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January 16, 2012

Dr. David Palmer
Chief Actuary
Health and Human Services Commission
1100 W. 49th Street
Austin, Texas 78756

Re: CHIP Rate Amendment

Dear Dr. Palmer:

This letter amends the report titled State of Texas Children's Health Insurance Program CHIP Program Rate Setting State Fiscal Year 2012 and dated July 1, 2011. The amended FY2012 capitation rates were developed using identical methods and assumptions as the rates described in that report. The amended rates are assumed to be payable for the period March 1, 2012 through August 31, 2012. The reasons for these revisions are included below:

1. Reprocurement

HHSC recently completed a reprocurement for all managed care services across the state of Texas. New managed care organizations will enter the program while other managed care organizations will exit the program effective March 1, 2012. Any new managed care organization will received the community rate for the area in which they operate.

2. Reimbursement Revisions

HHSC has made further revisions to Medicaid provider reimbursement effective March 1, 2012. Provider reimbursement will be adjusted for the following services: (i) non emergent services provided in an emergency room, (ii) therapy services and (iii) durable medical equipment. These changes in provider reimbursement will impact the capitation rates currently in effect for FY2012. Attachment 4 (revised) exhibits F, G and H and Attachment 7 – Exhibit C (revised) present the revised provider reimbursement factors used in developing the amended capitation rates for the CHIP and CHIP Perinatal programs.

3. Cost Share Changes

HHSC will be increasing the cost share requirements effective March 1, 2012 resulting in a corresponding reduction in medical expense. This shift of cost toward the CHIP members reduces the capitation rates currently in effect for FY2012. Attachment 4 (revised) exhibit I presents the revised adjustment factors used in developing the amended capitation rates.

4. Jefferson Service Delivery Area

Effective March 1, 2012 the Harris and Jefferson service delivery areas (SDA) will be considered separate SDAs. Previously the two SDAs were combined for rating purposes. The relative cost differences between the two areas was developed based on an analysis of the cost differences between expansion children and federal mandate children in the STAR program. During FY2009 and FY2010 the Jefferson SDA average cost was approximately 91% of the Harris SDA average cost for these risk groups. Exhibit B presents the development of the rates separately for the Harris and Jefferson SDAs.

5. Carve-in of Prescription Drug Benefit

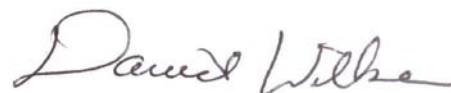
Prior to March 1, 2012 the prescription drug benefit for CHIP members was carved out of the CHIP program and paid by the vendor drug program. Effective March 1, 2012 prescription drugs will be carved into the CHIP program and paid by the managed care organizations. A description of the method used to develop the rates associated with prescription drugs and the respective rates can be found in the report titled State of Texas Medicaid Managed Care Pharmacy Carve-in March 1, 2012 and dated January 16, 2012.

6. Dental Benefit Changes

Prior to March 1, 2012 the dental benefit operated under three tiers with varying maximum benefit levels. Effective March 1, 2012 a single maximum of \$564 will apply to all members. All preventative services will be excluded from the benefit maximum and benefits beyond the \$564 maximum will be subject to prior authorization. In addition, seventeen new procedure codes will be covered under the CHIP dental program. Based on an analysis of claims data through August 2011 the FY2011 trend assumption has been updated to 7.7%. Due to the seasonal nature of dental claims and the effective period of March 1, 2012 through August 31, 2012 corresponding with the highest cost period of the year the rates have been seasonally adjusted. The impact of these changes and the revised rate development of the CHIP Dental capitation rates is presented in Attachment 8 – Exhibit A (revised).

The attached Exhibit A presents the amended FY2012 CHIP, CHIP Perinatal and CHIP Dental capitation rates.

