

Acute Care Actuarial Memorandum

I. Purpose

The purpose of this actuarial memorandum is to demonstrate that the Acute Care capitation rates for contract year ending 2017 (CYE 17: October 1, 2016 through September 30, 2017) were developed in compliance with 42 CFR 438.6(c). It is not intended for any other purpose.

Arizona Health Care Cost Containment System (AHCCCS) intends to apply revised risk adjustment factors with an anticipated implementation date of April 1, 2017 retroactive to October 1, 2016. This adjustment will be budget neutral to AHCCCS and will require a rate update. At the time of the adjustment an actuarial certification will be submitted that will describe the methodology. Past risk adjustment certifications can be found here:

<https://www.azahcccs.gov/PlansProviders/RatesAndBilling/ManagedCare/capitationrates.html#CAcuteCareCapitationRates>

The Affordable Care Act (ACA) places an annual fee on the health insurance industry nationwide including most Medicaid health plans effective January 1, 2014. The CYE 17 capitation rates do not include the fee at this time; that adjustment will be addressed in a retroactive capitation rate adjustment once the fees are known. Historical actuarial certifications for health insurer fee adjustment can be found on the AHCCCS website:

<https://www.azahcccs.gov/PlansProviders/RatesAndBilling/ManagedCare/capitationrates.html#CAAllPrograms>

II. General Program Information

This certification covers the Acute Care program which offers acute care medical services to AHCCCS members who are Title XIX or Title XXI eligible, and who do not qualify for another AHCCCS program. Most behavioral health services are carved out and provided through Regional Behavioral Health Authorities (RBHAs). This statewide managed care program has been in effect since 1982 and currently has eight Contractors in total, which vary by each of seven Geographical Service Areas (GSA). The experience data includes only Medicaid eligible expenses for Acute Care Medicaid eligible individuals.

CYE 17 capitation rates were developed as a rate update from the previously submitted CYE 2016 (CYE 16) capitation rates effective January 1, 2016.

The CYE 17 capitation rates represent the twelve month contract period from October 1, 2016 through September 30, 2017. Due to one programmatic change (high acuity pediatric adjustor) that will be implemented with an effective date of January 1, 2017, this certification will cover two sets of capitation rates. One set will apply for the time frame from October 1, 2016 through December 31, 2016 and the other set will apply from January 1, 2017 through September 30, 2017. The rate development process is the same for both sets of capitation rates except the latter set includes the impact of the high acuity pediatric adjustor.

The new adult population (Adults <=106% and Adults > 106%) benefit package is the same as all other members' benefit package.

The Acute Care program has a large membership base which allows for the experience data to be analyzed by different rate cells. These rate cells are comprised of members with similar risk characteristics. The rate cells were analyzed by major categories of aid (COA) i.e. risk groups, and Category of Service (COS). In addition, AHCCCS develops capitation rates by GSA.

III. Overview of Rate Setting Methodology

CYE 17 actuarially sound capitation rates (both the traditional and the new adult population) were developed utilizing the steps outlined as follows:

1. Compile base period and adjusted encounter data (Section IV)
2. Develop trend factors (Section V)
3. Apply trend factors to bring base period data forward
4. Adjust CYE 17 claims costs for programmatic and provider fee schedule changes (Section VI)
5. Further adjust CYE 17 claims costs for experience adjustments, if applicable (Section VII)
6. Add provision for reinsurance offset (Section VIII)
7. Add provision for non-benefit costs (Section IX)
8. Combine for final capitation rates (Section X)

In addition there are sections dedicated to the development of other capitation rates including, but not limited to, Delivery Supplemental Payment, KidsCare capitation rates, Prior Period Coverage (PPC) capitation rates and New Adult Population capitation rates, as well as multiple sections dedicated to risk mitigation strategies.

IV. Base Period and Adjusted Encounter Data

Since this is a capitation rate update rather than a rebase, the base period data is the prior capitation rates. Updated data periods were used in order to develop trends and experience adjustments. This data consisted of historical fully adjudicated and approved Medicaid encounter and member month data for this population for the time period October 1, 2012 through September 30, 2015. In conjunction with the above data, more recent encounter data through March 31, 2016 was used for evaluating impact of some programmatic changes.

The data was reviewed for accuracy, timeliness and completeness through encounter validation studies, as required per AHCCCS' Centers for Medicare and Medicaid Services (CMS) Waiver. The encounter data was deemed accurate to use in capitation rate development.

Adjustments were made to the data for completion factors, historical programmatic changes and historical provider fee for service rate schedule changes to arrive at the adjusted data that will be used in trend and experience adjustment analysis. Documentation about historical programmatic and provider fee for service rate schedule changes can be found in past actuarial certifications which are posted here:

<http://www.azahcccs.gov/commercial/ContractorResources/capitation/capitationrates.aspx>

V. Projected Trend Rates

A trend analysis was performed using the adjusted encounter data to compute claim cost per member per month (PMPM) on an annualized basis and then to calculate the trend factors. These trends were developed by risk group, COS and GSA, with a limit on the percentage change to smooth out unreasonable trends. These trends were developed by using the adjusted encounter data described in section IV.

The PMPM trends for the prospective risk groups are shown below in Table I. These trends do not reflect the impact of any future programmatic changes or provider fee schedule changes.

Table I: Average Annual PMPM Trends for Prospective Risk Groups

PMPM Trends										
Categories of Service	TANF/KC < 1	TANF/KC 1-13	TANF/KC 14-44 F	TANF/KC 14-44 M	TANF 45+	SSI With Medicare	SSI without Medicare	Adults <= 106%	Adults > 106%	Total
Hospital Inpatient	-9.6%	-9.0%	-5.4%	-7.2%	1.6%	-7.6%	6.3%	9.5%	3.1%	0.8%
Outpatient Facility	4.1%	2.8%	-1.9%	-3.6%	-5.9%	-3.2%	4.5%	0.0%	-1.8%	-0.4%
Emergency Room	2.5%	5.7%	3.9%	2.2%	4.1%	0.1%	2.5%	8.3%	5.1%	5.1%
Physician	-8.8%	-7.0%	-6.5%	-7.6%	-4.7%	-2.3%	0.8%	-4.9%	-5.7%	-5.4%
Pharmacy	-9.8%	3.8%	5.7%	-0.1%	5.7%	8.1%	8.8%	3.9%	4.3%	4.7%
Other	1.2%	-0.4%	2.3%	1.1%	-0.1%	0.7%	4.2%	2.4%	1.8%	1.6%
Total	-6.9%	-1.4%	-0.5%	-2.6%	-0.2%	-2.0%	5.2%	2.8%	0.7%	0.5%

VI. Projected Programmatic Changes and Provider Fee Schedule Changes

All impacts listed below, unless specifically stated otherwise, exclude the additional impact of non-benefit cost changes (i.e. admin, risk contingency, premium tax, etc.).

High Acuity Pediatric Adjustor

The AHCCCS All Patient Refined Diagnosis Related Group (APR-DRG) payment system includes several policy adjustors. One such adjustor applies a factor of 1.25 to the reimbursement amount that would otherwise apply for "claims for members under age 19," so long as the claim is not subject to one of the other policy adjustors.

On January 1, 2016, AHCCCS addressed the costs associated with high-acuity pediatric cases by using an adjustment factor of 1.60 in place of the above pediatric policy adjustor in the following instances only: for inpatient stays, where an APR-DRG assignment of level 3 or 4 Severity of Illness is indicated. Effective January 1, 2017, AHCCCS will change the adjustment factor of 1.60 established January 1, 2016 to 1.945. The estimated nine month impact to the Acute Care program is an increase of approximately \$5.5 million.

Provider Fee Schedule Changes

Effective October 1, 2016, AHCCCS is changing Fee For Service (FFS) provider rates for certain providers based either on access to care needs, Medicare/ADHS fee schedule rate changes, and/or legislative mandates. The estimated impact to the Acute Care program is an increase of approximately \$13.7 million.

In-Lieu of Services

AHCCCS previously permitted funding for "in-lieu of" services, substituting cost-effective alternative inpatient settings in place of more costly inpatient non-specialty hospital placements. In accordance with 438.6(e) in the Medicaid Managed Care Regulations, IMD utilization data for adults aged 21-64 is repriced at the higher State Plan service rates. The estimated impact to the Acute Care program is an increase of approximately \$0.9 million.

