



STATE OF IOWA

THOMAS J. VILSACK, GOVERNOR
SALLY J. PEDERSON, LT. GOVERNOR

DEPARTMENT OF HUMAN SERVICES
KEVIN W. CONCANNON, DIRECTOR

DATE: October 19, 2005
TO: Medical Assistance Projections and Assessments Council
FROM: Jennifer Vermeer, Assistant Medicaid Director
SUBJECT: Follow-up information from the last meeting

At the last meeting, additional information was requested for a number of items. The requested information is summarized below:

- Status of adding case management as a covered Medicaid service under the Home and Community-Based Services Elderly Waiver.

DHS is currently working on the application to CMS to add case management as a service. CMS changed the application process and, under the new application, a great deal of documentation about our existing waiver is required. It is anticipated that the application will be complete by end of October and will be submitted to CMS.

Once it is submitted, CMS has 90 days to approve, deny, or request additional information. If they request additional information, DHS has 90 days to respond; however, we will respond as soon as possible to expedite the process. CMS, again then has 90 days to respond. The earliest it might be approved is 90 days, but it is very possible it will take longer than that.

- The letter from the actuary regarding the capitation rates for the Iowa Plan. The letter is attached.
- Tracking IowaCare enrollees who don't get drug coverage through IowaCare.

Broadlawns is providing drug coverage through their Community Care Program. Drugs will be covered during stays at the Mental Health Institutions because it is part of an inpatient stay. IowaCare members receiving inpatient care through the University of Iowa Hospitals and Clinics will have drugs covered during their inpatient stay and will receive a 10-day supply at discharge. Former State Papers recipients receive drug coverage through the Chronic Care Program funded by Disproportionate Share Hospitals funding.

Thus, the largest group of IowaCare members who will not have drug coverage are those outside Polk County accessing outpatient care through the University of Iowa Hospitals and Clinics. We will work with the University to see if there is a way to study the impact of not covering drugs on utilization and other cost impacts to the program and the member.

In addition, House File 841 requires the DHS to develop a pharmacy access hotline that will assist IowaCare members in identifying and applying for other prescription assistance programs, such as those offered by the drug manufacturers. This is one of the advisory groups meeting on October 26 and 27.

- Coordination with safety net providers.

House File 841 creates an Indigent Care Task Force to compile information on providers of indigent care, the amount of indigent care, the cost of indigent care, and who receives care. The bill requires members of the task force to submit the specified information to the DHS to participate. DHS is creating a questionnaire to send to providers requesting the required information. Once the data is received, task force meetings will be scheduled. In addition, the advisory groups meeting October 26 and 27 include the Indigent Care Task Force.

Please contact Jennifer Vermeer at 515-725-1144 if you have any questions or would like additional information.

xc: Kevin Concannon
Eugene Gessow
Stacey Cyphert
Mikki Stier



Milliman

Consultants and Actuaries

August 29, 2005

Iowa Department of Human Services
Bureau of Managed Care and Clinical Services
Attention: Eugene Gessow
100 Army Post Road
Des Moines, IA 50315

RE: SFY 2006 Iowa Plan Capitation Rate Setting

Dear Mr. Gessow:

Enclosed are the final SFY 2006 Iowa Plan range of actuarially sound capitation rates. The rate ranges are actuarially sound by rate cell, as required by CMS. The rate ranges were developed using encounter data provided by Magellan and comply with CMS requirements. Additional information on these requirements as well as actuarial soundness can be found in the report.

The range of rates have been calculated using actual SFY 2004 cost and utilization experience as stated in the encounter data provided by Magellan trended forward for changes in utilization and costs including an assumed 3% increase in payments to providers for SFY 2006 on a cost per service basis. Magellan's contract with the State includes a 13.8% allowance to Magellan to cover administration costs, profit, and risk. The contract also includes a provision that 2.5% of the capitation rate must be put into the Community Reinvestment Fund. These contract provisions were included in the rate setting process. A review of the financial status of Magellan, a common practice in Medicaid rate setting, was also completed.

In order to be consistent with CMS requirements, the actual capitation rates in each rate cell cannot be higher than the upper bound or lower than the lower bound shown in the report. If Iowa were to contract at the upper bound of the range, this would represent approximately a 0.5% aggregate rate increase from the current SFY 2005 rates, using SFY 2004 enrollment as the weights. The rates proposed below are revenue neutral. This means that, overall, these rates will not increase the aggregate per member per month payment paid to Magellan (based on the 2004 level of enrollment).

Recent Magellan Behavioral Care of Iowa's financial statements indicate that past capitation rates have exceeded payments to providers by more than the 2.5% allocated to the Community Reinvestment Fund and the 13.8% administration/profit/risk allowance. Any excess between payments made to Magellan and the costs of services plus the two contract provisions is to be put into the Community Reinvestment Fund. An audit done by outside auditors at the end of 2004 resulted in \$7.3 million being reclassified from claim reserves to the Community Reinvestment Fund. Our review of the financial statements and this reclassification reinforce the findings of our calculations. It indicates

that the capitation rates paid to Magellan could be held virtually unchanged and Magellan could pay an additional 3% to their providers.

As stated above, using encounter data in the rebasing has resulted in many of the current rate cells falling outside of the range of actuarially sound rates by rate cell. The current rate cells will need to be adjusted to bring the rate for each rate cell into the actuarially sound range for that cell. The following tables show rates that are revenue neutral with the current SFY 2005 rates on an aggregate basis (again using SFY 2004 enrollment) but within the range of actuarially sound rates shown in the report.

TABLE 1-A IOWA MEDICAID SFY 2006 IOWA PLAN CAPITATION RATE - B(3) AND STATE PLAN SERVICES COMBINED REVENUE NEUTRAL WITH SFY 2005 RATES		
CATEGORY/AGE RANGE	FEMALE	MALE
FMAP 0 - 17	\$8.16	\$10.72
FMAP 18 - 64	27.15	21.36
SSI 0 - 17	27.07	46.45
SSI 18 - 64	102.38	86.46
Dual Eligibles 0 - 64	53.64	57.05
Foster Care 0 - 9	32.03	57.20
Foster Care 10 - 22	150.80	146.29

TABLE 1-B IOWA MEDICAID SFY 2006 IOWA PLAN CAPITATION RATE - STATE PLAN SERVICES REVENUE NEUTRAL WITH SFY 2005 RATES		
CATEGORY/AGE RANGE	FEMALE	MALE
FMAP 0 - 17	\$7.58	\$9.93
FMAP 18 - 64	17.83	18.02
SSI 0 - 17	26.05	43.47
SSI 18 - 64	83.00	66.92
Dual Eligibles 0 - 64	31.87	32.88
Foster Care 0 - 9	29.00	50.14
Foster Care 10 - 22	125.18	122.09

Mr. Eugene Gessow
August 29, 2005

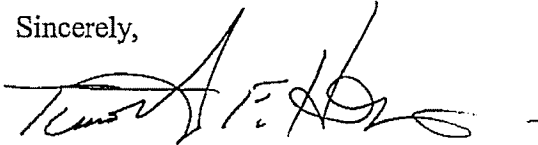
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TABLE 1-C IOWA MEDICAID SFY 2006 IOWA PLAN CAPITATION RATE - B(3) SERVICES REVENUE NEUTRAL WITH SFY 2005 RATES		
CATEGORY/AGE RANGE	FEMALE	MALE
FMAP 0 - 17	\$0.58	\$0.79
FMAP 18 - 64	9.32	3.34
SSI 0 - 17	1.02	2.98
SSI 18 - 64	19.38	19.54
Dual Eligibles 0 - 64	21.77	24.17
Foster Care 0 - 9	3.03	7.06
Foster Care 10 - 22	25.62	24.20

This letter is being provided to Iowa DHS. It is our understanding that this report will be distributed to CMS and potentially to any interested MCO. Any distribution of this report must be in its entirety.

If you have any questions, please let us know.

Sincerely,



Timothy F. Harris, FSA, MAAA
Principal & Consulting Actuary

**STATE OF IOWA
IOWA PLAN - MH/SA CAPITATION RATES
MEDICAID PROGRAM
STATE FISCAL YEAR 2006**

Prepared for:
**IOWA DEPARTMENT OF HUMAN SERVICES
DIVISION OF MEDICAL SERVICES**

Prepared By:

Milliman, Inc.

