

**OREGON HEALTH PLAN  
MEDICAID DEMONSTRATION**

**Capitation Rate Development  
January 2008 – December 2008**

**Submitted by:**

**PricewaterhouseCoopers LLP  
Three Embarcadero Center  
San Francisco, CA 94111**

**November 2007**

November 2, 2007

Judy Mohr-Peterson, Ph.D.  
OHP Finance & Policy Manager  
500 Summer Street NE  
Department of Human Services  
Salem, Oregon 97310-1014

Dear Judy:

**Re: Capitation Rates for the Oregon Health Plan Medicaid  
Demonstration**

We have calculated the capitation rates to be paid to contracting physical health, physician care, mental health, dental, and chemical dependency plans under the Oregon Health Plan Medicaid Demonstration for January 1, 2008 through December 31, 2008. These capitation payments are based on our previous work described in detail in our report to you entitled Analysis of Calendar years 2008-2009 Average Costs and dated September 22, 2006 and reflect coverage of services through line 503 of the prioritized list as configured for the 2008-2009 biennium.

The following report describes the methods used for calculating the capitation payments. The report is being released subsequent to the effective date of the capitation rates developed herein following final approval of the rates by the Centers for Medicare & Medicaid Services (CMS).

\* \* \*



Please call us if you have any questions regarding these capitation rates or the methods that were used in the calculations.

Very Truly Yours,

PricewaterhouseCoopers LLP

*Sandra S. Hunt*

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By: Sandra S. Hunt, M.P.A.  
Principal

*Peter B. Davidson*

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Peter B. Davidson, A.S.A., M.A.A.A.  
Director

**Actuarial Certification of  
Proposed Oregon Health Plan Capitation Rates  
January 1, 2008 through December 31, 2008**

I, Peter B. Davidson, am associated with the firm PricewaterhouseCoopers. I am a Member of the American Academy of Actuaries and meet its qualification standards to certify as to the actuarial soundness of proposed capitation rates for the period January 1, 2008 through December 31, 2008 developed for contracting managed care plans under the Oregon Medicaid program.

It is my opinion that all requirements of 42 CFR 438.6(c), with respect to the development of Medicaid managed care capitation rates, were satisfied in the development of the proposed capitation rates for contracting Medicaid managed care plans in Oregon. I believe that the capitation rates are appropriate for the populations to be covered and the services to be furnished under the contract. Detailed descriptions of the methodology and assumptions used in the development of the capitation rates are contained in the report to which this certification is attached and in the September 2006 report entitled "Analysis of Calendar Years 2008 – 2009 Average Costs."

In the development of the proposed capitation rates, I relied on enrollment, encounter, and other data provided by the Oregon Division of Medical Assistance Programs. I reviewed the data for reasonableness; however, I performed no independent verification and take no responsibility as to the accuracy of these data.

The actuarially sound rates shown in the accompanying report are a projection of future events. It may be expected that actual experience will vary from the values shown here. Actuarial methods, considerations, and analyses used in developing the proposed capitation rates conform to the appropriate Standards of Practice promulgated from time to time by the Actuarial Standards Board.

The capitation rates may not be appropriate for any specific managed care plan. Any managed care plan will need to review the rates in relation to the benefits provided. The managed care plan should compare the rates with their own experience, expenses, capital and surplus, and profit requirements prior to agreeing to contract with the State. The managed care plan may require rates above, equal to, or below the actuarially sound capitation rates to which this certification is attached.



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Peter B. Davidson, M.A.A.A  
Member, American Academy of Actuaries

**Oregon Health Plan**  
**Summary Calculation of Capitation Rates for**  
**January 2008 – December 2008**  
**PricewaterhouseCoopers LLP**  
**November 2007**

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**Oregon Health Plan**  
**Summary Calculation of Capitation Rates for**  
**January 2008 – December 2008**

**PricewaterhouseCoopers LLP**  
**November 2007**

This report presents the methods used to develop the capitation rates to be paid to Fully Capitated Health Plans, Physician Care Organizations, Mental Health Organizations, Dental Care Organizations, and Chemical Dependency Organizations participating in the Oregon Health Plan Medicaid Demonstration for the contract period beginning January 1, 2008.

These methods are designed to comply with:

1. The requirements of regulations issued by the Centers for Medicare and Medicaid Services (CMS) governing the development of capitation payments for Medicaid managed care programs, and
2. Relevant Oregon statutory requirements.

The capitation rates shown in this report also include children covered under Title XXI. This report is a follow-up to our detailed report on 2008-2009 biennial per capita costs for the program dated September 22, 2006, and provides a description of the methods used to develop plan-specific capitation rates from the statewide per capita costs.

## I. Governing Regulations

PricewaterhouseCoopers LLP (PwC) calculated capitation rates for the Oregon Health Plan (OHP) for the period January 1, 2008 through December 31, 2008. The rates are structured to comply with CMS regulations governing the development of capitation payments for Medicaid managed care programs that apply to rates paid to managed care plans after August 2003. These regulations require that rates be “actuarially sound.” While there are no definitive criteria for determining actuarial soundness for Medicaid managed care programs, CMS has issued a checklist that provides guidance.

The final rates will be established through signed contracts with the participating managed care plans, which will ensure that each plan concurs that the rates paid will allow for contracting with sufficient numbers of providers to ensure appropriate access to care, and that they expect to remain financially sound throughout the contract period.

The general guidelines for developing actuarially sound payment rates encompass the following concepts:

- Data appropriate for the population to be covered by the managed care program should be used for the analysis;
- Payment rates should be sufficiently differentiated to reflect known variation in per capita costs related to age, gender, Medicaid eligibility category, and health status;
- Where rate cells have relatively small numbers of individuals, cost neutral data smoothing techniques should be used;
- Medicaid fee-for-service (FFS) payment rates per unit of service are an appropriate benchmark for developing capitation rates;
- When FFS data are used for the calculations, differences in expected utilization rates between fee-for-service and managed care programs should be accounted for;
- Appropriate levels of managed care plan administrative costs should be included in the rates;

- Programmatic changes in the Medicaid program between the data and contract period should be reflected in the rates; and
- A range of appropriate rates could emerge from the rate-setting process, and an upper and lower bound may be developed.

These rates are developed to be consistent with the concepts described above. The development of the rates is described in this report, and the supporting calculations are shown in the attached exhibits.

In addition to CMS guidelines, Oregon law is considered in developing the payment rates. When the base per capita costs were finalized in March 2005 the rates we were instructed to calculate the rates based on the underlying construct of Senate Bill 27, that “rates cover the cost of providing services.” A thorough description of the methods employed is provided in our September 2006 report. Subsequently, the Legislature, during the 2007 session, made funding decisions that result in changes to the statewide per capita costs.

## **II. Contracting Arrangements**

Oregon has modified the OHP significantly over the past few years, and has classified the enrolled population in two groups with different benefit plans. The OHP Plus population is covered for the full range of health care services, while a limited benefit package is offered to the OHP Standard population, comprised of the OHP Families and OHP Adults & Couples eligibility categories. These eligibility categories are shown in the tables below. The Oregon Health Plan contracts with a number of different types of managed care organizations (MCOs) for portions of the health care service package. Fully Capitated Health Plans, or FCHPs, contract for nearly the full range of covered physical health care services, including inpatient, outpatient, physician, prescription drug, and miscellaneous medical services. Physician Care Organization (PCO) plans contract for all services covered by FCHPs with the exception of inpatient services; in the legislation that authorized the PCO program some services were identified as optional. However, the agreement reached with CMS to implement the PCO program changed the status of many of those services to mandatory. FCHPs and PCOs may also contract for maternity management, an optional service.

Mental Health Organizations, or MHOs, contract to provide inpatient and outpatient therapy services on a capitated basis. Dental Care Organizations (DCOs) contract to provide dental services, and Chemical Dependency Organizations (CDOs) contract to provide substance abuse services. Within each general category of service (e.g., mental health) an organization is contracted for the full range of capitated services.

The capitation rates shown in this report represent the amounts to be paid to contracting plans. For FCHPs, PCOs, MHOs, and CDOs, separate capitation rates have been calculated for each plan, region, and eligibility category (at this time, only one MCO contracts with the Division of Medical Assistance Programs (DMAP) under a PCO arrangement). Capitation rates for DCOs vary by region and eligibility category only.

The twelve eligibility categories and five geographic regions for which capitation rates are calculated are as follows:

| <b>OHP Eligibility Categories – OHP Plus</b>  |                        |
|---|------------------------|
| Temporary Assistance to Needy Families (TANF) | AB/AD with Medicare    |
| PLM Adults                                    | AB/AD without Medicare |
| PLM, TANF, and CHIP Children Aged 0 < 1       | OAA with Medicare      |
| PLM, TANF, and CHIP Children Aged 1 – 5       | OAA without Medicare   |
| PLM, TANF, and CHIP Children Aged 6 – 18      | SCF Children           |

| <b>OHP Eligibility Categories – OHP Standard</b> |                      |
|--|----------------------|
| OHP Families                                     | OHP Adults & Couples |

| <b>OHP Geographic Regions</b>                             |
|---|
| Jackson, Josephine, and Douglas Counties (JJD)            |
| Lane County   |
| Linn, Benton, Marion, Polk and Yamhill Counties (LBMPY)   |
| Clackamas, Multnomah and Washington Counties (Tri-County) |
| All Other Counties  |

Effective February 1, 2003, the General Assistance (GA) eligibility category was temporarily suspended. We received guidance from DHS that most former GA eligibles would continue to qualify for Medicaid under AB/AD without Medicare. We blended the per capita costs for AB/AD without Medicare and GA to produce the statewide per capita costs rates for AB/AD without Medicare, which are used in the plan capitation rate development. Effective October 1, 2005, the GA program was eliminated and those individuals found eligible for another coverage category are appropriately designated.

Exhibits 1-A and 1-B of this report shows the categories of service that are covered under the FCHP, PCO, DCO, MHO, and CDO capitation contracts, respectively.

### **III. Statewide Average Capitation Rates**

Capitation rates for each plan are based on statewide average rates with adjustments for plan-specific adjustments reflecting geographic variations in input costs and population risk mix, where appropriate. In general, the statewide capitation rates were developed from the 2008-2009 biennial per capita costs, with adjustments for trends and programmatic changes that occurred between the development of the per capita costs and the capitation rates included in this report. The September 2006 report describes the methodology used to develop the biennial per capita costs in detail, and Exhibit 10-A of that report shows the biennial per capita costs for managed care enrollees. The 2008-2009 per capita costs for managed care enrollees

were developed based on encounter data provided by the managed care plans, as well as additional sources as appropriate. The methods employed in the development of the biennial per capita costs are in compliance with the CMS requirements under 42 CFR 438.6(c). Additional explanations are included in Appendix A-1 of this report. The following sections describe the adjustments made to develop the January 2008 statewide capitation rates from the 2008-2009 biennial per capita costs.

## **Changes in Underlying Provider Reimbursement**

As directed by the Oregon legislature, a reduction of 20% in funding for DRG hospitals relative to the per capita costs presented in our September 2006 report was implemented in the development of the January 2008 rates. This compares with a 28% reduction in funding for DRG hospitals that has been used in the development of capitation rates in recent years. While the State does not have a role in the contracting arrangements between MCOs and their providers, a rule has been implemented that establishes the payment requirements between health plans and DRG hospitals in the event an agreement cannot be reached. Specifically, the plans must pay, and DRG hospitals must accept, an amount equivalent to 80% of the amount Medicare would pay for the service.

No other changes in reimbursement were assumed beyond that represented in the unit cost component of the trend adjustments.

## **Trend Adjustment**

The per capita costs developed in our September 2006 report were calculated to cover the two year time period of January 2008 through December 2009. The trend rates presented in the per capita cost development report have been used to develop statewide capitation rates for the Calendar Year 2008 contract period.

Trend adjustments for all managed care plan types are calculated using the trending methodology that has been used in the development of prior capitation rates. Specifically, the trend rates that were applied in the per capita cost development are used to move the projected costs from the midpoint of the two year period (January 1, 2009) to the midpoint of the

contract period (July 1, 2008). The trend adjustments can be found in Exhibit 2-A.

## **Changes in Covered Services**

### **Bariatric Surgery**

Effective January 1, 2008, bariatric surgery was added as a covered benefit under the Oregon Health Plan. Under managed care, pre-surgery evaluations, tests, and transportation will be added to FCHP and PCO responsibility. The cost of the surgery itself, post-surgery follow-up, revisions, and complications will be covered via a case rate payment.

The array and frequency of services comprising a bariatric surgery episode were estimated by DMAP staff in collaboration with the Oregon Centers of Excellence at which the surgeries will be performed. The cost of these services were developed to be consistent with the assumptions used to value the managed care services in the development of the 2008-2009 per capita costs. Estimates of the number of people expected to receive pre-surgical evaluation and related services were developed using estimates from Washington State's Medicaid program, which appears to apply similar prior authorization criteria as Oregon.

The bariatric surgery capitation adjustments and case rates are shown in Exhibit 2-F. Case rates will not be geographically or risk adjusted.

### **Children's Mental Health Services**

Effective October 1, 2005, MHOs assumed financial responsibility for certain intensive treatment services (ITS) for children, which were previously paid on a FFS basis or via enhanced capitation rates for MHOs participating in pilot programs. The costs for these services were not included in the 2008-2009 per capita costs. Adjustments were developed to add the expected cost of these services to the MHO capitation rates effective October 1, 2005, January 1, 2006, and January 1, 2007. DHS analysis showed that the program change was not operationalized as expected, and updated FFS claims and MHO encounter data were obtained to develop ITS adjustments that more closely reflect the expected operation of the program during calendar year 2008. The statewide per capita value of these services

are shown in Exhibit 2-B. A more detailed explanation of the data and the processes used to develop the adjustments are presented in a later section of this report.

In tandem with the inclusion of ITS under their capitated responsibility, MHOs are required to perform Certificate of Need (CONS) assessments for members who are expected to be eligible for Psychiatric Residential Treatment Services (PRTS). The cost of assessments for children who are placed in a PRTS setting is included in the ITS experience data. However, the cost of assessments for children who are considered for residential placement but not accepted is not included. Addiction and Mental Health Division (AMH) staff prepared an estimate of the cost of these assessments, which we converted to a per member per month (PMPM) basis and allocated to the relevant categories of aid based on the relative prevalence of ITS users. These PMPM adjustments are shown in Exhibit 2-C.

### **Prioritized List of Covered Services**

The 2008-2009 per capita costs were developed based on coverage through Line 503 of the Prioritized List as configured for the 2008-2009 biennium. Based on discussions with representatives of the Oregon Health Service Commission, it is our understanding that no material changes have been made to the List since that time. Therefore, no adjustments were made related to Prioritized List coverage changes in the development of the capitation rates from the 2008-2009 per capita costs.

### **Pricing the Benefits Under the PCO Contracting Arrangement**

The PCO contract is an at-risk arrangement in which the covered services are more limited than under the FCHP contract. More specifically, health plans contracted under the PCO model will not be at risk for inpatient hospital services and will assume risk for outpatient hospital and emergency room services at their option. Dental services and mental health services, except for somatic mental health services, are not included under the PCO contract. All OHP covered medical services not included under the PCO contract will be covered on a fee-for-service basis. Exhibits 1-A and 1-B show the covered, optional, and non-covered services under the PCO arrangement.

To develop the PCO rates we began with the same experience data underlying the FCHP capitation rates. Adjustments were made to reflect the services covered under the PCO contract and expected differences in utilization resulting from the elimination of health plan risk for certain services.

Insufficient experience data is available to develop capitation rates for the PCO directly, therefore we used the January 2008 – December 2008 statewide FCHP utilization and unit cost assumptions as the starting point for pricing the PCO rates. A significant risk in a partial capitation model, such as the PCO model, is that an incentive is created for the health plan to shift the delivery of services from a setting in which the services would be covered under the capitation to a setting in which the services would be covered on a fee-for-service basis. In particular, under the PCO arrangement, there is incentive to shift the provision of services to an inpatient hospital setting if outpatient hospital services are included as a capitated responsibility, or to any hospital setting if they are not. Kaiser Permanente Oregon Plus, LLC (Kaiser) is the only health plan participating in the PCO at this time, and they have elected to cover outpatient hospital and emergency room services. With the assumption that delivery of certain services is likely to shift from an outpatient to inpatient hospital setting, we reduced the outpatient hospital per capita costs by 5% for each rate group. Based on the experience of the PCO program in the late 1980s and early 1990's in Oregon, as well as the experience of implementing modified payment arrangements in numerous settings, we believe there may be a 5% to 15% shift in costs from outpatient to inpatient hospital. The 5% adjustment provides the lowest potential shift, in part due to the closed structure of the Kaiser's delivery system. Delivery systems that rely on a more open network would be expected to show a greater shift in site of service.

Exhibit 2-I summarizes the development of the statewide PCO capitation rates.

### **Maternity Case Rate**

Maternity services are paid on a case rate basis rather than via capitation. The case rate covers prenatal care, professional services related to pregnancy

and delivery, and hospital services arising from the delivery. Payment is made to the plan upon completion of the pregnancy. The per capita value of these maternity services has been removed from the statewide capitation rates.

The maternity case rate was developed in the following manner:

1. DHS staff determined the criteria used for identifying completed pregnancies for which a case payment is made;
2. PwC identified all deliveries in the encounter data underlying the capitation rates that matched the DHS criteria;
3. The delivery counts were converted into a delivery frequency rate based on the population underlying the capitation rates;
4. The per capita value of maternity services was divided by the delivery frequency to derive the maternity case rate;
5. The maternity portion of the capitation rate was accordingly reduced for the amount of the per capita cost redirected to the maternity case rate.

The maternity case rate is uniform for all eligibility categories and varies by FCHP only for differences in geographic input costs. The development of the FCHP maternity case rates is shown in Exhibit 2-D.

The PCO maternity case rate was based on the maternity case rate for FCHPs, but excludes the inpatient hospital component. Consistent with the PCO capitation rate development, we applied the 5% reduction to the outpatient hospital component to recognize the expected shift in services toward a non-capitated setting and also applied trend adjustments to project the rates to the effective period. We provide the outpatient hospital and professional components of the maternity case rate separately. If the PCO contractor chooses not to be at risk for outpatient hospital services, only the professional component of the maternity case rate would be paid. Exhibit 2-E shows the development of the statewide PCO maternity case rate.

## Hysterectomy/Sterilization Recoupments

DMAP recoups from FCHPs a fixed dollar amount for hysterectomies and sterilizations that do not meet the required consent and documentation criteria. The recoupment amounts are shown in the following table.

| <b>Hysterectomy/Sterilization Recoupment</b> |                      |                       |
|--|----------------------|-----------------------|
| <b>SERVICE</b>                               | <b>RECOUPMENT</b>    |                       |
|  | <b>Medicaid Only</b> | <b>Dual Eligibles</b> |
| Hysterectomy                                 | \$6,977              | \$1,291               |
| Sterilization – Female                       | \$1,895              | \$1,155               |
| Sterilization – Male                         | \$593                | \$120                 |

## Administration Cost Allowance

The administrative cost allowance is typically reported as a percentage of total premiums and the amount allocated for administrative costs is expressed in those terms. We reviewed plan financial reports and confirmed that, on average, reported administrative costs ranged around 8%; however, additional administrative requirements implemented subsequent to the period covered by these financial reports increased expected administrative costs. Consequently, the allocation for managed care plan administrative costs is 13.06% for FCHPs, PCOs, MHOs, DCOs and the CDO, with the exception of Dual Eligibles in FCHPs or PCOs. Due to the January 1, 2006 implementation of Medicare coverage of nearly all prescription drugs for Dual Eligibles, the application of a 13.06% administration allowance in the development of the Dual Eligible capitation rates would result in a significant reduction in funding for FCHP and PCO administrative services. Health plan administrative costs are not expected to decrease at the same level as the decrease in health care costs. As a result, we developed modified administration allowances to apply in the development of FCHP and PCO capitation rates for the Dual Eligible rate categories. Changes in the capitation rates related to Part D drugs apply only to FCHPs and PCOs,

as other types of managed care plans do not include prescription drugs in their capitation arrangement.

The administration allowances are shown in Exhibit 2-G.

## **Statewide Average Capitation Rates**

Exhibit 2-H shows the application of the adjustments to the 2008-2009 per capita costs to develop the statewide average OHP Plus capitation rates for FCHPs, MHOs, DCOs, and the CDO. These rates form the basis of the plan-specific rates. Appendix A-3i provides a description and source references for each of the steps used to convert the per capita costs into statewide capitation rates. Similarly, Exhibit 2-I shows the development of statewide PCO base rates, and Appendix A-3ii provides descriptions and source references.

The adjustments applied in the development of the plan-specific rates are described in the following sections. Exhibit 2-J shows the types of adjustment factors, by eligibility group, that are applied to the statewide capitation rates for each service category to produce the plan-specific capitation rates.

## **IV. Plan-Specific FCHP Capitation Rates**

Capitation rates for FCHPs are based on the statewide average capitation rates for each eligibility category, modified for certain plan-specific features, including geographic coverage area and Chronic Illness and Disability Payment System (CDPS) score. The statewide capitation rate for each service is multiplied by the plan-specific geographic factor and then multiplied by the applicable risk adjustment factor to arrive at the capitation rate to be paid to that plan for the given service. The resulting costs are summed across all services included in the contract and then increased for administrative cost to arrive at the final capitation rate.

In the development of each of the adjustment factors described in this report, plan configurations and service areas known as of September 4, 2007 are used. In situations where members of a managed care plan were or will be assumed by a new plan, these calculations have transferred data for all

affected members to the new plan. In situations where a plan has exited all or part of a service area and members are in fee-for-service, those members have been included in these calculations, but not allocated to a plan.

The methodology described here generates capitation rates for each combination of FCHP, region, and eligibility category; due to this large volume of rates, this report includes statewide average capitation rates as well as the plan-specific factors that are used to develop the rates for each plan. The detailed calculation of final rates for each plan will be distributed to each FCHP individually; a summary of these rates and a comparison to the capitation rates currently in effect are shown in Exhibits 3-G through 3-H. Similar information for the PCO is shown in Exhibits 3-I through 3-J.

## **Geographic Adjustments**

The starting average capitation rate is based on projected costs for the entire state. Geographic adjustment factors are used to reflect known differences in input costs for different geographic locations. Additionally, the geographic factors recognize differences in case mix for inpatient hospital services for individuals who are treated outside of their local service area.

Geographic factors for hospital inpatient and outpatient services are calculated on a plan-specific basis. Oregon law requires Type A and B hospitals be paid at their individual facility cost unless otherwise negotiated between the plan and hospital, and this methodology is designed to allow compliance with that requirement. It is DMAP policy to ensure that capitation rates are adequate to allow this payment level.

Since maternity services are paid on a case rate basis, separate geographic factors were developed for maternity and non-maternity services. The non-maternity geographic factors are applied to the non-maternity hospital services to develop the plan-specific capitation rates. The maternity geographic factors are used in the development of the plan-specific maternity case rates.

To develop geographic factors for inpatient hospital services, the following calculations were performed:

1. An analysis of hospital claims data showed that out-of-area hospital admissions often exhibit higher case mix and related higher cost per day than in-area admissions. Consequently, an algorithm was applied to segregate these admissions in instances where cost differences would be expected. Out-of-Area admissions were defined as any admission to a hospital located more than 75 miles from the patient's residence, with the following exceptions:
  - For Tri-County residents, all admissions are designated as In-Area,
  - For all A and B hospitals, all admissions are considered In-Area,
  - Out of state hospitals are not considered in the calculations, and
  - For Coos and Douglas counties, the Out-of-Area threshold is 50 miles from the patient's residence;
2. The distance between a patient's residence and the hospital to which they were admitted was calculated using "geo mapping" software. Specific home addresses were unavailable so the centroid of the residence zip code was used;
3. Admissions with reported room and board unit totals that differed substantially from the length of stay calculated using admission and discharge dates were excluded;
4. Each admission was determined to be In-Area or Out-of-Area based on the criteria described above;
5. The average cost per day at each hospital was calculated based on the Medicaid hospital cost reports used to develop the 2008-2009 per capita costs. Each hospital was identified as being a Type A, a Type B, a Type C, or a DRG hospital. Type C hospitals are not

Type A or Type B hospitals, are located in remote areas greater than 60 miles from the nearest acute care hospital, receive graduate medical education payments for their Medicaid fee-for-service admissions directly from DMAP, and are generally treated as DRG hospitals. For development of the geographic factors, the only hospital identified as Type C was Merle West Medical Center. All average costs per day for DRG hospitals were reduced by 20% due to the legislated changes in underlying provider reimbursement described previously in this report;

6. Each hospital was assigned a cost per day value. For Type A and Type B hospitals the detailed information from the most recently audited cost reports was used to determine the value. For DRG hospitals the value was determined based on the statewide average cost per day for all DRG hospitals multiplied by a geographic factor calculated using CMS acute inpatient hospital prospective payment system geographic adjustments. The CMS geographic adjustments have been updated using Oregon specific factors effective September 1, 2007, including hospital area reclassifications and special wage indices;
7. For each hospital, we calculated In-Area, Out-of-Area, and Average billed charges per day using the billed charges, day counts, and the area designation for each admission. We also calculated the distribution of days between In-Area and Out-of-Area;
8. For each hospital, we calculated In-Area and Out-of-Area costs per day using the hospital's cost per day from step 6 and the ratio of the In-Area and Out-of-Area billed charges per day to the Average billed charges per day [for example, the hospital-specific In-Area cost per day = hospital-specific cost per day x hospital-specific In-Area billed charge per day / hospital-specific Average billed charge per day];
9. For each county of residence, we calculated the average cost per day using the In-Area/Out-of-Area distribution of patient days to

each hospital by residents of the county and the calculated In-Area or Out-of-Area costs per day for each hospital;

10. For each FCHP, we determined the distribution of members by county and by eligibility category, and the expected utilization by eligibility category;
11. For each FCHP and region, we calculated the average cost per day using the distribution of members by county as of June 2007 and the county average cost per day; and
12. For each FCHP and region, we calculated the relative cost per day by dividing the results from step 11 by the statewide average cost per day.

The process of calculating geographic factors for outpatient hospital services follows the same general procedure as described above for inpatient services, with two important differences. First, while inpatient services use the average cost per day from the Medicaid hospital cost reports, a corresponding meaningful measure is not available from this source for outpatient services. Consequently, alternate sources are required to calculate these values; health plan encounter data are instead used to calculate the average outpatient charges per claim for each hospital. These charges are then applied against the cost-to-charge ratio developed in the Medicaid cost reports to arrive at the average cost per claim for each hospital, analogous to the cost per day described in step 5 above. Second, no distinction is made between in- and out-of-area visits for the outpatient hospital factor calculation. Visits solely to receive laboratory and/or radiology services in an outpatient hospital setting are excluded from the calculations.

For Type A and B hospitals, the calculation of the outpatient cost per visit includes a corridor of  $\pm 25\%$  around the statewide average cost per visit for DRG hospitals. If the cost for a given hospital is outside that allowable corridor, the cost per visit for that hospital is reset to the  $\pm 25\%$  limit. This adjustment is included to reduce volatility in the outpatient geographic factors and to mitigate the difference in the types of outpatient services delivered at hospitals in various areas of the state.

The inpatient and outpatient geographic factors resulting from the above process are shown for each plan and region in Exhibit 3-A. Separate geographic factors are developed and applied for maternity services to recognize the particular mix of hospitals used for these services. Geographic factors for maternity services are shown in Exhibits 3-E and 3-F, which summarize the calculation of the plan-specific maternity case rates.

## **CDPS Risk Adjustment**

The CDPS risk adjustment methodology is used to calculate risk adjustment scores for the TANF, OHP Adults & Couples, OHP Families, Children 1-5, Children 6-18, and AB/AD without Medicare groups. Due to concerns about the incompleteness of encounters for Medicaid recipients who are eligible for both Medicare and Medicaid (Dual Eligibles), particularly for services for which Medicare would pay the entire amount, the risk adjustment scores calculated for AB/AD with Medicare and OAA with Medicare were not applied. For AB/AD with Medicare, the risk adjustment scores for AB/AD without Medicare were used to adjust the capitation rates. For OAA without Medicare eligibility group, no risk adjustment was applied since the small size of the population results in non-credible CDPS scores.

For the Children 0-1 category, an adjustment (described below under “Newborn Adjustment”) considering the relative propensity of plans to enroll infants at birth, and thus be responsible for initial, often expensive, service costs was developed. It was felt that for this population this adjustment more appropriately reflected expected cost differences between plans than the CDPS risk adjustment. Therefore, no CDPS risk adjustment was applied.

The CDPS system uses an array of disease categories along with projected cost factors for each to evaluate the relative risk experienced among health plans. For the rates effective January 1, 2008, we applied CDPS version 4.5. Relative cost weights were developed based on Oregon encounter and claims data for the period July 1, 1999 through June 30, 2001.

The development of the CDPS risk scores considered the following:

- Elimination of lab and radiology claims from the CDPS risk profile. This helps avoid the generation of CDPS indicators by “rule-out” diagnoses commonly coded on lab and radiology claims;
- Imposition of a 3-month minimum length of OHP eligibility in order for an individual to be included in the calculation; and
- No weight assigned to the pregnancy-delivered indicator to accommodate the removal of the maternity portion of the capitation rates.

The FFS and encounter data are combined and classified into the disease categories specified in the CDPS, using all ICD9 codes recorded on each claim. Information is then summarized by person to establish a “risk profile” for each member. This risk profile shows the complete health information for each person, and includes both managed care and fee-for-service experience.

Data used to determine CDPS “scores” for each plan include encounter data and FFS data provided by DMAP covering January 2005 through December 2006 dates of service. Separate calculations were performed for Calendar Year 2005 (first year) and Calendar Year 2006 (second year). The first and second year scores were then averaged to produce a final score. The purpose of the two-year calculation is to reduce the volatility of risk scores, particularly for smaller plans.

Since some members move between eligibility categories, the next step in our analysis is to allocate each enrollee’s expected cost, as estimated by the risk assessment formula, to the various aid groups in which he or she was enrolled. This allocation is done using the proportion of the individual’s total months of enrollment spent under each aid group. Using these member month weights, a person’s risk profile is allocated to each aid category.

The CDPS scores that result from this process show variation between plans that may not be due solely to health status of enrolled members, but may also be attributable to data issues, such as under-reporting of encounters from capitated providers. For this reason, DMAP has implemented a floor

of 0.85 on OHP Plus risk adjustment scores and a floor of 0.85 with a ceiling of 1.20 on OHP Standard risk adjustment scores. To implement the floor or ceiling, the scores of those plans that are above or below the threshold are moved to the threshold and the other plans' scores are adjusted by a factor such that the weighted average of all plans' scores equals 1.0. Exhibit 3-B shows the final OHP Plus CDPS scores after application of the floor and ceiling, as appropriate.

## **Newborn Adjustment**

The Newborn Adjustment is applied to the statewide average capitation rates for Children 0-1 to adjust for the relative propensity of plans to enroll infants at birth. Since the first days of an infant's life tend to be relatively expensive and since infants not born into a plan cannot be enrolled until after they are discharged from the hospital, the enrollment differences can have a significant effect on the expected cost to each plan.

We identified newborns born into plans by determining whether their date of birth equaled their date of enrollment in the plan. We then segregated the costs and member months for infants born into plans versus those not born into plans and calculated the relative per capita costs. Based upon the data underlying these capitation rates, we determined that infants born into plans were approximately 2.8 times as expensive on a per capita basis as those who were not. Using the Calendar Year 2006 distribution of member months by plan between infants born into and not born into plans, and the aforementioned cost relationship, we calculated adjustment factors for each plan. These factors are shown in Exhibit 3-C, and are applied in lieu of CDPS risk adjustments for the Children 0-1 eligibility category.

## **Optional Services**

Maternity case management is an optional responsibility for FCHPs; while all health plans cover maternity services, those choosing to provide additional maternity management receive a supplementary capitation amount that varies by eligibility category. Individuals in plans that do not contract for this service receive it on a FFS basis. The additional PMPM amounts for plans choosing to cover maternity management are shown in Exhibit 3-D. Cascade Comprehensive Care is the only plan that elected to provide the

optional maternity management service for the rates effective January 1, 2008.

### **Plan-Specific FCHP Capitation Rates**

The plan-specific FCHP capitation rates calculated using the statewide average capitation rates from Exhibit 2-H, and the adjustments described above are shown in Exhibit 3-G and 3-H. These exhibits also show comparisons to the capitation rates currently in effect.

### **V. Plan-Specific PCO Capitation Rates**

At this time, Kaiser is the only contracted PCO. Kaiser's PCO service area consists of Clackamas, Multnomah, Marion, and Polk counties. Capitation rates were developed using the standard rate regions applied by DMAP for its FCHP capitation rates; therefore, separate Kaiser capitation rates were developed for the Tri-county (which includes Clackamas and Multnomah counties) and LBMPY (Linn, Benton, Marion, Polk, and Yamhill counties) regions.

### **Geographic Adjustments**

To develop the plan-specific PCO capitation rates, the statewide capitation rates are adjusted for differences in geographic input costs for Kaiser's service areas relative to the statewide average; under the PCO, only outpatient hospital services receive the geographic cost adjustment. To calculate the geographic adjustments, we used the outpatient costs per claim for each county developed for the FCHP geographic adjustment. The weight applied to each county's outpatient hospital cost per claim is based on Kaiser's June 2007 enrollment distribution by county and mix of members in each eligibility group. The weighted average outpatient cost per claim for each rate region was divided by the statewide outpatient cost per claim to derive the relative cost factors. The PCO geographic factors are shown in Exhibit 3-A.

## **CDPS Risk Adjustment**

CDPS relative cost weights for the PCO were developed by the researchers at the University of California San Diego based upon Oregon-specific experience data and the services covered under the PCO contract. Once the PCO became operational and began enrolling members, risk profiles of the enrolled PCO population were developed based upon the diagnoses recorded during their tenure as FCHP-enrollees and/or coverage under FFS. For PCO capitation rates effective January 1, 2006, we calculated a risk adjustment for the PCO by determining the risk of the population enrolled in the PCO relative to the risk scores of the FCHPs (based upon the PCO relative cost weights), whose experience underlies the statewide PCO capitation rates as described previously in this report. Consistent with the application of CDPS for the FCHPs, a floor risk adjustment of 0.85 was applied for the PCO.

