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April 8, 2021

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

Re: STAR Health Rate Amendment UMCC 529-15-0001 V2.14

Dear Ms. Butler:

This letter amends the report titled State of Texas Medicaid Managed Care STAR Health Program Rate Setting State Fiscal Year 2021 and dated July 8, 2020. The amended FY2021 capitation rates were developed using identical methods and assumptions as the rates described in this report. The amended rates are assumed to be payable for the period June 1, 2021 through August 31, 2021.

A. Summary of the Revisions

Non-Emergency Transportation (NEMT) Carve-in

During the Texas 86th Legislature, Regular Session, the Legislature passed House Bill 1576 which requires the Medicaid MCOs to administer non-emergency medical transportation (NEMT) and non-medical transportation (NMT) services. Currently, medical transportation organizations (MTOs) are providing NEMT services to Medicaid members under a risk-based contract. Effective June 1, 2021 NEMT and NMT services will be provided by the Medicaid managed care organizations (MCOs).

B. Report Amendments

This section of the letter details the amendments to the original actuarial report.

Section I. Introduction

The following language has been added to this section.

Base-year NEMT costs were developed from financial experience from the MTOs and fee-for-service (FFS) Region 4 for the period September 1, 2018, through August 31, 2019. Three sources of claims data were used in the NEMT rating analysis: detailed MTO encounter data, claims lag reports and financial statistical reports (FSR). The three sources of data were required for various aspects of the analysis. The total claim amounts under the three data sources were compared in order to ensure consistent results.

Section II. Overview of Rate Setting Methodology

The rates have been calculated for the same service delivery areas, risk groups and services as outlined in the original report using the same general methodology.

Section III. Adjustment Factors

The following language has been added to this section.

NEMT Trend - The NEMT rating analysis uses a 3.42 percent annual trend assumption. The trend assumption was developed using a combination of the i) historical trends experienced under the Medical Transportation Program for demand response service and ii) the industry trend from the Consumer Price Index published by the Bureau of Labor Statistics for transportation services.

NEMT Individual Transportation Participants (ITP) Service Reimbursement Change - Effective January 1, 2020, reimbursement for ITP changed to \$0.575 per mile, consistent with the state employee travel rate. The base period operating cost for ITP service has been adjusted to reflect this change.

NEMT Seasonality Adjustment - The NEMT carve-in rates will be effective for the three-month period June 1, 2021 through August 31, 2021. A seasonality adjustment was applied to reflect the cost difference between the twelve months used in the base period and three-months used in the rating period.

NEMT Transportation Network Company (TNC) Adjustment - H.B. 1576 allows TNCs such as Uber and Lyft to participate in the Medicaid program. An adjustment was applied to reflect i) the cost difference between TNC and traditional demand response providers and ii) the utilization impact on overall NEMT utilization. We assumed TNC cost per trip would be 15% less than traditional demand response providers. In addition, we assumed 10% of current utilization for demand response service trips under 15 miles would shift to TNCs and utilization would increase by 2.5% for demand response service trips under 15 miles.

No other changes are applicable to this section.

Section IV. Administrative Fees, Taxes and Risk Margin

The following language has been added to this section.

The NEMT rates include an explicit provision for administrative expenses. The amount allocated for administrative expense is a fixed \$0.175 per member per month (PMPM) and a variable 22.0 percent of premium. This approach recognizes that there is a fixed cost for administration regardless of the number of trips provided and that more expensive clients require additional administrative effort.

Section V. Summary

The tables in this section are replaced in their entirety with the following mid-year rates effective June 1, 2021 through August 31, 2021.

The FY2021 total premium rate for the STAR Health program is \$1,108.87 per member per month. The total premium rate is made up of the medical component of \$1,002.12, the prescription drug component of \$104.86 and the NEMT carve-in component of \$1.89. This rate will be effective for the period June 1, 2021 through August 31, 2021. Attachment 1 shows the derivation of the premium rate.

Section VI. Actuarial Certification of FY2021 STAR Health Premium Rate

We, Evan L. Dial, Khiem D. Ngo, David G. Wilkes and Dustin J. Kim are with the firm Rudd and Wisdom, Inc., Consulting Actuaries (Rudd and Wisdom). Three are Fellows of the Society of Actuaries (FSAs) and one is an Associate of the Society of Actuaries (ASA). We are all members of the American Academy of Actuaries and 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 assist in the development of the STAR Health premium rates for the period June 1, 2021 through August 31, 2021 and to provide the actuarial certification required under Centers for Medicare and Medicaid Services (CMS) requirements 42 CFR 438.4.