Timothy F. Harris, FSA, MAAA
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August 26, 2005

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I. INTRODUCTION

Milliman, Inc. (Milliman) was retained by the Iowa Department of Human Services (DHS) to calculate a range of actuarially sound capitation rates for the Iowa Plan for Behavioral Health (Iowa Plan) for State Fiscal Year (SFY) 2006 (July 1, 2005 – June 30, 2006). This report presents the results of the calculations and describes the rate setting methodology.

This report is being provided to the Iowa DHS. It is our understanding that this report will be distributed to the Centers for Medicare and Medicaid Services (CMS) and potentially to any interested Managed Care Organization (MCO). It should not be distributed to any other party without our prior written consent. Any distribution of this report must be in its entirety.

The values in this report were developed on behalf of the State of Iowa for use in negotiations with carrier(s) interested in participating in the Iowa Plan program and may not be appropriate for any other purpose. We do not intend to benefit, and assume no liability to, any third party who receives this report.

Milliman has relied on the following data sources as provided by Iowa DHS:

- Iowa Medicaid claims data – SFY 2003 and SFY 2004
- Iowa Medicaid eligibility data – SFY 2003 and SFY 2004
- Various Iowa Medicaid program documents
- PIHP financial information

The values presented are based on a series of historical data and projections. Actual results may differ from the projected values. Although the data was reviewed for reasonableness, Milliman has not audited the data. If the information provided to Milliman was inaccurate or incomplete, this report may need to be revised.

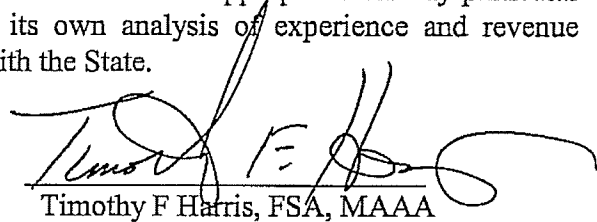
The rates in this report are estimates but not predictions. While we believe the rates to be reasonable, they may not be appropriate for any particular contractor. Before contracting with the State, the contractor should review its own experience and revenue requirements with an actuary or other professional competent in finance and modeling.

II. ACTUARIAL CERTIFICATION

In calculating the rates found in this report, we have followed generally accepted actuarial principles and practices. We believe that the capitation rates developed in this report are appropriate for the populations to be covered and the services to be furnished under the contract.

The actuary certifying these rates meets the qualification standards of the American Academy of Actuaries and follows the standards of practice established by the Actuarial Standards Board. We have relied on historical data and background information provided to us by the State, the fiscal agent and the PIHP. We have reviewed the data for reasonableness but have not audited the data. We believe, and certify, that these rates were developed using a methodology that is consistent with the regulation in 438.6 (c) and with the rate checklist released by CMS.

These rates were developed on behalf of the State of Iowa to demonstrate compliance with CMS requirements. We do not certify that these rates are appropriate for any particular MCO. The MCO is advised to conduct its own analysis of experience and revenue requirements before agreeing to contract with the State.



Timothy F Harris, FSA, MAAA

August 26, 2005

Date

III. OVERVIEW OF RATE SETTING METHODOLOGY

This section describes, in general, the methodology used to calculate the range of actuarially sound SFY 2006 Iowa Plan capitation rates. The results of the calculations are shown in Section IV. A more detailed discussion of the calculations is included in Section V.

The primary data source for SFY 2006 Iowa Plan rate setting was Iowa Plan encounter data from SFY 2003 and SFY 2004 (July 1, 2002 through June 30, 2004). The claims data includes information regarding both the utilization of healthcare services and the cost of those services.

An actuarial model was developed using the SFY 2004 utilization and cost data as the base data in the model. Total eligible months for SFY 2004 were calculated from Iowa Medicaid eligibility data and incorporated into the model to develop utilization per 1,000 eligibles statistics. The equivalent data from SFY 2003 was used to estimate the trend rate.

All utilization and average cost data were summarized into service categories by category of aid, age group, and gender.

Categories of aid included the following:

- Family Medicaid Assistance Program (FMAP) and FMAP-related
- Supplemental Security Income (SSI) and SSI-related
- Dual Eligibles under age 65
- Foster Care

To calculate the SFY 2006 rates, the baseline data was adjusted for the following:

- Claims incurred but not yet paid;
- PIHP administrative expense;
- Utilization adjustment and cost trending;
- Community reinvestment;
- Program changes; and
- Managed care.

Consideration was given to other potential adjustments such as copayments and financial experience but these other adjustments were determined to be unnecessary.

To calculate the range of actuarially sound rates for SFY 2006, upper and lower points were determined by using varying degrees of healthcare management (DOHM) for psychiatric and substance abuse services in a Medicaid population.

DOHM is a concept used by Milliman to quantify the expected utilization and average charge of a population based on the extent to which its care is being managed. A 0% DOHM would indicate a loosely managed plan while a 100% DOHM would indicate a very well managed plan. A high DOHM would result from the efficient and effective use of multiple cost management programs (pre-admission testing, large case management, concurrent review, etc.) but would also be influenced by such factors as the geographic distribution of the population. There is much judgment involved in determining the appropriate DOHM. The

final range of actuarially sound capitation rates reflects this judgment.

The impact of varying degrees of DOHM was based on the Milliman Health Cost Guidelines (HCGs). The HCGs are a cooperative effort of all Milliman health actuaries and represent a combination of their experience, research, and judgment. They provide a flexible but consistent basis for the determination of claim costs and premium rates for a wide variety of health benefit plans. The underlying utilization and charge level assumptions can be characterized as typical of a large group of relatively benefit conscious individuals covered under a comprehensive state Medicaid medical plan. The base assumptions are typically adjusted for age, gender, area, benefit design, etc.

IV. SUMMARY OF RESULTS

The calculations used to develop the SFY 2006 capitations are summarized, in aggregate, below.

SFY 2004 claims	\$66,239,216
Adjustments (IBNR, PIHP Administration Costs, Utilization and Cost Trending, Community Reinvestment, Copays, Managed Care)	\$17,930,782
Total SFY 2006 capitations at SFY 2004 enrollment levels (midpt)	\$84,169,998

The following tables show the midpoints of the SFY 2006 Iowa Plan Medicaid PMPM Capitation Rate Ranges, by rate cell, for services required under the Iowa Plan contract. To allow for separate monitoring of B(3) services, capitation rates for both State Plan services and for B(3) services are included in Table 1-B and Table 1-C, respectively. B(3) costs were based on the B(3) procedure codes provided by the PIHP. The B(3) rates include costs for Assertive Community Treatment, Community Support Services, Intensive Psychiatric Rehabilitation, Substance Abuse, and Community Reinvestment Programs.

Overall, the midpoint rates shown will result in an estimated 5.3% decrease in SFY 2006 rates from SFY 2005. These rates are within the range of actuarially sound rates. Because the SFY 2005 rates were based on FFS data from SFY 1995, there are some significant differences among the various rate cells. These are shown in Appendix C.

Appendix D provides rates (State Plan, B(3), and Total) for the upper and lower bounds of the actuarially sound range of rates. The lower bound of the range was calculated using a 55% DOHM while the higher bound was calculated using a 35% DOHM. The midpoint of the rate ranges use the current level of management inherent in the encounter data, which is assumed to be 45% for the purposes of calculating the range of rates.

TABLE 1-A IOWA MEDICAID SFY 2006 IOWA PLAN CAPITATION RATE MIDPOINT		
CATEGORY/AGE RANGE	FEMALE	MALE
FMAP 0 – 17	\$7.74	\$10.15
FMAP 18 – 64	25.71	20.23
SSI 0 – 17	25.64	43.99
SSI 18 – 64	96.97	81.88
Dual Eligibles 0 – 64	50.80	54.04
Foster Care 0 – 9	30.34	54.18
Foster Care 10 – 22	142.83	138.55

TABLE 1-B IOWA MEDICAID SFY 2006 IOWA PLAN CAPITATION RATE – STATE PLAN SERVICES MIDPOINT		
CATEGORY/AGE RANGE	FEMALE	MALE
FMAP 0 – 17	\$7.18	\$9.41
FMAP 18 – 64	16.88	17.07
SSI 0 – 17	24.67	41.17
SSI 18 – 64	78.61	63.38
Dual Eligibles 0 – 64	30.18	31.14
Foster Care 0 – 9	27.47	47.49
Foster Care 10 – 22	118.56	115.63

TABLE 1-C IOWA MEDICAID SFY 2006 IOWA PLAN CAPITATION RATE – B(3) SERVICES MIDPOINT		
CATEGORY/AGE RANGE	FEMALE	MALE
FMAP 0 – 17	\$0.55	\$0.75
FMAP 18 – 64	8.83	3.17
SSI 0 – 17	0.97	2.82
SSI 18 – 64	18.36	18.50
Dual Eligibles 0 – 64	20.62	22.89
Foster Care 0 – 9	2.87	6.69
Foster Care 10 – 22	24.26	22.92

The following table compares the expected aggregate capitations using the current SFY 2005 rate and the assumed SFY 2006 rates at the SFY 2004 level of enrollment. The composite rates were calculated using SFY 2004 member months as weights.

