally accepted actuarial practices and principles and are appropriate for the Medicaid covered populations and services under the managed care contract. Rate estimates provided are based upon the information available at a point in time and are subject to unforeseen and random events. Therefore, any projection must be interpreted as having a likely range of variability from the estimate. The undersigned actuaries are members of the American Academy of Actuaries and meet its qualification standards to certify to the actuarial soundness of Medicaid managed care capitation rates.

Rates and ranges developed by Mercer are actuarial projections of future contingent events. Actual Healthy Louisiana MCO costs will differ from these projections. Mercer has developed these rates on behalf of LDH to demonstrate compliance with the CMS requirements under 42 CFR 438.6(c), and in accordance with applicable law and regulations. Use of these rate ranges for any purpose beyond that stated may not be appropriate.

Healthy Louisiana MCOs are advised that the use of these rate ranges may not be appropriate for their particular circumstance and Mercer disclaims any responsibility for the use of these rate ranges by Healthy Louisiana MCOs for any purpose. Mercer recommends that any Healthy Louisiana MCO considering contracting with LDH should analyze its own projected medical expense, administrative expense, and any other premium needs for comparison to these rate ranges before deciding whether to contract with LDH.

This certification letter assumes the reader is familiar with the Healthy Louisiana Program, Medicaid eligibility rules, and actuarial rate-setting techniques. It is intended for LDH and CMS, and should not be relied upon by third parties. Other readers should seek the advice of actuaries or other qualified professionals competent in the area of actuarial rate projections to understand the technical nature of these results.

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Louisiana Department of Health

If you have any questions on any of the information provided, please feel free to call us at  
+1 404 442 3358 or +1 404 442 3517.

Sincerely,



Jaredd Simons, ASA, MAAA  
Principal



Erik Axelsen, ASA, MAAA  
Senior Associate Actuary

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## Appendix A: Healthy Louisiana Capitation Rate Range

Region Description	COA Desc	Rate Cell Desc	CY2014 MMs or Deliveries	Lower Bound PMPM or Cost per Delivery	Upper Bound PMPM or Cost Per Delivery
Gulf	SSI	Newborn, 0-2 Months	499	\$ 28,723.71	\$ 29,385.75
Gulf	SSI	Newborn, 3-11 Months	2,016	\$ 7,503.35	\$ 7,670.64
Gulf	SSI	Child, 1-20 Years	140,382	\$ 725.04	\$ 759.49
Gulf	SSI	Adult, 21+ Years	268,331	\$ 1,284.36	\$ 1,325.78
Gulf	Family and Children	Newborn, 0-2 Months	48,751	\$ 1,765.06	\$ 1,815.85
Gulf	Family and Children	Newborn, 3-11 Months	108,391	\$ 282.07	\$ 293.70
Gulf	Family and Children	Child, 1-20 Years	2,120,899	\$ 161.88	\$ 170.54
Gulf	Family and Children	Adult, 21+ Years	388,455	\$ 334.72	\$ 349.66
Gulf	Foster Care Children	Foster Care, All Ages Male & Female	23,352	\$ 536.27	\$ 571.68
Gulf	Breast and Cervical Cancer	BCC, All Ages Female	3,937	\$ 2,341.92	\$ 2,421.74
Gulf	LaCHIP Affordable Plan	All Ages	10,244	\$ 191.42	\$ 201.40
Gulf	HCBS Waiver	20 & Under, Male and Female	7,178	\$ 1,899.80	\$ 2,032.38
Gulf	HCBS Waiver	21+ Years, Male and Female	13,626	\$ 1,103.66	\$ 1,160.80
Gulf	Chisholm Class Members	Chisholm, All Ages Male & Female	16,983	\$ 1,189.63	\$ 1,276.91
Gulf	SBH - Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	17,167	\$ 162.93	\$ 175.97
Gulf	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	299,337	\$ 29.05	\$ 30.17

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Region	COA Desc	Rate Cell Desc	CY2014 MMs or Deliveries	Lower Bound PMPM or Cost per Delivery	Upper Bound PMPM or Cost Per Delivery
Gulf	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female	7,178	\$ 80.45	\$ 86.10
Gulf	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	13,626	\$ 87.66	\$ 90.62
Gulf	SBH - Other	SBH - Other, All Ages	7,536	\$ 239.15	\$ 246.07
Gulf	Maternity Kick Payment	Maternity Kick Payment, All Ages	10,549	\$ 10,535.94	\$ 10,674.16
Gulf	Maternity Kick Payment	Early Elective Delivery	NA	\$ 6,360.51	\$ 6,407.97
Capital	SSI	Newborn, 0-2 Months	384	\$ 28,723.71	\$ 29,385.75
Capital	SSI	Newborn, 3-11 Months	1,488	\$ 7,503.35	\$ 7,670.64
Capital	SSI	Child, 1-20 Years	104,301	\$ 725.53	\$ 761.69
Capital	SSI	Adult, 21+ Years	195,553	\$ 1,340.75	\$ 1,387.03
Capital	Family and Children	Newborn, 0-2 Months	42,461	\$ 2,018.28	\$ 2,070.32
Capital	Family and Children	Newborn, 3-11 Months	96,528	\$ 277.75	\$ 289.59
Capital	Family and Children	Child, 1-20 Years	1,914,036	\$ 170.11	\$ 179.24
Capital	Family and Children	Adult, 21+ Years	288,647	\$ 392.98	\$ 410.54
Capital	Foster Care Children	Foster Care, All Ages Male & Female	33,498	\$ 536.27	\$ 571.68
Capital	Breast and Cervical Cancer	BCC, All Ages Female	3,825	\$ 2,341.92	\$ 2,421.74
Capital	LaCHIP Affordable Plan	All Ages	10,876	\$ 191.42	\$ 201.40
Capital	HCBS Waiver	20 & Under, Male and Female	7,499	\$ 1,899.80	\$ 2,032.38
Capital	HCBS Waiver	21+ Years, Male and Female	12,294	\$ 1,103.66	\$ 1,160.80
Capital	Chisholm Class Members	Chisholm, All Ages Male & Female	17,068	\$ 1,189.63	\$ 1,276.91

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Region Description	COA Desc	Rate Cell Desc	CY2014 MMs or Deliveries	Lower Bound PMPM or Cost per Delivery	Upper Bound PMPM or Cost Per Delivery
Capital	SBH - Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	17,176	\$ 162.93	\$ 175.97
Capital	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	239,197	\$ 22.57	\$ 23.43
Capital	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female	7,499	\$ 80.45	\$ 86.10
Capital	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	12,294	\$ 87.66	\$ 90.62
Capital	SBH - Other	SBH - Other, All Ages	8,412	\$ 239.15	\$ 246.07
Capital	Maternity Kick Payment	Maternity Kick Payment, All Ages	9,280	\$ 10,046.81	\$ 10,168.49
Capital	Maternity Kick Payment	Early Elective Delivery	NA	\$ 6,872.26	\$ 6,924.95
South Central	SSI	Newborn, 0-2 Months	466	\$ 28,723.71	\$ 29,385.75
South Central	SSI	Newborn, 3-11 Months	1,871	\$ 7,503.35	\$ 7,670.64
South Central	SSI	Child, 1-20 Years	108,433	\$ 706.31	\$ 740.91
South Central	SSI	Adult, 21+ Years	237,953	\$ 1,203.32	\$ 1,242.77
South Central	Family and Children	Newborn, 0-2 Months	46,634	\$ 2,137.81	\$ 2,190.56
South Central	Family and Children	Newborn, 3-11 Months	104,955	\$ 286.48	\$ 298.38
South Central	Family and Children	Child, 1-20 Years	2,083,138	\$ 165.97	\$ 174.63
South Central	Family and Children	Adult, 21+ Years	299,789	\$ 361.26	\$ 377.62
South Central	Foster Care Children	Foster Care, All Ages Male & Female	44,797	\$ 536.27	\$ 571.68
South Central	Breast and Cervical Cancer	BCC, All Ages Female	2,747	\$ 2,341.92	\$ 2,421.74

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Region Description	COA Desc	Rate Cell Desc	CY2014 MMs or Deliveries	Lower Bound PMPM or Cost per Delivery	Upper Bound PMPM or Cost Per Delivery
South Central	LaCHIP Affordable Plan	All Ages	12,678	\$ 191.42	\$ 201.40
South Central	HCBS Waiver	20 & Under, Male and Female	6,786	\$ 1,899.80	\$ 2,032.38
South Central	HCBS Waiver	21+ Years, Male and Female	14,109	\$ 1,103.66	\$ 1,160.80
South Central	Chisholm Class Members	Chisholm, All Ages Male & Female	18,278	\$ 1,189.63	\$ 1,276.91
South Central	SBH - Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	18,709	\$ 162.93	\$ 175.97
South Central	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	323,040	\$ 19.79	\$ 20.53
South Central	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female	6,786	\$ 80.45	\$ 86.10
South Central	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	14,109	\$ 87.66	\$ 90.62
South Central	SBH - Other	SBH - Other, All Ages	10,727	\$ 239.15	\$ 246.07
South Central	Maternity Kick Payment	Maternity Kick Payment, All Ages	10,188	\$ 8,687.40	\$ 8,813.53
South Central	Maternity Kickpayment	Early Elective Delivery	NA	\$ 5,276.32	\$ 5,328.31
North	SSI	Newborn, 0-2 Months	442	\$ 28,723.71	\$ 29,385.75
North	SSI	Newborn, 3-11 Months	1,700	\$ 7,503.35	\$ 7,670.64
North	SSI	Child, 1-20 Years	119,014	\$ 758.45	\$ 798.89
North	SSI	Adult, 21+ Years	208,362	\$ 1,113.28	\$ 1,148.72
North	Family and Children	Newborn, 0-2 Months	35,265	\$ 2,041.16	\$ 2,093.88
North	Family and Children	Newborn, 3-11 Months	81,697	\$ 284.64	\$ 296.48
North	Family and Children	Child, 1-20 Years	1,639,346	\$ 167.65	\$ 177.11

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Region Description	COA Desc	Rate Cell Desc	CY2014 MMs or Deliveries	Lower Bound PMPM or Cost per Delivery	Upper Bound PMPM or Cost Per Delivery
North	Family and Children	Adult, 21+ Years	239,631	\$ 334.72	\$ 349.99
North	Foster Care Children	Foster Care, All Ages Male & Female	24,828	\$ 536.27	\$ 571.68
North	Breast and Cervical Cancer	BCC, All Ages Female	2,561	\$ 2,341.92	\$ 2,421.74
North	LaCHIP Affordable Plan	All Ages	6,372	\$ 191.42	\$ 201.40
North	HCBS Waiver	20 & Under, Male and Female	4,318	\$ 1,899.80	\$ 2,032.38
North	HCBS Waiver	21+ Years, Male and Female	11,256	\$ 1,103.66	\$ 1,160.80
North	Chisholm Class Members	Chisholm, All Ages Male & Female	16,846	\$ 1,189.63	\$ 1,276.91
North	SBH - Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	17,129	\$ 162.93	\$ 175.97
North	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	256,152	\$ 21.24	\$ 22.04
North	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female	4,318	\$ 80.45	\$ 86.10
North	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	11,256	\$ 87.66	\$ 90.62
North	SBH - Other	SBH - Other, All Ages	9,527	\$ 239.15	\$ 246.07
North	Maternity Kick Payment	Maternity Kick Payment, All Ages	7,696	\$ 9,307.91	\$ 9,430.41
North	Maternity Kick Payment	Early Elective Delivery	NA	\$ 5,809.03	\$ 5,855.53

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## Appendix B: Healthy Louisiana Premium Tax Change

Region Name	COA Desc	Rate Cell Desc	MMs	Original Lower Bound PMPM or Cost per Delivery	Original Upper Bound PMPM or Cost per Delivery	less 2.25% Prem Tax Low PMPM	less 2.25% Prem Tax High PMPM	5.5% Prem Tax Impact - Low PMPM	5.5% Prem Tax Impact - High PMPM	Revised Lower Bound PMPM or Cost per Delivery	Revised Upper Bound PMPM or Cost per Delivery
Guif	SSI	Newborn, 0-2 Months	499	\$ 27,754.36	\$ 28,393.93	\$ 27,129.89	\$ 27,755.07	\$ 1,593.82	\$ 1,630.68	\$ 28,723.71	\$ 29,385.75
Guif	SSI	Newborn, 3-11 Months	2,016	\$ 7,250.16	\$ 7,411.77	\$ 7,087.03	\$ 7,245.01	\$ 416.32	\$ 425.63	\$ 7,503.35	\$ 7,670.64
Guif	SSI	Child, 1-20 Years	140,382	\$ 700.51	\$ 733.78	\$ 684.74	\$ 717.27	\$ 40.30	\$ 42.22	\$ 725.04	\$ 759.49
Guif	SSI	Adult, 21+ Years	268,331	\$ 1,240.93	\$ 1,280.94	\$ 1,213.01	\$ 1,252.12	\$ 71.35	\$ 73.66	\$ 1,284.36	\$ 1,325.78
Guif	Family and Children	Newborn, 0-2 Months	48,751	\$ 1,705.49	\$ 1,754.55	\$ 1,667.11	\$ 1,715.08	\$ 97.95	\$ 100.77	\$ 1,765.06	\$ 1,815.85
Guif	Family and Children	Newborn, 3-11 Months	108,391	\$ 272.54	\$ 283.77	\$ 266.40	\$ 277.38	\$ 15.67	\$ 16.32	\$ 282.07	\$ 293.70
Guif	Family and Children	Child, 1-20 Years	2,120,899	\$ 156.41	\$ 164.78	\$ 152.89	\$ 161.07	\$ 8.99	\$ 9.47	\$ 161.88	\$ 170.54
Guif	Family and Children	Adult, 21+ Years	388,455	\$ 323.40	\$ 337.82	\$ 316.12	\$ 330.22	\$ 18.60	\$ 19.44	\$ 334.72	\$ 349.66
Guif	Foster Care Children	Foster Care, All Ages Male & Female	23,352	\$ 518.08	\$ 552.29	\$ 506.42	\$ 539.86	\$ 29.85	\$ 31.82	\$ 536.27	\$ 571.68
Guif	Breast and Cervical Cancer	BCC, All Ages Female	3,937	\$ 2,262.84	\$ 2,339.95	\$ 2,211.93	\$ 2,287.30	\$ 129.99	\$ 134.44	\$ 2,341.92	\$ 2,421.74
Guif	LaCHIP Affordable Plan	All Ages	10,244	\$ 184.94	\$ 194.58	\$ 180.77	\$ 190.21	\$ 10.65	\$ 11.19	\$ 191.42	\$ 201.40
Guif	HCBS Waiver	20 & Under, Male and Female	7,178	\$ 1,835.37	\$ 1,963.45	\$ 1,794.08	\$ 1,919.27	\$ 105.72	\$ 113.11	\$ 1,899.80	\$ 2,032.38
Guif	HCBS Waiver	21+ Years, Male and Female	13,626	\$ 1,066.32	\$ 1,121.51	\$ 1,042.33	\$ 1,096.28	\$ 61.33	\$ 64.52	\$ 1,103.66	\$ 1,160.80
Guif	Chisholm Class Members	Chisholm, All Ages Male & Female	16,983	\$ 1,149.31	\$ 1,233.62	\$ 1,123.45	\$ 1,205.87	\$ 66.18	\$ 71.04	\$ 1,189.63	\$ 1,276.91
Guif	SBH - Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	17,167	\$ 157.40	\$ 170.00	\$ 153.85	\$ 166.17	\$ 9.08	\$ 9.80	\$ 162.93	\$ 175.97
Guif	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	299,337	\$ 28.06	\$ 29.15	\$ 27.43	\$ 28.49	\$ 1.62	\$ 1.69	\$ 29.05	\$ 30.17
Guif	SBH-HCBS Waiver	SBH - 20 & Under, Male and Female	7,178	\$ 77.72	\$ 83.18	\$ 75.97	\$ 81.30	\$ 4.48	\$ 4.80	\$ 80.45	\$ 86.10
Guif	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	13,626	\$ 84.70	\$ 87.56	\$ 82.80	\$ 85.59	\$ 4.86	\$ 5.03	\$ 87.66	\$ 90.62
Guif	SBH - Other	SBH - Other, All Ages	7,536	\$ 231.08	\$ 237.77	\$ 225.88	\$ 232.42	\$ 13.27	\$ 13.65	\$ 239.15	\$ 246.07
Guif	Maternity Kickpayment	Maternity Kickpayment, All Ages	10,549	\$ 10,181.22	\$ 10,314.75	\$ 9,952.14	\$ 10,082.67	\$ 583.80	\$ 591.49	\$ 10,535.94	\$ 10,674.16
Guif	Maternity Kickpayment	Early Elective Delivery	NA	\$ 6,147.52	\$ 6,193.37	\$ 6,009.20	\$ 6,054.02	\$ 351.31	\$ 353.95	\$ 6,360.51	\$ 6,407.97
Capital	SSI	Newborn, 0-2 Months	384	\$ 27,754.36	\$ 28,393.93	\$ 27,129.89	\$ 27,755.07	\$ 1,593.82	\$ 1,630.68	\$ 28,723.71	\$ 29,385.75
Capital	SSI	Newborn, 3-11 Months	1,488	\$ 7,250.16	\$ 7,411.77	\$ 7,087.03	\$ 7,245.01	\$ 416.32	\$ 425.63	\$ 7,503.35	\$ 7,670.64
Capital	SSI	Child, 1-20 Years	104,301	\$ 700.95	\$ 735.88	\$ 665.18	\$ 719.32	\$ 40.35	\$ 42.37	\$ 725.53	\$ 761.69
Capital	SSI	Adult, 21+ Years	195,553	\$ 1,235.40	\$ 1,340.11	\$ 1,266.25	\$ 1,309.95	\$ 74.50	\$ 77.08	\$ 1,340.75	\$ 1,387.03
Capital	Family and Children	Newborn, 0-2 Months	42,461	\$ 1,950.22	\$ 2,000.49	\$ 1,906.34	\$ 1,955.48	\$ 111.94	\$ 114.84	\$ 2,018.28	\$ 2,070.32
Capital	Family and Children	Newborn, 3-11 Months	96,528	\$ 268.36	\$ 279.79	\$ 262.32	\$ 273.50	\$ 15.43	\$ 16.09	\$ 277.75	\$ 289.59
Capital	Family and Children	Child, 1-20 Years	1,914,036	\$ 164.35	\$ 173.17	\$ 160.66	\$ 169.27	\$ 9.45	\$ 9.97	\$ 170.11	\$ 179.24
Capital	Family and Children	Adult, 21+ Years	288,647	\$ 379.69	\$ 396.66	\$ 371.15	\$ 387.73	\$ 21.83	\$ 22.81	\$ 392.98	\$ 410.54
Capital	Foster Care Children	Foster Care, All Ages Male & Female	33,498	\$ 518.08	\$ 552.29	\$ 506.42	\$ 539.86	\$ 29.85	\$ 31.82	\$ 536.27	\$ 571.68
Capital	Breast and Cervical Cancer	BCC, All Ages Female	3,825	\$ 2,262.84	\$ 2,339.95	\$ 2,211.93	\$ 2,287.30	\$ 129.99	\$ 134.44	\$ 2,341.92	\$ 2,421.74
Capital	LaCHIP Affordable Plan	All Ages	10,876	\$ 184.94	\$ 194.58	\$ 180.77	\$ 190.21	\$ 10.65	\$ 11.19	\$ 191.42	\$ 201.40
Capital	HCBS Waiver	20 & Under, Male and Female	7,499	\$ 1,835.37	\$ 1,963.45	\$ 1,794.08	\$ 1,919.27	\$ 105.72	\$ 113.11	\$ 1,899.80	\$ 2,032.38
Capital	HCBS Waiver	21+ Years, Male and Female	12,294	\$ 1,066.32	\$ 1,121.51	\$ 1,042.33	\$ 1,096.28	\$ 61.33	\$ 64.52	\$ 1,103.66	\$ 1,160.80
Capital	Chisholm Class Members	Chisholm, All Ages Male & Female	17,068	\$ 1,149.31	\$ 1,233.62	\$ 1,123.45	\$ 1,205.87	\$ 66.18	\$ 71.04	\$ 1,189.63	\$ 1,276.91
Capital	SBH - Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	17,176	\$ 157.40	\$ 170.00	\$ 153.85	\$ 166.17	\$ 9.08	\$ 9.80	\$ 162.93	\$ 175.97
Capital	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	239,197	\$ 21.80	\$ 22.64	\$ 21.31	\$ 22.13	\$ 1.26	\$ 1.30	\$ 22.57	\$ 23.43
Capital	SBH-HCBS Waiver	SBH - 20 & Under, Male and Female	7,499	\$ 77.72	\$ 83.18	\$ 75.97	\$ 81.30	\$ 4.48	\$ 4.80	\$ 80.45	\$ 86.10
Capital	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	12,294	\$ 84.70	\$ 87.56	\$ 82.80	\$ 85.59	\$ 4.86	\$ 5.03	\$ 87.66	\$ 90.62
Capital	SBH - Other	SBH - Other, All Ages	8,412	\$ 231.08	\$ 237.77	\$ 225.88	\$ 232.42	\$ 13.27	\$ 13.65	\$ 239.15	\$ 246.07
Capital	Maternity Kickpayment	Maternity Kickpayment, All Ages	9,280	\$ 9,708.88	\$ 9,826.44	\$ 9,490.43	\$ 9,605.34	\$ 556.38	\$ 563.15	\$ 10,048.81	\$ 10,188.49
Capital	Maternity Kickpayment	Early Elective Delivery	NA	\$ 6,642.09	\$ 6,692.99	\$ 6,492.64	\$ 6,542.40	\$ 379.62	\$ 382.55	\$ 6,872.26	\$ 6,924.95
South Central	SSI	Newborn, 0-2 Months	466	\$ 27,754.36	\$ 28,393.93	\$ 27,129.89	\$ 27,755.07	\$ 1,593.82	\$ 1,630.68	\$ 28,723.71	\$ 29,385.75
South Central	SSI	Newborn, 3-11 Months	1,871	\$ 7,250.16	\$ 7,411.77	\$ 7,087.03	\$ 7,245.01	\$ 416.32	\$ 425.63	\$ 7,503.35	\$ 7,670.64
South Central	SSI	Child, 1-20 Years	108,433	\$ 682.40	\$ 715.83	\$ 667.05	\$ 699.72	\$ 39.26	\$ 41.19	\$ 706.31	\$ 740.91
South Central	SSI	Adult, 21+ Years	237,953	\$ 1,162.63	\$ 1,200.74	\$ 1,136.47	\$ 1,173.72	\$ 66.85	\$ 69.05	\$ 1,203.32	\$ 1,242.77
South Central	Family and Children	Newborn, 0-2 Months	46,634	\$ 2,065.71	\$ 2,116.67	\$ 2,019.24	\$ 2,069.05	\$ 118.57	\$ 123.81	\$ 2,137.81	\$ 2,190.56
South Central	Family and Children	Newborn, 3-11 Months	104,955	\$ 276.80	\$ 288.29	\$ 270.57	\$ 281.80	\$ 15.91	\$ 16.58	\$ 286.48	\$ 298.38
South Central	Family and Children	Child, 1-20 Years	2,083,138	\$ 160.35	\$ 168.72	\$ 156.74	\$ 164.92	\$ 8.71	\$ 9.15	\$ 165.97	\$ 174.63
South Central	Family and Children	Adult, 21+ Years	299,789	\$ 349.04	\$ 364.96	\$ 341.19	\$ 356.65	\$ 20.07	\$ 20.97	\$ 361.26	\$ 377.62
South Central	Foster Care Children	Foster Care, All Ages Male & Female	44,797	\$ 518.08	\$ 552.29	\$ 506.42	\$ 539.86	\$ 29.85	\$ 31.82	\$ 536.27	\$ 571.68
South Central	Breast and Cervical Cancer	BCC, All Ages Female	2,747	\$ 2,262.84	\$ 2,339.95	\$ 2,211.93	\$ 2,287.30	\$ 129.99	\$ 134.44	\$ 2,341.92	\$ 2,421.74
South Central	LaCHIP Affordable Plan	All Ages	12,678	\$ 184.94	\$ 194.58	\$ 180.77	\$ 190.21	\$ 10.65	\$ 11.19	\$ 191.42	\$ 201.40
South Central	HCBS Waiver	20 & Under, Male and Female	6,786	\$ 1,835.37	\$ 1,963.45	\$ 1,794.08	\$ 1,919.27	\$ 105.72	\$ 113.11	\$ 1,899.80	\$ 2,032.38
South Central	HCBS Waiver	21+ Years, Male and Female	14,109	\$ 1,066.32	\$ 1,121.51	\$ 1,042.33	\$ 1,096.28	\$ 61.33	\$ 64.52	\$ 1,103.66	\$ 1,160.80
South Central	Chisholm Class Members	Chisholm, All Ages Male & Female	18,278	\$ 1,149.31	\$ 1,233.62	\$ 1,123.45	\$ 1,205.87	\$ 66.18	\$ 71.04	\$ 1,189.63	\$ 1,276.91
South Central	SBH - Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	18,709	\$ 157.40	\$ 170.00	\$ 153.85	\$ 166.17	\$ 9.08	\$ 9.80	\$ 162.93	\$ 175.97
South Central	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	323,040	\$ 19.12	\$ 19.84	\$ 18.69	\$ 19.39	\$ 1.10	\$ 1.14	\$ 19.79	\$ 20.53
South Central	SBH-HCBS Waiver	SBH - 20 & Under, Male and Female	6,786	\$ 77.72	\$ 83.18	\$ 75.97	\$ 81.30	\$ 4.48	\$ 4.80	\$ 80.45	\$ 86.10
South Central	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	14,109	\$ 84.70	\$ 87.56	\$ 82.80	\$ 85.59	\$ 4.86	\$ 5.03	\$ 87.66	\$ 90.62
South Central	SBH - Other	SBH - Other, All Ages	10,727	\$ 231.08	\$ 237.77	\$ 225.88	\$ 232.42	\$ 13.27	\$ 13.65	\$ 239.15	\$ 246.07
South Central	Maternity Kickpayment	Maternity Kickpayment, All Ages	10,188	\$ 8,394.53	\$ 8,516.38	\$ 8,205.66	\$ 8,324.76	\$ 481.74	\$ 488.77	\$ 8,687.40	\$ 8,813.53
South Central	Maternity Kickpayment	Early Elective Delivery	NA	\$ 5,099.23	\$ 5,149.46	\$ 4,984.50	\$ 5,033.59	\$ 291.82	\$ 294.72	\$ 5,276.32	\$ 5,328.31
North	SSI	Newborn, 0-2 Months	442	\$ 27,754.36	\$ 28,393.93	\$ 27,129.89	\$ 27,755.07	\$ 1,593.82	\$ 1,630.68	\$ 28,723.71	\$ 29,385.75
North	SSI	Newborn, 3-11 Months	1,700	\$ 7,250.16	\$ 7,411.77	\$ 7,087.03	\$ 7,245.01	\$ 416.32	\$ 425.63	\$ 7,503.35	\$ 7,670.64
North	SSI	Child, 1-20 Years	119,014	\$ 732.77	\$ 771.83	\$ 716.28	\$ 754.47	\$ 42.17	\$ 44.42	\$ 758.45	\$ 798.89
North	SSI	Adult, 21+ Years	208,362	\$ 1,075.63	\$ 1,109.88	\$ 1,051.42	\$ 1,084.89	\$ 61.86	\$ 63.83	\$ 1,113.28	\$ 1,148.72
North	Family and Children	Newborn, 0-2 Months	35,265	\$ 1,972.31	\$ 2,023.24	\$ 1,927.93	\$ 1,977.71	\$ 113.23	\$ 116.17	\$ 2,041.16	\$ 2,093.88
North	Family and Children	Newborn, 3-11 Months	81,697	\$ 275.01	\$ 286.45	\$ 268.82	\$ 280.01	\$ 15.82	\$ 16.47	\$ 284.64	\$ 296.48
North	Family and Children	Child, 1-20 Years	1,639,346	\$ 161.97	\$ 171.11	\$ 158.32	\$ 167.26	\$ 9.33	\$ 9.85	\$ 167.65	\$ 177.11
North	Family and Children	Adult, 21+ Years	239,631	\$ 323.39	\$ 338.14	\$ 316.11	\$ 330.54	\$ 18.61	\$ 19.45	\$ 334.72	\$ 349.99
North	Foster Care Children	Foster Care, All Ages Male & Female	24,828	\$ 518.08	\$ 552.29	\$ 506.42	\$ 539.86	\$ 29.85	\$ 31.82	\$ 536.27	\$ 571.68
North	Breast and Cervical Cancer	BCC, All Ages Female	2,561	\$ 2,262.84	\$ 2,339.95	\$ 2,211.93	\$ 2,287.30	\$ 129.99	\$ 134.44	\$ 2,341.92	\$ 2,421.74
North	LaCHIP Affordable Plan	All Ages	6,372	\$ 184.94	\$ 194.58	\$ 180.77	\$ 190.21	\$ 10.65	\$ 11.19	\$ 191.42	\$ 201.40
North	HCBS Waiver	20 & Under, Male and Female	4,318	\$ 1,835.37	\$ 1,963.45	\$ 1,794.08	\$ 1,919.27	\$ 105.72	\$ 113.11	\$ 1,899.80	\$ 2,032.38
North	HCBS Waiver	21+ Years, Male and Female	11,256	\$ 1,066.32	\$ 1,121.51	\$ 1,042.33	\$ 1,096.28	\$ 61.33	\$ 64.52	\$ 1,103.66	\$ 1,160.80
North	Chisholm Class Members	Chisholm, All Ages Male & Female	16,846	\$ 1,149.31	\$ 1,233.62	\$ 1,123.45	\$ 1,205.87	\$ 66.18	\$ 71.04	\$ 1,189.63	\$ 1,276.91
North	SBH - Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	17,129	\$ 157.40	\$ 170.00	\$ 153.85	\$ 166.17	\$ 9.08	\$ 9.80	\$ 162.93	\$ 175.97
North	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	256,152	\$ 20.52	\$ 21.30	\$ 20.06	\$ 20.82	\$ 1.18	\$ 1.22	\$ 21.24	\$ 22.04
North	SBH-HCBS Waiver	SBH - 20 & Under, Male and Female	4,318	\$ 77.72	\$ 83.18	\$ 75.97	\$ 81.30	\$ 4.48	\$ 4.80	\$ 80.45	\$ 86.10
North	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	11,256	\$ 84.70	\$ 87.56	\$ 82.80	\$ 85.59	\$ 4.86	\$ 5.03	\$ 87.66	\$ 90.62
North	SBH - Other	SBH - Other, All Ages	9,527	\$ 231.08	\$ 237.77	\$ 225.88	\$ 232.42	\$ 13.27	\$ 13.65	\$ 239.15	\$ 246.07
North	Maternity Kickpayment	Maternity Kickpayment, All Ages	7,696	\$ 8,994.52	\$ 9,112.86	\$ 8,792.15	\$ 8,907.82	\$ 515.76	\$ 522.59	\$ 9,307.91	\$ 9,430.41
North</											

Ms. Amanda H. Joyner  
Acting Medicaid Deputy Director  
Louisiana Department of Health and Hospitals  
Bureau of Health Services Financing  
628 North 4th Street  
Baton Rouge, LA 70821

February 26, 2016

**Subject:** Louisiana Bayou Health Program – Full Risk-Bearing Managed Care Organization  
Rate Development and Actuarial Certification for the Period February 1, 2016 through  
January 31, 2017

Dear Ms. Joyner:

The Louisiana Department of Health and Hospitals (DHH) has contracted with Mercer Government Human Services Consulting (Mercer) to develop actuarially sound capitation rate ranges for the State of Louisiana's Bayou Health program for the period of February 1, 2016 through January 31, 2017.

The Bayou Health program began February 1, 2012, and operated under two separate managed care paradigms for the first three years of the program. The Bayou Health Prepaid program operated under an at-risk capitated arrangement, and the Shared Savings program was an enhanced Primary Care Case Management (ePCCM) program. Effective February 1, 2015, Bayou Health began operating as an at-risk capitated program only. Beginning December 1, 2015, the Bayou Health Program began covering specialized behavioral health (SBH) services. At the same time, DHH carved in new populations who will receive SBH and non-emergency transportation (NEMT) services from the Bayou Health MCOs. This bifurcated the Bayou Health program into two capitated sub-programs – the Physical Health (PH) program and the SBH program. The Bayou Health PH program covers all services and populations previously included in Bayou Health plus most SBH services that were previously covered by the Louisiana Behavioral Health Partnership (LBHP). The Bayou Health SBH program covers most SBH services and NEMT services for the populations previously excluded from the Bayou Health program. Bayou Health SBH program enrollees continue to receive physical health services from fee-for-service (FFS). For a list of included services by program, please see Appendix C.

For populations with a voluntary enrollment status, enrollees may select either the PH program or SBH program. Mercer developed a rate specific to each program for these populations.

From December 1, 2015 to January 31, 2016, it was necessary to create separate capitation payments for SBH and NEMT services in addition to the existing Bayou Health capitation rates that covered physical health services. This resulted in every Bayou Health enrollee being covered by a combination of two capitation payments, either SBH and NEMT or SBH and physical health. The rates developed effective February 1, 2016 unify all eligible services into one capitation payment per enrollee.

This letter presents an overview of the methodology used in Mercer's managed care rate development for the purpose of satisfying the requirements of the Centers for Medicare & Medicaid Services (CMS). This rate development process used Medicaid FFS medical and pharmacy claims, Bayou Health Shared Savings claims experience, Bayou Health Prepaid encounter data, and LBHP claims experience. It resulted in the development of a range of actuarially sound rates for each rate cell. The capitation rate ranges are summarized in Appendix A and represent payment in full for the covered services.

Medicaid benefit plan premium rates are "actuarially sound" if, for business in the state for which the certification is being prepared and for the period covered by the certification, projected premiums, including expected reinsurance and governmental stop-loss cash flows, governmental risk adjustment cash flows, and investment income, provide for all reasonable, appropriate and attainable costs, including health benefits, health benefit settlement expenses, marketing and administrative expenses, any government mandated assessments, fees, and taxes, and the cost of capital. Note: Please see page 2 of Actuarial Standard of Practice Number 49, *Medicaid Managed Care Capitation Rate Development and Certification*, issued March 2015 by the Actuarial Standards Board, [http://www.actuarialstandardsboard.org/wp-content/uploads/2015/03/asop049\\_179.pdf](http://www.actuarialstandardsboard.org/wp-content/uploads/2015/03/asop049_179.pdf).

The remainder of this letter is structured as follows:

- Section 1: Base Data Development
- Section 2: Capitation Rate Development
  - Subsection 2A: PH Services
  - Subsection 2B: SBH Services
  - Subsection 2C: All Services Combined
- Section 3: Certification of Final Rate Ranges

## **Section 1: Base Data Development**

### **Overview**

Capitation rate ranges for the Bayou Health program were developed in accordance with rate-setting guidelines established by CMS. For rate range development for the Bayou Health managed care organizations (MCOs), Mercer used calendar year 2013 (CY 2013) and CY 2014 Medicaid FFS medical and pharmacy claims, Bayou Health Shared Savings claims experience, Bayou Health Prepaid encounter data, and LBHP claims experience. All data was reported on an incurred basis and included payment dates through June 30, 2015. Restrictions were applied to the enrollment and claims data so that it was appropriate for the populations and benefit package defined in the contract.

Mercer reviewed the data provided by DHH, the Bayou Health plans, and the LBHP for consistency and reasonableness and determined the data are appropriate for the purpose of setting capitation rates for the MCO program. The data reliance attestation shown in Appendix L has been provided by DHH, and its purpose is to certify the accuracy, completeness, and consistency of the base data.

Adjustments were made to the selected base data to match the covered populations and Bayou Health benefit packages for rating year 2016 (RY16). Additional adjustments were then applied to the base data to incorporate:

- Prospective and historic (retrospective) program changes not reflected (or not fully reflected) in the base data.
- Provision for incurred-but-not-reported (IBNR) claims.
- Financial adjustments to encounter data for under-reporting.
- Trend factors to forecast the expenditures and utilization to the contract period.
- Changes in benefits covered by managed care.
- Addition of new populations to the Bayou Health program.
- Opportunities for managed care efficiencies.
- Administration and underwriting profit/risk/contingency loading.

In addition to these adjustments, DHH takes two additional steps in the matching of payment to risk:

- Application of maternity supplemental (kick) payments.
- Application of risk-adjusted regional rates.

The resulting rate ranges for each individual rate cell were net of Graduate Medical Education (GME) payments to teaching hospitals provided in the Louisiana Medicaid State Plan.

Appendix H-K shows the full rate development from the base data as shown in the data book released by DHH, dated January 8, 2016, and applies all the rate setting adjustments as described in this letter.

## **Bayou Health Populations**

### ***PH Program***

#### ***Covered Populations***

In general, the Bayou Health PH program includes individuals classified as Supplemental Security Income (SSI), Family & Children, Foster Care Children (FCC), Breast and Cervical Cancer (BCC), and Louisiana Children's Health Insurance Program (LaCHIP) Affordable Plan (LAP) as mandatory populations. Voluntary opt-in populations include Home- and Community-Based Services (HCBS) waiver participants and Chisholm Class Members (CCM).

#### ***Mandatory Populations***

The following individuals are automatically enrolled into the Bayou Health PH program:

- Children under 19 years of age, including those who are eligible under Section 1931 poverty-level related groups and optional groups of older children in the following categories:
  - Temporary Assistance for Needy Families (TANF)
  - Child Health and Maternity Program (CHAMP) Child
  - Deemed Eligible Child program
  - Youth Aging Out of Foster Care (Chafee Option)
  - Former FCC
  - Regular Medically Needy Program (MNP)
  - LaCHIP program
  - Medicaid Purchase Plan program
  - Provisional Medicaid program
- Parents and Caretaker Relative eligible under Section 1931 of the Social Security Act (SSA) including:
  - Parents and Caretakers Relatives program
  - TANF Family Independence Temporary Assistance program
  - Regular MNP
- Pregnant Women — Individuals whose basis of eligibility is pregnancy; who are eligible only for pregnancy-related services [42 CFR §440.210(2)] including:
  - LaMOMS (CHAMP-Pregnant Women)
  - LaCHIP Phase IV program
- BCC Program — Uninsured women under the age of 65 who are not otherwise eligible for Medicaid, and are identified through the Centers for Disease Control (CDC) National Breast and Cervical Cancer Early Detection program as being in need of treatment for breast and/or cervical cancer, including pre-cancerous conditions and early stage cancer

- Coordinated System of Care (CSoC) individuals
- Aged, Blind and Disabled (ABD) Adults — Individuals, 19+ years, who do not meet any of the conditions for exclusion from participation in an MCO, including:
  - SSI program
  - Extended Medicaid programs consisting of the following:
    - Disabled Adult Children
    - Early Widows/Widowers
    - PICKLE (Group One and Group Two)
    - Disabled Widows/Widowers (DW/W) and Disabled Surviving Divorced Spouses Unable to Perform Any Substantial Gainful Activity
    - Blood Product Litigation program
    - Medicaid Purchase Plan program
    - Provisional Medicaid program
  - Continued Medicaid program

Effective December 1, 2015, the following individuals were automatically enrolled into the Bayou Health PH program. Previously, under the Legacy Bayou Health program, they were able to voluntarily disenroll:

- Children under 19 years of age who meet one of the following:
  - Eligible for SSI under Title XVI of the SSA
  - Eligible under Section 1902(e)(3) of the SSA
  - In foster care or other out-of-home placement
  - Receiving foster care or adoption assistance
  - Receiving services through a family-centered community-based, coordinated care system that receives grant funds under Section 501(a)(1)(D) of Title V of the SSA, and is defined by DHH in terms of either program participation or special health care needs
  - Enrolled in the Family Opportunity Act Medicaid Buy-In program
- Native Americans who are members of federally recognized tribes except when the MCO is:
  - The Indian Health Service
  - An Indian health program or urban Indian program operated by a tribe or tribal organization under a contract, grant, cooperative agreement, or compact with the Indian Health Service

#### *Voluntary Opt-In Populations*

The following individuals are not automatically enrolled into the Bayou Health PH program, but may voluntarily enroll:

- Individuals receiving services through any 1915(c) HCBS waiver:
  - Adult Day Health Care (ADHC)

- New Opportunities waiver (NOW)
- Children's Choice (CC)
- Residential Options waiver (ROW)
- Supports waiver
- Community Choices waiver (CCW)
- Other HCBS waivers as may be approved by CMS
- Individuals under the age of 21 otherwise eligible for Medicaid who are listed on the Office for Citizens with Developmental Disabilities' (OCDD's) Request for Services Registry who are CCM

### *Excluded Populations*

The following individuals are excluded from participation in the Bayou Health PH program:

- Medicare-Medicaid Dual Eligible Beneficiaries
- Qualified Medicare Beneficiaries (QMB) (only where State only pays Medicare premiums)
- Specified Low-income Medicare Beneficiaries (SLMB) (where State only pays Medicare premiums)
- MNP Spend-Down Individuals
- Individuals residing in Long-Term Care (LTC) Facilities (Nursing Home, Intermediate Care Facility/Developmentally Disabled (ICF/DD))
- Eligible under the Program of All-Inclusive Care for the Elderly (PACE), a community-based alternative to placement in a Nursing Facility that includes a complete "managed care" type benefit combining Medical, Social, and LTC services
- Eligible under the Family Planning Eligibility Option (FPEO) that provides Family Planning services
- Eligible under the Greater New Orleans Community Health Connection (GNOCHC)

Appendix B encompasses a comprehensive list of Bayou Health's covered and excluded populations.

### ***Specialized Behavioral Health Program***

#### *Covered Populations*

The Bayou Health SBH program includes individuals classified as SBH Dual and SBH Other as mandatory populations. The voluntary opt-in populations that did not choose to opt into Bayou Health for PH services are automatically included in the SBH program. These populations are denoted as SBH HCBS Waiver participants and SBH CCM.

#### *Mandatory Populations*

The following population groups are automatically enrolled into the Bayou Health SBH program:

- SSI/LTC
- SSI Transfer of Resource(s)/LTC
- Transfer of Resource(s)/LTC
- LTC Spend-Down MNP
- LTC MNP/Transfer of Resources
- LTC
- Excess Home Equity SSI Under Special Income Level (SIL)
- Excess Home Equity SSI Under SIL-Reg LTC
- LTC Payment Denial/Late Admission Packet
- SSI Payment Denial/Late Admission
- Qualified Disabled Working Individual (QDWI)
- SSI/Public ICF/DD under the age of 21
- SSI/Private ICF/DD under the age of 21
- Private ICF/DD under the age of 21
- Public ICF/DD under the age of 21
- CSoC individuals not otherwise eligible for Medicaid services

#### *Voluntary Opt-In Populations*

The following individuals are not automatically enrolled into the Bayou Health PH program. If they choose not to voluntarily enroll into the Bayou Health PH program, they will automatically have only their SBH and NEMT services covered by the Bayou Health SBH program:

- Individuals receiving services through any 1915(c) HCBS waiver:
  - ADHC
  - NOW
  - CC
  - ROW
  - Supports waiver
  - CCW
  - Other HCBS waivers as may be approved by CMS
- Individuals under the age of 21 otherwise eligible for Medicaid who are listed on OCDD's Request for Services Registry who are CCM

In addition, the following new populations were not part of the CY 2013 and CY 2014 data, but will be considered as part of the rate development process:

- Presumptive Eligible Adult and Child populations
- LaCHIP Phase V: Affordable Plan
- Tuberculosis
- Provisional Medicaid

### ***Excluded Populations***

The following individuals are excluded from participation in the Bayou Health program:

- Eligible under the Refugee Cash/Medical Assistance program
- Eligible under the Medicare Savings program (QMB, SLMB, and Qualified Individuals)
- Eligible under the Emergency Services Only program (aliens who do not meet Medicaid citizenship/5-year residency requirements)
- Eligible under the LTC Medicare Co-Insurance program
- Eligible under the Section 1115 GNOCHC waiver
- Eligible under the FPEO that provides Family Planning services
- Eligible under the PACE, a community-based alternative to placement in a Nursing Facility that includes a complete “managed care” type benefit combining Medical, Social, and LTC services
- Non-Medicaid adult on the eligibility file who is eligible for a Low-Income Subsidy program administered by the SSA
- Former 1915(i)-only adult eligibles
- SSI/Public ICF/DD age 21 and over
- SSI/Private ICF/DD age 21 and over
- Private ICF/DD age 21 and over
- Public ICF/DD age 21 and over
- Any Medicaid eligible person during a period of incarceration

### ***Rate Category Groupings***

Rates will vary by the major categories of eligibility. Furthermore, where appropriate, the rates within a particular category of eligibility are subdivided into different age bands to reflect differences in risk due to age. In addition, due to the high cost associated with pregnancies, DHH will pay a maternity kick payment to the MCOs for each delivery that takes place. Table 1A shows a list of the different rate cells for each eligibility category including the maternity kick payments. PH program rate cell structure is similar to the rate structure instituted effective February 1, 2015, but has 2 notable changes.

- Child rate cells include enrollees up to age 20 (previously defined up to age 18)
- FCC have been separated into a distinct rate cell (previously included in Family & Children)

Five new rate cells were created for the SBH Program. These groups are labeled beginning with SBH and are displayed in Table 1B.

**Table 1A: PH Rate Category Groupings**

<b>SSI</b>	
Newborn, 0–2 Months, Male & Female	Child, 1–20 Years, Male & Female
Newborn, 3–11 Months, Male & Female	Adult, 21+ Years, Male & Female
<b>Family &amp; Children (TANF)</b>	
Newborn, 0–2 Months, Male & Female	Child, 1–20 Years, Male & Female
Newborn, 3–11 Months, Male & Female	Adult, 21+ Years, Male & Female
<b>HCBS Waiver</b>	
20 and Under, Male & Female	21+ Years, Male & Female
<b>FCC</b>	
All Ages, Male & Female	
<b>BCC</b>	
All Ages, Female	
<b>CCM</b>	
All Ages, Male & Female	
<b>LAP</b>	
All Ages, Male & Female	

**Table 1B: SBH Rate Category Groupings**

<b>SBH — CCM</b>	
All Ages, Male & Female	
<b>SBH — Dual Eligibles</b>	
All Ages, Male & Female	
<b>SBH — HCBS Waiver</b>	
20 and Under, Male & Female	21+ Years, Male & Female
<b>SBH — Other</b>	
All Ages, Male & Female	

### **Region Groupings**

For rating purposes, Louisiana has been split into four different regions. Table 2 lists the associated parishes for each of the four regions. The region groupings are the same in both programs.

**Table 2: Region Groupings**

<b>Region Description</b>	<b>Associated Parishes (Counties)</b>
Gulf	Assumption, Jefferson, Lafourche, Orleans, Plaquemines, St. Bernard, St. Charles, St. James, St. John, St. Mary, and Terrebonne
Capital	Ascension, East Baton Rouge, East Feliciana, Iberville, Livingston, Pointe Coupee, St. Helena, St. Tammany, Tangipahoa, Washington, West Baton Rouge, and West Feliciana
South Central	Acadia, Allen, Avoyelles, Beauregard, Calcasieu, Cameron, Catahoula, Concordia, Evangeline, Grant, Iberia, Jefferson Davis, Lafayette, Lasalle, Rapides, St. Landry, St. Martin, Vermilion, Vernon, and Winn
North	Bienville, Bossier, Caddo, Caldwell, Claiborne, DeSoto, East Carroll, Franklin, Jackson, Lincoln, Madison, Morehouse, Natchitoches, Ouachita, Red River, Richland, Sabine, Tensas, Union, Webster, and West Carroll

## **Bayou Health Services**

### ***Covered Services***

Appendix C lists the services the Bayou Health MCOs must provide to the members in the Bayou Health PH and Bayou Health SBH programs, respectively. The MCOs also have the ability to develop creative and innovative solutions to care for their members (i.e., provide other cost-effective alternative services), as long as the contractually-required Medicaid services are covered. Costs of alternative services are expected to be funded through savings on the contractually-required services for which these services are a cost-effective substitute.

### ***New Services***

The Legacy Prepaid and Shared Savings program did not have identical sets of covered services. Additionally, DHH incorporated services covered historically by FFS in the Bayou Health program effective February 1, 2015 and December 1, 2015.

The following services, included effective February 1, 2015, were previously excluded from both the Prepaid and Shared Savings programs:

- Hospice services
- Personal Care services for ages 0–20

The following services, included effective February 1, 2015, were previously excluded from the Legacy Shared Savings program:

- Inpatient Acute Detox services
- NEMT

- Behavioral Health prescribed drugs
- Durable medical equipment (DME) services

The following services, included effective December 1, 2015, were previously excluded from both the Legacy Bayou Health Prepaid and Shared Savings programs:

- SBH services

The SBH services required under the Bayou Health contract are detailed in the Behavioral Health Integration Amendment issued by DHH. Mercer analyzed service cost variance and grouped the SBH services into the following categories of service (COS):

- Inpatient
- Emergency Room
- Professional/Other

### ***State Plan Service Considerations***

The costs in the base data reflect costs for State Plan services delivered in a managed care environment. In some cases for the adult population, the LBHP pre-paid inpatient health plans (PIHP) provided an approved service in lieu of a State Plan service. In these cases, Mercer has reflected the costs of the State Plan service and applied a managed care discount to arrive at total costs consistent with actual paid expenses. A summary of these costs are shown in Table 3.

**Table 3: Summary of In Lieu of Services  
 2013 Encounter Claims**

State Plan	In Lieu Of	2013 Encounter Claims	Encounter Unit Cost	State Plan Unit Cost	Managed Care Discount
Inpatient	Inpatient Institute for Mental Disease (IMD) (21-64)	\$16,119,521	\$487.01	\$646.94	-25%
Substance Use Disorder (SUD) Residential	SUD Residential IMD	\$5,047,040	\$71.02	\$145.51	-51%
Emergency Room	Crisis	\$175,323	\$87.49	\$249.12	-65%
<b>2014 Encounter Claims</b>					
State Plan	In Lieu Of	2014 Encounter Claims	Encounter Unit Cost	State Plan Unit Cost	Managed Care Discount
Inpatient	Inpatient IMD (21-64)	\$17,439,937	\$470.64	\$646.94	-27%
SUD Residential	SUD Residential IMD	\$6,463,591	\$79.51	\$145.51	-45%
Emergency Room	Crisis	\$362,095	\$58.09	\$249.12	-77%

### **Medicare Crossover Claims**

For dually eligible individuals, Medicare “Crossover” claims (claims that include primary payment from Medicare) for Inpatient, Outpatient, Emergency Room, and Professional services are excluded from the base data. These services will be paid directly by the State after coordinating with Medicare.

In order to exclude Crossover claims from the base data, Mercer identified claims submitted to DHH and coded with claim type “14” (Medicare Crossover Institutional) or claim type “15” (Medicare Crossover Professional). This includes claims with a Medicare qualifying Electronic Media Claim submitter ID and claim format 837-I (Institutional) or 837-P (Professional), as well as hard copy claims with an Explanation of Benefits from Medicare attached. Mercer then cross-referenced these claims to the encounter data and excluded matching records from the base data.

### **Behavioral Health Mixed Services Protocol (MSP)**

DHH implemented a new mixed services protocol effective February 1, 2015. Prior to February 1, 2015, Basic Behavioral Health Covered services were defined as services provided

in the Primary Care setting and Inpatient Hospital services for acute medical detoxification based on medical necessity. Institutional services (Inpatient, Outpatient, and Emergency Room) are considered SBH services if the claim is identified with a qualifying Behavioral Health diagnosis.

Effective February 1, 2015, the new mixed services protocol delineates coverage responsibility based on provider type and specialty or facility type. Basic Behavioral Health continues to include services provided in a Primary Care setting, but also includes all Inpatient Hospital services provided in a General Hospital setting, regardless of diagnosis. SBH includes services from Behavioral Health Facilities (distinct Psychiatric Units of General Hospitals and Freestanding Psychiatric Hospitals) and services provided by Behavioral Health specialists.

Since both PH services and SBH services are covered under Bayou Health for certain categories of aid (COA), an adjustment for mixed service protocol was needed only for the SBH program COAs whose PH services are covered under FFS. Appendix D summarizes the mixed services protocol adjustment.

### ***Excluded Services***

Bayou Health MCOs are not responsible for providing PH services and other Medicaid services not identified in Appendix C, including the following services:

- Applied Behavioral Analysis services
- Dental services, with the exception of Early and Periodic Screening & Diagnosis Treatment (EPSDT) varnishes provided in a Primary Care setting
- ICF/DD services
- Personal Care services 21 and older
- Institutional LTC Facility/Nursing Home services
- School-based Individualized services
- Education Plan services provided by a school district and billed through the intermediate school district, or School-based services funded with certified public expenditures, including school nurses
- HCBS waiver services
- Targeted Case Management services
- Services provided through DHH's Early-Steps program
- CSoC services previously covered under 1915(c) or 1915(b)(3) waiver authority
- Medicare Crossover services
- Services covered under a non-CSoC 1915(c) waiver

For more specific information on covered services, please refer to the Bayou Health Behavioral Health Integration Amendment issued by DHH.

## Base Data Adjustments

### IBNR

Capitation rate ranges were developed using claims data for services incurred in CY 2013 and CY 2014 and reflects payments processed through June 30, 2015. PH claims for dates of service in CY 2013 were deemed complete as they reflect at least 18 months of runout. Although SBH claims had the same amount of runout, Mercer determined a small IBNR adjustment for CY 2013 was necessary after reviewing financial reports.

IBNR factors were developed for claims with date of service in CY 2014 to incorporate consideration for any outstanding claims liability. To establish the IBNR factors for the Shared Savings/Legacy Medicaid FFS data, claims were grouped into three COA and six main IBNR service categories. Encounter claim IBNR factors, developed separately for each Prepaid plan, were compared to IBNR estimates provided by the Prepaid plan actuaries, and summarized by IBNR COS. IBNR category mapping is provided in Appendix C. Table 4A summarizes the IBNR factors that were applied to CY 2014 PH and NEMT Services data.

**Table 4A: IBNR Factors Applied to CY 2014 PH and NEMT Services Data**

IBNR COS	Encounter Data	Shared Savings Claims & Legacy Medicaid/FFS Cost Data		
	All COAs	TANF/FCC/LAP	SSI/BCC/CCM	HCBS
Inpatient	1.0065	1.0061	1.0274	1.0062
Outpatient	0.9960	0.9994	1.0074	0.9943
Physician	1.0054	1.0053	1.0110	1.0092
Other	1.0214	1.0091	1.0021	1.0034
Prescribed Drugs	1.0002	0.9952	0.9968	0.9981
Maternity Kick Payment	1.0053	1.0128	1.0128	1.0128

Mercer reviewed the financial lag triangles provided by the LBHP PIHP and determined the IBNR factors for SBH services. Claims were grouped into two main service categories, "Inpatient" and "Emergency Room and Other". Table 4B summarizes the IBNR factors that were applied to CY 2013 and CY 2014 SBH services data.

**Table 4B: IBNR Factors Applied to SBH Services Data**

IBNR COS	LBHP Encounter & FFS Data	
	All COAs	
	CY 2013	CY 2014
Inpatient	1.0013	1.0213
Emergency Room and Other	1.0012	1.0257

### ***Under-Reporting Adjustments***

Under-reporting adjustments were developed by comparing encounter data from the Medicaid Management Information System (MMIS) to financial information provided by the Prepaid MCOs and the LBHP PIHP. This adjustment was computed and applied on an MCO/PIHP basis. The adjustment resulted in an overall aggregate increase of 2.0% and 3.4% respectively to CY 2013 and CY 2014 PH services encounter cost data, and 11.72% and 6.11% respectively to CY 2013 and CY 2014 SBH services encounter cost data for the adult population. Note this adjustment does not apply to the Shared Savings claims or Legacy Medicaid/FFS data. Also, regarding SBH services, the children's population was operated under a non-risk model, where the PIHP was only reimbursed for submitted and approved encounters. Based on this service model, it is reasonable that encounters fully reflect the incurred costs, while under the adult service model encounter reporting was not as complete, and the PIHP was paid a capitation rate regardless of submitted encounters.

### ***Assertive Community Treatment (ACT) Services Payment Adjustment***

Claims for ACT services were not correctly reported in the encounter data for dates of service from January 1, 2013 through September 30, 2013. While units were available, paid amounts were zero for the dates listed. Mercer estimated a total for the missing paid amounts during this period by calculating a unit cost for the CY 2014 data and applying this to the units accompanied by zero-paid amounts. In total, this adjustment incorporated approximately \$9.4 million of additional ACT services for 2013. Table 5 displays the total ACT services added by COA.

**Table 5: Total ACT Services Added by COA**

<b>COA Description</b>	<b>CY 2013</b>
SSI	\$6,832,676
Family & Children	\$331,899
FCC	\$0
BCC	\$63,530
HCBS Waiver	\$81,017
CCM	\$0
SBH — CCM	\$0
SBH — Dual Eligible	\$1,988,514
SBH — HCBS Waiver	\$81,017
SBH — Other	\$19,687
<b>Total</b>	<b>\$9,398,339</b>

### ***Third-Party Liabilities***

All claims are reported net of third-party liability, therefore no adjustment is required.

### ***Fraud and Abuse Recoveries***

DHH provided data related to fraud and abuse recoveries on the LBHP, Shared Savings, and Legacy FFS programs. The total adjustment applied to the FFS and Shared Savings PH services was -0.2% for CY 2013 and CY 2014. The total adjustment for SBH services was -0.1% and -0.2% of the SBH services for CY 2013 and CY 2014, respectively. Prepaid plans included fraud and abuse recoveries in their financial reports. These recoveries were included in the development of the under-reporting adjustment for PH services.

### ***Co-Payments***

Co-pays are only applicable to prescription drugs. Pharmacy claims are reported net of any co-payments so no additional adjustment is necessary.

### ***Disproportionate Share Hospital (DSH) Payments***

DSH payments are made outside of the MMIS system and have not been included in the capitation rates.

### ***Data Smoothing***

As part of the rate development process, Mercer blended the CY 2013 and CY 2014 base data with the goal of obtaining a set of base data that has sufficient credibility and reasonableness to develop actuarially sound capitation rates. Mercer applied weights of 40% and 60% to the CY 2013 and CY 2014 data, respectively, after accounting for historical rating adjustments described in Subsection 2A and Subsection 2B of this certification.

Additionally, certain rate cells did not contain enough member months (MMs) within each region to produce a statistically credible rate. For rate cells with less than 30,000 MMs per region, Mercer calculated a statewide capitation rate. Affected rate cells include:

- SSI newborns 0-1 years of age
- BCC, All Ages
- LAP, All Ages
- HCBS, All Ages
- CCM, All Ages
- SBH — CCM, All Ages
- SBH — HCBS, All Ages
- SBH — Other, All Ages

## Section 2: Capitation Rate Development

Rating adjustments were developed and applied separately for PH and SBH services. Adjustments that were applied to each calendar year of base data are referred to as Historical Rating Adjustments and adjustments applied once the base data was blended are referred to as Prospective Rating Adjustments. The following subsections describe the analysis for each adjustment and provide the statewide impact to the respective PH or SBH services.

### Subsection 2A: Physical Health Services

#### *PH Historical Adjustments*

##### *Fee Schedule Changes*

The capitation rates reflect changes in covered services' fee schedules and unit costs, between the base period and the contract period. The fee adjustment process also took into account the closing of two state hospitals, W.O. Moss Regional Medical Center and Earl K. Long, which occurred in 2013. DHH provided Mercer guidance on which hospitals were expected to absorb the closed hospitals' utilization: W.O. Moss Regional Medical Center's utilization would be absorbed by Lake Charles Memorial and Earl K. Long's utilization would be absorbed by Our Lady of the Lake.

##### *Inpatient Services*

Inpatient claims were adjusted to reflect changes in the fee schedule between the base period and the contract period, using the most recent fee schedule published by DHH (i.e., the July 1, 2015 fee schedule). The non-GME part of the per diems were used in this fee adjustment process to be consistent with DHH's intention to continue paying GME amounts directly to the teaching hospitals.

Certain "High Medicaid Community Hospitals" receive supplemental payments that are provided for in the State Plan. The total pool is \$1 million annually. The per diem rates of the corresponding hospitals were adjusted accordingly. The total impact of the inpatient fee change is summarized below.

**Table 6A: Inpatient Fee Change Impact**

Time Period	Historical Cost	Adjustment Dollar Impact	Impact as % of	
			Historical Cost	All PH Services Cost
CY 2013	\$608,712,298	\$10,934,243	1.80%	0.44%
CY 2014	\$563,991,217	-\$1,296,978	-0.23%	-0.05%

##### *Outpatient Services*

Outpatient claims were adjusted to reflect the most recent cost-to-charge ratios (CCRs). The CCRs were reported on hospital fiscal year bases, which varied by hospital from February 28, 2014 to December 31, 2014. The adjustment also included estimation of cost

settlements and reflected the most up-to-date cost settlement percentages for each facility. For most non-rural facilities, the cost settlement percentage is 66.46%; however, the remaining facilities are settled at different percentages. Rural facilities are cost settled at 110%. The total impact of the outpatient fee change is summarized below.

**Table 6B: Outpatient Fee Change Impact**

Time Period	Historical Cost	Adjustment Dollar Impact	Impact as % of	
			Historical Cost	All PH Services Cost
CY 2013	\$351,651,586	\$15,044,474	4.28%	0.60%
CY 2014	\$371,250,343	\$13,364,559	3.60%	0.53%

*Affordable Care Act (ACA) Primary Care Physician (PCP) Fee Change*

Under Section 1202 of the ACA, state Medicaid programs were required to increase payments to PCPs in 2013 and 2014. This requirement expired on December 31, 2014. As a result, 2013 and 2014 base data were adjusted to reflect the decrease in PCP payment rates between the base data period and the rating period.

**Table 6C: ACA PCP Fee Change Impact**

Time Period	Historical Cost	Adjustment Dollar Impact	Impact as % of	
			Historical Cost	All PH Services Cost
CY 2013	\$233,541,569	-\$73,199,444	-31.34%	-2.92%
CY 2014	\$250,895,188	-\$76,658,689	-30.55%	-3.05%

*Other Physician Services*

Mercer reviewed all non-ACA PCP services at a procedure code level and adjusted the CY 2013 claims to reflect observed changes in unit cost between CY 2013 and CY 2014.

**Table 6D: Physician Fee Change Impact (Non-ACA PCP Services)**

Time Period	Historical Cost	Adjustment Dollar Impact	Impact as % of	
			Historical Cost	All PH Services Cost
CY 2013	\$602,101,459	\$12,853,265	2.13%	0.51%
CY 2014	\$596,242,559	\$0	0.00%	0.00%

*Prescribed Drugs Unit Cost Change*

Mercer reviewed pharmacy claims at a National Drug Code (NDC) level and adjusted the CY 2013 claims to reflect observed changes in unit cost between CY 2013 and CY 2014.

**Table 6E: Pharmacy Fee Change Impact**

Time Period	Historical Cost	Adjustment Dollar Impact	Impact as % of	
			Historical Cost	All PH Services Cost
CY 2013	\$708,050,576	\$56,655,579	8.00%	2.26%
CY 2014	\$731,726,815	\$0	0.00%	0.00%

Overall, as shown in Table 7, the combined effect of all the historical fee adjustments was a 0.89% increase in CY 2013 base data and a 2.57% decrease in CY 2014.

**Table 7: Summary of Fee Change Impact for All Claims**

Time Period	Historical Cost	Adjustment Dollar Impact	Adjusted Cost	Percent Impact
CY 2013	\$2,504,057,487	\$22,288,117	\$2,526,345,604	0.89%
CY 2014	\$2,514,106,122	-\$64,591,109	\$2,449,515,013	-2.57%

#### *Act 312 (Prescriber Prevails)*

Effective January 1, 2014, Act 312 requires that, when medications are restricted for use by an MCO using a step therapy or fail first protocol, the prescribing physician shall be provided with, and have access to, a clear and convenient process to expeditiously request an override of such restrictions from the MCO. The MCO is required to grant the override under certain conditions. Mercer reviewed this requirement and estimated the impact of this change to be an increase of approximately 3% of pharmacy costs.

#### ***PH Prospective Rating Adjustments***

##### *Rx Rebates*

FFS and Shared Savings pharmacy claims were reduced 2.08% for Rx rebates collected by the MCO. This factor was developed using Prepaid plans' experience as reported in financial statements provided to DHH. Prepaid Encounters were taken as net of drug rebates, so no adjustment was necessary.

##### *ACT 399 (Provider Fee Reimbursement)*

Effective December 1, 2015, Act 399 creates an appeal board to review pharmacy reimbursement disputes. It is the obligation of a health insurance issuer or its agent to reimburse a pharmacist or his agent for fees remitted by a pharmacy or pharmacist or his agent in compliance with R.S. 46:2625 or risk being sanctioned. Mercer reviewed this requirement and its underlying details and estimated the impact to the base period data to be approximately 0.16%.

### ***Early Elective Delivery (EED)***

Beginning February 2015, facility and delivering physician costs for EEDs will not be covered under the Bayou Health program. MCOs receive an EED Kick Payment for deliveries that occur prior to 39 weeks for reasons that are not medically indicated in the Louisiana Electronic Event Registration System (LEERS) maintained by the Office of Public Health/Vital Records. Deliveries that occur prior to 39 weeks for reasons that are medically indicated in LEERS will receive the Maternity Kick Payment. Mercer identified the average facility and delivering physician costs included in the Maternity Kick Payment by region and removed those costs to create the EED Kick Payment. Table 8 shows the EED reduction amount by region in the low and high scenarios. The resulting EED Kick Payment is equal to the Maternity Kick Payment plus the reduction amount in Table 8 and is shown in Appendix A.

**Table 8: EED Rate Reduction**

<b>Region Description</b>	<b>Reduction – Low Cost per Delivery</b>	<b>Reduction – High Cost per Delivery</b>
Gulf	\$(4,033.70)	\$(4,121.38)
Capital	\$(3,066.79)	\$(3,133.45)
South Central	\$(3,295.30)	\$(3,366.92)
North	\$(3,380.12)	\$(3,453.54)
<b>Total</b>	<b>\$(3,465.14)</b>	<b>\$(3,540.45)</b>

### ***PH Trend***

Trend is an estimate of the change in the overall cost of providing health care benefits over a finite period of time. A trend factor is necessary to estimate the cost of providing health care services in a future period. Mercer studied historical cost and utilization data for each of the three data sources incorporated in the capitation rates: Prepaid encounters, Shared Savings, and FFS. Trends were selected based on Louisiana experience, as well as national trend information.

Trends, delineated by utilization, unit cost, per member per month (PMPM), and by population are shown in Appendix E.

### ***PH Efficiency and Managed Care Savings Adjustments***

Mercer distinguishes efficiency adjustments (which are applied to previously managed populations) from managed care savings adjustments (which are applied to previously unmanaged populations). Efficiency adjustments are intended to reflect improved efficiency in

the hospital inpatient, emergency department (ED), and pharmacy settings, and are consistent with DHH's goal that the Bayou Health program be operated in an efficient, high quality manner.

### *Inpatient Hospital Efficiency Adjustment*

Illness prevention is an important medical care element for all health care providers. DHH expects the MCOs to help their members stay healthy by preventing diseases or preventing complications of existing diseases. Since hospital expense represents a significant portion of all medical expenditures, Mercer performed a retrospective data analysis of the Plans' CY 2013 and CY 2014 encounter data using indicators developed by the Agency for Healthcare Research and Quality (AHRQ). These conditions are collectively referred to as Prevention Quality Indicators (PQI) and Pediatric Quality Indicators (PDI), respectively. Mercer utilized 13 adult and five pediatric PQIs as part of the analysis. Evidence suggests that hospital admissions for these conditions could have been avoided through high-quality outpatient care and/or the conditions could have been less severe if treated early and appropriately. AHRQ's technical specifications provide specific criteria that define each PQI and PDI that Mercer utilized in the analysis of the MCOs' inpatient hospital encounter data. Although AHRQ acknowledges that there are factors outside of the direct control of the health care system that can result in a hospitalization (e.g., environmental, patient compliance), AHRQ does recognize these analyses can be utilized to benchmark health care system efficiency between facilities and across geographies.

Accordingly, in the process of evaluating whether an adjustment is applicable to the rates, Mercer considered the following factors: member health risk and member enrollment duration with a particular health plan. Mercer then works with the State to identify the targeted efficiency level that should be applied to the outcome of the analysis.

While the AHRQ technical specifications include exclusionary criteria specific to each PQI and PDI, Mercer also considered clinically-based global exclusion criteria that removed a member's inpatient admissions from all inpatient efficiency analyses. The global exclusion criteria was utilized to identify certain conditions and situations (e.g., indications of trauma, burns, HIV/AIDS) that may require more complex treatment for members. Based on a review of the CY 2013 and CY 2014 inpatient encounter data, any member identified as having indications of any of the qualifying criteria resulted in all of that member's admissions being removed from the analyses. Once all clinical global exclusions (CGE) data was removed from the analysis, the embedded AHRQ exclusions, by PQI/PDI were then applied.

Additionally, even though the AHRQ technical specifications do not explicitly mention enrollment duration, Mercer considered enrollment duration as one of the contributing factors to review that would be associated with the applicability of a PQI/PDI-based adjustment. Enrollment duration was used as a proxy for issues such as patient compliance, health plan outreach and education,

time to intervene, and other related concepts. A variable-month enrollment duration ranging from two to twelve months, depending on PQI or PDI condition, was applied to the RY 2016 rates. This assumption meant that an individual had to be enrolled with the same plan for a minimum number of consecutive months prior to that individual's PQI or PDI hospital admission to be considered subject to the adjustment. Only the dollars associated with the PQI and PDI hospital admissions that met this enrollment duration criteria were included in the base data adjustment. Recipient eligibility data supplied by the State provided the information to make this duration test assessment.

Although the clinical global exclusions and enrollment duration criteria significantly reduced the total original PQI and PDI dollars, the State decided that to reflect its desire for value-focused purchasing, the final inpatient hospital efficiency adjustment had a 25% targeted efficiency level applied to the remaining PQI and PDI dollars that met both the health risk and enrollment duration criteria.

#### *ED Efficiency Adjustment*

Mercer performed a retrospective analysis of the health plans' CY 2013 and CY 2014 ED encounter data to identify ED visits that were considered preventable/pre-emptible. For the RY 2016 rate development, Mercer analyzed preventable/pre-emptible Low Acuity Non-Emergent (LANE) visits. This analysis was not intended to imply that members should be denied access to EDs or that the health plans should deny payment for the ED visits. Instead, the analysis was designed to reflect the State's objective that more effective, efficient, and innovative managed care could have prevented or pre-empted the need for some members to seek care in the ED setting in the first place.

The criteria used to define LANE ED visits was based on publicly available studies, input from Mercer's clinical staff, as well as review by practicing ED and PCPs. ICD-9 primary diagnosis code information was the basis for identifying an ED visit. A limited set of diagnosis codes was agreed upon by all physicians involved in developing the methodology for the analysis. Preventable percentages ranging from 5% to 90% were assigned to each diagnosis code to account for external factors that can influence and impact variation in ED use. Using procedure code information, the ED visits were evaluated from low complexity clinical decision making to high complexity clinical decision making. In addition, LANE ED visits that resulted in an inpatient admission or observation stay (observation revenue code 0762) were excluded. No adjustment was made for any possible up coding by providers.

For the RY 2016, Mercer excluded low unit cost visits from the LANE analysis to account for improvements in the health plans' use of triage fees and/or more appropriate health services management. A hierarchical process was used for the remaining LANE visits to identify those that could have been prevented or pre-empted. Beginning with the lowest acuity visits, data was

accumulated until the percentage of preventable/pre-emptible visits was achieved for each respective diagnosis code. Regardless of the targeted percentage, no LANE ED visit/dollars associated with the most complex clinical decision making procedure codes (99284-99285) were included in the final adjustment. In addition, a replacement cost amount (average cost physician visit) was made for the majority of LANE visits that were deemed preventable/pre-emptible. As a final step in the analysis, a 25% targeted efficiency level was applied to reflect the State's value-focused purchasing strategy. At this targeted efficiency level, 25% of the dollars identified were part of the final adjustment.

#### *Appropriate Diagnosis for Selected Drug Classes (DxRx)*

The DxRx efficiency adjustment is used to ensure appropriate utilization of selected drug classes in historical claims data, based on supporting diagnosis information in the recipients medical history. The selected drug classes were identified based on high cost, safety concerns, and/or high potential for abuse or misuse. Diagnosis information from 30 months (24 months prior to date of service, 6 months after date of service) of medical, professional, pharmacy and inpatient data is reviewed for each recipient. Appropriate drug-diagnosis pairs are reviewed annually by Mercer's team of clinicians, and include consideration for:

- FDA Approved Indications (both drug specific, and by drug class)
- Clinically-accepted, off-label utilization
  - As identified by published literature and clinical/ professional expertise
- Industry standard practices

#### *Retrospective Pharmacy Claims Analysis*

The clinical edits efficiency adjustment used a retrospective pharmacy claims analysis to identify inappropriate prescribing and/or dispensing patterns using a customized series of pharmacy utilization management edits that are clinically based on rules. Edits were developed by Mercer's managed pharmacy practice based on:

- Published literature
- Industry standard practices
- Clinical appropriateness review
- Professional expertise
- Information gathered during the review of several Medicaid FFS and managed care pharmacy programs across the country

The State decided that to reflect its response for value-focused purchasing, the final retrospective pharmacy claims analysis efficiency adjustment should reflect a 25% targeted efficiency level applied to the final adjustment identified.

The overall impact of the Inpatient, ED and Pharmacy efficiency adjustments was a decrease of \$1.78 to the PH program.

### *Managed Care Savings Adjustment*

For those populations and services that had previously been excluded from Bayou Health, Mercer adjusted the capitation rates to reflect areas for managed care efficiency. Managed Care is able to generate savings by:

- Encouraging the use of preventive services so that acute conditions are not exacerbated to the point that requires a visit to the emergency room or hospitalization
- Using alternatives to the emergency room for conditions that are non-emergent in nature
- Increasing access and providing member education
- Minimizing duplication of services
- Hospital discharge planning to ensure a smooth transition from facility-based care to community resources and minimize readmissions

Statewide managed care savings factors were applied to the HCBS and CCM COAs. Additionally, DME and NEMT costs for Shared Savings enrollees were adjusted as part of this rate setting, as these services were excluded from Bayou Health Shared Savings. Appendix F summarizes the managed care savings adjustments that were applied to the Shared Savings/Legacy Medicaid FFS data.

### *Shared Savings Rx claims*

Under the Bayou Health Shared Savings program, plans had limited ability to manage prescription drug costs. In order to use the Shared Savings experience to set capitated rates, adjustments were needed to account for generic dispense rate (GDR) differences between the Prepaid and Shared Savings experience. For the Prepaid program, GDR was approximately 84%, compared to approximately 77% for Shared Savings and FFS. This adjustment is a downward adjustment to the Shared Savings claims data. Mercer analyzed Shared Savings prescription drug experience and compared it to the spending on similar therapeutic classes of drugs in the Prepaid program. Mercer determined that achieving the same GDR levels would result in savings of 11.10% to 13.60%. Table 9 details the savings breakdown by COA.

**Table 9: GDR Savings Adjustment**

COS Description	Savings from Improvement in GDR (w/Phase-in)					Total
	SSI	Family & Children*	BCC	LAP	HCBS Waiver** (FFS)	
	(%)	(%)	(%)	(%)	(%)	(%)
Low Savings	3.47%	17.68%	0.00%	24.92%	5.62%	11.10%
High Savings	5.97%	20.18%	1.78%	27.42%	8.12%	13.60%

\*Includes FCC

\*\*Includes CCM

### **Outliers**

As part of the State Plan, inpatient hospitals receive an additional payment for high-cost stays for children under six, called outliers. These payments are for inpatient stays with a total cost to the hospital in excess of \$150,000, where the cost is determined based on the hospital's Neonatal Intensive Care Unit (NICU) or Pediatric Intensive Care Unit (PICU) -specific CCR. DHH makes payments to a maximum of \$10 million, annually. As payment of outlier liability is the responsibility of Bayou Health MCOs, this additional \$10 million was built into the rates based on the distribution by rate cell observed in state fiscal year (SFY) 13 payments. Outliers added an average cost of \$0.89 PMPM to the base data used in rate setting. Table 10 details the impact of outliers on the rates by rate cell.

**Table 10: Outlier Claims to be Added into Bayou Health from \$10 Million Pool**

COA Description	Rate Cell Description	CY 2014 MMs	Outlier PMPM	Outliers Total Adjustment
SSI	Newborn, 0-2 Months	1,791	\$1,457.70	\$2,610,741
SSI	Newborn, 3-11 Months	7,075	\$8.84	\$62,523
SSI	Child, 1-20 Years	472,130	\$0.50	\$234,445
Family & Children	Newborn, 0-2 Months	173,111	\$39.97	\$6,918,792
Family & Children	Child, 1-20 Years	7,757,419	\$0.02	\$173,499
<b>Total*</b>		<b>11,255,774</b>	<b>\$0.89</b>	<b>\$10,000,000</b>

\*Total includes MMs for all populations in Bayou Health Physical Health.

## **Subsection 2B: SBH Services**

Unlike PH services, SBH services are covered services in both the PH program and the SBH program. Therefore, the rate development adjustments in the following sections are applicable to both programs.

### ***SBH Historical Adjustments***

#### ***Inpatient Hospital Fee Schedules***

Inpatient Hospital fee schedules have changed in Medicaid from the levels reported in the base data. Most notably, rates for certain public hospitals changed as a result of the public/private partnership. The changes to the hospital rates represent both increases and decreases depending on the hospital.

Mercer has included an adjustment to the capitation rates to account for the changes to the hospital reimbursement, including the public/private partnership. In order to account for this change, Mercer analyzed the base data by hospital and region separately for adults and children services. For adults, Mercer compared the PIHP fee schedules and per diem costs reported in the encounter data to the new State Medicaid fee schedule. Based on this comparison, Mercer determined no adjustment was needed for the Adult rates as the PIHP fee schedule underlying the encounter data generally aligned with the new State Medicaid fee schedule. For children, however, hospital reimbursement levels in the encounter data generally followed historic State Medicaid fee schedules. As a result, an adjustment was necessary to reflect changes between the historic and the new fee schedule for the children's rates.

Overall, this represents a 0.3% increase to both CY 2013 and CY 2014 SBH services and impacts child rating groups only.

### *Outpatient/Psychiatric Residential Treatment Facility (PRTF)/Permanent Supportive Housing (PSH) Fee Adjustment*

#### *Outpatient Fee Adjustment*

The State has historically implemented fee schedule adjustments for various outpatient services. For outpatient providers, the fee schedule adjustment process includes an estimation of cost settlements that are not captured in the historic base data. Since cost settlements will become the responsibility of the MCOs under managed care, an adjustment to the Bayou Health rates was necessary.

#### *PRTF Per Diem Adjustment*

DHH informed Mercer of two PRTF providers that have historically been subject to risk-sharing arrangements that have had recent per diem changes. The prior risk-sharing process resulted in additional payments to the providers as the per diem documented in the cost reports was higher than the interim rates. Mercer has built in consideration of provider specific rates for these providers based on the cost report per diems.

To calculate the impact, DHH provided Mercer with the risk-sharing calculations that were based on base paid and final targeted per diem rates for these two providers. The final cost impact was calculated by another firm on behalf of DHH. Mercer reviewed these calculations for reasonability but did not audit them. Mercer leveraged the final calculations to determine the net impact to the CY 2013 and CY 2014 time period to develop the program change impact. Mercer incorporated the expected cost for the per diem change based on utilization during the 2013 and 2014 time periods.

#### *PSH Provider Rate Increase*

Subsequent to base data period, DHH implemented a 5% rate increase to certain providers delivering community psychiatric services to individuals in the PSH program. Using the list of PSH providers from DHH, Mercer summarized historic cost and utilization data for community psychiatric services for these providers and calculated the impact of the 5% increase. Mercer applied this impact to rating group and region based on historic utilization patterns.

Overall, the Outpatient, PRTF, and PSH fee adjustment represent a 0.2% and 0.3% increase to CY 2013 and CY 2014 SBH services, respectively.

### *1915(c) CSoC Regional Expansion*

DHH submitted an amendment to the 1915(c) CSoC waiver to increase the number of waiver slots to 2,400 slots. Upon expansion, certain children previously classified in a Bayou Health rating group shifted to the CSoC program. The CSoC population will have select services covered by Bayou Health, including PRTF, TGH, and SUD services. Magellan will continue to

administer the remaining SBH services for this population. Mercer calculated the volume of CSoC transitions by comparing the average 2013 and 2014 CSoC enrollment to emerging levels as of December 2015. The growth by region is outlined in Table 11:

**Table 11: CSoC Enrollment's Growth by Region**

<b>CSoC Enrollment</b>	<b>Average 2013</b>	<b>Average 2014</b>	<b>As of December 2015</b>	<b>Projected RY 2016 CSoC Recipients</b>
Gulf	198	282	673	688
Capital	213	256	615	629
South Central	153	192	444	454
North	493	506	517	529
<b>Statewide</b>	<b>1,057</b>	<b>1,235</b>	<b>2,249</b>	<b>2,300</b>

Mercer then analyzed the historic SBH expenses associated with CSoC enrollees and noted that it is materially higher when compared to the PMPM for other Bayou Health rating groups (\$611.47 and \$20.66, respectively for CY 2013; \$968.66 and \$26.08, respectively for CY 2014). Because of this differential, the movement of those higher needs children out of Bayou Health rating groups resulted in a reduction in the average PMPM by region. The transition analysis was performed on a regional basis using the underlying PMPMs for each region, as well as CSoC-specific PMPMs for each region.

Overall, this represents a decrease of 2.7% and 3.2% to CY 2013 and CY 2014 SBH services, respectively, and impacts child rating groups only.

#### *Medication Management Rate Change*

Effective January 2013, the prior Medication Management procedure code of 90862 was eliminated and the services were required to be billed under General Evaluation and Management codes 99211-99214, 90863. These codes, as reflected in the base data, were reimbursed at lower rates than the prior medication management services in 2012. The PIHP revised the fee schedule in 2014 to adjust the fees for medication management services up to prior historical levels. DHH indicated it expects providers to continue to be paid at the higher reimbursement level under the Bayou Health program. For this reason, Mercer determined it was necessary to adjust the 2013 base data, but not the 2014 base data.

Mercer analyzed 2014 encounter data by region and observed an increase in these services' 2013 average reimbursement rate to roughly \$71 per unit. Mercer calculated the program change impact based on reported service utilization in each region.

Overall, this represents a 1.1% increase to CY 2013 SBH services.

### *Historical Trend*

Mercer reviewed the 2013 and 2014 financials and encounters data for SBH services and determined it was necessary to apply a historical trend to the CY 2013 base data before blending the two years of base data. For SBH services, a historical trend of 3% and 32% were applied to adult and child rating groups, respectively. For NEMT Services, 16% historical trend was applied to the SBH Dual COA and 11% to the SBH CCM, SBH HCBS, and SBH Other COAs.

### ***SBH Prospective Adjustments***

#### *Elimination of the 1915(i) Program Authority and Amendment of the State Plan*

In order to accelerate receipt of medically necessary specialized mental health services for adults and make community-based licensed mental health professional (LMHP) services available to more individuals, DHH transitioned services currently in the 1915(i) to the Medicaid State Plan. The prior 1915(i) authority limited the availability of certain services to adults requiring acute stabilization or meeting certain functional criteria for a major mental disorder and the seriously mentally ill (SMI). The services covered under the 1915(i) included community psychiatric services including ACT, psychosocial rehab services, and services provided by other LMHPs. Another aspect of the 1915(i) program was the requirement of an independent assessment to confirm an individual met the population criteria before services could be received.

While the services will be covered under the State Plan, individuals will need to meet medical necessity criteria in order to be authorized for the services. Mercer understands the medical necessity criteria for community psychiatric and psychosocial rehab services will generally align with the diagnosis criteria associated with major mental disorders and SMI. The criteria for other LMHPs will apply to a broader segment of the covered population and not be specific to major mental disorders or SMI.

Mercer has reviewed the changes to the delivery of these former 1915(i) services with Mercer clinicians and policy consultants and identified two specific rate considerations.

- Elimination of the independent assessment will likely result in individuals accessing services more quickly. DHH has indicated that individuals have experienced, on average, a 30-day wait period for services while they await the independent assessment. Mercer analyzed the historical claims data to identify the subset of the 1915(i) users that were new to the program and expected to utilize more services in a 12-month period if the independent assessment was eliminated. Specifically, Mercer evaluated the individuals who utilized services through December 2014 and made an assumption about the number of members

who utilized services in 2014 that would have utilized more services had their authorizations started earlier in the year.

**Table 12: Impact to Adult Services of Elimination of Independent Assessment**

Total 1915(i) 2014 recipient count	51,344
Subset of recipients that are projected to receive an additional month of service	653
Average monthly cost of 1915(i) services (CY 2014)	\$538
Program Change PMPM	\$0.11
Adult PMPM	\$28.92
<b>Total Impact to Adult Services</b>	<b>0.4%</b>

- Expanded access to services provided by other licensed professionals (OLPs) will likely result in an increase to the penetration rate over time for other professional services. Individuals will still need to meet medical necessity criteria to access other professional services, but more individuals are expected to meet the criteria than historically when the 1915(i) services were limited to SMI or major mental disorder. To evaluate the potential change in utilization, Mercer reviewed the service utilization and penetration rates for other states where other professional services have been covered in the State Plan. The penetration rates in these other states are higher for adults indicating broader utilization of the services. The penetration rate findings are as follows:

**Table 13: Penetration rate findings**

2013 penetration rate for OLP services in Louisiana	2.5% of Adults
Penetration rate for similar OLP services in Other States	Up to 10% of Adults

- Mercer assumed the utilization of these services would increase over time essentially modeling a doubling of these services from January 2016 to January 2017. The utilization has been assumed to progressively increase over time as provider capacity may need to be developed to meet the demand as individuals understand the availability of these services.

**Table 14: Impact to Adult Services of Expansion of Access to Services**

December 2014 recipients	2,790
Projected January 2016 based on emerging data	2,881
Projected January 2017 users	5,762
Total new users in rating period	18,725
Average 2014 monthly cost by OLPs	\$130.88
Program change PMPM	\$0.73
Adult PMPM	\$28.92
<b>Total Impact to Adult Services</b>	<b>2.5%</b>

- This issue will continue to be monitored and evaluated as part of future rate-setting exercises as more data becomes available. The overall impact of the adjustment to account for the elimination of the 1915(i) authority and coverage of these services under the State Plan is a 0.8% impact overall and impacts the adult rate cells only.

### ***SBH Trend***

Trend is an estimate of the change in the overall cost of providing health care services over a finite period of time. Capitation rate ranges are actuarial projections of future contingent events and a trend factor is necessary to estimate the expenses of providing health care services in the future rating period.

For the Child population, Mercer studied historical cost and utilization encounter data as well as national trend information to select a trend. For the Adult population, Mercer relied upon Financials, due to encounter data reporting issues in the MMIS system.

Trends, delineated by utilization, unit cost, PMPM, and by population are shown in Appendix E.

### **Subsection 2C: All Services Combined**

The following adjustments were developed and applied using all covered services within the respective programs.

#### ***Retroactive Eligibility Adjustment***

Beginning in February 2015, members granted retroactive eligibility will be capitated retroactively, based on their eligibility for Bayou Health, for up to 12 months prior to enrollment in an MCO. The MCO selected by these members will then receive one capitation payment per month of retroactive enrollment, and will be liable for all claims incurred during this retroactive eligibility period. Mercer developed an adjustment factor to apply to the base data in the capitation rate development. Mercer did not apply any savings adjustments to the retroactive period claims in the development of these factors because the MCO will have no ability to manage utilization during the retroactive period.

The retroactive eligibility adjustment was developed as an increase to the capitation rates set for all members, meaning that the capitation payment is higher than otherwise required on non-retroactive MMs. Retroactive enrollment in any given rate cell will generate the same capitation payment per month to the MCO as any other enrollee in that same rate cell. The factors were developed at a rate cell level on a statewide basis (i.e., all regions used the same factors). The calculation relied upon retroactive claims PMPM, unique enrollee counts, and the average duration to develop the expected increase to Bayou Health claims.

Mercer reviewed the average duration of enrollees who were retroactively enrolled during 2014 using data from January 2013 to December 2014.

In some rate cells, the retroactive claims PMPM was below the base data claims PMPM. This generated an adjustment factor less than 1.0. The decision was made to not use a factor less than 1.0 on any rate cell. These implied factors (calculated) and final factors (used) are supplied in Appendix G.

Table 15 summarizes the overall adjustment by rate cell for retroactive eligibility.

**Table 15: Retroactive Eligibility Adjustment**

COA Description	Rate Cell Description	Adjustment (%)
SSI	0 - 2 Months	0.00%
SSI	3 - 11 Months	0.00%
SSI	Child 1 – 20	0.00%
SSI	Adult 21+	0.53%
Family & Children	0 - 2 Months	0.00%
Family & Children	3 - 11 Months	0.00%
Family & Children	Child 1 – 20	0.00%
Family & Children	Adult 21+	0.00%
FCC	FCC, All Ages	0.00%
BCC	BCC, All Ages	2.61%
LAP	LAP, All Ages	0.37%
HCBS	Child 0 – 20	0.00%
HCBS	Adult 21+	0.01%
CCM	CCM, All Ages	0.02%
SBH — CCM	SBH — Chisholm, All Ages Male & Female	0.00%
SBH — Duals	SBH — Dual Eligible, All Ages	0.00%
SBH — HCBS	SBH — 20 & Under, Male and Female	0.00%
SBH — HCBS	SBH — 21+ Years, Male and Female	0.00%
SBH — Other	SBH — Other, All Ages	0.00%
Maternity Kick Payment	Maternity Kick Payment	0.00%

### **Full Medicaid Pricing (FMP)**

Beginning in April 2014, DHH implemented a series of program changes to ensure consistent pricing in the Medicaid program for hospital services, including inpatient hospital, outpatient hospital, hospital-based physician, and ambulance services. This change required the use of FMP in the calculation of PMPM payments to MCOs. DHH expects this rate increase will lead to increased payments to those providers contracting with the MCOs to maintain and increase

access to inpatient hospital, outpatient hospital, hospital-based physician, and ambulance services to the enrolled Medicaid populations. Mercer and DHH reviewed the aggregate funding levels for these services between the base period and the contract period and determined that an addition to the historical data was necessary in order to ensure the capitation rate ranges reflect adequate statewide pricing levels. Separate adjustments were made to each of the four services to capture the full impact of statewide funding.

FMP adjustments were implemented for inpatient and outpatient services effective April 2014. Physician and ambulance FMP adjustments were implemented effective July 2015.

#### *Inpatient Hospital Services*

Mercer relied upon an analysis of Medicare diagnosis related group equivalent pricing of Medicaid services provided by DHH. For PH, this analysis was done for each legacy subprogram (i.e., the three legacy Prepaid plans in aggregate, and the legacy Shared Savings/FFS). A separate analysis was done for the SBH claims. The analyses relied upon encounter, Shared Savings/FFS, and LBHP data incurred from July 2013 to June 2014 and compared the adjusted Medicare payments to the Medicaid payment on a per discharge basis at each hospital. The Medicare payments were adjusted to reflect the treatment of Medicaid patients and reflected the SFY15 reimbursement schedule. The SFY14 Medicaid payments were adjusted to reflect fee changes effective in SFY15 and payments made outside of the claims system (outlier payments). Mercer applied the ratio between the two payments to the base data at a hospital-specific level. Tables 17a and 17b below show the impact of FMP on the adjusted base cost of PH and SBH inpatient hospital services, respectively.

**Table 17a: Inpatient Hospital FMP Impact (PH)**

	[A]	[B]	[C] = [A] + [B]	[D]	[E] = [D] / [C]
Time Period	Historical Cost	Historical Adjustment Dollar Impact (Table 6a)	Adjusted Cost	FMP Impact	FMP Impact as % of Adjusted Cost
CY 2013	\$608,712,298	\$10,934,243	\$619,646,540	\$435,065,137	70.21%
CY 2014	\$563,991,217	-\$1,296,978	\$562,694,239	\$413,327,440	73.46%

**Table 17b: Inpatient Hospital FMP Impact (SBH)**

	[A]	[B]	[C] = [A] + [B]	[D]	[E] = [D] / [C]
Time Period	Historical Cost	Historical Adjustment Dollar Impact	Adjusted Cost	FMP Impact	FMP Impact as % of Adjusted Cost
CY 2013	\$65,720,876	\$838,008	\$66,558,885	\$27,159,733	40.81%
CY 2014	\$60,329,251	\$1,030,195	\$61,359,446	\$21,725,797	35.41%

### *Outpatient Hospital Services*

The outpatient FMP was developed according to the State Plan using CCRs, which used reported costs and billed charges by hospital. The CCRs supplied by DHH were reported on hospital fiscal year bases, which varied by hospital from February 28, 2014 to December 31, 2014. The billed charges originated from the PH and SBH base data. Mercer applied the ratio between the base data and cost estimates at a hospital level to develop the outpatient component of the FMP. Tables 18a and 18b below show the impact of FMP on the adjusted base cost of PH and SBH outpatient hospital services, respectively.

**Table 18a: Outpatient Hospital FMP Impact (PH)**

	[A]	[B]	[C] = [A] + [B]	[D]	[E] = [D] / [C]
Time Period	Historical Cost	Historical Adjustment Dollar Impact	Adjusted Cost	FMP Impact	FMP Impact as % of Adjusted Cost
CY 2013	\$351,651,586	\$15,044,474	\$366,696,060	\$133,061,119	36.29%
CY 2014	\$371,250,343	\$13,364,559	\$384,614,902	\$142,417,061	37.03%

**Table 18b: Outpatient Hospital FMP Impact (SBH)**

	[A]	[B]	[C] = [A] + [B]	[D]	[E] = [D] / [C]
Time Period	Historical Cost	Historical Adjustment Dollar Impact	Adjusted Cost	FMP Impact	FMP Impact as % of Adjusted Cost
CY 2013	\$6,831,512	-\$306,525	\$6,524,987	\$939,767	14.40%
CY 2014	\$8,965,414	-\$92,370	\$8,873,044	\$704,437	7.94%

### *Hospital-Based Physician Services*

. Mercer performed an analysis of hospital-based physician services provided at participating facilities by participating physicians compared to the average commercial rates for the same

services according to the State Plan methodology. The average commercial rates are maintained by DHH and updated periodically. For state-owned or operated entities, average commercial rate factors are updated annually. DHH provided state-owned conversion factors for RY 2016. For non-state owned or operated entities, the average commercial rate factors are indexed to Medicare rates and updated every 3 years. DHH provided the latest available non-state factors, which were last updated as recently as December 2015. Tables 19a and 19b below show the impact of FMP on the adjusted base cost of PH and SBH hospital-based physician services meeting the State Plan's criteria for FMP.