We certify that the amended FY2021 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 principles 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.

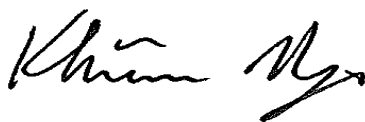
Please note that actual health plan contractor experience will differ from these projections. Rudd and Wisdom has developed these rates on behalf of the State to demonstrate compliance with the CMS requirements under 42 CFR 438.3(c), 438.3(e), 438.4, 438.5, 438.6 and 438.7. Any health plan contracting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



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Section VII. Attachments

The following sections indicate any revisions applicable to each of the attachments in the original actuarial report dated July 8, 2020.

Attachment 1 - Summary of FY2021 STAR Health Rating Analysis

Exhibit C Revised. This exhibit presents summary information regarding the FY2021 rates. Included on the exhibit are current (September 1, 2021 – May 31, 2021) premium rates split between medical, prescription drug and NEMT carve-in rates; June 1, 2021 through August 31, 2021 premium rates split between medical, prescription drug and NEMT carve-in rates and a comparison of September 1, 2020 and June 1, 2021 premium rates.

The reasons for the rate changes shown in Exhibit C Revised are due solely to the addition of NEMT carve-in rates as described above. There are no other changes to the premium rates effective June 1, 2021.

Exhibit D presents a summary of the NEMT experience analysis performed for the STAR Health program for NEMT services. This exhibit shows (a) summary base period (FY2019) enrollment and estimated incurred claims, (b) projected rating period enrollment, (c) assumed trend and claims adjustment factor assumptions, (d) projected rating period incurred claims, (e) non-benefit costs for administrative expenses, taxes and risk margin and (f) total projected rating period costs.

A provision for administrative expenses is included in the amount of \$0.175 pmpm plus 22.0% of gross premiums. Additional provisions are also included for premium tax (1.75% of premium) and risk margin (1.50% of premium).

Attachment 2 – STAR Health Incurred Claims Experience

There have been no changes to this section.

Attachment 3 - Trend Analysis

The following language has been added to this section.

Trend Analysis – NEMT

The NEMT rating methodology uses assumed trend factors to adjust the base period claims cost to the projection period. The trend factors used in this analysis are a combination of utilization and inflation components. The trend factors were developed using a combination of i) the actual trend experience under the MTP program and ii) the industry trend from the Consumer Price Index published by the Bureau of Labor Statistics for transportation services. The annual trend assumption of 3.42% was used in the rating analysis to project historical experience forward to the rating period.

Exhibit D presents the historical trends experience under the MTP program. The historical trends include demand response service and excludes experience for MTO regions 1, 4 and 10. MTO regions 1 and 10 switched organizations effective September 1, 2017 and MTO region 4 is operated under fee-for-service.

Exhibit E presents the industry trend from the Consumer Price Index published by the Bureau of Labor Statistics for transportation services.

Exhibit F presents a summary of the NEMT trend analysis. The NEMT trend is selected based on the simple average of the actual and industry average trends.

Attachment 4 - Provider Reimbursement Adjustment

The following language has been added to this section.

NEMT Individual Transportation Participants (ITP) Service Reimbursement Change - Effective January 1, 2020, reimbursement for ITP changed to \$0.575 per mile, consistent with the state employee travel rate. The base period operating cost for ITP service has been adjusted to reflect this change. Exhibit A presents a summary of the derivation of the adjustment factors.

NEMT Seasonality Adjustment - The NEMT carve-in rates will be effective for the three-month period June 1, 2021 through August 31, 2021. A seasonality adjustment was applied to reflect the cost difference between the twelve months used in the base period and three-months used in the rating period. Exhibit B presents a summary of the derivation of the adjustment factors.

NEMT Transportation Network Company (TNC) Adjustment - H.B. 1576 allows TNCs such as Uber and Lyft to participate in the Medicaid program. An adjustment was applied to reflect i) the cost difference between TNC and traditional demand response providers and ii) the utilization impact on overall NEMT utilization. We assumed TNC cost per trip would be 15% less than traditional demand response providers. In addition, we assumed 10% of current utilization for demand response service trips under 15 miles would shift to TNCs and utilization would increase by 2.5% for demand response service trips under 15 miles. Exhibit C presents a summary of the derivation of the adjustment factors.

