

**STATE OF TEXAS
MEDICAL TRANSPORTATION PROGRAM
RATE SETTING
STATE FISCAL YEAR 2019**

Prepared for:
Texas Health and Human Services Commission

Region	Contract Number	Amendment #
MTO 1	529-18-0076-00001	1
MTO 2	529-15-0002-00002	3
MTO 3	529-15-0002-00003	2
MTO 5	529-15-0002-00005	2
MTO 6	529-15-0002-00006	2
MTO 7	529-15-0002-00007	2
MTO 8	529-15-0002-00012	2
MTO 9	529-15-0002-00009	2
MTO 10	529-18-0077-00001	1
MTO 11	529-15-0002-00011	2
SDA 1	529-11-0004-00002	4
SDA 2	529-11-0004-00001	4

Prepared by:
Khiem D. Ngo, F.S.A., M.A.A.A
Rudd and Wisdom, Inc.

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I. Introduction

Rudd and Wisdom, Inc. has developed premium rates for the period September 1, 2018 through August 31, 2019 (FY2019) for the Medical Transportation Program's (MTP) full risk broker (FRB) and medical transportation organization (MTO) contracts. The MTO and FRB provide non-emergency medical transportation to Medicaid, Children with Special Health Care Needs (CSHCN) and Transportation for Indigent Cancer Patient (TICP) members. This report presents the rating methodology and assumptions used in developing the FY2019 premium rates.

The Health and Human Services Commission (HHSC) currently has two managed transportation programs: (a) full-risk broker (FRB) contracts in the Dallas/Fort Worth and Houston areas; and (b) managed transportation organization (MTO) contracts in the remainder of the state. The two FRB contracts have been in place since March 16, 2012, and April 16, 2012. The MTO contracts have been effective in the remaining Texas regions since September 1, 2014. Effective November 12, 2015, members in MTO Region 4 (North Texas) were carved out of managed care and placed back into fee-for-service. The FY2019 premium rates presented in this document include all Texas regions except for MTO Region 4.

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 2014 and a projection of future enrollment through August 2019. These projections were prepared by HHS System Forecasting staff.
- Claim lag reports for each FRB and MTO for the period September 2014 through February 2018. These reports were provided by the FRBs and MTOs and include monthly paid claims by month of service, service category and risk group.
- Financial Statistical Reports (FSR) for the MTOs and FRBs for FY2016, FY2017 and the first six months of FY2018. The FSR contains detailed information regarding monthly enrollment, revenue, incurred claims and administrative expenses, as reported by the vendors.
- Detailed MTO and FRB encounter data. The encounter data is a dataset that includes the detail claim information for every claim incurred. The dataset includes but is not limited to (1) individual member information – date of birth, risk group, transportation plan; (2) provider information – type of provider, name of provider, type of service; (3) payment information – paid amount. This information is used to identify the providers and services which will receive or have received reimbursement changes in order to determine the cost impact of such changes.
- Information from the MTOs and FRBs regarding recent reimbursement changes for demand response providers.
- Information from MTP regarding recent changes to Individual Transportation Participant mileage reimbursement.
- Information from MTP staff regarding program 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 MTOs and FRBs, (ii) the claim amounts reported in the FSRs and (iii) the claim amounts in the encounter data files. The three data sources are compared to ensure consistent results such that the three are considered interchangeable in aggregate. Although interchangeable in total, each data source has a unique role in the analysis. FSR data provides high level summary information of claims data and administrative costs. In some cases, this information is available at the risk group level while for others it is only provided at an aggregated level. MTO and FRB summary reports provide HHSC-specified data points at a more granular level such as claim lag data by type of service and month of trip. The detail encounter data provides claim data at the most granular level including information for individual claims such as provider, type of service code, etc. The use of these multiple data sources allows for a dynamic, flexible rating model that is not constrained to the data limitation of a single source.

All data requested by the actuary was provided by HHSC and the participating MTOs and FRBs. Although the above data was reviewed for reasonableness, Rudd and Wisdom did not audit the data.

Based on the review of the data by HHSC and the participating MTOs and FRBs, we have concluded that all data sources are consistent, complete and accurate. It is our opinion that the data collected for the rate development is high quality and we have no concerns over the availability or applicability to the FY2019 rate development. The accumulation of data sources noted above have been assigned full credibility.

Given the history of managed care data available for the MTP program, the rate development is based exclusively on managed care data.

II. Overview of the Rate Setting Methodology

The actuarial model used to derive the FY2019 FRB and MTO premium rates relies primarily on historical FRB and MTO financial experience. The historical claims experience data was analyzed and estimates for the base period were developed. The base period for the FRBs and MTOs relied on historical financial experience for the period September 1, 2017 through January 31, 2018 for MTO Regions 1 and 10 and January 1, 2017 through December 31, 2017 (CY2017) for all other regions. Estimates of the base period include an estimate of incurred but not reported (IBNR) using claims paid through February 28, 2018 and represents 0.4% of total incurred claims for the base period. These estimates were then projected forward to FY2019 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 FY2019 cost. This analysis was conducted for all Texas regions except for MTO Region 4.

Capitation rates were developed for the following Texas regions:

- MTO Region 1 – Panhandle
- MTO Region 2 – West Texas
- MTO Region 3 – Northwest Central
- 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

Capitation 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 FY2019 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 managed care MTO contracts were effective September 1, 2014 and are still fairly new. In addition, the MTP program has had many policy changes the past several years. As a result, the historical managed care trend is not a reliable predictor of future cost increases for the MTOs and FRBs. The annual trend assumption was selected by the actuary based on a study of the transportation Consumer Price Index published by the Bureau of Labor Statistics and the actuary's judgment regarding future cost increases. The annual trend assumption of 3.0% was used in the rating analysis to project historical experience forward to the rating period.

Attachment 2 presents a summary of the derivation of the annual trend assumption.

Individual Transportation Participant Reimbursement Change

Effective January 1, 2018, reimbursement for Individual Transportation Participant (ITP) service increased from \$0.535 per mile to \$0.545 per mile. The base period claims cost for ITP service has been adjusted to reflect this change.

Demand Response Reimbursement Change Adjustment

Logisticare reduced reimbursement to their demand response providers in August 2017 for MTO Regions 7, 8 and 11. The base period demand response claims cost for these regions have been adjusted to account for the reimbursement change. Attachment 3 presents a summary of the derivation of this adjustment factor.

Seasonality Adjustment

Effective September 1, 2017, Logisticare replaced Lefleur in MTO Regions 1 and 10. In order to only reflect Logisticare's experience, the base period for these two regions include experience for the period September 1, 2017 through January 31, 2018. A seasonality adjustment was applied to reflect the cost difference between the base period and an entire fiscal year. Attachment 4 presents the derivation of the seasonality adjustment for MTO Regions 1 and 10.

Hurricane Harvey Utilization Adjustment

Hurricane Harvey resulted in suppressed utilization for non-emergency medical transportation services along the Texas coast. An adjustment was made to the base period data for the period August 1, 2017 through September 30, 2017 in MTO Regions 9, 10 and FRB 2 to remove the impact of Hurricane Harvey. Attachment 5 presents a summary of the derivation of this adjustment factor.

IV. Administrative Fees, Taxes 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 \$0.175 per member per month (pmpm) plus 22.0% of gross premium. The administrative fee provision is limited to the minimum of i) the formula above or ii) 120% of the average administrative expense pmpm reported in each of the MTO and FRB's FY2016, FY2017, and FY2018 FSRs.

No provision for premium, maintenance or Health Insurance Provider Fee taxes is included in the rate calculation as non-emergency medical transportation services are exempt from such taxes. The rates do include a risk margin equal to 1.50% of gross premiums.

V. Summary

The chart below presents the results of the FY2019 FRB and MTO rate setting analysis. Attachment 1 shows the derivation of the premium rates.

Region	Medicaid Adults		Medicaid Children		CSHCN	TICP
	Urban	Rural	Urban	Rural		
MTO Region 1	\$11.54	\$18.09	\$1.60	\$1.46	\$1.60	
MTO Region 2	9.43	23.88	1.83	2.25	1.83	
MTO Region 3	9.72	18.21	1.66	2.06	1.66	
MTO Region 5	11.67	19.78	1.42	2.03	1.42	
MTO Region 6	16.48	16.48	2.98	2.98	2.98	
MTO Region 7	14.33	31.97	1.00	1.72	1.00	
MTO Region 8	8.66	21.74	0.74	2.07	0.74	
MTO Region 9	18.07	18.07	1.77	1.77	1.77	
MTO Region 10	6.84	18.46	1.62	1.88	1.62	1.62
MTO Region 11	12.34	21.58	1.34	2.18	1.34	
FRB - SDA 1	12.97	19.32	0.68	1.79	0.68	
FRB - SDA 2	7.72	21.25	0.56	1.72	0.56	

Attachment 6 presents the required rating index summarizing the applicable sections from the 2018-2019 Medicaid Managed Care Rate Development Guide.

VI. Actuarial Certification of FY2019 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.

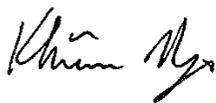
Rudd and Wisdom has been retained by the Texas Health and Human Services Commission (HHSC) to develop the capitation rates applicable to the Texas Medical Transportation Program's Full Risk Broker (FRB) and Medical Transportation Organization (MTO) contracts for the state fiscal year 2019 (FY2019) and to provide the actuarial certification required under Centers for Medicare and Medicaid Services (CMS) requirements 42 CFR 438.4.

