

**STATE OF TEXAS
MEDICAL TRANSPORTATION PROGRAM
RATE SETTING
STATE FISCAL YEAR 2016**

Prepared for:

Texas Health and Human Services Commission

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I. Introduction

Rudd and Wisdom, Inc. has developed the state fiscal year 2016 (FY2016, September 1, 2015 through August 31, 2016) premium rates for the Medical Transportation Program's (MTP) full risk broker (FRB) and medical transportation organization (MTO) contracts. This report presents the rating methodology and assumptions used in developing the premium rates.

The Health and Human Services Commission (HHSC) currently has two FRB contracts operating in the Houston and Dallas/Fort Worth regions and eleven MTO contracts in the remaining Texas regions. The FRBs provide non-emergency medical transportation services under a full risk capitated arrangement. Effective September 1, 2014, a full risk capitated arrangement was expanded to the remaining Texas regions through the MTO contracts. Prior to this, the remaining Texas regions were the financial responsibility of HHSC directly, provided under the agency's Medical Transportation Program.

Rudd and Wisdom has relied on the following data sources as provided by HHSC, MTOs and the FRBs.

- Monthly enrollment by risk group and county. This includes historical enrollment since September 2012 and a projection of future enrollment through August 2016.
- Detailed fee-for-service (FFS) paid claim encounter files for all non-emergency transportation services for the period March 2012 through August 2014. These files were provided by TMHP.
- Detailed FFS authorized claim encounter files for all non-emergency transportation services for the period March 2012 through August 2014. These files were provided by MTP staff.
- Detailed FRB paid claim encounter files for the period March 2012 through March 2015. These files were provided by the FRBs.
- Claim lag reports for each FRB for the period March 2012 through February 2015. These reports were provided by the FRBs and include monthly paid claims by month of service, service category and risk group.
- Financial Statistical Reports (FSR) for the FRBs for FY2013, FY2014 and the first six months of FY2015. FSRs for the MTOs for the first six months of FY2015. The FSR contains detailed information regarding monthly enrollment, revenue, incurred claims and administrative expenses, as reported by the FRBs.
- Information from MTP regarding recent changes to Individual Transportation Participant mileage reimbursement.
- Information from MTP regarding recent changes to parent accompaniment rule.
- Information from MTP regarding administrative expenses.

After accumulating all of the information to be used in the rate setting process, a comparison of the various sources of claims data was performed to check for consistency. We compared (i) the claim lag reports provided by the FRBs, (ii) the claim amounts

included in the FSRs and (iii) the claim amounts in the encounter data files provided by the FRBs. We also compared the FFS paid claim encounter data files provided by TMHP to summary paid claims reports provided by HHSC. There was satisfactory consistency between the various data sources.

Although the above data was reviewed for reasonableness, Rudd and Wisdom did not audit the data.

II. Overview of the Rate Setting Methodology

The actuarial model used to derive the FY2016 FRB and MTO premium rates relies primarily on historical FRB and FFS financial experience. The historical claims experience data was analyzed and estimates for the base period were developed. The base period for the FRBs relied on historical FRB financial experience for the period January 1, 2014 through December 31, 2014 (CY2014). The base period for the MTOs relied on historical FFS financial experience for the period September 1, 2013 through August 31, 2014 (FY2014). These estimates were then projected forward to FY2016 using assumed trend rates and other adjustment factors. These adjustment factors are described in more detail in Section III. We added a reasonable provision for administrative expenses and risk margin in order to project the total FY2016 cost. This analysis was conducted for each Texas region.

The FRBs have provided non-emergency medical transportation services under a full risk capitated arrangement to the Dallas/Fort Worth and Houston regions since 2012. Effective September 1, 2014, a full risk capitated arrangement was expanded to the remaining Texas regions through the MTO contracts. Many of the MTOs are new to managed care and have had significant issues with submitting encounters and financial information to HHSC. It is the actuary's opinion that managed care data for the MTOs is not reliable enough to be used in the rate setting. As a result, the base period used to set the FY2016 rates for the MTOs relied solely on fee-for-service data for the period September 1, 2013 through August 31, 2014 (FY2014).

Premiums rates were developed for the following Texas regions:

- MTO Region 1 – Panhandle
- MTO Region 2 – West Texas
- MTO Region 3 – Northwest Central
- MTO Region 4 – North Texas
- MTO Region 5 – East Texas
- MTO Region 6 – Southwest Texas
- MTO Region 7 – Central Texas
- MTO Region 8 – South Central Texas
- MTO Region 9 – Southeast Texas
- MTO Region 10 – South Texas
- MTO Region 11 – Northeast Central
- FRB SDA 1 – Dallas/Fort Worth
- FRB SDA 2 – Houston

Premium rates were determined for the following risk groups:

- Medicaid Children – Rural Counties
- Medicaid Children – Urban Counties
- Medicaid Adults – Rural Counties
- Medicaid Adults – Urban Counties
- Children with Special Health Care Needs (CSHCN)
- Transportation for Indigent Cancer Patient (TICP) – Only applies to Region 10

The non-emergency transportation services used in the analysis include the following:

- Demand Response Transportation
- Individual Transportation Participant (ITP)
- Mass Transit Ticket
- Meals and Lodging
- Advance Funds
- Out-of-State Travel
- Attendant Services
- Commercial Airline Transportation Services
- Nonemergency Ambulance Transportation

III. Adjustment Factors

This section contains a description of the adjustment factors used in the FY2016 FRB and MTO rate setting process.

Trend Factors

The rating methodology uses assumed trend factors to adjust the base period claims cost to the projection period. The cost trend factors used in this analysis are a combination of utilization and inflation components. The projected trend rate assumptions were developed by the actuary based on the actuary's judgment regarding future cost increases. The annual trend assumption of 5.0% was used in the rating analysis to project historical experience forward to the rating period.

Managed Care Savings Factor

The managed care savings factor was developed based on a study of the unit cost difference between FFS and managed care for the Dallas/Fort Worth and Houston regions. There is potential for unit cost savings as a result of the difference in provider reimbursement methodology between FFS and managed care. It is assumed that the MTOs will pay less than FFS for the same services, especially for demand response services. For example, demand response is paid on a per-passenger basis under FFS but may be paid on a per-trip basis under managed care.

Based on our analysis, we have assumed a 10% managed care discount factor for all MTO regions. We are using managed care data to set the rates for the FRBs in the Dallas/Fort Worth and Houston regions. As a result, the managed care discount factor does not apply to the Dallas/Fort Worth and Houston regions.

