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: 2000107367 (8)
Vendor: Aetna Better Health LA
Description: A-8 to update pursuant to annual rate certifications
Approved By: Pamela Rice
Approval Date: 4/04/2017

Your amendment that was submitted to OSP has been approved.

Rev 2017-01

AMENDMENT TO
AGREEMENT BETWEEN STATE OF LOUISIANA
LOUISIANA DEPARTMENT OF HEALTH

Amendment #: 8

LAGOV#: 2000107367

LDH #: 060470

(Regional/ Program/ Facility) Medical Vendor Administration

Bureau of Health Services Financing

AND

Aetna Better Health Inc.

Contractor Name

Original Contract Amount: 1,964,731,789

Original Contract Begin Date: 02-01-2015

Original Contract End Date: 01-31-2018

RFP Number: 305PUR-DHHRFP-BH-

AMENDMENT PROVISIONS

hange Contract From: From Maximum Amount: $1,964,731,789.00 Current Contract Term: 2/1/2015-1/31/2018

See Attachment A, Attachment D, Attachment I, Attachment J, and Attachment K

hange Contract To: To Maximum Amount: Changed Contract Term:

See Attachment A-8, Attachment D (4 attachments), Attachment I, Attachment J, and Attachment K

Justifications for amendment:

The changes are pursuant to required annual rate certifications.

This Amendment Becomes Effective: 02-01-2017

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

Aetna Better Health Inc.

CONTRACTOR SIGNATURE DATE

PRINT NAME: Laurie A. Brubaker

CONTRACTOR TITLE: President

STATE OF LOUISIANA
LOUISIANA DEPARTMENT OF HEALTH

Secretary, Louisiana Department of Health or Designee

SIGNATURE 3/31/17 DATE

NAME: Jen Steele

TITLE: Medicaid Director

OFFICE: Bureau of Health Services Financing

PROGRAM SIGNATURE DATE

NAME

Contract Amendment #8
Attachment A-8

Exhibit/ Attachment	Document	Change From:	Change To:	Justification
Attachment D	Rate certification	Mercer rate certification dated September 12, 2016 for period July 1, 2016 to January 31, 2017	Replace with Mercer rate certification dated March 13, 2017	Annual rate certification required by CMS
Attachment D	Rate certification **(for retrospective payment of 2015 PMPMs only)**	Mercer rate certification dated October 15, 2015	Replace with Mercer rate certification dated February 17, 2017	Replaces rate certification issued on October 15, 2015 for the period of February 1, 2015 to June 30, 2015. Revision is required due to increase in state premium tax rates effective January 1, 2016, which includes ***retrospective*** PMPM payments made in 2016 and 2017 for 2015.
Attachment D	Rate certification **(for retrospective payment of 2015 PMPMs only)**	Mercer rate certification dated October 12, 2015	Replace with Mercer rate certification dated February 17, 2017	Replaces rate certification issued on October 12, 2015 for the period of July 1, 2015 to November 30, 2015. Revision is required due to increase in state premium tax rates effective January 1, 2016, which includes ***retrospective*** PMPM payments made in 2016 and 2017 for 2015.

Exhibit/ Attachment	Document	Change From:	Change To:	Justification
Attachment D	Rate certification **(for retrospective payment of 2015 PMPMs only)**	Mercer rate certification dated October 15, 2015	Replace with Mercer rate certification dated February 17, 2017	Replaces rate certification issued on October 15, 2015 for ***physical health services*** for the period of December 1, 2015 to January 31, 2016 and **applies to the period of December 1, 2015 to December 31, 2015**. *(Note: Rate cert submitted w/Amendment #7 dated September 13, 2016 was applicable for January 2016 only.)* Revision is required due to increase in state premium tax rates effective January 1, 2016, which includes ***retrospective*** PMPM payments made in 2016 and 2017 for 2015.

Exhibit/ Attachment	Document	Change From:	Change To:	Justification
Attachment I	Rate certification **(for retrospective payment of 2015 PMPMs only)**	Mercer rate certification dated November 20, 2015	Replace with Mercer rate certification dated February 17, 2017	Replaces rate certification issued on October 15, 2015 for ***specialized behavioral health services*** for the period of December 1, 2015 to January 31, 2016 and **applies to the period of December 1, 2015 to December 31, 2015**. *(Note: Rate cert submitted with Amendment #7 dated September 13, 2016 was applicable for January 2016 only.)* Revision is required due to increase in state premium tax rates effective January 1, 2016, which includes ***retrospective*** PMPM payments made in 2016 and 2017 for 2015.

Exhibit/ Attachment	Document	Change From:	Change To:	Justification
Attachment J	Rate certification **(for retrospective payment of 2015 PMPMs only)**	Mercer rate certification dated November 4, 2015	Replace with Mercer rate certification dated February 17, 2017	Replaces rate certification issued on October 15, 2015 for ***non-emergency medical transportation services*** for the period of December 1, 2015 to January 31, 2016 and **applies to the period of December 1, 2015 to December 31, 2015**. *(Note: Rate cert submitted w/Amendment #7 dated September 13, 2016 was applicable for January 2016 only.)* Revision is required due to increase in state premium tax rates effective January 1, 2016, which includes ***retrospective*** PMPM payments made in 2016 and 2017 for 2015.
Attachment K	Rate certification	Mercer rate certification dated July 15, 2016	Replace with Mercer rate certification dated March 13, 2017	Annual rate certification required by CMS

Jaredd Simons, ASA, MAAA
Principal

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Senior Associate Actuary

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MERCER
MAKE TOMORROW, TODAY

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

March 13, 2017

Subject: Healthy Louisiana Program – Full Risk-Bearing Managed Care Organization Rate Development and Actuarial Certification for the Period February 1, 2017 through January 31, 2018

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, 2017 through January 31, 2018.

The Healthy Louisiana program began February 1, 2012, and operated under two separate managed care paradigms for the first three years of the program. The Healthy Louisiana 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, Healthy Louisiana began operating as an at-risk capitated program only. Beginning December 1, 2015, the Healthy Louisiana Program began covering specialized behavioral health (SBH) services. At the same time, LDH carved in new populations who will receive SBH and non-emergency transportation (NEMT) services from the Healthy Louisiana managed care organizations (MCOs). This bifurcated the Healthy Louisiana program into two capitated sub-programs – the Physical Health (PH) program and the SBH program. The Healthy Louisiana PH program covers all services and populations previously included in Healthy Louisiana plus most SBH services that were previously covered by the Louisiana Behavioral Health Partnership (LBHP). The Healthy Louisiana SBH program covers most SBH services and NEMT services for the populations previously excluded from the Healthy Louisiana program. Healthy Louisiana SBH program enrollees continue to receive PH 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 the SBH program. Mercer developed a rate specific to each program for these populations. Beginning July 1, 2016, Healthy Louisiana began the Medicaid Expansion program [42 CFR 433.204 b(1)], which is an option for individuals who have a household income less than 138% of the federal poverty level (FPL) and are not eligible for any other Medicaid program or

Medicare. The individual must be aged 19 to 64 years old and meet citizenship requirements. The Expansion program covers both PH and SBH services. See Appendix C for a list of these services.

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, 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 March 2015 by the Actuarial Standards Board, http://www.actuarialstandardsboard.org/wp-content/uploads/2015/03/asop049_179.pdf.

The remainder of this letter is structured as follows:

- **Part A: Base Data Development**
- **Part B: Capitation Rate Development**
  - Subpart B.1: Projected Benefit Costs
    - Section 1: Non-Expansion Population
      - Subsection 1.a: PH Services
      - Subsection 1.b: SBH Services
      - Subsection 1.c: All Services Combined
    - Section 2: Expansion Population
  - Subpart B.2: Projected Non-Benefits Costs
- **Part C: Other Rate Development Considerations**
  - Subpart C.1: Family Planning Portion of Capitation Rate
- **Part D: Risk Mitigation and Related Contractual Provisions**
- **Part E: Certification of Final Rate Ranges**

Part A: Base Data Development

Overview

Capitation rate ranges for the Healthy Louisiana program were developed in accordance with rate-setting guidelines established by CMS. For rate range development for the Healthy Louisiana MCOs, Mercer used calendar year 2013 (CY 2013) and CY 2014 Medicaid FFS medical and pharmacy claims, Healthy Louisiana Shared Savings claims experience, Healthy

Louisiana Prepaid encounter data, and LBHP claims experience. All data was reported on an incurred basis and included payment dates through July 31, 2016. 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 LDH, the Healthy Louisiana plans, and the LBHP for consistency and reasonableness and determined the data was appropriate for the purpose of setting capitation rates for the MCO program. The data reliance attestation shown in Appendix S has been provided by LDH, 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 Healthy Louisiana benefit packages for rating year 2017 (RY17). 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 Healthy Louisiana program
- Opportunities for managed care efficiencies
- Administration and underwriting profit/risk/contingency loading

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

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

The resulting rate ranges for each individual rate cell were developed net of Graduate Medical Education (GME) payments to teaching hospitals provided in the Louisiana Medicaid State Plan. Appendix I-L shows the full rate development for the Non-Expansion population from the base data as shown in the data book released by LDH, dated November 8, 2016, and applies all the rate setting adjustments as described in this letter. Appendix M – O shows the full rate development for the Expansion population.

Healthy Louisiana Populations

PH Program

Covered Populations

In general, the Healthy Louisiana PH program includes individuals classified as Supplemental Security Income (SSI), Family & Children (F&C), 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 Healthy Louisiana 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 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 Healthy Louisiana PH program. Previously, under the Legacy Healthy Louisiana 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 LDH 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 Healthy Louisiana 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 Healthy Louisiana 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

Appendix B encompasses a comprehensive list of Healthy Louisiana’s covered and excluded Medicaid populations.

Specialized Behavioral Health Program

Covered Populations

The Healthy Louisiana 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 Healthy Louisiana 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 Healthy Louisiana 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 Healthy Louisiana PH program. If they choose not to voluntarily enroll into the Healthy Louisiana PH program, they will automatically have only their SBH and NEMT services covered by the Healthy Louisiana 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
- Louisiana Health Insurance Premium Payment (LaHIPP) program's recipients (these recipients will become eligible for Healthy Louisiana SBH program effective April 1, 2017)

Excluded Populations

The following individuals are excluded from participation in the Healthy Louisiana 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 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

Expansion Program

Beginning July 1, 2016, Healthy Louisiana began the Medicaid Expansion program [42 CFR 433.204 b(1)], which is an option for individuals who have a household income less than 138% of the FPL and are not eligible for any other Medicaid program or Medicare. The individual must be aged 19 to 64 years old and meet citizenship requirements.

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, LDH will pay a maternity kick payment to the MCOs for each delivery that takes place. Table 1A shows a list of the different PH rate cells for each eligibility category including the maternity kick payment. Tables 1B and 1C show the list of the different SBH and Expansion rate cells for each eligibility category.

Table 1A: PH Rate Category Groupings

SSI	
Newborn, 0–2 Months, Male & Female Newborn, 3–11 Months, Male & Female	Child, 1–20 Years, Male & Female Adult, 21+ Years, Male & Female
F&C (TANF)	
Newborn, 0–2 Months, Male & Female Newborn, 3–11 Months, Male & Female	Child, 1–20 Years, Male & Female Adult, 21+ Years, Male & Female
HCBS Waiver	
20 and Under, Male & Female	21+ Years, Male & Female
FCC	
All Ages, Male & Female	
BCC	
All Ages, Female	
CCM	
All Ages, Male & Female	
LAP	
All Ages, Male & Female	

Table 1B: SBH Rate Category Groupings

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

Table 1C: Expansion Rate Category Groupings

Expansion
Female Age 19–Age 24 Female Age 25–Age 39
Male Age 19–Age 24 Male Age 25–Age 39
Female Age 40–Age 49 Female Age 50–Age 64
Male Age 40–Age 49 Male Age 50–Age 64
SBH — Dual Eligible and LaHIPP, All Ages
SBH — CCM, All Ages
SBH — Other, All Ages
High Needs, All Ages

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 all three programs.

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

Healthy Louisiana Services

Covered Services

Appendix C lists the services the Healthy Louisiana MCOs must provide to the members in the Healthy Louisiana PH and Expansion and Healthy Louisiana 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.

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)	$16,022,348	$486.59	$646.94	-25%
Substance Use Disorder (SUD) Residential	SUD Residential IMD	$5,077,701	$71.17	$145.51	-51%
Emergency Room	Crisis	$175,323	$87.49	$249.12	-65%

2014 Encounter Claims

State Plan	In Lieu Of	2014 Encounter Claims	Encounter Unit Cost	State Plan Unit Cost	Managed Care Discount
Inpatient	Inpatient IMD (21-64)	$17,709,165	$466.68	$646.94	-28%
SUD Residential	SUD Residential IMD	$6,455,879	$78.85	$145.51	-46%
Emergency Room	Crisis	$374,183	$57.36	$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 LDH 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)

LDH implemented a new MSP 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 MSP 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 Healthy Louisiana for certain categories of aid (COA), an adjustment for MSP was needed only for the SBH program COAs whose PH services are covered under FFS. Appendix D summarizes the MSP adjustment.

Excluded Services

Healthy Louisiana 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 LDH'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 Healthy Louisiana Behavioral Health Integration Amendment issued by LDH.

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 July 31, 2016. PH claims and SBH claims for dates of service in CY 2013 and CY 2014 were deemed complete as they reflect 31 and 19 months of runout, respectively.

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 1.6% and 1.5% 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 $9.2 million of additional ACT services for 2013. Table 4 displays the total ACT services added by COA.

Table 4: Total ACT Services Added by COA

COA Description	CY 2013
SSI	$6,702,686
F&C	$332,550
FCC	$0
BCC	$63,450
HCBS Waiver	$79,248
CCM	$0
SBH — CCM	$0
SBH — Dual Eligible and LaHIPP	$1,946,433
SBH — HCBS Waiver	$79,248
SBH — Other	$20,938
Total	**$9,224,553**

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

Fraud and Abuse Recoveries
LDH 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 40.0% and 60.0% to the CY 2013 and CY 2014 data, respectively, after accounting for historical rating adjustments described in Part A and Part B 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

Part B: Capitation Rate Development

Rating adjustments were developed and applied separately for PH, SBH, and Expansion 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, SBH, or Expansion services.

Subpart B.1: Projected Benefit Costs

Section 1: Non Expansion Population

Subsection 1.a: PH 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.

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 LDH (i.e., the January 1, 2017 fee schedule). The non-GME part of the per diems were used in this fee adjustment process to be consistent with LDH'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 5A: Inpatient Fee Change Impact

			Impact as % of	
Time Period	**Historical Cost**	**Adjustment Dollar Impact**	**Historical Cost**	**All PH Services Cost**
CY 2013	$608,457,486	$49,386,334	8.12%	1.97%
CY 2014	$576,513,568	$34,707,834	6.02%	1.37%

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, 2015 to December 31, 2015. The adjustment also included estimation of cost settlements and reflected the most up-to-date cost settlement percentages for each facility.

The total impact of the outpatient fee change is summarized below.

Table 5B: Outpatient Fee Change Impact

			Impact as % of	
Time Period	**Historical Cost**	**Adjustment Dollar Impact**	**Historical Cost**	**All PH Services Cost**
CY 2013	$350,207,994	$15,819,648	4.52%	0.63%
CY 2014	$374,580,287	$10,706,521	2.86%	0.42%

Physician Services
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 primary care physicians (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 5C: ACA PCP Fee Change Impact

			Impact as % of	
Time Period	**Historical Cost**	**Adjustment Dollar Impact**	**Historical Cost**	**All PH Services Cost**
CY 2013	$233,736,059	-$73,278,135	-31.35%	-2.93%
CY 2014	$251,821,622	-$76,970,658	-30.57%	-3.03%

Overall, as shown in Table 6, the combined effect of all the historical fee adjustments was a 0.32% decrease in CY 2013 base data and a 1.24% decrease in CY 2014.

Table 6: Summary of Fee Change Impact for All Claims

Time Period	Historical Cost	Adjustment Dollar Impact	Adjusted Cost	Percent Impact
CY 2013	$2,502,160,270	-$8,072,154	$2,494,088,116	-0.32%
CY 2014	$2,538,633,232	-$31,556,303	$2,507,076,929	-1.24%

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 3.0% of pharmacy costs.

PH Prospective Rating Adjustments

Rx Rebates

Mercer reviewed the CY 2015 financial data and derived a pharmacy rebates adjustment percentage of -3.3% that was applied to the projected pharmacy benefit costs. The overall per member per month (PMPM) impact to total benefit costs is -0.98%.

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 Healthy Louisiana 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 7 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 7 and is shown in Appendix A.

Table 7: EED Rate Reduction

Region Description	Reduction – Low Cost per Delivery	Reduction – High Cost per Delivery
Gulf	$(4,738.58)	$(4,900.34)
Capital	$(4,186.38)	$(4,329.21)
South Central	$(4,297.43)	$(4,444.04)
North	$(4,191.59)	$(4,334.52)
Total	$(4,393.88)	$(4,543.80)

Pediatric Day Health Care (PDHC) Program Change

Effective September 1, 2016, LDH issued three policy changes to PDHC services. These policy changes include changes in the eligibility criteria, per diem requirement, and re-evaluation 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 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 result is a PMPM decrease of $0.44.

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 69,953 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 55,963 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 83,944 additional hours billed at the hourly rate of $42.01. The result is a PMPM decrease of $0.04 which can be found in Table 8.

Table 8: PDHC Per Diem Requirement Change

	Projected PDHC Experience		
	PDHC Per Diem Experience	Hourly and Transportation	All PDHC Experience
Units	69,953	51,542	121,496
Expenses	$ 20,525,153	$ 1,561,176	$ 22,086,329

	Revised PDHC Experience			
	Revised Per Diem		Hourly and Transportation	Revised Total
	Per Diem	Hourly Rate		
Units	55,963	83,944	51,542	191,449
Unit Cost	$ 293.72	$ 42.01		
Revised Expenses	$ 16,437,385	$ 3,526,494	$ 1,561,176	$ 21,525,056

PDHC Expenses	$	22,086,329
Revised PDHC Expenses	$	21,525,056
Per Diem Requirement Impact	$	(561,274)
PMPM Impact	$	(0.04)

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 G summarizes the rate impact due to the PDHC policy changes. The overall combined impact of the PDHC policy changes is a 0.2% rate decrease.

Preventive Services
Effective July 1, 2016, LDH expanded the preventive services covered by the Healthy Louisiana. These services are included on the applicable published fee schedules on the Medicaid website www.lamedicaid.com. The impact of the change is an increase of $1.12 in the projected benefit cost PMPM for the PH program. The change has no impact on the SBH program.

Contralateral Breast Reduction (CBR) Services
Effective February 1, 2017, the Healthy Louisiana program will cover breast reconstruction post mastectomy of the contralateral unaffected breast to achieve symmetry for patients diagnosed with breast cancer. The added CBR services will result in a 1.6% increase to the BCC rate cell, as shown in Table 9 below.

Table 9: CBR Services

Proj. BCC Member Months	11,246
Proj. Single Breast Mastectomies	359
Proj. Recipients Receiving CBR Services	147

		PMPM
1. Tattooing	$	1.02
2. New Contralateral Services	$	14.04
3. Additional Surgical Costs	$	6.50
CBR Adjustment	$	21.56

Statewide BCC Rate	$	1,322.44
CBR Adjustment	$	21.56
BCC Rate after CBR Adj.	$	1,344.00
Rating Adjustment		1.6%

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.

Historical trends were applied to CY 2013 prior to blending with CY 2014. Prospective trends were applied to the blended base data.

Trends, delineated by utilization, unit cost, PMPM, and by population are shown in Appendix E. Transportation and Other service category trends were developed as a PMPM trend due to distortions observed in the utilization and unit cost components of claim costs.

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 LDH's goal that the Healthy Louisiana 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. LDH 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 there are factors outside 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 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 2017 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 35.0% 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 2017 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 5.0% to 90.0% 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 2017, 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 35.0% targeted efficiency level was applied to reflect the State's value-focused purchasing strategy. At this targeted efficiency level, 35.0% 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 35.0% targeted efficiency level applied to the final adjustment identified.

The overall impact of the Inpatient, ED, and Pharmacy efficiency adjustments was a decrease of $2.20 to the PH program.

Managed Care Savings Adjustment

For those populations and services that had previously been excluded from Healthy Louisiana, 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, 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 Healthy Louisiana 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 Healthy Louisiana 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 84.0%, compared to approximately 77.0% 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 10 details the savings breakdown by COA.

Table 10: GDR Savings Adjustment

	Savings from Improvement in GDR (w/Phase-in)					
COS Description	**SSI**	**F&C***	**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. LDH makes payments to a maximum of $10 million, annually. As payment of outlier liability is the responsibility of Healthy Louisiana MCOs, this additional $10 million was built into the rates based on the distribution by rate cell observed in state fiscal year (SFY) 2017 payments. Outliers added an average cost of $0.85 PMPM to the base data used in rate setting. Table 11 details the impact of outliers on the rates by rate cell.

Table 11: Outlier Claims to be Added into Healthy Louisiana from $10 Million Pool

COA Description	Rate Cell Description	Projected MMs	Outlier PMPM	Outliers Total Adjustment
SSI	Newborn, 0-2 Months	1,777	$1,979.92	$3,518,746
SSI	Newborn, 3-11 Months	7,473	$32.24	$240,903
SSI	Child, 1-20 Years	438,102	$0.25	$111,403
Family and Children	Newborn, 0-2 Months	181,298	$32.99	$5,981,749
Family and Children	Newborn, 3-11 Months	408,855	$0.26	$106,631
Family and Children	Child, 1-20 Years	8,163,747	$0.00	$40,568
Total*		**11,743,097**	**$0.85**	**$10,000,000**

*Total includes MMs for all populations in Healthy Louisiana Physical Health.

Subsection 1.b: 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 0.4% 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 Healthy Louisiana rates was necessary.

PRTF Per Diem Adjustment

LDH 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, LDH 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 LDH. 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, LDH implemented a 5.0% rate increase to certain providers delivering community psychiatric services to individuals in the PSH program. Using the list of PSH providers from LDH, Mercer summarized historic cost and utilization data for community psychiatric services for these providers and calculated the impact of the 5.0% 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 0.4% and 0.5% increase to CY 2013 and CY 2014 SBH services, respectively.

1915(c) CSoC Regional Expansion

LDH 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 Healthy Louisiana rating group shifted to the CSoC program. The CSoC population will have select services covered by Healthy Louisiana, including PRTF, Therapeutic Group Home (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 June 2016. The growth by region is outlined in Table 12:

Table 12: CSoC Enrollment's Growth by Region

CSoC Enrollment	Average 2013	Average 2014	As of June 2016	Projected RY 2017 CSoC Recipients
Gulf	199	282	723	699
Capital	214	257	674	652
South Central	152	192	502	486
North	494	506	582	563
Statewide	**1,058**	**1,236**	**2,481**	**2,400**

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 Healthy Louisiana rating groups ($610.23 and $19.87, respectively for CY 2013; $957.40 and $25.09, respectively for CY 2014). Because of this differential, the movement of those higher needs children out of Healthy Louisiana 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 3.0% and 3.6% 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. LDH indicated it expects providers to continue to be paid at the higher reimbursement level under the Healthy Louisiana program. For this reason, Mercer determined it was necessary to adjust all unit costs to the CY 2014 adult unit cost.

Mercer analyzed 2014 encounter data by region and observed an increase in these services' average reimbursement rate to roughly $71.00 per unit. Mercer calculated the program change impact based on reported service utilization in each region.

Overall, this represents a 1.1% and 0.9% increase to CY 2013 and CY 2014 SBH services, respectively.

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%. The overall impact due to the reduction in PSR services is a 0.2% and 0.3% rate decrease in CY 2013 and CY 2014, respectively.

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 1.5% and 29.5% were applied to adult and child rating groups, respectively. For NEMT Services, 16.0% historical trend was applied to the SBH Dual COA and 11.0% 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, LDH 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, PSR, 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 PSR 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. LDH 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 2015 and made an assumption about the number of members who utilized services in 2014 and 2015 that would have utilized more services had their authorizations started earlier in the year.

Table 13: Impact to Adult Services of Elimination of Independent Assessment

Total 1915(i) proxy 2015 recipient count	58,689
Subset of recipients that are projected to receive an additional month of service	848
Average monthly cost of 1915(i) services (CY 2015)	$570
Program Change PMPM	$0.14
Adult SBH PMPM	$28.75
Total Impact to Adult SBH Services	0.5%

- 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 14: 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 10.0% 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. Mercer assumed the same monthly increase from January 2016 to January 2017 would then continue from January 2017 to January 2018. 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 15: Impact to Adult Services of Expansion of Access to Services

September 2015 recipients	2,849
Projected January 2017 based on emerging data	5,754
Projected January 2018 users	8,632
Total new users in rating period	53,228
Average 2015 monthly cost by OLPs	$174.02
Program change PMPM	$2.72
Adult SBH PMPM	$28.75
Total Impact to Adult SBH Services	9.5%

- 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 0.3% impact to the overall rate.

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 during trend development. For the Adult population, Mercer relied upon Financials, due to encounter data reporting issues in the MMIS system. Ultimately, SBH service category trends were developed as a PMPM trend for both Child and Adult Populations due to distortions observed in the utilization and unit cost components of claim costs.

Trends delineated by PMPM and by population are shown in Appendix E.

IMD

Mercer has not made an adjustment at this time for the impact of the IMD provisions under the managed care final rule. Per CMS's March 9, 2017 approval letter of the Bayou Health MCO Contract Amendments #5, LDH will have until the next rating period following LDH's receipt of the Amendment #5 approval letter to bring the contracts into compliance with the rules at 42 CFR 438.3(e)(2) at this provision relates to IMDs at 42 CFR 438.6(e).

Reinstatement of LaHIPP Program

Effective April 1, 2017, the LaHIPP program will be reinstated. Members that are enrolled in the LaHIPP program will receive PH services through FFS and will receive SBH and NEMT services through Healthy Louisiana. The LaHIPP members will be included in the SBH Dual and LaHIPP rate cell (f/k/a SBH Dual Eligible). As shown in the table below, the addition of the LaHIPP members results in a decrease of 0.7% to the SBH Dual Eligible and LaHIPP rate cell.

Table 16: Reinstatement of LaHIPP Program

		LaHIPP		non-LaHIPP		Adjusted Data to Include LaHIPP		
COA Desc.	**Rate Cell Desc.**	**Projected MMs[1]**	**CY14 PMPM**	**Projected MMs[1]**	**CY14 PMPM**	**Projected MMs[1]**	**CY14 PMPM**	**% Adj.**
SBH -- Chisholm Class Members	Chisholm, All Ages Male & Female	-	$ -	54,449	$ 93.70	54,449	$ 93.70	0.0%
SBH -- Dual Eligible and LaHIPP	Dual Eligible and LaHIPP, All Ages	26,519	$ 9.67	1,240,232	$ 14.41	1,266,751	$ 14.31	-0.7%
SBH -- HCBS Waiver	20 & Under, Male and Female	-	$ -	23,926	$ 38.49	23,926	$ 38.49	0.0%
SBH -- HCBS Waiver	21+ Years, Male and Female	-	$ -	47,163	$ 56.51	47,163	$ 56.51	0.0%
SBH -- Other	Other, All Ages	-	$ -	37,833	$129.12	37,833	$ 129.12	0.0%

Notes:
1- Projected enrollment for February 2017- January 2018

Subsection 1.c: 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 Healthy Louisiana, 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 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 Healthy Louisiana 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 H.

Table 17 summarizes the overall adjustment by rate cell for retroactive eligibility.

Table 17: 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+	0.44%
F&C	0-2 Months	0.00%
F&C	3-11 Months	0.00%
F&C	Child 1-20	0.00%
F&C	Adult 21+	0.00%
FCC	FCC, All Ages	0.00%
BCC	BCC, All Ages	2.41%
LAP	LAP, All Ages	0.36%
HCBS	Child 0 – 20	0.00%
HCBS	Adult 21+	0.00%
CCM	CCM, All Ages	0.02%
SBH — CCM	SBH — Chisholm, All Ages Male & Female	0.00%
SBH — Duals	SBH — Dual Eligible and LaHIPP, All Ages	0.00%
SBH — HCBS	SBH — 20 & Under, Male and Female	0.00%
SBH — HCBS	SBH — 21+ Years, Male and Female	0.00%

COA Description	Rate Cell Description	Adjustment (%)
SBH — Other	SBH — Other, All Ages	0.00%
Maternity Kick Payment	Maternity Kick Payment	0.00%

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 PMPM payments to 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.

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 LDH. 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 reimbursement level applicable to the rate period. The SFY14 Medicaid payments were adjusted to reflect applicable fee changes and payments made outside of the claims system (outlier payments). The Medicaid payments were also trended to the rate period and the ratio between the projected Medicare and Medicaid payments was calculated. Mercer applied the ratio between the two payments to the base data at a hospital-specific level. Tables 18a and 18b below show the impact of FMP on the adjusted base cost of PH and SBH inpatient hospital services, respectively.

Table 18a: 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	$608,457,486	$49,386,334	$657,843,819	$419,493,300	63.77%
CY 2014	$576,513,568	$34,707,834	$611,221,402	$403,796,359	66.06%

Table 18b: Inpatient Hospital FMP Impact (SBH)

Time Period	[A] Historical Cost	[B] Historical Adjustment Dollar Impact	[C] = [A] + [B] Adjusted Cost	[D] FMP Impact	[E] = [D] / [C] FMP Impact as % of Adjusted Cost
CY 2013	$65,746,367	$1,127,901	$66,874,269	$32,134,941	48.05%
CY 2014	$61,519,187	$1,361,249	$62,880,436	$26,367,582	41.93%

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 LDH were reported on hospital fiscal year bases, which varied by hospital from February 28, 2015 to December 31, 2015. 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 19a and 19b below show the impact of FMP on the adjusted base cost of PH and SBH outpatient hospital services, respectively.

Table 19a: Outpatient Hospital FMP Impact (PH)

Time Period	[A] Historical Cost	[B] Historical Adjustment Dollar Impact	[C] = [A] + [B] Adjusted Cost	[D] FMP Impact	[E] = [D] / [C] FMP Impact as % of Adjusted Cost
CY 2013	$350,208,386	$15,819,648	$366,028,034	$98,102,362	26.80%
CY 2014	$374,580,343	$10,706,521	$385,286,864	$110,325,411	28.63%

Table 19b: Outpatient Hospital FMP Impact (SBH)

Time Period	[A] Historical Cost	[B] Historical Adjustment Dollar Impact	[C] = [A] + [B] Adjusted Cost	[D] FMP Impact	[E] = [D] / [C] FMP Impact as % of Adjusted Cost
CY 2013	$6,855,807	($506,959)	$6,348,848	$1,031,976	16.25%
CY 2014	$9,286,240	($431,066)	$8,855,174	$807,703	9.12%

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 LDH and updated periodically. For state-owned or operated entities, average commercial rate factors are updated annually. LDH provided state-owned conversion factors for RY 2017. For non-state owned or operated entities, the average commercial rate factors are

indexed to Medicare rates and updated every 3 years. LDH provided the latest available non-state factors, which were last updated as recently as December 2016. Tables 20a and 20b 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 20a: 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	$90,668,502	$0	$90,668,502	$98,829,416	109.00%
CY 2014	$93,558,801	$0	$93,558,801	$107,085,186	114.46%

Table 20b: 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	$566,314	$0	$566,314	$494,114	87.25%
CY 2014	$708,841	$0	$708,841	$583,063	82.26%

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 100.0% 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 LDH for RY 2017. 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. Table 21 below shows the impact of FMP on the adjusted base cost of PH ambulance services meeting the State Plan's criteria for FMP.

Table 21: 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	$27,508,226	$0	$27,508,226	$15,712,214	57.12%
CY 2014	$30,470,748	$0	$30,470,748	$19,977,704	65.56%

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 22.

Table 22: 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	1,401,940	$138.11	$12.34	$26.40	$176.85
F&C	9,536,740	$20.38	$1.62	$6.27	$28.26
FCC	126,351	$12.21	$2.02	$4.81	$19.05
BCC	12,913	$430.37	$5.12	$50.80	$486.28
LAP	40,075	$9.74	$0.61	$4.31	$14.65
HCBS Waiver	76,727	$101.75	$10.52	$17.69	$129.96
CCM	69,672	$74.16	$4.38	$10.04	$88.58
SBH – CCM	71,070	$-	$-	$-	$-
SBH – Dual Eligible and LaHIPP	1,122,365	$0.39	$-	$0.06	$0.45
SBH – HCBS Waiver	76,715	$6.36	$-	$0.12	$6.48
SBH – Other	35,633	$33.95	$-	$0.26	$34.22
Maternity Kick Payment	37,578	$3,206.23	$-	$422.01	$3,628.24
Total[1]	**12,570,201**	**$42.25**	**$2.72**	**$9.25**	**$54.21**

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

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.

Section 2: Expansion Population

The rate development for the expansion enrollment relied upon base data and rate-setting adjustments used to develop the non-expansion Healthy Louisiana February 1, 2017 effective capitation rates. The expansion rate development relied primarily upon F&C experience and rate 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, as well as additional adjustments applied will be discussed in the *Expansion Data Adjustments* section below. For assumption comparison to 7/1/2016, please refer to Appendix P.

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 23. 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 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 and LaHIPP coverage; therefore, the rate from the existing Healthy Louisiana population for SBH-Dual Eligible and LaHIPP will be used in this scenario.

Table 23: Age Gender Factors

Rate Cell Description	Age/Gender Factor
Female Age 19-24	0.62
Male Age 19-24	0.50
Female Age 25-39	0.91
Male Age 25-39	0.81
Female Age 40-49	1.42
Male Age 40-49	1.39
Female Age 50-64	1.70
Male Age 50-64	1.94
SBH Medicare Eligible, All Sex/Ages	NA

Expansion Data Adjustments

Removed and Revised Data Adjustments

All F&C Adult applicable rate adjustments from the Non-Expansion Healthy Louisiana February 1, 2017 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 24.

Table 24: Expansion Annual Trend Factors

	Expansion	
COS Description	Trend Low	Trend High
Inpatient Hospital	-2.0%	1.0%
Outpatient Hospital	3.3%	5.3%
Primary Care Physician	3.4%	5.2%
Specialty Care Physician	3.4%	5.2%
FQHC/RHC	3.4%	5.2%
EPSDT	3.4%	5.2%

COS Description	Expansion	
	Trend Low	Trend High
Certified Nurse Practitioners/Clinical Nurse	3.4%	5.2%
Lab/Radiology	0.0%	1.0%
Home Health	0.0%	1.0%
Emergency Transportation	18.0%	20.0%
Non-Emergency Transportation	18.0%	20.0%
Rehabilitation Services (OT, PT, ST)	0.0%	1.0%
DME	0.0%	1.0%
Clinic	3.4%	5.2%
Family Planning	3.4%	5.2%
Other	0.0%	1.0%
Prescribed drugs	6.1%	8.0%
Emergency Room	3.3%	5.3%
Basic Behavioral Health	3.4%	5.2%
Hospice	-2.0%	1.0%
Personal Care Services	0.0%	1.0%
Inpatient Services -- Mental Health	1.5%	3.5%
Emergency Room -- Mental Health	1.5%	3.5%
Professional/Other -- Mental Health	1.5%	3.5%

Additional Rate Adjustments

Several adjustments unique to the expansion population were developed to account for expected differences from our Non-Expansion Healthy Louisiana February 1, 2017 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 25.

Table 25: Expansion Assumption Factors

	Acuity	Pent-Up Demand		Adverse Selection		Reverse Managed Care
Region(s)	**Low / High**	**Gulf**	**All Other**	**Gulf**	**All Other**	**All**
Factor	1.175 / 1.256	1.070	1.076	1.002	1.003	1.039

Note: Only Acuity varies by low and high.

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 17.5% to 25.6%.

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. Pent-up demand is expected to be met following 12 months of continuous enrollment in the program. A separate factor for the Gulf region was necessary, because all of the GNOCHC population were auto-enrolled July 1, 2016. This population already has access to professional services, which results is a lower pent-up demand expectation. The GNOCHC population resides exclusively in the Gulf region. The weights and resulting factor are shown in Table 26.

Table 26: Pent-up Demand Factors

Gulf Region	6.95%
All Other Regions	7.57%

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 were auto-enrolled effective July 1, 2016. These populations are the Family Planning 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 over time. The final factors for Gulf and other regions are shown below in Table 27.

Table 27: Adverse Selection Factors

Gulf Region	1.002
All Other Regions	1.003

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. This effect is not expected for pharmacy, so it was set at zero. Reverse managed care effects are expected to wear off following 12 months of continuous enrollment in the program. Details of current managed care factors and reverse managed care factors by COS are shown in Table 28.

Table 28: Reverse Managed Care Factors by COS

COS	Managed Care (MC) Factor	Reverse MC Factor
Inpatient	-20.8%	9.9%
Outpatient	-16.6%	7.5%
Professional	-6.1%	2.4%
Other	-13.8%	6.0%
Transportation	-4.4%	1.7%
Pharmacy	-25.2%	0.0%
SBH – IP	-30.0%	16.1%
SBH – ER	-10.0%	4.2%
SBH – Prof/Other	20.0%	-6.3%
Model Total	**-9.5%**	**3.93%**

High-Needs Rate Development

Effective January 1, 2017 LDH is working with the Department of Corrections (DOC) on a pre-release enrollment program for the offender population that will now be covered by Medicaid under the New Adult Group through expansion. Part of this population will be considered “High Need” by the DOC based on a set of high-risk health criteria. For those identified as high needs, the MCO will conduct case management within 30 days prior to release. Given these extra requirements and the high-risk health criteria, a new rate cell was developed to handle this population.

The DOC provided available, relevant data, so that a sound actuarial rate could be determined. The pharmacy data, which covered periods July 2013 through March 2016 proved to be the best source to estimate this population, since other types of services were sparse. The pharmacy analysis showed that the top therapeutic categories of prescriptions filled by DOC patients remained consistent over the time studied. Based on the top therapeutic categories of prescriptions filled this population most closely resembled the SSI Adult 21+ rate cell. A rate adjustment of 2.800 was developed based upon this conclusion to produce a rate similar to the SSI Adult 21+ population. Additionally, an age/gender factor was developed to reflect the demographic difference between the base data and the population expected to be released during the rating period. The age/gender factor adjustment relied upon the same age/gender factors used by other expansion rate cells. The rate adjustments were applied to the expansion rate development as shown below.

Table 29: High-Needs Rate Buildup

	Rate Estimate (Midpoint)				
	[A]	[B]	[C]=[A]*[B]	[D]	[E]=[C]*[D]
Region	**Expansion Projected Claims PMPM**	**High Needs Factor**	**High Needs Adjusted PMPM**	**Age/Gender Factor**	**Age/Gender Adjusted PMPM**
Gulf	$336.91	2.800	$943.35	1.134	$1,069.37
Capital	$404.42	2.800	$1,132.36	1.134	$1,283.63
South Central	$370.93	2.800	$1,038.59	1.134	$1,177.33
North	$344.50	2.800	$964.61	1.134	$1,093.47
Statewide	**$360.44**	**2.800**	**$1,009.22**	**1.134**	**$1,144.04**

Expansion FMP Development

The undersigned actuaries relied upon development of FMP from the Non-Expansion Healthy Louisiana February 1, 2017 rates to determine the inpatient, outpatient, physician, and ambulance FMP amounts. Using the February 1, 2017 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 30.

Table 30: FMP Estimates by Region

	FMP (excluding premium tax)			
Region	**Hospital (IP/OP)**	**Ambulance**	**Physician**	**Total**
Gulf	$45.02	$9.64	$17.61	$72.27
Capital	$43.96	$6.00	$23.31	$73.26
South Central	$49.10	$3.62	$18.79	$71.51
North	$48.88	$7.26	$7.42	$63.55

Subpart B.2: Projected Non-Benefit Costs

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 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; expected increase in staffing and operational expenses associated with the inclusion of SBH services and the new SBH program population; and consideration for enrollment growth. Final Administrative cost expectation is shown by program in table 31.

Table 31: Final Administrative Cost Expectation

Program	Low		High	
Physical Health	$	26.68	$	28.79
Maternity Kicks[1]	*$*	*297.84*	*$*	*297.84*
Specialized Behavioral Health	$	2.91	$	3.15
Expansion	$	26.49	$	26.49
High-Needs	$	29.21	$	29.21

1- Administrative expenses associated with Maternity Kick Payments are included in the Physical Health category but are shown as a line item for more detail.

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. 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.

In development of the PH Program rate cells, the variable administrative amount on each rate cell other than CCM was determined by using 2% of pharmacy claim costs plus 5.33% to 5.35% of all other medical costs. Due to additional reporting and management requirements on the CCM population, the CCM rate cell variable administrative amount was determined using 2% of pharmacy claim costs plus 6.67% to 6.71% of all other medical costs. Maternity kick payment administrative load was developed discretely and therefore not allocated using the fixed and variable model. For the SBH program, the variable administrative amount on each rate cell was determined using 5.05% to 5.07% of the covered claims expense.

In the expansion program, all rate cells have the same administrative expense PMPM load except the High Needs rate cell. The high needs rate cell has a 10% increased PMPM administrative expense over the other expansion rate cells due to additional case management requirements placed on the MCOs. Because of the limited number of rate cells, use of the fixed and variable approach is not necessary for this population.

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. The FMP PMPMs include provision for premium tax only.

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 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 2017.

Part C: Other Rate Development Considerations

Subpart C.1: Family Planning Portion of Capitation Rate

Mercer has analyzed the component of the rates associated with Family Planning services so that LDH may claim the enhanced federal match of 90.0% on these services. Specific details on codes used to identify family planning services can be found in Appendix R.

Appendix R contains the PMPMs associated with Family Planning that will be claimed at the enhanced match rate. Please note these Family Planning PMPMs do not include load for non-medical expenses.

Part D: Risk Mitigation and Related Contractual Provisions

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 Healthy Louisiana MCOs according to the relative risk of their enrolled members. Table 32 shows the rate cells that will be risk adjusted.

Table 32: Risk-Adjusted Rate Cells

SSI	
Child, 1–20 Years, Male & Female	Adult, 21+ Years, Male & Female
F&C (TANF)	
Child, 1–20 Years, Male & Female	Adult, 21+ Years, Male & Female
FCC	
All Ages, Male & Female	
LAP	
All Ages, Male & Female	

Medicaid Expansion Minimum/Maximum Medical Loss Ratio (MLR)

LDH will put in place a risk mitigation arrangement (i.e. 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 85.0% at a minimum and 95.0% at a maximum. Any deviation of actual medical expenditures outside of this 85.0% to 95.0% 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.

Part E: 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.

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	Region Description	Category of Aid Description	Rate Cell Description	Projected Member Months or Deliveries	Lower Bound PMPM or Cost per Delivery	Upper Bound PMPM or Cost per Delivery
01	Gulf	SSI	0 - 2 Months	535	$ 27,236.73	$ 28,997.83
01	Gulf	SSI	3 - 11 Months	2,252	$ 7,422.09	$ 7,901.06
01	Gulf	SSI	Child 1 - 20 Years	126,641	$ 789.68	$ 855.02
01	Gulf	SSI	Adult 21+ Years	269,067	$ 1,306.08	$ 1,386.45
01	Gulf	Family & Children	0 - 2 Months	54,622	$ 1,647.97	$ 1,764.97
01	Gulf	Family & Children	3 - 11 Months	123,181	$ 272.14	$ 289.00
01	Gulf	Family & Children	Child 1 - 20 Years	2,245,262	$ 169.26	$ 182.28
01	Gulf	Family & Children	Adult 21+ Years	428,360	$ 340.10	$ 359.21
01	Gulf	Foster Care Children	All Ages Male & Female	27,100	$ 617.37	$ 679.63
01	Gulf	BCC	BCC, All Ages	3,182	$ 2,322.45	$ 2,451.29
01	Gulf	LAP	LAP, All Ages	7,322	$ 198.40	$ 213.06
01	Gulf	HCBS	Child 1 - 20 Years	1,032	$ 2,487.96	$ 2,721.12
01	Gulf	HCBS	Adult 21+ Years	3,452	$ 1,072.47	$ 1,149.37
01	Gulf	CCM	CCM, All Ages	5,921	$ 1,291.18	$ 1,421.85
01	Gulf	SBH - CCM	SBH - CCM, All Ages	13,493	$ 200.90	$ 225.45
01	Gulf	SBH - Duals	SBH - Dual Eligible, All Ages	334,492	$ 26.10	$ 27.69
01	Gulf	SBH - HCBS	SBH - Child 1 - 20 Years	6,270	$ 92.76	$ 103.19
01	Gulf	SBH - HCBS	SBH - Adult 21+ Years	12,515	$ 80.23	$ 84.77
01	Gulf	SBH - Other	SBH - All Ages	7,511	$ 193.58	$ 203.44
01	Gulf	Maternity Kick Payment	Maternity Kick Payment	24,689	$ 11,368.59	$ 11,595.14
01	Gulf	EED Kick Payment	EED Kick Payment	NA	$ 6,630.01	$ 6,694.80
01	Gulf	Medicaid Expansion	Female Age 19 - Age 24	214,220	$ 315.62	$ 343.32
01	Gulf	Medicaid Expansion	Male Age 19 - Age 24	128,952	$ 276.87	$ 299.47
01	Gulf	Medicaid Expansion	Female Age 25 - Age 39	409,875	$ 416.82	$ 457.84
01	Gulf	Medicaid Expansion	Male Age 25 - Age 39	222,753	$ 381.83	$ 418.24
01	Gulf	Medicaid Expansion	Female Age 40 - Age 49	173,849	$ 589.99	$ 653.80
01	Gulf	Medicaid Expansion	Male Age 40 - Age 49	113,238	$ 580.30	$ 642.84
01	Gulf	Medicaid Expansion	Female Age 50 - Age 64	239,557	$ 685.00	$ 761.31
01	Gulf	Medicaid Expansion	Male Age 50 - Age 64	169,280	$ 768.80	$ 856.14
01	Gulf	Medicaid Expansion	SBH - Dual Eligible, All Ages	NA	$ 26.10	$ 27.69
01	Gulf	Medicaid Expansion	SBH - Other, All Ages	NA	$ 193.58	$ 203.44
01	Gulf	Medicaid Expansion	SBH - Chisholm, All Ages	NA	$ 200.90	$ 225.45
01	Gulf	Medicaid Expansion	High Needs	NA	$ 1,330.42	$ 1,473.17
01	Gulf	Medicaid Expansion	Maternity Kick Payment	NA	$ 11,368.59	$ 11,595.14
01	Gulf	Medicaid Expansion	EED Kick Payment	NA	$ 6,630.01	$ 6,694.80
02	Capital	SSI	0 - 2 Months	404	$ 27,236.73	$ 28,997.83
02	Capital	SSI	3 - 11 Months	1,699	$ 7,422.09	$ 7,901.06
02	Capital	SSI	Child 1 - 20 Years	94,505	$ 801.44	$ 869.56
02	Capital	SSI	Adult 21+ Years	193,211	$ 1,355.39	$ 1,444.55
02	Capital	Family & Children	0 - 2 Months	41,215	$ 1,719.01	$ 1,842.53
02	Capital	Family & Children	3 - 11 Months	92,946	$ 265.48	$ 282.23
02	Capital	Family & Children	Child 1 - 20 Years	1,977,877	$ 176.88	$ 190.56
02	Capital	Family & Children	Adult 21+ Years	333,033	$ 396.64	$ 419.03
02	Capital	Foster Care Children	All Ages Male & Female	37,283	$ 617.37	$ 679.63
02	Capital	BCC	BCC, All Ages	3,317	$ 2,322.45	$ 2,451.29
02	Capital	LAP	LAP, All Ages	9,557	$ 198.40	$ 213.06
02	Capital	HCBS	Child 1 - 20 Years	1,056	$ 2,487.96	$ 2,721.12
02	Capital	HCBS	Adult 21+ Years	2,629	$ 1,072.47	$ 1,149.37
02	Capital	CCM	CCM, All Ages	4,717	$ 1,291.18	$ 1,421.85
02	Capital	SBH - CCM	SBH - CCM, All Ages	13,970	$ 200.90	$ 225.45
02	Capital	SBH - Duals	SBH - Dual Eligible, All Ages	266,563	$ 20.95	$ 22.23
02	Capital	SBH - HCBS	SBH - Child 1 - 20 Years	7,085	$ 92.76	$ 103.19
02	Capital	SBH - HCBS	SBH - Adult 21+ Years	12,038	$ 80.23	$ 84.77
02	Capital	SBH - Other	SBH - All Ages	8,728	$ 193.58	$ 203.44
02	Capital	Maternity Kick Payment	Maternity Kick Payment	16,577	$ 9,215.36	$ 9,415.41
02	Capital	EED Kick Payment	EED Kick Payment	NA	$ 5,028.99	$ 5,086.20
02	Capital	Medicaid Expansion	Female Age 19 - Age 24	154,522	$ 358.94	$ 392.15
02	Capital	Medicaid Expansion	Male Age 19 - Age 24	73,825	$ 312.41	$ 339.51
02	Capital	Medicaid Expansion	Female Age 25 - Age 39	290,091	$ 480.45	$ 529.64
02	Capital	Medicaid Expansion	Male Age 25 - Age 39	107,105	$ 438.44	$ 482.10
02	Capital	Medicaid Expansion	Female Age 40 - Age 49	104,853	$ 688.38	$ 764.89
02	Capital	Medicaid Expansion	Male Age 40 - Age 49	53,114	$ 676.75	$ 751.73
02	Capital	Medicaid Expansion	Female Age 50 - Age 64	117,149	$ 802.45	$ 893.96
02	Capital	Medicaid Expansion	Male Age 50 - Age 64	76,876	$ 903.08	$ 1,007.80
02	Capital	Medicaid Expansion	SBH - Dual Eligible, All Ages	NA	$ 20.95	$ 22.23
02	Capital	Medicaid Expansion	SBH - Other, All Ages	NA	$ 193.58	$ 203.44
02	Capital	Medicaid Expansion	SBH - Chisholm, All Ages	NA	$ 200.90	$ 225.45
02	Capital	Medicaid Expansion	High Needs	NA	$ 1,550.80	$ 1,721.93
02	Capital	Medicaid Expansion	Maternity Kick Payment	NA	$ 9,215.36	$ 9,415.41
02	Capital	Medicaid Expansion	EED Kick Payment	NA	$ 5,028.99	$ 5,086.20

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Appendix A: Healthy Louisiana Capitation Rate Range

Region	Region Description	Category of Aid Description	Rate Cell Description	Projected Member Months or Deliveries	Lower Bound PMPM or Cost per Delivery	Upper Bound PMPM or Cost per Delivery
03	South Central	SSI	0 - 2 Months	461	$ 27,236.73	$ 28,997.83
03	South Central	SSI	3 - 11 Months	1,938	$ 7,422.09	$ 7,901.06
03	South Central	SSI	Child 1 - 20 Years	101,556	$ 761.93	$ 826.58
03	South Central	SSI	Adult 21+ Years	236,857	$ 1,209.20	$ 1,284.40
03	South Central	Family & Children	0 - 2 Months	47,015	$ 2,089.34	$ 2,219.71
03	South Central	Family & Children	3 - 11 Months	106,027	$ 282.32	$ 299.45
03	South Central	Family & Children	Child 1 - 20 Years	2,217,634	$ 171.22	$ 183.95
03	South Central	Family & Children	Adult 21+ Years	363,449	$ 366.23	$ 386.72
03	South Central	Foster Care Children	All Ages Male & Female	49,875	$ 617.37	$ 679.63
03	South Central	BCC	BCC, All Ages	2,199	$ 2,322.45	$ 2,451.29
03	South Central	LAP	LAP, All Ages	10,454	$ 198.40	$ 213.06
03	South Central	HCBS	Child 1 - 20 Years	1,142	$ 2,487.96	$ 2,721.12
03	South Central	HCBS	Adult 21+ Years	3,354	$ 1,072.47	$ 1,149.37
03	South Central	CCM	CCM, All Ages	6,069	$ 1,291.18	$ 1,421.85
03	South Central	SBH - CCM	SBH - CCM, All Ages	14,070	$ 200.90	$ 225.45
03	South Central	SBH - Duals	SBH - Dual Eligible, All Ages	354,544	$ 17.95	$ 19.04
03	South Central	SBH - HCBS	SBH - Child 1 - 20 Years	6,496	$ 92.76	$ 103.19
03	South Central	SBH - HCBS	SBH - Adult 21+ Years	12,741	$ 80.23	$ 84.77
03	South Central	SBH - Other	SBH - All Ages	11,211	$ 193.58	$ 203.44
03	South Central	Maternity Kick Payment	Maternity Kick Payment	19,098	$ 9,109.94	$ 9,315.27
03	South Central	EED Kick Payment	EED Kick Payment	NA	$ 4,812.50	$ 4,871.23
03	South Central	Medicaid Expansion	Female Age 19 - Age 24	177,463	$ 336.16	$ 366.58
03	South Central	Medicaid Expansion	Male Age 19 - Age 24	86,054	$ 293.48	$ 318.30
03	South Central	Medicaid Expansion	Female Age 25 - Age 39	334,675	$ 447.63	$ 492.67
03	South Central	Medicaid Expansion	Male Age 25 - Age 39	126,372	$ 409.09	$ 449.07
03	South Central	Medicaid Expansion	Female Age 40 - Age 49	122,971	$ 638.35	$ 708.41
03	South Central	Medicaid Expansion	Male Age 40 - Age 49	62,902	$ 627.69	$ 696.34
03	South Central	Medicaid Expansion	Female Age 50 - Age 64	139,135	$ 743.00	$ 826.78
03	South Central	Medicaid Expansion	Male Age 50 - Age 64	91,541	$ 835.30	$ 931.19
03	South Central	Medicaid Expansion	SBH - Dual Eligible, All Ages	NA	$ 17.95	$ 19.04
03	South Central	Medicaid Expansion	SBH - Other, All Ages	NA	$ 193.58	$ 203.44
03	South Central	Medicaid Expansion	SBH - Chisholm, All Ages	NA	$ 200.90	$ 225.45
03	South Central	Medicaid Expansion	High Needs	NA	$ 1,437.90	$ 1,594.58
03	South Central	Medicaid Expansion	Maternity Kick Payment	NA	$ 9,109.94	$ 9,315.27
03	South Central	Medicaid Expansion	EED Kick Payment	NA	$ 4,812.50	$ 4,871.23
04	North	SSI	0 - 2 Months	377	$ 27,236.73	$ 28,997.83
04	North	SSI	3 - 11 Months	1,585	$ 7,422.09	$ 7,901.06
04	North	SSI	Child 1 - 20 Years	115,401	$ 848.72	$ 924.70
04	North	SSI	Adult 21+ Years	209,758	$ 1,118.14	$ 1,187.14
04	North	Family & Children	0 - 2 Months	38,446	$ 2,032.44	$ 2,161.95
04	North	Family & Children	3 - 11 Months	86,701	$ 279.90	$ 297.23
04	North	Family & Children	Child 1 - 20 Years	1,722,974	$ 175.00	$ 189.40
04	North	Family & Children	Adult 21+ Years	281,131	$ 336.30	$ 355.65
04	North	Foster Care Children	All Ages Male & Female	31,596	$ 617.37	$ 679.63
04	North	BCC	BCC, All Ages	2,469	$ 2,322.45	$ 2,451.29
04	North	LAP	LAP, All Ages	5,233	$ 198.40	$ 213.06
04	North	HCBS	Child 1 - 20 Years	1,044	$ 2,487.96	$ 2,721.12
04	North	HCBS	Adult 21+ Years	2,911	$ 1,072.47	$ 1,149.37
04	North	CCM	CCM, All Ages	4,066	$ 1,291.18	$ 1,421.85
04	North	SBH - CCM	SBH - CCM, All Ages	12,916	$ 200.90	$ 225.45
04	North	SBH - Duals	SBH - Dual Eligible, All Ages	284,633	$ 20.05	$ 21.26
04	North	SBH - HCBS	SBH - Child 1 - 20 Years	4,076	$ 92.76	$ 103.19
04	North	SBH - HCBS	SBH - Adult 21+ Years	9,869	$ 80.23	$ 84.77
04	North	SBH - Other	SBH - All Ages	10,383	$ 193.58	$ 203.44
04	North	Maternity Kick Payment	Maternity Kick Payment	15,959	$ 10,063.87	$ 10,264.05
04	North	EED Kick Payment	EED Kick Payment	NA	$ 5,872.28	$ 5,929.53
04	North	Medicaid Expansion	Female Age 19 - Age 24	154,800	$ 311.11	$ 339.59
04	North	Medicaid Expansion	Male Age 19 - Age 24	74,039	$ 271.49	$ 294.73
04	North	Medicaid Expansion	Female Age 25 - Age 39	290,860	$ 414.58	$ 456.76
04	North	Medicaid Expansion	Male Age 25 - Age 39	107,490	$ 378.81	$ 416.24
04	North	Medicaid Expansion	Female Age 40 - Age 49	105,361	$ 591.63	$ 657.23
04	North	Medicaid Expansion	Male Age 40 - Age 49	53,333	$ 581.72	$ 646.02
04	North	Medicaid Expansion	Female Age 50 - Age 64	117,773	$ 688.76	$ 767.22
04	North	Medicaid Expansion	Male Age 50 - Age 64	77,256	$ 774.44	$ 864.24
04	North	Medicaid Expansion	SBH - Dual Eligible, All Ages	NA	$ 20.05	$ 21.26
04	North	Medicaid Expansion	SBH - Other, All Ages	NA	$ 193.58	$ 203.44
04	North	Medicaid Expansion	SBH - Chisholm, All Ages	NA	$ 200.90	$ 225.45
04	North	Medicaid Expansion	High Needs	NA	$ 1,328.66	$ 1,475.38
04	North	Medicaid Expansion	Maternity Kick Payment	NA	$ 10,063.87	$ 10,264.05
04	North	Medicaid Expansion	EED Kick Payment	NA	$ 5,872.28	$ 5,929.53

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Appendix B: Healthy Louisiana Eligibility Designation

COA/Eligibility Category Name	Mandatory	Voluntary Opt-In	SBH & NEMT	Excluded
SSI (ABD)				
Acute Care 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	~			
SSI (Office of Community Service (OCS) Foster Care, IV-E OCS/Office of Youth Development (OYD) and OCS/OYD (XIX))				
Foster Care IV-E — Suspended SSI	~			
SSI	~			
TANF (Families and Children, Low Income Families with Children (LIFC))				
CHAMP — Child	~			
CHAMP — Pregnant Woman (to 133% of Federal Poverty Income Guidelines (FPIG))	~			
CHAMP — Pregnant Woman Expansion (to 185% FPIG)	~			
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	~			
FCC (Families and Children)				
Former Foster Care Children	~			
HPE Former Foster Care	~			
Youth Aging Out of Foster Care (Chaffee Option)	~			
FCC (OCS Foster Care, IV-E OCS/OYD and OCS/OYD (XIX))				
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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Appendix B: Healthy Louisiana Eligibility Designation

COA/Eligibility Category Name	Mandatory	Voluntary Opt-In	SBH & NEMT	Excluded
YAP/OYD	~			
BCC (Families and Children)				
Breast and/or Cervical Cancer	~			
HPE B/CC	~			
LAP (Families and Children)				
LaCHIP Affordable Plan	~			
HCBS Waiver				
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		~	~	
CCM				
CCM*		~	~	
SBH — Other				
LTC			~	
LTC MNP/Transfer of Resources			~	
LTC Payment Denial/Late Admission Packet			~	
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			~	
SBH — Dual Eligibles				
Dual Eligibles**			~	
Medicaid Expansion				
Adult Group	~			
Adult Group - High Need	~			
Excluded				
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				~

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Appendix B: Healthy Louisiana Eligibility Designation

COA/Eligibility Category Name	Mandatory	Voluntary Opt-In	SBH & NEMT	Excluded
LBHP — Adult 1915(i)				~
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				~

Notes

* 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 the State's fiscal agent. Dually eligible individuals are represented by Dual Status code 02, 04, and 08.

Appendix C: Healthy Louisiana Covered Services

Table 1: PH and Expansion Programs

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
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 (OT, PT, ST 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 Healthy Louisiana 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 Healthy Louisiana program and now are included.

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Appendix D: PMPM Impact of Behavioral Health Mixed Services Protocol (MSP)

COA Description	CY14 MMs	Blended PMPM	MSP PMPM	MSP Adjustment
SBH - Chisholm Class Members	71,070	$ 87.30	$ (4.15)	-4.76%
SBH - Dual Eligible	1,122,365	$ 14.99	$ (0.35)	-2.32%
SBH -HCBS Waiver	76,715	$ 53.62	$ (3.43)	-6.40%
SBH -Other	35,633	$ 139.65	$ (7.48)	-5.36%
Total SBH Only COAs	**1,305,783**	**$ 24.59**	**$ (0.93)**	**-3.79%**

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Appendix E: Trends by utilization, unit cost and PMPM

Table 1: Historical Trend PH Services

SSI/HCBS/BCC	Child			Adult		
COS Group	UC	Util	PMPM	UC	Util	PMPM
Inpatient	0.0%	-8.0%	**-8.0%**	0.0%	-5.0%	**-5.0%**
Outpatient	0.0%	0.0%	**0.0%**	0.0%	1.0%	**1.0%**
Physician	0.0%	0.0%	**0.0%**	0.0%	0.0%	**0.0%**
Transportation			**10.0%**			**10.0%**
Other	19.0%	9.0%	**29.7%**	-4.0%	3.5%	**-0.6%**
Rx	-2.0%	4.3%	**2.2%**	12.0%	-4.0%	**7.5%**

F&C/FCC/LAP/CCM	Child			Adult		
COS Group	UC	Util	PMPM	UC	Util	PMPM
Inpatient	0.0%	-5.0%	**-5.0%**	0.0%	-6.0%	**-6.0%**
Outpatient	0.0%	0.0%	**0.0%**	0.0%	-2.5%	**-2.5%**
Physician	0.0%	0.0%	**0.0%**	0.0%	0.0%	**0.0%**
Transportation			**10.0%**			**4.0%**
Other	7.5%	2.0%	**9.7%**	-4.8%	0.0%	**-4.8%**
Rx	5.0%	-2.0%	**2.9%**	6.5%	-6.0%	**0.1%**

Table 2: Historical Trend SBH Services

	SBH Services
Age Group	PMPM
Child	29.5%
Adult	1.5%

	NEMT Services
COA Group	PMPM
Dual	16.0%
Non-Dual	11.0%

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Appendix E: Trends by utilization, unit cost and PMPM

Table 3: PH Covered Services Prospective Trends

	SSI/HCBS - CHILD					
	Unit Cost		Utilization		PMPM	
COS Group	Low	High	Low	High	Low	High
Inpatient	0.0%	1.0%	-2.0%	0.0%	-2.0%	1.0%
Outpatient	7.0%	8.0%	1.5%	2.0%	8.6%	10.2%
Physician	0.0%	1.0%	1.5%	2.0%	1.5%	3.0%
Transportation					18.0%	20.0%
Other					25.0%	28.0%
Maternity Kickpayment						

	SSI/BCC/HCBS - ADULT					
	Unit Cost		Utilization		PMPM	
COS Group	Low	High	Low	High	Low	High
Inpatient	0.0%	1.0%	-2.0%	0.0%	-2.0%	1.0%
Outpatient	5.5%	6.5%	3.0%	4.0%	8.7%	10.8%
Physician	0.0%	1.0%	1.5%	2.0%	1.5%	3.0%
Transportation					18.0%	20.0%
Other					0.0%	1.0%
Maternity Kickpayment						

	F&C/FCC/LAP/CCM - CHILD					
	Unit Cost		Utilization		PMPM	
COS Group	Low	High	Low	High	Low	High
Inpatient	0.0%	1.0%	-2.0%	0.0%	-2.0%	1.0%
Outpatient	3.5%	4.5%	0.0%	1.0%	3.5%	5.5%
Physician	0.0%	1.0%	0.0%	1.0%	0.0%	2.0%
Transportation					18.0%	20.0%
Other					5.0%	8.0%
Maternity Kickpayment						

	F&C ADULT					
	Unit Cost		Utilization		PMPM	
COS Group	Low	High	Low	High	Low	High
Inpatient	0.0%	1.0%	-2.0%	0.0%	-2.0%	1.0%
Outpatient	3.0%	4.0%	0.0%	0.5%	3.0%	4.5%
Physician	0.0%	1.0%	3.5%	4.5%	3.5%	5.5%
Transportation					18.0%	20.0%
Other					0.0%	1.0%
Maternity Kickpayment						

	Maternity Kickpayment					
	Unit Cost		Utilization		PMPM	
COS Group	Low	High	Low	High	Low	High
Inpatient						
Outpatient						
Physician						
Transportation						
Other						
Maternity Kickpayment	0.0%	1.0%	0.0%	0.0%	0.0%	1.0%

	Rx			
	Child		Adult	
COA	Low	High	Low	High
SSI	8.0%	10.2%	7.1%	9.3%
Family and Children	4.6%	6.0%	6.0%	7.9%
Foster Care Children	3.0%	4.2%		
Breast and Cervical Cancer			7.6%	10.0%
LaCHIP Affordable Plan	4.7%	5.9%		
HCBS Waiver	2.7%	4.2%	2.7%	4.2%
Chisholm Class Members	7.1%	9.1%		

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Appendix E: Trends by utilization, unit cost and PMPM

Table 4: SBH Covered Services Prospective Trends

	2-1-17 Trend Selection		
	SBH Services -- PMPM Trend		
Age Group	**Low**	**High**	**Midpoint**
Child	29.00%	34.00%	31.50%
Adult	1.50%	3.50%	2.50%

	NEMT Services -- PMPM Trend		
COA	**Low**	**High**	**Midpoint**
Dual	6.00%	8.00%	7.00%
Non-Dual	0.00%	2.00%	1.00%

Table 5: Expansion Covered Services Prospective Trends

	Expansion					
	Unit Cost		Utilization		PMPM	
COS Group	**Low**	**High**	**Low**	**High**	**Low**	**High**
Inpatient					-2.00%	1.00%
Outpatient					3.40%	5.17%
Physician					3.36%	5.28%
Transportation					18.00%	20.00%
Other					0.00%	1.00%
Maternity Kickpayment						

	Expansion - Mental Health					
	Unit Cost		Utilization		PMPM	
COS Group	**Low**	**High**	**Low**	**High**	**Low**	**High**
Mental Health Services					1.50%	3.50%

	Expansion - Rx					
	Unit Cost		Utilization		PMPM	
COS Group	**Low**	**High**	**Low**	**High**	**Low**	**High**
Rx					6.12%	8.02%

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Appendix F: Managed Care Savings Assumptions

Table 1: Managed Care Savings Assumptions

	HCBS Waiver/CCM						Historically VOO					
	Utilization		Unit Cost		PMPM		Utilization		Unit Cost		PMPM	
COS Description	**Low**	**High**	**Low**	**High**	**Low**	**High**	**Low**	**High**	**Low**	**High**	**Low**	**High**
IP Hospital	-12.5%	-10.0%	1.0%	5.0%	-11.6%	-5.5%	Varies by COA, please see Table 2					
OP Hospital	-10.0%	-7.5%	1.0%	3.0%	-9.1%	-4.7%	-20.0%	-15.0%	1.0%	3.0%	-19.2%	-12.5%
PCP	2.5%	5.0%	5.0%	7.0%	7.6%	12.4%	5.0%	10.0%	5.0%	7.0%	10.3%	17.7%
Specialty Care Physician	-12.5%	-10.0%	0.0%	2.0%	-12.5%	-8.2%	-25.0%	-20.0%	0.0%	2.0%	-25.0%	-18.4%
FQHC/Rural Health Clinic	0.0%	2.5%	0.0%	2.0%	0.0%	4.5%	0.0%	5.0%	0.0%	2.0%	0.0%	7.1%
EPSDT	0.0%	0.0%	5.0%	7.0%	5.0%	7.0%	5.0%	10.0%	5.0%	7.0%	10.3%	17.7%
CNP/CN	2.5%	5.0%	5.0%	7.0%	7.6%	12.4%	5.0%	10.0%	5.0%	7.0%	10.3%	17.7%
Lab/Radiology	-10.0%	-5.0%	0.0%	2.0%	-10.0%	-3.1%	-20.0%	-10.0%	0.0%	2.0%	-20.0%	-8.2%
Home Health	0.0%	0.0%	0.0%	2.0%	0.0%	2.0%	0.0%	5.0%	0.0%	2.0%	0.0%	7.1%
Emergency Transportation	-5.0%	-2.5%	0.0%	2.0%	-5.0%	-0.6%	-10.0%	-5.0%	0.0%	2.0%	-10.0%	-3.1%
NEMT[1]	0.0%	2.5%	0.0%	2.0%	0.0%	4.5%	0.0%	5.0%	0.0%	2.0%	0.0%	7.1%
Rehabilitation Services (OT, PT, ST)	-5.0%	-2.5%	0.0%	2.0%	-5.0%	-0.6%	-10.0%	-5.0%	0.0%	2.0%	-10.0%	-3.1%
Durable Medical Equipment (DME)[1]	-10.0%	-7.5%	0.0%	2.0%	-10.0%	-5.6%	-20.0%	-15.0%	0.0%	2.0%	-20.0%	-13.3%
Clinic	-10.0%	-7.5%	0.0%	2.0%	-10.0%	-5.6%	-20.0%	-15.0%	0.0%	2.0%	-20.0%	-13.3%
Family Planning	0.0%	2.5%	0.0%	2.0%	0.0%	4.5%	0.0%	5.0%	0.0%	2.0%	0.0%	7.1%
Other	0.0%	2.5%	0.0%	2.0%	0.0%	4.5%	0.0%	5.0%	0.0%	2.0%	0.0%	7.1%
Prescribed Drugs	-10.4%	-10.4%	0.0%	0.0%	-10.4%	-10.4%	Varies by COA, please see Table 3					
Emergency Room	-12.5%	-10.0%	5.0%	7.0%	-8.1%	-3.7%	-25.0%	-20.0%	5.0%	7.0%	-21.3%	-14.4%
Basic Behavioral Health	0.0%	0.0%	0.0%	2.0%	0.0%	2.0%	0.0%	5.0%	0.0%	2.0%	0.0%	7.1%
Hospice	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	Varies by COA, please see Table 4					
Personal Care Services[2]					-10.0%	-5.0%					-10.0%	-5.0%

Table 2: Inpatient Managed Care Savings Assumptions by COA

	Utilization		Unit Cost		PMPM	
1 - IP Hospital	**Low**	**High**	**Low**	**High**	**Low**	**High**
SSI/FCC/BCC/LaCHIP	-25.0%	-20.0%	1.0%	5.0%	-24.3%	-16.0%
Family and Children	-30.0%	-25.0%	1.0%	5.0%	-29.3%	-21.3%

Table 3: Prescribed Drugs Managed Care Savings Assumptions by COA

	Utilization		Unit Cost		PMPM	
2 - Prescribed Drugs	**Low**	**High**	**Low**	**High**	**Low**	**High**
SSI	-20.8%	-20.8%	-5.6%	-5.6%	-25.2%	-25.2%
Family and Children	-23.1%	-23.1%	-2.6%	-2.6%	-25.1%	-25.1%
Foster Care Children	-18.5%	-18.5%	-1.5%	-1.5%	-19.8%	-19.8%
Breast and Cervical Cancer	-12.4%	-12.4%	-8.7%	-8.7%	-20.1%	-20.1%
LaCHIP Affordable Plan	-20.8%	-20.8%	-5.6%	-5.6%	-25.2%	-25.2%

Table 4: Hospice Managed Care Savings Assumptions by COA

	Utilization		Unit Cost		PMPM	
3 - Hospice	**Low**	**High**	**Low**	**High**	**Low**	**High**
SSI/FCC/BCC/LaCHIP	-25.0%	-20.0%	1.0%	5.0%	-24.3%	-16.0%
Family and Children	-30.0%	-25.0%	1.0%	5.0%	-29.3%	-21.3%

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.

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Appendix G: 2-1-2017 Rate Updates: PDHC Program Changes

		MMs	A	2-1-2017 Rate Impact B	C	D = B + C	E = A + D
COA Description	Rate Cell Desc	CY14 MMs	Projected Feb 2017 PDHC PMPM[1]	Criteria Eligibility Change	Per Diem Requirement Change	Total PDHC Program Change	Projected Jul 2017 PDHC PMPM
SSI	Newborn, 0-2 Months	1826	$ 5.80	$ (1.16)	$ (0.12)	$ (1.28)	$ 4.52
SSI	Newborn, 3-11 Months	7235	$ 211.48	$ (42.30)	$ (4.30)	$ (46.59)	$ 164.88
SSI	Child, 1-20 Years	475024	$ 34.16	$ (6.83)	$ (0.69)	$ (7.53)	$ 26.63
SSI	Adult, 21+ Years	917855	$ -	$ -	$ -	$ -	$ -
Family and Children	Newborn, 0-2 Months	173169	$ 0.55	$ (0.11)	$ (0.01)	$ (0.12)	$ 0.43
Family and Children	Newborn, 3-11 Months	391531	$ 1.95	$ (0.39)	$ (0.04)	$ (0.43)	$ 1.52
Family and Children	Child, 1-20 Years	7756633	$ 0.60	$ (0.12)	$ (0.01)	$ (0.13)	$ 0.47
Family and Children	Adult, 21+ Years	1215407	$ -	$ -	$ -	$ -	$ -
Foster Care Children	Foster Care, All Ages M & F	126351	$ 5.13	$ (1.03)	$ (0.10)	$ (1.13)	$ 4.00
Breast and Cervical Cancer	BCC, All Ages Female	12913	$ -	$ -	$ -	$ -	$ -
LaCHIP Affordable Plan	All Ages	40075	$ 0.72	$ (0.14)	$ (0.01)	$ (0.16)	$ 0.57
HCBS	20 & Under, M & F	25754	$ 33.38	$ (6.68)	$ (0.68)	$ (7.36)	$ 26.03
HCBS	21+ Years, M & F	50973	$ -	$ -	$ -	$ -	$ -
Chisholm Class Members	Chisholm, All Ages M & F	69672	$ 39.75	$ (7.95)	$ (0.81)	$ (8.76)	$ 30.99
SBH- Chisholm Class Members	SBH - Chisholm, All Ages M & F	71070	$ -	$ -	$ -	$ -	$ -
SBH- Dual Eligible	SBH - Dual Eligible, All Ages	1122365	$ -	$ -	$ -	$ -	$ -
SBH- HCBS Waiver	SBH - 20 & Under, M & F	25754	$ -	$ -	$ -	$ -	$ -
SBH- HCBS Waiver	SBH - 21+ Years, M & F	50961	$ -	$ -	$ -	$ -	$ -
SBH- Other	SBH - Other, All Ages	35633	$ -	$ -	$ -	$ -	$ -
Maternity Kickpayment	Maternity Kickpayment, All Ages	37578	$ -	$ -	$ -	$ -	$ -
	Aggregate	**12,570,201**	**$ 2.20**	**$ (0.44)**	**$ (0.04)**	**$ (0.48)**	**$ 1.71**

Notes:
1- Mercer does not set rates at the category of service level; the projected PMPMs are rate estimates only.

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Appendix H: Retroactive Eligibility

Table 1: Monthly Duration Calculation Example -- SSI Population

Unique Recipient Count	First Month of Enrollment in Healthy Louisiana in 2014												
Retroactive Eligibility Months	**January**	**February**	**March**	**April**	**May**	**June**	**July**	**August**	**September**	**October**	**November**	**December**	**Overall CY14**
1	30	122	81	106	97	120	96	115	106	143	140	86	1,242
2	16	68	79	67	59	95	76	81	81	125	81	59	887
3	13	46	52	42	47	56	55	67	69	58	83	40	628
4	10	63	48	48	51	75	68	77	74	90	104	46	754
5	10	67	54	67	59	69	68	121	92	88	86	68	849
6	7	54	44	50	54	71	63	107	174	93	92	46	855
7	11	30	41	74	49	51	36	74	80	95	76	43	660
8	3	26	18	39	43	39	25	47	63	66	99	26	494
9	6	13	7	14	19	34	28	79	68	39	52	31	390
10	1	8	7	14	21	32	14	60	69	63	34	30	353
11	1	37	38	50	47	56	42	59	70	56	45	42	543
12	18	7	15	11	20	17	11	25	9	11	20	7	171
Grand Total: [A]	**126**	**541**	**484**	**582**	**566**	**715**	**582**	**912**	**955**	**927**	**912**	**524**	**7,826**
Retro Member Months: [B]	625	2,413	2,283	2,971	3,004	3,664	2,841	5,187	5,519	4,847	4,816	2,758	40,928
Avg. Retro Duration: [C] = [B] / [A]	5.0	4.5	4.7	5.1	5.3	5.1	4.9	5.7	5.8	5.2	5.3	5.3	5.2

Table 2a: Retroactive Member Months by COA

	First Month of Enrollment in Healthy Louisiana in 2014												
COA Description	**January**	**February**	**March**	**April**	**May**	**June**	**July**	**August**	**September**	**October**	**November**	**December**	**Overall CY14**
SSI	625	2,413	2,283	2,971	3,004	3,664	2,841	5,187	5,519	4,847	4,816	2,758	40,928
F&C	3,807	9,552	6,716	12,476	17,454	14,621	16,358	20,482	17,503	36,820	16,439	8,818	181,046
FCC	3	25	15	64	44	52	57	92	83	102	37	39	613
BCC	3	66	40	46	24	36	54	27	47	32	69	38	482
LAP	-	4	2	1	2	3	3	11	16	12	11	1	66
HCBS	-	-	-	-	-	-	-	1	2	8	-	11	22
CCM	-	4	-	8	-	6	15	6	4	10	4	5	62
Grand Total	**4,438**	**12,064**	**9,056**	**15,566**	**20,528**	**18,382**	**19,328**	**25,806**	**23,174**	**41,831**	**21,376**	**11,670**	**223,219**

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Appendix H: Retroactive Eligibility

Table 2b: Unique Recipient Count by COA

	First Month of Enrollment in Healthy Louisiana in 2014												
COA Description	**January**	**February**	**March**	**April**	**May**	**June**	**July**	**August**	**September**	**October**	**November**	**December**	**Overall CY14**
SSI	126	541	484	582	566	715	582	912	955	927	912	524	7,826
F&C	1,896	4,323	2,659	4,352	5,906	5,727	5,562	6,904	6,130	10,750	7,041	3,950	65,200
FCC	2	13	12	32	19	25	25	46	31	53	22	26	306
BCC	1	24	13	21	10	13	21	15	16	16	27	14	191
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
Grand Total	**2,025**	**4,905**	**3,170**	**4,990**	**6,503**	**6,485**	**6,196**	**7,888**	**7,144**	**11,761**	**8,010**	**4,518**	**73,595**

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

	First Month of Enrollment in Healthy Louisiana in 2014												
COA Description	**January**	**February**	**March**	**April**	**May**	**June**	**July**	**August**	**September**	**October**	**November**	**December**	**Overall CY14**
SSI	5.0	4.5	4.7	5.1	5.3	5.1	4.9	5.7	5.8	5.2	5.3	5.3	5.2
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	2.8	3.1	2.2	2.4	2.8	2.6	1.8	2.9	2.0	2.6	2.7	2.5
LAP	0.0	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	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.0	2.0	2.0	0.0	5.5	2.8
CCM	0.0	2.0	0.0	4.0	0.0	3.0	5.0	1.5	2.0	2.5	4.0	5.0	3.0
Grand Total	**2.2**	**2.5**	**2.9**	**3.1**	**3.2**	**2.8**	**3.1**	**3.3**	**3.2**	**3.6**	**2.7**	**2.6**	**3.0**

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Appendix H: Retroactive Eligibility

Table 2d: Retroactive Eligibility Adjustment Development

		A	B	C	D	E	F	G	H	I
		Base Data from Data Book		Retroactive Eligibility -- CY14 Experience			Adjustment Factors Development			
COA Description	Rate Cell Description	CY14 MMs	CY14 PMPMs	Recipient Count	Average Duration	PMPMs	MMs	PMPMs	Observed Retro Adj. Factor	Final Retro Adj. Factor
SSI	Newborn, 0-2 Months	1,826	16,866				1,826	$ 16,866.30	1.000	**1.000**
SSI	Newborn, 3-11 Months	7,235	$ 4,366.46				7,235	$ 4,366.46	1.000	**1.000**
SSI	Child, 1-20 Years	475,024	$ 458.97	888	5.2	$ 192.65	479,684	$ 456.38	0.994	**1.000**
SSI	Adult, 21+ Years	917,855	$ 810.68	6,881	5.2	$ 905.42	953,967	$ 814.26	1.004	**1.004**
F&C	Newborn, 0-2 Months	173,169	$ 1,185.54				173,169	$ 1,185.54	1.000	**1.000**
F&C	Newborn, 3-11 Months	391,531	$ 203.20				391,531	$ 203.20	1.000	**1.000**
F&C	Child, 1-20 Years	7,756,633	$ 112.35	35,837	2.8	$ 46.46	7,855,847	$ 111.52	0.993	**1.000**
F&C	Adult, 21+ Years	1,215,407	$ 241.50	29,602	2.8	$ 205.02	1,297,360	$ 239.19	0.990	**1.000**
FCC	FCC, All Ages Male & Female	126,351	$ 323.00	307	2.0	$ 160.61	126,964	$ 322.21	0.998	**1.000**
BCC	BCC, All Ages Female	12,913	$ 1,329.11	195	2.5	$ 2,195.09	13,408	$ 1,361.09	1.024	**1.024**
LAP	All Ages	40,075	$ 154.09	43	1.5	$ 494.87	40,141	$ 154.65	1.004	**1.004**
HCBS Waiver	20 & Under, Male and Female	25,754	$ 1,408.64	4	2.5	$ 1,103.88	25,764	$ 1,408.52	1.000	**1.000**
HCBS Waiver	21+ Years, Male and Female	50,973	$ 802.43	4	2.5	$ 996.68	50,983	$ 802.47	1.000	**1.000**
CCM	CCM, All Ages Male & Female	69,672	$ 909.90	21	3.0	$ 1,141.74	69,734	$ 910.11	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 = MAX(H,1)

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Appendix I: Physical Health Projected Claims PMPM Development

Table 1: PH Historical Rating Adjustments

					Historical Adjustments							Historical Adjustments			
			A	B	C	D	E	F	G	H	I	J	K	L	M
Region Name	COA Description	Rate Cell Description	CY2013 MMs	CY2013 PMPM	Recoupment Adj (F&A)	ACT 312 Adj	Fee Sched Adj	Historical Trend	CY2013 PMPM After Adj	CY2014 MMs	CY2014 PMPM	Recoupment Adj (F&A)	ACT 312 Adj	Fee Sched Adj	CY2014 PMPM After Adj
Gulf	SSI	Newborn, 0-2 Months	608	$ 23,069.68	-0.18%	0.02%	-0.09%	-6.59%	$ 21,494.64	512	$ 20,330.46	-0.14%		0.60%	$ 20,423.90
Gulf	SSI	Newborn, 3-11 Months	2,075	$ 6,328.51	-0.15%	0.21%	0.62%	-5.42%	$ 6,026.02	2,061	$ 5,837.94	-0.12%		1.71%	$ 5,930.42
Gulf	SSI	Child, 1-20 Years	146,471	$ 324.68	-0.10%	1.11%	-0.72%	1.01%	$ 328.88	141,570	$ 347.92	-0.12%		-1.30%	$ 342.98
Gulf	SSI	Adult, 21+ Years	286,423	$ 711.74	-0.08%	1.09%	0.00%	1.91%	$ 732.65	271,617	$ 749.83	-0.08%		-0.98%	$ 741.87
Gulf	Family and Children	Newborn, 0-2 Months	47,080	$ 1,189.53	-0.16%	0.05%	-0.63%	-3.23%	$ 1,142.54	48,763	$ 1,110.30	-0.17%		-1.72%	$ 1,089.31
Gulf	Family and Children	Newborn, 3-11 Months	105,570	$ 196.52	-0.15%	0.51%	-7.44%	-0.13%	$ 182.33	108,412	$ 210.03	-0.11%		-6.52%	$ 196.11
Gulf	Family and Children	Child, 1-20 Years	2,076,304	$ 87.62	-0.13%	0.94%	-5.16%	0.91%	$ 84.53	2,120,547	$ 89.98	-0.10%		-5.10%	$ 85.30
Gulf	Family and Children	Adult, 21+ Years	364,038	$ 210.83	-0.11%	0.93%	-0.56%	-1.74%	$ 207.71	387,916	$ 210.66	-0.10%		-1.07%	$ 208.21
Gulf	Foster Care Children	Foster Care, All Ages Male & Female	21,665	$ 165.29	-0.11%	1.32%	-3.26%	1.47%	$ 164.22	23,292	$ 167.04	-0.10%		-2.96%	$ 161.94
Gulf	Breast and Cervical Cancer	BCC, All Ages Female	3,841	$ 1,353.90	-0.10%	0.40%	2.11%	0.85%	$ 1,398.32	3,893	$ 1,236.50	-0.12%		-0.76%	$ 1,225.69
Gulf	LaCHIP Affordable Plan	All Ages	10,504	$ 121.05	-0.13%	0.98%	-3.62%	1.11%	$ 118.96	10,236	$ 138.04	-0.12%		-3.76%	$ 132.70
Gulf	HCBS Waiver	20 & Under, Male and Female	7,958	$ 901.78	-0.12%	0.80%	1.07%	10.50%	$ 1,013.91	7,178	$ 972.67	-0.18%		0.40%	$ 974.76
Gulf	HCBS Waiver	21+ Years, Male and Female	13,244	$ 693.47	-0.14%	1.47%	1.03%	3.03%	$ 731.43	13,514	$ 704.17	-0.14%		0.93%	$ 709.66
Gulf	Chisholm Class Members	Chisholm, All Ages Male & Female	16,137	$ 665.93	-0.15%	0.85%	1.76%	3.42%	$ 705.77	17,073	$ 775.39	-0.20%		1.29%	$ 783.82
Gulf	SBH - Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	-	$ -	0.00%	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%		0.00%	$ -
Gulf	SBH -HCBS Waiver	SBH - 20 & Under, Male and Female	-	$ -	0.00%	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%		0.00%	$ -
Gulf	SBH -Other	SBH - Other, All Ages	-	$ -	0.00%	0.00%	0.00%	0.00%	$ -	-	$ -	0.00%		0.00%	$ -
Gulf	Maternity Kickpayment	Maternity Kickpayment, All Ages	10,570	$ 5,729.32	-0.16%	0.00%	2.86%	0.00%	$ 5,883.94	10,524	$ 5,577.05	-0.15%		2.44%	$ 5,704.68
Capital	SSI	Newborn, 0-2 Months	440	$ 18,208.60	-0.21%	0.02%	7.72%	-6.44%	$ 18,316.16	388	$ 16,561.88	-0.19%		2.39%	$ 16,923.94
Capital	SSI	Newborn, 3-11 Months	1,731	$ 5,822.03	-0.15%	0.23%	7.29%	-2.75%	$ 6,079.87	1,542	$ 5,838.95	-0.22%		2.69%	$ 5,983.01
Capital	SSI	Child, 1-20 Years	107,806	$ 366.73	-0.10%	1.11%	1.81%	3.16%	$ 389.06	104,735	$ 395.35	-0.10%		0.10%	$ 395.36
Capital	SSI	Adult, 21+ Years	211,153	$ 784.42	-0.07%	1.17%	3.51%	2.19%	$ 838.85	196,914	$ 838.58	-0.07%		0.95%	$ 845.90
Capital	Family and Children	Newborn, 0-2 Months	42,327	$ 1,180.69	-0.20%	0.05%	4.55%	-3.54%	$ 1,188.96	42,487	$ 1,170.67	-0.21%		0.63%	$ 1,175.61
Capital	Family and Children	Newborn, 3-11 Months	95,524	$ 204.21	-0.19%	0.56%	-4.22%	-0.20%	$ 195.92	96,481	$ 195.79	-0.13%		-5.86%	$ 184.09
Capital	Family and Children	Child, 1-20 Years	1,865,610	$ 94.45	-0.13%	1.08%	-2.47%	1.13%	$ 94.04	1,913,908	$ 98.27	-0.10%		-3.39%	$ 94.84
Capital	Family and Children	Adult, 21+ Years	261,197	$ 245.11	-0.10%	1.01%	3.31%	-1.64%	$ 251.32	288,502	$ 245.60	-0.10%		1.59%	$ 249.26
Capital	Foster Care Children	Foster Care, All Ages Male & Female	31,317	$ 170.82	-0.10%	1.50%	-1.18%	1.67%	$ 174.03	33,453	$ 172.19	-0.08%		-2.23%	$ 168.21
Capital	Breast and Cervical Cancer	BCC, All Ages Female	4,053	$ 1,017.59	-0.10%	0.43%	5.61%	1.08%	$ 1,089.81	3,772	$ 1,138.22	-0.12%		2.52%	$ 1,165.60
Capital	LaCHIP Affordable Plan	All Ages	11,338	$ 119.61	-0.13%	1.42%	-1.19%	1.46%	$ 121.44	10,840	$ 181.39	-0.15%		-2.05%	$ 177.41
Capital	HCBS Waiver	20 & Under, Male and Female	8,312	$ 1,172.55	-0.10%	0.66%	2.36%	11.02%	$ 1,339.88	7,498	$ 1,330.35	-0.14%		1.44%	$ 1,347.66
Capital	HCBS Waiver	21+ Years, Male and Female	12,119	$ 675.55	-0.14%	1.44%	4.06%	2.90%	$ 732.68	12,195	$ 725.02	-0.16%		2.24%	$ 740.11
Capital	Chisholm Class Members	Chisholm, All Ages Male & Female	16,052	$ 840.95	-0.13%	0.82%	2.04%	3.71%	$ 896.16	17,175	$ 906.27	-0.17%		1.26%	$ 916.15
Capital	SBH - Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	-	$ -	0.00%	0.00%	0.00%	0.00%	$ -	-	$ -	0.00%		0.00%	$ -
Capital	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	-	$ -	0.00%	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%		0.00%	$ -
Capital	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	-	$ -	0.00%	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%		0.00%	$ -
Capital	Maternity Kickpayment	Maternity Kickpayment, All Ages	9,370	$ 4,974.10	-0.19%	0.00%	3.93%	0.00%	$ 5,160.15	9,234	$ 4,870.34	-0.18%		3.86%	$ 5,049.37

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Appendix I: Physical Health Projected Claims PMPM Development

Table 1: PH Historical Rating Adjustments

					Historical Adjustments							Historical Adjustments			
			A	B	C	D	E	F	G	H	I	J	K	L	M
Region Name	COA Description	Rate Cell Description	CY2013 MMs	CY2013 PMPM	Recoupment Adj (F&A)	ACT 312 Adj	Fee Sched Adj	Historical Trend	CY2013 PMPM After Adj	CY2014 MMs	CY2014 PMPM	Recoupment Adj (F&A)	ACT 312 Adj	Fee Sched Adj	CY2014 PMPM After Adj
South Central	SSI	Newborn, 0-2 Months	503	$ 13,184.98	-0.16%	0.03%	5.93%	-6.01%	$ 13,112.04	471	$ 16,637.79	-0.23%		4.06%	$ 17,272.87
South Central	SSI	Newborn, 3-11 Months	1,956	$ 4,272.95	-0.14%	0.44%	6.01%	-4.15%	$ 4,354.56	1,896	$ 3,166.09	-0.13%		3.89%	$ 3,284.95
South Central	SSI	Child, 1-20 Years	109,971	$ 369.00	-0.08%	1.32%	-0.17%	2.25%	$ 381.34	108,865	$ 362.25	-0.07%		-0.77%	$ 359.21
South Central	SSI	Adult, 21+ Years	249,869	$ 698.17	-0.07%	1.12%	0.71%	2.26%	$ 726.55	239,595	$ 706.79	-0.08%		-0.03%	$ 705.99
South Central	Family and Children	Newborn, 0-2 Months	46,824	$ 1,275.02	-0.16%	0.05%	2.90%	-3.38%	$ 1,266.34	46,646	$ 1,253.77	-0.17%		1.70%	$ 1,272.96
South Central	Family and Children	Newborn, 3-11 Months	105,454	$ 212.88	-0.15%	0.59%	-5.43%	-0.11%	$ 201.96	104,943	$ 203.14	-0.12%		-5.91%	$ 190.90
South Central	Family and Children	Child, 1-20 Years	2,041,992	$ 99.69	-0.11%	1.13%	-3.94%	1.21%	$ 97.91	2,083,177	$ 99.95	-0.08%		-4.06%	$ 95.82
South Central	Family and Children	Adult, 21+ Years	271,787	$ 230.03	-0.10%	0.92%	0.45%	-1.60%	$ 229.22	299,533	$ 224.45	-0.10%		0.09%	$ 224.45
South Central	Foster Care Children	Foster Care, All Ages Male & Female	39,962	$ 183.47	-0.10%	1.45%	-2.12%	1.33%	$ 184.42	44,822	$ 175.24	-0.09%		-1.29%	$ 172.82
South Central	Breast and Cervical Cancer	BCC, All Ages Female	2,936	$ 1,680.90	-0.08%	0.77%	-4.62%	1.89%	$ 1,644.93	2,713	$ 1,378.77	-0.12%		-4.46%	$ 1,315.77
South Central	LaCHIP Affordable Plan	All Ages	13,180	$ 105.15	-0.14%	1.15%	-4.06%	1.32%	$ 103.24	12,630	$ 110.52	-0.09%		-3.44%	$ 106.63
South Central	HCBS Waiver	20 & Under, Male and Female	7,448	$ 1,570.97	-0.08%	0.67%	0.12%	15.09%	$ 1,821.03	6,778	$ 1,612.69	-0.11%		0.25%	$ 1,614.99
South Central	HCBS Waiver	21+ Years, Male and Female	14,467	$ 807.32	-0.14%	1.40%	0.80%	3.18%	$ 850.18	14,081	$ 808.13	-0.14%		1.01%	$ 815.10
South Central	Chisholm Class Members	Chisholm, All Ages Male & Female	17,012	$ 905.07	-0.12%	0.87%	0.67%	3.70%	$ 951.96	18,517	$ 891.18	-0.16%		0.86%	$ 897.46
South Central	SBH - Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	-	$ -	0.00%	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%		0.00%	$ -
South Central	SBH -HCBS Waiver	SBH - 20 & Under, Male and Female	-	$ -	0.00%	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%		0.00%	$ -
South Central	SBH -Other	SBH - Other, All Ages	-	$ -	0.00%	0.00%	0.00%	0.00%	$ -	-	$ -	0.00%		0.00%	$ -
South Central	Maternity Kickpayment	Maternity Kickpayment, All Ages	10,299	$ 4,716.29	-0.16%	0.00%	10.25%	0.00%	$ 5,191.62	10,161	$ 4,856.10	-0.15%		8.15%	$ 5,243.96
North	SSI	Newborn, 0-2 Months	477	$ 16,249.67	-0.21%	0.03%	2.64%	-6.08%	$ 15,635.85	455	$ 13,464.32	-0.21%		0.96%	$ 13,563.84
North	SSI	Newborn, 3-11 Months	1,874	$ 2,553.38	-0.12%	0.52%	1.86%	-0.17%	$ 2,606.73	1,736	$ 2,615.08	-0.15%		-0.45%	$ 2,599.39
North	SSI	Child, 1-20 Years	120,963	$ 325.18	-0.08%	1.13%	-1.40%	2.76%	$ 332.97	119,854	$ 340.66	-0.08%		-2.24%	$ 332.76
North	SSI	Adult, 21+ Years	212,643	$ 667.12	-0.08%	1.04%	-1.47%	1.74%	$ 675.13	209,729	$ 672.88	-0.09%		-2.48%	$ 655.61
North	Family and Children	Newborn, 0-2 Months	35,832	$ 1,315.47	-0.16%	0.05%	1.53%	-3.50%	$ 1,287.34	35,273	$ 1,214.89	-0.16%		0.37%	$ 1,217.38
North	Family and Children	Newborn, 3-11 Months	81,270	$ 210.79	-0.13%	0.54%	-4.06%	-0.40%	$ 202.26	81,695	$ 201.80	-0.11%		-5.05%	$ 191.39
North	Family and Children	Child, 1-20 Years	1,599,060	$ 85.43	-0.11%	0.93%	-3.71%	0.92%	$ 83.71	1,639,001	$ 86.64	-0.09%		-4.11%	$ 83.00
North	Family and Children	Adult, 21+ Years	206,387	$ 216.24	-0.11%	0.82%	-1.08%	-1.76%	$ 211.63	239,456	$ 213.58	-0.11%		-1.61%	$ 209.91
North	Foster Care Children	Foster Care, All Ages Male & Female	22,020	$ 179.51	-0.09%	1.47%	-1.14%	1.35%	$ 182.34	24,784	$ 168.85	-0.07%		-1.55%	$ 166.12
North	Breast and Cervical Cancer	BCC, All Ages Female	2,439	$ 1,664.90	-0.09%	1.04%	-14.08%	2.95%	$ 1,486.60	2,535	$ 1,647.79	-0.12%		-16.85%	$ 1,368.54
North	LaCHIP Affordable Plan	All Ages	7,217	$ 131.36	-0.11%	0.96%	-2.69%	1.69%	$ 131.10	6,369	$ 145.25	-0.11%		-2.60%	$ 141.32
North	HCBS Waiver	20 & Under, Male and Female	4,873	$ 1,509.07	-0.10%	0.62%	0.61%	14.02%	$ 1,740.24	4,300	$ 1,755.77	-0.13%		0.35%	$ 1,759.53
North	HCBS Waiver	21+ Years, Male and Female	11,241	$ 785.15	-0.15%	1.40%	1.93%	2.77%	$ 832.81	11,183	$ 797.87	-0.16%		0.96%	$ 804.26
North	Chisholm Class Members	Chisholm, All Ages Male & Female	16,995	$ 669.54	-0.12%	0.68%	0.85%	4.13%	$ 707.00	16,907	$ 709.41	-0.16%		0.38%	$ 711.02
North	SBH - Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	-	$ -	0.00%	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%		0.00%	$ -
North	SBH -HCBS Waiver	SBH - 20 & Under, Male and Female	-	$ -	0.00%	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%		0.00%	$ -
North	SBH -Other	SBH - Other, All Ages	-	$ -	0.00%	0.00%	0.00%	0.00%	$ -	-	$ -	0.00%		0.00%	$ -
North	Maternity Kickpayment	Maternity Kickpayment, All Ages	7,998	$ 5,024.19	-0.15%	0.00%	3.24%	0.00%	$ 5,178.97	7,659	$ 4,957.54	-0.15%		2.06%	$ 5,052.27