Sincerely,



David Wilkes

FY2012 CHIP Capitation Rates - Amended
Adjusted Per Member Per Month Rates
Effective March 1, 2012

Health Plan	Under Age 1	Ages 1-5	Ages 6-14	Ages 15-18	DSP
Aetna - Bexar	\$ 81.30	\$ 101.21	\$ 54.16	\$ 71.53	\$ 3,100.00
Amerigroup - Bexar	83.50	103.53	69.67	88.34	3,100.00
CFHP - Bexar	83.91	100.90	72.99	92.52	3,100.00
Superior - Bexar	78.16	103.47	66.19	83.32	3,100.00
Amerigroup - Dallas	215.22	109.54	78.27	105.97	3,100.00
Molina - Dallas	215.22	114.52	80.31	107.45	3,100.00
Parkland - Dallas	215.30	119.76	83.37	110.10	3,100.00
El Paso First - El Paso	126.00	83.16	65.33	78.47	3,100.00
Superior - El Paso	126.00	89.50	66.36	73.37	3,100.00
Amerigroup - Harris	236.27	101.81	74.06	108.30	3,100.00
CHC - Harris	251.52	108.05	70.69	95.71	3,100.00
Molina - Harris	234.03	112.21	69.54	87.11	3,100.00
TCHP - Harris	251.95	124.57	94.68	132.47	3,100.00
UHC - Harris	230.08	113.42	71.59	112.78	3,100.00
Amerigroup - Jefferson	215.01	92.65	67.39	98.55	3,100.00
CHC - Jefferson	228.88	98.33	64.33	87.10	3,100.00
Molina - Jefferson	212.97	102.11	63.28	79.27	3,100.00
TCHP - Jefferson	229.27	113.36	86.16	120.55	3,100.00
UHC - Jefferson	209.37	103.21	65.15	102.63	3,100.00
Firstcare - Lubbock	105.86	97.35	67.49	97.06	3,100.00
Superior - Lubbock	103.11	100.52	58.97	94.35	3,100.00
Christus - Nueces	171.01	122.94	85.03	124.69	3,100.00
Driscoll - Nueces	175.80	124.09	89.47	129.66	3,100.00
Superior - Nueces	161.25	126.77	66.73	90.41	3,100.00
Aetna - Tarrant	127.91	76.15	60.63	84.79	3,100.00
Amerigroup - Tarrant	126.95	103.28	69.49	89.05	3,100.00
Cook - Tarrant	133.78	101.47	85.56	104.47	3,100.00
BCBS - Travis	111.58	93.87	71.25	101.26	3,100.00
Sendero - Travis	111.58	93.87	71.25	101.26	3,100.00
Seton - Travis	118.45	93.83	76.62	109.51	3,100.00
Superior - Travis	107.99	98.55	67.24	93.23	3,100.00
Molina - RSA	145.58	98.57	72.18	85.65	3,100.00
Superior - RSA	145.58	98.57	72.18	85.65	3,100.00

FY2012 CHIP Perinate Capitation Rates - Amended
Adjusted Per Member Per Month Rates
Effective March 1, 2012

