

**OREGON HEALTH PLAN
MEDICAID DEMONSTRATION**

Capitation Rate Development

**Fully Capitated Health Plans (FCHPs)
Physician Care Organization (PCO)
and Mental Health Organizations (MHOs)**

Amendment

Effective from July 2013 to December 2013

Actuarial Services Unit
Office of Health Analytics
Oregon Health Authority
State of Oregon

Final
May 17, 2013

DATE: May 17, 2013

TO: David Rohrer
Administrator
Actuarial Services Unit
Office of Health Analytics
Oregon Health Authority
500 Summer Street N.E.
Salem, Oregon 97301

FROM: X. Dennis Tang, ASA, MAAA
Principal Actuary
Actuarial Services Unit
Office of Health Analytics
Oregon Health Authority
421 SW Oak Street, Suite 850
Portland, Oregon 97204

RE: Capitation Rates for the Oregon Health Plan Medicaid Demonstration Fully Capitated Health Plans (FCHPs), Physician Care Organization (PCO) and Mental Health Organizations (MHOs), Effective July 1, 2013 through December 31, 2013

Dear David,

The Portland office of the Actuarial Services Unit (ASU), under the Oregon Health Authority (OHA) Office of Health Analytics has amended capitation rates to be paid to Fully Capitated Health Plans (FCHPs), Physician Care Organization (PCO) and Mental Health Organizations (MHOs) for providing physical health and mental health services for eligible Medicaid beneficiaries under the Oregon Health Plan Medicaid Demonstration.

Managed Care Organizations (MCOs) are undergoing transitions to Coordinated Care Organizations (CCOs). The first wave of CCOs went into effect on August 1st, 2012 and the last wave of CCOs went into effect on November 1st, 2012. At this time, the following MCOs remain for the period from July 2013 to December 2013:

- CareOregon, Inc.(FCHP)
- Cascade Comprehensive Care, Inc. (FCHP)
- Kaiser Permanente Oregon Plus, LLC (PCO)
- Greater Oregon Behavioral Health, Inc. (MHO)
- Mid-Valley Behavioral Care Network (MHO)

The amended capitation rates are effective from July 1st, 2013 through December 31st, 2013 and contain the following:

- Primary care physician rate increases have been added to the capitation rates for all FCHPs and PCO. We have calculated the capitation rate increases and rate differentials that qualify for 100% Federal funding according to CMS Technical Guidance.

The capitation rates for these five managed care organizations effective from July 2013 to December 2013 have been attached. We have assumed overall zero percent trend factors for the remaining transitional period. As noted above, primary care rate increases have been added to the FCHPs and PCO. In the cases of the remaining MHOs, the amended capitation rates remain the same as current capitation rates.

For a comparison of the amended July 2013 FCHP, PCO, and MHO capitation rates vs. current capitation rates, please see Exhibit 1.

Estimated Cost

Total additional estimated cost resulting from amending the capitation rates is about \$1.3 million dollars for the six months from July 2013 to December 2013. Note the all additional costs are for primary care rate increases for FCHPs and PCO only. There are no additional costs for MHOs.

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Please contact me by phone at 503-731-3217 or via email at dennis.tang@state.or.us if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "X. Dennis Tang", is positioned above a solid horizontal line.

X. Dennis Tang, ASA, MAAA
Principal Actuary

**Actuarial Certification of
Amended Oregon Health Plan Capitation Rates
July 1, 2013 through December 31, 2013**

I, X. Dennis Tang, am the Principal Actuary, of the Actuarial Service Unit, under the Oregon Health Authority (OHA). I am an Associate of the Society of Actuaries and a Member of the American Academy of Actuaries and meet its qualification standards to certify as to the actuarial soundness of proposed capitation rates for the period July 1, 2013 through December 31, 2013 developed for the contracting Fully Capitated Health Plans, Physician Care Organization, and Mental Health Organizations.

It is my opinion that all requirements of 42 CFR 438.6(c), with respect to the development of Medicaid managed care capitation rates, were satisfied in the development of the proposed capitation rates for contracting the CCO in Oregon. I believe that the capitation rates are appropriate for the populations to be covered and the services to be furnished under the contract. Detailed descriptions of the methodology and assumptions used in the development of the capitation rates are contained in the report to which this certification is attached.

In developing the proposed capitation rates and regional rate ranges, I relied on base year experience provided by the managed care plans and each plan has attested to the accuracy of the reported data. This data was reviewed for reasonableness; however, I did not perform independent verification and take no responsibility as to the accuracy of submitted data.