Kaiser has yet to submit complete encounter data to DHS, and as a result, a CDPS risk score cannot be directly calculated for its enrolled population. For Kaiser's capitation rates effective January 1, 2008, we maintained the 2006 risk assessment scores as we did for their capitation rates effective January 1, 2007.

The applied CDPS risk adjustment factors for the PCO are shown in Exhibit 3-B.

## **Newborn Adjustment**

The Newborn Adjustment is intended to adjust for the relative propensity of plans to enroll infants at birth and the higher costs associated with these infants. Since inpatient hospital services, which are not covered under the PCO, represent a significant portion of these higher costs no Newborn cost adjustment has been applied to the PCO rates.

## **Optional Services**

Kaiser has elected to exclude coverage of maternity management from its PCO contract. Further, the Kaiser PCO contract covers only those individuals enrolled in OHP Plus.

## **Plan-Specific PCO Capitation Rates**

The plan-specific PCO capitation rates calculated using the statewide average capitation rates from Exhibit 2-I, and the adjustments described above are shown in Exhibits 3-I and 3-J. These exhibits also show comparisons to the capitation rates effective July 1, 2007.

## **VI. Plan-Specific MHO Capitation Rates**

Similar to the process described above for other contract types, MHO capitation rates are based on statewide average rates, adjusted for geographic and population risk differences. Additionally, several eligibility categories receive adjustments for the disproportionate enrollment and availability of certain services among plans of children in the ITS program, and the SCF Child eligibility category receives an adjustment reflecting the disproportionate enrollment between plans of children receiving Behavioral Rehabilitation Services (BRS), who have significantly higher than average costs.

## **Geographic Adjustments**

Geographic adjustments for mental health services are only applied to the Acute Inpatient category; all other services are paid based on the statewide average cost of services. The adjustment factors for MHO inpatient services are calculated in a similar method to that described in Section IV for FCHP inpatient services. MHO encounter data are used for this analysis.

MHO enrollment as of June 2007 is examined in place of FCHP enrollment to determine enrollment by plan and county. MHO members' counties of residence are matched to the encounter data to calculate the average cost per day for members enrolled in each MHO. Relative cost factors, shown in Exhibit 4-A, are then calculated by comparing each plan's cost per day to the average cost per day for all MHOs.

## **Mental Health and Substance Abuse Payment System**

Working with Dr. Richard Kronick and Dr. Todd Gilmer of the University of California San Diego, we developed a first generation risk assessment and

risk adjustment tool for the services covered by the MHO contracts. The tool is based on the principles of the CDPS risk adjustment that is used to adjust payments to Fully Capitated Health Plans. This system provides a model whereby the relative expected resource use of different individuals is estimated based on their particular demographic and health status characteristics. The model considers the broad range of diagnostic conditions each individual has, based on encounter record information, and assigns a relative cost weight to each condition. The Mental Health and Substance Abuse Payment System (MHSAPS) provides a means of measuring expected differences in Mental Health services among health plans.

The relative cost weights associated with each condition are developed from a broad database that does not directly consider the treatment costs for any one health plan. A regression model was developed that separately considers relative resource use among broad eligibility categories (Aid to Blind and Disabled and related categories and Temporary Assistance to Needy Families and related categories), age group and diagnostic condition. The model is hierarchical. In other words, particular types of conditions within a broad diagnostic category are ranked by expected cost, and an individual is categorized based on the most severe condition within the grouping (e.g., Psych Very High, High, Medium, Low, Very Low). A separate parameter value was calculated to identify the comorbidity of a Substance Abuse condition. The average expected resource use of each plan's population relative to the overall population is used as a measure of health risk and serves as the basis for adjusting capitation payments made to each plan. Since the relative risk of each plan's population is measured during a time period prior to the capitation period, the MHSAPS model presumes that the average health status of a plan's population remains consistent between the measurement period and the contract period.

No risk adjustment was applied for Children Aged 0 - 1 due to the very low utilization of these services by recipients in this eligibility category. Risk adjustment was also not applied for OAA due to the lack of a credible number of recipients or for OAA with Medicare since Medicare covers a significant portion of these services.

Mental health risk adjustment factors are not applied to Children's Intensive Mental Health Services or CONS Assessments.

The following steps summarize the calculation of the mental health risk adjustment factors applied in the development of the plan-specific capitation rates:

- Encounter and FFS claims data for the period Calendar Years 2005 and 2006 were analyzed.
- A risk assessment score was calculated for each health plan by eligibility category. To develop a score for each plan, a risk assessment score is first calculated for each MHO's enrollees. These values are summed by eligibility category, and an average value is calculated. This value is then divided by the average score for all MHO enrollees to determine an average relative score for each plan that varies around a 1.0 average MHO value.
- A floor risk adjustment of 0.90 was applied to the Child 01-05, Child 06-18, and SCF Child eligibility categories to recognize that the risk adjustment model was originally developed using data that did not include certain high cost treatments that are now included as MHO responsibility. An update to the MHSAPS risk adjustment model is planned in 2008.
- The resulting scores are normalized to 1.0 to ensure budget neutrality at the start of the contract year.

The mental health risk adjustment factors resulting from the above process are shown for each plan in Exhibit 4-B.

## **Behavioral Rehabilitation Services**

A separate calculation is made to recognize the distribution of children requiring Behavioral Rehabilitation Services. This calculation recognizes the high costs of serving this population and differences in the prevalence of these children among the plans.

The calculated adjustment factor uses the relative distribution of children in the OYA (Oregon Youth Authority) and CAF (Children, Adults and Families) BRS programs. The average costs and distribution of children differ significantly between these programs, and these differences are recognized in the risk adjustment methodology.

Effective January 1, 2008, an AMH policy change will be implemented that will keep children enrolled in the MHO in their county of jurisdiction rather than enrolling them in the MHO closest to the facility at which they are being treated. Per AMH, this policy change will be retroactively applied to children who are in the CAF program when the change is implemented. AMH staff provided the re-mapped plan for each CAF participant, and the BRS risk adjustment reflects these changes in the distribution of children.

Diagnostic risk adjustment is also applied in the development of the SCF Children capitation rates. To avoid double counting the relative risk of children in BRS programs, we developed MHSAPS risk adjustment factors only for children who were not in BRS programs. Risk adjustment factors were separately developed for children in BRS programs that reflect the relative cost and expected distribution of these children among the MHOs. Blended risk adjustment factors were then calculated for the SCF Child eligibility category. The development of these factors is shown in Exhibit 4-C.

### **Children's Intensive Mental Health Services**

The Children's ITS program has undergone significant change in the past two years. It was expected that beginning January 1, 2006, all children enrolled in MHOs who required ITS services would receive those services through their plan. Operational challenges delayed the full implementation of the program change, but we understand that effective April 1, 2006, children with ITS needs were enrolled in MHOs as intended.

We collected data from several sources for the period of April through December 2006 to identify children receiving ITS services, including the following:

- Exhibit N in the MHO contract, which is prepared by the MHOs and shows Integrated Service Array (ISA) assessment scores and the dates of determination;
- Client Process Monitoring System (CPMS) data, which showed ending dates of ITS eligibility for certain children; and
- Claims and encounter data.

From this data, we identified children who qualified for ITS services and in fact received ITS services during the analysis period. Services fell into three categories:

- Psychiatric Residential Treatment;
- Psychiatric Day Treatment; and
- Community Based Services.

Each child was identified as using one or more of these services for each month of their ITS eligibility. Once all eligible children were identified, we identified the costs associated with treating the children, and calculated an average monthly cost per user. We then calculated the relative prevalence of ITS-eligible children and their respective treatment types among each of the MHOs, and calculated ITS cost factors relative to the statewide average. The ITS adjustment factor was then normalized using the prospective enrollment distribution to yield the utilization factors shown in Exhibit 4-D(i-iv). These relative utilization factors reflect the historical experience with adjustments for changes in AMH policy affecting the enrollment of these children in MHOs.

Separate ITS adjustment factors are calculated for each of the four relevant eligibility categories:

- PLM, TANF, and CHIP Children Aged 1 – 5;

- PLM, TANF, and CHIP Children Aged 6 – 18;
- ABAD without Medicare; and
- SCF Children.

The relative risk factors are shown in Exhibits 4-D(i) through 4-D(iv). These factors are multiplied by the Total Intensive MH Services PMPM shown in Exhibit 2-D to derive the plan-specific ITS adjustments.

### **Plan-Specific MHO Capitation Rates**

The plan-specific MHO capitation rates calculated using the statewide average capitation rates from Exhibits 2-H and the adjustments described above, are shown in Exhibit 4-F. This exhibit also shows comparisons to the capitation rates effective January 1, 2007.

## **VII. DCO Capitation Rates**

### **Geographic Adjustments**

DCO capitation rates vary by geographic region of the state, but do not vary by plan. The geographic factors are updated for each biennium and are constant for the biennium. The geographic factor calculation is based upon the Medicare Resource-Based Relative Value System (RBRVS) geographic adjustment factors for Oregon that take into account the component costs of professional services. The adjustment uses the 2007 Oregon RBRVS factors weighted by the population distribution. These DCO geographic adjustment factors are as follows:

| <b>Geographic Area</b>                                    | <b>Adjustment</b> |
|---|-------------------|
| Jackson, Josephine and Douglas Counties                   | 0.970             |
| Lane County   | 0.970             |
| Linn, Benton, Marion, Polk and Yamhill Counties           | 0.970             |
| Other   | 0.970             |
| Tri-County (Clackamas, Multnomah and Washington Counties) | 1.051             |

## **Region-Specific DCO Capitation Rates**

The region-specific DCO capitation rates, calculated using the statewide average capitation rates from Exhibits 2-H and the adjustments described above, are shown in Exhibit 5-B. This exhibit also shows comparisons to the capitation rates effective July 1, 2007.

## **VIII. Plan-Specific CDO Capitation Rates**

There is one CDO in operation; it is in Deschutes County. This plan serves as a chemical dependency “carve out” plan, covering all chemical dependency services in that county for FCHP members. The FCHP in that county is not capitated for these costs.

CDO capitation rates are calculated as the statewide average chemical dependency cost by eligibility category, multiplied by the CDPS risk adjustment factor for the FCHP operating in Deschutes County. The resulting CDO capitation rates are shown in Exhibit 6, along with comparisons to the capitation rates effective January 1, 2007.

# EXHIBITS

**Oregon Health Plan Medicaid Demonstration**  
**Capitation Rate Development for January 2008 through December 2008**  
**Covered Services by Contract Type - OHP PLUS**

**EXHIBIT 1-A**

| Detail Service Category             | Rate Sheet Category                 | CONTRACT TYPE |           |     |     |     |
|-------------------------------------|-------------------------------------|---------------|-----------|-----|-----|-----|
|                                     |                                     | FCHP          | PCO       | DCO | MHO | CDO |
| <b>PHYSICAL HEALTH</b>              |                                     |               |           |     |     |     |
| ANESTHESIA                          | Physician - Basic                   | Mandatory     | Mandatory |     |     |     |
| EXCEPT NEEDS CARE COORDINATION      | Exceptional Needs Care Coordination | Mandatory     | Mandatory |     |     |     |
| FP - IP HOSP                        | Inpatient - Family Planning         | Mandatory     |           |     |     |     |
| FP - OP HOSP                        | Outpatient - Family Planning        | Mandatory     | Mandatory |     |     |     |
| FP - PHYS                           | Physician - Family Planning         | Mandatory     | Mandatory |     |     |     |
| HYSTERECTOMY - ANESTHESIA           | Physician - Hysterectomy            | Mandatory     | Mandatory |     |     |     |
| HYSTERECTOMY - IP HOSP              | Inpatient - Hysterectomy            | Mandatory     |           |     |     |     |
| HYSTERECTOMY - OP HOSP              | Outpatient - Hysterectomy           | Mandatory     | Mandatory |     |     |     |
| HYSTERECTOMY - PHYS                 | Physician - Hysterectomy            | Mandatory     | Mandatory |     |     |     |
| IP HOSP - ACUTE DETOX               | Inpatient - Basic                   | Mandatory     |           |     |     |     |
| IP HOSP - MATERNITY                 | Inpatient - Maternity               | Mandatory     |           |     |     |     |
| IP HOSP - MATERNITY / STERILIZATION | Inpatient - Sterilization           | Mandatory     |           |     |     |     |
| IP HOSP - MEDICAL/SURGICAL          | Inpatient - Basic                   | Mandatory     |           |     |     |     |
| IP HOSP - NEWBORN                   | Inpatient - Newborn                 | Mandatory     |           |     |     |     |
| IP HOSP - POST HOSP EXTENDED CARE   | Inpatient - Basic                   | Mandatory     |           |     |     |     |
| LAB & RAD - DIAGNOSTIC X-RAY        | Physician - Basic                   | Mandatory     | Mandatory |     |     |     |
| LAB & RAD - LAB                     | Physician - Basic                   | Mandatory     | Mandatory |     |     |     |
| LAB & RAD - THERAPEUTIC X-RAY       | Physician - Basic                   | Mandatory     | Mandatory |     |     |     |
| OP ER - SOMATIC MH                  | Outpatient - Emergency Room         | Mandatory     | Mandatory |     |     |     |
| OP HOSP - BASIC                     | Outpatient - Basic                  | Mandatory     | Mandatory |     |     |     |
| OP HOSP - DENTAL ANESTHESIA         | Outpatient - Basic                  | Mandatory     | Mandatory |     |     |     |
| OP HOSP - DENTAL DIAGNOSTIC         | Outpatient - Basic                  | Mandatory     | Mandatory |     |     |     |
| OP HOSP - DENTAL PREVENTIVE         | Outpatient - Basic                  | Mandatory     | Mandatory |     |     |     |
| OP HOSP - DENTAL RESTORATIVE        | Outpatient - Basic                  | Mandatory     | Mandatory |     |     |     |
| OP HOSP - EMERGENCY ROOM            | Outpatient - Emergency Room         | Mandatory     | Mandatory |     |     |     |
| OP HOSP - LAB & RAD                 | Outpatient - Basic                  | Mandatory     | Mandatory |     |     |     |
| OP HOSP - MATERNITY                 | Outpatient - Maternity              | Mandatory     | Mandatory |     |     |     |
| OP HOSP - POST HOSP EXTENDED CARE   | Outpatient - Basic                  | Mandatory     | Mandatory |     |     |     |
| OP HOSP - PRES DRUGS BASIC          | Outpatient - Basic                  | Mandatory     | Mandatory |     |     |     |
| OP HOSP - PRES DRUGS MH/CD          | Outpatient - Basic                  | Mandatory     | Mandatory |     |     |     |
| OP HOSP - SOMATIC MH                | Outpatient - Basic                  | Mandatory     | Mandatory |     |     |     |
| OTH MED - DME                       | DME/Supplies                        | Mandatory     | Mandatory |     |     |     |
| OTH MED - HHC/PDN                   | Home Health/PDN/Hospice             | Mandatory     | Mandatory |     |     |     |
| OTH MED - HOSPICE                   | Home Health/PDN/Hospice             | Mandatory     | Mandatory |     |     |     |
| OTH MED - MATERNITY MGT             | Maternity Management                | Optional      | Optional  |     |     |     |
| OTH MED - SUPPLIES                  | DME/Supplies                        | Mandatory     | Mandatory |     |     |     |
| PHYS CONSULTATION, IP & ER VISITS   | Physician - Basic                   | Mandatory     | Mandatory |     |     |     |
| PHYS HOME OR LONG-TERM CARE VISITS  | Physician - Basic                   | Mandatory     | Mandatory |     |     |     |

**Oregon Health Plan Medicaid Demonstration**  
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**EXHIBIT 1-A**

| Detail Service Category           | Rate Sheet Category                  | CONTRACT TYPE |           |           |     |     |
|-----------------------------------|--------------------------------------|---------------|-----------|-----------|-----|-----|
|                                   |                                      | FCHP          | PCO       | DCO       | MHO | CDO |
| <b>PHYSICAL HEALTH</b>            |                                      |               |           |           |     |     |
| PHYS MATERNITY                    | Physician - Maternity                | Mandatory     | Mandatory |           |     |     |
| PHYS NEWBORN                      | Physician - Newborn                  | Mandatory     | Mandatory |           |     |     |
| PHYS OFFICE VISITS                | Physician - Basic                    | Mandatory     | Mandatory |           |     |     |
| PHYS OTHER                        | Physician - Basic                    | Mandatory     | Mandatory |           |     |     |
| PHYS SOMATIC MH                   | Physician - Basic                    | Mandatory     | Mandatory |           |     |     |
| PRES DRUGS - BASIC                | Prescription Drugs - Basic           | Mandatory     | Mandatory |           |     |     |
| PRES DRUGS - FP                   | Prescription Drugs - Family Planning | Mandatory     | Mandatory |           |     |     |
| STERILIZATION - ANESTHESIA FEMALE | Physician - Sterilization            | Mandatory     | Mandatory |           |     |     |
| STERILIZATION - ANESTHESIA MALE   | Physician - Sterilization            | Mandatory     | Mandatory |           |     |     |
| STERILIZATION - IP HOSP FEMALE    | Inpatient - Sterilization            | Mandatory     |           |           |     |     |
| STERILIZATION - IP HOSP MALE      | Inpatient - Sterilization            | Mandatory     |           |           |     |     |
| STERILIZATION - OP HOSP FEMALE    | Outpatient - Sterilization           | Mandatory     | Mandatory |           |     |     |
| STERILIZATION - OP HOSP MALE      | Outpatient - Sterilization           | Mandatory     | Mandatory |           |     |     |
| STERILIZATION - PHY FEMALE        | Physician - Sterilization            | Mandatory     | Mandatory |           |     |     |
| STERILIZATION - PHY MALE          | Physician - Sterilization            | Mandatory     | Mandatory |           |     |     |
| SURGERY                           | Physician - Basic                    | Mandatory     | Mandatory |           |     |     |
| TRANSPORTATION - AMBULANCE        | Transportation - Ambulance           | Mandatory     | Mandatory |           |     |     |
| VISION CARE - EXAMS & THERAPY     | Vision                               | Mandatory     | Mandatory |           |     |     |
| VISION CARE - MATERIALS & FITTING | Vision                               | Mandatory     | Mandatory |           |     |     |
| <b>DENTAL</b>                     |                                      |               |           |           |     |     |
| DENTAL - ADJUNCTIVE GENERAL       | Dental                               |               |           | Mandatory |     |     |
| DENTAL - ANESTHESIA SURGICAL      | Dental                               |               |           | Mandatory |     |     |
| DENTAL - DIAGNOSTIC               | Dental                               |               |           | Mandatory |     |     |
| DENTAL - ENDODONTICS              | Dental                               |               |           | Mandatory |     |     |
| DENTAL - I/P FIXED                | Dental                               |               |           | Mandatory |     |     |
| DENTAL - MAXILLOFACIAL PROS       | Dental                               |               |           | Mandatory |     |     |
| DENTAL - ORAL SURGERY             | Dental                               |               |           | Mandatory |     |     |
| DENTAL - ORTHODONTICS             | Dental                               |               |           | Mandatory |     |     |
| DENTAL - PERIODONTICS             | Dental                               |               |           | Mandatory |     |     |
| DENTAL - PREVENTIVE               | Dental                               |               |           | Mandatory |     |     |
| DENTAL - PROS REMOVABLE           | Dental                               |               |           | Mandatory |     |     |
| DENTAL - RESTORATIVE              | Dental                               |               |           | Mandatory |     |     |

**Oregon Health Plan Medicaid Demonstration**  
**Capitation Rate Development for January 2008 through December 2008**  
**Covered Services by Contract Type - OHP PLUS**

**EXHIBIT 1-A**

| Detail Service Category             | Rate Sheet Category                          | CONTRACT TYPE |           |     |           |           |
|-------------------------------------|--|---------------|-----------|-----|-----------|-----------|
|                                     |  | FCHP          | PCO       | DCO | MHO       | CDO       |
| <b>CHEMICAL DEPENDENCY</b>          |  |               |           |     |           |           |
| CD SERVICES - ALTERNATIVE TO DETOX  | Chemical Dependency                          | Mandatory     | Mandatory |     |           | Mandatory |
| CD SERVICES - METHADONE             | Chemical Dependency                          | Mandatory     | Mandatory |     |           | Mandatory |
| CD SERVICES - OP                    | Chemical Dependency                          | Mandatory     | Mandatory |     |           | Mandatory |
| <b>MENTAL HEALTH</b>                |  |               |           |     |           |           |
| MH SERVICES ACUTE INPATIENT         | Mental Health - Acute Inpatient              |               |           |     | Mandatory |           |
| MH SERVICES ALTERNATIVE TO IP       | Mental Health - Alternative to IP            |               |           |     | Mandatory |           |
| MH SERVICES ANCILLARY SERVICES      | Mental Health - Ancillary Services           |               |           |     | Mandatory |           |
| MH SERVICES ASSESS & EVAL           | Mental Health - Assess & Eval                |               |           |     | Mandatory |           |
| MH SERVICES CASE MANAGEMENT         | Mental Health - Case Management              |               |           |     | Mandatory |           |
| MH SERVICES CONS ASSESS             | Mental Health - CONS Assessments             |               |           |     | Mandatory |           |
| MH SERVICES CONSULTATION            | Mental Health - Consultation                 |               |           |     | Mandatory |           |
| MH SERVICES EVIDENCE BASED PRACTICE | Mental Health - Evidence Based Practice      |               |           |     | Mandatory |           |
| MH SERVICES FAMILY SUPPORT          | Mental Health - Family Support               |               |           |     | Mandatory |           |
| MH SERVICES INTENSIVE THERAPY SVCS  | Mental Health - Intensive Treatment Services |               |           |     | Mandatory |           |
| MH SERVICES MED MANAGEMENT          | Mental Health - Med Management               |               |           |     | Mandatory |           |
| MH SERVICES OP THERAPY              | Mental Health - OP Therapy                   |               |           |     | Mandatory |           |
| MH SERVICES OTHER OP                | Mental Health - Other OP                     |               |           |     | Mandatory |           |
| MH SERVICES PEO                     | Mental Health - PEO                          |               |           |     | Mandatory |           |
| MH SERVICES PHYS IP                 | Mental Health - Phys IP                      |               |           |     | Mandatory |           |
| MH SERVICES PHYS OP                 | Mental Health - Phys OP                      |               |           |     | Mandatory |           |
| MH SERVICES SUPPORT DAY PROGRAM     | Mental Health - Support Day Program          |               |           |     | Mandatory |           |

**Oregon Health Plan Medicaid Demonstration**  
**Capitation Rate Development for January 2008 through December 2008**  
**Covered Services by Contract Type - OHP STANDARD**

**EXHIBIT 1-B**

| Detail Service Category             | Rate Sheet Category                 | CONTRACT TYPE |         |     |     |     |
|-------------------------------------|-------------------------------------|---------------|---------|-----|-----|-----|
|                                     |                                     | FCHP          | PCO     | DCO | MHO | CDO |
| <b>PHYSICAL HEALTH</b>              |                                     |               |         |     |     |     |
| ANESTHESIA                          | Physician - Basic                   | Covered       | Covered |     |     |     |
| EXCEPT NEEDS CARE COORDINATION      | Exceptional Needs Care Coordination | Covered       | Covered |     |     |     |
| FP - IP HOSP                        | Inpatient - Family Planning         | Limited       | Limited |     |     |     |
| FP - OP HOSP                        | Outpatient - Family Planning        | Limited       | Limited |     |     |     |
| FP - PHYS                           | Physician - Family Planning         | Limited       | Limited |     |     |     |
| HYSTERECTOMY - ANESTHESIA           | Physician - Hysterectomy            | Covered       | Covered |     |     |     |
| HYSTERECTOMY - IP HOSP              | Inpatient - Hysterectomy            | Limited       | Limited |     |     |     |
| HYSTERECTOMY - OP HOSP              | Outpatient - Hysterectomy           | Limited       | Limited |     |     |     |
| HYSTERECTOMY - PHYS                 | Physician - Hysterectomy            | Limited       | Limited |     |     |     |
| IP HOSP - ACUTE DETOX               | Inpatient - Basic                   | Limited       | Limited |     |     |     |
| IP HOSP - MATERNITY                 | Inpatient - Maternity               | Covered       | Covered |     |     |     |
| IP HOSP - MATERNITY / STERILIZATION | Inpatient - Sterilization           | Covered       | Covered |     |     |     |
| IP HOSP - MEDICAL/SURGICAL          | Inpatient - Basic                   | Limited       | Limited |     |     |     |
| IP HOSP - NEWBORN                   | Inpatient - Newborn                 | Limited       | Limited |     |     |     |
| IP HOSP - POST HOSP EXTENDED CARE   | Inpatient - Basic                   | Limited       | Limited |     |     |     |
| LAB & RAD - DIAGNOSTIC X-RAY        | Physician - Basic                   | Limited       | Limited |     |     |     |
| LAB & RAD - LAB                     | Physician - Basic                   | Limited       | Limited |     |     |     |
| LAB & RAD - THERAPEUTIC X-RAY       | Physician - Basic                   | Limited       | Limited |     |     |     |
| OP ER - SOMATIC MH                  | Outpatient - Emergency Room         | Limited       | Limited |     |     |     |
| OP HOSP - BASIC                     | Outpatient - Basic                  | Limited       | Limited |     |     |     |
| OP HOSP - DENTAL ANESTHESIA         | Outpatient - Basic                  | Limited       | Limited |     |     |     |
| OP HOSP - DENTAL DIAGNOSTIC         | Outpatient - Basic                  | Limited       | Limited |     |     |     |
| OP HOSP - DENTAL PREVENTIVE         | Outpatient - Basic                  | Limited       | Limited |     |     |     |
| OP HOSP - DENTAL RESTORATIVE        | Outpatient - Basic                  | Limited       | Limited |     |     |     |
| OP HOSP - EMERGENCY ROOM            | Outpatient - Emergency Room         | Limited       | Limited |     |     |     |
| OP HOSP - LAB & RAD                 | Outpatient - Basic                  | Limited       | Limited |     |     |     |
| OP HOSP - MATERNITY                 | Outpatient - Maternity              | Covered       | Covered |     |     |     |
| OP HOSP - POST HOSP EXTENDED CARE   | Outpatient - Basic                  | Limited       | Limited |     |     |     |
| OP HOSP - PRES DRUGS BASIC          | Outpatient - Basic                  | Limited       | Limited |     |     |     |
| OP HOSP - PRES DRUGS MH/CD          | Outpatient - Basic                  | Limited       | Limited |     |     |     |
| OP HOSP - SOMATIC MH                | Outpatient - Basic                  | Limited       | Limited |     |     |     |
| OTH MED - DME                       | DME/Supplies                        | Limited       | Limited |     |     |     |
| OTH MED - HHC/PDN                   | Home Health/PDN/Hospice             | Limited       | Limited |     |     |     |
| OTH MED - HOSPICE                   | Home Health/PDN/Hospice             | Limited       | Limited |     |     |     |
| OTH MED - MATERNITY MGT             | Maternity Management                | Limited       | Limited |     |     |     |
| OTH MED - SUPPLIES                  | DME/Supplies                        | Limited       | Limited |     |     |     |
| PHYS CONSULTATION, IP & ER VISITS   | Physician - Basic                   | Limited       | Limited |     |     |     |
| PHYS HOME OR LONG-TERM CARE VISITS  | Physician - Basic                   | Covered       | Covered |     |     |     |

**Oregon Health Plan Medicaid Demonstration**  
**Capitation Rate Development for January 2008 through December 2008**  
**Covered Services by Contract Type - OHP STANDARD**

**EXHIBIT 1-B**

| Detail Service Category           | Rate Sheet Category                  | CONTRACT TYPE |         |         |     |     |
|-----------------------------------|--------------------------------------|---------------|---------|---------|-----|-----|
|                                   |                                      | FCHP          | PCO     | DCO     | MHO | CDO |
| <b>PHYSICAL HEALTH</b>            |                                      |               |         |         |     |     |
| PHYS MATERNITY                    | Physician - Maternity                | Limited       | Limited |         |     |     |
| PHYS NEWBORN                      | Physician - Newborn                  | Covered       | Covered |         |     |     |
| PHYS OFFICE VISITS                | Physician - Basic                    | Limited       | Limited |         |     |     |
| PHYS OTHER                        | Physician - Basic                    | Limited       | Limited |         |     |     |
| PHYS SOMATIC MH                   | Physician - Basic                    | Limited       | Limited |         |     |     |
| PRES DRUGS - BASIC                | Prescription Drugs - Basic           | Covered       | Covered |         |     |     |
| PRES DRUGS - FP                   | Prescription Drugs - Family Planning | Covered       | Covered |         |     |     |
| STERILIZATION - ANESTHESIA FEMALE | Physician - Sterilization            | Covered       | Covered |         |     |     |
| STERILIZATION - ANESTHESIA MALE   | Physician - Sterilization            | Covered       | Covered |         |     |     |
| STERILIZATION - IP HOSP FEMALE    | Inpatient - Sterilization            | Limited       | Limited |         |     |     |
| STERILIZATION - IP HOSP MALE      | Inpatient - Sterilization            | Limited       | Limited |         |     |     |
| STERILIZATION - OP HOSP FEMALE    | Outpatient - Sterilization           | Limited       | Limited |         |     |     |
| STERILIZATION - OP HOSP MALE      | Outpatient - Sterilization           | Limited       | Limited |         |     |     |
| STERILIZATION - PHY FEMALE        | Physician - Sterilization            | Limited       | Limited |         |     |     |
| STERILIZATION - PHY MALE          | Physician - Sterilization            | Limited       | Limited |         |     |     |
| SURGERY                           | Physician - Basic                    | Limited       | Limited |         |     |     |
| TRANSPORTATION - AMBULANCE        | Transportation - Ambulance           | Limited       | Limited |         |     |     |
| VISION CARE - EXAMS & THERAPY     | Vision                               | Limited       | Limited |         |     |     |
| VISION CARE - MATERIALS & FITTING | Vision                               | Limited       | Limited |         |     |     |
| <b>DENTAL</b>                     |                                      |               |         |         |     |     |
| DENTAL - ADJUNCTIVE GENERAL       | Dental                               |               |         | Limited |     |     |
| DENTAL - ANESTHESIA SURGICAL      | Dental                               |               |         | Limited |     |     |
| DENTAL - DIAGNOSTIC               | Dental                               |               |         | Limited |     |     |
| DENTAL - ENDODONTICS              | Dental                               |               |         | Limited |     |     |
| DENTAL - I/P FIXED                | Dental                               |               |         | Limited |     |     |
| DENTAL - MAXILLOFACIAL PROS       | Dental                               |               |         | Limited |     |     |
| DENTAL - ORAL SURGERY             | Dental                               |               |         | Limited |     |     |
| DENTAL - ORTHODONTICS             | Dental                               |               |         | Limited |     |     |
| DENTAL - PERIODONTICS             | Dental                               |               |         | Limited |     |     |
| DENTAL - PREVENTIVE               | Dental                               |               |         | Limited |     |     |
| DENTAL - PROS REMOVABLE           | Dental                               |               |         | Limited |     |     |
| DENTAL - RESTORATIVE              | Dental                               |               |         | Limited |     |     |

**Oregon Health Plan Medicaid Demonstration**  
**Capitation Rate Development for January 2008 through December 2008**  
**Covered Services by Contract Type - OHP STANDARD**

**EXHIBIT 1-B**

| Detail Service Category             | Rate Sheet Category                          | CONTRACT TYPE |         |     |         |         |
|-------------------------------------|--|---------------|---------|-----|---------|---------|
|                                     |  | FCHP          | PCO     | DCO | MHO     | CDO     |
| <b>CHEMICAL DEPENDENCY</b>          |  |               |         |     |         |         |
| CD SERVICES - ALTERNATIVE TO DETOX  | Chemical Dependency                          | Covered       | Covered |     |         | Covered |
| CD SERVICES - METHADONE             | Chemical Dependency                          | Covered       | Covered |     |         | Covered |
| CD SERVICES - OP                    | Chemical Dependency                          | Limited       | Limited |     |         | Limited |
| <b>MENTAL HEALTH</b>                |  |               |         |     |         |         |
| MH SERVICES ACUTE INPATIENT         | Mental Health - Acute Inpatient              |               |         |     | Limited |         |
| MH SERVICES ALTERNATIVE TO IP       | Mental Health - Alternative to IP            |               |         |     | Covered |         |
| MH SERVICES ANCILLARY SERVICES      | Mental Health - Ancillary Services           |               |         |     | Covered |         |
| MH SERVICES ASSESS & EVAL           | Mental Health - Assess & Eval                |               |         |     | Covered |         |
| MH SERVICES CASE MANAGEMENT         | Mental Health - Case Management              |               |         |     | Covered |         |
| MH SERVICES CONS ASSESS             | Mental Health - CONS Assessments             |               |         |     | N/A     |         |
| MH SERVICES CONSULTATION            | Mental Health - Consultation                 |               |         |     | Covered |         |
| MH SERVICES EVIDENCE BASED PRACTICE | Mental Health - Evidence Based Practice      |               |         |     | Covered |         |
| MH SERVICES FAMILY SUPPORT          | Mental Health - Family Support               |               |         |     | Covered |         |
| MH SERVICES INTENSIVE THERAPY SVCS  | Mental Health - Intensive Treatment Services |               |         |     | N/A     |         |
| MH SERVICES MED MANAGEMENT          | Mental Health - Med Management               |               |         |     | Covered |         |
| MH SERVICES OP THERAPY              | Mental Health - OP Therapy                   |               |         |     | Limited |         |
| MH SERVICES OTHER OP                | Mental Health - Other OP                     |               |         |     | Limited |         |
| MH SERVICES PEO                     | Mental Health - PEO                          |               |         |     | Covered |         |
| MH SERVICES PHYS IP                 | Mental Health - Phys IP                      |               |         |     | Limited |         |
| MH SERVICES PHYS OP                 | Mental Health - Phys OP                      |               |         |     | Limited |         |
| MH SERVICES SUPPORT DAY PROGRAM     | Mental Health - Support Day Program          |               |         |     | Covered |         |

**Oregon Health Plan Medicaid Demonstration  
Capitation Rate Development for January 2008 through December 2008  
Trend Adjustments**

**EXHIBIT 2-A**

**TANF RELATED ADULTS <sup>1</sup>**

|                     | Annualized Trend Rates <sup>2</sup> | Trend Adjustment <sup>3</sup> |
|---------------------|-------------------------------------|-------------------------------|
| Inpatient Hospital  | 3.4%                                | 0.983                         |
| Outpatient Hospital | 3.4%                                | 0.983                         |
| Physician & Other   | 5.7%                                | 0.973                         |
| Prescription Drug   | 7.7%                                | 0.963                         |
| Dental              | 6.2%                                | 0.970                         |
| Mental Health/CD    | 5.9%                                | 0.972                         |

**CHILDREN**

|                     | Annualized Trend Rates <sup>2</sup> | Trend Adjustment <sup>3</sup> |
|---------------------|-------------------------------------|-------------------------------|
| Inpatient Hospital  | 3.4%                                | 0.983                         |
| Outpatient Hospital | 7.9%                                | 0.962                         |
| Physician & Other   | 6.4%                                | 0.970                         |
| Prescription Drug   | 7.7%                                | 0.963                         |
| Dental              | 6.2%                                | 0.970                         |
| Mental Health/CD    | 8.6%                                | 0.960                         |

**DISABLED-RELATED <sup>1</sup>**

|                     | Annualized Trend Rates <sup>2</sup> | Trend Adjustment <sup>3</sup> |
|---------------------|-------------------------------------|-------------------------------|
| Inpatient Hospital  | 7.9%                                | 0.962                         |
| Outpatient Hospital | 7.9%                                | 0.962                         |
| Physician & Other   | 6.6%                                | 0.969                         |
| Prescription Drug   | 7.7%                                | 0.963                         |
| Dental              | 6.2%                                | 0.970                         |
| Mental Health/CD    | 2.8%                                | 0.986                         |

**DUAL MEDICAID/MEDICARE ELIGIBILITY CATEGORIES <sup>1</sup>**

|                     | Annualized Trend Rates <sup>2</sup> | Trend Adjustment <sup>3</sup> |
|---------------------|-------------------------------------|-------------------------------|
| Inpatient Hospital  | 0.0%                                | 1.000                         |
| Outpatient Hospital | 7.9%                                | 0.962                         |
| Physician & Other   | 6.2%                                | 0.970                         |
| Prescription Drug   | 7.7%                                | 0.963                         |
| Dental              | 6.2%                                | 0.970                         |
| Mental Health/CD    | 5.9%                                | 0.972                         |

<sup>1</sup> TANF-Related Adult factors apply to the TANF, PLMA, and OHPFAM eligibility categories.  
Disabled-Related factors apply to the AB/AD without Medicare, OAA without Medicare, and OHPAC eligibility categories.  
Dual-Medicaid/Medicare factors apply to the AB/AD with Medicare and OAA with Medicare eligibility categories.