Individual Transportation Participant Reimbursement Change

Effective June 1, 2014 reimbursement for Individual Transportation Participant (ITP) services increased from \$0.50 a mile to \$0.56 a mile. The base period claim cost for ITP has been adjusted to reflect this change.

Area Adjustment Factor

Effective September 1, 2014 Collin and Wise counties moved from the FRB Dallas/Fort Worth region to MTO Region 4. The Area Adjustment Factor accounts for the cost impact from the movement of Collin and Wise counties. Attachment 2 presents a summary of the derivation of this adjustment factor.

Parental Accompaniment Adjustment Factor

Effective February 1, 2014 the parental accompaniment rule for MTP was fully enforced. MTO Region 10 was the only region impacted by this policy change. MTP allows parents or guardians to authorize one adult and one alternate adult to accompany their children on MTP rides when the parent or guardian is unable to do so. An adult who is authorized by a parent or guardian may not be a provider or an employee or affiliate of a provider that will

be submitting claims for services. In order to adjust for the cost impact of fully enforcing the parent accompaniment rule, Demand response services prior to February 1, 2014 were reduced by 60% for children in MTO Region 10. Attachment 3 presents a summary of the parental accompaniment adjustment factor.

Provider Reimbursement Adjustment Factor

Regions 3 and 6 are located in mostly rural areas of Texas and do not have access to a large number of subcontractors. Shortly after the expansion of managed care to these regions, the MTO in Regions 3 and 6 was forced to suspend a large subcontractor due to subcontractor compliance issues. A replacement subcontractor was selected but at a much higher reimbursement rate. This is expected to increase cost for demand response services by 15%.

IV. Administrative Fees and Risk Margin

The rating methodology includes an explicit provision intended to provide for all administrative-related services performed by the vendors. The amount allocated for administrative expenses is \$0.20 per member per month (pmpm) plus 22.0% of gross premium. The administrative fee provision is limited to \$1.00 pmpm for children (average across all children's rate cells) and \$4.00 pmpm for adults (average across all adult's rate cells).

No provision for premium or maintenance taxes is included in the rate calculation as these services are exempt from such taxes. The rates do include a risk margin equal to 2.0% of gross premiums.

V. Summary

The chart below presents the results of the FY2016 FRB and MTO rate setting analysis. Attachment 1 shows the derivation of the premium rates.

Region	Medicaid Children		Medicaid Adults		CSHCN	TICP
	Rural	Urban	Rural	Urban		
MTO Region 1	\$2.46	\$1.63	\$16.24	\$10.88	\$1.63	
MTO Region 2	3.16	1.74	23.10	9.05	1.74	
MTO Region 3	3.50	1.90	25.51	13.94	1.90	
MTO Region 4	2.37	2.22	11.49	7.86	2.22	
MTO Region 5	2.80	2.07	18.85	12.75	2.07	
MTO Region 6	2.90	2.90	15.52	15.52	2.90	
MTO Region 7	2.48	1.24	24.41	10.22	1.24	
MTO Region 8	1.69	0.80	9.61	6.46	0.80	
MTO Region 9	3.33	3.33	16.75	16.75	3.33	
MTO Region 10	3.39	3.21	18.00	6.91	3.21	3.21
MTO Region 11	1.90	1.37	12.11	11.00	1.37	
FRB – SDA 1	2.80	0.92	23.97	12.44	0.92	
FRB – SDA 2	2.76	0.87	21.77	8.17	0.87	

VI. Actuarial Certification of FY2016 FRB and MTO Premium Rates

I, Khiem D. Ngo, am a principal with the firm Rudd and Wisdom, Inc., Consulting Actuaries (Rudd and Wisdom). I am a Fellow of the Society of Actuaries and a member of the American Academy of Actuaries. I meet the Academy's qualification standards for rendering this opinion.

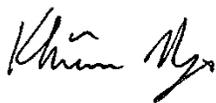
Rudd and Wisdom has been retained by the Texas Health and Human Services Commission (HHSC) to develop the capitation rates applicable to the Texas Medicaid Medical Transportation Program's Full Risk Broker (FRB) and Medical Transportation Organization (MTO) contracts for the state fiscal year 2016 and to provide the actuarial certification required under Centers for Medicare and Medicaid Services (CMS) requirements 42 CFR 438.6(c).

I certify that the FY2016 FRB and MTO premium rates developed by HHSC and Rudd and Wisdom satisfy the following:

- (a) The premium rates have been developed in accordance with generally accepted actuarial principals and practices;
- (b) The premium rates are appropriate for the populations and services covered under the managed care contract; and
- (c) The premium rates are actuarially sound as defined in the regulations.

We have relied on historical experience data and program information provided to us by HHSC. We have reviewed the data for reasonableness but have not audited the data.

Please note that actual experience will differ from these projections. Rudd and Wisdom has developed these rates on behalf of the State to demonstrate compliance with the CMS requirements under 42 CFR 438.6(c). Any FRB or MTO contracting with the State should analyze its own projected premium needs before deciding whether to contract with the State.



Khiem D. Ngo, F.S.A., M.A.A.A.

VII. Attachments

Attachment 1

MTO and FRB Experience by Region Analysis

The following exhibits present a summary of the experience analysis performed for each of the FRB and MTO regions.

Below is a brief description of each of the exhibits contained in the attachment. The exhibits present the derivation of the FY2016 FRB and MTO premium rates for the following regions:

- Exhibit A – MTO Region 1 – Panhandle
- Exhibit B – MTO Region 2 – West Texas
- Exhibit C – MTO Region 3 – Northwest Central
- Exhibit D – MTO Region 4 – North Texas
- Exhibit E – MTO Region 5 – East Texas
- Exhibit F – MTO Region 6 – Southwest Texas
- Exhibit G – MTO Region 7 – Central Texas
- Exhibit H – MTO Region 8 – South Central Texas
- Exhibit I – MTO Region 9 – Southeast Texas
- Exhibit J – MTO Region 10 – South Texas
- Exhibit K – MTO Region 11 – Northeast Central
- Exhibit L – FRB SDA 1– Dallas/Fort Worth
- Exhibit M – FRB SDA 2 – Houston

These exhibits show the calculation of the FY2016 premium rates for each region. The top portion of the exhibit shows summary base period enrollment and claims experience by service category. These estimates were then projected forward to FY2016 using assumed trend rates and other adjustment factors. These adjustment factors are described in more detail in Section III.