Attachment 5 – Community First Choice (CFC)

There have been no changes to this section.

Attachment 6– FY2021 STAR Health Rate Certification Index

FY2021 STAR Health Rate Certification Index

The index below includes the pages of this report that correspond to the applicable sections of the 2020-2021 Medicaid Managed Care Rate Development Guide, dated July 2020.

Section I. Medicaid Managed Care Rates

1. General Information

A. Rate Development Standards

- i. Rates are for the period June 1, 2021 through August 31, 2021.
- ii. (a) The certification letter is on page 4 of the amendment report.

(b) The final capitation rates are shown on page 3 and Attachment 1 Revised Exhibit C on page 15 of the amendment report.

(c) (i) See pages 1 and 4 through 5 of the original report and pages 1 and 2 of the amendment letter.

(ii) See page 1 of the amendment report.

(iii) See page 1 of the original report.

(iv) Not applicable. There have been no changes since the prior certification.

(v) Not applicable. There are no special contract provisions related to payment within the STAR Health program.

(vi) Not applicable.
- iii. Acknowledged.
- iv. Acknowledged.
- v. Acknowledged.
- vi. Acknowledged.
- vii. Acknowledged.
- viii. Acknowledged.
- ix. Acknowledged.

B. Appropriate Documentation

- i. Acknowledged.
- ii. Acknowledged.
- iii. Acknowledged.
- iv. See pages 40 through 41 of the original report.
- v. (a) See page 15 of the amendment report.
(b) See pages 1 through 2 of amendment letter.
- vi. Not applicable. While amendments may be necessary in future months there are none known at this time.

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 3 of the original report and pages 1 through 2 of the amendment letter.
- ii. (a) See pages 1 through 3 of the original report and pages 1 through 2 of the amendment letter.
(b) See pages 2 through 3 of the original report and pages 1 through 2 of the amendment letter.
(c) See pages 2 through 3 of the original report and pages 1 through 2 of the amendment letter.
(d) Not applicable.
- iii. (a) Base period data is fully credible.

- (b) See page 4 of the original report.
- (c) No errors found in the data.
- (d) See Attachment 4 Revised on pages 20 through 22 of amendment report.
- (e) Value added services and non-capitated 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. STAR Health eligibility ends at age 21 and therefore the IMD regulation does not impact this population.

B. Appropriate Documentation

- i. See page 3 and Attachment 1 Revised Exhibit C on page 15 of the amendment report.
- ii. (a) See page 3 and Attachment 1 Revised Exhibit C on page 15 of the amendment report.

(b) The only changes since the last certification are outlined on pages 1 and 2 of the amendment letter.

(c) All recoupments and recoveries resulting from overpayments to providers have been netted out of the claim payments used in the rate development. MCOs are required to adjust encounter data to remove all overpayments and correct the submitted information. Any provider recoveries not adjusted for in the submitted encounter data are excluded from the base period as a negative add-on payment.
- iii. (a) See 28 through 35 of the original report and Attachment 3 Revised pages 17 through 19.

(b) See 28 through 35 of the original report and Attachment 3 Revised pages 17 through 19.

(c) See 28 through 35 of the original report and Attachment 3 Revised pages 17 through 19.

(d) See 28 through 35 of the original report and Attachment 3 Revised pages 17 through 19.

(e) Not applicable.

iv. Not applicable.

v. The STAR Health program stipulates the following provisions related to in lieu of services:

- The MCO may provide inpatient services for acute psychiatric conditions in a free-standing psychiatric hospital in lieu of an acute care inpatient hospital setting.
- The MCO may provide substance use disorder treatment services in a chemical dependency treatment facility in lieu of an acute care inpatient hospital setting.

The cost for in lieu of services is not tracked from other services and are included in the rate development and are not treated differently than any other category of service.

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 six months, 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 FY2021 premium rate.

(c) All enrollment data during retroactive enrollment periods are included in the base period data used to develop the FY2021 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 pages 36 through 39 of the original report and Attachment 4 Revised on pages 20 through 22 of the amendment letter.

viii. See pages 36 through 39 of the original report and Attachment 4 Revised on pages 20 through 22 of the amendment letter.

4. Special Contract Provisions Related to Payment

A. Incentive Arrangements

i. Rate Development Standards

Not applicable.

ii. Appropriate Documentation

Not applicable.