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^1 is calculated seperately for PP, SS and FFS data types

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Appendix I: Physical Health Projected Claims PMPM Development

Table 2: PH Prospective Rating Adjustments

						Prospective Adjustments													
			G	M	N	O	P	Q	R	S	T	U	V	W	X	Y	Z	AA	AB
Region Name	COA Description	Rate Cell Description	CY2013 PMPM After Historical Adj	CY2014 PMPM After Historical Adj	Blended PMPM	Rx Adj	Retro Adj	Act 399 Adj	CBR Adj	PDHC Adj	Low Trend	High Trend	MC Savings Factor -- Low	MC Savings Factor -- High	Clinical & Rx Efficiencies	Preventive Services	Outliers	Projected PMPM -- Low	Projected PMPM -- High
Gulf	SSI	Newborn, 0-2 Months	$ 21,494.64	$ 20,423.90	$ 20,466.35	-0.03%	0.00%	0.00%	0.00%	0.00%	-0.97%	1.76%	0.98	0.99	$ (1.85)	$ -	$ 1,979.92	$ 21,460.17	$ 23,298.96
Gulf	SSI	Newborn, 3-11 Months	$ 6,026.02	$ 5,930.42	$ 5,981.40	-0.26%	0.00%	0.04%	0.00%	-0.19%	0.36%	3.09%	0.99	1.00	$ (2.34)	$ -	$ 32.24	$ 6,003.07	$ 6,541.72
Gulf	SSI	Child, 1-20 Years	$ 328.88	$ 342.98	$ 336.85	-1.21%	0.00%	0.19%	0.00%	-0.74%	6.66%	8.91%	0.97	0.98	$ (2.34)	$ 0.61	$ 0.25	$ 388.50	$ 420.35
Gulf	SSI	Adult, 21+ Years	$ 732.65	$ 741.87	$ 738.52	-1.29%	0.44%	0.21%	0.00%	0.00%	4.79%	7.01%	0.97	0.98	$ (2.15)	$ 3.62	$ -	$ 826.42	$ 890.99
Gulf	Family and Children	Newborn, 0-2 Months	$ 1,142.54	$ 1,089.31	$ 1,115.80	-0.05%	0.00%	0.01%	0.00%	-0.01%	-0.81%	1.91%	0.97	0.98	$ (2.33)	$ -	$ 32.99	$ 1,084.91	$ 1,186.95
Gulf	Family and Children	Newborn, 3-11 Months	$ 182.33	$ 196.11	$ 190.73	-0.60%	0.00%	0.10%	0.00%	-0.15%	1.46%	3.58%	0.97	0.97	$ (2.45)	$ -	$ 0.26	$ 189.30	$ 203.20
Gulf	Family and Children	Child, 1-20 Years	$ 84.53	$ 85.30	$ 85.14	-1.14%	0.00%	0.18%	0.00%	-0.12%	2.76%	4.65%	0.95	0.96	$ (2.47)	$ 0.30	$ 0.00	$ 84.64	$ 90.49
Gulf	Family and Children	Adult, 21+ Years	$ 207.71	$ 208.21	$ 208.31	-1.06%	0.00%	0.17%	0.00%	0.00%	3.82%	5.68%	0.95	0.96	$ (2.25)	$ 3.62	$ -	$ 221.08	$ 235.82
Gulf	Foster Care Children	Foster Care, All Ages Male & Female	$ 164.22	$ 161.94	$ 162.65	-1.55%	0.00%	0.25%	0.00%	-0.48%	2.56%	4.31%	0.92	0.92	$ (2.33)	$ 0.52	$ -	$ 156.29	$ 166.40
Gulf	Breast and Cervical Cancer	BCC, All Ages Female	$ 1,398.32	$ 1,225.69	$ 1,297.49	-0.45%	2.41%	0.07%	1.63%	0.00%	5.96%	8.04%	0.97	0.98	$ (2.13)	$ 3.23	$ -	$ 1,566.51	$ 1,681.30
Gulf	LaCHIP Affordable Plan	All Ages	$ 118.96	$ 132.70	$ 126.58	-1.26%	0.36%	0.20%	0.00%	-0.09%	2.68%	4.54%	0.91	0.92	$ (2.45)	$ 0.32	$ -	$ 121.76	$ 130.51
Gulf	HCBS Waiver	20 & Under, Male and Female	$ 1,013.91	$ 974.76	$ 990.42	-0.79%	0.00%	0.13%	0.00%	-0.24%	12.11%	14.46%	0.94	0.97	$ -	$ 1.02	$ -	$ 1,317.40	$ 1,449.72
Gulf	HCBS Waiver	21+ Years, Male and Female	$ 731.43	$ 709.66	$ 718.37	-1.66%	0.00%	0.27%	0.00%	0.00%	2.68%	4.47%	0.91	0.93	$ -	$ 3.62	$ -	$ 700.18	$ 758.41
Gulf	Chisholm Class Members	Chisholm, All Ages Male & Female	$ 705.77	$ 783.82	$ 752.60	-0.90%	0.02%	0.14%	0.00%	-0.79%	3.74%	6.16%	0.93	0.96	$ -	$ 0.49	$ -	$ 771.36	$ 854.32
Gulf	SBH - Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	$ -	$ -	$ -	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	1.00	1.00	$ -	$ -	$ -	$ -	$ -
Gulf	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	$ -	$ -	$ -	0.00%	0.00%	0.00%	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%	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%	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%	0.00%	0.00%	0.00%	1.00	1.00	$ -	$ -	$ -	$ -	$ -
Gulf	Maternity Kickpayment	Maternity Kickpayment, All Ages	$ 5,883.94	$ 5,704.68	$ 5,781.13	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	1.00%	1.00	1.00	$ -	$ 48.81	$ -	$ 5,829.94	$ 6,015.05
Capital	SSI	Newborn, 0-2 Months	$ 18,316.16	$ 16,923.94	$ 17,510.76	-0.02%	0.00%	0.00%	0.00%	0.00%	-1.01%	1.70%	0.96	0.98	$ (1.77)	$ -	$ 1,979.92	$ 18,324.03	$ 19,972.54
Capital	SSI	Newborn, 3-11 Months	$ 6,079.87	$ 5,983.01	$ 5,968.94	-0.26%	0.00%	0.04%	0.00%	-0.79%	2.66%	5.40%	0.99	0.99	$ (2.35)	$ -	$ 32.24	$ 6,370.43	$ 6,933.61
Capital	SSI	Child, 1-20 Years	$ 389.06	$ 395.36	$ 394.02	-1.22%	0.00%	0.20%	0.00%	-1.48%	8.52%	10.83%	0.97	0.98	$ (2.35)	$ 0.59	$ 0.25	$ 476.51	$ 516.29
Capital	SSI	Adult, 21+ Years	$ 838.85	$ 845.90	$ 843.63	-1.32%	0.44%	0.21%	0.00%	0.00%	4.97%	7.18%	0.97	0.98	$ (2.18)	$ 3.62	$ -	$ 948.87	$ 1,022.39
Capital	Family and Children	Newborn, 0-2 Months	$ 1,188.96	$ 1,175.61	$ 1,183.92	-0.06%	0.00%	0.01%	0.00%	-0.01%	-1.09%	1.64%	0.97	0.98	$ (2.38)	$ -	$ 32.99	$ 1,141.70	$ 1,249.27
Capital	Family and Children	Newborn, 3-11 Months	$ 195.92	$ 184.09	$ 188.70	-0.65%	0.00%	0.10%	0.00%	-0.23%	1.60%	3.70%	0.96	0.97	$ (2.53)	$ -	$ 0.26	$ 186.77	$ 200.50
Capital	Family and Children	Child, 1-20 Years	$ 94.04	$ 94.84	$ 94.76	-1.26%	0.00%	0.20%	0.00%	-0.13%	2.85%	4.71%	0.94	0.95	$ (2.51)	$ 0.32	$ 0.00	$ 93.56	$ 100.08
Capital	Family and Children	Adult, 21+ Years	$ 251.32	$ 249.26	$ 250.05	-1.09%	0.00%	0.17%	0.00%	0.00%	3.90%	5.74%	0.95	0.96	$ (2.27)	$ 3.62	$ -	$ 265.33	$ 282.91
Capital	Foster Care Children	Foster Care, All Ages Male & Female	$ 174.03	$ 168.21	$ 170.67	-1.74%	0.00%	0.28%	0.00%	-0.55%	2.66%	4.32%	0.91	0.92	$ (2.30)	$ 0.52	$ -	$ 162.71	$ 172.58
Capital	Breast and Cervical Cancer	BCC, All Ages Female	$ 1,089.81	$ 1,165.60	$ 1,133.88	-0.45%	2.41%	0.07%	1.63%	0.00%	5.68%	7.69%	0.98	0.99	$ (2.26)	$ 3.23	$ -	$ 1,366.86	$ 1,460.43
Capital	LaCHIP Affordable Plan	All Ages	$ 121.44	$ 177.41	$ 155.84	-1.33%	0.36%	0.21%	0.00%	-0.05%	2.31%	4.22%	0.91	0.92	$ (2.49)	$ 0.32	$ -	$ 148.00	$ 158.87
Capital	HCBS Waiver	20 & Under, Male and Female	$ 1,339.88	$ 1,347.66	$ 1,344.55	-0.65%	0.00%	0.10%	0.00%	-0.25%	12.60%	15.01%	0.96	0.99	$ -	$ 1.02	$ -	$ 1,851.93	$ 2,033.71
Capital	HCBS Waiver	21+ Years, Male and Female	$ 732.68	$ 740.11	$ 737.14	-1.54%	0.00%	0.25%	0.00%	0.00%	2.75%	4.58%	0.91	0.94	$ -	$ 3.62	$ -	$ 722.28	$ 784.63
Capital	Chisholm Class Members	Chisholm, All Ages Male & Female	$ 896.16	$ 916.15	$ 908.15	-0.90%	0.02%	0.14%	0.00%	-0.94%	4.04%	6.49%	0.94	0.97	$ -	$ 0.49	$ -	$ 946.72	$ 1,047.98
Capital	SBH - Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	$ -	$ -	$ -	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	1.00	1.00	$ -	$ -	$ -	$ -	$ -
Capital	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	$ -	$ -	$ -	0.00%	0.00%	0.00%	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%	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%	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%	0.00%	0.00%	0.00%	1.00	1.00	$ -	$ -	$ -	$ -	$ -
Capital	Maternity Kickpayment	Maternity Kickpayment, All Ages	$ 5,160.15	$ 5,049.37	$ 5,101.75	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	1.00%	1.00	1.00	$ -	$ 48.81	$ -	$ 5,150.56	$ 5,314.01

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Appendix I: Physical Health Projected Claims PMPM Development

Table 2: PH Prospective Rating Adjustments

						Prospective Adjustments													
			G	M	N	O	P	Q	R	S	T	U	V	W	X	Y	Z	AA	AB
Region Name	COA Description	Rate Cell Description	CY2013 PMPM After Historical Adj	CY2014 PMPM After Historical Adj	Blended PMPM	Rx Adj	Retro Adj	Act 399 Adj	CBR Adj	PDHC Adj	Low Trend	High Trend	MC Savings Factor -- Low	MC Savings Factor -- High	Clinical & Rx Efficiencies	Preventive Services	Outliers	Projected PMPM -- Low	Projected PMPM -- High
South Central	SSI	Newborn, 0-2 Months	$ 13,112.04	$ 17,272.87	$ 15,496.59	-0.03%	0.00%	0.00%	0.00%	0.00%	-0.88%	1.81%	0.98	0.99	$ (1.73)	$ -	$ 1,979.92	$ 16,705.45	$ 18,108.02
South Central	SSI	Newborn, 3-11 Months	$ 4,354.56	$ 3,284.95	$ 3,657.18	-0.51%	0.00%	0.08%	0.00%	-0.47%	2.35%	5.00%	0.99	0.99	$ (2.20)	$ -	$ 32.24	$ 3,870.71	$ 4,212.31
South Central	SSI	Child, 1-20 Years	$ 381.34	$ 359.21	$ 367.81	-1.52%	0.00%	0.24%	0.00%	-0.89%	7.66%	9.89%	0.97	0.98	$ (2.30)	$ 0.62	$ 0.25	$ 435.29	$ 471.49
South Central	SSI	Adult, 21+ Years	$ 726.55	$ 705.99	$ 714.71	-1.29%	0.44%	0.21%	0.00%	0.00%	5.01%	7.21%	0.98	0.99	$ (2.21)	$ 3.62	$ -	$ 807.69	$ 868.82
South Central	Family and Children	Newborn, 0-2 Months	$ 1,266.34	$ 1,272.96	$ 1,274.61	-0.05%	0.00%	0.01%	0.00%	-0.01%	-1.02%	1.72%	0.98	0.99	$ (2.36)	$ -	$ 32.99	$ 1,240.09	$ 1,353.80
South Central	Family and Children	Newborn, 3-11 Months	$ 201.96	$ 190.90	$ 196.06	-0.67%	0.00%	0.11%	0.00%	-0.21%	1.57%	3.66%	0.96	0.97	$ (2.48)	$ -	$ 0.26	$ 194.43	$ 208.54
South Central	Family and Children	Child, 1-20 Years	$ 97.91	$ 95.82	$ 96.95	-1.31%	0.00%	0.21%	0.00%	-0.12%	2.86%	4.70%	0.94	0.95	$ (2.46)	$ 0.33	$ 0.00	$ 96.03	$ 102.60
South Central	Family and Children	Adult, 21+ Years	$ 229.22	$ 224.45	$ 226.80	-1.02%	0.00%	0.16%	0.00%	0.00%	3.92%	5.77%	0.95	0.96	$ (2.24)	$ 3.62	$ -	$ 242.14	$ 258.05
South Central	Foster Care Children	Foster Care, All Ages Male & Female	$ 184.42	$ 172.82	$ 176.95	-1.58%	0.00%	0.25%	0.00%	-0.43%	2.17%	3.93%	0.91	0.92	$ (2.31)	$ 0.52	$ -	$ 167.99	$ 178.89
South Central	Breast and Cervical Cancer	BCC, All Ages Female	$ 1,644.93	$ 1,315.77	$ 1,437.51	-0.82%	2.41%	0.13%	1.63%	0.00%	5.87%	7.97%	0.98	0.99	$ (2.22)	$ 3.23	$ -	$ 1,733.31	$ 1,856.18
South Central	LaCHIP Affordable Plan	All Ages	$ 103.24	$ 106.63	$ 105.78	-1.41%	0.36%	0.23%	0.00%	-0.06%	2.89%	4.65%	0.91	0.92	$ (2.48)	$ 0.32	$ -	$ 101.78	$ 108.75
South Central	HCBS Waiver	20 & Under, Male and Female	$ 1,821.03	$ 1,614.99	$ 1,697.40	-0.70%	0.00%	0.11%	0.00%	-0.33%	15.45%	17.95%	0.97	0.99	$ -	$ 1.02	$ -	$ 2,540.20	$ 2,779.94
South Central	HCBS Waiver	21+ Years, Male and Female	$ 850.18	$ 815.10	$ 829.13	-1.64%	0.00%	0.26%	0.00%	0.00%	2.93%	4.69%	0.91	0.93	$ -	$ 3.62	$ -	$ 816.41	$ 883.39
South Central	Chisholm Class Members	Chisholm, All Ages Male & Female	$ 951.96	$ 897.46	$ 919.26	-0.92%	0.02%	0.15%	0.00%	-0.93%	4.09%	6.53%	0.94	0.97	$ -	$ 0.49	$ -	$ 961.69	$ 1,061.58
South Central	SBH - Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	$ -	$ -	$ -	0.00%	0.00%	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%	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%	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%	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%	0.00%	0.00%	1.00	1.00	$ -	$ -	$ -	$ -	$ -
South Central	Maternity Kickpayment	Maternity Kickpayment, All Ages	$ 5,191.62	$ 5,243.96	$ 5,238.38	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	1.00%	1.00	1.00	$ -	$ 48.81	$ -	$ 5,287.19	$ 5,454.96
North	SSI	Newborn, 0-2 Months	$ 15,635.85	$ 13,563.84	$ 13,582.09	-0.02%	0.00%	0.00%	0.00%	-0.01%	-0.71%	1.98%	0.96	0.98	$ (1.66)	$ -	$ 1,979.92	$ 14,749.08	$ 16,043.16
North	SSI	Newborn, 3-11 Months	$ 2,606.73	$ 2,599.39	$ 2,579.30	-0.53%	0.00%	0.08%	0.00%	-1.17%	5.48%	8.05%	0.99	0.99	$ (2.31)	$ -	$ 32.24	$ 2,984.88	$ 3,229.86
North	SSI	Child, 1-20 Years	$ 332.97	$ 332.76	$ 333.26	-1.27%	0.00%	0.20%	0.00%	-1.55%	8.71%	11.03%	0.97	0.98	$ (2.26)	$ 0.62	$ 0.25	$ 404.59	$ 437.73
North	SSI	Adult, 21+ Years	$ 675.13	$ 655.61	$ 662.81	-1.21%	0.44%	0.19%	0.00%	0.00%	4.46%	6.69%	0.98	0.99	$ (2.23)	$ 3.62	$ -	$ 737.80	$ 794.39
North	Family and Children	Newborn, 0-2 Months	$ 1,287.34	$ 1,217.38	$ 1,249.75	-0.05%	0.00%	0.01%	0.00%	-0.01%	-1.09%	1.65%	0.98	0.98	$ (2.29)	$ -	$ 32.99	$ 1,209.84	$ 1,322.90
North	Family and Children	Newborn, 3-11 Months	$ 202.26	$ 191.39	$ 196.23	-0.61%	0.00%	0.10%	0.00%	-0.18%	1.41%	3.54%	0.97	0.97	$ (2.42)	$ -	$ 0.26	$ 194.42	$ 208.73
North	Family and Children	Child, 1-20 Years	$ 83.71	$ 83.00	$ 83.53	-1.09%	0.00%	0.17%	0.00%	-0.14%	2.60%	4.51%	0.95	0.96	$ (2.43)	$ 0.32	$ 0.00	$ 83.10	$ 88.79
North	Family and Children	Adult, 21+ Years	$ 211.63	$ 209.91	$ 210.75	-0.95%	0.00%	0.15%	0.00%	0.00%	3.61%	5.49%	0.95	0.96	$ (2.23)	$ 3.62	$ -	$ 223.76	$ 238.66
North	Foster Care Children	Foster Care, All Ages Male & Female	$ 182.34	$ 166.12	$ 172.83	-1.62%	0.00%	0.26%	0.00%	-0.94%	2.39%	4.13%	0.93	0.94	$ (2.26)	$ 0.52	$ -	$ 167.11	$ 177.35
North	Breast and Cervical Cancer	BCC, All Ages Female	$ 1,486.60	$ 1,368.54	$ 1,425.68	-1.25%	2.41%	0.20%	1.63%	0.00%	6.17%	8.30%	0.97	0.98	$ (2.20)	$ 3.23	$ -	$ 1,714.49	$ 1,840.37
North	LaCHIP Affordable Plan	All Ages	$ 131.10	$ 141.32	$ 139.07	-1.11%	0.36%	0.18%	0.00%	-0.31%	2.95%	4.93%	0.93	0.94	$ (2.44)	$ 0.32	$ -	$ 137.34	$ 147.38
North	HCBS Waiver	20 & Under, Male and Female	$ 1,740.24	$ 1,759.53	$ 1,751.81	-0.64%	0.00%	0.10%	0.00%	-0.32%	15.08%	17.59%	0.96	0.99	$ -	$ 1.02	$ -	$ 2,580.34	$ 2,834.82
North	HCBS Waiver	21+ Years, Male and Female	$ 832.81	$ 804.26	$ 815.68	-1.59%	0.00%	0.25%	0.00%	0.00%	2.71%	4.56%	0.91	0.94	$ -	$ 3.62	$ -	$ 798.58	$ 867.78
North	Chisholm Class Members	Chisholm, All Ages Male & Female	$ 707.00	$ 711.02	$ 709.42	-0.76%	0.02%	0.12%	0.00%	-1.14%	4.10%	6.60%	0.95	0.97	$ -	$ 0.49	$ -	$ 746.57	$ 826.29
North	SBH - Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	$ -	$ -	$ -	0.00%	0.00%	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%	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%	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%	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%	0.00%	0.00%	1.00	1.00	$ -	$ -	$ -	$ -	$ -
North	Maternity Kickpayment	Maternity Kickpayment, All Ages	$ 5,178.97	$ 5,052.27	$ 5,108.16	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	1.00%	1.00	1.00	$ -	$ 48.81	$ -	$ 5,156.97	$ 5,320.53

Notes:
M = 40% * F + 60% * L
W = (M * (1 + N) * (1 + O) * (1 + P) *(1 + Q) * (1 + R) * ((1 + S) ^ 37/12) * U) + W + X + Y
X = (M * (1 + N) * (1 + O) * (1 + P) *(1 + Q) * (1 + R) * ((1 + T) ^ 37/12) * V) + W + X + Y

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Appendix J: Specialized Behavioral Health Projected Claims PMPM Development

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

					Historical Adjustments								
			A	B	C	D	E	F	G	H	I	J	K
Region Name	COA Description	Rate Cell Description	CY2013 MMs	CY2013 PMPM	Recoupment Adj (F&A)	Medication Mgmt Adj	IP/OP Fee Adj	PSH Increase Adj	CSOC Adj	PRTF Adj	PSR Reduction	Historical Trend	CY2013 PMPM After Adj
Gulf	SSI	Newborn, 0-2 Months	608	$ -	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	$ -
Gulf	SSI	Newborn, 3-11 Months	2,075	$ 1.21	-0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	29.5%	$ 1.56
Gulf	SSI	Child, 1-20 Years	146,471	$ 82.87	0.0%	1.9%	-0.2%	0.1%	-9.5%	0.3%	-3.8%	29.5%	$ 95.33
Gulf	SSI	Adult, 21+ Years	286,423	$ 78.00	-0.1%	-0.1%	-0.6%	0.2%	0.0%	0.0%	0.0%	1.5%	$ 78.73
Gulf	Family and Children	Newborn, 0-2 Months	47,080	$ 0.09	0.0%	0.0%	-0.8%	0.0%	0.0%	0.0%	0.0%	29.5%	$ 0.12
Gulf	Family and Children	Newborn, 3-11 Months	105,570	$ 0.03	-0.1%	0.0%	-4.1%	0.0%	0.0%	0.0%	0.0%	29.5%	$ 0.03
Gulf	Family and Children	Child, 1-20 Years	2,076,304	$ 13.68	-0.1%	1.6%	0.2%	0.0%	-4.0%	0.1%	-3.5%	29.5%	$ 16.72
Gulf	Family and Children	Adult, 21+ Years	364,038	$ 16.13	-0.1%	0.3%	0.1%	0.0%	0.0%	0.0%	0.0%	1.5%	$ 16.41
Gulf	Foster Care Children	Foster Care, All Ages Male & Female	21,665	$ 106.61	-0.1%	1.5%	0.3%	0.1%	-9.7%	1.6%	-2.2%	29.5%	$ 126.02
Gulf	Breast and Cervical Cancer	BCC, All Ages Female	3,841	$ 6.92	-0.2%	-0.5%	-0.9%	0.0%	0.0%	0.0%	0.0%	1.5%	$ 6.91
Gulf	LaCHIP Affordable Plan	All Ages	10,504	$ 6.82	-0.2%	3.4%	0.8%	0.0%	0.0%	0.0%	-2.7%	29.5%	$ 8.95
Gulf	HCBS Waiver	20 & Under, Male and Female	7,958	$ 21.39	-0.1%	6.3%	-0.9%	0.0%	-10.2%	0.0%	-2.1%	29.5%	$ 25.62
Gulf	HCBS Waiver	21+ Years, Male and Female	13,244	$ 31.24	-0.1%	0.7%	-1.3%	0.2%	0.0%	0.0%	0.0%	1.5%	$ 31.55
Gulf	Chisholm Class Members	Chisholm, All Ages Male & Female	16,137	$ 52.96	-0.1%	3.9%	-1.1%	0.0%	-12.2%	0.0%	-2.8%	29.5%	$ 60.01
Gulf	SBH - Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	16,432	$ 58.44	-0.1%	3.5%	-1.1%	0.0%	-10.9%	0.0%	-2.5%	28.4%	$ 66.63
Gulf	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	305,720	$ 16.67	-0.1%	0.5%	0.0%	0.4%	0.0%	0.0%	0.0%	6.3%	$ 17.86
Gulf	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female	7,958	$ 26.39	-0.2%	5.1%	-0.8%	0.0%	-8.3%	0.0%	-1.7%	25.8%	$ 31.14
Gulf	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	13,232	$ 43.29	-0.2%	0.5%	-0.9%	0.1%	0.0%	0.0%	0.0%	4.1%	$ 44.85
Gulf	SBH - Other	SBH - Other, All Ages	6,782	$ 130.38	-0.3%	0.0%	-1.1%	0.0%	0.0%	0.0%	0.0%	4.9%	$ 134.94
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	440	$ 7.39	-0.3%	0.0%	0.0%	5.0%	0.0%	0.0%	0.0%	29.5%	$ 10.03
Capital	SSI	Newborn, 3-11 Months	1,731	$ 0.03	-0.3%	0.0%	0.0%	5.0%	0.0%	0.0%	0.0%	29.5%	$ 0.04
Capital	SSI	Child, 1-20 Years	107,806	$ 60.84	-0.1%	2.5%	0.3%	0.0%	-15.0%	0.8%	-3.1%	29.5%	$ 67.16
Capital	SSI	Adult, 21+ Years	211,153	$ 67.67	-0.1%	0.0%	0.9%	0.0%	0.0%	0.1%	0.0%	1.5%	$ 69.29
Capital	Family and Children	Newborn, 0-2 Months	42,327	$ 0.13	0.0%	0.0%	-0.1%	0.0%	0.0%	0.0%	0.0%	29.5%	$ 0.16
Capital	Family and Children	Newborn, 3-11 Months	95,524	$ 0.14	-0.2%	0.0%	0.0%	3.6%	0.0%	0.0%	0.0%	29.5%	$ 0.19
Capital	Family and Children	Child, 1-20 Years	1,865,610	$ 13.56	-0.1%	3.0%	1.2%	0.0%	-4.5%	0.3%	-2.9%	29.5%	$ 17.00
Capital	Family and Children	Adult, 21+ Years	261,197	$ 16.51	-0.1%	0.6%	3.7%	0.0%	0.0%	0.1%	0.0%	1.5%	$ 17.49
Capital	Foster Care Children	Foster Care, All Ages Male & Female	31,317	$ 89.16	-0.1%	2.5%	0.9%	0.1%	-6.0%	2.3%	-1.2%	29.5%	$ 113.40
Capital	Breast and Cervical Cancer	BCC, All Ages Female	4,053	$ 6.98	-0.1%	0.1%	-0.6%	0.0%	0.0%	0.0%	0.0%	1.5%	$ 7.03
Capital	LaCHIP Affordable Plan	All Ages	11,338	$ 8.27	-0.3%	7.5%	6.9%	0.0%	0.0%	0.0%	-1.9%	29.5%	$ 12.02
Capital	HCBS Waiver	20 & Under, Male and Female	8,312	$ 22.82	-0.1%	5.2%	1.4%	0.3%	-11.7%	0.0%	-2.6%	29.5%	$ 27.15
Capital	HCBS Waiver	21+ Years, Male and Female	12,119	$ 53.47	-0.1%	0.5%	3.6%	0.0%	0.0%	0.0%	0.0%	1.5%	$ 56.41
Capital	Chisholm Class Members	Chisholm, All Ages Male & Female	16,052	$ 57.88	-0.2%	3.6%	2.8%	0.0%	-13.0%	1.4%	-1.6%	29.5%	$ 69.12
Capital	SBH - Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	16,256	$ 63.91	-0.2%	3.3%	3.3%	0.0%	-11.7%	1.2%	-1.5%	27.9%	$ 76.59
Capital	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	246,290	$ 12.44	-0.1%	0.4%	2.3%	0.0%	-0.2%	0.1%	0.0%	10.1%	$ 14.03
Capital	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female	8,312	$ 28.90	-0.2%	4.1%	1.1%	0.3%	-9.4%	0.0%	-2.0%	25.4%	$ 33.87
Capital	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	12,119	$ 66.78	-0.2%	0.4%	2.9%	0.0%	0.0%	0.0%	0.0%	3.3%	$ 71.11
Capital	SBH - Other	SBH - Other, All Ages	8,210	$ 115.21	-0.2%	0.0%	0.8%	0.0%	0.0%	0.0%	-0.1%	4.0%	$ 120.47
Capital	Maternity Kickpayment	Maternity Kickpayment, All Ages	-	$ -	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	$ -

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Appendix J: Specialized Behavioral Health Projected Claims PMPM Development

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

					Historical Adjustments								
			A	B	C	D	E	F	G	H	I	J	K
Region Name	COA Description	Rate Cell Description	CY2013 MMs	CY2013 PMPM	Recoupment Adj (F&A)	Medication Mgmt Adj	IP/OP Fee Adj	PSH Increase Adj	CSOC Adj	PRTF Adj	PSR Reduction	Historical Trend	CY2013 PMPM After Adj
South Central	SSI	Newborn, 0-2 Months	503	$ -	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	$ -
South Central	SSI	Newborn, 3-11 Months	1,956	$ 2.87	-0.1%	1.7%	0.0%	0.0%	0.0%	0.0%	0.0%	29.5%	$ 3.78
South Central	SSI	Child, 1-20 Years	109,971	$ 66.15	-0.1%	1.0%	-0.2%	0.0%	-7.9%	0.9%	-3.1%	29.5%	$ 77.71
South Central	SSI	Adult, 21+ Years	249,869	$ 74.00	-0.1%	0.5%	-0.7%	0.1%	0.0%	0.1%	0.0%	1.5%	$ 75.02
South Central	Family and Children	Newborn, 0-2 Months	46,824	$ 0.01	-0.9%	0.0%	-7.9%	0.0%	0.0%	0.0%	0.0%	29.5%	$ 0.01
South Central	Family and Children	Newborn, 3-11 Months	105,454	$ 0.04	0.0%	0.0%	-0.9%	0.0%	0.0%	0.0%	0.0%	29.5%	$ 0.05
South Central	Family and Children	Child, 1-20 Years	2,041,992	$ 11.39	-0.1%	1.0%	-0.1%	0.0%	-4.8%	0.4%	-3.3%	29.5%	$ 13.75
South Central	Family and Children	Adult, 21+ Years	271,787	$ 17.90	-0.2%	1.3%	-0.6%	0.0%	0.0%	0.0%	0.0%	1.5%	$ 18.26
South Central	Foster Care Children	Foster Care, All Ages Male & Female	39,962	$ 106.28	0.0%	0.5%	0.1%	0.0%	-5.9%	3.7%	-1.6%	29.5%	$ 132.67
South Central	Breast and Cervical Cancer	BCC, All Ages Female	2,936	$ 2.13	0.0%	1.2%	-1.0%	0.3%	0.0%	0.0%	0.0%	1.5%	$ 2.17
South Central	LaCHIP Affordable Plan	All Ages	13,180	$ 5.87	-0.1%	2.1%	-0.1%	0.0%	0.0%	0.0%	-3.5%	29.5%	$ 7.47
South Central	HCBS Waiver	20 & Under, Male and Female	7,448	$ 31.11	-0.2%	3.5%	-0.4%	0.0%	0.0%	0.0%	-2.5%	29.5%	$ 40.42
South Central	HCBS Waiver	21+ Years, Male and Female	14,467	$ 42.33	-0.2%	2.6%	-0.5%	0.0%	0.0%	0.0%	0.0%	1.5%	$ 43.76
South Central	Chisholm Class Members	Chisholm, All Ages Male & Female	17,012	$ 89.66	-0.1%	1.6%	0.0%	0.0%	-14.2%	1.4%	-2.5%	29.5%	$ 99.83
South Central	SBH - Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	17,566	$ 97.81	-0.1%	1.4%	0.0%	0.0%	-12.6%	1.2%	-2.3%	27.4%	$ 109.04
South Central	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	329,216	$ 11.48	-0.2%	0.5%	2.4%	0.1%	0.0%	0.1%	0.0%	7.8%	$ 12.74
South Central	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female	7,448	$ 41.97	-0.3%	2.6%	-0.3%	0.0%	0.0%	0.0%	-1.9%	24.7%	$ 52.41
South Central	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	14,467	$ 63.87	-0.3%	1.7%	-0.4%	0.0%	0.0%	0.0%	0.0%	4.7%	$ 67.55
South Central	SBH - Other	SBH - Other, All Ages	10,168	$ 201.14	-0.2%	0.2%	-0.2%	0.0%	0.0%	0.0%	0.0%	3.7%	$ 207.99
South Central	Maternity Kickpayment	Maternity Kickpayment, All Ages	-	$ -	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	$ -
North	SSI	Newborn, 0-2 Months	477	$ -	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	$ -
North	SSI	Newborn, 3-11 Months	1,874	$ 0.01	-0.4%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	29.5%	$ 0.02
North	SSI	Child, 1-20 Years	120,963	$ 104.68	0.0%	0.5%	0.0%	0.0%	-1.3%	1.4%	-3.4%	29.5%	$ 131.72
North	SSI	Adult, 21+ Years	212,643	$ 51.59	-0.1%	0.3%	-0.3%	0.1%	0.0%	0.2%	0.0%	1.5%	$ 52.51
North	Family and Children	Newborn, 0-2 Months	35,832	$ 0.02	0.0%	0.0%	-3.0%	0.0%	0.0%	0.0%	0.0%	29.5%	$ 0.02
North	Family and Children	Newborn, 3-11 Months	81,270	$ 0.00	-0.1%	0.0%	-1.7%	0.0%	0.0%	0.0%	0.0%	29.5%	$ 0.01
North	Family and Children	Child, 1-20 Years	1,599,060	$ 16.83	0.0%	0.6%	0.1%	0.0%	-0.7%	0.1%	-3.6%	29.5%	$ 21.04
North	Family and Children	Adult, 21+ Years	206,387	$ 16.54	-0.1%	0.3%	0.1%	0.0%	0.0%	0.6%	0.0%	1.5%	$ 16.93
North	Foster Care Children	Foster Care, All Ages Male & Female	22,020	$ 271.62	0.0%	0.2%	0.3%	0.0%	-0.5%	5.3%	-0.8%	29.5%	$ 367.26
North	Breast and Cervical Cancer	BCC, All Ages Female	2,439	$ 36.03	-0.1%	0.0%	0.1%	0.0%	0.0%	0.0%	0.0%	1.5%	$ 36.57
North	LaCHIP Affordable Plan	All Ages	7,217	$ 7.97	0.0%	1.2%	-0.7%	0.1%	-0.7%	0.0%	-1.9%	29.5%	$ 10.12
North	HCBS Waiver	20 & Under, Male and Female	4,873	$ 61.14	-0.1%	2.2%	-0.2%	0.1%	-3.3%	1.2%	-3.2%	29.5%	$ 76.49
North	HCBS Waiver	21+ Years, Male and Female	11,241	$ 42.43	-0.1%	1.2%	-0.3%	0.0%	0.0%	0.0%	0.0%	1.5%	$ 43.41
North	Chisholm Class Members	Chisholm, All Ages Male & Female	16,995	$ 78.74	0.0%	1.4%	0.4%	0.1%	-2.8%	1.5%	-3.0%	29.5%	$ 99.41
North	SBH - Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	17,335	$ 81.54	0.0%	1.4%	0.4%	0.0%	-2.6%	1.4%	-2.9%	28.9%	$ 102.60
North	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	258,659	$ 11.15	-0.1%	0.3%	3.0%	0.1%	0.0%	0.2%	0.0%	8.9%	$ 12.56
North	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female	4,873	$ 68.32	-0.1%	2.0%	-0.2%	0.1%	-3.0%	1.0%	-2.9%	27.5%	$ 84.43
North	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	11,235	$ 62.93	-0.2%	0.8%	-0.2%	0.0%	0.0%	0.0%	0.0%	4.6%	$ 66.05
North	SBH - Other	SBH - Other, All Ages	9,328	$ 116.54	-0.3%	0.1%	0.0%	0.0%	0.0%	0.0%	-0.1%	4.7%	$ 121.69
North	Maternity Kickpayment	Maternity Kickpayment, All Ages	-	$ -	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	$ -

Notes:
Inclusive of SBH and NEMT services
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)

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Appendix J: Specialized Behavioral Health Projected Claims PMPM Development

Table 1b: SBH Historical Adjustments (CY 2014)

					Historical Adjustments								
			L	M	N	O	P	Q	R	S	T	U	V
Region Name	COA Desc	Rate Cell Desc	CY2014 MMs	CY2014 PMPM	Recoupment Adj (F&A)	Medication Mgmt Adj	IP/OP Fee Adj	PSH Increase Adj	CSOC Adj	PRTF Adj	PSR Reduction	Historical Trend	CY2014 PMPM After Adj
Gulf	SSI	Newborn, 0-2 Months	512	$ -	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		$ -
Gulf	SSI	Newborn, 3-11 Months	2,061	$ 0.49	-0.1%	0.0%	-0.1%	0.0%	0.0%	0.0%	0.0%		$ 0.49
Gulf	SSI	Child, 1-20 Years	141,570	$ 104.95	-0.1%	1.5%	-0.1%	0.1%	-13.3%	0.6%	-3.7%		$ 89.36
Gulf	SSI	Adult, 21+ Years	271,617	$ 86.33	-0.2%	-0.2%	-0.5%	0.4%	-0.1%	0.1%	0.0%		$ 85.87
Gulf	Family and Children	Newborn, 0-2 Months	48,763	$ 0.02	-0.2%	0.0%	-8.0%	0.0%	0.0%	0.0%	0.0%		$ 0.02
Gulf	Family and Children	Newborn, 3-11 Months	108,412	$ 0.09	-0.1%	0.0%	-4.2%	0.0%	0.0%	0.0%	0.0%		$ 0.08
Gulf	Family and Children	Child, 1-20 Years	2,120,547	$ 18.70	-0.2%	1.3%	0.1%	0.0%	-5.0%	0.2%	-3.8%		$ 17.33
Gulf	Family and Children	Adult, 21+ Years	387,916	$ 17.35	-0.2%	0.0%	-0.2%	0.2%	0.0%	0.1%	0.0%		$ 17.33
Gulf	Foster Care Children	Foster Care, All Ages Male & Female	23,292	$ 132.12	-0.1%	1.2%	0.5%	0.1%	-11.1%	1.8%	-2.1%		$ 118.96
Gulf	Breast and Cervical Cancer	BCC, All Ages Female	3,893	$ 7.77	-0.3%	-1.7%	-0.6%	0.0%	0.0%	0.0%	0.0%		$ 7.57
Gulf	LaCHIP Affordable Plan	All Ages	10,236	$ 8.31	-0.3%	4.1%	0.6%	0.0%	0.0%	0.0%	-2.1%		$ 8.49
Gulf	HCBS Waiver	20 & Under, Male and Female	7,178	$ 23.38	-0.2%	6.9%	-0.6%	0.1%	-9.3%	0.0%	-3.0%		$ 21.82
Gulf	HCBS Waiver	21+ Years, Male and Female	13,514	$ 43.23	-0.2%	0.5%	-1.4%	0.2%	0.0%	0.1%	0.0%		$ 42.87
Gulf	Chisholm Class Members	Chisholm, All Ages Male & Female	17,073	$ 63.69	-0.2%	3.3%	-2.2%	0.1%	-19.6%	0.8%	-2.4%		$ 50.85
Gulf	SBH - Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	17,340	$ 68.87	-0.2%	3.0%	-1.8%	0.1%	-17.9%	0.7%	-2.2%		$ 56.30
Gulf	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	300,839	$ 18.74	-0.2%	0.7%	0.7%	0.7%	0.0%	0.0%	0.0%		$ 19.10
Gulf	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female	7,178	$ 25.75	-0.2%	6.3%	-0.6%	0.1%	-8.5%	0.0%	-2.7%		$ 24.19
Gulf	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	13,502	$ 52.73	-0.3%	0.4%	-1.2%	0.2%	0.0%	0.1%	0.0%		$ 52.34
Gulf	SBH - Other	SBH - Other, All Ages	7,421	$ 154.90	-0.2%	0.0%	-1.3%	0.0%	0.0%	0.0%	0.0%		$ 152.49
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	388	$ -	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		$ -
Capital	SSI	Newborn, 3-11 Months	1,542	$ 7.58	-0.2%	0.0%	-0.3%	2.4%	0.0%	0.0%	0.0%		$ 7.72
Capital	SSI	Child, 1-20 Years	104,735	$ 86.66	-0.2%	2.1%	0.3%	0.0%	-13.7%	1.1%	-2.9%		$ 75.08
Capital	SSI	Adult, 21+ Years	196,914	$ 69.12	-0.1%	-0.5%	0.9%	0.0%	0.0%	0.1%	0.0%		$ 69.48
Capital	Family and Children	Newborn, 0-2 Months	42,487	$ 1.18	-0.3%	0.0%	-0.1%	3.8%	0.0%	0.0%	0.0%		$ 1.22
Capital	Family and Children	Newborn, 3-11 Months	96,481	$ 0.41	-0.3%	0.0%	-0.6%	3.0%	0.0%	0.0%	0.0%		$ 0.42
Capital	Family and Children	Child, 1-20 Years	1,913,908	$ 17.64	-0.3%	2.7%	1.2%	0.0%	-6.0%	0.2%	-3.3%		$ 16.65
Capital	Family and Children	Adult, 21+ Years	288,502	$ 19.49	-0.2%	0.0%	3.3%	0.0%	0.0%	0.2%	0.0%		$ 20.14
Capital	Foster Care Children	Foster Care, All Ages Male & Female	33,453	$ 157.65	-0.1%	1.8%	1.5%	0.0%	-1.2%	3.2%	-0.9%		$ 164.48
Capital	Breast and Cervical Cancer	BCC, All Ages Female	3,772	$ 16.32	-0.1%	-0.1%	0.1%	0.0%	0.0%	0.0%	0.0%		$ 16.31
Capital	LaCHIP Affordable Plan	All Ages	10,840	$ 15.70	-0.3%	4.7%	2.4%	0.0%	0.0%	0.0%	-2.4%		$ 16.37
Capital	HCBS Waiver	20 & Under, Male and Female	7,498	$ 43.16	-0.2%	3.6%	0.3%	0.1%	-14.1%	3.7%	-1.9%		$ 39.11
Capital	HCBS Waiver	21+ Years, Male and Female	12,195	$ 51.84	-0.2%	-0.2%	0.9%	0.1%	0.0%	0.0%	0.0%		$ 52.09
Capital	Chisholm Class Members	Chisholm, All Ages Male & Female	17,175	$ 67.23	-0.2%	3.1%	2.8%	0.0%	-18.9%	1.7%	-1.9%		$ 57.50
Capital	SBH - Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	17,364	$ 76.34	-0.2%	2.7%	4.1%	0.0%	-16.5%	1.5%	-1.6%		$ 67.86
Capital	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	240,039	$ 15.56	-0.1%	0.9%	2.1%	0.1%	0.0%	0.0%	0.0%		$ 16.04
Capital	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female	7,498	$ 49.24	-0.2%	3.2%	0.2%	0.1%	-12.5%	3.2%	-1.7%		$ 45.17
Capital	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	12,195	$ 68.41	-0.2%	-0.2%	0.6%	0.0%	0.0%	0.0%	0.0%		$ 68.62
Capital	SBH - Other	SBH - Other, All Ages	8,267	$ 91.01	-0.2%	0.0%	-0.3%	0.0%	0.0%	0.0%	-0.1%		$ 90.48
Capital	Maternity Kickpayment	Maternity Kickpayment, All Ages	-	$ -	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		$ -

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Appendix J: Specialized Behavioral Health Projected Claims PMPM Development

Table 1b: SBH Historical Adjustments (CY 2014)

					Historical Adjustments								
			L	M	N	O	P	Q	R	S	T	U	V
Region Name	COA Desc	Rate Cell Desc	CY2014 MMs	CY2014 PMPM	Recoupment Adj (F&A)	Medication Mgmt Adj	IP/OP Fee Adj	PSH Increase Adj	CSOC Adj	PRTF Adj	PSR Reduction	Historical Trend	CY2014 PMPM After Adj
South Central	SSI	Newborn, 0-2 Months	471	$ -	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		$ -
South Central	SSI	Newborn, 3-11 Months	1,896	$ 0.08	-0.2%	0.0%	-0.2%	0.0%	0.0%	0.0%	0.0%		$ 0.08
South Central	SSI	Child, 1-20 Years	108,865	$ 81.12	-0.2%	1.0%	-0.2%	0.0%	-10.3%	1.2%	-3.2%		$ 71.64
South Central	SSI	Adult, 21+ Years	239,595	$ 68.25	-0.2%	0.0%	-0.6%	0.1%	-0.2%	0.2%	0.0%		$ 67.81
South Central	Family and Children	Newborn, 0-2 Months	46,646	$ 0.70	-0.2%	0.3%	-0.1%	0.0%	0.0%	0.0%	0.0%		$ 0.70
South Central	Family and Children	Newborn, 3-11 Months	104,943	$ 0.28	-0.2%	0.0%	-0.2%	0.0%	0.0%	0.0%	0.0%		$ 0.28
South Central	Family and Children	Child, 1-20 Years	2,083,177	$ 14.36	-0.2%	1.0%	0.0%	0.0%	-4.0%	0.4%	-3.6%		$ 13.46
South Central	Family and Children	Adult, 21+ Years	299,533	$ 19.40	-0.2%	0.8%	-0.3%	0.0%	-0.1%	0.1%	0.0%		$ 19.45
South Central	Foster Care Children	Foster Care, All Ages Male & Female	44,822	$ 102.25	-0.1%	0.5%	0.2%	0.0%	-4.5%	2.1%	-2.3%		$ 98.07
South Central	Breast and Cervical Cancer	BCC, All Ages Female	2,713	$ 5.59	-0.3%	0.1%	-0.3%	0.0%	0.0%	0.0%	0.0%		$ 5.56
South Central	LaCHIP Affordable Plan	All Ages	12,630	$ 6.98	-0.4%	3.1%	-0.2%	0.0%	0.0%	0.0%	-3.1%		$ 6.93
South Central	HCBS Waiver	20 & Under, Male and Female	6,778	$ 23.25	-0.3%	3.4%	-0.2%	0.1%	0.0%	0.0%	-3.8%		$ 23.04
South Central	HCBS Waiver	21+ Years, Male and Female	14,081	$ 40.97	-0.3%	1.5%	-0.3%	0.0%	0.0%	0.1%	0.0%		$ 41.40
South Central	Chisholm Class Members	Chisholm, All Ages Male & Female	18,517	$ 113.14	-0.2%	1.1%	0.1%	0.0%	-5.7%	2.0%	-2.2%		$ 107.46
South Central	SBH - Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	19,105	$ 120.93	-0.2%	1.0%	0.1%	0.0%	-5.2%	1.8%	-2.0%		$ 115.41
South Central	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	324,261	$ 11.61	-0.2%	0.9%	4.0%	0.1%	0.0%	0.2%	0.0%		$ 12.20
South Central	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female	6,778	$ 32.13	-0.3%	2.4%	-0.1%	0.1%	0.0%	0.0%	-2.8%		$ 31.89
South Central	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	14,081	$ 57.85	-0.3%	1.1%	-0.2%	0.0%	0.0%	0.1%	0.0%		$ 58.22
South Central	SBH - Other	SBH - Other, All Ages	10,516	$ 173.88	-0.2%	0.1%	-0.2%	0.0%	0.0%	0.0%	0.0%		$ 173.38
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	455	$ -	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		$ -
North	SSI	Newborn, 3-11 Months	1,736	$ 0.09	-0.2%	0.0%	-0.2%	0.0%	0.0%	0.0%	0.0%		$ 0.09
North	SSI	Child, 1-20 Years	119,854	$ 119.55	-0.1%	0.5%	-0.2%	0.0%	-1.5%	0.8%	-3.8%		$ 114.42
North	SSI	Adult, 21+ Years	209,729	$ 54.41	-0.1%	-0.3%	-0.5%	0.1%	0.0%	0.3%	0.0%		$ 54.08
North	Family and Children	Newborn, 0-2 Months	35,273	$ 0.01	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		$ 0.01
North	Family and Children	Newborn, 3-11 Months	81,695	$ 0.19	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		$ 0.19
North	Family and Children	Child, 1-20 Years	1,639,001	$ 23.80	-0.1%	0.5%	0.1%	0.1%	-0.8%	0.2%	-3.9%		$ 22.87
North	Family and Children	Adult, 21+ Years	239,456	$ 18.39	-0.1%	-0.3%	0.2%	0.0%	0.0%	0.5%	0.0%		$ 18.45
North	Foster Care Children	Foster Care, All Ages Male & Female	24,784	$ 249.62	0.0%	0.2%	0.2%	0.1%	-0.8%	5.0%	-1.0%		$ 258.52
North	Breast and Cervical Cancer	BCC, All Ages Female	2,535	$ 12.25	-0.1%	-1.1%	0.1%	0.0%	0.0%	0.0%	0.0%		$ 12.12
North	LaCHIP Affordable Plan	All Ages	6,369	$ 20.62	-0.1%	1.6%	0.6%	0.1%	-0.8%	0.0%	-1.9%		$ 20.50
North	HCBS Waiver	20 & Under, Male and Female	4,300	$ 44.59	-0.2%	3.3%	0.1%	0.1%	-3.9%	0.0%	-3.8%		$ 42.58
North	HCBS Waiver	21+ Years, Male and Female	11,183	$ 40.20	-0.3%	0.0%	0.2%	0.0%	0.0%	0.0%	0.0%		$ 40.16
North	Chisholm Class Members	Chisholm, All Ages Male & Female	16,907	$ 104.01	-0.1%	1.1%	0.3%	0.0%	-4.0%	1.6%	-3.1%		$ 99.68
North	SBH - Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	17,261	$ 105.97	-0.1%	1.1%	0.3%	0.1%	-3.8%	1.6%	-3.1%		$ 101.69
North	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	257,226	$ 13.80	-0.1%	0.2%	5.0%	0.2%	0.0%	0.3%	0.0%		$ 14.57
North	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female	4,300	$ 51.04	-0.2%	2.8%	0.1%	0.1%	-3.4%	0.0%	-3.4%		$ 49.01
North	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	11,183	$ 57.97	-0.3%	0.0%	0.1%	0.0%	0.0%	0.0%	0.0%		$ 57.88
North	SBH - Other	SBH - Other, All Ages	9,429	$ 110.24	-0.2%	0.0%	0.0%	0.0%	0.0%	0.0%	-0.1%		$ 109.91
North	Maternity Kickpayment	Maternity Kickpayment, All Ages	-	$ -	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		$ -

Notes:
Inclusive of SBH and NEMT services
T = L * (1 + M) * (1 + N) * (1 + O) * (1 + P) * (1 + S)

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Appendix J: Specialized Behavioral Health Projected Claims PMPM Development

Table 2: SBH Prospective Rating Adjustments

						Prospective Adjustments							
			K	V	W	X	Y	Z	AA	AB	AC	AD	AE
Region Name	COA Description	Rate Cell Description	CY2013 PMPM After Historical Adj	CY2014 PMPM After Historical Adj	Blended PMPM	Retro Adj	Mixed Services Protocol Adj	1915i Adj	LaHIPP 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%	0.0%	$ -	$ -
Gulf	SSI	Newborn, 3-11 Months	$ 1.56	$ 0.49	$ 0.92	0.0%	0.0%	0.0%	0.0%	29.0%	34.0%	$ 2.01	$ 2.27
Gulf	SSI	Child, 1-20 Years	$ 95.33	$ 89.36	$ 91.75	0.0%	0.0%	0.0%	0.0%	29.0%	34.0%	$ 201.20	$ 226.23
Gulf	SSI	Adult, 21+ Years	$ 78.73	$ 85.87	$ 83.01	0.4%	0.0%	10.8%	0.0%	1.5%	3.5%	$ 96.70	$ 102.70
Gulf	Family and Children	Newborn, 0-2 Months	$ 0.12	$ 0.02	$ 0.06	0.0%	0.0%	0.0%	0.0%	29.0%	34.0%	$ 0.13	$ 0.14
Gulf	Family and Children	Newborn, 3-11 Months	$ 0.03	$ 0.08	$ 0.06	0.0%	0.0%	0.0%	0.0%	29.0%	34.0%	$ 0.14	$ 0.16
Gulf	Family and Children	Child, 1-20 Years	$ 16.72	$ 17.33	$ 17.09	0.0%	0.0%	0.0%	0.0%	29.0%	34.0%	$ 37.46	$ 42.12
Gulf	Family and Children	Adult, 21+ Years	$ 16.41	$ 17.33	$ 16.96	0.0%	0.0%	13.5%	0.0%	1.5%	3.5%	$ 20.16	$ 21.40
Gulf	Foster Care Children	Foster Care, All Ages Male & Female	$ 126.02	$ 118.96	$ 121.78	0.0%	0.0%	0.0%	0.0%	29.0%	34.0%	$ 267.09	$ 300.31
Gulf	Breast and Cervical Cancer	BCC, All Ages Female	$ 6.91	$ 7.57	$ 7.31	2.4%	0.0%	26.2%	0.0%	1.5%	3.5%	$ 9.89	$ 10.50
Gulf	LaCHIP Affordable Plan	All Ages	$ 8.95	$ 8.49	$ 8.68	0.4%	0.0%	0.0%	0.0%	29.0%	34.0%	$ 19.09	$ 21.47
Gulf	HCBS Waiver	20 & Under, Male and Female	$ 25.62	$ 21.82	$ 23.34	0.0%	0.0%	0.2%	0.0%	29.0%	34.0%	$ 51.28	$ 57.66
Gulf	HCBS Waiver	21+ Years, Male and Female	$ 31.55	$ 42.87	$ 38.34	0.0%	0.0%	11.5%	0.0%	1.5%	3.5%	$ 44.74	$ 47.52
Gulf	Chisholm Class Members	Chisholm, All Ages Male & Female	$ 60.01	$ 50.85	$ 54.52	0.0%	0.0%	0.0%	0.0%	29.0%	34.0%	$ 119.57	$ 134.44
Gulf	SBH - Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	$ 66.63	$ 56.30	$ 60.43	0.0%	-6.4%	0.0%	0.0%	27.4%	32.3%	$ 119.48	$ 134.11
Gulf	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	$ 17.86	$ 19.10	$ 18.60	0.0%	-0.8%	5.4%	-0.7%	2.9%	4.9%	$ 21.11	$ 22.40
Gulf	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female	$ 31.14	$ 24.19	$ 26.97	0.0%	-8.8%	0.2%	0.0%	25.6%	30.3%	$ 49.70	$ 55.66
Gulf	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	$ 44.85	$ 52.34	$ 49.34	0.0%	-7.3%	9.3%	0.0%	1.2%	3.2%	$ 51.82	$ 55.04
Gulf	SBH - Other	SBH - Other, All Ages	$ 134.94	$ 152.49	$ 145.47	0.0%	-6.1%	0.6%	0.0%	0.9%	2.9%	$ 141.15	$ 149.96
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	$ 10.03	$ -	$ 4.01	0.0%	0.0%	0.0%	0.0%	29.0%	34.0%	$ 8.79	$ 9.89
Capital	SSI	Newborn, 3-11 Months	$ 0.04	$ 7.72	$ 4.65	0.0%	0.0%	0.0%	0.0%	29.0%	34.0%	$ 10.20	$ 11.47
Capital	SSI	Child, 1-20 Years	$ 67.16	$ 75.08	$ 71.91	0.0%	0.0%	0.0%	0.0%	29.0%	34.0%	$ 157.70	$ 177.32
Capital	SSI	Adult, 21+ Years	$ 69.29	$ 69.48	$ 69.40	0.4%	0.0%	8.7%	0.0%	1.5%	3.5%	$ 79.32	$ 84.24
Capital	Family and Children	Newborn, 0-2 Months	$ 0.16	$ 1.22	$ 0.80	0.0%	0.0%	0.0%	0.0%	29.0%	34.0%	$ 1.75	$ 1.96
Capital	Family and Children	Newborn, 3-11 Months	$ 0.19	$ 0.42	$ 0.32	0.0%	0.0%	0.0%	0.0%	29.0%	34.0%	$ 0.71	$ 0.80
Capital	Family and Children	Child, 1-20 Years	$ 17.00	$ 16.65	$ 16.79	0.0%	0.0%	0.0%	0.0%	29.0%	34.0%	$ 36.82	$ 41.40
Capital	Family and Children	Adult, 21+ Years	$ 17.49	$ 20.14	$ 19.08	0.0%	0.0%	6.4%	0.0%	1.5%	3.5%	$ 21.25	$ 22.57
Capital	Foster Care Children	Foster Care, All Ages Male & Female	$ 113.40	$ 164.48	$ 144.05	0.0%	0.0%	0.0%	0.0%	29.0%	34.0%	$ 315.86	$ 355.16
Capital	Breast and Cervical Cancer	BCC, All Ages Female	$ 7.03	$ 16.31	$ 12.60	2.4%	0.0%	8.9%	0.0%	1.5%	3.5%	$ 14.71	$ 15.63
Capital	LaCHIP Affordable Plan	All Ages	$ 12.02	$ 16.37	$ 14.63	0.4%	0.0%	0.0%	0.0%	29.0%	34.0%	$ 32.20	$ 36.20
Capital	HCBS Waiver	20 & Under, Male and Female	$ 27.15	$ 39.11	$ 34.33	0.0%	0.0%	0.0%	0.0%	29.0%	34.0%	$ 75.27	$ 84.63
Capital	HCBS Waiver	21+ Years, Male and Female	$ 56.41	$ 52.09	$ 53.82	0.0%	0.0%	8.6%	0.0%	1.5%	3.5%	$ 61.22	$ 65.01
Capital	Chisholm Class Members	Chisholm, All Ages Male & Female	$ 69.12	$ 57.50	$ 62.15	0.0%	0.0%	0.0%	0.0%	29.0%	34.0%	$ 136.32	$ 153.28
Capital	SBH - Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	$ 76.59	$ 67.86	$ 71.35	0.0%	-6.9%	0.0%	0.0%	27.1%	32.0%	$ 139.25	$ 156.24
Capital	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	$ 14.03	$ 16.04	$ 15.24	0.0%	-5.8%	3.7%	-0.7%	4.3%	6.3%	$ 16.83	$ 17.85
Capital	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female	$ 33.87	$ 45.17	$ 40.65	0.0%	-5.3%	0.0%	0.0%	25.1%	29.8%	$ 76.83	$ 85.99
Capital	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	$ 71.11	$ 68.62	$ 69.62	0.0%	-8.3%	6.8%	0.0%	1.2%	3.2%	$ 70.70	$ 75.10
Capital	SBH - Other	SBH - Other, All Ages	$ 120.47	$ 90.48	$ 102.47	0.0%	-6.7%	0.9%	0.0%	1.1%	3.1%	$ 99.67	$ 105.87
Capital	Maternity Kickpayment	Maternity Kickpayment, All Ages	$ -	$ -	$ -	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	$ -	$ -

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Appendix J: Specialized Behavioral Health Projected Claims PMPM Development

Table 2: SBH Prospective Rating Adjustments

						Prospective Adjustments							
			K	V	W	X	Y	Z	AA	AB	AC	AD	AE
Region Name	COA Description	Rate Cell Description	CY2013 PMPM After Historical Adj	CY2014 PMPM After Historical Adj	Blended PMPM	Retro Adj	Mixed Services Protocol Adj	1915i Adj	LaHIPP 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%	0.0%	$ -	$ -
South Central	SSI	Newborn, 3-11 Months	$ 3.78	$ 0.08	$ 1.56	0.0%	0.0%	0.0%	0.0%	29.0%	34.0%	$ 3.41	$ 3.84
South Central	SSI	Child, 1-20 Years	$ 77.71	$ 71.64	$ 74.07	0.0%	0.0%	0.0%	0.0%	29.0%	34.0%	$ 162.43	$ 182.64
South Central	SSI	Adult, 21+ Years	$ 75.02	$ 67.81	$ 70.70	0.4%	0.0%	5.5%	0.0%	1.5%	3.5%	$ 78.43	$ 83.30
South Central	Family and Children	Newborn, 0-2 Months	$ 0.01	$ 0.70	$ 0.42	0.0%	0.0%	0.0%	0.0%	29.0%	34.0%	$ 0.93	$ 1.04
South Central	Family and Children	Newborn, 3-11 Months	$ 0.05	$ 0.28	$ 0.19	0.0%	0.0%	0.0%	0.0%	29.0%	34.0%	$ 0.41	$ 0.46
South Central	Family and Children	Child, 1-20 Years	$ 13.75	$ 13.46	$ 13.57	0.0%	0.0%	0.0%	0.0%	29.0%	34.0%	$ 29.77	$ 33.47
South Central	Family and Children	Adult, 21+ Years	$ 18.26	$ 19.45	$ 18.98	0.0%	0.0%	6.0%	0.0%	1.5%	3.5%	$ 21.06	$ 22.37
South Central	Foster Care Children	Foster Care, All Ages Male & Female	$ 132.67	$ 98.07	$ 111.91	0.0%	0.0%	0.0%	0.0%	29.0%	34.0%	$ 245.42	$ 275.95
South Central	Breast and Cervical Cancer	BCC, All Ages Female	$ 2.17	$ 5.56	$ 4.20	2.4%	0.0%	12.6%	0.0%	1.5%	3.5%	$ 5.08	$ 5.39
South Central	LaCHIP Affordable Plan	All Ages	$ 7.47	$ 6.93	$ 7.15	0.4%	0.0%	0.0%	0.0%	29.0%	34.0%	$ 15.73	$ 17.69
South Central	HCBS Waiver	20 & Under, Male and Female	$ 40.42	$ 23.04	$ 29.99	0.0%	0.0%	0.0%	0.0%	29.0%	34.0%	$ 65.76	$ 73.95
South Central	HCBS Waiver	21+ Years, Male and Female	$ 43.76	$ 41.40	$ 42.35	0.0%	0.0%	5.2%	0.0%	1.5%	3.5%	$ 46.66	$ 49.55
South Central	Chisholm Class Members	Chisholm, All Ages Male & Female	$ 99.83	$ 107.46	$ 104.41	0.0%	0.0%	0.0%	0.0%	29.0%	34.0%	$ 228.99	$ 257.48
South Central	SBH - Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	$ 109.04	$ 115.41	$ 112.86	0.0%	-6.4%	0.0%	0.0%	26.7%	31.6%	$ 219.29	$ 245.94
South Central	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	$ 12.74	$ 12.20	$ 12.42	0.0%	-1.7%	2.7%	-0.7%	3.7%	5.7%	$ 13.92	$ 14.77
South Central	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female	$ 52.41	$ 31.89	$ 40.10	0.0%	-8.3%	0.0%	0.0%	22.4%	26.8%	$ 68.54	$ 76.45
South Central	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	$ 67.55	$ 58.22	$ 61.95	0.0%	-7.9%	3.5%	0.0%	1.0%	3.0%	$ 60.88	$ 64.68
South Central	SBH - Other	SBH - Other, All Ages	$ 207.99	$ 173.38	$ 187.22	0.0%	-6.1%	0.9%	0.0%	1.0%	3.0%	$ 182.89	$ 194.29
South Central	Maternity Kickpayment	Maternity Kickpayment, All Ages	$ -	$ -	$ -	0.0%	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%	0.0%	$ -	$ -
North	SSI	Newborn, 3-11 Months	$ 0.02	$ 0.09	$ 0.06	0.0%	0.0%	0.0%	0.0%	29.0%	34.0%	$ 0.13	$ 0.15
North	SSI	Child, 1-20 Years	$ 131.72	$ 114.42	$ 121.34	0.0%	0.0%	0.0%	0.0%	29.0%	34.0%	$ 266.07	$ 299.17
North	SSI	Adult, 21+ Years	$ 52.51	$ 54.08	$ 53.45	0.4%	0.0%	9.9%	0.0%	1.5%	3.5%	$ 61.79	$ 65.62
North	Family and Children	Newborn, 0-2 Months	$ 0.02	$ 0.01	$ 0.01	0.0%	0.0%	0.0%	0.0%	29.0%	34.0%	$ 0.03	$ 0.03
North	Family and Children	Newborn, 3-11 Months	$ 0.01	$ 0.19	$ 0.11	0.0%	0.0%	0.0%	0.0%	29.0%	34.0%	$ 0.25	$ 0.28
North	Family and Children	Child, 1-20 Years	$ 21.04	$ 22.87	$ 22.14	0.0%	0.0%	0.0%	0.0%	29.0%	34.0%	$ 48.54	$ 54.58
North	Family and Children	Adult, 21+ Years	$ 16.93	$ 18.45	$ 17.84	0.0%	0.0%	11.6%	0.0%	1.5%	3.5%	$ 20.85	$ 22.14
North	Foster Care Children	Foster Care, All Ages Male & Female	$ 367.26	$ 258.52	$ 302.01	0.0%	0.0%	0.0%	0.0%	29.0%	34.0%	$ 662.24	$ 744.62
North	Breast and Cervical Cancer	BCC, All Ages Female	$ 36.57	$ 12.12	$ 21.90	2.4%	0.0%	7.7%	0.0%	1.5%	3.5%	$ 25.28	$ 26.85
North	LaCHIP Affordable Plan	All Ages	$ 10.12	$ 20.50	$ 16.35	0.4%	0.0%	0.0%	0.0%	29.0%	34.0%	$ 35.98	$ 40.46
North	HCBS Waiver	20 & Under, Male and Female	$ 76.49	$ 42.58	$ 56.14	0.0%	0.0%	0.0%	0.0%	29.0%	34.0%	$ 123.11	$ 138.42
North	HCBS Waiver	21+ Years, Male and Female	$ 43.41	$ 40.16	$ 41.46	0.0%	0.0%	15.2%	0.0%	1.5%	3.5%	$ 49.99	$ 53.09
North	Chisholm Class Members	Chisholm, All Ages Male & Female	$ 99.41	$ 99.68	$ 99.57	0.0%	0.0%	0.0%	0.0%	29.0%	34.0%	$ 218.40	$ 245.56
North	SBH - Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	$ 102.60	$ 101.69	$ 102.05	0.0%	-0.2%	0.0%	0.0%	28.3%	33.3%	$ 219.81	$ 246.97
North	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	$ 12.56	$ 14.57	$ 13.77	0.0%	-1.9%	5.2%	-0.7%	3.8%	5.8%	$ 15.81	$ 16.77
North	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female	$ 84.43	$ 49.01	$ 63.18	0.0%	0.4%	0.0%	0.0%	26.4%	31.2%	$ 130.71	$ 146.54
North	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	$ 66.05	$ 57.88	$ 61.15	0.0%	-3.0%	10.2%	0.0%	1.1%	3.1%	$ 67.53	$ 71.74
North	SBH - Other	SBH - Other, All Ages	$ 121.69	$ 109.91	$ 114.62	0.0%	-2.2%	0.6%	0.0%	0.9%	2.9%	$ 115.97	$ 123.20
North	Maternity Kickpayment	Maternity Kickpayment, All Ages	$ -	$ -	$ -	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	$ -	$ -

Notes:
Inclusive of SBH and NEMT services
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)

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

Table 1: Historical Rating Adjustments

			A	B	C	D	E	F	G	H	I	J
Region Name	**COA Description**	**Rate Cell Description**	**CY2013 MMs**	**CY2013 PMPM**	**Recoupment Adj (F&A)**	**Historical Trend**	**CY2013 PMPM After Adj**	**CY2014 MMs**	**CY2014 PMPM**	**Recoupment Adj (F&A)**	**Historical Trend**	**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	16,432	$ 3.06	-0.44%	11.00%	$ 3.38	17,340	$ 4.17	-0.28%		$ 4.16
Gulf	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	305,720	$ 5.57	-0.20%	16.00%	$ 6.45	300,839	$ 5.62	-0.14%		$ 5.61
Gulf	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female	7,958	$ 4.99	-0.53%	11.00%	$ 5.51	7,178	$ 2.38	-0.31%		$ 2.37
Gulf	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	13,232	$ 12.02	-0.54%	11.00%	$ 13.28	13,502	$ 9.46	-0.34%		$ 9.43
Gulf	SBH - Other	SBH - Other, All Ages	6,782	$ 46.69	-0.59%	11.00%	$ 51.52	7,421	$ 62.15	-0.39%		$ 61.91
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	16,256	$ 5.31	-0.44%	11.00%	$ 5.87	17,364	$ 5.08	-0.25%		$ 5.07
Capital	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	246,290	$ 7.55	-0.20%	16.00%	$ 8.74	240,039	$ 9.39	-0.12%		$ 9.38
Capital	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female	8,312	$ 6.09	-0.47%	11.00%	$ 6.72	7,498	$ 6.07	-0.32%		$ 6.06
Capital	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	12,119	$ 13.31	-0.50%	11.00%	$ 14.70	12,195	$ 16.57	-0.29%		$ 16.53
Capital	SBH - Other	SBH - Other, All Ages	8,210	$ 30.98	-0.59%	11.00%	$ 34.19	8,267	$ 25.41	-0.39%		$ 25.31
Capital	Maternity Kickpayment	Maternity Kickpayment, All Ages	-	$ -	0.00%	0.00%	$ -	-	$ -	0.00%		$ -

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

Table 1: Historical Rating Adjustments

			A	B	C	D	E	F	G	H	I	J
Region Name	**COA Description**	**Rate Cell Description**	**CY2013 MMs**	**CY2013 PMPM**	**Recoupment Adj (F&A)**	**Historical Trend**	**CY2013 PMPM After Adj**	**CY2014 MMs**	**CY2014 PMPM**	**Recoupment Adj (F&A)**	**Historical Trend**	**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	17,566	$ 9.68	-0.38%	11.00%	$ 10.71	19,105	$ 9.98	-0.22%		$ 9.96
South Central	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	329,216	$ 5.17	-0.31%	16.00%	$ 5.98	324,261	$ 5.96	-0.17%		$ 5.95
South Central	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female	7,448	$ 10.86	-0.52%	11.00%	$ 11.99	6,778	$ 8.88	-0.34%		$ 8.85
South Central	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	14,467	$ 21.55	-0.56%	11.00%	$ 23.78	14,081	$ 16.88	-0.35%		$ 16.82
South Central	SBH - Other	SBH - Other, All Ages	10,168	$ 45.97	-0.59%	11.00%	$ 50.73	10,516	$ 69.22	-0.39%		$ 68.95
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	17,335	$ 2.60	-0.27%	11.00%	$ 2.88	17,261	$ 2.95	-0.17%		$ 2.94
North	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	258,659	$ 5.89	-0.22%	16.00%	$ 6.81	257,226	$ 7.23	-0.13%		$ 7.22
North	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female	4,873	$ 7.18	-0.47%	11.00%	$ 7.94	4,300	$ 6.45	-0.32%		$ 6.43
North	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	11,235	$ 20.48	-0.52%	11.00%	$ 22.62	11,183	$ 17.78	-0.33%		$ 17.72
North	SBH - Other	SBH - Other, All Ages	9,328	$ 39.85	-0.59%	11.00%	$ 43.98	9,429	$ 46.79	-0.39%		$ 46.60
North	Maternity Kickpayment	Maternity Kickpayment, All Ages	-	$ -	0.00%	0.00%	$ -	-	$ -	0.00%		$ -

Notes:
E = B * (1 + C) * (1 + D)
J = G * (1 + I)

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

Table 2: Prospective Rating Adjustments

			E	J	K	L	M	N	O	P
Region Name	**COA Description**	**Rate Cell Description**	**CY2013 PMPM After Historical Adj**	**CY2014 PMPM After Historical Adj**	**Blended PMPM**	**LaHIPP**	**Low Trend**	**High Trend**	**Projected PMPM -- Low**	**Projected PMPM -- High**
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	$ 3.38	$ 4.16	$ 3.85	0.00%	0.00%	2.00%	$ 3.85	$ 4.09
Gulf	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	$ 6.45	$ 5.61	$ 5.94	-0.69%	6.00%	8.00%	$ 7.07	$ 7.48
Gulf	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female	$ 5.51	$ 2.37	$ 3.63	0.00%	0.00%	2.00%	$ 3.63	$ 3.86
Gulf	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	$ 13.28	$ 9.43	$ 10.97	0.00%	0.00%	2.00%	$ 10.97	$ 11.66
Gulf	SBH - Other	SBH - Other, All Ages	$ 51.52	$ 61.91	$ 57.75	0.00%	0.00%	2.00%	$ 57.75	$ 61.39
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	$ 5.87	$ 5.07	$ 5.39	0.00%	0.00%	2.00%	$ 5.39	$ 5.73
Capital	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	$ 8.74	$ 9.38	$ 9.12	-0.69%	6.00%	8.00%	$ 10.84	$ 11.49
Capital	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female	$ 6.72	$ 6.06	$ 6.32	0.00%	0.00%	2.00%	$ 6.32	$ 6.72
Capital	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	$ 14.70	$ 16.53	$ 15.79	0.00%	0.00%	2.00%	$ 15.79	$ 16.79
Capital	SBH - Other	SBH - Other, All Ages	$ 34.19	$ 25.31	$ 28.86	0.00%	0.00%	2.00%	$ 28.86	$ 30.68
Capital	Maternity Kickpayment	Maternity Kickpayment, All Ages	$ -	$ -	$ -	0.00%	0.00%	0.00%	$ -	$ -

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

Table 2: Prospective Rating Adjustments

			E	J	K	L	M	N	O	P
Region Name	**COA Description**	**Rate Cell Description**	**CY2013 PMPM After Historical Adj**	**CY2014 PMPM After Historical Adj**	**Blended PMPM**	**LaHIPP**	**Low Trend**	**High Trend**	**Projected PMPM -- Low**	**Projected PMPM -- High**
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	$ 10.71	$ 9.96	$ 10.26	0.00%	0.00%	2.00%	$ 10.26	$ 10.91
South Central	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	$ 5.98	$ 5.95	$ 5.96	-0.69%	6.00%	8.00%	$ 7.08	$ 7.50
South Central	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female	$ 11.99	$ 8.85	$ 10.11	0.00%	0.00%	2.00%	$ 10.11	$ 10.74
South Central	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	$ 23.78	$ 16.82	$ 19.61	0.00%	0.00%	2.00%	$ 19.61	$ 20.84
South Central	SBH - Other	SBH - Other, All Ages	$ 50.73	$ 68.95	$ 61.66	0.00%	0.00%	2.00%	$ 61.66	$ 65.54
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	$ 2.88	$ 2.94	$ 2.92	0.00%	0.00%	2.00%	$ 2.92	$ 3.10
North	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	$ 6.81	$ 7.22	$ 7.06	-0.69%	6.00%	8.00%	$ 8.39	$ 8.89
North	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female	$ 7.94	$ 6.43	$ 7.03	0.00%	0.00%	2.00%	$ 7.03	$ 7.48
North	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	$ 22.62	$ 17.72	$ 19.68	0.00%	0.00%	2.00%	$ 19.68	$ 20.92
North	SBH - Other	SBH - Other, All Ages	$ 43.98	$ 46.60	$ 45.55	0.00%	0.00%	2.00%	$ 45.55	$ 48.42
North	Maternity Kickpayment	Maternity Kickpayment, All Ages	$ -	$ -	$ -	0.00%	0.00%	0.00%	$ -	$ -

Notes:
K = 40% * E + 60% * J
O = K * ((1 + M)^25/12)
P = K * ((1 + N)^25/12)

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Appendix L: Non-Expansion Combined Rate Development

Table 1: Final Projected Claims PMPM Development

				Projected Claims PMPM								Final Projected Claims PMPM[2]	
				PH (Appendix H)		SBH (Appendices I)		PH & SBH Combined					
			A	B	C	D	E	F	G	H		I	J
Region Name	COA Description	Rate Cell Description	Projected MMs	Low PMPM	High PMPM	Low PMPM	High PMPM	Low PMPM	High PMPM	Credibility[1]		Low PMPM	High PMPM
Gulf	SSI	Newborn, 0-2 Months	535	$ 21,460.17	$ 23,298.96	$ -	$ -	$ 21,460.17	$ 23,298.96	0%		$ 17,896.96	$ 19,447.30
Gulf	SSI	Newborn, 3-11 Months	2,252	$ 6,003.07	$ 6,541.72	$ 2.01	$ 2.27	$ 6,005.08	$ 6,543.98	0%		$ 4,802.04	$ 5,224.27
Gulf	SSI	Child, 1-20 Years	126,641	$ 388.50	$ 420.35	$ 201.20	$ 226.23	$ 589.70	$ 646.57	100%		$ 589.70	$ 646.57
Gulf	SSI	Adult, 21+ Years	269,067	$ 826.42	$ 890.99	$ 96.70	$ 102.70	$ 923.12	$ 993.68	100%		$ 923.12	$ 993.68
Gulf	Family and Children	Newborn, 0-2 Months	54,622	$ 1,084.91	$ 1,186.95	$ 0.13	$ 0.14	$ 1,085.04	$ 1,187.09	100%		$ 1,085.04	$ 1,187.09
Gulf	Family and Children	Newborn, 3-11 Months	123,181	$ 189.30	$ 203.20	$ 0.14	$ 0.16	$ 189.44	$ 203.36	100%		$ 189.44	$ 203.36
Gulf	Family and Children	Child, 1-20 Years	2,245,262	$ 84.64	$ 90.49	$ 37.46	$ 42.12	$ 122.10	$ 132.62	100%		$ 122.10	$ 132.62
Gulf	Family and Children	Adult, 21+ Years	428,360	$ 221.08	$ 235.82	$ 20.16	$ 21.40	$ 241.24	$ 257.22	100%		$ 241.24	$ 257.22
Gulf	Foster Care Children	Foster Care, All Ages Male & Female	27,100	$ 156.29	$ 166.40	$ 267.09	$ 300.31	$ 423.37	$ 466.71	0%		$ 514.08	$ 567.96
Gulf	Breast and Cervical Cancer	BCC, All Ages Female	3,182	$ 1,566.51	$ 1,681.30	$ 9.89	$ 10.50	$ 1,576.40	$ 1,691.80	0%		$ 1,585.59	$ 1,698.88
Gulf	LaCHIP Affordable Plan	All Ages	7,322	$ 121.76	$ 130.51	$ 19.09	$ 21.47	$ 140.85	$ 151.98	0%		$ 149.30	$ 161.29
Gulf	HCBS Waiver	20 & Under, Male and Female	1,032	$ 1,317.40	$ 1,449.72	$ 51.28	$ 57.66	$ 1,368.69	$ 1,507.39	0%		$ 2,079.78	$ 2,284.38
Gulf	HCBS Waiver	21+ Years, Male and Female	3,452	$ 700.18	$ 758.41	$ 44.74	$ 47.52	$ 744.92	$ 805.93	0%		$ 809.53	$ 876.69
Gulf	Chisholm Class Members	Chisholm, All Ages Male & Female	5,921	$ 771.36	$ 854.32	$ 119.57	$ 134.44	$ 890.93	$ 988.76	0%		$ 1,035.92	$ 1,149.09
Gulf	SBH - Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	13,493	$ -	$ -	$ 119.48	$ 134.11	$ 119.48	$ 134.11	0%		$ 175.51	$ 196.99
Gulf	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	334,492	$ -	$ -	$ 21.11	$ 22.40	$ 21.11	$ 22.40	100%		$ 21.11	$ 22.40
Gulf	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female	6,270	$ -	$ -	$ 49.70	$ 55.66	$ 49.70	$ 55.66	0%		$ 76.08	$ 85.14
Gulf	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	12,515	$ -	$ -	$ 51.82	$ 55.04	$ 51.82	$ 55.04	0%		$ 62.29	$ 66.17
Gulf	SBH - Other	SBH - Other, All Ages	7,511	$ -	$ -	$ 141.15	$ 149.96	$ 141.15	$ 149.96	0%		$ 137.18	$ 145.73
Gulf	Maternity Kickpayment	Maternity Kickpayment, All Ages	24,689	$ 5,829.94	$ 6,015.05	$ -	$ -	$ 5,829.94	$ 6,015.05	100%		$ 5,829.94	$ 6,015.05
Capital	SSI	Newborn, 0-2 Months	404	$ 18,324.03	$ 19,972.54	$ 8.79	$ 9.89	$ 18,332.83	$ 19,982.43	0%		$ 17,896.96	$ 19,447.30
Capital	SSI	Newborn, 3-11 Months	1,699	$ 6,370.43	$ 6,933.61	$ 10.20	$ 11.47	$ 6,380.63	$ 6,945.08	0%		$ 4,802.04	$ 5,224.27
Capital	SSI	Child, 1-20 Years	94,505	$ 476.51	$ 516.29	$ 157.70	$ 177.32	$ 634.21	$ 693.61	100%		$ 634.21	$ 693.61
Capital	SSI	Adult, 21+ Years	193,211	$ 948.87	$ 1,022.39	$ 79.32	$ 84.24	$ 1,028.19	$ 1,106.63	100%		$ 1,028.19	$ 1,106.63
Capital	Family and Children	Newborn, 0-2 Months	41,215	$ 1,141.70	$ 1,249.27	$ 1.75	$ 1.96	$ 1,143.44	$ 1,251.23	100%		$ 1,143.44	$ 1,251.23
Capital	Family and Children	Newborn, 3-11 Months	92,946	$ 186.77	$ 200.50	$ 0.71	$ 0.80	$ 187.48	$ 201.30	100%		$ 187.48	$ 201.30
Capital	Family and Children	Child, 1-20 Years	1,977,877	$ 93.56	$ 100.08	$ 36.82	$ 41.40	$ 130.38	$ 141.48	100%		$ 130.38	$ 141.48
Capital	Family and Children	Adult, 21+ Years	333,033	$ 265.33	$ 282.91	$ 21.25	$ 22.57	$ 286.58	$ 305.48	100%		$ 286.58	$ 305.48
Capital	Foster Care Children	Foster Care, All Ages Male & Female	37,283	$ 162.71	$ 172.58	$ 315.86	$ 355.16	$ 478.57	$ 527.74	0%		$ 514.08	$ 567.96
Capital	Breast and Cervical Cancer	BCC, All Ages Female	3,317	$ 1,366.86	$ 1,460.43	$ 14.71	$ 15.63	$ 1,381.58	$ 1,476.05	0%		$ 1,585.59	$ 1,698.88
Capital	LaCHIP Affordable Plan	All Ages	9,557	$ 148.00	$ 158.87	$ 32.20	$ 36.20	$ 180.20	$ 195.07	0%		$ 149.30	$ 161.29
Capital	HCBS Waiver	20 & Under, Male and Female	1,056	$ 1,851.93	$ 2,033.71	$ 75.27	$ 84.63	$ 1,927.20	$ 2,118.35	0%		$ 2,079.78	$ 2,284.38
Capital	HCBS Waiver	21+ Years, Male and Female	2,629	$ 722.28	$ 784.63	$ 61.22	$ 65.01	$ 783.49	$ 849.65	0%		$ 809.53	$ 876.69
Capital	Chisholm Class Members	Chisholm, All Ages Male & Female	4,717	$ 946.72	$ 1,047.98	$ 136.32	$ 153.28	$ 1,083.04	$ 1,201.26	0%		$ 1,035.92	$ 1,149.09
Capital	SBH - Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	13,970	$ -	$ -	$ 139.25	$ 156.24	$ 139.25	$ 156.24	0%		$ 175.51	$ 196.99
Capital	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	266,563	$ -	$ -	$ 16.83	$ 17.85	$ 16.83	$ 17.85	100%		$ 16.83	$ 17.85
Capital	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female	7,085	$ -	$ -	$ 76.83	$ 85.99	$ 76.83	$ 85.99	0%		$ 76.08	$ 85.14
Capital	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	12,038	$ -	$ -	$ 70.70	$ 75.10	$ 70.70	$ 75.10	0%		$ 62.29	$ 66.17
Capital	SBH - Other	SBH - Other, All Ages	8,728	$ -	$ -	$ 99.67	$ 105.87	$ 99.67	$ 105.87	0%		$ 137.18	$ 145.73
Capital	Maternity Kickpayment	Maternity Kickpayment, All Ages	16,577	$ 5,150.56	$ 5,314.01	$ -	$ -	$ 5,150.56	$ 5,314.01	100%		$ 5,150.56	$ 5,314.01

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Appendix L: Non-Expansion Combined Rate Development

Table 1: Final Projected Claims PMPM Development

				Projected Claims PMPM								Final Projected Claims PMPM[2]	
				PH (Appendix H)		SBH (Appendices I)		PH & SBH Combined					
			A	B	C	D	E	F	G	H		I	J
Region Name	COA Description	Rate Cell Description	Projected MMs	Low PMPM	High PMPM	Low PMPM	High PMPM	Low PMPM	High PMPM	Credibility[1]		Low PMPM	High PMPM
South Central	SSI	Newborn, 0-2 Months	461	$ 16,705.45	$ 18,108.02	$ -	$ -	$ 16,705.45	$ 18,108.02	0%		$ 17,896.96	$ 19,447.30
South Central	SSI	Newborn, 3-11 Months	1,938	$ 3,870.71	$ 4,212.31	$ 3.41	$ 3.84	$ 3,874.12	$ 4,216.15	0%		$ 4,802.04	$ 5,224.27
South Central	SSI	Child, 1-20 Years	101,556	$ 435.29	$ 471.49	$ 162.43	$ 182.64	$ 597.72	$ 654.12	100%		$ 597.72	$ 654.12
South Central	SSI	Adult, 21+ Years	236,857	$ 807.69	$ 868.82	$ 78.43	$ 83.30	$ 886.13	$ 952.12	100%		$ 886.13	$ 952.12
South Central	Family and Children	Newborn, 0-2 Months	47,015	$ 1,240.09	$ 1,353.80	$ 0.93	$ 1.04	$ 1,241.02	$ 1,354.84	100%		$ 1,241.02	$ 1,354.84
South Central	Family and Children	Newborn, 3-11 Months	106,027	$ 194.43	$ 208.54	$ 0.41	$ 0.46	$ 194.84	$ 209.01	100%		$ 194.84	$ 209.01
South Central	Family and Children	Child, 1-20 Years	2,217,634	$ 96.03	$ 102.60	$ 29.77	$ 33.47	$ 125.79	$ 136.07	100%		$ 125.79	$ 136.07
South Central	Family and Children	Adult, 21+ Years	363,449	$ 242.14	$ 258.05	$ 21.06	$ 22.37	$ 263.20	$ 280.42	100%		$ 263.20	$ 280.42
South Central	Foster Care Children	Foster Care, All Ages Male & Female	49,875	$ 167.99	$ 178.89	$ 245.42	$ 275.95	$ 413.40	$ 454.84	0%		$ 514.08	$ 567.96
South Central	Breast and Cervical Cancer	BCC, All Ages Female	2,199	$ 1,733.31	$ 1,856.18	$ 5.08	$ 5.39	$ 1,738.38	$ 1,861.57	0%		$ 1,585.59	$ 1,698.88
South Central	LaCHIP Affordable Plan	All Ages	10,454	$ 101.78	$ 108.75	$ 15.73	$ 17.69	$ 117.52	$ 126.44	0%		$ 149.30	$ 161.29
South Central	HCBS Waiver	20 & Under, Male and Female	1,142	$ 2,540.20	$ 2,779.94	$ 65.76	$ 73.95	$ 2,605.97	$ 2,853.89	0%		$ 2,079.78	$ 2,284.38
South Central	HCBS Waiver	21+ Years, Male and Female	3,354	$ 816.41	$ 883.39	$ 46.66	$ 49.55	$ 863.07	$ 932.94	0%		$ 809.53	$ 876.69
South Central	Chisholm Class Members	Chisholm, All Ages Male & Female	6,069	$ 961.69	$ 1,061.58	$ 228.99	$ 257.48	$ 1,190.69	$ 1,319.06	0%		$ 1,035.92	$ 1,149.09
South Central	SBH - Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	14,070	$ -	$ -	$ 219.29	$ 245.94	$ 219.29	$ 245.94	0%		$ 175.51	$ 196.99
South Central	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	354,544	$ -	$ -	$ 13.92	$ 14.77	$ 13.92	$ 14.77	100%		$ 13.92	$ 14.77
South Central	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female	6,496	$ -	$ -	$ 68.54	$ 76.45	$ 68.54	$ 76.45	0%		$ 76.08	$ 85.14
South Central	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	12,741	$ -	$ -	$ 60.88	$ 64.68	$ 60.88	$ 64.68	0%		$ 62.29	$ 66.17
South Central	SBH - Other	SBH - Other, All Ages	11,211	$ -	$ -	$ 182.89	$ 194.29	$ 182.89	$ 194.29	0%		$ 137.18	$ 145.73
South Central	Maternity Kickpayment	Maternity Kickpayment, All Ages	19,098	$ 5,287.19	$ 5,454.96	$ -	$ -	$ 5,287.19	$ 5,454.96	100%		$ 5,287.19	$ 5,454.96
North	SSI	Newborn, 0-2 Months	377	$ 14,749.08	$ 16,043.16	$ -	$ -	$ 14,749.08	$ 16,043.16	0%		$ 17,896.96	$ 19,447.30
North	SSI	Newborn, 3-11 Months	1,585	$ 2,984.88	$ 3,229.86	$ 0.13	$ 0.15	$ 2,985.02	$ 3,230.01	0%		$ 4,802.04	$ 5,224.27
North	SSI	Child, 1-20 Years	115,401	$ 404.59	$ 437.73	$ 266.07	$ 299.17	$ 670.66	$ 736.90	100%		$ 670.66	$ 736.90
North	SSI	Adult, 21+ Years	209,758	$ 737.80	$ 794.39	$ 61.79	$ 65.62	$ 799.58	$ 860.01	100%		$ 799.58	$ 860.01
North	Family and Children	Newborn, 0-2 Months	38,446	$ 1,209.84	$ 1,322.90	$ 0.03	$ 0.03	$ 1,209.87	$ 1,322.92	100%		$ 1,209.87	$ 1,322.92
North	Family and Children	Newborn, 3-11 Months	86,701	$ 194.42	$ 208.73	$ 0.25	$ 0.28	$ 194.67	$ 209.01	100%		$ 194.67	$ 209.01
North	Family and Children	Child, 1-20 Years	1,722,974	$ 83.10	$ 88.79	$ 48.54	$ 54.58	$ 131.64	$ 143.37	100%		$ 131.64	$ 143.37
North	Family and Children	Adult, 21+ Years	281,131	$ 223.76	$ 238.66	$ 20.85	$ 22.14	$ 244.62	$ 260.80	100%		$ 244.62	$ 260.80
North	Foster Care Children	Foster Care, All Ages Male & Female	31,596	$ 167.11	$ 177.35	$ 662.24	$ 744.62	$ 829.34	$ 921.96	0%		$ 514.08	$ 567.96
North	Breast and Cervical Cancer	BCC, All Ages Female	2,469	$ 1,714.49	$ 1,840.37	$ 25.28	$ 26.85	$ 1,739.77	$ 1,867.21	0%		$ 1,585.59	$ 1,698.88
North	LaCHIP Affordable Plan	All Ages	5,233	$ 137.34	$ 147.38	$ 35.98	$ 40.46	$ 173.32	$ 187.84	0%		$ 149.30	$ 161.29
North	HCBS Waiver	20 & Under, Male and Female	1,044	$ 2,580.34	$ 2,834.82	$ 123.11	$ 138.42	$ 2,703.45	$ 2,973.25	0%		$ 2,079.78	$ 2,284.38
North	HCBS Waiver	21+ Years, Male and Female	2,911	$ 798.58	$ 867.78	$ 49.99	$ 53.09	$ 848.58	$ 920.87	0%		$ 809.53	$ 876.69
North	Chisholm Class Members	Chisholm, All Ages Male & Female	4,066	$ 746.57	$ 826.29	$ 218.40	$ 245.56	$ 964.96	$ 1,071.85	0%		$ 1,035.92	$ 1,149.09
North	SBH - Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	12,916	$ -	$ -	$ 219.81	$ 246.97	$ 219.81	$ 246.97	0%		$ 175.51	$ 196.99
North	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	284,633	$ -	$ -	$ 15.81	$ 16.77	$ 15.81	$ 16.77	100%		$ 15.81	$ 16.77
North	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female	4,076	$ -	$ -	$ 130.71	$ 146.54	$ 130.71	$ 146.54	0%		$ 76.08	$ 85.14
North	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	9,869	$ -	$ -	$ 67.53	$ 71.74	$ 67.53	$ 71.74	0%		$ 62.29	$ 66.17
North	SBH - Other	SBH - Other, All Ages	10,383	$ -	$ -	$ 115.97	$ 123.20	$ 115.97	$ 123.20	0%		$ 137.18	$ 145.73
North	Maternity Kickpayment	Maternity Kickpayment, All Ages	15,959	$ 5,156.97	$ 5,320.53	$ -	$ -	$ 5,156.97	$ 5,320.53	100%		$ 5,156.97	$ 5,320.53

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

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Appendix L: Non-Expansion Combined Rate Development

Table 2a: Loaded Rate Development

				Final Projected Claims PMPM		Retention Load						Loaded Rates	
			A	I	J	K	L	M	N	O	P	Q	R
Region Name	COA Description	Rate Cell Description	Projected MMs	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 @ 5.5%	Low	High
Gulf	SSI	Newborn, 0-2 Months	535	$ 17,896.96	$ 19,447.30	$ 13.34	$ 14.40	5.33%	5.30%	2.00%	5.50%	$ 20,393.15	$ 22,154.25
Gulf	SSI	Newborn, 3-11 Months	2,252	$ 4,802.04	$ 5,224.27	$ 13.34	$ 14.40	4.96%	4.94%	2.00%	5.50%	$ 5,463.41	$ 5,942.38
Gulf	SSI	Child, 1-20 Years	126,641	$ 589.70	$ 646.57	$ 13.34	$ 14.40	4.55%	4.53%	2.00%	5.50%	$ 680.91	$ 746.25
Gulf	SSI	Adult, 21+ Years	269,067	$ 923.12	$ 993.68	$ 13.34	$ 14.40	4.13%	4.11%	2.00%	5.50%	$ 1,053.61	$ 1,133.98
Gulf	Family and Children	Newborn, 0-2 Months	54,622	$ 1,085.04	$ 1,187.09	$ 13.34	$ 14.40	5.31%	5.28%	2.00%	5.50%	$ 1,249.68	$ 1,366.68
Gulf	Family and Children	Newborn, 3-11 Months	123,181	$ 189.44	$ 203.36	$ 13.34	$ 14.40	4.80%	4.78%	2.00%	5.50%	$ 229.06	$ 245.92
Gulf	Family and Children	Child, 1-20 Years	2,245,262	$ 122.10	$ 132.62	$ 13.34	$ 14.40	4.62%	4.61%	2.00%	5.50%	$ 152.53	$ 165.55
Gulf	Family and Children	Adult, 21+ Years	428,360	$ 241.24	$ 257.22	$ 13.34	$ 14.40	4.41%	4.39%	2.00%	5.50%	$ 286.73	$ 305.84
Gulf	Foster Care Children	Foster Care, All Ages Male & Female	27,100	$ 514.08	$ 567.96	$ 13.34	$ 14.40	4.86%	4.87%	2.00%	5.50%	$ 597.22	$ 659.48
Gulf	Breast and Cervical Cancer	BCC, All Ages Female	3,182	$ 1,585.59	$ 1,698.88	$ 13.34	$ 14.40	4.62%	4.60%	2.00%	5.50%	$ 1,807.85	$ 1,936.69
Gulf	LaCHIP Affordable Plan	All Ages	7,322	$ 149.30	$ 161.29	$ 13.34	$ 14.40	4.37%	4.36%	2.00%	5.50%	$ 182.88	$ 197.54
Gulf	HCBS Waiver	20 & Under, Male and Female	1,032	$ 2,079.78	$ 2,284.38	$ 13.34	$ 14.40	4.90%	4.90%	2.00%	5.50%	$ 2,373.10	$ 2,606.26
Gulf	HCBS Waiver	21+ Years, Male and Female	3,452	$ 809.53	$ 876.69	$ 13.34	$ 14.40	3.88%	3.91%	2.00%	5.50%	$ 923.50	$ 1,000.40
Gulf	Chisholm Class Members	Chisholm, All Ages Male & Female	5,921	$ 1,035.92	$ 1,149.09	$ 13.34	$ 14.40	5.63%	5.66%	2.00%	5.50%	$ 1,197.44	$ 1,328.11
Gulf	SBH - Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	13,493	$ 175.51	$ 196.99	$ 1.46	$ 1.58	5.05%	5.07%	2.00%	5.50%	$ 200.90	$ 225.45
Gulf	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	334,492	$ 21.11	$ 22.40	$ 1.46	$ 1.58	5.05%	5.07%	2.00%	5.50%	$ 25.55	$ 27.14
Gulf	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female	6,270	$ 76.08	$ 85.14	$ 1.46	$ 1.58	5.05%	5.07%	2.00%	5.50%	$ 87.98	$ 98.41
Gulf	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	12,515	$ 62.29	$ 66.17	$ 1.46	$ 1.58	5.05%	5.07%	2.00%	5.50%	$ 72.32	$ 76.86
Gulf	SBH - Other	SBH - Other, All Ages	7,511	$ 137.18	$ 145.73	$ 1.46	$ 1.58	5.05%	5.07%	2.00%	5.50%	$ 157.37	$ 167.23
Gulf	Maternity Kickpayment	Maternity Kickpayment, All Ages	24,689	$ 5,829.94	$ 6,015.05	$ -	$ -	5.30%	5.54%	2.00%	5.50%	$ 6,636.67	$ 6,863.22
Capital	SSI	Newborn, 0-2 Months	404	$ 17,896.96	$ 19,447.30	$ 13.34	$ 14.40	5.33%	5.30%	2.00%	5.50%	$ 20,393.15	$ 22,154.25
Capital	SSI	Newborn, 3-11 Months	1,699	$ 4,802.04	$ 5,224.27	$ 13.34	$ 14.40	4.96%	4.94%	2.00%	5.50%	$ 5,463.41	$ 5,942.38
Capital	SSI	Child, 1-20 Years	94,505	$ 634.21	$ 693.61	$ 13.34	$ 14.40	4.48%	4.46%	2.00%	5.50%	$ 730.74	$ 798.86
Capital	SSI	Adult, 21+ Years	193,211	$ 1,028.19	$ 1,106.63	$ 13.34	$ 14.40	4.08%	4.06%	2.00%	5.50%	$ 1,171.29	$ 1,260.45
Capital	Family and Children	Newborn, 0-2 Months	41,215	$ 1,143.44	$ 1,251.23	$ 13.34	$ 14.40	5.30%	5.28%	2.00%	5.50%	$ 1,316.12	$ 1,439.64
Capital	Family and Children	Newborn, 3-11 Months	92,946	$ 187.48	$ 201.30	$ 13.34	$ 14.40	4.76%	4.74%	2.00%	5.50%	$ 226.76	$ 243.51
Capital	Family and Children	Child, 1-20 Years	1,977,877	$ 130.38	$ 141.48	$ 13.34	$ 14.40	4.51%	4.50%	2.00%	5.50%	$ 161.73	$ 175.41
Capital	Family and Children	Adult, 21+ Years	333,033	$ 286.58	$ 305.48	$ 13.34	$ 14.40	4.38%	4.35%	2.00%	5.50%	$ 337.81	$ 360.20
Capital	Foster Care Children	Foster Care, All Ages Male & Female	37,283	$ 514.08	$ 567.96	$ 13.34	$ 14.40	4.86%	4.87%	2.00%	5.50%	$ 597.22	$ 659.48
Capital	Breast and Cervical Cancer	BCC, All Ages Female	3,317	$ 1,585.59	$ 1,698.88	$ 13.34	$ 14.40	4.62%	4.60%	2.00%	5.50%	$ 1,807.85	$ 1,936.69
Capital	LaCHIP Affordable Plan	All Ages	9,557	$ 149.30	$ 161.29	$ 13.34	$ 14.40	4.37%	4.36%	2.00%	5.50%	$ 182.88	$ 197.54
Capital	HCBS Waiver	20 & Under, Male and Female	1,056	$ 2,079.78	$ 2,284.38	$ 13.34	$ 14.40	4.90%	4.90%	2.00%	5.50%	$ 2,373.10	$ 2,606.26
Capital	HCBS Waiver	21+ Years, Male and Female	2,629	$ 809.53	$ 876.69	$ 13.34	$ 14.40	3.88%	3.91%	2.00%	5.50%	$ 923.50	$ 1,000.40
Capital	Chisholm Class Members	Chisholm, All Ages Male & Female	4,717	$ 1,035.92	$ 1,149.09	$ 13.34	$ 14.40	5.63%	5.66%	2.00%	5.50%	$ 1,197.44	$ 1,328.11
Capital	SBH - Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	13,970	$ 175.51	$ 196.99	$ 1.46	$ 1.58	5.05%	5.07%	2.00%	5.50%	$ 200.90	$ 225.45
Capital	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	266,563	$ 16.83	$ 17.85	$ 1.46	$ 1.58	5.05%	5.07%	2.00%	5.50%	$ 20.69	$ 21.97
Capital	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female	7,085	$ 76.08	$ 85.14	$ 1.46	$ 1.58	5.05%	5.07%	2.00%	5.50%	$ 87.98	$ 98.41
Capital	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	12,038	$ 62.29	$ 66.17	$ 1.46	$ 1.58	5.05%	5.07%	2.00%	5.50%	$ 72.32	$ 76.86
Capital	SBH - Other	SBH - Other, All Ages	8,728	$ 137.18	$ 145.73	$ 1.46	$ 1.58	5.05%	5.07%	2.00%	5.50%	$ 157.37	$ 167.23
Capital	Maternity Kickpayment	Maternity Kickpayment, All Ages	16,577	$ 5,150.56	$ 5,314.01	$ -	$ -	5.30%	5.54%	2.00%	5.50%	$ 5,863.27	$ 6,063.32