I certify that the FY2019 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 health plan contractor 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 438.3(c), 438.3(e), 438.4, 438.5, 438.6 and 438.7. 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 – Summary of FY2019 MTP and FRB Rating Analysis

Attachment 2 – Trend Analysis

Attachment 3 – Demand Response Reimbursement Change Adjustment

Attachment 4 – Seasonality Adjustment

Attachment 5 – Hurricane Harvey Adjustment

Attachment 6 – Index for 2018-2019 Medicaid Managed Care Rate Development Guide

Attachment 1

Summary of FY2019 MTP and FRB Rating 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 FY2019 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 5 – East Texas
- Exhibit E – MTO Region 6 – Southwest Texas
- Exhibit F – MTO Region 7 – Central Texas
- Exhibit G – MTO Region 8 – South Central Texas
- Exhibit H – MTO Region 9 – Southeast Texas
- Exhibit I – MTO Region 10 – South Texas
- Exhibit J – MTO Region 11 – Northeast Central
- Exhibit K – FRB SDA 1– Dallas/Fort Worth
- Exhibit L – FRB SDA 2 – Houston

These exhibits show the calculation of the FY2019 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 FY2019 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 \$0.175 per member per month (pmpm) plus 22.0% of gross premium. The administrative fee provision is limited to the minimum of i) the formula above or ii) 120% of the average administrative expense PMPM reported in each of the MTO and FRB's FY2016, FY2017, and FY2018 FSRs. We also added a risk margin equal to 1.50% of gross premiums to protect against adverse claim experience.

At the bottom of the exhibit is a summary of the projected FY2019 cost based on these assumptions.

	Adult Urban		Adults Rural		Children Urban (incl. CSHCN)		Children Rural		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
9/1/2017-1/31/2018 Experience Period										
Member Months	86,456		48,627		293,916		187,343		616,342	
Estimated Incurred Claims										
Demand Response	243,316	2.81	78,436	1.61	52,532	0.18	34,467	0.18	408,750	0.66
Mileage Reimbursement	20,808	0.24	110,534	2.27	77,062	0.26	100,615	0.54	309,019	0.50
All Others	7,740	0.09	4,224	0.09	202,772	0.69	57,111	0.30	271,847	0.44
Total	271,863	3.14	193,194	3.97	332,365	1.13	192,193	1.03	989,616	1.61
Non-Claim Expense	473,622	5.48	473,689	9.74	-64	0.00	-67	0.00	947,179	1.54
Projected FY2019 Member Months	194,044		113,570		719,392		461,243		1,488,249	
Projected FY2019 Premium										
Current Rates	1,857,003	9.57	1,683,112	14.82	1,107,863	1.54	1,051,633	2.28	5,699,612	3.83
Rating Adjustment Factors										
Client Service Trend		1.0300		1.0300		1.0300		1.0300		
Mileage Reimbursement Change		1.0187		1.0187		1.0187		1.0187		
Demand Response Reimbursement Change		1.0000		1.0000		1.0000		1.0000		
Seasonality		1.0288		1.0171		0.9847		0.9700		
Projected FY2019 Incurred Claims	1,789,305	9.22	1,650,933	14.54	835,677	1.16	481,351	1.04	4,757,267	3.20
Administrative Expense - Formula										
Fixed Amount PMPM	33,958	0.175	19,875	0.175	125,894	0.175	80,717	0.175	260,444	
Percent of Premium	524,337	22.0%	480,494	22.0%	276,530	22.0%	161,641	22.0%	1,443,002	
Total	558,295	2.88	500,369	4.41	402,424	0.56	242,358	0.53	1,703,445	1.14
Administrative Expense - 120% FSR Adm	415,991	2.14	372,830	3.28	299,850	0.42	180,584	0.39	1,269,255	0.85
Administrative Expense - Selected (1)	415,991	2.14	372,830	3.28	299,850	0.42	180,584	0.39	1,269,255	0.85
Risk Margin	33,583	1.50%	30,819	1.50%	17,292	1.50%	10,080	1.50%	91,774	1.50%
Projected FY2019 Total Cost	2,238,880	11.54	2,054,582	18.09	1,152,820	1.60	672,015	1.46	6,118,296	4.11
Percentage Rate Change		20.6%		22.1%		4.1%		-36.1%		7.3%

Notes:

(1) Administrative expense included in the rate is the lower of a) the admin formula or b) 120% of the average admin reported in the FY16-FY18 FSRs.

	Adult Urban		Adults Rural		Children Urban (incl. CSHCN)		Children Rural		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
CY2017 Experience Period										
Member Months	571,687		78,967		1,906,055		237,142		2,793,851	
Estimated CY2017 Incurred Claims										
Demand Response	3,516,046	6.15	1,135,023	14.37	388,984	0.20	108,532	0.46	5,148,584	1.84
Mileage Reimbursement	131,102	0.23	208,165	2.64	392,737	0.21	151,309	0.64	883,312	0.32
All Others	181,961	0.32	13,025	0.16	1,427,676	0.75	85,677	0.36	1,708,339	0.61
Total	3,829,109	6.70	1,356,212	17.17	2,209,397	1.16	345,517	1.46	7,740,235	2.77
Non-Claim Expense	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
Projected FY2019 Member Months	507,937		77,056		1,936,049		238,893		2,759,935	
Projected FY2019 Premium										
Current Rates	4,993,016	9.83	1,672,894	21.71	3,852,737	1.99	728,624	3.05	11,247,272	4.08
Rating Adjustment Factors										
Client Service Trend		1.0300		1.0300		1.0300		1.0300		
Mileage Reimbursement Change		1.0187		1.0187		1.0187		1.0187		
Demand Response Reimbursement Change		1.0000		1.0000		1.0000		1.0000		
Projected FY2019 Incurred Claims	3,576,202	7.04	1,394,220	18.09	2,365,324	1.22	368,638	1.54	7,704,385	2.79
Administrative Expense - Formula										
Fixed Amount PMPM	88,889	0.175	13,485	0.175	338,809	0.175	41,806	0.175	482,989	
Percent of Premium	1,054,013	22.0%	404,830	22.0%	777,659	22.0%	118,036	22.0%	2,354,539	
Total	1,142,902	2.25	418,315	5.43	1,116,468	0.58	159,843	0.67	2,837,527	1.03
Administrative Expense - 120% FSR Adm	1,366,629	2.69	500,202	6.49	1,335,020	0.69	191,133	0.80	3,392,984	1.23
Administrative Expense - Selected (1)	1,142,902	2.25	418,315	5.43	1,116,468	0.58	159,843	0.67	2,837,527	1.03
Risk Margin	71,865	1.50%	27,602	1.50%	53,022	1.50%	8,048	1.50%	160,537	1.50%
Projected FY2019 Total Cost	4,790,969	9.43	1,840,138	23.88	3,534,814	1.83	536,529	2.25	10,702,449	3.88
Percentage Rate Change		-4.0%		10.0%		-8.3%		-26.4%		-4.8%

Notes:

(1) Administrative expense included in the rate is the lower of a) the admin formula or b) 120% of the average admin reported in the FY16-FY18 FSRs.

	Adult Urban		Adults Rural		Children Urban (incl. CSHCN)		Children Rural		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
CY2017 Experience Period										
Member Months	117,525		116,589		313,157		288,892		836,163	
Estimated CY2017 Incurred Claims										
Demand Response	694,309	5.91	1,306,759	11.21	72,571	0.23	127,274	0.44	2,200,914	2.63
Mileage Reimbursement	70,413	0.60	195,248	1.67	111,767	0.36	162,495	0.56	539,923	0.65
All Others	46,182	0.39	21,322	0.18	140,496	0.45	93,051	0.32	301,051	0.36
Total	810,904	6.90	1,523,330	13.07	324,834	1.04	382,820	1.33	3,041,888	3.64
Non-Claim Expense	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
Projected FY2019 Member Months	109,194		115,376		319,037		294,271		837,878	
Projected FY2019 Premium										
Current Rates	982,748	9.00	2,424,047	21.01	437,081	1.37	656,225	2.23	4,500,101	5.37
Rating Adjustment Factors										
Client Service Trend		1.0300		1.0300		1.0300		1.0300		
Mileage Reimbursement Change		1.0187		1.0187		1.0187		1.0187		
Demand Response Reimbursement Change		1.0000		1.0000		1.0000		1.0000		
Projected FY2019 Incurred Claims	792,755	7.26	1,587,403	13.76	349,880	1.10	412,890	1.40	3,142,929	3.75
Administrative Expense - Formula										
Fixed Amount PMPM	19,109	0.175	20,191	0.175	55,831	0.175	51,497	0.175	146,629	
Percent of Premium	233,477	22.0%	462,315	22.0%	116,675	22.0%	133,549	22.0%	946,016	
Total	252,586	2.31	482,505	4.18	172,507	0.54	185,047	0.63	1,092,645	1.30
Administrative Expense - 120% FSR Adm	355,557	3.26	679,206	5.89	242,832	0.76	260,484	0.89	1,538,078	1.84
Administrative Expense - Selected (1)	252,586	2.31	482,505	4.18	172,507	0.54	185,047	0.63	1,092,645	1.30
Risk Margin	15,919	1.50%	31,521	1.50%	7,955	1.50%	9,106	1.50%	64,501	1.50%
Projected FY2019 Total Cost	1,061,260	9.72	2,101,430	18.21	530,342	1.66	607,043	2.06	4,300,075	5.13
Percentage Rate Change		8.0%		-13.3%		21.3%		-7.5%		-4.4%

Notes:

(1) Administrative expense included in the rate is the lower of a) the admin formula or b) 120% of the average admin reported in the FY16-FY18 FSRs.