TABLE 2 AGGREGATE RESULTS			
	Composite PMPM Rates	SFY 2004 Member Months	Projected Expenditures
Current SFY 2005 Rates	\$29.39	3,024,434	\$88,888,115
SFY 2006 Rates (midpoint)	\$27.83	3,024,434	\$84,169,998
Increase/Decrease			-5.3%

V. DESCRIPTION OF SFY 2006 RATE CALCULATIONS

The following section describes the steps used to calculate the SFY 2006 Iowa Plan capitation rates.

1. Calculate SFY 2003 and SFY 2004 Eligible Months

For the SFY 2006 Rate Setting, eligibility data provided by Iowa DHS was used to determine the total number of months of eligibility for Medicaid recipients meeting the eligibility requirements of the Iowa Plan program. The eligibility data from DHS contained information on all Medicaid recipients for each month of SFY 2003 and SFY 2004. A Medicaid recipient was considered eligible for the Iowa Plan program by month if the recipient was an active enrollee and had a valid alternate delivery indicator. The following table shows the categories of eligibility included in the study along with the appropriate alternate delivery indicator(s).

TABLE 3 IOWA MEDICAID SFY 2006 IOWA PLAN ALTERNATE DELIVERY INDICATORS INCLUDED IN EACH RATE CELL	
Category	Alternate Delivery Indicators
FMAP 0 - 17	A, C, E, G
FMAP 18 - 64	B, D, F, H
SSI 0 - 17	J, L, N, Q
SSI 18 - 64	K, M, P, R
DUAL ELIGIBLES 0 - 64	S, T
FOSTER CARE 0 - 9	W
FOSTER CARE 10 - 22	V*, X

* The age group for code V is 0 - 22; however, the only individual with this code was in the 10 - 22 category.

Iowa Plan also restricts eligibility to individuals not in the following categories:

- A person who is eligible for Medicaid as a result of spending down excess income (medically needy with a cash spend-down).
- A person living in the Woodward State Hospital-School or the Glenwood State Hospital-School.
- Those whose Medicaid benefit package is limited such as Qualified Medicare Beneficiaries (QMB), Presumptive Eligibles, illegal aliens and others not entitled to the full range of mental health and substance abuse treatment.
- Persons age 65 and older.

Based on discussions with the State and the PIHP, the use of Table 3 above to determine eligibility is presumed to exclude these individuals.

Once calculated, eligible months were summarized by category of aid, age group, and gender. Appendix A summarizes the eligibles by rate cell groupings.

2. SFY 2003 and SFY 2004 Claims

Iowa Plan encounter data excluding denied claims was provided by the PIHP for claims paid through June 2005. Claims for services included in the Iowa Plan program were extracted from this encounter data using the following criteria:

- a. Claims with beginning date of service between (and including) July 1, 2002 and June 30, 2004.
- b. Claims without a Community Reinvestment code (the cost for Community Reinvestment is included as a flat 2.5% of the final capitation rate).
- c. Claims where the claimant was determined to be eligible after cross-referencing with the eligibility file.
- d. Claims for diagnosis codes 290.00 - 309.99 and 311.00 through 314.99.
- e. The following codes had additional age restrictions:
 - PMIC – T2048: 17 and under
 - Assertive Community Treatment – H0040: Over 18
 - Community Support Services – H0037: Over 18
 - Intensive Psychiatric Rehab – H2017: Over 18
 - School Based Specialist – H0036: 17 and Under
 - Targeted Case Management – T2022: Over 18
 - Drop-in Center/Clubhouse – H2031: Over 18
 - Co-occurring Disorder – T2023: Over 18
 - CAFAS functioning scale – H0002: 17 and Under
 - PASARR – T2011: Over 18
- f. The Iowa Plan encounter data fell into the service categories shown in Table 4 below. Claims with blank service categories were not removed because both the State and the PIHP are confident that the charge data is accurate and complete. Similarly, claims with procedure codes outside of the range of specified codes (most of these were blank) were also not removed. Prescription drugs, RTS, ARO, and PMIC - MH are considered wraparounds and are paid on a FFS basis.

TABLE 4 IOWA PLAN APPROVED SERVICES	
23 Hour Observation	Level III.1 – Halfway House – SA
ACT/PACT	Level III.5/III.3 – Primary Extended - SA
Clozapine Labs	Level III.7 – Med Monitored Res. - SA
Community Support Services	Level IV – Inpatient – SA
Day Treatment	Mobile Crisis
Emergency Transportation	Non-Emergency Transportation
Home Based Care	Outpatient
Home Psych Nursing	Partial Hospitalization
Inpatient – MH	PMIC
Intensive Outpatient	Residential
Intensive Psych Rehab	Respite
Level I – Outpatient – SA	Subacute
Level II – Intensive Outpatient - SA	Targeted Case Management

The split between B(3) and non-B(3) services was determined using a list of B(3) procedure codes provided by the State.

3. Develop Cost Model

An actuarial cost model is a tool that allows historical utilization and reimbursement to be interpreted on a per member basis for specific service categories. The development of the cost model used for the Iowa Plan rate calculation is described in this section.

Service Categories

The service categories found in the encounter data were used as the major categories into which the encounter data was grouped.

Eligible Months

Eligible months represent the total number of months of exposure of the population during the time period. Each beneficiary contributes one member month for each full month of eligibility in the program. Eligible months are calculated for each category of aid, age group, and gender. The tabulated eligible months are shown in Appendix A.

Utilization Rates per 1,000

Utilization rates per 1,000 represent the annual (or annualized) number of encounters per 1,000 eligible (exposed) members. The definition of utilization varies by general service category definition.

The calculation of utilization rates per 1,000 is based on the following formula that is used for all service categories:

$$\text{Utilization Rates per 1,000} = \frac{\text{Claim Counts} \times 12 \times 1,000}{\text{Member Months}}$$

Net Reimbursed Charges

Net reimbursed charges were based on the “AmtPd” field of the encounter data.

The total reimbursed amount is net of TPL payments. The TPL payments will be collected by the PIHPs. There are no recipient copayments.

Per Member Per Month

The per member per month (PMPM) value is calculated using the following formula:

$$\text{PMPM} = \frac{\text{Annual Utilization per 1,000} \times \text{Average NET Reimb. Charges}}{12 \times 1,000}$$

Base year utilization rates, charge data and PMPMs are shown in Appendix B.

Rating Categories

The encounter data and eligibility were categorized into rating categories based on the age group, gender and category of aid. These rate cell divisions were created to group individuals with similar expected cost and utilization characteristics together. Because there is a single PIHP contractor, rates for different regions within the state were not created.

The following age/category of aid groups were used for male and female eligibles:

- FMAP 0 through 17 years
- FMAP 18 through 64 years
- SSI 0 through 17 years
- SSI 18 through 64 years
- Dual Eligibles 0 through 64 years
- Foster Care 0 through 9 years
- Foster Care 10 through 22 years

Appendix A contains a summary of the baseline data (SFY 2004) used in the cost model.

