

Rudd and Wisdom, Inc.

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November 4, 2021

Ms. Rachel Butler
Chief Actuary
Health and Human Services Commission
4601 W. Guadalupe St.
Austin, TX 78751-3146

Re: Dual Eligibles Integrated Care Demonstration Project –
UMCC 529-15-0058-00001

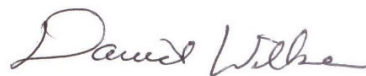
Dear Ms. Butler:

This letter amends the report titled State of Texas Medicaid Managed Care Rate Setting Dual Eligibles Integrated Care Demonstration Program State Fiscal Year 2022 and dated July 8, 2021. The amended FY2022 capitation rates were developed using identical methods and assumptions as the rates described in the previous report noted above. The amended rates are assumed to be payable for the period January 1, 2021 through August 31, 2022.

Molina Healthcare (Molina) acquired CIGNA's Medicaid and Medicare Advantage business in Texas. Both of these companies currently participate in Texas Medicaid's Dual Eligibles Integrated Care Demonstration (Dual Demonstration) program. CIGNA currently operates in the Hidalgo service area only. Effective January 1, 2022, CIGNA's (dba HealthSpring) Dual Demonstration membership in Hidalgo will move to Molina. This move necessitates the rate change described in this correspondence.

Attached Exhibit A presents the calculation of the revised Dual Demonstration rates for Molina-Hidalgo effective January 1, 2022. The current FY2022 rates for the two Medicare-Medicaid Plans are combined into a single rate for each risk group using the projected caseload for the rating period as the weights. Please let us know if you have questions or need additional information.

Sincerely,



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

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.

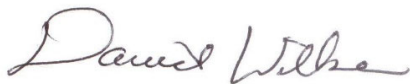
Rudd and Wisdom, Inc. has been retained by the Texas Health and Human Services Commission (HHSC) to assist in the development of their rate-setting methodology, assumptions and resulting capitation rates and to provide the actuarial certification required under Centers for Medicare and Medicaid Services (CMS) requirements 42 CFR 438.4. The capitation rates for the Medicaid component of the Texas Dual Eligibles Integrated Care Demonstration Project are effective for the period January 1, 2022 through August 31, 2022.

I certify that the capitation rates developed by HHSC and Rudd and Wisdom, Inc. and described in this report 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 capitation needs before deciding whether to contract with the State.



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

Dual Eligible Demonstration Project
 DD Rating Analysis Summary
 Monthly Medicaid Capitation Rates
 Effective for the Period: 9/1/2021 - 8/31/2022
 Molina/HealthSpring Hidalgo Rate Calculation

	<u>OCC</u>	<u>HCBS</u>	<u>NF</u>	<u>Total</u>
Projected FY2022 Membership Distribution				
HealthSpring - Hidalgo	19,826	3,263	1,213	24,302
Molina - Hidalgo	22,490	5,600	946	29,035
Total	42,316	8,863	2,159	53,338
Base Rates - STAR+PLUS Services				
HealthSpring - Hidalgo	667.57	2,719.31	5,372.97	1,177.91
Molina - Hidalgo	911.06	2,754.82	5,372.97	1,412.00
Total	796.98	2,741.74	5,372.97	1,305.34
Base Rates - Acute Care Services				
HealthSpring - Hidalgo	136.26	306.45	169.10	160.75
Molina - Hidalgo	136.26	306.45	169.10	170.15
Total	136.26	306.45	169.10	165.87
Base Rates - Pharmacy Services				
HealthSpring - Hidalgo	4.88	10.21	2.04	5.46
Molina - Hidalgo	4.88	10.21	2.04	5.82
Total	4.88	10.21	2.04	5.65
Base Rates - Non-Emergency Medical Transportation Services				
HealthSpring - Hidalgo	7.75	24.53	4.59	9.85
Molina - Hidalgo	7.75	24.53	4.59	10.89
Total	7.75	24.53	4.59	10.41
Base Rates - All Services				
HealthSpring - Hidalgo	816.47	3,060.50	5,548.71	1,353.96
Molina - Hidalgo	1,059.96	3,096.01	5,548.71	1,598.85
Total	945.88	3,082.94	5,548.71	1,487.27
Quality Incentive Payment Program Add-on				
HealthSpring - Hidalgo	0.00	0.00	1,680.95	83.90
Molina - Hidalgo	0.00	0.00	1,680.95	54.75
Total	0.00	0.00	1,680.95	68.03
Dual Demonstration Savings Assumption*:				
	5.50%	5.50%	5.50%	
Final Rates - All Services				
HealthSpring - Hidalgo	771.56	2,892.17	6,924.48	1,363.39
Molina - Hidalgo	1,001.66	2,925.73	6,924.48	1,565.67
Total	893.85	2,913.37	6,924.48	1,473.51

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