**Table 19a: Hospital-Based Physician FMP Impact (PH)**

	[A]	[B]	[C] = [A] + [B]	[D]	[E] = [D] / [C]
Time Period	Historical Cost	Historical Adjustment Estimated Dollar Impact	Adjusted Cost	FMP Impact	FMP Impact as % of Adjusted Cost
CY 2013	\$87,306,690	\$1,863,766	\$89,170,456	\$85,986,130	96.43%
CY 2014	\$88,124,993	\$0	\$88,124,993	\$85,883,764	97.46%

**Table 19b: Hospital-Based Physician FMP Impact (SBH)**

	[A]	[B]	[C] = [A] + [B]	[D]	[E] = [D] / [C]
Time Period	Historical Cost	Historical Adjustment Dollar Impact	Adjusted Cost	FMP Impact	FMP Impact as % of Adjusted Cost
CY 2013	\$546,936	\$0	\$546,936	\$387,827	70.91%
CY 2014	\$639,270	\$0	\$639,270	\$298,063	46.63%

### *Ambulance Services*

Mercer performed an analysis of ambulance services utilized by Medicaid enrollees according to the State Plan using Medicare fee schedules and average commercial rates as a percentage of Medicare. Ambulance providers were classified as either Large Urban Governmental (LUG) or non-LUGs. LUGs have historically received 100% of the gap between average commercial rate and the Medicaid fee schedule while non-LUGs have historically received 17.35% of the gap. Mercer developed increases using these assumed funding levels. Average commercial rates as a percentage of Medicare were provided by DHH for RY 2016. According to the State Plan, average commercial rates are updated every three years. No ambulance services meeting the State Plan's criteria were found in the SBH claims experience. Tables 20a below shows the

impact of FMP on the adjusted base cost of PH ambulance services meeting the State Plan's criteria for FMP,

**Table 20a: Ambulance FMP Impact (PH)**

	[A]	[B]	[C] = [A] + [B]	[D]	[E] = [D] / [C]
Time Period	Historical Cost	Historical Adjustment Estimated Dollar Impact	Adjusted Cost	FMP Impact	FMP Impact as % of Adjusted Cost
CY 2013	\$27,841,853	\$594,350	\$28,436,203	\$13,028,188	45.82%
CY 2014	\$30,278,811	\$0	\$30,278,811	\$15,197,450	50.19%

As part of the rate development process, Mercer blended the CY 2013 and CY 2014 projected claims PMPM inclusive of the FMP amounts. The overall PMPM impact on final projected claims is summarized in Table 21 below:

**Table 21: FMP PMPM Impact**

		[A]	[B]	[C]	[D] = [A]+[B]+[C]
Full Medicaid Pricing PMPM Impact					
COA Description	CY 2014 MMs	Hospital (IP/OP)	Ambulance	Physician	Total
SSI	1,391,195	\$157.13	\$6.65	\$20.42	\$184.20
F&C	9,538,623	\$25.26	\$0.94	\$5.22	\$31.42
FCC	126,475	\$14.37	\$1.24	\$4.09	\$19.70
BCC	13,070	\$511.90	\$3.16	\$44.45	\$559.50
LAP	40,170	\$12.14	\$0.41	\$3.61	\$16.16
HCBS Waiver	77,066	\$106.68	\$6.83	\$13.80	\$127.32
CCM	69,175	\$73.30	\$2.73	\$8.51	\$84.54
SBH – CCM	70,181	\$0.00	\$0.00	\$0.00	\$0.00
SBH - Dual Eligible	1,117,726	\$0.73	\$0.00	\$0.06	\$0.79
SBH - HCBS Waiver	77,066	\$10.68	\$0.00	\$0.08	\$10.76
SBH – Other	36,202	\$61.19	\$0.00	\$0.28	\$61.47
Maternity Kick Payment	37,712	\$3,203.67	\$0.00	\$378.61	\$3,582.28
Total <sup>1</sup>	12,556,949	\$48.30	\$1.52	\$7.61	\$57.43

Notes

1- The total line and composite PMPMs duplicate the voluntary opt-in membership

### ***Non-Medical Expense Load***

The actuarially sound capitation rate ranges developed include a provision for MCO administration and other non-medical expenses. Mercer reviewed historical Prepaid plan expense data and relied on its professional experience in working with numerous State Medicaid programs to develop the administrative load. The load for each rate cell was determined using a fixed and variable cost model. Under this model, a fixed administrative expense is attributed to each rate cell, which reflects program requirements, such as state-mandated staffing, and other indirect operational expenses. Added to this is a variable administrative amount, based on claims volume. In development of the PH Program rate cells, the variable administrative amount on each rate cell was determined by using 2% of pharmacy claim costs plus 5.66% of all other medical costs. Maternity kick payment rate cells have only the variable medical cost administrative load. For the SBH program, the variable administrative amount on each rate cell was determined using 4.77% of the covered claims expense. This methodology results in administrative expense loads that vary as a percentage by rate cell. The resulting variance in administrative expense determined using this methodology results in a higher allocation of administrative expenses on the rate cells with higher utilization, which Mercer believes is more accurate in reflecting the drivers of plan administration requirements.

Mercer reviewed plan financial information provided by the Prepaid plans to develop administrative cost expectations. The development included consideration for increases in expenses including items such as additional case management due to claims volume and increases in staff compensation over time. The administrative development also included an expected increase in staffing and operational expenses associated with the inclusion of SBH services and the new SBH program population. Final Administrative cost expectation was \$23.63 to \$24.84 PMPM.

Additionally, provision has been made in the rate development for a 2.00% underwriting gain calculated before applying any adjustment for FMP. Final rates also include provision for Louisiana's 2.25% premium tax. The FMP PMPMs include provision for premium tax only.

### ***Risk Adjustment***

Risk adjustment will be applied to the rates in Appendix A to reflect differences in health status of the members served in each MCO using the Adjusted Clinical Groups (ACG) model. The risk adjustment process does not increase nor decrease the overall cost of the program, but can change the distribution across the various Bayou Health MCOs according to the relative risk of their enrolled members. Table 21 shows the rate cells that will be risk adjusted.

**Table 21: Risk-Adjusted Rate Cells**

<b>SSI</b>	
Child, 1–20 Years, Male & Female	Adult, 21+ Years, Male & Female
<b>Family and Children (TANF)</b>	
Child, 1–20 Years, Male & Female	Adult, 21+ Years, Male & Female
<b>FCC</b>	
All Ages, Male & Female	
<b>LAP</b>	
All Ages, Male & Female	

### ***Voluntary Opt-In Adjustment***

It is unclear at this time if there will be a material difference in the risk profile of the Opt-in population from the historical FFS population. Therefore, Mercer made no adjustments for selection risk in the development of the HCBS and CCM rates.

### ***Federal Health Insurer Fee***

Section 9010 of the ACA established a health insurance provider fee (HIPF), which applies to certain for-profit/tax-paying health insurers. For-profit Medicaid health plans are not exempt from the HIPF, which will become a cost of doing business that is appropriate to recognize in actuarially sound capitation rates.

At the time of this certification, many aspects of the calculation and application of this fee are not yet determined and/or finalized. These fees will be calculated and become payable sometime during the third quarter of 2017. As these fees are not yet defined by insurer and by marketplace, no adjustment has been made in the rate range development for the Bayou Health program. An adjustment and revised certification will be considered when the fee amount and impacted entities applicable to this rate period are announced in 2017.

## **Section 3: Certification of Final Rate Ranges**

In preparing the rate ranges shown in Attachment A, Mercer has used and relied upon enrollment, FFS claims, encounter data, reimbursement level, benefit design, and other information supplied by DHH and its fiscal agent. DHH, its fiscal agent, and the Prepaid plans are responsible for the validity and completeness of the data supplied. We have reviewed the data and information for internal consistency and reasonableness, but we did not audit them. In our opinion they are appropriate for the intended purposes. If the data and information are incomplete or inaccurate, the values shown in this report may need to be revised accordingly.

Mercer certifies that the rates in Attachment A were developed in accordance with generally accepted actuarial practices and principles and are appropriate for the Medicaid covered populations and services under the managed care contract. Rate estimates provided are based upon the information available at a point in time and are subject to unforeseen and random events. Therefore, any projection must be interpreted as having a likely range of variability from the estimate. The undersigned actuaries are members of the American Academy of Actuaries and meet its qualification standards to certify to the actuarial soundness of Medicaid managed care capitation rates.

Rates and ranges developed by Mercer are actuarial projections of future contingent events. Actual Bayou Health MCO costs will differ from these projections. Mercer has developed these rates on behalf of DHH to demonstrate compliance with the CMS requirements under 42 CFR 438.6(c), and in accordance with applicable law and regulations. Use of these rate ranges for any purpose beyond that stated may not be appropriate.

Bayou Health MCOs are advised that the use of these rate ranges may not be appropriate for their particular circumstance and Mercer disclaims any responsibility for the use of these rate ranges by Bayou Health MCOs for any purpose. Mercer recommends that any Bayou Health MCO considering contracting with DHH should analyze its own projected medical expense, administrative expense, and any other premium needs for comparison to these rate ranges before deciding whether to contract with DHH.

This certification letter assumes the reader is familiar with the Bayou Health Program, Medicaid eligibility rules, and actuarial rate-setting techniques. It is intended for DHH and CMS, and should not be relied upon by third parties. Other readers should seek the advice of actuaries or other qualified professionals competent in the area of actuarial rate projections to understand the technical nature of these results.

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February 26, 2016  
Ms. Amanda Joyner  
Louisiana Department of Health and Hospitals

If you have any questions on any of the information provided, please feel free to call us at  
+1 404 442 3358 or +1 404 442 3517.

Sincerely,

A handwritten signature in blue ink, appearing to read "Jared Simons".

Jaredd Simons, ASA, MAAA  
Senior Associate Actuary

A handwritten signature in blue ink, appearing to read "Erik Axelsen".

Erik Axelsen, ASA, MAAA  
Senior Associate Actuary

## Appendix A: Bayou Health Capitation Rate Range

Region Description	COA Description	Rate Cell Description	CY 2014 MMs or Deliveries	Lower Bound PMPM or Cost per Delivery	Upper Bound PMPM or Cost per Delivery
Gulf	SSI	0 - 2 Months	499	\$27,754.36	\$28,393.93
Gulf	SSI	3 - 11 Months	2,016	\$7,250.16	\$7,411.77
Gulf	SSI	Child 1 - 20	140,382	\$700.51	\$733.78
Gulf	SSI	Adult 21+	268,331	\$1,240.93	\$1,280.94
Gulf	Family & Children	0 - 2 Months	48,751	\$1,705.49	\$1,754.55
Gulf	Family & Children	3 - 11 Months	108,391	\$272.54	\$283.77
Gulf	Family & Children	Child 1 - 20	2,120,899	\$156.41	\$164.78
Gulf	Family & Children	Adult 21+	388,455	\$323.40	\$337.82
Gulf	Foster Care Children	FCC, All Ages	23,352	\$518.08	\$552.29
Gulf	BCC	BCC, All Ages	3,937	\$2,262.84	\$2,339.95
Gulf	LAP	LAP, All Ages	10,244	\$184.94	\$194.58
Gulf	HCBS	Child 0 - 20	7,178	\$1,835.37	\$1,963.45
Gulf	HCBS	Adult 21+	13,626	\$1,066.32	\$1,121.51
Gulf	CCM	CCM, All Ages	16,983	\$1,149.31	\$1,233.62
Gulf	SBH — CCM	SBH — CCM, All Ages Male & Female	17,167	\$157.40	\$170.00
Gulf	SBH —Duals	SBH — Dual Eligible, All Ages	299,337	\$28.06	\$29.15
Gulf	SBH —HCBS	SBH — 20 & Under, Male and Female	7,178	\$77.72	\$83.18
Gulf	SBH —HCBS	SBH — 21+ Years, Male and Female	13,626	\$84.70	\$87.56
Gulf	SBH —Other	SBH — Other, All Ages	7,536	\$231.08	\$237.77
Gulf	Maternity Kick Payment	Maternity Kick Payment	10,549	\$10,181.22	\$10,314.75
Gulf	EED Kick Payment	EED Kick Payment	N/A	\$6,147.52	\$6,193.37
Capital	SSI	0 - 2 Months	384	\$27,754.36	\$28,393.93
Capital	SSI	3 - 11 Months	1,488	\$7,250.16	\$7,411.77
Capital	SSI	Child 1 - 20	104,301	\$700.95	\$735.88

Region Description	COA Description	Rate Cell Description	CY 2014 MMs or Deliveries	Lower Bound PMPM or Cost per Delivery	Upper Bound PMPM or Cost per Delivery
Capital	SSI	Adult 21+	195,553	\$1,295.40	\$1,340.11
Capital	Family & Children	0 - 2 Months	42,461	\$1,950.22	\$2,000.49
Capital	Family & Children	3 - 11 Months	96,528	\$268.36	\$279.79
Capital	Family & Children	Child 1 - 20	1,914,036	\$164.35	\$173.17
Capital	Family & Children	Adult 21+	288,647	\$379.69	\$396.66
Capital	Foster Care Children	FCC, All Ages	33,498	\$518.08	\$552.29
Capital	BCC	BCC, All Ages	3,825	\$2,262.84	\$2,339.95
Capital	LAP	LAP, All Ages	10,876	\$184.94	\$194.58
Capital	HCBS	Child 0 - 20	7,499	\$1,835.37	\$1,963.45
Capital	HCBS	Adult 21+	12,294	\$1,066.32	\$1,121.51
Capital	CCM	CCM, All Ages	17,068	\$1,149.31	\$1,233.62
Capital	SBH — CCM	SBH — CCM, All Ages Male & Female	17,176	\$157.40	\$170.00
Capital	SBH — Duals	SBH — Dual Eligible, All Ages	239,197	\$21.80	\$22.64
Capital	SBH — HCBS	SBH — 20 & Under, Male and Female	7,499	\$77.72	\$83.18
Capital	SBH — HCBS	SBH — 21+ Years, Male and Female	12,294	\$84.70	\$87.56
Capital	SBH — Other	SBH — Other, All Ages	8,412	\$231.08	\$237.77
Capital	Maternity Kick Payment	Maternity Kick Payment	9,280	\$9,708.88	\$9,826.44
Capital	EED Kick Payment	EED Kick Payment	N/A	\$6,642.09	\$6,692.99
South Central	SSI	0 - 2 Months	466	\$27,754.36	\$28,393.93
South Central	SSI	3 - 11 Months	1,871	\$7,250.16	\$7,411.77
South Central	SSI	Child 1 - 20	108,433	\$682.40	\$715.83
South Central	SSI	Adult 21+	237,953	\$1,162.63	\$1,200.74

Region Description	COA Description	Rate Cell Description	CY 2014 MMs or Deliveries	Lower Bound PMPM or Cost per Delivery	Upper Bound PMPM or Cost per Delivery
South Central	Family & Children	0 - 2 Months	46,634	\$2,065.71	\$2,116.67
South Central	Family & Children	3 - 11 Months	104,955	\$276.80	\$288.29
South Central	Family & Children	Child 1 - 20	2,083,138	\$160.35	\$168.72
South Central	Family & Children	Adult 21+	299,789	\$349.04	\$364.86
South Central	Foster Care Children	FCC, All Ages	44,797	\$518.08	\$552.29
South Central	BCC	BCC, All Ages	2,747	\$2,262.84	\$2,339.95
South Central	LAP	LAP, All Ages	12,678	\$184.94	\$194.58
South Central	HCBS	Child 0 - 20	6,786	\$1,835.37	\$1,963.45
South Central	HCBS	Adult 21+	14,109	\$1,066.32	\$1,121.51
South Central	CCM	CCM, All Ages	18,278	\$1,149.31	\$1,233.62
South Central	SBH — CCM	SBH — CCM, All Ages Male & Female	18,709	\$157.40	\$170.00
South Central	SBH — Duals	SBH — Dual Eligible, All Ages	323,040	\$19.12	\$19.84
South Central	SBH — HCBS	SBH — 20 & Under, Male and Female	6,786	\$77.72	\$83.18
South Central	SBH — HCBS	SBH — 21+ Years, Male and Female	14,109	\$84.70	\$87.56
South Central	SBH — Other	SBH — Other, All Ages	10,727	\$231.08	\$237.77
South Central	Maternity Kick Payment	Maternity Kick Payment	10,188	\$8,394.53	\$8,516.38
South Central	EED Kick Payment	EED Kick Payment	N/A	\$5,099.23	\$5,149.46

Region Description	COA Description	Rate Cell Description	CY 2014 MMs or Deliveries	Lower Bound PMPM or Cost per Delivery	Upper Bound PMPM or Cost per Delivery
North	SSI	0 - 2 Months	442	\$27,754.36	\$28,393.93
North	SSI	3 - 11 Months	1,700	\$7,250.16	\$7,411.77
North	SSI	Child 1 - 20	119,014	\$732.77	\$771.83
North	SSI	Adult 21+	208,362	\$1,075.63	\$1,109.86
North	Family & Children	0 - 2 Months	35,265	\$1,972.31	\$2,023.24
North	Family & Children	3 - 11 Months	81,697	\$275.01	\$286.45
North	Family & Children	Child 1 - 20	1,639,346	\$161.97	\$171.11
North	Family & Children	Adult 21+	239,631	\$323.39	\$338.14
North	Foster Care Children	FCC, All Ages	24,828	\$518.08	\$552.29
North	BCC	BCC, All Ages	2,561	\$2,262.84	\$2,339.95
North	LAP	LAP, All Ages	6,372	\$184.94	\$194.58
North	HCBS	Child 0 - 20	4,318	\$1,835.37	\$1,963.45
North	HCBS	Adult 21+	11,256	\$1,066.32	\$1,121.51
North	CCM	CCM, All Ages	16,846	\$1,149.31	\$1,233.62
North	SBH — CCM	SBH — CCM, All Ages Male & Female	17,129	\$157.40	\$170.00
North	SBH — Duals	SBH — Dual Eligible, All Ages	256,152	\$20.52	\$21.30
North	SBH — HCBS	SBH — 20 & Under, Male and Female	4,318	\$77.72	\$83.18
North	SBH — HCBS	SBH — 21+ Years, Male and Female	11,256	\$84.70	\$87.56
North	SBH — Other	SBH — Other, All Ages	9,527	\$231.08	\$237.77
North	Maternity Kick Payment	Maternity Kick Payment	7,696	\$8,994.52	\$9,112.86
North	EED Kick Payment	EED Kick Payment	N/A	\$5,614.41	\$5,659.32

## Appendix B: Bayou Health Eligibility Designation

COA/Eligibility Category Name	Mandatory	Voluntary Opt-In	SBH & NEMT	Excluded
<b>SSI (ABD)</b>				
Physical health Hospitals (LOS > 30 days)	●			
BPL (Walker vs. Bayer)	●			
CSOC	●			
Disability Medicaid	●			
Disabled Adult Child	●			
DW/W	●			
Early Widow/Widowers	●			
Family Opportunity Program	●			
Former SSI	●			
Medicaid Buy-In Working Disabled (Medicaid Purchase Plan)	●			
PICKLE	●			
Provisional Medicaid	●			
Section 4913 Children	●			
SGA Disabled W/W/DS	●			
SSI	●			
SSI Conversion	●			
Tuberculosis	●			
<b>SSI (Office of Community Service (OCS) Foster Care, IV-E OCS/Office of Youth Development (OYD) and OCS/OYD (XIX))</b>				
Foster Care IV-E — Suspended SSI	●			
SSI	●			
<b>TANF (Families and Children, Low Income Families with Children (LIFC))</b>				
CHAMP — Child	●			
CHAMP — Pregnant Woman (to 133% of Federal Poverty Income Guidelines (FPIG))	●			
CHAMP — Pregnant Woman Expansion (to 185% FPIG)	●			

COA/Eligibility Category Name	Mandatory	Voluntary Opt-In	SBH & NEMT	Excluded
Deemed Eligible	●			
ELE — Food Stamps (Express Lane Eligibility — Food Stamps)	●			
Grant Review	●			
LaCHIP Phase 1	●			
LaCHIP Phase 2	●			
LaCHIP Phase 3	●			
LaCHIP Phase IV —Pregnant Women Expansion	●			
HPE LaCHIP	●			
HPE LaCHIP Unborn	●			
LIFC — Unemployed Parent/CHAMP	●			
LIFC Basic	●			
PAP - Prohibited Aid for Families with Dependent Children Provisions	●			
Pregnant women with income greater than 118% of Federal Poverty Level (FPL) and less than or equal to 133% of FPL	●			
Regular MNP	●			
HPE Children under age 19	●			
Transitional Medicaid	●			
HPE Parent/Caretaker Relative	●			
<b>FCC (Families and Children)</b>				
Former Foster Care Children	●			
HPE Former Foster Care	●			
Youth Aging Out of Foster Care (Chaffee Option)	●			
<b>FCC (OCS Foster Care, IV-E OCS/OYD and OCS/OYD (XIX))</b>				
CHAMP — Child	●			
CHAMP — Pregnant Woman (to 133% of FPIG)*	●			
IV-E Foster Care	●			

COA/Eligibility Category Name	Mandatory	Voluntary Opt-In	SBH & NEMT	Excluded
LaCHIP Phase 1	●			
OYD — V Category Child	●			
Regular Foster Care Child	●			
YAP (Young Adult Program)	●			
YAP/OYD	●			
<b>BCC (Families and Children)</b>				
Breast and/or Cervical Cancer	●			
HPE B/CC	●			
<b>LAP (Families and Children)</b>				
LaCHIP Affordable Plan	●			
<b>HCBS Waiver</b>				
ADHC		●	●	
Children's Waiver — Louisiana CC		●	●	
Community Choice Waiver		●	●	
NOW — SSI		●	●	
NOW Fund		●	●	
NOW — Non-SSI		●	●	
ROW — Non-SSI		●	●	
ROW — SSI		●	●	
SSI Children's Waiver — Louisiana CC		●	●	
SSI Community Choice Waiver		●	●	
SSI NOW Fund		●	●	
SSI/ADHC		●	●	
Supports Waiver		●	●	
Supports Waiver SSI		●	●	
<b>CCM</b>				
CCM*		●	●	
<b>SBH — Other</b>				
LTC			●	
LTC MNP/Transfer of Resources			●	
LTC Payment Denial/Late Admission Packet			●	

COA/Eligibility Category Name	Mandatory	Voluntary Opt-In	SBH & NEMT	Excluded
LTC Spend-Down MNP			●	
Private ICF/DD			●	
Public ICF/DD			●	
SSI Payment Denial/Late Admission			●	
SSI Transfer of Resource(s)/LTC			●	
SSI/LTC			●	
SSI/Private ICF/DD			●	
SSI/Public ICF/DD			●	
Transfer of Resource(s)/LTC			●	
Excess Home Equity SSI Under SIL			●	
Excess Home Equity SSI Under SIL-Reg LTC			●	
QDWI			●	
<b>SBH — Dual Eligibles</b>				
Dual Eligibles**			●	
<b>Excluded</b>				
CHAMP Presumptive Eligibility				●
DD Waiver				●
Denied SSI Prior Period				●
Disabled Adults Authorized for Special Hurricane Katrina Assistance				●
EDA Waiver				●
Family Planning — New Eligibility/Non-LaMOMS				●
Family Planning — Previous LaMOMS Eligibility				●
Family Planning/Take Charge Transition				●
Forced Benefits				●
GNOCHC Adult Parent				●
GNOCHC Childless Adult				●
HPE Family Planning				●
HPE Take Charge Plus				●
LBHP — Adult 1915(i)				●

COA/Eligibility Category Name	Mandatory	Voluntary Opt-In	SBH & NEMT	Excluded
LTC Co-Insurance				●
LTC Spend-Down MNP (Income > Facility Fee)				●
OCS Child Under Age 18 (State Funded)				●
OYD (Office of Youth Development)				●
PACE SSI				●
PACE SSI-related				●
PCA Waiver				●
Private ICF/DD Spend-Down MNP				●
Private ICF/DD Spend-Down MNP/Income Over Facility Fee				●
Public ICF/DD Spend-Down MNP				●
QI-1 (Qualified Individual — 1)				●
QI-2 (Qualified Individual — 2) (Program terminated 12/31/2002)				●
QMB				●
SLMB				●
Spend-Down MNP				●
Spend-Down Denial of Payment/Late Packet				●
SSI Conversion/Refugee Cash Assistance (RCA)/LIFC Basic				●
SSI DD Waiver				●
SSI PCA Waiver				●
SSI/EDA Waiver				●
State Retirees				●
Terminated SSI Prior Period				●

\* Individuals under the age of 21 otherwise eligible for Medicaid who are listed on the OCDD's Request for Services Registry who are CCM.

\*\* Dual eligibles included in Bayou Health for SBH and NEMT services must be in a mandatory, voluntary opt-in or SBH and NEMT population listed above in Attachment C. They must also be eligible for Medicare, which is identified based on the Medicare Duals Eligibility table supplied by DHH's fiscal agent. Dually eligible individuals are represented by Dual Status code 02, 04, and 08.

## Appendix C: Bayou Health Covered Services

**Table 1: PH Program**

Medicaid COS	Units of Measurement	Completion COS
Inpatient Hospital	Days	Inpatient
Outpatient Hospital	Claims	Outpatient
Primary Care Physician	Visits	Physician
Specialty Care Physician	Visits	Physician
Federally Qualified Health Center (FQHC)/Rural Health Clinic (RHC)	Visits	Physician
EPSDT	Visits	Physician
Certified Nurse Practitioners/Clinical Nurse	Claims	Physician
Lab/Radiology	Units	Other
Home Health	Visits	Other
Emergency Transportation	Units	Transportation
NEMT	Units	Transportation
Rehabilitation Services (Occupational Therapy, Physical Therapy, Speech Therapy)	Visits	Other
DME	Units	Other
Clinic	Claims	Physician
Family Planning	Visits	Physician
Other	Units	Other
Prescribed Drugs	Scripts	Prescribed Drugs
Emergency Room	Visits	Outpatient
Basic Behavioral Health	Claims	Physician
Hospice*	Admits	Inpatient
Personal Care Services (Age 0–20)*	Units	Physician
Inpatient Services — Mental Health*	Days	Inpatient
Emergency Room — Mental Health*	Visits	Other
Professional/Other — Mental Health*	Units	Other

\* Services that were excluded during the base periods from the Bayou Health program and now are included.

**Table 2: SBH Program**

Medicaid COS	Units of Measurement	Completion COS
Inpatient Services — Mental Health*	Days	SBH Inpatient
Emergency Room — Mental Health*	Visits	SBH Other
Professional/Other — Mental Health*	Units	SBH Other
NEMT	Units	Transportation

\* Services that were excluded during the base periods from the Bayou Health program and now are included.

## Appendix D: PMPM Impact of Behavioral Health MSP

COA Description	CY 2014 MMs	Blended PMPM	MSP PMPM	MSP Adjustment
SBH — Chisholm Class Members	70,181	\$89.58	-\$4.19	-4.70%
SBH — Dual Eligible	1,117,726	\$15.38	-\$0.36	-2.30%
SBH — HCBS Waiver	77,066	\$53.34	-\$3.23	-6.10%
SBH — Other	36,202	\$141.59	-\$7.64	-5.40%
<b>Total SBH Only COAs</b>	<b>1,301,175</b>	<b>\$25.14</b>	<b>-\$0.94</b>	<b>-3.70%</b>

## Appendix E: Trends by utilization, unit cost and PMPM

Table 1: PH Covered Services

COS Group	SSI/BCC/HCBS					
	Unit Cost		Utilization		PMPM	
	Low	High	Low	High	Low	High
Inpatient						
Outpatient	7.00%	8.00%	1.00%	2.00%	0.00%	1.00%
Physician	1.58%	2.58%	0.47%	1.47%	2.06%	4.09%
Transportation					8.20%	11.18%
Pharmacy					8.83%	9.83%
Other	3.85%	5.56%	9.57%	10.56%	13.78%	16.71%
Maternity Kickpayment						

COS Group	F&C/FCC/LAP/CCM					
	Unit Cost		Utilization		PMPM	
	Low	High	Low	High	Low	High
Inpatient						
Outpatient	4.00%	6.00%	0.00%	1.00%	0.00%	1.00%
Physician	1.26%	2.84%	0.00%	1.00%	1.26%	3.87%
Transportation					9.71%	12.88%
Pharmacy					4.00%	5.00%
Other	1.24%	2.56%	4.60%	6.60%	5.90%	9.33%
Maternity Kickpayment						

COS Group	Maternity Kickpayment					
	Unit Cost		Utilization		PMPM	
	Low	High	Low	High	Low	High
Inpatient						
Outpatient						
Physician						
Transportation						
Pharmacy						
Other						
Maternity Kickpayment	0.00%	1.00%	0.00%	0.00%	0.00%	1.00%

## Appendix E: Trends by utilization, unit cost and PMPM

Table 2: SBH Trends

Mapped_COA_Desc	Rate_Cell_Code	PMPM Trend			
		SBH Services		NEMT Services	
		Low	High	Low	High
SSI	Newborn, 0-2 Months	29.00%	34.00%		
SSI	Newborn, 3-11 Months	29.00%	34.00%		
SSI	Child, 1-20 Years	29.00%	34.00%		
SSI	Adult, 21+ Years	4.00%	6.00%		
Family and Children	Newborn, 0-2 Months	29.00%	34.00%		
Family and Children	Newborn, 3-11 Months	29.00%	34.00%		
Family and Children	Child, 1-20 Years	29.00%	34.00%		
Family and Children	Adult, 21+ Years	4.00%	6.00%		
Foster Care Children	Foster Care, All Ages Male & Female	29.00%	34.00%		
Breast and Cervical Cancer	BCC, All Ages Female	4.00%	6.00%		
LaCHIP Affordable Plan	All Ages	29.00%	34.00%		
HCBS Waiver	20 & Under, Male and Female	29.00%	34.00%		
HCBS Waiver	21+ Years, Male and Female	4.00%	6.00%		
Chisholm Class Members	Chisholm, All Ages Male & Female	29.00%	34.00%		
Chisholm Class Members	Chisholm, All Ages Male & Female	29.00%	34.00%	10.00%	12.00%
Dual Eligible	Dual Eligible, All Ages	4.00%	6.00%	15.00%	17.00%
HCBS Waiver	20 & Under, Male and Female	29.00%	34.00%	10.00%	12.00%
HCBS Waiver	21+ Years, Male and Female	4.00%	6.00%	10.00%	12.00%
Other	Other, All Ages	4.00%	6.00%	10.00%	12.00%
Kickpayment	Kickpayment				

## Appendix F: Managed Care Savings Assumptions

Table 1: Managed Care Savings Assumptions

COS Description	HCBS Waiver/CCM						Historically VOO					
	Utilization			Unit Cost			PMPM			Utilization		
	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High
IP Hospital	-12.50%	-10.00%	1.00%	5.00%	-11.63%	-5.50%	-11.63%	-5.50%	-15.00%	3.00%	-19.20%	-12.45%
OP Hospital	-10.00%	-7.50%	1.00%	3.00%	-9.10%	-4.72%	-9.10%	-4.72%	5.00%	7.00%	10.25%	17.70%
PCP	2.50%	5.00%	5.00%	7.00%	7.62%	12.35%	7.62%	12.35%	10.00%	5.00%	2.00%	17.70%
Specialty Care Physician	-12.50%	-10.00%	0.00%	2.00%	-12.50%	-8.20%	-12.50%	-8.20%	-20.00%	0.00%	-25.00%	-18.40%
FQHC/Rural Health Clinic	0.00%	2.50%	0.00%	2.00%	0.00%	4.55%	0.00%	4.55%	0.00%	5.00%	0.00%	7.10%
EPSTD	0.00%	0.00%	5.00%	7.00%	5.00%	7.00%	5.00%	7.00%	10.00%	5.00%	10.25%	17.70%
GNP/CN	2.50%	5.00%	5.00%	7.00%	7.62%	12.35%	7.62%	12.35%	10.00%	5.00%	10.25%	17.70%
Lab/Radiology	-10.00%	-5.00%	0.00%	2.00%	-10.00%	-3.10%	-10.00%	-3.10%	-10.00%	0.00%	-20.00%	-8.20%
Home Health	0.00%	0.00%	0.00%	2.00%	0.00%	2.00%	0.00%	2.00%	0.00%	5.00%	0.00%	7.10%
Emergency Transportation	-5.00%	-2.50%	0.00%	2.00%	-5.00%	-0.55%	-5.00%	-0.55%	-5.00%	0.00%	-10.00%	-3.10%
NEMT <sup>1</sup>	0.00%	2.50%	0.00%	2.00%	0.00%	4.55%	0.00%	4.55%	0.00%	5.00%	0.00%	7.10%
Rehabilitation Services (OT, PT, ST)	-5.00%	-2.50%	0.00%	2.00%	-5.00%	-0.55%	-5.00%	-0.55%	-5.00%	0.00%	-10.00%	-3.10%
Durable Medical Equipment (DME) <sup>1</sup>	-10.00%	-7.50%	0.00%	2.00%	-10.00%	-5.65%	-10.00%	-5.65%	-15.00%	0.00%	-20.00%	-13.30%
Clinic	-10.00%	-7.50%	0.00%	2.00%	-10.00%	-5.65%	-10.00%	-5.65%	-15.00%	0.00%	-20.00%	-13.30%
Family Planning	0.00%	2.50%	0.00%	2.00%	0.00%	4.55%	0.00%	4.55%	0.00%	5.00%	0.00%	7.10%
Other	0.00%	2.50%	0.00%	2.00%	0.00%	4.55%	0.00%	4.55%	0.00%	5.00%	0.00%	7.10%
Prescribed Drugs	-10.39%	-10.39%	0.00%	0.00%	-10.39%	-10.39%	-10.39%	-10.39%	Varies by COA, please see Table 3	2.00%	0.00%	7.10%
Emergency Room	-12.50%	-10.00%	5.00%	7.00%	-8.12%	-3.70%	-8.12%	-3.70%	-20.00%	5.00%	-21.25%	-14.40%
Basic Behavioral Health	0.00%	0.00%	0.00%	2.00%	0.00%	2.00%	0.00%	2.00%	0.00%	5.00%	0.00%	7.10%
Hospice	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	Varies by COA, please see Table 4	2.00%	0.00%	7.10%
Personal Care Services <sup>2</sup>					-10.00%	-5.00%	-10.00%	-5.00%			-10.00%	-5.00%

Table 2: Inpatient Managed Care Savings Assumptions by COA

1 - IP Hospital	Utilization			Unit Cost			PMPM		
	Low	High	Low	High	Low	High	Low	High	High
SSI/FCC/BCC/LaCHIP	-25.00%	-20.00%	1.00%	5.00%	-24.25%	-16.00%	-24.25%	-16.00%	
Family and Children	-30.00%	-25.00%	1.00%	5.00%	-29.30%	-21.25%	-29.30%	-21.25%	

Table 3: Prescribed Drugs Managed Care Savings Assumptions by COA

2 - Prescribed Drugs	Utilization			Unit Cost			PMPM		
	Low	High	Low	High	Low	High	Low	High	High
SSI	-20.78%	-20.78%	-5.57%	-5.57%	-25.19%	-25.19%	-25.19%	-25.19%	
Family and Children	-23.11%	-23.11%	-2.65%	-2.65%	-25.15%	-25.15%	-25.15%	-25.15%	
Foster Care Children	-18.50%	-18.50%	-1.53%	-1.53%	-19.75%	-19.75%	-19.75%	-19.75%	
Breast and Cervical Cancer	-12.45%	-12.45%	-8.71%	-8.71%	-20.07%	-20.07%	-20.07%	-20.07%	
LaCHIP Affordable Plan	-20.78%	-20.78%	-5.57%	-5.57%	-25.19%	-25.19%	-25.19%	-25.19%	

Table 4: Hospice Managed Care Savings Assumptions by COA

3 - Hospice	Utilization			Unit Cost			PMPM		
	Low	High	Low	High	Low	High	Low	High	High
SSI/FCC/BCC/LaCHIP	-25.00%	-20.00%	1.00%	5.00%	-24.25%	-16.00%	-24.25%	-16.00%	
Family and Children	-30.00%	-25.00%	1.00%	5.00%	-29.30%	-21.25%	-29.30%	-21.25%	

### Notes

1 – Managed care savings adjustments were applied to NEMT and DME services incurred by the Legacy Shared Savings program populations, as these services were not historically covered under the Shared Savings program.

2 – Managed care savings adjustments were applied to Personal Care Services incurred by the Legacy Shared Savings and Prepaid programs populations, as these services were not historically covered under the Shared Savings program.

## Appendix G: Retro-Active Eligibility Adjustment Factors Development

Table 1: Monthly Duration Calculation Example -- SSI Population

Unique Recipient Count Retroactive Eligibility Months	First Month of Enrollment in Bayou Health in 2014												Overall CY14
	January	February	March	April	May	June	July	August	September	October	November	December	
1	29	120	81	106	96	118	95	112	105	139	137	82	1,220
2	14	67	78	68	59	95	75	79	79	120	81	57	872
3	13	46	52	42	47	56	54	67	66	57	79	41	620
4	10	63	48	47	51	75	67	78	72	90	104	45	750
5	10	67	54	67	59	68	67	122	91	86	87	68	846
6	7	55	44	50	54	71	63	106	175	92	90	43	850
7	11	30	41	74	49	51	36	75	78	94	76	43	658
8	3	26	18	39	43	39	25	46	62	65	100	26	492
9	6	13	7	14	19	34	28	82	69	39	54	32	397
10	1	8	7	14	21	32	14	57	69	64	33	30	350
11	1	37	38	50	47	56	42	59	69	55	45	42	541
12	18	7	15	11	20	17	11	25	9	11	20	7	171
Grand Total: [A]	123	539	483	582	565	712	577	908	944	912	906	516	7,767
Retro Member Months: [B]	620	2,415	2,281	2,969	3,003	3,657	2,826	5,179	5,474	4,798	4,810	2,740	40,772
Avg. Retro Duration: [C] = [B] / [A]	5.0	4.5	4.7	5.1	5.3	5.1	4.9	5.7	5.8	5.3	5.3	5.3	5.2

## Appendix G: Retro-Active Eligibility Adjustment Factors Development

Table 2a: Retroactive Member Months by COA

COA Description	First Month of Enrollment in Bayou Health in 2014												Overall CY14
	January	February	March	April	May	June	July	August	September	October	November	December	
SSI	620	2,415	2,281	2,969	3,003	3,657	2,826	5,179	5,474	4,798	4,810	2,740	40,772
F&C	3,812	9,554	6,718	12,481	17,455	14,633	16,381	20,503	17,535	36,843	16,443	8,809	181,167
FCC	3	25	15	64	44	52	57	92	83	102	37	39	613
BCC	3	68	40	46	24	36	54	27	51	39	69	38	495
LAP		4	2	1	2	3	3	11	16	12	11	1	66
HCBS								1	2	8		9	20
CCM		4		8		6	15	6	4	10	4	5	62
<b>Grand Total</b>	<b>4,438</b>	<b>12,070</b>	<b>9,056</b>	<b>15,569</b>	<b>20,528</b>	<b>18,387</b>	<b>19,336</b>	<b>25,819</b>	<b>23,165</b>	<b>41,812</b>	<b>21,374</b>	<b>11,641</b>	<b>223,195</b>

Table 2b: Unique Recipient Count by COA

COA Description	First Month of Enrollment in Bayou Health in 2014												Overall CY14
	January	February	March	April	May	June	July	August	September	October	November	December	
SSI	123	539	483	582	565	712	577	908	944	912	906	516	7,767
F&C	1,899	4,325	2,660	4,354	5,907	5,731	5,573	6,912	6,138	10,756	7,042	3,954	65,251
FCC	2	13	12	32	19	25	25	46	31	53	22	26	306
BCC	1	25	13	21	10	13	21	15	18	17	27	14	195
LAP		2	2	1	2	3	3	6	9	7	7	1	43
HCBS								1	1	4		2	8
CCM		2		2		2	3	4	2	4	1	1	21
<b>Grand Total</b>	<b>2,025</b>	<b>4,906</b>	<b>3,170</b>	<b>4,992</b>	<b>6,503</b>	<b>6,486</b>	<b>6,202</b>	<b>7,892</b>	<b>7,143</b>	<b>11,753</b>	<b>8,005</b>	<b>4,514</b>	<b>73,591</b>

Table 2c: Average Duration by COA ( [2a] / [2b] )

COA Description	First Month of Enrollment in Bayou Health in 2014												Overall CY14
	January	February	March	April	May	June	July	August	September	October	November	December	
SSI	5.0	4.5	4.7	5.1	5.3	5.1	4.9	5.7	5.8	5.3	5.3	5.3	5.3
F&C	2.0	2.2	2.5	2.9	3.0	2.6	2.9	3.0	2.9	3.4	2.3	2.2	2.8
FCC	1.5	1.9	1.3	2.0	2.3	2.1	2.3	2.0	2.7	1.9	1.7	1.5	2.0
BCC	3.0	2.7	3.1	2.2	2.4	2.8	2.6	1.8	2.8	2.3	2.6	2.7	2.5
LAP		2.0	1.0	1.0	1.0	1.0	1.0	1.8	1.8	1.7	1.6	1.0	1.5
HCBS								1.0	2.0	2.0		4.5	2.5
CCM		2.0		4.0		3.0	5.0	1.5	2.0	2.5	4.0	5.0	3.0
<b>Grand Total</b>	<b>2.2</b>	<b>2.5</b>	<b>2.9</b>	<b>3.1</b>	<b>3.2</b>	<b>2.8</b>	<b>3.1</b>	<b>3.3</b>	<b>3.2</b>	<b>3.6</b>	<b>2.7</b>	<b>2.6</b>	<b>3.0</b>

## Appendix G: Retro-Active Eligibility Adjustment Factors Development

Table 3: Retroactive Eligibility Adjustment Factors Development

COA Description	Rate Cell Description	Base Data from Data Book		Retroactive Eligibility -- CY14 Experience			Adjustment Factors Development			Final Retro Adj. Factor			
		CY14 MMs	CY14 PMPMs	Recipient Count	Average Duration	PMPMs	MMs	PMPMs	Observed Retro Adj. Factor				
SSI	Newborn, 0-2 Months	1,791	\$ 17,484.87							1,791	\$ 17,484.87	1,000	1,000
SSI	Newborn, 3-11 Months	7,075	\$ 4,329.71							7,075	\$ 4,329.71	1,000	1,000
SSI	Child, 1-20 Years	472,130	\$ 462.78	886	5.3	\$ 188.66				476,782	\$ 460.11	0.994	1,000
SSI	Adult, 21+ Years	910,199	\$ 812.76	6,881	5.3	\$ 926.01				946,324	\$ 817.09	1,005	1,005
F&C	Newborn, 0-2 Months	173,111	\$ 1,199.02							173,111	\$ 1,199.02	1,000	1,000
F&C	Newborn, 3-11 Months	391,571	\$ 204.58							391,571	\$ 204.58	1,000	1,000
F&C	Child, 1-20 Years	7,757,419	\$ 112.98	35,649	2.8	\$ 46.53				7,856,523	\$ 112.14	0.993	1,000
F&C	Adult, 21+ Years	1,216,522	\$ 242.49	29,602	2.8	\$ 209.87				1,298,816	\$ 240.42	0.991	1,000
FCC	FCC, All Ages Male & Female	126,475	\$ 328.64	306	2.0	\$ 162.50				127,087	\$ 327.84	0.998	1,000
BCC	BCC, All Ages Female	13,070	\$ 1,337.82	195	2.5	\$ 2,292.67				13,565	\$ 1,372.68	1,026	1,026
LAP	All Ages	40,170	\$ 153.95	43	1.5	\$ 498.98				40,236	\$ 154.51	1,004	1,004
HCBS Waiver	20 & Under, Male and Female	25,781	\$ 1,368.09	4	2.5	\$ 1,109.00				25,791	\$ 1,367.99	1,000	1,000
HCBS Waiver	21+ Years, Male and Female	51,285	\$ 795.34	4	2.5	\$ 1,002.18				51,295	\$ 795.38	1,000	1,000
CCM	CCM, All Ages Male & Female	69,175	\$ 916.35	21	3.0	\$ 1,149.95				69,237	\$ 916.56	1,000	1,000

### Notes:

The retroactive eligibility adjustment does not apply to the newborn rate cells as retroactive experience is included in the base data for these rate cells.

$$F = A + (C * D)$$

$$G = ((A * B) + (C * D * E)) / F$$

$$H = G / B$$

$$I = \text{MAX}(H, 1)$$

# Appendix H: Physical Health Projected Claims PMPM Development

Table 1: PH Historical Rating Adjustments

Region Name	COA Desc	Rate Cell Desc	CY2013 MMs	CY2013 PMPM	Recoupment Adj (F&A)	Fee Sched Adj	ACT 312 Adj	CY2013 PMPM After Adj	CY2014 MMs	CY2014 PMPM	Recoupment Adj (F&A)	Fee Sched Adj	ACT 312 Adj	CY2014 PMPM After Adj
Gulf	SSI	Newborn, 0-2 Months	604	\$ 23,417.19	-0.18%	-5.20%	0.02%	\$ 22,163.84	489	\$ 22,257.30	-0.13%	-4.21%		\$ 21,281.82
Gulf	SSI	Newborn, 3-11 Months	2,059	\$ 6,381.27	-0.15%	-3.46%	0.02%	\$ 6,164.01	2,016	\$ 5,504.10	-0.14%	-3.71%		\$ 5,282.40
Gulf	SSI	Child, 1-20 Years	146,014	\$ 326.79	-0.10%	1.04%	1.10%	\$ 333.50	140,382	\$ 351.04	-0.12%	-2.89%		\$ 340.48
Gulf	SSI	Adult, 21+ Years	285,997	\$ 712.04	-0.08%	1.23%	1.08%	\$ 728.01	288,331	\$ 751.84	-0.09%	-2.65%		\$ 731.31
Gulf	Family and Children	Newborn, 0-2 Months	47,078	\$ 1,194.92	-0.16%	-4.56%	0.04%	\$ 1,139.10	48,751	\$ 1,114.81	-0.17%	-6.13%		\$ 1,044.74
Gulf	Family and Children	Newborn, 3-11 Months	105,588	\$ 197.18	-0.15%	-5.72%	0.51%	\$ 186.57	108,391	\$ 212.61	-0.12%	-8.17%		\$ 195.01
Gulf	Family and Children	Child, 1-20 Years	2,076,132	\$ 87.75	-0.13%	-2.48%	0.93%	\$ 86.26	2,120,899	\$ 90.14	-0.10%	-5.77%		\$ 84.85
Gulf	Family and Children	Adult, 21+ Years	364,014	\$ 211.15	-0.10%	1.17%	0.92%	\$ 215.36	388,455	\$ 211.94	-0.10%	-2.15%		\$ 207.18
Gulf	Foster Care Children	Foster Care, All Ages Male & Female	21,885	\$ 167.24	-0.11%	0.41%	1.33%	\$ 169.97	23,352	\$ 169.59	-0.10%	-4.02%		\$ 162.61
Gulf	Breast and Cervical Cancer	BCC, All Ages Female	3,850	\$ 1,356.05	-0.10%	-0.83%	0.39%	\$ 1,348.66	3,937	\$ 1,245.33	-0.12%	-6.35%		\$ 1,164.84
Gulf	LaCHIP Affordable Plan	All Ages	10,504	\$ 121.33	-0.13%	-3.37%	0.97%	\$ 118.22	10,344	\$ 138.40	-0.12%	-4.83%		\$ 131.56
Gulf	HCBS Waiver	20 & Under, Male and Female	7,958	\$ 901.22	-0.12%	5.82%	0.80%	\$ 958.33	7,718	\$ 907.41	-0.17%	-0.06%		\$ 905.30
Gulf	HCBS Waiver	21+ Years, Male and Female	13,356	\$ 684.74	-0.14%	9.16%	1.47%	\$ 768.50	13,526	\$ 702.50	-0.15%	-0.28%		\$ 689.49
Gulf	Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	16,111	\$ 684.94	-0.15%	5.09%	0.85%	\$ 703.65	18,983	\$ 790.86	-0.21%	-0.07%		\$ 788.65
Gulf	SBH - Dual Eligible	SBH - Chisholm, All Ages Male & Female	-	-	0.00%	0.00%	0.00%	-	-	-	0.00%	0.00%		-
Gulf	SBH - HCBS Waiver	SBH - Dual Eligible, All Ages	-	-	0.00%	0.00%	0.00%	-	-	-	0.00%	0.00%		-
Gulf	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female	-	-	0.00%	0.00%	0.00%	-	-	-	0.00%	0.00%		-
Gulf	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	-	-	0.00%	0.00%	0.00%	-	-	-	0.00%	0.00%		-
Gulf	SBH - Other	SBH - Other, All Ages	-	-	0.00%	0.00%	0.00%	-	-	-	0.00%	0.00%		-
Gulf	Maternity Kidpayment	Maternity Kidpayment, All Ages	10,575	\$ 5,740.32	-0.16%	-1.43%	0.00%	\$ 5,649.47	10,549	\$ 5,615.55	-0.15%	-1.83%		\$ 5,504.09
Capital	SSI	Newborn, 0-2 Months	438	\$ 17,483.68	-0.22%	3.60%	0.02%	\$ 18,077.29	384	\$ 17,219.17	-0.20%	-1.03%		\$ 17,007.88
Capital	SSI	Newborn, 3-11 Months	1,724	\$ 6,075.63	-0.15%	5.08%	0.22%	\$ 6,387.60	1,488	\$ 6,060.12	-0.22%	-0.52%		\$ 6,014.88
Capital	SSI	Child, 1-20 Years	107,730	\$ 389.62	-0.10%	3.95%	1.10%	\$ 388.07	104,301	\$ 395.72	-0.10%	-0.49%		\$ 393.37
Capital	SSI	Adult, 21+ Years	211,050	\$ 780.81	-0.07%	5.22%	1.16%	\$ 830.53	195,553	\$ 836.77	-0.08%	-0.03%		\$ 836.41
Capital	Family and Children	Newborn, 0-2 Months	42,322	\$ 1,162.54	-0.20%	0.75%	0.05%	\$ 1,189.71	42,461	\$ 1,187.34	-0.21%	-3.08%		\$ 1,158.04
Capital	Family and Children	Newborn, 3-11 Months	95,526	\$ 203.22	-0.19%	-3.25%	0.56%	\$ 197.33	96,528	\$ 197.03	-0.13%	-6.76%		\$ 183.48
Capital	Family and Children	Child, 1-20 Years	1,865,622	\$ 94.50	-0.10%	0.24%	1.07%	\$ 95.61	1,914,036	\$ 98.37	-0.10%	-3.70%		\$ 94.63
Capital	Family and Children	Adult, 21+ Years	281,190	\$ 244.60	-0.10%	4.87%	1.00%	\$ 258.83	288,647	\$ 245.04	-0.10%	0.96%		\$ 247.14
Capital	Foster Care Children	Foster Care, All Ages Male & Female	31,354	\$ 171.34	-0.10%	3.83%	1.50%	\$ 180.39	33,468	\$ 173.00	-0.08%	-2.52%		\$ 168.51
Capital	Breast and Cervical Cancer	BCC, All Ages Female	4,073	\$ 1,016.80	-0.13%	7.42%	0.43%	\$ 1,095.87	3,825	\$ 1,156.30	-0.12%	-1.70%		\$ 1,174.62
Capital	LaCHIP Affordable Plan	All Ages	11,368	\$ 119.18	-0.13%	0.82%	1.41%	\$ 121.68	10,876	\$ 180.15	-0.15%	-2.56%		\$ 175.28
Capital	HCBS Waiver	20 & Under, Male and Female	8,312	\$ 1,176.09	-0.14%	6.95%	0.66%	\$ 1,264.85	7,469	\$ 1,250.33	-0.13%	0.99%		\$ 1,261.13
Capital	HCBS Waiver	21+ Years, Male and Female	12,207	\$ 674.30	-0.14%	14.02%	1.44%	\$ 778.83	12,294	\$ 715.49	-0.16%	1.55%		\$ 725.45
Capital	Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	15,980	\$ 842.50	-0.13%	5.54%	0.83%	\$ 895.38	17,068	\$ 944.59	-0.18%	0.73%		\$ 949.81
Capital	SBH - Dual Eligible	SBH - Chisholm, All Ages Male & Female	-	-	0.00%	0.00%	0.00%	-	-	-	0.00%	0.00%		-
Capital	SBH - HCBS Waiver	SBH - Dual Eligible, All Ages	-	-	0.00%	0.00%	0.00%	-	-	-	0.00%	0.00%		-
Capital	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female	-	-	0.00%	0.00%	0.00%	-	-	-	0.00%	0.00%		-
Capital	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	-	-	0.00%	0.00%	0.00%	-	-	-	0.00%	0.00%		-
Capital	SBH - Other	SBH - Other, All Ages	-	-	0.00%	0.00%	0.00%	-	-	-	0.00%	0.00%		-
Capital	Maternity Kidpayment	Maternity Kidpayment, All Ages	9,368	\$ 4,979.05	-0.18%	-0.02%	0.00%	\$ 4,968.98	9,280	\$ 4,861.92	-0.18%	-0.18%		\$ 4,844.19

Notes:

$$F = B * (1 + C) * (1 + D) * (1 + E)$$

$$L = H * (1 + I) * (1 + J)$$

$$M^1 = 40\% * CY13 + 60\% * CY14$$

$$W = (M * (1 + N) * (1 + O) * (1 + P)) * ((1 + Q) * 25/12) * S + U + V$$

$$X = (M * (1 + N) * (1 + O) * (1 + P)) * ((1 + R) * 25/12) * T + U + V$$

M<sup>1</sup> is calculated separately for PP, SS and FFS data types

# Appendix H: Physical Health Projected Claims PMPM Development

Table 1: PH Historical Rating Adjustments

Region Name	COA Desc	Rate Cell Desc	CY2013 MMs	CY2013 PMPM	Recoupment Adj (F&A)	Fee Sched Adj	ACT 312 Adj	CY2013 PMPM After Adj	CY2014 MMs	CY2014 PMPM	Recoupment Adj (F&A)	Fee Sched Adj	ACT 312 Adj	CY2014 PMPM After Adj
South Central	SSI	Newborn, 0-2 Months	504	\$ 13,205.19	-0.16%	1.05%	0.03%	\$ 13,327.83	466	\$ 16,560.58	-0.23%	-1.17%		\$ 16,327.93
South Central	SSI	Newborn, 3-11 Months	1,951	\$ 4,468.01	-0.13%	2.84%	0.42%	\$ 4,607.99	1,871	\$ 3,188.39	-0.16%	-0.34%		\$ 3,173.57
South Central	SSI	Child, 1-20 Years	109,883	\$ 370.39	-0.08%	2.87%	1.32%	\$ 385.72	108,433	\$ 365.62	-0.07%	-1.48%		\$ 359.96
South Central	SSI	Adult, 21+ Years	249,545	\$ 697.45	-0.07%	2.52%	1.12%	\$ 722.48	237,963	\$ 706.66	-0.08%	-1.89%		\$ 687.02
South Central	Family and Children	Newborn, 0-2 Months	46,805	\$ 1,274.83	-0.16%	-0.92%	0.05%	\$ 1,261.78	46,634	\$ 1,273.70	-0.17%	-2.69%		\$ 1,237.35
South Central	Family and Children	Newborn, 3-11 Months	105,452	\$ 213.23	-0.15%	-3.45%	0.05%	\$ 206.77	104,965	\$ 203.98	-0.12%	-7.06%		\$ 189.37
South Central	Family and Children	Child, 1-20 Years	2,041,960	\$ 99.89	-0.11%	-0.19%	1.12%	\$ 100.71	2,083,138	\$ 99.99	-0.08%	-4.45%		\$ 95.46
South Central	Family and Children	Adult, 21+ Years	271,825	\$ 230.41	-0.10%	2.94%	0.91%	\$ 239.09	299,789	\$ 224.94	-0.10%	-0.62%		\$ 223.33
South Central	Foster Care Children	Foster Care, All Ages Male & Female	39,937	\$ 183.55	-0.10%	3.24%	1.44%	\$ 192.04	44,797	\$ 175.30	-0.09%	-2.01%		\$ 171.62
South Central	Breast and Cervical Cancer	BCC, All Ages Female	2,936	\$ 1,674.64	-0.08%	1.24%	0.76%	\$ 1,665.30	2,747	\$ 1,364.04	-0.12%	-3.00%		\$ 1,321.55
South Central	LaCHIP Affordable Plan	All Ages	13,198	\$ 106.06	-0.14%	-2.40%	1.13%	\$ 104.53	12,678	\$ 109.66	-0.09%	-3.41%		\$ 106.13
South Central	HCBS Waiver	20 & Under, Male and Female	7,448	\$ 1,571.08	-0.08%	3.88%	0.67%	\$ 1,641.71	8,766	\$ 1,615.45	-0.11%	-0.12%		\$ 1,611.85
South Central	Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	14,510	\$ 805.69	-0.14%	8.37%	1.39%	\$ 884.09	14,109	\$ 802.20	-0.15%	0.16%		\$ 802.29
South Central	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	16,884	\$ 902.09	-0.12%	3.74%	0.88%	\$ 942.92	18,278	\$ 855.91	-0.15%	0.46%		\$ 858.47
South Central	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female	-	-	0.00%	0.00%	0.00%	-	-	-	0.00%	0.00%		-
South Central	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	-	-	0.00%	0.00%	0.00%	-	-	-	0.00%	0.00%		-
South Central	SBH - Other	SBH - Other, All Ages	-	-	0.00%	0.00%	0.00%	-	-	-	0.00%	0.00%		-
South Central	Maternity Kidspayment	Maternity Kidspayment, All Ages	10,301	\$ 4,728.64	-0.16%	6.53%	0.00%	\$ 5,027.25	10,188	\$ 4,881.71	-0.15%	4.46%		\$ 5,091.47
North	SSI	Newborn, 0-2 Months	476	\$ 16,309.91	-0.21%	-2.98%	0.03%	\$ 15,896.36	442	\$ 13,302.32	-0.21%	-4.02%		\$ 12,740.78
North	SSI	Newborn, 3-11 Months	1,874	\$ 2,590.80	-0.12%	0.31%	0.51%	\$ 2,608.91	1,700	\$ 2,669.59	-0.15%	-3.13%		\$ 2,582.12
North	SSI	Child, 1-20 Years	120,806	\$ 327.07	-0.07%	1.10%	1.13%	\$ 334.17	119,014	\$ 341.54	-0.08%	-2.64%		\$ 332.25
North	SSI	Adult, 21+ Years	212,523	\$ 668.11	-0.08%	0.49%	1.03%	\$ 677.76	208,392	\$ 675.79	-0.09%	-3.27%		\$ 663.08
North	Family and Children	Newborn, 0-2 Months	35,626	\$ 1,311.96	-0.16%	-2.79%	0.04%	\$ 1,273.85	35,265	\$ 1,216.25	-0.16%	-4.15%		\$ 1,163.87
North	Family and Children	Newborn, 3-11 Months	81,279	\$ 209.64	-0.13%	-2.55%	0.54%	\$ 205.15	81,697	\$ 202.47	-0.11%	-5.77%		\$ 190.58
North	Family and Children	Child, 1-20 Years	1,599,053	\$ 85.52	-0.11%	1.23%	0.82%	\$ 86.86	1,639,346	\$ 86.94	-0.09%	-3.79%		\$ 83.57
North	Family and Children	Adult, 21+ Years	206,386	\$ 216.53	-0.11%	1.23%	0.82%	\$ 220.73	239,631	\$ 214.29	-0.11%	-1.41%		\$ 211.03
North	Foster Care Children	Foster Care, All Ages Male & Female	22,040	\$ 190.21	-0.08%	5.40%	1.55%	\$ 203.42	24,828	\$ 177.29	-0.07%	-1.23%		\$ 174.98
North	Breast and Cervical Cancer	BCC, All Ages Female	2,439	\$ 1,663.11	-0.09%	-8.43%	1.03%	\$ 1,537.25	2,591	\$ 1,667.68	-0.12%	-12.61%		\$ 1,455.62
North	LaCHIP Affordable Plan	All Ages	7,217	\$ 1,312.24	-0.11%	2.67%	0.62%	\$ 1,357.91	6,372	\$ 1,446.46	-0.11%	-2.06%		\$ 1,423.30
North	HCBS Waiver	20 & Under, Male and Female	4,875	\$ 1,509.52	-0.10%	6.44%	1.40%	\$ 845.82	4,318	\$ 1,749.16	-0.13%	-0.16%		\$ 1,744.01
North	Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	11,273	\$ 784.80	-0.15%	2.83%	0.89%	\$ 863.43	11,256	\$ 793.49	-0.16%	0.00%		\$ 792.23
North	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	16,974	\$ 670.56	-0.12%	0.00%	0.00%	-	16,846	\$ 711.70	-0.16%	-0.03%		\$ 716.32
North	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female	-	-	0.00%	0.00%	0.00%	-	-	-	0.00%	0.00%		-
North	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	-	-	0.00%	0.00%	0.00%	-	-	-	0.00%	0.00%		-
North	SBH - Other	SBH - Other, All Ages	-	-	0.00%	0.00%	0.00%	-	-	-	0.00%	0.00%		-
North	Maternity Kidspayment	Maternity Kidspayment, All Ages	8,011	\$ 5,043.54	-0.15%	-0.51%	0.00%	\$ 5,010.21	7,666	\$ 4,969.24	-0.15%	-1.63%		\$ 4,880.85

Notes:  
 $F = B * (1 + C) * (1 + D) * (1 + E)$   
 $L = H * (1 + I) * (1 + J)$   
 $M^1 = 40\% * CY13 + 60\% * CY14$   
 $W = (M * (1 + N) * (1 + O) * (1 + P) * (1 + Q) * 25/12) * S) + U * V$   
 $X = (M * (1 + N) * (1 + O) * (1 + P) * (1 + R) * 25/12) * T) * U * V$

M<sup>1</sup> is calculated separately for PP, SS and FFS data types

# Appendix H: Physical Health Projected Claims PMPM Development

Table 2: PH Prospective Rating Adjustments

Region Name	COA Desc	Rate Cell Desc	CY2013 PMPM After Historical Adj	CY2014 PMPM After Historical Adj	Blended PMPM	Rx Adj	Act 399 Adj	Retro Adj	Low Trend	High Trend	MC Savings Factor – Low	MC Savings Factor – High	Clinical & Rx Efficiencies	Outliers	Projected PMPM – Low	Projected PMPM – High
Gulf	SSI	Newborn, 0-2 Months	\$ 22,163.84	\$ 21,291.82	\$ 21,268.57	-0.01%	0.00%	0.00%	0.54%	1.74%	0.98	0.99	(1.39)	\$ 1,457.70	\$ 22,585.36	\$ 23,244.80
Gulf	SSI	Newborn, 3-11 Months	\$ 6,164.01	\$ 5,392.40	\$ 5,655.69	-0.12%	0.05%	0.00%	1.62%	2.81%	0.99	0.99	(1.75)	8.84	\$ 5,800.06	\$ 5,983.75
Gulf	SSI	Child, 1-20 Years	\$ 333.50	\$ 340.48	\$ 337.05	-0.52%	0.20%	0.00%	6.20%	7.73%	0.97	0.98	(1.75)	0.50	\$ 366.77	\$ 383.04
Gulf	Family and Children	Adult, 21+ Years	\$ 728.01	\$ 731.31	\$ 730.32	-0.34%	0.22%	0.53%	6.18%	7.63%	0.97	0.98	(1.63)	-	\$ 806.80	\$ 838.98
Gulf	Family and Children	Newborn, 0-2 Months	\$ 1,138.10	\$ 1,044.74	\$ 1,087.31	-0.02%	0.01%	0.00%	0.81%	2.32%	0.97	0.97	(1.74)	39.97	\$ 1,110.28	\$ 1,154.21
Gulf	Family and Children	Newborn, 3-11 Months	\$ 186.57	\$ 195.01	\$ 191.73	-0.28%	0.10%	0.00%	2.26%	4.36%	0.97	0.97	(1.83)	-	\$ 192.20	\$ 201.81
Gulf	Family and Children	Child, 1-20 Years	\$ 86.26	\$ 84.85	\$ 85.55	-0.49%	0.19%	0.00%	3.08%	5.15%	0.95	0.95	(1.84)	0.02	\$ 84.38	\$ 88.85
Gulf	Family and Children	Adult, 21+ Years	\$ 215.36	\$ 207.18	\$ 210.76	-0.38%	0.18%	0.00%	3.60%	5.73%	0.96	0.96	(1.68)	-	\$ 213.16	\$ 224.92
Gulf	Foster Care Children	Foster Care, All Ages Male & Female	\$ 169.97	\$ 162.61	\$ 165.36	-0.74%	0.29%	0.00%	2.70%	4.04%	0.91	0.92	(1.74)	-	\$ 165.78	\$ 163.39
Gulf	Breast and Cervical Cancer	BCC, All Ages Female	\$ 1,348.66	\$ 1,164.84	\$ 1,241.72	-0.13%	0.08%	2.61%	7.03%	8.88%	0.97	0.98	(1.60)	-	\$ 1,425.04	\$ 1,493.62
Gulf	LaCHIP Affordable Plan	All Ages	\$ 118.22	\$ 131.56	\$ 125.62	-0.62%	0.21%	0.37%	2.49%	4.51%	0.91	0.92	(1.82)	-	\$ 118.75	\$ 125.40
Gulf	HCBS Waiver	20 & Under, Male and Female	\$ 958.33	\$ 905.30	\$ 926.51	-0.57%	0.15%	0.00%	7.92%	10.13%	0.94	0.94	-	-	\$ 1,019.46	\$ 1,094.63
Gulf	HCBS Waiver	21+ Years, Male and Female	\$ 768.50	\$ 698.49	\$ 727.09	-1.08%	0.28%	0.01%	5.65%	7.22%	0.90	0.93	-	-	\$ 731.96	\$ 775.17
Gulf	Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	\$ 703.65	\$ 788.65	\$ 754.65	-0.59%	0.15%	0.02%	2.75%	4.86%	0.93	0.96	-	-	\$ 738.55	\$ 797.45
Gulf	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	\$ -	\$ -	\$ -	-	0.00%	0.00%	0.00%	0.00%	1.00	1.00	-	-	\$ -	\$ -
Gulf	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female	\$ -	\$ -	\$ -	-	0.00%	0.00%	0.00%	0.00%	1.00	1.00	-	-	\$ -	\$ -
Gulf	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	\$ -	\$ -	\$ -	-	0.00%	0.00%	0.00%	0.00%	1.00	1.00	-	-	\$ -	\$ -
Gulf	SBH - Other	SBH - Other, All Ages	\$ -	\$ -	\$ -	-	0.00%	0.00%	0.00%	0.00%	1.00	1.00	-	-	\$ -	\$ -
Gulf	Maternity Kidpayment	Maternity Kidpayment, All Ages	\$ 5,649.47	\$ 5,504.08	\$ 5,587.00	-0.00%	0.00%	0.00%	0.00%	1.00%	1.00	1.00	-	-	\$ 5,587.00	\$ 5,688.39
Capital	SSI	Newborn, 0-2 Months	\$ 18,077.29	\$ 17,007.68	\$ 17,456.69	-0.01%	0.00%	0.00%	0.50%	1.71%	0.96	0.98	(1.33)	\$ 1,457.70	\$ 18,442.71	\$ 19,088.27
Capital	SSI	Newborn, 3-11 Months	\$ 6,387.60	\$ 6,014.88	\$ 6,109.22	-0.12%	0.04%	0.00%	2.48%	3.82%	0.99	0.99	(1.76)	8.84	\$ 6,364.11	\$ 6,563.86
Capital	SSI	Child, 1-20 Years	\$ 398.07	\$ 393.37	\$ 392.35	-0.57%	0.20%	0.00%	7.02%	8.67%	0.97	0.98	(1.76)	0.50	\$ 433.71	\$ 454.49
Capital	SSI	Adult, 21+ Years	\$ 830.53	\$ 836.41	\$ 834.81	-0.38%	0.22%	0.53%	6.35%	7.81%	0.97	0.98	(1.64)	-	\$ 925.00	\$ 962.17
Capital	Family and Children	Newborn, 0-2 Months	\$ 1,188.71	\$ 1,158.04	\$ 1,173.61	-0.03%	0.01%	0.00%	0.56%	2.01%	0.97	0.98	(1.78)	39.97	\$ 1,191.75	\$ 1,236.68
Capital	Family and Children	Newborn, 3-11 Months	\$ 197.33	\$ 183.48	\$ 188.89	-0.33%	0.11%	0.00%	2.20%	4.34%	0.96	0.97	(1.89)	-	\$ 187.94	\$ 197.70
Capital	Family and Children	Child, 1-20 Years	\$ 95.61	\$ 94.63	\$ 95.24	-0.58%	0.21%	0.00%	3.06%	5.08%	0.94	0.95	(1.87)	0.02	\$ 93.05	\$ 98.02
Capital	Family and Children	Adult, 21+ Years	\$ 258.83	\$ 247.14	\$ 251.79	-0.40%	0.18%	0.00%	3.64%	5.76%	0.95	0.96	(1.69)	-	\$ 254.90	\$ 268.91
Capital	Foster Care Children	Foster Care, All Ages Male & Female	\$ 180.39	\$ 168.51	\$ 173.41	-0.85%	0.29%	0.00%	2.17%	3.99%	0.91	0.92	(1.72)	-	\$ 161.90	\$ 169.51
Capital	Breast and Cervical Cancer	BCC, All Ages Female	\$ 1,095.87	\$ 1,174.62	\$ 1,142.20	-0.15%	0.07%	2.61%	7.71%	9.62%	0.98	0.99	(1.69)	-	\$ 1,336.75	\$ 1,399.04
Capital	LaCHIP Affordable Plan	All Ages	\$ 121.68	\$ 175.28	\$ 154.66	-0.65%	0.22%	0.37%	2.14%	3.92%	0.91	0.92	(1.86)	-	\$ 145.11	\$ 152.37
Capital	HCBS Waiver	20 & Under, Male and Female	\$ 1,264.85	\$ 1,281.13	\$ 1,292.62	-0.47%	0.12%	0.00%	8.01%	10.29%	0.96	0.99	-	-	\$ 1,416.59	\$ 1,519.96
Capital	HCBS Waiver	21+ Years, Male and Female	\$ 778.83	\$ 725.45	\$ 746.81	-1.01%	0.25%	0.01%	5.62%	7.22%	0.91	0.93	-	-	\$ 753.30	\$ 799.79
Capital	Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	\$ 895.38	\$ 949.81	\$ 928.04	-0.58%	0.15%	0.02%	2.89%	5.13%	0.94	0.94	-	-	\$ 919.01	\$ 992.08
Capital	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	\$ -	\$ -	\$ -	-	0.00%	0.00%	0.00%	0.00%	1.00	1.00	-	-	\$ -	\$ -
Capital	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female	\$ -	\$ -	\$ -	-	0.00%	0.00%	0.00%	0.00%	1.00	1.00	-	-	\$ -	\$ -
Capital	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	\$ -	\$ -	\$ -	-	0.00%	0.00%	0.00%	0.00%	1.00	1.00	-	-	\$ -	\$ -
Capital	SBH - Other	SBH - Other, All Ages	\$ -	\$ -	\$ -	-	0.00%	0.00%	0.00%	0.00%	1.00	1.00	-	-	\$ -	\$ -
Capital	Maternity Kidpayment	Maternity Kidpayment, All Ages	\$ 4,968.98	\$ 4,844.19	\$ 4,901.44	-0.00%	0.00%	0.00%	0.00%	1.00%	1.00	1.00	-	-	\$ 4,901.44	\$ 5,008.31

Notes:  
 $F = B * (1 + C) * (1 + D) * (1 + E)$   
 $L = H * (1 + I) * (1 + J)$   
 $M^1 = 40\% * CY13 + 60\% * CY14$   
 $W = (M * (1 + N) * (1 + O) * (1 + P) * (1 + Q) * 25/12) * S) + U * V$   
 $X = (M * (1 + N) * (1 + O) * (1 + P) * (1 + R) * 25/12) * T) + U * V$

M<sup>1</sup> is calculated separately for PP, SS and FFS data types

# Appendix H: Physical Health Projected Claims PMPM Development

Table 2: PH Prospective Rating Adjustments

Region Name	COA Desc	Rate Cell Desc	CY2013 PMPM After Historical Adj	CY2014 PMPM After Historical Adj	Blended PMPM	Rx Adj	Act 399 Adj	Retro Adj	Low Trend	High Trend	MC Savings Factor – Low	MC Savings Factor – High	Clinical & Rx Efficiencies	Outliers	Projected PMPM – Low	Projected PMPM – High
South Central	SSI	Newborn, 0-2 Months	\$ 13,327.83	\$ 16,327.93	\$ 15,061.56	-0.02%	0.01%	0.00%	0.80%	1.83%	0.98	0.99	\$ (1.30)	\$ 1,457.70	\$ 16,394.30	\$ 16,880.89
South Central	SSI	Newborn, 3-11 Months	\$ 4,607.98	\$ 3,173.57	\$ 3,688.13	-0.21%	0.08%	0.00%	2.82%	4.12%	0.98	0.99	\$ (1.65)	\$ 8.84	\$ 3,856.44	\$ 3,983.23
South Central	SSI	Child, 1-20 Years	\$ 386.72	\$ 359.96	\$ 370.13	-0.63%	0.25%	0.00%	6.96%	8.49%	0.97	0.98	\$ (1.67)	\$ 0.50	\$ 408.43	\$ 427.38
South Central	SSI	Adult, 21+ Years	\$ 722.48	\$ 697.02	\$ 707.92	-0.36%	0.21%	0.53%	6.31%	7.81%	0.98	0.99	\$ (1.72)	\$ -	\$ 786.13	\$ 817.20
South Central	Family and Children	Newborn, 0-2 Months	\$ 1,261.78	\$ 1,237.35	\$ 1,251.05	-0.03%	0.01%	0.00%	0.67%	2.14%	0.98	0.99	\$ (1.77)	\$ 39.97	\$ 1,281.04	\$ 1,326.65
South Central	Family and Children	Newborn, 3-11 Months	\$ 206.77	\$ 189.37	\$ 196.95	-0.33%	0.11%	0.00%	2.27%	4.36%	0.96	0.97	\$ (1.85)	\$ -	\$ 196.82	\$ 206.65
South Central	Family and Children	Child, 1-20 Years	\$ 100.71	\$ 95.46	\$ 97.83	-0.57%	0.22%	0.00%	3.13%	5.12%	0.94	0.95	\$ (1.85)	\$ 0.02	\$ 95.98	\$ 100.98
South Central	Family and Children	Adult, 21+ Years	\$ 239.09	\$ 223.33	\$ 230.06	-0.36%	0.17%	0.00%	3.64%	5.81%	0.96	0.96	\$ (1.67)	\$ -	\$ 233.76	\$ 246.71
South Central	Foster Care Children	Foster Care, All Ages Male & Female	\$ 192.04	\$ 171.62	\$ 179.27	-0.74%	0.26%	0.00%	1.95%	3.70%	0.91	0.92	\$ (1.73)	\$ -	\$ 188.14	\$ 176.01
South Central	Breast and Cervical Cancer	BCC, All Ages Female	\$ 1,665.30	\$ 1,321.55	\$ 1,451.38	-0.21%	0.13%	2.61%	7.63%	9.40%	0.98	0.98	\$ (1.66)	\$ -	\$ 1,691.65	\$ 1,765.02
South Central	LaCHIP Affordable Plan	All Ages	\$ 104.53	\$ 106.13	\$ 106.01	-0.63%	0.23%	0.37%	2.51%	4.52%	0.91	0.92	\$ (1.85)	\$ -	\$ 100.03	\$ 105.55
South Central	HCBS Waiver	20 & Under, Male and Female	\$ 1,641.71	\$ 1,611.85	\$ 1,623.79	-0.49%	0.13%	0.00%	9.34%	11.78%	0.96	0.96	\$ -	\$ -	\$ 1,678.02	\$ 2,013.17
South Central	HCBS Waiver	21+ Years, Male and Female	\$ 884.09	\$ 802.29	\$ 835.01	-1.06%	0.25%	0.01%	6.02%	7.89%	0.91	0.93	\$ -	\$ -	\$ 849.20	\$ 901.07
South Central	Chisholm Class Members	Chisholm, All Ages Male & Female	\$ 942.92	\$ 858.47	\$ 892.25	-0.62%	0.16%	0.02%	3.03%	5.31%	0.94	0.97	\$ -	\$ -	\$ 890.07	\$ 957.48
South Central	SBH - Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	\$ -	\$ -	\$ -	0.00%	0.00%	0.00%	0.00%	0.00%	1.00	1.00	\$ -	\$ -	\$ -	\$ -
South Central	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	\$ -	\$ -	\$ -	0.00%	0.00%	0.00%	0.00%	0.00%	1.00	1.00	\$ -	\$ -	\$ -	\$ -
South Central	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female	\$ -	\$ -	\$ -	0.00%	0.00%	0.00%	0.00%	0.00%	1.00	1.00	\$ -	\$ -	\$ -	\$ -
South Central	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	\$ -	\$ -	\$ -	0.00%	0.00%	0.00%	0.00%	0.00%	1.00	1.00	\$ -	\$ -	\$ -	\$ -
South Central	SBH - Other	SBH - Other, All Ages	\$ -	\$ -	\$ -	0.00%	0.00%	0.00%	0.00%	0.00%	1.00	1.00	\$ -	\$ -	\$ -	\$ -
South Central	Maternity Kidpayment	Maternity Kidpayment, All Ages	\$ 5,027.25	\$ 5,091.47	\$ 5,080.31	0.00%	0.00%	0.00%	0.00%	1.00%	1.00	1.00	\$ -	\$ -	\$ 5,080.31	\$ 5,191.07
North	SSI	Newborn, 0-2 Months	\$ 15,886.36	\$ 12,740.78	\$ 13,182.64	-0.01%	0.00%	0.00%	0.71%	1.96%	0.96	0.98	\$ (1.25)	\$ 1,457.70	\$ 14,364.50	\$ 14,878.51
North	SSI	Newborn, 3-11 Months	\$ 2,608.91	\$ 2,582.12	\$ 2,573.88	-0.25%	0.09%	0.00%	4.39%	5.92%	0.99	0.99	\$ (1.74)	\$ 8.84	\$ 2,781.96	\$ 2,883.72
North	SSI	Child, 1-20 Years	\$ 334.17	\$ 332.25	\$ 333.22	-0.51%	0.21%	0.00%	7.15%	8.78%	0.97	0.98	\$ (1.70)	\$ 0.50	\$ 366.15	\$ 386.08
North	SSI	Adult, 21+ Years	\$ 677.76	\$ 653.08	\$ 662.56	-0.31%	0.20%	0.53%	5.89%	7.36%	0.98	0.98	\$ (1.68)	\$ -	\$ 730.39	\$ 758.65
North	Family and Children	Newborn, 0-2 Months	\$ 1,272.85	\$ 1,163.87	\$ 1,212.28	-0.02%	0.01%	0.00%	0.66%	2.11%	0.98	0.98	\$ (1.71)	\$ 39.97	\$ 1,238.21	\$ 1,283.84
North	Family and Children	Newborn, 3-11 Months	\$ 205.15	\$ 190.58	\$ 196.87	-0.29%	0.10%	0.00%	2.26%	4.35%	0.97	0.97	\$ (1.81)	\$ -	\$ 197.37	\$ 207.15
North	Family and Children	Child, 1-20 Years	\$ 85.86	\$ 83.57	\$ 84.72	-0.44%	0.18%	0.00%	3.04%	5.14%	0.95	0.96	\$ (1.82)	\$ 0.02	\$ 84.03	\$ 88.43
North	Family and Children	Adult, 21+ Years	\$ 220.73	\$ 211.03	\$ 215.07	-0.33%	0.15%	0.00%	3.41%	5.58%	0.95	0.96	\$ (1.67)	\$ -	\$ 218.07	\$ 230.08
North	Foster Care Children	Foster Care, All Ages Male & Female	\$ 203.42	\$ 174.98	\$ 186.88	-0.74%	0.28%	0.00%	2.21%	4.01%	0.92	0.93	\$ (1.86)	\$ -	\$ 176.22	\$ 186.15
North	Breast and Cervical Cancer	BCC, All Ages Female	\$ 1,537.25	\$ 1,455.62	\$ 1,503.17	-0.43%	0.19%	0.261%	8.01%	9.67%	0.97	0.98	\$ (1.65)	\$ -	\$ 1,747.24	\$ 1,822.85
North	LaCHIP Affordable Plan	All Ages	\$ 130.49	\$ 142.30	\$ 139.28	-0.51%	0.18%	0.37%	2.64%	4.80%	0.93	0.94	\$ (1.82)	\$ -	\$ 134.66	\$ 142.26
North	HCBS Waiver	20 & Under, Male and Female	\$ 1,597.91	\$ 1,744.01	\$ 1,668.57	-0.43%	0.11%	0.00%	9.18%	11.61%	0.96	0.99	\$ (1.61)	\$ -	\$ 1,915.88	\$ 2,060.78
North	HCBS Waiver	21+ Years, Male and Female	\$ 845.82	\$ 792.23	\$ 813.67	-1.02%	0.25%	0.01%	5.23%	6.79%	0.91	0.93	\$ -	\$ -	\$ 815.61	\$ 865.05
North	Chisholm Class Members	Chisholm, All Ages Male & Female	\$ 693.43	\$ 716.32	\$ 707.16	-0.50%	0.13%	0.02%	3.04%	5.47%	0.95	0.95	\$ (1.78)	\$ -	\$ 708.71	\$ 767.00
North	SBH - Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	\$ -	\$ -	\$ -	0.00%	0.00%	0.00%	0.00%	0.00%	1.00	1.00	\$ -	\$ -	\$ -	\$ -
North	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	\$ -	\$ -	\$ -	0.00%	0.00%	0.00%	0.00%	0.00%	1.00	1.00	\$ -	\$ -	\$ -	\$ -
North	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female	\$ -	\$ -	\$ -	0.00%	0.00%	0.00%	0.00%	0.00%	1.00	1.00	\$ -	\$ -	\$ -	\$ -
North	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	\$ -	\$ -	\$ -	0.00%	0.00%	0.00%	0.00%	0.00%	1.00	1.00	\$ -	\$ -	\$ -	\$ -
North	SBH - Other	SBH - Other, All Ages	\$ -	\$ -	\$ -	0.00%	0.00%	0.00%	0.00%	0.00%	1.00	1.00	\$ -	\$ -	\$ -	\$ -
North	Maternity Kidpayment	Maternity Kidpayment, All Ages	\$ 5,010.21	\$ 4,880.85	\$ 4,936.65	0.00%	0.00%	0.00%	0.00%	1.00%	1.00	1.00	\$ -	\$ -	\$ 4,936.65	\$ 5,044.24

Notes:  
 $F = B * (1 + C) * (1 + D) * (1 + E)$   
 $L = H * (1 + I) * (1 + J)$   
 $M^1 = 40\% * CY13 + 60\% * CY14$   
 $W = (M * (1 + N) * (1 + O) * (1 + P) * (1 + Q) * 25/12) * S) + U * V$   
 $X = (M * (1 + N) * (1 + O) * (1 + P) * (1 + R) * 25/12) * T) + U * V$

M<sup>1</sup> is calculated separately for PP, SS and FFS data types

# Appendix I: Specialized Behavioral Health Projected Claims PMPM Development

Table 1a: SBH Historical Rating Adjustments (CY 2013)

Region Name	COA Desc	Rate Cell Desc	Historical Adjustments									
			A	B	C	D	E	F	G	H	I	J
			CY2013 MMs	CY2013 PMPM	IP/OP Fee Adj	PRTF Adj	PSH Increase Adj	CSOC Adj	Medication Mgmt Adj	Historical Trend	Recoupment Adj (F&A)	CY2013 PMPM After Adj
Gulf	SSI	Newborn, 0-2 Months	604	\$ -	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	\$ -
Gulf	SSI	Newborn, 3-11 Months	2,059	\$ 1.22	0.0%	0.0%	0.0%	0.0%	0.0%	32.0%	0.0%	\$ 1.60
Gulf	SSI	Child, 1-20 Years	146,014	\$ 82.20	-0.2%	0.1%	0.1%	-9.2%	0.0%	32.0%	-0.1%	\$ 100.25
Gulf	SSI	Adult, 21+ Years	285,997	\$ 78.20	-0.6%	0.0%	0.2%	0.0%	-0.1%	3.0%	-0.1%	\$ 80.07
Gulf	Family and Children	Newborn, 0-2 Months	47,078	\$ 0.09	-0.8%	0.0%	0.0%	0.0%	0.0%	32.0%	0.0%	\$ 0.12
Gulf	Family and Children	Newborn, 3-11 Months	105,588	\$ 0.03	-3.8%	0.0%	0.0%	0.0%	0.0%	32.0%	-0.1%	\$ 0.03
Gulf	Family and Children	Child, 1-20 Years	2,076,182	\$ 13.72	0.0%	0.1%	0.0%	-3.8%	1.6%	32.0%	-0.1%	\$ 16.63
Gulf	Family and Children	Adult, 21+ Years	364,014	\$ 16.15	-0.2%	0.0%	0.0%	0.0%	0.0%	3.0%	-0.1%	\$ 17.72
Gulf	Foster Care Children	Foster Care, All Ages	21,685	\$ 101.64	0.0%	0.6%	0.1%	-10.0%	1.5%	32.0%	-0.1%	\$ 123.42
Gulf	Breast and Cervical Cancer	BCC, All Ages Female	3,850	\$ 6.91	-0.8%	0.0%	0.0%	0.0%	-0.5%	3.0%	-0.2%	\$ 7.01
Gulf	LaCHIP Affordable Plan	All Ages	10,504	\$ 6.83	0.6%	0.0%	0.0%	0.0%	3.4%	32.0%	-0.2%	\$ 9.37
Gulf	HCBS Waiver	20 & Under, Male and Female	7,958	\$ 21.43	-0.9%	0.0%	0.0%	-10.0%	6.3%	32.0%	-0.1%	\$ 26.79
Gulf	HCBS Waiver	21+ Years, Male and Female	13,356	\$ 31.00	-1.2%	0.0%	0.2%	0.0%	0.0%	3.0%	-0.1%	\$ 31.78
Gulf	Chisholm Class Members	Chisholm, All Ages Male & Female	16,111	\$ 52.90	-0.2%	0.0%	0.0%	-11.9%	3.9%	32.0%	-0.1%	\$ 63.78
Gulf	SBH - Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	16,354	\$ 57.50	-0.3%	0.0%	0.0%	-10.8%	3.6%	31.0%	-0.1%	\$ 69.26
Gulf	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	304,778	\$ 16.76	5.3%	0.0%	0.4%	0.0%	0.0%	7.3%	-0.1%	\$ 19.08
Gulf	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female	7,958	\$ 26.42	-0.8%	0.0%	0.0%	-8.4%	5.1%	28.2%	-0.2%	\$ 32.31
Gulf	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	13,356	\$ 42.89	-0.9%	0.0%	0.1%	0.0%	0.0%	5.2%	-0.3%	\$ 44.91
Gulf	SBH - Other	SBH - Other, All Ages	6,844	\$ 131.85	-1.1%	0.0%	0.0%	0.0%	0.0%	5.8%	-0.3%	\$ 137.77
Gulf	Maternity Kickpayment	Maternity Kickpayment, All Ages	-	\$ -	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	\$ -
Capital	SSI	Newborn, 0-2 Months	438	\$ 7.44	0.0%	0.0%	0.0%	0.0%	0.0%	32.0%	-0.3%	\$ 10.28
Capital	SSI	Newborn, 3-11 Months	1,724	\$ 0.03	0.0%	0.0%	5.0%	0.0%	0.0%	32.0%	-0.3%	\$ 0.05
Capital	SSI	Child, 1-20 Years	107,730	\$ 60.84	0.2%	0.4%	0.0%	-13.6%	2.5%	32.0%	-0.1%	\$ 71.51
Capital	SSI	Adult, 21+ Years	211,050	\$ 68.16	0.7%	0.0%	0.0%	0.0%	0.0%	3.0%	-0.1%	\$ 70.64
Capital	Family and Children	Newborn, 0-2 Months	42,322	\$ 0.13	-0.2%	0.0%	0.0%	0.0%	0.0%	32.0%	0.0%	\$ 0.17
Capital	Family and Children	Newborn, 3-11 Months	95,526	\$ 0.14	0.0%	0.0%	3.6%	0.0%	0.0%	32.0%	-0.2%	\$ 0.19
Capital	Family and Children	Child, 1-20 Years	1,865,622	\$ 13.58	1.1%	0.2%	0.0%	-4.1%	3.0%	32.0%	-0.1%	\$ 17.89
Capital	Family and Children	Adult, 21+ Years	261,190	\$ 16.52	3.3%	0.1%	0.0%	0.0%	0.6%	3.0%	-0.1%	\$ 17.67
Capital	Foster Care Children	Foster Care, All Ages Male & Female	31,354	\$ 91.83	0.7%	1.1%	0.1%	-5.6%	2.4%	32.0%	-0.1%	\$ 119.38
Capital	Breast and Cervical Cancer	BCC, All Ages Female	4,073	\$ 7.09	-1.4%	0.0%	0.0%	0.0%	0.1%	3.0%	-0.1%	\$ 7.19
Capital	LaCHIP Affordable Plan	All Ages	11,368	\$ 8.26	6.7%	0.0%	0.0%	0.0%	7.5%	32.0%	-0.3%	\$ 12.46
Capital	HCBS Waiver	20 & Under, Male and Female	8,312	\$ 22.84	1.4%	0.0%	0.3%	-11.2%	5.2%	32.0%	-0.1%	\$ 28.61
Capital	HCBS Waiver	21+ Years, Male and Female	12,207	\$ 53.14	3.5%	0.0%	0.0%	0.0%	0.5%	3.0%	-0.1%	\$ 56.84
Capital	Chisholm Class Members	Chisholm, All Ages Male & Female	15,980	\$ 58.16	2.5%	0.7%	0.0%	-12.6%	3.6%	32.0%	-0.2%	\$ 71.68
Capital	SBH - Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	16,137	\$ 63.55	3.1%	0.6%	0.0%	-11.6%	3.3%	30.3%	-0.2%	\$ 78.28
Capital	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	245,750	\$ 12.39	2.2%	0.0%	0.0%	-0.2%	0.4%	10.9%	-0.1%	\$ 14.07
Capital	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female	8,312	\$ 28.93	1.1%	0.0%	0.3%	-9.2%	4.1%	27.8%	-0.2%	\$ 35.33
Capital	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	12,207	\$ 66.35	2.7%	0.0%	0.0%	0.0%	0.0%	4.6%	-0.2%	\$ 71.43
Capital	SBH - Other	SBH - Other, All Ages	8,284	\$ 115.30	0.7%	0.0%	0.0%	0.0%	0.1%	5.1%	-0.2%	\$ 121.85
Capital	Maternity Kickpayment	Maternity Kickpayment, All Ages	-	\$ -	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	\$ -

Notes:  
 NEMT services are included for SBH Program  
 $J = B * (1 + C) * (1 + D) * (1 + E) * (1 + F) * (1 + G) * (1 + H) * (1 + I)$   
 $T = L * (1 + M) * (1 + N) * (1 + O) * (1 + P) * (1 + S)$   
 $U = 40\% * J + 60\% * T$   
 $AA = U * (1 + V) * (1 + W) * (1 + X) * (1 + Y) * (1 + Z) * (1 + 25/12)$   
 $AB = U * (1 + V) * (1 + W) * (1 + X) * (1 + Y) * (1 + Z) * (1 + 25/12)$

# Appendix I: Specialized Behavioral Health Projected Claims PMPM Development

Table 1a: SBH Historical Rating Adjustments (CY 2013)

Region Name	COA Desc	Rate Cell Desc	Historical Adjustments									
			A	B	C	D	E	F	G	H	I	J
			CY2013 MMs	CY2013 PMPM	IP/OP Fee Adj	PRTF Adj	PSH Increase Adj	CSOC Adj	Medication Mgmt Adj	Historical Trend	Recoupment Adj (F&A)	CY2013 PMPM After Adj
South Central	SSI	Newborn, 0-2 Months	504	\$ -	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	\$ -
South Central	SSI	Newborn, 3-11 Months	1,951	\$ 2.88	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	\$ 3.86
South Central	SSI	Child, 1-20 Years	109,883	\$ 66.55	-0.3%	0.4%	0.0%	-7.1%	1.0%	32.0%	-0.1%	\$ 62.57
South Central	SSI	Adult, 21+ Years	249,545	\$ 74.30	-0.7%	0.0%	0.1%	0.0%	0.5%	3.0%	-0.1%	\$ 76.39
South Central	Family and Children	Newborn, 0-2 Months	46,805	\$ 0.01	-7.4%	0.0%	0.0%	0.0%	0.0%	32.0%	-0.9%	\$ 0.01
South Central	Family and Children	Newborn, 3-11 Months	105,452	\$ 0.04	-0.9%	0.0%	0.0%	0.0%	0.0%	32.0%	0.0%	\$ 0.05
South Central	Family and Children	Child, 1-20 Years	2,041,990	\$ 11.41	-0.2%	0.2%	0.0%	-4.3%	1.0%	32.0%	-0.1%	\$ 14.55
South Central	Family and Children	Adult, 21+ Years	271,825	\$ 17.90	-0.9%	0.0%	0.0%	0.0%	1.3%	3.0%	-0.2%	\$ 18.49
South Central	Foster Care Children	Foster Care, All Ages Male & Female	39,937	\$ 104.75	-0.1%	1.8%	0.0%	-5.5%	0.5%	32.0%	0.0%	\$ 133.46
South Central	Breast and Cervical Cancer	BCC, All Ages Female	2,936	\$ 2.13	-0.3%	0.0%	0.3%	0.0%	1.2%	3.0%	0.0%	\$ 2.22
South Central	LaCHIP Affordable Plan	All Ages	13,198	\$ 5.87	-0.1%	0.0%	0.0%	0.0%	2.1%	32.0%	-0.1%	\$ 7.90
South Central	HCBS Waiver	20 & Under, Male and Female	7,448	\$ 31.15	-0.5%	0.0%	0.0%	0.0%	0.0%	32.0%	-0.2%	\$ 42.29
South Central	HCBS Waiver	21+ Years, Male and Female	14,510	\$ 42.91	-0.7%	0.0%	0.0%	0.0%	2.6%	3.0%	-0.2%	\$ 44.96
South Central	Chisholm Class Members	Chisholm, All Ages Male & Female	16,884	\$ 90.34	-0.3%	0.7%	0.0%	-12.8%	1.6%	32.0%	-0.1%	\$ 105.97
South Central	SBH - Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	17,361	\$ 98.94	-0.2%	0.6%	0.0%	-11.6%	1.4%	30.0%	-0.1%	\$ 115.62
South Central	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	328,533	\$ 11.41	3.2%	0.0%	0.1%	0.0%	0.5%	8.9%	-0.2%	\$ 12.88
South Central	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female	7,448	\$ 42.01	-0.4%	0.0%	0.0%	0.0%	2.6%	26.7%	-0.3%	\$ 54.29
South Central	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	14,510	\$ 64.34	-0.4%	0.0%	0.0%	0.0%	1.7%	5.6%	-0.3%	\$ 68.62
South Central	SBH - Other	SBH - Other, All Ages	10,261	\$ 199.32	-0.2%	0.0%	0.0%	0.0%	0.2%	4.8%	-0.2%	\$ 208.53
South Central	Maternity Kickpayment	Maternity Kickpayment, All Ages	-	\$ -	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	\$ -
North	SSI	Newborn, 0-2 Months	476	\$ -	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	\$ -
North	SSI	Newborn, 3-11 Months	1,874	\$ 0.01	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-0.4%	\$ 0.02
North	SSI	Child, 1-20 Years	120,806	\$ 105.86	-0.1%	0.7%	0.0%	-0.7%	0.5%	32.0%	0.0%	\$ 140.35
North	SSI	Adult, 21+ Years	212,523	\$ 51.67	-0.7%	0.1%	0.1%	0.0%	0.3%	3.0%	-0.1%	\$ 53.08
North	Family and Children	Newborn, 0-2 Months	35,826	\$ 0.02	-7.4%	0.0%	0.0%	0.0%	0.0%	32.0%	0.0%	\$ 0.02
North	Family and Children	Newborn, 3-11 Months	81,279	\$ 0.00	-4.1%	0.0%	0.0%	0.0%	0.0%	32.0%	0.0%	\$ 0.01
North	Family and Children	Child, 1-20 Years	1,599,053	\$ 16.86	-0.1%	0.1%	0.0%	-0.3%	0.6%	32.0%	0.0%	\$ 22.30
North	Family and Children	Adult, 21+ Years	206,386	\$ 16.52	-0.8%	0.3%	0.0%	0.0%	0.3%	3.0%	-0.1%	\$ 16.98
North	Foster Care Children	Foster Care, All Ages Male & Female	22,040	\$ 277.60	0.2%	2.6%	0.0%	-0.3%	0.2%	32.0%	0.0%	\$ 376.24
North	Breast and Cervical Cancer	BCC, All Ages Female	2,439	\$ 36.08	0.0%	0.0%	0.0%	0.0%	0.0%	3.0%	-0.1%	\$ 37.14
North	LaCHIP Affordable Plan	All Ages	7,217	\$ 7.98	-1.2%	0.0%	0.1%	-0.4%	1.2%	32.0%	0.0%	\$ 10.51
North	HCBS Waiver	20 & Under, Male and Female	4,875	\$ 61.06	-0.5%	0.6%	0.1%	-1.7%	2.2%	32.0%	-0.1%	\$ 81.10
North	HCBS Waiver	21+ Years, Male and Female	11,273	\$ 41.95	-0.8%	0.0%	0.0%	0.0%	1.2%	3.0%	-0.1%	\$ 43.36
North	Chisholm Class Members	Chisholm, All Ages Male & Female	16,974	\$ 81.41	0.1%	0.8%	0.0%	-1.4%	1.4%	32.0%	0.0%	\$ 108.48
North	SBH - Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	17,290	\$ 84.30	0.1%	0.8%	0.0%	-1.3%	1.3%	31.3%	0.0%	\$ 111.73
North	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	268,049	\$ 11.14	1.9%	0.1%	0.1%	0.0%	0.3%	9.9%	-0.1%	\$ 12.52
North	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female	4,875	\$ 68.24	-0.4%	0.5%	0.0%	-1.6%	2.0%	29.8%	-0.1%	\$ 89.03
North	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	11,273	\$ 62.36	-0.5%	0.0%	0.0%	0.0%	0.0%	5.6%	-0.2%	\$ 65.90
North	SBH - Other	SBH - Other, All Ages	9,400	\$ 116.74	-0.3%	0.0%	0.0%	0.0%	0.1%	5.7%	-0.3%	\$ 122.79
North	Maternity Kickpayment	Maternity Kickpayment, All Ages	-	\$ -	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	\$ -

