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June 8, 2018

Ms. Rachel Butler
Chief Actuary
Health and Human Services Commission
4900 North Lamar
Austin, Texas 78751

Re: Dual Eligibles Integrated Care Demonstration Project -
UMCC 529-15-0057-00001B, 529-15-0058-00001B,
529-15-0059-00001B, 529-15-0060-00001B,
529-15-0061-00001B

Dear Ms. Butler:

This letter amends the report titled State of Texas Medicaid Managed Care Rate Setting Dual Eligibles Integrated Care Demonstration Project State Fiscal Year 2018 and dated September 14, 2017.

Summary of the Revisions

This amendment includes rate revisions to address OACT's denial of FY2018 STAR+PLUS capitation rates due to the cross-subsidization of long term care costs between the STAR+PLUS and Dual Demonstration programs. Detailed information regarding this issue and the associated rate adjustments is provided in the sections below. Please note that this amendment impacts the Medicaid LTC portion of the FY2018 Dual Demonstration capitation rates only. It does not impact the Medicaid acute care or pharmacy components.

LTC Cross-subsidization for Dual-eligible Members

In the original FY2018 Dual Eligibles Integrated Care Demonstration Project (Dual Demonstration) capitation rates, the community rate for the LTC component for dual-eligible clients was derived based on the combined experience of STAR+PLUS and Dual Demonstration program members. On May 4, 2018, CMS denied approval of the FY2018 STAR+PLUS capitation rates due to this cross subsidization of LTC rates. As a result, HHSC has re-determined FY2018 STAR+PLUS and Dual Demonstration capitation rates for dual-eligible members in those regions served by the Dual Demonstration program using revisions suggested by CMS.

HHSC conducted an analysis of STAR+PLUS LTC experience from prior to the implementation of Dual Demonstration. The experience was separated into (i) dual-eligible members who would eventually move to Dual Demonstration and (ii) those dual-eligible members who would remain in STAR+PLUS. We then compared the average cost of the two groups by service area to develop LTC acuity factors. This analysis was used to allocate the LTC rates for the combined STAR+PLUS/Dual Demonstration populations (current rates) into separate LTC rates for the two populations.

Attachment 15-Exhibit A presents a summary of the LTC acuity model used to derive the revised rates. The analysis separates STAR+PLUS dual-eligible LTC experience into future STAR+PLUS members and future Dual Demonstration members. The average costs are then compared to determine a set of acuity factors for each service area and risk group. Please note that nursing facility members were excluded from this analysis because they did not enter STAR+PLUS until after the experience period used in the analysis described above. As a result, the acuity factor for all nursing facility members is assumed to be 1.0. More recent nursing facility experience indicates that this assumption is reasonable.

Attachment 15-Exhibit B presents the calculation of revised dual-eligible LTC community rates for STAR+PLUS and Dual Demonstration members. The LTC Acuity factors (derived in Attachment 15-Exhibit A) are applied to the combined (STAR+PLUS and Dual Demonstration) community rates to derive a separate set of community rates for each of STAR+PLUS and Dual Demonstration. A budget-neutral adjustment is included in the calculations to ensure that expected total capitation under the revised rates is equal to that under the current rates.

The STAR+PLUS community rates (derived in Attachment 15-Exhibit B) are then converted to plan-specific rates using a budget-neutral risk adjustment model. Attachment 15-Exhibit C presents the plan-specific risk adjustment factors used in the analysis. Please note the following:

- The risk adjustment methodology includes only 75% of the calculated risk adjustment factor.
- This is the same risk adjustment methodology used for STAR+PLUS.
- The risk adjustment factors were determined based solely on the experience of Dual Demonstration members.

Attachment 15-Exhibit D presents the calculation of the revised FY2018 Dual Demonstration LTC capitation rates. The exhibit includes the LTC community rates (from Attachment 15-Exhibit B), the budget-neutral risk adjustment (from Attachment 15-Exhibit C) and the resulting plan-specific, LTC component of the capitation rates.

The net result of these LTC rate revisions is that approximately \$34 million is moved from the Dual Demonstration program to the STAR+PLUS program. The net cost impact on the two programs combined is immaterial as is the cost impact on each MCO/MMP.

Revised FY2018 Capitation Rates

The rate revisions described in this correspondence are effective September 1, 2017 and applicable for the entire FY2018. HHSC is currently unable to administer a retrospective rate change. In order to approximate the FY2018 capitation amounts payable under the revised FY2018 capitation rates, HHSC will pay the MCOs based on an adjusted set of rates for the period August 1, 2018 through August 31, 2018. These adjusted rates are determined such that the overall average FY2018 capitation rate paid to each MCO is estimated to be equal to that under the revised FY2018 capitation Rates. HHSC will also conduct a reconciliation process to ensure that the total FY2018 capitation paid is equal to actual FY2018 caseload applied to the revised FY2018 capitation rates for each MCO.

Report Amendments

This section details any amendments to the original actuarial report dated September 14, 2017.

Section I. Introduction

No changes applicable to this section. The same data sources were utilized in the calculation of these revised rates.

Section II. Overview of Rate Setting Methodology

Section II of the report is amended to include the information above regarding the removal of the LTC cross-subsidization between STAR+PLUS and Dual Demonstration members. The rates have been calculated for the same service delivery areas, risk groups and services as outlined in the original report.

Section III. Acute Care Rating

No changes applicable to this section.

Section IV. Pharmacy Rating

No changes applicable to this section.

Section V. Summary

The tables in this section are replaced with the capitation rates presented in attached Exhibit 14-Revised. The exhibit includes three rate tables covering the periods (i) September 1, 2017 through December 31, 2017, (ii) January 1, 2018, through February 28, 2018 and (iii) March 1, through August 31, 2018. Please note that the acute care, pharmacy and LTC components of the capitation rate are the same for each time period. The only difference in the rates between time periods is (a) the Dual Demonstration savings factor (3.75% from September 1, 2017 through December 31,

2017 and 5.50% from January 1, 2018 through August 2018) and (b) the amount of the Quality Incentive Payment Program for Nursing Homes (QIPP) add-on (separate QIPP rates for September 1, 2017 through February 28, 2018 and from March 1, 2018 through August 2018).