Health Plan	Newborn		Perinate		DSP
	Under 185% FPL	185-200% FPL	Under 185% FPL	185-200% FPL	
Aetna - Bexar	\$ 180.05	\$ 674.81	\$ 391.40	\$ 350.39	\$ 3,100.00
Amerigroup - Bexar	180.05	674.81	391.40	350.39	3,100.00
CFHP - Bexar	180.05	674.81	391.40	350.39	3,100.00
Superior - Bexar	180.05	674.81	391.40	350.39	3,100.00
Amerigroup - Dallas	327.49	674.81	404.33	350.39	3,100.00
Molina - Dallas	327.49	674.81	404.33	350.39	3,100.00
Parkland - Dallas	327.49	674.81	404.33	350.39	3,100.00
El Paso First - El Paso	213.75	674.81	355.67	350.39	3,100.00
Superior - El Paso	213.75	674.81	355.67	350.39	3,100.00
Amerigroup - Harris	335.03	674.81	633.97	350.39	3,100.00
CHC - Harris	335.03	674.81	633.97	350.39	3,100.00
Molina - Harris	335.03	674.81	633.97	350.39	3,100.00
TCHP - Harris	335.03	674.81	633.97	350.39	3,100.00
UHC - Harris	335.03	674.81	633.97	350.39	3,100.00
Amerigroup - Jefferson	335.03	674.81	633.97	350.39	3,100.00
CHC - Jefferson	335.03	674.81	633.97	350.39	3,100.00
Molina - Jefferson	335.03	674.81	633.97	350.39	3,100.00
TCHP - Jefferson	335.03	674.81	633.97	350.39	3,100.00
UHC - Jefferson	335.03	674.81	633.97	350.39	3,100.00
Firstcare - Lubbock	293.93	674.81	358.27	350.39	3,100.00
Superior - Lubbock	293.93	674.81	358.27	350.39	3,100.00
Christus - Nueces	321.96	674.81	380.28	350.39	3,100.00
Driscoll - Nueces	321.96	674.81	380.28	350.39	3,100.00
Superior - Nueces	321.96	674.81	380.28	350.39	3,100.00
Aetna - Tarrant	275.32	674.81	412.02	350.39	3,100.00
Amerigroup - Tarrant	275.32	674.81	412.02	350.39	3,100.00
Cook - Tarrant	275.32	674.81	412.02	350.39	3,100.00
BCBS - Travis	232.46	674.81	331.52	350.39	3,100.00
Sendero - Travis	232.46	674.81	331.52	350.39	3,100.00
Seton - Travis	232.46	674.81	331.52	350.39	3,100.00
Superior - Travis	232.46	674.81	331.52	350.39	3,100.00
Molina - RSA	304.18	674.81	380.81	350.39	3,100.00
Superior - RSA	304.18	674.81	380.81	350.39	3,100.00

FY2012 CHIP Dental Capitation Rates - Amended
Adjusted Per Member Per Month Rates
Effective March 1, 2012

	<u>Under Age 1</u>	<u>Ages 1-5</u>	<u>Ages 6-14</u>	<u>Ages 15-18</u>
CHIP Dental	\$ 1.27	\$ 16.68	\$ 26.47	\$ 22.01

FY2012 CHIP Rating
Jefferson SDA Adjustment Factor

Jefferson Adjustment Factor 91%

	Harris SDA				Jefferson SDA				Harris SDA Total (including Jefferson SDA counties)			
	<1	1-5	6-14	15-18	<1	1-5	6-14	15-18	<1	1-5	6-14	15-18
FY2011 Member Months												
Amerigroup - Houston	197	30,925	120,620	47,456	-	-	-	-	197	30,925	120,620	47,456
CHC - Houston	1,522	76,333	213,603	68,621	75	3,816	8,604	2,776	1,597	80,149	222,207	71,397
Molina - Houston	44	3,671	15,447	7,111	-	-	-	-	44	3,671	15,447	7,111
TCHP - Houston	2,429	163,396	556,494	183,356	171	14,626	50,224	18,114	2,600	178,022	606,718	201,470
UHC - Houston	392	19,607	101,450	48,863	87	7,221	27,441	11,711	479	26,828	128,891	60,574

FY2012 Rates	Harris				Jefferson				Total			
Amerigroup - Houston	236.27	101.81	74.06	108.30	215.01	92.65	67.39	98.55	236.27	101.81	74.06	108.30
CHC - Houston	251.52	108.05	70.69	95.71	228.88	98.33	64.33	87.10	250.46	107.59	70.44	95.38
Molina - Houston	234.03	112.21	69.54	87.11	212.97	102.11	63.28	79.27	234.03	112.21	69.54	87.11
TCHP - Houston	251.95	124.57	94.68	132.47	229.27	113.36	86.16	120.55	250.46	123.65	93.97	131.40
UHC - Houston	230.08	113.42	71.59	112.78	209.37	103.21	65.15	102.63	226.32	110.67	70.22	110.82

FY2012 CHIP Rating
 Provider Reimbursement Adjustments
 Non Emergent Emergency Room Reimbursement Change Adjustments