Notes:  
 NEMT services are included for SBH Program  
 $J = B * (1 + C) * (1 + D) * (1 + E) * (1 + F) * (1 + G) * (1 + H) * (1 + I)$   
 $T = L * (1 + M) * (1 + N) * (1 + O) * (1 + P) * (1 + S)$   
 $U = 40\% * J + 60\% * T$   
 $AA = U * (1 + V) * (1 + W) * (1 + X) * (1 + Y)^{25/12}$   
 $AB = U * (1 + V) * (1 + W) * (1 + X) * (1 + Z)^{25/12}$

# Appendix I: Specialized Behavioral Health Projected Claims PMPM Development

Table 1b: SBH Historical Adjustments (CY 2014)

Table 1b: SBH Historical Adjustments (CY 2014)															
Region Name	COA Desc	Rate Cell Desc	K		L	M					Historical Adjustments				T
			CY2014 MMs	CY2014 PMPM		IP/OP Fee Adj	PTF	N	PSH Increase Adj	P	Q	R	S		
Gulf	SSI	Newborn, 0-2 Months	499	\$ -		0.0%	0.0%	0.0%	0.0%		0.0%			0.0%	\$ -
Gulf	SSI	Newborn, 3-11 Months	2,016	\$ 0.52		-0.1%	0.0%	0.0%	0.0%		0.0%			-0.1%	\$ 93.36
Gulf	SSI	Child, 1-20 Years	140,382	\$ 106.62		-0.1%	0.3%	0.1%	0.1%		-12.6%			-0.1%	\$ 87.46
Gulf	SSI	Adult, 21+ Years	268,331	\$ 87.70		-0.5%	0.0%	0.0%	0.4%		-0.1%			-0.2%	\$ 0.02
Gulf	Family and Children	Newborn, 0-2 Months	48,751	\$ 0.02		-7.0%	0.0%	0.0%	0.0%		0.0%			0.0%	\$ 0.09
Gulf	Family and Children	Newborn, 3-11 Months	108,391	\$ 0.09		-3.6%	0.0%	0.0%	0.0%		0.0%			-0.1%	\$ 18.30
Gulf	Family and Children	Child, 1-20 Years	2,120,899	\$ 19.23		0.0%	0.1%	0.0%	0.0%		-4.9%			-0.2%	\$ 17.78
Gulf	Family and Children	Adult, 21+ Years	388,455	\$ 17.84		-0.3%	0.0%	0.0%	0.2%		0.0%			-0.2%	\$ 121.60
Gulf	Foster Care Children	Foster Care, All Ages Male & Female	23,352	\$ 134.67		0.3%	0.8%	0.1%	0.1%		-10.7%			-0.1%	\$ 7.81
Gulf	Breast and Cervical Cancer	BCC, All Ages Female	3,937	\$ 7.88		-0.6%	0.0%	0.0%	0.0%		0.0%			-0.3%	\$ 8.51
Gulf	LaCHIP Affordable Plan	All Ages	10,244	\$ 8.51		0.3%	0.0%	0.0%	0.0%		0.0%			-0.2%	\$ 43.11
Gulf	HCBS Waiver	20 & Under, Male and Female	7,178	\$ 23.80		-0.6%	0.0%	0.1%	0.1%		-9.0%			-0.2%	\$ 50.18
Gulf	HCBS Waiver	21+ Years, Male and Female	13,626	\$ 43.59		-1.1%	0.0%	0.0%	0.2%		0.0%			-0.2%	\$ 53.81
Gulf	Chisholm Class Members	Chisholm, All Ages Male & Female	16,983	\$ 62.39		-0.1%	0.4%	0.1%	0.1%		-19.7%			-0.2%	\$ 20.54
Gulf	SBH - Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	17,167	\$ 65.89		-0.1%	0.4%	0.1%	0.1%		-18.5%			-0.2%	\$ 23.90
Gulf	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	299,337	\$ 19.00		7.6%	0.0%	0.7%	0.0%		0.0%			-0.2%	\$ 52.51
Gulf	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female	7,178	\$ 26.19		-0.5%	0.0%	0.0%	0.1%		-8.2%			-0.2%	\$ 155.65
Gulf	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	13,626	\$ 53.03		-0.9%	0.0%	0.0%	0.2%		0.0%			-0.3%	\$ -
Gulf	SBH - Other	SBH - Other, All Ages	7,536	\$ 158.01		-1.3%	0.0%	0.0%	0.0%		0.0%			-0.2%	\$ -
Gulf	Maternity Kickpayment	Maternity Kickpayment, All Ages	-	\$ -		0.0%	0.0%	0.0%	0.0%		0.0%			0.0%	\$ -
Capital	SSI	Newborn, 0-2 Months	384	\$ -		0.0%	0.0%	0.0%	0.0%		0.0%			0.0%	\$ -
Capital	SSI	Newborn, 3-11 Months	1,488	\$ 8.06		-0.5%	0.0%	0.0%	2.4%		0.0%			-0.2%	\$ 77.27
Capital	SSI	Child, 1-20 Years	104,301	\$ 88.10		0.1%	0.6%	0.0%	0.0%		-12.7%			-0.2%	\$ 70.65
Capital	SSI	Adult, 21+ Years	195,553	\$ 70.14		0.7%	0.1%	0.0%	0.0%		0.0%			-0.1%	\$ 1.25
Capital	Family and Children	Newborn, 0-2 Months	42,461	\$ 1.21		-0.1%	0.0%	0.0%	3.8%		0.0%			-0.3%	\$ 0.42
Capital	Family and Children	Newborn, 3-11 Months	96,528	\$ 0.42		-1.0%	0.0%	0.0%	3.0%		0.0%			-0.3%	\$ 17.17
Capital	Family and Children	Child, 1-20 Years	1,914,036	\$ 18.07		1.0%	0.1%	0.0%	0.0%		-5.7%			-0.3%	\$ 20.40
Capital	Family and Children	Adult, 21+ Years	288,647	\$ 19.95		2.3%	0.1%	0.0%	0.0%		0.0%			-0.2%	\$ 163.25
Capital	Foster Care Children	Foster Care, All Ages Male & Female	33,498	\$ 160.86		1.0%	1.6%	0.0%	0.0%		-1.1%			-0.1%	\$ 16.50
Capital	Breast and Cervical Cancer	BCC, All Ages Female	3,825	\$ 16.58		-0.3%	0.0%	0.0%	0.0%		0.0%			-0.1%	\$ 16.50
Capital	LaCHIP Affordable Plan	All Ages	10,876	\$ 15.96		2.2%	0.0%	0.0%	0.0%		0.0%			-0.3%	\$ 16.27
Capital	HCBS Waiver	20 & Under, Male and Female	7,499	\$ 44.31		0.0%	1.9%	0.1%	0.1%		-13.4%			-0.2%	\$ 39.07
Capital	HCBS Waiver	21+ Years, Male and Female	12,294	\$ 43.23		0.5%	0.0%	0.1%	0.0%		0.0%			-0.2%	\$ 43.40
Capital	Chisholm Class Members	Chisholm, All Ages Male & Female	17,068	\$ 68.04		2.3%	0.8%	0.0%	0.0%		-18.9%			-0.2%	\$ 56.83
Capital	SBH - Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	17,176	\$ 74.84		3.0%	0.7%	0.0%	0.0%		-17.1%			-0.2%	\$ 64.27
Capital	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	239,197	\$ 15.60		2.8%	0.0%	0.1%	0.0%		0.0%			-0.1%	\$ 16.03
Capital	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female	7,499	\$ 50.40		0.0%	1.6%	0.1%	0.1%		-11.8%			-0.2%	\$ 45.14
Capital	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	12,294	\$ 59.67		0.4%	0.0%	0.1%	0.0%		0.0%			-0.2%	\$ 59.79
Capital	SBH - Other	SBH - Other, All Ages	8,412	\$ 96.37		0.5%	0.0%	0.0%	0.0%		0.0%			-0.2%	\$ 96.67
Capital	Maternity Kickpayment	Maternity Kickpayment, All Ages	-	\$ -		0.0%	0.0%	0.0%	0.0%		0.0%			0.0%	\$ -

Notes:

NEMT services are included for SBH Program  
 $J = B * (1 + C) * (1 + D) * (1 + E) * (1 + F) * (1 + G) * (1 + H) * (1 + I)$   
 $T = L * (1 + M) * (1 + N) * (1 + O) * (1 + P) * (1 + S)$   
 $U = 40\% * J + 60\% * T$   
 $AA = U * (1 + V) * (1 + W) * (1 + X) * (1 + Y) * (1 + Z) * (1 + 12)$   
 $AB = U * (1 + V) * (1 + W) * (1 + X) * (1 + Y) * (1 + Z) * (1 + 12)$

# Appendix I: Specialized Behavioral Health Projected Claims PMPM Development

Table 1b: SBH Historical Adjustments (CY 2014)

Table 1b: SBH Historical Adjustments (CY 2014)															
Region Name	COA Desc	Rate Cell Desc	K		L	M					Historical Adjustments				T
			CY2014 MMs	CY2014 PMPM		IP/OP Fee Adj	PTF Adj	N	O	P	Q	R	S		
South Central	SSI	Newborn, 0-2 Months	466	\$ -		0.0%	0.0%	0.0%	0.0%					0.0%	\$ -
South Central	SSI	Newborn, 3-11 Months	1,871	\$ 0.08		-0.1%	0.0%	0.0%	0.0%					-0.2%	\$ 0.08
South Central	SSI	Child, 1-20 Years	108,433	\$ 83.01		-0.2%	0.6%	0.0%	0.0%					-0.2%	\$ 75.57
South Central	SSI	Adult, 21+ Years	237,953	\$ 69.44		-0.6%	0.1%	0.0%	0.1%					-0.2%	\$ 68.89
South Central	Family and Children	Newborn, 0-2 Months	46,634	\$ 0.71		-0.1%	0.0%	0.0%	0.0%					0.0%	0.71
South Central	Family and Children	Newborn, 3-11 Months	104,955	\$ 0.28		-0.2%	0.0%	0.0%	0.0%					0.0%	0.28
South Central	Family and Children	Child, 1-20 Years	2,083,138	\$ 14.71		-0.1%	0.2%	0.0%	0.0%					-0.2%	\$ 14.19
South Central	Family and Children	Adult, 21+ Years	299,789	\$ 19.82		-0.9%	0.1%	0.0%	0.0%					-0.3%	\$ 19.58
South Central	Foster Care Children	Foster Care, All Ages Male & Female	44,797	\$ 103.55		0.0%	1.1%	0.0%	0.0%					-0.1%	\$ 100.73
South Central	Breast and Cervical Cancer	BCC, All Ages Female	2,747	\$ 5.60		-0.3%	0.0%	0.0%	0.0%					-0.3%	\$ 5.57
South Central	LaCHIP Affordable Plan	All Ages	12,678	\$ 7.15		-0.1%	0.0%	0.0%	0.0%					-0.4%	\$ 7.11
South Central	HCBS Waiver	20 & Under, Male and Female	6,786	\$ 23.84		-0.2%	0.0%	0.0%	0.0%					-0.3%	\$ 23.75
South Central	HCBS Waiver	21+ Years, Male and Female	14,109	\$ 41.78		-0.3%	0.1%	0.0%	0.0%					-0.3%	\$ 41.54
South Central	Chisholm Class Members	Chisholm, All Ages Male & Female	18,278	\$ 114.05		0.0%	1.0%	0.0%	0.0%					-0.2%	\$ 109.45
South Central	SBH - Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	18,709	\$ 122.06		0.0%	0.9%	0.0%	0.0%					-0.2%	\$ 117.55
South Central	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	323,040	\$ 11.73		5.3%	0.1%	0.1%	0.0%					0.0%	\$ 12.36
South Central	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female	6,786	\$ 32.74		-0.1%	0.0%	0.0%	0.0%					-0.3%	\$ 32.62
South Central	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	14,109	\$ 58.70		-0.2%	0.0%	0.0%	0.0%					-0.3%	\$ 58.41
South Central	SBH - Other	SBH - Other, All Ages	10,727	\$ 174.95		-0.2%	0.0%	0.0%	0.0%					-0.2%	\$ 174.30
South Central	Maternity Kickpayment	Maternity Kickpayment, All Ages	-	\$ -		0.0%	0.0%	0.0%	0.0%					0.0%	\$ -
North	SSI	Newborn, 0-2 Months	442	\$ -		0.0%	0.0%	0.0%	0.0%					0.0%	\$ -
North	SSI	Newborn, 3-11 Months	1,700	\$ 0.09		-0.1%	0.0%	0.0%	0.0%					-0.2%	\$ 0.09
North	SSI	Child, 1-20 Years	119,014	\$ 121.74		-0.2%	0.4%	0.0%	0.0%					-0.1%	\$ 121.15
North	SSI	Adult, 21+ Years	208,362	\$ 56.01		-1.2%	0.1%	0.0%	0.0%					-0.1%	\$ 55.41
North	Family and Children	Newborn, 0-2 Months	35,265	\$ 0.01		0.0%	0.0%	0.0%	0.0%					0.0%	\$ 0.01
North	Family and Children	Newborn, 3-11 Months	81,697	\$ 0.19		0.0%	0.0%	0.0%	0.0%					0.0%	\$ 0.19
North	Family and Children	Child, 1-20 Years	1,639,346	\$ 24.48		-0.1%	0.1%	0.1%	0.0%					-0.1%	\$ 24.40
North	Family and Children	Adult, 21+ Years	239,631	\$ 18.86		-0.4%	0.3%	0.0%	0.0%					-0.1%	\$ 18.83
North	Foster Care Children	Foster Care, All Ages Male & Female	24,828	\$ 257.07		0.0%	2.5%	0.0%	0.0%					0.0%	\$ 262.89
North	Breast and Cervical Cancer	BCC, All Ages Female	2,561	\$ 12.40		0.0%	0.0%	0.0%	0.0%					-0.1%	\$ 12.39
North	LaCHIP Affordable Plan	All Ages	6,372	\$ 21.12		-0.2%	0.0%	0.1%	0.0%					-0.1%	\$ 21.00
North	HCBS Waiver	20 & Under, Male and Female	4,318	\$ 46.52		0.0%	0.0%	0.1%	0.0%					-0.2%	\$ 45.77
North	HCBS Waiver	21+ Years, Male and Female	11,256	\$ 40.47		-0.1%	0.0%	0.0%	0.0%					-0.3%	\$ 40.34
North	Chisholm Class Members	Chisholm, All Ages Male & Female	16,846	\$ 106.55		0.0%	0.8%	0.0%	0.0%					-1.6%	\$ 105.70
North	SBH - Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	17,129	\$ 108.48		0.0%	0.8%	0.1%	0.0%					-0.1%	\$ 107.64
North	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	256,152	\$ 13.89		4.2%	0.2%	0.2%	0.0%					-0.1%	\$ 14.50
North	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female	4,318	\$ 52.97		0.0%	0.0%	0.1%	0.0%					-0.2%	\$ 52.20
North	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	11,256	\$ 58.20		0.0%	0.0%	0.0%	0.0%					-0.3%	\$ 58.00
North	SBH - Other	SBH - Other, All Ages	9,527	\$ 109.51		-0.1%	0.0%	0.0%	0.0%					-0.2%	\$ 109.22
North	Maternity Kickpayment	Maternity Kickpayment, All Ages	-	\$ -		0.0%	0.0%	0.0%	0.0%					0.0%	\$ -

Notes:

NEMT services are included for SBH Program

J = B \* (1 + C) \* (1 + D) \* (1 + E) \* (1 + F) \* (1 + G) \* (1 + H) \* (1 + I)

T = L \* (1 + M) \* (1 + N) \* (1 + O) \* (1 + P) \* (1 + S)

U = 40% \* J + 60% \* T

AA = U \* (1 + V) \* (1 + W) \* (1 + X) \* (1 + Y) \* (1 + Z) \* (1 + 12)

AB = U \* (1 + V) \* (1 + W) \* (1 + X) \* (1 + Y) \* (1 + Z) \* (1 + 12)

# Appendix I: Specialized Behavioral Health Projected Claims PMPM Development

Table 2: SBH Prospective Rating Adjustments

Region Name	COA Desc	Rate Cell Desc	Prospective Adjustments										AB
			J	T	U	V	W	X	Y	Z	AA	AB	
			CY2013 PMPM After Historical Adj	CY2014 PMPM After Historical Adj	Blended PMPM	1915 Adj	Mixed Services Protocol Adj	Retro Adj	Low Trend	High Trend	Projected PMPM – Low	Projected PMPM – High	
Gulf	SSI	Newborn, 0-2 Months	\$ -	\$ -	\$ -	0.0%	0.0%	0.0%	0.0%	0.0%	\$ -	\$ -	
Gulf	SSI	Newborn, 3-11 Months	\$ 1.80	\$ 0.52	\$ 0.95	0.0%	0.0%	0.0%	29.0%	34.0%	\$ 1.62	\$ 1.75	
Gulf	SSI	Child, 1-20 Years	\$ 100.25	\$ 93.36	\$ 96.12	0.0%	0.0%	0.0%	29.0%	34.0%	\$ 176.85	\$ 176.85	
Gulf	SSI	Adult, 21+ Years	\$ 80.07	\$ 87.46	\$ 84.51	3.4%	0.0%	0.0%	4.0%	6.0%	\$ 95.28	\$ 99.14	
Gulf	Family and Children	Newborn, 0-2 Months	\$ 0.12	\$ 0.02	\$ 0.06	0.0%	0.0%	0.0%	29.0%	34.0%	\$ 0.10	\$ 0.11	
Gulf	Family and Children	Newborn, 3-11 Months	\$ 0.03	\$ 0.09	\$ 0.07	0.0%	0.0%	0.0%	29.0%	34.0%	\$ 0.11	\$ 0.12	
Gulf	Family and Children	Child, 1-20 Years	\$ 17.72	\$ 18.30	\$ 18.07	0.0%	0.0%	0.0%	29.0%	34.0%	\$ 30.71	\$ 33.25	
Gulf	Family and Children	Adult, 21+ Years	\$ 16.63	\$ 17.78	\$ 17.32	4.0%	0.0%	0.0%	4.0%	6.0%	\$ 19.55	\$ 20.35	
Gulf	Foster Care Children	Foster Care, All Ages Male & Female	\$ 123.42	\$ 121.60	\$ 122.33	0.0%	0.0%	0.0%	29.0%	34.0%	\$ 207.95	\$ 225.10	
Gulf	Breast and Cervical Cancer	BCC, All Ages Female	\$ 7.01	\$ 7.81	\$ 7.49	7.4%	0.0%	0.0%	4.0%	6.0%	\$ 8.95	\$ 9.32	
Gulf	LaCHIP Affordable Plan	All Ages	\$ 9.37	\$ 8.51	\$ 8.85	0.0%	0.0%	0.0%	29.0%	34.0%	\$ 15.10	\$ 16.35	
Gulf	HCBS Waiver	20 & Under, Male and Female	\$ 26.79	\$ 21.51	\$ 23.63	0.1%	0.0%	0.0%	29.0%	34.0%	\$ 40.18	\$ 43.49	
Gulf	HCBS Waiver	21+ Years, Male and Female	\$ 31.78	\$ 43.11	\$ 35.58	3.5%	0.0%	0.0%	4.0%	6.0%	\$ 43.32	\$ 45.08	
Gulf	Chisholm Class Members	Chisholm, All Ages Male & Female	\$ 63.78	\$ 50.18	\$ 55.62	0.0%	0.0%	0.0%	29.0%	34.0%	\$ 94.56	\$ 102.36	
Gulf	SBH - Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	\$ 69.26	\$ 53.81	\$ 59.99	0.0%	-6.6%	0.0%	27.9%	32.7%	\$ 93.59	\$ 101.11	
Gulf	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	\$ 19.08	\$ 20.54	\$ 19.96	1.9%	-1.0%	0.0%	7.4%	9.4%	\$ 23.38	\$ 24.29	
Gulf	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female	\$ 32.31	\$ 23.90	\$ 27.26	0.0%	-8.9%	0.0%	26.4%	31.0%	\$ 40.47	\$ 43.62	
Gulf	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	\$ 44.91	\$ 52.51	\$ 49.47	2.8%	-7.3%	0.0%	5.4%	7.4%	\$ 52.66	\$ 54.76	
Gulf	SBH - Other	SBH - Other, All Ages	\$ 137.77	\$ 155.65	\$ 148.49	0.2%	-6.2%	0.0%	6.6%	8.6%	\$ 159.40	\$ 165.70	
Gulf	Maternity Kickpayment	Maternity Kickpayment, All Ages	\$ -	\$ -	\$ -	0.0%	0.0%	0.0%	0.0%	0.0%	\$ -	\$ -	
Capital	SSI	Newborn, 0-2 Months	\$ 10.28	\$ -	\$ 4.11	0.0%	0.0%	0.0%	29.0%	34.0%	\$ 6.99	\$ 7.57	
Capital	SSI	Newborn, 3-11 Months	\$ 0.05	\$ 8.20	\$ 4.94	0.0%	0.0%	0.0%	29.0%	34.0%	\$ 8.39	\$ 9.08	
Capital	SSI	Child, 1-20 Years	\$ 71.51	\$ 77.27	\$ 74.97	0.0%	0.0%	0.0%	29.0%	34.0%	\$ 127.44	\$ 137.94	
Capital	SSI	Adult, 21+ Years	\$ 70.64	\$ 70.65	\$ 70.64	2.6%	0.0%	0.0%	4.0%	6.0%	\$ 79.08	\$ 82.28	
Capital	Family and Children	Newborn, 0-2 Months	\$ 0.17	\$ 1.25	\$ 0.82	0.0%	0.0%	0.0%	29.0%	34.0%	\$ 1.39	\$ 1.50	
Capital	Family and Children	Newborn, 3-11 Months	\$ 0.19	\$ 0.42	\$ 0.33	0.0%	0.0%	0.0%	29.0%	34.0%	\$ 0.56	\$ 0.61	
Capital	Family and Children	Child, 1-20 Years	\$ 17.89	\$ 17.17	\$ 17.46	0.0%	0.0%	0.0%	29.0%	34.0%	\$ 29.68	\$ 32.13	
Capital	Family and Children	Adult, 21+ Years	\$ 17.67	\$ 20.40	\$ 19.31	2.0%	0.0%	0.0%	4.0%	6.0%	\$ 21.37	\$ 22.23	
Capital	Foster Care Children	Foster Care, All Ages Male & Female	\$ 119.38	\$ 163.25	\$ 145.70	0.0%	0.0%	0.0%	29.0%	34.0%	\$ 247.66	\$ 268.08	
Capital	Breast and Cervical Cancer	BCC, All Ages Female	\$ 7.19	\$ 16.50	\$ 12.78	2.5%	0.0%	0.0%	4.0%	6.0%	\$ 14.59	\$ 15.18	
Capital	LaCHIP Affordable Plan	All Ages	\$ 12.46	\$ 16.27	\$ 14.74	0.0%	0.0%	0.0%	29.0%	34.0%	\$ 25.15	\$ 27.23	
Capital	HCBS Waiver	20 & Under, Male and Female	\$ 28.61	\$ 39.07	\$ 34.88	0.0%	0.0%	0.0%	29.0%	34.0%	\$ 59.29	\$ 64.18	
Capital	HCBS Waiver	21+ Years, Male and Female	\$ 56.84	\$ 43.40	\$ 43.77	3.1%	0.0%	0.0%	4.0%	6.0%	\$ 54.56	\$ 56.77	
Capital	Chisholm Class Members	Chisholm, All Ages Male & Female	\$ 71.63	\$ 56.83	\$ 62.77	0.0%	0.0%	0.0%	29.0%	34.0%	\$ 106.72	\$ 115.52	
Capital	SBH - Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	\$ 78.28	\$ 64.27	\$ 69.87	0.0%	-6.9%	0.0%	27.5%	32.3%	\$ 107.97	\$ 116.58	
Capital	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	\$ 14.07	\$ 16.03	\$ 15.25	1.2%	-5.7%	0.0%	11.1%	13.1%	\$ 18.12	\$ 18.81	
Capital	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female	\$ 35.33	\$ 45.14	\$ 41.22	0.0%	-5.4%	0.0%	26.1%	30.7%	\$ 63.26	\$ 68.14	
Capital	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	\$ 71.43	\$ 59.79	\$ 64.45	2.4%	-6.7%	0.0%	5.6%	7.6%	\$ 68.88	\$ 71.62	
Capital	SBH - Other	SBH - Other, All Ages	\$ 121.85	\$ 96.67	\$ 106.74	0.3%	-6.6%	0.0%	5.8%	7.8%	\$ 112.32	\$ 116.79	
Capital	Maternity Kickpayment	Maternity Kickpayment, All Ages	\$ -	\$ -	\$ -	0.0%	0.0%	0.0%	0.0%	0.0%	\$ -	\$ -	

Notes:  
 NEMT services are included for SBH Program  
 $J = B * (1 + C) * (1 + D) * (1 + E) * (1 + F) * (1 + G) * (1 + H) * (1 + I)$   
 $T = L * (1 + M) * (1 + N) * (1 + O) * (1 + P) * (1 + S)$   
 $U = 40\% * J + 60\% * T$   
 $AA = U * (1 + V) * (1 + W) * (1 + X) * (1 + Y) * (1 + Z) * (1 + 25/12)$   
 $AB = U * (1 + V) * (1 + W) * (1 + X) * (1 + Y) * (1 + Z) * (1 + 25/12)$

# Appendix I: Specialized Behavioral Health Projected Claims PMPM Development

Table 2: SBH Prospective Rating Adjustments

Region Name	COA Desc	Rate Cell Desc	Prospective Adjustments										AB
			J	T	U	V	W	X	Y	Z	AA	AB	
			CY2013 PMPM After Historical Adj	CY2014 PMPM After Historical Adj	Blended PMPM	1915 Adj	Mixed Services Protocol Adj	Retro Adj	Low Trend	High Trend	Projected PMPM – Low	Projected PMPM – High	
South Central	SSI	Newborn, 0-2 Months	\$	\$	\$	0.0%	0.0%	0.0%	0.0%	0.0%	\$	\$	
South Central	SSI	Newborn, 3-11 Months	\$	\$	\$	0.0%	0.0%	0.0%	0.0%	0.0%	\$	\$	
South Central	SSI	Child, 1-20 Years	\$	\$	\$	0.0%	0.0%	0.0%	0.0%	0.0%	\$	\$	
South Central	SSI	Adult, 21+ Years	\$	\$	\$	0.0%	0.0%	0.0%	0.0%	0.0%	\$	\$	
South Central	Family and Children	Newborn, 0-2 Months	\$	\$	\$	0.0%	0.0%	0.0%	0.0%	0.0%	\$	\$	
South Central	Family and Children	Newborn, 3-11 Months	\$	\$	\$	0.0%	0.0%	0.0%	0.0%	0.0%	\$	\$	
South Central	Family and Children	Child, 1-20 Years	\$	\$	\$	0.0%	0.0%	0.0%	0.0%	0.0%	\$	\$	
South Central	Family and Children	Adult, 21+ Years	\$	\$	\$	0.0%	0.0%	0.0%	0.0%	0.0%	\$	\$	
South Central	Foster Care Children	Foster Care, All Ages	\$	\$	\$	0.0%	0.0%	0.0%	0.0%	0.0%	\$	\$	
South Central	Breast and Cervical Cancer	Breast and Cervical Cancer	\$	\$	\$	0.0%	0.0%	0.0%	0.0%	0.0%	\$	\$	
South Central	LaCHIP Affordable Plan	LaCHIP Affordable Plan	\$	\$	\$	0.0%	0.0%	0.0%	0.0%	0.0%	\$	\$	
South Central	HCBS Waiver	20 & Under, Male and Female	\$	\$	\$	0.0%	0.0%	0.0%	0.0%	0.0%	\$	\$	
South Central	HCBS Waiver	21+ Years, Male and Female	\$	\$	\$	0.0%	0.0%	0.0%	0.0%	0.0%	\$	\$	
South Central	Chisholm Class Members	Chisholm, All Ages Male & Female	\$	\$	\$	0.0%	0.0%	0.0%	0.0%	0.0%	\$	\$	
South Central	SBH - Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	\$	\$	\$	0.0%	0.0%	0.0%	0.0%	0.0%	\$	\$	
South Central	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	\$	\$	\$	0.0%	0.0%	0.0%	0.0%	0.0%	\$	\$	
South Central	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female	\$	\$	\$	0.0%	0.0%	0.0%	0.0%	0.0%	\$	\$	
South Central	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	\$	\$	\$	0.0%	0.0%	0.0%	0.0%	0.0%	\$	\$	
South Central	SBH - Other	SBH - Other, All Ages	\$	\$	\$	0.0%	0.0%	0.0%	0.0%	0.0%	\$	\$	
South Central	Maternity Kickpayment	Maternity Kickpayment, All Ages	\$	\$	\$	0.0%	0.0%	0.0%	0.0%	0.0%	\$	\$	
North	SSI	Newborn, 0-2 Months	\$	\$	\$	0.0%	0.0%	0.0%	0.0%	0.0%	\$	\$	
North	SSI	Newborn, 3-11 Months	\$	\$	\$	0.0%	0.0%	0.0%	0.0%	0.0%	\$	\$	
North	SSI	Child, 1-20 Years	\$	\$	\$	0.0%	0.0%	0.0%	0.0%	0.0%	\$	\$	
North	SSI	Adult, 21+ Years	\$	\$	\$	0.0%	0.0%	0.0%	0.0%	0.0%	\$	\$	
North	Family and Children	Newborn, 0-2 Months	\$	\$	\$	0.0%	0.0%	0.0%	0.0%	0.0%	\$	\$	
North	Family and Children	Newborn, 3-11 Months	\$	\$	\$	0.0%	0.0%	0.0%	0.0%	0.0%	\$	\$	
North	Family and Children	Child, 1-20 Years	\$	\$	\$	0.0%	0.0%	0.0%	0.0%	0.0%	\$	\$	
North	Family and Children	Adult, 21+ Years	\$	\$	\$	0.0%	0.0%	0.0%	0.0%	0.0%	\$	\$	
North	Foster Care Children	Foster Care, All Ages	\$	\$	\$	0.0%	0.0%	0.0%	0.0%	0.0%	\$	\$	
North	Breast and Cervical Cancer	Breast and Cervical Cancer	\$	\$	\$	0.0%	0.0%	0.0%	0.0%	0.0%	\$	\$	
North	LaCHIP Affordable Plan	LaCHIP Affordable Plan	\$	\$	\$	0.0%	0.0%	0.0%	0.0%	0.0%	\$	\$	
North	HCBS Waiver	20 & Under, Male and Female	\$	\$	\$	0.0%	0.0%	0.0%	0.0%	0.0%	\$	\$	
North	HCBS Waiver	21+ Years, Male and Female	\$	\$	\$	0.0%	0.0%	0.0%	0.0%	0.0%	\$	\$	
North	Chisholm Class Members	Chisholm, All Ages Male & Female	\$	\$	\$	0.0%	0.0%	0.0%	0.0%	0.0%	\$	\$	
North	SBH - Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	\$	\$	\$	0.0%	0.0%	0.0%	0.0%	0.0%	\$	\$	
North	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	\$	\$	\$	0.0%	0.0%	0.0%	0.0%	0.0%	\$	\$	
North	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female	\$	\$	\$	0.0%	0.0%	0.0%	0.0%	0.0%	\$	\$	
North	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	\$	\$	\$	0.0%	0.0%	0.0%	0.0%	0.0%	\$	\$	
North	SBH - Other	SBH - Other, All Ages	\$	\$	\$	0.0%	0.0%	0.0%	0.0%	0.0%	\$	\$	
North	Maternity Kickpayment	Maternity Kickpayment, All Ages	\$	\$	\$	0.0%	0.0%	0.0%	0.0%	0.0%	\$	\$	

Notes:  
 NEMT services are included for SBH Program  
 $J = B * (1 + C) * (1 + D) * (1 + E) * (1 + F) * (1 + G) * (1 + H) * (1 + I)$   
 $T = L * (1 + M) * (1 + N) * (1 + O) * (1 + P) * (1 + S)$   
 $U = 40\% * J + 60\% * T$   
 $AA = U * (1 + V) * (1 + W) * (1 + X) * (1 + Y) * (1 + Z) * (1 + 25/12)$   
 $AB = U * (1 + V) * (1 + W) * (1 + X) * (1 + Y) * (1 + Z) * (1 + 25/12)$

## Appendix J: NEMT Projected Claims PMPM Development (For SBH Program Only)

Table 1: Historical Rating Adjustments

Region Name	COA Desc	Rate Cell Desc	A	B	C	D	E	F	G	H	I	J
			CY2013 MMs	CY2013 PMPM	Historical Trend	Recoupment Adj (F&A)	CY2013 PMPM After Adj	CY2014 MMs	CY2014 PMPM	Historical Trend	Recoupment Adj (F&A)	CY2014 PMPM After Adj
Guif	SSI	Newborn, 0-2 Months	-	\$ -	0.00%	0.00%	\$ -	-	\$ -	-	0.00%	\$ -
Guif	SSI	Newborn, 3-11 Months	-	\$ -	0.00%	0.00%	\$ -	-	\$ -	-	0.00%	\$ -
Guif	SSI	Child, 1-20 Years	-	\$ -	0.00%	0.00%	\$ -	-	\$ -	-	0.00%	\$ -
Guif	SSI	Adult, 21+ Years	-	\$ -	0.00%	0.00%	\$ -	-	\$ -	-	0.00%	\$ -
Guif	Family and Children	Newborn, 0-2 Months	-	\$ -	0.00%	0.00%	\$ -	-	\$ -	-	0.00%	\$ -
Guif	Family and Children	Newborn, 3-11 Months	-	\$ -	0.00%	0.00%	\$ -	-	\$ -	-	0.00%	\$ -
Guif	Family and Children	Child, 1-20 Years	-	\$ -	0.00%	0.00%	\$ -	-	\$ -	-	0.00%	\$ -
Guif	Family and Children	Adult, 21+ Years	-	\$ -	0.00%	0.00%	\$ -	-	\$ -	-	0.00%	\$ -
Guif	Foster Care Children	Foster Care, All Ages Male & Female	-	\$ -	0.00%	0.00%	\$ -	-	\$ -	-	0.00%	\$ -
Guif	Breast and Cervical Cancer	BCC, All Ages Female	-	\$ -	0.00%	0.00%	\$ -	-	\$ -	-	0.00%	\$ -
Guif	LacHIP Affordable Plan	All Ages	-	\$ -	0.00%	0.00%	\$ -	-	\$ -	-	0.00%	\$ -
Guif	HCBS Waiver	20 & Under, Male and Female	-	\$ -	0.00%	0.00%	\$ -	-	\$ -	-	0.00%	\$ -
Guif	HCBS Waiver	21+ Years, Male and Female	-	\$ -	0.00%	0.00%	\$ -	-	\$ -	-	0.00%	\$ -
Guif	Chisholm Class Members	Chisholm, All Ages Male & Female	-	\$ -	0.00%	0.00%	\$ -	-	\$ -	-	0.00%	\$ -
Guif	SBH - Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	16,354	\$ 2.84	11.00%	-0.43%	\$ 3.13	17,167	\$ 3.79	-	-0.27%	\$ 3.78
Guif	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	304,778	\$ 5.59	16.00%	-0.20%	\$ 6.47	299,337	\$ 5.66	-	-0.14%	\$ 5.66
Guif	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female	7,958	\$ 4.99	11.00%	-0.53%	\$ 5.51	7,178	\$ 2.39	-	-0.31%	\$ 2.38
Guif	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	13,356	\$ 11.89	11.00%	-0.54%	\$ 13.13	13,626	\$ 9.44	-	-0.34%	\$ 9.40
Guif	SBH - Other	SBH - Other, All Ages	6,844	\$ 46.91	11.00%	-0.59%	\$ 51.77	7,536	\$ 63.31	-	-0.40%	\$ 63.06
Guif	Maternity Kickpayment	Maternity Kickpayment, All Ages	-	\$ -	0.00%	0.00%	\$ -	-	\$ -	-	0.00%	\$ -
Capital	SSI	Newborn, 0-2 Months	-	\$ -	0.00%	0.00%	\$ -	-	\$ -	-	0.00%	\$ -
Capital	SSI	Newborn, 3-11 Months	-	\$ -	0.00%	0.00%	\$ -	-	\$ -	-	0.00%	\$ -
Capital	SSI	Child, 1-20 Years	-	\$ -	0.00%	0.00%	\$ -	-	\$ -	-	0.00%	\$ -
Capital	SSI	Adult, 21+ Years	-	\$ -	0.00%	0.00%	\$ -	-	\$ -	-	0.00%	\$ -
Capital	Family and Children	Newborn, 0-2 Months	-	\$ -	0.00%	0.00%	\$ -	-	\$ -	-	0.00%	\$ -
Capital	Family and Children	Newborn, 3-11 Months	-	\$ -	0.00%	0.00%	\$ -	-	\$ -	-	0.00%	\$ -
Capital	Family and Children	Child, 1-20 Years	-	\$ -	0.00%	0.00%	\$ -	-	\$ -	-	0.00%	\$ -
Capital	Family and Children	Adult, 21+ Years	-	\$ -	0.00%	0.00%	\$ -	-	\$ -	-	0.00%	\$ -
Capital	Foster Care Children	Foster Care, All Ages Male & Female	-	\$ -	0.00%	0.00%	\$ -	-	\$ -	-	0.00%	\$ -
Capital	Breast and Cervical Cancer	BCC, All Ages Female	-	\$ -	0.00%	0.00%	\$ -	-	\$ -	-	0.00%	\$ -
Capital	LacHIP Affordable Plan	All Ages	-	\$ -	0.00%	0.00%	\$ -	-	\$ -	-	0.00%	\$ -
Capital	HCBS Waiver	20 & Under, Male and Female	-	\$ -	0.00%	0.00%	\$ -	-	\$ -	-	0.00%	\$ -
Capital	HCBS Waiver	21+ Years, Male and Female	-	\$ -	0.00%	0.00%	\$ -	-	\$ -	-	0.00%	\$ -
Capital	Chisholm Class Members	Chisholm, All Ages Male & Female	-	\$ -	0.00%	0.00%	\$ -	-	\$ -	-	0.00%	\$ -
Capital	SBH - Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	16,137	\$ 5.28	11.00%	-0.44%	\$ 5.83	17,176	\$ 5.15	-	-0.25%	\$ 5.14
Capital	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	245,750	\$ 7.57	16.00%	-0.20%	\$ 8.76	239,197	\$ 9.51	-	-0.12%	\$ 9.49
Capital	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female	8,312	\$ 6.09	11.00%	-0.47%	\$ 6.72	7,499	\$ 6.09	-	-0.33%	\$ 6.07
Capital	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	12,207	\$ 13.21	11.00%	-0.50%	\$ 14.59	12,294	\$ 16.44	-	-0.29%	\$ 16.39
Capital	SBH - Other	SBH - Other, All Ages	8,264	\$ 30.86	11.00%	-0.58%	\$ 34.05	8,412	\$ 25.21	-	-0.40%	\$ 25.11
Capital	Maternity Kickpayment	Maternity Kickpayment, All Ages	-	\$ -	0.00%	0.00%	\$ -	-	\$ -	-	0.00%	\$ -

Notes:

$$E = B * (1 + C) * (1 + D)$$

$$J = G * (1 + I)$$

$$K = 40\% * E + 60\% * J$$

$$O = K * ((1 + M)^{25/12})$$

$$P = K * ((1 + N)^{25/12})$$

## Appendix J: NEMT Projected Claims PMPM Development (For SBH Program Only)

Table 1: Historical Rating Adjustments

Region Name	COA Desc	Rate Cell Desc	A	B	C	D	E	F	G	H	I	J
			CY2013 MMs	CY2013 PMPM	Historical Trend	Recoupment Adj (F&A)	CY2013 PMPM After Adj	CY2014 MMs	CY2014 PMPM	Historical Trend	Recoupment Adj (F&A)	CY2014 PMPM After Adj
South Central	SSI	Newborn, 0-2 Months	-	\$ -	0.00%	0.00%	\$ -	-	-		0.00%	\$ -
South Central	SSI	Newborn, 3-11 Months	-	\$ -	0.00%	0.00%	\$ -	-	-		0.00%	\$ -
South Central	SSI	Child, 1-20 Years	-	\$ -	0.00%	0.00%	\$ -	-	-		0.00%	\$ -
South Central	SSI	Adult, 21+ Years	-	\$ -	0.00%	0.00%	\$ -	-	-		0.00%	\$ -
South Central	Family and Children	Newborn, 0-2 Months	-	\$ -	0.00%	0.00%	\$ -	-	-		0.00%	\$ -
South Central	Family and Children	Newborn, 3-11 Months	-	\$ -	0.00%	0.00%	\$ -	-	-		0.00%	\$ -
South Central	Family and Children	Child, 1-20 Years	-	\$ -	0.00%	0.00%	\$ -	-	-		0.00%	\$ -
South Central	Family and Children	Adult, 21+ Years	-	\$ -	0.00%	0.00%	\$ -	-	-		0.00%	\$ -
South Central	Foster Care Children	Foster Care, All Ages Male & Female	-	\$ -	0.00%	0.00%	\$ -	-	-		0.00%	\$ -
South Central	Breast and Cervical Cancer	BCC, All Ages Female	-	\$ -	0.00%	0.00%	\$ -	-	-		0.00%	\$ -
South Central	LacCHIP Affordable Plan	All Ages	-	\$ -	0.00%	0.00%	\$ -	-	-		0.00%	\$ -
South Central	HCBS Waiver	20 & Under, Male and Female	-	\$ -	0.00%	0.00%	\$ -	-	-		0.00%	\$ -
South Central	HCBS Waiver	21+ Years, Male and Female	-	\$ -	0.00%	0.00%	\$ -	-	-		0.00%	\$ -
South Central	Chisholm Class Members	Chisholm, All Ages Male & Female	-	\$ -	0.00%	0.00%	\$ -	-	-		0.00%	\$ -
South Central	SBH - Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	17,361	\$ 9.80	11.00%	-0.38%	\$ 10.83	18,709	\$ 10.13		-0.22%	\$ 10.11
South Central	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	328,633	\$ 5.20	16.00%	-0.31%	\$ 6.02	323,040	\$ 6.01		-0.17%	\$ 6.00
South Central	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female	7,448	\$ 10.86	11.00%	-0.52%	\$ 11.99	6,786	\$ 8.90		-0.34%	\$ 8.87
South Central	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	14,510	\$ 21.44	11.00%	-0.55%	\$ 23.66	14,109	\$ 16.93		-0.36%	\$ 16.87
South Central	SBH - Other	SBH - Other, All Ages	10,261	\$ 45.56	11.00%	-0.59%	\$ 50.27	10,727	\$ 68.84		-0.40%	\$ 68.56
South Central	Maternity Kickpayment	Maternity Kickpayment, All Ages	-	\$ -	0.00%	0.00%	\$ -	-	-		0.00%	\$ -
North	SSI	Newborn, 0-2 Months	-	\$ -	0.00%	0.00%	\$ -	-	-		0.00%	\$ -
North	SSI	Newborn, 3-11 Months	-	\$ -	0.00%	0.00%	\$ -	-	-		0.00%	\$ -
North	SSI	Child, 1-20 Years	-	\$ -	0.00%	0.00%	\$ -	-	-		0.00%	\$ -
North	SSI	Adult, 21+ Years	-	\$ -	0.00%	0.00%	\$ -	-	-		0.00%	\$ -
North	Family and Children	Newborn, 0-2 Months	-	\$ -	0.00%	0.00%	\$ -	-	-		0.00%	\$ -
North	Family and Children	Newborn, 3-11 Months	-	\$ -	0.00%	0.00%	\$ -	-	-		0.00%	\$ -
North	Family and Children	Child, 1-20 Years	-	\$ -	0.00%	0.00%	\$ -	-	-		0.00%	\$ -
North	Family and Children	Adult, 21+ Years	-	\$ -	0.00%	0.00%	\$ -	-	-		0.00%	\$ -
North	Foster Care Children	Foster Care, All Ages Male & Female	-	\$ -	0.00%	0.00%	\$ -	-	-		0.00%	\$ -
North	Breast and Cervical Cancer	BCC, All Ages Female	-	\$ -	0.00%	0.00%	\$ -	-	-		0.00%	\$ -
North	LacCHIP Affordable Plan	All Ages	-	\$ -	0.00%	0.00%	\$ -	-	-		0.00%	\$ -
North	HCBS Waiver	20 & Under, Male and Female	-	\$ -	0.00%	0.00%	\$ -	-	-		0.00%	\$ -
North	HCBS Waiver	21+ Years, Male and Female	-	\$ -	0.00%	0.00%	\$ -	-	-		0.00%	\$ -
North	Chisholm Class Members	Chisholm, All Ages Male & Female	-	\$ -	0.00%	0.00%	\$ -	-	-		0.00%	\$ -
North	SBH - Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	17,290	\$ 2.67	11.00%	-0.28%	\$ 2.96	17,129	\$ 2.97		-0.17%	\$ 2.97
North	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	288,049	\$ 5.90	16.00%	-0.22%	\$ 6.83	286,162	\$ 7.30		-0.13%	\$ 7.29
North	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female	4,875	\$ 7.18	11.00%	-0.47%	\$ 7.93	4,318	\$ 6.45		-0.33%	\$ 6.43
North	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	11,273	\$ 20.41	11.00%	-0.51%	\$ 22.54	11,256	\$ 17.72		-0.34%	\$ 17.66
North	SBH - Other	SBH - Other, All Ages	9,400	\$ 39.73	11.00%	-0.58%	\$ 43.84	9,527	\$ 46.43		-0.40%	\$ 46.25
North	Maternity Kickpayment	Maternity Kickpayment, All Ages	-	\$ -	0.00%	0.00%	\$ -	-	-		0.00%	\$ -

Notes:

$$E = B * (1 + C) * (1 + D)$$

$$J = G * (1 + I)$$

$$K = 40\% * E + 60\% * J$$

$$O = K * ((1 + M)^{25/12})$$

$$P = K * ((1 + N)^{25/12})$$

## Appendix J: NEMT Projected Claims PMPM Development (For SBH Program Only)

Table 2: Prospective Rating Adjustments

Region Name	COA Desc	Rate Cell Desc	E CY2013 PMPM After Historical Adj	J CY2014 PMPM After Historical Adj	K Blended PMPM	L Prospective Adj	M Low Trend	N High Trend	O Projected PMPM – Low	P Projected PMPM – High
Guif	SSI	Newborn, 0-2 Months	\$ -	\$ -	\$ -		0.00%	0.00%	\$ -	\$ -
Guif	SSI	Newborn, 3-11 Months	\$ -	\$ -	\$ -		0.00%	0.00%	\$ -	\$ -
Guif	SSI	Child, 1-20 Years	\$ -	\$ -	\$ -		0.00%	0.00%	\$ -	\$ -
Guif	SSI	Adult, 21+ Years	\$ -	\$ -	\$ -		0.00%	0.00%	\$ -	\$ -
Guif	Family and Children	Newborn, 0-2 Months	\$ -	\$ -	\$ -		0.00%	0.00%	\$ -	\$ -
Guif	Family and Children	Newborn, 3-11 Months	\$ -	\$ -	\$ -		0.00%	0.00%	\$ -	\$ -
Guif	Family and Children	Child, 1-20 Years	\$ -	\$ -	\$ -		0.00%	0.00%	\$ -	\$ -
Guif	Family and Children	Adult, 21+ Years	\$ -	\$ -	\$ -		0.00%	0.00%	\$ -	\$ -
Guif	Foster Care Children	Foster Care, All Ages Male & Female	\$ -	\$ -	\$ -		0.00%	0.00%	\$ -	\$ -
Guif	Breast and Cervical Cancer	BCC, All Ages Female	\$ -	\$ -	\$ -		0.00%	0.00%	\$ -	\$ -
Guif	LACHIP Affordable Plan	All Ages	\$ -	\$ -	\$ -		0.00%	0.00%	\$ -	\$ -
Guif	HCBS Waiver	20 & Under, Male and Female	\$ -	\$ -	\$ -		0.00%	0.00%	\$ -	\$ -
Guif	HCBS Waiver	21+ Years, Male and Female	\$ -	\$ -	\$ -		0.00%	0.00%	\$ -	\$ -
Guif	Chisholm Class Members	Chisholm, All Ages Male & Female	\$ -	\$ -	\$ -		0.00%	0.00%	\$ -	\$ -
Guif	SBH - Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	\$ 3.13	\$ 3.78	\$ 3.52		11.00%	11.00%	\$ 4.38	\$ 4.38
Guif	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	\$ 6.47	\$ 5.66	\$ 5.98		16.00%	16.00%	\$ 8.15	\$ 8.15
Guif	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female	\$ 5.51	\$ 2.38	\$ 3.63		11.00%	11.00%	\$ 4.52	\$ 4.52
Guif	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	\$ 13.13	\$ 9.40	\$ 10.89		11.00%	11.00%	\$ 13.54	\$ 13.54
Guif	SBH - Other	SBH - Other, All Ages	\$ 51.77	\$ 63.06	\$ 58.54		11.00%	11.00%	\$ 72.76	\$ 72.76
Guif	Maternity Kickpayment	Maternity Kickpayment, All Ages	\$ -	\$ -	\$ -		0.00%	0.00%	\$ -	\$ -
Capital	SSI	Newborn, 0-2 Months	\$ -	\$ -	\$ -		0.00%	0.00%	\$ -	\$ -
Capital	SSI	Newborn, 3-11 Months	\$ -	\$ -	\$ -		0.00%	0.00%	\$ -	\$ -
Capital	SSI	Child, 1-20 Years	\$ -	\$ -	\$ -		0.00%	0.00%	\$ -	\$ -
Capital	SSI	Adult, 21+ Years	\$ -	\$ -	\$ -		0.00%	0.00%	\$ -	\$ -
Capital	Family and Children	Newborn, 0-2 Months	\$ -	\$ -	\$ -		0.00%	0.00%	\$ -	\$ -
Capital	Family and Children	Newborn, 3-11 Months	\$ -	\$ -	\$ -		0.00%	0.00%	\$ -	\$ -
Capital	Family and Children	Child, 1-20 Years	\$ -	\$ -	\$ -		0.00%	0.00%	\$ -	\$ -
Capital	Family and Children	Adult, 21+ Years	\$ -	\$ -	\$ -		0.00%	0.00%	\$ -	\$ -
Capital	Foster Care Children	Foster Care, All Ages Male & Female	\$ -	\$ -	\$ -		0.00%	0.00%	\$ -	\$ -
Capital	Breast and Cervical Cancer	BCC, All Ages Female	\$ -	\$ -	\$ -		0.00%	0.00%	\$ -	\$ -
Capital	LACHIP Affordable Plan	All Ages	\$ -	\$ -	\$ -		0.00%	0.00%	\$ -	\$ -
Capital	HCBS Waiver	20 & Under, Male and Female	\$ -	\$ -	\$ -		0.00%	0.00%	\$ -	\$ -
Capital	HCBS Waiver	21+ Years, Male and Female	\$ -	\$ -	\$ -		0.00%	0.00%	\$ -	\$ -
Capital	Chisholm Class Members	Chisholm, All Ages Male & Female	\$ -	\$ -	\$ -		0.00%	0.00%	\$ -	\$ -
Capital	SBH - Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	\$ 5.83	\$ 5.14	\$ 5.42		11.00%	11.00%	\$ 6.73	\$ 6.73
Capital	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	\$ 8.76	\$ 9.49	\$ 9.20		16.00%	16.00%	\$ 12.53	\$ 12.53
Capital	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female	\$ 6.72	\$ 6.07	\$ 6.33		11.00%	11.00%	\$ 7.87	\$ 7.87
Capital	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	\$ 14.59	\$ 16.39	\$ 15.67		11.00%	11.00%	\$ 19.48	\$ 19.48
Capital	SBH - Other	SBH - Other, All Ages	\$ 34.05	\$ 25.11	\$ 28.69		11.00%	11.00%	\$ 35.66	\$ 35.66
Capital	Maternity Kickpayment	Maternity Kickpayment, All Ages	\$ -	\$ -	\$ -		0.00%	0.00%	\$ -	\$ -

Notes:

$$E = B * (1 + C) * (1 + D)$$

$$J = G * (1 + I)$$

$$K = 40\% * E + 60\% * J$$

$$O = K * ((1 + M)^{25/12})$$

$$P = K * ((1 + N)^{25/12})$$

## Appendix J: NEMT Projected Claims PMPM Development (For SBH Program Only)

Table 2: Prospective Rating Adjustments

Region Name	COA Desc	Rate Cell Desc	E	J	K	L	M	N	O	P
			CY2013 PMPM After Historical Adj	CY2014 PMPM After Historical Adj	Blended PMPM	Prospective Adj	Low Trend	High Trend	Projected PMPM -- Low	Projected PMPM -- High
South Central	SSI	Newborn, 0-2 Months	\$ -	\$ -	\$ -		0.00%	0.00%	\$ -	\$ -
South Central	SSI	Newborn, 3-11 Months	\$ -	\$ -	\$ -		0.00%	0.00%	\$ -	\$ -
South Central	SSI	Child, 1-20 Years	\$ -	\$ -	\$ -		0.00%	0.00%	\$ -	\$ -
South Central	SSI	Adult, 21+ Years	\$ -	\$ -	\$ -		0.00%	0.00%	\$ -	\$ -
South Central	Family and Children	Newborn, 0-2 Months	\$ -	\$ -	\$ -		0.00%	0.00%	\$ -	\$ -
South Central	Family and Children	Newborn, 3-11 Months	\$ -	\$ -	\$ -		0.00%	0.00%	\$ -	\$ -
South Central	Family and Children	Child, 1-20 Years	\$ -	\$ -	\$ -		0.00%	0.00%	\$ -	\$ -
South Central	Family and Children	Adult, 21+ Years	\$ -	\$ -	\$ -		0.00%	0.00%	\$ -	\$ -
South Central	Foster Care Children	Foster Care, All Ages Male & Female	\$ -	\$ -	\$ -		0.00%	0.00%	\$ -	\$ -
South Central	Breast and Cervical Cancer	BCC, All Ages Female	\$ -	\$ -	\$ -		0.00%	0.00%	\$ -	\$ -
South Central	LaCHIP Affordable Plan	All Ages	\$ -	\$ -	\$ -		0.00%	0.00%	\$ -	\$ -
South Central	HCBS Waiver	20 & Under, Male and Female	\$ -	\$ -	\$ -		0.00%	0.00%	\$ -	\$ -
South Central	HCBS Waiver	21+ Years, Male and Female	\$ -	\$ -	\$ -		0.00%	0.00%	\$ -	\$ -
South Central	Chisholm Class Members	Chisholm, All Ages Male & Female	\$ -	\$ -	\$ -		0.00%	0.00%	\$ -	\$ -
South Central	SBH - Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	\$ 10.83	\$ 10.11	\$ 10.40		11.00%	11.00%	\$ 12.93	\$ 12.93
South Central	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	\$ 6.02	\$ 6.00	\$ 6.00		16.00%	16.00%	\$ 8.18	\$ 8.18
South Central	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female	\$ 11.99	\$ 8.87	\$ 10.12		11.00%	11.00%	\$ 12.57	\$ 12.57
South Central	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	\$ 23.66	\$ 16.87	\$ 19.68		11.00%	11.00%	\$ 24.34	\$ 24.34
South Central	SBH - Other	SBH - Other, All Ages	\$ 50.27	\$ 68.56	\$ 61.24		11.00%	11.00%	\$ 76.12	\$ 76.12
South Central	Maternity Kickpayment	Maternity Kickpayment, All Ages	\$ -	\$ -	\$ -		0.00%	0.00%	\$ -	\$ -
North	SSI	Newborn, 0-2 Months	\$ -	\$ -	\$ -		0.00%	0.00%	\$ -	\$ -
North	SSI	Newborn, 3-11 Months	\$ -	\$ -	\$ -		0.00%	0.00%	\$ -	\$ -
North	SSI	Child, 1-20 Years	\$ -	\$ -	\$ -		0.00%	0.00%	\$ -	\$ -
North	SSI	Adult, 21+ Years	\$ -	\$ -	\$ -		0.00%	0.00%	\$ -	\$ -
North	Family and Children	Newborn, 0-2 Months	\$ -	\$ -	\$ -		0.00%	0.00%	\$ -	\$ -
North	Family and Children	Newborn, 3-11 Months	\$ -	\$ -	\$ -		0.00%	0.00%	\$ -	\$ -
North	Family and Children	Child, 1-20 Years	\$ -	\$ -	\$ -		0.00%	0.00%	\$ -	\$ -
North	Family and Children	Adult, 21+ Years	\$ -	\$ -	\$ -		0.00%	0.00%	\$ -	\$ -
North	Foster Care Children	Foster Care, All Ages Male & Female	\$ -	\$ -	\$ -		0.00%	0.00%	\$ -	\$ -
North	Breast and Cervical Cancer	BCC, All Ages Female	\$ -	\$ -	\$ -		0.00%	0.00%	\$ -	\$ -
North	LaCHIP Affordable Plan	All Ages	\$ -	\$ -	\$ -		0.00%	0.00%	\$ -	\$ -
North	HCBS Waiver	20 & Under, Male and Female	\$ -	\$ -	\$ -		0.00%	0.00%	\$ -	\$ -
North	HCBS Waiver	21+ Years, Male and Female	\$ -	\$ -	\$ -		0.00%	0.00%	\$ -	\$ -
North	Chisholm Class Members	Chisholm, All Ages Male & Female	\$ -	\$ -	\$ -		0.00%	0.00%	\$ -	\$ -
North	SBH - Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	\$ 2.96	\$ 2.97	\$ 2.96		11.00%	11.00%	\$ 3.68	\$ 3.68
North	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	\$ 6.83	\$ 7.29	\$ 7.11		16.00%	16.00%	\$ 9.68	\$ 9.68
North	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female	\$ 7.93	\$ 6.43	\$ 7.03		11.00%	11.00%	\$ 8.74	\$ 8.74
North	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	\$ 22.54	\$ 17.66	\$ 19.61		11.00%	11.00%	\$ 24.38	\$ 24.38
North	SBH - Other	SBH - Other, All Ages	\$ 43.84	\$ 46.25	\$ 45.29		11.00%	11.00%	\$ 56.29	\$ 56.29
North	Maternity Kickpayment	Maternity Kickpayment, All Ages	\$ -	\$ -	\$ -		0.00%	0.00%	\$ -	\$ -

Notes:

$$E = B * (1 + C) * (1 + D)$$

$$J = G * (1 + I)$$

$$K = 40\% * E + 60\% * J$$

$$O = K * ((1 + M)^{25/12})$$

$$P = K * ((1 + N)^{25/12})$$

# Appendix K: Combined Rate Development

Table 1: Final Projected Claims PMPM Development

Projected Claims PMPM										Final Projected Claims PMPM <sup>2</sup>											
Region Name	COA Desc	Rate Cell Desc	A		B		C		D		E		F		G		H		I	J	
			CY2014 MMs		PH (Appendix H)		SBH (Appendices I)		PH & SBH Combined		Low PMPM		High PMPM		Low PMPM		High PMPM				Credibility <sup>1</sup>
			Low PMPM	High PMPM	Low PMPM	High PMPM	Low PMPM	High PMPM	Low PMPM	High PMPM	Low PMPM	High PMPM	Low PMPM	High PMPM							
Guif	SSI	Newborn, 0-2 Months	499	\$ 22,585.36	\$ 23,244.60	\$	\$	\$	\$	\$	\$	\$	\$	\$ 22,585.36	\$ 23,244.60	0%	\$ 18,056.38	\$ 18,636.79			
Guif	SSI	Newborn, 3-11 Months	2,016	\$ 5,800.06	\$ 5,963.75	1.62	1.75	1.62	1.75	1.62	1.75	1.62	1.75	\$ 5,801.68	\$ 5,965.50	0%	\$ 4,682.47	\$ 4,829.35			
Guif	SSI	Child, 1-20 Years	140,382	\$ 366.77	\$ 383.04	163.38	176.85	163.38	176.85	95.28	99.14	95.28	99.14	\$ 302.09	\$ 305.89	100%	\$ 530.15	\$ 559.89			
Guif	SSI	Adult, 21+ Years	268,331	\$ 806.80	\$ 838.98	95.28	99.14	95.28	99.14	0.10	0.11	0.10	0.11	\$ 1,110.38	\$ 1,154.32	100%	\$ 902.09	\$ 938.12			
Guif	Family and Children	Newborn, 0-2 Months	48,751	\$ 1,110.28	\$ 1,154.21	0.10	0.11	0.10	0.11	0.10	0.11	0.10	0.11	\$ 1,110.38	\$ 1,154.32	100%	\$ 1,110.38	\$ 1,154.32			
Guif	Family and Children	Newborn, 3-11 Months	108,391	\$ 192.20	\$ 201.81	0.11	0.12	0.11	0.12	0.11	0.12	0.11	0.12	\$ 192.32	\$ 201.93	100%	\$ 192.32	\$ 201.93			
Guif	Family and Children	Child, 1-20 Years	2,120,899	\$ 84.38	\$ 88.85	30.71	33.25	30.71	33.25	115.10	122.10	115.10	122.10	\$ 115.10	\$ 122.10	100%	\$ 115.10	\$ 122.10			
Guif	Family and Children	Adult, 21+ Years	388,455	\$ 213.16	\$ 224.92	19.55	20.35	19.55	20.35	232.72	245.26	232.72	245.26	\$ 232.72	\$ 245.26	100%	\$ 232.72	\$ 245.26			
Guif	Foster Care Children	Foster Care, All Ages Male & Female	23,352	\$ 155.78	\$ 163.39	207.95	225.10	207.95	225.10	363.73	388.49	363.73	388.49	\$ 363.73	\$ 388.49	0%	\$ 441.56	\$ 472.02			
Guif	Breast and Cervical Cancer	BCC, All Ages Female	3,937	\$ 1,425.04	\$ 1,493.62	8.95	9.32	8.95	9.32	1,433.99	\$ 1,502.94	1,433.99	\$ 1,502.94	\$ 1,433.99	\$ 1,502.94	0%	\$ 1,531.34	\$ 1,600.99			
Guif	LaCHIP Affordable Plan	All Ages	10,244	\$ 118.75	\$ 125.40	15.10	16.35	15.10	16.35	133.85	\$ 141.75	133.85	\$ 141.75	\$ 133.85	\$ 141.75	0%	\$ 141.71	\$ 149.91			
Guif	HCBS Waiver	20 & Under, Male and Female	7,178	\$ 1,019.46	\$ 1,094.63	40.18	43.49	40.18	43.49	1,059.64	\$ 1,138.12	1,059.64	\$ 1,138.12	\$ 1,059.64	\$ 1,138.12	0%	\$ 1,570.53	\$ 1,686.28			
Guif	HCBS Waiver	21+ Years, Male and Female	13,626	\$ 731.96	\$ 775.17	43.32	45.08	43.32	45.08	775.28	\$ 820.25	775.28	\$ 820.25	\$ 775.28	\$ 820.25	0%	\$ 835.64	\$ 885.32			
Guif	Chisholm Class Members	Chisholm, All Ages Male & Female	16,983	\$ 738.55	\$ 797.45	94.56	102.36	94.56	102.36	833.11	\$ 899.81	833.11	\$ 899.81	\$ 833.11	\$ 899.81	0%	\$ 958.40	\$ 1,034.39			
Guif	SBH - Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	17,167	\$ -	\$ -	93.59	101.11	93.59	101.11	93.59	\$ 101.11	93.59	\$ 101.11	\$ 93.59	\$ 101.11	0%	\$ 142.41	\$ 153.85			
Guif	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	299,337	\$ -	\$ -	23.38	24.29	23.38	24.29	23.38	\$ 24.29	23.38	\$ 24.29	23.38	\$ 24.29	100%	\$ 23.38	\$ 24.29			
Guif	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female	7,178	\$ -	\$ -	40.47	43.62	40.47	43.62	40.47	\$ 43.62	40.47	\$ 43.62	40.47	\$ 43.62	0%	\$ 63.91	\$ 68.82			
Guif	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	13,626	\$ -	\$ -	52.66	54.76	52.66	54.76	52.66	\$ 54.76	52.66	\$ 54.76	52.66	\$ 54.76	0%	\$ 63.72	\$ 66.26			
Guif	SBH - Other	SBH - Other, All Ages	7,536	\$ -	\$ -	159.40	165.70	159.40	165.70	159.40	\$ 165.70	159.40	\$ 165.70	159.40	\$ 165.70	0%	\$ 152.27	\$ 158.30			
Guif	Maternity Kickpayment	Maternity Kickpayment, All Ages	10,549	\$ 5,567.00	\$ 5,688.39	\$ -	\$ -	\$ -	\$ -	\$ 5,567.00	\$ 5,688.39	\$ 5,567.00	\$ 5,688.39	\$ 5,567.00	\$ 5,688.39	100%	\$ 5,567.00	\$ 5,688.39			
Capital	SSI	Newborn, 0-2 Months	384	\$ 18,442.71	\$ 19,098.27	6.99	7.57	6.99	7.57	\$ 18,449.70	\$ 19,105.84	\$ 18,449.70	\$ 19,105.84	\$ 18,449.70	\$ 19,105.84	0%	\$ 18,056.38	\$ 18,636.79			
Capital	SSI	Newborn, 3-11 Months	1,488	\$ 6,364.11	\$ 6,563.86	8.39	9.08	8.39	9.08	6,372.50	\$ 6,572.94	6,372.50	\$ 6,572.94	6,372.50	\$ 6,572.94	0%	\$ 4,682.47	\$ 4,829.35			
Capital	SSI	Child, 1-20 Years	104,301	\$ 433.71	\$ 454.49	127.44	137.94	127.44	137.94	561.15	\$ 592.43	561.15	\$ 592.43	561.15	\$ 592.43	100%	\$ 561.15	\$ 592.43			
Capital	SSI	Adult, 21+ Years	195,553	\$ 925.00	\$ 962.17	79.08	82.28	79.08	82.28	1,004.08	\$ 1,044.45	1,004.08	\$ 1,044.45	1,004.08	\$ 1,044.45	100%	\$ 1,004.08	\$ 1,044.45			
Capital	Family and Children	Newborn, 0-2 Months	42,461	\$ 1,191.75	\$ 1,236.68	1.39	1.50	1.39	1.50	1,183.14	\$ 1,238.19	1,183.14	\$ 1,238.19	1,183.14	\$ 1,238.19	100%	\$ 1,183.14	\$ 1,238.19			
Capital	Family and Children	Newborn, 3-11 Months	96,528	\$ 187.94	\$ 197.70	0.56	0.61	0.56	0.61	188.50	\$ 198.31	188.50	\$ 198.31	188.50	\$ 198.31	100%	\$ 188.50	\$ 198.31			
Capital	Family and Children	Child, 1-20 Years	1,914,036	\$ 93.05	\$ 98.02	29.68	32.13	29.68	32.13	122.74	\$ 130.15	122.74	\$ 130.15	122.74	\$ 130.15	100%	\$ 122.74	\$ 130.15			
Capital	Family and Children	Adult, 21+ Years	288,647	\$ 254.90	\$ 268.91	21.37	22.23	21.37	22.23	276.27	\$ 291.14	276.27	\$ 291.14	276.27	\$ 291.14	100%	\$ 276.27	\$ 291.14			
Capital	Foster Care Children	Foster Care, All Ages Male & Female	33,498	\$ 161.90	\$ 169.51	247.66	268.08	247.66	268.08	409.57	\$ 437.59	409.57	\$ 437.59	409.57	\$ 437.59	0%	\$ 441.56	\$ 472.02			
Capital	Breast and Cervical Cancer	BCC, All Ages Female	3,825	\$ 1,336.75	\$ 1,399.04	14.59	15.18	14.59	15.18	1,351.33	\$ 1,414.22	1,351.33	\$ 1,414.22	1,351.33	\$ 1,414.22	0%	\$ 1,531.34	\$ 1,600.99			
Capital	LaCHIP Affordable Plan	All Ages	10,876	\$ 145.11	\$ 152.37	25.15	27.23	25.15	27.23	170.27	\$ 179.60	170.27	\$ 179.60	170.27	\$ 179.60	0%	\$ 141.71	\$ 149.91			
Capital	HCBS Waiver	20 & Under, Male and Female	7,499	\$ 1,416.59	\$ 1,519.96	59.29	64.18	59.29	64.18	1,475.88	\$ 1,584.15	1,475.88	\$ 1,584.15	1,475.88	\$ 1,584.15	0%	\$ 1,570.53	\$ 1,686.28			
Capital	HCBS Waiver	21+ Years, Male and Female	12,294	\$ 753.30	\$ 799.79	54.56	56.77	54.56	56.77	807.87	\$ 856.56	807.87	\$ 856.56	807.87	\$ 856.56	0%	\$ 835.64	\$ 885.32			
Capital	Chisholm Class Members	Chisholm, All Ages Male & Female	17,068	\$ 919.01	\$ 992.08	106.72	115.52	106.72	115.52	1,025.73	\$ 1,107.60	1,025.73	\$ 1,107.60	1,025.73	\$ 1,107.60	0%	\$ 958.40	\$ 1,034.39			
Capital	SBH - Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	17,176	\$ -	\$ -	107.97	116.58	107.97	116.58	107.97	\$ 116.58	107.97	\$ 116.58	107.97	\$ 116.58	0%	\$ 142.41	\$ 153.85			
Capital	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	239,197	\$ -	\$ -	18.12	18.81	18.12	18.81	18.12	\$ 18.81	18.12	\$ 18.81	18.12	\$ 18.81	100%	\$ 18.12	\$ 18.81			
Capital	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female	7,499	\$ -	\$ -	63.26	68.14	63.26	68.14	63.26	\$ 68.14	63.26	\$ 68.14	63.26	\$ 68.14	0%	\$ 63.91	\$ 68.82			
Capital	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	12,294	\$ -	\$ -	68.88	71.62	68.88	71.62	68.88	\$ 71.62	68.88	\$ 71.62	68.88	\$ 71.62	0%	\$ 63.72	\$ 66.26			
Capital	SBH - Other	SBH - Other, All Ages	8,412	\$ -	\$ -	112.32	116.79	112.32	116.79	112.32	\$ 116.79	112.32	\$ 116.79	112.32	\$ 116.79	0%	\$ 152.27	\$ 158.30			
Capital	Maternity Kickpayment	Maternity Kickpayment, All Ages	9,280	\$ 4,901.44	\$ 5,008.31	\$ -	\$ -	\$ -	\$ -	\$ 4,901.44	\$ 5,008.31	\$ 4,901.44	\$ 5,008.31	\$ 4,901.44	\$ 5,008.31	100%	\$ 4,901.44	\$ 5,008.31			

Notes:

1- Rate Cells with a 0% are set on a statewide basis.

2- Claims PMPM adjusted for statewide rate cells.

3- FMP amounts include premium tax.

F = B + D

G = C + E

Q = (1 \* (1 + M) + K) / (1 - O - P)

R = (1 \* (1 + N) + L) / (1 - O - P)

V = S + T + U

W = Q + V

X = R + V

# Appendix K: Combined Rate Development

Table 1: Final Projected Claims PMPM Development

Region Name	COA Desc	Rate Cell Desc	CY2014 MMs	PH (Appendix H)				Projected Claims PMPM SBH (Appendices I)				PH & SBH Combined				Final Projected Claims PMPM <sup>2</sup>			
				A		B		C		D		E		F		G		H	
				CY2014 MMs		Low PMPM		High PMPM		Low PMPM		High PMPM		Low PMPM		High PMPM		Credibility <sup>1</sup>	
South Central	SSI	Newborn, 0-2 Months	466	\$ 16,384.30	\$ 16,880.89	\$ -	\$ -	\$ 16,880.89	\$ -	\$ -	\$ -	\$ 16,880.89	\$ -	\$ 16,384.30	\$ -	\$ 16,880.89	\$ -	0%	\$ 18,056.38
South Central	SSI	Newborn, 3-11 Months	1,871	\$ 3,856.44	\$ 3,983.23	\$ 2.71	\$ 2.93	\$ 3,983.23	\$ 2.93	\$ 2.71	\$ 2.93	\$ 3,983.23	\$ 2.93	\$ 3,856.44	\$ 2.93	\$ 3,983.23	\$ 2.93	0%	\$ 4,682.47
South Central	SSI	Child, 1-20 Years	108,433	\$ 408.43	\$ 427.38	\$ 133.22	\$ 144.20	\$ 427.38	\$ 144.20	\$ 133.22	\$ 144.20	\$ 427.38	\$ 144.20	\$ 408.43	\$ 144.20	\$ 427.38	\$ 144.20	100%	\$ 541.65
South Central	SSI	Adult, 21+ Years	237,953	\$ 786.13	\$ 817.20	\$ 79.82	\$ 83.05	\$ 817.20	\$ 83.05	\$ 79.82	\$ 83.05	\$ 817.20	\$ 83.05	\$ 786.13	\$ 83.05	\$ 817.20	\$ 83.05	100%	\$ 865.95
South Central	Family and Children	Newborn, 0-2 Months	46,634	\$ 1,281.04	\$ 1,326.65	\$ 0.74	\$ 0.80	\$ 1,326.65	\$ 0.80	\$ 0.74	\$ 0.80	\$ 1,326.65	\$ 0.80	\$ 1,281.04	\$ 0.80	\$ 1,326.65	\$ 0.80	100%	\$ 1,281.78
South Central	Family and Children	Newborn, 3-11 Months	104,955	\$ 196.82	\$ 206.65	\$ 0.32	\$ 0.34	\$ 206.65	\$ 0.34	\$ 0.32	\$ 0.34	\$ 206.65	\$ 0.34	\$ 196.82	\$ 0.34	\$ 206.65	\$ 0.34	100%	\$ 197.14
South Central	Family and Children	Child, 1-20 Years	2,083,138	\$ 95.98	\$ 100.98	\$ 24.36	\$ 26.37	\$ 100.98	\$ 26.37	\$ 24.36	\$ 26.37	\$ 100.98	\$ 26.37	\$ 95.98	\$ 26.37	\$ 100.98	\$ 26.37	100%	\$ 127.35
South Central	Family and Children	Adult, 21+ Years	299,789	\$ 233.76	\$ 246.71	\$ 21.16	\$ 22.01	\$ 246.71	\$ 22.01	\$ 21.16	\$ 22.01	\$ 246.71	\$ 22.01	\$ 233.76	\$ 22.01	\$ 246.71	\$ 22.01	100%	\$ 254.92
South Central	Foster Care Children	Foster Care, All Ages Male & Female	44,797	\$ 168.14	\$ 176.01	\$ 193.48	\$ 209.43	\$ 176.01	\$ 209.43	\$ 193.48	\$ 209.43	\$ 176.01	\$ 209.43	\$ 168.14	\$ 209.43	\$ 176.01	\$ 209.43	0%	\$ 441.56
South Central	Breast and Cervical Cancer	BCC, All Ages Female	2,747	\$ 1,691.65	\$ 1,765.02	\$ 4.87	\$ 5.06	\$ 1,765.02	\$ 5.06	\$ 4.87	\$ 5.06	\$ 1,765.02	\$ 5.06	\$ 1,691.65	\$ 5.06	\$ 1,765.02	\$ 5.06	0%	\$ 1,531.34
South Central	LaCHIP Affordable Plan	All Ages	12,678	\$ 100.03	\$ 105.55	\$ 12.67	\$ 13.72	\$ 105.55	\$ 13.72	\$ 12.67	\$ 13.72	\$ 105.55	\$ 13.72	\$ 100.03	\$ 13.72	\$ 105.55	\$ 13.72	0%	\$ 141.71
South Central	HCBS Waiver	20 & Under, Male and Female	6,786	\$ 1,878.02	\$ 2,013.17	\$ 52.98	\$ 57.35	\$ 2,013.17	\$ 57.35	\$ 52.98	\$ 57.35	\$ 2,013.17	\$ 57.35	\$ 1,878.02	\$ 57.35	\$ 2,013.17	\$ 57.35	0%	\$ 1,570.53
South Central	HCBS Waiver	21+ Years, Male and Female	14,109	\$ 849.20	\$ 901.07	\$ 47.28	\$ 49.20	\$ 901.07	\$ 49.20	\$ 47.28	\$ 49.20	\$ 901.07	\$ 49.20	\$ 849.20	\$ 49.20	\$ 901.07	\$ 49.20	0%	\$ 835.64
South Central	Chisholm Class Members	Chisholm, All Ages Male & Female	18,278	\$ 890.07	\$ 957.48	\$ 183.71	\$ 198.86	\$ 890.07	\$ 957.48	\$ 183.71	\$ 198.86	\$ 890.07	\$ 957.48	\$ 890.07	\$ 957.48	\$ 890.07	\$ 957.48	0%	\$ 958.40
South Central	SBH - Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	18,709	\$ -	\$ -	\$ 180.80	\$ 195.14	\$ -	\$ 195.14	\$ 180.80	\$ 195.14	\$ -	\$ 195.14	\$ 180.80	\$ 195.14	\$ -	\$ 195.14	0%	\$ 142.41
South Central	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	323,040	\$ -	\$ -	\$ 15.08	\$ 15.66	\$ -	\$ 15.66	\$ 15.08	\$ 15.66	\$ -	\$ 15.66	\$ 15.08	\$ 15.66	\$ -	\$ 15.66	100%	\$ 15.08
South Central	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female	6,786	\$ -	\$ -	\$ 59.47	\$ 63.82	\$ -	\$ 63.82	\$ 59.47	\$ 63.82	\$ -	\$ 63.82	\$ 59.47	\$ 63.82	\$ -	\$ 63.82	0%	\$ 63.91
South Central	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	14,109	\$ -	\$ -	\$ 65.70	\$ 68.30	\$ -	\$ 68.30	\$ 65.70	\$ 68.30	\$ -	\$ 68.30	\$ 65.70	\$ 68.30	\$ -	\$ 68.30	0%	\$ 63.72
South Central	SBH - Other	SBH - Other, All Ages	10,727	\$ -	\$ -	\$ 200.14	\$ 208.08	\$ -	\$ 208.08	\$ 200.14	\$ 208.08	\$ -	\$ 208.08	\$ 200.14	\$ 208.08	\$ -	\$ 208.08	0%	\$ 152.27
South Central	Maternity Kickpayment	Maternity Kickpayment, All Ages	10,188	\$ 5,080.31	\$ 5,191.07	\$ -	\$ -	\$ 5,191.07	\$ -	\$ -	\$ -	\$ 5,191.07	\$ -	\$ 5,080.31	\$ -	\$ 5,191.07	\$ -	100%	\$ 5,080.31
North	SSI	Newborn, 0-2 Months	442	\$ 14,364.50	\$ 14,878.51	\$ -	\$ -	\$ 14,878.51	\$ -	\$ -	\$ -	\$ 14,878.51	\$ -	\$ 14,364.50	\$ -	\$ 14,878.51	\$ -	0%	\$ 18,056.38
North	SSI	Newborn, 3-11 Months	1,700	\$ 2,781.95	\$ 2,883.72	\$ 0.11	\$ 0.12	\$ 2,883.72	\$ 0.12	\$ 0.11	\$ 0.12	\$ 2,883.72	\$ 0.12	\$ 2,781.95	\$ 0.12	\$ 2,883.72	\$ 0.12	0%	\$ 4,682.47
North	SSI	Child, 1-20 Years	119,014	\$ 369.15	\$ 386.08	\$ 218.98	\$ 237.04	\$ 386.08	\$ 237.04	\$ 218.98	\$ 237.04	\$ 386.08	\$ 237.04	\$ 369.15	\$ 237.04	\$ 386.08	\$ 237.04	100%	\$ 588.13
North	SSI	Adult, 21+ Years	208,362	\$ 730.39	\$ 759.65	\$ 61.25	\$ 63.73	\$ 759.65	\$ 63.73	\$ 61.25	\$ 63.73	\$ 759.65	\$ 63.73	\$ 730.39	\$ 63.73	\$ 759.65	\$ 63.73	100%	\$ 791.64
North	Family and Children	Newborn, 0-2 Months	35,265	\$ 1,238.21	\$ 1,283.84	\$ 0.02	\$ 0.02	\$ 1,283.84	\$ 0.02	\$ 0.02	\$ 0.02	\$ 1,283.84	\$ 0.02	\$ 1,238.21	\$ 0.02	\$ 1,283.84	\$ 0.02	100%	\$ 1,238.87
North	Family and Children	Newborn, 3-11 Months	81,697	\$ 197.37	\$ 207.15	\$ 0.20	\$ 0.22	\$ 207.15	\$ 0.22	\$ 0.20	\$ 0.22	\$ 207.15	\$ 0.22	\$ 197.37	\$ 0.22	\$ 207.15	\$ 0.22	100%	\$ 197.56
North	Family and Children	Child, 1-20 Years	1,639,346	\$ 84.03	\$ 88.43	\$ 40.05	\$ 43.35	\$ 88.43	\$ 43.35	\$ 40.05	\$ 43.35	\$ 88.43	\$ 43.35	\$ 84.03	\$ 43.35	\$ 88.43	\$ 43.35	100%	\$ 124.07
North	Family and Children	Adult, 21+ Years	239,631	\$ 218.07	\$ 230.08	\$ 20.32	\$ 21.14	\$ 230.08	\$ 21.14	\$ 20.32	\$ 21.14	\$ 230.08	\$ 21.14	\$ 218.07	\$ 21.14	\$ 230.08	\$ 21.14	100%	\$ 238.39
North	Foster Care Children	Foster Care, All Ages Male & Female	24,828	\$ 178.22	\$ 186.15	\$ 523.93	\$ 567.13	\$ 186.15	\$ 567.13	\$ 523.93	\$ 567.13	\$ 186.15	\$ 567.13	\$ 178.22	\$ 567.13	\$ 186.15	\$ 567.13	0%	\$ 441.56
North	Breast and Cervical Cancer	BCC, All Ages Female	2,561	\$ 1,747.24	\$ 1,822.85	\$ 25.41	\$ 26.44	\$ 1,822.85	\$ 26.44	\$ 25.41	\$ 26.44	\$ 1,822.85	\$ 26.44	\$ 1,747.24	\$ 26.44	\$ 1,822.85	\$ 26.44	0%	\$ 1,531.34
North	LaCHIP Affordable Plan	All Ages	6,372	\$ 134.66	\$ 142.26	\$ 28.67	\$ 31.03	\$ 142.26	\$ 31.03	\$ 28.67	\$ 31.03	\$ 142.26	\$ 31.03	\$ 134.66	\$ 31.03	\$ 142.26	\$ 31.03	0%	\$ 141.71
North	HCBS Waiver	20 & Under, Male and Female	4,318	\$ 1,915.88	\$ 2,060.78	\$ 101.82	\$ 110.22	\$ 1,915.88	\$ 110.22	\$ 101.82	\$ 110.22	\$ 1,915.88	\$ 110.22	\$ 1,915.88	\$ 110.22	\$ 1,915.88	\$ 110.22	0%	\$ 1,570.53
North	HCBS Waiver	21+ Years, Male and Female	11,256	\$ 815.61	\$ 865.05	\$ 47.14	\$ 49.05	\$ 865.05	\$ 49.05	\$ 47.14	\$ 49.05	\$ 865.05	\$ 49.05	\$ 815.61	\$ 49.05	\$ 865.05	\$ 49.05	0%	\$ 835.64
North	Chisholm Class Members	Chisholm, All Ages Male & Female	16,846	\$ 709.71	\$ 767.00	\$ 181.60	\$ 196.57	\$ 709.71	\$ 767.00	\$ 181.60	\$ 196.57	\$ 709.71	\$ 767.00	\$ 709.71	\$ 767.00	\$ 709.71	\$ 767.00	0%	\$ 958.40
North	SBH - Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	17,129	\$ -	\$ -	\$ 183.95	\$ 198.96	\$ -	\$ 198.96	\$ 183.95	\$ 198.96	\$ -	\$ 198.96	\$ 183.95	\$ 198.96	\$ -	\$ 198.96	0%	\$ 142.41
North	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	256,152	\$ -	\$ -	\$ 16.63	\$ 17.27	\$ -	\$ 17.27	\$ 16.63	\$ 17.27	\$ -	\$ 17.27	\$ 16.63	\$ 17.27	\$ -	\$ 17.27	100%	\$ 16.63
North	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female	4,318	\$ -	\$ -	\$ 110.97	\$ 119.74	\$ -	\$ 119.74	\$ 110.97	\$ 119.74	\$ -	\$ 119.74	\$ 110.97	\$ 119.74	\$ -	\$ 119.74	0%	\$ 63.91
North	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	11,256	\$ -	\$ -	\$ 69.02	\$ 71.76	\$ -	\$ 71.76	\$ 69.02	\$ 71.76	\$ -	\$ 71.76	\$ 69.02	\$ 71.76	\$ -	\$ 71.76	0%	\$ 63.72
North	SBH - Other	SBH - Other, All Ages	9,527	\$ -	\$ -	\$ 128.01	\$ 133.07	\$ -	\$ 133.07	\$ 128.01	\$ 133.07	\$ -	\$ 133.07	\$ 128.01	\$ 133.07	\$ -	\$ 133.07	0%	\$ 152.27
North	Maternity Kickpayment	Maternity Kickpayment, All Ages	7,696	\$ 4,936.65	\$ 5,044.24	\$ -	\$ -	\$ 5,044.24	\$ -	\$ -	\$ -	\$ 5,044.24	\$ -	\$ 4,936.65	\$ -	\$ 5,044.24	\$ -	100%	\$ 4,936.65

Notes:

1- Rate Cells with a 0% are set on a statewide basis.

2- Claims PMPM adjusted for statewide rate cells.

3- FMP amounts include premium tax.

F = B + D

G = C + E

Q = (1 \* (1 + M) + K) / (1 - O - P)

R = (J \* (1 + N) + L) / (1 - O - P)

V = S + T + U

W = Q + V

X = R + V

# Appendix K: Combined Rate Development

Table 2a: Loaded Rate Development

Region Name		COA Desc	Rate Cell Desc	Final Projected Claims PMPM		Retention Load		Loaded Rates					
				I	J	K	L	M	N	O	P	Q	R
				Low PMPM	High PMPM	Fixed Admin Load - Low (PMPM)	Fixed Admin Load - High (PMPM)	Variable Admin Load - Low (%)	Variable Admin Load - High (%)	UW Gain @ 2%	Premium Tax @ 2.25%	Low	High
Guif	SSI		Newborn, 0-2 Months	\$ 18,056.38	\$ 18,636.79	\$ 13.01	\$ 13.67	5.63%	5.62%	2.00%	2.25%	\$ 19,933.38	\$ 20,572.95
Guif	SSI		Newborn, 3-11 Months	\$ 4,682.47	\$ 4,829.35	\$ 13.01	\$ 13.67	5.23%	5.22%	2.00%	2.25%	\$ 5,159.48	\$ 5,321.09
Guif	SSI		Child, 1-20 Years	\$ 530.15	\$ 559.89	\$ 13.01	\$ 13.67	4.70%	4.71%	2.00%	2.25%	\$ 593.27	\$ 626.54
Guif	SSI	Family and Children	Adult, 21+ Years	\$ 902.09	\$ 938.12	\$ 13.01	\$ 13.67	4.30%	4.30%	2.00%	2.25%	\$ 986.18	\$ 1,036.19
Guif	Family and Children		Newborn, 0-2 Months	\$ 1,110.38	\$ 1,154.32	\$ 13.01	\$ 13.67	5.61%	5.60%	2.00%	2.25%	\$ 1,238.30	\$ 1,287.37
Guif	Family and Children		Newborn, 3-11 Months	\$ 192.32	\$ 201.93	\$ 13.01	\$ 13.67	5.07%	5.07%	2.00%	2.25%	\$ 224.63	\$ 235.86
Guif	Family and Children		Child, 1-20 Years	\$ 115.10	\$ 122.10	\$ 13.01	\$ 13.67	4.82%	4.83%	2.00%	2.25%	\$ 139.59	\$ 147.96
Guif	Family and Children		Adult, 21+ Years	\$ 232.72	\$ 245.26	\$ 13.01	\$ 13.67	4.64%	4.65%	2.00%	2.25%	\$ 267.92	\$ 282.35
Guif	Foster Care Children		Foster Care, All Ages Male & Female	\$ 441.56	\$ 472.02	\$ 13.01	\$ 13.67	5.03%	5.05%	2.00%	2.25%	\$ 497.92	\$ 532.14
Guif	Breast and Cervical Cancer		BCC, All Ages Female	\$ 1,531.34	\$ 1,600.99	\$ 13.01	\$ 13.67	4.85%	4.86%	2.00%	2.25%	\$ 1,690.46	\$ 1,767.57
Guif	LaCHIP Affordable Plan		All Ages	\$ 141.71	\$ 149.91	\$ 13.01	\$ 13.67	4.60%	4.60%	2.00%	2.25%	\$ 168.40	\$ 178.05
Guif	HCBS Waiver		20 & Under, Male and Female	\$ 1,570.53	\$ 1,686.28	\$ 13.01	\$ 13.67	4.95%	4.98%	2.00%	2.25%	\$ 1,734.98	\$ 1,863.06
Guif	HCBS Waiver		21+ Years, Male and Female	\$ 835.64	\$ 885.32	\$ 13.01	\$ 13.67	3.98%	4.04%	2.00%	2.25%	\$ 921.06	\$ 976.26
Guif	Chisholm Class Members		Chisholm, All Ages Male & Female	\$ 958.40	\$ 1,034.39	\$ 13.01	\$ 13.67	4.82%	4.87%	2.00%	2.25%	\$ 1,062.82	\$ 1,147.14
Guif	SBH - Chisholm Class Members		SBH - Chisholm, All Ages Male & Female	\$ 142.41	\$ 153.85	\$ 1.50	\$ 1.58	4.77%	4.78%	2.00%	2.25%	\$ 157.40	\$ 170.00
Guif	SBH - Dual Eligible		SBH - Dual Eligible, All Ages	\$ 23.38	\$ 24.29	\$ 1.50	\$ 1.58	4.77%	4.78%	2.00%	2.25%	\$ 27.15	\$ 28.23
Guif	SBH - HCBS Waiver		SBH - 20 & Under, Male and Female	\$ 63.91	\$ 68.82	\$ 1.50	\$ 1.58	4.77%	4.78%	2.00%	2.25%	\$ 71.50	\$ 76.95
Guif	SBH - HCBS Waiver		SBH - 21+ Years, Male and Female	\$ 63.72	\$ 66.26	\$ 1.50	\$ 1.58	4.77%	4.78%	2.00%	2.25%	\$ 71.29	\$ 74.15
Guif	SBH - Other		SBH - Other, All Ages	\$ 152.27	\$ 158.30	\$ 1.50	\$ 1.58	4.77%	4.78%	2.00%	2.25%	\$ 168.19	\$ 174.88
Guif	Maternity Kickpayment		Maternity Kickpayment, All Ages	\$ 5,567.00	\$ 5,688.39	\$ -	\$ -	5.66%	5.65%	2.00%	2.25%	\$ 6,143.22	\$ 6,276.75
Capital	SSI		Newborn, 0-2 Months	\$ 18,056.38	\$ 18,636.79	\$ 13.01	\$ 13.67	5.63%	5.62%	2.00%	2.25%	\$ 19,933.38	\$ 20,572.95
Capital	SSI		Newborn, 3-11 Months	\$ 4,682.47	\$ 4,829.35	\$ 13.01	\$ 13.67	5.23%	5.22%	2.00%	2.25%	\$ 5,159.48	\$ 5,321.09
Capital	SSI		Child, 1-20 Years	\$ 561.15	\$ 592.43	\$ 13.01	\$ 13.67	4.60%	4.61%	2.00%	2.25%	\$ 626.59	\$ 661.52
Capital	SSI	Family and Children	Adult, 21+ Years	\$ 1,004.08	\$ 1,044.45	\$ 13.01	\$ 13.67	4.24%	4.25%	2.00%	2.25%	\$ 1,106.75	\$ 1,151.46
Capital	Family and Children		Newborn, 0-2 Months	\$ 1,193.14	\$ 1,238.19	\$ 13.01	\$ 13.67	5.61%	5.60%	2.00%	2.25%	\$ 1,329.56	\$ 1,379.83
Capital	Family and Children		Newborn, 3-11 Months	\$ 188.50	\$ 198.31	\$ 13.01	\$ 13.67	5.03%	5.03%	2.00%	2.25%	\$ 220.36	\$ 231.80
Capital	Family and Children		Child, 1-20 Years	\$ 122.74	\$ 130.15	\$ 13.01	\$ 13.67	4.70%	4.71%	2.00%	2.25%	\$ 147.80	\$ 156.61
Capital	Family and Children		Adult, 21+ Years	\$ 276.27	\$ 291.14	\$ 13.01	\$ 13.67	4.62%	4.63%	2.00%	2.25%	\$ 315.44	\$ 332.41
Capital	Foster Care Children		Foster Care, All Ages Male & Female	\$ 441.56	\$ 472.02	\$ 13.01	\$ 13.67	5.03%	5.05%	2.00%	2.25%	\$ 497.92	\$ 532.14
Capital	Breast and Cervical Cancer		BCC, All Ages Female	\$ 1,531.34	\$ 1,600.99	\$ 13.01	\$ 13.67	4.85%	4.86%	2.00%	2.25%	\$ 1,690.46	\$ 1,767.57
Capital	LaCHIP Affordable Plan		All Ages	\$ 141.71	\$ 149.91	\$ 13.01	\$ 13.67	4.60%	4.60%	2.00%	2.25%	\$ 168.40	\$ 178.05
Capital	HCBS Waiver		20 & Under, Male and Female	\$ 1,570.53	\$ 1,686.28	\$ 13.01	\$ 13.67	4.95%	4.98%	2.00%	2.25%	\$ 1,734.98	\$ 1,863.06
Capital	HCBS Waiver		21+ Years, Male and Female	\$ 835.64	\$ 885.32	\$ 13.01	\$ 13.67	3.98%	4.04%	2.00%	2.25%	\$ 921.06	\$ 976.26
Capital	Chisholm Class Members		Chisholm, All Ages Male & Female	\$ 958.40	\$ 1,034.39	\$ 13.01	\$ 13.67	4.82%	4.87%	2.00%	2.25%	\$ 1,062.82	\$ 1,147.14
Capital	SBH - Chisholm Class Members		SBH - Chisholm, All Ages Male & Female	\$ 142.41	\$ 153.85	\$ 1.50	\$ 1.58	4.77%	4.78%	2.00%	2.25%	\$ 157.40	\$ 170.00
Capital	SBH - Dual Eligible		SBH - Dual Eligible, All Ages	\$ 18.12	\$ 18.81	\$ 1.50	\$ 1.58	4.77%	4.78%	2.00%	2.25%	\$ 21.40	\$ 22.23
Capital	SBH - HCBS Waiver		SBH - 20 & Under, Male and Female	\$ 63.91	\$ 68.82	\$ 1.50	\$ 1.58	4.77%	4.78%	2.00%	2.25%	\$ 71.50	\$ 76.95
Capital	SBH - HCBS Waiver		SBH - 21+ Years, Male and Female	\$ 63.72	\$ 66.26	\$ 1.50	\$ 1.58	4.77%	4.78%	2.00%	2.25%	\$ 71.29	\$ 74.15
Capital	SBH - Other		SBH - Other, All Ages	\$ 152.27	\$ 158.30	\$ 1.50	\$ 1.58	4.77%	4.78%	2.00%	2.25%	\$ 168.19	\$ 174.88
Capital	Maternity Kickpayment		Maternity Kickpayment, All Ages	\$ 4,901.44	\$ 5,008.31	\$ -	\$ -	5.66%	5.65%	2.00%	2.25%	\$ 5,408.77	\$ 5,526.33

Notes:

1- Rate Cells with a 0% are set on a statewide basis.

