AMENDMENT NUMBER THREE
TO THE CONTRACT BETWEEN
THE DIVISION OF MEDICAID
IN THE OFFICE OF THE GOVERNOR
AND
A CARE COORDINATION ORGANIZATION (CCO)

(Magnolia Health Plan, Inc.)

THIS AMENDMENT NUMBER THREE modifies, revises, and amends the Contract entered into by and between the **Division of Medicaid in the Office of the Governor**, an administrative agency of the **State of Mississippi** (hereinafter "DOM" or "Division"), and **Magnolia Health Plan, Inc.** (hereinafter "CCO" or "Contractor").

WHEREAS, DOM is charged with the administration of the Mississippi State Plan for Medical Assistance in accordance with the requirements of Title XIX of the Social Security Act of 1935, as amended, and Miss. Code Ann. § 43-13-101, *et seq.*, (1972, as amended);

WHEREAS, CCO is an entity eligible to enter into a comprehensive risk contract in accordance with Section 1903(m) of the Social Security Act and 42 CFR § 438.6(b) and is engaged in the business of providing prepaid comprehensive health care services as defined in 42 CFR § 438.2. The CCO is licensed appropriately as defined by the Department of Insurance of the State of Mississippi pursuant to Miss. Code Ann. § 83-41-305 (1972, as amended);

WHEREAS, DOM contracted with the CCO to obtain services for the benefit of certain Medicaid beneficiaries and the CCO has provided to DOM continuing proof of the CCO's financial responsibility, including adequate protection against the risk of insolvency, and its capability to provide quality services efficiently, effectively, and economically during the term of the Contract, upon which DOM relies in entering into this Amendment Number Three;

WHEREAS, pursuant to Section 1.B of the Contract, no modification or change to any provision of the Contract shall be made unless it is mutually agreed upon in writing by both parties and is signed by a duly authorized representative of the CCO and DOM as an amendment

to the Contract; however, such amendment shall not be effective unless and until the Centers for Medicare & Medicaid Services ("CMS") approves of the change; and,

WHEREAS, the parties have previously modified the Contract in Amendment #1 and #2.

NOW, THEREFORE, in consideration of the foregoing recitals and of the mutual promises contained herein, DOM and CCO agree the Contract is amended as follows:

I. Section 1.B, DEFINITIONS AND CONSTRUCTION, is amended to read as follows:

References to numbered Sections refer to the designated Sections contained in this Contract. Titles of Sections used herein are for reference only and shall not be deemed a part of this Contract. The headings used throughout the Contract are for convenience only and shall not be resorted to for interpretation of the Contract.

In the event of a conflict between this Contract and the various documents incorporated into this Contract by reference, the terms of this Contract shall govern.

This Contract between the State of Mississippi and the Contractor consists of this 1) Amendment #3; 2) Amendment #2; 3) Amendment #1; 4) the original Agreement; 5) the MississippiCAN Program RFP and any amendments thereto; 6) the Contractor's Proposal submitted in response to the RFP by reference and as an integral part of this Contract; 7) written questions and answers. In the event of a conflict in language among the seven (7) documents referenced above, the provisions and requirements set forth and/or referenced in the Contract and its amendments shall govern. Any ambiguities, conflicts or questions of interpretation of this Contract shall be resolved by first, reference to this Amendment #3 and, if still unresolved, by referenced to Amendment #2 and, if still unresolved, by reference to Amendment #1 and, if still unresolved, by reference to the original Agreement. After the Contract and any amendments thereto, the order of priority shall be as follows: the RFP Bidder Questions and Answers, the Contractor's Proposal and its attachments, and the RFP. In the event that an issue is addressed in one (1) document that is not addressed in another document, no conflict in language shall be deemed to occur. All the documents shall be read and construed as far as possible to be one harmonious whole; however, in the event of a conflict or dispute, the above list is the list of priority.

However, the Division reserves the right to clarify any contractual relationship in writing, and such written clarification shall govern in case of conflict or ambiguity with the applicable requirements stated in the RFP or the Contractor's Proposal. In all other matters not affected by the written clarification, if any, the RFP and its amendments shall govern.

The Contract represents the entire agreement between the Contractor and the Division and it supersedes all prior negotiations, representations, or agreements, either written or oral between the parties hereto relating to the subject matter hereof.

The Division reserves the right to review the existing contract as needed to address contract and/or program vulnerabilities and discrepancies. No modification or change of any provision in the Contract shall be made, or construed to have been made, unless such modification or change is mutually agreed upon in writing by the Contractor and the Division. The agreed upon modification or change will be incorporated as a written Contract amendment and processed through the Division for approval prior to the effective date of such modification or change. In some instances, the Contract amendment must be approved by the Centers for Medicare & Medicaid Services (CMS) before the change becomes effective.