Hepatitis C

Effective October 1, 2016, AHCCCS is amending clinical criteria for members utilizing Hepatitis C drugs including, but not limited to, lowering the liver fibrosis/cirrhosis of Metavir stage (i.e. fibrosis level) from F3 to F2. This action will increase utilization of direct-acting antiviral medications including Epclusa, Harvoni, Zepatier, Technivie, Viekira, and their successors. In addition, AHCCCS has seen a marked increase in utilization of these drugs based on current clinical criteria. These two factors combine to impact the Acute Care program by an estimated increase of \$61.7 million, which includes an offset for prior Hepatitis C drugs that were included in the base data.

Long-Acting Reversible Contraception

Many repeat births could be prevented through postpartum use of Long-Acting Reversible Contraception (LARC). Offering members access to LARC devices in the hospital after delivery is expected to increase utilization of such devices since many members do not attend their 6-week postpartum office visits. Currently no ICD-10 PCS code for the LARC device exists for inpatient hospital use thus, effective October 1, 2016, AHCCCS will pay hospitals for the device in addition to a DRG payment. The estimated impact to the Acute Care program is an increase of approximately \$1.7 million.

Arizona Early Intervention Program (AzEIP)

The Arizona Early Intervention Program (AzEIP) is a program that provides services to enhance the capacity of families and caregivers to support infants and toddlers with developmental delays or disabilities in their development. AzEIP members may be AHCCCS enrolled, in which case AHCCCS pays for the services, or non-AHCCCS enrolled, in which case AzEIP pays directly. Effective October 1, 2016, AHCCCS is modifying the speech therapy rate structure for services provided to a member who is a child identified in the AHCCCS system as an AzEIP recipient in order to more closely align the rates with the AzEIP rate structure. This change is intended to assure continued access to care, particularly for rural AzEIP members, where providers often travel to provide services in the natural setting, and should limit the rate differential whether the provider is paid the AHCCCS rates or the AzEIP rates. This will ensure there is not different access to services for AzEIP children based on whether the payer is AHCCCS or AzEIP. The estimated impact to the Acute Care program is an increase of approximately \$0.3 million.

Value-Based Purchasing Differential

AHCCCS has proposed Value-Based Purchasing (VBP) Differential Adjusted Fee Schedule rates to distinguish providers who have committed to supporting designated actions that improve the patient care experience, improve member health, and reduce cost of care growth. The proposed VBP differential rates are applicable for dates of service from October 1, 2016 through September 30, 2017. FFS rates for select providers meeting specific criteria will be increased 1% for qualified AHCCCS-registered Arizona Nursing Facility providers, 0.5% for qualified AHCCCS-registered Arizona Hospital providers for inpatient and outpatient services, and 10% for qualified AHCCCS-registered Integrated Clinics for selected physical health services. Contractors are required to adopt the VBP Differential payment adjustments for qualified providers meeting the specific criteria. The estimated impact to the Acute Care program is an increase of approximately \$6.5 million.

Podiatry

During the 2016 legislative session, services provided by a podiatrist were reinstated. Effective October 1, 2016 AHCCCS will restore this covered service. The statewide impact to the Acute Care program is an increase of approximately \$2.5 million.

Cinryze

Effective October 1, 2016, Cinryze will be added to the list of drugs eligible for catastrophic reinsurance. The estimated impact to the Acute Care program is a decrease of approximately \$3.6 million.

VII. Experience Adjustments for Prospective Rate Cells

AHCCCS is applying an experience adjustment to the CYE 17 capitation rates. The projected experience adjustments are calculated by risk group and by GSA. Not all risk groups or GSAs will receive an experience adjustment. These adjustments are made in order to align capitation rates by rate cells closer to actual experience where actual experience emerged differently than projected.

The experience adjustment was applied to the projected PMPM amount for FQHC/RHC expenditures. Effective April 1, 2015, AHCCCS shifted the payment responsibility for FQHC/RHC PPS rates to the Contractors in order to properly account for FQHC/RHC expenditures for managed care enrollees. Capitation rates effective at that time were adjusted for the expected utilization of these services. Since actual utilization of FQHC/RHCs exceeded the amount anticipated in developing that rate adjustment, an additional adjustment to the capitation rates is necessary. In addition, PPS rates are rebased effective October 1, 2016. The estimated impact to the Acute Care program is an increase of approximately \$41.8 million.

VIII. Projected Reinsurance Offsets

All Contractors participate in the reinsurance program which is a stop-loss program provided by AHCCCS to the Contractor for the partial reimbursement of covered medical services incurred for a member beyond an annual deductible level. AHCCCS is self-insured for the reinsurance program which is characterized by an initial deductible level and a subsequent coinsurance percentage. The coinsurance percentage is the rate at which AHCCCS will reimburse the Contractor for covered services incurred above the deductible. The deductible is the responsibility of the Contractor. The capitation rates are adjusted by subtracting the reinsurance offset from the gross medical since the Contractors will receive payment from AHCCCS for reinsurance cases. For additional information on the reinsurance program refer to Section D, Paragraph 57, Reinsurance, of the Acute Care program contract.

The reinsurance offsets were reviewed by AHCCCS for appropriateness and reasonableness using historical reinsurance payment data for the time period October 1, 2012 through September 30, 2015. This data represents actual reinsurance payments made from AHCCCS to the Contractors. The review indicated that the reinsurance offsets were appropriate. Thus the reinsurance offsets in the CYE 16 capitation rates were trended forward by the hospital inpatient trend and required no further adjustments.

IX. Projected Non-Benefit Costs

Administrative Costs, Risk Contingency and Premium Tax

The administrative cost component was developed as a bid rate PMPM as part of the CYE 14 Request for Proposals (RFP) for the risk groups that were bid, which was the majority of risk groups. For the non-bid risk groups (PPC and Adults > 106%) the administrative cost component was set as a percent of the medical component. As part of the continued needs associated with the Acute Care Program, AHCCCS has adjusted the administrative PMPM assumption. The estimated impact to the Acute Care program is an increase of approximately \$1.9 million. Other than that increase, the administrative cost PMPM and the administrative percents remained the same as CYE 16. The risk contingency is 1% of the medical component and premium tax is 2% of total capitation which remains the same as CYE 16 and is the same for all risk groups.

X. Proposed Capitation Rates and Their Impacts

The proposed capitation rates equal the base period claim costs (Section IV) trended forward by projected trend rates (Section V), adjusted for programmatic and provider fee schedule changes (Section VI), adjusted for experience adjustments (Section VII), less projected reinsurance offsets (Section VIII) plus provision for non-benefit costs (Section IX). Appendix I contains the statewide proposed capitation rates and the budget impact for all capitation rates using projected CYE 17 member months. Appendix II contains the proposed capitation rates for each rate cell.

XI. Delivery Supplemental Payment

The methodology followed in developing the Delivery Supplemental Payment is similar to the methodology used in the development of the capitation rates discussed above. When developing this PMPM, the number of Delivery Supplement payments becomes the denominator rather than total member months. No reinsurance offset applies to this rate. See Appendix I for the impact. For additional information on the Delivery Supplemental Payment refer to Section D, Paragraph 53, Compensation, of the Acute Care program contract.

XII. KidsCare Capitation Rates

Continuing with the methodology of previous years, Contractors will be paid one blended capitation rate that includes experience from the traditional TANF Medicaid population, the Child Expansion population, and the Title XXI (KidsCare) population. For CYE 17, the Title XXI (KidsCare) population includes those children whose households have income levels between 133-200% of the FPL. Effective September 1, 2016 this program is now accepting new enrollment.

The rate cohorts whose experience is blended together are detailed as follows:

- TANF < 1 and KidsCare < 1
- TANF 1– 13 M&F, KidsCare 1 – 13 M&F, and Child Expansion 6-13 M&F
- TANF 14 – 44 F, KidsCare 14 – 18 F, and Child Expansion 14-18 F
- TANF 14 – 44 M, KidsCare 14 – 18 M, and Child Expansion 14-18 M

The related member month, capitation rate and dollar information can be found in Appendix I.

