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March 7, 2013

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**NET (Non-Emergency Transportation) Report –
Review of Encounter Data, Financial Reports, Trends and Methodology
Development of NET Capitation Rates**

Background

Hause Actuarial Solutions (Hause) has been retained by the Arkansas Department of Human Services (DHS) Division of Medical Services (DMS) for the Medicaid program to assist in actuarial services required of the Department. DMS has requested assistance in the development of capitation rates for the non-emergency medical transportation (NET) services provided by regional brokers. A kick-off meeting was held on September 7, 2012 to begin this project.

This report discusses Hause review of the data and development of capitation rates for the NET program. The capitation rates shown in this report should be considered preliminary rates as they are subject to regulatory review and approval prior to being finalized.

Scope and Purpose

The purpose of this report is to document our findings from the encounter and financial data supplied by Arkansas DMS and to document the assumptions and methodology recommended by Hause in developing capitation rates for the NET program.

At the request of DHS, this report follows the format of the prior rate development report as much as possible to allow a more direct historical comparison of results.

A. Data Review

Information Provided

On October 23, Hause received a disk containing the following files:

SFY 2011 Encounter Claims.xlsx
SFY 2012 Encounter Claims.xlsx
NET summary for actuarial study.xlsx
Region 1 LeFleur Financial Statement.pdf
Region 4 Financial Statement.pdf
Regions 5 and 6 Financial Statement.pdf
Region 9 Financial Statement.pdf
Region 10 SWADC Financial Statement.pdf
Regions 8 and 11 Financial Statements.pdf

No information was provided on fee-for-service expenditures under the Developmental Day Treatment Clinic Services (DDTCS) which remains payable on a fee-for-service basis to certain providers.

Data Integrity

The data was reviewed for inconsistencies, missing data and general data integrity. The following describes our findings in our review of the data files.

1. Financial Statement Files

The financial statements for regions 4, 5, 8, 10 and 11 were of sufficient detail to develop a high level comparison of revenues and expenses by region. Appendix 1 shows the comparison by region. Note that the financial data reporting periods vary by region. The revenue items appeared to be relatively consistent on a per member per month (PMPM) basis with the actual PMPM rates paid by Medicaid. Expense items varied significantly by region as brokers allocate expense items to different categories (see highlighted items in the Appendix).

In general, it appears that the brokers are operating at or above breakeven at the current reimbursement levels.

No financial data was provided for Regions 1, 3, 7 or 12 from Logisticare. It is our understanding that Logisticare is leaving the market. LeFleur provided unaudited financials for the first month of SFY 13 and therefore did not provide data which permitted matching with the encounter data timeframes.

Note that the historical and current basis for rate setting includes the cost per trip average in regions 1, 3 and 12 as determined from encounter data submitted by Logisticare. Additional

brokers, alternative data sources or alternative techniques will be necessary in future periods. Hause would suggest an alternative would be to revise reporting requirements to include miles per trip as an “intensity” measure of the service provided. In addition, DMS should consider including a contractual rate per mile in the negotiated rates with the brokers.

Region 9 financial reports were of insufficient detail to determine the non-emergency transportation component for the Area Agency on Agency (AAA) of Southeast Arkansas.

The financial statements for the AAA of Western Arkansas while labeled as Regions 5 and 6 appeared to represent only Region 5 for the time period reported (Calendar Year 2011). Region 6 coverage by the AAA of Western Arkansas presumably began after 2011.

2. Encounter Data Files

Summarized below are the key items reviewed and findings by State Fiscal Year (SFY) in the encounter data provided. Data items were reviewed by region and month to determine if there were any “holes” in the data or misallocations by month/region using statistical techniques to identify “outlier” values. Claims were also reviewed by day of the week of the date of service and by other key data fields in the encounter data.

Appendix 2 summarizes key measures for both fiscal years for comparison purposes.

a. SFY 2011

As a first step in our review, Hause recalculated the regional assignment based on the recipient’s county code. This resulted in a re-assignment of approximately 0.7% of trips to the correct region.

Another adjustment in the SFY 2011 encounter data was for the number of trips by region and month which were found to be outside of two standard deviations from the mean number of trips by region.

For example, Region 10 in May of 2011 had 15,000 trips included in the data. The average number of trips per month in Region 10 was roughly 3,000. In other cases, the number of trips reported was considered too low relative to the norm. The net impact of adjusting for these data anomalies was a -0.4% reduction in the number of trips or virtually no net effect.

Other fields reviewed included the individual claim status indicator, date ride requested, type of transportation, broker provider number, quantity billed, recipient Medicaid ID number and the amount billed.

No adjustments have been made as a result of our review of these other fields but comments are noted below.

The claim status indicator was shown as “A” for all but 282 trips (out of over 1 million total trips). However, the individual claim status indicator has approximately 5% of the total trips coded as “C”.

Hause was informed that variations in broker coding result in valid claims being coded as “C-Cancelled” if time fields are omitted or multiple trips are billed under one internal control number. After extensive review of the cancelled claims it was determined that virtually no claims in the data provided could be eliminated based on the exclusion parameters provided by DMS.

