

**STATE OF TEXAS
MEDICAID AND CHIP
MANAGED CARE
DENTAL RATE SETTING
FY2020**

Prepared for:
Texas Health and Human Services Commission
Texas Dental Services 529-12-0003 V1.20

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I. Introduction

Rudd and Wisdom, Inc. has been retained by the Texas Health and Human Services Commission (HHSC) to develop premium rates for the period September 1, 2019 through August 31, 2020 (FY2020) for the Dental Health Maintenance Organizations (DHMOs) participating in the Texas Medicaid and CHIP Dental programs. This report presents the rating methodology and assumptions used in developing the FY2020 Medicaid and CHIP Dental premium rates.

Rudd and Wisdom has provided actuarial services to the Texas Medicaid program for over 30 years. We have participated in the state's Medicaid managed care rating process since its inception in 1993 and in developing premium rates for CHIP plans since that program's inception in 2000. We have worked closely with HHSC's staff in developing the premium rates documented in this report.

Rudd and Wisdom has relied on the following data sources as provided by HHSC, the participating dental plans and the agency's External Quality Review Organization (EQRO):

- Monthly enrollment by age group for each dental plan. This includes historical enrollment since March 2012 and a projection of future enrollment through August 2020. These projections were prepared by HHS System Forecasting staff.
- Financial Statistical Reports (FSR) for each participating health plan for the period March 2012 through February 2019. The FSR contains detailed information regarding monthly enrollment, revenue, incurred claims and administrative expenses, as reported by the health plan. These reports were provided by HHSC.
- Claim lag reports by type of service and by age group for each dental plan for the period September 2015 through February 2019. These reports were provided by the dental plans and include monthly paid claims by month of service.
- Reports from the EQRO summarizing their analysis of the DHMO's encounter claims data.
- DHMO's detailed encounter claims data for the FY2018 period provided by the EQRO.
- Information provided by HHSC regarding dental fee schedule reimbursement changes.

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 DHMOs, (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, expenses 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. DHMO summary reports provide HHSC-specified data points at a more granular level such as claim lag data by type of service. The detail encounter data provides claim data at the most granular level including information for individual claims such as provider,

procedure code, diagnostic information, 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 DHMOs. Although the above data was reviewed for reasonableness, Rudd and Wisdom did not audit the data.

In addition, HHSC employs the Institute for Child Health Policy (ICHP) as an External Quality Review Organization. ICHP reviews the encounter data and provides certification of the data quality. Below is an excerpt from the data certification report for the detail encounter period September 1, 2017 through August 31, 2018 (FY2018).

Medicaid Dental Certification

Based on an administrative review, the EQRO considers the required data elements for all DHMOs in the Medicaid dental program to be accurate and complete, meeting the following components of Texas Government Code § 533.0131 for data certification purposes:

- 1. The encounter data for the most recent measurement year are complete, accurate, and reliable.*
- 2. No statistically significant variability in the encounter data is attributable to incompleteness, inaccuracy, or other deficiency as compared to equivalent data for similar populations and when evaluated against professionally accepted standards.*

CHIP Dental Certification

Based on an administrative review, the EQRO considers the required data elements for all DHMOs in the CHIP dental program to be accurate and complete, meeting the following components of Texas Government Code § 533.0131 for data certification purposes:

- 1. The encounter data for the most recent measurement year are complete, accurate, and reliable.*
- 2. No statistically significant variability in the encounter data is attributable to incompleteness, inaccuracy, or other deficiency as compared to equivalent data for similar populations and when evaluated against professionally accepted standards.*

Based on the review of the data by the EQRO, HHSC and Rudd and Wisdom, 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 FY2020 rate development. The accumulation of data sources noted above have been assigned full credibility.

Given the history of managed care data available for the Medicaid and CHIP Dental programs, the rate development is based exclusively on managed care data.

II. Overview of the Rate Setting Methodology

The actuarial model used to derive the FY2020 Medicaid and CHIP Dental Plan premium rates relies primarily on health plan financial experience. 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 health plans, (ii) the claim amounts included in the FSRs and (iii) the claim amounts in the encounter data files as provided by the EQRO. There was satisfactory consistency between the three claims data sources for each of the health plans.

The historical claims experience data for each dental plan was analyzed and estimates for the base period January 1, 2018 through December 31, 2018 (CY2018) were developed. These estimates were then projected forward to FY2020 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, taxes, and risk margin in order to project the total cost for the rating period. The results of this analysis were then combined for all dental plans in order to develop a set of statewide community rates that vary by the following age groups:

Medicaid Dental Program

- Children Under Age One Year
- Children Ages 1 – 5
- Children Ages 6 – 14
- Children Ages 15 – 18
- Children Ages 19 – 20

CHIP Dental Program

- Children Under Age One Year
- Children Ages 1 – 5
- Children Ages 6 – 14
- Children Ages 15 – 18

Attachment 1 to this report provides a description of the calculation of the FY2020 Medicaid and CHIP Dental Plan premium rates. Attachment 2 contains a summary of recent program incurred claims experience. Attachment 3 provides details regarding the calculation of the rate adjustment factors.

III. Adjustment Factors

This section contains a description of the adjustment factors used in the Medicaid and CHIP Dental Plan rate setting process.

Trend Factors

The rating methodology uses assumed trend factors to adjust the base period claims cost to the rating 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 an analysis of recent experience. Orthodontia claim experience was excluded from the Medicaid Dental trend analysis in order to not skew results due to Medicaid policy changes that resulted in large reductions to orthodontia claims experience. A single trend assumption was used for all age groups in order to reduce fluctuation from year to year and to increase credibility. The annual trend assumption used in the rating analysis for all dental services was 0.24% for Medicaid Dental and 2.31% for CHIP Dental.

Attachment 3 – Exhibit A and Exhibit B provides details regarding the calculation of the trend assumptions.

Removal of FQHC Wrap Payment

The wrap portion of dental claims at a Federal Qualified Health Center (FQHC) was carved out of managed care and paid through fee-for-service effective March 1, 2018. Attachment 4 Exhibit A provides details regarding the calculation of the FQHC wrap payment adjustment factor for the Medicaid and CHIP Dental program.

Dental Fee Schedule Change

Effective September 1, 2018 HHSC reduced reimbursement for certain therapeutic dental services by 2.5%. Attachment 4 Exhibit B provides details regarding the calculation of the dental fee schedule change adjustment factor for the Medicaid and CHIP dental program.

Pay-for-Quality

The Pay-for-Quality (P4Q) Program creates incentives and disincentives for DHMOs based on their performance on certain quality measures. Dental plans that excel on meeting the measures are eligible for a bonus while dental plans that don't meet their measures are subject to a penalty.

The DHMO's will only be penalized if utilization for the P4Q measure decreases more than the threshold amount for a two-year period. We don't expect utilization for the P4Q measures to decrease beyond the threshold amount for a two-year period. As a result, we do not believe the P4Q program has a material impact on the premium rate development.