	Age Group				Total
	< 1	1-5	6-14	15-18	
Provider Reimbursement Reduction (1)					
Austin	-258	-9,838	-20,553	-11,220	-41,870
Corpus Christi	-135	-10,205	-26,424	-16,727	-53,491
Dallas	-1,304	-38,385	-89,893	-40,718	-170,300
El Paso	-48	-2,438	-7,853	-4,230	-14,569
Fort Worth	-442	-14,235	-34,391	-14,156	-63,224
Houston	-5,863	-150,015	-357,812	-182,764	-696,454
Lubbock	0	0	0	0	0
San Antonio	-761	-76,257	-188,367	-93,547	-358,931
RSA	-1,255	-66,123	-180,369	-86,496	-334,243
Total	-10,067	-367,497	-905,661	-449,858	-1,733,083
FY2010 Total Incurred Claims (2)					
Austin	93,269	3,550,603	7,418,247	4,049,680	15,111,799
Corpus Christi	31,664	2,392,005	6,193,461	3,920,569	12,537,700
Dallas	484,639	14,261,250	33,397,941	15,128,088	63,271,918
El Paso	45,561	2,328,628	7,499,635	4,039,264	13,913,088
Fort Worth	278,053	8,945,310	21,610,930	8,895,306	39,729,599
Houston	1,180,793	30,210,824	72,057,806	36,805,838	140,255,261
Lubbock	27,534	1,905,377	3,721,051	2,114,499	7,768,462
San Antonio	65,509	6,568,288	16,224,710	8,057,563	30,916,070
RSA	347,361	18,297,829	49,912,502	23,935,544	92,493,236
Total	2,554,384	88,460,113	218,036,282	106,946,353	415,997,132
Adjustment Factor (3)					
Austin	-0.14 %	-0.14 %	-0.14 %	-0.14 %	-0.14 %
Corpus Christi	-0.21 %	-0.21 %	-0.21 %	-0.21 %	-0.21 %
Dallas	-0.13 %	-0.13 %	-0.13 %	-0.13 %	-0.13 %
El Paso	-0.05 %	-0.05 %	-0.05 %	-0.05 %	-0.05 %
Fort Worth	-0.08 %	-0.08 %	-0.08 %	-0.08 %	-0.08 %
Houston	-0.25 %	-0.25 %	-0.25 %	-0.25 %	-0.25 %
Lubbock	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
San Antonio	-0.58 %	-0.58 %	-0.58 %	-0.58 %	-0.58 %
RSA	-0.18 %	-0.18 %	-0.18 %	-0.18 %	-0.18 %
Total	-0.20 %	-0.21 %	-0.21 %	-0.21 %	-0.21 %

Footnotes:

- (1) Equals the cost reduction resulting from application of the 40% reduction to non-emergent ER to FY2010 health plan claims.
- (2) Equals FY2010 health plan fee-for-service claims for all services (ICHP provided encounter data).
- (3) Additional cost divided by FY2010 Total Incurred Claims. Implementation of March 1, 2012.

FY2012 CHIP Rating
 Provider Reimbursement Adjustments
 Therapy Reimbursement Change Adjustments