4. Calculate SFY 2006 Capitation Rate

To calculate the capitation rate, the following adjustments were made to the base claims data. All of the adjustments made to the SFY 2004 data are summarized in Appendix C.

a) Population Biased Selection

Due to the large number of rate cells, differences in the age and gender mix of the population are taken into account in the enrollment process. Enrollment is mandatory for those eligibility categories identified. No additional adjustment is needed.

b) Dual Eligibles

Dual eligibles less than 65 years of age are included in the managed care plan. A separate rate for this population has been calculated.

c) Spenddown

Medically Needy individuals with spenddown are not eligible for the managed care program. Therefore, these claims and the associated eligibles have been excluded from the data. No further adjustment is necessary.

d) Benefit Differences

Earlier this year, the State added Physician Assistants as a provider type. Physician assistants are used when there is an access problem for psychiatrists and the physician assistant must be under the supervision of the psychiatrist. Because there are only a few physician assistants on the panel at the PIHP, the State and the PIHP agreed that no adjustment to the capitation rate was necessary.

e) Administrative Cost Allowance

The PIHP contract includes a 13.8% of premium administrative cost allowance. The adjustment factor applied to claims of 116.01% (shown in Appendix C) is calculated as $1/(1-0.138)$.

f) Special Populations

No adjustment is made as the population has not significantly changed since the base year. The large number of rate cells mitigates the effect of utilization differences within the population.

g) Eligibility Adjustments

It is our understanding that the eligibility data provided to us already reflects all retrospective eligibility as well as any other adjustments necessary for the member months to parallel the appropriate time period.

h) DSH/GME/IME

Medical education payments and disproportionate share hospital payments have been excluded from the encounter data.

i) Third Party Liability

Because the cost field in the encounter data is net of TPL, no adjustment is necessary. The PIHP is responsible for collecting the TPL payments. The PIHP requires an Explanation of Benefits prior to payment. Should the PIHP receive a TPL payment after their payment, the data is readjusted to reflect the PIHP's cost.

j) Copayments, Coinsurance and Deductibles

The managed care program does not have any cost-sharing so none would be included in the encounter data. No adjustment is made.

k) FQHC and RHC Reimbursement

This is not applicable. No adjustment is necessary.

l) Utilization Adjustment and Cost Trending/Inflation

Trend adjustments were made to the base data to account for changes in price and utilization patterns including intensity, mix of service and technology. Trend adjustments for adjusting the base data from SFY 2004 to SFY 2006 were made based on experience, historical and projected trends as calculated by Milliman's internal data sources, and information provided by the State.

Linear regression on the monthly encounter data for SFY 2003 and 2004 was performed to determine the historical annual utilization trend rates of 1.8%. Only State Plan services were used in this calculation. The trend rate for B(3) services was held to the same rate as for State Plan services because the calculated rate would have been higher. Based on information provided by the State, an additional 3% was added to the trend factor to account for legislated price increases between SFY 2005 and SFY 2006. There were no legislated price increases between SFY 2004 and SFY 2005.

The resulting trends used in the actuarial model are shown in Appendix C.

m) Post-Eligibility Treatment of Income

This does not affect Iowa's managed care program. No adjustment has been made.

n) Claims Completion Factor

Completion factors were derived from a claim triangulation matrix (run-off method) developed for claims incurred prior to the end of SFY 2004 and paid after June 2005. Estimated amounts unpaid as of the final date contained on the claims tape were calculated from the claim triangulation matrix. Due to the long run-out period, the

adjustment to complete the SFY 2004 experience for incurred but not reported claims was very small.

o) Other Adjustments

i) Payments and recoupments outside the MMIS system

There have not been any significant payments or recoupments made outside the MMIS system. Therefore, no adjustment has been made.

ii) Certified match

This does not affect Iowa's managed care program. No adjustment has been made.

iii) Pharmacy rebates

Pharmaceutical drugs are not included in the managed care plan. Therefore, no adjustment has been made.

iv) Investment income

No adjustment is made.

v) Managed care adjustment

This adjustment was made to the base year data to reflect the effect of healthcare management. The managed care adjustments are based on information in the Guidelines.

We have set the range of actuarially sound capitation rates using three sets of managed care adjustments. The rates at the lower end of the range assume a higher DOHM (55%). The rates at the higher end of the range assume a lower DOHM (35%). The midpoint of the rate range uses the current level of management inherent in the encounter data, which we assume to be 45%.

vi) Financial experience adjustment

Medicaid revenues and expenses as stated in the year-end 2003 and 2002 financial statements for the Iowa Medicaid PIHP were reviewed. The Medicaid business appears to be moderately profitable. No adjustment is necessary.

vii) PCCM case-management fee deduction

Since there is no PCCM program, no adjustment is necessary.

p) Reinsurance

The PIHP is an LSO in the state of Iowa. The LSO status is monitored and reviewed by the Iowa Department of Commerce, Division of Insurance. Iowa Administrative Rules require LSOs to maintain an insolvency plan. According to the plan, the LSO must maintain significant positive equity. The solvency requirements are included in the PIHP contract with the State.

q) Community Reinvestment

An adjustment was made to account for community reinvestment services. These services are considered B(3) services and include such things as training, outreach, start-up grants, etc. After removing community reinvestment claims from the encounter data, an adjustment was made in Appendix C to allow for a contribution to the Community Reinvestment Fund of 2.5% of the final capitation rate.

r) Smoothing

The SFY 2004 encounter data was reviewed to determine if any large claims by a single individual were distorting the experience. No unexpectedly large claims were found.

