

Rudd and Wisdom, Inc.

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David G. Wilkes, F.S.A.

January 17, 2018

Ms. Rachel Butler
Chief Actuary
Health and Human Services Commission
1100 W. 49th Street
Austin, Texas 78756

Re: Dual Eligibles Integrated Care Demonstration
Project - UMCC 529-15-0057-00001B, 529-15-
0058-00001B, 529-15-0059-00001B, 529-15-
0060-00001B, 529-15-0061-00001B

Dear Ms. Butler:

This letter amends the report titled State of Texas Medicaid Managed Care Rate Setting Dual Eligibles Integrated Care Demonstration Program State Fiscal Year 2018 and dated September 14, 2017. The amended FY2018 capitation rates were developed using identical methods and assumptions as the rates described in the previous report noted above. The amended rates are assumed to be payable for the period March 1, 2018 through August 31, 2018.

Effective March 1, 2018, HHSC will make changes to the Quality Incentive Payment Program for Nursing Facilities (QIPP). These changes impact all Nursing Facility managed care clients including those in the Dual Eligibles Integrated Care Demonstration Program (Dual Demonstration). Details of the QIPP changes are presented in the report titled STAR+PLUS Rate Amendment UMCC 529-12-0002 V2.25, STAR+PLUS Expansion 529-10-0020 V1.29, STAR+PLUS MRSA 529-13-0042 V1.14 and dated January 5, 2018.

Because the STAR+PLUS capitation rates for long-term services and supports are a component of the Dual Demonstration program rates, this STAR+PLUS rate change directly impacts the Dual Demonstration rates. Attachment 1 presents the Dual Demonstration program capitation rates effective March 1, 2018 through August 31, 2018. Please note that the only change is to the QIPP portion of the Nursing Facility risk group rates. Also note that the Dual Demonstration contractual

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savings factor (5.50% for CY2018) does not apply to QIPP. Attachment 2 compares the revised Dual Demonstration program capitation rates to the current rates.

Sincerely,

A handwritten signature in cursive script that reads "David Wilkes".

David G. Wilkes, F.S.A., M.A.A.A.

DGW:nlg

Enclosures

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Actuarial Certification of Capitation Rates for the Medicaid Component of the Texas Dual Eligibles Integrated Care Demonstration Project

I, David G. Wilkes, am a principal with the firm of Rudd and Wisdom, Inc., Consulting Actuaries (Rudd and Wisdom, Inc.). 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.

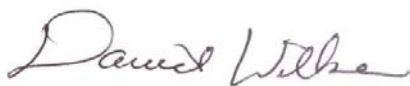
Rudd and Wisdom, Inc. has been retained by the Texas Health and Human Services Commission (HHSC) to assist in the development of their rate-setting methodology, assumptions and resulting capitation rates and to provide the actuarial certification required under Centers for Medicare and Medicaid Services (CMS) requirements 42 CFR 438.6(c). The capitation rates for the Medicaid component of the Texas Dual Eligibles Integrated Care Demonstration Project are effective for the period March 1, 2018 through August 31, 2018.

I certify that the capitation rates developed by HHSC and Rudd and Wisdom, Inc. and described in this report satisfy the following:

- (a) The capitation rates have been developed in accordance with generally accepted actuarial principles and practices;
- (b) The capitation rates are appropriate for the populations and services covered under the managed care contract; and
- (c) The capitation 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 health plan contractor experience will differ from these projections. Rudd and Wisdom, Inc. has developed these rates on behalf of the State to demonstrate compliance with the CMS requirements under 42 CFR 438.3(c), 438.3(e), 438.4, 438.5, 438.6 and 438.7. Any health plan contracting with the State should analyze its own projected capitation needs before deciding whether to contract with the State.



David G. Wilkes, F.S.A., M.A.A.A.

Dual Eligible Demonstration Project
 DD Rating Analysis Summary
 Monthly Medicaid Capitation Rates
 Effective for the Period: 3/1/2018 - 8/31/2018