	Age Group				Total
	< 1	1-5	6-14	15-18	
Provider Reimbursement Reduction (1)					
Austin	-6	-2,246	-1,838	-484	-4,574
Corpus Christi	0	-2,365	-792	-271	-3,429
Dallas	-30	-10,099	-8,583	-581	-19,293
El Paso	-3	-10,263	-17,254	-4,311	-31,831
Fort Worth	-47	-15,263	-13,129	-235	-28,675
Houston	-186	-59,165	-56,965	-2,967	-119,283
Lubbock	0	-6,568	-6,111	-1,050	-13,730
San Antonio	0	-6,772	-3,120	-331	-10,223
RSA	-426	-93,394	-107,681	-15,309	-216,811
Total	-698	-206,137	-215,474	-25,541	-447,849
FY2010 Total Incurred Claims (2)					
Austin	93,269	3,550,603	7,418,247	4,049,680	15,111,799
Corpus Christi	31,664	2,392,005	6,193,461	3,920,569	12,537,700
Dallas	484,639	14,261,250	33,397,941	15,128,088	63,271,918
El Paso	45,561	2,328,628	7,499,635	4,039,264	13,913,088
Fort Worth	278,053	8,945,310	21,610,930	8,895,306	39,729,599
Houston	1,180,793	30,210,824	72,057,806	36,805,838	140,255,261
Lubbock	27,534	1,905,377	3,721,051	2,114,499	7,768,462
San Antonio	65,509	6,568,288	16,224,710	8,057,563	30,916,070
RSA	347,361	18,297,829	49,912,502	23,935,544	92,493,236
Total	2,554,384	88,460,113	218,036,282	106,946,353	415,997,132
Adjustment Factor (3)					
Austin	0.00 %	-0.03 %	-0.01 %	-0.01 %	-0.02 %
Corpus Christi	0.00 %	-0.05 %	-0.01 %	0.00 %	-0.01 %
Dallas	0.00 %	-0.04 %	-0.01 %	0.00 %	-0.02 %
El Paso	0.00 %	-0.22 %	-0.12 %	-0.05 %	-0.11 %
Fort Worth	-0.01 %	-0.09 %	-0.03 %	0.00 %	-0.04 %
Houston	-0.01 %	-0.10 %	-0.04 %	0.00 %	-0.04 %
Lubbock	0.00 %	-0.17 %	-0.08 %	-0.02 %	-0.09 %
San Antonio	0.00 %	-0.05 %	-0.01 %	0.00 %	-0.02 %
RSA	-0.06 %	-0.26 %	-0.11 %	-0.03 %	-0.12 %
Total	-0.01 %	-0.12 %	-0.05 %	-0.01 %	-0.05 %

Footnotes:

- (1) Equals the cost reduction resulting from application of the revised therapy fee schedule to FY2010 health plan claims.
- (2) Equals FY2010 health plan fee-for-service claims for all services (ICHP provided encounter data).
- (3) Additional cost divided by FY2010 Total Incurred Claims. Implementation of March 1, 2012.

FY2012 CHIP Rating
 Provider Reimbursement Adjustments
 DME Reimbursement Change Adjustments

	Age Group				Total
	< 1	1-5	6-14	15-18	
Provider Reimbursement Reduction (1)					
Austin	0	2,178	755	1,075	4,008
Corpus Christi	0	428	2,331	9	2,768
Dallas	0	4,020	13,876	6,689	24,585
El Paso	0	11	613	416	1,041
Fort Worth	0	1,409	3,406	244	5,059
Houston	523	1,241	12,912	5,468	20,144
Lubbock	0	67	63	1,108	1,237
San Antonio	0	846	17,691	1,264	19,801
RSA	91	13,753	9,097	7,555	30,496
Total	614	23,952	60,744	23,829	109,139
FY2010 Total Incurred Claims (2)					
Austin	93,269	3,550,603	7,418,247	4,049,680	15,111,799
Corpus Christi	31,664	2,392,005	6,193,461	3,920,569	12,537,700
Dallas	484,639	14,261,250	33,397,941	15,128,088	63,271,918
El Paso	45,561	2,328,628	7,499,635	4,039,264	13,913,088
Fort Worth	278,053	8,945,310	21,610,930	8,895,306	39,729,599
Houston	1,180,793	30,210,824	72,057,806	36,805,838	140,255,261
Lubbock	27,534	1,905,377	3,721,051	2,114,499	7,768,462
San Antonio	65,509	6,568,288	16,224,710	8,057,563	30,916,070
RSA	347,361	18,297,829	49,912,502	23,935,544	92,493,236
Total	2,554,384	88,460,113	218,036,282	106,946,353	415,997,132
Adjustment Factor (3)					
Austin	0.00 %	0.03 %	0.01 %	0.01 %	0.01 %
Corpus Christi	0.00 %	0.01 %	0.02 %	0.00 %	0.01 %
Dallas	0.00 %	0.01 %	0.02 %	0.02 %	0.02 %
El Paso	0.00 %	0.00 %	0.00 %	0.01 %	0.00 %
Fort Worth	0.00 %	0.01 %	0.01 %	0.00 %	0.01 %
Houston	0.02 %	0.00 %	0.01 %	0.01 %	0.01 %
Lubbock	0.00 %	0.00 %	0.00 %	0.03 %	0.01 %
San Antonio	0.00 %	0.01 %	0.05 %	0.01 %	0.03 %
RSA	0.01 %	0.04 %	0.01 %	0.02 %	0.02 %
Total	0.01 %	0.01 %	0.01 %	0.01 %	0.01 %

