
***Commonwealth of Virginia
Department of Medical
Assistance Services***

FAMIS and FAMIS Moms
Data Book and Capitation Rates
Fiscal Year 2014

May 31, 2013

Submitted by:

PricewaterhouseCoopers LLP
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Mr. William J. Lessard, Jr.
Department of Medical Assistance Services
600 East Broad Street, Suite 1300
Richmond, VA 23219

May 30, 2013

Dear Bill:

Re: Revised FY 2014 FAMIS and FAMIS MOMS Data Book and Capitation Rates

The enclosed report provides a detailed description of the methodology used for calculating capitation rates for the Virginia Medicaid FAMIS and FAMIS MOMS programs for FY 2014. The methods used for calculating these costs are consistent with Centers for Medicare and Medicaid Services and State Children's Health Insurance Program requirements.

Please call Sandi Hunt at 415/498-5365 or Susan Maerki at 415/498-5394 if you have any questions regarding these capitation rates.

Very Truly Yours,

PricewaterhouseCoopers LLP

A handwritten signature in black ink that reads "Sandra S. Hunt".

By: Sandra S. Hunt, M.P.A.
Principal

A handwritten signature in black ink that reads "Susan C. Maerki".

Susan Maerki, M.H.S.A., M.A.E.
Director

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***FAMIS and FAMIS MOMS
Data Book and Capitation Rates
Fiscal Year 2014
Prepared by PricewaterhouseCoopers LLP
May 31, 2013***

PricewaterhouseCoopers LLP (PwC) has calculated capitation rates for the Virginia Family Access to Medical Insurance Security (FAMIS) program and for pregnant women up to 200% FPL, FAMIS MOMS program, for State Fiscal Year 2014. We primarily used data submitted by the contracting health plans to estimate the cost of providing services. Because of an expansion of managed care into a new region, Far Southwest, we also use Virginia Department of Medical Assistance (DMAS) Fee-for-Service (FFS) paid claims for the FAMIS population that has recently been enrolled in managed care. The development of these rates is discussed in this report and shown in the attached exhibits.

The methodology used is consistent with the actuarial soundness requirements for Medicaid managed care and is similar to the steps described in the Medallion II Data Book and Capitation Rates Fiscal Year 2014 (the "Medallion II report"). Please refer to that document for a complete description of the methodology. We have included in the report for the FAMIS and FAMIS MOMS Data Book and Capitation Rates Fiscal Year 2014 only information specific to the FAMIS and FAMIS MOMS programs and rate setting. However, the exhibits accompanying the report are complete.

I. FAMIS program rate development

I.A. Introduction

Title XXI does not impose specific rate setting requirements on states. Consequently, unlike Medicaid Managed Care programs that operate under Title XIX, states have significant flexibility in their approach to determining appropriate payment rates. Similar to most states, Virginia has chosen to mirror the Medicaid rate setting methodology for FAMIS, with appropriate adjustments to recognize differences in the covered population and the goals of the program. The FAMIS per member per month (PMPM) calculation relies on the analysis of health plan data submissions for this enrolled population with adjustments that would meet the test of actuarial soundness.

The development of the FAMIS rates is shown in the attached spreadsheets, with base capitation rates shown in Exhibit I.5a and the associated member months as of February 2013 in Exhibit I.5c. Capitation rate cells for FAMIS are statewide and vary based on the following criteria:

- **Age/Gender.** Capitation rates are paid separately for the following age/gender groups: Under 1, 1-5, 6-14, 15-18 Female, and 15-18 Male.
- **Income Level.** FAMIS includes member co-payment requirements based on income level. There are separate rates for those under and over 150% of the Federal Poverty Level.

I.B. FAMIS program description

The State Children's Health Insurance Program (SCHIP) was promulgated under Title XXI of the Social Security Act through the Balanced Budget Act of 1997. This federal legislation authorized states to expand child health insurance to uninsured, low-income children through either or both a Medicaid expansion and a commercial-like health plan with comprehensive benefits. The 2009 federal reauthorization legislation changed the name to Children's Health Insurance Program (CHIP).

Virginia began its program, called Children's Medical Security Insurance Plan (CMSIP), in October 1998 modeled on the Medicaid FFS program. The program covered eligible children from birth through age 18 in families with income at or below 185% of the federal poverty level. State Legislation was passed in 2000 to change CMSIP to a more commercially-based model.

The program transitioned to the Family Access to Medical Insurance Security (FAMIS) in August 2001 with health plan enrollment beginning in December 2001.

The FAMIS program covers eligible children from birth through age 18 in families with income at or below 200% of the Federal Poverty Level. Both a centralized eligibility processing unit and Local Departments of Social Services work together to create a "no wrong door" process that simplifies eligibility determination, resulting in a streamlined and shorter application process. A 12-month waiting period for persons who voluntarily dropped health insurance was ultimately reduced to 4 months. Health care services are delivered through managed health care insurance and FFS programs.

The FAMIS benefit package is designed to be equivalent to the benefit package offered to Virginia State employees and therefore does not cover all of the services offered to children in the Medicaid program.

The following services, which are covered under Medicaid, are not covered under FAMIS:

1. EPSDT services – Early and Period Screening Diagnosis and Treatment services, is not a covered service under FAMIS. However, many of the services that are covered as EPSDT services by Medicaid are covered under FAMIS' well child and immunization benefits.
2. Psychiatric Treatment in free standing facilities is not covered (but is covered when provided in a psychiatric unit of an acute hospital).
3. Routine transportation to and from medical appointments is not covered. Emergency transportation is covered.
4. Enrollees share in the cost of certain services through limited co-payments similar to commercial health plan practices. The following table shows the schedule of co-payments for children in families above and below 150% federal poverty level.

FAMIS cost sharing requirements by service

Service	Cost sharing	
	>150% FPL	<=150% FPL
Office Visit Copay	\$ 5.00	\$ 2.00
Specialist Copay	\$ 5.00	\$ 2.00
IP Copay/Admit	\$ 25.00	\$ 15.00
Rx	\$ 5.00	\$ 2.00
Annual Co-payment Maximum	\$ 350.00	\$ 180.00

As required by Title XXI, cost sharing will not exceed 5% of a family's gross income for families with incomes from 150% to 200% of poverty. Cost sharing will not exceed 2.5% of gross income for families with incomes below 150% of poverty.

I.C. Data book

The data available to PwC for developing the capitation rates, the process used for selecting the claims and the individuals that are included in the rate development process is similar to the process described in the Medallion II report. In addition, processing and adjustments that are made to the data in the early stages of the rate development process are similar.

The rate developed is a statewide rate. For the FY 2012 Roanoke-Alleghany expansion, all FAMIS members in the Roanoke service area were already in mandatory Managed Care Organizations (MCO) and there were a limited number who transitioned from FFS to MCO in the four localities in the Alleghany service area. For the FY 2013 Far Southwest expansion, all members transitioned from FFS to MCO. Any new FAMIS enrollees throughout the state will be paid the rates described in this report.

In the FAMIS rate setting process, historical claims data for the total population, both the <=150% FPL and the >150% FPL, are combined, adjusted, and trended. We first present the MCO FAMIS encounter summary in Exhibit I.1a. A change in policy effective July 1, 2010 altered the enrollment of FAMIS newborn. Since then, babies born to mothers enrolled in FAMIS MOMS are deemed eligible for FAMIS without having to file an application. As a result, there was more than a 50% increase in PMPM historical costs for FAMIS Age Under 1 between FY 2010 and FY 2011. Therefore, for the FAMIS Under Age 1 rate cell only, the base period data in the FY 2013 rate setting was limited to one year of data. The FY 2014 rates setting for the Under Age 1 rate cell now have available two full years of data.

The FAMIS FFS costs from the Roanoke-Alleghany and Far Southwest FAMIS expansions are presented in Exhibit I.1b. The blend of the FAMIS MCO and the FAMIS FFS costs are shown in Exhibit I.1c. This blended total is then adjusted and trended. The final adjustment in the rate development reflects the difference in the co-payment schedules for the two income groups and then an administrative cost factor is applied.

I.D. Capitation rate calculations

The capitation rates for FY 2014 are calculated based on the historical data shown in Exhibit I.1a to Exhibit I.1c adjusted to reflect changes in payment rates and covered services. Each adjustment to the historical data is

described in the following section. The adjustments are applied to the historical data and resulting capitation rates are presented in Exhibits I.5a and I.5b.

The steps used for calculating the capitation rates are as follows:

1. The combined FY 2011 and FY 2012 historical data for each age-gender rate cell and service category are brought forward to Exhibit I.4 from the corresponding rate cell in Exhibit I.1c. This information serves as the starting point for the capitation rate calculation.
2. A number of changes in covered services and payment levels have been mandated by the Virginia General Assembly. Each of these adjustments, as well as adjustments for other services not included in the source data, is described in detail below under Section I.E, and is shown in Exhibits I.2a to I.2g.
3. The claims data are adjusted to reflect the expected value of Incurred But Not Reported (IBNR) claims and to update the data to the FY 2014 contract period. These adjustments are described in Section I.F and are shown in Exhibit I.3. The resulting claims are shown in Exhibit I.4 under the column “Completed & Trended Claims”.
4. The adjusted claims costs from Step 3 are divided by the count of member months for each rate cell (from Exhibit I.1c) to arrive at preliminary PMPM costs by service category.
5. The PMPM costs are summarized by rate cell across all service categories to arrive at the cost for each rate cell.
6. An adjustment is made to reflect the differences in the co-payment schedule applicable to FAMIS members below and above 150% of the Federal Poverty Level in Exhibit I.5a. Co-payment adjustments are made for major service categories; they are not added across all individual claims as health plans may require different collection of co-payments.
7. An adjustment is also made in Exhibit I.5a to reflect average health plan administrative costs plus a 1.5% contribution to reserves. The derivation of this value is included in the Adjustments described in Section I.E.

I.E. FAMIS legislative and program adjustments

Legislation and policy changes in the FAMIS program for FY 2011 and later must be reflected in the development of per capita rates, as the data used to develop rates do not fully include the effect of those changes.

The historical data presented in Exhibit I.1 is adjusted by the policy and program factors described in this section (Exhibits I.2a to I.2h) and the Trend and IBNR factors (Exhibit I.3).

In general, the methodology for FAMIS adjustments is similar to the adjustments in the Medallion II report. Actual adjustment values may differ where the adjustment is developed using FAMIS encounter data instead of Medallion II encounter or PCCM data. These adjustments based on FAMIS encounter data are applied to the blended MCO and FFS historical costs in Exhibit I.1c. Separate adjustments were not calculated for FAMIS FFS data. All of these adjustments are reflected in the column “Policy and Program Adjustments” in Exhibit 4 except for the Provider Incentive and Administrative Cost Adjustments.

Pharmacy adjustment

The outpatient prescription drug adjustment is based on FAMIS health plan data, taking into consideration aspects of pharmacy management reported by the health plans. The calculation uses health plan data, with factors for rebates, and Pharmacy Benefit Management (PBM) fees, to determine an adjusted PMPM amount.

The Federal Affordable Care Act (ACA) signed in March 2010 extended Medicaid FFS pharmacy rebates to Medicaid managed care plans. MCOs are required to submit pharmacy data to the State Medicaid agency, which will then submit the information to the pharmaceutical manufacturers to claim the rebate. PBM contracts with the MCOs are being modified to reduce the rebate available to the MCOs for their Medicaid managed care populations.

The same pharmacy rebates are not available to the state for the FAMIS program. However, the size and drug utilization of the FAMIS population is not, by itself, considered sufficient to allow the plans to negotiate comparable

levels of rebate that were contracted for the Medicaid managed care population. Based on plan submitted data, we estimate the effective pharmacy rebate will not change from the amount projected by the health plans, or 2.5%.

The final pharmacy adjustment factors are shown in Exhibit I.2a. The PBM factor is a reduction of 6.1%.

Exempt infant formula carveout adjustment

DMAS policy regarding reimbursement of selected formula for infants with diseases of inborn errors of metabolism requires direct billing for those services. Historically, the health plans referred members to the Woman, Infants, and Children (WIC) program for these services, but pay for services after the WIC benefit maximum is reached. This adjustment removes the amount that the health plans paid for selected formulas after children up to age 19 have met the WIC cap. The exempt formula adjustment is applied to all children up to age 19. DMAS provided a list of HCPCS codes to identify the exempt formula services.

The value of these services has been removed and is shown in Exhibit I.2b. The adjustment is applied to the DME/Supplies service line in Exhibit I.4 under the column labeled “Policy and Program Adjustments”.

Hospital inpatient adjustments

The hospital inpatient base period incorporates a FY 2012 capital reimbursement rate reduction from 75% to 71% of cost (applied to FY 2011 of the base data). These are applied to the capital component estimated at 9.7%. There are no FY 2014 exemptions and all hospitals are included. These changes apply to both inpatient medical/surgical and inpatient psychiatric hospitals. There were no unit cost program adjustments in the FY 2011 and FY 2012 base period.

The hospital inpatient adjustment includes a 2.6% allowance for a cost per unit increase authorized by the Virginia General Assembly effective FY 2013. While there was no explicit unit cost increase for FY 2014, hospital reimbursement rates were rebased resulting in a weighted average cost per unit change of 4.7% for inpatient medical/surgical and -7.4% for inpatient psychiatric. Both years of unit cost changes are applied to the operating cost component. As a result of these adjustments, the contract period trend will be based solely on utilization.

For inpatient medical/surgical the net adjustment is 6.4% and for inpatient psychiatric in acute care hospitals the net adjustment is -4.7%. The inpatient psychiatric factor is applied to mental health claims that are submitted with FFS payment detail and the allocated inpatient mental health subcapitation dollars, but exclude payments to freestanding psychiatric hospitals.

These adjustment factors are shown in Exhibit I.2c and applied to all hospital inpatient service categories in Exhibit I.4 under the column labeled “Policy and Program Adjustments”.

Hospital outpatient adjustment

The General Assembly reduced the cost basis from 80% to 77% for FY 2011 (eventually this was limited only to the period from July 1, 2010 through September 30, 2010) and then to 76% for FY 2012, a decrease of 1.3% for the base period. This is applied to all outpatient services except for triage fees paid in an Emergency Department. DMAS estimates that 6% of outpatient hospital payments are for the triage fees. The impact of the triage exemption is calculated relative to the proportion of Emergency Room and Related outpatient payments, which varies by program and aid category.

This produces a 2.0% reduction for FAMIS on the ER and Related service line. A 2.4% reduction is applied to the Outpatient-Other services line for all programs and aid categories. These adjustment factors are shown in Exhibit I.2d and applied in Exhibit I.4 under the column labeled “Policy and Program Adjustments”.

Behavioral health utilization adjustment

DMAS is making significant changes to the process to authorize and deliver Community Mental Health Rehabilitation Services (CMHRS) for children that are expected to increase referrals for traditional behavioral health services that are provided by psychiatrists, psychologists, and other clinicians whose services are covered by the MCOs. The estimated annual cost is an increase of \$900,000 for services to Medallion II and FAMIS children 6 to 21. FAMIS children are allocated 8.1% of the total, based upon the current distribution and use of mental health services, as described in the Medallion II report. This adjustment factor is shown in Exhibit I.2e and added in Exhibit I.4 under the column labeled “Policy and Program Adjustments”.

Emergency transportation adjustment

The Virginia General Assembly increased Medicaid emergency transportation rates for FY 2013 to 40% of the applicable Virginia Medicare Ambulance Fee Schedule. Under existing contracting arrangements, the MCOs may pay more than the DMAS Medicaid ambulance schedule, and frequently pay more than 40% of Medicare. Using payments reported for FY 2011, DMAS estimated the cost for the MCOs to move all rates to at least 40% of the CY2012 Medicare rates at \$442,537 annually. This amount is distributed across all managed care programs (Medallion II and FAMIS/FAMIS MOMS) and is an increase of \$0.05 PMPM. This value is calculated as a percent of the trended Emergency transportation payments. This adjustment factor is shown in Exhibit I.2f and added in Exhibit 4a under the column labelled “Policy and Program Adjustments”.

Provider incentive adjustment

The Provider Incentive Payment Adjustment takes into consideration the various ways that health plans provide incentive payments to providers for coordinating care and ensuring access. Depending on the plan, this can be done through an increase in provider fee schedules, payment of case management fees, and/or provider incentive programs. To the extent that it has been used to increase professional fee schedules, the amount is already included in the claims and encounter data. Some plans reported the case management and incentive amounts as capitation payments. To avoid double counting, we did not include the value of the capitation amounts that plans reported as representing those payments in the base data. Their value has been incorporated into the Provider Incentive Payment Adjustment.

This adjustment represents the percentage value of the case management and provider incentive payments that are paid separately from the encounter data. The value of the FAMIS incentive is \$2.00 PMPM. This translates to 1.5% of the weighted average PMPM medical cost. This percentage is shown in Exhibit I.2g and is presented as the dollar value applicable to the rate cell in the service line labeled Provider Incentive Payment Adjustment in Exhibit I.4.

Plan administration adjustment

The CMS regulations require that administrative costs directly related to the provision of Medicaid State Plan approved services be incorporated into the rate setting process. Each health plan provided revenue and administrative cost data for calendar year 2012 consistent with the information provided to the Virginia Bureau of Insurance on the required form entitled *Analysis of Operations by Lines of Business*, and as necessary, notes to interpret the financial figures. We also received the *Underwriting and Investment Exhibit, Part 3, Analysis of Expenses*.

The first step of the calculation of the administrative factor develops an administrative dollar PMPM. The administrative adjustment uses figures from these reports, adjusted to remove self-reported payment of state taxes and other disallowed costs as identified by DMAS in previous health plan audits. It is weighted by the calendar year member month distribution to arrive at an average administrative cost across all contracted health plans.

The average administrative dollar PMPM is apportioned across the eligibility groups enrolled in the Virginia Medicaid managed care programs - ABAD, ALTC, LIFC Child, LIFC Adult, FAMIS, FAMIS MOMS, and Foster

Care/Adoption Assistance - using the ratio of the adjusted and trended base PMPM for each aid category. The CY 2012 FAMIS administrative PMPM is \$10.46 and is the sum of lines 1 and 2 of the administrative adjustment exhibit.

