

Exhibit HH - Forecast Model Comparisons - Final Forecasts

Model	Adjustment Factors for Forecasted Rates				
	Adults 65 and Older (OAP-A)	Disabled Adults 60 to 64 (OAP-B) and Disabled Individuals to 59 (AND/AB)	Categorically Eligible Low Income Adults (AFDC-A), Expansion Adults, and Baby Care Program-Adults ⁽¹⁾	Eligible Children (AFDC-C/BC)	Foster Care
FY 2009-10 Estimated Q1/Q2 Rate					
Weighted Capitation Rate (Known)	\$13.38	\$126.75	\$18.56	\$14.50	\$236.61
FY 2009-10 Final Paid Q1/Q2 Rate ⁽²⁾	\$13.06	\$134.62	\$20.23	\$15.00	\$236.75
FY 2009-10 Estimated Q3/Q4 Rate					
Weighted Capitation Rate (Known)	\$13.44	\$136.31	\$19.99	\$14.89	\$203.16
Capitation Rate Range Adjustment ⁽³⁾	0.07%	-4.21%	-3.50%	-3.96%	8.38%
Claims-to-Caseload Adjustment Multiplier (Exhibit FF)	0.39%	7.50%	15.52%	9.96%	3.44%
Claims-Based Adjustment Multiplier (Exhibit FF)	-0.62%	-0.42%	-0.17%	-0.52%	-0.87%
Final Adjustment Factor ⁽⁴⁾	-0.16%	2.54%	11.29%	5.06%	11.13%
FY 2009-10 Final Estimated Q3/Q4 Rate	\$13.42	\$139.77	\$22.25	\$15.64	\$225.77
FY 2010-11 Estimated Q1/Q2 Rate					
Weighted Capitation Rate (Known) ⁽⁵⁾	\$13.44	\$136.31	\$19.99	\$14.89	\$203.16
Capitation Rate Range Adjustment ⁽³⁾	-2.50%	-2.50%	-2.50%	-2.50%	-2.50%
Claims-to-Caseload Adjustment Multiplier (Exhibit FF)	0.39%	7.50%	15.52%	9.96%	3.44%
Claims-Based Adjustment Multiplier (Exhibit FF)	-0.62%	-0.42%	-0.17%	-0.52%	-0.87%
Final Adjustment Factor ⁽⁴⁾	-2.73%	4.37%	12.44%	6.65%	-0.02%
FY 2010-11 Final Estimated Q1/Q2 Rate	\$13.07	\$142.27	\$22.48	\$15.88	\$203.12
FY 2010-11 Estimated Q3/Q4 Rate					
Weighted Capitation Midpoint Estimate	\$13.50	\$149.56	\$21.53	\$15.29	\$219.89
Capitation Rate Range Adjustment ⁽³⁾	-2.50%	-2.50%	-2.50%	-2.50%	-2.50%
Claims-to-Caseload Adjustment Multiplier (Exhibit FF)	0.39%	7.50%	15.52%	9.96%	3.44%
Claims-Based Adjustment Multiplier (Exhibit FF)	-0.62%	-0.42%	-0.17%	-0.52%	-0.87%
Final Adjustment Factor ⁽⁴⁾	-2.73%	4.37%	12.44%	6.65%	-0.02%
FY 2010-11 Final Estimated Q3/Q4 Rate	\$13.13	\$156.10	\$24.21	\$16.31	\$219.85

* Weighted Capitation Rates are shown in Exhibit GG.

¹ Breast and Cervical Cancer Program participants share a capitation rate with the remainder of the Adult population, and comprise less than 1% of that total population. As such, a forecast for BCCP program eligibles was not performed.

² The Department, as submitted in ES-2, paid rates at -2.50% of the actuarial rate midpoint effective September 1, 2009. This rate reduction was in effect for 4 of the 6 months in FY 2009-10 Q1 and Q2. The number presented, here, reflects the final outcome of: 1) that rate adjustment, 2) payment of partial capitations, 3) the estimate of full IBNR based on that component of IBNR runout that has been completed. Because the IBNR component is estimated, this final figure is estimated and may change in

³ The Department, as submitted in ES-2, paid rates at -2.50% of the actuarial rate midpoint effective September 1, 2009. For Q3 and Q4, the -2.5% was to be applied to the new midpoint, as set during the course of the actuarial rate setting process. Two of the five BHOs were unable to certify at the new rate. Through negotiation, those two BHOs had the previous rates extended for six months (until July 1, 2010). The weighted average presented on this line incorporates the six months of varied rates. This Request is replacing the ES-2 submission; this Exhibit accounts for the provider rate reduction component of ES-2, and Exhibit II accounts for the recoupment from providers.

⁴ The final adjustment factor is derived by adding 1 to each individual adjustment, multiplying the result, and subtracting 1 from the product.

⁵ The rate set for Q3 and Q4 of FY 2009-10 will be the same rate in effect for Q1 and Q2 of FY 2010-11.