Attachment 5 provides more details on the Dental P4Q Program.

IV. Administrative Fees, Taxes and Risk Margin

The rating methodology includes an explicit provision for administrative services. The amount allocated for administrative expenses is \$1.75 pmpm. This amount is intended to provide for all administrative-related services performed by the DHMO. The administrative fee amounts were determined based on a review of historical dental administrative service costs for the Medicaid and CHIP dental programs.

The premium rates also include an amount for premium tax (1.75% of premium), maintenance tax (\$0.02 pmpm) and a risk margin (1.50% of premium).

The capitation rates included in this document do not include provision for the Affordable Care Act (ACA) Health Insurance Providers Fee. HHSC has developed a procedure for reimbursing the MCOs for (i) the ACA Health Insurance Providers Fee, (ii) any applicable federal income tax impact resulting from payment of the ACA Health Insurance Providers Fee and (iii) any applicable state premium tax impact resulting from payment of the ACA Health Insurance Providers Fee. Such reimbursement will be provided based on a CMS-approved methodology, if necessary or applicable. HHSC has included the Health Insurance Providers Fee in the managed care capitation rates for each of 2014, 2015, 2016 and 2018 through amendments to the initially certified rates for these time periods.

V. Summary

The chart below presents the resulting statewide FY2020 Medicaid and CHIP Dental Plan premium rates pmpm. Attachment 1 presents the derivation of the premium rates.

Program	Age <1	Age 1-5	Age 6-14	Age 15-18	Age 19-20
CHIP Dental	2.95	17.71	25.50	25.02	
Medicaid Dental	12.57	31.67	35.48	36.20	25.01

Attachment 1 presents a description of the calculation of the FY2020 Medicaid and CHIP Dental Plan premium rates.

Attachment 6 presents the required rating index summarizing the applicable sections from the 2019-2020 Medicaid Managed Care Rate Development Guide.

VI. Actuarial Certification of FY2020 Medicaid and CHIP Dental Plan Premium Rates

I, Khiem D. Ngo, am a principal with the firm of 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.

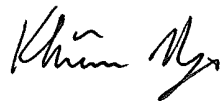
Rudd and Wisdom has been retained by the Texas Health and Human Services Commission (HHSC) to assist in the development of the Medicaid and CHIP Dental Plan premium rates for state fiscal year 2020 (FY2020) and to provide the actuarial certification required under Centers for Medicare and Medicaid Services (CMS) requirements 42 CFR 438.4.

I certify that the Medicaid and CHIP Dental Plan 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 principles 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 health plan 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 FY2020 Medicaid and CHIP Dental Rating Analysis

Attachment 2 - Medicaid and CHIP Dental Incurred Claims Experience

Attachment 3 - Dental Rating Trend Analysis

Attachment 4 - Dental Rating Adjustment Factors

Attachment 5 - Dental Pay-for-Quality (P4Q) Program

Attachment 6 - Index for 2019-2020 Medicaid Managed Care Rate Development Guide

Attachment 1

Summary of FY2020 Medicaid and CHIP Dental Rating Analysis

The attached exhibit presents summary information regarding the FY2020 Medicaid and CHIP Dental Plan rate development. The top of the exhibit shows summary base period enrollment, premium and claims experience. We projected the FY2020 cost for the dental plans by estimating their base period average claims cost and then applying trend and other adjustment factors. These adjustment factors are described in more detail in Section III.

The rating methodology includes an explicit provision for administrative expenses. The amount allocated for administrative expenses is \$1.75 pmpm. Provisions are also included for risk margin (1.50% of gross premium), premium tax (1.75%) and maintenance tax (\$.02 pmpm).

The bottom of the exhibit presents the projected FY2020 cost based on the above assumptions.

	<1		1-5		6-14		15-18		19-20		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
CY2018 Experience Period												
Member Months	2,136,438		10,211,599		16,436,115		5,456,053		485,819		34,726,024	
Estimated CY2018 Incurred Claims												
Non Ortho - Diagnostic	22,269,064	10.42	128,611,692	12.59	139,713,059	8.50	41,282,737	7.57	2,084,201	4.29	333,960,754	9.62
Non Ortho - Preventive	82,753	0.04	43,529,577	4.26	148,082,918	9.01	36,133,859	6.62	1,618,961	3.33	229,448,067	6.61
Non Ortho - Restorative	5,305	0.00	99,368,523	9.73	210,380,378	12.80	72,704,824	13.33	4,814,370	9.91	387,273,400	11.15
Non Ortho - Other	21,146	0.01	26,080,299	2.55	41,278,846	2.51	32,779,646	6.01	2,468,899	5.08	102,628,835	2.96
Orthodontic	0	0.00	10,671	0.00	880,968	0.05	613,923	0.11	75,132	0.15	1,580,694	0.05
Total	22,378,268	10.47	297,600,762	29.14	540,336,169	32.87	183,514,988	33.64	11,061,563	22.77	1,054,891,750	30.38
Projected FY2020 Member Months	2,150,213		10,232,081		16,466,179		5,474,641		489,917		34,813,031	
Projected FY2020 Premium Current Rates	27,071,177	12.59	327,426,583	32.00	595,911,019	36.19	198,510,487	36.26	12,811,334	26.15	1,161,730,601	33.37
Annual Cost Trend Assumptions												
Non Orthodontia	0.24 %		0.24 %		0.24 %		0.24 %		0.24 %		0.24 %	
Orthodontia	0.24 %		0.24 %		0.24 %		0.24 %		0.24 %		0.24 %	
Non Orthodontia Adjustment Factors												
FQHC Wrap Adjustment	0.9878		0.9939		0.9946		0.9946		0.9938		0.9938	
Fee Schedule Change	1.0000		0.9929		0.9918		0.9899		0.9872		0.9872	
Orthodontia Adjustment Factors												
Adjustment #1	1.0000		1.0000		1.0000		1.0000		1.0000		1.0000	
Adjustment #2	1.0000		1.0000		1.0000		1.0000		1.0000		1.0000	
Projected FY2020 Incurred Claims												
Non Orthodontia	22,336,502	10.39	295,445,124	28.87	535,261,269	32.51	181,413,832	33.14	10,912,631	22.27	1,045,369,358	30.03
Orthodontia	0	0.00	10,735	0.00	886,112	0.05	618,480	0.11	76,069	0.16	1,591,397	0.05
Total	22,336,502	10.39	295,455,859	28.88	536,147,382	32.56	182,032,312	33.25	10,988,700	22.43	1,046,960,756	30.07
Administrative Fee	3,762,872	1.75	17,906,141	1.75	28,815,813	1.75	9,580,622	1.75	857,355	1.75	60,922,804	1.75
Risk Margin	405,308	1.50%	4,861,498	1.50%	8,764,225	1.50%	2,972,441	1.50%	183,812	1.50%	17,187,284	1.50%
Premium Tax	472,860	1.75%	5,671,748	1.75%	10,224,929	1.75%	3,467,848	1.75%	214,447	1.75%	20,051,831	1.75%
Maintenance Tax	43,004	0.02	204,642	0.02	329,324	0.02	109,493	0.02	9,798	0.02	696,261	0.02
Projected Total Cost Rate Change %	27,020,546	12.57	324,099,888	31.67	584,281,673	35.48	198,162,715	36.20	12,254,112	25.01	1,145,818,935	32.91
		-0.2%		-1.0%		-2.0%		-0.2%		-4.3%		-1.4%

