

**OREGON HEALTH PLAN
MEDICAID DEMONSTRATION**

Capitation Rate Development

January 2010 – December 2010

Addendum

Prepared by:

Actuarial Service Unit
Budget Planning and Analysis
Department of Human Services
State of Oregon

December 18, 2009

DATE: December 18, 2009

TO: Kevin Hamler-Dupras
Administrator
Actuarial Services Unit
Oregon Department of Human Services
500 Summer Street N.E.
Salem, Oregon 97301

FROM: X. Dennis Tang, ASA, MAAA
Lead Actuary
Actuarial Services Unit
Oregon Department of Human Services
827 Oregon Street N.E., Suite 220
Portland, Oregon 97232

**RE: Addendum to the Capitation Rates for the Oregon Health Plan
Medicaid Demonstration Effective January 1, 2010 through
December 31, 2010**

Dear Kevin,

The Portland office of the DHS Actuarial Services Unit has prepared the addendum to the report of Capitation Rate Development, January 2010 through December 2010 dated October 15, 2009. The addendum does not contain any methodological changes for the capitation rate development. Rather it is a technical update reflecting the following:

1. Expansions by Intercommunity Health Network and Mid-Rogue Independent Physician Association into the "Other" rate region.
2. Omissions of the optional maternity management services in the Capitation Rate Development report for the following 5 plans which chose to contract with the State to provide the optional service for 2010. Please note that one of these plans, Cascade Comprehensive Care was providing the services prior to 2009. The other 4 plans either began to provide the optional maternity case management services on January 1st, 2009 or on July 1st, 2009.
 - Cascade Comprehensive Care
 - Doctors of the Oregon Coast South
 - Douglas County Independent Physician Association
 - Mid-Rogue Independent Physician Association
 - Oregon Health Management Services

* * *

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 cursive script, appearing to read "X. Dennis Tang", is written above a horizontal line.

X. Dennis Tang, ASA, MAAA
Lead Actuary

Cc: David Rohrer
Project Manager, Actuarial Service Unit

**Actuarial Certification of
Proposed Oregon Health Plan Capitation Rates
January 1, 2010 through December 31, 2010**

I, X. Dennis Tang, am the Lead Actuary in Actuarial Service Unit, Oregon Department of Human Services. 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 January 1, 2010 through December 31, 2010 developed for contracting managed care plans under the Oregon Medicaid program.

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 Medicaid managed care plans 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 and in the December 2008 report titled "Analysis of Calendar Years 2010 – 2011 Average Costs" prepared by PriceWaterhouseCoopers under contract with Oregon Department of Human Services at the time.

In development of the proposed capitation rates, I relied on enrollment, encounter, and other data provided by the data management staff located in the Salem office of Actuarial Service Unit in the Oregon Department of Human Services. I reviewed the data for reasonableness, however, I did not perform independent verification and take no responsibility as to the accuracy of these data.

The actuarially sound rates shown 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 proposed capitation rates conform to the appropriate Standards of Practice promulgated from time to time by the Actuarial Standards Board.

The capitation rates may not be appropriate for any specific managed care plan. Any managed care plan will need to review the rates in relation to the benefits provided. The managed care plan should compare the rates with their own experience, expenses, capital and surplus, and profit requirements prior to agreeing to contract with the State. The managed care plan may require rates above, equal to, or below the actuarially sound capitation rates to which this certification is attached.



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

Oregon Health Plan Medicaid Demonstration
Comparison of January 2010 and October 2009 FCHP Capitation Rates
Includes Adjustment for Administrative Allowance
Includes Maternity Case Management

Addendum EXHIBIT 3-H

Cascade Comprehensive Care, Inc.															
Eligibility Category	JJD			Lane			LBMPY			Other			Tri-County		
	Jan 2010	Oct 2009	% Change	Jan 2010	Oct 2009	% Change	Jan 2010	Oct 2009	% Change	Jan 2010	Oct 2009	% Change	Jan 2010	Oct 2009	% Change
Temporary Assistance to Needy Families (Adults Only)										\$324.93	\$299.66	8.4%			
Poverty Level Medical Adults										\$373.76	\$314.91	18.7%			
PLM, TANF, and CHIP Children < 1										\$592.91	\$567.08	4.6%			
PLM, TANF, and CHIP Children 1 - 5										\$88.98	\$106.22	-16.2%			
PLM, TANF, and CHIP Children 6 - 18										\$90.10	\$89.38	0.8%			
Aid to the Blind/Aid to the Disabled with Medicare										\$150.88	\$145.73	3.5%			
Aid to the Blind/Aid to the Disabled without Medicare										\$892.08	\$948.39	-5.9%			
Old Age Assistance with Medicare										\$156.41	\$156.73	-0.2%			
Old Age Assistance without Medicare										\$776.37	\$789.17	-1.6%			
CAF Children										\$150.26	\$162.61	-7.6%			
OHP Families										\$238.52	\$272.65	-12.5%			
OHP Adults & Couples										\$540.12	\$661.77	-18.4%			
Weighted Average ¹										\$283.15	\$292.28	-3.1%			

¹ Weighted average capitation rates are based on June through November 2008 enrollment distributions.

