

**STATE OF TEXAS
MEDICAL TRANSPORTATION PROGRAM
RATE SETTING
STATE FISCAL YEAR 2018**

Prepared for:

Texas Health and Human Services Commission

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Rudd and Wisdom, Inc.

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I. Introduction

Rudd and Wisdom, Inc. has developed the state fiscal year 2018 (FY2018, September 1, 2017 through August 31, 2018) premium rates for the Medical Transportation Program's (MTP) full risk broker (FRB) and medical transportation organization (MTO) contracts. The MTO and FRB provide non-emergency medical transportation to Medicaid, Children with Special Health Care Needs (CSHCN) and Transportation for Indigent Cancer Patient (TICP) members. This report presents the rating methodology and assumptions used in developing the premium rates.

The Health and Human Services Commission (HHSC) currently has two managed transportation programs: (a) full-risk broker (FRB) contracts in the Dallas/Fort Worth and Houston areas; and (b) managed transportation organization (MTO) contracts in the remainder of the state. The two FRB contracts have been in place since March 16, 2012, and April 16, 2012. The MTO contracts have been effective in the remaining Texas regions since September 1, 2014. Effective November 12, 2015, members in MTO Region 4 (North Texas) were carved out of managed care and placed back into fee-for-service. The fiscal year 2018 rates presented in this document include all Texas regions except for MTO Region 4.

Rudd and Wisdom has relied on the following data sources as provided by HHSC, MTOs and the FRBs.

- Monthly enrollment by risk group and county. This includes historical enrollment since September 2012 and a projection of future enrollment through August 2018. These projections were prepared by HHS System Forecasting staff.
- Claim lag reports for each FRB and MTO for the period September 2014 through February 2017. These reports were provided by the FRBs and MTOs and include monthly paid claims by month of service, service category and risk group.
- Financial Statistical Reports (FSR) for the MTOs and FRBs for FY2015, FY2016 and the first six months of FY2017. The FSR contains detailed information regarding monthly enrollment, revenue, incurred claims and administrative expenses, as reported by the vendors. The FSR is audited by an external auditor.
- Detailed MTO and FRB encounter data. The encounter data is a dataset that includes the detail claim information for every claim incurred. The dataset includes but is not limited to (1) individual member information – date of birth, risk group, transportation plan; (2) provider information – type of provider, name of provider, type of service; (3) payment information – paid amount. This information is used to identify the providers and services which will receive or have received reimbursement changes in order to determine the cost impact of such changes.
- Information from the MTOs and FRBs regarding recent reimbursement changes and the addition of new demand response providers.
- Information from MTP regarding recent changes to Individual Transportation Participant mileage reimbursement.
- Information from MTP staff regarding program administrative expenses.

After accumulating all of the information to be used in the rate setting process, a comparison of the various sources of claims data was performed to check for consistency. We compared (i) the Claim lag reports provided by the MTOs and FRBs, (ii) the claim amounts reported in the FSRs and (iii) the claim amounts in the encounter data files. The three data sources are compared to ensure consistent results such that the three are considered interchangeable in aggregate. Although interchangeable in total, each data source has a unique role in the analysis. FSR data provides high level summary information of claims data and administrative costs. In some cases, this information is available at the risk group level while for others it is only provided at an aggregated level. MTO and FRB summary reports provide HHSC-specified data points at a more granular level such as claim lag data by type of service and month of trip. The detail encounter data provides claim data at the most granular level including information for individual claims such as provider, type of service code, etc. The use of these multiple data sources allows for a dynamic, flexible rating model that is not constrained to the data limitation of a single source.

All data requested by the actuary was provided by HHSC and the participating MTOs and FRBs. Although the above data was reviewed for reasonableness, Rudd and Wisdom did not audit the data.

II. Overview of the Rate Setting Methodology

The actuarial model used to derive the FY2018 FRB and MTO premium rates relies primarily on historical FRB and MTO financial experience. The historical claims experience data was analyzed and estimates for the base period were developed. The base period for the FRBs and MTOs relied on historical financial experience for the period January 1, 2016 through December 31, 2016 (CY2016). Estimates of the base period include an estimate of incurred but not reported (IBNR) using claims paid through February 28, 2017 and represents 0.8% of total incurred claims. These estimates were then projected forward to FY2018 using assumed trend rates and other adjustment factors. These adjustment factors are described in more detail in Section III. We added a reasonable provision for administrative expenses and risk margin in order to project the total FY2018 cost. This analysis was conducted for all Texas regions except for MTO Region 4.

Capitation rates were developed for the following Texas regions:

- MTO Region 1 – Panhandle
- MTO Region 2 – West Texas
- MTO Region 3 – Northwest Central
- MTO Region 5 – East Texas
- MTO Region 6 – Southwest Texas
- MTO Region 7 – Central Texas
- MTO Region 8 – South Central Texas
- MTO Region 9 – Southeast Texas
- MTO Region 10 – South Texas
- MTO Region 11 – Northeast Central
- FRB SDA 1 – Dallas/Fort Worth
- FRB SDA 2 – Houston

Capitation rates were determined for the following risk groups:

- Medicaid Children – Rural Counties
- Medicaid Children – Urban Counties
- Medicaid Adults – Rural Counties
- Medicaid Adults – Urban Counties
- Children with Special Health Care Needs (CSHCN)
- Transportation for Indigent Cancer Patient (TICP) – Only applies to Region 10

The non-emergency transportation services used in the analysis include the following:

- Demand Response Transportation
- Individual Transportation Participant (ITP)
- Mass Transit Ticket
- Meals and Lodging
- Advance Funds
- Out-of-State Travel
- Attendant Services

- Commercial Airline Transportation Services
- Nonemergency Ambulance Transportation

III. Adjustment Factors

This section contains a description of the adjustment factors used in the FY2018 FRB and MTO rate setting process.

Trend Factors

The rating methodology uses assumed trend factors to adjust the base period claims cost to the projection period. The cost trend factors used in this analysis are a combination of utilization and inflation components. The managed care MTO contracts were effective September 1, 2014 and are still fairly new. In addition, the MTP program has had many policy changes the past several years. As a result, the historical managed care trend is not a reliable predictor of future cost increases for the MTOs and FRBs. The annual trend assumption was selected by the actuary based on a study of the transportation Consumer Price Index published by the Bureau of Labor Statistic and the actuary's judgment regarding future cost increases. The annual trend assumption of 3.0% was used in the rating analysis to project historical experience forward to the rating period.

Attachment 2 presents a summary of the derivation of the annual trend assumption.

Individual Transportation Participant Reimbursement Change

Effective January 1, 2017, reimbursement for Individual Transportation Participant (ITP) service reduced from \$0.54 a mile to \$0.535 a mile. The base period claims cost for ITP has been adjusted to reflect this change.

Demand Response Reimbursement Change Adjustment

Logisticare added several new demand response providers in the MTO Regions 7, 8 and 11 around September 2016 resulting in a reduction to their demand response claims cost. The base period demand response claims cost for these regions have been adjusted to account for the addition of new demand response providers. Attachment 3 presents a summary of the derivation of this adjustment factor.

Stretcher Service Adjustment

Effective November 1, 2016, stretcher services were provided through fee-for-service (FFS) and were no longer provided by the FRB in the Houston service delivery area. The base period demand response claims cost has been adjusted to remove stretcher services experience from the Houston service delivery area. Attachment 4 presents a summary of the derivation of this adjustment factor.