Using the breakdown of administrative expenses from the BOI reports, the salary and all other general administrative components of the historical PMPM are separately trended to the FY 2014 contract period. The salary component is trended using the Bureau of Labor Statistics 2012 calendar year employment cost trend for total compensation, private industry, management, business and financial services. The non-salary administrative component and the Claims Adjustment expense components are trended using the 2012 calendar year Consumer Price Index for All Urban Consumers (CPI-U). The trended administrative PMPM is \$10.74 PMPM for FAMIS.

To reflect an estimate of administrative activity, these administrative dollars PMPM were reallocated based on weighting by claims volume PMPM for each eligibility group. This is 1.27 average claims PMPM for FAMIS compared to 1.45 average claims for LIFC Child, with an overall average of 2.26 claims across all program categories, including Medallion II, FAMIS and FAMIS MOMS. The reallocation increases the FAMIS administrative PMPM to \$12.39 making it more comparable to the LIFC Child allocation.

The reallocated administrative cost is compared to the weighted average of the medical component of the FY 2014 base rates to determine separate administrative allowances as a percentage of the base capitation rate. This percentage is then increased by a 1.50% contribution to reserves. The allowance for a contribution to reserve is the same as in last year's rate setting. The trended value of the administrative factor is 9.9% for FAMIS.

Effective January 1, 2014, health plans, including Medicaid Managed Care plans, will be subject to a health plan excise tax established under the Affordable Care Act. Formal Federal guidance on the calculation of the value of the tax has not yet been issued. A rate adjustment for the excise tax will be made effective January 1, 2014 and is not included in the administrative cost adjustment presented here.

The administrative cost factor is applied to the total adjusted and trended claims amount for each rate payment category. This adjustment factor is applied in the final step of the per capita cost calculations after the application of the co-payment adjustment in Exhibit I.5a.

I.F. FAMIS Trend and IBNR Adjustments

Trend and IBNR adjustment factors usually use FAMIS encounter data and apply the same methodology described in the Medallion II report. We used the monthly historical health plan expenditures for FY 2011 and FY 2012 with run-out through October 2012 to develop the historical data period trend and monthly historical health plan expenditures from July 2009, the beginning of FY 2010, through December 2012 with run-out through February 2013 to develop the contract period trend. Due to the transition from Amerigroup to InTotal Health, the more recent data requested for contract period trend (November 2012 thru February 2013) was inconsistent with the earlier data. As a result, we decided not to use Amerigroup/InTotal Health data for contract period trend.

Last year, we observed substantial increases in FAMIS trend between FY 2010 and FY 2011. Because of this, the FAMIS trend was subjected to additional analysis, including capping of inpatient hospital outlier payments at \$100,000 and adjustment for changes in age-gender mix. We noted an increase in the proportion of higher cost FAMIS children, particularly the Under Age 1, likely due to a policy change which made children born to FAMIS MOMS eligible for FAMIS without an application, and a decrease in both the male and females Age 15 to 20 rate cells.

Analysis of the period evaluated for contract trend shows an age-gender increase of 10.0% for inpatient hospital, driven primarily by the increase in newborns. There was more limited impact on outpatient hospital and the other services categories, although professional increased by 2.9%. Over this analysis period the proportion of members in the reference cost rate cell, Child 6-14, remained the same while the proportion of children in the higher cost rate

cells, Under Age 1 and Male and Female Age 15-18, increased. Overall, the risk mix for all services combined increased approximately 2.7% from July 2010 to February 2013.

Incurred But Not Reported (IBNR) completion factors in the first column of Exhibit I.3 are based on the FAMIS historical data and are applied to the total claims in the first column of Exhibit I.4, with the dollar value of the IBNR completion factors shown in the second column of that exhibit. The data used in this analysis has run-out through October 2012 or four months past the end of the data reporting period, and the resulting IBNR factors, with the exception of inpatient and outpatient hospital, are generally small. IBNR factors for Inpatient Psychiatric, Practitioner, Prescription Drug and Other services are all calculated to be 0.8% or less. Inpatient Hospital IBNR is 3.7%, likely due to the impact of more high cost claims, and is 1.2% for Outpatient Hospital.

The second column of Exhibit I.3 provides information on the cumulative impact of the policy and program adjustments in Exhibits I.2a - I.2f. This is for information purposes and should be evaluated in conjunction with the IBNR and applied trend.

Utilization and cost trend are presented separately for the data period and as a combined trend for the contract period. Overall, the data period trend, using the adjusted FAMIS trend factors and weighted by the service distribution in the FAMIS population, has a weighted average of 5.1%. The contract period trend is higher with a weighted average of 5.8%. The inpatient hospital contract trend is evaluated as in Medallion II. The unit cost component is set to the value of the increase in Exhibit I.2c and negative utilization is set to 0.0%.

The resulting trend factors are shown in Exhibit I.3. These trend and IBNR factors are applied to the historical data in Exhibit I.4 by applicable service category. The Exhibit I.4 includes an additional column "Base Claims Redistribution FY11-12" which represents the redistributed value of individual annual inpatient claims costs above \$250,000. Approximately \$1.141 million, or 5.5% of the inpatient dollars, was redistributed across the inpatient hospital service lines. IBNR is applied to the Total Base Claims excluding the redistributed dollars.

I.G. Capitation rates for FAMIS Adjustment for FAMIS co-payment schedule

The FAMIS benefit package includes member co-payments for inpatient admissions, physician office visits, and outpatient pharmacy services. FAMIS copayments have not changed over time. Using this information, the historical data for each plan was increased separately for the under and over 150% FPL populations by the value of the co-payments. The total value of the co-payments was added to the historical claims base to arrive at a total cost of services. The co-payment adjustment is applied for major service categories. There are some differences among plan co-payment schedules, such as variation between medical supplies and DME co-payments, which are not applied because of insufficient information or lack of claims detail. FFS FAMIS copayments were blended with the reported MCO copayment amounts.

The final step in developing the capitation rates for FAMIS is to adjust the combined base rates for the under 150% FPL and over 150% FPL. This was done through a factor that valued the differences in the co-payment amount for separate categories relative to the average utilization of the entire FAMIS population. The separate under 150% FPL and over 150% FPL co-payment adjustment values for medical services for each age-gender cell is shown under the columns Copay Value FAMIS ≤150% and Copay Value FAMIS >150% in Exhibit I.5a. The co-payment adjustments for FY 2014 are similar to those that were applied to the FY 2013 FAMIS rate setting for both those under 150% and those over 150% FPL. These values are subtracted from the medical component of the base rate.

The administrative factor is then applied to the medical component of the capitation rate to produce the statewide FAMIS rates. The resulting values are shown in the last two columns of Exhibit I.5a.

Exhibit I.5b is the summary comparison of FY 2013 and FY 2014 FAMIS rates. Compared to those rates, average statewide FAMIS <=150% FPL rates increase 5.14% and average state wide FAMIS >150% FPL rates increase 5.27% with a weighted average increase of 5.24%. This comparison uses the FAMIS member months as of February 2013.

II. FAMIS MOMS program rate development

II.A. Introduction

Title XXI does not impose specific rate setting requirements on states. Similar to most states, Virginia has chosen to mirror the Medicaid rate setting methodology for FAMIS MOMS, with appropriate adjustments to recognize differences in the covered population and the goals of the program. The FAMIS MOMS PMPM calculation relies on the analysis of health plan data submissions for this enrolled population with adjustments that would meet the test of actuarial soundness. There is a single statewide rate for FAMIS MOMS.

II.B. FAMIS MOMS program description

The 2004-2005 Virginia General Assembly budgeted funding for a program “to expand prenatal care, pregnancy-related services, and 60 days of post-partum care under FAMIS to an annual estimated 380 pregnant women who are over the age of 19 with annual family income less than or equal to 150 percent of the federal poverty level”. It was also expected that a small number of women, aged 10 to 19, who are not eligible and enrolled in FAMIS, may qualify for the program once they become pregnant.

DMAS, as the agency responsible for implementing the program, interprets the legislative intent of FAMIS MOMS to provide full Medicaid benefits for pregnant women to the covered Federal Poverty Level (FPL) through the CHIP program. Full Medicaid benefits for pregnant women include all services, except dental, and include non-emergency transportation, which is not a covered benefit for FAMIS children. Pregnant women who are under age 21 are also eligible for EPSDT-related services. The provision of full Medicaid benefits also means that, in contrast to the FAMIS program for children, there are no co-payments for services.

Since the program was established there have been eligibility income expansions in the FAMIS MOMS program and it now covers pregnant women up to 200% of FPL. The schedule of the income expansions was:

FAMIS MOMS income eligibility

Federal poverty level	Effective date
133-150% FPL	August 1, 2005
133-166% FPL	September 1, 2007
133-185% FPL	July 1, 2008
133-200% FPL	July 1, 2009

Eligibility begins with a determination of pregnancy and income verification and continues through the month of delivery, plus an additional two months. One important difference between Medicaid for pregnant women (under either FFS or Medallion II) and FAMIS MOMS is that Medicaid offers up to three months of retroactive coverage while the FAMIS MOMS' effective date of coverage is the first of the month that the signed application was received. There is no retroactive coverage for FAMIS MOMS enrollees. Based on a policy change effective July 1, 2011, babies born to FAMIS Moms are automatically covered for the birth month plus two additional months but

not beyond the first three months; the parent or guardian must submit an application to Medicaid or FAMIS on behalf of the newborn.

Eligible women are enrolled in managed care plans wherever possible. If a woman's FFS OB-GYN participates with one of the available managed care organizations, DMAS will transition her into that MCO to provide continuity of care. However, similar to Medicaid rules, a woman can opt out of an MCO if she is in her last trimester and her regular OB-GYN does not participate with the MCO.

II.C. Data book

Approach to rate setting for FAMIS MOMS

The FY 2014 FAMIS MOMS rate setting uses MCO data for the period FY 2011 and FY 2012, the period from July 1, 2010 to June 30, 2012. In developing proposed capitation rates, a key consideration is the method by which women will be enrolled in the health plan and the potential variation in the length of plan enrollment. A very small difference in the average length of plan enrollment can have a material difference in the capitation rate, since most of the cost is incurred at the time of delivery and is not evenly spread over the entire pregnancy and eligibility period.

Up until FY 2011, PwC used the available MCO health plan encounter and claims data for a similar LIFC population, program category PD-91, in conjunction with the available FAMIS MOMS data, to develop rates for FAMIS MOMS. Recent analysis showed that while there are some unexpected anomalies in the data, the results are sufficiently stable to allow development of the capitation rate directly from the population that is covered by the program. Therefore, the FY 2011 rate setting used FAMIS MOMS encounter information for the base data but used both FAMIS MOMS and PD-91 data to evaluate trend. As of FY 2012, we use only FAMIS MOMS data, both for base data and trend development in the rate setting.

Development of the Data Book for FAMIS MOMS rate setting follows the same methodology described in the Medallion II report, including use of the DMAS capitation payment file to determine eligibility, claims matching, and inclusion of subcapitated services.

II.D. FAMIS MOMS legislative and program adjustments

In general, the methodology for FAMIS MOMS adjustments is similar to the adjustments in the Medallion II report. Actual adjustment values may differ where the adjustment is developed using FAMIS MOMS encounter data instead of Medallion II encounter data. All of these adjustments are reflected in the column "Policy and Program Adjustments" in Exhibits 4 except for the Provider Incentive and Administrative Cost Adjustments.

The historical data presented in Exhibit II.1 is adjusted by the policy and program factors summarized in the table (Exhibits II.2a to II.2f) and the Trend and IBNR factors (Exhibit II.3).

Medallion II Adjustment Methodology Used in FAMIS MOMS Rates

Medallion Exhibit Number and Adjustment Name	FAMIS MOMS Exhibits	FAMIS MOMS Values
2a Pharmacy Adjustment	2a	2a: -3.5%% applied to pharmacy services
2b Exempt Infant Formula Carveout	Not applicable	Applies only to children
2c Hospital Inpatient	2b	2b: Same as FAMIS and Med II
2d Freestanding Psychiatric Hospital	Not applicable	Not a covered FAMIS MOMS service
2e Hospital Outpatient	2c	2c: Same as FAMIS and Med II
2f Emergency Transportation Fee Increase	2d	2d: \$0.05 PMPM and 1.1% of the trended PMPM
2g Provider Incentive	2e	2e: \$2.06 PMPM and 0.2% of the weighted average PMPM medical cost
2h Administrative Cost	2f	2f: \$41.03 PMPM based on reallocation weighted by claims 5.5% of base capitation rate with contribution to reserves

Pharmacy adjustment

The size and drug utilization of the FAMIS MOMS population is not sufficient to allow the plans to negotiate levels of rebate that were contracted for the Medicaid managed care population. Based on plan submitted data, we do not expect additional reductions to the managed care rebate and use the health plan projection of 2.5%.

The final pharmacy adjustment factors are shown in Exhibit II.2a. The PBM factor is a reduction of 3.5%.

Plan administration adjustment

The administrative allowance for FAMIS MOMS is calculated using the same revised approach that was used to develop the administrative allowance for the Medallion II and FAMIS programs. These administrative dollars were based upon trended CY 2012 costs PMPM that were then reallocated based on weighting by claims volume PMPM for each eligibility group. The reallocation decreases the FAMIS MOMS administrative cost adjustment from \$77.81 PMPM to \$41.03 PMPM.

The reallocated administrative cost is compared to the medical component of the FY 2014 base rate to determine administrative allowance as a percentage of the base capitation rate, a value of 4.0%. This percentage is then increased by a 1.50% contribution to reserves. The allowance for a contribution to reserve is the same as in last year's rate setting. With the contribution to reserves, the final administrative factor is 5.5% for FAMIS MOMS.

This adjustment factor is shown in Exhibit II.2f and is presented as the dollar value applicable to rate cell in the line labeled Admin Cost Adjustment in Exhibit II.4.

II.E. FAMIS MOMS trend and IBNR adjustments

Trend and IBNR adjustment factors uses FAMIS MOMS encounter data and applies the same methodology described in the Medallion II report. This uses monthly historical health plan expenditures for FY 2011 and FY 2012 with run-out through October 2012 to develop the historical data period trend and the monthly health plan expenditures for FY 2010 through December 2012 with run-out through February 2013 to develop the contract

period trend. Although FAMIS MOMS data is used to develop trend for the majority of the service categories, Inpatient Psychiatric and Prescription Drug use the LIFC Adult values.

IBNR completion factors in the first column of Exhibit II.3 are applied to the total claims in the first column of Exhibit II.4 and the dollar value of the IBNR completion factors are shown in the second column of that exhibit. Since the data used in this analysis has run-out through October 2012, or four months past the end of the data reporting period, the resulting IBNR factors are generally small. IBNR factors for Inpatient Medical/Surgical, Inpatient Psychiatric, Practitioner, Prescription Drug and Other services are all set to 0.7% or less. Outpatient Hospital is set at 1.2%.

The second column of Exhibit II.3 is information on the cumulative impact of the policy and program adjustments in Exhibits II.2a to II.2d. This is for information purposes and should be evaluated in conjunction with the IBNR and applied trend.

Utilization and cost trend are presented separately for the data period and as a combined trend for the contract period. The weighted average data period trend assigned is a modest 0.8% with increases in prescription drug and other services offset by decreases in inpatient and outpatient hospital. The contract period trend for inpatient hospital is adjusted to remove the value of the unit cost increases included in Exhibit II.2b and any negative values are set to 0.0%. Overall contract period trend is a weighted average increase of 2.5%.

The resulting trend factors are shown in Exhibit II.3. These trend and IBNR factors are applied to the historical data in Exhibit II.4 by applicable service category.

II.F. Capitation rates for FAMIS MOMS

The historical data presented in Exhibit II.1 is adjusted by the factors shown in Exhibits II.2a through II.2e and the Trend and IBNR factors in Exhibit II.3. The administrative adjustment is then added to the completed and adjusted claims. The result of these calculations is shown in Exhibit II.4.

FY 2014 FAMIS MOMS base rate is presented in Exhibit II.5. The comparison of FAMIS MOMS rates from FY 2013 and FY 2014 is also shown in Exhibit II.5 and is an increase of 3.49%.