Appendix A

SFY 2004 Historical Experience – Aggregate Data

Appendix A - Historical Experience - Total Amount Paid

SFY 2004 Experience
Non-Community Reinvestment Claims only

B3/Other	Service Category	Dual		FMAP				Foster Care				NA	SSI				Grand Total	Grand Tot Excl NA
		Ages 00 - 64		Ages 00 - 17		Ages 18 - 64		Ages 00 - 09		Ages 10 - 22			Ages 00 - 17		Ages 18 - 64			
		F	M	F	M	F	M	F	M	F	M		F	M	F	M		
B3	23 Hour Observation	50	0	0	0	0	0	0	0	0	0	0	0	0	500	0	550	550
B3	ACT/PACT	414,884	752,008	0	0	13,272	0	0	0	0	0	0	0	253,774	485,642	1,919,758	1,919,758	
B3	Clozapine Labs	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
B3	Community Support Services	852,988	742,440	0	110	54,290	10,470	0	50	110	1,320	0	0	715,634	340,880	2,727,394	2,727,394	
B3	Day Treatment	0	0	0	0	0	0	0	0	0	70	0	0	0	0	70	70	
B3	Emergency Transportation	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
B3	Home Based Care	16,112	10,347	225	445	3,232	1,025	0	100	150	0	75	125	18,228	6,500	57,156	57,156	
B3	Home Psych Nursing	167,348	147,212	720	1,205	7,787	1,762	0	185	2,305	0	50	4,064	131,702	66,287	520,818	520,818	
B3	Inpatient - MH	110	165	0	0	145	115	0	0	0	0	0	0	780	1,141	2,468	2,468	
B3	Intensive Outpatient	0	0	0	0	0	0	0	0	0	0	0	0	100	0	100	100	
B3	Intensive Psych Rehab	484,528	447,014	0	0	17,751	7,790	0	3,000	11,000	0	0	0	328,598	203,208	1,502,888	1,502,888	
B3	Level I - Outpatient - SA	15,040	13,655	0	0	5,340	75	0	0	0	0	110	8,898	13,195	58,910	58,910		
B3	Level II - Intensive Out Patient - SA	280	435	3,087	1,785	8,274	1,080	0	0	0	0	0	0	840	14,301	14,381	14,381	
B3	Level III.1 - Halfway House - SA	38,807	38,383	1,504	0	930,530	31,590	0	0	6,352	3,807	0	0	82,812	37,098	1,169,280	1,169,280	
B3	Level III.5/III.3 - Primary Extended - SA	80,810	81,856	153,730	236,091	2,827,427	210,777	3,120	0,240	82,712	74,302	21,640	257,528	137,586	3,382,828	3,382,828		
B3	Level III.7 - Med Monitored Residential - SA	2,322	2,163	0	300	20,510	3,582	0	0	0	0	0	0	7,383	15,586	51,847	51,847	
B3	Level IV - Inpatient - SA	0	0	0	0	340	0	0	0	0	0	0	0	0	0	340	340	
B3	Mobile Crisis	4,823	1,950	2,950	3,225	4,638	1,425	0	1,250	725	0	363	1,175	6,788	4,250	33,570	33,570	
B3	Non-Emergency Transportation	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
B3	Outpatient	120,850	121,800	3,075	6,012	8,589	2,865	0	375	1,213	1,225	875	2,100	84,804	47,567	401,350	401,350	
B3	Partial Hospitalization	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
B3	PMIC	0	0	543	0	0	35	0	0	5,233	2,580	0	0	1,720	0	10,002	10,002	
B3	Residential	0	0	19,880	35,441	4,087	0	17,020	22,860	160,640	258,590	4,840	17,445	592	909	543,744	543,744	
B3	Respite	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
B3	Subacute	750	1,000	53,010	44,500	24,728	7,830	20,640	86,255	335,308	285,422	3,360	35,048	50,171	60,304	1,008,324	1,008,324	
B3	Targeted Case Management	220	185	0	0	0	0	0	0	0	0	0	0	820	0	1,205	1,205	
B3	Total B3	2,180,603	2,359,811	238,522	331,914	3,129,639	288,102	41,880	115,880	588,981	640,648	0	8,163	81,797	1,850,713	1,421,312	13,404,852	13,404,852
Non-B3	23 Hour Observation	37,456	31,635	8,074	123,259	144,588	32,879	5,851	6,901	15,460	0	8,178	23,375	78,878	41,982	652,184	652,184	
Non-B3	ACT/PACT	250	0	8,287	7,007	20,942	7,199	281	1,140	3,688	3,509	3,218	2,037	17,183	18,401	83,120	83,120	
Non-B3	Clozapine Labs	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Non-B3	Community Support Services	772	1,353	0	43	235	0	0	0	0	0	0	0	176	228	2,805	2,805	
Non-B3	Day Treatment	44,534	12,538	101,870	269,883	20,263	7,886	1,545	54,949	43,915	80,531	19,805	158,131	75,281	20,432	910,491	910,491	
Non-B3	Emergency Transportation	2,987	1,704	9,582	14,289	37,667	9,516	1,632	10,883	18,941	24,421	590	10,171	58,875	35,499	232,737	232,737	
Non-B3	Home Based Care	171	330	101	0	25	0	0	0	0	0	0	25	25	25	702	702	
Non-B3	Home Psych Nursing	111,803	88,839	189	630	8,871	1,650	110	88	2,500	0	238	2,941	108,545	41,991	376,801	376,801	
Non-B3	Inpatient - MH	187,128	60,856	910,550	937,154	1,356,682	628,151	148,260	362,302	1,029,596	985,318	244,400	582,050	3,845,954	2,221,714	13,270,000	13,270,000	
Non-B3	Intensive Outpatient	22,516	3,603	136,610	217,013	46,576	8,574	9,002	34,242	27,283	55,083	10,828	79,505	87,446	28,890	766,072	766,072	
Non-B3	Intensive Psych Rehab	680	55	0	0	0	0	0	0	477	84	0	0	487	314	2,087	2,087	
Non-B3	Level I - Outpatient - SA	83,131	130,840	148,528	210,091	1,005,888	300,310	830	150	88,821	188,252	4,888	11,484	135,369	155,939	2,440,088	2,440,088	
Non-B3	Level II - Intensive Out Patient - SA	51,224	45,579	95,189	158,593	828,711	171,078	0	415	38,401	88,951	780	18,070	85,717	81,761	1,448,588	1,448,588	
Non-B3	Level III.1 - Halfway House - SA	0	0	0	0	300	0	0	0	0	0	0	0	0	0	300	300	
Non-B3	Level III.5/III.3 - Primary Extended - SA	1,651	1,251	22,837	10,940	25,248	7,889	454	815	81,151	105,888	0	389	6,599	3,742	247,957	247,957	
Non-B3	Level III.7 - Med Monitored Residential - SA	0	0	3,413	2,570	8,601	2,020	0	0	1,220	0	0	0	4,410	5,958	26,101	26,101	
Non-B3	Level IV - Inpatient - SA	590	0	18,569	10,197	148,820	87,874	0	0	3,878	7,888	0	1,880	83,545	187,214	540,253	540,253	
Non-B3	Mobile Crisis	11,150	11,075	11,672	13,838	12,588	5,725	1,200	3,000	9,675	7,425	1,450	7,975	23,058	16,875	138,884	138,884	
Non-B3	Non-Emergency Transportation	116	138	336	437	558	180	0	148	19	0	22	178	472	824	3,537	3,537	
Non-B3	Outpatient	545,843	478,207	2,639,894	3,880,508	2,998,992	510,674	338,887	470,281	920,028	1,027,892	357,733	858,184	3,065,888	1,327,284	19,328,284	19,328,284	
Non-B3	Partial Hospitalization	10,782	1,484	214,657	288,380	108,657	12,414	23,328	22,881	48,693	47,308	25,038	18,313	165,587	35,221	1,117,817	1,117,817	
Non-B3	PMIC	0	0	52,839	72,484	640	0	0	0	847,488	972,984	0	0	24,232	1,884	1,072,532	1,072,532	
Non-B3	Residential	0	0	6,225	3,041	0	0	2,585	2,801	28,884	48,480	133	4,043	280	1,787	88,270	88,270	
Non-B3	Respite	8,080	3,875	0	0	85	0	0	0	0	825	0	0	3,357	5,029	21,051	21,051	
Non-B3	Subacute	2,180	1,388	80,382	122,801	78,827	55,254	8,874	81,281	223,265	188,947	8,833	51,930	230,822	133,821	1,258,403	1,258,403	
Non-B3	Targeted Case Management	2,313,819	2,525,297	0	0	108,385	40,577	0	0	12,382	10,481	0	0	1,747,227	1,128,229	7,887,508	7,887,508	
Non-B3	Total Non-B3	3,417,841	3,488,788	4,755,388	6,358,464	6,455,827	1,889,101	541,856	1,931,761	3,427,185	3,808,215	0	888,123	1,953,888	8,624,843	8,474,188	52,834,384	52,834,384
B3 and Non-B3 Combined		5,807,844	5,788,599	4,993,818	6,682,399	8,585,466	2,195,203	583,338	1,147,671	4,025,186	4,448,861	0	895,285	2,035,616	11,574,758	8,885,488	68,239,218	68,239,218
Member Months		140,279	135,667	820,497	838,354	473,789	1,371,874	24,435	28,921	35,817	40,888	0	34,403	58,888	151,700	187,024	3,824,434	3,824,434