2- Claims PMPM adjusted for statewide rate cells.

3- FMP amounts include premium tax.

F = B + D

G = C + E

Q = (I \* (1 + M) + K) / (1 - O - P)

R = (J \* (1 + N) + L) / (1 - O - P)

V = S + T + U

W = Q + V

X = R + V

# Appendix K: Combined Rate Development

Table 2a: Loaded Rate Development

Region Name	COA Desc	Rate Cell Desc	Final Projected Claims PMPM		Retention Load				Loaded Rates			
			I	J	K	L	M	N	O	P	Q	R
			Low PMPM	High PMPM	Fixed Admin Load - Low (PMPM)	Fixed Admin Load - High (PMPM)	Variable Admin Load - Low (%)	Variable Admin Load - High (%)	UW Gain @ 2%	Premium Tax @ 2.25%	Low	High
South Central	SSI	Newborn, 0-2 Months	\$ 18,056.38	\$ 18,636.79	\$ 13.01	\$ 13.67	5.63%	5.62%	2.00%	2.25%	\$ 19,933.38	\$ 20,572.95
South Central	SSI	Newborn, 3-11 Months	\$ 4,682.47	\$ 4,829.35	\$ 13.01	\$ 13.67	5.23%	5.22%	2.00%	2.25%	\$ 5,159.48	\$ 5,321.09
South Central	SSI	Child, 1-20 Years	\$ 541.65	\$ 571.59	\$ 13.01	\$ 13.67	4.35%	4.37%	2.00%	2.25%	\$ 637.34	\$ 667.12
South Central	SSI	Adult, 21+ Years	\$ 865.95	\$ 900.26	\$ 13.01	\$ 13.67	4.30%	4.31%	2.00%	2.25%	\$ 956.89	\$ 995.00
South Central	Family and Children	Newborn, 0-2 Months	\$ 1,281.78	\$ 1,327.45	\$ 13.01	\$ 13.67	5.61%	5.60%	2.00%	2.25%	\$ 1,427.33	\$ 1,478.29
South Central	Family and Children	Newborn, 3-11 Months	\$ 197.14	\$ 206.99	\$ 13.01	\$ 13.67	5.00%	5.00%	2.00%	2.25%	\$ 229.78	\$ 241.27
South Central	Family and Children	Child, 1-20 Years	\$ 120.34	\$ 127.35	\$ 13.01	\$ 13.67	4.60%	4.61%	2.00%	2.25%	\$ 145.05	\$ 153.42
South Central	Family and Children	Adult, 21+ Years	\$ 254.92	\$ 268.72	\$ 13.01	\$ 13.67	4.69%	4.70%	2.00%	2.25%	\$ 292.30	\$ 308.11
South Central	Foster Care Children	Foster Care, All Ages Male & Female	\$ 441.56	\$ 472.02	\$ 13.01	\$ 13.67	5.03%	5.05%	2.00%	2.25%	\$ 497.92	\$ 532.14
South Central	Breast and Cervical Cancer	BCC, All Ages Female	\$ 1,531.34	\$ 1,600.99	\$ 13.01	\$ 13.67	4.85%	4.86%	2.00%	2.25%	\$ 1,690.46	\$ 1,767.57
South Central	LaCHIP Affordable Plan	All Ages	\$ 141.71	\$ 149.91	\$ 13.01	\$ 13.67	4.60%	4.60%	2.00%	2.25%	\$ 168.40	\$ 178.05
South Central	HCBS Waiver	20 & Under, Male and Female	\$ 1,570.53	\$ 1,686.28	\$ 13.01	\$ 13.67	4.95%	4.98%	2.00%	2.25%	\$ 1,734.98	\$ 1,863.06
South Central	HCBS Waiver	21+ Years, Male and Female	\$ 835.64	\$ 885.32	\$ 13.01	\$ 13.67	3.98%	4.04%	2.00%	2.25%	\$ 921.06	\$ 976.26
South Central	Chisholm Class Members	Chisholm, All Ages Male & Female	\$ 958.40	\$ 1,034.39	\$ 13.01	\$ 13.67	4.82%	4.87%	2.00%	2.25%	\$ 1,062.82	\$ 1,147.14
South Central	SBH - Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	\$ 142.41	\$ 153.85	\$ 1.50	\$ 1.58	4.77%	4.78%	2.00%	2.25%	\$ 157.40	\$ 170.00
South Central	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	\$ 15.08	\$ 15.66	\$ 1.50	\$ 1.58	4.77%	4.78%	2.00%	2.25%	\$ 18.06	\$ 18.78
South Central	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female	\$ 63.91	\$ 68.82	\$ 1.50	\$ 1.58	4.77%	4.78%	2.00%	2.25%	\$ 71.50	\$ 76.95
South Central	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	\$ 63.72	\$ 68.26	\$ 1.50	\$ 1.58	4.77%	4.78%	2.00%	2.25%	\$ 71.29	\$ 74.15
South Central	SBH - Other	SBH - Other, All Ages	\$ 152.27	\$ 158.30	\$ 1.50	\$ 1.58	4.77%	4.78%	2.00%	2.25%	\$ 168.19	\$ 174.88
South Central	Maternity Kickpayment	Maternity Kickpayment, All Ages	\$ 5,080.31	\$ 5,191.07	\$ -	\$ -	5.66%	5.65%	2.00%	2.25%	\$ 5,606.16	\$ 5,728.00
North	SSI	Newborn, 0-2 Months	\$ 18,056.38	\$ 18,636.79	\$ 13.01	\$ 13.67	5.63%	5.62%	2.00%	2.25%	\$ 19,933.38	\$ 20,572.95
North	SSI	Newborn, 3-11 Months	\$ 4,682.47	\$ 4,829.35	\$ 13.01	\$ 13.67	5.23%	5.22%	2.00%	2.25%	\$ 5,159.48	\$ 5,321.09
North	SSI	Child, 1-20 Years	\$ 588.13	\$ 623.12	\$ 13.01	\$ 13.67	4.76%	4.77%	2.00%	2.25%	\$ 657.05	\$ 696.12
North	SSI	Adult, 21+ Years	\$ 791.64	\$ 822.38	\$ 13.01	\$ 13.67	4.36%	4.37%	2.00%	2.25%	\$ 876.44	\$ 910.67
North	Family and Children	Newborn, 0-2 Months	\$ 1,238.23	\$ 1,283.87	\$ 13.01	\$ 13.67	5.62%	5.61%	2.00%	2.25%	\$ 1,379.42	\$ 1,430.34
North	Family and Children	Newborn, 3-11 Months	\$ 197.56	\$ 207.37	\$ 13.01	\$ 13.67	5.07%	5.07%	2.00%	2.25%	\$ 230.38	\$ 241.83
North	Family and Children	Child, 1-20 Years	\$ 124.07	\$ 131.77	\$ 13.01	\$ 13.67	4.93%	4.94%	2.00%	2.25%	\$ 149.56	\$ 158.70
North	Family and Children	Adult, 21+ Years	\$ 238.39	\$ 251.22	\$ 13.01	\$ 13.67	4.77%	4.78%	2.00%	2.25%	\$ 274.45	\$ 289.20
North	Foster Care Children	Foster Care, All Ages Male & Female	\$ 441.56	\$ 472.02	\$ 13.01	\$ 13.67	5.03%	5.05%	2.00%	2.25%	\$ 497.92	\$ 532.14
North	Breast and Cervical Cancer	BCC, All Ages Female	\$ 1,531.34	\$ 1,600.99	\$ 13.01	\$ 13.67	4.85%	4.86%	2.00%	2.25%	\$ 1,690.46	\$ 1,767.57
North	LaCHIP Affordable Plan	All Ages	\$ 141.71	\$ 149.91	\$ 13.01	\$ 13.67	4.60%	4.60%	2.00%	2.25%	\$ 168.40	\$ 178.05
North	HCBS Waiver	20 & Under, Male and Female	\$ 1,570.53	\$ 1,686.28	\$ 13.01	\$ 13.67	4.95%	4.98%	2.00%	2.25%	\$ 1,734.98	\$ 1,863.06
North	HCBS Waiver	21+ Years, Male and Female	\$ 835.64	\$ 885.32	\$ 13.01	\$ 13.67	3.98%	4.04%	2.00%	2.25%	\$ 921.06	\$ 976.26
North	Chisholm Class Members	Chisholm, All Ages Male & Female	\$ 958.40	\$ 1,034.39	\$ 13.01	\$ 13.67	4.82%	4.87%	2.00%	2.25%	\$ 1,062.82	\$ 1,147.14
North	SBH - Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	\$ 142.41	\$ 153.85	\$ 1.50	\$ 1.58	4.77%	4.78%	2.00%	2.25%	\$ 157.40	\$ 170.00
North	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	\$ 16.63	\$ 17.27	\$ 1.50	\$ 1.58	4.77%	4.78%	2.00%	2.25%	\$ 19.76	\$ 20.54
North	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female	\$ 63.91	\$ 68.82	\$ 1.50	\$ 1.58	4.77%	4.78%	2.00%	2.25%	\$ 71.50	\$ 76.95
North	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	\$ 63.72	\$ 68.26	\$ 1.50	\$ 1.58	4.77%	4.78%	2.00%	2.25%	\$ 71.29	\$ 74.15
North	SBH - Other	SBH - Other, All Ages	\$ 152.27	\$ 158.30	\$ 1.50	\$ 1.58	4.77%	4.78%	2.00%	2.25%	\$ 168.19	\$ 174.88
North	Maternity Kickpayment	Maternity Kickpayment, All Ages	\$ 4,936.65	\$ 5,044.24	\$ -	\$ -	5.66%	5.65%	2.00%	2.25%	\$ 5,447.63	\$ 5,565.97

Notes:  
1- Rate Cells with a 0% are set on a statewide basis.  
2- Claims PMPM adjusted for statewide rate cells.  
3- FMP amounts include premium tax.  
F = B + D  
G = C + E  
Q = (I \* (1 + M) + K) / (1 - O - P)  
R = (J \* (1 + N) + L) / (1 - O - P)  
V = S + T + U  
W = Q + V  
X = R + V

# Appendix K: Combined Rate Development

Table 2b: Loaded Rates, inclusive of FMP

Region Name	COA Desc	Rate Cell Desc	Loaded Rates		Full Medicaid Pricing <sup>3</sup>							21/2016 Rates w/ FMP	
			Q	R	S	T	U	V	W	X			
Guif	SSI	Newborn, 0-2 Months	\$ 19,933.38	\$ 20,572.95	\$ 7,254.60	\$ 21.21	\$ 545.17	\$ 7,820.99	\$ 27,754.36	\$ 28,393.93			
Guif	SSI	Newborn, 3-11 Months	\$ 5,159.48	\$ 5,321.09	\$ 1,999.21	\$ 8.37	\$ 83.10	\$ 2,090.68	\$ 7,250.16	\$ 7,411.77			
Guif	SSI	Child, 1-20 Years	\$ 693.27	\$ 626.54	\$ 3.25	\$ 3.25	\$ 9.81	\$ 107.24	\$ 700.51	\$ 733.78			
Guif	SSI	Adult, 21+ Years	\$ 996.18	\$ 1,036.19	\$ 206.33	\$ 12.93	\$ 25.49	\$ 244.75	\$ 1,240.93	\$ 1,280.94			
Guif	Family and Children	Newborn, 0-2 Months	\$ 1,238.30	\$ 1,287.37	\$ 432.99	\$ 4.83	\$ 29.37	\$ 467.18	\$ 1,705.49	\$ 1,754.55			
Guif	Family and Children	Newborn, 3-11 Months	\$ 224.63	\$ 235.86	\$ 39.96	\$ 1.12	\$ 6.83	\$ 47.91	\$ 272.54	\$ 283.77			
Guif	Family and Children	Child, 1-20 Years	\$ 139.59	\$ 147.96	\$ 12.67	\$ 0.77	\$ 3.38	\$ 16.82	\$ 156.41	\$ 164.78			
Guif	Family and Children	Adult, 21+ Years	\$ 267.92	\$ 282.35	\$ 42.98	\$ 3.72	\$ 8.78	\$ 55.48	\$ 323.40	\$ 337.82			
Guif	Foster Care Children	Foster Care, All Ages Male & Female	\$ 497.92	\$ 532.14	\$ 14.70	\$ 1.27	\$ 4.18	\$ 20.15	\$ 518.08	\$ 562.29			
Guif	Breast and Cervical Cancer	BCC, All Ages Female	\$ 1,690.46	\$ 1,767.57	\$ 523.68	\$ 3.23	\$ 45.47	\$ 572.38	\$ 2,262.84	\$ 2,339.95			
Guif	LaCHIP Affordable Plan	All Ages	\$ 168.40	\$ 178.05	\$ 12.42	\$ 0.41	\$ 3.70	\$ 16.54	\$ 184.94	\$ 194.58			
Guif	HCBS Waiver	20 & Under, Male and Female	\$ 1,734.98	\$ 1,863.06	\$ 85.72	\$ 3.29	\$ 11.38	\$ 100.39	\$ 1,835.37	\$ 1,963.45			
Guif	HCBS Waiver	21+ Years, Male and Female	\$ 921.06	\$ 976.26	\$ 120.91	\$ 8.85	\$ 15.49	\$ 145.26	\$ 1,066.32	\$ 1,121.51			
Guif	Chisholm Class Members	Chisholm, All Ages Male & Female	\$ 1,062.82	\$ 1,147.14	\$ 74.98	\$ 2.80	\$ 8.71	\$ 86.49	\$ 1,149.31	\$ 1,233.62			
Guif	SBH - Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	\$ 157.40	\$ 170.00	\$ -	\$ -	\$ -	\$ -	\$ 157.40	\$ 170.00			
Guif	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	\$ 27.15	\$ 28.23	\$ 0.71	\$ -	\$ 0.20	\$ 0.92	\$ 28.06	\$ 29.15			
Guif	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female	\$ 71.50	\$ 76.95	\$ 6.12	\$ -	\$ 0.10	\$ 6.22	\$ 77.72	\$ 83.18			
Guif	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	\$ 71.29	\$ 74.15	\$ 13.33	\$ -	\$ 0.08	\$ 13.41	\$ 84.70	\$ 87.56			
Guif	SBH - Other	SBH - Other, All Ages	\$ 168.19	\$ 174.88	\$ 62.60	\$ -	\$ 0.29	\$ 62.89	\$ 231.08	\$ 237.77			
Guif	Maternity Kickpayment	Maternity Kickpayment, All Ages	\$ 6,143.22	\$ 6,276.75	\$ 3,520.74	\$ -	\$ 517.26	\$ 4,038.00	\$ 10,181.22	\$ 10,314.75			
Capital	SSI	Newborn, 0-2 Months	\$ 19,933.38	\$ 20,572.95	\$ 7,254.60	\$ 21.21	\$ 545.17	\$ 7,820.99	\$ 27,754.36	\$ 28,393.93			
Capital	SSI	Newborn, 3-11 Months	\$ 5,159.48	\$ 5,321.09	\$ 1,999.21	\$ 8.37	\$ 83.10	\$ 2,090.68	\$ 7,250.16	\$ 7,411.77			
Capital	SSI	Child, 1-20 Years	\$ 626.59	\$ 661.52	\$ 59.58	\$ 1.85	\$ 12.93	\$ 74.36	\$ 700.95	\$ 735.88			
Capital	SSI	Adult, 21+ Years	\$ 1,106.75	\$ 1,151.45	\$ 143.86	\$ 9.04	\$ 35.76	\$ 188.65	\$ 1,295.40	\$ 1,340.11			
Capital	Family and Children	Newborn, 0-2 Months	\$ 1,329.56	\$ 1,379.83	\$ 586.47	\$ 2.06	\$ 32.13	\$ 620.66	\$ 1,950.22	\$ 2,000.49			
Capital	Family and Children	Newborn, 3-11 Months	\$ 220.36	\$ 231.80	\$ 37.13	\$ 0.88	\$ 9.98	\$ 48.00	\$ 268.36	\$ 279.79			
Capital	Family and Children	Child, 1-20 Years	\$ 147.80	\$ 156.61	\$ 10.95	\$ 0.57	\$ 5.03	\$ 16.55	\$ 164.35	\$ 173.17			
Capital	Family and Children	Adult, 21+ Years	\$ 315.44	\$ 332.41	\$ 44.27	\$ 3.20	\$ 16.77	\$ 64.25	\$ 379.69	\$ 396.66			
Capital	Foster Care Children	Foster Care, All Ages Male & Female	\$ 497.92	\$ 532.14	\$ 14.70	\$ 1.27	\$ 4.18	\$ 20.15	\$ 518.08	\$ 562.29			
Capital	Breast and Cervical Cancer	BCC, All Ages Female	\$ 1,690.46	\$ 1,767.57	\$ 523.68	\$ 3.23	\$ 45.47	\$ 572.38	\$ 2,262.84	\$ 2,339.95			
Capital	LaCHIP Affordable Plan	All Ages	\$ 168.40	\$ 178.05	\$ 12.42	\$ 0.41	\$ 3.70	\$ 16.54	\$ 184.94	\$ 194.58			
Capital	HCBS Waiver	20 & Under, Male and Female	\$ 1,734.98	\$ 1,863.06	\$ 85.72	\$ 3.29	\$ 11.38	\$ 100.39	\$ 1,835.37	\$ 1,963.45			
Capital	HCBS Waiver	21+ Years, Male and Female	\$ 921.06	\$ 976.26	\$ 120.91	\$ 8.85	\$ 15.49	\$ 145.26	\$ 1,066.32	\$ 1,121.51			
Capital	Chisholm Class Members	Chisholm, All Ages Male & Female	\$ 1,062.82	\$ 1,147.14	\$ 74.98	\$ 2.80	\$ 8.71	\$ 86.49	\$ 1,149.31	\$ 1,233.62			
Capital	SBH - Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	\$ 157.40	\$ 170.00	\$ -	\$ -	\$ -	\$ -	\$ 157.40	\$ 170.00			
Capital	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	\$ 21.40	\$ 22.23	\$ 0.38	\$ -	\$ 0.03	\$ 0.41	\$ 21.80	\$ 22.64			
Capital	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female	\$ 71.50	\$ 76.95	\$ 6.12	\$ -	\$ 0.10	\$ 6.22	\$ 77.72	\$ 83.18			
Capital	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	\$ 71.29	\$ 74.15	\$ 13.33	\$ -	\$ 0.08	\$ 13.41	\$ 84.70	\$ 87.56			
Capital	SBH - Other	SBH - Other, All Ages	\$ 168.19	\$ 174.88	\$ 62.60	\$ -	\$ 0.29	\$ 62.89	\$ 231.08	\$ 237.77			
Capital	Maternity Kickpayment	Maternity Kickpayment, All Ages	\$ 5,408.77	\$ 5,526.33	\$ 3,679.16	\$ -	\$ 620.95	\$ 4,300.11	\$ 9,708.88	\$ 9,826.44			

Notes:

1- Rate Cells with a 0% are set on a statewide basis.

2- Claims PMPM adjusted for statewide rate cells.

3- FMP amounts include premium tax.

F = B + D

G = C + E

Q = (1 \* (1 + M) + K) / (1 - O - P)

R = (J \* (1 + N) + L) / (1 - O - P)

V = S + T + U

W = Q + V

X = R + V

# Appendix K: Combined Rate Development

Table 2b: Loaded Rates, inclusive of FMP

			Loaded Rates		Full Medicaid Pricing <sup>3</sup>							21/2016 Rates w/ FMP	
Region Name	COA Desc	Rate Cell Desc	Q	R	S	T	U	V	W	X			
			Low	High	Hospital (IP/OP) FMP PMPM	Ambulance FMP PMPM	Physician FMP PMPM	Total FMP PMPM	Low	High			
South Central	SSI	Newborn, 0-2 Months	\$ 19,933.38	\$ 20,572.95	\$ 7,254.60	\$ 21.21	\$ 545.17	\$ 7,820.99	\$ 27,754.36	\$ 28,393.93			
South Central	SSI	Newborn, 3-11 Months	\$ 5,159.48	\$ 5,321.09	\$ 1,999.21	\$ 8.37	\$ 83.10	\$ 2,090.68	\$ 7,250.16	\$ 7,411.77			
South Central	SSI	Child, 1-20 Years	\$ 603.91	\$ 637.34	\$ 66.86	\$ 1.25	\$ 10.38	\$ 78.49	\$ 682.40	\$ 715.83			
South Central	SSI	Adult, 21+ Years	\$ 956.89	\$ 995.00	\$ 172.77	\$ 4.86	\$ 28.10	\$ 205.74	\$ 1,162.63	\$ 1,200.74			
South Central	Family and Children	Newborn, 0-2 Months	\$ 1,427.33	\$ 1,478.29	\$ 161.98	\$ 1.80	\$ 19.60	\$ 638.38	\$ 2,065.71	\$ 2,116.67			
South Central	Family and Children	Newborn, 3-11 Months	\$ 229.78	\$ 241.27	\$ 36.68	\$ 0.61	\$ 9.74	\$ 47.02	\$ 276.80	\$ 288.29			
South Central	Family and Children	Child, 1-20 Years	\$ 145.05	\$ 153.42	\$ 9.96	\$ 0.34	\$ 4.99	\$ 15.30	\$ 160.35	\$ 168.72			
South Central	Family and Children	Adult, 21+ Years	\$ 292.30	\$ 308.11	\$ 38.54	\$ 1.83	\$ 16.37	\$ 56.75	\$ 349.04	\$ 364.86			
South Central	Foster Care Children	Foster Care, All Ages Male & Female	\$ 497.92	\$ 532.14	\$ 14.70	\$ 1.27	\$ 4.18	\$ 20.15	\$ 518.08	\$ 552.29			
South Central	Breast and Cervical Cancer	BCC, All Ages Female	\$ 1,690.46	\$ 1,767.57	\$ 523.68	\$ 3.23	\$ 45.47	\$ 572.38	\$ 2,262.84	\$ 2,339.95			
South Central	LaCHIP Affordable Plan	All Ages	\$ 168.40	\$ 178.05	\$ 12.42	\$ 0.41	\$ 3.70	\$ 16.54	\$ 184.94	\$ 194.58			
South Central	HCBS Waiver	20 & Under, Male and Female	\$ 1,734.98	\$ 1,863.06	\$ 85.72	\$ 3.29	\$ 11.38	\$ 100.39	\$ 1,835.37	\$ 1,963.45			
South Central	HCBS Waiver	21+ Years, Male and Female	\$ 921.06	\$ 976.26	\$ 120.91	\$ 8.85	\$ 15.49	\$ 145.26	\$ 1,066.32	\$ 1,121.51			
South Central	Chisholm Class Members	Chisholm, All Ages Male & Female	\$ 1,062.82	\$ 1,147.14	\$ 74.98	\$ 2.80	\$ 8.71	\$ 86.49	\$ 1,149.31	\$ 1,233.62			
South Central	SBH - Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	\$ 137.40	\$ 170.00	-	-	-	-	\$ 157.40	\$ 170.00			
South Central	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	\$ 18.06	\$ 18.78	\$ 1.06	-	\$ 0.00	\$ 1.06	\$ 19.12	\$ 19.84			
South Central	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female	\$ 71.50	\$ 76.95	\$ 6.12	-	\$ 0.10	\$ 6.22	\$ 77.72	\$ 83.18			
South Central	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	\$ 71.29	\$ 74.15	\$ 13.33	-	\$ 0.08	\$ 13.41	\$ 84.70	\$ 87.56			
South Central	SBH - Other	SBH - Other, All Ages	\$ 168.19	\$ 174.88	\$ 62.60	-	\$ 0.29	\$ 62.89	\$ 231.08	\$ 237.77			
South Central	Maternity Kickpayment	Maternity Kickpayment, All Ages	\$ 5,606.16	\$ 5,728.00	\$ 2,581.38	-	\$ 207.00	\$ 2,788.38	\$ 8,394.53	\$ 8,516.38			
North	SSI	Newborn, 0-2 Months	\$ 19,933.38	\$ 20,572.95	\$ 7,254.60	\$ 21.21	\$ 545.17	\$ 7,820.99	\$ 27,754.36	\$ 28,393.93			
North	SSI	Newborn, 3-11 Months	\$ 5,159.48	\$ 5,321.09	\$ 1,999.21	\$ 8.37	\$ 83.10	\$ 2,090.68	\$ 7,250.16	\$ 7,411.77			
North	SSI	Child, 1-20 Years	\$ 607.05	\$ 696.12	\$ 68.97	\$ 2.19	\$ 4.55	\$ 75.71	\$ 732.77	\$ 771.83			
North	SSI	Adult, 21+ Years	\$ 876.44	\$ 910.67	\$ 177.52	\$ 9.24	\$ 12.43	\$ 199.19	\$ 1,075.63	\$ 1,109.86			
North	Family and Children	Newborn, 0-2 Months	\$ 1,379.42	\$ 1,430.34	\$ 581.62	\$ 2.97	\$ 8.31	\$ 592.89	\$ 1,972.31	\$ 2,023.24			
North	Family and Children	Newborn, 3-11 Months	\$ 230.38	\$ 241.83	\$ 40.74	\$ 1.08	\$ 2.81	\$ 44.63	\$ 275.01	\$ 286.45			
North	Family and Children	Child, 1-20 Years	\$ 149.56	\$ 158.70	\$ 10.21	\$ 0.66	\$ 1.54	\$ 12.41	\$ 161.97	\$ 171.11			
North	Family and Children	Adult, 21+ Years	\$ 274.45	\$ 289.20	\$ 40.70	\$ 3.48	\$ 4.76	\$ 48.94	\$ 323.39	\$ 338.14			
North	Foster Care Children	Foster Care, All Ages Male & Female	\$ 497.92	\$ 532.14	\$ 14.70	\$ 1.27	\$ 4.18	\$ 20.15	\$ 518.08	\$ 552.29			
North	Breast and Cervical Cancer	BCC, All Ages Female	\$ 1,690.46	\$ 1,767.57	\$ 523.68	\$ 3.23	\$ 45.47	\$ 572.38	\$ 2,262.84	\$ 2,339.95			
North	LaCHIP Affordable Plan	All Ages	\$ 168.40	\$ 178.05	\$ 12.42	\$ 0.41	\$ 3.70	\$ 16.54	\$ 184.94	\$ 194.58			
North	HCBS Waiver	20 & Under, Male and Female	\$ 1,734.98	\$ 1,863.06	\$ 85.72	\$ 3.29	\$ 11.38	\$ 100.39	\$ 1,835.37	\$ 1,963.45			
North	HCBS Waiver	21+ Years, Male and Female	\$ 921.06	\$ 976.26	\$ 120.91	\$ 8.85	\$ 15.49	\$ 145.26	\$ 1,066.32	\$ 1,121.51			
North	Chisholm Class Members	Chisholm, All Ages Male & Female	\$ 1,062.82	\$ 1,147.14	\$ 74.98	\$ 2.80	\$ 8.71	\$ 86.49	\$ 1,149.31	\$ 1,233.62			
North	SBH - Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	\$ 137.40	\$ 170.00	-	-	-	-	\$ 157.40	\$ 170.00			
North	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	\$ 19.76	\$ 20.54	\$ 0.75	-	\$ 0.01	\$ 0.76	\$ 20.52	\$ 21.30			
North	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female	\$ 71.50	\$ 76.95	\$ 6.12	-	\$ 0.10	\$ 6.22	\$ 77.72	\$ 83.18			
North	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	\$ 71.29	\$ 74.15	\$ 13.33	-	\$ 0.08	\$ 13.41	\$ 84.70	\$ 87.56			
North	SBH - Other	SBH - Other, All Ages	\$ 168.19	\$ 174.88	\$ 62.60	-	\$ 0.29	\$ 62.89	\$ 231.08	\$ 237.77			
North	Maternity Kickpayment	Maternity Kickpayment, All Ages	\$ 5,447.63	\$ 5,565.97	\$ 3,380.68	-	\$ 166.21	\$ 3,546.89	\$ 8,994.52	\$ 9,112.86			

Notes:

1- Rate Cells with a 0% are set on a statewide basis.

2- Claims PMPM adjusted for statewide rate cells.

3- FMP amounts include premium tax.

F = B + D

G = C + E

Q = (1 \* (1 + M) + K) / (1 - O - P)

R = (J \* (1 + N) + L) / (1 - O - P)

V = S + T + U

W = Q + V

X = R + V

## Appendix L: Data Reliance Letter

Bobby Jindal  
GOVERNOR



Kathy H. Kliebert  
SECRETARY

**State of Louisiana**  
Department of Health and Hospitals  
Bureau of Health Services Financing

September 15, 2015

**VIA ELECTRONIC MAIL ONLY**


Mr. Jarredd Simons, ASA, MAAA  
Senior Associate Actuary  
Mercer Government Human Services  
3560 Lenox Road, Suite 2400  
Atlanta, GA 30326

**Subject:** Capitation Rate Certification for the Bayou Health Program – Implementation  
Year (February 1, 2016 through January 31, 2017)

Dear Jarredd:

I, Jen Steele, Medicaid Deputy Director, for the State of Louisiana's Department of Health and Hospitals (DHH), hereby affirm that the data prepared and submitted to Mercer Government Human Services Consulting (Mercer) for the purpose of certifying the February 1, 2016 through January 31, 2017 Bayou Health Rates were prepared under my direction, and to the best of my knowledge and belief, are accurate, complete, and consistent with the data used to develop the capitation rates. This data includes calendar years 2013 and 2014 fee-for-service (FFS) data files, managed care organization submitted encounter data, pre-paid inpatient health plans-submitted encounter data, and supplemental information on payments made outside of Louisiana's Medicaid Management Information Systems.

Mercer relied on DHH and its fiscal agent for the collection and processing of the FFS data, encounter data, and other information used in setting these capitation rates. Mercer did not audit the data, but did assess the data for reasonableness as documented in the rate certification letter.

  
\_\_\_\_\_  
Signature

9/15/15  
\_\_\_\_\_  
Date



**Jaredd Simons, ASA, MAAA**  
Principal

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3560 Lenox Road, Suite 2400  
Atlanta, GA 30326  
+1 404 442 3358  
jaredd.simons@mercer.com  
www.mercer-government.mercer.com

Ms. Pam Diez  
Deputy Medicaid Director/Chief Financial Officer  
Louisiana Department of Health  
Bureau of Health Services Financing  
628 North 4th Street  
Baton Rouge, LA 70821

September 13, 2016

**Subject:** Healthy Louisiana Program – Specialized Behavioral Health (SBH) Actuarial Certification for Capitation Rate Ranges Effective January 1, 2016 to January 31, 2016.

Dear Ms. Diez:

The Louisiana Department of Health (LDH) contracted with Mercer Government Human Services Consulting (Mercer) to develop actuarially sound capitation rate ranges for use in the State's contracts with the managed care organizations (MCOs) for Medicaid SBH services provided to Medicaid-eligible adults and children in the Healthy Louisiana (f/k/a Bayou Health) program. The rate ranges were developed for SBH services covered under the managed care program for Medicaid-eligible adults and children for the contract period, effective from January 1, 2016 to January 31, 2016. This revised certification letter replaces the certification letter issued on November 20, 2015 for the period of December 1, 2015 through January 31, 2016 and only applies to the period of January 1, 2016 to January 31, 2016. This certification update includes one revision that is retrospectively effective January 1, 2016. For reference, the original rate certification letter is included with this document in Appendix C.

This letter presents an overview of the analyses and methodology used to support the revision, and the resulting capitation rate ranges effective January 1, 2016 through January 31, 2016 for the purpose of satisfying the requirements of the Centers for Medicare & Medicaid Services (CMS) in a manner consistent with CMS regulations, 42 CFR 438.6(c).

Medicaid benefit plan premium rates are "actuarially sound" if, for business in the state for which the certification is being prepared and for the period covered by the certification, projected premiums, including expected reinsurance and governmental stop-loss cash flows, governmental risk adjustment cash flows, and investment income, provide for all reasonable, appropriate, and attainable costs, including health benefits, health benefit settlement expenses, marketing and administrative expenses, any government-mandated assessments, fees and taxes, and the cost of capital.

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 Louisiana Department of Health

## Rate Revision

As a result of Act 1, House Bill No. 35, effective January 1, 2016, the state of Louisiana increased the premium tax rate of 2.25% to 5.50%. This legislation was enacted after the issuance of rates effective during the period which requires a revision to the previously certified rates. The revision to the premium tax rate resulted in a 3.44% increase to the final composite rate. The table below shows the impact to the midpoint rates by rate cell.

	[MM]	[A]	[B]	[C]	[D] = [B] + [C]
COA Desc	MMs	Original Midpoint PMPM	Midpoint PMPM less 2.25% Premium Tax	5.5% Premium Tax Revision Impact	Revised Midpoint PMPM
Non-Disabled Adults	1,189,284	\$ 27.50	\$ 26.88	\$ 1.56	\$ 28.45
Disabled Adults	1,067,016	\$ 88.09	\$ 86.11	\$ 5.01	\$ 91.12
Non-Disabled Children	8,229,378	\$ 29.70	\$ 29.03	\$ 1.69	\$ 30.72
Foster Care and Disabled Children	675,828	\$ 176.18	\$ 172.21	\$ 10.02	\$ 182.23
Dually Eligible	1,026,696	\$ 10.60	\$ 10.36	\$ 0.60	\$ 10.96
Composite	12,188,202	\$ 41.11	\$ 40.18	\$ 2.34	\$ 42.52

## Certification of Final Rate Ranges

In preparing the rate ranges shown in Appendix A for the January 1, 2016 through January 31, 2016 contract period for the Louisiana SBH program, Mercer has used and relied upon enrollment, eligibility, claim, reimbursement level, benefit design, and financial data and information supplied by LDH and the prepaid inpatient health plan (PIHP). LDH and the PIHP are solely responsible for the validity and completeness of these supplied data and information. We have reviewed the data and information for internal consistency and reasonableness, but we did not audit them. In our opinion they are appropriate for the intended rate-setting purpose. However, if the data and information are incomplete and/or inaccurate, the values shown in this report may differ significantly from values that would be obtained with accurate and complete information; this may require a later revision to this report.

Because modeling all aspects of a situation or scenario is not possible or practical, Mercer may use summary information, estimates, or simplifications of calculations to facilitate the modeling of future events in an efficient and cost-effective manner. Mercer may also exclude factors or data that are immaterial in our judgment. Use of such simplifying techniques does not, in our judgment, affect the reasonableness, appropriateness, or attainability of the results for the Medicaid

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program. Actuarial assumptions may also be changed from one certification period to the next because of changes in mandated requirements, program experience, changes in expectations about the future, and other factors. A change in assumptions is not an indication that prior assumptions were unreasonable, inappropriate, or unattainable when they were made.

Mercer certifies that the rate ranges in Appendix A, were developed in accordance with generally accepted actuarial practices and principles and are appropriate for the Medicaid-covered populations and services under the managed care contract. The undersigned actuary is a member of the American Academy of Actuaries and meets its qualification standards to certify to the actuarial soundness of Medicaid managed care capitation rates.

Rate ranges developed by Mercer are actuarial projections of future contingent events. All estimates are based upon the information and data available at a point in time, and are subject to unforeseen and random events. Therefore any projection must be interpreted as having a likely, and potentially wide range of variability from the estimate. Any estimate or projection may not be used or relied upon by any other party or for any other purpose than for which it was issued by Mercer. Mercer is not responsible for the consequences of any unauthorized use. Actual Healthy Louisiana MCO costs will differ from these projections. Mercer has developed these rate ranges on behalf of LDH to demonstrate compliance with the CMS requirements under 42 CFR 438.6(c) and accordance with applicable law and regulations. Use of these rate ranges for any purpose beyond that stated may not be appropriate.

Healthy Louisiana MCOs are advised that the use of these rate ranges may not be appropriate for their particular circumstance and Mercer disclaims any responsibility for the use of these rate ranges by the MCOs for any purpose. Mercer recommends that the MCOs analyze its own projected medical expense, administrative expense, and any other premium needs for comparison to these rate ranges before deciding whether to contract with the State.

This certification letter assumes the reader is familiar with the Healthy Louisiana program, Medicaid eligibility rules and actuarial rating techniques. It is intended for LDH and CMS, and should not be relied upon by third parties. Other readers should seek the advice of actuaries or other qualified professionals competent in the area of actuarial rate projections to understand the technical nature of these results. This document should only be reviewed in its entirety. Mercer is not responsible for, and expressly disclaims liability for, any reliance on this report by third parties.

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Ms. Pam Diez  
Louisiana Department of Health

If you have questions on any of the above, please feel free to contact me at +1 404 442 3358 at your convenience.

Sincerely,



Jaredd Simons, ASA, MAAA  
Principal

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## Appendix A: Healthy Louisiana SBH Rate Range

Region Name	COA Desc	Rate Cell Desc	MMs or Deliveries	Lower Bound PMPM or Cost per Delivery	Upper Bound PMPM or Cost Per Delivery
Gulf	Non-Disabled	Adults, Ages 21+	386,912	\$ 28.52	\$ 32.01
Gulf	Disabled	Adults, Ages 21+	305,452	\$ 103.22	\$ 112.71
Gulf	Non-Disabled	Children, Ages 0-20	2,248,412	\$ 27.58	\$ 31.43
Gulf	Foster Care and Disabled	Children, Ages 0-20	186,151	\$ 164.71	\$ 187.13
Gulf	Dually Eligible	All Ages	275,235	\$ 18.05	\$ 20.23
Capital	Non-Disabled	Adults, Ages 21+	282,441	\$ 25.41	\$ 27.88
Capital	Disabled	Adults, Ages 21+	239,540	\$ 84.47	\$ 90.67
Capital	Non-Disabled	Children, Ages 0-20	2,028,943	\$ 27.27	\$ 30.94
Capital	Foster Care and Disabled	Children, Ages 0-20	159,015	\$ 135.14	\$ 152.63
Capital	Dually Eligible	All Ages	222,400	\$ 6.68	\$ 7.35
South Central	Non-Disabled	Adults, Ages 21+	295,987	\$ 25.38	\$ 28.22
South Central	Disabled	Adults, Ages 21+	282,541	\$ 83.79	\$ 90.55
South Central	Non-Disabled	Children, Ages 0-20	2,220,847	\$ 22.92	\$ 25.87
South Central	Foster Care and Disabled	Children, Ages 0-20	171,952	\$ 147.77	\$ 167.60
South Central	Dually Eligible	All Ages	296,258	\$ 7.34	\$ 8.16
North	Non-Disabled	Adults, Ages 21+	223,944	\$ 28.08	\$ 31.41
North	Disabled	Adults, Ages 21+	239,483	\$ 74.11	\$ 81.60
North	Non-Disabled	Children, Ages 0-20	1,731,176	\$ 39.39	\$ 45.22
North	Foster Care and Disabled	Children, Ages 0-20	158,711	\$ 238.09	\$ 271.23
North	Dually Eligible	All Ages	232,802	\$ 8.56	\$ 9.73

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## Appendix B: Healthy Louisiana Premium Tax Change

Region Name	COA Desc	Rate Cell Desc	MMs	Original Loaded Rates - Low PMPM	Original Loaded Rates - High PMPM	less 2.25% Prem Tax Low PMPM	less 2.25% Prem Tax High PMPM	5.5% Prem Tax Impact - Low PMPM	5.5% Prem Tax Impact - High PMPM	Revised Loaded Rates - Low PMPM	Revised Loaded Rates - High PMPM
Gulf	Non-Disabled	Adults, Ages 21+	386,912	\$ 27.57	\$ 30.95	\$ 26.95	\$ 30.25	\$ 1.57	\$ 1.76	\$ 28.52	\$ 32.01
Gulf	Disabled	Adults, Ages 21+	305,452	\$ 99.78	\$ 108.97	\$ 97.54	\$ 106.51	\$ 5.68	\$ 6.20	\$ 103.22	\$ 112.71
Gulf	Non-Disabled	Children, Ages 0-20	2,248,412	\$ 26.66	\$ 30.38	\$ 26.06	\$ 29.70	\$ 1.52	\$ 1.73	\$ 27.58	\$ 31.43
Gulf	Foster Care and Disabled	Children, Ages 0-20	186,151	\$ 159.24	\$ 180.91	\$ 155.65	\$ 176.84	\$ 9.06	\$ 10.29	\$ 164.71	\$ 187.13
Gulf	Dually Eligible	All Ages	275,235	\$ 17.45	\$ 19.55	\$ 17.06	\$ 19.11	\$ 0.99	\$ 1.11	\$ 18.05	\$ 20.23
Capital	Non-Disabled	Adults, Ages 21+	282,441	\$ 24.56	\$ 26.96	\$ 24.01	\$ 26.35	\$ 1.40	\$ 1.53	\$ 25.41	\$ 27.88
Capital	Disabled	Adults, Ages 21+	239,540	\$ 81.66	\$ 87.66	\$ 79.82	\$ 85.69	\$ 4.65	\$ 4.99	\$ 84.47	\$ 90.67
Capital	Non-Disabled	Children, Ages 0-20	2,028,943	\$ 26.36	\$ 29.91	\$ 25.77	\$ 29.24	\$ 1.50	\$ 1.70	\$ 27.27	\$ 30.94
Capital	Foster Care and Disabled	Children, Ages 0-20	159,015	\$ 130.65	\$ 147.55	\$ 127.71	\$ 144.23	\$ 7.43	\$ 8.39	\$ 135.14	\$ 152.63
Capital	Dually Eligible	All Ages	222,400	\$ 6.46	\$ 7.11	\$ 6.31	\$ 6.95	\$ 0.37	\$ 0.40	\$ 6.68	\$ 7.35
South Central	Non-Disabled	Adults, Ages 21+	295,987	\$ 24.53	\$ 27.28	\$ 23.98	\$ 26.67	\$ 1.40	\$ 1.55	\$ 25.38	\$ 28.22
South Central	Disabled	Adults, Ages 21+	282,541	\$ 81.00	\$ 87.54	\$ 79.18	\$ 85.57	\$ 4.61	\$ 4.98	\$ 83.79	\$ 90.55
South Central	Non-Disabled	Children, Ages 0-20	2,220,847	\$ 22.16	\$ 25.01	\$ 21.66	\$ 24.44	\$ 1.26	\$ 1.42	\$ 22.92	\$ 25.87
South Central	Foster Care and Disabled	Children, Ages 0-20	171,952	\$ 142.86	\$ 162.03	\$ 139.64	\$ 158.38	\$ 8.13	\$ 9.22	\$ 147.77	\$ 167.60
South Central	Dually Eligible	All Ages	296,258	\$ 7.09	\$ 7.89	\$ 6.93	\$ 7.71	\$ 0.40	\$ 0.45	\$ 7.34	\$ 8.16
North	Non-Disabled	Adults, Ages 21+	223,944	\$ 27.15	\$ 30.37	\$ 26.54	\$ 29.68	\$ 1.54	\$ 1.73	\$ 28.08	\$ 31.41
North	Disabled	Adults, Ages 21+	239,483	\$ 71.65	\$ 78.89	\$ 70.04	\$ 77.11	\$ 4.08	\$ 4.49	\$ 74.11	\$ 81.60
North	Non-Disabled	Children, Ages 0-20	1,731,176	\$ 38.08	\$ 43.71	\$ 37.22	\$ 42.73	\$ 2.17	\$ 2.49	\$ 39.39	\$ 45.22
North	Foster Care and Disabled	Children, Ages 0-20	158,711	\$ 230.17	\$ 262.21	\$ 225.00	\$ 256.31	\$ 13.09	\$ 14.92	\$ 238.09	\$ 271.23
North	Dually Eligible	All Ages	232,802	\$ 8.27	\$ 9.41	\$ 8.09	\$ 9.20	\$ 0.47	\$ 0.54	\$ 8.56	\$ 9.73

Ms. Jen Steele  
Medicaid Deputy Director  
Louisiana Department of Health & Hospitals  
Bureau of Health Services Financing  
628 North 4th Street  
Baton Rouge, LA 70821

November 20, 2015

**Subject:** Louisiana Bayou Health Program – Specialized Behavioral Health (BH) Actuarial Certification for Capitation Rate Ranges Effective December 1, 2015 through January 31, 2016

Dear Jen:

The State of Louisiana (State) contracted with Mercer Government Human Services Consulting (Mercer), part of Mercer Health & Benefits LLC, to develop actuarially sound capitation rate ranges for use in the State's contracts with the managed care organizations (MCOs) for Medicaid Specialized BH services provided to Medicaid-eligible adults and children in the Bayou Health program. The rate ranges were developed for specialized BH services covered under the managed care program for Medicaid-eligible adults and children for the contract period, effective from December 1, 2015 through January 31, 2016 (rating period).

This letter presents an overview of the analyses and methodology used in Mercer's managed care rate range development for Medicaid services for the purpose of satisfying the requirements of the Centers for Medicare and Medicaid Services (CMS) in a manner consistent with CMS regulations, 42 CFR 438.6(c).

Medicaid benefit plan premium rates are "actuarially sound" if, for business in the state for which the certification is being prepared and for the period covered by the certification, projected premiums, including expected reinsurance and governmental stop-loss cash flows, governmental risk adjustment cash flows, and investment income, provide for all reasonable, appropriate, and attainable costs, including health benefits, health benefit settlement expenses, marketing and administrative expenses, any government-mandated assessments, fees and taxes, and the cost of capital.

This letter describes the development of the draft rate ranges in Appendix B. The assumptions detailed in the memo illustrate the development of the midpoint rates for each rate cell on a statewide basis. The regional development of the rate ranges is included in the Appendices, which include the individual impacts of the programmatic change adjustments by region and rate cell.

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Ms. Jen Steele  
Louisiana Department of Health & Hospitals

## Program Overview

The Louisiana Behavioral Health Partnership (LBHP) began March 1, 2012, and has operated under an at-risk capitation contract for the Adult population since the program inception. The Children's program has been administered on a non-risk basis by the Prepaid Inpatient Health Plan (PIHP). Effective December 1, 2015, the specialized BH services will be covered under the contracts with the Bayou Health MCOs. The initial rating period will be December 1, 2015 through January 31, 2016 to align with the remainder of the current Bayou Health rating period. Effective February 1, 2016, the specialized BH services will be integrated into the overall Bayou Health rating structure.

Separate capitation payments will be made for specialized behavioral health services effective December 1, 2015. The MCOs will continue to receive a payment for prior Bayou Health covered services under the Bayou Health rate cell structure. In addition, a separate payment will be made for eligible individuals for their specialized behavioral services under the current LBHP rate cell structure as outlined later in this letter.

## Covered Populations

Bayou Health covers a broad array of Medicaid eligible populations. Specific information on the covered populations is contained in the contract. The following categories of aid (COA) are covered for a BH capitated payment under the contract and considered in rate setting:

- Non-Disabled Adults, Ages 21+
- Disabled Adults, Ages 21+
- Dually Eligibles, All Ages
- Non-Disabled Children, Ages 0-20
- Foster Care and Disabled Children, Ages 0-20

Mercer summarized the specialized behavioral health service utilization and cost data for the Medicaid eligible individuals into the rate cell structure. This structure is based on the prior LBHP rate structure for specialized BH services from Mercer's review of the historical cost and utilization patterns in the available experience.

The historical BH costs vary by age and eligibility category. Separate rate cells were designed for the Child and Adult populations. Non-Disabled populations have significantly lower BH costs compared to Disabled/Foster Care populations. As such, separate rate cells were created for the non-Disabled and Disabled/Foster Care populations. The dually eligible population is eligible for services where Medicare is the primary payer. As the Medicare crossover services will be excluded from the Bayou Health capitated program, a separate rate cell was necessary to address

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the cost differences for the dually eligible populations. Due to the small number of dual eligibles under the age of 21, Mercer included all dual eligibles regardless of age into a single rate cell.

Populations that remain fee-for-service (FFS) or part of the non-risk program and are not covered under the capitation payment are as follows:

- Eligible under the Refugee Cash/Medical Assistance program
- Eligible under the Medicare Savings Program (Qualified Medicare Beneficiary, Specified Low-Income Medicare Beneficiary, Qualified Individuals, and Qualified Disabled Working Individuals)
- Eligible under the Emergency Services Only program (aliens who do not meet Medicaid citizenship/ 5-year residency requirements)
- Eligible under the Long-Term Care Medicare Co-insurance program
- Eligible under the Section 1115 Greater New Orleans Community Health Connection Waiver
- Eligible under the Family Planning Eligibility Option (FPEO) that provides family-planning-services
- Eligible under the Program of All-Inclusive Care for the Elderly (PACE), a community-based alternative to placement in a nursing facility that includes a complete “managed care” type benefit combining medical, social and long-term care services
- Adults residing in Intermediate Care Facilities for People with Developmental Disabilities (ICF/DD)
- Non-Medicaid adult on the eligibility file who is eligible for a Low-Income Subsidy program administered by the Social Security Administration
- Any Medicaid eligible person during a period of incarceration

### **Covered Services**

The Bayou Health program will cover a broad array of specialized mental health and addiction services, including the following services covered under the State Plan:

- Inpatient Psychiatric Hospital services
- Psychiatric Emergency Room services
- Outpatient Psychiatric services
- Crisis Intervention services
- Community Psychiatric Support services
- Addiction services.
- Assertive Community Treatment
- Multi-systemic Treatment
- Medical Physician / Psychiatrist / Nurse Practitioner

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- Psychosocial Rehabilitation
- Other BH Professional (Mental Health (MH) Providers and Clinics, Nurses, and Other Licensed Providers)
- Federally Qualified Health Center (FQHC)
- Psychiatric Residential Treatment Facility
- Therapeutic Group Home
- 1915(b)(3) Services - Case Conference

Medicaid eligibles receive Physical Health and other Medicaid-covered services from the Bayou Health MCOs or through the State's fee-for-service (FFS) program. The acute care portion of Bayou Health includes coverage for prescription drugs for both Physical Health and BH medications. As such, prescription drugs are not included in these capitation rate ranges nor any prescription drug considerations discussed in this letter.

Children who are enrolled in the CSoC 1915(c) waiver program or included in the 1915(b)(3) CSoC program will only be in Bayou Health for Psychiatric Residential Treatment Facility (PRTF), Therapeutic Group Home (TGH) and Substance Use Disorder (SUD) Residential services in terms of BH coverage. The other specialized BH services will be managed by Magellan. More information on CSoC considerations is included later in this letter. The State maintains a list of the individuals enrolled in the CSoC program as well as a waiver segment code on the eligibility records. This logic was utilized to exclude the requisite services from the rate development.

For the dually eligible individuals, Medicare crossover claims have been excluded from the base data and rate development. These services are paid directly by the State after coordinating with Medicare and have been excluded from the services covered under the capitation rates.

This actuarial certification is specific to the capitation rates for the Specialized BH portion of the Bayou Health program effective December 1, 2015 through January 31, 2016.

## **Rate Methodology**

### **Overview**

Capitation rate ranges for the Specialized BH services were developed in accordance with rate-setting guidelines established by CMS. One of the key considerations in the development of the rate ranges was the base data. The primary base data used to develop the rate ranges were managed care encounter data provided by the State.

The encounter data are submitted by the PIHP to the State's fiscal agent, Molina. Molina provided an extract of the encounter data to Mercer in March 2014 for use in the preparation of the Data

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Book. The encounter data extract included recipient-level claims and utilization detail. The eligibility information used in the encounter data analysis is summarized from the State's eligibility file, which outlines enrollment segments for each member. The contents of the Data Book are consistent with the data summarized for the current LBHP rate period of March 2015 through November 2015 with the exception of additional breakouts by region. The decision was made to utilize the same base data for the December 2015 through January 2016 rate development and prepare updated Data Books for Specialized BH services with the use of 2014 data for the February 2016 rates consistent with the plan for the Bayou Health program.

Mercer reviewed the Specialized BH contract to identify covered services. Then, the following adjustments to the base data were evaluated:

- Trend factors to forecast the expenditures and utilization for the rating period
- Programmatic changes not reflected in the base data
- Managed care adjustments
- Administration and risk margin loading

The various steps in the rate range development are described in the following paragraphs.

### **Base Data**

The base data used to establish the capitation rates are summarized in the Data Book. The Data Book contains demographic, cost, and utilization data related to specialized BH services only. The Data Book is included along with this certification letter.

### ***PIHP Encounter Data***

The State provided Mercer with 2012 and CY 2013 encounter data submitted by the PIHP for services delivered to adults (on an at-risk basis) and children (on a non-risk basis). Mercer used this data to support the rate calculations. After review of the data, Mercer determined that actual experience incurred from January 1, 2013 through December 31, 2013, paid through February 2014 was suitable for rate development and as noted consistent with the Data Book utilized in the development of the March 2015 through November 2015 rates. Data prior to this time period reflected lower volume of services as the adult managed care program began in March, 2012.

Mercer performed a review of the PIHP encounter data for the State. This review included:

- Checks for month-to-month consistency of claims and eligibility
- Checks for reasonability of the utilization and unit cost information
- Comparisons to PIHP financial data and historical FFS data

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- Analysis of claims lag triangles

Note that Mercer has used and relied upon enrollment, eligibility, claim, reimbursement level, benefit design, and financial data and information supplied by the State and the PIHP. The State and the PIHP are solely responsible for the validity and completeness of these supplied data and information. We have reviewed the data and information for internal consistency and reasonableness, but we did not audit them. In our opinion they are appropriate for the intended rate-setting purpose. However, if the data and information are incomplete and/or inaccurate, the values shown in this report may differ significantly from values that would be obtained with accurate and complete information; this may require a later revision to this report.

### ***Base Data Adjustments***

After analysis of historical payment patterns and discussions with the State, Mercer was able to assess the accuracy and completeness of the information and estimate any necessary adjustments. Mercer applied adjustments to the encounter data so that they reflected the populations and services covered under the contract, including the considerations of the new mixed services protocol effective March 2015.

Mercer reviewed the PIHP encounter data to ensure they were appropriate for the populations and services covered. The following items were not included in the encounter data or were already deducted from the paid amounts in the encounter data, and therefore no further adjustment was necessary:

- Third-party liability recoveries are already deducted from the payments used in rate setting. No material amounts were paid outside the claim system.
- Copayments, coinsurance, and deductibles
- Disproportionate Share Hospital payments (AA.3.5)

Mercer understands that payment rates for Graduate Medical Education (GME) hospitals included in the claim data are consistent with applicable State fee schedule rates which do not include the GME portion of Inpatient payments. Because Mercer relied on the payment information included in the dataset submitted by the PIHP, the GME portion of Inpatient payments are not included in the base data and won't be included in the capitation rates. The State will continue to make supplemental payments to hospitals for GME, as applicable.

Completion factors were applied to the encounter data to reflect claims not yet adjudicated (see step AA.3.14 in the CMS Rate-setting Checklist). Financial lags were available separately for

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Inpatient and all other services. Mercer compared the results of the encounter completion analysis to the financial lags to evaluate whether an encounter underreporting adjustment was necessary. .

For more information on the adjustments listed above, please refer to Section 4 of the Data Book included in this submission.

### ***Other Base Data Considerations***

#### ***Excluded Populations and Services***

Certain adjustments were not necessary due to exclusions made in the data summarization process. These adjustments include:

- **Excluding non-covered populations** (for example, qualified Medicare beneficiaries, Medically Needy spend-down individuals, etc., see step AA.2.1) — Please see Data Book Section 2 for more information.
- **Excluding non-covered services** (for example, Physical Health services, 1915(c) Waiver services, etc., see step AA.3.1) — Please see Data Book Section 3 for more information.

### ***State Plan Service Considerations***

The rate development considers expected costs for State Plan services delivered in a managed care environment. In some cases for the Adult population, the prior PIHP provided an approved service in-lieu-of a State Plan service. In these cases, Mercer has reflected the costs of the State Plan service and applied a managed care discount to arrive at total costs consistent with actual paid expenses. The table below identified the key services priced using this methodology.

#### **2013 Paid Encounter Claims**

State Plan	In Lieu Of	Non-Dual	Dual Eligible	Encounter Unit Cost	State Plan Unit Cost	Managed Care Discount
Inpatient	IP IMD (21-64)	\$ 13,021,841	N/A	\$ 489.45	\$ 646.94	-24%
Acute Detox Facilities	SUD Residential	\$ 4,163,515	\$ 338,654	\$ 67.14	\$ 145.51	-54%
ER	Crisis	\$ 141,408	\$ 25,365	\$ 81.79	\$ 249.12	-67%

The unit costs for the in-lieu-of services was less than the alternative State Plan services, demonstrating the cost-effectiveness of these services.

### ***New Mixed Service Protocol***

The State has implemented changes to the services classified as specialized behavioral health services. Previously, Institutional services (Inpatient, Outpatient, and ER) were covered as specialized behavioral health services under LBHP if the claim was identified with a qualifying BH

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diagnosis. Effective March 1, 2015, only claims from BH facilities or services provided by BH specialists will be classified as specialized behavioral health services, as described below.

- **Inpatient and Outpatient services** — BH facilities include freestanding psychiatric hospitals, general hospital distinct part psych (DPP) units, MH clinics and rehab facilities, substance use disorder facilities, residential settings, and other BH providers.
- **Professional BH services** — BH specialists include physicians, doctors of osteopathic medicine (DO), and advanced practice registered nurses with specialty in psychiatry, as well as psychologist and licensed MH professionals. Unlicensed BH providers are covered for Rehab services only. Coverage includes services provided by BH specialists regardless of service location, including consults and services provided by a BH specialist in a general Inpatient or ER setting. Servicing provider specialty (as opposed to billing provider) is used to determine classification of specialized behavioral health services. Services billed and provided separately by non-BH specialists (such as general nurse practitioner) where place of service is a BH facility are classified as Acute care services under Bayou Health and not classified as specialized behavioral health services.
- **ER Services** — ER services are not classified as specialized BH, except for professional components billed by BH specialists or when the facility component is billed by a BH facility (for example, a freestanding psychiatric facility or DPP unit billing revenue code 450).
- **Federally Qualified Health Center (FQHC) and Rural Health Clinic (RHC) services** — FQHC and RHC services are covered in full when any service provided during a visit is provided by a BH specialist. All other FQHC and RHC visits are not classified as specialized BH services.

The details of the mixed service protocol are summarized in the Data Book. The net impact of the changes to the mixed service protocol resulted in approximately \$13.8 M of historical 2013 encounter data being reclassified as basic BH, which was already accounted for in the Bayou Health February 2015 rates.

## Trend

Trend is an estimate of the change in the overall cost of providing health care services over a finite period of time (AA.3.10). Capitation rate ranges are actuarial projections of future contingent events and a trend factor is necessary to estimate the expenses of providing health care services in the future rating period.

To develop the December 1, 2015 through January 31, 2016 rate ranges using the CY 2013 encounter data as a base, Mercer projected costs based on a review of historical experience, emerging trends, and expected costs and utilization during the rating period. The midpoint of the

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base data was July 1, 2013. The midpoint of the rating period is January 1, 2016, which necessitated 30 months of total trend to project from the base time period to the rating period.

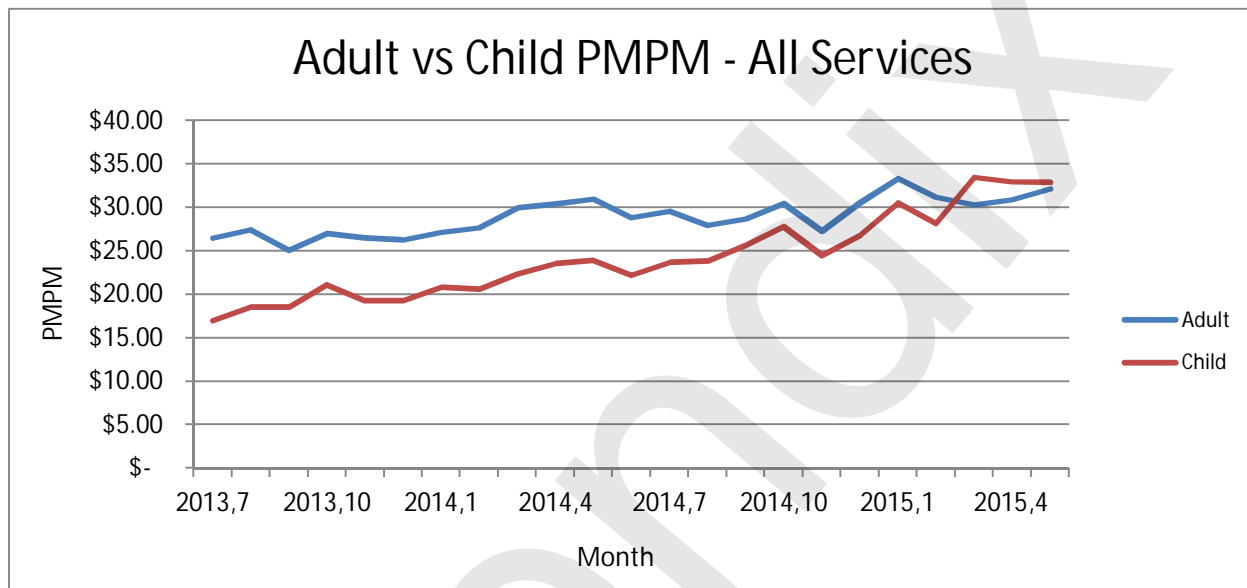
### *Trend Data Sources*

As more recent utilization and cost data has become available for Specialized BH services beyond the 2013 base data period, Mercer focused the trend analysis on the actual trend patterns from the midpoint of the base data period (July 2013) through the most recently available data through May 2015. Mercer created rolling-average Per Member Per Month (PMPM) summaries using the managed care encounter data for various time intervals (three month, six month, nine month and 12 month) by region, rating group, and major service category.

The trend analysis focused on the emerging PMPM trends, which encompassed both the unit cost and utilization components. Each rate cell in the State experience exhibited unique trends reflecting the underlying characteristics of the population and the mix of services received. The CY 2014 and emerging 2015 data indicated significant increases in utilization for many services. The trends for the community psychiatric and psychosocial rehabilitation service categories exhibited significant PMPM growth from the beginning of 2013 through May 2015. Given the limited projection period from the end of the available data (May 2015) through the midpoint of the rate period (January 1, 2016), Mercer assumed prospective trend patterns for the Specialized BH services consistent with the trend levels exhibited in the emerging data through May 2015.

Mercer reviewed trend information in other state's Medicaid programs and national indices as reasonability checks. These sources were reviewed, but the trend observations in the LA specific program experience were determined to be the most credible base for future projections. The significant utilization trends exhibited in the LA program experience are higher than other state programs that have higher established historical utilization levels.

Trends observed in the data through May 2015 indicate significant growth in the overall service utilization for all regions and rate cells, particularly the children's services. The graphs below show quarterly PMPM growth between CY 2013 and May 2015.

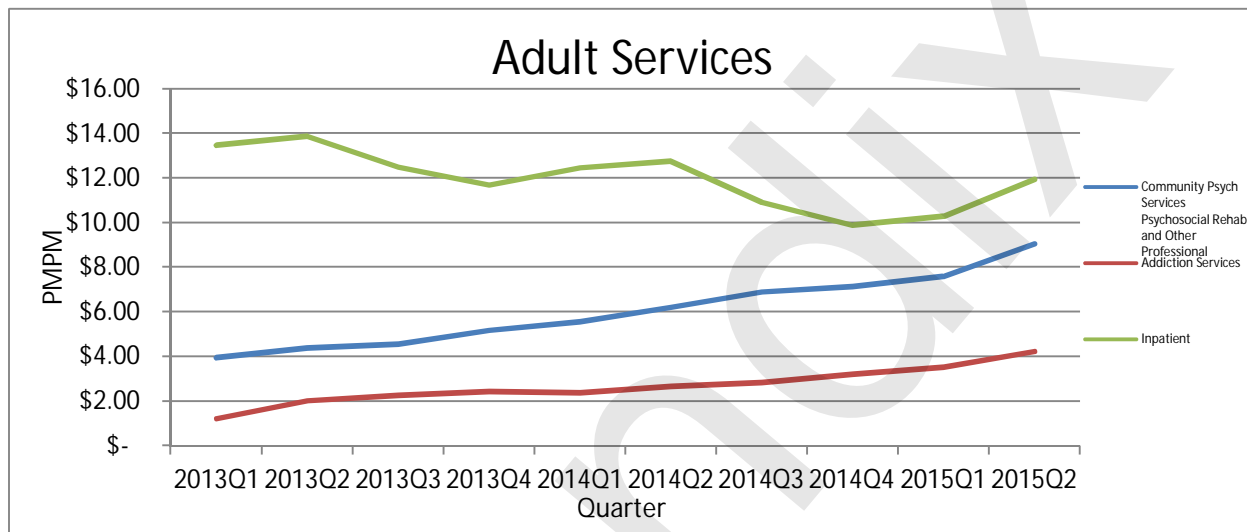


The PMPM progression illustrates that, while Adult trends appeared to mitigate during 2014 from the historic growth, trends in the first two quarters of 2015 have re-emerged for certain services. While children's services have historically been low compared to that of adults, recent utilization growth has driven notably high PMPM trends in 2014 and 2015. Mercer developed trend assumptions at the region and category of service level based on the specific trend patterns reflected in the data. Generally, the trend drivers were consistent by region. As such, the trend observations are provided below on a statewide basis specific to each population.

#### *Adult Trend Observations*

The adult trends are primarily driven by utilization growth in Community Psych, Psychosocial Rehab and Addiction Services throughout 2013 and into the first two quarters of 2015. There was significant growth of community based services starting in CY 2013 that has continued into 2015. Utilization of addiction treatment services has experienced more significant trends in 2015. The higher trends for community-based services were partially offset in 2014 by decreasing utilization of Inpatient services. The table below shows the trends in the historic quarterly adult PMPMs for these three categories of service.

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The composite annual PMPM trends for each category of service for adults are listed in the table below. Mercer grouped similar categories of service that had similar trend patterns together to increase credibility for the smaller categories of service. Trends were applied for 30 months from the midpoint of CY 2013 to the midpoint of the December 1, 2015 through January 31, 2016 rating period.

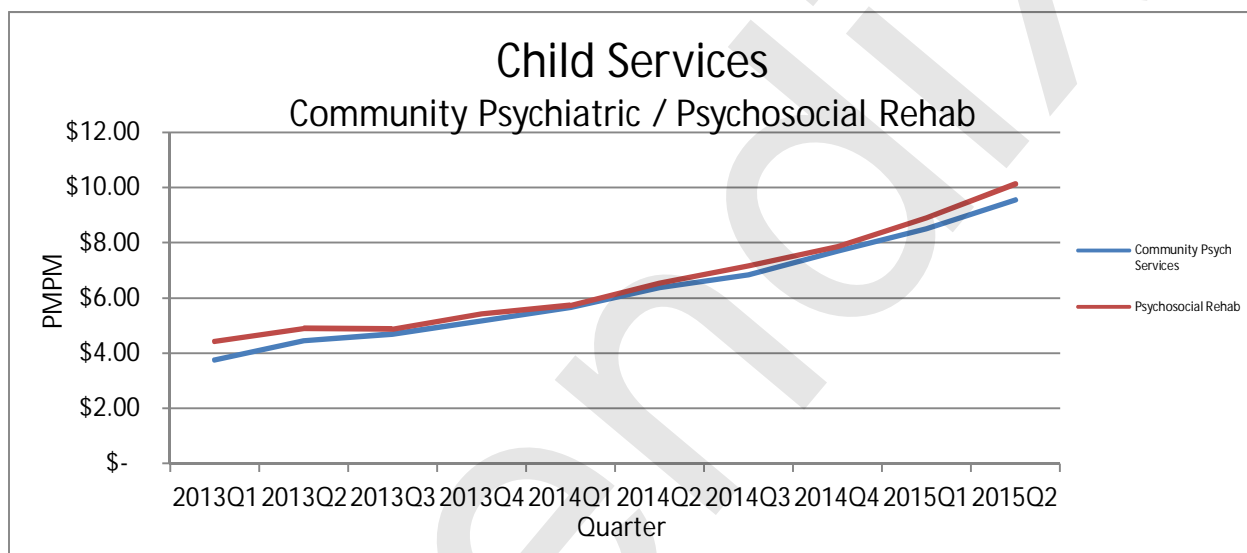
Categories of Service	Annualized PMPM Trend
Inpatient, Inpatient Detox	-3.5%
Emergency Room, Outpatient, Medical Physician/Psychiatrist, Other Professional, FQHC,	18.2%
Community Psychiatric Support, Psychosocial Rehab, ACT	22.7%
Addiction Services	39.5%
Crisis Intervention, MST, and Other Services	31.3%
Total	11.5%

#### Child Trend Observations

The Child trends are driven by utilization growth in Community Psych and Psychosocial Rehab, and recently Other Professional services. Significant growth in these services was observed throughout the entire period between CY 2013 and the early months of CY 2015. Based on the continued growth into CY 2015, Mercer expects higher trends to continue throughout CY 2015, and into the rating period for children's services. The table below shows the trends in the historic

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quarterly child PMPMs for the categories of service that are driving the growth in children's services.



The overall trend projection for each category of service for children is listed in the table below.

Categories of Service	Annualized PMPM Trend
Inpatient, Inpatient Detox	9.0%
Emergency Room, Outpatient, Medical Physician/Psychiatrist, Other Professional, FQHC,	18.6%
Community Psychiatric Support, Psychosocial Rehab, ACT	42.1%
PRTF	16.6%
Crisis Intervention, MST, Addiction Services, Other Services, Therapeutic Group Home	12.6%
Total	29.7%

The overall annualized projected BH service trend assumption is 11.5% for adults, 29.7% for children, or 24.4% overall including increases in both utilization and general cost inflation. Mercer recognizes that prospective trends can vary based, on fluctuations in service utilization and has considered this variability in the development of the trend ranges. To project the final rate ranges, Mercer varied the trend assumptions by varying the annualized trend from an overall annual rate of 21.1% at the Lower Bound to 27.0% at the Upper Bound. The Lower Bound represents lower

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rates of growth as initial period trends moderate and the Upper Bound represents continued utilization growth at the higher levels observed during the initial years of the program.

### **Programmatic Changes**

Mercer and the State discussed programmatic changes that may impact the managed care contract. This included a review of changes to the State's hospital fee schedules, adjustments to account for changes in population mix, rate changes for certain providers after the 2013 base data time period, and adjustments for final decisions on program coverage after the development of the base data. The following sections describe the analysis for each program change as well as the statewide impact of the adjustment. Mercer has included Appendix C which details the percentage and PMPM impact of each adjustment by region and rate cell.

#### ***Inpatient Hospital Fee Schedules***

Inpatient Hospital fee schedules have changed in Medicaid from the levels reported in the base data. Most notably, rates for certain public hospitals changed as a result of the public/private partnership. The changes to the hospital rates represent both increases and decreases depending on the hospital.

Mercer has included an adjustment to the capitation rates to account for the changes to the hospital reimbursement, including the public/private partnership. In order to account for this change, Mercer analyzed the base data by hospital and region separately for adults and children services. For adults, Mercer compared the PIHP fee schedules and per diem costs reported in the encounter data to the new State Medicaid fee schedule. Based on this comparison, Mercer determined no adjustment was needed for the Adult rates as the PIHP fee schedule underlying the encounter data generally aligned with the new State Medicaid fee schedule. For children, however, hospital reimbursement levels in the encounter data generally followed historic State Medicaid fee schedules. As a result, an adjustment was necessary to reflect changes between the historic and the new fee schedule for the children's rates.

Overall, this represents a 0.3% increase to the rate ranges and impacts child rating groups only.

#### ***Medication Management Rate Change***

Effective January 2013, the prior Medication Management procedure code of 90862 was eliminated and the services were required to be billed under General Evaluation and Management codes 99211-99214, 90863. These codes, as reflected in the base data, were reimbursed at lower rates averaging approximately \$47 per unit than the prior medication management services in 2012. The PIHP revised the fee schedule in 2014 to adjust the fees for medication management

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services up to prior historical levels. The State indicated it expects providers to continue to be paid at the higher reimbursement level under the Bayou Health program.

Mercer analyzed 2014 encounter data by region and observed an increase in the average reimbursement rate for these services to roughly \$73 per unit. Mercer calculated the program change impact based on reported service utilization in each region.

As the Medication Management service costs are captured in both the Medical Physician/Psychiatrist category and the Other Professional category along with other procedures, Mercer calculated a proportionate program change to each category to incorporate the expected impact on the broader service category for this fee increase. Specifically, Mercer applied adjustments to Medical Physician/Psychiatrist and to Other Professional categories of service.

Overall, this represents a 1.4% increase to the rates and impacts all rating groups.

### ***Population Mix Considerations***

#### ***Disability Medicaid Closure***

In 2014, the State eliminated coverage of the Disability Medicaid category identified by Type Case code 125. This group included coverage for approximately 10,000 aged, blind and disabled adults. Although this coverage category was discontinued, approximately 50% of individuals previously eligible are expected to enroll through either provisional Medicaid (Type case 211) or Supplemental Security Income eligibility. Mercer evaluated the historical costs for the Disability Medicaid population identified under Type Case code 125 and compared this group to the remaining population in the Disabled Adult and Dual Eligible Adult rates cells. The Disability Medicaid group had higher-than-average costs in each of the rate cells. Based on the assumption that not all individuals previously covered under Disability Medicaid individuals would reenroll (which is supported by emerging 2014 enrollment), Mercer calculated a downward adjustment to reflect the lower average cost of the remaining population.

#### ***LaCHIP – Family and Children***

Subsequent to the summarization of the CY 2013 base data, the State informed Mercer of an eligibility group that will be covered under the managed care program for specialized BH services but was not included in the CY 2013 base data. Mercer analyzed historic CY 2013 claim experience for this population group and developed an adjustment factor that reflects the PMPM impact to the existing CY 2013 average PMPM.

The impact of these two population adjustments is a decrease of 0.5% to the rates overall and impacts adult rating groups only.

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### *Retroactive Eligibility Adjustment*

The retroactivity considerations for Specialized BH services will mirror the coverage responsibility of the Bayou Health plans for acute care services. As a reminder, beginning in February 2015 members granted retroactive eligibility were capitated retroactively, based on their eligibility for Bayou Health, for up to 12 months prior to enrollment in an MCO. The MCO selected by these members will then receive one capitation payment per month of retroactive enrollment, and will be liable for all claims incurred during this retroactive eligibility period. For Specialized BH services this policy goes into effect on December 1, 2015. Mercer developed an adjustment factor to apply to the base data in the capitation rate development.

The retroactive eligibility adjustment was developed specific to each rate cell as utilization levels for specialized BH services varied between retroactive and non-retroactive enrollees. Retroactive enrollment in any given rate cell will generate the same capitation payment per month to the MCO as any other enrollee in that same rate cell. The factors were developed at a rate cell level on a statewide basis (i.e., all regions used the same factors). The calculation relied upon retroactive claims PMPM, unique enrollee counts, and the average duration to develop the expected increase to Bayou Health claims.

Mercer reviewed the average duration of enrollees who were retroactively enrolled during 2013. The program change was calculated by summarizing the PMPM for the retroactive eligibles and blending it with the respective rate cell PMPM based on enrollment. The program change adjustment reflects the impact on average rate cell PMPMs as a result of adding these retroactive eligibles. The table below summarizes the impact of the Retroactive Eligibility Adjustment.

<b>Population</b>	<b>Adjustment</b>
Non-Disabled Adults	-0.1%
Disabled Adults	0.2%
Non-Disabled Children	-0.2%
Disabled Children	-0.1%
Dually Eligibles	0.0%

### *Other Populations*

The State has outlined recent decisions to further clarify the Bayou Health covered populations for specialized BH services. As these populations represent a change from what was captured in the base data or Data Book, Mercer analyzed the impact on the PMPM for these changes for the final rates. The table below summarized the impact for the following population changes.

- Coverage of Spend-down populations

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- Coverage of Medically Needy populations
- Removal of Denied SSI, Forced Benefits and Terminated SSI populations

Population	Adjustment
Non-Disabled Adults	-0.3%
Disabled Adults	-0.0%
Non-Disabled Children	+0.0%
Disabled Children	+0.0%
Dually Eligibles	0.0%

These other population considerations added 23,165 member months (or 0.2%) to the populations included in the Data Book.

Overall, the adjustments for Disability Medicaid Closure, LaCHIP – Family and Child, Retroactive Eligibility and Other Population considerations represent a decrease of 0.6% to the capitation rate ranges on a statewide basis.

### ***Permanent Supportive Housing Provider Rate Increase***

Subsequent to CY 2013, the State implemented a 5% rate increase to certain providers delivering community psych services to individuals in the permanent supportive housing (PSH) program. Using the list of PSH providers from the State, Mercer summarized historic cost and utilization data for community psych services for these providers and calculated the impact of the 5% increase. Mercer applied this impact to rating group and region based on historic utilization patterns.

Overall, this represents a 0.1% increase to the rates and impacts all rating groups.

### ***1915(c) CSoC Regional Expansion***

As noted earlier in this letter, the CSoC population will be generally excluded from Bayou Health for specialized BH services. Magellan will continue to administer this program. From 2013 through early 2015, the CSoC population has expanded. Mercer evaluated the implications of this expansion on the rate cells for the Bayou Health program.

The State submitted an amendment to the 1915(c) CSoC waiver to increase the number of waiver slots and expand the waiver program statewide starting in 2014. Upon expansion, certain Children previously classified in a disabled or non-disabled rating group shifted to the CSoC program. Mercer calculated the volume of CSoC transitions by comparing the average 2013 CSoC

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enrollment to emerging levels as of April, 2015. The growth by region is outlined in the table below:

CSoC Enrollment	Average 2013	As of April, 2015
Gulf	198	449
Capital	214	426
South Central	152	341
North	491	510
Statewide	1,054	1,726

Mercer then analyzed the historic Specialized BH expenses associated with CSoC enrollees and noted that it is materially higher when compared to the PMPM for other child rating groups (\$554 PMPM vs \$18 PMPM, respectively). Because of this differential, the movement of those higher needs children out of disabled or non-disabled rating groups resulted in a reduction in the average PMPM by region. The transition analysis was performed on a regional basis using the underlying PMPMs for each region as well as CSoC-specific PMPMs for each region.

Overall, this represents a decrease of 1.8% to the rates and impacts child rating groups only.

### ***Bayou Retained Liability for CSoC Specialized BH Services***

As individuals change eligibility status between the CSoC program and other Bayou rate cells, the State has implemented policies that warrant program change consideration from the Data Book.

### ***Month One Claim Liability***

If individuals transition from a Bayou rate cell to CSoC after the first day of the month, Bayou will retain liability for specialized BH services for the remainder of that month. After the first month of CSoC eligibility, claim liability for specialized BH services will no longer be the responsibility of Bayou. For the capitation rate development, Mercer has assumed full capitation payment for Specialized BH services will be made to the Bayou Health MCOs for the first month for which they are identified for the CSoC waiver, even if the individual is only enrolled in CSoC for a partial month.

To calculate this adjustment, Mercer summarized the initial month of specialized BH services and eligibility for those individuals transitioning to CSoC. Mercer then compared this data to that of non-Disabled and Disabled children to develop an appropriate PMPM adjustment. Because individuals transitioning to CSoC typically have higher utilization levels than that of non-Disabled

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or Disabled children, this coverage change results in an upward PMPM adjustment to the costs captured in the Data Book.

#### ***SUD Residential/PRTF/TGH Coverage***

All SUD Residential, PRTF and TGH services delivered to CSoC individuals will remain with Bayou Health regardless of CSoC eligibility status. Mercer summarized SUD Residential, PRTF and TGH claims for CSoC eligibles and included these expenses in the respective non-Disabled Child or Disabled Child rate cells. This coverage decision results in an upward adjustment to the costs captured in the data book.

The impact of these two considerations is a 0.8% increase to the rates overall and impacts child rating groups only.

#### ***Historic Outpatient Cost Settlements***

The State has historically implemented fee schedule adjustments for various outpatient services. For outpatient providers, the fee schedule adjustment process includes an estimation of cost settlements that are not captured in the historic base data. Since cost settlements will become the responsibility of the MCOs under managed care, an adjustment to the Bayou Health rates was necessary. Because outpatient services do not constitute a material portion of the service array for Specialized BH, this adjustment was not expected to be material.

To calculate the historic outpatient cost settlement impact, Mercer analyzed provider-level cost settlement information provided by the State. Comparing this information to claim payment data, Mercer calculated the historic cost settlement impact by provider. These cost settlements were included as a program change to the Specialized BH portion of the Bayou Health rates.

Overall, this represents a slight positive impact, rounded to 0.0%, to the rates and impacts all rating groups.

#### ***PRTF Per Diem Adjustment***

The State informed Mercer of two PRTF providers that have historically been subject to risk sharing arrangements that have had recent per diem changes. The prior risk sharing process resulted in additional payments to the providers as the per diem documented in the cost reports was higher than the interim rates. Mercer has built in consideration of provider specific rates for these providers based on the cost report per diems.

To calculate the impact, the State provided Mercer with the risk sharing calculations that were based on base paid and final targeted per diem rates for these two providers. The final cost

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impact was calculated by another firm on behalf of the State. Mercer reviewed these calculations for reasonability but did not audit them. Mercer leveraged the final calculations to determine the net impact to the CY 2013 time period to develop the program change impact. Mercer incorporated the expected cost for the per diem change based on utilization during the 2013 time period and applied an upward adjustment to the PRTF COS.

Overall, this represents an increase 0.2% to the rates on a statewide basis and impacts child rating groups only.

### ***Inpatient Concurrent Review***

Based on the contract with the State, Magellan currently authorizes Inpatient stays up to seven day increments, and will be responsible for any current Inpatient authorization period that extends beyond the effective date of December 1, 2105. The Bayou Health MCOs will be responsible for concurrent review of any open authorizations and will assume responsibility for the inpatient stay after the Magellan authorization period ends.

Mercer analyzed the impact of transitioning the responsibility for the concurrent review portion of IP stays that were authorized in the prior month by analyzing 2014 and 2015 claims data. As the Data Book is summarized based on the service begin date for the inpatient stay, this transition of responsibility in the middle of stays that cross-over December 1, 2015 creates an additional liability for the Bayou Health program. This adjustment was applied for one month as only December 2015 will be impacted by the transition from Magellan to Bayou.

Mercer understands that Magellan authorizations are typically seven days. Mercer has assumed any concurrent reviews and continued authorizations by Magellan would occur in seven day increments. As such, Mercer analyzed the average monthly volume of inpatient expenses that start in one month and continue into another month and segmented the stay into a period that concludes Magellan's coverage based on seven day increments with the remainder of the stay transitioning over to Bayou Health. For example, a stay that began on November 14<sup>th</sup> and continued through December 12<sup>th</sup> was assumed to be Magellan's responsibility from November 14<sup>th</sup> through December 5<sup>th</sup> (first 21 days, 3 7-day increments) with the December 6<sup>th</sup> through the 12<sup>th</sup> as the responsibility of the Bayou Health plan.

While this adjustment is only expected to impact the December 2015 coverage month as the average length of stay is approximately 7 days, the adjustment has been scaled to impact half of the rating period of December 2015 and January 2016.

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Average monthly expense associated with remainder of stays	\$238,000
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Average monthly inpatient expense	\$5,143,000
Average monthly inpatient impact associated with continuing stays	4.6%
Final impact to the rating period (impact to one of two months only)	2.3%

The table below summarizes the impact by rate cell across all service categories.

Population	Adjustment
Non-Disabled Adults	0.5%
Disabled Adults	1.0%
Non-Disabled Children	0.2%
Disabled Children	0.2%
Dually Eligibles	0.1%

### ***Elimination of the 1915(i) Program Authority and Amendment of the State Plan***

In order to accelerate receipt of medically necessary specialized mental health services for adults and make community-based LMHP services available to more individuals, the State intends to transition services currently in the 1915(i) to the Medicaid State Plan. The prior 1915(i) authority limited the availability of certain services to adults requiring acute stabilization or meeting certain functional criteria for a major mental disorder and the seriously mentally ill (SMI). The services covered under the 1915(i) included community psychiatric services including ACT, psychosocial rehab services, and services provided by other licensed mental health professionals. Another aspect of the 1915(i) program was the requirement of an independent assessment to confirm an individual met the population criteria before services could be received.

While the services will be covered under the State Plan, individuals will need to meet medical necessity criteria in order to be authorized for the services. Mercer understands the medical necessity criteria for community psychiatric and psychosocial rehab services will generally align with the diagnosis criteria associated with major mental disorders and SMI. The criteria for other licensed mental health professionals will apply to a broader segment of the covered population and not be specific to major mental disorders or SMI.

Mercer has reviewed the changes to the delivery of these former 1915(i) services with Mercer clinicians and policy consultants and identified two specific rate considerations.

- Elimination of the Independent Assessment will likely result in individuals accessing services more quickly. The State has indicated that individuals have experienced on average a 30-day wait period for services while they await the independent assessment. Mercer analyzed the historical claims data to identify the subset of the 1915(i) users that were new to the program and expected to utilize more services in a 12-month period if the independent assessment was eliminated. Specifically, Mercer evaluated the individuals

who utilized services up through December 2013 and made an assumption about the number of clients who utilized services in December that would have utilized more services had their authorizations started earlier in the year. For example, individuals with 12-months of annual utilization were not impacted by the change, but 87% of the individuals with authorizations starting in December were assumed to use an additional month of service. The summary below shows the program change calculation.

Total 1915(i) recipients in 2013	5,555
Subset of recipients that projected to receive an additional month of service	1,363
Average monthly cost of 1915(i) services	\$587
Annualized program change impact	\$799,868
Total 2013 1915(i) expenses	\$9,753,804

- Expanded access to services provided by other licensed professionals (OLP) will likely result in an increase to the penetration rate over time for other professional services. Individuals will still need to meet medical necessity criteria to access other professional services, but more individuals are expected to meet the criteria than historically when the 1915(i) services were limited to SMI or major mental disorder. To evaluate the potential change in utilization, Mercer reviewed the service utilization and penetration rates for other states where other professional services have been covered in the State Plan. The penetration rates in these other states are higher for adults indicating broader utilization of the services. The penetration rate findings are as follows:

2013 Penetration Rate for OLP Services in Louisiana	2.5% of Adults
Penetration Rate for similar OLP Services in Other States	Up to 10% of Adults

Mercer assumed the utilization of these services would increase over time essentially modeling a two-fold expansion of these services from November 2015 to January 2017. The utilization has been assumed to progressively increase over time as provider capacity may need to be developed to meet the demand as individuals understand the availability of these services.

Projected November 2015 users based on emerging data	3,549
Projected January 2017 users	7,097
Total new users in rating period for December 2015 and January 2016	760
Average monthly cost of services provided by other licensed professionals	\$82

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Annualized program change impact (\$62,455 multiplied by 6)	\$374,733
Total 2013 services provided by other licensed professionals	\$6,563,731

This issue will continue to be monitored and evaluated as part of future rate-setting exercises as more data becomes available. The overall impact of the adjustment to account for the elimination of the 1915(i) authority and coverage of these services under the State Plan is a 0.6% impact overall and impacts the adult rate cells only.

The overall impact all of all the programmatic changes described above is a 1.3% increase to the rates. Again, the regional and rate cell impacts of these changes are summarized in Appendix C.

### **1915(b)(3) Services**

The historical utilization of Physician Case Consultation services has been minimal in the initial years of the program. As such, the 1915(b)(3) rate for this service is essentially \$0.00 on a PMPM basis. The service utilization will continue to be analyzed and the rate adjusted accordingly, as necessary. This is within the requested waiver authority of \$0.13 PMPM.

### **Managed Care Assumptions**

Mercer evaluated whether additional adjustments were necessary to address changes to utilization as a result of care management practices. As the adult encounter data are from a period of time when capitated managed care was in operation, Mercer did not incorporate any further adjustment for future changes as a result of managed care. Similarly, Mercer made no adjustment to the Children's capitation rate calculations for additional impact of managed care. While the data from the Children's program are from a non-risk setting, the current PIHP did perform utilization review and care management of the Children's population under the non-risk contract. Also, the two-month rating period of December/January does not provide sufficient time to impact the service utilization patterns.

### **Administration and Risk Margin Loading**

Mercer included an assumption for administrative expenses under a managed care program with particular consideration for the impact of integration with the existing Bayou Health acute care program. The State provided Mercer with anticipated staffing requirements for the upcoming Bayou Health contract period beginning December 1, 2015. Mercer reviewed the behavioral health staffing requirements as they apply to each MCO participating in the Bayou Health program. Each staffing position was evaluated to determine if it would be already fulfilled within the current Bayou health program, and therefore would not need to be considered as part of the behavioral health program. The administrative costs for the required staffing positions were

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modeled based on wage and other employee-related expense information from the Bureau of Labor and Statistics. Mercer also included consideration for MCO overhead for these staffing positions. Mercer developed a PMPM cost expectation for these additional staffing needs and converted the PMPM to a percentage based on the final service cost projection underlying the rates.

Based on this review, Mercer included a general administrative allowance of 8.0%, which is similar to the prior administrative assumption under the current adult capitation rates. This is due to the fact that the State is now contracting with multiple MCOs rather than just one. In addition to the general administrative allowance, an underwriting gain/risk margin of 2.0% has been included in the capitation rates. The administration and risk margin load factor (AA.3.2) is expressed as a percentage of the gross capitation rate (that is, premium) before premium tax adjustment, and is consistent with the current Bayou Health rates.

### ***Health Insurer Provider Fee Consideration***

The State plans to address the Health Insurer Provider Fee and associated implications of non-deductibility through a retrospective payment once the fees are known for the impacted premium years. As such, no consideration has been made for the fee in these capitation rates. Further discussion between the MCOs and the State will occur as fee notices become available from the IRS for the respective premium year.

### ***Premium Tax Adjustment***

Louisiana Statute 22:842 requires businesses issuing life, accident, health or service insurance or other forms of contracts or obligations covering such risks to pay certain premium taxes. The tax for businesses with revenue exceeding \$7,000 amounts to 2.25% of gross annual premiums. The State has determined that the PIHP contract for the Medicaid Adult capitated BH program is subject to this taxation. This is a uniform, broad-based fee imposed on all health maintenance organizations and preferred provider organizations and all lines of business.

This premium tax is a legitimate cost of doing business in the State of Louisiana for Medicaid managed care organizations and PIHPs, and reasonable to include in the consideration of actuarially sound capitation rate ranges. Since this is a cost of doing business in the State, Mercer included consideration for this tax in the rate range development.

The premium tax adjustment is expressed as a percentage of the gross capitation rate (that is, premium). Mercer applied a 2.25% upward adjustment to the rate to account for the premium tax.

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## Rate Ranges

In order to develop the rate ranges, Mercer varied the trend assumptions outlined above to reflect the potential fluctuations in service utilization growth beyond observed experience. The lower bound trend accounts for mitigation of trend from the observed early 2015 levels, whereas the upper bound reflects higher consideration of trends from 2015. Mercer recognizes that prospective trends can vary based, not only on fluctuations in service utilization but also on the achieved degree of care management. Variation in these trend assumptions results in a rate range of approximately 5.9% below the 50<sup>th</sup> %-ile rate for the Lower Bound and 5.9% above the 50<sup>th</sup> %-ile rate for the Upper Bound.

The rate ranges can be found on Appendix B.

## Rate Development Overview

To provide additional detail on the rate development, Mercer has provided an overview of the adjustments applied to each rate cell in Appendices B and C. The exhibits present the breakdown of the assumptions used to calculate the 50<sup>th</sup> %-ile rates within the actuarially sound rate ranges for each region.

## Rate Certification

In preparing the rate ranges shown in Appendix B for the December 1, 2015 through January 31, 2016 contract period for the Louisiana BH program, Mercer has used and relied upon enrollment, eligibility, claim, reimbursement level, benefit design, and financial data and information supplied by the State and the PIHP. The State and the PIHP are solely responsible for the validity and completeness of these supplied data and information. We have reviewed the data and information for internal consistency and reasonableness, but we did not audit them. In our opinion they are appropriate for the intended rate-setting purpose. However, if the data and information are incomplete and/or inaccurate, the values shown in this report may differ significantly from values that would be obtained with accurate and complete information; this may require a later revision to this report.

Because modeling all aspects of a situation or scenario is not possible or practical, Mercer may use summary information, estimates, or simplifications of calculations to facilitate the modeling of future events in an efficient and cost-effective manner. Mercer may also exclude factors or data that are immaterial in our judgment. Use of such simplifying techniques does not, in our judgment, affect the reasonableness, appropriateness, or attainability of the results for the Medicaid program. Actuarial assumptions may also be changed from one certification period to the next because of changes in mandated requirements, program experience, changes in expectations

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about the future, and other factors. A change in assumptions is not an indication that prior assumptions were unreasonable, inappropriate, or unattainable when they were made.

Mercer certifies that the rate ranges in Appendix B, were developed in accordance with generally accepted actuarial practices and principles and are appropriate for the Medicaid-covered populations and services under the managed care contract. The undersigned actuaries are members of the American Academy of Actuaries and meet its qualification standards to certify to the actuarial soundness of Medicaid managed care capitation rates.

Rate ranges developed by Mercer are actuarial projections of future contingent events. All estimates are based upon the information and data available at a point in time, and are subject to unforeseen and random events. Therefore any projection must be interpreted as having a likely, and potentially wide range of variability from the estimate. Any estimate or projection may not be used or relied upon by any other party or for any other purpose than for which it was issued by Mercer. Mercer is not responsible for the consequences of any unauthorized use. Actual MCO costs will differ from these projections. Mercer has developed these rate ranges on behalf of the State to demonstrate compliance with the CMS requirements under 42 CFR 438.6(c) and accordance with applicable law and regulations. Use of these rate ranges for any purpose beyond that stated may not be appropriate.

MCOs are advised that the use of these rate ranges may not be appropriate for their particular circumstance and Mercer disclaims any responsibility for the use of these rate ranges by the MCOs for any purpose. Mercer recommends that the MCOs analyze its own projected medical expense, administrative expense, and any other premium needs for comparison to these rate ranges before deciding whether to contract with the State.

