

Rudd and Wisdom, Inc.

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David G. Wilkes, F.S.A.

January 12, 2022

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 529-15-0057-00001_A-5, 529-15-0058-00001_A-5,
529-15-0059-00001_A-5, 529-15-0061-00001-A-5 and
HHS000008700001 A-5

Dear Ms. Butler:

This letter amends the letter titled Dual Eligibles Integrated Care Demonstration Project – UMCC 529-15-0058-00001 dated November 4, 2021 which previously amended 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 described in this letter were developed using identical methods and assumptions as the rates described in the previous report and amendment noted above. Previous FY2022 Dual Demonstration rates were payable for time periods (i) September 1, 2021 through December 31, 2021 and (ii) January 1, 2022 through February 28, 2022. These amended rates are assumed to be payable for the period March 1, 2022 through August 31, 2022.

The previous rate amendment letter (dated November 4, 2021) described the rate impact of Molina's acquisition of Cigna's (HealthSpring) Medicaid business in Texas. Effective January 1, 2022 Molina Healthcare acquired Cigna's Texas Medicaid and Medicare-Medicaid Plan (MMP) business in all service delivery areas (SDAs) in which Cigna currently operates. For the Dual Demonstration program, this includes the Hidalgo SDA only. Details of the impact of this acquisition on program rates can be found in the rate amendment letter noted above. In summary, Molina will assume the membership and capitation rates of all Cigna populations. In the Hidalgo SDA, where both MCOs previously operated, the premium rates will be blended together based on the enrollment distribution of the two health plans.

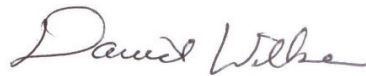
This change did not impact the premium rates for any other MCO operating in the Dual Demonstration program nor did it impact the overall projected total cost.

Ms. Rachel Butler
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Effective March 1, 2022, HHSC is providing additional payments to support providers' attendant and direct care staff recruitment and retention efforts under the terms of HHSC's spending plan for the American Rescue Plan Act (ARPA) enhanced Home and Community-Based Services (HCBS) funding. For the period March 1, 2022 through August 31, 2022, the increased reimbursement will impact certain attendant care services, nursing services and HCBS waiver services. Effective March 1, 2022, HHSC will also be adjusting the reimbursement rates for certain outpatient behavioral health services. Additional information regarding these enhanced payments is provided in the STAR+PLUS FY2022 rate amendment letter titled STAR+PLUS Rate Amendment UMCC 529-12-0002-00008 V2.35, STAR+PLUS Expansion 529-10-0020-00005 V1.39, STAR+PLUS MRSA 529-13-0042 V1.24 and dated January 10, 2022.

Attached Exhibit A presents the calculation of the revised Dual Demonstration rates effective March 1, 2022. Exhibit B presents the calculation of the of the amended rates for the Molina acquisition of Cigna business. Exhibit C presents a summary of the Dual Demonstration program rates for the three separate rating periods in FY2022 – (i) September 1, 2021 through December 31, 2021, (ii) January 1, 2022 through February 28, 2022 and (iii) March 1, 2022 through August 31, 2022. Please let us know if you have any questions or need additional information.

Sincerely,



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

DGW:nlg

Enclosure

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.

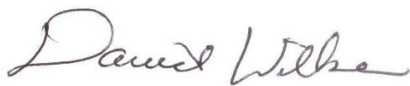
Rudd and Wisdom, Inc. has been retained by the Texas Health and Human Services Commission (HHSC) to assist in the development of their rate-setting methodology, assumptions and resulting capitation rates and to provide the actuarial certification required under Centers for Medicare and Medicaid Services (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 March 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: 3/1/2022 - 8/31/2022