Appendix A - Historical Experience - Claim Counts

SFY 2004 Experience
Non-Community Reinvestment Claims only

B3/Other	Service Category	Dual		FMAP				Foster Care				NA	SSI				Grand Total	Grand Tot Excl NA		
		Ages 00 - 64		Ages 00 - 17		Ages 18 - 64		Ages 00 - 09		Ages 10 - 22			Ages 00 - 17		Ages 18 - 64					
		F	M	F	M	F	M	F	M	F	M		F	M	F	M				
B3	23 Hour Observation	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	10	0	11	11
B3	ACT/PACT	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
B3	Clozapine Labs	391	705	0	0	12	0	0	0	0	0	0	0	0	0	242	457	1,807	1,807	
B3	Community Support Services	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
B3	Day Treatment	6,590	5,899	0	1	400	154	0	1	12	0	0	0	0	5,483	2,058	21,109	21,109	21,109	21,109
B3	Emergency Transportation	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
B3	Home Based Care	0	0	4	5	35	17	0	0	1	3	0	1	2	380	174	1,220	1,220	1,220	1,220
B3	Home Psych Nursing	355	243	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
B3	Inpatient - MH	2,747	2,608	20	22	134	30	0	0	3	42	0	1	72	2,302	1,168	0,147	0,147	0,147	0,147
B3	Intensive Outpatient	2	3	0	0	1	2	0	0	0	0	0	0	0	7	2	17	17	17	17
B3	Intensive Psych Rehab	0	0	0	0	0	0	0	0	0	0	0	0	0	2	0	2	2	2	2
B3	Level I - Outpatient - SA	5,072	5,378	0	0	212	102	0	0	41	143	0	0	0	4,245	2,525	17,710	17,710	17,710	17,710
B3	Level II - Intensive Out Patient - SA	34	30	0	0	18	1	0	0	0	0	0	1	21	29	134	134	134	134	
B3	Level III.1 - Halfway House - SA	1	2	2	1	6	2	0	0	0	0	0	0	0	0	17	17	17	17	
B3	Level III.5/III.3 - Primary Extended - SA	62	103	1	0	2,502	94	0	0	8	2	0	0	208	139	3,120	3,120	3,120	3,120	
B3	Level III.7 - Mod Monitored Residential - SA	75	128	102	100	1,658	238	1	3	44	80	0	12	281	204	2,990	2,990	2,990	2,990	
B3	Level IV - Inpatient - SA	8	8	0	2	38	9	0	0	0	0	0	0	27	47	137	137	137	137	
B3	Mobilia Crisis	0	0	0	0	1	0	0	0	0	0	0	0	0	0	1	1	1	1	
B3	Non-Emergency Transportation	59	25	28	32	42	13	0	0	11	7	0	4	12	77	46	350	350	350	350
B3	Outpatient	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
B3	Partial Hospitalization	3,022	3,522	48	137	113	31	0	12	21	30	0	8	45	1,914	778	0,892	0,892	0,892	0,892
B3	PMIC	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
B3	Residential	0	0	1	0	0	1	0	0	3	1	0	0	0	5	0	11	11	11	11
B3	Respite	0	0	13	17	6	0	6	18	102	140	0	2	9	1	9	330	330	330	330
B3	Subacute	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
B3	Targeted Case Management	1	1	25	28	16	5	5	22	130	129	0	2	12	32	25	433	433	433	433
B3	Total B3	2	2	0	0	0	0	0	0	0	0	0	0	0	4	0	8	8	8	8
Non-B3	23 Hour Observation	18,420	10,657	245	433	5,198	699	12	54	388	588	0	10	165	15,241	8,260	68,357	68,357	68,357	68,357
Non-B3	ACT/PACT	1,487	1,252	3,440	4,621	5,777	1,313	234	276	824	810	0	320	935	3,159	1,690	26,052	26,052	26,052	26,052
Non-B3	Clozapine Labs	1	0	28	23	75	28	1	2	14	11	0	11	8	63	60	323	323	323	323
Non-B3	Community Support Services	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Non-B3	Day Treatment	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Non-B3	Emergency Transportation	5	9	0	1	2	0	0	0	0	0	0	0	0	1	2	20	20	20	20
Non-B3	Home Based Care	540	223	171	477	95	57	1	38	39	134	0	82	412	485	155	2,889	2,889	2,889	2,889
Non-B3	Home Psych Nursing	0	3	14	23	54	14	3	13	31	40	0	1	15	86	60	372	372	372	372
Non-B3	Inpatient - MH	5	6	2	0	1	0	0	0	0	0	0	0	1	1	17	17	17	17	
Non-B3	Intensive Outpatient	1,021	1,097	8	14	121	28	2	0	1	44	0	4	48	1,840	729	6,456	6,456	6,456	6,456
Non-B3	Intensive Psych Rehab	189	249	3,038	3,131	4,852	2,092	376	850	2,552	2,408	0	825	1,656	10,008	6,348	38,250	38,250	38,250	38,250
Non-B3	Level I - Outpatient - SA	118	24	739	1,049	267	45	19	100	135	200	0	86	331	470	162	3,725	3,725	3,725	3,725
Non-B3	Level II - Intensive Out Patient - SA	9	1	0	0	0	0	0	0	7	2	0	0	0	10	4	33	33	33	33
Non-B3	Level III.1 - Halfway House - SA	1,735	2,758	3,072	4,547	21,021	8,111	11	2	1,884	3,732	0	118	245	2,755	3,254	51,345	51,345	51,345	51,345
Non-B3	Level III.5/III.3 - Primary Extended - SA	132	189	315	404	2,183	848	0	2	138	172	0	2	50	406	359	5,280	5,280	5,280	5,280
Non-B3	Level III.7 - Mod Monitored Residential - SA	0	0	0	0	1	0	0	0	0	0	0	0	0	1	0	2	2	2	2
Non-B3	Level IV - Inpatient - SA	4	5	16	14	45	14	1	2	38	41	0	0	3	13	12	208	208	208	208
Non-B3	Mobilia Crisis	0	0	7	3	16	4	0	0	0	2	0	0	0	7	14	63	63	63	63
Non-B3	Non-Emergency Transportation	7	0	51	30	439	222	0	0	15	12	0	0	12	248	379	1,423	1,423	1,423	1,423
Non-B3	Outpatient	61	78	87	104	103	44	8	20	70	52	0	13	59	183	139	1,039	1,039	1,039	1,039
Non-B3	Partial Hospitalization	5	6	17	10	18	10	0	0	7	1	0	1	7	20	14	122	122	122	122
Non-B3	PMIC	11,414	10,780	55,742	77,546	50,182	8,430	6,820	9,537	18,148	21,816	0	7,471	18,234	58,859	28,859	383,625	383,625	383,625	383,625
Non-B3	Residential	42	2	449	503	375	48	40	41	73	80	0	70	254	813	94	2,752	2,752	2,752	2,752
Non-B3	Respite	0	0	18	35	6	0	0	0	399	544	0	0	9	5	0	1,018	1,018	1,018	1,018
Non-B3	Subacute	0	0	15	18	0	0	5	12	100	137	0	2	0	8	14	328	328	328	328
Non-B3	Targeted Case Management	35	18	0	0	1	0	0	0	0	1	0	0	0	9	20	84	84	84	84
Non-B3	Total Non-B3	2	2	70	87	78	45	8	31	181	183	0	8	44	180	102	899	899	899	899
Non-B3	Total B3 and Non-B3 Combined	10,359	11,242	0	0	482	175	0	0	55	47	0	0	0	7,834	4,075	34,850	34,850	34,850	34,850
B3 and Non-B3 Combined	Total	28,105	26,582	67,299	93,104	85,982	20,524	7,528	10,932	25,621	30,292	0	8,800	22,333	88,871	45,444	561,374	561,374	561,374	561,374
B3 and Non-B3 Combined	Total	46,525	47,219	67,541	93,537	91,180	21,223	7,540	10,988	25,887	30,880	0	8,819	22,498	102,112	53,704	629,731	629,731	629,731	629,731
Member Months	Total	140,270	135,887	820,487	836,354	473,789	137,874	24,435	28,921	35,817	40,808	0	34,403	58,806	151,700	107,024	3,024,434			