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Section I
Exhibit 1a

Age Under 1												
MCO Statewide	Raw Claims FY11	Raw Claims FY12	Capitation FY11	Capitation FY12	Unadjusted PMPM 11	Unadjusted PMPM 12	Units FY11	Units FY12	Units/1000 FY11	Units/1000 FY12	Cost/Unit FY11	Cost/Unit FY12
Member Months	24,272	29,897										
Service Type												
DME/Supplies	\$63,663	\$109,795	\$0	\$0	\$2.62	\$3.67	1,062	1,457	525	585	\$59.95	\$75.36
FQHC / RHC	\$48,580	\$59,245	\$0	\$0	\$2.00	\$1.98	1,149	1,261	568	506	\$42.28	\$46.98
Home Health	\$3,270	\$7,218	\$0	\$0	\$0.13	\$0.24	18	42	9	17	\$181.66	\$171.85
IP - Maternity	\$0	\$0	\$0	\$0	\$0.00	\$0.00	0	0	-	-	-	-
IP - Newborn	\$3,853,680	\$3,614,009	\$0	\$0	\$158.77	\$120.88	833	817	412	328	\$4,626.27	\$4,423.51
IP - Other	\$502,243	\$1,447,446	\$0	\$0	\$20.69	\$48.41	104	139	51	56	\$4,829.26	\$10,413.28
IP - Psych	\$0	\$1,928	\$7,428	\$11,213	\$0.31	\$0.44	0	2	-	1	-	\$6,570.68
Lab	\$29,584	\$34,815	\$13,492	\$16,307	\$1.77	\$1.71	3,859	4,139	1,908	1,661	\$11.16	\$12.35
OP - Emergency Room & Related	\$258,224	\$313,168	\$0	\$0	\$10.64	\$10.47	1,383	1,814	684	728	\$186.71	\$172.64
OP - Other	\$419,739	\$538,144	\$0	\$0	\$17.29	\$18.00	1,161	1,359	574	545	\$361.53	\$395.98
Pharmacy	\$430,849	\$455,924	\$0	\$0	\$17.75	\$15.25	7,411	8,488	3,664	3,407	\$58.14	\$53.71
Prof - Anesthesia	\$26,277	\$36,440	\$0	\$0	\$1.08	\$1.22	122	168	60	67	\$215.38	\$216.91
Prof - Child EPSDT	\$497,621	\$607,105	\$0	\$0	\$20.50	\$20.31	10,699	12,961	5,290	5,202	\$46.51	\$46.84
Prof - Evaluation & Management	\$1,865,963	\$2,449,320	\$2,459	\$3,057	\$76.98	\$82.03	24,717	30,460	12,220	12,226	\$75.59	\$80.51
Prof - Maternity	\$0	\$0	\$0	\$0	\$0.00	\$0.00	0	0	-	-	-	-
Prof - Other	\$936,523	\$1,391,012	\$2,682	\$2,976	\$38.69	\$46.63	20,790	26,625	10,279	10,687	\$45.18	\$52.36
Prof - Psych	\$165	\$80	\$9,636	\$14,546	\$0.40	\$0.49	2	4	1	2	\$4,900.73	\$3,656.40
Prof - Specialist	\$136,310	\$160,910	\$0	\$0	\$5.62	\$5.38	1,155	1,332	571	535	\$118.02	\$120.80
Prof - Vision	\$8,480	\$13,439	\$25,351	\$32,034	\$1.39	\$1.52	168	253	83	102	\$201.37	\$179.73
Radiology	\$28,844	\$40,330	\$0	\$0	\$1.19	\$1.35	1,878	2,568	928	1,031	\$15.36	\$15.70
Transportation/Ambulance	\$18,020	\$22,968	\$0	\$278	\$0.74	\$0.78	90	107	44	43	\$200.22	\$217.25
Total	\$9,128,034	\$11,303,293	\$61,048	\$80,411	\$378.59	\$380.76	76,601	93,996				

Note:
*Plans may not provide complete unit counts for subcapitated encounters, thus Cost/Unit may not be accurate.

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Section I
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Age 1-5												
MCO Statewide	Raw Claims FY11	Raw Claims FY12	Capitation FY11	Capitation FY12	Unadjusted PMPM 11	Unadjusted PMPM 12	Units FY11	Units FY12	Units/1000 FY11	Units/1000 FY12	Cost/Unit FY11	Cost/Unit FY12
Member Months	190,210	209,843										
Service Type												
DME/Supplies	\$295,806	\$318,619	\$0	\$0	\$1.56	\$1.52	3,353	3,418	212	195	\$88.22	\$93.22
FQHC / RHC	\$152,990	\$162,766	\$0	\$0	\$0.80	\$0.78	4,315	4,349	272	249	\$35.46	\$37.43
Home Health	\$4,193	\$5,398	\$0	\$0	\$0.02	\$0.03	29	35	2	2	\$144.60	\$154.22
IP - Maternity	\$0	\$0	\$0	\$0	\$0.00	\$0.00	0	0	-	-	-	-
IP - Newborn	\$0	\$0	\$0	\$0	\$0.00	\$0.00	0	0	-	-	-	-
IP - Other	\$1,911,983	\$1,516,001	\$0	\$0	\$10.05	\$7.22	302	304	19	17	\$6,331.07	\$4,986.85
IP - Psych	\$539	\$11,027	\$65,408	\$76,789	\$0.35	\$0.42	1	9	0	1	\$65,946.96	\$9,757.36
Lab	\$299,177	\$301,090	\$108,698	\$116,489	\$2.14	\$1.99	37,485	39,130	2,365	2,238	\$10.88	\$10.67
OP - Emergency Room & Related	\$1,745,577	\$1,708,069	\$0	\$0	\$9.18	\$8.14	9,179	9,908	579	567	\$190.17	\$172.39
OP - Other	\$2,934,492	\$3,188,056	\$0	\$0	\$15.43	\$15.19	6,209	6,802	392	389	\$472.62	\$468.69
Pharmacy	\$2,396,948	\$2,962,488	\$0	\$0	\$12.60	\$14.12	62,380	65,041	3,935	3,719	\$38.42	\$45.55
Prof - Anesthesia	\$169,871	\$187,231	\$0	\$0	\$0.89	\$0.89	1,179	1,286	74	74	\$144.08	\$145.59
Prof - Child EPSDT	\$784,716	\$928,611	\$0	\$0	\$4.13	\$4.43	24,343	27,229	1,536	1,557	\$32.24	\$34.10
Prof - Evaluation & Management	\$5,348,726	\$5,937,194	\$18,603	\$21,683	\$28.22	\$28.40	84,515	91,122	5,332	5,211	\$63.51	\$65.39
Prof - Maternity	\$0	\$0	\$0	\$0	\$0.00	\$0.00	0	0	-	-	-	-
Prof - Other	\$1,354,648	\$1,520,813	\$21,532	\$21,391	\$7.24	\$7.35	43,290	47,971	2,731	2,743	\$31.79	\$32.15
Prof - Psych	\$43,969	\$49,086	\$84,845	\$99,608	\$0.68	\$0.71	1,068	1,170	67	67	\$120.61	\$127.09
Prof - Specialist	\$494,166	\$557,641	\$0	\$0	\$2.60	\$2.66	4,991	5,467	315	313	\$99.01	\$102.00
Prof - Vision	\$63,387	\$84,643	\$200,937	\$226,903	\$1.39	\$1.48	1,567	1,959	99	112	\$168.68	\$159.03
Radiology	\$99,058	\$106,777	\$0	\$0	\$0.52	\$0.51	6,174	6,428	390	368	\$16.04	\$16.61
Transportation/Ambulance	\$62,469	\$45,194	\$0	\$929	\$0.33	\$0.22	357	352	23	20	\$174.98	\$131.03
Total	\$18,162,713	\$19,590,703	\$500,023	\$563,792	\$98.12	\$96.05	290,737	311,980				

Note:
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Age 6-14												
MCO Statewide	Raw Claims FY11	Raw Claims FY12	Capitation FY11	Capitation FY12	Unadjusted PMPM 11	Unadjusted PMPM 12	Units FY11	Units FY12	Units/1000 FY11	Units/1000 FY12	Cost/Unit FY11	Cost/Unit FY12
Member Months	282,839	310,107										
Service Type												
DME/Supplies	\$295,982	\$433,391	\$0	\$0	\$1.05	\$1.40	2,825	3,636	120	141	\$104.77	\$119.19
FQHC / RHC	\$133,489	\$158,858	\$0	\$0	\$0.47	\$0.51	3,423	3,817	145	148	\$39.00	\$41.62
Home Health	\$9,457	\$13,489	\$0	\$0	\$0.03	\$0.04	40	60	2	2	\$236.43	\$224.81
IP - Maternity	\$12,325	\$5,119	\$0	\$0	\$0.04	\$0.02	5	2	0	0	\$2,465.00	\$2,559.28
IP - Newborn	\$0	\$0	\$0	\$0	\$0.00	\$0.00	0	0	-	-	-	-
IP - Other	\$1,583,814	\$2,997,034	\$0	\$0	\$5.60	\$9.66	225	296	10	11	\$7,039.17	\$10,125.11
IP - Psych	\$257,913	\$281,536	\$106,171	\$116,441	\$1.29	\$1.28	517	568	22	22	\$704.23	\$700.66
Lab	\$342,908	\$335,744	\$169,879	\$179,925	\$1.81	\$1.66	43,233	44,957	1,834	1,740	\$11.86	\$11.47
OP - Emergency Room & Related	\$1,887,387	\$2,152,840	\$0	\$0	\$6.67	\$6.94	7,955	8,751	338	339	\$237.26	\$246.01
OP - Other	\$2,957,252	\$3,189,654	\$0	\$0	\$10.46	\$10.29	7,479	8,562	317	331	\$395.41	\$372.54
Pharmacy	\$6,640,030	\$7,441,155	\$0	\$0	\$23.48	\$24.00	91,506	96,945	3,882	3,751	\$72.56	\$76.76
Prof - Anesthesia	\$129,606	\$155,716	\$0	\$0	\$0.46	\$0.50	850	972	36	38	\$152.48	\$160.20
Prof - Child EPSDT	\$239,536	\$220,743	\$0	\$0	\$0.85	\$0.71	8,176	8,340	347	323	\$29.30	\$26.47
Prof - Evaluation & Management	\$4,890,608	\$5,668,345	\$27,754	\$32,124	\$17.39	\$18.38	76,642	84,643	3,252	3,275	\$64.17	\$67.35
Prof - Maternity	\$8,650	\$3,325	\$0	\$0	\$0.03	\$0.01	7	26	0	1	\$1,235.74	\$127.90
Prof - Other	\$2,010,526	\$2,595,751	\$33,328	\$32,283	\$7.23	\$8.47	43,581	50,801	1,849	1,966	\$46.90	\$51.73
Prof - Psych	\$421,656	\$475,882	\$143,557	\$166,188	\$2.00	\$2.07	10,864	12,784	461	495	\$52.03	\$50.22
Prof - Specialist	\$624,976	\$791,822	\$0	\$0	\$2.21	\$2.55	6,262	6,918	266	268	\$99.80	\$114.46
Prof - Vision	\$149,596	\$202,944	\$304,265	\$338,828	\$1.60	\$1.75	7,490	9,332	318	361	\$60.60	\$58.06
Radiology	\$231,448	\$265,366	\$0	\$0	\$0.82	\$0.86	10,107	11,741	429	454	\$22.90	\$22.60
Transportation/Ambulance	\$59,179	\$66,752	\$0	\$992	\$0.21	\$0.22	430	519	18	20	\$137.63	\$130.53
Total	\$22,886,339	\$27,455,464	\$784,955	\$866,780	\$83.69	\$91.33	321,617	353,670				

Note:
*Plans may not provide complete unit counts for subcapitated encounters, thus Cost/Unit may not be accurate.

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Exhibit 1a

Age 15-18 Female												
MCO Statewide	Raw Claims FY11	Raw Claims FY12	Capitation FY11	Capitation FY12	Unadjusted PMPM 11	Unadjusted PMPM 12	Units FY11	Units FY12	Units/1000 FY11	Units/1000 FY12	Cost/Unit FY11	Cost/Unit FY12
Member Months	51,116	54,906										
Service Type												
DME/Supplies	\$76,994	\$89,564	\$0	\$0	\$1.51	\$1.63	443	564	104	123	\$173.80	\$158.80
FQHC / RHC	\$44,901	\$54,135	\$0	\$0	\$0.88	\$0.99	1,223	1,211	287	265	\$36.71	\$44.70
Home Health	\$10,251	\$1,476	\$0	\$0	\$0.20	\$0.03	35	7	8	2	\$292.87	\$210.84
IP - Maternity	\$351,605	\$309,453	\$0	\$0	\$6.88	\$5.64	132	110	31	24	\$2,663.68	\$2,813.21
IP - Newborn	\$0	\$0	\$0	\$0	\$0.00	\$0.00	0	0	-	-	-	-
IP - Other	\$384,539	\$695,343	\$0	\$0	\$7.52	\$12.66	67	94	16	21	\$5,739.40	\$7,397.27
IP - Psych	\$80,327	\$120,921	\$18,667	\$21,260	\$1.94	\$2.59	168	226	39	49	\$589.25	\$629.12
Lab	\$163,045	\$162,489	\$30,919	\$32,055	\$3.79	\$3.54	18,349	18,769	4,308	4,102	\$10.57	\$10.37
OP - Emergency Room & Related	\$695,738	\$788,148	\$0	\$0	\$13.61	\$14.35	2,351	2,510	552	549	\$295.93	\$314.00
OP - Other	\$960,335	\$1,084,748	\$0	\$0	\$18.79	\$19.76	2,242	2,410	526	527	\$428.34	\$450.10
Pharmacy	\$1,206,468	\$1,533,330	\$0	\$0	\$23.60	\$27.93	25,447	27,704	5,974	6,055	\$47.41	\$55.35
Prof - Anesthesia	\$59,750	\$63,155	\$0	\$0	\$1.17	\$1.15	347	333	81	73	\$172.19	\$189.65
Prof - Child EPSDT	\$51,741	\$61,934	\$0	\$0	\$1.01	\$1.13	1,472	1,599	346	349	\$35.15	\$38.73
Prof - Evaluation & Management	\$1,110,874	\$1,246,802	\$4,747	\$5,408	\$21.83	\$22.81	16,854	18,195	3,957	3,977	\$66.19	\$68.82
Prof - Maternity	\$206,166	\$190,333	\$0	\$0	\$4.03	\$3.47	434	303	102	66	\$475.04	\$628.16
Prof - Other	\$404,056	\$427,175	\$6,066	\$5,834	\$8.02	\$7.89	7,389	8,225	1,735	1,798	\$55.50	\$52.65
Prof - Psych	\$110,785	\$134,189	\$28,735	\$32,104	\$2.73	\$3.03	2,682	3,031	630	662	\$52.02	\$54.86
Prof - Specialist	\$187,806	\$234,241	\$0	\$0	\$3.67	\$4.27	2,148	2,162	504	473	\$87.43	\$108.34
Prof - Vision	\$24,661	\$32,104	\$54,994	\$60,234	\$1.56	\$1.68	1,569	1,903	368	416	\$50.77	\$48.52
Radiology	\$151,491	\$166,958	\$0	\$0	\$2.96	\$3.04	3,610	3,808	847	832	\$41.96	\$43.84
Transportation/Ambulance	\$25,756	\$32,162	\$0	\$237	\$0.50	\$0.59	221	251	52	55	\$116.54	\$129.08
Total	\$6,307,290	\$7,428,660	\$144,128	\$157,132	\$126.21	\$138.16	87,183	93,415				

Note:
*Plans may not provide complete unit counts for subcapitated encounters, thus Cost/Unit may not be accurate.

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Age 15-18 Male												
MCO Statewide	Raw Claims FY11	Raw Claims FY12	Capitation FY11	Capitation FY12	Unadjusted PMPM 11	Unadjusted PMPM 12	Units FY11	Units FY12	Units/1000 FY11	Units/1000 FY12	Cost/Unit FY11	Cost/Unit FY12
Member Months	50,645	54,270										
Service Type												
DME/Supplies	\$101,138	\$87,421	\$0	\$0	\$2.00	\$1.61	589	628	140	139	\$171.71	\$139.21
FQHC / RHC	\$21,834	\$25,498	\$0	\$0	\$0.43	\$0.47	563	549	133	121	\$38.78	\$46.44
Home Health	\$10,050	\$4,298	\$0	\$0	\$0.20	\$0.08	36	25	9	6	\$279.16	\$171.92
IP - Maternity	\$0	\$0	\$0	\$0	\$0.00	\$0.00	0	0	-	-	-	-
IP - Newborn	\$0	\$0	\$0	\$0	\$0.00	\$0.00	0	0	-	-	-	-
IP - Other	\$939,849	\$700,638	\$0	\$0	\$18.56	\$12.91	86	81	20	18	\$10,928.47	\$8,649.85
IP - Psych	\$102,405	\$158,578	\$19,364	\$23,313	\$2.40	\$3.35	186	257	44	57	\$654.67	\$707.75
Lab	\$55,311	\$55,988	\$30,373	\$31,343	\$1.69	\$1.61	6,813	7,261	1,614	1,606	\$12.58	\$12.03
OP - Emergency Room & Related	\$571,641	\$573,256	\$0	\$0	\$11.29	\$10.56	1,688	1,823	400	403	\$338.65	\$314.46
OP - Other	\$912,278	\$857,487	\$0	\$0	\$18.01	\$15.80	1,566	1,712	371	379	\$582.55	\$500.87
Pharmacy	\$1,156,281	\$1,420,289	\$0	\$0	\$22.83	\$26.17	15,000	15,990	3,554	3,536	\$77.09	\$88.82
Prof - Anesthesia	\$41,324	\$39,510	\$0	\$0	\$0.82	\$0.73	220	206	52	46	\$187.84	\$191.80
Prof - Child EPSDT	\$27,605	\$31,204	\$0	\$0	\$0.55	\$0.57	992	1,050	235	232	\$27.83	\$29.72
Prof - Evaluation & Management	\$750,766	\$841,484	\$4,658	\$5,167	\$14.92	\$15.60	11,295	12,233	2,676	2,705	\$66.88	\$69.21
Prof - Maternity	\$0	\$0	\$0	\$0	\$0.00	\$0.00	0	0	-	-	-	-
Prof - Other	\$238,931	\$584,739	\$6,058	\$5,809	\$4.84	\$10.88	5,406	7,191	1,281	1,590	\$45.32	\$82.12
Prof - Psych	\$99,314	\$109,660	\$28,467	\$32,523	\$2.52	\$2.62	2,572	2,759	609	610	\$49.68	\$51.53
Prof - Specialist	\$214,030	\$213,338	\$0	\$0	\$4.23	\$3.93	1,661	1,555	394	344	\$128.86	\$137.20
Prof - Vision	\$21,795	\$27,132	\$54,338	\$59,463	\$1.50	\$1.60	1,271	1,347	301	298	\$59.90	\$64.29
Radiology	\$82,902	\$79,140	\$0	\$0	\$1.64	\$1.46	2,992	3,055	709	676	\$27.71	\$25.91
Transportation/Ambulance	\$28,266	\$31,733	\$0	\$360	\$0.56	\$0.59	151	200	36	44	\$187.19	\$160.47
Total	\$5,375,719	\$5,841,393	\$143,257	\$157,978	\$108.97	\$110.55	53,087	57,922				

Note:
*Plans may not provide complete unit counts for subcapitated encounters, thus Cost/Unit may not be accurate.