There were approximately 142,000 trips codes as “B”, 17,000 as “C” and 24 as “T” in the transportation type field. Presumably these refer to bus, car and taxi respectively. No adjustment was made for these alternative modes of transportation.

Approximately 2% of the encounter data recipients spend from one-half to two-thirds of a year using non-emergency transportation (as measured by calendar days with trips). Hause recommends DMS audit high volume users to verify the validity of the data.

The amount billed and amount billed per trip varied dramatically by region. Regions 1, 3 and 12 were considered credible based on the number of trips included in the encounter data for these regions and their relative cost per trip consistency.

b. SFY 2012

Approximately 2.0% of trips were re-allocated by region based on the recipient’s county code for SFY 2012.

The adjustment in the SFY 2012 encounter data for “outlier” trip counts by region and month was 0.6% of the total.

The claim status indicator was shown as “A” for all but 652 trips (out of over 1.1 million total trips). The individual claim status indicator has approximately 3% of the total trips coded as “C”. As mentioned above, no adjustment was made for these claims as substantially all of the “C” coded trips appear to be actual trips and not cancellations or not taken trips.

There were approximately 84,000 trips codes as “B”, 25,000 as “C” and 13 as “T” in the transportation type field for SFY 12. No adjustment was made for these alternative modes of transportation.

Approximately 1.4% of the encounter data recipients in SFY 12 spent from one-half to two-thirds of the year using non-emergency transportation.

c. Trends and Methodology

Trends

Between SFY 11 and SFY 12 the number of trips increased by 2.7%. After adjusting Regions 4-11 cost per trip to the Region 3 level, the total cost per trip increased by 0.7% resulting in a total trip cost increase of 3.4%.

There were 29,271 Medicaid recipients who used non-emergency transportation services in SFY 11. For SFY 2012, the corresponding number was 32,505 or an 11.0% increase.

Medicaid member months increase by 1.4% from 5,660,820 in SFY 11 to 5,738,750 in SFY 12. The average number of Medicaid members was 471,735 and 478,229 in SFY 11 and 12 respectively or an approximately 6,500 member net growth.

The number of riders increased by 13.7% (117,989 to 134,095) from SFY 11 to SFY 12. The increase in the number of riders is a function of the Medicaid member growth and the percentage of members who choose to use the service.

For example, in SFY 11 the number of riders represented 25% of Medicaid members. In SFY 12, the percentage increased to 28% for a 12.1% increase. The 12.1% increase combined with the 1.4% increase in Medicaid member months equates to the 13.7% increase in riders.

The number of trips per rider declined from 8.98 to 8.11 per year or a 9.7% decrease.

The per member per month (PMPM) cost increased by 2.0% between SFY 11 and SFY 12 (\$3.64 versus \$3.71). This may be seen as a 3.4% increase in cost offset by a 1.4% increase in membership.

Methodology

As an alternative to the current method, the PMPM cost may be further refined into the following:

$$(Trips / Rider) \times (Billed / Trip) \times (Riders / Members) / 12$$

Using SFY 11 and SFY 12 data we have,

SFY 11:	8.98	X	\$19.43	X	25%	/12	=	\$3.64
SFY 12:	8.11	X	\$19.56	X	28%	/12	=	\$3.71

The increase may be calculated as the percentage change in each of the factors:

$$(1-.097) \quad X \quad (1+.007) \quad X \quad (1+.121) - 1 = 2.0\%$$

Without getting bogged down in the math, one can see that there is downward pressure on the number of trips per rider (-9.7%), relatively flat cost per service (+.7%) and an increase in the number of riders as a percentage of members (+12.1%).

Hause feels that separating the PMPM cost into these factors permits a more equitable distribution of utilization increases across regions. While brokers may be motivated to become more efficient in the number of trips per rider the population is probably better served by increasing the penetration of riders as a percentage of total members.

The current methodology of adjusting utilization across regions is based on the relative change in number of trips in each region. Hause would recommend that utilization adjustments be based on changes in the number of riders as a percentage of the eligible population.

B. Capitation Rate Development

The remainder of this report describes the assumptions and methodology used to calculate a range of actuarially sound non-emergency transportation (NET) capitation rates for SFY 2014 for Medicaid-eligible individuals. It is Hause understanding that the rates presented in this report will be used as a starting point for negotiations with brokers interested in contracting with the State for these services.

The methodology described in this report is intended to comply with the federal requirements under 42 CFR 438.6(c). This regulation provides criteria for the review of actuarial items prior to approval of rates by the Centers for Medicare and Medicaid Services (CMS).

The rates presented in this report are estimates of a reasonable range of rates by area within the State derived from the underlying data and assumptions as to future cost and utilization trends. It is recommended that potential contractors retain their own actuary or other professionals to review this information prior to contracting.

Hause also would recommend that contractors develop detailed recordkeeping by individual trip of the number, mileage and cost per trip by county or area within the State. This information will be extremely important for calculating equitable rate adjustments in subsequent contract periods.

Overview of Rate Development

The SFY 2014 per member per month (PMPM) capitation rate ranges were developed from historical encounter data for SFY 2011 and 2012 and a review of SFY 2010 data contained in the previous rate development report.