IV. Administrative Fees and Risk Margin

The rating methodology includes an explicit provision intended to provide for all administrative-related services performed by the vendors. The amount allocated for administrative expenses is \$0.20 per member per month (pmpm) plus 22.0% of gross premium. The administrative fee provision is limited to 125% of the average administrative expense pmpm reported in each of the MTO and FRB's FY2015, FY2016, and FY2017 FSRs.

No provision for premium or maintenance taxes is included in the rate calculation as these services are exempt from such taxes. The rates do include a risk margin equal to 1.50% of gross premiums.

V. Summary

The chart below presents the results of the FY2018 FRB and MTO rate setting analysis. Attachment 1 shows the derivation of the premium rates.

Region	Medicaid Adults		Medicaid Children		CSHCN	TICP
	Urban	Rural	Urban	Rural		
MTO Region 1	\$9.57	\$14.82	\$1.54	\$2.28	\$1.54	
MTO Region 2	9.83	21.71	1.99	3.05	1.99	
MTO Region 3	9.00	21.01	1.37	2.23	1.37	
MTO Region 5	12.21	19.55	1.51	2.06	1.51	
MTO Region 6	15.43	15.43	2.55	2.55	2.55	
MTO Region 7	14.61	34.05	1.09	1.92	1.09	
MTO Region 8	8.59	21.56	0.62	1.79	0.62	
MTO Region 9	17.31	17.31	1.89	1.89	1.89	
MTO Region 10	8.27	15.38	1.68	1.97	1.68	1.68
MTO Region 11	15.75	20.39	1.37	2.18	1.37	
FRB - SDA 1	12.64	20.84	0.69	1.73	0.69	
FRB - SDA 2	7.63	20.65	0.70	1.86	0.70	

Attachment 5 presents the required rating index summarizing the applicable sections from the 2017-2018 Medicaid Managed Care Rate Development Guide.

VI. Actuarial Certification of FY2018 FRB and MTO Premium Rates

I, Khiem D. Ngo, am a principal with the firm Rudd and Wisdom, Inc., Consulting Actuaries (Rudd and Wisdom). 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.

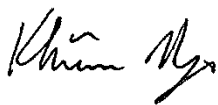
Rudd and Wisdom has been retained by the Texas Health and Human Services Commission (HHSC) to develop the capitation rates applicable to the Texas Medicaid Medical Transportation Program's Full Risk Broker (FRB) and Medical Transportation Organization (MTO) contracts for the state fiscal year 2018 (FY2018) and to provide the actuarial certification required under Centers for Medicare and Medicaid Services (CMS) requirements 42 CFR 438.4.

I certify that the FY2018 FRB and MTO premium rates developed by HHSC and Rudd and Wisdom satisfy the following:

- (a) The premium rates have been developed in accordance with generally accepted actuarial principals and practices;
- (b) The premium rates are appropriate for the populations and services covered under the managed care contract; and
- (c) The premium 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 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 FRB or MTO contracting with the State should analyze its own projected premium needs before deciding whether to contract with the State.



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VII. Attachments

Attachment 1 – Summary of FY2018 MTP and FRB Rating Analysis

Attachment 2 – Trend Analysis

Attachment 3 – Addition of New Demand Response Provider Adjustment

Attachment 4 – Stretcher Service Adjustment Factor

Attachment 1

Summary of FY2018 MTP and FRB Rating Analysis

The following exhibits present a summary of the experience analysis performed for each of the FRB and MTO regions.

Below is a brief description of each of the exhibits contained in the attachment. The exhibits present the derivation of the FY2018 FRB and MTO premium rates for the following regions:

- Exhibit A – MTO Region 1 – Panhandle
- Exhibit B – MTO Region 2 – West Texas
- Exhibit C – MTO Region 3 – Northwest Central
- Exhibit D – MTO Region 5 – East Texas
- Exhibit E – MTO Region 6 – Southwest Texas
- Exhibit F – MTO Region 7 – Central Texas
- Exhibit G – MTO Region 8 – South Central Texas
- Exhibit H – MTO Region 9 – Southeast Texas
- Exhibit I – MTO Region 10 – South Texas
- Exhibit J – MTO Region 11 – Northeast Central
- Exhibit K – FRB SDA 1– Dallas/Fort Worth
- Exhibit L – FRB SDA 2 – Houston

These exhibits show the calculation of the FY2018 premium rates for each region. The top portion of the exhibit shows summary base period enrollment and claims experience by service category. These estimates were then projected forward to FY2018 using assumed trend rates and other adjustment factors. These adjustment factors are described in more detail in Section III.

The amount allocated for administrative expenses is \$0.20 per member per month (pmpm) plus 22.0% of gross premium. The administrative fee provision is limited to 125% of the average administrative expense PMPM reported in each of the MTO and FRB's FY2015, FY2016, and FY2017 FSRs. We also added a risk margin equal to 1.50% of gross premiums to protect against adverse claim experience.

At the bottom of the exhibit is a summary of the projected FY2018 cost based on these assumptions.

	Adults				Children (incl. CSHCN)				Total	
	Urban Counties		Rural Counties		Urban Counties		Rural Counties		Amount	pmpm
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm		
CY2016 Experience Period										
Member Months	213,564		121,538		717,076		463,490		1,515,668	
Estimated CY2016 Incurred Claims										
Demand Response	1,363,905	6.39	955,975	7.87	91,668	0.13	57,092	0.12	2,468,639	1.63
Mileage Reimbursement	68,665	0.32	300,290	2.47	207,939	0.29	340,653	0.73	917,547	0.61
All Others	16,171	0.08	34,879	0.29	370,548	0.52	286,501	0.62	708,098	0.47
Total	1,448,741	6.78	1,291,144	10.62	670,155	0.93	684,245	1.48	4,094,285	2.70
Projected FY2018 Member Months	206,721		116,818		730,654		474,576		1,528,769	
Projected FY2018 Premium										
Current Rates	2,027,931	9.81	1,711,382	14.65	920,624	1.26	896,948	1.89	5,556,885	3.63
Rating Adjustment Factors										
Client Service Trend		1.0300		1.0300		1.0300		1.0300		
Mileage Reimbursement Reduction		0.9907		0.9907		0.9907		0.9907		
Demand Response Reimbursement Change		1.0000		1.0000		1.0000		1.0000		
Projected FY2018 Incurred Claims	1,472,487	7.12	1,300,861	11.14	715,266	0.98	732,598	1.54	4,221,212	2.76
Administrative Expense - Formula										
Fixed Amount PMPM	41,344	0.200	23,364	0.200	146,131	0.200	94,915	0.200	305,754	
Percent of Premium	435,350	22.0%	380,823	22.0%	247,722	22.0%	237,978	22.0%	1,301,873	
Total	476,694	2.31	404,186	3.46	393,853	0.54	332,893	0.70	1,607,626	1.05
Administrative Expense - Cap	684,131	3.31	580,071	4.97	565,241	0.77	477,754	1.01	2,307,196	1.51
Administrative Expense - Selected	476,694	2.31	404,186	3.46	393,853	0.54	332,893	0.70	1,607,626	1.05
Risk Margin	29,683	1.50%	25,965	1.50%	16,890	1.50%	16,226	1.50%	88,764	1.50%
Projected FY2018 Total Cost	1,978,864	9.57	1,731,012	14.82	1,126,009	1.54	1,081,717	2.28	5,917,602	3.87
Percentage Rate Change		-2.4%		1.1%		22.3%		20.6%		6.5%