	Adult Urban		Adults Rural		Children Urban (incl. CSHCN)		Children Rural		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
CY2017 Experience Period										
Member Months	155,911		549,018		495,594		1,467,565		2,668,087	
Estimated CY2017 Incurred Claims										
Demand Response	1,211,434	7.77	6,957,825	12.67	226,751	0.46	926,087	0.63	9,322,097	3.49
Mileage Reimbursement	64,996	0.42	724,382	1.32	112,771	0.23	713,898	0.49	1,616,047	0.61
All Others	21,562	0.14	121,290	0.22	87,299	0.18	267,060	0.18	497,210	0.19
Total	1,297,992	8.33	7,803,496	14.21	426,820	0.86	1,907,045	1.30	11,435,354	4.29
Non-Claim Expense	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
Projected FY2019 Member Months	145,279		542,319		503,580		1,499,062		2,690,240	
Projected FY2019 Premium										
Current Rates	1,773,853	12.21	10,602,346	19.55	760,405	1.51	3,088,067	2.06	16,224,672	6.03
Rating Adjustment Factors										
Client Service Trend		1.0300		1.0300		1.0300		1.0300		
Mileage Reimbursement Change		1.0187		1.0187		1.0187		1.0187		
Hurricane Harvey - Demand Response		1.0000		1.0000		1.0000		1.0000		
Hurricane Harvey - Mileage		1.0000		1.0000		1.0000		1.0000		
Projected FY2019 Incurred Claims	1,271,742	8.75	8,111,600	14.96	457,849	0.91	2,060,662	1.37	11,901,852	4.42
Administrative Expense - Formula										
Fixed Amount PMPM	25,424	0.175	94,906	0.175	88,126	0.175	262,336	0.175	470,792	
Percent of Premium	373,041	22.0%	2,360,041	22.0%	157,013	22.0%	668,052	22.0%	3,558,146	
Total	398,465	2.74	2,454,947	4.53	245,139	0.49	930,387	0.62	4,028,938	1.50
Administrative Expense - 120% FSR Adm	451,089	3.10	2,779,164	5.12	277,514	0.55	1,053,261	0.70	4,561,028	1.70
Administrative Expense - Selected (1)	398,465	2.74	2,454,947	4.53	245,139	0.49	930,387	0.62	4,028,938	1.50
Risk Margin	25,435	1.50%	160,912	1.50%	10,705	1.50%	45,549	1.50%	242,601	1.50%
Projected FY2019 Total Cost	1,695,641	11.67	10,727,458	19.78	713,693	1.42	3,036,598	2.03	16,173,390	6.01
Percentage Rate Change		-4.4%		1.2%		-6.1%		-1.7%		-0.3%

Notes:

(1) Administrative expense included in the rate is the lower of a) the admin formula or b) 120% of the average admin reported in the FY16-FY18 FSRs.

	Adult Urban		Adults Rural		Children Urban (incl. CSHCN)		Children Rural		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
CY2017 Experience Period										
Member Months			132,404				369,965		502,369	
Estimated CY2017 Incurred Claims										
Demand Response			977,539	7.38			119,807	0.32	1,097,345	2.18
Mileage Reimbursement			519,819	3.93			377,435	1.02	897,254	1.79
All Others			60,152	0.45			236,526	0.64	296,677	0.59
Total			1,557,509	11.76			733,767	1.98	2,291,276	4.56
Non-Claim Expense			0	0.00			0	0.00	0	0.00
Projected FY2019 Member Months			127,944				371,759		499,704	
Projected FY2019 Premium										
Current Rates			1,974,183	15.43			947,986	2.55	2,922,169	5.85
Rating Adjustment Factors										
Client Service Trend				1.0300				1.0300		
Mileage Reimbursement Change				1.0187				1.0187		
Demand Response Reimbursement Change				1.0000				1.0000		
Projected FY2019 Incurred Claims			1,590,914	12.43			782,008	2.10	2,372,922	4.75
Administrative Expense - Formula										
Fixed Amount PMPM			22,390	0.175			65,058	0.175	87,448	
Percent of Premium			463,957	22.0%			243,601	22.0%	707,557	
Total			486,347	3.80			308,658	0.83	795,005	1.59
Administrative Expense - 120% FSR Admin			701,296	5.48			445,075	1.20	1,146,371	2.29
Administrative Expense - Selected (1)			486,347	3.80			308,658	0.83	795,005	1.59
Risk Margin			31,633	1.50%			16,609	1.50%	48,243	1.50%
Projected FY2019 Total Cost		16.48	2,108,894	16.48		2.98	1,107,275	2.98	3,216,170	6.44
Percentage Rate Change				6.8%				16.8%		10.1%

Notes:

(1) Administrative expense included in the rate is the lower of a) the admin formula or b) 120% of the average admin reported in the FY16-FY18 FSRs.

	Adult Urban		Adults Rural		Children Urban (incl. CSHCN)		Children Rural		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
CY2017 Experience Period										
Member Months	614,737		209,945		2,302,061		658,270		3,785,013	
Estimated CY2017 Incurred Claims										
Demand Response	6,779,554	11.03	5,159,071	24.57	957,903	0.42	454,547	0.69	13,351,075	3.53
Mileage Reimbursement	110,090	0.18	232,150	1.11	168,674	0.07	181,113	0.28	692,027	0.18
All Others	192,433	0.31	27,864	0.13	499,654	0.22	192,910	0.29	912,860	0.24
Total	7,082,077	11.52	5,419,084	25.81	1,626,231	0.71	828,570	1.26	14,955,962	3.95
Non-Claim Expense	-8,114	-0.01	-3,184	-0.02	-1,739	0.00	-828	0.00	-13,865	0.00
Projected FY2019 Member Months	581,620		206,417		2,350,349		676,317		3,814,704	
Projected FY2019 Premium										
Current Rates	8,497,473	14.61	7,028,515	34.05	2,561,880	1.09	1,298,529	1.92	19,386,397	5.08
Rating Adjustment Factors										
Client Service Trend		1.0300		1.0300		1.0300		1.0300		
Mileage Reimbursement Change		1.0187		1.0187		1.0187		1.0187		
Demand Response Reimbursement Change		0.9671		0.9674		0.8942		0.9563		
Projected FY2019 Incurred Claims	6,810,939	11.71	5,424,673	26.28	1,637,058	0.70	875,603	1.29	14,748,272	3.87
Administrative Expense - Formula										
Fixed Amount PMPM	101,784	0.175	36,123	0.175	411,311	0.175	118,356	0.175	667,573	
Percent of Premium	1,987,973	22.0%	1,570,425	22.0%	589,073	22.0%	285,844	22.0%	4,433,315	
Total	2,089,756	3.59	1,606,548	7.78	1,000,384	0.43	404,200	0.60	5,100,888	1.34
Administrative Expense - 120% FSR Adm	1,397,782	2.40	1,074,577	5.21	669,130	0.28	270,358	0.40	3,411,848	0.89
Administrative Expense - Selected (1)	1,397,782	2.40	1,074,577	5.21	669,130	0.28	270,358	0.40	3,411,848	0.89
Risk Margin	125,006	1.50%	98,973	1.50%	35,120	1.50%	17,451	1.50%	276,550	1.50%
Projected FY2019 Total Cost	8,333,728	14.33	6,598,223	31.97	2,341,308	1.00	1,163,412	1.72	18,436,671	4.83
Percentage Rate Change		-1.9%		-6.1%		-8.6%		-10.4%		-4.9%

Notes:

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	Adult Urban		Adults Rural		Children Urban (incl. CSHCN)		Children Rural		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
CY2017 Experience Period										
Member Months	932,646		121,463		3,016,349		345,227		4,415,686	
Estimated CY2017 Incurred Claims										
Demand Response	5,825,618	6.25	1,726,905	14.22	577,090	0.19	174,253	0.50	8,303,866	1.88
Mileage Reimbursement	94,964	0.10	141,259	1.16	137,926	0.05	106,044	0.31	480,192	0.11
All Others	97,749	0.10	59,700	0.49	412,982	0.14	177,940	0.52	748,371	0.17
Total	6,018,331	6.45	1,927,864	15.87	1,127,999	0.37	458,236	1.33	9,532,430	2.16
Non-Claim Expense	-15,868	-0.02	-2,087	-0.02	-2,267	0.00	-549	0.00	-20,771	0.00
Projected FY2019 Member Months	888,491		119,056		3,071,017		354,516		4,433,080	
Projected FY2019 Premium										
Current Rates	7,632,136	8.59	2,566,842	21.56	1,904,031	0.62	634,583	1.79	12,737,593	2.87
Rating Adjustment Factors										
Client Service Trend		1.0300		1.0300		1.0300		1.0300		
Mileage Reimbursement Change		1.0187		1.0187		1.0187		1.0187		
Demand Response Reimbursement Change		0.9524		0.9851		0.9916		1.0246		
Projected FY2019 Incurred Claims	5,731,112	6.45	1,959,120	16.46	1,201,586	0.39	500,491	1.41	9,392,309	2.12
Administrative Expense - Formula										
Fixed Amount PMPM	155,486	0.175	20,835	0.175	537,428	0.175	62,040	0.175	775,789	
Percent of Premium	1,692,878	22.0%	569,399	22.0%	500,109	22.0%	161,774	22.0%	2,924,159	
Total	1,848,364	2.08	590,234	4.96	1,037,537	0.34	223,814	0.63	3,699,948	0.83
Administrative Expense - 120% FSR Adm	1,984,549	2.23	633,721	5.32	1,113,981	0.36	240,304	0.68	3,972,555	0.90
Administrative Expense - Selected (1)	1,848,364	2.08	590,234	4.96	1,037,537	0.34	223,814	0.63	3,699,948	0.83
Risk Margin	115,423	1.50%	38,823	1.50%	34,098	1.50%	11,030	1.50%	199,374	1.50%
Projected FY2019 Total Cost	7,694,899	8.66	2,588,176	21.74	2,273,222	0.74	735,335	2.07	13,291,632	3.00
Percentage Rate Change		0.8%		0.8%		19.4%		15.9%		4.3%

Notes:

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	Adult Urban		Adults Rural		Children Urban (incl. CSHCN)		Children Rural		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
CY2017 Experience Period										
Member Months			99,479				312,689		412,168	
Estimated CY2017 Incurred Claims										
Demand Response			1,124,520	11.30			191,113	0.61	1,315,634	3.19
Mileage Reimbursement			93,118	0.94			80,450	0.26	173,568	0.42
All Others			38,066	0.38			73,943	0.24	112,009	0.27
Total			1,255,704	12.62			345,507	1.10	1,601,211	3.88
Non-Claim Expense			0	0.00			0	0.00	0	0.00
Projected FY2019 Member Months			99,257				322,186		421,444	
Projected FY2019 Premium										
Current Rates			1,718,144	17.31			608,932	1.89	2,327,076	5.52
Rating Adjustment Factors										
Client Service Trend				1.0300				1.0300		
Mileage Reimbursement Change				1.0187				1.0187		
Hurricane Harvey - Demand Response				1.0310				1.0116		
Hurricane Harvey - Mileage				1.0049				1.0154		
Projected FY2019 Incurred Claims			1,355,031	13.65			379,372	1.18	1,734,402	4.12
Administrative Expense - Formula										
Fixed Amount PMPM			17,370	0.175			56,383	0.175	73,753	
Percent of Premium			394,677	22.0%			125,315	22.0%	519,992	
Total			412,047	4.15			181,698	0.56	593,745	1.41
Administrative Expense - 120% FSR Admin			530,281	5.34			233,834	0.73	764,116	1.81
Administrative Expense - Selected (1)			412,047	4.15			181,698	0.56	593,745	1.41
Risk Margin			26,910	1.50%			8,544	1.50%	35,454	1.50%
Projected FY2019 Total Cost		18.07	1,793,988	18.07		1.77	569,614	1.77	2,363,601	5.61
Percentage Rate Change				4.4%				-6.5%		1.6%

Notes:

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	Adult Urban		Adults Rural		Children Urban (incl. CSHCN)		Children Rural		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
9/1/2017-1/31/2018 Experience Period										
Member Months	510,657		103,700		1,900,332		282,332		2,797,021	
Estimated Incurred Claims										
Demand Response	2,292,882	4.49	1,136,462	10.96	993,146	0.52	186,749	0.66	4,609,239	1.65
Mileage Reimbursement	216,696	0.42	260,392	2.51	341,915	0.18	130,129	0.46	949,132	0.34
All Others	40,026	0.08	8,793	0.08	672,996	0.35	46,421	0.16	768,237	0.27
Total	2,549,604	4.99	1,405,648	13.55	2,008,057	1.06	363,299	1.29	6,326,607	2.26
Non-Claim Expense	4,878	0.01	1,482	0.01	2,475	0.00	445	0.00	9,280	0.00
Projected FY2019 Member Months	1,138,860		241,282		4,650,531		693,320		6,723,994	
Projected FY2019 Premium										
Current Rates	9,418,375	8.27	3,710,911	15.38	7,812,893	1.68	1,365,841	1.97	22,308,020	3.32
Rating Adjustment Factors										
Client Service Trend		1.0300		1.0300		1.0300		1.0300		
Mileage Reimbursement Change		1.0187		1.0187		1.0187		1.0187		
Demand Response Reimbursement Change		1.0000		1.0000		1.0000		1.0000		
Seasonality		0.9846		1.0018		0.9938		0.9576		
Hurricane Harvey - Demand Response		1.0246		1.0150		1.0306		1.0338		
Hurricane Harvey - Mileage		0.9997		1.0200		1.0390		1.0277		
Projected FY2019 Incurred Claims	5,965,308	5.24	3,473,476	14.40	5,207,266	1.12	918,991	1.33	15,565,040	2.31
Administrative Expense - Formula										
Fixed Amount PMPM	199,301	0.175	42,224	0.175	813,843	0.175	121,331	0.175	1,176,699	
Percent of Premium	1,772,829	22.0%	1,011,051	22.0%	1,731,561	22.0%	299,178	22.0%	4,814,618	
Total	1,972,129	1.73	1,053,275	4.37	2,545,404	0.55	420,509	0.61	5,991,317	0.89
Administrative Expense - 120% FSR Adm	1,708,948	1.50	912,716	3.78	2,205,719	0.47	364,392	0.53	5,191,775	0.77
Administrative Expense - Selected (1)	1,708,948	1.50	912,716	3.78	2,205,719	0.47	364,392	0.53	5,191,775	0.77
Risk Margin	116,867	1.50%	66,795	1.50%	112,888	1.50%	19,544	1.50%	316,094	1.50%
Projected FY2019 Total Cost	7,791,123	6.84	4,452,986	18.46	7,525,873	1.62	1,302,927	1.88	21,072,909	3.13
Percentage Rate Change		-17.3%		20.0%		-3.7%		-4.6%		-5.5%

Notes:

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	Adult Urban		Adults Rural		Children Urban (incl. CSHCN)		Children Rural		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
CY2017 Experience Period										
Member Months	112,952		57,955		352,051		153,907		676,865	
Estimated CY2017 Incurred Claims										
Demand Response	1,071,894	9.49	914,320	15.78	132,078	0.38	99,548	0.65	2,217,840	3.28
Mileage Reimbursement	35,960	0.32	76,949	1.33	34,026	0.10	80,254	0.52	227,189	0.34
All Others	10,452	0.09	6,479	0.11	160,880	0.46	58,887	0.38	236,697	0.35
Total	1,118,306	9.90	997,748	17.22	326,984	0.93	238,689	1.55	2,681,727	3.96
Non-Claim Expense	-312	0.00	-179	0.00	-53	0.00	-54	0.00	-598	0.00
Projected FY2019 Member Months	110,319		57,586		361,440		157,112		686,457	
Projected FY2019 Premium										
Current Rates	1,737,530	15.75	1,174,181	20.39	495,173	1.37	342,503	2.18	3,749,387	5.46
Rating Adjustment Factors										
Client Service Trend		1.0300		1.0300		1.0300		1.0300		
Mileage Reimbursement Change		1.0187		1.0187		1.0187		1.0187		
Demand Response Reimbursement Change		0.9370		0.9450		0.8805		0.9571		
Projected FY2019 Incurred Claims	1,078,448	9.78	990,260	17.20	336,261	0.93	252,937	1.61	2,657,905	3.87
Administrative Expense - Formula										
Fixed Amount PMPM	19,306	0.175	10,078	0.175	63,252	0.175	27,495	0.175	120,130	
Percent of Premium	315,694	22.0%	287,679	22.0%	114,893	22.0%	80,647	22.0%	798,912	
Total	335,000	3.04	297,756	5.17	178,145	0.49	108,141	0.69	919,042	1.34
Administrative Expense - 120% FSR Adm	262,921	2.38	233,691	4.06	139,815	0.39	84,874	0.54	721,301	1.05
Administrative Expense - Selected (1)	262,921	2.38	233,691	4.06	139,815	0.39	84,874	0.54	721,301	1.05
Risk Margin	20,427	1.50%	18,639	1.50%	7,250	1.50%	5,144	1.50%	51,460	1.50%
Projected FY2019 Total Cost	1,361,796	12.34	1,242,590	21.58	483,326	1.34	342,955	2.18	3,430,666	5.00
Percentage Rate Change		-21.6%		5.8%		-2.4%		0.1%		-8.5%

Notes:

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	Adult Urban		Adults Rural		Children Urban (incl. CSHCN)		Children Rural		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
CY2017 Experience Period										
Member Months	1,872,883		98,244		7,792,650		295,053		10,058,830	
Estimated CY2017 Incurred Claims										
Demand Response	16,745,987	8.94	1,278,733	13.02	1,954,712	0.25	154,542	0.52	20,133,973	2.00
Mileage Reimbursement	425,209	0.23	130,608	1.33	394,915	0.05	116,863	0.40	1,067,594	0.11
All Others	996,039	0.53	10,868	0.11	531,608	0.07	84,355	0.29	1,622,870	0.16
Total	18,167,235	9.70	1,420,208	14.46	2,881,235	0.37	355,759	1.21	22,824,437	2.27
Non-Claim Expense	-86,317	-0.05	-3,013	-0.03	-13,587	0.00	-962	0.00	-103,880	-0.01
Projected FY2019 Member Months	1,756,655		94,582		7,876,213		302,079		10,029,529	
Projected FY2019 Premium										
Current Rates	22,204,119	12.64	1,971,099	20.84	5,434,587	0.69	522,596	1.73	30,132,401	3.00
Rating Adjustment Factors										
Client Service Trend		1.0300		1.0300		1.0300		1.0300		
Mileage Reimbursement Change		1.0187		1.0187		1.0187		1.0187		
Demand Response Reimbursement Change		1.0000		1.0000		1.0000		1.0000		
Projected FY2019 Incurred Claims	17,823,067	10.15	1,435,743	15.18	3,052,600	0.39	383,939	1.27	22,695,349	2.26
Administrative Expense - Formula										
Fixed Amount PMPM	307,415	0.175	16,552	0.175	1,378,337	0.175	52,864	0.175	1,755,168	
Percent of Premium	5,213,995	22.0%	417,654	22.0%	1,274,256	22.0%	125,616	22.0%	7,031,521	
Total	5,521,409	3.14	434,205	4.59	2,652,594	0.34	178,480	0.59	8,786,689	0.88
Administrative Expense - 120% FSR Adm	4,626,129	2.63	363,800	3.85	2,222,483	0.28	149,540	0.50	7,361,952	0.73
Administrative Expense - Selected (1)	4,626,129	2.63	363,800	3.85	2,222,483	0.28	149,540	0.50	7,361,952	0.73
Risk Margin	341,866	1.50%	27,404	1.50%	80,331	1.50%	8,124	1.50%	457,725	1.50%
Projected FY2019 Total Cost	22,791,062	12.97	1,826,948	19.32	5,355,414	0.68	541,603	1.79	30,515,027	3.04
Percentage Rate Change		2.6%		-7.3%		-1.5%		3.6%		1.3%

Notes:

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	Adult Urban		Adults Rural		Children Urban (incl. CSHCN)		Children Rural		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
CY2017 Experience Period										
Member Months	2,278,600		240,567		9,434,787		728,179		12,682,133	
Estimated CY2017 Incurred Claims										
Demand Response	11,570,320	5.08	3,055,928	12.70	1,433,708	0.15	350,817	0.48	16,410,773	1.29
Mileage Reimbursement	545,475	0.24	498,367	2.07	546,553	0.06	337,469	0.46	1,927,864	0.15
All Others	89,684	0.04	48,314	0.20	291,417	0.03	87,650	0.12	517,064	0.04
Total	12,205,479	5.36	3,602,610	14.98	2,271,678	0.24	775,935	1.07	18,855,702	1.49
Non-Claim Expense	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
Projected FY2019 Member Months	2,128,048		234,238		9,807,939		761,975		12,932,200	
Projected FY2019 Premium										
Current Rates	16,237,004	7.63	4,837,010	20.65	6,865,558	0.70	1,417,273	1.86	29,356,845	2.27
Rating Adjustment Factors										
Client Service Trend		1.0300		1.0300		1.0300		1.0300		
Mileage Reimbursement Change		1.0187		1.0187		1.0187		1.0187		
Hurricane Harvey - Demand Response		1.0179		1.0199		1.0130		1.0142		
Hurricane Harvey - Mileage		1.0043		1.0190		1.0053		1.0045		
Projected FY2019 Incurred Claims	12,190,206	5.73	3,766,569	16.08	2,515,510	0.26	867,060	1.14	19,339,346	1.50
Administrative Expense - Formula										
Fixed Amount PMPM	372,408	0.175	40,992	0.175	1,716,389	0.175	133,346	0.175	2,263,135	
Percent of Premium	3,612,778	22.0%	1,094,985	22.0%	1,217,017	22.0%	287,698	22.0%	6,212,478	
Total	3,985,186	1.87	1,135,977	4.85	2,933,406	0.30	421,044	0.55	8,475,613	0.66
Administrative Expense - 120% FSR Adm	4,829,361	2.27	1,376,608	5.88	3,554,784	0.36	510,233	0.67	10,270,986	0.79
Administrative Expense - Selected (1)	3,985,186	1.87	1,135,977	4.85	2,933,406	0.30	421,044	0.55	8,475,613	0.66
Risk Margin	246,326	1.50%	74,658	1.50%	82,978	1.50%	19,616	1.50%	423,578	1.50%
Projected FY2019 Total Cost	16,421,718	7.72	4,977,204	21.25	5,531,895	0.56	1,307,720	1.72	28,238,537	2.18
Percentage Rate Change		1.1%		2.9%		-19.4%		-7.7%		-3.8%

Notes:

(1) Administrative expense included in the rate is the lower of a) the admin formula or b) 120% of the average admin reported in the FY16-FY18 FSRs.

Attachment 2

Trend Analysis

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 managed care MTO contracts were effective September 1, 2014 and are still fairly new. In addition, the MTP program has had many policy changes the past several years. As a result, the historical managed care trend is not a reliable predictor of future cost increases for the MTOs and FRBs.

The annual trend assumption was selected by the actuary based on a study of the transportation Consumer Price Index (CPI) and the actuary's judgment regarding future cost increases. The inflation trend assumption of 1.1% was selected by taking the average of the monthly year-over-year CPI trend published by the Bureau of Labor Statistics from January 2008 through December 2017. The utilization trend assumption of 1.9% was selected based on the actuary's judgment regarding future utilization increases. The annual trend assumption of 3.0% was used in the rating analysis to project historical experience forward to the rating period.

Attachment 2 presents a summary of the derivation of the annual trend assumption.

Bureau of Labor Statistics
CPI-All Urban Consumers (Current Series)
Original Data Value

Series Id: CUSR0000SAT
Seasonally Adjusted
Series Title: Transportation in U.S. city average, all urban
Area: U.S. city average
Item: Transportation
Base Period: 1982-84=100
Years: 2007 to 2017

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2007	177.090	177.727	181.041	182.489	184.669	184.902	185.396	184.328	186.324	186.922	192.289	193.205
2008	194.135	194.934	195.872	195.179	198.535	206.313	209.349	205.848	205.856	195.608	175.507	166.673
2009	168.403	171.424	169.449	170.090	172.235	180.667	180.915	183.729	185.329	187.793	191.243	191.517
2010	193.116	191.978	191.375	191.249	190.231	189.426	191.082	192.287	193.316	196.845	198.783	202.454
2011	204.232	205.704	209.591	213.032	214.499	212.957	213.661	214.651	215.455	214.682	215.149	213.784
2012	215.385	217.686	218.457	218.615	215.029	212.225	211.791	217.573	221.574	222.913	218.833	217.524
2013	218.092	223.274	218.985	214.905	214.010	215.380	216.562	217.901	216.898	216.682	217.170	218.715
2014	219.468	218.395	217.116	218.957	218.010	218.420	218.062	216.964	215.396	213.926	210.384	204.221
2015	195.188	196.644	198.988	198.158	201.961	203.606	203.998	202.482	197.184	196.790	197.021	195.053
2016	194.114	189.471	191.197	193.597	194.745	196.469	194.577	194.576	195.249	197.093	197.739	199.776
2017	203.835	201.790	200.190	200.38	198.159	197.539	196.926	200.142	204.528	203.328	206.395	206.735

Annual Inflation Trend

2008	9.6%	9.7%	8.2%	7.0%	7.5%	11.6%	12.9%	11.7%	10.5%	4.6%	-8.7%	-13.7%
2009	-13.3%	-12.1%	-13.5%	-12.9%	-13.2%	-12.4%	-13.6%	-10.7%	-10.0%	-4.0%	9.0%	14.9%
2010	14.7%	12.0%	12.9%	12.4%	10.4%	4.8%	5.6%	4.7%	4.3%	4.8%	3.9%	5.7%
2011	5.8%	7.1%	9.5%	11.4%	12.8%	12.4%	11.8%	11.6%	11.5%	9.1%	8.2%	5.6%
2012	5.5%	5.8%	4.2%	2.6%	0.2%	-0.3%	-0.9%	1.4%	2.8%	3.8%	1.7%	1.7%
2013	1.3%	2.6%	0.2%	-1.7%	-0.5%	1.5%	2.3%	0.2%	-2.1%	-2.8%	-0.8%	0.5%
2014	0.6%	-2.2%	-0.9%	1.9%	1.9%	1.4%	0.7%	-0.4%	-0.7%	-1.3%	-3.1%	-6.6%
2015	-11.1%	-10.0%	-8.3%	-9.5%	-7.4%	-6.8%	-6.4%	-6.7%	-8.5%	-8.0%	-6.4%	-4.5%
2016	-0.6%	-3.6%	-3.9%	-2.3%	-3.6%	-3.5%	-4.6%	-3.9%	-1.0%	0.2%	0.4%	2.4%
2017	5.0%	6.5%	4.7%	3.5%	1.8%	0.5%	1.2%	2.9%	4.8%	3.2%	4.4%	3.5%

Average Inflation Trend (1)	1.1%
Selected Utilization Trend (2)	1.9%
Total Trend Assumption	3.0%

Notes:

(1) Average monthly year-over-year trend from January 2008 through December 2017

(2) Selected by the Actuary

Attachment 3

Demand Response Reimbursement Change

Logisticare reduced reimbursement to their demand response providers in August 2017 for MTO Regions 7, 8 and 11. The base period demand response claims cost pmpm for these regions were assumed to be the same as the demand response claims cost pmpm experience for the August 2017 through December 2017 period. Attachment 3 presents a summary of the derivation of this adjustment factor.