Encounter data was summarized into cells by fiscal year and month and region within the State. Key data elements were the number of one-way trips, the cost per trip and the number of eligible members in each cell. In general, PMPM rates are calculated as the total cost of the trips for an area over a given time period divided by the number of eligible people in that area during that time period. This amount is divided by 12 to arrive at the per month cost per member.

Appendix 3 summarizes the baseline encounter data for SFY 2011 and 2012. The capitation rates were developed using SFY 2012 data trended forward based on the historical trends observed from SFY 2010 through SFY 2012.

The SFY 2012 data was adjusted to SFY 2014 by applying adjustments for cost and utilization trends. Further adjustments were made for areas where the data was not considered sufficiently credible, accurate or complete. Finally, an adjustment was made for the dispersion of trip costs around the average. The expected lower and upper bound of reasonable rates was expanded to capture more of the variability in trip costs by region.

Summary of Results

Table 1 compares the expected PMPM rates and expenditures for SFY 2011 and 2012 from the prior rate development report with the actual SFY 2011 and 2012 results.

Table 1 – Aggregate Results					
SFY	Prior Report PMPM Rates Midpoint	Current Report PMPM Rates Midpoint	Member Months	Prior Report Expenditures	Current Report Expenditures
	Expected	Actual	Actual	Expected	Actual
2011	\$5.94	\$4.29	5,660,820	\$33,323,459	\$24,301,145
2012	\$6.04	\$4.94	5,738,750	\$33,884,460	\$28,339,652
	Expected	Expected	Expected	Expected	Expected
2013	\$6.32	\$5.14	5,738,750	\$35,455,263	\$29,519,551
2014	NA	\$5.35	5,738,750	NA	\$30,693,713

The prior midpoint PMPM estimate for SFY 2012 was overstated by approximately 22%. The calculations included in this report reflect the actual expenditures in SFY 2011 and SFY 2012 trended forward to SFY 2014.

Tables 2 and 3 below compare the SFY 2013 PMPM rate ranges with the SFY 2014 rate ranges. Of note here is that the rate ranges for 2014 have been expanded in recognition of the wide variability of cost per trip experienced by the contractors.

Table 2- SFY 2013 PMPM Rate Ranges			
Region	Lower Bound	Midpoint	Upper Bound
1	\$4.37	\$4.88	\$5.40
3	10.65	11.89	13.17
4	4.38	4.89	5.41
5	5.73	6.39	7.08
6	5.68	6.34	7.02
7	5.85	6.53	7.23
8	5.16	5.76	6.38
9	6.23	6.95	7.70
10	5.50	6.14	6.80
11	6.91	7.71	8.54
12	5.25	5.86	6.49
Statewide	\$5.67	\$6.32	7.00

Table 3- SFY 2014 PMPM Rate Ranges			
Region	Lower Bound	Midpoint	Upper Bound
1	\$3.84	\$4.13	\$5.25
3	8.04	10.07	13.58
4	3.67	4.67	5.43
5	3.80	5.27	6.94
6	4.27	5.22	7.16
7	4.30	5.26	7.23
8	4.09	5.08	6.25
9	3.83	5.61	7.58
10	4.13	5.20	6.82
11	4.74	5.46	8.41
12	4.48	4.96	6.84
Statewide	\$4.35	\$5.35	\$7.03

Methodology

For each of SFY 2011 and 2012, the base PMPM rate was developed as follows:

1. Base per member per month (PMPM) cost by region:
 - A. The number of one-way trips was summarized by region and month. One-way trips are used to avoid confusion as some transportation services are one-way (counted as one trip) and others are round trip (counted as two trips).
 - B. Total billed costs were summarized by region and month and accumulated for the fiscal year.
 - C. The total billed cost per region was divided by the number of one-way trips to arrive at an average cost per one-way trip.
 - D. The review of the encounter data indicated the highest credibility (based on volume of trips and distribution of average costs per trip) could be assigned to Regions 1, 3 and 12.
 - E. Consistent with the prior rate setting methodology, Regions 4-11 were assigned the same average cost per trip as Region 3.
 - F. Eligible member months by region and month were provided by DHS. Eligible member months represent how many people were eligible for services in a given month. Member months are tallied by month and accumulated for the fiscal year.
 - G. The base PMPM cost is the total cost (B) divided by the member months (F).

2. Adjustments to Base PMPM rates:
 - A. Consistent with the prior rate setting methodology, a loading of 18% was added to allow for the average administrative overhead expected by the contractors.
 - B. PMPM costs were adjusted for the historical trend rates (0.7% per year or 1.4% from 2012 to 2014).
 - C. Costs were also adjusted for expected expenditures related to additional utilization (discussed below in E.) not reflected in the historical data. A factor of 15% of this additional utilization was assumed as a cost adjustment.
 - D. A utilization adjustment was calculated based on the historical change in utilization from 2011 to 2012. This adjustment was 1.3% per year or 2.6% from 2012 to 2014.
 - E. An additional utilization adjustment was calculated based on changes in the “market penetration” of riders as a percentage of eligible members. The adjustment is similar to the prior period rate setting adjustment with the exception that is based on the change in number of riders instead of the number of trips. An increase in ridership is expected to lead to increased trips. Changes in the number of trips are already reflected in the base utilization adjustment in D. The table below illustrates the regional impact.