	Adults				Children (incl. CSHCN)				Total	
	Urban Counties		Rural Counties		Urban Counties		Rural Counties		Amount	pmpm
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm		
CY2016 Experience Period										
Member Months	582,275		81,457		1,930,471		239,237		2,833,440	
Estimated CY2016 Incurred Claims										
Demand Response	3,701,108	6.36	1,026,320	12.60	437,954	0.23	125,939	0.53	5,291,321	1.87
Mileage Reimbursement	135,502	0.23	231,091	2.84	408,250	0.21	168,921	0.71	943,765	0.33
All Others	227,305	0.39	17,932	0.22	1,597,275	0.83	193,656	0.81	2,036,167	0.72
Total	4,063,915	6.98	1,275,343	15.66	2,443,479	1.27	488,516	2.04	8,271,253	2.92
Projected FY2018 Member Months	560,003		79,001		1,975,390		248,734		2,863,128	
Projected FY2018 Premium										
Current Rates	5,829,633	10.41	2,448,238	30.99	1,303,758	0.66	2,890,288	11.62	12,471,917	4.36
Rating Adjustment Factors										
Client Service Trend		1.0300		1.0300		1.0300		1.0300		
Mileage Reimbursement Reduction		0.9907		0.9907		0.9907		0.9907		
Demand Response Reimbursement Change		1.0000		1.0000		1.0000		1.0000		
Projected FY2018 Incurred Claims	4,104,576	7.33	1,297,170	16.42	2,622,535	1.33	531,849	2.14	8,556,129	2.99
Administrative Expense - Formula										
Fixed Amount PMPM	112,001	0.200	15,800	0.200	395,078	0.200	49,747	0.200	572,626	
Percent of Premium	1,212,610	22.0%	377,586	22.0%	867,810	22.0%	167,256	22.0%	2,625,263	
Total	1,324,611	2.37	393,386	4.98	1,262,888	0.64	217,003	0.87	3,197,888	1.12
Administrative Expense - Cap	1,319,453	2.36	391,854	4.96	1,257,971	0.64	216,158	0.87	3,185,436	1.11
Administrative Expense - Selected	1,319,453	2.36	391,854	4.96	1,257,971	0.64	216,158	0.87	3,185,436	1.11
Risk Margin	82,599	1.50%	25,721	1.50%	59,094	1.50%	11,391	1.50%	178,806	1.50%
Projected FY2018 Total Cost	5,506,628	9.83	1,714,745	21.71	3,939,599	1.99	759,397	3.05	11,920,370	4.16
Percentage Rate Change		-5.5%		-30.0%		202.2%		-73.7%		-4.4%

	Adults				Children (incl. CSHCN)				Total	
	Urban Counties		Rural Counties		Urban Counties		Rural Counties		Amount	pmpm
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm		
CY2016 Experience Period										
Member Months	117,793		117,532		311,971		291,463		838,759	
Estimated CY2016 Incurred Claims										
Demand Response	666,926	5.66	1,509,748	12.85	92,681	0.30	126,895	0.44	2,396,251	2.86
Mileage Reimbursement	71,498	0.61	256,499	2.18	84,788	0.27	172,938	0.59	585,723	0.70
All Others	12,001	0.10	11,589	0.10	75,491	0.24	119,318	0.41	218,399	0.26
Total	750,425	6.37	1,777,836	15.13	252,961	0.81	419,151	1.44	3,200,373	3.82
Projected FY2018 Member Months	115,189		114,488		319,026		298,295		846,998	
Projected FY2018 Premium										
Current Rates	1,118,484	9.71	2,791,208	24.38	459,397	1.44	686,079	2.30	5,055,169	5.97
Rating Adjustment Factors										
Client Service Trend		1.0300		1.0300		1.0300		1.0300		
Mileage Reimbursement Reduction		0.9907		0.9907		0.9907		0.9907		
Demand Response Reimbursement Change		1.0000		1.0000		1.0000		1.0000		
Projected FY2018 Incurred Claims	770,213	6.69	1,816,807	15.87	270,901	0.85	448,917	1.50	3,306,838	3.90
Administrative Expense - Formula										
Fixed Amount PMPM	23,038	0.200	22,898	0.200	63,805	0.200	59,659	0.200	169,400	
Percent of Premium	228,124	22.0%	529,065	22.0%	96,255	22.0%	146,257	22.0%	999,702	
Total	251,162	2.18	551,963	4.82	160,060	0.50	205,916	0.69	1,169,102	1.38
Administrative Expense - Cap	352,567	3.06	774,814	6.77	224,684	0.70	289,054	0.97	1,641,119	1.94
Administrative Expense - Selected	251,162	2.18	551,963	4.82	160,060	0.50	205,916	0.69	1,169,102	1.38
Risk Margin	15,554	1.50%	36,073	1.50%	6,563	1.50%	9,972	1.50%	68,162	1.50%
Projected FY2018 Total Cost	1,036,929	9.00	2,404,843	21.01	437,524	1.37	664,806	2.23	4,544,101	5.36
Percentage Rate Change		-7.3%		-13.8%		-4.8%		-3.1%		-10.1%

	Adults				Children (incl. CSHCN)				Total	
	Urban Counties		Rural Counties		Urban Counties		Rural Counties			
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
CY2016 Experience Period										
Member Months	155,327		548,913		493,384		1,456,950		2,654,574	
Estimated CY2016 Incurred Claims										
Demand Response	1,241,126	7.99	6,901,013	12.57	226,789	0.46	905,395	0.62	9,274,323	3.49
Mileage Reimbursement	64,299	0.41	598,929	1.09	91,192	0.18	615,174	0.42	1,369,595	0.52
All Others	46,215	0.30	217,165	0.40	131,912	0.27	396,504	0.27	791,797	0.30
Total	1,351,640	8.70	7,717,108	14.06	449,893	0.91	1,917,074	1.32	11,435,715	4.31
Projected FY2018 Member Months	152,028		541,158		509,896		1,500,311		2,703,394	
Projected FY2018 Premium										
Current Rates	1,600,856	10.53	9,416,155	17.40	775,043	1.52	3,105,644	2.07	14,897,697	5.51
Rating Adjustment Factors										
Client Service Trend		1.0300		1.0300		1.0300		1.0300		
Mileage Reimbursement Reduction		0.9907		0.9907		0.9907		0.9907		
Demand Response Reimbursement Change		1.0000		1.0000		1.0000		1.0000		
Projected FY2018 Incurred Claims	1,389,127	9.14	7,986,538	14.76	487,512	0.96	2,067,658	1.38	11,930,835	4.41
Administrative Expense - Formula										
Fixed Amount PMPM	30,406	0.200	108,232	0.200	101,979	0.200	300,062	0.200	540,679	
Percent of Premium	408,232	22.0%	2,327,908	22.0%	169,527	22.0%	680,913	22.0%	3,586,579	
Total	438,637	2.89	2,436,139	4.50	271,506	0.53	980,975	0.65	4,127,258	1.53
Administrative Expense - Cap	524,999	3.45	2,915,784	5.39	324,962	0.64	1,174,117	0.78	4,939,862	1.83
Administrative Expense - Selected	438,637	2.89	2,436,139	4.50	271,506	0.53	980,975	0.65	4,127,258	1.53
Risk Margin	27,834	1.50%	158,721	1.50%	11,559	1.50%	46,426	1.50%	244,539	1.50%
Projected FY2018 Total Cost	1,855,598	12.21	10,581,399	19.55	770,577	1.51	3,095,059	2.06	16,302,633	6.03
Percentage Rate Change		15.9%		12.4%		-0.6%		-0.3%		9.4%

