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Ms. Mary Johnson
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Bureau of Health Services Financing
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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
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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

			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	5.9%	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.

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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.

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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:	

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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.