Table 4 - Additional Utilization Adjustment				
	SFY 11	SFY 12		
Region	Riders / Members	Riders / Members	Percentage Change	Utilization Adjustment
1	17.4%	20.8%	19.3%	1.193
3	36.6%	39.8%	8.8%	1.088
4	21.4%	24.1%	12.9%	1.129
5	18.1%	21.8%	20.3%	1.203
6	21.8%	22.3%	2.3%	1.023
7	31.8%	33.0%	3.7%	1.037
8	19.6%	21.2%	8.3%	1.083
9	32.7%	41.7%	27.5%	1.275
10	25.2%	28.8%	13.9%	1.139
11	37.0%	30.7%	-17.0%	.83
12	29.3%	32.1%	9.5%	1.095
Statewide	25.0%	28.0%	12.8%	1.128

- F. The additional utilization adjustment reflects the observed trend between SFY 2011 and 2012 of increased ridership. Future rate setting will monitor ridership levels and adjust rates up or down according to enrollee participation in the program.
- G. Rates were further adjusted by area to maintain consistency with the prior rate setting methodology. On a statewide basis this adjustment is cost-neutral.
- H. Finally, rates were smoothed based on the credibility of the underlying data by region. Regions with 125,000 or more trips were assigned 100% credibility while regions with 10,000 or fewer trips were given 0% credibility. Credibility percentages between 0% and 100% are used to weight the regions direct experience with the statewide average. The credibility weights used were consistent with the prior methodology and are cost neutral on a statewide basis.
- I. The composite adjustment for all utilization and cost trends was approximately 1.0% per year from 2012 to 2014.

3. Development of Rate Ranges:

- A. Rate ranges were developed based on the distribution of trips by billed amount. The prior methodology simply applied a plus or minus 10% to the midpoint values to arrive at an expected range of reasonable values.
- B. In general, the average cost per trip by region was found to be around the 70th percentile. This means 70% of the regions trips cost less than the average and 30% cost more.
- C. In addition, it was found that there are large clusters of trips at various price points. For example, for one region roughly 12% of the trips cost about \$7.00, 14% cost

around \$9.00, 16% cost \$13.00, 10% cost \$18.00, and 25% cost \$30 or more. The average cost per trip in this region was approximately \$20.00.

- D. The objective of the current methodology was to adjust the upper bound to capture at least 82% of the total trips while setting the lower bound to capture approximately 60% of the total trips within a region.

The Appendices at end of this report show the baseline calculations (Appendix 3), the adjustments by region (Appendix 4) and the capitation rate ranges (Appendix 5). Appendix 6 shows the mapping of counties to regions within the State. Appendix 7 shows the expected cost by year under the current reimbursement rates and the rates developed for SFY 2014 in this report. Appendix 8 contains the fuel cost adjustment factors updated from the prior rate setting report.

Hause will provide an actuarial certification and specific items for submitting the rates to the Centers for Medicare and Medicaid Services to DHS under separate cover.

Standards of Practice

Appropriate Actuarial Standards of Practice (ASOP) have been followed in this analysis, and detailed data gathered, analyzed, and made a part of the report. This actuarial report conforms to the following Actuarial Standards of Practice as promulgated by the Actuarial Standards Board of the American Academy of Actuaries.

ASOP #5:	Incurred Health and Disability Claims
ASOP #7:	Analysis of Life, Health or Property/Casualty Insurer Cash Flows
ASOP #12:	Risk Classification
ASOP #23:	Data Quality
ASOP #25:	Credibility
ASOP #41:	Actuarial Communications

This document constitutes the entire report. It is the work product of the undersigned, who is responsible for the actuarial opinions and findings communicated herein.

I, Rex Durlington, FSA, MAAA am a consulting actuary with Hause Actuarial Solutions, Inc. and familiar with the requirements and methodologies in developing Medicaid capitated rates. I hereby state that I have no conflict of interest in performing this assignment and issuing this report.

Limitations

Hause has performed the work assigned and has prepared this report in conformity with its intended utilization by persons technically competent in the areas addressed and for the stated purposes only. Judgments as to the data contained in the report should be made only after studying the report in its entirety, as the conclusions reached by review of a section or sections on an isolated basis may be incorrect. Further, members of Hause's staff are available to explain and/or amplify any matter presented herein, and it is assumed that the user of this report will seek such explanation and/or amplification as to any matter in question.

Data Reliance on Others

The encounter, enrollment and financial data used in this report were prepared by DHS. The data was reviewed for reasonableness; however, in performing the requested services, Hause has relied extensively on the substantial body of information supplied by DHS. Reliance is placed on, but not limited to, the accuracy of the following information:

- Databases of Medicaid enrollment by date and region.
- Databases of encounter data by date and region covering the number and cost per trip.
- Financial reports for regional brokers.

No independent verification or audit of this information was undertaken. However, the information was analyzed for reasonableness. Any errors in the data and information provided to us might materially change the results presented in this report.