Due to the dependency on applicant submitted data, regional rate ranges were constructed to provide a comparison. In developing regional rate ranges, actuarially sound methods were employed and the data was smoothed and adjusted for outlier expenditures. The capitation rates provided with this certification are considered actuarially sound for purposes of the 42 CFR 438.6(c), according to the following criteria:

- The Capitation Rates were developed in accordance with generally accepted Actuarial principles and practices;
- The Capitation Rates are appropriate for the populations to be covered, and the services to be furnished under the contract;
- The regional rate ranges were developed in accordance with generally accepted Actuarial principles and practices.

The adjusted capitation rates and regional rate ranges referred to in the accompanying report are a projection of future events. It may be expected that actual experience will vary from the values shown here. Actuarial methods, considerations, and analyses used in developing the adjusted capitation rates and regional rate ranges conform to the appropriate Standards of Practice promulgated from time to time by the Actuarial Standards Board.

X. Dennis Tang, ASA, MAAA
Member, American Academy of Actuaries



May 17, 2013

Oregon Health Plan Medicaid Demonstration
Comparison of July 2013 and January 2013 FCHP, PCO, and MHO Capitation Rates
Includes Adjustment for Administrative Allowance

Exhibit 1

CareOregon, Inc. (FCHP)

Aid Category	LBMPY		
	Jul-13	Jan-13	% Change
Temporary Assistance to Needy Families - Adults	\$330.43	\$322.79	2.4%
Poverty Level Medical - Adults	\$273.90	\$269.27	1.7%
Children 0-1 (CHIP, PLMC, TANF Children)	\$871.24	\$849.70	2.5%
Children 1-5 (CHIP, PLMC, TANF Children)	\$93.21	\$86.48	7.8%
Children 6-18 (CHIP, PLMC, TANF Children)	\$94.82	\$90.83	4.4%
ABAD with Medicare	\$126.73	\$123.47	2.6%
ABAD without Medicare	\$1,178.21	\$1,161.97	1.4%
OAA with Medicare	\$195.82	\$192.55	1.7%
OAA without Medicare	\$471.96	\$459.59	2.7%
Foster Children (CAF)	\$272.58	\$265.06	2.8%
OHP Standard - Families	\$277.11	\$269.02	3.0%
OHP Standard - Adults and Couples	\$481.36	\$471.15	2.2%
Weighted Average	\$279.57	\$272.11	2.7%

¹ Weighted average capitation rates are based on estimated third quarter 2011 enrollment distributions.

Oregon Health Plan Medicaid Demonstration
Comparison of July 2013 and January 2013 FCHP, PCO, and MHO Capitation Rates
Includes Adjustment for Administrative Allowance

Exhibit 1

Cascade Comprehensive Care, Inc. (FCHP)

Aid Category	Other		
	Jul-13	Jan-13	% Change
Temporary Assistance to Needy Families - Adults	\$359.18	\$352.69	1.8%
Poverty Level Medical - Adults	\$429.09	\$424.52	1.1%
Children 0-1 (CHIP, PLMC, TANF Children)	\$760.36	\$747.57	1.7%
Children 1-5 (CHIP, PLMC, TANF Children)	\$96.27	\$92.07	4.6%
Children 6-18 (CHIP, PLMC, TANF Children)	\$93.59	\$90.91	3.0%
ABAD with Medicare	\$75.59	\$73.32	3.1%
ABAD without Medicare	\$836.04	\$824.35	1.4%
OAA with Medicare	\$75.72	\$72.97	3.8%
OAA without Medicare	\$839.67	\$826.57	1.6%
Foster Children (CAF)	\$249.05	\$243.61	2.2%
OHP Standard - Families	\$297.17	\$290.42	2.3%
OHP Standard - Adults and Couples	\$529.26	\$520.59	1.7%
Weighted Average	\$283.30	\$277.78	2.0%

¹ Weighted average capitation rates are based on estimated third quarter 2011 enrollment distributions.