The State understands that Mercer is not engaged in the practice of law, or in providing advice on taxation matters. This report, which may include commenting on legal or taxation issues or regulations, does not constitute and is not a substitute for legal or taxation advice. Accordingly, Mercer recommends that the State secures the advice of competent legal and taxation counsel with respect to any legal or taxation matters related to this report or otherwise.

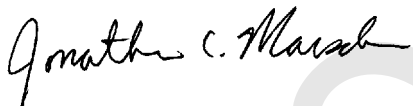
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This certification letter assumes the reader is familiar with the Louisiana managed care program, Medicaid eligibility rules and actuarial rating techniques. It is intended for the State and CMS, and should not be relied upon by third parties. Other readers should seek the advice of actuaries or other qualified professionals competent in the area of actuarial rate projections to understand the technical nature of these results. This document should only be reviewed in its entirety. Mercer is not responsible for, and expressly disclaims liability for, any reliance on this report by third parties.

The State agrees to notify Mercer within 30 days of receipt of this report if it disagrees with anything contained in this report or is aware of any information or data that would affect the results of this report that has not been communicated or provided to Mercer or incorporated herein. The report will be deemed final and acceptable to the State if nothing is received by Mercer within such 30-day period.

If you have any questions on any of the information provided, please feel free to call me at 612 642 8940, Brad at 612 642 8756 or Bennett at 612 642 8609.

Sincerely,



Jonathan Marsden, FSA, MAAA  
Partner



Brad Diaz, FSA, MAAA  
Senior Associate



Bennett Goiffon, FSA, MAAA  
Senior Associate

Appendices

**Appendix A**

**Louisiana Behavioral Health Partnership Medicaid Capitation Rates**

**Effective December 1, 2015 to January 31, 2016**

**50<sup>th</sup> Percentile Rates by Rate Cell and Region for Specialized BH Services**

Appendix

**50th Percentile Rates by Rate Cell and Region**  
**December 1, 2015 - January 31, 2016**

Draft &amp; Confidential

Rate Cell	Age	Contract Period December 1, 2015 - January 31, 2016			
		Gulf Region	Capital Region	South Central Region	North Region
Non-Disabled Adults	21+	\$ 29.26	\$ 25.76	\$ 25.91	\$ 28.76
Disabled Adults	21+	\$ 104.37	\$ 84.66	\$ 84.27	\$ 75.27
Non-Disabled Children	0-20	\$ 28.52	\$ 28.14	\$ 23.58	\$ 40.90
Foster Care and Disabled Children	0-20	\$ 170.07	\$ 139.10	\$ 152.44	\$ 246.19
Dually Eligible	Any	\$ 18.50	\$ 6.78	\$ 7.49	\$ 8.84

Appendices

**Appendix B**

**Louisiana Behavioral Health Partnership Medicaid Capitation Rate Development  
Effective December 1, 2015 to January 31, 2016  
Adult and Child Rate Cells**

Appendix

**Rate Development Summary**  
**December 1, 2015 - January 31, 2016**

Draft &amp; Confidential

Gulf Region		Base Year		Rate Development Data Adjustments			Rate Development Loads				Contract Period		
		A	B	C	D	E	F	G	H	I	December 1, 2015 - January 31, 2016		
Rate Cell	Age	MMs	PMPM	Trend *	Program Changes	Managed Care Adjustment	Target Service Cost	Underwriting Gain **	Administration **	Premium Tax **	50th Percentile Rate ***	Lower Bound Rate	Upper Bound Rate
Non-Disabled Adults	21+	386,912	\$ 13.85	25.9%	4.6%	0.0%	\$ 25.72	2.0%	8.0%	2.25%	\$ 29.26	\$ 27.57	\$ 30.95
Disabled Adults	21+	305,452	\$ 66.79	11.1%	5.8%	0.0%	\$ 91.76	2.0%	8.0%	2.25%	\$ 104.37	\$ 99.78	\$ 108.97
Non-Disabled Children	0-20	2,248,412	\$ 12.98	30.3%	-0.3%	0.0%	\$ 25.02	2.0%	8.0%	2.25%	\$ 28.52	\$ 26.66	\$ 30.38
Foster Care and Disabled Children	0-20	186,151	\$ 74.76	32.2%	-0.4%	0.0%	\$ 149.20	2.0%	8.0%	2.25%	\$ 170.07	\$ 159.24	\$ 180.91
Dually Eligible	Any	275,235	\$ 9.17	22.7%	6.3%	0.0%	\$ 16.26	2.0%	8.0%	2.25%	\$ 18.50	\$ 17.45	\$ 19.55
<b>Total</b>		<b>3,402,162</b>	<b>\$ 20.88</b>	<b>25.3%</b>	<b>1.6%</b>	<b>0.0%</b>	<b>\$ 37.18</b>	<b>2.0%</b>	<b>8.0%</b>	<b>2.25%</b>	<b>\$ 42.35</b>	<b>\$ 39.84</b>	<b>\$ 44.86</b>

\* The trend shown is annualized from the 30 month period to the midpoint of the new contract period (July 1, 2013 - January 1, 2016)

\*\* Admin &amp; Underwriting Gain shown as a % of the total rate before premium tax; Premium Tax is shown as a percent of total premium.

\*\*\* Rate Development Formula: 50th Percentile Rate =  $[B * (1+C)^{(30/12)} * (1+D)^{(1+E)}] / [(1-G-H) / (1-I)]$

**Rate Development Summary**  
**December 1, 2015 - January 31, 2016**

Draft &amp; Confidential

Capital Region		Base Year		Rate Development Data Adjustments			Rate Development Loads				Contract Period		
		A	B	C	D	E	F	G	H	I	December 1, 2015 - January 31, 2016		
Rate Cell	Age	MMs	PMPM	Trend *	Program Changes	Managed Care Adjustment	Target Service Cost	Underwriting Gain **	Administration **	Premium Tax **	50th Percentile Rate ***	Lower Bound Rate	Upper Bound Rate
Non-Disabled Adults	21+	282,441	\$ 14.29	18.1%	4.6%	0.0%	\$ 22.65	2.0%	8.0%	2.25%	\$ 25.76	\$ 24.56	\$ 26.96
Disabled Adults	21+	239,540	\$ 60.83	7.7%	1.8%	0.0%	\$ 74.44	2.0%	8.0%	2.25%	\$ 84.66	\$ 81.66	\$ 87.66
Non-Disabled Children	0-20	2,028,943	\$ 12.18	31.9%	1.8%	0.0%	\$ 24.72	2.0%	8.0%	2.25%	\$ 28.14	\$ 26.36	\$ 29.91
Foster Care and Disabled Children	0-20	159,015	\$ 60.36	31.2%	2.8%	0.0%	\$ 122.25	2.0%	8.0%	2.25%	\$ 139.10	\$ 130.65	\$ 147.55
Dually Eligible	Any	222,400	\$ 3.17	26.9%	3.8%	0.0%	\$ 5.96	2.0%	8.0%	2.25%	\$ 6.76	\$ 6.46	\$ 7.11
<b>Total</b>		<b>2,932,339</b>	<b>\$ 18.29</b>	<b>24.7%</b>	<b>2.2%</b>	<b>0.0%</b>	<b>\$ 32.45</b>	<b>2.0%</b>	<b>8.0%</b>	<b>2.25%</b>	<b>\$ 36.92</b>	<b>\$ 34.85</b>	<b>\$ 38.99</b>

\* The trend shown is annualized from the 30 month period to the midpoint of the new contract period (July 1, 2013 - January 1, 2016)

\*\* Admin &amp; Underwriting Gain shown as a % of the total rate before premium tax; Premium Tax is shown as a percent of total premium.

\*\*\* Rate Development Formula: 50th Percentile Rate =  $[B * (1+C)^{(30/12)} * (1+D)^{(1+E)}] / [(1-G-H) / (1-I)]$

**Rate Development Summary**  
**December 1, 2015 - January 31, 2016**

Draft &amp; Confidential

South Central Region		Base Year		Rate Development Data Adjustments			Rate Development Loads				Contract Period		
		A	B	C	D	E	F	G	H	I	December 1, 2015 - January 31, 2016		
Rate Cell	Age	MMs	PMPM	Trend *	Program Changes	Managed Care Adjustment	Target Service Cost	Underwriting Gain **	Administration **	Premium Tax **	50th Percentile Rate ***	Lower Bound Rate	Upper Bound Rate
Non-Disabled Adults	21+	285,987	\$ 15.38	15.4%	3.7%	0.0%	\$ 22.77	2.0%	8.0%	2.25%	\$ 25.91	\$ 24.53	\$ 27.28
Disabled Adults	21+	282,541	\$ 67.29	4.2%	-0.5%	0.0%	\$ 74.09	2.0%	8.0%	2.25%	\$ 84.27	\$ 81.00	\$ 87.54
Non-Disabled Children	0-20	2,220,847	\$ 10.68	32.0%	-2.9%	0.0%	\$ 20.69	2.0%	8.0%	2.25%	\$ 23.58	\$ 22.16	\$ 25.01
Foster Care and Disabled Children	0-20	171,952	\$ 70.60	29.5%	-0.4%	0.0%	\$ 133.69	2.0%	8.0%	2.25%	\$ 152.44	\$ 142.86	\$ 162.03
Dually Eligible	Any	296,258	\$ 5.00	11.7%	-0.1%	0.0%	\$ 6.59	2.0%	8.0%	2.25%	\$ 7.49	\$ 7.09	\$ 7.89
<b>Total</b>		<b>3,267,585</b>	<b>\$ 18.64</b>	<b>22.0%</b>	<b>-1.3%</b>	<b>0.0%</b>	<b>\$ 30.16</b>	<b>2.0%</b>	<b>8.0%</b>	<b>2.25%</b>	<b>\$ 34.36</b>	<b>\$ 32.45</b>	<b>\$ 36.28</b>

\* The trend shown is annualized from the 30 month period to the midpoint of the new contract period (July 1, 2013 - January 1, 2016)

\*\* Admin &amp; Underwriting Gain shown as a % of the total rate before premium tax; Premium Tax is shown as a percent of total premium.

\*\*\* Rate Development Formula: 50th Percentile Rate =  $[B * (1+C)^{(30/12)} * (1+D)^{(1+E)}] / [(1-G-H) / (1-I)]$

**Rate Development Summary**  
**December 1, 2015 - January 31, 2016**

Draft &amp; Confidential

North Region		Base Year		Rate Development Data Adjustments			Rate Development Loads				Contract Period		
		A	B	C	D	E	F	G	H	I	December 1, 2015 - January 31, 2016		
Rate Cell	Age	MMs	PMPM	Trend *	Program Changes	Managed Care Adjustment	Target Service Cost	Underwriting Gain **	Administration **	Premium Tax **	50th Percentile Rate ***	Lower Bound Rate	Upper Bound Rate
Non-Disabled Adults	21+	223,944	\$ 15.62	19.2%	4.4%	0.0%	\$ 25.27	2.0%	8.0%	2.25%	\$ 28.76	\$ 27.15	\$ 30.37
Disabled Adults	21+	239,483	\$ 47.21	13.2%	2.8%	0.0%	\$ 66.16	2.0%	8.0%	2.25%	\$ 75.27	\$ 71.65	\$ 78.89
Non-Disabled Children	0-20	1,731,176	\$ 16.87	34.6%	1.4%	0.0%	\$ 35.34	2.0%	8.0%	2.25%	\$ 40.90	\$ 38.08	\$ 43.71
Foster Care and Disabled Children	0-20	158,711	\$ 134.32	19.3%	3.8%	0.0%	\$ 213.36	2.0%	8.0%	2.25%	\$ 246.19	\$ 230.17	\$ 262.21
Dually Eligible	Any	232,802	\$ 3.99	27.6%	5.9%	0.0%	\$ 7.77	2.0%	8.0%	2.25%	\$ 8.84	\$ 8.27	\$ 9.41
<b>Total</b>		<b>2,586,116</b>	<b>\$ 25.62</b>	<b>25.6%</b>	<b>2.5%</b>	<b>0.0%</b>	<b>\$ 45.76</b>	<b>2.0%</b>	<b>8.0%</b>	<b>2.25%</b>	<b>\$ 52.74</b>	<b>\$ 49.35</b>	<b>\$ 56.14</b>

\* The trend shown is annualized from the 30 month period to the midpoint of the new contract period (July 1, 2013 - January 1, 2016)

\*\* Admin &amp; Underwriting Gain shown as a % of the total rate before premium tax; Premium Tax is shown as a percent of total premium.

\*\*\* Rate Development Formula: 50th Percentile Rate =  $[B * (1+C)^{(30/12)} * (1+D)^{(1+E)}] / [(1-G-H) / (1-I)]$

Appendices

**Appendix C**  
**Program Change Calculations**  
**Effective December 1, 2015 to January 31, 2016**

Appendix

**Program Changes - Impact Summary**  
**December 1, 2015 - January 31, 2016**

Draft &amp; Confidential

Gulf Region		Individual Program Changes - PMPM Impacts											
Rate Cell	Age	Base PMPM plus Trend *	IP LOS	IP Fee Schedule	Med Mgmt	Changes to Medicaid Populations	PSH	CSoc Regional Adj	Bayou Retained Liability	OP, ER Cost Settlement	PRTF Per Diem	1915i Program Authority	Total Program Changes
Non-Disabled Adults	21+	\$ 24.60	\$ 0.10	\$ -	\$ 0.44	\$ (0.10)	\$ 0.01	\$ -	\$ -	\$ 0.00	\$ -	\$ 0.67	\$ 1.12
Disabled Adults	21+	\$ 86.76	\$ 0.73	\$ -	\$ 1.75	\$ 0.34	\$ 0.22	\$ -	\$ -	\$ (0.01)	\$ -	\$ 1.97	\$ 5.00
Non-Disabled Children	0-20	\$ 25.08	\$ 0.04	\$ 0.07	\$ 0.30	\$ (0.09)	\$ 0.01	\$ (0.69)	\$ 0.27	\$ 0.00	\$ 0.02	\$ -	\$ (0.06)
Foster Care and Disabled Children	0-20	\$ 149.78	\$ 0.27	\$ 0.30	\$ 2.29	\$ (0.12)	\$ 0.13	\$ (5.15)	\$ 1.11	\$ 0.01	\$ 0.58	\$ -	\$ (0.59)
Dually Eligible	Any	\$ 15.30	\$ 0.01	\$ -	\$ 0.01	\$ 0.24	\$ 0.08	\$ -	\$ -	\$ 0.00	\$ -	\$ 0.61	\$ 0.96
Total		\$ 36.60	\$ 0.12	\$ 0.06	\$ 0.53	\$ (0.03)	\$ 0.04	\$ (0.74)	\$ 0.24	\$ 0.00	\$ 0.04	\$ 0.30	\$ 0.58

		Individual Program Changes - Percent Impacts											
Rate Cell	Age	Base PMPM plus Trend *	IP LOS	IP Fee Schedule	Med Mgmt	Changes to Medicaid Populations	PSH	CSOC Regional Adj	Bayou Retained Liability	OP, ER Cost Settlement	PRTF Per Diem	1915i Program Authority	Total Program Changes
Non-Disabled Adults	21+	n/a	0.4%	0.0%	1.8%	-0.4%	0.0%	0.0%	0.0%	0.0%	0.0%	2.7%	4.6%
Disabled Adults	21+	n/a	0.8%	0.0%	2.0%	0.4%	0.2%	0.0%	0.0%	0.0%	0.0%	2.3%	5.8%
Non-Disabled Children	0-20	n/a	0.2%	0.3%	1.2%	-0.4%	0.1%	-2.8%	1.1%	0.0%	0.1%	0.0%	-0.3%
Foster Care and Disabled Children	0-20	n/a	0.2%	0.2%	1.5%	-0.1%	0.1%	-3.4%	0.7%	0.0%	0.4%	0.0%	-0.4%
Dually Eligible	Any	n/a	0.1%	0.0%	0.1%	1.6%	0.6%	0.0%	0.0%	0.0%	0.0%	4.0%	6.3%
Total		n/a	0.3%	0.2%	1.5%	-0.1%	0.1%	-2.0%	0.7%	0.0%	0.1%	0.8%	1.6%

\* The trend shown is annualized from the 30 month period to the midpoint of the new contract period (July 1, 2013 - January 1, 2016)

**Program Changes - Impact Summary**  
**December 1, 2015 - January 31, 2016**

Draft &amp; Confidential

Capital Region		Individual Program Changes - PMPM Impacts											
Rate Cell	Age	Base PMPM plus Trend *	IP LOS	IP Fee Schedule	Med Mgmt	Changes to Medicaid Populations	PSH	CSoC Regional Adj	Bayou Retained Liability	OP, ER Cost Settlement	PRTF Per Diem	1915i Program Authority	Total Program Changes
Non-Disabled Adults	21+	\$ 21.64	\$ 0.15	\$ -	\$ 0.50	\$ (0.09)	\$ 0.00	\$ -	\$ -	\$ 0.10	\$ 0.00	\$ 0.35	\$ 1.00
Disabled Adults	21+	\$ 73.13	\$ 0.82	\$ -	\$ 1.71	\$ (2.66)	\$ 0.01	\$ -	\$ 0.00	\$ 0.25	\$ -	\$ 1.20	\$ 1.31
Non-Disabled Children	0-20	\$ 24.29	\$ 0.05	\$ 0.40	\$ 0.60	\$ (0.01)	\$ 0.00	\$ (0.94)	\$ 0.28	\$ 0.02	\$ 0.04	\$ -	\$ 0.44
Foster Care and Disabled Children	0-20	\$ 118.88	\$ 0.30	\$ 2.57	\$ 2.73	\$ (0.09)	\$ 0.06	\$ (5.96)	\$ 2.93	\$ 0.09	\$ 0.74	\$ -	\$ 3.37
Dually Eligible	Any	\$ 5.74	\$ 0.01	\$ -	\$ 0.04	\$ 0.02	\$ 0.01	\$ -	\$ -	\$ 0.00	\$ -	\$ 0.15	\$ 0.22
Total		\$ 31.75	\$ 0.13	\$ 0.41	\$ 0.75	\$ (0.24)	\$ 0.01	\$ (0.98)	\$ 0.35	\$ 0.05	\$ 0.07	\$ 0.14	\$ 0.71

		Individual Program Changes - Percent Impacts											
Rate Cell	Age	Base PMPM plus Trend *	IP LOS	IP Fee Schedule	Med Mgmt	Changes to Medicaid Populations	PSH	CSoC Regional Adj	Bayou Retained Liability	OP, ER Cost Settlement	PRTF Per Diem	1915i Program Authority	Total Program Changes
Non-Disabled Adults	21+	n/a	0.7%	0.0%	2.3%	-0.4%	0.0%	0.0%	0.0%	0.4%	0.0%	1.6%	4.6%
Disabled Adults	21+	n/a	1.1%	0.0%	2.3%	-3.6%	0.0%	0.0%	0.0%	0.3%	0.0%	1.6%	1.8%
Non-Disabled Children	0-20	n/a	0.2%	1.6%	2.5%	0.0%	0.0%	-3.9%	1.1%	0.1%	0.2%	0.0%	1.8%
Foster Care and Disabled Children	0-20	n/a	0.2%	2.2%	2.3%	-0.1%	0.0%	-5.0%	2.5%	0.1%	0.6%	0.0%	2.8%
Dually Eligible	Any	n/a	0.1%	0.0%	0.6%	0.3%	0.1%	0.0%	0.0%	0.1%	0.0%	2.5%	3.8%
Total		n/a	0.4%	1.3%	2.4%	-0.7%	0.0%	-3.1%	1.1%	0.2%	0.2%	0.5%	2.2%

\* The trend shown is annualized from the 30 month period to the midpoint of the new contract period (July 1, 2013 - January 1, 2016)

**Program Changes - Impact Summary**  
**December 1, 2015 - January 31, 2016**

Draft &amp; Confidential

South Central Region		Individual Program Changes - PMPM Impacts											
Rate Cell	Age	Base PMPM plus Trend *	IP LOS	IP Fee Schedule	Med Mgmt	Changes to Medicaid Populations	PSH	CSoc Regional Adj	Bayou Retained Liability	OP, ER Cost Settlement	PRTF Per Diem	1915i Program Authority	Total Program Changes
Non-Disabled Adults	21+	\$ 21.96	\$ 0.14	\$ -	\$ 0.37	\$ (0.09)	\$ 0.01	\$ -	\$ -	\$ (0.00)	\$ -	\$ 0.39	\$ 0.82
Disabled Adults	21+	\$ 74.47	\$ 0.84	\$ -	\$ 1.14	\$ (3.47)	\$ 0.08	\$ -	\$ -	\$ (0.00)	\$ -	\$ 1.04	\$ (0.37)
Non-Disabled Children	0-20	\$ 21.30	\$ 0.04	\$ 0.01	\$ 0.08	\$ (0.08)	\$ 0.00	\$ (0.76)	\$ 0.07	\$ 0.00	\$ 0.03	\$ -	\$ (0.61)
Foster Care and Disabled Children	0-20	\$ 134.24	\$ 0.30	\$ (0.07)	\$ 0.56	\$ (0.11)	\$ 0.01	\$ (3.70)	\$ 1.36	\$ 0.00	\$ 1.10	\$ -	\$ (0.55)
Dually Eligible	Any	\$ 6.59	\$ 0.01	\$ -	\$ 0.01	\$ (0.18)	\$ 0.01	\$ -	\$ -	\$ 0.01	\$ -	\$ 0.13	\$ (0.01)
Total		\$ 30.57	\$ 0.13	\$ 0.00	\$ 0.22	\$ (0.39)	\$ 0.01	\$ (0.71)	\$ 0.12	\$ 0.00	\$ 0.08	\$ 0.14	\$ (0.40)

		Individual Program Changes - Percent Impacts											
Rate Cell	Age	Base PMPM plus Trend *	IP LOS	IP Fee Schedule	Med Mgmt	Changes to Medicaid Populations	PSH	CSoC Regional Adj	Bayou Retained Liability	OP, ER Cost Settlement	PRTF Per Diem	1915i Program Authority	Total Program Changes
Non-Disabled Adults	21+	n/a	0.6%	0.0%	1.7%	-0.4%	0.0%	0.0%	0.0%	0.0%	0.0%	1.8%	3.7%
Disabled Adults	21+	n/a	1.1%	0.0%	1.5%	-4.7%	0.1%	0.0%	0.0%	0.0%	0.0%	1.4%	-0.5%
Non-Disabled Children	0-20	n/a	0.2%	0.0%	0.4%	-0.4%	0.0%	-3.6%	0.3%	0.0%	0.2%	0.0%	-2.9%
Foster Care and Disabled Children	0-20	n/a	0.2%	-0.1%	0.4%	-0.1%	0.0%	-2.8%	1.0%	0.0%	0.8%	0.0%	-0.4%
Dually Eligible	Any	n/a	0.2%	0.0%	0.1%	-2.7%	0.2%	0.0%	0.0%	0.1%	0.0%	2.0%	-0.1%
Total		n/a	0.4%	0.0%	0.7%	-1.3%	0.0%	-2.3%	0.4%	0.0%	0.3%	0.4%	-1.3%

\* The trend shown is annualized from the 30 month period to the midpoint of the new contract period (July 1, 2013 - January 1, 2016)

**Program Changes - Impact Summary**  
**December 1, 2015 - January 31, 2016**

Draft &amp; Confidential

North Region		Individual Program Changes - PMPM Impacts											
Rate Cell	Age	Base PMPM plus Trend *	IP LOS	IP Fee Schedule	Med Mgmt	Changes to Medicaid Populations	PSH	CSoC Regional Adj	Bayou Retained Liability	OP, ER Cost Settlement	PRTF Per Diem	1915i Program Authority	Total Program Changes
Non-Disabled Adults	21+	\$ 24.20	\$ 0.12	\$ -	\$ 0.46	\$ (0.10)	\$ 0.00	\$ -	\$ -	\$ (0.03)	\$ -	\$ 0.63	\$ 1.07
Disabled Adults	21+	\$ 64.34	\$ 0.55	\$ -	\$ 1.43	\$ (1.40)	\$ 0.04	\$ -	\$ -	\$ (0.32)	\$ -	\$ 1.52	\$ 1.82
Non-Disabled Children	0-20	\$ 34.86	\$ 0.06	\$ (0.01)	\$ 0.25	\$ (0.05)	\$ 0.01	\$ (0.09)	\$ 0.30	\$ (0.01)	\$ 0.01	\$ -	\$ 0.48
Foster Care and Disabled Children	0-20	\$ 205.64	\$ 0.42	\$ (0.20)	\$ 1.46	\$ (0.16)	\$ 0.03	\$ (0.34)	\$ 4.32	\$ (0.11)	\$ 2.30	\$ -	\$ 7.71
Dually Eligible	Any	\$ 7.33	\$ 0.02	\$ -	\$ 0.03	\$ 0.08	\$ 0.02	\$ -	\$ -	\$ 0.01	\$ -	\$ 0.27	\$ 0.44
Total		\$ 44.67	\$ 0.13	\$ (0.02)	\$ 0.43	\$ (0.17)	\$ 0.02	\$ (0.08)	\$ 0.47	\$ (0.04)	\$ 0.15	\$ 0.22	\$ 1.10

		Individual Program Changes - Percent Impacts											
Rate Cell	Age	Base PMPM plus Trend*	IP LOS	IP Fee Schedule	Med Mgmt	Changes to Medicaid Populations	PSH	CSoC Regional Adj	Bayou Retained Liability	OP, ER Cost Settlement	PRTF Per Diem	1915i Program Authority	Total Program Changes
Non-Disabled Adults	21+	n/a	0.5%	0.0%	1.9%	-0.4%	0.0%	0.0%	0.0%	-0.1%	0.0%	2.6%	4.4%
Disabled Adults	21+	n/a	0.9%	0.0%	2.2%	-2.2%	0.1%	0.0%	0.0%	-0.5%	0.0%	2.4%	2.8%
Non-Disabled Children	0-20	n/a	0.2%	0.0%	0.7%	-0.1%	0.0%	-0.3%	0.9%	0.0%	0.0%	0.0%	1.4%
Foster Care and Disabled Children	0-20	n/a	0.2%	-0.1%	0.7%	-0.1%	0.0%	-0.2%	2.1%	-0.1%	1.1%	0.0%	3.8%
Dually Eligible	Any	n/a	0.2%	0.0%	0.5%	1.1%	0.2%	0.0%	0.0%	0.2%	0.0%	3.7%	5.9%
Total		n/a	0.3%	0.0%	1.0%	-0.4%	0.0%	-0.2%	1.0%	-0.1%	0.3%	0.5%	2.5%

\* The trend shown is annualized from the 30 month period to the midpoint of the new contract period (July 1, 2013 - January 1, 2016)

## Appendices

### Appendix D CMS Consultation Guide Effective December 1, 2015 to January 31, 2016

Section I. December 1, 2015 – January 31, 2016 Medicaid Managed Care Rates		Documentation Reference
<b>1. General Information</b>		
A. A letter from the certifying actuary, who meets the qualification standards established by the American Academy of Actuaries and follows the practice standards established by the Actuarial Standards Board, that certifies that the final capitation rates or rate ranges meet the standards in 42 CFR §438.6(c).		Please refer to the Mercer rate certification letter. All following page and exhibit references are specific to this certification.
B. The final and certified capitation rates or the final and certified rate ranges for all rate cells and regions, as applicable.		Please refer to Appendix B for a summary of all rate ranges by rate cell and region.
C. Brief descriptions of:		
i. The specific state Medicaid managed care programs covered by the certification.		Please refer to pages 1-2.
ii. The rating periods covered by the certification.		Please refer to page 1.
iii. The Medicaid populations covered through the managed care programs for which the certification applies.		A brief description can be found on pages 2-3. Section 2 of the Data Book encompasses a comprehensive list of Bayou Health's covered and excluded populations.
iv. The services that are required to be provided by the managed care plans.		A brief description can be found on pages 3-4. Section 3 of the Data Book encompasses a comprehensive list of Bayou Health's covered services.
<b>2. Data</b>		
A. A description of the data used to develop capitation rates. This description should include:		
i. The types of data used, which may include (but is not limited to) claims data, encounter data, plan financial data, or other Medicaid program data.		Please refer to pages 4-9.
ii. The age of all data used.		Please refer to pages 4-9.
iii. The sources of all data used.		Please refer to pages 4-9.
iv. To the extent that a significant portion of benefits are provided through subcapitated arrangements, a description of the data received from the subcapitated plans or providers.		N/A

## Appendices

Section I. December 1, 2015 – January 31, 2016 Medicaid Managed Care Rates	Documentation Reference
v. To the extent that claims or encounter data are not used or not available, an explanation of why that data was not used or was not available.	N/A
B. Information related to the availability and the quality of the data used:	
i. The steps taken by the actuary or by others (which may include but is not limited to the state Medicaid program or the managed care organizations) to validate or improve the quality and accuracy of the data.	Please refer to the base data adjustment section beginning on page 6.
ii. Any concerns that the actuary has over the availability or quality of the data.	N/A
C. Any information related to changes in data used when compared to the most recent rating period:	
i. Any new data sources used by the actuary since the last certification and any data sources that the actuary has not continued to use since the last certification.	The Children's program has been administered on a non-risk basis by the PIHP. This data was not included in the prior LBHP certification for the Adult population at-risk capitation contract.
ii. How the data sources used have changed since the last certification.	Please refer to the base data adjustment section beginning on page 6.
D. Any plans or efforts to improve the data sources used for future certifications and any new data sources that are expected to be available and potentially used for future certifications.	Please refer to the base data adjustment section beginning on page 6.
E. Any adjustments that are made to the data.	Please refer to the base data adjustment section beginning on page 6.
<b>3. Projected Benefit Costs</b>	
A. Covered services and benefits	
i. Any changes related to the benefits covered by the Medicaid managed care organizations since the last certification, including but not limited to:	
a. More or fewer state plan benefits covered by the Medicaid managed care organization.	Please refer to the covered services section on pages 3-4.

## Appendices

Section I. December 1, 2015 – January 31, 2016 Medicaid Managed Care Rates	Documentation Reference
b. Requirements deemed necessary by the state to ensure access or proper delivery of covered services, for minimum or maximum levels of payment from managed care organizations to any providers or class of providers.	Please refer to the covered services section on pages 3-4, as well as the base data adjustments section on pages 6-8.
c. Requirements or conditions of any applicable waivers.	N/A
ii. For each change related to benefits covered, the estimated impact of the change on amount of projected benefit costs and a description of the data, assumptions, and methodologies used to develop the adjustment.	Please refer to the covered services section on pages 3-4, as well as the base data adjustments section on pages 6-8. Section 4 of the Data Book outlines adjustments Mercer made to the encounter data and the impacts of each adjustment.
<b>B. Projected benefit cost trends</b>	
i. The projected change in benefit costs from the historical period to the rating period, or trend, including but not limited to:	
a. The methodologies used to develop projected benefit costs trends.	Please refer to the trend section beginning on page 8.
b. Any data used or assumptions made in developing projected benefit cost trends.	Please refer to the trend section beginning on page 8.
c. Any applicable comparisons to historical benefit cost trends or other program benefit cost trends.	Please refer to the trend section beginning on page 8.
d. The different components of projected benefit cost trends, including but not limited to changes in price (such as provider reimbursement rates) and changes in utilization (such as the volume of services provided).	Please refer to the trend section beginning on page 8.
e. Any other material adjustments to projected benefit cost trends, and a description of the data, assumptions, and methodologies used to determine those adjustments.	N/A
f. To the extent there are any differences, projected benefit cost trends by:	
i. Service or category of service.	Please refer to the trend section beginning on page 8.
ii. Rate cell or Medicaid population.	Please refer to the trend section beginning on page 8.

## Appendices

Section I. December 1, 2015 – January 31, 2016 Medicaid Managed Care Rates	Documentation Reference
C. Other adjustments to projected benefit costs:	
i. Any other adjustments made to projected benefit costs excluding those described above, including but not limited to:	
a. The impact of managed care on the utilization on the unit costs of health care services.	Please refer to the managed care assumptions section on page 22.
b. Changes to projected benefit costs in the rating period outside of regular changes in utilization or unit cost of services.	Please refer to the program changes section beginning on page 13.
D. Final projected benefit costs by relevant level of detail (for example, by Medicaid population or by rate cell).	Please refer to Appendices A and B.
<b>4. Projected Non-benefit Costs</b>	
E. Non-benefit costs including but not limited to:	
i. Administrative costs.	Please refer to the administration and risk margin loading section beginning on page 22.
ii. Care management or coordination costs.	Included as a component of Administrative costs. Please refer to the administration and risk margin loading section beginning on page 22.
iii. Provisions for:	
a. Cost of capital.	Please refer to the administration and risk margin loading section beginning on page 22.
b. Risk margin.	Considered in the Margin component. Please refer to the administration and risk margin loading section beginning on page 22.
c. Contingency margin.	N/A
d. Underwriting gain.	Included as a component of Administrative costs. Please refer to the administration and risk margin loading section beginning on page 22.
e. Profit margin.	N/A
iv. Taxes, fees, and assessments.	Please refer to the health insurer provider fee consideration and premium tax adjustment sections beginning on page 23.
v. Any other material non-benefit costs.	N/A
<b>5. Rate Range Development</b>	
A. Any assumptions for which values vary in order to develop rate ranges.	Please refer to the trend section beginning on page 8, the administration and risk margin loading section beginning on page 22 and the rate ranges section on page 24.

## Appendices

Section I. December 1, 2015 – January 31, 2016 Medicaid Managed Care Rates	Documentation Reference
B. The values of each of the assumptions used to develop the minimum, the mid-point (as applicable), and the maximum of the rate ranges.	Please refer to sections related to trend assumptions, prospective program change adjustments, administration and risk margin loading considerations and rate range assumptions.
C. A description of the data, assumptions, and methodologies that were used to develop the values of the assumptions for the minimum, the mid-point (as applicable), and maximum of the rate ranges.	Please refer to sections related to trend assumptions, prospective program change adjustments, administration and risk margin loading considerations and rate range assumptions.
<b>6. Risk and Contractual Provisions</b>	
A. Risk adjustment processes.	Please refer to the administration and risk margin loading section beginning on page 22.
B. Risk sharing arrangements, such as risk corridor or large claims pool.	N/A
C. Medical loss ratio requirements, such as a minimum medical loss ratio requirement.	N/A
D. Reinsurance requirements.	N/A
E. Incentives or withhold amounts.	N/A
<b>7. Other Rate Development Considerations</b>	
A. All adjustments to the capitation rates, or to any portion of the capitation rates, should reflect reasonable, appropriate, and attainable costs in the actuary's opinion and must be included in the rate certification. CMS notes that adjustments that are performed at the end of the rate setting process without adequate justification might not be considered actuarially sound.	Please see Actuarial soundness definition on page 1, as well as the rate certification section on pages 24-26.
B. The final contracted rates should either match the capitation rates or be within the rate ranges in the actuarial certification. This is required in total and by each rate cell.	This letter certifies the rate range. Rates are being set at the 50 <sup>th</sup> percentile for all rating categories and illustrated on Appendices A and B.



**Jaredd Simons, ASA, MAAA**  
Principal

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Ms. Pam Diez  
Deputy Medicaid Director/Chief Financial Officer  
Louisiana Department of Health  
Bureau of Health Services Financing  
628 North 4th Street  
Baton Rouge, LA 70821

September 13, 2016

**Subject:** Healthy Louisiana Non-Emergency Medical Transportation (NEMT) Services – Full Risk-Bearing Managed Care Organization (MCO) Rate Range Development and Actuarial Certification for the Period January 1, 2016 through January 31, 2016

Dear Ms. Diez:

The Louisiana Department of Health (LDH) has contracted with Mercer Government Human Services Consulting (Mercer) to develop actuarially sound capitation rate ranges for NEMT services provided under the State of Louisiana's Healthy Louisiana (f/k/a Bayou Health) program. This certification update includes one revision that is retrospectively effective January 1, 2016. This revised certification letter replaces the certification letter issued on November 4, 2015 for the period of December 1, 2015 through January 31, 2016 and only applies to the period of January 1, 2016 to January 31, 2016. For reference, the original rate certification letter is included with this document in Appendix C.

This letter provides an overview of the analyses and methodology used to support the revision, and the resulting capitation rate ranges effective January 1, 2016 through January 31, 2016 as a certification to the actuarial soundness of the rate ranges presented. These rates were developed for individuals that received specialized behavioral health services under the Healthy Louisiana program, but received physical health services under Louisiana fee-for-service (FFS) Medicaid. This population was classified into the following rate cells: Chisholm Class Members (CCM), Home- and Community-Based Services (HCBS) Waiver members, and Other. The Other rate cell is constructed of dually eligible individuals and Long-Term Services and Support (LTSS) recipients who are not in either of the other two NEMT rate cells.

Medicaid benefit plan premium rates are "actuarially sound" if, for business in the state for which the certification is being prepared and for the period covered by the certification, projected premiums, including expected reinsurance and governmental stop-loss cash flows, governmental risk adjustment cash flows, and investment income, provide for all reasonable, appropriate and

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attainable costs, including health benefits, health benefit settlement expenses, marketing and administrative expenses, any government mandated assessments, fees, and taxes, and the cost of capital. Note: Please see pages 8-9 of the August 2005, Actuarial Certification of Rates for Medicaid Managed Care Programs, from the American Academy of Actuaries, [http://www.actuary.org/pdf/practnotes/health\\_medicaid\\_05.pdf](http://www.actuary.org/pdf/practnotes/health_medicaid_05.pdf).

## Rate Revision

As a result of Act 1, House Bill No. 35, effective January 1, 2016, the state of Louisiana increased the premium tax rate of 2.25% to 5.50%. This legislation was enacted after the issuance of rates effective during the period which requires a revision to the previously certified rates. The revision to the premium tax rate resulted in a 3.54% increase to the final composite rate. The table below shows the impact to the midpoint rates by rate cell.

	[MM]	[A]	[B]	[C]	[D] = [B] + [C]
COA Desc	MMs	Original Midpoint PMPM	Midpoint PMPM less 2.25% Premium Tax	5.5% Premium Tax Revision Impact	Revised Midpoint PMPM
HCBS	181,177	\$ 12.90	\$ 12.61	\$ 0.74	\$ 13.36
CCM	62,148	\$ 7.38	\$ 7.21	\$ 0.43	\$ 7.64
Other	1,029,188	\$ 11.59	\$ 11.33	\$ 0.67	\$ 12.00
Composite	1,272,513	\$ 11.57	\$ 11.31	\$ 0.67	\$ 11.98

## Certification of Final Rate Ranges

In preparing the rate ranges shown in Appendix A, Mercer has used and relied upon enrollment, eligibility, FFS claims data, and other various information supplied by LDH and its fiscal agent. LDH and its fiscal agent are responsible for the validity and completeness of these supplied data and information. We have reviewed the data and information for internal consistency and reasonableness, but we did not audit them. In our opinion, they are appropriate for the intended purposes. If the data and information are incomplete or inaccurate, the values shown in this report may need to be revised accordingly.

Mercer certifies the rates in Appendix A were developed in accordance with generally accepted actuarial practices and principles, and are appropriate for the populations and services covered under the managed care contract. Rate estimates provided are based upon the information available at a point in time and are subject to unforeseen and random events. Therefore, any

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projection must be interpreted as having a likely range of variability from the estimate. The undersigned actuary is a member of the American Academy of Actuaries and meets its qualification standards to certify to the actuarial soundness of Medicaid managed care capitation rates.

Rate ranges developed by Mercer are actuarial projections of future contingent events. Actual Healthy Louisiana MCO costs will differ from these projections. Mercer has developed these rate ranges on behalf of LDH to demonstrate compliance with the Centers for Medicare & Medicaid Services (CMS) requirements under 42 CFR 438.6(c) and accordance with applicable law and regulations. Use of these rate ranges for any purpose beyond that stated may not be appropriate.

Healthy Louisiana MCOs are advised that the use of these rate ranges may not be appropriate for their particular circumstance, and Mercer disclaims any responsibility for the use of these rate ranges by Healthy Louisiana MCOs for any purpose. Mercer recommends that any Healthy Louisiana MCO considering contracting with LDH should analyze its own projected medical expense, administrative expense, and any other premium needs for comparison to the rate ranges before deciding whether to contract with LDH.

This certification letter assumes the reader is familiar with the Healthy Louisiana program, Medicaid eligibility rules, and actuarial rate-setting techniques. It is intended for LDH and CMS, and should not be relied upon by third parties. Other readers should seek the advice of actuaries or other qualified professionals competent in the area of actuarial rate projections to understand the technical nature of these results.

If you have questions on any of the above, please feel free to contact me at +1 404 442 3358 at your convenience.

Sincerely,



Jaredd Simons, ASA, MAAA  
Principal

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## **Appendix A: Healthy Louisiana NEMT Rate Change**

<b>COA Desc</b>	<b>MMs</b>	<b>Lower Bound PMPM</b>		<b>Upper Bound PMPM</b>	
HCBS	181,177	\$	13.19	\$	13.52
CCM	62,148	\$	7.46	\$	7.82
Other	1,029,188	\$	11.74	\$	12.26

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## Appendix B: Healthy Louisiana NEMT Premium Tax Change

COA	MMs	Original Loaded Rates -- Low PMPM	Original Loaded Rates -- High PMPM	less 2.25% Prem Tax Low PMPM	less 2.25% Prem Tax High PMPM	5.5% Prem Tax Impact Low PMPM	5.5% Prem Tax Impact High PMPM	Revised Loaded Rates -- Low PMPM	Revised Loaded Rates -- High PMPM
HCBS	181,177	\$ 12.74	\$ 13.06	\$ 12.45	\$ 12.77	\$ 0.74	\$ 0.75	\$ 13.19	\$ 13.52
CCM	62,148	\$ 7.21	\$ 7.55	\$ 7.05	\$ 7.38	\$ 0.41	\$ 0.44	\$ 7.46	\$ 7.82
Other	1,029,188	\$ 11.34	\$ 11.84	\$ 11.08	\$ 11.57	\$ 0.66	\$ 0.69	\$ 11.74	\$ 12.26

Ms. Jen Steele  
Medicaid Deputy Director  
Louisiana Department of Health and Hospitals  
Bureau of Health Services Financing  
628 North 4th Street  
Baton Rouge, LA 70821

November 4, 2015

**Subject:** Louisiana Bayou Health Non-Emergency Medical Transportation (NEMT) Services – Full Risk-Bearing Managed Care Organization (MCO) Rate Range Development and Actuarial Certification for the Period December 1, 2015 through January 31, 2016

Dear Ms. Steele:

The Louisiana Department of Health and Hospitals (DHH) has contracted with Mercer Government Human Services Consulting (Mercer) to develop actuarially sound capitation rate ranges for NEMT services provided under the State of Louisiana's Bayou Health program. NEMT capitation rate ranges were developed for the period December 1, 2015 through January 31, 2016. These rates were developed for individuals that received specialized behavioral health services under the Bayou Health program, but received physical health services under Louisiana fee-for-service (FFS) Medicaid. This population was classified into the following rate cells: Chisholm Class Members (CCM), Home- and Community-Based Services (HCBS) Waiver members, and Other. The Other rate cell is constructed of dually eligible individuals and Long-Term Services and Support (LTSS) recipients who are not in either of the other two NEMT rate cells. This letter provides an overview of the analyses and methodology used in the development of the NEMT rate ranges, as well as a certification to the actuarial soundness of the rate ranges presented.

Medicaid benefit plan premium rates are "actuarially sound" if, for business in the state for which the certification is being prepared and for the period covered by the certification, projected premiums, including expected reinsurance and governmental stop-loss cash flows, governmental risk adjustment cash flows, and investment income, provide for all reasonable, appropriate and attainable costs, including health benefits, health benefit settlement expenses, marketing and administrative expenses, any government mandated assessments, fees, and taxes, and the cost of capital. Note: Please see pages 8-9 of the August 2005, Actuarial Certification of Rates for Medicaid Managed Care Programs, from the American Academy of Actuaries, [http://www.actuary.org/pdf/practnotes/health\\_medicaid\\_05.pdf](http://www.actuary.org/pdf/practnotes/health_medicaid_05.pdf).

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## **Rate Methodology**

### **Overview**

NEMT capitation rate ranges were developed in accordance with rate-setting guidelines established by the Centers for Medicare & Medicaid Services (CMS). Calendar year (CY) 2013 FFS data with runout through March 31, 2015 were used as the base data for December 1, 2015 through January 31, 2016 NEMT rate development.

Mercer applied the following additional adjustments to the base data, which are consistent with the CMS capitated rate-setting checklist:

- Trend factors to forecast expenditures and utilization to the contract period.
- Loading for non-medical expenses.

The various steps used in the development of the rate ranges are described in the following paragraphs.

### **NEMT Rate Development**

#### ***Covered Populations***

Mercer received eligibility and enrollment data from the State's fiscal agent. The covered populations under the NEMT rate include the Medicaid eligible population excluded from Bayou Health physical health services and the Voluntary Opt-In populations who have not chosen to enroll in Bayou Health physical health services. The excluded populations primarily include dually eligible individuals and nursing facility residents. Mercer assigned rate cells using the following hierarchy:

1. CCM
2. HCBS Waiver Recipients
3. Other

#### ***CCM***

Chisholm refers to a class action lawsuit (*Chisholm v. Hood*) filed in 1997. CCMs are defined as all current and future recipients of Medicaid in the State of Louisiana, under age 21, who are now or will in the future be placed on the Office of Citizens with Developmental Disabilities' (OCDD) Request for Services Registry.

Members of Louisiana's Chisholm class are permitted to participate in Bayou Health physical health services on a voluntary opt-in basis. The members who choose not to opt into Bayou Health physical health services will have their NEMT services covered under Bayou Health NEMT services.

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### ***HCBS Waiver Recipients***

HCBS recipients were identified using the eligibility groups shown in Appendix C. HCBS recipients are permitted to participate in Bayou Health physical health services on a voluntary opt-in basis. The members who choose not to opt into Bayou Health physical health services will have their NEMT services covered under Bayou Health NEMT services.

### ***Other***

The remaining population covered under the NEMT rate is comprised of dually eligible individuals and LTSS recipients. Some dually eligible individuals are included in either the CCM or HCBS Waiver rate cells as a result of the established hierarchy; however, the majority of dually eligible individuals are included in the Other rate cell. These recipients are excluded from Bayou Health physical health services, but will have their NEMT services covered under Bayou Health NEMT services.

### **Base Data Development**

#### ***FFS Data and Base Data Adjustments***

Mercer utilized claim line level FFS data incurred from January 1, 2013 through December 31, 2013, paid through March 31, 2015, as the base data. Mercer identified the Bayou Health NEMT services populations and identified their NEMT services to be used as the base data. The NEMT services were identified using the claim category of service field "CLC\_Claim\_Cat\_Serv" with the following codes:

- 23 – Non-Emergency Ambulance Transportation
- 92 – Non-Emergency Non-Ambulance Transportation

Mercer reviewed the FFS data to ensure it appeared reasonable and appropriate but did not audit the data. Specifically, Mercer reviewed the completeness and consistency of incurred claims over time.

Mercer reviewed claim lags and determined the NEMT claims were complete with the given runoff and thus no adjustment for incurred but not reported claims was necessary for the FFS data.

The base data used for the NEMT rate development can be found in Appendix A. This appendix includes member months, expenses, units, annualized utilization per 1,000 recipients (util/1,000), unit cost, and base data per member per month (PMPM) rate.

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## Rating Adjustments

### ***Trend***

Trend is an estimate of the change in the overall cost of providing health care benefits over a finite period of time. A trend factor is necessary to estimate the expenses of providing NEMT services in a future period. As part of the rate development, Mercer developed the utilization, unit cost, and PMPM trend rates in the table below and applied them to all rate cells equivalently.

Rate Cell	Low Trend	High Trend
CCM	7.0%	9.0%
HCBS	0.0%	1.0%
Other	15.0%	17.0%
<b>Total</b>	<b>11.8%</b>	<b>13.6%</b>

The base data were trended 30 months, from the midpoint of the CY 2013 base data to the midpoint of the rating period December 1, 2015 through January 31, 2016. Mercer relied upon FFS experience for these populations in developing trend.

### **Fraud and Abuse Recoupment**

Mercer reviewed fraud and abuse recoupments and determined no adjustment was necessary.

### **Retroactive Eligibility**

Mercer reviewed retroactive eligibility and determined no adjustment was necessary.

### **Managed Care Contracting and Savings Adjustments**

Mercer did not apply an adjustment for managed care contracting because Louisiana Medicaid relied upon a sub-contractor to provide the FFS NEMT services during the base data period. Additionally, due to the limited time period covered by these rates, even if the potential for managed care savings does exist, Mercer does not believe significant managed care savings could be realized during the rating period.

### **Non-Medical Expense Load**

#### ***Retention***

Retention is expressed as a percentage of the gross capitation rate (i.e., premium). These percentages were developed incorporating the following considerations:

- Administrative requirements specific to the NEMT services section of the Bayou Health physical health services contract.
- Administrative expense benchmarks for other Medicaid NEMT services.

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- Underwriting gain of 2.00%.
- Premium tax of 2.25%.

Mercer used a total factor of 12.93% for administration expenses, underwriting gain, and premium tax in the development of the NEMT capitation rates.

### Rate Ranges

The final rate ranges represent a “best estimate” of the range of anticipated cost of providing NEMT services during the contract period for the covered populations. The lower end of an actuarially sound rate range attempts to ensure the capitation revenue received provides sufficient margin so that insolvency is not a significant risk for the MCOs participating in Bayou Health. The upper end of an actuarially sound rate range attempts to ensure the capitation revenue is not so large that the State is at risk of paying too much for the provision of NEMT services for eligible recipients. Mercer used CY 2013 annual enrollment to calculate the composite capitation rates.

December 1, 2015 through January 31, 2016 Bayou Health NEMT services rate ranges are displayed in the following table:

Category of Aid (COA)	CY 2013 Member Months	Lower Bound	Upper Bound
CCM	62,148	\$7.21	\$7.55
HCBS	181,177	\$12.74	\$13.06
Other	1,029,188	\$11.34	\$11.84
<b>Composite Total</b>	<b>1,272,513</b>	<b>\$11.34</b>	<b>\$11.80</b>

Please find additional information related to the Bayou Health NEMT services Rate Development in Appendix B.

### Certification

In preparing these actuarially sound capitation rate ranges, Mercer has used and relied upon enrollment, eligibility, FFS claims data, and other various information supplied by the State and its fiscal agent. The State and its fiscal agent are responsible for the validity and completeness of these supplied data and information. We have reviewed the data and information for internal consistency and reasonableness, but we did not audit them. In our opinion, they are appropriate for the intended purposes. If the data and information are incomplete or inaccurate, the values shown in this report may need to be revised accordingly.

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Mercer certifies that these rate ranges were developed in accordance with generally accepted actuarial practices and principles, and are appropriate for the populations and services covered under the managed care contract. The undersigned actuary is a member of the American Academy of Actuaries and meets its qualification standards to certify to the actuarial soundness of Medicaid managed care capitation rates.

Rate ranges developed by Mercer are actuarial projections of future contingent events. Actual results will differ from these projections. Mercer has developed these rate ranges on behalf of the State to demonstrate compliance with the CMS requirements under 42 CFR 438.6(c) and accordance with applicable law and regulations. Use of these rate ranges for any purpose beyond that stated may not be appropriate.

Providers are advised that the use of these rate ranges may not be appropriate for their particular circumstance, and Mercer disclaims any responsibility for the use of these rate ranges by providers for any purpose. Mercer recommends that any provider considering contracting with the State should analyze its own projected medical expense, administrative expense, and any other premium needs for comparison to the rates offered by the State before deciding whether to contract with the State.

This certification letter assumes the reader is familiar with the State's Bayou Health program, Medicaid eligibility rules, and actuarial rating techniques. It is intended for the State and CMS, and should not be relied upon by third parties. Other readers should seek the advice of actuaries or other qualified professionals competent in the area of actuarial rate projections to understand the technical nature of these results. This document should be reviewed only in its entirety.

If you have questions on any of the above, please feel free to contact me at +1 404 442 3358 at your convenience.

Sincerely,



Jaredd Simons, ASA, MAAA  
Senior Associate Actuary

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## Appendix A: NEMT CY 2013 Base Data

COA	CY 2013 Member Months	Total Paid	Units	Annual Util/1,000	Unit Cost	Base PMPM
CCM	62,148	\$329,458	4,180	807	\$78.82	\$5.30
HCBS	181,177	\$2,010,030	22,014	1,458	\$91.31	\$11.09
Other	1,029,188	\$7,165,120	104,303	1,216	\$68.70	\$6.96
<b>Total</b>	<b>1,272,513</b>	<b>\$9,504,608</b>	<b>130,497</b>	<b>1,231</b>	<b>\$72.83</b>	<b>\$7.47</b>

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## Appendix B: NEMT Rate Development

Rate Cell	Base Data			Low		High		Rate After Trend		Rate After Retention			
	MMs	Expenses	PMPM	Trend		Trend		Low PMPM	High PMPM	Admin	Low PMPM	High PMPM	Target PMPM
CCM	62,148	\$ 329,458	\$ 5.30	7.00%		9.00%		\$ 6.28	\$ 6.58	12.93%	\$ 7.21	\$ 7.55	\$ 7.38
HCBS	181,177	\$ 2,010,030	\$ 11.09	0.00%		1.00%		\$ 11.09	\$ 11.37	12.93%	\$ 12.74	\$ 13.06	\$ 12.90
Other	1,029,188	\$ 7,165,120	\$ 6.96	15.00%		17.00%		\$ 9.87	\$ 10.31	12.93%	\$ 11.34	\$ 11.84	\$ 11.59
<b>Total</b>	<b>1,272,513</b>	<b>\$ 9,504,608</b>	<b>\$ 7.47</b>	<b>11.80%</b>		<b>13.62%</b>		<b>\$ 9.87</b>	<b>\$ 10.28</b>	<b>12.93%</b>	<b>\$ 11.34</b>	<b>\$ 11.80</b>	<b>\$ 11.57</b>

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## Appendix C: NEMT Eligibility Designation

COA/Eligibility Category Name	Mandatory	Voluntary Opt-In	Excluded
<b>SSI (Aged, Blind and Disabled)</b>			
Acute Care Hospitals (LOS > 30 days)			●
BPL (Walker vs. Bayer)			●
Disability Medicaid			●
Disabled Adult Child			●
Disabled Widow/Widower (DW/W)			●
Early Widow/Widowers			●
Family Opportunity Program*			●
Former SSI*			●
Medicaid Buy-In Working Disabled (Medicaid Purchase Plan)			●
PICKLE			●
Provisional Medicaid			●
Section 4913 Children			●
SGA Disabled W/W/DS			●
SSI (Supplemental Security Income)*			●
SSI Conversion			●
Tuberculosis (TB)			●
<b>SSI (OCS Foster Care, IV-E OCS/OYD and OCS/OYD (XIX))</b>			
Foster Care IV-E - Suspended SSI			●
SSI (Supplemental Security Income)			●
<b>TANF (Families and Children, LIFC)</b>			
CHAMP Child			●
CHAMP Pregnant Woman (to 133% of FPIG)			●
CHAMP Pregnant Woman Expansion (to 185% FPIG)			●

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COA/Eligibility Category Name	Mandatory	Voluntary Opt-In	Excluded
Deemed Eligible			●
ELE - Food Stamps (Express Lane Eligibility-Food Stamps)			●
Grant Review			●
LaCHIP Phase 1			●
LaCHIP Phase 2			●
LaCHIP Phase 3			●
LaCHIP Phase IV: Non-Citizen Pregnant Women Expansion			●
LIFC - Unemployed Parent / CHAMP			●
LIFC Basic			●
PAP - Prohibited AFDC Provisions			●
Pregnant women with income greater than 118% of FPL and less than or equal to 133% of FPL			●
Regular MNP (Medically Needy Program)			●
Transitional Medicaid			●
<b>FCC (Families and Children)</b>			
Former Foster Care children			●
Youth Aging Out of Foster Care (Chaffee Option)			●
<b>FCC (OCS Foster Care, IV-E OCS/OYD and OCS/OYD (XIX))</b>			
CHAMP Child			●
CHAMP Pregnant Woman (to 133% of FPIG)			●
IV-E Foster Care			●
LaCHIP Phase 1			●
OYD - V Category Child			●
Regular Foster Care Child			●
YAP (Young Adult Program)			●

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COA/Eligibility Category Name	Mandatory	Voluntary Opt-In	Excluded
YAP/OYD			●
<b>BCC (Families and Children)</b>			
Breast and/or Cervical Cancer			●
<b>LAP (Families and Children)</b>			
LaCHIP Affordable Plan			●
<b>HCBS Waiver</b>			
ADHC (Adult Day Health Services Waiver)		●	
Children's Waiver - Louisiana Children's Choice		●	
Community Choice Waiver		●	
New Opportunities Waiver – SSI		●	
New Opportunities Waiver Fund		●	
New Opportunities Waiver, non-SSI		●	
Residential Options Waiver - non-SSI		●	
Residential Options Waiver – SSI		●	
SSI Children's Waiver - Louisiana Children's Choice		●	
SSI Community Choice Waiver		●	
SSI New Opportunities Waiver Fund		●	
SSI/ADHC		●	
Supports Waiver		●	
Supports Waiver SSI		●	
<b>CCM</b>			
Chisholm Class Members**		●	
<b>LaHIPP</b>			
Louisiana's Health Insurance Premium Payment Program***			●
<b>Dually Eligible</b>			
Louisiana's Dually Eligible Population****	●	●	

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COA/Eligibility Category Name	Mandatory	Voluntary Opt-In	Excluded
<b>Excluded from Bayou Health Physical Services</b>			
CHAMP Presumptive Eligibility			●
CSOC			●
DD Waiver			●
Denied SSI Prior Period			●
Disabled Adults authorized for special hurricane Katrina assistance			●
EDA Waiver			●
Family Planning, New eligibility / Non-LaMOM			●
Family Planning, Previous LaMOMs eligibility			●
Family Planning/Take Charge Transition			●
Forced Benefits			●
GNOCHC Adult Parent			●
GNOCHC Childless Adult			●
HPE B/CC			●
HPE Children under age 19			●
HPE Family Planning			●
HPE Former Foster Care			●
HPE LaCHIP			●
HPE LaCHIP Unborn			●
HPE Parent/Caretaker Relative			●
HPE Pregnant Woman			●
LBHP - Adult 1915(i)			●
LTC (Long-Term Care)	●		
LTC Co-Insurance			●
LTC MNP/Transfer of Resources	●		
LTC Payment Denial/Late Admission Packet	●		

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COA/Eligibility Category Name	Mandatory	Voluntary Opt-In	Excluded
LTC Spend-Down MNP	●		
LTC Spend-Down MNP (Income > Facility Fee)			●
OCS Child Under Age 18 (State Funded)			●
OYD (Office of Youth Development)			●
PACE SSI			●
PACE SSI-related			●
PCA Waiver			●
Private ICF/DD	●		
Private ICF/DD Spend-Down Medically Needy Program	●		
Private ICF/DD Spend-Down Medically Needy Program/Income Over Facility Fee			●
Public ICF/DD	●		
Public ICF/DD Spend-Down Medically Needy Program	●		
QI-1 (Qualified Individual - 1)			●
QI-2 (Qualified Individual - 2) (Program terminated 12/31/2002)			●
QMB (Qualified Medicare Beneficiary)			●
SLMB (Specified Low-Income Medicare Beneficiary)			●
Spend-Down Medically Needy Program			●
Spend-Down Denial of Payment/Late Packet	●		
SSI Conversion / Refugee Cash Assistance (RCA)/ LIFC Basic			●
SSI DD Waiver			●
SSI Payment Denial/Late Admission	●		
SSI PCA Waiver			●
SSI Transfer of Resource(s)/LTC	●		
SSI/EDA Waiver			●

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COA/Eligibility Category Name	Mandatory	Voluntary Opt-In	Excluded
SSI/LTC	●		
SSI/Private ICF/DD	●		
SSI/Public ICF/DD	●		
State Retirees			●
Terminated SSI Prior Period			●
Transfer of Resource(s)/LTC	●		

\* Children under 19 years of age who are automatically enrolled into Bayou Health, but may voluntarily disenroll.

\*\* Individuals under the age of 21 otherwise eligible for Medicaid who are listed on the OCDD's Request for Services Registry who are CCMs.

\*\*\* LaHIPP is not a category of eligibility. Eligibility designation for LaHIPP enrollees will vary according to the qualifying category of eligibility.

\*\*\*\*Dually eligible individuals are identified based on the Medicare Duals Eligibility table supplied by the State's fiscal agent. Dually eligible individuals are represented by Dual Status codes 02, 04, and 08.



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Ms. Amanda H. Joyner  
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Louisiana Department of Health  
Bureau of Health Services Financing  
628 North 4th Street  
Baton Rouge, LA 70821

July 15, 2016

**Subject:** Healthy Louisiana Medicaid Expansion – Risk-Bearing Managed Care Organization Rate Development and Actuarial Certification for the Period July 1, 2016 through January 31, 2017

Dear Ms. Joyner:

The Louisiana Department of Health (LDH) has contracted with Mercer Government Human Services Consulting (Mercer) to develop actuarially sound capitation rate ranges for the Healthy Louisiana, formerly known as Bayou Health, Medicaid Expansion program [42 CFR 433.204 b(1)] for the period of July 1, 2016 through January 31, 2017.

This letter presents an overview of the methodology used in Mercer's managed care rate development for the purpose of satisfying the requirements of the Centers for Medicare & Medicaid Services (CMS). This rate development process used Medicaid fee-for-service (FFS) medical and pharmacy claims, Bayou Health Shared Savings claims experience, Bayou Health Prepaid encounter data, and LBHP claims experience. It resulted in the development of a range of actuarially sound rates for each rate cell. The capitation rate ranges are summarized in Appendix A and represent payment in full for the covered services.

Medicaid benefit plan premium rates are "actuarially sound" if, for business in the state for which the certification is being prepared and for the period covered by the certification, projected premiums, including expected reinsurance and governmental stop-loss cash flows, governmental risk adjustment cash flows, and investment income, provide for all reasonable, appropriate and attainable costs, including health benefits, health benefit settlement expenses, marketing and administrative expenses, any government mandated assessments, fees, and taxes, and the cost of capital. Note: Please see page 2 of Actuarial Standard of Practice Number 49, *Medicaid Managed Care Capitation Rate Development and Certification*, issued March 2015 by the Actuarial Standards Board, [http://www.actuarialstandardsboard.org/wp-content/uploads/2015/03/asop049\\_179.pdf](http://www.actuarialstandardsboard.org/wp-content/uploads/2015/03/asop049_179.pdf).

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## **Expansion Population Rate Development Base Data and Adjustments**

Capitation rate ranges for the Healthy Louisiana program were developed in accordance with rate-setting guidelines established by CMS. The rate development for the expansion enrollment relied upon base data and rate-setting adjustments used to develop the Bayou Health February 1, 2016 effective capitation rates. The expansion rate development relied primarily upon Family & Children (F&C) experience and rate adjustments. Please refer to the certification letter effective Feb 2016-Jan 2017, appended at the end of this document as Appendix E, for further details regarding these adjustments.

Certain rate adjustments used to develop the Healthy Louisiana capitation rates for the traditional Medicaid program were removed or revised in the development of the expansion rates. Furthermore, additional data adjustments were applied to reflect anticipated differences in the health status and utilization patterns of the expansion population. The adjustments removed or revised and additional adjustments applied will be discussed in the *Expansion Data Adjustments* section of this letter.

## **Rate Cell Structure**

Expansion rates will vary by region as defined for the existing population: Gulf, Capital, South Central, and North. Additionally, rates are divided into four age groupings and segregated into Male and Female. The factors for each of these splits are shown in Table 1. Rate cells for maternity kick payments were created for the expansion population, but will receive the same rate as the existing population. Additionally, a Medicare Specialized Behavioral Health (SBH) rate cell was created to account for the rare but potential situation in which an individual is found to be eligible for Medicare retro-actively overlapping enrollment in expansion. Medicare eligibility disqualifies an individual for the expansion program; however the state will pay the MCOs to cover the SBH services not covered by Medicare incurred during any retro enrollment period. This service coverage is identical to the SBH-Only Dual eligible coverage; therefore the rate from the existing Bayou population for SBH-Dual Eligible will be used in this scenario.

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**Table 1: Age Gender Factors**

<b>Rate Cell Description</b>	<b>Age/Gender Factor</b>
Female Age 19 - Age 24	0.62
Male Age 19 - Age 24	0.50
Female Age 25 - Age 39	0.91
Male Age 25 - Age 39	0.81
Female Age 40 - Age 49	1.42
Male Age 40 - Age 49	1.39
Female Age 50 - Age 64	1.70
Male Age 50 - Age 64	1.94
SBH Medicare Eligible, All Sex/Ages	NA

### **Covered Services**

LDH expanded State Plan covered services to include additional services required per section 4106 of the Affordable Care Act (ACA). Additional services consisted of certain preventive services, screenings, and new pharmacy requirements. The actuary considered the impact of these additional services on program costs, but did not make any explicit adjustments in rate development due to the relatively small incremental cost for these services compared to the additional expansion population rate adjustments.

### **Expansion Data Adjustments**

#### **Removed and Revised Data Adjustments**

All F&C Adult applicable rate adjustments from the Bayou Health February 1, 2016 effective capitation rates were applied except for efficiency adjustments and trend. Trend was re-evaluated for all categories of service (COS). For pharmacy, emerging experience for F&C adults and SSI adults were reviewed to set the expansion trend. For all other COS, a weighting between F&C adults and SSI adults was applied to determine the expansion trend. The resulting trends by COS can be seen in Table 2.

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**Table 2: Expansion Annual Trend Factors**

COS Description	Expansion	
	Trend Low	Trend High
Inpatient Hospital	0.00%	1.00%
Outpatient Hospital	4.20%	7.45%
Primary Care Physician	1.55%	4.06%
Specialty Care Physician	1.58%	4.09%
FQHC/RHC	1.73%	4.18%
EPSDT	0.15%	3.27%
Certified Nurse Practitioners/Clinical Nurse	1.36%	3.93%
Lab/Radiology	7.23%	11.17%
Home Health	7.66%	11.63%
Emergency Transportation	9.85%	12.99%
Non-Emergency Transportation	9.22%	12.07%
Rehabilitation Services (OT, PT, ST)	10.09%	14.12%
DME	7.25%	11.22%
Clinic	2.03%	4.39%
Family Planning	1.16%	3.81%
Other	6.92%	10.84%
Prescribed drugs	8.12%	9.30%
Emergency Room	4.20%	7.45%
Basic Behavioral Health	1.90%	4.30%
Hospice	0.00%	1.00%
Personal Care Services	0.00%	0.00%
Inpatient Services -- Mental Health	4.00%	6.00%
Emergency Room -- Mental Health	4.00%	6.00%
Professional/Other -- Mental Health	4.00%	6.00%
<b>All Categories of Service</b>	<b>4.82%</b>	<b>7.04%</b>

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### Additional Rate Adjustments

Several adjustments unique to the expansion population were developed to account for expected differences from our Bayou Health February 1, 2016 effective capitation rates. The four adjustments applied were acuity, pent-up demand, adverse selection, and reverse managed care. Some of these factors vary between the Gulf region and all other regions due to auto-enrollment of eligibles previously enrolled in the Greater New Orleans Community Health Connection (GNOCHC) program. The resulting factors by region and low versus high can be seen in Table 3:

**Table 3: Expansion Assumption Factors**

	Acuity	Pent-Up Demand		Adverse Selection		Reverse Managed Care
Region(s)	All	Gulf	All Other	Gulf	All Other	All
Low	1.125	1.093	1.101	1.027	1.036	1.052
High	1.306	1.093	1.101	1.034	1.047	1.052

### Acuity

Acuity is a morbidity adjustment to account for the expected difference in health status between the current (F&C) population and the expansion population. The range of this factor was developed by reviewing other state expansion certifications, which had already gone through expansion, as well as review expansion experience where available. The resulting acuity factor range is set statewide at 12.5% - 30.6%.

### Pent-up Demand

Pent-up demand was developed to capture the effect of people putting off elective medical services, because they had no access to health care or the access was at a prohibitive cost. This will increase utilization in the short-term, but will phase down over time. A separate factor for the Gulf region was necessary, because all of the GNOCHC population, which will be auto-enrolled July 1, 2016, already have access to professional services, which results in a lower pent-up demand expectation for this population. The GNOCHC population resides exclusively in the Gulf region. The weights and resulting factor are shown in Table 4.

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**Table 4: Pent-up Demand Factors**

	Projected Member Months 7/1/16-1/31/17 <sup>1</sup>			Pent-Up Demand Factor
	Non-Elderly Uninsured	GNOCHC <sup>2,3</sup>	Family Planning (FP)	
Statewide	868,147	423,850	929,355	9.8%
Gulf Region	243,191	423,850	260,337	9.3%
All Other Regions	624,956	0	669,018	10.1%

1 - Regional population estimated using Databook CY2014 enrollment (Physical Health Only)

2 - Current GNOCHC services include professional

3 - GNOCHC enrollees are exclusively Gulf region residents

### **Adverse Selection**

Adverse selection accounts for the fact that the members in most need of care will have an increased awareness and motivation of obtaining coverage. This will result in a higher acuity for those enrolled in the initial months of the program relative to the total program population in the future.

Two existing program populations are being auto-enrolled effective July 1, 2016. These populations are the Family Planning (FP) program and the previously discussed GNOCHC program. Because these program populations are auto-enrolled, the adverse selection adjustment applied to these populations is 1.000. Details from a risk score analysis of an early adopting expansion state was used to inform the development of this factor. A high and low factor was developed to account for potential variation in how different segments of the anticipated enrolling populations may react to the new program. The adverse selection factor applied to the application process enrolling population ranged from 1.073 to 1.094. The final factors, after dilution with the auto-enrollment population, are shown in Table 5.

**Table 5: Adverse Selection Factors**

	Low	High
Gulf Region	1.027	1.034
All Other Regions	1.036	1.047

### **Reverse Managed Care**

A reverse managed care factor was applied to recognize that managed care techniques may take time to be effective and to achieve efficient and effective care delivery. Therefore, adjustments were made to reflect the time to implement medical management to a new population. Reverse managed care factors were developed using 50% of the inverse of historical managed care

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factors used in early rate development for the Healthy Louisiana program. This effect is not expected for pharmacy, so it was set at zero. Details by COS are shown in Table 6.

**Table 6: Reverse Managed Care Factors by COS**

<b>COS</b>	<b>Managed Care (MC) Factor</b>	<b>Reverse MC Factor</b>
Inpatient	-21.1%	13.3%
Outpatient	-16.7%	10.0%
Professional	-6.5%	3.5%
Other	-13.9%	8.1%
Transportation	-4.5%	2.4%
Pharmacy	-25.2%	0.0%
SBH - IP	-30.0%	21.4%
SBH - ER	-10.0%	5.6%
SBH - Prof/Other	20.0%	-8.3%
<b>Model Total</b>	<b>-9.5%</b>	<b>5.24%</b>

### **Seasonality**

Because the rate period is less than 12 months, and enrollment is expected to grow significantly during the projection period, the actuary considered including a seasonality factor in the rate development. However, after review, the actuary determined a seasonality factor was unnecessary.

### **Full Medicaid Pricing (FMP)**

Beginning in April 2014, LDH implemented a series of program changes to ensure consistent pricing in the Medicaid program for hospital services, including inpatient hospital, outpatient hospital, hospital-based physician, and ambulance services. This change required the use of FMP in the calculation of per member per month (PMPM) payments to managed care organizations (MCOs). LDH expects this rate increase will lead to increased payments to those providers contracting with the MCOs to maintain and increase access to inpatient hospital, outpatient hospital, hospital-based physician, and ambulance services to the enrolled Medicaid populations. Mercer and LDH reviewed the aggregate funding levels for these services between the base period and the contract period and determined that an addition to the historical data was necessary in order to ensure the capitation rate ranges reflect adequate statewide pricing levels. Separate adjustments were made to each of the four services to capture the full impact of statewide funding.

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FMP adjustments were implemented for inpatient and outpatient services effective April 2014. Physician and ambulance FMP adjustments were implemented effective July 2015.

### ***FMP Pricing Methodology***

The actuary relied upon development of FMP from the existing February 1, 2016 rates to determine the inpatient, outpatient, physician, and ambulance FMP amounts. Using the February 1, 2016 SSI and F&C adult rates, Mercer reviewed the relativities of each FMP category with respect to the corresponding limited rates and derived the FMP estimates specific to the expansion population, as shown in Table 7.

**Table 7: FMP Estimates by Region**

Region	FMP (excluding premium tax)			
	Hospital (IP/OP)	Ambulance	Physician	Total
<b>Gulf</b>	\$67.42	\$5.33	\$12.06	\$84.80
<b>Capital</b>	\$64.86	\$4.55	\$22.56	\$91.97
<b>South Central</b>	\$62.49	\$2.61	\$21.62	\$86.72
<b>North</b>	\$65.59	\$4.96	\$6.76	\$77.31

### **Non-Medical Expense Load**

The actuarially sound capitation rate ranges developed include a provision for MCO administration and other non-medical expenses. Administrative cost for the Expansion population was developed to be consistent with the aggregate February 1, 2016 SSI Adult and F&C Adult rate cell administrative loads. Final Administrative cost expectation for the expansion population is \$29.38 PMPM.

Additionally, provision has been made in the rate development for a 2.00% underwriting gain calculated before applying any adjustment for FMP. Final rates also include provision for Louisiana's 5.50% premium tax, which changed from 2.25% per Act No. 1 of the 2016 Second Extraordinary Session. The FMP PMPMs include provision for premium tax only.

### **Risk Adjustment**

Due to the lack of diagnosis data for this population, expansion rate cells will not be subject to risk adjustment during the rating period. LDH intends to risk adjust the expansion rates in the future when sufficient and reliable diagnosis data is available to support the risk-adjustment process.

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### **Federal Health Insurer Fee**

Section 9010 of the ACA established a health insurance provider fee (HIPF), which applies to certain for-profit/tax-paying health insurers. For-profit Medicaid health plans are not exempt from the HIPF, which will become a cost of doing business that is appropriate to recognize in actuarially sound capitation rates.

At the time of this certification, many aspects of the calculation and application of this fee are not yet determined and/or finalized. These fees are calculated on an annual basis. The Consolidated Appropriations Act of 2016, Title II, Section 201 suspended the fee for calendar year 2016. Barring any new legislation to the contrary, the fee is scheduled to resume in 2017. It will be calculated and become payable during the third quarter of 2018. Of the rates certified within this document, the expectation is that only capitation payments made on or after January 1, 2017 will be subject to the HIPF. As these fees are not yet defined by insurer and by marketplace, no adjustment has been made in the rate range development for the Healthy Louisiana program. An adjustment and revised certification will be considered when the fee amount and impacted entities applicable to this rate period are announced in 2018.

### **Risk Mitigation**

LDH will put in place a risk mitigation arrangement (medical loss ratio [MLR]) with the MCOs that provides motivation for the MCOs to appropriately manage expenses, yet provides financial protection against unmanageable losses. The risk mitigation arrangement provides impetus for the MCOs to operate efficiently and generate net income, but also provides for the return of any excessive profit to the State/federal government

The State will include the MLR requirement in the contract. The MLR requirement will be 85% at a minimum and 95% at a maximum. Any deviation of actual medical expenditures outside of this 85%-95% range will result in reconciliation with the affected health plan and will be applied on a contract basis. MLRs will be subject to review and audit by the State. The MLR calculation will be performed on the 18-month period from July 1, 2016 through December 31, 2017. MLR calculations and reconciliations will be performed after 12-months of run out to ensure the data used is complete.

In Mercer's professional opinion, the risk mitigation arrangement proposed by LDH is actuarially sound.

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July 15, 2016  
Ms. Amanda H. Joyner  
Louisiana Department of Health

## **Certification of Final Rate Ranges**

In preparing the rate ranges shown in Attachment A, Mercer has used and relied upon enrollment, FFS claims, encounter data, reimbursement level, benefit design, and other information supplied by LDH and its fiscal agent. LDH, its fiscal agent, and the Prepaid plans are responsible for the validity and completeness of the data supplied. We have reviewed the data and information for internal consistency and reasonableness, but we did not audit them. In our opinion they are appropriate for the intended purposes. If the data and information are incomplete or inaccurate, the values shown in this report may need to be revised accordingly.

Mercer certifies that the rates in Attachment A were developed in accordance with generally accepted actuarial practices and principles and are appropriate for the Medicaid covered populations and services under the managed care contract. Rate estimates provided are based upon the information available at a point in time and are subject to unforeseen and random events. Therefore, any projection must be interpreted as having a likely range of variability from the estimate. The undersigned actuaries are members of the American Academy of Actuaries and meet its qualification standards to certify to the actuarial soundness of Medicaid managed care capitation rates.

Rates and ranges developed by Mercer are actuarial projections of future contingent events. Actual Healthy Louisiana MCO costs will differ from these projections. Mercer has developed these rates on behalf of LDH to demonstrate compliance with the CMS requirements under 42 CFR 438.6(c), and in accordance with applicable law and regulations. Use of these rate ranges for any purpose beyond that stated may not be appropriate.

Healthy Louisiana MCOs are advised that the use of these rate ranges may not be appropriate for their particular circumstance and Mercer disclaims any responsibility for the use of these rate ranges by Healthy Louisiana MCOs for any purpose. Mercer recommends that any Healthy Louisiana MCO considering contracting with LDH should analyze its own projected medical expense, administrative expense, and any other premium needs for comparison to these rate ranges before deciding whether to contract with LDH.

This certification letter assumes the reader is familiar with the Healthy Louisiana Program, Medicaid eligibility rules, and actuarial rate-setting techniques. It is intended for LDH and CMS, and should not be relied upon by third parties. Other readers should seek the advice of actuaries or other qualified professionals competent in the area of actuarial rate projections to understand the technical nature of these results.

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July 15, 2016  
Ms. Amanda H. Joyner  
Louisiana Department of Health

If you have any questions on any of the information provided, please feel free to call Jared Simons or Erik Axelsen at +1 404 442 3358 or +1 404 442 3517.

Sincerely,



Jaredd Simons, ASA, MAAA  
Principal



Erik Axelsen, ASA, MAAA  
Senior Associate

## Appendix A: Healthy Louisiana Expansion Capitation Rate Range

Region Description	Category of Aid Description	Rate Cell Description	Lower Bound PMPM or Cost per Delivery	Upper Bound PMPM or Cost per Delivery
Gulf	Medicaid Expansion	Female Age 19 - Age 24	\$336.74	\$386.00
Gulf	Medicaid Expansion	Male Age 19 - Age 24	\$297.12	\$337.31
Gulf	Medicaid Expansion	Female Age 25 - Age 39	\$440.21	\$513.15
Gulf	Medicaid Expansion	Male Age 25 - Age 39	\$404.43	\$469.19
Gulf	Medicaid Expansion	Female Age 40 - Age 49	\$617.26	\$730.72
Gulf	Medicaid Expansion	Male Age 40 - Age 49	\$607.36	\$718.56
Gulf	Medicaid Expansion	Female Age 50 - Age 64	\$714.40	\$850.10
Gulf	Medicaid Expansion	Male Age 50 - Age 64	\$800.08	\$955.39
Gulf	Medicaid Expansion	SBH - Dual Eligible, All Ages	\$29.05	\$30.17
Gulf	Medicaid Expansion	Maternity Kick Payment	\$10,535.94	\$10,674.16
Gulf	Medicaid Expansion	EED Kick Payment	\$6,360.51	\$6,407.97
Capital	Medicaid Expansion	Female Age 19 - Age 24	\$389.88	\$450.50
Capital	Medicaid Expansion	Male Age 19 - Age 24	\$341.88	\$391.34
Capital	Medicaid Expansion	Female Age 25 - Age 39	\$515.26	\$605.02
Capital	Medicaid Expansion	Male Age 25 - Age 39	\$471.91	\$551.59
Capital	Medicaid Expansion	Female Age 40 - Age 49	\$729.79	\$869.41
Capital	Medicaid Expansion	Male Age 40 - Age 49	\$717.79	\$854.63
Capital	Medicaid Expansion	Female Age 50 - Age 64	\$847.50	\$1,014.48
Capital	Medicaid Expansion	Male Age 50 - Age 64	\$951.31	\$1,142.43
Capital	Medicaid Expansion	SBH - Dual Eligible, All Ages	\$22.57	\$23.43
Capital	Medicaid Expansion	Maternity Kick Payment	\$10,046.81	\$10,168.49
Capital	Medicaid Expansion	EED Kick Payment	\$6,872.26	\$6,924.95
South Central	Medicaid Expansion	Female Age 19 - Age 24	\$363.59	\$419.59
South Central	Medicaid Expansion	Male Age 19 - Age 24	\$319.40	\$365.09
South Central	Medicaid Expansion	Female Age 25 - Age 39	\$479.00	\$561.92
South Central	Medicaid Expansion	Male Age 25 - Age 39	\$439.09	\$512.71
South Central	Medicaid Expansion	Female Age 40 - Age 49	\$676.47	\$805.46
South Central	Medicaid Expansion	Male Age 40 - Age 49	\$665.42	\$791.84
South Central	Medicaid Expansion	Female Age 50 - Age 64	\$784.81	\$939.08
South Central	Medicaid Expansion	Male Age 50 - Age 64	\$880.38	\$1,056.94
South Central	Medicaid Expansion	SBH - Dual Eligible, All Ages	\$19.80	\$20.54
South Central	Medicaid Expansion	Maternity Kick Payment	\$8,687.40	\$8,813.53
South Central	Medicaid Expansion	EED Kick Payment	\$5,276.32	\$5,328.31
North	Medicaid Expansion	Female Age 19 - Age 24	\$337.24	\$389.35
North	Medicaid Expansion	Male Age 19 - Age 24	\$296.07	\$338.58
North	Medicaid Expansion	Female Age 25 - Age 39	\$444.77	\$521.93
North	Medicaid Expansion	Male Age 25 - Age 39	\$407.58	\$476.08
North	Medicaid Expansion	Female Age 40 - Age 49	\$628.75	\$748.78
North	Medicaid Expansion	Male Age 40 - Age 49	\$618.46	\$736.09
North	Medicaid Expansion	Female Age 50 - Age 64	\$729.70	\$873.24
North	Medicaid Expansion	Male Age 50 - Age 64	\$818.74	\$983.03
North	Medicaid Expansion	SBH - Dual Eligible, All Ages	\$21.24	\$22.05
North	Medicaid Expansion	Maternity Kick Payment	\$9,307.91	\$9,430.41
North	Medicaid Expansion	EED Kick Payment	\$5,809.03	\$5,855.53

## Appendix B: Projected Claims PMPM Development

**Table 1: PH Expansion Rate Component Development**

Region Name	COA Desc	Rate Cell Desc	Remove Prospective Components								
			A	B	C	D	E	F	G	H	I
			Projected PMPM - Low	Projected PMPM - High	Remove Clinical & Rx Efficiencies	Remove Low Trend	Remove High Trend	Remove Retro Adj	Adjusted Low PMPM	Adjusted High PMPM	Adjusted Midpoint PMPM
Gulf	Family and Children	Adult, 21+ Years	\$ 213.16	\$ 224.92	\$ 1.68	3.60%	5.77%	0.00%	\$ 199.57	\$ 201.61	\$ 200.59
Capital	Family and Children	Adult, 21+ Years	\$ 254.90	\$ 268.91	\$ 1.69	3.63%	5.80%	0.00%	\$ 238.21	\$ 240.60	\$ 239.41
South Central	Family and Children	Adult, 21+ Years	\$ 233.76	\$ 246.71	\$ 1.67	3.64%	5.85%	0.00%	\$ 218.54	\$ 220.65	\$ 219.60
North	Family and Children	Adult, 21+ Years	\$ 218.07	\$ 230.08	\$ 1.67	3.40%	5.61%	0.00%	\$ 204.94	\$ 206.85	\$ 205.90

**Notes:**

Columns A & B correspond to Physical Health only TANF rate components and can be found on page 61 - 62 within the attached February 2016 Rate Certification Letter (Appendix E)

Prospective components removed in columns C through F also correspond to Physical Health only rating adjustments

$$G = [(A + C) / (1 + D)^{25/12}] / (1 + F)$$

$$H = [(B + C) / (1 + E)^{25/12}] / (1 + F)$$

$$I = (G + H) / 2$$

**Table 2: SBH Expansion Rate Component Development**

Table 2: SBH Expansion Rate Component Development					Remove Prospective Components						
			J	K	L		M	N	O	P	Q
Region Name	COA Desc	Rate Cell Desc	Projected PMPM - Low	Projected PMPM - High	Remove Low Trend	Remove High Trend	Remove Retro Adj	Adjusted PMPM - Low	Adjusted PMPM - High	Adjusted PMPM - Midpoint	
Gulf	Family and Children	Adult, 21+ Years	\$ 19.55	\$ 20.35	4.00%	6.00%	0.00%	\$ 18.02	\$ 18.02	\$ 18.02	
Capital	Family and Children	Adult, 21+ Years	\$ 21.37	\$ 22.23	4.00%	6.00%	0.00%	\$ 19.69	\$ 19.69	\$ 19.69	
South Central	Family and Children	Adult, 21+ Years	\$ 21.16	\$ 22.01	4.00%	6.00%	0.00%	\$ 19.50	\$ 19.50	\$ 19.50	
North	Family and Children	Adult, 21+ Years	\$ 20.32	\$ 21.14	4.00%	6.00%	0.00%	\$ 18.72	\$ 18.72	\$ 18.72	

**Notes:**

Columns J & K correspond to SBH only TANF rate components and can be found on page 67 - 68 within the attached February 2016 Rate Certification Letter (Appendix E)

Prospective components removed in columns L through N also correspond to SBH only rating adjustments

$$O = (J / ((1 + L)^{25/12})) / (1 + N)$$

$$P = (K / ((1 + M)^{25/12})) / (1 + N)$$

$$Q = (O + P) / 2$$

## Appendix C: Combined Expansion Rate Development

**Table 1a: Projected Claims PMPM Development for Expansion**

Region Name	COA Desc	Rate Cell Desc	A CY2014 MMs	Projected Claims PMPM			E Credibility	F Projected Claims PMPM
				B PH PMPM	C SBH PMPM	D PH & SBH Combined		
				Midpoint PMPM	Midpoint PMPM	Midpoint PMPM		
Gulf	Family and Children	Adult, 21+ Years	388,455	\$ 200.59	\$ 18.02	\$ 218.61	100%	\$ 218.61
Capital	Family and Children	Adult, 21+ Years	288,647	\$ 239.41	\$ 19.69	\$ 259.10	100%	\$ 259.10
South Central	Family and Children	Adult, 21+ Years	299,789	\$ 219.60	\$ 19.50	\$ 239.09	100%	\$ 239.09
North	Family and Children	Adult, 21+ Years	239,631	\$ 205.90	\$ 18.72	\$ 224.62	100%	\$ 224.62

**Notes:**

PH & SBH PMPM correspond to columns Q & I on Appendix A

D = B + C

F = D \* E

**Table 1b: Expansion Rate Development**

Expansion Adjustments													
Region	G Projected Expansion Enrollment	F Projected Claims PMPM -- Midpoint	H Acuity Adj -- Low	I Acuity Adj -- High	J Expansion Trend Low	K Expansion Trend High	L Reverse MC Impact to Low	M Reverse MC Impact to High	N Pent Up Demand Adjustment	O Adverse Selection Adj -- Low	P Adverse Selection Adj -- High	Q Claims Expense PMPM - Low	R Claims Expense PMPM - High
Gulf	857,666	\$ 218.61	12.5%	30.6%	4.86%	7.12%	5.05%	5.10%	9.27%	2.66%	3.44%	\$ 323.14	\$ 397.09
Capital	461,375	\$ 259.10	12.5%	30.6%	4.94%	7.21%	5.41%	5.46%	10.10%	3.64%	4.71%	\$ 391.54	\$ 482.54
South Central	488,040	\$ 239.09	12.5%	30.6%	4.85%	7.16%	5.34%	5.39%	10.10%	3.64%	4.71%	\$ 360.41	\$ 444.48
North	414,271	\$ 224.62	12.5%	30.6%	4.56%	6.85%	5.14%	5.18%	10.10%	3.64%	4.71%	\$ 335.80	\$ 414.03

**Notes:**

Q = F \* (1 + H) \* (1 + J) ^ (27.5/12) \* (1 + L) \* (1 + N) \* (1 + O)

R = F \* (1 + I) \* (1 + K) ^ (27.5/12) \* (1 + M) \* (1 + N) \* (1 + P)

## Appendix D: Expansion Age-Sex Rate Cell Rate Development

Table 1a: Creation of Rate cells using Age-Sex Acuity and development of Loaded Rates

											K	L
A		B	C		D	E	F	J	H	I	Loaded Rates	
Region	Claims Expense PMPM	Claims Expense PMPM	Age - Sex Factor	Rate Cell Desc	Low PMPM	High PMPM	Admin PMPM Load Low PMPM	Admin PMPM Load High PMPM	UW Gain @ 2%	Premium Tax @ 5.5%	Low	High
Gulf	\$ 323.14	\$ 397.09	0.616	Female Age 19 - Age 24	\$ 199.09	\$ 244.65	\$ 29.38	\$ 29.38	2.00%	5.50%	\$ 247.00	\$ 296.26
Gulf	\$ 323.14	\$ 397.09	0.503	Male Age 19 - Age 24	\$ 162.44	\$ 199.62	\$ 29.38	\$ 29.38	2.00%	5.50%	\$ 207.38	\$ 247.57
Gulf	\$ 323.14	\$ 397.09	0.912	Female Age 25 - Age 39	\$ 294.80	\$ 362.27	\$ 29.38	\$ 29.38	2.00%	5.50%	\$ 350.47	\$ 423.41
Gulf	\$ 323.14	\$ 397.09	0.810	Male Age 25 - Age 39	\$ 261.71	\$ 321.60	\$ 29.38	\$ 29.38	2.00%	5.50%	\$ 314.69	\$ 379.45
Gulf	\$ 323.14	\$ 397.09	1.419	Female Age 40 - Age 49	\$ 458.57	\$ 563.53	\$ 29.38	\$ 29.38	2.00%	5.50%	\$ 527.52	\$ 640.98
Gulf	\$ 323.14	\$ 397.09	1.391	Male Age 40 - Age 49	\$ 449.41	\$ 552.27	\$ 29.38	\$ 29.38	2.00%	5.50%	\$ 517.62	\$ 628.82
Gulf	\$ 323.14	\$ 397.09	1.697	Female Age 50 - Age 64	\$ 548.43	\$ 673.95	\$ 29.38	\$ 29.38	2.00%	5.50%	\$ 624.66	\$ 760.36
Gulf	\$ 323.14	\$ 397.09	1.942	Male Age 50 - Age 64	\$ 627.68	\$ 771.34	\$ 29.38	\$ 29.38	2.00%	5.50%	\$ 710.34	\$ 865.65
Capital	\$ 391.54	\$ 482.54	0.616	Female Age 19 - Age 24	\$ 241.23	\$ 297.30	\$ 29.38	\$ 29.38	2.00%	5.50%	\$ 292.56	\$ 353.18
Capital	\$ 391.54	\$ 482.54	0.503	Male Age 19 - Age 24	\$ 196.83	\$ 242.58	\$ 29.38	\$ 29.38	2.00%	5.50%	\$ 244.55	\$ 294.01
Capital	\$ 391.54	\$ 482.54	0.912	Female Age 25 - Age 39	\$ 357.21	\$ 440.23	\$ 29.38	\$ 29.38	2.00%	5.50%	\$ 417.94	\$ 507.70
Capital	\$ 391.54	\$ 482.54	0.810	Male Age 25 - Age 39	\$ 317.11	\$ 390.81	\$ 29.38	\$ 29.38	2.00%	5.50%	\$ 374.59	\$ 454.27
Capital	\$ 391.54	\$ 482.54	1.419	Female Age 40 - Age 49	\$ 555.65	\$ 684.80	\$ 29.38	\$ 29.38	2.00%	5.50%	\$ 632.47	\$ 772.09
Capital	\$ 391.54	\$ 482.54	1.391	Male Age 40 - Age 49	\$ 544.55	\$ 671.12	\$ 29.38	\$ 29.38	2.00%	5.50%	\$ 620.47	\$ 757.30
Capital	\$ 391.54	\$ 482.54	1.697	Female Age 50 - Age 64	\$ 664.52	\$ 818.98	\$ 29.38	\$ 29.38	2.00%	5.50%	\$ 750.17	\$ 917.15
Capital	\$ 391.54	\$ 482.54	1.942	Male Age 50 - Age 64	\$ 760.56	\$ 937.33	\$ 29.38	\$ 29.38	2.00%	5.50%	\$ 853.99	\$ 1,045.10
South Central	\$ 360.41	\$ 444.48	0.616	Female Age 19 - Age 24	\$ 222.05	\$ 273.85	\$ 29.38	\$ 29.38	2.00%	5.50%	\$ 271.82	\$ 327.83
South Central	\$ 360.41	\$ 444.48	0.503	Male Age 19 - Age 24	\$ 181.18	\$ 223.44	\$ 29.38	\$ 29.38	2.00%	5.50%	\$ 227.64	\$ 273.33
South Central	\$ 360.41	\$ 444.48	0.912	Female Age 25 - Age 39	\$ 328.81	\$ 405.51	\$ 29.38	\$ 29.38	2.00%	5.50%	\$ 387.23	\$ 470.16
South Central	\$ 360.41	\$ 444.48	0.810	Male Age 25 - Age 39	\$ 291.89	\$ 359.99	\$ 29.38	\$ 29.38	2.00%	5.50%	\$ 347.33	\$ 420.94
South Central	\$ 360.41	\$ 444.48	1.419	Female Age 40 - Age 49	\$ 511.47	\$ 630.78	\$ 29.38	\$ 29.38	2.00%	5.50%	\$ 584.70	\$ 713.70
South Central	\$ 360.41	\$ 444.48	1.391	Male Age 40 - Age 49	\$ 501.25	\$ 618.19	\$ 29.38	\$ 29.38	2.00%	5.50%	\$ 573.66	\$ 700.08
South Central	\$ 360.41	\$ 444.48	1.697	Female Age 50 - Age 64	\$ 611.69	\$ 754.38	\$ 29.38	\$ 29.38	2.00%	5.50%	\$ 693.05	\$ 847.32
South Central	\$ 360.41	\$ 444.48	1.942	Male Age 50 - Age 64	\$ 700.08	\$ 863.40	\$ 29.38	\$ 29.38	2.00%	5.50%	\$ 788.61	\$ 965.18
North	\$ 335.80	\$ 414.03	0.616	Female Age 19 - Age 24	\$ 206.89	\$ 255.09	\$ 29.38	\$ 29.38	2.00%	5.50%	\$ 255.43	\$ 307.54
North	\$ 335.80	\$ 414.03	0.503	Male Age 19 - Age 24	\$ 168.81	\$ 208.13	\$ 29.38	\$ 29.38	2.00%	5.50%	\$ 214.26	\$ 256.78
North	\$ 335.80	\$ 414.03	0.912	Female Age 25 - Age 39	\$ 306.35	\$ 377.73	\$ 29.38	\$ 29.38	2.00%	5.50%	\$ 362.96	\$ 440.12
North	\$ 335.80	\$ 414.03	0.810	Male Age 25 - Age 39	\$ 271.96	\$ 335.32	\$ 29.38	\$ 29.38	2.00%	5.50%	\$ 325.78	\$ 394.28
North	\$ 335.80	\$ 414.03	1.419	Female Age 40 - Age 49	\$ 476.54	\$ 587.56	\$ 29.38	\$ 29.38	2.00%	5.50%	\$ 546.94	\$ 666.97
North	\$ 335.80	\$ 414.03	1.391	Male Age 40 - Age 49	\$ 467.02	\$ 575.83	\$ 29.38	\$ 29.38	2.00%	5.50%	\$ 536.65	\$ 654.28
North	\$ 335.80	\$ 414.03	1.697	Female Age 50 - Age 64	\$ 569.91	\$ 702.70	\$ 29.38	\$ 29.38	2.00%	5.50%	\$ 647.89	\$ 791.44
North	\$ 335.80	\$ 414.03	1.942	Male Age 50 - Age 64	\$ 652.27	\$ 804.24	\$ 29.38	\$ 29.38	2.00%	5.50%	\$ 736.93	\$ 901.22

**Notes:**

D = A \* C

E = B \* C

K = (D + F) / (1 - H - I)

L = (E + J) / (1 - H - I)

## Appendix D: Expansion Age-Sex Rate Cell Rate Development

Table 1b: Loaded Rates, inclusive of FMP

Region Name	Rate Cell Desc	Loaded Rates		Full Medicaid Pricing <sup>1</sup>				Expansion Rates w/ FMP	
		Q	R	S	T	U	V	W	X
		Low	High	Hospital (IP/OP) FMP PMPM	Ambulance FMP PMPM	Physician FMP PMPM	Total FMP PMPM	Low	High
Gulf	Female Age 19 - Age 24	\$ 247.00	\$ 296.26	\$ 71.34	\$ 5.64	\$ 12.76	\$ 89.74	\$ 336.74	\$ 386.00
Gulf	Male Age 19 - Age 24	\$ 207.38	\$ 247.57	\$ 71.34	\$ 5.64	\$ 12.76	\$ 89.74	\$ 297.12	\$ 337.31
Gulf	Female Age 25 - Age 39	\$ 350.47	\$ 423.41	\$ 71.34	\$ 5.64	\$ 12.76	\$ 89.74	\$ 440.21	\$ 513.15
Gulf	Male Age 25 - Age 39	\$ 314.69	\$ 379.45	\$ 71.34	\$ 5.64	\$ 12.76	\$ 89.74	\$ 404.43	\$ 469.19
Gulf	Female Age 40 - Age 49	\$ 527.52	\$ 640.98	\$ 71.34	\$ 5.64	\$ 12.76	\$ 89.74	\$ 617.26	\$ 730.72
Gulf	Male Age 40 - Age 49	\$ 517.62	\$ 628.82	\$ 71.34	\$ 5.64	\$ 12.76	\$ 89.74	\$ 607.36	\$ 718.56
Gulf	Female Age 50 - Age 64	\$ 624.66	\$ 760.36	\$ 71.34	\$ 5.64	\$ 12.76	\$ 89.74	\$ 714.40	\$ 850.10
Gulf	Male Age 50 - Age 64	\$ 710.34	\$ 865.65	\$ 71.34	\$ 5.64	\$ 12.76	\$ 89.74	\$ 800.08	\$ 955.39
Capital	Female Age 19 - Age 24	\$ 292.56	\$ 353.18	\$ 68.64	\$ 4.81	\$ 23.87	\$ 97.33	\$ 389.88	\$ 450.50
Capital	Male Age 19 - Age 24	\$ 244.55	\$ 294.01	\$ 68.64	\$ 4.81	\$ 23.87	\$ 97.33	\$ 341.88	\$ 391.34
Capital	Female Age 25 - Age 39	\$ 417.94	\$ 507.70	\$ 68.64	\$ 4.81	\$ 23.87	\$ 97.33	\$ 515.26	\$ 605.02
Capital	Male Age 25 - Age 39	\$ 374.59	\$ 454.27	\$ 68.64	\$ 4.81	\$ 23.87	\$ 97.33	\$ 471.91	\$ 551.59
Capital	Female Age 40 - Age 49	\$ 632.47	\$ 772.09	\$ 68.64	\$ 4.81	\$ 23.87	\$ 97.33	\$ 729.79	\$ 869.41
Capital	Male Age 40 - Age 49	\$ 620.47	\$ 757.30	\$ 68.64	\$ 4.81	\$ 23.87	\$ 97.33	\$ 717.79	\$ 854.63
Capital	Female Age 50 - Age 64	\$ 750.17	\$ 917.15	\$ 68.64	\$ 4.81	\$ 23.87	\$ 97.33	\$ 847.50	\$ 1,014.48
Capital	Male Age 50 - Age 64	\$ 853.99	\$ 1,045.10	\$ 68.64	\$ 4.81	\$ 23.87	\$ 97.33	\$ 951.31	\$ 1,142.43
South Central	Female Age 19 - Age 24	\$ 271.82	\$ 327.83	\$ 66.13	\$ 2.76	\$ 22.87	\$ 91.76	\$ 363.59	\$ 419.59
South Central	Male Age 19 - Age 24	\$ 227.64	\$ 273.33	\$ 66.13	\$ 2.76	\$ 22.87	\$ 91.76	\$ 319.40	\$ 365.09
South Central	Female Age 25 - Age 39	\$ 387.23	\$ 470.16	\$ 66.13	\$ 2.76	\$ 22.87	\$ 91.76	\$ 479.00	\$ 561.92
South Central	Male Age 25 - Age 39	\$ 347.33	\$ 420.94	\$ 66.13	\$ 2.76	\$ 22.87	\$ 91.76	\$ 439.09	\$ 512.71
South Central	Female Age 40 - Age 49	\$ 584.70	\$ 713.70	\$ 66.13	\$ 2.76	\$ 22.87	\$ 91.76	\$ 676.47	\$ 805.46
South Central	Male Age 40 - Age 49	\$ 573.66	\$ 700.08	\$ 66.13	\$ 2.76	\$ 22.87	\$ 91.76	\$ 665.42	\$ 791.84
South Central	Female Age 50 - Age 64	\$ 693.05	\$ 847.32	\$ 66.13	\$ 2.76	\$ 22.87	\$ 91.76	\$ 784.81	\$ 939.08
South Central	Male Age 50 - Age 64	\$ 788.61	\$ 965.18	\$ 66.13	\$ 2.76	\$ 22.87	\$ 91.76	\$ 880.38	\$ 1,056.94
North	Female Age 19 - Age 24	\$ 255.43	\$ 307.54	\$ 69.40	\$ 5.25	\$ 7.16	\$ 81.81	\$ 337.24	\$ 389.35
North	Male Age 19 - Age 24	\$ 214.26	\$ 256.78	\$ 69.40	\$ 5.25	\$ 7.16	\$ 81.81	\$ 296.07	\$ 338.58
North	Female Age 25 - Age 39	\$ 362.96	\$ 440.12	\$ 69.40	\$ 5.25	\$ 7.16	\$ 81.81	\$ 444.77	\$ 521.93
North	Male Age 25 - Age 39	\$ 325.78	\$ 394.28	\$ 69.40	\$ 5.25	\$ 7.16	\$ 81.81	\$ 407.58	\$ 476.08
North	Female Age 40 - Age 49	\$ 546.94	\$ 666.97	\$ 69.40	\$ 5.25	\$ 7.16	\$ 81.81	\$ 628.75	\$ 748.78
North	Male Age 40 - Age 49	\$ 536.65	\$ 654.28	\$ 69.40	\$ 5.25	\$ 7.16	\$ 81.81	\$ 618.46	\$ 736.09
North	Female Age 50 - Age 64	\$ 647.89	\$ 791.44	\$ 69.40	\$ 5.25	\$ 7.16	\$ 81.81	\$ 729.70	\$ 873.24
North	Male Age 50 - Age 64	\$ 736.93	\$ 901.22	\$ 69.40	\$ 5.25	\$ 7.16	\$ 81.81	\$ 818.74	\$ 983.03

**Notes:**

1- FMP amounts include premium tax of 5.5%

V = S + T + U

W = Q + V

X = R + V

Ms. Amanda H. Joyner  
Acting Medicaid Deputy Director  
Louisiana Department of Health and Hospitals  
Bureau of Health Services Financing  
628 North 4th Street  
Baton Rouge, LA 70821

February 26, 2016

**Subject:** Louisiana Bayou Health Program – Full Risk-Bearing Managed Care Organization  
Rate Development and Actuarial Certification for the Period February 1, 2016 through  
January 31, 2017

Dear Ms. Joyner:

The Louisiana Department of Health and Hospitals (DHH) has contracted with Mercer Government Human Services Consulting (Mercer) to develop actuarially sound capitation rate ranges for the State of Louisiana's Bayou Health program for the period of February 1, 2016 through January 31, 2017.