Section VI. Actuarial Certification of Capitation Rates for the Medicaid Component of the Texas Dual Eligibles Integrated Care Demonstration Project

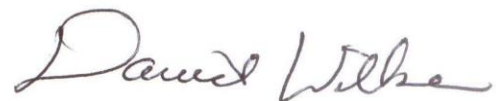
I, David G. Wilkes, am a principal with the firm of Rudd and Wisdom, Inc., Consulting Actuaries (Rudd and Wisdom, Inc.). I am a Fellow of the Society of Actuaries and a member of the American Academy of Actuaries. I meet the Academy's qualification standards for rendering this opinion. Rudd and Wisdom, Inc. has been retained by the Texas Health and Human Services Commission (HHSC) to assist in the development of their rate-setting methodology, assumptions and resulting capitation rates and to provide the actuarial certification required under Centers for Medicare and Medicaid Services (CMS) requirements 42 CFR 438.4. The capitation rates for the Medicaid component of the Texas Dual Eligibles Integrated Care Demonstration Project (Dual Demonstration) are effective for the period September 1, 2017 through August 31, 2018.

We certify that the revised FY2018 Dual Demonstration capitation rates developed by HHSC and Rudd and Wisdom, Inc. satisfy the following:

- (a) The capitation rates have been developed in accordance with generally accepted actuarial principles and practices;
- (b) The capitation rates are appropriate for the populations and services covered under the managed care contract; and
- (c) The capitation rates are actuarially sound as defined in the regulations.

We have relied on historical experience data and program information provided to us by HHSC. We have reviewed the data for reasonableness but have not audited the data.

Please note that actual health plan contractor experience will differ from these projections. Rudd and Wisdom, Inc. has developed these rates on behalf of the State to demonstrate compliance with the CMS requirements under 42 CFR 438.3(c), 438.3(e), 438.4, 438.5, 438.6 and 438.7. Any health plan contracting with the State should analyze its own projected premium needs before deciding whether to contract with the State.

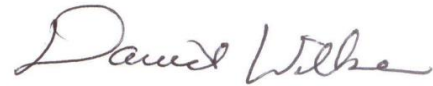


David G. Wilkes, F.S.A., M.A.A.A.

Ms. Rachel Butler
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June 8, 2018

Please let us know if you have any questions or need additional information.

Sincerely,

A handwritten signature in cursive script that reads "David Wilkes". The signature is written in black ink and is positioned centrally below the word "Sincerely,".

David G. Wilkes, F.S.A. M.A.A.A.

DD Rating Analysis Summary
 Monthly Medicaid Capitation Rates
 Effective for the Period: 9/1/2017 - 12/31/2017

SDA	MMP	OCC	HCBS	NF	OCC	HCBS	NF
		Base Rates STAR+PLUS Services			Base Rates Acute Care Services		
Bexar	Amerigroup	\$ 363.17	\$ 2,185.67	\$ 4,214.00	\$ 73.49	\$ 211.03	\$ 107.72
	Molina	332.09	1,810.27	4,214.00	73.49	211.03	107.72
	Superior	390.29	1,978.35	4,214.00	73.49	211.03	107.72
Dallas	Molina	294.95	1,663.37	4,170.56	45.55	135.48	97.79
	Superior	268.97	1,643.03	4,170.56	45.55	135.48	97.79
El Paso	Amerigroup	437.79	1,808.74	4,469.37	86.78	219.56	82.83
	Molina	457.12	1,931.51	4,469.37	86.78	219.56	82.83
Harris	Amerigroup	271.11	1,809.15	4,159.30	58.90	159.14	91.45
	Molina	240.09	1,813.03	4,159.30	58.90	159.14	91.45
	United	254.61	1,870.65	4,159.30	58.90	159.14	91.45
Hidalgo	Health Spring	672.75	2,207.36	4,571.24	81.89	195.42	111.94
	Molina	779.85	2,216.01	4,571.24	81.89	195.42	111.94
	Superior	955.93	2,206.36	4,571.24	81.89	195.42	111.94
Tarrant	Amerigroup	206.64	1,713.76	4,005.83	63.69	162.16	80.70

		Base Rates Pharmacy Services			Base Rates All Services		
Bexar	Amerigroup	\$ 3.28	\$ 5.08	\$ 3.16	\$ 439.93	\$ 2,401.78	\$ 4,324.89
	Molina	3.28	5.08	3.16	408.86	2,026.38	4,324.89
	Superior	3.28	5.08	3.16	467.05	2,194.46	4,324.89
Dallas	Molina	2.50	2.59	2.18	342.99	1,801.44	4,270.52
	Superior	2.50	2.59	2.18	317.02	1,781.10	4,270.52
El Paso	Amerigroup	1.54	3.11	0.73	526.11	2,031.42	4,552.93
	Molina	1.54	3.11	0.73	545.44	2,154.19	4,552.93
Harris	Amerigroup	4.28	5.17	2.25	334.28	1,973.46	4,253.01
	Molina	4.28	5.17	2.25	303.27	1,977.34	4,253.01
	United	4.28	5.17	2.25	317.79	2,034.96	4,253.01
Hidalgo	Health Spring	2.59	4.69	0.77	757.22	2,407.46	4,683.95
	Molina	2.59	4.69	0.77	864.32	2,416.11	4,683.95
	Superior	2.59	4.69	0.77	1,040.40	2,406.46	4,683.95
Tarrant	Amerigroup	6.08	6.12	5.24	276.41	1,882.03	4,091.77