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Appendix L: Non-Expansion Combined Rate Development

Table 2a: Loaded Rate Development

				Final Projected Claims PMPM		Retention Load						Loaded Rates	
			A	I	J	K	L	M	N	O	P	Q	R
Region Name	COA Description	Rate Cell Description	Projected MMs	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 @ 5.5%	Low	High
South Central	SSI	Newborn, 0-2 Months	461	$ 17,896.96	$ 19,447.30	$ 13.34	$ 14.40	5.33%	5.30%	2.00%	5.50%	$ 20,393.15	$ 22,154.25
South Central	SSI	Newborn, 3-11 Months	1,938	$ 4,802.04	$ 5,224.27	$ 13.34	$ 14.40	4.96%	4.94%	2.00%	5.50%	$ 5,463.41	$ 5,942.38
South Central	SSI	Child, 1-20 Years	101,556	$ 597.72	$ 654.12	$ 13.34	$ 14.40	4.26%	4.25%	2.00%	5.50%	$ 688.12	$ 752.77
South Central	SSI	Adult, 21+ Years	236,857	$ 886.13	$ 952.12	$ 13.34	$ 14.40	4.13%	4.11%	2.00%	5.50%	$ 1,011.94	$ 1,087.14
South Central	Family and Children	Newborn, 0-2 Months	47,015	$ 1,241.02	$ 1,354.84	$ 13.34	$ 14.40	5.30%	5.28%	2.00%	5.50%	$ 1,427.22	$ 1,557.59
South Central	Family and Children	Newborn, 3-11 Months	106,027	$ 194.84	$ 209.01	$ 13.34	$ 14.40	4.74%	4.72%	2.00%	5.50%	$ 235.04	$ 252.17
South Central	Family and Children	Child, 1-20 Years	2,217,634	$ 125.79	$ 136.07	$ 13.34	$ 14.40	4.41%	4.40%	2.00%	5.50%	$ 156.41	$ 169.14
South Central	Family and Children	Adult, 21+ Years	363,449	$ 263.20	$ 280.42	$ 13.34	$ 14.40	4.45%	4.42%	2.00%	5.50%	$ 311.63	$ 332.12
South Central	Foster Care Children	Foster Care, All Ages Male & Female	49,875	$ 514.08	$ 567.96	$ 13.34	$ 14.40	4.86%	4.87%	2.00%	5.50%	$ 597.22	$ 659.48
South Central	Breast and Cervical Cancer	BCC, All Ages Female	2,199	$ 1,585.59	$ 1,698.88	$ 13.34	$ 14.40	4.62%	4.60%	2.00%	5.50%	$ 1,807.85	$ 1,936.69
South Central	LaCHIP Affordable Plan	All Ages	10,454	$ 149.30	$ 161.29	$ 13.34	$ 14.40	4.37%	4.36%	2.00%	5.50%	$ 182.88	$ 197.54
South Central	HCBS Waiver	20 & Under, Male and Female	1,142	$ 2,079.78	$ 2,284.38	$ 13.34	$ 14.40	4.90%	4.90%	2.00%	5.50%	$ 2,373.10	$ 2,606.26
South Central	HCBS Waiver	21+ Years, Male and Female	3,354	$ 809.53	$ 876.69	$ 13.34	$ 14.40	3.88%	3.91%	2.00%	5.50%	$ 923.50	$ 1,000.40
South Central	Chisholm Class Members	Chisholm, All Ages Male & Female	6,069	$ 1,035.92	$ 1,149.09	$ 13.34	$ 14.40	5.63%	5.66%	2.00%	5.50%	$ 1,197.44	$ 1,328.11
South Central	SBH - Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	14,070	$ 175.51	$ 196.99	$ 1.46	$ 1.58	5.05%	5.07%	2.00%	5.50%	$ 200.90	$ 225.45
South Central	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	354,544	$ 13.92	$ 14.77	$ 1.46	$ 1.58	5.05%	5.07%	2.00%	5.50%	$ 17.39	$ 18.48
South Central	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female	6,496	$ 76.08	$ 85.14	$ 1.46	$ 1.58	5.05%	5.07%	2.00%	5.50%	$ 87.98	$ 98.41
South Central	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	12,741	$ 62.29	$ 66.17	$ 1.46	$ 1.58	5.05%	5.07%	2.00%	5.50%	$ 72.32	$ 76.86
South Central	SBH - Other	SBH - Other, All Ages	11,211	$ 137.18	$ 145.73	$ 1.46	$ 1.58	5.05%	5.07%	2.00%	5.50%	$ 157.37	$ 167.23
South Central	Maternity Kickpayment	Maternity Kickpayment, All Ages	19,098	$ 5,287.19	$ 5,454.96	$ -	$ -	5.30%	5.54%	2.00%	5.50%	$ 6,018.82	$ 6,224.15
North	SSI	Newborn, 0-2 Months	377	$ 17,896.96	$ 19,447.30	$ 13.34	$ 14.40	5.33%	5.30%	2.00%	5.50%	$ 20,393.15	$ 22,154.25
North	SSI	Newborn, 3-11 Months	1,585	$ 4,802.04	$ 5,224.27	$ 13.34	$ 14.40	4.96%	4.94%	2.00%	5.50%	$ 5,463.41	$ 5,942.38
North	SSI	Child, 1-20 Years	115,401	$ 670.66	$ 736.90	$ 13.34	$ 14.40	4.62%	4.61%	2.00%	5.50%	$ 772.97	$ 848.95
North	SSI	Adult, 21+ Years	209,758	$ 799.58	$ 860.01	$ 13.34	$ 14.40	4.17%	4.15%	2.00%	5.50%	$ 914.88	$ 983.88
North	Family and Children	Newborn, 0-2 Months	38,446	$ 1,209.87	$ 1,322.92	$ 13.34	$ 14.40	5.31%	5.29%	2.00%	5.50%	$ 1,391.87	$ 1,521.38
North	Family and Children	Newborn, 3-11 Months	86,701	$ 194.67	$ 209.01	$ 13.34	$ 14.40	4.79%	4.77%	2.00%	5.50%	$ 234.97	$ 252.30
North	Family and Children	Child, 1-20 Years	1,722,974	$ 131.64	$ 143.37	$ 13.34	$ 14.40	4.71%	4.71%	2.00%	5.50%	$ 163.45	$ 177.85
North	Family and Children	Adult, 21+ Years	281,131	$ 244.62	$ 260.80	$ 13.34	$ 14.40	4.52%	4.49%	2.00%	5.50%	$ 290.83	$ 310.18
North	Foster Care Children	Foster Care, All Ages Male & Female	31,596	$ 514.08	$ 567.96	$ 13.34	$ 14.40	4.86%	4.87%	2.00%	5.50%	$ 597.22	$ 659.48
North	Breast and Cervical Cancer	BCC, All Ages Female	2,469	$ 1,585.59	$ 1,698.88	$ 13.34	$ 14.40	4.62%	4.60%	2.00%	5.50%	$ 1,807.85	$ 1,936.69
North	LaCHIP Affordable Plan	All Ages	5,233	$ 149.30	$ 161.29	$ 13.34	$ 14.40	4.37%	4.36%	2.00%	5.50%	$ 182.88	$ 197.54
North	HCBS Waiver	20 & Under, Male and Female	1,044	$ 2,079.78	$ 2,284.38	$ 13.34	$ 14.40	4.90%	4.90%	2.00%	5.50%	$ 2,373.10	$ 2,606.26
North	HCBS Waiver	21+ Years, Male and Female	2,911	$ 809.53	$ 876.69	$ 13.34	$ 14.40	3.88%	3.91%	2.00%	5.50%	$ 923.50	$ 1,000.40
North	Chisholm Class Members	Chisholm, All Ages Male & Female	4,066	$ 1,035.92	$ 1,149.09	$ 13.34	$ 14.40	5.63%	5.66%	2.00%	5.50%	$ 1,197.44	$ 1,328.11
North	SBH - Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	12,916	$ 175.51	$ 196.99	$ 1.46	$ 1.58	5.05%	5.07%	2.00%	5.50%	$ 200.90	$ 225.45
North	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	284,633	$ 15.81	$ 16.77	$ 1.46	$ 1.58	5.05%	5.07%	2.00%	5.50%	$ 19.54	$ 20.75
North	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female	4,076	$ 76.08	$ 85.14	$ 1.46	$ 1.58	5.05%	5.07%	2.00%	5.50%	$ 87.98	$ 98.41
North	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	9,869	$ 62.29	$ 66.17	$ 1.46	$ 1.58	5.05%	5.07%	2.00%	5.50%	$ 72.32	$ 76.86
North	SBH - Other	SBH - Other, All Ages	10,383	$ 137.18	$ 145.73	$ 1.46	$ 1.58	5.05%	5.07%	2.00%	5.50%	$ 157.37	$ 167.23
North	Maternity Kickpayment	Maternity Kickpayment, All Ages	15,959	$ 5,156.97	$ 5,320.53	$ -	$ -	5.30%	5.54%	2.00%	5.50%	$ 5,870.58	$ 6,070.76

Notes:
Q = (I * (1 + M) + K) / (1 - O - P)
R = (J * (1 + N) + L) / (1 - O - P)

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Appendix L: Non-Expansion Combined Rate Development

Table 2b: Loaded Rates, inclusive of FMP

			Loaded Rates		Full Medicaid Pricing[3]				2/1/2017 Rates w/ FMP	
			Q	R	S	T	U	V	W	X
Region Name	COA Description	Rate Cell Description	Low	High	Hospital (IP/OP) FMP PMPM	Ambulance FMP PMPM	Physician FMP PMPM	Total FMP PMPM	Low	High
Gulf	SSI	Newborn, 0-2 Months	$ 20,393.15	$ 22,154.25	$ 6,188.35	$ 38.17	$ 617.06	$ 6,843.58	$ 27,236.73	$ 28,997.84
Gulf	SSI	Newborn, 3-11 Months	$ 5,463.41	$ 5,942.38	$ 1,844.29	$ 14.66	$ 99.71	$ 1,958.67	$ 7,422.08	$ 7,901.05
Gulf	SSI	Child, 1-20 Years	$ 680.91	$ 746.25	$ 83.92	$ 6.93	$ 17.92	$ 108.77	$ 789.68	$ 855.02
Gulf	SSI	Adult, 21+ Years	$ 1,053.61	$ 1,133.98	$ 181.10	$ 29.24	$ 42.13	$ 252.47	$ 1,306.08	$ 1,386.45
Gulf	Family and Children	Newborn, 0-2 Months	$ 1,249.68	$ 1,366.68	$ 353.03	$ 9.57	$ 35.69	$ 398.29	$ 1,647.97	$ 1,764.98
Gulf	Family and Children	Newborn, 3-11 Months	$ 229.06	$ 245.92	$ 29.14	$ 2.33	$ 11.60	$ 43.07	$ 272.13	$ 288.99
Gulf	Family and Children	Child, 1-20 Years	$ 152.53	$ 165.55	$ 9.51	$ 1.60	$ 5.62	$ 16.73	$ 169.26	$ 182.28
Gulf	Family and Children	Adult, 21+ Years	$ 286.73	$ 305.84	$ 30.96	$ 7.55	$ 14.86	$ 53.37	$ 340.10	$ 359.21
Gulf	Foster Care Children	Foster Care, All Ages Male & Female	$ 597.22	$ 659.48	$ 12.92	$ 2.14	$ 5.10	$ 20.15	$ 617.38	$ 679.63
Gulf	Breast and Cervical Cancer	BCC, All Ages Female	$ 1,807.85	$ 1,936.69	$ 455.41	$ 5.42	$ 53.75	$ 514.58	$ 2,322.44	$ 2,451.27
Gulf	LaCHIP Affordable Plan	All Ages	$ 182.88	$ 197.54	$ 10.30	$ 0.64	$ 4.56	$ 15.51	$ 198.39	$ 213.04
Gulf	HCBS Waiver	20 & Under, Male and Female	$ 2,373.10	$ 2,606.26	$ 94.07	$ 5.26	$ 15.53	$ 114.87	$ 2,487.97	$ 2,721.12
Gulf	HCBS Waiver	21+ Years, Male and Female	$ 923.50	$ 1,000.40	$ 114.54	$ 14.10	$ 20.33	$ 148.97	$ 1,072.47	$ 1,149.38
Gulf	Chisholm Class Members	Chisholm, All Ages Male & Female	$ 1,197.44	$ 1,328.11	$ 78.47	$ 4.64	$ 10.62	$ 93.73	$ 1,291.17	$ 1,421.85
Gulf	SBH - Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	$ 200.90	$ 225.45	$ -	$ -	$ -	$ -	$ 200.90	$ 225.45
Gulf	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	$ 25.55	$ 27.14	$ 0.34	$ -	$ 0.21	$ 0.54	$ 26.09	$ 27.69
Gulf	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female	$ 87.98	$ 98.41	$ 4.64	$ -	$ 0.15	$ 4.79	$ 92.77	$ 103.19
Gulf	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	$ 72.32	$ 76.86	$ 7.79	$ -	$ 0.11	$ 7.90	$ 80.22	$ 84.76
Gulf	SBH - Other	SBH - Other, All Ages	$ 157.37	$ 167.23	$ 35.93	$ -	$ 0.28	$ 36.21	$ 193.57	$ 203.44
Gulf	Maternity Kickpayment	Maternity Kickpayment, All Ages	$ 6,636.67	$ 6,863.22	$ 4,023.11	$ -	$ 708.81	$ 4,731.93	$ 11,368.59	$ 11,595.15
Capital	SSI	Newborn, 0-2 Months	$ 20,393.15	$ 22,154.25	$ 6,188.35	$ 38.17	$ 617.06	$ 6,843.58	$ 27,236.73	$ 28,997.84
Capital	SSI	Newborn, 3-11 Months	$ 5,463.41	$ 5,942.38	$ 1,844.29	$ 14.66	$ 99.71	$ 1,958.67	$ 7,422.08	$ 7,901.05
Capital	SSI	Child, 1-20 Years	$ 730.74	$ 798.86	$ 51.31	$ 2.81	$ 16.58	$ 70.71	$ 801.45	$ 869.57
Capital	SSI	Adult, 21+ Years	$ 1,171.29	$ 1,260.45	$ 126.17	$ 14.49	$ 43.44	$ 184.10	$ 1,355.39	$ 1,444.55
Capital	Family and Children	Newborn, 0-2 Months	$ 1,316.12	$ 1,439.64	$ 364.00	$ 3.16	$ 35.74	$ 402.89	$ 1,719.02	$ 1,842.54
Capital	Family and Children	Newborn, 3-11 Months	$ 226.76	$ 243.51	$ 25.80	$ 1.38	$ 11.54	$ 38.72	$ 265.48	$ 282.22
Capital	Family and Children	Child, 1-20 Years	$ 161.73	$ 175.41	$ 8.38	$ 0.89	$ 5.88	$ 15.15	$ 176.88	$ 190.56
Capital	Family and Children	Adult, 21+ Years	$ 337.81	$ 360.20	$ 33.79	$ 4.87	$ 20.16	$ 58.83	$ 396.64	$ 419.02
Capital	Foster Care Children	Foster Care, All Ages Male & Female	$ 597.22	$ 659.48	$ 12.92	$ 2.14	$ 5.10	$ 20.15	$ 617.38	$ 679.63
Capital	Breast and Cervical Cancer	BCC, All Ages Female	$ 1,807.85	$ 1,936.69	$ 455.41	$ 5.42	$ 53.75	$ 514.58	$ 2,322.44	$ 2,451.27
Capital	LaCHIP Affordable Plan	All Ages	$ 182.88	$ 197.54	$ 10.30	$ 0.64	$ 4.56	$ 15.51	$ 198.39	$ 213.04
Capital	HCBS Waiver	20 & Under, Male and Female	$ 2,373.10	$ 2,606.26	$ 94.07	$ 5.26	$ 15.53	$ 114.87	$ 2,487.97	$ 2,721.12
Capital	HCBS Waiver	21+ Years, Male and Female	$ 923.50	$ 1,000.40	$ 114.54	$ 14.10	$ 20.33	$ 148.97	$ 1,072.47	$ 1,149.38
Capital	Chisholm Class Members	Chisholm, All Ages Male & Female	$ 1,197.44	$ 1,328.11	$ 78.47	$ 4.64	$ 10.62	$ 93.73	$ 1,291.17	$ 1,421.85
Capital	SBH - Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	$ 200.90	$ 225.45	$ -	$ -	$ -	$ -	$ 200.90	$ 225.45
Capital	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	$ 20.69	$ 21.97	$ 0.24	$ -	$ 0.03	$ 0.26	$ 20.96	$ 22.24
Capital	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female	$ 87.98	$ 98.41	$ 4.64	$ -	$ 0.15	$ 4.79	$ 92.77	$ 103.19
Capital	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	$ 72.32	$ 76.86	$ 7.79	$ -	$ 0.11	$ 7.90	$ 80.22	$ 84.76
Capital	SBH - Other	SBH - Other, All Ages	$ 157.37	$ 167.23	$ 35.93	$ -	$ 0.28	$ 36.21	$ 193.57	$ 203.44
Capital	Maternity Kickpayment	Maternity Kickpayment, All Ages	$ 5,863.27	$ 6,063.32	$ 2,740.76	$ -	$ 611.33	$ 3,352.10	$ 9,215.37	$ 9,415.42

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Appendix L: Non-Expansion Combined Rate Development

Table 2b: Loaded Rates, inclusive of FMP

			Loaded Rates		Full Medicaid Pricing[3]				2/1/2017 Rates w/ FMP	
			Q	R	S	T	U	V	W	X
Region Name	COA Description	Rate Cell Description	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	$ 20,393.15	$ 22,154.25	$ 6,188.35	$ 38.17	$ 617.06	$ 6,843.58	$ 27,236.73	$ 28,997.84
South Central	SSI	Newborn, 3-11 Months	$ 5,463.41	$ 5,942.38	$ 1,844.29	$ 14.66	$ 99.71	$ 1,958.67	$ 7,422.08	$ 7,901.05
South Central	SSI	Child, 1-20 Years	$ 688.12	$ 752.77	$ 60.01	$ 2.04	$ 11.78	$ 73.82	$ 761.94	$ 826.60
South Central	SSI	Adult, 21+ Years	$ 1,011.94	$ 1,087.14	$ 158.14	$ 8.16	$ 30.96	$ 197.26	$ 1,209.20	$ 1,284.40
South Central	Family and Children	Newborn, 0-2 Months	$ 1,427.22	$ 1,557.59	$ 637.47	$ 2.91	$ 21.74	$ 662.12	$ 2,089.34	$ 2,219.71
South Central	Family and Children	Newborn, 3-11 Months	$ 235.04	$ 252.17	$ 36.52	$ 0.99	$ 9.77	$ 47.27	$ 282.31	$ 299.44
South Central	Family and Children	Child, 1-20 Years	$ 156.41	$ 169.14	$ 9.20	$ 0.56	$ 5.04	$ 14.80	$ 171.22	$ 183.95
South Central	Family and Children	Adult, 21+ Years	$ 311.63	$ 332.12	$ 35.33	$ 2.94	$ 16.35	$ 54.61	$ 366.23	$ 386.73
South Central	Foster Care Children	Foster Care, All Ages Male & Female	$ 597.22	$ 659.48	$ 12.92	$ 2.14	$ 5.10	$ 20.15	$ 617.38	$ 679.63
South Central	Breast and Cervical Cancer	BCC, All Ages Female	$ 1,807.85	$ 1,936.69	$ 455.41	$ 5.42	$ 53.75	$ 514.58	$ 2,322.44	$ 2,451.27
South Central	LaCHIP Affordable Plan	All Ages	$ 182.88	$ 197.54	$ 10.30	$ 0.64	$ 4.56	$ 15.51	$ 198.39	$ 213.04
South Central	HCBS Waiver	20 & Under, Male and Female	$ 2,373.10	$ 2,606.26	$ 94.07	$ 5.26	$ 15.53	$ 114.87	$ 2,487.97	$ 2,721.12
South Central	HCBS Waiver	21+ Years, Male and Female	$ 923.50	$ 1,000.40	$ 114.54	$ 14.10	$ 20.33	$ 148.97	$ 1,072.47	$ 1,149.38
South Central	Chisholm Class Members	Chisholm, All Ages Male & Female	$ 1,197.44	$ 1,328.11	$ 78.47	$ 4.64	$ 10.62	$ 93.73	$ 1,291.17	$ 1,421.85
South Central	SBH - Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	$ 200.90	$ 225.45	$ -	$ -	$ -	$ -	$ 200.90	$ 225.45
South Central	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	$ 17.39	$ 18.48	$ 0.56	$ -	$ 0.00	$ 0.56	$ 17.95	$ 19.04
South Central	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female	$ 87.98	$ 98.41	$ 4.64	$ -	$ 0.15	$ 4.79	$ 92.77	$ 103.19
South Central	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	$ 72.32	$ 76.86	$ 7.79	$ -	$ 0.11	$ 7.90	$ 80.22	$ 84.76
South Central	SBH - Other	SBH - Other, All Ages	$ 157.37	$ 167.23	$ 35.93	$ -	$ 0.28	$ 36.21	$ 193.57	$ 203.44
South Central	Maternity Kickpayment	Maternity Kickpayment, All Ages	$ 6,018.82	$ 6,224.15	$ 2,879.33	$ -	$ 211.79	$ 3,091.12	$ 9,109.94	$ 9,315.27
North	SSI	Newborn, 0-2 Months	$ 20,393.15	$ 22,154.25	$ 6,188.35	$ 38.17	$ 617.06	$ 6,843.58	$ 27,236.73	$ 28,997.84
North	SSI	Newborn, 3-11 Months	$ 5,463.41	$ 5,942.38	$ 1,844.29	$ 14.66	$ 99.71	$ 1,958.67	$ 7,422.08	$ 7,901.05
North	SSI	Child, 1-20 Years	$ 772.97	$ 848.95	$ 65.05	$ 3.96	$ 6.74	$ 75.74	$ 848.71	$ 924.69
North	SSI	Adult, 21+ Years	$ 914.88	$ 983.88	$ 170.12	$ 16.24	$ 16.90	$ 203.27	$ 1,118.15	$ 1,187.15
North	Family and Children	Newborn, 0-2 Months	$ 1,391.87	$ 1,521.38	$ 623.44	$ 5.17	$ 11.95	$ 640.56	$ 2,032.44	$ 2,161.94
North	Family and Children	Newborn, 3-11 Months	$ 234.97	$ 252.30	$ 39.26	$ 1.88	$ 3.79	$ 44.93	$ 279.90	$ 297.23
North	Family and Children	Child, 1-20 Years	$ 163.45	$ 177.85	$ 8.45	$ 1.14	$ 1.98	$ 11.57	$ 175.01	$ 189.42
North	Family and Children	Adult, 21+ Years	$ 290.83	$ 310.18	$ 33.64	$ 5.86	$ 5.96	$ 45.46	$ 336.29	$ 355.64
North	Foster Care Children	Foster Care, All Ages Male & Female	$ 597.22	$ 659.48	$ 12.92	$ 2.14	$ 5.10	$ 20.15	$ 617.38	$ 679.63
North	Breast and Cervical Cancer	BCC, All Ages Female	$ 1,807.85	$ 1,936.69	$ 455.41	$ 5.42	$ 53.75	$ 514.58	$ 2,322.44	$ 2,451.27
North	LaCHIP Affordable Plan	All Ages	$ 182.88	$ 197.54	$ 10.30	$ 0.64	$ 4.56	$ 15.51	$ 198.39	$ 213.04
North	HCBS Waiver	20 & Under, Male and Female	$ 2,373.10	$ 2,606.26	$ 94.07	$ 5.26	$ 15.53	$ 114.87	$ 2,487.97	$ 2,721.12
North	HCBS Waiver	21+ Years, Male and Female	$ 923.50	$ 1,000.40	$ 114.54	$ 14.10	$ 20.33	$ 148.97	$ 1,072.47	$ 1,149.38
North	Chisholm Class Members	Chisholm, All Ages Male & Female	$ 1,197.44	$ 1,328.11	$ 78.47	$ 4.64	$ 10.62	$ 93.73	$ 1,291.17	$ 1,421.85
North	SBH - Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	$ 200.90	$ 225.45	$ -	$ -	$ -	$ -	$ 200.90	$ 225.45
North	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	$ 19.54	$ 20.75	$ 0.50	$ -	$ 0.01	$ 0.50	$ 20.04	$ 21.26
North	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female	$ 87.98	$ 98.41	$ 4.64	$ -	$ 0.15	$ 4.79	$ 92.77	$ 103.19
North	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	$ 72.32	$ 76.86	$ 7.79	$ -	$ 0.11	$ 7.90	$ 80.22	$ 84.76
North	SBH - Other	SBH - Other, All Ages	$ 157.37	$ 167.23	$ 35.93	$ -	$ 0.28	$ 36.21	$ 193.57	$ 203.44
North	Maternity Kickpayment	Maternity Kickpayment, All Ages	$ 5,870.58	$ 6,070.76	$ 3,994.23	$ -	$ 199.06	$ 4,193.29	$ 10,063.87	$ 10,264.06

Notes:
3- FMP amounts include premium tax.
V = S + T + U
W = Q + V
X = R + V

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Appendix M: Expansion Projected Claims PMPM Development

Table 1: PH Expansion Rate Component Development

					Remove Prospective Components							
			A	B	C	D	E	F	G	H	I	J
Region Name	COA Description	Rate Cell Description	Projected PMPM -- Low	Projected PMPM -- High	Remove Preventive Services	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	$ 221.08	$ 235.82	$ (3.62)	$ 2.25	3.77%	5.63%	0.00%	$ 196.02	$ 198.03	$ 197.03
Capital	Family and Children	Adult, 21+ Years	$ 265.33	$ 282.91	$ (3.62)	$ 2.27	3.84%	5.69%	0.00%	$ 235.03	$ 237.39	$ 236.21
South Central	Family and Children	Adult, 21+ Years	$ 242.14	$ 258.05	$ (3.62)	$ 2.24	3.88%	5.73%	0.00%	$ 214.06	$ 216.15	$ 215.11
North	Family and Children	Adult, 21+ Years	$ 223.76	$ 238.66	$ (3.62)	$ 2.23	3.57%	5.45%	0.00%	$ 199.61	$ 201.47	$ 200.54

Notes:
Prospective components removed in columns C through F also correspond to Physical Health only rating adjustments
I = [(A + C + D) / (1 + E) ^ 37/12] / (1 + G)
J = [(B + C + D) / (1 + F) ^ 37/12] / (1 + G)
J = (H + I) / 2

Table 2: SBH Expansion Rate Component Development

					Remove Prospective Components					
			J	K	L	M	N	O	P	Q
Region Name	COA Description	Rate Cell Description	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	$ 20.16	$ 21.40	1.50%	3.50%	0.00%	$ 19.25	$ 19.25	$ 19.25
Capital	Family and Children	Adult, 21+ Years	$ 21.25	$ 22.57	1.50%	3.50%	0.00%	$ 20.30	$ 20.30	$ 20.30
South Central	Family and Children	Adult, 21+ Years	$ 21.06	$ 22.37	1.50%	3.50%	0.00%	$ 20.12	$ 20.12	$ 20.12
North	Family and Children	Adult, 21+ Years	$ 20.85	$ 22.14	1.50%	3.50%	0.00%	$ 19.92	$ 19.92	$ 19.92

Notes:
Prospective components removed in columns L through N also correspond to SBH only rating adjustments
O = [J / (1 + L) ^ 37/12)] / (1 + N)
P = [K / (1 + M) ^ 37/12)] / (1 + N)
Q = (O + P) / 2

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Appendix N: Expansion Projected Claims Expansion (PH + SBH)

Table 1a: Projected Claims PMPM Development for Expansion

				Projected Claims PMPM				Final Projected Claims PMPM
				PH PMPM	SBH PMPM	PH & SBH Combined		
			A	B	C	D	E	F
Region Name	COA Description	Rate Cell Description	CY2014 MMs	Midpoint PMPM	Midpoint PMPM	Midpoint PMPM	Credibility	Midpoint PMPM
Gulf	Family and Children	Adult, 21+ Years	428,360	$ 197.03	$ 19.25	$ 216.28	100%	$ 216.28
Capital	Family and Children	Adult, 21+ Years	333,033	$ 236.21	$ 20.30	$ 256.51	100%	$ 256.51
South Central	Family and Children	Adult, 21+ Years	363,449	$ 215.11	$ 20.12	$ 235.22	100%	$ 235.22
North	Family and Children	Adult, 21+ Years	281,131	$ 200.54	$ 19.92	$ 220.45	100%	$ 220.45

Notes:
PH & SBH PMPM correspond to columns Q & I on Appendix A
D = B + C
F = D * E

Table 1b: Expansion Rate Development

	G	F	H	I	J	K	L	M	N	O	P	Q	R
Region Name	Projected Expansion Enrollment	Projected Claims PMPM -- Midpoint	Acuity Adj -- Low	Acuity Adj -- High	Expansion Trend Low	Expansion Trend High	Reverse MC Impact to Low	Reverse MC Impact to High	Pent Up Demand Adjustment	Adverse Selection Adj -- Low	Adverse Selection Adj -- High	Claims Expense PMPM - Low	Claims Expense PMPM - High
Gulf	1,671,723	$ 216.28	17.5%	25.6%	3.69%	5.62%	3.82%	3.84%	6.95%	0.17%	0.17%	$ 316.05	$ 357.64
Capital	977,534	$ 256.51	17.5%	25.6%	3.79%	5.71%	4.10%	4.11%	7.57%	0.26%	0.26%	$ 379.48	$ 429.35
South Central	1,141,113	$ 235.22	17.5%	25.6%	3.81%	5.73%	4.07%	4.08%	7.57%	0.26%	0.26%	$ 348.09	$ 393.76
North	980,912	$ 220.45	17.5%	25.6%	3.50%	5.44%	4.03%	4.05%	7.57%	0.26%	0.26%	$ 323.13	$ 365.88

Notes:
Q = F * (1 + H) * (1 + J) ^ (37/12) * (1 + L) * (1 + N) * (1 + O)
R = F * (1 + I) * (1 + K) ^ (37/12) * (1 + M) * (1 + N) * (1 + P)

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Appendix O: Expansion Loaded Rate Development

Table 1a: Creation of Rate cells using Age-Sex Acuity and development of Loaded Rates

	A	B	C		D	E	F	J	H	I	K	L
											Loaded Rates	
Region Name	Claims Expense PMPM	Claims Expense PMPM	Age - Sex Factor	Rate Cell Description	Low PMPM	High PMPM	Admin PMPM Load Low PMPM	Admin PMPM Load High PMPM	UW Gain @ 2%	Premium Tax @ 5.5%	Low	High
Gulf	$ 316.05	$ 357.64	0.616	Female Age 19 - Age 24	$ 194.72	$ 220.35	$ 26.49	$ 26.49	2.00%	5.50%	$ 239.15	$ 266.85
Gulf	$ 316.05	$ 357.64	0.503	Male Age 19 - Age 24	$ 158.88	$ 179.79	$ 26.49	$ 26.49	2.00%	5.50%	$ 200.40	$ 223.00
Gulf	$ 316.05	$ 357.64	0.912	Female Age 25 - Age 39	$ 288.34	$ 326.28	$ 26.49	$ 26.49	2.00%	5.50%	$ 340.35	$ 381.37
Gulf	$ 316.05	$ 357.64	0.810	Male Age 25 - Age 39	$ 255.97	$ 289.65	$ 26.49	$ 26.49	2.00%	5.50%	$ 305.36	$ 341.77
Gulf	$ 316.05	$ 357.64	1.419	Female Age 40 - Age 49	$ 448.51	$ 507.54	$ 26.49	$ 26.49	2.00%	5.50%	$ 513.52	$ 577.33
Gulf	$ 316.05	$ 357.64	1.391	Male Age 40 - Age 49	$ 439.56	$ 497.40	$ 26.49	$ 26.49	2.00%	5.50%	$ 503.83	$ 566.37
Gulf	$ 316.05	$ 357.64	1.697	Female Age 50 - Age 64	$ 536.40	$ 606.99	$ 26.49	$ 26.49	2.00%	5.50%	$ 608.53	$ 684.84
Gulf	$ 316.05	$ 357.64	1.942	Male Age 50 - Age 64	$ 613.91	$ 694.70	$ 26.49	$ 26.49	2.00%	5.50%	$ 692.33	$ 779.67
Capital	$ 379.48	$ 429.35	0.616	Female Age 19 - Age 24	$ 233.80	$ 264.53	$ 26.49	$ 26.49	2.00%	5.50%	$ 281.40	$ 314.61
Capital	$ 379.48	$ 429.35	0.503	Male Age 19 - Age 24	$ 190.77	$ 215.84	$ 26.49	$ 26.49	2.00%	5.50%	$ 234.87	$ 261.97
Capital	$ 379.48	$ 429.35	0.912	Female Age 25 - Age 39	$ 346.21	$ 391.70	$ 26.49	$ 26.49	2.00%	5.50%	$ 402.91	$ 452.10
Capital	$ 379.48	$ 429.35	0.810	Male Age 25 - Age 39	$ 307.34	$ 347.73	$ 26.49	$ 26.49	2.00%	5.50%	$ 360.90	$ 404.56
Capital	$ 379.48	$ 429.35	1.419	Female Age 40 - Age 49	$ 538.53	$ 609.31	$ 26.49	$ 26.49	2.00%	5.50%	$ 610.84	$ 687.35
Capital	$ 379.48	$ 429.35	1.391	Male Age 40 - Age 49	$ 527.78	$ 597.14	$ 26.49	$ 26.49	2.00%	5.50%	$ 599.21	$ 674.19
Capital	$ 379.48	$ 429.35	1.697	Female Age 50 - Age 64	$ 644.06	$ 728.70	$ 26.49	$ 26.49	2.00%	5.50%	$ 724.91	$ 816.42
Capital	$ 379.48	$ 429.35	1.942	Male Age 50 - Age 64	$ 737.13	$ 834.00	$ 26.49	$ 26.49	2.00%	5.50%	$ 825.54	$ 930.26
South Central	$ 348.09	$ 393.76	0.616	Female Age 19 - Age 24	$ 214.47	$ 242.60	$ 26.49	$ 26.49	2.00%	5.50%	$ 260.49	$ 290.91
South Central	$ 348.09	$ 393.76	0.503	Male Age 19 - Age 24	$ 174.99	$ 197.94	$ 26.49	$ 26.49	2.00%	5.50%	$ 217.81	$ 242.63
South Central	$ 348.09	$ 393.76	0.912	Female Age 25 - Age 39	$ 317.57	$ 359.23	$ 26.49	$ 26.49	2.00%	5.50%	$ 371.96	$ 417.00
South Central	$ 348.09	$ 393.76	0.810	Male Age 25 - Age 39	$ 281.92	$ 318.90	$ 26.49	$ 26.49	2.00%	5.50%	$ 333.42	$ 373.40
South Central	$ 348.09	$ 393.76	1.419	Female Age 40 - Age 49	$ 493.99	$ 558.79	$ 26.49	$ 26.49	2.00%	5.50%	$ 562.68	$ 632.74
South Central	$ 348.09	$ 393.76	1.391	Male Age 40 - Age 49	$ 484.13	$ 547.63	$ 26.49	$ 26.49	2.00%	5.50%	$ 552.02	$ 620.67
South Central	$ 348.09	$ 393.76	1.697	Female Age 50 - Age 64	$ 590.79	$ 668.29	$ 26.49	$ 26.49	2.00%	5.50%	$ 667.33	$ 751.11
South Central	$ 348.09	$ 393.76	1.942	Male Age 50 - Age 64	$ 676.17	$ 764.86	$ 26.49	$ 26.49	2.00%	5.50%	$ 759.63	$ 855.52
North	$ 323.13	$ 365.88	0.616	Female Age 19 - Age 24	$ 199.08	$ 225.43	$ 26.49	$ 26.49	2.00%	5.50%	$ 243.86	$ 272.34
North	$ 323.13	$ 365.88	0.503	Male Age 19 - Age 24	$ 162.44	$ 183.93	$ 26.49	$ 26.49	2.00%	5.50%	$ 204.24	$ 227.48
North	$ 323.13	$ 365.88	0.912	Female Age 25 - Age 39	$ 294.79	$ 333.80	$ 26.49	$ 26.49	2.00%	5.50%	$ 347.33	$ 389.51
North	$ 323.13	$ 365.88	0.810	Male Age 25 - Age 39	$ 261.70	$ 296.33	$ 26.49	$ 26.49	2.00%	5.50%	$ 311.56	$ 348.99
North	$ 323.13	$ 365.88	1.419	Female Age 40 - Age 49	$ 458.56	$ 519.24	$ 26.49	$ 26.49	2.00%	5.50%	$ 524.38	$ 589.98
North	$ 323.13	$ 365.88	1.391	Male Age 40 - Age 49	$ 449.40	$ 508.87	$ 26.49	$ 26.49	2.00%	5.50%	$ 514.47	$ 578.77
North	$ 323.13	$ 365.88	1.697	Female Age 50 - Age 64	$ 548.41	$ 620.98	$ 26.49	$ 26.49	2.00%	5.50%	$ 621.51	$ 699.97
North	$ 323.13	$ 365.88	1.942	Male Age 50 - Age 64	$ 627.66	$ 710.72	$ 26.49	$ 26.49	2.00%	5.50%	$ 707.19	$ 796.99

Notes:
K = (D + F) / (1 - H - I)
L = (E + J) / (1 - H - I)

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Appendix O: Expansion Loaded Rate Development

Table 1b: Loaded Rates, inclusive of FMP

		Loaded Rates		Full Medicaid Pricing[1]				Expansion Rates w/ FMP	
		Q	R	S	T	U	V	W	X
Region Name	Rate Cell Description	Low	High	Hospital (IP/OP) FMP PMPM	Ambulance FMP PMPM	Physician FMP PMPM	Total FMP PMPM	Low	High
Gulf	Female Age 19 - Age 24	$ 239.15	$ 266.85	$ 47.64	$ 10.20	$ 18.63	$ 76.47	$ 315.62	$ 343.32
Gulf	Male Age 19 - Age 24	$ 200.40	$ 223.00	$ 47.64	$ 10.20	$ 18.63	$ 76.47	$ 276.87	$ 299.47
Gulf	Female Age 25 - Age 39	$ 340.35	$ 381.37	$ 47.64	$ 10.20	$ 18.63	$ 76.47	$ 416.82	$ 457.84
Gulf	Male Age 25 - Age 39	$ 305.36	$ 341.77	$ 47.64	$ 10.20	$ 18.63	$ 76.47	$ 381.83	$ 418.24
Gulf	Female Age 40 - Age 49	$ 513.52	$ 577.33	$ 47.64	$ 10.20	$ 18.63	$ 76.47	$ 589.99	$ 653.80
Gulf	Male Age 40 - Age 49	$ 503.83	$ 566.37	$ 47.64	$ 10.20	$ 18.63	$ 76.47	$ 580.30	$ 642.84
Gulf	Female Age 50 - Age 64	$ 608.53	$ 684.84	$ 47.64	$ 10.20	$ 18.63	$ 76.47	$ 685.00	$ 761.31
Gulf	Male Age 50 - Age 64	$ 692.33	$ 779.67	$ 47.64	$ 10.20	$ 18.63	$ 76.47	$ 768.80	$ 856.14
Capital	Female Age 19 - Age 24	$ 281.40	$ 314.61	$ 46.52	$ 6.35	$ 24.67	$ 77.54	$ 358.94	$ 392.15
Capital	Male Age 19 - Age 24	$ 234.87	$ 261.97	$ 46.52	$ 6.35	$ 24.67	$ 77.54	$ 312.41	$ 339.51
Capital	Female Age 25 - Age 39	$ 402.91	$ 452.10	$ 46.52	$ 6.35	$ 24.67	$ 77.54	$ 480.45	$ 529.64
Capital	Male Age 25 - Age 39	$ 360.90	$ 404.56	$ 46.52	$ 6.35	$ 24.67	$ 77.54	$ 438.44	$ 482.10
Capital	Female Age 40 - Age 49	$ 610.84	$ 687.35	$ 46.52	$ 6.35	$ 24.67	$ 77.54	$ 688.38	$ 764.89
Capital	Male Age 40 - Age 49	$ 599.21	$ 674.19	$ 46.52	$ 6.35	$ 24.67	$ 77.54	$ 676.75	$ 751.73
Capital	Female Age 50 - Age 64	$ 724.91	$ 816.42	$ 46.52	$ 6.35	$ 24.67	$ 77.54	$ 802.45	$ 893.96
Capital	Male Age 50 - Age 64	$ 825.54	$ 930.26	$ 46.52	$ 6.35	$ 24.67	$ 77.54	$ 903.08	$ 1,007.80
South Central	Female Age 19 - Age 24	$ 260.49	$ 290.91	$ 51.96	$ 3.83	$ 19.88	$ 75.67	$ 336.16	$ 366.58
South Central	Male Age 19 - Age 24	$ 217.81	$ 242.63	$ 51.96	$ 3.83	$ 19.88	$ 75.67	$ 293.48	$ 318.30
South Central	Female Age 25 - Age 39	$ 371.96	$ 417.00	$ 51.96	$ 3.83	$ 19.88	$ 75.67	$ 447.63	$ 492.67
South Central	Male Age 25 - Age 39	$ 333.42	$ 373.40	$ 51.96	$ 3.83	$ 19.88	$ 75.67	$ 409.09	$ 449.07
South Central	Female Age 40 - Age 49	$ 562.68	$ 632.74	$ 51.96	$ 3.83	$ 19.88	$ 75.67	$ 638.35	$ 708.41
South Central	Male Age 40 - Age 49	$ 552.02	$ 620.67	$ 51.96	$ 3.83	$ 19.88	$ 75.67	$ 627.69	$ 696.34
South Central	Female Age 50 - Age 64	$ 667.33	$ 751.11	$ 51.96	$ 3.83	$ 19.88	$ 75.67	$ 743.00	$ 826.78
South Central	Male Age 50 - Age 64	$ 759.63	$ 855.52	$ 51.96	$ 3.83	$ 19.88	$ 75.67	$ 835.30	$ 931.19
North	Female Age 19 - Age 24	$ 243.86	$ 272.34	$ 51.72	$ 7.68	$ 7.85	$ 67.25	$ 311.11	$ 339.59
North	Male Age 19 - Age 24	$ 204.24	$ 227.48	$ 51.72	$ 7.68	$ 7.85	$ 67.25	$ 271.49	$ 294.73
North	Female Age 25 - Age 39	$ 347.33	$ 389.51	$ 51.72	$ 7.68	$ 7.85	$ 67.25	$ 414.58	$ 456.76
North	Male Age 25 - Age 39	$ 311.56	$ 348.99	$ 51.72	$ 7.68	$ 7.85	$ 67.25	$ 378.81	$ 416.24
North	Female Age 40 - Age 49	$ 524.38	$ 589.98	$ 51.72	$ 7.68	$ 7.85	$ 67.25	$ 591.63	$ 657.23
North	Male Age 40 - Age 49	$ 514.47	$ 578.77	$ 51.72	$ 7.68	$ 7.85	$ 67.25	$ 581.72	$ 646.02
North	Female Age 50 - Age 64	$ 621.51	$ 699.97	$ 51.72	$ 7.68	$ 7.85	$ 67.25	$ 688.76	$ 767.22
North	Male Age 50 - Age 64	$ 707.19	$ 796.99	$ 51.72	$ 7.68	$ 7.85	$ 67.25	$ 774.44	$ 864.24

Notes:
1- FMP amounts include premium tax.
V = S + T + U
W = Q + V
X = R + V

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Appendix P: Expansion Assumption Comparison

Table 1a: 2/1/2017 (Non-Gulf)

Assumption	Low	High
Acuity	1.175	1.256
Pent-Up Demand	1.076	1.076
Adverse Selection	1.003	1.003
Reverse Managed Care	1.039	1.039

Table 1b: 2/1/2017 (Gulf)

Assumption	Low	High
Acuity	1.175	1.256
Pent-Up Demand	1.070	1.070
Adverse Selection	1.002	1.002
Reverse Managed Care	1.039	1.039

Table 2a: 7/1/2016 (Non-Gulf)

Assumption	Low	High
Acuity	1.125	1.306
Pent-Up Demand	1.101	1.101
Adverse Selection	1.036	1.047
Reverse Managed Care	1.052	1.052

Table 2b: 7/1/2016 (Gulf)

Assumption	Low	High
Acuity	1.125	1.306
Pent-Up Demand	1.093	1.093
Adverse Selection	1.027	1.034
Reverse Managed Care	1.052	1.052

Table 3: Admin Comparison

Assumption	2/1/2017	7/1/2016
Admin	$ 26.49	$ 29.38

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Appendix Q: Expansion Loaded Rate Comparison

Table 1: 2/1/2017 vs 7/1/2016 Loaded Rates

			2/1/2017 Loaded Rates		7/1/2016 Loaded Rates	
Region Name	Age - Sex Factor	Rate Cell Description	Low	High	Low	High
Gulf	0.616	Female Age 19 - Age 24	$ 239.15	$ 266.85	$ 247.00	$ 296.26
Gulf	0.503	Male Age 19 - Age 24	$ 200.40	$ 223.00	$ 207.38	$ 247.57
Gulf	0.912	Female Age 25 - Age 39	$ 340.35	$ 381.37	$ 350.47	$ 423.41
Gulf	0.810	Male Age 25 - Age 39	$ 305.36	$ 341.77	$ 314.69	$ 379.45
Gulf	1.419	Female Age 40 - Age 49	$ 513.52	$ 577.33	$ 527.52	$ 640.98
Gulf	1.391	Male Age 40 - Age 49	$ 503.83	$ 566.37	$ 517.62	$ 628.82
Gulf	1.697	Female Age 50 - Age 64	$ 608.53	$ 684.84	$ 624.66	$ 760.36
Gulf	1.942	Male Age 50 - Age 64	$ 692.33	$ 779.67	$ 710.34	$ 865.65
Capital	0.616	Female Age 19 - Age 24	$ 281.40	$ 314.61	$ 292.56	$ 353.18
Capital	0.503	Male Age 19 - Age 24	$ 234.87	$ 261.97	$ 244.55	$ 294.01
Capital	0.912	Female Age 25 - Age 39	$ 402.91	$ 452.10	$ 417.94	$ 507.70
Capital	0.810	Male Age 25 - Age 39	$ 360.90	$ 404.56	$ 374.59	$ 454.27
Capital	1.419	Female Age 40 - Age 49	$ 610.84	$ 687.35	$ 632.47	$ 772.09
Capital	1.391	Male Age 40 - Age 49	$ 599.21	$ 674.19	$ 620.47	$ 757.30
Capital	1.697	Female Age 50 - Age 64	$ 724.91	$ 816.42	$ 750.17	$ 917.15
Capital	1.942	Male Age 50 - Age 64	$ 825.54	$ 930.26	$ 853.99	$ 1,045.10
South Central	0.616	Female Age 19 - Age 24	$ 260.49	$ 290.91	$ 271.82	$ 327.83
South Central	0.503	Male Age 19 - Age 24	$ 217.81	$ 242.63	$ 227.64	$ 273.33
South Central	0.912	Female Age 25 - Age 39	$ 371.96	$ 417.00	$ 387.23	$ 470.16
South Central	0.810	Male Age 25 - Age 39	$ 333.42	$ 373.40	$ 347.33	$ 420.94
South Central	1.419	Female Age 40 - Age 49	$ 562.68	$ 632.74	$ 584.70	$ 713.70
South Central	1.391	Male Age 40 - Age 49	$ 552.02	$ 620.67	$ 573.66	$ 700.08
South Central	1.697	Female Age 50 - Age 64	$ 667.33	$ 751.11	$ 693.05	$ 847.32
South Central	1.942	Male Age 50 - Age 64	$ 759.63	$ 855.52	$ 788.61	$ 965.18
North	0.616	Female Age 19 - Age 24	$ 243.86	$ 272.34	$ 255.43	$ 307.54
North	0.503	Male Age 19 - Age 24	$ 204.24	$ 227.48	$ 214.26	$ 256.78
North	0.912	Female Age 25 - Age 39	$ 347.33	$ 389.51	$ 362.96	$ 440.12
North	0.810	Male Age 25 - Age 39	$ 311.56	$ 348.99	$ 325.78	$ 394.28
North	1.419	Female Age 40 - Age 49	$ 524.38	$ 589.98	$ 546.94	$ 666.97
North	1.391	Male Age 40 - Age 49	$ 514.47	$ 578.77	$ 536.65	$ 654.28
North	1.697	Female Age 50 - Age 64	$ 621.51	$ 699.97	$ 647.89	$ 791.44
North	1.942	Male Age 50 - Age 64	$ 707.19	$ 796.99	$ 736.93	$ 901.22

Family Planning Addendum

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 Bayou Health program for the period of February 1, 2017 through January 31, 2018. As part of this work, Mercer was asked to develop the family planning component of the capitation rates using the same data that was used to develop the capitation rate ranges. This Appendix Rresents an overview of the analyses and methodology used in Mercer's family planning rate development for the purpose of satisfying the requirements of the Centers for Medicare & Medicaid Services (CMS), in order for LDH to receive the 90.0% federal match for eligible family planning services. This addendum should be read in conjunction with the rate certification letter. Attachment A within this addendum displays the percent of the capitation rates that are attributable to family planning services. These percentages should be applied directly to capitation rates to determine the family planning amount. The resulting family planning amount does not include load for premium tax, administration, or underwriting gain.

Base Data

The capitation rates were developed using the medical expenses incurred during calendar year 2013 and 2014 with runout through July 31, 2016, as reported through the Medicaid Management Information Systems (MMIS) system. All family planning services were assigned to the appropriate rate cells. Please see the rate certification letter for more details.

Methodology for Identifying Family Planning Services

Using data from the State's MMIS system, a multi-step process was followed to measure the amount of family planning for the calendar year, region, and rate tier. Each of these steps is described below:

1. Family Planning Service Identification

Family planning can be identified through procedure codes that are specifically indicative of a family planning service. Tables 1 and 2 contain the lists of procedure codes that were used to identify family planning services, solely on a procedure code match basis. Table 1 contains sterilization services and Table 2 contains contraception services.

Table 1: Sterilization Services Always Reimbursable at the 90.0% Federal Match Rate

Women	Men
00851	55250
00921	55450
58565	

58600	
58605	
58611	
58615	
58670	
58671	

Table 2: Contraception Services Always Reimbursable at the 90.0% Federal Match Rate

Women	Men
11975	A4267 (condoms)
11976	
11977	
57170	
58300	
58301	
A4261	
A4266	
A4268	
A4269	
H1010	
J7304	
J1055	
J1056	
J7300	
J7302	
J7303	
J7306	
J7307	
S4989	
S4993	

Family planning can also be identified with other procedure codes if the family planning service can be confirmed through the use of contraceptive management diagnosis codes in

the V25 series. Table 3 contains the list of procedure codes that require a V25 series diagnosis code to be present in order to classify a service as family planning.

Table 3: Procedure Codes that Require a V25 Series Diagnoses Code

CPT/HCPCS Codes That May or May Not Represent Contraception/Sterilization Family Planning Services						
00952	76880	99058	99238	99360	A9900	T1023
11981	76977	99070	99239	99371	E1399	
11982	77078	99071	99241	99372	J1885	
11983	77079	99080	99242	99373	G0101	
36415	77080	99144	99243	99383	G0123	
36416	77081	99145	99244	99384	G0141	
57800	77082	99201	99245	99385	H0034	
58100	77083	99202	99251	99386	J3490**	
58340	*	99203	99252	99393	P3000	
58345	88300	99204	99253	99394	P3001	
62311	88302	99205	99254	99395	Q0091	
62319	89310	99211	99255	99396	Q0111	
64435	89321	99212	99261	99401	Q0112	
72190	96372	99213	99262	99402	Q3014	
74000	99000	99214	99263	99403	S0610	
74010	99001	99215	99271	99404	S0612	
74740	99002	99221	99272	99411	S9445	
74742	99024	99222	99273	99412	S9446	
76830	99050	99223	99274	99420	T1001	
76831	99052	99231	99275	99429	T1002	
76856	99054	99232	99281	A4550	T1013	
76857	99056	99233	99282	A4931	T1015	

* Also included: 80047–88189 (except 82143)

** Used to indicate SubQ Depro Provera

Professional service claim lines were classified as family planning if the service contained a procedure code from Table 1 or Table 2, or a procedure code from Table 3 accompanied by a V25 diagnosis code in either the primary or the secondary position.

2. Identification of Family Planning Prescription Drug Claims

In identifying eligible family planning claims from prescription drug data, Mercer identified all drug claims containing one of the HIC3 codes listed in Table 4. These codes have been determined by Mercer's pharmacy team to represent those drugs eligible for the enhanced federal match rate.

Table 4: Drugs Eligible for the Enhanced Federal Match Rate

HIC3	HIC3 Description
G8A	Contraceptives, oral
G8B	Contraceptives, implantable
G8C	Contraceptives, injectable
G8D	Abortifacient, progesterone receptor, antagonist type
G8F	Contraceptives, transdermal
G9A	Contraceptives, intravaginal
G9B	Contraceptives, intravaginal, systemic
X1A	Condoms
X1B	Diaphragms/cervical cap
X1C	Intrauterine devices

Process of Developing Family Planning Portion of Rate

In order to determine what portion of the capitation payment was eligible for the enhanced federal match rate, Mercer totaled all of the family planning-eligible claims for a given rate cell and determined what percentage these claims represented of the total claims for that rate cell. This percentage was then applied to the claims cost per member per month (PMPM) (without administration, profit, and Full Medicaid Pricing {FMP} payment), at the rate cell level, to determine the family planning PMPM that LDH could claim at the enhanced federal match rate.

In a similar manner, Mercer determined what percentage of the FMP add-on was due to family planning services and also eligible for the enhanced federal match rate. This percentage was then applied to the FMP PMPM add-on (without premium tax) at the rate cell level to determine the amount LDH could claim at the enhanced federal match rate.

The enhanced match on the claims cost PMPMs and the FMP PMPM were added together to generate the total family planning PMPM LDH could claim at the enhanced rate. Mercer then calculated a new percentage as the ratio of the total family planning PMPM (claims cost + FMP PMPMs) to the final loaded rate with FMP to provide the final family planning percent.

Limitations and Considerations

In preparing these calculations, Mercer has used and relied upon enrollment, fee-for-service claims, encounter data, and other information supplied by LDH and its fiscal intermediary. LDH and its fiscal intermediary are responsible for the validity and completeness of the data supplied. We have reviewed that data and information for internal consistency and reasonableness but we did not audit it. In our opinion it is appropriate for the intended purposes. If the data and information are incomplete or inaccurate, the values shown in the attached exhibits may need to be revised accordingly. Use of this information for any purposes beyond that stated may not be appropriate.

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

Attachment A

Family Planning Rate Summary

Region Description	Category of Aid Description	Rate Cell Description	Projected Member Months or Deliveries	Lower Bound PMPM or Cost per Delivery	Upper Bound PMPM or Cost per Delivery	Family Planning %
Gulf	SSI	0 - 2 Months	535	$27,236.73	$28,997.83	0.00%
Gulf	SSI	3 - 11 Months	2,252	$7,422.09	$7,901.06	0.00%
Gulf	SSI	Child 1 - 20	126,641	$789.68	$855.02	0.24%
Gulf	SSI	Adult 21+	269,067	$1,306.08	$1,386.45	0.12%
Gulf	Family & Children	0 - 2 Months	54,622	$1,647.97	$1,764.97	0.00%
Gulf	Family & Children	3 - 11 Months	123,181	$272.14	$289.00	0.00%
Gulf	Family & Children	Child 1 - 20	2,245,262	$169.26	$182.28	0.86%
Gulf	Family & Children	Adult 21+	428,360	$340.10	$359.21	3.44%
Gulf	Foster Care Children	FCC, All Ages	27,100	$617.37	$679.63	0.45%
Gulf	BCC	BCC, All Ages	3,182	$2,322.45	$2,451.29	0.05%
Gulf	LAP	LAP, All Ages	7,322	$198.40	$213.06	0.82%
Gulf	HCBS	Child 0 - 20	1,032	$2,487.96	$2,721.12	0.23%
Gulf	HCBS	Adult 21+	3,452	$1,072.47	$1,149.37	0.40%
Gulf	CCM	CCM, All Ages	5,921	$1,291.18	$1,421.85	0.10%
Gulf	SBH - CCM	SBH - Chisholm, All Ages Male & Female	13,493	$200.90	$225.45	0.00%
Gulf	SBH - Duals	SBH - Dual Eligible, All Ages	334,492	$26.10	$27.69	0.00%
Gulf	SBH - HCBS	SBH - 20 & Under, Male and Female	6,270	$92.76	$103.19	0.00%
Gulf	SBH - HCBS	SBH - 21+ Years, Male and Female	12,515	$80.23	$84.77	0.00%
Gulf	SBH - Other	SBH - Other, All Ages	7,511	$193.58	$203.44	0.00%
Gulf	Maternity Kick Payment	Maternity Kick Payment	24,689	$11,368.59	$11,595.14	0.30%
Gulf	EED Kick Payment	EED Kick Payment	N/A	$6,630.01	$6,694.80	0.52%
Capital	SSI	0 - 2 Months	404	$27,236.73	$28,997.83	0.00%
Capital	SSI	3 - 11 Months	1,699	$7,422.09	$7,901.06	0.00%
Capital	SSI	Child 1 - 20	94,505	$801.44	$869.56	0.20%

Appendix R

Region Description	Category of Aid Description	Rate Cell Description	Projected Member Months or Deliveries	Lower Bound PMPM or Cost per Delivery	Upper Bound PMPM or Cost per Delivery	Family Planning %
Capital	SSI	Adult 21+	193,211	$1,355.39	$1,444.55	0.10%
Capital	Family & Children	0 - 2 Months	41,215	$1,719.01	$1,842.53	0.00%
Capital	Family & Children	3 - 11 Months	92,946	$265.48	$282.23	0.00%
Capital	Family & Children	Child 1 - 20	1,977,877	$176.88	$190.56	0.88%
Capital	Family & Children	Adult 21+	333,033	$396.64	$419.03	2.90%
Capital	Foster Care Children	FCC, All Ages	37,283	$617.37	$679.63	0.51%
Capital	BCC	BCC, All Ages	3,317	$2,322.45	$2,451.29	0.20%
Capital	LAP	LAP, All Ages	9,557	$198.40	$213.06	0.83%
Capital	HCBS	Child 0 - 20	1,056	$2,487.96	$2,721.12	0.16%
Capital	HCBS	Adult 21+	2,629	$1,072.47	$1,149.37	0.35%
Capital	CCM	CCM, All Ages	4,717	$1,291.18	$1,421.85	0.08%
Capital	SBH - CCM	SBH - Chisholm, All Ages Male & Female	13,970	$200.90	$225.45	0.00%
Capital	SBH - Duals	SBH - Dual Eligible, All Ages	266,563	$20.95	$22.23	0.00%
Capital	SBH - HCBS	SBH - 20 & Under, Male and Female	7,085	$92.76	$103.19	0.00%
Capital	SBH - HCBS	SBH - 21+ Years, Male and Female	12,038	$80.23	$84.77	0.00%
Capital	SBH - Other	SBH - Other, All Ages	8,728	$193.58	$203.44	0.00%
Capital	Maternity Kick Payment	Maternity Kick Payment	16,577	$9,215.36	$9,415.41	0.27%
Capital	EED Kick Payment	EED Kick Payment	N/A	$5,028.99	$5,086.20	0.49%
South Central	SSI	0 - 2 Months	461	$27,236.73	$28,997.83	0.00%
South Central	SSI	3 - 11 Months	1,938	$7,422.09	$7,901.06	0.00%
South Central	SSI	Child 1 - 20	101,556	$761.93	$826.58	0.21%
South Central	SSI	Adult 21+	236,857	$1,209.20	$1,284.40	0.11%
South Central	Family & Children	0 - 2 Months	47,015	$2,089.34	$2,219.71	0.00%
South Central	Family & Children	3 - 11 Months	106,027	$282.32	$299.45	0.00%
South Central	Family & Children	Child 1 - 20	2,217,634	$171.22	$183.95	0.88%
South Central	Family & Children	Adult 21+	363,449	$366.23	$386.72	2.68%
South Central	Foster Care Children	FCC, All Ages	49,875	$617.37	$679.63	0.37%

Appendix R

Region Description	Category of Aid Description	Rate Cell Description	Projected Member Months or Deliveries	Lower Bound PMPM or Cost per Delivery	Upper Bound PMPM or Cost per Delivery	Family Planning %
South Central	BCC	BCC, All Ages	2,199	$2,322.45	$2,451.29	0.01%
South Central	LAP	LAP, All Ages	10,454	$198.40	$213.06	1.12%
South Central	HCBS	Child 0 - 20	1,142	$2,487.96	$2,721.12	0.16%
South Central	HCBS	Adult 21+	3,354	$1,072.47	$1,149.37	0.31%
South Central	CCM	CCM, All Ages	6,069	$1,291.18	$1,421.85	0.13%
South Central	SBH - CCM	SBH - Chisholm, All Ages Male & Female	14,070	$200.90	$225.45	0.00%
South Central	SBH - Duals	SBH - Dual Eligible, All Ages	354,544	$17.95	$19.04	0.00%
South Central	SBH - HCBS	SBH - 20 & Under, Male and Female	6,496	$92.76	$103.19	0.00%
South Central	SBH - HCBS	SBH - 21+ Years, Male and Female	12,741	$80.23	$84.77	0.00%
South Central	SBH - Other	SBH - Other, All Ages	11,211	$193.58	$203.44	0.00%
South Central	Maternity Kick Payment	Maternity Kick Payment	19,098	$9,109.94	$9,315.27	0.45%
South Central	EED Kick Payment	EED Kick Payment	N/A	$4,812.50	$4,871.23	0.86%
North	SSI	0 - 2 Months	377	$27,236.73	$28,997.83	0.00%
North	SSI	3 - 11 Months	1,585	$7,422.09	$7,901.06	0.00%
North	SSI	Child 1 - 20	115,401	$848.72	$924.70	0.26%
North	SSI	Adult 21+	209,758	$1,118.14	$1,187.14	0.14%
North	Family & Children	0 - 2 Months	38,446	$2,032.44	$2,161.95	0.00%
North	Family & Children	3 - 11 Months	86,701	$279.90	$297.23	0.00%
North	Family & Children	Child 1 - 20	1,722,974	$175.00	$189.40	1.02%
North	Family & Children	Adult 21+	281,131	$336.30	$355.65	3.41%
North	Foster Care Children	FCC, All Ages	31,596	$617.37	$679.63	0.37%
North	BCC	BCC, All Ages	2,469	$2,322.45	$2,451.29	0.01%
North	LAP	LAP, All Ages	5,233	$198.40	$213.06	0.85%
North	HCBS	Child 0 - 20	1,044	$2,487.96	$2,721.12	0.11%
North	HCBS	Adult 21+	2,911	$1,072.47	$1,149.37	0.31%
North	CCM	CCM, All Ages	4,066	$1,291.18	$1,421.85	0.12%
North	SBH - CCM	SBH - Chisholm, All Ages Male & Female	12,916	$200.90	$225.45	0.00%

Appendix R

Region Description	Category of Aid Description	Rate Cell Description	Projected Member Months or Deliveries	Lower Bound PMPM or Cost per Delivery	Upper Bound PMPM or Cost per Delivery	Family Planning %
North	SBH - Duals	SBH - Dual Eligible, All Ages	284,633	$20.05	$21.26	0.00%
North	SBH - HCBS	SBH - 20 & Under, Male and Female	4,076	$92.76	$103.19	0.00%
North	SBH - HCBS	SBH - 21+ Years, Male and Female	9,869	$80.23	$84.77	0.00%
North	SBH - Other	SBH - Other, All Ages	10,383	$193.58	$203.44	0.00%
North	Maternity Kick Payment	Maternity Kick Payment	15,959	$10,063.87	$10,264.05	0.28%
North	EED Kick Payment	EED Kick Payment	N/A	$5,872.28	$5,929.53	0.48%

Appendix S: Data Reliance Letter

John Bel Edwards
GOVERNOR

Rebekah E. Gee MD, MPH
SECRETARY

State of Louisiana

Louisiana Department of Health
Bureau of Health Services Financing

Mr. Jaredd Simons, ASA, MAAA
Principal
Mercer Government Human Services
3560 Lenox Road, Suite 2400
Atlanta, GA 30326

September 30, 2016

Subject: Capitation Rate Certification for the Healthy Louisiana Program – Implementation Year (February 1, 2017 through January 31, 2018)

Dear Jaredd:

I, Pam Diez, Medicaid Deputy Director for the Louisiana Department of Health (LDH), hereby affirm that the data prepared and submitted to Mercer Government Human Services Consulting (Mercer) for the purpose of certifying the February 1, 2017 through January 31, 2018 Healthy Louisiana 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.

Pam Diez
Signature

10/3/16
Date

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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

February 17, 2017

Subject: Healthy Louisiana Physical Health Services – Full Risk-Bearing Managed Care Organization (MCO) Rate Range Development and Actuarial Certification update for the Period February 1, 2015 to June 30, 2015.

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, 2015 to June 30, 2015. This certification includes a revision to rates effective during the period but paid on or after January 1, 2016. This revised certification letter replaces the certification letter issued on October 15, 2015 for the period of February 1, 2015 to June 30, 2015. 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 February 1, 2015 through June 30, 2015 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 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.

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% on health maintenance organizations which include all five of the Healthy Louisiana program MCOs. This tax is assessed according to the date of payment of capitation on or after January 1, 2016. Routine processing of eligibility leads to payments to the MCOs for retrospective changes prior to January 1, 2016, warranting revised capitation rates. The rates contained herein are only intended to be used by LDH for payments of rates effective during the certified rate period made after January 1, 2016. Certified rates effective and paid prior to January 1, 2016 are unaffected by this certification. The change to the premium tax rate resulted in a 3.50% increase to the final rate in all rate cells. The table below shows the impact by rate cell to the midpoint rates.

	[MM]	[A]	[B]	[C]	[D] = [B] + [C]
COA Description	**MMs**	**Original Midpoint PMPM**	**Midpoint PMPM less 2.25% Premium Tax**	**5.5% Premium Tax Revision Impact**	**Revised Midpoint PMPM**
SSI	1,358,223	$ 864.27	$ 844.82	$ 49.71	$ 894.54
Family and Children	9,226,622	$ 190.21	$ 185.93	$ 10.94	$ 196.87
Breast and Cervical Cancer	12,936	$ 2,223.55	$ 2,173.52	$ 127.75	$ 2,301.27
LaCHIP Affordable Plan	38,711	$ 159.01	$ 155.43	$ 9.15	$ 164.58
HCBS Waiver	108,183	$ 842.05	$ 823.10	$ 48.48	$ 871.58
Chisholm Class Members	64,569	$ 941.97	$ 920.77	$ 54.24	$ 975.02
Maternity Kick Payment	38,617	$ 8,211.01	$ 8,026.26	$ 471.22	$ 8,497.47
Composite	10,809,244	$ 317.58	$ 310.43	$ 18.27	$ 328.70

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 MCOs 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 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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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 Description	Rate Cell Description	CY2014 MMs or Deliveries	Lower Bound PMPM or Cost per Delivery	Upper Bound PMPM or Cost Per Delivery
Gulf	SSI	Newborn, 0-2 Months	291	$ 30,032.99	$ 31,557.55
Gulf	SSI	Newborn, 3-11 Months	1,790	$ 5,471.54	$ 5,775.63
Gulf	SSI	Child, 1-18 Years	122,394	$ 394.03	$ 418.99
Gulf	SSI	Adult, 19+ Years	276,704	$ 1,035.10	$ 1,089.48
Gulf	Family and Children	Newborn, 0-2 Months	43,180	$ 1,764.41	$ 1,853.77
Gulf	Family and Children	Newborn, 3-11 Months	104,549	$ 252.40	$ 269.45
Gulf	Family and Children	Child, 1-18 Years	2,053,265	$ 122.43	$ 130.54
Gulf	Family and Children	Adult, 19+ Years	374,005	$ 325.95	$ 344.10
Gulf	Breast and Cervical Cancer	BCC, All Ages Female	3,702	$ 2,234.33	$ 2,368.53
Gulf	LaCHIP Affordable Plan	All Ages	9,457	$ 159.07	$ 169.91
Gulf	HCBS Waiver	18 & Under, Male and Female	6,826	$ 1,589.08	$ 1,722.97
Gulf	HCBS Waiver	19+ Years, Male and Female	21,296	$ 615.40	$ 662.27
Gulf	Chisholm Class Members	Chisholm, All Ages Male & Female	15,710	$ 933.51	$ 1,016.60
Gulf	Maternity Kickpayment	Maternity Kickpayment, All Ages	10,706	$ 9,100.41	$ 9,352.21
Gulf	Maternity Kickpayment	Early Elective Delivery	N/A	$ 5,166.20	$ 5,252.66
Capital	SSI	Newborn, 0-2 Months	168	$ 30,975.92	$ 32,500.48
Capital	SSI	Newborn, 3-11 Months	1,491	$ 5,557.12	$ 5,861.21
Capital	SSI	Child, 1-18 Years	89,519	$ 438.40	$ 468.15
Capital	SSI	Adult, 19+ Years	210,439	$ 1,053.60	$ 1,115.62
Capital	Family and Children	Newborn, 0-2 Months	38,789	$ 1,911.76	$ 2,003.49
Capital	Family and Children	Newborn, 3-11 Months	94,611	$ 271.23	$ 290.78
Capital	Family and Children	Child, 1-18 Years	1,863,396	$ 128.28	$ 137.21
Capital	Family and Children	Adult, 19+ Years	268,984	$ 369.27	$ 390.69
Capital	Breast and Cervical Cancer	BCC, All Ages Female	3,946	$ 2,230.37	$ 2,364.57
Capital	LaCHIP Affordable Plan	All Ages	10,487	$ 158.96	$ 169.80
Capital	HCBS Waiver	18 & Under, Male and Female	7,164	$ 1,588.63	$ 1,722.52
Capital	HCBS Waiver	19+ Years, Male and Female	21,638	$ 613.40	$ 660.27
Capital	Chisholm Class Members	Chisholm, All Ages Male & Female	15,831	$ 933.39	$ 1,016.48
Capital	Maternity Kickpayment	Maternity Kickpayment, All Ages	9,480	$ 8,160.32	$ 8,384.45

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Region Description	COA Description	Rate Cell Description	CY2014 MMs or Deliveries	Lower Bound PMPM or Cost per Delivery	Upper Bound PMPM or Cost Per Delivery
Capital	Maternity Kickpayment	Early Elective Delivery	N/A	$ 5,136.42	$ 5,233.46
South Central	SSI	Newborn, 0-2 Months	217	$ 30,303.17	$ 31,827.73
South Central	SSI	Newborn, 3-11 Months	1,692	$ 5,497.25	$ 5,801.34
South Central	SSI	Child, 1-18 Years	91,728	$ 455.97	$ 484.45
South Central	SSI	Adult, 19+ Years	247,354	$ 971.00	$ 1,025.95
South Central	Family and Children	Newborn, 0-2 Months	43,502	$ 2,127.88	$ 2,225.88
South Central	Family and Children	Newborn, 3-11 Months	104,512	$ 287.82	$ 306.78
South Central	Family and Children	Child, 1-18 Years	2,038,315	$ 135.92	$ 145.11
South Central	Family and Children	Adult, 19+ Years	285,454	$ 337.71	$ 357.32
South Central	Breast and Cervical Cancer	BCC, All Ages Female	2,893	$ 2,236.16	$ 2,370.36
South Central	LaCHIP Affordable Plan	All Ages	12,222	$ 159.26	$ 170.10
South Central	HCBS Waiver	18 & Under, Male and Female	6,665	$ 1,588.13	$ 1,722.02
South Central	HCBS Waiver	19+ Years, Male and Female	23,110	$ 614.64	$ 661.51
South Central	Chisholm Class Members	Chisholm, All Ages Male & Female	16,556	$ 933.47	$ 1,016.56
South Central	Maternity Kickpayment	Maternity Kickpayment, All Ages	10,352	$ 8,145.12	$ 8,374.46
South Central	Maternity Kickpayment	Early Elective Delivery	N/A	$ 4,937.32	$ 5,031.86
North	SSI	Newborn, 0-2 Months	239	$ 30,458.81	$ 31,983.37
North	SSI	Newborn, 3-11 Months	1,678	$ 5,516.42	$ 5,820.51
North	SSI	Child, 1-18 Years	100,260	$ 416.77	$ 441.54
North	SSI	Adult, 19+ Years	212,259	$ 931.37	$ 983.19
North	Family and Children	Newborn, 0-2 Months	32,253	$ 2,027.06	$ 2,127.57
North	Family and Children	Newborn, 3-11 Months	80,214	$ 267.36	$ 285.50
North	Family and Children	Child, 1-18 Years	1,587,962	$ 123.15	$ 131.21
North	Family and Children	Adult, 19+ Years	213,631	$ 325.03	$ 343.94
North	Breast and Cervical Cancer	BCC, All Ages Female	2,395	$ 2,237.75	$ 2,371.95
North	LaCHIP Affordable Plan	All Ages	6,545	$ 159.44	$ 170.28
North	HCBS Waiver	18 & Under, Male and Female	4,164	$ 1,588.69	$ 1,722.58
North	HCBS Waiver	19+ Years, Male and Female	17,320	$ 615.73	$ 662.60
North	Chisholm Class Members	Chisholm, All Ages Male & Female	16,472	$ 933.50	$ 1,016.59
North	Maternity Kickpayment	Maternity Kickpayment, All Ages	8,080	$ 7,986.94	$ 8,213.84

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Region Description	COA Description	Rate Cell Description	CY2014 MMs or Deliveries	Lower Bound PMPM or Cost per Delivery	Upper Bound PMPM or Cost Per Delivery
North	Maternity Kickpayment	Early Elective Delivery	N/A	$ 4,636.87	$ 4,722.99

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February 17, 2017
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	291	$ 29,018.84	$ 30,491.64	$ 28,365.92	$ 29,805.58	$ 1,667.07	$ 1,751.96	$ 30,032.99	$ 31,557.55
Gulf	SSI	Newborn, 3-11 Months	1,790	$ 5,286.42	$ 5,580.19	$ 5,167.48	$ 5,454.64	$ 304.06	$ 320.99	$ 5,471.54	$ 5,775.63
Gulf	SSI	Child, 1-18 Years	122,394	$ 380.69	$ 404.80	$ 372.12	$ 395.69	$ 21.92	$ 23.30	$ 394.03	$ 418.99
Gulf	SSI	Adult, 19+ Years	276,704	$ 1,000.11	$ 1,052.64	$ 977.61	$ 1,028.96	$ 57.48	$ 60.51	$ 1,035.10	$ 1,089.48
Gulf	Family and Children	Newborn, 0-2 Months	43,180	$ 1,704.84	$ 1,791.17	$ 1,666.48	$ 1,750.87	$ 97.93	$ 102.90	$ 1,764.41	$ 1,853.77
Gulf	Family and Children	Newborn, 3-11 Months	104,549	$ 243.86	$ 260.33	$ 238.37	$ 254.47	$ 14.03	$ 14.99	$ 252.40	$ 269.45
Gulf	Family and Children	Child, 1-18 Years	2,053,265	$ 118.28	$ 126.12	$ 115.62	$ 123.28	$ 6.81	$ 7.26	$ 122.43	$ 130.54
Gulf	Family and Children	Adult, 19+ Years	374,005	$ 314.92	$ 332.46	$ 307.83	$ 324.98	$ 18.11	$ 19.11	$ 325.95	$ 344.10
Gulf	Breast and Cervical Cancer	BCC, All Ages Female	3,702	$ 2,158.88	$ 2,288.53	$ 2,110.31	$ 2,237.04	$ 124.02	$ 131.49	$ 2,234.33	$ 2,368.53
Gulf	LaCHIP Affordable Plan	All Ages	9,457	$ 153.68	$ 164.15	$ 150.22	$ 160.46	$ 8.85	$ 9.45	$ 159.07	$ 169.91
Gulf	HCBS Waiver	18 & Under, Male and Female	6,826	$ 1,535.18	$ 1,664.52	$ 1,500.64	$ 1,627.07	$ 88.44	$ 95.89	$ 1,589.08	$ 1,722.97
Gulf	HCBS Waiver	19+ Years, Male and Female	21,296	$ 594.57	$ 639.84	$ 581.19	$ 625.44	$ 34.21	$ 36.83	$ 615.40	$ 662.27
Gulf	Chisholm Class Members	Chisholm, All Ages Male & Female	15,710	$ 901.88	$ 982.14	$ 881.59	$ 960.04	$ 51.93	$ 56.56	$ 933.51	$ 1,016.60
Gulf	Maternity Kickpayment	Maternity Kickpayment, All Ages	10,706	$ 8,793.68	$ 9,036.94	$ 8,595.82	$ 8,833.61	$ 504.59	$ 518.61	$ 9,100.41	$ 9,352.21
Gulf	Maternity Kickpayment	Early Elective Delivery	N/A	$ 4,993.01	$ 5,076.54	$ 4,880.67	$ 4,962.32	$ 285.53	$ 290.35	$ 5,166.20	$ 5,252.66
Capital	SSI	Newborn, 0-2 Months	168	$ 29,930.42	$ 31,403.23	$ 29,256.99	$ 30,696.66	$ 1,718.94	$ 1,803.82	$ 30,975.92	$ 32,500.48
Capital	SSI	Newborn, 3-11 Months	1,491	$ 5,369.15	$ 5,662.92	$ 5,248.34	$ 5,535.50	$ 308.78	$ 325.71	$ 5,557.12	$ 5,861.21
Capital	SSI	Child, 1-18 Years	89,519	$ 423.53	$ 452.27	$ 414.00	$ 442.09	$ 24.40	$ 26.06	$ 438.40	$ 468.15
Capital	SSI	Adult, 19+ Years	210,439	$ 1,017.92	$ 1,077.83	$ 995.02	$ 1,053.58	$ 58.57	$ 62.03	$ 1,053.60	$ 1,115.62
Capital	Family and Children	Newborn, 0-2 Months	38,789	$ 1,847.28	$ 1,935.91	$ 1,805.72	$ 1,892.35	$ 106.04	$ 111.15	$ 1,911.76	$ 2,003.49
Capital	Family and Children	Newborn, 3-11 Months	94,611	$ 262.04	$ 280.92	$ 256.14	$ 274.60	$ 15.09	$ 16.17	$ 271.23	$ 290.78
Capital	Family and Children	Child, 1-18 Years	1,863,396	$ 123.93	$ 132.56	$ 121.14	$ 129.58	$ 7.14	$ 7.63	$ 128.28	$ 137.21
Capital	Family and Children	Adult, 19+ Years	268,984	$ 356.78	$ 377.47	$ 348.75	$ 368.98	$ 20.52	$ 21.72	$ 369.27	$ 390.69
Capital	Breast and Cervical Cancer	BCC, All Ages Female	3,946	$ 2,155.05	$ 2,284.70	$ 2,106.56	$ 2,233.29	$ 123.81	$ 131.28	$ 2,230.37	$ 2,364.57
Capital	LaCHIP Affordable Plan	All Ages	10,487	$ 153.58	$ 164.05	$ 150.12	$ 160.36	$ 8.84	$ 9.44	$ 158.96	$ 169.80
Capital	HCBS Waiver	18 & Under, Male and Female	7,164	$ 1,534.74	$ 1,664.08	$ 1,500.21	$ 1,626.64	$ 88.42	$ 95.87	$ 1,588.63	$ 1,722.52
Capital	HCBS Waiver	19+ Years, Male and Female	21,638	$ 592.63	$ 637.91	$ 579.30	$ 623.56	$ 34.10	$ 36.71	$ 613.40	$ 660.27
Capital	Chisholm Class Members	Chisholm, All Ages Male & Female	15,831	$ 901.76	$ 982.03	$ 881.47	$ 959.93	$ 51.93	$ 56.55	$ 933.39	$ 1,016.48
Capital	Maternity Kickpayment	Maternity Kickpayment, All Ages	9,480	$ 7,885.31	$ 8,101.83	$ 7,707.89	$ 7,919.54	$ 452.44	$ 464.91	$ 8,160.32	$ 8,384.45
Capital	Maternity Kickpayment	Early Elective Delivery	N/A	$ 4,964.04	$ 5,057.79	$ 4,852.35	$ 4,943.99	$ 284.07	$ 289.47	$ 5,136.42	$ 5,233.46
South Central	SSI	Newborn, 0-2 Months	217	$ 29,280.03	$ 30,752.84	$ 28,621.23	$ 30,060.90	$ 1,681.94	$ 1,766.82	$ 30,303.17	$ 31,827.73
South Central	SSI	Newborn, 3-11 Months	1,692	$ 5,311.27	$ 5,605.04	$ 5,191.77	$ 5,478.93	$ 305.48	$ 322.41	$ 5,497.25	$ 5,801.34
South Central	SSI	Child, 1-18 Years	91,728	$ 440.52	$ 468.03	$ 430.61	$ 457.50	$ 25.36	$ 26.95	$ 455.97	$ 484.45
South Central	SSI	Adult, 19+ Years	247,354	$ 938.14	$ 991.23	$ 917.03	$ 968.93	$ 53.97	$ 57.02	$ 971.00	$ 1,025.95
South Central	Family and Children	Newborn, 0-2 Months	43,502	$ 2,056.15	$ 2,150.83	$ 2,009.89	$ 2,102.44	$ 117.99	$ 123.45	$ 2,127.88	$ 2,225.88
South Central	Family and Children	Newborn, 3-11 Months	104,512	$ 278.08	$ 296.40	$ 271.82	$ 289.73	$ 16.00	$ 17.06	$ 287.82	$ 306.78
South Central	Family and Children	Child, 1-18 Years	2,038,315	$ 131.32	$ 140.19	$ 128.37	$ 137.04	$ 7.55	$ 8.07	$ 135.92	$ 145.11
South Central	Family and Children	Adult, 19+ Years	285,454	$ 326.28	$ 345.23	$ 318.94	$ 337.46	$ 18.77	$ 19.86	$ 337.71	$ 357.32
South Central	Breast and Cervical Cancer	BCC, All Ages Female	2,893	$ 2,160.65	$ 2,290.30	$ 2,112.04	$ 2,238.77	$ 124.12	$ 131.59	$ 2,236.16	$ 2,370.36
South Central	LaCHIP Affordable Plan	All Ages	12,222	$ 153.87	$ 164.34	$ 150.41	$ 160.64	$ 8.85	$ 9.46	$ 159.26	$ 170.10
South Central	HCBS Waiver	18 & Under, Male and Female	6,665	$ 1,534.26	$ 1,663.60	$ 1,499.74	$ 1,626.17	$ 88.40	$ 95.85	$ 1,588.13	$ 1,722.02
South Central	HCBS Waiver	19+ Years, Male and Female	23,110	$ 593.83	$ 639.11	$ 580.47	$ 624.73	$ 34.17	$ 36.78	$ 614.64	$ 661.51
South Central	Chisholm Class Members	Chisholm, All Ages Male & Female	16,556	$ 901.83	$ 982.10	$ 881.54	$ 960.00	$ 51.93	$ 56.56	$ 933.47	$ 1,016.56
South Central	Maternity Kickpayment	Maternity Kickpayment, All Ages	10,352	$ 7,870.52	$ 8,092.08	$ 7,693.43	$ 7,910.01	$ 451.69	$ 464.45	$ 8,145.12	$ 8,374.46
South Central	Maternity Kickpayment	Early Elective Delivery	N/A	$ 4,771.61	$ 4,862.93	$ 4,664.25	$ 4,753.51	$ 273.07	$ 278.35	$ 4,937.32	$ 5,031.86
North	SSI	Newborn, 0-2 Months	239	$ 29,430.50	$ 30,903.30	$ 28,768.31	$ 30,207.98	$ 1,690.50	$ 1,775.38	$ 30,458.81	$ 31,983.37
North	SSI	Newborn, 3-11 Months	1,678	$ 5,329.80	$ 5,623.57	$ 5,209.88	$ 5,497.04	$ 306.54	$ 323.47	$ 5,516.42	$ 5,820.51
North	SSI	Child, 1-18 Years	100,260	$ 402.65	$ 426.58	$ 393.59	$ 416.98	$ 23.18	$ 24.56	$ 416.77	$ 441.54
North	SSI	Adult, 19+ Years	212,259	$ 899.87	$ 949.93	$ 879.62	$ 928.56	$ 51.75	$ 54.63	$ 931.37	$ 983.19
North	Family and Children	Newborn, 0-2 Months	32,253	$ 1,958.67	$ 2,055.77	$ 1,914.60	$ 2,009.52	$ 112.47	$ 118.06	$ 2,027.06	$ 2,127.57
North	Family and Children	Newborn, 3-11 Months	80,214	$ 258.30	$ 275.83	$ 252.49	$ 269.62	$ 14.87	$ 15.88	$ 267.36	$ 285.50
North	Family and Children	Child, 1-18 Years	1,587,962	$ 118.97	$ 126.76	$ 116.29	$ 123.91	$ 6.86	$ 7.29	$ 123.15	$ 131.21
North	Family and Children	Adult, 19+ Years	213,631	$ 314.03	$ 332.30	$ 306.96	$ 324.82	$ 18.06	$ 19.11	$ 325.03	$ 343.94
North	Breast and Cervical Cancer	BCC, All Ages Female	2,395	$ 2,162.19	$ 2,291.84	$ 2,113.54	$ 2,240.27	$ 124.21	$ 131.69	$ 2,237.75	$ 2,371.95
North	LaCHIP Affordable Plan	All Ages	6,545	$ 154.04	$ 164.51	$ 150.57	$ 160.81	$ 8.87	$ 9.47	$ 159.44	$ 170.28
North	HCBS Waiver	18 & Under, Male and Female	4,164	$ 1,534.80	$ 1,664.14	$ 1,500.27	$ 1,626.70	$ 88.42	$ 95.87	$ 1,588.69	$ 1,722.58
North	HCBS Waiver	19+ Years, Male and Female	17,320	$ 594.89	$ 640.17	$ 581.50	$ 625.77	$ 34.23	$ 36.83	$ 615.73	$ 662.60
North	Chisholm Class Members	Chisholm, All Ages Male & Female	16,472	$ 901.86	$ 982.13	$ 881.57	$ 960.03	$ 51.93	$ 56.56	$ 933.50	$ 1,016.59
North	Maternity Kickpayment	Maternity Kickpayment, All Ages	8,080	$ 7,717.64	$ 7,936.84	$ 7,543.99	$ 7,758.26	$ 442.95	$ 455.58	$ 7,986.94	$ 8,213.84
North	Maternity Kickpayment	Early Elective Delivery	N/A	$ 4,481.28	$ 4,564.47	$ 4,380.45	$ 4,461.77	$ 256.42	$ 261.22	$ 4,636.87	$ 4,722.99

Appendix C: LA Bayou Health_Rate Certification_Effective February 1, 2015 through June 30, 2015_FINAL (Revised 20151015)

Jaredd Simons, ASA, MAAA
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Ms. Jen Steele
Medicaid Deputy Director
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Bureau of Health Services Financing
628 North 4th Street
Baton Rouge, LA 70821

October 15, 2015

Subject: Louisiana Bayou Health Program – Full Risk-Bearing Managed Care Organization Rate Range Development and Actuarial Certification update for the Period February 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 February 1, 2015 through January 31, 2016. This certification update includes two technical revisions effective February 1, 2015. For reference, the original capitation rate certification letter for the period February 1, 2015 through January 31, 2016 is included with this document in Appendix C. Given the retroactive aspect of the revisions and other programmatic changes that occurred effective July 1, 2015, the revised rates herein pertains to the period February 1, 2015 through June 30, 2015.

This letter provides an overview of the analyses and methodology to support the technical revisions and the resulting capitation rate ranges effective February 1, 2015 through June 30, 2015 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 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, 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.

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 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.
- 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
Statewide	**39,396**	**$5,296.26**	**38,617**	**$5,403.03**	**-1.98%**	**2.02%**	**$106.78**

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	$2,928.30	10,706	$3,005.36	2.63%	$77.06
Capital	9,772	$2,651.38	9,480	$2,733.19	3.09%	$81.81
South Central	10,504	$2,560.90	10,352	$2,598.47	1.47%	$37.57
North	8,132	$2,485.55	8,080	$2,501.69	0.65%	$16.14
Statewide	**39,396**	**$2,670.25**	**38,617**	**$2,724.09**	**2.02%**	**$53.83**

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.

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
Statewide	**38,617**	**$5,403.03**	**1.55%**	**$5,486.91**	**$83.88**

Table 3: Total impact of all revisions

		Delivery Count Logic Update Impact		OOS IP Hospital Adj. Impact	
	[A]	[B]	[C]	[D]	[E]= [A]+[B]+[C]+[D]
Region Description	**Original Total Cost per Delivery[1]**	**Cost Per Delivery Impact[2]**	**FMP Cost per Delivery Impact[3]**	**Cost Per Delivery Impact[4]**	**Revised Total Cost Per Delivery**
Gulf	$8,686.81	$151.54	$77.06	($0.10)	$8,915.31
Capital	$7,752.08	$157.40	$81.81	$2.27	$7,993.56
South Central	$7,624.03	$74.27	$37.57	$245.44	$7,981.30
North	$7,693.37	$33.82	$16.14	$83.91	$7,827.24

Notes:
1: Target cost per delivery certified in the January 31, 2015 letter for the period February 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.

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 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 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.

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	CY 2013 MMs or Deliveries	Lower Bound PMPM or Cost per Delivery	Upper Bound PMPM or Cost per Delivery
Gulf	SSI	0-2 Months	291	$29,018.84	$30,491.64
Gulf	SSI	3-11 Months	1,790	$5,286.42	$5,580.19
Gulf	SSI	Child 1-18	122,394	$380.69	$404.80
Gulf	SSI	Adult 19+	276,704	$1,000.11	$1,052.64
Gulf	Family & Children	0-2 Months	43,180	$1,704.84	$1,791.17
Gulf	Family & Children	3-11 Months	104,549	$243.86	$260.33
Gulf	Family & Children	Child 1-18	2,053,265	$118.28	$126.12
Gulf	Family & Children	Adult 19+	374,005	$314.92	$332.46
Gulf	BCC	BCC, All Ages	3,702	$2,158.88	$2,288.53
Gulf	LAP	LAP, All Ages	9,457	$153.68	$164.15
Gulf	HCBS	Child 0-18	6,826	$1,535.18	$1,664.52
Gulf	HCBS	Adult 19+	21,296	$594.57	$639.84
Gulf	CCM	CCM, All Ages	15,710	$901.88	$982.14
Gulf	Maternity Kick Payment	Maternity Kick Payment	10,706	$8,793.68	$9,036.94
Gulf	EED Kick Payment	EED Kick Payment	N/A	$4,993.01	$5,076.54
Capital	SSI	0-2 Months	168	$29,930.42	$31,403.23
Capital	SSI	3-11 Months	1,491	$5,369.15	$5,662.92
Capital	SSI	Child 1-18	89,519	$423.53	$452.27
Capital	SSI	Adult 19+	210,439	$1,017.92	$1,077.83
Capital	Family & Children	0-2 Months	38,789	$1,847.28	$1,935.91
Capital	Family & Children	3-11 Months	94,611	$262.04	$280.92
Capital	Family & Children	Child 1-18	1,863,396	$123.93	$132.56
Capital	Family & Children	Adult 19+	268,984	$356.78	$377.47
Capital	BCC	BCC, All Ages	3,946	$2,155.05	$2,284.70
Capital	LAP	LAP, All Ages	10,487	$153.58	$164.05
Capital	HCBS	Child 0-18	7,164	$1,534.74	$1,664.08
Capital	HCBS	Adult 19+	21,638	$592.63	$637.91
Capital	CCM	CCM, All Ages	15,831	$901.76	$982.03
Capital	Maternity Kick Payment	Maternity Kick Payment	9,480	$7,885.31	$8,101.83
Capital	EED Kick Payment	EED Kick Payment	N/A	$4,964.04	$5,057.79
South Central	SSI	0-2 Months	217	$29,280.03	$30,752.84
South Central	SSI	3-11 Months	1,692	$5,311.27	$5,605.04

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
South Central	SSI	Child 1-18	91,728	$440.52	$468.03
South Central	SSI	Adult 19+	247,354	$938.14	$991.23
South Central	Family & Children	0-2 Months	43,502	$2,056.15	$2,150.83
South Central	Family & Children	3-11 Months	104,512	$278.08	$296.40
South Central	Family & Children	Child 1-18	2,038,315	$131.32	$140.19
South Central	Family & Children	Adult 19+	285,454	$326.28	$345.23
South Central	BCC	BCC, All Ages	2,893	$2,160.65	$2,290.30
South Central	LAP	LAP, All Ages	12,222	$153.87	$164.34
South Central	HCBS	Child 0-18	6,665	$1,534.26	$1,663.60
South Central	HCBS	Adult 19+	23,110	$593.83	$639.11
South Central	CCM	CCM, All Ages	16,556	$901.83	$982.10
South Central	Maternity Kick Payment	Maternity Kick Payment	10,352	$7,870.52	$8,092.08
South Central	EED Kick Payment	EED Kick Payment	N/A	$4,771.61	$4,862.93
North	SSI	0-2 Months	239	$29,430.50	$30,903.30
North	SSI	3-11 Months	1,678	$5,329.80	$5,623.57
North	SSI	Child 1-18	100,260	$402.65	$426.58
North	SSI	Adult 19+	212,259	$899.87	$949.93
North	Family & Children	0-2 Months	32,253	$1,958.67	$2,055.77
North	Family & Children	3-11 Months	80,214	$258.30	$275.83
North	Family & Children	Child 1-18	1,587,962	$118.97	$126.76
North	Family & Children	Adult 19+	213,631	$314.03	$332.30
North	BCC	BCC, All Ages	2,395	$2,162.19	$2,291.84
North	LAP	LAP, All Ages	6,545	$154.04	$164.51
North	HCBS	Child 0-18	4,164	$1,534.80	$1,664.14
North	HCBS	Adult 19+	17,320	$594.89	$640.17
North	CCM	CCM, All Ages	16,472	$901.86	$982.13
North	Maternity Kick Payment	Maternity Kick Payment	8,080	$7,717.64	$7,936.84
North	EED Kick Payment	EED Kick Payment	N/A	$4,481.28	$4,564.47

Appendix B: Development of Rate Ranges for February 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 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 and applies the various rate-setting adjustments. The columns in the exhibit are as follows:

Base Data – The base data in these columns includes incurred but not reported.
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 Savings/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.)
PDHC Adjustment (Region and COS level adj.)	PDHC Adjustment (Region and COS level adj.)	PDHC Adjustment (Region and COS level adj.)
	RX Rebate Adjustment (statewide adj.)	RX Rebate Adjustment (statewide adj.)
Affordable Care Act Primary Care Physician (ACA PCP) Adjustment (Category of Service	ACA PCP Adjustment (Category of Service level adj.)	