SDA	MMP	OCC	HCBS	NF	OCC	HCBS	NF
		Base Rates STAR+PLUS Services			Base Rates Acute Care Services		
Bexar	Amerigroup	\$ 365.54	\$ 1,989.10	\$ 4,214.00	\$ 73.49	\$ 211.03	\$ 107.72
	Molina	372.14	1,893.19	4,214.00	73.49	211.03	107.72
	Superior	424.35	1,957.32	4,214.00	73.49	211.03	107.72
Dallas	Molina	364.07	1,767.51	4,170.56	45.55	135.48	97.79
	Superior	339.38	1,761.20	4,170.56	45.55	135.48	97.79
El Paso	Amerigroup	470.49	1,878.39	4,469.37	86.78	219.56	82.83
	Molina	523.51	1,978.41	4,469.37	86.78	219.56	82.83
Harris	Amerigroup	333.60	1,932.80	4,159.30	58.90	159.14	91.45
	Molina	330.41	1,960.33	4,159.30	58.90	159.14	91.45
	United	356.07	1,977.68	4,159.30	58.90	159.14	91.45
Hidalgo	Health Spring	952.49	2,286.24	4,571.24	81.89	195.42	111.94
	Molina	882.30	2,251.34	4,571.24	81.89	195.42	111.94
	Superior	1,109.95	2,282.44	4,571.24	81.89	195.42	111.94
Tarrant	Amerigroup	266.00	1,668.24	4,005.83	63.69	162.16	80.70
		Base Rates Pharmacy Services			Base Rates All Services		
Bexar	Amerigroup	\$ 3.28	\$ 5.08	\$ 3.16	\$ 442.30	\$ 2,205.21	\$ 4,324.89
	Molina	3.28	5.08	3.16	448.90	2,109.30	4,324.89
	Superior	3.28	5.08	3.16	501.12	2,173.43	4,324.89
Dallas	Molina	2.50	2.59	2.18	412.12	1,905.58	4,270.52
	Superior	2.50	2.59	2.18	387.42	1,899.27	4,270.52
El Paso	Amerigroup	1.54	3.11	0.73	558.81	2,101.07	4,552.93
	Molina	1.54	3.11	0.73	611.83	2,201.09	4,552.93
Harris	Amerigroup	4.28	5.17	2.25	396.78	2,097.11	4,253.00
	Molina	4.28	5.17	2.25	393.59	2,124.64	4,253.00
	United	4.28	5.17	2.25	419.25	2,141.99	4,253.00
Hidalgo	Health Spring	2.59	4.69	0.77	1,036.96	2,486.35	4,683.95
	Molina	2.59	4.69	0.77	966.77	2,451.44	4,683.95
	Superior	2.59	4.69	0.77	1,194.43	2,482.55	4,683.95
Tarrant	Amerigroup	6.08	6.12	5.24	335.77	1,836.52	4,091.77
Dual Demonstration Savings Assumption:					5.50 %	5.50 %	5.50 %

Dual Eligible Demonstration Project
 DD Rating Analysis Summary
 Monthly Medicaid Capitation Rates
 Effective for the Period: 3/1/2018 - 8/31/2018

SDA	MMP	Quality Incentive Payment Program Nursing Facilities Add-On*			Final Rates All Services		
		OCC	HCBS	NF	OCC	HCBS	NF
Bexar	Amerigroup			\$ 637.60	\$ 417.97	\$ 2,083.92	\$ 4,724.62
	Molina			637.60	424.21	1,993.29	4,724.62
	Superior			637.60	473.55	2,053.89	4,724.62
Dallas	Molina			640.31	389.45	1,800.77	4,675.95
	Superior			640.31	366.11	1,794.81	4,675.95
El Paso	Amerigroup			60.98	528.08	1,985.51	4,363.50
	Molina			60.98	578.18	2,080.03	4,363.50
Harris	Amerigroup			530.50	374.96	1,981.77	4,549.59
	Molina			530.50	371.94	2,007.79	4,549.59
	United			530.50	396.19	2,024.18	4,549.59
Hidalgo	Health Spring			560.58	979.93	2,349.60	4,986.91
	Molina			560.58	913.60	2,316.61	4,986.91
	Superior			560.58	1,128.73	2,346.01	4,986.91
Tarrant	Amerigroup			616.92	317.30	1,735.51	4,483.64

* The Quality Incentive Payment Program for Qualified Nursing Facilities Add-On is not subject to the Dual Demonstration savings factor.

Dual Eligible Demonstration Project
 DD Rating Analysis Summary
 Monthly Medicaid Capitation Rates
 Effective for the Period: 3/1/2018 - 8/31/2018

SDA	MMP	Original Rates			Revised Rates			Rate Change		
		OCC	HCBS	NF	OCC	HCBS	NF	OCC	HCBS	NF
Bexar	Amerigroup	\$ 417.97	\$ 2,083.92	\$ 4,721.47	\$ 417.97	\$ 2,083.92	\$ 4,724.62	\$ 0.00	\$ 0.00	\$ 3.15
	Molina	424.21	1,993.29	4,721.47	424.21	1,993.29	4,724.62	0.00	0.00	3.15
	Superior	473.55	2,053.89	4,721.47	473.55	2,053.89	4,724.62	0.00	0.00	3.15
Dallas	Molina	389.45	1,800.77	4,672.84	389.45	1,800.77	4,675.95	0.00	0.00	3.11
	Superior	366.11	1,794.81	4,672.84	366.11	1,794.81	4,675.95	0.00	0.00	3.11
El Paso	Amerigroup	528.08	1,985.51	4,363.02	528.08	1,985.51	4,363.50	0.00	0.00	0.48
	Molina	578.18	2,080.03	4,363.02	578.18	2,080.03	4,363.50	0.00	0.00	0.48
Harris	Amerigroup	374.96	1,981.77	4,549.49	374.96	1,981.77	4,549.59	0.00	0.00	0.10
	Molina	371.94	2,007.79	4,549.49	371.94	2,007.79	4,549.59	0.00	0.00	0.10
	United	396.19	2,024.18	4,549.49	396.19	2,024.18	4,549.59	0.00	0.00	0.10
Hidalgo	Health Spring	979.93	2,349.60	4,982.81	979.93	2,349.60	4,986.91	0.00	0.00	4.10
	Molina	913.60	2,316.61	4,982.81	913.60	2,316.61	4,986.91	0.00	0.00	4.10
	Superior	1,128.73	2,346.01	4,982.81	1,128.73	2,346.01	4,986.91	0.00	0.00	4.10
Tarrant	Amerigroup	317.30	1,735.51	4,480.56	317.30	1,735.51	4,483.64	0.00	0.00	3.08