The Bayou Health program began February 1, 2012, and operated under two separate managed care paradigms for the first three years of the program. The Bayou Health Prepaid program operated under an at-risk capitated arrangement, and the Shared Savings program was an enhanced Primary Care Case Management (ePCCM) program. Effective February 1, 2015, Bayou Health began operating as an at-risk capitated program only. Beginning December 1, 2015, the Bayou Health Program began covering specialized behavioral health (SBH) services. At the same time, DHH carved in new populations who will receive SBH and non-emergency transportation (NEMT) services from the Bayou Health MCOs. This bifurcated the Bayou Health program into two capitated sub-programs – the Physical Health (PH) program and the SBH program. The Bayou Health PH program covers all services and populations previously included in Bayou Health plus most SBH services that were previously covered by the Louisiana Behavioral Health Partnership (LBHP). The Bayou Health SBH program covers most SBH services and NEMT services for the populations previously excluded from the Bayou Health program. Bayou Health SBH program enrollees continue to receive physical health services from fee-for-service (FFS). For a list of included services by program, please see Appendix C.

For populations with a voluntary enrollment status, enrollees may select either the PH program or SBH program. Mercer developed a rate specific to each program for these populations.

From December 1, 2015 to January 31, 2016, it was necessary to create separate capitation payments for SBH and NEMT services in addition to the existing Bayou Health capitation rates that covered physical health services. This resulted in every Bayou Health enrollee being covered by a combination of two capitation payments, either SBH and NEMT or SBH and physical health. The rates developed effective February 1, 2016 unify all eligible services into one capitation payment per enrollee.

This letter presents an overview of the methodology used in Mercer's managed care rate development for the purpose of satisfying the requirements of the Centers for Medicare & Medicaid Services (CMS). This rate development process used Medicaid FFS medical and pharmacy claims, Bayou Health Shared Savings claims experience, Bayou Health Prepaid encounter data, and LBHP claims experience. It resulted in the development of a range of actuarially sound rates for each rate cell. The capitation rate ranges are summarized in Appendix A and represent payment in full for the covered services.

Medicaid benefit plan premium rates are "actuarially sound" if, for business in the state for which the certification is being prepared and for the period covered by the certification, projected premiums, including expected reinsurance and governmental stop-loss cash flows, governmental risk adjustment cash flows, and investment income, provide for all reasonable, appropriate and attainable costs, including health benefits, health benefit settlement expenses, marketing and administrative expenses, any government mandated assessments, fees, and taxes, and the cost of capital. Note: Please see page 2 of Actuarial Standard of Practice Number 49, *Medicaid Managed Care Capitation Rate Development and Certification*, issued March 2015 by the Actuarial Standards Board, [http://www.actuarialstandardsboard.org/wp-content/uploads/2015/03/asop049\\_179.pdf](http://www.actuarialstandardsboard.org/wp-content/uploads/2015/03/asop049_179.pdf).

The remainder of this letter is structured as follows:

- Section 1: Base Data Development
- Section 2: Capitation Rate Development
  - Subsection 2A: PH Services
  - Subsection 2B: SBH Services
  - Subsection 2C: All Services Combined
- Section 3: Certification of Final Rate Ranges

## **Section 1: Base Data Development**

### **Overview**

Capitation rate ranges for the Bayou Health program were developed in accordance with rate-setting guidelines established by CMS. For rate range development for the Bayou Health managed care organizations (MCOs), Mercer used calendar year 2013 (CY 2013) and CY 2014 Medicaid FFS medical and pharmacy claims, Bayou Health Shared Savings claims experience, Bayou Health Prepaid encounter data, and LBHP claims experience. All data was reported on an incurred basis and included payment dates through June 30, 2015. Restrictions were applied to the enrollment and claims data so that it was appropriate for the populations and benefit package defined in the contract.

Mercer reviewed the data provided by DHH, the Bayou Health plans, and the LBHP for consistency and reasonableness and determined the data are appropriate for the purpose of setting capitation rates for the MCO program. The data reliance attestation shown in Appendix L has been provided by DHH, and its purpose is to certify the accuracy, completeness, and consistency of the base data.

Adjustments were made to the selected base data to match the covered populations and Bayou Health benefit packages for rating year 2016 (RY16). Additional adjustments were then applied to the base data to incorporate:

- Prospective and historic (retrospective) program changes not reflected (or not fully reflected) in the base data.
- Provision for incurred-but-not-reported (IBNR) claims.
- Financial adjustments to encounter data for under-reporting.
- Trend factors to forecast the expenditures and utilization to the contract period.
- Changes in benefits covered by managed care.
- Addition of new populations to the Bayou Health program.
- Opportunities for managed care efficiencies.
- Administration and underwriting profit/risk/contingency loading.

In addition to these adjustments, DHH takes two additional steps in the matching of payment to risk:

- Application of maternity supplemental (kick) payments.
- Application of risk-adjusted regional rates.

The resulting rate ranges for each individual rate cell were net of Graduate Medical Education (GME) payments to teaching hospitals provided in the Louisiana Medicaid State Plan.

Appendix H-K shows the full rate development from the base data as shown in the data book released by DHH, dated January 8, 2016, and applies all the rate setting adjustments as described in this letter.

## **Bayou Health Populations**

### ***PH Program***

#### ***Covered Populations***

In general, the Bayou Health PH program includes individuals classified as Supplemental Security Income (SSI), Family & Children, Foster Care Children (FCC), Breast and Cervical Cancer (BCC), and Louisiana Children's Health Insurance Program (LaCHIP) Affordable Plan (LAP) as mandatory populations. Voluntary opt-in populations include Home- and Community-Based Services (HCBS) waiver participants and Chisholm Class Members (CCM).

#### ***Mandatory Populations***

The following individuals are automatically enrolled into the Bayou Health PH program:

- Children under 19 years of age, including those who are eligible under Section 1931 poverty-level related groups and optional groups of older children in the following categories:
  - Temporary Assistance for Needy Families (TANF)
  - Child Health and Maternity Program (CHAMP) Child
  - Deemed Eligible Child program
  - Youth Aging Out of Foster Care (Chafee Option)
  - Former FCC
  - Regular Medically Needy Program (MNP)
  - LaCHIP program
  - Medicaid Purchase Plan program
  - Provisional Medicaid program
- Parents and Caretaker Relative eligible under Section 1931 of the Social Security Act (SSA) including:
  - Parents and Caretakers Relatives program
  - TANF Family Independence Temporary Assistance program
  - Regular MNP
- Pregnant Women — Individuals whose basis of eligibility is pregnancy; who are eligible only for pregnancy-related services [42 CFR §440.210(2)] including:
  - LaMOMS (CHAMP-Pregnant Women)
  - LaCHIP Phase IV program
- BCC Program — Uninsured women under the age of 65 who are not otherwise eligible for Medicaid, and are identified through the Centers for Disease Control (CDC) National Breast and Cervical Cancer Early Detection program as being in need of treatment for breast and/or cervical cancer, including pre-cancerous conditions and early stage cancer

- Coordinated System of Care (CSoC) individuals
- Aged, Blind and Disabled (ABD) Adults — Individuals, 19+ years, who do not meet any of the conditions for exclusion from participation in an MCO, including:
  - SSI program
  - Extended Medicaid programs consisting of the following:
    - Disabled Adult Children
    - Early Widows/Widowers
    - PICKLE (Group One and Group Two)
    - Disabled Widows/Widowers (DW/W) and Disabled Surviving Divorced Spouses Unable to Perform Any Substantial Gainful Activity
    - Blood Product Litigation program
    - Medicaid Purchase Plan program
    - Provisional Medicaid program
  - Continued Medicaid program

Effective December 1, 2015, the following individuals were automatically enrolled into the Bayou Health PH program. Previously, under the Legacy Bayou Health program, they were able to voluntarily disenroll:

- Children under 19 years of age who meet one of the following:
  - Eligible for SSI under Title XVI of the SSA
  - Eligible under Section 1902(e)(3) of the SSA
  - In foster care or other out-of-home placement
  - Receiving foster care or adoption assistance
  - Receiving services through a family-centered community-based, coordinated care system that receives grant funds under Section 501(a)(1)(D) of Title V of the SSA, and is defined by DHH in terms of either program participation or special health care needs
  - Enrolled in the Family Opportunity Act Medicaid Buy-In program
- Native Americans who are members of federally recognized tribes except when the MCO is:
  - The Indian Health Service
  - An Indian health program or urban Indian program operated by a tribe or tribal organization under a contract, grant, cooperative agreement, or compact with the Indian Health Service

#### *Voluntary Opt-In Populations*

The following individuals are not automatically enrolled into the Bayou Health PH program, but may voluntarily enroll:

- Individuals receiving services through any 1915(c) HCBS waiver:
  - Adult Day Health Care (ADHC)

- New Opportunities waiver (NOW)
- Children's Choice (CC)
- Residential Options waiver (ROW)
- Supports waiver
- Community Choices waiver (CCW)
- Other HCBS waivers as may be approved by CMS
- Individuals under the age of 21 otherwise eligible for Medicaid who are listed on the Office for Citizens with Developmental Disabilities' (OCDD's) Request for Services Registry who are CCM

### *Excluded Populations*

The following individuals are excluded from participation in the Bayou Health PH program:

- Medicare-Medicaid Dual Eligible Beneficiaries
- Qualified Medicare Beneficiaries (QMB) (only where State only pays Medicare premiums)
- Specified Low-income Medicare Beneficiaries (SLMB) (where State only pays Medicare premiums)
- MNP Spend-Down Individuals
- Individuals residing in Long-Term Care (LTC) Facilities (Nursing Home, Intermediate Care Facility/Developmentally Disabled (ICF/DD))
- Eligible under the Program of All-Inclusive Care for the Elderly (PACE), a community-based alternative to placement in a Nursing Facility that includes a complete "managed care" type benefit combining Medical, Social, and LTC services
- Eligible under the Family Planning Eligibility Option (FPEO) that provides Family Planning services
- Eligible under the Greater New Orleans Community Health Connection (GNOCHC)

Appendix B encompasses a comprehensive list of Bayou Health's covered and excluded populations.

### ***Specialized Behavioral Health Program***

#### *Covered Populations*

The Bayou Health SBH program includes individuals classified as SBH Dual and SBH Other as mandatory populations. The voluntary opt-in populations that did not choose to opt into Bayou Health for PH services are automatically included in the SBH program. These populations are denoted as SBH HCBS Waiver participants and SBH CCM.

#### *Mandatory Populations*

The following population groups are automatically enrolled into the Bayou Health SBH program:

- SSI/LTC
- SSI Transfer of Resource(s)/LTC
- Transfer of Resource(s)/LTC
- LTC Spend-Down MNP
- LTC MNP/Transfer of Resources
- LTC
- Excess Home Equity SSI Under Special Income Level (SIL)
- Excess Home Equity SSI Under SIL-Reg LTC
- LTC Payment Denial/Late Admission Packet
- SSI Payment Denial/Late Admission
- Qualified Disabled Working Individual (QDWI)
- SSI/Public ICF/DD under the age of 21
- SSI/Private ICF/DD under the age of 21
- Private ICF/DD under the age of 21
- Public ICF/DD under the age of 21
- CSoC individuals not otherwise eligible for Medicaid services

#### *Voluntary Opt-In Populations*

The following individuals are not automatically enrolled into the Bayou Health PH program. If they choose not to voluntarily enroll into the Bayou Health PH program, they will automatically have only their SBH and NEMT services covered by the Bayou Health SBH program:

- Individuals receiving services through any 1915(c) HCBS waiver:
  - ADHC
  - NOW
  - CC
  - ROW
  - Supports waiver
  - CCW
  - Other HCBS waivers as may be approved by CMS
- Individuals under the age of 21 otherwise eligible for Medicaid who are listed on OCDD's Request for Services Registry who are CCM

In addition, the following new populations were not part of the CY 2013 and CY 2014 data, but will be considered as part of the rate development process:

- Presumptive Eligible Adult and Child populations
- LaCHIP Phase V: Affordable Plan
- Tuberculosis
- Provisional Medicaid

### ***Excluded Populations***

The following individuals are excluded from participation in the Bayou Health program:

- Eligible under the Refugee Cash/Medical Assistance program
- Eligible under the Medicare Savings program (QMB, SLMB, and Qualified Individuals)
- Eligible under the Emergency Services Only program (aliens who do not meet Medicaid citizenship/5-year residency requirements)
- Eligible under the LTC Medicare Co-Insurance program
- Eligible under the Section 1115 GNOCHC waiver
- Eligible under the FPEO that provides Family Planning services
- Eligible under the PACE, a community-based alternative to placement in a Nursing Facility that includes a complete “managed care” type benefit combining Medical, Social, and LTC services
- Non-Medicaid adult on the eligibility file who is eligible for a Low-Income Subsidy program administered by the SSA
- Former 1915(i)-only adult eligibles
- SSI/Public ICF/DD age 21 and over
- SSI/Private ICF/DD age 21 and over
- Private ICF/DD age 21 and over
- Public ICF/DD age 21 and over
- Any Medicaid eligible person during a period of incarceration

### ***Rate Category Groupings***

Rates will vary by the major categories of eligibility. Furthermore, where appropriate, the rates within a particular category of eligibility are subdivided into different age bands to reflect differences in risk due to age. In addition, due to the high cost associated with pregnancies, DHH will pay a maternity kick payment to the MCOs for each delivery that takes place. Table 1A shows a list of the different rate cells for each eligibility category including the maternity kick payments. PH program rate cell structure is similar to the rate structure instituted effective February 1, 2015, but has 2 notable changes.

- Child rate cells include enrollees up to age 20 (previously defined up to age 18)
- FCC have been separated into a distinct rate cell (previously included in Family & Children)

Five new rate cells were created for the SBH Program. These groups are labeled beginning with SBH and are displayed in Table 1B.

**Table 1A: PH Rate Category Groupings**

<b>SSI</b>	
Newborn, 0–2 Months, Male & Female	Child, 1–20 Years, Male & Female
Newborn, 3–11 Months, Male & Female	Adult, 21+ Years, Male & Female
<b>Family &amp; Children (TANF)</b>	
Newborn, 0–2 Months, Male & Female	Child, 1–20 Years, Male & Female
Newborn, 3–11 Months, Male & Female	Adult, 21+ Years, Male & Female
<b>HCBS Waiver</b>	
20 and Under, Male & Female	21+ Years, Male & Female
<b>FCC</b>	
All Ages, Male & Female	
<b>BCC</b>	
All Ages, Female	
<b>CCM</b>	
All Ages, Male & Female	
<b>LAP</b>	
All Ages, Male & Female	

**Table 1B: SBH Rate Category Groupings**

<b>SBH — CCM</b>	
All Ages, Male & Female	
<b>SBH — Dual Eligibles</b>	
All Ages, Male & Female	
<b>SBH — HCBS Waiver</b>	
20 and Under, Male & Female	21+ Years, Male & Female
<b>SBH — Other</b>	
All Ages, Male & Female	

### **Region Groupings**

For rating purposes, Louisiana has been split into four different regions. Table 2 lists the associated parishes for each of the four regions. The region groupings are the same in both programs.

**Table 2: Region Groupings**

<b>Region Description</b>	<b>Associated Parishes (Counties)</b>
Gulf	Assumption, Jefferson, Lafourche, Orleans, Plaquemines, St. Bernard, St. Charles, St. James, St. John, St. Mary, and Terrebonne
Capital	Ascension, East Baton Rouge, East Feliciana, Iberville, Livingston, Pointe Coupee, St. Helena, St. Tammany, Tangipahoa, Washington, West Baton Rouge, and West Feliciana
South Central	Acadia, Allen, Avoyelles, Beauregard, Calcasieu, Cameron, Catahoula, Concordia, Evangeline, Grant, Iberia, Jefferson Davis, Lafayette, Lasalle, Rapides, St. Landry, St. Martin, Vermilion, Vernon, and Winn
North	Bienville, Bossier, Caddo, Caldwell, Claiborne, DeSoto, East Carroll, Franklin, Jackson, Lincoln, Madison, Morehouse, Natchitoches, Ouachita, Red River, Richland, Sabine, Tensas, Union, Webster, and West Carroll

## **Bayou Health Services**

### ***Covered Services***

Appendix C lists the services the Bayou Health MCOs must provide to the members in the Bayou Health PH and Bayou Health SBH programs, respectively. The MCOs also have the ability to develop creative and innovative solutions to care for their members (i.e., provide other cost-effective alternative services), as long as the contractually-required Medicaid services are covered. Costs of alternative services are expected to be funded through savings on the contractually-required services for which these services are a cost-effective substitute.

### ***New Services***

The Legacy Prepaid and Shared Savings program did not have identical sets of covered services. Additionally, DHH incorporated services covered historically by FFS in the Bayou Health program effective February 1, 2015 and December 1, 2015.

The following services, included effective February 1, 2015, were previously excluded from both the Prepaid and Shared Savings programs:

- Hospice services
- Personal Care services for ages 0–20

The following services, included effective February 1, 2015, were previously excluded from the Legacy Shared Savings program:

- Inpatient Acute Detox services
- NEMT

- Behavioral Health prescribed drugs
- Durable medical equipment (DME) services

The following services, included effective December 1, 2015, were previously excluded from both the Legacy Bayou Health Prepaid and Shared Savings programs:

- SBH services

The SBH services required under the Bayou Health contract are detailed in the Behavioral Health Integration Amendment issued by DHH. Mercer analyzed service cost variance and grouped the SBH services into the following categories of service (COS):

- Inpatient
- Emergency Room
- Professional/Other

### ***State Plan Service Considerations***

The costs in the base data reflect costs for State Plan services delivered in a managed care environment. In some cases for the adult population, the LBHP pre-paid inpatient health plans (PIHP) provided an approved service in lieu of a State Plan service. In these cases, Mercer has reflected the costs of the State Plan service and applied a managed care discount to arrive at total costs consistent with actual paid expenses. A summary of these costs are shown in Table 3.

**Table 3: Summary of In Lieu of Services  
 2013 Encounter Claims**

State Plan	In Lieu Of	2013 Encounter Claims	Encounter Unit Cost	State Plan Unit Cost	Managed Care Discount
Inpatient	Inpatient Institute for Mental Disease (IMD) (21-64)	\$16,119,521	\$487.01	\$646.94	-25%
Substance Use Disorder (SUD) Residential	SUD Residential IMD	\$5,047,040	\$71.02	\$145.51	-51%
Emergency Room	Crisis	\$175,323	\$87.49	\$249.12	-65%
<b>2014 Encounter Claims</b>					
State Plan	In Lieu Of	2014 Encounter Claims	Encounter Unit Cost	State Plan Unit Cost	Managed Care Discount
Inpatient	Inpatient IMD (21-64)	\$17,439,937	\$470.64	\$646.94	-27%
SUD Residential	SUD Residential IMD	\$6,463,591	\$79.51	\$145.51	-45%
Emergency Room	Crisis	\$362,095	\$58.09	\$249.12	-77%

### **Medicare Crossover Claims**

For dually eligible individuals, Medicare “Crossover” claims (claims that include primary payment from Medicare) for Inpatient, Outpatient, Emergency Room, and Professional services are excluded from the base data. These services will be paid directly by the State after coordinating with Medicare.

In order to exclude Crossover claims from the base data, Mercer identified claims submitted to DHH and coded with claim type “14” (Medicare Crossover Institutional) or claim type “15” (Medicare Crossover Professional). This includes claims with a Medicare qualifying Electronic Media Claim submitter ID and claim format 837-I (Institutional) or 837-P (Professional), as well as hard copy claims with an Explanation of Benefits from Medicare attached. Mercer then cross-referenced these claims to the encounter data and excluded matching records from the base data.

### **Behavioral Health Mixed Services Protocol (MSP)**

DHH implemented a new mixed services protocol effective February 1, 2015. Prior to February 1, 2015, Basic Behavioral Health Covered services were defined as services provided

in the Primary Care setting and Inpatient Hospital services for acute medical detoxification based on medical necessity. Institutional services (Inpatient, Outpatient, and Emergency Room) are considered SBH services if the claim is identified with a qualifying Behavioral Health diagnosis.

Effective February 1, 2015, the new mixed services protocol delineates coverage responsibility based on provider type and specialty or facility type. Basic Behavioral Health continues to include services provided in a Primary Care setting, but also includes all Inpatient Hospital services provided in a General Hospital setting, regardless of diagnosis. SBH includes services from Behavioral Health Facilities (distinct Psychiatric Units of General Hospitals and Freestanding Psychiatric Hospitals) and services provided by Behavioral Health specialists.

Since both PH services and SBH services are covered under Bayou Health for certain categories of aid (COA), an adjustment for mixed service protocol was needed only for the SBH program COAs whose PH services are covered under FFS. Appendix D summarizes the mixed services protocol adjustment.

### ***Excluded Services***

Bayou Health MCOs are not responsible for providing PH services and other Medicaid services not identified in Appendix C, including the following services:

- Applied Behavioral Analysis services
- Dental services, with the exception of Early and Periodic Screening & Diagnosis Treatment (EPSDT) varnishes provided in a Primary Care setting
- ICF/DD services
- Personal Care services 21 and older
- Institutional LTC Facility/Nursing Home services
- School-based Individualized services
- Education Plan services provided by a school district and billed through the intermediate school district, or School-based services funded with certified public expenditures, including school nurses
- HCBS waiver services
- Targeted Case Management services
- Services provided through DHH's Early-Steps program
- CSoC services previously covered under 1915(c) or 1915(b)(3) waiver authority
- Medicare Crossover services
- Services covered under a non-CSoC 1915(c) waiver

For more specific information on covered services, please refer to the Bayou Health Behavioral Health Integration Amendment issued by DHH.

## Base Data Adjustments

### IBNR

Capitation rate ranges were developed using claims data for services incurred in CY 2013 and CY 2014 and reflects payments processed through June 30, 2015. PH claims for dates of service in CY 2013 were deemed complete as they reflect at least 18 months of runout. Although SBH claims had the same amount of runout, Mercer determined a small IBNR adjustment for CY 2013 was necessary after reviewing financial reports.

IBNR factors were developed for claims with date of service in CY 2014 to incorporate consideration for any outstanding claims liability. To establish the IBNR factors for the Shared Savings/Legacy Medicaid FFS data, claims were grouped into three COA and six main IBNR service categories. Encounter claim IBNR factors, developed separately for each Prepaid plan, were compared to IBNR estimates provided by the Prepaid plan actuaries, and summarized by IBNR COS. IBNR category mapping is provided in Appendix C. Table 4A summarizes the IBNR factors that were applied to CY 2014 PH services data.

**Table 4A: IBNR Factors Applied to CY 2014 PH and NEMT Services Data**

IBNR COS	Encounter Data	Shared Savings Claims & Legacy Medicaid/FFS Cost Data		
	All COAs	TANF/FCC/LAP	SSI/BCC/CCM	HCBS
Inpatient	1.0065	1.0061	1.0274	1.0062
Outpatient	0.9960	0.9994	1.0074	0.9943
Physician	1.0054	1.0053	1.0110	1.0092
Other	1.0214	1.0091	1.0021	1.0034
Prescribed Drugs	1.0002	0.9952	0.9968	0.9981
Maternity Kick Payment	1.0053	1.0128	1.0128	1.0128

Mercer reviewed the financial lag triangles provided by the LBHP PIHP and determined the IBNR factors for SBH services. Claims were grouped into two main service categories, "Inpatient" and "Emergency Room and Other". Table 4B summarizes the IBNR factors that were applied to CY 2013 and CY 2014 SBH services data.

**Table 4B: IBNR Factors Applied to SBH Services Data**

IBNR COS	LBHP Encounter & FFS Data	
	All COAs	
	CY 2013	CY 2014
Inpatient	1.0013	1.0213
Emergency Room and Other	1.0012	1.0257

### ***Under-Reporting Adjustments***

Under-reporting adjustments were developed by comparing encounter data from the Medicaid Management Information System (MMIS) to financial information provided by the Prepaid MCOs and the LBHP PIHP. This adjustment was computed and applied on an MCO/PIHP basis. The adjustment resulted in an overall aggregate increase of 2.0% and 3.4% respectively to CY 2013 and CY 2014 PH services encounter cost data, and 11.72% and 6.11% respectively to CY 2013 and CY 2014 SBH services encounter cost data for the adult population. Note this adjustment does not apply to the Shared Savings claims or Legacy Medicaid/FFS data. Also, regarding SBH services, the children's population was operated under a non-risk model, where the PIHP was only reimbursed for submitted and approved encounters. Based on this service model, it is reasonable that encounters fully reflect the incurred costs, while under the adult service model encounter reporting was not as complete, and the PIHP was paid a capitation rate regardless of submitted encounters.

### ***Assertive Community Treatment (ACT) Services Payment Adjustment***

Claims for ACT services were not correctly reported in the encounter data for dates of service from January 1, 2013 through September 30, 2013. While units were available, paid amounts were zero for the dates listed. Mercer estimated a total for the missing paid amounts during this period by calculating a unit cost for the CY 2014 data and applying this to the units accompanied by zero-paid amounts. In total, this adjustment incorporated approximately \$9.4 million of additional ACT services for 2013. Table 5 displays the total ACT services added by COA.

**Table 5: Total ACT Services Added by COA**

<b>COA Description</b>	<b>CY 2013</b>
SSI	\$6,832,676
Family & Children	\$331,899
FCC	\$0
BCC	\$63,530
HCBS Waiver	\$81,017
CCM	\$0
SBH — CCM	\$0
SBH — Dual Eligible	\$1,988,514
SBH — HCBS Waiver	\$81,017
SBH — Other	\$19,687
<b>Total</b>	<b>\$9,398,339</b>

### ***Third-Party Liabilities***

All claims are reported net of third-party liability, therefore no adjustment is required.

### ***Fraud and Abuse Recoveries***

DHH provided data related to fraud and abuse recoveries on the LBHP, Shared Savings, and Legacy FFS programs. The total adjustment applied to the FFS and Shared Savings PH services was -0.2% for CY 2013 and CY 2014. The total adjustment for SBH services was -0.1% and -0.2% of the SBH services for CY 2013 and CY 2014, respectively. Prepaid plans included fraud and abuse recoveries in their financial reports. These recoveries were included in the development of the under-reporting adjustment for PH services.

### ***Co-Payments***

Co-pays are only applicable to prescription drugs. Pharmacy claims are reported net of any co-payments so no additional adjustment is necessary.

### ***Disproportionate Share Hospital (DSH) Payments***

DSH payments are made outside of the MMIS system and have not been included in the capitation rates.

### ***Data Smoothing***

As part of the rate development process, Mercer blended the CY 2013 and CY 2014 base data with the goal of obtaining a set of base data that has sufficient credibility and reasonableness to develop actuarially sound capitation rates. Mercer applied weights of 40% and 60% to the CY 2013 and CY 2014 data, respectively, after accounting for historical rating adjustments described in Subsection 2A and Subsection 2B of this certification.

Additionally, certain rate cells did not contain enough member months (MMs) within each region to produce a statistically credible rate. For rate cells with less than 30,000 MMs per region, Mercer calculated a statewide capitation rate. Affected rate cells include:

- SSI newborns 0-1 years of age
- BCC, All Ages
- LAP, All Ages
- HCBS, All Ages
- CCM, All Ages
- SBH — CCM, All Ages
- SBH — HCBS, All Ages
- SBH — Other, All Ages

## Section 2: Capitation Rate Development

Rating adjustments were developed and applied separately for PH and SBH services. Adjustments that were applied to each calendar year of base data are referred to as Historical Rating Adjustments and adjustments applied once the base data was blended are referred to as Prospective Rating Adjustments. The following subsections describe the analysis for each adjustment and provide the statewide impact to the respective PH or SBH services.

### Subsection 2A: Physical Health Services

#### *PH Historical Adjustments*

##### *Fee Schedule Changes*

The capitation rates reflect changes in covered services' fee schedules and unit costs, between the base period and the contract period. The fee adjustment process also took into account the closing of two state hospitals, W.O. Moss Regional Medical Center and Earl K. Long, which occurred in 2013. DHH provided Mercer guidance on which hospitals were expected to absorb the closed hospitals' utilization: W.O. Moss Regional Medical Center's utilization would be absorbed by Lake Charles Memorial and Earl K. Long's utilization would be absorbed by Our Lady of the Lake.

##### *Inpatient Services*

Inpatient claims were adjusted to reflect changes in the fee schedule between the base period and the contract period, using the most recent fee schedule published by DHH (i.e., the July 1, 2015 fee schedule). The non-GME part of the per diems were used in this fee adjustment process to be consistent with DHH's intention to continue paying GME amounts directly to the teaching hospitals.

Certain "High Medicaid Community Hospitals" receive supplemental payments that are provided for in the State Plan. The total pool is \$1 million annually. The per diem rates of the corresponding hospitals were adjusted accordingly. The total impact of the inpatient fee change is summarized below.

**Table 6A: Inpatient Fee Change Impact**

Time Period	Historical Cost	Adjustment Dollar Impact	Impact as % of	
			Historical Cost	All PH Services Cost
CY 2013	\$608,712,298	\$10,934,243	1.80%	0.44%
CY 2014	\$563,991,217	-\$1,296,978	-0.23%	-0.05%

##### *Outpatient Services*

Outpatient claims were adjusted to reflect the most recent cost-to-charge ratios (CCRs). The CCRs were reported on hospital fiscal year bases, which varied by hospital from February 28, 2014 to December 31, 2014. The adjustment also included estimation of cost

settlements and reflected the most up-to-date cost settlement percentages for each facility. For most non-rural facilities, the cost settlement percentage is 66.46%; however, the remaining facilities are settled at different percentages. Rural facilities are cost settled at 110%. The total impact of the outpatient fee change is summarized below.

**Table 6B: Outpatient Fee Change Impact**

Time Period	Historical Cost	Adjustment Dollar Impact	Impact as % of	
			Historical Cost	All PH Services Cost
CY 2013	\$351,651,586	\$15,044,474	4.28%	0.60%
CY 2014	\$371,250,343	\$13,364,559	3.60%	0.53%

*Affordable Care Act (ACA) Primary Care Physician (PCP) Fee Change*

Under Section 1202 of the ACA, state Medicaid programs were required to increase payments to PCPs in 2013 and 2014. This requirement expired on December 31, 2014. As a result, 2013 and 2014 base data were adjusted to reflect the decrease in PCP payment rates between the base data period and the rating period.

**Table 6C: ACA PCP Fee Change Impact**

Time Period	Historical Cost	Adjustment Dollar Impact	Impact as % of	
			Historical Cost	All PH Services Cost
CY 2013	\$233,541,569	-\$73,199,444	-31.34%	-2.92%
CY 2014	\$250,895,188	-\$76,658,689	-30.55%	-3.05%

*Other Physician Services*

Mercer reviewed all non-ACA PCP services at a procedure code level and adjusted the CY 2013 claims to reflect observed changes in unit cost between CY 2013 and CY 2014.

**Table 6D: Physician Fee Change Impact (Non-ACA PCP Services)**

Time Period	Historical Cost	Adjustment Dollar Impact	Impact as % of	
			Historical Cost	All PH Services Cost
CY 2013	\$602,101,459	\$12,853,265	2.13%	0.51%
CY 2014	\$596,242,559	\$0	0.00%	0.00%

*Prescribed Drugs Unit Cost Change*

Mercer reviewed pharmacy claims at a National Drug Code (NDC) level and adjusted the CY 2013 claims to reflect observed changes in unit cost between CY 2013 and CY 2014.

**Table 6E: Pharmacy Fee Change Impact**

Time Period	Historical Cost	Adjustment Dollar Impact	Impact as % of	
			Historical Cost	All PH Services Cost
CY 2013	\$708,050,576	\$56,655,579	8.00%	2.26%
CY 2014	\$731,726,815	\$0	0.00%	0.00%

Overall, as shown in Table 7, the combined effect of all the historical fee adjustments was a 0.89% increase in CY 2013 base data and a 2.57% decrease in CY 2014.

**Table 7: Summary of Fee Change Impact for All Claims**

Time Period	Historical Cost	Adjustment Dollar Impact	Adjusted Cost	Percent Impact
CY 2013	\$2,504,057,487	\$22,288,117	\$2,526,345,604	0.89%
CY 2014	\$2,514,106,122	-\$64,591,109	\$2,449,515,013	-2.57%

***Act 312 (Prescriber Prevails)***

Effective January 1, 2014, Act 312 requires that, when medications are restricted for use by an MCO using a step therapy or fail first protocol, the prescribing physician shall be provided with, and have access to, a clear and convenient process to expeditiously request an override of such restrictions from the MCO. The MCO is required to grant the override under certain conditions. Mercer reviewed this requirement and estimated the impact of this change to be an increase of approximately 3% of pharmacy costs.

***PH Prospective Rating Adjustments***

***Rx Rebates***

FFS and Shared Savings pharmacy claims were reduced 2.08% for Rx rebates collected by the MCO. This factor was developed using Prepaid plans' experience as reported in financial statements provided to DHH. Prepaid Encounters were taken as net of drug rebates, so no adjustment was necessary.

***ACT 399 (Provider Fee Reimbursement)***

Effective December 1, 2015, Act 399 creates an appeal board to review pharmacy reimbursement disputes. It is the obligation of a health insurance issuer or its agent to reimburse a pharmacist or his agent for fees remitted by a pharmacy or pharmacist or his agent in compliance with R.S. 46:2625 or risk being sanctioned. Mercer reviewed this requirement and its underlying details and estimated the impact to the base period data to be approximately 0.16%.

### ***Early Elective Delivery (EED)***

Beginning February 2015, facility and delivering physician costs for EEDs will not be covered under the Bayou Health program. MCOs receive an EED Kick Payment for deliveries that occur prior to 39 weeks for reasons that are not medically indicated in the Louisiana Electronic Event Registration System (LEERS) maintained by the Office of Public Health/Vital Records. Deliveries that occur prior to 39 weeks for reasons that are medically indicated in LEERS will receive the Maternity Kick Payment. Mercer identified the average facility and delivering physician costs included in the Maternity Kick Payment by region and removed those costs to create the EED Kick Payment. Table 8 shows the EED reduction amount by region in the low and high scenarios. The resulting EED Kick Payment is equal to the Maternity Kick Payment plus the reduction amount in Table 8 and is shown in Appendix A.

**Table 8: EED Rate Reduction**

<b>Region Description</b>	<b>Reduction – Low Cost per Delivery</b>	<b>Reduction – High Cost per Delivery</b>
Gulf	\$(4,033.70)	\$(4,121.38)
Capital	\$(3,066.79)	\$(3,133.45)
South Central	\$(3,295.30)	\$(3,366.92)
North	\$(3,380.12)	\$(3,453.54)
<b>Total</b>	<b>\$(3,465.14)</b>	<b>\$(3,540.45)</b>

### ***PH Trend***

Trend is an estimate of the change in the overall cost of providing health care benefits over a finite period of time. A trend factor is necessary to estimate the cost of providing health care services in a future period. Mercer studied historical cost and utilization data for each of the three data sources incorporated in the capitation rates: Prepaid encounters, Shared Savings, and FFS. Trends were selected based on Louisiana experience, as well as national trend information.

Trends, delineated by utilization, unit cost, per member per month (PMPM), and by population are shown in Appendix E.

### ***PH Efficiency and Managed Care Savings Adjustments***

Mercer distinguishes efficiency adjustments (which are applied to previously managed populations) from managed care savings adjustments (which are applied to previously unmanaged populations). Efficiency adjustments are intended to reflect improved efficiency in

the hospital inpatient, emergency department (ED), and pharmacy settings, and are consistent with DHH's goal that the Bayou Health program be operated in an efficient, high quality manner.

### *Inpatient Hospital Efficiency Adjustment*

Illness prevention is an important medical care element for all health care providers. DHH expects the MCOs to help their members stay healthy by preventing diseases or preventing complications of existing diseases. Since hospital expense represents a significant portion of all medical expenditures, Mercer performed a retrospective data analysis of the Plans' CY 2013 and CY 2014 encounter data using indicators developed by the Agency for Healthcare Research and Quality (AHRQ). These conditions are collectively referred to as Prevention Quality Indicators (PQI) and Pediatric Quality Indicators (PDI), respectively. Mercer utilized 13 adult and five pediatric PQIs as part of the analysis. Evidence suggests that hospital admissions for these conditions could have been avoided through high-quality outpatient care and/or the conditions could have been less severe if treated early and appropriately. AHRQ's technical specifications provide specific criteria that define each PQI and PDI that Mercer utilized in the analysis of the MCOs' inpatient hospital encounter data. Although AHRQ acknowledges that there are factors outside of the direct control of the health care system that can result in a hospitalization (e.g., environmental, patient compliance), AHRQ does recognize these analyses can be utilized to benchmark health care system efficiency between facilities and across geographies.

Accordingly, in the process of evaluating whether an adjustment is applicable to the rates, Mercer considered the following factors: member health risk and member enrollment duration with a particular health plan. Mercer then works with the State to identify the targeted efficiency level that should be applied to the outcome of the analysis.

While the AHRQ technical specifications include exclusionary criteria specific to each PQI and PDI, Mercer also considered clinically-based global exclusion criteria that removed a member's inpatient admissions from all inpatient efficiency analyses. The global exclusion criteria was utilized to identify certain conditions and situations (e.g., indications of trauma, burns, HIV/AIDS) that may require more complex treatment for members. Based on a review of the CY 2013 and CY 2014 inpatient encounter data, any member identified as having indications of any of the qualifying criteria resulted in all of that member's admissions being removed from the analyses. Once all clinical global exclusions (CGE) data was removed from the analysis, the embedded AHRQ exclusions, by PQI/PDI were then applied.

Additionally, even though the AHRQ technical specifications do not explicitly mention enrollment duration, Mercer considered enrollment duration as one of the contributing factors to review that would be associated with the applicability of a PQI/PDI-based adjustment. Enrollment duration was used as a proxy for issues such as patient compliance, health plan outreach and education,

time to intervene, and other related concepts. A variable-month enrollment duration ranging from two to twelve months, depending on PQI or PDI condition, was applied to the RY 2016 rates. This assumption meant that an individual had to be enrolled with the same plan for a minimum number of consecutive months prior to that individual's PQI or PDI hospital admission to be considered subject to the adjustment. Only the dollars associated with the PQI and PDI hospital admissions that met this enrollment duration criteria were included in the base data adjustment. Recipient eligibility data supplied by the State provided the information to make this duration test assessment.

Although the clinical global exclusions and enrollment duration criteria significantly reduced the total original PQI and PDI dollars, the State decided that to reflect its desire for value-focused purchasing, the final inpatient hospital efficiency adjustment had a 25% targeted efficiency level applied to the remaining PQI and PDI dollars that met both the health risk and enrollment duration criteria.

#### *ED Efficiency Adjustment*

Mercer performed a retrospective analysis of the health plans' CY 2013 and CY 2014 ED encounter data to identify ED visits that were considered preventable/pre-emptible. For the RY 2016 rate development, Mercer analyzed preventable/pre-emptible Low Acuity Non-Emergent (LANE) visits. This analysis was not intended to imply that members should be denied access to EDs or that the health plans should deny payment for the ED visits. Instead, the analysis was designed to reflect the State's objective that more effective, efficient, and innovative managed care could have prevented or pre-empted the need for some members to seek care in the ED setting in the first place.

The criteria used to define LANE ED visits was based on publicly available studies, input from Mercer's clinical staff, as well as review by practicing ED and PCPs. ICD-9 primary diagnosis code information was the basis for identifying an ED visit. A limited set of diagnosis codes was agreed upon by all physicians involved in developing the methodology for the analysis. Preventable percentages ranging from 5% to 90% were assigned to each diagnosis code to account for external factors that can influence and impact variation in ED use. Using procedure code information, the ED visits were evaluated from low complexity clinical decision making to high complexity clinical decision making. In addition, LANE ED visits that resulted in an inpatient admission or observation stay (observation revenue code 0762) were excluded. No adjustment was made for any possible up coding by providers.

For the RY 2016, Mercer excluded low unit cost visits from the LANE analysis to account for improvements in the health plans' use of triage fees and/or more appropriate health services management. A hierarchical process was used for the remaining LANE visits to identify those that could have been prevented or pre-empted. Beginning with the lowest acuity visits, data was

accumulated until the percentage of preventable/pre-emptible visits was achieved for each respective diagnosis code. Regardless of the targeted percentage, no LANE ED visit/dollars associated with the most complex clinical decision making procedure codes (99284-99285) were included in the final adjustment. In addition, a replacement cost amount (average cost physician visit) was made for the majority of LANE visits that were deemed preventable/pre-emptible. As a final step in the analysis, a 25% targeted efficiency level was applied to reflect the State's value-focused purchasing strategy. At this targeted efficiency level, 25% of the dollars identified were part of the final adjustment.

#### *Appropriate Diagnosis for Selected Drug Classes (DxRx)*

The DxRx efficiency adjustment is used to ensure appropriate utilization of selected drug classes in historical claims data, based on supporting diagnosis information in the recipients medical history. The selected drug classes were identified based on high cost, safety concerns, and/or high potential for abuse or misuse. Diagnosis information from 30 months (24 months prior to date of service, 6 months after date of service) of medical, professional, pharmacy and inpatient data is reviewed for each recipient. Appropriate drug-diagnosis pairs are reviewed annually by Mercer's team of clinicians, and include consideration for:

- FDA Approved Indications (both drug specific, and by drug class)
- Clinically-accepted, off-label utilization
  - As identified by published literature and clinical/ professional expertise
- Industry standard practices

#### *Retrospective Pharmacy Claims Analysis*

The clinical edits efficiency adjustment used a retrospective pharmacy claims analysis to identify inappropriate prescribing and/or dispensing patterns using a customized series of pharmacy utilization management edits that are clinically based on rules. Edits were developed by Mercer's managed pharmacy practice based on:

- Published literature
- Industry standard practices
- Clinical appropriateness review
- Professional expertise
- Information gathered during the review of several Medicaid FFS and managed care pharmacy programs across the country

The State decided that to reflect its response for value-focused purchasing, the final retrospective pharmacy claims analysis efficiency adjustment should reflect a 25% targeted efficiency level applied to the final adjustment identified.

The overall impact of the Inpatient, ED and Pharmacy efficiency adjustments was a decrease of \$1.78 to the PH program.

### *Managed Care Savings Adjustment*

For those populations and services that had previously been excluded from Bayou Health, Mercer adjusted the capitation rates to reflect areas for managed care efficiency. Managed Care is able to generate savings by:

- Encouraging the use of preventive services so that acute conditions are not exacerbated to the point that requires a visit to the emergency room or hospitalization
- Using alternatives to the emergency room for conditions that are non-emergent in nature
- Increasing access and providing member education
- Minimizing duplication of services
- Hospital discharge planning to ensure a smooth transition from facility-based care to community resources and minimize readmissions

Statewide managed care savings factors were applied to the HCBS and CCM COAs. Additionally, DME and NEMT costs for Shared Savings enrollees were adjusted as part of this rate setting, as these services were excluded from Bayou Health Shared Savings. Appendix F summarizes the managed care savings adjustments that were applied to the Shared Savings/Legacy Medicaid FFS data.

### *Shared Savings Rx claims*

Under the Bayou Health Shared Savings program, plans had limited ability to manage prescription drug costs. In order to use the Shared Savings experience to set capitated rates, adjustments were needed to account for generic dispense rate (GDR) differences between the Prepaid and Shared Savings experience. For the Prepaid program, GDR was approximately 84%, compared to approximately 77% for Shared Savings and FFS. This adjustment is a downward adjustment to the Shared Savings claims data. Mercer analyzed Shared Savings prescription drug experience and compared it to the spending on similar therapeutic classes of drugs in the Prepaid program. Mercer determined that achieving the same GDR levels would result in savings of 11.10% to 13.60%. Table 9 details the savings breakdown by COA.

**Table 9: GDR Savings Adjustment**

Savings from Improvement in GDR (w/Phase-in)						
COS Description	SSI	Family & Children*	BCC	LAP	HCBS Waiver** (FFS)	Total
	(%)	(%)	(%)	(%)	(%)	(%)
Low Savings	3.47%	17.68%	0.00%	24.92%	5.62%	11.10%
High Savings	5.97%	20.18%	1.78%	27.42%	8.12%	13.60%

\*Includes FCC

\*\*Includes CCM

### **Outliers**

As part of the State Plan, inpatient hospitals receive an additional payment for high-cost stays for children under six, called outliers. These payments are for inpatient stays with a total cost to the hospital in excess of \$150,000, where the cost is determined based on the hospital's Neonatal Intensive Care Unit (NICU) or Pediatric Intensive Care Unit (PICU) -specific CCR. DHH makes payments to a maximum of \$10 million, annually. As payment of outlier liability is the responsibility of Bayou Health MCOs, this additional \$10 million was built into the rates based on the distribution by rate cell observed in state fiscal year (SFY) 13 payments. Outliers added an average cost of \$0.89 PMPM to the base data used in rate setting. Table 10 details the impact of outliers on the rates by rate cell.

**Table 10: Outlier Claims to be Added into Bayou Health from \$10 Million Pool**

COA Description	Rate Cell Description	CY 2014 MMs	Outlier PMPM	Outliers Total Adjustment
SSI	Newborn, 0-2 Months	1,791	\$1,457.70	\$2,610,741
SSI	Newborn, 3-11 Months	7,075	\$8.84	\$62,523
SSI	Child, 1-20 Years	472,130	\$0.50	\$234,445
Family & Children	Newborn, 0-2 Months	173,111	\$39.97	\$6,918,792
Family & Children	Child, 1-20 Years	7,757,419	\$0.02	\$173,499
<b>Total*</b>		<b>11,255,774</b>	<b>\$0.89</b>	<b>\$10,000,000</b>

\*Total includes MMs for all populations in Bayou Health Physical Health.

## **Subsection 2B: SBH Services**

Unlike PH services, SBH services are covered services in both the PH program and the SBH program. Therefore, the rate development adjustments in the following sections are applicable to both programs.

### ***SBH Historical Adjustments***

#### ***Inpatient Hospital Fee Schedules***

Inpatient Hospital fee schedules have changed in Medicaid from the levels reported in the base data. Most notably, rates for certain public hospitals changed as a result of the public/private partnership. The changes to the hospital rates represent both increases and decreases depending on the hospital.

Mercer has included an adjustment to the capitation rates to account for the changes to the hospital reimbursement, including the public/private partnership. In order to account for this change, Mercer analyzed the base data by hospital and region separately for adults and children services. For adults, Mercer compared the PIHP fee schedules and per diem costs reported in the encounter data to the new State Medicaid fee schedule. Based on this comparison, Mercer determined no adjustment was needed for the Adult rates as the PIHP fee schedule underlying the encounter data generally aligned with the new State Medicaid fee schedule. For children, however, hospital reimbursement levels in the encounter data generally followed historic State Medicaid fee schedules. As a result, an adjustment was necessary to reflect changes between the historic and the new fee schedule for the children's rates.

Overall, this represents a 0.3% increase to both CY 2013 and CY 2014 SBH services and impacts child rating groups only.

### *Outpatient/Psychiatric Residential Treatment Facility (PRTF)/Permanent Supportive Housing (PSH) Fee Adjustment*

#### *Outpatient Fee Adjustment*

The State has historically implemented fee schedule adjustments for various outpatient services. For outpatient providers, the fee schedule adjustment process includes an estimation of cost settlements that are not captured in the historic base data. Since cost settlements will become the responsibility of the MCOs under managed care, an adjustment to the Bayou Health rates was necessary.

#### *PRTF Per Diem Adjustment*

DHH informed Mercer of two PRTF providers that have historically been subject to risk-sharing arrangements that have had recent per diem changes. The prior risk-sharing process resulted in additional payments to the providers as the per diem documented in the cost reports was higher than the interim rates. Mercer has built in consideration of provider specific rates for these providers based on the cost report per diems.

To calculate the impact, DHH provided Mercer with the risk-sharing calculations that were based on base paid and final targeted per diem rates for these two providers. The final cost impact was calculated by another firm on behalf of DHH. Mercer reviewed these calculations for reasonability but did not audit them. Mercer leveraged the final calculations to determine the net impact to the CY 2013 and CY 2014 time period to develop the program change impact. Mercer incorporated the expected cost for the per diem change based on utilization during the 2013 and 2014 time periods.

#### *PSH Provider Rate Increase*

Subsequent to base data period, DHH implemented a 5% rate increase to certain providers delivering community psychiatric services to individuals in the PSH program. Using the list of PSH providers from DHH, Mercer summarized historic cost and utilization data for community psychiatric services for these providers and calculated the impact of the 5% increase. Mercer applied this impact to rating group and region based on historic utilization patterns.

Overall, the Outpatient, PRTF, and PSH fee adjustment represent a 0.2% and 0.3% increase to CY 2013 and CY 2014 SBH services, respectively.

### *1915(c) CSoC Regional Expansion*

DHH submitted an amendment to the 1915(c) CSoC waiver to increase the number of waiver slots to 2,400 slots. Upon expansion, certain children previously classified in a Bayou Health rating group shifted to the CSoC program. The CSoC population will have select services covered by Bayou Health, including PRTF, TGH, and SUD services. Magellan will continue to

administer the remaining SBH services for this population. Mercer calculated the volume of CSoC transitions by comparing the average 2013 and 2014 CSoC enrollment to emerging levels as of December 2015. The growth by region is outlined in Table 11:

**Table 11: CSoC Enrollment's Growth by Region**

<b>CSoC Enrollment</b>	<b>Average 2013</b>	<b>Average 2014</b>	<b>As of December 2015</b>	<b>Projected RY 2016 CSoC Recipients</b>
Gulf	198	282	673	688
Capital	213	256	615	629
South Central	153	192	444	454
North	493	506	517	529
<b>Statewide</b>	<b>1,057</b>	<b>1,235</b>	<b>2,249</b>	<b>2,300</b>

Mercer then analyzed the historic SBH expenses associated with CSoC enrollees and noted that it is materially higher when compared to the PMPM for other Bayou Health rating groups (\$611.47 and \$20.66, respectively for CY 2013; \$968.66 and \$26.08, respectively for CY 2014). Because of this differential, the movement of those higher needs children out of Bayou Health rating groups resulted in a reduction in the average PMPM by region. The transition analysis was performed on a regional basis using the underlying PMPMs for each region, as well as CSoC-specific PMPMs for each region.

Overall, this represents a decrease of 2.7% and 3.2% to CY 2013 and CY 2014 SBH services, respectively, and impacts child rating groups only.

#### *Medication Management Rate Change*

Effective January 2013, the prior Medication Management procedure code of 90862 was eliminated and the services were required to be billed under General Evaluation and Management codes 99211-99214, 90863. These codes, as reflected in the base data, were reimbursed at lower rates than the prior medication management services in 2012. The PIHP revised the fee schedule in 2014 to adjust the fees for medication management services up to prior historical levels. DHH indicated it expects providers to continue to be paid at the higher reimbursement level under the Bayou Health program. For this reason, Mercer determined it was necessary to adjust the 2013 base data, but not the 2014 base data.

Mercer analyzed 2014 encounter data by region and observed an increase in these services' 2013 average reimbursement rate to roughly \$71 per unit. Mercer calculated the program change impact based on reported service utilization in each region.

Overall, this represents a 1.1% increase to CY 2013 SBH services.

### *Historical Trend*

Mercer reviewed the 2013 and 2014 financials and encounters data for SBH services and determined it was necessary to apply a historical trend to the CY 2013 base data before blending the two years of base data. For SBH services, a historical trend of 3% and 32% were applied to adult and child rating groups, respectively. For NEMT Services, 16% historical trend was applied to the SBH Dual COA and 11% to the SBH CCM, SBH HCBS, and SBH Other COAs.

### ***SBH Prospective Adjustments***

#### *Elimination of the 1915(i) Program Authority and Amendment of the State Plan*

In order to accelerate receipt of medically necessary specialized mental health services for adults and make community-based licensed mental health professional (LMHP) services available to more individuals, DHH transitioned services currently in the 1915(i) to the Medicaid State Plan. The prior 1915(i) authority limited the availability of certain services to adults requiring acute stabilization or meeting certain functional criteria for a major mental disorder and the seriously mentally ill (SMI). The services covered under the 1915(i) included community psychiatric services including ACT, psychosocial rehab services, and services provided by other LMHPs. Another aspect of the 1915(i) program was the requirement of an independent assessment to confirm an individual met the population criteria before services could be received.

While the services will be covered under the State Plan, individuals will need to meet medical necessity criteria in order to be authorized for the services. Mercer understands the medical necessity criteria for community psychiatric and psychosocial rehab services will generally align with the diagnosis criteria associated with major mental disorders and SMI. The criteria for other LMHPs will apply to a broader segment of the covered population and not be specific to major mental disorders or SMI.

Mercer has reviewed the changes to the delivery of these former 1915(i) services with Mercer clinicians and policy consultants and identified two specific rate considerations.

- Elimination of the independent assessment will likely result in individuals accessing services more quickly. DHH has indicated that individuals have experienced, on average, a 30-day wait period for services while they await the independent assessment. Mercer analyzed the historical claims data to identify the subset of the 1915(i) users that were new to the program and expected to utilize more services in a 12-month period if the independent assessment was eliminated. Specifically, Mercer evaluated the individuals who utilized services through December 2014 and made an assumption about the number of members

who utilized services in 2014 that would have utilized more services had their authorizations started earlier in the year.

**Table 12: Impact to Adult Services of Elimination of Independent Assessment**

Total 1915(i) 2014 recipient count	51,344
Subset of recipients that are projected to receive an additional month of service	653
Average monthly cost of 1915(i) services (CY 2014)	\$538
Program Change PMPM	\$0.11
Adult PMPM	\$28.92
<b>Total Impact to Adult Services</b>	<b>0.4%</b>

- Expanded access to services provided by other licensed professionals (OLPs) will likely result in an increase to the penetration rate over time for other professional services. Individuals will still need to meet medical necessity criteria to access other professional services, but more individuals are expected to meet the criteria than historically when the 1915(i) services were limited to SMI or major mental disorder. To evaluate the potential change in utilization, Mercer reviewed the service utilization and penetration rates for other states where other professional services have been covered in the State Plan. The penetration rates in these other states are higher for adults indicating broader utilization of the services. The penetration rate findings are as follows:

**Table 13: Penetration rate findings**

2013 penetration rate for OLP services in Louisiana	2.5% of Adults
Penetration rate for similar OLP services in Other States	Up to 10% of Adults

- Mercer assumed the utilization of these services would increase over time essentially modeling a doubling of these services from January 2016 to January 2017. The utilization has been assumed to progressively increase over time as provider capacity may need to be developed to meet the demand as individuals understand the availability of these services.

**Table 14: Impact to Adult Services of Expansion of Access to Services**

December 2014 recipients	2,790
Projected January 2016 based on emerging data	2,881
Projected January 2017 users	5,762
Total new users in rating period	18,725
Average 2014 monthly cost by OLPs	\$130.88
Program change PMPM	\$0.73
Adult PMPM	\$28.92
<b>Total Impact to Adult Services</b>	<b>2.5%</b>

- This issue will continue to be monitored and evaluated as part of future rate-setting exercises as more data becomes available. The overall impact of the adjustment to account for the elimination of the 1915(i) authority and coverage of these services under the State Plan is a 0.8% impact overall and impacts the adult rate cells only.

### ***SBH Trend***

Trend is an estimate of the change in the overall cost of providing health care services over a finite period of time. Capitation rate ranges are actuarial projections of future contingent events and a trend factor is necessary to estimate the expenses of providing health care services in the future rating period.

For the Child population, Mercer studied historical cost and utilization encounter data as well as national trend information to select a trend. For the Adult population, Mercer relied upon Financials, due to encounter data reporting issues in the MMIS system.

Trends, delineated by utilization, unit cost, PMPM, and by population are shown in Appendix E.

### **Subsection 2C: All Services Combined**

The following adjustments were developed and applied using all covered services within the respective programs.

### ***Retroactive Eligibility Adjustment***

Beginning in February 2015, members granted retroactive eligibility will be capitated retroactively, based on their eligibility for Bayou Health, for up to 12 months prior to enrollment in an MCO. The MCO selected by these members will then receive one capitation payment per month of retroactive enrollment, and will be liable for all claims incurred during this retroactive eligibility period. Mercer developed an adjustment factor to apply to the base data in the capitation rate development. Mercer did not apply any savings adjustments to the retroactive period claims in the development of these factors because the MCO will have no ability to manage utilization during the retroactive period.

The retroactive eligibility adjustment was developed as an increase to the capitation rates set for all members, meaning that the capitation payment is higher than otherwise required on non-retroactive MMs. Retroactive enrollment in any given rate cell will generate the same capitation payment per month to the MCO as any other enrollee in that same rate cell. The factors were developed at a rate cell level on a statewide basis (i.e., all regions used the same factors). The calculation relied upon retroactive claims PMPM, unique enrollee counts, and the average duration to develop the expected increase to Bayou Health claims.

Mercer reviewed the average duration of enrollees who were retroactively enrolled during 2014 using data from January 2013 to December 2014.

In some rate cells, the retroactive claims PMPM was below the base data claims PMPM. This generated an adjustment factor less than 1.0. The decision was made to not use a factor less than 1.0 on any rate cell. These implied factors (calculated) and final factors (used) are supplied in Appendix G.

Table 15 summarizes the overall adjustment by rate cell for retroactive eligibility.

**Table 15: Retroactive Eligibility Adjustment**

COA Description	Rate Cell Description	Adjustment (%)
SSI	0 - 2 Months	0.00%
SSI	3 - 11 Months	0.00%
SSI	Child 1 – 20	0.00%
SSI	Adult 21+	0.53%
Family & Children	0 - 2 Months	0.00%
Family & Children	3 - 11 Months	0.00%
Family & Children	Child 1 – 20	0.00%
Family & Children	Adult 21+	0.00%
FCC	FCC, All Ages	0.00%
BCC	BCC, All Ages	2.61%
LAP	LAP, All Ages	0.37%
HCBS	Child 0 – 20	0.00%
HCBS	Adult 21+	0.01%
CCM	CCM, All Ages	0.02%
SBH — CCM	SBH — Chisholm, All Ages Male & Female	0.00%
SBH — Duals	SBH — Dual Eligible, All Ages	0.00%
SBH — HCBS	SBH — 20 & Under, Male and Female	0.00%
SBH — HCBS	SBH — 21+ Years, Male and Female	0.00%
SBH — Other	SBH — Other, All Ages	0.00%
Maternity Kick Payment	Maternity Kick Payment	0.00%

### **Full Medicaid Pricing (FMP)**

Beginning in April 2014, DHH implemented a series of program changes to ensure consistent pricing in the Medicaid program for hospital services, including inpatient hospital, outpatient hospital, hospital-based physician, and ambulance services. This change required the use of FMP in the calculation of PMPM payments to MCOs. DHH expects this rate increase will lead to increased payments to those providers contracting with the MCOs to maintain and increase

access to inpatient hospital, outpatient hospital, hospital-based physician, and ambulance services to the enrolled Medicaid populations. Mercer and DHH reviewed the aggregate funding levels for these services between the base period and the contract period and determined that an addition to the historical data was necessary in order to ensure the capitation rate ranges reflect adequate statewide pricing levels. Separate adjustments were made to each of the four services to capture the full impact of statewide funding.

FMP adjustments were implemented for inpatient and outpatient services effective April 2014. Physician and ambulance FMP adjustments were implemented effective July 2015.

#### *Inpatient Hospital Services*

Mercer relied upon an analysis of Medicare diagnosis related group equivalent pricing of Medicaid services provided by DHH. For PH, this analysis was done for each legacy subprogram (i.e., the three legacy Prepaid plans in aggregate, and the legacy Shared Savings/FFS). A separate analysis was done for the SBH claims. The analyses relied upon encounter, Shared Savings/FFS, and LBHP data incurred from July 2013 to June 2014 and compared the adjusted Medicare payments to the Medicaid payment on a per discharge basis at each hospital. The Medicare payments were adjusted to reflect the treatment of Medicaid patients and reflected the SFY15 reimbursement schedule. The SFY14 Medicaid payments were adjusted to reflect fee changes effective in SFY15 and payments made outside of the claims system (outlier payments). Mercer applied the ratio between the two payments to the base data at a hospital-specific level. Tables 17a and 17b below show the impact of FMP on the adjusted base cost of PH and SBH inpatient hospital services, respectively.

**Table 17a: Inpatient Hospital FMP Impact (PH)**

	[A]	[B]	[C] = [A] + [B]	[D]	[E] = [D] / [C]
Time Period	Historical Cost	Historical Adjustment Dollar Impact (Table 6a)	Adjusted Cost	FMP Impact	FMP Impact as % of Adjusted Cost
CY 2013	\$608,712,298	\$10,934,243	\$619,646,540	\$435,065,137	70.21%
CY 2014	\$563,991,217	-\$1,296,978	\$562,694,239	\$413,327,440	73.46%

**Table 17b: Inpatient Hospital FMP Impact (SBH)**

	[A]	[B]	[C] = [A] + [B]	[D]	[E] = [D] / [C]
Time Period	Historical Cost	Historical Adjustment Dollar Impact	Adjusted Cost	FMP Impact	FMP Impact as % of Adjusted Cost
CY 2013	\$65,720,876	\$838,008	\$66,558,885	\$27,159,733	40.81%
CY 2014	\$60,329,251	\$1,030,195	\$61,359,446	\$21,725,797	35.41%

### *Outpatient Hospital Services*

The outpatient FMP was developed according to the State Plan using CCRs, which used reported costs and billed charges by hospital. The CCRs supplied by DHH were reported on hospital fiscal year bases, which varied by hospital from February 28, 2014 to December 31, 2014. The billed charges originated from the PH and SBH base data. Mercer applied the ratio between the base data and cost estimates at a hospital level to develop the outpatient component of the FMP. Tables 18a and 18b below show the impact of FMP on the adjusted base cost of PH and SBH outpatient hospital services, respectively.

**Table 18a: Outpatient Hospital FMP Impact (PH)**

	[A]	[B]	[C] = [A] + [B]	[D]	[E] = [D] / [C]
Time Period	Historical Cost	Historical Adjustment Dollar Impact	Adjusted Cost	FMP Impact	FMP Impact as % of Adjusted Cost
CY 2013	\$351,651,586	\$15,044,474	\$366,696,060	\$133,061,119	36.29%
CY 2014	\$371,250,343	\$13,364,559	\$384,614,902	\$142,417,061	37.03%

**Table 18b: Outpatient Hospital FMP Impact (SBH)**

	[A]	[B]	[C] = [A] + [B]	[D]	[E] = [D] / [C]
Time Period	Historical Cost	Historical Adjustment Dollar Impact	Adjusted Cost	FMP Impact	FMP Impact as % of Adjusted Cost
CY 2013	\$6,831,512	-\$306,525	\$6,524,987	\$939,767	14.40%
CY 2014	\$8,965,414	-\$92,370	\$8,873,044	\$704,437	7.94%

### *Hospital-Based Physician Services*

. Mercer performed an analysis of hospital-based physician services provided at participating facilities by participating physicians compared to the average commercial rates for the same

services according to the State Plan methodology. The average commercial rates are maintained by DHH and updated periodically. For state-owned or operated entities, average commercial rate factors are updated annually. DHH provided state-owned conversion factors for RY 2016. For non-state owned or operated entities, the average commercial rate factors are indexed to Medicare rates and updated every 3 years. DHH provided the latest available non-state factors, which were last updated as recently as December 2015. Tables 19a and 19b below show the impact of FMP on the adjusted base cost of PH and SBH hospital-based physician services meeting the State Plan's criteria for FMP.

**Table 19a: Hospital-Based Physician FMP Impact (PH)**

	[A]	[B]	[C] = [A] + [B]	[D]	[E] = [D] / [C]
Time Period	Historical Cost	Historical Adjustment Estimated Dollar Impact	Adjusted Cost	FMP Impact	FMP Impact as % of Adjusted Cost
CY 2013	\$87,306,690	\$1,863,766	\$89,170,456	\$85,986,130	96.43%
CY 2014	\$88,124,993	\$0	\$88,124,993	\$85,883,764	97.46%

**Table 19b: Hospital-Based Physician FMP Impact (SBH)**

	[A]	[B]	[C] = [A] + [B]	[D]	[E] = [D] / [C]
Time Period	Historical Cost	Historical Adjustment Dollar Impact	Adjusted Cost	FMP Impact	FMP Impact as % of Adjusted Cost
CY 2013	\$546,936	\$0	\$546,936	\$387,827	70.91%
CY 2014	\$639,270	\$0	\$639,270	\$298,063	46.63%

### *Ambulance Services*

Mercer performed an analysis of ambulance services utilized by Medicaid enrollees according to the State Plan using Medicare fee schedules and average commercial rates as a percentage of Medicare. Ambulance providers were classified as either Large Urban Governmental (LUG) or non-LUGs. LUGs have historically received 100% of the gap between average commercial rate and the Medicaid fee schedule while non-LUGs have historically received 17.35% of the gap. Mercer developed increases using these assumed funding levels. Average commercial rates as a percentage of Medicare were provided by DHH for RY 2016. According to the State Plan, average commercial rates are updated every three years. No ambulance services meeting the State Plan's criteria were found in the SBH claims experience. Tables 20a below shows the

impact of FMP on the adjusted base cost of PH ambulance services meeting the State Plan's criteria for FMP,

**Table 20a: Ambulance FMP Impact (PH)**

	[A]	[B]	[C] = [A] + [B]	[D]	[E] = [D] / [C]
Time Period	Historical Cost	Historical Adjustment Estimated Dollar Impact	Adjusted Cost	FMP Impact	FMP Impact as % of Adjusted Cost
CY 2013	\$27,841,853	\$594,350	\$28,436,203	\$13,028,188	45.82%
CY 2014	\$30,278,811	\$0	\$30,278,811	\$15,197,450	50.19%

As part of the rate development process, Mercer blended the CY 2013 and CY 2014 projected claims PMPM inclusive of the FMP amounts. The overall PMPM impact on final projected claims is summarized in Table 21 below:

**Table 21: FMP PMPM Impact**

[A] [B] [C] [D] = [A]+[B]+[C]					
Full Medicaid Pricing PMPM Impact					
COA Description	CY 2014 MMs	Hospital (IP/OP)	Ambulance	Physician	Total
SSI	1,391,195	\$157.13	\$6.65	\$20.42	\$184.20
F&C	9,538,623	\$25.26	\$0.94	\$5.22	\$31.42
FCC	126,475	\$14.37	\$1.24	\$4.09	\$19.70
BCC	13,070	\$511.90	\$3.16	\$44.45	\$559.50
LAP	40,170	\$12.14	\$0.41	\$3.61	\$16.16
HCBS Waiver	77,066	\$106.68	\$6.83	\$13.80	\$127.32
CCM	69,175	\$73.30	\$2.73	\$8.51	\$84.54
SBH – CCM	70,181	\$0.00	\$0.00	\$0.00	\$0.00
SBH - Dual Eligible	1,117,726	\$0.73	\$0.00	\$0.06	\$0.79
SBH - HCBS Waiver	77,066	\$10.68	\$0.00	\$0.08	\$10.76
SBH – Other	36,202	\$61.19	\$0.00	\$0.28	\$61.47
Maternity Kick Payment	37,712	\$3,203.67	\$0.00	\$378.61	\$3,582.28
<b>Total<sup>1</sup></b>	<b>12,556,949</b>	<b>\$48.30</b>	<b>\$1.52</b>	<b>\$7.61</b>	<b>\$57.43</b>

Notes

1- The total line and composite PMPMs duplicate the voluntary opt-in membership

### ***Non-Medical Expense Load***

The actuarially sound capitation rate ranges developed include a provision for MCO administration and other non-medical expenses. Mercer reviewed historical Prepaid plan expense data and relied on its professional experience in working with numerous State Medicaid programs to develop the administrative load. The load for each rate cell was determined using a fixed and variable cost model. Under this model, a fixed administrative expense is attributed to each rate cell, which reflects program requirements, such as state-mandated staffing, and other indirect operational expenses. Added to this is a variable administrative amount, based on claims volume. In development of the PH Program rate cells, the variable administrative amount on each rate cell was determined by using 2% of pharmacy claim costs plus 5.66% of all other medical costs. Maternity kick payment rate cells have only the variable medical cost administrative load. For the SBH program, the variable administrative amount on each rate cell was determined using 4.77% of the covered claims expense. This methodology results in administrative expense loads that vary as a percentage by rate cell. The resulting variance in administrative expense determined using this methodology results in a higher allocation of administrative expenses on the rate cells with higher utilization, which Mercer believes is more accurate in reflecting the drivers of plan administration requirements.

Mercer reviewed plan financial information provided by the Prepaid plans to develop administrative cost expectations. The development included consideration for increases in expenses including items such as additional case management due to claims volume and increases in staff compensation over time. The administrative development also included an expected increase in staffing and operational expenses associated with the inclusion of SBH services and the new SBH program population. Final Administrative cost expectation was \$23.63 to \$24.84 PMPM.

Additionally, provision has been made in the rate development for a 2.00% underwriting gain calculated before applying any adjustment for FMP. Final rates also include provision for Louisiana's 2.25% premium tax. The FMP PMPMs include provision for premium tax only.

### ***Risk Adjustment***

Risk adjustment will be applied to the rates in Appendix A to reflect differences in health status of the members served in each MCO using the Adjusted Clinical Groups (ACG) model. The risk adjustment process does not increase nor decrease the overall cost of the program, but can change the distribution across the various Bayou Health MCOs according to the relative risk of their enrolled members. Table 21 shows the rate cells that will be risk adjusted.

**Table 21: Risk-Adjusted Rate Cells**

<b>SSI</b>	
Child, 1–20 Years, Male & Female	Adult, 21+ Years, Male & Female
<b>Family and Children (TANF)</b>	
Child, 1–20 Years, Male & Female	Adult, 21+ Years, Male & Female
<b>FCC</b>	
All Ages, Male & Female	
<b>LAP</b>	
All Ages, Male & Female	

### ***Voluntary Opt-In Adjustment***

It is unclear at this time if there will be a material difference in the risk profile of the Opt-in population from the historical FFS population. Therefore, Mercer made no adjustments for selection risk in the development of the HCBS and CCM rates.

### ***Federal Health Insurer Fee***

Section 9010 of the ACA established a health insurance provider fee (HIPF), which applies to certain for-profit/tax-paying health insurers. For-profit Medicaid health plans are not exempt from the HIPF, which will become a cost of doing business that is appropriate to recognize in actuarially sound capitation rates.

At the time of this certification, many aspects of the calculation and application of this fee are not yet determined and/or finalized. These fees will be calculated and become payable sometime during the third quarter of 2017. As these fees are not yet defined by insurer and by marketplace, no adjustment has been made in the rate range development for the Bayou Health program. An adjustment and revised certification will be considered when the fee amount and impacted entities applicable to this rate period are announced in 2017.

## **Section 3: Certification of Final Rate Ranges**

In preparing the rate ranges shown in Attachment A, Mercer has used and relied upon enrollment, FFS claims, encounter data, reimbursement level, benefit design, and other information supplied by DHH and its fiscal agent. DHH, its fiscal agent, and the Prepaid plans are responsible for the validity and completeness of the data supplied. We have reviewed the data and information for internal consistency and reasonableness, but we did not audit them. In our opinion they are appropriate for the intended purposes. If the data and information are incomplete or inaccurate, the values shown in this report may need to be revised accordingly.

Mercer certifies that the rates in Attachment A were developed in accordance with generally accepted actuarial practices and principles and are appropriate for the Medicaid covered populations and services under the managed care contract. Rate estimates provided are based upon the information available at a point in time and are subject to unforeseen and random events. Therefore, any projection must be interpreted as having a likely range of variability from the estimate. The undersigned actuaries are members of the American Academy of Actuaries and meet its qualification standards to certify to the actuarial soundness of Medicaid managed care capitation rates.

Rates and ranges developed by Mercer are actuarial projections of future contingent events. Actual Bayou Health MCO costs will differ from these projections. Mercer has developed these rates on behalf of DHH to demonstrate compliance with the CMS requirements under 42 CFR 438.6(c), and in accordance with applicable law and regulations. Use of these rate ranges for any purpose beyond that stated may not be appropriate.

Bayou Health MCOs are advised that the use of these rate ranges may not be appropriate for their particular circumstance and Mercer disclaims any responsibility for the use of these rate ranges by Bayou Health MCOs for any purpose. Mercer recommends that any Bayou Health MCO considering contracting with DHH should analyze its own projected medical expense, administrative expense, and any other premium needs for comparison to these rate ranges before deciding whether to contract with DHH.

This certification letter assumes the reader is familiar with the Bayou Health Program, Medicaid eligibility rules, and actuarial rate-setting techniques. It is intended for DHH and CMS, and should not be relied upon by third parties. Other readers should seek the advice of actuaries or other qualified professionals competent in the area of actuarial rate projections to understand the technical nature of these results.

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February 26, 2016  
Ms. Amanda Joyner  
Louisiana Department of Health and Hospitals

If you have any questions on any of the information provided, please feel free to call us at  
+1 404 442 3358 or +1 404 442 3517.

Sincerely,

A handwritten signature in blue ink, appearing to read 'J. Simons'.

Jaredd Simons, ASA, MAAA  
Senior Associate Actuary

A handwritten signature in blue ink, appearing to read 'Erik Axelsen'.

Erik Axelsen, ASA, MAAA  
Senior Associate Actuary

Appendix E

## Appendix A: Bayou Health Capitation Rate Range

Region Description	COA Description	Rate Cell Description	CY 2014 MMs or Deliveries	Lower Bound PMPM or Cost per Delivery	Upper Bound PMPM or Cost per Delivery
Gulf	SSI	0 - 2 Months	499	\$27,754.36	\$28,393.93
Gulf	SSI	3 - 11 Months	2,016	\$7,250.16	\$7,411.77
Gulf	SSI	Child 1 - 20	140,382	\$700.51	\$733.78
Gulf	SSI	Adult 21+	268,331	\$1,240.93	\$1,280.94
Gulf	Family & Children	0 - 2 Months	48,751	\$1,705.49	\$1,754.55
Gulf	Family & Children	3 - 11 Months	108,391	\$272.54	\$283.77
Gulf	Family & Children	Child 1 - 20	2,120,899	\$156.41	\$164.78
Gulf	Family & Children	Adult 21+	388,455	\$323.40	\$337.82
Gulf	Foster Care Children	FCC, All Ages	23,352	\$518.08	\$552.29
Gulf	BCC	BCC, All Ages	3,937	\$2,262.84	\$2,339.95
Gulf	LAP	LAP, All Ages	10,244	\$184.94	\$194.58
Gulf	HCBS	Child 0 - 20	7,178	\$1,835.37	\$1,963.45
Gulf	HCBS	Adult 21+	13,626	\$1,066.32	\$1,121.51
Gulf	CCM	CCM, All Ages	16,983	\$1,149.31	\$1,233.62
Gulf	SBH — CCM	SBH — CCM, All Ages Male & Female	17,167	\$157.40	\$170.00
Gulf	SBH —Duals	SBH — Dual Eligible, All Ages	299,337	\$28.06	\$29.15
Gulf	SBH —HCBS	SBH — 20 & Under, Male and Female	7,178	\$77.72	\$83.18
Gulf	SBH —HCBS	SBH — 21+ Years, Male and Female	13,626	\$84.70	\$87.56
Gulf	SBH —Other	SBH — Other, All Ages	7,536	\$231.08	\$237.77
Gulf	Maternity Kick Payment	Maternity Kick Payment	10,549	\$10,181.22	\$10,314.75
Gulf	EED Kick Payment	EED Kick Payment	N/A	\$6,147.52	\$6,193.37
Capital	SSI	0 - 2 Months	384	\$27,754.36	\$28,393.93
Capital	SSI	3 - 11 Months	1,488	\$7,250.16	\$7,411.77
Capital	SSI	Child 1 - 20	104,301	\$700.95	\$735.88

Region Description	COA Description	Rate Cell Description	CY 2014 MMs or Deliveries	Lower Bound PMPM or Cost per Delivery	Upper Bound PMPM or Cost per Delivery
Capital	SSI	Adult 21+	195,553	\$1,295.40	\$1,340.11
Capital	Family & Children	0 - 2 Months	42,461	\$1,950.22	\$2,000.49
Capital	Family & Children	3 - 11 Months	96,528	\$268.36	\$279.79
Capital	Family & Children	Child 1 - 20	1,914,036	\$164.35	\$173.17
Capital	Family & Children	Adult 21+	288,647	\$379.69	\$396.66
Capital	Foster Care Children	FCC, All Ages	33,498	\$518.08	\$552.29
Capital	BCC	BCC, All Ages	3,825	\$2,262.84	\$2,339.95
Capital	LAP	LAP, All Ages	10,876	\$184.94	\$194.58
Capital	HCBS	Child 0 - 20	7,499	\$1,835.37	\$1,963.45
Capital	HCBS	Adult 21+	12,294	\$1,066.32	\$1,121.51
Capital	CCM	CCM, All Ages	17,068	\$1,149.31	\$1,233.62
Capital	SBH — CCM	SBH — CCM, All Ages Male & Female	17,176	\$157.40	\$170.00
Capital	SBH — Duals	SBH — Dual Eligible, All Ages	239,197	\$21.80	\$22.64
Capital	SBH — HCBS	SBH — 20 & Under, Male and Female	7,499	\$77.72	\$83.18
Capital	SBH — HCBS	SBH — 21+ Years, Male and Female	12,294	\$84.70	\$87.56
Capital	SBH — Other	SBH — Other, All Ages	8,412	\$231.08	\$237.77
Capital	Maternity Kick Payment	Maternity Kick Payment	9,280	\$9,708.88	\$9,826.44
Capital	EED Kick Payment	EED Kick Payment	N/A	\$6,642.09	\$6,692.99
South Central	SSI	0 - 2 Months	466	\$27,754.36	\$28,393.93
South Central	SSI	3 - 11 Months	1,871	\$7,250.16	\$7,411.77
South Central	SSI	Child 1 - 20	108,433	\$682.40	\$715.83
South Central	SSI	Adult 21+	237,953	\$1,162.63	\$1,200.74

Region Description	COA Description	Rate Cell Description	CY 2014 MMs or Deliveries	Lower Bound PMPM or Cost per Delivery	Upper Bound PMPM or Cost per Delivery
South Central	Family & Children	0 - 2 Months	46,634	\$2,065.71	\$2,116.67
South Central	Family & Children	3 - 11 Months	104,955	\$276.80	\$288.29
South Central	Family & Children	Child 1 - 20	2,083,138	\$160.35	\$168.72
South Central	Family & Children	Adult 21+	299,789	\$349.04	\$364.86
South Central	Foster Care Children	FCC, All Ages	44,797	\$518.08	\$552.29
South Central	BCC	BCC, All Ages	2,747	\$2,262.84	\$2,339.95
South Central	LAP	LAP, All Ages	12,678	\$184.94	\$194.58
South Central	HCBS	Child 0 - 20	6,786	\$1,835.37	\$1,963.45
South Central	HCBS	Adult 21+	14,109	\$1,066.32	\$1,121.51
South Central	CCM	CCM, All Ages	18,278	\$1,149.31	\$1,233.62
South Central	SBH — CCM	SBH — CCM, All Ages Male & Female	18,709	\$157.40	\$170.00
South Central	SBH — Duals	SBH — Dual Eligible, All Ages	323,040	\$19.12	\$19.84
South Central	SBH — HCBS	SBH — 20 & Under, Male and Female	6,786	\$77.72	\$83.18
South Central	SBH — HCBS	SBH — 21+ Years, Male and Female	14,109	\$84.70	\$87.56
South Central	SBH — Other	SBH — Other, All Ages	10,727	\$231.08	\$237.77
South Central	Maternity Kick Payment	Maternity Kick Payment	10,188	\$8,394.53	\$8,516.38
South Central	EED Kick Payment	EED Kick Payment	N/A	\$5,099.23	\$5,149.46

Region Description	COA Description	Rate Cell Description	CY 2014 MMs or Deliveries	Lower Bound PMPM or Cost per Delivery	Upper Bound PMPM or Cost per Delivery
North	SSI	0 - 2 Months	442	\$27,754.36	\$28,393.93
North	SSI	3 - 11 Months	1,700	\$7,250.16	\$7,411.77
North	SSI	Child 1 - 20	119,014	\$732.77	\$771.83
North	SSI	Adult 21+	208,362	\$1,075.63	\$1,109.86
North	Family & Children	0 - 2 Months	35,265	\$1,972.31	\$2,023.24
North	Family & Children	3 - 11 Months	81,697	\$275.01	\$286.45
North	Family & Children	Child 1 - 20	1,639,346	\$161.97	\$171.11
North	Family & Children	Adult 21+	239,631	\$323.39	\$338.14
North	Foster Care Children	FCC, All Ages	24,828	\$518.08	\$552.29
North	BCC	BCC, All Ages	2,561	\$2,262.84	\$2,339.95
North	LAP	LAP, All Ages	6,372	\$184.94	\$194.58
North	HCBS	Child 0 - 20	4,318	\$1,835.37	\$1,963.45
North	HCBS	Adult 21+	11,256	\$1,066.32	\$1,121.51
North	CCM	CCM, All Ages	16,846	\$1,149.31	\$1,233.62
North	SBH — CCM	SBH — CCM, All Ages Male & Female	17,129	\$157.40	\$170.00
North	SBH — Duals	SBH — Dual Eligible, All Ages	256,152	\$20.52	\$21.30
North	SBH — HCBS	SBH — 20 & Under, Male and Female	4,318	\$77.72	\$83.18
North	SBH — HCBS	SBH — 21+ Years, Male and Female	11,256	\$84.70	\$87.56
North	SBH — Other	SBH — Other, All Ages	9,527	\$231.08	\$237.77
North	Maternity Kick Payment	Maternity Kick Payment	7,696	\$8,994.52	\$9,112.86
North	EED Kick Payment	EED Kick Payment	N/A	\$5,614.41	\$5,659.32

## Appendix B: Bayou Health Eligibility Designation

COA/Eligibility Category Name	Mandatory	Voluntary Opt-In	SBH & NEMT	Excluded
<b>SSI (ABD)</b>				
Physical health Hospitals (LOS > 30 days)	●			
BPL (Walker vs. Bayer)	●			
CSOC	●			
Disability Medicaid	●			
Disabled Adult Child	●			
DW/W	●			
Early Widow/Widowers	●			
Family Opportunity Program	●			
Former SSI	●			
Medicaid Buy-In Working Disabled (Medicaid Purchase Plan)	●			
PICKLE	●			
Provisional Medicaid	●			
Section 4913 Children	●			
SGA Disabled W/W/DS	●			
SSI	●			
SSI Conversion	●			
Tuberculosis	●			
<b>SSI (Office of Community Service (OCS) Foster Care, IV-E OCS/Office of Youth Development (OYD) and OCS/OYD (XIX))</b>				
Foster Care IV-E — Suspended SSI	●			
SSI	●			
<b>TANF (Families and Children, Low Income Families with Children (LIFC))</b>				
CHAMP — Child	●			
CHAMP — Pregnant Woman (to 133% of Federal Poverty Income Guidelines (FPIG))	●			
CHAMP — Pregnant Woman Expansion (to 185% FPIG)	●			

COA/Eligibility Category Name	Mandatory	Voluntary Opt-In	SBH & NEMT	Excluded
Deemed Eligible	●			
ELE — Food Stamps (Express Lane Eligibility — Food Stamps)	●			
Grant Review	●			
LaCHIP Phase 1	●			
LaCHIP Phase 2	●			
LaCHIP Phase 3	●			
LaCHIP Phase IV —Pregnant Women Expansion	●			
HPE LaCHIP	●			
HPE LaCHIP Unborn	●			
LIFC — Unemployed Parent/CHAMP	●			
LIFC Basic	●			
PAP - Prohibited Aid for Families with Dependent Children Provisions	●			
Pregnant women with income greater than 118% of Federal Poverty Level (FPL) and less than or equal to 133% of FPL	●			
Regular MNP	●			
HPE Children under age 19	●			
Transitional Medicaid	●			
HPE Parent/Caretaker Relative	●			
<b>FCC (Families and Children)</b>				
Former Foster Care Children	●			
HPE Former Foster Care	●			
Youth Aging Out of Foster Care (Chaffee Option)	●			
<b>FCC (OCS Foster Care, IV-E OCS/OYD and OCS/OYD (XIX))</b>				
CHAMP — Child	●			
CHAMP — Pregnant Woman (to 133% of FPIG)*	●			
IV-E Foster Care	●			

COA/Eligibility Category Name	Mandatory	Voluntary Opt-In	SBH & NEMT	Excluded
LaCHIP Phase 1	●			
OYD — V Category Child	●			
Regular Foster Care Child	●			
YAP (Young Adult Program)	●			
YAP/OYD	●			
<b>BCC (Families and Children)</b>				
Breast and/or Cervical Cancer	●			
HPE B/CC	●			
<b>LAP (Families and Children)</b>				
LaCHIP Affordable Plan	●			
<b>HCBS Waiver</b>				
ADHC		●	●	
Children's Waiver — Louisiana CC		●	●	
Community Choice Waiver		●	●	
NOW — SSI		●	●	
NOW Fund		●	●	
NOW — Non-SSI		●	●	
ROW — Non-SSI		●	●	
ROW — SSI		●	●	
SSI Children's Waiver — Louisiana CC		●	●	
SSI Community Choice Waiver		●	●	
SSI NOW Fund		●	●	
SSI/ADHC		●	●	
Supports Waiver		●	●	
Supports Waiver SSI		●	●	
<b>CCM</b>				
CCM*		●	●	
<b>SBH — Other</b>				
LTC			●	
LTC MNP/Transfer of Resources			●	
LTC Payment Denial/Late Admission Packet			●	

COA/Eligibility Category Name	Mandatory	Voluntary Opt-In	SBH & NEMT	Excluded
LTC Spend-Down MNP			●	
Private ICF/DD			●	
Public ICF/DD			●	
SSI Payment Denial/Late Admission			●	
SSI Transfer of Resource(s)/LTC			●	
SSI/LTC			●	
SSI/Private ICF/DD			●	
SSI/Public ICF/DD			●	
Transfer of Resource(s)/LTC			●	
Excess Home Equity SSI Under SIL			●	
Excess Home Equity SSI Under SIL-Reg LTC			●	
QDWI			●	
<b>SBH — Dual Eligibles</b>				
Dual Eligibles**			●	
<b>Excluded</b>				
CHAMP Presumptive Eligibility				●
DD Waiver				●
Denied SSI Prior Period				●
Disabled Adults Authorized for Special Hurricane Katrina Assistance				●
EDA Waiver				●
Family Planning — New Eligibility/Non-LaMOMS				●
Family Planning — Previous LaMOMS Eligibility				●
Family Planning/Take Charge Transition				●
Forced Benefits				●
GNOCHC Adult Parent				●
GNOCHC Childless Adult				●
HPE Family Planning				●
HPE Take Charge Plus				●
LBHP — Adult 1915(i)				●

COA/Eligibility Category Name	Mandatory	Voluntary Opt-In	SBH & NEMT	Excluded
LTC Co-Insurance				●
LTC Spend-Down MNP (Income > Facility Fee)				●
OCS Child Under Age 18 (State Funded)				●
OYD (Office of Youth Development)				●
PACE SSI				●
PACE SSI-related				●
PCA Waiver				●
Private ICF/DD Spend-Down MNP				●
Private ICF/DD Spend-Down MNP/Income Over Facility Fee				●
Public ICF/DD Spend-Down MNP				●
QI-1 (Qualified Individual — 1)				●
QI-2 (Qualified Individual — 2) (Program terminated 12/31/2002)				●
QMB				●
SLMB				●
Spend-Down MNP				●
Spend-Down Denial of Payment/Late Packet				●
SSI Conversion/Refugee Cash Assistance (RCA)/LIFC Basic				●
SSI DD Waiver				●
SSI PCA Waiver				●
SSI/EDA Waiver				●
State Retirees				●
Terminated SSI Prior Period				●

\* Individuals under the age of 21 otherwise eligible for Medicaid who are listed on the OCDD's Request for Services Registry who are CCM.