The amount allocated for administrative expenses is \$0.20 per member per month (pmpm) plus 22.0% of gross premium. The administrative fee provision is limited to \$1.00 pmpm for children (average across all children's rate cells) and \$4.00 pmpm for adults (average across all adult's rate cells). We also added a risk margin equal to 2.0% of gross premiums to protect against adverse claim experience.

At the bottom of the exhibit is a summary of the projected FY2016 cost based on these assumptions.

	Children (incl. CSHCN)				Adults				Total	
	Rural Counties		Urban Counties		Rural Counties		Urban Counties		Amount	pmpm
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm		
FY2014 FFS Experience										
Member Months	411,486		660,297		121,603		209,596		1,402,982	
Estimated Client Services Costs										
Demand Response	155,231	0.377	269,012	0.407	1,166,732	9.595	1,617,978	7.720	3,208,953	2.287
Mileage	330,889	0.804	169,298	0.256	268,881	2.211	63,418	0.303	832,485	0.593
All Other	175,760	0.427	237,750	0.360	28,539	0.235	17,356	0.083	459,405	0.327
Total	661,881	1.609	676,060	1.024	1,464,151	12.040	1,698,752	8.105	4,500,844	3.208
Projected FY2016 Member Months (1)	479,055		743,768		117,896		207,299		1,548,018	
Rating Adjustments										
Mileage Rate Adjustment Factor		1.090		1.090		1.090		1.090		
Client Services Trend		1.050		1.050		1.050		1.050		
Managed Care Savings Factor		0.900		0.900		0.900		0.900		
Other Adjustment Factor		1.000		1.000		1.000		1.000		
Projected FY2016 Client Service Costs	798,996	1.668	772,652	1.039	1,431,794	12.145	1,672,716	8.069	4,676,159	3.021
Administrative Expenses										
Fixed Amount (2)	95,811	0.200	148,754	0.200	23,579	0.200	41,460	0.200	309,604	0.200
Percentage of Premium	259,023	22.0 %	266,723	22.0 %	421,292	22.0 %	496,209	22.0 %	1,443,247	0.932
Total	354,834	0.741	415,476	0.559	444,872	3.773	537,669	2.594	1,752,851	1.132
Risk Margin		2.0 %		2.0 %		2.0 %		2.0 %		
Projected FY2016 Total Cost	1,177,377	2.46	1,212,376	1.63	1,914,965	16.24	2,255,495	10.88	6,560,214	4.238
Current Rates	1,274,286	2.66	1,204,904	1.62	1,974,756	16.75	2,151,765	10.38	6,605,711	4.267
% Change		-7.6%		0.6%		-3.0%		4.8%		-0.7%

Notes:

(1) From HHSC System Forecasting Division.

(2) Per member per month.

	Children (incl. CSHCN)				Adults				Total	
	Rural Counties		Urban Counties		Rural Counties		Urban Counties		Amount	pmpm
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm		
FY2014 FFS Experience										
Member Months	193,663		1,774,341		80,221		569,650		2,617,875	
Estimated Client Services Costs										
Demand Response	140,704	0.727	673,256	0.379	1,064,898	13.275	3,488,912	6.125	5,367,770	2.050
Mileage	206,870	1.068	359,439	0.203	299,229	3.730	177,171	0.311	1,042,709	0.398
All Other	63,991	0.330	943,410	0.532	12,262	0.153	150,520	0.264	1,170,183	0.447
Total	411,565	2.125	1,976,104	1.114	1,376,390	17.157	3,816,603	6.700	7,580,662	2.896
Projected FY2016 Member Months (1)	222,502		1,978,297		79,347		551,000		2,831,145	
Rating Adjustments										
Mileage Rate Adjustment Factor		1.090		1.090		1.090		1.090		
Client Services Trend		1.050		1.050		1.050		1.050		
Managed Care Savings Factor		0.900		0.900		0.900		0.900		
Other Adjustment Factor		1.000		1.000		1.000		1.000		
Projected FY2016 Client Service Costs	490,412	2.204	2,221,965	1.123	1,377,274	17.358	3,678,341	6.676	7,767,993	2.744
Administrative Expenses										
Fixed Amount (2)	44,500	0.200	395,659	0.200	15,869	0.200	110,200	0.200	566,229	0.200
Percentage of Premium	154,843	22.0 %	757,733	22.0 %	403,278	22.0 %	1,096,683	22.0 %	2,412,538	0.852
Total	199,343	0.896	1,153,393	0.583	419,148	5.282	1,206,883	2.190	2,978,767	1.052
Risk Margin		2.0 %		2.0 %		2.0 %		2.0 %		
Projected FY2016 Total Cost	703,833	3.16	3,444,243	1.74	1,833,084	23.10	4,984,922	9.05	10,966,081	3.873
Current Rates	834,381	3.75	3,501,585	1.77	1,867,036	23.53	4,898,386	8.89	11,101,388	3.921
% Change		-15.6%		-1.6%		-1.8%		1.8%		-1.2%

Notes:

(1) From HHSC System Forecasting Division.

(2) Per member per month.

	Children (incl. CSHCN)				Adults				Total	
	Rural Counties		Urban Counties		Rural Counties		Urban Counties		Amount	pmpm
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm		
FY2014 FFS Experience										
Member Months	249,612		278,672		119,577		112,154		760,015	
Estimated Client Services Costs										
Demand Response	258,902	1.037	114,109	0.409	1,797,241	15.030	985,734	8.789	3,155,987	4.153
Mileage	218,520	0.875	127,612	0.458	292,491	2.446	75,141	0.670	713,765	0.939
All Other	83,813	0.336	79,211	0.284	16,532	0.138	5,629	0.050	185,184	0.244
Total	561,235	2.248	320,932	1.152	2,106,264	17.614	1,066,504	9.509	4,054,936	5.335
Projected FY2016 Member Months (1)	287,086		315,350		118,754		110,991		832,181	
Rating Adjustments										
Mileage Rate Adjustment Factor		1.090		1.090		1.090		1.090		
Client Services Trend		1.050		1.050		1.050		1.050		
Managed Care Savings Factor		0.900		0.900		0.900		0.900		
Demand Response Reimbursement Adj.		1.150		1.150		1.150		1.150		
Projected FY2016 Client Service Costs	707,253	2.464	392,473	1.245	2,367,161	19.933	1,199,102	10.804	4,665,989	5.607
Administrative Expenses										
Fixed Amount (2)	57,417	0.200	63,070	0.200	23,751	0.200	22,198	0.200	166,436	0.200
Percentage of Premium	221,352	22.0 %	131,868	22.0 %	577,902	19.1 %	295,198	19.1 %	1,226,319	1.474
Total	278,769	0.971	194,938	0.618	601,653	5.066	317,396	2.860	1,392,755	1.674
Risk Margin		2.0 %		2.0 %		2.0 %		2.0 %		
Projected FY2016 Total Cost	1,006,145	3.50	599,398	1.90	3,029,402	25.51	1,547,447	13.94	6,182,391	7.429
Current Rates	1,065,088	3.71	671,695	2.13	2,945,109	24.80	1,369,633	12.34	6,051,525	7.272
% Change		-5.5%		-10.8%		2.9%		13.0%		2.2%

Notes:

(1) From HHSC System Forecasting Division.

