

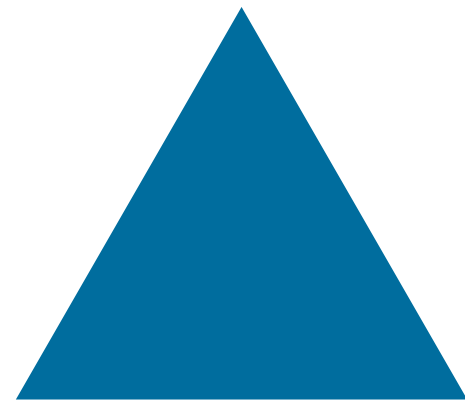
HEALTH WEALTH CAREER

CONTRACT YEAR 2018 FAMIS AND FAMIS MOMS RATE REPORT

UPDATES EFFECTIVE JULY 1, 2018

JULY 13, 2018

Commonwealth of Virginia



Mr. William J. Lessard, Jr.
Director of Provider Reimbursement
Department of Medical Assistance Services
Commonwealth of Virginia
600 East Broad Street, Suite 1300
Richmond, VA 23219

Subject: FAMIS and FAMIS MOMS Rate Development and Methodology for the Contract Year 2018 — Revision (Effective July 1, 2018)

July 13, 2018

Dear Bill:

In partnership with the Commonwealth of Virginia (Commonwealth) Department of Medical Assistance Services (DMAS), Mercer Government Human Services Consulting (Mercer) has developed updated capitation rates for the Commonwealth's Family Access to Medical Insurance Security (FAMIS) and FAMIS MOMS program for the contract year 2018 effective July 1, 2018. An overview of the analyses and methodologies used to develop the original capitation rates for the contract year 2018 effective July 1, 2017 was provided in the previous rate report dated May 25, 2017.

Mercer has developed these capitation rates consistent with the rate setting methodology for the Medallion 3.0 program and consistent with the Children's health insurance program (CHIP) rate development standards described at 42 CFR §457.1203 and §457.10. Please refer to the Medallion 3.0 rate report dated May 25, 2017 for more information on the rate development methodology.

The following report provides a detailed methodology of the updates to the original contract year 2018 rates to reflect additional information that was not available at the time of the previous capitation rates. The only changes to these revised rates include:

- Programmatic changes to account for relevant items in the approved Virginia (VA) State Budget
- Revised programmatic changes to account for more recent program experience

All other rating adjustments described in the original rate report remain unchanged. Additional detail related to these updates is included in the following sections.

TABLE OF CONTENTS

1. General Information	1
• Overview	1
• Program Background	1
• Rate Development Overview	2
• Rate Change	2
2. Data	3
3. Projected Benefit Costs and Trends	4
• Program Changes	4
4. Special Contract Provisions Related to Payment	6
5. Projected Non-Benefit Costs	7
• Administration and Underwriting Gain	7
6. Risk Adjustment and Acuity Adjustments	8
7. Final Rates	9
Exhibit 2: Program Change Adjustment Development	11
Exhibit 4: Base Capitation Rate Calculation Sheets	20
Exhibit 5: Base Rate Summary	27
Exhibit 6: ARTS Adjustment	31
Exhibit 7: Final Health Plan Rates After Drug Reinsurance	33

1

GENERAL INFORMATION

OVERVIEW

Updates to the capitation rates for the FAMIS and FAMIS MOMS program effective July 1, 2018 were developed in accordance with CHIP rate setting requirements established by CMS.

These updated FAMIS and FAMIS MOMS capitation rates will be paid beginning July 1, 2018 through the dates shown in summary table below based on the scheduled transition of the new Medallion 4.0 program regions. The capitation rates will be referred to as the July 2018 rates and reflect the final rates to be paid under the contract. The full contract periods reflected in the original rates begin on July 1, 2017 and continue through the transition dates below. This results in contract periods that are longer than 12-months, but less than two years in order to align with the Medallion 4.0 transition dates.

MEDALLION 4.0 REGION	DATE OF TRANSITION TO MEDALLION 4.0
Tidewater	August 1, 2018
Central Virginia	September 1, 2018
Northern/Winchester	October 1, 2018
Charlottesville/Western	November 1, 2018
Roanoke/Alleghany	December 1, 2018
Southwest	December 1, 2018

PROGRAM BACKGROUND

The Children’s Medical Security Insurance Plan was created in 1998 and was amended in 2001 to establish the FAMIS program. The FAMIS MOMS program began August 2005 and provides the same coverage as pregnant women in the Medallion 3.0 program.

As of the date of this report, there are six health plans operating in the VA FAMIS/FAMIS MOMS managed care program: Aetna Better Health, Anthem HealthKeepers Plus, InTotal Health, Kaiser Permanente, Optima Family Care and VA Premier.

Services covered by the FAMIS program include hospital and physician services, prescription drugs, durable medical equipment and supplies and traditional behavioral health services. For a full list of

covered services, please refer to the “Summary of FAMIS Covered Services” document provided on the DMAS website.¹

The FAMIS and FAMIS MOMS programs cover Medicaid eligible individuals who do not qualify for the Medallion program due to higher federal poverty level (FPL) requirements. The FAMIS program covers children up to the age of 18 while the FAMIS MOMS program covers pregnant women of any age.

RATE DEVELOPMENT OVERVIEW

This report provides an overview of the rate setting methodology and description of updates effective July 1, 2018 to reflect additional programmatic changes that were not available at the time of the previous rate report. All other rating assumptions described in the previous rate report remain unchanged. Additional detail related to these adjustments is included in the following sections of this report.

Exhibits attached in this report have been updated from the previous rate report for only those impacted by the programmatic changes. This includes the following exhibits:

- Exhibit 2 (varies)
- Exhibit 4
- Exhibit 5b
- Exhibit 6b
- Exhibit 7

RATE CHANGE

These adjustments result in an aggregate 0.70% increase to the final base rate (before drug reinsurance and Addiction and Recovery Treatment Services [ARTS]) across all age groups and FPLs for FAMIS and an aggregate 1.54% increase for FAMIS MOMS compared to rates effective July 1, 2017. The table below compares the updated capitation rates to the original rates by age group for the FAMIS and FAMIS MOMS programs. Exhibit 5 includes the final updated rates for each rate cell as well as a comparison to the rates effective July 1, 2017.

STATEWIDE	UNDER 1	1-5	6-14	15-18 FEMALE	15-18 MALE	ALL AGES
FAMIS <= 150%	0.99%	0.69%	0.57%	0.79%	0.77%	0.67%
FAMIS > 150%	1.00%	0.71%	0.58%	0.81%	0.79%	0.70%
FAMIS MOMS	N/A	N/A	N/A	N/A	N/A	1.54%

¹ http://coverva.org/mat/FAMIS_Covered_Services.pdf

2

DATA

As previously stated, Mercer performed a rate update to develop the July 2018 rates. The fiscal year (FY) 2015 and FY 2016 data for FAMIS and the October 2015 through September 2016 data for FAMIS MOMS underlying the prior contract year 2018 rates effective July 1, 2017 (July 2017 rates) served as the starting point for the development of these rate updates. No changes were made to the assumptions that were utilized in the development of the July 2017 rates other than those noted in this rate report.

For more information regarding the development of the July 2017 rates, please refer to the previous rate report letter dated May 25, 2017.