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DCIPA, LLC															
Eligibility Category	JJD			Lane			LBMPY			Other			Tri-County		
	Jan 2010	Oct 2009	% Change	Jan 2010	Oct 2009	% Change	Jan 2010	Oct 2009	% Change	Jan 2010	Oct 2009	% Change	Jan 2010	Oct 2009	% Change
Temporary Assistance to Needy Families (Adults Only)	\$422.96	\$394.32	7.3%												
Poverty Level Medical Adults	\$352.41	\$319.53	10.3%												
PLM, TANF, and CHIP Children < 1	\$605.75	\$600.25	0.9%												
PLM, TANF, and CHIP Children 1 - 5	\$106.65	\$108.37	-1.6%												
PLM, TANF, and CHIP Children 6 - 18	\$99.56	\$98.89	0.7%												
Aid to the Blind/Aid to the Disabled with Medicare	\$169.25	\$180.52	-6.2%												
Aid to the Blind/Aid to the Disabled without Medicare	\$1,118.59	\$1,225.25	-8.7%												
Old Age Assistance with Medicare	\$157.37	\$158.64	-0.8%												
Old Age Assistance without Medicare	\$773.97	\$810.46	-4.5%												
CAF Children	\$150.59	\$164.97	-8.7%												
OHP Families	\$284.95	\$286.69	-0.6%												
OHP Adults & Couples	\$602.56	\$683.16	-11.8%												
Weighted Average ¹	\$327.43	\$340.48	-3.8%												

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Southwest Oregon Individual Practice Association, Inc., abn Doctors of the Oregon Coast South															
Eligibility Category	JJD			Lane			LBMPY			Other			Tri-County		
	Jan 2010	Oct 2009	% Change	Jan 2010	Oct 2009	% Change	Jan 2010	Oct 2009	% Change	Jan 2010	Oct 2009	% Change	Jan 2010	Oct 2009	% Change
Temporary Assistance to Needy Families (Adults Only)										\$335.09	\$310.23	8.0%			
Poverty Level Medical Adults										\$360.29	\$324.00	11.2%			
PLM, TANF, and CHIP Children < 1										\$642.38	\$613.69	4.7%			
PLM, TANF, and CHIP Children 1 - 5										\$103.85	\$113.34	-8.4%			
PLM, TANF, and CHIP Children 6 - 18										\$100.49	\$103.52	-2.9%			
Aid to the Blind/Aid to the Disabled with Medicare										\$161.58	\$141.15	14.5%			
Aid to the Blind/Aid to the Disabled without Medicare										\$823.82	\$929.81	-11.4%			
Old Age Assistance with Medicare										\$161.19	\$159.93	0.8%			
Old Age Assistance without Medicare										\$817.88	\$832.38	-1.7%			
CAF Children										\$154.95	\$166.96	-7.2%			
OHP Families										\$279.08	\$285.98	-2.4%			
OHP Adults & Couples										\$517.14	\$513.23	0.8%			
Weighted Average ¹										\$305.29	\$317.16	-3.7%			