XIII. Prior Period Coverage (PPC) Capitation Rates

PPC capitation rates cover the period of time from the effective date of eligibility to the day a member is enrolled with the Contractor. There is no PPC capitation for members enrolled with the Contractor who are initially found eligible for AHCCCS through hospital presumptive eligibility. These members will receive coverage of services during the PPC period through AHCCCS fee for service. Historically PPC capitation rates were established using a similar methodology that was followed in developing the capitation rates discussed above. However the PPC capitation rates seem to fluctuate with how fast or slow a member is found eligible rather than actual historical experience. For CYE 17, AHCCCS is using a model which analyzes information based on PPC member months as a percent of total member months in conjunction with historical medical experience to arrive at an experience adjustment factor. This group does not have reinsurance. The administrative expense was set at the same percent as the CYE 16 capitation rates which was 8% of medical expense. Risk contingency and premium tax also remain unchanged at 1% and 2%, respectively. The PPC capitation rates are reconciled to a maximum 2% profit or loss in CYE 17. See Appendix I for the impact.

XIV. Value-Based Purchasing (VBP) Initiative

AHCCCS has continued the VBP Initiative (formerly Payment Reform Initiative) first implemented October 1, 2013, with modifications. The purpose of this initiative is to improve members' health outcomes while reducing costs. Similar to CYE 16, AHCCCS will perform a reconciliation to distribute the Contractors' earned contribution. A contribution pool will be established by calculating 1% of prospective capitation rates excluding Delivery Supplement, KidsCare and State Only Transplant capitation rates. There is no withhold for this Initiative, nor any other withhold applied to the Acute Care capitation rates.

Quality improvement metrics have been established and Contractors' performance will be measured against these metrics. The entire contribution pool amount will be distributed back to the Contractors based on the results of these performance measurements. While the entire contribution pool will be distributed, some Contractors may receive distributions back from the reconciliation and some may not. In addition, AHCCCS will be accounting for the Contractors' VBP payments to providers in the VBP reconciliations. These are payments from Contractors to the providers upon successful completion of contracted goals/measure in accordance with the providers' contracts and represent non-encountered medical expense. The VBP reconciliation will be completed between one and three months after the Quality Management Minimum Performance (QMPM) Report for the contract year has been issued. For additional information on Value-Based Purchasing refer to Section D, Paragraph 76, Value-Based Purchasing, and Section D, Paragraph 53, Compensation, of the Acute Care program contract.

XV. Risk Adjustment Factor

Reiterating from above, AHCCCS intends to recalculate the risk factors to apply to the CYE 17 capitation rates once the appropriate data is available. It is expected that the adjustment will be applied to the rates on or around April 1, 2017 along with a retroactive adjustment to the capitation rates effective October 1, 2016. Until that time the CYE 17 capitation rates will use the risk adjustment factors currently in place. The model and method used will be similar to past models and methods. Additional information about AHCCCS risk adjustment process can be found here:

http://www.azahcccs.gov/commercial/Downloads/CapitationRates/AcuteCare/AcuteCYE14_AcuteActuarialCertnew.pdf

XVI. Reconciliations

AHCCCS has various reconciliations (risk corridors) for different populations. These reconciliations do not have an impact on capitation rate development. The Adults > 106% capitation rates are reconciled to a maximum 1% profit or loss, including both PPC and prospective costs. This group was new as of January 1, 2014 and the experience is still developing thus the narrow risk corridor. As more experience emerges AHCCCS intends to roll this into the other reconciliations. The PPC capitation rates, excluding Adults > 106%, are reconciled to a maximum 2% profit or loss. The prospective risk group capitation rates, excluding Adults > 106%, are reconciled based on a tiered methodology (see Section XX CMS Rate Setting Checklist for additional information). Initial Reconciliations are typically performed no sooner than 6 months after the end of the contract year and final reconciliations are typically computed no sooner than 12 or 15 months after the contract year. The difference between the 12 and 15 months depends on whether reinsurance is offered for the risk groups being reconciled. Because PPC excludes reinsurance, that reconciliation can be computed sooner.

XVII. Final Capitation Rates and Their Impact

Table IIa and IIb below summarize overall CYE 17 blended capitation rate changes from the CYE 16 (1/1/16) capitation rates. The impacts to Contractors range from 1.8% to 5.0%. Appendix I contains statewide capitation rates by risk group for both sets of CYE 17 capitation rates as well as blended. Individual Contractor capitation rates are provided in Appendix II.

Table IIa: Changes from the CYE 16 (1/1/16) Capitation Rates

AHCCCS Medicaid Managed Care Summary			
	Prospective	PPC	Weighted Average
Trend and Other Adjustments:			
1. Trends	0.54%	0.00%	0.52%
2. Experience Adjustments	1.05%	0.01%	0.81%
Program Changes			
1. Hep C Rx	1.23%	0.00%	1.19%
2. Podiatry	0.05%	0.00%	0.05%
3. LARC	0.03%	0.00%	0.03%
4. High Cost Peds 1/1/17	0.11%	0.00%	0.11%
5. VBP	0.13%	0.00%	0.13%
6. Rx RI	-0.07%	-0.05%	-0.07%
7. AzEIP	0.01%	0.00%	0.00%
8. IMD	0.02%	0.00%	0.02%
9. Other FFS Provider Rate Changes	0.27%	0.00%	0.26%
Misc			
1. Reinsurance Offset Change	-0.05%	0.00%	-0.04%
2. Other Changes (ie Admin, Risk, Prem Tax)	-0.06%	0.00%	0.13%
Total Percentage Change	3.26%	-0.04%	3.12%

Table IIb: Changes from the CYE 16 (1/1/16) Capitation Rates

Prospective Rate Cells											
	TANF/KC < 1	TANF/KC 1-13	TANF/KC 14-44 F	TANF/KC 14-44 M	TANF 45+	SSIW	SSIWO	Adults <= 106% FPL	Adults > 106% FPL	Delivery Supplemental	Total Prosp
Trend and Other Adjustments:											
1. Trends	-6.69%	-1.24%	-0.45%	-2.39%	-0.21%	-1.83%	5.11%	2.67%	0.67%	0.22%	0.54%
2. Experience Adjustments	1.38%	0.57%	2.06%	0.30%	0.82%	-2.71%	0.58%	0.87%	0.96%	0.00%	0.83%
Program Changes											
1. Hep C Rx	0.00%	0.00%	-0.10%	-0.18%	1.49%	0.06%	1.78%	2.77%	2.50%	0.00%	1.23%
2. Podiatry	0.00%	0.00%	0.05%	0.03%	0.09%	0.00%	0.05%	0.10%	0.00%	0.00%	0.05%
3. LARC	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.84%	0.03%
4. High Cost Peds 1/1/17	0.53%	0.27%	0.06%	0.33%	0.00%	0.00%	0.15%	0.00%	0.00%	0.00%	0.11%
5. VBP	0.21%	0.09%	0.12%	0.11%	0.10%	0.09%	0.13%	0.14%	0.13%	0.17%	0.13%
6. Rx RI	0.00%	0.00%	-0.11%	-0.11%	-0.02%	0.00%	-0.40%	-0.01%	0.00%	0.00%	-0.07%
7. AzEIP	0.00%	0.05%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.01%
8. IMD	0.01%	0.04%	0.02%	0.03%	0.01%	0.03%	0.01%	0.01%	0.01%	0.00%	0.02%
9. Other FFS Provider Rate Changes	0.58%	0.81%	0.66%	-0.16%	0.21%	-0.02%	0.06%	0.00%	0.22%	0.10%	0.27%
Misc											
1. Reinsurance Offset Change	0.65%	0.10%	0.02%	0.23%	-0.01%	0.05%	-0.45%	-0.22%	-0.05%	0.00%	-0.05%
2. Other Changes (ie Admin, Risk, Prem Tax)	-0.11%	0.02%	0.06%	-0.05%	0.07%	-0.11%	0.15%	0.18%	0.67%	0.01%	0.16%
Total Percentage Change	-3.44%	0.71%	2.39%	-1.84%	2.57%	-4.43%	7.17%	6.52%	5.12%	1.33%	3.26%

PPC Rate Cells										
	TANF < 1	TANF 1-13	TANF 14-44 F	TANF 14-44 M	TANF 45+	SSIW	SSIWO	Adults <= 106% FPL	Adults > 106% FPL	Total PPC
Trend and Other Adjustments:										
1. Trends	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
2. Experience Adjustments	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Program Changes										
1. Hep C Rx	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
2. Podiatry	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
3. LARC	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
4. High Cost Peds 1/1/17	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
5. VBP	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
6. Rx RI	0.35%	0.94%	0.61%	-0.31%	-0.34%	0.09%	-0.15%	-0.29%	-0.16%	-0.05%
7. AzEIP	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
8. IMD	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
9. Other FFS Provider Rate Changes	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Misc										
1. Reinsurance Offset Change	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
2. Other Changes (ie Admin, Risk, Prem Tax)	0.08%	0.21%	0.12%	-0.05%	-0.05%	0.06%	-0.05%	-0.03%	0.02%	0.01%
Total Percentage Change	0.43%	1.16%	0.73%	-0.36%	-0.40%	0.15%	-0.20%	-0.32%	-0.14%	-0.04%

XVIII. 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 capitation rates were developed using generally accepted actuarial principles and practices and are considered to be actuarially sound. This includes consideration for the VBP initiative; while AHCCCS expects all Contractors to receive some of the contribution back, even if one of the Contractors receives nothing from the VBP contribution pool, the entire pool will be paid out and the capitation rates are still actuarially sound.