| SDA | MMP | <u>OCC</u> | <u>HCBS</u> | <u>NF</u> | <u>OCC</u> | <u>HCBS</u> | <u>NF</u> |
|---------|---------------|----------------------------------|-------------|-------------|---|-------------|-----------|
| | | Base Rates STAR+PLUS Services | | | Base Rates Acute Care Services | | |
| Bexar | Amerigroup | \$ 354.32 | \$ 2,841.23 | \$ 4,825.67 | \$ 84.78 | \$ 190.86 | \$ 110.82 |
| | Molina | 394.27 | 2,351.63 | 4,825.67 | 84.78 | 190.86 | 110.82 |
| | Superior | 427.21 | 2,842.41 | 4,825.67 | 84.78 | 190.86 | 110.82 |
| Dallas | Molina | 354.99 | 2,416.19 | 4,664.69 | 59.11 | 139.12 | 114.57 |
| | Superior | 269.63 | 2,576.05 | 4,664.69 | 59.11 | 139.12 | 114.57 |
| El Paso | Amerigroup | 480.45 | 2,887.60 | 4,995.35 | 98.24 | 304.41 | 96.82 |
| | Molina | 588.93 | 2,762.71 | 4,995.35 | 98.24 | 304.41 | 96.82 |
| Harris | Amerigroup | 261.01 | 3,305.78 | 4,695.61 | 83.98 | 184.01 | 124.68 |
| | Molina | 360.24 | 3,042.04 | 4,695.61 | 83.98 | 184.01 | 124.68 |
| | United | 294.77 | 2,916.04 | 4,695.61 | 83.98 | 184.01 | 124.68 |
| Hidalgo | Health Spring | 690.45 | 3,361.67 | 5,373.48 | 136.26 | 306.45 | 169.10 |
| | Molina | 942.28 | 3,405.57 | 5,373.48 | 136.26 | 306.45 | 169.10 |
| | Superior | 1,058.08 | 3,448.93 | 5,373.48 | 136.26 | 306.45 | 169.10 |
| Tarrant | Amerigroup | 246.55 | 2,409.03 | 4,449.27 | 80.71 | 176.37 | 97.73 |
| | | Base Rates Pharmacy Services | | | Non-Emergency Medical Transportation | | |
| Bexar | Amerigroup | \$ 2.32 | \$ 7.43 | \$ 0.77 | \$ 10.10 | \$ 36.95 | \$ 5.66 |
| | Molina | 2.32 | 7.43 | 0.77 | 10.10 | 36.95 | 5.66 |
| | Superior | 2.32 | 7.43 | 0.77 | 10.10 | 36.95 | 5.66 |
| Dallas | Molina | 2.27 | 3.74 | 0.94 | 8.99 | 32.91 | 6.80 |
| | Superior | 2.27 | 3.74 | 0.94 | 8.99 | 32.91 | 6.80 |
| El Paso | Amerigroup | 0.92 | 1.69 | 0.73 | 6.88 | 34.41 | 22.12 |
| | Molina | 0.92 | 1.69 | 0.73 | 6.88 | 34.41 | 22.12 |
| Harris | Amerigroup | 2.21 | 3.25 | 0.67 | 9.12 | 26.21 | 4.60 |
| | Molina | 2.21 | 3.25 | 0.67 | 9.12 | 26.21 | 4.60 |
| | United | 2.21 | 3.25 | 0.67 | 9.12 | 26.21 | 4.60 |
| Hidalgo | Health Spring | 4.88 | 10.21 | 2.04 | 7.75 | 24.53 | 4.59 |
| | Molina | 4.88 | 10.21 | 2.04 | 7.75 | 24.53 | 4.59 |
| | Superior | 4.88 | 10.21 | 2.04 | 7.75 | 24.53 | 4.59 |
| Tarrant | Amerigroup | 2.98 | 3.58 | 1.43 | 14.24 | 38.39 | 10.24 |