Base Period Adjustments		
Prepaid	**Shared Savings/FFS**	**LaHIPP**
level adj.)		
Behavioral Health Mixed Services Protocol Adjustment (Category of Service level adj.)	Behavioral Health Mixed Services Protocol Adjustment (Category of Service level adj.)	Behavioral Health Mixed Services Protocol Adjustment (Category of Service level adj.)
Retroactivity Adjustment (rate cell level adj.)	Retroactivity Adjustment (rate cell level adj.)	Retroactivity Adjustment (rate cell level adj.)
Non-Emergent Medical Transportation 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 Savings/FFS**	**LaHIPP**
Managed Care Savings*	Managed Care Savings*	None
	Generic Dispense Rate Adjustment	

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

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: L = [B *E * (1+G)*H*J] + K.
Claims PMPM – (High) – Calculated as: M = [B * F * (1+G)*I*J] + K.
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: T = (L * (1 + O) + N)/(1 – R – S).
PMPM After Admin – (High) – Calculated as: U = (M * (1 + Q) + P)/(1 – R – S).
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: X = T + V + W
Final Loaded Rates – (High) – Calculated as: Y = U + V + W

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October 15, 2015
Ms. Jen Steele
Louisiana Department of Health and Hospitals

			Base Data		Base Data Adjustments								Outliers			Capitation Rate Load								Full Medicaid Payment			
			A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	U	V	W	X	Y
Region Name	COA Desc	Rate Cell Code	MMs	PMPM	Annual Trend-Low	Annual Trend-High	Trend Factor-Low	Trend Factor-High	Base Period Adj.	Managed Care Adj. Factor-Low	Managed Care Adj. Factor-High	Out of State Hospital Adj. Factor	Outlier Add-on-PMPM	Claims PMPM-Low	Claims PMPM-High	Fixed Admin Load-Low (PMPM)	Variable Admin Load-Low (%)	Fixed Admin Load-High (PMPM)	Variable Admin Load-High (%)	Profit @ 2%	Premium Tax @ 2.25%	PMPM After Admin-Low	PMPM After Admin-High	FMP Add-On	Premium tax on FMP	Final Loaded Rates-Low	Final Loaded Rates-High
Gulf	SSI	Newborn, 0-2 Months	291	$ 19,478.95	0.4%	3.8%	1.01	1.08	-5.0%	1.00	1.00	1.00	$ 945.10	$ 19,605.45	$ 20,936.71	$ 10.89	6.0%	$ 11.67	6.0%	2.0%	2.25%	$ 21,718.65	$ 23,191.46	$ 7,135.93	$ 164.25	$ 29,018.84	$ 30,491.64
Gulf	SSI	Newborn, 3-11 Months	1,790	$ 3,966.82	1.2%	4.3%	1.03	1.09	-1.7%	0.99	1.00	1.00	$ 63.79	$ 4,038.79	$ 4,304.79	$ 10.89	5.5%	$ 11.67	5.5%	2.0%	2.25%	$ 4,461.42	$ 4,755.19	$ 806.43	$ 18.56	$ 5,286.42	$ 5,580.19
Gulf	SSI	Child, 1-18 Years	122,394	$ 292.96	2.9%	5.9%	1.06	1.13	-1.4%	0.98	0.99	1.00	$ 2.39	$ 302.71	$ 324.02	$ 10.89	4.4%	$ 11.67	4.4%	2.0%	2.25%	$ 341.49	$ 365.60	$ 38.31	$ 0.88	$ 380.69	$ 404.80
Gulf	SSI	Adult, 19+ Years	276,704	$ 681.20	2.9%	5.9%	1.06	1.13	0.4%	0.99	0.99	1.00	$ -	$ 717.35	$ 764.64	$ 10.89	4.3%	$ 11.67	4.4%	2.0%	2.25%	$ 793.04	$ 845.58	$ 202.41	$ 4.66	$ 1,000.11	$ 1,052.64
Gulf	Family and Children	Newborn, 0-2 Months	43,180	$ 1,149.57	0.7%	4.1%	1.01	1.09	-7.5%	1.00	1.00	1.00	$ 46.33	$ 1,122.09	$ 1,199.45	$ 10.89	6.0%	$ 11.67	6.0%	2.0%	2.25%	$ 1,253.38	$ 1,339.71	$ 441.30	$ 10.16	$ 1,704.84	$ 1,791.17
Gulf	Family and Children	Newborn, 3-11 Months	104,549	$ 200.42	2.3%	5.8%	1.05	1.12	-10.6%	0.97	0.97	1.00	$ 0.21	$ 182.14	$ 196.37	$ 10.89	5.3%	$ 11.67	5.3%	2.0%	2.25%	$ 211.71	$ 228.18	$ 31.43	$ 0.72	$ 243.86	$ 260.33
Gulf	Family and Children	Child, 1-18 Years	2,053,265	$ 89.50	3.0%	6.2%	1.06	1.13	-4.9%	0.95	0.96	1.00	$ 0.05	$ 86.08	$ 92.48	$ 10.89	4.7%	$ 11.67	4.8%	2.0%	2.25%	$ 105.54	$ 113.37	$ 12.46	$ 0.29	$ 118.28	$ 126.12
Gulf	Family and Children	Adult, 19+ Years	374,005	$ 214.94	2.9%	5.9%	1.06	1.13	1.7%	0.96	0.97	1.00	$ -	$ 223.22	$ 238.47	$ 10.89	4.8%	$ 11.67	4.8%	2.0%	2.25%	$ 255.69	$ 273.23	$ 57.90	$ 1.33	$ 314.92	$ 332.46
Gulf	Breast and Cervical Cancer	BCC, All Ages Female	3,702	$ 1,291.59	2.5%	6.3%	1.05	1.14	7.6%	1.00	1.00	1.00	$ -	$ 1,460.86	$ 1,577.84	$ 10.89	5.1%	$ 11.67	5.1%	2.0%	2.25%	$ 1,615.27	$ 1,744.92	$ 531.38	$ 12.23	$ 2,158.88	$ 2,288.53
Gulf	LaCHP Affordable Plan	All Ages	9,457	$ 120.14	3.3%	6.5%	1.07	1.14	-2.4%	0.92	0.93	1.00	$ -	$ 115.39	$ 124.22	$ 10.89	4.6%	$ 11.67	4.6%	2.0%	2.25%	$ 137.41	$ 147.88	$ 15.90	$ 0.37	$ 153.68	$ 164.15
Gulf	HCBS Waiver	18 & Under, Male and Female	6,826	$ 1,357.71	2.0%	4.6%	1.04	1.10	0.5%	0.95	0.97	1.00	$ -	$ 1,343.79	$ 1,460.38	$ 10.89	5.3%	$ 11.67	5.3%	2.0%	2.25%	$ 1,489.28	$ 1,618.62	$ 44.87	$ 1.03	$ 1,535.18	$ 1,664.52
Gulf	HCBS Waiver	19+ Years, Male and Female	21,296	$ 509.87	2.0%	4.0%	1.04	1.09	0.9%	0.88	0.91	1.00	$ -	$ 470.37	$ 510.93	$ 10.89	4.2%	$ 11.67	4.3%	2.0%	2.25%	$ 523.50	$ 568.78	$ 69.47	$ 1.60	$ 594.57	$ 639.84
Gulf	Chisholm Class Members	Chisholm, All Ages Male & Female	15,710	$ 774.94	2.1%	4.8%	1.04	1.10	0.8%	0.92	0.96	1.00	$ -	$ 753.39	$ 825.52	$ 10.89	5.1%	$ 11.67	5.1%	2.0%	2.25%	$ 838.14	$ 918.40	$ 62.31	$ 1.43	$ 901.88	$ 982.14
Gulf	Maternity Kickpayment	Maternity Kickpayment, All Ages	10,706	$ 5,256.84	0.0%	2.0%	1.00	1.04	-0.6%	1.00	1.00	1.00	$ -	$ 5,226.07	$ 5,446.18	$ -	6.1%	$ -	6.0%	2.0%	2.25%	$ 5,788.32	$ 6,031.58	$ 2,937.73	$ 67.62	$ 8,793.68	$ 9,036.94
Capital	SSI	Newborn, 0-2 Months	168	$ 19,478.95	0.4%	3.8%	1.01	1.08	-5.0%	1.00	1.00	1.00	$ 945.10	$ 19,605.45	$ 20,936.71	$ 10.89	6.0%	$ 11.67	6.0%	2.0%	2.25%	$ 21,718.65	$ 23,191.46	$ 8,027.00	$ 184.76	$ 29,930.42	$ 31,403.23
Capital	SSI	Newborn, 3-11 Months	1,491	$ 3,966.82	1.2%	4.3%	1.03	1.09	-1.7%	0.99	1.00	1.00	$ 63.79	$ 4,038.79	$ 4,304.79	$ 10.89	5.5%	$ 11.67	5.5%	2.0%	2.25%	$ 4,461.42	$ 4,755.19	$ 887.31	$ 20.42	$ 5,369.15	$ 5,662.92
Capital	SSI	Child, 1-18 Years	89,519	$ 344.20	3.0%	5.9%	1.06	1.13	1.5%	0.98	0.99	1.00	$ 2.39	$ 365.03	$ 390.59	$ 10.89	4.4%	$ 11.67	4.4%	2.0%	2.25%	$ 409.50	$ 438.24	$ 13.71	$ 0.32	$ 423.53	$ 452.27
Capital	SSI	Adult, 19+ Years	210,439	$ 745.67	3.0%	5.9%	1.06	1.13	4.1%	0.99	0.99	1.00	$ -	$ 813.72	$ 867.77	$ 10.89	4.3%	$ 11.67	4.4%	2.0%	2.25%	$ 898.08	$ 958.00	$ 117.14	$ 2.70	$ 1,017.92	$ 1,077.83
Capital	Family and Children	Newborn, 0-2 Months	38,789	$ 1,158.11	0.6%	4.0%	1.01	1.09	-6.4%	1.00	1.00	1.00	$ 46.33	$ 1,140.87	$ 1,220.31	$ 10.89	6.0%	$ 11.67	6.0%	2.0%	2.25%	$ 1,274.05	$ 1,362.67	$ 560.34	$ 12.90	$ 1,847.28	$ 1,935.91
Capital	Family and Children	Newborn, 3-11 Months	94,611	$ 223.96	2.1%	5.6%	1.05	1.12	-7.5%	0.97	0.97	1.00	$ 0.21	$ 209.26	$ 225.68	$ 10.89	5.3%	$ 11.67	5.3%	2.0%	2.25%	$ 241.58	$ 260.47	$ 19.99	$ 0.46	$ 262.04	$ 280.92
Capital	Family and Children	Child, 1-18 Years	1,863,396	$ 96.04	3.2%	6.3%	1.07	1.14	-1.8%	0.94	0.95	1.00	$ 0.05	$ 94.83	$ 101.98	$ 10.89	4.6%	$ 11.67	4.6%	2.0%	2.25%	$ 114.97	$ 123.60	$ 8.76	$ 0.20	$ 123.93	$ 132.56
Capital	Family and Children	Adult, 19+ Years	268,984	$ 248.77	3.0%	5.9%	1.06	1.13	6.0%	0.96	0.97	1.00	$ -	$ 268.79	$ 286.95	$ 10.89	4.7%	$ 11.67	4.7%	2.0%	2.25%	$ 305.40	$ 326.10	$ 50.22	$ 1.16	$ 356.78	$ 377.47
Capital	Breast and Cervical Cancer	BCC, All Ages Female	3,946	$ 1,291.59	2.5%	6.3%	1.05	1.14	7.6%	1.00	1.00	1.00	$ -	$ 1,460.86	$ 1,577.84	$ 10.89	5.1%	$ 11.67	5.1%	2.0%	2.25%	$ 1,615.27	$ 1,744.92	$ 527.64	$ 12.15	$ 2,155.05	$ 2,284.70
Capital	LaCHP Affordable Plan	All Ages	10,487	$ 120.14	3.3%	6.5%	1.07	1.14	-2.4%	0.92	0.93	1.00	$ -	$ 115.39	$ 124.22	$ 10.89	4.6%	$ 11.67	4.6%	2.0%	2.25%	$ 137.41	$ 147.88	$ 15.80	$ 0.36	$ 153.58	$ 164.05
Capital	HCBS Waiver	18 & Under, Male and Female	7,164	$ 1,357.71	2.0%	4.6%	1.04	1.10	0.5%	0.95	0.97	1.00	$ -	$ 1,343.79	$ 1,460.38	$ 10.89	5.3%	$ 11.67	5.3%	2.0%	2.25%	$ 1,489.28	$ 1,618.62	$ 44.44	$ 1.02	$ 1,534.74	$ 1,664.08
Capital	HCBS Waiver	19+ Years, Male and Female	21,638	$ 509.87	2.0%	4.0%	1.04	1.09	0.9%	0.88	0.91	1.00	$ -	$ 470.37	$ 510.93	$ 10.89	4.2%	$ 11.67	4.3%	2.0%	2.25%	$ 523.50	$ 568.78	$ 67.58	$ 1.56	$ 592.63	$ 637.91
Capital	Chisholm Class Members	Chisholm, All Ages Male & Female	15,831	$ 774.94	2.1%	4.8%	1.04	1.10	0.8%	0.92	0.96	1.00	$ -	$ 753.39	$ 825.52	$ 10.89	5.1%	$ 11.67	5.1%	2.0%	2.25%	$ 838.14	$ 918.40	$ 62.20	$ 1.43	$ 901.76	$ 982.03
Capital	Maternity Kickpayment	Maternity Kickpayment, All Ages	9,480	$ 4,636.60	0.0%	2.0%	1.00	1.04	0.3%	1.00	1.00	1.00	$ -	$ 4,651.66	$ 4,847.58	$ -	6.1%	$ -	6.0%	2.0%	2.25%	$ 5,152.11	$ 5,368.63	$ 2,671.70	$ 61.50	$ 7,885.31	$ 8,101.83
South Central	SSI	Newborn, 0-2 Months	217	$ 19,478.95	0.4%	3.8%	1.01	1.08	-5.0%	1.00	1.00	1.00	$ 945.10	$ 19,605.45	$ 20,936.71	$ 10.89	6.0%	$ 11.67	6.0%	2.0%	2.25%	$ 21,718.65	$ 23,191.46	$ 7,391.25	$ 170.13	$ 29,280.03	$ 30,752.84
South Central	SSI	Newborn, 3-11 Months	1,692	$ 3,966.82	1.2%	4.3%	1.03	1.09	-1.7%	0.99	1.00	1.00	$ 63.79	$ 4,038.79	$ 4,304.79	$ 10.89	5.5%	$ 11.67	5.5%	2.0%	2.25%	$ 4,461.42	$ 4,755.19	$ 830.73	$ 19.12	$ 5,311.27	$ 5,605.04
South Central	SSI	Child, 1-18 Years	91,728	$ 344.01	3.4%	6.2%	1.07	1.13	0.4%	0.98	0.99	1.00	$ 2.39	$ 364.84	$ 389.34	$ 10.89	4.1%	$ 11.67	4.1%	2.0%	2.25%	$ 407.86	$ 435.37	$ 31.92	$ 0.73	$ 440.52	$ 468.03
South Central	SSI	Adult, 19+ Years	247,354	$ 679.80	3.0%	5.9%	1.06	1.13	1.0%	0.99	0.99	1.00	$ -	$ 720.34	$ 768.13	$ 10.89	4.4%	$ 11.67	4.4%	2.0%	2.25%	$ 796.60	$ 849.68	$ 138.36	$ 3.18	$ 938.14	$ 991.23
South Central	Family and Children	Newborn, 0-2 Months	43,502	$ 1,250.37	0.7%	4.1%	1.01	1.09	-6.8%	1.00	1.00	1.00	$ 46.33	$ 1,224.44	$ 1,309.36	$ 10.89	6.0%	$ 11.67	6.0%	2.0%	2.25%	$ 1,366.54	$ 1,461.21	$ 674.10	$ 15.52	$ 2,056.15	$ 2,150.83
South Central	Family and Children	Newborn, 3-11 Months	104,512	$ 223.52	2.4%	5.7%	1.05	1.12	-8.3%	0.96	0.97	1.00	$ 0.21	$ 207.58	$ 223.51	$ 10.89	5.2%	$ 11.67	5.2%	2.0%	2.25%	$ 239.49	$ 257.81	$ 37.72	$ 0.87	$ 278.08	$ 296.40
South Central	Family and Children	Child, 1-18 Years	2,038,315	$ 102.68	3.3%	6.3%	1.07	1.14	-3.0%	0.94	0.95	1.00	$ 0.05	$ 100.49	$ 107.86	$ 10.89	4.5%	$ 11.67	4.5%	2.0%	2.25%	$ 121.06	$ 129.93	$ 10.02	$ 0.23	$ 131.32	$ 140.19
South Central	Family and Children	Adult, 19+ Years	285,454	$ 232.89	2.9%	5.9%	1.06	1.13	2.8%	0.97	0.97	1.00	$ -	$ 245.52	$ 262.06	$ 10.89	4.8%	$ 11.67	4.8%	2.0%	2.25%	$ 280.15	$ 299.10	$ 45.09	$ 1.04	$ 326.28	$ 345.23
South Central	Breast and Cervical Cancer	BCC, All Ages Female	2,893	$ 1,291.59	2.5%	6.3%	1.05	1.14	7.6%	1.00	1.00	1.00	$ -	$ 1,460.86	$ 1,577.84	$ 10.89	5.1%	$ 11.67	5.1%	2.0%	2.25%	$ 1,615.27	$ 1,744.92	$ 533.11	$ 12.27	$ 2,160.65	$ 2,290.30
South Central	LaCHP Affordable Plan	All Ages	12,222	$ 120.14	3.3%	6.5%	1.07	1.14	-2.4%	0.92	0.93	1.00	$ -	$ 115.39	$ 124.22	$ 10.89	4.6%	$ 11.67	4.6%	2.0%	2.25%	$ 137.41	$ 147.88	$ 16.09	$ 0.37	$ 153.87	$ 164.34
South Central	HCBS Waiver	18 & Under, Male and Female	6,665	$ 1,357.71	2.0%	4.6%	1.04	1.10	0.5%	0.95	0.97	1.00	$ -	$ 1,343.79	$ 1,460.38	$ 10.89	5.3%	$ 11.67	5.3%	2.0%	2.25%	$ 1,489.28	$ 1,618.62	$ 43.97	$ 1.01	$ 1,534.26	$ 1,663.60
South Central	HCBS Waiver	19+ Years, Male and Female	23,110	$ 509.87	2.0%	4.0%	1.04	1.09	0.9%	0.88	0.91	1.00	$ -	$ 470.37	$ 510.93	$ 10.89	4.2%	$ 11.67	4.3%	2.0%	2.25%	$ 523.50	$ 568.78	$ 68.75	$ 1.58	$ 593.83	$ 639.11
South Central	Chisholm Class Members	Chisholm, All Ages Male & Female	16,556	$ 774.94	2.1%	4.8%	1.04	1.10	0.8%	0.92	0.96	1.00	$ -	$ 753.39	$ 825.52	$ 10.89	5.1%	$ 11.67	5.1%	2.0%	2.25%	$ 838.14	$ 918.40	$ 62.26	$ 1.43	$ 901.83	$ 982.10
South Central	Maternity Kickpayment	Maternity Kickpayment, All Ages	10,352	$ 4,430.39	0.0%	2.0%	1.00	1.04	2.5%	1.00	1.00	1.05	$ -	$ 4,759.94	$ 4,960.43	$ -	6.1%	$ -	6.0%	2.0%	2.25%	$ 5,272.05	$ 5,493.61	$ 2,540.00	$ 58.47	$ 7,870.52	$ 8,092.08
North	SSI	Newborn, 0-2 Months	239	$ 19,478.95	0.4%	3.8%	1.01	1.08	-5.0%	1.00	1.00	1.00	$ 945.10	$ 19,605.45	$ 20,936.71	$ 10.89	6.0%	$ 11.67	6.0%	2.0%	2.25%	$ 21,718.65	$ 23,191.46	$ 7,538.33	$ 173.52	$ 29,430.50	$ 30,903.30
North	SSI	Newborn, 3-11 Months	1,678	$ 3,966.82	1.2%	4.3%	1.03	1.09	-1.7%	0.99	1.00	1.00	$ 63.79	$ 4,038.79	$ 4,304.79	$ 10.89	5.5%	$ 11.67	5.5%	2.0%	2.25%	$ 4,461.42	$ 4,755.19	$ 848.84	$ 19.54	$ 5,329.80	$ 5,623.57
North	SSI	Child, 1-18 Years	100,260	$ 295.72	3.0%	5.8%	1.06	1.12	3.7%	0.98	0.99	1.00	$ 2.39	$ 322.88	$ 344.03	$ 10.89	4.4%	$ 11.67	4.5%	2.0%	2.25%	$ 363.57	$ 387.50	$ 38.20	$ 0.88	$ 402.65	$ 426.58
North	SSI	Adult, 19+ Years	212,259	$ 639.16	2.8%	5.8%	1.06	1.12	0.5%	0.99	0.99	1.00	$ -	$ 672.15	$ 717.13	$ 10.89	4.5%	$ 11.67	4.5%	2.0%	2.25%	$ 744.90	$ 794.96	$ 151.48	$ 3.49	$ 899.87	$ 949.93
North	Family and Children	Newborn, 0-2 Months	32,253	$ 1,240.40	0.7%	4.1%	1.01	1.09	-4.4%	1.00	1.00	1.00	$ 46.33	$ 1,244.56	$ 1,331.66	$ 10.89	6.0%	$ 11.67	6.0%	2.0%	2.25%	$ 1,388.93	$ 1,486.03	$ 556.92	$ 12.82	$ 1,958.67	$ 2,055.77
North	Family and Children	Newborn, 3-11 Months	80,214	$ 205.87	2.4%	5.8%	1.05	1.12	-4.9%	0.97	0.97	1.00	$ 0.21	$ 198.77	$ 213.96	$ 10.89	5.3%	$ 11.67	5.3%	2.0%	2.25%	$ 229.93	$ 247.45	$ 27.73	$ 0.64	$ 258.30	$ 275.83
North	Family and Children	Child, 1-18 Years	1,587,962	$ 87.14	3.1%	6.2%	1.06	1.13	-1.1%	0.96	0.96	1.00	$ 0.05	$ 87.72	$ 94.08	$ 10.89	4.8%	$ 11.67	4.8%	2.0%	2.25%	$ 107.37	$ 115.15	$ 11.35	$ 0.26	$ 118.97	$ 126.76
North	Family and Children	Adult, 19+ Years	213,631	$ 219.65	2.8%	5.9%	1.06	1.13	2.2%	0.97	0.97	1.00	$ -	$ 229.95	$ 245.85	$ 10.89	4.9%	$ 11.67	5.0%	2.0%	2.25%	$ 263.39	$ 281.66	$ 49.50	$ 1.14	$ 314.03	$ 332.30
North	Breast and Cervical Cancer	BCC, All Ages Female	2,395	$ 1,291.59	2.5%	6.3%	1.05	1.14	7.6%	1.00	1.00	1.00	$ -	$ 1,460.86	$ 1,577.84	$ 10.89	5.1%	$ 11.67	5.1%	2.0%	2.25%	$ 1,615.27	$ 1,744.92	$ 534.62	$ 12.31	$ 2,162.19	$ 2,291.84
North	LaCHP Affordable Plan	All Ages	6,545	$ 120.14	3.3%	6.5%	1.07	1.14	-2.4%	0.92	0.93	1.00	$ -	$ 115.39	$ 124.22	$ 10.89	4.6%	$ 11.67	4.6%	2.0%	2.25%	$ 137.41	$ 147.88	$ 16.25	$ 0.37	$ 154.04	$ 164.51
North	HCBS Waiver	18 & Under, Male and Female	4,164	$ 1,357.71	2.0%	4.6%	1.04	1.10	0.5%	0.95	0.97	1.00	$ -	$ 1,343.79	$ 1,460.38	$ 10.89	5.3%	$ 11.67	5.3%	2.0%	2.25%	$ 1,489.28	$ 1,618.62	$ 44.50	$ 1.02	$ 1,534.80	$ 1,664.14
North	HCBS Waiver	19+ Years, Male and Female	17,320	$ 509.87	2.0%	4.0%	1.04	1.09	0.9%	0.88	0.91	1.00	$ -	$ 470.37	$ 510.93	$ 10.89	4.2%	$ 11.67	4.3%	2.0%	2.25%	$ 523.50	$ 568.78	$ 69.78	$ 1.61	$ 594.89	$ 640.17
North	Chisholm Class Members	Chisholm, All Ages Male & Female	16,472	$ 774.94	2.1%	4.8%	1.04	1.10	0.8%	0.92	0.96	1.00	$ -	$ 753.39	$ 825.52	$ 10.89	5.1%	$ 11.67	5.1%	2.0%	2.25%	$ 838.14	$ 918.40	$ 62.29	$ 1.43	$ 901.86	$ 982.13
North	Maternity Kickpayment	Maternity Kickpayment, All Ages	8,080	$ 4,645.92	0.0%	2.0%	1.00	1.04	-0.2%	1.00	1.00	1.02	$ -	$ 4,709.29	$ 4,907.64	$ -	6.1%	$ -	6.0%	2.0%	2.25%	$ 5,215.95	$ 5,435.15	$ 2,445.40	$ 56.29	$ 7,717.64	$ 7,936.84

MARSH & McLENNAN COMPANIES

Appendix C: Bayou Health Rate Certification Effective February 1, 2015 through January 31, 2016

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January 31, 2015

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

Dear Ms. Johnson:

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, 2015 through January 31, 2016. This certification includes the addition of Pediatric Day Health Care (PDHC) services, Full Medicaid Pricing (FMP), Behavioral Health pharmacy costs due to the mixed services protocol and replaces the capitation rate ranges certified in the August 29, 2014 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.

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 programs 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 underreporting.
- 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, 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).

CCM

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. CCM 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 other categories of aid (COA) and their experience 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 the 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 kickpayment 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 kickpayments.

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
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
Breast and Cervical Cancer (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 Kickpayment	Maternity Kickpayment
Early Elective Delivery Kickpayment	EED Kickpayment

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

Region Description	Associated Parishes (Counties)
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 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, non-emergency medical transportation (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, a Prepaid enrollee's NEMT to Bayou Health excluded services would have been captured in 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 Proposal (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 prescribing doctor specialty. Therefore, no adjustment to pharmacy costs is 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 runout).

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 underreporting 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%
Total:	**$484,489,636**	**$477,025,997**	**$(7,463,639)**	**-1.5%**

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%
Total:	**$307,732,460**	**$324,433,616**	**$16,701,157**	**5.4%**

Table 5: Total Physician Fee Change Impact (does not reflect reduction of 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%
Total:	**$579,950,571**	**$579,597,236**	**$(353,252)**	**-0.1%**

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%
Total:	**$988,756,418**	**$988,756,501**	**$(0)**	**0.0%**

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%
Total:	**$2,360,929,085**	**$2,369,813,350**	**$8,884,266**	**0.4%**

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 was expected to be absorbed by Lake Charles Memorial and Earl K. Long 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. 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%
Total:	**$38,023,050**	**$36,959,014**	**$(1,064,036)**	**-2.8%**

* 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%
Total:	**$38,475,568**	**$34,054,096**	**$(4,421,472)**	**-11.5%**

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

Prepaid Fee Schedule Adjustment	
COA Description	**Rate Impact**
SSI	1.5%
Family & Children	1.7%
BCC	0.6%
LAP	2.3%
HCBS	0.0%
CCM	0.0%
Maternity Kickpayment	1.7%
Early Elective Deliveries (EED) Kickpayment	1.7%
Total	**1.6%**

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

Full Medicaid Pricing

Effective April 1, 2014, DHH implemented a program change to ensure consistent pricing in the Medicaid program for hospital services. This change required the use of Full Medicaid Pricing (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 hospitals contracting with the MCOs to maintain and increase access to inpatient and outpatient hospital services to the enrolled Medicaid populations. Mercer and the State reviewed the aggregate funding levels for hospital services between the base period and the contract period and determined that an addition to the historical data was necessary in order to ensure that the capitation rate ranges reflect adequate statewide pricing levels. Separate adjustments were made to inpatient and outpatient services to capture the full impact of statewide hospital funding.

For the Prepaid encounter and the Shared Savings/FFS, 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 (SFY)14 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.

For the Prepaid encounter and the Shared Savings/FFS, outpatient service costs were increased by 52.7% and 56.3%, respectively. The outpatient increase 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 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.

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 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	
COA Description	**Rate Impact**
SSI	-1.3%
Family & Children	-3.9%
BCC	-0.7%
LAP	-4.3%
HCBS	0.0%
CCM	0.0%
Maternity Kickpayment	0.0%
EED Kickpayment	0.0%
Total	**-2.4%**

Shared Savings/FFS ACA PCP Carve-Out	
COA Description	**Rate Impact**
SSI	-1.4%
Family & Children	-4.7%
BCC	-0.7%
LAP	-5.1%
HCBS	-0.7%
CCM	-0.9%
Maternity Kickpayment	0.0%
EED Kickpayment	0.0%
Total	**-3.1%**

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 restriction 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 Kickpayment 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 Kickpayment. Mercer identified the average facility and delivering physician costs included in the maternity kickpayment by region and removed those costs to create the EED Kickpayment. Table 12 shows the EED adjustment and reduction amount by region in the low and high scenarios. The resulting EED Kickpayment is equal to the Maternity Kickpayment plus the reduction amount in Table 12 and is shown in Appendix A.

Table 12: EED Rate Reduction

EED Rate Reduction			
Region Description	**Reduction (%)**	**Reduction – Low Cost per Delivery**	**Reduction – High Cost per Delivery**
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)	$(3,297.82)
Total	**38.9**	**$(3,167.07)**	**$(3,300.16)**

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 member months. 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 using data from July 2012– December 2013. From August 2012 to May 2013, DHH performed additional enrollment review processes, which caused the average duration of retroactive 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 2013 – December 2013 enrollment lags to develop an average durational assumption by COA and is shown in Appendix H-1.

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 H-2.

Table 13 summarizes the overall adjustment by rate cell for retroactive eligibility.

Table 13: Retroactive Eligibility Adjustment

Retroactive 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
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

Retroactive Eligibility Adjustment		
COA Description	**Rate Cell Description**	**Adjustment (%)**
CCM	CCM, All Ages	0.0
Maternity Kickpayment	Maternity Kickpayment	0.0
EED Kickpayment	EED Kickpayment	0.0
Total		**0.7**

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 population are shown in Appendices I1-I3.

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 that 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 Member Months (MM) 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.

Table 14: Projected Number of PDHC Users

Projected Number of PDHC Users						
Region	**Existing Number of Providers***	**Projected Number of Providers in Operation**	**Total PDHC Eligible MMs**	**Projected PDHC Users Per 1,000 MMs**	**Current Number of PDHC Users**	**Projected PDHC Users**
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

* Based on December 2013 experience. Not all providers operated in all of 2013.

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 15: PDHC Adjustment

	PDHC Adjustment					
	PDHC Cost per Month*	**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%

* 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.

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.

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 3 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 analyzed the 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% to 16%. After adjusting for phase-in, the savings for rating year 2015 is 11% to 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

Annualized Savings from Improvement in GDR						
Category of Service Description	**SSI**	**Family & Children***	**BCC**	**LAP**	**HCBS Waiver** (FFS)**	**Total**
	(%)	**(%)**	**(%)**	**(%)**	**(%)**	**(%)**
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

Savings from Improvement in GDR (w/ Phase-in)						
Category of Service Description	**SSI**	**Family & Children***	**BCC**	**LAP**	**HCBS Waiver** (FFS)**	**Total**
	(%)	**(%)**	**(%)**	**(%)**	**(%)**	**(%)**
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 CCM.

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 age 6, 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 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 distribution patterns 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
Total		**10,809,244**	**$0.93**	**$10,000,000**

*Totals includes member months for all populations in Bayou Health.

GME

Mercer removed GME amounts in the FFS and Shared Savings data. 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 are:

- 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 kickpayment 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 kickpayments. 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 like 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 to $23.34 PMPM.

Additionally, provisions have 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.

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	$29,018.84	$30,491.64
Gulf	SSI	3-11 Months	1,790	$5,286.42	$5,580.19
Gulf	SSI	Child 1-18	122,394	$380.69	$404.80
Gulf	SSI	Adult 19+	276,704	$1,000.11	$1,052.64
Gulf	Family & Children	0-2 Months	43,180	$1,704.84	$1,791.17
Gulf	Family & Children	3-11 Months	104,549	$243.86	$260.33
Gulf	Family & Children	Child 1-18	2,053,265	$118.28	$126.12
Gulf	Family & Children	Adult 19+	374,005	$314.92	$332.46
Gulf	BCC	BCC, All Ages	3,702	$2,158.88	$2,288.53
Gulf	LAP	LAP, All Ages	9,457	$153.68	$164.15
Gulf	HCBS	Child 0-18	6,826	$1,535.18	$1,664.52
Gulf	HCBS	Adult 19+	21,296	$594.57	$639.84
Gulf	CCM	CCM, All Ages	15,710	$901.88	$982.14
Gulf	Maternity Kickpayment	Maternity Kickpayment	10,987	$8,568.30	$8,805.32
Gulf	EED Kickpayment	EED Kickpayment	N/A	$4,865.02	$4,946.41
Capital	SSI	0-2 Months	168	$29,930.42	$31,403.23
Capital	SSI	3-11 Months	1,491	$5,369.15	$5,662.92
Capital	SSI	Child 1-18	89,519	$423.53	$452.27
Capital	SSI	Adult 19+	210,439	$1,017.92	$1,077.83
Capital	Family & Children	0-2 Months	38,789	$1,847.28	$1,935.91
Capital	Family & Children	3-11 Months	94,611	$262.04	$280.92
Capital	Family & Children	Child 1-18	1,863,396	$123.93	$132.56
Capital	Family & Children	Adult 19+	268,984	$356.78	$377.47
Capital	BCC	BCC, All Ages	3,946	$2,155.05	$2,284.70

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	LAP	LAP, All Ages	10,487	$153.58	$164.05
Capital	HCBS	Child 0-18	7,164	$1,534.74	$1,664.08
Capital	HCBS	Adult 19+	21,638	$592.63	$637.91
Capital	CCM	CCM, All Ages	15,831	$901.76	$982.03
Capital	Maternity Kickpayment	Maternity Kickpayment	9,772	$7,647.11	$7,857.06
Capital	EED Kickpayment	EED Kickpayment	N/A	$4,814.51	$4,905.42
South Central	SSI	0-2 Months	217	$29,280.03	$30,752.84
South Central	SSI	3-11 Months	1,692	$5,311.27	$5,605.04
South Central	SSI	Child 1-18	91,728	$440.52	$468.03
South Central	SSI	Adult 19+	247,354	$938.14	$991.23
South Central	Family & Children	0-2 Months	43,502	$2,056.15	$2,150.83
South Central	Family & Children	3-11 Months	104,512	$278.08	$296.40
South Central	Family & Children	Child 1-18	2,038,315	$131.32	$140.19
South Central	Family & Children	Adult 19+	285,454	$326.28	$345.23
South Central	BCC	BCC, All Ages	2,893	$2,160.65	$2,290.30
South Central	LAP	LAP, All Ages	12,222	$153.87	$164.34
South Central	HCBS	Child 0-18	6,665	$1,534.26	$1,663.60
South Central	HCBS	Adult 19+	23,110	$593.83	$639.11
South Central	CCM	CCM, All Ages	16,556	$901.83	$982.10
South Central	Maternity Kickpayment	Maternity Kickpayment	10,504	$7,519.83	$7,728.23
South Central	EED Kickpayment	EED Kickpayment	N/A	$4,604.97	$4,690.87
North	SSI	0-2 Months	239	$29,430.50	$30,903.30
North	SSI	3-11 Months	1,678	$5,329.80	$5,623.57
North	SSI	Child 1-18	100,260	$402.65	$426.58
North	SSI	Adult 19+	212,259	$899.87	$949.93
North	Family & Children	0-2 Months	32,253	$1,958.67	$2,055.77

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	Family & Children	3-11 Months	80,214	$258.30	$275.83
North	Family & Children	Child 1-18	1,587,962	$118.97	$126.76
North	Family & Children	Adult 19+	213,631	$314.03	$332.30
North	BCC	BCC, All Ages	2,395	$2,162.19	$2,291.84
North	LAP	LAP, All Ages	6,545	$154.04	$164.51
North	HCBS	Child 0-18	4,164	$1,534.80	$1,664.14
North	HCBS	Adult 19+	17,320	$594.89	$640.17
North	CCM	CCM, All Ages	16,472	$901.86	$982.13
North	Maternity Kickpayment	Maternity Kickpayment	8,132	$7,586.19	$7,800.55
North	EED Kickpayment	EED Kickpayment	N/A	$4,421.38	$4,502.73

Appendix B: Bayou Health Eligibility Designation

COA/Eligibility Category Name	Mandatory	Voluntary Opt-In	Voluntary Opt-Out	Excluded
SSI (Aged, Blind and Disabled)				
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)	●			
SSI (OCS Foster Care, IV-E OCS/OYD and OCS/OYD (XIX))				
Foster Care IV-E - Suspended SSI			●	
SSI (Supplemental Security Income)			●	
TANF (Families and Children, LIFC)				
CHAMP Child	●			
CHAMP Pregnant Woman (to 133% of FPIG)	●			
CHAMP Pregnant Woman Expansion (to 185% FPIG)	●			

COA/Eligibility Category Name	Mandatory	Voluntary Opt-In	Voluntary Opt-Out	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	●			
FCC (Families and Children)				
Former Foster Care children	●			
Youth Aging Out of Foster Care (Chaffee Option)	●			
FCC (OCS Foster Care, IV-E OCS/OYD and OCS/OYD (XIX))				
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			●	
BCC (Families and Children)				
Breast and/or Cervical Cancer	●			
LAP (Families and Children)				
LaCHIP Affordable Plan	●			
HCBS Waiver				
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		●		
CCM				
Chisholm Class Members**		●		
LaHIPP				
Louisiana's Health Insurance Premium Payment Program***	●	●	●	●

COA/Eligibility Category Name	Mandatory	Voluntary Opt-In	Voluntary Opt-Out	Excluded
Excluded				
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				●

COA/Eligibility Category Name	Mandatory	Voluntary Opt-In	Voluntary Opt-Out	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 Spendown Medically Needy Program				●
Private ICF/DD Spendown Medically Needy Program/Income Over Facility Fee				●
Public ICF/DD				●
Public ICF/DD Spendown 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				●
Spendown 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				●

COA/Eligibility Category Name	Mandatory	Voluntary Opt-In	Voluntary Opt-Out	Excluded
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 Chisholm Class Members.
******* 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

		NEMT Adjustment				
COA Description	**Rate Cell Description**	**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**

		NEMT Adjustment				
COA Description	**Rate Cell Description**	**Gulf (%)**	**Capital (%)**	**Southwest (%)**	**North (%)**	**Total (%)**
CCM	CCM, All Ages	0.0	0.0	0.0	0.0	**0.0**
Maternity Kickpayment	Maternity Kickpayment	0.0	0.0	0.0	0.0	**0.0**
Total		**27.4**	**27.7**	**14.8**	**10.3**	**20.9**

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
Total		**0.5**	**0.1**	**1.0**	**2.5**	**2.8**	**1.1**

Appendix F-1: Shared Savings/FFS IBNR Adjustment

	COA Description						
Category of Service Description	**SSI**	**Family & Children**	**BCC**	**LAP**	**HCBS**	**CCM**	**Maternity Kickpayment**
	(%)	**(%)**	**(%)**	**(%)**	**(%)**	**(%)**	**(%)**
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
Total	**2.2**	**2.3**	**2.4**	**1.7**	**1.6**	**2.6**	**4.0**

Appendix F-2: Prepaid IBNR Adjustment

	COA Description						
Category of Service Description	**SSI**	**Family & Children**	**BCC**	**LAP**	**HCBS**	**CCM**	**Maternity Kickpayment**
	(%)	**(%)**	**(%)**	**(%)**	**(%)**	**(%)**	**(%)**
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
Total	**1.4**	**2.9**	**1.9**	**2.2**	**N/A**	**N/A**	**2.1**

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 Kickpayment	20,227	$93,991,004	$4,646.74	$118,341	$(34,420)	$83,921	$(1.70)
Total	**5,533,973**	**$1,248,414,847**	**$225.59**	**$140,588,209.72**	**$(37,811,217.78)**	**$102,776,991.94**	**$(6.83)**

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 Kickpayment	19,132	$89,550,169	$4,680.59	$122,458	$(33,773)	$88,685	$(1.76)
Total	**5,248,095**	**$1,141,102,710**	**$217.43**	**$109,771,540.72**	**$(28,644,499.92)**	**$81,127,040.80**	**$(5.46)**

Appendix H-1: 6-Month Average Duration Calculation

	SSI			Family & Children			BCC		
First Month of Enrollment	**Recipients**	**MMs**	**Average Duration**	**Recipients**	**MMs**	**Average Duration**	**Recipients**	**MMs**	**Average Duration**
Jul-13	1,022	2,073	2.0	5,084	8,109	1.6	25	65	2.6
Aug-13	1,129	2,292	2.0	6,453	10,455	1.6	22	64	2.9
Sept-13	1,178	2,399	2.0	6,105	9,363	1.5	18	73	4.1
Oct-13	1,022	2,219	2.2	5,650	8,944	1.6	28	152	5.4
Nov-13	1,196	2,369	2.0	5,661	10,012	1.8	36	106	2.9
Dec-13	1,089	2,220	2.0	4,699	7,830	1.7	21	86	4.1
6-Month Avg. Duration			**2.0**			**1.6**			**3.9**

Appendix H-2: Statewide Summary by Rating Category

		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)	(N) = MAX(L,1)
Category of Aid	Category of Aid Description	Recipients	Member Months (Capped at 12 months)	Claims	Selected Avg. Duration	Claims PMPM	Modified Claims Total	Member Months	Claims	Claims PMPM	Member Months	Claims	Claims PMPM	Observed Retro Factor	Final Retro Factor
SSI	Newborn, 0-2 Months	-	-	$ -	2.05	$ -	$ -	915	$ 17,215,170	$ 18,814	915	$ 17,215,170	$ 18,814	1.0000	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	1.0000
SSI	Child, 1-18 Years	1,097	3,528	$ 779,022	2.05	$ 220.81	$ 495,801	403,901	$ 123,004,730	$ 305	406,146	$ 123,500,531	$ 304	0.9985	1.0000
SSI	Adult, 19+ Years	12,278	32,453	$ 26,548,934	2.05	$ 818.07	$ 20,558,886	946,756	$ 639,085,266	$ 675	971,887	$ 659,644,152	$ 679	1.0055	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	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	1.0000
Family and Children	Child, 1-18 Years	30,101	73,414	$ 4,988,780	1.63	$ 67.95	$ 3,332,762	7,542,938	$ 696,145,300	$ 92	7,591,982	$ 699,478,063	$ 92	0.9983	1.0000
Family and Children	Adult, 19+ Years	42,338	64,174	$ 18,628,437	1.63	$ 290.28	$ 20,024,218	1,142,074	$ 255,222,939	$ 223	1,211,056	$ 275,247,157	$ 227	1.0170	1.0170
Breast and Cervical Cancer	BCC, All Ages Female	366	822	$ 2,540,941	1.93	$ 3,091.17	$ 2,183,263	12,936	$ 16,384,789	$ 1,267	13,642	$ 18,568,052	$ 1,361	1.0746	1.0746
LaCHIP Affordable Plan	All Ages	-	-	$ -	-	$ -	$ -	38,711	$ 4,566,649	$ 118	38,711	$ 4,566,649	$ 118	1.0000	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	1.0000
HCBS Waiver	19+ Years, Male and Female	-	-	$ -	-	$ -	$ -	83,364	$ 41,966,487	$ 503	83,364	$ 41,966,487	$ 503	1.0000	1.0000
Chisholm Class Members	Chisholm, All Ages Male & Female	-	-	$ -	-	$ -	$ -	64,569	$ 47,801,497	$ 740	64,569	$ 47,801,497	$ 740	1.0000	1.0000
Maternity Kickpayment	Maternity Kickpayment, All Ages	-	-	$ -	-	$ -	$ -	37,572	$ 178,244,133	$ 4,744	37,572	$ 178,244,133	$ 4,744	1.0000	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 retroactive factor resulted in a negative adjustment.
2. Retroactive 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 retroactive claims experience is available to determine retroactive period adjustment factor.

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

	Annualized Trend					
	SSI/BCC					
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	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
Non-Emergency Transportation	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
Total	**2.4**	**4.6**	**0.4**	**1.2**	**2.8**	**5.8**

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
Non-Emergency Transportation	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
Total	**2.1**	**4.5**	**0.5**	**1.3**	**2.7**	**5.8**

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

	HCBS Waiver/CCM					
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
Non-Emergency Transportation	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
Total	**0.9**	**3.2**	**1.1**	**1.2**	**2.0**	**4.5**

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

	Managed Care Savings Assumptions					
	HCBS Waiver/CCM					
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
Non-Emergency Transportation	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
Total	**-7.2**	**-5.9**	**0.9**	**2.2**	**-6.4**	**-3.7**

* The HCBS waiver and CCM population are previously unmanaged populations and thus Mercer has utilized Legacy Medicaid/FFS claims for this analysis
** 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						
Non-Emergency Transportation	0.0	5.0	0.0	2.0	0.0	7.1
Rehabilitation Services (OT, PT, ST)						
DME	-20.0	-15.0	0.0	2.0	-20.0	-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
Total	**-0.5**	**-0.2**	**0.0**	**0.0**	**-0.5**	**-0.2**

*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			
		Gulf	Capital	South Central	North	Gulf	Capital	South Central	North
COA Description	Rate Cell Description	Retention %	Retention %	Retention %	Retention %	Retention %	Retention %	Retention %	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

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 %
HCBS	Adult, 19+ Years of Age	10.1	10.1	10.1	10.1	10.2	10.2	10.2	10.2
CCM	CCM, All Ages	10.1	10.1	10.1	10.1	10.1	10.1	10.1	10.1
Maternity Kickpayment	Maternity Kickpayment	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. Jaredd 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 Jaredd:

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.

Jen Steele
Signature

8/27/14
Date

Bienville Building • 628 North 4th Street • P.O. Box 91030 • Baton Rouge, Louisiana 70821-9030
Phone #: 225/342-9240 • Fax #: 225/342-9598 • www.MakingMedicaidBetter.com
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Appendix M: Development of Final Rates for February 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 Savings/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.)
PDHC Adjustment (Region and COS level adj.)	PDHC Adjustment (Region and COS level adj.)	PDHC Adjustment (Region and COS level 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.)	
Behavioral Health Mixed	Behavioral Health Mixed	Behavioral Health Mixed

Base Period Adjustments		
Prepaid	**Shared Savings/FFS**	**LaHIPP**
Services Protocol Adjustment (Category of Service level adj.)	Services Protocol Adjustment (Category of Service level adj.)	Services Protocol Adjustment (Category of Service level adj.)
Retroactivity Adjustment (rate cell level adj.)	Retroactivity Adjustment (rate cell level adj.)	Retroactivity 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 Savings/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, before FMP.
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)
FMP Add-On – Full Medicaid Pricing 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: W = S + U + V
Final Loaded Rates - High – Calculated as: X = T + U + V

MERCER

January 31, 2015
Ms. Mary Johnson
Louisiana Department of Health and Hospitals

			Base Data		Base Data Adjustments							Outliers			Capitation Rate Load								Full Medicaid Pricing			
			A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	U	V	W	X
Region Name	COA Desc	Rate Cell Code	MMs	PMPM	Annual Trend-Low	Annual Trend-High	Trend Factor-Low	Trend Factor-High	Base Period Adj.	Managed Care Adj. Factor-Low	Managed Care Adj. Factor- High	Outlier Add-on PMPM	Claims PMPM-Low	Claims PMPM-High	Fixed Admin Load- Low (PMPM)	Variable Admin Load-Low (%)	Fixed Admin Load- High (PMPM)	Variable Admin Load-High (%)	Profit @ 2%	Premium Tax @ 2.25%	PMPM After Admin-Low	PMPM After Admin-High	FMP Add-On	Premium tax on FMP	Final Loaded Rates-Low	Final Loaded Rates-High
Gulf	SSI	Newborn, 0-2 Months	291	$ 19,478.95	0.4%	3.8%	1.01	1.08	-5.0%	1.00	1.00	$ 945.10	$ 19,605.45	$ 20,936.71	$ 10.89	6.0%	$ 11.67	6.0%	2.0%	2.25%	$ 21,718.65	$ 23,191.46	$ 7,135.93	$ 164.25	$ 29,018.84	$ 30,491.64
Gulf	SSI	Newborn, 3-11 Months	1,790	$ 3,966.82	1.2%	4.3%	1.03	1.09	-1.7%	0.99	1.00	$ 63.79	$ 4,038.79	$ 4,304.79	$ 10.89	5.5%	$ 11.67	5.5%	2.0%	2.25%	$ 4,461.42	$ 4,755.19	$ 806.43	$ 18.56	$ 5,286.42	$ 5,580.19
Gulf	SSI	Child, 1-18 Years	122,394	$ 292.96	2.9%	5.9%	1.06	1.13	-1.4%	0.98	0.99	$ 2.39	$ 302.71	$ 324.02	$ 10.89	4.4%	$ 11.67	4.4%	2.0%	2.25%	$ 341.49	$ 365.60	$ 38.31	$ 0.88	$ 380.69	$ 404.80
Gulf	SSI	Adult, 19+ Years	276,704	$ 681.20	2.9%	5.9%	1.06	1.13	0.4%	0.99	0.99	$ -	$ 717.35	$ 764.64	$ 10.89	4.3%	$ 11.67	4.4%	2.0%	2.25%	$ 793.04	$ 845.58	$ 202.41	$ 4.66	$ 1,000.11	$ 1,052.64
Gulf	Family and Children	Newborn, 0-2 Months	43,180	$ 1,149.57	0.7%	4.1%	1.01	1.09	-7.5%	1.00	1.00	$ 46.33	$ 1,122.09	$ 1,199.45	$ 10.89	6.0%	$ 11.67	6.0%	2.0%	2.25%	$ 1,253.38	$ 1,339.71	$ 441.30	$ 10.16	$ 1,704.84	$ 1,791.17
Gulf	Family and Children	Newborn, 3-11 Months	104,549	$ 200.42	2.3%	5.8%	1.05	1.12	-10.6%	0.97	0.97	$ 0.21	$ 182.14	$ 196.37	$ 10.89	5.3%	$ 11.67	5.3%	2.0%	2.25%	$ 211.71	$ 228.18	$ 31.43	$ 0.72	$ 243.86	$ 260.33
Gulf	Family and Children	Child, 1-18 Years	2,053,265	$ 89.50	3.0%	6.2%	1.06	1.13	-4.9%	0.95	0.96	$ 0.05	$ 86.08	$ 92.48	$ 10.89	4.7%	$ 11.67	4.8%	2.0%	2.25%	$ 105.54	$ 113.37	$ 12.46	$ 0.29	$ 118.28	$ 126.12
Gulf	Family and Children	Adult, 19+ Years	374,005	$ 214.94	2.9%	5.9%	1.06	1.13	1.7%	0.96	0.97	$ -	$ 223.22	$ 238.47	$ 10.89	4.8%	$ 11.67	4.8%	2.0%	2.25%	$ 255.69	$ 273.23	$ 57.90	$ 1.33	$ 314.92	$ 332.46
Gulf	Breast and Cervical Cancer	BCC, All Ages Female	3,702	$ 1,291.59	2.5%	6.3%	1.05	1.14	7.6%	1.00	1.00	$ -	$ 1,460.86	$ 1,577.84	$ 10.89	5.1%	$ 11.67	5.1%	2.0%	2.25%	$ 1,615.27	$ 1,744.92	$ 531.38	$ 12.23	$ 2,158.88	$ 2,288.53
Gulf	LaCHIP Affordable Plan	All Ages	9,457	$ 120.14	3.3%	6.5%	1.07	1.14	-2.4%	0.92	0.93	$ -	$ 115.39	$ 124.22	$ 10.89	4.6%	$ 11.67	4.6%	2.0%	2.25%	$ 137.41	$ 147.88	$ 15.90	$ 0.37	$ 153.68	$ 164.15
Gulf	HCBS Waiver	18 & Under, Male and Female	6,826	$ 1,357.71	2.0%	4.6%	1.04	1.10	0.5%	0.95	0.97	$ -	$ 1,343.79	$ 1,460.38	$ 10.89	5.3%	$ 11.67	5.3%	2.0%	2.25%	$ 1,489.28	$ 1,618.62	$ 44.87	$ 1.03	$ 1,535.18	$ 1,664.52
Gulf	HCBS Waiver	19+ Years, Male and Female	21,296	$ 509.87	2.0%	4.0%	1.04	1.09	0.9%	0.88	0.91	$ -	$ 470.37	$ 510.93	$ 10.89	4.2%	$ 11.67	4.3%	2.0%	2.25%	$ 523.50	$ 568.78	$ 69.47	$ 1.60	$ 594.57	$ 639.84
Gulf	Chisholm Class Members	Chisholm, All Ages Male & Female	15,710	$ 774.94	2.1%	4.8%	1.04	1.10	0.8%	0.92	0.96	$ -	$ 753.39	$ 825.52	$ 10.89	5.1%	$ 11.67	5.1%	2.0%	2.25%	$ 838.14	$ 918.40	$ 62.31	$ 1.43	$ 901.88	$ 982.14
Gulf	Maternity Kickpayment	Maternity Kickpayment, All Ages	10,987	$ 5,122.05	0.0%	2.0%	1.00	1.04	-0.6%	1.00	1.00	$ -	$ 5,092.15	$ 5,306.63	$ -	6.1%	$ -	6.0%	2.0%	2.25%	$ 5,640.00	$ 5,877.03	$ 2,862.41	$ 65.89	$ 8,568.30	$ 8,805.32
Capital	SSI	Newborn, 0-2 Months	168	$ 19,478.95	0.4%	3.8%	1.01	1.08	-5.0%	1.00	1.00	$ 945.10	$ 19,605.45	$ 20,936.71	$ 10.89	6.0%	$ 11.67	6.0%	2.0%	2.25%	$ 21,718.65	$ 23,191.46	$ 8,027.00	$ 184.76	$ 29,930.42	$ 31,403.23
Capital	SSI	Newborn, 3-11 Months	1,491	$ 3,966.82	1.2%	4.3%	1.03	1.09	-1.7%	0.99	1.00	$ 63.79	$ 4,038.79	$ 4,304.79	$ 10.89	5.5%	$ 11.67	5.5%	2.0%	2.25%	$ 4,461.42	$ 4,755.19	$ 887.31	$ 20.42	$ 5,369.15	$ 5,662.92
Capital	SSI	Child, 1-18 Years	89,519	$ 344.20	3.0%	5.9%	1.06	1.13	1.5%	0.98	0.99	$ 2.39	$ 365.03	$ 390.59	$ 10.89	4.4%	$ 11.67	4.4%	2.0%	2.25%	$ 409.50	$ 438.24	$ 13.71	$ 0.32	$ 423.53	$ 452.27
Capital	SSI	Adult, 19+ Years	210,439	$ 745.67	3.0%	5.9%	1.06	1.13	4.1%	0.99	0.99	$ -	$ 813.72	$ 867.77	$ 10.89	4.3%	$ 11.67	4.4%	2.0%	2.25%	$ 898.08	$ 958.00	$ 117.14	$ 2.70	$ 1,017.92	$ 1,077.83
Capital	Family and Children	Newborn, 0-2 Months	38,789	$ 1,158.11	0.6%	4.0%	1.01	1.09	-6.4%	1.00	1.00	$ 46.33	$ 1,140.87	$ 1,220.31	$ 10.89	6.0%	$ 11.67	6.0%	2.0%	2.25%	$ 1,274.05	$ 1,362.67	$ 560.34	$ 12.90	$ 1,847.28	$ 1,935.91
Capital	Family and Children	Newborn, 3-11 Months	94,611	$ 223.96	2.1%	5.6%	1.05	1.12	-7.5%	0.97	0.97	$ 0.21	$ 209.26	$ 225.68	$ 10.89	5.3%	$ 11.67	5.3%	2.0%	2.25%	$ 241.58	$ 260.47	$ 19.99	$ 0.46	$ 262.04	$ 280.92
Capital	Family and Children	Child, 1-18 Years	1,863,396	$ 96.04	3.2%	6.3%	1.07	1.14	-1.8%	0.94	0.95	$ 0.05	$ 94.83	$ 101.98	$ 10.89	4.6%	$ 11.67	4.6%	2.0%	2.25%	$ 114.97	$ 123.60	$ 8.76	$ 0.20	$ 123.93	$ 132.56
Capital	Family and Children	Adult, 19+ Years	268,984	$ 248.77	3.0%	5.9%	1.06	1.13	6.0%	0.96	0.97	$ -	$ 268.79	$ 286.95	$ 10.89	4.7%	$ 11.67	4.7%	2.0%	2.25%	$ 305.40	$ 326.10	$ 50.22	$ 1.16	$ 356.78	$ 377.47
Capital	Breast and Cervical Cancer	BCC, All Ages Female	3,946	$ 1,291.59	2.5%	6.3%	1.05	1.14	7.6%	1.00	1.00	$ -	$ 1,460.86	$ 1,577.84	$ 10.89	5.1%	$ 11.67	5.1%	2.0%	2.25%	$ 1,615.27	$ 1,744.92	$ 527.64	$ 12.15	$ 2,155.05	$ 2,284.70
Capital	LaCHIP Affordable Plan	All Ages	10,487	$ 120.14	3.3%	6.5%	1.07	1.14	-2.4%	0.92	0.93	$ -	$ 115.39	$ 124.22	$ 10.89	4.6%	$ 11.67	4.6%	2.0%	2.25%	$ 137.41	$ 147.88	$ 15.80	$ 0.36	$ 153.58	$ 164.05
Capital	HCBS Waiver	18 & Under, Male and Female	7,164	$ 1,357.71	2.0%	4.6%	1.04	1.10	0.5%	0.95	0.97	$ -	$ 1,343.79	$ 1,460.38	$ 10.89	5.3%	$ 11.67	5.3%	2.0%	2.25%	$ 1,489.28	$ 1,618.62	$ 44.44	$ 1.02	$ 1,534.74	$ 1,664.08
Capital	HCBS Waiver	19+ Years, Male and Female	21,638	$ 509.87	2.0%	4.0%	1.04	1.09	0.9%	0.88	0.91	$ -	$ 470.37	$ 510.93	$ 10.89	4.2%	$ 11.67	4.3%	2.0%	2.25%	$ 523.50	$ 568.78	$ 67.58	$ 1.56	$ 592.63	$ 637.91
Capital	Chisholm Class Members	Chisholm, All Ages Male & Female	15,831	$ 774.94	2.1%	4.8%	1.04	1.10	0.8%	0.92	0.96	$ -	$ 753.39	$ 825.52	$ 10.89	5.1%	$ 11.67	5.1%	2.0%	2.25%	$ 838.14	$ 918.40	$ 62.20	$ 1.43	$ 901.76	$ 982.03
Capital	Maternity Kickpayment	Maternity Kickpayment, All Ages	9,772	$ 4,497.81	0.0%	2.0%	1.00	1.04	0.3%	1.00	1.00	$ -	$ 4,510.47	$ 4,700.44	$ -	6.1%	$ -	6.0%	2.0%	2.25%	$ 4,995.73	$ 5,205.68	$ 2,591.72	$ 59.66	$ 7,647.11	$ 7,857.06
South Central	SSI	Newborn, 0-2 Months	217	$ 19,478.95	0.4%	3.8%	1.01	1.08	-5.0%	1.00	1.00	$ 945.10	$ 19,605.45	$ 20,936.71	$ 10.89	6.0%	$ 11.67	6.0%	2.0%	2.25%	$ 21,718.65	$ 23,191.46	$ 7,391.25	$ 170.13	$ 29,280.03	$ 30,752.84
South Central	SSI	Newborn, 3-11 Months	1,692	$ 3,966.82	1.2%	4.3%	1.03	1.09	-1.7%	0.99	1.00	$ 63.79	$ 4,038.79	$ 4,304.79	$ 10.89	5.5%	$ 11.67	5.5%	2.0%	2.25%	$ 4,461.42	$ 4,755.19	$ 830.73	$ 19.12	$ 5,311.27	$ 5,605.04
South Central	SSI	Child, 1-18 Years	91,728	$ 344.01	3.4%	6.2%	1.07	1.13	0.4%	0.98	0.99	$ 2.39	$ 364.84	$ 389.34	$ 10.89	4.1%	$ 11.67	4.1%	2.0%	2.25%	$ 407.86	$ 435.37	$ 31.92	$ 0.73	$ 440.52	$ 468.03
South Central	SSI	Adult, 19+ Years	247,354	$ 679.80	3.0%	5.9%	1.06	1.13	1.0%	0.99	0.99	$ -	$ 720.34	$ 768.13	$ 10.89	4.4%	$ 11.67	4.4%	2.0%	2.25%	$ 796.60	$ 849.68	$ 138.36	$ 3.18	$ 938.14	$ 991.23
South Central	Family and Children	Newborn, 0-2 Months	43,502	$ 1,250.37	0.7%	4.1%	1.01	1.09	-6.8%	1.00	1.00	$ 46.33	$ 1,224.44	$ 1,309.36	$ 10.89	6.0%	$ 11.67	6.0%	2.0%	2.25%	$ 1,366.54	$ 1,461.21	$ 674.10	$ 15.52	$ 2,056.15	$ 2,150.83
South Central	Family and Children	Newborn, 3-11 Months	104,512	$ 223.52	2.4%	5.7%	1.05	1.12	-8.3%	0.96	0.97	$ 0.21	$ 207.58	$ 223.51	$ 10.89	5.2%	$ 11.67	5.2%	2.0%	2.25%	$ 239.49	$ 257.81	$ 37.72	$ 0.87	$ 278.08	$ 296.40
South Central	Family and Children	Child, 1-18 Years	2,038,315	$ 102.68	3.3%	6.3%	1.07	1.14	-3.0%	0.94	0.95	$ 0.05	$ 100.49	$ 107.86	$ 10.89	4.5%	$ 11.67	4.5%	2.0%	2.25%	$ 121.06	$ 129.93	$ 10.02	$ 0.23	$ 131.32	$ 140.19
South Central	Family and Children	Adult, 19+ Years	285,454	$ 232.89	2.9%	5.9%	1.06	1.13	2.8%	0.97	0.97	$ -	$ 245.52	$ 262.06	$ 10.89	4.8%	$ 11.67	4.8%	2.0%	2.25%	$ 280.15	$ 299.10	$ 45.09	$ 1.04	$ 326.28	$ 345.23
South Central	Breast and Cervical Cancer	BCC, All Ages Female	2,893	$ 1,291.59	2.5%	6.3%	1.05	1.14	7.6%	1.00	1.00	$ -	$ 1,460.86	$ 1,577.84	$ 10.89	5.1%	$ 11.67	5.1%	2.0%	2.25%	$ 1,615.27	$ 1,744.92	$ 533.11	$ 12.27	$ 2,160.65	$ 2,290.30
South Central	LaCHIP Affordable Plan	All Ages	12,222	$ 120.14	3.3%	6.5%	1.07	1.14	-2.4%	0.92	0.93	$ -	$ 115.39	$ 124.22	$ 10.89	4.6%	$ 11.67	4.6%	2.0%	2.25%	$ 137.41	$ 147.88	$ 16.09	$ 0.37	$ 153.87	$ 164.34
South Central	HCBS Waiver	18 & Under, Male and Female	6,665	$ 1,357.71	2.0%	4.6%	1.04	1.10	0.5%	0.95	0.97	$ -	$ 1,343.79	$ 1,460.38	$ 10.89	5.3%	$ 11.67	5.3%	2.0%	2.25%	$ 1,489.28	$ 1,618.62	$ 43.97	$ 1.01	$ 1,534.26	$ 1,663.60
South Central	HCBS Waiver	19+ Years, Male and Female	23,110	$ 509.87	2.0%	4.0%	1.04	1.09	0.9%	0.88	0.91	$ -	$ 470.37	$ 510.93	$ 10.89	4.2%	$ 11.67	4.3%	2.0%	2.25%	$ 523.50	$ 568.78	$ 68.75	$ 1.58	$ 593.83	$ 639.11
South Central	Chisholm Class Members	Chisholm, All Ages Male & Female	16,556	$ 774.94	2.1%	4.8%	1.04	1.10	0.8%	0.92	0.96	$ -	$ 753.39	$ 825.52	$ 10.89	5.1%	$ 11.67	5.1%	2.0%	2.25%	$ 838.14	$ 918.40	$ 62.26	$ 1.43	$ 901.83	$ 982.10
South Central	Maternity Kickpayment	Maternity Kickpayment, All Ages	10,504	$ 4,366.34	0.0%	2.0%	1.00	1.04	2.5%	1.00	1.00	$ -	$ 4,477.23	$ 4,665.81	$ -	6.1%	$ -	6.0%	2.0%	2.25%	$ 4,958.93	$ 5,167.33	$ 2,503.28	$ 57.62	$ 7,519.83	$ 7,728.23
North	SSI	Newborn, 0-2 Months	239	$ 19,478.95	0.4%	3.8%	1.01	1.08	-5.0%	1.00	1.00	$ 945.10	$ 19,605.45	$ 20,936.71	$ 10.89	6.0%	$ 11.67	6.0%	2.0%	2.25%	$ 21,718.65	$ 23,191.46	$ 7,538.33	$ 173.52	$ 29,430.50	$ 30,903.30
North	SSI	Newborn, 3-11 Months	1,678	$ 3,966.82	1.2%	4.3%	1.03	1.09	-1.7%	0.99	1.00	$ 63.79	$ 4,038.79	$ 4,304.79	$ 10.89	5.5%	$ 11.67	5.5%	2.0%	2.25%	$ 4,461.42	$ 4,755.19	$ 848.84	$ 19.54	$ 5,329.80	$ 5,623.57
North	SSI	Child, 1-18 Years	100,260	$ 295.72	3.0%	5.8%	1.06	1.12	3.7%	0.98	0.99	$ 2.39	$ 322.88	$ 344.03	$ 10.89	4.4%	$ 11.67	4.5%	2.0%	2.25%	$ 363.57	$ 387.50	$ 38.20	$ 0.88	$ 402.65	$ 426.58
North	SSI	Adult, 19+ Years	212,259	$ 639.16	2.8%	5.8%	1.06	1.12	0.5%	0.99	0.99	$ -	$ 672.15	$ 717.13	$ 10.89	4.5%	$ 11.67	4.5%	2.0%	2.25%	$ 744.90	$ 794.96	$ 151.48	$ 3.49	$ 899.87	$ 949.93
North	Family and Children	Newborn, 0-2 Months	32,253	$ 1,240.40	0.7%	4.1%	1.01	1.09	-4.4%	1.00	1.00	$ 46.33	$ 1,244.56	$ 1,331.66	$ 10.89	6.0%	$ 11.67	6.0%	2.0%	2.25%	$ 1,388.93	$ 1,486.03	$ 556.92	$ 12.82	$ 1,958.67	$ 2,055.77
North	Family and Children	Newborn, 3-11 Months	80,214	$ 205.87	2.4%	5.8%	1.05	1.12	-4.9%	0.97	0.97	$ 0.21	$ 198.77	$ 213.96	$ 10.89	5.3%	$ 11.67	5.3%	2.0%	2.25%	$ 229.93	$ 247.45	$ 27.73	$ 0.64	$ 258.30	$ 275.83
North	Family and Children	Child, 1-18 Years	1,587,962	$ 87.14	3.1%	6.2%	1.06	1.13	-1.1%	0.96	0.96	$ 0.05	$ 87.72	$ 94.08	$ 10.89	4.8%	$ 11.67	4.8%	2.0%	2.25%	$ 107.37	$ 115.15	$ 11.35	$ 0.26	$ 118.97	$ 126.76
North	Family and Children	Adult, 19+ Years	213,631	$ 219.65	2.8%	5.9%	1.06	1.13	2.2%	0.97	0.97	$ -	$ 229.95	$ 245.85	$ 10.89	4.9%	$ 11.67	5.0%	2.0%	2.25%	$ 263.39	$ 281.66	$ 49.50	$ 1.14	$ 314.03	$ 332.30
North	Breast and Cervical Cancer	BCC, All Ages Female	2,395	$ 1,291.59	2.5%	6.3%	1.05	1.14	7.6%	1.00	1.00	$ -	$ 1,460.86	$ 1,577.84	$ 10.89	5.1%	$ 11.67	5.1%	2.0%	2.25%	$ 1,615.27	$ 1,744.92	$ 534.62	$ 12.31	$ 2,162.19	$ 2,291.84
North	LaCHIP Affordable Plan	All Ages	6,545	$ 120.14	3.3%	6.5%	1.07	1.14	-2.4%	0.92	0.93	$ -	$ 115.39	$ 124.22	$ 10.89	4.6%	$ 11.67	4.6%	2.0%	2.25%	$ 137.41	$ 147.88	$ 16.25	$ 0.37	$ 154.04	$ 164.51
North	HCBS Waiver	18 & Under, Male and Female	4,164	$ 1,357.71	2.0%	4.6%	1.04	1.10	0.5%	0.95	0.97	$ -	$ 1,343.79	$ 1,460.38	$ 10.89	5.3%	$ 11.67	5.3%	2.0%	2.25%	$ 1,489.28	$ 1,618.62	$ 44.50	$ 1.02	$ 1,534.80	$ 1,664.14
North	HCBS Waiver	19+ Years, Male and Female	17,320	$ 509.87	2.0%	4.0%	1.04	1.09	0.9%	0.88	0.91	$ -	$ 470.37	$ 510.93	$ 10.89	4.2%	$ 11.67	4.3%	2.0%	2.25%	$ 523.50	$ 568.78	$ 69.78	$ 1.61	$ 594.89	$ 640.17
North	Chisholm Class Members	Chisholm, All Ages Male & Female	16,472	$ 774.94	2.1%	4.8%	1.04	1.10	0.8%	0.92	0.96	$ -	$ 753.39	$ 825.52	$ 10.89	5.1%	$ 11.67	5.1%	2.0%	2.25%	$ 838.14	$ 918.40	$ 62.29	$ 1.43	$ 901.86	$ 982.13
North	Maternity Kickpayment	Maternity Kickpayment, All Ages	8,132	$ 4,615.95	0.0%	2.0%	1.00	1.04	-0.2%	1.00	1.00	$ -	$ 4,605.18	$ 4,799.14	$ -	6.1%	$ -	6.0%	2.0%	2.25%	$ 5,100.64	$ 5,314.99	$ 2,429.63	$ 55.92	$ 7,586.19	$ 7,800.55

Appendix N: 2015 Managed Care Rate Setting Consultation Guide

Section I. February 1, 2015 – January 31, 2016 Medicaid Managed Care Rates	Documentation Reference
1. General Information	
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 January 31, 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 6-8. Appendix C encompasses a comprehensive list of Bayou Health's covered services.
2. Data	
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. February 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 8.
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 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 8.

Section I. February 1, 2015 – January 31, 2016 Medicaid Managed Care Rates	Documentation Reference
3. Projected Benefit Costs	
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.	Please refer to the full Medicaid pricing section on page 13.
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. February 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 the trend section beginning on page 17 and 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.
4. Projected Non-benefit Costs	
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.	Please refer to the non-medical expense load section beginning on page 22.
ii. Care management or coordination costs.	Included as a component of Administrative costs. Please refer to the non-medical expense load section beginning on page 22.
iii. Provisions for:	

Section I. February 1, 2015 – January 31, 2016 Medicaid Managed Care Rates	Documentation Reference
a. Cost of capital.	Considered in the Margin component. Please refer to the non-medical expense load section beginning on page 22.
b. Risk margin.	Considered in the Margin component. Please refer to the non-medical expense load section beginning on page 22.
c. Contingency margin.	N/A
d. Underwriting gain.	N/A
e. Profit margin.	N/A
iv. Taxes, fees, and assessments.	Please refer to the non-medical expense load and federal health insurer fee section sections on pages 22 and 23, respectively.
v. Any other material non-benefit costs.	N/A
5. Rate Range Development	
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 17, the Shared Savings Rx claims section beginning on page 19 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.
6. Risk and Contractual Provisions	
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.	N/A

Section I. February 1, 2015 – January 31, 2016 Medicaid Managed Care Rates	Documentation Reference
7. Other Rate Development Considerations	
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 2.
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 50th percentile for all rating categories.

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MERCER
MAKE TOMORROW, TODAY

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

February 17, 2017

Subject: Healthy Louisiana Physical Health Services – Full Risk-Bearing Managed Care Organization (MCO) Rate Range Development and Actuarial Certification update for the Period July 1, 2015 to November 30, 2015.

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 July 1, 2015 to November 30, 2015. This certification includes a revision to rates effective during the period but paid on or after January 1, 2016. This revised certification letter replaces the certification letter issued on October 12, 2015 for the period of July 1, 2015 through November 30, 2015. 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 July 1, 2015 through November 30, 2015 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

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.

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% on health maintenance organizations which include all five of the Healthy Louisiana program MCOs. This tax is assessed according to the date of payment of capitation on or after January 1, 2016. Routine processing of eligibility leads to payments to the MCOs for retrospective changes prior to January 1, 2016, warranting revised capitation rates. The rates contained herein are only intended to be used by LDH for payments of rates effective during the certified rate period made after January 1, 2016. Certified rates effective and paid prior to January 1, 2016 are unaffected by this certification. The change to the premium tax rate resulted in a 3.50% increase to the final rate in all rate cells. The table below shows the impact by rate cell to the midpoint rates.

	[MM]	[A]	[B]	[C]	[D] = [B] + [C]
COA Description	**MMs**	**Original Midpoint PMPM**	**Midpoint PMPM less 2.25% Premium Tax**	**5.5% Premium Tax Revision Impact**	**Revised Midpoint PMPM**
SSI	1,358,223	$ 880.43	$ 860.62	$ 50.64	$ 911.25
Family and Children	9,226,622	$ 194.05	$ 189.68	$ 11.16	$ 200.84
Breast and Cervical Cancer	12,936	$ 2,249.57	$ 2,198.96	$ 129.23	$ 2,328.19
LaCHIP Affordable Plan	38,711	$ 161.08	$ 157.46	$ 9.27	$ 166.73
HCBS Waiver	108,183	$ 851.18	$ 832.02	$ 49.00	$ 881.03
Chisholm Class Members	64,569	$ 948.16	$ 926.83	$ 54.59	$ 981.42
Maternity Kick Payment	38,617	$ 8,405.30	$ 8,216.18	$ 482.27	$ 8,698.45
Composite	10,809,244	$ 323.75	$ 316.46	$ 18.62	$ 335.08

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 MCOs 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 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.

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

Appendix A : Healthy Louisiana Capitation Rate Range

Region Description	COA Description	Rate Cell Description	CY2013 MMs or Deliveries	Lower Bound PMPM or Cost per Delivery	Upper Bound PMPM or Cost Per Delivery
Gulf	SSI	Newborn, 0-2 Months	291	$ 30,196.35	$ 31,720.91
Gulf	SSI	Newborn, 3-11 Months	1,790	$ 5,515.61	$ 5,819.70
Gulf	SSI	Child, 1-18 Years	122,394	$ 398.36	$ 423.32
Gulf	SSI	Adult, 19+ Years	276,704	$ 1,052.19	$ 1,106.57
Gulf	Family and Children	Newborn, 0-2 Months	43,180	$ 1,779.32	$ 1,868.68
Gulf	Family and Children	Newborn, 3-11 Months	104,549	$ 255.87	$ 272.92
Gulf	Family and Children	Child, 1-18 Years	2,053,265	$ 124.23	$ 132.34
Gulf	Family and Children	Adult, 19+ Years	374,005	$ 333.03	$ 351.18
Gulf	Breast and Cervical Cancer	BCC, All Ages Female	3,702	$ 2,256.80	$ 2,391.00
Gulf	LaCHIP Affordable Plan	All Ages	9,457	$ 159.92	$ 170.76
Gulf	HCBS Waiver	18 & Under, Male and Female	6,826	$ 1,596.37	$ 1,730.26
Gulf	HCBS Waiver	19+ Years, Male and Female	21,296	$ 624.48	$ 671.35
Gulf	Chisholm Class Members	Chisholm, All Ages Male & Female	15,710	$ 939.40	$ 1,022.49
Gulf	Maternity Kickpayment	Maternity Kickpayment, All Ages	10,706	$ 9,233.00	$ 9,484.80
Gulf	Maternity Kickpayment	Early Elective Delivery	N/A	$ 5,298.79	$ 5,385.25
Capital	SSI	Newborn, 0-2 Months	168	$ 31,038.43	$ 32,562.99
Capital	SSI	Newborn, 3-11 Months	1,491	$ 5,617.65	$ 5,921.74
Capital	SSI	Child, 1-18 Years	89,519	$ 443.74	$ 473.49
Capital	SSI	Adult, 19+ Years	210,439	$ 1,077.54	$ 1,139.56
Capital	Family and Children	Newborn, 0-2 Months	38,789	$ 1,925.50	$ 2,017.23
Capital	Family and Children	Newborn, 3-11 Months	94,611	$ 276.48	$ 296.03
Capital	Family and Children	Child, 1-18 Years	1,863,396	$ 131.20	$ 140.13
Capital	Family and Children	Adult, 19+ Years	268,984	$ 382.36	$ 403.78
Capital	Breast and Cervical Cancer	BCC, All Ages Female	3,946	$ 2,250.07	$ 2,384.27
Capital	LaCHIP Affordable Plan	All Ages	10,487	$ 161.23	$ 172.07
Capital	HCBS Waiver	18 & Under, Male and Female	7,164	$ 1,594.69	$ 1,728.58
Capital	HCBS Waiver	19+ Years, Male and Female	21,638	$ 622.33	$ 669.20
Capital	Chisholm Class Members	Chisholm, All Ages Male & Female	15,831	$ 940.34	$ 1,023.43
Capital	Maternity Kickpayment	Maternity Kickpayment, All Ages	9,480	$ 8,581.55	$ 8,805.68
Capital	Maternity Kickpayment	Early Elective Delivery	N/A	$ 5,557.65	$ 5,654.69

Region Description	COA Description	Rate Cell Description	CY2013 MMs or Deliveries	Lower Bound PMPM or Cost per Delivery	Upper Bound PMPM or Cost Per Delivery
South Central	SSI	Newborn, 0-2 Months	217	$ 30,323.32	$ 31,847.88
South Central	SSI	Newborn, 3-11 Months	1,692	$ 5,528.07	$ 5,832.16
South Central	SSI	Child, 1-18 Years	91,728	$ 462.77	$ 491.25
South Central	SSI	Adult, 19+ Years	247,354	$ 993.80	$ 1,048.75
South Central	Family and Children	Newborn, 0-2 Months	43,502	$ 2,140.11	$ 2,238.11
South Central	Family and Children	Newborn, 3-11 Months	104,512	$ 295.48	$ 314.44
South Central	Family and Children	Child, 1-18 Years	2,038,315	$ 139.51	$ 148.70
South Central	Family and Children	Adult, 19+ Years	285,454	$ 351.13	$ 370.74
South Central	Breast and Cervical Cancer	BCC, All Ages Female	2,893	$ 2,265.29	$ 2,399.49
South Central	LaCHIP Affordable Plan	All Ages	12,222	$ 162.05	$ 172.89
South Central	HCBS Waiver	18 & Under, Male and Female	6,665	$ 1,597.97	$ 1,731.86
South Central	HCBS Waiver	19+ Years, Male and Female	23,110	$ 625.31	$ 672.18
South Central	Chisholm Class Members	Chisholm, All Ages Male & Female	16,556	$ 939.62	$ 1,022.71
South Central	Maternity Kickpayment	Maternity Kickpayment, All Ages	10,352	$ 8,252.22	$ 8,481.56
South Central	Maternity Kickpayment	Early Elective Delivery	N/A	$ 5,044.42	$ 5,138.96
North	SSI	Newborn, 0-2 Months	239	$ 30,634.07	$ 32,158.63
North	SSI	Newborn, 3-11 Months	1,678	$ 5,543.68	$ 5,847.77
North	SSI	Child, 1-18 Years	100,260	$ 421.95	$ 446.72
North	SSI	Adult, 19+ Years	212,259	$ 953.84	$ 1,005.66
North	Family and Children	Newborn, 0-2 Months	32,253	$ 2,043.30	$ 2,143.81
North	Family and Children	Newborn, 3-11 Months	80,214	$ 271.99	$ 290.13
North	Family and Children	Child, 1-18 Years	1,587,962	$ 125.43	$ 133.49
North	Family and Children	Adult, 19+ Years	213,631	$ 335.89	$ 354.80
North	Breast and Cervical Cancer	BCC, All Ages Female	2,395	$ 2,280.78	$ 2,414.98
North	LaCHIP Affordable Plan	All Ages	6,545	$ 162.07	$ 172.91
North	HCBS Waiver	18 & Under, Male and Female	4,164	$ 1,599.16	$ 1,733.05
North	HCBS Waiver	19+ Years, Male and Female	17,320	$ 626.47	$ 673.34
North	Chisholm Class Members	Chisholm, All Ages Male & Female	16,472	$ 940.14	$ 1,023.23
North	Maternity Kickpayment	Maternity Kickpayment, All Ages	8,080	$ 8,140.41	$ 8,367.31
North	Maternity Kickpayment	Early Elective Delivery	N/A	$ 4,790.34	$ 4,876.46

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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	291	$ 29,176.77	$ 30,649.57	$ 28,520.29	$ 29,959.95	$ 1,676.06	$ 1,760.95	$ 30,196.35	$ 31,720.91
Gulf	SSI	Newborn, 3-11 Months	1,790	$ 5,329.02	$ 5,622.79	$ 5,209.12	$ 5,496.28	$ 306.50	$ 323.43	$ 5,515.61	$ 5,819.70
Gulf	SSI	Child, 1-18 Years	122,394	$ 384.88	$ 408.98	$ 376.22	$ 399.78	$ 22.15	$ 23.54	$ 398.36	$ 423.32
Gulf	SSI	Adult, 19+ Years	276,704	$ 1,016.63	$ 1,069.17	$ 993.76	$ 1,045.11	$ 58.43	$ 61.46	$ 1,052.19	$ 1,106.57
Gulf	Family and Children	Newborn, 0-2 Months	43,180	$ 1,719.26	$ 1,805.59	$ 1,680.58	$ 1,764.96	$ 98.74	$ 103.72	$ 1,779.32	$ 1,868.68
Gulf	Family and Children	Newborn, 3-11 Months	104,549	$ 247.21	$ 263.69	$ 241.65	$ 257.76	$ 14.22	$ 15.16	$ 255.87	$ 272.92
Gulf	Family and Children	Child, 1-18 Years	2,053,265	$ 120.02	$ 127.86	$ 117.32	$ 124.98	$ 6.91	$ 7.36	$ 124.23	$ 132.34
Gulf	Family and Children	Adult, 19+ Years	374,005	$ 321.77	$ 339.30	$ 314.53	$ 331.67	$ 18.49	$ 19.50	$ 333.03	$ 351.18
Gulf	Breast and Cervical Cancer	BCC, All Ages Female	3,702	$ 2,180.61	$ 2,310.26	$ 2,131.55	$ 2,258.28	$ 125.25	$ 132.73	$ 2,256.80	$ 2,391.00
Gulf	LaCHIP Affordable Plan	All Ages	9,457	$ 154.51	$ 164.98	$ 151.03	$ 161.27	$ 8.89	$ 9.49	$ 159.92	$ 170.76
Gulf	HCBS Waiver	18 & Under, Male and Female	6,826	$ 1,542.22	$ 1,671.56	$ 1,507.52	$ 1,633.95	$ 88.85	$ 96.30	$ 1,596.37	$ 1,730.26
Gulf	HCBS Waiver	19+ Years, Male and Female	21,296	$ 603.34	$ 648.62	$ 589.76	$ 634.03	$ 34.72	$ 37.32	$ 624.48	$ 671.35
Gulf	Chisholm Class Members	Chisholm, All Ages Male & Female	15,710	$ 907.57	$ 987.84	$ 887.15	$ 965.61	$ 52.26	$ 56.88	$ 939.40	$ 1,022.49
Gulf	Maternity Kickpayment	Maternity Kickpayment, All Ages	10,706	$ 8,921.86	$ 9,165.12	$ 8,721.12	$ 8,958.90	$ 511.88	$ 525.90	$ 9,233.00	$ 9,484.80
Gulf	Maternity Kickpayment	Early Elective Delivery	N/A	$ 5,121.19	$ 5,204.72	$ 5,005.96	$ 5,087.61	$ 292.83	$ 297.65	$ 5,298.79	$ 5,385.25
Capital	SSI	Newborn, 0-2 Months	168	$ 29,990.86	$ 31,463.67	$ 29,316.07	$ 30,755.74	$ 1,722.37	$ 1,807.26	$ 31,038.43	$ 32,562.99
Capital	SSI	Newborn, 3-11 Months	1,491	$ 5,427.68	$ 5,721.44	$ 5,305.56	$ 5,592.71	$ 312.10	$ 329.04	$ 5,617.65	$ 5,921.74
Capital	SSI	Child, 1-18 Years	89,519	$ 428.69	$ 457.43	$ 419.04	$ 447.14	$ 24.70	$ 26.35	$ 443.74	$ 473.49
Capital	SSI	Adult, 19+ Years	210,439	$ 1,041.06	$ 1,100.97	$ 1,017.64	$ 1,076.20	$ 59.89	$ 63.35	$ 1,077.54	$ 1,139.56
Capital	Family and Children	Newborn, 0-2 Months	38,789	$ 1,860.57	$ 1,949.19	$ 1,818.71	$ 1,905.33	$ 106.79	$ 111.91	$ 1,925.50	$ 2,017.23
Capital	Family and Children	Newborn, 3-11 Months	94,611	$ 267.11	$ 286.00	$ 261.10	$ 279.57	$ 15.38	$ 16.47	$ 276.48	$ 296.03
Capital	Family and Children	Child, 1-18 Years	1,863,396	$ 126.75	$ 135.38	$ 123.90	$ 132.33	$ 7.30	$ 7.80	$ 131.20	$ 140.13
Capital	Family and Children	Adult, 19+ Years	268,984	$ 369.43	$ 390.13	$ 361.12	$ 381.35	$ 21.24	$ 22.44	$ 382.36	$ 403.78
Capital	Breast and Cervical Cancer	BCC, All Ages Female	3,946	$ 2,174.10	$ 2,303.74	$ 2,125.18	$ 2,251.91	$ 124.89	$ 132.36	$ 2,250.07	$ 2,384.27
Capital	LaCHIP Affordable Plan	All Ages	10,487	$ 155.77	$ 166.24	$ 152.27	$ 162.50	$ 8.96	$ 9.57	$ 161.23	$ 172.07
Capital	HCBS Waiver	18 & Under, Male and Female	7,164	$ 1,540.61	$ 1,669.94	$ 1,505.95	$ 1,632.37	$ 88.75	$ 96.21	$ 1,594.69	$ 1,728.58
Capital	HCBS Waiver	19+ Years, Male and Female	21,638	$ 601.27	$ 646.55	$ 587.74	$ 632.00	$ 34.60	$ 37.21	$ 622.33	$ 669.20
Capital	Chisholm Class Members	Chisholm, All Ages Male & Female	15,831	$ 908.48	$ 988.75	$ 888.04	$ 966.50	$ 52.31	$ 56.93	$ 940.34	$ 1,023.43
Capital	Maternity Kickpayment	Maternity Kickpayment, All Ages	9,480	$ 8,292.53	$ 8,509.05	$ 8,105.95	$ 8,317.60	$ 475.60	$ 488.08	$ 8,581.55	$ 8,805.68
Capital	Maternity Kickpayment	Early Elective Delivery	N/A	$ 5,371.27	$ 5,465.02	$ 5,250.42	$ 5,342.06	$ 307.23	$ 312.63	$ 5,557.65	$ 5,654.69
South Central	SSI	Newborn, 0-2 Months	217	$ 29,299.51	$ 30,772.32	$ 28,640.27	$ 30,079.94	$ 1,683.04	$ 1,767.93	$ 30,323.32	$ 31,847.88
South Central	SSI	Newborn, 3-11 Months	1,692	$ 5,341.06	$ 5,634.83	$ 5,220.89	$ 5,508.05	$ 307.18	$ 324.11	$ 5,528.07	$ 5,832.16
South Central	SSI	Child, 1-18 Years	91,728	$ 447.09	$ 474.60	$ 437.03	$ 463.92	$ 25.74	$ 27.33	$ 462.77	$ 491.25
South Central	SSI	Adult, 19+ Years	247,354	$ 960.19	$ 1,013.28	$ 938.59	$ 990.48	$ 55.22	$ 58.28	$ 993.80	$ 1,048.75
South Central	Family and Children	Newborn, 0-2 Months	43,502	$ 2,067.98	$ 2,162.65	$ 2,021.45	$ 2,113.99	$ 118.66	$ 124.13	$ 2,140.11	$ 2,238.11
South Central	Family and Children	Newborn, 3-11 Months	104,512	$ 285.49	$ 303.81	$ 279.07	$ 296.97	$ 16.42	$ 17.48	$ 295.48	$ 314.44
South Central	Family and Children	Child, 1-18 Years	2,038,315	$ 134.79	$ 143.67	$ 131.76	$ 140.44	$ 7.76	$ 8.26	$ 139.51	$ 148.70
South Central	Family and Children	Adult, 19+ Years	285,454	$ 339.25	$ 358.20	$ 331.62	$ 350.14	$ 19.51	$ 20.60	$ 351.13	$ 370.74
South Central	Breast and Cervical Cancer	BCC, All Ages Female	2,893	$ 2,188.81	$ 2,318.46	$ 2,139.56	$ 2,266.29	$ 125.73	$ 133.20	$ 2,265.29	$ 2,399.49
South Central	LaCHIP Affordable Plan	All Ages	12,222	$ 156.56	$ 167.04	$ 153.04	$ 163.28	$ 9.01	$ 9.61	$ 162.05	$ 172.89
South Central	HCBS Waiver	18 & Under, Male and Female	6,665	$ 1,543.77	$ 1,673.11	$ 1,509.04	$ 1,635.47	$ 88.93	$ 96.38	$ 1,597.97	$ 1,731.86
South Central	HCBS Waiver	19+ Years, Male and Female	23,110	$ 604.14	$ 649.42	$ 590.55	$ 634.81	$ 34.76	$ 37.37	$ 625.31	$ 672.18
South Central	Chisholm Class Members	Chisholm, All Ages Male & Female	16,556	$ 907.77	$ 988.04	$ 887.35	$ 965.81	$ 52.27	$ 56.89	$ 939.62	$ 1,022.71
South Central	Maternity Kickpayment	Maternity Kickpayment, All Ages	10,352	$ 7,974.06	$ 8,195.62	$ 7,794.64	$ 8,011.22	$ 457.58	$ 470.35	$ 8,252.22	$ 8,481.56
South Central	Maternity Kickpayment	Early Elective Delivery	N/A	$ 4,875.15	$ 4,966.47	$ 4,765.46	$ 4,854.72	$ 278.97	$ 284.24	$ 5,044.42	$ 5,138.96
North	SSI	Newborn, 0-2 Months	239	$ 29,599.93	$ 31,072.74	$ 28,933.93	$ 30,373.60	$ 1,700.14	$ 1,785.02	$ 30,634.07	$ 32,158.63
North	SSI	Newborn, 3-11 Months	1,678	$ 5,356.16	$ 5,649.93	$ 5,235.65	$ 5,522.81	$ 308.03	$ 324.96	$ 5,543.68	$ 5,847.77
North	SSI	Child, 1-18 Years	100,260	$ 407.65	$ 431.58	$ 398.48	$ 421.87	$ 23.46	$ 24.85	$ 421.95	$ 446.72
North	SSI	Adult, 19+ Years	212,259	$ 921.58	$ 971.65	$ 900.84	$ 949.79	$ 52.99	$ 55.87	$ 953.84	$ 1,005.66
North	Family and Children	Newborn, 0-2 Months	32,253	$ 1,974.38	$ 2,071.47	$ 1,929.96	$ 2,024.86	$ 113.35	$ 118.96	$ 2,043.30	$ 2,143.81
North	Family and Children	Newborn, 3-11 Months	80,214	$ 262.78	$ 280.30	$ 256.87	$ 273.99	$ 15.12	$ 16.14	$ 271.99	$ 290.13
North	Family and Children	Child, 1-18 Years	1,587,962	$ 121.17	$ 128.96	$ 118.44	$ 126.06	$ 6.98	$ 7.42	$ 125.43	$ 133.49
North	Family and Children	Adult, 19+ Years	213,631	$ 324.52	$ 342.79	$ 317.22	$ 335.08	$ 18.66	$ 19.71	$ 335.89	$ 354.80
North	Breast and Cervical Cancer	BCC, All Ages Female	2,395	$ 2,203.79	$ 2,333.44	$ 2,154.20	$ 2,280.94	$ 126.58	$ 134.05	$ 2,280.78	$ 2,414.98
North	LaCHIP Affordable Plan	All Ages	6,545	$ 156.57	$ 167.05	$ 153.05	$ 163.29	$ 9.01	$ 9.61	$ 162.07	$ 172.91
North	HCBS Waiver	18 & Under, Male and Female	4,164	$ 1,544.93	$ 1,674.26	$ 1,510.17	$ 1,636.59	$ 89.00	$ 96.46	$ 1,599.16	$ 1,733.05
North	HCBS Waiver	19+ Years, Male and Female	17,320	$ 605.27	$ 650.55	$ 591.65	$ 635.91	$ 34.82	$ 37.43	$ 626.47	$ 673.34
North	Chisholm Class Members	Chisholm, All Ages Male & Female	16,472	$ 908.28	$ 988.54	$ 887.84	$ 966.30	$ 52.30	$ 56.92	$ 940.14	$ 1,023.23
North	Maternity Kickpayment	Maternity Kickpayment, All Ages	8,080	$ 7,866.01	$ 8,085.21	$ 7,689.02	$ 7,903.29	$ 451.39	$ 464.03	$ 8,140.41	$ 8,367.31
North	Maternity Kickpayment	Early Elective Delivery	N/A	$ 4,629.65	$ 4,712.84	$ 4,525.48	$ 4,606.80	$ 264.86	$ 269.66	$ 4,790.34	$ 4,876.46

Appendix C: LA Bayou Health Capitation Rates Certification_Effective July 1, 2015 through January 31, 2016_FINAL (Revised 20151012)

Jaredd Simons, ASA, MAAA
Senior Associate Actuary

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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 12, 2015

Subject: Louisiana Bayou Health Program – Full Risk-Bearing Managed Care Organization Rate Range Development and Actuarial Certification update 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 update includes two technical revisions effective July 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 C.

This letter provides an overview of the analyses and methodology to support the technical revisions and the resulting capitation rate ranges effective July 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 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, 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.

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.
- 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
Statewide	**39,396**	**$5,296.26**	**38,617**	**$5,403.03**	**-1.98%**	**2.02%**	**$106.78**

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
Statewide	**39,396**	**$2,860.71**	**38,617**	**$2,918.39**	**2.02%**	**$57.68**

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.

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
Statewide	**38,617**	**$5,403.03**	**1.55%**	**$5,486.91**	**$83.88**

Table 3: Total impact of all revisions

		Delivery Count Logic Update Impact		OOS IP Hospital Adj. Impact	
	[A]	[B]	[C]	[D]	[E]= [A]+[B]+[C]+[D]
Region Description	**Original Total Cost per Delivery[1]**	**Cost Per Delivery Impact[2]**	**FMP Cost per Delivery Impact[3]**	**Cost Per Delivery Impact[4]**	**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

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 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 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.

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	CY 2013 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	10,706	$ 8,921.86	$ 9,165.12
Gulf	EED Kick Payment	EED Kick Payment	N/A	$ 5,121.19	$ 5,204.72
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
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	9,480	$ 8,292.53	$ 8,509.05
Capital	EED Kick Payment	EED Kick Payment	N/A	$ 5,371.27	$ 5,465.02
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

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
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	10,352	$ 7,974.06	$ 8,195.62
South Central	EED Kick Payment	EED Kick Payment	N/A	$ 4,875.15	$ 4,966.47
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
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	8,080	$ 7,866.01	$ 8,085.21
North	EED Kick Payment	EED Kick Payment	N/A	$ 4,629.65	$ 4,712.84

Appendix B: Development of Rate Ranges 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 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 and applies the various rate-setting adjustments. The columns in the exhibit are as follows:

Base Data – The base data in these columns includes incurred but not reported.
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 Savings/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.)
PDHC Adjustment (Region and COS level adj.)	PDHC Adjustment (Region and COS level adj.)	PDHC Adjustment (Region and COS level adj.)
	RX Rebate Adjustment (statewide adj.)	RX Rebate Adjustment (statewide adj.)
Affordable Care Act Primary Care Physician (ACA PCP) Adjustment (Category of Service	ACA PCP Adjustment (Category of Service level adj.)	