	Adults				Children (incl. CSHCN)				Total	
	Urban Counties		Rural Counties		Urban Counties		Rural Counties		Amount	pmpm
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm		
CY2016 Experience Period										
Member Months			135,293				375,593		510,886	
Estimated CY2016 Incurred Claims										
Demand Response			935,556	6.92			111,735	0.30	1,047,291	2.05
Mileage Reimbursement			501,178	3.70			373,485	0.99	874,663	1.71
All Others			62,409	0.46			144,320	0.38	206,730	0.40
Total			1,499,144	11.08			629,540	1.68	2,128,684	4.17
Projected FY2018 Member Months			129,079				382,933		512,013	
Projected FY2018 Premium										
Current Rates			2,196,933	17.02			1,014,773	2.65	3,211,707	6.27
Rating Adjustment Factors										
Client Service Trend				1.0300				1.0300		
Mileage Reimbursement Reduction				0.9907				0.9907		
Demand Response Reimbursement Change				1.0000				1.0000		
Projected FY2018 Incurred Claims			1,497,870	11.60			670,552	1.75	2,168,422	4.24
Administrative Expense - Formula										
Fixed Amount PMPM			25,816	0.200			76,587	0.200	102,403	
Percent of Premium			438,184	22.0%			214,863	22.0%	653,048	
Total			464,000	3.59			291,450	0.76	755,450	1.48
Administrative Expense - Cap			768,205	5.95			482,529	1.26	1,250,734	2.44
Administrative Expense - Selected			464,000	3.59			291,450	0.76	755,450	1.48
Risk Margin			29,876	1.50%			14,650	1.50%	44,526	1.50%
Projected FY2018 Total Cost		15.43	1,991,746	15.43		2.55	976,652	2.55	2,968,398	5.80
Percentage Rate Change				-9.3%				-3.8%		-7.6%

	Adults				Children (incl. CSHCN)				Total	
	Urban Counties		Rural Counties		Urban Counties		Rural Counties		Amount	pmpm
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm		
CY2016 Experience Period										
Member Months	618,140		209,276		2,321,413		645,259		3,794,088	
Estimated CY2016 Incurred Claims										
Demand Response	6,746,814	10.91	5,663,297	27.06	1,055,883	0.45	542,500	0.84	14,008,494	3.69
Mileage Reimbursement	115,584	0.19	220,846	1.06	144,322	0.06	194,815	0.30	675,567	0.18
All Others	233,663	0.38	44,993	0.21	524,760	0.23	160,802	0.25	964,217	0.25
Total	7,096,061	11.48	5,929,135	28.33	1,724,965	0.74	898,117	1.39	15,648,278	4.12
Projected FY2018 Member Months	604,725		205,163		2,375,675		666,912		3,852,475	
Projected FY2018 Premium										
Current Rates	8,254,498	13.65	6,957,073	33.91	2,803,297	1.18	1,480,544	2.22	19,495,412	5.06
Rating Adjustment Factors										
Client Service Trend		1.0300		1.0300		1.0300		1.0300		
Mileage Reimbursement Reduction		0.9907		0.9907		0.9907		0.9907		
Demand Response Reimbursement Change		0.9807		0.9304		0.9208		0.9650		
Projected FY2018 Incurred Claims	7,157,716	11.84	5,698,358	27.77	1,763,043	0.74	952,540	1.43	15,571,656	4.04
Administrative Expense - Formula										
Fixed Amount PMPM	120,945	0.200	41,033	0.200	475,135	0.200	133,382	0.200	770,495	
Percent of Premium	2,093,210	22.0%	1,650,544	22.0%	643,659	22.0%	312,291	22.0%	4,699,704	
Total	2,214,155	3.66	1,691,576	8.25	1,118,794	0.47	445,674	0.67	5,470,199	1.42
Administrative Expense - Cap	1,547,637	2.56	1,182,368	5.76	782,008	0.33	311,515	0.47	3,823,528	0.99
Administrative Expense - Selected	1,547,637	2.56	1,182,368	5.76	782,008	0.33	311,515	0.47	3,823,528	0.99
Risk Margin	132,569	1.50%	104,783	1.50%	38,757	1.50%	19,250	1.50%	295,358	1.50%
Projected FY2018 Total Cost	8,837,922	14.61	6,985,509	34.05	2,583,808	1.09	1,283,304	1.92	19,690,543	5.11
Percentage Rate Change		7.1%		0.4%		-7.8%		-13.3%		1.0%

	Adults				Children (incl. CSHCN)				Total	
	Urban Counties		Rural Counties		Urban Counties		Rural Counties		Amount	pmpm
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm		
CY2016 Experience Period										
Member Months	940,467		121,631		3,039,617		343,795		4,445,510	
Estimated CY2016 Incurred Claims										
Demand Response	5,682,556	6.04	1,778,913	14.63	525,510	0.17	146,565	0.43	8,133,545	1.83
Mileage Reimbursement	109,733	0.12	148,641	1.22	142,321	0.05	108,104	0.31	508,799	0.11
All Others	117,015	0.12	52,076	0.43	152,655	0.05	129,937	0.38	451,682	0.10
Total	5,909,303	6.28	1,979,630	16.28	820,486	0.27	384,606	1.12	9,094,025	2.05
Projected FY2018 Member Months	917,510		118,971		3,097,494		352,540		4,486,516	
Projected FY2018 Premium										
Current Rates	6,982,253	7.61	2,140,290	17.99	2,044,346	0.66	602,844	1.71	11,769,733	2.62
Rating Adjustment Factors										
Client Service Trend		1.0300		1.0300		1.0300		1.0300		
Mileage Reimbursement Reduction		0.9907		0.9907		0.9907		0.9907		
Demand Response Reimbursement Change		0.9641		0.9483		0.9719		0.9870		
Projected FY2018 Incurred Claims	5,846,155	6.37	1,938,124	16.29	861,123	0.28	411,174	1.17	9,056,575	2.02
Administrative Expense - Formula										
Fixed Amount PMPM	183,502	0.200	23,794	0.200	619,499	0.200	70,508	0.200	897,303	
Percent of Premium	1,734,019	22.0%	564,212	22.0%	425,800	22.0%	138,523	22.0%	2,862,553	
Total	1,917,521	2.09	588,006	4.94	1,045,298	0.34	209,031	0.59	3,759,856	0.84
Administrative Expense - Cap	2,278,589	2.48	698,727	5.87	1,242,127	0.40	248,391	0.70	4,467,834	1.00
Administrative Expense - Selected	1,917,521	2.09	588,006	4.94	1,045,298	0.34	209,031	0.59	3,759,856	0.84
Risk Margin	118,229	1.50%	38,469	1.50%	29,032	1.50%	9,445	1.50%	195,174	1.50%
Projected FY2018 Total Cost	7,881,904	8.59	2,564,599	21.56	1,935,453	0.62	629,650	1.79	13,011,606	2.90
Percentage Rate Change		12.9%		19.8%		-5.3%		4.4%		10.6%