The only representatives authorized to modify this Contract on behalf of the Division and the Contractor is shown below:

Contractor: Plan President and Chief Executive Officer

Division of Medicaid: Executive Director

II. Section 13.A.9, CAPITATION RATES, is amended to read as follows:

Exhibit A, Capitation Rates, of this Contract includes the capitation rates per member per month (PMPM) varying by region and Rate Cell. Each Contractor will be paid based on the distribution of Members they have in each Rate Cell. In addition, Contractor Capitation Payments will vary based on their Members' county of residence. The SSI/Disabled, MA Adults, MA Children, and Q-CHIP rate cells will be risk adjusted and Rate Cells have a Risk Adjustment factor, calculated on a prospective basis using CDPS+RX, applied to each rates re-calculated based on each Contractor's actual risk scores.

The table below establishes the Coordinated Care Organization capitation rates per member per month (PMPM) for MississippiCAN *(see Attachments A and B).* These rates are effective for the following MississippiCAN rate cells: SSI/Disabled; Foster Care; Breast and Cervical Cancer; SSI/Disabled Newborn; MA Adults; Pregnant Women; Newborns; and the Delivery Kick Payment. Additionally, capitation rates are included for MA Children and Quasi-CHIP Children, and now the Serious Emotional Disturbance (SED) rate cell is included as of October 1, 2018. Capitation rates for the period of October 1, 2018, through June 30, 2019, include Inpatient Hospital Services. Capitation rates October 1, 2018 through June 30, 2019, include risk scores that are not applied to the Mississippi Hospital Access Program (MHAP) payments.

Magnolia Health Plan, Inc.
Effective October 1, 2018 – June 30, 2019
Capitation Rates (excluding Risk Scores)

Region	North			Central			South		
Rate Cell	Rate	Risk Adj	Total Rate	Rate	Risk Adj	Total Rate	Rate	Risk Adj	Total Rate
Original Population									
SSI-Disabled	1099.14		**1099.14**	1187.99		**1187.99**	1277.95		**1277.95**
Foster Care	717.59		**717.59**	751.62		**751.62**	792.47		**792.47**
Breast/Cervical	3471.00		**3471.00**	3765.20		**3765.20**	4063.09		**4063.09**
SSI-Disabled-Newborn	7249.72		**7249.72**	7628.64		**7628.64**	8083.35		**8083.35**
Expansion Population									
MA Adult	563.83		**563.83**	611.53		**611.53**	597.01		**597.01**
Pregnant Women	596.29		**596.29**	647.14		**647.14**	631.66		**631.66**
Newborns 0-2 Months	2139.85		**2139.85**	2248.98		**2248.98**	2379.94		**2379.94**
Newborns 3-12 Months	374.99		**374.99**	390.94		**390.94**	410.08		**410.08**
MA Children	276.55		**276.55**	287.30		**287.30**	300.20		**300.20**
Quasi-CHIP	273.50		**273.50**	284.09		**284.09**	296.80		**296.80**
SED	3908.92		**3908.92**	4111.45		**4111.45**	4354.50		**4354.50**
Delivery Kick Payment	6047.12		**6047.12**	6634.59		**6634.59**	6455.80		**6455.80**

Capitation rate per October 22, 2018 Actuarial report.
Rates include both components of MHAP, including associated premium tax, across all non-delivery rate cells.

III. The effective date of this Amendment #3 shall be October 1, 2018. The above rates replace the rates found in Amendment #2 for the October 1, 2018 through June 30, 2019 period.

IV. All other provisions of the Contract are unchanged and it is further the intent of the parties that any inconsistent provisions not addressed by the above amendments are modified and interpreted to conform with this Amendment #3.

[remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties have executed this Amendment Number Three by their duly authorized representatives as follows:

Mississippi Division of Medicaid

By: _____
Drew L. Snyder
Executive Director

Date: December 7, 2018

Magnolia Health Plan, Inc.

By: _____
Aaron Sisk
President & Chief Executive Officer

Date: 12/13/2018

STATE OF MISSISSIPPI
COUNTY OF HINDS

THIS DAY personally came and appeared before me, the undersigned authority, in and for the aforesaid jurisdiction, the within named, **Drew L. Snyder**, in his official capacity as the duly appointed **Executive Director of the Division of Medicaid in the Office of the Governor**, an administrative agency of the **State of Mississippi**, who acknowledged to me, being first duly authorized by said agency that he signed and delivered the above and foregoing written **Amendment Number Three** for and on behalf of said agency and as its official act and deed on the day and year therein mentioned.

GIVEN under my hand and official seal of office on this the 7th day of December, 2018.

NOTARY PUBLIC

STATE OF MISSISSIPPI NOTARY PUBLIC ID # 30998 JANE S. TURBEVILLE Commission Expires Oct. 26, 2022 MADISON COUNTY

My Commission Expires:

STATE OF Mississippi .
COUNTY OF Hinds

THIS DAY personally came and appeared before me, the undersigned authority, in and for the aforesaid jurisdiction, the within named, **Aaron Sisk**, in his respective capacity as the **President and Chief Executive Officer of Magnolia Health Plan, Inc.**, a corporation authorized to do business in Mississippi, who acknowledged to me, being first duly authorized by said corporation that he signed and delivered the above and foregoing written **Amendment Number Three** for and on behalf of said corporation and as its official act and deed on the day and year therein mentioned.