Footnotes:

- (1) Equals the cost reduction resulting from application of the revised DME fee schedule to FY2010 health plan claims.
- (2) Equals FY2010 health plan fee-for-service claims for all services (ICHP provided encounter data).
- (3) Additional cost divided by FY2010 Total Incurred Claims. Implementation of March 1, 2012.

FY2012 CHIP Rating
 Provider Reimbursement Adjustments
 Cost Share Increases

	Age Group				Total
	< 1	1-5	6-14	15-18	
Cost Share Reduction (1)					
Office Visit	-18,584	-643,571	-1,586,273	-778,063	-3,026,491
Non-Emergency ER	-4,204	-145,574	-358,810	-175,996	-684,583
Inpatient Hospital	-781	-27,035	-66,636	-32,685	-127,136
Cost-Sharing Limit	-2,554	-88,460	-218,036	-106,946	-415,997
Total	-26,122	-904,640	-2,229,755	-1,093,690	-4,254,208
FY2010 Total Incurred Claims (2)					
Total	2,554,384	88,460,113	218,036,282	106,946,353	415,997,132
Adjustment Factor (3)					
Office Visit	-0.36 %	-0.36 %	-0.36 %	-0.36 %	-0.36 %
Non-Emergency ER	-0.08 %	-0.08 %	-0.08 %	-0.08 %	-0.08 %
Inpatient Hospital	-0.02 %	-0.02 %	-0.02 %	-0.02 %	-0.02 %
Cost-Sharing Limit	-0.05 %	-0.05 %	-0.05 %	-0.05 %	-0.05 %
Total	-0.51 %	-0.51 %	-0.51 %	-0.51 %	-0.51 %

Footnotes:

- (1) Equals the cost reduction resulting from application of the revised cost sharing provisions to FY2010 health plan claims.
- (2) Equals FY2010 health plan fee-for-service claims for all services (ICHP provided encounter data).
- (3) Additional cost divided by FY2010 Total Incurred Claims. Implementation of March 1, 2012.

FY2012 CHIP Perinatal Rating
 Rating Assumptions
 Benefit and Provider Reimbursement Changes

Service Area	2% Provider Rate Cut		Outpatient Imaging (2)		Legislative Reductions		Non Emergent ER Reduction (4)		Therapy Reduction (5)	
	(1)		(3)		(3)		(4)		(5)	
	Newborn	Perinate	Newborn	Perinate	Newborn	Perinate	Newborn	Perinate	Newborn	Perinate
RSA	0.9816	0.9801	0.9962	0.9948	0.9876	0.9780	1.0000	1.0000	1.0000	1.0000
Austin	0.9860	0.9796	0.9950	0.9995	0.9854	0.9606	1.0000	1.0000	1.0000	1.0000
Corpus Christi	0.9858	0.9813	0.9907	0.9987	0.9813	0.9712	1.0000	1.0000	1.0000	1.0000
Dallas	0.9902	0.9800	0.9848	0.9999	0.9887	0.9660	1.0000	1.0000	1.0000	1.0000
El Paso	0.9800	0.9799	0.9980	0.9972	0.9910	0.9713	1.0000	1.0000	1.0000	1.0000
Fort Worth	0.9852	0.9808	0.9991	0.9901	0.9717	0.9696	1.0000	1.0000	1.0000	1.0000
Houston	0.9849	0.9829	0.9920	0.9881	0.9684	0.9731	1.0000	1.0000	1.0000	1.0000
Lubbock	0.9817	0.9801	1.0000	0.9995	0.9705	0.9753	1.0000	1.0000	1.0000	1.0000
San Antonio	0.9803	0.9799	0.9933	0.9863	0.9780	0.9727	1.0000	1.0000	1.0000	1.0000

