

Section F – Bid Submission Information-
Updated Bid Submission and Risk Adjustment Information and Revised Reinsurance
Offsets

In addition to the information below, please review in detail Amendment #4 to the RFP posted March 28, 2008.

Amendment #3 to the RFP extending the Capitation Bid and Related Finance Submissions is a result of changes made to the Reinsurance Offsets and further clarifications/changes to the risk adjustment that will be applied to the capitation rates.

New reinsurance offsets will be posted to the Bidder's Library, Section N, Reinsurance Offsets, no later than April 2, 2008. The Bid Submission Tool will be updated by ISD to accommodate the revised reinsurance offsets shortly thereafter. Revised MED rates using the revised reinsurance offsets will be posted to the Bidder's Library, Section V, by April 11, 2008.

AHCCCS will be utilizing a national episodic/diagnostic risk adjustment model that will be applied to all Contractor specific capitation rates for all non-reconciled risk groups. Further methodology details will be shared with the Contractors prior to implementation.

Given anticipated membership changes that may be occurring due to the enhanced auto-assignment, AHCCCS anticipates applying these risk factors by April 1, 2009 retroactively to the October 1, 2008 awarded capitation rates. For CYE 09, AHCCCS will apply approximately 80% of the capitation rate risk adjustment factor. Effective October 1, 2009, the full impact of the model will be applied.

Bidders are to bid rates by GSA and risk category reflecting the expected average monthly cost of an enrollee who has average demographic and health status using the data provided by AHCCCS in the Bidder's Library. Bidders should not take into account their own unique membership demographic or diagnosis experience, but can factor in the anticipated impact of the Contractor's unique medical management and/or unit cost experience.

The original system driven deadline on the Bid Submission Tool will be adjusted by ISD to allow Bidders to revise their information currently in the tool until the revised deadline. Bids currently in the Bid Submission Tool were originally scheduled by ISD to be provided to the AHCCCS staff after the original deadline of March 28, 2008 at 3:00 pm. Based on the extension for filing the capitation bids, this information will now be provided to the AHCCCS staff after the deadline of 3:00 pm April 18th, 2008. It is up to the Bidder to ensure that the bids submitted by April 18th, both on the Bid Submission Tool and the hard copies, include the revised reinsurance offsets.

Questions regarding the information in Amendment #4 ONLY will be accepted in the format previously communicated through the RFP document and amendments, and are due to AHCCCS by noon Monday, April 7th. Answers will be posted on the RFP Website by Thursday, April 10th. Any questions deemed by AHCCCS to be unrelated to Amendment #4 will be disregarded.