(2) Per member per month.

	Children (incl. CSHCN)				Adults				Total	
	Rural Counties		Urban Counties		Rural Counties		Urban Counties		Amount	pmpm
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm		
FY2014 FFS Experience										
Member Months	166,258		287,663		68,887		115,964		638,772	
Estimated Client Services Costs										
Demand Response	159,114	0.957	142,210	0.494	564,221	8.191	571,729	4.930	1,437,274	2.250
Mileage	90,983	0.547	86,687	0.301	100,583	1.460	38,688	0.334	316,939	0.496
All Other	27,521	0.166	92,754	0.322	4,655	0.068	26,292	0.227	151,222	0.237
Total	277,617	1.670	321,650	1.118	669,459	9.718	636,709	5.491	1,905,435	2.983
Projected FY2016 Member Months (1)	254,268		853,153		84,562		239,413		1,431,396	
Rating Adjustments										
Mileage Rate Adjustment Factor		1.090		1.090		1.090		1.090		
Client Services Trend		1.050		1.050		1.050		1.050		
Managed Care Savings Factor		0.900		0.900		0.900		0.900		
Area Adjustment Factor		0.940		1.310		0.873		1.054		
Projected FY2016 Client Service Costs	407,689	1.603	1,270,069	1.489	721,491	8.532	1,382,282	5.774	3,781,530	2.642
Administrative Expenses										
Fixed Amount (2)	50,854	0.200	170,631	0.200	16,912	0.200	47,883	0.200	286,279	0.200
Percentage of Premium	132,736	22.0 %	417,045	22.0 %	213,748	22.0 %	413,995	22.0 %	1,177,524	0.823
Total	183,590	0.722	587,675	0.689	230,661	2.728	461,878	1.929	1,463,803	1.023
Risk Margin		2.0 %		2.0 %		2.0 %		2.0 %		
Projected FY2016 Total Cost	603,346	2.37	1,895,657	2.22	971,583	11.49	1,881,795	7.86	5,352,381	3.739
Current Rates	666,183	2.62	1,996,377	2.34	1,052,798	12.45	2,092,473	8.74	5,807,831	4.057
% Change		-9.4%		-5.0%		-7.7%		-10.1%		-7.8%

Notes:

(1) From HHSC System Forecasting Division. Includes Collin and Wise counties.

(2) Per member per month.

	Children (incl. CSHCN)				Adults				Total	
	Rural Counties		Urban Counties		Rural Counties		Urban Counties		Amount	pmpm
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm		
FY2014 FFS Experience										
Member Months	1,329,882		433,021		554,444		153,451		2,470,798	
Estimated Client Services Costs										
Demand Response	1,229,274	0.924	244,471	0.565	7,163,227	12.920	1,391,907	9.071	10,028,880	4.059
Mileage	817,481	0.615	157,899	0.365	622,827	1.123	61,720	0.402	1,659,927	0.672
All Other	460,029	0.346	181,381	0.419	86,365	0.156	15,159	0.099	742,934	0.301
Total	2,506,785	1.885	583,751	1.348	7,872,419	14.199	1,468,785	9.572	12,431,741	5.031
Projected FY2016 Member Months (1)	1,482,240		498,896		550,979		153,615		2,685,731	
Rating Adjustments										
Mileage Rate Adjustment Factor		1.090		1.090		1.090		1.090		
Client Services Trend		1.050		1.050		1.050		1.050		
Managed Care Savings Factor		0.900		0.900		0.900		0.900		
Other Adjustment Factor		1.000		1.000		1.000		1.000		
Projected FY2016 Client Service Costs	2,853,688	1.925	683,591	1.370	7,817,864	14.189	1,464,478	9.533	12,819,621	4.773
Administrative Expenses										
Fixed Amount (2)	296,448	0.200	99,779	0.200	110,196	0.200	30,723	0.200	537,146	0.200
Percentage of Premium	911,882	22.0 %	226,765	22.0 %	2,252,675	21.7 %	424,846	21.7 %	3,816,167	1.421
Total	1,208,330	0.815	326,544	0.655	2,362,871	4.288	455,569	2.966	4,353,313	1.621
Risk Margin		2.0 %		2.0 %		2.0 %		2.0 %		
Projected FY2016 Total Cost	4,144,916	2.80	1,030,750	2.07	10,388,504	18.85	1,959,231	12.75	17,523,402	6.525
Current Rates	4,431,898	2.99	1,052,671	2.11	10,578,797	19.20	2,020,038	13.15	18,083,405	6.733
% Change		-6.5%		-2.1%		-1.8%		-3.0%		-3.1%

Notes:

(1) From HHSC System Forecasting Division.

(2) Per member per month.

	Children (incl. CSHCN)				Adults				Total	
	Rural Counties		Urban Counties		Rural Counties		Urban Counties		Amount	pmpm
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm		
FY2014 FFS Experience										
Member Months	333,525				139,250				472,775	
Estimated Client Services Costs										
Demand Response	95,574	0.287			846,979	6.082			942,553	1.994
Mileage	356,798	1.070			538,976	3.871			895,774	1.895
All Other	175,172	0.525			65,577	0.471			240,749	0.509
Total	627,544	1.882			1,451,531	10.424			2,079,075	4.398
Projected FY2016 Member Months (1)	377,956				138,553				516,510	
Rating Adjustments										
Mileage Rate Adjustment Factor		1.090				1.090				
Client Services Trend		1.050				1.050				
Managed Care Savings Factor		0.900				0.900				
Demand Response Reimbursement Adj.		1.150				1.150				
Projected FY2016 Client Service Costs	757,860	2.005			1,606,400	11.594			2,364,260	4.577
Administrative Expenses										
Fixed Amount (2)	75,591	0.200			27,711	0.200			103,302	0.200
Percentage of Premium	241,262	22.0 %			473,032	22.0 %			714,294	1.383
Total	316,853	0.838			500,743	3.614			817,596	1.583
Risk Margin		2.0 %				2.0 %				
Projected FY2016 Total Cost	1,096,646	2.90	2.90		2,150,146	15.52	15.52		3,246,792	6.286
Current Rates	1,122,530	2.97	2.97		2,053,362	14.82	14.82		3,175,892	6.149
% Change		-2.3%	-2.3%			4.7%	4.7%			2.2%

Notes:

(1) From HHSC System Forecasting Division.