B. Withhold Arrangements

i. Rate Development Standards

Not applicable.

ii. Appropriate Documentation

Not applicable.

C. Risk-Sharing Arrangements

i. Rate Development Standards

Acknowledged.

ii. Appropriate Documentation

HHSC includes an experience rebate provision in its uniform managed care contracts which requires the MCOs 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 MCOs and audited by

an external auditor. Net income is aggregated across all programs and service delivery areas. The aggregated net income is shared as follows:

Pre-tax Income as a % of Revenues	MCO Share	HHSC Share
≤ 3%	100%	0%
> 3% and ≤ 5%	80%	20%
> 5% and ≤ 7%	60%	40%
> 7% and ≤ 9%	40%	60%
> 9% and ≤ 12%	20%	80%
> 12%	0%	100%

D. Delivery System and Provider Payment Initiatives

i. Rate Development Standards

Not applicable.

ii. Appropriate Documentation

(a) Not applicable. No such arrangements exist in the STAR Health program.

(b) Confirmed.

(c) Confirmed.

E. Pass-Through Payments

i. Rate Development Standards

Not applicable.

ii. Appropriate Documentation

(a) Not applicable. No such arrangements exist in the STAR Health program.

5. Projected Non-Benefit Costs

A. Rate Development Standards

i. Acknowledged.

- ii. Acknowledged.
- iii. Acknowledged.
- iv. Acknowledged.

B. Appropriate Documentation

- i. See page 11 of the original report and page 2 of the amendment letter.
- ii. See page 11 of the original report and page 2 of the amendment letter.
- iii. See page 11 of the original report and page 2 of the amendment letter.
- iv. (a) See page 11 of the original report and page 2 of the amendment letter.
 - (b) Not applicable.
 - (c) Not applicable.
 - (d) See page 11 of the original report and page 2 of the amendment letter.
 - (e) Not applicable.
 - (f) See page 11 of original the report and page 2 of the amendment letter.

6. Risk Adjustment and Acuity Adjustments

A. Rate Development Standards

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

B. Appropriate Documentation

- i. Not applicable, risk adjustment is not applied to the STAR Health rate development.
- ii. Not applicable, risk adjustment is not applied to the STAR Health rate development.
- iii. Not applicable, risk adjustment is not applied to the STAR Health rate

development.

- iv. Not applicable, risk adjustment is not applied to the STAR Health rate development.

FY2021 STAR Health Rating Summary - Amended

	<u>PMPM</u>	<u>Premiums</u>
9/1/2020 - 5/31/2021 Premium Rates pmpm		
Medical	1,002.12	297,164,837
Pharmacy	104.86	31,094,784
NEMT Carve-in	0.00	-
Total	1,106.98	328,259,621
6/1/2021 - 8/31/2021 Premium Rates pmpm		
Medical	1,002.12	99,054,946
Pharmacy	104.86	10,364,928
NEMT Carve-in	1.89	188,756
Total	1,108.87	109,608,630
6/1/2021 - 8/31/2021 Premium Rate Change		
Medical	0.0%	
Pharmacy	0.0%	
NEMT Carve-in	n/a	
Total	0.2%	

FY2021 STAR Health Rating Summary - Amended
 Rating Period - June 1, 2021 through August 31, 2021
 NEMT Carve-In

	Foster care	
	amount	pmpm
FY2019 Experience Period		
Member Months	418,151	
Estimated Incurred Claims		
Demand Response >15 Miles	157,716	0.38
Demand Response <= 15 Miles	43,730	0.10
Mileage Reimbursement	204,100	0.49
Meals	37,364	0.09
Lodging	75,492	0.18
Airfare	2,126	0.01
All Others	4,051	0.01
Total	524,580	1.25
Projected Member Months - Rating Period	99,871	
Annual Trend Assumption		3.42%
Rating Adjustment Factors		
Seasonality Adjustment		0.9041
TNC Adjustment		1.0005
Mileage Reimbursement Adjustment		1.0046
Projected Incurred Claims - Rating Period	123,319	1.23
Administrative Expense - Formula		
Fixed Amount PMPM	17,477	0.175
Percent of Premium	41,526	22.0%
Total	59,004	0.59
Risk Margin	2,831	1.50 %
Premium Tax	3,303	1.75 %
Projected Total Cost	188,756	1.89