	<1		1-5		6-14		15-18		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
CY2018 Experience Period										
Member Months	2,624		1,143,214		2,696,197		967,442		4,809,477	
Estimated CY2018 Incurred Claims										
Non Ortho - Diagnostic	1,570	0.60	6,270,196	5.48	21,086,671	7.82	6,732,905	6.96	34,091,342	7.09
Non Ortho - Preventive	1,165	0.44	5,275,535	4.61	19,439,564	7.21	5,843,935	6.04	30,560,200	6.35
Non Ortho - Restorative	0	0.00	4,920,976	4.30	17,675,104	6.56	6,125,667	6.33	28,721,747	5.97
Non Ortho - Other	0	0.00	736,194	0.64	1,968,249	0.73	2,441,968	2.52	5,146,411	1.07
Orthodontic	0	0.00	0	0.00	17,999	0.01	32,219	0.03	50,218	0.01
Total	2,735	1.04	17,202,901	15.05	60,187,588	22.32	21,176,694	21.89	98,569,917	20.49
Projected FY2020 Member Months	2,448		1,109,436		2,594,148		912,396		4,618,428	
Projected FY2020 Premium										
Current Rates	7,540	3.08	19,858,904	17.90	68,096,385	26.25	22,618,297	24.79	110,581,126	23.94
Annual Cost Trend Assumptions	2.31 %		2.31 %		2.31 %		2.31 %			
Adjustment Factors										
FQHC Wrap Adjustment	1.0000		0.9886		0.9935		0.9941			
Fee Schedule Change	1.0000		0.9941		0.9942		0.9927			
Projected FY2020 Incurred Claims	2,650	1.08	17,043,983	15.36	59,416,769	22.90	20,473,393	22.44	96,936,795	20.99
Administrative Fee	4,284	1.75	1,941,513	1.75	4,539,759	1.75	1,596,693	1.75	8,082,249	1.75
Risk Margin	108	1.50%	294,693	1.50%	992,378	1.50%	342,455	1.50%	1,629,634	1.50%
Premium Tax	126	1.75%	343,808	1.75%	1,157,775	1.75%	399,531	1.75%	1,901,240	1.75%
Maintenance Tax	49	0.02	22,189	0.02	51,883	0.02	18,248	0.02	92,369	0.02
Projected Total Cost	7,218	2.95	19,646,185	17.71	66,158,564	25.50	22,830,319	25.02	108,642,287	23.52
Rate Change %		-4.3%		-1.1%		-2.8%		0.9%		-1.8%

Attachment 2

Medicaid and CHIP Dental Incurred Claims Experience

The attached exhibit presents a summary of the historical incurred claims experience used in the rate setting analysis for Medicaid and CHIP Dental. For each month, the exhibit shows enrollment, claims incurred during the month and paid through February 28, 2019 and estimated incurred claims. The attachment includes separate exhibits for (i) non-orthodontia (dental) services and (ii) orthodontia services. The exhibits also present the experience separated by risk group.

Exhibit A presents the Medicaid Dental claims experience and Exhibit B presents the CHIP Dental claims experience.

Medicaid Dental Plan
 Estimated Claims Experience
 All Age Groups
 Non-Orthodontia Services

Month	Members	Inc & Pd Claims	Compl Factor	Est. Inc. Claims	Est. Inc. pmpm	Trend Factor
Sep-15	2,917,789	87,203,724	1.000	87,203,724	29.89	
Oct-15	2,931,700	92,951,151	1.000	92,951,151	31.71	
Nov-15	2,942,787	81,048,584	1.000	81,048,584	27.54	
Dec-15	2,952,384	83,913,551	1.000	83,913,551	28.42	
Jan-16	2,943,789	88,625,489	1.000	88,625,489	30.11	
Feb-16	2,934,949	90,536,808	1.000	90,536,808	30.85	
Mar-16	2,931,425	98,418,578	1.000	98,418,578	33.57	
Apr-16	2,918,874	88,312,105	1.000	88,312,105	30.26	
May-16	2,923,446	82,043,029	1.000	82,043,029	28.06	
Jun-16	2,939,799	94,716,461	1.000	94,716,461	32.22	
Jul-16	2,935,496	90,001,587	1.000	90,001,587	30.66	
Aug-16	2,931,210	105,633,014	1.000	105,633,014	36.04	
Sep-16	2,950,965	84,744,076	1.000	84,744,076	28.72	0.961
Oct-16	2,956,882	88,886,094	1.000	88,886,094	30.06	0.948
Nov-16	2,974,982	85,931,636	1.000	85,931,636	28.88	1.049
Dec-16	2,981,368	83,320,143	1.000	83,320,143	27.95	0.983
Jan-17	2,966,124	92,794,085	1.000	92,794,085	31.28	1.039
Feb-17	2,971,269	85,042,593	1.000	85,042,593	28.62	0.928
Mar-17	2,962,496	98,165,831	1.000	98,165,831	33.14	0.987
Apr-17	2,946,074	86,871,252	1.000	86,871,252	29.49	0.975
May-17	2,939,164	86,293,853	1.000	86,293,853	29.36	1.046
Jun-17	2,946,021	94,959,354	1.000	94,959,354	32.23	1.000
Jul-17	2,933,650	89,642,016	1.000	89,642,016	30.56	0.997
Aug-17	2,931,007	103,157,570	1.000	103,157,570	35.20	0.977
Sep-17	2,937,144	81,954,511	1.000	81,954,511	27.90	0.972
Oct-17	2,943,694	91,586,285	1.000	91,586,285	31.11	1.035
Nov-17	2,974,571	86,506,393	1.000	86,508,203	29.08	1.007
Dec-17	2,976,990	77,893,671	1.000	77,896,208	26.17	0.936
Jan-18	2,944,452	92,103,965	1.000	92,107,787	31.28	1.000
Feb-18	2,931,308	84,985,714	1.000	84,989,882	28.99	1.013
Mar-18	2,918,340	97,277,479	1.000	97,282,583	33.33	1.006
Apr-18	2,902,092	86,947,347	1.000	86,955,659	29.96	1.016
May-18	2,901,837	85,083,861	1.000	85,097,571	29.33	0.999
Jun-18	2,892,540	89,540,009	1.000	89,561,506	30.96	0.961
Jul-18	2,879,944	92,798,117	1.000	92,834,947	32.23	1.055
Aug-18	2,876,120	102,517,036	0.999	102,584,784	35.67	1.013
Sep-18	2,868,543	77,186,666	0.999	77,277,860	26.94	0.965
Oct-18	2,863,527	91,730,766	0.998	91,922,074	32.10	1.032
Nov-18	2,874,491	81,351,652	0.994	81,808,264	28.46	0.979
Dec-18	2,872,831	69,625,165	0.982	70,888,138	24.68	0.943
CY2016	35,323,185			1,081,169,021	30.61	
CY2017	35,428,204			1,074,871,760	30.34	0.991
CY2018	34,726,024			1,053,311,056	30.33	1.000