Base Period Adjustments		
Prepaid	**Shared Savings/FFS**	**LaHIPP**
level adj.)		
Behavioral Health Mixed Services Protocol Adjustment (Category of Service level adj.)	Behavioral Health Mixed Services Protocol Adjustment (Category of Service level adj.)	Behavioral Health Mixed Services Protocol Adjustment (Category of Service level adj.)
Retroactivity Adjustment (rate cell level adj.)	Retroactivity Adjustment (rate cell level adj.)	Retroactivity Adjustment (rate cell level adj.)
Non-Emergent Medical Transportation 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 Savings/FFS**	**LaHIPP**
Managed Care Savings*	Managed Care Savings*	None
	Generic Dispense Rate Adjustment	

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

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: L = [B *E * (1+G)*H*J] + S.
Claims PMPM – (High) – Calculated as: O = [B * F * (1+G)*I*K] + S.
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: T = (L * (1 + O) + N)/(1 – R – S).
PMPM After Admin – (High) – Calculated as: U = (M * (1 + Q) + P)/(1 – R – S).
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: X = T + V + W
Final Loaded Rates – (High) – Calculated as: Y = U + V + W

MERCER
MAKE TOMORROW, TODAY

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October 12, 2015
Ms. Jen Steele
Louisiana Department of Health and Hospitals

			Base Data		Base Data Adjustments								Outliers			Capitation Rate Load								Full Medicaid Payment			
			A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	U	V	W	X	Y
Region Name	COA Desc	Rate Cell Code	MMs	PMPM	Annual Trend-Low	Annual Trend-High	Trend Factor-Low	Trend Factor-High	Base Period Adj.	Managed Care Adj. Factor-Low	Managed Care Adj. Factor-High	Out of State Hospital Adj. Factor	Outlier Add-on - PMPM	Claims PMPM-Low	Claims PMPM-High	Fixed Admin Load-Low (PMPM)	Variable Admin Load-Low (%)	Fixed Admin Load-High (PMPM)	Variable Admin Load-High (%)	Profit @ 2%	Premium Tax @ 2.25%	PMPM After Admin-Low	PMPM After Admin-High	FMP Add-On	Premium tax on FMP	Final Loaded Rates-Low	Final Loaded Rates-High
Gulf	SSI	Newborn, 02 Months	291	$ 19,478.95	0.4%	3.8%	1.01	1.08	-5.0%	1.00	1.00	1.00	$ 945.10	$ 19,605.45	$ 20,936.71	$ 10.89	6.0%	$ 11.67	6.0%	2.0%	2.25%	$ 21,718.65	$ 23,191.46	$ 7,290.31	$ 167.81	$ 29,176.77	$ 30,649.57
Gulf	SSI	Newborn, 3-11 Months	1,790	$ 3,966.82	1.2%	4.3%	1.03	1.09	-1.7%	0.99	1.00	1.00	$ 63.79	$ 4,038.79	$ 4,304.79	$ 10.89	5.5%	$ 11.67	5.5%	2.0%	2.25%	$ 4,461.42	$ 4,755.19	$ 84.08	$ 19.52	$ 5,329.02	$ 5,622.79
Gulf	SSI	Child, 1-18 Years	122,394	$ 292.96	2.9%	5.9%	1.06	1.13	-1.4%	0.98	0.99	1.00	$ 2.39	$ 302.71	$ 324.02	$ 10.89	4.4%	$ 11.67	4.4%	2.0%	2.25%	$ 341.49	$ 365.60	$ 42.41	$ 0.98	$ 384.88	$ 408.98
Gulf	SSI	Adult, 19+ Years	276,704	$ 681.20	2.9%	5.9%	1.06	1.13	0.4%	0.99	0.99	1.00	$ -	$ 717.35	$ 764.64	$ 10.89	4.3%	$ 11.67	4.4%	2.0%	2.25%	$ 793.04	$ 845.58	$ 21.856	$ 5.03	$ 1,035.63	$ 1,069.17
Gulf	Family and Children	Newborn, 02 Months	43,180	$ 1,149.57	0.7%	4.1%	1.01	1.09	-7.5%	1.00	1.00	1.00	$ 46.33	$ 1,122.09	$ 1,199.45	$ 10.89	6.0%	$ 11.67	6.0%	2.0%	2.25%	$ 1,253.38	$ 1,339.71	$ 45.539	$ 10.48	$ 1,719.26	$ 1,805.59
Gulf	Family and Children	Newborn, 3-11 Months	104,549	$ 200.42	2.3%	5.8%	1.05	1.12	-10.6%	0.97	0.97	1.00	$ 0.21	$ 182.14	$ 196.37	$ 10.89	5.3%	$ 11.67	5.3%	2.0%	2.25%	$ 211.71	$ 228.18	$ 34.70	$ 0.80	$ 247.21	$ 263.69
Gulf	Family and Children	Child, 1-18 Years	2,053,265	$ 89.50	3.0%	6.2%	1.06	1.13	-4.9%	0.95	0.96	1.00	$ 0.05	$ 86.08	$ 92.48	$ 10.89	4.7%	$ 11.67	4.8%	2.0%	2.25%	$ 105.54	$ 113.37	$ 14.16	$ 0.33	$ 120.02	$ 127.86
Gulf	Family and Children	Adult, 19+ Years	374,005	$ 234.94	2.9%	5.9%	1.06	1.13	1.7%	0.96	0.97	1.00	$ -	$ 223.22	$ 238.47	$ 10.89	4.8%	$ 11.67	4.8%	2.0%	2.25%	$ 255.69	$ 273.23	$ 64.58	$ 1.49	$ 321.77	$ 339.30
Gulf	Breast and Cervical Cancer	BCC, All Ages Female	3,702	$ 1,291.59	2.5%	6.3%	1.05	1.14	7.6%	1.00	1.00	1.00	$ -	$ 1,460.86	$ 1,577.84	$ 10.89	5.1%	$ 11.67	5.1%	2.0%	2.25%	$ 1,615.27	$ 1,744.92	$ 55.262	$ 12.72	$ 2,180.61	$ 2,310.26
Gulf	LaCHIP Affordable Plan	All Ages	9,457	$ 120.14	3.3%	6.5%	1.07	1.14	-2.4%	0.92	0.93	1.00	$ -	$ 115.39	$ 124.22	$ 10.89	4.6%	$ 11.67	4.6%	2.0%	2.25%	$ 137.41	$ 147.88	$ 16.71	$ 0.38	$ 154.51	$ 164.98
Gulf	HCBS Waiver	18 & Under, Male and Female	6,826	$ 1,357.71	2.0%	4.6%	1.04	1.10	0.5%	0.95	0.97	1.00	$ -	$ 1,343.79	$ 1,460.38	$ 10.89	5.3%	$ 11.67	5.3%	2.0%	2.25%	$ 1,489.28	$ 1,618.62	$ 51.75	$ 1.19	$ 1,542.22	$ 1,671.56
Gulf	HCBS Waiver	19+ Years, Male and Female	21,296	$ 509.87	2.0%	4.0%	1.04	1.09	0.9%	0.88	0.91	1.00	$ -	$ 470.37	$ 510.93	$ 10.89	4.2%	$ 11.67	4.3%	2.0%	2.25%	$ 523.50	$ 568.78	$ 78.05	$ 1.80	$ 603.34	$ 648.62
Gulf	Chisholm Class Members	Chisholm, All Ages Male & Female	15,710	$ 774.94	2.1%	4.8%	1.04	1.10	0.8%	0.92	0.96	1.00	$ -	$ 753.39	$ 825.52	$ 10.89	5.1%	$ 11.67	5.1%	2.0%	2.25%	$ 838.14	$ 918.40	$ 67.87	$ 1.56	$ 907.57	$ 987.84
Gulf	Maternity Kickpayment	Maternity Kickpayment, All Ages	10,706	$ 5,256.84	0.0%	2.0%	1.00	1.04	-0.6%	1.00	1.00	1.00	$ -	$ 5,226.07	$ 5,446.18	$ -	6.1%	$ -	6.0%	2.0%	2.25%	$ 5,788.32	$ 6,031.58	$ 3,063.03	$ 70.50	$ 8,921.86	$ 9,165.12
Capital	SSI	Newborn, 02 Months	368	$ 19,478.95	0.4%	3.8%	1.01	1.08	-5.0%	1.00	1.00	1.00	$ 945.10	$ 19,605.45	$ 20,936.71	$ 10.89	6.0%	$ 11.67	6.0%	2.0%	2.25%	$ 21,718.65	$ 23,191.46	$ 8,086.08	$ 186.12	$ 29,990.86	$ 31,463.67
Capital	SSI	Newborn, 3-11 Months	1,491	$ 3,966.82	1.2%	4.3%	1.03	1.09	-1.7%	0.99	1.00	1.00	$ 63.79	$ 4,038.79	$ 4,304.79	$ 10.89	5.5%	$ 11.67	5.5%	2.0%	2.25%	$ 4,461.42	$ 4,755.19	$ 94.51	$ 21.74	$ 5,427.68	$ 5,721.44
Capital	SSI	Child, 1-18 Years	89,519	$ 344.20	3.0%	5.9%	1.06	1.13	1.5%	0.98	0.99	1.00	$ 2.39	$ 365.03	$ 390.59	$ 10.89	4.4%	$ 11.67	4.4%	2.0%	2.25%	$ 409.50	$ 438.24	$ 18.76	$ 0.43	$ 428.69	$ 457.43
Capital	SSI	Adult, 19+ Years	210,439	$ 745.67	3.0%	5.9%	1.06	1.13	4.1%	0.99	0.99	1.00	$ -	$ 813.72	$ 867.77	$ 10.89	4.3%	$ 11.67	4.4%	2.0%	2.25%	$ 898.03	$ 958.00	$ 139.76	$ 3.22	$ 1,041.06	$ 1,100.97
Capital	Family and Children	Newborn, 02 Months	38,789	$ 1,158.11	0.6%	4.0%	1.01	1.09	-6.4%	1.00	1.00	1.00	$ 46.33	$ 1,140.87	$ 1,220.31	$ 10.89	6.0%	$ 11.67	6.0%	2.0%	2.25%	$ 1,274.05	$ 1,362.67	$ 57.332	$ 13.20	$ 1,860.57	$ 1,949.19
Capital	Family and Children	Newborn, 3-11 Months	94,611	$ 223.96	2.1%	5.6%	1.05	1.12	-7.5%	0.97	0.97	1.00	$ 0.21	$ 209.26	$ 225.68	$ 10.89	5.3%	$ 11.67	5.3%	2.0%	2.25%	$ 241.58	$ 260.47	$ 24.96	$ 0.57	$ 267.11	$ 286.00
Capital	Family and Children	Child, 1-18 Years	1,863,396	$ 96.04	3.2%	6.3%	1.07	1.14	-1.8%	0.94	0.95	1.00	$ 0.05	$ 94.83	$ 101.98	$ 10.89	4.6%	$ 11.67	4.6%	2.0%	2.25%	$ 114.97	$ 123.60	$ 11.52	$ 0.27	$ 126.75	$ 135.38
Capital	Family and Children	Adult, 19+ Years	268,984	$ 248.77	3.0%	5.9%	1.06	1.13	6.0%	0.96	0.97	1.00	$ -	$ 268.79	$ 286.95	$ 10.89	4.7%	$ 11.67	4.7%	2.0%	2.25%	$ 305.40	$ 326.10	$ 62.59	$ 1.44	$ 369.43	$ 390.13
Capital	Breast and Cervical Cancer	BCC, All Ages Female	3,946	$ 1,291.59	2.5%	6.3%	1.05	1.14	7.6%	1.00	1.00	1.00	$ -	$ 1,460.86	$ 1,577.84	$ 10.89	5.1%	$ 11.67	5.1%	2.0%	2.25%	$ 1,615.27	$ 1,744.92	$ 54.625	$ 12.57	$ 2,174.10	$ 2,303.74
Capital	LaCHIP Affordable Plan	All Ages	10,487	$ 120.14	3.3%	6.5%	1.07	1.14	-2.4%	0.92	0.93	1.00	$ -	$ 115.39	$ 124.22	$ 10.89	4.6%	$ 11.67	4.6%	2.0%	2.25%	$ 137.41	$ 147.88	$ 17.95	$ 0.41	$ 155.77	$ 166.24
Capital	HCBS Waiver	18 & Under, Male and Female	7,164	$ 1,357.71	2.0%	4.6%	1.04	1.10	0.5%	0.95	0.97	1.00	$ -	$ 1,343.79	$ 1,460.38	$ 10.89	5.3%	$ 11.67	5.3%	2.0%	2.25%	$ 1,489.28	$ 1,618.62	$ 50.17	$ 1.15	$ 1,540.61	$ 1,669.94
Capital	HCBS Waiver	19+ Years, Male and Female	21,638	$ 509.87	2.0%	4.0%	1.04	1.09	0.9%	0.88	0.91	1.00	$ -	$ 470.37	$ 510.93	$ 10.89	4.2%	$ 11.67	4.3%	2.0%	2.25%	$ 523.50	$ 568.78	$ 76.02	$ 1.75	$ 601.27	$ 646.55
Capital	Chisholm Class Members	Chisholm, All Ages Male & Female	15,831	$ 774.94	2.1%	4.8%	1.04	1.10	0.8%	0.92	0.96	1.00	$ -	$ 753.39	$ 825.52	$ 10.89	5.1%	$ 11.67	5.1%	2.0%	2.25%	$ 838.14	$ 918.40	$ 68.76	$ 1.58	$ 908.48	$ 988.75
Capital	Maternity Kickpayment	Maternity Kickpayment, All Ages	9,480	$ 4,636.60	0.0%	2.0%	1.00	1.04	0.3%	1.00	1.00	1.00	$ -	$ 4,651.66	$ 4,847.59	$ -	6.1%	$ -	6.0%	2.0%	2.25%	$ 5,152.11	$ 5,368.63	$ 3,069.76	$ 70.66	$ 8,292.53	$ 8,509.05
South Central	SSI	Newborn, 02 Months	217	$ 19,478.95	0.4%	3.8%	1.01	1.08	-5.0%	1.00	1.00	1.00	$ 945.10	$ 19,605.45	$ 20,936.71	$ 10.89	6.0%	$ 11.67	6.0%	2.0%	2.25%	$ 21,718.65	$ 23,191.46	$ 7,410.29	$ 170.57	$ 29,299.51	$ 30,772.32
South Central	SSI	Newborn, 3-11 Months	1,692	$ 3,966.82	1.2%	4.3%	1.03	1.09	-1.7%	0.99	1.00	1.00	$ 63.79	$ 4,038.79	$ 4,304.79	$ 10.89	5.5%	$ 11.67	5.5%	2.0%	2.25%	$ 4,461.42	$ 4,755.19	$ 85.985	$ 19.79	$ 5,341.06	$ 5,634.83
South Central	SSI	Child, 1-18 Years	91,728	$ 344.01	3.4%	6.2%	1.07	1.13	0.4%	0.98	0.99	1.00	$ 2.39	$ 364.84	$ 389.34	$ 10.89	4.1%	$ 11.67	4.1%	2.0%	2.25%	$ 407.85	$ 435.37	$ 38.35	$ 0.88	$ 447.09	$ 474.60
South Central	SSI	Adult, 19+ Years	247,354	$ 679.80	3.0%	5.9%	1.06	1.13	1.0%	0.99	0.99	1.00	$ -	$ 720.34	$ 768.13	$ 10.89	4.4%	$ 11.67	4.4%	2.0%	2.25%	$ 796.60	$ 849.68	$ 159.91	$ 3.68	$ 960.19	$ 1,013.28
South Central	Family and Children	Newborn, 02 Months	43,502	$ 1,250.37	0.7%	4.1%	1.01	1.09	-6.8%	1.00	1.00	1.00	$ 46.33	$ 1,224.44	$ 1,309.36	$ 10.89	6.0%	$ 11.67	6.0%	2.0%	2.25%	$ 1,366.54	$ 1,461.21	$ 68.566	$ 15.78	$ 2,067.98	$ 2,162.65
South Central	Family and Children	Newborn, 3-11 Months	104,512	$ 223.52	2.4%	5.7%	1.05	1.12	-8.3%	0.96	0.97	1.00	$ 0.21	$ 207.58	$ 223.51	$ 10.89	5.2%	$ 11.67	5.2%	2.0%	2.25%	$ 239.49	$ 257.81	$ 44.96	$ 1.03	$ 285.49	$ 303.81
South Central	Family and Children	Child, 1-18 Years	2,038,315	$ 102.68	3.3%	6.3%	1.07	1.14	-3.0%	0.94	0.95	1.00	$ 0.05	$ 100.49	$ 107.86	$ 10.89	4.5%	$ 11.67	4.5%	2.0%	2.25%	$ 121.05	$ 129.93	$ 13.42	$ 0.31	$ 134.79	$ 143.67
South Central	Family and Children	Adult, 19+ Years	285,454	$ 232.89	2.9%	5.9%	1.06	1.13	2.8%	0.97	0.97	1.00	$ -	$ 245.52	$ 262.06	$ 10.89	4.8%	$ 11.67	4.8%	2.0%	2.25%	$ 280.35	$ 299.10	$ 57.77	$ 1.33	$ 339.25	$ 358.20
South Central	Breast and Cervical Cancer	BCC, All Ages Female	2,893	$ 1,291.59	2.5%	6.3%	1.05	1.14	7.6%	1.00	1.00	1.00	$ -	$ 1,460.86	$ 1,577.84	$ 10.89	5.1%	$ 11.67	5.1%	2.0%	2.25%	$ 1,615.27	$ 1,744.92	$ 56.064	$ 12.90	$ 2,188.81	$ 2,318.46
South Central	LaCHIP Affordable Plan	All Ages	12,222	$ 120.14	3.3%	6.5%	1.07	1.14	-2.4%	0.92	0.93	1.00	$ -	$ 115.39	$ 124.22	$ 10.89	4.6%	$ 11.67	4.6%	2.0%	2.25%	$ 137.41	$ 147.88	$ 18.72	$ 0.43	$ 156.55	$ 167.04
South Central	HCBS Waiver	18 & Under, Male and Female	6,665	$ 1,357.71	2.0%	4.6%	1.04	1.10	0.5%	0.95	0.97	1.00	$ -	$ 1,343.79	$ 1,460.38	$ 10.89	5.3%	$ 11.67	5.3%	2.0%	2.25%	$ 1,489.28	$ 1,618.62	$ 53.27	$ 1.23	$ 1,543.77	$ 1,673.11
South Central	HCBS Waiver	19+ Years, Male and Female	23,110	$ 509.87	2.0%	4.0%	1.04	1.09	0.9%	0.88	0.91	1.00	$ -	$ 470.37	$ 510.93	$ 10.89	4.2%	$ 11.67	4.3%	2.0%	2.25%	$ 523.50	$ 568.78	$ 78.83	$ 1.81	$ 604.14	$ 649.42
South Central	Chisholm Class Members	Chisholm, All Ages Male & Female	16,556	$ 774.94	2.1%	4.8%	1.04	1.10	0.8%	0.92	0.96	1.00	$ -	$ 753.39	$ 825.52	$ 10.89	5.1%	$ 11.67	5.1%	2.0%	2.25%	$ 838.14	$ 918.40	$ 68.07	$ 1.57	$ 907.77	$ 988.04
South Central	Maternity Kickpayment	Maternity Kickpayment, All Ages	10,352	$ 4,430.39	0.0%	2.0%	1.00	1.04	2.5%	1.00	1.00	1.05	$ -	$ 4,759.94	$ 4,980.43	$ -	6.1%	$ -	6.0%	2.0%	2.25%	$ 5,272.05	$ 5,493.61	$ 2,641.22	$ 60.80	$ 7,974.05	$ 8,195.62
North	SSI	Newborn, 02 Months	239	$ 19,478.95	0.4%	3.8%	1.01	1.08	-5.0%	1.00	1.00	1.00	$ 945.10	$ 19,605.45	$ 20,936.71	$ 10.89	6.0%	$ 11.67	6.0%	2.0%	2.25%	$ 21,718.65	$ 23,191.46	$ 7,703.95	$ 177.33	$ 29,559.93	$ 31,072.74
North	SSI	Newborn, 3-11 Months	1,678	$ 3,966.82	1.2%	4.3%	1.03	1.09	-1.7%	0.99	1.00	1.00	$ 63.79	$ 4,038.79	$ 4,304.79	$ 10.89	5.5%	$ 11.67	5.5%	2.0%	2.25%	$ 4,461.42	$ 4,755.19	$ 87.461	$ 20.13	$ 5,355.16	$ 5,649.93
North	SSI	Child, 1-18 Years	100,260	$ 295.72	3.0%	5.8%	1.06	1.12	3.7%	0.98	0.99	1.00	$ 2.39	$ 322.88	$ 344.03	$ 10.89	4.4%	$ 11.67	4.5%	2.0%	2.25%	$ 363.57	$ 387.50	$ 43.09	$ 0.99	$ 407.65	$ 431.58
North	SSI	Adult, 19+ Years	212,259	$ 639.16	2.8%	5.8%	1.06	1.12	0.5%	0.99	0.99	1.00	$ -	$ 672.15	$ 717.13	$ 10.89	4.5%	$ 11.67	4.5%	2.0%	2.25%	$ 744.90	$ 794.96	$ 172.71	$ 3.98	$ 921.58	$ 971.65
North	Family and Children	Newborn, 02 Months	32,253	$ 1,240.40	0.7%	4.1%	1.01	1.09	-4.4%	1.00	1.00	1.00	$ 46.33	$ 1,244.55	$ 1,331.66	$ 10.89	6.0%	$ 11.67	6.0%	2.0%	2.25%	$ 1,388.93	$ 1,486.03	$ 57.227	$ 13.17	$ 1,974.38	$ 2,071.47
North	Family and Children	Newborn, 3-11 Months	80,214	$ 205.87	2.4%	5.8%	1.05	1.12	-4.9%	0.97	0.97	1.00	$ 0.21	$ 198.77	$ 213.96	$ 10.89	5.3%	$ 11.67	5.3%	2.0%	2.25%	$ 229.93	$ 247.45	$ 32.11	$ 0.74	$ 262.78	$ 280.30
North	Family and Children	Child, 1-18 Years	1,587,962	$ 87.14	3.1%	6.2%	1.06	1.13	-1.1%	0.96	0.96	1.00	$ 0.05	$ 87.72	$ 94.08	$ 10.89	4.8%	$ 11.67	4.8%	2.0%	2.25%	$ 107.37	$ 115.15	$ 13.49	$ 0.31	$ 121.17	$ 128.96
North	Family and Children	Adult, 19+ Years	213,631	$ 239.65	2.8%	5.9%	1.06	1.13	2.2%	0.97	0.97	1.00	$ -	$ 229.95	$ 245.85	$ 10.89	4.9%	$ 11.67	5.0%	2.0%	2.25%	$ 263.39	$ 281.66	$ 59.76	$ 1.38	$ 324.52	$ 342.79
North	Breast and Cervical Cancer	BCC, All Ages Female	2,395	$ 1,291.59	2.5%	6.3%	1.05	1.14	7.6%	1.00	1.00	1.00	$ -	$ 1,460.86	$ 1,577.84	$ 10.89	5.1%	$ 11.67	5.1%	2.0%	2.25%	$ 1,615.27	$ 1,744.92	$ 57.528	$ 13.24	$ 2,203.79	$ 2,333.44
North	LaCHIP Affordable Plan	All Ages	6,545	$ 120.14	3.3%	6.5%	1.07	1.14	-2.4%	0.92	0.93	1.00	$ -	$ 115.39	$ 124.22	$ 10.89	4.6%	$ 11.67	4.6%	2.0%	2.25%	$ 137.41	$ 147.88	$ 18.73	$ 0.43	$ 156.57	$ 167.05
North	HCBS Waiver	18 & Under, Male and Female	4,164	$ 1,357.71	2.0%	4.6%	1.04	1.10	0.5%	0.95	0.97	1.00	$ -	$ 1,343.79	$ 1,460.38	$ 10.89	5.3%	$ 11.67	5.3%	2.0%	2.25%	$ 1,489.28	$ 1,618.62	$ 54.40	$ 1.25	$ 1,544.93	$ 1,674.26
North	HCBS Waiver	19+ Years, Male and Female	17,320	$ 509.87	2.0%	4.0%	1.04	1.09	0.9%	0.88	0.91	1.00	$ -	$ 470.37	$ 510.93	$ 10.89	4.2%	$ 11.67	4.3%	2.0%	2.25%	$ 523.50	$ 568.78	$ 79.93	$ 1.84	$ 605.27	$ 650.55
North	Chisholm Class Members	Chisholm, All Ages Male & Female	16,472	$ 774.94	2.1%	4.8%	1.04	1.10	0.8%	0.92	0.96	1.00	$ -	$ 753.39	$ 825.52	$ 10.89	5.1%	$ 11.67	5.1%	2.0%	2.25%	$ 838.14	$ 918.40	$ 68.56	$ 1.58	$ 908.28	$ 988.54
North	Maternity Kickpayment	Maternity Kickpayment, All Ages	8,080	$ 4,645.92	0.0%	2.0%	1.00	1.04	-0.2%	1.00	1.00	1.02	$ -	$ 4,709.29	$ 4,907.64	$ -	6.1%	$ -	6.0%	2.0%	2.25%	$ 5,215.95	$ 5,435.15	$ 2,590.44	$ 59.63	$ 7,865.01	$ 8,085.21

MARSH & McLENNAN COMPANIES

Appendix C: Bayou Health Rate Certification Effective July 1, 2015 through January 31, 2016

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MAKE TOMORROW, TODAY

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.

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 runout).

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%
Total:	**$484,489,636**	**$477,025,997**	**$(7,463,639)**	**-1.5%**

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%
Total:	**$307,732,460**	**$324,433,616**	**$16,701,157**	**5.4%**

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
Total:	**$579,950,571**	**$579,597,236**	**$(353,252)**	**-0.1%**

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%
Total:	**$988,756,418**	**$988,756,501**	**$(0)**	**0.0%**

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%
Total:	**$2,360,929,085**	**$2,369,813,350**	**$8,884,266**	**0.4%**

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%
Total:	**$38,023,050**	**$36,959,014**	**$(1,064,036)**	**-2.8%**

* 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%
Total:	**$38,475,568**	**$34,054,096**	**$ (4,421,472)**	**-11.5%**

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

Prepaid Fee Schedule Adjustment	
COA Description	**Rate Impact**
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%
Total	**1.6%**

Shared Savings/FFS Fee Schedule Adjustment	
COA Description	**Rate Impact**
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%
Total	**-0.8%**

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	
COA Description	**Rate Impact**
SSI	-1.3%
Family & Children	-3.9%
BCC	-0.7%
LAP	-4.3%
HCBS	0.0%
CCM	0.0%
Maternity Kick Payment	0.0%
EED Kick Payment	0.0%
Total	**-2.4%**

Shared Savings/FFS ACA PCP Carve-Out	
COA Description	**Rate Impact**
SSI	-1.4%
Family & Children	-4.7%
BCC	-0.7%
LAP	-5.1%
HCBS	-0.7%
CCM	-0.9%
Maternity Kick Payment	0.0%
EED Kick Payment	0.0%
Total	**-3.1%**

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

Early Elective Delivery Rate Reduction			
Region Description	**Reduction (%)**	**Reduction – Low Cost per Delivery**	**Reduction – High Cost per Delivery**
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)	$(3,297.82)
Total	**38.9**	**$(3,167.07)**	**$(3,300.16)**

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

Retro-Active Eligibility Adjustment		
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
Total		**0.4**[1]

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.

[1] 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

Projected Number of PDHC Users						
Region	**Existing Number of Providers[2]**	**Projected Number of Providers in Operation**	**Total PDHC Eligible MMs**	**Projected PDHC Users Per 1,000 MMs**	**Current Number of PDHC Users**	**Projected PDHC Users**
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

[2] Based on December 2013 Experience.

Table 15: PDHC Adjustment

	PDHC Adjustment					
	PDHC Cost per Month[3]	**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.

[3] 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

Annualized Savings from Improvement in GDR						
Category of Service Description	**SSI**	**Family & Children***	**BCC**	**LAP**	**HCBS Waiver* (FFS)**	**Total**
	(%)	**(%)**	**(%)**	**(%)**	**(%)**	**(%)**
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

Savings from Improvement in GDR (w/Phase-in)						
Category of Service Description	**SSI**	**Family & Children***	**BCC**	**LAP**	**HCBS Waiver* (FFS)**	**Total**
	(%)	**(%)**	**(%)**	**(%)**	**(%)**	**(%)**
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
Total*		**10,809,244**	**$0.93**	**$10,000,000**

* 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.

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
SSI (Aged, Blind and Disabled)				
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)	●			
SSI (OCS Foster Care, IV-E OCS/OYD and OCS/OYD (XIX))				
Foster Care IV-E - Suspended SSI			●	
SSI (Supplemental Security Income)			●	
TANF (Families and Children, LIFC)				
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
FPIG)				
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	●			
FCC (Families and Children)				
Former Foster Care children	●			
Youth Aging Out of Foster Care (Chaffee Option)	●			
FCC (OCS Foster Care, IV-E OCS/OYD and OCS/OYD (XIX))				
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			●	
BCC (Families and Children)				
Breast and/or Cervical Cancer	●			
LAP (Families and Children)				
LaCHIP Affordable Plan	●			
HCBS Waiver				
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		●		
CCM				
Chisholm Class Members**		●		
LaHIPP				
Louisiana's Health Insurance Premium Payment Program***	●	●	●	●

COA/Eligibility Category Name	Mandatory	Voluntary Opt-In	Voluntary Opt-Out	Excluded
Excluded				
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

		NEMT Adjustment				
COA Description	**Rate Cell Description**	**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
Total		**27.4**	**27.7**	**14.8**	**10.3**	**20.9**

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
Total		**0.5**	**0.1**	**1.0**	**2.5**	**2.8**	**1.1**

Appendix F-1: Shared Savings/FFS IBNR Adjustment

	COA Description						
Category of Service 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
Total	**2.2**	**2.3**	**2.4**	**1.7**	**1.6**	**2.6**	**4.0**

Appendix F-2: Prepaid IBNR Adjustment

	COA Description						
Category of Service 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
Total	**1.4**	**2.9**	**1.9**	**2.2**	**N/A**	**N/A**	**2.1**

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)
Total	**5,533,973**	**$1,248,414,847**	**$225.59**	**$140,588,209.72**	**$ (37,811,217.78)**	**$102,776,991.94**	**$(6.83)**

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)
Total	**5,248,095**	**$1,141,102,710**	**$217.43**	**$109,771,540.72**	**$(28,644,499.92)**	**$81,127,040.80**	**$(5.46)**

Appendix H-1: 6-Month Average Duration Calculation

	SSI			Family & Children[4]			BCC[4]		
First Month of Enrollment	**Recipients**	**Member Months**	**Average Duration**	**Recipients**	**Member Months**	**Average Duration**	**Recipients**	**Member Months**	**Average Duration**
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
6-Month Avg. Duration			**2.0**			**1.6**			**1.9**

[4] Revised due to a typographical error in the certification letter dated January 31, 2015.

Appendix H-2: Statewide Summary by Rating Category

		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)	(N) = MAX(L,1)
Category of Aid	Category of Aid Description	Recipients	Member Months (Capped at 12 months)	Claims	Selected Avg. Duration	Claims PMPM	Modified Claims Total	Member Months	Claims	Claims PMPM	Member Months	Claims	Claims PMPM	Observed Retro Factor	Final Retro Factor
SSI	Newborn, 0-2 Months	-	-	$ -	2.05	$ -	$ -	915	$ 17,215,170	$ 18,814	915	$ 17,215,170	$ 18,814	1.0000	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	1.0000
SSI	Child, 1-18 Years	1,097	3,528	$ 779,022	2.05	$ 220.81	$ 495,801	403,901	$ 123,004,730	$ 305	406,146	$ 123,500,531	$ 304	0.9985	1.0000
SSI	Adult, 19+ Years	12,278	32,453	$ 26,548,934	2.05	$ 818.07	$ 20,558,886	946,756	$ 639,085,266	$ 675	971,887	$ 659,644,152	$ 679	1.0055	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	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	1.0000
Family and Children	Child, 1-18 Years	30,101	73,414	$ 4,988,780	1.63	$ 67.95	$ 3,332,762	7,542,938	$ 696,145,300	$ 92	7,591,982	$ 699,478,063	$ 92	0.9983	1.0000
Family and Children	Adult, 19+ Years	42,338	64,174	$ 18,628,437	1.63	$ 290.28	$ 20,024,218	1,142,074	$ 255,222,939	$ 223	1,211,056	$ 275,247,157	$ 227	1.0170	1.0170
Breast and Cervical Cancer	BCC, All Ages Female	366	822	$ 2,540,941	1.93	$ 3,091.17	$ 2,183,263	12,936	$ 16,384,789	$ 1,267	13,642	$ 18,568,052	$ 1,361	1.0746	1.0746
LaCHIP Affordable Plan	All Ages	-	-	$ -	-	$ -	$ -	38,711	$ 4,566,649	$ 118	38,711	$ 4,566,649	$ 118	1.0000	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	1.0000
HCBS Waiver	19+ Years, Male and Female	-	-	$ -	-	$ -	$ -	83,364	$ 41,966,487	$ 503	83,364	$ 41,966,487	$ 503	1.0000	1.0000
Chisholm Class Members	Chisholm, All Ages Male & Female	-	-	$ -	-	$ -	$ -	64,569	$ 47,801,497	$ 740	64,569	$ 47,801,497	$ 740	1.0000	1.0000
Maternity Kickpayment	Maternity Kickpayment, All Ages	-	-	$ -	-	$ -	$ -	37,572	$ 178,244,133	$ 4,744	37,572	$ 178,244,133	$ 4,744	1.0000	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

	Annualized Trend					
	SSI/BCC					
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	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
Total	**2.4**	**4.6**	**0.4**	**1.2**	**2.8**	**5.8**

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
Total	**2.1**	**4.5**	**0.5**	**1.3**	**2.7**	**5.8**

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
Total	**0.9**	**3.2**	**1.1**	**1.2**	**2.0**	**4.5**

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

	Managed Care Savings Assumptions					
	HCBS Waiver/CCM[5],[6]					
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
Total	**-7.2**	**-5.9**	**0.9**	**2.2**	**-6.4**	**-3.7**

[5] The HCBS waiver and CCM population are previously unmanaged populations.

[6] 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
Total	**-0.5**	**-0.2**	**0.0**	**0.0**	**-0.5**	**-0.2**

* 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			
		Gulf	Capital	South Central	North	Gulf	Capital	South Central	North
COA Description	Rate Cell Description	Retention %	Retention %	Retention %	Retention %	Retention %	Retention %	Retention %	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. Jaredd 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 Jaredd:

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.

Jen Steele
Signature

8/27/14
Date

Bienville Building • 628 North 4th Street • P.O. Box 91030 • Baton Rouge, Louisiana 70821-9030
Phone #: 225/342-9240 • Fax #: 225/342-9598 • *www.MakingMedicaidBetter.com*
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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).

			Base Data		Base Data Adjustments							Outliers			Capitation Rate Load								Full Medicaid Pricing			
			A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	U	V	W	X
Region Name	COA Desc	Rate Cell Code	MMs	PMPM	Annual Trend-Low	Annual Trend-High	Trend Factor-Low	Trend Factor-High	Base Period Adj.	Managed Care Adj. Factor-Low	Managed Care Adj. Factor-High	Outlier Add-on - PMPM	Claims PMPM-Low	Claims PMPM-High	Fixed Admin Load-Low (PMPM)	Variable Admin Load-Low (%)	Fixed Admin Load- High (PMPM)	Variable Admin Load- High (%)	Profit @ 2%	Premium Tax @ 2.25%	PMPM After Admin- Low	PMPM After Admin- High	FMP Add-On	Premium tax on FMP	Final Loaded Rates-Low	Final Loaded Rates-High
Gulf	SSI	Newborn, 0-2 Months	291	$ 19,478.95	04%	3.8%	1.01	1.08	-5.0%	1.00	1.00	$ 945.10	$ 19,605.45	$ 20,936.71	$ 10.89	6.0%	$ 11.67	60%	2.0%	225%	$ 21,718.65	$ 23,191.46	$ 7,290.31	$ 167.81	$ 29,176.77	$ 30,649.57
Gulf	SSI	Newborn, 3-11 Months	1,790	$ 3,966.82	12%	4.3%	1.03	1.09	-1.7%	0.99	1.00	$ 63.79	$ 4,038.79	$ 4,304.79	$ 10.89	5.5%	$ 11.67	55%	2.0%	225%	$ 4,461.42	$ 4,755.19	$ 848.08	$ 19.52	$ 5,329.02	$ 5,622.79
Gulf	SSI	Child, 1-18 Years	122,394	$ 292.96	29%	5.9%	1.06	1.13	-1.4%	0.98	0.99	$ 239	$ 302.71	$ 324.02	$ 10.89	4.4%	$ 11.67	44%	2.0%	225%	$ 341.49	$ 365.60	$ 42.41	$ 0.98	$ 384.88	$ 408.98
Gulf	SSI	Adult, 19+ Years	276,704	$ 681.20	29%	5.9%	1.06	1.13	0.4%	0.99	0.99	$ -	$ 717.35	$ 764.64	$ 10.89	4.3%	$ 11.67	44%	2.0%	225%	$ 793.04	$ 845.58	$ 218.56	$ 5.03	$ 1,016.63	$ 1,069.17
Gulf	Family and Children	Newborn, 0-2 Months	43,180	$ 1,149.57	07%	4.1%	1.01	1.09	-7.5%	1.00	1.00	$ 46.33	$ 1,122.09	$ 1,199.45	$ 10.89	6.0%	$ 11.67	60%	2.0%	225%	$ 1,253.38	$ 1,339.71	$ 455.39	$ 10.48	$ 1,719.26	$ 1,805.59
Gulf	Family and Children	Newborn, 3-11 Months	104,549	$ 200.42	23%	5.8%	1.05	1.12	-10.6%	0.97	0.97	$ 021	$ 182.14	$ 196.37	$ 10.89	5.3%	$ 11.67	53%	2.0%	225%	$ 211.71	$ 228.18	$ 34.70	$ 0.80	$ 247.21	$ 263.69
Gulf	Family and Children	Child, 1-18 Years	2,053,265	$ 89.50	30%	6.2%	1.06	1.13	-4.9%	0.95	0.96	$ 005	$ 86.08	$ 92.48	$ 10.89	4.7%	$ 11.67	48%	2.0%	225%	$ 105.54	$ 113.37	$ 14.16	$ 0.33	$ 120.02	$ 127.86
Gulf	Family and Children	Adult, 19+ Years	374,005	$ 214.94	29%	5.9%	1.06	1.13	1.7%	0.96	0.97	$ -	$ 223.22	$ 238.47	$ 10.89	4.8%	$ 11.67	48%	2.0%	225%	$ 255.69	$ 273.23	$ 64.58	$ 1.49	$ 321.77	$ 339.30
Gulf	Breast and Cervical Cancer	BCC, All Ages Female	3,702	$ 1,291.59	25%	6.3%	1.05	1.14	7.6%	1.00	1.00	$ -	$ 1,480.86	$ 1,577.84	$ 10.89	5.1%	$ 11.67	51%	2.0%	225%	$ 1,615.27	$ 1,744.92	$ 552.62	$ 12.72	$ 2,190.61	$ 2,310.26
Gulf	LaCHP Affordable Plan	All Ages	9,457	$ 120.14	33%	6.5%	1.07	1.14	-2.4%	0.92	0.93	$ -	$ 115.39	$ 124.22	$ 10.89	4.6%	$ 11.67	46%	2.0%	225%	$ 137.41	$ 147.88	$ 16.71	$ 0.38	$ 154.51	$ 164.98
Gulf	HCBS Waiver	18 & Under, Male and Female	6,826	$ 1,357.71	20%	4.6%	1.04	1.10	0.5%	0.95	0.97	$ -	$ 1,343.79	$ 1,460.38	$ 10.89	5.3%	$ 11.67	53%	2.0%	225%	$ 1,489.28	$ 1,618.62	$ 51.75	$ 1.19	$ 1,542.22	$ 1,671.56
Gulf	HCBS Waiver	19+ Years, Male and Female	21,296	$ 509.87	20%	4.0%	1.04	1.09	0.9%	0.88	0.91	$ -	$ 470.37	$ 510.93	$ 10.89	4.2%	$ 11.67	43%	2.0%	225%	$ 523.50	$ 568.78	$ 78.05	$ 1.80	$ 603.34	$ 648.62
Gulf	Children Class Members	Children, All Ages Male & Female	15,710	$ 774.94	21%	4.8%	1.04	1.10	0.8%	0.92	0.96	$ -	$ 753.39	$ 825.52	$ 10.89	5.1%	$ 11.67	51%	2.0%	225%	$ 838.14	$ 918.40	$ 67.87	$ 1.56	$ 907.57	$ 987.84
Gulf	Maternity/Kidpayment	Maternity/Kidpayment, All Ages	10,987	$ 5,122.05	00%	2.0%	1.00	1.04	-0.6%	1.00	1.00	$ -	$ 5,092.15	$ 5,306.63	$ -	6.1%	$ -	60%	2.0%	225%	$ 5,640.00	$ 5,877.03	$ 2,984.49	$ 68.70	$ 8,693.19	$ 8,930.22
Capital	SSI	Newborn, 0-2 Months	1,169	$ 19,478.95	04%	3.8%	1.01	1.08	-5.0%	1.00	1.00	$ 945.10	$ 19,605.45	$ 20,936.71	$ 10.89	6.0%	$ 11.67	60%	2.0%	225%	$ 21,718.65	$ 23,191.46	$ 8,086.08	$ 186.12	$ 29,990.86	$ 31,463.67
Capital	SSI	Newborn, 3-11 Months	1,491	$ 3,966.82	12%	4.3%	1.03	1.09	-1.7%	0.99	1.00	$ 63.79	$ 4,038.79	$ 4,304.79	$ 10.89	5.5%	$ 11.67	55%	2.0%	225%	$ 4,461.42	$ 4,755.19	$ 944.51	$ 21.74	$ 5,427.68	$ 5,721.44
Capital	SSI	Child, 1-18 Years	89,519	$ 344.20	30%	5.9%	1.06	1.13	1.5%	0.98	0.99	$ 239	$ 365.03	$ 390.59	$ 10.89	4.4%	$ 11.67	44%	2.0%	225%	$ 409.50	$ 438.24	$ 18.76	$ 0.43	$ 428.69	$ 457.43
Capital	SSI	Adult, 19+ Years	210,439	$ 745.67	30%	5.9%	1.06	1.13	4.1%	0.99	0.99	$ -	$ 813.72	$ 867.77	$ 10.89	4.3%	$ 11.67	44%	2.0%	225%	$ 898.08	$ 958.00	$ 139.76	$ 3.22	$ 1,041.06	$ 1,100.97
Capital	Family and Children	Newborn, 0-2 Months	38,789	$ 1,158.11	06%	4.0%	1.01	1.09	-6.4%	1.00	1.00	$ 46.33	$ 1,140.87	$ 1,220.31	$ 10.89	6.0%	$ 11.67	60%	2.0%	225%	$ 1,274.05	$ 1,362.67	$ 573.32	$ 13.20	$ 1,860.57	$ 1,949.19
Capital	Family and Children	Newborn, 3-11 Months	94,611	$ 223.96	21%	5.6%	1.05	1.12	-7.5%	0.97	0.97	$ 021	$ 209.26	$ 225.68	$ 10.89	5.3%	$ 11.67	53%	2.0%	225%	$ 241.58	$ 260.47	$ 24.96	$ 0.57	$ 267.11	$ 286.00
Capital	Family and Children	Child, 1-18 Years	1,863,396	$ 96.04	32%	6.3%	1.07	1.14	-1.8%	0.94	0.95	$ 005	$ 94.83	$ 101.98	$ 10.89	4.6%	$ 11.67	46%	2.0%	225%	$ 114.97	$ 123.60	$ 11.52	$ 0.27	$ 126.75	$ 135.38
Capital	Family and Children	Adult, 19+ Years	268,984	$ 248.77	30%	5.9%	1.06	1.13	6.0%	0.96	0.97	$ -	$ 268.79	$ 286.95	$ 10.89	4.7%	$ 11.67	47%	2.0%	225%	$ 305.40	$ 326.10	$ 62.59	$ 1.44	$ 369.43	$ 390.13
Capital	Breast and Cervical Cancer	BCC, All Ages Female	3,946	$ 1,291.59	25%	6.3%	1.05	1.14	7.6%	1.00	1.00	$ -	$ 1,480.86	$ 1,577.84	$ 10.89	5.1%	$ 11.67	51%	2.0%	225%	$ 1,615.27	$ 1,744.92	$ 546.25	$ 12.57	$ 2,174.10	$ 2,303.74
Capital	LaCHP Affordable Plan	All Ages	10,487	$ 120.14	33%	6.5%	1.07	1.14	-2.4%	0.92	0.93	$ -	$ 115.39	$ 124.22	$ 10.89	4.6%	$ 11.67	46%	2.0%	225%	$ 137.41	$ 147.88	$ 17.95	$ 0.41	$ 155.77	$ 166.24
Capital	HCBS Waiver	18 & Under, Male and Female	7,164	$ 1,357.71	20%	4.6%	1.04	1.10	0.5%	0.95	0.97	$ -	$ 1,343.79	$ 1,460.38	$ 10.89	5.3%	$ 11.67	53%	2.0%	225%	$ 1,489.28	$ 1,618.62	$ 50.17	$ 1.15	$ 1,540.61	$ 1,669.94
Capital	HCBS Waiver	19+ Years, Male and Female	21,638	$ 509.87	20%	4.0%	1.04	1.09	0.9%	0.88	0.91	$ -	$ 470.37	$ 510.93	$ 10.89	4.2%	$ 11.67	43%	2.0%	225%	$ 523.50	$ 568.78	$ 76.02	$ 1.75	$ 601.27	$ 646.55
Capital	Children Class Members	Children, All Ages Male & Female	15,831	$ 774.94	21%	4.8%	1.04	1.10	0.8%	0.92	0.96	$ -	$ 753.39	$ 825.52	$ 10.89	5.1%	$ 11.67	51%	2.0%	225%	$ 838.14	$ 918.40	$ 66.76	$ 1.58	$ 906.48	$ 986.75
Capital	Maternity/Kidpayment	Maternity/Kidpayment, All Ages	9,772	$ 4,487.81	00%	2.0%	1.00	1.04	0.3%	1.00	1.00	$ -	$ 4,510.47	$ 4,700.44	$ -	6.1%	$ -	60%	2.0%	225%	$ 4,995.73	$ 5,205.68	$ 2,977.67	$ 68.54	$ 8,042.15	$ 8,252.09
South Central	SSI	Newborn, 0-2 Months	217	$ 19,478.95	04%	3.8%	1.01	1.08	-5.0%	1.00	1.00	$ 945.10	$ 19,605.45	$ 20,936.71	$ 10.89	6.0%	$ 11.67	60%	2.0%	225%	$ 21,718.65	$ 23,191.46	$ 7,410.29	$ 170.57	$ 29,299.51	$ 30,772.32
South Central	SSI	Newborn, 3-11 Months	1,692	$ 3,966.82	12%	4.3%	1.03	1.09	-1.7%	0.99	1.00	$ 63.79	$ 4,038.79	$ 4,304.79	$ 10.89	5.5%	$ 11.67	55%	2.0%	225%	$ 4,461.42	$ 4,755.19	$ 859.85	$ 19.79	$ 5,341.05	$ 5,634.83
South Central	SSI	Child, 1-18 Years	91,728	$ 344.01	34%	6.2%	1.07	1.13	0.4%	0.98	0.99	$ 239	$ 364.84	$ 389.34	$ 10.89	4.1%	$ 11.67	41%	2.0%	225%	$ 407.86	$ 435.37	$ 38.35	$ 0.88	$ 447.09	$ 474.60
South Central	SSI	Adult, 19+ Years	247,354	$ 679.80	30%	5.9%	1.06	1.13	1.0%	0.99	0.99	$ -	$ 720.34	$ 768.13	$ 10.89	4.4%	$ 11.67	44%	2.0%	225%	$ 796.60	$ 849.68	$ 159.91	$ 3.68	$ 980.19	$ 1,013.28
South Central	Family and Children	Newborn, 0-2 Months	43,502	$ 1,250.37	07%	4.1%	1.01	1.09	-6.8%	1.00	1.00	$ 46.33	$ 1,234.44	$ 1,319.36	$ 10.89	6.0%	$ 11.67	60%	2.0%	225%	$ 1,366.54	$ 1,461.21	$ 685.66	$ 15.78	$ 2,067.98	$ 2,162.65
South Central	Family and Children	Newborn, 3-11 Months	104,512	$ 223.52	24%	5.7%	1.05	1.12	-8.3%	0.96	0.97	$ 021	$ 207.58	$ 223.51	$ 10.89	5.2%	$ 11.67	52%	2.0%	225%	$ 239.49	$ 257.81	$ 44.96	$ 1.03	$ 285.49	$ 303.81
South Central	Family and Children	Child, 1-18 Years	2,038,315	$ 102.68	33%	6.3%	1.07	1.14	-3.0%	0.94	0.95	$ 005	$ 100.49	$ 107.86	$ 10.89	4.5%	$ 11.67	45%	2.0%	225%	$ 121.06	$ 129.93	$ 13.42	$ 0.31	$ 134.79	$ 143.67
South Central	Family and Children	Adult, 19+ Years	285,454	$ 232.89	29%	5.9%	1.06	1.13	2.8%	0.97	0.97	$ -	$ 245.52	$ 262.06	$ 10.89	4.8%	$ 11.67	48%	2.0%	225%	$ 280.15	$ 299.10	$ 57.77	$ 1.33	$ 339.25	$ 358.20
South Central	Breast and Cervical Cancer	BCC, All Ages Female	2,893	$ 1,291.59	25%	6.3%	1.05	1.14	7.6%	1.00	1.00	$ -	$ 1,480.86	$ 1,577.84	$ 10.89	5.1%	$ 11.67	51%	2.0%	225%	$ 1,615.27	$ 1,744.92	$ 560.64	$ 12.90	$ 2,188.81	$ 2,318.46
South Central	LaCHP Affordable Plan	All Ages	12,222	$ 120.14	33%	6.5%	1.07	1.14	-2.4%	0.92	0.93	$ -	$ 115.39	$ 124.22	$ 10.89	4.6%	$ 11.67	46%	2.0%	225%	$ 137.41	$ 147.88	$ 18.72	$ 0.43	$ 156.56	$ 167.04
South Central	HCBS Waiver	18 & Under, Male and Female	6,665	$ 1,357.71	20%	4.6%	1.04	1.10	0.5%	0.95	0.97	$ -	$ 1,343.79	$ 1,460.38	$ 10.89	5.3%	$ 11.67	53%	2.0%	225%	$ 1,489.28	$ 1,618.62	$ 53.27	$ 1.23	$ 1,543.77	$ 1,673.11
South Central	HCBS Waiver	19+ Years, Male and Female	23,110	$ 509.87	20%	4.0%	1.04	1.09	0.9%	0.88	0.91	$ -	$ 470.37	$ 510.93	$ 10.89	4.2%	$ 11.67	43%	2.0%	225%	$ 523.50	$ 568.78	$ 78.83	$ 1.81	$ 604.14	$ 649.42
South Central	Children Class Members	Children, All Ages Male & Female	16,556	$ 774.94	21%	4.8%	1.04	1.10	0.8%	0.92	0.96	$ -	$ 753.39	$ 825.52	$ 10.89	5.1%	$ 11.67	51%	2.0%	225%	$ 838.14	$ 918.40	$ 68.07	$ 1.57	$ 907.77	$ 988.04
South Central	Maternity/Kidpayment	Maternity/Kidpayment, All Ages	10,504	$ 4,366.34	00%	2.0%	1.00	1.04	2.5%	1.00	1.00	$ -	$ 4,477.23	$ 4,665.81	$ -	6.1%	$ -	60%	2.0%	225%	$ 4,958.93	$ 5,167.33	$ 2,603.03	$ 59.92	$ 7,621.88	$ 7,830.28
North	SSI	Newborn, 0-2 Months	239	$ 19,478.95	04%	3.8%	1.01	1.08	-5.0%	1.00	1.00	$ 945.10	$ 19,605.45	$ 20,936.71	$ 10.89	6.0%	$ 11.67	60%	2.0%	225%	$ 21,718.65	$ 23,191.46	$ 7,703.95	$ 177.33	$ 29,599.93	$ 31,072.74
North	SSI	Newborn, 3-11 Months	1,678	$ 3,966.82	12%	4.3%	1.03	1.09	-1.7%	0.99	1.00	$ 63.79	$ 4,038.79	$ 4,304.79	$ 10.89	5.5%	$ 11.67	55%	2.0%	225%	$ 4,461.42	$ 4,755.19	$ 874.61	$ 20.13	$ 5,356.16	$ 5,649.93
North	SSI	Child, 1-18 Years	100,260	$ 295.72	30%	5.8%	1.06	1.12	3.7%	0.98	0.99	$ 239	$ 322.88	$ 344.03	$ 10.89	4.4%	$ 11.67	45%	2.0%	225%	$ 363.57	$ 387.50	$ 43.09	$ 0.99	$ 407.65	$ 431.58
North	SSI	Adult, 19+ Years	212,259	$ 639.16	28%	5.8%	1.06	1.12	0.5%	0.99	0.99	$ -	$ 672.15	$ 717.13	$ 10.89	4.5%	$ 11.67	45%	2.0%	225%	$ 744.90	$ 794.96	$ 172.71	$ 3.98	$ 921.58	$ 971.65
North	Family and Children	Newborn, 0-2 Months	32,253	$ 1,240.40	07%	4.1%	1.01	1.09	-4.4%	1.00	1.00	$ 46.33	$ 1,246.56	$ 1,331.66	$ 10.89	6.0%	$ 11.67	60%	2.0%	225%	$ 1,388.93	$ 1,486.03	$ 572.27	$ 13.17	$ 1,974.38	$ 2,071.47
North	Family and Children	Newborn, 3-11 Months	80,214	$ 205.87	24%	5.8%	1.05	1.12	-4.9%	0.97	0.97	$ 021	$ 198.77	$ 213.96	$ 10.89	5.3%	$ 11.67	53%	2.0%	225%	$ 229.93	$ 247.45	$ 32.11	$ 0.74	$ 262.78	$ 280.30
North	Family and Children	Child, 1-18 Years	1,587,962	$ 87.14	31%	6.2%	1.06	1.13	-1.1%	0.96	0.96	$ 005	$ 87.72	$ 94.08	$ 10.89	4.8%	$ 11.67	48%	2.0%	225%	$ 107.37	$ 115.15	$ 13.49	$ 0.31	$ 121.17	$ 128.96
North	Family and Children	Adult, 19+ Years	213,631	$ 219.65	28%	5.9%	1.06	1.13	2.2%	0.97	0.97	$ -	$ 229.95	$ 245.85	$ 10.89	4.9%	$ 11.67	50%	2.0%	225%	$ 263.39	$ 281.66	$ 59.76	$ 1.38	$ 324.52	$ 342.79
North	Breast and Cervical Cancer	BCC, All Ages Female	2,395	$ 1,291.59	25%	6.3%	1.05	1.14	7.6%	1.00	1.00	$ -	$ 1,480.86	$ 1,577.84	$ 10.89	5.1%	$ 11.67	51%	2.0%	225%	$ 1,615.27	$ 1,744.92	$ 575.28	$ 13.24	$ 2,203.79	$ 2,333.44
North	LaCHP Affordable Plan	All Ages	6,545	$ 120.14	33%	6.5%	1.07	1.14	-2.4%	0.92	0.93	$ -	$ 115.39	$ 124.22	$ 10.89	4.6%	$ 11.67	46%	2.0%	225%	$ 137.41	$ 147.88	$ 18.73	$ 0.43	$ 156.57	$ 167.05
North	HCBS Waiver	18 & Under, Male and Female	4,164	$ 1,357.71	20%	4.6%	1.04	1.10	0.5%	0.95	0.97	$ -	$ 1,343.79	$ 1,460.38	$ 10.89	5.3%	$ 11.67	53%	2.0%	225%	$ 1,489.28	$ 1,618.62	$ 54.40	$ 1.25	$ 1,544.93	$ 1,674.26
North	HCBS Waiver	19+ Years, Male and Female	17,320	$ 509.87	20%	4.0%	1.04	1.09	0.9%	0.88	0.91	$ -	$ 470.37	$ 510.93	$ 10.89	4.2%	$ 11.67	43%	2.0%	225%	$ 523.50	$ 568.78	$ 79.93	$ 1.84	$ 605.27	$ 650.55
North	Children Class Members	Children, All Ages Male & Female	16,472	$ 774.94	21%	4.8%	1.04	1.10	0.8%	0.92	0.96	$ -	$ 753.39	$ 825.52	$ 10.89	5.1%	$ 11.67	51%	2.0%	225%	$ 838.14	$ 918.40	$ 68.56	$ 1.58	$ 908.28	$ 988.54
North	Maternity/Kidpayment	Maternity/Kidpayment, All Ages	8,132	$ 4,615.95	00%	2.0%	1.00	1.04	-0.2%	1.00	1.00	$ -	$ 4,605.18	$ 4,799.14	$ -	6.1%	$ -	60%	2.0%	225%	$ 5,100.64	$ 5,314.99	$ 2,573.72	$ 59.24	$ 7,733.60	$ 7,947.96

Appendix N: 2015 Managed Care Rate Setting Consultation Guide

Section I. July 1, 2015 – January 31, 2016 Medicaid Managed Care Rates	Documentation Reference
1. General Information	
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.
2. Data	
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
3. Projected Benefit Costs	
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.
4. Projected Non-benefit Costs	
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
5. Rate Range Development	
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.
6. Risk and Contractual Provisions	
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
7. Other Rate Development Considerations	
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.

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

February 17, 2017

Subject: Healthy Louisiana Physical Health Services – Full Risk-Bearing Managed Care Organization (MCO) Rate Range Development and Actuarial Certification update for the Period December 1, 2015 to December 31, 2015.

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 December 1, 2015 to December 31, 2015. This certification includes a revision to rates effective during the period but paid on or after 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 applies to the period of December 1, 2015 to December 31, 2015. 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 December 1, 2015 through December 31, 2015 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

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.

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% on health maintenance organizations which include all five of the Healthy Louisiana program MCOs. This tax is assessed according to the date of payment of capitation on or after January 1, 2016. Routine processing of eligibility leads to payments to the MCOs for retrospective changes prior to January 1, 2016, warranting revised capitation rates. The rates contained herein are only intended to be used by LDH for payments of rates effective during the certified rate period made after January 1, 2016. Certified rates effective and paid prior to January 1, 2016 are unaffected by this certification. The change to the premium tax rate resulted in a 3.50% increase to the final rate in all rate cells. The table below shows the impact by rate cell to the midpoint rates.

	[MM]	[A]	[B]	[C]	[D] = [B] + [C]
COA Description	**MMs / Kick Payments**	**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 MCOs 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 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.

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

Appendix A : Healthy Louisiana Capitation Rate Range

Region Description	COA Description	Rate Cell Description	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

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Region Description	COA Description	Rate Cell Description	CY2013 MMs or Deliveries	Lower Bound PMPM or Cost per Delivery	Upper Bound PMPM or Cost Per Delivery
Capital	Family and Children	Newborn, 3-11 Months	94,165	$276.06	$295.61
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

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Region Description	COA Description	Rate Cell Description	CY2013 MMs or Deliveries	Lower Bound PMPM or Cost per Delivery	Upper Bound PMPM or Cost Per Delivery
South Central	Family and Children	Adult, 19+ Years	285,291	$353.41	$373.61
South Central	Breast and Cervical Cancer	BCC, All Ages Female	2,890	$2,392.53	$2,543.80
South Central	LaCHIP Affordable Plan	All Ages	12,222	$162.39	$173.48
South Central	HCBS Waiver	18 & Under, Male and Female	6,213	$1,607.26	$1,744.56
South Central	HCBS Waiver	19+ Years, Male and Female	22,305	$638.91	$687.10
South Central	Chisholm Class Members	Chisholm, All Ages Male & Female	16,290	$934.80	$1,018.20
South Central	Maternity Kick Payment	Maternity Kick Payment, All Ages	10,347	$8,354.84	$8,593.49
South Central	EED Kick 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

Region Description	COA Description	Rate Cell Description	CY2013 MMs or Deliveries	Lower Bound PMPM or Cost per Delivery	Upper Bound PMPM or Cost Per Delivery
North	HCBS Waiver	19+ Years, Male and Female	16,992	$638.98	$687.17
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

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	43,082	$ 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	$ 383.05	$ 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	$ 5,588.77	$ 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

Appendix C: LA Bayou Health_Physical Health Services_Rate Certification_Effective December 1, 2015 - January 31, 2016

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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,

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.

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.

- 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
Statewide	**39,396**	**$5,296.26**	**38,617**	**$5,403.03**	**-1.98%**	**2.02%**	**$106.78**

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
Statewide	**39,396**	**$2,860.71**	**38,617**	**$2,918.39**	**2.02%**	**$57.68**

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.

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
Statewide	**38,617**	**$5,403.03**	**1.55%**	**$5,486.91**	**$83.88**

Table 3: Total impact of the technical revisions

		Delivery Count Logic Update Impact		OOS IP Hospital Adj. Impact	
	[A]	[B]	[C]	[D]	[E]= [A]+[B]+[C]+[D]
Region Description	Original Total Cost per Delivery[1]	Cost Per Delivery Impact[2]	FMP Cost per Delivery Impact[3]	Cost Per Delivery Impact[4]	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.

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.

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.

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.

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

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

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.

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MAKE TOMORROW, TODAY

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October 15, 2015
Ms. Jen Steele
Louisiana Department of Health and Hospitals

			Base Data		Base Data Adjustments										Outliers			Capitation Rate Load								Full Medicaid Payment			
			A	B	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
Region Name	CO A Desc	Rate Cell Code	MMs	PMPM	Annual Trend-Low	Annual Trend-High	Trend Factor-Low	Trend Factor-High	Base Period Adj.	Managed Care Adj. Factor-Low	Managed Care Adj. Factor-High	Voluntary Opt-Out Adj. Factor - Low	Voluntary Opt-Out Adj. Factor - High	Out of State Hospital Adj. Factor	Outlier Add-on - PMPM	Claims PMPM-Low	Claims PMPM-High	Fixed Admin Load- Low (PMPM)	Variable Admin Load- Low (%)	Fixed Admin Load- High (PMPM)	Variable Admin Load- High (%)	Profit @ 2%	Premium Tax @ 2.25%	PMPM After Admin- Low	PMPM After Admin- High	FMP Add-On	Premium tax on FMP	Final Loaded Rates-Low	Final Loaded Rates-High
Gulf	SSI	Newborn, 0-2 Months	287	$ 19,659.26	0.4%	3.8%	1.01	1.08	-5.0%	1.00	1.00	0.91	0.92	1.00	$ 945.10	$ 18,120.97	$ 19,413.84	$ 10.89	6.0%	$ 11.67	6.0%	20%	2.25%	$ 20,075.10	$ 21,505.54	$ 7,307.19	$ 168.20	$ 27,550.49	$ 28,980.93
Gulf	SSI	Newborn, 3-11 Months	1,703	$ 4,031.32	1.2%	4.3%	1.03	1.09	-1.7%	0.99	1.00	0.97	0.97	1.00	$ 63.79	$ 3,991.93	$ 4,256.71	$ 10.89	5.5%	$ 11.67	5.5%	20%	2.25%	$ 4,410.05	$ 4,702.48	$ 876.18	$ 20.17	$ 5,306.40	$ 5,598.82
Gulf	SSI	Child, 1-18 Years	121,839	$ 293.39	2.9%	5.9%	1.06	1.13	-1.4%	0.98	0.99	1.09	1.09	1.00	$ 2.39	$ 330.23	$ 354.60	$ 10.89	4.4%	$ 11.67	4.4%	20%	2.25%	$ 371.52	$ 398.97	$ 42.54	$ 0.98	$ 415.04	$ 442.48
Gulf	SSI	Adult, 19+ Years	276,046	$ 692.56	2.9%	5.9%	1.06	1.13	0.4%	0.99	0.99	1.00	1.00	1.00	$ -	$ 717.96	$ 766.17	$ 10.89	4.3%	$ 11.67	4.4%	20%	2.25%	$ 793.72	$ 847.25	$ 219.00	$ 5.04	$ 1,017.76	$ 1,071.30
Gulf	Family and Children	Newborn, 0-2 Months	43,052	$ 1,151.97	0.7%	4.3%	1.01	1.09	-7.5%	1.00	1.00	1.03	1.04	1.00	$ 46.33	$ 1,160.18	$ 1,242.84	$ 10.89	6.0%	$ 11.67	6.0%	20%	2.25%	$ 1,295.55	$ 1,387.74	$ 456.32	$ 10.50	$ 1,762.38	$ 1,854.57
Gulf	Family and Children	Newborn, 3-11 Months	104,284	$ 200.83	2.3%	5.8%	1.05	1.12	-10.6%	0.97	0.97	1.00	1.00	1.00	$ 0.21	$ 182.41	$ 196.72	$ 10.89	5.3%	$ 11.67	5.3%	20%	2.25%	$ 212.01	$ 228.57	$ 34.76	$ 0.80	$ 247.57	$ 264.13
Gulf	Family and Children	Child, 1-18 Years	2,050,898	$ 89.55	3.0%	6.2%	1.06	1.13	-4.9%	0.95	0.96	1.00	1.00	1.00	$ 0.05	$ 86.25	$ 92.69	$ 10.89	4.7%	$ 11.67	4.8%	20%	2.25%	$ 105.73	$ 113.60	$ 14.17	$ 0.33	$ 120.22	$ 128.10
Gulf	Family and Children	Adult, 19+ Years	373,887	$ 214.99	2.9%	5.9%	1.06	1.13	1.7%	0.96	0.97	1.01	1.01	1.00	$ -	$ 225.50	$ 241.23	$ 10.89	4.8%	$ 11.67	4.8%	20%	2.25%	$ 258.19	$ 276.25	$ 64.60	$ 1.49	$ 324.28	$ 342.34
Gulf	Breast and Cervical Cancer	BCC, All Ages Female	3,695	$ 1,292.45	2.5%	6.3%	1.05	1.14	7.6%	1.00	1.00	1.08	1.08	1.00	$ -	$ 1,572.30	$ 1,704.28	$ 10.89	5.1%	$ 11.67	5.1%	20%	2.25%	$ 1,737.63	$ 1,883.77	$ 553.62	$ 12.74	$ 2,303.99	$ 2,450.13
Gulf	LaCHIP Affordable Plan	All Ages	9,457	$ 120.14	3.3%	6.5%	1.07	1.14	-2.4%	0.92	0.93	1.00	1.00	1.00	$ -	$ 115.68	$ 124.73	$ 10.89	4.6%	$ 11.67	4.6%	20%	2.25%	$ 137.73	$ 148.44	$ 16.71	$ 0.38	$ 154.82	$ 165.54
Gulf	HCBS Waiver	18 & Under, Male and Female	6,538	$ 1,368.00	2.0%	4.6%	1.04	1.10	0.5%	0.94	0.97	1.00	1.00	1.00	$ -	$ 1,349.97	$ 1,469.57	$ 10.89	5.3%	$ 11.67	5.3%	20%	2.25%	$ 1,495.85	$ 1,628.48	$ 53.22	$ 1.23	$ 1,550.29	$ 1,682.92
Gulf	HCBS Waiver	19+ Years, Male and Female	20,790	$ 521.48	2.0%	4.0%	1.04	1.09	0.9%	0.88	0.91	1.00	1.00	1.00	$ -	$ 480.29	$ 522.01	$ 10.89	4.3%	$ 11.67	4.3%	20%	2.25%	$ 534.32	$ 580.88	$ 79.59	$ 1.83	$ 615.74	$ 662.30
Gulf	Chisholm Class Members	Chisholm, All Ages Male & Female	15,581	$ 772.12	2.1%	4.8%	1.04	1.10	0.8%	0.92	0.96	1.00	1.00	1.00	$ -	$ 749.15	$ 821.56	$ 10.89	5.1%	$ 11.67	5.1%	20%	2.25%	$ 833.39	$ 913.96	$ 67.92	$ 1.56	$ 902.87	$ 983.44
Gulf	Maternity Kickpayment	Maternity Kickpayment, All Ages	10,700	$ 5,258.68	0.0%	2.0%	1.00	1.04	-0.6%	1.00	1.00	1.02	1.02	1.00	$ -	$ 5,311.39	$ 5,540.04	$ -	6.1%	$ -	6.0%	20%	2.25%	$ 5,882.82	$ 6,135.53	$ 3,064.13	$ 70.53	$ 9,017.48	$ 9,270.19
Capital	SSI	Newborn, 0-2 Months	163	$ 19,659.26	0.4%	3.8%	1.01	1.08	-5.0%	1.00	1.00	0.91	0.92	1.00	$ 945.10	$ 18,120.97	$ 19,413.84	$ 10.89	6.0%	$ 11.67	6.0%	20%	2.25%	$ 20,075.10	$ 21,505.54	$ 8,150.58	$ 187.61	$ 28,413.29	$ 29,843.73
Capital	SSI	Newborn, 3-11 Months	1,461	$ 4,031.32	1.2%	4.3%	1.03	1.09	-1.7%	0.99	1.00	0.97	0.97	1.00	$ 63.79	$ 3,991.93	$ 4,256.71	$ 10.89	5.5%	$ 11.67	5.5%	20%	2.25%	$ 4,410.05	$ 4,702.48	$ 962.25	$ 22.15	$ 5,394.45	$ 5,686.88
Capital	SSI	Child, 1-18 Years	88,633	$ 344.62	3.0%	5.9%	1.06	1.13	1.4%	0.98	0.99	1.05	1.06	1.00	$ 2.39	$ 384.74	$ 413.11	$ 10.89	4.4%	$ 11.67	4.4%	20%	2.25%	$ 430.98	$ 462.78	$ 18.84	$ 0.43	$ 450.26	$ 482.05
Capital	SSI	Adult, 19+ Years	209,421	$ 748.67	3.0%	5.9%	1.06	1.13	4.1%	0.99	0.99	1.00	1.00	1.00	$ -	$ 817.86	$ 873.07	$ 10.89	4.3%	$ 11.67	4.4%	20%	2.25%	$ 902.61	$ 963.79	$ 140.29	$ 3.23	$ 1,046.13	$ 1,107.31
Capital	Family and Children	Newborn, 0-2 Months	38,631	$ 1,162.14	0.8%	4.0%	1.01	1.09	-6.4%	1.00	1.00	1.04	1.04	1.00	$ 46.33	$ 1,185.54	$ 1,270.85	$ 10.89	6.0%	$ 11.67	6.0%	20%	2.25%	$ 1,323.48	$ 1,418.60	$ 575.26	$ 13.24	$ 1,911.98	$ 2,007.10
Capital	Family and Children	Newborn, 3-11 Months	94,165	$ 224.82	2.1%	5.6%	1.05	1.12	-7.5%	0.97	0.97	0.99	0.99	1.00	$ 0.21	$ 208.83	$ 225.26	$ 10.89	5.3%	$ 11.67	5.3%	20%	2.25%	$ 241.12	$ 260.00	$ 25.03	$ 0.58	$ 266.72	$ 285.60
Capital	Family and Children	Child, 1-18 Years	1,859,073	$ 96.23	3.2%	6.3%	1.07	1.14	-1.8%	0.94	0.95	1.00	1.00	1.00	$ 0.05	$ 95.19	$ 102.39	$ 10.89	4.6%	$ 11.67	4.6%	20%	2.25%	$ 115.37	$ 124.05	$ 11.54	$ 0.27	$ 127.17	$ 135.85
Capital	Family and Children	Adult, 19+ Years	268,605	$ 249.04	3.0%	5.9%	1.06	1.13	6.0%	0.96	0.97	1.00	1.00	1.00	$ -	$ 269.34	$ 287.85	$ 10.89	4.7%	$ 11.67	4.7%	20%	2.25%	$ 306.00	$ 327.08	$ 62.65	$ 1.44	$ 370.09	$ 391.17
Capital	Breast and Cervical Cancer	BCC, All Ages Female	3,946	$ 1,292.45	2.5%	6.3%	1.05	1.14	7.6%	1.00	1.00	1.08	1.08	1.00	$ -	$ 1,572.30	$ 1,704.28	$ 10.89	5.1%	$ 11.67	5.1%	20%	2.25%	$ 1,737.63	$ 1,883.77	$ 546.25	$ 12.57	$ 2,296.45	$ 2,442.59
Capital	LaCHIP Affordable Plan	All Ages	10,487	$ 120.14	3.3%	6.5%	1.07	1.14	-2.4%	0.92	0.93	1.00	1.00	1.00	$ -	$ 115.68	$ 124.73	$ 10.89	4.6%	$ 11.67	4.6%	20%	2.25%	$ 137.73	$ 148.44	$ 17.95	$ 0.41	$ 156.09	$ 166.80
Capital	HCBS Waiver	18 & Under, Male and Female	6,774	$ 1,368.00	2.0%	4.6%	1.04	1.10	0.5%	0.94	0.97	1.00	1.00	1.00	$ -	$ 1,349.97	$ 1,469.57	$ 10.89	5.3%	$ 11.67	5.3%	20%	2.25%	$ 1,495.85	$ 1,628.48	$ 52.07	$ 1.20	$ 1,549.11	$ 1,681.75
Capital	HCBS Waiver	19+ Years, Male and Female	20,494	$ 521.48	2.0%	4.0%	1.04	1.09	0.9%	0.88	0.91	1.00	1.00	1.00	$ -	$ 480.29	$ 522.01	$ 10.89	4.3%	$ 11.67	4.3%	20%	2.25%	$ 534.32	$ 580.88	$ 79.45	$ 1.83	$ 615.61	$ 662.17
Capital	Chisholm Class Members	Chisholm, All Ages Male & Female	15,381	$ 772.12	2.1%	4.8%	1.04	1.10	0.8%	0.92	0.96	1.00	1.00	1.00	$ -	$ 749.15	$ 821.56	$ 10.89	5.1%	$ 11.67	5.1%	20%	2.25%	$ 833.39	$ 913.96	$ 68.92	$ 1.59	$ 903.89	$ 984.46
Capital	Maternity Kickpayment	Maternity Kickpayment, All Ages	9,457	$ 4,642.97	0.0%	2.0%	1.00	1.04	0.3%	1.00	1.00	1.01	1.01	1.00	$ -	$ 4,707.64	$ 4,909.89	$ -	6.1%	$ -	6.0%	20%	2.25%	$ 5,214.12	$ 5,437.65	$ 3,072.90	$ 70.73	$ 8,357.75	$ 8,581.28
South Central	SSI	Newborn, 0-2 Months	213	$ 19,659.26	0.4%	3.8%	1.01	1.08	-5.0%	1.00	1.00	0.91	0.92	1.00	$ 945.10	$ 18,120.97	$ 19,413.84	$ 10.89	6.0%	$ 11.67	6.0%	20%	2.25%	$ 20,075.10	$ 21,505.54	$ 7,437.83	$ 171.20	$ 27,684.14	$ 29,114.58
South Central	SSI	Newborn, 3-11 Months	1,662	$ 4,031.32	1.2%	4.3%	1.03	1.09	-1.7%	0.99	1.00	0.97	0.97	1.00	$ 63.79	$ 3,991.93	$ 4,256.71	$ 10.89	5.5%	$ 11.67	5.5%	20%	2.25%	$ 4,410.05	$ 4,702.48	$ 874.42	$ 20.13	$ 5,304.60	$ 5,597.03
South Central	SSI	Child, 1-18 Years	90,974	$ 344.26	3.4%	6.2%	1.07	1.13	0.4%	0.98	0.99	1.09	1.10	1.00	$ 2.39	$ 399.39	$ 427.67	$ 10.89	4.1%	$ 11.67	4.1%	20%	2.25%	$ 445.38	$ 477.02	$ 38.56	$ 0.89	$ 484.83	$ 516.46
South Central	SSI	Adult, 19+ Years	246,315	$ 682.00	3.0%	5.9%	1.06	1.13	1.0%	0.99	0.99	1.01	1.01	1.00	$ -	$ 726.58	$ 775.52	$ 10.89	4.4%	$ 11.67	4.4%	20%	2.25%	$ 803.41	$ 857.75	$ 160.45	$ 3.69	$ 967.55	$ 1,021.90
South Central	Family and Children	Newborn, 0-2 Months	43,407	$ 1,252.76	0.7%	4.3%	1.01	1.09	-6.8%	1.00	1.00	1.03	1.03	1.00	$ 46.33	$ 1,257.07	$ 1,346.41	$ 10.89	6.0%	$ 11.67	6.0%	20%	2.25%	$ 1,402.65	$ 1,502.22	$ 687.13	$ 15.82	$ 2,105.59	$ 2,205.16
South Central	Family and Children	Newborn, 3-11 Months	104,247	$ 223.91	2.4%	5.7%	1.05	1.12	-8.3%	0.96	0.97	0.99	0.99	1.00	$ 0.21	$ 206.77	$ 222.66	$ 10.89	5.2%	$ 11.67	5.2%	20%	2.25%	$ 238.60	$ 256.68	$ 45.04	$ 1.04	$ 284.68	$ 302.96
South Central	Family and Children	Child, 1-18 Years	2,034,374	$ 102.79	3.3%	6.3%	1.07	1.14	-3.0%	0.94	0.95	1.00	1.00	1.00	$ 0.05	$ 100.85	$ 108.27	$ 10.89	4.5%	$ 11.67	4.5%	20%	2.25%	$ 121.45	$ 130.38	$ 13.43	$ 0.31	$ 135.19	$ 144.12
South Central	Family and Children	Adult, 19+ Years	285,291	$ 232.99	2.9%	5.9%	1.06	1.13	2.8%	0.97	0.97	1.01	1.01	1.00	$ -	$ 247.50	$ 264.57	$ 10.89	4.8%	$ 11.67	4.8%	20%	2.25%	$ 282.33	$ 301.85	$ 57.79	$ 1.33	$ 341.45	$ 360.97
South Central	Breast and Cervical Cancer	BCC, All Ages Female	2,860	$ 1,292.45	2.5%	6.3%	1.05	1.14	7.6%	1.00	1.00	1.08	1.08	1.00	$ -	$ 1,572.30	$ 1,704.28	$ 10.89	5.1%	$ 11.67	5.1%	20%	2.25%	$ 1,737.63	$ 1,883.77	$ 561.19	$ 12.92	$ 2,311.73	$ 2,457.87
South Central	LaCHIP Affordable Plan	All Ages	12,222	$ 120.14	3.3%	6.5%	1.07	1.14	-2.4%	0.92	0.93	1.00	1.00	1.00	$ -	$ 115.68	$ 124.73	$ 10.89	4.6%	$ 11.67	4.6%	20%	2.25%	$ 137.73	$ 148.44	$ 18.72	$ 0.43	$ 156.88	$ 167.60
South Central	HCBS Waiver	18 & Under, Male and Female	6,233	$ 1,368.00	2.0%	4.6%	1.04	1.10	0.5%	0.94	0.97	1.00	1.00	1.00	$ -	$ 1,349.97	$ 1,469.57	$ 10.89	5.3%	$ 11.67	5.3%	20%	2.25%	$ 1,495.85	$ 1,628.48	$ 55.63	$ 1.28	$ 1,552.76	$ 1,685.39
South Central	HCBS Waiver	19+ Years, Male and Female	22,305	$ 521.48	2.0%	4.0%	1.04	1.09	0.9%	0.88	0.91	1.00	1.00	1.00	$ -	$ 480.29	$ 522.01	$ 10.89	4.3%	$ 11.67	4.3%	20%	2.25%	$ 534.32	$ 580.88	$ 81.09	$ 1.87	$ 617.28	$ 663.84
South Central	Chisholm Class Members	Chisholm, All Ages Male & Female	16,290	$ 772.12	2.1%	4.8%	1.04	1.10	0.8%	0.92	0.96	1.00	1.00	1.00	$ -	$ 749.15	$ 821.56	$ 10.89	5.1%	$ 11.67	5.1%	20%	2.25%	$ 833.39	$ 913.96	$ 68.16	$ 1.57	$ 903.12	$ 983.69
South Central	Maternity Kickpayment	Maternity Kickpayment, All Ages	10,347	$ 4,429.47	0.0%	2.0%	1.00	1.04	2.5%	1.00	1.00	1.02	1.02	1.05	$ -	$ 4,850.05	$ 5,059.65	$ -	6.1%	$ -	6.0%	20%	2.25%	$ 5,371.85	$ 5,602.40	$ 2,640.58	$ 60.78	$ 8,073.21	$ 8,303.76
North	SSI	Newborn, 0-2 Months	239	$ 19,659.26	0.4%	3.8%	1.01	1.08	-5.0%	1.00	1.00	0.91	0.92	1.00	$ 945.10	$ 18,120.97	$ 19,413.84	$ 10.89	6.0%	$ 11.67	6.0%	20%	2.25%	$ 20,075.10	$ 21,505.54	$ 7,703.95	$ 177.33	$ 27,956.38	$ 29,386.81
North	SSI	Newborn, 3-11 Months	1,678	$ 4,031.32	1.2%	4.3%	1.03	1.09	-1.7%	0.99	1.00	0.97	0.97	1.00	$ 63.79	$ 3,991.93	$ 4,256.71	$ 10.89	5.5%	$ 11.67	5.5%	20%	2.25%	$ 4,410.05	$ 4,702.48	$ 874.61	$ 20.13	$ 5,304.79	$ 5,597.21
North	SSI	Child, 1-18 Years	99,769	$ 296.46	3.0%	5.8%	1.06	1.12	3.7%	0.98	0.99	1.11	1.11	1.00	$ 2.39	$ 357.88	$ 382.54	$ 10.89	4.4%	$ 11.67	4.5%	20%	2.25%	$ 401.76	$ 429.51	$ 43.25	$ 1.00	$ 446.00	$ 473.76
North	SSI	Adult, 19+ Years	211,578	$ 640.82	2.8%	5.8%	1.06	1.12	0.5%	0.99	0.99	1.00	1.00	1.00	$ -	$ 673.41	$ 719.20	$ 10.89	4.5%	$ 11.67	4.5%	20%	2.25%	$ 746.28	$ 797.23	$ 173.18	$ 3.99	$ 923.45	$ 974.40
North	Family and Children	Newborn, 0-2 Months	32,218	$ 1,241.60	0.7%	4.3%	1.01	1.09	-4.4%	1.00	1.00	1.01	1.02	1.00	$ 46.33	$ 1,262.23	$ 1,352.87	$ 10.89	6.0%	$ 11.67	6.0%	20%	2.25%	$ 1,408.49	$ 1,509.50	$ 572.83	$ 13.19	$ 1,994.51	$ 2,095.51
North	Family and Children	Newborn, 3-11 Months	80,049	$ 206.13	2.4%	5.8%	1.05	1.12	-4.9%	0.97	0.97	1.00	1.00	1.00	$ 0.21	$ 198.13	$ 213.33	$ 10.89	5.3%	$ 11.67	5.3%	20%	2.25%	$ 229.23	$ 246.76	$ 32.15	$ 0.74	$ 262.11	$ 279.64
North	Family and Children	Child, 1-18 Years	1,586,038	$ 87.20	3.0%	6.2%	1.06	1.13	-1.1%	0.96	0.96	1.00	1.00	1.00	$ 0.05	$ 88.02	$ 94.43	$ 10.89	4.8%	$ 11.67	4.8%	20%	2.25%	$ 107.70	$ 115.53	$ 13.51	$ 0.31	$ 121.51	$ 129.34
North	Family and Children	Adult, 19+ Years	213,578	$ 219.68	2.8%	5.9%	1.06	1.13	2.2%	0.97	0.97	1.01	1.01	1.00	$ -	$ 231.41	$ 247.81	$ 10.89	4.9%	$ 11.67	5.0%	20%	2.25%	$ 265.00	$ 283.81	$ 59.76	$ 1.38	$ 326.14	$ 344.95
North	Breast and Cervical Cancer	BCC, All Ages Female	2,335	$ 1,292.45	2.5%	6.3%	1.05	1.14	7.6%	1.00	1.00	1.08	1.08	1.00	$ -	$ 1,572.30	$ 1,704.28	$ 10.89	5.1%	$ 11.67	5.1%	20%	2.25%	$ 1,737.63	$ 1,883.77	$ 575.28	$ 13.24	$ 2,326.15	$ 2,472.29
North	LaCHIP Affordable Plan	All Ages	6,545	$ 120.14	3.3%	6.5%	1.07	1.14	-2.4%	0.92	0.93	1.00	1.00	1.00	$ -	$ 115.68	$ 124.73	$ 10.89	4.6%	$ 11.67	4.6%	20%	2.25%	$ 137.73	$ 148.44	$ 18.73	$ 0.43	$ 156.89	$ 167.60
North	HCBS Waiver	18 & Under, Male and Female	3,944	$ 1,368.00	2.0%	4.6%	1.04	1.10	0.5%	0.94	0.97	1.00	1.00	1.00	$ -	$ 1,349.97	$ 1,469.57	$ 10.89	5.3%	$ 11.67	5.3%	20%	2.25%	$ 1,495.85	$ 1,628.48	$ 56.24	$ 1.29	$ 1,553.38	$ 1,686.01
North	HCBS Waiver	19+ Years, Male and Female	16,592	$ 521.48	2.0%	4.0%	1.04	1.09	0.9%	0.88	0.91	1.00	1.00	1.00	$ -	$ 480.29	$ 522.01	$ 10.89	4.3%	$ 11.67	4.3%	20%	2.25%	$ 534.32	$ 580.88	$ 81.16	$ 1.87	$ 617.35	$ 663.91
North	Chisholm Class Members	Chisholm, All Ages Male & Female	16,236	$ 772.12	2.1%	4.8%	1.04	1.10	0.8%	0.92	0.96	1.00	1.00	1.00	$ -	$ 749.15	$ 821.56	$ 10.89	5.1%	$ 11.67	5.1%	20%	2.25%	$ 833.39	$ 913.96	$ 68.62	$ 1.58	$ 903.59	$ 984.16
North	Maternity Kickpayment	Maternity Kickpayment, All Ages	8,077	$ 4,646.89	0.0%	2.0%	1.00	1.04	-0.2%	1.00	1.00	1.01	1.02	1.02	$ -	$ 4,780.66	$ 4,986.56	$ -	6.1%	$ -	6.0%	20%	2.25%	$ 5,295.00	$ 5,522.56	$ 2,591.04	$ 59.64	$ 7,945.67	$ 8,173.23

MARSH & McLENNAN COMPANIES

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

	Base Data		LaHIPP Base Data		Base Data without LaHIPP		
COA Description	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	PMPM % Change
SSI	1,358,223	$604.69	6,217	$209.79	1,352,006	$606.51	0.30%
Family and Children	9,226,622	$134.62	15,795	$41.30	9,210,827	$134.78	0.12%
Breast and Cervical Cancer	12,936	$1,291.59	10	$173.89	12,926	$1,292.45	0.07%
LaCHIP Affordable Plan	38,711	$120.14	-	$-	38,711	$120.14	0.00%
HCBS Waiver	108,183	$704.37	4,133	$501.96	104,050	$712.42	1.14%
Chisholm Class Members	64,569	$774.94	1,021	$950.64	63,548	$772.12	-0.36%
Maternity Kick Payment	38,617	$4,755.22	36	$2,548.60	38,581	$4,757.30	0.04%
Total	**10,809,244**	**$221.53**	**27,176**	**$187.53**	**10,782,068**	**$221.62**	**0.04%**

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
Total		**10,782,068**	**$267.33**	**0.93%**	**$269.81**

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

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MAKE TOMORROW, TODAY

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.

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 runout).

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%
Total:	**$484,489,636**	**$477,025,997**	**$(7,463,639)**	**-1.5%**

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%
Total:	**$307,732,460**	**$324,433,616**	**$16,701,157**	**5.4%**

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
Total:	**$579,950,571**	**$579,597,236**	**$(353,252)**	**-0.1%**

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%
Total:	**$988,756,418**	**$988,756,501**	**$(0)**	**0.0%**

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%
Total:	**$2,360,929,085**	**$2,369,813,350**	**$8,884,266**	**0.4%**

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%
Total:	**$38,023,050**	**$36,959,014**	**$(1,064,036)**	**-2.8%**

* 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%
Total:	**$38,475,568**	**$34,054,096**	**$ (4,421,472)**	**-11.5%**

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

Prepaid Fee Schedule Adjustment	
COA Description	**Rate Impact**
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%
Total	**1.6%**

Shared Savings/FFS Fee Schedule Adjustment	
COA Description	**Rate Impact**
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%
Total	**-0.8%**

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	
COA Description	**Rate Impact**
SSI	-1.3%
Family & Children	-3.9%
BCC	-0.7%
LAP	-4.3%
HCBS	0.0%
CCM	0.0%
Maternity Kick Payment	0.0%
EED Kick Payment	0.0%
Total	**-2.4%**

Shared Savings/FFS ACA PCP Carve-Out	
COA Description	**Rate Impact**
SSI	-1.4%
Family & Children	-4.7%
BCC	-0.7%
LAP	-5.1%
HCBS	-0.7%
CCM	-0.9%
Maternity Kick Payment	0.0%
EED Kick Payment	0.0%
Total	**-3.1%**

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

Early Elective Delivery Rate Reduction			
Region Description	**Reduction (%)**	**Reduction – Low Cost per Delivery**	**Reduction – High Cost per Delivery**
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)	$(3,297.82)
Total	**38.9**	**$(3,167.07)**	**$(3,300.16)**

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

Retro-Active Eligibility Adjustment		
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
Total		**0.4**[1]

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.

[1] 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

Projected Number of PDHC Users						
Region	**Existing Number of Providers[2]**	**Projected Number of Providers in Operation**	**Total PDHC Eligible MMs**	**Projected PDHC Users Per 1,000 MMs**	**Current Number of PDHC Users**	**Projected PDHC Users**
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

[2] Based on December 2013 Experience.

Table 15: PDHC Adjustment

	PDHC Adjustment					
	PDHC Cost per Month[3]	**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.

[3] 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

Annualized Savings from Improvement in GDR						
Category of Service Description	**SSI**	**Family & Children***	**BCC**	**LAP**	**HCBS Waiver* (FFS)**	**Total**
	(%)	**(%)**	**(%)**	**(%)**	**(%)**	**(%)**
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

Savings from Improvement in GDR (w/Phase-in)						
Category of Service Description	**SSI**	**Family & Children***	**BCC**	**LAP**	**HCBS Waiver* (FFS)**	**Total**
	(%)	**(%)**	**(%)**	**(%)**	**(%)**	**(%)**
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
Total*		**10,809,244**	**$0.93**	**$10,000,000**

* 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.

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
SSI (Aged, Blind and Disabled)				
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)	●			
SSI (OCS Foster Care, IV-E OCS/OYD and OCS/OYD (XIX))				
Foster Care IV-E - Suspended SSI			●	
SSI (Supplemental Security Income)			●	
TANF (Families and Children, LIFC)				
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
FPIG)				
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	●			
FCC (Families and Children)				
Former Foster Care children	●			
Youth Aging Out of Foster Care (Chaffee Option)	●			
FCC (OCS Foster Care, IV-E OCS/OYD and OCS/OYD (XIX))				
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			●	
BCC (Families and Children)				
Breast and/or Cervical Cancer	●			
LAP (Families and Children)				
LaCHIP Affordable Plan	●			
HCBS Waiver				
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		●		
CCM				
Chisholm Class Members**		●		
LaHIPP				
Louisiana's Health Insurance Premium Payment Program***	●	●	●	●

COA/Eligibility Category Name	Mandatory	Voluntary Opt-In	Voluntary Opt-Out	Excluded
Excluded				
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

		NEMT Adjustment				
COA Description	**Rate Cell Description**	**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
Total		**27.4**	**27.7**	**14.8**	**10.3**	**20.9**

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
Total		**0.5**	**0.1**	**1.0**	**2.5**	**2.8**	**1.1**

Appendix F-1: Shared Savings/FFS IBNR Adjustment

	COA Description						
Category of Service 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
Total	**2.2**	**2.3**	**2.4**	**1.7**	**1.6**	**2.6**	**4.0**

Appendix F-2: Prepaid IBNR Adjustment

	COA Description						
Category of Service 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
Total	**1.4**	**2.9**	**1.9**	**2.2**	**N/A**	**N/A**	**2.1**

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)
Total	**5,533,973**	**$1,248,414,847**	**$225.59**	**$140,588,209.72**	**$ (37,811,217.78)**	**$102,776,991.94**	**$(6.83)**

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)
Total	**5,248,095**	**$1,141,102,710**	**$217.43**	**$109,771,540.72**	**$(28,644,499.92)**	**$81,127,040.80**	**$(5.46)**

Appendix H-1: 6-Month Average Duration Calculation

	SSI			Family & Children[4]			BCC[4]		
First Month of Enrollment	**Recipients**	**Member Months**	**Average Duration**	**Recipients**	**Member Months**	**Average Duration**	**Recipients**	**Member Months**	**Average Duration**
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
6-Month Avg. Duration			**2.0**			**1.6**			**1.9**

[4] Revised due to a typographical error in the certification letter dated January 31, 2015.

Appendix H-2: Statewide Summary by Rating Category

		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)	(N) = MAX(L,1)
Category of Aid	Category of Aid Description	Recipients	Member Months (Capped at 12 months)	Claims	Selected Avg. Duration	Claims PMPM	Modified Claims Total	Member Months	Claims	Claims PMPM	Member Months	Claims	Claims PMPM	Observed Retro Factor	Final Retro Factor
SSI	Newborn, 0-2 Months	-	-	$ -	2.05	$ -	$ -	915	$ 17,215,170	$ 18,814	915	$ 17,215,170	$ 18,814	1.0000	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	1.0000
SSI	Child, 1-18 Years	1,097	3,528	$ 779,022	2.05	$ 220.81	$ 495,801	403,901	$ 123,004,730	$ 305	406,146	$ 123,500,531	$ 304	0.9985	1.0000
SSI	Adult, 19+ Years	12,278	32,453	$ 26,548,934	2.05	$ 818.07	$ 20,558,886	946,756	$ 639,085,266	$ 675	971,887	$ 659,644,152	$ 679	1.0055	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	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	1.0000
Family and Children	Child, 1-18 Years	30,101	73,414	$ 4,988,780	1.63	$ 67.95	$ 3,332,762	7,542,938	$ 696,145,300	$ 92	7,591,982	$ 699,478,063	$ 92	0.9983	1.0000
Family and Children	Adult, 19+ Years	42,338	64,174	$ 18,628,437	1.63	$ 290.28	$ 20,024,218	1,142,074	$ 255,222,939	$ 223	1,211,056	$ 275,247,157	$ 227	1.0170	1.0170
Breast and Cervical Cancer	BCC, All Ages Female	366	822	$ 2,540,941	1.93	$ 3,091.17	$ 2,183,263	12,936	$ 16,384,789	$ 1,267	13,642	$ 18,568,052	$ 1,361	1.0746	1.0746
LaCHIP Affordable Plan	All Ages	-	-	$ -	-	$ -	$ -	38,711	$ 4,566,649	$ 118	38,711	$ 4,566,649	$ 118	1.0000	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	1.0000
HCBS Waiver	19+ Years, Male and Female	-	-	$ -	-	$ -	$ -	83,364	$ 41,966,487	$ 503	83,364	$ 41,966,487	$ 503	1.0000	1.0000
Chisholm Class Members	Chisholm, All Ages Male & Female	-	-	$ -	-	$ -	$ -	64,569	$ 47,801,497	$ 740	64,569	$ 47,801,497	$ 740	1.0000	1.0000
Maternity Kickpayment	Maternity Kickpayment, All Ages	-	-	$ -	-	$ -	$ -	37,572	$ 178,244,133	$ 4,744	37,572	$ 178,244,133	$ 4,744	1.0000	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

	Annualized Trend					
	SSI/BCC					
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	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
Total	**2.4**	**4.6**	**0.4**	**1.2**	**2.8**	**5.8**

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
Total	**2.1**	**4.5**	**0.5**	**1.3**	**2.7**	**5.8**

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
Total	**0.9**	**3.2**	**1.1**	**1.2**	**2.0**	**4.5**

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

	Managed Care Savings Assumptions					
	HCBS Waiver/CCM[5],[6]					
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
Total	**-7.2**	**-5.9**	**0.9**	**2.2**	**-6.4**	**-3.7**

[5] The HCBS waiver and CCM population are previously unmanaged populations.

[6] 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
Total	**-0.5**	**-0.2**	**0.0**	**0.0**	**-0.5**	**-0.2**

* 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			
		Gulf	Capital	South Central	North	Gulf	Capital	South Central	North
COA Description	Rate Cell Description	Retention %	Retention %	Retention %	Retention %	Retention %	Retention %	Retention %	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. Jaredd 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 Jaredd:

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.

Jen Steele
Signature

8/27/14
Date

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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).