<sup>2</sup> Annualized trend rates from Exhibit 7-A of "Oregon Health Plan Medicaid Demonstration: Analysis of Calendar Years 2008 - 2009 Average Costs" dated September 22, 2006.

<sup>3</sup> Trend factors used to adjust capitation rates from midpoint of biennium (1/1/2009) to midpoint of contract period (7/1/2008).

**Oregon Health Plan Medicaid Demonstration**  
**Capitation Rate Development for January 2008 through December 2008**  
**Children's Intensive Mental Health Services Costs Per Member Per Month**

**EXHIBIT 2-B**

| <b>Eligibility Category</b>           | <b>Psychiatric Day Treatment Services PMPM</b> | <b>Psychiatric Residential Treatment Services PMPM</b> | <b>Community Treatment Services PMPM</b> | <b>Total Intensive MH Services PMPM</b> |
|---------------------------------------|--|--|--|---|
| TANF Adults                           | \$0.00   | \$0.00   | \$0.00                                   | \$0.00                                  |
| PLM Adults                            | \$0.00   | \$0.00   | \$0.00                                   | \$0.00                                  |
| PLM, CHIP, or TANF Children Aged 0-1  | \$0.00   | \$0.00   | \$0.00                                   | \$0.00                                  |
| PLM, CHIP, or TANF Children Aged 1-5  | \$0.44   | \$0.00   | \$0.07                                   | \$0.50                                  |
| PLM, CHIP, or TANF Children Aged 6-18 | \$2.55   | \$0.98   | \$1.79                                   | \$5.33                                  |
| AB/AD with Medicare                   | \$0.00   | \$0.00   | \$0.00                                   | \$0.00                                  |
| AB/AD without Medicare                | \$4.07   | \$6.71   | \$3.26                                   | \$14.03                                 |
| OAA with Medicare                     | \$0.00   | \$0.00   | \$0.00                                   | \$0.00                                  |
| OAA without Medicare                  | \$0.00   | \$0.00   | \$0.00                                   | \$0.00                                  |
| SCF Children                          | \$19.33  | \$43.18  | \$13.61                                  | \$76.12                                 |
| OHP Families                          | \$0.00   | \$0.00   | \$0.00                                   | \$0.00                                  |
| OHP Adults and Couples                | \$0.00   | \$0.00   | \$0.00                                   | \$0.00                                  |

**Oregon Health Plan Medicaid Demonstration  
 Capitation Rate Development for January 2008 through December 2008  
 Certificate of Need Assessment Costs Per Member Per Month**

**EXHIBIT 2-C**

| Eligibility Category                  | PMPM   |
|---------------------------------------|--------|
| TANF Adults                           | \$0.00 |
| PLM Adults                            | \$0.00 |
| PLM, CHIP, or TANF Children Aged 0-1  | \$0.00 |
| PLM, CHIP, or TANF Children Aged 1-5  | \$0.00 |
| PLM, CHIP, or TANF Children Aged 6-18 | \$0.03 |
| AB/AD with Medicare                   | \$0.00 |
| AB/AD without Medicare                | \$0.06 |
| OAA with Medicare                     | \$0.00 |
| OAA without Medicare                  | \$0.00 |
| SCF Children                          | \$0.27 |
| OHP Families                          | \$0.00 |
| OHP Adults and Couples                | \$0.00 |

**Oregon Health Plan Medicaid Demonstration**  
**Capitation Rate Development for January 2008 through December 2008**  
**Maternity Case Rate Development for FCHPs**  
 Does not include adjustment for Administration Allowance

**EXHIBIT 2-D**

|                      | A                   | B                           | C                                   | D                   | E              | F  | G                                   | H                   | I              | J                       | K                   | L                   | M                 |
|----------------------|---------------------|-----------------------------|-------------------------------------|---------------------|----------------|--|-------------------------------------|---------------------|----------------|-------------------------|---------------------|---------------------|-------------------|
|                      |                     |                             |                                     |                     |                |  |                                     |                     |                | = (B*F+C*G)/A<br>*12000 | = (D*H)/A<br>*12000 | = (E*I)/A<br>*12000 | = J + K + L       |
|                      | Utilization         | January 2008 Statewide PMPM |                                     |                     |                | Percentage of PMPM Related to Maternity Services |                                     |                     |                | Case Cost               |                     |                     |                   |
| Eligibility Category | Deliveries per 1000 | IP HOSP - MATERNITY         | IP HOSP - MATERNITY / STERILIZATION | OP HOSP - MATERNITY | PHYS MATERNITY | IP HOSP - MATERNITY                              | IP HOSP - MATERNITY / STERILIZATION | OP HOSP - MATERNITY | PHYS MATERNITY | IP HOSP MATERNITY       | OP HOSP MATERNITY   | PHYS MATERNITY      | TOTAL             |
| TANF                 | 97.4                | \$25.83                     | \$2.83                              | \$6.94              | \$23.82        | 100%   | 60%                                 | 100%                | 100%           | \$3,390.94              | \$854.38            | \$2,934.04          | \$7,179.37        |
| PLMA                 | 1,235.4             | \$393.47                    | \$24.28                             | \$61.73             | \$296.59       | 100%   | 60%                                 | 100%                | 100%           | \$3,963.74              | \$599.57            | \$2,880.88          | \$7,444.19        |
| CHILD 06-18          | 4.8                 | \$1.70                      | \$0.01                              | \$0.60              | \$1.26         | 100%   | 60%                                 | 100%                | 100%           | \$4,220.83              | \$1,477.66          | \$3,115.23          | \$8,813.71        |
| ABAD                 | 7.2                 | \$3.69                      | \$0.27                              | \$1.09              | \$2.04         | 100%   | 60%                                 | 100%                | 100%           | \$6,458.20              | \$1,825.37          | \$3,426.72          | \$11,710.29       |
| SCF                  | 2.0                 | \$0.74                      | \$0.08                              | \$0.36              | \$0.55         | 100%   | 60%                                 | 100%                | 100%           | \$4,635.61              | \$2,154.57          | \$3,269.46          | \$10,059.64       |
| <b>Total</b>         | <b>77.2</b>         | <b>\$23.82</b>              | <b>\$1.69</b>                       | <b>\$4.62</b>       | <b>\$18.73</b> |  |                                     |                     |                | <b>\$3,861.10</b>       | <b>\$717.39</b>     | <b>\$2,911.82</b>   | <b>\$7,490.31</b> |

**Oregon Health Plan Medicaid Demonstration**  
**Capitation Rate Development for January 2008 through December 2008**  
**Maternity Case Rate Development for PCOs**  
Does not include adjustment for Administration Allowance

**EXHIBIT 2-E**

|                      | A                   | B                           | C              | D  | E              | F                                      | G   | H                               | I          |
|----------------------|---------------------|-----------------------------|----------------|--|----------------|--|---|---------------------------------|------------|
|                      |                     |                             |                |  |                |  | $= (B \cdot D \cdot (1 - F)) / A \cdot 12000$ | $= (C \cdot E) / A \cdot 12000$ | $= G + H$  |
|                      | Utilization         | January 2008 Statewide PMPM |                | Percentage of PMPM Related to Maternity Services |                | Expected Decrease in OP Hospital Costs | Case Cost                                     |                                 |            |
| Eligibility Category | Deliveries per 1000 | OP HOSP - MATERNITY         | PHYS MATERNITY | OP HOSP - MATERNITY                              | PHYS MATERNITY |  | OP HOSP - MATERNITY                           | PHYS MATERNITY                  | TOTAL      |
| TANF                 | 97.4                | \$6.94                      | \$23.82        | 100%   | 100%           | 5%                                     | \$811.66                                      | \$2,934.04                      | \$3,745.70 |
| PLMA                 | 1,235.4             | \$61.73                     | \$296.59       | 100%   | 100%           |  | \$569.59                                      | \$2,880.88                      | \$3,450.47 |
| CHILD 06-18          | 4.8                 | \$0.60                      | \$1.26         | 100%   | 100%           |  | \$1,403.77                                    | \$3,115.23                      | \$4,519.00 |
| ABAD                 | 7.2                 | \$1.09                      | \$2.04         | 100%   | 100%           |  | \$1,734.11                                    | \$3,426.72                      | \$5,160.82 |
| SCF                  | 2.0                 | \$0.36                      | \$0.55         | 100%   | 100%           |  | \$2,046.84                                    | \$3,269.46                      | \$5,316.30 |
| Total                | 77.2                | \$4.62                      | \$18.73        |  |                |  | \$681.52                                      | \$2,911.82                      | \$3,593.34 |

**Oregon Health Plan Medicaid Demonstration  
 Capitation Rate Development for January 2008 through December 2008  
 Bariatric Surgery Capitation Adjustment and Bariatric Surgery Case Rate**

**EXHIBIT 2-F**

| Eligibility Category                  | Bariatric Surgery<br>Capitation Adjustment <sup>1,2</sup> |
|---------------------------------------|---|
| TANF Adults                           | \$0.01  |
| PLM Adults                            | \$0.00  |
| PLM, CHIP, or TANF Children Aged 0-1  | \$0.00  |
| PLM, CHIP, or TANF Children Aged 1-5  | \$0.00  |
| PLM, CHIP, or TANF Children Aged 6-18 | \$0.00  |
| AB/AD with Medicare                   | \$0.01  |
| AB/AD without Medicare                | \$0.05  |
| OAA with Medicare                     | \$0.00  |
| OAA without Medicare                  | \$0.02  |
| SCF Children                          | \$0.00  |
| OHP Families                          | \$0.02  |
| OHP Adults and Couples                | \$0.03  |

<sup>1</sup> Covers pre-surgical evaluations, testing, and transportation costs.

<sup>2</sup> Bariatric Surgery Capitation Adjustment is applied to PHYS - OTHER.

| Bariatric Surgery Case Rate by Contract Type, includes Adjustment for<br>Administrative Allowance |             |            |
|---|-------------|------------|
| Eligibility Category  | FCHP        | PCO        |
| <b>Medicaid Only</b>  | \$16,658.01 | \$2,730.30 |
| <b>Dual Eligibles</b>   | \$1,723.88  | \$546.06   |

**Oregon Health Plan Medicaid Demonstration  
 Capitation Rate Development for January 2008 through December 2008  
 Administration Allowance by Eligibility Category and Contract Type**

**EXHIBIT 2-G**

| Eligibility Category                  | FCHP   | PCO    | CDO    | DCO    | MHO    |
|---------------------------------------|--------|--------|--------|--------|--------|
| TANF Adults                           | 13.06% | 13.06% | 13.06% | 13.06% | 13.06% |
| PLM Adults                            | 13.06% | 13.06% | 13.06% | 13.06% | 13.06% |
| PLM, CHIP, or TANF Children Aged 0-1  | 13.06% | 13.06% | 13.06% | 13.06% | 13.06% |
| PLM, CHIP, or TANF Children Aged 1-5  | 13.06% | 13.06% | 13.06% | 13.06% | 13.06% |
| PLM, CHIP, or TANF Children Aged 6-18 | 13.06% | 13.06% | 13.06% | 13.06% | 13.06% |
| AB/AD with Medicare                   | 20.90% | 21.94% | 13.06% | 13.06% | 13.06% |
| AB/AD without Medicare                | 13.06% | 13.06% | 13.06% | 13.06% | 13.06% |
| OAA with Medicare                     | 19.39% | 20.90% | 13.06% | 13.06% | 13.06% |
| OAA without Medicare                  | 13.06% | 13.06% | 13.06% | 13.06% | 13.06% |
| SCF Children                          | 13.06% | 13.06% | 13.06% | 13.06% | 13.06% |
| OHP Families                          | 13.06% | 13.06% | 13.06% | 13.06% | 13.06% |
| OHP Adults and Couples                | 13.06% | 13.06% | 13.06% | 13.06% | 13.06% |

**Oregon Health Plan Medicaid Demonstration**

**EXHIBIT 2-H**

**Development of January 2008 Statewide FCHP, MHO, DCO, and CDO Capitation Rates from the 2008-2009 Per Capita Costs  
With Adjustments for Funding Through Line 503 of the 2008-2009 Prioritized List**

| Eligibility Category   | Service Category                    | A  | B                                      | C  | D<br>= A * B * C                      | E  | F<br>= D + E                           |
|------------------------|-------------------------------------|--|--|--|---------------------------------------|--|--|
|                        |                                     | 08-09 PCC<br>With Coverage<br>Through Line 503 | Trend Adjustment to<br>Contract Period | Hospital<br>Reimbursement<br>Adjustment <sup>1</sup> | Projected 2008<br>Statewide Cost PMPM | Maternity Carve-<br>Out / Program<br>Change<br>Adjustment <sup>2</sup> | 2008 Statewide<br>Capitation Rate PMPM |
| TANF Adults            |                                     |  |  |  |                                       |  |  |
| <b>PHYSICAL HEALTH</b> |                                     |  |  |  |                                       |  |  |
|                        | ADMINISTRATIVE EXAMS                | \$0.00   | 0.973                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                        | ANESTHESIA                          | \$4.39   | 0.973                                  | 1.000  | \$4.27                                |  | \$4.27                                 |
|                        | EXCEPT NEEDS CARE COORDINATION      | \$0.00   | 1.000                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                        | FP - IP HOSP                        | \$0.00   | 0.983                                  | 0.820  | \$0.00                                |  | \$0.00                                 |
|                        | FP - OP HOSP                        | \$0.07   | 0.983                                  | 0.828  | \$0.06                                |  | \$0.06                                 |
|                        | FP - PHYS                           | \$1.14   | 0.973                                  | 1.000  | \$1.11                                |  | \$1.11                                 |
|                        | HYSTERECTOMY - ANESTHESIA           | \$0.09   | 0.973                                  | 1.000  | \$0.09                                |  | \$0.09                                 |
|                        | HYSTERECTOMY - IP HOSP              | \$3.52   | 0.983                                  | 0.827  | \$2.86                                |  | \$2.86                                 |
|                        | HYSTERECTOMY - OP HOSP              | \$0.04   | 0.983                                  | 0.816  | \$0.03                                |  | \$0.03                                 |
|                        | HYSTERECTOMY - PHYS                 | \$0.58   | 0.973                                  | 1.000  | \$0.56                                |  | \$0.56                                 |
|                        | IP HOSP - ACUTE DETOX               | \$0.36   | 0.983                                  | 0.811  | \$0.29                                |  | \$0.29                                 |
|                        | IP HOSP - MATERNITY                 | \$31.56  | 0.983                                  | 0.832  | \$25.83                               | -\$25.83   | \$0.00                                 |
|                        | IP HOSP - MATERNITY / STERILIZATION | \$3.43   | 0.983                                  | 0.839  | \$2.83                                | -\$1.70  | \$1.13                                 |
|                        | IP HOSP - MEDICAL/SURGICAL          | \$45.73  | 0.983                                  | 0.820  | \$36.86                               |  | \$36.86                                |
|                        | IP HOSP - NEWBORN                   | \$0.07   | 0.983                                  | 0.815  | \$0.05                                |  | \$0.05                                 |
|                        | IP HOSP - POST HOSP EXTENDED CARE   | \$0.00   | 0.983                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                        | LAB & RAD - DIAGNOSTIC X-RAY        | \$10.02  | 0.973                                  | 1.000  | \$9.75                                |  | \$9.75                                 |
|                        | LAB & RAD - LAB                     | \$7.21   | 0.973                                  | 1.000  | \$7.02                                |  | \$7.02                                 |
|                        | LAB & RAD - THERAPEUTIC X-RAY       | \$0.30   | 0.973                                  | 1.000  | \$0.29                                |  | \$0.29                                 |
|                        | OP ER - SOMATIC MH                  | \$0.48   | 0.983                                  | 0.823  | \$0.39                                |  | \$0.39                                 |
|                        | OP HOSP - BASIC                     | \$25.49  | 0.983                                  | 0.854  | \$21.41                               |  | \$21.41                                |
|                        | OP HOSP - DENTAL ANESTHESIA         | \$0.00   | 0.983                                  | 0.845  | \$0.00                                |  | \$0.00                                 |
|                        | OP HOSP - DENTAL DIAGNOSTIC         | \$0.00   | 0.983                                  | 0.845  | \$0.00                                |  | \$0.00                                 |
|                        | OP HOSP - DENTAL PREVENTIVE         | \$0.00   | 0.983                                  | 0.845  | \$0.00                                |  | \$0.00                                 |
|                        | OP HOSP - DENTAL RESTORATIVE        | \$0.00   | 0.983                                  | 0.845  | \$0.00                                |  | \$0.00                                 |
|                        | OP HOSP - EMERGENCY ROOM            | \$14.53  | 0.983                                  | 0.833  | \$11.90                               |  | \$11.90                                |
|                        | OP HOSP - LAB & RAD                 | \$22.97  | 0.983                                  | 0.835  | \$18.87                               |  | \$18.87                                |
|                        | OP HOSP - MATERNITY                 | \$8.42   | 0.983                                  | 0.838  | \$6.94                                | -\$6.94  | \$0.00                                 |
|                        | OP HOSP - POST HOSP EXTENDED CARE   | \$0.01   | 0.983                                  | 0.891  | \$0.00                                |  | \$0.00                                 |
|                        | OP HOSP - PRES DRUGS BASIC          | \$3.15   | 0.983                                  | 0.844  | \$2.61                                |  | \$2.61                                 |
|                        | OP HOSP - PRES DRUGS MH/CD          | \$0.04   | 0.983                                  | 0.836  | \$0.03                                |  | \$0.03                                 |
|                        | OP HOSP - SOMATIC MH                | \$0.49   | 0.983                                  | 0.830  | \$0.40                                |  | \$0.40                                 |
|                        | OTH MED - DME                       | \$1.30   | 0.973                                  | 1.000  | \$1.27                                |  | \$1.27                                 |
|                        | OTH MED - HHC/PDN                   | \$0.35   | 0.973                                  | 0.952  | \$0.33                                |  | \$0.33                                 |
|                        | OTH MED - HOSPICE                   | \$0.07   | 0.973                                  | 0.909  | \$0.06                                |  | \$0.06                                 |
|                        | OTH MED - MATERNITY MGT             | \$0.00   | 0.973                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                        | OTH MED - SUPPLIES                  | \$0.90   | 0.973                                  | 1.000  | \$0.88                                |  | \$0.88                                 |
|                        | PHYS CONSULTATION, IP & ER VISITS   | \$10.53  | 0.973                                  | 1.000  | \$10.24                               |  | \$10.24                                |
|                        | PHYS HOME OR LONG-TERM CARE VISITS  | \$0.01   | 0.973                                  | 1.000  | \$0.01                                |  | \$0.01                                 |
|                        | PHYS MATERNITY                      | \$24.48  | 0.973                                  | 1.000  | \$23.82                               | -\$23.82   | \$0.00                                 |
|                        | PHYS NEWBORN                        | \$0.03   | 0.973                                  | 1.000  | \$0.03                                |  | \$0.03                                 |
|                        | PHYS OFFICE VISITS                  | \$25.74  | 0.973                                  | 1.000  | \$25.04                               |  | \$25.04                                |
|                        | PHYS OTHER                          | \$4.99   | 0.973                                  | 1.000  | \$4.85                                | \$0.01   | \$4.86                                 |
|                        | PHYS SOMATIC MH                     | \$2.56   | 0.973                                  | 1.000  | \$2.49                                |  | \$2.49                                 |

**Oregon Health Plan Medicaid Demonstration**

**EXHIBIT 2-H**

**Development of January 2008 Statewide FCHP, MHO, DCO, and CDO Capitation Rates from the 2008-2009 Per Capita Costs**

With Adjustments for Funding Through Line 503 of the 2008-2009 Prioritized List

| Eligibility Category | Service Category                            | A  | B                                      | C  | D<br>= A * B * C                      | E  | F<br>= D + E                           |
|----------------------|---|--|--|--|---------------------------------------|--|--|
|                      |   | 08-09 PCC<br>With Coverage<br>Through Line 503 | Trend Adjustment to<br>Contract Period | Hospital<br>Reimbursement<br>Adjustment <sup>1</sup> | Projected 2008<br>Statewide Cost PMPM | Maternity Carve-<br>Out / Program<br>Change<br>Adjustment <sup>2</sup> | 2008 Statewide<br>Capitation Rate PMPM |
| TANF Adults          |   |  |  |  |                                       |  |  |
|                      | PRES DRUGS - BASIC                          | \$38.44  | 0.963                                  | 1.000  | \$37.04                               |  | \$37.04                                |
|                      | PRES DRUGS - FP                             | \$2.15   | 0.963                                  | 1.000  | \$2.07                                |  | \$2.07                                 |
|                      | PRES DRUGS - MH/CD                          | \$0.00   | 0.963                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                      | SCHOOL-BASED HEALTH SERVICES                | \$0.00   | 0.973                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                      | STERILIZATION - ANESTHESIA FEMALE           | \$0.35   | 0.973                                  | 1.000  | \$0.34                                |  | \$0.34                                 |
|                      | STERILIZATION - ANESTHESIA MALE             | \$0.00   | 0.973                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                      | STERILIZATION - IP HOSP FEMALE              | \$3.81   | 0.983                                  | 0.837  | \$3.14                                |  | \$3.14                                 |
|                      | STERILIZATION - IP HOSP MALE                | \$0.00   | 0.983                                  | 0.820  | \$0.00                                |  | \$0.00                                 |
|                      | STERILIZATION - OP HOSP FEMALE              | \$0.19   | 0.983                                  | 0.845  | \$0.16                                |  | \$0.16                                 |
|                      | STERILIZATION - OP HOSP MALE                | \$0.00   | 0.983                                  | 0.800  | \$0.00                                |  | \$0.00                                 |
|                      | STERILIZATION - PHY FEMALE                  | \$0.55   | 0.973                                  | 1.000  | \$0.53                                |  | \$0.53                                 |
|                      | STERILIZATION - PHY MALE                    | \$0.08   | 0.973                                  | 1.000  | \$0.07                                |  | \$0.07                                 |
|                      | SURGERY                                     | \$11.42  | 0.973                                  | 1.000  | \$11.11                               |  | \$11.11                                |
|                      | TARGETED CASE MAN - BABIES FIRST            | \$0.00   | 0.973                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                      | TARGETED CASE MAN - HIV                     | \$0.00   | 0.973                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                      | TARGETED CASE MAN - SUBS ABUSE MOMS         | \$0.00   | 0.973                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                      | THERAPEUTIC ABORTION - IP HOSP              | \$0.00   | 0.983                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                      | THERAPEUTIC ABORTION - OP HOSP              | \$0.00   | 0.983                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                      | THERAPEUTIC ABORTION - PHYS                 | \$0.00   | 0.973                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                      | TRANSPORTATION - AMBULANCE                  | \$3.57   | 0.973                                  | 1.000  | \$3.48                                |  | \$3.48                                 |
|                      | TRANSPORTATION - OTHER                      | \$0.00   | 0.973                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                      | VISION CARE - EXAMS & THERAPY               | \$2.36   | 0.973                                  | 1.000  | \$2.29                                |  | \$2.29                                 |
|                      | VISION CARE - MATERIALS & FITTING           | \$1.95   | 0.973                                  | 1.000  | \$1.90                                |  | \$1.90                                 |
|                      | PART A DEDUCTIBLE                           |  |  |  |                                       |  |  |
|                      | PART B DEDUCTIBLE                           |  |  |  |                                       |  |  |
|                      | PART B COINSURANCE ADJUSTMENT               |  |  |  |                                       |  |  |
|                      | <b>Subtotal Physical Health</b>             | <b>\$319.93</b>                                |  |  | <b>\$285.60</b>                       | <b>-\$58.27</b>  | <b>\$227.33</b>                        |
|                      | <b>Subtotal Physical Health w Admin</b>     |  |  |  |                                       |  | <b>\$261.48</b>                        |
|                      | <b>CHEMICAL DEPENDENCY</b>                  |  |  |  |                                       |  |  |
|                      | CD SERVICES - ALTERNATIVE TO DETOX          | \$0.42   | 0.972                                  | 1.000  | \$0.41                                |  | \$0.41                                 |
|                      | CD SERVICES - METHADONE                     | \$3.13   | 0.972                                  | 1.000  | \$3.04                                |  | \$3.04                                 |
|                      | CD SERVICES - OP                            | \$7.22   | 0.972                                  | 1.000  | \$7.02                                |  | \$7.02                                 |
|                      | <b>Subtotal Chemical Dependency</b>         | <b>\$10.78</b>                                 |  |  | <b>\$10.47</b>                        |  | <b>\$10.47</b>                         |
|                      | <b>Subtotal Chemical Dependency w Admin</b> |  |  |  |                                       |  | <b>\$12.04</b>                         |

**Oregon Health Plan Medicaid Demonstration**

**EXHIBIT 2-H**

**Development of January 2008 Statewide FCHP, MHO, DCO, and CDO Capitation Rates from the 2008-2009 Per Capita Costs**

With Adjustments for Funding Through Line 503 of the 2008-2009 Prioritized List

| Eligibility Category | Service Category                      | A  | B                                      | C  | D<br>= A * B * C                      | E  | F<br>= D + E                           |
|----------------------|---------------------------------------|--|--|--|---------------------------------------|--|--|
|                      |                                       | 08-09 PCC<br>With Coverage<br>Through Line 503 | Trend Adjustment to<br>Contract Period | Hospital<br>Reimbursement<br>Adjustment <sup>1</sup> | Projected 2008<br>Statewide Cost PMPM | Maternity Carve-<br>Out / Program<br>Change<br>Adjustment <sup>2</sup> | 2008 Statewide<br>Capitation Rate PMPM |
| TANF Adults          |                                       |  |  |  |                                       |  |  |
| <b>DENTAL</b>        |                                       |  |  |  |                                       |  |  |
|                      | DENTAL - ADJUNCTIVE GENERAL           | \$2.04   | 0.970                                  | 1.000  | \$1.98                                |  | \$1.98                                 |
|                      | DENTAL - ANESTHESIA SURGICAL          | \$0.30   | 0.970                                  | 1.000  | \$0.29                                |  | \$0.29                                 |
|                      | DENTAL - DIAGNOSTIC                   | \$6.27   | 0.970                                  | 1.000  | \$6.08                                |  | \$6.08                                 |
|                      | DENTAL - ENDODONTICS                  | \$2.55   | 0.970                                  | 1.000  | \$2.47                                |  | \$2.47                                 |
|                      | DENTAL - I/P FIXED                    | \$0.02   | 0.970                                  | 1.000  | \$0.02                                |  | \$0.02                                 |
|                      | DENTAL - MAXILLOFACIAL PROS           | \$0.00   | 0.970                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                      | DENTAL - ORAL SURGERY                 | \$3.97   | 0.970                                  | 1.000  | \$3.85                                |  | \$3.85                                 |
|                      | DENTAL - ORTHODONTICS                 | \$0.00   | 0.970                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                      | DENTAL - PERIODONTICS                 | \$2.31   | 0.970                                  | 1.000  | \$2.24                                |  | \$2.24                                 |
|                      | DENTAL - PREVENTIVE                   | \$1.98   | 0.970                                  | 1.000  | \$1.92                                |  | \$1.92                                 |
|                      | DENTAL - PROS REMOVABLE               | \$3.29   | 0.970                                  | 1.000  | \$3.19                                |  | \$3.19                                 |
|                      | DENTAL - RESTORATIVE                  | \$7.59   | 0.970                                  | 1.000  | \$7.37                                |  | \$7.37                                 |
|                      | <b>Subtotal Dental</b>                | <b>\$30.31</b>                                 |  |  | <b>\$29.42</b>                        |  | <b>\$29.42</b>                         |
|                      | <b>Subtotal Dental w Admin</b>        |  |  |  |                                       |  | <b>\$33.83</b>                         |
| <b>MENTAL HEALTH</b> |                                       |  |  |  |                                       |  |  |
|                      | MH SERVICES ACUTE INPATIENT           | \$4.06   | 0.972                                  | 0.808  | \$3.19                                |  | \$3.19                                 |
|                      | MH SERVICES ALTERNATIVE TO IP         | \$0.14   | 0.972                                  | 1.000  | \$0.14                                |  | \$0.14                                 |
|                      | MH SERVICES ANCILLARY SERVICES        | \$0.05   | 0.972                                  | 1.000  | \$0.05                                |  | \$0.05                                 |
|                      | MH SERVICES ASSESS & EVAL             | \$1.63   | 0.972                                  | 1.000  | \$1.59                                |  | \$1.59                                 |
|                      | MH SERVICES CASE MANAGEMENT           | \$1.46   | 0.972                                  | 1.000  | \$1.42                                |  | \$1.42                                 |
|                      | MH SERVICES CONSULTATION              | \$0.02   | 0.972                                  | 1.000  | \$0.02                                |  | \$0.02                                 |
|                      | MH SERVICES EVIDENCE BASED PRACTICE   | \$0.00   | 0.972                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                      | MH SERVICES FAMILY SUPPORT            | \$0.01   | 0.972                                  | 1.000  | \$0.01                                |  | \$0.01                                 |
|                      | MH SERVICES MED MANAGEMENT            | \$0.34   | 0.972                                  | 1.000  | \$0.33                                |  | \$0.33                                 |
|                      | MH SERVICES OP THERAPY                | \$4.33   | 0.972                                  | 1.000  | \$4.20                                |  | \$4.20                                 |
|                      | MH SERVICES OTHER OP                  | \$0.02   | 0.972                                  | 1.000  | \$0.01                                |  | \$0.01                                 |
|                      | MH SERVICES PEO                       | \$0.69   | 1.000                                  | 1.000  | \$0.69                                |  | \$0.69                                 |
|                      | MH SERVICES PHYS IP                   | \$1.49   | 0.972                                  | 1.000  | \$1.45                                |  | \$1.45                                 |
|                      | MH SERVICES PHYS OP                   | \$6.68   | 0.972                                  | 1.000  | \$6.49                                |  | \$6.49                                 |
|                      | MH SERVICES SUPPORT DAY PROGRAM       | \$0.44   | 0.972                                  | 1.000  | \$0.43                                |  | \$0.43                                 |
|                      | MH SERVICES INTENSIVE THERAPY SVCS    | \$0.00   | 0.972                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                      | MH SERVICES CONS ASSESS               |  |  |  |                                       |  | \$0.00                                 |
|                      | <b>Subtotal Mental Health</b>         | <b>\$21.35</b>                                 |  |  | <b>\$20.01</b>                        |  | <b>\$20.01</b>                         |
|                      | <b>Subtotal Mental Health w Admin</b> |  |  |  |                                       |  | <b>\$23.02</b>                         |
|                      | <b>Total Services</b>                 | <b>\$382.37</b>                                |  |  | <b>\$345.50</b>                       | <b>-\$58.27</b>  | <b>\$287.23</b>                        |
|                      | <b>Total Services with Admin</b>      |  |  |  |                                       |  | <b>\$330.37</b>                        |

1) Reflects change from funding DRG hospitals at 100% of cost as in 2008-09 per capita costs to 80% of cost for 2008 capitation rates.