Virginia Medicaid
FY 2014 Capitation Rate Development for the FAMIS Program
Health Plan Encounter Data - Family Access to Medical Insurance Security (FAMIS)
Historical Eligibility, Claims, and Utilization Data

Section I
Exhibit 1a

All Age Categories												
MCO Statewide	Raw Claims FY11	Raw Claims FY12	Capitation FY11	Capitation FY12	Unadjusted PMPM 11	Unadjusted PMPM 12	Units FY11	Units FY12	Units/1000 FY11	Units/1000 FY12	Cost/Unit FY11	Cost/Unit FY12
Member Months	599,082	659,023										
Service Type												
DME/Supplies	\$833,583	\$1,038,791	\$0	\$0	\$1.39	\$1.58	8,272	9,703	166	177	\$100.77	\$107.06
FQHC / RHC	\$401,794	\$460,502	\$0	\$0	\$0.67	\$0.70	10,673	11,187	214	204	\$37.65	\$41.16
Home Health	\$37,221	\$31,878	\$0	\$0	\$0.06	\$0.05	158	169	3	3	\$235.57	\$188.63
IP - Maternity	\$363,930	\$314,571	\$0	\$0	\$0.61	\$0.48	137	112	3	2	\$2,656.43	\$2,808.67
IP - Newborn	\$3,853,680	\$3,614,009	\$0	\$0	\$6.43	\$5.48	833	817	17	15	\$4,626.27	\$4,423.51
IP - Other	\$5,322,428	\$7,356,462	\$0	\$0	\$8.88	\$11.16	784	914	16	17	\$6,788.81	\$8,048.65
IP - Psych	\$441,185	\$573,990	\$217,038	\$249,016	\$1.10	\$1.25	872	1,062	17	19	\$754.84	\$774.96
Lab	\$890,024	\$890,125	\$353,361	\$376,118	\$2.08	\$1.92	109,739	114,256	2,198	2,080	\$11.33	\$11.08
OP - Emergency Room & Related	\$5,158,567	\$5,535,480	\$0	\$0	\$8.61	\$8.40	22,556	24,806	452	452	\$228.70	\$223.15
OP - Other	\$8,184,096	\$8,858,088	\$0	\$0	\$13.66	\$13.44	18,657	20,845	374	380	\$438.66	\$424.95
Pharmacy	\$11,830,576	\$13,813,185	\$0	\$0	\$19.75	\$20.96	201,744	214,168	4,041	3,900	\$58.64	\$64.50
Prof - Anesthesia	\$426,827	\$482,053	\$0	\$0	\$0.71	\$0.73	2,718	2,965	54	54	\$157.04	\$162.58
Prof - Child EPSDT	\$1,601,219	\$1,849,596	\$0	\$0	\$2.67	\$2.81	45,682	51,179	915	932	\$35.05	\$36.14
Prof - Evaluation & Management	\$13,966,938	\$16,143,144	\$58,222	\$67,439	\$23.41	\$24.60	214,023	236,653	4,287	4,309	\$65.53	\$68.50
Prof - Maternity	\$214,816	\$193,658	\$0	\$0	\$0.36	\$0.29	441	329	9	6	\$487.11	\$588.63
Prof - Other	\$4,944,684	\$6,519,490	\$69,666	\$68,293	\$8.37	\$10.00	120,456	140,813	2,413	2,564	\$41.63	\$46.78
Prof - Psych	\$675,890	\$768,896	\$295,239	\$344,969	\$1.62	\$1.69	17,188	19,748	344	360	\$56.50	\$56.40
Prof - Specialist	\$1,657,287	\$1,957,953	\$0	\$0	\$2.77	\$2.97	16,217	17,434	325	317	\$102.19	\$112.31
Prof - Vision	\$267,918	\$360,262	\$639,885	\$717,462	\$1.52	\$1.64	12,065	14,794	242	269	\$75.24	\$72.85
Radiology	\$593,743	\$658,571	\$0	\$0	\$0.99	\$1.00	24,761	27,600	496	503	\$23.98	\$23.86
Transportation/Ambulance	\$193,690	\$198,808	\$0	\$2,797	\$0.32	\$0.31	1,249	1,429	25	26	\$155.08	\$141.08
Total	\$61,860,094	\$71,619,513	\$1,633,411	\$1,826,094	\$105.98	\$111.45	829,225	910,983				

Note:
*Plans may not provide complete unit counts for subcapitated encounters, thus Cost/Unit may not be accurate.

Virginia Medicaid
FY 2014 Capitation Rate Development for the FAMIS Program
Fee-For-Service Data - Family Access to Medical Insurance Security (FAMIS)
Historical Eligibility, Claims, and Utilization Data

Section I
Exhibit 1b

Age Under 1												
PCCM Far Southwest	Raw Claims FY11	Raw Claims FY12	Capitation FY11	Capitation FY12	Unadjusted PMPM 11	Unadjusted PMPM 12	Units FY11	Units FY12	Units/1000 FY11	Units/1000 FY12	Cost/Unit FY11	Cost/Unit FY12
Member Months	72	50										
Service Type												
DME/Supplies	\$6,489	\$2,126	\$0	\$0	\$90.13	\$42.52	50	17	8,333	4,080	\$129.79	\$125.07
FQHC / RHC	\$0	\$427	\$0	\$0	\$0.00	\$8.54	0	6	-	1,440	-	\$71.19
Home Health	\$0	\$0	\$0	\$0	\$0.00	\$0.00	0	0	-	-	-	-
IP - Maternity	\$0	\$0	\$0	\$0	\$0.00	\$0.00	0	0	-	-	-	-
IP - Newborn	\$0	\$0	\$0	\$0	\$0.00	\$0.00	0	0	-	-	-	-
IP - Other	\$3,736	\$0	\$0	\$0	\$51.89	\$0.00	2	0	333	-	\$1,868.16	-
IP - Psych	\$0	\$0	\$0	\$0	\$0.00	\$0.00	0	0	-	-	-	-
Lab	\$404	\$206	\$0	\$0	\$5.61	\$4.12	34	19	5,667	4,560	\$11.88	\$10.84
OP - Emergency Room	\$485	\$60	\$0	\$0	\$6.74	\$1.20	5	2	833	480	\$97.07	\$30.00
OP - Other	\$2,029	\$18	\$0	\$0	\$28.18	\$0.36	13	2	2,167	480	\$156.08	\$9.05
Pharmacy	\$35,711	\$9,743	\$0	\$0	\$495.99	\$194.87	100	21	16,667	5,040	\$357.11	\$463.97
Prof - Anesthesia	\$0	\$0	\$0	\$0	\$0.00	\$0.00	0	0	-	-	-	-
Prof - Child EPSDT	\$515	\$235	\$0	\$0	\$7.15	\$4.69	25	21	4,167	5,040	\$20.60	\$11.18
Prof - Evaluation & Management	\$6,653	\$2,472	\$0	\$0	\$92.40	\$49.44	99	39	16,500	9,360	\$67.20	\$63.38
Prof - Maternity	\$0	\$0	\$0	\$0	\$0.00	\$0.00	0	0	-	-	-	-
Prof - Other	\$926	\$721	\$0	\$0	\$12.86	\$14.41	29	28	4,833	6,720	\$31.93	\$25.74
Prof - Psych	\$0	\$0	\$0	\$0	\$0.00	\$0.00	0	0	-	-	-	-
Prof - Specialist	\$169	\$0	\$0	\$0	\$2.35	\$0.00	1	0	167	-	\$169.49	-
Prof - Vision	\$0	\$137	\$0	\$0	\$0.00	\$2.73	0	2	-	480	-	\$68.33
Radiology	\$79	\$26	\$0	\$0	\$1.09	\$0.53	8	1	1,333	240	\$9.83	\$26.44
Transportation/Ambulance	\$0	\$0	\$0	\$0	\$0.00	\$0.00	0	0	-	-	-	-
Total	\$57,197	\$16,171	\$0	\$0	\$794.40	\$323.42	366	158				

Note:
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Virginia Medicaid
FY 2014 Capitation Rate Development for the FAMIS Program
Fee-For-Service Data - Family Access to Medical Insurance Security (FAMIS)
Historical Eligibility, Claims, and Utilization Data

Section I
Exhibit 1b

Age 1-5												
PCCM Far Southwest	Raw Claims FY11	Raw Claims FY12	Capitation FY11	Capitation FY12	Unadjusted PMPM 11	Unadjusted PMPM 12	Units FY11	Units FY12	Units/1000 FY11	Units/1000 FY12	Cost/Unit FY11	Cost/Unit FY12
Member Months	3,799	3,901										
Service Type												
DME/Supplies	\$10,381	\$3,672	\$0	\$0	\$2.73	\$0.94	133	95	420	292	\$78.05	\$38.65
FQHC / RHC	\$25,784	\$28,046	\$0	\$0	\$6.79	\$7.19	356	390	1,124	1,200	\$72.43	\$71.91
Home Health	\$0	\$0	\$0	\$0	\$0.00	\$0.00	0	0	-	-	-	-
IP - Maternity	\$0	\$0	\$0	\$0	\$0.00	\$0.00	0	0	-	-	-	-
IP - Newborn	\$0	\$0	\$0	\$0	\$0.00	\$0.00	0	0	-	-	-	-
IP - Other	\$25,524	\$52,425	\$0	\$0	\$6.72	\$13.44	13	19	41	58	\$1,963.37	\$2,759.20
IP - Psych	\$0	\$0	\$0	\$0	\$0.00	\$0.00	0	0	-	-	-	-
Lab	\$20,744	\$16,769	\$0	\$0	\$5.46	\$4.30	1,638	1,388	5,174	4,270	\$12.66	\$12.08
OP - Emergency Room	\$21,224	\$23,079	\$0	\$0	\$5.59	\$5.92	182	273	575	840	\$116.62	\$84.54
OP - Other	\$73,000	\$54,389	\$0	\$0	\$19.22	\$13.94	183	109	578	335	\$398.90	\$498.98
Pharmacy	\$164,725	\$121,162	\$0	\$0	\$43.36	\$31.06	2,580	2,357	8,149	7,250	\$63.85	\$51.41
Prof - Anesthesia	\$4,841	\$5,028	\$0	\$0	\$1.27	\$1.29	205	208	648	640	\$23.62	\$24.17
Prof - Child EPSDT	\$7,261	\$7,606	\$0	\$0	\$1.91	\$1.95	342	339	1,080	1,043	\$21.23	\$22.44
Prof - Evaluation & Management	\$114,187	\$107,307	\$0	\$0	\$30.06	\$27.51	1,956	1,764	6,178	5,426	\$58.38	\$60.83
Prof - Maternity	\$0	\$0	\$0	\$0	\$0.00	\$0.00	0	0	-	-	-	-
Prof - Other	\$36,263	\$39,014	\$0	\$0	\$9.55	\$10.00	2,631	2,739	8,311	8,425	\$13.78	\$14.24
Prof - Psych	\$1,183	\$1,692	\$0	\$0	\$0.31	\$0.43	74	22	234	68	\$15.98	\$76.91
Prof - Specialist	\$13,392	\$16,401	\$0	\$0	\$3.53	\$4.20	93	88	294	271	\$144.00	\$186.37
Prof - Vision	\$5,483	\$5,276	\$0	\$0	\$1.44	\$1.35	110	97	347	298	\$49.84	\$54.39
Radiology	\$4,541	\$3,336	\$0	\$0	\$1.20	\$0.86	208	205	657	631	\$21.83	\$16.27
Transportation/Ambulance	\$1,255	\$1,923	\$0	\$0	\$0.33	\$0.49	10	24	32	74	\$125.50	\$80.10
Total	\$529,788	\$487,123	\$0	\$0	\$139.45	\$124.87	10,714	10,117				

Note:
*Plans may not provide complete unit counts for subcapitated encounters, thus Cost/Unit may not be accurate.

Virginia Medicaid
FY 2014 Capitation Rate Development for the FAMIS Program
Fee-For-Service Data - Family Access to Medical Insurance Security (FAMIS)
Historical Eligibility, Claims, and Utilization Data

Section I
Exhibit 1b

Age 6-14												
PCCM Far Southwest	Raw Claims FY11	Raw Claims FY12	Capitation FY11	Capitation FY12	Unadjusted PMPM 11	Unadjusted PMPM 12	Units FY11	Units FY12	Units/1000 FY11	Units/1000 FY12	Cost/Unit FY11	Cost/Unit FY12
Member Months	6,618	6,518										
Service Type												
DME/Supplies	\$22,806	\$14,985	\$0	\$0	\$3.45	\$2.30	183	159	332	293	\$124.62	\$94.24
FQHC / RHC	\$56,761	\$55,556	\$0	\$0	\$8.58	\$8.52	789	737	1,431	1,357	\$71.94	\$75.38
Home Health	\$0	\$0	\$0	\$0	\$0.00	\$0.00	0	0	-	-	-	-
IP - Maternity	\$0	\$0	\$0	\$0	\$0.00	\$0.00	0	0	-	-	-	-
IP - Newborn	\$0	\$0	\$0	\$0	\$0.00	\$0.00	0	0	-	-	-	-
IP - Other	\$42,374	\$25,456	\$0	\$0	\$6.40	\$3.91	10	10	18	18	\$4,237.43	\$2,545.63
IP - Psych	\$0	\$20,069	\$0	\$0	\$0.00	\$3.08	0	24	-	44	-	\$836.22
Lab	\$27,699	\$25,667	\$0	\$0	\$4.19	\$3.94	2,141	1,962	3,882	3,612	\$12.94	\$13.08
OP - Emergency Room	\$43,561	\$54,530	\$0	\$0	\$6.58	\$8.37	252	323	457	595	\$172.86	\$168.82
OP - Other	\$65,235	\$63,710	\$0	\$0	\$9.86	\$9.77	262	180	475	331	\$248.99	\$353.94
Pharmacy	\$356,811	\$336,628	\$0	\$0	\$53.92	\$51.65	4,980	4,912	9,030	9,043	\$71.65	\$68.53
Prof - Anesthesia	\$2,608	\$3,634	\$0	\$0	\$0.39	\$0.56	94	157	170	289	\$27.74	\$23.14
Prof - Child EPSDT	\$2,627	\$2,000	\$0	\$0	\$0.40	\$0.31	147	103	267	190	\$17.87	\$19.42
Prof - Evaluation & Management	\$128,471	\$130,433	\$0	\$0	\$19.41	\$20.01	2,267	2,200	4,111	4,050	\$56.67	\$59.29
Prof - Maternity	\$0	\$0	\$0	\$0	\$0.00	\$0.00	0	0	-	-	-	-
Prof - Other	\$53,716	\$56,734	\$0	\$0	\$8.12	\$8.70	4,344	3,855	7,877	7,097	\$12.37	\$14.72
Prof - Psych	\$13,037	\$22,361	\$0	\$0	\$1.97	\$3.43	214	331	388	609	\$60.92	\$67.55
Prof - Specialist	\$17,613	\$18,714	\$0	\$0	\$2.66	\$2.87	146	137	265	252	\$120.64	\$136.60
Prof - Vision	\$23,755	\$21,246	\$0	\$0	\$3.59	\$3.26	518	429	939	790	\$45.86	\$49.52
Radiology	\$9,242	\$10,546	\$0	\$0	\$1.40	\$1.62	447	464	811	854	\$20.68	\$22.73
Transportation/Ambulance	\$3,088	\$855	\$0	\$0	\$0.47	\$0.13	36	14	65	26	\$85.76	\$61.07
Total	\$869,406	\$863,124	\$0	\$0	\$131.37	\$132.42	16,830	15,997				

Note:
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Virginia Medicaid
FY 2014 Capitation Rate Development for the FAMIS Program
Fee-For-Service Data - Family Access to Medical Insurance Security (FAMIS)
Historical Eligibility, Claims, and Utilization Data

Section I
Exhibit 1b

Age 15-18 Female												
PCCM Far Southwest	Raw Claims FY11	Raw Claims FY12	Capitation FY11	Capitation FY12	Unadjusted PMPM 11	Unadjusted PMPM 12	Units FY11	Units FY12	Units/1000 FY11	Units/1000 FY12	Cost/Unit FY11	Cost/Unit FY12
Member Months	1,357	1,292										
Service Type												
DME/Supplies	\$3,082	\$1,630	\$0	\$0	\$2.27	\$1.26	42	19	371	176	\$73.38	\$85.81
FQHC / RHC	\$19,802	\$12,091	\$0	\$0	\$14.59	\$9.36	261	160	2,308	1,486	\$75.87	\$75.57
Home Health	\$0	\$0	\$0	\$0	\$0.00	\$0.00	0	0	-	-	-	-
IP - Maternity	\$8,371	\$1,713	\$0	\$0	\$6.17	\$1.33	3	1	27	9	\$2,790.39	\$1,712.84
IP - Newborn	\$0	\$0	\$0	\$0	\$0.00	\$0.00	0	0	-	-	-	-
IP - Other	\$8,180	\$2,793	\$0	\$0	\$6.03	\$2.16	1	2	9	19	\$8,180.48	\$1,396.43
IP - Psych	\$0	\$0	\$0	\$0	\$0.00	\$0.00	0	0	-	-	-	-
Lab	\$12,940	\$10,878	\$0	\$0	\$9.54	\$8.42	919	770	8,127	7,152	\$14.08	\$14.13
OP - Emergency Room	\$14,457	\$15,281	\$0	\$0	\$10.65	\$11.83	70	83	619	771	\$206.53	\$184.11
OP - Other	\$35,176	\$26,596	\$0	\$0	\$25.92	\$20.58	96	53	849	492	\$366.42	\$501.81
Pharmacy	\$87,597	\$59,989	\$0	\$0	\$64.55	\$46.43	1,622	1,238	14,343	11,498	\$54.01	\$48.46
Prof - Anesthesia	\$1,663	\$886	\$0	\$0	\$1.23	\$0.69	69	40	610	372	\$24.11	\$22.15
Prof - Child EPSDT	\$177	\$336	\$0	\$0	\$0.13	\$0.26	29	43	256	399	\$6.09	\$7.81
Prof - Evaluation & Management	\$24,139	\$29,386	\$0	\$0	\$17.79	\$22.74	429	442	3,794	4,105	\$56.27	\$66.48
Prof - Maternity	\$3,859	\$713	\$0	\$0	\$2.84	\$0.55	9	1	80	9	\$428.83	\$713.10
Prof - Other	\$10,357	\$7,782	\$0	\$0	\$7.63	\$6.02	595	131	5,261	1,217	\$17.41	\$59.41
Prof - Psych	\$2,361	\$4,060	\$0	\$0	\$1.74	\$3.14	48	66	424	613	\$49.20	\$61.51
Prof - Specialist	\$3,599	\$5,720	\$0	\$0	\$2.65	\$4.43	25	40	221	372	\$143.96	\$143.00
Prof - Vision	\$5,706	\$3,165	\$0	\$0	\$4.20	\$2.45	128	65	1,132	604	\$44.58	\$48.69
Radiology	\$7,023	\$5,135	\$0	\$0	\$5.18	\$3.97	179	123	1,583	1,142	\$39.24	\$41.75
Transportation/Ambulance	\$380	\$320	\$0	\$0	\$0.28	\$0.25	6	4	53	37	\$63.33	\$80.00
Total	\$248,871	\$188,474	\$0	\$0	\$183.39	\$145.87	4,531	3,281				