	Adults				Children (incl. CSHCN)				Total	
	Urban Counties		Rural Counties		Urban Counties		Rural Counties		Amount	pmpm
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm		
CY2016 Experience Period										
Member Months			98,966				306,337		405,303	
Estimated CY2016 Incurred Claims										
Demand Response			1,092,021	11.03			197,472	0.64	1,289,493	3.18
Mileage Reimbursement			101,986	1.03			66,073	0.22	168,059	0.41
All Others			35,360	0.36			99,347	0.32	134,707	0.33
Total			1,229,366	12.42			362,892	1.18	1,592,258	3.93
Projected FY2018 Member Months			95,811				316,335		412,145	
Projected FY2018 Premium										
Current Rates			1,619,198	16.90			566,239	1.79	2,185,437	5.30
Rating Adjustment Factors										
Client Service Trend				1.0300				1.0300		
Mileage Reimbursement Reduction				0.9907				0.9907		
Demand Response Reimbursement Change				1.0000				1.0000		
Projected FY2018 Incurred Claims			1,249,310	13.04			392,995	1.24	1,642,305	3.98
Administrative Expense - Formula										
Fixed Amount PMPM			19,162	0.200			63,267	0.200	82,429	
Percent of Premium			364,789	22.0%			131,213	22.0%	496,002	
Total			383,951	4.01			194,480	0.61	578,431	1.40
Administrative Expense - Cap			538,015	5.62			272,516	0.86	810,532	1.97
Administrative Expense - Selected			383,951	4.01			194,480	0.61	578,431	1.40
Risk Margin			24,872	1.50%			8,946	1.50%	33,818	1.50%
Projected FY2018 Total Cost		17.31	1,658,133	17.31		1.89	596,421	1.89	2,254,554	5.47
Percentage Rate Change				2.4%				5.3%		3.2%

	Adults				Children (incl. CSHCN)				Total	
	Urban Counties		Rural Counties		Urban Counties		Rural Counties		Amount	pmpm
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm		
CY2016 Experience Period										
Member Months	1,230,904		253,840		4,659,294		689,443		6,833,481	
Estimated CY2016 Incurred Claims										
Demand Response	6,508,120	5.29	2,039,078	8.03	1,930,212	0.41	295,005	0.43	10,772,415	1.58
Mileage Reimbursement	575,618	0.47	745,301	2.94	958,117	0.21	395,058	0.57	2,674,093	0.39
All Others	100,324	0.08	17,818	0.07	1,917,653	0.41	170,793	0.25	2,206,589	0.32
Total	7,184,062	5.84	2,802,196	11.04	4,805,982	1.03	860,856	1.25	15,653,097	2.29
Projected FY2018 Member Months	1,193,018		245,175		4,741,509		709,386		6,889,088	
Projected FY2018 Premium										
Current Rates	10,092,931	8.46	3,699,684	15.09	9,103,697	1.92	1,496,805	2.11	24,393,118	3.54
Rating Adjustment Factors										
Client Service Trend		1.0300		1.0300		1.0300		1.0300		
Mileage Reimbursement Reduction		0.9907		0.9907		0.9907		0.9907		
Demand Response Reimbursement Change		1.0000		1.0000		1.0000		1.0000		
Projected FY2018 Incurred Claims	7,309,134	6.13	2,836,210	11.57	5,128,278	1.08	926,534	1.31	16,200,156	2.35
Administrative Expense - Formula										
Fixed Amount PMPM	238,604	0.200	49,035	0.200	948,302	0.200	141,877	0.200	1,377,818	
Percent of Premium	2,170,591	22.0%	829,744	22.0%	1,747,513	22.0%	307,255	22.0%	5,055,103	
Total	2,409,195	2.02	878,778	3.58	2,695,815	0.57	449,133	0.63	6,432,921	0.93
Administrative Expense - Cap	3,482,495	2.92	1,270,276	5.18	3,896,806	0.82	649,222	0.92	9,298,799	1.35
Administrative Expense - Selected	2,409,195	2.02	878,778	3.58	2,695,815	0.57	449,133	0.63	6,432,921	0.93
Risk Margin	147,995	1.50%	56,573	1.50%	119,149	1.50%	20,949	1.50%	344,666	1.50%
Projected FY2018 Total Cost	9,866,324	8.27	3,771,562	15.38	7,943,242	1.68	1,396,616	1.97	22,977,743	3.34
Percentage Rate Change		-2.2%		1.9%		-12.7%		-6.7%		-5.8%

	Adults				Children (incl. CSHCN)				Total	
	Urban Counties		Rural Counties		Urban Counties		Rural Counties		Amount	pmpm
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm		
CY2016 Experience Period										
Member Months	112,317		57,963		350,465		151,936		672,681	
Estimated CY2016 Incurred Claims										
Demand Response	1,347,352	12.00	853,899	14.73	177,233	0.51	95,787	0.63	2,474,271	3.68
Mileage Reimbursement	49,400	0.44	78,028	1.35	37,216	0.11	70,452	0.46	235,096	0.35
All Others	18,106	0.16	6,053	0.10	97,609	0.28	69,806	0.46	191,574	0.28
Total	1,414,858	12.60	937,980	16.18	312,057	0.89	236,045	1.55	2,900,941	4.31
Projected FY2018 Member Months	110,843		58,314		357,973		156,189		683,319	
Projected FY2018 Premium										
Current Rates	1,822,259	16.44	1,152,863	19.77	529,800	1.48	340,493	2.18	3,845,414	5.63
Rating Adjustment Factors										
Client Service Trend		1.0300		1.0300		1.0300		1.0300		
Mileage Reimbursement Reduction		0.9907		0.9907		0.9907		0.9907		
Demand Response Reimbursement Change		0.9405		0.9493		1.0070		0.9378		
Projected FY2018 Incurred Claims	1,383,151	12.48	944,750	16.20	335,800	0.94	247,765	1.59	2,911,467	4.26
Administrative Expense - Formula										
Fixed Amount PMPM	22,169	0.200	11,663	0.200	71,595	0.200	31,238	0.200	136,664	
Percent of Premium	404,144	22.0%	275,047	22.0%	117,159	22.0%	80,236	22.0%	876,587	
Total	426,313	3.85	286,710	4.92	188,754	0.53	111,474	0.71	1,013,250	1.48
Administrative Expense - Cap	336,316	3.03	226,183	3.88	148,907	0.42	87,941	0.56	799,347	1.17
Administrative Expense - Selected	336,316	3.03	226,183	3.88	148,907	0.42	87,941	0.56	799,347	1.17
Risk Margin	26,185	1.50%	17,831	1.50%	7,381	1.50%	5,112	1.50%	56,510	1.50%
Projected FY2018 Total Cost	1,745,652	15.75	1,188,765	20.39	492,088	1.37	340,818	2.18	3,767,323	5.51
Percentage Rate Change		-4.2%		3.1%		-7.1%		0.1%		-2.0%