Dual Demonstration Savings Assumption: 3.75 % 3.75 % 3.75 %

DD Rating Analysis Summary
 Monthly Medicaid Capitation Rates
 Effective for the Period: 9/1/2017 - 12/31/2017

SDA	MMP	<u>OCC</u>	<u>HCBS</u>	<u>NF</u>	<u>OCC</u>	<u>HCBS</u>	<u>NF</u>
		Quality Incentive Payment Program Nursing Facilities Add-On*			Final Rates All Services		
Bexar	Amerigroup			\$ 634.45	\$ 423.44	\$ 2,311.72	\$ 4,797.16
	Molina			634.45	393.52	1,950.39	4,797.16
	Superior			634.45	449.54	2,112.17	4,797.16
Dallas	Molina			637.20	330.13	1,733.89	4,747.57
	Superior			637.20	305.13	1,714.31	4,747.57
El Paso	Amerigroup			60.50	506.38	1,955.24	4,442.70
	Molina			60.50	524.99	2,073.40	4,442.70
Harris	Amerigroup			530.40	321.75	1,899.45	4,623.92
	Molina			530.40	291.90	1,903.19	4,623.92
	United			530.40	305.87	1,958.65	4,623.92
Hidalgo	Health Spring			556.48	728.83	2,317.18	5,064.78
	Molina			556.48	831.91	2,325.51	5,064.78
	Superior			556.48	1,001.39	2,316.22	5,064.78
Tarrant	Amerigroup			613.84	266.04	1,811.45	4,552.17

* The Quality Incentive Payment Program for Qualified Nursing Facilities Add-On is not subject to the Dual Demonstration savings factor.

Dual Eligible Demonstration Project
 DD Rating Analysis Summary
 Monthly Medicaid Capitation Rates
 Effective for the Period: 1/1/2018 - 2/28/2018

SDA	MMP	OCC	HCBS	NF	OCC	HCBS	NF
		Base Rates STAR+PLUS Services			Base Rates Acute Care Services		
Bexar	Amerigroup	\$ 363.17	\$ 2,185.67	\$ 4,214.00	\$ 73.49	\$ 211.03	\$ 107.72
	Molina	332.09	1,810.27	4,214.00	73.49	211.03	107.72
	Superior	390.29	1,978.35	4,214.00	73.49	211.03	107.72
Dallas	Molina	294.95	1,663.37	4,170.56	45.55	135.48	97.79
	Superior	268.97	1,643.03	4,170.56	45.55	135.48	97.79
El Paso	Amerigroup	437.79	1,808.74	4,469.37	86.78	219.56	82.83
	Molina	457.12	1,931.51	4,469.37	86.78	219.56	82.83
Harris	Amerigroup	271.11	1,809.15	4,159.30	58.90	159.14	91.45
	Molina	240.09	1,813.03	4,159.30	58.90	159.14	91.45
	United	254.61	1,870.65	4,159.30	58.90	159.14	91.45
Hidalgo	Health Spring	672.75	2,207.36	4,571.24	81.89	195.42	111.94
	Molina	779.85	2,216.01	4,571.24	81.89	195.42	111.94
	Superior	955.93	2,206.36	4,571.24	81.89	195.42	111.94
Tarrant	Amerigroup	206.64	1,713.76	4,005.83	63.69	162.16	80.70

		Base Rates Pharmacy Services			Base Rates All Services		
Bexar	Amerigroup	\$ 3.28	\$ 5.08	\$ 3.16	\$ 439.93	\$ 2,401.78	\$ 4,324.89
	Molina	3.28	5.08	3.16	408.86	2,026.38	4,324.89
	Superior	3.28	5.08	3.16	467.05	2,194.46	4,324.89
Dallas	Molina	2.50	2.59	2.18	342.99	1,801.44	4,270.52
	Superior	2.50	2.59	2.18	317.02	1,781.10	4,270.52
El Paso	Amerigroup	1.54	3.11	0.73	526.11	2,031.42	4,552.93
	Molina	1.54	3.11	0.73	545.44	2,154.19	4,552.93
Harris	Amerigroup	4.28	5.17	2.25	334.28	1,973.46	4,253.01
	Molina	4.28	5.17	2.25	303.27	1,977.34	4,253.01
	United	4.28	5.17	2.25	317.79	2,034.96	4,253.01
Hidalgo	Health Spring	2.59	4.69	0.77	757.22	2,407.46	4,683.95
	Molina	2.59	4.69	0.77	864.32	2,416.11	4,683.95
	Superior	2.59	4.69	0.77	1,040.40	2,406.46	4,683.95
Tarrant	Amerigroup	6.08	6.12	5.24	276.41	1,882.03	4,091.77

Dual Demonstration Savings Assumption: 5.50 % 5.50 % 5.50 %

Dual Eligible Demonstration Project
 DD Rating Analysis Summary
 Monthly Medicaid Capitation Rates
 Effective for the Period: 1/1/2018 - 2/28/2018

SDA	MMP	Quality Incentive Payment Program Nursing Facilities Add-On*			Final Rates All Services		
		OCC	HCBS	NF	OCC	HCBS	NF
Bexar	Amerigroup			\$ 634.45	\$ 415.74	\$ 2,269.69	\$ 4,721.47
	Molina			634.45	386.37	1,914.93	4,721.47
	Superior			634.45	441.36	2,073.76	4,721.47
Dallas	Molina			637.20	324.13	1,702.36	4,672.84
	Superior			637.20	299.58	1,683.14	4,672.84
El Paso	Amerigroup			60.50	497.17	1,919.69	4,363.02
	Molina			60.50	515.44	2,035.71	4,363.02
Harris	Amerigroup			530.40	315.90	1,864.92	4,549.49
	Molina			530.40	286.59	1,868.58	4,549.49
	United			530.40	300.31	1,923.04	4,549.49
Hidalgo	Health Spring			556.48	715.57	2,275.05	4,982.81
	Molina			556.48	816.78	2,283.23	4,982.81
	Superior			556.48	983.18	2,274.11	4,982.81
Tarrant	Amerigroup			613.84	261.20	1,778.52	4,480.56

* The Quality Incentive Payment Program for Qualified Nursing Facilities Add-On is not subject to the Dual Demonstration savings factor.