3

PROJECTED BENEFIT COSTS AND TRENDS

PROGRAM CHANGES

Program change adjustments recognize the impact of benefit or eligibility changes occurring during and after the base data period. The rate setting methodology used to determine these rates incorporates the results of any programmatic changes that have taken place, or are anticipated to take place, between the start of the base period and the conclusion of the contract period. For the July 2018 rate development, program changes were applied consistent with those considered in the prior July 2017 rates. Program change adjustments were updated to reflect relevant items from the final approved VA State Budget and recent program experience.

All other program changes remain consistent with July 2017 rate development and can be found in the previous rate report dated May 25, 2017. The program changes that remain unchanged include the following:

- Pharmacy Adjustment
- Exempt Infant Formula Carve Out
- Hepatitis C Treatment
- Provider Incentive Adjustment
- Emergency Room Triage Adjustment
- Drug Reinsurance

Fee Schedule Changes

Mercer understands that the participating managed care organizations (MCOs) align their provider contracting as an amount related to the fee-for-service fee schedule for many services. Therefore, these same fee schedule changes will be implemented in the managed care program. The following program changes were updated or added to include additional information based on the final approved Budget:

- Hospital Inflation: 2.9% increase effective July 1, 2018

- Hospital Capital percentage: Updated to 8.7% effective July 1, 2018 and only affects the Inpatient Hospital adjustment
- Resource-based relative value scale (RBRVS) Adjustment: 0.16% decrease effective July 1, 2018

The adjustments updated due to the changes noted above are as follows:

- Inpatient Hospital
- Children’s Hospital of the King’s Daughters (CHKD) Inpatient Hospital
- Outpatient Hospital
- CHKD Outpatient Hospital
- RBRVS adjustment

Final adjustments by rate cell and category of service are provided in Exhibit 2.

Addiction and Recovery Treatment Services

The adjustment included in the prior July 2017 rates for the Addiction and Recovery Treatment Services (ARTS) has been revised to reflect emerging program experience. The ARTS rate adjustment was developed based on the ARTS services as defined by procedure/revenue code in the Medallion 4.0/FAMIS contract, Attachment 1 Part 2C, with experience from April 2017 through February 2018. This included services that can be used by more than just ARTS users, such as Evaluation and Management codes, pregnancy tests, drug testing, EKG’s and psychotherapy.

The final adjustment was updated to consider actual program-specific experience from April 2017 through September 2017 with runout through February 2018. The final adjustment is based on experience for ARTS services defined above for members who have one or more ICD-10 diagnosis code from the Diagnostic and Statistical Manual of Mental Disorders (DSM) for Substance-Related and Addictive Disorders, as defined in the contract. The adjustment was calculated by looking at the average per member per month (PMPM) difference between the base period and data from April–November 2017, with additional trend to account for further growth through the July 2018 contract period. This approach is intended to most closely reflect the impact of the ARTS implementation and accounts for any services, such as E&M codes, that were previously being provided for these members.

There was no observed increase in the ARTS services for FAMIS and FAMIS MOMS between the base period and data from April–November 2017. Based on this program experience, no adjustment was made to the FAMIS or FAMIS MOMS programs.

4

SPECIAL CONTRACT PROVISIONS RELATED TO PAYMENT

For more information related to incentive arrangements, withhold arrangements, risk-sharing mechanisms, delivery system and provider payment initiatives, or pass through payments, please refer to the previous rate report letter dated May 25, 2017.

5

PROJECTED NON-BENEFIT COSTS

ADMINISTRATION AND UNDERWRITING GAIN

The July 2018 rates include provisions for MCO administration and underwriting gain. These are applied as the same percentage of total premium as they were in the July 2017 rates, however the PMPMs will differ due to this percentage methodology. For more information regarding the development of the July 2017 percentage assumptions, please refer to the previous rate report dated May 25, 2017.

6

RISK ADJUSTMENT AND ACUITY ADJUSTMENTS

No risk adjustment or acuity adjustments are applied to the FAMIS or FAMIS MOMS programs.

7

FINAL RATES

In preparing the rates, Mercer has used and relied upon enrollment, eligibility, claim, reimbursement level benefit design, financial data and information supplied by the Commonwealth and its vendors. The Commonwealth and its vendors are solely responsible for the validity and completeness of this supplied data and information. We have reviewed the summarized data and information for internal consistency and reasonableness, but we did not audit it. In our opinion it is appropriate for the intended rate setting purpose. However, if the data and information are incomplete/inaccurate, the values shown in this report may differ significantly from values that would be obtained with accurate and complete information; this may require a later revision to this report.

Because modeling all aspects of a situation or scenario is not possible or practical, Mercer may use summary information, estimates or simplifications of calculations to facilitate the modeling of future events in an efficient and cost-effective manner. Mercer may also exclude factors or data that are immaterial in our judgment. Use of such simplifying techniques does not, in our judgment, affect the reasonableness, appropriateness or attainability of the results for the Medicaid program. Actuarial assumptions may also be changed from one contract period to the next because of changes in mandated requirements, program experience, changes in expectations about the future and other factors. A change in assumptions is not an indication that prior assumptions were unreasonable, inappropriate or unattainable when they were made.

Rates developed by Mercer are actuarial projections of future contingent events. All estimates are based upon the information and data available at a point in time, and are subject to unforeseen and random events. Therefore, any projection must be interpreted as having a likely, and potentially wide, range of variability from the estimate. Any estimate or projection may not be used or relied upon by any other party or for any other purpose than for which it was issued by Mercer. Mercer is not responsible for the consequences of any unauthorized use. Actual health plan costs will differ from these projections. Mercer has developed these rates on behalf of the State to demonstrate compliance with the CMS requirements under 42 CFR 457.1203 and 42 CFR 457.10 and accordance with applicable law and regulations. Use of these rates for any purpose beyond that stated may not be appropriate.

MCOs are advised that the use of these rates may not be appropriate for their particular circumstance and Mercer disclaims any responsibility for the use of these rates by MCOs for any

purpose. Mercer recommends that any MCO considering contracting with the Commonwealth should analyze its own projected medical expense, administrative expense and any other premium needs for comparison to these rates before deciding whether to contract with the Commonwealth.

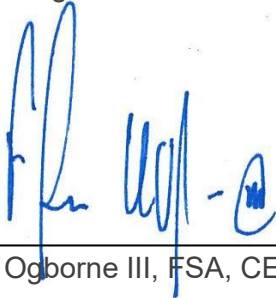
The Commonwealth understands that Mercer is not engaged in the practice of law, or in providing advice on taxation matters. This report, which may include commenting on legal or taxation issues or regulations, does not constitute and is not a substitute for legal or taxation advice. Accordingly, Mercer recommends that the Commonwealth secure the advice of competent legal and taxation counsel with respect to any legal or taxation matters related to this report or otherwise.

This methodology letter assumes the reader is familiar with the Commonwealth's FAMIS and FAMIS MOMS program, Medicaid eligibility rules, and financing and actuarial rating techniques. It has been prepared exclusively for the Commonwealth, MCOs and CMS, and should not be relied upon by third parties. Other readers should seek the advice of actuaries or other qualified professionals competent in the area of actuarial rate projections to understand the technical nature of these results. Mercer is not responsible for, and expressly disclaims liability for, any reliance on this report by third parties.

The Commonwealth agrees to notify Mercer within 30 days of receipt of this report if it disagrees with anything contained in this report or is aware of any information or data that would affect the results of this report that has not been communicated or provided to Mercer or incorporated herein. The report will be deemed final and acceptable to the Commonwealth if nothing is received by Mercer within such 30-day period.

