

**Louisiana Bayou Health Program
Mix Adjusted Prepaid-Shared PMPM Comparison
January-October 2013**

This analysis was developed by DHH. It considers all member costs, whether included or excluded from Bayou Health. The analysis is limited to Jan-October 2013 period to 1) exclude data volatility from a) program phase in by region and b) the carve-in of pharmacy services, and 2) ensure FFS payments are complete by allowing several months of claims run out from later dates of service (12 months is ideal; this analysis provides for 7 months). The analysis adjusts for enrollment mix by Category of Assistance (COA). COAs group enrollees for rate setting purposes. Bayou Health has five COAs, including: Supplemental Security Income (SSI), Families and Children, Foster Care Children, Breast and Cervical Cancer, and LaCHIP Affordable Plan. This adjustment is important, as health care needs and costs vary greatly between these groups.

To determine the projected per-member-per-month cost for fee-for-service after the implementation of Bayou Health, a formula was developed by DHH (and reviewed by actuaries) taking into account the historical claims data and including the Community Care management fee. Dental, LT-PCS, and other claims that are not included in the prepaid capitation rate were excluded. The formula also adjusts for rate cuts and enhancements since the implementation of Bayou Health and assumes historical growth patterns would have continued. The projected fee-for-service costs fluctuate due to the differences of claims month-by-month driven by seasonality and other factors. Over the period of January 2013 to October 2013, the projected average of these claims was \$262.34 PMPM. The risk adjusted PMPM cost for those individuals in our Bayou Health Shared Savings plans also varied by month. The average over this period was \$245.60. As this chart shows, the mix and risk adjusted per member per month cost for those individuals in Bayou Health prepaid plans was significantly less than the projected fee-for-service costs and the shared savings plan, at an average PMPM of \$232.80.

PREPAID PMPM	13-Jan	13-Feb	13-Mar	13-Apr	13-May	13-Jun	13-Jul	13-Aug	13-Sep	13-Oct	1/13-10/13 Average PMPM
Capitation Rate	260.71	256.60	256.90	256.80	258.24	252.99	253.90	253.96	253.84	259.53	256.32
Capitation Rate - Mix Adjusted	243.38	237.05	238.24	237.29	237.50	231.70	235.36	235.82	233.98	241.32	237.12
Premium Tax	(5.89)	(5.79)	(5.80)	(5.80)	(5.83)	(5.70)	(5.73)	(5.73)	(5.73)	(5.86)	(5.79)
PMPM (Less Premium Tax)	237.50	231.25	232.44	231.49	231.67	226.00	229.63	230.09	228.25	235.46	231.34
Risk Score	0.9989	0.9989	0.9989	0.9989	0.9989	0.9989	0.9867	0.9867	0.9867	0.9867	0.9937
Risk Adjusted PMPM	237.75	231.50	232.68	231.74	231.92	226.24	232.72	233.18	231.32	238.63	232.80
Enrollees (Prepaid)	462,184	457,774	456,149	443,380	442,531	430,059	428,834	428,711	428,378	429,214	406,699
SHARED PMPM	13-Jan	13-Feb	13-Mar	13-Apr	13-May	13-Jun	13-Jul	13-Aug	13-Sep	13-Oct	1/13-10/13 Average PMPM
Care Management Fee	10.99	10.99	11.00	10.98	11.00	11.00	11.01	11.01	11.01	11.01	11.00
FFS Claims	258.29	222.00	230.70	229.84	227.77	198.71	238.49	236.95	233.31	249.43	232.50
Gain Share	2.02	2.02	2.02	2.02	2.02	2.02	2.02	2.02	2.02	2.02	2.02
PMPM	271.29	235.01	243.71	242.84	240.79	211.73	251.51	249.97	246.34	262.46	245.52
Risk Score	0.9932	0.9932	0.9932	0.9932	0.9932	0.9932	1.0083	1.0083	1.0083	1.0083	0.9996
Risk Adjusted PMPM	273.14	236.61	245.38	244.50	242.43	213.18	249.43	247.90	244.30	260.29	245.60
Enrollees (Shared)	428,892	432,973	433,728	443,908	444,870	454,421	454,541	456,186	457,469	459,659	389,867
Difference (Prepaid - Shared)	(35.39)	(5.11)	(12.69)	(12.76)	(10.51)	13.06	(16.71)	(14.72)	(12.98)	(21.66)	(12.81)
FFS/LEGACY PMPM (projected)	13-Jan	13-Feb	13-Mar	13-Apr	13-May	13-Jun	13-Jul	13-Aug	13-Sep	13-Oct	1/13-10/13 Average PMPM
Community Care Management Fee	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20
FFS Claims	298.76	226.18	291.28	222.33	259.81	240.32	280.27	280.76	250.66	261.95	261.14
PMPM	299.96	227.38	292.48	223.53	261.01	241.52	281.47	281.96	251.86	263.15	262.34
Enrollees (eligible for Bayou Health)	891,076	890,747	889,877	887,288	887,401	884,480	883,375	884,897	885,847	888,873	
Difference (Prepaid - FFS/Legacy)	(62.21)	4.12	(59.79)	8.21	(29.09)	(15.29)	(48.75)	(48.78)	(20.54)	(24.52)	(29.55)