Medicaid Dental Plan
 Estimated Claims Experience
 All Age Groups
 Orthodontia Services

Month	Members	Inc & Pd Claims	Compl Factor	Est. Inc. Claims	Est. Inc. pmpm	Trend Factor
Sep-15	2,917,789	344,463	1.000	344,463	0.12	
Oct-15	2,931,700	362,671	1.000	362,671	0.12	
Nov-15	2,942,787	286,510	1.000	286,510	0.10	
Dec-15	2,952,384	284,305	1.000	284,305	0.10	
Jan-16	2,943,789	269,935	1.000	269,935	0.09	
Feb-16	2,934,949	253,389	1.000	253,389	0.09	
Mar-16	2,931,425	275,648	1.000	275,648	0.09	
Apr-16	2,918,874	250,142	1.000	250,142	0.09	
May-16	2,923,446	223,591	1.000	223,591	0.08	
Jun-16	2,939,799	214,964	1.000	214,964	0.07	
Jul-16	2,935,496	204,968	1.000	204,968	0.07	
Aug-16	2,931,210	216,460	1.000	216,460	0.07	
Sep-16	2,950,965	211,652	1.000	211,652	0.07	0.608
Oct-16	2,956,882	194,889	1.000	194,889	0.07	0.533
Nov-16	2,974,982	182,093	1.000	182,093	0.06	0.629
Dec-16	2,981,368	168,989	1.000	168,989	0.06	0.589
Jan-17	2,966,124	185,855	1.000	185,855	0.06	0.683
Feb-17	2,971,269	165,714	1.000	165,714	0.06	0.646
Mar-17	2,962,496	181,811	1.000	181,811	0.06	0.653
Apr-17	2,946,074	182,357	1.000	182,357	0.06	0.722
May-17	2,939,164	177,052	1.000	177,052	0.06	0.788
Jun-17	2,946,021	194,286	1.000	194,286	0.07	0.902
Jul-17	2,933,650	150,271	1.000	150,271	0.05	0.734
Aug-17	2,931,007	174,613	1.000	174,613	0.06	0.807
Sep-17	2,937,144	168,354	1.000	168,354	0.06	0.799
Oct-17	2,943,694	178,027	1.000	178,027	0.06	0.918
Nov-17	2,974,571	176,854	1.000	176,854	0.06	0.971
Dec-17	2,976,990	150,297	1.000	150,297	0.05	0.891
Jan-18	2,944,452	159,135	1.000	159,135	0.05	0.863
Feb-18	2,931,308	139,864	1.000	139,864	0.05	0.856
Mar-18	2,918,340	137,038	1.000	137,038	0.05	0.765
Apr-18	2,902,092	140,598	1.000	140,599	0.05	0.783
May-18	2,901,837	125,520	1.000	125,522	0.04	0.718
Jun-18	2,892,540	134,876	1.000	134,877	0.05	0.707
Jul-18	2,879,944	135,217	0.999	135,286	0.05	0.917
Aug-18	2,876,120	126,671	0.999	126,738	0.04	0.740
Sep-18	2,868,543	124,210	0.998	124,430	0.04	0.757
Oct-18	2,863,527	127,182	0.996	127,674	0.04	0.737
Nov-18	2,874,491	125,144	0.990	126,390	0.04	0.740
Dec-18	2,872,831	98,632	0.956	103,141	0.04	0.711
CY2016	35,323,185			2,666,719	0.08	
CY2017	35,428,204			2,085,491	0.06	0.780
CY2018	34,726,024			1,580,694	0.05	0.773

Medicaid Dental Plan
 Estimated Claims Experience
 All Age Groups
 Total - All Services

Month	Members	Inc & Pd Claims	Compl Factor	Est. Inc. Claims	Est. Inc. pmpm	Trend Factor
Sep-15	2,917,789	87,548,187	1.000	87,548,187	30.00	
Oct-15	2,931,700	93,313,822	1.000	93,313,822	31.83	
Nov-15	2,942,787	81,335,094	1.000	81,335,094	27.64	
Dec-15	2,952,384	84,197,856	1.000	84,197,856	28.52	
Jan-16	2,943,789	88,895,424	1.000	88,895,424	30.20	
Feb-16	2,934,949	90,790,197	1.000	90,790,197	30.93	
Mar-16	2,931,425	98,694,226	1.000	98,694,226	33.67	
Apr-16	2,918,874	88,562,248	1.000	88,562,248	30.34	
May-16	2,923,446	82,266,620	1.000	82,266,620	28.14	
Jun-16	2,939,799	94,931,424	1.000	94,931,424	32.29	
Jul-16	2,935,496	90,206,556	1.000	90,206,556	30.73	
Aug-16	2,931,210	105,849,474	1.000	105,849,474	36.11	
Sep-16	2,950,965	84,955,727	1.000	84,955,727	28.79	0.959
Oct-16	2,956,882	89,080,983	1.000	89,080,983	30.13	0.947
Nov-16	2,974,982	86,113,730	1.000	86,113,730	28.95	1.047
Dec-16	2,981,368	83,489,132	1.000	83,489,132	28.00	0.982
Jan-17	2,966,124	92,979,940	1.000	92,979,940	31.35	1.038
Feb-17	2,971,269	85,208,306	1.000	85,208,306	28.68	0.927
Mar-17	2,962,496	98,347,642	1.000	98,347,642	33.20	0.986
Apr-17	2,946,074	87,053,609	1.000	87,053,609	29.55	0.974
May-17	2,939,164	86,470,905	1.000	86,470,905	29.42	1.045
Jun-17	2,946,021	95,153,641	1.000	95,153,641	32.30	1.000
Jul-17	2,933,650	89,792,287	1.000	89,792,287	30.61	0.996
Aug-17	2,931,007	103,332,183	1.000	103,332,183	35.25	0.976
Sep-17	2,937,144	82,122,866	1.000	82,122,866	27.96	0.971
Oct-17	2,943,694	91,764,313	1.000	91,764,313	31.17	1.035
Nov-17	2,974,571	86,683,246	1.000	86,685,057	29.14	1.007
Dec-17	2,976,990	78,043,968	1.000	78,046,505	26.22	0.936
Jan-18	2,944,452	92,263,099	1.000	92,266,922	31.34	1.000
Feb-18	2,931,308	85,125,578	1.000	85,129,746	29.04	1.013
Mar-18	2,918,340	97,414,517	1.000	97,419,620	33.38	1.006
Apr-18	2,902,092	87,087,945	1.000	87,096,259	30.01	1.016
May-18	2,901,837	85,209,382	1.000	85,223,093	29.37	0.998
Jun-18	2,892,540	89,674,886	1.000	89,696,382	31.01	0.960
Jul-18	2,879,944	92,933,334	1.000	92,970,233	32.28	1.055
Aug-18	2,876,120	102,643,706	0.999	102,711,522	35.71	1.013
Sep-18	2,868,543	77,310,876	0.999	77,402,290	26.98	0.965
Oct-18	2,863,527	91,857,947	0.998	92,049,748	32.15	1.031
Nov-18	2,874,491	81,476,796	0.994	81,934,654	28.50	0.978
Dec-18	2,872,831	69,723,798	0.982	70,991,279	24.71	0.943
CY2016	35,323,185			1,083,835,740	30.68	
CY2017	35,428,204			1,076,957,251	30.40	0.991
CY2018	34,726,024			1,054,891,750	30.38	0.999