If there are any questions regarding this report, please contact Ron Ogborne at +1 602 522 6595 or Katherine Long at +1 602 522 8569.

Sincerely,



F. Ronald Ogborne III, FSA, CERA, MAAA
Partner



Katherine Long, FSA, MAAA
Principal

EXHIBIT 2

PROGRAM CHANGE ADJUSTMENT DEVELOPMENT

Section and Exhibit numbers are consistent with the original rate report exhibits dated May 25, 2017.

Virginia Medicaid
Contract Year 2018 Capitation Rate Development - July 1, 2018 Update
Health Plan Encounter Data - Family Access to Medical Insurance Security (FAMIS)
Hospital Inpatient Adjustments

Section I
Exhibit 2c.1

	Inpatient Medical/Surgical	Inpatient Psychiatric	Source
1a. FY15 Total Claims in IP Service Categories	\$9,516,060	\$932,990	FY15 Health Plan Encounter Data
1b. FY16 Total Claims in IP Service Categories	\$8,956,350	\$839,757	FY16 Health Plan Encounter Data
1c. FY15 Children's Hospital of The King's Daughters IP Claims	\$1,091,062	\$0	FY15 Health Plan Encounter Data
1d. FY16 Children's Hospital of The King's Daughters IP Claims	\$680,625	\$0	FY16 Health Plan Encounter Data
2. FY15-16 Hospital Capital Percentage Adjusted	8.70%	8.70%	Provided by DMAS
3. FY17 Capital Reimbursement Increase	-3.10%	-3.10%	= ((4.)-(2.))/(2.)
4a. FY17 & FY18 Hospital Capital Percentage	8.43%	8.43%	Provided by DMAS
4b. FY19 Hospital Capital Percentage	8.70%	8.70%	Provided by DMAS
5a. FY17 Hospital Rate Change - Unit Cost	1.05%	1.05%	Provided by DMAS
5b. FY18 Hospital Rate Change - Unit Cost	0.00%	0.00%	Provided by DMAS
5c. FY19 Hospital Rate Change - Unit Cost	2.90%	2.90%	
5d. Dollar Change	\$606,929	\$64,424	= [((1a.)+(1b.))-((1c.)+(1d.))] * (1 - (4b.)) * [(1 + (5a.)) * (1 + (5b.)) * (1 + (5c.)) - 1]
6a. FY17 Hospital Rate Change - Rebasing	-2.65%	27.00%	Provided by DMAS
6b. FY18 Hospital Rate Change - Rebasing	0.00%	0.00%	Provided by DMAS
6c. Dollar Change	(\$404,066)	\$437,000	= [((1a.)+(1b.))-((1c.)+(1d.))] * (1 - (4b.)) * [(1 + (6a.)) * (1 + (6b.)) - 1]
7. Hospital Inpatient Adjustment	1.10%	28.29%	= ((5d.)+(6c.)) / ((1a.) + (1b.))

Virginia Medicaid
Contract Year 2018 Capitation Rate Development - July 1, 2018 Update
Health Plan Encounter Data - Family Access to Medical Insurance Security (FAMIS)
Hospital Inpatient Adjustments For Children Hospital of The King's Daughter

Section I
Exhibit 2c.2

	IP - Med/Surg	Source
1. FY15-16 Total Claims in IP Service Categories (for age 0-18) Statewide	\$18,472,410	FY15-16 Health Plan Encounter Data
2. FY15-16 Children Hospital King's Daughter IP Claims Statewide	\$1,771,687	FY15-16 Health Plan Encounter Data
3. FY15-16 Hospital Capital Percentage	10.40%	Provided by DMAS
4. FY17 Capital Reimbursement Increase	10.77%	= ((5.)-(3.))/(3.)
5. FY17 & FY18 Hospital Capital Percentage	11.52%	Provided by DMAS
6. % Excluded Claims from Freestanding Psych Hospitals	0.00%	FY15-16 Health Plan Encounter Data
7a. FY17 Hospital Rate Change - Unit Cost	2.10%	Provided by DMAS
7b. FY18 Hospital Rate Change - Unit Cost	2.80%	Provided by DMAS
7c. FY19 Hospital Rate Change - Unit Cost	2.90%	Provided by DMAS
7d. Dollar Change Statewide	\$125,448	= ((2.) * (1 - (5.)) * (1 - (6.)) * [(1 + (7a.)) * (1 + (7b.)) * (1 + (7c.)) - 1]
8a. FY17 Hospital Rate Change - Rebasing	-2.65%	Provided by DMAS
8b. FY18 Hospital Rate Change - Rebasing	0.00%	Provided by DMAS
8c. Dollar Change Statewide	(\$41,541)	= ((2.) * (1 - (5.)) * (1 - (6.)) * [(1 + (8a.)) * (1 + (8b.)) - 1]
9. Hospital Inpatient Adjustment Statewide	0.454%	= ((7d.) + (8c.)) / (1a.)

Virginia Medicaid
Contract Year 2018 Capitation Rate Development - July 1, 2018 Update
Health Plan Encounter Data - Family Access to Medical Insurance Security (FAMIS)
Hospital Outpatient Adjustments

Section I
Exhibit 2d.1

	OP - Emergency Room & Related	OP - Other	Source
1a. FY15 Total Claims in OP Service Categories	\$5,510,810	\$9,286,246	FY15 Health Plan Encounter Data
1b. FY16 Total Claims in OP Service Categories	\$5,172,243	\$9,133,658	FY16 Health Plan Encounter Data
1c. FY15 Children's Hospital of The King's Daughters OP Claims	\$155,213	\$1,006,301	FY15 Health Plan Encounter Data
1d. FY16 Children's Hospital of The King's Daughters OP Claims	\$156,037	\$1,012,765	FY16 Health Plan Encounter Data
2a. FY17 Hospital Rate Change - Unit Cost	1.05%	1.05%	Provided by DMAS
2b. FY18 Hospital Rate Change - Unit Cost	0.00%	0.00%	Provided by DMAS
2c. FY18 Hospital Rate Change - Unit Cost	2.90%	2.90%	Provided by DMAS
2d. Dollar Change	\$412,844	\$652,827	= [((1a.)+(1b.))-((1c.)+(1d.))] * [(1 + (2a.)) * (1 + (2b.)) * (1 + (2c.)) - 1]
3a. FY17 Hospital Rate Change - Rebasing	0.10%	0.10%	Provided by DMAS
3b. FY18 Hospital Rate Change - Rebasing	0.00%	0.00%	Provided by DMAS
3c. Dollar Change	\$10,372	\$16,401	= [((1a.)+(1b.))-((1c.)+(1d.))] * [(1 + (3a.)) * (1 + (3b.)) - 1]
3. Hospital Outpatient Adjustment	3.96%	3.63%	= ((2d.)+(3c.)) / ((1a.) + (1b.))