\*\* Dual eligibles included in Bayou Health for SBH and NEMT services must be in a mandatory, voluntary opt-in or SBH and NEMT population listed above in Attachment C. They must also be eligible for Medicare, which is identified based on the Medicare Duals Eligibility table supplied by DHH's fiscal agent. Dually eligible individuals are represented by Dual Status code 02, 04, and 08.

## Appendix C: Bayou Health Covered Services

**Table 1: PH Program**

Medicaid COS	Units of Measurement	Completion COS
Inpatient Hospital	Days	Inpatient
Outpatient Hospital	Claims	Outpatient
Primary Care Physician	Visits	Physician
Specialty Care Physician	Visits	Physician
Federally Qualified Health Center (FQHC)/Rural Health Clinic (RHC)	Visits	Physician
EPSDT	Visits	Physician
Certified Nurse Practitioners/Clinical Nurse	Claims	Physician
Lab/Radiology	Units	Other
Home Health	Visits	Other
Emergency Transportation	Units	Transportation
NEMT	Units	Transportation
Rehabilitation Services (Occupational Therapy, Physical Therapy, Speech Therapy)	Visits	Other
DME	Units	Other
Clinic	Claims	Physician
Family Planning	Visits	Physician
Other	Units	Other
Prescribed Drugs	Scripts	Prescribed Drugs
Emergency Room	Visits	Outpatient
Basic Behavioral Health	Claims	Physician
Hospice*	Admits	Inpatient
Personal Care Services (Age 0–20)*	Units	Physician
Inpatient Services — Mental Health*	Days	Inpatient
Emergency Room — Mental Health*	Visits	Other
Professional/Other — Mental Health*	Units	Other

\* Services that were excluded during the base periods from the Bayou Health program and now are included.

**Table 2: SBH Program**

Medicaid COS	Units of Measurement	Completion COS
Inpatient Services — Mental Health*	Days	SBH Inpatient
Emergency Room — Mental Health*	Visits	SBH Other
Professional/Other — Mental Health*	Units	SBH Other
NEMT	Units	Transportation

\* Services that were excluded during the base periods from the Bayou Health program and now are included.

## Appendix D: PMPM Impact of Behavioral Health MSP

COA Description	CY 2014 MMs	Blended PMPM	MSP PMPM	MSP Adjustment
SBH — Chisholm Class Members	70,181	\$89.58	-\$4.19	-4.70%
SBH — Dual Eligible	1,117,726	\$15.38	-\$0.36	-2.30%
SBH — HCBS Waiver	77,066	\$53.34	-\$3.23	-6.10%
SBH — Other	36,202	\$141.59	-\$7.64	-5.40%
<b>Total SBH Only COAs</b>	<b>1,301,175</b>	<b>\$25.14</b>	<b>-\$0.94</b>	<b>-3.70%</b>

## Appendix E: Trends by utilization, unit cost and PMPM

Table 1: PH Covered Services

COS Group	SSI/BCC/HCBS					
	Unit Cost		Utilization		PMPM	
	Low	High	Low	High	Low	High
Inpatient					0.00%	1.00%
Outpatient	7.00%	8.00%	1.00%	2.00%	8.07%	10.16%
Physician	1.58%	2.58%	0.47%	1.47%	2.06%	4.09%
Transportation					8.20%	11.18%
Pharmacy					8.83%	9.83%
Other	3.85%	5.56%	9.57%	10.56%	13.78%	16.71%
Maternity Kickpayment						

COS Group	F&C/FCC/LAP/CCM					
	Unit Cost		Utilization		PMPM	
	Low	High	Low	High	Low	High
Inpatient					0.00%	1.00%
Outpatient	4.00%	6.00%	0.00%	1.00%	4.00%	7.06%
Physician	1.26%	2.84%	0.00%	1.00%	1.26%	3.87%
Transportation					9.71%	12.88%
Pharmacy					4.00%	5.00%
Other	1.24%	2.56%	4.60%	6.60%	5.90%	9.33%
Maternity Kickpayment						

COS Group	Maternity Kickpayment					
	Unit Cost		Utilization		PMPM	
	Low	High	Low	High	Low	High
Inpatient						
Outpatient						
Physician						
Transportation						
Pharmacy						
Other						
Maternity Kickpayment	0.00%	1.00%	0.00%	0.00%	0.00%	1.00%

## Appendix E: Trends by utilization, unit cost and PMPM

Table 2: SBH Trends

Mapped_COA_Desc	Rate_Cell_Code	PMPM Trend			
		SBH Services		NEMT Services	
		Low	High	Low	High
SSI	Newborn, 0-2 Months	29.00%	34.00%		
SSI	Newborn, 3-11 Months	29.00%	34.00%		
SSI	Child, 1-20 Years	29.00%	34.00%		
SSI	Adult, 21+ Years	4.00%	6.00%		
Family and Children	Newborn, 0-2 Months	29.00%	34.00%		
Family and Children	Newborn, 3-11 Months	29.00%	34.00%		
Family and Children	Child, 1-20 Years	29.00%	34.00%		
Family and Children	Adult, 21+ Years	4.00%	6.00%		
Foster Care Children	Foster Care, All Ages Male & Female	29.00%	34.00%		
Breast and Cervical Cancer	BCC, All Ages Female	4.00%	6.00%		
LaCHIP Affordable Plan	All Ages	29.00%	34.00%		
HCBS Waiver	20 & Under, Male and Female	29.00%	34.00%		
HCBS Waiver	21+ Years, Male and Female	4.00%	6.00%		
Chisholm Class Members	Chisholm, All Ages Male & Female	29.00%	34.00%		
Chisholm Class Members	Chisholm, All Ages Male & Female	29.00%	34.00%	10.00%	12.00%
Dual Eligible	Dual Eligible, All Ages	4.00%	6.00%	15.00%	17.00%
HCBS Waiver	20 & Under, Male and Female	29.00%	34.00%	10.00%	12.00%
HCBS Waiver	21+ Years, Male and Female	4.00%	6.00%	10.00%	12.00%
Other	Other, All Ages	4.00%	6.00%	10.00%	12.00%
Kickpayment	Kickpayment				

## Appendix F: Managed Care Savings Assumptions

Table 1: Managed Care Savings Assumptions

COS Description	HCBS Waiver/CCM						Historically VOO					
	Utilization			Unit Cost			PMPM			Utilization		
	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High
IP Hospital	-12.50%	-10.00%	1.00%	5.00%	-11.63%	-5.50%	-11.63%	-5.50%	-15.00%	1.00%	3.00%	-19.20%
OP Hospital	-10.00%	-7.50%	1.00%	3.00%	-9.10%	-4.72%	-9.10%	-4.72%	10.00%	5.00%	7.00%	-25.00%
PCP	2.50%	5.00%	5.00%	7.00%	-12.50%	-8.20%	-12.50%	-8.20%	0.00%	0.00%	2.00%	0.00%
Specialty Care Physician	-12.50%	-10.00%	0.00%	2.00%	0.00%	4.55%	0.00%	4.55%	10.00%	5.00%	7.00%	10.25%
FQHC/Rural Health Clinic	0.00%	2.50%	0.00%	7.00%	5.00%	7.00%	5.00%	7.00%	10.00%	5.00%	7.00%	17.70%
EPSTD	0.00%	0.00%	5.00%	7.00%	-10.00%	-3.10%	-10.00%	-3.10%	0.00%	0.00%	2.00%	0.00%
CNP/CN	2.50%	5.00%	0.00%	2.00%	0.00%	0.00%	0.00%	0.00%	-10.00%	0.00%	2.00%	0.00%
Lab/Radiology	-10.00%	-5.00%	0.00%	2.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	2.00%	0.00%
Home Health	0.00%	0.00%	0.00%	2.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	2.00%	0.00%
Emergency Transportation	-5.00%	-2.50%	0.00%	2.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	2.00%	0.00%
NEMT <sup>1</sup>	0.00%	2.50%	0.00%	2.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	2.00%	0.00%
Rehabilitation Services (OT, PT, ST)	-5.00%	-2.50%	0.00%	2.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	2.00%	0.00%
Durable Medical Equipment (DME) <sup>1</sup>	-10.00%	-7.50%	0.00%	2.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	2.00%	0.00%
Clinic	-10.00%	-7.50%	0.00%	2.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	2.00%	0.00%
Family Planning	0.00%	2.50%	0.00%	2.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	2.00%	0.00%
Other	0.00%	2.50%	0.00%	2.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	2.00%	0.00%
Prescribed Drugs	-10.39%	-10.39%	0.00%	0.00%	-10.39%	-10.39%	-10.39%	-10.39%	0.00%	0.00%	2.00%	0.00%
Emergency Room	-12.50%	-10.00%	5.00%	7.00%	-8.12%	-3.70%	-8.12%	-3.70%	0.00%	0.00%	2.00%	0.00%
Basic Behavioral Health	0.00%	0.00%	0.00%	2.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	2.00%	0.00%
Hospice	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	2.00%	0.00%
Personal Care Services <sup>2</sup>					-10.00%	-5.00%	-10.00%	-5.00%				

Table 2: Inpatient Managed Care Savings Assumptions by COA

1 - IP Hospital	Utilization			Unit Cost			PMPM		
	Low	High	Low	High	Low	High	Low	High	High
SSI/FCC/BCC/LaCHIP	-25.00%	-20.00%	1.00%	5.00%	-24.28%	-16.00%	-24.28%	-16.00%	-21.25%
Family and Children	-30.00%	-25.00%	1.00%	5.00%	-29.30%	-21.25%	-29.30%	-21.25%	-21.25%

Table 3: Prescribed Drugs Managed Care Savings Assumptions by COA

2 - Prescribed Drugs	Utilization			Unit Cost			PMPM		
	Low	High	Low	High	Low	High	Low	High	High
SSI	-20.78%	-20.78%	-5.57%	-5.57%	-25.19%	-25.19%	-25.19%	-25.19%	-25.19%
Family and Children	-23.11%	-23.11%	-2.65%	-2.65%	-25.15%	-25.15%	-25.15%	-25.15%	-25.15%
Foster Care Children	-18.50%	-18.50%	-1.53%	-1.53%	-19.75%	-19.75%	-19.75%	-19.75%	-19.75%
Breast and Cervical Cancer	-12.45%	-12.45%	-8.71%	-8.71%	-20.07%	-20.07%	-20.07%	-20.07%	-20.07%
LaCHIP Affordable Plan	-20.78%	-20.78%	-5.57%	-5.57%	-25.19%	-25.19%	-25.19%	-25.19%	-25.19%

Table 4: Hospice Managed Care Savings Assumptions by COA

3 - Hospice	Utilization			Unit Cost			PMPM		
	Low	High	Low	High	Low	High	Low	High	High
SSI/FCC/BCC/LaCHIP	-25.00%	-20.00%	1.00%	5.00%	-24.25%	-16.00%	-24.25%	-16.00%	-21.25%
Family and Children	-30.00%	-25.00%	1.00%	5.00%	-29.30%	-21.25%	-29.30%	-21.25%	-21.25%

### Notes

1 – Managed care savings adjustments were applied to NEMT and DME services incurred by the Legacy Shared Savings program populations, as these services were not historically covered under the Shared Savings program.

2 – Managed care savings adjustments were applied to Personal Care Services incurred by the Legacy Shared Savings and Prepaid programs populations, as these services were not historically covered under the Shared Savings program.

## Appendix G: Retro-Active Eligibility Adjustment Factors Development

Table 1: Monthly Duration Calculation Example – SSI Population

Unique Recipient Count		First Month of Enrollment in Bayou Health in 2014												Overall CY14	
Retroactive Eligibility Months		January	February	March	April	May	June	July	August	September	October	November	December		
1		29	120	81	106	96	118	95	112	105	139	137	82	1,220	
2		14	67	78	68	59	95	75	79	79	120	81	57	872	
3		13	46	52	42	47	56	54	67	66	57	79	41	620	
4		10	63	48	47	51	75	67	78	72	90	104	45	750	
5		10	67	54	67	59	68	67	122	91	86	87	68	846	
6		7	55	44	50	54	71	63	106	175	92	90	43	850	
7		11	30	41	74	49	51	36	75	78	94	76	43	658	
8		3	26	18	39	43	39	25	46	62	65	100	26	492	
9		6	13	7	14	19	34	28	82	69	39	54	32	397	
10		1	8	7	14	21	32	14	57	69	64	33	30	350	
11		1	37	38	50	47	56	42	59	69	55	45	42	541	
12		18	7	15	11	20	17	11	25	9	11	20	7	171	
Grand Total: [A]		123	539	483	582	565	712	577	908	944	912	906	516	7,767	
Retro Member Months: [B]		620	2,415	2,281	2,969	3,003	3,657	2,826	5,179	5,474	4,798	4,810	2,740	40,772	
Avg. Retro Duration: [C] = [B] / [A]		5.0	4.5	4.7	5.1	5.3	5.1	4.9	5.7	5.8	5.3	5.3	5.3	5.2	

## Appendix G: Retro-Active Eligibility Adjustment Factors Development

Table 2a: Retroactive Member Months by COA

COA Description	First Month of Enrollment in Bayou Health in 2014												Overall CY14
	January	February	March	April	May	June	July	August	September	October	November	December	
SSI	620	2,415	2,281	2,969	3,003	3,657	2,826	5,179	5,474	4,798	4,810	2,740	40,772
F&C	3,812	9,554	6,718	12,481	17,455	14,633	16,381	20,503	17,535	36,843	16,443	8,809	181,167
FCC	3	25	15	64	44	52	57	92	83	102	37	39	613
BCC	3	68	40	46	24	36	54	27	51	39	69	38	495
LAP		4	2	1	2	3	3	11	16	12	11	1	66
HCBS								1	2	8	8	9	20
CCM		4		8		6	15	6	4	10	4	5	62
<b>Grand Total</b>	<b>4,438</b>	<b>12,070</b>	<b>9,056</b>	<b>15,569</b>	<b>20,528</b>	<b>18,387</b>	<b>19,336</b>	<b>25,819</b>	<b>23,165</b>	<b>41,812</b>	<b>21,374</b>	<b>11,641</b>	<b>223,195</b>

Table 2b: Unique Recipient Count by COA

COA Description	First Month of Enrollment in Bayou Health in 2014												Overall CY14
	January	February	March	April	May	June	July	August	September	October	November	December	
SSI	123	539	483	582	565	712	577	908	944	912	906	516	7,767
F&C	1,899	4,325	2,660	4,354	5,907	5,731	5,573	6,912	6,138	10,756	7,042	3,954	65,251
FCC	2	13	12	32	19	25	25	46	31	53	22	26	306
BCC	1	25	13	21	10	13	21	15	18	17	27	14	195
LAP		2	2	1	2	3	3	6	9	7	7	1	43
HCBS								1	1	4	1	2	8
CCM		2		2		2	3	4	2	4	1	1	21
<b>Grand Total</b>	<b>2,025</b>	<b>4,906</b>	<b>3,170</b>	<b>4,992</b>	<b>6,503</b>	<b>6,486</b>	<b>6,202</b>	<b>7,892</b>	<b>7,143</b>	<b>11,753</b>	<b>8,005</b>	<b>4,514</b>	<b>73,591</b>

Table 2c: Average Duration by COA ( [2a] / [2b] )

COA Description	First Month of Enrollment in Bayou Health in 2014												Overall CY14
	January	February	March	April	May	June	July	August	September	October	November	December	
SSI	5.0	4.5	4.7	5.1	5.3	5.1	4.9	5.7	5.8	5.3	5.3	5.3	5.3
F&C	2.0	2.2	2.5	2.9	3.0	2.6	2.9	3.0	2.9	3.4	2.3	2.2	2.8
FCC	1.5	1.9	1.3	2.0	2.3	2.1	2.3	2.0	2.7	1.9	1.7	1.5	2.0
BCC	3.0	2.7	3.1	2.2	2.4	2.8	2.6	1.8	2.8	2.3	2.6	2.7	2.5
LAP		2.0	1.0	1.0	1.0	1.0	1.0	1.8	1.8	1.7	1.6	1.0	1.5
HCBS								1.0	2.0	2.0	1.6	4.5	2.5
CCM		2.0		4.0		3.0	5.0	1.5	2.0	2.5	4.0	5.0	3.0
<b>Grand Total</b>	<b>2.2</b>	<b>2.5</b>	<b>2.9</b>	<b>3.1</b>	<b>3.2</b>	<b>2.8</b>	<b>3.1</b>	<b>3.3</b>	<b>3.2</b>	<b>3.6</b>	<b>2.7</b>	<b>2.6</b>	<b>3.0</b>

## Appendix G: Retro-Active Eligibility Adjustment Factors Development

Table 3: Retroactive Eligibility Adjustment Factors Development

COA Description	Rate Cell Description	A Base Data from Data Book		B CY14 PMPMs		C Retroactive Eligibility -- CY14 Experience		D Average Duration		E PMPMs		F Adjustment Factors Development		G Observed Retro Adj. Factor		H Final Retro Adj. Factor	
		CY14 MMs		CY14 PMPMs		Recipient Count		Average Duration		PMPMs		MMs		PMPMs		Observed Retro Adj. Factor	
SSI	Newborn, 0-2 Months	1,791	\$ 17,484.87									1,791	\$ 17,484.87				1.000
SSI	Newborn, 3-11 Months	7,075	\$ 4,329.71									7,075	\$ 4,329.71				1.000
SSI	Child, 1-20 Years	472,130	\$ 462.78			886		5.3		188.66		476,782	\$ 460.11			0.994	1.000
SSI	Adult, 21+ Years	910,199	\$ 812.76			6,881		5.3		926.01		946,324	\$ 817.09			1.005	1.005
F&C	Newborn, 0-2 Months	173,111	\$ 1,199.02									173,111	\$ 1,199.02				1.000
F&C	Newborn, 3-11 Months	391,571	\$ 204.58									391,571	\$ 204.58				1.000
F&C	Child, 1-20 Years	7,757,419	\$ 112.98			35,649		2.8		46.53		7,856,523	\$ 112.14			0.993	1.000
F&C	Adult, 21+ Years	1,216,522	\$ 242.49			29,602		2.8		209.87		1,298,816	\$ 240.42			0.991	1.000
FCC	FCC, All Ages Male & Female	126,475	\$ 328.64			306		2.0		162.50		127,087	\$ 327.84			0.998	1.000
BCC	BCC, All Ages Female	13,070	\$ 1,337.82			195		2.5		2,292.67		13,565	\$ 1,372.68			1.026	1.026
LAP	All Ages	40,170	\$ 153.95			43		1.5		498.98		40,236	\$ 154.51			1.004	1.004
HCBS Waiver	20 & Under, Male and Female	25,781	\$ 1,368.09			4		2.5		1,109.00		25,791	\$ 1,367.99			1.000	1.000
HCBS Waiver	21+ Years, Male and Female	51,285	\$ 795.34			4		2.5		1,002.18		51,295	\$ 795.38			1.000	1.000
CCM	CCM, All Ages Male & Female	69,175	\$ 916.35			21		3.0		1,149.95		69,237	\$ 916.56			1.000	1.000

### Notes:

The retroactive eligibility adjustment does not apply to the newborn rate cells as retroactive experience is included in the base data for these rate cells.

$$F = A + (C * D)$$

$$G = ((A * B) + (C * D * E)) / F$$

$$H = G / B$$

$$I = \text{MAX}(H, 1)$$

## Appendix H: Physical Health Projected Claims PMPM Development

Table 1: PH Historical Rating Adjustments

Region Name	COA Desc	Rate Cell Desc	A	B	C	D	E	F	G	H	I	J	K	L
			CY2013 MMs	CY2013 PMPM	Recoupment Adj (F&A)	Fee Sched Adj	ACT 312 Adj	CY2013 PMPM After Adj	CY2014 MMs	CY2014 PMPM	Recoupment Adj (F&A)	Fee Sched Adj	ACT 312 Adj	CY2014 PMPM After Adj
Gulf	SSI	Newborn, 0-2 Months	604	\$ 23,417.19	-0.18%	-5.20%	0.02%	\$ 22,163.84	499	\$ 22,257.30	-0.13%	-4.21%		\$ 21,291.82
Gulf	SSI	Newborn, 3-11 Months	2,059	\$ 6,381.27	-0.15%	-3.46%	0.21%	\$ 6,164.01	2,016	\$ 5,604.10	-0.14%	-3.71%		\$ 5,292.40
Gulf	SSI	Child, 1-20 Years	146,014	\$ 326.79	-0.10%	1.04%	1.10%	\$ 333.50	140,382	\$ 351.04	-0.12%	-2.89%		\$ 340.48
Gulf	SSI	Adult, 21+ Years	285,997	\$ 712.04	-0.08%	1.23%	1.08%	\$ 728.01	268,331	\$ 751.84	-0.09%	-2.65%		\$ 731.31
Gulf	Family and Children	Newborn, 0-2 Months	47,078	\$ 1,194.92	-0.16%	-4.56%	0.04%	\$ 1,139.10	48,751	\$ 1,114.81	-0.17%	-6.13%		\$ 1,044.74
Gulf	Family and Children	Newborn, 3-11 Months	105,588	\$ 197.18	-0.15%	-5.72%	0.51%	\$ 186.57	108,391	\$ 212.61	-0.12%	-8.17%		\$ 195.01
Gulf	Family and Children	Child, 1-20 Years	2,076,182	\$ 87.75	-0.13%	-2.48%	0.93%	\$ 86.26	2,120,899	\$ 90.14	-0.10%	-5.77%		\$ 84.85
Gulf	Family and Children	Adult, 21+ Years	364,014	\$ 211.15	-0.10%	1.17%	0.92%	\$ 215.36	388,455	\$ 211.94	-0.10%	-2.15%		\$ 207.18
Gulf	Foster Care Children	Foster Care, All Ages Male & Female	21,885	\$ 167.24	-0.11%	0.41%	1.33%	\$ 169.97	23,352	\$ 169.59	-0.10%	-4.02%		\$ 162.61
Gulf	Breast and Cervical Cancer	BCC, All Ages Female	3,850	\$ 1,356.05	-0.10%	-0.83%	0.39%	\$ 1,348.66	3,937	\$ 1,245.33	-0.12%	-6.35%		\$ 1,164.84
Gulf	LaCHIP Affordable Plan	All Ages	10,504	\$ 121.33	-0.13%	-3.37%	0.97%	\$ 118.22	10,244	\$ 138.40	-0.12%	-4.83%		\$ 131.56
Gulf	HCBS Waiver	20 & Under, Male and Female	7,958	\$ 901.22	-0.12%	5.82%	0.80%	\$ 958.33	7,178	\$ 907.41	-0.17%	-0.86%		\$ 905.30
Gulf	HCBS Waiver	21+ Years, Male and Female	13,356	\$ 694.74	-0.14%	9.16%	1.47%	\$ 768.50	13,626	\$ 702.50	-0.15%	-0.28%		\$ 699.49
Gulf	Chisholm Class Members	Chisholm, All Ages Male & Female	16,111	\$ 664.94	-0.15%	5.09%	0.85%	\$ 703.65	16,983	\$ 790.86	-0.21%	-0.07%		\$ 788.65
Gulf	SBH - Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	-	-	0.00%	0.00%	0.00%	-	-	-	0.00%	0.00%		-
Gulf	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	-	-	0.00%	0.00%	0.00%	-	-	-	0.00%	0.00%		-
Gulf	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female	-	-	0.00%	0.00%	0.00%	-	-	-	0.00%	0.00%		-
Gulf	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	-	-	0.00%	0.00%	0.00%	-	-	-	0.00%	0.00%		-
Gulf	SBH - Other	SBH - Other, All Ages	-	-	0.00%	0.00%	0.00%	-	-	-	0.00%	0.00%		-
Gulf	Maternity Kidpayment	Maternity Kidpayment, All Ages	10,575	\$ 5,740.32	-0.16%	-1.43%	0.00%	\$ 5,649.47	10,549	\$ 5,615.55	-0.15%	-1.83%		\$ 5,504.09
Capital	SSI	Newborn, 0-2 Months	438	\$ 17,483.68	-0.22%	3.60%	0.02%	\$ 18,077.29	384	\$ 17,219.17	-0.20%	-10.3%		\$ 17,007.68
Capital	SSI	Newborn, 3-11 Months	1,724	\$ 6,075.63	-0.15%	5.06%	0.22%	\$ 6,387.60	1,488	\$ 6,060.12	-0.22%	-0.52%		\$ 6,014.88
Capital	SSI	Child, 1-20 Years	107,730	\$ 369.62	-0.10%	3.95%	1.10%	\$ 388.07	104,301	\$ 395.72	-0.10%	-0.49%		\$ 393.37
Capital	Family and Children	Adult, 21+ Years	211,050	\$ 780.81	-0.07%	5.22%	1.16%	\$ 830.53	195,553	\$ 836.77	-0.08%	0.03%		\$ 836.41
Capital	Family and Children	Newborn, 0-2 Months	42,322	\$ 1,182.54	-0.20%	0.75%	0.05%	\$ 1,189.71	42,461	\$ 1,197.34	-0.21%	-3.08%		\$ 1,158.04
Capital	Family and Children	Newborn, 3-11 Months	95,526	\$ 203.22	-0.19%	-3.25%	0.56%	\$ 197.33	96,528	\$ 197.03	-0.13%	-6.76%		\$ 183.48
Capital	Family and Children	Child, 1-20 Years	1,865,622	\$ 94.50	-0.13%	0.24%	1.07%	\$ 95.61	1,914,036	\$ 98.37	-0.10%	-3.70%		\$ 94.63
Capital	Family and Children	Adult, 21+ Years	261,190	\$ 244.60	-0.10%	4.87%	1.00%	\$ 258.83	288,647	\$ 245.04	-0.10%	0.96%		\$ 247.14
Capital	Foster Care Children	Foster Care, All Ages Male & Female	31,354	\$ 171.34	-0.10%	3.83%	1.50%	\$ 180.39	33,498	\$ 173.00	-0.08%	-2.52%		\$ 168.51
Capital	Breast and Cervical Cancer	BCC, All Ages Female	4,073	\$ 1,016.80	-0.10%	7.42%	0.43%	\$ 1,095.87	3,825	\$ 1,156.30	-0.12%	1.70%		\$ 1,174.62
Capital	LaCHIP Affordable Plan	All Ages	11,368	\$ 119.18	-0.13%	0.82%	1.41%	\$ 121.68	10,876	\$ 180.15	-0.15%	-2.56%		\$ 175.28
Capital	HCBS Waiver	20 & Under, Male and Female	8,312	\$ 1,176.09	-0.10%	6.95%	0.66%	\$ 1,264.85	7,499	\$ 1,250.33	-0.13%	0.99%		\$ 1,261.13
Capital	Chisholm Class Members	21+ Years, Male and Female	12,207	\$ 674.30	-0.14%	14.02%	1.44%	\$ 778.83	12,294	\$ 715.49	-0.16%	1.55%		\$ 725.45
Capital	SBH - Chisholm Class Members	Chisholm, All Ages Male & Female	15,980	\$ 842.50	-0.13%	5.54%	0.83%	\$ 895.38	17,068	\$ 944.59	-0.18%	0.73%		\$ 949.81
Capital	SBH - Dual Eligible	SBH - Chisholm, All Ages Male & Female	-	-	0.00%	0.00%	0.00%	-	-	-	0.00%	0.00%		-
Capital	SBH - HCBS Waiver	SBH - Dual Eligible, All Ages	-	-	0.00%	0.00%	0.00%	-	-	-	0.00%	0.00%		-
Capital	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female	-	-	0.00%	0.00%	0.00%	-	-	-	0.00%	0.00%		-
Capital	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	-	-	0.00%	0.00%	0.00%	-	-	-	0.00%	0.00%		-
Capital	SBH - Other	SBH - Other, All Ages	-	-	0.00%	0.00%	0.00%	-	-	-	0.00%	0.00%		-
Capital	Maternity Kidpayment	Maternity Kidpayment, All Ages	9,368	\$ 4,979.05	-0.18%	-0.02%	0.00%	\$ 4,968.98	9,280	\$ 4,861.92	-0.18%	-0.18%		\$ 4,844.19

Notes:

$$F = B * (1 + C) * (1 + D) * (1 + E)$$

$$L = H * (1 + I) * (1 + J)$$

$$M^1 = 40\% * CY13 + 60\% * CY14$$

$$W = (M * (1 + N) * (1 + O) * (1 + P) * ((1 + Q)^{25(12)} * S)) + U * V$$

$$X = (M * (1 + N) * (1 + O) * (1 + P) * ((1 + R)^{25(12)} * T)) + U * V$$

M<sup>1</sup> is calculated separately for PP, SS and FFS data types

## Appendix H: Physical Health Projected Claims PMPM Development

Table 1: PH Historical Rating Adjustments

Table 1: PH Historical Rating Adjustments														
Region Name	COA Desc	Rate Cell Desc	Historical Adjustments					Historical Adjustments						
			A	B	C	D	E	F	G	H	I	J	K	L
			CY2013 MMs	CY2013 PMPM	Recoupment Adj. (F&A)	Fee Sched Adj.	ACT 312 Adj.	CY2013 PMPM After Adj.	CY2014 MMs	CY2014 PMPM	Recoupment Adj. (F&A)	Fee Sched Adj.	ACT 312 Adj.	CY2014 PMPM After Adj.
South Central	SSI	Newborn, 0-2 Months	504	\$ 13,205.19	-0.16%	1.05%	0.03%	\$ 13,327.83	466	\$ 16,560.58	-0.23%	-1.17%		\$ 16,327.93
South Central	SSI	Newborn, 3-11 Months	1,951	\$ 4,468.01	-0.13%	2.84%	0.02%	\$ 4,607.99	1,871	\$ 3,189.39	-0.16%	-0.34%		\$ 3,173.57
South Central	SSI	Child, 1-20 Years	109,883	\$ 370.39	-0.08%	2.87%	1.32%	\$ 385.72	108,433	\$ 365.62	-0.07%	-1.48%		\$ 359.96
South Central	SSI	Adult, 21+ Years	249,545	\$ 697.45	-0.07%	2.52%	1.12%	\$ 722.48	237,953	\$ 706.66	-0.08%	-1.29%		\$ 697.02
South Central	Family and Children	Newborn, 0-2 Months	46,805	\$ 1,274.83	-0.16%	-0.92%	0.05%	\$ 1,261.78	46,634	\$ 1,273.70	-0.17%	-2.69%		\$ 1,237.35
South Central	Family and Children	Newborn, 3-11 Months	105,452	\$ 213.23	-0.15%	-3.45%	0.59%	\$ 206.77	104,965	\$ 203.98	-0.12%	-7.06%		\$ 189.37
South Central	Family and Children	Child, 1-20 Years	2,041,990	\$ 99.89	-0.11%	-0.19%	1.12%	\$ 100.71	2,083,138	\$ 99.99	-0.08%	-4.45%		\$ 95.46
South Central	Family and Children	Adult, 21+ Years	271,825	\$ 230.41	-0.10%	2.94%	0.91%	\$ 239.09	299,789	\$ 224.94	-0.10%	-0.62%		\$ 223.33
South Central	Foster Care Children	Foster Care, All Ages Male & Female	39,937	\$ 183.55	-0.10%	3.24%	1.44%	\$ 192.04	44,797	\$ 175.30	-0.09%	-2.01%		\$ 171.82
South Central	Breast and Cervical Cancer	BCC, All Ages Female	2,936	\$ 1,674.64	-0.08%	1.24%	0.76%	\$ 1,665.30	2,747	\$ 1,364.04	-0.12%	-3.00%		\$ 1,321.55
South Central	LaCHIP Affordable Plan	All Ages	13,198	\$ 106.06	-0.14%	-2.40%	1.13%	\$ 104.53	12,678	\$ 109.96	-0.09%	-3.41%		\$ 106.13
South Central	HCBS Waiver	20 & Under, Male and Female	7,448	\$ 1,571.08	-0.08%	3.88%	0.67%	\$ 1,641.71	6,786	\$ 1,615.45	-0.11%	-0.12%		\$ 1,611.85
South Central	HCBS Waiver	21+ Years, Male and Female	14,510	\$ 805.69	-0.14%	8.37%	1.39%	\$ 864.09	14,109	\$ 802.20	-0.15%	0.16%		\$ 802.29
South Central	Chisholm Class Members	Chisholm, All Ages Male & Female	16,884	\$ 902.09	-0.12%	3.74%	0.88%	\$ 942.92	18,278	\$ 855.91	-0.15%	0.45%		\$ 858.47
South Central	SBH - Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	-	-	0.00%	0.00%	0.00%	-	-	-	0.00%	0.00%		-
South Central	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	-	-	0.00%	0.00%	0.00%	-	-	-	0.00%	0.00%		-
South Central	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female	-	-	0.00%	0.00%	0.00%	-	-	-	0.00%	0.00%		-
South Central	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	-	-	0.00%	0.00%	0.00%	-	-	-	0.00%	0.00%		-
South Central	SBH - Other	SBH - Other, All Ages	-	-	0.00%	0.00%	0.00%	-	-	-	0.00%	0.00%		-
South Central	Maternity Kidpayment	Maternity Kidpayment, All Ages	10,301	\$ 4,726.64	-0.16%	6.53%	0.00%	\$ 5,027.25	10,188	\$ 4,881.71	-0.15%	4.46%		\$ 5,091.47
North	SSI	Newborn, 0-2 Months	476	\$ 16,309.91	-0.21%	-2.36%	0.03%	\$ 15,886.36	442	\$ 13,302.32	-0.21%	-4.02%		\$ 12,740.78
North	SSI	Newborn, 3-11 Months	1,874	\$ 2,590.80	-0.12%	0.31%	0.51%	\$ 2,608.91	1,700	\$ 2,669.59	-0.15%	-3.13%		\$ 2,582.12
North	SSI	Child, 1-20 Years	120,806	\$ 327.07	-0.07%	1.10%	1.13%	\$ 334.17	119,014	\$ 341.54	-0.08%	-2.64%		\$ 332.25
North	SSI	Adult, 21+ Years	212,523	\$ 668.11	-0.08%	0.49%	1.03%	\$ 677.76	208,362	\$ 675.79	-0.09%	-3.27%		\$ 663.08
North	Family and Children	Newborn, 0-2 Months	35,826	\$ 1,311.96	-0.16%	-2.79%	0.04%	\$ 1,273.85	35,265	\$ 1,216.25	-0.16%	-4.15%		\$ 1,163.87
North	Family and Children	Newborn, 3-11 Months	81,279	\$ 209.64	-0.13%	-2.55%	0.54%	\$ 205.15	81,697	\$ 202.47	-0.11%	-5.77%		\$ 190.58
North	Family and Children	Child, 1-20 Years	1,599,053	\$ 85.52	-0.11%	-0.42%	0.93%	\$ 85.86	1,639,346	\$ 86.94	-0.09%	-3.79%		\$ 83.57
North	Family and Children	Adult, 21+ Years	206,386	\$ 216.53	-0.11%	1.23%	0.82%	\$ 220.73	239,631	\$ 214.29	-0.11%	-1.41%		\$ 211.03
North	Foster Care Children	Foster Care, All Ages Male & Female	22,040	\$ 190.21	-0.08%	5.40%	1.55%	\$ 203.42	24,828	\$ 177.29	-0.07%	-1.23%		\$ 174.98
North	Breast and Cervical Cancer	BCC, All Ages Female	2,439	\$ 1,663.11	-0.09%	-8.43%	1.03%	\$ 1,537.25	2,561	\$ 1,667.68	-0.12%	-12.61%		\$ 1,465.62
North	LaCHIP Affordable Plan	All Ages	7,217	\$ 131.24	-0.11%	-1.41%	0.96%	\$ 130.49	6,372	\$ 145.46	-0.11%	-2.06%		\$ 142.30
North	HCBS Waiver	20 & Under, Male and Female	4,875	\$ 1,509.52	-0.10%	2.67%	0.62%	\$ 1,557.91	4,318	\$ 1,749.16	-0.13%	-0.16%		\$ 1,744.01
North	HCBS Waiver	21+ Years, Male and Female	11,273	\$ 784.80	-0.15%	6.44%	1.40%	\$ 845.82	11,256	\$ 793.49	-0.16%	0.00%		\$ 792.23
North	Chisholm Class Members	Chisholm, All Ages Male & Female	16,974	\$ 670.56	-0.12%	2.83%	0.69%	\$ 693.43	16,846	\$ 717.70	-0.16%	-0.03%		\$ 716.32
North	SBH - Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	-	-	0.00%	0.00%	0.00%	-	-	-	0.00%	0.00%		-
North	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	-	-	0.00%	0.00%	0.00%	-	-	-	0.00%	0.00%		-
North	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female	-	-	0.00%	0.00%	0.00%	-	-	-	0.00%	0.00%		-
North	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	-	-	0.00%	0.00%	0.00%	-	-	-	0.00%	0.00%		-
North	SBH - Other	SBH - Other, All Ages	-	-	0.00%	0.00%	0.00%	-	-	-	0.00%	0.00%		-
North	Maternity Kidpayment	Maternity Kidpayment, All Ages	8,011	\$ 5,043.54	-0.15%	-0.51%	0.00%	\$ 5,010.21	7,696	\$ 4,969.24	-0.15%	-1.63%		\$ 4,880.85

Notes:

$$F = B * (1 + C) * (1 + D) * (1 + E)$$

$$L = H * (1 + I) * (1 + J)$$

$$M^1 = 40\% * CY13 + 60\% * CY14$$

$$W = (M * (1 + N) * (1 + O) * (1 + P) * ((1 + Q)^{.25(12)} * S)) + U * V$$

$$X = (M * (1 + N) * (1 + O) * (1 + P) * ((1 + R)^{.25(12)} * T)) + U * V$$

M<sup>1</sup> is calculated separately for PP, SS and FFS data types

# Appendix H: Physical Health Projected Claims PMPM Development

Table 2: PH Prospective Rating Adjustments

Region Name	COA Desc	Rate Cell Desc	Prospective Adjustments										U	V	W	X
			F	L	M <sup>1</sup>	N	O	Q	R	S	T	Clinical & Rx Efficiencies				
			CY2013 PMPM After Historical Adj	CY2014 PMPM After Historical Adj	Blended PMPM	Rx Adj	Act 399 Adj	Retiro Adj	Low Trend	High Trend	MC Savings Factor - Low	MC Savings Factor - High		Outliers	Projected PMPM - Low	Projected PMPM - High
Gulf	SSI	Newborn, 0-2 Months	\$ 22,163.84	\$ 21,291.82	\$ 21,268.57	-0.01%	0.00%	0.00%	0.54%	1.74%	0.98	0.99	0.99	\$ 1,457.70	\$ 22,585.36	\$ 23,244.60
Gulf	SSI	Newborn, 3-11 Months	\$ 6,164.01	\$ 5,292.40	\$ 5,655.69	-0.12%	0.05%	0.00%	1.62%	2.81%	0.99	0.99	0.99	8.84	\$ 5,800.06	\$ 5,963.75
Gulf	SSI	Child, 1-20 Years	\$ 333.50	\$ 340.48	\$ 337.05	-0.52%	0.20%	0.00%	6.20%	7.73%	0.97	0.98	0.98	0.50	\$ 366.77	\$ 383.04
Gulf	SSI	Adult, 21+ Years	\$ 728.01	\$ 731.31	\$ 730.32	-0.34%	0.22%	0.53%	6.18%	7.63%	0.97	0.98	0.98	-	\$ 806.80	\$ 838.98
Gulf	Family and Children	Newborn, 0-2 Months	\$ 1,136.10	\$ 1,044.74	\$ 1,087.31	-0.02%	0.01%	0.00%	0.81%	2.32%	0.97	0.97	0.98	39.97	\$ 1,110.28	\$ 1,154.21
Gulf	Family and Children	Newborn, 3-11 Months	\$ 86.26	\$ 195.01	\$ 191.73	-0.26%	0.10%	0.00%	2.26%	4.36%	0.97	0.97	0.97	-	\$ 192.20	\$ 201.81
Gulf	Family and Children	Child, 1-20 Years	\$ 86.26	\$ 84.85	\$ 85.55	-0.35%	0.19%	0.00%	3.08%	5.15%	0.95	0.95	0.96	0.02	\$ 84.38	\$ 88.85
Gulf	Family and Children	Adult, 21+ Years	\$ 215.36	\$ 207.18	\$ 210.76	-0.43%	0.18%	0.00%	3.60%	5.73%	0.95	0.95	0.96	-	\$ 213.16	\$ 224.92
Gulf	Foster Care Children	Foster Care, All Ages Male & Female	\$ 1,348.66	\$ 1,621.81	\$ 1,653.36	-0.74%	0.26%	0.00%	2.20%	4.04%	0.91	0.91	0.92	-	\$ 1,425.04	\$ 1,493.62
Gulf	Breast and Cervical Cancer	BCC, All Ages Female	\$ 118.22	\$ 116.84	\$ 124.72	-0.13%	0.08%	0.00%	7.03%	8.88%	0.97	0.98	0.98	-	\$ 124.72	\$ 125.40
Gulf	LaCHIP Affordable Plan	All Ages	\$ 958.33	\$ 905.30	\$ 926.51	-0.62%	0.21%	0.37%	2.49%	4.51%	0.91	0.92	0.92	-	\$ 1,019.46	\$ 1,094.63
Gulf	HCBS Waiver	20 & Under, Male and Female	\$ 769.50	\$ 699.49	\$ 727.09	-0.57%	0.15%	0.00%	7.92%	10.13%	0.94	0.94	0.97	-	\$ 731.96	\$ 775.17
Gulf	Chisholm Class Members	21+ Years, Male and Female	\$ 703.65	\$ 788.65	\$ 754.65	-0.59%	0.15%	0.02%	2.75%	4.96%	0.93	0.93	0.96	-	\$ 738.55	\$ 797.45
Gulf	SBH - Chisholm Class Members	Chisholm, All Ages Male & Female	-	-	-	0.00%	0.00%	0.00%	0.00%	0.00%	1.00	1.00	1.00	-	-	-
Gulf	SBH - Dual Eligible	SBH - Chisholm, All Ages Male & Female	-	-	-	0.00%	0.00%	0.00%	0.00%	0.00%	1.00	1.00	1.00	-	-	-
Gulf	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female	-	-	-	0.00%	0.00%	0.00%	0.00%	0.00%	1.00	1.00	1.00	-	-	-
Gulf	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	-	-	-	0.00%	0.00%	0.00%	0.00%	0.00%	1.00	1.00	1.00	-	-	-
Gulf	SBH - Other	SBH - Other, All Ages	-	-	-	0.00%	0.00%	0.00%	0.00%	0.00%	1.00	1.00	1.00	-	-	-
Gulf	Maternity Kidpayment	Maternity Kidpayment, All Ages	\$ 5,648.47	\$ 5,504.09	\$ 5,587.00	0.00%	0.00%	0.00%	0.00%	1.00%	1.00	1.00	1.00	-	\$ 5,587.00	\$ 5,688.39
Capital	SSI	Newborn, 0-2 Months	\$ 18,077.29	\$ 17,007.68	\$ 17,456.69	-0.01%	0.00%	0.00%	0.50%	1.71%	0.96	0.98	0.98	\$ 1,457.70	\$ 18,442.71	\$ 19,088.27
Capital	SSI	Newborn, 3-11 Months	\$ 3,387.60	\$ 6,014.88	\$ 6,109.22	-0.12%	0.04%	0.00%	2.48%	3.82%	0.99	0.99	0.99	8.84	\$ 6,364.11	\$ 6,563.86
Capital	SSI	Child, 1-20 Years	\$ 388.07	\$ 393.37	\$ 392.35	-0.57%	0.20%	0.00%	7.02%	8.67%	0.97	0.98	0.98	0.50	\$ 433.71	\$ 454.49
Capital	SSI	Adult, 21+ Years	\$ 830.53	\$ 836.41	\$ 834.81	-0.36%	0.22%	0.53%	6.35%	7.81%	0.97	0.98	0.98	-	\$ 925.00	\$ 962.17
Capital	Family and Children	Newborn, 0-2 Months	\$ 1,189.71	\$ 1,158.04	\$ 1,173.61	-0.03%	0.01%	0.00%	0.56%	2.01%	0.97	0.98	0.98	39.97	\$ 1,191.75	\$ 1,236.68
Capital	Family and Children	Newborn, 3-11 Months	\$ 197.33	\$ 183.48	\$ 188.89	-0.33%	0.11%	0.00%	2.20%	4.34%	0.96	0.96	0.97	-	\$ 187.94	\$ 197.70
Capital	Family and Children	Child, 1-20 Years	\$ 95.61	\$ 94.63	\$ 95.24	-0.56%	0.21%	0.00%	3.06%	5.08%	0.94	0.95	0.95	0.02	\$ 93.05	\$ 98.02
Capital	Family and Children	Adult, 21+ Years	\$ 258.83	\$ 247.14	\$ 251.79	-0.40%	0.18%	0.00%	3.64%	5.76%	0.95	0.96	0.96	-	\$ 254.90	\$ 268.91
Capital	Foster Care Children	Foster Care, All Ages Male & Female	\$ 180.39	\$ 168.51	\$ 173.41	-0.85%	0.29%	0.00%	2.17%	3.99%	0.91	0.92	0.92	-	\$ 161.90	\$ 169.51
Capital	Breast and Cervical Cancer	BCC, All Ages Female	\$ 1,095.87	\$ 1,174.62	\$ 1,142.20	-0.15%	0.07%	0.26%	7.71%	9.62%	0.98	0.99	0.99	-	\$ 1,336.75	\$ 1,399.04
Capital	LaCHIP Affordable Plan	All Ages	\$ 121.68	\$ 175.28	\$ 154.66	-0.65%	0.22%	0.37%	2.14%	3.92%	0.91	0.92	0.92	-	\$ 145.11	\$ 152.37
Capital	HCBS Waiver	20 & Under, Male and Female	\$ 1,264.85	\$ 1,291.13	\$ 1,262.62	-0.47%	0.12%	0.00%	8.01%	10.29%	0.96	0.96	0.99	-	\$ 1,416.59	\$ 1,519.96
Capital	Chisholm Class Members	21+ Years, Male and Female	\$ 778.83	\$ 725.45	\$ 746.81	-0.71%	0.26%	0.01%	5.62%	7.22%	0.91	0.93	0.93	-	\$ 753.30	\$ 799.79
Capital	SBH - Chisholm Class Members	Chisholm, All Ages Male & Female	\$ 895.38	\$ 949.81	\$ 928.04	-0.58%	0.15%	0.02%	2.89%	5.13%	0.94	0.94	0.97	-	\$ 919.01	\$ 992.08
Capital	SBH - Dual Eligible	SBH - Chisholm, All Ages Male & Female	-	-	-	0.00%	0.00%	0.00%	0.00%	0.00%	1.00	1.00	1.00	-	-	-
Capital	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female	-	-	-	0.00%	0.00%	0.00%	0.00%	0.00%	1.00	1.00	1.00	-	-	-
Capital	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	-	-	-	0.00%	0.00%	0.00%	0.00%	0.00%	1.00	1.00	1.00	-	-	-
Capital	SBH - Other	SBH - Other, All Ages	-	-	-	0.00%	0.00%	0.00%	0.00%	0.00%	1.00	1.00	1.00	-	-	-
Capital	Maternity Kidpayment	Maternity Kidpayment, All Ages	\$ 4,958.98	\$ 4,844.19	\$ 4,901.44	0.00%	0.00%	0.00%	0.00%	1.00%	1.00	1.00	1.00	-	\$ 4,901.44	\$ 5,008.31

Notes:

$$F = B * (1 + C) * (1 + D) * (1 + E)$$

$$L = H * (1 + I) * (1 + J)$$

$$M^1 = 40\% * CY13 + 60\% * CY14$$

$$W = (M * (1 + N) * (1 + O) * (1 + P) * ((1 + Q)^{.25(12)} * S)) + U * V$$

$$X = (M * (1 + N) * (1 + O) * (1 + P) * ((1 + R)^{.25(12)} * T)) + U * V$$

M<sup>1</sup> is calculated separately for PP, SS and FFS data types

# Appendix H: Physical Health Projected Claims PMPM Development

Table 2: PH Prospective Rating Adjustments

Region Name	COA Desc	Rate Cell Desc	CY2013 PMPM After Historical Adj	CY2014 PMPM After Historical Adj	Blended PMPM	Rx Adj	Act 399 Adj	Retro Adj	Low Trend	High Trend	MC Savings Factor -- Low	MC Savings Factor -- High	Clinical & Rx Efficiencies	Outliers	Projected PMPM -- Low	Projected PMPM -- High
South Central	SSI	Newborn, 0-2 Months	\$ 13,327.83	\$ 16,327.93	\$ 15,061.56	-0.02%	0.01%	0.00%	0.60%	1.83%	0.98	0.99	0.99	\$ 1,457.70	\$ 16,394.30	\$ 16,880.88
South Central	SSI	Newborn, 3-11 Months	\$ 4,607.99	\$ 3,173.57	\$ 3,688.13	-0.21%	0.08%	0.00%	0.82%	4.12%	0.99	0.99	0.99	\$ 8.84	\$ 3,856.44	\$ 3,983.23
South Central	SSI	Child, 1-20 Years	\$ 385.72	\$ 359.96	\$ 370.13	-0.63%	0.25%	0.00%	6.96%	8.49%	0.97	0.98	0.98	\$ 0.50	\$ 408.43	\$ 427.38
South Central	SSI	Adult, 21+ Years	\$ 722.48	\$ 697.02	\$ 707.92	-0.36%	0.21%	0.53%	0.63%	7.81%	0.98	0.98	0.98	-	\$ 786.13	\$ 817.20
South Central	Family and Children	Newborn, 0-2 Months	\$ 1,261.78	\$ 1,237.35	\$ 1,251.05	-0.03%	0.01%	0.00%	0.67%	2.14%	0.96	0.98	0.97	\$ 39.97	\$ 1,326.65	\$ 1,366.65
South Central	Family and Children	Newborn, 3-11 Months	\$ 206.77	\$ 189.37	\$ 196.95	-0.33%	0.11%	0.00%	0.27%	4.36%	0.96	0.97	0.97	-	\$ 196.82	\$ 206.65
South Central	Family and Children	Child, 1-20 Years	\$ 100.71	\$ 95.46	\$ 97.83	-0.57%	0.22%	0.00%	3.13%	5.12%	0.94	0.95	0.95	\$ 0.02	\$ 95.98	\$ 100.98
South Central	Family and Children	Adult, 21+ Years	\$ 238.09	\$ 223.33	\$ 230.06	-0.36%	0.17%	0.00%	0.36%	5.81%	0.95	0.96	0.96	-	\$ 233.76	\$ 246.71
South Central	Foster Care Children	Foster Care, All Ages Male & Female	\$ 192.04	\$ 171.62	\$ 179.27	-0.74%	0.26%	0.00%	1.95%	3.70%	0.91	0.92	0.92	-	\$ 168.14	\$ 176.01
South Central	Breast and Cervical Cancer	BCC, All Ages Female	\$ 1,665.30	\$ 1,321.55	\$ 1,461.38	-0.21%	0.13%	0.26%	7.63%	9.40%	0.98	0.98	0.98	-	\$ 1,691.65	\$ 1,765.02
South Central	LaCHIP Affordable Plan	All Ages	\$ 104.53	\$ 106.13	\$ 106.01	-0.63%	0.23%	0.37%	2.51%	4.52%	0.91	0.92	0.92	-	\$ 100.03	\$ 105.55
South Central	HCBS Waiver	20 & Under, Male and Female	\$ 884.09	\$ 1,611.85	\$ 1,623.79	-0.49%	0.13%	0.00%	9.34%	11.78%	0.96	0.96	0.96	-	\$ 1,878.02	\$ 2,013.17
South Central	HCBS Waiver	21+ Years, Male and Female	\$ 942.92	\$ 858.47	\$ 892.25	-0.62%	0.28%	0.01%	6.02%	7.68%	0.94	0.94	0.93	-	\$ 849.20	\$ 901.07
South Central	Chisholm Class Members	Chisholm, All Ages Male & Female	-	-	-	0.00%	0.16%	0.02%	3.03%	5.31%	1.00	1.00	1.00	-	\$ 890.07	\$ 957.48
South Central	SBH - Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	-	-	-	0.00%	0.00%	0.00%	0.00%	0.00%	1.00	1.00	1.00	-	-	-
South Central	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	-	-	-	0.00%	0.00%	0.00%	0.00%	0.00%	1.00	1.00	1.00	-	-	-
South Central	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female	-	-	-	0.00%	0.00%	0.00%	0.00%	0.00%	1.00	1.00	1.00	-	-	-
South Central	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	-	-	-	0.00%	0.00%	0.00%	0.00%	0.00%	1.00	1.00	1.00	-	-	-
South Central	SBH - Other	SBH - Other, All Ages	-	-	-	0.00%	0.00%	0.00%	0.00%	0.00%	1.00	1.00	1.00	-	-	-
South Central	Maternity Kidspayment	Maternity Kidspayment, All Ages	\$ 5,027.25	\$ 5,091.47	\$ 5,080.31	0.00%	0.00%	0.00%	0.00%	1.00%	1.00	1.00	1.00	-	\$ 5,080.31	\$ 5,191.07
North	SSI	Newborn, 0-2 Months	\$ 15,896.36	\$ 12,740.78	\$ 13,182.64	-0.01%	0.00%	0.00%	0.71%	1.96%	0.96	0.98	0.98	\$ 1,457.70	\$ 14,364.50	\$ 14,878.07
North	SSI	Newborn, 3-11 Months	\$ 2,608.91	\$ 2,582.12	\$ 2,573.88	-0.25%	0.09%	0.00%	4.39%	5.92%	0.99	0.99	0.98	\$ 8.84	\$ 2,781.96	\$ 2,883.72
North	SSI	Child, 1-20 Years	\$ 334.17	\$ 332.25	\$ 333.22	-0.51%	0.21%	0.00%	7.15%	8.78%	0.97	0.98	0.98	\$ 0.50	\$ 369.15	\$ 386.08
North	SSI	Adult, 21+ Years	\$ 677.76	\$ 653.08	\$ 662.56	-0.31%	0.20%	0.53%	5.89%	7.96%	0.98	0.98	0.98	-	\$ 730.39	\$ 768.65
North	Family and Children	Newborn, 0-2 Months	\$ 1,273.85	\$ 1,163.87	\$ 1,212.28	-0.02%	0.01%	0.00%	0.66%	2.11%	0.98	0.98	0.98	\$ 39.97	\$ 1,238.21	\$ 1,283.84
North	Family and Children	Newborn, 3-11 Months	\$ 205.15	\$ 190.58	\$ 196.87	-0.29%	0.10%	0.00%	0.26%	4.35%	0.97	0.97	0.97	-	\$ 197.37	\$ 207.15
North	Family and Children	Child, 1-20 Years	\$ 85.86	\$ 84.57	\$ 84.72	-0.44%	0.18%	0.00%	3.04%	5.14%	0.95	0.96	0.96	\$ 0.02	\$ 84.03	\$ 88.43
North	Family and Children	Adult, 21+ Years	\$ 220.73	\$ 211.03	\$ 215.07	-0.33%	0.15%	0.00%	3.41%	5.58%	0.95	0.96	0.96	-	\$ 218.07	\$ 230.08
North	Foster Care Children	Foster Care, All Ages Male & Female	\$ 203.42	\$ 174.98	\$ 186.88	-0.74%	0.28%	0.00%	2.27%	4.01%	0.92	0.93	0.93	-	\$ 176.22	\$ 186.15
North	Breast and Cervical Cancer	BCC, All Ages Female	\$ 1,537.25	\$ 1,455.62	\$ 1,503.17	-0.43%	0.19%	0.26%	8.01%	9.67%	0.98	0.98	0.98	-	\$ 1,747.24	\$ 1,822.85
North	LaCHIP Affordable Plan	All Ages	\$ 130.49	\$ 142.30	\$ 139.28	-0.51%	0.18%	0.00%	2.64%	4.80%	0.93	0.94	0.94	-	\$ 134.66	\$ 142.26
North	HCBS Waiver	20 & Under, Male and Female	\$ 1,557.91	\$ 1,744.01	\$ 1,669.57	-0.43%	0.11%	0.00%	9.18%	11.61%	0.96	0.96	0.96	-	\$ 1,915.88	\$ 2,060.78
North	HCBS Waiver	21+ Years, Male and Female	\$ 845.82	\$ 792.23	\$ 813.67	-1.02%	0.26%	0.01%	3.23%	6.79%	0.91	0.93	0.93	-	\$ 815.61	\$ 865.05
North	Chisholm Class Members	Chisholm, All Ages Male & Female	\$ 693.43	\$ 716.32	\$ 707.16	-0.050%	0.13%	0.00%	3.04%	5.47%	0.95	0.95	0.95	-	\$ 709.71	\$ 767.00
North	SBH - Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	-	-	-	0.00%	0.00%	0.00%	0.00%	0.00%	1.00	1.00	1.00	-	-	-
North	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	-	-	-	0.00%	0.00%	0.00%	0.00%	0.00%	1.00	1.00	1.00	-	-	-
North	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female	-	-	-	0.00%	0.00%	0.00%	0.00%	0.00%	1.00	1.00	1.00	-	-	-
North	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	-	-	-	0.00%	0.00%	0.00%	0.00%	0.00%	1.00	1.00	1.00	-	-	-
North	SBH - Other	SBH - Other, All Ages	-	-	-	0.00%	0.00%	0.00%	0.00%	0.00%	1.00	1.00	1.00	-	-	-
North	Maternity Kidspayment	Maternity Kidspayment, All Ages	\$ 5,010.21	\$ 4,880.85	\$ 4,936.65	0.00%	0.00%	0.00%	0.00%	1.00%	1.00	1.00	1.00	-	\$ 4,936.65	\$ 5,044.24

Notes:  
 $F = B * (1 + C) * (1 + D) * (1 + E)$   
 $L = H * (1 + I) * (1 + J)$   
 $M' = 40\% * CY(13) + 60\% * CY(14)$   
 $W = (M * (1 + N) * (1 + O) * (1 + P) * ((1 + Q) ^ {25(12)} * S)) + U * V$   
 $X = (M * (1 + N) * (1 + O) * (1 + P) * ((1 + R) ^ {25(12)} * T)) + U * V$   
M' is calculated separately for PP, SS and FFS data types

# Appendix I: Specialized Behavioral Health Projected Claims PMPM Development

Table 1a: SBH Historical Rating Adjustments (CY 2013)

Region Name	COA Desc	Rate Cell Desc	Historical Adjustments									
			A	B	C	D	E	F	G	H	I	J
			CY2013 MMs	CY2013 PMPM	IP/OP Fee Adj	PRTF Adj	PSH Increase Adj	CSOC Adj	Medication Mgmt Adj	Historical Trend	Recoupment Adj (F&A)	CY2013 PMPM After Adj
Gulf	SSI	Newborn, 0-2 Months	604	\$ -	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	\$ -
Gulf	SSI	Newborn, 3-11 Months	2,059	\$ 1.22	0.0%	0.0%	0.0%	0.0%	0.0%	32.0%	-0.1%	\$ 1.60
Gulf	SSI	Child, 1-20 Years	146,014	\$ 82.20	-0.2%	0.1%	0.1%	-9.2%	0.0%	32.0%	-0.1%	\$ 100.25
Gulf	SSI	Adult, 21+ Years	285,997	\$ 78.20	-0.6%	0.0%	0.2%	0.0%	-1.9%	3.0%	-0.1%	\$ 80.07
Gulf	Family and Children	Newborn, 0-2 Months	47,078	\$ 0.09	-0.8%	0.0%	0.0%	0.0%	0.0%	32.0%	0.0%	\$ 0.12
Gulf	Family and Children	Newborn, 3-11 Months	105,588	\$ 0.03	-3.8%	0.0%	0.0%	0.0%	0.0%	32.0%	-0.1%	\$ 0.03
Gulf	Family and Children	Child, 1-20 Years	2,076,182	\$ 13.72	0.0%	0.1%	0.0%	-3.8%	1.6%	32.0%	-0.1%	\$ 17.72
Gulf	Family and Children	Adult, 21+ Years	364,014	\$ 16.15	-0.2%	0.0%	0.0%	0.0%	0.0%	3.0%	-0.1%	\$ 16.63
Gulf	Foster Care Children	Foster Care, All Ages Male & Female	21,685	\$ 101.64	0.0%	0.0%	0.0%	-10.0%	1.5%	32.0%	-0.1%	\$ 123.42
Gulf	Breast and Cervical Cancer	BCC, All Ages Female	3,850	\$ 6.91	-0.8%	0.0%	0.0%	0.0%	-0.5%	3.0%	-0.2%	\$ 7.01
Gulf	LaCHIP Affordable Plan	All Ages	10,504	\$ 6.83	0.6%	0.0%	0.0%	0.0%	3.4%	32.0%	-0.2%	\$ 9.37
Gulf	HCBS Waiver	20 & Under, Male and Female	7,958	\$ 21.43	-0.9%	0.0%	0.0%	-10.0%	6.3%	32.0%	-0.1%	\$ 26.79
Gulf	HCBS Waiver	21+ Years, Male and Female	13,356	\$ 31.00	-1.2%	0.0%	0.0%	0.0%	0.8%	3.0%	-0.1%	\$ 31.78
Gulf	Chisholm Class Members	Chisholm, All Ages Male & Female	16,111	\$ 52.90	-0.2%	0.0%	0.0%	-11.9%	3.9%	32.0%	-0.1%	\$ 63.78
Gulf	SBH - Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	16,354	\$ 57.50	-0.3%	0.0%	0.0%	-10.8%	3.6%	31.0%	-0.1%	\$ 68.26
Gulf	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	304,778	\$ 16.76	5.3%	0.0%	0.4%	0.0%	0.5%	7.3%	-0.1%	\$ 19.08
Gulf	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female	7,958	\$ 26.42	-0.8%	0.0%	0.0%	-8.4%	5.1%	28.2%	-0.2%	\$ 32.31
Gulf	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	13,356	\$ 42.89	-0.9%	0.0%	0.1%	0.0%	0.6%	5.2%	-0.3%	\$ 44.91
Gulf	SBH - Other	SBH - Other, All Ages	6,844	\$ 131.85	-1.1%	0.0%	0.0%	0.0%	0.0%	5.8%	-0.3%	\$ 137.77
Gulf	Maternity Kickpayment	Maternity Kickpayment, All Ages	-	\$ -	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	\$ -
Capital	SSI	Newborn, 0-2 Months	438	\$ 7.44	0.0%	0.0%	5.0%	0.0%	0.0%	32.0%	-0.3%	\$ 10.28
Capital	SSI	Newborn, 3-11 Months	1,724	\$ 0.03	0.0%	0.0%	0.0%	0.0%	0.0%	32.0%	-0.3%	\$ 0.05
Capital	SSI	Child, 1-20 Years	107,730	\$ 60.84	0.2%	0.4%	0.0%	-13.6%	2.5%	32.0%	-0.1%	\$ 71.51
Capital	SSI	Adult, 21+ Years	211,050	\$ 68.16	0.7%	0.0%	0.0%	0.0%	0.0%	3.0%	-0.1%	\$ 70.64
Capital	Family and Children	Newborn, 0-2 Months	42,322	\$ 0.13	-0.2%	0.0%	0.0%	0.0%	0.0%	32.0%	0.0%	\$ 0.17
Capital	Family and Children	Newborn, 3-11 Months	95,526	\$ 0.14	0.0%	0.0%	0.0%	0.0%	0.0%	32.0%	-0.2%	\$ 0.19
Capital	Family and Children	Child, 1-20 Years	1,865,622	\$ 13.58	1.1%	0.2%	0.0%	-4.1%	3.0%	32.0%	-0.1%	\$ 17.89
Capital	Family and Children	Adult, 21+ Years	261,190	\$ 16.52	3.3%	0.0%	0.0%	0.0%	0.6%	3.0%	-0.1%	\$ 17.67
Capital	Foster Care Children	Foster Care, All Ages Male & Female	31,354	\$ 91.83	0.7%	1.1%	0.1%	-5.6%	2.4%	32.0%	-0.1%	\$ 119.38
Capital	Breast and Cervical Cancer	BCC, All Ages Female	4,073	\$ 7.09	-1.4%	0.0%	0.0%	0.0%	0.1%	3.0%	-0.1%	\$ 7.19
Capital	LaCHIP Affordable Plan	All Ages	11,368	\$ 8.26	6.7%	0.0%	0.0%	0.0%	7.5%	32.0%	-0.3%	\$ 12.46
Capital	HCBS Waiver	20 & Under, Male and Female	8,312	\$ 22.84	1.4%	0.0%	0.3%	-11.2%	5.2%	32.0%	-0.1%	\$ 28.61
Capital	HCBS Waiver	21+ Years, Male and Female	12,207	\$ 53.14	3.5%	0.0%	0.0%	0.0%	0.5%	3.0%	-0.1%	\$ 56.84
Capital	Chisholm Class Members	Chisholm, All Ages Male & Female	15,980	\$ 58.16	2.5%	0.7%	0.0%	-12.6%	3.6%	32.0%	-0.2%	\$ 71.68
Capital	SBH - Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	16,137	\$ 63.55	3.1%	0.6%	0.0%	-11.6%	3.3%	30.3%	-0.2%	\$ 78.28
Capital	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	245,750	\$ 12.39	2.2%	0.0%	0.0%	-0.2%	0.4%	10.9%	-0.1%	\$ 14.07
Capital	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female	8,312	\$ 28.93	1.1%	0.0%	0.3%	-9.2%	4.1%	27.8%	-0.2%	\$ 35.33
Capital	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	12,207	\$ 66.35	2.7%	0.0%	0.0%	0.0%	0.4%	4.6%	-0.2%	\$ 71.43
Capital	SBH - Other	SBH - Other, All Ages	8,284	\$ 115.30	0.7%	0.0%	0.0%	0.0%	0.1%	5.1%	-0.2%	\$ 121.85
Capital	Maternity Kickpayment	Maternity Kickpayment, All Ages	-	\$ -	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	\$ -

Notes:  
 NEMT services are included for SBH Program  
 $J = B * (1 + C) * (1 + D) * (1 + E) * (1 + F) * (1 + G) * (1 + H) * (1 + I)$   
 $T = L * (1 + M) * (1 + N) * (1 + O) * (1 + P) * (1 + S)$   
 $U = 40\% * J + 60\% * T$   
 $AA = U * (1 + V) * (1 + W) * (1 + X) * (1 + Y) * (25/12)$   
 $AB = U * (1 + V) * (1 + W) * (1 + X) * (1 + Y) * (25/12)$

# Appendix I: Specialized Behavioral Health Projected Claims PMPM Development

Table 1a: SBH Historical Rating Adjustments (CY 2013)

Region Name	COA Desc	Rate Cell Desc	Historical Adjustments									
			A	B	C	D	E	F	G	H	I	J
			CY2013 MMs	CY2013 PMPM	IP/OP Fee Adj	PRTF Adj	PSH Increase Adj	CSOC Adj	Medication Mgmt Adj	Historical Trend	Recoupment Adj (F&A)	CY2013 PMPM After Adj
South Central	SSI	Newborn, 0-2 Months	504	\$ -	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	\$ -
South Central	SSI	Newborn, 3-11 Months	1,951	\$ 2.88	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	\$ 3.86
South Central	SSI	Child, 1-20 Years	109,883	\$ 66.55	-0.3%	0.0%	0.0%	-7.1%	1.7%	32.0%	-0.1%	\$ 82.57
South Central	SSI	Adult, 21+ Years	249,543	\$ 74.30	-0.7%	0.0%	0.0%	0.1%	0.0%	3.0%	-0.1%	\$ 76.39
South Central	Family and Children	Newborn, 0-2 Months	46,805	\$ 0.01	-7.4%	0.0%	0.0%	0.0%	0.0%	32.0%	-0.9%	\$ 0.01
South Central	Family and Children	Newborn, 3-11 Months	105,452	\$ 0.04	-0.9%	0.0%	0.0%	0.0%	0.0%	32.0%	0.0%	\$ 0.05
South Central	Family and Children	Child, 1-20 Years	2,041,990	\$ 11.41	-0.2%	0.2%	0.0%	-4.3%	1.0%	32.0%	-0.1%	\$ 14.55
South Central	Family and Children	Adult, 21+ Years	271,825	\$ 17.90	-0.9%	0.0%	0.0%	0.0%	1.3%	3.0%	-0.2%	\$ 18.49
South Central	Foster Care Children	Foster Care, All Ages Male & Female	39,937	\$ 104.75	-0.1%	1.8%	0.0%	-5.5%	0.5%	32.0%	0.0%	\$ 133.46
South Central	Breast and Cervical Cancer	BCC, All Ages Female	2,936	\$ 2.13	-0.3%	0.0%	0.3%	0.0%	1.2%	3.0%	0.0%	\$ 2.22
South Central	LaCHIP Affordable Plan	All Ages	13,198	\$ 5.87	-0.1%	0.0%	0.0%	0.0%	2.1%	32.0%	-0.1%	\$ 7.90
South Central	HCBS Waiver	20 & Under, Male and Female	7,448	\$ 31.15	-0.5%	0.0%	0.0%	0.0%	3.5%	32.0%	-0.2%	\$ 42.29
South Central	HCBS Waiver	21+ Years, Male and Female	14,510	\$ 42.91	-0.7%	0.0%	0.0%	0.0%	2.6%	3.0%	-0.2%	\$ 44.96
South Central	Chisholm Class Members	Chisholm, All Ages Male & Female	16,884	\$ 90.34	-0.3%	0.7%	0.0%	-12.8%	1.6%	32.0%	-0.1%	\$ 105.97
South Central	SBH - Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	17,361	\$ 98.94	-0.2%	0.6%	0.0%	-11.6%	1.4%	30.0%	-0.1%	\$ 115.62
South Central	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	328,533	\$ 11.41	3.2%	0.0%	0.1%	0.0%	0.0%	8.9%	-0.3%	\$ 12.88
South Central	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female	7,448	\$ 42.01	-0.4%	0.0%	0.0%	0.0%	2.6%	26.7%	-0.3%	\$ 54.29
South Central	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	14,510	\$ 64.34	-0.4%	0.0%	0.0%	0.0%	1.7%	5.6%	-0.3%	\$ 68.62
South Central	SBH - Other	SBH - Other, All Ages	10,261	\$ 199.32	-0.2%	0.0%	0.0%	0.0%	0.2%	4.8%	-0.2%	\$ 208.53
South Central	Maternity Kickpayment	Maternity Kickpayment, All Ages	-	\$ -	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	\$ -
North	SSI	Newborn, 0-2 Months	476	\$ -	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	\$ -
North	SSI	Newborn, 3-11 Months	1,874	\$ 0.01	0.0%	0.0%	0.0%	0.0%	0.0%	32.0%	-0.4%	\$ 0.02
North	SSI	Child, 1-20 Years	120,806	\$ 105.86	-0.1%	0.7%	0.0%	-0.7%	0.5%	32.0%	0.0%	\$ 140.35
North	SSI	Adult, 21+ Years	212,523	\$ 51.67	-0.7%	0.1%	0.1%	0.0%	0.3%	3.0%	-0.1%	\$ 53.08
North	Family and Children	Newborn, 0-2 Months	35,826	\$ 0.02	-7.4%	0.0%	0.0%	0.0%	0.0%	32.0%	0.0%	\$ 0.02
North	Family and Children	Newborn, 3-11 Months	81,279	\$ 0.00	-4.1%	0.0%	0.0%	0.0%	0.0%	32.0%	-0.1%	\$ 0.01
North	Family and Children	Child, 1-20 Years	1,599,053	\$ 16.86	-0.1%	0.1%	0.0%	-0.3%	0.6%	32.0%	0.0%	\$ 22.30
North	Family and Children	Adult, 21+ Years	206,386	\$ 16.52	-0.8%	0.3%	0.0%	0.0%	0.3%	3.0%	-0.1%	\$ 16.98
North	Foster Care Children	Foster Care, All Ages Male & Female	22,040	\$ 277.60	-0.2%	2.6%	0.0%	-0.3%	0.2%	32.0%	0.0%	\$ 376.24
North	Breast and Cervical Cancer	BCC, All Ages Female	2,439	\$ 36.08	0.0%	0.0%	0.0%	0.0%	0.0%	3.0%	-0.1%	\$ 37.14
North	LaCHIP Affordable Plan	All Ages	7,217	\$ 7.98	-1.2%	0.0%	0.1%	-0.4%	1.2%	32.0%	0.0%	\$ 10.51
North	HCBS Waiver	20 & Under, Male and Female	4,875	\$ 61.06	-0.5%	0.6%	0.0%	-1.7%	2.2%	32.0%	-0.1%	\$ 81.10
North	HCBS Waiver	21+ Years, Male and Female	11,273	\$ 41.95	-0.8%	0.0%	0.0%	0.0%	1.4%	3.0%	-0.1%	\$ 43.36
North	Chisholm Class Members	Chisholm, All Ages Male & Female	16,974	\$ 81.41	0.1%	0.8%	0.0%	-1.4%	1.3%	32.0%	0.0%	\$ 108.48
North	SBH - Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	17,290	\$ 84.30	0.1%	0.8%	0.0%	-1.3%	1.3%	31.3%	0.0%	\$ 111.73
North	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	258,049	\$ 11.14	1.9%	0.1%	0.1%	0.0%	0.3%	9.9%	-0.1%	\$ 12.52
North	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female	4,875	\$ 68.24	-0.4%	0.5%	0.1%	-1.6%	2.0%	29.8%	-0.1%	\$ 89.03
North	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	11,273	\$ 62.36	-0.5%	0.0%	0.0%	0.0%	0.8%	5.6%	-0.2%	\$ 65.90
North	SBH - Other	SBH - Other, All Ages	9,400	\$ 116.74	-0.3%	0.0%	0.0%	0.0%	0.1%	5.7%	-0.3%	\$ 122.79
North	Maternity Kickpayment	Maternity Kickpayment, All Ages	-	\$ -	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	\$ -

Notes:  
 NEMT services are included for SBH Program  
 $J = B * (1 + C) * (1 + D) * (1 + E) * (1 + F) * (1 + G) * (1 + H) * (1 + I)$   
 $T = L * (1 + M) * (1 + N) * (1 + O) * (1 + P) * (1 + S)$   
 $U = 40\% * J + 60\% * T$   
 $AA = U * (1 + V) * (1 + W) * (1 + X) * (1 + Y) * (1 + Z) * (1 + 12)$   
 $AB = U * (1 + V) * (1 + W) * (1 + X) * (1 + Y) * (1 + Z) * (1 + 12)$

# Appendix I: Specialized Behavioral Health Projected Claims PMPM Development

Table 1b: SBH Historical Adjustments (CY 2014)

Table 1b: SBH Historical Adjustments (CY 2014)														
Region Name	COA Desc	Rate Cell Desc	K		L		Historical Adjustments							T
			CY2014 MMs	CY2014 PMPM	IP/OP Fee Adj	M	N	PSH Increase Adj	P	Q	R	S		
Gulf	SSI	Newborn, 0-2 Months	499	\$ -	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	\$ -	
Gulf	SSI	Newborn, 3-11 Months	2,016	\$ 0.52	-0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-0.1%	\$ 0.52	
Gulf	SSI	Child, 1-20 Years	140,382	\$ 106.62	-0.1%	0.3%	0.1%	-12.6%	0.0%	0.1%	-12.6%	-0.1%	\$ 93.36	
Gulf	SSI	Adult, 21+ Years	268,331	\$ 87.70	-0.5%	0.0%	0.4%	-0.1%	0.0%	0.4%	-0.1%	-0.2%	\$ 87.46	
Gulf	Family and Children	Newborn, 0-2 Months	48,751	\$ 0.02	-7.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-0.2%	\$ 0.02	
Gulf	Family and Children	Newborn, 3-11 Months	108,391	\$ 0.09	-3.6%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-0.1%	\$ 0.09	
Gulf	Family and Children	Child, 1-20 Years	2,120,899	\$ 19.23	0.0%	0.1%	0.0%	-4.9%	0.0%	0.0%	-4.9%	-0.2%	\$ 18.30	
Gulf	Family and Children	Adult, 21+ Years	388,455	\$ 17.84	-0.3%	0.0%	0.2%	0.0%	0.0%	0.2%	0.0%	-0.2%	\$ 17.78	
Gulf	Foster Care Children	Foster Care, All Ages Male & Female	23,352	\$ 134.67	0.3%	0.8%	0.1%	-10.7%	0.0%	0.1%	-10.7%	-0.1%	\$ 121.60	
Gulf	Breast and Cervical Cancer	BCC, All Ages Female	3,937	\$ 7.88	-0.6%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-0.3%	\$ 7.81	
Gulf	LaCHIP Affordable Plan	All Ages	10,244	\$ 8.51	0.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-0.3%	\$ 8.51	
Gulf	HCBS Waiver	20 & Under, Male and Female	7,178	\$ 23.80	-0.6%	0.0%	0.1%	-9.0%	0.0%	0.1%	-9.0%	-0.2%	\$ 21.51	
Gulf	HCBS Waiver	21+ Years, Male and Female	13,626	\$ 43.59	-1.1%	0.0%	0.2%	0.0%	0.0%	0.2%	0.0%	-0.2%	\$ 43.11	
Gulf	Chisholm Class Members	Chisholm, All Ages Male & Female	16,983	\$ 62.39	-0.1%	0.4%	0.1%	-19.7%	0.0%	0.1%	-19.7%	-0.2%	\$ 50.18	
Gulf	SBH - Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	17,167	\$ 65.89	-0.1%	0.4%	0.1%	-18.5%	0.0%	0.1%	-18.5%	-0.2%	\$ 53.81	
Gulf	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	299,337	\$ 19.00	7.6%	0.0%	0.7%	0.0%	0.0%	0.7%	0.0%	-0.2%	\$ 20.54	
Gulf	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female	7,178	\$ 26.19	-0.5%	0.0%	0.1%	-8.2%	0.0%	0.1%	-8.2%	-0.2%	\$ 23.90	
Gulf	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	13,626	\$ 53.03	-0.9%	0.0%	0.2%	0.0%	0.0%	0.2%	0.0%	-0.3%	\$ 52.51	
Gulf	SBH - Other	SBH - Other, All Ages	7,536	\$ 158.01	-1.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-0.2%	\$ 155.65	
Gulf	Maternity Kickpayment	Maternity Kickpayment, All Ages	-	\$ -	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	\$ -	
Capital	SSI	Newborn, 0-2 Months	384	\$ -	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	\$ -	
Capital	SSI	Newborn, 3-11 Months	1,488	\$ 8.06	-0.5%	0.0%	0.0%	0.0%	0.0%	2.4%	0.0%	-0.2%	\$ 8.20	
Capital	SSI	Child, 1-20 Years	104,301	\$ 88.10	0.1%	0.6%	0.0%	-12.7%	0.0%	0.6%	0.0%	-0.2%	\$ 77.27	
Capital	SSI	Adult, 21+ Years	195,553	\$ 70.14	0.7%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	-0.1%	\$ 70.65	
Capital	Family and Children	Newborn, 0-2 Months	42,461	\$ 1.21	-0.1%	0.0%	0.0%	3.8%	0.0%	0.0%	0.0%	-0.3%	\$ 1.25	
Capital	Family and Children	Newborn, 3-11 Months	96,528	\$ 0.42	-1.0%	0.0%	0.0%	0.0%	0.0%	3.0%	0.0%	-0.3%	\$ 0.42	
Capital	Family and Children	Child, 1-20 Years	1,914,036	\$ 18.07	1.0%	0.1%	0.0%	-5.7%	0.0%	0.0%	-5.7%	-0.3%	\$ 17.17	
Capital	Family and Children	Adult, 21+ Years	288,647	\$ 19.95	2.3%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	-0.2%	\$ 20.40	
Capital	Foster Care Children	Foster Care, All Ages Male & Female	33,498	\$ 160.86	1.0%	1.6%	0.0%	-1.1%	0.0%	0.0%	-1.1%	-0.1%	\$ 163.25	
Capital	Breast and Cervical Cancer	BCC, All Ages Female	3,825	\$ 16.58	-0.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-0.1%	\$ 16.50	
Capital	LaCHIP Affordable Plan	All Ages	10,876	\$ 15.96	2.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-0.3%	\$ 16.27	
Capital	HCBS Waiver	20 & Under, Male and Female	7,499	\$ 44.31	0.0%	1.9%	0.1%	-13.4%	0.0%	0.1%	-13.4%	-0.2%	\$ 39.07	
Capital	HCBS Waiver	21+ Years, Male and Female	12,294	\$ 43.23	0.5%	0.0%	0.1%	0.0%	0.0%	0.1%	0.0%	-0.2%	\$ 43.40	
Capital	Chisholm Class Members	Chisholm, All Ages Male & Female	17,068	\$ 68.04	2.3%	0.8%	0.0%	-18.9%	0.0%	0.8%	0.0%	-0.2%	\$ 56.83	
Capital	SBH - Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	17,176	\$ 74.84	3.0%	0.7%	0.0%	-17.1%	0.0%	0.7%	-17.1%	-0.2%	\$ 64.27	
Capital	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	239,197	\$ 15.60	2.8%	0.0%	0.1%	0.0%	0.0%	0.0%	0.0%	-0.1%	\$ 16.03	
Capital	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female	7,499	\$ 50.40	0.0%	1.6%	0.1%	-11.8%	0.0%	0.1%	-11.8%	-0.2%	\$ 45.14	
Capital	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	12,294	\$ 59.67	0.4%	0.0%	0.1%	0.0%	0.0%	0.1%	0.0%	-0.2%	\$ 59.79	
Capital	SBH - Other	SBH - Other, All Ages	8,412	\$ 96.37	0.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-0.2%	\$ 96.67	
Capital	Maternity Kickpayment	Maternity Kickpayment, All Ages	-	\$ -	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	\$ -	

Notes:  
 NEMT services are included for SBH Program  
 $J = B * (1 + C) * (1 + D) * (1 + E) * (1 + F) * (1 + G) * (1 + H) * (1 + I)$   
 $T = L * (1 + M) * (1 + N) * (1 + O) * (1 + P) * (1 + S)$   
 $U = 40\% * J + 60\% * T$   
 $AA = U * (1 + V) * (1 + W) * (1 + X) * (1 + Y) * (1 + Z) * (1 + 12)$   
 $AB = U * (1 + V) * (1 + W) * (1 + X) * (1 + Y) * (1 + Z) * (1 + 12)$

# Appendix I: Specialized Behavioral Health Projected Claims PMPM Development

Table 1b: SBH Historical Adjustments (CY 2014)

Table 1b: SBH Historical Adjustments (CY 2014)													
Region Name	COA Desc	Rate Cell Desc	K		L	Historical Adjustments							T
			CY2014 NMs	CY2014 PMPM		M	N	O	P	Q	R	S	
					IP/OP Fee Adj	PRTF Adj	PSH Increase Adj	CSOC Adj	Medication Mgmt Adj	Historical Trend	Recoupment Adj (F&A)	CY2014 PMPM After Adj	
South Central	SSI	Newborn, 0-2 Months	466	\$ -	0.0%	0.0%	0.0%	0.0%			0.0%	\$ -	-
South Central	SSI	Newborn, 3-11 Months	1,871	\$ 0.08	-0.1%	0.0%	0.0%	0.0%			0.0%	\$ -	0.08
South Central	SSI	Child, 1-20 Years	108,433	\$ 83.01	-0.2%	0.6%	0.0%	-9.2%			-0.2%	\$ 75.57	75.57
South Central	SSI	Adult, 21+ Years	237,953	\$ 69.44	-0.6%	0.1%	0.1%	-0.2%			-0.2%	\$ 68.89	68.89
South Central	Family and Children	Newborn, 0-2 Months	46,634	\$ 0.71	-0.1%	0.0%	0.0%	0.0%			-0.2%	\$ 0.71	0.71
South Central	Family and Children	Newborn, 3-11 Months	104,955	\$ 0.28	-0.2%	0.0%	0.0%	0.0%			-0.2%	\$ 0.28	0.28
South Central	Family and Children	Child, 1-20 Years	2,083,138	\$ 14.71	-0.1%	0.2%	0.0%	-3.5%			-0.2%	\$ 14.19	14.19
South Central	Family and Children	Adult, 21+ Years	299,789	\$ 19.82	-0.9%	0.1%	0.0%	-0.9%			-0.3%	\$ 19.58	19.58
South Central	Foster Care Children	Foster Care, All Ages Male & Female	44,797	\$ 103.55	0.0%	1.1%	0.0%	-3.7%			-0.1%	\$ 100.73	100.73
South Central	Breast and Cervical Cancer	BCC, All Ages Female	2,747	\$ 5.60	-0.3%	0.0%	0.0%	0.0%			-0.3%	\$ 5.57	5.57
South Central	LaCHIP Affordable Plan	All Ages	12,678	\$ 7.15	-0.1%	0.0%	0.0%	0.0%			-0.4%	\$ 7.11	7.11
South Central	HCBS Waiver	20 & Under, Male and Female	6,786	\$ 23.84	-0.2%	0.0%	0.1%	0.0%			-0.3%	\$ 23.75	23.75
South Central	HCBS Waiver	21+ Years, Male and Female	14,109	\$ 41.78	-0.3%	0.1%	0.0%	0.0%			-0.3%	\$ 41.54	41.54
South Central	Chisholm Class Members	Chisholm, All Ages Male & Female	18,278	\$ 114.05	0.0%	1.0%	0.0%	-4.8%			-0.2%	\$ 109.45	109.45
South Central	SBH - Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	18,709	\$ 122.06	0.0%	0.9%	0.0%	-4.4%			-0.2%	\$ 117.55	117.55
South Central	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	323,040	\$ 11.73	5.3%	0.1%	0.1%	0.0%			-0.2%	\$ 12.36	12.36
South Central	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female	6,786	\$ 32.74	-0.1%	0.0%	0.1%	0.0%			-0.3%	\$ 32.62	32.62
South Central	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	14,109	\$ 58.70	-0.2%	0.0%	0.0%	0.0%			-0.3%	\$ 58.41	58.41
South Central	SBH - Other	SBH - Other, All Ages	10,727	\$ 174.95	-0.2%	0.0%	0.0%	0.0%			-0.2%	\$ 174.30	174.30
South Central	Maternity Kickpayment	Maternity Kickpayment, All Ages	-	\$ -	0.0%	0.0%	0.0%	0.0%			0.0%	\$ -	-
North	SSI	Newborn, 0-2 Months	442	\$ -	0.0%	0.0%	0.0%	0.0%			0.0%	\$ -	-
North	SSI	Newborn, 3-11 Months	1,700	\$ 0.09	-0.1%	0.0%	0.0%	0.0%			-0.2%	\$ 0.09	0.09
North	SSI	Child, 1-20 Years	119,014	\$ 121.74	-0.2%	0.4%	0.0%	-0.6%			-0.1%	\$ 121.15	121.15
North	SSI	Adult, 21+ Years	208,362	\$ 56.01	-1.2%	0.1%	0.1%	0.0%			-0.1%	\$ 55.41	55.41
North	Family and Children	Newborn, 0-2 Months	35,265	\$ 0.01	0.0%	0.0%	0.0%	0.0%			0.0%	\$ 0.01	0.01
North	Family and Children	Newborn, 3-11 Months	81,697	\$ 0.19	0.0%	0.0%	0.0%	0.0%			0.0%	\$ 0.19	0.19
North	Family and Children	Child, 1-20 Years	1,639,346	\$ 24.48	-0.1%	0.1%	0.1%	-0.3%			-0.1%	\$ 24.40	24.40
North	Family and Children	Adult, 21+ Years	239,631	\$ 18.86	-0.4%	0.3%	0.0%	0.0%			-0.1%	\$ 18.83	18.83
North	Foster Care Children	Foster Care, All Ages Male & Female	24,828	\$ 257.07	0.0%	2.5%	0.1%	-0.3%			0.0%	\$ 262.89	262.89
North	Breast and Cervical Cancer	BCC, All Ages Female	2,561	\$ 12.40	0.0%	0.0%	0.0%	0.0%			-0.1%	\$ 12.39	12.39
North	LaCHIP Affordable Plan	All Ages	6,372	\$ 21.12	-0.2%	0.0%	0.1%	-0.3%			-0.1%	\$ 21.00	21.00
North	HCBS Waiver	20 & Under, Male and Female	4,318	\$ 46.52	0.0%	0.0%	0.1%	-1.5%			-0.2%	\$ 45.77	45.77
North	HCBS Waiver	21+ Years, Male and Female	11,256	\$ 40.47	-0.1%	0.0%	0.0%	-1.5%			-0.3%	\$ 40.34	40.34
North	Chisholm Class Members	Chisholm, All Ages Male & Female	16,846	\$ 106.55	0.0%	0.8%	0.0%	-1.6%			-0.1%	\$ 105.70	105.70
North	SBH - Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	17,129	\$ 108.48	0.0%	0.8%	0.0%	-1.6%			-0.1%	\$ 107.64	107.64
North	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	256,152	\$ 13.89	4.2%	0.2%	0.2%	0.0%			-0.1%	\$ 14.50	14.50
North	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female	4,318	\$ 52.97	0.0%	0.0%	0.1%	-1.3%			-0.2%	\$ 52.20	52.20
North	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	11,256	\$ 58.20	0.0%	0.0%	0.0%	0.0%			-0.3%	\$ 58.00	58.00
North	SBH - Other	SBH - Other, All Ages	9,527	\$ 109.51	-0.1%	0.0%	0.0%	0.0%			-0.2%	\$ 109.22	109.22
North	Maternity Kickpayment	Maternity Kickpayment, All Ages	-	\$ -	0.0%	0.0%	0.0%	0.0%			0.0%	\$ -	-

Notes:  
 NEMT services are included for SBH Program  
 $J = B * (1 + C) * (1 + D) * (1 + E) * (1 + F) * (1 + G) * (1 + H) * (1 + I)$   
 $T = L * (1 + M) * (1 + N) * (1 + O) * (1 + P) * (1 + S)$   
 $U = 40\% * J + 60\% * T$   
 $AA = U * (1 + V) * (1 + W) * (1 + X) * (1 + Y) * (1 + Z) * (1 + 12)$   
 $AB = U * (1 + V) * (1 + W) * (1 + X) * (1 + Y) * (1 + Z) * (1 + 12)$

# Appendix I: Specialized Behavioral Health Projected Claims PMPM Development

Table 2: SBH Prospective Rating Adjustments

Region Name	COA Desc	Rate Cell Desc	Prospective Adjustments										AB
			J	T	U	V	W	X	Y	Z	AA	AB	
			CY2013 PMPM After Historical Adj	CY2014 PMPM After Historical Adj	Blended PMPM	1915 Adj	Mixed Services Protocol Adj	Retro Adj	Low Trend	High Trend	Projected PMPM -- Low	Projected PMPM -- High	
Gulf	SSI	Newborn, 0-2 Months	\$ -	\$ -	\$ -	0.0%	0.0%	0.0%	0.0%	0.0%	\$ -	\$ -	
Gulf	SSI	Newborn, 3-11 Months	\$ 1.60	\$ 0.52	\$ 0.95	0.0%	0.0%	0.0%	29.0%	34.0%	\$ 1.62	\$ 1.75	
Gulf	SSI	Child, 1-20 Years	\$ 100.25	\$ 93.36	\$ 96.12	0.0%	0.0%	0.0%	29.0%	34.0%	\$ 163.38	\$ 176.85	
Gulf	SSI	Adult, 21+ Years	\$ 80.07	\$ 87.46	\$ 84.51	3.4%	0.0%	0.0%	4.0%	6.0%	\$ 95.28	\$ 99.14	
Gulf	Family and Children	Newborn, 0-2 Months	\$ 0.12	\$ 0.02	\$ 0.06	0.0%	0.0%	0.0%	29.0%	34.0%	\$ 0.10	\$ 0.11	
Gulf	Family and Children	Newborn, 3-11 Months	\$ 0.03	\$ 0.09	\$ 0.07	0.0%	0.0%	0.0%	29.0%	34.0%	\$ 0.11	\$ 0.12	
Gulf	Family and Children	Child, 1-20 Years	\$ 17.72	\$ 18.30	\$ 18.07	0.0%	0.0%	0.0%	29.0%	34.0%	\$ 30.71	\$ 33.25	
Gulf	Family and Children	Adult, 21+ Years	\$ 16.63	\$ 17.78	\$ 17.32	4.0%	0.0%	0.0%	4.0%	6.0%	\$ 19.55	\$ 20.35	
Gulf	Foster Care Children	Foster Care, All Ages Male & Female	\$ 123.42	\$ 121.60	\$ 122.33	0.0%	0.0%	0.0%	29.0%	34.0%	\$ 207.95	\$ 225.10	
Gulf	Breast and Cervical Cancer	BCC, All Ages Female	\$ 7.01	\$ 7.81	\$ 7.49	7.4%	0.0%	0.0%	4.0%	6.0%	\$ 8.95	\$ 9.32	
Gulf	LaCHIP - Affordable Plan	All Ages	\$ 9.37	\$ 8.51	\$ 8.85	0.0%	0.0%	0.0%	29.0%	34.0%	\$ 15.10	\$ 16.35	
Gulf	HCBS Waiver	20 & Under, Male and Female	\$ 26.79	\$ 21.51	\$ 23.63	0.1%	0.0%	0.0%	29.0%	34.0%	\$ 40.18	\$ 43.49	
Gulf	HCBS Waiver	21+ Years, Male and Female	\$ 31.78	\$ 43.11	\$ 38.58	3.5%	0.0%	0.0%	4.0%	6.0%	\$ 43.32	\$ 45.08	
Gulf	Chisholm Class Members	Chisholm, All Ages Male & Female	\$ 63.78	\$ 50.18	\$ 55.62	0.0%	0.0%	0.0%	29.0%	34.0%	\$ 94.56	\$ 102.36	
Gulf	SBH - Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	\$ 69.26	\$ 53.81	\$ 59.99	0.0%	-6.6%	0.0%	27.9%	32.7%	\$ 93.59	\$ 101.11	
Gulf	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	\$ 19.08	\$ 20.54	\$ 19.96	1.9%	-1.0%	0.0%	7.4%	9.4%	\$ 23.38	\$ 24.29	
Gulf	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female	\$ 32.31	\$ 23.90	\$ 27.26	0.0%	-8.9%	0.0%	26.4%	31.0%	\$ 40.47	\$ 43.62	
Gulf	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	\$ 44.91	\$ 52.51	\$ 49.47	2.8%	-7.3%	0.0%	5.4%	7.4%	\$ 52.66	\$ 54.76	
Gulf	SBH - Other	SBH - Other, All Ages	\$ 137.77	\$ 155.65	\$ 148.49	0.2%	-6.2%	0.0%	6.6%	8.6%	\$ 159.40	\$ 165.70	
Gulf	Maternity Kickpayment	Maternity Kickpayment, All Ages	\$ -	\$ -	\$ -	0.0%	0.0%	0.0%	0.0%	0.0%	\$ -	\$ -	
Capital	SSI	Newborn, 0-2 Months	\$ 10.28	\$ -	\$ 4.11	0.0%	0.0%	0.0%	29.0%	34.0%	\$ 6.99	\$ 7.57	
Capital	SSI	Newborn, 3-11 Months	\$ 0.05	\$ 8.20	\$ 4.94	0.0%	0.0%	0.0%	29.0%	34.0%	\$ 8.39	\$ 9.08	
Capital	SSI	Child, 1-20 Years	\$ 71.51	\$ 77.27	\$ 74.97	0.0%	0.0%	0.0%	29.0%	34.0%	\$ 127.44	\$ 137.94	
Capital	SSI	Adult, 21+ Years	\$ 70.64	\$ 70.65	\$ 70.64	2.6%	0.0%	0.0%	4.0%	6.0%	\$ 79.08	\$ 82.28	
Capital	Family and Children	Newborn, 0-2 Months	\$ 0.17	\$ 1.25	\$ 0.82	0.0%	0.0%	0.0%	29.0%	34.0%	\$ 1.39	\$ 1.50	
Capital	Family and Children	Newborn, 3-11 Months	\$ 0.19	\$ 0.42	\$ 0.33	0.0%	0.0%	0.0%	29.0%	34.0%	\$ 0.56	\$ 0.61	
Capital	Family and Children	Child, 1-20 Years	\$ 17.89	\$ 17.17	\$ 17.46	0.0%	0.0%	0.0%	29.0%	34.0%	\$ 29.68	\$ 32.13	
Capital	Family and Children	Adult, 21+ Years	\$ 17.67	\$ 20.40	\$ 19.31	2.0%	0.0%	0.0%	4.0%	6.0%	\$ 21.37	\$ 22.23	
Capital	Foster Care Children	Foster Care, All Ages Male & Female	\$ 119.38	\$ 163.25	\$ 145.70	0.0%	0.0%	0.0%	29.0%	34.0%	\$ 247.66	\$ 268.08	
Capital	Breast and Cervical Cancer	BCC, All Ages Female	\$ 7.19	\$ 16.50	\$ 12.78	2.5%	0.0%	0.0%	4.0%	6.0%	\$ 14.59	\$ 15.18	
Capital	LaCHIP - Affordable Plan	All Ages	\$ 12.46	\$ 16.27	\$ 14.74	0.0%	0.0%	0.0%	4.0%	6.0%	\$ 25.15	\$ 27.23	
Capital	HCBS Waiver	20 & Under, Male and Female	\$ 28.61	\$ 39.07	\$ 34.88	0.0%	0.0%	0.0%	29.0%	34.0%	\$ 59.29	\$ 64.18	
Capital	HCBS Waiver	21+ Years, Male and Female	\$ 56.84	\$ 43.40	\$ 48.77	3.1%	0.0%	0.0%	4.0%	6.0%	\$ 54.56	\$ 56.77	
Capital	Chisholm Class Members	Chisholm, All Ages Male & Female	\$ 71.68	\$ 56.83	\$ 62.77	0.0%	0.0%	0.0%	29.0%	34.0%	\$ 106.72	\$ 115.52	
Capital	SBH - Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	\$ 78.28	\$ 64.27	\$ 69.87	0.0%	-6.9%	0.0%	27.5%	32.3%	\$ 107.97	\$ 116.58	
Capital	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	\$ 14.07	\$ 16.03	\$ 15.25	1.2%	-5.7%	0.0%	11.1%	13.1%	\$ 18.12	\$ 18.81	
Capital	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female	\$ 35.33	\$ 45.14	\$ 41.22	0.0%	-5.4%	0.0%	26.1%	30.7%	\$ 63.26	\$ 68.14	
Capital	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	\$ 71.43	\$ 59.79	\$ 64.45	2.4%	-6.7%	0.0%	5.6%	7.6%	\$ 68.88	\$ 71.62	
Capital	SBH - Other	SBH - Other, All Ages	\$ 121.85	\$ 96.67	\$ 106.74	0.3%	-6.6%	0.0%	5.8%	7.8%	\$ 112.32	\$ 116.79	
Capital	Maternity Kickpayment	Maternity Kickpayment, All Ages	\$ -	\$ -	\$ -	0.0%	0.0%	0.0%	0.0%	0.0%	\$ -	\$ -	