MTP FY2021 Rating
Trend Analysis
All Risk Groups

	MTO 2	MTO 3	MTO 5	MTO 6	MTO 7	MTO 8	MTO 9	MTO 11	MTO 12	MTO 13	Total
CY2017 Trend Development											
Member Months											
CY2016	2,833,440	838,759	2,654,574	510,954	3,794,088	4,445,510	405,326	672,681	10,227,409	12,582,847	38,965,588
CY2017	2,793,997	836,212	2,668,133	502,420	3,785,224	4,415,931	412,206	676,874	10,059,563	12,682,572	38,833,132
Incurred Claims - Adjusted for Reimbursement Changes											
CY2016	5,234,111	2,403,683	9,267,658	1,054,751	14,035,452	8,120,845	1,285,024	2,459,066	19,596,440	16,516,754	79,973,784
CY2017	5,148,584	2,210,933	9,336,609	1,098,343	14,719,098	8,595,794	1,349,962	2,444,570	20,129,068	17,220,912	82,253,873
PMPM											
CY2016	1.85	2.87	3.49	2.06	3.70	1.83	3.17	3.66	1.92	1.31	2.05
CY2017	1.84	2.64	3.50	2.19	3.89	1.95	3.27	3.61	2.00	1.36	2.12
Trend Factor	0.998	0.923	1.002	1.059	1.051	1.066	1.033	0.988	1.044	1.034	1.032

CY2018 Trend Development											
Member Months											
CY2017	2,793,997	836,212	2,668,133	502,420	3,785,224	4,415,931	412,206	676,874	10,059,563	12,682,572	38,833,132
CY2018	2,720,399	816,520	2,626,885	487,746	3,770,098	4,382,631	402,626	674,064	9,825,291	12,466,502	38,172,762
Incurred Claims - Adjusted for Reimbursement Changes											
CY2017	5,148,584	2,210,933	9,336,609	1,098,343	13,364,227	7,991,208	1,349,962	1,965,528	20,129,068	17,220,912	79,815,374
CY2018	5,305,146	2,057,871	9,287,511	1,064,435	13,951,422	8,311,223	1,385,960	1,937,430	18,717,468	18,494,886	80,513,353
PMPM											
CY2017	1.84	2.64	3.50	2.19	3.53	1.81	3.27	2.90	2.00	1.36	2.06
CY2018	1.95	2.52	3.54	2.18	3.70	1.90	3.44	2.87	1.91	1.48	2.11
Trend Factor	1.058	0.953	1.010	0.998	1.048	1.048	1.051	0.990	0.952	1.093	1.026

CY2019 Trend Development											
Member Months											
CY2018	2,720,399	816,520	2,626,885	487,746	3,770,098	4,382,631	402,626	674,064	9,825,291	12,466,502	38,172,762
CY2019	2,606,636	791,652	2,552,815	472,300	3,699,389	4,283,068	389,542	660,043	9,552,175	12,144,382	37,152,002
Incurred Claims - Adjusted for Reimbursement Changes											
CY2018	5,305,146	2,057,871	9,287,511	1,064,435	12,440,079	8,311,223	1,385,960	1,937,430	18,717,468	18,494,886	79,002,010
CY2019	5,144,905	1,903,105	9,664,033	1,081,822	12,841,046	8,593,182	1,592,452	1,945,515	18,490,540	19,488,269	80,744,868
PMPM											
CY2018	1.95	2.52	3.54	2.18	3.30	1.90	3.44	2.87	1.91	1.48	2.07
CY2019	1.97	2.40	3.79	2.29	3.47	2.01	4.09	2.95	1.94	1.60	2.17
Trend Factor	1.012	0.954	1.071	1.050	1.052	1.058	1.188	1.026	1.016	1.082	1.050

(1) Notes:

Trend analysis only includes demand response services.

Experience for MTO 1, MTO 10 and MTO 4 are excluded from trend analysis. MTO 1 and MTO 10 switched organizations effective 9/1/2017. MTO 4 is FFS.