Virginia Medicaid
Contract Year 2018 Capitation Rate Development - July 1, 2018 Update
Health Plan Encounter Data - Family Access to Medical Insurance Security (FAMIS)
Hospital Outpatient Adjustments for Children's Hospital of The King's Daughters

Section I
Exhibit 2d.2

	OP - Emergency Room & Related	OP - Other	Source
1. FY15-16 Total Claims in OP Service Categories (For Age 0-18) Statewide	\$10,683,053	\$18,419,903	FY15-16 Health Plan Encounter Data
2. FY15-16 Children Hospital King's Daughter OP Claims Statewide	\$311,249	\$2,019,066	FY15-16 Health Plan Encounter Data
3a. FY17 Hospital Rate Change - Unit Cost	2.10%	2.10%	Provided by DMAS
3b. FY18 Hospital Rate Change - Unit Cost	2.80%	2.80%	Provided by DMAS
3c. FY19 Hospital Rate Change - Unit Cost	2.90%	2.90%	
3d. Dollar Change Statewide	\$24,908	\$161,578	= ((2.) * [(1 + (3a.)) * (1 + (3b.)) * (1 + (3c.)) - 1]
4a. FY17 Hospital Rate Change - Rebasing	0.10%	0.10%	Provided by DMAS
4b. FY18 Hospital Rate Change - Rebasing	0.00%	0.00%	Provided by DMAS
4c. Dollar Change Statewide	\$311	\$2,019	= ((2.) * [(1 + (4a.)) * (1 + (4b.)) - 1]
5. Hospital Outpatient Adjustment Statewide	0.24%	0.89%	= ((3d.)+(4c.))/ (1.)

Virginia Medicaid
Contract Year 2018 Capitation Rate Development - July 1, 2018 Update
Health Plan Encounter Data - Family Access to Medical Insurance Security (FAMIS)
Resource Based Relative Value Scale Adjustment

Section I
Exhibit 2h

FAMIS

1a. Professional Fee Adjustment - Effective FY18	-0.21%	Provided by DMAS
1b. Professional Fee Adjustment - Effective FY19	-0.16%	Provided by DMAS
2. Proportion of claims subject to fee adjustment	92%	FY15-16 Health Plan Encounter Data
3. Final Professional Fee Adjustment	-0.34%	$= [(1+(1a.)) + (1+(1b.)) - 1] * (2.)$

Virginia Medicaid
Contract Year 2018 Capitation Rate Development - July 1, 2018 Update
Health Plan Encounter Data - FAMIS MOMS
Hospital Inpatient Adjustments

Section II
Exhibit 2b

	Inpatient Medical/Surgical	Inpatient Psychiatric	Source
1. Total Claims in IP Service Categories	\$4,252,993	\$41,136	Oct 2015 - Sep 2016 Health Plan Encounter Data
2. FY15-16 Hospital Capital Percentage	8.70%	8.70%	Provided by DMAS
3. FY17 Capital Reimbursement Increase	-3.10%	-3.10%	= ((4.)-(2.))/(2.)
4a. FY17 & FY18 Hospital Capital Percentage	8.43%	8.43%	Provided by DMAS
4b. FY19 Hospital Capital Percentage	8.70%	8.70%	Provided by DMAS
5a. FY17 Hospital Rate Change - Unit Cost	1.05%	1.05%	Provided by DMAS
5b. FY18 Hospital Rate Change - Unit Cost	0.00%	0.00%	Provided by DMAS
5c. FY19 Hospital Rate Change - Unit Cost	2.90%	2.90%	
5d. Dollar Change	\$154,560	\$1,495	= (1.) * (1 - (4b.)) * [(1 + (5a.)) * (1 + (5b.)) * (1 + (5c.)) - 1]
6a. FY17 Hospital Rate Change - Rebasing	-2.65%	27.00%	Provided by DMAS
6b. FY18 Hospital Rate Change - Rebasing	0.00%	0.00%	Provided by DMAS
6c. Dollar Change	(\$102,899)	\$10,140	= (1.) * (1 - (4b.)) * [(1 + (6a.)) * (1 + (6b.)) - 1]
7. Hospital Inpatient Adjustment	1.21%	28.29%	= ((5d.) + (6c.)) / (1.)

Virginia Medicaid
Contract Year 2018 Capitation Rate Development - July 1, 2018 Update
Health Plan Encounter Data - FAMIS MOMS
Hospital Outpatient Adjustments

Section II
Exhibit 2c

	OP - Emergency Room & Related	OP - Other	Source
1. Total Claims in OP Service Categories	\$283,891	\$636,913	Oct 2015 - Sep 2016 Health Plan Encounter Data
2a. FY17 Hospital Rate Change - Unit Cost	1.05%	1.05%	Provided by DMAS
2b. FY18 Hospital Rate Change - Unit Cost	0.00%	0.00%	Provided by DMAS
2c. FY18 Hospital Rate Change - Unit Cost	2.90%	2.90%	Provided by DMAS
2d. Dollar Change	\$11,300	\$25,352	= (1.) * [(1 + (2a.)) * (1 + (2b.)) * (1 + (2c.)) - 1]
3a. FY17 Hospital Rate Change - Rebasing	0.10%	0.10%	Provided by DMAS
3b. FY18 Hospital Rate Change - Rebasing	0.00%	0.00%	Provided by DMAS
3c. Dollar Change	\$284	\$637	= (1.) * [(1 + (3a.)) * (1 + (3b.)) - 1]
4. Hospital Outpatient Adjustment	4.08%	4.08%	= ((2d.) + (3c.)) / (1.)

Virginia Medicaid
Contract Year 2018 Capitation Rate Development - July 1, 2018 Update
Health Plan Encounter Data - FAMIS MOMS
Resource Based Relative Value Scale Adjustment

Section II
Exhibit 2f

FAMIS MOMS

Source

1a. Professional Fee Adjustment - Effective FY18	-0.21%	Provided by DMAS
1b. Professional Fee Adjustment - Effective FY19	-0.16%	Provided by DMAS
2. Proportion of claims subject to fee adjustment	88.4%	Oct 2015 - Sep 2016 Health Plan Encounter Data
3. Final Professional Fee Adjustment	-0.33%	$= [(1+(1a.)) + (1+(1b.)) - 1] * (2.)$

EXHIBIT 4

BASE CAPITATION RATE CALCULATION SHEETS

Section and Exhibit numbers are consistent with the original rate report exhibits dated May 25, 2017.

Virginia Medicaid
Contract Year 2018 Capitation Rate Development - July 1, 2018 Update
Health Plan Encounter Data - Family Access to Medical Insurance Security (FAMIS)
Capitation Rate Calculations