Appendix B

SFY 2004 Historical Experience – Cost Model

Appendix B - Historical Experience - Utilization per 1,000

SFY 2004 Experience
Non-Community Reinvestment Claims only

B3/Other	Service Category	Dual		FMAP				Foster Care				NA	SSI				Grand Total	Grand Tot Excl NA
		Ages 00 - 64		Ages 00 - 17		Ages 18 - 64		Ages 00 - 09		Ages 10 - 22			Ages 00 - 17		Ages 18 - 64			
		F	M	F	M	F	M	F	M	F	M		F	M	F	M		
B3	23 Hour Observation	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0	0	0
	ACT/PACT	33	62	0	0	0	0	0	0	0	0	0	0	0	19	51	7	7
	Clozapine Labs	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Community Support Services	564	522	0	0	10	13	0	0	0	4	0	0	0	434	266	64	64
	Day Treatment	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Emergency Transportation	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Home Based Care	30	21	0	0	1	1	0	0	1	0	0	0	0	30	20	5	5
	Home Psych Nursing	235	231	0	0	3	3	0	0	1	12	0	0	15	162	131	36	36
	Inpatient - MH	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0	0	0
	Intensive Outpatient	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Intensive Psych Rehab	434	476	0	0	5	9	0	0	14	42	0	0	0	336	263	70	70
	Level I - Outpatient - SA	3	3	0	0	0	0	0	0	0	0	0	0	0	2	3	1	1
	Level II - Intensive Out Patient - SA	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Level III.1 - Halfway House - SA	5	9	0	0	63	8	0	0	3	1	0	0	0	16	16	12	12
	Level III.5/III.3 - Primary Extended - SA	6	11	1	3	42	21	0	1	15	18	0	0	2	22	23	12	12
	Level III.7 - Med Monitored Residential - SA	1	1	0	0	1	1	0	0	0	0	0	0	0	2	5	1	1
	Level IV - Inpatient - SA	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Mobile Crisis	5	2	0	0	1	1	0	0	4	2	0	1	2	6	5	1	1
	Non-Emergency Transportation	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Outpatient	259	312	1	2	3	3	0	5	7	11	0	3	9	151	67	36	36
	Partial Hospitalization	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	PMIC	0	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0
	Residential	0	0	0	0	0	0	3	7	34	44	0	1	2	0	1	1	1
	Respite	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Subacute	0	0	0	0	0	0	2	10	44	38	0	1	2	3	3	2	2
	Targeted Case Management	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Total B3	1,576	1,650	4	6	132	61	8	24	123	173	0	7	34	1,205	926	271	271
Non-B3	23 Hour Observation	128	111	50	71	146	114	115	123	208	182	0	114	161	250	169	103	103
	ACT/PACT	0	0	0	0	2	2	0	0	5	3	0	4	2	5	7	1	1
	Clozapine Labs	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Community Support Services	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Day Treatment	46	20	3	7	2	5	0	17	13	39	0	29	84	37	17	11	11
	Emergency Transportation	1	0	0	0	1	1	1	6	10	14	0	0	3	7	7	1	1
	Home Based Care	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Home Psych Nursing	164	150	0	0	3	2	1	0	0	13	0	1	10	146	82	26	26
	Inpatient - MH	16	22	44	45	116	162	165	376	655	708	0	218	336	793	712	152	152
	Intensive Outpatient	10	2	11	15	7	4	8	47	45	59	0	23	66	37	16	15	15
	Intensive Psych Rehab	1	0	0	0	0	0	0	0	2	1	0	0	0	1	0	0	0
	Level I - Outpatient - SA	148	244	45	65	532	532	5	1	685	1,007	0	41	50	216	365	204	204
	Level II - Intensive Out Patient - SA	11	18	5	7	55	74	0	1	46	51	0	1	10	32	41	21	21
	Level III.1 - Halfway House - SA	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Level III.5/III.3 - Primary Extended - SA	0	0	0	0	1	1	0	1	13	12	0	0	1	1	1	1	1
	Level III.7 - Med Monitored Residential - SA	0	0	0	0	0	0	0	0	0	1	0	0	1	2	0	0	0
	Level IV - Inpatient - SA	1	0	1	1	11	16	0	0	5	4	0	0	2	20	42	6	6
	Mobile Crisis	7	7	1	1	3	4	4	9	23	15	0	5	12	14	16	4	4
	Non-Emergency Transportation	0	1	0	0	0	1	0	0	2	0	0	0	1	2	2	0	0
	Outpatient	976	954	815	1,113	1,271	821	3,348	4,251	6,415	6,415	0	2,601	3,721	4,638	3,012	1,522	1,522
	Partial Hospitalization	4	0	7	8	8	4	20	18	24	26	0	24	52	48	11	11	11
	PMIC	0	0	0	1	0	0	0	0	134	160	0	0	2	0	0	4	4
	Residential	0	0	0	0	0	0	2	5	37	40	0	1	2	1	2	1	1
	Respite	3	2	0	0	0	0	0	0	0	0	0	0	0	1	2	0	0
	Subacute	0	0	1	1	2	4	4	14	61	54	0	3	9	13	11	4	4
	Targeted Case Management	866	694	0	0	12	15	0	0	19	14	0	0	0	604	559	139	139
	Total Non-B3	2,404	2,528	984	1,336	2,177	1,796	3,897	4,673	8,584	8,908	0	3,064	4,557	6,872	5,095	2,227	2,227
	B3 and Non-B3 Combined	3,980	4,177	988	1,342	2,309	1,847	3,703	4,697	6,707	6,901	0	3,071	4,561	8,077	6,022	2,499	2,499
	Member Months	140,279	135,667	820,497	836,354	473,769	137,874	24,435	26,921	35,817	40,809	0	34,463	58,806	151,700	107,024	3,024,434	

