



SOLICITATION AMENDMENT #4		
YH18-0001 ALTCS E/PD RFP	Solicitation Due Date: January 23, 2017 3:00 pm Arizona Time	Chief Procurement Officer: Meggan Harley Email: EPDYH18_QuestionstoRFP@azahcccs.gov

A signed copy of this amendment must be submitted with your solicitation response.

This Solicitation is amended as follows:

1. The attached Answers to Questions are incorporated as part of this solicitation amendment.

OFFEROR HEREBY ACKNOWLEDGES RECEIPT AND UNDERSTANDING OF THIS SOLICITATION AMENDMENT.	THIS SOLICITATION AMENDMENT IS HEREBY EXECUTED ON THIS DAY, IN PHOENIX, AZ.
SIGNATURE OF AUTHORIZED INDIVIDUAL:	SIGNATURE: SIGNATURE ON FILE
TYPED NAME:	TYPED NAME: Meggan Harley, CPPO, MSW
TITLE:	TITLE: Chief Procurement Officer
DATE:	DATE: 01/06/2017

ALTCS E/PD RFP YH18-0001 QUESTIONS AND RESPONSES AMENDMENT NO.4 TO RFP YH18-0001

	DATE SUBMITTED	RFP SECTION	PARAGRAPH No.	PAGE No.	OFFEROR'S QUESTION	AHCCCS RESPONSE
1	12/27/2016	Data Supplement - Section F - Capitation Rate Ranges and Rate Setting Information	N/A	Page 1	In the "Capitation Rate Ranges and Rate Setting Information" memo, AHCCCS indicates that the NF and HCBS components of the capitation rates are grouped by service category in accordance with Appendix 1, and are not grouped by member placement. Is the HCBS/NF Mix percentage applied to the capitation rates also based on service category and not member placement? If not, how has AHCCCS accounted for the underlying member placement mix included in the gross Nursing Facility and HCBS costs? Differences in placement mix can have a significant impact on the underlying "gross" Nursing Facility and HCBS costs.	The HCBS mix percentage is based on member placement. The encounters are grouped by service category.
2	12/27/2016	Data Supplement - Section F - Capitation Rate Ranges and Rate Setting Information	N/A	Page 3	Can AHCCCS provide the trends used in the rate development by service category and rate cell?	No, AHCCCS will not provide the trends used in rate development. The Offerors are free to develop trends from the three years of experience in the Data Book at any level of detail and using any reasonable method of calculation.

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3	12/27/2016	Data Supplement - Section F - Capitation Rate Ranges and Rate Setting Information	N/A	Page 2	In the "Capitation Rate Ranges and Rate Setting Information" memo, AHCCCS indicates that all three years of experience included in the data book were used to develop the trend assumptions. Were historical changes in member placement (HCBS/NF Mix) accounted for in the trend calculation? If so, how was it applied?	Yes, historical changes in member placement (HCBS/NF mix) were accounted for in the trend calculation; they are necessary to determine the proper denominator for the PMPM expense amounts by category of service. AHCCCS has added a table to Section F - Bid Submission Information to provide offerors with the historical mix percentages that were used in the trend development (as well as the capitation rate range development). See <i>HCBS Historical Mix Percentages</i> .
4	12/27/2016	Data Supplement - Section F - Capitation Rate Ranges and Rate Setting Information	N/A	Page 2	Were any adjustments applied to account for changes in the HCBS/NF placement mix between the base data period and the contract period? If so, can AHCCCS provide those adjustments and describe how they were applied?	Please refer to #3. Please note the HCBS mix percentage data already provided in Section F - Bid Submission Information is the combined July, August, September 2016 mix percentage to be used in the CYE 18 rate submission.

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5	12/27/2016	Data Supplement - Section F - Capitation Rate Ranges and Rate Setting Information	N/A	Page 2	In addition to the information provided in Section B of the Data Supplement, can AHCCCS provide the program and fee schedule changes by the Service Matrix categories listed in Appendix 1? Some changes do not correspond to Service Matrix categories. For example, there is a change listed that applies to "Drugs and Injectables," but no corresponding category split provided in the Service Matrix.	No, AHCCCS will not provide this information. The drugs/injectables subject to the Physician Fee Schedule account for 1.57% for CYE13, 1.45% for CYE14, and 1.46% for CYE15 of the total Acute Care expenses for ALTCS EPD.

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	DATE SUBMITTED	RFP SECTION	PARAGRAPH No.	PAGE No.	OFFEROR'S QUESTION	AHCCCS RESPONSE
6	12/27/2016	H	16	243	How will the case management component of the rate be adjusted based the Contractor's actual mix of HCBS and nursing facility members as of 10/1/2017?	Case weights (the maximum allowable ratio of members to case managers) vary by placement. As such, whenever the mix percentage projections are revised or updated, the case management expense PMPM assumptions will be modified to reflect the change in demand for case management services. Capitation rates will be adjusted prior to 10/1/17 based on the anticipated member mix of awarded contractors. If mix percentages are not known at the time CYE 18 rates are due to CMS, AHCCCS will amend the CYE 18 capitation rates retroactive to 10/1/17, if updated placement forecasts are materially different than those submitted to CMS.