Note:
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Virginia Medicaid
FY 2014 Capitation Rate Development for the FAMIS Program
Fee-For-Service Data - Family Access to Medical Insurance Security (FAMIS)
Historical Eligibility, Claims, and Utilization Data

Section I
Exhibit 1b

Age 15-18 Male												
PCCM Far Southwest	Raw Claims FY11	Raw Claims FY12	Capitation FY11	Capitation FY12	Unadjusted PMPM 11	Unadjusted PMPM 12	Units FY11	Units FY12	Units/1000 FY11	Units/1000 FY12	Cost/Unit FY11	Cost/Unit FY12
Member Months	1,426	1,567										
Service Type												
DME/Supplies	\$6,958	\$9,102	\$0	\$0	\$4.88	\$5.81	84	121	707	927	\$82.84	\$75.22
FQHC / RHC	\$8,315	\$14,817	\$0	\$0	\$5.83	\$9.46	114	209	959	1,601	\$72.94	\$70.89
Home Health	\$0	\$0	\$0	\$0	\$0.00	\$0.00	0	0	-	-	-	-
IP - Maternity	\$0	\$0	\$0	\$0	\$0.00	\$0.00	0	0	-	-	-	-
IP - Newborn	\$0	\$0	\$0	\$0	\$0.00	\$0.00	0	0	-	-	-	-
IP - Other	\$7,850	\$28,652	\$0	\$0	\$5.50	\$18.28	2	3	17	23	\$3,924.79	\$9,550.67
IP - Psych	\$12,337	\$0	\$0	\$0	\$8.65	\$0.00	15	0	126	-	\$822.45	-
Lab	\$6,669	\$6,137	\$0	\$0	\$4.68	\$3.92	474	448	3,989	3,431	\$14.07	\$13.70
OP - Emergency Room	\$13,957	\$22,891	\$0	\$0	\$9.79	\$14.61	83	96	698	735	\$168.16	\$238.45
OP - Other	\$32,326	\$23,719	\$0	\$0	\$22.67	\$15.14	71	42	597	322	\$455.29	\$564.73
Pharmacy	\$54,538	\$80,631	\$0	\$0	\$38.25	\$51.46	986	1,106	8,297	8,470	\$55.31	\$72.90
Prof - Anesthesia	\$1,579	\$1,412	\$0	\$0	\$1.11	\$0.90	78	72	656	551	\$20.25	\$19.62
Prof - Child EPSDT	\$537	\$475	\$0	\$0	\$0.38	\$0.30	29	31	244	237	\$18.50	\$15.32
Prof - Evaluation & Management	\$22,543	\$25,410	\$0	\$0	\$15.81	\$16.22	390	403	3,282	3,086	\$57.80	\$63.05
Prof - Maternity	\$0	\$0	\$0	\$0	\$0.00	\$0.00	0	0	-	-	-	-
Prof - Other	\$5,587	\$9,116	\$0	\$0	\$3.92	\$5.82	251	876	2,112	6,708	\$22.26	\$10.41
Prof - Psych	\$2,658	\$3,346	\$0	\$0	\$1.86	\$2.14	45	58	379	444	\$59.08	\$57.69
Prof - Specialist	\$14,030	\$7,280	\$0	\$0	\$9.84	\$4.65	65	49	547	375	\$215.85	\$148.56
Prof - Vision	\$4,464	\$4,571	\$0	\$0	\$3.13	\$2.92	98	98	825	750	\$45.55	\$46.64
Radiology	\$2,849	\$4,086	\$0	\$0	\$2.00	\$2.61	138	163	1,161	1,248	\$20.64	\$25.07
Transportation/Ambulance	\$1,245	\$1,708	\$0	\$0	\$0.87	\$1.09	10	14	84	107	\$124.50	\$121.96
Total	\$198,442	\$243,353	\$0	\$0	\$139.16	\$155.30	2,933	3,789				

Note:
*Plans may not provide complete unit counts for subcapitated encounters, thus Cost/Unit may not be accurate.

Virginia Medicaid
FY 2014 Capitation Rate Development for the FAMIS Program
Fee-For-Service Data - Family Access to Medical Insurance Security (FAMIS)
Historical Eligibility, Claims, and Utilization Data

Section I
Exhibit 1b

All Age Categories												
PCCM Far Southwest	Raw Claims FY11	Raw Claims FY12	Capitation FY11	Capitation FY12	Unadjusted PMPM 11	Unadjusted PMPM 12	Units FY11	Units FY12	Units/1000 FY11	Units/1000 FY12	Cost/Unit FY11	Cost/Unit FY12
Member Months	13,272	13,328										
Service Type												
DME/Supplies	\$49,717	\$31,515	\$0	\$0	\$3.75	\$2.36	492	411	445	370	\$101.05	\$76.68
FQHC / RHC	\$110,662	\$110,937	\$0	\$0	\$8.34	\$8.32	1,520	1,502	1,374	1,352	\$72.80	\$73.86
Home Health	\$0	\$0	\$0	\$0	\$0.00	\$0.00	0	0	-	-	-	-
IP - Maternity	\$8,371	\$1,713	\$0	\$0	\$0.63	\$0.13	3	1	3	1	\$2,790.39	\$1,712.84
IP - Newborn	\$0	\$0	\$0	\$0	\$0.00	\$0.00	0	0	-	-	-	-
IP - Other	\$87,665	\$109,326	\$0	\$0	\$6.61	\$8.20	28	34	25	31	\$3,130.88	\$3,215.47
IP - Psych	\$12,337	\$20,069	\$0	\$0	\$0.93	\$1.51	15	24	14	22	\$822.45	\$836.22
Lab	\$68,457	\$59,657	\$0	\$0	\$5.16	\$4.48	5,206	4,587	4,707	4,130	\$13.15	\$13.01
OP - Emergency Room & Related	\$93,685	\$115,842	\$0	\$0	\$7.06	\$8.69	592	777	535	700	\$158.25	\$149.09
OP - Other	\$207,765	\$168,432	\$0	\$0	\$15.65	\$12.64	625	386	565	348	\$332.42	\$436.35
Pharmacy	\$699,383	\$608,153	\$0	\$0	\$52.70	\$45.63	10,268	9,634	9,284	8,674	\$68.11	\$63.13
Prof - Anesthesia	\$10,692	\$10,960	\$0	\$0	\$0.81	\$0.82	446	477	403	429	\$23.97	\$22.98
Prof - Child EPSDT	\$11,116	\$10,651	\$0	\$0	\$0.84	\$0.80	572	537	517	483	\$19.43	\$19.83
Prof - Evaluation & Management	\$295,993	\$295,008	\$0	\$0	\$22.30	\$22.13	5,141	4,848	4,648	4,365	\$57.57	\$60.85
Prof - Maternity	\$3,859	\$713	\$0	\$0	\$0.29	\$0.05	9	1	8	1	\$428.83	\$713.10
Prof - Other	\$106,849	\$113,367	\$0	\$0	\$8.05	\$8.51	7,850	7,629	7,098	6,869	\$13.61	\$14.86
Prof - Psych	\$19,240	\$31,459	\$0	\$0	\$1.45	\$2.36	381	477	344	429	\$50.50	\$65.95
Prof - Specialist	\$48,804	\$48,114	\$0	\$0	\$3.68	\$3.61	330	314	298	283	\$147.89	\$153.23
Prof - Vision	\$39,407	\$34,394	\$0	\$0	\$2.97	\$2.58	854	691	772	622	\$46.14	\$49.77
Radiology	\$23,734	\$23,129	\$0	\$0	\$1.79	\$1.74	980	956	886	861	\$24.22	\$24.19
Transportation/Ambulance	\$5,968	\$4,805	\$0	\$0	\$0.45	\$0.36	62	56	56	50	\$96.25	\$85.80
Total	\$1,903,704	\$1,798,244	\$0	\$0	\$143.44	\$134.92	35,374	33,342				

Note:
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Virginia Medicaid

FY 2014 Capitation Rate Development for the FAMIS Program

Blended Health Plan Encounter and Fee-for-Service Data - Family Access to Medical Insurance Security (FAMIS)

Historical Eligibility, Claims, and Utilization Data

Section I Exhibit 1c

Age Under 1						
Blended Statewide	Raw Claims FY11	Raw Claims FY12	Capitation FY11	Capitation FY12	Unadjusted PMPM 11	Unadjusted PMPM 12
Member Months	24,344	29,947				
Service Type						
DME/Supplies	\$70,152	\$111,922	\$0	\$0	\$2.88	\$3.74
FQHC / RHC	\$48,580	\$59,672	\$0	\$0	\$2.00	\$1.99
Home Health	\$3,270	\$7,218	\$0	\$0	\$0.13	\$0.24
IP - Maternity	\$0	\$0	\$0	\$0	\$0.00	\$0.00
IP - Newborn	\$3,853,680	\$3,614,009	\$0	\$0	\$158.30	\$120.68
IP - Other	\$505,979	\$1,447,446	\$0	\$0	\$20.78	\$48.33
IP - Psych	\$0	\$1,928	\$7,428	\$11,213	\$0.31	\$0.44
Lab	\$29,988	\$35,021	\$13,492	\$16,307	\$1.79	\$1.71
OP - Emergency Room & Related	\$258,709	\$313,228	\$0	\$0	\$10.63	\$10.46
OP - Other	\$421,769	\$538,162	\$0	\$0	\$17.33	\$17.97
Pharmacy	\$466,560	\$465,667	\$0	\$0	\$19.17	\$15.55
Prof - Anesthesia	\$26,277	\$36,440	\$0	\$0	\$1.08	\$1.22
Prof - Child EPSDT	\$498,136	\$607,340	\$0	\$0	\$20.46	\$20.28
Prof - Evaluation & Management	\$1,872,616	\$2,451,792	\$2,459	\$3,057	\$77.02	\$81.97
Prof - Maternity	\$0	\$0	\$0	\$0	\$0.00	\$0.00
Prof - Other	\$937,449	\$1,391,733	\$2,682	\$2,976	\$38.62	\$46.57
Prof - Psych	\$165	\$80	\$9,636	\$14,546	\$0.40	\$0.49
Prof - Specialist	\$136,480	\$160,910	\$0	\$0	\$5.61	\$5.37
Prof - Vision	\$8,480	\$13,575	\$25,351	\$32,034	\$1.39	\$1.52
Radiology	\$28,922	\$40,357	\$0	\$0	\$1.19	\$1.35
Transportation/Ambulance	\$18,020	\$22,968	\$0	\$278	\$0.74	\$0.78
Total	\$9,185,231	\$11,319,464	\$61,048	\$80,411	\$379.82	\$380.67

Note:

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Virginia Medicaid

FY 2014 Capitation Rate Development for the FAMIS Program

Blended Health Plan Encounter and Fee-for-Service Data - Family Access to Medical Insurance Security (FAMIS)

Historical Eligibility, Claims, and Utilization Data

Section I Exhibit 1c

Age 1-5						
Blended Statewide	Raw Claims FY11	Raw Claims FY12	Capitation FY11	Capitation FY12	Unadjusted PMPM 11	Unadjusted PMPM 12
Member Months	194,009	213,744				
Service Type						
DME/Supplies	\$306,187	\$322,291	\$0	\$0	\$1.58	\$1.51
FQHC / RHC	\$178,773	\$190,812	\$0	\$0	\$0.92	\$0.89
Home Health	\$4,193	\$5,398	\$0	\$0	\$0.02	\$0.03
IP - Maternity	\$0	\$0	\$0	\$0	\$0.00	\$0.00
IP - Newborn	\$0	\$0	\$0	\$0	\$0.00	\$0.00
IP - Other	\$1,937,506	\$1,568,426	\$0	\$0	\$9.99	\$7.34
IP - Psych	\$539	\$11,027	\$65,408	\$76,789	\$0.34	\$0.41
Lab	\$319,921	\$317,859	\$108,698	\$116,489	\$2.21	\$2.03
OP - Emergency Room & Related	\$1,766,801	\$1,731,149	\$0	\$0	\$9.11	\$8.10
OP - Other	\$3,007,491	\$3,242,445	\$0	\$0	\$15.50	\$15.17
Pharmacy	\$2,561,673	\$3,083,650	\$0	\$0	\$13.20	\$14.43
Prof - Anesthesia	\$174,713	\$192,259	\$0	\$0	\$0.90	\$0.90
Prof - Child EPSDT	\$791,977	\$936,217	\$0	\$0	\$4.08	\$4.38
Prof - Evaluation & Management	\$5,462,913	\$6,044,501	\$18,603	\$21,683	\$28.25	\$28.38
Prof - Maternity	\$0	\$0	\$0	\$0	\$0.00	\$0.00
Prof - Other	\$1,390,912	\$1,559,827	\$21,532	\$21,391	\$7.28	\$7.40
Prof - Psych	\$45,152	\$50,778	\$84,845	\$99,608	\$0.67	\$0.70
Prof - Specialist	\$507,558	\$574,042	\$0	\$0	\$2.62	\$2.69
Prof - Vision	\$68,869	\$89,919	\$200,937	\$226,903	\$1.39	\$1.48
Radiology	\$103,599	\$110,113	\$0	\$0	\$0.53	\$0.52
Transportation/Ambulance	\$63,724	\$47,116	\$0	\$929	\$0.33	\$0.22
Total	\$18,692,500	\$20,077,826	\$500,023	\$563,792	\$98.93	\$96.57

Note:

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Virginia Medicaid

FY 2014 Capitation Rate Development for the FAMIS Program

Blended Health Plan Encounter and Fee-for-Service Data - Family Access to Medical Insurance Security (FAMIS)

Historical Eligibility, Claims, and Utilization Data

Section I Exhibit 1c

Age 6-14						
Blended Statewide	Raw Claims FY11	Raw Claims FY12	Capitation FY11	Capitation FY12	Unadjusted PMPM 11	Unadjusted PMPM 12
Member Months	289,457	316,625				
Service Type						
DME/Supplies	\$318,789	\$448,375	\$0	\$0	\$1.10	\$1.42
FQHC / RHC	\$190,250	\$214,414	\$0	\$0	\$0.66	\$0.68
Home Health	\$9,457	\$13,489	\$0	\$0	\$0.03	\$0.04
IP - Maternity	\$12,325	\$5,119	\$0	\$0	\$0.04	\$0.02
IP - Newborn	\$0	\$0	\$0	\$0	\$0.00	\$0.00
IP - Other	\$1,626,188	\$3,022,490	\$0	\$0	\$5.62	\$9.55
IP - Psych	\$257,913	\$301,605	\$106,171	\$116,441	\$1.26	\$1.32
Lab	\$370,608	\$361,411	\$169,879	\$179,925	\$1.87	\$1.71
OP - Emergency Room & Related	\$1,930,948	\$2,207,370	\$0	\$0	\$6.67	\$6.97
OP - Other	\$3,022,487	\$3,253,363	\$0	\$0	\$10.44	\$10.28
Pharmacy	\$6,996,841	\$7,777,783	\$0	\$0	\$24.17	\$24.56
Prof - Anesthesia	\$132,214	\$159,350	\$0	\$0	\$0.46	\$0.50
Prof - Child EPSDT	\$242,163	\$222,743	\$0	\$0	\$0.84	\$0.70
Prof - Evaluation & Management	\$5,019,080	\$5,798,778	\$27,754	\$32,124	\$17.44	\$18.42
Prof - Maternity	\$8,650	\$3,325	\$0	\$0	\$0.03	\$0.01
Prof - Other	\$2,064,242	\$2,652,485	\$33,328	\$32,283	\$7.25	\$8.48
Prof - Psych	\$434,693	\$498,242	\$143,557	\$166,188	\$2.00	\$2.10
Prof - Specialist	\$642,589	\$810,536	\$0	\$0	\$2.22	\$2.56
Prof - Vision	\$173,351	\$224,190	\$304,265	\$338,828	\$1.65	\$1.78
Radiology	\$240,691	\$275,912	\$0	\$0	\$0.83	\$0.87
Transportation/Ambulance	\$62,267	\$67,607	\$0	\$992	\$0.22	\$0.22
Total	\$23,755,745	\$28,318,587	\$784,955	\$866,780	\$84.78	\$92.18

Note:

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Virginia Medicaid

FY 2014 Capitation Rate Development for the FAMIS Program

Blended Health Plan Encounter and Fee-for-Service Data - Family Access to Medical Insurance Security (FAMIS)