Medical Transportation Program
 FY2019 MTO/FRB Rating
 Demand Response Reimbursement Change Adjustment

MTO Region 7

Month	Demand Response Operating Cost				Demand Response Number of Trips				Demand Response Cost per Trip			
	Adult Urban	Adult Rural	Children Urban	Children Rural	Adult Urban	Adult Rural	Children Urban	Children Rural	Adult Urban	Adult Rural	Children Urban	Children Rural
Jan-17	551,434	482,058	96,254	37,092	12,776	5,173	1,698	397	43.16	93.19	56.69	93.43
Feb-17	517,028	433,720	95,775	40,400	11,958	4,639	1,734	443	43.24	93.49	55.23	91.20
Mar-17	604,320	468,695	79,695	42,088	13,727	5,118	1,536	427	44.02	91.58	51.88	98.57
Apr-17	544,441	432,154	74,263	38,175	12,756	4,720	1,327	354	42.68	91.56	55.96	107.84
May-17	585,880	458,990	73,138	33,361	13,924	5,107	1,375	361	42.08	89.87	53.19	92.41
Jun-17	590,400	421,891	82,242	39,815	14,045	4,806	1,501	389	42.04	87.78	54.79	102.35
Jul-17	558,296	403,133	75,008	43,008	13,528	4,558	1,377	427	41.27	88.45	54.47	100.72
Aug-17	622,637	427,152	81,479	44,956	15,190	5,027	1,791	468	40.99	84.97	45.49	96.06
Sep-17	548,124	416,039	78,269	35,827	13,740	4,836	1,690	387	39.89	86.03	46.31	92.58
Oct-17	588,549	425,255	83,981	36,134	14,453	5,002	1,892	419	40.72	85.02	44.39	86.24
Nov-17	549,512	408,104	75,897	31,263	13,833	4,654	1,685	357	39.72	87.69	45.04	87.57
Dec-17	517,631	380,920	61,739	32,351	13,067	4,420	1,409	357	39.61	86.18	43.82	90.62
CY2017	6,778,253	5,158,112	957,739	454,467	162,997	58,060	19,015	4,786	41.59	88.84	50.37	94.96
8/17-12/17	2,826,453	2,057,469	381,363	180,529	70,283	23,939	8,467	1,988	40.22	85.95	45.04	90.81
Adjustment Factor									0.967	0.967	0.894	0.956

Medical Transportation Program
 FY2019 MTO/FRB Rating
 Demand Response Reimbursement Change Adjustment

MTO Region 8

Month	Demand Response Operating Cost				Demand Response Number of Trips				Demand Response Cost per Trip			
	Adult Urban	Adult Rural	Children Urban	Children Rural	Adult Urban	Adult Rural	Children Urban	Children Rural	Adult Urban	Adult Rural	Children Urban	Children Rural
Jan-17	532,494	146,214	57,366	11,959	20,842	2,407	1,948	189	25.55	60.75	29.45	63.27
Feb-17	494,565	153,426	51,494	12,164	19,506	2,413	1,884	196	25.35	63.58	27.33	62.06
Mar-17	546,593	159,370	48,543	12,599	21,820	2,647	1,712	194	25.05	60.21	28.35	64.94
Apr-17	476,666	137,353	40,341	14,859	19,696	2,234	1,493	200	24.20	61.48	27.02	74.30
May-17	507,049	155,902	47,733	13,476	21,645	2,547	1,725	180	23.43	61.21	27.67	74.87
Jun-17	474,744	149,496	43,713	13,952	21,409	2,442	1,697	215	22.17	61.22	25.76	64.89
Jul-17	460,900	137,839	43,302	11,496	20,467	2,255	1,738	178	22.52	61.13	24.91	64.59
Aug-17	488,153	156,699	52,329	17,719	22,068	2,458	2,054	261	22.12	63.75	25.48	67.89
Sep-17	449,433	142,870	48,112	16,518	20,326	2,378	1,784	228	22.11	60.08	26.97	72.45
Oct-17	491,990	137,985	51,108	18,420	22,072	2,388	1,858	261	22.29	57.78	27.51	70.58
Nov-17	448,880	127,747	49,435	16,231	20,312	2,200	1,792	237	22.10	58.07	27.59	68.49
Dec-17	452,963	121,680	43,495	14,818	20,632	2,058	1,613	207	21.95	59.13	26.97	71.59
CY2017	5,824,431	1,726,580	576,971	174,212	250,795	28,427	21,298	2,546	23.22	60.74	27.09	68.43
8/17-12/17	2,331,419	686,981	244,479	83,707	105,410	11,482	9,101	1,194	22.12	59.83	26.86	70.11
Adjustment Factor									0.952	0.985	0.992	1.025

Medical Transportation Program
 FY2019 MTO/FRB Rating
 Demand Response Reimbursement Change Adjustment

MTO Region 11

Month	Demand Response Operating Cost				Demand Response Number of Trips				Demand Response Cost per Trip			
	Adult Urban	Adult Rural	Children Urban	Children Rural	Adult Urban	Adult Rural	Children Urban	Children Rural	Adult Urban	Adult Rural	Children Urban	Children Rural
Jan-17	109,286	81,382	18,093	8,859	2,718	1,262	312	138	40.21	64.49	57.99	64.19
Feb-17	91,964	67,174	12,803	4,866	2,255	1,095	245	69	40.78	61.35	52.26	70.53
Mar-17	101,555	84,727	13,204	10,390	2,677	1,327	228	125	37.94	63.85	57.91	83.12
Apr-17	90,580	77,934	11,070	4,226	2,376	1,210	240	61	38.12	64.41	46.13	69.28
May-17	99,399	79,980	10,520	6,098	2,684	1,262	207	91	37.03	63.38	50.82	67.01
Jun-17	94,711	71,453	9,941	8,309	2,596	1,242	164	118	36.48	57.53	60.61	70.41
Jul-17	84,794	73,297	9,231	6,883	2,406	1,249	206	105	35.24	58.68	44.81	65.56
Aug-17	82,095	96,513	8,817	16,727	2,273	1,784	184	281	36.12	54.10	47.92	59.53
Sep-17	78,678	70,451	9,782	6,945	2,365	1,276	220	113	33.27	55.21	44.46	61.46
Oct-17	82,531	76,091	11,277	7,436	2,498	1,345	250	124	33.04	56.57	45.11	59.97
Nov-17	79,969	68,181	9,497	8,838	2,382	1,194	234	131	33.57	57.10	40.58	67.47
Dec-17	76,328	67,133	7,843	9,970	2,186	1,138	207	129	34.92	58.99	37.89	77.28
CY2017	1,071,890	914,317	132,078	99,548	29,416	15,384	2,697	1,485	36.44	59.43	48.97	67.04
8/17-12/17	399,601	378,370	47,215	49,917	11,704	6,737	1,095	778	34.14	56.16	43.12	64.16
Adjustment Factor									0.937	0.945	0.880	0.957

Attachment 4

Seasonality Adjustment Factor

Effective September 1, 2017, Logisticare replaced Lefleur in MTO Regions 1 and 10. In order to only reflect Logisticare's experience, the base period for these two regions include experience for the period September 1, 2017 through January 31, 2018. A seasonality adjustment was applied to reflect the cost difference between the base period and an entire fiscal year. Attachment 4 presents the derivation of the seasonality adjustment for MTO Regions 1 and 10.

Medical Transportation Program
 FY2019 MTP Rate Setting
 MTO - Region 1
 Seasonality

	Adult		Children (includes CSHCN)	
	urban	rural	urban	rural
Incurred Claims PMPM				
FY2015	6.45	9.80	0.63	1.04
FY2016	6.64	10.15	0.91	1.41
FY2017	7.16	12.21	0.98	1.48
Trend Factor				
FY2016	1.029	1.035	1.454	1.358
FY2017	1.078	1.203	1.074	1.050
Partial Year Experience PMPM				
9/14-1/15	6.04	9.14	0.53	0.91
9/15-1/16	6.38	9.83	0.86	1.32
9/16-1/17	6.83	11.43	0.94	1.52
Partial Year PMPM - Normalized for Trend (1)				
9/15-1/16	6.44	9.93	0.96	1.44
9/16-1/17	6.98	12.06	0.96	1.54
Seasonality Factor (2)				
9/15-1/16	1.032	1.022	0.952	0.979
9/16-1/17	1.026	1.012	1.018	0.962
Average	1.029	1.017	0.985	0.970

Notes:

(1) Partial fiscal year experience midpoint is Nov 15. Full fiscal year midpoint is March 1.