Appendix C

Adjustments to Experience and Range of Rates

Appendix C - Adjustments to Experience and Range of Rates

	Member Months	Initial Base	Trend		Comm. Reinv. Fund	Program Changes	Admini- strative	Financial Experience	Managed Care			Projected Rates			Current Rates	% Increase from Current to Midpoint	
		PMPM	3.3%						Low	Midpoint	High	Low	Midpoint	High			
		B3	annual for 24.0 months	IBNR													Copay.
Dual 00 - 64 F	140,279	15.62	106.80%	100.01%	106.56%	100.00%	100.00%	116.01%	100.00%	93.88%	100.00%	106.12%	19.36	20.82	21.88	14.81	38.3%
Dual 00 - 64 M	135,667	17.39	106.80%	100.01%	106.27%	100.00%	100.00%	116.01%	100.00%	93.88%	100.00%	106.12%	21.49	22.89	24.30	16.82	36.1%
FMAP 00 - 17 F	820,497	0.29	106.80%	100.01%	153.68%	100.00%	100.00%	116.01%	100.00%	93.88%	100.00%	106.12%	0.52	0.55	0.59	3.99	-86.1%
FMAP 00 - 17 M	836,354	0.40	106.80%	100.01%	151.62%	100.00%	100.00%	116.01%	100.00%	93.88%	100.00%	106.12%	0.70	0.75	0.79	6.07	-87.7%
FMAP 18 - 64 F	473,789	6.61	106.80%	100.01%	107.85%	100.00%	100.00%	116.01%	100.00%	93.88%	100.00%	106.12%	8.29	8.83	9.37	10.29	-14.2%
FMAP 18 - 64 M	137,874	2.15	106.80%	100.01%	119.01%	100.00%	100.00%	116.01%	100.00%	93.88%	100.00%	106.12%	2.97	3.17	3.36	15.96	-80.2%
Foster 00 - 09 F	24,435	1.71	106.80%	100.01%	135.89%	100.00%	100.00%	116.01%	100.00%	93.88%	100.00%	106.12%	2.70	2.87	3.05	16.17	-82.2%
Foster 00 - 09 M	26,921	4.30	106.80%	100.01%	125.39%	100.00%	100.00%	116.01%	100.00%	93.88%	100.00%	106.12%	6.28	6.69	7.10	25.18	-73.4%
Foster 10 - 22 F	35,817	16.70	106.80%	100.01%	117.26%	100.00%	100.00%	116.01%	100.00%	93.88%	100.00%	106.12%	22.78	24.26	25.75	67.56	-84.1%
Foster 10 - 22 M	40,808	15.70	106.80%	100.01%	117.81%	100.00%	100.00%	116.01%	100.00%	93.88%	100.00%	106.12%	21.51	22.92	24.32	49.01	-53.2%
SSI 00 - 17 F	34,463	0.27	106.80%	100.01%	294.57%	100.00%	100.00%	116.01%	100.00%	93.88%	100.00%	106.12%	0.91	0.97	1.03	35.36	-97.3%
SSI 00 - 17 M	58,806	1.39	106.80%	100.01%	163.88%	100.00%	100.00%	116.01%	100.00%	93.88%	100.00%	106.12%	2.65	2.82	2.99	42.3	-93.3%
SSI 18 - 64 F	151,700	12.86	106.80%	100.01%	115.21%	100.00%	100.00%	116.01%	100.00%	93.88%	100.00%	106.12%	17.23	18.36	19.48	27.07	-32.2%
SSI 18 - 64 M	107,024	13.28	106.80%	100.01%	112.44%	100.00%	100.00%	116.01%	100.00%	93.88%	100.00%	106.12%	17.37	18.50	19.64	31.7	-41.6%
Combined	3,024,434	4.43											5.81	6.19	6.57	12.07	-48.7%
Non-B3																	
Dual 00 - 64 F	140,279	24.36	106.80%	100.01%	100.00%	100.00%	100.00%	116.01%	100.00%	93.88%	100.00%	106.12%	28.34	30.18	32.03	27.83	8.5%
Dual 00 - 64 M	135,667	25.13	106.80%	100.01%	100.00%	100.00%	100.00%	116.01%	100.00%	93.88%	100.00%	106.12%	29.24	31.14	33.05	31.40	-0.8%
FMAP 00 - 17 F	820,497	5.80	106.80%	100.01%	100.00%	100.00%	100.00%	116.01%	100.00%	93.88%	100.00%	106.12%	6.74	7.18	7.62	4.44	61.7%
FMAP 00 - 17 M	836,354	7.59	106.80%	100.01%	100.00%	100.00%	100.00%	116.01%	100.00%	93.88%	100.00%	106.12%	8.83	9.41	9.96	6.77	39.0%
FMAP 18 - 64 F	473,789	13.63	106.80%	100.01%	100.00%	100.00%	100.00%	116.01%	100.00%	93.88%	100.00%	106.12%	15.85	16.88	17.92	11.47	47.2%
FMAP 18 - 64 M	137,874	13.77	106.80%	100.01%	100.00%	100.00%	100.00%	116.01%	100.00%	93.88%	100.00%	106.12%	16.02	17.07	18.11	17.79	-4.1%
Foster 00 - 09 F	24,435	22.17	106.80%	100.01%	100.00%	100.00%	100.00%	116.01%	100.00%	93.88%	100.00%	106.12%	25.79	27.47	29.15	18.03	52.3%
Foster 00 - 09 M	26,921	38.33	106.80%	100.01%	100.00%	100.00%	100.00%	116.01%	100.00%	93.88%	100.00%	106.12%	44.58	47.49	50.40	28.05	69.3%
Foster 10 - 22 F	35,817	95.68	106.80%	100.01%	100.00%	100.00%	100.00%	116.01%	100.00%	93.88%	100.00%	106.12%	111.30	118.56	125.82	75.29	57.5%
Foster 10 - 22 M	40,808	93.32	106.80%	100.01%	100.00%	100.00%	100.00%	116.01%	100.00%	93.88%	100.00%	106.12%	108.56	115.63	122.71	54.61	111.7%
SSI 00 - 17 F	34,463	19.91	106.80%	100.01%	100.00%	100.00%	100.00%	116.01%	100.00%	93.88%	100.00%	106.12%	23.16	24.67	26.18	65.98	-62.6%
SSI 00 - 17 M	58,806	33.23	106.80%	100.01%	100.00%	100.00%	100.00%	116.01%	100.00%	93.88%	100.00%	106.12%	38.65	41.17	43.69	78.92	-47.8%
SSI 18 - 64 F	151,700	63.44	106.80%	100.01%	100.00%	100.00%	100.00%	116.01%	100.00%	93.88%	100.00%	106.12%	73.80	78.61	83.42	50.52	55.6%
SSI 18 - 64 M	107,024	51.15	106.80%	100.01%	100.00%	100.00%	100.00%	116.01%	100.00%	93.88%	100.00%	106.12%	59.50	63.38	67.26	59.15	7.2%
Combined	3,024,434	17.47											20.32	21.65	22.97	17.32	25.0%
Total																	
Dual 00 - 64 F	140,279	39.87	106.80%	100.01%	102.56%	100.00%	100.00%	116.01%	100.00%	93.88%	100.00%	106.12%	47.69	50.80	53.91	42.74	18.9%
Dual 00 - 64 M	135,667	42.52	106.80%	100.01%	102.56%	100.00%	100.00%	116.01%	100.00%	93.88%	100.00%	106.12%	50.73	54.04	57.34	48.22	12.1%
FMAP 00 - 17 F	820,497	5.09	106.80%	100.01%	102.56%	100.00%	100.00%	116.01%	100.00%	93.88%	100.00%	106.12%	7.28	7.74	8.21	8.43	-8.2%
FMAP 00 - 17 M	836,354	7.99	106.80%	100.01%	102.56%	100.00%	100.00%	116.01%	100.00%	93.88%	100.00%	106.12%	9.53	10.15	10.78	12.84	-20.9%
FMAP 18 - 64 F	473,789	20.23	106.80%	100.01%	102.56%	100.00%	100.00%	116.01%	100.00%	93.88%	100.00%	106.12%	24.14	25.71	27.29	21.76	18.2%
FMAP 18 - 64 M	137,874	15.92	106.80%	100.01%	102.56%	100.00%	100.00%	116.01%	100.00%	93.88%	100.00%	106.12%	19.00	20.23	21.47	33.75	-40.0%
Foster 00 - 09 F	24,435	23.87	106.80%	100.01%	102.56%	100.00%	100.00%	116.01%	100.00%	93.88%	100.00%	106.12%	28.48	30.34	32.20	34.2	-11.3%
Foster 00 - 09 M	26,921	42.63	106.80%	100.01%	102.56%	100.00%	100.00%	116.01%	100.00%	93.88%	100.00%	106.12%	50.88	54.18	57.50	53.23	1.8%
Foster 10 - 22 F	35,817	112.38	106.80%	100.01%	102.56%	100.00%	100.00%	116.01%	100.00%	93.88%	100.00%	106.12%	134.08	142.83	151.57	142.85	0.0%
Foster 10 - 22 M	40,808	109.02	106.80%	100.01%	102.56%	100.00%	100.00%	116.01%	100.00%	93.88%	100.00%	106.12%	130.07	138.55	147.03	103.62	33.7%
SSI 00 - 17 F	34,463	20.17	106.80%	100.01%	102.56%	100.00%	100.00%	116.01%	100.00%	93.88%	100.00%	106.12%	24.07	25.64	27.21	101.34	-74.7%
SSI 00 - 17 M	58,806	34.62	106.80%	100.01%	102.56%	100.00%	100.00%	116.01%	100.00%	93.88%	100.00%	106.12%	41.30	43.99	46.69	121.22	-63.7%
SSI 18 - 64 F	151,700	76.30	106.80%	100.01%	102.56%	100.00%	100.00%	116.01%	100.00%	93.88%	100.00%	106.12%	91.03	96.97	102.91	77.59	25.0%
SSI 18 - 64 M	107,024	64.43	106.80%	100.01%	102.56%	100.00%	100.00%	116.01%	100.00%	93.88%	100.00%	106.12%	76.87	81.88	86.90	90.85	-9.9%
Combined	3,024,434	21.90											26.13	27.83	29.54	29.39	-5.3%

Appendix D
Summary of Rate Ranges

Appendix D - Summary of Rate Ranges

Category/Age Range	Iowa Plan for Behavioral Health SFY 2006 Capitation Rates - Total					
	Lower Bound		Midpoint		Upper Bound	
	Female	Male	Female	Male	Female	Male
FMAP 0 - 17	\$7.26	\$9.53	\$7.74	\$10.15	\$8.21	\$10.78
FMAP 18 - 64	24.14	19.00	25.71	20.23	27.29	21.47
SSI 0 - 17	24.07	41.30	25.64	43.99	27.21	46.69
SSI 18 - 64	91.03	76.87	96.97	81.88	102.91	86.90
Dual Eligibles 0 - 64	47.69	50.73	50.80	54.04	53.91	57.34
Foster Care 0 - 9	28.48	50.86	30.34	54.18	32.20	57.50
Foster Care 10 - 22	134.08	130.07	142.83	138.55	151.57	147.03

Category/Age Range	Iowa Plan for Behavioral Health SFY 2006 Capitation Rates - State Plan					
	Lower Bound		Midpoint		Upper Bound	
	Female	Male	Female	Male	Female	Male
FMAP 0 - 17	\$6.74	\$8.83	\$7.18	\$9.41	\$7.62	\$9.98
FMAP 18 - 64	15.85	16.02	16.88	17.07	17.92	18.11
SSI 0 - 17	23.16	38.65	24.67	41.17	26.18	43.69
SSI 18 - 64	73.80	59.50	78.61	63.38	83.42	67.26
Dual Eligibles 0 - 64	28.34	29.24	30.18	31.14	32.03	33.05
Foster Care 0 - 9	25.79	44.58	27.47	47.49	29.15	50.40
Foster Care 10 - 22	111.30	108.56	118.56	115.63	125.82	122.71

Category/Age Range	Iowa Plan for Behavioral Health SFY 2006 Capitation Rates - B(3) Services					
	Lower Bound		Midpoint		Upper Bound	
	Female	Male	Female	Male	Female	Male
FMAP 0 - 17	\$0.52	\$0.70	\$0.55	\$0.75	\$0.59	\$0.79
FMAP 18 - 64	8.29	2.97	8.83	3.17	9.37	3.36
SSI 0 - 17	0.91	2.65	0.97	2.82	1.03	2.99
SSI 18 - 64	17.23	17.37	18.36	18.50	19.48	19.64
Dual Eligibles 0 - 64	19.36	21.49	20.62	22.89	21.88	24.30
Foster Care 0 - 9	2.70	6.28	2.87	6.69	3.05	7.10
Foster Care 10 - 22	22.78	21.51	24.26	22.92	25.75	24.32