GIVEN under my hand and official seal of office on this the 13th day of December, 2018.

NOTARY PUBLIC

STATE OF MISSISSIPPI NOTARY PUBLIC ID # 97709 LATANYA WELCH Commission Expires Nov. 26, 2022 HINDS COUNTY

My Commission Expires:

11/28/22

Attachment A
to Amendment #3

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Jill A. Bruckert, FSA, MAAA
Consulting Actuary

jill.bruckert@milliman.com

Milliman

October 22, 2018

Ms. Tara Smith Clark, JD, CHP
Executive Administrator
Mississippi Office of the Governor, Division of Medicaid
550 High Street, Suite 1000
Jackson, MS 39201

Re: October 2018 to June 2019 MississippiCAN Rate Calculation and Certification - REVISED

Dear Tara:

Thank you for the opportunity to assist the Mississippi Division of Medicaid (DOM) with the development of MississippiCAN capitation rates. This letter summarizes revisions to the development of the October 1, 2018 to June 30, 2019 (Q4 2018 to Q2 2019) capitation rates for Mississippi Coordinated Access Network (MississippiCAN) to reflect the application of the 5% provider assessment by the Coordinated Care Organizations (CCOs) for certain non-facility services. While the provider assessment provision is not new for this contract period, it had not been applied to MississippiCAN provider reimbursement for all applicable services by the CCOs during the base period used for this rate development. This letter adjusts rates to reflect the impact of the provider assessment on all applicable services during the Q4 2018 to Q2 2019 period. This is an update to the Q4 2018 to Q2 2019 MississippiCAN capitation rate report and certification dated August 7, 2018.

Mississippi Code Title 43-13-117(B) states, *"Notwithstanding any other provision of this article to the contrary, the division shall reduce the rate of reimbursement to providers for any service provided under this section by five percent (5%) of the allowed amount for that service."* Many services are exempted from this reduction including pharmacy, inpatient hospital and other institutional services, and physician services. Outpatient hospital services are exempted effective July 1, 2018.

Rates effective during calendar year 2018 will continue to be retroactively adjusted for the Affordable Care Act Health Insurer Fee (HIF). Additionally, capitation rates will be recertified after actual membership is known to determine the final fee schedule adjustment (FSA) and transitional payment pool (TPP) add-on for the Mississippi Hospital Access Program (MHAP). Recertification for these issues will be done at one time for capitation rates for the entire state fiscal year (SFY) 2019 time period.

Q4 2018 TO Q2 2019 CAPITATION RATES AND ACTUARIAL CERTIFICATION

Table 1 includes per member per month (PMPM) preliminary capitation rates effective for Q4 2018 to Q2 2019, including the cost of the Mississippi Hospital Access Program (MHAP), varying by region and rate cell after the revision for the application of the 5% provider assessment.

Table 1
MississippiCAN Capitation Rates Including MHAP*
Per Member Per Month (PMPM)
Effective October 1, 2018 to June 30, 2019

Rate Cell	North	Central	South
Non-Newborn SSI / Disabled	$1,099.14	$1,187.99	$1,277.95
Foster Care	$717.59	$751.62	$792.47
Breast and Cervical Cancer	$3,471.00	$3,765.20	$4,063.09
SSI / Disabled Newborn	$7,249.72	$7,628.64	$8,083.35
MA Adult	$563.83	$611.53	$597.01
Pregnant Women	$596.29	$647.14	$631.66
Non-SSI Newborns 0 to 2 Months	$2,139.85	$2,248.98	$2,379.94
Non-SSI Newborns 3 to 12 Months	$374.99	$390.94	$410.08
Delivery Kick Payment	$6,047.12	$6,634.59	$6,455.80
MA Children	$276.55	$287.30	$300.20
Quasi-CHIP	$273.50	$284.09	$296.80
SED Children	$3,908.92	$4,111.45	$4,354.50

** Rates include both components of MHAP, including associated premium tax, across all non-delivery rate cells.*

Our Actuarial Certification of the revised Q4 2018 to Q2 2019 MississippiCAN capitation rates is included as Appendix A. It should be emphasized that capitation rates are a projection of future costs based on a set of starting data and assumptions. Actual costs will be dependent on each contracted CCO's situation, experience and enrolled population.

CAPITATION RATE CHANGE SUMMARY

Compared to the Q4 2018 to Q2 2019 rates documented in the August 7, 2018 report, the revised capitation rates are 0.9% lower excluding the impact of the MHAP transitional payment pool (TPP) add-on and 0.8% lower including the impact of MHAP TPP. The decrease for rates inclusive of MHAP is dampened because of the fixed total dollar nature of MHAP payments.

Table 2 includes the rate change by rate cell as a result of including the application of the 5% provider assessment, excluding the impact of MHAP TPP.