Section I
Exhibit 4

Age Under 1										
Statewide	Total Base Claims FY15-16	Base Claims Redistribution and Adjustments FY15-16	Total Redistributed Base Claims FY15-16	Completion Factor Adjustments ¹	Total Program Change Adj.	Patient Copay	Completed and Adjusted Claims FY15-16	Trend Adjustment	Completed & Trended Claims Contract Year	PMPM Contract Year
Service Type										
DME/Supplies	\$150,602	\$0	\$150,602	\$1,315	(\$3,860)	\$681	\$148,739	1.077	\$160,131	\$4.15
FQHC / RHC	\$48,072	\$0	\$48,072	\$504		\$1,212	\$49,787	1.406	\$69,979	\$1.81
Home Health	\$11,097	\$0	\$11,097	\$158		\$92	\$11,347	1.156	\$13,121	\$0.34
IP - Maternity	\$0	\$0	\$0			\$0	\$0	0.936	\$0	\$0.00
IP - Newborn	\$2,536,828	\$201,456	\$2,738,284	\$8,127	\$42,636	\$7,115	\$2,796,162	0.936	\$2,618,005	\$67.81
IP - Other	\$2,814,160	\$221,520	\$3,035,680	\$9,016	\$47,267	\$12,984	\$3,104,946	0.936	\$2,907,116	\$75.29
IP - Psych	\$16,051	\$0	\$16,051		\$4,540	\$0	\$20,591	0.936	\$19,279	\$0.50
Lab	\$82,889	\$0	\$82,889	\$529		\$1,303	\$84,721	1.077	\$91,210	\$2.36
OP - Emergency Room & Related	\$446,795	\$0	\$446,795	\$6,376	\$19,022	\$40,917	\$513,110	1.156	\$593,332	\$15.37
OP - Other	\$642,206	\$0	\$642,206	\$9,164	\$29,451	\$7,285	\$688,106	1.156	\$795,688	\$20.61
Pharmacy	\$527,306	\$0	\$527,306	\$1	(\$9,317)	\$32,306	\$550,296	1.274	\$701,097	\$18.16
Prof - Anesthesia	\$37,409	\$0	\$37,409	\$392		\$133	\$37,934	1.406	\$53,319	\$1.38
Prof - Child EPSDT	\$713,155	\$0	\$713,155	\$7,473	(\$2,447)	\$0	\$718,180	1.406	\$1,009,455	\$26.14
Prof - Evaluation & Management	\$3,170,921	\$0	\$3,170,921	\$32,998	(\$4,791)	\$128,367	\$3,327,495	1.406	\$4,677,040	\$121.14
Prof - Maternity	\$0	\$0	\$0			\$0	\$0	1.406	\$0	\$0.00
Prof - Other	\$2,172,889	\$0	\$2,172,889	\$22,739	(\$7,457)	\$51,889	\$2,240,060	1.406	\$3,148,570	\$81.55
Prof - Psych	\$15,297	\$0	\$15,297		(\$52)	\$0	\$15,245	1.406	\$21,429	\$0.55
Prof - Specialist	\$199,637	\$0	\$199,637	\$2,092	(\$685)	\$6,277	\$207,320	1.406	\$291,404	\$7.55
Prof - Vision	\$61,246	\$0	\$61,246	\$182	(\$209)	\$634	\$61,854	1.406	\$86,940	\$2.25
Radiology	\$47,093	\$0	\$47,093	\$393		\$8,734	\$56,221	1.077	\$60,527	\$1.57
Transportation/Ambulance	\$47,798	\$0	\$47,798	\$268		\$28	\$48,095	1.077	\$51,779	\$1.34
Provider Incentive Payment Adjustment	\$0	\$0	\$0	\$0	\$0	\$0	0	-	0	\$4.00
Total	\$13,741,453	\$422,975	\$14,164,428	\$101,729	\$114,098	\$299,956	\$14,680,211	-	\$17,369,422	\$453.87

Virginia Medicaid
Contract Year 2018 Capitation Rate Development - July 1, 2018 Update
Health Plan Encounter Data - Family Access to Medical Insurance Security (FAMIS)
Capitation Rate Calculations

Section I
Exhibit 4

Age 1-5										
Statewide	Total Base Claims FY15-16	Base Claims Redistribution and Adjustments FY15-16	Total Redistributed Base Claims FY15-16	Completion Factor Adjustments ¹	Total Program Change Adj.	Patient Copay	Completed and Adjusted Claims FY15-16	Trend Adjustment	Completed & Trended Claims Contract Year	PMPM Contract Year
Service Type										
DME/Supplies	\$588,089	\$0	\$588,089	\$5,135	(\$15,072)	\$3,209	\$581,361	1.077	\$625,888	\$1.61
FQHC / RHC	\$176,573	\$0	\$176,573	\$1,850		\$8,001	\$186,425	1.406	\$262,033	\$0.67
Home Health	\$56,931	\$0	\$56,931	\$812		\$523	\$58,266	1.156	\$67,376	\$0.17
IP - Maternity	\$0	\$0	\$0			\$0	\$0	0.936	\$0	\$0.00
IP - Newborn	\$0	\$0	\$0			\$0	\$0	0.936	\$0	\$0.00
IP - Other	\$5,176,202	(\$526,802)	\$4,649,400	\$16,583	\$72,436	\$9,998	\$4,748,417	0.936	\$4,445,873	\$11.42
IP - Psych	\$164,042	\$0	\$164,042	\$31	\$46,408	\$47	\$210,528	0.936	\$197,114	\$0.51
Lab	\$911,085	\$0	\$911,085	\$5,925		\$17,568	\$934,578	1.077	\$1,006,158	\$2.58
OP - Emergency Room & Related	\$3,349,056	\$0	\$3,349,056	\$47,792	\$142,587	\$382,429	\$3,921,864	1.156	\$4,535,025	\$11.65
OP - Other	\$6,171,982	\$0	\$6,171,982	\$88,076	\$283,038	\$59,924	\$6,603,019	1.156	\$7,635,364	\$19.61
Pharmacy	\$6,697,756	\$0	\$6,697,756	\$14	(\$118,338)	\$440,159	\$7,019,591	1.274	\$8,943,208	\$22.97
Prof - Anesthesia	\$328,179	\$0	\$328,179	\$3,439		\$2,014	\$333,632	1.406	\$468,944	\$1.20
Prof - Child EPSDT	\$1,305,221	\$0	\$1,305,221	\$13,677	(\$4,479)	\$0	\$1,314,418	1.406	\$1,847,512	\$4.74
Prof - Evaluation & Management	\$11,174,316	\$0	\$11,174,316	\$114,600	(\$16,881)	\$711,210	\$11,983,246	1.406	\$16,843,337	\$43.26
Prof - Maternity	\$0	\$0	\$0			\$0	\$0	1.406	\$0	\$0.00
Prof - Other	\$6,408,632	\$0	\$6,408,632	\$66,838	(\$21,993)	\$264,835	\$6,718,313	1.406	\$9,443,085	\$24.25
Prof - Psych	\$236,761	\$0	\$236,761	\$939	(\$807)	\$5,320	\$242,214	1.406	\$340,449	\$0.87
Prof - Specialist	\$1,031,432	\$0	\$1,031,432	\$10,808	(\$3,540)	\$39,595	\$1,078,295	1.406	\$1,515,623	\$3.89
Prof - Vision	\$714,851	\$0	\$714,851	\$2,659	(\$2,437)	\$8,899	\$723,972	1.406	\$1,017,596	\$2.61
Radiology	\$206,099	\$0	\$206,099	\$1,604		\$47,335	\$255,039	1.077	\$274,572	\$0.71
Transportation/Ambulance	\$284,416	\$0	\$284,416	\$1,174		\$187	\$285,777	1.077	\$307,665	\$0.79
Provider Incentive Payment Adjustment	\$0	\$0	\$0	\$0	\$0	\$0	0	-	0	\$1.37
Total	\$44,981,623	(\$526,802)	\$44,454,821	\$381,955	\$360,923	\$2,001,254	\$47,198,953	-	\$59,776,824	\$154.88

Virginia Medicaid
Contract Year 2018 Capitation Rate Development - July 1, 2018 Update
Health Plan Encounter Data - Family Access to Medical Insurance Security (FAMIS)
Capitation Rate Calculations