Limits on Distribution and Use

This report and the opinions and conclusions contained herein are for the internal use of management and counsel of DHS and distribution or disclosure thereof to any other party is subject to the following conditions:

- DHS shall provide a copy of the report, in its entirety, to each such party;
- DHS shall, prior to providing a copy of this report to any party, obtain Hause's written consent to same;
- DHS shall advise each party to whom a copy of this report is provided that they may contact Hause directly relative to any questions they may have relating to Hause's work.

In order to fully comprehend this report, any user of this report should be advised by an actuary with a substantial level of expertise in relevant areas to this analysis and the impact of those assumptions on the projected results.

Any third party with access to this report acknowledges, as a condition of receipt, that Hause does not make any representations or warranty as to the accuracy or completeness of the material contained within. Any third party with access to these materials cannot bring any suit, claim or action against Hause, under any theory of law, related in any way to this material. Nothing included in this report is to be used in any filings with any public body, such as state insurance departments or the Securities and Exchange Commission, without prior written consent from Hause.

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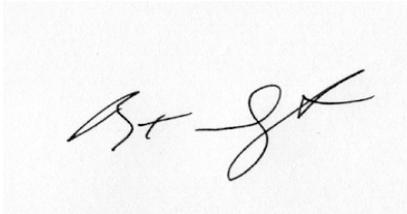
Subsequent Events

This report is issued as of the date shown on its cover page. All events and considerations known as of this date were considered in the preparation of this report. Events occurring or information that becomes available after the date of this report, as well as the impact of unanticipated events subsequent to the date of this report, is beyond the scope of this report.

Hause actuaries are available to discuss any questions or comments concerning the assumptions and findings in this report. Please contact Rex Durlington via e-mail at Durlington@att.net or via cell phone at 636-448-3176.

Hause appreciates the opportunity to work with the knowledgeable and dedicated people of Arkansas DMS and thanks Bill Kattner, in particular, for his assistance with interpreting the provided information and coordinating the rate development process.

Sincerely,

A handwritten signature in black ink, appearing to read "Rex Durlington", is centered on a light gray rectangular background.

Rex Durlington, FSA, MAAA
Consulting Actuary

Appendices

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Appendix 1 – Financial Data Summary

Region	4		5		8		10		11	
Broker	East Ark AAA		AAA of Western Ark		Central Ark Development Council		Southwest Ark Development Council		Central Ark Development Council	
Period	1/1/11-12/31/11		1/1/11-12/31/11		6/1/11-5/31/12		7/1/10-6/30/11		6/1/11-5/31/12	
Revenue										
								Note: Includes In-Home Services **		
NET PMPM Payments	\$ 4,402,997		\$ 4,438,023		\$ 2,226,520		\$ 1,624,969		\$ 1,548,256	
In-Home Services					\$ -		\$ 3,674,031 **		\$ -	
Other Income					\$ -		\$ 71,128		\$ -	
Total Revenue	4,402,997		4,438,023		2,226,520		5,370,128		1,548,256	
Trips	75,959		110,780		47,709		37,409		34,914	
Income/Trip	\$ 57.97		\$ 40.06		\$ 46.67		\$ 43.44		\$ 44.34	
Member Months	884,532		745,726		460,421		291,778		240,319	
PMPM Payment Rate	\$ 4.98		\$ 5.95		\$ 4.84		\$ 5.57		\$ 6.44	
Expense		% of Revenue		% of Revenue		% of Revenue		% of Revenue		% of Revenue
Personnel	\$ 1,910,461	43.4%	\$ 1,780,336	40.1%	\$ 160,680	7.2%	\$ 3,194,035	59.5%	\$ 9,739	0.6%
Fringe benefits	\$ 477,987	10.9%	\$ 376,491	8.5%	\$ 63,605	2.9%	\$ 528,188	9.8%	\$ (7)	0.0%
Equipment	\$ 717,456	16.3%	\$ 1,099,329	24.8%	\$ 1,832,845	82.3%	\$ 672,062	12.5%	\$ 1,491,342	96.3%
Supplies	\$ 19,164	0.4%	\$ 21,241	0.5%	\$ 5,165	0.2%	\$ 41,520	0.8%	\$ 336	0.0%
Travel	\$ 6,179	0.1%	\$ 1,981	0.0%	\$ 1,632	0.1%	\$ 1,788	0.0%	\$ 7,550	0.5%
Rent and Utilities	\$ 3,521	0.1%	\$ 21,055	0.5%	\$ 2,757	0.1%	\$ 46,787	0.9%	\$ -	0.0%
Communications	\$ 110,448	2.5%	\$ 68,176	1.5%	\$ 21,692	1.0%	\$ 68,166	1.3%	\$ -	0.0%
Other Direct Costs	\$ 1,090,354	24.8%	\$ 336,261	7.6%	\$ 172,833	7.8%	\$ 130,945	2.4%	\$ 2,300	0.1%
Indirect Costs	\$ 190,709	4.3%	\$ 238,463	5.4%	\$ 5,201	0.2%	\$ 6,860	0.1%	\$ -	0.0%
Total Expense	\$ 4,526,279	102.8%	\$ 3,943,333	88.9%	\$ 2,266,410	101.8%	\$ 4,690,351	87.3%	\$ 1,511,260	97.6%
Total Gain/(Loss)	\$ (123,282)		\$ 494,690		\$ (39,890)		\$ 679,777		\$ 36,996	