2) Reflects Maternity Case Rate Carve-Out, Children's Mental Health Services Adjustment, and Bariatric Surgery Adjustment

**Oregon Health Plan Medicaid Demonstration**

**EXHIBIT 2-H**

**Development of January 2008 Statewide FCHP, MHO, DCO, and CDO Capitation Rates from the 2008-2009 Per Capita Costs**

With Adjustments for Funding Through Line 503 of the 2008-2009 Prioritized List

| Eligibility Category | Service Category                    | A  | B                                      | C  | D<br>= A * B * C                      | E  | F<br>= D + E                           |
|----------------------|-------------------------------------|--|--|--|---------------------------------------|--|--|
|                      |                                     | 08-09 PCC<br>With Coverage<br>Through Line 503 | Trend Adjustment to<br>Contract Period | Hospital<br>Reimbursement<br>Adjustment <sup>1</sup> | Projected 2008<br>Statewide Cost PMPM | Maternity Carve-<br>Out / Program<br>Change<br>Adjustment <sup>2</sup> | 2008 Statewide<br>Capitation Rate PMPM |
| PLM Adults           | <b>PHYSICAL HEALTH</b>              |  |  |  |                                       |  |  |
|                      | ADMINISTRATIVE EXAMS                | \$0.00   | 0.973                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                      | ANESTHESIA                          | \$27.73  | 0.973                                  | 1.000  | \$26.97                               |  | \$26.97                                |
|                      | EXCEPT NEEDS CARE COORDINATION      | \$0.00   | 1.000                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                      | FP - IP HOSP                        | \$0.00   | 0.983                                  | 0.820  | \$0.00                                |  | \$0.00                                 |
|                      | FP - OP HOSP                        | \$0.16   | 0.983                                  | 0.828  | \$0.13                                |  | \$0.13                                 |
|                      | FP - PHYS                           | \$4.17   | 0.973                                  | 1.000  | \$4.05                                |  | \$4.05                                 |
|                      | HYSTERECTOMY - ANESTHESIA           | \$0.04   | 0.973                                  | 1.000  | \$0.04                                |  | \$0.04                                 |
|                      | HYSTERECTOMY - IP HOSP              | \$0.82   | 0.983                                  | 0.827  | \$0.67                                |  | \$0.67                                 |
|                      | HYSTERECTOMY - OP HOSP              | \$0.00   | 0.983                                  | 0.816  | \$0.00                                |  | \$0.00                                 |
|                      | HYSTERECTOMY - PHYS                 | \$0.12   | 0.973                                  | 1.000  | \$0.12                                |  | \$0.12                                 |
|                      | IP HOSP - ACUTE DETOX               | \$0.17   | 0.983                                  | 0.811  | \$0.14                                |  | \$0.14                                 |
|                      | IP HOSP - MATERNITY                 | \$480.85                                       | 0.983                                  | 0.832  | \$393.47                              | -\$393.47  | \$0.00                                 |
|                      | IP HOSP - MATERNITY / STERILIZATION | \$29.42  | 0.983                                  | 0.839  | \$24.28                               | -\$14.60   | \$9.68                                 |
|                      | IP HOSP - MEDICAL/SURGICAL          | \$12.51  | 0.983                                  | 0.820  | \$10.08                               |  | \$10.08                                |
|                      | IP HOSP - NEWBORN                   | \$0.52   | 0.983                                  | 0.815  | \$0.42                                |  | \$0.42                                 |
|                      | IP HOSP - POST HOSP EXTENDED CARE   | \$0.00   | 0.983                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                      | LAB & RAD - DIAGNOSTIC X-RAY        | \$30.85  | 0.973                                  | 1.000  | \$30.02                               |  | \$30.02                                |
|                      | LAB & RAD - LAB                     | \$20.76  | 0.973                                  | 1.000  | \$20.19                               |  | \$20.19                                |
|                      | LAB & RAD - THERAPEUTIC X-RAY       | \$0.00   | 0.973                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                      | OP ER - SOMATIC MH                  | \$0.14   | 0.983                                  | 0.823  | \$0.11                                |  | \$0.11                                 |
|                      | OP HOSP - BASIC                     | \$14.19  | 0.983                                  | 0.854  | \$11.92                               |  | \$11.92                                |
|                      | OP HOSP - DENTAL ANESTHESIA         | \$0.00   | 0.983                                  | 0.845  | \$0.00                                |  | \$0.00                                 |
|                      | OP HOSP - DENTAL DIAGNOSTIC         | \$0.00   | 0.983                                  | 0.845  | \$0.00                                |  | \$0.00                                 |
|                      | OP HOSP - DENTAL PREVENTIVE         | \$0.00   | 0.983                                  | 0.845  | \$0.00                                |  | \$0.00                                 |
|                      | OP HOSP - DENTAL RESTORATIVE        | \$0.00   | 0.983                                  | 0.845  | \$0.00                                |  | \$0.00                                 |
|                      | OP HOSP - EMERGENCY ROOM            | \$5.83   | 0.983                                  | 0.833  | \$4.78                                |  | \$4.78                                 |
|                      | OP HOSP - LAB & RAD                 | \$13.91  | 0.983                                  | 0.835  | \$11.43                               |  | \$11.43                                |
|                      | OP HOSP - MATERNITY                 | \$74.94  | 0.983                                  | 0.838  | \$61.73                               | -\$61.73   | \$0.00                                 |
|                      | OP HOSP - POST HOSP EXTENDED CARE   | \$0.01   | 0.983                                  | 0.891  | \$0.00                                |  | \$0.00                                 |
|                      | OP HOSP - PRES DRUGS BASIC          | \$4.42   | 0.983                                  | 0.844  | \$3.67                                |  | \$3.67                                 |
|                      | OP HOSP - PRES DRUGS MH/CD          | \$0.01   | 0.983                                  | 0.836  | \$0.01                                |  | \$0.01                                 |
|                      | OP HOSP - SOMATIC MH                | \$0.14   | 0.983                                  | 0.830  | \$0.11                                |  | \$0.11                                 |
|                      | OTH MED - DME                       | \$0.56   | 0.973                                  | 1.000  | \$0.54                                |  | \$0.54                                 |
|                      | OTH MED - HHC/PDN                   | \$0.36   | 0.973                                  | 0.952  | \$0.33                                |  | \$0.33                                 |
|                      | OTH MED - HOSPICE                   | \$0.00   | 0.973                                  | 0.909  | \$0.00                                |  | \$0.00                                 |
|                      | OTH MED - MATERNITY MGT             | \$0.00   | 0.973                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                      | OTH MED - SUPPLIES                  | \$1.20   | 0.973                                  | 1.000  | \$1.17                                |  | \$1.17                                 |
|                      | PHYS CONSULTATION, IP & ER VISITS   | \$6.21   | 0.973                                  | 1.000  | \$6.04                                |  | \$6.04                                 |
|                      | PHYS HOME OR LONG-TERM CARE VISITS  | \$0.01   | 0.973                                  | 1.000  | \$0.01                                |  | \$0.01                                 |
|                      | PHYS MATERNITY                      | \$304.88                                       | 0.973                                  | 1.000  | \$296.59                              | -\$296.59  | \$0.00                                 |
|                      | PHYS NEWBORN                        | \$0.14   | 0.973                                  | 1.000  | \$0.14                                |  | \$0.14                                 |
|                      | PHYS OFFICE VISITS                  | \$11.96  | 0.973                                  | 1.000  | \$11.63                               |  | \$11.63                                |
|                      | PHYS OTHER                          | \$2.59   | 0.973                                  | 1.000  | \$2.52                                |  | \$2.52                                 |
|                      | PHYS SOMATIC MH                     | \$0.76   | 0.973                                  | 1.000  | \$0.74                                |  | \$0.74                                 |

Oregon Health Plan Medicaid Demonstration

EXHIBIT 2-H

Development of January 2008 Statewide FCHP, MHO, DCO, and CDO Capitation Rates from the 2008-2009 Per Capita Costs

With Adjustments for Funding Through Line 503 of the 2008-2009 Prioritized List

| Eligibility Category | Service Category                            | A  | B                                      | C  | D<br>= A * B * C                      | E  | F<br>= D + E                           |
|----------------------|---|--|--|--|---------------------------------------|--|--|
|                      |   | 08-09 PCC<br>With Coverage<br>Through Line 503 | Trend Adjustment to<br>Contract Period | Hospital<br>Reimbursement<br>Adjustment <sup>1</sup> | Projected 2008<br>Statewide Cost PMPM | Maternity Carve-<br>Out / Program<br>Change<br>Adjustment <sup>2</sup> | 2008 Statewide<br>Capitation Rate PMPM |
| PLM Adults           |   |  |  |  |                                       |  |  |
|                      | PRES DRUGS - BASIC                          | \$24.47  | 0.963                                  | 1.000  | \$23.57                               |  | \$23.57                                |
|                      | PRES DRUGS - FP                             | \$3.02   | 0.963                                  | 1.000  | \$2.91                                |  | \$2.91                                 |
|                      | PRES DRUGS - MH/CD                          | \$0.00   | 0.963                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                      | SCHOOL-BASED HEALTH SERVICES                | \$0.00   | 0.973                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                      | STERILIZATION - ANESTHESIA FEMALE           | \$1.65   | 0.973                                  | 1.000  | \$1.60                                |  | \$1.60                                 |
|                      | STERILIZATION - ANESTHESIA MALE             | \$0.00   | 0.973                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                      | STERILIZATION - IP HOSP FEMALE              | \$25.20  | 0.983                                  | 0.837  | \$20.75                               |  | \$20.75                                |
|                      | STERILIZATION - IP HOSP MALE                | \$0.00   | 0.983                                  | 0.820  | \$0.00                                |  | \$0.00                                 |
|                      | STERILIZATION - OP HOSP FEMALE              | \$0.58   | 0.983                                  | 0.845  | \$0.48                                |  | \$0.48                                 |
|                      | STERILIZATION - OP HOSP MALE                | \$0.00   | 0.983                                  | 0.800  | \$0.00                                |  | \$0.00                                 |
|                      | STERILIZATION - PHY FEMALE                  | \$3.02   | 0.973                                  | 1.000  | \$2.94                                |  | \$2.94                                 |
|                      | STERILIZATION - PHY MALE                    | \$0.00   | 0.973                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                      | SURGERY                                     | \$6.01   | 0.973                                  | 1.000  | \$5.85                                |  | \$5.85                                 |
|                      | TARGETED CASE MAN - BABIES FIRST            | \$0.00   | 0.973                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                      | TARGETED CASE MAN - HIV                     | \$0.00   | 0.973                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                      | TARGETED CASE MAN - SUBS ABUSE MOMS         | \$0.00   | 0.973                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                      | THERAPEUTIC ABORTION - IP HOSP              | \$0.00   | 0.983                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                      | THERAPEUTIC ABORTION - OP HOSP              | \$0.00   | 0.983                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                      | THERAPEUTIC ABORTION - PHYS                 | \$0.00   | 0.973                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                      | TRANSPORTATION - AMBULANCE                  | \$6.01   | 0.973                                  | 1.000  | \$5.85                                |  | \$5.85                                 |
|                      | TRANSPORTATION - OTHER                      | \$0.00   | 0.973                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                      | VISION CARE - EXAMS & THERAPY               | \$2.14   | 0.973                                  | 1.000  | \$2.08                                |  | \$2.08                                 |
|                      | VISION CARE - MATERIALS & FITTING           | \$1.80   | 0.973                                  | 1.000  | \$1.75                                |  | \$1.75                                 |
|                      | PART A DEDUCTIBLE                           |  |  |  |                                       |  |  |
|                      | PART B DEDUCTIBLE                           |  |  |  |                                       |  |  |
|                      | PART B COINSURANCE ADJUSTMENT               |  |  |  |                                       |  |  |
|                      | <b>Subtotal Physical Health</b>             | <b>\$1,124.26</b>                              |  |  | <b>\$991.84</b>                       | <b>-\$766.39</b>   | <b>\$225.45</b>                        |
|                      | <b>Subtotal Physical Health w Admin</b>     |  |  |  |                                       |  | <b>\$259.31</b>                        |
|                      | <b>CHEMICAL DEPENDENCY</b>                  |  |  |  |                                       |  |  |
|                      | CD SERVICES - ALTERNATIVE TO DETOX          | \$0.08   | 0.972                                  | 1.000  | \$0.08                                |  | \$0.08                                 |
|                      | CD SERVICES - METHADONE                     | \$1.37   | 0.972                                  | 1.000  | \$1.34                                |  | \$1.34                                 |
|                      | CD SERVICES - OP                            | \$4.03   | 0.972                                  | 1.000  | \$3.92                                |  | \$3.92                                 |
|                      | <b>Subtotal Chemical Dependency</b>         | <b>\$5.48</b>                                  |  |  | <b>\$5.33</b>                         |  | <b>\$5.33</b>                          |
|                      | <b>Subtotal Chemical Dependency w Admin</b> |  |  |  |                                       |  | <b>\$6.13</b>                          |

**Oregon Health Plan Medicaid Demonstration**

**EXHIBIT 2-H**

**Development of January 2008 Statewide FCHP, MHO, DCO, and CDO Capitation Rates from the 2008-2009 Per Capita Costs**

With Adjustments for Funding Through Line 503 of the 2008-2009 Prioritized List

| Eligibility Category | Service Category                      | A  | B                                      | C  | D<br>= A * B * C                      | E  | F<br>= D + E                           |
|----------------------|---------------------------------------|--|--|--|---------------------------------------|--|--|
|                      |                                       | 08-09 PCC<br>With Coverage<br>Through Line 503 | Trend Adjustment to<br>Contract Period | Hospital<br>Reimbursement<br>Adjustment <sup>1</sup> | Projected 2008<br>Statewide Cost PMPM | Maternity Carve-<br>Out / Program<br>Change<br>Adjustment <sup>2</sup> | 2008 Statewide<br>Capitation Rate PMPM |
| PLM Adults           |                                       |  |  |  |                                       |  |  |
| <b>DENTAL</b>        |                                       |  |  |  |                                       |  |  |
|                      | DENTAL - ADJUNCTIVE GENERAL           | \$1.34   | 0.970                                  | 1.000  | \$1.30                                |  | \$1.30                                 |
|                      | DENTAL - ANESTHESIA SURGICAL          | \$0.12   | 0.970                                  | 1.000  | \$0.12                                |  | \$0.12                                 |
|                      | DENTAL - DIAGNOSTIC                   | \$6.01   | 0.970                                  | 1.000  | \$5.83                                |  | \$5.83                                 |
|                      | DENTAL - ENDODONTICS                  | \$2.28   | 0.970                                  | 1.000  | \$2.21                                |  | \$2.21                                 |
|                      | DENTAL - I/P FIXED                    | \$0.00   | 0.970                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                      | DENTAL - MAXILLOFACIAL PROS           | \$0.00   | 0.970                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                      | DENTAL - ORAL SURGERY                 | \$2.10   | 0.970                                  | 1.000  | \$2.04                                |  | \$2.04                                 |
|                      | DENTAL - ORTHODONTICS                 | \$0.00   | 0.970                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                      | DENTAL - PERIODONTICS                 | \$1.56   | 0.970                                  | 1.000  | \$1.51                                |  | \$1.51                                 |
|                      | DENTAL - PREVENTIVE                   | \$2.69   | 0.970                                  | 1.000  | \$2.61                                |  | \$2.61                                 |
|                      | DENTAL - PROS REMOVABLE               | \$0.39   | 0.970                                  | 1.000  | \$0.38                                |  | \$0.38                                 |
|                      | DENTAL - RESTORATIVE                  | \$7.10   | 0.970                                  | 1.000  | \$6.89                                |  | \$6.89                                 |
|                      | <b>Subtotal Dental</b>                | <b>\$23.59</b>                                 |  |  | <b>\$22.89</b>                        |  | <b>\$22.89</b>                         |
|                      | <b>Subtotal Dental w Admin</b>        |  |  |  |                                       |  | <b>\$26.33</b>                         |
| <b>MENTAL HEALTH</b> |                                       |  |  |  |                                       |  |  |
|                      | MH SERVICES ACUTE INPATIENT           | \$1.80   | 0.972                                  | 0.808  | \$1.41                                |  | \$1.41                                 |
|                      | MH SERVICES ALTERNATIVE TO IP         | \$0.09   | 0.972                                  | 1.000  | \$0.09                                |  | \$0.09                                 |
|                      | MH SERVICES ANCILLARY SERVICES        | \$0.00   | 0.972                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                      | MH SERVICES ASSESS & EVAL             | \$0.72   | 0.972                                  | 1.000  | \$0.70                                |  | \$0.70                                 |
|                      | MH SERVICES CASE MANAGEMENT           | \$0.44   | 0.972                                  | 1.000  | \$0.43                                |  | \$0.43                                 |
|                      | MH SERVICES CONSULTATION              | \$0.01   | 0.972                                  | 1.000  | \$0.01                                |  | \$0.01                                 |
|                      | MH SERVICES EVIDENCE BASED PRACTICE   | \$0.00   | 0.972                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                      | MH SERVICES FAMILY SUPPORT            | \$0.00   | 0.972                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                      | MH SERVICES MED MANAGEMENT            | \$0.05   | 0.972                                  | 1.000  | \$0.05                                |  | \$0.05                                 |
|                      | MH SERVICES OP THERAPY                | \$1.26   | 0.972                                  | 1.000  | \$1.22                                |  | \$1.22                                 |
|                      | MH SERVICES OTHER OP                  | \$0.09   | 0.972                                  | 1.000  | \$0.08                                |  | \$0.08                                 |
|                      | MH SERVICES PEO                       | \$0.69   | 1.000                                  | 1.000  | \$0.69                                |  | \$0.69                                 |
|                      | MH SERVICES PHYS IP                   | \$0.32   | 0.972                                  | 1.000  | \$0.31                                |  | \$0.31                                 |
|                      | MH SERVICES PHYS OP                   | \$2.29   | 0.972                                  | 1.000  | \$2.23                                |  | \$2.23                                 |
|                      | MH SERVICES SUPPORT DAY PROGRAM       | \$0.09   | 0.972                                  | 1.000  | \$0.08                                |  | \$0.08                                 |
|                      | MH SERVICES INTENSIVE THERAPY SVCS    | \$0.00   | 0.972                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                      | MH SERVICES CONS ASSESS               |  |  |  |                                       |  | \$0.00                                 |
|                      | <b>Subtotal Mental Health</b>         | <b>\$7.86</b>                                  |  |  | <b>\$7.32</b>                         |  | <b>\$7.32</b>                          |
|                      | <b>Subtotal Mental Health w Admin</b> |  |  |  |                                       |  | <b>\$8.42</b>                          |
|                      | <b>Total Services</b>                 | <b>\$1,161.19</b>                              |  |  | <b>\$1,027.38</b>                     | <b>-\$766.39</b>   | <b>\$260.99</b>                        |
|                      | <b>Total Services with Admin</b>      |  |  |  |                                       |  | <b>\$300.19</b>                        |

1) Reflects change from funding DRG hospitals at 100% of cost as in 2008-09 per capita costs to 80% of cost for 2008 capitation rates.

2) Reflects Maternity Case Rate Carve-Out, Children's Mental Health Services Adjustment, and Bariatric Surgery Adjustment

**Oregon Health Plan Medicaid Demonstration**

**EXHIBIT 2-H**

**Development of January 2008 Statewide FCHP, MHO, DCO, and CDO Capitation Rates from the 2008-2009 Per Capita Costs**

With Adjustments for Funding Through Line 503 of the 2008-2009 Prioritized List

| Eligibility Category                 | Service Category                    | A  | B                                      | C  | D<br>= A * B * C                      | E  | F<br>= D + E                           |
|--------------------------------------|-------------------------------------|--|--|--|---------------------------------------|--|--|
|                                      |                                     | 08-09 PCC<br>With Coverage<br>Through Line 503 | Trend Adjustment to<br>Contract Period | Hospital<br>Reimbursement<br>Adjustment <sup>1</sup> | Projected 2008<br>Statewide Cost PMPM | Maternity Carve-<br>Out / Program<br>Change<br>Adjustment <sup>2</sup> | 2008 Statewide<br>Capitation Rate PMPM |
| PLM, CHIP, or TANF Children Aged 0-1 |                                     |  |  |  |                                       |  |  |
| <b>PHYSICAL HEALTH</b>               |                                     |  |  |  |                                       |  |  |
|                                      | ADMINISTRATIVE EXAMS                | \$0.00   | 0.970                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                                      | ANESTHESIA                          | \$2.11   | 0.970                                  | 1.000  | \$2.05                                |  | \$2.05                                 |
|                                      | EXCEPT NEEDS CARE COORDINATION      | \$0.00   | 1.000                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                                      | FP - IP HOSP                        | \$0.00   | 0.983                                  | 0.820  | \$0.00                                |  | \$0.00                                 |
|                                      | FP - OP HOSP                        | \$0.00   | 0.962                                  | 0.828  | \$0.00                                |  | \$0.00                                 |
|                                      | FP - PHYS                           | \$0.00   | 0.970                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                                      | HYSTERECTOMY - ANESTHESIA           | \$0.00   | 0.970                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                                      | HYSTERECTOMY - IP HOSP              | \$0.00   | 0.983                                  | 0.827  | \$0.00                                |  | \$0.00                                 |
|                                      | HYSTERECTOMY - OP HOSP              | \$0.00   | 0.962                                  | 0.816  | \$0.00                                |  | \$0.00                                 |
|                                      | HYSTERECTOMY - PHYS                 | \$0.00   | 0.970                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                                      | IP HOSP - ACUTE DETOX               | \$0.00   | 0.983                                  | 0.811  | \$0.00                                |  | \$0.00                                 |
|                                      | IP HOSP - MATERNITY                 | \$0.07   | 0.983                                  | 0.832  | \$0.06                                |  | \$0.06                                 |
|                                      | IP HOSP - MATERNITY / STERILIZATION | \$0.01   | 0.983                                  | 0.839  | \$0.01                                |  | \$0.01                                 |
|                                      | IP HOSP - MEDICAL/SURGICAL          | \$70.47  | 0.983                                  | 0.820  | \$56.80                               |  | \$56.80                                |
|                                      | IP HOSP - NEWBORN                   | \$193.77                                       | 0.983                                  | 0.815  | \$155.22                              |  | \$155.22                               |
|                                      | IP HOSP - POST HOSP EXTENDED CARE   | \$0.00   | 0.983                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                                      | LAB & RAD - DIAGNOSTIC X-RAY        | \$3.52   | 0.970                                  | 1.000  | \$3.41                                |  | \$3.41                                 |
|                                      | LAB & RAD - LAB                     | \$1.22   | 0.970                                  | 1.000  | \$1.19                                |  | \$1.19                                 |
|                                      | LAB & RAD - THERAPEUTIC X-RAY       | \$0.01   | 0.970                                  | 1.000  | \$0.01                                |  | \$0.01                                 |
|                                      | OP ER - SOMATIC MH                  | \$0.01   | 0.962                                  | 0.823  | \$0.00                                |  | \$0.00                                 |
|                                      | OP HOSP - BASIC                     | \$17.08  | 0.962                                  | 0.854  | \$14.03                               |  | \$14.03                                |
|                                      | OP HOSP - DENTAL ANESTHESIA         | \$0.00   | 0.962                                  | 0.845  | \$0.00                                |  | \$0.00                                 |
|                                      | OP HOSP - DENTAL DIAGNOSTIC         | \$0.00   | 0.962                                  | 0.845  | \$0.00                                |  | \$0.00                                 |
|                                      | OP HOSP - DENTAL PREVENTIVE         | \$0.00   | 0.962                                  | 0.845  | \$0.00                                |  | \$0.00                                 |
|                                      | OP HOSP - DENTAL RESTORATIVE        | \$0.00   | 0.962                                  | 0.845  | \$0.00                                |  | \$0.00                                 |
|                                      | OP HOSP - EMERGENCY ROOM            | \$12.47  | 0.962                                  | 0.833  | \$10.00                               |  | \$10.00                                |
|                                      | OP HOSP - LAB & RAD                 | \$9.76   | 0.962                                  | 0.835  | \$7.85                                |  | \$7.85                                 |
|                                      | OP HOSP - MATERNITY                 | \$0.02   | 0.962                                  | 0.838  | \$0.01                                |  | \$0.01                                 |
|                                      | OP HOSP - POST HOSP EXTENDED CARE   | \$0.00   | 0.962                                  | 0.891  | \$0.00                                |  | \$0.00                                 |
|                                      | OP HOSP - PRES DRUGS BASIC          | \$1.25   | 0.962                                  | 0.844  | \$1.02                                |  | \$1.02                                 |
|                                      | OP HOSP - PRES DRUGS MH/CD          | \$0.00   | 0.962                                  | 0.836  | \$0.00                                |  | \$0.00                                 |
|                                      | OP HOSP - SOMATIC MH                | \$0.04   | 0.962                                  | 0.830  | \$0.03                                |  | \$0.03                                 |
|                                      | OTH MED - DME                       | \$1.41   | 0.970                                  | 1.000  | \$1.37                                |  | \$1.37                                 |
|                                      | OTH MED - HHC/PDN                   | \$0.40   | 0.970                                  | 0.952  | \$0.37                                |  | \$0.37                                 |
|                                      | OTH MED - HOSPICE                   | \$0.06   | 0.970                                  | 0.909  | \$0.05                                |  | \$0.05                                 |
|                                      | OTH MED - MATERNITY MGT             | \$0.00   | 0.970                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                                      | OTH MED - SUPPLIES                  | \$1.51   | 0.970                                  | 1.000  | \$1.47                                |  | \$1.47                                 |
|                                      | PHYS CONSULTATION, IP & ER VISITS   | \$30.85  | 0.970                                  | 1.000  | \$29.91                               |  | \$29.91                                |
|                                      | PHYS HOME OR LONG-TERM CARE VISITS  | \$0.08   | 0.970                                  | 1.000  | \$0.08                                |  | \$0.08                                 |
|                                      | PHYS MATERNITY                      | \$0.10   | 0.970                                  | 1.000  | \$0.09                                |  | \$0.09                                 |
|                                      | PHYS NEWBORN                        | \$6.32   | 0.970                                  | 1.000  | \$6.13                                |  | \$6.13                                 |
|                                      | PHYS OFFICE VISITS                  | \$63.47  | 0.970                                  | 1.000  | \$61.54                               |  | \$61.54                                |
|                                      | PHYS OTHER                          | \$7.44   | 0.970                                  | 1.000  | \$7.21                                |  | \$7.21                                 |
|                                      | PHYS SOMATIC MH                     | \$0.09   | 0.970                                  | 1.000  | \$0.09                                |  | \$0.09                                 |

**Oregon Health Plan Medicaid Demonstration**

**EXHIBIT 2-H**

**Development of January 2008 Statewide FCHP, MHO, DCO, and CDO Capitation Rates from the 2008-2009 Per Capita Costs**

With Adjustments for Funding Through Line 503 of the 2008-2009 Prioritized List

| Eligibility Category                 | Service Category                            | A  | B                                      | C  | D<br>= A * B * C                      | E  | F<br>= D + E                           |
|--------------------------------------|---|--|--|--|---------------------------------------|--|--|
|                                      |   | 08-09 PCC<br>With Coverage<br>Through Line 503 | Trend Adjustment to<br>Contract Period | Hospital<br>Reimbursement<br>Adjustment <sup>1</sup> | Projected 2008<br>Statewide Cost PMPM | Maternity Carve-<br>Out / Program<br>Change<br>Adjustment <sup>2</sup> | 2008 Statewide<br>Capitation Rate PMPM |
| PLM, CHIP, or TANF Children Aged 0-1 |   |  |  |  |                                       |  |  |
|                                      | PRES DRUGS - BASIC                          | \$12.05  | 0.963                                  | 1.000  | \$11.61                               |  | \$11.61                                |
|                                      | PRES DRUGS - FP                             | \$0.01   | 0.963                                  | 1.000  | \$0.01                                |  | \$0.01                                 |
|                                      | PRES DRUGS - MH/CD                          | \$0.00   | 0.963                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                                      | SCHOOL-BASED HEALTH SERVICES                | \$0.00   | 0.970                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                                      | STERILIZATION - ANESTHESIA FEMALE           | \$0.00   | 0.970                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                                      | STERILIZATION - ANESTHESIA MALE             | \$0.00   | 0.970                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                                      | STERILIZATION - IP HOSP FEMALE              | \$0.00   | 0.983                                  | 0.837  | \$0.00                                |  | \$0.00                                 |
|                                      | STERILIZATION - IP HOSP MALE                | \$0.00   | 0.983                                  | 0.820  | \$0.00                                |  | \$0.00                                 |
|                                      | STERILIZATION - OP HOSP FEMALE              | \$0.00   | 0.962                                  | 0.845  | \$0.00                                |  | \$0.00                                 |
|                                      | STERILIZATION - OP HOSP MALE                | \$0.01   | 0.962                                  | 0.800  | \$0.01                                |  | \$0.01                                 |
|                                      | STERILIZATION - PHY FEMALE                  | \$0.00   | 0.970                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                                      | STERILIZATION - PHY MALE                    | \$0.00   | 0.970                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                                      | SURGERY                                     | \$6.65   | 0.970                                  | 1.000  | \$6.44                                |  | \$6.44                                 |
|                                      | TARGETED CASE MAN - BABIES FIRST            | \$0.00   | 0.970                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                                      | TARGETED CASE MAN - HIV                     | \$0.00   | 0.970                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                                      | TARGETED CASE MAN - SUBS ABUSE MOMS         | \$0.00   | 0.970                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                                      | THERAPEUTIC ABORTION - IP HOSP              | \$0.00   | 0.983                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                                      | THERAPEUTIC ABORTION - OP HOSP              | \$0.00   | 0.962                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                                      | THERAPEUTIC ABORTION - PHYS                 | \$0.00   | 0.970                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                                      | TRANSPORTATION - AMBULANCE                  | \$6.49   | 0.970                                  | 1.000  | \$6.30                                |  | \$6.30                                 |
|                                      | TRANSPORTATION - OTHER                      | \$0.00   | 0.970                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                                      | VISION CARE - EXAMS & THERAPY               | \$0.41   | 0.970                                  | 1.000  | \$0.39                                |  | \$0.39                                 |
|                                      | VISION CARE - MATERIALS & FITTING           | \$0.02   | 0.970                                  | 1.000  | \$0.02                                |  | \$0.02                                 |
|                                      | PART A DEDUCTIBLE                           |  |  |  |                                       |  |  |
|                                      | PART B DEDUCTIBLE                           |  |  |  |                                       |  |  |
|                                      | PART B COINSURANCE ADJUSTMENT               |  |  |  |                                       |  |  |
|                                      | <b>Subtotal Physical Health</b>             | <b>\$449.18</b>                                |  |  | <b>\$384.78</b>                       |  | <b>\$384.78</b>                        |
|                                      | <b>Subtotal Physical Health w Admin</b>     |  |  |  |                                       |  | <b>\$442.58</b>                        |
|                                      | <b>CHEMICAL DEPENDENCY</b>                  |  |  |  |                                       |  |  |
|                                      | CD SERVICES - ALTERNATIVE TO DETOX          | \$0.00   | 0.960                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                                      | CD SERVICES - METHADONE                     | \$0.00   | 0.960                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                                      | CD SERVICES - OP                            | \$0.00   | 0.960                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                                      | <b>Subtotal Chemical Dependency</b>         | <b>\$0.01</b>                                  |  |  | <b>\$0.01</b>                         |  | <b>\$0.01</b>                          |
|                                      | <b>Subtotal Chemical Dependency w Admin</b> |  |  |  |                                       |  | <b>\$0.01</b>                          |

**Oregon Health Plan Medicaid Demonstration**

**EXHIBIT 2-H**

**Development of January 2008 Statewide FCHP, MHO, DCO, and CDO Capitation Rates from the 2008-2009 Per Capita Costs**

With Adjustments for Funding Through Line 503 of the 2008-2009 Prioritized List

| Eligibility Category                 | Service Category                      | A  | B                                      | C  | D<br>= A * B * C                      | E  | F<br>= D + E                           |
|--------------------------------------|---------------------------------------|--|--|--|---------------------------------------|--|--|
|                                      |                                       | 08-09 PCC<br>With Coverage<br>Through Line 503 | Trend Adjustment to<br>Contract Period | Hospital<br>Reimbursement<br>Adjustment <sup>1</sup> | Projected 2008<br>Statewide Cost PMPM | Maternity Carve-<br>Out / Program<br>Change<br>Adjustment <sup>2</sup> | 2008 Statewide<br>Capitation Rate PMPM |
| PLM, CHIP, or TANF Children Aged 0-1 |                                       |  |  |  |                                       |  |  |
| <b>DENTAL</b>                        |                                       |  |  |  |                                       |  |  |
|                                      | DENTAL - ADJUNCTIVE GENERAL           | \$0.00   | 0.970                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                                      | DENTAL - ANESTHESIA SURGICAL          | \$0.00   | 0.970                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                                      | DENTAL - DIAGNOSTIC                   | \$0.07   | 0.970                                  | 1.000  | \$0.07                                |  | \$0.07                                 |
|                                      | DENTAL - ENDODONTICS                  | \$0.00   | 0.970                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                                      | DENTAL - I/P FIXED                    | \$0.00   | 0.970                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                                      | DENTAL - MAXILLOFACIAL PROS           | \$0.00   | 0.970                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                                      | DENTAL - ORAL SURGERY                 | \$0.02   | 0.970                                  | 1.000  | \$0.01                                |  | \$0.01                                 |
|                                      | DENTAL - ORTHODONTICS                 | \$0.00   | 0.970                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                                      | DENTAL - PERIODONTICS                 | \$0.00   | 0.970                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                                      | DENTAL - PREVENTIVE                   | \$0.04   | 0.970                                  | 1.000  | \$0.04                                |  | \$0.04                                 |
|                                      | DENTAL - PROS REMOVABLE               | \$0.00   | 0.970                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                                      | DENTAL - RESTORATIVE                  | \$0.02   | 0.970                                  | 1.000  | \$0.01                                |  | \$0.01                                 |
|                                      | <b>Subtotal Dental</b>                | <b>\$0.15</b>                                  |  |  | <b>\$0.15</b>                         |  | <b>\$0.15</b>                          |
|                                      | <b>Subtotal Dental w Admin</b>        |  |  |  |                                       |  | <b>\$0.17</b>                          |
| <b>MENTAL HEALTH</b>                 |                                       |  |  |  |                                       |  |  |
|                                      | MH SERVICES ACUTE INPATIENT           | \$0.00   | 0.960                                  | 0.808  | \$0.00                                |  | \$0.00                                 |
|                                      | MH SERVICES ALTERNATIVE TO IP         | \$0.00   | 0.960                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                                      | MH SERVICES ANCILLARY SERVICES        | \$0.00   | 0.960                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                                      | MH SERVICES ASSESS & EVAL             | \$0.01   | 0.960                                  | 1.000  | \$0.01                                |  | \$0.01                                 |
|                                      | MH SERVICES CASE MANAGEMENT           | \$0.01   | 0.960                                  | 1.000  | \$0.01                                |  | \$0.01                                 |
|                                      | MH SERVICES CONSULTATION              | \$0.00   | 0.960                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                                      | MH SERVICES EVIDENCE BASED PRACTICE   | \$0.00   | 0.960                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                                      | MH SERVICES FAMILY SUPPORT            | \$0.00   | 0.960                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                                      | MH SERVICES MED MANAGEMENT            | \$0.00   | 0.960                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                                      | MH SERVICES OP THERAPY                | \$0.01   | 0.960                                  | 1.000  | \$0.01                                |  | \$0.01                                 |
|                                      | MH SERVICES OTHER OP                  | \$0.00   | 0.960                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                                      | MH SERVICES PEO                       | \$0.69   | 1.000                                  | 1.000  | \$0.69                                |  | \$0.69                                 |
|                                      | MH SERVICES PHYS IP                   | \$0.01   | 0.960                                  | 1.000  | \$0.01                                |  | \$0.01                                 |
|                                      | MH SERVICES PHYS OP                   | \$0.06   | 0.960                                  | 1.000  | \$0.06                                |  | \$0.06                                 |
|                                      | MH SERVICES SUPPORT DAY PROGRAM       | \$0.00   | 0.960                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                                      | MH SERVICES INTENSIVE THERAPY SVCS    | \$0.02   | 0.960                                  | 1.000  | \$0.02                                | -\$0.02  | \$0.00                                 |
|                                      | MH SERVICES CONS ASSESS               |  |  |  |                                       |  | \$0.00                                 |
|                                      | <b>Subtotal Mental Health</b>         | <b>\$0.82</b>                                  |  |  | <b>\$0.81</b>                         | <b>-\$0.02</b>   | <b>\$0.79</b>                          |
|                                      | <b>Subtotal Mental Health w Admin</b> |  |  |  |                                       |  | <b>\$0.91</b>                          |
|                                      | <b>Total Services</b>                 | <b>\$450.15</b>                                |  |  | <b>\$385.75</b>                       | <b>-\$0.02</b>   | <b>\$385.73</b>                        |
|                                      | <b>Total Services with Admin</b>      |  |  |  |                                       |  | <b>\$443.67</b>                        |

1) Reflects change from funding DRG hospitals at 100% of cost as in 2008-09 per capita costs to 80% of cost for 2008 capitation rates.