DD Rating Analysis Summary
 Monthly Medicaid Capitation Rates
 Effective for the Period: 3/1/2018 - 8/31/2018

SDA	MMP	OCC	HCBS	NF	OCC	HCBS	NF
		Base Rates STAR+PLUS Services			Base Rates Acute Care Services		
Bexar	Amerigroup	\$ 363.17	\$ 2,185.67	\$ 4,214.00	\$ 73.49	\$ 211.03	\$ 107.72
	Molina	332.09	1,810.27	4,214.00	73.49	211.03	107.72
	Superior	390.29	1,978.35	4,214.00	73.49	211.03	107.72
Dallas	Molina	294.95	1,663.37	4,170.56	45.55	135.48	97.79
	Superior	268.97	1,643.03	4,170.56	45.55	135.48	97.79
El Paso	Amerigroup	437.79	1,808.74	4,469.37	86.78	219.56	82.83
	Molina	457.12	1,931.51	4,469.37	86.78	219.56	82.83
Harris	Amerigroup	271.11	1,809.15	4,159.30	58.90	159.14	91.45
	Molina	240.09	1,813.03	4,159.30	58.90	159.14	91.45
	United	254.61	1,870.65	4,159.30	58.90	159.14	91.45
Hidalgo	Health Spring	672.75	2,207.36	4,571.24	81.89	195.42	111.94
	Molina	779.85	2,216.01	4,571.24	81.89	195.42	111.94
	Superior	955.93	2,206.36	4,571.24	81.89	195.42	111.94
Tarrant	Amerigroup	206.64	1,713.76	4,005.83	63.69	162.16	80.70

		Base Rates Pharmacy Services			Base Rates All Services		
Bexar	Amerigroup	\$ 3.28	\$ 5.08	\$ 3.16	\$ 439.93	\$ 2,401.78	\$ 4,324.89
	Molina	3.28	5.08	3.16	408.86	2,026.38	4,324.89
	Superior	3.28	5.08	3.16	467.05	2,194.46	4,324.89
Dallas	Molina	2.50	2.59	2.18	342.99	1,801.44	4,270.52
	Superior	2.50	2.59	2.18	317.02	1,781.10	4,270.52
El Paso	Amerigroup	1.54	3.11	0.73	526.11	2,031.42	4,552.93
	Molina	1.54	3.11	0.73	545.44	2,154.19	4,552.93
Harris	Amerigroup	4.28	5.17	2.25	334.28	1,973.46	4,253.01
	Molina	4.28	5.17	2.25	303.27	1,977.34	4,253.01
	United	4.28	5.17	2.25	317.79	2,034.96	4,253.01
Hidalgo	Health Spring	2.59	4.69	0.77	757.22	2,407.46	4,683.95
	Molina	2.59	4.69	0.77	864.32	2,416.11	4,683.95
	Superior	2.59	4.69	0.77	1,040.40	2,406.46	4,683.95
Tarrant	Amerigroup	6.08	6.12	5.24	276.41	1,882.03	4,091.77

Dual Demonstration Savings Assumption: 5.50 % 5.50 % 5.50 %

DD Rating Analysis Summary
 Monthly Medicaid Capitation Rates
 Effective for the Period: 3/1/2018 - 8/31/2018

SDA	MMP	Quality Incentive Payment Program Nursing Facilities Add-On*			Final Rates All Services		
		OCC	HCBS	NF	OCC	HCBS	NF
Bexar	Amerigroup			\$ 637.60	\$ 415.74	\$ 2,269.69	\$ 4,724.62
	Molina			637.60	386.37	1,914.93	4,724.62
	Superior			637.60	441.36	2,073.76	4,724.62
Dallas	Molina			640.31	324.13	1,702.36	4,675.95
	Superior			640.31	299.58	1,683.14	4,675.95
El Paso	Amerigroup			60.98	497.17	1,919.69	4,363.50
	Molina			60.98	515.44	2,035.71	4,363.50
Harris	Amerigroup			530.50	315.90	1,864.92	4,549.59
	Molina			530.50	286.59	1,868.58	4,549.59
	United			530.50	300.31	1,923.04	4,549.59
Hidalgo	Health Spring			560.58	715.57	2,275.05	4,986.91
	Molina			560.58	816.78	2,283.23	4,986.91
	Superior			560.58	983.18	2,274.11	4,986.91
Tarrant	Amerigroup			616.92	261.20	1,778.52	4,483.64

* The Quality Incentive Payment Program for Qualified Nursing Facilities Add-On is not subject to the Dual Demonstration savings factor.

STAR+PLUS/Dual Demonstration Acuity Analysis
Historical LTC Cost

	Dual-eligible OCC Clients			Dual-eligible HCBS Clients		
	STAR+PLUS	Dual Demo	Total	STAR+PLUS	Dual Demo	Total
Member Months						
Bexar	197,450	67,500	264,950	31,186	5,840	37,026
Dallas	247,462	54,431	301,893	40,013	3,112	43,125
El Paso	138,067	51,693	189,760	13,150	4,179	17,329
Harris	473,079	103,414	576,493	57,578	5,923	63,501
Hidalgo	436,528	72,903	509,431	93,440	7,338	100,778
Tarrant	139,349	31,289	170,638	26,342	2,548	28,890
Total	1,631,935	381,230	2,013,165	261,709	28,940	290,649