(2) Per member per month.

	Children (incl. CSHCN)				Adults				Total	
	Rural Counties		Urban Counties		Rural Counties		Urban Counties		Amount	pmpm
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm		
FY2014 FFS Experience										
Member Months	553,307		2,111,577		209,231		596,137		3,470,252	
Estimated Client Services Costs										
Demand Response	590,443	1.067	1,056,270	0.500	3,620,553	17.304	4,361,638	7.317	9,628,903	2.775
Mileage	218,777	0.395	206,660	0.098	205,479	0.982	139,344	0.234	770,261	0.222
All Other	112,340	0.203	297,896	0.141	24,581	0.117	31,428	0.053	466,245	0.134
Total	921,560	1.666	1,560,826	0.739	3,850,613	18.404	4,532,410	7.603	10,865,409	3.131
Projected FY2016 Member Months (1)	643,492		2,434,746		207,357		611,357		3,896,953	
Rating Adjustments										
Mileage Rate Adjustment Factor		1.090		1.090		1.090		1.090		
Client Services Trend		1.050		1.050		1.050		1.050		
Managed Care Savings Factor		0.900		0.900		0.900		0.900		
Other Adjustment Factor		1.000		1.000		1.000		1.000		
Projected FY2016 Client Service Costs	1,086,183	1.688	1,807,037	0.742	3,804,737	18.349	4,624,868	7.565	11,322,825	2.906
Administrative Expenses										
Fixed Amount (2)	128,698	0.200	486,949	0.200	41,471	0.200	122,271	0.200	779,391	0.200
Percentage of Premium	351,676	22.0 %	664,049	22.0 %	1,113,376	22.0 %	1,374,172	22.0 %	3,503,273	0.899
Total	480,374	0.747	1,150,998	0.473	1,154,848	5.569	1,496,444	2.448	4,282,664	1.099
Risk Margin		2.0 %		2.0 %		2.0 %		2.0 %		
Projected FY2016 Total Cost	1,598,528	2.48	3,018,403	1.24	5,060,801	24.41	6,246,237	10.22	15,923,968	4.086
Current Rates	1,718,123	2.67	2,897,348	1.19	5,173,560	24.95	6,217,505	10.17	16,006,536	4.107
% Change		-7.0%		4.2%		-2.2%		0.5%		-0.5%

Notes:

(1) From HHSC System Forecasting Division.

(2) Per member per month.

	Children (incl. CSHCN)				Adults				Total	
	Rural Counties		Urban Counties		Rural Counties		Urban Counties		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
FY2014 FFS Experience										
Member Months	302,411		2,773,193		118,276		917,156		4,111,036	
Estimated Client Services Costs										
Demand Response	131,966	0.436	668,421	0.241	666,260	5.633	4,173,753	4.551	5,640,400	1.372
Mileage	123,031	0.407	217,478	0.078	142,884	1.208	125,133	0.136	608,527	0.148
All Other	65,275	0.216	232,912	0.084	24,438	0.207	44,206	0.048	366,831	0.089
Total	320,272	1.059	1,118,812	0.403	833,582	7.048	4,343,092	4.735	6,615,758	1.609
Projected FY2016 Member Months (1)	346,755		3,155,968		118,913		927,769		4,549,406	
Rating Adjustments										
Mileage Rate Adjustment Factor		1.090		1.090		1.090		1.090		
Client Services Trend		1.050		1.050		1.050		1.050		
Managed Care Savings Factor		0.900		0.900		0.900		0.900		
Other Adjustment Factor		1.000		1.000		1.000		1.000		
Projected FY2016 Client Service Costs	376,987	1.087	1,285,473	0.407	844,408	7.101	4,370,605	4.711	6,877,473	1.512
Administrative Expenses										
Fixed Amount (2)	69,351	0.200	631,194	0.200	23,783	0.200	185,554	0.200	909,881	0.200
Percentage of Premium	129,203	22.0 %	554,824	22.0 %	251,318	22.0 %	1,318,888	22.0 %	2,254,234	0.496
Total	198,554	0.573	1,186,018	0.376	275,101	2.313	1,504,442	1.622	3,164,115	0.696
Risk Margin		2.0 %		2.0 %		2.0 %		2.0 %		
Projected FY2016 Total Cost	587,287	1.69	2,521,929	0.80	1,142,356	9.61	5,994,946	6.46	10,246,518	2.252
Current Rates	627,627	1.81	2,556,334	0.81	1,138,001	9.57	6,067,610	6.54	10,389,573	2.284
% Change		-6.4%		-1.3%		0.4%		-1.2%		-1.4%

Notes:

(1) From HHSC System Forecasting Division.

(2) Per member per month.

	Children (incl. CSHCN)				Adults				Total	
	Rural Counties		Urban Counties		Rural Counties		Urban Counties		Amount	pmpm
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm		
FY2014 FFS Experience										
Member Months	274,548				99,973				374,521	
Estimated Client Services Costs										
Demand Response	368,078	1.341			1,105,953	11.063			1,474,031	3.936
Mileage	157,368	0.573			127,088	1.271			284,455	0.760
All Other	106,054	0.386			18,148	0.182			124,202	0.332
Total	631,500	2.300			1,251,189	12.515			1,882,689	5.027
Projected FY2016 Member Months (1)	307,562				97,777				405,340	
Rating Adjustments										
Mileage Rate Adjustment Factor		1.090				1.090				
Client Services Trend		1.050				1.050				
Managed Care Savings Factor		0.900				0.900				
Other Adjustment Factor		1.000				1.000				
Projected FY2016 Client Service Costs	717,698	2.334			1,225,324	12.532			1,943,023	4.794
Administrative Expenses										
Fixed Amount (2)	61,512	0.200			19,555	0.200			81,068	0.200
Percentage of Premium	225,561	22.0 %			360,360	22.0 %			585,921	1.446
Total	287,074	0.933			379,915	3.886			666,989	1.646
Risk Margin		2.0 %				2.0 %				
Projected FY2016 Total Cost	1,025,278	3.33	3.33		1,638,000	16.75	16.75		2,663,277	6.570
Current Rates	1,005,729	3.27	3.27		1,611,368	16.48	16.48		2,617,097	6.457
% Change		1.9%	1.9%			1.7%	1.7%			1.8%

Notes:

(1) From HHSC System Forecasting Division.