Table 2
MississippiCAN Capitation Rates
Impact of 5% Assessment on Q4 2018 to Q2 2019 Rates

Rate Cell*	08/07/18 Release	10/22/18 Release	Rate Change
Non-Newborn SSI / Disabled	$1,118.99	$1,110.63	-0.7%
Foster Care	$688.25	$680.75	-1.1%
Breast and Cervical Cancer	$3,681.85	$3,677.58	-0.1%
SSI / Disabled Newborn	$7,594.57	$7,578.47	-0.2%
MA Adult	$521.63	$518.40	-0.6%
Pregnant Women	$555.70	$552.67	-0.5%
Non-SSI Newborns 0 - 2 Months	$2,187.77	$2,182.62	-0.2%
Non-SSI Newborns 3 - 12 Months	$322.39	$318.98	-1.1%
Delivery Kick Payment	$6,393.70	$6,385.56	-0.1%
MA Children	$218.28	$215.03	-1.5%
Quasi-CHIP	$215.20	$211.81	-1.6%
SED	$4,050.87	$4,050.69	0.0%
All Rates Cells	**$459.19**	**$455.08**	**-0.9%**

** Rate changes exclude impact of MHAP TPP*

METHODOLOGY

The services and rendering provider types receiving the 5% provider assessment are included in Appendix B. DOM worked closely with each CCO to identify the services and provider types to which the 5% assessment historically had been applied and which had not. We used this mapping to identify claims in the base period data (calendar year 2016) where the 5% assessment was not applied but will be going forward. Appendix B includes the mapping of each service and provider type into the high level category of service used for rate development. In addition, Appendix B shows the percentage of base data identified where the 5% assessment was not applied historically. The identified claims were then reduced by 5%, resulting in the adjustments across all rate cells at a category of service level shown in Table 3. An adjustment of 1.000 indicates that no change in provider reimbursement between the base period data and rating period is expected as a result of implementing the 5% provider assessment whereas an adjustment of 0.950 indicates that the 5% provider assessment is applicable to all services within the category of service, but the assessment was not applied in the base period data.

Table 3
MississippiCAN Capitation Rates
5% Assessment Adjustment by Category of Service

Category of Service	5% Assessment Adjustment
Inpatient Hospital Services	1.000
Outpatient Hospital Services	0.997
Physician Services	0.984
Drug Services	1.000
Dental Services	0.951
Other Services	0.976
Total	**0.991**

Please note that an adjustment of less than 1.000 is appropriate for Outpatient Hospital services even though those services are exempt from the provider assessment effective July 1, 2018. The rate adjustment for the new exemption was reflected in the August 7, 2018 rates for services paid through the Ambulatory Payment Classification (APC) system. However, the CCOs did not apply the assessment to certain services grouped into the Outpatient Hospital category of service that are reimbursed outside of the APC system, such as ambulatory surgical centers, during the base period and will have the 5% provider assessment applied in the contract period. Therefore, we apply an adjustment to rates in this letter to reflect the application of the assessment to those services.

The adjustment was calculated separately by rate cell, reflecting the mix of services and the applicability of the 5% provider assessment specific to the given population. No adjustment is applied to the SED Children rate cell since the base period data used to develop the capitation rate for this population is fee-for-service (FFS) data where the 5% provider assessment was consistently applied.

Table 4
MississippiCAN Capitation Rates
Rate Cell Impact of 5% Assessment by Category of Service

Rate Cell	Inpatient Hospital	Outpatient Hospital	Physician	Drug	Dental	Other
Non-Newborn SSI / Disabled	1.000	0.994	0.981	1.000	0.950	0.978
Foster Care	1.000	0.986	0.970	1.000	0.950	0.957
Breast and Cervical Cancer	1.000	1.000	0.997	1.000	0.950	0.985
SSI / Disabled Newborn	1.000	1.000	0.996	1.000	0.979	0.972
MA Adult	1.000	1.000	0.987	1.000	0.951	0.976
Pregnant Women	1.000	1.000	0.992	1.000	0.951	0.976
Non-SSI Newborns 0 to 2 Months	1.000	1.000	0.989	1.000	0.975	0.984
Non-SSI Newborns 3 to 12 Months	1.000	1.000	0.980	1.000	0.967	0.978
Delivery Kick Payment	1.000	0.995	0.994	1.000	1.000	0.980
MA Children	1.000	0.996	0.979	1.000	0.950	0.968
Quasi-CHIP	1.000	0.997	0.979	1.000	0.950	0.963
SED Children	1.000	1.000	1.000	1.000	1.000	1.000

As a result of the small adjustment applied to the Outpatient category of service for the application of the 5% provider assessment, the adjustment included in the Q4 2018 to Q2 2019 capitation rates to include a $23.0M directed payment for the outpatient portion of the MHAP fee schedule adjustment (FSA) was updated from 1.0753 to 1.0755. This upward adjustment is necessary to maintain the fixed $23.0M outpatient hospital directed payment given the decrease in outpatient hospital claims as a result of the 5% assessment, as shown in Tables 3 and 4. In addition, the variable non-benefit expenses assumption is dampened to apply to non-MHAP revenue, since MHAP is a larger percentage of total revenue after the reduction in non-MHAP costs for the application of the 5% assessment, the variable administrative percentage was decreased from 5.439% to 5.436%. These adjustment updates are applied across all rate cells and results in a small change to the SED Children capitation rate.