LTC Cost

Bexar	54,910,925	16,986,700	71,897,625	46,806,962	8,971,285	55,778,247
Dallas	57,856,378	9,825,518	67,681,897	54,002,078	3,918,110	57,920,188
El Paso	49,411,692	16,072,126	65,483,818	20,588,931	6,299,526	26,888,456
Harris	104,288,906	16,464,254	120,753,160	81,416,060	7,797,296	89,213,356
Hidalgo	342,963,141	45,446,037	388,409,178	161,361,739	12,260,910	173,622,649
Tarrant	20,893,375	3,591,443	24,484,818	33,940,870	3,360,974	37,301,845
Total	630,324,418	108,386,079	738,710,497	398,116,640	42,608,101	440,724,741

LTC Cost pmpm

Bexar	278.10	251.65	271.36	1,500.90	1,536.18	1,506.46
Dallas	233.80	180.51	224.19	1,349.61	1,259.03	1,343.08
El Paso	357.88	310.91	345.09	1,565.70	1,507.42	1,551.65
Harris	220.45	159.21	209.46	1,414.01	1,316.44	1,404.91
Hidalgo	785.66	623.38	762.44	1,726.90	1,670.88	1,722.82
Tarrant	149.94	114.78	143.49	1,288.47	1,319.06	1,291.17
Total	386.24	284.31	366.94	1,521.22	1,472.29	1,516.35

Ratio of LTC Cost pmpm to Total

Bexar	1.0248	0.9274	1.0000	0.9963	1.0197	1.0000
Dallas	1.0429	0.8052	1.0000	1.0049	0.9374	1.0000
El Paso	1.0371	0.9010	1.0000	1.0091	0.9715	1.0000
Harris	1.0524	0.7601	1.0000	1.0065	0.9370	1.0000
Hidalgo	1.0305	0.8176	1.0000	1.0024	0.9698	1.0000
Tarrant	1.0449	0.7999	1.0000	0.9979	1.0216	1.0000
Total	1.0526	0.7748	1.0000	1.0032	0.9709	1.0000

Notes:

- (1) This worksheet compares the average LTC claims cost, prior to implementation of the Dual Demo program, for (i) those STAR+PLUS members who will eventually move to Dual Demo to (ii) those members that will remain in STAR+PLUS.
- (2) This analysis includes enrollment and claims experience for the period March, 2014 through February, 2015 for those members described below.
- (3) The experience period used in this analysis is the 12-month period immediately preceding the implementation of Dual Demo.
- (4) For purposes of this analysis, Dual Demo members are defined as those clients who (i) were enrolled in STAR+PLUS at some point during the experience period, (ii) were enrolled in STAR+PLUS or Dual Demo for at least three months during the period March 2015 through August 2017 and (iii) were enrolled in the Dual Demo program for at least one-half of their total enrollment during the period March 2015 through August 2017.

STAR+PLUS/Dual Demonstration Acuity Analysis
Derivation of FY2018 LTC Community Rates

	Dual-eligible OCC Clients			Dual-eligible HCBS Clients			Dual-eligible NF Clients		
	STAR+PLUS	Dual Demo	Total	STAR+PLUS	Dual Demo	Total	STAR+PLUS	Dual Demo	Total
Projected FY2018 Member Months									
Bexar	197,599	70,877	268,476	34,162	8,203	42,366	37,820	10,199	48,019
Dallas	256,588	61,197	317,785	46,619	5,205	51,824	54,933	12,534	67,467
El Paso	137,654	52,725	190,379	14,630	5,924	20,554	6,294	3,556	9,850
Harris	506,639	112,573	619,212	59,091	7,552	66,643	68,969	15,640	84,609
Hidalgo	414,955	76,175	491,129	117,539	12,078	129,617	27,860	5,095	32,955
Tarrant	158,420	35,964	194,384	25,276	2,883	28,159	53,461	8,033	61,494
Total	1,671,855	409,512	2,081,366	297,318	41,846	339,163	249,337	55,057	304,394
Original FY2018 LTC Community Rates (w/o Risk Adjustment)									
Bexar	397.84	397.84	397.84	1,948.61	1,948.61	1,948.61	4,214.00	4,214.00	4,214.00
Dallas	354.35	354.35	354.35	1,765.65	1,765.65	1,765.65	4,170.56	4,170.56	4,170.56
El Paso	496.02	496.02	496.02	1,928.52	1,928.52	1,928.52	4,469.37	4,469.37	4,469.37
Harris	343.25	343.25	343.25	1,963.01	1,963.01	1,963.01	4,159.30	4,159.30	4,159.30
Hidalgo	1,006.70	1,006.70	1,006.70	2,276.93	2,276.93	2,276.93	4,571.24	4,571.24	4,571.24
Tarrant	258.21	258.21	258.21	1,678.08	1,678.08	1,678.08	4,005.83	4,005.83	4,005.83
Total	520.59	489.97	514.57	2,028.59	2,001.73	2,025.28	4,191.03	4,207.75	4,194.05
LTC Capitation Based on Original Rates									
Bexar	78,611,880	28,197,502	106,809,382	66,568,933	15,985,215	82,554,148	159,373,163	42,979,006	202,352,169
Dallas	90,921,194	21,685,067	112,606,262	82,312,531	9,190,130	91,502,661	229,102,188	52,273,208	281,375,396
El Paso	68,278,678	26,152,495	94,431,173	28,214,573	11,423,746	39,638,319	28,130,090	15,893,325	44,023,416
Harris	173,902,975	38,640,659	212,543,634	115,997,078	14,824,359	130,821,437	286,864,452	65,051,426	351,915,878
Hidalgo	417,733,574	76,684,769	494,418,343	267,627,968	27,501,677	295,129,645	127,352,626	23,290,570	150,643,195
Tarrant	40,906,268	9,286,397	50,192,665	42,414,987	4,838,449	47,253,437	214,155,879	32,180,140	246,336,019
Total	870,354,569	200,646,889	1,071,001,458	603,136,070	83,763,575	686,899,646	1,044,978,397	231,667,675	1,276,646,072

