

Exhibit HH - Forecast Model Comparisons - Final Forecasts

Capitation Rate for FY 2008-09 Q1 and Q2						
Model	Adults 65 and Older (OAP-A)	Disabled Adults 60 to 64 (OAP-B) and Disabled Individuals to 59 (AND/AB)	Categorically Eligible Low Income Adults (AFDC-A), Expansion Adults, and Baby Care Program-Adults ⁽¹⁾	Eligible Children (AFDC-C/BC)	Foster Care	
Prior Year's Capitation Rate	\$13.16	\$113.97	\$17.51	\$13.94	\$262.45	
Known Capitation Rate	\$13.65	\$118.19	\$18.16	\$14.46	\$272.16	
Percent Increase	3.70%	3.70%	3.70%	3.70%	3.70%	
Prior Year Claims-Based Rate ⁽²⁾	\$13.07	\$113.49	\$17.48	\$13.87	\$259.94	
Projected Claims-Based Rate	\$13.55	\$117.69	\$18.13	\$14.38	\$269.56	
Claims-Based Adjustment Multiplier	0.05%	0.01%	0.05%	0.04%	-0.01%	
Adjusted Claims-Based Rate	\$13.56	\$117.70	\$18.14	\$14.39	\$269.53	
Claims-to-Caseload Adjustment	101.64%	107.99%	116.27%	110.45%	102.75%	
Final Forecasted Rate⁽³⁾	\$13.78	\$127.10	\$21.09	\$15.89	\$276.94	

Capitation Forecast for FY 2008-09 Q3 and Q4						
Model	Adults 65 and Older (OAP-A)	Disabled Adults 60 to 64 (OAP-B) and Disabled Individuals to 59 (AND/AB)	Categorically Eligible Low Income Adults (AFDC-A), Expansion Adults, and Baby Care Program-Adults ⁽¹⁾	Eligible Children (AFDC-C/BC)	Foster Care	
Prior Year's Capitation Rate (FY 2007-08 Rate)	\$13.16	\$113.97	\$17.51	\$13.94	\$262.45	
Forecasted Capitation Rate ⁽⁴⁾	\$13.80	\$121.79	\$18.63	\$14.66	\$272.67	
Estimated Percent Increase	4.86%	6.86%	6.40%	5.16%	3.89%	
Prior Year Claims-Based Rate ⁽²⁾	\$13.07	\$113.49	\$17.48	\$13.87	\$259.94	
Projected Claims-Based Rate	\$13.71	\$121.28	\$18.60	\$14.59	\$270.05	
Claims-Based Adjustment Multiplier	0.05%	0.01%	0.05%	0.04%	-0.01%	
Adjusted Claims-Based Rate	\$13.72	\$121.29	\$18.61	\$14.60	\$270.02	
Claims-to-Caseload Adjustment	101.64%	107.99%	116.27%	110.45%	102.75%	
Final Forecasted Rate⁽⁵⁾	\$13.95	\$130.98	\$21.64	\$16.13	\$277.45	

Capitation Forecast for FY 2009-10						
Model	Adults 65 and Older (OAP-A)	Disabled Adults 60 to 64 (OAP-B) and Disabled Individuals to 59 (AND/AB)	Categorically Eligible Low Income Adults (AFDC-A), Expansion Adults, and Baby Care Program-Adults ⁽¹⁾	Eligible Children (AFDC-C/BC)	Foster Care	
Estimated Prior Year's Capitation Rate	\$13.80	\$121.79	\$18.63	\$14.66	\$272.67	
Forecasted Capitation Rate ⁽⁴⁾	\$14.48	\$125.50	\$19.11	\$15.09	\$267.56	
Estimated Percent Increase	4.93%	3.05%	2.60%	2.93%	-1.87%	
Prior Year Claims-Based Rate ⁽²⁾	\$13.71	\$121.28	\$18.60	\$14.59	\$270.05	
Projected Claims-Based Rate	\$14.39	\$124.98	\$19.08	\$15.02	\$265.00	
Claims-Based Adjustment Multiplier	0.05%	0.01%	0.05%	0.04%	-0.01%	
Adjusted Claims-Based Rate	\$14.40	\$124.99	\$19.09	\$15.03	\$264.97	
Claims-to-Caseload Adjustment	101.64%	107.99%	116.27%	110.45%	102.75%	
Final Forecasted Rate⁽⁵⁾	\$14.64	\$134.98	\$22.20	\$16.60	\$272.26	

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

² Prior FY Claims-Based Rate is the weighted average of the per-claim rate across the five Behavioral Health Organizations.

³ The capitation rate for the first two quarters of FY 2008-09 represents a 3.70% increase on the prior fiscal year's capitation rate as specified in the current actuarial certification letter. The FY 2008-09 Q1 and Q2 rates as presented in Exhibit EE are the result of: a) the change in rates from the known Q1 and Q2 rate and the previous year's capitation rate, b) applied to the weighted claims-based rate, then c) multiplied by the Claims-Based Adjustment and d) the Claims-to-Caseload Adjustment Multipliers (see Exhibit FF).

⁴ See F.HH-2 for the derivation of the Forecasted Capitation Rate.

⁵ The Final Forecasted rate is reached through the same methodology as described in footnote 3 but through the Forecasted rather than Known Capitation Rate.