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Appendix - 2 Encounter Data Summary				
	SFY 11	SFY 12	Change	% Change
Data Summary				
Trips	1,059,882	1,088,117	28,235	2.7%
Encounter Data Billed Amount	\$16,124,186	\$18,173,346	\$2,049,160	12.7%
Regionalized Billed Amount	\$20,594,191	\$21,286,639	\$692,449	3.4%
Recipients	29,271	32,505	3,234	11.0%
Riders	117,989	134,095	16,106	13.7%
Member Months (MM)	5,660,820	5,738,750	77,930	1.4%
Average Members	471,735	478,229	6,494	1.4%
Annual Statistics				
	SFY 11	SFY 12	Change	% Change
Trips / Recipient	36.21	33.48	(2.73)	-7.6%
Trips / Rider	8.98	8.11	(0.87)	-9.7%
Trips / Member	0.187	0.190	0.002	1.3%
Regionalized Billed / Trip	\$19.43	\$19.56	\$0.13	0.7%
Regionalized Billed / Member Month (PMPM)	\$3.64	\$3.71	\$0.07	2.0%
Riders / Members	25.0%	28.0%	3.0%	12.1%
Trips/Rider * Billed/Trip * Riders/MM (PMPM)	\$3.64	\$3.71	\$0.07	2.0%

Appendix 3 - Baseline Data

State Fiscal Year 2011									
Region	Trips	Encounter Data Billed Cost	Billed Cost/Trip	Used Billed Cost/Trip	Member Months	Average Members	Utilization per 1,000 Members	Unadjusted Billed PMPM	Unadjusted Billed Cost
1	142,687	\$ 2,731,083	\$ 19.14	\$ 19.14	870,091	72,508	1,968	\$ 3.14	\$ 2,731,083
3	154,093	\$ 3,406,126	\$ 22.10	\$ 22.10	454,972	37,914	4,064	\$ 7.49	\$ 3,406,126
4	90,188	\$ 52,158	\$ 0.58	\$ 22.10	886,929	73,911	1,220	\$ 2.25	\$ 1,993,547
5	104,664	\$ 4,993,500	\$ 47.71	\$ 22.10	732,313	61,026	1,715	\$ 3.16	\$ 2,313,530
6	15,219	\$ 777,200	\$ 51.07	\$ 22.10	65,738	5,478	2,778	\$ 5.12	\$ 336,406
7	32,122	\$ 194,773	\$ 6.06	\$ 22.10	159,692	13,308	2,414	\$ 4.45	\$ 710,036
8	56,659	\$ 90,446	\$ 1.60	\$ 22.10	446,138	37,178	1,524	\$ 2.81	\$ 1,252,411
9	99,943	\$ 852	\$ 0.01	\$ 22.10	500,016	41,668	2,399	\$ 4.42	\$ 2,209,175
10	37,409	\$ 372,176	\$ 9.95	\$ 22.10	291,778	24,315	1,539	\$ 2.83	\$ 826,902
11	60,734	\$ 33,384	\$ 0.55	\$ 22.10	240,981	20,082	3,024	\$ 5.57	\$ 1,342,486
12	266,164	\$ 3,472,488	\$ 13.05	\$ 13.05	1,012,172	84,348	3,156	\$ 3.43	\$ 3,472,488
All	1,059,882	\$ 16,124,186	\$ 15.21	\$ 19.43	5,660,820	471,735	2,247	\$ 3.64	\$ 20,594,191
State Fiscal Year 2012									
Region	Trips	Encounter Data Billed Cost	Billed Cost/Trip	Used Billed Cost/Trip	Member Months	Average Members	Utilization per 1,000 Members	Unadjusted Billed PMPM	Unadjusted Billed Cost
1	174,426	\$ 3,441,700	\$ 19.73	\$ 19.73	895,319	74,610	2,338	\$ 3.84	\$ 3,441,700
3	173,067	\$ 3,912,332	\$ 22.61	\$ 22.61	462,698	38,558	4,488	\$ 8.46	\$ 3,912,332
4	64,485	\$ 3,134	\$ 0.05	\$ 22.61	883,937	73,661	875	\$ 1.65	\$ 1,457,740
5	97,761	\$ 4,973,418	\$ 50.87	\$ 22.61	745,726	62,144	1,573	\$ 2.96	\$ 2,209,973
6	27,978	\$ 1,109,664	\$ 39.66	\$ 22.61	66,364	5,530	5,059	\$ 9.53	\$ 632,467
7	35,718	\$ 550,107	\$ 15.40	\$ 22.61	156,180	13,015	2,744	\$ 5.17	\$ 807,437
8	45,940	\$ 12,327	\$ 0.27	\$ 22.61	459,401	38,283	1,200	\$ 2.26	\$ 1,038,514
9	93,209	\$ 776	\$ 0.01	\$ 22.61	504,478	42,040	2,217	\$ 4.18	\$ 2,107,071
10	34,127	\$ 1,822	\$ 0.05	\$ 22.61	294,907	24,576	1,389	\$ 2.62	\$ 771,471
11	32,904	\$ 3,956	\$ 0.12	\$ 22.61	239,215	19,935	1,651	\$ 3.11	\$ 743,824
12	308,502	\$ 4,164,110	\$ 13.50	\$ 13.50	1,030,525	85,877	3,592	\$ 4.04	\$ 4,164,110
All	1,088,117	\$ 18,173,346	\$ 16.70	\$ 19.56	5,738,750	478,229	2,275	\$ 3.71	\$ 21,286,639

