Attachment C

19. If the State is seeking prior approval for a uniform dollar or percentage increase (option c in Question 16), please address the following questions:

    a. Will the state require plans to pay a uniform dollar amount or a uniform percentage increase? (Please select only one.)

       State Response: Component 1 is a uniform dollar amount; Components 2 and 3 are uniform percentage increases.

    b. What is the magnitude of the increase (e.g., $4 per claim or 3% increase per claim?)

       State Response: Component 1 is a uniform dollar increase with the following per member per month rates: $49.91 for class 1 and $30.31 for class 2. Component 2 is a uniform percentage increase as follows: 62.6 percent for class 1 and 26.8 for class 2. Component 3 is a uniform percentage increase of 56.57 percent for specific procedures, as noted in Attachment B.

    c. Describe how will the uniform increase be paid out by plans (e.g., upon processing the initial claim, a retroactive adjustment done one month after the end of the quarter for those claims incurred during that quarter).

       State Response: For component 1, the increase will be paid per member served per month for all providers in classes 1 and 2. For Component 2, the increases will be paid as lump sums to providers semiannually. For Component 3, the increase will be paid to providers from all classes at the time of claim adjudication.

    d. Describe how the increase was developed, including why the increase is reasonable and appropriate for network providers that provide a particular service under the contract

       State Response: Of the total program funding room, 65 percent was allocated to the Component 1 payment. Historical utilization data was used to calculate the per member per month payment for each class of provider under the total amount allotted for Component 1. For Component 2, a uniform rate increase was calculated based on 25 percent of the total program funding room. For Component 3, a targeted rate increase based on ten percent of total program funding room was calculated and limited to professional encounters. Component 3 is paid for all providers, and the applicable CPT codes are denoted in Attachment B. The state believes that the commercial reimbursement rates are appropriate and reasonable for the providers of these services.