2) Reflects Maternity Case Rate Carve-Out, Children's Mental Health Services Adjustment, and Bariatric Surgery Adjustment

**Oregon Health Plan Medicaid Demonstration**

**EXHIBIT 2-H**

**Development of January 2008 Statewide FCHP, MHO, DCO, and CDO Capitation Rates from the 2008-2009 Per Capita Costs**

With Adjustments for Funding Through Line 503 of the 2008-2009 Prioritized List

| Eligibility Category                 | Service Category                    | A  | B                                      | C  | D<br>= A * B * C                      | E  | F<br>= D + E                           |
|--------------------------------------|-------------------------------------|--|--|--|---------------------------------------|--|--|
|                                      |                                     | 08-09 PCC<br>With Coverage<br>Through Line 503 | Trend Adjustment to<br>Contract Period | Hospital<br>Reimbursement<br>Adjustment <sup>1</sup> | Projected 2008<br>Statewide Cost PMPM | Maternity Carve-<br>Out / Program<br>Change<br>Adjustment <sup>2</sup> | 2008 Statewide<br>Capitation Rate PMPM |
| PLM, CHIP, or TANF Children Aged 1-5 |                                     |  |  |  |                                       |  |  |
| <b>PHYSICAL HEALTH</b>               |                                     |  |  |  |                                       |  |  |
|                                      | ADMINISTRATIVE EXAMS                | \$0.00   | 0.970                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                                      | ANESTHESIA                          | \$1.89   | 0.970                                  | 1.000  | \$1.84                                |  | \$1.84                                 |
|                                      | EXCEPT NEEDS CARE COORDINATION      | \$0.00   | 1.000                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                                      | FP - IP HOSP                        | \$0.00   | 0.983                                  | 0.820  | \$0.00                                |  | \$0.00                                 |
|                                      | FP - OP HOSP                        | \$0.00   | 0.962                                  | 0.828  | \$0.00                                |  | \$0.00                                 |
|                                      | FP - PHYS                           | \$0.00   | 0.970                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                                      | HYSTERECTOMY - ANESTHESIA           | \$0.00   | 0.970                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                                      | HYSTERECTOMY - IP HOSP              | \$0.00   | 0.983                                  | 0.827  | \$0.00                                |  | \$0.00                                 |
|                                      | HYSTERECTOMY - OP HOSP              | \$0.00   | 0.962                                  | 0.816  | \$0.00                                |  | \$0.00                                 |
|                                      | HYSTERECTOMY - PHYS                 | \$0.00   | 0.970                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                                      | IP HOSP - ACUTE DETOX               | \$0.00   | 0.983                                  | 0.811  | \$0.00                                |  | \$0.00                                 |
|                                      | IP HOSP - MATERNITY                 | \$0.00   | 0.983                                  | 0.832  | \$0.00                                |  | \$0.00                                 |
|                                      | IP HOSP - MATERNITY / STERILIZATION | \$0.00   | 0.983                                  | 0.839  | \$0.00                                |  | \$0.00                                 |
|                                      | IP HOSP - MEDICAL/SURGICAL          | \$12.90  | 0.983                                  | 0.820  | \$10.40                               |  | \$10.40                                |
|                                      | IP HOSP - NEWBORN                   | \$0.04   | 0.983                                  | 0.815  | \$0.03                                |  | \$0.03                                 |
|                                      | IP HOSP - POST HOSP EXTENDED CARE   | \$0.00   | 0.983                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                                      | LAB & RAD - DIAGNOSTIC X-RAY        | \$1.10   | 0.970                                  | 1.000  | \$1.07                                |  | \$1.07                                 |
|                                      | LAB & RAD - LAB                     | \$0.91   | 0.970                                  | 1.000  | \$0.89                                |  | \$0.89                                 |
|                                      | LAB & RAD - THERAPEUTIC X-RAY       | \$0.01   | 0.970                                  | 1.000  | \$0.01                                |  | \$0.01                                 |
|                                      | OP ER - SOMATIC MH                  | \$0.01   | 0.962                                  | 0.823  | \$0.01                                |  | \$0.01                                 |
|                                      | OP HOSP - BASIC                     | \$14.91  | 0.962                                  | 0.854  | \$12.26                               |  | \$12.26                                |
|                                      | OP HOSP - DENTAL ANESTHESIA         | \$0.00   | 0.962                                  | 0.845  | \$0.00                                |  | \$0.00                                 |
|                                      | OP HOSP - DENTAL DIAGNOSTIC         | \$0.00   | 0.962                                  | 0.845  | \$0.00                                |  | \$0.00                                 |
|                                      | OP HOSP - DENTAL PREVENTIVE         | \$0.00   | 0.962                                  | 0.845  | \$0.00                                |  | \$0.00                                 |
|                                      | OP HOSP - DENTAL RESTORATIVE        | \$0.00   | 0.962                                  | 0.845  | \$0.00                                |  | \$0.00                                 |
|                                      | OP HOSP - EMERGENCY ROOM            | \$8.10   | 0.962                                  | 0.833  | \$6.50                                |  | \$6.50                                 |
|                                      | OP HOSP - LAB & RAD                 | \$4.94   | 0.962                                  | 0.835  | \$3.97                                |  | \$3.97                                 |
|                                      | OP HOSP - MATERNITY                 | \$0.00   | 0.962                                  | 0.838  | \$0.00                                |  | \$0.00                                 |
|                                      | OP HOSP - POST HOSP EXTENDED CARE   | \$0.00   | 0.962                                  | 0.891  | \$0.00                                |  | \$0.00                                 |
|                                      | OP HOSP - PRES DRUGS BASIC          | \$1.09   | 0.962                                  | 0.844  | \$0.88                                |  | \$0.88                                 |
|                                      | OP HOSP - PRES DRUGS MH/CD          | \$0.00   | 0.962                                  | 0.836  | \$0.00                                |  | \$0.00                                 |
|                                      | OP HOSP - SOMATIC MH                | \$0.17   | 0.962                                  | 0.830  | \$0.14                                |  | \$0.14                                 |
|                                      | OTH MED - DME                       | \$0.30   | 0.970                                  | 1.000  | \$0.29                                |  | \$0.29                                 |
|                                      | OTH MED - HHC/PDN                   | \$0.13   | 0.970                                  | 0.952  | \$0.12                                |  | \$0.12                                 |
|                                      | OTH MED - HOSPICE                   | \$0.01   | 0.970                                  | 0.909  | \$0.01                                |  | \$0.01                                 |
|                                      | OTH MED - MATERNITY MGT             | \$0.00   | 0.970                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                                      | OTH MED - SUPPLIES                  | \$0.40   | 0.970                                  | 1.000  | \$0.39                                |  | \$0.39                                 |
|                                      | PHYS CONSULTATION, IP & ER VISITS   | \$4.54   | 0.970                                  | 1.000  | \$4.40                                |  | \$4.40                                 |
|                                      | PHYS HOME OR LONG-TERM CARE VISITS  | \$0.01   | 0.970                                  | 1.000  | \$0.01                                |  | \$0.01                                 |
|                                      | PHYS MATERNITY                      | \$0.01   | 0.970                                  | 1.000  | \$0.01                                |  | \$0.01                                 |
|                                      | PHYS NEWBORN                        | \$0.05   | 0.970                                  | 1.000  | \$0.05                                |  | \$0.05                                 |
|                                      | PHYS OFFICE VISITS                  | \$21.43  | 0.970                                  | 1.000  | \$20.77                               |  | \$20.77                                |
|                                      | PHYS OTHER                          | \$1.59   | 0.970                                  | 1.000  | \$1.54                                |  | \$1.54                                 |
|                                      | PHYS SOMATIC MH                     | \$0.57   | 0.970                                  | 1.000  | \$0.55                                |  | \$0.55                                 |

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**Development of January 2008 Statewide FCHP, MHO, DCO, and CDO Capitation Rates from the 2008-2009 Per Capita Costs**

With Adjustments for Funding Through Line 503 of the 2008-2009 Prioritized List

| Eligibility Category                 | Service Category                            | A  | B                                      | C  | D<br>= A * B * C                      | E  | F<br>= D + E                           |
|--------------------------------------|---|--|--|--|---------------------------------------|--|--|
|                                      |   | 08-09 PCC<br>With Coverage<br>Through Line 503 | Trend Adjustment to<br>Contract Period | Hospital<br>Reimbursement<br>Adjustment <sup>1</sup> | Projected 2008<br>Statewide Cost PMPM | Maternity Carve-<br>Out / Program<br>Change<br>Adjustment <sup>2</sup> | 2008 Statewide<br>Capitation Rate PMPM |
| PLM, CHIP, or TANF Children Aged 1-5 |   |  |  |  |                                       |  |  |
|                                      | PRES DRUGS - BASIC                          | \$7.68   | 0.963                                  | 1.000  | \$7.40                                |  | \$7.40                                 |
|                                      | PRES DRUGS - FP                             | \$0.00   | 0.963                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                                      | PRES DRUGS - MH/CD                          | \$0.00   | 0.963                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                                      | SCHOOL-BASED HEALTH SERVICES                | \$0.00   | 0.970                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                                      | STERILIZATION - ANESTHESIA FEMALE           | \$0.00   | 0.970                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                                      | STERILIZATION - ANESTHESIA MALE             | \$0.00   | 0.970                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                                      | STERILIZATION - IP HOSP FEMALE              | \$0.00   | 0.983                                  | 0.837  | \$0.00                                |  | \$0.00                                 |
|                                      | STERILIZATION - IP HOSP MALE                | \$0.00   | 0.983                                  | 0.820  | \$0.00                                |  | \$0.00                                 |
|                                      | STERILIZATION - OP HOSP FEMALE              | \$0.00   | 0.962                                  | 0.845  | \$0.00                                |  | \$0.00                                 |
|                                      | STERILIZATION - OP HOSP MALE                | \$0.00   | 0.962                                  | 0.800  | \$0.00                                |  | \$0.00                                 |
|                                      | STERILIZATION - PHY FEMALE                  | \$0.00   | 0.970                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                                      | STERILIZATION - PHY MALE                    | \$0.00   | 0.970                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                                      | SURGERY                                     | \$3.28   | 0.970                                  | 1.000  | \$3.18                                |  | \$3.18                                 |
|                                      | TARGETED CASE MAN - BABIES FIRST            | \$0.00   | 0.970                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                                      | TARGETED CASE MAN - HIV                     | \$0.00   | 0.970                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                                      | TARGETED CASE MAN - SUBS ABUSE MOMS         | \$0.00   | 0.970                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                                      | THERAPEUTIC ABORTION - IP HOSP              | \$0.00   | 0.983                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                                      | THERAPEUTIC ABORTION - OP HOSP              | \$0.00   | 0.962                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                                      | THERAPEUTIC ABORTION - PHYS                 | \$0.00   | 0.970                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                                      | TRANSPORTATION - AMBULANCE                  | \$1.34   | 0.970                                  | 1.000  | \$1.30                                |  | \$1.30                                 |
|                                      | TRANSPORTATION - OTHER                      | \$0.00   | 0.970                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                                      | VISION CARE - EXAMS & THERAPY               | \$0.69   | 0.970                                  | 1.000  | \$0.67                                |  | \$0.67                                 |
|                                      | VISION CARE - MATERIALS & FITTING           | \$0.25   | 0.970                                  | 1.000  | \$0.24                                |  | \$0.24                                 |
|                                      | PART A DEDUCTIBLE                           |  |  |  |                                       |  |  |
|                                      | PART B DEDUCTIBLE                           |  |  |  |                                       |  |  |
|                                      | PART B COINSURANCE ADJUSTMENT               |  |  |  |                                       |  |  |
|                                      | <b>Subtotal Physical Health</b>             | <b>\$88.38</b>                                 |  |  | <b>\$78.94</b>                        |  | <b>\$78.94</b>                         |
|                                      | <b>Subtotal Physical Health w Admin</b>     |  |  |  |                                       |  | <b>\$90.80</b>                         |
|                                      | <b>CHEMICAL DEPENDENCY</b>                  |  |  |  |                                       |  |  |
|                                      | CD SERVICES - ALTERNATIVE TO DETOX          | \$0.00   | 0.960                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                                      | CD SERVICES - METHADONE                     | \$0.00   | 0.960                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                                      | CD SERVICES - OP                            | \$0.00   | 0.960                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                                      | <b>Subtotal Chemical Dependency</b>         | <b>\$0.00</b>                                  |  |  | <b>\$0.00</b>                         |  | <b>\$0.00</b>                          |
|                                      | <b>Subtotal Chemical Dependency w Admin</b> |  |  |  |                                       |  | <b>\$0.00</b>                          |

**Oregon Health Plan Medicaid Demonstration**

**EXHIBIT 2-H**

**Development of January 2008 Statewide FCHP, MHO, DCO, and CDO Capitation Rates from the 2008-2009 Per Capita Costs**

With Adjustments for Funding Through Line 503 of the 2008-2009 Prioritized List

| Eligibility Category                 | Service Category                      | A  | B                                      | C  | D<br>= A * B * C                      | E  | F<br>= D + E                           |
|--------------------------------------|---------------------------------------|--|--|--|---------------------------------------|--|--|
|                                      |                                       | 08-09 PCC<br>With Coverage<br>Through Line 503 | Trend Adjustment to<br>Contract Period | Hospital<br>Reimbursement<br>Adjustment <sup>1</sup> | Projected 2008<br>Statewide Cost PMPM | Maternity Carve-<br>Out / Program<br>Change<br>Adjustment <sup>2</sup> | 2008 Statewide<br>Capitation Rate PMPM |
| PLM, CHIP, or TANF Children Aged 1-5 |                                       |  |  |  |                                       |  |  |
| <b>DENTAL</b>                        |                                       |  |  |  |                                       |  |  |
|                                      | DENTAL - ADJUNCTIVE GENERAL           | \$0.61   | 0.970                                  | 1.000  | \$0.59                                |  | \$0.59                                 |
|                                      | DENTAL - ANESTHESIA SURGICAL          | \$0.70   | 0.970                                  | 1.000  | \$0.68                                |  | \$0.68                                 |
|                                      | DENTAL - DIAGNOSTIC                   | \$3.04   | 0.970                                  | 1.000  | \$2.95                                |  | \$2.95                                 |
|                                      | DENTAL - ENDODONTICS                  | \$1.08   | 0.970                                  | 1.000  | \$1.05                                |  | \$1.05                                 |
|                                      | DENTAL - I/P FIXED                    | \$0.00   | 0.970                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                                      | DENTAL - MAXILLOFACIAL PROS           | \$0.00   | 0.970                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                                      | DENTAL - ORAL SURGERY                 | \$0.75   | 0.970                                  | 1.000  | \$0.72                                |  | \$0.72                                 |
|                                      | DENTAL - ORTHODONTICS                 | \$0.00   | 0.970                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                                      | DENTAL - PERIODONTICS                 | \$0.01   | 0.970                                  | 1.000  | \$0.01                                |  | \$0.01                                 |
|                                      | DENTAL - PREVENTIVE                   | \$2.70   | 0.970                                  | 1.000  | \$2.62                                |  | \$2.62                                 |
|                                      | DENTAL - PROS REMOVABLE               | \$0.00   | 0.970                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                                      | DENTAL - RESTORATIVE                  | \$7.61   | 0.970                                  | 1.000  | \$7.38                                |  | \$7.38                                 |
|                                      | <b>Subtotal Dental</b>                | <b>\$16.48</b>                                 |  |  | <b>\$15.99</b>                        |  | <b>\$15.99</b>                         |
|                                      | <b>Subtotal Dental w Admin</b>        |  |  |  |                                       |  | <b>\$18.40</b>                         |
| <b>MENTAL HEALTH</b>                 |                                       |  |  |  |                                       |  |  |
|                                      | MH SERVICES ACUTE INPATIENT           | \$0.04   | 0.960                                  | 0.808  | \$0.03                                |  | \$0.03                                 |
|                                      | MH SERVICES ALTERNATIVE TO IP         | \$0.01   | 0.960                                  | 1.000  | \$0.01                                |  | \$0.01                                 |
|                                      | MH SERVICES ANCILLARY SERVICES        | \$0.00   | 0.960                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                                      | MH SERVICES ASSESS & EVAL             | \$0.38   | 0.960                                  | 1.000  | \$0.37                                |  | \$0.37                                 |
|                                      | MH SERVICES CASE MANAGEMENT           | \$0.26   | 0.960                                  | 1.000  | \$0.25                                |  | \$0.25                                 |
|                                      | MH SERVICES CONSULTATION              | \$0.01   | 0.960                                  | 1.000  | \$0.01                                |  | \$0.01                                 |
|                                      | MH SERVICES EVIDENCE BASED PRACTICE   | \$0.00   | 0.960                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                                      | MH SERVICES FAMILY SUPPORT            | \$0.01   | 0.960                                  | 1.000  | \$0.01                                |  | \$0.01                                 |
|                                      | MH SERVICES MED MANAGEMENT            | \$0.02   | 0.960                                  | 1.000  | \$0.02                                |  | \$0.02                                 |
|                                      | MH SERVICES OP THERAPY                | \$0.59   | 0.960                                  | 1.000  | \$0.57                                |  | \$0.57                                 |
|                                      | MH SERVICES OTHER OP                  | \$0.01   | 0.960                                  | 1.000  | \$0.01                                |  | \$0.01                                 |
|                                      | MH SERVICES PEO                       | \$0.69   | 1.000                                  | 1.000  | \$0.69                                |  | \$0.69                                 |
|                                      | MH SERVICES PHYS IP                   | \$0.13   | 0.960                                  | 1.000  | \$0.13                                |  | \$0.13                                 |
|                                      | MH SERVICES PHYS OP                   | \$1.56   | 0.960                                  | 1.000  | \$1.50                                |  | \$1.50                                 |
|                                      | MH SERVICES SUPPORT DAY PROGRAM       | \$0.25   | 0.960                                  | 1.000  | \$0.24                                |  | \$0.24                                 |
|                                      | MH SERVICES INTENSIVE THERAPY SVCS    | \$0.00   | 0.960                                  | 1.000  | \$0.00                                | \$0.50   | \$0.50                                 |
|                                      | MH SERVICES CONS ASSESS               |  |  |  |                                       |  | \$0.00                                 |
|                                      | <b>Subtotal Mental Health</b>         | <b>\$3.97</b>                                  |  |  | <b>\$3.83</b>                         | <b>\$0.50</b>  | <b>\$4.33</b>                          |
|                                      | <b>Subtotal Mental Health w Admin</b> |  |  |  |                                       |  | <b>\$4.98</b>                          |
|                                      | <b>Total Services</b>                 | <b>\$108.83</b>                                |  |  | <b>\$98.76</b>                        | <b>\$0.50</b>  | <b>\$99.26</b>                         |
|                                      | <b>Total Services with Admin</b>      |  |  |  |                                       |  | <b>\$114.17</b>                        |

1) Reflects change from funding DRG hospitals at 100% of cost as in 2008-09 per capita costs to 80% of cost for 2008 capitation rates.

2) Reflects Maternity Case Rate Carve-Out, Children's Mental Health Services Adjustment, and Bariatric Surgery Adjustment

**Oregon Health Plan Medicaid Demonstration**

**EXHIBIT 2-H**

**Development of January 2008 Statewide FCHP, MHO, DCO, and CDO Capitation Rates from the 2008-2009 Per Capita Costs  
With Adjustments for Funding Through Line 503 of the 2008-2009 Prioritized List**

| Eligibility Category                  | Service Category                    | A  | B                                      | C  | D<br>= A * B * C                      | E  | F<br>= D + E                           |
|---------------------------------------|-------------------------------------|--|--|--|---------------------------------------|--|--|
|                                       |                                     | 08-09 PCC<br>With Coverage<br>Through Line 503 | Trend Adjustment to<br>Contract Period | Hospital<br>Reimbursement<br>Adjustment <sup>1</sup> | Projected 2008<br>Statewide Cost PMPM | Maternity Carve-<br>Out / Program<br>Change<br>Adjustment <sup>2</sup> | 2008 Statewide<br>Capitation Rate PMPM |
| PLM, CHIP, or TANF Children Aged 6-18 |                                     |  |  |  |                                       |  |  |
| <b>PHYSICAL HEALTH</b>                |                                     |  |  |  |                                       |  |  |
|                                       | ADMINISTRATIVE EXAMS                | \$0.00   | 0.970                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                                       | ANESTHESIA                          | \$0.99   | 0.970                                  | 1.000  | \$0.96                                |  | \$0.96                                 |
|                                       | EXCEPT NEEDS CARE COORDINATION      | \$0.00   | 1.000                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                                       | FP - IP HOSP                        | \$0.00   | 0.983                                  | 0.820  | \$0.00                                |  | \$0.00                                 |
|                                       | FP - OP HOSP                        | \$0.01   | 0.962                                  | 0.828  | \$0.01                                |  | \$0.01                                 |
|                                       | FP - PHYS                           | \$0.10   | 0.970                                  | 1.000  | \$0.09                                |  | \$0.09                                 |
|                                       | HYSTERECTOMY - ANESTHESIA           | \$0.00   | 0.970                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                                       | HYSTERECTOMY - IP HOSP              | \$0.00   | 0.983                                  | 0.827  | \$0.00                                |  | \$0.00                                 |
|                                       | HYSTERECTOMY - OP HOSP              | \$0.00   | 0.962                                  | 0.816  | \$0.00                                |  | \$0.00                                 |
|                                       | HYSTERECTOMY - PHYS                 | \$0.00   | 0.970                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                                       | IP HOSP - ACUTE DETOX               | \$0.03   | 0.983                                  | 0.811  | \$0.02                                |  | \$0.02                                 |
|                                       | IP HOSP - MATERNITY                 | \$2.08   | 0.983                                  | 0.832  | \$1.70                                | -\$1.70  | \$0.00                                 |
|                                       | IP HOSP - MATERNITY / STERILIZATION | \$0.01   | 0.983                                  | 0.839  | \$0.01                                | \$0.00   | \$0.00                                 |
|                                       | IP HOSP - MEDICAL/SURGICAL          | \$12.11  | 0.983                                  | 0.820  | \$9.76                                |  | \$9.76                                 |
|                                       | IP HOSP - NEWBORN                   | \$0.01   | 0.983                                  | 0.815  | \$0.01                                |  | \$0.01                                 |
|                                       | IP HOSP - POST HOSP EXTENDED CARE   | \$0.00   | 0.983                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                                       | LAB & RAD - DIAGNOSTIC X-RAY        | \$1.89   | 0.970                                  | 1.000  | \$1.83                                |  | \$1.83                                 |
|                                       | LAB & RAD - LAB                     | \$1.37   | 0.970                                  | 1.000  | \$1.32                                |  | \$1.32                                 |
|                                       | LAB & RAD - THERAPEUTIC X-RAY       | \$0.04   | 0.970                                  | 1.000  | \$0.04                                |  | \$0.04                                 |
|                                       | OP ER - SOMATIC MH                  | \$0.17   | 0.962                                  | 0.823  | \$0.13                                |  | \$0.13                                 |
|                                       | OP HOSP - BASIC                     | \$8.96   | 0.962                                  | 0.854  | \$7.37                                |  | \$7.37                                 |
|                                       | OP HOSP - DENTAL ANESTHESIA         | \$0.00   | 0.962                                  | 0.845  | \$0.00                                |  | \$0.00                                 |
|                                       | OP HOSP - DENTAL DIAGNOSTIC         | \$0.00   | 0.962                                  | 0.845  | \$0.00                                |  | \$0.00                                 |
|                                       | OP HOSP - DENTAL PREVENTIVE         | \$0.00   | 0.962                                  | 0.845  | \$0.00                                |  | \$0.00                                 |
|                                       | OP HOSP - DENTAL RESTORATIVE        | \$0.00   | 0.962                                  | 0.845  | \$0.00                                |  | \$0.00                                 |
|                                       | OP HOSP - EMERGENCY ROOM            | \$5.49   | 0.962                                  | 0.833  | \$4.41                                |  | \$4.41                                 |
|                                       | OP HOSP - LAB & RAD                 | \$6.55   | 0.962                                  | 0.835  | \$5.27                                |  | \$5.27                                 |
|                                       | OP HOSP - MATERNITY                 | \$0.74   | 0.962                                  | 0.838  | \$0.60                                | -\$0.60  | \$0.00                                 |
|                                       | OP HOSP - POST HOSP EXTENDED CARE   | \$0.00   | 0.962                                  | 0.891  | \$0.00                                |  | \$0.00                                 |
|                                       | OP HOSP - PRES DRUGS BASIC          | \$0.83   | 0.962                                  | 0.844  | \$0.67                                |  | \$0.67                                 |
|                                       | OP HOSP - PRES DRUGS MH/CD          | \$0.01   | 0.962                                  | 0.836  | \$0.00                                |  | \$0.00                                 |
|                                       | OP HOSP - SOMATIC MH                | \$0.22   | 0.962                                  | 0.830  | \$0.18                                |  | \$0.18                                 |
|                                       | OTH MED - DME                       | \$0.24   | 0.970                                  | 1.000  | \$0.24                                |  | \$0.24                                 |
|                                       | OTH MED - HHC/PDN                   | \$0.06   | 0.970                                  | 0.952  | \$0.06                                |  | \$0.06                                 |
|                                       | OTH MED - HOSPICE                   | \$0.00   | 0.970                                  | 0.909  | \$0.00                                |  | \$0.00                                 |
|                                       | OTH MED - MATERNITY MGT             | \$0.00   | 0.970                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                                       | OTH MED - SUPPLIES                  | \$0.27   | 0.970                                  | 1.000  | \$0.26                                |  | \$0.26                                 |
|                                       | PHYS CONSULTATION, IP & ER VISITS   | \$3.08   | 0.970                                  | 1.000  | \$2.99                                |  | \$2.99                                 |
|                                       | PHYS HOME OR LONG-TERM CARE VISITS  | \$0.00   | 0.970                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                                       | PHYS MATERNITY                      | \$1.30   | 0.970                                  | 1.000  | \$1.26                                | -\$1.26  | \$0.00                                 |
|                                       | PHYS NEWBORN                        | \$0.06   | 0.970                                  | 1.000  | \$0.06                                |  | \$0.06                                 |
|                                       | PHYS OFFICE VISITS                  | \$11.98  | 0.970                                  | 1.000  | \$11.62                               |  | \$11.62                                |
|                                       | PHYS OTHER                          | \$1.32   | 0.970                                  | 1.000  | \$1.28                                |  | \$1.28                                 |
|                                       | PHYS SOMATIC MH                     | \$1.29   | 0.970                                  | 1.000  | \$1.25                                |  | \$1.25                                 |

Oregon Health Plan Medicaid Demonstration

EXHIBIT 2-H

Development of January 2008 Statewide FCHP, MHO, DCO, and CDO Capitation Rates from the 2008-2009 Per Capita Costs

With Adjustments for Funding Through Line 503 of the 2008-2009 Prioritized List

| Eligibility Category                  | Service Category                            | A  | B                                      | C  | D<br>= A * B * C                      | E  | F<br>= D + E                           |
|---------------------------------------|---|--|--|--|---------------------------------------|--|--|
|                                       |   | 08-09 PCC<br>With Coverage<br>Through Line 503 | Trend Adjustment to<br>Contract Period | Hospital<br>Reimbursement<br>Adjustment <sup>1</sup> | Projected 2008<br>Statewide Cost PMPM | Maternity Carve-<br>Out / Program<br>Change<br>Adjustment <sup>2</sup> | 2008 Statewide<br>Capitation Rate PMPM |
| PLM, CHIP, or TANF Children Aged 6-18 |   |  |  |  |                                       |  |  |
|                                       | PRES DRUGS - BASIC                          | \$11.30  | 0.963                                  | 1.000  | \$10.89                               |  | \$10.89                                |
|                                       | PRES DRUGS - FP                             | \$0.49   | 0.963                                  | 1.000  | \$0.47                                |  | \$0.47                                 |
|                                       | PRES DRUGS - MH/CD                          | \$0.00   | 0.963                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                                       | SCHOOL-BASED HEALTH SERVICES                | \$0.00   | 0.970                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                                       | STERILIZATION - ANESTHESIA FEMALE           | \$0.00   | 0.970                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                                       | STERILIZATION - ANESTHESIA MALE             | \$0.00   | 0.970                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                                       | STERILIZATION - IP HOSP FEMALE              | \$0.00   | 0.983                                  | 0.837  | \$0.00                                |  | \$0.00                                 |
|                                       | STERILIZATION - IP HOSP MALE                | \$0.00   | 0.983                                  | 0.820  | \$0.00                                |  | \$0.00                                 |
|                                       | STERILIZATION - OP HOSP FEMALE              | \$0.00   | 0.962                                  | 0.845  | \$0.00                                |  | \$0.00                                 |
|                                       | STERILIZATION - OP HOSP MALE                | \$0.00   | 0.962                                  | 0.800  | \$0.00                                |  | \$0.00                                 |
|                                       | STERILIZATION - PHY FEMALE                  | \$0.00   | 0.970                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                                       | STERILIZATION - PHY MALE                    | \$0.00   | 0.970                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                                       | SURGERY                                     | \$3.26   | 0.970                                  | 1.000  | \$3.16                                |  | \$3.16                                 |
|                                       | TARGETED CASE MAN - BABIES FIRST            | \$0.00   | 0.970                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                                       | TARGETED CASE MAN - HIV                     | \$0.00   | 0.970                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                                       | TARGETED CASE MAN - SUBS ABUSE MOMS         | \$0.00   | 0.970                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                                       | THERAPEUTIC ABORTION - IP HOSP              | \$0.00   | 0.983                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                                       | THERAPEUTIC ABORTION - OP HOSP              | \$0.00   | 0.962                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                                       | THERAPEUTIC ABORTION - PHYS                 | \$0.00   | 0.970                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                                       | TRANSPORTATION - AMBULANCE                  | \$1.02   | 0.970                                  | 1.000  | \$0.99                                |  | \$0.99                                 |
|                                       | TRANSPORTATION - OTHER                      | \$0.00   | 0.970                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                                       | VISION CARE - EXAMS & THERAPY               | \$2.22   | 0.970                                  | 1.000  | \$2.15                                |  | \$2.15                                 |
|                                       | VISION CARE - MATERIALS & FITTING           | \$1.66   | 0.970                                  | 1.000  | \$1.61                                |  | \$1.61                                 |
|                                       | PART A DEDUCTIBLE                           |  |  |  |                                       |  |  |
|                                       | PART B DEDUCTIBLE                           |  |  |  |                                       |  |  |
|                                       | PART B COINSURANCE ADJUSTMENT               |  |  |  |                                       |  |  |
|                                       | <b>Subtotal Physical Health</b>             | <b>\$81.16</b>                                 |  |  | <b>\$72.66</b>                        | <b>-\$3.56</b>   | <b>\$69.10</b>                         |
|                                       | <b>Subtotal Physical Health w Admin</b>     |  |  |  |                                       |  | <b>\$79.48</b>                         |
|                                       | <b>CHEMICAL DEPENDENCY</b>                  |  |  |  |                                       |  |  |
|                                       | CD SERVICES - ALTERNATIVE TO DETOX          | \$0.01   | 0.960                                  | 1.000  | \$0.01                                |  | \$0.01                                 |
|                                       | CD SERVICES - METHADONE                     | \$0.02   | 0.960                                  | 1.000  | \$0.02                                |  | \$0.02                                 |
|                                       | CD SERVICES - OP                            | \$1.04   | 0.960                                  | 1.000  | \$0.99                                |  | \$0.99                                 |
|                                       | <b>Subtotal Chemical Dependency</b>         | <b>\$1.07</b>                                  |  |  | <b>\$1.02</b>                         |  | <b>\$1.02</b>                          |
|                                       | <b>Subtotal Chemical Dependency w Admin</b> |  |  |  |                                       |  | <b>\$1.18</b>                          |