	Adults				Children (incl. CSHCN)				Total	
	Urban Counties		Rural Counties		Urban Counties		Rural Counties			
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
CY2016 Experience Period										
Member Months	1,884,769		97,927		7,948,751		295,962		10,227,409	
Estimated CY2016 Incurred Claims										
Demand Response	16,147,121	8.57	1,354,940	13.84	1,917,377	0.24	181,018	0.61	19,600,456	1.92
Mileage Reimbursement	488,171	0.26	134,830	1.38	440,613	0.06	121,090	0.41	1,184,703	0.12
All Others	734,758	0.39	10,531	0.11	300,537	0.04	28,123	0.10	1,073,949	0.11
Total	17,370,050	9.22	1,500,301	15.32	2,658,527	0.33	330,231	1.12	21,859,107	2.14
Projected FY2018 Member Months	1,842,109		94,989		8,109,469		301,218		10,347,785	
Projected FY2018 Premium										
Current Rates	24,076,368	13.07	2,150,547	22.64	6,406,481	0.79	671,715	2.23	33,305,112	3.22
Rating Adjustment Factors										
Client Service Trend		1.0300		1.0300		1.0300		1.0300		
Mileage Reimbursement Reduction		0.9907		0.9907		0.9907		0.9907		
Demand Response Reimbursement Change		1.0000		1.0000		1.0000		1.0000		
Projected FY2018 Incurred Claims	17,829,562	9.68	1,527,504	16.08	2,844,873	0.35	351,868	1.17	22,553,807	2.18
Administrative Expense - Formula										
Fixed Amount PMPM	368,422	0.200	18,998	0.200	1,621,894	0.200	60,244	0.200	2,069,557	
Percent of Premium	5,233,407	22.0%	444,746	22.0%	1,284,560	22.0%	118,516	22.0%	7,081,229	
Total	5,601,829	3.04	463,743	4.88	2,906,454	0.36	178,759	0.59	9,150,786	0.88
Administrative Expense - Cap	5,104,502	2.77	422,572	4.45	2,648,421	0.33	162,889	0.54	8,338,385	0.81
Administrative Expense - Selected	5,104,502	2.77	422,572	4.45	2,648,421	0.33	162,889	0.54	8,338,385	0.81
Risk Margin	349,250	1.50%	29,697	1.50%	83,654	1.50%	7,839	1.50%	470,439	1.50%
Projected FY2018 Total Cost	23,283,314	12.64	1,979,773	20.84	5,576,949	0.69	522,596	1.73	31,362,632	3.03
Percentage Rate Change		-3.3%		-7.9%		-12.9%		-22.2%		-5.8%

	Adults				Children (incl. CSHCN)				Total	
	Urban Counties		Rural Counties		Urban Counties		Rural Counties			
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
CY2016 Experience Period										
Member Months	2,294,827		239,577		9,337,307		711,136		12,582,847	
Estimated CY2016 Incurred Claims										
Demand Response	13,085,219	5.70	3,292,186	13.74	1,395,441	0.15	317,119	0.45	18,089,966	1.44
Mileage Reimbursement	754,612	0.33	569,457	2.38	740,042	0.08	387,657	0.55	2,451,769	0.19
All Others	159,935	0.07	55,093	0.23	872,698	0.09	131,151	0.18	1,218,876	0.10
Total	13,999,767	6.10	3,916,736	16.35	3,008,181	0.32	835,927	1.18	21,760,611	1.73
Projected FY2018 Member Months	2,241,756		231,496		9,620,232		733,174		12,826,657	
Projected FY2018 Premium										
Current Rates	17,620,199	7.86	4,866,040	21.02	7,503,781	0.78	1,700,963	2.32	31,690,983	2.47
Rating Adjustment Factors										
Client Service Trend		1.0300		1.0300		1.0300		1.0300		
Mileage Reimbursement Reduction		0.9907		0.9907		0.9907		0.9907		
Stretcher Service		0.8714		0.8922		0.9916		0.9900		
Projected FY2018 Incurred Claims	12,631,945	5.63	3,610,191	15.60	3,235,799	0.34	898,042	1.22	20,375,978	1.59
Administrative Expense - Formula										
Fixed Amount PMPM	448,351	0.200	46,299	0.200	1,924,046	0.200	146,635	0.200	2,565,331	
Percent of Premium	3,761,654	22.0%	1,051,540	22.0%	1,483,877	22.0%	300,430	22.0%	6,597,501	
Total	4,210,005	1.88	1,097,839	4.74	3,407,924	0.35	447,065	0.61	9,162,832	0.71
Administrative Expense - Cap	5,023,550	2.24	1,309,986	5.66	4,066,474	0.42	533,456	0.73	10,933,466	0.85
Administrative Expense - Selected	4,210,005	1.88	1,097,839	4.74	3,407,924	0.35	447,065	0.61	9,162,832	0.71
Risk Margin	256,476	1.50%	71,696	1.50%	101,173	1.50%	20,484	1.50%	449,830	1.50%
Projected FY2018 Total Cost	17,098,426	7.63	4,779,726	20.65	6,744,896	0.70	1,365,590	1.86	29,988,639	2.34
Percentage Rate Change		-3.0%		-1.8%		-10.1%		-19.7%		-5.4%

Attachment 2

Trend Analysis

The rating methodology uses assumed trend factors to adjust the base period claims cost to the projection period. The cost trend factors used in this analysis are a combination of utilization and inflation components. The managed care MTO contracts were effective September 1, 2014 and are still fairly new. In addition, the MTP program has had many policy changes the past several years. As a result, the historical managed care trend is not a reliable predictor of future cost increases for the MTOs and FRBs.

The annual trend assumption was selected by the actuary based on a study of the transportation Consumer Price Index (CPI) and the actuary's judgment regarding future cost increases. The inflation trend assumption of 1.0% was selected by taking the average of the monthly year-over-year CPI trend published by the Bureau of Labor Statistics from January 2008 through March 2017. The utilization trend assumption of 2.0% was selected based on the actuary's judgment regarding future utilization increases. The annual trend assumption of 3.0% was used in the rating analysis to project historical experience forward to the rating period.

Attachment 2 presents a summary of the derivation of the annual trend assumption.

Bureau of Labor Statistics
CPI-All Urban Consumers (Current Series)
Original Data Value

Series Id: CUSR0000SAT
Seasonally Adjusted
Series Title: Transportation in U.S. city average, all urban
Area: U.S. city average
Item: Transportation
Base Period: 1982-84=100
Years: 2007 to 2017

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2007	177.090	177.727	181.041	182.489	184.669	184.902	185.396	184.328	186.324	186.922	192.289	193.205
2008	194.135	194.934	195.872	195.179	198.535	206.313	209.349	205.848	205.856	195.608	175.507	166.673
2009	168.403	171.424	169.449	170.090	172.235	180.667	180.915	183.729	185.329	187.793	191.243	191.517
2010	193.116	191.978	191.375	191.249	190.231	189.426	191.082	192.287	193.316	196.845	198.783	202.454
2011	204.232	205.704	209.591	213.032	214.499	212.957	213.661	214.651	215.455	214.682	215.149	213.784
2012	215.385	217.686	218.457	218.615	215.029	212.225	211.791	217.573	221.574	222.913	218.833	217.524
2013	217.814	223.520	219.202	214.925	214.012	214.981	216.526	217.174	217.370	216.975	217.322	218.717
2014	219.670	219.138	217.312	218.953	217.720	217.545	217.799	215.984	215.609	214.326	210.882	204.362
2015	195.527	197.638	199.169	198.205	201.550	202.565	203.518	201.555	197.287	197.031	197.600	195.219
2016	194.574	190.625	191.430	193.725	194.273	195.365	193.990	193.705	195.339	197.305	198.488	200.031
2017	204.348	203.237	200.311									