Historical Eligibility, Claims, and Utilization Data

Section I Exhibit 1c

Age 15-18 Female						
Blended Statewide	Raw Claims FY11	Raw Claims FY12	Capitation FY11	Capitation FY12	Unadjusted PMPM 11	Unadjusted PMPM 12
Member Months	52,473	56,198				
Service Type						
DME/Supplies	\$80,076	\$91,195	\$0	\$0	\$1.53	\$1.62
FQHC / RHC	\$64,703	\$66,226	\$0	\$0	\$1.23	\$1.18
Home Health	\$10,251	\$1,476	\$0	\$0	\$0.20	\$0.03
IP - Maternity	\$359,976	\$311,165	\$0	\$0	\$6.86	\$5.54
IP - Newborn	\$0	\$0	\$0	\$0	\$0.00	\$0.00
IP - Other	\$392,720	\$698,136	\$0	\$0	\$7.48	\$12.42
IP - Psych	\$80,327	\$120,921	\$18,667	\$21,260	\$1.89	\$2.53
Lab	\$175,984	\$173,367	\$30,919	\$32,055	\$3.94	\$3.66
OP - Emergency Room & Related	\$710,195	\$803,429	\$0	\$0	\$13.53	\$14.30
OP - Other	\$995,511	\$1,111,344	\$0	\$0	\$18.97	\$19.78
Pharmacy	\$1,294,065	\$1,593,319	\$0	\$0	\$24.66	\$28.35
Prof - Anesthesia	\$61,413	\$64,041	\$0	\$0	\$1.17	\$1.14
Prof - Child EPSDT	\$51,918	\$62,270	\$0	\$0	\$0.99	\$1.11
Prof - Evaluation & Management	\$1,135,013	\$1,276,188	\$4,747	\$5,408	\$21.72	\$22.80
Prof - Maternity	\$210,025	\$191,046	\$0	\$0	\$4.00	\$3.40
Prof - Other	\$414,413	\$434,957	\$6,066	\$5,834	\$8.01	\$7.84
Prof - Psych	\$113,147	\$138,249	\$28,735	\$32,104	\$2.70	\$3.03
Prof - Specialist	\$191,405	\$239,961	\$0	\$0	\$3.65	\$4.27
Prof - Vision	\$30,367	\$35,268	\$54,994	\$60,234	\$1.63	\$1.70
Radiology	\$158,514	\$172,093	\$0	\$0	\$3.02	\$3.06
Transportation/Ambulance	\$26,136	\$32,482	\$0	\$237	\$0.50	\$0.58
Total	\$6,556,161	\$7,617,134	\$144,128	\$157,132	\$127.69	\$138.34

Note:

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Virginia Medicaid

FY 2014 Capitation Rate Development for the FAMIS Program

Blended Health Plan Encounter and Fee-for-Service Data - Family Access to Medical Insurance Security (FAMIS)

Historical Eligibility, Claims, and Utilization Data

Section I Exhibit 1c

Age 15-18 Male						
Blended Statewide	Raw Claims FY11	Raw Claims FY12	Capitation FY11	Capitation FY12	Unadjusted PMPM 11	Unadjusted PMPM 12
Member Months	52,071	55,837				
Service Type						
DME/Supplies	\$108,096	\$96,523	\$0	\$0	\$2.08	\$1.73
FQHC / RHC	\$30,149	\$40,315	\$0	\$0	\$0.58	\$0.72
Home Health	\$10,050	\$4,298	\$0	\$0	\$0.19	\$0.08
IP - Maternity	\$0	\$0	\$0	\$0	\$0.00	\$0.00
IP - Newborn	\$0	\$0	\$0	\$0	\$0.00	\$0.00
IP - Other	\$947,698	\$729,290	\$0	\$0	\$18.20	\$13.06
IP - Psych	\$114,742	\$158,578	\$19,364	\$23,313	\$2.58	\$3.26
Lab	\$61,980	\$62,125	\$30,373	\$31,343	\$1.77	\$1.67
OP - Emergency Room & Related	\$585,598	\$596,147	\$0	\$0	\$11.25	\$10.68
OP - Other	\$944,604	\$881,206	\$0	\$0	\$18.14	\$15.78
Pharmacy	\$1,210,819	\$1,500,919	\$0	\$0	\$23.25	\$26.88
Prof - Anesthesia	\$42,903	\$40,923	\$0	\$0	\$0.82	\$0.73
Prof - Child EPSDT	\$28,141	\$31,679	\$0	\$0	\$0.54	\$0.57
Prof - Evaluation & Management	\$773,310	\$866,894	\$4,658	\$5,167	\$14.94	\$15.62
Prof - Maternity	\$0	\$0	\$0	\$0	\$0.00	\$0.00
Prof - Other	\$244,517	\$593,855	\$6,058	\$5,809	\$4.81	\$10.74
Prof - Psych	\$101,973	\$113,006	\$28,467	\$32,523	\$2.51	\$2.61
Prof - Specialist	\$228,060	\$220,618	\$0	\$0	\$4.38	\$3.95
Prof - Vision	\$26,258	\$31,703	\$54,338	\$59,463	\$1.55	\$1.63
Radiology	\$85,751	\$83,226	\$0	\$0	\$1.65	\$1.49
Transportation/Ambulance	\$29,511	\$33,440	\$0	\$360	\$0.57	\$0.61
Total	\$5,574,160	\$6,084,746	\$143,257	\$157,978	\$109.80	\$111.80

Note:

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Virginia Medicaid

FY 2014 Capitation Rate Development for the FAMIS Program

Blended Health Plan Encounter and Fee-for-Service Data - Family Access to Medical Insurance Security (FAMIS)

Historical Eligibility, Claims, and Utilization Data

Section I Exhibit 1c

All Age Categories						
Blended Statewide	Raw Claims FY11	Raw Claims FY12	Capitation FY11	Capitation FY12	Unadjusted PMPM 11	Unadjusted PMPM 12
Member Months	612,354	672,351				
Service Type						
DME/Supplies	\$883,300	\$1,070,306	\$0	\$0	\$1.44	\$1.59
FQHC / RHC	\$512,456	\$571,439	\$0	\$0	\$0.84	\$0.85
Home Health	\$37,221	\$31,878	\$0	\$0	\$0.06	\$0.05
IP - Maternity	\$372,301	\$316,284	\$0	\$0	\$0.61	\$0.47
IP - Newborn	\$3,853,680	\$3,614,009	\$0	\$0	\$6.29	\$5.38
IP - Other	\$5,410,092	\$7,465,788	\$0	\$0	\$8.83	\$11.10
IP - Psych	\$453,521	\$594,059	\$217,038	\$249,016	\$1.10	\$1.25
Lab	\$958,481	\$949,782	\$353,361	\$376,118	\$2.14	\$1.97
OP - Emergency Room & Related	\$5,252,252	\$5,651,322	\$0	\$0	\$8.58	\$8.41
OP - Other	\$8,391,861	\$9,026,520	\$0	\$0	\$13.70	\$13.43
Pharmacy	\$12,529,959	\$14,421,338	\$0	\$0	\$20.46	\$21.45
Prof - Anesthesia	\$437,519	\$493,013	\$0	\$0	\$0.71	\$0.73
Prof - Child EPSDT	\$1,612,335	\$1,860,248	\$0	\$0	\$2.63	\$2.77
Prof - Evaluation & Management	\$14,262,931	\$16,438,152	\$58,222	\$67,439	\$23.39	\$24.55
Prof - Maternity	\$218,675	\$194,371	\$0	\$0	\$0.36	\$0.29
Prof - Other	\$5,051,533	\$6,632,857	\$69,666	\$68,293	\$8.36	\$9.97
Prof - Psych	\$695,130	\$800,355	\$295,239	\$344,969	\$1.62	\$1.70
Prof - Specialist	\$1,706,091	\$2,006,067	\$0	\$0	\$2.79	\$2.98
Prof - Vision	\$307,326	\$394,656	\$639,885	\$717,462	\$1.55	\$1.65
Radiology	\$617,477	\$681,700	\$0	\$0	\$1.01	\$1.01
Transportation/Ambulance	\$199,657	\$203,613	\$0	\$2,797	\$0.33	\$0.31
Total	\$63,763,798	\$73,417,758	\$1,633,411	\$1,826,094	\$106.80	\$111.91

Note:

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Virginia Medicaid
FY 2014 Capitation Rate Development
Health Plan Encounter Data - Family Access to Medical Insurance Security (FAMIS)
Pharmacy Adjustment

Section I
Exhibit 2a

	FAMIS	Source
1. Health Plan Total Drug Cost PMPM	\$20.98	FY11-12 Health Plan Encounter Data
2. Health Plan Drug Ingredient Cost PMPM	\$19.82	Health Plan Encounter Analysis
3. Change in Average Managed Care Discount	0.3%	From Plan Data
4. Current Average Managed Care Rebate	2.5%	From Plan Data
5. FY14 Managed Care Dispensing Fee PMPM	\$0.36	From Plan Data
6. Average PBM Admin Cost PMPM	\$0.07	From Plan Data
7. Adjusted PMPM with FY14 Pharmacy Pricing Arrangements	\$19.71	= (2.) * (1 - (3.)) * (1 - (4.)) + (5.) + (6.)
8. Pharmacy Adjustment	-6.1%	= (7.) / (1.) - 1

Virginia Medicaid
FY 2014 Capitation Rate Development
Health Plan Encounter Data - Family Access to Medical Insurance Security (FAMIS)
Exempt Infant Formula Carveout Adjustment

Section I
Exhibit 2b

	FAMIS Age 0-5	FAMIS Age 6-18	Source
1. Claims Associated with Exempt Infant Formula	\$4,097	\$2,222	FY11-12 Health Plan Encounter Data
2. Total Claims in DME/Supplies Service Category	\$810,551	\$1,143,054	FY11-12 Health Plan Encounter Data
3. Exempt Infant Formula Carveout Adjustment	-0.5%	-0.2%	= - (1.) / (2.)

Virginia Medicaid
FY 2014 Capitation Rate Development
Health Plan Encounter Data - Family Access to Medical Insurance Security (FAMIS)
Hospital Inpatient Adjustments

Section I
Exhibit 2c

	Inpatient Medical/Surgical	Inpatient Psychiatric	Source
1a. FY11 Total Claims in IP Service Categories	\$9,636,073	\$453,521	FY11 Health Plan Encounter Data
1b. FY12 Total Claims in IP Service Categories	\$11,396,080	\$594,059	FY12 Health Plan Encounter Data
2. FY11-12 Hospital Capital Percentage Adjusted	9.7%	9.7%	Provided by DMAS
3a. FY12 Capital Reimbursement Reduction	5.3%	5.3%	Provided by DMAS
3b. Dollar Change	(\$49,853)	(\$2,346)	= - (1a.) * (2.) * (3a.)
4a. FY13 Hospital Rate Change	2.6%	2.6%	Provided by DMAS
4b. Dollar Change	\$493,790	\$24,595	= ((1a.) + (1b.)) * (1 - (2.)) * (4a.)
5a. FY14 Hospital Rate Change	4.7%	-7.4%	Provided by DMAS
5b. Dollar Change	\$909,755	(\$71,503)	= ((1a.) + (1b.)) * (1 - (2.)) * (1 + (4a.)) * (5a.)
6 Hospital Inpatient Adjustment	6.4%	-4.7%	= ((3b.) + (4b.) + (5b.)) / ((1a.) + (1b.))

Virginia Medicaid
FY 2014 Capitation Rate Development
Health Plan Encounter Data - Family Access to Medical Insurance Security (FAMIS)
Hospital Outpatient Adjustment

Section I
Exhibit 2d

		FAMIS	Source
1. Claims Associated with FY11 Outpatient Services	a. OP - Emergency Room & Related	\$5,252,252	FY11 Health Plan Encounter Data
	b. OP - Other	\$8,391,861	FY11 Health Plan Encounter Data
2. Claims Associated with FY12 Outpatient Services	a. OP - Emergency Room & Related	\$5,651,322	FY12 Health Plan Encounter Data
	b. OP - Other	\$9,026,520	FY12 Health Plan Encounter Data
3. % ER Triage of Total Outpatient		6.0%	Provided by DMAS
4. % FY11 OP - Emergency Room & Related of Total Outpatient		38.5%	= (1a.) / ((1a.) + (1b.))
5. % FY11 Claims Exempt from Fee Reduction		15.6%	= (3.) / (4.)
6. FY12 Hospital Outpatient Rate Reduction		5.0%	Provided by DMAS
7. Dollar Decrease	a. OP - Emergency Room & Related	(\$221,680)	= - (1a.) * (1 - (5.)) * (6.)
	b. OP - Other	(\$419,593)	= - (1b.) * (6.)
8. Hospital Outpatient Adjustment	a. OP - Emergency Room & Related	-2.0%	= (7a.) / ((1a.) + (2a.))
	b. OP - Other	-2.4%	= (7b.) / ((1b.) + (2b.))

Virginia Medicaid
FY 2014 Capitation Rate Development
Health Plan Encounter Data - Family Access to Medical Insurance Security (FAMIS)
Behavioral Health Utilization Adjustment

Section I
Exhibit 2e

	FAMIS Age 6 - 18	Source
1. Estimated additional annual expenditures effective FY12	\$900,000	Provided by DMAS
2. % Allocation	8.1%	FY11 Health Plan Encounter Data
3. Estimated additional annual expenditures by Aid Categor	\$73,336	= (1.) * (2.)
4. Prof - Psych Service Category - Ages 6 - 18	\$832,514	FY11 Health Plan Encounter Data
5. Behavioral Health Utilization Adjustment	4.4%	= (3.) / (4.) * (12/24 months)

Virginia Medicaid
FY 2014 Capitation Rate Development
Health Plan Encounter Data - Family Access to Medical Insurance Security (FAMIS)
Emergency Transportation Adjustment

Section I
Exhibit 2f

	FAMIS	Source
1. Claims Associated with Transportation	\$403,271	FY11-12 Health Plan Encounter Data
2. Base Period Member Months	1,284,705	FY11-12 Health Plan Encounter Data
3. Total Trend Factor for Transportation	1.0622	FY10-12 Health Plan Encounter Data
4. Trended Base Period Transportation PMPM	\$0.33	= (1.) / (2.) * (3.)
5. FY13 Emergency Transportation PMPM Increase	\$0.05	Provided by DMAS. PMPM based on annualized Nov 2012 Member Months
6. Emergency Transportation Adjustment	15.8%	= (5.) / (6.)

Virginia Medicaid
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Health Plan Encounter Data - Family Access to Medical Insurance Security (FAMIS)
Provider Incentive Payment Adjustment

Section I
Exhibit 2g

	Adjustment Value	Source
Provider Incentive Payment Adjustment	1.5%	From Plan Data

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

Section I
Exhibit 2h

	FAMIS	Source
1. Claims Adjustment Expense PMPM	\$2.63	Expense from CY2012 BOI Reports; Member months from capitation payment files
2. General Admin Expense PMPM	\$7.83	Expense from CY2012 BOI Reports; Member months from capitation payment files
3. Claims Adjustment Expense Increase %	1.7%	BLS CPI-U
4. General Admin Expense Increase %	1.8%	Weighted average of BLS Compensation Trend and CPI
5a. Administrative PMPM*	\$10.74	$= (1.) * (1 + (3.)) ^ (18 \text{ months}/12) + (2.) * (1 + (4.)) ^ (18 \text{ months}/12)$
5b. Administrative PMPM Weighted by Claims	\$12.39	Reallocation of administrative costs weighted by claims
6. Adjusted and Trended Base PMPM	\$133.41	Weighted average of medical component of FY2014 FAMIS Base Rates
7. Administrative allowance as % of Base Capitation Rate	8.4%	$= (5b.) / (((5b.) + (6.)) / (1 - (8.)))$
8. Contribution to Reserves as % of Base Capitation Rate	1.5%	Provided by DMAS
9. Administrative Factor as % of Base Capitation Rate	9.9%	$= (7.) + (8.)$

*Note:

Administrative increases are applied from midpoint of CY2012 to the midpoint of the contract period (18 months) using compound interest calculations.

Virginia Medicaid

FY 2014 Capitation Rate Development

Health Plan Encounter Data - Family Access to Medical Insurance Security (FAMIS) Incurred But Not Reported (IBNR), Policy/Program, and Trend Adjustments

Section I Exhibit 3

Category of Service	FAMIS							
	Completion and Policy/Program Adjustments			Data Period Trend			Contract Period Cost and Utilization Trend	Total Trend Factor
	IBNR	Policy/ Program ¹	Total Base Data Adjustments	Cost Trend	Utilization Trend	Cost and Utilization Trend		
Inpatient Medical/Surgical	3.7%	6.4%	10.4%	12.8%	-9.0%	2.7%	0.0%	1.0266
Inpatient Psychiatric	0.3%	-4.7%	-4.4%	5.1%	10.0%	15.6%	11.5%	1.3612
Outpatient Hospital	1.2%	-2.3%	-1.1%	-1.7%	3.4%	1.6%	1.2%	1.0350
Practitioner	0.5%	0.1%	0.7%	5.8%	0.7%	6.5%	10.5%	1.2376
Prescription Drug	0.0%	-6.1%	-6.1%	11.1%	-3.3%	7.5%	6.3%	1.1784
Other	0.8%	0.9%	1.7%	8.2%	-3.4%	4.5%	1.1%	1.0622
Weighted Average*	1.1%	-0.6%	0.5%	6.5%	-1.1%	5.1%	5.8%	1.1467
Months of Trend Applied				12	12	12	18	

¹ The Policy and Program Adjustments are summarized in this table as weighted averages and are applied at the rate cell level in Exhibit 4.

² Weighted averages for Completion and Program Adjustments are calculated using a distribution by Service Type, before Trend and Adjustments (Total Claims FY11-12), whereas weighted averages for Trends are calculated using a distribution by Service Type, before Trend (Adjusted FY11-12 Claims)

Trend rates for managed care plans are calculated based on regression studies of historical health plan data.

Trend rates have been calculated separately for the broad service categories shown above. Utilization trend is based on service units per thousand.