CHIP Dental Plan
 Estimated Claims Experience
 All Age Groups
 Total - All Services

Month	Members	Inc & Pd Claims	Compl Factor	Est. Inc. Claims	Est. Inc. pmpm	Trend Factor
Sep-15	348,997	6,383,492	1.000	6,383,492	18.29	
Oct-15	351,693	6,916,324	1.000	6,916,324	19.67	
Nov-15	350,068	6,284,186	1.000	6,284,186	17.95	
Dec-15	352,528	6,679,634	1.000	6,679,634	18.95	
Jan-16	350,640	6,503,953	1.000	6,503,953	18.55	
Feb-16	352,708	7,191,553	1.000	7,191,553	20.39	
Mar-16	364,123	8,512,915	1.000	8,512,915	23.38	
Apr-16	367,681	7,339,843	1.000	7,339,843	19.96	
May-16	368,839	6,629,652	1.000	6,629,652	17.97	
Jun-16	374,057	8,668,237	1.000	8,668,237	23.17	
Jul-16	373,251	8,165,305	1.000	8,165,305	21.88	
Aug-16	372,151	9,299,831	1.000	9,299,831	24.99	
Sep-16	373,807	6,924,289	1.000	6,924,289	18.52	1.013
Oct-16	373,017	7,327,893	1.000	7,327,893	19.64	0.999
Nov-16	378,170	7,177,910	1.000	7,177,910	18.98	1.057
Dec-16	386,043	7,489,902	1.000	7,489,902	19.40	1.024
Jan-17	390,796	7,763,638	1.000	7,763,638	19.87	1.071
Feb-17	398,120	7,483,796	1.000	7,483,796	18.80	0.922
Mar-17	395,881	9,294,550	1.000	9,294,550	23.48	1.004
Apr-17	393,620	7,567,311	1.000	7,567,311	19.22	0.963
May-17	394,274	7,363,781	1.000	7,363,781	18.68	1.039
Jun-17	399,037	9,280,969	1.000	9,280,969	23.26	1.004
Jul-17	400,482	8,930,183	1.000	8,930,183	22.30	1.019
Aug-17	402,543	9,733,971	1.000	9,733,971	24.18	0.968
Sep-17	405,600	7,227,195	1.000	7,227,195	17.82	0.962
Oct-17	413,940	8,307,767	1.000	8,307,767	20.07	1.022
Nov-17	418,819	8,117,851	1.000	8,118,279	19.38	1.021
Dec-17	422,493	7,850,292	1.000	7,850,953	18.58	0.958
Jan-18	420,273	8,677,294	1.000	8,678,118	20.65	1.039
Feb-18	419,899	8,007,238	1.000	8,008,047	19.07	1.015
Mar-18	420,459	9,946,216	1.000	9,947,350	23.66	1.008
Apr-18	412,850	8,048,823	1.000	8,050,099	19.50	1.014
May-18	408,587	7,601,953	1.000	7,603,518	18.61	0.996
Jun-18	397,750	8,848,553	1.000	8,850,990	22.25	0.957
Jul-18	393,228	9,140,470	1.000	9,143,673	23.25	1.043
Aug-18	392,274	9,534,729	1.000	9,539,487	24.32	1.006
Sep-18	390,482	6,831,823	0.999	6,837,256	17.51	0.983
Oct-18	384,603	7,854,395	0.999	7,864,565	20.45	1.019
Nov-18	384,203	7,361,478	0.996	7,392,286	19.24	0.993
Dec-18	384,869	6,586,198	0.985	6,688,007	17.38	0.935
CY2016	4,434,487			91,231,283	20.57	
CY2017	4,835,605			98,922,394	20.46	0.994
CY2018	4,809,477			98,603,393	20.50	1.002

Attachment 3

Trend Analysis

The rating methodology uses assumed trend factors to adjust the base period claims cost to the rating 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 an analysis of recent experience. A single trend assumption was used for all age groups in order to reduce fluctuation from year to year and to increase credibility.

The trend analysis included a review of dental plan claims experience through February 28, 2019. Orthodontia claim experience was excluded from the Medicaid Dental trend analysis in order to not skew results due to Medicaid policy changes that resulted in large reductions to orthodontia claims experience. All historical trends were calculated as the average cost per member per month during a specified time period (quarterly) and compared to the same time period from the prior year. The experience trends for all time periods were adjusted to remove the impact of various provider reimbursement changes and other revisions that have impacted the cost of the program.

The historical quarterly cost per member per month was calculated and adjusted for case-mix differences using members in the 4th quarter of CY2018 as weights. The annual trend assumption was selected based on the simple average of the past sixteen calendar quarter trends. The annual trend assumption used in the rating analysis for all dental services was 0.24% for Medicaid Dental and 2.31% for CHIP Dental.

Exhibit A presents the derivation of the trend assumption for Medicaid dental. Exhibit B presents the derivation of the trend assumption for CHIP dental.