Exhibit HH - Forecast Model Comparisons - Capitation Trend Models

Capitation Rate Forecast Model for FY 2010-11 Q3 and Q4						
Model	Adults 65 and Older (OAP-A)	Disabled Adults 60 to 64 (OAP-B) and Disabled Individuals to 59 (AND/AB)	Categorically Eligible Low Income Adults (AFDC-A), Expansion Adults, and Baby Care Program-Adults ⁽¹⁾	Eligible Children (AFDC-C/BC)	Foster Care	
FY 2008-09 Actual Rate	\$13.37	\$121.37	\$18.18	\$14.34	\$251.78	
FY 2009-10 Q1 and Q2 Known Weighted Average Rate	\$13.38	\$126.75	\$18.56	\$14.50	\$236.61	
FY 2009-10 Q3 and Q4 Known Weighted Average Rate	\$13.44	\$136.31	\$19.99	\$14.89	\$203.16	
FY 2009-10 Full Year Average Rate	\$13.41	\$131.57	\$19.31	\$14.70	\$219.76	
FY 2010-11 Q1 and Q2 Known Weighted Average Rate	\$13.44	\$136.31	\$19.99	\$14.89	\$203.16	
Selected Growth Rates						
% Growth from FY 2008-09 to FY 2009-10 Full Year Average Rate	0.30%	8.40%	6.22%	2.51%		-12.72%
% Growth from FY 2009-10 Q1 and Q2 Rate to FY 2009-10 Q3 and Q4 Rate	0.45%	7.54%	7.70%	2.69%		-14.14%
% Growth from FY 2009-10 Full Year Average Rate to FY 2010-11 Q3 and Q4 Rate	0.67%	13.67%	11.50%	4.01%		0.06%
% Growth from FY 2010-11 Q1 and Q2 Rate to FY 2010-11 Q3 and Q4 Rate	0.45%	9.72%	7.70%	2.69%		8.23%
Selected Trend Models for FY 2010-11 Q3 and Q4 Rate						
Average Growth Model ⁽²⁾	\$14.39	\$157.91	\$22.39	\$15.81	\$224.23	
% Difference from FY 2010-11 Q1 and Q2 Rate	7.07%	15.85%	12.01%	6.18%	10.37%	
% Difference from FY 2009-10 Full Year Average Rate	7.31%	20.02%	15.95%	7.55%	2.03%	
% Difference of Full Year Average FY 2010-11 Rate from Full Year Average FY 2009-10 Rate	3.77%	11.81%	9.74%	4.42%	-2.76%	
Two Period Moving Average Model ⁽³⁾	\$13.35	\$116.53	\$17.63	\$14.16	\$267.87	
% Difference from FY 2010-11 Q1 and Q2 Rate	-0.67%	-14.51%	-11.81%	-4.90%	31.85%	
% Difference from FY 2009-10 Full Year Average Rate	-0.45%	-11.43%	-8.70%	-3.67%	21.89%	
% Difference of Full Year Average FY 2010-11 Rate from Full Year Average FY 2009-10 Rate	-0.11%	-3.91%	-2.59%	-1.19%	7.17%	
Exponential Growth Model ⁽⁴⁾	\$16.31	\$172.23	\$24.68	\$16.81	\$277.29	
% Difference from FY 2010-11 Q1 and Q2 Rate	21.35%	26.35%	23.46%	12.89%	36.49%	
% Difference from FY 2009-10 Full Year Average Rate	21.63%	30.90%	27.81%	14.35%	26.18%	
% Difference of Full Year Average FY 2010-11 Rate from Full Year Average FY 2009-10 Rate	10.92%	17.25%	15.67%	7.82%	9.31%	
Linear Growth Model ⁽⁵⁾	\$15.80	\$149.56	\$22.18	\$16.25	\$280.70	
% Difference from FY 2010-11 Q1 and Q2 Rate	17.56%	9.72%	10.96%	9.13%	38.17%	
% Difference from FY 2009-10 Full Year Average Rate	17.82%	13.67%	14.86%	10.54%	27.73%	
% Difference of Full Year Average FY 2010-11 Rate from Full Year Average FY 2009-10 Rate	9.02%	8.64%	9.19%	5.92%	10.09%	
Forecast Minimum	\$13.35	\$116.53	\$17.63	\$14.16	\$219.89	
Forecast Maximum	\$16.31	\$172.23	\$24.68	\$16.81	\$280.70	
% change from FY 2009-10 Q1 and Q2 Rate to Selected Q3 and Q4 Capitation Rate	0.45%	9.72%	7.70%	2.69%	8.23%	
% Difference of Full Year Average FY 2010-11 Rate from Full Year Average FY 2009-10 Rate	0.45%	8.64%	7.51%	2.65%	-3.75%	
FY 2010-11 Q3 and Q4 Forecast Point Estimate ⁽⁶⁾	\$13.50	\$149.56	\$21.53	\$15.29	\$219.89	

¹ Breast and Cervical Cancer Program participants share a capitation rate with the remainder of the Adult population, and comprise less than 1% of that total population. As such, a forecast for BCCP program eligibles was not performed.

² The Average Growth Model averages the change in the weighted rate from fiscal year to fiscal year and assumes that average growth will apply in future periods.

³ The Two Period Moving Average Model uses the average rate of the previous two fiscal years and assumes that to be the rate in the forecasted year.

⁴ The Exponential Growth Model generates a predictive equation based on time period and assuming that the rate of growth is directly proportional to the value of the rate (e.g. as the rate increases the rate of growth also increases).

⁵ The Linear Growth Model generates a predictive equation by regressing the rate on the time period.

⁶ The FY 2010-11 Q3 and Q4 selected models are in bold, above; for Adults 65 and Older, Adult, and Children category eligibles, the change in rate from FY 2009-10 Q1 and Q2 to FY 2009-10 Q3 and Q4 was applied to the rate change from FY 2010-11 Q1 and Q2 to the Q3 and Q4 rate; for Disabled eligibles, a linear trend was selected as that trend mirrors the rate of change seen for this eligibility category but for the Goebel settlement year; the growth rate of Foster Care category eligible rates has been trending downward as historical data has had diminishing influence on the rate (see budget narrative). Additionally, two of the five BHOs were unable to certify their rates until previously set rates were carried forward (rates with a significantly higher foster care rate). Therefore, the average of the last two foster care rates (the last one prior to the non-certification and the one immediately after) was used.