Due to differences in the mix of services by region, applying the 5% assessment slightly changed the area factors used to develop the regional capitation rates in Table 1. Table 5 shows the revised area factors used in this release.

Table 5 Mississippi Division of Medicaid Area Factors			
	Area Factors		
Region	SSI[1]	MA[2]	Children[3]
North	0.924	0.947	0.947
Central	1.004	1.039	0.997
South	1.085	1.011	1.057

[1] SSI includes the following rate cells: SSI / Disabled and Breast & Cervical Cancer
[2] MA includes the following rate cells: MA Adults, Pregnant Women, and Deliveries
[3] Children includes the following rate cells: Foster Care, SSI / Disabled Newborn, Non-SSI Newborns, MA Children, Quasi-CHIP, and SED

CAVEATS AND LIMITATIONS ON USE

The results presented in this letter rely upon information gathered by DOM on the application of the 5% provider assessment by the CCOs and previously developed MississippiCAN capitation rates. The caveats and limitations from our August 7, 2018 report also apply to this letter. In the development of these capitation rates, we used CCO encounter data and CCO financial reporting from January 2011 to September 2017, FFS cost and eligibility data from January 2012 to September 2017, CCO-provided pharmacy data for March 2017, historical and projected reimbursement information, TPL recoveries, fee schedules, pharmacy and dispensing fee pricing, and other information from DOM, MississippiCAN CCOs, and CMS to calculate the MississippiCAN capitation rates shown in this letter. If the underlying data used is inadequate or incomplete, the results will be likewise inadequate or incomplete.

Differences between the capitation rates and actual experience will depend on the extent to which future experience conforms to the assumptions made in the capitation rate calculations. It is certain that actual experience will not conform exactly to the assumptions used. Actual amounts will differ from projected amounts to the extent that actual experience is better or worse than expected.

This letter is intended for the internal use of DOM to revise Q4 2018 to Q2 2019 capitation rates for the application of the 5% provider assessment. It may not be appropriate for other purposes. We anticipate the report will be shared with contracted CCOs and other interested parties. Milliman does not intend to benefit, and assumes no duty or liability to, other parties who receive this work. It should only be distributed and reviewed in its entirety. These capitation rates may not be appropriate for all CCOs. Any CCO considering participating in MississippiCAN should consider their unique circumstances before deciding to contract under these rates.

The results of this letter are technical in nature and are dependent upon specific assumptions and methods. No party should rely on these results without a thorough understanding of those assumptions and methods. Such an understanding may require consultation with qualified professionals.

I am an actuary for Milliman, a member of the American Academy of Actuaries, and meet the Qualification Standards of the Academy to render the actuarial opinion contained herein. To the best of my knowledge and belief, this letter is complete and accurate and has been prepared in accordance with generally recognized and accepted actuarial principles and practices.

The terms of Milliman's contract with DOM effective June 1, 2015 apply to this letter and its use.

❖ ❖ ❖ ❖ ❖

Tara, please call me at 262 784 2250 if you have questions.

Sincerely,

Jill A. Bruckert, FSA, MAAA
Consulting Actuary

JAB/zk

Attachments

Milliman

APPENDIX A

Actuarial Certification

Milliman

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Consulting Actuary

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October 22, 2018

Mississippi Division of Medicaid
Capitated Contracts Ratesetting
Actuarial Certification
Q4 2018 to Q2 2019 MississippiCAN Capitation Rates

I, Jill Bruckert, am associated with the firm of Milliman, Inc., am a member of the American Academy of Actuaries, and meet its Qualification Standards for Statements of Actuarial Opinion. I was retained by the Mississippi Division of Medicaid (DOM) to perform an actuarial certification of the Mississippi Coordinated Access Network (MississippiCAN) coordinated care capitation rates for October 1, 2018 to June 30, 2019 (Q4 2018 to Q2 2019) for filing with the Centers for Medicare and Medicaid Services (CMS). I reviewed the capitation rate development and am familiar with the following regulation and guidance:

- The requirements of 42 CFR §438.3(c), 438.3(e), 438.4 (excluding paragraph (b)(9)), 438.5, 438.6, and 438.7
- CMS "Appendix A, PAHP, PIHP, and MCO Contracts Financial Review Documentation for At-risk Capitated Contracts Ratesetting dated November 10, 2014"
- 2018 to 2019 Medicaid Managed Care Rate Development Guide
- Actuarial Standard of Practice 49

I examined the actuarial assumptions and actuarial methods used in setting the capitation rates for Q4 2018 to Q2 2019 dated October 22, 2018 and accompanying this certification.