Dual Eligible Demonstration Project
 DD Rating Analysis Summary
 Monthly Medicaid Capitation Rates
 Effective for the Period: 3/1/2022 - 8/31/2022

| SDA | MMP | OCC | HCBS | NF | OCC | HCBS | NF |
|--|---------------|----------------------------|-------------|-------------|---|---------|-------------|
| | | Base Rates All Services | | | Quality Incentive Payment Program Nursing Facilities Add-On* | | |
| Bexar | Amerigroup | \$ 451.52 | \$ 3,076.47 | \$ 4,942.91 | \$ 0.00 | \$ 0.00 | \$ 1,921.14 |
| | Molina | 491.48 | 2,586.87 | 4,942.91 | 0.00 | 0.00 | 1,921.14 |
| | Superior | 524.41 | 3,077.65 | 4,942.91 | 0.00 | 0.00 | 1,921.14 |
| Dallas | Molina | 425.35 | 2,591.96 | 4,787.00 | 0.00 | 0.00 | 2,123.98 |
| | Superior | 340.00 | 2,751.82 | 4,787.00 | 0.00 | 0.00 | 2,123.98 |
| El Paso | Amerigroup | 586.49 | 3,228.11 | 5,115.02 | 0.00 | 0.00 | 1,162.53 |
| | Molina | 694.98 | 3,103.22 | 5,115.02 | 0.00 | 0.00 | 1,162.53 |
| Harris | Amerigroup | 356.32 | 3,519.25 | 4,825.55 | 0.00 | 0.00 | 1,964.84 |
| | Molina | 455.55 | 3,255.51 | 4,825.55 | 0.00 | 0.00 | 1,964.84 |
| | United | 390.08 | 3,129.51 | 4,825.55 | 0.00 | 0.00 | 1,964.84 |
| Hidalgo | Health Spring | 839.34 | 3,702.86 | 5,549.22 | 0.00 | 0.00 | 1,680.95 |
| | Molina | 1,091.17 | 3,746.76 | 5,549.22 | 0.00 | 0.00 | 1,680.95 |
| | Superior | 1,206.97 | 3,790.13 | 5,549.22 | 0.00 | 0.00 | 1,680.95 |
| Tarrant | Amerigroup | 344.48 | 2,627.37 | 4,558.68 | 0.00 | 0.00 | 2,019.19 |
| Dual Demonstration Savings Assumption: | | | | | 5.50 % | 5.50 % | 5.50 % |

| | | Final Rates All Services | | |
|---------|---------------|-----------------------------|-------------|-------------|
| Bexar | Amerigroup | \$ 426.69 | \$ 2,907.26 | \$ 6,592.19 |
| | Molina | 464.45 | 2,444.59 | 6,592.19 |
| | Superior | 495.57 | 2,908.38 | 6,592.19 |
| Dallas | Molina | 401.96 | 2,449.40 | 6,647.69 |
| | Superior | 321.30 | 2,600.47 | 6,647.69 |
| El Paso | Amerigroup | 554.24 | 3,050.57 | 5,996.23 |
| | Molina | 656.75 | 2,932.54 | 5,996.23 |
| Harris | Amerigroup | 336.72 | 3,325.69 | 6,524.99 |
| | Molina | 430.50 | 3,076.46 | 6,524.99 |
| | United | 368.63 | 2,957.39 | 6,524.99 |
| Hidalgo | Health Spring | 793.18 | 3,499.21 | 6,924.96 |
| | Molina | 1,031.16 | 3,540.69 | 6,924.96 |
| | Superior | 1,140.59 | 3,581.67 | 6,924.96 |
| Tarrant | Amerigroup | 325.54 | 2,482.87 | 6,327.14 |

* 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: 3/1/2022 - 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 | 690.45 | 3,361.67 | 5,373.48 | 1,282.84 |
| Molina - Hidalgo | 942.28 | 3,405.57 | 5,373.48 | 1,561.70 |
| Total | 824.29 | 3,389.41 | 5,373.48 | 1,434.64 |
| 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 | 839.34 | 3,702.86 | 5,549.22 | 1,458.90 |
| Molina - Hidalgo | 1,091.17 | 3,746.76 | 5,549.22 | 1,748.56 |
| Total | 973.18 | 3,730.60 | 5,549.22 | 1,616.58 |
| 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 | 793.18 | 3,499.21 | 6,924.96 | 1,462.56 |
| Molina - Hidalgo | 1,031.16 | 3,540.69 | 6,924.96 | 1,707.14 |
| Total | 919.66 | 3,525.42 | 6,924.96 | 1,595.70 |