Annual Inflation Trend

2008	9.6%	9.7%	8.2%	7.0%	7.5%	11.6%	12.9%	11.7%	10.5%	4.6%	-8.7%	-13.7%
2009	-13.3%	-12.1%	-13.5%	-12.9%	-13.2%	-12.4%	-13.6%	-10.7%	-10.0%	-4.0%	9.0%	14.9%
2010	14.7%	12.0%	12.9%	12.4%	10.4%	4.8%	5.6%	4.7%	4.3%	4.8%	3.9%	5.7%
2011	5.8%	7.1%	9.5%	11.4%	12.8%	12.4%	11.8%	11.6%	11.5%	9.1%	8.2%	5.6%
2012	5.5%	5.8%	4.2%	2.6%	0.2%	-0.3%	-0.9%	1.4%	2.8%	3.8%	1.7%	1.7%
2013	1.1%	2.7%	0.3%	-1.7%	-0.5%	1.3%	2.2%	-0.2%	-1.9%	-2.7%	-0.7%	0.5%
2014	0.9%	-2.0%	-0.9%	1.9%	1.7%	1.2%	0.6%	-0.5%	-0.8%	-1.2%	-3.0%	-6.6%
2015	-11.0%	-9.8%	-8.3%	-9.5%	-7.4%	-6.9%	-6.6%	-6.7%	-8.5%	-8.1%	-6.3%	-4.5%
2016	-0.5%	-3.5%	-3.9%	-2.3%	-3.6%	-3.6%	-4.7%	-3.9%	-1.0%	0.1%	0.4%	2.5%
2017	5.0%	6.6%	4.6%									

Average Inflation Trend (1)	1.0%
Selected Utilization Trend (2)	2.0%
Total Trend Assumption	3.0%

Notes:

- (1) Average monthly year-over-year trend from January 2008 through March 2017
- (2) Selected by the Actuary

Attachment 3

Adjustment for Addition of New Demand Response Provider

Logisticare added several new demand response providers in the MTO Regions 7, 8 and 11 around September 2016 resulting in a reduction to their demand response operating claims cost. The base period demand response claims cost pmpm for these regions were assumed to be the same as the demand response claims cost pmpm experience for the September 2016 through December 2016 period. Attachment 3 presents a summary of the derivation of this adjustment factor.

Medical Transportation Program
 FY2018 MTO Rating
 Logisticare - Addition of New Demand Response Provider Adjustment

MTO Region 7

Month	Adults Urban			Adults Rural			Children Urban			Children Rural		
	Paid Clms	Num of Miles	Paid per Mile	Paid Clms	Num of Miles	Paid per Mile	Paid Clms	Num of Miles	Paid per Mile	Paid Clms	Num of Miles	Paid per Mile
Jan-16	553,612	118,873	4.66	460,948	97,219	4.74	96,436	23,513	4.10	54,464	15,429	3.53
Feb-16	567,849	125,494	4.52	456,982	101,865	4.49	84,232	20,651	4.08	52,088	16,125	3.23
Mar-16	593,398	133,437	4.45	475,565	108,460	4.38	78,996	18,024	4.38	51,233	13,774	3.72
Apr-16	583,637	129,452	4.51	464,734	103,940	4.47	79,085	18,998	4.16	45,338	12,715	3.57
May-16	587,015	131,435	4.47	452,634	104,720	4.32	76,241	19,384	3.93	33,585	9,497	3.54
Jun-16	572,747	127,587	4.49	496,853	114,950	4.32	90,172	25,049	3.60	39,316	10,950	3.59
Jul-16	532,274	117,555	4.53	472,827	109,142	4.33	92,010	24,292	3.79	40,404	11,637	3.47
Aug-16	601,835	136,125	4.42	549,137	129,693	4.23	102,979	28,334	3.63	60,110	17,483	3.44
Sep-16	547,689	123,519	4.43	481,632	117,156	4.11	97,559	28,176	3.46	46,376	13,490	3.44
Oct-16	555,476	123,729	4.49	479,111	120,975	3.96	92,765	27,780	3.34	52,844	15,530	3.40
Nov-16	535,604	120,861	4.43	456,759	116,359	3.93	89,292	24,306	3.67	35,657	10,619	3.36
Dec-16	513,308	123,806	4.15	414,175	109,300	3.79	75,757	22,484	3.37	30,935	10,266	3.01
CY2016	6,744,443	1,511,873	4.46	5,661,358	1,333,779	4.24	1,055,523	280,991	3.76	542,351	157,515	3.44
9/16-12/16	2,152,077	491,915	4.37	1,831,678	463,790	3.95	355,374	102,746	3.46	165,813	49,905	3.32
Adjustment Factor			0.981			0.930			0.921			0.965

Medical Transportation Program
 FY2018 MTO Rating
 Logisticare - Addition of New Demand Response Provider Adjustment

MTO Region 8

Month	Adults Urban			Adults Rural			Children Urban			Children Rural		
	Paid Clms	Num of Miles	Paid per Mile	Paid Clms	Num of Miles	Paid per Mile	Paid Clms	Num of Miles	Paid per Mile	Paid Clms	Num of Miles	Paid per Mile
Jan-16	445,660	126,061	3.54	133,014	38,336	3.47	43,270	15,790	2.74	12,607	4,104	3.07
Feb-16	445,600	127,881	3.48	148,104	41,478	3.57	40,823	14,865	2.75	13,172	4,237	3.11
Mar-16	464,247	134,936	3.44	152,856	44,003	3.47	40,366	16,348	2.47	11,349	3,169	3.58
Apr-16	462,890	132,224	3.50	158,486	44,912	3.53	38,469	14,482	2.66	10,590	2,959	3.58
May-16	461,414	132,967	3.47	163,502	46,755	3.50	39,006	15,613	2.50	16,087	5,348	3.01
Jun-16	484,837	141,698	3.42	145,658	44,184	3.30	43,870	17,041	2.57	9,009	2,589	3.48
Jul-16	450,411	140,707	3.20	149,291	48,991	3.05	45,025	17,812	2.53	12,273	4,182	2.93
Aug-16	515,078	165,042	3.12	157,996	51,556	3.06	55,152	22,032	2.50	15,978	4,926	3.24
Sep-16	475,092	148,701	3.19	142,878	46,057	3.10	48,922	20,222	2.42	11,612	3,854	3.01
Oct-16	482,856	154,277	3.13	140,286	45,234	3.10	40,968	17,233	2.38	8,807	2,462	3.58
Nov-16	476,370	151,284	3.15	143,478	46,504	3.09	43,752	17,504	2.50	12,767	4,047	3.15
Dec-16	507,878	152,376	3.33	140,417	45,071	3.12	44,965	17,284	2.60	12,071	4,020	3.00
CY2016	5,672,333	1,708,154	3.32	1,775,966	543,081	3.27	524,589	206,226	2.54	146,322	45,897	3.19
9/16-12/16	1,942,196	606,638	3.20	567,060	182,866	3.10	178,608	72,243	2.47	45,257	14,383	3.15
Adjustment Factor			0.964			0.948			0.972			0.987

Medical Transportation Program
 FY2018 MTO Rating
 Logisticare - Addition of New Demand Response Provider Adjustment

