

EXHIBIT B**Calculation of Capitation Payments**

Capitation Rate Methodology

DMAP has developed actuarially set Adjusted Per Capita Costs (Capitation Rates) to reimburse plans for providing the covered services. A full description of the methodology used to calculate per capita costs may be found in the PricewaterhouseCoopers (PwC) document *Analysis of Federal Fiscal Years 2006-2007 Average Costs*, dated March 7, 2005, which is by this reference incorporated herein. A full description of the methodology used to calculate Capitation Rates for the Plus Benefit Package and Standard Benefit Package may be found in the PwC document *Oregon Health Plan Medicaid Demonstration Capitation Rate Development, January 2007-December 2007*, dated November 2006, which is by this reference incorporated herein.