			Base Data		Base Data Adjustments							Outliers			Capitation Rate Load								Full Medicaid Pricing			
			A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	U	V	W	X
Region Name	COA Desc	Rate Cell Code	MMs	PMPM	Annual Trend-Low	Annual Trend-High	Trend Factor-Low	Trend Factor-High	Base Period Adj.	Managed Care Adj. Factor-Low	Managed Care Adj. Factor-High	Outlier Add-on - PMPM	Claims PMPM-Low	Claims PMPM-High	Fixed Admin Load-Low (PMPM)	Variable Admin Load-Low (%)	Fixed Admin Load- High (PMPM)	Variable Admin Load- High (%)	Profit @ 2%	Premium Tax @ 2.25%	PMPM After Admin- Low	PMPM After Admin- High	FMP Add-On	Premium tax on FMP	Final Loaded Rates-Low	Final Loaded Rates-High
Gulf	SSI	Newborn, 0-2 Months	291	$ 19,478.95	04%	3.8%	1.01	1.08	-5.0%	1.00	1.00	$ 945.10	$ 19,605.45	$ 20,936.71	$ 10.89	6.0%	$ 11.67	60%	2.0%	225%	$ 21,718.65	$ 23,191.46	$ 7,290.31	$ 167.81	$ 29,176.77	$ 30,649.57
Gulf	SSI	Newborn, 3-11 Months	1,790	$ 3,966.82	12%	4.3%	1.03	1.09	-1.7%	0.99	1.00	$ 63.79	$ 4,038.79	$ 4,304.79	$ 10.89	5.5%	$ 11.67	55%	2.0%	225%	$ 4,461.42	$ 4,755.19	$ 848.08	$ 19.52	$ 5,329.02	$ 5,622.79
Gulf	SSI	Child, 1-18 Years	122,394	$ 292.96	29%	5.9%	1.06	1.13	-1.4%	0.98	0.99	$ 239	$ 302.71	$ 324.02	$ 10.89	4.4%	$ 11.67	44%	2.0%	225%	$ 341.49	$ 365.60	$ 42.41	$ 0.98	$ 384.88	$ 408.98
Gulf	SSI	Adult, 19+ Years	276,704	$ 681.20	29%	5.9%	1.06	1.13	0.4%	0.99	0.99	$ -	$ 717.35	$ 764.64	$ 10.89	4.3%	$ 11.67	44%	2.0%	225%	$ 793.04	$ 845.58	$ 218.56	$ 5.03	$ 1,016.63	$ 1,069.17
Gulf	Family and Children	Newborn, 0-2 Months	43,180	$ 1,149.57	07%	4.1%	1.01	1.09	-7.5%	1.00	1.00	$ 46.33	$ 1,122.09	$ 1,199.45	$ 10.89	6.0%	$ 11.67	60%	2.0%	225%	$ 1,253.38	$ 1,339.71	$ 455.39	$ 10.48	$ 1,719.26	$ 1,805.59
Gulf	Family and Children	Newborn, 3-11 Months	104,549	$ 200.42	23%	5.8%	1.05	1.12	-10.6%	0.97	0.97	$ 021	$ 182.14	$ 196.37	$ 10.89	5.3%	$ 11.67	53%	2.0%	225%	$ 211.71	$ 228.18	$ 34.70	$ 0.80	$ 247.21	$ 263.69
Gulf	Family and Children	Child, 1-18 Years	2,053,265	$ 89.50	30%	6.2%	1.06	1.13	-4.9%	0.95	0.96	$ 005	$ 86.08	$ 92.48	$ 10.89	4.7%	$ 11.67	48%	2.0%	225%	$ 105.54	$ 113.37	$ 14.16	$ 0.33	$ 120.02	$ 127.86
Gulf	Family and Children	Adult, 19+ Years	374,005	$ 214.94	29%	5.9%	1.06	1.13	1.7%	0.96	0.97	$ -	$ 223.22	$ 238.47	$ 10.89	4.8%	$ 11.67	48%	2.0%	225%	$ 255.69	$ 273.23	$ 64.58	$ 1.49	$ 321.77	$ 339.30
Gulf	Breast and Cervical Cancer	BCC, All Ages Female	3,702	$ 1,291.59	25%	6.3%	1.05	1.14	7.6%	1.00	1.00	$ -	$ 1,480.86	$ 1,577.84	$ 10.89	5.1%	$ 11.67	51%	2.0%	225%	$ 1,615.27	$ 1,744.92	$ 552.62	$ 12.72	$ 2,190.61	$ 2,310.26
Gulf	LaCHP Affordable Plan	All Ages	9,457	$ 120.14	33%	6.5%	1.07	1.14	-2.4%	0.92	0.93	$ -	$ 115.39	$ 124.22	$ 10.89	4.6%	$ 11.67	46%	2.0%	225%	$ 137.41	$ 147.88	$ 16.71	$ 0.38	$ 154.51	$ 164.98
Gulf	HCBS Waiver	18 & Under, Male and Female	6,826	$ 1,357.71	20%	4.6%	1.04	1.10	0.5%	0.95	0.97	$ -	$ 1,343.79	$ 1,460.38	$ 10.89	5.3%	$ 11.67	53%	2.0%	225%	$ 1,489.28	$ 1,618.62	$ 51.75	$ 1.19	$ 1,542.22	$ 1,671.56
Gulf	HCBS Waiver	19+ Years, Male and Female	21,296	$ 509.87	20%	4.0%	1.04	1.09	0.9%	0.88	0.91	$ -	$ 470.37	$ 510.93	$ 10.89	4.2%	$ 11.67	43%	2.0%	225%	$ 523.50	$ 568.78	$ 78.05	$ 1.80	$ 603.34	$ 648.62
Gulf	Children Class Members	Children, All Ages Male & Female	15,710	$ 774.94	21%	4.8%	1.04	1.10	0.8%	0.92	0.96	$ -	$ 753.39	$ 825.52	$ 10.89	5.1%	$ 11.67	51%	2.0%	225%	$ 838.14	$ 918.40	$ 67.87	$ 1.56	$ 907.57	$ 987.84
Gulf	Maternity/Kidpayment	Maternity/Kidpayment, All Ages	10,987	$ 5,122.05	00%	2.0%	1.00	1.04	-0.6%	1.00	1.00	$ -	$ 5,092.15	$ 5,306.63	$ -	6.1%	$ -	60%	2.0%	225%	$ 5,640.00	$ 5,877.03	$ 2,984.49	$ 68.70	$ 8,693.19	$ 8,930.22
Capital	SSI	Newborn, 0-2 Months	1,169	$ 19,478.95	04%	3.8%	1.01	1.08	-5.0%	1.00	1.00	$ 945.10	$ 19,605.45	$ 20,936.71	$ 10.89	6.0%	$ 11.67	60%	2.0%	225%	$ 21,718.65	$ 23,191.46	$ 8,086.08	$ 186.12	$ 29,990.86	$ 31,463.67
Capital	SSI	Newborn, 3-11 Months	1,491	$ 3,966.82	12%	4.3%	1.03	1.09	-1.7%	0.99	1.00	$ 63.79	$ 4,038.79	$ 4,304.79	$ 10.89	5.5%	$ 11.67	55%	2.0%	225%	$ 4,461.42	$ 4,755.19	$ 944.51	$ 21.74	$ 5,427.68	$ 5,721.44
Capital	SSI	Child, 1-18 Years	89,519	$ 344.20	30%	5.9%	1.06	1.13	1.5%	0.98	0.99	$ 239	$ 365.03	$ 390.59	$ 10.89	4.4%	$ 11.67	44%	2.0%	225%	$ 409.50	$ 438.24	$ 18.76	$ 0.43	$ 428.69	$ 457.43
Capital	SSI	Adult, 19+ Years	210,439	$ 745.67	30%	5.9%	1.06	1.13	4.1%	0.99	0.99	$ -	$ 813.72	$ 867.77	$ 10.89	4.3%	$ 11.67	44%	2.0%	225%	$ 898.08	$ 958.00	$ 139.76	$ 3.22	$ 1,041.06	$ 1,100.97
Capital	Family and Children	Newborn, 0-2 Months	38,789	$ 1,158.11	06%	4.0%	1.01	1.09	-6.4%	1.00	1.00	$ 46.33	$ 1,140.87	$ 1,220.31	$ 10.89	6.0%	$ 11.67	60%	2.0%	225%	$ 1,274.05	$ 1,362.67	$ 573.32	$ 13.20	$ 1,860.57	$ 1,949.19
Capital	Family and Children	Newborn, 3-11 Months	94,611	$ 223.96	21%	5.6%	1.05	1.12	-7.5%	0.97	0.97	$ 021	$ 209.26	$ 225.68	$ 10.89	5.3%	$ 11.67	53%	2.0%	225%	$ 241.58	$ 260.47	$ 24.96	$ 0.57	$ 267.11	$ 286.00
Capital	Family and Children	Child, 1-18 Years	1,863,396	$ 96.04	32%	6.3%	1.07	1.14	-1.8%	0.94	0.95	$ 005	$ 94.83	$ 101.98	$ 10.89	4.6%	$ 11.67	46%	2.0%	225%	$ 114.97	$ 123.60	$ 11.52	$ 0.27	$ 126.75	$ 135.38
Capital	Family and Children	Adult, 19+ Years	268,984	$ 248.77	30%	5.9%	1.06	1.13	6.0%	0.96	0.97	$ -	$ 268.79	$ 286.95	$ 10.89	4.7%	$ 11.67	47%	2.0%	225%	$ 305.40	$ 326.10	$ 62.59	$ 1.44	$ 369.43	$ 390.13
Capital	Breast and Cervical Cancer	BCC, All Ages Female	3,946	$ 1,291.59	25%	6.3%	1.05	1.14	7.6%	1.00	1.00	$ -	$ 1,480.86	$ 1,577.84	$ 10.89	5.1%	$ 11.67	51%	2.0%	225%	$ 1,615.27	$ 1,744.92	$ 546.25	$ 12.57	$ 2,174.10	$ 2,303.74
Capital	LaCHP Affordable Plan	All Ages	10,487	$ 120.14	33%	6.5%	1.07	1.14	-2.4%	0.92	0.93	$ -	$ 115.39	$ 124.22	$ 10.89	4.6%	$ 11.67	46%	2.0%	225%	$ 137.41	$ 147.88	$ 17.95	$ 0.41	$ 155.77	$ 166.24
Capital	HCBS Waiver	18 & Under, Male and Female	7,164	$ 1,357.71	20%	4.6%	1.04	1.10	0.5%	0.95	0.97	$ -	$ 1,343.79	$ 1,460.38	$ 10.89	5.3%	$ 11.67	53%	2.0%	225%	$ 1,489.28	$ 1,618.62	$ 50.17	$ 1.15	$ 1,540.61	$ 1,669.94
Capital	HCBS Waiver	19+ Years, Male and Female	21,638	$ 509.87	20%	4.0%	1.04	1.09	0.9%	0.88	0.91	$ -	$ 470.37	$ 510.93	$ 10.89	4.2%	$ 11.67	43%	2.0%	225%	$ 523.50	$ 568.78	$ 76.02	$ 1.75	$ 601.27	$ 646.55
Capital	Children Class Members	Children, All Ages Male & Female	15,831	$ 774.94	21%	4.8%	1.04	1.10	0.8%	0.92	0.96	$ -	$ 753.39	$ 825.52	$ 10.89	5.1%	$ 11.67	51%	2.0%	225%	$ 838.14	$ 918.40	$ 66.76	$ 1.58	$ 906.48	$ 986.75
Capital	Maternity/Kidpayment	Maternity/Kidpayment, All Ages	9,772	$ 4,487.81	00%	2.0%	1.00	1.04	0.3%	1.00	1.00	$ -	$ 4,510.47	$ 4,700.44	$ -	6.1%	$ -	60%	2.0%	225%	$ 4,995.73	$ 5,205.68	$ 2,977.67	$ 68.54	$ 8,042.15	$ 8,252.09
South Central	SSI	Newborn, 0-2 Months	217	$ 19,478.95	04%	3.8%	1.01	1.08	-5.0%	1.00	1.00	$ 945.10	$ 19,605.45	$ 20,936.71	$ 10.89	6.0%	$ 11.67	60%	2.0%	225%	$ 21,718.65	$ 23,191.46	$ 7,410.29	$ 170.57	$ 29,299.51	$ 30,772.32
South Central	SSI	Newborn, 3-11 Months	1,692	$ 3,966.82	12%	4.3%	1.03	1.09	-1.7%	0.99	1.00	$ 63.79	$ 4,038.79	$ 4,304.79	$ 10.89	5.5%	$ 11.67	55%	2.0%	225%	$ 4,461.42	$ 4,755.19	$ 859.85	$ 19.79	$ 5,341.05	$ 5,634.83
South Central	SSI	Child, 1-18 Years	91,728	$ 344.01	34%	6.2%	1.07	1.13	0.4%	0.98	0.99	$ 239	$ 364.84	$ 389.34	$ 10.89	4.1%	$ 11.67	41%	2.0%	225%	$ 407.86	$ 435.37	$ 38.35	$ 0.88	$ 447.09	$ 474.60
South Central	SSI	Adult, 19+ Years	247,354	$ 679.80	30%	5.9%	1.06	1.13	1.0%	0.99	0.99	$ -	$ 720.34	$ 768.13	$ 10.89	4.4%	$ 11.67	44%	2.0%	225%	$ 796.60	$ 849.68	$ 159.91	$ 3.68	$ 980.19	$ 1,013.28
South Central	Family and Children	Newborn, 0-2 Months	43,502	$ 1,250.37	07%	4.1%	1.01	1.09	-6.8%	1.00	1.00	$ 46.33	$ 1,234.44	$ 1,319.36	$ 10.89	6.0%	$ 11.67	60%	2.0%	225%	$ 1,366.54	$ 1,461.21	$ 685.66	$ 15.78	$ 2,067.98	$ 2,162.65
South Central	Family and Children	Newborn, 3-11 Months	104,512	$ 223.52	24%	5.7%	1.05	1.12	-8.3%	0.96	0.97	$ 021	$ 207.58	$ 223.51	$ 10.89	5.2%	$ 11.67	52%	2.0%	225%	$ 239.49	$ 257.81	$ 44.96	$ 1.03	$ 285.49	$ 303.81
South Central	Family and Children	Child, 1-18 Years	2,038,315	$ 102.68	33%	6.3%	1.07	1.14	-3.0%	0.94	0.95	$ 005	$ 100.49	$ 107.86	$ 10.89	4.5%	$ 11.67	45%	2.0%	225%	$ 121.06	$ 129.93	$ 13.42	$ 0.31	$ 134.79	$ 143.67
South Central	Family and Children	Adult, 19+ Years	285,454	$ 232.89	29%	5.9%	1.06	1.13	2.8%	0.97	0.97	$ -	$ 245.52	$ 262.06	$ 10.89	4.8%	$ 11.67	48%	2.0%	225%	$ 280.15	$ 299.10	$ 57.77	$ 1.33	$ 339.25	$ 358.20
South Central	Breast and Cervical Cancer	BCC, All Ages Female	2,893	$ 1,291.59	25%	6.3%	1.05	1.14	7.6%	1.00	1.00	$ -	$ 1,480.86	$ 1,577.84	$ 10.89	5.1%	$ 11.67	51%	2.0%	225%	$ 1,615.27	$ 1,744.92	$ 560.64	$ 12.90	$ 2,188.81	$ 2,318.46
South Central	LaCHP Affordable Plan	All Ages	12,222	$ 120.14	33%	6.5%	1.07	1.14	-2.4%	0.92	0.93	$ -	$ 115.39	$ 124.22	$ 10.89	4.6%	$ 11.67	46%	2.0%	225%	$ 137.41	$ 147.88	$ 18.72	$ 0.43	$ 156.56	$ 167.04
South Central	HCBS Waiver	18 & Under, Male and Female	6,665	$ 1,357.71	20%	4.6%	1.04	1.10	0.5%	0.95	0.97	$ -	$ 1,343.79	$ 1,460.38	$ 10.89	5.3%	$ 11.67	53%	2.0%	225%	$ 1,489.28	$ 1,618.62	$ 53.27	$ 1.23	$ 1,543.77	$ 1,673.11
South Central	HCBS Waiver	19+ Years, Male and Female	23,110	$ 509.87	20%	4.0%	1.04	1.09	0.9%	0.88	0.91	$ -	$ 470.37	$ 510.93	$ 10.89	4.2%	$ 11.67	43%	2.0%	225%	$ 523.50	$ 568.78	$ 78.83	$ 1.81	$ 604.14	$ 649.42
South Central	Children Class Members	Children, All Ages Male & Female	16,556	$ 774.94	21%	4.8%	1.04	1.10	0.8%	0.92	0.96	$ -	$ 753.39	$ 825.52	$ 10.89	5.1%	$ 11.67	51%	2.0%	225%	$ 838.14	$ 918.40	$ 68.07	$ 1.57	$ 907.77	$ 988.04
South Central	Maternity/Kidpayment	Maternity/Kidpayment, All Ages	10,504	$ 4,366.34	00%	2.0%	1.00	1.04	2.5%	1.00	1.00	$ -	$ 4,477.23	$ 4,665.81	$ -	6.1%	$ -	60%	2.0%	225%	$ 4,958.93	$ 5,167.33	$ 2,603.03	$ 59.92	$ 7,621.88	$ 7,830.28
North	SSI	Newborn, 0-2 Months	239	$ 19,478.95	04%	3.8%	1.01	1.08	-5.0%	1.00	1.00	$ 945.10	$ 19,605.45	$ 20,936.71	$ 10.89	6.0%	$ 11.67	60%	2.0%	225%	$ 21,718.65	$ 23,191.46	$ 7,703.95	$ 177.33	$ 29,599.93	$ 31,072.74
North	SSI	Newborn, 3-11 Months	1,678	$ 3,966.82	12%	4.3%	1.03	1.09	-1.7%	0.99	1.00	$ 63.79	$ 4,038.79	$ 4,304.79	$ 10.89	5.5%	$ 11.67	55%	2.0%	225%	$ 4,461.42	$ 4,755.19	$ 874.61	$ 20.13	$ 5,356.16	$ 5,649.93
North	SSI	Child, 1-18 Years	100,260	$ 295.72	30%	5.8%	1.06	1.12	3.7%	0.98	0.99	$ 239	$ 322.88	$ 344.03	$ 10.89	4.4%	$ 11.67	45%	2.0%	225%	$ 363.57	$ 387.50	$ 43.09	$ 0.99	$ 407.65	$ 431.58
North	SSI	Adult, 19+ Years	212,259	$ 639.16	28%	5.8%	1.06	1.12	0.5%	0.99	0.99	$ -	$ 672.15	$ 717.13	$ 10.89	4.5%	$ 11.67	45%	2.0%	225%	$ 744.90	$ 794.96	$ 172.71	$ 3.98	$ 921.58	$ 971.65
North	Family and Children	Newborn, 0-2 Months	32,253	$ 1,240.40	07%	4.1%	1.01	1.09	-4.4%	1.00	1.00	$ 46.33	$ 1,246.56	$ 1,331.66	$ 10.89	6.0%	$ 11.67	60%	2.0%	225%	$ 1,388.93	$ 1,486.03	$ 572.27	$ 13.17	$ 1,974.38	$ 2,071.47
North	Family and Children	Newborn, 3-11 Months	80,214	$ 205.87	24%	5.8%	1.05	1.12	-4.9%	0.97	0.97	$ 021	$ 198.77	$ 213.96	$ 10.89	5.3%	$ 11.67	53%	2.0%	225%	$ 229.93	$ 247.45	$ 32.11	$ 0.74	$ 262.78	$ 280.30
North	Family and Children	Child, 1-18 Years	1,587,962	$ 87.14	31%	6.2%	1.06	1.13	-1.1%	0.96	0.96	$ 005	$ 87.72	$ 94.08	$ 10.89	4.8%	$ 11.67	48%	2.0%	225%	$ 107.37	$ 115.15	$ 13.49	$ 0.31	$ 121.17	$ 128.96
North	Family and Children	Adult, 19+ Years	213,631	$ 219.65	28%	5.9%	1.06	1.13	2.2%	0.97	0.97	$ -	$ 229.95	$ 245.85	$ 10.89	4.9%	$ 11.67	50%	2.0%	225%	$ 263.39	$ 281.66	$ 59.76	$ 1.38	$ 324.52	$ 342.79
North	Breast and Cervical Cancer	BCC, All Ages Female	2,395	$ 1,291.59	25%	6.3%	1.05	1.14	7.6%	1.00	1.00	$ -	$ 1,480.86	$ 1,577.84	$ 10.89	5.1%	$ 11.67	51%	2.0%	225%	$ 1,615.27	$ 1,744.92	$ 575.28	$ 13.24	$ 2,203.79	$ 2,333.44
North	LaCHP Affordable Plan	All Ages	6,545	$ 120.14	33%	6.5%	1.07	1.14	-2.4%	0.92	0.93	$ -	$ 115.39	$ 124.22	$ 10.89	4.6%	$ 11.67	46%	2.0%	225%	$ 137.41	$ 147.88	$ 18.73	$ 0.43	$ 156.57	$ 167.05
North	HCBS Waiver	18 & Under, Male and Female	4,164	$ 1,357.71	20%	4.6%	1.04	1.10	0.5%	0.95	0.97	$ -	$ 1,343.79	$ 1,460.38	$ 10.89	5.3%	$ 11.67	53%	2.0%	225%	$ 1,489.28	$ 1,618.62	$ 54.40	$ 1.25	$ 1,544.93	$ 1,674.26
North	HCBS Waiver	19+ Years, Male and Female	17,320	$ 509.87	20%	4.0%	1.04	1.09	0.9%	0.88	0.91	$ -	$ 470.37	$ 510.93	$ 10.89	4.2%	$ 11.67	43%	2.0%	225%	$ 523.50	$ 568.78	$ 79.93	$ 1.84	$ 605.27	$ 650.55
North	Children Class Members	Children, All Ages Male & Female	16,472	$ 774.94	21%	4.8%	1.04	1.10	0.8%	0.92	0.96	$ -	$ 753.39	$ 825.52	$ 10.89	5.1%	$ 11.67	51%	2.0%	225%	$ 838.14	$ 918.40	$ 68.56	$ 1.58	$ 908.28	$ 988.54
North	Maternity/Kidpayment	Maternity/Kidpayment, All Ages	8,132	$ 4,615.95	00%	2.0%	1.00	1.04	-0.2%	1.00	1.00	$ -	$ 4,605.18	$ 4,799.14	$ -	6.1%	$ -	60%	2.0%	225%	$ 5,100.64	$ 5,314.99	$ 2,573.72	$ 59.24	$ 7,733.60	$ 7,947.96

Appendix N: 2015 Managed Care Rate Setting Consultation Guide

Section I. July 1, 2015 – January 31, 2016 Medicaid Managed Care Rates	Documentation Reference
1. General Information	
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.
2. Data	
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
3. Projected Benefit Costs	
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.
4. Projected Non-benefit Costs	
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
5. Rate Range Development	
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.
6. Risk and Contractual Provisions	
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
7. Other Rate Development Considerations	
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.

MERCER
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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

February 17, 2017

Subject: Healthy Louisiana Program – Specialized Behavioral Health (SBH) Actuarial Certification for Capitation Rate Ranges Effective December 1, 2015 to December 31, 2015.

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 December 1, 2015 to December 31, 2015. 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 applies to the period of December 1, 2015 to December 31, 2015. This certification includes a revision to rates effective during the period but paid on or after 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 December 1, 2015 through December 31, 2015 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. 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.

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% on health maintenance organizations which include all five of the Healthy Louisiana program MCOs. This tax is assessed according to the date of payment of capitation on or after January 1, 2016. Routine processing of eligibility leads to payments to the MCOs for retrospective changes prior to January 1, 2016, warranting revised capitation rates. The rates contained herein are only intended to be used by LDH for payments of rates effective during the certified rate period made after January 1, 2016. Certified rates effective and paid prior to January 1, 2016 are unaffected by this certification. The change to the premium tax rate resulted in a 3.50% increase to the final rate in all rate cells. The table below shows the impact by rate cell to the midpoint rates.

	[MM]	[A]	[B]	[C]	[D] = [B] + [C]
COA Description	**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, 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 MCOs 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 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.

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

Appendix A: Healthy Louisiana SBH Rate Range

Region Name	COA Description	Rate Cell Description	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

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

Appendix C: LA BH Actuarial Certification_Dec 2015 - January 2016_with CMS Consultation Guide 112015

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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.

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

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

- 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

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

- 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

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 Eligble	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

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

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.

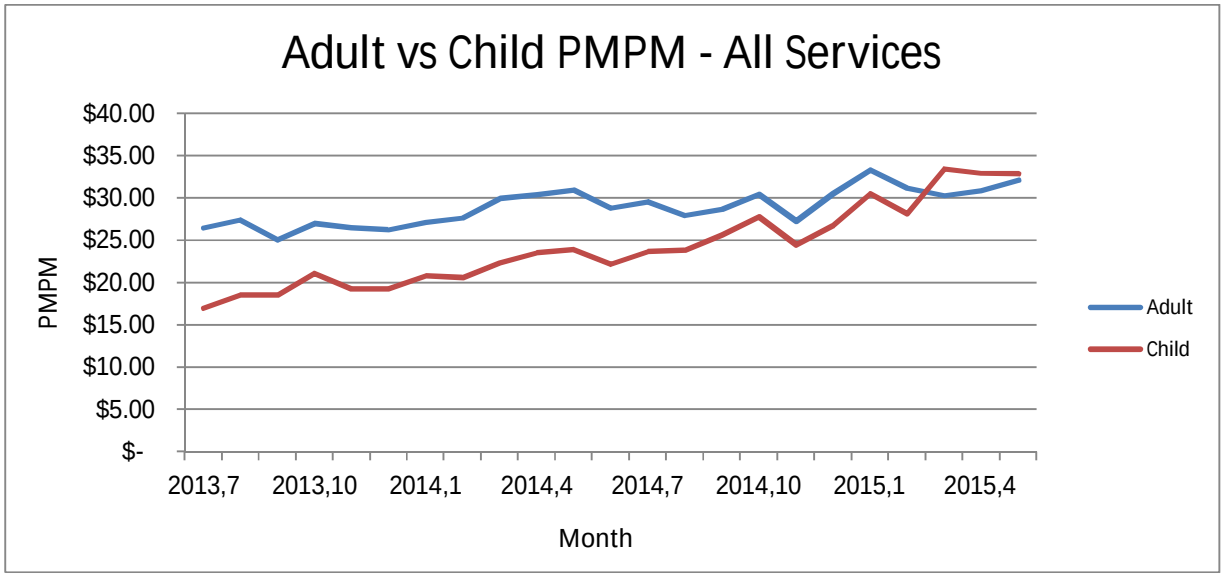
Trend Data Sources

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.

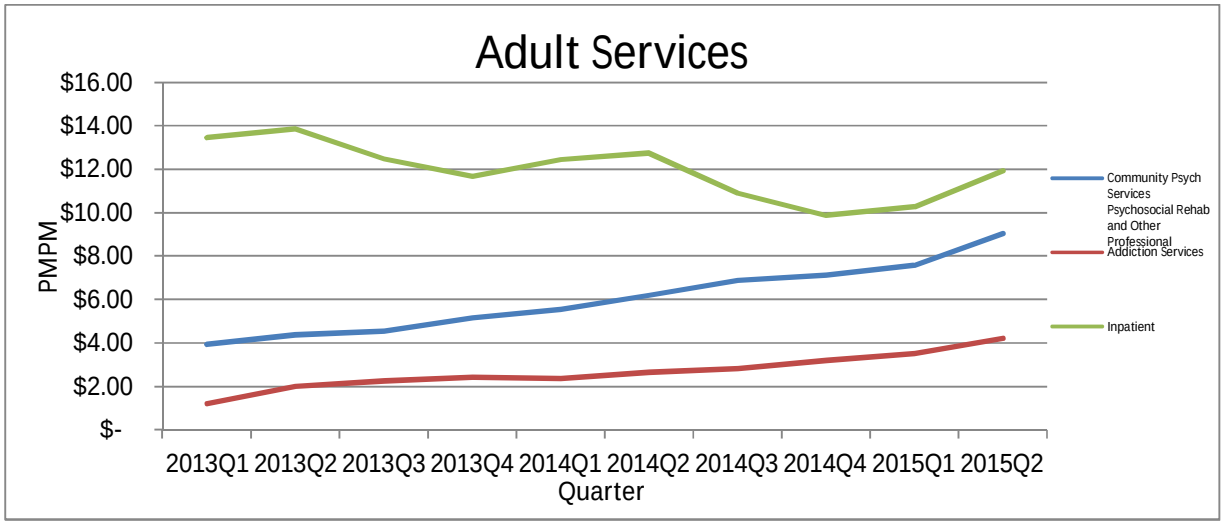
Trends observed in the data through May 2015 indicate significant growth in the overall service utilization for all regions and rate cells, particularly the children's services. The graphs below show quarterly PMPM growth between CY 2013 and May 2015.



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.



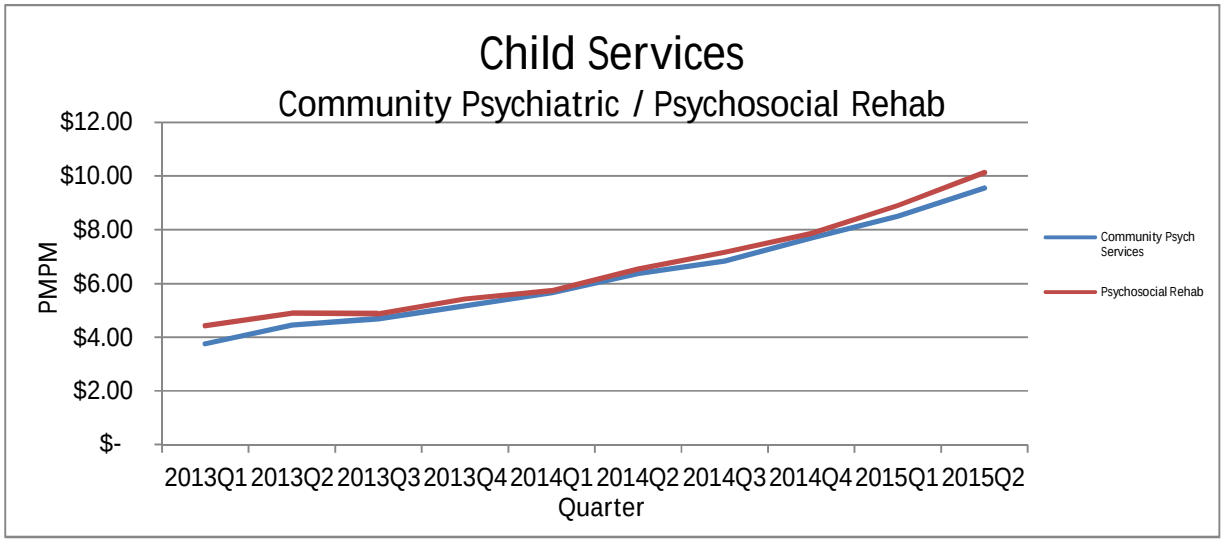
The composite annual PMPM trends for each category of service for adults are listed in the table below. Mercer grouped similar categories of service that had similar trend patterns together to increase credibility for the smaller categories of service. Trends were applied for 30 months from the midpoint 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

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

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

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.

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.

Population	**Adjustment**
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 clarity 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

- 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

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

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

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 14th and continued through December 12th was assumed to be Magellan's responsibility from November 14th through December 5th (first 21 days, 3 7-day increments) with the December 6th through the 12th 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.

Average monthly expense associated with remainder of stays	$238,000

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

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

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.

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 50th %-ile rate for the Lower Bound and 5.9% above the 50th %-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 50th %-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

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.

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

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Senior Associate

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Appendices

Appendix A

Louisiana Behavioral Health Partnership Medicaid Capitation Rates
Effective December 1, 2015 to January 31, 2016
50th Percentile Rates by Rate Cell and Region for Specialized BH Services

MARSH & McLENNAN COMPANIES

50th Percentile Rates by Rate Cell and Region
December 1, 2015 - January 31, 2016

		Contract Period December 1, 2015 - January 31, 2016			
Rate Cell	Age	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

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Appendices

Appendix B
Louisiana Behavioral Health Partnership Medicaid Capitation Rate Development
Effective December 1, 2015 to January 31, 2016
Adult and Child Rate Cells

MARSH & McLENNAN COMPANIES

Rate Development Summary
December 1, 2015 - January 31, 2016

Gulf Region		Base Year		Rate Development Data Adjustments				Rate Development Loads			Contract Period December 1, 2015 - January 31, 2016		
		A	B	C	D	E	F	G	H	I			
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
Total		**3,402,162**	**$ 20.88**	**25.3%**	**1.6%**	**0.0%**	**$ 37.18**	**2.0%**	**8.0%**	**2.25%**	**$ 42.35**	**$ 39.84**	**$ 44.86**

* 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 & 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

Capital Region		Base Year		Rate Development Data Adjustments				Rate Development Loads			Contract Period December 1, 2015 - January 31, 2016		
		A	B	C	D	E	F	G	H	I			
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%	$ 6.78	$ 6.46	$ 7.11
Total		**2,932,339**	**$ 18.29**	**24.7%**	**2.2%**	**0.0%**	**$ 32.45**	**2.0%**	**8.0%**	**2.25%**	**$ 36.92**	**$ 34.85**	**$ 38.99**

* 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 & 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

South Central Region		Base Year		Rate Development Data Adjustments				Rate Development Loads			Contract Period December 1, 2015 - January 31, 2016		
		A	B	C	D	E	F	G	H	I			
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+	295,987	$ 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
Total		**3,267,585**	**$ 18.64**	**22.0%**	**-1.3%**	**0.0%**	**$ 30.16**	**2.0%**	**8.0%**	**2.25%**	**$ 34.36**	**$ 32.45**	**$ 36.28**

* 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 & 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

North Region		Base Year		Rate Development Data Adjustments				Rate Development Loads			Contract Period December 1, 2015 - January 31, 2016		
		A	B	C	D	E	F	G	H	I			
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
Total		**2,586,116**	**$ 25.62**	**25.6%**	**2.5%**	**0.0%**	**$ 45.76**	**2.0%**	**8.0%**	**2.25%**	**$ 52.74**	**$ 49.35**	**$ 56.14**

* 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 & 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)

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Appendices

Appendix C
Program Change Calculations
Effective December 1, 2015 to January 31, 2016

MARSH & McLENNAN COMPANIES

Program Changes - Impact Summary
December 1, 2015 - January 31, 2016

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

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

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

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)

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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
1. General Information	
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.
2. Data	
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.
3. Projected Benefit Costs	
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. 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 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.
4. Projected Non-benefit Costs	
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
5. Rate Range Development	
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.
6. Risk and Contractual Provisions	
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
7. Other Rate Development Considerations	
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 50th percentile for all rating categories and illustrated on Appendices A and B.

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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

February 17, 2017

Subject: Healthy Louisiana Non-Emergency Medical Transportation (NEMT) Services – Full Risk-Bearing Managed Care Organization (MCO) Rate Range Development and Actuarial Certification update for the Period December 1, 2015 to December 31, 2015.

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 December 1, 2015 to December 31, 2015. This certification includes a revision to rates effective during the period but paid on or after 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 applies to the period of December 1, 2015 to December 31, 2015. 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 used to support the revision, and the resulting capitation rate ranges effective December 1, 2015 through December 31, 2015 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 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.

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% on health maintenance organizations which include all five of the Healthy Louisiana program MCOs. This tax is assessed according to the date of payment of capitation on or after January 1, 2016. Routine processing of eligibility leads to payments to the MCOs for retrospective changes prior to January 1, 2016, warranting revised capitation rates. The rates contained herein are only intended to be used by LDH for payments of rates effective during the certified rate period made after January 1, 2016. Certified rates effective and paid prior to January 1, 2016 are unaffected by this certification. The change to the premium tax rate resulted in a 3.50% increase to the final rate in all rate cells. The table below shows the impact by rate cell to the midpoint rates.

	[MM]	[A]	[B]	[C]	[D] = [B] + [C]
COA Description	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, FFS claims, encounter data, reimbursement level, benefit design, and other information supplied by LDH and its fiscal agent. LDH, its fiscal agent, and the MCOs 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 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.

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

Appendix A : Healthy Louisiana NEMT Rate Change

COA Desc	MMs	Lower Bound PMPM	Upper Bound PMPM
HCBS	181,177	$ 13.19	$ 13.52
CCM	62,148	$ 7.46	$ 7.82
Other	1,029,188	$ 11.74	$ 12.26

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

Appendix C: LA Bayou Health NEMT Services Rate Certification_Effective December 1, 2015 - January 31, 2016 FINAL

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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.

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.

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 runout 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.

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%
Total	**11.8%**	**13.6%**

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.

- 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
Composite Total	**1,272,513**	**$11.34**	**$11.80**

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.

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

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
Total	**1,272,513**	**$9,504,608**	**130,497**	**1,231**	**$72.83**	**$7.47**

Appendix B: NEMT Rate Development

	Base Data					Rate After Trend			Rate After Retention		
Rate Cell	MMs	Expenses	PMPM	Low Trend	High 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
Total	**1,272,513**	**$ 9,504,608**	**$ 7.47**	**11.80%**	**13.62%**	**$ 9.87**	**$ 10.28**	**12.93%**	**$ 11.34**	**$ 11.80**	**$ 11.57**

Appendix C: NEMT Eligibility Designation

COA/Eligibility Category Name	Mandatory	Voluntary Opt-In	Excluded
SSI (Aged, Blind and Disabled)			
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)			●
SSI (OCS Foster Care, IV-E OCS/OYD and OCS/OYD (XIX))			
Foster Care IV-E - Suspended SSI			●
SSI (Supplemental Security Income)			●
TANF (Families and Children, LIFC)			
CHAMP Child			●
CHAMP Pregnant Woman (to 133% of FPIG)			●
CHAMP Pregnant Woman Expansion (to 185% FPIG)			●

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			●
FCC (Families and Children)			
Former Foster Care children			●
Youth Aging Out of Foster Care (Chaffee Option)			●
FCC (OCS Foster Care, IV-E OCS/OYD and OCS/OYD (XIX))			
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)			●

COA/Eligibility Category Name	Mandatory	Voluntary Opt-In	Excluded
YAP/OYD			●
BCC (Families and Children)			
Breast and/or Cervical Cancer			●
LAP (Families and Children)			
LaCHIP Affordable Plan			●
HCBS Waiver			
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		●	
CCM			
Chisholm Class Members**		●	
LaHIPP			
Louisiana's Health Insurance Premium Payment Program***			●
Dually Eligible			
Louisiana's Dually Eligible Population****	●	●	

COA/Eligibility Category Name	Mandatory	Voluntary Opt-In	Excluded
Excluded from Bayou Health Physical Services			
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	●		

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			●

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

March 13, 2017

Subject: Healthy Louisiana Program – Full Risk-Bearing Managed Care Organization Rate Development and Actuarial Certification for the Period February 1, 2017 through January 31, 2018

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, 2017 through January 31, 2018.

The Healthy Louisiana program began February 1, 2012, and operated under two separate managed care paradigms for the first three years of the program. The Healthy Louisiana 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, Healthy Louisiana began operating as an at-risk capitated program only. Beginning December 1, 2015, the Healthy Louisiana Program began covering specialized behavioral health (SBH) services. At the same time, LDH carved in new populations who will receive SBH and non-emergency transportation (NEMT) services from the Healthy Louisiana managed care organizations (MCOs). This bifurcated the Healthy Louisiana program into two capitated sub-programs – the Physical Health (PH) program and the SBH program. The Healthy Louisiana PH program covers all services and populations previously included in Healthy Louisiana plus most SBH services that were previously covered by the Louisiana Behavioral Health Partnership (LBHP). The Healthy Louisiana SBH program covers most SBH services and NEMT services for the populations previously excluded from the Healthy Louisiana program. Healthy Louisiana SBH program enrollees continue to receive PH 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 the SBH program. Mercer developed a rate specific to each program for these populations. Beginning July 1, 2016, Healthy Louisiana began the Medicaid Expansion program [42 CFR 433.204 b(1)], which is an option for individuals who have a household income less than 138% of the federal poverty level (FPL) and are not eligible for any other Medicaid program or

Medicare. The individual must be aged 19 to 64 years old and meet citizenship requirements. The Expansion program covers both PH and SBH services. See Appendix C for a list of these services.

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, 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 March 2015 by the Actuarial Standards Board, http://www.actuarialstandardsboard.org/wp-content/uploads/2015/03/asop049_179.pdf.

The remainder of this letter is structured as follows:

- **Part A: Base Data Development**
- **Part B: Capitation Rate Development**
  - Subpart B.1: Projected Benefit Costs
    - Section 1: Non-Expansion Population
      - Subsection 1.a: PH Services
      - Subsection 1.b: SBH Services
      - Subsection 1.c: All Services Combined
    - Section 2: Expansion Population
  - Subpart B.2: Projected Non-Benefits Costs
- **Part C: Other Rate Development Considerations**
  - Subpart C.1: Family Planning Portion of Capitation Rate
- **Part D: Risk Mitigation and Related Contractual Provisions**
- **Part E: Certification of Final Rate Ranges**

Part A: Base Data Development

Overview

Capitation rate ranges for the Healthy Louisiana program were developed in accordance with rate-setting guidelines established by CMS. For rate range development for the Healthy Louisiana MCOs, Mercer used calendar year 2013 (CY 2013) and CY 2014 Medicaid FFS medical and pharmacy claims, Healthy Louisiana Shared Savings claims experience, Healthy

Louisiana Prepaid encounter data, and LBHP claims experience. All data was reported on an incurred basis and included payment dates through July 31, 2016. 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 LDH, the Healthy Louisiana plans, and the LBHP for consistency and reasonableness and determined the data was appropriate for the purpose of setting capitation rates for the MCO program. The data reliance attestation shown in Appendix S has been provided by LDH, 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 Healthy Louisiana benefit packages for rating year 2017 (RY17). 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 Healthy Louisiana program
- Opportunities for managed care efficiencies
- Administration and underwriting profit/risk/contingency loading

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

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

The resulting rate ranges for each individual rate cell were developed net of Graduate Medical Education (GME) payments to teaching hospitals provided in the Louisiana Medicaid State Plan. Appendix I-L shows the full rate development for the Non-Expansion population from the base data as shown in the data book released by LDH, dated November 8, 2016, and applies all the rate setting adjustments as described in this letter. Appendix M – O shows the full rate development for the Expansion population.

Healthy Louisiana Populations

PH Program

Covered Populations

In general, the Healthy Louisiana PH program includes individuals classified as Supplemental Security Income (SSI), Family & Children (F&C), 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 Healthy Louisiana 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 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 Healthy Louisiana PH program. Previously, under the Legacy Healthy Louisiana 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 LDH 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 Healthy Louisiana 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 Healthy Louisiana 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

Appendix B encompasses a comprehensive list of Healthy Louisiana’s covered and excluded Medicaid populations.

Specialized Behavioral Health Program

Covered Populations

The Healthy Louisiana 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 Healthy Louisiana 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 Healthy Louisiana 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 Healthy Louisiana PH program. If they choose not to voluntarily enroll into the Healthy Louisiana PH program, they will automatically have only their SBH and NEMT services covered by the Healthy Louisiana 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
- Louisiana Health Insurance Premium Payment (LaHIPP) program's recipients (these recipients will become eligible for Healthy Louisiana SBH program effective April 1, 2017)

Excluded Populations

The following individuals are excluded from participation in the Healthy Louisiana 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 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

Expansion Program

Beginning July 1, 2016, Healthy Louisiana began the Medicaid Expansion program [42 CFR 433.204 b(1)], which is an option for individuals who have a household income less than 138% of the FPL and are not eligible for any other Medicaid program or Medicare. The individual must be aged 19 to 64 years old and meet citizenship requirements.

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, LDH will pay a maternity kick payment to the MCOs for each delivery that takes place. Table 1A shows a list of the different PH rate cells for each eligibility category including the maternity kick payment. Tables 1B and 1C show the list of the different SBH and Expansion rate cells for each eligibility category.

Table 1A: PH Rate Category Groupings

SSI	
Newborn, 0–2 Months, Male & Female Newborn, 3–11 Months, Male & Female	Child, 1–20 Years, Male & Female Adult, 21+ Years, Male & Female
F&C (TANF)	
Newborn, 0–2 Months, Male & Female Newborn, 3–11 Months, Male & Female	Child, 1–20 Years, Male & Female Adult, 21+ Years, Male & Female
HCBS Waiver	
20 and Under, Male & Female	21+ Years, Male & Female
FCC	
All Ages, Male & Female	
BCC	
All Ages, Female	
CCM	
All Ages, Male & Female	
LAP	
All Ages, Male & Female	

Table 1B: SBH Rate Category Groupings

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

Table 1C: Expansion Rate Category Groupings

Expansion
Female Age 19–Age 24 Female Age 25–Age 39
Male Age 19–Age 24 Male Age 25–Age 39
Female Age 40–Age 49 Female Age 50–Age 64
Male Age 40–Age 49 Male Age 50–Age 64
SBH — Dual Eligible and LaHIPP, All Ages
SBH — CCM, All Ages
SBH — Other, All Ages
High Needs, All Ages

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 all three programs.

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

Healthy Louisiana Services

Covered Services

Appendix C lists the services the Healthy Louisiana MCOs must provide to the members in the Healthy Louisiana PH and Expansion and Healthy Louisiana 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.

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)	$16,022,348	$486.59	$646.94	-25%
Substance Use Disorder (SUD) Residential	SUD Residential IMD	$5,077,701	$71.17	$145.51	-51%
Emergency Room	Crisis	$175,323	$87.49	$249.12	-65%

2014 Encounter Claims

State Plan	In Lieu Of	2014 Encounter Claims	Encounter Unit Cost	State Plan Unit Cost	Managed Care Discount
Inpatient	Inpatient IMD (21-64)	$17,709,165	$466.68	$646.94	-28%
SUD Residential	SUD Residential IMD	$6,455,879	$78.85	$145.51	-46%
Emergency Room	Crisis	$374,183	$57.36	$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 LDH 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)

LDH implemented a new MSP 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 MSP 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 Healthy Louisiana for certain categories of aid (COA), an adjustment for MSP was needed only for the SBH program COAs whose PH services are covered under FFS. Appendix D summarizes the MSP adjustment.

Excluded Services

Healthy Louisiana 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 LDH'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 Healthy Louisiana Behavioral Health Integration Amendment issued by LDH.

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 July 31, 2016. PH claims and SBH claims for dates of service in CY 2013 and CY 2014 were deemed complete as they reflect 31 and 19 months of runout, respectively.

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 1.6% and 1.5% 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 $9.2 million of additional ACT services for 2013. Table 4 displays the total ACT services added by COA.

Table 4: Total ACT Services Added by COA

COA Description	CY 2013
SSI	$6,702,686
F&C	$332,550
FCC	$0
BCC	$63,450
HCBS Waiver	$79,248
CCM	$0
SBH — CCM	$0
SBH — Dual Eligible and LaHIPP	$1,946,433
SBH — HCBS Waiver	$79,248
SBH — Other	$20,938
Total	**$9,224,553**

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

Fraud and Abuse Recoveries
LDH 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 40.0% and 60.0% to the CY 2013 and CY 2014 data, respectively, after accounting for historical rating adjustments described in Part A and Part B 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

Part B: Capitation Rate Development

Rating adjustments were developed and applied separately for PH, SBH, and Expansion 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, SBH, or Expansion services.

Subpart B.1: Projected Benefit Costs

Section 1: Non Expansion Population

Subsection 1.a: PH 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.

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 LDH (i.e., the January 1, 2017 fee schedule). The non-GME part of the per diems were used in this fee adjustment process to be consistent with LDH'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 5A: Inpatient Fee Change Impact

			Impact as % of	
Time Period	**Historical Cost**	**Adjustment Dollar Impact**	**Historical Cost**	**All PH Services Cost**
CY 2013	$608,457,486	$49,386,334	8.12%	1.97%
CY 2014	$576,513,568	$34,707,834	6.02%	1.37%

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, 2015 to December 31, 2015. The adjustment also included estimation of cost settlements and reflected the most up-to-date cost settlement percentages for each facility.

The total impact of the outpatient fee change is summarized below.

Table 5B: Outpatient Fee Change Impact

			Impact as % of	
Time Period	**Historical Cost**	**Adjustment Dollar Impact**	**Historical Cost**	**All PH Services Cost**
CY 2013	$350,207,994	$15,819,648	4.52%	0.63%
CY 2014	$374,580,287	$10,706,521	2.86%	0.42%

Physician Services
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 primary care physicians (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 5C: ACA PCP Fee Change Impact

			Impact as % of	
Time Period	**Historical Cost**	**Adjustment Dollar Impact**	**Historical Cost**	**All PH Services Cost**
CY 2013	$233,736,059	-$73,278,135	-31.35%	-2.93%
CY 2014	$251,821,622	-$76,970,658	-30.57%	-3.03%

Overall, as shown in Table 6, the combined effect of all the historical fee adjustments was a 0.32% decrease in CY 2013 base data and a 1.24% decrease in CY 2014.

Table 6: Summary of Fee Change Impact for All Claims

Time Period	Historical Cost	Adjustment Dollar Impact	Adjusted Cost	Percent Impact
CY 2013	$2,502,160,270	-$8,072,154	$2,494,088,116	-0.32%
CY 2014	$2,538,633,232	-$31,556,303	$2,507,076,929	-1.24%

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 3.0% of pharmacy costs.

PH Prospective Rating Adjustments

Rx Rebates

Mercer reviewed the CY 2015 financial data and derived a pharmacy rebates adjustment percentage of -3.3% that was applied to the projected pharmacy benefit costs. The overall per member per month (PMPM) impact to total benefit costs is -0.98%.

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 Healthy Louisiana 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 7 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 7 and is shown in Appendix A.

Table 7: EED Rate Reduction

Region Description	Reduction – Low Cost per Delivery	Reduction – High Cost per Delivery
Gulf	$(4,738.58)	$(4,900.34)
Capital	$(4,186.38)	$(4,329.21)
South Central	$(4,297.43)	$(4,444.04)
North	$(4,191.59)	$(4,334.52)
Total	$(4,393.88)	$(4,543.80)

Pediatric Day Health Care (PDHC) Program Change

Effective September 1, 2016, LDH issued three policy changes to PDHC services. These policy changes include changes in the eligibility criteria, per diem requirement, and re-evaluation 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 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 result is a PMPM decrease of $0.44.

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 69,953 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 55,963 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 83,944 additional hours billed at the hourly rate of $42.01. The result is a PMPM decrease of $0.04 which can be found in Table 8.

Table 8: PDHC Per Diem Requirement Change

	Projected PDHC Experience		
	PDHC Per Diem Experience	Hourly and Transportation	All PDHC Experience
Units	69,953	51,542	121,496
Expenses	$ 20,525,153	$ 1,561,176	$ 22,086,329

	Revised PDHC Experience			
	Revised Per Diem		Hourly and Transportation	Revised Total
	Per Diem	Hourly Rate		
Units	55,963	83,944	51,542	191,449
Unit Cost	$ 293.72	$ 42.01		
Revised Expenses	$ 16,437,385	$ 3,526,494	$ 1,561,176	$ 21,525,056

PDHC Expenses	$	22,086,329
Revised PDHC Expenses	$	21,525,056
Per Diem Requirement Impact	$	(561,274)
PMPM Impact	$	(0.04)

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 G summarizes the rate impact due to the PDHC policy changes. The overall combined impact of the PDHC policy changes is a 0.2% rate decrease.

Preventive Services
Effective July 1, 2016, LDH expanded the preventive services covered by the Healthy Louisiana. These services are included on the applicable published fee schedules on the Medicaid website www.lamedicaid.com. The impact of the change is an increase of $1.12 in the projected benefit cost PMPM for the PH program. The change has no impact on the SBH program.

Contralateral Breast Reduction (CBR) Services
Effective February 1, 2017, the Healthy Louisiana program will cover breast reconstruction post mastectomy of the contralateral unaffected breast to achieve symmetry for patients diagnosed with breast cancer. The added CBR services will result in a 1.6% increase to the BCC rate cell, as shown in Table 9 below.

Table 9: CBR Services

Proj. BCC Member Months	11,246
Proj. Single Breast Mastectomies	359
Proj. Recipients Receiving CBR Services	147

		PMPM
1. Tattooing	$	1.02
2. New Contralateral Services	$	14.04
3. Additional Surgical Costs	$	6.50
CBR Adjustment	$	21.56

Statewide BCC Rate	$	1,322.44
CBR Adjustment	$	21.56
BCC Rate after CBR Adj.	$	1,344.00
Rating Adjustment		1.6%

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.

Historical trends were applied to CY 2013 prior to blending with CY 2014. Prospective trends were applied to the blended base data.

Trends, delineated by utilization, unit cost, PMPM, and by population are shown in Appendix E. Transportation and Other service category trends were developed as a PMPM trend due to distortions observed in the utilization and unit cost components of claim costs.

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 LDH's goal that the Healthy Louisiana 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. LDH 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 there are factors outside 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 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 2017 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 35.0% 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 2017 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 5.0% to 90.0% 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 2017, 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 35.0% targeted efficiency level was applied to reflect the State's value-focused purchasing strategy. At this targeted efficiency level, 35.0% 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 35.0% targeted efficiency level applied to the final adjustment identified.

The overall impact of the Inpatient, ED, and Pharmacy efficiency adjustments was a decrease of $2.20 to the PH program.

Managed Care Savings Adjustment

For those populations and services that had previously been excluded from Healthy Louisiana, 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, 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 Healthy Louisiana 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 Healthy Louisiana 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 84.0%, compared to approximately 77.0% 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 10 details the savings breakdown by COA.

Table 10: GDR Savings Adjustment

	Savings from Improvement in GDR (w/Phase-in)					
COS Description	**SSI**	**F&C***	**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. LDH makes payments to a maximum of $10 million, annually. As payment of outlier liability is the responsibility of Healthy Louisiana MCOs, this additional $10 million was built into the rates based on the distribution by rate cell observed in state fiscal year (SFY) 2017 payments. Outliers added an average cost of $0.85 PMPM to the base data used in rate setting. Table 11 details the impact of outliers on the rates by rate cell.

Table 11: Outlier Claims to be Added into Healthy Louisiana from $10 Million Pool

COA Description	Rate Cell Description	Projected MMs	Outlier PMPM	Outliers Total Adjustment
SSI	Newborn, 0-2 Months	1,777	$1,979.92	$3,518,746
SSI	Newborn, 3-11 Months	7,473	$32.24	$240,903
SSI	Child, 1-20 Years	438,102	$0.25	$111,403
Family and Children	Newborn, 0-2 Months	181,298	$32.99	$5,981,749
Family and Children	Newborn, 3-11 Months	408,855	$0.26	$106,631
Family and Children	Child, 1-20 Years	8,163,747	$0.00	$40,568
Total*		**11,743,097**	**$0.85**	**$10,000,000**

*Total includes MMs for all populations in Healthy Louisiana Physical Health.

Subsection 1.b: 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 0.4% 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 Healthy Louisiana rates was necessary.

PRTF Per Diem Adjustment

LDH 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, LDH 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 LDH. 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, LDH implemented a 5.0% rate increase to certain providers delivering community psychiatric services to individuals in the PSH program. Using the list of PSH providers from LDH, Mercer summarized historic cost and utilization data for community psychiatric services for these providers and calculated the impact of the 5.0% 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 0.4% and 0.5% increase to CY 2013 and CY 2014 SBH services, respectively.

1915(c) CSoC Regional Expansion

LDH 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 Healthy Louisiana rating group shifted to the CSoC program. The CSoC population will have select services covered by Healthy Louisiana, including PRTF, Therapeutic Group Home (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 June 2016. The growth by region is outlined in Table 12:

Table 12: CSoC Enrollment's Growth by Region

CSoC Enrollment	Average 2013	Average 2014	As of June 2016	Projected RY 2017 CSoC Recipients
Gulf	199	282	723	699
Capital	214	257	674	652
South Central	152	192	502	486
North	494	506	582	563
Statewide	**1,058**	**1,236**	**2,481**	**2,400**

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 Healthy Louisiana rating groups ($610.23 and $19.87, respectively for CY 2013; $957.40 and $25.09, respectively for CY 2014). Because of this differential, the movement of those higher needs children out of Healthy Louisiana 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 3.0% and 3.6% 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. LDH indicated it expects providers to continue to be paid at the higher reimbursement level under the Healthy Louisiana program. For this reason, Mercer determined it was necessary to adjust all unit costs to the CY 2014 adult unit cost.

Mercer analyzed 2014 encounter data by region and observed an increase in these services' average reimbursement rate to roughly $71.00 per unit. Mercer calculated the program change impact based on reported service utilization in each region.

Overall, this represents a 1.1% and 0.9% increase to CY 2013 and CY 2014 SBH services, respectively.

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%. The overall impact due to the reduction in PSR services is a 0.2% and 0.3% rate decrease in CY 2013 and CY 2014, respectively.

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 1.5% and 29.5% were applied to adult and child rating groups, respectively. For NEMT Services, 16.0% historical trend was applied to the SBH Dual COA and 11.0% 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, LDH 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, PSR, 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 PSR 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. LDH 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 2015 and made an assumption about the number of members who utilized services in 2014 and 2015 that would have utilized more services had their authorizations started earlier in the year.

Table 13: Impact to Adult Services of Elimination of Independent Assessment

Total 1915(i) proxy 2015 recipient count	58,689
Subset of recipients that are projected to receive an additional month of service	848
Average monthly cost of 1915(i) services (CY 2015)	$570
Program Change PMPM	$0.14
Adult SBH PMPM	$28.75
Total Impact to Adult SBH Services	0.5%

- 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 14: 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 10.0% 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. Mercer assumed the same monthly increase from January 2016 to January 2017 would then continue from January 2017 to January 2018. 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 15: Impact to Adult Services of Expansion of Access to Services

September 2015 recipients	2,849
Projected January 2017 based on emerging data	5,754
Projected January 2018 users	8,632
Total new users in rating period	53,228
Average 2015 monthly cost by OLPs	$174.02
Program change PMPM	$2.72
Adult SBH PMPM	$28.75
Total Impact to Adult SBH Services	9.5%

- 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 0.3% impact to the overall rate.

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 during trend development. For the Adult population, Mercer relied upon Financials, due to encounter data reporting issues in the MMIS system. Ultimately, SBH service category trends were developed as a PMPM trend for both Child and Adult Populations due to distortions observed in the utilization and unit cost components of claim costs.

Trends delineated by PMPM and by population are shown in Appendix E.

IMD

Mercer has not made an adjustment at this time for the impact of the IMD provisions under the managed care final rule. Per CMS's March 9, 2017 approval letter of the Bayou Health MCO Contract Amendments #5, LDH will have until the next rating period following LDH's receipt of the Amendment #5 approval letter to bring the contracts into compliance with the rules at 42 CFR 438.3(e)(2) at this provision relates to IMDs at 42 CFR 438.6(e).

Reinstatement of LaHIPP Program

Effective April 1, 2017, the LaHIPP program will be reinstated. Members that are enrolled in the LaHIPP program will receive PH services through FFS and will receive SBH and NEMT services through Healthy Louisiana. The LaHIPP members will be included in the SBH Dual and LaHIPP rate cell (f/k/a SBH Dual Eligible). As shown in the table below, the addition of the LaHIPP members results in a decrease of 0.7% to the SBH Dual Eligible and LaHIPP rate cell.

Table 16: Reinstatement of LaHIPP Program

		LaHIPP		non-LaHIPP		Adjusted Data to Include LaHIPP		
COA Desc.	**Rate Cell Desc.**	**Projected MMs[1]**	**CY14 PMPM**	**Projected MMs[1]**	**CY14 PMPM**	**Projected MMs[1]**	**CY14 PMPM**	**% Adj.**
SBH -- Chisholm Class Members	Chisholm, All Ages Male & Female	-	$ -	54,449	$ 93.70	54,449	$ 93.70	0.0%
SBH -- Dual Eligible and LaHIPP	Dual Eligible and LaHIPP, All Ages	26,519	$ 9.67	1,240,232	$ 14.41	1,266,751	$ 14.31	-0.7%
SBH -- HCBS Waiver	20 & Under, Male and Female	-	$ -	23,926	$ 38.49	23,926	$ 38.49	0.0%
SBH -- HCBS Waiver	21+ Years, Male and Female	-	$ -	47,163	$ 56.51	47,163	$ 56.51	0.0%
SBH -- Other	Other, All Ages	-	$ -	37,833	$129.12	37,833	$ 129.12	0.0%

Notes:
1- Projected enrollment for February 2017- January 2018

Subsection 1.c: 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 Healthy Louisiana, 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 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 Healthy Louisiana 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 H.

Table 17 summarizes the overall adjustment by rate cell for retroactive eligibility.

Table 17: 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+	0.44%
F&C	0-2 Months	0.00%
F&C	3-11 Months	0.00%
F&C	Child 1-20	0.00%
F&C	Adult 21+	0.00%
FCC	FCC, All Ages	0.00%
BCC	BCC, All Ages	2.41%
LAP	LAP, All Ages	0.36%
HCBS	Child 0 – 20	0.00%
HCBS	Adult 21+	0.00%
CCM	CCM, All Ages	0.02%
SBH — CCM	SBH — Chisholm, All Ages Male & Female	0.00%
SBH — Duals	SBH — Dual Eligible and LaHIPP, All Ages	0.00%
SBH — HCBS	SBH — 20 & Under, Male and Female	0.00%
SBH — HCBS	SBH — 21+ Years, Male and Female	0.00%

COA Description	Rate Cell Description	Adjustment (%)
SBH — Other	SBH — Other, All Ages	0.00%
Maternity Kick Payment	Maternity Kick Payment	0.00%

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 PMPM payments to 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.

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 LDH. 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 reimbursement level applicable to the rate period. The SFY14 Medicaid payments were adjusted to reflect applicable fee changes and payments made outside of the claims system (outlier payments). The Medicaid payments were also trended to the rate period and the ratio between the projected Medicare and Medicaid payments was calculated. Mercer applied the ratio between the two payments to the base data at a hospital-specific level. Tables 18a and 18b below show the impact of FMP on the adjusted base cost of PH and SBH inpatient hospital services, respectively.

Table 18a: 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	$608,457,486	$49,386,334	$657,843,819	$419,493,300	63.77%
CY 2014	$576,513,568	$34,707,834	$611,221,402	$403,796,359	66.06%

Table 18b: Inpatient Hospital FMP Impact (SBH)

Time Period	[A] Historical Cost	[B] Historical Adjustment Dollar Impact	[C] = [A] + [B] Adjusted Cost	[D] FMP Impact	[E] = [D] / [C] FMP Impact as % of Adjusted Cost
CY 2013	$65,746,367	$1,127,901	$66,874,269	$32,134,941	48.05%
CY 2014	$61,519,187	$1,361,249	$62,880,436	$26,367,582	41.93%

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 LDH were reported on hospital fiscal year bases, which varied by hospital from February 28, 2015 to December 31, 2015. 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 19a and 19b below show the impact of FMP on the adjusted base cost of PH and SBH outpatient hospital services, respectively.

Table 19a: Outpatient Hospital FMP Impact (PH)

Time Period	[A] Historical Cost	[B] Historical Adjustment Dollar Impact	[C] = [A] + [B] Adjusted Cost	[D] FMP Impact	[E] = [D] / [C] FMP Impact as % of Adjusted Cost
CY 2013	$350,208,386	$15,819,648	$366,028,034	$98,102,362	26.80%
CY 2014	$374,580,343	$10,706,521	$385,286,864	$110,325,411	28.63%

Table 19b: Outpatient Hospital FMP Impact (SBH)

Time Period	[A] Historical Cost	[B] Historical Adjustment Dollar Impact	[C] = [A] + [B] Adjusted Cost	[D] FMP Impact	[E] = [D] / [C] FMP Impact as % of Adjusted Cost
CY 2013	$6,855,807	($506,959)	$6,348,848	$1,031,976	16.25%
CY 2014	$9,286,240	($431,066)	$8,855,174	$807,703	9.12%

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 LDH and updated periodically. For state-owned or operated entities, average commercial rate factors are updated annually. LDH provided state-owned conversion factors for RY 2017. For non-state owned or operated entities, the average commercial rate factors are

indexed to Medicare rates and updated every 3 years. LDH provided the latest available non-state factors, which were last updated as recently as December 2016. Tables 20a and 20b 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 20a: 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	$90,668,502	$0	$90,668,502	$98,829,416	109.00%
CY 2014	$93,558,801	$0	$93,558,801	$107,085,186	114.46%

Table 20b: 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	$566,314	$0	$566,314	$494,114	87.25%
CY 2014	$708,841	$0	$708,841	$583,063	82.26%

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 100.0% 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 LDH for RY 2017. 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. Table 21 below shows the impact of FMP on the adjusted base cost of PH ambulance services meeting the State Plan's criteria for FMP.

Table 21: 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	$27,508,226	$0	$27,508,226	$15,712,214	57.12%
CY 2014	$30,470,748	$0	$30,470,748	$19,977,704	65.56%

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 22.

Table 22: 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	1,401,940	$138.11	$12.34	$26.40	$176.85
F&C	9,536,740	$20.38	$1.62	$6.27	$28.26
FCC	126,351	$12.21	$2.02	$4.81	$19.05
BCC	12,913	$430.37	$5.12	$50.80	$486.28
LAP	40,075	$9.74	$0.61	$4.31	$14.65
HCBS Waiver	76,727	$101.75	$10.52	$17.69	$129.96
CCM	69,672	$74.16	$4.38	$10.04	$88.58
SBH – CCM	71,070	$-	$-	$-	$-
SBH – Dual Eligible and LaHIPP	1,122,365	$0.39	$-	$0.06	$0.45
SBH – HCBS Waiver	76,715	$6.36	$-	$0.12	$6.48
SBH – Other	35,633	$33.95	$-	$0.26	$34.22
Maternity Kick Payment	37,578	$3,206.23	$-	$422.01	$3,628.24
Total[1]	**12,570,201**	**$42.25**	**$2.72**	**$9.25**	**$54.21**

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

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.

Section 2: Expansion Population

The rate development for the expansion enrollment relied upon base data and rate-setting adjustments used to develop the non-expansion Healthy Louisiana February 1, 2017 effective capitation rates. The expansion rate development relied primarily upon F&C experience and rate 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, as well as additional adjustments applied will be discussed in the *Expansion Data Adjustments* section below. For assumption comparison to 7/1/2016, please refer to Appendix P.

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 23. 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 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 and LaHIPP coverage; therefore, the rate from the existing Healthy Louisiana population for SBH-Dual Eligible and LaHIPP will be used in this scenario.

Table 23: Age Gender Factors

Rate Cell Description	Age/Gender Factor
Female Age 19-24	0.62
Male Age 19-24	0.50
Female Age 25-39	0.91
Male Age 25-39	0.81
Female Age 40-49	1.42
Male Age 40-49	1.39
Female Age 50-64	1.70
Male Age 50-64	1.94
SBH Medicare Eligible, All Sex/Ages	NA

Expansion Data Adjustments

Removed and Revised Data Adjustments

All F&C Adult applicable rate adjustments from the Non-Expansion Healthy Louisiana February 1, 2017 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 24.

Table 24: Expansion Annual Trend Factors

	Expansion	
COS Description	Trend Low	Trend High
Inpatient Hospital	-2.0%	1.0%
Outpatient Hospital	3.3%	5.3%
Primary Care Physician	3.4%	5.2%
Specialty Care Physician	3.4%	5.2%
FQHC/RHC	3.4%	5.2%
EPSDT	3.4%	5.2%

COS Description	Expansion	
	Trend Low	Trend High
Certified Nurse Practitioners/Clinical Nurse	3.4%	5.2%
Lab/Radiology	0.0%	1.0%
Home Health	0.0%	1.0%
Emergency Transportation	18.0%	20.0%
Non-Emergency Transportation	18.0%	20.0%
Rehabilitation Services (OT, PT, ST)	0.0%	1.0%
DME	0.0%	1.0%
Clinic	3.4%	5.2%
Family Planning	3.4%	5.2%
Other	0.0%	1.0%
Prescribed drugs	6.1%	8.0%
Emergency Room	3.3%	5.3%
Basic Behavioral Health	3.4%	5.2%
Hospice	-2.0%	1.0%
Personal Care Services	0.0%	1.0%
Inpatient Services -- Mental Health	1.5%	3.5%
Emergency Room -- Mental Health	1.5%	3.5%
Professional/Other -- Mental Health	1.5%	3.5%

Additional Rate Adjustments

Several adjustments unique to the expansion population were developed to account for expected differences from our Non-Expansion Healthy Louisiana February 1, 2017 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 25.

Table 25: Expansion Assumption Factors

	Acuity	Pent-Up Demand		Adverse Selection		Reverse Managed Care
Region(s)	**Low / High**	**Gulf**	**All Other**	**Gulf**	**All Other**	**All**
Factor	1.175 / 1.256	1.070	1.076	1.002	1.003	1.039

Note: Only Acuity varies by low and high.

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 17.5% to 25.6%.

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. Pent-up demand is expected to be met following 12 months of continuous enrollment in the program. A separate factor for the Gulf region was necessary, because all of the GNOCHC population were auto-enrolled July 1, 2016. This population already has access to professional services, which results is a lower pent-up demand expectation. The GNOCHC population resides exclusively in the Gulf region. The weights and resulting factor are shown in Table 26.

Table 26: Pent-up Demand Factors

Gulf Region	6.95%
All Other Regions	7.57%

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 were auto-enrolled effective July 1, 2016. These populations are the Family Planning 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 over time. The final factors for Gulf and other regions are shown below in Table 27.

Table 27: Adverse Selection Factors

Gulf Region	1.002
All Other Regions	1.003

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. This effect is not expected for pharmacy, so it was set at zero. Reverse managed care effects are expected to wear off following 12 months of continuous enrollment in the program. Details of current managed care factors and reverse managed care factors by COS are shown in Table 28.

Table 28: Reverse Managed Care Factors by COS

COS	Managed Care (MC) Factor	Reverse MC Factor
Inpatient	-20.8%	9.9%
Outpatient	-16.6%	7.5%
Professional	-6.1%	2.4%
Other	-13.8%	6.0%
Transportation	-4.4%	1.7%
Pharmacy	-25.2%	0.0%
SBH – IP	-30.0%	16.1%
SBH – ER	-10.0%	4.2%
SBH – Prof/Other	20.0%	-6.3%
Model Total	**-9.5%**	**3.93%**

High-Needs Rate Development

Effective January 1, 2017 LDH is working with the Department of Corrections (DOC) on a pre-release enrollment program for the offender population that will now be covered by Medicaid under the New Adult Group through expansion. Part of this population will be considered “High Need” by the DOC based on a set of high-risk health criteria. For those identified as high needs, the MCO will conduct case management within 30 days prior to release. Given these extra requirements and the high-risk health criteria, a new rate cell was developed to handle this population.

The DOC provided available, relevant data, so that a sound actuarial rate could be determined. The pharmacy data, which covered periods July 2013 through March 2016 proved to be the best source to estimate this population, since other types of services were sparse. The pharmacy analysis showed that the top therapeutic categories of prescriptions filled by DOC patients remained consistent over the time studied. Based on the top therapeutic categories of prescriptions filled this population most closely resembled the SSI Adult 21+ rate cell. A rate adjustment of 2.800 was developed based upon this conclusion to produce a rate similar to the SSI Adult 21+ population. Additionally, an age/gender factor was developed to reflect the demographic difference between the base data and the population expected to be released during the rating period. The age/gender factor adjustment relied upon the same age/gender factors used by other expansion rate cells. The rate adjustments were applied to the expansion rate development as shown below.

Table 29: High-Needs Rate Buildup

	Rate Estimate (Midpoint)				
	[A]	[B]	[C]=[A]*[B]	[D]	[E]=[C]*[D]
Region	**Expansion Projected Claims PMPM**	**High Needs Factor**	**High Needs Adjusted PMPM**	**Age/Gender Factor**	**Age/Gender Adjusted PMPM**
Gulf	$336.91	2.800	$943.35	1.134	$1,069.37
Capital	$404.42	2.800	$1,132.36	1.134	$1,283.63
South Central	$370.93	2.800	$1,038.59	1.134	$1,177.33
North	$344.50	2.800	$964.61	1.134	$1,093.47
Statewide	**$360.44**	**2.800**	**$1,009.22**	**1.134**	**$1,144.04**

Expansion FMP Development

The undersigned actuaries relied upon development of FMP from the Non-Expansion Healthy Louisiana February 1, 2017 rates to determine the inpatient, outpatient, physician, and ambulance FMP amounts. Using the February 1, 2017 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 30.

Table 30: FMP Estimates by Region

	FMP (excluding premium tax)			
Region	**Hospital (IP/OP)**	**Ambulance**	**Physician**	**Total**
Gulf	$45.02	$9.64	$17.61	$72.27
Capital	$43.96	$6.00	$23.31	$73.26
South Central	$49.10	$3.62	$18.79	$71.51
North	$48.88	$7.26	$7.42	$63.55

Subpart B.2: Projected Non-Benefit Costs

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 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; expected increase in staffing and operational expenses associated with the inclusion of SBH services and the new SBH program population; and consideration for enrollment growth. Final Administrative cost expectation is shown by program in table 31.

Table 31: Final Administrative Cost Expectation

Program	Low		High	
Physical Health	$	26.68	$	28.79
Maternity Kicks[1]	*$*	*297.84*	*$*	*297.84*
Specialized Behavioral Health	$	2.91	$	3.15
Expansion	$	26.49	$	26.49
High-Needs	$	29.21	$	29.21

1- Administrative expenses associated with Maternity Kick Payments are included in the Physical Health category but are shown as a line item for more detail.

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. 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.

In development of the PH Program rate cells, the variable administrative amount on each rate cell other than CCM was determined by using 2% of pharmacy claim costs plus 5.33% to 5.35% of all other medical costs. Due to additional reporting and management requirements on the CCM population, the CCM rate cell variable administrative amount was determined using 2% of pharmacy claim costs plus 6.67% to 6.71% of all other medical costs. Maternity kick payment administrative load was developed discretely and therefore not allocated using the fixed and variable model. For the SBH program, the variable administrative amount on each rate cell was determined using 5.05% to 5.07% of the covered claims expense.

In the expansion program, all rate cells have the same administrative expense PMPM load except the High Needs rate cell. The high needs rate cell has a 10% increased PMPM administrative expense over the other expansion rate cells due to additional case management requirements placed on the MCOs. Because of the limited number of rate cells, use of the fixed and variable approach is not necessary for this population.

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. The FMP PMPMs include provision for premium tax only.

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 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 2017.

Part C: Other Rate Development Considerations

Subpart C.1: Family Planning Portion of Capitation Rate

Mercer has analyzed the component of the rates associated with Family Planning services so that LDH may claim the enhanced federal match of 90.0% on these services. Specific details on codes used to identify family planning services can be found in Appendix R.

Appendix R contains the PMPMs associated with Family Planning that will be claimed at the enhanced match rate. Please note these Family Planning PMPMs do not include load for non-medical expenses.

Part D: Risk Mitigation and Related Contractual Provisions

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 Healthy Louisiana MCOs according to the relative risk of their enrolled members. Table 32 shows the rate cells that will be risk adjusted.

Table 32: Risk-Adjusted Rate Cells

SSI	
Child, 1–20 Years, Male & Female	Adult, 21+ Years, Male & Female
F&C (TANF)	
Child, 1–20 Years, Male & Female	Adult, 21+ Years, Male & Female
FCC	
All Ages, Male & Female	
LAP	
All Ages, Male & Female	

Medicaid Expansion Minimum/Maximum Medical Loss Ratio (MLR)

LDH will put in place a risk mitigation arrangement (i.e. 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 85.0% at a minimum and 95.0% at a maximum. Any deviation of actual medical expenditures outside of this 85.0% to 95.0% 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.

Part E: 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.

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	Region Description	Category of Aid Description	Rate Cell Description	Projected Member Months or Deliveries	Lower Bound PMPM or Cost per Delivery	Upper Bound PMPM or Cost per Delivery
01	Gulf	SSI	0 - 2 Months	535	$ 27,236.73	$ 28,997.83
01	Gulf	SSI	3 - 11 Months	2,252	$ 7,422.09	$ 7,901.06
01	Gulf	SSI	Child 1 - 20 Years	126,641	$ 789.68	$ 855.02
01	Gulf	SSI	Adult 21+ Years	269,067	$ 1,306.08	$ 1,386.45
01	Gulf	Family & Children	0 - 2 Months	54,622	$ 1,647.97	$ 1,764.97
01	Gulf	Family & Children	3 - 11 Months	123,181	$ 272.14	$ 289.00
01	Gulf	Family & Children	Child 1 - 20 Years	2,245,262	$ 169.26	$ 182.28
01	Gulf	Family & Children	Adult 21+ Years	428,360	$ 340.10	$ 359.21
01	Gulf	Foster Care Children	All Ages Male & Female	27,100	$ 617.37	$ 679.63
01	Gulf	BCC	BCC, All Ages	3,182	$ 2,322.45	$ 2,451.29
01	Gulf	LAP	LAP, All Ages	7,322	$ 198.40	$ 213.06
01	Gulf	HCBS	Child 1 - 20 Years	1,032	$ 2,487.96	$ 2,721.12
01	Gulf	HCBS	Adult 21+ Years	3,452	$ 1,072.47	$ 1,149.37
01	Gulf	CCM	CCM, All Ages	5,921	$ 1,291.18	$ 1,421.85
01	Gulf	SBH - CCM	SBH - CCM, All Ages	13,493	$ 200.90	$ 225.45
01	Gulf	SBH - Duals	SBH - Dual Eligible, All Ages	334,492	$ 26.10	$ 27.69
01	Gulf	SBH - HCBS	SBH - Child 1 - 20 Years	6,270	$ 92.76	$ 103.19
01	Gulf	SBH - HCBS	SBH - Adult 21+ Years	12,515	$ 80.23	$ 84.77
01	Gulf	SBH - Other	SBH - All Ages	7,511	$ 193.58	$ 203.44
01	Gulf	Maternity Kick Payment	Maternity Kick Payment	24,689	$ 11,368.59	$ 11,595.14
01	Gulf	EED Kick Payment	EED Kick Payment	NA	$ 6,630.01	$ 6,694.80
01	Gulf	Medicaid Expansion	Female Age 19 - Age 24	214,220	$ 315.62	$ 343.32
01	Gulf	Medicaid Expansion	Male Age 19 - Age 24	128,952	$ 276.87	$ 299.47
01	Gulf	Medicaid Expansion	Female Age 25 - Age 39	409,875	$ 416.82	$ 457.84
01	Gulf	Medicaid Expansion	Male Age 25 - Age 39	222,753	$ 381.83	$ 418.24
01	Gulf	Medicaid Expansion	Female Age 40 - Age 49	173,849	$ 589.99	$ 653.80
01	Gulf	Medicaid Expansion	Male Age 40 - Age 49	113,238	$ 580.30	$ 642.84
01	Gulf	Medicaid Expansion	Female Age 50 - Age 64	239,557	$ 685.00	$ 761.31
01	Gulf	Medicaid Expansion	Male Age 50 - Age 64	169,280	$ 768.80	$ 856.14
01	Gulf	Medicaid Expansion	SBH - Dual Eligible, All Ages	NA	$ 26.10	$ 27.69
01	Gulf	Medicaid Expansion	SBH - Other, All Ages	NA	$ 193.58	$ 203.44
01	Gulf	Medicaid Expansion	SBH - Chisholm, All Ages	NA	$ 200.90	$ 225.45
01	Gulf	Medicaid Expansion	High Needs	NA	$ 1,330.42	$ 1,473.17
01	Gulf	Medicaid Expansion	Maternity Kick Payment	NA	$ 11,368.59	$ 11,595.14
01	Gulf	Medicaid Expansion	EED Kick Payment	NA	$ 6,630.01	$ 6,694.80
02	Capital	SSI	0 - 2 Months	404	$ 27,236.73	$ 28,997.83
02	Capital	SSI	3 - 11 Months	1,699	$ 7,422.09	$ 7,901.06
02	Capital	SSI	Child 1 - 20 Years	94,505	$ 801.44	$ 869.56
02	Capital	SSI	Adult 21+ Years	193,211	$ 1,355.39	$ 1,444.55
02	Capital	Family & Children	0 - 2 Months	41,215	$ 1,719.01	$ 1,842.53
02	Capital	Family & Children	3 - 11 Months	92,946	$ 265.48	$ 282.23
02	Capital	Family & Children	Child 1 - 20 Years	1,977,877	$ 176.88	$ 190.56
02	Capital	Family & Children	Adult 21+ Years	333,033	$ 396.64	$ 419.03
02	Capital	Foster Care Children	All Ages Male & Female	37,283	$ 617.37	$ 679.63
02	Capital	BCC	BCC, All Ages	3,317	$ 2,322.45	$ 2,451.29
02	Capital	LAP	LAP, All Ages	9,557	$ 198.40	$ 213.06
02	Capital	HCBS	Child 1 - 20 Years	1,056	$ 2,487.96	$ 2,721.12
02	Capital	HCBS	Adult 21+ Years	2,629	$ 1,072.47	$ 1,149.37
02	Capital	CCM	CCM, All Ages	4,717	$ 1,291.18	$ 1,421.85
02	Capital	SBH - CCM	SBH - CCM, All Ages	13,970	$ 200.90	$ 225.45
02	Capital	SBH - Duals	SBH - Dual Eligible, All Ages	266,563	$ 20.95	$ 22.23
02	Capital	SBH - HCBS	SBH - Child 1 - 20 Years	7,085	$ 92.76	$ 103.19
02	Capital	SBH - HCBS	SBH - Adult 21+ Years	12,038	$ 80.23	$ 84.77
02	Capital	SBH - Other	SBH - All Ages	8,728	$ 193.58	$ 203.44
02	Capital	Maternity Kick Payment	Maternity Kick Payment	16,577	$ 9,215.36	$ 9,415.41
02	Capital	EED Kick Payment	EED Kick Payment	NA	$ 5,028.99	$ 5,086.20
02	Capital	Medicaid Expansion	Female Age 19 - Age 24	154,522	$ 358.94	$ 392.15
02	Capital	Medicaid Expansion	Male Age 19 - Age 24	73,825	$ 312.41	$ 339.51
02	Capital	Medicaid Expansion	Female Age 25 - Age 39	290,091	$ 480.45	$ 529.64
02	Capital	Medicaid Expansion	Male Age 25 - Age 39	107,105	$ 438.44	$ 482.10
02	Capital	Medicaid Expansion	Female Age 40 - Age 49	104,853	$ 688.38	$ 764.89
02	Capital	Medicaid Expansion	Male Age 40 - Age 49	53,114	$ 676.75	$ 751.73
02	Capital	Medicaid Expansion	Female Age 50 - Age 64	117,149	$ 802.45	$ 893.96
02	Capital	Medicaid Expansion	Male Age 50 - Age 64	76,876	$ 903.08	$ 1,007.80
02	Capital	Medicaid Expansion	SBH - Dual Eligible, All Ages	NA	$ 20.95	$ 22.23
02	Capital	Medicaid Expansion	SBH - Other, All Ages	NA	$ 193.58	$ 203.44
02	Capital	Medicaid Expansion	SBH - Chisholm, All Ages	NA	$ 200.90	$ 225.45
02	Capital	Medicaid Expansion	High Needs	NA	$ 1,550.80	$ 1,721.93
02	Capital	Medicaid Expansion	Maternity Kick Payment	NA	$ 9,215.36	$ 9,415.41
02	Capital	Medicaid Expansion	EED Kick Payment	NA	$ 5,028.99	$ 5,086.20

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Appendix A: Healthy Louisiana Capitation Rate Range

Region	Region Description	Category of Aid Description	Rate Cell Description	Projected Member Months or Deliveries	Lower Bound PMPM or Cost per Delivery	Upper Bound PMPM or Cost per Delivery
03	South Central	SSI	0 - 2 Months	461	$ 27,236.73	$ 28,997.83
03	South Central	SSI	3 - 11 Months	1,938	$ 7,422.09	$ 7,901.06
03	South Central	SSI	Child 1 - 20 Years	101,556	$ 761.93	$ 826.58
03	South Central	SSI	Adult 21+ Years	236,857	$ 1,209.20	$ 1,284.40
03	South Central	Family & Children	0 - 2 Months	47,015	$ 2,089.34	$ 2,219.71
03	South Central	Family & Children	3 - 11 Months	106,027	$ 282.32	$ 299.45
03	South Central	Family & Children	Child 1 - 20 Years	2,217,634	$ 171.22	$ 183.95
03	South Central	Family & Children	Adult 21+ Years	363,449	$ 366.23	$ 386.72
03	South Central	Foster Care Children	All Ages Male & Female	49,875	$ 617.37	$ 679.63
03	South Central	BCC	BCC, All Ages	2,199	$ 2,322.45	$ 2,451.29
03	South Central	LAP	LAP, All Ages	10,454	$ 198.40	$ 213.06
03	South Central	HCBS	Child 1 - 20 Years	1,142	$ 2,487.96	$ 2,721.12
03	South Central	HCBS	Adult 21+ Years	3,354	$ 1,072.47	$ 1,149.37
03	South Central	CCM	CCM, All Ages	6,069	$ 1,291.18	$ 1,421.85
03	South Central	SBH - CCM	SBH - CCM, All Ages	14,070	$ 200.90	$ 225.45
03	South Central	SBH - Duals	SBH - Dual Eligible, All Ages	354,544	$ 17.95	$ 19.04
03	South Central	SBH - HCBS	SBH - Child 1 - 20 Years	6,496	$ 92.76	$ 103.19
03	South Central	SBH - HCBS	SBH - Adult 21+ Years	12,741	$ 80.23	$ 84.77
03	South Central	SBH - Other	SBH - All Ages	11,211	$ 193.58	$ 203.44
03	South Central	Maternity Kick Payment	Maternity Kick Payment	19,098	$ 9,109.94	$ 9,315.27
03	South Central	EED Kick Payment	EED Kick Payment	NA	$ 4,812.50	$ 4,871.23
03	South Central	Medicaid Expansion	Female Age 19 - Age 24	177,463	$ 336.16	$ 366.58
03	South Central	Medicaid Expansion	Male Age 19 - Age 24	86,054	$ 293.48	$ 318.30
03	South Central	Medicaid Expansion	Female Age 25 - Age 39	334,675	$ 447.63	$ 492.67
03	South Central	Medicaid Expansion	Male Age 25 - Age 39	126,372	$ 409.09	$ 449.07
03	South Central	Medicaid Expansion	Female Age 40 - Age 49	122,971	$ 638.35	$ 708.41
03	South Central	Medicaid Expansion	Male Age 40 - Age 49	62,902	$ 627.69	$ 696.34
03	South Central	Medicaid Expansion	Female Age 50 - Age 64	139,135	$ 743.00	$ 826.78
03	South Central	Medicaid Expansion	Male Age 50 - Age 64	91,541	$ 835.30	$ 931.19
03	South Central	Medicaid Expansion	SBH - Dual Eligible, All Ages	NA	$ 17.95	$ 19.04
03	South Central	Medicaid Expansion	SBH - Other, All Ages	NA	$ 193.58	$ 203.44
03	South Central	Medicaid Expansion	SBH - Chisholm, All Ages	NA	$ 200.90	$ 225.45
03	South Central	Medicaid Expansion	High Needs	NA	$ 1,437.90	$ 1,594.58
03	South Central	Medicaid Expansion	Maternity Kick Payment	NA	$ 9,109.94	$ 9,315.27
03	South Central	Medicaid Expansion	EED Kick Payment	NA	$ 4,812.50	$ 4,871.23
04	North	SSI	0 - 2 Months	377	$ 27,236.73	$ 28,997.83
04	North	SSI	3 - 11 Months	1,585	$ 7,422.09	$ 7,901.06
04	North	SSI	Child 1 - 20 Years	115,401	$ 848.72	$ 924.70
04	North	SSI	Adult 21+ Years	209,758	$ 1,118.14	$ 1,187.14
04	North	Family & Children	0 - 2 Months	38,446	$ 2,032.44	$ 2,161.95
04	North	Family & Children	3 - 11 Months	86,701	$ 279.90	$ 297.23
04	North	Family & Children	Child 1 - 20 Years	1,722,974	$ 175.00	$ 189.40
04	North	Family & Children	Adult 21+ Years	281,131	$ 336.30	$ 355.65
04	North	Foster Care Children	All Ages Male & Female	31,596	$ 617.37	$ 679.63
04	North	BCC	BCC, All Ages	2,469	$ 2,322.45	$ 2,451.29
04	North	LAP	LAP, All Ages	5,233	$ 198.40	$ 213.06
04	North	HCBS	Child 1 - 20 Years	1,044	$ 2,487.96	$ 2,721.12
04	North	HCBS	Adult 21+ Years	2,911	$ 1,072.47	$ 1,149.37
04	North	CCM	CCM, All Ages	4,066	$ 1,291.18	$ 1,421.85
04	North	SBH - CCM	SBH - CCM, All Ages	12,916	$ 200.90	$ 225.45
04	North	SBH - Duals	SBH - Dual Eligible, All Ages	284,633	$ 20.05	$ 21.26
04	North	SBH - HCBS	SBH - Child 1 - 20 Years	4,076	$ 92.76	$ 103.19
04	North	SBH - HCBS	SBH - Adult 21+ Years	9,869	$ 80.23	$ 84.77
04	North	SBH - Other	SBH - All Ages	10,383	$ 193.58	$ 203.44
04	North	Maternity Kick Payment	Maternity Kick Payment	15,959	$ 10,063.87	$ 10,264.05
04	North	EED Kick Payment	EED Kick Payment	NA	$ 5,872.28	$ 5,929.53
04	North	Medicaid Expansion	Female Age 19 - Age 24	154,800	$ 311.11	$ 339.59
04	North	Medicaid Expansion	Male Age 19 - Age 24	74,039	$ 271.49	$ 294.73
04	North	Medicaid Expansion	Female Age 25 - Age 39	290,860	$ 414.58	$ 456.76
04	North	Medicaid Expansion	Male Age 25 - Age 39	107,490	$ 378.81	$ 416.24
04	North	Medicaid Expansion	Female Age 40 - Age 49	105,361	$ 591.63	$ 657.23
04	North	Medicaid Expansion	Male Age 40 - Age 49	53,333	$ 581.72	$ 646.02
04	North	Medicaid Expansion	Female Age 50 - Age 64	117,773	$ 688.76	$ 767.22
04	North	Medicaid Expansion	Male Age 50 - Age 64	77,256	$ 774.44	$ 864.24
04	North	Medicaid Expansion	SBH - Dual Eligible, All Ages	NA	$ 20.05	$ 21.26
04	North	Medicaid Expansion	SBH - Other, All Ages	NA	$ 193.58	$ 203.44
04	North	Medicaid Expansion	SBH - Chisholm, All Ages	NA	$ 200.90	$ 225.45
04	North	Medicaid Expansion	High Needs	NA	$ 1,328.66	$ 1,475.38
04	North	Medicaid Expansion	Maternity Kick Payment	NA	$ 10,063.87	$ 10,264.05
04	North	Medicaid Expansion	EED Kick Payment	NA	$ 5,872.28	$ 5,929.53

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Appendix B: Healthy Louisiana Eligibility Designation

COA/Eligibility Category Name	Mandatory	Voluntary Opt-In	SBH & NEMT	Excluded
SSI (ABD)				
Acute Care 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	~			
SSI (Office of Community Service (OCS) Foster Care, IV-E OCS/Office of Youth Development (OYD) and OCS/OYD (XIX))				
Foster Care IV-E — Suspended SSI	~			
SSI	~			
TANF (Families and Children, Low Income Families with Children (LIFC))				
CHAMP — Child	~			
CHAMP — Pregnant Woman (to 133% of Federal Poverty Income Guidelines (FPIG))	~			
CHAMP — Pregnant Woman Expansion (to 185% FPIG)	~			
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	~			
FCC (Families and Children)				
Former Foster Care Children	~			
HPE Former Foster Care	~			
Youth Aging Out of Foster Care (Chaffee Option)	~			
FCC (OCS Foster Care, IV-E OCS/OYD and OCS/OYD (XIX))				
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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Appendix B: Healthy Louisiana Eligibility Designation

COA/Eligibility Category Name	Mandatory	Voluntary Opt-In	SBH & NEMT	Excluded
YAP/OYD	~			
BCC (Families and Children)				
Breast and/or Cervical Cancer	~			
HPE B/CC	~			
LAP (Families and Children)				
LaCHIP Affordable Plan	~			
HCBS Waiver				
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		~	~	
CCM				
CCM*		~	~	
SBH — Other				
LTC			~	
LTC MNP/Transfer of Resources			~	
LTC Payment Denial/Late Admission Packet			~	
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			~	
SBH — Dual Eligibles				
Dual Eligibles**			~	
Medicaid Expansion				
Adult Group	~			
Adult Group - High Need	~			
Excluded				
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				~

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Appendix B: Healthy Louisiana Eligibility Designation

COA/Eligibility Category Name	Mandatory	Voluntary Opt-In	SBH & NEMT	Excluded
LBHP — Adult 1915(i)				~
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				~

Notes

* 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 the State's fiscal agent. Dually eligible individuals are represented by Dual Status code 02, 04, and 08.

Appendix C: Healthy Louisiana Covered Services

Table 1: PH and Expansion Programs

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
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 (OT, PT, ST 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 Healthy Louisiana 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 Healthy Louisiana program and now are included.

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Appendix D: PMPM Impact of Behavioral Health Mixed Services Protocol (MSP)

COA Description	CY14 MMs	Blended PMPM	MSP PMPM	MSP Adjustment
SBH - Chisholm Class Members	71,070	$ 87.30	$ (4.15)	-4.76%
SBH - Dual Eligible	1,122,365	$ 14.99	$ (0.35)	-2.32%
SBH -HCBS Waiver	76,715	$ 53.62	$ (3.43)	-6.40%
SBH -Other	35,633	$ 139.65	$ (7.48)	-5.36%
Total SBH Only COAs	**1,305,783**	**$ 24.59**	**$ (0.93)**	**-3.79%**

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Appendix E: Trends by utilization, unit cost and PMPM

Table 1: Historical Trend PH Services

SSI/HCBS/BCC	Child			Adult		
COS Group	UC	Util	PMPM	UC	Util	PMPM
Inpatient	0.0%	-8.0%	**-8.0%**	0.0%	-5.0%	**-5.0%**
Outpatient	0.0%	0.0%	**0.0%**	0.0%	1.0%	**1.0%**
Physician	0.0%	0.0%	**0.0%**	0.0%	0.0%	**0.0%**
Transportation			**10.0%**			**10.0%**
Other	19.0%	9.0%	**29.7%**	-4.0%	3.5%	**-0.6%**
Rx	-2.0%	4.3%	**2.2%**	12.0%	-4.0%	**7.5%**

F&C/FCC/LAP/CCM	Child			Adult		
COS Group	UC	Util	PMPM	UC	Util	PMPM
Inpatient	0.0%	-5.0%	**-5.0%**	0.0%	-6.0%	**-6.0%**
Outpatient	0.0%	0.0%	**0.0%**	0.0%	-2.5%	**-2.5%**
Physician	0.0%	0.0%	**0.0%**	0.0%	0.0%	**0.0%**
Transportation			**10.0%**			**4.0%**
Other	7.5%	2.0%	**9.7%**	-4.8%	0.0%	**-4.8%**
Rx	5.0%	-2.0%	**2.9%**	6.5%	-6.0%	**0.1%**

Table 2: Historical Trend SBH Services

	SBH Services
Age Group	PMPM
Child	29.5%
Adult	1.5%

	NEMT Services
COA Group	PMPM
Dual	16.0%
Non-Dual	11.0%

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Appendix E: Trends by utilization, unit cost and PMPM

Table 3: PH Covered Services Prospective Trends

	SSI/HCBS - CHILD					
	Unit Cost		Utilization		PMPM	
COS Group	Low	High	Low	High	Low	High
Inpatient	0.0%	1.0%	-2.0%	0.0%	-2.0%	1.0%
Outpatient	7.0%	8.0%	1.5%	2.0%	8.6%	10.2%
Physician	0.0%	1.0%	1.5%	2.0%	1.5%	3.0%
Transportation					18.0%	20.0%
Other					25.0%	28.0%
Maternity Kickpayment						

	SSI/BCC/HCBS - ADULT					
	Unit Cost		Utilization		PMPM	
COS Group	Low	High	Low	High	Low	High
Inpatient	0.0%	1.0%	-2.0%	0.0%	-2.0%	1.0%
Outpatient	5.5%	6.5%	3.0%	4.0%	8.7%	10.8%
Physician	0.0%	1.0%	1.5%	2.0%	1.5%	3.0%
Transportation					18.0%	20.0%
Other					0.0%	1.0%
Maternity Kickpayment						

	F&C/FCC/LAP/CCM - CHILD					
	Unit Cost		Utilization		PMPM	
COS Group	Low	High	Low	High	Low	High
Inpatient	0.0%	1.0%	-2.0%	0.0%	-2.0%	1.0%
Outpatient	3.5%	4.5%	0.0%	1.0%	3.5%	5.5%
Physician	0.0%	1.0%	0.0%	1.0%	0.0%	2.0%
Transportation					18.0%	20.0%
Other					5.0%	8.0%
Maternity Kickpayment						

	F&C ADULT					
	Unit Cost		Utilization		PMPM	
COS Group	Low	High	Low	High	Low	High
Inpatient	0.0%	1.0%	-2.0%	0.0%	-2.0%	1.0%
Outpatient	3.0%	4.0%	0.0%	0.5%	3.0%	4.5%
Physician	0.0%	1.0%	3.5%	4.5%	3.5%	5.5%
Transportation					18.0%	20.0%
Other					0.0%	1.0%
Maternity Kickpayment						

	Maternity Kickpayment					
	Unit Cost		Utilization		PMPM	
COS Group	Low	High	Low	High	Low	High
Inpatient						
Outpatient						
Physician						
Transportation						
Other						
Maternity Kickpayment	0.0%	1.0%	0.0%	0.0%	0.0%	1.0%

	Rx			
	Child		Adult	
COA	Low	High	Low	High
SSI	8.0%	10.2%	7.1%	9.3%
Family and Children	4.6%	6.0%	6.0%	7.9%
Foster Care Children	3.0%	4.2%		
Breast and Cervical Cancer			7.6%	10.0%
LaCHIP Affordable Plan	4.7%	5.9%		
HCBS Waiver	2.7%	4.2%	2.7%	4.2%
Chisholm Class Members	7.1%	9.1%		

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Appendix E: Trends by utilization, unit cost and PMPM

Table 4: SBH Covered Services Prospective Trends

	2-1-17 Trend Selection		
	SBH Services -- PMPM Trend		
Age Group	**Low**	**High**	**Midpoint**
Child	29.00%	34.00%	31.50%
Adult	1.50%	3.50%	2.50%

	NEMT Services -- PMPM Trend		
COA	**Low**	**High**	**Midpoint**
Dual	6.00%	8.00%	7.00%
Non-Dual	0.00%	2.00%	1.00%

Table 5: Expansion Covered Services Prospective Trends

	Expansion					
	Unit Cost		Utilization		PMPM	
COS Group	**Low**	**High**	**Low**	**High**	**Low**	**High**
Inpatient					-2.00%	1.00%
Outpatient					3.40%	5.17%
Physician					3.36%	5.28%
Transportation					18.00%	20.00%
Other					0.00%	1.00%
Maternity Kickpayment						

	Expansion - Mental Health					
	Unit Cost		Utilization		PMPM	
COS Group	**Low**	**High**	**Low**	**High**	**Low**	**High**
Mental Health Services					1.50%	3.50%

	Expansion - Rx					
	Unit Cost		Utilization		PMPM	
COS Group	**Low**	**High**	**Low**	**High**	**Low**	**High**
Rx					6.12%	8.02%

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Appendix F: Managed Care Savings Assumptions

Table 1: Managed Care Savings Assumptions

	HCBS Waiver/CCM						Historically VOO					
	Utilization		Unit Cost		PMPM		Utilization		Unit Cost		PMPM	
COS Description	**Low**	**High**	**Low**	**High**	**Low**	**High**	**Low**	**High**	**Low**	**High**	**Low**	**High**
IP Hospital	-12.5%	-10.0%	1.0%	5.0%	-11.6%	-5.5%	Varies by COA, please see Table 2					
OP Hospital	-10.0%	-7.5%	1.0%	3.0%	-9.1%	-4.7%	-20.0%	-15.0%	1.0%	3.0%	-19.2%	-12.5%
PCP	2.5%	5.0%	5.0%	7.0%	7.6%	12.4%	5.0%	10.0%	5.0%	7.0%	10.3%	17.7%
Specialty Care Physician	-12.5%	-10.0%	0.0%	2.0%	-12.5%	-8.2%	-25.0%	-20.0%	0.0%	2.0%	-25.0%	-18.4%
FQHC/Rural Health Clinic	0.0%	2.5%	0.0%	2.0%	0.0%	4.5%	0.0%	5.0%	0.0%	2.0%	0.0%	7.1%
EPSDT	0.0%	0.0%	5.0%	7.0%	5.0%	7.0%	5.0%	10.0%	5.0%	7.0%	10.3%	17.7%
CNP/CN	2.5%	5.0%	5.0%	7.0%	7.6%	12.4%	5.0%	10.0%	5.0%	7.0%	10.3%	17.7%
Lab/Radiology	-10.0%	-5.0%	0.0%	2.0%	-10.0%	-3.1%	-20.0%	-10.0%	0.0%	2.0%	-20.0%	-8.2%
Home Health	0.0%	0.0%	0.0%	2.0%	0.0%	2.0%	0.0%	5.0%	0.0%	2.0%	0.0%	7.1%
Emergency Transportation	-5.0%	-2.5%	0.0%	2.0%	-5.0%	-0.6%	-10.0%	-5.0%	0.0%	2.0%	-10.0%	-3.1%
NEMT[1]	0.0%	2.5%	0.0%	2.0%	0.0%	4.5%	0.0%	5.0%	0.0%	2.0%	0.0%	7.1%
Rehabilitation Services (OT, PT, ST)	-5.0%	-2.5%	0.0%	2.0%	-5.0%	-0.6%	-10.0%	-5.0%	0.0%	2.0%	-10.0%	-3.1%
Durable Medical Equipment (DME)[1]	-10.0%	-7.5%	0.0%	2.0%	-10.0%	-5.6%	-20.0%	-15.0%	0.0%	2.0%	-20.0%	-13.3%
Clinic	-10.0%	-7.5%	0.0%	2.0%	-10.0%	-5.6%	-20.0%	-15.0%	0.0%	2.0%	-20.0%	-13.3%
Family Planning	0.0%	2.5%	0.0%	2.0%	0.0%	4.5%	0.0%	5.0%	0.0%	2.0%	0.0%	7.1%
Other	0.0%	2.5%	0.0%	2.0%	0.0%	4.5%	0.0%	5.0%	0.0%	2.0%	0.0%	7.1%
Prescribed Drugs	-10.4%	-10.4%	0.0%	0.0%	-10.4%	-10.4%	Varies by COA, please see Table 3					
Emergency Room	-12.5%	-10.0%	5.0%	7.0%	-8.1%	-3.7%	-25.0%	-20.0%	5.0%	7.0%	-21.3%	-14.4%
Basic Behavioral Health	0.0%	0.0%	0.0%	2.0%	0.0%	2.0%	0.0%	5.0%	0.0%	2.0%	0.0%	7.1%
Hospice	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	Varies by COA, please see Table 4					
Personal Care Services[2]					-10.0%	-5.0%					-10.0%	-5.0%

Table 2: Inpatient Managed Care Savings Assumptions by COA

	Utilization		Unit Cost		PMPM	
1 - IP Hospital	**Low**	**High**	**Low**	**High**	**Low**	**High**
SSI/FCC/BCC/LaCHIP	-25.0%	-20.0%	1.0%	5.0%	-24.3%	-16.0%
Family and Children	-30.0%	-25.0%	1.0%	5.0%	-29.3%	-21.3%

Table 3: Prescribed Drugs Managed Care Savings Assumptions by COA

	Utilization		Unit Cost		PMPM	
2 - Prescribed Drugs	**Low**	**High**	**Low**	**High**	**Low**	**High**
SSI	-20.8%	-20.8%	-5.6%	-5.6%	-25.2%	-25.2%
Family and Children	-23.1%	-23.1%	-2.6%	-2.6%	-25.1%	-25.1%
Foster Care Children	-18.5%	-18.5%	-1.5%	-1.5%	-19.8%	-19.8%
Breast and Cervical Cancer	-12.4%	-12.4%	-8.7%	-8.7%	-20.1%	-20.1%
LaCHIP Affordable Plan	-20.8%	-20.8%	-5.6%	-5.6%	-25.2%	-25.2%

Table 4: Hospice Managed Care Savings Assumptions by COA

	Utilization		Unit Cost		PMPM	
3 - Hospice	**Low**	**High**	**Low**	**High**	**Low**	**High**
SSI/FCC/BCC/LaCHIP	-25.0%	-20.0%	1.0%	5.0%	-24.3%	-16.0%
Family and Children	-30.0%	-25.0%	1.0%	5.0%	-29.3%	-21.3%

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.