MTO Region 11

Month	Adults Urban			Adults Rural			Children Urban			Children Rural		
	Paid Clms	Num of Miles	Paid per Mile	Paid Clms	Num of Miles	Paid per Mile	Paid Clms	Num of Miles	Paid per Mile	Paid Clms	Num of Miles	Paid per Mile
Jan-16	116,020	27,078	4.28	64,264	27,167	2.37	15,528	5,936	2.62	7,465	4,101	1.82
Feb-16	113,799	26,507	4.29	65,868	29,124	2.26	12,824	5,500	2.33	6,789	3,729	1.82
Mar-16	117,740	29,149	4.04	72,863	31,409	2.32	15,575	7,626	2.04	7,844	4,414	1.78
Apr-16	108,832	24,976	4.36	67,900	29,824	2.28	15,433	6,677	2.31	7,235	4,049	1.79
May-16	106,759	24,287	4.40	67,678	29,806	2.27	12,929	5,868	2.20	7,517	4,172	1.80
Jun-16	113,289	26,269	4.31	76,072	33,501	2.27	19,273	8,282	2.33	6,618	3,523	1.88
Jul-16	103,059	24,220	4.26	65,300	29,997	2.18	13,730	6,135	2.24	8,374	4,699	1.78
Aug-16	126,183	30,763	4.10	79,836	34,803	2.29	19,904	8,474	2.35	10,161	5,770	1.76
Sep-16	114,675	29,206	3.93	73,338	32,126	2.28	14,050	6,463	2.17	11,199	6,959	1.61
Oct-16	110,156	28,993	3.80	74,813	36,426	2.05	13,991	5,300	2.64	7,692	4,850	1.59
Nov-16	104,706	27,227	3.85	74,981	37,113	2.02	9,908	4,107	2.41	6,726	4,107	1.64
Dec-16	103,733	26,438	3.92	65,625	31,600	2.08	13,043	6,110	2.13	7,556	4,466	1.69
CY2016	1,338,953	325,113	4.12	848,537	382,896	2.22	176,188	76,478	2.30	95,178	54,839	1.74
9/16-12/16	433,270	111,864	3.87	288,757	137,265	2.10	50,991	21,980	2.32	33,173	20,382	1.63
Adjustment Factor			0.940			0.949			1.007			0.938

Attachment 4

Stretcher Service Adjustment Factor

Effective November 1, 2016, stretcher services were provided through fee-for-service (FFS) and were no longer provided by the FRB in the Houston service delivery area. The base period demand response claims cost has been adjusted to remove stretcher services experience from the Houston service delivery area. Attachment 4 presents a summary of the derivation of this adjustment factor.

FY2018 MTP Rating
 Demand Response Service Stretcher Rating Adjustment
 FRB - SDA 2
 CY2016 Experience - Demand Response Service

Service	Adults Urban	Adults Rural	Children Urban	Children Rural	Total
Non-Stretcher	11,380,342	2,929,758	1,380,217	313,143	16,003,460
Stretcher	1,680,217	353,932	11,635	3,153	2,048,936
Total	13,060,559	3,283,689	1,391,852	316,296	18,052,397
% Stretcher	12.9%	10.8%	0.8%	1.0%	11.3%

Adjustment Factor	0.8714	0.8922	0.9916	0.9900
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Attachment 5

FY2018 Medicaid Rate Certification Index

The index below includes the pages of this report that correspond to the applicable sections of the 2017-2018 Medicaid Managed Care Rate Development Guide, dated April 2017.

Section I. Medicaid Managed Care Rates

1. General Information

A. Rate Development Standards

- i. Rates are for the period September 1, 2017 through August 31, 2018 (FY2018).
- ii. (a) The certification letter is on page 8 of the report.
(b) The final capitation rates are shown on pages 7 of the report.
(c) Not applicable.
(d) (i) See pages 1 through 3 of the report.
(ii) See pages 1 through 3 of the report.
(iii) See pages 1 through 3 of the report.
(iv) Not applicable.
(v) Not applicable.
(vi) Not applicable.
- iii. Acknowledged.
- iv. Acknowledged.
- v. Acknowledged.
- vi. Acknowledged.
- vii. Acknowledged.
- viii. Acknowledged.

B. Appropriate Documentation

- i. Acknowledged.
- ii. Acknowledged.
- iii. Acknowledged.
- iv. Not applicable.
- v. Not applicable.

2. Data

A. Rate Development Standards

- i. (a) Acknowledged.
(b) Acknowledged.
(c) Acknowledged.
(d) Not applicable.

B. Appropriate Documentation

- i. (a) See pages 1 through 2 of the report.
- ii. (a) See pages 1 through 2 of the report.
(b) See pages 1 through 2 of the report.
(c) See pages 1 through 2 of the report.
(d) Not applicable.
- iii. (a) Base period data is fully credible.
(b) See page 3 of the report.
(c) No errors found in the data.
(d) See page 5 of the report.
(e) Value added services have been excluded from the analysis.

3. Projected benefit Costs and Trends

A. Rate Development Standards

- i. Acknowledged.
- ii. Acknowledged.
- iii. Acknowledged.
- iv. Acknowledged.
- v. Not applicable.
- vi. Not applicable.

B. Appropriate Documentation

- i. See pages 7 and Attachment 1 pages 10 through 22 of the report.
- ii. See Attachment 1 pages 10 through 22 of the report. There have been no significant changes in the development of the benefit cost since the last certification.
- iii. (a) See Attachment 2 pages 23 through 24 of the report.
(b) See Attachment 2 pages 23 through 24 of the report.
(c) See Attachment 2 pages 23 through 24 of the report.
(d) See Attachment 2 pages 23 through 24 of the report.
(e) Not applicable.
- iv. Not applicable.
- v. Not applicable.
- vi. (a) Restorative enrollment can occur when an individual is deemed to have been Medicaid eligible during a prior period. If the individual was eligible for and enrolled in Medicaid managed care during the prior period, then the individual is retrospectively enrolled in the same managed care plan as their prior enrollment segment. The managed care plan is then retrospectively responsible for all Medicaid expenses incurred during this retrospective period and is also paid a retrospective premium for this time period.

(b) All claims paid during retroactive enrollment periods are included in the base period data used to develop the FY2018 premium rate.

(c) All enrollment data during retroactive enrollment periods are included in the base period data used to develop the FY2018 premium rate.

(d) No adjustments are necessary to account for retroactive enrollment periods because the enrollment criteria have not changed from the base period to the rating period. All retroactive enrollment and claims information has been included in the base period data, the trend calculations and all other adjustment factors.

vii. See Attachments 3 and 4 pages 25 through 30 of the report.

viii. See Attachments 3 and 4 pages 25 through 30 of the report.

4. Special Contract Provisions Related to Payment

A. Incentive Arrangements

i. Rate Development Standards

Acknowledged.

ii. Appropriate Documentation

(a) Not applicable.

B. Withhold Arrangements

i. Rate Development Standards

Acknowledged.

ii. Appropriate Documentation

(a) Not applicable.

C. Risk-Sharing Arrangements

i. Rate Development Standards

Acknowledged.

ii. Appropriate Documentation

HHSC includes an experience rebate provision in its contracts which requires the MTOs and FRBs to return a portion of net income before taxes if greater than the specified percentages. The net income is measured by the financial

statistical reports (FSRs) submitted by the MTOs and FRBs and audited by an external auditor. The aggregated net income is shared as follows:

Pre-tax Income as a % of Revenues	MCO Share	HHSC Share
≤ 5%	100%	0%
> 5% and ≤ 8%	60%	40%
> 8% and ≤ 12%	35%	65%
> 12%	15%	85%

D. Delivery System and Provider Payment Initiatives

i. Rate Development Standards

Acknowledged.

ii. Appropriate Documentation

(a) Not applicable.

E. Pass-Through Payments

i. Rate Development Standards

Acknowledged.

ii. Appropriate Documentation

(a) Not applicable.

5. Projected Non-Benefit Costs

A. Rate Development Standards

i. Acknowledged.

ii. Acknowledged.

iii. Acknowledged.

iv. Acknowledged.

v. Acknowledged.

B. Appropriate Documentation

- i. See page 6 of the report.
- ii. See page 6 of the report.
- iii. See page 6 of the report.

6. Risk Adjustment and Acuity Adjustments

A. Rate Development Standards

- i. Acknowledged.
- ii. Acknowledged.
- iii. Acknowledged.

B. Appropriate Documentation

- i. Not applicable.
- ii. Not applicable.
- iii. Not applicable.
- iv. Not applicable.