Section I
Exhibit 4

Age 6-14										
Statewide	Total Base Claims FY15-16	Base Claims Redistribution and Adjustments FY15-16	Total Redistributed Base Claims FY15-16	Completion Factor Adjustments ¹	Total Program Change Adj.	Patient Copay	Completed and Adjusted Claims FY15-16	Trend Adjustment	Completed & Trended Claims Contract Year	PMPM Contract Year
Service Type										
DME/Supplies	\$1,014,083	\$0	\$1,014,083	\$8,855	(\$8,273)	\$4,732	\$1,019,398	1.077	\$1,097,475	\$1.57
FQHC / RHC	\$219,181	\$0	\$219,181	\$2,297		\$12,876	\$234,354	1.406	\$329,402	\$0.47
Home Health	\$242,686	\$0	\$242,686	\$3,463		\$842	\$246,990	1.156	\$285,606	\$0.41
IP - Maternity	\$8,752	\$520	\$9,272	\$28	\$144.38	\$72	\$9,516	0.936	\$8,910	\$0.01
IP - Newborn	\$0	\$0	\$0			\$0	\$0	0.936	\$0	\$0.00
IP - Other	\$4,547,090	\$271,761	\$4,818,852	\$14,567	\$75,035	\$12,081	\$4,920,535	0.936	\$4,607,025	\$6.59
IP - Psych	\$1,139,064	\$0	\$1,139,064	\$2,701	\$322,950	\$3,763	\$1,468,478	0.936	\$1,374,914	\$1.97
Lab	\$1,343,104	\$0	\$1,343,104	\$7,937		\$22,928	\$1,373,969	1.077	\$1,479,203	\$2.12
OP - Emergency Room & Related	\$4,335,084	\$0	\$4,335,084	\$61,863	\$184,568	\$411,562	\$4,993,076	1.156	\$5,773,716	\$8.26
OP - Other	\$7,443,294	\$0	\$7,443,294	\$106,217	\$341,338	\$89,340	\$7,980,190	1.156	\$9,227,849	\$13.20
Pharmacy	\$20,405,121	\$0	\$20,405,121	\$41	(\$360,524)	\$910,781	\$20,955,420	1.274	\$26,697,948	\$38.18
Prof - Anesthesia	\$258,403	\$0	\$258,403	\$2,708		\$1,707	\$262,817	1.406	\$369,409	\$0.53
Prof - Child EPSDT	\$210,867	\$0	\$210,867	\$2,210	(\$724)	\$0	\$212,353	1.406	\$298,478	\$0.43
Prof - Evaluation & Management	\$13,803,148	\$0	\$13,803,148	\$140,535	(\$20,850)	\$895,208	\$14,818,039	1.406	\$20,827,848	\$29.79
Prof - Maternity	\$2,527	\$0	\$2,527	\$26	(\$9)	\$1	\$2,546	1.406	\$3,579	\$0.01
Prof - Other	\$6,641,353	\$0	\$6,641,353	\$69,016	(\$22,790)	\$389,373	\$7,076,952	1.406	\$9,947,179	\$14.23
Prof - Psych	\$1,398,473	\$0	\$1,398,473	\$11,699	(\$4,789)	\$70,840	\$1,476,223	1.406	\$2,074,940	\$2.97
Prof - Specialist	\$1,612,209	\$0	\$1,612,209	\$16,893	(\$5,533)	\$59,892	\$1,683,462	1.406	\$2,366,230	\$3.38
Prof - Vision	\$1,501,212	\$0	\$1,501,212	\$6,954	(\$5,122)	\$23,426	\$1,526,470	1.406	\$2,145,567	\$3.07
Radiology	\$606,902	\$0	\$606,902	\$4,966		\$105,136	\$717,004	1.077	\$771,920	\$1.10
Transportation/Ambulance	\$460,338	\$0	\$460,338	\$1,749		\$315	\$462,402	1.077	\$497,818	\$0.71
Provider Incentive Payment Adjustment	\$0	\$0	\$0	\$0	\$0	\$0	0	-	0	\$1.15
Total	\$67,192,891	\$272,282	\$67,465,173	\$464,727	\$495,421	\$3,014,872	\$71,440,194	-	\$90,185,013	\$130.13

Virginia Medicaid
Contract Year 2018 Capitation Rate Development - July 1, 2018 Update
Health Plan Encounter Data - Family Access to Medical Insurance Security (FAMIS)
Capitation Rate Calculations

Section I
Exhibit 4

Age 15-18 Female										
Statewide	Total Base Claims FY15-16	Base Claims Redistribution and Adjustments FY15-16	Total Redistributed Base Claims FY15-16	Completion Factor Adjustments ¹	Total Program Change Adj.	Patient Copay	Completed and Adjusted Claims FY15-16	Trend Adjustment	Completed & Trended Claims Contract Year	PMPM Contract Year
Service Type										
DME/Supplies	\$231,992	\$0	\$231,992	\$2,026	(\$1,893)	\$847	\$232,973	1.077	\$250,816	\$2.07
FQHC / RHC	\$67,602	\$0	\$67,602	\$708		\$3,476	\$71,787	1.406	\$100,901	\$0.83
Home Health	\$11,319	\$0	\$11,319	\$162		\$121	\$11,602	1.156	\$13,416	\$0.11
IP - Maternity	\$396,098	\$31,322	\$427,420	\$1,269	\$6,655.08	\$3,240	\$438,584	0.936	\$410,640	\$3.39
IP - Newborn	\$0	\$0	\$0			\$0	\$0	0.936	\$0	\$0.00
IP - Other	\$998,101	\$78,512	\$1,076,613	\$3,198	\$16,763	\$3,161	\$1,099,735	0.936	\$1,029,665	\$8.50
IP - Psych	\$602,714	\$0	\$602,714	\$1,747	\$170,973	\$2,652	\$778,085	0.936	\$728,510	\$6.01
Lab	\$410,696	\$0	\$410,696	\$2,925		\$5,957	\$419,578	1.077	\$451,714	\$3.73
OP - Emergency Room & Related	\$1,516,152	\$0	\$1,516,152	\$21,636	\$64,551	\$107,890	\$1,710,229	1.156	\$1,977,614	\$16.33
OP - Other	\$2,206,731	\$0	\$2,206,731	\$31,491	\$101,197	\$25,606	\$2,365,025	1.156	\$2,734,784	\$22.58
Pharmacy	\$3,954,655	\$0	\$3,954,655	\$8	(\$69,872)	\$231,165	\$4,115,956	1.274	\$5,243,875	\$43.29
Prof - Anesthesia	\$88,045	\$0	\$88,045	\$923		\$532	\$89,500	1.406	\$125,798	\$1.04
Prof - Child EPSDT	\$71,171	\$0	\$71,171	\$746	(\$244)	\$0	\$71,673	1.406	\$100,741	\$0.83
Prof - Evaluation & Management	\$2,865,300	\$0	\$2,865,300	\$29,338	(\$4,328)	\$183,157	\$3,073,467	1.406	\$4,319,985	\$35.66
Prof - Maternity	\$249,567	\$0	\$249,567	\$2,615	(\$856)	\$39	\$251,365	1.406	\$353,311	\$2.92
Prof - Other	\$1,254,698	\$0	\$1,254,698	\$13,046	(\$4,306)	\$69,754	\$1,333,192	1.406	\$1,873,900	\$15.47
Prof - Psych	\$374,729	\$0	\$374,729	\$3,352	(\$1,284)	\$20,432	\$397,229	1.406	\$558,335	\$4.61
Prof - Specialist	\$442,016	\$0	\$442,016	\$4,632	(\$1,517)	\$19,227	\$464,358	1.406	\$652,689	\$5.39
Prof - Vision	\$255,655	\$0	\$255,655	\$1,157	(\$872)	\$3,789	\$259,730	1.406	\$365,069	\$3.01
Radiology	\$318,306	\$0	\$318,306	\$2,721		\$31,870	\$352,897	1.077	\$379,925	\$3.14
Transportation/Ambulance	\$123,622	\$0	\$123,622	\$647		\$120	\$124,389	1.077	\$133,916	\$1.11
Provider Incentive Payment Adjustment	\$0	\$0	\$0	\$0	\$0	\$0	0	-	0	\$1.60
Total	\$16,439,172	\$109,834	\$16,549,006	\$124,344	\$274,966	\$713,036	\$17,661,352	-	\$21,805,606	\$181.61