Data period trends are applied from the midpoint of the data period to the end of the data period using compound interest calculations; includes FY11-12 incurred claims paid through Oct 2012

Contract period trends are applied from the end of the data period to the midpoint of the contract period using compound interest calculations; includes FY11-12 incurred claims paid through Feb 2013.

$$\text{Total Trend} = [(1 + \text{data period trend}) ^ (\text{months}/12) * (1 + \text{contract period trend}) ^ (\text{months}/12)]$$

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FY 2014 Capitation Rate Development
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 FY11-12	Base Claims Redistribution FY11-12	Total Redistributed Base Claims FY11-12	Completion Factor Adjustments ¹	Policy and Program Adjustments ²	Patient Copay	Completed and Adjusted Claims FY11-12	Trend Adjustment	Completed & Trended Claims FY14	PMPM FY14
Service Type										
DME/Supplies	\$182,074		\$182,074	\$1,384	(\$927)	\$0	\$182,531	1.062	\$193,893	\$3.57
FQHC / RHC	\$108,252		\$108,252	\$573		\$3,383	\$112,208	1.238	\$138,870	\$2.56
Home Health	\$10,488		\$10,488	\$129		\$226	\$10,843	1.035	\$11,223	\$0.21
IP - Maternity	\$0	\$0	\$0			\$0	\$0	1.027	\$0	\$0.00
IP - Newborn	\$7,467,688	(\$85,590)	\$7,382,098	\$277,005	\$492,963	\$17,815	\$8,169,881	1.027	\$8,387,012	\$154.48
IP - Other	\$1,953,425	(\$22,346)	\$1,931,079	\$72,460	\$128,954	\$5,282	\$2,137,774	1.027	\$2,194,590	\$40.42
IP - Psych	\$20,570		\$20,570	\$6	(\$967)	\$15	\$19,623	1.361	\$26,711	\$0.49
Lab	\$94,807		\$94,807	\$494		\$12,409	\$107,710	1.062	\$114,415	\$2.11
OP - Emergency Room	\$571,937		\$571,937	\$7,056	(\$11,771)	\$34,141	\$601,363	1.035	\$622,391	\$11.46
OP - Other	\$959,930		\$959,930	\$11,843	(\$23,409)	\$10,260	\$958,624	1.035	\$992,145	\$18.27
Pharmacy	\$932,227		\$932,227	\$21	(\$56,548)	\$65,079	\$940,779	1.178	\$1,108,643	\$20.42
Prof - Anesthesia	\$62,717		\$62,717	\$332		\$0	\$63,049	1.238	\$78,030	\$1.44
Prof - Child EPSDT	\$1,105,476		\$1,105,476	\$5,853		\$0	\$1,111,329	1.238	\$1,375,400	\$25.33
Prof - Evaluation & Management	\$4,329,924		\$4,329,924	\$22,896		\$200,138	\$4,552,958	1.238	\$5,634,820	\$103.79
Prof - Maternity	\$0		\$0			\$0	\$0	1.238	\$0	\$0.00
Prof - Other	\$2,334,840		\$2,334,840	\$12,332		\$85,121	\$2,432,293	1.238	\$3,010,248	\$55.45
Prof - Psych	\$24,427		\$24,427	\$1		\$12	\$24,440	1.238	\$30,248	\$0.56
Prof - Specialist	\$297,390		\$297,390	\$1,575		\$8,606	\$307,570	1.238	\$380,654	\$7.01
Prof - Vision	\$79,440		\$79,440	\$117		\$1,119	\$80,675	1.238	\$99,845	\$1.84
Radiology	\$69,279		\$69,279	\$527		\$13,983	\$83,789	1.062	\$89,004	\$1.64
Transportation/Ambulance	\$41,266		\$41,266	\$312	\$6,563	\$162	\$48,302	1.062	\$51,309	\$0.95
Provider Incentive Payment Adjustment										\$6.89
Total	\$20,646,155	(\$107,936)	\$20,538,219	\$414,917	\$534,856	\$457,750	\$21,945,742		\$24,539,450	\$458.89

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
FY 2014 Capitation Rate Development
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Capitation Rate Calculations

Section I
Exhibit 4

Age 1-5										
Statewide	Total Base Claims FY11-12	Base Claims Redistribution FY11-12	Total Redistributed Base Claims FY11-12	Completion Factor Adjustments ¹	Policy and Program Adjustments ²	Patient Copay	Completed and Adjusted Claims FY11-12	Trend Adjustment	Completed & Trended Claims FY14	PMPM FY14
Service Type										
DME/Supplies	\$628,477		\$628,477	\$4,778	(\$3,201)	\$0	\$630,054	1.062	\$669,273	\$1.64
FQHC / RHC	\$369,585		\$369,585	\$1,957		\$15,184	\$386,726	1.238	\$478,618	\$1.17
Home Health	\$9,591		\$9,591	\$118		\$299	\$10,008	1.035	\$10,358	\$0.03
IP - Maternity	\$0	\$0	\$0			\$0	\$0	1.027	\$0	\$0.00
IP - Newborn	\$0	\$0	\$0			\$0	\$0	1.027	\$0	\$0.00
IP - Other	\$3,505,933	\$163	\$3,506,096	\$130,048	\$234,033	\$14,162	\$3,884,339	1.027	\$3,987,574	\$9.78
IP - Psych	\$153,763		\$153,763	\$35	(\$7,231)	\$56	\$146,623	1.361	\$199,585	\$0.49
Lab	\$862,967		\$862,967	\$4,848		\$121,738	\$989,553	1.062	\$1,051,150	\$2.58
OP - Emergency Room	\$3,497,950		\$3,497,950	\$43,156	(\$71,994)	\$211,412	\$3,680,524	1.035	\$3,809,224	\$9.34
OP - Other	\$6,249,936		\$6,249,936	\$77,108	(\$152,413)	\$56,555	\$6,231,187	1.035	\$6,449,079	\$15.82
Pharmacy	\$5,645,323		\$5,645,323	\$126	(\$342,441)	\$553,794	\$5,856,802	1.178	\$6,901,835	\$16.93
Prof - Anesthesia	\$366,972		\$366,972	\$1,943		\$0	\$368,915	1.238	\$456,576	\$1.12
Prof - Child EPSDT	\$1,728,193		\$1,728,193	\$9,150		\$0	\$1,737,343	1.238	\$2,150,166	\$5.27
Prof - Evaluation & Management	\$11,547,698		\$11,547,698	\$60,928		\$755,110	\$12,363,737	1.238	\$15,301,574	\$37.53
Prof - Maternity	\$0		\$0			\$0	\$0	1.238	\$0	\$0.00
Prof - Other	\$2,993,661		\$2,993,661	\$15,623		\$228,421	\$3,237,705	1.238	\$4,007,040	\$9.83
Prof - Psych	\$280,383		\$280,383	\$508		\$5,997	\$286,888	1.238	\$355,058	\$0.87
Prof - Specialist	\$1,081,600		\$1,081,600	\$5,727		\$42,615	\$1,129,942	1.238	\$1,398,435	\$3.43
Prof - Vision	\$586,629		\$586,629	\$841		\$6,989	\$594,458	1.238	\$735,712	\$1.80
Radiology	\$213,712		\$213,712	\$1,625		\$49,794	\$265,130	1.062	\$281,634	\$0.69
Transportation/Ambulance	\$111,769		\$111,769	\$843	\$17,777	\$791	\$131,179	1.062	\$139,345	\$0.34
Provider Incentive Payment Adjustment										\$1.81
Total	\$39,834,142	\$163	\$39,834,305	\$359,362	(\$325,470)	\$2,062,917	\$41,931,114		\$48,382,234	\$120.47

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.

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Age 6-14										
Statewide	Total Base Claims FY11-12	Base Claims Redistribution FY11-12	Total Redistributed Base Claims FY11-12	Completion Factor Adjustments ¹	Policy and Program Adjustments ²	Patient Copay	Completed and Adjusted Claims FY11-12	Trend Adjustment	Completed & Trended Claims FY14	PMPM FY14
Service Type										
DME/Supplies	\$767,164		\$767,164	\$5,832	(\$1,503)	\$0	\$771,493	1.062	\$819,516	\$1.35
FQHC / RHC	\$404,664		\$404,664	\$2,143		\$15,188	\$421,994	1.238	\$522,267	\$0.86
Home Health	\$22,946		\$22,946	\$283		\$476	\$23,705	1.035	\$24,534	\$0.04
IP - Maternity	\$17,444	(\$294)	\$17,150	\$647	\$1,145	\$163	\$19,105	1.027	\$19,613	\$0.03
IP - Newborn	\$0	\$0	\$0			\$0	\$0	1.027	\$0	\$0.00
IP - Other	\$4,648,678	(\$77,203)	\$4,571,475	\$172,437	\$305,332	\$12,199	\$5,061,443	1.027	\$5,195,961	\$8.57
IP - Psych	\$782,130		\$782,130	\$1,710	(\$36,854)	\$2,826	\$749,813	1.361	\$1,020,649	\$1.68
Lab	\$1,081,823		\$1,081,823	\$5,565		\$123,167	\$1,210,555	1.062	\$1,285,908	\$2.12
OP - Emergency Room	\$4,138,318		\$4,138,318	\$51,056	(\$85,174)	\$185,528	\$4,289,728	1.035	\$4,439,731	\$7.33
OP - Other	\$6,275,850		\$6,275,850	\$77,428	(\$153,045)	\$71,122	\$6,271,355	1.035	\$6,490,652	\$10.71
Pharmacy	\$14,774,624		\$14,774,624	\$329	(\$896,218)	\$818,884	\$14,697,620	1.178	\$17,320,127	\$28.58
Prof - Anesthesia	\$291,564		\$291,564	\$1,544		\$0	\$293,108	1.238	\$362,755	\$0.60
Prof - Child EPSDT	\$464,906		\$464,906	\$2,462		\$0	\$467,368	1.238	\$578,422	\$0.95
Prof - Evaluation & Management	\$10,877,735		\$10,877,735	\$57,277		\$694,744	\$11,629,757	1.238	\$14,393,187	\$23.75
Prof - Maternity	\$11,976		\$11,976	\$63		\$34	\$12,073	1.238	\$14,942	\$0.02
Prof - Other	\$4,782,339		\$4,782,339	\$24,974		\$249,190	\$5,056,502	1.238	\$6,258,014	\$10.33
Prof - Psych	\$1,242,680		\$1,242,680	\$4,940	\$54,951	\$61,443	\$1,364,014	1.238	\$1,688,128	\$2.79
Prof - Specialist	\$1,453,125		\$1,453,125	\$7,694		\$55,036	\$1,515,855	1.238	\$1,876,048	\$3.10
Prof - Vision	\$1,040,634		\$1,040,634	\$2,105		\$14,789	\$1,057,528	1.238	\$1,308,815	\$2.16
Radiology	\$516,602		\$516,602	\$3,927		\$84,582	\$605,112	1.062	\$642,778	\$1.06
Transportation/Ambulance	\$130,866		\$130,866	\$987	\$20,814	\$1,004	\$153,671	1.062	\$163,237	\$0.27
Provider Incentive Payment Adjustment										\$1.62
Total	\$53,726,068	(\$77,497)	\$53,648,571	\$423,403	(\$790,550)	\$2,390,374	\$55,671,798		\$64,425,285	\$107.92

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.

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Age 15-18 Female										
Statewide	Total Base Claims FY11-12	Base Claims Redistribution FY11-12	Total Redistributed Base Claims FY11-12	Completion Factor Adjustments ¹	Policy and Program Adjustments ²	Patient Copay	Completed and Adjusted Claims FY11-12	Trend Adjustment	Completed & Trended Claims FY14	PMPM FY14
Service Type										
DME/Supplies	\$171,271		\$171,271	\$1,302	(\$336)	\$0	\$172,237	1.062	\$182,959	\$1.68
FQHC / RHC	\$130,930		\$130,930	\$693		\$5,247	\$136,870	1.238	\$169,393	\$1.56
Home Health	\$11,726		\$11,726	\$145		\$200	\$12,071	1.035	\$12,493	\$0.11
IP - Maternity	\$671,142	\$36,220	\$707,362	\$24,895	\$47,130	\$5,133	\$784,520	1.027	\$805,370	\$7.41
IP - Newborn	\$0	\$0	\$0			\$0	\$0	1.027	\$0	\$0.00
IP - Other	\$1,090,856	\$59,167	\$1,150,023	\$40,464	\$76,623	\$3,808	\$1,270,918	1.027	\$1,304,696	\$12.01
IP - Psych	\$241,175		\$241,175	\$615	(\$11,368)	\$1,507	\$231,928	1.361	\$315,702	\$2.91
Lab	\$412,325		\$412,325	\$2,656		\$38,715	\$453,696	1.062	\$481,937	\$4.43
OP - Emergency Room	\$1,513,624		\$1,513,624	\$18,674	(\$31,153)	\$53,858	\$1,555,003	1.035	\$1,609,379	\$14.81
OP - Other	\$2,106,855		\$2,106,855	\$25,993	(\$51,378)	\$20,691	\$2,102,161	1.035	\$2,175,670	\$20.02
Pharmacy	\$2,887,384		\$2,887,384	\$64	(\$175,147)	\$230,460	\$2,942,762	1.178	\$3,467,841	\$31.91
Prof - Anesthesia	\$125,454		\$125,454	\$664		\$0	\$126,118	1.238	\$156,086	\$1.44
Prof - Child EPSDT	\$114,188		\$114,188	\$605		\$0	\$114,792	1.238	\$142,069	\$1.31
Prof - Evaluation & Management	\$2,421,356		\$2,421,356	\$12,767		\$151,950	\$2,586,073	1.238	\$3,200,568	\$29.45
Prof - Maternity	\$401,071		\$401,071	\$2,124		\$936	\$404,130	1.238	\$500,159	\$4.60
Prof - Other	\$861,271		\$861,271	\$4,497		\$43,935	\$909,702	1.238	\$1,125,863	\$10.36
Prof - Psych	\$312,235		\$312,235	\$1,331	\$13,811	\$16,900	\$344,277	1.238	\$426,083	\$3.92
Prof - Specialist	\$431,366		\$431,366	\$2,284		\$17,778	\$451,428	1.238	\$558,695	\$5.14
Prof - Vision	\$180,863		\$180,863	\$348		\$2,436	\$183,646	1.238	\$227,283	\$2.09
Radiology	\$330,607		\$330,607	\$2,513		\$27,512	\$360,633	1.062	\$383,081	\$3.53
Transportation/Ambulance	\$58,855		\$58,855	\$446	\$9,361	\$498	\$69,160	1.062	\$73,465	\$0.68
Provider Incentive Payment Adjustment										\$2.43
Total	\$14,474,555	\$95,387	\$14,569,941	\$143,079	(\$122,456)	\$621,564	\$15,212,129		\$17,318,793	\$161.80

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.

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Age 15-18 Male										
Statewide	Total Base Claims FY11-12	Base Claims Redistribution FY11-12	Total Redistributed Base Claims FY11-12	Completion Factor Adjustments ¹	Policy and Program Adjustments ²	Patient Copay	Completed and Adjusted Claims FY11-12	Trend Adjustment	Completed & Trended Claims FY14	PMPM FY14
Service Type										
DME/Supplies	\$204,620		\$204,620	\$1,556	(\$401)	\$0	\$205,774	1.062	\$218,583	\$2.03
FQHC / RHC	\$70,465		\$70,465	\$373		\$2,473	\$73,311	1.238	\$90,731	\$0.84
Home Health	\$14,348		\$14,348	\$177		\$277	\$14,801	1.035	\$15,319	\$0.14
IP - Maternity	\$0	\$0	\$0			\$0	\$0	1.027	\$0	\$0.00
IP - Newborn	\$0	\$0	\$0			\$0	\$0	1.027	\$0	\$0.00
IP - Other	\$1,676,988	\$89,883	\$1,766,871	\$62,206	\$117,725	\$3,677	\$1,950,479	1.027	\$2,002,317	\$18.56
IP - Psych	\$315,997		\$315,997	\$835	(\$14,897)	\$1,409	\$303,345	1.361	\$412,915	\$3.83
Lab	\$185,820		\$185,820	\$943		\$15,487	\$202,250	1.062	\$214,840	\$1.99
OP - Emergency Room	\$1,181,745		\$1,181,745	\$14,580	(\$24,322)	\$38,806	\$1,210,808	1.035	\$1,253,148	\$11.61
OP - Other	\$1,825,809		\$1,825,809	\$22,526	(\$44,525)	\$14,225	\$1,818,036	1.035	\$1,881,609	\$17.44
Pharmacy	\$2,711,738		\$2,711,738	\$60	(\$164,492)	\$132,076	\$2,679,383	1.178	\$3,157,467	\$29.26
Prof - Anesthesia	\$83,826		\$83,826	\$444		\$0	\$84,270	1.238	\$104,294	\$0.97
Prof - Child EPSDT	\$59,820		\$59,820	\$317		\$0	\$60,136	1.238	\$74,426	\$0.69
Prof - Evaluation & Management	\$1,650,029		\$1,650,029	\$8,684		\$100,712	\$1,759,426	1.238	\$2,177,496	\$20.18
Prof - Maternity	\$0		\$0			\$0	\$0	1.238	\$0	\$0.00
Prof - Other	\$850,239		\$850,239	\$4,439		\$33,407	\$888,085	1.238	\$1,099,110	\$10.19
Prof - Psych	\$275,968		\$275,968	\$1,138	\$12,205	\$14,682	\$303,994	1.238	\$376,228	\$3.49
Prof - Specialist	\$448,678		\$448,678	\$2,376		\$12,996	\$464,050	1.238	\$574,316	\$5.32
Prof - Vision	\$171,762		\$171,762	\$307		\$1,960	\$174,029	1.238	\$215,382	\$2.00
Radiology	\$168,977		\$168,977	\$1,285		\$22,700	\$192,962	1.062	\$204,974	\$1.90
Transportation/Ambulance	\$63,312		\$63,312	\$479	\$10,070	\$338	\$74,198	1.062	\$78,816	\$0.73
Provider Incentive Payment Adjustment										\$2.00
Total	\$11,960,142	\$89,883	\$12,050,025	\$122,724	(\$108,637)	\$395,226	\$12,459,338		\$14,151,969	\$133.15

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

FY 2014 Capitation Rate Development

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

Summary of FY 2014 Base Capitation Rates Below & Above 150% Federal Poverty Level

Section I Exhibit 5a

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	\$458.89	\$1.89	\$4.69	9.87%	\$507.04	\$503.94	
1-5	\$120.47	\$2.00	\$4.82	9.87%	\$131.44	\$128.31	
6-14	\$107.92	\$2.03	\$4.94	9.87%	\$117.48	\$114.25	
Female 15-18	\$161.80	\$2.08	\$5.01	9.87%	\$177.21	\$173.96	
Male 15-18	\$133.15	\$2.11	\$5.07	9.87%	\$145.39	\$142.10	
					Overall FAMIS		
Average					\$146.00	\$142.55	\$143.32

Note:

Average is weighted by health plan enrollment distribution as of February 2013.