**Oregon Health Plan Medicaid Demonstration**

**EXHIBIT 2-H**

**Development of January 2008 Statewide FCHP, MHO, DCO, and CDO Capitation Rates from the 2008-2009 Per Capita Costs**

With Adjustments for Funding Through Line 503 of the 2008-2009 Prioritized List

| Eligibility Category                  | Service Category                      | A  | B                                      | C  | D<br>= A * B * C                      | E  | F<br>= D + E                           |
|---------------------------------------|---------------------------------------|--|--|--|---------------------------------------|--|--|
|                                       |                                       | 08-09 PCC<br>With Coverage<br>Through Line 503 | Trend Adjustment to<br>Contract Period | Hospital<br>Reimbursement<br>Adjustment <sup>1</sup> | Projected 2008<br>Statewide Cost PMPM | Maternity Carve-<br>Out / Program<br>Change<br>Adjustment <sup>2</sup> | 2008 Statewide<br>Capitation Rate PMPM |
| PLM, CHIP, or TANF Children Aged 6-18 |                                       |  |  |  |                                       |  |  |
| <b>DENTAL</b>                         |                                       |  |  |  |                                       |  |  |
|                                       | DENTAL - ADJUNCTIVE GENERAL           | \$0.35   | 0.970                                  | 1.000  | \$0.34                                |  | \$0.34                                 |
|                                       | DENTAL - ANESTHESIA SURGICAL          | \$0.35   | 0.970                                  | 1.000  | \$0.34                                |  | \$0.34                                 |
|                                       | DENTAL - DIAGNOSTIC                   | \$4.87   | 0.970                                  | 1.000  | \$4.72                                |  | \$4.72                                 |
|                                       | DENTAL - ENDODONTICS                  | \$1.28   | 0.970                                  | 1.000  | \$1.24                                |  | \$1.24                                 |
|                                       | DENTAL - I/P FIXED                    | \$0.00   | 0.970                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                                       | DENTAL - MAXILLOFACIAL PROS           | \$0.00   | 0.970                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                                       | DENTAL - ORAL SURGERY                 | \$1.39   | 0.970                                  | 1.000  | \$1.35                                |  | \$1.35                                 |
|                                       | DENTAL - ORTHODONTICS                 | \$0.02   | 0.970                                  | 1.000  | \$0.02                                |  | \$0.02                                 |
|                                       | DENTAL - PERIODONTICS                 | \$0.14   | 0.970                                  | 1.000  | \$0.14                                |  | \$0.14                                 |
|                                       | DENTAL - PREVENTIVE                   | \$5.28   | 0.970                                  | 1.000  | \$5.12                                |  | \$5.12                                 |
|                                       | DENTAL - PROS REMOVABLE               | \$0.04   | 0.970                                  | 1.000  | \$0.04                                |  | \$0.04                                 |
|                                       | DENTAL - RESTORATIVE                  | \$7.44   | 0.970                                  | 1.000  | \$7.22                                |  | \$7.22                                 |
|                                       | <b>Subtotal Dental</b>                | <b>\$21.16</b>                                 |  |  | <b>\$20.53</b>                        |  | <b>\$20.53</b>                         |
|                                       | <b>Subtotal Dental w Admin</b>        |  |  |  |                                       |  | <b>\$23.62</b>                         |
| <b>MENTAL HEALTH</b>                  |                                       |  |  |  |                                       |  |  |
|                                       | MH SERVICES ACUTE INPATIENT           | \$3.04   | 0.960                                  | 0.808  | \$2.36                                |  | \$2.36                                 |
|                                       | MH SERVICES ALTERNATIVE TO IP         | \$0.27   | 0.960                                  | 1.000  | \$0.26                                |  | \$0.26                                 |
|                                       | MH SERVICES ANCILLARY SERVICES        | \$0.02   | 0.960                                  | 1.000  | \$0.02                                |  | \$0.02                                 |
|                                       | MH SERVICES ASSESS & EVAL             | \$1.28   | 0.960                                  | 1.000  | \$1.23                                |  | \$1.23                                 |
|                                       | MH SERVICES CASE MANAGEMENT           | \$1.64   | 0.960                                  | 1.000  | \$1.57                                |  | \$1.57                                 |
|                                       | MH SERVICES CONSULTATION              | \$0.04   | 0.960                                  | 1.000  | \$0.03                                |  | \$0.03                                 |
|                                       | MH SERVICES EVIDENCE BASED PRACTICE   | \$0.00   | 0.960                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                                       | MH SERVICES FAMILY SUPPORT            | \$0.04   | 0.960                                  | 1.000  | \$0.03                                |  | \$0.03                                 |
|                                       | MH SERVICES MED MANAGEMENT            | \$0.17   | 0.960                                  | 1.000  | \$0.16                                |  | \$0.16                                 |
|                                       | MH SERVICES OP THERAPY                | \$2.97   | 0.960                                  | 1.000  | \$2.85                                |  | \$2.85                                 |
|                                       | MH SERVICES OTHER OP                  | \$0.04   | 0.960                                  | 1.000  | \$0.04                                |  | \$0.04                                 |
|                                       | MH SERVICES PEO                       | \$0.69   | 1.000                                  | 1.000  | \$0.69                                |  | \$0.69                                 |
|                                       | MH SERVICES PHYS IP                   | \$1.10   | 0.960                                  | 1.000  | \$1.06                                |  | \$1.06                                 |
|                                       | MH SERVICES PHYS OP                   | \$6.72   | 0.960                                  | 1.000  | \$6.45                                |  | \$6.45                                 |
|                                       | MH SERVICES SUPPORT DAY PROGRAM       | \$0.52   | 0.960                                  | 1.000  | \$0.50                                |  | \$0.50                                 |
|                                       | MH SERVICES INTENSIVE THERAPY SVCS    | \$0.81   | 0.960                                  | 1.000  | \$0.77                                | \$4.55   | \$5.33                                 |
|                                       | MH SERVICES CONS ASSESS               |  |  |  |                                       | \$0.03   | \$0.03                                 |
|                                       | <b>Subtotal Mental Health</b>         | <b>\$19.33</b>                                 |  |  | <b>\$18.02</b>                        | <b>\$4.58</b>  | <b>\$22.60</b>                         |
|                                       | <b>Subtotal Mental Health w Admin</b> |  |  |  |                                       |  | <b>\$26.00</b>                         |
|                                       | <b>Total Services</b>                 | <b>\$122.72</b>                                |  |  | <b>\$112.23</b>                       | <b>\$1.02</b>  | <b>\$113.26</b>                        |
|                                       | <b>Total Services with Admin</b>      |  |  |  |                                       |  | <b>\$130.27</b>                        |

1) Reflects change from funding DRG hospitals at 100% of cost as in 2008-09 per capita costs to 80% of cost for 2008 capitation rates.

2) Reflects Maternity Case Rate Carve-Out, Children's Mental Health Services Adjustment, and Bariatric Surgery Adjustment

**Oregon Health Plan Medicaid Demonstration**

**EXHIBIT 2-H**

**Development of January 2008 Statewide FCHP, MHO, DCO, and CDO Capitation Rates from the 2008-2009 Per Capita Costs**

With Adjustments for Funding Through Line 503 of the 2008-2009 Prioritized List

| Eligibility Category | Service Category                    | A  | B                                      | C  | D<br>= A * B * C                      | E  | F<br>= D + E                           |
|----------------------|-------------------------------------|--|--|--|---------------------------------------|--|--|
|                      |                                     | 08-09 PCC<br>With Coverage<br>Through Line 503 | Trend Adjustment to<br>Contract Period | Hospital<br>Reimbursement<br>Adjustment <sup>1</sup> | Projected 2008<br>Statewide Cost PMPM | Maternity Carve-<br>Out / Program<br>Change<br>Adjustment <sup>2</sup> | 2008 Statewide<br>Capitation Rate PMPM |
| AB/AD with Medicare  |                                     |  |  |  |                                       |  |  |
|                      | <b>PHYSICAL HEALTH</b>              |  |  |  |                                       |  |  |
|                      | ADMINISTRATIVE EXAMS                | \$0.00   | 0.970                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                      | ANESTHESIA                          | \$1.03   | 0.970                                  | 1.000  | \$1.00                                |  | \$1.00                                 |
|                      | EXCEPT NEEDS CARE COORDINATION      | \$8.01   | 1.000                                  | 1.000  | \$8.01                                |  | \$8.01                                 |
|                      | FP - IP HOSP                        | \$0.00   | 1.000                                  | 0.820  | \$0.00                                |  | \$0.00                                 |
|                      | FP - OP HOSP                        | \$0.00   | 0.962                                  | 0.828  | \$0.00                                |  | \$0.00                                 |
|                      | FP - PHYS                           | \$0.02   | 0.970                                  | 1.000  | \$0.02                                |  | \$0.02                                 |
|                      | HYSTERECTOMY - ANESTHESIA           | \$0.00   | 0.970                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                      | HYSTERECTOMY - IP HOSP              | \$0.00   | 1.000                                  | 0.827  | \$0.00                                |  | \$0.00                                 |
|                      | HYSTERECTOMY - OP HOSP              | \$0.01   | 0.962                                  | 0.816  | \$0.01                                |  | \$0.01                                 |
|                      | HYSTERECTOMY - PHYS                 | \$0.04   | 0.970                                  | 1.000  | \$0.04                                |  | \$0.04                                 |
|                      | IP HOSP - ACUTE DETOX               | \$0.00   | 1.000                                  | 0.811  | \$0.00                                |  | \$0.00                                 |
|                      | IP HOSP - MATERNITY                 | \$0.00   | 1.000                                  | 0.832  | \$0.00                                |  | \$0.00                                 |
|                      | IP HOSP - MATERNITY / STERILIZATION | \$0.00   | 1.000                                  | 0.839  | \$0.00                                |  | \$0.00                                 |
|                      | IP HOSP - MEDICAL/SURGICAL          | \$0.00   | 1.000                                  | 0.820  | \$0.00                                |  | \$0.00                                 |
|                      | IP HOSP - NEWBORN                   | \$0.00   | 1.000                                  | 0.815  | \$0.00                                |  | \$0.00                                 |
|                      | IP HOSP - POST HOSP EXTENDED CARE   | \$0.00   | 1.000                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                      | LAB & RAD - DIAGNOSTIC X-RAY        | \$2.28   | 0.970                                  | 1.000  | \$2.21                                |  | \$2.21                                 |
|                      | LAB & RAD - LAB                     | \$0.00   | 0.970                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                      | LAB & RAD - THERAPEUTIC X-RAY       | \$0.12   | 0.970                                  | 1.000  | \$0.12                                |  | \$0.12                                 |
|                      | OP ER - SOMATIC MH                  | \$0.35   | 0.962                                  | 0.823  | \$0.28                                |  | \$0.28                                 |
|                      | OP HOSP - BASIC                     | \$20.16  | 0.962                                  | 0.854  | \$16.57                               |  | \$16.57                                |
|                      | OP HOSP - DENTAL ANESTHESIA         | \$0.00   | 0.962                                  | 0.845  | \$0.00                                |  | \$0.00                                 |
|                      | OP HOSP - DENTAL DIAGNOSTIC         | \$0.00   | 0.962                                  | 0.845  | \$0.00                                |  | \$0.00                                 |
|                      | OP HOSP - DENTAL PREVENTIVE         | \$0.00   | 0.962                                  | 0.845  | \$0.00                                |  | \$0.00                                 |
|                      | OP HOSP - DENTAL RESTORATIVE        | \$0.00   | 0.962                                  | 0.845  | \$0.00                                |  | \$0.00                                 |
|                      | OP HOSP - EMERGENCY ROOM            | \$3.27   | 0.962                                  | 0.833  | \$2.63                                |  | \$2.63                                 |
|                      | OP HOSP - LAB & RAD                 | \$7.41   | 0.962                                  | 0.835  | \$5.96                                |  | \$5.96                                 |
|                      | OP HOSP - MATERNITY                 | \$0.11   | 0.962                                  | 0.838  | \$0.09                                |  | \$0.09                                 |
|                      | OP HOSP - POST HOSP EXTENDED CARE   | \$0.00   | 0.962                                  | 0.891  | \$0.00                                |  | \$0.00                                 |
|                      | OP HOSP - PRES DRUGS BASIC          | \$6.58   | 0.962                                  | 0.844  | \$5.34                                |  | \$5.34                                 |
|                      | OP HOSP - PRES DRUGS MH/CD          | \$0.11   | 0.962                                  | 0.836  | \$0.09                                |  | \$0.09                                 |
|                      | OP HOSP - SOMATIC MH                | \$0.34   | 0.962                                  | 0.830  | \$0.27                                |  | \$0.27                                 |
|                      | OTH MED - DME                       | \$4.47   | 0.970                                  | 1.000  | \$4.34                                |  | \$4.34                                 |
|                      | OTH MED - HHC/PDN                   | \$0.00   | 0.970                                  | 0.952  | \$0.00                                |  | \$0.00                                 |
|                      | OTH MED - HOSPICE                   | \$0.00   | 0.970                                  | 0.909  | \$0.00                                |  | \$0.00                                 |
|                      | OTH MED - MATERNITY MGT             | \$0.00   | 0.970                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                      | OTH MED - SUPPLIES                  | \$14.00  | 0.970                                  | 1.000  | \$13.58                               |  | \$13.58                                |
|                      | PHYS CONSULTATION, IP & ER VISITS   | \$3.60   | 0.970                                  | 1.000  | \$3.49                                |  | \$3.49                                 |
|                      | PHYS HOME OR LONG-TERM CARE VISITS  | \$0.15   | 0.970                                  | 1.000  | \$0.15                                |  | \$0.15                                 |
|                      | PHYS MATERNITY                      | \$0.17   | 0.970                                  | 1.000  | \$0.16                                |  | \$0.16                                 |
|                      | PHYS NEWBORN                        | \$0.02   | 0.970                                  | 1.000  | \$0.02                                |  | \$0.02                                 |
|                      | PHYS OFFICE VISITS                  | \$6.29   | 0.970                                  | 1.000  | \$6.10                                |  | \$6.10                                 |
|                      | PHYS OTHER                          | \$3.70   | 0.970                                  | 1.000  | \$3.59                                | \$0.01   | \$3.60                                 |
|                      | PHYS SOMATIC MH                     | \$0.87   | 0.970                                  | 1.000  | \$0.85                                |  | \$0.85                                 |

**Oregon Health Plan Medicaid Demonstration**

**EXHIBIT 2-H**

**Development of January 2008 Statewide FCHP, MHO, DCO, and CDO Capitation Rates from the 2008-2009 Per Capita Costs**  
 With Adjustments for Funding Through Line 503 of the 2008-2009 Prioritized List

| Eligibility Category | Service Category                            | A  | B                                      | C  | D<br>= A * B * C                      | E  | F<br>= D + E                           |
|----------------------|---|--|--|--|---------------------------------------|--|--|
|                      |   | 08-09 PCC<br>With Coverage<br>Through Line 503 | Trend Adjustment to<br>Contract Period | Hospital<br>Reimbursement<br>Adjustment <sup>1</sup> | Projected 2008<br>Statewide Cost PMPM | Maternity Carve-<br>Out / Program<br>Change<br>Adjustment <sup>2</sup> | 2008 Statewide<br>Capitation Rate PMPM |
| AB/AD with Medicare  |   |  |  |  |                                       |  |  |
|                      | PRES DRUGS - BASIC                          | \$10.20  | 0.963                                  | 1.000  | \$9.83                                |  | \$9.83                                 |
|                      | PRES DRUGS - FP                             | \$0.00   | 0.963                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                      | PRES DRUGS - MH/CD                          | \$0.00   | 0.963                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                      | SCHOOL-BASED HEALTH SERVICES                | \$0.00   | 0.970                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                      | STERILIZATION - ANESTHESIA FEMALE           | \$0.00   | 0.970                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                      | STERILIZATION - ANESTHESIA MALE             | \$0.00   | 0.970                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                      | STERILIZATION - IP HOSP FEMALE              | \$0.00   | 1.000                                  | 0.837  | \$0.00                                |  | \$0.00                                 |
|                      | STERILIZATION - IP HOSP MALE                | \$0.00   | 1.000                                  | 0.820  | \$0.00                                |  | \$0.00                                 |
|                      | STERILIZATION - OP HOSP FEMALE              | \$0.00   | 0.962                                  | 0.845  | \$0.00                                |  | \$0.00                                 |
|                      | STERILIZATION - OP HOSP MALE                | \$0.00   | 0.962                                  | 0.800  | \$0.00                                |  | \$0.00                                 |
|                      | STERILIZATION - PHY FEMALE                  | \$0.01   | 0.970                                  | 1.000  | \$0.01                                |  | \$0.01                                 |
|                      | STERILIZATION - PHY MALE                    | \$0.01   | 0.970                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                      | SURGERY                                     | \$3.89   | 0.970                                  | 1.000  | \$3.77                                |  | \$3.77                                 |
|                      | TARGETED CASE MAN - BABIES FIRST            | \$0.00   | 0.970                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                      | TARGETED CASE MAN - HIV                     | \$0.00   | 0.970                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                      | TARGETED CASE MAN - SUBS ABUSE MOMS         | \$0.00   | 0.970                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                      | THERAPEUTIC ABORTION - IP HOSP              | \$0.00   | 1.000                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                      | THERAPEUTIC ABORTION - OP HOSP              | \$0.00   | 0.962                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                      | THERAPEUTIC ABORTION - PHYS                 | \$0.00   | 0.970                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                      | TRANSPORTATION - AMBULANCE                  | \$1.44   | 0.970                                  | 1.000  | \$1.40                                |  | \$1.40                                 |
|                      | TRANSPORTATION - OTHER                      | \$0.00   | 0.970                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                      | VISION CARE - EXAMS & THERAPY               | \$3.41   | 0.970                                  | 1.000  | \$3.31                                |  | \$3.31                                 |
|                      | VISION CARE - MATERIALS & FITTING           | \$2.26   | 0.970                                  | 1.000  | \$2.19                                |  | \$2.19                                 |
|                      | PART A DEDUCTIBLE                           | \$14.46  |  |  | \$13.74                               |  | \$13.74                                |
|                      | PART B DEDUCTIBLE                           | \$11.50  |  |  | \$11.25                               |  | \$11.25                                |
|                      | PART B COINSURANCE ADJUSTMENT               | -\$4.27  |  |  | -\$4.31                               |  | -\$4.31                                |
|                      | <b>Subtotal Physical Health</b>             | <b>\$126.02</b>                                |  |  | <b>\$116.11</b>                       | <b>\$0.01</b>  | <b>\$116.12</b>                        |
|                      | <b>Subtotal Physical Health w Admin</b>     |  |  |  |                                       |  | <b>\$146.80</b>                        |
|                      | <b>CHEMICAL DEPENDENCY</b>                  |  |  |  |                                       |  |  |
|                      | CD SERVICES - ALTERNATIVE TO DETOX          | \$0.41   | 0.972                                  | 1.000  | \$0.40                                |  | \$0.40                                 |
|                      | CD SERVICES - METHADONE                     | \$3.10   | 0.972                                  | 1.000  | \$3.01                                |  | \$3.01                                 |
|                      | CD SERVICES - OP                            | \$1.24   | 0.972                                  | 1.000  | \$1.21                                |  | \$1.21                                 |
|                      | <b>Subtotal Chemical Dependency</b>         | <b>\$4.75</b>                                  |  |  | <b>\$4.62</b>                         |  | <b>\$4.62</b>                          |
|                      | <b>Subtotal Chemical Dependency w Admin</b> |  |  |  |                                       |  | <b>\$5.84</b>                          |

**Oregon Health Plan Medicaid Demonstration**

**EXHIBIT 2-H**

**Development of January 2008 Statewide FCHP, MHO, DCO, and CDO Capitation Rates from the 2008-2009 Per Capita Costs**

With Adjustments for Funding Through Line 503 of the 2008-2009 Prioritized List

| Eligibility Category | Service Category                      | A  | B                                      | C  | D<br>= A * B * C                      | E  | F<br>= D + E                           |
|----------------------|---------------------------------------|--|--|--|---------------------------------------|--|--|
|                      |                                       | 08-09 PCC<br>With Coverage<br>Through Line 503 | Trend Adjustment to<br>Contract Period | Hospital<br>Reimbursement<br>Adjustment <sup>1</sup> | Projected 2008<br>Statewide Cost PMPM | Maternity Carve-<br>Out / Program<br>Change<br>Adjustment <sup>2</sup> | 2008 Statewide<br>Capitation Rate PMPM |
| AB/AD with Medicare  |                                       |  |  |  |                                       |  |  |
| <b>DENTAL</b>        |                                       |  |  |  |                                       |  |  |
|                      | DENTAL - ADJUNCTIVE GENERAL           | \$2.03   | 0.970                                  | 1.000  | \$1.97                                |  | \$1.97                                 |
|                      | DENTAL - ANESTHESIA SURGICAL          | \$0.34   | 0.970                                  | 1.000  | \$0.33                                |  | \$0.33                                 |
|                      | DENTAL - DIAGNOSTIC                   | \$4.83   | 0.970                                  | 1.000  | \$4.68                                |  | \$4.68                                 |
|                      | DENTAL - ENDODONTICS                  | \$1.47   | 0.970                                  | 1.000  | \$1.42                                |  | \$1.42                                 |
|                      | DENTAL - I/P FIXED                    | \$0.04   | 0.970                                  | 1.000  | \$0.04                                |  | \$0.04                                 |
|                      | DENTAL - MAXILLOFACIAL PROS           | \$0.00   | 0.970                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                      | DENTAL - ORAL SURGERY                 | \$3.22   | 0.970                                  | 1.000  | \$3.13                                |  | \$3.13                                 |
|                      | DENTAL - ORTHODONTICS                 | \$0.00   | 0.970                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                      | DENTAL - PERIODONTICS                 | \$2.62   | 0.970                                  | 1.000  | \$2.54                                |  | \$2.54                                 |
|                      | DENTAL - PREVENTIVE                   | \$2.74   | 0.970                                  | 1.000  | \$2.65                                |  | \$2.65                                 |
|                      | DENTAL - PROS REMOVABLE               | \$5.96   | 0.970                                  | 1.000  | \$5.78                                |  | \$5.78                                 |
|                      | DENTAL - RESTORATIVE                  | \$7.02   | 0.970                                  | 1.000  | \$6.81                                |  | \$6.81                                 |
|                      | <b>Subtotal Dental</b>                | <b>\$30.25</b>                                 |  |  | <b>\$29.36</b>                        |  | <b>\$29.36</b>                         |
|                      | <b>Subtotal Dental w Admin</b>        |  |  |  |                                       |  | <b>\$33.77</b>                         |
| <b>MENTAL HEALTH</b> |                                       |  |  |  |                                       |  |  |
|                      | MH SERVICES ACUTE INPATIENT           | \$2.85   | N/A                                    | N/A  | \$2.71                                |  | \$2.71                                 |
|                      | MH SERVICES ALTERNATIVE TO IP         | \$1.98   | 0.972                                  | 1.000  | \$1.93                                |  | \$1.93                                 |
|                      | MH SERVICES ANCILLARY SERVICES        | \$0.04   | 0.972                                  | 1.000  | \$0.04                                |  | \$0.04                                 |
|                      | MH SERVICES ASSESS & EVAL             | \$1.52   | 0.972                                  | 1.000  | \$1.47                                |  | \$1.47                                 |
|                      | MH SERVICES CASE MANAGEMENT           | \$18.56  | 0.972                                  | 1.000  | \$18.03                               |  | \$18.03                                |
|                      | MH SERVICES CONSULTATION              | \$0.05   | 0.972                                  | 1.000  | \$0.05                                |  | \$0.05                                 |
|                      | MH SERVICES EVIDENCE BASED PRACTICE   | \$0.00   | 0.972                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                      | MH SERVICES FAMILY SUPPORT            | \$1.84   | 0.972                                  | 1.000  | \$1.78                                |  | \$1.78                                 |
|                      | MH SERVICES MED MANAGEMENT            | \$3.64   | 0.972                                  | 1.000  | \$3.53                                |  | \$3.53                                 |
|                      | MH SERVICES OP THERAPY                | \$5.08   | 0.972                                  | 1.000  | \$4.94                                |  | \$4.94                                 |
|                      | MH SERVICES OTHER OP                  | \$0.02   | 0.972                                  | 1.000  | \$0.02                                |  | \$0.02                                 |
|                      | MH SERVICES PEO                       | \$0.69   | 1.000                                  | 1.000  | \$0.69                                |  | \$0.69                                 |
|                      | MH SERVICES PHYS IP                   | \$6.45   | 0.972                                  | 1.000  | \$6.27                                |  | \$6.27                                 |
|                      | MH SERVICES PHYS OP                   | \$9.72   | 0.972                                  | 1.000  | \$9.45                                |  | \$9.45                                 |
|                      | MH SERVICES SUPPORT DAY PROGRAM       | \$32.52  | 0.972                                  | 1.000  | \$31.61                               |  | \$31.61                                |
|                      | MH SERVICES INTENSIVE THERAPY SVCS    | \$0.00   | 0.972                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                      | MH SERVICES CONS ASSESS               |  |  |  |                                       |  | \$0.00                                 |
|                      | <b>Subtotal Mental Health</b>         | <b>\$84.96</b>                                 |  |  | <b>\$82.52</b>                        |  | <b>\$82.52</b>                         |
|                      | <b>Subtotal Mental Health w Admin</b> |  |  |  |                                       |  | <b>\$94.92</b>                         |
|                      | <b>Total Services</b>                 | <b>\$245.99</b>                                |  |  | <b>\$232.61</b>                       | <b>\$0.01</b>  | <b>\$232.62</b>                        |
|                      | <b>Total Services with Admin</b>      |  |  |  |                                       |  | <b>\$281.33</b>                        |

1) Reflects change from funding DRG hospitals at 100% of cost as in 2008-09 per capita costs to 80% of cost for 2008 capitation rates.

2) Reflects Maternity Case Rate Carve-Out, Children's Mental Health Services Adjustment, and Bariatric Surgery Adjustment

**Oregon Health Plan Medicaid Demonstration**

**EXHIBIT 2-H**

**Development of January 2008 Statewide FCHP, MHO, DCO, and CDO Capitation Rates from the 2008-2009 Per Capita Costs**

With Adjustments for Funding Through Line 503 of the 2008-2009 Prioritized List

| Eligibility Category   | Service Category                    | A  | B                                      | C  | D<br>= A * B * C                      | E  | F<br>= D + E                           |
|------------------------|-------------------------------------|--|--|--|---------------------------------------|--|--|
|                        |                                     | 08-09 PCC<br>With Coverage<br>Through Line 503 | Trend Adjustment to<br>Contract Period | Hospital<br>Reimbursement<br>Adjustment <sup>1</sup> | Projected 2008<br>Statewide Cost PMPM | Maternity Carve-<br>Out / Program<br>Change<br>Adjustment <sup>2</sup> | 2008 Statewide<br>Capitation Rate PMPM |
| AB/AD without Medicare |                                     |  |  |  |                                       |  |  |
| <b>PHYSICAL HEALTH</b> |                                     |  |  |  |                                       |  |  |
|                        | ADMINISTRATIVE EXAMS                | \$0.00   | 0.969                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                        | ANESTHESIA                          | \$5.55   | 0.969                                  | 1.000  | \$5.38                                |  | \$5.38                                 |
|                        | EXCEPT NEEDS CARE COORDINATION      | \$8.01   | 1.000                                  | 1.000  | \$8.01                                |  | \$8.01                                 |
|                        | FP - IP HOSP                        | \$0.00   | 0.962                                  | 0.820  | \$0.00                                |  | \$0.00                                 |
|                        | FP - OP HOSP                        | \$0.03   | 0.962                                  | 0.828  | \$0.03                                |  | \$0.03                                 |
|                        | FP - PHYS                           | \$0.23   | 0.969                                  | 1.000  | \$0.22                                |  | \$0.22                                 |
|                        | HYSTERECTOMY - ANESTHESIA           | \$0.05   | 0.969                                  | 1.000  | \$0.05                                |  | \$0.05                                 |
|                        | HYSTERECTOMY - IP HOSP              | \$2.85   | 0.962                                  | 0.827  | \$2.27                                |  | \$2.27                                 |
|                        | HYSTERECTOMY - OP HOSP              | \$0.01   | 0.962                                  | 0.816  | \$0.01                                |  | \$0.01                                 |
|                        | HYSTERECTOMY - PHYS                 | \$0.32   | 0.969                                  | 1.000  | \$0.31                                |  | \$0.31                                 |
|                        | IP HOSP - ACUTE DETOX               | \$1.83   | 0.962                                  | 0.811  | \$1.43                                |  | \$1.43                                 |
|                        | IP HOSP - MATERNITY                 | \$4.61   | 0.962                                  | 0.832  | \$3.69                                | -\$3.69  | \$0.00                                 |
|                        | IP HOSP - MATERNITY / STERILIZATION | \$0.33   | 0.962                                  | 0.839  | \$0.27                                | -\$0.16  | \$0.11                                 |
|                        | IP HOSP - MEDICAL/SURGICAL          | \$292.00                                       | 0.962                                  | 0.820  | \$230.33                              |  | \$230.33                               |
|                        | IP HOSP - NEWBORN                   | \$0.06   | 0.962                                  | 0.815  | \$0.05                                |  | \$0.05                                 |
|                        | IP HOSP - POST HOSP EXTENDED CARE   | \$0.00   | 0.962                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                        | LAB & RAD - DIAGNOSTIC X-RAY        | \$14.41  | 0.969                                  | 1.000  | \$13.96                               |  | \$13.96                                |
|                        | LAB & RAD - LAB                     | \$8.63   | 0.969                                  | 1.000  | \$8.36                                |  | \$8.36                                 |
|                        | LAB & RAD - THERAPEUTIC X-RAY       | \$1.50   | 0.969                                  | 1.000  | \$1.46                                |  | \$1.46                                 |
|                        | OP ER - SOMATIC MH                  | \$1.79   | 0.962                                  | 0.823  | \$1.42                                |  | \$1.42                                 |
|                        | OP HOSP - BASIC                     | \$68.60  | 0.962                                  | 0.854  | \$56.38                               |  | \$56.38                                |
|                        | OP HOSP - DENTAL ANESTHESIA         | \$0.00   | 0.962                                  | 0.845  | \$0.00                                |  | \$0.00                                 |
|                        | OP HOSP - DENTAL DIAGNOSTIC         | \$0.00   | 0.962                                  | 0.845  | \$0.00                                |  | \$0.00                                 |
|                        | OP HOSP - DENTAL PREVENTIVE         | \$0.00   | 0.962                                  | 0.845  | \$0.00                                |  | \$0.00                                 |
|                        | OP HOSP - DENTAL RESTORATIVE        | \$0.00   | 0.962                                  | 0.845  | \$0.00                                |  | \$0.00                                 |
|                        | OP HOSP - EMERGENCY ROOM            | \$18.23  | 0.962                                  | 0.833  | \$14.62                               |  | \$14.62                                |
|                        | OP HOSP - LAB & RAD                 | \$44.80  | 0.962                                  | 0.835  | \$36.02                               |  | \$36.02                                |
|                        | OP HOSP - MATERNITY                 | \$1.35   | 0.962                                  | 0.838  | \$1.09                                | -\$1.09  | \$0.00                                 |
|                        | OP HOSP - POST HOSP EXTENDED CARE   | \$0.13   | 0.962                                  | 0.891  | \$0.11                                |  | \$0.11                                 |
|                        | OP HOSP - PRES DRUGS BASIC          | \$7.62   | 0.962                                  | 0.844  | \$6.19                                |  | \$6.19                                 |
|                        | OP HOSP - PRES DRUGS MH/CD          | \$0.13   | 0.962                                  | 0.836  | \$0.10                                |  | \$0.10                                 |
|                        | OP HOSP - SOMATIC MH                | \$2.18   | 0.962                                  | 0.830  | \$1.74                                |  | \$1.74                                 |
|                        | OTH MED - DME                       | \$19.77  | 0.969                                  | 1.000  | \$19.15                               |  | \$19.15                                |
|                        | OTH MED - HHC/PDN                   | \$4.75   | 0.969                                  | 0.952  | \$4.38                                |  | \$4.38                                 |
|                        | OTH MED - HOSPICE                   | \$2.99   | 0.969                                  | 0.909  | \$2.63                                |  | \$2.63                                 |
|                        | OTH MED - MATERNITY MGT             | \$0.00   | 0.969                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                        | OTH MED - SUPPLIES                  | \$13.86  | 0.969                                  | 1.000  | \$13.43                               |  | \$13.43                                |
|                        | PHYS CONSULTATION, IP & ER VISITS   | \$21.63  | 0.969                                  | 1.000  | \$20.95                               |  | \$20.95                                |
|                        | PHYS HOME OR LONG-TERM CARE VISITS  | \$0.59   | 0.969                                  | 1.000  | \$0.57                                |  | \$0.57                                 |
|                        | PHYS MATERNITY                      | \$2.11   | 0.969                                  | 1.000  | \$2.04                                | -\$2.04  | \$0.00                                 |
|                        | PHYS NEWBORN                        | \$0.11   | 0.969                                  | 1.000  | \$0.10                                |  | \$0.10                                 |
|                        | PHYS OFFICE VISITS                  | \$39.26  | 0.969                                  | 1.000  | \$38.03                               |  | \$38.03                                |
|                        | PHYS OTHER                          | \$24.97  | 0.969                                  | 1.000  | \$24.19                               | \$0.05   | \$24.24                                |
|                        | PHYS SOMATIC MH                     | \$5.61   | 0.969                                  | 1.000  | \$5.44                                |  | \$5.44                                 |