Virginia Medicaid
Contract Year 2018 Capitation Rate Development - July 1, 2018 Update
Health Plan Encounter Data - Family Access to Medical Insurance Security (FAMIS)
Capitation Rate Calculations

Section I
Exhibit 4

Age 15-18 Male										
Statewide	Total Base Claims FY15-16	Base Claims Redistribution and Adjustments FY15-16	Total Redistributed Base Claims FY15-16	Completion Factor Adjustments ¹	Total Program Change Adj.	Patient Copay	Completed and Adjusted Claims FY15-16	Trend Adjustment	Completed & Trended Claims Contract Year	PMPM Contract Year
Service Type										
DME/Supplies	\$260,528	\$0	\$260,528	\$2,275	(\$2,125)	\$1,032	\$261,710	1.077	\$281,755	\$2.36
FQHC / RHC	\$32,571	\$0	\$32,571	\$341		\$1,888	\$34,801	1.406	\$48,915	\$0.41
Home Health	\$10,277	\$0	\$10,277	\$147		\$125	\$10,549	1.156	\$12,199	\$0.10
IP - Maternity	\$0	\$0	\$0			\$0	\$0	0.936	\$0	\$0.00
IP - Newborn	\$0	\$0	\$0			\$0	\$0	0.936	\$0	\$0.00
IP - Other	\$1,995,179	(\$278,290)	\$1,716,889	\$6,392	\$26,753	\$2,928	\$1,752,962	0.936	\$1,641,273	\$13.77
IP - Psych	\$430,215	\$0	\$430,215	\$1,200	\$122,026	\$1,929	\$555,371	0.936	\$519,986	\$4.36
Lab	\$207,541	\$0	\$207,541	\$1,159		\$2,588	\$211,288	1.077	\$227,471	\$1.91
OP - Emergency Room & Related	\$1,035,966	\$0	\$1,035,966	\$14,783	\$44,107	\$74,877	\$1,169,733	1.156	\$1,352,614	\$11.35
OP - Other	\$1,955,690	\$0	\$1,955,690	\$27,908	\$89,685	\$17,481	\$2,090,764	1.156	\$2,417,644	\$20.28
Pharmacy	\$4,410,633	\$0	\$4,410,633	\$9	(\$77,928)	\$144,541	\$4,477,254	1.274	\$5,704,180	\$47.84
Prof - Anesthesia	\$63,697	\$0	\$63,697	\$667		\$388	\$64,752	1.406	\$91,014	\$0.76
Prof - Child EPSDT	\$45,535	\$0	\$45,535	\$477	(\$156)	\$0	\$45,856	1.406	\$64,454	\$0.54
Prof - Evaluation & Management	\$2,098,862	\$0	\$2,098,862	\$21,305	(\$3,170)	\$129,807	\$2,246,804	1.406	\$3,158,049	\$26.49
Prof - Maternity	\$0	\$0	\$0			\$0	\$0	1.406	\$0	\$0.00
Prof - Other	\$1,543,105	\$0	\$1,543,105	\$16,069	(\$5,295)	\$56,081	\$1,609,959	1.406	\$2,262,916	\$18.98
Prof - Psych	\$277,411	\$0	\$277,411	\$2,352	(\$950)	\$14,887	\$293,700	1.406	\$412,818	\$3.46
Prof - Specialist	\$450,506	\$0	\$450,506	\$4,721	(\$1,546)	\$13,356	\$467,036	1.406	\$656,454	\$5.51
Prof - Vision	\$228,154	\$0	\$228,154	\$886	(\$778)	\$3,043	\$231,306	1.406	\$325,117	\$2.73
Radiology	\$171,092	\$0	\$171,092	\$1,436		\$26,247	\$198,775	1.077	\$213,999	\$1.79
Transportation/Ambulance	\$115,071	\$0	\$115,071	\$581		\$105	\$115,757	1.077	\$124,623	\$1.05
Provider Incentive Payment Adjustment	\$0	\$0	\$0	\$0	\$0	\$0	0	-	0	\$1.46
Total	\$15,332,034	(\$278,290)	\$15,053,744	\$102,708	\$190,621	\$491,305	\$15,838,378	-	\$19,515,480	\$165.14

¹ Completion Factor Adjustment is applied to non-capitated claims only

² Policy and Program Adjustments are calculated based on Completed Claims = Total Base Claims + Completion Factor Adjustment.

Virginia Medicaid
Contract Year 2018 Capitation Rate Development - July 1, 2018 Update
Health Plan Encounter Data - Family Access to Medical Insurance Security (FAMIS MOMS)
Capitation Rate Calculations

Section II
Exhibit 4

Age 18+										
Statewide	Total Base Claims FY15-16	Base Claims Redistribution and Adjustments FY15-16	Total Redistributed Base Claims FY15-16	Completion Factor Adjustments ¹	Total Program Change Adj.	Patient Copay	Completed and Adjusted Claims FY15-16	Trend Adjustment	Completed & Trended Claims Contract Year	PMPM Contract Year
Service Type										
DME/Supplies	\$82,832	\$0	\$82,832	\$4,256		\$0	\$87,088	1.002	\$87,271	\$7.95
FQHC / RHC	\$16,524	\$0	\$16,524	\$704		\$0	\$17,228	1.027	\$17,692	\$1.61
Home Health	\$6,825	\$0	\$6,825	\$535		\$0	\$7,360	1.069	\$7,867	\$0.72
IP - Maternity	\$3,800,735	\$0	\$3,800,735	\$216,420	\$48,796.42	\$0	\$4,065,952	1.122	\$4,563,333	\$415.64
IP - Newborn	\$0	\$0	\$0			\$0	\$0	1.122	\$0	\$0.00
IP - Other	\$452,258	\$0	\$452,258	\$25,752	\$5,806	\$0	\$483,817	1.122	\$543,001	\$49.46
IP - Psych	\$50,188	\$0	\$50,188	\$2,342	\$14,858	\$0	\$67,388	1.122	\$75,632	\$6.89
Lab	\$226,940	\$0	\$226,940	\$11,336		\$0	\$238,276	1.002	\$238,776	\$21.75
OP - Emergency Room & Related	\$283,891	\$0	\$283,891	\$22,263	\$12,492	\$0	\$318,647	1.069	\$340,621	\$31.02
OP - Other	\$636,913	\$0	\$636,913	\$49,947	\$28,027	\$0	\$714,886	1.069	\$764,185	\$69.60
Pharmacy	\$391,152	\$0	\$391,152	\$15	(\$5,673)	\$0	\$385,494	1.182	\$455,513	\$41.49
Prof - Anesthesia	\$217,759	\$0	\$217,759	\$9,272		\$0	\$227,031	1.027	\$233,150	\$21.24
Prof - Child EPSDT	\$10,006	\$0	\$10,006	\$426	(\$34)	\$0	\$10,398	1.027	\$10,678	\$0.97
Prof - Evaluation & Management	\$443,774	\$0	\$443,774	\$18,586	(\$1,510)	\$0	\$460,850	1.027	\$473,271	\$43.11
Prof - Maternity	\$1,978,905	\$0	\$1,978,905	\$84,264	(\$6,739)	\$0	\$2,056,430	1.027	\$2,111,857	\$192.35
Prof - Other	\$212,703	\$0	\$212,703	\$9,036	(\$724)	\$0	\$221,015	1.027	\$226,972	\$20.67
Prof - Psych	\$8,432	\$0	\$8,432	\$284	(\$28)	\$0	\$8,688	1.027	\$8,922	\$0.81
Prof - Specialist	\$85,481	\$0	\$85,481	\$3,640	(\$291)	\$0	\$88,829	1.027	\$91,224	\$8.31
Prof - Vision	\$14,592	\$0	\$14,592	\$242	(\$48)	\$0	\$14,786	1.027	\$15,184	\$1.38
Radiology	\$458,161	\$0	\$458,161	\$23,509		\$0	\$481,670	1.002	\$482,681	\$43.96
Transportation/Ambulance	\$52,385	\$0	\$52,385	\$886		\$0	\$53,271	1.002	\$53,383	\$4.86
Provider Incentive Payment Adjustment	\$0	\$0	\$0	\$0	\$0	\$0	0	-	0	\$1.33
Total	\$9,430,455	\$0	\$9,430,455	\$483,716	\$94,932	\$0	\$10,009,103	-	\$10,801,214	\$985.14