Service Area	DME Adjustment (6)		Cost Share Adjustment		DRG Rebasing (8)	
	(6)		(7)		(8)	
	Newborn	Perinate	Newborn	Perinate	Newborn	Perinate
RSA	1.0000	1.0000	1.0000	0.9982	0.9831	1.0002
Austin	1.0000	1.0000	1.0000	0.9982	1.0015	1.0004
Corpus Christi	1.0000	1.0000	1.0000	0.9982	1.0008	0.9983
Dallas	1.0000	1.0000	1.0000	0.9982	0.9924	1.0008
El Paso	1.0000	1.0000	1.0000	0.9982	0.9700	0.9991
Fort Worth	1.0000	1.0000	1.0000	0.9982	1.0031	0.9997
Houston	1.0000	1.0000	1.0000	0.9982	0.9911	0.9991
Lubbock	1.0000	1.0000	1.0000	0.9982	0.9872	1.0020
San Antonio	1.0000	1.0000	1.0000	0.9982	0.9636	0.9993

FY2012 CHIP Perinatal Rating
Rating Assumptions
Benefit and Provider Reimbursement Changes

- (1) The reimbursement reductions of 1% were implemented 9/1/2010 and 2/1/2011.
- (2) Outpatient imaging services transition to a fee schedule effective 9/1/2011
- (3) The fee reductions include 8% to OP hospital, and 8% for all other providers excluding ambulance, PDN, home health (for children only), dental, ortho, physicians (includes psychiatrists, optometrists and radiologists), FQHCs, RHCs and TEFRA reimbursed hospitals.
Note that this adjustment does not include the 8% inpatient facility reduction.
- (4) Reduction resulting from 40% reduction in reimbursement for non emergent ER services
- (5) Revised therapy fee schedule effective 3/1/2012
- (6) Revised DME fee schedule effective 3/1/2012
- (7) Cost share increases effective 3/1/2012
- (8) Reduction resulting from application of the legislative-mandated 8% inpatient facility reduction and DRG rebasing.
Assume two month delay in implementation.

	<1		1-5		6-14		15-18		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
FY2010 Estimated Experience										
Member Months	382,669		1,020,172		3,695,258		1,307,866		6,405,965	
Estimated Incurred Claims	33,696	0.09	10,550,988	10.34	62,306,944	16.86	18,173,108	13.90	91,064,736	14.22
Projected FY2012 Member Months	21,066		539,886		1,959,156		698,352		3,218,460	
Annual Trend Assumptions										
FY2011	7.7 %		7.7 %		7.7 %		7.7 %			
FY2012	5.0 %		5.0 %		5.0 %		5.0 %			
Provider Reimbursement Changes	0.9894		0.9894		0.9894		0.9894			
Benefit Adjustment	1.1630		1.1630		1.1630		1.1630			
Cost Share Adjustment	0.9980		0.9980		0.9980		0.9980			
Seasonality Adjustment	1.1000		1.1000		1.1000		1.1000			
Projected Incurred Claims	2,682	0.13	8,074,190	14.96	47,768,090	24.38	14,031,933	20.09	69,876,896	21.71
Administrative Expenses										
Fixed Amount	22,330	1.06	572,279	1.06	2,076,705	1.06	740,253	1.06	3,411,568	1.06
Percentage of Premium	0.00 %	0.00	0.00 %	0.00	0.00 %	0.00	0.00 %	0.00	0.00 %	0.00
Risk Margin	2.00 %	0.03	2.00 %	0.33	2.00 %	0.53	2.00 %	0.44	2.00 %	0.47
Premium Tax	1.75 %	0.02	1.75 %	0.29	1.75 %	0.46	1.75 %	0.39	1.75 %	0.41
Maintenance Tax	737	0.04	18,896	0.04	68,570	0.04	24,442	0.04	112,646	0.04
Projected Total Cost	26,753	1.27	9,002,977	16.68	51,858,043	26.47	15,373,121	22.01	76,260,893	23.69