Virginia Medicaid

FY 2014 Capitation Rate Development

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

Comparison of FY 2013 and FY 2014 Capitation Rates

Section I Exhibit 5b

		Statewide					
Aid Category		FAMIS <=150%			FAMIS >150%		
Age Group		FY 2013	FY 2014	% Change	FY 2013	FY 2014	% Change
FAMIS	Under 1	\$494.28	\$507.04	2.58%	\$491.26	\$503.94	2.58%
	1-5	\$132.46	\$131.44	-0.77%	\$129.36	\$128.31	-0.81%
	6-14	\$107.69	\$117.48	9.09%	\$104.48	\$114.25	9.36%
	Female 15-18	\$165.23	\$177.21	7.25%	\$161.98	\$173.96	7.40%
	Male 15-18	\$131.59	\$145.39	10.48%	\$128.33	\$142.10	10.73%
Average		\$138.86	\$146.00	5.14%	\$135.42	\$142.55	5.27%

Overall FAMIS Average		
FY 2013	FY 2014	% Difference
\$136.19	\$143.32	5.24%

Note:

Average is weighted by health plan enrollment distribution as of February 2013.

Virginia Medicaid

FY 2014 Capitation Rate Development

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

February 2013 Member Month Distribution

Section I Exhibit 5c

Aid Category	Age Group	Statewide
FAMIS <= 150%	Under 1	590
	1-5	4,078
	6-14	6,550
	Female 15-18	1,087
	Male 15-18	1,116
Aid Category Total		13,421
FAMIS >150%	Under 1	1,993
	1-5	14,232
	6-14	22,611
	Female 15-18	3,956
	Male 15-18	4,002
Aid Category Total		46,794
Total		60,215

Virginia Medicaid
FY 2014 Capitation Rate Development
Health Plan Encounter Data - FAMIS MOMS
Historical Eligibility, Claims, and Utilization Data

Section II
Exhibit 1

Age 10 and Over Female												
Statewide	Raw Claims FY11	Raw Claims FY12	Capitation FY11	Capitation FY12	Unadjusted PMPM 11	Unadjusted PMPM 12	Units FY11	Units FY12	Units/1000 FY11	Units/1000 FY12	Cost/Unit FY11	Cost/Unit FY12
Member Months	12,703	13,552										
Service Type												
DME/Supplies	\$25,574	\$29,147	\$0	\$0	\$2.01	\$2.15	207	181	196	160	\$123.54	\$161.03
FQHC / RHC	\$66,876	\$45,965	\$0	\$0	\$5.26	\$3.39	679	552	641	489	\$98.49	\$83.27
Home Health	\$19,959	\$17,751	\$0	\$0	\$1.57	\$1.31	75	46	71	41	\$266.12	\$385.88
IP - Maternity	\$4,704,572	\$4,860,932	\$0	\$0	\$370.35	\$358.69	1,663	1,680	1,571	1,488	\$2,828.97	\$2,893.41
IP - Newborn	\$0	\$0	\$0	\$0	\$0.00	\$0.00	0	0	0	0	-	-
IP - Other	\$232,807	\$454,876	\$0	\$0	\$18.33	\$33.57	28	53	26	47	\$8,314.54	\$8,582.57
IP - Psych	\$8,961	\$3,932	\$0	\$0	\$0.71	\$0.29	21	8	20	7	\$426.71	\$491.53
Lab	\$160,368	\$165,442	\$7,262	\$7,222	\$13.20	\$12.74	18,248	19,116	17,238	16,927	\$9.19	\$9.03
OP - Emergency Room & Related	\$365,645	\$386,541	\$0	\$0	\$28.78	\$28.52	1,120	1,219	1,058	1,079	\$326.47	\$317.10
OP - Other	\$808,178	\$803,506	\$0	\$0	\$63.62	\$59.29	3,357	3,298	3,171	2,920	\$240.74	\$243.63
Pharmacy	\$397,253	\$478,920	\$0	\$0	\$31.27	\$35.34	11,682	11,739	11,036	10,395	\$34.01	\$40.80
Prof - Anesthesia	\$297,621	\$300,486	\$0	\$0	\$23.43	\$22.17	1,599	1,683	1,511	1,490	\$186.13	\$178.54
Prof - Child EPSDT	\$15,536	\$30,835	\$0	\$0	\$1.22	\$2.28	338	368	319	326	\$45.97	\$83.79
Prof - Evaluation & Management	\$561,371	\$621,277	\$2,541	\$2,405	\$44.39	\$46.02	8,138	8,928	7,688	7,906	\$69.29	\$69.86
Prof - Maternity	\$2,649,009	\$2,795,450	\$0	\$0	\$208.53	\$206.28	4,760	4,920	4,497	4,357	\$556.51	\$568.18
Prof - Other	\$184,269	\$266,072	\$1,085	\$945	\$14.59	\$19.70	1,934	2,448	1,827	2,168	\$95.84	\$109.08
Prof - Psych	\$6,132	\$7,006	\$0	\$0	\$0.48	\$0.52	176	185	166	164	\$34.84	\$37.87
Prof - Specialist	\$127,297	\$164,844	\$0	\$0	\$10.02	\$12.16	2,429	2,702	2,295	2,393	\$52.41	\$61.01
Prof - Vision	\$3,076	\$1,590	\$9,906	\$10,337	\$1.02	\$0.88	127	127	120	112	\$102.22	\$93.91
Radiology	\$548,997	\$662,090	\$0	\$0	\$43.22	\$48.86	6,314	7,515	5,965	6,654	\$86.95	\$88.10
Transportation/Ambulance	\$29,435	\$12,785	\$31,557	\$34,814	\$4.80	\$3.51	520	305	491	270	\$117.29	\$156.06
Total	\$11,212,937	\$12,109,447	\$52,350	\$55,724	\$886.82	\$897.67	63,415	67,073				

Virginia Medicaid
FY 2014 Capitation Rate Development
Health Plan Encounter Data - FAMIS MOMS
Pharmacy Adjustment

Section II
Exhibit 2a

	FAMIS MOMS	Source
1. Health Plan Total Drug Cost PMPM	\$33.37	FY11-12 Health Plan Encounter Data
2. Health Plan Drug Ingredient Cost PMPM	\$31.94	Health Plan Encounter Analysis
3. Change in Average Managed Care Discount	0.30%	From Plan Data
4. Current Average Managed Care Rebate	2.5%	From Plan Data
5. FY14 Managed Care Dispensing Fee PMPM	\$0.95	From Plan Data
6. Average PBM Admin Cost PMPM	\$0.19	From Plan Data
7. Adjusted PMPM with FY14 Pharmacy Pricing Arrangements	\$32.20	= (2.) * (1 - (3.)) * (1 - (4.)) + (5.) + (6.)
8. Pharmacy Adjustment	-3.5%	= (7.) / (1.) - 1

**Virginia Medicaid
FY 2014 Capitation Rate Development
Health Plan Encounter Data - FAMIS MOMS
Hospital Inpatient Adjustments**

**Section II
Exhibit 2b**

	Inpatient Medical/Surgical	Inpatient Psychiatric	Source
1a. FY11 Total Claims in IP Service Categories	\$4,937,380	\$8,961	FY11 Health Plan Encounter Data
1b. FY12 Total Claims in IP Service Categories	\$5,315,808	\$3,932	FY12 Health Plan Encounter Data
2. FY11-12 Hospital Capital Percentage	9.7%	9.7%	Provided by DMAS
3a. FY12 Capital Reimbursement Reduction	5.3%	5.3%	Provided by DMAS
3b. Dollar Change	(\$25,544)	(\$46)	= - (1a.) * (2.) * (3a.)
4a. FY13 Hospital Rate Change	2.6%	2.6%	Provided by DMAS
4b. Dollar Change	\$240,723	\$303	= ((1a.) + (1b.)) * (1 - (2.)) * (4a.)
5a. FY14 Hospital Rate Change	4.7%	-7.4%	Provided by DMAS
5b. Dollar Change	\$443,506	(\$880)	= ((1a.) + (1b.)) * (1 - (2.)) * (1 + (4a.)) * (5a.)
5. Hospital Inpatient Adjustment	6.4%	-4.8%	= ((3b.) + (4b.) + (5b.)) / ((1a.) + (1b.))

Virginia Medicaid
FY 2014 Capitation Rate Development
Health Plan Encounter Data - FAMIS MOMS
Hospital Outpatient Adjustment

Section II
Exhibit 2c

		Outpatient	Source
1.	Claims Associated with FY11 Outpatient Services	a. OP - Emergency Room & Related b. OP - Other	\$365,645 \$808,178 FY11 Health Plan Encounter Data FY11 Health Plan Encounter Data
2.	Claims Associated with FY12 Outpatient Services	a. OP - Emergency Room & Related b. OP - Other	\$386,541 \$803,506 FY12 Health Plan Encounter Data FY12 Health Plan Encounter Data
3.	% ER Triage of Total Outpatient	6.0%	Provided by DMAS
4.	% FY11 OP - Emergency Room & Related of Total Outpatient	31.1%	= (1a.) / ((1a.) + (1b.))
5.	% FY11 Claims Exempt from Fee Reduction	19.3%	= (3.) / (4.)
6.	FY12 Hospital Outpatient Rate Reduction	5.0%	Provided by DMAS
7.	Dollar Decrease	a. OP - Emergency Room & Related b. OP - Other	(\$14,761) (\$40,409) = - (1a.) * (1 - (5.)) * (6.) = - (1b.) * (6.)
8.	Hospital Outpatient Adjustment	a. OP - Emergency Room & Related b. OP - Other	-2.0% -2.5% = (7a.) / ((1a.) + (2a.)) = (7b.) / ((1b.) + (2b.))

Virginia Medicaid
FY 2014 Capitation Rate Development
Health Plan Encounter Data - FAMIS MOMS
Emergency Transportation Adjustment

Section II
Exhibit 2d

	FAMIS MOMS	Source
1. Claims Associated with Transportation	\$108,592	FY11-12 Health Plan Encounter Data
2. Base Period Member Months	26,255	FY11-12 Health Plan Encounter Data
3. Total Trend Factor for Transportation	1.1507	FY10-12 Health Plan Encounter Data
4. Trended Base Period Transportation PMPM	\$4.76	= (1.) / (2.) * (3.)
5. FY13 Emergency Transportation Dollar Increase	\$0.05	Provided by DMAS. PMPM based on annualized Nov 2012 Member Months
6. Emergency Transportation Adjustment	1.1%	= (5.) / (6.)

Virginia Medicaid
FY 2014 Capitation Rate Development
Health Plan Encounter Data - FAMIS MOMS
Provider Incentive Payment Adjustment

Section II
Exhibit 2e

	Adjustment Value	Source
Provider Incentive Payment Adjustment	0.2%	From Plan Data

Virginia Medicaid
FY 2014 Capitation Rate Development
Health Plan Encounter Data - FAMIS MOMS
Administrative Cost Adjustment

Section II
Exhibit 2f

	FAMIS MOMS	Source
1. Claims Adjustment Expense PMPM	\$19.08	Expense from CY2012 BOI Reports; Member months from capitation payment files
2. General Admin Expense PMPM	\$56.70	Expense from CY2012 BOI Reports; Member months from capitation payment files
3. Claims Adjustment Expense Increase %	1.7%	BLS CPI-U
4. General Admin Expense Increase %	1.8%	Weighted average of BLS Compensation Trend and CPI
5a. Administrative PMPM*	\$77.81	$= (1.) * (1 + (3.)) ^ (18 \text{ months}/12) + (2.) * (1 + (4.)) ^ (18 \text{ months}/12)$
5b. Administrative PMPM Weighted by Claims	\$41.03	Reallocation of administrative costs weighted by claims
6. Adjusted and Trended Base PMPM	\$966.57	Weighted average of medical component of FY 2014 FAMIS Moms Base Rates
7. Administrative allowance as % of Base Capitation Rate	4.0%	$= (5b.) / (((5b.) + (6.)) / (1 - (8.)))$
8. Contribution to Reserves as % of Base Capitation Rate	1.5%	Provided by DMAS
9. Administrative Factor as % of Base Capitation Rate	5.5%	$= (7.) + (8.)$

*Note:

Administrative increases are applied from midpoint of CY2012 to the midpoint of the contract period (18 months) using compound interest calculations.

Virginia Medicaid
FY 2014 Capitation Rate Development
Health Plan Encounter Data - FAMIS MOMS
Incurred But Not Reported (IBNR), Policy/Program, and Trend Adjustments

Section II
Exhibit 3

Category of Service	FAMIS MOMS							
	Completion and Policy/Program Adjustments			Data Period Trend			Contract Period Cost and Utilization Trend	Total Trend Factor
	IBNR	Policy/Program ¹	Total Base Data Adjustments	Cost Trend	Utilization Trend	Cost and Utilization Trend		
Inpatient Medical/Surgical	0.7%	6.4%	7.1%	-0.4%	-1.7%	-2.1%	0.2%	0.9820
Inpatient Psychiatric ³	0.3%	-4.8%	-4.6%	1.0%	0.3%	1.3%	0.7%	1.0243
Outpatient Hospital	1.2%	-2.3%	-1.1%	-3.7%	0.7%	-3.0%	0.8%	0.9822
Practitioner	0.6%	0.0%	0.6%	-0.6%	3.7%	3.1%	5.0%	1.1090
Prescription Drug ³	0.0%	-3.5%	-3.5%	8.9%	3.2%	12.4%	9.5%	1.2889
Other	0.5%	0.1%	0.5%	3.3%	4.0%	7.5%	4.7%	1.1507
Weighted Average*	0.7%	2.4%	3.1%	-0.2%	0.9%	0.8%	2.5%	1.0480

Months of Trend Applied	12	12	12	18
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¹ The Policy and Program Adjustments are summarized in this table as weighted averages and are applied at the rate cell level in Exhibit 4.

² Weighted averages for Completion and Program Adjustments are calculated using a distribution by Service Type, before Trend and Adjustments (Total Claims FY11-12), whereas weighted averages for Trends are calculated using a distribution by Service Type, before Trend (Adjusted FY11-12 Claims)

³ Inpatient Psych and Pharmacy trend rates have been defaulted to LIFC Adult values.

Trend rates for managed care plans are calculated based on regression studies of historical health plan data.

Trend rates have been calculated separately for the broad service categories shown above. Utilization trend is based on service units per thousand.

Data period trends are applied from the midpoint of the data period to the end of the data period using compound interest calculations; includes FY11-12 incurred claims paid through Oct 2012

Contract period trends are applied from the end of the data period to the midpoint of the contract period using compound interest calculations; includes FY10-12 incurred claims paid through Feb 2013.

Total Trend = [(1 + data period trend) ^ (months/12) * (1 + contract period trend) ^ (months/12)]

Virginia Medicaid
FY 2014 Capitation Rate Development
Health Plan Encounter Data - FAMIS MOMS
Capitation Rate Calculations

Section II
Exhibit 4

Age 10 and Over Female							
Statewide	Total Base Claims FY11-12	Completion Factor Adjustments ¹	Policy and Program Adjustments ²	Completed and Adjusted Claims FY11-12	Trend Adjustment	Completed & Trended Claims FY14	PMPM FY14
Service Type							
DME/Supplies	\$54,721	\$247		\$54,967	1.151	\$63,249	\$2.41
FQHC / RHC	\$112,841	\$710		\$113,551	1.109	\$125,923	\$4.80
Home Health	\$37,709	\$463		\$38,173	0.982	\$37,492	\$1.43
IP - Maternity	\$9,565,504	\$63,289	\$618,573	\$10,247,366	0.982	\$10,062,625	\$383.27
IP - Newborn	\$0	\$0		\$0	0.982	\$0	\$0.00
IP - Other	\$687,684	\$4,550	\$44,470	\$736,704	0.982	\$723,423	\$27.55
IP - Psych	\$12,893	\$36	(\$625)	\$12,304	1.024	\$12,602	\$0.48
Lab	\$340,294	\$1,470		\$341,764	1.151	\$393,256	\$14.98
OP - Emergency Room	\$752,185	\$9,245	(\$14,942)	\$746,488	0.982	\$733,180	\$27.93
OP - Other	\$1,611,684	\$19,808	(\$40,906)	\$1,590,586	0.982	\$1,562,230	\$59.50
Pharmacy	\$876,173	\$0	(\$30,859)	\$845,315	1.289	\$1,089,530	\$41.50
Prof - Anesthesia	\$598,106	\$3,763		\$601,870	1.109	\$667,445	\$25.42
Prof - Child EPSDT	\$46,371	\$292		\$46,663	1.109	\$51,747	\$1.97
Prof - Evaluation & Management	\$1,187,594	\$7,441		\$1,195,036	1.109	\$1,325,238	\$50.48
Prof - Maternity	\$5,444,459	\$34,257		\$5,478,715	1.109	\$6,075,635	\$231.41
Prof - Other	\$452,371	\$2,834		\$455,205	1.109	\$504,800	\$19.23
Prof - Psych	\$13,138	\$83		\$13,221	1.109	\$14,661	\$0.56
Prof - Specialist	\$292,141	\$1,838		\$293,979	1.109	\$326,009	\$12.42
Prof - Vision	\$24,909	\$29		\$24,938	1.109	\$27,655	\$1.05
Radiology	\$1,211,087	\$5,463		\$1,216,551	1.151	\$1,399,843	\$53.32
Transportation/Ambulance	\$108,592	\$190	\$1,205	\$109,988	1.151	\$126,560	\$4.82
Provider Incentive Payment Adjustment							\$2.06
Total	\$23,430,458	\$156,008	\$576,917	\$24,163,383		\$25,323,102	\$966.57
Admin Cost Adjustment							\$56.37
FAMIS MOMS Capitation Rate							\$1,022.94

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

FY 2014 Capitation Rate Development

Health Plan Encounter Data - FAMIS MOMS

Comparison of FY 2013 and FY 2014 Capitation Rates and Member Months

Section II Exhibit 5

FAMIS MOMS - Age 10 and Over Female	Statewide		
	FY 2013	FY 2014	% Change
Capitation Rate	\$988.39	\$1,022.94	3.49%
February 2013 Member Months		1,321	