Exhibit HH - Forecast Model Comparisons - Capitation Trend Models

Capitation Rate Forecast Model for FY 2008-09 Q3 and Q4						
Model	Adults 65 and Older (OAP-A)	Disabled Adults 60 to 64 (OAP-B) and Disabled Individuals to 59 (AND/AB)	Categorically Eligible Low Income Adults (AFDC-A), Expansion Adults, and Baby Care Program-Adults ⁽¹⁾	Eligible Children (AFDC-C/BC)	Foster Care	
FY 2008-09 Q1 and Q2 Actual Rate ^(2,3)	\$13.65	\$118.19	\$18.16	\$14.46	\$272.16	
Average Growth Model ⁽⁴⁾	\$13.80	\$129.51	\$19.50	\$14.66	\$260.78	
% Difference from FY 2008-09 Q1 and Q2 Actual	1.12%	9.58%	7.39%	1.41%	-4.18%	
Two Period Moving Average Model ⁽⁵⁾	\$13.31	\$109.98	\$16.23	\$13.40	\$272.67	
% Difference from FY 2008-09 Q1 and Q2 Actual	-2.47%	-6.94%	-10.62%	-7.30%	0.19%	
Exponential Growth Model ⁽⁶⁾	\$14.52	\$123.95	\$19.04	\$14.54	\$277.16	
% Difference from FY 2008-09 Q1 and Q2 Actual	6.40%	4.88%	4.86%	0.58%	1.84%	
Linear Growth Model ⁽⁷⁾	\$14.32	\$119.63	\$18.22	\$14.39	\$277.16	
% Difference from FY 2008-09 Q1 and Q2 Actual	4.93%	1.22%	0.34%	-0.46%	1.84%	
Forecast Minimum	\$13.31	\$109.98	\$16.23	\$13.40	\$260.78	
Forecast Maximum	\$14.52	\$129.51	\$19.50	\$14.66	\$277.16	
Percent Selected to Trend Capitation Rate ⁽⁹⁾	1.12%	3.05%	2.60%	1.41%	0.19%	
Forecast Point Estimate	\$13.80	\$121.79	\$18.63	\$14.66	\$272.67	

Capitation Rate Forecast Model for FY 2009-10						
Model	Adults 65 and Older (OAP-A)	Disabled Adults 60 to 64 (OAP-B) and Disabled Individuals to 59 (AND/AB)	Categorically Eligible Low Income Adults (AFDC-A), Expansion Adults, and Baby Care Program-Adults ⁽¹⁾	Eligible Children (AFDC-C/BC)	Foster Care	
Average Growth ⁽²⁾	\$14.48	\$147.18	\$21.72	\$15.41	\$259.12	
% Difference from FY 2008-09 Q3 and Q4 Forecast	4.93%	20.85%	16.59%	5.12%	-4.97%	
Two Period Moving Average ⁽³⁾	\$13.23	\$111.97	\$16.87	\$13.67	\$267.56	
% Difference from FY 2008-09 Q3 and Q4 Forecast	-4.13%	-8.06%	-9.45%	-6.75%	-1.87%	
Exponential Growth ⁽⁴⁾	\$15.48	\$141.44	\$21.49	\$15.42	\$278.41	
% Difference from FY 2008-09 Q3 and Q4 Forecast	12.17%	16.13%	15.35%	5.18%	2.11%	
Linear Growth ⁽⁵⁾	\$15.06	\$130.77	\$19.78	\$15.09	\$278.71	
% Difference from FY 2008-09 Q3 and Q4 Forecast	9.13%	7.37%	6.17%	2.93%	2.22%	
Forecast Minimum	\$13.23	\$111.97	\$16.87	\$13.67	\$259.12	
Forecast Maximum	\$15.48	\$147.18	\$21.72	\$15.42	\$278.71	
Percent Selected to Trend Capitation Rate ⁽⁹⁾	4.93%	3.05%	2.60%	2.93%	-1.87%	
Forecast Point Estimate	\$14.48	\$125.50	\$19.11	\$15.09	\$267.56	

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

² The actuarially required capitation rate represents a 3.70% increase on the capitation rates from last fiscal year.

³ The FY 2008-09 Q1 and Q2 rates as presented in Exhibit EE are the result of the rates from this line multiplied by the Claims-to-Caseload multiplier as presented in Exhibit FF; see page F.HH-3.

⁴ The Average Growth Model averages the change in the weighted rate from fiscal year to fiscal year and assumes that average growth will apply in future periods.

⁵ The Two Period Moving Average Model uses the average rate of the previous two fiscal years and assumes that to be the rate in the forecasted year.

⁶ The Exponential Growth Model generates a predictive equation based on time period and assuming that the rate of growth is directly proportional to the value of the rate (e.g. as the rate increases the rate of the rates growth also increases).

⁷ The Linear Growth Model generates a predictive equation by regressing the rate on the time period.

⁸ Multiple forecast models were developed with the selected model in bold, above. For Disabled Adults and Individuals (OAP-B and AND/AB), and Low-Income Adults (AFDC-A, Expansion Adults, and Baby Care Program Adults), the average between the exponential and linear growth models was selected as the point estimate forecast for these groups.

⁹ The FY 2009-10 selected models are in bold, above. For Disabled Adults and Individuals (OAP-B and AND/AB), and Low-Income Adults (AFDC-A, Expansion Adults, and Baby Care Program Adults) growth rates were held constant from the estimated Q3 and Q4 rate increase.