The capitation 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 capitation rates are appropriate for the Medicaid populations covered and Medicaid services to be furnished under the contract. The capitation 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 twelve-month period beginning October 1, 2016.

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 capitation rates.

In developing the actuarially sound capitation rates, I have relied upon data and information provided by the Contractors and the AHCCCS internal databases. In addition, I have relied upon the Contractor's auditors and other AHCCCS employees for the accuracy of the data. I have checked the data for consistency and reasonableness to the extent possible and practical.

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 Acute Care 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.

Signature on File

Matthew C. Varitek

08-21-16

Date

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

Appendix I: Proposed Capitation Rates (10/1/16)

		Capitation Rates, Expenditures and Member Months for October 1, 2016 - December 31, 2016						
		Proj Member Months (10/1/16 - 12/31/16)	Weighted CYE 16 (1/1/16) Cap Rate	CYE 16 Projected Expenditures	Weighted CYE 17 (10/1/16 - 12/31/16) Cap Rate	CYE 17 Projected Expenditures	Difference CYE 17 Expenditures and CYE 16 Expenditures	% Increase CYE 17 over CYE 16
TXIX								
	Prospective							
	TANF < 1	150,748	\$ 488.38	\$ 73,623,076	\$ 468.91	\$ 70,687,080	\$ (2,935,996)	-4.0%
	TANF 1-13	1,429,252	\$ 111.33	\$ 159,116,631	\$ 111.81	\$ 159,807,012	\$ 690,381	0.4%
	TANF 14-44F	773,931	\$ 247.31	\$ 191,400,941	\$ 253.06	\$ 195,854,421	\$ 4,453,481	2.3%
	TANF 14-44M	414,264	\$ 155.10	\$ 64,252,695	\$ 151.73	\$ 62,855,164	\$ (1,397,531)	-2.2%
	TANF 45+	153,563	\$ 423.39	\$ 65,016,414	\$ 434.25	\$ 66,683,874	\$ 1,667,460	2.6%
	SSI w/ Medicare	258,793	\$ 165.32	\$ 42,783,376	\$ 157.99	\$ 40,887,264	\$ (1,896,112)	-4.4%
	SSI w/o Medicare	153,094	\$ 863.93	\$ 132,262,364	\$ 924.56	\$ 141,544,474	\$ 9,282,110	7.0%
	Adults <= 106% of FPL	829,222	\$ 437.49	\$ 362,780,162	\$ 466.02	\$ 386,435,407	\$ 23,655,245	6.5%
	Adults > 106% of FPL	241,169	\$ 370.43	\$ 89,335,471	\$ 389.40	\$ 93,911,454	\$ 4,575,984	5.1%
	Delivery Supplemental Payment	8,637	\$ 6,104.30	\$ 52,724,807	\$ 6,185.53	\$ 53,426,396	\$ 701,589	1.3%
	Total Prospective TXIX	4,412,672		\$ 1,233,295,938		\$ 1,272,092,548	\$ 38,796,610	3.1%
	PPC							
	TANF < 1	4,096	\$ 1,006.37	\$ 4,122,191	\$ 1,010.71	\$ 4,139,987	\$ 17,796	0.4%
	TANF 1-13	39,362	\$ 53.49	\$ 2,105,346	\$ 54.11	\$ 2,129,673	\$ 24,327	1.2%
	TANF 14-44F	24,644	\$ 193.74	\$ 4,774,444	\$ 195.15	\$ 4,809,270	\$ 34,826	0.7%
	TANF 14-44M	13,134	\$ 145.58	\$ 1,912,052	\$ 145.05	\$ 1,905,179	\$ (6,874)	-0.4%
	TANF 45+	4,024	\$ 331.43	\$ 1,333,597	\$ 330.12	\$ 1,328,310	\$ (5,287)	-0.4%
	SSI w/ Medicare	4,713	\$ 68.78	\$ 324,193	\$ 68.89	\$ 324,690	\$ 497	0.2%
	SSI w/o Medicare	3,637	\$ 581.03	\$ 2,113,476	\$ 579.87	\$ 2,109,268	\$ (4,208)	-0.2%
	Adults <= 106% of FPL	34,329	\$ 670.21	\$ 23,007,245	\$ 668.07	\$ 22,933,977	\$ (73,269)	-0.3%
	Adults > 106% of FPL	9,984	\$ 331.95	\$ 3,314,176	\$ 331.48	\$ 3,309,476	\$ (4,699)	-0.1%
	Total PPC TXIX	137,923		\$ 43,006,720		\$ 42,989,830	\$ (16,890)	0.0%
	Total Title XIX	4,550,595		\$ 1,276,302,658		\$ 1,315,082,378	\$ 38,779,720	3.0%
TXXI								
	Kidscare <1	130	\$ 488.38	\$ 63,621	\$ 468.91	\$ 61,084	\$ (2,537)	-4.0%
	Kidscare 1-13	32,697	\$ 111.33	\$ 3,640,151	\$ 111.81	\$ 3,655,945	\$ 15,794	0.4%
	Kidscare 14-18 F	18,241	\$ 247.31	\$ 4,511,303	\$ 253.06	\$ 4,616,271	\$ 104,968	2.3%
	Kidscare 14-18 M	21,885	\$ 155.10	\$ 3,394,398	\$ 151.73	\$ 3,320,568	\$ (73,830)	-2.2%
	Total TXXI	72,954		\$ 11,609,473		\$ 11,653,868	\$ 44,395	0.4%
State Only								
	Transplants	16	\$ 16.50	\$ 264	\$ 16.50	\$ 264	\$ -	0.0%
Grand Total Capitation				\$ 1,287,912,395		\$ 1,326,736,510	\$ 38,824,115	3.0%

Appendix I: Proposed Capitation Rates (1/1/17)

