



October 28, 2015
Ms. Lori Coyner
Director of Health Analytics
Oregon Health Authority
500 Summer Street N.E.
Salem, OR 97301

Subject: Addendum to Oregon Health Plan CY2015 Rate Development Certification Letter

Dear Lori:

After review of particular sections based on CMS' questions related to the original CY2015 certification letter (dated August 28, 2015), a revision of certain pages of the certification letter are required. Please see the following revised pages, which correspond to the same page numbers in the original CY2015 certification letter:

1. Page 18 (Corrected Maternity Rate exhibit)
2. Page 39 (Corrected ACA MLR verbiage)
3. Page 41 (Corrected ACA MLR verbiage)

Sincerely,

A handwritten signature in black ink that reads "Zach Aters". The signature is written in a cursive, flowing style.

Zachary Aters, ASA, MAAA
Senior Actuary, Optumas

CC: Steve Schramm, **Optumas**
Jessica Grado, **Optumas**
Barry Jordan, **Optumas**

| Region | CANS Adjustment |
|-----------------|-----------------|
| Central/Eastern | \$3.62 |
| Northwest | \$2.39 |
| Southwest | \$2.82 |
| Tri-County | \$2.13 |

Maternity Rates

CCO-specific maternity case rates were developed using CY13 and CY14 encounter data, trended to the midpoint of 2015. Cost per delivery was developed by region, broken out by vaginal and caesarean deliveries, as well as A/B vs. DRG hospital, and in-state vs. out of state. CCO-specific adjustments were made to the regional base data for hospital reimbursement mix, vaginal and caesarean section delivery mix, and out of state hospital delivery costs. Once the medical component of the rate was developed, the next step was to apply non-medical load. The non-medical load consists of a flat 8% load to the medical component of the case rate; additionally, the maternity case rates have been grossed up for Tier 1 HRA, Tier 1 HRA admin, and Tier 2 HRA; the details surrounding the calculation of HRA can be found in section 2.07. Once the CY15 maternity case rates were developed, a 50/50 blend was applied to the maternity case rates developed by **Optumas** and those previously developed by OHA for the CY15 contract period, to help mitigate rate shock for contracts currently in place. The resulting fully loaded CCO-specific maternity case rates are shown below.

| CCO | Case Rate |
|---|--------------|
| Allcare CCO, Inc. | \$ 10,958.45 |
| Cascade Health Alliance, LLC. | \$ 10,951.35 |
| Columbia-Pacific CCO, LLC. | \$ 13,258.46 |
| Eastern Oregon Coordinated Care Org., LLC. | \$ 13,095.73 |
| FamilyCare, Inc. | \$ 11,763.72 |
| Health Share of Oregon | \$ 11,757.14 |
| InterCommunity Health Network, Inc. | \$ 12,743.00 |
| Jackson County CCO, LLC. | \$ 11,405.55 |
| PacificSource Community Solutions, Inc. (Central) | \$ 12,357.23 |
| PacificSource Community Solutions, Inc. (Gorge) | \$ 14,334.05 |
| Primary Health of Josephine County, LLC | \$ 10,759.08 |
| Trillium Community Health Plan, Inc. | \$ 11,183.74 |
| DCIPA, LLC. Abn Umpqua Health Alliance | \$ 11,006.93 |
| Western Oregon Advanced Health, LLC | \$ 12,945.29 |
| Willamette Valley Community Health, LLC | \$ 11,988.66 |
| Yamhill County Care Organization, Inc. | \$ 12,967.20 |

| Section | Subject | January – December 2015 Rate Comments |
|---------------------------------------|---|--|
| | Cost of capital | See section 2.07. |
| | Risk margin | See section 2.07. |
| | Contingency margin | See section 2.07. |
| | Underwriting gain | See section 2.07. |
| | Profit margin | See section 2.07. |
| | Taxes, fees, and assessments | See section 2.07. |
| | Any other material non-benefit costs | See section 2.07. |
| Rate range development | | |
| | Any assumptions for which values vary in order to develop rate ranges | See section 2.08. |
| | The values of each assumption used to develop the minimum, the midpoint, and maximum of the rate ranges | See section 2.08. |
| | Description of data, assumptions, and methodologies used to develop values of the assumptions for the minimum, the midpoint, and maximum of the rate ranges | See section 2.08. |
| Risk and contractual provisions | | |
| | Risk adjustment processes | See section 2.10. |
| | Risk sharing arrangements | N/A |
| | Medical loss ratio requirements | A minimum MLR of 80% is in place for the ACA expansion cohorts, over the course of the 18 month time frame from July 2014 – December 2015. |
| | Reinsurance requirements | N/A |
| | Incentives or withhold amounts | N/A |
| Other rate development considerations | | |

| Section | Subject | January – December 2015 Rate Comments |
|---------|--|---|
| | Comparison to final certified rates or ranges in previous certification and descriptions of any material changes to the capitation rates | See section 2.10 for a comparison to the CY14 rates; since actual emerging experience for this population is now available, the main driver in the change of rates is the incorporation of actual experience for this population. |
| | Risk mitigation strategy for rates for the new adult eligibility group | A minimum MLR of 80% is in place for the ACA expansion cohorts, over the course of the 18 month time frame from July 2014 – December 2015. |