(2) Per member per month.

	Children (incl. CSHCN)				Adults				Total	
	Rural Counties		Urban Counties		Rural Counties		Urban Counties		Amount	pmpm
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm		
FY2014 FFS Experience										
Member Months	607,651		4,442,667		252,890		1,231,275		6,534,483	
Estimated Client Services Costs										
Demand Response	1,362,209	2.242	13,300,161	2.994	2,617,208	10.349	5,560,764	4.516	22,840,343	3.495
Mileage	412,163	0.678	996,412	0.224	724,653	2.865	520,939	0.423	2,654,167	0.406
All Other	220,917	0.364	1,275,862	0.287	28,645	0.113	140,810	0.114	1,666,234	0.255
Total	1,995,289	3.284	15,572,435	3.505	3,370,506	13.328	6,222,514	5.054	27,160,744	4.157
Projected FY2016 Member Months (1)	672,403		4,853,186		249,355		1,215,292		6,990,237	
Rating Adjustments										
Mileage Rate Adjustment Factor		1.090		1.090		1.090		1.090		
Client Services Trend		1.050		1.050		1.050		1.050		
Managed Care Savings Factor		0.900		0.900		0.900		0.900		
Parental Accompaniment Adjustment		0.576		0.576		1.000		1.000		
Projected FY2016 Client Service Costs	1,597,146	2.375	10,862,101	2.238	3,361,449	13.481	6,140,058	5.052	21,960,754	3.142
Administrative Expenses										
Fixed Amount (2)	134,481	0.200	970,637	0.200	49,871	0.200	243,058	0.200	1,398,047	0.200
Percentage of Premium	501,260	22.0 %	3,425,266	22.0 %	987,487	22.0 %	1,847,744	22.0 %	6,761,758	0.967
Total	635,741	0.945	4,395,904	0.906	1,037,358	4.160	2,090,803	1.720	8,159,806	1.167
Risk Margin		2.0 %		2.0 %		2.0 %		2.0 %		
Projected FY2016 Total Cost	2,278,456	3.39	15,569,392	3.21	4,488,579	18.00	8,398,838	6.91	30,735,265	4.397
Current Rates	3,866,319	5.75	34,797,346	7.17	4,495,877	18.03	8,616,419	7.09	51,775,961	7.407
% Change		-41.1%		-55.3%		-0.2%		-2.5%		-40.6%

Notes:

(1) From HHSC System Forecasting Division.

(2) Per member per month.

	Children (incl. CSHCN)				Adults				Total	
	Rural Counties		Urban Counties		Rural Counties		Urban Counties		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
FY2014 FFS Experience										
Member Months	136,888		325,270		57,215		114,715		634,088	
Estimated Client Services Costs										
Demand Response	74,800	0.546	166,964	0.513	434,804	7.599	886,067	7.724	1,562,635	2.464
Mileage	71,243	0.520	56,507	0.174	74,340	1.299	45,252	0.394	247,342	0.390
All Other	19,335	0.141	46,790	0.144	3,275	0.057	8,122	0.071	77,522	0.122
Total	165,378	1.208	270,261	0.831	512,419	8.956	939,440	8.189	1,887,498	2.977
Projected FY2016 Member Months (1)	154,429		367,200		56,389		114,268		692,286	
Rating Adjustments										
Mileage Rate Adjustment Factor		1.090		1.090		1.090		1.090		
Client Services Trend		1.050		1.050		1.050		1.050		
Managed Care Savings Factor		0.900		0.900		0.900		0.900		
Other Adjustment Factor		1.000		1.000		1.000		1.000		
Projected FY2016 Client Service Costs	192,301	1.245	308,432	0.840	507,650	9.003	932,553	8.161	1,940,936	2.804
Administrative Expenses										
Fixed Amount (2)	30,886	0.200	73,440	0.200	11,278	0.200	22,854	0.200	138,457	0.200
Percentage of Premium	64,607	22.0 %	110,542	22.0 %	150,216	22.0 %	276,565	22.0 %	601,930	0.869
Total	95,493	0.618	183,982	0.501	161,494	2.864	299,419	2.620	740,387	1.069
Risk Margin		2.0 %		2.0 %		2.0 %		2.0 %		
Projected FY2016 Total Cost	293,667	1.90	502,463	1.37	682,800	12.11	1,257,114	11.00	2,736,044	3.952
Current Rates	342,832	2.22	550,800	1.50	754,484	13.38	1,331,223	11.65	2,979,339	4.304
% Change		-14.3%		-8.8%		-9.5%		-5.6%		-8.2%

Notes:

(1) From HHSC System Forecasting Division.

(2) Per member per month.

	Children (incl. CSHCN)				Adults				Total	
	Rural Counties		Urban Counties		Rural Counties		Urban Counties		Amount	pmpm
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm		
CY2014 FRB Experience										
Member Months	318,088		7,983,494		111,649		1,930,886		10,344,117	
Estimated Client Services Costs										
Demand Response	213,325	0.671	2,486,124	0.311	1,568,999	14.053	15,207,509	7.876	19,475,957	1.883
Mileage	262,036	0.824	845,044	0.106	248,415	2.225	718,346	0.372	2,073,840	0.200
All Other	44,297	0.139	315,615	0.040	7,840	0.070	224,283	0.116	592,035	0.057
Total	519,657	1.634	3,646,783	0.457	1,825,255	16.348	16,150,138	8.364	22,141,833	2.141
Projected FY2016 Member Months (1)	305,796		8,421,971		96,672		1,850,300		10,674,740	
Rating Adjustments										
Mileage Reimbursement Change		1.050		1.050		1.050		1.050		
Client Services Trend		1.050		1.050		1.050		1.050		
Area Adjustment Factor		1.061		0.996		1.009		1.018		
Other Adjustment Factor		1.000		1.000		1.000		1.000		
Projected FY2016 Client Service Costs	589,185	1.927	4,205,451	0.499	1,741,691	18.017	17,122,896	9.254	23,659,222	2.216
Administrative Expenses										
Fixed Amount (2)	61,159	0.200	1,684,394	0.200	19,334	0.200	370,060	0.200	2,134,948	0.200
Percentage of Premium	188,258	22.0 %	1,704,955	22.0 %	509,770	22.0 %	5,063,750	22.0 %	7,466,733	22.0 %
Total	249,417	0.816	3,389,349	0.402	529,105	5.473	5,433,810	2.937	9,601,681	0.899
Risk Margin		2.0 %		2.0 %		2.0 %		2.0 %		
Projected FY2016 Total Cost	855,716	2.80	7,749,796	0.92	2,317,139	23.97	23,017,047	12.44	33,939,698	3.179
Current Rates	954,084	3.12	9,095,729	1.08	2,338,492	24.19	22,573,665	12.20	34,961,970	3.275
% Change		-10.3%		-14.8%		-0.9%		2.0%		-2.9%

Notes:

(1) From HHSC System Forecasting Division.

