

## Comprehensive Medical and Dental Program (CMDP) Updated Actuarial Memorandum for CYE 2013

### I. Purpose

This memorandum presents a discussion of the revision to the capitation rates for the Comprehensive Medical and Dental Program (CMDP) program, for the period October 1, 2013 to December 31, 2013. This update to the rates is required due to changes to the AHCCCS Fee-for-Service (FFS) provider rate schedule effective October 1, 2013. The purpose of this actuarial memorandum is to demonstrate that the updated capitation rates were developed in compliance with 42 CFR 438.6(c). It is not intended for any other purpose.

Effective October 1, 2013, AHCCCS is increasing FFS provider rates for certain providers based either on access to care needs, Medicare or ADHS fee schedule rates, legislative mandates, or cost of living adjustments. The unit cost (inflation) trends were adjusted appropriately for these changes. The estimated three month statewide impact is an increase of approximately \$72,600.

### II. Proposed Revised Capitation Rates and Their Impact

Table I below summarizes the changes from the current approved CYE 13 capitation rates and the estimated budget impact, effective for the period October 1, 2013 through December 31, 2013 on a statewide basis.

**Table I: Proposed Statewide Capitation Rates and Budget Impact**

Rate Cell	Projected Oct-Dec 2013 Member Months	CYE 13 Rate (1/1/13)	CYE 13 Rate (10/1/13)	Estimated Oct-Dec 2013 Capitation (1/1 Rates)	Estimated Oct-Dec 2013 Capitation (10/1 Rates)	Dollar Impact	Percentage Impact
Prospective	41,726	\$222.08	\$223.79	\$9,266,525	\$9,337,877	\$71,352	0.8%
PPC	977	\$368.88	\$370.18	\$360,266	\$361,536	\$1,270	0.4%
Total				\$9,626,791	\$9,699,413	\$72,622	0.8%

### III. Actuarial Certification of the Capitation Rates

I, Matthew C. Varitek, am an employee of Arizona Health Care Cost Containment System (AHCCCS). I am a Member of the American Academy of Actuaries and a Fellow of the Society of Actuaries. I meet the qualification standards established by the American Academy of Actuaries and have followed the practice standards established from time-to-time by the Actuarial Standards Board.

The rates were developed using generally accepted actuarial principles and practices and are considered to be actuarially sound. The rates were developed to demonstrate compliance with the CMS requirements under 42 CFR 438.6(c) and are in accordance with applicable laws and regulations. The rates are appropriate for the Medicaid populations covered and Medicaid services to be furnished under the contract. The rates may not be appropriate for any other purpose. The documentation has been included with this certification. The actuarially sound capitation rates that are associated with this certification are effective for the three month period beginning October 1, 2013.

The actuarially sound capitation rates are a projection of future events. It may be expected that actual experience will vary from the values in the rates.

In developing the actuarially sound capitation rates, I have relied upon data and information provided by CMDP and AHCCCS internal database. I have accepted the data without audit and have relied upon the CMDP auditors and other AHCCCS employees for the accuracy of the data.

This actuarial certification has been based on the actuarial methods, considerations and analyses promulgated from time-to-time through the Actuarial Standards of Practice by the Actuarial Standards Board.

This certification letter assumes the reader is familiar with the CMDP program, Medicaid eligibility rules and actuarial rating techniques. It is intended for AHCCCS and CMS and should not be relied upon by third parties. Other readers should seek the advice of actuaries or other qualified professionals competent in the area of actuarial rate projections to understand the technical nature of these results.

*Matthew C. Varitek*

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*08.23.2013*

Date

Fellow of the Society of Actuaries  
Member, American Academy of Actuaries