To the best of my information, knowledge, and belief, for the Q4 2018 to Q2 2019 period, the capitation rates offered by DOM are in compliance with the relevant requirements of 42 CFR 438.4. The attached actuarial report describes the capitation rate setting methodology.

In my opinion, the capitation rates are actuarially sound, as defined in Actuarial Standard of Practice 49, were developed in accordance with generally accepted actuarial principles and practices, and are appropriate for the populations to be covered and the services to be furnished under the contract.

In making my opinion, I relied upon the accuracy of the underlying claim and eligibility data records and other information prepared by DOM and participating CCOs. I did not audit the data and calculations, but did review them for reasonableness and consistency and did not find material defects. In other respects, my examination included such review of the underlying assumptions and methods used and such tests of the calculations as I considered necessary. The reliance letter from DOM is included in Appendix D of the rate report issued on August 7, 2018.

Actuarial methods, considerations, and analyses used in forming my opinion conform to the appropriate Standards of Practice as promulgated from time-to-time by the Actuarial Standards Board, whose standards form the basis of this Statement of Opinion.

It should be emphasized that capitation rates are a projection of future costs based on a set of assumptions. Actual costs will be dependent on each contracted coordinated care organization's situation and experience.

This Opinion assumes the reader is familiar with the MississippiCAN program, Medicaid coordinated care programs, and actuarial rating techniques. The Opinion is intended for the State of Mississippi and the Centers for Medicare and Medicaid Services and should not be relied on by other parties. The reader should be advised by actuaries or other professionals competent in the area of actuarial rate projections of the type in this Opinion, so as to properly interpret the projection results.

Jill Bruckert
Member, American Academy of Actuaries

October 22, 2018

Milliman

APPENDIX B

5% Provider Assessment Application

Appendix B
Mississippi Division of Medicaid
2016 Encounter Data - 5% Assessment Categories