STAR+PLUS/Dual Demonstration Acuity Analysis
Derivation of FY2018 LTC Community Rates

	Dual-eligible OCC Clients			Dual-eligible HCBS Clients			Dual-eligible NF Clients		
	STAR+PLUS	Dual Demo	Total	STAR+PLUS	Dual Demo	Total	STAR+PLUS	Dual Demo	Total
LTC Acuity Factors									
Bexar	1.0248	0.9274		0.9963	1.0197		1.0000	1.0000	
Dallas	1.0429	0.8052		1.0049	0.9374		1.0000	1.0000	
El Paso	1.0371	0.9010		1.0091	0.9715		1.0000	1.0000	
Harris	1.0524	0.7601		1.0065	0.9370		1.0000	1.0000	
Hidalgo	1.0305	0.8176		1.0024	0.9698		1.0000	1.0000	
Tarrant	1.0449	0.7999		0.9979	1.0216		1.0000	1.0000	
Budget Neutral Adjustment									
Bexar	1.0009	1.0009		0.9992	0.9992		1.0000	1.0000	
Dallas	1.0029	1.0029		1.0019	1.0019		1.0000	1.0000	
El Paso	1.0006	1.0006		1.0018	1.0018		1.0000	1.0000	
Harris	1.0007	1.0007		1.0014	1.0014		1.0000	1.0000	
Hidalgo	1.0026	1.0026		1.0007	1.0007		1.0000	1.0000	
Tarrant	1.0004	1.0004		0.9997	0.9997		1.0000	1.0000	
Revised FY2018 LTC Community Rates (w/o Risk Adjustment)									
Bexar	408.08	369.27	397.84	1,939.78	1,985.37	1,948.61	4,214.00	4,214.00	4,214.00
Dallas	370.61	286.15	354.35	1,777.63	1,658.32	1,765.65	4,170.56	4,170.56	4,170.56
El Paso	514.72	447.17	496.02	1,949.43	1,876.87	1,928.52	4,469.37	4,469.37	4,469.37
Harris	361.51	261.08	343.25	1,978.48	1,841.96	1,963.01	4,159.30	4,159.30	4,159.30
Hidalgo	1,040.02	825.19	1,006.70	2,283.83	2,209.74	2,276.93	4,571.24	4,571.24	4,571.24
Tarrant	269.92	206.64	258.21	1,674.01	1,713.76	1,678.08	4,005.83	4,005.83	4,005.83
Total	540.75	407.66	514.57	2,035.94	1,949.50	2,025.28	4,191.03	4,207.75	4,194.05

STAR+PLUS/Dual Demonstration Acuity Analysis
 Derivation of FY2018 LTC Community Rates

	Dual-eligible OCC Clients			Dual-eligible HCBS Clients			Dual-eligible NF Clients		
	STAR+PLUS	Dual Demo	Total	STAR+PLUS	Dual Demo	Total	STAR+PLUS	Dual Demo	Total
LTC Capitation Based on Revised Rates									
Bexar	80,636,218	26,173,164	106,809,382	66,267,296	16,286,852	82,554,148	159,373,163	42,979,006	202,352,169
Dallas	95,094,921	17,511,341	112,606,262	82,871,152	8,631,509	91,502,661	229,102,188	52,273,208	281,375,396
El Paso	70,853,901	23,577,272	94,431,173	28,520,499	11,117,820	39,638,319	28,130,090	15,893,325	44,023,416
Harris	183,152,949	29,390,685	212,543,634	116,911,221	13,910,216	130,821,437	286,864,452	65,051,426	351,915,878
Hidalgo	431,559,588	62,858,755	494,418,343	268,439,476	26,690,168	295,129,645	127,352,626	23,290,570	150,643,195
Tarrant	42,761,121	7,431,545	50,192,665	42,312,115	4,941,322	47,253,437	214,155,879	32,180,140	246,336,019
Total	904,058,698	166,942,760	1,071,001,458	605,321,760	81,577,886	686,899,646	1,044,978,397	231,667,675	1,276,646,072

Ratio: Revised Rates to Original Rates

Bexar	1.0258	0.9282	1.0000	0.9955	1.0189	1.0000	1.0000	1.0000	1.0000
Dallas	1.0459	0.8075	1.0000	1.0068	0.9392	1.0000	1.0000	1.0000	1.0000
El Paso	1.0377	0.9015	1.0000	1.0108	0.9732	1.0000	1.0000	1.0000	1.0000
Harris	1.0532	0.7606	1.0000	1.0079	0.9383	1.0000	1.0000	1.0000	1.0000
Hidalgo	1.0331	0.8197	1.0000	1.0030	0.9705	1.0000	1.0000	1.0000	1.0000
Tarrant	1.0453	0.8003	1.0000	0.9976	1.0213	1.0000	1.0000	1.0000	1.0000
Total	1.0387	0.8320	1.0000	1.0036	0.9739	1.0000	1.0000	1.0000	1.0000