Notes:  
 NEMT services are included for SBH Program  
 $J = B * (1 + C) * (1 + D) * (1 + E) * (1 + F) * (1 + G) * (1 + H) * (1 + I)$   
 $T = L * (1 + M) * (1 + N) * (1 + O) * (1 + P) * (1 + S)$   
 $U = 40\% * J + 60\% * T$   
 $AA = U * (1 + V) * (1 + W) * (1 + X) * (1 + Y) * (25/12)$   
 $AB = U * (1 + V) * (1 + W) * (1 + X) * (1 + Y) * (25/12)$

# Appendix I: Specialized Behavioral Health Projected Claims PMPM Development

Table 2: SBH Prospective Rating Adjustments

Prospective Adjustments											
Region Name	COA Desc	Rate Cell Desc	J CY2013 PMPM After Historical Adj	T CY2014 PMPM After Historical Adj	U Blended PMPM	V 19151 Adj	W Mixed Services Protocol Adj	X Retro Adj	Y Low Trend	Z High Trend	AB Projected PMPM -- High
South Central	SSI	Newborn, 0-2 Months	\$ -	\$ -	\$ -	0.0%	0.0%	0.0%	0.0%	0.0%	\$ -
South Central	SSI	Newborn, 3-11 Months	\$ 3.86	\$ 0.08	\$ 1.59	0.0%	0.0%	0.0%	0.0%	34.0%	\$ 2.93
South Central	SSI	Child, 1-20 Years	\$ 82.57	\$ 75.57	\$ 78.37	0.0%	0.0%	0.0%	0.0%	34.0%	\$ 144.20
South Central	SSI	Adult, 21+ Years	\$ 76.39	\$ 68.89	\$ 71.89	1.8%	0.0%	0.5%	4.0%	6.0%	\$ 83.05
South Central	Family and Children	Newborn, 0-2 Months	\$ 0.01	\$ 0.71	\$ 0.43	0.0%	0.0%	0.0%	0.0%	34.0%	\$ 0.80
South Central	Family and Children	Newborn, 3-11 Months	\$ 0.05	\$ 0.28	\$ 0.19	0.0%	0.0%	0.0%	0.0%	34.0%	\$ 0.34
South Central	Family and Children	Child, 1-20 Years	\$ 14.55	\$ 14.19	\$ 14.33	0.0%	0.0%	0.0%	0.0%	34.0%	\$ 26.37
South Central	Family and Children	Adult, 21+ Years	\$ 18.49	\$ 19.58	\$ 19.14	1.9%	0.0%	0.0%	4.0%	6.0%	\$ 22.01
South Central	Foster Care Children	Foster Care, All Ages Male & Female	\$ 133.46	\$ 100.73	\$ 113.82	0.0%	0.0%	0.0%	0.0%	34.0%	\$ 209.43
South Central	Breast and Cervical Cancer	BCC, All Ages Female	\$ 2.22	\$ 5.57	\$ 4.23	3.4%	0.0%	0.0%	4.0%	6.0%	\$ 5.06
South Central	LaCHIP Affordable Plan	All Ages	\$ 7.90	\$ 7.11	\$ 7.43	0.0%	0.0%	0.0%	0.0%	34.0%	\$ 13.72
South Central	HCBS Waiver	20 & Under, Male and Female	\$ 42.29	\$ 23.75	\$ 31.17	0.0%	0.0%	0.0%	0.0%	34.0%	\$ 57.35
South Central	HCBS Waiver	21+ Years, Male and Female	\$ 44.96	\$ 41.54	\$ 42.91	1.5%	0.0%	0.0%	0.0%	6.0%	\$ 49.20
South Central	Chisholm Class Members	Chisholm, All Ages Male & Female	\$ 105.97	\$ 109.45	\$ 108.05	0.0%	0.0%	0.0%	0.0%	34.0%	\$ 198.86
South Central	SBH - Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	\$ 115.62	\$ 117.55	\$ 116.78	0.0%	-6.4%	0.0%	27.3%	32.1%	\$ 195.14
South Central	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	\$ 12.88	\$ 12.36	\$ 12.57	1.1%	-1.6%	0.0%	9.4%	11.4%	\$ 15.66
South Central	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female	\$ 54.29	\$ 32.62	\$ 41.29	0.0%	-8.3%	0.0%	24.2%	28.5%	\$ 63.82
South Central	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	\$ 68.62	\$ 58.41	\$ 62.49	1.0%	-8.0%	0.0%	6.1%	8.1%	\$ 66.70
South Central	SBH - Other	SBH - Other, All Ages	\$ 208.53	\$ 174.30	\$ 187.99	0.3%	-6.2%	0.0%	6.1%	8.1%	\$ 208.08
South Central	Maternity Kickpayment	Maternity Kickpayment, All Ages	\$ -	\$ -	\$ -	0.0%	0.0%	0.0%	0.0%	0.0%	\$ -
North	SSI	Newborn, 0-2 Months	\$ -	\$ -	\$ -	0.0%	0.0%	0.0%	0.0%	0.0%	\$ -
North	SSI	Newborn, 3-11 Months	\$ 0.02	\$ 0.09	\$ 0.06	0.0%	0.0%	0.0%	0.0%	34.0%	\$ 0.12
North	SSI	Child, 1-20 Years	\$ 140.35	\$ 121.15	\$ 128.83	0.0%	0.0%	0.0%	0.0%	34.0%	\$ 237.04
North	SSI	Adult, 21+ Years	\$ 53.08	\$ 55.41	\$ 54.48	3.1%	0.0%	0.5%	4.0%	6.0%	\$ 63.73
North	Family and Children	Newborn, 0-2 Months	\$ 0.02	\$ 0.01	\$ 0.01	0.0%	0.0%	0.0%	0.0%	34.0%	\$ 0.02
North	Family and Children	Newborn, 3-11 Months	\$ 0.01	\$ 0.19	\$ 0.12	0.0%	0.0%	0.0%	0.0%	34.0%	\$ 0.22
North	Family and Children	Child, 1-20 Years	\$ 22.30	\$ 24.40	\$ 23.56	0.0%	0.0%	0.0%	0.0%	34.0%	\$ 40.05
North	Family and Children	Adult, 21+ Years	\$ 16.98	\$ 18.83	\$ 18.09	3.5%	0.0%	0.0%	4.0%	6.0%	\$ 21.14
North	Foster Care Children	Foster Care, All Ages Male & Female	\$ 376.24	\$ 262.89	\$ 308.23	0.0%	0.0%	0.0%	0.0%	34.0%	\$ 567.13
North	Breast and Cervical Cancer	BCC, All Ages Female	\$ 37.14	\$ 12.39	\$ 22.29	2.4%	0.0%	0.0%	4.0%	6.0%	\$ 26.44
North	LaCHIP Affordable Plan	All Ages	\$ 10.51	\$ 21.00	\$ 16.81	0.0%	0.0%	0.0%	0.4%	34.0%	\$ 31.03
North	HCBS Waiver	20 & Under, Male and Female	\$ 81.10	\$ 45.77	\$ 59.90	0.0%	0.0%	0.0%	0.0%	34.0%	\$ 110.22
North	HCBS Waiver	21+ Years, Male and Female	\$ 43.36	\$ 40.34	\$ 41.55	4.6%	0.0%	0.0%	4.0%	6.0%	\$ 49.05
North	Chisholm Class Members	Chisholm, All Ages Male & Female	\$ 108.48	\$ 105.70	\$ 106.81	0.0%	0.0%	0.0%	0.0%	34.0%	\$ 196.57
North	SBH - Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	\$ 111.73	\$ 107.64	\$ 108.28	0.0%	-0.2%	0.0%	0.0%	33.5%	\$ 198.96
North	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	\$ 12.52	\$ 14.50	\$ 13.71	1.6%	-1.9%	0.0%	9.9%	11.9%	\$ 16.63
North	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female	\$ 89.03	\$ 52.20	\$ 66.93	0.0%	0.5%	0.0%	27.2%	31.9%	\$ 119.97
North	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	\$ 65.90	\$ 58.00	\$ 61.16	3.1%	-3.0%	0.0%	0.0%	8.0%	\$ 71.76
North	SBH - Other	SBH - Other, All Ages	\$ 122.79	\$ 109.22	\$ 114.64	0.2%	-2.2%	0.0%	6.5%	8.5%	\$ 133.07
North	Maternity Kickpayment	Maternity Kickpayment, All Ages	\$ -	\$ -	\$ -	0.0%	0.0%	0.0%	0.0%	0.0%	\$ -

Notes:

NEMT services are included for SBH Program

J = B \* (1 + C) \* (1 + D) \* (1 + E) \* (1 + F) \* (1 + G) \* (1 + H) \* (1 + I)

T = L \* (1 + M) \* (1 + N) \* (1 + O) \* (1 + P) \* (1 + S)

U = 40% \* J + 60% \* T

AA = U \* (1 + V) \* (1 + W) \* (1 + X) \* (1 + Y) \* (1 + Z) \* (1 + 12)

AB = U \* (1 + V) \* (1 + W) \* (1 + X) \* (1 + Y) \* (1 + Z) \* (1 + 12)

## Appendix J: NEMT Projected Claims PMPM Development (For SBH Program Only)

Table 1: Historical Rating Adjustments

Region Name	COA Desc	Rate Cell Desc	A	B	C	D	E	F	G	H	I	J
			CY2013 MMs	CY2013 PMPM	Historical Trend	Recoupment Adj (F&A)	CY2013 PMPM After Adj	CY2014 MMs	CY2014 PMPM	Historical Trend	Recoupment Adj (F&A)	CY2014 PMPM After Adj
Gulf	SSI	Newborn, 0-2 Months	-	-	0.00%	0.00%	\$	-	-		0.00%	\$
Gulf	SSI	Newborn, 3-11 Months	-	-	0.00%	0.00%	\$	-	-		0.00%	\$
Gulf	SSI	Child, 1-20 Years	-	-	0.00%	0.00%	\$	-	-		0.00%	\$
Gulf	SSI	Adult, 21+ Years	-	-	0.00%	0.00%	\$	-	-		0.00%	\$
Gulf	Family and Children	Newborn, 0-2 Months	-	-	0.00%	0.00%	\$	-	-		0.00%	\$
Gulf	Family and Children	Newborn, 3-11 Months	-	-	0.00%	0.00%	\$	-	-		0.00%	\$
Gulf	Family and Children	Child, 1-20 Years	-	-	0.00%	0.00%	\$	-	-		0.00%	\$
Gulf	Family and Children	Adult, 21+ Years	-	-	0.00%	0.00%	\$	-	-		0.00%	\$
Gulf	Foster Care Children	Foster Care, All Ages Male & Female	-	-	0.00%	0.00%	\$	-	-		0.00%	\$
Gulf	Breast and Cervical Cancer	BCC, All Ages Female	-	-	0.00%	0.00%	\$	-	-		0.00%	\$
Gulf	LaCHIP Affordable Plan	All Ages	-	-	0.00%	0.00%	\$	-	-		0.00%	\$
Gulf	HCBS Waiver	20 & Under, Male and Female	-	-	0.00%	0.00%	\$	-	-		0.00%	\$
Gulf	HCBS Waiver	21+ Years, Male and Female	-	-	0.00%	0.00%	\$	-	-		0.00%	\$
Gulf	Chisholm Class Members	Chisholm, All Ages Male & Female	-	-	0.00%	0.00%	\$	-	-		0.00%	\$
Gulf	SBH - Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	16,354	2.84	11.00%	-0.43%	\$ 3.13	17,167	\$ 3.79		-0.27%	\$ 3.78
Gulf	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	304,778	5.59	16.00%	-0.20%	\$ 6.47	299,337	\$ 5.66		-0.14%	\$ 5.66
Gulf	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female	7,958	4.99	11.00%	-0.53%	\$ 5.51	7,178	\$ 2.39		-0.31%	\$ 2.38
Gulf	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	13,356	11.89	11.00%	-0.54%	\$ 13.13	13,626	\$ 9.44		-0.34%	\$ 9.40
Gulf	SBH - Other	SBH - Other, All Ages	6,844	46.91	11.00%	-0.59%	\$ 51.77	7,536	\$ 63.31		-0.40%	\$ 63.06
Gulf	Maternity Kickpayment	Maternity Kickpayment, All Ages	-	-	0.00%	0.00%	\$	-	-		0.00%	\$
Capital	SSI	Newborn, 0-2 Months	-	-	0.00%	0.00%	\$	-	-		0.00%	\$
Capital	SSI	Newborn, 3-11 Months	-	-	0.00%	0.00%	\$	-	-		0.00%	\$
Capital	SSI	Child, 1-20 Years	-	-	0.00%	0.00%	\$	-	-		0.00%	\$
Capital	SSI	Adult, 21+ Years	-	-	0.00%	0.00%	\$	-	-		0.00%	\$
Capital	Family and Children	Newborn, 0-2 Months	-	-	0.00%	0.00%	\$	-	-		0.00%	\$
Capital	Family and Children	Newborn, 3-11 Months	-	-	0.00%	0.00%	\$	-	-		0.00%	\$
Capital	Family and Children	Child, 1-20 Years	-	-	0.00%	0.00%	\$	-	-		0.00%	\$
Capital	Family and Children	Adult, 21+ Years	-	-	0.00%	0.00%	\$	-	-		0.00%	\$
Capital	Foster Care Children	Foster Care, All Ages Male & Female	-	-	0.00%	0.00%	\$	-	-		0.00%	\$
Capital	Breast and Cervical Cancer	BCC, All Ages Female	-	-	0.00%	0.00%	\$	-	-		0.00%	\$
Capital	LaCHIP Affordable Plan	All Ages	-	-	0.00%	0.00%	\$	-	-		0.00%	\$
Capital	HCBS Waiver	20 & Under, Male and Female	-	-	0.00%	0.00%	\$	-	-		0.00%	\$
Capital	HCBS Waiver	21+ Years, Male and Female	-	-	0.00%	0.00%	\$	-	-		0.00%	\$
Capital	Chisholm Class Members	Chisholm, All Ages Male & Female	-	-	0.00%	0.00%	\$	-	-		0.00%	\$
Capital	SBH - Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	16,137	5.28	11.00%	-0.44%	\$ 5.83	17,176	\$ 5.15		-0.25%	\$ 5.14
Capital	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	245,750	7.57	16.00%	-0.20%	\$ 8.76	239,197	\$ 9.51		-0.12%	\$ 9.49
Capital	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female	8,312	6.09	11.00%	-0.47%	\$ 6.72	7,499	\$ 6.09		-0.33%	\$ 6.07
Capital	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	12,207	13.21	11.00%	-0.50%	\$ 14.59	12,294	\$ 16.44		-0.29%	\$ 16.39
Capital	SBH - Other	SBH - Other, All Ages	8,284	30.86	11.00%	-0.58%	\$ 34.05	8,412	\$ 25.21		-0.40%	\$ 25.11
Capital	Maternity Kickpayment	Maternity Kickpayment, All Ages	-	-	0.00%	0.00%	\$	-	-		0.00%	\$

Notes:

$$E = B * (1 + C) * (1 + D)$$

$$J = G * (1 + I)$$

$$K = 40\% * E + 60\% * J$$

$$O = K * ((1 + M)^{25/12})$$

$$P = K * ((1 + N)^{25/12})$$

## Appendix J: NEMT Projected Claims PMPM Development (For SBH Program Only)

Table 1: Historical Rating Adjustments

Region Name	COA Desc	Rate Cell Desc	A	B	C	D	E	F	G	H	I	J
			CY2013 MMs	CY2013 PMPM	Historical Trend	Recoupment Adj (F&A)	CY2013 PMPM After Adj	CY2014 MMs	CY2014 PMPM	Historical Trend	Recoupment Adj (F&A)	CY2014 PMPM After Adj
South Central	SSI	Newborn, 0-2 Months	-	-	0.00%	0.00%	\$	-	-		0.00%	\$
South Central	SSI	Newborn, 3-11 Months	-	-	0.00%	0.00%	\$	-	-		0.00%	\$
South Central	SSI	Child, 1-20 Years	-	-	0.00%	0.00%	\$	-	-		0.00%	\$
South Central	SSI	Adult, 21+ Years	-	-	0.00%	0.00%	\$	-	-		0.00%	\$
South Central	Family and Children	Newborn, 0-2 Months	-	-	0.00%	0.00%	\$	-	-		0.00%	\$
South Central	Family and Children	Newborn, 3-11 Months	-	-	0.00%	0.00%	\$	-	-		0.00%	\$
South Central	Family and Children	Child, 1-20 Years	-	-	0.00%	0.00%	\$	-	-		0.00%	\$
South Central	Family and Children	Adult, 21+ Years	-	-	0.00%	0.00%	\$	-	-		0.00%	\$
South Central	Foster Care Children	Foster Care, All Ages Male & Female	-	-	0.00%	0.00%	\$	-	-		0.00%	\$
South Central	Breast and Cervical Cancer	BCC, All Ages Female	-	-	0.00%	0.00%	\$	-	-		0.00%	\$
South Central	LaCHIP Affordable Plan	All Ages	-	-	0.00%	0.00%	\$	-	-		0.00%	\$
South Central	HCBS Waiver	20 & Under, Male and Female	-	-	0.00%	0.00%	\$	-	-		0.00%	\$
South Central	HCBS Waiver	21+ Years, Male and Female	-	-	0.00%	0.00%	\$	-	-		0.00%	\$
South Central	Chisholm Class Members	Chisholm, All Ages Male & Female	-	-	0.00%	0.00%	\$	-	-		0.00%	\$
South Central	SBH - Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	17,361	9.80	11.00%	-0.38%	\$ 10.83	18,709	\$ 10.13		-0.22%	\$ 10.11
South Central	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	328,533	5.20	16.00%	-0.31%	\$ 6.02	323,040	\$ 6.01		-0.17%	\$ 6.00
South Central	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female	7,448	10.86	11.00%	-0.52%	\$ 11.99	6,786	\$ 8.90		-0.34%	\$ 8.87
South Central	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	14,510	21.44	11.00%	-0.55%	\$ 23.66	14,109	\$ 16.93		-0.36%	\$ 16.87
South Central	SBH - Other	SBH - Other, All Ages	10,261	45.56	11.00%	-0.59%	\$ 50.27	10,727	\$ 68.84		-0.40%	\$ 68.56
South Central	Maternity Kickpayment	Maternity Kickpayment, All Ages	-	-	0.00%	0.00%	\$	-	-		0.00%	\$
North	SSI	Newborn, 0-2 Months	-	-	0.00%	0.00%	\$	-	-		0.00%	\$
North	SSI	Newborn, 3-11 Months	-	-	0.00%	0.00%	\$	-	-		0.00%	\$
North	SSI	Child, 1-20 Years	-	-	0.00%	0.00%	\$	-	-		0.00%	\$
North	SSI	Adult, 21+ Years	-	-	0.00%	0.00%	\$	-	-		0.00%	\$
North	Family and Children	Newborn, 0-2 Months	-	-	0.00%	0.00%	\$	-	-		0.00%	\$
North	Family and Children	Newborn, 3-11 Months	-	-	0.00%	0.00%	\$	-	-		0.00%	\$
North	Family and Children	Child, 1-20 Years	-	-	0.00%	0.00%	\$	-	-		0.00%	\$
North	Family and Children	Adult, 21+ Years	-	-	0.00%	0.00%	\$	-	-		0.00%	\$
North	Foster Care Children	Foster Care, All Ages Male & Female	-	-	0.00%	0.00%	\$	-	-		0.00%	\$
North	Breast and Cervical Cancer	BCC, All Ages Female	-	-	0.00%	0.00%	\$	-	-		0.00%	\$
North	LaCHIP Affordable Plan	All Ages	-	-	0.00%	0.00%	\$	-	-		0.00%	\$
North	HCBS Waiver	20 & Under, Male and Female	-	-	0.00%	0.00%	\$	-	-		0.00%	\$
North	HCBS Waiver	21+ Years, Male and Female	-	-	0.00%	0.00%	\$	-	-		0.00%	\$
North	Chisholm Class Members	Chisholm, All Ages Male & Female	-	-	0.00%	0.00%	\$	-	-		0.00%	\$
North	SBH - Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	17,290	2.67	11.00%	-0.28%	\$ 2.96	17,129	\$ 2.97		-0.17%	\$ 2.97
North	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	288,049	5.90	16.00%	-0.22%	\$ 6.83	286,152	\$ 7.30		-0.13%	\$ 7.29
North	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female	4,875	7.18	11.00%	-0.47%	\$ 7.93	4,318	\$ 6.45		-0.33%	\$ 6.43
North	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	11,273	20.41	11.00%	-0.51%	\$ 22.54	11,256	\$ 17.72		-0.34%	\$ 17.66
North	SBH - Other	SBH - Other, All Ages	9,400	39.73	11.00%	-0.58%	\$ 43.84	9,527	\$ 46.43		-0.40%	\$ 46.25
North	Maternity Kickpayment	Maternity Kickpayment, All Ages	-	-	0.00%	0.00%	\$	-	-		0.00%	\$

Notes:

$$E = B * (1 + C) * (1 + D)$$

$$J = G * (1 + I)$$

$$K = 40\% * E + 60\% * J$$

$$O = K * ((1 + M)^{25/12})$$

$$P = K * ((1 + N)^{25/12})$$

## Appendix J: NEMT Projected Claims PMPM Development (For SBH Program Only)

Table 2: Prospective Rating Adjustments

Region Name	COA Desc	Rate Cell Desc	E	J	K	L	M	N	O	P
			CY2013 PMPM After Historical Adj	CY2014 PMPM After Historical Adj	Blended PMPM	Prospective Adj	Low Trend	High Trend	Projected PMPM -- Low	Projected PMPM -- High
Gulf	SSI	Newborn, 0-2 Months	\$ -	\$ -	\$ -		0.00%	0.00%	\$ -	\$ -
Gulf	SSI	Newborn, 3-11 Months	\$ -	\$ -	\$ -		0.00%	0.00%	\$ -	\$ -
Gulf	SSI	Child, 1-20 Years	\$ -	\$ -	\$ -		0.00%	0.00%	\$ -	\$ -
Gulf	SSI	Adult, 21+ Years	\$ -	\$ -	\$ -		0.00%	0.00%	\$ -	\$ -
Gulf	Family and Children	Newborn, 0-2 Months	\$ -	\$ -	\$ -		0.00%	0.00%	\$ -	\$ -
Gulf	Family and Children	Newborn, 3-11 Months	\$ -	\$ -	\$ -		0.00%	0.00%	\$ -	\$ -
Gulf	Family and Children	Child, 1-20 Years	\$ -	\$ -	\$ -		0.00%	0.00%	\$ -	\$ -
Gulf	Family and Children	Adult, 21+ Years	\$ -	\$ -	\$ -		0.00%	0.00%	\$ -	\$ -
Gulf	Foster Care Children	Foster Care, All Ages Male & Female	\$ -	\$ -	\$ -		0.00%	0.00%	\$ -	\$ -
Gulf	Breast and Cervical Cancer	BCC, All Ages Female	\$ -	\$ -	\$ -		0.00%	0.00%	\$ -	\$ -
Gulf	LaCHIP Affordable Plan	All Ages	\$ -	\$ -	\$ -		0.00%	0.00%	\$ -	\$ -
Gulf	HCBS Waiver	20 & Under, Male and Female	\$ -	\$ -	\$ -		0.00%	0.00%	\$ -	\$ -
Gulf	HCBS Waiver	21+ Years, Male and Female	\$ -	\$ -	\$ -		0.00%	0.00%	\$ -	\$ -
Gulf	Chisholm Class Members	Chisholm, All Ages Male & Female	\$ -	\$ -	\$ -		0.00%	0.00%	\$ -	\$ -
Gulf	SBH - Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	\$ 3.13	\$ 3.78	\$ 3.52		11.00%	11.00%	\$ 4.38	\$ 4.38
Gulf	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	\$ 6.47	\$ 5.66	\$ 5.98		16.00%	16.00%	\$ 8.15	\$ 8.15
Gulf	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female	\$ 5.51	\$ 2.38	\$ 3.63		11.00%	11.00%	\$ 4.52	\$ 4.52
Gulf	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	\$ 13.13	\$ 9.40	\$ 10.89		11.00%	11.00%	\$ 13.54	\$ 13.54
Gulf	SBH - Other	SBH - Other, All Ages	\$ 51.77	\$ 63.06	\$ 58.54		11.00%	11.00%	\$ 72.76	\$ 72.76
Gulf	Maternity Kickpayment	Maternity Kickpayment, All Ages	\$ -	\$ -	\$ -		0.00%	0.00%	\$ -	\$ -
Capital	SSI	Newborn, 0-2 Months	\$ -	\$ -	\$ -		0.00%	0.00%	\$ -	\$ -
Capital	SSI	Newborn, 3-11 Months	\$ -	\$ -	\$ -		0.00%	0.00%	\$ -	\$ -
Capital	SSI	Child, 1-20 Years	\$ -	\$ -	\$ -		0.00%	0.00%	\$ -	\$ -
Capital	SSI	Adult, 21+ Years	\$ -	\$ -	\$ -		0.00%	0.00%	\$ -	\$ -
Capital	Family and Children	Newborn, 0-2 Months	\$ -	\$ -	\$ -		0.00%	0.00%	\$ -	\$ -
Capital	Family and Children	Newborn, 3-11 Months	\$ -	\$ -	\$ -		0.00%	0.00%	\$ -	\$ -
Capital	Family and Children	Child, 1-20 Years	\$ -	\$ -	\$ -		0.00%	0.00%	\$ -	\$ -
Capital	Family and Children	Adult, 21+ Years	\$ -	\$ -	\$ -		0.00%	0.00%	\$ -	\$ -
Capital	Foster Care Children	Foster Care, All Ages Male & Female	\$ -	\$ -	\$ -		0.00%	0.00%	\$ -	\$ -
Capital	Breast and Cervical Cancer	BCC, All Ages Female	\$ -	\$ -	\$ -		0.00%	0.00%	\$ -	\$ -
Capital	LaCHIP Affordable Plan	All Ages	\$ -	\$ -	\$ -		0.00%	0.00%	\$ -	\$ -
Capital	HCBS Waiver	20 & Under, Male and Female	\$ -	\$ -	\$ -		0.00%	0.00%	\$ -	\$ -
Capital	HCBS Waiver	21+ Years, Male and Female	\$ -	\$ -	\$ -		0.00%	0.00%	\$ -	\$ -
Capital	Chisholm Class Members	Chisholm, All Ages Male & Female	\$ -	\$ -	\$ -		0.00%	0.00%	\$ -	\$ -
Capital	SBH - Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	\$ 5.83	\$ 5.14	\$ 5.42		11.00%	11.00%	\$ 6.73	\$ 6.73
Capital	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	\$ 8.76	\$ 9.49	\$ 9.20		16.00%	16.00%	\$ 12.53	\$ 12.53
Capital	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female	\$ 6.72	\$ 6.07	\$ 6.33		11.00%	11.00%	\$ 7.87	\$ 7.87
Capital	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	\$ 14.59	\$ 16.39	\$ 15.67		11.00%	11.00%	\$ 19.48	\$ 19.48
Capital	SBH - Other	SBH - Other, All Ages	\$ 34.05	\$ 25.11	\$ 28.69		11.00%	11.00%	\$ 35.66	\$ 35.66
Capital	Maternity Kickpayment	Maternity Kickpayment, All Ages	\$ -	\$ -	\$ -		0.00%	0.00%	\$ -	\$ -

Notes:

$$E = B * (1 + C) * (1 + D)$$

$$J = G * (1 + I)$$

$$K = 40\% * E + 60\% * J$$

$$O = K * ((1 + M)^{25/12})$$

$$P = K * ((1 + N)^{25/12})$$

## Appendix J: NEMT Projected Claims PMPM Development (For SBH Program Only)

Table 2: Prospective Rating Adjustments

Region Name	COA Desc	Rate Cell Desc	E	J	K	L	M	N	O	P
			CY2013 PMPM After Historical Adj	CY2014 PMPM After Historical Adj	Blended PMPM	Prospective Adj	Low Trend	High Trend	Projected PMPM -- Low	Projected PMPM -- High
South Central	SSI	Newborn, 0-2 Months	\$ -	\$ -	\$ -		0.00%	0.00%	\$ -	\$ -
South Central	SSI	Newborn, 3-11 Months	\$ -	\$ -	\$ -		0.00%	0.00%	\$ -	\$ -
South Central	SSI	Child, 1-20 Years	\$ -	\$ -	\$ -		0.00%	0.00%	\$ -	\$ -
South Central	SSI	Adult, 21+ Years	\$ -	\$ -	\$ -		0.00%	0.00%	\$ -	\$ -
South Central	Family and Children	Newborn, 0-2 Months	\$ -	\$ -	\$ -		0.00%	0.00%	\$ -	\$ -
South Central	Family and Children	Newborn, 3-11 Months	\$ -	\$ -	\$ -		0.00%	0.00%	\$ -	\$ -
South Central	Family and Children	Child, 1-20 Years	\$ -	\$ -	\$ -		0.00%	0.00%	\$ -	\$ -
South Central	Family and Children	Adult, 21+ Years	\$ -	\$ -	\$ -		0.00%	0.00%	\$ -	\$ -
South Central	Foster Care Children	Foster Care, All Ages Male & Female	\$ -	\$ -	\$ -		0.00%	0.00%	\$ -	\$ -
South Central	Breast and Cervical Cancer	BCC, All Ages Female	\$ -	\$ -	\$ -		0.00%	0.00%	\$ -	\$ -
South Central	LaCHIP Affordable Plan	All Ages	\$ -	\$ -	\$ -		0.00%	0.00%	\$ -	\$ -
South Central	HCBS Waiver	20 & Under, Male and Female	\$ -	\$ -	\$ -		0.00%	0.00%	\$ -	\$ -
South Central	HCBS Waiver	21+ Years, Male and Female	\$ -	\$ -	\$ -		0.00%	0.00%	\$ -	\$ -
South Central	Chisholm Class Members	Chisholm, All Ages Male & Female	\$ -	\$ -	\$ -		0.00%	0.00%	\$ -	\$ -
South Central	SBH - Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	\$ 10.83	\$ 10.11	\$ 10.40		11.00%	11.00%	\$ 12.93	\$ 12.93
South Central	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	\$ 6.02	\$ 6.00	\$ 6.00		16.00%	16.00%	\$ 8.18	\$ 8.18
South Central	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female	\$ 11.99	\$ 8.87	\$ 10.12		11.00%	11.00%	\$ 12.57	\$ 12.57
South Central	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	\$ 23.66	\$ 16.87	\$ 19.58		11.00%	11.00%	\$ 24.34	\$ 24.34
South Central	SBH - Other	SBH - Other, All Ages	\$ 50.27	\$ 68.56	\$ 61.24		11.00%	11.00%	\$ 76.12	\$ 76.12
South Central	Maternity Kickpayment	Maternity Kickpayment, All Ages	\$ -	\$ -	\$ -		0.00%	0.00%	\$ -	\$ -
North	SSI	Newborn, 0-2 Months	\$ -	\$ -	\$ -		0.00%	0.00%	\$ -	\$ -
North	SSI	Newborn, 3-11 Months	\$ -	\$ -	\$ -		0.00%	0.00%	\$ -	\$ -
North	SSI	Child, 1-20 Years	\$ -	\$ -	\$ -		0.00%	0.00%	\$ -	\$ -
North	SSI	Adult, 21+ Years	\$ -	\$ -	\$ -		0.00%	0.00%	\$ -	\$ -
North	Family and Children	Newborn, 0-2 Months	\$ -	\$ -	\$ -		0.00%	0.00%	\$ -	\$ -
North	Family and Children	Newborn, 3-11 Months	\$ -	\$ -	\$ -		0.00%	0.00%	\$ -	\$ -
North	Family and Children	Child, 1-20 Years	\$ -	\$ -	\$ -		0.00%	0.00%	\$ -	\$ -
North	Family and Children	Adult, 21+ Years	\$ -	\$ -	\$ -		0.00%	0.00%	\$ -	\$ -
North	Foster Care Children	Foster Care, All Ages Male & Female	\$ -	\$ -	\$ -		0.00%	0.00%	\$ -	\$ -
North	Breast and Cervical Cancer	BCC, All Ages Female	\$ -	\$ -	\$ -		0.00%	0.00%	\$ -	\$ -
North	LaCHIP Affordable Plan	All Ages	\$ -	\$ -	\$ -		0.00%	0.00%	\$ -	\$ -
North	HCBS Waiver	20 & Under, Male and Female	\$ -	\$ -	\$ -		0.00%	0.00%	\$ -	\$ -
North	HCBS Waiver	21+ Years, Male and Female	\$ -	\$ -	\$ -		0.00%	0.00%	\$ -	\$ -
North	Chisholm Class Members	Chisholm, All Ages Male & Female	\$ -	\$ -	\$ -		0.00%	0.00%	\$ -	\$ -
North	SBH - Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	\$ 2.96	\$ 2.97	\$ 2.96		11.00%	11.00%	\$ 3.68	\$ 3.68
North	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	\$ 6.83	\$ 7.29	\$ 7.11		16.00%	16.00%	\$ 9.68	\$ 9.68
North	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female	\$ 7.93	\$ 6.43	\$ 7.03		11.00%	11.00%	\$ 8.74	\$ 8.74
North	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	\$ 22.54	\$ 17.66	\$ 19.61		11.00%	11.00%	\$ 24.38	\$ 24.38
North	SBH - Other	SBH - Other, All Ages	\$ 43.84	\$ 46.25	\$ 45.29		11.00%	11.00%	\$ 56.29	\$ 56.29
North	Maternity Kickpayment	Maternity Kickpayment, All Ages	\$ -	\$ -	\$ -		0.00%	0.00%	\$ -	\$ -

Notes:

$$E = B * (1 + C) * (1 + D)$$

$$J = G * (1 + I)$$

$$K = 40\% * E + 60\% * J$$

$$O = K * ((1 + M)^{25/12})$$

$$P = K * ((1 + N)^{25/12})$$

## Appendix K: Combined Rate Development

Table 1: Final Projected Claims PMPM Development

Region Name	COA Desc	Rate Cell Desc	A				PH (Appendix H)				Projected Claims PMPM				Final Projected Claims PMPM <sup>2</sup>				
			B		C		D		E		F		G		H		I		J
			CY2014 MMs		Low PMPM	High PMPM	Low PMPM	High PMPM	Low PMPM	High PMPM	Low PMPM	High PMPM	Low PMPM	High PMPM	Credibility <sup>1</sup>	Low PMPM	High PMPM		
Gulf	SSI	Newborn, 0-2 Months	499	\$ 22,585.36	\$ 23,244.60	\$	\$	-	\$	-	\$	\$	\$ 23,244.60	0%	\$ 18,056.38	\$ 18,636.79			
Gulf	SSI	Newborn, 3-11 Months	2,016	\$ 5,800.06	\$ 5,963.75	\$	\$	1.62	\$	1.75	\$	\$	\$ 5,965.50	0%	\$ 4,682.47	\$ 4,829.35			
Gulf	SSI	Child, 1-20 Years	140,382	\$ 366.77	\$ 383.04	\$	\$	163.38	\$	176.85	\$	\$	\$ 559.89	100%	\$ 530.15	\$ 559.89			
Gulf	SSI	Adult, 21+ Years	268,331	\$ 806.80	\$ 838.98	\$	\$	95.28	\$	99.14	\$	\$	\$ 938.12	100%	\$ 902.09	\$ 938.12			
Gulf	Family and Children	Newborn, 0-2 Months	48,751	\$ 1,110.28	\$ 1,154.21	\$	\$	0.10	\$	0.11	\$	\$	\$ 1,154.32	100%	\$ 1,110.38	\$ 1,154.32			
Gulf	Family and Children	Newborn, 3-11 Months	108,391	\$ 192.20	\$ 201.81	\$	\$	0.11	\$	0.12	\$	\$	\$ 201.93	100%	\$ 192.32	\$ 201.93			
Gulf	Family and Children	Child, 1-20 Years	2,120,899	\$ 84.38	\$ 88.85	\$	\$	30.71	\$	33.25	\$	\$	\$ 122.10	100%	\$ 115.10	\$ 122.10			
Gulf	Family and Children	Adult, 21+ Years	388,455	\$ 213.16	\$ 224.92	\$	\$	19.55	\$	20.35	\$	\$	\$ 245.26	100%	\$ 232.72	\$ 245.26			
Gulf	Foster Care Children	Foster Care, All Ages Male & Female	23,352	\$ 155.78	\$ 163.39	\$	\$	207.95	\$	225.10	\$	\$	\$ 388.49	0%	\$ 441.56	\$ 472.02			
Gulf	Breast and Cervical Cancer	BCC, All Ages Female	3,937	\$ 1,425.04	\$ 1,493.62	\$	\$	8.95	\$	9.32	\$	\$	\$ 1,502.94	0%	\$ 1,531.34	\$ 1,600.99			
Gulf	LaCHIP Affordable Plan	All Ages	10,244	\$ 118.75	\$ 125.40	\$	\$	15.10	\$	16.35	\$	\$	\$ 141.75	0%	\$ 141.71	\$ 149.91			
Gulf	HCBS Waiver	20 & Under, Male and Female	7,178	\$ 1,019.46	\$ 1,094.63	\$	\$	40.18	\$	43.49	\$	\$	\$ 1,138.12	0%	\$ 1,570.53	\$ 1,686.28			
Gulf	HCBS Waiver	21+ Years, Male and Female	13,626	\$ 731.96	\$ 775.17	\$	\$	43.32	\$	45.08	\$	\$	\$ 820.25	0%	\$ 835.64	\$ 885.32			
Gulf	Chisholm Class Members	Chisholm, All Ages Male & Female	16,983	\$ 738.55	\$ 797.45	\$	\$	94.56	\$	102.36	\$	\$	\$ 898.81	0%	\$ 958.40	\$ 1,034.39			
Gulf	SBH - Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	17,167	\$ -	\$ -	\$	\$	93.59	\$	101.11	\$	\$	\$ 101.11	0%	\$ 142.41	\$ 153.85			
Gulf	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	299,337	\$ -	\$ -	\$	\$	23.38	\$	24.29	\$	\$	\$ 24.29	100%	\$ 23.38	\$ 24.29			
Gulf	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female	7,178	\$ -	\$ -	\$	\$	40.47	\$	43.62	\$	\$	\$ 43.62	0%	\$ 63.91	\$ 68.82			
Gulf	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	13,626	\$ -	\$ -	\$	\$	52.66	\$	54.76	\$	\$	\$ 54.76	0%	\$ 63.72	\$ 66.26			
Gulf	SBH - Other	SBH - Other, All Ages	7,536	\$ -	\$ -	\$	\$	159.40	\$	165.70	\$	\$	\$ 159.40	0%	\$ 152.27	\$ 158.30			
Gulf	Maternity Kickpayment	Maternity Kickpayment, All Ages	10,549	\$ 5,567.00	\$ 5,688.39	\$	\$	-	\$	-	\$	\$	\$ 5,688.39	100%	\$ 5,567.00	\$ 5,688.39			
Capital	SSI	Newborn, 0-2 Months	384	\$ 18,442.71	\$ 19,098.27	\$	\$	6.99	\$	7.57	\$	\$	\$ 19,105.84	0%	\$ 18,056.38	\$ 18,636.79			
Capital	Capital	Newborn, 3-11 Months	1,488	\$ 6,364.11	\$ 6,563.86	\$	\$	8.39	\$	9.08	\$	\$	\$ 6,572.94	0%	\$ 4,682.47	\$ 4,829.35			
Capital	SSI	Child, 1-20 Years	104,301	\$ 433.71	\$ 454.49	\$	\$	127.44	\$	137.94	\$	\$	\$ 592.43	100%	\$ 561.15	\$ 592.43			
Capital	SSI	Adult, 21+ Years	195,553	\$ 925.00	\$ 962.17	\$	\$	79.08	\$	82.28	\$	\$	\$ 944.45	100%	\$ 1,004.08	\$ 1,044.45			
Capital	Family and Children	Newborn, 0-2 Months	42,461	\$ 1,191.75	\$ 1,236.68	\$	\$	1.39	\$	1.50	\$	\$	\$ 1,238.19	100%	\$ 1,193.14	\$ 1,238.19			
Capital	Family and Children	Newborn, 3-11 Months	96,528	\$ 187.94	\$ 197.70	\$	\$	0.56	\$	0.61	\$	\$	\$ 198.31	100%	\$ 188.50	\$ 198.31			
Capital	Family and Children	Child, 1-20 Years	1,914,036	\$ 93.05	\$ 98.02	\$	\$	29.68	\$	32.13	\$	\$	\$ 130.15	100%	\$ 122.74	\$ 130.15			
Capital	Family and Children	Adult, 21+ Years	288,647	\$ 254.90	\$ 268.91	\$	\$	21.37	\$	22.23	\$	\$	\$ 291.14	100%	\$ 276.27	\$ 291.14			
Capital	Foster Care Children	Foster Care, All Ages Male & Female	33,498	\$ 161.90	\$ 169.51	\$	\$	247.66	\$	268.08	\$	\$	\$ 437.59	0%	\$ 441.56	\$ 472.02			
Capital	Breast and Cervical Cancer	BCC, All Ages Female	3,825	\$ 1,336.75	\$ 1,399.04	\$	\$	14.59	\$	15.18	\$	\$	\$ 1,414.22	0%	\$ 1,531.34	\$ 1,600.99			
Capital	LaCHIP Affordable Plan	All Ages	10,876	\$ 145.11	\$ 152.37	\$	\$	25.15	\$	27.23	\$	\$	\$ 179.60	0%	\$ 141.71	\$ 149.91			
Capital	HCBS Waiver	20 & Under, Male and Female	7,489	\$ 1,416.59	\$ 1,519.96	\$	\$	59.29	\$	64.18	\$	\$	\$ 1,584.15	0%	\$ 1,570.53	\$ 1,686.28			
Capital	HCBS Waiver	21+ Years, Male and Female	12,294	\$ 753.30	\$ 799.79	\$	\$	54.56	\$	56.77	\$	\$	\$ 856.56	0%	\$ 835.64	\$ 885.32			
Capital	Chisholm Class Members	Chisholm, All Ages Male & Female	17,068	\$ 919.01	\$ 992.08	\$	\$	106.72	\$	115.52	\$	\$	\$ 1,107.60	0%	\$ 958.40	\$ 1,034.39			
Capital	SBH - Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	17,176	\$ -	\$ -	\$	\$	107.97	\$	118.58	\$	\$	\$ 118.58	0%	\$ 142.41	\$ 153.85			
Capital	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	239,197	\$ -	\$ -	\$	\$	18.12	\$	18.81	\$	\$	\$ 18.81	100%	\$ 18.12	\$ 18.81			
Capital	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female	7,489	\$ -	\$ -	\$	\$	63.26	\$	68.14	\$	\$	\$ 68.14	0%	\$ 63.91	\$ 68.82			
Capital	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	12,294	\$ -	\$ -	\$	\$	68.88	\$	71.62	\$	\$	\$ 71.62	0%	\$ 63.72	\$ 66.26			
Capital	SBH - Other	SBH - Other, All Ages	8,412	\$ -	\$ -	\$	\$	112.32	\$	116.79	\$	\$	\$ 116.79	0%	\$ 152.27	\$ 158.30			
Capital	Maternity Kickpayment	Maternity Kickpayment, All Ages	9,280	\$ 4,901.44	\$ 5,008.31	\$	\$	-	\$	-	\$	\$	\$ 5,008.31	100%	\$ 4,901.44	\$ 5,008.31			

Notes:

1- Rate Cells with a 0% are set on a statewide basis.

2- Claims PMPM adjusted for statewide rate cells.

3- FMP amounts include premium tax.

F = B + D

G = C + E

Q = (I \* (1 + M) + K) / (1 - O - P)

R = (J \* (1 + N) + L) / (1 - O - P)

V = S + T + U

W = Q + V

X = R + V

## Appendix K: Combined Rate Development

Table 1: Final Projected Claims PMPM Development

Projected Claims PMPM										Final Projected Claims PMPM <sup>2</sup>					
Region Name	COA Desc	Rate Cell Desc	A		PH (Appendix H)		SBH (Appendices I)		PH & SBH Combined		Credibility <sup>1</sup>	H	I	J	
			B		C		D	E	F						G
			CY2014 MMs	Low PMPM	High PMPM	Low PMPM			High PMPM	Low PMPM					
South Central	SSI	Newborn, 0-2 Months	466	\$ 16,364.30	\$ 16,880.89	\$ -	\$ -	\$ 2.93	\$ -	\$ 16,364.30	\$ 16,880.89	0%	\$ 18,636.79		
South Central	SSI	Newborn, 3-11 Months	1,871	\$ 3,856.44	\$ 3,983.23	\$ 2.71	\$ 2.93	\$ 144.20	\$ 144.20	\$ 3,856.44	\$ 3,983.17	0%	\$ 4,829.35		
South Central	SSI	Child, 1-20 Years	108,433	\$ 408.43	\$ 427.38	\$ 133.22	\$ 133.22	\$ 83.05	\$ 83.05	\$ 541.65	\$ 571.59	100%	\$ 571.59		
South Central	SSI	Adult, 21+ Years	237,953	\$ 786.13	\$ 817.20	\$ 79.82	\$ 79.82	\$ 83.05	\$ 83.05	\$ 865.95	\$ 900.26	100%	\$ 900.26		
South Central	Family and Children	Newborn, 0-2 Months	46,634	\$ 1,261.04	\$ 1,326.65	\$ 0.74	\$ 0.80	\$ 0.74	\$ 0.80	\$ 1,261.78	\$ 1,327.45	100%	\$ 1,327.45		
South Central	Family and Children	Newborn, 3-11 Months	104,955	\$ 196.82	\$ 206.65	\$ 0.32	\$ 0.34	\$ 0.32	\$ 0.34	\$ 197.14	\$ 206.99	100%	\$ 206.99		
South Central	Family and Children	Child, 1-20 Years	2,083,138	\$ 95.98	\$ 100.98	\$ 24.36	\$ 26.37	\$ 24.36	\$ 26.37	\$ 120.34	\$ 127.35	100%	\$ 127.35		
South Central	Family and Children	Adult, 21+ Years	299,789	\$ 233.76	\$ 246.71	\$ 21.16	\$ 22.01	\$ 21.16	\$ 22.01	\$ 254.92	\$ 268.72	100%	\$ 268.72		
South Central	Foster Care Children	Foster Care, All Ages Male & Female	44,797	\$ 168.14	\$ 176.01	\$ 193.48	\$ 209.43	\$ 193.48	\$ 209.43	\$ 361.62	\$ 385.44	0%	\$ 441.56		
South Central	Breast and Cervical Cancer	BCC, All Ages Female	2,747	\$ 1,691.65	\$ 1,765.02	\$ 4.87	\$ 5.06	\$ 4.87	\$ 5.06	\$ 1,696.52	\$ 1,770.08	0%	\$ 1,600.99		
South Central	LaCHIP Affordable Plan	All Ages	12,678	\$ 100.03	\$ 105.55	\$ 12.67	\$ 13.72	\$ 12.67	\$ 13.72	\$ 112.71	\$ 119.27	0%	\$ 141.71		
South Central	HCBS Waiver	20 & Under, Male and Female	6,786	\$ 1,878.02	\$ 2,013.17	\$ 52.98	\$ 57.35	\$ 52.98	\$ 57.35	\$ 1,931.00	\$ 2,070.52	0%	\$ 1,886.28		
South Central	HCBS Waiver	21+ Years, Male and Female	14,109	\$ 849.20	\$ 901.07	\$ 47.28	\$ 49.20	\$ 47.28	\$ 49.20	\$ 896.48	\$ 950.27	0%	\$ 885.32		
South Central	Chisholm Class Members	Chisholm, All Ages Male & Female	18,278	\$ 890.07	\$ 957.48	\$ 183.71	\$ 198.86	\$ 183.71	\$ 198.86	\$ 1,073.78	\$ 1,156.34	0%	\$ 1,034.39		
South Central	SBH - Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	18,709	\$ -	\$ -	\$ 180.80	\$ 195.14	\$ 180.80	\$ 195.14	\$ 180.80	\$ 195.14	0%	\$ 153.85		
South Central	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	323,040	\$ -	\$ -	\$ 15.08	\$ 15.66	\$ 15.08	\$ 15.66	\$ 15.08	\$ 15.66	100%	\$ 15.66		
South Central	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female	6,786	\$ -	\$ -	\$ 59.47	\$ 63.82	\$ 59.47	\$ 63.82	\$ 59.47	\$ 63.82	0%	\$ 68.82		
South Central	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	14,109	\$ -	\$ -	\$ 65.70	\$ 68.30	\$ 65.70	\$ 68.30	\$ 65.70	\$ 68.30	0%	\$ 66.26		
South Central	SBH - Other	SBH - Other, All Ages	10,727	\$ -	\$ -	\$ 200.14	\$ 208.08	\$ 200.14	\$ 208.08	\$ 200.14	\$ 208.08	0%	\$ 158.30		
South Central	Maternity Kickpayment	Maternity Kickpayment, All Ages	10,188	\$ 5,080.31	\$ 5,191.07	\$ -	\$ -	\$ -	\$ -	\$ 5,080.31	\$ 5,191.07	100%	\$ 5,191.07		
North	SSI	Newborn, 0-2 Months	442	\$ 14,364.50	\$ 14,878.51	\$ -	\$ -	\$ -	\$ -	\$ 14,364.50	\$ 14,878.51	0%	\$ 18,636.79		
North	SSI	Newborn, 3-11 Months	1,700	\$ 2,781.95	\$ 2,883.72	\$ 0.11	\$ 0.12	\$ 0.11	\$ 0.12	\$ 2,782.06	\$ 2,883.84	0%	\$ 4,829.35		
North	SSI	Child, 1-20 Years	119,014	\$ 369.15	\$ 386.08	\$ 218.98	\$ 237.04	\$ 218.98	\$ 237.04	\$ 588.13	\$ 623.12	100%	\$ 623.12		
North	SSI	Adult, 21+ Years	208,362	\$ 730.39	\$ 768.65	\$ 61.25	\$ 63.73	\$ 61.25	\$ 63.73	\$ 791.64	\$ 822.38	100%	\$ 822.38		
North	Family and Children	Newborn, 0-2 Months	35,265	\$ 1,238.21	\$ 1,283.84	\$ 0.02	\$ 0.02	\$ 0.02	\$ 0.02	\$ 1,238.23	\$ 1,283.87	100%	\$ 1,283.87		
North	Family and Children	Newborn, 3-11 Months	81,697	\$ 197.37	\$ 207.15	\$ 0.20	\$ 0.22	\$ 0.20	\$ 0.22	\$ 197.56	\$ 207.37	100%	\$ 207.37		
North	Family and Children	Child, 1-20 Years	1,639,346	\$ 84.03	\$ 88.43	\$ 40.05	\$ 43.35	\$ 40.05	\$ 43.35	\$ 124.07	\$ 131.77	100%	\$ 131.77		
North	Family and Children	Adult, 21+ Years	239,631	\$ 218.07	\$ 230.08	\$ 20.32	\$ 21.14	\$ 20.32	\$ 21.14	\$ 238.39	\$ 251.22	100%	\$ 251.22		
North	Foster Care Children	Foster Care, All Ages Male & Female	24,828	\$ 178.22	\$ 186.15	\$ 523.93	\$ 567.13	\$ 523.93	\$ 567.13	\$ 702.15	\$ 753.27	0%	\$ 441.56		
North	Breast and Cervical Cancer	BCC, All Ages Female	2,561	\$ 1,747.24	\$ 1,822.85	\$ 25.41	\$ 26.44	\$ 25.41	\$ 26.44	\$ 1,772.66	\$ 1,849.29	0%	\$ 1,600.99		
North	LaCHIP Affordable Plan	All Ages	6,372	\$ 134.66	\$ 142.26	\$ 28.67	\$ 31.03	\$ 28.67	\$ 31.03	\$ 163.33	\$ 173.29	0%	\$ 141.71		
North	HCBS Waiver	20 & Under, Male and Female	4,318	\$ 1,915.88	\$ 2,060.78	\$ 101.82	\$ 110.22	\$ 101.82	\$ 110.22	\$ 2,017.71	\$ 2,171.00	0%	\$ 1,886.28		
North	HCBS Waiver	21+ Years, Male and Female	11,256	\$ 815.61	\$ 865.05	\$ 47.14	\$ 49.05	\$ 47.14	\$ 49.05	\$ 862.75	\$ 914.11	0%	\$ 885.32		
North	Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	16,846	\$ 709.71	\$ 767.00	\$ 181.60	\$ 196.57	\$ 181.60	\$ 196.57	\$ 891.31	\$ 963.57	0%	\$ 1,034.39		
North	SBH - Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	17,129	\$ -	\$ -	\$ 183.95	\$ 198.96	\$ 183.95	\$ 198.96	\$ 183.95	\$ 198.96	0%	\$ 153.85		
North	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	256,152	\$ -	\$ -	\$ 16.63	\$ 17.27	\$ 16.63	\$ 17.27	\$ 16.63	\$ 16.63	100%	\$ 17.27		
North	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female	4,318	\$ -	\$ -	\$ 110.97	\$ 119.74	\$ 110.97	\$ 119.74	\$ 110.97	\$ 119.74	0%	\$ 68.82		
North	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	11,256	\$ -	\$ -	\$ 69.02	\$ 71.76	\$ 69.02	\$ 71.76	\$ 69.02	\$ 71.76	0%	\$ 66.26		
North	SBH - Other	SBH - Other, All Ages	9,527	\$ -	\$ -	\$ 128.01	\$ 133.07	\$ 128.01	\$ 133.07	\$ 128.01	\$ 133.07	0%	\$ 158.30		
North	Maternity Kickpayment	Maternity Kickpayment, All Ages	7,696	\$ 4,936.65	\$ 5,044.24	\$ -	\$ -	\$ -	\$ -	\$ 4,936.65	\$ 5,044.24	100%	\$ 5,044.24		

Notes:

1- Rate Cells with a 0% are set on a statewide basis.

2- Claims PMPM adjusted for statewide rate cells.

3- FMP amounts include premium tax.

F = B + D

G = C + E

Q = (I \* (1 + M) + K) / (1 - O - P)

R = (J \* (1 + N) + L) / (1 - O - P)

V = S + T + U

W = Q + V

X = R + V

# Appendix K: Combined Rate Development

Table 2a: Loaded Rate Development

Region Name	COA Desc	Rate Cell Desc	Final Projected Claims PMPM		Retention Load					Loaded Rates	
			I	J	K	L	M	N	O	P	R
			Low PMPM	High PMPM	Fixed Admin Load - Low (PMPM)	Fixed Admin Load - High (PMPM)	Variable Admin Load - Low (%)	Variable Admin Load - High (%)	UW Gain @ 2%	Premium Tax @ 2.25%	
Gulf	SSI	Newborn, 0-2 Months	\$ 18,056.38	\$ 18,636.79	\$ 13.01	\$ 13.67	5.63%	5.62%	2.00%	2.25%	\$ 19,933.38
Gulf	SSI	Newborn, 3-11 Months	\$ 4,682.47	\$ 4,829.35	\$ 13.01	\$ 13.67	5.23%	5.22%	2.00%	2.25%	\$ 5,159.48
Gulf	SSI	Child, 1-20 Years	\$ 530.15	\$ 559.89	\$ 13.01	\$ 13.67	4.70%	4.71%	2.00%	2.25%	\$ 593.27
Gulf	Family and Children	Adult, 21+ Years	\$ 902.09	\$ 938.12	\$ 13.01	\$ 13.67	4.30%	4.30%	2.00%	2.25%	\$ 966.18
Gulf	Family and Children	Newborn, 0-2 Months	\$ 1,110.38	\$ 1,154.32	\$ 13.01	\$ 13.67	5.61%	5.60%	2.00%	2.25%	\$ 1,238.30
Gulf	Family and Children	Newborn, 3-11 Months	\$ 201.93	\$ 201.93	\$ 13.01	\$ 13.67	5.07%	5.07%	2.00%	2.25%	\$ 224.63
Gulf	Family and Children	Child, 1-20 Years	\$ 115.10	\$ 122.10	\$ 13.01	\$ 13.67	4.83%	4.83%	2.00%	2.25%	\$ 139.59
Gulf	Family and Children	Adult, 21+ Years	\$ 232.72	\$ 245.26	\$ 13.01	\$ 13.67	4.64%	4.65%	2.00%	2.25%	\$ 267.92
Gulf	Foster Care Children	Foster Care, All Ages Male & Female	\$ 4,531.34	\$ 4,720.02	\$ 13.01	\$ 13.67	5.03%	5.05%	2.00%	2.25%	\$ 4,979.92
Gulf	Breast and Cervical Cancer	BCC, All Ages Female	\$ 1,431.34	\$ 1,600.99	\$ 13.01	\$ 13.67	4.85%	4.86%	2.00%	2.25%	\$ 1,690.46
Gulf	LaCHIP Affordable Plan	All Ages	\$ 141.71	\$ 149.91	\$ 13.01	\$ 13.67	4.60%	4.60%	2.00%	2.25%	\$ 168.40
Gulf	HCBS Waiver	20 & Under, Male and Female	\$ 1,570.53	\$ 1,666.28	\$ 13.01	\$ 13.67	4.95%	4.98%	2.00%	2.25%	\$ 1,734.98
Gulf	HCBS Waiver	21+ Years, Male and Female	\$ 835.64	\$ 885.32	\$ 13.01	\$ 13.67	3.98%	4.04%	2.00%	2.25%	\$ 921.06
Gulf	Chisholm Class Members	Chisholm, All Ages Male & Female	\$ 958.40	\$ 1,034.39	\$ 13.01	\$ 13.67	4.82%	4.87%	2.00%	2.25%	\$ 1,062.82
Gulf	SBH - Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	\$ 142.41	\$ 153.85	\$ 1.50	\$ 1.58	4.77%	4.78%	2.00%	2.25%	\$ 157.40
Gulf	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	\$ 23.38	\$ 24.29	\$ 1.50	\$ 1.58	4.77%	4.78%	2.00%	2.25%	\$ 27.15
Gulf	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female	\$ 63.91	\$ 68.82	\$ 1.50	\$ 1.58	4.77%	4.78%	2.00%	2.25%	\$ 71.50
Gulf	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	\$ 63.72	\$ 66.26	\$ 1.50	\$ 1.58	4.77%	4.78%	2.00%	2.25%	\$ 71.29
Gulf	SBH - Other	SBH - Other, All Ages	\$ 152.27	\$ 158.30	\$ 1.50	\$ 1.58	4.77%	4.78%	2.00%	2.25%	\$ 168.19
Gulf	Maternity Kickpayment	Maternity Kickpayment, All Ages	\$ 5,567.00	\$ 5,688.39	\$ -	\$ -	5.66%	5.65%	2.00%	2.25%	\$ 6,143.22
Capital	SSI	Newborn, 0-2 Months	\$ 18,056.38	\$ 18,636.79	\$ 13.01	\$ 13.67	5.63%	5.62%	2.00%	2.25%	\$ 19,933.38
Capital	SSI	Newborn, 3-11 Months	\$ 4,682.47	\$ 4,829.35	\$ 13.01	\$ 13.67	5.23%	5.22%	2.00%	2.25%	\$ 5,159.48
Capital	SSI	Child, 1-20 Years	\$ 561.15	\$ 592.43	\$ 13.01	\$ 13.67	4.60%	4.61%	2.00%	2.25%	\$ 626.59
Capital	SSI	Adult, 21+ Years	\$ 1,004.08	\$ 1,044.45	\$ 13.01	\$ 13.67	4.24%	4.25%	2.00%	2.25%	\$ 1,106.75
Capital	Family and Children	Newborn, 0-2 Months	\$ 1,193.14	\$ 1,238.19	\$ 13.01	\$ 13.67	5.61%	5.60%	2.00%	2.25%	\$ 1,329.56
Capital	Family and Children	Newborn, 3-11 Months	\$ 188.50	\$ 198.31	\$ 13.01	\$ 13.67	5.03%	5.03%	2.00%	2.25%	\$ 220.36
Capital	Family and Children	Child, 1-20 Years	\$ 122.74	\$ 130.15	\$ 13.01	\$ 13.67	4.70%	4.71%	2.00%	2.25%	\$ 147.80
Capital	Family and Children	Adult, 21+ Years	\$ 276.27	\$ 291.14	\$ 13.01	\$ 13.67	4.62%	4.63%	2.00%	2.25%	\$ 315.44
Capital	Foster Care Children	Foster Care, All Ages Male & Female	\$ 441.56	\$ 472.02	\$ 13.01	\$ 13.67	5.03%	5.05%	2.00%	2.25%	\$ 497.92
Capital	Breast and Cervical Cancer	BCC, All Ages Female	\$ 1,531.34	\$ 1,600.99	\$ 13.01	\$ 13.67	4.85%	4.86%	2.00%	2.25%	\$ 1,690.46
Capital	LaCHIP Affordable Plan	All Ages	\$ 141.71	\$ 149.91	\$ 13.01	\$ 13.67	4.60%	4.60%	2.00%	2.25%	\$ 168.40
Capital	HCBS Waiver	20 & Under, Male and Female	\$ 1,570.53	\$ 1,666.28	\$ 13.01	\$ 13.67	4.95%	4.98%	2.00%	2.25%	\$ 1,734.98
Capital	HCBS Waiver	21+ Years, Male and Female	\$ 835.64	\$ 885.32	\$ 13.01	\$ 13.67	3.98%	4.04%	2.00%	2.25%	\$ 921.06
Capital	Chisholm Class Members	Chisholm, All Ages Male & Female	\$ 958.40	\$ 1,034.39	\$ 13.01	\$ 13.67	4.82%	4.87%	2.00%	2.25%	\$ 1,062.82
Capital	SBH - Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	\$ 142.41	\$ 153.85	\$ 1.50	\$ 1.58	4.77%	4.78%	2.00%	2.25%	\$ 157.40
Capital	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	\$ 18.12	\$ 18.81	\$ 1.50	\$ 1.58	4.77%	4.78%	2.00%	2.25%	\$ 21.40
Capital	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female	\$ 63.91	\$ 68.82	\$ 1.50	\$ 1.58	4.77%	4.78%	2.00%	2.25%	\$ 71.50
Capital	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	\$ 63.72	\$ 66.26	\$ 1.50	\$ 1.58	4.77%	4.78%	2.00%	2.25%	\$ 71.29
Capital	SBH - Other	SBH - Other, All Ages	\$ 152.27	\$ 158.30	\$ 1.50	\$ 1.58	4.77%	4.78%	2.00%	2.25%	\$ 168.19
Capital	Maternity Kickpayment	Maternity Kickpayment, All Ages	\$ 4,901.44	\$ 5,008.31	\$ -	\$ -	5.66%	5.65%	2.00%	2.25%	\$ 5,408.77

Notes:

1- Rate Cells with a 0% are set on a statewide basis.

2- Claims PMPM adjusted for statewide rate cells.

3- FMP amounts include premium tax.

F = B + D

G = C + E

Q = (I \* (1 + M) + K) / (1 - O - P)

R = (J \* (1 + N) + L) / (1 - O - P)

V = S + T + U

W = Q + V

X = R + V

## Appendix K: Combined Rate Development

Table 2a: Loaded Rate Development

Region Name	COA Desc	Rate Cell Desc	Final Projected Claims PMPM		Retention Load					Loaded Rates	
			I	J	K	L	M	N	O	P	R
			Low PMPM	High PMPM	Fixed Admin Load - Low (PMPM)	Fixed Admin Load - High (PMPM)	Variable Admin Load - Low (%)	Variable Admin Load - High (%)	UW Gain @ 2%	Premium Tax @ 2.25%	
South Central	SSI	Newborn, 0-2 Months	\$ 18,056.38	\$ 18,636.79	\$ 13.01	\$ 13.67	5.63%	5.62%	2.00%	2.25%	\$ 19,933.38
South Central	SSI	Newborn, 3-11 Months	\$ 4,682.47	\$ 4,829.35	\$ 13.01	\$ 13.67	5.23%	5.22%	2.00%	2.25%	\$ 5,159.48
South Central	SSI	Child, 1-20 Years	\$ 541.65	\$ 571.59	\$ 13.01	\$ 13.67	4.35%	4.37%	2.00%	2.25%	\$ 603.91
South Central	Family and Children	Adult, 21+ Years	\$ 865.95	\$ 900.26	\$ 13.01	\$ 13.67	4.30%	4.31%	2.00%	2.25%	\$ 956.89
South Central	Family and Children	Newborn, 0-2 Months	\$ 1,281.78	\$ 1,327.45	\$ 13.01	\$ 13.67	5.61%	5.60%	2.00%	2.25%	\$ 1,478.29
South Central	Family and Children	Newborn, 3-11 Months	\$ 197.14	\$ 206.99	\$ 13.01	\$ 13.67	5.00%	5.00%	2.00%	2.25%	\$ 229.78
South Central	Family and Children	Child, 1-20 Years	\$ 120.34	\$ 127.35	\$ 13.01	\$ 13.67	4.60%	4.61%	2.00%	2.25%	\$ 145.05
South Central	Family and Children	Adult, 21+ Years	\$ 254.92	\$ 268.72	\$ 13.01	\$ 13.67	4.69%	4.70%	2.00%	2.25%	\$ 292.30
South Central	Foster Care Children	Foster Care, All Ages Male & Female	\$ 441.56	\$ 472.02	\$ 13.01	\$ 13.67	5.03%	5.05%	2.00%	2.25%	\$ 497.92
South Central	Breast and Cervical Cancer	BCC, All Ages Female	\$ 1,531.34	\$ 1,600.99	\$ 13.01	\$ 13.67	4.85%	4.86%	2.00%	2.25%	\$ 1,690.46
South Central	LaCHIP Affordable Plan	All Ages	\$ 141.71	\$ 149.91	\$ 13.01	\$ 13.67	4.60%	4.60%	2.00%	2.25%	\$ 168.40
South Central	HCBS Waiver	20 & Under, Male and Female	\$ 1,570.53	\$ 1,666.28	\$ 13.01	\$ 13.67	4.95%	4.98%	2.00%	2.25%	\$ 1,734.98
South Central	HCBS Waiver	21+ Years, Male and Female	\$ 835.64	\$ 885.32	\$ 13.01	\$ 13.67	3.98%	4.04%	2.00%	2.25%	\$ 921.06
South Central	Chisholm Class Members	Chisholm, All Ages Male & Female	\$ 958.40	\$ 1,034.39	\$ 13.01	\$ 13.67	4.82%	4.87%	2.00%	2.25%	\$ 1,062.82
South Central	SBH - Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	\$ 142.41	\$ 153.85	\$ 1.50	\$ 1.58	4.77%	4.78%	2.00%	2.25%	\$ 157.40
South Central	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	\$ 15.08	\$ 15.66	\$ 1.50	\$ 1.58	4.77%	4.78%	2.00%	2.25%	\$ 18.06
South Central	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female	\$ 63.91	\$ 68.82	\$ 1.50	\$ 1.58	4.77%	4.78%	2.00%	2.25%	\$ 71.50
South Central	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	\$ 63.72	\$ 66.26	\$ 1.50	\$ 1.58	4.77%	4.78%	2.00%	2.25%	\$ 71.29
South Central	SBH - Other	SBH - Other, All Ages	\$ 152.27	\$ 158.30	\$ 1.50	\$ 1.58	4.77%	4.78%	2.00%	2.25%	\$ 168.19
South Central	Maternity Kickpayment	Maternity Kickpayment, All Ages	\$ 5,080.31	\$ 5,191.07	\$ -	\$ -	5.66%	5.65%	2.00%	2.25%	\$ 5,606.16
North	SSI	Newborn, 0-2 Months	\$ 18,056.38	\$ 18,636.79	\$ 13.01	\$ 13.67	5.63%	5.62%	2.00%	2.25%	\$ 19,933.38
North	SSI	Newborn, 3-11 Months	\$ 4,682.47	\$ 4,829.35	\$ 13.01	\$ 13.67	5.23%	5.22%	2.00%	2.25%	\$ 5,159.48
North	SSI	Child, 1-20 Years	\$ 588.13	\$ 623.12	\$ 13.01	\$ 13.67	4.76%	4.77%	2.00%	2.25%	\$ 657.05
North	SSI	Adult, 21+ Years	\$ 791.64	\$ 822.38	\$ 13.01	\$ 13.67	4.36%	4.37%	2.00%	2.25%	\$ 876.44
North	Family and Children	Newborn, 0-2 Months	\$ 1,238.23	\$ 1,283.87	\$ 13.01	\$ 13.67	5.62%	5.61%	2.00%	2.25%	\$ 1,379.42
North	Family and Children	Newborn, 3-11 Months	\$ 197.56	\$ 207.37	\$ 13.01	\$ 13.67	5.07%	5.07%	2.00%	2.25%	\$ 230.38
North	Family and Children	Child, 1-20 Years	\$ 124.07	\$ 131.77	\$ 13.01	\$ 13.67	4.93%	4.94%	2.00%	2.25%	\$ 149.56
North	Family and Children	Adult, 21+ Years	\$ 238.39	\$ 251.22	\$ 13.01	\$ 13.67	4.77%	4.78%	2.00%	2.25%	\$ 274.45
North	Foster Care Children	Foster Care, All Ages Male & Female	\$ 441.56	\$ 472.02	\$ 13.01	\$ 13.67	5.03%	5.05%	2.00%	2.25%	\$ 497.92
North	Breast and Cervical Cancer	BCC, All Ages Female	\$ 1,531.34	\$ 1,600.99	\$ 13.01	\$ 13.67	4.85%	4.86%	2.00%	2.25%	\$ 1,690.46
North	LaCHIP Affordable Plan	All Ages	\$ 141.71	\$ 149.91	\$ 13.01	\$ 13.67	4.60%	4.60%	2.00%	2.25%	\$ 168.40
North	HCBS Waiver	20 & Under, Male and Female	\$ 1,570.53	\$ 1,666.28	\$ 13.01	\$ 13.67	4.95%	4.98%	2.00%	2.25%	\$ 1,734.98
North	HCBS Waiver	21+ Years, Male and Female	\$ 835.64	\$ 885.32	\$ 13.01	\$ 13.67	3.98%	4.04%	2.00%	2.25%	\$ 921.06
North	Chisholm Class Members	Chisholm, All Ages Male & Female	\$ 958.40	\$ 1,034.39	\$ 13.01	\$ 13.67	4.82%	4.87%	2.00%	2.25%	\$ 1,062.82
North	SBH - Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	\$ 142.41	\$ 153.85	\$ 1.50	\$ 1.58	4.77%	4.78%	2.00%	2.25%	\$ 157.40
North	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	\$ 16.63	\$ 17.27	\$ 1.50	\$ 1.58	4.77%	4.78%	2.00%	2.25%	\$ 19.76
North	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female	\$ 63.91	\$ 68.82	\$ 1.50	\$ 1.58	4.77%	4.78%	2.00%	2.25%	\$ 71.50
North	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	\$ 63.72	\$ 66.26	\$ 1.50	\$ 1.58	4.77%	4.78%	2.00%	2.25%	\$ 71.29
North	SBH - Other	SBH - Other, All Ages	\$ 152.27	\$ 158.30	\$ 1.50	\$ 1.58	4.77%	4.78%	2.00%	2.25%	\$ 168.19
North	Maternity Kickpayment	Maternity Kickpayment, All Ages	\$ 4,936.65	\$ 5,044.24	\$ -	\$ -	5.66%	5.65%	2.00%	2.25%	\$ 5,447.63

Notes:

1- Rate Cells with a 0% are set on a statewide basis.

2- Claims PMPM adjusted for statewide rate cells.

3- FMP amounts include premium tax.

F = B + D

G = C + E

Q = (I \* (1 + M) + K) / (1 - O - P)

R = (J \* (1 + N) + L) / (1 - O - P)

V = S + T + U

W = Q + V

X = R + V

# Appendix K: Combined Rate Development

Table 2b: Loaded Rates, inclusive of FMP

Region Name		COA Desc	Rate Cell Desc	Loaded Rates		Full Medicaid Pricing <sup>3</sup>							2/1/2016 Rates w/ FMP	
				Q	R	S	T	U	V	W	X			
				Low	High	Hospital (P/OP) FMP PMPM	Ambulance FMP PMPM	Physician FMP PMPM	Total FMP PMPM					
Gulf	SSI		Newborn, 0-2 Months	\$ 19,933.38	\$ 20,572.95	\$ 7,254.60	\$ 21.21	\$ 545.17	\$ 7,820.99	\$ 27,754.36	\$ 28,393.93	High		
Gulf	SSI		Newborn, 3-11 Months	\$ 5,159.48	\$ 5,321.09	\$ 1,999.21	\$ 8.37	\$ 83.10	\$ 2,090.68	\$ 7,250.16	\$ 7,411.77			
Gulf	SSI		Child, 1-20 Years	\$ 593.27	\$ 626.54	\$ 94.18	\$ 3.25	\$ 9.81	\$ 107.24	\$ 700.51	\$ 733.78			
Gulf	SSI		Adult, 21+ Years	\$ 996.18	\$ 1,036.19	\$ 206.33	\$ 12.93	\$ 25.49	\$ 244.75	\$ 1,240.93	\$ 1,280.94			
Gulf	Family and Children		Newborn, 0-2 Months	\$ 1,238.30	\$ 1,287.37	\$ 432.99	\$ 4.83	\$ 29.37	\$ 467.18	\$ 1,705.49	\$ 1,754.55			
Gulf	Family and Children		Newborn, 3-11 Months	\$ 224.63	\$ 235.86	\$ 39.96	\$ 1.12	\$ 6.83	\$ 47.91	\$ 272.54	\$ 283.77			
Gulf	Family and Children		Child, 1-20 Years	\$ 139.59	\$ 147.96	\$ 12.67	\$ 0.77	\$ 3.38	\$ 16.82	\$ 156.41	\$ 164.78			
Gulf	Family and Children		Adult, 21+ Years	\$ 267.92	\$ 282.35	\$ 42.98	\$ 3.72	\$ 8.78	\$ 55.48	\$ 323.40	\$ 337.82			
Gulf	Foster Care Children		Foster Care, All Ages Male & Female	\$ 497.92	\$ 532.14	\$ 14.70	\$ 1.27	\$ 4.18	\$ 20.15	\$ 518.08	\$ 552.29			
Gulf	Breast and Cervical Cancer		BCC, All Ages Female	\$ 1,690.46	\$ 1,767.57	\$ 523.68	\$ 3.23	\$ 45.47	\$ 572.38	\$ 2,262.84	\$ 2,339.95			
Gulf	LaCHIP Affordable Plan		All Ages	\$ 168.40	\$ 178.05	\$ 12.42	\$ 0.41	\$ 3.70	\$ 16.54	\$ 184.94	\$ 194.58			
Gulf	HCBS Waiver		20 & Under, Male and Female	\$ 1,734.98	\$ 1,863.06	\$ 85.72	\$ 3.29	\$ 11.38	\$ 100.39	\$ 1,835.37	\$ 1,963.45			
Gulf	HCBS Waiver		21+ Years, Male and Female	\$ 921.06	\$ 976.26	\$ 120.91	\$ 8.85	\$ 15.49	\$ 145.26	\$ 1,066.32	\$ 1,121.51			
Gulf	Chisholm Class Members		Chisholm, All Ages Male & Female	\$ 1,062.82	\$ 1,147.14	\$ 74.98	\$ 2.80	\$ 8.71	\$ 86.49	\$ 1,149.31	\$ 1,233.62			
Gulf	SBH - Chisholm Class Members		SBH - Chisholm, All Ages Male & Female	\$ 157.40	\$ 170.00		\$ -	\$ -	\$ -	\$ 157.40	\$ 170.00			
Gulf	SBH - Dual Eligible		SBH - Dual Eligible, All Ages	\$ 27.15	\$ 28.23	\$ 0.71	\$ -	\$ 0.20	\$ 0.92	\$ 28.06	\$ 29.15			
Gulf	SBH - HCBS Waiver		SBH - 20 & Under, Male and Female	\$ 71.50	\$ 76.95	\$ 6.12	\$ -	\$ 0.10	\$ 6.22	\$ 77.72	\$ 83.18			
Gulf	SBH - HCBS Waiver		SBH - 21+ Years, Male and Female	\$ 71.29	\$ 74.15	\$ 13.33	\$ -	\$ 0.08	\$ 13.41	\$ 84.70	\$ 87.56			
Gulf	SBH - Other		SBH - Other, All Ages	\$ 168.19	\$ 174.88	\$ 62.60	\$ -	\$ 0.29	\$ 62.89	\$ 231.08	\$ 237.77			
Gulf	Maternity Kickpayment		Maternity Kickpayment, All Ages	\$ 6,143.22	\$ 6,276.75	\$ 3,620.74	\$ -	\$ 517.26	\$ 4,038.00	\$ 10,181.22	\$ 10,314.75			
Capital	SSI		Newborn, 0-2 Months	\$ 19,933.38	\$ 20,572.95	\$ 7,254.60	\$ 21.21	\$ 545.17	\$ 7,820.99	\$ 27,754.36	\$ 28,393.93			
Capital	SSI		Newborn, 3-11 Months	\$ 5,159.48	\$ 5,321.09	\$ 1,999.21	\$ 8.37	\$ 83.10	\$ 2,090.68	\$ 7,250.16	\$ 7,411.77			
Capital	SSI		Child, 1-20 Years	\$ 626.59	\$ 661.52	\$ 99.58	\$ 1.85	\$ 12.93	\$ 74.36	\$ 700.95	\$ 736.88			
Capital	SSI		Adult, 21+ Years	\$ 1,106.75	\$ 1,151.46	\$ 143.86	\$ 9.04	\$ 35.76	\$ 188.65	\$ 1,295.40	\$ 1,340.11			
Capital	Family and Children		Newborn, 0-2 Months	\$ 1,329.56	\$ 1,379.83	\$ 586.47	\$ 2.06	\$ 32.13	\$ 620.66	\$ 1,950.22	\$ 2,000.49			
Capital	Family and Children		Newborn, 3-11 Months	\$ 220.36	\$ 231.80	\$ 37.13	\$ 0.88	\$ 9.98	\$ 48.00	\$ 268.36	\$ 279.79			
Capital	Family and Children		Child, 1-20 Years	\$ 147.80	\$ 156.61	\$ 10.95	\$ 0.57	\$ 5.03	\$ 16.55	\$ 164.35	\$ 173.17			
Capital	Family and Children		Adult, 21+ Years	\$ 315.44	\$ 332.41	\$ 44.27	\$ 3.20	\$ 16.77	\$ 64.25	\$ 379.69	\$ 396.66			
Capital	Foster Care Children		Foster Care, All Ages Male & Female	\$ 497.92	\$ 532.14	\$ 14.70	\$ 1.27	\$ 4.18	\$ 20.15	\$ 518.08	\$ 552.29			
Capital	Breast and Cervical Cancer		BCC, All Ages Female	\$ 1,690.46	\$ 1,767.57	\$ 523.68	\$ 3.23	\$ 45.47	\$ 572.38	\$ 2,262.84	\$ 2,339.95			
Capital	LaCHIP Affordable Plan		All Ages	\$ 168.40	\$ 178.05	\$ 12.42	\$ 0.41	\$ 3.70	\$ 16.54	\$ 184.94	\$ 194.58			
Capital	HCBS Waiver		20 & Under, Male and Female	\$ 1,734.98	\$ 1,863.06	\$ 85.72	\$ 3.29	\$ 11.38	\$ 100.39	\$ 1,835.37	\$ 1,963.45			
Capital	HCBS Waiver		21+ Years, Male and Female	\$ 921.06	\$ 976.26	\$ 120.91	\$ 8.85	\$ 15.49	\$ 145.26	\$ 1,066.32	\$ 1,121.51			
Capital	Chisholm Class Members		Chisholm, All Ages Male & Female	\$ 1,062.82	\$ 1,147.14	\$ 74.98	\$ 2.80	\$ 8.71	\$ 86.49	\$ 1,149.31	\$ 1,233.62			
Capital	SBH - Chisholm Class Members		SBH - Chisholm, All Ages Male & Female	\$ 157.40	\$ 170.00		\$ -	\$ -	\$ -	\$ 157.40	\$ 170.00			
Capital	SBH - Dual Eligible		SBH - Dual Eligible, All Ages	\$ 21.40	\$ 22.23	\$ 0.38	\$ -	\$ 0.03	\$ 0.41	\$ 21.80	\$ 22.64			
Capital	SBH - HCBS Waiver		SBH - 20 & Under, Male and Female	\$ 71.50	\$ 76.95	\$ 6.12	\$ -	\$ 0.10	\$ 6.22	\$ 77.72	\$ 83.18			
Capital	SBH - HCBS Waiver		SBH - 21+ Years, Male and Female	\$ 71.29	\$ 74.15	\$ 13.33	\$ -	\$ 0.08	\$ 13.41	\$ 84.70	\$ 87.56			
Capital	SBH - Other		SBH - Other, All Ages	\$ 168.19	\$ 174.88	\$ 62.60	\$ -	\$ 0.29	\$ 62.89	\$ 231.08	\$ 237.77			
Capital	Maternity Kickpayment		Maternity Kickpayment, All Ages	\$ 5,408.77	\$ 5,526.33	\$ 3,679.16	\$ -	\$ 620.95	\$ 4,000.99	\$ 9,708.88	\$ 9,826.44			

Notes:

1- Rate Cells with a 0% are set on a statewide basis.

2- Claims PMPM adjusted for statewide rate cells.

3- FMP amounts include premium tax.

F = B + D

G = C + E

Q = (1 \* (1 + M) + K) / (1 - O - P)

R = (U \* (1 + N) + L) / (1 - O - P)

V = S + T + U

W = Q + V

X = R + V

# Appendix K: Combined Rate Development

Table 2b: Loaded Rates, inclusive of FMP

Region Name		COA Desc	Rate Cell Desc	Loaded Rates		Full Medicaid Pricing <sup>3</sup>					2/1/2016 Rates w/ FMP	
				Q	R	S	T	U	V		W	X
				Low	High	Hospital (P/OP) FMP PMPM	Ambulance FMP PMPM	Physician FMP PMPM	Total FMP PMPM		Low	High
South Central	SSI	Newborn, 0-2 Months		\$ 19,933.38	\$ 20,572.95	\$ 7,254.60	\$ 21.21	\$ 545.17	\$ 7,820.99	\$ 27,754.36	\$ 28,393.93	
South Central	SSI	Newborn, 3-11 Months		\$ 5,159.48	\$ 5,321.09	\$ 1,999.21	\$ 8.37	\$ 83.10	\$ 2,090.68	\$ 7,250.16	\$ 7,411.77	
South Central	SSI	Child, 1-20 Years		\$ 603.91	\$ 637.34	\$ 66.86	\$ 1.25	\$ 10.38	\$ 78.49	\$ 682.40	\$ 715.83	
South Central	SSI	Adult, 21+ Years		\$ 956.89	\$ 995.00	\$ 172.77	\$ 4.86	\$ 28.10	\$ 205.74	\$ 1,162.63	\$ 1,200.74	
South Central	Family and Children	Newborn, 0-2 Months		\$ 1,427.33	\$ 1,478.29	\$ 616.98	\$ 1.80	\$ 19.60	\$ 638.38	\$ 2,065.71	\$ 2,116.67	
South Central	Family and Children	Newborn, 3-11 Months		\$ 229.78	\$ 241.27	\$ 36.68	\$ 0.61	\$ 9.74	\$ 47.02	\$ 276.80	\$ 288.29	
South Central	Family and Children	Child, 1-20 Years		\$ 145.05	\$ 153.42	\$ 9.96	\$ 0.34	\$ 4.99	\$ 15.30	\$ 160.35	\$ 168.72	
South Central	Family and Children	Adult, 21+ Years		\$ 292.30	\$ 308.11	\$ 38.54	\$ 1.83	\$ 16.37	\$ 56.75	\$ 349.04	\$ 364.86	
South Central	Foster Care Children	Foster Care, All Ages Male & Female		\$ 497.92	\$ 532.14	\$ 14.70	\$ 1.27	\$ 4.18	\$ 20.15	\$ 518.08	\$ 552.29	
South Central	Breast and Cervical Cancer	BCC, All Ages Female		\$ 1,690.46	\$ 1,767.57	\$ 523.68	\$ 3.23	\$ 45.47	\$ 572.38	\$ 2,262.84	\$ 2,339.95	
South Central	LaCHIP Affordable Plan	All Ages		\$ 168.40	\$ 178.05	\$ 12.42	\$ 0.41	\$ 3.70	\$ 16.54	\$ 184.94	\$ 194.58	
South Central	HCBS Waiver	20 & Under, Male and Female		\$ 1,734.98	\$ 1,863.06	\$ 85.72	\$ 3.29	\$ 11.38	\$ 100.39	\$ 1,835.37	\$ 1,963.45	
South Central	HCBS Waiver	21+ Years, Male and Female		\$ 921.06	\$ 976.26	\$ 120.91	\$ 8.85	\$ 15.49	\$ 145.26	\$ 1,066.32	\$ 1,121.51	
South Central	Chisholm Class Members	SBH - Chisholm, All Ages Male & Female		\$ 1,062.82	\$ 1,147.14	\$ 74.98	\$ 2.80	\$ 8.71	\$ 86.49	\$ 1,149.31	\$ 1,233.62	
South Central	SBH - Dual Eligible	SBH - Dual Eligible, All Ages		\$ 157.40	\$ 170.00	\$ -	\$ -	\$ -	\$ -	\$ 157.40	\$ 170.00	
South Central	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female		\$ 18.06	\$ 18.78	\$ 1.06	\$ -	\$ 0.00	\$ 1.06	\$ 19.12	\$ 19.84	
South Central	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female		\$ 71.50	\$ 76.95	\$ 6.12	\$ -	\$ 0.10	\$ 6.22	\$ 77.72	\$ 83.18	
South Central	SBH - Other	SBH - Other, All Ages		\$ 71.29	\$ 74.15	\$ 13.33	\$ -	\$ 0.08	\$ 13.41	\$ 84.70	\$ 87.56	
South Central	Maternity Kickpayment	Maternity Kickpayment, All Ages		\$ 168.19	\$ 174.88	\$ 62.60	\$ -	\$ 0.29	\$ 62.89	\$ 231.08	\$ 237.77	
North	SSI	Newborn, 0-2 Months		\$ 19,933.38	\$ 20,572.95	\$ 7,254.60	\$ 21.21	\$ 545.17	\$ 7,820.99	\$ 27,754.36	\$ 28,393.93	
North	SSI	Newborn, 3-11 Months		\$ 5,159.48	\$ 5,321.09	\$ 1,999.21	\$ 8.37	\$ 83.10	\$ 2,090.68	\$ 7,250.16	\$ 7,411.77	
North	SSI	Child, 1-20 Years		\$ 603.91	\$ 637.34	\$ 66.86	\$ 1.25	\$ 10.38	\$ 78.49	\$ 682.40	\$ 715.83	
North	SSI	Adult, 21+ Years		\$ 956.89	\$ 995.00	\$ 172.77	\$ 4.86	\$ 28.10	\$ 205.74	\$ 1,162.63	\$ 1,200.74	
North	Family and Children	Newborn, 0-2 Months		\$ 1,427.33	\$ 1,478.29	\$ 616.98	\$ 1.80	\$ 19.60	\$ 638.38	\$ 2,065.71	\$ 2,116.67	
North	Family and Children	Newborn, 3-11 Months		\$ 229.78	\$ 241.27	\$ 36.68	\$ 0.61	\$ 9.74	\$ 47.02	\$ 276.80	\$ 288.29	
North	Family and Children	Child, 1-20 Years		\$ 145.05	\$ 153.42	\$ 9.96	\$ 0.34	\$ 4.99	\$ 15.30	\$ 160.35	\$ 168.72	
North	Family and Children	Adult, 21+ Years		\$ 292.30	\$ 308.11	\$ 38.54	\$ 1.83	\$ 16.37	\$ 56.75	\$ 349.04	\$ 364.86	
North	Foster Care Children	Foster Care, All Ages Male & Female		\$ 497.92	\$ 532.14	\$ 14.70	\$ 1.27	\$ 4.18	\$ 20.15	\$ 518.08	\$ 552.29	
North	Breast and Cervical Cancer	BCC, All Ages Female		\$ 1,690.46	\$ 1,767.57	\$ 523.68	\$ 3.23	\$ 45.47	\$ 572.38	\$ 2,262.84	\$ 2,339.95	
North	LaCHIP Affordable Plan	All Ages		\$ 168.40	\$ 178.05	\$ 12.42	\$ 0.41	\$ 3.70	\$ 16.54	\$ 184.94	\$ 194.58	
North	HCBS Waiver	20 & Under, Male and Female		\$ 1,734.98	\$ 1,863.06	\$ 85.72	\$ 3.29	\$ 11.38	\$ 100.39	\$ 1,835.37	\$ 1,963.45	
North	HCBS Waiver	21+ Years, Male and Female		\$ 921.06	\$ 976.26	\$ 120.91	\$ 8.85	\$ 15.49	\$ 145.26	\$ 1,066.32	\$ 1,121.51	
North	Chisholm Class Members	SBH - Chisholm, All Ages Male & Female		\$ 1,062.82	\$ 1,147.14	\$ 74.98	\$ 2.80	\$ 8.71	\$ 86.49	\$ 1,149.31	\$ 1,233.62	
North	SBH - Dual Eligible	SBH - Dual Eligible, All Ages		\$ 157.40	\$ 170.00	\$ -	\$ -	\$ -	\$ -	\$ 157.40	\$ 170.00	
North	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female		\$ 19.76	\$ 20.54	\$ 0.75	\$ -	\$ 0.01	\$ 0.76	\$ 20.52	\$ 21.30	
North	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female		\$ 71.50	\$ 76.95	\$ 6.12	\$ -	\$ 0.10	\$ 6.22	\$ 77.72	\$ 83.18	
North	SBH - Other	SBH - Other, All Ages		\$ 71.29	\$ 74.15	\$ 13.33	\$ -	\$ 0.08	\$ 13.41	\$ 84.70	\$ 87.56	
North	Maternity Kickpayment	Maternity Kickpayment, All Ages		\$ 168.19	\$ 174.88	\$ 62.60	\$ -	\$ 0.29	\$ 62.89	\$ 231.08	\$ 237.77	
North				\$ 5,447.63	\$ 5,565.97	\$ 3,380.68	\$ -	\$ 166.21	\$ 3,546.89	\$ 8,994.52	\$ 9,112.86	

Notes:

1- Rate Cells with a 0% are set on a statewide basis.

2- Claims PMPM adjusted for statewide rate cells.

3- FMP amounts include premium tax.

F = B + D

G = C + E

Q = (I \* (1 + M) + K) / (1 - O - P)

R = (J \* (1 + N) + L) / (1 - O - P)

V = S + T + U

W = Q + V

X = R + V

## Appendix L: Data Reliance Letter

Bobby Jindal  
GOVERNOR



Kathy H. Kliebert  
SECRETARY

**State of Louisiana**  
Department of Health and Hospitals  
Bureau of Health Services Financing

September 15, 2015

**VIA ELECTRONIC MAIL ONLY**

Mr. Jared Simons, ASA, MAAA  
Senior Associate Actuary  
Mercer Government Human Services  
3560 Lenox Road, Suite 2400  
Atlanta, GA 30326

**Subject:** Capitation Rate Certification for the Bayou Health Program – Implementation Year (February 1, 2016 through January 31, 2017)

Dear Jared:

I, Jen Steele, Medicaid Deputy Director, for the State of Louisiana's Department of Health and Hospitals (DHH), hereby affirm that the data prepared and submitted to Mercer Government Human Services Consulting (Mercer) for the purpose of certifying the February 1, 2016 through January 31, 2017 Bayou Health Rates were prepared under my direction, and to the best of my knowledge and belief, are accurate, complete, and consistent with the data used to develop the capitation rates. This data includes calendar years 2013 and 2014 fee-for-service (FFS) data files, managed care organization submitted encounter data, pre-paid inpatient health plans-submitted encounter data, and supplemental information on payments made outside of Louisiana's Medicaid Management Information Systems.

Mercer relied on DHH and its fiscal agent for the collection and processing of the FFS data, encounter data, and other information used in setting these capitation rates. Mercer did not audit the data, but did assess the data for reasonableness as documented in the rate certification letter.

  
\_\_\_\_\_  
Signature

9/15/15  
\_\_\_\_\_  
Date