Partial fiscal year trended 3.5 months so that midpoint equals midpoint of full fiscal year.

(2) Seasonality factor = full fiscal year pmpm / partial year normalized for trend pmpm

Medical Transportation Program
 FY2019 MTP Rate Setting
 MTO - Region 10
 Seasonality

	Adult		Children (includes CSHCN)	
	urban	rural	urban	rural
Incurred Claims PMPM				
FY2015	5.58	10.30	1.21	1.24
FY2016	5.86	10.77	1.08	1.27
FY2017	5.53	10.70	0.95	1.15
Trend Factor				
FY2016	1.050	1.046	0.891	1.019
FY2017	0.944	0.993	0.879	0.906
Partial Year Experience PMPM				
9/14-1/15	5.33	10.05	1.21	1.14
9/15-1/16	5.79	10.39	1.11	1.30
9/16-1/17	5.78	10.94	1.00	1.25
Partial Year PMPM - Normalized for Trend (1)				
9/15-1/16	5.88	10.52	1.07	1.31
9/16-1/17	5.68	10.92	0.97	1.21
Seasonality Factor (2)				
9/15-1/16	0.996	1.024	1.004	0.967
9/16-1/17	0.973	0.980	0.983	0.948
Average	0.985	1.002	0.994	0.958

Notes:

(1) Partial fiscal year experience midpoint is Nov 15. Full fiscal year midpoint is March 1.

Partial fiscal year trended 3.5 months so that midpoint equals midpoint of full fiscal year.

(2) Seasonality factor = full fiscal year pmpm / partial year normalized for trend pmpm

Attachment 5

Hurricane Harvey Utilization Adjustment Factor

Hurricane Harvey resulted in suppressed utilization for non-emergency medical transportation services along the Texas coast. An adjustment was made to the base period data for MTO Regions 9, 10 and FRB 2 to remove the impact of Hurricane Harvey. Utilization for the Hurricane Harvey affected periods August 1, 2017 through September 30, 2017 was assumed to be the same as the average utilization for the two months before and two months after Hurricane Harvey. Adjustment factors were developed separately for mileage reimbursement and demand response services. The exhibits below present the derivation of the Hurricane Harvey utilization adjustment for MTO Regions 9, 10 and FRB 2.

Exhibit A – FRB SDA 2 Mileage Reimbursement Service

Exhibit B – FRB SDA 2 Demand Response Service

Exhibit C – MTO Region 9 Mileage Reimbursement Service

Exhibit D – MTO Region 9 Demand Response Service

Exhibit E – MTO Region 10 Mileage Reimbursement Service

Exhibit F – MTO Region 10 Demand Response Service

Medical Transportation Program
Hurricane Harvey Adjustment
ITP (Mileage) Service
SDA 2

	Adult Urban	Adult Rural	Children Urban	Children Rural	Total
Experience for 2 Months Prior and After Harvey - 201706, 201707, 201710, 201711					
Member Months	761,571	80,375	3,149,181	243,807	4,234,934
Paid Amount	179,057	174,554	179,204	117,828	650,643
Number of Miles	334,686	326,270	334,961	220,239	1,216,155
Avg Miles per Mem	0.439	4.059	0.106	0.903	0.287
Paid per Mile	0.54	0.54	0.54	0.54	0.54
Experience for Harvey Effectuated Months - 201708-201709					
Member Months	380,544	40,161	1,565,801	121,374	2,107,880
Paid Amount	87,117	77,761	86,271	57,154	308,303
Number of Miles	162,836	145,347	161,255	106,829	576,267
Avg Miles per Mem	0.428	3.619	0.103	0.880	0.273
Paid per Mile	0.54	0.54	0.54	0.54	0.54
Experience for Harvey Effectuated Months assuming no Hurricane Harvey (1)					
Member Months	380,544	40,161	1,565,801	121,374	2,107,880
Paid Amount	89,472	87,220	89,102	58,658	324,451
Number of Miles	167,237	163,027	166,545	109,641	606,451
Avg Miles per Mem	0.439	4.059	0.106	0.903	0.287
Paid per Mile	0.54	0.54	0.54	0.54	0.54
Harvey Adjustment Factor					
Harvey Impact	2,355	9,459	2,830	1,504	16,148
CY2017 Paid	544,120	496,757	537,860	336,228	1,914,965
Adjustment Factor	1.004	1.019	1.005	1.005	

Notes:

(1) Assumes avg. miles per mem. is the same as the avg. miles per mem. for the 2 month period before and after Harvey.

Medical Transportation Program
Hurricane Harvey Adjustment
Demand Response Service
SDA 2

	Adult Urban	Adult Rural	Children Urban	Children Rural	Total
Experience for 2 Months Prior and After Harvey - 201706, 201707, 201710, 201711					
Member Months	761,571	80,375	3,149,181	243,807	4,234,934
Paid Amount	3,955,508	1,022,082	485,585	114,856	5,578,031
Number of Trips	153,304	20,256	16,177	1,720	191,457
Avg Trip per Mem	0.201	0.252	0.005	0.007	0.045
Paid per Trip	25.80	50.46	30.02	66.78	29.13
Experience for Harvey Effectuated Months - 201708-201709					
Member Months	380,544	40,161	1,565,801	121,374	2,107,880
Paid Amount	1,778,055	439,826	225,499	50,847	2,494,226
Number of Trips	68,633	8,892	7,442	780	85,747
Avg Trip per Mem	0.180	0.221	0.005	0.006	0.041
Paid per Trip	25.91	49.46	30.30	65.19	29.09
Experience for Harvey Effectuated Months assuming no Hurricane Harvey (1)					
Member Months	380,544	40,161	1,565,801	121,374	2,107,880
Paid Amount	1,984,541	500,632	243,721	55,819	2,784,712
Number of Trips	76,603	10,121	8,043	856	95,624
Avg Trip per Mem	0.201	0.252	0.005	0.007	0.045
Paid per Trip	25.91	49.46	30.30	65.19	29.09
Harvey Adjustment Factor					
Harvey Impact	206,486	60,806	18,221	4,972	290,485
CY2017 Paid	11,522,891	3,047,991	1,405,715	350,317	16,326,915
Adjustment Factor	1.018	1.020	1.013	1.014	

Notes:

(1) Assumes avg. trip per mem. is the same as the avg. trip per mem. for the 2 month period before and after Harvey.

Medical Transportation Program
Hurricane Harvey Adjustment
ITP (Mileage) Service
MTO 9

	Adult Urban	Adult Rural	Children Urban	Children Rural	Total
Experience for 2 Months Prior and After Harvey - 201706, 201707, 201710, 201711					
Member Months		33,359		104,375	137,734
Paid Amount		30,237		28,662	58,899
Number of Miles		56,518		53,573	110,091
Avg Miles per Mem		1.694		0.513	0.799
Paid per Mile		0.54		0.54	0.54
Experience for Harvey Effected Months - 201708-201709					
Member Months		16,676		52,127	68,803
Paid Amount		14,661		13,077	27,738
Number of Miles		27,403		24,443	51,846
Avg Miles per Mem		1.643		0.469	0.754
Paid per Mile		0.54		0.54	0.54
Experience for Harvey Effected Months assuming no Hurricane Harvey (1)					
Member Months		16,676		52,127	68,803
Paid Amount		15,115		14,314	29,430
Number of Miles		28,253		26,755	55,009
Avg Miles per Mem		1.694		0.513	0.799
Paid per Mile		0.54		0.54	0.54
Harvey Adjustment Factor					
Harvey Impact		455		1,237	1,692
CY2017 Paid		92,987		80,356	173,343
Adjustment Factor	1.000	1.005	1.000	1.015	

Notes:

(1) Assumes avg. miles per mem. is the same as the avg. miles per mem. for the 2 month period before and after Harvey.

Medical Transportation Program
Hurricane Harvey Adjustment
Demand Response Service
MTO 9

	Adult Urban	Adult Rural	Children Urban	Children Rural	Total
Experience for 2 Months Prior and After Harvey - 201706, 201707, 201710, 201711					
Member Months		33,359		104,375	137,734
Paid Amount		387,269		66,223	453,492
Number of Trips		8,050		897	8,947
Avg Trip per Mem		0.241		0.009	0.065
Paid per Trip		48.11		73.83	50.69
Experience for Harvey Effected Months - 201708-201709					
Member Months		16,676		52,127	68,803
Paid Amount		173,435		30,661	204,096
Number of Trips		3,357		418	3,775
Avg Trip per Mem		0.201		0.008	0.055
Paid per Trip		51.66		73.35	54.07
Experience for Harvey Effected Months assuming no Hurricane Harvey (1)					
Member Months		16,676		52,127	68,803
Paid Amount		207,903		32,861	240,763
Number of Trips		4,024		448	4,472
Avg Trip per Mem		0.241		0.009	0.065
Paid per Trip		51.66		73.35	54.07
Harvey Adjustment Factor					
Harvey Impact		34,468		2,199	36,667
CY2017 Paid		1,111,723		188,901	1,300,624
Adjustment Factor	1.000	1.031	1.000	1.012	

Notes:

(1) Assumes avg. trip per mem. is the same as the avg. trip per mem. for the 2 month period before and after Harvey.