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Appendix G: 2-1-2017 Rate Updates: PDHC Program Changes

		MMs	A	2-1-2017 Rate Impact B	C	D = B + C	E = A + D
COA Description	Rate Cell Desc	CY14 MMs	Projected Feb 2017 PDHC PMPM[1]	Criteria Eligibility Change	Per Diem Requirement Change	Total PDHC Program Change	Projected Jul 2017 PDHC PMPM
SSI	Newborn, 0-2 Months	1826	$ 5.80	$ (1.16)	$ (0.12)	$ (1.28)	$ 4.52
SSI	Newborn, 3-11 Months	7235	$ 211.48	$ (42.30)	$ (4.30)	$ (46.59)	$ 164.88
SSI	Child, 1-20 Years	475024	$ 34.16	$ (6.83)	$ (0.69)	$ (7.53)	$ 26.63
SSI	Adult, 21+ Years	917855	$ -	$ -	$ -	$ -	$ -
Family and Children	Newborn, 0-2 Months	173169	$ 0.55	$ (0.11)	$ (0.01)	$ (0.12)	$ 0.43
Family and Children	Newborn, 3-11 Months	391531	$ 1.95	$ (0.39)	$ (0.04)	$ (0.43)	$ 1.52
Family and Children	Child, 1-20 Years	7756633	$ 0.60	$ (0.12)	$ (0.01)	$ (0.13)	$ 0.47
Family and Children	Adult, 21+ Years	1215407	$ -	$ -	$ -	$ -	$ -
Foster Care Children	Foster Care, All Ages M & F	126351	$ 5.13	$ (1.03)	$ (0.10)	$ (1.13)	$ 4.00
Breast and Cervical Cancer	BCC, All Ages Female	12913	$ -	$ -	$ -	$ -	$ -
LaCHIP Affordable Plan	All Ages	40075	$ 0.72	$ (0.14)	$ (0.01)	$ (0.16)	$ 0.57
HCBS	20 & Under, M & F	25754	$ 33.38	$ (6.68)	$ (0.68)	$ (7.36)	$ 26.03
HCBS	21+ Years, M & F	50973	$ -	$ -	$ -	$ -	$ -
Chisholm Class Members	Chisholm, All Ages M & F	69672	$ 39.75	$ (7.95)	$ (0.81)	$ (8.76)	$ 30.99
SBH- Chisholm Class Members	SBH - Chisholm, All Ages M & F	71070	$ -	$ -	$ -	$ -	$ -
SBH- Dual Eligible	SBH - Dual Eligible, All Ages	1122365	$ -	$ -	$ -	$ -	$ -
SBH- HCBS Waiver	SBH - 20 & Under, M & F	25754	$ -	$ -	$ -	$ -	$ -
SBH- HCBS Waiver	SBH - 21+ Years, M & F	50961	$ -	$ -	$ -	$ -	$ -
SBH- Other	SBH - Other, All Ages	35633	$ -	$ -	$ -	$ -	$ -
Maternity Kickpayment	Maternity Kickpayment, All Ages	37578	$ -	$ -	$ -	$ -	$ -
	Aggregate	**12,570,201**	**$ 2.20**	**$ (0.44)**	**$ (0.04)**	**$ (0.48)**	**$ 1.71**

Notes:
1- Mercer does not set rates at the category of service level; the projected PMPMs are rate estimates only.

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Appendix H: Retroactive Eligibility

Table 1: Monthly Duration Calculation Example -- SSI Population

Unique Recipient Count	First Month of Enrollment in Healthy Louisiana in 2014												
Retroactive Eligibility Months	**January**	**February**	**March**	**April**	**May**	**June**	**July**	**August**	**September**	**October**	**November**	**December**	**Overall CY14**
1	30	122	81	106	97	120	96	115	106	143	140	86	1,242
2	16	68	79	67	59	95	76	81	81	125	81	59	887
3	13	46	52	42	47	56	55	67	69	58	83	40	628
4	10	63	48	48	51	75	68	77	74	90	104	46	754
5	10	67	54	67	59	69	68	121	92	88	86	68	849
6	7	54	44	50	54	71	63	107	174	93	92	46	855
7	11	30	41	74	49	51	36	74	80	95	76	43	660
8	3	26	18	39	43	39	25	47	63	66	99	26	494
9	6	13	7	14	19	34	28	79	68	39	52	31	390
10	1	8	7	14	21	32	14	60	69	63	34	30	353
11	1	37	38	50	47	56	42	59	70	56	45	42	543
12	18	7	15	11	20	17	11	25	9	11	20	7	171
Grand Total: [A]	**126**	**541**	**484**	**582**	**566**	**715**	**582**	**912**	**955**	**927**	**912**	**524**	**7,826**
Retro Member Months: [B]	625	2,413	2,283	2,971	3,004	3,664	2,841	5,187	5,519	4,847	4,816	2,758	40,928
Avg. Retro Duration: [C] = [B] / [A]	5.0	4.5	4.7	5.1	5.3	5.1	4.9	5.7	5.8	5.2	5.3	5.3	5.2

Table 2a: Retroactive Member Months by COA

	First Month of Enrollment in Healthy Louisiana in 2014												
COA Description	**January**	**February**	**March**	**April**	**May**	**June**	**July**	**August**	**September**	**October**	**November**	**December**	**Overall CY14**
SSI	625	2,413	2,283	2,971	3,004	3,664	2,841	5,187	5,519	4,847	4,816	2,758	40,928
F&C	3,807	9,552	6,716	12,476	17,454	14,621	16,358	20,482	17,503	36,820	16,439	8,818	181,046
FCC	3	25	15	64	44	52	57	92	83	102	37	39	613
BCC	3	66	40	46	24	36	54	27	47	32	69	38	482
LAP	-	4	2	1	2	3	3	11	16	12	11	1	66
HCBS	-	-	-	-	-	-	-	1	2	8	-	11	22
CCM	-	4	-	8	-	6	15	6	4	10	4	5	62
Grand Total	**4,438**	**12,064**	**9,056**	**15,566**	**20,528**	**18,382**	**19,328**	**25,806**	**23,174**	**41,831**	**21,376**	**11,670**	**223,219**

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Appendix H: Retroactive Eligibility

Table 2b: Unique Recipient Count by COA

	First Month of Enrollment in Healthy Louisiana in 2014												
COA Description	**January**	**February**	**March**	**April**	**May**	**June**	**July**	**August**	**September**	**October**	**November**	**December**	**Overall CY14**
SSI	126	541	484	582	566	715	582	912	955	927	912	524	7,826
F&C	1,896	4,323	2,659	4,352	5,906	5,727	5,562	6,904	6,130	10,750	7,041	3,950	65,200
FCC	2	13	12	32	19	25	25	46	31	53	22	26	306
BCC	1	24	13	21	10	13	21	15	16	16	27	14	191
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
Grand Total	**2,025**	**4,905**	**3,170**	**4,990**	**6,503**	**6,485**	**6,196**	**7,888**	**7,144**	**11,761**	**8,010**	**4,518**	**73,595**

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

	First Month of Enrollment in Healthy Louisiana in 2014												
COA Description	**January**	**February**	**March**	**April**	**May**	**June**	**July**	**August**	**September**	**October**	**November**	**December**	**Overall CY14**
SSI	5.0	4.5	4.7	5.1	5.3	5.1	4.9	5.7	5.8	5.2	5.3	5.3	5.2
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	2.8	3.1	2.2	2.4	2.8	2.6	1.8	2.9	2.0	2.6	2.7	2.5
LAP	0.0	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	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.0	2.0	2.0	0.0	5.5	2.8
CCM	0.0	2.0	0.0	4.0	0.0	3.0	5.0	1.5	2.0	2.5	4.0	5.0	3.0
Grand Total	**2.2**	**2.5**	**2.9**	**3.1**	**3.2**	**2.8**	**3.1**	**3.3**	**3.2**	**3.6**	**2.7**	**2.6**	**3.0**

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Appendix H: Retroactive Eligibility

Table 2d: Retroactive Eligibility Adjustment Development

		A	B	C	D	E	F	G	H	I
		Base Data from Data Book		Retroactive Eligibility -- CY14 Experience			Adjustment Factors Development			
COA Description	Rate Cell Description	CY14 MMs	CY14 PMPMs	Recipient Count	Average Duration	PMPMs	MMs	PMPMs	Observed Retro Adj. Factor	Final Retro Adj. Factor
SSI	Newborn, 0-2 Months	1,826	16,866				1,826	$ 16,866.30	1.000	**1.000**
SSI	Newborn, 3-11 Months	7,235	$ 4,366.46				7,235	$ 4,366.46	1.000	**1.000**
SSI	Child, 1-20 Years	475,024	$ 458.97	888	5.2	$ 192.65	479,684	$ 456.38	0.994	**1.000**
SSI	Adult, 21+ Years	917,855	$ 810.68	6,881	5.2	$ 905.42	953,967	$ 814.26	1.004	**1.004**
F&C	Newborn, 0-2 Months	173,169	$ 1,185.54				173,169	$ 1,185.54	1.000	**1.000**
F&C	Newborn, 3-11 Months	391,531	$ 203.20				391,531	$ 203.20	1.000	**1.000**
F&C	Child, 1-20 Years	7,756,633	$ 112.35	35,837	2.8	$ 46.46	7,855,847	$ 111.52	0.993	**1.000**
F&C	Adult, 21+ Years	1,215,407	$ 241.50	29,602	2.8	$ 205.02	1,297,360	$ 239.19	0.990	**1.000**
FCC	FCC, All Ages Male & Female	126,351	$ 323.00	307	2.0	$ 160.61	126,964	$ 322.21	0.998	**1.000**
BCC	BCC, All Ages Female	12,913	$ 1,329.11	195	2.5	$ 2,195.09	13,408	$ 1,361.09	1.024	**1.024**
LAP	All Ages	40,075	$ 154.09	43	1.5	$ 494.87	40,141	$ 154.65	1.004	**1.004**
HCBS Waiver	20 & Under, Male and Female	25,754	$ 1,408.64	4	2.5	$ 1,103.88	25,764	$ 1,408.52	1.000	**1.000**
HCBS Waiver	21+ Years, Male and Female	50,973	$ 802.43	4	2.5	$ 996.68	50,983	$ 802.47	1.000	**1.000**
CCM	CCM, All Ages Male & Female	69,672	$ 909.90	21	3.0	$ 1,141.74	69,734	$ 910.11	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 = MAX(H,1)

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Appendix I: Physical Health Projected Claims PMPM Development

Table 1: PH Historical Rating Adjustments

					Historical Adjustments							Historical Adjustments			
			A	B	C	D	E	F	G	H	I	J	K	L	M
Region Name	COA Description	Rate Cell Description	CY2013 MMs	CY2013 PMPM	Recoupment Adj (F&A)	ACT 312 Adj	Fee Sched Adj	Historical Trend	CY2013 PMPM After Adj	CY2014 MMs	CY2014 PMPM	Recoupment Adj (F&A)	ACT 312 Adj	Fee Sched Adj	CY2014 PMPM After Adj
Gulf	SSI	Newborn, 0-2 Months	608	$ 23,069.68	-0.18%	0.02%	-0.09%	-6.59%	$ 21,494.64	512	$ 20,330.46	-0.14%		0.60%	$ 20,423.90
Gulf	SSI	Newborn, 3-11 Months	2,075	$ 6,328.51	-0.15%	0.21%	0.62%	-5.42%	$ 6,026.02	2,061	$ 5,837.94	-0.12%		1.71%	$ 5,930.42
Gulf	SSI	Child, 1-20 Years	146,471	$ 324.68	-0.10%	1.11%	-0.72%	1.01%	$ 328.88	141,570	$ 347.92	-0.12%		-1.30%	$ 342.98
Gulf	SSI	Adult, 21+ Years	286,423	$ 711.74	-0.08%	1.09%	0.00%	1.91%	$ 732.65	271,617	$ 749.83	-0.08%		-0.98%	$ 741.87
Gulf	Family and Children	Newborn, 0-2 Months	47,080	$ 1,189.53	-0.16%	0.05%	-0.63%	-3.23%	$ 1,142.54	48,763	$ 1,110.30	-0.17%		-1.72%	$ 1,089.31
Gulf	Family and Children	Newborn, 3-11 Months	105,570	$ 196.52	-0.15%	0.51%	-7.44%	-0.13%	$ 182.33	108,412	$ 210.03	-0.11%		-6.52%	$ 196.11
Gulf	Family and Children	Child, 1-20 Years	2,076,304	$ 87.62	-0.13%	0.94%	-5.16%	0.91%	$ 84.53	2,120,547	$ 89.98	-0.10%		-5.10%	$ 85.30
Gulf	Family and Children	Adult, 21+ Years	364,038	$ 210.83	-0.11%	0.93%	-0.56%	-1.74%	$ 207.71	387,916	$ 210.66	-0.10%		-1.07%	$ 208.21
Gulf	Foster Care Children	Foster Care, All Ages Male & Female	21,665	$ 165.29	-0.11%	1.32%	-3.26%	1.47%	$ 164.22	23,292	$ 167.04	-0.10%		-2.96%	$ 161.94
Gulf	Breast and Cervical Cancer	BCC, All Ages Female	3,841	$ 1,353.90	-0.10%	0.40%	2.11%	0.85%	$ 1,398.32	3,893	$ 1,236.50	-0.12%		-0.76%	$ 1,225.69
Gulf	LaCHIP Affordable Plan	All Ages	10,504	$ 121.05	-0.13%	0.98%	-3.62%	1.11%	$ 118.96	10,236	$ 138.04	-0.12%		-3.76%	$ 132.70
Gulf	HCBS Waiver	20 & Under, Male and Female	7,958	$ 901.78	-0.12%	0.80%	1.07%	10.50%	$ 1,013.91	7,178	$ 972.67	-0.18%		0.40%	$ 974.76
Gulf	HCBS Waiver	21+ Years, Male and Female	13,244	$ 693.47	-0.14%	1.47%	1.03%	3.03%	$ 731.43	13,514	$ 704.17	-0.14%		0.93%	$ 709.66
Gulf	Chisholm Class Members	Chisholm, All Ages Male & Female	16,137	$ 665.93	-0.15%	0.85%	1.76%	3.42%	$ 705.77	17,073	$ 775.39	-0.20%		1.29%	$ 783.82
Gulf	SBH - Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	-	$ -	0.00%	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%		0.00%	$ -
Gulf	SBH -HCBS Waiver	SBH - 20 & Under, Male and Female	-	$ -	0.00%	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%		0.00%	$ -
Gulf	SBH -Other	SBH - Other, All Ages	-	$ -	0.00%	0.00%	0.00%	0.00%	$ -	-	$ -	0.00%		0.00%	$ -
Gulf	Maternity Kickpayment	Maternity Kickpayment, All Ages	10,570	$ 5,729.32	-0.16%	0.00%	2.86%	0.00%	$ 5,883.94	10,524	$ 5,577.05	-0.15%		2.44%	$ 5,704.68
Capital	SSI	Newborn, 0-2 Months	440	$ 18,208.60	-0.21%	0.02%	7.72%	-6.44%	$ 18,316.16	388	$ 16,561.88	-0.19%		2.39%	$ 16,923.94
Capital	SSI	Newborn, 3-11 Months	1,731	$ 5,822.03	-0.15%	0.23%	7.29%	-2.75%	$ 6,079.87	1,542	$ 5,838.95	-0.22%		2.69%	$ 5,983.01
Capital	SSI	Child, 1-20 Years	107,806	$ 366.73	-0.10%	1.11%	1.81%	3.16%	$ 389.06	104,735	$ 395.35	-0.10%		0.10%	$ 395.36
Capital	SSI	Adult, 21+ Years	211,153	$ 784.42	-0.07%	1.17%	3.51%	2.19%	$ 838.85	196,914	$ 838.58	-0.07%		0.95%	$ 845.90
Capital	Family and Children	Newborn, 0-2 Months	42,327	$ 1,180.69	-0.20%	0.05%	4.55%	-3.54%	$ 1,188.96	42,487	$ 1,170.67	-0.21%		0.63%	$ 1,175.61
Capital	Family and Children	Newborn, 3-11 Months	95,524	$ 204.21	-0.19%	0.56%	-4.22%	-0.20%	$ 195.92	96,481	$ 195.79	-0.13%		-5.86%	$ 184.09
Capital	Family and Children	Child, 1-20 Years	1,865,610	$ 94.45	-0.13%	1.08%	-2.47%	1.13%	$ 94.04	1,913,908	$ 98.27	-0.10%		-3.39%	$ 94.84
Capital	Family and Children	Adult, 21+ Years	261,197	$ 245.11	-0.10%	1.01%	3.31%	-1.64%	$ 251.32	288,502	$ 245.60	-0.10%		1.59%	$ 249.26
Capital	Foster Care Children	Foster Care, All Ages Male & Female	31,317	$ 170.82	-0.10%	1.50%	-1.18%	1.67%	$ 174.03	33,453	$ 172.19	-0.08%		-2.23%	$ 168.21
Capital	Breast and Cervical Cancer	BCC, All Ages Female	4,053	$ 1,017.59	-0.10%	0.43%	5.61%	1.08%	$ 1,089.81	3,772	$ 1,138.22	-0.12%		2.52%	$ 1,165.60
Capital	LaCHIP Affordable Plan	All Ages	11,338	$ 119.61	-0.13%	1.42%	-1.19%	1.46%	$ 121.44	10,840	$ 181.39	-0.15%		-2.05%	$ 177.41
Capital	HCBS Waiver	20 & Under, Male and Female	8,312	$ 1,172.55	-0.10%	0.66%	2.36%	11.02%	$ 1,339.88	7,498	$ 1,330.35	-0.14%		1.44%	$ 1,347.66
Capital	HCBS Waiver	21+ Years, Male and Female	12,119	$ 675.55	-0.14%	1.44%	4.06%	2.90%	$ 732.68	12,195	$ 725.02	-0.16%		2.24%	$ 740.11
Capital	Chisholm Class Members	Chisholm, All Ages Male & Female	16,052	$ 840.95	-0.13%	0.82%	2.04%	3.71%	$ 896.16	17,175	$ 906.27	-0.17%		1.26%	$ 916.15
Capital	SBH - Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	-	$ -	0.00%	0.00%	0.00%	0.00%	$ -	-	$ -	0.00%		0.00%	$ -
Capital	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	-	$ -	0.00%	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%		0.00%	$ -
Capital	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	-	$ -	0.00%	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%		0.00%	$ -
Capital	Maternity Kickpayment	Maternity Kickpayment, All Ages	9,370	$ 4,974.10	-0.19%	0.00%	3.93%	0.00%	$ 5,160.15	9,234	$ 4,870.34	-0.18%		3.86%	$ 5,049.37

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Appendix I: Physical Health Projected Claims PMPM Development

Table 1: PH Historical Rating Adjustments

					Historical Adjustments							Historical Adjustments			
			A	B	C	D	E	F	G	H	I	J	K	L	M
Region Name	COA Description	Rate Cell Description	CY2013 MMs	CY2013 PMPM	Recoupment Adj (F&A)	ACT 312 Adj	Fee Sched Adj	Historical Trend	CY2013 PMPM After Adj	CY2014 MMs	CY2014 PMPM	Recoupment Adj (F&A)	ACT 312 Adj	Fee Sched Adj	CY2014 PMPM After Adj
South Central	SSI	Newborn, 0-2 Months	503	$ 13,184.98	-0.16%	0.03%	5.93%	-6.01%	$ 13,112.04	471	$ 16,637.79	-0.23%		4.06%	$ 17,272.87
South Central	SSI	Newborn, 3-11 Months	1,956	$ 4,272.95	-0.14%	0.44%	6.01%	-4.15%	$ 4,354.56	1,896	$ 3,166.09	-0.13%		3.89%	$ 3,284.95
South Central	SSI	Child, 1-20 Years	109,971	$ 369.00	-0.08%	1.32%	-0.17%	2.25%	$ 381.34	108,865	$ 362.25	-0.07%		-0.77%	$ 359.21
South Central	SSI	Adult, 21+ Years	249,869	$ 698.17	-0.07%	1.12%	0.71%	2.26%	$ 726.55	239,595	$ 706.79	-0.08%		-0.03%	$ 705.99
South Central	Family and Children	Newborn, 0-2 Months	46,824	$ 1,275.02	-0.16%	0.05%	2.90%	-3.38%	$ 1,266.34	46,646	$ 1,253.77	-0.17%		1.70%	$ 1,272.96
South Central	Family and Children	Newborn, 3-11 Months	105,454	$ 212.88	-0.15%	0.59%	-5.43%	-0.11%	$ 201.96	104,943	$ 203.14	-0.12%		-5.91%	$ 190.90
South Central	Family and Children	Child, 1-20 Years	2,041,992	$ 99.69	-0.11%	1.13%	-3.94%	1.21%	$ 97.91	2,083,177	$ 99.95	-0.08%		-4.06%	$ 95.82
South Central	Family and Children	Adult, 21+ Years	271,787	$ 230.03	-0.10%	0.92%	0.45%	-1.60%	$ 229.22	299,533	$ 224.45	-0.10%		0.09%	$ 224.45
South Central	Foster Care Children	Foster Care, All Ages Male & Female	39,962	$ 183.47	-0.10%	1.45%	-2.12%	1.33%	$ 184.42	44,822	$ 175.24	-0.09%		-1.29%	$ 172.82
South Central	Breast and Cervical Cancer	BCC, All Ages Female	2,936	$ 1,680.90	-0.08%	0.77%	-4.62%	1.89%	$ 1,644.93	2,713	$ 1,378.77	-0.12%		-4.46%	$ 1,315.77
South Central	LaCHIP Affordable Plan	All Ages	13,180	$ 105.15	-0.14%	1.15%	-4.06%	1.32%	$ 103.24	12,630	$ 110.52	-0.09%		-3.44%	$ 106.63
South Central	HCBS Waiver	20 & Under, Male and Female	7,448	$ 1,570.97	-0.08%	0.67%	0.12%	15.09%	$ 1,821.03	6,778	$ 1,612.69	-0.11%		0.25%	$ 1,614.99
South Central	HCBS Waiver	21+ Years, Male and Female	14,467	$ 807.32	-0.14%	1.40%	0.80%	3.18%	$ 850.18	14,081	$ 808.13	-0.14%		1.01%	$ 815.10
South Central	Chisholm Class Members	Chisholm, All Ages Male & Female	17,012	$ 905.07	-0.12%	0.87%	0.67%	3.70%	$ 951.96	18,517	$ 891.18	-0.16%		0.86%	$ 897.46
South Central	SBH - Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	-	$ -	0.00%	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%		0.00%	$ -
South Central	SBH -HCBS Waiver	SBH - 20 & Under, Male and Female	-	$ -	0.00%	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%		0.00%	$ -
South Central	SBH -Other	SBH - Other, All Ages	-	$ -	0.00%	0.00%	0.00%	0.00%	$ -	-	$ -	0.00%		0.00%	$ -
South Central	Maternity Kickpayment	Maternity Kickpayment, All Ages	10,299	$ 4,716.29	-0.16%	0.00%	10.25%	0.00%	$ 5,191.62	10,161	$ 4,856.10	-0.15%		8.15%	$ 5,243.96
North	SSI	Newborn, 0-2 Months	477	$ 16,249.67	-0.21%	0.03%	2.64%	-6.08%	$ 15,635.85	455	$ 13,464.32	-0.21%		0.96%	$ 13,563.84
North	SSI	Newborn, 3-11 Months	1,874	$ 2,553.38	-0.12%	0.52%	1.86%	-0.17%	$ 2,606.73	1,736	$ 2,615.08	-0.15%		-0.45%	$ 2,599.39
North	SSI	Child, 1-20 Years	120,963	$ 325.18	-0.08%	1.13%	-1.40%	2.76%	$ 332.97	119,854	$ 340.66	-0.08%		-2.24%	$ 332.76
North	SSI	Adult, 21+ Years	212,643	$ 667.12	-0.08%	1.04%	-1.47%	1.74%	$ 675.13	209,729	$ 672.88	-0.09%		-2.48%	$ 655.61
North	Family and Children	Newborn, 0-2 Months	35,832	$ 1,315.47	-0.16%	0.05%	1.53%	-3.50%	$ 1,287.34	35,273	$ 1,214.89	-0.16%		0.37%	$ 1,217.38
North	Family and Children	Newborn, 3-11 Months	81,270	$ 210.79	-0.13%	0.54%	-4.06%	-0.40%	$ 202.26	81,695	$ 201.80	-0.11%		-5.05%	$ 191.39
North	Family and Children	Child, 1-20 Years	1,599,060	$ 85.43	-0.11%	0.93%	-3.71%	0.92%	$ 83.71	1,639,001	$ 86.64	-0.09%		-4.11%	$ 83.00
North	Family and Children	Adult, 21+ Years	206,387	$ 216.24	-0.11%	0.82%	-1.08%	-1.76%	$ 211.63	239,456	$ 213.58	-0.11%		-1.61%	$ 209.91
North	Foster Care Children	Foster Care, All Ages Male & Female	22,020	$ 179.51	-0.09%	1.47%	-1.14%	1.35%	$ 182.34	24,784	$ 168.85	-0.07%		-1.55%	$ 166.12
North	Breast and Cervical Cancer	BCC, All Ages Female	2,439	$ 1,664.90	-0.09%	1.04%	-14.08%	2.95%	$ 1,486.60	2,535	$ 1,647.79	-0.12%		-16.85%	$ 1,368.54
North	LaCHIP Affordable Plan	All Ages	7,217	$ 131.36	-0.11%	0.96%	-2.69%	1.69%	$ 131.10	6,369	$ 145.25	-0.11%		-2.60%	$ 141.32
North	HCBS Waiver	20 & Under, Male and Female	4,873	$ 1,509.07	-0.10%	0.62%	0.61%	14.02%	$ 1,740.24	4,300	$ 1,755.77	-0.13%		0.35%	$ 1,759.53
North	HCBS Waiver	21+ Years, Male and Female	11,241	$ 785.15	-0.15%	1.40%	1.93%	2.77%	$ 832.81	11,183	$ 797.87	-0.16%		0.96%	$ 804.26
North	Chisholm Class Members	Chisholm, All Ages Male & Female	16,995	$ 669.54	-0.12%	0.68%	0.85%	4.13%	$ 707.00	16,907	$ 709.41	-0.16%		0.38%	$ 711.02
North	SBH - Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	-	$ -	0.00%	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%		0.00%	$ -
North	SBH -HCBS Waiver	SBH - 20 & Under, Male and Female	-	$ -	0.00%	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%		0.00%	$ -
North	SBH -Other	SBH - Other, All Ages	-	$ -	0.00%	0.00%	0.00%	0.00%	$ -	-	$ -	0.00%		0.00%	$ -
North	Maternity Kickpayment	Maternity Kickpayment, All Ages	7,998	$ 5,024.19	-0.15%	0.00%	3.24%	0.00%	$ 5,178.97	7,659	$ 4,957.54	-0.15%		2.06%	$ 5,052.27

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^1 is calculated seperately for PP, SS and FFS data types

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Appendix I: Physical Health Projected Claims PMPM Development

Table 2: PH Prospective Rating Adjustments

						Prospective Adjustments													
			G	M	N	O	P	Q	R	S	T	U	V	W	X	Y	Z	AA	AB
Region Name	COA Description	Rate Cell Description	CY2013 PMPM After Historical Adj	CY2014 PMPM After Historical Adj	Blended PMPM	Rx Adj	Retro Adj	Act 399 Adj	CBR Adj	PDHC Adj	Low Trend	High Trend	MC Savings Factor -- Low	MC Savings Factor -- High	Clinical & Rx Efficiencies	Preventive Services	Outliers	Projected PMPM -- Low	Projected PMPM -- High
Gulf	SSI	Newborn, 0-2 Months	$ 21,494.64	$ 20,423.90	$ 20,466.35	-0.03%	0.00%	0.00%	0.00%	0.00%	-0.97%	1.76%	0.98	0.99	$ (1.85)	$ -	$ 1,979.92	$ 21,460.17	$ 23,298.96
Gulf	SSI	Newborn, 3-11 Months	$ 6,026.02	$ 5,930.42	$ 5,981.40	-0.26%	0.00%	0.04%	0.00%	-0.19%	0.36%	3.09%	0.99	1.00	$ (2.34)	$ -	$ 32.24	$ 6,003.07	$ 6,541.72
Gulf	SSI	Child, 1-20 Years	$ 328.88	$ 342.98	$ 336.85	-1.21%	0.00%	0.19%	0.00%	-0.74%	6.66%	8.91%	0.97	0.98	$ (2.34)	$ 0.61	$ 0.25	$ 388.50	$ 420.35
Gulf	SSI	Adult, 21+ Years	$ 732.65	$ 741.87	$ 738.52	-1.29%	0.44%	0.21%	0.00%	0.00%	4.79%	7.01%	0.97	0.98	$ (2.15)	$ 3.62	$ -	$ 826.42	$ 890.99
Gulf	Family and Children	Newborn, 0-2 Months	$ 1,142.54	$ 1,089.31	$ 1,115.80	-0.05%	0.00%	0.01%	0.00%	-0.01%	-0.81%	1.91%	0.97	0.98	$ (2.33)	$ -	$ 32.99	$ 1,084.91	$ 1,186.95
Gulf	Family and Children	Newborn, 3-11 Months	$ 182.33	$ 196.11	$ 190.73	-0.60%	0.00%	0.10%	0.00%	-0.15%	1.46%	3.58%	0.97	0.97	$ (2.45)	$ -	$ 0.26	$ 189.30	$ 203.20
Gulf	Family and Children	Child, 1-20 Years	$ 84.53	$ 85.30	$ 85.14	-1.14%	0.00%	0.18%	0.00%	-0.12%	2.76%	4.65%	0.95	0.96	$ (2.47)	$ 0.30	$ 0.00	$ 84.64	$ 90.49
Gulf	Family and Children	Adult, 21+ Years	$ 207.71	$ 208.21	$ 208.31	-1.06%	0.00%	0.17%	0.00%	0.00%	3.82%	5.68%	0.95	0.96	$ (2.25)	$ 3.62	$ -	$ 221.08	$ 235.82
Gulf	Foster Care Children	Foster Care, All Ages Male & Female	$ 164.22	$ 161.94	$ 162.65	-1.55%	0.00%	0.25%	0.00%	-0.48%	2.56%	4.31%	0.92	0.92	$ (2.33)	$ 0.52	$ -	$ 156.29	$ 166.40
Gulf	Breast and Cervical Cancer	BCC, All Ages Female	$ 1,398.32	$ 1,225.69	$ 1,297.49	-0.45%	2.41%	0.07%	1.63%	0.00%	5.96%	8.04%	0.97	0.98	$ (2.13)	$ 3.23	$ -	$ 1,566.51	$ 1,681.30
Gulf	LaCHIP Affordable Plan	All Ages	$ 118.96	$ 132.70	$ 126.58	-1.26%	0.36%	0.20%	0.00%	-0.09%	2.68%	4.54%	0.91	0.92	$ (2.45)	$ 0.32	$ -	$ 121.76	$ 130.51
Gulf	HCBS Waiver	20 & Under, Male and Female	$ 1,013.91	$ 974.76	$ 990.42	-0.79%	0.00%	0.13%	0.00%	-0.24%	12.11%	14.46%	0.94	0.97	$ -	$ 1.02	$ -	$ 1,317.40	$ 1,449.72
Gulf	HCBS Waiver	21+ Years, Male and Female	$ 731.43	$ 709.66	$ 718.37	-1.66%	0.00%	0.27%	0.00%	0.00%	2.68%	4.47%	0.91	0.93	$ -	$ 3.62	$ -	$ 700.18	$ 758.41
Gulf	Chisholm Class Members	Chisholm, All Ages Male & Female	$ 705.77	$ 783.82	$ 752.60	-0.90%	0.02%	0.14%	0.00%	-0.79%	3.74%	6.16%	0.93	0.96	$ -	$ 0.49	$ -	$ 771.36	$ 854.32
Gulf	SBH - Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	$ -	$ -	$ -	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	1.00	1.00	$ -	$ -	$ -	$ -	$ -
Gulf	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	$ -	$ -	$ -	0.00%	0.00%	0.00%	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%	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%	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%	0.00%	0.00%	0.00%	1.00	1.00	$ -	$ -	$ -	$ -	$ -
Gulf	Maternity Kickpayment	Maternity Kickpayment, All Ages	$ 5,883.94	$ 5,704.68	$ 5,781.13	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	1.00%	1.00	1.00	$ -	$ 48.81	$ -	$ 5,829.94	$ 6,015.05
Capital	SSI	Newborn, 0-2 Months	$ 18,316.16	$ 16,923.94	$ 17,510.76	-0.02%	0.00%	0.00%	0.00%	0.00%	-1.01%	1.70%	0.96	0.98	$ (1.77)	$ -	$ 1,979.92	$ 18,324.03	$ 19,972.54
Capital	SSI	Newborn, 3-11 Months	$ 6,079.87	$ 5,983.01	$ 5,968.94	-0.26%	0.00%	0.04%	0.00%	-0.79%	2.66%	5.40%	0.99	0.99	$ (2.35)	$ -	$ 32.24	$ 6,370.43	$ 6,933.61
Capital	SSI	Child, 1-20 Years	$ 389.06	$ 395.36	$ 394.02	-1.22%	0.00%	0.20%	0.00%	-1.48%	8.52%	10.83%	0.97	0.98	$ (2.35)	$ 0.59	$ 0.25	$ 476.51	$ 516.29
Capital	SSI	Adult, 21+ Years	$ 838.85	$ 845.90	$ 843.63	-1.32%	0.44%	0.21%	0.00%	0.00%	4.97%	7.18%	0.97	0.98	$ (2.18)	$ 3.62	$ -	$ 948.87	$ 1,022.39
Capital	Family and Children	Newborn, 0-2 Months	$ 1,188.96	$ 1,175.61	$ 1,183.92	-0.06%	0.00%	0.01%	0.00%	-0.01%	-1.09%	1.64%	0.97	0.98	$ (2.38)	$ -	$ 32.99	$ 1,141.70	$ 1,249.27
Capital	Family and Children	Newborn, 3-11 Months	$ 195.92	$ 184.09	$ 188.70	-0.65%	0.00%	0.10%	0.00%	-0.23%	1.60%	3.70%	0.96	0.97	$ (2.53)	$ -	$ 0.26	$ 186.77	$ 200.50
Capital	Family and Children	Child, 1-20 Years	$ 94.04	$ 94.84	$ 94.76	-1.26%	0.00%	0.20%	0.00%	-0.13%	2.85%	4.71%	0.94	0.95	$ (2.51)	$ 0.32	$ 0.00	$ 93.56	$ 100.08
Capital	Family and Children	Adult, 21+ Years	$ 251.32	$ 249.26	$ 250.05	-1.09%	0.00%	0.17%	0.00%	0.00%	3.90%	5.74%	0.95	0.96	$ (2.27)	$ 3.62	$ -	$ 265.33	$ 282.91
Capital	Foster Care Children	Foster Care, All Ages Male & Female	$ 174.03	$ 168.21	$ 170.67	-1.74%	0.00%	0.28%	0.00%	-0.55%	2.66%	4.32%	0.91	0.92	$ (2.30)	$ 0.52	$ -	$ 162.71	$ 172.58
Capital	Breast and Cervical Cancer	BCC, All Ages Female	$ 1,089.81	$ 1,165.60	$ 1,133.88	-0.45%	2.41%	0.07%	1.63%	0.00%	5.68%	7.69%	0.98	0.99	$ (2.26)	$ 3.23	$ -	$ 1,366.86	$ 1,460.43
Capital	LaCHIP Affordable Plan	All Ages	$ 121.44	$ 177.41	$ 155.84	-1.33%	0.36%	0.21%	0.00%	-0.05%	2.31%	4.22%	0.91	0.92	$ (2.49)	$ 0.32	$ -	$ 148.00	$ 158.87
Capital	HCBS Waiver	20 & Under, Male and Female	$ 1,339.88	$ 1,347.66	$ 1,344.55	-0.65%	0.00%	0.10%	0.00%	-0.25%	12.60%	15.01%	0.96	0.99	$ -	$ 1.02	$ -	$ 1,851.93	$ 2,033.71
Capital	HCBS Waiver	21+ Years, Male and Female	$ 732.68	$ 740.11	$ 737.14	-1.54%	0.00%	0.25%	0.00%	0.00%	2.75%	4.58%	0.91	0.94	$ -	$ 3.62	$ -	$ 722.28	$ 784.63
Capital	Chisholm Class Members	Chisholm, All Ages Male & Female	$ 896.16	$ 916.15	$ 908.15	-0.90%	0.02%	0.14%	0.00%	-0.94%	4.04%	6.49%	0.94	0.97	$ -	$ 0.49	$ -	$ 946.72	$ 1,047.98
Capital	SBH - Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	$ -	$ -	$ -	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	1.00	1.00	$ -	$ -	$ -	$ -	$ -
Capital	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	$ -	$ -	$ -	0.00%	0.00%	0.00%	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%	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%	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%	0.00%	0.00%	0.00%	1.00	1.00	$ -	$ -	$ -	$ -	$ -
Capital	Maternity Kickpayment	Maternity Kickpayment, All Ages	$ 5,160.15	$ 5,049.37	$ 5,101.75	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	1.00%	1.00	1.00	$ -	$ 48.81	$ -	$ 5,150.56	$ 5,314.01

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						Prospective Adjustments													
			G	M	N	O	P	Q	R	S	T	U	V	W	X	Y	Z	AA	AB
Region Name	COA Description	Rate Cell Description	CY2013 PMPM After Historical Adj	CY2014 PMPM After Historical Adj	Blended PMPM	Rx Adj	Retro Adj	Act 399 Adj	CBR Adj	PDHC Adj	Low Trend	High Trend	MC Savings Factor -- Low	MC Savings Factor -- High	Clinical & Rx Efficiencies	Preventive Services	Outliers	Projected PMPM -- Low	Projected PMPM -- High
South Central	SSI	Newborn, 0-2 Months	$ 13,112.04	$ 17,272.87	$ 15,496.59	-0.03%	0.00%	0.00%	0.00%	0.00%	-0.88%	1.81%	0.98	0.99	$ (1.73)	$ -	$ 1,979.92	$ 16,705.45	$ 18,108.02
South Central	SSI	Newborn, 3-11 Months	$ 4,354.56	$ 3,284.95	$ 3,657.18	-0.51%	0.00%	0.08%	0.00%	-0.47%	2.35%	5.00%	0.99	0.99	$ (2.20)	$ -	$ 32.24	$ 3,870.71	$ 4,212.31
South Central	SSI	Child, 1-20 Years	$ 381.34	$ 359.21	$ 367.81	-1.52%	0.00%	0.24%	0.00%	-0.89%	7.66%	9.89%	0.97	0.98	$ (2.30)	$ 0.62	$ 0.25	$ 435.29	$ 471.49
South Central	SSI	Adult, 21+ Years	$ 726.55	$ 705.99	$ 714.71	-1.29%	0.44%	0.21%	0.00%	0.00%	5.01%	7.21%	0.98	0.99	$ (2.21)	$ 3.62	$ -	$ 807.69	$ 868.82
South Central	Family and Children	Newborn, 0-2 Months	$ 1,266.34	$ 1,272.96	$ 1,274.61	-0.05%	0.00%	0.01%	0.00%	-0.01%	-1.02%	1.72%	0.98	0.99	$ (2.36)	$ -	$ 32.99	$ 1,240.09	$ 1,353.80
South Central	Family and Children	Newborn, 3-11 Months	$ 201.96	$ 190.90	$ 196.06	-0.67%	0.00%	0.11%	0.00%	-0.21%	1.57%	3.66%	0.96	0.97	$ (2.48)	$ -	$ 0.26	$ 194.43	$ 208.54
South Central	Family and Children	Child, 1-20 Years	$ 97.91	$ 95.82	$ 96.95	-1.31%	0.00%	0.21%	0.00%	-0.12%	2.86%	4.70%	0.94	0.95	$ (2.46)	$ 0.33	$ 0.00	$ 96.03	$ 102.60
South Central	Family and Children	Adult, 21+ Years	$ 229.22	$ 224.45	$ 226.80	-1.02%	0.00%	0.16%	0.00%	0.00%	3.92%	5.77%	0.95	0.96	$ (2.24)	$ 3.62	$ -	$ 242.14	$ 258.05
South Central	Foster Care Children	Foster Care, All Ages Male & Female	$ 184.42	$ 172.82	$ 176.95	-1.58%	0.00%	0.25%	0.00%	-0.43%	2.17%	3.93%	0.91	0.92	$ (2.31)	$ 0.52	$ -	$ 167.99	$ 178.89
South Central	Breast and Cervical Cancer	BCC, All Ages Female	$ 1,644.93	$ 1,315.77	$ 1,437.51	-0.82%	2.41%	0.13%	1.63%	0.00%	5.87%	7.97%	0.98	0.99	$ (2.22)	$ 3.23	$ -	$ 1,733.31	$ 1,856.18
South Central	LaCHIP Affordable Plan	All Ages	$ 103.24	$ 106.63	$ 105.78	-1.41%	0.36%	0.23%	0.00%	-0.06%	2.89%	4.65%	0.91	0.92	$ (2.48)	$ 0.32	$ -	$ 101.78	$ 108.75
South Central	HCBS Waiver	20 & Under, Male and Female	$ 1,821.03	$ 1,614.99	$ 1,697.40	-0.70%	0.00%	0.11%	0.00%	-0.33%	15.45%	17.95%	0.97	0.99	$ -	$ 1.02	$ -	$ 2,540.20	$ 2,779.94
South Central	HCBS Waiver	21+ Years, Male and Female	$ 850.18	$ 815.10	$ 829.13	-1.64%	0.00%	0.26%	0.00%	0.00%	2.93%	4.69%	0.91	0.93	$ -	$ 3.62	$ -	$ 816.41	$ 883.39
South Central	Chisholm Class Members	Chisholm, All Ages Male & Female	$ 951.96	$ 897.46	$ 919.26	-0.92%	0.02%	0.15%	0.00%	-0.93%	4.09%	6.53%	0.94	0.97	$ -	$ 0.49	$ -	$ 961.69	$ 1,061.58
South Central	SBH - Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	$ -	$ -	$ -	0.00%	0.00%	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%	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%	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%	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%	0.00%	0.00%	1.00	1.00	$ -	$ -	$ -	$ -	$ -
South Central	Maternity Kickpayment	Maternity Kickpayment, All Ages	$ 5,191.62	$ 5,243.96	$ 5,238.38	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	1.00%	1.00	1.00	$ -	$ 48.81	$ -	$ 5,287.19	$ 5,454.96
North	SSI	Newborn, 0-2 Months	$ 15,635.85	$ 13,563.84	$ 13,582.09	-0.02%	0.00%	0.00%	0.00%	-0.01%	-0.71%	1.98%	0.96	0.98	$ (1.66)	$ -	$ 1,979.92	$ 14,749.08	$ 16,043.16
North	SSI	Newborn, 3-11 Months	$ 2,606.73	$ 2,599.39	$ 2,579.30	-0.53%	0.00%	0.08%	0.00%	-1.17%	5.48%	8.05%	0.99	0.99	$ (2.31)	$ -	$ 32.24	$ 2,984.88	$ 3,229.86
North	SSI	Child, 1-20 Years	$ 332.97	$ 332.76	$ 333.26	-1.27%	0.00%	0.20%	0.00%	-1.55%	8.71%	11.03%	0.97	0.98	$ (2.26)	$ 0.62	$ 0.25	$ 404.59	$ 437.73
North	SSI	Adult, 21+ Years	$ 675.13	$ 655.61	$ 662.81	-1.21%	0.44%	0.19%	0.00%	0.00%	4.46%	6.69%	0.98	0.99	$ (2.23)	$ 3.62	$ -	$ 737.80	$ 794.39
North	Family and Children	Newborn, 0-2 Months	$ 1,287.34	$ 1,217.38	$ 1,249.75	-0.05%	0.00%	0.01%	0.00%	-0.01%	-1.09%	1.65%	0.98	0.98	$ (2.29)	$ -	$ 32.99	$ 1,209.84	$ 1,322.90
North	Family and Children	Newborn, 3-11 Months	$ 202.26	$ 191.39	$ 196.23	-0.61%	0.00%	0.10%	0.00%	-0.18%	1.41%	3.54%	0.97	0.97	$ (2.42)	$ -	$ 0.26	$ 194.42	$ 208.73
North	Family and Children	Child, 1-20 Years	$ 83.71	$ 83.00	$ 83.53	-1.09%	0.00%	0.17%	0.00%	-0.14%	2.60%	4.51%	0.95	0.96	$ (2.43)	$ 0.32	$ 0.00	$ 83.10	$ 88.79
North	Family and Children	Adult, 21+ Years	$ 211.63	$ 209.91	$ 210.75	-0.95%	0.00%	0.15%	0.00%	0.00%	3.61%	5.49%	0.95	0.96	$ (2.23)	$ 3.62	$ -	$ 223.76	$ 238.66
North	Foster Care Children	Foster Care, All Ages Male & Female	$ 182.34	$ 166.12	$ 172.83	-1.62%	0.00%	0.26%	0.00%	-0.94%	2.39%	4.13%	0.93	0.94	$ (2.26)	$ 0.52	$ -	$ 167.11	$ 177.35
North	Breast and Cervical Cancer	BCC, All Ages Female	$ 1,486.60	$ 1,368.54	$ 1,425.68	-1.25%	2.41%	0.20%	1.63%	0.00%	6.17%	8.30%	0.97	0.98	$ (2.20)	$ 3.23	$ -	$ 1,714.49	$ 1,840.37
North	LaCHIP Affordable Plan	All Ages	$ 131.10	$ 141.32	$ 139.07	-1.11%	0.36%	0.18%	0.00%	-0.31%	2.95%	4.93%	0.93	0.94	$ (2.44)	$ 0.32	$ -	$ 137.34	$ 147.38
North	HCBS Waiver	20 & Under, Male and Female	$ 1,740.24	$ 1,759.53	$ 1,751.81	-0.64%	0.00%	0.10%	0.00%	-0.32%	15.08%	17.59%	0.96	0.99	$ -	$ 1.02	$ -	$ 2,580.34	$ 2,834.82
North	HCBS Waiver	21+ Years, Male and Female	$ 832.81	$ 804.26	$ 815.68	-1.59%	0.00%	0.25%	0.00%	0.00%	2.71%	4.56%	0.91	0.94	$ -	$ 3.62	$ -	$ 798.58	$ 867.78
North	Chisholm Class Members	Chisholm, All Ages Male & Female	$ 707.00	$ 711.02	$ 709.42	-0.76%	0.02%	0.12%	0.00%	-1.14%	4.10%	6.60%	0.95	0.97	$ -	$ 0.49	$ -	$ 746.57	$ 826.29
North	SBH - Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	$ -	$ -	$ -	0.00%	0.00%	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%	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%	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%	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%	0.00%	0.00%	1.00	1.00	$ -	$ -	$ -	$ -	$ -
North	Maternity Kickpayment	Maternity Kickpayment, All Ages	$ 5,178.97	$ 5,052.27	$ 5,108.16	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	1.00%	1.00	1.00	$ -	$ 48.81	$ -	$ 5,156.97	$ 5,320.53

Notes:
M = 40% * F + 60% * L
W = (M * (1 + N) * (1 + O) * (1 + P) *(1 + Q) * (1 + R) * ((1 + S) ^ 37/12) * U) + W + X + Y
X = (M * (1 + N) * (1 + O) * (1 + P) *(1 + Q) * (1 + R) * ((1 + T) ^ 37/12) * V) + W + X + Y

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Appendix J: Specialized Behavioral Health Projected Claims PMPM Development

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

					Historical Adjustments								
			A	B	C	D	E	F	G	H	I	J	K
Region Name	COA Description	Rate Cell Description	CY2013 MMs	CY2013 PMPM	Recoupment Adj (F&A)	Medication Mgmt Adj	IP/OP Fee Adj	PSH Increase Adj	CSOC Adj	PRTF Adj	PSR Reduction	Historical Trend	CY2013 PMPM After Adj
Gulf	SSI	Newborn, 0-2 Months	608	$ -	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	$ -
Gulf	SSI	Newborn, 3-11 Months	2,075	$ 1.21	-0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	29.5%	$ 1.56
Gulf	SSI	Child, 1-20 Years	146,471	$ 82.87	0.0%	1.9%	-0.2%	0.1%	-9.5%	0.3%	-3.8%	29.5%	$ 95.33
Gulf	SSI	Adult, 21+ Years	286,423	$ 78.00	-0.1%	-0.1%	-0.6%	0.2%	0.0%	0.0%	0.0%	1.5%	$ 78.73
Gulf	Family and Children	Newborn, 0-2 Months	47,080	$ 0.09	0.0%	0.0%	-0.8%	0.0%	0.0%	0.0%	0.0%	29.5%	$ 0.12
Gulf	Family and Children	Newborn, 3-11 Months	105,570	$ 0.03	-0.1%	0.0%	-4.1%	0.0%	0.0%	0.0%	0.0%	29.5%	$ 0.03
Gulf	Family and Children	Child, 1-20 Years	2,076,304	$ 13.68	-0.1%	1.6%	0.2%	0.0%	-4.0%	0.1%	-3.5%	29.5%	$ 16.72
Gulf	Family and Children	Adult, 21+ Years	364,038	$ 16.13	-0.1%	0.3%	0.1%	0.0%	0.0%	0.0%	0.0%	1.5%	$ 16.41
Gulf	Foster Care Children	Foster Care, All Ages Male & Female	21,665	$ 106.61	-0.1%	1.5%	0.3%	0.1%	-9.7%	1.6%	-2.2%	29.5%	$ 126.02
Gulf	Breast and Cervical Cancer	BCC, All Ages Female	3,841	$ 6.92	-0.2%	-0.5%	-0.9%	0.0%	0.0%	0.0%	0.0%	1.5%	$ 6.91
Gulf	LaCHIP Affordable Plan	All Ages	10,504	$ 6.82	-0.2%	3.4%	0.8%	0.0%	0.0%	0.0%	-2.7%	29.5%	$ 8.95
Gulf	HCBS Waiver	20 & Under, Male and Female	7,958	$ 21.39	-0.1%	6.3%	-0.9%	0.0%	-10.2%	0.0%	-2.1%	29.5%	$ 25.62
Gulf	HCBS Waiver	21+ Years, Male and Female	13,244	$ 31.24	-0.1%	0.7%	-1.3%	0.2%	0.0%	0.0%	0.0%	1.5%	$ 31.55
Gulf	Chisholm Class Members	Chisholm, All Ages Male & Female	16,137	$ 52.96	-0.1%	3.9%	-1.1%	0.0%	-12.2%	0.0%	-2.8%	29.5%	$ 60.01
Gulf	SBH - Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	16,432	$ 58.44	-0.1%	3.5%	-1.1%	0.0%	-10.9%	0.0%	-2.5%	28.4%	$ 66.63
Gulf	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	305,720	$ 16.67	-0.1%	0.5%	0.0%	0.4%	0.0%	0.0%	0.0%	6.3%	$ 17.86
Gulf	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female	7,958	$ 26.39	-0.2%	5.1%	-0.8%	0.0%	-8.3%	0.0%	-1.7%	25.8%	$ 31.14
Gulf	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	13,232	$ 43.29	-0.2%	0.5%	-0.9%	0.1%	0.0%	0.0%	0.0%	4.1%	$ 44.85
Gulf	SBH - Other	SBH - Other, All Ages	6,782	$ 130.38	-0.3%	0.0%	-1.1%	0.0%	0.0%	0.0%	0.0%	4.9%	$ 134.94
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	440	$ 7.39	-0.3%	0.0%	0.0%	5.0%	0.0%	0.0%	0.0%	29.5%	$ 10.03
Capital	SSI	Newborn, 3-11 Months	1,731	$ 0.03	-0.3%	0.0%	0.0%	5.0%	0.0%	0.0%	0.0%	29.5%	$ 0.04
Capital	SSI	Child, 1-20 Years	107,806	$ 60.84	-0.1%	2.5%	0.3%	0.0%	-15.0%	0.8%	-3.1%	29.5%	$ 67.16
Capital	SSI	Adult, 21+ Years	211,153	$ 67.67	-0.1%	0.0%	0.9%	0.0%	0.0%	0.1%	0.0%	1.5%	$ 69.29
Capital	Family and Children	Newborn, 0-2 Months	42,327	$ 0.13	0.0%	0.0%	-0.1%	0.0%	0.0%	0.0%	0.0%	29.5%	$ 0.16
Capital	Family and Children	Newborn, 3-11 Months	95,524	$ 0.14	-0.2%	0.0%	0.0%	3.6%	0.0%	0.0%	0.0%	29.5%	$ 0.19
Capital	Family and Children	Child, 1-20 Years	1,865,610	$ 13.56	-0.1%	3.0%	1.2%	0.0%	-4.5%	0.3%	-2.9%	29.5%	$ 17.00
Capital	Family and Children	Adult, 21+ Years	261,197	$ 16.51	-0.1%	0.6%	3.7%	0.0%	0.0%	0.1%	0.0%	1.5%	$ 17.49
Capital	Foster Care Children	Foster Care, All Ages Male & Female	31,317	$ 89.16	-0.1%	2.5%	0.9%	0.1%	-6.0%	2.3%	-1.2%	29.5%	$ 113.40
Capital	Breast and Cervical Cancer	BCC, All Ages Female	4,053	$ 6.98	-0.1%	0.1%	-0.6%	0.0%	0.0%	0.0%	0.0%	1.5%	$ 7.03
Capital	LaCHIP Affordable Plan	All Ages	11,338	$ 8.27	-0.3%	7.5%	6.9%	0.0%	0.0%	0.0%	-1.9%	29.5%	$ 12.02
Capital	HCBS Waiver	20 & Under, Male and Female	8,312	$ 22.82	-0.1%	5.2%	1.4%	0.3%	-11.7%	0.0%	-2.6%	29.5%	$ 27.15
Capital	HCBS Waiver	21+ Years, Male and Female	12,119	$ 53.47	-0.1%	0.5%	3.6%	0.0%	0.0%	0.0%	0.0%	1.5%	$ 56.41
Capital	Chisholm Class Members	Chisholm, All Ages Male & Female	16,052	$ 57.88	-0.2%	3.6%	2.8%	0.0%	-13.0%	1.4%	-1.6%	29.5%	$ 69.12
Capital	SBH - Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	16,256	$ 63.91	-0.2%	3.3%	3.3%	0.0%	-11.7%	1.2%	-1.5%	27.9%	$ 76.59
Capital	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	246,290	$ 12.44	-0.1%	0.4%	2.3%	0.0%	-0.2%	0.1%	0.0%	10.1%	$ 14.03
Capital	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female	8,312	$ 28.90	-0.2%	4.1%	1.1%	0.3%	-9.4%	0.0%	-2.0%	25.4%	$ 33.87
Capital	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	12,119	$ 66.78	-0.2%	0.4%	2.9%	0.0%	0.0%	0.0%	0.0%	3.3%	$ 71.11
Capital	SBH - Other	SBH - Other, All Ages	8,210	$ 115.21	-0.2%	0.0%	0.8%	0.0%	0.0%	0.0%	-0.1%	4.0%	$ 120.47
Capital	Maternity Kickpayment	Maternity Kickpayment, All Ages	-	$ -	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	$ -

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Appendix J: Specialized Behavioral Health Projected Claims PMPM Development

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

					Historical Adjustments								
			A	B	C	D	E	F	G	H	I	J	K
Region Name	COA Description	Rate Cell Description	CY2013 MMs	CY2013 PMPM	Recoupment Adj (F&A)	Medication Mgmt Adj	IP/OP Fee Adj	PSH Increase Adj	CSOC Adj	PRTF Adj	PSR Reduction	Historical Trend	CY2013 PMPM After Adj
South Central	SSI	Newborn, 0-2 Months	503	$ -	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	$ -
South Central	SSI	Newborn, 3-11 Months	1,956	$ 2.87	-0.1%	1.7%	0.0%	0.0%	0.0%	0.0%	0.0%	29.5%	$ 3.78
South Central	SSI	Child, 1-20 Years	109,971	$ 66.15	-0.1%	1.0%	-0.2%	0.0%	-7.9%	0.9%	-3.1%	29.5%	$ 77.71
South Central	SSI	Adult, 21+ Years	249,869	$ 74.00	-0.1%	0.5%	-0.7%	0.1%	0.0%	0.1%	0.0%	1.5%	$ 75.02
South Central	Family and Children	Newborn, 0-2 Months	46,824	$ 0.01	-0.9%	0.0%	-7.9%	0.0%	0.0%	0.0%	0.0%	29.5%	$ 0.01
South Central	Family and Children	Newborn, 3-11 Months	105,454	$ 0.04	0.0%	0.0%	-0.9%	0.0%	0.0%	0.0%	0.0%	29.5%	$ 0.05
South Central	Family and Children	Child, 1-20 Years	2,041,992	$ 11.39	-0.1%	1.0%	-0.1%	0.0%	-4.8%	0.4%	-3.3%	29.5%	$ 13.75
South Central	Family and Children	Adult, 21+ Years	271,787	$ 17.90	-0.2%	1.3%	-0.6%	0.0%	0.0%	0.0%	0.0%	1.5%	$ 18.26
South Central	Foster Care Children	Foster Care, All Ages Male & Female	39,962	$ 106.28	0.0%	0.5%	0.1%	0.0%	-5.9%	3.7%	-1.6%	29.5%	$ 132.67
South Central	Breast and Cervical Cancer	BCC, All Ages Female	2,936	$ 2.13	0.0%	1.2%	-1.0%	0.3%	0.0%	0.0%	0.0%	1.5%	$ 2.17
South Central	LaCHIP Affordable Plan	All Ages	13,180	$ 5.87	-0.1%	2.1%	-0.1%	0.0%	0.0%	0.0%	-3.5%	29.5%	$ 7.47
South Central	HCBS Waiver	20 & Under, Male and Female	7,448	$ 31.11	-0.2%	3.5%	-0.4%	0.0%	0.0%	0.0%	-2.5%	29.5%	$ 40.42
South Central	HCBS Waiver	21+ Years, Male and Female	14,467	$ 42.33	-0.2%	2.6%	-0.5%	0.0%	0.0%	0.0%	0.0%	1.5%	$ 43.76
South Central	Chisholm Class Members	Chisholm, All Ages Male & Female	17,012	$ 89.66	-0.1%	1.6%	0.0%	0.0%	-14.2%	1.4%	-2.5%	29.5%	$ 99.83
South Central	SBH - Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	17,566	$ 97.81	-0.1%	1.4%	0.0%	0.0%	-12.6%	1.2%	-2.3%	27.4%	$ 109.04
South Central	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	329,216	$ 11.48	-0.2%	0.5%	2.4%	0.1%	0.0%	0.1%	0.0%	7.8%	$ 12.74
South Central	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female	7,448	$ 41.97	-0.3%	2.6%	-0.3%	0.0%	0.0%	0.0%	-1.9%	24.7%	$ 52.41
South Central	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	14,467	$ 63.87	-0.3%	1.7%	-0.4%	0.0%	0.0%	0.0%	0.0%	4.7%	$ 67.55
South Central	SBH - Other	SBH - Other, All Ages	10,168	$ 201.14	-0.2%	0.2%	-0.2%	0.0%	0.0%	0.0%	0.0%	3.7%	$ 207.99
South Central	Maternity Kickpayment	Maternity Kickpayment, All Ages	-	$ -	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	$ -
North	SSI	Newborn, 0-2 Months	477	$ -	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	$ -
North	SSI	Newborn, 3-11 Months	1,874	$ 0.01	-0.4%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	29.5%	$ 0.02
North	SSI	Child, 1-20 Years	120,963	$ 104.68	0.0%	0.5%	0.0%	0.0%	-1.3%	1.4%	-3.4%	29.5%	$ 131.72
North	SSI	Adult, 21+ Years	212,643	$ 51.59	-0.1%	0.3%	-0.3%	0.1%	0.0%	0.2%	0.0%	1.5%	$ 52.51
North	Family and Children	Newborn, 0-2 Months	35,832	$ 0.02	0.0%	0.0%	-3.0%	0.0%	0.0%	0.0%	0.0%	29.5%	$ 0.02
North	Family and Children	Newborn, 3-11 Months	81,270	$ 0.00	-0.1%	0.0%	-1.7%	0.0%	0.0%	0.0%	0.0%	29.5%	$ 0.01
North	Family and Children	Child, 1-20 Years	1,599,060	$ 16.83	0.0%	0.6%	0.1%	0.0%	-0.7%	0.1%	-3.6%	29.5%	$ 21.04
North	Family and Children	Adult, 21+ Years	206,387	$ 16.54	-0.1%	0.3%	0.1%	0.0%	0.0%	0.6%	0.0%	1.5%	$ 16.93
North	Foster Care Children	Foster Care, All Ages Male & Female	22,020	$ 271.62	0.0%	0.2%	0.3%	0.0%	-0.5%	5.3%	-0.8%	29.5%	$ 367.26
North	Breast and Cervical Cancer	BCC, All Ages Female	2,439	$ 36.03	-0.1%	0.0%	0.1%	0.0%	0.0%	0.0%	0.0%	1.5%	$ 36.57
North	LaCHIP Affordable Plan	All Ages	7,217	$ 7.97	0.0%	1.2%	-0.7%	0.1%	-0.7%	0.0%	-1.9%	29.5%	$ 10.12
North	HCBS Waiver	20 & Under, Male and Female	4,873	$ 61.14	-0.1%	2.2%	-0.2%	0.1%	-3.3%	1.2%	-3.2%	29.5%	$ 76.49
North	HCBS Waiver	21+ Years, Male and Female	11,241	$ 42.43	-0.1%	1.2%	-0.3%	0.0%	0.0%	0.0%	0.0%	1.5%	$ 43.41
North	Chisholm Class Members	Chisholm, All Ages Male & Female	16,995	$ 78.74	0.0%	1.4%	0.4%	0.1%	-2.8%	1.5%	-3.0%	29.5%	$ 99.41
North	SBH - Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	17,335	$ 81.54	0.0%	1.4%	0.4%	0.0%	-2.6%	1.4%	-2.9%	28.9%	$ 102.60
North	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	258,659	$ 11.15	-0.1%	0.3%	3.0%	0.1%	0.0%	0.2%	0.0%	8.9%	$ 12.56
North	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female	4,873	$ 68.32	-0.1%	2.0%	-0.2%	0.1%	-3.0%	1.0%	-2.9%	27.5%	$ 84.43
North	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	11,235	$ 62.93	-0.2%	0.8%	-0.2%	0.0%	0.0%	0.0%	0.0%	4.6%	$ 66.05
North	SBH - Other	SBH - Other, All Ages	9,328	$ 116.54	-0.3%	0.1%	0.0%	0.0%	0.0%	0.0%	-0.1%	4.7%	$ 121.69
North	Maternity Kickpayment	Maternity Kickpayment, All Ages	-	$ -	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	$ -

Notes:
Inclusive of SBH and NEMT services
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)

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Appendix J: Specialized Behavioral Health Projected Claims PMPM Development

Table 1b: SBH Historical Adjustments (CY 2014)

					Historical Adjustments								
			L	M	N	O	P	Q	R	S	T	U	V
Region Name	COA Desc	Rate Cell Desc	CY2014 MMs	CY2014 PMPM	Recoupment Adj (F&A)	Medication Mgmt Adj	IP/OP Fee Adj	PSH Increase Adj	CSOC Adj	PRTF Adj	PSR Reduction	Historical Trend	CY2014 PMPM After Adj
Gulf	SSI	Newborn, 0-2 Months	512	$ -	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		$ -
Gulf	SSI	Newborn, 3-11 Months	2,061	$ 0.49	-0.1%	0.0%	-0.1%	0.0%	0.0%	0.0%	0.0%		$ 0.49
Gulf	SSI	Child, 1-20 Years	141,570	$ 104.95	-0.1%	1.5%	-0.1%	0.1%	-13.3%	0.6%	-3.7%		$ 89.36
Gulf	SSI	Adult, 21+ Years	271,617	$ 86.33	-0.2%	-0.2%	-0.5%	0.4%	-0.1%	0.1%	0.0%		$ 85.87
Gulf	Family and Children	Newborn, 0-2 Months	48,763	$ 0.02	-0.2%	0.0%	-8.0%	0.0%	0.0%	0.0%	0.0%		$ 0.02
Gulf	Family and Children	Newborn, 3-11 Months	108,412	$ 0.09	-0.1%	0.0%	-4.2%	0.0%	0.0%	0.0%	0.0%		$ 0.08
Gulf	Family and Children	Child, 1-20 Years	2,120,547	$ 18.70	-0.2%	1.3%	0.1%	0.0%	-5.0%	0.2%	-3.8%		$ 17.33
Gulf	Family and Children	Adult, 21+ Years	387,916	$ 17.35	-0.2%	0.0%	-0.2%	0.2%	0.0%	0.1%	0.0%		$ 17.33
Gulf	Foster Care Children	Foster Care, All Ages Male & Female	23,292	$ 132.12	-0.1%	1.2%	0.5%	0.1%	-11.1%	1.8%	-2.1%		$ 118.96
Gulf	Breast and Cervical Cancer	BCC, All Ages Female	3,893	$ 7.77	-0.3%	-1.7%	-0.6%	0.0%	0.0%	0.0%	0.0%		$ 7.57
Gulf	LaCHIP Affordable Plan	All Ages	10,236	$ 8.31	-0.3%	4.1%	0.6%	0.0%	0.0%	0.0%	-2.1%		$ 8.49
Gulf	HCBS Waiver	20 & Under, Male and Female	7,178	$ 23.38	-0.2%	6.9%	-0.6%	0.1%	-9.3%	0.0%	-3.0%		$ 21.82
Gulf	HCBS Waiver	21+ Years, Male and Female	13,514	$ 43.23	-0.2%	0.5%	-1.4%	0.2%	0.0%	0.1%	0.0%		$ 42.87
Gulf	Chisholm Class Members	Chisholm, All Ages Male & Female	17,073	$ 63.69	-0.2%	3.3%	-2.2%	0.1%	-19.6%	0.8%	-2.4%		$ 50.85
Gulf	SBH - Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	17,340	$ 68.87	-0.2%	3.0%	-1.8%	0.1%	-17.9%	0.7%	-2.2%		$ 56.30
Gulf	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	300,839	$ 18.74	-0.2%	0.7%	0.7%	0.7%	0.0%	0.0%	0.0%		$ 19.10
Gulf	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female	7,178	$ 25.75	-0.2%	6.3%	-0.6%	0.1%	-8.5%	0.0%	-2.7%		$ 24.19
Gulf	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	13,502	$ 52.73	-0.3%	0.4%	-1.2%	0.2%	0.0%	0.1%	0.0%		$ 52.34
Gulf	SBH - Other	SBH - Other, All Ages	7,421	$ 154.90	-0.2%	0.0%	-1.3%	0.0%	0.0%	0.0%	0.0%		$ 152.49
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	388	$ -	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		$ -
Capital	SSI	Newborn, 3-11 Months	1,542	$ 7.58	-0.2%	0.0%	-0.3%	2.4%	0.0%	0.0%	0.0%		$ 7.72
Capital	SSI	Child, 1-20 Years	104,735	$ 86.66	-0.2%	2.1%	0.3%	0.0%	-13.7%	1.1%	-2.9%		$ 75.08
Capital	SSI	Adult, 21+ Years	196,914	$ 69.12	-0.1%	-0.5%	0.9%	0.0%	0.0%	0.1%	0.0%		$ 69.48
Capital	Family and Children	Newborn, 0-2 Months	42,487	$ 1.18	-0.3%	0.0%	-0.1%	3.8%	0.0%	0.0%	0.0%		$ 1.22
Capital	Family and Children	Newborn, 3-11 Months	96,481	$ 0.41	-0.3%	0.0%	-0.6%	3.0%	0.0%	0.0%	0.0%		$ 0.42
Capital	Family and Children	Child, 1-20 Years	1,913,908	$ 17.64	-0.3%	2.7%	1.2%	0.0%	-6.0%	0.2%	-3.3%		$ 16.65
Capital	Family and Children	Adult, 21+ Years	288,502	$ 19.49	-0.2%	0.0%	3.3%	0.0%	0.0%	0.2%	0.0%		$ 20.14
Capital	Foster Care Children	Foster Care, All Ages Male & Female	33,453	$ 157.65	-0.1%	1.8%	1.5%	0.0%	-1.2%	3.2%	-0.9%		$ 164.48
Capital	Breast and Cervical Cancer	BCC, All Ages Female	3,772	$ 16.32	-0.1%	-0.1%	0.1%	0.0%	0.0%	0.0%	0.0%		$ 16.31
Capital	LaCHIP Affordable Plan	All Ages	10,840	$ 15.70	-0.3%	4.7%	2.4%	0.0%	0.0%	0.0%	-2.4%		$ 16.37
Capital	HCBS Waiver	20 & Under, Male and Female	7,498	$ 43.16	-0.2%	3.6%	0.3%	0.1%	-14.1%	3.7%	-1.9%		$ 39.11
Capital	HCBS Waiver	21+ Years, Male and Female	12,195	$ 51.84	-0.2%	-0.2%	0.9%	0.1%	0.0%	0.0%	0.0%		$ 52.09
Capital	Chisholm Class Members	Chisholm, All Ages Male & Female	17,175	$ 67.23	-0.2%	3.1%	2.8%	0.0%	-18.9%	1.7%	-1.9%		$ 57.50
Capital	SBH - Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	17,364	$ 76.34	-0.2%	2.7%	4.1%	0.0%	-16.5%	1.5%	-1.6%		$ 67.86
Capital	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	240,039	$ 15.56	-0.1%	0.9%	2.1%	0.1%	0.0%	0.0%	0.0%		$ 16.04
Capital	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female	7,498	$ 49.24	-0.2%	3.2%	0.2%	0.1%	-12.5%	3.2%	-1.7%		$ 45.17
Capital	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	12,195	$ 68.41	-0.2%	-0.2%	0.6%	0.0%	0.0%	0.0%	0.0%		$ 68.62
Capital	SBH - Other	SBH - Other, All Ages	8,267	$ 91.01	-0.2%	0.0%	-0.3%	0.0%	0.0%	0.0%	-0.1%		$ 90.48
Capital	Maternity Kickpayment	Maternity Kickpayment, All Ages	-	$ -	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		$ -

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Appendix J: Specialized Behavioral Health Projected Claims PMPM Development

Table 1b: SBH Historical Adjustments (CY 2014)

					Historical Adjustments								
			L	M	N	O	P	Q	R	S	T	U	V
Region Name	COA Desc	Rate Cell Desc	CY2014 MMs	CY2014 PMPM	Recoupment Adj (F&A)	Medication Mgmt Adj	IP/OP Fee Adj	PSH Increase Adj	CSOC Adj	PRTF Adj	PSR Reduction	Historical Trend	CY2014 PMPM After Adj
South Central	SSI	Newborn, 0-2 Months	471	$ -	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		$ -
South Central	SSI	Newborn, 3-11 Months	1,896	$ 0.08	-0.2%	0.0%	-0.2%	0.0%	0.0%	0.0%	0.0%		$ 0.08
South Central	SSI	Child, 1-20 Years	108,865	$ 81.12	-0.2%	1.0%	-0.2%	0.0%	-10.3%	1.2%	-3.2%		$ 71.64
South Central	SSI	Adult, 21+ Years	239,595	$ 68.25	-0.2%	0.0%	-0.6%	0.1%	-0.2%	0.2%	0.0%		$ 67.81
South Central	Family and Children	Newborn, 0-2 Months	46,646	$ 0.70	-0.2%	0.3%	-0.1%	0.0%	0.0%	0.0%	0.0%		$ 0.70
South Central	Family and Children	Newborn, 3-11 Months	104,943	$ 0.28	-0.2%	0.0%	-0.2%	0.0%	0.0%	0.0%	0.0%		$ 0.28
South Central	Family and Children	Child, 1-20 Years	2,083,177	$ 14.36	-0.2%	1.0%	0.0%	0.0%	-4.0%	0.4%	-3.6%		$ 13.46
South Central	Family and Children	Adult, 21+ Years	299,533	$ 19.40	-0.2%	0.8%	-0.3%	0.0%	-0.1%	0.1%	0.0%		$ 19.45
South Central	Foster Care Children	Foster Care, All Ages Male & Female	44,822	$ 102.25	-0.1%	0.5%	0.2%	0.0%	-4.5%	2.1%	-2.3%		$ 98.07
South Central	Breast and Cervical Cancer	BCC, All Ages Female	2,713	$ 5.59	-0.3%	0.1%	-0.3%	0.0%	0.0%	0.0%	0.0%		$ 5.56
South Central	LaCHIP Affordable Plan	All Ages	12,630	$ 6.98	-0.4%	3.1%	-0.2%	0.0%	0.0%	0.0%	-3.1%		$ 6.93
South Central	HCBS Waiver	20 & Under, Male and Female	6,778	$ 23.25	-0.3%	3.4%	-0.2%	0.1%	0.0%	0.0%	-3.8%		$ 23.04
South Central	HCBS Waiver	21+ Years, Male and Female	14,081	$ 40.97	-0.3%	1.5%	-0.3%	0.0%	0.0%	0.1%	0.0%		$ 41.40
South Central	Chisholm Class Members	Chisholm, All Ages Male & Female	18,517	$ 113.14	-0.2%	1.1%	0.1%	0.0%	-5.7%	2.0%	-2.2%		$ 107.46
South Central	SBH - Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	19,105	$ 120.93	-0.2%	1.0%	0.1%	0.0%	-5.2%	1.8%	-2.0%		$ 115.41
South Central	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	324,261	$ 11.61	-0.2%	0.9%	4.0%	0.1%	0.0%	0.2%	0.0%		$ 12.20
South Central	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female	6,778	$ 32.13	-0.3%	2.4%	-0.1%	0.1%	0.0%	0.0%	-2.8%		$ 31.89
South Central	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	14,081	$ 57.85	-0.3%	1.1%	-0.2%	0.0%	0.0%	0.1%	0.0%		$ 58.22
South Central	SBH - Other	SBH - Other, All Ages	10,516	$ 173.88	-0.2%	0.1%	-0.2%	0.0%	0.0%	0.0%	0.0%		$ 173.38
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	455	$ -	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		$ -
North	SSI	Newborn, 3-11 Months	1,736	$ 0.09	-0.2%	0.0%	-0.2%	0.0%	0.0%	0.0%	0.0%		$ 0.09
North	SSI	Child, 1-20 Years	119,854	$ 119.55	-0.1%	0.5%	-0.2%	0.0%	-1.5%	0.8%	-3.8%		$ 114.42
North	SSI	Adult, 21+ Years	209,729	$ 54.41	-0.1%	-0.3%	-0.5%	0.1%	0.0%	0.3%	0.0%		$ 54.08
North	Family and Children	Newborn, 0-2 Months	35,273	$ 0.01	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		$ 0.01
North	Family and Children	Newborn, 3-11 Months	81,695	$ 0.19	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		$ 0.19
North	Family and Children	Child, 1-20 Years	1,639,001	$ 23.80	-0.1%	0.5%	0.1%	0.1%	-0.8%	0.2%	-3.9%		$ 22.87
North	Family and Children	Adult, 21+ Years	239,456	$ 18.39	-0.1%	-0.3%	0.2%	0.0%	0.0%	0.5%	0.0%		$ 18.45
North	Foster Care Children	Foster Care, All Ages Male & Female	24,784	$ 249.62	0.0%	0.2%	0.2%	0.1%	-0.8%	5.0%	-1.0%		$ 258.52
North	Breast and Cervical Cancer	BCC, All Ages Female	2,535	$ 12.25	-0.1%	-1.1%	0.1%	0.0%	0.0%	0.0%	0.0%		$ 12.12
North	LaCHIP Affordable Plan	All Ages	6,369	$ 20.62	-0.1%	1.6%	0.6%	0.1%	-0.8%	0.0%	-1.9%		$ 20.50
North	HCBS Waiver	20 & Under, Male and Female	4,300	$ 44.59	-0.2%	3.3%	0.1%	0.1%	-3.9%	0.0%	-3.8%		$ 42.58
North	HCBS Waiver	21+ Years, Male and Female	11,183	$ 40.20	-0.3%	0.0%	0.2%	0.0%	0.0%	0.0%	0.0%		$ 40.16
North	Chisholm Class Members	Chisholm, All Ages Male & Female	16,907	$ 104.01	-0.1%	1.1%	0.3%	0.0%	-4.0%	1.6%	-3.1%		$ 99.68
North	SBH - Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	17,261	$ 105.97	-0.1%	1.1%	0.3%	0.1%	-3.8%	1.6%	-3.1%		$ 101.69
North	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	257,226	$ 13.80	-0.1%	0.2%	5.0%	0.2%	0.0%	0.3%	0.0%		$ 14.57
North	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female	4,300	$ 51.04	-0.2%	2.8%	0.1%	0.1%	-3.4%	0.0%	-3.4%		$ 49.01
North	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	11,183	$ 57.97	-0.3%	0.0%	0.1%	0.0%	0.0%	0.0%	0.0%		$ 57.88
North	SBH - Other	SBH - Other, All Ages	9,429	$ 110.24	-0.2%	0.0%	0.0%	0.0%	0.0%	0.0%	-0.1%		$ 109.91
North	Maternity Kickpayment	Maternity Kickpayment, All Ages	-	$ -	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		$ -

Notes:
Inclusive of SBH and NEMT services
T = L * (1 + M) * (1 + N) * (1 + O) * (1 + P) * (1 + S)

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Appendix J: Specialized Behavioral Health Projected Claims PMPM Development

Table 2: SBH Prospective Rating Adjustments

						Prospective Adjustments							
			K	V	W	X	Y	Z	AA	AB	AC	AD	AE
Region Name	COA Description	Rate Cell Description	CY2013 PMPM After Historical Adj	CY2014 PMPM After Historical Adj	Blended PMPM	Retro Adj	Mixed Services Protocol Adj	1915i Adj	LaHIPP 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%	0.0%	$ -	$ -
Gulf	SSI	Newborn, 3-11 Months	$ 1.56	$ 0.49	$ 0.92	0.0%	0.0%	0.0%	0.0%	29.0%	34.0%	$ 2.01	$ 2.27
Gulf	SSI	Child, 1-20 Years	$ 95.33	$ 89.36	$ 91.75	0.0%	0.0%	0.0%	0.0%	29.0%	34.0%	$ 201.20	$ 226.23
Gulf	SSI	Adult, 21+ Years	$ 78.73	$ 85.87	$ 83.01	0.4%	0.0%	10.8%	0.0%	1.5%	3.5%	$ 96.70	$ 102.70
Gulf	Family and Children	Newborn, 0-2 Months	$ 0.12	$ 0.02	$ 0.06	0.0%	0.0%	0.0%	0.0%	29.0%	34.0%	$ 0.13	$ 0.14
Gulf	Family and Children	Newborn, 3-11 Months	$ 0.03	$ 0.08	$ 0.06	0.0%	0.0%	0.0%	0.0%	29.0%	34.0%	$ 0.14	$ 0.16
Gulf	Family and Children	Child, 1-20 Years	$ 16.72	$ 17.33	$ 17.09	0.0%	0.0%	0.0%	0.0%	29.0%	34.0%	$ 37.46	$ 42.12
Gulf	Family and Children	Adult, 21+ Years	$ 16.41	$ 17.33	$ 16.96	0.0%	0.0%	13.5%	0.0%	1.5%	3.5%	$ 20.16	$ 21.40
Gulf	Foster Care Children	Foster Care, All Ages Male & Female	$ 126.02	$ 118.96	$ 121.78	0.0%	0.0%	0.0%	0.0%	29.0%	34.0%	$ 267.09	$ 300.31
Gulf	Breast and Cervical Cancer	BCC, All Ages Female	$ 6.91	$ 7.57	$ 7.31	2.4%	0.0%	26.2%	0.0%	1.5%	3.5%	$ 9.89	$ 10.50
Gulf	LaCHIP Affordable Plan	All Ages	$ 8.95	$ 8.49	$ 8.68	0.4%	0.0%	0.0%	0.0%	29.0%	34.0%	$ 19.09	$ 21.47
Gulf	HCBS Waiver	20 & Under, Male and Female	$ 25.62	$ 21.82	$ 23.34	0.0%	0.0%	0.2%	0.0%	29.0%	34.0%	$ 51.28	$ 57.66
Gulf	HCBS Waiver	21+ Years, Male and Female	$ 31.55	$ 42.87	$ 38.34	0.0%	0.0%	11.5%	0.0%	1.5%	3.5%	$ 44.74	$ 47.52
Gulf	Chisholm Class Members	Chisholm, All Ages Male & Female	$ 60.01	$ 50.85	$ 54.52	0.0%	0.0%	0.0%	0.0%	29.0%	34.0%	$ 119.57	$ 134.44
Gulf	SBH - Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	$ 66.63	$ 56.30	$ 60.43	0.0%	-6.4%	0.0%	0.0%	27.4%	32.3%	$ 119.48	$ 134.11
Gulf	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	$ 17.86	$ 19.10	$ 18.60	0.0%	-0.8%	5.4%	-0.7%	2.9%	4.9%	$ 21.11	$ 22.40
Gulf	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female	$ 31.14	$ 24.19	$ 26.97	0.0%	-8.8%	0.2%	0.0%	25.6%	30.3%	$ 49.70	$ 55.66
Gulf	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	$ 44.85	$ 52.34	$ 49.34	0.0%	-7.3%	9.3%	0.0%	1.2%	3.2%	$ 51.82	$ 55.04
Gulf	SBH - Other	SBH - Other, All Ages	$ 134.94	$ 152.49	$ 145.47	0.0%	-6.1%	0.6%	0.0%	0.9%	2.9%	$ 141.15	$ 149.96
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	$ 10.03	$ -	$ 4.01	0.0%	0.0%	0.0%	0.0%	29.0%	34.0%	$ 8.79	$ 9.89
Capital	SSI	Newborn, 3-11 Months	$ 0.04	$ 7.72	$ 4.65	0.0%	0.0%	0.0%	0.0%	29.0%	34.0%	$ 10.20	$ 11.47
Capital	SSI	Child, 1-20 Years	$ 67.16	$ 75.08	$ 71.91	0.0%	0.0%	0.0%	0.0%	29.0%	34.0%	$ 157.70	$ 177.32
Capital	SSI	Adult, 21+ Years	$ 69.29	$ 69.48	$ 69.40	0.4%	0.0%	8.7%	0.0%	1.5%	3.5%	$ 79.32	$ 84.24
Capital	Family and Children	Newborn, 0-2 Months	$ 0.16	$ 1.22	$ 0.80	0.0%	0.0%	0.0%	0.0%	29.0%	34.0%	$ 1.75	$ 1.96
Capital	Family and Children	Newborn, 3-11 Months	$ 0.19	$ 0.42	$ 0.32	0.0%	0.0%	0.0%	0.0%	29.0%	34.0%	$ 0.71	$ 0.80
Capital	Family and Children	Child, 1-20 Years	$ 17.00	$ 16.65	$ 16.79	0.0%	0.0%	0.0%	0.0%	29.0%	34.0%	$ 36.82	$ 41.40
Capital	Family and Children	Adult, 21+ Years	$ 17.49	$ 20.14	$ 19.08	0.0%	0.0%	6.4%	0.0%	1.5%	3.5%	$ 21.25	$ 22.57
Capital	Foster Care Children	Foster Care, All Ages Male & Female	$ 113.40	$ 164.48	$ 144.05	0.0%	0.0%	0.0%	0.0%	29.0%	34.0%	$ 315.86	$ 355.16
Capital	Breast and Cervical Cancer	BCC, All Ages Female	$ 7.03	$ 16.31	$ 12.60	2.4%	0.0%	8.9%	0.0%	1.5%	3.5%	$ 14.71	$ 15.63
Capital	LaCHIP Affordable Plan	All Ages	$ 12.02	$ 16.37	$ 14.63	0.4%	0.0%	0.0%	0.0%	29.0%	34.0%	$ 32.20	$ 36.20
Capital	HCBS Waiver	20 & Under, Male and Female	$ 27.15	$ 39.11	$ 34.33	0.0%	0.0%	0.0%	0.0%	29.0%	34.0%	$ 75.27	$ 84.63
Capital	HCBS Waiver	21+ Years, Male and Female	$ 56.41	$ 52.09	$ 53.82	0.0%	0.0%	8.6%	0.0%	1.5%	3.5%	$ 61.22	$ 65.01
Capital	Chisholm Class Members	Chisholm, All Ages Male & Female	$ 69.12	$ 57.50	$ 62.15	0.0%	0.0%	0.0%	0.0%	29.0%	34.0%	$ 136.32	$ 153.28
Capital	SBH - Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	$ 76.59	$ 67.86	$ 71.35	0.0%	-6.9%	0.0%	0.0%	27.1%	32.0%	$ 139.25	$ 156.24
Capital	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	$ 14.03	$ 16.04	$ 15.24	0.0%	-5.8%	3.7%	-0.7%	4.3%	6.3%	$ 16.83	$ 17.85
Capital	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female	$ 33.87	$ 45.17	$ 40.65	0.0%	-5.3%	0.0%	0.0%	25.1%	29.8%	$ 76.83	$ 85.99
Capital	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	$ 71.11	$ 68.62	$ 69.62	0.0%	-8.3%	6.8%	0.0%	1.2%	3.2%	$ 70.70	$ 75.10
Capital	SBH - Other	SBH - Other, All Ages	$ 120.47	$ 90.48	$ 102.47	0.0%	-6.7%	0.9%	0.0%	1.1%	3.1%	$ 99.67	$ 105.87
Capital	Maternity Kickpayment	Maternity Kickpayment, All Ages	$ -	$ -	$ -	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	$ -	$ -

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Appendix J: Specialized Behavioral Health Projected Claims PMPM Development

Table 2: SBH Prospective Rating Adjustments

						Prospective Adjustments							
			K	V	W	X	Y	Z	AA	AB	AC	AD	AE
Region Name	COA Description	Rate Cell Description	CY2013 PMPM After Historical Adj	CY2014 PMPM After Historical Adj	Blended PMPM	Retro Adj	Mixed Services Protocol Adj	1915i Adj	LaHIPP 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%	0.0%	$ -	$ -
South Central	SSI	Newborn, 3-11 Months	$ 3.78	$ 0.08	$ 1.56	0.0%	0.0%	0.0%	0.0%	29.0%	34.0%	$ 3.41	$ 3.84
South Central	SSI	Child, 1-20 Years	$ 77.71	$ 71.64	$ 74.07	0.0%	0.0%	0.0%	0.0%	29.0%	34.0%	$ 162.43	$ 182.64
South Central	SSI	Adult, 21+ Years	$ 75.02	$ 67.81	$ 70.70	0.4%	0.0%	5.5%	0.0%	1.5%	3.5%	$ 78.43	$ 83.30
South Central	Family and Children	Newborn, 0-2 Months	$ 0.01	$ 0.70	$ 0.42	0.0%	0.0%	0.0%	0.0%	29.0%	34.0%	$ 0.93	$ 1.04
South Central	Family and Children	Newborn, 3-11 Months	$ 0.05	$ 0.28	$ 0.19	0.0%	0.0%	0.0%	0.0%	29.0%	34.0%	$ 0.41	$ 0.46
South Central	Family and Children	Child, 1-20 Years	$ 13.75	$ 13.46	$ 13.57	0.0%	0.0%	0.0%	0.0%	29.0%	34.0%	$ 29.77	$ 33.47
South Central	Family and Children	Adult, 21+ Years	$ 18.26	$ 19.45	$ 18.98	0.0%	0.0%	6.0%	0.0%	1.5%	3.5%	$ 21.06	$ 22.37
South Central	Foster Care Children	Foster Care, All Ages Male & Female	$ 132.67	$ 98.07	$ 111.91	0.0%	0.0%	0.0%	0.0%	29.0%	34.0%	$ 245.42	$ 275.95
South Central	Breast and Cervical Cancer	BCC, All Ages Female	$ 2.17	$ 5.56	$ 4.20	2.4%	0.0%	12.6%	0.0%	1.5%	3.5%	$ 5.08	$ 5.39
South Central	LaCHIP Affordable Plan	All Ages	$ 7.47	$ 6.93	$ 7.15	0.4%	0.0%	0.0%	0.0%	29.0%	34.0%	$ 15.73	$ 17.69
South Central	HCBS Waiver	20 & Under, Male and Female	$ 40.42	$ 23.04	$ 29.99	0.0%	0.0%	0.0%	0.0%	29.0%	34.0%	$ 65.76	$ 73.95
South Central	HCBS Waiver	21+ Years, Male and Female	$ 43.76	$ 41.40	$ 42.35	0.0%	0.0%	5.2%	0.0%	1.5%	3.5%	$ 46.66	$ 49.55
South Central	Chisholm Class Members	Chisholm, All Ages Male & Female	$ 99.83	$ 107.46	$ 104.41	0.0%	0.0%	0.0%	0.0%	29.0%	34.0%	$ 228.99	$ 257.48
South Central	SBH - Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	$ 109.04	$ 115.41	$ 112.86	0.0%	-6.4%	0.0%	0.0%	26.7%	31.6%	$ 219.29	$ 245.94
South Central	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	$ 12.74	$ 12.20	$ 12.42	0.0%	-1.7%	2.7%	-0.7%	3.7%	5.7%	$ 13.92	$ 14.77
South Central	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female	$ 52.41	$ 31.89	$ 40.10	0.0%	-8.3%	0.0%	0.0%	22.4%	26.8%	$ 68.54	$ 76.45
South Central	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	$ 67.55	$ 58.22	$ 61.95	0.0%	-7.9%	3.5%	0.0%	1.0%	3.0%	$ 60.88	$ 64.68
South Central	SBH - Other	SBH - Other, All Ages	$ 207.99	$ 173.38	$ 187.22	0.0%	-6.1%	0.9%	0.0%	1.0%	3.0%	$ 182.89	$ 194.29
South Central	Maternity Kickpayment	Maternity Kickpayment, All Ages	$ -	$ -	$ -	0.0%	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%	0.0%	$ -	$ -
North	SSI	Newborn, 3-11 Months	$ 0.02	$ 0.09	$ 0.06	0.0%	0.0%	0.0%	0.0%	29.0%	34.0%	$ 0.13	$ 0.15
North	SSI	Child, 1-20 Years	$ 131.72	$ 114.42	$ 121.34	0.0%	0.0%	0.0%	0.0%	29.0%	34.0%	$ 266.07	$ 299.17
North	SSI	Adult, 21+ Years	$ 52.51	$ 54.08	$ 53.45	0.4%	0.0%	9.9%	0.0%	1.5%	3.5%	$ 61.79	$ 65.62
North	Family and Children	Newborn, 0-2 Months	$ 0.02	$ 0.01	$ 0.01	0.0%	0.0%	0.0%	0.0%	29.0%	34.0%	$ 0.03	$ 0.03
North	Family and Children	Newborn, 3-11 Months	$ 0.01	$ 0.19	$ 0.11	0.0%	0.0%	0.0%	0.0%	29.0%	34.0%	$ 0.25	$ 0.28
North	Family and Children	Child, 1-20 Years	$ 21.04	$ 22.87	$ 22.14	0.0%	0.0%	0.0%	0.0%	29.0%	34.0%	$ 48.54	$ 54.58
North	Family and Children	Adult, 21+ Years	$ 16.93	$ 18.45	$ 17.84	0.0%	0.0%	11.6%	0.0%	1.5%	3.5%	$ 20.85	$ 22.14
North	Foster Care Children	Foster Care, All Ages Male & Female	$ 367.26	$ 258.52	$ 302.01	0.0%	0.0%	0.0%	0.0%	29.0%	34.0%	$ 662.24	$ 744.62
North	Breast and Cervical Cancer	BCC, All Ages Female	$ 36.57	$ 12.12	$ 21.90	2.4%	0.0%	7.7%	0.0%	1.5%	3.5%	$ 25.28	$ 26.85
North	LaCHIP Affordable Plan	All Ages	$ 10.12	$ 20.50	$ 16.35	0.4%	0.0%	0.0%	0.0%	29.0%	34.0%	$ 35.98	$ 40.46
North	HCBS Waiver	20 & Under, Male and Female	$ 76.49	$ 42.58	$ 56.14	0.0%	0.0%	0.0%	0.0%	29.0%	34.0%	$ 123.11	$ 138.42
North	HCBS Waiver	21+ Years, Male and Female	$ 43.41	$ 40.16	$ 41.46	0.0%	0.0%	15.2%	0.0%	1.5%	3.5%	$ 49.99	$ 53.09
North	Chisholm Class Members	Chisholm, All Ages Male & Female	$ 99.41	$ 99.68	$ 99.57	0.0%	0.0%	0.0%	0.0%	29.0%	34.0%	$ 218.40	$ 245.56
North	SBH - Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	$ 102.60	$ 101.69	$ 102.05	0.0%	-0.2%	0.0%	0.0%	28.3%	33.3%	$ 219.81	$ 246.97
North	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	$ 12.56	$ 14.57	$ 13.77	0.0%	-1.9%	5.2%	-0.7%	3.8%	5.8%	$ 15.81	$ 16.77
North	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female	$ 84.43	$ 49.01	$ 63.18	0.0%	0.4%	0.0%	0.0%	26.4%	31.2%	$ 130.71	$ 146.54
North	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	$ 66.05	$ 57.88	$ 61.15	0.0%	-3.0%	10.2%	0.0%	1.1%	3.1%	$ 67.53	$ 71.74
North	SBH - Other	SBH - Other, All Ages	$ 121.69	$ 109.91	$ 114.62	0.0%	-2.2%	0.6%	0.0%	0.9%	2.9%	$ 115.97	$ 123.20
North	Maternity Kickpayment	Maternity Kickpayment, All Ages	$ -	$ -	$ -	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	$ -	$ -

Notes:
Inclusive of SBH and NEMT services
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)

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

Table 1: Historical Rating Adjustments

			A	B	C	D	E	F	G	H	I	J
Region Name	**COA Description**	**Rate Cell Description**	**CY2013 MMs**	**CY2013 PMPM**	**Recoupment Adj (F&A)**	**Historical Trend**	**CY2013 PMPM After Adj**	**CY2014 MMs**	**CY2014 PMPM**	**Recoupment Adj (F&A)**	**Historical Trend**	**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	16,432	$ 3.06	-0.44%	11.00%	$ 3.38	17,340	$ 4.17	-0.28%		$ 4.16
Gulf	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	305,720	$ 5.57	-0.20%	16.00%	$ 6.45	300,839	$ 5.62	-0.14%		$ 5.61
Gulf	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female	7,958	$ 4.99	-0.53%	11.00%	$ 5.51	7,178	$ 2.38	-0.31%		$ 2.37
Gulf	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	13,232	$ 12.02	-0.54%	11.00%	$ 13.28	13,502	$ 9.46	-0.34%		$ 9.43
Gulf	SBH - Other	SBH - Other, All Ages	6,782	$ 46.69	-0.59%	11.00%	$ 51.52	7,421	$ 62.15	-0.39%		$ 61.91
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	16,256	$ 5.31	-0.44%	11.00%	$ 5.87	17,364	$ 5.08	-0.25%		$ 5.07
Capital	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	246,290	$ 7.55	-0.20%	16.00%	$ 8.74	240,039	$ 9.39	-0.12%		$ 9.38
Capital	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female	8,312	$ 6.09	-0.47%	11.00%	$ 6.72	7,498	$ 6.07	-0.32%		$ 6.06
Capital	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	12,119	$ 13.31	-0.50%	11.00%	$ 14.70	12,195	$ 16.57	-0.29%		$ 16.53
Capital	SBH - Other	SBH - Other, All Ages	8,210	$ 30.98	-0.59%	11.00%	$ 34.19	8,267	$ 25.41	-0.39%		$ 25.31
Capital	Maternity Kickpayment	Maternity Kickpayment, All Ages	-	$ -	0.00%	0.00%	$ -	-	$ -	0.00%		$ -