¹ Completion Factor Adjustment is applied to non-capitated claims only

² Policy and Program Adjustments are calculated based on Completed Claims = Total Base Claims + Completion Factor Adjustment.

EXHIBIT 5

BASE RATE SUMMARY

Section and Exhibit numbers are consistent with the original rate report exhibits dated May 25, 2017.

Virginia Medicaid
Contract Year 2018 Capitation Rate Development - July 1, 2018 Update
Health Plan Encounter Data - FAMIS MOMS
Comparison of July 1, 2017 and July 1, 2018 Base Capitation Rates and Member Months

Section II
Exhibit 5b

FAMIS MOMS - Age 10 and Over Female	Statewide		
	7/1/2017	7/1/2018	% Change
Capitation Rate	\$1,034.65	\$1,050.57	1.54%
February 2017 Member Months		926	

Virginia Medicaid

Contract Year 2018 Capitation Rate Development - July 1, 2018 Update

Health Plan Encounter Data - Family Access to Medical Insurance Security (FAMIS)

Summary of July 1, 2018 Base Capitation Rates Below & Above 150% Federal Poverty Level

**Section I
Exhibit 5b.1**

Age Group	Combined Base Rates	Copay Value PMPM FAMIS <=150%	Copay Value PMPM FAMIS >150%	Admin Cost Adjustment	Statewide		
					FAMIS <=150% Total with Admin	FAMIS >150% Total with Admin	
Under 1	\$453.87	\$2.13	\$4.95	8.83%	\$495.51	\$492.42	
1-5	\$154.88	\$2.15	\$5.09	8.83%	\$167.53	\$164.31	
6-14	\$130.13	\$2.13	\$5.10	8.83%	\$140.40	\$137.14	
Female 15-18	\$181.61	\$2.16	\$5.14	8.83%	\$196.84	\$193.57	
Male 15-18	\$165.14	\$2.22	\$5.27	8.83%	\$178.71	\$175.36	
					Overall FAMIS		
Average					\$160.96	\$163.98	\$163.82

Note:

Average is weighted by health plan enrollment distribution as of February 2017

Virginia Medicaid
Contract Year 2018 Capitation Rate Development - July 1, 2018 Update
Health Plan Encounter Data - Family Access to Medical Insurance Security (FAMIS)
Comparison of July 1, 2017 and July 1, 2018 Capitation Rates

Section I
Exhibit 5b.2

		Statewide					
Aid Category		FAMIS <=150%			FAMIS >150%		
	Age Group	7/1/2017	7/1/2018	% Change	7/1/2017	7/1/2018	% Change
FAMIS	Under 1	\$490.63	\$495.51	0.99%	\$487.54	\$492.42	1.00%
	1-5	\$166.37	\$167.53	0.69%	\$163.16	\$164.31	0.71%
	6-14	\$139.60	\$140.40	0.57%	\$136.34	\$137.14	0.58%
	Female 15-18	\$195.29	\$196.84	0.79%	\$192.02	\$193.57	0.81%
	Male 15-18	\$177.35	\$178.71	0.77%	\$174.00	\$175.36	0.79%
Average		\$159.89	\$160.96	0.67%	\$162.84	\$163.98	0.70%

Overall FAMIS Average		
7/1/2017	7/1/2018	% Difference
\$162.68	\$163.82	0.70%

Note:

Average is weighted by health plan enrollment distribution as of February 2017

EXHIBIT 6

ARTS ADJUSTMENT

Section and Exhibit numbers are consistent with the original rate report exhibits dated May 25, 2017.

Virginia Medicaid

Contract Year 2018 Capitation Rate Development - July 1, 2018 Update

Health Plan Encounter Data - Family Access to Medical Insurance Security (FAMIS)

Addiction and Recovery Treatment Services (ARTS) Adjustment

**Section I
Exhibit 6b**

	Age 6-14	Age 15-18 Male	Age 15-18 Female	Source
3a. ARTS Medical PMPM (Rate Adjustment)	\$0.00	\$0.00	\$0.00	Estimated for July 2018
3b. ARTS Admin PMPM (Rate Adjustment)	\$0.00	\$0.00	\$0.00	Estimated for July 2018
3c. ARTS Total PMPM (Rate Adjustment)	\$0.00	\$0.00	\$0.00	= (3a.) + (3b.)

EXHIBIT 7

FINAL HEALTH PLAN RATES AFTER DRUG REINSURANCE

Section and Exhibit numbers are consistent with the original rate report exhibits dated May 25, 2017.

Virginia Medicaid

Contract Year 2018 Capitation Rate Development - July 1, 2018 Update

FAMIS Capitation Rates Net of Drug Reinsurance Adjustment and With ARTS Adjustment

Summary of Contract Year 2018 Base Capitation Rates Below & Above 150% Federal Poverty Level

**Section I
Exhibit 7**

Age Group	Statewide		
	FAMIS <=150% Total with Admin	FAMIS >150% Total with Admin	
Under 1	\$489.40	\$486.31	
1-5	\$161.42	\$158.20	
6-14	\$134.29	\$131.03	
Female 15-18	\$190.73	\$187.46	
Male 15-18	\$172.60	\$169.25	
Overall FAMIS			
Average	\$154.85	\$157.87	\$157.71

Note:

Average is weighted by health plan enrollment distribution as of February 2017

Virginia Medicaid
Contract Year 2018 Capitation Rate Development - July 1, 2018 Update
FAMIS MOMS Capitation Rates With ARTS Adjustment
Summary of Contract Year 2018 Final Capitation Rates

Section II
Exhibit 7

	Statewide		
FAMIS MOMS - Age 10 and Over Female	7/1/2017	7/1/2018	% Change
Capitation Rate with ARTS Adjustment	\$1,036.04	\$1,050.57	1.40%
February 2017 Member Months		926	

MERCER (US) INC.
2325 East Camelback Road, Suite 600
Phoenix, AZ 85016
www.mercer-government.mercer.com