LTSS Risk Scores for 2016, Dual Demo Separated from STARPLUS

			Number of Eligible Enrollees FY 2016			Percentage of PAS Utilizers FY2016			Percentage of PAS Utilizers FY2016			Risk Scores (75%) FY2016		
			HCBS Dual	OCC Dual	Total	HCBS Dual	OCC Dual	Total	HCBS Dual	OCC Dual	Total	HCBS Dual	OCC Dual	Total
SDA	Plan Name	Program	Enrollees	Enrollees	Enrollees	Utilizers	Utilizers	Utilizers	%	%	%	RR	RR	RR
Bexar	Amerigroup	Dual Demo	155	1,802	1,957	141	442	583	91.0	24.5	29.8	1.1022	0.9847	0.9726
Bexar	Molina	Dual Demo	171	1,446	1,617	121	314	435	70.8	21.7	26.9	0.9129	0.9004	0.9025
Bexar	Superior	Dual Demo	416	2,950	3,366	332	796	1,128	79.8	27.0	33.5	0.9977	1.0582	1.0628
Total			742	6,198	6,940	594	1,552	2,146	80.1	25.0	30.9	1.0000	1.0000	1.0000
Dallas	Molina	Dual Demo	304	3,275	3,579	258	665	923	84.9	20.3	25.8	1.0032	1.0328	1.0458
Dallas	Superior	Dual Demo	109	1,850	1,959	91	332	423	83.5	17.9	21.6	0.9910	0.9419	0.9163
Total			413	5,125	5,538	349	997	1,346	84.5	19.5	24.3	1.0000	1.0000	1.0000
El Paso	Amerigroup	Dual Demo	280	2,217	2,497	229	699	928	81.8	31.5	37.2	0.9667	0.9793	0.9705
El Paso	Molina	Dual Demo	289	2,045	2,334	258	683	941	89.3	33.4	40.3	1.0323	1.0225	1.0316
Total			569	4,262	4,831	487	1,382	1,869	85.6	32.4	38.7	1.0000	1.0000	1.0000
Harris	Amerigroup	Dual Demo	274	4,532	4,806	225	812	1,037	82.1	17.9	21.6	0.9824	1.0403	0.9917
Harris	Molina	Dual Demo	85	1,163	1,248	70	177	247	82.4	15.2	19.8	0.9845	0.9213	0.9303
Harris	United	Dual Demo	389	3,974	4,363	334	655	989	85.9	16.5	22.7	1.0158	0.9770	1.0291
Total			748	9,669	10,417	629	1,644	2,273	84.1	17.0	21.8	1.0000	1.0000	1.0000
Hidalgo	HealthSpring	Dual Demo	178	1,695	1,873	174	692	866	97.8	40.8	46.2	0.9990	0.8220	0.8339
Hidalgo	Molina	Dual Demo	288	2,109	2,397	283	1,058	1,341	98.3	50.2	55.9	1.0029	0.9529	0.9565
Hidalgo	Superior	Dual Demo	477	2,387	2,864	466	1,564	2,030	97.7	65.5	70.9	0.9986	1.1680	1.1451
Total			943	6,191	7,134	923	3,314	4,237	97.9	53.5	59.4	1.0000	1.0000	1.0000
Tarrant	Amerigroup	Dual Demo	288	2,955	3,243	210	407	617	72.9	13.8	19.0	1.0000	1.0000	1.0000
Total			288	2,955	3,243	210	407	617	72.9	13.8	19.0	1.0000	1.0000	1.0000

FY2018 STAR+Plus Rating Summary

Health Plan	Dual OCC	Dual HCBS	Dual NF	Total
Projected FY2018 Member Months				
Amerigroup - Bexar	20,414	1,728	2,631	24,773
Molina - Bexar	16,083	1,788	3,481	21,352
Superior - Bexar	34,381	4,688	4,087	43,155
Molina - Dallas	40,466	3,914	8,181	52,561
Superior - Dallas	20,731	1,291	4,353	26,375
Amerigroup - El Paso	27,136	2,636	1,579	31,351
Molina - El Paso	25,589	3,287	1,977	30,853
Amerigroup - Harris	55,156	2,651	4,428	62,235
Molina - Harris	12,507	931	3,788	17,225
United - Harris	44,911	3,970	7,424	56,305
HealthSpring - Hidalgo	18,303	1,982	1,365	21,651
Molina - Hidalgo	27,122	4,032	1,697	32,851
Superior - Hidalgo	30,749	6,064	2,033	38,847
Amerigroup - Tarrant	35,964	2,883	8,033	46,881
Total - All Plans	409,512	41,846	55,057	506,415

FY2018 Capitation Rates pmpm (Community Rating without Risk Adjustment) - Long Term Care

Amerigroup - Bexar	369.27	1,985.37	4,214.00	890.37
Molina - Bexar	369.27	1,985.37	4,214.00	1,131.38
Superior - Bexar	369.27	1,985.37	4,214.00	908.93
Molina - Dallas	286.15	1,658.32	4,170.56	992.94
Superior - Dallas	286.15	1,658.32	4,170.56	994.36
Amerigroup - El Paso	447.17	1,876.87	4,469.37	770.02
Molina - El Paso	447.17	1,876.87	4,469.37	857.19
Amerigroup - Harris	261.08	1,841.96	4,159.30	605.78
Molina - Harris	261.08	1,841.96	4,159.30	1,203.66
United - Harris	261.08	1,841.96	4,159.30	886.57
HealthSpring - Hidalgo	825.19	2,209.74	4,571.24	1,188.12
Molina - Hidalgo	825.19	2,209.74	4,571.24	1,188.61
Superior - Hidalgo	825.19	2,209.74	4,571.24	1,237.41
Amerigroup - Tarrant	206.64	1,713.76	4,005.83	950.35

FY2018 Capitation - LTC

Amerigroup - Bexar	7,538,216	3,430,112	11,088,315	22,056,643
Molina - Bexar	5,938,974	3,550,179	14,667,825	24,156,978
Superior - Bexar	12,695,974	9,306,561	17,222,866	39,225,401
Molina - Dallas	11,579,263	6,489,948	34,120,634	52,189,846
Superior - Dallas	5,932,077	2,141,560	18,152,573	26,226,211
Amerigroup - El Paso	12,134,345	4,947,789	7,059,025	24,141,159
Molina - El Paso	11,442,927	6,170,031	8,834,300	26,447,258
Amerigroup - Harris	14,400,112	4,882,534	18,417,709	37,700,354
Molina - Harris	3,265,332	1,714,209	15,753,743	20,733,285
United - Harris	11,725,241	7,313,473	30,879,974	49,918,688
HealthSpring - Hidalgo	15,103,743	4,380,720	6,239,000	25,723,464
Molina - Hidalgo	22,381,102	8,909,362	7,756,429	39,046,892
Superior - Hidalgo	25,373,910	13,400,087	9,295,140	48,069,137
Amerigroup - Tarrant	7,431,545	4,941,322	32,180,140	44,553,006
Total - All Plans	166,942,760	81,577,886	231,667,675	480,188,322