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

Table 1: Historical Rating Adjustments

			A	B	C	D	E	F	G	H	I	J
Region Name	**COA Description**	**Rate Cell Description**	**CY2013 MMs**	**CY2013 PMPM**	**Recoupment Adj (F&A)**	**Historical Trend**	**CY2013 PMPM After Adj**	**CY2014 MMs**	**CY2014 PMPM**	**Recoupment Adj (F&A)**	**Historical Trend**	**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	17,566	$ 9.68	-0.38%	11.00%	$ 10.71	19,105	$ 9.98	-0.22%		$ 9.96
South Central	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	329,216	$ 5.17	-0.31%	16.00%	$ 5.98	324,261	$ 5.96	-0.17%		$ 5.95
South Central	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female	7,448	$ 10.86	-0.52%	11.00%	$ 11.99	6,778	$ 8.88	-0.34%		$ 8.85
South Central	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	14,467	$ 21.55	-0.56%	11.00%	$ 23.78	14,081	$ 16.88	-0.35%		$ 16.82
South Central	SBH - Other	SBH - Other, All Ages	10,168	$ 45.97	-0.59%	11.00%	$ 50.73	10,516	$ 69.22	-0.39%		$ 68.95
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	17,335	$ 2.60	-0.27%	11.00%	$ 2.88	17,261	$ 2.95	-0.17%		$ 2.94
North	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	258,659	$ 5.89	-0.22%	16.00%	$ 6.81	257,226	$ 7.23	-0.13%		$ 7.22
North	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female	4,873	$ 7.18	-0.47%	11.00%	$ 7.94	4,300	$ 6.45	-0.32%		$ 6.43
North	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	11,235	$ 20.48	-0.52%	11.00%	$ 22.62	11,183	$ 17.78	-0.33%		$ 17.72
North	SBH - Other	SBH - Other, All Ages	9,328	$ 39.85	-0.59%	11.00%	$ 43.98	9,429	$ 46.79	-0.39%		$ 46.60
North	Maternity Kickpayment	Maternity Kickpayment, All Ages	-	$ -	0.00%	0.00%	$ -	-	$ -	0.00%		$ -

Notes:
E = B * (1 + C) * (1 + D)
J = G * (1 + I)

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

Table 2: Prospective Rating Adjustments

			E	J	K	L	M	N	O	P
Region Name	**COA Description**	**Rate Cell Description**	**CY2013 PMPM After Historical Adj**	**CY2014 PMPM After Historical Adj**	**Blended PMPM**	**LaHIPP**	**Low Trend**	**High Trend**	**Projected PMPM -- Low**	**Projected PMPM -- High**
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	$ 3.38	$ 4.16	$ 3.85	0.00%	0.00%	2.00%	$ 3.85	$ 4.09
Gulf	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	$ 6.45	$ 5.61	$ 5.94	-0.69%	6.00%	8.00%	$ 7.07	$ 7.48
Gulf	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female	$ 5.51	$ 2.37	$ 3.63	0.00%	0.00%	2.00%	$ 3.63	$ 3.86
Gulf	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	$ 13.28	$ 9.43	$ 10.97	0.00%	0.00%	2.00%	$ 10.97	$ 11.66
Gulf	SBH - Other	SBH - Other, All Ages	$ 51.52	$ 61.91	$ 57.75	0.00%	0.00%	2.00%	$ 57.75	$ 61.39
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	$ 5.87	$ 5.07	$ 5.39	0.00%	0.00%	2.00%	$ 5.39	$ 5.73
Capital	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	$ 8.74	$ 9.38	$ 9.12	-0.69%	6.00%	8.00%	$ 10.84	$ 11.49
Capital	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female	$ 6.72	$ 6.06	$ 6.32	0.00%	0.00%	2.00%	$ 6.32	$ 6.72
Capital	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	$ 14.70	$ 16.53	$ 15.79	0.00%	0.00%	2.00%	$ 15.79	$ 16.79
Capital	SBH - Other	SBH - Other, All Ages	$ 34.19	$ 25.31	$ 28.86	0.00%	0.00%	2.00%	$ 28.86	$ 30.68
Capital	Maternity Kickpayment	Maternity Kickpayment, All Ages	$ -	$ -	$ -	0.00%	0.00%	0.00%	$ -	$ -

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

Table 2: Prospective Rating Adjustments

			E	J	K	L	M	N	O	P
Region Name	**COA Description**	**Rate Cell Description**	**CY2013 PMPM After Historical Adj**	**CY2014 PMPM After Historical Adj**	**Blended PMPM**	**LaHIPP**	**Low Trend**	**High Trend**	**Projected PMPM -- Low**	**Projected PMPM -- High**
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	$ 10.71	$ 9.96	$ 10.26	0.00%	0.00%	2.00%	$ 10.26	$ 10.91
South Central	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	$ 5.98	$ 5.95	$ 5.96	-0.69%	6.00%	8.00%	$ 7.08	$ 7.50
South Central	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female	$ 11.99	$ 8.85	$ 10.11	0.00%	0.00%	2.00%	$ 10.11	$ 10.74
South Central	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	$ 23.78	$ 16.82	$ 19.61	0.00%	0.00%	2.00%	$ 19.61	$ 20.84
South Central	SBH - Other	SBH - Other, All Ages	$ 50.73	$ 68.95	$ 61.66	0.00%	0.00%	2.00%	$ 61.66	$ 65.54
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	$ 2.88	$ 2.94	$ 2.92	0.00%	0.00%	2.00%	$ 2.92	$ 3.10
North	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	$ 6.81	$ 7.22	$ 7.06	-0.69%	6.00%	8.00%	$ 8.39	$ 8.89
North	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female	$ 7.94	$ 6.43	$ 7.03	0.00%	0.00%	2.00%	$ 7.03	$ 7.48
North	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	$ 22.62	$ 17.72	$ 19.68	0.00%	0.00%	2.00%	$ 19.68	$ 20.92
North	SBH - Other	SBH - Other, All Ages	$ 43.98	$ 46.60	$ 45.55	0.00%	0.00%	2.00%	$ 45.55	$ 48.42
North	Maternity Kickpayment	Maternity Kickpayment, All Ages	$ -	$ -	$ -	0.00%	0.00%	0.00%	$ -	$ -

Notes:
K = 40% * E + 60% * J
O = K * ((1 + M)^25/12)
P = K * ((1 + N)^25/12)

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Appendix L: Non-Expansion Combined Rate Development

Table 1: Final Projected Claims PMPM Development

				Projected Claims PMPM								Final Projected Claims PMPM[2]	
				PH (Appendix H)		SBH (Appendices I)		PH & SBH Combined					
			A	B	C	D	E	F	G	H		I	J
Region Name	COA Description	Rate Cell Description	Projected MMs	Low PMPM	High PMPM	Low PMPM	High PMPM	Low PMPM	High PMPM	Credibility[1]		Low PMPM	High PMPM
Gulf	SSI	Newborn, 0-2 Months	535	$ 21,460.17	$ 23,298.96	$ -	$ -	$ 21,460.17	$ 23,298.96	0%		$ 17,896.96	$ 19,447.30
Gulf	SSI	Newborn, 3-11 Months	2,252	$ 6,003.07	$ 6,541.72	$ 2.01	$ 2.27	$ 6,005.08	$ 6,543.98	0%		$ 4,802.04	$ 5,224.27
Gulf	SSI	Child, 1-20 Years	126,641	$ 388.50	$ 420.35	$ 201.20	$ 226.23	$ 589.70	$ 646.57	100%		$ 589.70	$ 646.57
Gulf	SSI	Adult, 21+ Years	269,067	$ 826.42	$ 890.99	$ 96.70	$ 102.70	$ 923.12	$ 993.68	100%		$ 923.12	$ 993.68
Gulf	Family and Children	Newborn, 0-2 Months	54,622	$ 1,084.91	$ 1,186.95	$ 0.13	$ 0.14	$ 1,085.04	$ 1,187.09	100%		$ 1,085.04	$ 1,187.09
Gulf	Family and Children	Newborn, 3-11 Months	123,181	$ 189.30	$ 203.20	$ 0.14	$ 0.16	$ 189.44	$ 203.36	100%		$ 189.44	$ 203.36
Gulf	Family and Children	Child, 1-20 Years	2,245,262	$ 84.64	$ 90.49	$ 37.46	$ 42.12	$ 122.10	$ 132.62	100%		$ 122.10	$ 132.62
Gulf	Family and Children	Adult, 21+ Years	428,360	$ 221.08	$ 235.82	$ 20.16	$ 21.40	$ 241.24	$ 257.22	100%		$ 241.24	$ 257.22
Gulf	Foster Care Children	Foster Care, All Ages Male & Female	27,100	$ 156.29	$ 166.40	$ 267.09	$ 300.31	$ 423.37	$ 466.71	0%		$ 514.08	$ 567.96
Gulf	Breast and Cervical Cancer	BCC, All Ages Female	3,182	$ 1,566.51	$ 1,681.30	$ 9.89	$ 10.50	$ 1,576.40	$ 1,691.80	0%		$ 1,585.59	$ 1,698.88
Gulf	LaCHIP Affordable Plan	All Ages	7,322	$ 121.76	$ 130.51	$ 19.09	$ 21.47	$ 140.85	$ 151.98	0%		$ 149.30	$ 161.29
Gulf	HCBS Waiver	20 & Under, Male and Female	1,032	$ 1,317.40	$ 1,449.72	$ 51.28	$ 57.66	$ 1,368.69	$ 1,507.39	0%		$ 2,079.78	$ 2,284.38
Gulf	HCBS Waiver	21+ Years, Male and Female	3,452	$ 700.18	$ 758.41	$ 44.74	$ 47.52	$ 744.92	$ 805.93	0%		$ 809.53	$ 876.69
Gulf	Chisholm Class Members	Chisholm, All Ages Male & Female	5,921	$ 771.36	$ 854.32	$ 119.57	$ 134.44	$ 890.93	$ 988.76	0%		$ 1,035.92	$ 1,149.09
Gulf	SBH - Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	13,493	$ -	$ -	$ 119.48	$ 134.11	$ 119.48	$ 134.11	0%		$ 175.51	$ 196.99
Gulf	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	334,492	$ -	$ -	$ 21.11	$ 22.40	$ 21.11	$ 22.40	100%		$ 21.11	$ 22.40
Gulf	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female	6,270	$ -	$ -	$ 49.70	$ 55.66	$ 49.70	$ 55.66	0%		$ 76.08	$ 85.14
Gulf	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	12,515	$ -	$ -	$ 51.82	$ 55.04	$ 51.82	$ 55.04	0%		$ 62.29	$ 66.17
Gulf	SBH - Other	SBH - Other, All Ages	7,511	$ -	$ -	$ 141.15	$ 149.96	$ 141.15	$ 149.96	0%		$ 137.18	$ 145.73
Gulf	Maternity Kickpayment	Maternity Kickpayment, All Ages	24,689	$ 5,829.94	$ 6,015.05	$ -	$ -	$ 5,829.94	$ 6,015.05	100%		$ 5,829.94	$ 6,015.05
Capital	SSI	Newborn, 0-2 Months	404	$ 18,324.03	$ 19,972.54	$ 8.79	$ 9.89	$ 18,332.83	$ 19,982.43	0%		$ 17,896.96	$ 19,447.30
Capital	SSI	Newborn, 3-11 Months	1,699	$ 6,370.43	$ 6,933.61	$ 10.20	$ 11.47	$ 6,380.63	$ 6,945.08	0%		$ 4,802.04	$ 5,224.27
Capital	SSI	Child, 1-20 Years	94,505	$ 476.51	$ 516.29	$ 157.70	$ 177.32	$ 634.21	$ 693.61	100%		$ 634.21	$ 693.61
Capital	SSI	Adult, 21+ Years	193,211	$ 948.87	$ 1,022.39	$ 79.32	$ 84.24	$ 1,028.19	$ 1,106.63	100%		$ 1,028.19	$ 1,106.63
Capital	Family and Children	Newborn, 0-2 Months	41,215	$ 1,141.70	$ 1,249.27	$ 1.75	$ 1.96	$ 1,143.44	$ 1,251.23	100%		$ 1,143.44	$ 1,251.23
Capital	Family and Children	Newborn, 3-11 Months	92,946	$ 186.77	$ 200.50	$ 0.71	$ 0.80	$ 187.48	$ 201.30	100%		$ 187.48	$ 201.30
Capital	Family and Children	Child, 1-20 Years	1,977,877	$ 93.56	$ 100.08	$ 36.82	$ 41.40	$ 130.38	$ 141.48	100%		$ 130.38	$ 141.48
Capital	Family and Children	Adult, 21+ Years	333,033	$ 265.33	$ 282.91	$ 21.25	$ 22.57	$ 286.58	$ 305.48	100%		$ 286.58	$ 305.48
Capital	Foster Care Children	Foster Care, All Ages Male & Female	37,283	$ 162.71	$ 172.58	$ 315.86	$ 355.16	$ 478.57	$ 527.74	0%		$ 514.08	$ 567.96
Capital	Breast and Cervical Cancer	BCC, All Ages Female	3,317	$ 1,366.86	$ 1,460.43	$ 14.71	$ 15.63	$ 1,381.58	$ 1,476.05	0%		$ 1,585.59	$ 1,698.88
Capital	LaCHIP Affordable Plan	All Ages	9,557	$ 148.00	$ 158.87	$ 32.20	$ 36.20	$ 180.20	$ 195.07	0%		$ 149.30	$ 161.29
Capital	HCBS Waiver	20 & Under, Male and Female	1,056	$ 1,851.93	$ 2,033.71	$ 75.27	$ 84.63	$ 1,927.20	$ 2,118.35	0%		$ 2,079.78	$ 2,284.38
Capital	HCBS Waiver	21+ Years, Male and Female	2,629	$ 722.28	$ 784.63	$ 61.22	$ 65.01	$ 783.49	$ 849.65	0%		$ 809.53	$ 876.69
Capital	Chisholm Class Members	Chisholm, All Ages Male & Female	4,717	$ 946.72	$ 1,047.98	$ 136.32	$ 153.28	$ 1,083.04	$ 1,201.26	0%		$ 1,035.92	$ 1,149.09
Capital	SBH - Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	13,970	$ -	$ -	$ 139.25	$ 156.24	$ 139.25	$ 156.24	0%		$ 175.51	$ 196.99
Capital	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	266,563	$ -	$ -	$ 16.83	$ 17.85	$ 16.83	$ 17.85	100%		$ 16.83	$ 17.85
Capital	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female	7,085	$ -	$ -	$ 76.83	$ 85.99	$ 76.83	$ 85.99	0%		$ 76.08	$ 85.14
Capital	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	12,038	$ -	$ -	$ 70.70	$ 75.10	$ 70.70	$ 75.10	0%		$ 62.29	$ 66.17
Capital	SBH - Other	SBH - Other, All Ages	8,728	$ -	$ -	$ 99.67	$ 105.87	$ 99.67	$ 105.87	0%		$ 137.18	$ 145.73
Capital	Maternity Kickpayment	Maternity Kickpayment, All Ages	16,577	$ 5,150.56	$ 5,314.01	$ -	$ -	$ 5,150.56	$ 5,314.01	100%		$ 5,150.56	$ 5,314.01

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Appendix L: Non-Expansion Combined Rate Development

Table 1: Final Projected Claims PMPM Development

				Projected Claims PMPM								Final Projected Claims PMPM[2]	
				PH (Appendix H)		SBH (Appendices I)		PH & SBH Combined					
			A	B	C	D	E	F	G	H		I	J
Region Name	COA Description	Rate Cell Description	Projected MMs	Low PMPM	High PMPM	Low PMPM	High PMPM	Low PMPM	High PMPM	Credibility[1]		Low PMPM	High PMPM
South Central	SSI	Newborn, 0-2 Months	461	$ 16,705.45	$ 18,108.02	$ -	$ -	$ 16,705.45	$ 18,108.02	0%		$ 17,896.96	$ 19,447.30
South Central	SSI	Newborn, 3-11 Months	1,938	$ 3,870.71	$ 4,212.31	$ 3.41	$ 3.84	$ 3,874.12	$ 4,216.15	0%		$ 4,802.04	$ 5,224.27
South Central	SSI	Child, 1-20 Years	101,556	$ 435.29	$ 471.49	$ 162.43	$ 182.64	$ 597.72	$ 654.12	100%		$ 597.72	$ 654.12
South Central	SSI	Adult, 21+ Years	236,857	$ 807.69	$ 868.82	$ 78.43	$ 83.30	$ 886.13	$ 952.12	100%		$ 886.13	$ 952.12
South Central	Family and Children	Newborn, 0-2 Months	47,015	$ 1,240.09	$ 1,353.80	$ 0.93	$ 1.04	$ 1,241.02	$ 1,354.84	100%		$ 1,241.02	$ 1,354.84
South Central	Family and Children	Newborn, 3-11 Months	106,027	$ 194.43	$ 208.54	$ 0.41	$ 0.46	$ 194.84	$ 209.01	100%		$ 194.84	$ 209.01
South Central	Family and Children	Child, 1-20 Years	2,217,634	$ 96.03	$ 102.60	$ 29.77	$ 33.47	$ 125.79	$ 136.07	100%		$ 125.79	$ 136.07
South Central	Family and Children	Adult, 21+ Years	363,449	$ 242.14	$ 258.05	$ 21.06	$ 22.37	$ 263.20	$ 280.42	100%		$ 263.20	$ 280.42
South Central	Foster Care Children	Foster Care, All Ages Male & Female	49,875	$ 167.99	$ 178.89	$ 245.42	$ 275.95	$ 413.40	$ 454.84	0%		$ 514.08	$ 567.96
South Central	Breast and Cervical Cancer	BCC, All Ages Female	2,199	$ 1,733.31	$ 1,856.18	$ 5.08	$ 5.39	$ 1,738.38	$ 1,861.57	0%		$ 1,585.59	$ 1,698.88
South Central	LaCHIP Affordable Plan	All Ages	10,454	$ 101.78	$ 108.75	$ 15.73	$ 17.69	$ 117.52	$ 126.44	0%		$ 149.30	$ 161.29
South Central	HCBS Waiver	20 & Under, Male and Female	1,142	$ 2,540.20	$ 2,779.94	$ 65.76	$ 73.95	$ 2,605.97	$ 2,853.89	0%		$ 2,079.78	$ 2,284.38
South Central	HCBS Waiver	21+ Years, Male and Female	3,354	$ 816.41	$ 883.39	$ 46.66	$ 49.55	$ 863.07	$ 932.94	0%		$ 809.53	$ 876.69
South Central	Chisholm Class Members	Chisholm, All Ages Male & Female	6,069	$ 961.69	$ 1,061.58	$ 228.99	$ 257.48	$ 1,190.69	$ 1,319.06	0%		$ 1,035.92	$ 1,149.09
South Central	SBH - Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	14,070	$ -	$ -	$ 219.29	$ 245.94	$ 219.29	$ 245.94	0%		$ 175.51	$ 196.99
South Central	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	354,544	$ -	$ -	$ 13.92	$ 14.77	$ 13.92	$ 14.77	100%		$ 13.92	$ 14.77
South Central	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female	6,496	$ -	$ -	$ 68.54	$ 76.45	$ 68.54	$ 76.45	0%		$ 76.08	$ 85.14
South Central	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	12,741	$ -	$ -	$ 60.88	$ 64.68	$ 60.88	$ 64.68	0%		$ 62.29	$ 66.17
South Central	SBH - Other	SBH - Other, All Ages	11,211	$ -	$ -	$ 182.89	$ 194.29	$ 182.89	$ 194.29	0%		$ 137.18	$ 145.73
South Central	Maternity Kickpayment	Maternity Kickpayment, All Ages	19,098	$ 5,287.19	$ 5,454.96	$ -	$ -	$ 5,287.19	$ 5,454.96	100%		$ 5,287.19	$ 5,454.96
North	SSI	Newborn, 0-2 Months	377	$ 14,749.08	$ 16,043.16	$ -	$ -	$ 14,749.08	$ 16,043.16	0%		$ 17,896.96	$ 19,447.30
North	SSI	Newborn, 3-11 Months	1,585	$ 2,984.88	$ 3,229.86	$ 0.13	$ 0.15	$ 2,985.02	$ 3,230.01	0%		$ 4,802.04	$ 5,224.27
North	SSI	Child, 1-20 Years	115,401	$ 404.59	$ 437.73	$ 266.07	$ 299.17	$ 670.66	$ 736.90	100%		$ 670.66	$ 736.90
North	SSI	Adult, 21+ Years	209,758	$ 737.80	$ 794.39	$ 61.79	$ 65.62	$ 799.58	$ 860.01	100%		$ 799.58	$ 860.01
North	Family and Children	Newborn, 0-2 Months	38,446	$ 1,209.84	$ 1,322.90	$ 0.03	$ 0.03	$ 1,209.87	$ 1,322.92	100%		$ 1,209.87	$ 1,322.92
North	Family and Children	Newborn, 3-11 Months	86,701	$ 194.42	$ 208.73	$ 0.25	$ 0.28	$ 194.67	$ 209.01	100%		$ 194.67	$ 209.01
North	Family and Children	Child, 1-20 Years	1,722,974	$ 83.10	$ 88.79	$ 48.54	$ 54.58	$ 131.64	$ 143.37	100%		$ 131.64	$ 143.37
North	Family and Children	Adult, 21+ Years	281,131	$ 223.76	$ 238.66	$ 20.85	$ 22.14	$ 244.62	$ 260.80	100%		$ 244.62	$ 260.80
North	Foster Care Children	Foster Care, All Ages Male & Female	31,596	$ 167.11	$ 177.35	$ 662.24	$ 744.62	$ 829.34	$ 921.96	0%		$ 514.08	$ 567.96
North	Breast and Cervical Cancer	BCC, All Ages Female	2,469	$ 1,714.49	$ 1,840.37	$ 25.28	$ 26.85	$ 1,739.77	$ 1,867.21	0%		$ 1,585.59	$ 1,698.88
North	LaCHIP Affordable Plan	All Ages	5,233	$ 137.34	$ 147.38	$ 35.98	$ 40.46	$ 173.32	$ 187.84	0%		$ 149.30	$ 161.29
North	HCBS Waiver	20 & Under, Male and Female	1,044	$ 2,580.34	$ 2,834.82	$ 123.11	$ 138.42	$ 2,703.45	$ 2,973.25	0%		$ 2,079.78	$ 2,284.38
North	HCBS Waiver	21+ Years, Male and Female	2,911	$ 798.58	$ 867.78	$ 49.99	$ 53.09	$ 848.58	$ 920.87	0%		$ 809.53	$ 876.69
North	Chisholm Class Members	Chisholm, All Ages Male & Female	4,066	$ 746.57	$ 826.29	$ 218.40	$ 245.56	$ 964.96	$ 1,071.85	0%		$ 1,035.92	$ 1,149.09
North	SBH - Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	12,916	$ -	$ -	$ 219.81	$ 246.97	$ 219.81	$ 246.97	0%		$ 175.51	$ 196.99
North	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	284,633	$ -	$ -	$ 15.81	$ 16.77	$ 15.81	$ 16.77	100%		$ 15.81	$ 16.77
North	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female	4,076	$ -	$ -	$ 130.71	$ 146.54	$ 130.71	$ 146.54	0%		$ 76.08	$ 85.14
North	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	9,869	$ -	$ -	$ 67.53	$ 71.74	$ 67.53	$ 71.74	0%		$ 62.29	$ 66.17
North	SBH - Other	SBH - Other, All Ages	10,383	$ -	$ -	$ 115.97	$ 123.20	$ 115.97	$ 123.20	0%		$ 137.18	$ 145.73
North	Maternity Kickpayment	Maternity Kickpayment, All Ages	15,959	$ 5,156.97	$ 5,320.53	$ -	$ -	$ 5,156.97	$ 5,320.53	100%		$ 5,156.97	$ 5,320.53

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

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Appendix L: Non-Expansion Combined Rate Development

Table 2a: Loaded Rate Development

				Final Projected Claims PMPM		Retention Load						Loaded Rates	
			A	I	J	K	L	M	N	O	P	Q	R
Region Name	COA Description	Rate Cell Description	Projected MMs	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 @ 5.5%	Low	High
Gulf	SSI	Newborn, 0-2 Months	535	$ 17,896.96	$ 19,447.30	$ 13.34	$ 14.40	5.33%	5.30%	2.00%	5.50%	$ 20,393.15	$ 22,154.25
Gulf	SSI	Newborn, 3-11 Months	2,252	$ 4,802.04	$ 5,224.27	$ 13.34	$ 14.40	4.96%	4.94%	2.00%	5.50%	$ 5,463.41	$ 5,942.38
Gulf	SSI	Child, 1-20 Years	126,641	$ 589.70	$ 646.57	$ 13.34	$ 14.40	4.55%	4.53%	2.00%	5.50%	$ 680.91	$ 746.25
Gulf	SSI	Adult, 21+ Years	269,067	$ 923.12	$ 993.68	$ 13.34	$ 14.40	4.13%	4.11%	2.00%	5.50%	$ 1,053.61	$ 1,133.98
Gulf	Family and Children	Newborn, 0-2 Months	54,622	$ 1,085.04	$ 1,187.09	$ 13.34	$ 14.40	5.31%	5.28%	2.00%	5.50%	$ 1,249.68	$ 1,366.68
Gulf	Family and Children	Newborn, 3-11 Months	123,181	$ 189.44	$ 203.36	$ 13.34	$ 14.40	4.80%	4.78%	2.00%	5.50%	$ 229.06	$ 245.92
Gulf	Family and Children	Child, 1-20 Years	2,245,262	$ 122.10	$ 132.62	$ 13.34	$ 14.40	4.62%	4.61%	2.00%	5.50%	$ 152.53	$ 165.55
Gulf	Family and Children	Adult, 21+ Years	428,360	$ 241.24	$ 257.22	$ 13.34	$ 14.40	4.41%	4.39%	2.00%	5.50%	$ 286.73	$ 305.84
Gulf	Foster Care Children	Foster Care, All Ages Male & Female	27,100	$ 514.08	$ 567.96	$ 13.34	$ 14.40	4.86%	4.87%	2.00%	5.50%	$ 597.22	$ 659.48
Gulf	Breast and Cervical Cancer	BCC, All Ages Female	3,182	$ 1,585.59	$ 1,698.88	$ 13.34	$ 14.40	4.62%	4.60%	2.00%	5.50%	$ 1,807.85	$ 1,936.69
Gulf	LaCHIP Affordable Plan	All Ages	7,322	$ 149.30	$ 161.29	$ 13.34	$ 14.40	4.37%	4.36%	2.00%	5.50%	$ 182.88	$ 197.54
Gulf	HCBS Waiver	20 & Under, Male and Female	1,032	$ 2,079.78	$ 2,284.38	$ 13.34	$ 14.40	4.90%	4.90%	2.00%	5.50%	$ 2,373.10	$ 2,606.26
Gulf	HCBS Waiver	21+ Years, Male and Female	3,452	$ 809.53	$ 876.69	$ 13.34	$ 14.40	3.88%	3.91%	2.00%	5.50%	$ 923.50	$ 1,000.40
Gulf	Chisholm Class Members	Chisholm, All Ages Male & Female	5,921	$ 1,035.92	$ 1,149.09	$ 13.34	$ 14.40	5.63%	5.66%	2.00%	5.50%	$ 1,197.44	$ 1,328.11
Gulf	SBH - Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	13,493	$ 175.51	$ 196.99	$ 1.46	$ 1.58	5.05%	5.07%	2.00%	5.50%	$ 200.90	$ 225.45
Gulf	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	334,492	$ 21.11	$ 22.40	$ 1.46	$ 1.58	5.05%	5.07%	2.00%	5.50%	$ 25.55	$ 27.14
Gulf	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female	6,270	$ 76.08	$ 85.14	$ 1.46	$ 1.58	5.05%	5.07%	2.00%	5.50%	$ 87.98	$ 98.41
Gulf	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	12,515	$ 62.29	$ 66.17	$ 1.46	$ 1.58	5.05%	5.07%	2.00%	5.50%	$ 72.32	$ 76.86
Gulf	SBH - Other	SBH - Other, All Ages	7,511	$ 137.18	$ 145.73	$ 1.46	$ 1.58	5.05%	5.07%	2.00%	5.50%	$ 157.37	$ 167.23
Gulf	Maternity Kickpayment	Maternity Kickpayment, All Ages	24,689	$ 5,829.94	$ 6,015.05	$ -	$ -	5.30%	5.54%	2.00%	5.50%	$ 6,636.67	$ 6,863.22
Capital	SSI	Newborn, 0-2 Months	404	$ 17,896.96	$ 19,447.30	$ 13.34	$ 14.40	5.33%	5.30%	2.00%	5.50%	$ 20,393.15	$ 22,154.25
Capital	SSI	Newborn, 3-11 Months	1,699	$ 4,802.04	$ 5,224.27	$ 13.34	$ 14.40	4.96%	4.94%	2.00%	5.50%	$ 5,463.41	$ 5,942.38
Capital	SSI	Child, 1-20 Years	94,505	$ 634.21	$ 693.61	$ 13.34	$ 14.40	4.48%	4.46%	2.00%	5.50%	$ 730.74	$ 798.86
Capital	SSI	Adult, 21+ Years	193,211	$ 1,028.19	$ 1,106.63	$ 13.34	$ 14.40	4.08%	4.06%	2.00%	5.50%	$ 1,171.29	$ 1,260.45
Capital	Family and Children	Newborn, 0-2 Months	41,215	$ 1,143.44	$ 1,251.23	$ 13.34	$ 14.40	5.30%	5.28%	2.00%	5.50%	$ 1,316.12	$ 1,439.64
Capital	Family and Children	Newborn, 3-11 Months	92,946	$ 187.48	$ 201.30	$ 13.34	$ 14.40	4.76%	4.74%	2.00%	5.50%	$ 226.76	$ 243.51
Capital	Family and Children	Child, 1-20 Years	1,977,877	$ 130.38	$ 141.48	$ 13.34	$ 14.40	4.51%	4.50%	2.00%	5.50%	$ 161.73	$ 175.41
Capital	Family and Children	Adult, 21+ Years	333,033	$ 286.58	$ 305.48	$ 13.34	$ 14.40	4.38%	4.35%	2.00%	5.50%	$ 337.81	$ 360.20
Capital	Foster Care Children	Foster Care, All Ages Male & Female	37,283	$ 514.08	$ 567.96	$ 13.34	$ 14.40	4.86%	4.87%	2.00%	5.50%	$ 597.22	$ 659.48
Capital	Breast and Cervical Cancer	BCC, All Ages Female	3,317	$ 1,585.59	$ 1,698.88	$ 13.34	$ 14.40	4.62%	4.60%	2.00%	5.50%	$ 1,807.85	$ 1,936.69
Capital	LaCHIP Affordable Plan	All Ages	9,557	$ 149.30	$ 161.29	$ 13.34	$ 14.40	4.37%	4.36%	2.00%	5.50%	$ 182.88	$ 197.54
Capital	HCBS Waiver	20 & Under, Male and Female	1,056	$ 2,079.78	$ 2,284.38	$ 13.34	$ 14.40	4.90%	4.90%	2.00%	5.50%	$ 2,373.10	$ 2,606.26
Capital	HCBS Waiver	21+ Years, Male and Female	2,629	$ 809.53	$ 876.69	$ 13.34	$ 14.40	3.88%	3.91%	2.00%	5.50%	$ 923.50	$ 1,000.40
Capital	Chisholm Class Members	Chisholm, All Ages Male & Female	4,717	$ 1,035.92	$ 1,149.09	$ 13.34	$ 14.40	5.63%	5.66%	2.00%	5.50%	$ 1,197.44	$ 1,328.11
Capital	SBH - Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	13,970	$ 175.51	$ 196.99	$ 1.46	$ 1.58	5.05%	5.07%	2.00%	5.50%	$ 200.90	$ 225.45
Capital	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	266,563	$ 16.83	$ 17.85	$ 1.46	$ 1.58	5.05%	5.07%	2.00%	5.50%	$ 20.69	$ 21.97
Capital	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female	7,085	$ 76.08	$ 85.14	$ 1.46	$ 1.58	5.05%	5.07%	2.00%	5.50%	$ 87.98	$ 98.41
Capital	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	12,038	$ 62.29	$ 66.17	$ 1.46	$ 1.58	5.05%	5.07%	2.00%	5.50%	$ 72.32	$ 76.86
Capital	SBH - Other	SBH - Other, All Ages	8,728	$ 137.18	$ 145.73	$ 1.46	$ 1.58	5.05%	5.07%	2.00%	5.50%	$ 157.37	$ 167.23
Capital	Maternity Kickpayment	Maternity Kickpayment, All Ages	16,577	$ 5,150.56	$ 5,314.01	$ -	$ -	5.30%	5.54%	2.00%	5.50%	$ 5,863.27	$ 6,063.32

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Appendix L: Non-Expansion Combined Rate Development

Table 2a: Loaded Rate Development

				Final Projected Claims PMPM		Retention Load						Loaded Rates	
			A	I	J	K	L	M	N	O	P	Q	R
Region Name	COA Description	Rate Cell Description	Projected MMs	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 @ 5.5%	Low	High
South Central	SSI	Newborn, 0-2 Months	461	$ 17,896.96	$ 19,447.30	$ 13.34	$ 14.40	5.33%	5.30%	2.00%	5.50%	$ 20,393.15	$ 22,154.25
South Central	SSI	Newborn, 3-11 Months	1,938	$ 4,802.04	$ 5,224.27	$ 13.34	$ 14.40	4.96%	4.94%	2.00%	5.50%	$ 5,463.41	$ 5,942.38
South Central	SSI	Child, 1-20 Years	101,556	$ 597.72	$ 654.12	$ 13.34	$ 14.40	4.26%	4.25%	2.00%	5.50%	$ 688.12	$ 752.77
South Central	SSI	Adult, 21+ Years	236,857	$ 886.13	$ 952.12	$ 13.34	$ 14.40	4.13%	4.11%	2.00%	5.50%	$ 1,011.94	$ 1,087.14
South Central	Family and Children	Newborn, 0-2 Months	47,015	$ 1,241.02	$ 1,354.84	$ 13.34	$ 14.40	5.30%	5.28%	2.00%	5.50%	$ 1,427.22	$ 1,557.59
South Central	Family and Children	Newborn, 3-11 Months	106,027	$ 194.84	$ 209.01	$ 13.34	$ 14.40	4.74%	4.72%	2.00%	5.50%	$ 235.04	$ 252.17
South Central	Family and Children	Child, 1-20 Years	2,217,634	$ 125.79	$ 136.07	$ 13.34	$ 14.40	4.41%	4.40%	2.00%	5.50%	$ 156.41	$ 169.14
South Central	Family and Children	Adult, 21+ Years	363,449	$ 263.20	$ 280.42	$ 13.34	$ 14.40	4.45%	4.42%	2.00%	5.50%	$ 311.63	$ 332.12
South Central	Foster Care Children	Foster Care, All Ages Male & Female	49,875	$ 514.08	$ 567.96	$ 13.34	$ 14.40	4.86%	4.87%	2.00%	5.50%	$ 597.22	$ 659.48
South Central	Breast and Cervical Cancer	BCC, All Ages Female	2,199	$ 1,585.59	$ 1,698.88	$ 13.34	$ 14.40	4.62%	4.60%	2.00%	5.50%	$ 1,807.85	$ 1,936.69
South Central	LaCHIP Affordable Plan	All Ages	10,454	$ 149.30	$ 161.29	$ 13.34	$ 14.40	4.37%	4.36%	2.00%	5.50%	$ 182.88	$ 197.54
South Central	HCBS Waiver	20 & Under, Male and Female	1,142	$ 2,079.78	$ 2,284.38	$ 13.34	$ 14.40	4.90%	4.90%	2.00%	5.50%	$ 2,373.10	$ 2,606.26
South Central	HCBS Waiver	21+ Years, Male and Female	3,354	$ 809.53	$ 876.69	$ 13.34	$ 14.40	3.88%	3.91%	2.00%	5.50%	$ 923.50	$ 1,000.40
South Central	Chisholm Class Members	Chisholm, All Ages Male & Female	6,069	$ 1,035.92	$ 1,149.09	$ 13.34	$ 14.40	5.63%	5.66%	2.00%	5.50%	$ 1,197.44	$ 1,328.11
South Central	SBH - Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	14,070	$ 175.51	$ 196.99	$ 1.46	$ 1.58	5.05%	5.07%	2.00%	5.50%	$ 200.90	$ 225.45
South Central	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	354,544	$ 13.92	$ 14.77	$ 1.46	$ 1.58	5.05%	5.07%	2.00%	5.50%	$ 17.39	$ 18.48
South Central	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female	6,496	$ 76.08	$ 85.14	$ 1.46	$ 1.58	5.05%	5.07%	2.00%	5.50%	$ 87.98	$ 98.41
South Central	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	12,741	$ 62.29	$ 66.17	$ 1.46	$ 1.58	5.05%	5.07%	2.00%	5.50%	$ 72.32	$ 76.86
South Central	SBH - Other	SBH - Other, All Ages	11,211	$ 137.18	$ 145.73	$ 1.46	$ 1.58	5.05%	5.07%	2.00%	5.50%	$ 157.37	$ 167.23
South Central	Maternity Kickpayment	Maternity Kickpayment, All Ages	19,098	$ 5,287.19	$ 5,454.96	$ -	$ -	5.30%	5.54%	2.00%	5.50%	$ 6,018.82	$ 6,224.15
North	SSI	Newborn, 0-2 Months	377	$ 17,896.96	$ 19,447.30	$ 13.34	$ 14.40	5.33%	5.30%	2.00%	5.50%	$ 20,393.15	$ 22,154.25
North	SSI	Newborn, 3-11 Months	1,585	$ 4,802.04	$ 5,224.27	$ 13.34	$ 14.40	4.96%	4.94%	2.00%	5.50%	$ 5,463.41	$ 5,942.38
North	SSI	Child, 1-20 Years	115,401	$ 670.66	$ 736.90	$ 13.34	$ 14.40	4.62%	4.61%	2.00%	5.50%	$ 772.97	$ 848.95
North	SSI	Adult, 21+ Years	209,758	$ 799.58	$ 860.01	$ 13.34	$ 14.40	4.17%	4.15%	2.00%	5.50%	$ 914.88	$ 983.88
North	Family and Children	Newborn, 0-2 Months	38,446	$ 1,209.87	$ 1,322.92	$ 13.34	$ 14.40	5.31%	5.29%	2.00%	5.50%	$ 1,391.87	$ 1,521.38
North	Family and Children	Newborn, 3-11 Months	86,701	$ 194.67	$ 209.01	$ 13.34	$ 14.40	4.79%	4.77%	2.00%	5.50%	$ 234.97	$ 252.30
North	Family and Children	Child, 1-20 Years	1,722,974	$ 131.64	$ 143.37	$ 13.34	$ 14.40	4.71%	4.71%	2.00%	5.50%	$ 163.45	$ 177.85
North	Family and Children	Adult, 21+ Years	281,131	$ 244.62	$ 260.80	$ 13.34	$ 14.40	4.52%	4.49%	2.00%	5.50%	$ 290.83	$ 310.18
North	Foster Care Children	Foster Care, All Ages Male & Female	31,596	$ 514.08	$ 567.96	$ 13.34	$ 14.40	4.86%	4.87%	2.00%	5.50%	$ 597.22	$ 659.48
North	Breast and Cervical Cancer	BCC, All Ages Female	2,469	$ 1,585.59	$ 1,698.88	$ 13.34	$ 14.40	4.62%	4.60%	2.00%	5.50%	$ 1,807.85	$ 1,936.69
North	LaCHIP Affordable Plan	All Ages	5,233	$ 149.30	$ 161.29	$ 13.34	$ 14.40	4.37%	4.36%	2.00%	5.50%	$ 182.88	$ 197.54
North	HCBS Waiver	20 & Under, Male and Female	1,044	$ 2,079.78	$ 2,284.38	$ 13.34	$ 14.40	4.90%	4.90%	2.00%	5.50%	$ 2,373.10	$ 2,606.26
North	HCBS Waiver	21+ Years, Male and Female	2,911	$ 809.53	$ 876.69	$ 13.34	$ 14.40	3.88%	3.91%	2.00%	5.50%	$ 923.50	$ 1,000.40
North	Chisholm Class Members	Chisholm, All Ages Male & Female	4,066	$ 1,035.92	$ 1,149.09	$ 13.34	$ 14.40	5.63%	5.66%	2.00%	5.50%	$ 1,197.44	$ 1,328.11
North	SBH - Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	12,916	$ 175.51	$ 196.99	$ 1.46	$ 1.58	5.05%	5.07%	2.00%	5.50%	$ 200.90	$ 225.45
North	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	284,633	$ 15.81	$ 16.77	$ 1.46	$ 1.58	5.05%	5.07%	2.00%	5.50%	$ 19.54	$ 20.75
North	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female	4,076	$ 76.08	$ 85.14	$ 1.46	$ 1.58	5.05%	5.07%	2.00%	5.50%	$ 87.98	$ 98.41
North	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	9,869	$ 62.29	$ 66.17	$ 1.46	$ 1.58	5.05%	5.07%	2.00%	5.50%	$ 72.32	$ 76.86
North	SBH - Other	SBH - Other, All Ages	10,383	$ 137.18	$ 145.73	$ 1.46	$ 1.58	5.05%	5.07%	2.00%	5.50%	$ 157.37	$ 167.23
North	Maternity Kickpayment	Maternity Kickpayment, All Ages	15,959	$ 5,156.97	$ 5,320.53	$ -	$ -	5.30%	5.54%	2.00%	5.50%	$ 5,870.58	$ 6,070.76

Notes:
Q = (I * (1 + M) + K) / (1 - O - P)
R = (J * (1 + N) + L) / (1 - O - P)

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Appendix L: Non-Expansion Combined Rate Development

Table 2b: Loaded Rates, inclusive of FMP

			Loaded Rates		Full Medicaid Pricing[3]				2/1/2017 Rates w/ FMP	
			Q	R	S	T	U	V	W	X
Region Name	COA Description	Rate Cell Description	Low	High	Hospital (IP/OP) FMP PMPM	Ambulance FMP PMPM	Physician FMP PMPM	Total FMP PMPM	Low	High
Gulf	SSI	Newborn, 0-2 Months	$ 20,393.15	$ 22,154.25	$ 6,188.35	$ 38.17	$ 617.06	$ 6,843.58	$ 27,236.73	$ 28,997.84
Gulf	SSI	Newborn, 3-11 Months	$ 5,463.41	$ 5,942.38	$ 1,844.29	$ 14.66	$ 99.71	$ 1,958.67	$ 7,422.08	$ 7,901.05
Gulf	SSI	Child, 1-20 Years	$ 680.91	$ 746.25	$ 83.92	$ 6.93	$ 17.92	$ 108.77	$ 789.68	$ 855.02
Gulf	SSI	Adult, 21+ Years	$ 1,053.61	$ 1,133.98	$ 181.10	$ 29.24	$ 42.13	$ 252.47	$ 1,306.08	$ 1,386.45
Gulf	Family and Children	Newborn, 0-2 Months	$ 1,249.68	$ 1,366.68	$ 353.03	$ 9.57	$ 35.69	$ 398.29	$ 1,647.97	$ 1,764.98
Gulf	Family and Children	Newborn, 3-11 Months	$ 229.06	$ 245.92	$ 29.14	$ 2.33	$ 11.60	$ 43.07	$ 272.13	$ 288.99
Gulf	Family and Children	Child, 1-20 Years	$ 152.53	$ 165.55	$ 9.51	$ 1.60	$ 5.62	$ 16.73	$ 169.26	$ 182.28
Gulf	Family and Children	Adult, 21+ Years	$ 286.73	$ 305.84	$ 30.96	$ 7.55	$ 14.86	$ 53.37	$ 340.10	$ 359.21
Gulf	Foster Care Children	Foster Care, All Ages Male & Female	$ 597.22	$ 659.48	$ 12.92	$ 2.14	$ 5.10	$ 20.15	$ 617.38	$ 679.63
Gulf	Breast and Cervical Cancer	BCC, All Ages Female	$ 1,807.85	$ 1,936.69	$ 455.41	$ 5.42	$ 53.75	$ 514.58	$ 2,322.44	$ 2,451.27
Gulf	LaCHIP Affordable Plan	All Ages	$ 182.88	$ 197.54	$ 10.30	$ 0.64	$ 4.56	$ 15.51	$ 198.39	$ 213.04
Gulf	HCBS Waiver	20 & Under, Male and Female	$ 2,373.10	$ 2,606.26	$ 94.07	$ 5.26	$ 15.53	$ 114.87	$ 2,487.97	$ 2,721.12
Gulf	HCBS Waiver	21+ Years, Male and Female	$ 923.50	$ 1,000.40	$ 114.54	$ 14.10	$ 20.33	$ 148.97	$ 1,072.47	$ 1,149.38
Gulf	Chisholm Class Members	Chisholm, All Ages Male & Female	$ 1,197.44	$ 1,328.11	$ 78.47	$ 4.64	$ 10.62	$ 93.73	$ 1,291.17	$ 1,421.85
Gulf	SBH - Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	$ 200.90	$ 225.45	$ -	$ -	$ -	$ -	$ 200.90	$ 225.45
Gulf	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	$ 25.55	$ 27.14	$ 0.34	$ -	$ 0.21	$ 0.54	$ 26.09	$ 27.69
Gulf	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female	$ 87.98	$ 98.41	$ 4.64	$ -	$ 0.15	$ 4.79	$ 92.77	$ 103.19
Gulf	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	$ 72.32	$ 76.86	$ 7.79	$ -	$ 0.11	$ 7.90	$ 80.22	$ 84.76
Gulf	SBH - Other	SBH - Other, All Ages	$ 157.37	$ 167.23	$ 35.93	$ -	$ 0.28	$ 36.21	$ 193.57	$ 203.44
Gulf	Maternity Kickpayment	Maternity Kickpayment, All Ages	$ 6,636.67	$ 6,863.22	$ 4,023.11	$ -	$ 708.81	$ 4,731.93	$ 11,368.59	$ 11,595.15
Capital	SSI	Newborn, 0-2 Months	$ 20,393.15	$ 22,154.25	$ 6,188.35	$ 38.17	$ 617.06	$ 6,843.58	$ 27,236.73	$ 28,997.84
Capital	SSI	Newborn, 3-11 Months	$ 5,463.41	$ 5,942.38	$ 1,844.29	$ 14.66	$ 99.71	$ 1,958.67	$ 7,422.08	$ 7,901.05
Capital	SSI	Child, 1-20 Years	$ 730.74	$ 798.86	$ 51.31	$ 2.81	$ 16.58	$ 70.71	$ 801.45	$ 869.57
Capital	SSI	Adult, 21+ Years	$ 1,171.29	$ 1,260.45	$ 126.17	$ 14.49	$ 43.44	$ 184.10	$ 1,355.39	$ 1,444.55
Capital	Family and Children	Newborn, 0-2 Months	$ 1,316.12	$ 1,439.64	$ 364.00	$ 3.16	$ 35.74	$ 402.89	$ 1,719.02	$ 1,842.54
Capital	Family and Children	Newborn, 3-11 Months	$ 226.76	$ 243.51	$ 25.80	$ 1.38	$ 11.54	$ 38.72	$ 265.48	$ 282.22
Capital	Family and Children	Child, 1-20 Years	$ 161.73	$ 175.41	$ 8.38	$ 0.89	$ 5.88	$ 15.15	$ 176.88	$ 190.56
Capital	Family and Children	Adult, 21+ Years	$ 337.81	$ 360.20	$ 33.79	$ 4.87	$ 20.16	$ 58.83	$ 396.64	$ 419.02
Capital	Foster Care Children	Foster Care, All Ages Male & Female	$ 597.22	$ 659.48	$ 12.92	$ 2.14	$ 5.10	$ 20.15	$ 617.38	$ 679.63
Capital	Breast and Cervical Cancer	BCC, All Ages Female	$ 1,807.85	$ 1,936.69	$ 455.41	$ 5.42	$ 53.75	$ 514.58	$ 2,322.44	$ 2,451.27
Capital	LaCHIP Affordable Plan	All Ages	$ 182.88	$ 197.54	$ 10.30	$ 0.64	$ 4.56	$ 15.51	$ 198.39	$ 213.04
Capital	HCBS Waiver	20 & Under, Male and Female	$ 2,373.10	$ 2,606.26	$ 94.07	$ 5.26	$ 15.53	$ 114.87	$ 2,487.97	$ 2,721.12
Capital	HCBS Waiver	21+ Years, Male and Female	$ 923.50	$ 1,000.40	$ 114.54	$ 14.10	$ 20.33	$ 148.97	$ 1,072.47	$ 1,149.38
Capital	Chisholm Class Members	Chisholm, All Ages Male & Female	$ 1,197.44	$ 1,328.11	$ 78.47	$ 4.64	$ 10.62	$ 93.73	$ 1,291.17	$ 1,421.85
Capital	SBH - Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	$ 200.90	$ 225.45	$ -	$ -	$ -	$ -	$ 200.90	$ 225.45
Capital	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	$ 20.69	$ 21.97	$ 0.24	$ -	$ 0.03	$ 0.26	$ 20.96	$ 22.24
Capital	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female	$ 87.98	$ 98.41	$ 4.64	$ -	$ 0.15	$ 4.79	$ 92.77	$ 103.19
Capital	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	$ 72.32	$ 76.86	$ 7.79	$ -	$ 0.11	$ 7.90	$ 80.22	$ 84.76
Capital	SBH - Other	SBH - Other, All Ages	$ 157.37	$ 167.23	$ 35.93	$ -	$ 0.28	$ 36.21	$ 193.57	$ 203.44
Capital	Maternity Kickpayment	Maternity Kickpayment, All Ages	$ 5,863.27	$ 6,063.32	$ 2,740.76	$ -	$ 611.33	$ 3,352.10	$ 9,215.37	$ 9,415.42

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Appendix L: Non-Expansion Combined Rate Development

Table 2b: Loaded Rates, inclusive of FMP

			Loaded Rates		Full Medicaid Pricing[3]				2/1/2017 Rates w/ FMP	
			Q	R	S	T	U	V	W	X
Region Name	COA Description	Rate Cell Description	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	$ 20,393.15	$ 22,154.25	$ 6,188.35	$ 38.17	$ 617.06	$ 6,843.58	$ 27,236.73	$ 28,997.84
South Central	SSI	Newborn, 3-11 Months	$ 5,463.41	$ 5,942.38	$ 1,844.29	$ 14.66	$ 99.71	$ 1,958.67	$ 7,422.08	$ 7,901.05
South Central	SSI	Child, 1-20 Years	$ 688.12	$ 752.77	$ 60.01	$ 2.04	$ 11.78	$ 73.82	$ 761.94	$ 826.60
South Central	SSI	Adult, 21+ Years	$ 1,011.94	$ 1,087.14	$ 158.14	$ 8.16	$ 30.96	$ 197.26	$ 1,209.20	$ 1,284.40
South Central	Family and Children	Newborn, 0-2 Months	$ 1,427.22	$ 1,557.59	$ 637.47	$ 2.91	$ 21.74	$ 662.12	$ 2,089.34	$ 2,219.71
South Central	Family and Children	Newborn, 3-11 Months	$ 235.04	$ 252.17	$ 36.52	$ 0.99	$ 9.77	$ 47.27	$ 282.31	$ 299.44
South Central	Family and Children	Child, 1-20 Years	$ 156.41	$ 169.14	$ 9.20	$ 0.56	$ 5.04	$ 14.80	$ 171.22	$ 183.95
South Central	Family and Children	Adult, 21+ Years	$ 311.63	$ 332.12	$ 35.33	$ 2.94	$ 16.35	$ 54.61	$ 366.23	$ 386.73
South Central	Foster Care Children	Foster Care, All Ages Male & Female	$ 597.22	$ 659.48	$ 12.92	$ 2.14	$ 5.10	$ 20.15	$ 617.38	$ 679.63
South Central	Breast and Cervical Cancer	BCC, All Ages Female	$ 1,807.85	$ 1,936.69	$ 455.41	$ 5.42	$ 53.75	$ 514.58	$ 2,322.44	$ 2,451.27
South Central	LaCHIP Affordable Plan	All Ages	$ 182.88	$ 197.54	$ 10.30	$ 0.64	$ 4.56	$ 15.51	$ 198.39	$ 213.04
South Central	HCBS Waiver	20 & Under, Male and Female	$ 2,373.10	$ 2,606.26	$ 94.07	$ 5.26	$ 15.53	$ 114.87	$ 2,487.97	$ 2,721.12
South Central	HCBS Waiver	21+ Years, Male and Female	$ 923.50	$ 1,000.40	$ 114.54	$ 14.10	$ 20.33	$ 148.97	$ 1,072.47	$ 1,149.38
South Central	Chisholm Class Members	Chisholm, All Ages Male & Female	$ 1,197.44	$ 1,328.11	$ 78.47	$ 4.64	$ 10.62	$ 93.73	$ 1,291.17	$ 1,421.85
South Central	SBH - Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	$ 200.90	$ 225.45	$ -	$ -	$ -	$ -	$ 200.90	$ 225.45
South Central	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	$ 17.39	$ 18.48	$ 0.56	$ -	$ 0.00	$ 0.56	$ 17.95	$ 19.04
South Central	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female	$ 87.98	$ 98.41	$ 4.64	$ -	$ 0.15	$ 4.79	$ 92.77	$ 103.19
South Central	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	$ 72.32	$ 76.86	$ 7.79	$ -	$ 0.11	$ 7.90	$ 80.22	$ 84.76
South Central	SBH - Other	SBH - Other, All Ages	$ 157.37	$ 167.23	$ 35.93	$ -	$ 0.28	$ 36.21	$ 193.57	$ 203.44
South Central	Maternity Kickpayment	Maternity Kickpayment, All Ages	$ 6,018.82	$ 6,224.15	$ 2,879.33	$ -	$ 211.79	$ 3,091.12	$ 9,109.94	$ 9,315.27
North	SSI	Newborn, 0-2 Months	$ 20,393.15	$ 22,154.25	$ 6,188.35	$ 38.17	$ 617.06	$ 6,843.58	$ 27,236.73	$ 28,997.84
North	SSI	Newborn, 3-11 Months	$ 5,463.41	$ 5,942.38	$ 1,844.29	$ 14.66	$ 99.71	$ 1,958.67	$ 7,422.08	$ 7,901.05
North	SSI	Child, 1-20 Years	$ 772.97	$ 848.95	$ 65.05	$ 3.96	$ 6.74	$ 75.74	$ 848.71	$ 924.69
North	SSI	Adult, 21+ Years	$ 914.88	$ 983.88	$ 170.12	$ 16.24	$ 16.90	$ 203.27	$ 1,118.15	$ 1,187.15
North	Family and Children	Newborn, 0-2 Months	$ 1,391.87	$ 1,521.38	$ 623.44	$ 5.17	$ 11.95	$ 640.56	$ 2,032.44	$ 2,161.94
North	Family and Children	Newborn, 3-11 Months	$ 234.97	$ 252.30	$ 39.26	$ 1.88	$ 3.79	$ 44.93	$ 279.90	$ 297.23
North	Family and Children	Child, 1-20 Years	$ 163.45	$ 177.85	$ 8.45	$ 1.14	$ 1.98	$ 11.57	$ 175.01	$ 189.42
North	Family and Children	Adult, 21+ Years	$ 290.83	$ 310.18	$ 33.64	$ 5.86	$ 5.96	$ 45.46	$ 336.29	$ 355.64
North	Foster Care Children	Foster Care, All Ages Male & Female	$ 597.22	$ 659.48	$ 12.92	$ 2.14	$ 5.10	$ 20.15	$ 617.38	$ 679.63
North	Breast and Cervical Cancer	BCC, All Ages Female	$ 1,807.85	$ 1,936.69	$ 455.41	$ 5.42	$ 53.75	$ 514.58	$ 2,322.44	$ 2,451.27
North	LaCHIP Affordable Plan	All Ages	$ 182.88	$ 197.54	$ 10.30	$ 0.64	$ 4.56	$ 15.51	$ 198.39	$ 213.04
North	HCBS Waiver	20 & Under, Male and Female	$ 2,373.10	$ 2,606.26	$ 94.07	$ 5.26	$ 15.53	$ 114.87	$ 2,487.97	$ 2,721.12
North	HCBS Waiver	21+ Years, Male and Female	$ 923.50	$ 1,000.40	$ 114.54	$ 14.10	$ 20.33	$ 148.97	$ 1,072.47	$ 1,149.38
North	Chisholm Class Members	Chisholm, All Ages Male & Female	$ 1,197.44	$ 1,328.11	$ 78.47	$ 4.64	$ 10.62	$ 93.73	$ 1,291.17	$ 1,421.85
North	SBH - Chisholm Class Members	SBH - Chisholm, All Ages Male & Female	$ 200.90	$ 225.45	$ -	$ -	$ -	$ -	$ 200.90	$ 225.45
North	SBH - Dual Eligible	SBH - Dual Eligible, All Ages	$ 19.54	$ 20.75	$ 0.50	$ -	$ 0.01	$ 0.50	$ 20.04	$ 21.26
North	SBH - HCBS Waiver	SBH - 20 & Under, Male and Female	$ 87.98	$ 98.41	$ 4.64	$ -	$ 0.15	$ 4.79	$ 92.77	$ 103.19
North	SBH - HCBS Waiver	SBH - 21+ Years, Male and Female	$ 72.32	$ 76.86	$ 7.79	$ -	$ 0.11	$ 7.90	$ 80.22	$ 84.76
North	SBH - Other	SBH - Other, All Ages	$ 157.37	$ 167.23	$ 35.93	$ -	$ 0.28	$ 36.21	$ 193.57	$ 203.44
North	Maternity Kickpayment	Maternity Kickpayment, All Ages	$ 5,870.58	$ 6,070.76	$ 3,994.23	$ -	$ 199.06	$ 4,193.29	$ 10,063.87	$ 10,264.06

Notes:
3- FMP amounts include premium tax.
V = S + T + U
W = Q + V
X = R + V

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Appendix M: Expansion Projected Claims PMPM Development

Table 1: PH Expansion Rate Component Development

					Remove Prospective Components							
			A	B	C	D	E	F	G	H	I	J
Region Name	COA Description	Rate Cell Description	Projected PMPM -- Low	Projected PMPM -- High	Remove Preventive Services	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	$ 221.08	$ 235.82	$ (3.62)	$ 2.25	3.77%	5.63%	0.00%	$ 196.02	$ 198.03	$ 197.03
Capital	Family and Children	Adult, 21+ Years	$ 265.33	$ 282.91	$ (3.62)	$ 2.27	3.84%	5.69%	0.00%	$ 235.03	$ 237.39	$ 236.21
South Central	Family and Children	Adult, 21+ Years	$ 242.14	$ 258.05	$ (3.62)	$ 2.24	3.88%	5.73%	0.00%	$ 214.06	$ 216.15	$ 215.11
North	Family and Children	Adult, 21+ Years	$ 223.76	$ 238.66	$ (3.62)	$ 2.23	3.57%	5.45%	0.00%	$ 199.61	$ 201.47	$ 200.54

Notes:
Prospective components removed in columns C through F also correspond to Physical Health only rating adjustments
I = [(A + C + D) / (1 + E) ^ 37/12] / (1 + G)
J = [(B + C + D) / (1 + F) ^ 37/12] / (1 + G)
J = (H + I) / 2

Table 2: SBH Expansion Rate Component Development

					Remove Prospective Components					
			J	K	L	M	N	O	P	Q
Region Name	COA Description	Rate Cell Description	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	$ 20.16	$ 21.40	1.50%	3.50%	0.00%	$ 19.25	$ 19.25	$ 19.25
Capital	Family and Children	Adult, 21+ Years	$ 21.25	$ 22.57	1.50%	3.50%	0.00%	$ 20.30	$ 20.30	$ 20.30
South Central	Family and Children	Adult, 21+ Years	$ 21.06	$ 22.37	1.50%	3.50%	0.00%	$ 20.12	$ 20.12	$ 20.12
North	Family and Children	Adult, 21+ Years	$ 20.85	$ 22.14	1.50%	3.50%	0.00%	$ 19.92	$ 19.92	$ 19.92

Notes:
Prospective components removed in columns L through N also correspond to SBH only rating adjustments
O = [J / (1 + L) ^ 37/12)] / (1 + N)
P = [K / (1 + M) ^ 37/12)] / (1 + N)
Q = (O + P) / 2

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Appendix N: Expansion Projected Claims Expansion (PH + SBH)

Table 1a: Projected Claims PMPM Development for Expansion

				Projected Claims PMPM				Final Projected Claims PMPM
				PH PMPM	SBH PMPM	PH & SBH Combined		
			A	B	C	D	E	F
Region Name	COA Description	Rate Cell Description	CY2014 MMs	Midpoint PMPM	Midpoint PMPM	Midpoint PMPM	Credibility	Midpoint PMPM
Gulf	Family and Children	Adult, 21+ Years	428,360	$ 197.03	$ 19.25	$ 216.28	100%	$ 216.28
Capital	Family and Children	Adult, 21+ Years	333,033	$ 236.21	$ 20.30	$ 256.51	100%	$ 256.51
South Central	Family and Children	Adult, 21+ Years	363,449	$ 215.11	$ 20.12	$ 235.22	100%	$ 235.22
North	Family and Children	Adult, 21+ Years	281,131	$ 200.54	$ 19.92	$ 220.45	100%	$ 220.45

Notes:
PH & SBH PMPM correspond to columns Q & I on Appendix A
D = B + C
F = D * E

Table 1b: Expansion Rate Development

	G	F	H	I	J	K	L	M	N	O	P	Q	R
Region Name	Projected Expansion Enrollment	Projected Claims PMPM -- Midpoint	Acuity Adj -- Low	Acuity Adj -- High	Expansion Trend Low	Expansion Trend High	Reverse MC Impact to Low	Reverse MC Impact to High	Pent Up Demand Adjustment	Adverse Selection Adj -- Low	Adverse Selection Adj -- High	Claims Expense PMPM - Low	Claims Expense PMPM - High
Gulf	1,671,723	$ 216.28	17.5%	25.6%	3.69%	5.62%	3.82%	3.84%	6.95%	0.17%	0.17%	$ 316.05	$ 357.64
Capital	977,534	$ 256.51	17.5%	25.6%	3.79%	5.71%	4.10%	4.11%	7.57%	0.26%	0.26%	$ 379.48	$ 429.35
South Central	1,141,113	$ 235.22	17.5%	25.6%	3.81%	5.73%	4.07%	4.08%	7.57%	0.26%	0.26%	$ 348.09	$ 393.76
North	980,912	$ 220.45	17.5%	25.6%	3.50%	5.44%	4.03%	4.05%	7.57%	0.26%	0.26%	$ 323.13	$ 365.88

Notes:
Q = F * (1 + H) * (1 + J) ^ (37/12) * (1 + L) * (1 + N) * (1 + O)
R = F * (1 + I) * (1 + K) ^ (37/12) * (1 + M) * (1 + N) * (1 + P)

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Appendix O: Expansion Loaded Rate Development

Table 1a: Creation of Rate cells using Age-Sex Acuity and development of Loaded Rates

	A	B	C		D	E	F	J	H	I	K	L
											Loaded Rates	
Region Name	Claims Expense PMPM	Claims Expense PMPM	Age - Sex Factor	Rate Cell Description	Low PMPM	High PMPM	Admin PMPM Load Low PMPM	Admin PMPM Load High PMPM	UW Gain @ 2%	Premium Tax @ 5.5%	Low	High
Gulf	$ 316.05	$ 357.64	0.616	Female Age 19 - Age 24	$ 194.72	$ 220.35	$ 26.49	$ 26.49	2.00%	5.50%	$ 239.15	$ 266.85
Gulf	$ 316.05	$ 357.64	0.503	Male Age 19 - Age 24	$ 158.88	$ 179.79	$ 26.49	$ 26.49	2.00%	5.50%	$ 200.40	$ 223.00
Gulf	$ 316.05	$ 357.64	0.912	Female Age 25 - Age 39	$ 288.34	$ 326.28	$ 26.49	$ 26.49	2.00%	5.50%	$ 340.35	$ 381.37
Gulf	$ 316.05	$ 357.64	0.810	Male Age 25 - Age 39	$ 255.97	$ 289.65	$ 26.49	$ 26.49	2.00%	5.50%	$ 305.36	$ 341.77
Gulf	$ 316.05	$ 357.64	1.419	Female Age 40 - Age 49	$ 448.51	$ 507.54	$ 26.49	$ 26.49	2.00%	5.50%	$ 513.52	$ 577.33
Gulf	$ 316.05	$ 357.64	1.391	Male Age 40 - Age 49	$ 439.56	$ 497.40	$ 26.49	$ 26.49	2.00%	5.50%	$ 503.83	$ 566.37
Gulf	$ 316.05	$ 357.64	1.697	Female Age 50 - Age 64	$ 536.40	$ 606.99	$ 26.49	$ 26.49	2.00%	5.50%	$ 608.53	$ 684.84
Gulf	$ 316.05	$ 357.64	1.942	Male Age 50 - Age 64	$ 613.91	$ 694.70	$ 26.49	$ 26.49	2.00%	5.50%	$ 692.33	$ 779.67
Capital	$ 379.48	$ 429.35	0.616	Female Age 19 - Age 24	$ 233.80	$ 264.53	$ 26.49	$ 26.49	2.00%	5.50%	$ 281.40	$ 314.61
Capital	$ 379.48	$ 429.35	0.503	Male Age 19 - Age 24	$ 190.77	$ 215.84	$ 26.49	$ 26.49	2.00%	5.50%	$ 234.87	$ 261.97
Capital	$ 379.48	$ 429.35	0.912	Female Age 25 - Age 39	$ 346.21	$ 391.70	$ 26.49	$ 26.49	2.00%	5.50%	$ 402.91	$ 452.10
Capital	$ 379.48	$ 429.35	0.810	Male Age 25 - Age 39	$ 307.34	$ 347.73	$ 26.49	$ 26.49	2.00%	5.50%	$ 360.90	$ 404.56
Capital	$ 379.48	$ 429.35	1.419	Female Age 40 - Age 49	$ 538.53	$ 609.31	$ 26.49	$ 26.49	2.00%	5.50%	$ 610.84	$ 687.35
Capital	$ 379.48	$ 429.35	1.391	Male Age 40 - Age 49	$ 527.78	$ 597.14	$ 26.49	$ 26.49	2.00%	5.50%	$ 599.21	$ 674.19
Capital	$ 379.48	$ 429.35	1.697	Female Age 50 - Age 64	$ 644.06	$ 728.70	$ 26.49	$ 26.49	2.00%	5.50%	$ 724.91	$ 816.42
Capital	$ 379.48	$ 429.35	1.942	Male Age 50 - Age 64	$ 737.13	$ 834.00	$ 26.49	$ 26.49	2.00%	5.50%	$ 825.54	$ 930.26
South Central	$ 348.09	$ 393.76	0.616	Female Age 19 - Age 24	$ 214.47	$ 242.60	$ 26.49	$ 26.49	2.00%	5.50%	$ 260.49	$ 290.91
South Central	$ 348.09	$ 393.76	0.503	Male Age 19 - Age 24	$ 174.99	$ 197.94	$ 26.49	$ 26.49	2.00%	5.50%	$ 217.81	$ 242.63
South Central	$ 348.09	$ 393.76	0.912	Female Age 25 - Age 39	$ 317.57	$ 359.23	$ 26.49	$ 26.49	2.00%	5.50%	$ 371.96	$ 417.00
South Central	$ 348.09	$ 393.76	0.810	Male Age 25 - Age 39	$ 281.92	$ 318.90	$ 26.49	$ 26.49	2.00%	5.50%	$ 333.42	$ 373.40
South Central	$ 348.09	$ 393.76	1.419	Female Age 40 - Age 49	$ 493.99	$ 558.79	$ 26.49	$ 26.49	2.00%	5.50%	$ 562.68	$ 632.74
South Central	$ 348.09	$ 393.76	1.391	Male Age 40 - Age 49	$ 484.13	$ 547.63	$ 26.49	$ 26.49	2.00%	5.50%	$ 552.02	$ 620.67
South Central	$ 348.09	$ 393.76	1.697	Female Age 50 - Age 64	$ 590.79	$ 668.29	$ 26.49	$ 26.49	2.00%	5.50%	$ 667.33	$ 751.11
South Central	$ 348.09	$ 393.76	1.942	Male Age 50 - Age 64	$ 676.17	$ 764.86	$ 26.49	$ 26.49	2.00%	5.50%	$ 759.63	$ 855.52
North	$ 323.13	$ 365.88	0.616	Female Age 19 - Age 24	$ 199.08	$ 225.43	$ 26.49	$ 26.49	2.00%	5.50%	$ 243.86	$ 272.34
North	$ 323.13	$ 365.88	0.503	Male Age 19 - Age 24	$ 162.44	$ 183.93	$ 26.49	$ 26.49	2.00%	5.50%	$ 204.24	$ 227.48
North	$ 323.13	$ 365.88	0.912	Female Age 25 - Age 39	$ 294.79	$ 333.80	$ 26.49	$ 26.49	2.00%	5.50%	$ 347.33	$ 389.51
North	$ 323.13	$ 365.88	0.810	Male Age 25 - Age 39	$ 261.70	$ 296.33	$ 26.49	$ 26.49	2.00%	5.50%	$ 311.56	$ 348.99
North	$ 323.13	$ 365.88	1.419	Female Age 40 - Age 49	$ 458.56	$ 519.24	$ 26.49	$ 26.49	2.00%	5.50%	$ 524.38	$ 589.98
North	$ 323.13	$ 365.88	1.391	Male Age 40 - Age 49	$ 449.40	$ 508.87	$ 26.49	$ 26.49	2.00%	5.50%	$ 514.47	$ 578.77
North	$ 323.13	$ 365.88	1.697	Female Age 50 - Age 64	$ 548.41	$ 620.98	$ 26.49	$ 26.49	2.00%	5.50%	$ 621.51	$ 699.97
North	$ 323.13	$ 365.88	1.942	Male Age 50 - Age 64	$ 627.66	$ 710.72	$ 26.49	$ 26.49	2.00%	5.50%	$ 707.19	$ 796.99

Notes:
K = (D + F) / (1 - H - I)
L = (E + J) / (1 - H - I)

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Appendix O: Expansion Loaded Rate Development

Table 1b: Loaded Rates, inclusive of FMP

		Loaded Rates		Full Medicaid Pricing[1]				Expansion Rates w/ FMP	
		Q	R	S	T	U	V	W	X
Region Name	Rate Cell Description	Low	High	Hospital (IP/OP) FMP PMPM	Ambulance FMP PMPM	Physician FMP PMPM	Total FMP PMPM	Low	High
Gulf	Female Age 19 - Age 24	$ 239.15	$ 266.85	$ 47.64	$ 10.20	$ 18.63	$ 76.47	$ 315.62	$ 343.32
Gulf	Male Age 19 - Age 24	$ 200.40	$ 223.00	$ 47.64	$ 10.20	$ 18.63	$ 76.47	$ 276.87	$ 299.47
Gulf	Female Age 25 - Age 39	$ 340.35	$ 381.37	$ 47.64	$ 10.20	$ 18.63	$ 76.47	$ 416.82	$ 457.84
Gulf	Male Age 25 - Age 39	$ 305.36	$ 341.77	$ 47.64	$ 10.20	$ 18.63	$ 76.47	$ 381.83	$ 418.24
Gulf	Female Age 40 - Age 49	$ 513.52	$ 577.33	$ 47.64	$ 10.20	$ 18.63	$ 76.47	$ 589.99	$ 653.80
Gulf	Male Age 40 - Age 49	$ 503.83	$ 566.37	$ 47.64	$ 10.20	$ 18.63	$ 76.47	$ 580.30	$ 642.84
Gulf	Female Age 50 - Age 64	$ 608.53	$ 684.84	$ 47.64	$ 10.20	$ 18.63	$ 76.47	$ 685.00	$ 761.31
Gulf	Male Age 50 - Age 64	$ 692.33	$ 779.67	$ 47.64	$ 10.20	$ 18.63	$ 76.47	$ 768.80	$ 856.14
Capital	Female Age 19 - Age 24	$ 281.40	$ 314.61	$ 46.52	$ 6.35	$ 24.67	$ 77.54	$ 358.94	$ 392.15
Capital	Male Age 19 - Age 24	$ 234.87	$ 261.97	$ 46.52	$ 6.35	$ 24.67	$ 77.54	$ 312.41	$ 339.51
Capital	Female Age 25 - Age 39	$ 402.91	$ 452.10	$ 46.52	$ 6.35	$ 24.67	$ 77.54	$ 480.45	$ 529.64
Capital	Male Age 25 - Age 39	$ 360.90	$ 404.56	$ 46.52	$ 6.35	$ 24.67	$ 77.54	$ 438.44	$ 482.10
Capital	Female Age 40 - Age 49	$ 610.84	$ 687.35	$ 46.52	$ 6.35	$ 24.67	$ 77.54	$ 688.38	$ 764.89
Capital	Male Age 40 - Age 49	$ 599.21	$ 674.19	$ 46.52	$ 6.35	$ 24.67	$ 77.54	$ 676.75	$ 751.73
Capital	Female Age 50 - Age 64	$ 724.91	$ 816.42	$ 46.52	$ 6.35	$ 24.67	$ 77.54	$ 802.45	$ 893.96
Capital	Male Age 50 - Age 64	$ 825.54	$ 930.26	$ 46.52	$ 6.35	$ 24.67	$ 77.54	$ 903.08	$ 1,007.80
South Central	Female Age 19 - Age 24	$ 260.49	$ 290.91	$ 51.96	$ 3.83	$ 19.88	$ 75.67	$ 336.16	$ 366.58
South Central	Male Age 19 - Age 24	$ 217.81	$ 242.63	$ 51.96	$ 3.83	$ 19.88	$ 75.67	$ 293.48	$ 318.30
South Central	Female Age 25 - Age 39	$ 371.96	$ 417.00	$ 51.96	$ 3.83	$ 19.88	$ 75.67	$ 447.63	$ 492.67
South Central	Male Age 25 - Age 39	$ 333.42	$ 373.40	$ 51.96	$ 3.83	$ 19.88	$ 75.67	$ 409.09	$ 449.07
South Central	Female Age 40 - Age 49	$ 562.68	$ 632.74	$ 51.96	$ 3.83	$ 19.88	$ 75.67	$ 638.35	$ 708.41
South Central	Male Age 40 - Age 49	$ 552.02	$ 620.67	$ 51.96	$ 3.83	$ 19.88	$ 75.67	$ 627.69	$ 696.34
South Central	Female Age 50 - Age 64	$ 667.33	$ 751.11	$ 51.96	$ 3.83	$ 19.88	$ 75.67	$ 743.00	$ 826.78
South Central	Male Age 50 - Age 64	$ 759.63	$ 855.52	$ 51.96	$ 3.83	$ 19.88	$ 75.67	$ 835.30	$ 931.19
North	Female Age 19 - Age 24	$ 243.86	$ 272.34	$ 51.72	$ 7.68	$ 7.85	$ 67.25	$ 311.11	$ 339.59
North	Male Age 19 - Age 24	$ 204.24	$ 227.48	$ 51.72	$ 7.68	$ 7.85	$ 67.25	$ 271.49	$ 294.73
North	Female Age 25 - Age 39	$ 347.33	$ 389.51	$ 51.72	$ 7.68	$ 7.85	$ 67.25	$ 414.58	$ 456.76
North	Male Age 25 - Age 39	$ 311.56	$ 348.99	$ 51.72	$ 7.68	$ 7.85	$ 67.25	$ 378.81	$ 416.24
North	Female Age 40 - Age 49	$ 524.38	$ 589.98	$ 51.72	$ 7.68	$ 7.85	$ 67.25	$ 591.63	$ 657.23
North	Male Age 40 - Age 49	$ 514.47	$ 578.77	$ 51.72	$ 7.68	$ 7.85	$ 67.25	$ 581.72	$ 646.02
North	Female Age 50 - Age 64	$ 621.51	$ 699.97	$ 51.72	$ 7.68	$ 7.85	$ 67.25	$ 688.76	$ 767.22
North	Male Age 50 - Age 64	$ 707.19	$ 796.99	$ 51.72	$ 7.68	$ 7.85	$ 67.25	$ 774.44	$ 864.24

Notes:
1- FMP amounts include premium tax.
V = S + T + U
W = Q + V
X = R + V

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Appendix P: Expansion Assumption Comparison

Table 1a: 2/1/2017 (Non-Gulf)

Assumption	Low	High
Acuity	1.175	1.256
Pent-Up Demand	1.076	1.076
Adverse Selection	1.003	1.003
Reverse Managed Care	1.039	1.039

Table 1b: 2/1/2017 (Gulf)

Assumption	Low	High
Acuity	1.175	1.256
Pent-Up Demand	1.070	1.070
Adverse Selection	1.002	1.002
Reverse Managed Care	1.039	1.039

Table 2a: 7/1/2016 (Non-Gulf)

Assumption	Low	High
Acuity	1.125	1.306
Pent-Up Demand	1.101	1.101
Adverse Selection	1.036	1.047
Reverse Managed Care	1.052	1.052

Table 2b: 7/1/2016 (Gulf)

Assumption	Low	High
Acuity	1.125	1.306
Pent-Up Demand	1.093	1.093
Adverse Selection	1.027	1.034
Reverse Managed Care	1.052	1.052

Table 3: Admin Comparison

Assumption	2/1/2017	7/1/2016
Admin	$ 26.49	$ 29.38

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Appendix Q: Expansion Loaded Rate Comparison

Table 1: 2/1/2017 vs 7/1/2016 Loaded Rates

			2/1/2017 Loaded Rates		7/1/2016 Loaded Rates	
Region Name	Age - Sex Factor	Rate Cell Description	Low	High	Low	High
Gulf	0.616	Female Age 19 - Age 24	$ 239.15	$ 266.85	$ 247.00	$ 296.26
Gulf	0.503	Male Age 19 - Age 24	$ 200.40	$ 223.00	$ 207.38	$ 247.57
Gulf	0.912	Female Age 25 - Age 39	$ 340.35	$ 381.37	$ 350.47	$ 423.41
Gulf	0.810	Male Age 25 - Age 39	$ 305.36	$ 341.77	$ 314.69	$ 379.45
Gulf	1.419	Female Age 40 - Age 49	$ 513.52	$ 577.33	$ 527.52	$ 640.98
Gulf	1.391	Male Age 40 - Age 49	$ 503.83	$ 566.37	$ 517.62	$ 628.82
Gulf	1.697	Female Age 50 - Age 64	$ 608.53	$ 684.84	$ 624.66	$ 760.36
Gulf	1.942	Male Age 50 - Age 64	$ 692.33	$ 779.67	$ 710.34	$ 865.65
Capital	0.616	Female Age 19 - Age 24	$ 281.40	$ 314.61	$ 292.56	$ 353.18
Capital	0.503	Male Age 19 - Age 24	$ 234.87	$ 261.97	$ 244.55	$ 294.01
Capital	0.912	Female Age 25 - Age 39	$ 402.91	$ 452.10	$ 417.94	$ 507.70
Capital	0.810	Male Age 25 - Age 39	$ 360.90	$ 404.56	$ 374.59	$ 454.27
Capital	1.419	Female Age 40 - Age 49	$ 610.84	$ 687.35	$ 632.47	$ 772.09
Capital	1.391	Male Age 40 - Age 49	$ 599.21	$ 674.19	$ 620.47	$ 757.30
Capital	1.697	Female Age 50 - Age 64	$ 724.91	$ 816.42	$ 750.17	$ 917.15
Capital	1.942	Male Age 50 - Age 64	$ 825.54	$ 930.26	$ 853.99	$ 1,045.10
South Central	0.616	Female Age 19 - Age 24	$ 260.49	$ 290.91	$ 271.82	$ 327.83
South Central	0.503	Male Age 19 - Age 24	$ 217.81	$ 242.63	$ 227.64	$ 273.33
South Central	0.912	Female Age 25 - Age 39	$ 371.96	$ 417.00	$ 387.23	$ 470.16
South Central	0.810	Male Age 25 - Age 39	$ 333.42	$ 373.40	$ 347.33	$ 420.94
South Central	1.419	Female Age 40 - Age 49	$ 562.68	$ 632.74	$ 584.70	$ 713.70
South Central	1.391	Male Age 40 - Age 49	$ 552.02	$ 620.67	$ 573.66	$ 700.08
South Central	1.697	Female Age 50 - Age 64	$ 667.33	$ 751.11	$ 693.05	$ 847.32
South Central	1.942	Male Age 50 - Age 64	$ 759.63	$ 855.52	$ 788.61	$ 965.18
North	0.616	Female Age 19 - Age 24	$ 243.86	$ 272.34	$ 255.43	$ 307.54
North	0.503	Male Age 19 - Age 24	$ 204.24	$ 227.48	$ 214.26	$ 256.78
North	0.912	Female Age 25 - Age 39	$ 347.33	$ 389.51	$ 362.96	$ 440.12
North	0.810	Male Age 25 - Age 39	$ 311.56	$ 348.99	$ 325.78	$ 394.28
North	1.419	Female Age 40 - Age 49	$ 524.38	$ 589.98	$ 546.94	$ 666.97
North	1.391	Male Age 40 - Age 49	$ 514.47	$ 578.77	$ 536.65	$ 654.28
North	1.697	Female Age 50 - Age 64	$ 621.51	$ 699.97	$ 647.89	$ 791.44
North	1.942	Male Age 50 - Age 64	$ 707.19	$ 796.99	$ 736.93	$ 901.22

Family Planning Addendum

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 Bayou Health program for the period of February 1, 2017 through January 31, 2018. As part of this work, Mercer was asked to develop the family planning component of the capitation rates using the same data that was used to develop the capitation rate ranges. This Appendix Rresents an overview of the analyses and methodology used in Mercer's family planning rate development for the purpose of satisfying the requirements of the Centers for Medicare & Medicaid Services (CMS), in order for LDH to receive the 90.0% federal match for eligible family planning services. This addendum should be read in conjunction with the rate certification letter. Attachment A within this addendum displays the percent of the capitation rates that are attributable to family planning services. These percentages should be applied directly to capitation rates to determine the family planning amount. The resulting family planning amount does not include load for premium tax, administration, or underwriting gain.

Base Data

The capitation rates were developed using the medical expenses incurred during calendar year 2013 and 2014 with runout through July 31, 2016, as reported through the Medicaid Management Information Systems (MMIS) system. All family planning services were assigned to the appropriate rate cells. Please see the rate certification letter for more details.

Methodology for Identifying Family Planning Services

Using data from the State's MMIS system, a multi-step process was followed to measure the amount of family planning for the calendar year, region, and rate tier. Each of these steps is described below:

1. Family Planning Service Identification

Family planning can be identified through procedure codes that are specifically indicative of a family planning service. Tables 1 and 2 contain the lists of procedure codes that were used to identify family planning services, solely on a procedure code match basis. Table 1 contains sterilization services and Table 2 contains contraception services.

Table 1: Sterilization Services Always Reimbursable at the 90.0% Federal Match Rate

Women	Men
00851	55250
00921	55450
58565	

58600	
58605	
58611	
58615	
58670	
58671	

Table 2: Contraception Services Always Reimbursable at the 90.0% Federal Match Rate

Women	Men
11975	A4267 (condoms)
11976	
11977	
57170	
58300	
58301	
A4261	
A4266	
A4268	
A4269	
H1010	
J7304	
J1055	
J1056	
J7300	
J7302	
J7303	
J7306	
J7307	
S4989	
S4993	

Family planning can also be identified with other procedure codes if the family planning service can be confirmed through the use of contraceptive management diagnosis codes in

the V25 series. Table 3 contains the list of procedure codes that require a V25 series diagnosis code to be present in order to classify a service as family planning.

Table 3: Procedure Codes that Require a V25 Series Diagnoses Code

CPT/HCPCS Codes That May or May Not Represent Contraception/Sterilization Family Planning Services						
00952	76880	99058	99238	99360	A9900	T1023
11981	76977	99070	99239	99371	E1399	
11982	77078	99071	99241	99372	J1885	
11983	77079	99080	99242	99373	G0101	
36415	77080	99144	99243	99383	G0123	
36416	77081	99145	99244	99384	G0141	
57800	77082	99201	99245	99385	H0034	
58100	77083	99202	99251	99386	J3490**	
58340	*	99203	99252	99393	P3000	
58345	88300	99204	99253	99394	P3001	
62311	88302	99205	99254	99395	Q0091	
62319	89310	99211	99255	99396	Q0111	
64435	89321	99212	99261	99401	Q0112	
72190	96372	99213	99262	99402	Q3014	
74000	99000	99214	99263	99403	S0610	
74010	99001	99215	99271	99404	S0612	
74740	99002	99221	99272	99411	S9445	
74742	99024	99222	99273	99412	S9446	
76830	99050	99223	99274	99420	T1001	
76831	99052	99231	99275	99429	T1002	
76856	99054	99232	99281	A4550	T1013	
76857	99056	99233	99282	A4931	T1015	

* Also included: 80047–88189 (except 82143)

** Used to indicate SubQ Depro Provera

Professional service claim lines were classified as family planning if the service contained a procedure code from Table 1 or Table 2, or a procedure code from Table 3 accompanied by a V25 diagnosis code in either the primary or the secondary position.

2. Identification of Family Planning Prescription Drug Claims

In identifying eligible family planning claims from prescription drug data, Mercer identified all drug claims containing one of the HIC3 codes listed in Table 4. These codes have been determined by Mercer's pharmacy team to represent those drugs eligible for the enhanced federal match rate.

Table 4: Drugs Eligible for the Enhanced Federal Match Rate

HIC3	HIC3 Description
G8A	Contraceptives, oral
G8B	Contraceptives, implantable
G8C	Contraceptives, injectable
G8D	Abortifacient, progesterone receptor, antagonist type
G8F	Contraceptives, transdermal
G9A	Contraceptives, intravaginal
G9B	Contraceptives, intravaginal, systemic
X1A	Condoms
X1B	Diaphragms/cervical cap
X1C	Intrauterine devices

Process of Developing Family Planning Portion of Rate

In order to determine what portion of the capitation payment was eligible for the enhanced federal match rate, Mercer totaled all of the family planning-eligible claims for a given rate cell and determined what percentage these claims represented of the total claims for that rate cell. This percentage was then applied to the claims cost per member per month (PMPM) (without administration, profit, and Full Medicaid Pricing {FMP} payment), at the rate cell level, to determine the family planning PMPM that LDH could claim at the enhanced federal match rate.

In a similar manner, Mercer determined what percentage of the FMP add-on was due to family planning services and also eligible for the enhanced federal match rate. This percentage was then applied to the FMP PMPM add-on (without premium tax) at the rate cell level to determine the amount LDH could claim at the enhanced federal match rate.

The enhanced match on the claims cost PMPMs and the FMP PMPM were added together to generate the total family planning PMPM LDH could claim at the enhanced rate. Mercer then calculated a new percentage as the ratio of the total family planning PMPM (claims cost + FMP PMPMs) to the final loaded rate with FMP to provide the final family planning percent.

Limitations and Considerations

In preparing these calculations, Mercer has used and relied upon enrollment, fee-for-service claims, encounter data, and other information supplied by LDH and its fiscal intermediary. LDH and its fiscal intermediary are responsible for the validity and completeness of the data supplied. We have reviewed that data and information for internal consistency and reasonableness but we did not audit it. In our opinion it is appropriate for the intended purposes. If the data and information are incomplete or inaccurate, the values shown in the attached exhibits may need to be revised accordingly. Use of this information for any purposes beyond that stated may not be appropriate.

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

Attachment A

Family Planning Rate Summary

Region Description	Category of Aid Description	Rate Cell Description	Projected Member Months or Deliveries	Lower Bound PMPM or Cost per Delivery	Upper Bound PMPM or Cost per Delivery	Family Planning %
Gulf	SSI	0 - 2 Months	535	$27,236.73	$28,997.83	0.00%
Gulf	SSI	3 - 11 Months	2,252	$7,422.09	$7,901.06	0.00%
Gulf	SSI	Child 1 - 20	126,641	$789.68	$855.02	0.24%
Gulf	SSI	Adult 21+	269,067	$1,306.08	$1,386.45	0.12%
Gulf	Family & Children	0 - 2 Months	54,622	$1,647.97	$1,764.97	0.00%
Gulf	Family & Children	3 - 11 Months	123,181	$272.14	$289.00	0.00%
Gulf	Family & Children	Child 1 - 20	2,245,262	$169.26	$182.28	0.86%
Gulf	Family & Children	Adult 21+	428,360	$340.10	$359.21	3.44%
Gulf	Foster Care Children	FCC, All Ages	27,100	$617.37	$679.63	0.45%
Gulf	BCC	BCC, All Ages	3,182	$2,322.45	$2,451.29	0.05%
Gulf	LAP	LAP, All Ages	7,322	$198.40	$213.06	0.82%
Gulf	HCBS	Child 0 - 20	1,032	$2,487.96	$2,721.12	0.23%
Gulf	HCBS	Adult 21+	3,452	$1,072.47	$1,149.37	0.40%
Gulf	CCM	CCM, All Ages	5,921	$1,291.18	$1,421.85	0.10%
Gulf	SBH - CCM	SBH - Chisholm, All Ages Male & Female	13,493	$200.90	$225.45	0.00%
Gulf	SBH - Duals	SBH - Dual Eligible, All Ages	334,492	$26.10	$27.69	0.00%
Gulf	SBH - HCBS	SBH - 20 & Under, Male and Female	6,270	$92.76	$103.19	0.00%
Gulf	SBH - HCBS	SBH - 21+ Years, Male and Female	12,515	$80.23	$84.77	0.00%
Gulf	SBH - Other	SBH - Other, All Ages	7,511	$193.58	$203.44	0.00%
Gulf	Maternity Kick Payment	Maternity Kick Payment	24,689	$11,368.59	$11,595.14	0.30%
Gulf	EED Kick Payment	EED Kick Payment	N/A	$6,630.01	$6,694.80	0.52%
Capital	SSI	0 - 2 Months	404	$27,236.73	$28,997.83	0.00%
Capital	SSI	3 - 11 Months	1,699	$7,422.09	$7,901.06	0.00%
Capital	SSI	Child 1 - 20	94,505	$801.44	$869.56	0.20%

Appendix R

Region Description	Category of Aid Description	Rate Cell Description	Projected Member Months or Deliveries	Lower Bound PMPM or Cost per Delivery	Upper Bound PMPM or Cost per Delivery	Family Planning %
Capital	SSI	Adult 21+	193,211	$1,355.39	$1,444.55	0.10%
Capital	Family & Children	0 - 2 Months	41,215	$1,719.01	$1,842.53	0.00%
Capital	Family & Children	3 - 11 Months	92,946	$265.48	$282.23	0.00%
Capital	Family & Children	Child 1 - 20	1,977,877	$176.88	$190.56	0.88%
Capital	Family & Children	Adult 21+	333,033	$396.64	$419.03	2.90%
Capital	Foster Care Children	FCC, All Ages	37,283	$617.37	$679.63	0.51%
Capital	BCC	BCC, All Ages	3,317	$2,322.45	$2,451.29	0.20%
Capital	LAP	LAP, All Ages	9,557	$198.40	$213.06	0.83%
Capital	HCBS	Child 0 - 20	1,056	$2,487.96	$2,721.12	0.16%
Capital	HCBS	Adult 21+	2,629	$1,072.47	$1,149.37	0.35%
Capital	CCM	CCM, All Ages	4,717	$1,291.18	$1,421.85	0.08%
Capital	SBH - CCM	SBH - Chisholm, All Ages Male & Female	13,970	$200.90	$225.45	0.00%
Capital	SBH - Duals	SBH - Dual Eligible, All Ages	266,563	$20.95	$22.23	0.00%
Capital	SBH - HCBS	SBH - 20 & Under, Male and Female	7,085	$92.76	$103.19	0.00%
Capital	SBH - HCBS	SBH - 21+ Years, Male and Female	12,038	$80.23	$84.77	0.00%
Capital	SBH - Other	SBH - Other, All Ages	8,728	$193.58	$203.44	0.00%
Capital	Maternity Kick Payment	Maternity Kick Payment	16,577	$9,215.36	$9,415.41	0.27%
Capital	EED Kick Payment	EED Kick Payment	N/A	$5,028.99	$5,086.20	0.49%
South Central	SSI	0 - 2 Months	461	$27,236.73	$28,997.83	0.00%
South Central	SSI	3 - 11 Months	1,938	$7,422.09	$7,901.06	0.00%
South Central	SSI	Child 1 - 20	101,556	$761.93	$826.58	0.21%
South Central	SSI	Adult 21+	236,857	$1,209.20	$1,284.40	0.11%
South Central	Family & Children	0 - 2 Months	47,015	$2,089.34	$2,219.71	0.00%
South Central	Family & Children	3 - 11 Months	106,027	$282.32	$299.45	0.00%
South Central	Family & Children	Child 1 - 20	2,217,634	$171.22	$183.95	0.88%
South Central	Family & Children	Adult 21+	363,449	$366.23	$386.72	2.68%
South Central	Foster Care Children	FCC, All Ages	49,875	$617.37	$679.63	0.37%

Appendix R

Region Description	Category of Aid Description	Rate Cell Description	Projected Member Months or Deliveries	Lower Bound PMPM or Cost per Delivery	Upper Bound PMPM or Cost per Delivery	Family Planning %
South Central	BCC	BCC, All Ages	2,199	$2,322.45	$2,451.29	0.01%
South Central	LAP	LAP, All Ages	10,454	$198.40	$213.06	1.12%
South Central	HCBS	Child 0 - 20	1,142	$2,487.96	$2,721.12	0.16%
South Central	HCBS	Adult 21+	3,354	$1,072.47	$1,149.37	0.31%
South Central	CCM	CCM, All Ages	6,069	$1,291.18	$1,421.85	0.13%
South Central	SBH - CCM	SBH - Chisholm, All Ages Male & Female	14,070	$200.90	$225.45	0.00%
South Central	SBH - Duals	SBH - Dual Eligible, All Ages	354,544	$17.95	$19.04	0.00%
South Central	SBH - HCBS	SBH - 20 & Under, Male and Female	6,496	$92.76	$103.19	0.00%
South Central	SBH - HCBS	SBH - 21+ Years, Male and Female	12,741	$80.23	$84.77	0.00%
South Central	SBH - Other	SBH - Other, All Ages	11,211	$193.58	$203.44	0.00%
South Central	Maternity Kick Payment	Maternity Kick Payment	19,098	$9,109.94	$9,315.27	0.45%
South Central	EED Kick Payment	EED Kick Payment	N/A	$4,812.50	$4,871.23	0.86%
North	SSI	0 - 2 Months	377	$27,236.73	$28,997.83	0.00%
North	SSI	3 - 11 Months	1,585	$7,422.09	$7,901.06	0.00%
North	SSI	Child 1 - 20	115,401	$848.72	$924.70	0.26%
North	SSI	Adult 21+	209,758	$1,118.14	$1,187.14	0.14%
North	Family & Children	0 - 2 Months	38,446	$2,032.44	$2,161.95	0.00%
North	Family & Children	3 - 11 Months	86,701	$279.90	$297.23	0.00%
North	Family & Children	Child 1 - 20	1,722,974	$175.00	$189.40	1.02%
North	Family & Children	Adult 21+	281,131	$336.30	$355.65	3.41%
North	Foster Care Children	FCC, All Ages	31,596	$617.37	$679.63	0.37%
North	BCC	BCC, All Ages	2,469	$2,322.45	$2,451.29	0.01%
North	LAP	LAP, All Ages	5,233	$198.40	$213.06	0.85%
North	HCBS	Child 0 - 20	1,044	$2,487.96	$2,721.12	0.11%
North	HCBS	Adult 21+	2,911	$1,072.47	$1,149.37	0.31%
North	CCM	CCM, All Ages	4,066	$1,291.18	$1,421.85	0.12%
North	SBH - CCM	SBH - Chisholm, All Ages Male & Female	12,916	$200.90	$225.45	0.00%

Appendix R

Region Description	Category of Aid Description	Rate Cell Description	Projected Member Months or Deliveries	Lower Bound PMPM or Cost per Delivery	Upper Bound PMPM or Cost per Delivery	Family Planning %
North	SBH - Duals	SBH - Dual Eligible, All Ages	284,633	$20.05	$21.26	0.00%
North	SBH - HCBS	SBH - 20 & Under, Male and Female	4,076	$92.76	$103.19	0.00%
North	SBH - HCBS	SBH - 21+ Years, Male and Female	9,869	$80.23	$84.77	0.00%
North	SBH - Other	SBH - Other, All Ages	10,383	$193.58	$203.44	0.00%
North	Maternity Kick Payment	Maternity Kick Payment	15,959	$10,063.87	$10,264.05	0.28%
North	EED Kick Payment	EED Kick Payment	N/A	$5,872.28	$5,929.53	0.48%

Appendix S: Data Reliance Letter

John Bel Edwards
GOVERNOR

Rebekah E. Gee MD, MPH
SECRETARY

State of Louisiana

Louisiana Department of Health
Bureau of Health Services Financing

Mr. Jaredd Simons, ASA, MAAA
Principal
Mercer Government Human Services
3560 Lenox Road, Suite 2400
Atlanta, GA 30326

September 30, 2016

Subject: Capitation Rate Certification for the Healthy Louisiana Program – Implementation Year (February 1, 2017 through January 31, 2018)

Dear Jaredd:

I, Pam Diez, Medicaid Deputy Director for the Louisiana Department of Health (LDH), hereby affirm that the data prepared and submitted to Mercer Government Human Services Consulting (Mercer) for the purpose of certifying the February 1, 2017 through January 31, 2018 Healthy Louisiana 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.

Pam Diez
Signature

10/3/16
Date

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