		Capitation Rates, Expenditures and Member Months for January 1, 2017 - September 30, 2017						
		Proj Member Months (1/1/17 - 9/30/17)	Weighted CYE 16 (10/1/16) Cap Rate	CYE 16 Projected Expenditures	Weighted CYE 17 (1/1/17 - 9/30/17) Cap Rate	CYE 17 (1/1/17 Cap Rates) Projected Expenditures	Difference CYE 17 (1/1/17) Expenditures and CYE 17 (10/1/16) Expenditures	% Increase CYE 17 (1/1/17) over CYE 17 (10/1/16)
TXIX								
	Prospective							
	TANF < 1	456,776	\$ 468.91	\$ 214,185,998	\$ 472.48	\$ 215,816,754	\$ 1,630,755	0.8%
	TANF 1-13	4,333,697	\$ 111.81	\$ 484,557,806	\$ 112.22	\$ 486,347,591	\$ 1,789,785	0.4%
	TANF 14-44F	2,348,144	\$ 253.06	\$ 594,232,042	\$ 253.26	\$ 594,686,960	\$ 454,917	0.1%
	TANF 14-44M	1,257,750	\$ 151.73	\$ 190,835,281	\$ 152.42	\$ 191,711,151	\$ 875,870	0.5%
	TANF 45+	465,276	\$ 434.25	\$ 202,043,886	\$ 434.25	\$ 202,045,040	\$ 1,154	0.0%
	SSI w/ Medicare	785,915	\$ 157.99	\$ 124,168,334	\$ 157.99	\$ 124,170,427	\$ 2,093	0.0%
	SSI w/o Medicare	464,924	\$ 924.56	\$ 429,848,803	\$ 926.35	\$ 430,682,714	\$ 833,911	0.2%
	Adults <= 106% of FPL	2,512,439	\$ 466.02	\$ 1,170,851,456	\$ 466.02	\$ 1,170,844,825	\$ (6,630)	0.0%
	Adults > 106% of FPL	748,184	\$ 389.40	\$ 291,344,120	\$ 389.40	\$ 291,344,120	\$ -	0.0%
	Delivery Supplemental Payment	24,844	\$ 6,185.53	\$ 153,672,225	\$ 6,185.53	\$ 153,672,225	\$ -	0.0%
	Total Prospective TXIX	13,397,950		\$ 3,855,739,951		\$ 3,861,321,807	\$ 5,581,856	0.1%
	PPC							
	TANF < 1	12,411	\$ 1,010.71	\$ 12,544,210	\$ 1,010.71	\$ 12,544,210	\$ -	0.0%
	TANF 1-13	119,348	\$ 54.11	\$ 6,457,353	\$ 54.11	\$ 6,457,353	\$ -	0.0%
	TANF 14-44F	74,751	\$ 195.15	\$ 14,587,774	\$ 195.15	\$ 14,587,774	\$ -	0.0%
	TANF 14-44M	39,862	\$ 145.05	\$ 5,782,155	\$ 145.05	\$ 5,782,155	\$ -	0.0%
	TANF 45+	12,191	\$ 330.12	\$ 4,024,616	\$ 330.12	\$ 4,024,616	\$ -	0.0%
	SSI w/ Medicare	14,313	\$ 68.89	\$ 986,033	\$ 68.89	\$ 986,033	\$ -	0.0%
	SSI w/o Medicare	11,046	\$ 579.87	\$ 6,405,523	\$ 579.87	\$ 6,405,523	\$ -	0.0%
	Adults <= 106% of FPL	104,011	\$ 668.07	\$ 69,487,111	\$ 668.07	\$ 69,487,111	\$ -	0.0%
	Adults > 106% of FPL	30,974	\$ 331.48	\$ 10,267,080	\$ 331.48	\$ 10,267,080	\$ -	0.0%
	Total PPC TXIX	418,909		\$ 130,541,855		\$ 130,541,855	\$ -	0.0%
	Total Title XIX	13,816,858		\$ 3,986,281,806		\$ 3,991,863,662	\$ 5,581,856	0.1%
TXXI								
	Kidsicare <1	499	\$ 468.91	\$ 233,942	\$ 472.48	\$ 235,723	\$ 1,781	0.8%
	Kidsicare 1-13	125,226	\$ 111.81	\$ 14,001,722	\$ 112.22	\$ 14,053,439	\$ 51,717	0.4%
	Kidsicare 14-18 F	69,862	\$ 253.06	\$ 17,679,628	\$ 253.26	\$ 17,693,163	\$ 13,535	0.1%
	Kidsicare 14-18 M	83,817	\$ 151.73	\$ 12,717,279	\$ 152.42	\$ 12,775,647	\$ 58,368	0.5%
	Total TXXI	279,404		\$ 44,632,571		\$ 44,757,972	\$ 125,401	0.3%
State Only								
	Transplants	16	\$ 16.50	\$ 264	\$ 16.50	\$ 264	\$ -	0.0%
Grand Total Capitation				\$ 4,030,914,641		\$ 4,036,621,898	\$ 5,707,257	0.1%

Appendix I: CYE 17 Full Year Budget Impact (shown for informational purposes only)

		Blended Capitation Rates, Expenditures and Member Months for October 1, 2016 - September 30, 2017						
		CYE 17 Proj Member Months (10/1/16 - 9/30/17)	Weighted CYE 16 (1/1/16) Cap Rate	CYE 16 Projected Expenditures	Weighted CYE 17 (10/1/16 - 9/30/17) Cap Rate	CYE 17 Projected Expenditures	Difference CYE 17 Expenditures and CYE 16 Expenditures	% Increase CYE 17 over CYE 16
TXIX								
	Prospective							
	TANF < 1	607,525	\$ 488.38	\$ 296,705,315	\$ 471.59	\$ 286,503,834	\$ (10,201,481)	-3.4%
	TANF 1-13	5,762,949	\$ 111.33	\$ 641,581,102	\$ 112.12	\$ 646,154,603	\$ 4,573,501	0.7%
	TANF 14-44F	3,122,075	\$ 247.31	\$ 772,120,902	\$ 253.21	\$ 790,541,381	\$ 18,420,479	2.4%
	TANF 14-44M	1,672,014	\$ 155.10	\$ 259,331,035	\$ 152.25	\$ 254,566,315	\$ (4,764,720)	-1.8%
	TANF 45+	618,839	\$ 423.39	\$ 262,008,101	\$ 434.25	\$ 268,728,914	\$ 6,720,812	2.6%
	SSI w/ Medicare	1,044,708	\$ 165.32	\$ 172,709,911	\$ 157.99	\$ 165,057,692	\$ (7,652,219)	-4.4%
	SSI w/o Medicare	618,018	\$ 863.93	\$ 533,922,826	\$ 925.91	\$ 572,227,188	\$ 38,304,362	7.2%
	Adults <= 106% of FPL	3,341,661	\$ 437.49	\$ 1,461,959,155	\$ 466.02	\$ 1,557,280,232	\$ 95,321,077	6.5%
	Adults > 106% of FPL	989,353	\$ 370.43	\$ 366,483,390	\$ 389.40	\$ 385,255,575	\$ 18,772,185	5.1%
	Delivery Supplemental Payment	33,481	\$ 6,104.30	\$ 204,379,027	\$ 6,185.53	\$ 207,098,621	\$ 2,719,594	1.3%
	Total Prospective TXIX	17,810,622		\$ 4,971,200,764		\$ 5,133,414,355	\$ 162,213,591	3.3%
	PPC							
	TANF < 1	16,507	\$ 1,006.37	\$ 16,612,479	\$ 1,010.71	\$ 16,684,197	\$ 71,719	0.4%
	TANF 1-13	158,710	\$ 53.49	\$ 8,488,937	\$ 54.11	\$ 8,587,026	\$ 98,090	1.2%
	TANF 14-44F	99,394	\$ 193.74	\$ 19,256,583	\$ 195.15	\$ 19,397,044	\$ 140,462	0.7%
	TANF 14-44M	52,996	\$ 145.58	\$ 7,715,069	\$ 145.05	\$ 7,687,333	\$ (27,736)	-0.4%
	TANF 45+	16,215	\$ 331.43	\$ 5,374,231	\$ 330.12	\$ 5,352,926	\$ (21,305)	-0.4%
	SSI w/ Medicare	19,027	\$ 68.78	\$ 1,308,717	\$ 68.89	\$ 1,310,723	\$ 2,006	0.2%
	SSI w/o Medicare	14,684	\$ 581.03	\$ 8,531,778	\$ 579.87	\$ 8,514,791	\$ (16,987)	-0.2%
	Adults <= 106% of FPL	138,340	\$ 670.21	\$ 92,716,351	\$ 668.07	\$ 92,421,087	\$ (295,263)	-0.3%
	Adults > 106% of FPL	40,958	\$ 331.95	\$ 13,595,834	\$ 331.48	\$ 13,576,557	\$ (19,278)	-0.1%
	Total PPC TXIX	556,831		\$ 173,599,979		\$ 173,531,686	\$ (68,293)	0.0%
	Total Title XIX	18,367,453		\$ 5,144,800,743		\$ 5,306,946,040	\$ 162,145,298	3.2%
TXXI								
	Kidscore <1	629	\$ 488.38	\$ 307,280	\$ 471.74	\$ 296,807	\$ (10,473)	-3.4%
	Kidscore 1-13	157,923	\$ 111.33	\$ 17,581,384	\$ 112.14	\$ 17,709,384	\$ 128,000	0.7%
	Kidscore 14-18 F	88,104	\$ 247.31	\$ 21,788,919	\$ 253.22	\$ 22,309,434	\$ 520,515	2.4%
	Kidscore 14-18 M	105,702	\$ 155.10	\$ 16,394,435	\$ 152.28	\$ 16,096,215	\$ (298,220)	-1.8%
	Total TXXI	352,358		\$ 56,072,017		\$ 56,411,840	\$ 339,823	0.6%
State Only								
	Transplants	32	\$ 16.50	\$ 528	\$ 16.50	\$ 528	\$ -	0.0%
Grand Total Capitation				\$ 5,200,873,288		\$ 5,363,358,408	\$ 162,485,121	3.1%