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Appendix 4 - Adjustments to Baseline Data

State Fiscal Year 2014

Region	SFY 2012 Unadjusted PMPM	Admin / Profit Load	Cost Trend	Utilization Trend	Additional Utilization Adjustment	Area Factor Adjustments	Mid Point Cap Rate Cost/Trip	Smoothed Mid Point PMPM	Upper Bound Cap Rate Cost/Trip	Smoothed Upper Bound Cap Rate PMPM	Lower Bound Cap Rate Cost/Trip	Smoothed Lower Bound Cap Rate PMPM
1	\$ 3.84	1.180	1.073	1.026	1.193	69%	\$ 30.55	\$ 4.13	\$ 38.80	\$ 5.25	\$ 28.41	\$ 3.84
3	\$ 8.46	1.180	1.040	1.026	1.088	87%	\$ 30.98	\$ 10.07	\$ 41.77	\$ 13.58	\$ 24.72	\$ 8.04
4	\$ 1.65	1.180	1.053	1.026	1.129	175%	\$ 32.51	\$ 4.68	\$ 41.77	\$ 5.43	\$ 24.72	\$ 3.67
5	\$ 2.96	1.180	1.076	1.026	1.203	117%	\$ 35.39	\$ 5.27	\$ 41.77	\$ 6.94	\$ 24.72	\$ 3.80
6	\$ 9.53	1.180	1.021	1.026	1.023	45%	\$ 28.56	\$ 5.22	\$ 41.77	\$ 7.16	\$ 24.72	\$ 4.27
7	\$ 5.17	1.180	1.025	1.026	1.037	83%	\$ 29.06	\$ 5.26	\$ 41.77	\$ 7.23	\$ 24.72	\$ 4.30
8	\$ 2.26	1.180	1.039	1.026	1.083	159%	\$ 30.78	\$ 5.08	\$ 41.77	\$ 6.25	\$ 24.72	\$ 4.09
9	\$ 4.18	1.180	1.098	1.026	1.275	83%	\$ 38.32	\$ 5.60	\$ 41.77	\$ 7.58	\$ 24.72	\$ 3.83
10	\$ 2.62	1.180	1.056	1.026	1.139	137%	\$ 32.90	\$ 5.19	\$ 41.77	\$ 6.82	\$ 24.72	\$ 4.13
11	\$ 3.11	1.180	1.014	1.026	0.830	206%	\$ 23.01	\$ 5.43	\$ 41.77	\$ 8.41	\$ 24.72	\$ 4.74
12	\$ 4.04	1.180	1.043	1.026	1.095	89%	\$ 18.65	\$ 4.96	\$ 25.69	\$ 6.84	\$ 16.83	\$ 4.48
All	\$ 3.71	1.180	1.055	1.026	1.128	100%	\$ 28.17	\$ 5.35	\$ 37.06	\$ 7.03	\$ 22.95	\$ 4.35

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Appendix 5 - Capitation Rate Ranges

SFY 2014 Capitation Rate Ranges				
Region	Lower Bound		Midpoint	Upper Bound
1	\$ 3.84		\$ 4.13	\$ 5.25
3	\$ 8.04		\$ 10.07	\$ 13.58
4	\$ 3.67		\$ 4.68	\$ 5.43
5	\$ 3.80		\$ 5.27	\$ 6.94
6	\$ 4.27		\$ 5.22	\$ 7.16
7	\$ 4.30		\$ 5.26	\$ 7.23
8	\$ 4.09		\$ 5.08	\$ 6.25
9	\$ 3.83		\$ 5.60	\$ 7.58
10	\$ 4.13		\$ 5.19	\$ 6.82
11	\$ 4.74		\$ 5.43	\$ 8.41
12	\$ 4.48		\$ 4.96	\$ 6.84
Statewide	\$ 4.35		\$ 5.35	\$ 7.03

SFY 2015 Capitation Rate Ranges				
Region	Lower Bound		Midpoint	Upper Bound
1	\$ 3.92		\$ 4.21	\$ 5.36
3	\$ 8.20		\$ 10.27	\$ 13.85
4	\$ 3.74		\$ 4.77	\$ 5.54
5	\$ 3.87		\$ 5.38	\$ 7.08
6	\$ 4.35		\$ 5.33	\$ 7.30
7	\$ 4.38		\$ 5.36	\$ 7.38
8	\$ 4.17		\$ 5.18	\$ 6.37
9	\$ 3.91		\$ 5.71	\$ 7.73
10	\$ 4.21		\$ 5.30	\$ 6.96
11	\$ 4.83		\$ 5.54	\$ 8.57
12	\$ 4.57		\$ 5.06	\$ 6.97
Statewide	\$ 4.44		\$ 5.46	\$ 7.17

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Appendix 6 - Regional Mapping