Oregon Health Plan Medicaid Demonstration
Comparison of July 2013 and January 2013 FCHP, PCO, and MHO Capitation Rates
Includes Adjustment for Administrative Allowance

Exhibit 1

Kaiser Permanente Oregon Plus, LLC (PCO)

Aid Category	LBMPY		
	Jul-13	Jan-13	% Change
Temporary Assistance to Needy Families - Adults	\$246.21	\$238.57	3.2%
Poverty Level Medical - Adults	\$266.19	\$261.56	1.8%
Children 0-1 (CHIP, PLMC, TANF Children)	\$209.45	\$187.91	11.5%
Children 1-5 (CHIP, PLMC, TANF Children)	\$76.91	\$70.18	9.6%
Children 6-18 (CHIP, PLMC, TANF Children)	\$63.68	\$59.68	6.7%
ABAD with Medicare	\$115.85	\$112.59	2.9%
ABAD without Medicare	\$517.99	\$501.74	3.2%
OAA with Medicare	\$124.96	\$121.69	2.7%
OAA without Medicare	\$514.68	\$502.31	2.5%
Foster Children (CAF)	\$118.67	\$111.15	6.8%
OHP Standard - Families			
OHP Standard - Adults and Couples			
Weighted Average	\$147.67	\$140.61	5.0%

¹ Weighted average capitation rates are based on estimated third quarter 2011 enrollment distributions.

Oregon Health Plan Medicaid Demonstration
Comparison of July 2013 and January 2013 FCHP, PCO, and MHO Capitation Rates
Includes Adjustment for Administrative Allowance

Exhibit 1

Greater Oregon Behavioral Health, Inc. (MHO)

Aid Category	LBMPY		
	Jul-13	Jan-13	% Change
Temporary Assistance to Needy Families - Adults	\$21.69	\$21.69	0.0%
Poverty Level Medical - Adults	\$7.89	\$7.89	0.0%
Children 0-1 (CHIP, PLMC, TANF Children)	\$0.54	\$0.54	0.0%
Children 1-5 (CHIP, PLMC, TANF Children)	\$4.99	\$4.99	0.0%
Children 6-18 (CHIP, PLMC, TANF Children)	\$30.93	\$30.93	0.0%
ABAD with Medicare	\$61.65	\$61.65	0.0%
ABAD without Medicare	\$106.39	\$106.39	0.0%
OAA with Medicare	\$6.53	\$6.53	0.0%
OAA without Medicare	\$20.63	\$20.63	0.0%
Foster Children (CAF)	\$235.76	\$235.76	0.0%
OHP Standard - Families	\$9.24	\$9.24	0.0%
OHP Standard - Adults and Couples	\$26.47	\$26.47	0.0%
Weighted Average	\$35.43	\$35.43	0.0%

¹ Weighted average capitation rates are based on estimated third quarter 2011 enrollment distributions.

Oregon Health Plan Medicaid Demonstration
Comparison of July 2013 and January 2013 FCHP, PCO, and MHO Capitation Rates
Includes Adjustment for Administrative Allowance

Exhibit 1

Mid-Valley Behavioral Care Network (MHO)

Aid Category	LBMPY			Other		
	Jul-13	Jan-13	% Change	Jul-13	Jan-13	% Change
Temporary Assistance to Needy Families - Adults	\$22.53	\$22.53	0.0%	\$22.53	\$22.53	0.0%
Poverty Level Medical - Adults	\$8.81	\$8.81	0.0%	\$8.81	\$8.81	0.0%
Children 0-1 (CHIP, PLMC, TANF Children)	\$0.67	\$0.67	0.0%	\$0.67	\$0.67	0.0%
Children 1-5 (CHIP, PLMC, TANF Children)	\$5.35	\$5.35	0.0%	\$5.35	\$5.35	0.0%
Children 6-18 (CHIP, PLMC, TANF Children)	\$23.38	\$23.38	0.0%	\$23.38	\$23.38	0.0%
ABAD with Medicare	\$76.18	\$76.18	0.0%	\$76.18	\$76.18	0.0%
ABAD without Medicare	\$109.27	\$109.27	0.0%	\$109.27	\$109.27	0.0%
OAA with Medicare	\$7.93	\$7.93	0.0%	\$7.93	\$7.93	0.0%
OAA without Medicare	\$19.88	\$19.88	0.0%	\$19.88	\$19.88	0.0%
Foster Children (CAF)	\$266.68	\$266.68	0.0%	\$266.68	\$266.68	0.0%
OHP Standard - Families	\$13.62	\$13.62	0.0%	\$13.62	\$13.62	0.0%
OHP Standard - Adults and Couples	\$38.97	\$38.97	0.0%	\$38.97	\$38.97	0.0%
Weighted Average	\$34.01	\$34.01	0.0%	\$34.01	\$34.01	0.0%

¹ Weighted average capitation rates are based on estimated third quarter 2011 enrollment distributions.