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7	12/27/2016	H	16	243	How will the administration component of the rate be adjusted based the Contractor's actual mix of HCBS and nursing facility members as of 10/1/2017?	AHCCCS does not adjust the administrative bid based on mix percentage.
8	12/27/2016	H	16	244	For which contract year will AHCCCS actuaries use each Contractor's actual experience (rather than their bids) to develop their renewal capitation rates?	The renewal capitation rates developed by AHCCCS will incorporate elements of bids and subsequent experience, all within the context of the requirements for actuarial soundness.
9	12/27/2016	H	16	244	Will the administrative component of the capitation rate be increased with revenue (i.e., as a percentage of premium) for each year of the contract?	No, the administrative component is not tied to the medical expense, therefore as revenue fluctuates the administrative PMPM will not fluctuate. That said, on occasion, AHCCCS will consider adjustments to the administrative component as appropriate.

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10	12/27/2016	Solicitation Amendment #3	Question 33		Per the response to Question 33, "The Offeror should not consider their specific population risk, acuity, or Contractor specific factors...", Please explain how a Contractor's bid will be adjusted based on their actual mix of members by county within a region?	As noted in #6 whenever the mix percentage projections are revised or updated, the capitation rates are updated to reflect those changes to both the medical and case management components. Capitation rates will be adjusted prior to 10/1/17 based on the anticipated member mix of awarded contractors. If mix percentages are not known at the time CYE 18 rates are due to CMS, AHCCCS will amend the CYE 18 capitation rates retroactive to 10/1/17, if updated placement forecasts are materially different than those submitted to CMS. AHCCCS anticipates reviewing member acuity by awarded Contractor to determine if rates remain actuarially sound. The same timing will apply as noted above.

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11	12/27/2016	Solicitation Amendment #3	Question 35		Per the response to Question 35, "Non-encountered costs are not considered in the capitation rate development", are costs that are not typically tied to specific encounters, such as provider incentive payments, reflected in the base data?	No. Only costs as reflected on adjudicated and approved encounters are included in the base data.
12	12/27/2016	Section F - Capitation Rate ranges and Rate Setting Information	Last paragraph	Page 1	Should the denominators described in this paragraph use <i>historical</i> HCBS mix percentages rather than the HCBS mix percentages provided in Section F (based on CYE 2016 actual mix for July, August, and September)?	Yes, see #3.
13	12/27/2016	Section F - Medical Component Ranges			Please list the factors that varied in development of the medical cost ranges (e.g., trend, base data)?	Development of the ranges considered variations including, but not limited to, trends, adjustments for program changes, weighting of each year of base data, and assumptions regarding provider reimbursement rates for NF, HCBS, and ALF services.

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14	12/27/2016	Capitation Rate Ranges	-	-	Please provide the trend assumptions that were used to trend forward the expenses from the base data period (CYE15) to the projection period (CYE18)? Please provide at the same level of detail that was incorporated into the capitation rate development and for the development of the rate ranges.	No, AHCCCS will not provide the trends used in rate development. The Offerors are free to develop trends from the three years of experience in the Data Book at any level of detail and using any reasonable method of calculation.
15	12/27/2016	Capitation Rate Ranges	-	-	No description for how the reinsurance offsets were developed was included in the rate development documentation. Please provide a detailed description of how the reinsurance offsets were developed for CYE18.	AHCCCS develops reinsurance offsets in capitation rate setting using historical reinsurance payments as a base, applying relevant trends and adjusting for items expected to have a material impact on the encounters subject to reinsurance (e.g. the move to DRG reimbursement). However, please note that the Acute Care component of the Offeror's bid should be the gross PMPM prior to any reinsurance consideration. It is therefore not necessary for an Offeror to develop a reinsurance projection for CYE 18 in order to develop a bid.

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16	12/27/2016	Capitation Rate Ranges	-	-	<p>In our review of the changes to the ALTCS program with this RFP, most inpatient hospital expenses previously covered under the ALTCS PPC program will be moving to the ALTCS EPD prospective program. However, we did not see this listed as one of the program changes that was accounted for in the development of the Acute Medical expenses for the ALTCS EPD prospective program. Please explain why it was not included or if it will be included at a later date. Please also explain and quantify how this change was incorporated into the projection of reinsurance offsets.</p>	<p>It is unclear from your question whether you are referring to the upcoming eligibility change effective 10/1/17 relative to enrollment activity during a member's inpatient hospitalization, or the historical change related to DRG (referenced on page 3 of the Program Changes and Fee Schedule Changes document in the Bidder's Library), or some other issue. With regards to future program changes such as the eligibility and enrollment process during a hospitalization, AHCCCS may adjust successful bid amounts to incorporate the program changes that will take effect at the beginning of the RFP contract period if material. Offerors do not need to account for future programmatic changes in their bids. AHCCCS did not provide projected reinsurance offsets, only historical.</p>

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17	12/27/2016	Capitation Rate Ranges	-	-	In our review of the changes to the ALTCS program with this RFP, the skilled nursing facility expenses will no longer be an included expense for reinsurance coverage. Please explain and quantify how this change was incorporated into the projection of reinsurance offsets.	AHCCCS did not provide projected reinsurance offsets, only historical. Additionally, SNF expenses were not previously included for reinsurance coverage, this is not a change.
18	12/27/2016	Capitation Rate Ranges	-	-	What increase in Hepatitis C virus drug utilization was assumed to account for the increase in coverage to stage F2 individuals in addition to covering stage F3 and F4 individuals?	AHCCCS assumed a 50% increase in Hep C Rx utilization associated with coverage for F2. AHCCCS will continually monitor utilization of Hep C Rx and adjust rates as appropriate and feasible.