Appendix 6 - Regional Mapping										
Region	County									
1	BAXTER	BENTON	BOONE	CARROLL	MADISON	MARION	NEWTON	SEARCY	WASHINGTON	
3	CLEBURNE	FULTON	INDEPENDENCE	IZARD	JACKSON	SHARP	STONE	VAN BUREN	WHITE	WOODRUFF
4	CLAY	CRAIGHEAD	CRITTENDEN	CROSS	GREENE	LAWRENCE	MISSISSIPPI	POINSETT	RANDOLPH	ST. FRANCIS
5	CRAWFORD	FRANKLIN	JOHNSON	LOGAN	POLK	POPE	SCOTT	SEBASTIAN	YELL	
6	CONWAY	PERRY								
7	LEE	MONROE	PHILLIPS	PRAIRIE						
8	CLARK	GARLAND	HOT SPRING	MONTGOMERY	PIKE	SALINE				
9	ARKANSAS	ASHLEY	BRADLEY	CHICOT	CLEVELAND	DESHA	DREW	GRANT	JEFFERSON	LINCOLN
10	HEMPSTEAD	HOWARD	LAFAYETTE	LITTLE RIVER	MILLER	NEVADA	SEVIER			
11	CALHOUN	COLUMBIA	DALLAS	OUACHITA	UNION					
12	FAULKNER	LONOKE	PULASKI	PULASKI NORTH						

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Appendix 7- Expected Expenditures Prior and Proposed Reimbursement Rates

	Previous Contract SFY 13			Proposed Contract SFY 13		Proposed Contract SFY 14		Proposed Contract SFY 15	
Region	Reimbursement Rate	Member Months	Expected Cost	Reimbursement Rate	Expected Cost	Reimbursement Rate	Expected Cost	Reimbursement Rate	Expected Cost
1	\$ 4.37	895,319	\$ 3,912,544	\$ 4.00	\$ 3,585,665	\$ 4.20	\$ 3,760,787	\$ 4.28	\$ 3,836,003
3	\$ 10.65	462,698	\$ 4,927,734	\$ 10.52	\$ 4,866,780	\$ 10.87	\$ 5,027,335	\$ 11.08	\$ 5,127,881
4	\$ 4.87	883,937	\$ 4,303,889	\$ 5.39	\$ 4,760,096	\$ 4.88	\$ 4,317,360	\$ 4.98	\$ 4,403,707
5	\$ 5.73	745,726	\$ 4,273,010	\$ 5.04	\$ 3,756,098	\$ 5.55	\$ 4,141,289	\$ 5.66	\$ 4,224,115
6	\$ 5.68	66,364	\$ 376,948	\$ 5.51	\$ 365,389	\$ 5.73	\$ 379,936	\$ 5.84	\$ 387,535
7	\$ 5.85	156,180	\$ 913,653	\$ 5.57	\$ 869,262	\$ 5.79	\$ 903,739	\$ 5.90	\$ 921,814
8	\$ 5.16	459,401	\$ 2,370,509	\$ 5.31	\$ 2,439,483	\$ 5.00	\$ 2,295,972	\$ 5.10	\$ 2,341,891
9	\$ 6.23	504,478	\$ 3,142,898	\$ 5.07	\$ 2,558,919	\$ 6.06	\$ 3,058,042	\$ 6.18	\$ 3,119,202
10	\$ 5.50	294,907	\$ 1,621,989	\$ 5.34	\$ 1,574,211	\$ 5.46	\$ 1,609,323	\$ 5.57	\$ 1,641,509
11	\$ 6.91	239,215	\$ 1,652,976	\$ 6.15	\$ 1,470,638	\$ 6.73	\$ 1,608,819	\$ 6.86	\$ 1,640,996
12	\$ 5.25	1,030,525	\$ 5,410,256	\$ 5.29	\$ 5,451,632	\$ 5.47	\$ 5,637,190	\$ 5.58	\$ 5,749,934
Total	\$ 5.73	5,738,750	\$ 32,906,405	\$ 5.52	\$ 31,698,173	\$ 5.71	\$ 32,739,791	\$ 5.82	\$ 33,394,587
Increase			NA		\$ (1,208,232)		\$ 1,041,618		\$ 654,796
% Increase			NA		-3.7%		3.3%		2.0%
Cumulative Increase							\$ (166,614)		\$ 488,182
Cumulative % increase							-0.5%		1.5%

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Appendix 8			
SFY 14 and SFY 15			
Fuel Cost Adjustment Factors			
Average Price 12/11:		\$	3.22
Avg Cost per Gallon			
Unleaded Regular			Adjustment
State of Arkansas		Midpoint	Factor
\$ -	\$ 1.499	\$ 1.250	0.898
\$ 1.500	\$ 1.999	\$ 1.750	0.924
\$ 2.000	\$ 2.499	\$ 2.250	0.950
\$ 2.500	\$ 2.999	\$ 2.750	0.976
\$ 3.000	\$ 3.499	\$ 3.250	1.000
\$ 3.500	\$ 3.999	\$ 3.750	1.027
\$ 4.000	\$ 4.499	\$ 4.250	1.053
\$ 4.500	\$ 4.999	\$ 4.750	1.079
\$ 5.000	and higher	\$ 5.250	1.105