Medical Transportation Program
Hurricane Harvey Adjustment
ITP (Mileage) Service
MTO 10

	Adult Urban	Adult Rural	Children Urban	Children Rural	Total
Experience for 2 Months After Harvey - 201710, 201711					
Member Months	204,756	41,706	761,430	113,452	1,121,344
Paid Amount	87,296	103,656	142,906	55,847	389,704
Number of Miles	163,147	193,729	267,019	104,363	728,258
Avg Miles per Mem	0.797	4.645	0.351	0.920	0.649
Paid per Mile	0.54	0.54	0.54	0.54	0.54
Experience for Harvey Effectuated Months - 201709					
Member Months	102,504	20,943	381,077	56,819	561,343
Paid Amount	43,758	46,982	58,427	24,443	173,610
Number of Miles	81,780	87,808	109,368	45,684	324,640
Avg Miles per Mem	0.798	4.193	0.287	0.804	0.578
Paid per Mile	0.54	0.54	0.53	0.54	0.53
Experience for Harvey Effectuated Months assuming no Hurricane Harvey (1)					
Member Months	102,504	20,943	381,077	56,819	561,343
Paid Amount	43,701	52,052	71,392	27,965	195,110
Number of Miles	81,674	97,283	133,636	52,267	364,860
Avg Miles per Mem	0.797	4.645	0.351	0.920	0.649
Paid per Mile	0.54	0.54	0.53	0.54	0.53
Harvey Adjustment Factor					
Harvey Impact	(57)	5,069	12,965	3,522	21,500
9/17-1/18 Paid	211,593	253,681	332,842	127,177	925,293
Adjustment Factor	1.000	1.020	1.039	1.028	

Notes:

(1) Assumes avg. miles per mem. is the same as the avg. miles per mem. for the 2 month period after Harvey.

Medical Transportation Program
Hurricane Harvey Adjustment
Demand Response Service
MTO 10

	Adult Urban	Adult Rural	Children Urban	Children Rural	Total
Experience for 2 Months After Harvey - 201710, 201711					
Member Months	204,756	41,706	761,430	113,452	1,121,344
Paid Amount	935,057	444,489	394,322	79,715	1,853,583
Number of Trips	32,807	6,960	8,675	1,003	49,445
Avg Trip per Mem	0.160	0.167	0.011	0.009	0.044
Paid per Trip	28.50	63.86	45.45	79.48	37.49
Experience for Harvey Effectuated Months - 201709					
Member Months	102,504	20,943	381,077	56,819	561,343
Paid Amount	410,379	202,650	168,713	32,345	814,088
Number of Trips	14,459	3,227	3,691	421	21,798
Avg Trip per Mem	0.141	0.154	0.010	0.007	0.039
Paid per Trip	28.38	62.80	45.71	76.83	37.35
Experience for Harvey Effectuated Months assuming no Hurricane Harvey (1)					
Member Months	102,504	20,943	381,077	56,819	561,343
Paid Amount	466,141	219,482	198,453	38,593	922,669
Number of Trips	16,424	3,495	4,342	502	24,763
Avg Trip per Mem	0.160	0.167	0.011	0.009	0.044
Paid per Trip	28.38	62.80	45.71	76.83	37.35
Harvey Adjustment Factor					
Harvey Impact	55,762	16,831	29,740	6,248	108,581
9/17-1/18 Paid	2,270,514	1,124,871	971,024	184,871	4,551,280
Adjustment Factor	1.025	1.015	1.031	1.034	

Notes:

(1) Assumes avg. trip per mem. is the same as the avg. trip per mem. for the 2 month period after Harvey.

Attachment 6

FY2019 Medicaid Rate Certification Index

The index below includes the pages of this report that correspond to the applicable sections of the 2018-2019 Medicaid Managed Care Rate Development Guide, dated May 2018.

Section I. Medicaid Managed Care Rates

1. General Information

A. Rate Development Standards

- i. Rates are for the period September 1, 2018 through August 31, 2019 (FY2019).
- ii. (a) The certification letter is on page 8 of the report.
(b) The final capitation rates are shown on page 7 of the report.
(c) (i) See pages 1 through 4 of the report.
(ii) See pages 1 through 4 of the report.
(iii) See pages 1 through 4 of the report.
(iv) Not applicable.
(v) Not applicable.
(vi) Not applicable.
- iii. Acknowledged.
- iv. Acknowledged.
- v. Acknowledged.
- vi. Acknowledged.
- vii. Acknowledged.
- viii. Acknowledged.

B. Appropriate Documentation

- i. Acknowledged.

- ii. Acknowledged.
- iii. Acknowledged.
- iv. See Attachment 1 pages 10 through 22 of the report.

2. Data

A. Rate Development Standards

- i. (a) Acknowledged.
(b) Acknowledged.
(c) Acknowledged.
(d) Not applicable.

B. Appropriate Documentation

- i. (a) See pages 1 through 2 of the report.
- ii. (a) See pages 1 through 2 of the report.
(b) See pages 1 through 2 of the report.
(c) See pages 1 through 2 of the report.
(d) Not applicable.
- iii. (a) Base period data is fully credible.
(b) See page 3 of the report.
(c) No errors found in the data.
(d) See page 5 of the report.
(e) Value added services have been excluded from the analysis.

3. Projected benefit Costs and Trends

A. Rate Development Standards

- i. Acknowledged.
- ii. Acknowledged.

- iii. Acknowledged.
- iv. Acknowledged.
- v. Not applicable.
- vi. Not applicable.

B. Appropriate Documentation

- i. See pages 7 and Attachment 1 pages 10 through 22 of the report.
- ii. See Attachment 1 pages 10 through 22 of the report. There have been no significant changes in the development of the benefit cost since the last certification.
- iii. (a) See Attachment 2 pages 23 through 24 of the report.
(b) See Attachment 2 pages 23 through 24 of the report.
(c) See Attachment 2 pages 23 through 24 of the report.
(d) See Attachment 2 pages 23 through 24 of the report.
(e) Not applicable.
- iv. Not applicable.
- v. Not applicable.
- vi. (a) Restorative enrollment can occur when an individual is deemed to have been Medicaid eligible during a prior period. If the individual was eligible for and enrolled in Medicaid managed care during the prior period, then the individual is retrospectively enrolled in the same managed care plan as their prior enrollment segment. The managed care plan is then retrospectively responsible for all Medicaid expenses incurred during this retrospective period and is also paid a retrospective premium for this time period.

(b) All claims paid during retroactive enrollment periods are included in the base period data used to develop the FY2019 premium rate.

(c) All enrollment data during retroactive enrollment periods are included in the base period data used to develop the FY2019 premium rate.

(d) No adjustments are necessary to account for retroactive enrollment periods because the enrollment criteria have not changed from the base period to the

rating period. All retroactive enrollment and claims information has been included in the base period data, the trend calculations and all other adjustment factors.

- vii. See Attachments 3 - 5 pages 25 through 38 of the report.
- viii. See Attachments 3 - 5 pages 25 through 38 of the report.

4. Special Contract Provisions Related to Payment

A. Incentive Arrangements

- i. Rate Development Standards
Acknowledged.
- ii. Appropriate Documentation
(a) Not applicable.

B. Withhold Arrangements

- i. Rate Development Standards
Acknowledged.
- ii. Appropriate Documentation
(a) Not applicable.

C. Risk-Sharing Arrangements

- i. Rate Development Standards
Acknowledged.
- ii. Appropriate Documentation

HHSC includes an experience rebate provision in its contracts which requires the MTOs and FRBs to return a portion of net income before taxes if greater than the specified percentages. The net income is measured by the financial statistical reports (FSRs) submitted by the MTOs and FRBs and audited by an external auditor. The aggregated net income is shared as follows:

Pre-tax Income as a % of Revenues	MCO Share	HHSC Share
--------------------------------------	--------------	---------------

≤ 5%	100%	0%
> 5% and ≤ 8%	60%	40%
> 8% and ≤ 12%	35%	65%
> 12%	15%	85%

D. Delivery System and Provider Payment Initiatives

i. Rate Development Standards

Acknowledged.

ii. Appropriate Documentation

(a) Not applicable.

E. Pass-Through Payments

i. Rate Development Standards

Acknowledged.

ii. Appropriate Documentation

(a) Not applicable.

5. Projected Non-Benefit Costs

A. Rate Development Standards

i. Acknowledged.

ii. Acknowledged.

iii. Acknowledged.

iv. Not applicable.

B. Appropriate Documentation

i. See page 6 of the report.

ii. See page 6 of the report.

iii. See page 6 of the report.

6. Risk Adjustment and Acuity Adjustments

A. Rate Development Standards

- i. Acknowledged.
- ii. Acknowledged.
- iii. Acknowledged.

B. Appropriate Documentation

- i. Not applicable.
- ii. Not applicable.
- iii. Not applicable.
- iv. Not applicable.

Section II. Medicaid Managed Care Rates with Long-Term Services and Support

Not applicable.

Section III. New Adult Group Capitation Rates

Not applicable.