(2) Per member per month.

	Children (incl. CSHCN)				Adults				Total	
	Rural Counties		Urban Counties		Rural Counties		Urban Counties		Amount	pmpm
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm		
CY2014 FRB Experience										
Member Months	641,379		8,480,018		231,475		2,132,260		11,485,132	
Estimated Client Services Costs										
Demand Response	239,248	0.373	1,561,140	0.184	2,641,365	11.411	10,625,032	4.983	15,066,785	1.312
Mileage	726,600	1.133	1,284,046	0.151	735,250	3.176	970,027	0.455	3,715,924	0.324
All Other	120,381	0.188	692,907	0.082	74,425	0.322	165,719	0.078	1,053,432	0.092
Total	1,086,229	1.694	3,538,093	0.417	3,451,040	14.909	11,760,779	5.516	19,836,141	1.727
Projected FY2016 Member Months (1)	714,281		9,476,173		234,289		2,172,114		12,596,857	
Rating Adjustments										
Mileage Reimbursement Change		1.050		1.050		1.050		1.050		
Client Services Trend		1.050		1.050		1.050		1.050		
Other Adjustment Factor 1		1.000		1.000		1.000		1.000		
Other Adjustment Factor 2		1.000		1.000		1.000		1.000		
Projected FY2016 Client Service Costs	1,356,059	1.898	4,366,475	0.461	3,829,275	16.344	13,049,121	6.008	22,600,931	1.794
Administrative Expenses										
Fixed Amount (2)	142,856	0.200	1,895,235	0.200	46,858	0.200	434,423	0.200	2,519,371	0.200
Percentage of Premium	433,896	22.0 %	1,812,600	22.0 %	1,122,039	22.0 %	3,903,131	22.0 %	7,271,666	22.0 %
Total	576,753	0.807	3,707,835	0.391	1,168,896	4.989	4,337,554	1.997	9,791,038	0.777
Risk Margin		2.0 %		2.0 %		2.0 %		2.0 %		
Projected FY2016 Total Cost	1,972,257	2.76	8,239,092	0.87	5,100,175	21.77	17,741,505	8.17	33,053,029	2.624
Current Rates	2,464,269	3.45	9,002,364	0.95	5,301,971	22.63	17,637,562	8.12	34,406,167	2.731
% Change		-20.0%		-8.5%		-3.8%		0.6%		-3.9%

Notes:

(1) From HHSC System Forecasting Division.

(2) Per member per month.

Attachment 2

Adjustment for Moving Collin and Wise Counties to MTO Region 4

Effective September 1, 2014 Collin and Wise counties moved from the FRB Dallas/Fort Worth region to MTO Region 4. The Area Adjustment Factor accounts for the cost impact from the movement of Collin and Wise counties.

Exhibit A presents a summary of the MTO Region 4 area adjustment factor. The area adjustment factor is selected based on the cost difference between i) MTO Region 4 experience with Collin and Wise counties and ii) MTO Region 4 experience without Collin and Wise counties for the pre-managed care period March 2011 through February 2012.

Exhibit B presents a summary of the FRB Dallas/Fort Worth region area adjustment factor. The area adjustment factor is calculated based on the cost difference between the i) FRB Dallas/Fort Worth region experience without Collin and Wise counties and ii) FRB Dallas/Fort Worth region experience with Collin and Wise counties for the FY2014 experience period.

Medical Transportation Program

FY2016 MTO Region 4 Rate Setting

Adjustment Factor for Moving Collin and Wise Counties from FRB Dallas/FW Region to MTO Region 4

Experience Period 3/1/2011 through 2/29/2012

	Children		Adults		Total	
	Rural	Urban	Rural	Urban	Rural	Urban
Member Months						
Collin and Wise Counties	53,698	398,976	14,622	102,190	68,320	501,166
All Other Region 4 Counties	170,433	289,771	68,161	111,032	238,594	400,803
Total	224,131	688,747	82,783	213,222	306,914	901,969
Incurred Claims						
Collin and Wise Counties						
Demand Response	24,953	349,497	44,632	688,044	69,585	1,037,541
Individual Transportation Participant	6,139	17,094	15,224	30,836	21,363	47,930
Advance Funds	106,051	351,379	4,208	14,350	110,260	365,729
All Other Categories	3,980	2,961	3,550	5,564	7,530	8,525
Total	141,123	720,931	67,615	738,794	208,738	1,459,726
All Other MTO Region 4 Counties						
Demand Response	203,033	167,182	859,930	647,597	1,062,963	814,779
Individual Transportation Participant	13,845	5,953	143,515	64,091	157,360	70,043
Advance Funds	864,004	793,783	25,358	38,330	889,362	832,112
All Other Categories	33,786	60,257	11,107	18,044	44,893	78,302
Total	1,114,668	1,027,175	1,039,911	768,062	2,154,579	1,795,237
Total						
Demand Response	227,986	516,679	904,562	1,335,641	1,132,548	1,852,320
Individual Transportation Participant	19,984	23,047	158,739	94,927	178,723	117,974
Advance Funds	970,056	1,145,162	29,567	52,679	999,622	1,197,842
All Other Categories	37,766	63,218	14,657	23,609	52,423	86,827
Total	1,255,791	1,748,106	1,107,525	1,506,857	2,363,317	3,254,963

Medical Transportation Program
 FY2016 MTO Region 4 Rate Setting
 Adjustment Factor for Moving Collin and Wise Counties from FRB Dallas/FW Region to MTO Region 4
 Experience Period 3/1/2011 through 2/29/2012