COS	COS Description	Rendering Provider Code	Rendering Provider Type Description	Mapped Broad Category of Service	Percent of Total 2016 Allowed in COS and Rendering Provider
03	LABORATORY AND RADIOLOGY	B00	INDEPENDENT LAB	Physician	0.42%
05	PHYSICIAN	A08	CHIROPRACTOR	Physician	0.03%
05	PHYSICIAN	A09	PODIATRIST	Physician	0.06%
06	HOME & COMM BASED SERVICES	L00	HHA UNCLASSIFIED	N/A - No Claims	0.00%
06	HOME & COMM BASED SERVICES	L02	HHA HOSPITAL BASED PROGRAM	N/A - No Claims	0.00%
06	HOME & COMM BASED SERVICES	W01	PERSONAL CARE SERVICES	N/A - No Claims	0.00%
06	HOME & COMM BASED SERVICES	W03	RESPITE CARE, IN HOME	Other	0.05%
06	HOME & COMM BASED SERVICES	W04	ADULT DAY CARE	N/A - No Claims	0.00%
06	HOME & COMM BASED SERVICES	WC0	ASSISTED LIVING SERVICES PROV	N/A - No Claims	0.00%
07	HOME HEALTH SERVICES	L00	HHA UNCLASSIFIED	Outpatient	0.01%
07	HOME HEALTH SERVICES	L02	HHA HOSPITAL BASED PROGRAM	Outpatient	0.00%
09	MENTAL HEALTH CLINIC SERVICES	X00	COMMUNITY MENTAL HEALTH	Physician, Outpatient	3.59%
09	MENTAL HEALTH CLINIC SERVICES	X01	PRIVATE MENTAL HEALTH	Physician, Outpatient	0.17%
10	EPSDT SCREENING	E00	NURSE SCREENING	Physician	0.24%
10	EPSDT SCREENING	E01	NURSE SCREENING WITH CASE MGMT	N/A - No Claims	0.00%
10	EPSDT SCREENING	E04	PHYSICIANS SCREENER	Physician	0.67%
10	EPSDT SCREENING	E06	FEDERAL CLINIC, SCREEN ONLY	Physician	0.02%
10	EPSDT SCREENING	ED0	SCHOOL BASED SCREEN & CS MGT	Physician	0.00%
10	EPSDT SCREENING	EV0	VACCINE FOR CHILDREN PROVIDER	Physician	0.35%
11	EMERG/NON-EMERG TRANS	J00	AMBULANCE	Other	0.39%
12	DENTAL SERVICES	K00	DENTIST, UNCLASSIFIED	Dental	0.48%
13	EYEGLASS SERVICES	N00	OPTOMETRIST	Physician, Other	0.36%
13	EYEGLASS SERVICES	N01	OPTICAL DISPENSARY	Other	0.01%
16	DENTAL SCREENING	K00	DENTIST, UNCLASSIFIED	Dental	5.71%
17	EYEGLASS SCREENING	N00	OPTOMETRIST	Physician, Other	1.05%
17	EYEGLASS SCREENING	N01	OPTICAL DISPENSARY	Other	0.03%
18	HEARING SCREENING	M00	AUDIOLOGIST	Other, Physician	0.02%
24	MEDICAL SUPPLY (DME)	I00	DME, MEDICAL EQUIP SUPPLIES	Other	0.56%
24	MEDICAL SUPPLY (DME)	I01	DME, HOME HEALTH	Other	0.01%
24	MEDICAL SUPPLY (DME)	I03	DME, PHARMACY BASED, COMMUNITY	Other, Physician	0.07%
24	MEDICAL SUPPLY (DME)	S02	NURSE PRACTITIONER	Other	0.00%
24	MEDICAL SUPPLY (DME)	Y03	NF, COUNTY OWNED	N/A - No Claims	0.00%
24	MEDICAL SUPPLY (DME)	ZA0	GROUP, PHYSICIANS	N/A - No Claims	0.00%
24	MEDICAL SUPPLY (DME)	ZZ0	GROUP, OTHERS	N/A - No Claims	0.00%
25	THERAPY SERVICES (OUTSIDE HH)	T00	OCCUPATIONAL THERAPISTS	Physician	0.08%
25	THERAPY SERVICES (OUTSIDE HH)	T01	PHYSICAL THERAPISTS	Physician	0.26%
25	THERAPY SERVICES (OUTSIDE HH)	T02	SPEECH/LANGUAGE THERAPISTS	Physician	0.24%
28	NURSE SERVICES	S00	NURSE ANESTHETIST	Physician	0.38%
28	NURSE SERVICES	S01	NURSE MIDWIVES	Physician	0.05%
28	NURSE SERVICES	S02	NURSE PRACTITIONER	Physician	2.07%
28	NURSE SERVICES	S05	PRIVATE DUTY NURSING	Other	0.20%
28	NURSE SERVICES	S06	PHYSICIAN ASSISTANT	Physician	0.09%
29	AMBULATORY SURGICAL CENTER	V00	AMBULATORY SURGICAL CENTERS	Physician, Outpatient	0.22%
30	PERSONAL CARE SERVICES	W06	PERSONAL CARE ATTENDANT	Other	0.00%
33	MENTAL HEALTH PRIVATE SERVICES	X02	SOCIAL WORKER	Physician	0.16%
33	MENTAL HEALTH PRIVATE SERVICES	X03	PSYCHOLOGIST	Physician	0.06%
33	MENTAL HEALTH PRIVATE SERVICES	X05	IDD COMMUNITY SUPPORT PROGRAM	Physician, Outpatient	0.08%
33	MENTAL HEALTH PRIVATE SERVICES	X07	LICENSED PROFESIONAL COUNSELOR	Physician	0.01%
33	MENTAL HEALTH PRIVATE SERVICES	X08	BOARD CERTIFD BEHAVIOR ANALYST	Physician	0.00%
35	FREE STANDING DIALYSIS	Q01	KIDNEY DIALYSIS FREESTANDING	Outpatient	0.54%
35	FREE STANDING DIALYSIS	Q02	KIDNEY DIALYSIS HOSPITAL BASED	Outpatient	0.02%
61	PRESCRIBED PED EXT CARE CENTER	S07	PRESCRIBED PED EXT CARE CENTER	Physician	0.10%
			Percent of 2016 Allowed Eligible for 5% Assessment (A)		**18.90%**
			5% Assessment Adjustment (B) = 1 - (A) * 0.05		**0.991**

Attachment B
to Amendment #3

Exhibit 1
Mississippi Division of Medicaid
Components of Q4 2018 to Q2 2019 Capitation Rates - August 7, 2018 Release