**Oregon Health Plan Medicaid Demonstration**

**EXHIBIT 2-H**

**Development of January 2008 Statewide FCHP, MHO, DCO, and CDO Capitation Rates from the 2008-2009 Per Capita Costs  
With Adjustments for Funding Through Line 503 of the 2008-2009 Prioritized List**

| Eligibility Category   | Service Category                            | A  | B                                      | C  | D<br>= A * B * C                      | E  | F<br>= D + E                           |
|------------------------|---|--|--|--|---------------------------------------|--|--|
|                        |   | 08-09 PCC<br>With Coverage<br>Through Line 503 | Trend Adjustment to<br>Contract Period | Hospital<br>Reimbursement<br>Adjustment <sup>1</sup> | Projected 2008<br>Statewide Cost PMPM | Maternity Carve-<br>Out / Program<br>Change<br>Adjustment <sup>2</sup> | 2008 Statewide<br>Capitation Rate PMPM |
| AB/AD without Medicare |   |  |  |  |                                       |  |  |
|                        | PRES DRUGS - BASIC                          | \$177.02                                       | 0.963                                  | 1.000  | \$170.54                              |  | \$170.54                               |
|                        | PRES DRUGS - FP                             | \$0.82   | 0.963                                  | 1.000  | \$0.79                                |  | \$0.79                                 |
|                        | PRES DRUGS - MH/CD                          | \$0.00   | 0.963                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                        | SCHOOL-BASED HEALTH SERVICES                | \$0.00   | 0.969                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                        | STERILIZATION - ANESTHESIA FEMALE           | \$0.04   | 0.969                                  | 1.000  | \$0.03                                |  | \$0.03                                 |
|                        | STERILIZATION - ANESTHESIA MALE             | \$0.00   | 0.969                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                        | STERILIZATION - IP HOSP FEMALE              | \$0.47   | 0.962                                  | 0.837  | \$0.38                                |  | \$0.38                                 |
|                        | STERILIZATION - IP HOSP MALE                | \$0.00   | 0.962                                  | 0.820  | \$0.00                                |  | \$0.00                                 |
|                        | STERILIZATION - OP HOSP FEMALE              | \$0.03   | 0.962                                  | 0.845  | \$0.02                                |  | \$0.02                                 |
|                        | STERILIZATION - OP HOSP MALE                | \$0.00   | 0.962                                  | 0.800  | \$0.00                                |  | \$0.00                                 |
|                        | STERILIZATION - PHY FEMALE                  | \$0.06   | 0.969                                  | 1.000  | \$0.06                                |  | \$0.06                                 |
|                        | STERILIZATION - PHY MALE                    | \$0.01   | 0.969                                  | 1.000  | \$0.01                                |  | \$0.01                                 |
|                        | SURGERY                                     | \$23.04  | 0.969                                  | 1.000  | \$22.32                               |  | \$22.32                                |
|                        | TARGETED CASE MAN - BABIES FIRST            | \$0.00   | 0.969                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                        | TARGETED CASE MAN - HIV                     | \$0.00   | 0.969                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                        | TARGETED CASE MAN - SUBS ABUSE MOMS         | \$0.00   | 0.969                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                        | THERAPEUTIC ABORTION - IP HOSP              | \$0.00   | 0.962                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                        | THERAPEUTIC ABORTION - OP HOSP              | \$0.00   | 0.962                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                        | THERAPEUTIC ABORTION - PHYS                 | \$0.00   | 0.969                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                        | TRANSPORTATION - AMBULANCE                  | \$13.75  | 0.969                                  | 1.000  | \$13.31                               |  | \$13.31                                |
|                        | TRANSPORTATION - OTHER                      | \$0.00   | 0.969                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                        | VISION CARE - EXAMS & THERAPY               | \$3.64   | 0.969                                  | 1.000  | \$3.53                                |  | \$3.53                                 |
|                        | VISION CARE - MATERIALS & FITTING           | \$2.47   | 0.969                                  | 1.000  | \$2.40                                |  | \$2.40                                 |
|                        | PART A DEDUCTIBLE                           |  |  |  |                                       |  |  |
|                        | PART B DEDUCTIBLE                           |  |  |  |                                       |  |  |
|                        | PART B COINSURANCE ADJUSTMENT               |  |  |  |                                       |  |  |
|                        | <b>Subtotal Physical Health</b>             | <b>\$842.26</b>                                |  |  | <b>\$737.79</b>                       | <b>-\$6.94</b>   | <b>\$730.85</b>                        |
|                        | <b>Subtotal Physical Health w Admin</b>     |  |  |  |                                       |  | <b>\$840.64</b>                        |
|                        | <b>CHEMICAL DEPENDENCY</b>                  |  |  |  |                                       |  |  |
|                        | CD SERVICES - ALTERNATIVE TO DETOX          | \$0.42   | 0.986                                  | 1.000  | \$0.42                                |  | \$0.42                                 |
|                        | CD SERVICES - METHADONE                     | \$5.07   | 0.986                                  | 1.000  | \$5.00                                |  | \$5.00                                 |
|                        | CD SERVICES - OP                            | \$2.55   | 0.986                                  | 1.000  | \$2.51                                |  | \$2.51                                 |
|                        | <b>Subtotal Chemical Dependency</b>         | <b>\$8.04</b>                                  |  |  | <b>\$7.93</b>                         |  | <b>\$7.93</b>                          |
|                        | <b>Subtotal Chemical Dependency w Admin</b> |  |  |  |                                       |  | <b>\$9.12</b>                          |

**Oregon Health Plan Medicaid Demonstration**

**EXHIBIT 2-H**

**Development of January 2008 Statewide FCHP, MHO, DCO, and CDO Capitation Rates from the 2008-2009 Per Capita Costs**

With Adjustments for Funding Through Line 503 of the 2008-2009 Prioritized List

| Eligibility Category   | Service Category                      | A  | B                                      | C  | D<br>= A * B * C                      | E  | F<br>= D + E                           |
|------------------------|---------------------------------------|--|--|--|---------------------------------------|--|--|
|                        |                                       | 08-09 PCC<br>With Coverage<br>Through Line 503 | Trend Adjustment to<br>Contract Period | Hospital<br>Reimbursement<br>Adjustment <sup>1</sup> | Projected 2008<br>Statewide Cost PMPM | Maternity Carve-<br>Out / Program<br>Change<br>Adjustment <sup>2</sup> | 2008 Statewide<br>Capitation Rate PMPM |
| AB/AD without Medicare |                                       |  |  |  |                                       |  |  |
| <b>DENTAL</b>          |                                       |  |  |  |                                       |  |  |
|                        | DENTAL - ADJUNCTIVE GENERAL           | \$1.64   | 0.970                                  | 1.000  | \$1.59                                |  | \$1.59                                 |
|                        | DENTAL - ANESTHESIA SURGICAL          | \$0.31   | 0.970                                  | 1.000  | \$0.31                                |  | \$0.31                                 |
|                        | DENTAL - DIAGNOSTIC                   | \$4.39   | 0.970                                  | 1.000  | \$4.26                                |  | \$4.26                                 |
|                        | DENTAL - ENDODONTICS                  | \$1.36   | 0.970                                  | 1.000  | \$1.32                                |  | \$1.32                                 |
|                        | DENTAL - I/P FIXED                    | \$0.02   | 0.970                                  | 1.000  | \$0.02                                |  | \$0.02                                 |
|                        | DENTAL - MAXILLOFACIAL PROS           | \$0.00   | 0.970                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                        | DENTAL - ORAL SURGERY                 | \$3.01   | 0.970                                  | 1.000  | \$2.92                                |  | \$2.92                                 |
|                        | DENTAL - ORTHODONTICS                 | \$0.02   | 0.970                                  | 1.000  | \$0.02                                |  | \$0.02                                 |
|                        | DENTAL - PERIODONTICS                 | \$1.76   | 0.970                                  | 1.000  | \$1.71                                |  | \$1.71                                 |
|                        | DENTAL - PREVENTIVE                   | \$2.36   | 0.970                                  | 1.000  | \$2.29                                |  | \$2.29                                 |
|                        | DENTAL - PROS REMOVABLE               | \$5.15   | 0.970                                  | 1.000  | \$4.99                                |  | \$4.99                                 |
|                        | DENTAL - RESTORATIVE                  | \$6.32   | 0.970                                  | 1.000  | \$6.13                                |  | \$6.13                                 |
|                        | <b>Subtotal Dental</b>                | <b>\$26.34</b>                                 |  |  | <b>\$25.56</b>                        |  | <b>\$25.56</b>                         |
|                        | <b>Subtotal Dental w Admin</b>        |  |  |  |                                       |  | <b>\$29.40</b>                         |
| <b>MENTAL HEALTH</b>   |                                       |  |  |  |                                       |  |  |
|                        | MH SERVICES ACUTE INPATIENT           | \$26.01  | 0.986                                  | 0.808  | \$20.71                               |  | \$20.71                                |
|                        | MH SERVICES ALTERNATIVE TO IP         | \$2.31   | 0.986                                  | 1.000  | \$2.28                                |  | \$2.28                                 |
|                        | MH SERVICES ANCILLARY SERVICES        | \$0.20   | 0.986                                  | 1.000  | \$0.20                                |  | \$0.20                                 |
|                        | MH SERVICES ASSESS & EVAL             | \$2.01   | 0.986                                  | 1.000  | \$1.98                                |  | \$1.98                                 |
|                        | MH SERVICES CASE MANAGEMENT           | \$13.76  | 0.986                                  | 1.000  | \$13.58                               |  | \$13.58                                |
|                        | MH SERVICES CONSULTATION              | \$0.08   | 0.986                                  | 1.000  | \$0.08                                |  | \$0.08                                 |
|                        | MH SERVICES EVIDENCE BASED PRACTICE   | \$0.00   | 0.986                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                        | MH SERVICES FAMILY SUPPORT            | \$1.07   | 0.986                                  | 1.000  | \$1.05                                |  | \$1.05                                 |
|                        | MH SERVICES MED MANAGEMENT            | \$3.27   | 0.986                                  | 1.000  | \$3.22                                |  | \$3.22                                 |
|                        | MH SERVICES OP THERAPY                | \$6.48   | 0.986                                  | 1.000  | \$6.39                                |  | \$6.39                                 |
|                        | MH SERVICES OTHER OP                  | \$0.08   | 0.986                                  | 1.000  | \$0.08                                |  | \$0.08                                 |
|                        | MH SERVICES PEO                       | \$0.69   | 1.000                                  | 1.000  | \$0.69                                |  | \$0.69                                 |
|                        | MH SERVICES PHYS IP                   | \$7.05   | 0.986                                  | 1.000  | \$6.95                                |  | \$6.95                                 |
|                        | MH SERVICES PHYS OP                   | \$12.62  | 0.986                                  | 1.000  | \$12.45                               |  | \$12.45                                |
|                        | MH SERVICES SUPPORT DAY PROGRAM       | \$18.67  | 0.986                                  | 1.000  | \$18.41                               |  | \$18.41                                |
|                        | MH SERVICES INTENSIVE THERAPY SVCS    | \$2.27   | 0.986                                  | 1.000  | \$2.24                                | \$11.79  | \$14.03                                |
|                        | MH SERVICES CONS ASSESS               |  |  |  |                                       | \$0.06   | \$0.06                                 |
|                        | <b>Subtotal Mental Health</b>         | <b>\$96.57</b>                                 |  |  | <b>\$90.32</b>                        | <b>\$11.85</b>   | <b>\$102.17</b>                        |
|                        | <b>Subtotal Mental Health w Admin</b> |  |  |  |                                       |  | <b>\$117.52</b>                        |
|                        | <b>Total Services</b>                 | <b>\$973.21</b>                                |  |  | <b>\$861.59</b>                       | <b>\$4.92</b>  | <b>\$866.51</b>                        |
|                        | <b>Total Services with Admin</b>      |  |  |  |                                       |  | <b>\$996.68</b>                        |

1) Reflects change from funding DRG hospitals at 100% of cost as in 2008-09 per capita costs to 80% of cost for 2008 capitation rates.

2) Reflects Maternity Case Rate Carve-Out, Children's Mental Health Services Adjustment, and Bariatric Surgery Adjustment

**Oregon Health Plan Medicaid Demonstration**

**EXHIBIT 2-H**

**Development of January 2008 Statewide FCHP, MHO, DCO, and CDO Capitation Rates from the 2008-2009 Per Capita Costs  
With Adjustments for Funding Through Line 503 of the 2008-2009 Prioritized List**

| Eligibility Category   | Service Category                    | A  | B                                      | C  | D<br>= A * B * C                      | E  | F<br>= D + E                           |
|------------------------|-------------------------------------|--|--|--|---------------------------------------|--|--|
|                        |                                     | 08-09 PCC<br>With Coverage<br>Through Line 503 | Trend Adjustment to<br>Contract Period | Hospital<br>Reimbursement<br>Adjustment <sup>1</sup> | Projected 2008<br>Statewide Cost PMPM | Maternity Carve-<br>Out / Program<br>Change<br>Adjustment <sup>2</sup> | 2008 Statewide<br>Capitation Rate PMPM |
| OAA with Medicare      |                                     |  |  |  |                                       |  |  |
| <b>PHYSICAL HEALTH</b> |                                     |  |  |  |                                       |  |  |
|                        | ADMINISTRATIVE EXAMS                | \$0.00   | 0.970                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                        | ANESTHESIA                          | \$1.06   | 0.970                                  | 1.000  | \$1.03                                |  | \$1.03                                 |
|                        | EXCEPT NEEDS CARE COORDINATION      | \$6.26   | 1.000                                  | 1.000  | \$6.26                                |  | \$6.26                                 |
|                        | FP - IP HOSP                        | \$0.00   | 1.000                                  | 0.820  | \$0.00                                |  | \$0.00                                 |
|                        | FP - OP HOSP                        | \$0.00   | 0.962                                  | 0.828  | \$0.00                                |  | \$0.00                                 |
|                        | FP - PHYS                           | \$0.00   | 0.970                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                        | HYSTERECTOMY - ANESTHESIA           | \$0.00   | 0.970                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                        | HYSTERECTOMY - IP HOSP              | \$0.00   | 1.000                                  | 0.827  | \$0.00                                |  | \$0.00                                 |
|                        | HYSTERECTOMY - OP HOSP              | \$0.00   | 0.962                                  | 0.816  | \$0.00                                |  | \$0.00                                 |
|                        | HYSTERECTOMY - PHYS                 | \$0.02   | 0.970                                  | 1.000  | \$0.02                                |  | \$0.02                                 |
|                        | IP HOSP - ACUTE DETOX               | \$0.00   | 1.000                                  | 0.811  | \$0.00                                |  | \$0.00                                 |
|                        | IP HOSP - MATERNITY                 | \$0.00   | 1.000                                  | 0.832  | \$0.00                                |  | \$0.00                                 |
|                        | IP HOSP - MATERNITY / STERILIZATION | \$0.00   | 1.000                                  | 0.839  | \$0.00                                |  | \$0.00                                 |
|                        | IP HOSP - MEDICAL/SURGICAL          | \$0.00   | 1.000                                  | 0.820  | \$0.00                                |  | \$0.00                                 |
|                        | IP HOSP - NEWBORN                   | \$0.00   | 1.000                                  | 0.815  | \$0.00                                |  | \$0.00                                 |
|                        | IP HOSP - POST HOSP EXTENDED CARE   | \$0.00   | 1.000                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                        | LAB & RAD - DIAGNOSTIC X-RAY        | \$2.62   | 0.970                                  | 1.000  | \$2.54                                |  | \$2.54                                 |
|                        | LAB & RAD - LAB                     | \$0.00   | 0.970                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                        | LAB & RAD - THERAPEUTIC X-RAY       | \$0.28   | 0.970                                  | 1.000  | \$0.27                                |  | \$0.27                                 |
|                        | OP ER - SOMATIC MH                  | \$0.07   | 0.962                                  | 0.823  | \$0.06                                |  | \$0.06                                 |
|                        | OP HOSP - BASIC                     | \$17.49  | 0.962                                  | 0.854  | \$14.37                               |  | \$14.37                                |
|                        | OP HOSP - DENTAL ANESTHESIA         | \$0.00   | 0.962                                  | 0.845  | \$0.00                                |  | \$0.00                                 |
|                        | OP HOSP - DENTAL DIAGNOSTIC         | \$0.00   | 0.962                                  | 0.845  | \$0.00                                |  | \$0.00                                 |
|                        | OP HOSP - DENTAL PREVENTIVE         | \$0.00   | 0.962                                  | 0.845  | \$0.00                                |  | \$0.00                                 |
|                        | OP HOSP - DENTAL RESTORATIVE        | \$0.00   | 0.962                                  | 0.845  | \$0.00                                |  | \$0.00                                 |
|                        | OP HOSP - EMERGENCY ROOM            | \$2.63   | 0.962                                  | 0.833  | \$2.11                                |  | \$2.11                                 |
|                        | OP HOSP - LAB & RAD                 | \$8.29   | 0.962                                  | 0.835  | \$6.66                                |  | \$6.66                                 |
|                        | OP HOSP - MATERNITY                 | \$0.00   | 0.962                                  | 0.838  | \$0.00                                |  | \$0.00                                 |
|                        | OP HOSP - POST HOSP EXTENDED CARE   | \$0.00   | 0.962                                  | 0.891  | \$0.00                                |  | \$0.00                                 |
|                        | OP HOSP - PRES DRUGS BASIC          | \$5.00   | 0.962                                  | 0.844  | \$4.06                                |  | \$4.06                                 |
|                        | OP HOSP - PRES DRUGS MH/CD          | \$0.03   | 0.962                                  | 0.836  | \$0.02                                |  | \$0.02                                 |
|                        | OP HOSP - SOMATIC MH                | \$0.15   | 0.962                                  | 0.830  | \$0.12                                |  | \$0.12                                 |
|                        | OTH MED - DME                       | \$5.82   | 0.970                                  | 1.000  | \$5.65                                |  | \$5.65                                 |
|                        | OTH MED - HHC/PDN                   | \$0.00   | 0.970                                  | 0.952  | \$0.00                                |  | \$0.00                                 |
|                        | OTH MED - HOSPICE                   | \$0.00   | 0.970                                  | 0.909  | \$0.00                                |  | \$0.00                                 |
|                        | OTH MED - MATERNITY MGT             | \$0.00   | 0.970                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                        | OTH MED - SUPPLIES                  | \$15.80  | 0.970                                  | 1.000  | \$15.34                               |  | \$15.34                                |
|                        | PHYS CONSULTATION, IP & ER VISITS   | \$4.54   | 0.970                                  | 1.000  | \$4.41                                |  | \$4.41                                 |
|                        | PHYS HOME OR LONG-TERM CARE VISITS  | \$0.57   | 0.970                                  | 1.000  | \$0.55                                |  | \$0.55                                 |
|                        | PHYS MATERNITY                      | \$0.00   | 0.970                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                        | PHYS NEWBORN                        | \$0.02   | 0.970                                  | 1.000  | \$0.02                                |  | \$0.02                                 |
|                        | PHYS OFFICE VISITS                  | \$5.88   | 0.970                                  | 1.000  | \$5.70                                |  | \$5.70                                 |
|                        | PHYS OTHER                          | \$4.75   | 0.970                                  | 1.000  | \$4.61                                |  | \$4.61                                 |
|                        | PHYS SOMATIC MH                     | \$0.52   | 0.970                                  | 1.000  | \$0.51                                |  | \$0.51                                 |

Oregon Health Plan Medicaid Demonstration

EXHIBIT 2-H

Development of January 2008 Statewide FCHP, MHO, DCO, and CDO Capitation Rates from the 2008-2009 Per Capita Costs

With Adjustments for Funding Through Line 503 of the 2008-2009 Prioritized List

| Eligibility Category | Service Category                            | A  | B                                      | C  | D<br>= A * B * C                      | E  | F<br>= D + E                           |
|----------------------|---|--|--|--|---------------------------------------|--|--|
|                      |   | 08-09 PCC<br>With Coverage<br>Through Line 503 | Trend Adjustment to<br>Contract Period | Hospital<br>Reimbursement<br>Adjustment <sup>1</sup> | Projected 2008<br>Statewide Cost PMPM | Maternity Carve-<br>Out / Program<br>Change<br>Adjustment <sup>2</sup> | 2008 Statewide<br>Capitation Rate PMPM |
| OAA with Medicare    |   |  |  |  |                                       |  |  |
|                      | PRES DRUGS - BASIC                          | \$10.06  | 0.963                                  | 1.000  | \$9.70                                |  | \$9.70                                 |
|                      | PRES DRUGS - FP                             | \$0.00   | 0.963                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                      | PRES DRUGS - MH/CD                          | \$0.00   | 0.963                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                      | SCHOOL-BASED HEALTH SERVICES                | \$0.00   | 0.970                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                      | STERILIZATION - ANESTHESIA FEMALE           | \$0.00   | 0.970                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                      | STERILIZATION - ANESTHESIA MALE             | \$0.00   | 0.970                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                      | STERILIZATION - IP HOSP FEMALE              | \$0.00   | 1.000                                  | 0.837  | \$0.00                                |  | \$0.00                                 |
|                      | STERILIZATION - IP HOSP MALE                | \$0.00   | 1.000                                  | 0.820  | \$0.00                                |  | \$0.00                                 |
|                      | STERILIZATION - OP HOSP FEMALE              | \$0.00   | 0.962                                  | 0.845  | \$0.00                                |  | \$0.00                                 |
|                      | STERILIZATION - OP HOSP MALE                | \$0.00   | 0.962                                  | 0.800  | \$0.00                                |  | \$0.00                                 |
|                      | STERILIZATION - PHY FEMALE                  | \$0.00   | 0.970                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                      | STERILIZATION - PHY MALE                    | \$0.00   | 0.970                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                      | SURGERY                                     | \$4.83   | 0.970                                  | 1.000  | \$4.68                                |  | \$4.68                                 |
|                      | TARGETED CASE MAN - BABIES FIRST            | \$0.00   | 0.970                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                      | TARGETED CASE MAN - HIV                     | \$0.00   | 0.970                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                      | TARGETED CASE MAN - SUBS ABUSE MOMS         | \$0.00   | 0.970                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                      | THERAPEUTIC ABORTION - IP HOSP              | \$0.00   | 1.000                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                      | THERAPEUTIC ABORTION - OP HOSP              | \$0.00   | 0.962                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                      | THERAPEUTIC ABORTION - PHYS                 | \$0.00   | 0.970                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                      | TRANSPORTATION - AMBULANCE                  | \$2.54   | 0.970                                  | 1.000  | \$2.46                                |  | \$2.46                                 |
|                      | TRANSPORTATION - OTHER                      | \$0.00   | 0.970                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                      | VISION CARE - EXAMS & THERAPY               | \$4.51   | 0.970                                  | 1.000  | \$4.38                                |  | \$4.38                                 |
|                      | VISION CARE - MATERIALS & FITTING           | \$2.05   | 0.970                                  | 1.000  | \$1.99                                |  | \$1.99                                 |
|                      | PART A DEDUCTIBLE                           | \$26.30  |  |  | \$24.98                               |  | \$24.98                                |
|                      | PART B DEDUCTIBLE                           | \$11.50  |  |  | \$11.25                               |  | \$11.25                                |
|                      | PART B COINSURANCE ADJUSTMENT               | -\$2.54  |  |  | -\$2.50                               |  | -\$2.50                                |
|                      | <b>Subtotal Physical Health</b>             | <b>\$141.06</b>                                |  |  | <b>\$131.27</b>                       |  | <b>\$131.27</b>                        |
|                      | <b>Subtotal Physical Health w Admin</b>     |  |  |  |                                       |  | <b>\$162.84</b>                        |
|                      | <b>CHEMICAL DEPENDENCY</b>                  |  |  |  |                                       |  |  |
|                      | CD SERVICES - ALTERNATIVE TO DETOX          | \$0.04   | 0.972                                  | 1.000  | \$0.04                                |  | \$0.04                                 |
|                      | CD SERVICES - METHADONE                     | \$0.29   | 0.972                                  | 1.000  | \$0.28                                |  | \$0.28                                 |
|                      | CD SERVICES - OP                            | \$0.06   | 0.972                                  | 1.000  | \$0.06                                |  | \$0.06                                 |
|                      | <b>Subtotal Chemical Dependency</b>         | <b>\$0.40</b>                                  |  |  | <b>\$0.38</b>                         |  | <b>\$0.38</b>                          |
|                      | <b>Subtotal Chemical Dependency w Admin</b> |  |  |  |                                       |  | <b>\$0.48</b>                          |

Oregon Health Plan Medicaid Demonstration

EXHIBIT 2-H

Development of January 2008 Statewide FCHP, MHO, DCO, and CDO Capitation Rates from the 2008-2009 Per Capita Costs

With Adjustments for Funding Through Line 503 of the 2008-2009 Prioritized List

| Eligibility Category | Service Category                      | A  | B                                      | C  | D<br>= A * B * C                      | E  | F<br>= D + E                           |
|----------------------|---------------------------------------|--|--|--|---------------------------------------|--|--|
|                      |                                       | 08-09 PCC<br>With Coverage<br>Through Line 503 | Trend Adjustment to<br>Contract Period | Hospital<br>Reimbursement<br>Adjustment <sup>1</sup> | Projected 2008<br>Statewide Cost PMPM | Maternity Carve-<br>Out / Program<br>Change<br>Adjustment <sup>2</sup> | 2008 Statewide<br>Capitation Rate PMPM |
| OAA with Medicare    |                                       |  |  |  |                                       |  |  |
| <b>DENTAL</b>        |                                       |  |  |  |                                       |  |  |
|                      | DENTAL - ADJUNCTIVE GENERAL           | \$1.05   | 0.970                                  | 1.000  | \$1.02                                |  | \$1.02                                 |
|                      | DENTAL - ANESTHESIA SURGICAL          | \$0.07   | 0.970                                  | 1.000  | \$0.07                                |  | \$0.07                                 |
|                      | DENTAL - DIAGNOSTIC                   | \$2.44   | 0.970                                  | 1.000  | \$2.36                                |  | \$2.36                                 |
|                      | DENTAL - ENDODONTICS                  | \$0.47   | 0.970                                  | 1.000  | \$0.46                                |  | \$0.46                                 |
|                      | DENTAL - I/P FIXED                    | \$0.01   | 0.970                                  | 1.000  | \$0.01                                |  | \$0.01                                 |
|                      | DENTAL - MAXILLOFACIAL PROS           | \$0.00   | 0.970                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                      | DENTAL - ORAL SURGERY                 | \$1.73   | 0.970                                  | 1.000  | \$1.68                                |  | \$1.68                                 |
|                      | DENTAL - ORTHODONTICS                 | \$0.00   | 0.970                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                      | DENTAL - PERIODONTICS                 | \$0.77   | 0.970                                  | 1.000  | \$0.75                                |  | \$0.75                                 |
|                      | DENTAL - PREVENTIVE                   | \$1.20   | 0.970                                  | 1.000  | \$1.16                                |  | \$1.16                                 |
|                      | DENTAL - PROS REMOVABLE               | \$7.52   | 0.970                                  | 1.000  | \$7.30                                |  | \$7.30                                 |
|                      | DENTAL - RESTORATIVE                  | \$2.72   | 0.970                                  | 1.000  | \$2.64                                |  | \$2.64                                 |
|                      | <b>Subtotal Dental</b>                | <b>\$17.99</b>                                 |  |  | <b>\$17.45</b>                        |  | <b>\$17.45</b>                         |
|                      | <b>Subtotal Dental w Admin</b>        |  |  |  |                                       |  | <b>\$20.08</b>                         |
| <b>MENTAL HEALTH</b> |                                       |  |  |  |                                       |  |  |
|                      | MH SERVICES ACUTE INPATIENT           | \$0.35   | N/A                                    | N/A  | \$0.34                                |  | \$0.34                                 |
|                      | MH SERVICES ALTERNATIVE TO IP         | \$0.02   | 0.972                                  | 1.000  | \$0.02                                |  | \$0.02                                 |
|                      | MH SERVICES ANCILLARY SERVICES        | \$0.09   | 0.972                                  | 1.000  | \$0.09                                |  | \$0.09                                 |
|                      | MH SERVICES ASSESS & EVAL             | \$0.35   | 0.972                                  | 1.000  | \$0.34                                |  | \$0.34                                 |
|                      | MH SERVICES CASE MANAGEMENT           | \$1.37   | 0.972                                  | 1.000  | \$1.33                                |  | \$1.33                                 |
|                      | MH SERVICES CONSULTATION              | \$0.02   | 0.972                                  | 1.000  | \$0.01                                |  | \$0.01                                 |
|                      | MH SERVICES EVIDENCE BASED PRACTICE   | \$0.00   | 0.972                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                      | MH SERVICES FAMILY SUPPORT            | \$0.10   | 0.972                                  | 1.000  | \$0.09                                |  | \$0.09                                 |
|                      | MH SERVICES MED MANAGEMENT            | \$0.33   | 0.972                                  | 1.000  | \$0.32                                |  | \$0.32                                 |
|                      | MH SERVICES OP THERAPY                | \$0.64   | 0.972                                  | 1.000  | \$0.62                                |  | \$0.62                                 |
|                      | MH SERVICES OTHER OP                  | \$0.01   | 0.972                                  | 1.000  | \$0.01                                |  | \$0.01                                 |
|                      | MH SERVICES PEO                       | \$0.69   | 1.000                                  | 1.000  | \$0.69                                |  | \$0.69                                 |
|                      | MH SERVICES PHYS IP                   | \$0.80   | 0.972                                  | 1.000  | \$0.78                                |  | \$0.78                                 |
|                      | MH SERVICES PHYS OP                   | \$1.25   | 0.972                                  | 1.000  | \$1.22                                |  | \$1.22                                 |
|                      | MH SERVICES SUPPORT DAY PROGRAM       | \$3.13   | 0.972                                  | 1.000  | \$3.04                                |  | \$3.04                                 |
|                      | MH SERVICES INTENSIVE THERAPY SVCS    | \$0.00   | 0.972                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                      | MH SERVICES CONS ASSESS               |  |  |  |                                       |  | \$0.00                                 |
|                      | <b>Subtotal Mental Health</b>         | <b>\$9.14</b>                                  |  |  | <b>\$8.90</b>                         |  | <b>\$8.90</b>                          |
|                      | <b>Subtotal Mental Health w Admin</b> |  |  |  |                                       |  | <b>\$10.23</b>                         |
|                      | <b>Total Services</b>                 | <b>\$168.58</b>                                |  |  | <b>\$158.00</b>                       |  | <b>\$158.00</b>                        |
|                      | <b>Total Services with Admin</b>      |  |  |  |                                       |  | <b>\$193.63</b>                        |

1) Reflects change from funding DRG hospitals at 100% of cost as in 2008-09 per capita costs to 80% of cost for 2008 capitation rates.