Appendix II: Proposed Prospective Capitation Rates (10/1/16-12/31/16)

GSA #2 (Yuma, LaPaz)

	<u>TANF/KC</u> <u><1, M/F</u>	<u>TANF/KC</u> <u>1-13, M/F</u>	<u>TANF/KC</u> <u>14-44, F</u>	<u>TANF/KC</u> <u>14-44, M</u>	<u>TANF</u> <u>45+, M/F</u>	<u>SSI w/</u> <u>Med</u>	<u>SSI w/o</u> <u>Med</u>	<u>Delivery</u> <u>Supp Pmt</u>	<u>Adults</u> <u><= 106%</u>	<u>Adults</u> <u>>106%</u>
UnitedHealthcare Community Plan	\$453.17	\$117.70	\$237.89	\$131.90	\$355.54	\$210.64	\$952.11	\$5,501.04	\$412.55	\$362.41
University Family Care	\$432.35	\$105.41	\$200.41	\$120.11	\$292.22	\$134.14	\$804.42	\$5,453.69	\$410.04	\$362.41

GSA #4 (Apache, Coconino, Mohave, Navajo)

	<u>TANF/KC</u> <u><1, M/F</u>	<u>TANF/KC</u> <u>1-13, M/F</u>	<u>TANF/KC</u> <u>14-44, F</u>	<u>TANF/KC</u> <u>14-44, M</u>	<u>TANF</u> <u>45+, M/F</u>	<u>SSI w/</u> <u>Med</u>	<u>SSI w/o</u> <u>Med</u>	<u>Delivery</u> <u>Supp Pmt</u>	<u>Adults</u> <u><= 106%</u>	<u>Adults</u> <u>>106%</u>
Health Choice Arizona	\$416.65	\$104.98	\$253.76	\$161.08	\$392.31	\$140.80	\$973.29	\$5,770.44	\$438.27	\$402.37
UnitedHealthcare Community Plan	\$410.63	\$104.71	\$248.13	\$156.18	\$395.85	\$146.00	\$852.93	\$5,817.36	\$423.72	\$402.37

GSA #6 (Yavapai)

	<u>TANF/KC</u> <u><1, M/F</u>	<u>TANF/KC</u> <u>1-13, M/F</u>	<u>TANF/KC</u> <u>14-44, F</u>	<u>TANF/KC</u> <u>14-44, M</u>	<u>TANF</u> <u>45+, M/F</u>	<u>SSI w/</u> <u>Med</u>	<u>SSI w/o</u> <u>Med</u>	<u>Delivery</u> <u>Supp Pmt</u>	<u>Adults</u> <u><= 106%</u>	<u>Adults</u> <u>>106%</u>
UnitedHealthcare Community Plan	\$446.75	\$115.80	\$296.66	\$186.40	\$485.48	\$150.59	\$1,115.05	\$6,115.73	\$512.41	\$384.66
University Family Care	\$442.35	\$111.23	\$277.69	\$168.55	\$442.12	\$147.30	\$1,020.67	\$6,062.04	\$498.13	\$384.66

GSA #8 (Gila and Pinal)

	<u>TANF/KC</u> <u><1, M/F</u>	<u>TANF/KC</u> <u>1-13, M/F</u>	<u>TANF/KC</u> <u>14-44, F</u>	<u>TANF/KC</u> <u>14-44, M</u>	<u>TANF</u> <u>45+, M/F</u>	<u>SSI w/</u> <u>Med</u>	<u>SSI w/o</u> <u>Med</u>	<u>Delivery</u> <u>Supp Pmt</u>	<u>Adults</u> <u><= 106%</u>	<u>Adults</u> <u>>106%</u>
Health Choice Arizona	\$459.60	\$111.09	\$249.76	\$148.49	\$428.90	\$168.73	\$841.27	\$5,364.20	\$458.64	\$396.27
University Family Care	\$494.85	\$110.54	\$243.80	\$144.70	\$467.12	\$158.44	\$844.53	\$5,475.30	\$461.31	\$396.27

GSA #10 (Pima and Santa Cruz)

	<u>TANF/KC</u> <u><1, M/F</u>	<u>TANF/KC</u> <u>1-13, M/F</u>	<u>TANF/KC</u> <u>14-44, F</u>	<u>TANF/KC</u> <u>14-44, M</u>	<u>TANF</u> <u>45+, M/F</u>	<u>SSI w/</u> <u>Med</u>	<u>SSI w/o</u> <u>Med</u>	<u>Delivery</u> <u>Supp Pmt</u>	<u>Adults</u> <u><= 106%</u>	<u>Adults</u> <u>>106%</u>
UnitedHealthcare Community Plan	\$478.33	\$110.64	\$261.57	\$147.43	\$428.34	\$151.90	\$973.46	\$6,100.23	\$423.40	\$358.54
University Family Care	\$516.13	\$106.40	\$232.40	\$139.46	\$405.42	\$125.34	\$962.16	\$6,047.03	\$414.36	\$358.54

GSA #10 (Pima Only)

	<u>TANF/KC</u> <u><1, M/F</u>	<u>TANF/KC</u> <u>1-13, M/F</u>	<u>TANF/KC</u> <u>14-44, F</u>	<u>TANF/KC</u> <u>14-44, M</u>	<u>TANF</u> <u>45+, M/F</u>	<u>SSI w/</u> <u>Med</u>	<u>SSI w/o</u> <u>Med</u>	<u>Delivery</u> <u>Supp Pmt</u>	<u>Adults</u> <u><= 106%</u>	<u>Adults</u> <u>>106%</u>
Health Choice Arizona	\$429.30	\$102.93	\$238.48	\$138.88	\$391.92	\$125.86	\$807.37	\$6,092.10	\$401.10	\$360.88
Care 1st Health Plan Arizona, Inc.	\$484.12	\$103.43	\$239.15	\$134.00	\$400.01	\$129.93	\$868.83	\$6,257.50	\$432.58	\$360.88
Mercy Care Plan	\$497.84	\$109.55	\$256.08	\$159.12	\$468.75	\$173.07	\$948.05	\$6,209.65	\$455.60	\$360.88

GSA #12 (Maricopa)

	<u>TANF/KC</u> <u><1, M/F</u>	<u>TANF/KC</u> <u>1-13, M/F</u>	<u>TANF/KC</u> <u>14-44, F</u>	<u>TANF/KC</u> <u>14-44, M</u>	<u>TANF</u> <u>45+, M/F</u>	<u>SSI w/</u> <u>Med</u>	<u>SSI w/o</u> <u>Med</u>	<u>Delivery</u> <u>Supp Pmt</u>	<u>Adults</u> <u><= 106%</u>	<u>Adults</u> <u>>106%</u>
Care 1st Health Plan Arizona, Inc.	\$452.35	\$106.46	\$231.52	\$138.69	\$392.69	\$116.19	\$788.73	\$6,376.64	\$465.82	\$400.12
Health Choice Arizona	\$458.55	\$108.85	\$241.38	\$138.29	\$423.81	\$133.02	\$861.76	\$6,334.59	\$461.54	\$400.73
Health Net of Arizona, Inc.	\$464.97	\$104.70	\$227.24	\$137.05	\$455.49	\$122.42	\$677.08	\$6,366.70	\$462.79	\$400.54
Maricopa Health Plan	\$503.17	\$115.22	\$236.48	\$143.85	\$402.90	\$132.06	\$837.64	\$6,295.68	\$473.57	\$406.49
Mercy Care Plan	\$484.63	\$115.80	\$266.13	\$165.11	\$483.94	\$184.77	\$1,001.78	\$6,425.30	\$524.57	\$399.72
Phoenix Health Plan	\$456.79	\$111.06	\$244.69	\$144.28	\$420.11	\$146.66	\$869.48	\$6,295.68	\$458.70	\$400.72
UnitedHealthcare Community Plan	\$464.87	\$115.09	\$269.87	\$157.76	\$470.79	\$167.65	\$981.21	\$6,351.26	\$490.35	\$399.95

GSA #14 (Graham, Greenlee, Cochise)