Cap Cell	Medical Costs Excluding FSA PMPM	Non-Benefit Expenses PMPM[2]	MHAP Components			Total Capitation Rate
			FSA PMPM	TPP PMPM	Premium Tax PMPM on MHAP[2]	
Original Cap Cells						
Non-Newborn SSI / Disabled	$928.53	$123.49	$64.97	$70.73	$4.20	$1,191.91
Foster Care	$533.41	$78.80	$73.76	$70.73	$4.47	$761.17
Breast and Cervical Cancer	$3,115.39	$384.29	$176.70	$70.73	$7.65	$3,754.76
SSI / Disabled Newborn	$5,846.92	$763.69	$954.45	$70.73	$31.71	$7,667.49
Totals - Original Cap Cells						
Using Q4 2018 to Q2 2019 Exposures	$927.08	$123.91	$72.01	$70.73	$4.41	$1,198.14
Expansion Cap Cells						
MA Adult	$434.78	$63.19	$22.95	$70.73	$2.90	$594.54
Pregnant Women	$463.38	$66.64	$24.91	$70.73	$2.96	$628.62
Non-SSI Newborns 0 - 2 Months	$1,617.00	$225.34	$335.07	$70.73	$12.55	$2,260.68
Non-SSI Newborns 3 - 12 Months	$264.65	$42.91	$14.38	$70.73	$2.63	$395.30
Delivery Kick Payment	$5,008.48	$278.30	$1,073.72	$0.00	$33.21	$6,393.70
Totals - Expansion Cap Cells[1]						
Using Q4 2018 to Q2 2019 Exposures	$586.38	$77.20	$66.76	$70.73	$4.25	$805.32
Children Cap Cells						
MA Children	$178.15	$32.39	$7.50	$70.73	$2.42	$291.19
Quasi-CHIP	$176.62	$32.11	$6.28	$70.73	$2.38	$288.11
SED	$3,574.00	$426.29	$49.06	$70.73	$3.70	$4,123.78
Totals - Children Cap Cells						
Using Q4 2018 to Q2 2019 Exposures	$183.67	$33.02	$7.46	$70.73	$2.42	$297.29
Using Q4 2018 to Q2 2019 Exposures excluding SED	$178.01	$32.36	$7.39	$70.73	$2.42	$290.90
Total - All Cap Cells[1]						
Using Q4 2018 to Q2 2019 Exposures	$374.41	$55.41	$28.49	$70.73	$3.07	$532.10
Using Q4 2018 to Q2 2019 Exposures excluding SED	$370.88	$55.00	$28.47	$70.73	$3.07	$528.15
Total Expenditures						
Using Q4 2018 to Q2 2019 Exposures	$1,508,788,114	$223,286,233	$114,820,115	$285,013,102	$12,365,976	$2,144,273,540

[1] Excludes exposures for the delivery kick payment cap cell.

[2] "Non-Benefit Expenses PMPM" include margin, administrative costs, and premium tax prior to MHAP. Premium taxes for both the FSA and TPP are included in "Premium Tax PMPM on MHAP".

Exhibit 2
Mississippi Division of Medicaid
Components of Q4 2018 to Q2 2019 Capitation Rates - October 22, 2018 Release

Cap Cell	Medical Costs Excluding FSA PMPM	Non-Benefit Expenses PMPM[2]	MHAP Components			Total Capitation Rate
			FSA PMPM	TPP PMPM	Premium Tax PMPM on MHAP[2]	
Original Cap Cells						
Non-Newborn SSI / Disabled	$921.10	$122.58	$64.94	$70.73	$4.20	$1,183.55
Foster Care	$526.76	$78.00	$73.72	$70.73	$4.47	$753.67
Breast and Cervical Cancer	$3,111.25	$383.68	$177.17	$70.73	$7.67	$3,750.49
SSI / Disabled Newborn	$5,832.72	$761.70	$954.53	$70.73	$31.71	$7,651.38
Totals - Original Cap Cells						
Using Q4 2018 to Q2 2019 Exposures	$919.69	$123.00	$71.98	$70.73	$4.41	$1,189.82
Expansion Cap Cells						
MA Adult	$431.87	$62.83	$22.98	$70.73	$2.90	$591.31
Pregnant Women	$460.65	$66.30	$24.94	$70.73	$2.96	$625.58
Non-SSI Newborns 0 - 2 Months	$1,612.46	$224.71	$335.08	$70.73	$12.55	$2,255.53
Non-SSI Newborns 3 - 12 Months	$261.59	$42.54	$14.40	$70.73	$2.63	$391.89
Delivery Kick Payment	$5,000.80	$277.83	$1,073.72	$0.00	$33.21	$6,385.56
Totals - Expansion Cap Cells[1]						
Using Q4 2018 to Q2 2019 Exposures	$583.18	$76.81	$66.79	$70.73	$4.25	$801.76
Children Cap Cells						
MA Children	$175.25	$32.04	$7.50	$70.73	$2.42	$287.94
Quasi-CHIP	$173.59	$31.75	$6.28	$70.73	$2.38	$284.73
SED	$3,574.00	$426.10	$49.08	$70.73	$3.71	$4,123.61
Totals - Children Cap Cells						
Using Q4 2018 to Q2 2019 Exposures	$180.76	$32.67	$7.45	$70.73	$2.42	$294.04
Using Q4 2018 to Q2 2019 Exposures excluding SED	$175.09	$32.02	$7.39	$70.73	$2.42	$287.64
Total - All Cap Cells[1]						
Using Q4 2018 to Q2 2019 Exposures	$370.74	$54.97	$28.49	$70.73	$3.07	$528.00
Using Q4 2018 to Q2 2019 Exposures excluding SED	$367.22	$54.56	$28.47	$70.73	$3.07	$524.04
Total Expenditures						
Using Q4 2018 to Q2 2019 Exposures	$1,494,017,287	$221,509,197	$114,820,115	$285,013,102	$12,365,976	$2,127,725,676

[1] Excludes exposures for the delivery kick payment cap cell.

[2] "Non-Benefit Expenses PMPM" include margin, administrative costs, and premium tax prior to MHAP. Premium taxes for both the FSA and TPP are included in "Premium Tax PMPM on MHAP".