Average **1.036**

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 consumers,
Area: U.S. city average
Item: Transportation
Base Period: 1982-84=100
Years: 2009 to 2019

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
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	218.092	223.274	218.985	214.905	214.010	215.380	216.562	217.901	216.898	216.682	217.170	218.715
2014	219.287	218.525	217.491	218.989	218.306	218.653	218.126	217.071	215.410	213.730	210.033	204.124
2015	194.852	197.087	199.119	198.636	202.277	203.860	204.166	202.609	197.162	196.445	196.644	194.728
2016	193.399	189.463	191.128	193.786	194.830	196.765	194.794	194.614	195.233	196.702	197.151	199.509
2017	202.404	201.582	200.416	200.552	198.346	198.101	197.313	200.197	204.390	202.926	205.823	206.595
2018	208.664	210.133	208.046	208.613	209.906	211.432	211.583	212.783	212.833	213.842	211.365	208.286
2019	205.439	206.719	209.303	211.987	211.243	210.135	211.136	210.216	209.752	210.734	211.119	212.571

Annual Inflation Trend

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	1.3%	2.6%	0.2%	-1.7%	-0.5%	1.5%	2.3%	0.2%	-2.1%	-2.8%	-0.8%	0.5%
2014	0.5%	-2.1%	-0.7%	1.9%	2.0%	1.5%	0.7%	-0.4%	-0.7%	-1.4%	-3.3%	-6.7%
2015	-11.1%	-9.8%	-8.4%	-9.3%	-7.3%	-6.8%	-6.4%	-6.7%	-8.5%	-8.1%	-6.4%	-4.6%
2016	-0.7%	-3.9%	-4.0%	-2.4%	-3.7%	-3.5%	-4.6%	-3.9%	-1.0%	0.1%	0.3%	2.5%
2017	4.7%	6.4%	4.9%	3.5%	1.8%	0.7%	1.3%	2.9%	4.7%	3.2%	4.4%	3.6%
2018	3.1%	4.2%	3.8%	4.0%	5.8%	6.7%	7.2%	6.3%	4.1%	5.4%	2.7%	0.8%
2019	-1.5%	-1.6%	0.6%	1.6%	0.6%	-0.6%	-0.2%	-1.2%	-1.4%	-1.5%	-0.1%	2.1%

Average Inflation Trend (1)	1.7%
Selected Utilization Trend (2)	1.5%
Total Annual Trend Assumption	3.2%

Notes:

- (1) Average CPI monthly year-over-year trend for the past 10 years
(2) Selected by the Actuary

MTP FY2021 Rating
Trend Analysis

	Annual Trend Assumption
Experience	3.6%
Industry (CPI)	3.2%
Selected	3.42%

Notes:

Experience trend developed based on average of CY17-CY19 demand response trends. See Exhibit D.

Industry trend developed using i) inflation trend based on CPI transportation trend for past 10 years
and ii) utilization trend of 1.5% selected by actuary. See worksheet Exhibit E.

Selected trend equals 50% weight for Experience trend and 50% weight for Industry trend.

FY2021 STAR Health Rating - NEMT Carve-in
NEMT Carve-in Rating Adjustments
Mileage Reimbursement Adjustment

Impact of Mileage Reimbursement Change	2,394
FY2019 Total Incurred Claims	524,580
Rate Adjustment Factor	1.0046

FY2021 STAR Health Rating - NEMT Carve-in
 NEMT Carve-in Rating Adjustments
 Seasonality Adjustment - Statewide Experience

Month	Members	Paid Amount	Trended to Midpt (1)	PMPM	Seasonality Factor
201809	35,858	44,269	44,957	1.25	1.00
201810	36,057	44,113	44,673	1.24	0.99
201811	35,536	39,367	39,755	1.12	0.89
201812	34,710	39,589	39,867	1.15	0.92
201901	34,639	62,103	62,364	1.80	1.43
201902	34,612	52,287	52,360	1.51	1.21
201903	34,670	47,592	47,525	1.37	1.09
201904	34,580	36,448	36,295	1.05	0.84
201905	34,522	40,485	40,203	1.16	0.93
201906	34,267	35,979	35,628	1.04	0.83
201907	34,270	44,366	43,810	1.28	1.02
201908	34,430	37,981	37,400	1.09	0.87
FY2019	418,151	524,580	524,839	1.26	1.00
Rating Period					
June-Aug	102,967		116,839	1.13	0.9041

(1) Trend paid amount to mid-point 3/1/2019 using annual trend assumption 3.42%.

FY2021 STAR Health Rating - NEMT Carve-in
NEMT Carve-in Rating Adjustments
Transportation Network Company (TNC)Adjustment

Impact of TNC Change	274
FY2019 Total Incurred Claims	524,580
Rate Adjustment Factor	1.0005