	<u>TANF/KC</u> <u><1, M/F</u>	<u>TANF/KC</u> <u>1-13, M/F</u>	<u>TANF/KC</u> <u>14-44, F</u>	<u>TANF/KC</u> <u>14-44, M</u>	<u>TANF</u> <u>45+, M/F</u>	<u>SSI w/</u> <u>Med</u>	<u>SSI w/o</u> <u>Med</u>	<u>Delivery</u> <u>Supp Pmt</u>	<u>Adults</u> <u><= 106%</u>	<u>Adults</u> <u>>106%</u>
UnitedHealthcare Community Plan	\$460.08	\$120.30	\$263.28	\$166.15	\$440.47	\$192.34	\$1,073.41	\$5,866.37	\$448.81	\$378.74
University Family Care	\$462.79	\$118.48	\$255.04	\$161.29	\$420.17	\$166.59	\$954.50	\$5,814.86	\$434.05	\$378.74

Appendix II: Proposed Prospective Capitation Rates (1/1/17-9/30/17)

GSA #2 (Yuma, LaPaz)

	<u>TANF/KC</u> <u><1, M/F</u>	<u>TANF/KC</u> <u>1-13, M/F</u>	<u>TANF/KC</u> <u>14-44, F</u>	<u>TANF/KC</u> <u>14-44, M</u>	<u>TANF</u> <u>45+, M/F</u>	<u>SSI w/</u> <u>Med</u>	<u>SSI w/o</u> <u>Med</u>	<u>Delivery</u> <u>Supp Pmt</u>	<u>Adults</u> <u><= 106%</u>	<u>Adults</u> <u>>106%</u>
UnitedHealthcare Community Plan	\$454.85	\$118.00	\$237.99	\$132.15	\$355.54	\$210.50	\$952.11	\$5,501.04	\$412.55	\$362.41
University Family Care	\$433.95	\$105.67	\$200.49	\$120.33	\$292.22	\$134.05	\$804.42	\$5,453.69	\$410.04	\$362.41

GSA #4 (Apache, Coconino, Mohave, Navajo)

	<u>TANF/KC</u> <u><1, M/F</u>	<u>TANF/KC</u> <u>1-13, M/F</u>	<u>TANF/KC</u> <u>14-44, F</u>	<u>TANF/KC</u> <u>14-44, M</u>	<u>TANF</u> <u>45+, M/F</u>	<u>SSI w/</u> <u>Med</u>	<u>SSI w/o</u> <u>Med</u>	<u>Delivery</u> <u>Supp Pmt</u>	<u>Adults</u> <u><= 106%</u>	<u>Adults</u> <u>>106%</u>
Health Choice Arizona	\$421.58	\$105.24	\$254.29	\$161.58	\$392.31	\$140.79	\$973.70	\$5,770.44	\$438.27	\$402.37
UnitedHealthcare Community Plan	\$415.42	\$104.97	\$248.64	\$156.65	\$395.85	\$145.99	\$853.28	\$5,817.36	\$423.72	\$402.37

GSA #6 (Yavapai)

	<u>TANF/KC</u> <u><1, M/F</u>	<u>TANF/KC</u> <u>1-13, M/F</u>	<u>TANF/KC</u> <u>14-44, F</u>	<u>TANF/KC</u> <u>14-44, M</u>	<u>TANF</u> <u>45+, M/F</u>	<u>SSI w/</u> <u>Med</u>	<u>SSI w/o</u> <u>Med</u>	<u>Delivery</u> <u>Supp Pmt</u>	<u>Adults</u> <u><= 106%</u>	<u>Adults</u> <u>>106%</u>
UnitedHealthcare Community Plan	\$451.52	\$116.44	\$296.75	\$186.48	\$485.48	\$150.58	\$1,116.33	\$6,115.73	\$512.41	\$384.66
University Family Care	\$447.13	\$111.84	\$277.77	\$168.62	\$442.12	\$147.30	\$1,021.85	\$6,062.04	\$498.13	\$384.66

GSA #8 (Gila and Pinal)

	<u>TANF/KC</u> <u><1, M/F</u>	<u>TANF/KC</u> <u>1-13, M/F</u>	<u>TANF/KC</u> <u>14-44, F</u>	<u>TANF/KC</u> <u>14-44, M</u>	<u>TANF</u> <u>45+, M/F</u>	<u>SSI w/</u> <u>Med</u>	<u>SSI w/o</u> <u>Med</u>	<u>Delivery</u> <u>Supp Pmt</u>	<u>Adults</u> <u><= 106%</u>	<u>Adults</u> <u>>106%</u>
Health Choice Arizona	\$464.84	\$111.26	\$249.88	\$149.12	\$428.90	\$168.73	\$841.61	\$5,364.20	\$458.64	\$396.27
University Family Care	\$500.27	\$110.70	\$243.91	\$145.31	\$467.11	\$158.44	\$844.86	\$5,475.30	\$461.32	\$396.27

GSA #10 (Pima and Santa Cruz)

	<u>TANF/KC</u> <u><1, M/F</u>	<u>TANF/KC</u> <u>1-13, M/F</u>	<u>TANF/KC</u> <u>14-44, F</u>	<u>TANF/KC</u> <u>14-44, M</u>	<u>TANF</u> <u>45+, M/F</u>	<u>SSI w/</u> <u>Med</u>	<u>SSI w/o</u> <u>Med</u>	<u>Delivery</u> <u>Supp Pmt</u>	<u>Adults</u> <u><= 106%</u>	<u>Adults</u> <u>>106%</u>
UnitedHealthcare Community Plan	\$480.14	\$110.94	\$261.79	\$147.79	\$428.35	\$151.94	\$974.45	\$6,100.23	\$423.40	\$358.54
University Family Care	\$518.11	\$106.69	\$232.59	\$139.80	\$405.42	\$125.37	\$963.15	\$6,047.03	\$414.36	\$358.54

GSA #10 (Pima Only)

	<u>TANF/KC</u> <u><1, M/F</u>	<u>TANF/KC</u> <u>1-13, M/F</u>	<u>TANF/KC</u> <u>14-44, F</u>	<u>TANF/KC</u> <u>14-44, M</u>	<u>TANF</u> <u>45+, M/F</u>	<u>SSI w/</u> <u>Med</u>	<u>SSI w/o</u> <u>Med</u>	<u>Delivery</u> <u>Supp Pmt</u>	<u>Adults</u> <u><= 106%</u>	<u>Adults</u> <u>>106%</u>
Health Choice Arizona	\$430.93	\$103.21	\$238.67	\$139.21	\$391.92	\$125.89	\$808.21	\$6,092.10	\$401.09	\$360.88
Care 1st Health Plan Arizona, Inc.	\$485.89	\$103.70	\$239.34	\$134.32	\$400.01	\$129.96	\$869.70	\$6,257.50	\$432.57	\$360.88
Mercy Care Plan	\$499.66	\$109.84	\$256.28	\$159.50	\$468.75	\$173.11	\$949.03	\$6,209.65	\$455.60	\$360.88

GSA #12 (Maricopa)

	<u>TANF/KC</u> <u><1, M/F</u>	<u>TANF/KC</u> <u>1-13, M/F</u>	<u>TANF/KC</u> <u>14-44, F</u>	<u>TANF/KC</u> <u>14-44, M</u>	<u>TANF</u> <u>45+, M/F</u>	<u>SSI w/</u> <u>Med</u>	<u>SSI w/o</u> <u>Med</u>	<u>Delivery</u> <u>Supp Pmt</u>	<u>Adults</u> <u><= 106%</u>	<u>Adults</u> <u>>106%</u>
Care 1st Health Plan Arizona, Inc.	\$455.84	\$106.91	\$231.68	\$139.53	\$392.69	\$116.20	\$790.93	\$6,376.64	\$465.81	\$400.12
Health Choice Arizona	\$462.17	\$109.32	\$241.54	\$139.13	\$423.82	\$133.03	\$864.19	\$6,334.59	\$461.54	\$400.73
Health Net of Arizona, Inc.	\$468.62	\$105.14	\$227.39	\$137.87	\$455.49	\$122.44	\$678.96	\$6,366.70	\$462.79	\$400.54
Maricopa Health Plan	\$506.88	\$115.68	\$236.64	\$144.70	\$402.90	\$132.08	\$839.99	\$6,295.68	\$473.56	\$406.49
Mercy Care Plan	\$488.33	\$116.29	\$266.32	\$166.11	\$483.94	\$184.79	\$1,004.60	\$6,425.30	\$524.57	\$399.72
Phoenix Health Plan	\$460.39	\$111.53	\$244.86	\$145.17	\$420.11	\$146.67	\$871.95	\$6,295.68	\$458.70	\$400.72
UnitedHealthcare Community Plan	\$468.56	\$115.59	\$270.06	\$158.73	\$470.79	\$167.67	\$984.00	\$6,351.26	\$490.35	\$399.95