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InterCommunity Health Plans, Inc. abn InterCommunity Health Network															
Eligibility Category	JJD			Lane			LBMPY			Other			Tri-County		
	Jan 2010	Oct 2009	% Change	Jan 2010	Oct 2009	% Change	Jan 2010	Oct 2009	% Change	Jan 2010	Oct 2009	% Change	Jan 2010	Oct 2009	% Change
Temporary Assistance to Needy Families (Adults Only)							\$351.32	\$301.91	16.4%	\$362.25	N/A	N/A			
Poverty Level Medical Adults							\$314.89	\$279.94	12.5%	\$321.89	N/A	N/A			
PLM, TANF, and CHIP Children < 1							\$539.82	\$530.49	1.8%	\$569.59	N/A	N/A			
PLM, TANF, and CHIP Children 1 - 5							\$90.47	\$96.24	-6.0%	\$92.85	N/A	N/A			
PLM, TANF, and CHIP Children 6 - 18							\$101.33	\$99.21	2.1%	\$104.02	N/A	N/A			
Aid to the Blind/Aid to the Disabled with Medicare							\$131.21	\$148.59	-11.7%	\$132.97	N/A	N/A			
Aid to the Blind/Aid to the Disabled without Medicare							\$883.51	\$977.61	-9.6%	\$917.19	N/A	N/A			
Old Age Assistance with Medicare							\$155.94	\$156.99	-0.7%	\$157.75	N/A	N/A			
Old Age Assistance without Medicare							\$771.47	\$798.57	-3.4%	\$805.16	N/A	N/A			
CAF Children							\$143.26	\$156.85	-8.7%	\$146.02	N/A	N/A			
OHP Families							\$249.91	\$228.17	9.5%	\$256.19	N/A	N/A			
OHP Adults & Couples							\$588.82	\$574.37	2.5%	\$606.36	N/A	N/A			
Weighted Average ¹							\$283.58	\$288.54	-1.7%	N/A	N/A	N/A			

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Mid Rogue Independent Physician Association, Inc.															
Eligibility Category	JJD			Lane			LBMPY			Other			Tri-County		
	Jan 2010	Oct 2009	% Change	Jan 2010	Oct 2009	% Change	Jan 2010	Oct 2009	% Change	Jan 2010	Oct 2009	% Change	Jan 2010	Oct 2009	% Change
Temporary Assistance to Needy Families (Adults Only)	\$335.43	\$319.36	5.0%							\$353.93	N/A	N/A			
Poverty Level Medical Adults	\$346.78	\$315.41	9.9%							\$359.14	N/A	N/A			
PLM, TANF, and CHIP Children < 1	\$614.01	\$590.12	4.0%							\$665.23	N/A	N/A			
PLM, TANF, and CHIP Children 1 - 5	\$113.49	\$97.00	17.0%							\$119.22	N/A	N/A			
PLM, TANF, and CHIP Children 6 - 18	\$89.95	\$89.29	0.7%							\$94.32	N/A	N/A			
Aid to the Blind/Aid to the Disabled with Medicare	\$157.38	\$143.52	9.7%							\$162.61	N/A	N/A			
Aid to the Blind/Aid to the Disabled without Medicare	\$962.72	\$928.40	3.7%							\$1,022.85	N/A	N/A			
Old Age Assistance with Medicare	\$156.84	\$157.25	-0.3%							\$161.19	N/A	N/A			
Old Age Assistance without Medicare	\$763.33	\$790.70	-3.5%							\$817.28	N/A	N/A			
CAF Children	\$149.72	\$163.02	-8.2%							\$154.90	N/A	N/A			
OHP Families	\$256.04	\$282.17	-9.3%							\$268.09	N/A	N/A			
OHP Adults & Couples	\$449.36	\$486.12	-7.6%							\$472.59	N/A	N/A			
Weighted Average ¹	\$280.31	\$272.31	2.9%							N/A	N/A	N/A			

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Grants Pass Management Services, Inc., abn Oregon Health Management Services															
Eligibility Category	JJD			Lane			LBMPY			Other			Tri-County		
	Jan 2010	Oct 2009	% Change	Jan 2010	Oct 2009	% Change	Jan 2010	Oct 2009	% Change	Jan 2010	Oct 2009	% Change	Jan 2010	Oct 2009	% Change
Temporary Assistance to Needy Families (Adults Only)	\$340.05	\$303.63	12.0%												
Poverty Level Medical Adults	\$343.35	\$314.49	9.2%												
PLM, TANF, and CHIP Children < 1	\$567.09	\$551.20	2.9%												
PLM, TANF, and CHIP Children 1 - 5	\$99.09	\$94.48	4.9%												
PLM, TANF, and CHIP Children 6 - 18	\$98.21	\$91.34	7.5%												
Aid to the Blind/Aid to the Disabled with Medicare	\$141.26	\$153.52	-8.0%												
Aid to the Blind/Aid to the Disabled without Medicare	\$854.09	\$1,004.97	-15.0%												
Old Age Assistance with Medicare	\$156.50	\$156.81	-0.2%												
Old Age Assistance without Medicare	\$758.54	\$786.62	-3.6%												
CAF Children	\$149.28	\$162.53	-8.2%												
OHP Families	\$251.73	\$278.20	-9.5%												
OHP Adults & Couples	\$491.30	\$472.88	3.9%												
Weighted Average ¹	\$286.13	\$296.83	-3.6%												

¹ Weighted average capitation rates are based on June through November 2008 enrollment distributions.