FY2018 STAR+Plus Rating Summary

Health Plan	Dual OCC	Dual HCBS	Dual NF	Total
LTC Risk Adjustment Factors				
Amerigroup - Bexar	0.9847	1.1022	1.0000	
Molina - Bexar	0.9004	0.9129	1.0000	
Superior - Bexar	1.0582	0.9977	1.0000	
Molina - Dallas	1.0328	1.0032	1.0000	
Superior - Dallas	0.9419	0.9910	1.0000	
Amerigroup - El Paso	0.9793	0.9667	1.0000	
Molina - El Paso	1.0225	1.0323	1.0000	
Amerigroup - Harris	1.0403	0.9824	1.0000	
Molina - Harris	0.9213	0.9845	1.0000	
United - Harris	0.9770	1.0158	1.0000	
HealthSpring - Hidalgo	0.8220	0.9990	1.0000	
Molina - Hidalgo	0.9529	1.0029	1.0000	
Superior - Hidalgo	1.1680	0.9986	1.0000	
Amerigroup - Tarrant	1.0000	1.0000	1.0000	
Budget Neutral Adjustment				
Amerigroup - Bexar	0.9988	0.9988	1.0000	
Molina - Bexar	0.9988	0.9988	1.0000	
Superior - Bexar	0.9988	0.9988	1.0000	
Molina - Dallas	0.9980	0.9998	1.0000	
Superior - Dallas	0.9980	0.9998	1.0000	
Amerigroup - El Paso	0.9998	0.9969	1.0000	
Molina - El Paso	0.9998	0.9969	1.0000	
Amerigroup - Harris	0.9981	0.9998	1.0000	
Molina - Harris	0.9981	0.9998	1.0000	
United - Harris	0.9981	0.9998	1.0000	
HealthSpring - Hidalgo	0.9918	0.9999	1.0000	
Molina - Hidalgo	0.9918	0.9999	1.0000	
Superior - Hidalgo	0.9918	0.9999	1.0000	
Amerigroup - Tarrant	1.0000	1.0000	1.0000	
LTC Risk Adjustment Factors - Adjusted for Budget Neutrality				
Amerigroup - Bexar	0.9835	1.1009	1.0000	
Molina - Bexar	0.8993	0.9118	1.0000	
Superior - Bexar	1.0569	0.9965	1.0000	
Molina - Dallas	1.0308	1.0030	1.0000	
Superior - Dallas	0.9400	0.9908	1.0000	
Amerigroup - El Paso	0.9790	0.9637	1.0000	
Molina - El Paso	1.0222	1.0291	1.0000	
Amerigroup - Harris	1.0384	0.9822	1.0000	
Molina - Harris	0.9196	0.9843	1.0000	
United - Harris	0.9752	1.0156	1.0000	
HealthSpring - Hidalgo	0.8153	0.9989	1.0000	
Molina - Hidalgo	0.9451	1.0028	1.0000	
Superior - Hidalgo	1.1584	0.9985	1.0000	
Amerigroup - Tarrant	1.0000	1.0000	1.0000	

FY2018 STAR+Plus Rating Summary

Health Plan	Dual OCC	Dual HCBS	Dual NF	Total
FY2018 LTC Capitation Rates pmpm (Community Rating with Risk Adjustment)				
Amerigroup - Bexar	363.17	2,185.67	4,214.00	
Molina - Bexar	332.09	1,810.27	4,214.00	
Superior - Bexar	390.29	1,978.35	4,214.00	
Molina - Dallas	294.95	1,663.37	4,170.56	
Superior - Dallas	268.97	1,643.03	4,170.56	
Amerigroup - El Paso	437.79	1,808.74	4,469.37	
Molina - El Paso	457.12	1,931.51	4,469.37	
Amerigroup - Harris	271.11	1,809.15	4,159.30	
Molina - Harris	240.09	1,813.03	4,159.30	
United - Harris	254.61	1,870.65	4,159.30	
HealthSpring - Hidalgo	672.75	2,207.36	4,571.24	
Molina - Hidalgo	779.85	2,216.01	4,571.24	
Superior - Hidalgo	955.93	2,206.36	4,571.24	
Amerigroup - Tarrant	206.64	1,713.76	4,005.83	
FY2018 Capitation - LTC				
Amerigroup - Bexar	7,413,647	3,776,164	11,088,315	22,278,127
Molina - Bexar	5,341,014	3,237,063	14,667,825	23,245,902
Superior - Bexar	13,418,503	9,273,624	17,222,866	39,914,993
Molina - Dallas	11,935,347	6,509,698	34,120,634	52,565,679
Superior - Dallas	5,575,993	2,121,811	18,152,573	25,850,377
Amerigroup - El Paso	11,879,759	4,768,179	7,059,025	23,706,963
Molina - El Paso	11,697,513	6,349,641	8,834,300	26,881,453
Amerigroup - Harris	14,953,083	4,795,556	18,417,709	38,166,348
Molina - Harris	3,002,868	1,687,282	15,753,743	20,443,893
United - Harris	11,434,733	7,427,378	30,879,974	49,742,086
HealthSpring - Hidalgo	12,313,521	4,375,986	6,239,000	22,928,507
Molina - Hidalgo	21,151,283	8,934,621	7,756,429	37,842,333
Superior - Hidalgo	29,393,951	13,379,561	9,295,140	52,068,652
Amerigroup - Tarrant	7,431,545	4,941,322	32,180,140	44,553,006
Total - All Plans	166,942,760	81,577,886	231,667,675	480,188,322