GSA #14 (Graham, Greenlee, Cochise)

	<u>TANF/KC</u> <u><1, M/F</u>	<u>TANF/KC</u> <u>1-13, M/F</u>	<u>TANF/KC</u> <u>14-44, F</u>	<u>TANF/KC</u> <u>14-44, M</u>	<u>TANF</u> <u>45+, M/F</u>	<u>SSI w/</u> <u>Med</u>	<u>SSI w/o</u> <u>Med</u>	<u>Delivery</u> <u>Supp Pmt</u>	<u>Adults</u> <u><= 106%</u>	<u>Adults</u> <u>>106%</u>
UnitedHealthcare Community Plan	\$467.65	\$120.63	\$263.42	\$166.32	\$440.47	\$192.29	\$1,073.56	\$5,866.37	\$448.81	\$378.74
University Family Care	\$470.48	\$118.80	\$255.18	\$161.46	\$420.17	\$166.54	\$954.63	\$5,814.86	\$434.05	\$378.74

Appendix II: Proposed PPC Capitation Rates (10/1/16-09/30/17)

GSA #2 (Yuma, LaPaz)									
	<u>TANF <1, M/F</u>	<u>TANF 1-13, M/F</u>	<u>TANF 14- 44, F</u>	<u>TANF 14- 44, M</u>	<u>TANF 45+, M/F</u>	<u>SSI w/ Med</u>	<u>SSI w/o Med</u>	<u>Adults <= 106%</u>	<u>Adults >106%</u>
UnitedHealthcare Community Plan	\$1,077.16	\$60.73	\$189.97	\$158.85	\$243.83	\$119.79	\$651.42	\$602.84	\$286.54
University Family Care	\$1,077.16	\$60.73	\$189.97	\$158.85	\$243.83	\$119.79	\$651.42	\$602.84	\$286.54
GSA #4 (Apache, Coconino, Mohave, Navajo)									
	<u>TANF <1, M/F</u>	<u>TANF 1-13, M/F</u>	<u>TANF 14- 44, F</u>	<u>TANF 14- 44, M</u>	<u>TANF 45+, M/F</u>	<u>SSI w/ Med</u>	<u>SSI w/o Med</u>	<u>Adults <= 106%</u>	<u>Adults >106%</u>
Health Choice Arizona	\$975.23	\$54.23	\$222.61	\$170.71	\$407.67	\$61.07	\$546.04	\$830.06	\$395.83
UnitedHealthcare Community Plan	\$975.23	\$54.23	\$222.61	\$170.71	\$407.67	\$61.07	\$546.04	\$830.06	\$395.83
GSA #6 (Yavapai)									
	<u>TANF <1, M/F</u>	<u>TANF 1-13, M/F</u>	<u>TANF 14- 44, F</u>	<u>TANF 14- 44, M</u>	<u>TANF 45+, M/F</u>	<u>SSI w/ Med</u>	<u>SSI w/o Med</u>	<u>Adults <= 106%</u>	<u>Adults >106%</u>
UnitedHealthcare Community Plan	\$711.16	\$64.55	\$191.12	\$142.71	\$264.04	\$49.93	\$528.37	\$739.39	\$380.13
University Family Care	\$711.16	\$64.55	\$191.12	\$142.71	\$264.04	\$49.93	\$528.37	\$739.39	\$380.13
GSA #8 (Gila and Pinal)									
	<u>TANF <1, M/F</u>	<u>TANF 1-13, M/F</u>	<u>TANF 14- 44, F</u>	<u>TANF 14- 44, M</u>	<u>TANF 45+, M/F</u>	<u>SSI w/ Med</u>	<u>SSI w/o Med</u>	<u>Adults <= 106%</u>	<u>Adults >106%</u>
Health Choice Arizona	\$707.36	\$55.61	\$177.22	\$131.67	\$321.28	\$57.23	\$480.54	\$706.53	\$331.89
University Family Care	\$707.36	\$55.61	\$177.22	\$131.67	\$321.28	\$57.23	\$480.54	\$706.53	\$331.89
GSA #10 (Pima and Santa Cruz)									
	<u>TANF <1, M/F</u>	<u>TANF 1-13, M/F</u>	<u>TANF 14- 44, F</u>	<u>TANF 14- 44, M</u>	<u>TANF 45+, M/F</u>	<u>SSI w/ Med</u>	<u>SSI w/o Med</u>	<u>Adults <= 106%</u>	<u>Adults >106%</u>
UnitedHealthcare Community Plan	\$1,096.50	\$44.13	\$188.64	\$125.44	\$248.54	\$55.07	\$480.16	\$554.15	\$278.82
University Family Care	\$1,096.50	\$44.13	\$188.64	\$125.44	\$248.54	\$55.07	\$480.16	\$554.15	\$278.82
GSA #10 (Pima Only)									
	<u>TANF <1, M/F</u>	<u>TANF 1-13, M/F</u>	<u>TANF 14- 44, F</u>	<u>TANF 14- 44, M</u>	<u>TANF 45+, M/F</u>	<u>SSI w/ Med</u>	<u>SSI w/o Med</u>	<u>Adults <= 106%</u>	<u>Adults >106%</u>
Health Choice Arizona	\$1,092.25	\$43.74	\$190.44	\$126.66	\$252.87	\$56.48	\$480.12	\$558.55	\$281.33
Care 1st Health Plan Arizona, Inc.	\$1,092.25	\$43.74	\$190.44	\$126.66	\$252.87	\$56.48	\$480.12	\$558.55	\$281.33
Mercy Care Plan	\$1,092.25	\$43.74	\$190.44	\$126.66	\$252.87	\$56.48	\$480.12	\$558.55	\$281.33
GSA #12 (Maricopa)									
	<u>TANF <1, M/F</u>	<u>TANF 1-13, M/F</u>	<u>TANF 14- 44, F</u>	<u>TANF 14- 44, M</u>	<u>TANF 45+, M/F</u>	<u>SSI w/ Med</u>	<u>SSI w/o Med</u>	<u>Adults <= 106%</u>	<u>Adults >106%</u>
Care 1st Health Plan Arizona, Inc.	\$1,022.50	\$55.11	\$196.04	\$145.84	\$356.78	\$70.82	\$616.35	\$674.59	\$341.73
Health Choice Arizona	\$1,022.50	\$55.11	\$196.04	\$145.84	\$356.78	\$70.82	\$616.35	\$674.59	\$341.73
Health Net of Arizona, Inc.	\$1,022.50	\$55.11	\$196.04	\$145.84	\$356.78	\$70.82	\$616.35	\$674.59	\$341.73
Maricopa Health Plan	\$1,022.50	\$55.11	\$196.04	\$145.84	\$356.78	\$70.82	\$616.35	\$674.59	\$341.73
Mercy Care Plan	\$1,022.50	\$55.11	\$196.04	\$145.84	\$356.78	\$70.82	\$616.35	\$674.59	\$341.73
Phoenix Health Plan	\$1,022.50	\$55.11	\$196.04	\$145.84	\$356.78	\$70.82	\$616.35	\$674.59	\$341.73
UnitedHealthcare Community Plan	\$1,022.50	\$55.11	\$196.04	\$145.84	\$356.78	\$70.82	\$616.35	\$674.59	\$341.73
GSA #14 (Graham, Greenlee, Cochise)									
	<u>TANF <1, M/F</u>	<u>TANF 1-13, M/F</u>	<u>TANF 14- 44, F</u>	<u>TANF 14- 44, M</u>	<u>TANF 45+, M/F</u>	<u>SSI w/ Med</u>	<u>SSI w/o Med</u>	<u>Adults <= 106%</u>	<u>Adults >106%</u>
UnitedHealthcare Community Plan	\$1,107.13	\$56.73	\$179.55	\$159.65	\$230.01	\$71.66	\$545.25	\$698.58	\$264.48
University Family Care	\$1,107.13	\$56.73	\$179.55	\$159.65	\$230.01	\$71.66	\$545.25	\$698.58	\$264.48