* 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

| SDA | MMP | OCC | HCBS | NF |
|--|--------------|----------|------------|------------|
| <u>Rates Effective for 9/1/2021-12/31/2021</u> | | | | |
| Bexar | Amerigroup | \$423.47 | \$2,461.88 | \$6,592.19 |
| | Molina | 460.87 | 2,075.96 | 6,592.19 |
| | Superior | 491.69 | 2,462.81 | 6,592.19 |
| Dallas | Molina | 398.20 | 2,077.08 | 6,647.28 |
| | Superior | 318.44 | 2,203.52 | 6,647.28 |
| El Paso | Amerigroup | 539.98 | 2,549.01 | 5,995.78 |
| | Molina | 639.27 | 2,452.68 | 5,995.78 |
| Harris | Amerigroup | 332.30 | 2,788.91 | 6,524.57 |
| | Molina | 424.39 | 2,582.50 | 6,524.57 |
| | United | 363.63 | 2,483.89 | 6,524.57 |
| Hidalgo | HealthSpring | 771.56 | 2,892.17 | 6,924.48 |
| | Molina | 1,001.66 | 2,925.73 | 6,924.48 |
| | Superior | 1,107.47 | 2,958.88 | 6,924.48 |
| Tarrant | Amerigroup | 323.62 | 2,107.73 | 6,327.14 |
| <u>Rates Effective for 1/1/2022-2/28/2022</u> | | | | |
| Bexar | Amerigroup | \$423.47 | \$2,461.88 | \$6,592.19 |
| | Molina | 460.87 | 2,075.96 | 6,592.19 |
| | Superior | 491.69 | 2,462.81 | 6,592.19 |
| Dallas | Molina | 398.20 | 2,077.08 | 6,647.28 |
| | Superior | 318.44 | 2,203.52 | 6,647.28 |
| El Paso | Amerigroup | 539.98 | 2,549.01 | 5,995.78 |
| | Molina | 639.27 | 2,452.68 | 5,995.78 |
| Harris | Amerigroup | 332.30 | 2,788.91 | 6,524.57 |
| | Molina | 424.39 | 2,582.50 | 6,524.57 |
| | United | 363.63 | 2,483.89 | 6,524.57 |
| Hidalgo | Molina | 893.85 | 2,913.37 | 6,924.48 |
| | Superior | 1,107.47 | 2,958.88 | 6,924.48 |
| Tarrant | Amerigroup | 323.62 | 2,107.73 | 6,327.14 |
| <u>Rates Effective for 3/1/2022-8/31/2022</u> | | | | |
| Bexar | Amerigroup | \$426.69 | \$2,907.26 | \$6,592.19 |
| | Molina | 464.45 | 2,444.59 | 6,592.19 |
| | Superior | 495.57 | 2,908.38 | 6,592.19 |
| Dallas | Molina | 401.96 | 2,449.40 | 6,647.69 |
| | Superior | 321.30 | 2,600.47 | 6,647.69 |
| El Paso | Amerigroup | 554.24 | 3,050.57 | 5,996.23 |
| | Molina | 656.75 | 2,932.54 | 5,996.23 |
| Harris | Amerigroup | 336.72 | 3,325.69 | 6,524.99 |
| | Molina | 430.50 | 3,076.46 | 6,524.99 |
| | United | 368.63 | 2,957.39 | 6,524.99 |
| Hidalgo | Molina | 919.66 | 3,525.42 | 6,924.96 |
| | Superior | 1,140.59 | 3,581.67 | 6,924.96 |
| Tarrant | Amerigroup | 325.54 | 2,482.87 | 6,327.14 |