Medicaid Dental FY2020 Rating
 Statewide Experience - Excludes Orthodontia Services
 Trend Analysis

Quarter	Member Months					Total
	<1	1-5	6-14	15-18	19-20	
CY2014Q1	516,799	2,361,249	3,283,031	944,069	115,668	7,220,816
CY2014Q2	566,233	2,409,041	3,514,020	1,027,754	120,886	7,637,934
CY2014Q3	571,504	2,580,201	3,923,573	1,171,146	130,369	8,376,793
CY2014Q4	570,135	2,672,491	4,190,821	1,267,479	130,296	8,831,222
CY2015Q1	563,835	2,634,825	4,211,478	1,287,490	123,081	8,820,709
CY2015Q2	581,200	2,591,151	4,143,411	1,275,552	122,439	8,713,753
CY2015Q3	568,227	2,590,348	4,149,406	1,278,605	127,596	8,714,182
CY2015Q4	564,300	2,611,411	4,224,475	1,301,970	124,715	8,826,871
CY2016Q1	568,658	2,597,880	4,216,405	1,307,178	120,042	8,810,163
CY2016Q2	582,462	2,591,585	4,179,835	1,307,423	120,814	8,782,119
CY2016Q3	569,977	2,610,933	4,192,308	1,319,014	125,439	8,817,671
CY2016Q4	564,652	2,626,163	4,254,645	1,342,532	125,240	8,913,232
CY2017Q1	573,763	2,615,000	4,239,907	1,349,446	121,773	8,899,889
CY2017Q2	574,198	2,604,546	4,182,900	1,347,970	121,645	8,831,259
CY2017Q3	554,314	2,608,983	4,161,531	1,350,037	126,936	8,801,801
CY2017Q4	543,196	2,626,080	4,222,734	1,378,117	125,128	8,895,255
CY2018Q1	542,739	2,586,750	4,172,603	1,371,647	120,361	8,794,100
CY2018Q2	550,832	2,559,463	4,105,346	1,361,232	119,596	8,696,469
CY2018Q3	527,947	2,540,596	4,073,518	1,358,884	123,661	8,624,607
CY2018Q4	514,920	2,524,790	4,084,648	1,364,290	122,201	8,610,848

Quarter	Estimated Incurred Claims - Adjusted for Reimbursement Change					Total
	<1	1-5	6-14	15-18	19-20	
CY2014Q1	4,265,594	71,413,193	109,550,797	29,939,497	2,757,094	217,926,177
CY2014Q2	4,587,916	73,315,738	112,234,605	31,796,580	3,040,353	224,975,193
CY2014Q3	4,976,044	81,284,830	141,424,099	41,323,181	3,141,336	272,149,490
CY2014Q4	4,306,653	73,842,365	126,029,064	38,028,994	2,856,749	245,063,826
CY2015Q1	4,715,415	77,255,495	138,294,633	41,632,542	2,810,531	264,708,615
CY2015Q2	5,396,947	79,537,632	135,921,447	40,839,886	2,922,272	264,618,184
CY2015Q3	5,639,513	82,888,725	151,381,420	45,738,079	3,145,180	288,792,917
CY2015Q4	4,937,967	74,610,351	134,654,129	40,877,798	2,829,831	257,910,075
CY2016Q1	5,556,418	79,658,780	145,166,020	44,289,793	2,906,409	277,577,420
CY2016Q2	5,845,798	76,232,703	137,796,775	42,280,970	2,912,049	265,068,295
CY2016Q3	6,110,160	78,765,607	146,688,685	45,780,367	3,030,367	280,375,187
CY2016Q4	5,217,588	73,439,638	134,140,304	42,553,322	2,783,808	258,134,661
CY2017Q1	5,785,406	79,242,077	142,581,515	45,514,990	2,875,085	275,999,072
CY2017Q2	6,118,540	77,758,278	137,643,062	43,695,086	2,906,154	268,121,121
CY2017Q3	6,021,334	74,979,528	143,583,665	47,212,219	2,953,932	274,750,678
CY2017Q4	5,191,018	72,123,853	132,273,503	43,556,875	2,842,260	255,987,509
CY2018Q1	5,539,476	75,594,073	141,980,944	48,421,349	2,840,994	274,376,836
CY2018Q2	5,943,905	75,692,851	132,977,441	44,201,266	2,796,017	261,611,480
CY2018Q3	5,885,760	76,833,582	140,286,340	48,012,493	2,785,742	273,803,916
CY2018Q4	5,014,755	70,495,076	126,327,412	43,159,648	2,631,637	247,628,528

Medicaid Dental FY2020 Rating
 Statewide Experience - Excludes Orthodontia Services
 Trend Analysis

Quarter	PMPM - Adjusted for Reimbursement Change					Total
	<1	1-5	6-14	15-18	19-20	
CY2014Q1	8.25	30.24	33.37	31.71	23.84	30.18
CY2014Q2	8.10	30.43	31.94	30.94	25.15	29.45
CY2014Q3	8.71	31.50	36.04	35.28	24.10	32.49
CY2014Q4	7.55	27.63	30.07	30.00	21.93	27.75
CY2015Q1	8.36	29.32	32.84	32.34	22.83	30.01
CY2015Q2	9.29	30.70	32.80	32.02	23.87	30.37
CY2015Q3	9.92	32.00	36.48	35.77	24.65	33.14
CY2015Q4	8.75	28.57	31.87	31.40	22.69	29.22
CY2016Q1	9.77	30.66	34.43	33.88	24.21	31.51
CY2016Q2	10.04	29.42	32.97	32.34	24.10	30.18
CY2016Q3	10.72	30.17	34.99	34.71	24.16	31.80
CY2016Q4	9.24	27.96	31.53	31.70	22.23	28.96
CY2017Q1	10.08	30.30	33.63	33.73	23.61	31.01
CY2017Q2	10.66	29.85	32.91	32.42	23.89	30.36
CY2017Q3	10.86	28.74	34.50	34.97	23.27	31.22
CY2017Q4	9.56	27.46	31.32	31.61	22.71	28.78
CY2018Q1	10.21	29.22	34.03	35.30	23.60	31.20
CY2018Q2	10.79	29.57	32.39	32.47	23.38	30.08
CY2018Q3	11.15	30.24	34.44	35.33	22.53	31.75
CY2018Q4	9.74	27.92	30.93	31.64	21.54	28.76

Quarter	PMPM	Case-Mix Adjusted	
		PMPM	Trend
CY2014Q1	30.18	30.55	
CY2014Q2	29.45	29.82	
CY2014Q3	32.49	32.79	
CY2014Q4	27.75	27.88	
CY2015Q1	30.01	30.12	-1.4%
CY2015Q2	30.37	30.53	2.4%
CY2015Q3	33.14	33.30	1.6%
CY2015Q4	29.22	29.32	5.1%
CY2016Q1	31.51	31.62	5.0%
CY2016Q2	30.18	30.33	-0.7%
CY2016Q3	31.80	31.93	-4.1%
CY2016Q4	28.96	29.05	-0.9%
CY2017Q1	31.01	31.12	-1.6%
CY2017Q2	30.36	30.48	0.5%
CY2017Q3	31.22	31.31	-1.9%
CY2017Q4	28.78	28.81	-0.8%
CY2018Q1	31.20	31.25	0.4%
CY2018Q2	30.08	30.16	-1.0%
CY2018Q3	31.75	31.79	1.5%
CY2018Q4	28.76	28.76	-0.2%