	Children		Adults		Total	
	Rural	Urban	Rural	Urban	Rural	Urban
Incurred Claims pmpm						
Collin and Wise Counties						
Demand Response	0.465	0.876	3.052	6.733	1.019	2.070
Individual Transportation Participant	0.114	0.043	1.041	0.302	0.313	0.096
Advance Funds	1.975	0.881	0.288	0.140	1.614	0.730
All Other Categories	0.074	0.007	0.243	0.054	0.110	0.017
Total	2.628	1.807	4.624	7.230	3.055	2.913
All Other MTO Region 4 Counties						
Demand Response	1.191	0.577	12.616	5.833	4.455	2.033
Individual Transportation Participant	0.081	0.021	2.106	0.577	0.660	0.175
Advance Funds	5.069	2.739	0.372	0.345	3.728	2.076
All Other Categories	0.198	0.208	0.163	0.163	0.188	0.195
Total	6.540	3.545	15.257	6.917	9.030	4.479
Total						
Demand Response	1.017	0.750	10.927	6.264	3.690	2.054
Individual Transportation Participant	0.089	0.033	1.918	0.445	0.582	0.131
Advance Funds	4.328	1.663	0.357	0.247	3.257	1.328
All Other Categories	0.168	0.092	0.177	0.111	0.171	0.096
Total	5.603	2.538	13.379	7.067	7.700	3.609
Area Adjustment Factor						
All Other MTO Region 4 Counties						
Demand Response	0.854	1.300	0.866	1.074	0.828	1.010
Individual Transportation Participant	1.098	1.629	0.911	0.771	0.883	0.748
Advance Funds	0.854	0.607	0.960	0.716	0.874	0.640
All Other Categories	0.850	0.441	1.087	0.681	0.908	0.493
Total	0.857	0.716	0.877	1.022	0.853	0.806
Selected - Wt. Average	0.940	1.310	0.873	1.054		
FY2013 Distribution of Incurred Claims						
Demand Response	60.3%	93.6%	86.7%	93.6%		
Individual Transportation Participant	35.3%	5.5%	12.9%	5.5%		
Advance Funds	0.0%	0.0%	0.0%	0.0%		
All Other Categories	4.4%	0.9%	0.4%	0.9%		
Wt. Average Area Adjustment Factor	0.940	1.310	0.873	1.054		

Medical Transportation Program
 FY2016 FRB Dallas/Forth Worth Region Rate Setting
 Adjustment Factor for Moving Collin and Wise Counties from FRB Dallas/FW Region to MTO Region 4
 Logisticare FY2014 Experience (1)

Rural County Area Adjustment

	<u>Members</u>	<u>Paid</u>	<u>PMPM</u>	<u>Area Factor</u>	<u>Adj. Factor (2)</u>
Children (incl. CSHCN)					
Wise County	54,888	56,215	1.024		
Other Counties	269,272	494,689	1.837	1.081	1.061
Total Rural Counties	324,160	550,904	1.699		
Adults					
Wise County	17,214	249,590	14.499		
Other Counties	100,836	1,601,236	15.880	1.013	1.009
Total Rural Counties	118,050	1,850,826	15.678		

Urban County Area Adjustment

	<u>Members</u>	<u>Paid</u>	<u>PMPM</u>	<u>Area Factor</u>	<u>Adj. Factor (2)</u>
Children (incl. CSHCN)					
Collin County	440,241	238,353	0.541		
Other Counties	7,306,764	3,618,474	0.495	0.995	0.996
Total Urban Counties	7,747,005	3,856,827	0.498		
Adults					
Collin County	120,645	585,009	4.849		
Other Counties	1,821,529	15,239,207	8.366	1.027	1.018
Total Urban Counties	1,942,174	15,824,216	8.148		

(1) Experience data from Logisticare's encounter files.

(2) Adjust full area factor to only apply to the first eight months (Jan 1, 2014 through Aug 31, 2014) of the CY2014 experience period.

Attachment 3

Parental Accompaniment Adjustment Factor

Effective February 1, 2014, the parental accompaniment rule for MTP was fully enforced. MTO Region 10 was the only region impacted by this policy change. MTP allows parents or guardians to authorize one adult and one alternate adult to accompany their children on MTP rides when the parent or guardian is unable to do so. An adult who is authorized by a parent or guardian may not be a provider or an employee or affiliate of a provider that will be submitting claims for services. In order to adjust for the cost impact of fully enforcing the parent accompaniment rule, demand response services prior to February 1, 2014 were reduced by 60% for children in MTO Region 10. Attachment 3 presents a summary of the parental accompaniment adjustment factor.

Medical Transportation Program
 FY2016 MTO Region 10 Rate Setting
 Adjustment Factor for Parent Accompaniment Rule Change
 Children Demand Response Paid Claims Experience

Month	Actual Experience			Adjusted Experience (1)		
	Rural	Urban	Total	Rural	Urban	Total
201209	173,926	2,257,583	2,431,510	69,571	903,033	972,604
201210	223,972	2,879,568	3,103,539	89,589	1,151,827	1,241,416
201211	178,038	2,493,250	2,671,288	71,215	997,300	1,068,515
201212	165,000	2,078,709	2,243,709	66,000	831,484	897,484
201301	211,886	2,350,824	2,562,710	84,754	940,330	1,025,084
201302	181,527	2,146,300	2,327,827	72,611	858,520	931,131
201303	166,316	2,012,080	2,178,396	66,526	804,832	871,359
201304	177,735	1,976,109	2,153,844	71,094	790,444	861,538
201305	200,973	2,126,165	2,327,137	80,389	850,466	930,855
201306	181,415	1,901,354	2,082,769	72,566	760,542	833,108
201307	203,339	2,117,230	2,320,570	81,336	846,892	928,228
201308	187,491	2,028,232	2,215,722	74,996	811,293	886,289
201309	192,977	1,935,577	2,128,554	77,191	774,231	851,421
201310	219,488	2,224,453	2,443,941	87,795	889,781	977,577
201311	173,533	1,749,535	1,923,068	69,413	699,814	769,227
201312	162,563	1,676,919	1,839,482	65,025	670,768	735,793
201401	195,612	1,834,205	2,029,817	78,245	733,682	811,927
201402	68,597	623,633	692,231	68,597	623,633	692,231
201403	58,008	641,232	699,240	58,008	641,232	699,240
201404	66,225	630,960	697,185	66,225	630,960	697,185
201405	58,037	535,950	593,988	58,037	535,950	593,988
201406	53,148	486,320	539,468	53,148	486,320	539,468
201407	58,567	528,207	586,775	58,567	528,207	586,775
201408	55,452	433,170	488,623	55,452	433,170	488,623
FY2014	1,362,209	13,300,161	14,662,370	795,705	7,647,748	8,443,453

Demand Response Adjustment Factor Calculation

FY2014 Demand Response Experience - Children Total

Actual	14,662,370
Adjusted (1)	8,443,453
Factor	0.576

Note:

(1) Demand response services for children prior to Feb 1, 2014 reduced by 60% as a result of fully enforcing the parent accompaniment rule.