Selected Trend **0.24%**
 Avg last 12 quarters

CHIP Dental FY2020 Rating
Statewide Experience
Trend Analysis

Quarter	Member Months					Total
	<1	1-5	6-14	15-18	19-20	
CY2014Q1	2,219	267,755	1,021,609	357,219		1,648,802
CY2014Q2	1,603	250,850	869,152	310,360		1,431,965
CY2014Q3	890	232,121	715,016	263,234		1,211,261
CY2014Q4	598	215,612	600,765	217,794		1,034,769
CY2015Q1	444	220,116	564,156	199,409		984,125
CY2015Q2	440	225,880	567,344	201,112		994,776
CY2015Q3	492	234,008	586,242	207,851		1,028,593
CY2015Q4	612	238,841	602,590	212,246		1,054,289
CY2016Q1	580	242,021	610,928	213,942		1,067,471
CY2016Q2	557	252,614	634,164	223,242		1,110,577
CY2016Q3	513	254,995	638,033	225,668		1,119,209
CY2016Q4	476	260,030	647,756	228,968		1,137,230
CY2017Q1	528	274,828	672,302	237,139		1,184,797
CY2017Q2	639	277,459	671,831	237,002		1,186,931
CY2017Q3	634	284,021	681,366	242,604		1,208,625
CY2017Q4	667	296,044	705,287	253,254		1,255,252
CY2018Q1	688	295,760	707,682	256,501		1,260,631
CY2018Q2	643	289,102	683,406	246,036		1,219,187
CY2018Q3	647	281,536	657,761	236,040		1,175,984
CY2018Q4	646	276,816	647,348	228,865		1,153,675

Quarter	Estimated Incurred Claims - Adjusted for Reimbursement Change					Total
	<1	1-5	6-14	15-18	19-20	
CY2014Q1	2,492	3,747,888	21,514,836	6,537,208		31,802,424
CY2014Q2	2,055	3,577,548	17,269,706	5,467,431		26,316,740
CY2014Q3	1,118	3,565,932	16,942,445	5,733,925		26,243,420
CY2014Q4	348	2,872,118	11,258,556	3,702,012		17,833,034
CY2015Q1	641	3,237,047	12,351,249	3,985,157		19,574,095
CY2015Q2	616	3,381,762	12,264,677	3,960,717		19,607,773
CY2015Q3	648	3,672,893	14,572,026	4,727,932		22,973,499
CY2015Q4	328	3,329,903	12,490,421	4,049,455		19,870,107
CY2016Q1	814	3,705,007	13,984,789	4,506,597		22,197,207
CY2016Q2	193	3,811,018	14,187,451	4,627,640		22,626,302
CY2016Q3	812	3,898,240	15,267,122	5,210,934		24,377,109
CY2016Q4	222	3,662,553	13,780,285	4,541,539		21,984,599
CY2017Q1	766	4,256,679	15,270,204	5,001,944		24,529,592
CY2017Q2	512	4,200,807	15,010,056	4,988,461		24,199,836
CY2017Q3	797	4,172,060	16,211,129	5,494,290		25,878,276
CY2017Q4	700	4,217,668	14,960,062	5,086,310		24,264,740
CY2018Q1	379	4,476,254	16,329,321	5,814,112		26,620,066
CY2018Q2	964	4,416,522	14,850,339	5,224,410		24,492,233
CY2018Q3	680	4,390,343	15,652,817	5,542,641		25,586,481
CY2018Q4	735	3,966,768	13,511,581	4,659,350		22,138,434

CHIP Dental FY2020 Rating
Statewide Experience
Trend Analysis

Quarter	PMPM - Adjusted for Reimbursement Change					Total
	<1	1-5	6-14	15-18	19-20	
CY2014Q1	1.12	14.00	21.06	18.30		19.29
CY2014Q2	1.28	14.26	19.87	17.62		18.38
CY2014Q3	1.26	15.36	23.70	21.78		21.67
CY2014Q4	0.58	13.32	18.74	17.00		17.23
CY2015Q1	1.44	14.71	21.89	19.98		19.89
CY2015Q2	1.40	14.97	21.62	19.69		19.71
CY2015Q3	1.32	15.70	24.86	22.75		22.33
CY2015Q4	0.54	13.94	20.73	19.08		18.85
CY2016Q1	1.40	15.31	22.89	21.06		20.79
CY2016Q2	0.35	15.09	22.37	20.73		20.37
CY2016Q3	1.58	15.29	23.93	23.09		21.78
CY2016Q4	0.47	14.09	21.27	19.83		19.33
CY2017Q1	1.45	15.49	22.71	21.09		20.70
CY2017Q2	0.80	15.14	22.34	21.05		20.39
CY2017Q3	1.26	14.69	23.79	22.65		21.41
CY2017Q4	1.05	14.25	21.21	20.08		19.33
CY2018Q1	0.55	15.13	23.07	22.67		21.12
CY2018Q2	1.50	15.28	21.73	21.23		20.09
CY2018Q3	1.05	15.59	23.80	23.48		21.76
CY2018Q4	1.14	14.33	20.87	20.36		19.19

Quarter	PMPM	Case-Mix Adjusted	
		PMPM	Trend
CY2014Q1	19.29	18.81	
CY2014Q2	18.38	18.07	
CY2014Q3	21.67	21.30	
CY2014Q4	17.23	17.08	
CY2015Q1	19.89	19.78	5.2%
CY2015Q2	19.71	19.63	8.7%
CY2015Q3	22.33	22.23	4.3%
CY2015Q4	18.85	18.76	9.8%
CY2016Q1	20.79	20.70	4.6%
CY2016Q2	20.37	20.29	3.3%
CY2016Q3	21.78	21.68	-2.5%
CY2016Q4	19.33	19.25	2.6%
CY2017Q1	20.70	20.65	-0.2%
CY2017Q2	20.39	20.35	0.3%
CY2017Q3	21.41	21.37	-1.4%
CY2017Q4	19.33	19.31	0.3%
CY2018Q1	21.12	21.08	2.1%
CY2018Q2	20.09	20.07	-1.3%
CY2018Q3	21.76	21.75	1.8%
CY2018Q4	19.19	19.19	-0.6%

Selected Trend **2.31%**
Avg last 12 quarters

Attachment 4

Exhibit A – Removal of FQHC Wrap Payment

The wrap portion of dental claims at a Federal Qualified Health Center (FQHC) was carved out of managed care and paid through fee-for-service effective March 1, 2018. The wrap portion of the dental claim was determined by repricing all dental claims at a FQHC. The wrap portion of a dental claim at a FQHC was then removed from the base period claims experience. Exhibit A provides details regarding the calculation of the FQHC wrap payment adjustment factor for the Medicaid and CHIP dental program.

Exhibit B – Dental Fee Schedule Change

Effective September 1, 2018 HHSC reduced reimbursement for certain therapeutic dental services by 2.5%. Exhibit B provides details regarding the calculation of the dental fee schedule change adjustment factor for the Medicaid and CHIP dental program.

FY2020 Medicaid and CHIP Dental Rating
 FQHC Wrap Payment Rate Adjustment
 Experience Period March 1, 2018 through December 31, 2018

Attachment 4 - Exhibit A

	<1	1-5	6-14	15-18	19-20	Total
Medicaid Dental						
Non-Ortho Incurred & Paid	18,800,966	247,785,422	446,990,600	151,373,726	9,096,504	874,047,219
FQHC Wrap Payment	-229,400	-1,499,568	-2,407,986	-813,414	-56,754	-5,007,121
Rate Adjustment Factor	0.9878	0.9939	0.9946	0.9946	0.9938	
CHIP Dental						
Incurred & Paid	2,427	14,340,913	49,842,118	17,527,899		81,713,357
FQHC Wrap Payment	0	-163,010	-323,123	-103,834		-589,967
Rate Adjustment Factor	1.0000	0.9886	0.9935	0.9941		

FY2020 Medicaid and CHIP Dental Rating
 Fee Schedule Change Rate Adjustment

Attachment 4 - Exhibit B

	<1	1-5	6-14	15-18	19-20	Total
Medicaid Dental						
Non-Ortho CY18 Incurred & Paid	22,358,994	296,992,002	538,368,512	182,456,680	10,958,506	1,051,134,693
Fee Schedule Change Impact (1)	-290	-2,119,630	-4,410,703	-1,847,040	-140,185	-8,517,849
Rate Adjustment Factor	1.0000	0.9929	0.9918	0.9899	0.9872	
CHIP Dental						
CY18 Incurred & Paid	2,756	17,173,150	60,085,267	21,128,292		98,389,465
Fee Schedule Change Impact (1)	0	-101,477	-351,372	-154,106		-606,955
Rate Adjustment Factor	1.0000	0.9941	0.9942	0.9927		

Notes:

(1) Dental fee schedule change was effective 9/1/2018.

Fee schedule change impact determined for the period January 1, 2018 through August 31, 2018.

Attachment 5

Pay for Quality Program

The Pay-for-Quality (P4Q) Program creates incentives and disincentives for DHMOs based on their performance on certain quality measures. Dental plans that excel on meeting the measures are eligible for a bonus while health plans that don't meet their measures are subject to a penalty.

Dental P4Q Measures

The dental P4Q measures beginning in calendar year 2018 includes the following:

P4Q Measure	Description	Medicaid Age	CHIP Age
DQA Oral Evaluation	Percentage of enrolled children: •who received a comprehensive or periodic oral evaluation within the reporting year	0-20 years	0-18 years
DQA Topical Fluoride	Percentage of enrolled children: •at "elevated" risk for cavities (i.e. "moderate" or "high") and •received at least 2 topical fluoride applications within the reporting year	1-20 years	1-18 years
DQA Dental Sealant	Percentage of enrolled children: •at "elevated" risk for cavities (i.e. "moderate" or "high") and •received a sealant on a permanent tooth within the reporting year	6-9 years (1st perm. molar); 10-14 years (2nd perm. molar)	

Methodology for Payment and Recoupment

Beginning in calendar year 2018, 1.5 percent of each DHMO's capitation is at-risk. If a DHMO's performance decreases beyond a certain threshold amount on the dental P4Q measures, HHSC will recoup up to 1.5 percent of the original baseline capitation. Performance will be based on changes from rates two years prior, which will be referred to as the reference year. For example, for measurement year 2018 the reference year is calendar year 2016.

If a DHMOs performance is maintained or improves on all measures, the DHMO's capitation will not be at risk for recoupment. If one DHMO's performance decreases such that its capitation is subject to recoupment, the funds recouped will be available as an additional distribution payment to other DHMOs. A DHMO would only be eligible to receive an additional disbursement if its performance improves beyond the upper threshold of the neutral zone.

The DHMOs will only be penalized if utilization for the P4Q measure decreases more than the threshold amount for a two-year period. We don't expect utilization for the P4Q measures to decrease beyond the threshold amount for a two-year period. As a result, we do not believe the P4Q program has a material impact on the premium rate development.

Attachment 6

FY2020 Medicaid Rate Certification Index

The index below includes the pages of this report that correspond to the applicable sections of the 2019-2020 Medicaid Managed Care Rate Development Guide, dated March 2019.

Section I. Medicaid Managed Care Rates

1. General Information

A. Rate Development Standards

- i. Rates are for the period September 1, 2019 through August 31, 2020 (FY2020).
- ii.
 - (a) The certification letter is on page 7 of the report.
 - (b) The final capitation rates are shown on page 6 of the report.
 - (c)
 - (i) See pages 1 through 3 of the report.
 - (ii) See page 1 of the report.
 - (iii) See page 3 of the report.
 - (iv) Not applicable.
 - (v) See Attachment 5 page 25 of the report.
 - (vi) Not applicable.
- iii. Acknowledged.
- iv. Acknowledged.
- v. Acknowledged.
- vi. Acknowledged.
- vii. Acknowledged.
- viii. Acknowledged.
- ix. Acknowledged.

B. Appropriate Documentation

- i. Acknowledged.
- ii. Acknowledged.
- iii. Acknowledged.
- iv. See Attachment 1 pages 9 through 11 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 Attachment 2 pages 12 through 16 of the report.
(c) No errors found in the data.
(d) See page 4 of the report.

(e) Value added services and non-capitated 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.

B. Appropriate Documentation

- i. See page 6 and Attachment 1 pages 9 through 11 of the report.
- ii. See Attachment 1 pages 9 through 11 of the report. There have been no significant changes in the development of the benefit cost since the last certification.
- iii. (a) See Attachment 3 pages 17 through 21 of the report.
(b) See Attachment 3 pages 17 through 21 of the report.
(c) See Attachment 3 pages 17 through 21 of the report.
(d) See Attachment 3 pages 17 through 21 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 or CHIP eligible during a prior period. If the individual was eligible for and enrolled in Medicaid or CHIP 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 FY2020 premium rate.

(c) All enrollment data during retroactive enrollment periods are included in the base period data used to develop the FY2020 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 Attachment 4 pages 22 through 24 of the report.

viii. See Attachment 4 pages 22 through 24 of the report.

4. Special Contract Provisions Related to Payment

A. Incentive Arrangements

i. Rate Development Standards

Acknowledged.

ii. Appropriate Documentation

(a) See Attachment 5 page 25 of the report.

B. Withhold Arrangements

i. Rate Development Standards

Acknowledged.

ii. Appropriate Documentation

(a) See Attachment 5 page 25 of the report.

C. Risk-Sharing Arrangements

i. Rate Development Standards

Acknowledged.

ii. Appropriate Documentation

HHSC includes an experience rebate provision in its Uniform Managed Care Contract which requires the MCOs 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 MCOs and audited by an external auditor. Net income is aggregated across all programs and service delivery areas. The aggregated net income is shared as follows:

Pre-tax Income as a % of Revenues	MCO Share	HHSC Share
≤ 3%	100%	0%
> 3% and ≤ 5%	80%	20%
> 5% and ≤ 7%	60%	40%
> 7% and ≤ 9%	40%	60%
> 9% and ≤ 12%	20%	80%
> 12%	0%	100%

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. Acknowledged.

B. Appropriate Documentation

- i. See page 5 of the report.
- ii. See page 5 of the report.
- iii. See page 5 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.