2) Reflects Maternity Case Rate Carve-Out, Children's Mental Health Services Adjustment, and Bariatric Surgery Adjustment

**Oregon Health Plan Medicaid Demonstration**

**EXHIBIT 2-H**

**Development of January 2008 Statewide FCHP, MHO, DCO, and CDO Capitation Rates from the 2008-2009 Per Capita Costs**

With Adjustments for Funding Through Line 503 of the 2008-2009 Prioritized List

| Eligibility Category   | Service Category                    | A  | B                                      | C  | D<br>= A * B * C                      | E  | F<br>= D + E                           |
|------------------------|-------------------------------------|--|--|--|---------------------------------------|--|--|
|                        |                                     | 08-09 PCC<br>With Coverage<br>Through Line 503 | Trend Adjustment to<br>Contract Period | Hospital<br>Reimbursement<br>Adjustment <sup>1</sup> | Projected 2008<br>Statewide Cost PMPM | Maternity Carve-<br>Out / Program<br>Change<br>Adjustment <sup>2</sup> | 2008 Statewide<br>Capitation Rate PMPM |
| OAA without Medicare   |                                     |  |  |  |                                       |  |  |
| <b>PHYSICAL HEALTH</b> |                                     |  |  |  |                                       |  |  |
|                        | ADMINISTRATIVE EXAMS                | \$0.00   | 0.969                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                        | ANESTHESIA                          | \$5.41   | 0.969                                  | 1.000  | \$5.24                                |  | \$5.24                                 |
|                        | EXCEPT NEEDS CARE COORDINATION      | \$6.26   | 1.000                                  | 1.000  | \$6.26                                |  | \$6.26                                 |
|                        | FP - IP HOSP                        | \$0.00   | 0.962                                  | 0.820  | \$0.00                                |  | \$0.00                                 |
|                        | FP - OP HOSP                        | \$0.00   | 0.962                                  | 0.828  | \$0.00                                |  | \$0.00                                 |
|                        | FP - PHYS                           | \$0.00   | 0.969                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                        | HYSTERECTOMY - ANESTHESIA           | \$0.00   | 0.969                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                        | HYSTERECTOMY - IP HOSP              | \$0.32   | 0.962                                  | 0.827  | \$0.26                                |  | \$0.26                                 |
|                        | HYSTERECTOMY - OP HOSP              | \$0.00   | 0.962                                  | 0.816  | \$0.00                                |  | \$0.00                                 |
|                        | HYSTERECTOMY - PHYS                 | \$0.07   | 0.969                                  | 1.000  | \$0.07                                |  | \$0.07                                 |
|                        | IP HOSP - ACUTE DETOX               | \$0.45   | 0.962                                  | 0.811  | \$0.35                                |  | \$0.35                                 |
|                        | IP HOSP - MATERNITY                 | \$0.00   | 0.962                                  | 0.832  | \$0.00                                |  | \$0.00                                 |
|                        | IP HOSP - MATERNITY / STERILIZATION | \$0.00   | 0.962                                  | 0.839  | \$0.00                                |  | \$0.00                                 |
|                        | IP HOSP - MEDICAL/SURGICAL          | \$276.53                                       | 0.962                                  | 0.820  | \$218.12                              |  | \$218.12                               |
|                        | IP HOSP - NEWBORN                   | \$0.00   | 0.962                                  | 0.815  | \$0.00                                |  | \$0.00                                 |
|                        | IP HOSP - POST HOSP EXTENDED CARE   | \$0.00   | 0.962                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                        | LAB & RAD - DIAGNOSTIC X-RAY        | \$16.80  | 0.969                                  | 1.000  | \$16.27                               |  | \$16.27                                |
|                        | LAB & RAD - LAB                     | \$7.66   | 0.969                                  | 1.000  | \$7.42                                |  | \$7.42                                 |
|                        | LAB & RAD - THERAPEUTIC X-RAY       | \$1.40   | 0.969                                  | 1.000  | \$1.36                                |  | \$1.36                                 |
|                        | OP ER - SOMATIC MH                  | \$0.08   | 0.962                                  | 0.823  | \$0.06                                |  | \$0.06                                 |
|                        | OP HOSP - BASIC                     | \$75.23  | 0.962                                  | 0.854  | \$61.83                               |  | \$61.83                                |
|                        | OP HOSP - DENTAL ANESTHESIA         | \$0.00   | 0.962                                  | 0.845  | \$0.00                                |  | \$0.00                                 |
|                        | OP HOSP - DENTAL DIAGNOSTIC         | \$0.00   | 0.962                                  | 0.845  | \$0.00                                |  | \$0.00                                 |
|                        | OP HOSP - DENTAL PREVENTIVE         | \$0.00   | 0.962                                  | 0.845  | \$0.00                                |  | \$0.00                                 |
|                        | OP HOSP - DENTAL RESTORATIVE        | \$0.00   | 0.962                                  | 0.845  | \$0.00                                |  | \$0.00                                 |
|                        | OP HOSP - EMERGENCY ROOM            | \$7.96   | 0.962                                  | 0.833  | \$6.38                                |  | \$6.38                                 |
|                        | OP HOSP - LAB & RAD                 | \$43.71  | 0.962                                  | 0.835  | \$35.14                               |  | \$35.14                                |
|                        | OP HOSP - MATERNITY                 | \$0.00   | 0.962                                  | 0.838  | \$0.00                                |  | \$0.00                                 |
|                        | OP HOSP - POST HOSP EXTENDED CARE   | \$0.00   | 0.962                                  | 0.891  | \$0.00                                |  | \$0.00                                 |
|                        | OP HOSP - PRES DRUGS BASIC          | \$7.93   | 0.962                                  | 0.844  | \$6.44                                |  | \$6.44                                 |
|                        | OP HOSP - PRES DRUGS MH/CD          | \$0.02   | 0.962                                  | 0.836  | \$0.02                                |  | \$0.02                                 |
|                        | OP HOSP - SOMATIC MH                | \$0.22   | 0.962                                  | 0.830  | \$0.18                                |  | \$0.18                                 |
|                        | OTH MED - DME                       | \$9.46   | 0.969                                  | 1.000  | \$9.16                                |  | \$9.16                                 |
|                        | OTH MED - HHC/PDN                   | \$2.81   | 0.969                                  | 0.952  | \$2.60                                |  | \$2.60                                 |
|                        | OTH MED - HOSPICE                   | \$7.28   | 0.969                                  | 0.909  | \$6.41                                |  | \$6.41                                 |
|                        | OTH MED - MATERNITY MGT             | \$0.00   | 0.969                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                        | OTH MED - SUPPLIES                  | \$6.87   | 0.969                                  | 1.000  | \$6.66                                |  | \$6.66                                 |
|                        | PHYS CONSULTATION, IP & ER VISITS   | \$17.01  | 0.969                                  | 1.000  | \$16.48                               |  | \$16.48                                |
|                        | PHYS HOME OR LONG-TERM CARE VISITS  | \$1.15   | 0.969                                  | 1.000  | \$1.12                                |  | \$1.12                                 |
|                        | PHYS MATERNITY                      | \$0.00   | 0.969                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                        | PHYS NEWBORN                        | \$0.13   | 0.969                                  | 1.000  | \$0.13                                |  | \$0.13                                 |
|                        | PHYS OFFICE VISITS                  | \$35.15  | 0.969                                  | 1.000  | \$34.05                               |  | \$34.05                                |
|                        | PHYS OTHER                          | \$43.92  | 0.969                                  | 1.000  | \$42.55                               | \$0.02   | \$42.57                                |
|                        | PHYS SOMATIC MH                     | \$1.04   | 0.969                                  | 1.000  | \$1.01                                |  | \$1.01                                 |

**Oregon Health Plan Medicaid Demonstration**

**EXHIBIT 2-H**

**Development of January 2008 Statewide FCHP, MHO, DCO, and CDO Capitation Rates from the 2008-2009 Per Capita Costs**

With Adjustments for Funding Through Line 503 of the 2008-2009 Prioritized List

| Eligibility Category | Service Category                            | A  | B                                      | C  | D<br>= A * B * C                      | E  | F<br>= D + E                           |
|----------------------|---|--|--|--|---------------------------------------|--|--|
|                      |   | 08-09 PCC<br>With Coverage<br>Through Line 503 | Trend Adjustment to<br>Contract Period | Hospital<br>Reimbursement<br>Adjustment <sup>1</sup> | Projected 2008<br>Statewide Cost PMPM | Maternity Carve-<br>Out / Program<br>Change<br>Adjustment <sup>2</sup> | 2008 Statewide<br>Capitation Rate PMPM |
| OAA without Medicare |   |  |  |  |                                       |  |  |
|                      | PRES DRUGS - BASIC                          | \$93.89  | 0.963                                  | 1.000  | \$90.45                               |  | \$90.45                                |
|                      | PRES DRUGS - FP                             | \$0.02   | 0.963                                  | 1.000  | \$0.02                                |  | \$0.02                                 |
|                      | PRES DRUGS - MH/CD                          | \$0.00   | 0.963                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                      | SCHOOL-BASED HEALTH SERVICES                | \$0.00   | 0.969                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                      | STERILIZATION - ANESTHESIA FEMALE           | \$0.00   | 0.969                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                      | STERILIZATION - ANESTHESIA MALE             | \$0.00   | 0.969                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                      | STERILIZATION - IP HOSP FEMALE              | \$0.00   | 0.962                                  | 0.837  | \$0.00                                |  | \$0.00                                 |
|                      | STERILIZATION - IP HOSP MALE                | \$0.00   | 0.962                                  | 0.820  | \$0.00                                |  | \$0.00                                 |
|                      | STERILIZATION - OP HOSP FEMALE              | \$0.00   | 0.962                                  | 0.845  | \$0.00                                |  | \$0.00                                 |
|                      | STERILIZATION - OP HOSP MALE                | \$0.00   | 0.962                                  | 0.800  | \$0.00                                |  | \$0.00                                 |
|                      | STERILIZATION - PHY FEMALE                  | \$0.00   | 0.969                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                      | STERILIZATION - PHY MALE                    | \$0.00   | 0.969                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                      | SURGERY                                     | \$23.23  | 0.969                                  | 1.000  | \$22.50                               |  | \$22.50                                |
|                      | TARGETED CASE MAN - BABIES FIRST            | \$0.00   | 0.969                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                      | TARGETED CASE MAN - HIV                     | \$0.00   | 0.969                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                      | TARGETED CASE MAN - SUBS ABUSE MOMS         | \$0.00   | 0.969                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                      | THERAPEUTIC ABORTION - IP HOSP              | \$0.00   | 0.962                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                      | THERAPEUTIC ABORTION - OP HOSP              | \$0.00   | 0.962                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                      | THERAPEUTIC ABORTION - PHYS                 | \$0.00   | 0.969                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                      | TRANSPORTATION - AMBULANCE                  | \$7.10   | 0.969                                  | 1.000  | \$6.88                                |  | \$6.88                                 |
|                      | TRANSPORTATION - OTHER                      | \$0.00   | 0.969                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                      | VISION CARE - EXAMS & THERAPY               | \$4.88   | 0.969                                  | 1.000  | \$4.73                                |  | \$4.73                                 |
|                      | VISION CARE - MATERIALS & FITTING           | \$2.78   | 0.969                                  | 1.000  | \$2.69                                |  | \$2.69                                 |
|                      | PART A DEDUCTIBLE                           |  |  |  |                                       |  |  |
|                      | PART B DEDUCTIBLE                           |  |  |  |                                       |  |  |
|                      | PART B COINSURANCE ADJUSTMENT               |  |  |  |                                       |  |  |
|                      | <b>Subtotal Physical Health</b>             | <b>\$706.77</b>                                |  |  | <b>\$612.81</b>                       | <b>\$0.02</b>  | <b>\$612.83</b>                        |
|                      | <b>Subtotal Physical Health w Admin</b>     |  |  |  |                                       |  | <b>\$704.89</b>                        |
|                      | <b>CHEMICAL DEPENDENCY</b>                  |  |  |  |                                       |  |  |
|                      | CD SERVICES - ALTERNATIVE TO DETOX          | \$0.03   | 0.986                                  | 1.000  | \$0.03                                |  | \$0.03                                 |
|                      | CD SERVICES - METHADONE                     | \$0.00   | 0.986                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                      | CD SERVICES - OP                            | \$0.01   | 0.986                                  | 1.000  | \$0.01                                |  | \$0.01                                 |
|                      | <b>Subtotal Chemical Dependency</b>         | <b>\$0.04</b>                                  |  |  | <b>\$0.04</b>                         |  | <b>\$0.04</b>                          |
|                      | <b>Subtotal Chemical Dependency w Admin</b> |  |  |  |                                       |  | <b>\$0.04</b>                          |

Oregon Health Plan Medicaid Demonstration

EXHIBIT 2-H

Development of January 2008 Statewide FCHP, MHO, DCO, and CDO Capitation Rates from the 2008-2009 Per Capita Costs

With Adjustments for Funding Through Line 503 of the 2008-2009 Prioritized List

| Eligibility Category | Service Category                      | A  | B                                      | C  | D<br>= A * B * C                      | E  | F<br>= D + E                           |
|----------------------|---------------------------------------|--|--|--|---------------------------------------|--|--|
|                      |                                       | 08-09 PCC<br>With Coverage<br>Through Line 503 | Trend Adjustment to<br>Contract Period | Hospital<br>Reimbursement<br>Adjustment <sup>1</sup> | Projected 2008<br>Statewide Cost PMPM | Maternity Carve-<br>Out / Program<br>Change<br>Adjustment <sup>2</sup> | 2008 Statewide<br>Capitation Rate PMPM |
| OAA without Medicare |                                       |  |  |  |                                       |  |  |
| <b>DENTAL</b>        |                                       |  |  |  |                                       |  |  |
|                      | DENTAL - ADJUNCTIVE GENERAL           | \$1.06   | 0.970                                  | 1.000  | \$1.03                                |  | \$1.03                                 |
|                      | DENTAL - ANESTHESIA SURGICAL          | \$0.00   | 0.970                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                      | DENTAL - DIAGNOSTIC                   | \$3.77   | 0.970                                  | 1.000  | \$3.65                                |  | \$3.65                                 |
|                      | DENTAL - ENDODONTICS                  | \$1.16   | 0.970                                  | 1.000  | \$1.12                                |  | \$1.12                                 |
|                      | DENTAL - I/P FIXED                    | \$0.08   | 0.970                                  | 1.000  | \$0.07                                |  | \$0.07                                 |
|                      | DENTAL - MAXILLOFACIAL PROS           | \$0.00   | 0.970                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                      | DENTAL - ORAL SURGERY                 | \$3.23   | 0.970                                  | 1.000  | \$3.13                                |  | \$3.13                                 |
|                      | DENTAL - ORTHODONTICS                 | \$0.00   | 0.970                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                      | DENTAL - PERIODONTICS                 | \$1.78   | 0.970                                  | 1.000  | \$1.73                                |  | \$1.73                                 |
|                      | DENTAL - PREVENTIVE                   | \$1.17   | 0.970                                  | 1.000  | \$1.14                                |  | \$1.14                                 |
|                      | DENTAL - PROS REMOVABLE               | \$14.37  | 0.970                                  | 1.000  | \$13.94                               |  | \$13.94                                |
|                      | DENTAL - RESTORATIVE                  | \$3.44   | 0.970                                  | 1.000  | \$3.34                                |  | \$3.34                                 |
|                      | <b>Subtotal Dental</b>                | <b>\$30.06</b>                                 |  |  | <b>\$29.17</b>                        |  | <b>\$29.17</b>                         |
|                      | <b>Subtotal Dental w Admin</b>        |  |  |  |                                       |  | <b>\$33.55</b>                         |
| <b>MENTAL HEALTH</b> |                                       |  |  |  |                                       |  |  |
|                      | MH SERVICES ACUTE INPATIENT           | \$5.41   | 0.986                                  | 0.808  | \$4.31                                |  | \$4.31                                 |
|                      | MH SERVICES ALTERNATIVE TO IP         | \$0.20   | 0.986                                  | 1.000  | \$0.20                                |  | \$0.20                                 |
|                      | MH SERVICES ANCILLARY SERVICES        | \$0.42   | 0.986                                  | 1.000  | \$0.41                                |  | \$0.41                                 |
|                      | MH SERVICES ASSESS & EVAL             | \$0.62   | 0.986                                  | 1.000  | \$0.61                                |  | \$0.61                                 |
|                      | MH SERVICES CASE MANAGEMENT           | \$1.45   | 0.986                                  | 1.000  | \$1.43                                |  | \$1.43                                 |
|                      | MH SERVICES CONSULTATION              | \$0.00   | 0.986                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                      | MH SERVICES EVIDENCE BASED PRACTICE   | \$0.00   | 0.986                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                      | MH SERVICES FAMILY SUPPORT            | \$0.20   | 0.986                                  | 1.000  | \$0.20                                |  | \$0.20                                 |
|                      | MH SERVICES MED MANAGEMENT            | \$0.72   | 0.986                                  | 1.000  | \$0.71                                |  | \$0.71                                 |
|                      | MH SERVICES OP THERAPY                | \$0.75   | 0.986                                  | 1.000  | \$0.74                                |  | \$0.74                                 |
|                      | MH SERVICES OTHER OP                  | \$0.00   | 0.986                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                      | MH SERVICES PEO                       | \$0.69   | 1.000                                  | 1.000  | \$0.69                                |  | \$0.69                                 |
|                      | MH SERVICES PHYS IP                   | \$0.76   | 0.986                                  | 1.000  | \$0.75                                |  | \$0.75                                 |
|                      | MH SERVICES PHYS OP                   | \$2.49   | 0.986                                  | 1.000  | \$2.45                                |  | \$2.45                                 |
|                      | MH SERVICES SUPPORT DAY PROGRAM       | \$4.53   | 0.986                                  | 1.000  | \$4.47                                |  | \$4.47                                 |
|                      | MH SERVICES INTENSIVE THERAPY SVCS    | \$0.00   | 0.986                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                      | MH SERVICES CONS ASSESS               |  |  |  |                                       |  | \$0.00                                 |
|                      | <b>Subtotal Mental Health</b>         | <b>\$18.25</b>                                 |  |  | <b>\$16.98</b>                        |  | <b>\$16.98</b>                         |
|                      | <b>Subtotal Mental Health w Admin</b> |  |  |  |                                       |  | <b>\$19.53</b>                         |
|                      | <b>Total Services</b>                 | <b>\$755.12</b>                                |  |  | <b>\$659.00</b>                       | <b>\$0.02</b>  | <b>\$659.02</b>                        |
|                      | <b>Total Services with Admin</b>      |  |  |  |                                       |  | <b>\$758.01</b>                        |

1) Reflects change from funding DRG hospitals at 100% of cost as in 2008-09 per capita costs to 80% of cost for 2008 capitation rates.

2) Reflects Maternity Case Rate Carve-Out, Children's Mental Health Services Adjustment, and Bariatric Surgery Adjustment

**Oregon Health Plan Medicaid Demonstration**

**EXHIBIT 2-H**

**Development of January 2008 Statewide FCHP, MHO, DCO, and CDO Capitation Rates from the 2008-2009 Per Capita Costs  
With Adjustments for Funding Through Line 503 of the 2008-2009 Prioritized List**

| Eligibility Category | Service Category                    | A  | B                                      | C  | D<br>= A * B * C                      | E  | F<br>= D + E                           |
|----------------------|-------------------------------------|--|--|--|---------------------------------------|--|--|
|                      |                                     | 08-09 PCC<br>With Coverage<br>Through Line 503 | Trend Adjustment to<br>Contract Period | Hospital<br>Reimbursement<br>Adjustment <sup>1</sup> | Projected 2008<br>Statewide Cost PMPM | Maternity Carve-<br>Out / Program<br>Change<br>Adjustment <sup>2</sup> | 2008 Statewide<br>Capitation Rate PMPM |
| SCF Children         | <b>PHYSICAL HEALTH</b>              |  |  |  |                                       |  |  |
|                      | ADMINISTRATIVE EXAMS                | \$0.00   | 0.970                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                      | ANESTHESIA                          | \$1.66   | 0.970                                  | 1.000  | \$1.61                                |  | \$1.61                                 |
|                      | EXCEPT NEEDS CARE COORDINATION      | \$0.00   | 1.000                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                      | FP - IP HOSP                        | \$0.00   | 0.983                                  | 0.820  | \$0.00                                |  | \$0.00                                 |
|                      | FP - OP HOSP                        | \$0.05   | 0.962                                  | 0.828  | \$0.04                                |  | \$0.04                                 |
|                      | FP - PHYS                           | \$0.10   | 0.970                                  | 1.000  | \$0.10                                |  | \$0.10                                 |
|                      | HYSTERECTOMY - ANESTHESIA           | \$0.00   | 0.970                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                      | HYSTERECTOMY - IP HOSP              | \$0.00   | 0.983                                  | 0.827  | \$0.00                                |  | \$0.00                                 |
|                      | HYSTERECTOMY - OP HOSP              | \$0.00   | 0.962                                  | 0.816  | \$0.00                                |  | \$0.00                                 |
|                      | HYSTERECTOMY - PHYS                 | \$0.00   | 0.970                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                      | IP HOSP - ACUTE DETOX               | \$0.05   | 0.983                                  | 0.811  | \$0.04                                |  | \$0.04                                 |
|                      | IP HOSP - MATERNITY                 | \$0.90   | 0.983                                  | 0.832  | \$0.74                                | -\$0.74  | \$0.00                                 |
|                      | IP HOSP - MATERNITY / STERILIZATION | \$0.10   | 0.983                                  | 0.839  | \$0.08                                | -\$0.05  | \$0.03                                 |
|                      | IP HOSP - MEDICAL/SURGICAL          | \$14.34  | 0.983                                  | 0.820  | \$11.56                               |  | \$11.56                                |
|                      | IP HOSP - NEWBORN                   | \$1.01   | 0.983                                  | 0.815  | \$0.81                                |  | \$0.81                                 |
|                      | IP HOSP - POST HOSP EXTENDED CARE   | \$0.00   | 0.983                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                      | LAB & RAD - DIAGNOSTIC X-RAY        | \$2.03   | 0.970                                  | 1.000  | \$1.96                                |  | \$1.96                                 |
|                      | LAB & RAD - LAB                     | \$2.09   | 0.970                                  | 1.000  | \$2.02                                |  | \$2.02                                 |
|                      | LAB & RAD - THERAPEUTIC X-RAY       | \$0.01   | 0.970                                  | 1.000  | \$0.01                                |  | \$0.01                                 |
|                      | OP ER - SOMATIC MH                  | \$0.47   | 0.962                                  | 0.823  | \$0.37                                |  | \$0.37                                 |
|                      | OP HOSP - BASIC                     | \$13.88  | 0.962                                  | 0.854  | \$11.41                               |  | \$11.41                                |
|                      | OP HOSP - DENTAL ANESTHESIA         | \$0.00   | 0.962                                  | 0.845  | \$0.00                                |  | \$0.00                                 |
|                      | OP HOSP - DENTAL DIAGNOSTIC         | \$0.00   | 0.962                                  | 0.845  | \$0.00                                |  | \$0.00                                 |
|                      | OP HOSP - DENTAL PREVENTIVE         | \$0.00   | 0.962                                  | 0.845  | \$0.00                                |  | \$0.00                                 |
|                      | OP HOSP - DENTAL RESTORATIVE        | \$0.00   | 0.962                                  | 0.845  | \$0.00                                |  | \$0.00                                 |
|                      | OP HOSP - EMERGENCY ROOM            | \$4.69   | 0.962                                  | 0.833  | \$3.76                                |  | \$3.76                                 |
|                      | OP HOSP - LAB & RAD                 | \$7.74   | 0.962                                  | 0.835  | \$6.22                                |  | \$6.22                                 |
|                      | OP HOSP - MATERNITY                 | \$0.45   | 0.962                                  | 0.838  | \$0.36                                | -\$0.36  | \$0.00                                 |
|                      | OP HOSP - POST HOSP EXTENDED CARE   | \$0.00   | 0.962                                  | 0.891  | \$0.00                                |  | \$0.00                                 |
|                      | OP HOSP - PRES DRUGS BASIC          | \$0.71   | 0.962                                  | 0.844  | \$0.58                                |  | \$0.58                                 |
|                      | OP HOSP - PRES DRUGS MH/CD          | \$0.01   | 0.962                                  | 0.836  | \$0.01                                |  | \$0.01                                 |
|                      | OP HOSP - SOMATIC MH                | \$0.95   | 0.962                                  | 0.830  | \$0.76                                |  | \$0.76                                 |
|                      | OTH MED - DME                       | \$1.32   | 0.970                                  | 1.000  | \$1.28                                |  | \$1.28                                 |
|                      | OTH MED - HHC/PDN                   | \$0.47   | 0.970                                  | 0.952  | \$0.43                                |  | \$0.43                                 |
|                      | OTH MED - HOSPICE                   | \$0.02   | 0.970                                  | 0.909  | \$0.02                                |  | \$0.02                                 |
|                      | OTH MED - MATERNITY MGT             | \$0.00   | 0.970                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                      | OTH MED - SUPPLIES                  | \$1.87   | 0.970                                  | 1.000  | \$1.82                                |  | \$1.82                                 |
|                      | PHYS CONSULTATION, IP & ER VISITS   | \$3.93   | 0.970                                  | 1.000  | \$3.81                                |  | \$3.81                                 |
|                      | PHYS HOME OR LONG-TERM CARE VISITS  | \$0.05   | 0.970                                  | 1.000  | \$0.05                                |  | \$0.05                                 |
|                      | PHYS MATERNITY                      | \$0.57   | 0.970                                  | 1.000  | \$0.55                                | -\$0.55  | \$0.00                                 |
|                      | PHYS NEWBORN                        | \$0.23   | 0.970                                  | 1.000  | \$0.22                                |  | \$0.22                                 |
|                      | PHYS OFFICE VISITS                  | \$20.89  | 0.970                                  | 1.000  | \$20.26                               |  | \$20.26                                |
|                      | PHYS OTHER                          | \$6.86   | 0.970                                  | 1.000  | \$6.65                                |  | \$6.65                                 |
|                      | PHYS SOMATIC MH                     | \$4.33   | 0.970                                  | 1.000  | \$4.20                                |  | \$4.20                                 |

Oregon Health Plan Medicaid Demonstration

EXHIBIT 2-H

Development of January 2008 Statewide FCHP, MHO, DCO, and CDO Capitation Rates from the 2008-2009 Per Capita Costs

With Adjustments for Funding Through Line 503 of the 2008-2009 Prioritized List

| Eligibility Category | Service Category                            | A  | B                                      | C  | D<br>= A * B * C                      | E  | F<br>= D + E                           |
|----------------------|---|--|--|--|---------------------------------------|--|--|
|                      |   | 08-09 PCC<br>With Coverage<br>Through Line 503 | Trend Adjustment to<br>Contract Period | Hospital<br>Reimbursement<br>Adjustment <sup>1</sup> | Projected 2008<br>Statewide Cost PMPM | Maternity Carve-<br>Out / Program<br>Change<br>Adjustment <sup>2</sup> | 2008 Statewide<br>Capitation Rate PMPM |
| SCF Children         |   |  |  |  |                                       |  |  |
|                      | PRES DRUGS - BASIC                          | \$32.63  | 0.963                                  | 1.000  | \$31.43                               |  | \$31.43                                |
|                      | PRES DRUGS - FP                             | \$1.71   | 0.963                                  | 1.000  | \$1.64                                |  | \$1.64                                 |
|                      | PRES DRUGS - MH/CD                          | \$0.00   | 0.963                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                      | SCHOOL-BASED HEALTH SERVICES                | \$0.00   | 0.970                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                      | STERILIZATION - ANESTHESIA FEMALE           | \$0.00   | 0.970                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                      | STERILIZATION - ANESTHESIA MALE             | \$0.00   | 0.970                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                      | STERILIZATION - IP HOSP FEMALE              | \$0.00   | 0.983                                  | 0.837  | \$0.00                                |  | \$0.00                                 |
|                      | STERILIZATION - IP HOSP MALE                | \$0.00   | 0.983                                  | 0.820  | \$0.00                                |  | \$0.00                                 |
|                      | STERILIZATION - OP HOSP FEMALE              | \$0.00   | 0.962                                  | 0.845  | \$0.00                                |  | \$0.00                                 |
|                      | STERILIZATION - OP HOSP MALE                | \$0.00   | 0.962                                  | 0.800  | \$0.00                                |  | \$0.00                                 |
|                      | STERILIZATION - PHY FEMALE                  | \$0.00   | 0.970                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                      | STERILIZATION - PHY MALE                    | \$0.00   | 0.970                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                      | SURGERY                                     | \$3.99   | 0.970                                  | 1.000  | \$3.87                                |  | \$3.87                                 |
|                      | TARGETED CASE MAN - BABIES FIRST            | \$0.00   | 0.970                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                      | TARGETED CASE MAN - HIV                     | \$0.00   | 0.970                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                      | TARGETED CASE MAN - SUBS ABUSE MOMS         | \$0.00   | 0.970                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                      | THERAPEUTIC ABORTION - IP HOSP              | \$0.00   | 0.983                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                      | THERAPEUTIC ABORTION - OP HOSP              | \$0.00   | 0.962                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                      | THERAPEUTIC ABORTION - PHYS                 | \$0.00   | 0.970                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                      | TRANSPORTATION - AMBULANCE                  | \$1.62   | 0.970                                  | 1.000  | \$1.57                                |  | \$1.57                                 |
|                      | TRANSPORTATION - OTHER                      | \$0.00   | 0.970                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                      | VISION CARE - EXAMS & THERAPY               | \$2.63   | 0.970                                  | 1.000  | \$2.55                                |  | \$2.55                                 |
|                      | VISION CARE - MATERIALS & FITTING           | \$1.90   | 0.970                                  | 1.000  | \$1.84                                |  | \$1.84                                 |
|                      | PART A DEDUCTIBLE                           |  |  |  |                                       |  |  |
|                      | PART B DEDUCTIBLE                           |  |  |  |                                       |  |  |
|                      | PART B COINSURANCE ADJUSTMENT               |  |  |  |                                       |  |  |
|                      | <b>Subtotal Physical Health</b>             | <b>\$136.25</b>                                |  |  | <b>\$124.64</b>                       | <b>-\$1.70</b>   | <b>\$122.93</b>                        |
|                      | <b>Subtotal Physical Health w Admin</b>     |  |  |  |                                       |  | <b>\$141.40</b>                        |
|                      | <b>CHEMICAL DEPENDENCY</b>                  |  |  |  |                                       |  |  |
|                      | CD SERVICES - ALTERNATIVE TO DETOX          | \$0.00   | 0.960                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                      | CD SERVICES - METHADONE                     | \$0.02   | 0.960                                  | 1.000  | \$0.02                                |  | \$0.02                                 |
|                      | CD SERVICES - OP                            | \$5.61   | 0.960                                  | 1.000  | \$5.38                                |  | \$5.38                                 |
|                      | <b>Subtotal Chemical Dependency</b>         | <b>\$5.63</b>                                  |  |  | <b>\$5.41</b>                         |  | <b>\$5.41</b>                          |
|                      | <b>Subtotal Chemical Dependency w Admin</b> |  |  |  |                                       |  | <b>\$6.22</b>                          |

**Oregon Health Plan Medicaid Demonstration**

**EXHIBIT 2-H**

**Development of January 2008 Statewide FCHP, MHO, DCO, and CDO Capitation Rates from the 2008-2009 Per Capita Costs**

With Adjustments for Funding Through Line 503 of the 2008-2009 Prioritized List

| Eligibility Category | Service Category                      | A  | B                                      | C  | D<br>= A * B * C                      | E  | F<br>= D + E                           |
|----------------------|---------------------------------------|--|--|--|---------------------------------------|--|--|
|                      |                                       | 08-09 PCC<br>With Coverage<br>Through Line 503 | Trend Adjustment to<br>Contract Period | Hospital<br>Reimbursement<br>Adjustment <sup>1</sup> | Projected 2008<br>Statewide Cost PMPM | Maternity Carve-<br>Out / Program<br>Change<br>Adjustment <sup>2</sup> | 2008 Statewide<br>Capitation Rate PMPM |
| SCF Children         |                                       |  |  |  |                                       |  |  |
| <b>DENTAL</b>        |                                       |  |  |  |                                       |  |  |
|                      | DENTAL - ADJUNCTIVE GENERAL           | \$0.43   | 0.970                                  | 1.000  | \$0.42                                |  | \$0.42                                 |
|                      | DENTAL - ANESTHESIA SURGICAL          | \$0.43   | 0.970                                  | 1.000  | \$0.42                                |  | \$0.42                                 |
|                      | DENTAL - DIAGNOSTIC                   | \$4.63   | 0.970                                  | 1.000  | \$4.50                                |  | \$4.50                                 |
|                      | DENTAL - ENDODONTICS                  | \$1.09   | 0.970                                  | 1.000  | \$1.06                                |  | \$1.06                                 |
|                      | DENTAL - I/P FIXED                    | \$0.00   | 0.970                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                      | DENTAL - MAXILLOFACIAL PROS           | \$0.00   | 0.970                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                      | DENTAL - ORAL SURGERY                 | \$1.14   | 0.970                                  | 1.000  | \$1.11                                |  | \$1.11                                 |
|                      | DENTAL - ORTHODONTICS                 | \$0.06   | 0.970                                  | 1.000  | \$0.06                                |  | \$0.06                                 |
|                      | DENTAL - PERIODONTICS                 | \$0.12   | 0.970                                  | 1.000  | \$0.12                                |  | \$0.12                                 |
|                      | DENTAL - PREVENTIVE                   | \$5.21   | 0.970                                  | 1.000  | \$5.05                                |  | \$5.05                                 |
|                      | DENTAL - PROS REMOVABLE               | \$0.02   | 0.970                                  | 1.000  | \$0.02                                |  | \$0.02                                 |
|                      | DENTAL - RESTORATIVE                  | \$7.72   | 0.970                                  | 1.000  | \$7.49                                |  | \$7.49                                 |
|                      | <b>Subtotal Dental</b>                | <b>\$20.86</b>                                 |  |  | <b>\$20.24</b>                        |  | <b>\$20.24</b>                         |
|                      | <b>Subtotal Dental w Admin</b>        |  |  |  |                                       |  | <b>\$23.28</b>                         |
| <b>MENTAL HEALTH</b> |                                       |  |  |  |                                       |  |  |
|                      | MH SERVICES ACUTE INPATIENT           | \$10.57  | 0.960                                  | 0.808  | \$8.19                                |  | \$8.19                                 |
|                      | MH SERVICES ALTERNATIVE TO IP         | \$4.03   | 0.960                                  | 1.000  | \$3.87                                |  | \$3.87                                 |
|                      | MH SERVICES ANCILLARY SERVICES        | \$0.01   | 0.960                                  | 1.000  | \$0.01                                |  | \$0.01                                 |
|                      | MH SERVICES ASSESS & EVAL             | \$4.15   | 0.960                                  | 1.000  | \$3.99                                |  | \$3.99                                 |
|                      | MH SERVICES CASE MANAGEMENT           | \$12.77  | 0.960                                  | 1.000  | \$12.25                               |  | \$12.25                                |
|                      | MH SERVICES CONSULTATION              | \$0.41   | 0.960                                  | 1.000  | \$0.39                                |  | \$0.39                                 |
|                      | MH SERVICES EVIDENCE BASED PRACTICE   | \$0.00   | 0.960                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                      | MH SERVICES FAMILY SUPPORT            | \$0.29   | 0.960                                  | 1.000  | \$0.28                                |  | \$0.28                                 |
|                      | MH SERVICES MED MANAGEMENT            | \$1.01   | 0.960                                  | 1.000  | \$0.97                                |  | \$0.97                                 |
|                      | MH SERVICES OP THERAPY                | \$20.84  | 0.960                                  | 1.000  | \$20.00                               |  | \$20.00                                |
|                      | MH SERVICES OTHER OP                  | \$0.08   | 0.960                                  | 1.000  | \$0.07                                |  | \$0.07                                 |
|                      | MH SERVICES PEO                       | \$0.69   | 1.000                                  | 1.000  | \$0.69                                |  | \$0.69                                 |
|                      | MH SERVICES PHYS IP                   | \$7.40   | 0.960                                  | 1.000  | \$7.10                                |  | \$7.10                                 |
|                      | MH SERVICES PHYS OP                   | \$44.87  | 0.960                                  | 1.000  | \$43.06                               |  | \$43.06                                |
|                      | MH SERVICES SUPPORT DAY PROGRAM       | \$5.01   | 0.960                                  | 1.000  | \$4.81                                |  | \$4.81                                 |
|                      | MH SERVICES INTENSIVE THERAPY SVCS    | \$28.48  | 0.960                                  | 1.000  | \$27.34                               | \$48.78  | \$76.12                                |
|                      | MH SERVICES CONS ASSESS               |  |  |  |                                       | \$0.27   | \$0.27                                 |
|                      | <b>Subtotal Mental Health</b>         | <b>\$140.59</b>                                |  |  | <b>\$133.01</b>                       | <b>\$49.05</b>   | <b>\$182.06</b>                        |
|                      | <b>Subtotal Mental Health w Admin</b> |  |  |  |                                       |  | <b>\$209.41</b>                        |
|                      | <b>Total Services</b>                 | <b>\$303.34</b>                                |  |  | <b>\$283.30</b>                       | <b>\$47.35</b>   | <b>\$330.64</b>                        |
|                      | <b>Total Services with Admin</b>      |  |  |  |                                       |  | <b>\$380.31</b>                        |

1) Reflects change from funding DRG hospitals at 100% of cost as in 2008-09 per capita costs to 80% of cost for 2008 capitation rates.

2) Reflects Maternity Case Rate Carve-Out, Children's Mental Health Services Adjustment, and Bariatric Surgery Adjustment

**Oregon Health Plan Medicaid Demonstration**

**EXHIBIT 2-H**

**Development of January 2008 Statewide FCHP, MHO, DCO, and CDO Capitation Rates from the 2008-2009 Per Capita Costs**

With Adjustments for Funding Through Line 503 of the 2008-2009 Prioritized List

| Eligibility Category   | Service Category                    | A  | B                                      | C  | D<br>= A * B * C                      | E  | F<br>= D + E                           |
|------------------------|-------------------------------------|--|--|--|---------------------------------------|--|--|
|                        |                                     | 08-09 PCC<br>With Coverage<br>Through Line 503 | Trend Adjustment to<br>Contract Period | Hospital<br>Reimbursement<br>Adjustment <sup>1</sup> | Projected 2008<br>Statewide Cost PMPM | Maternity Carve-<br>Out / Program<br>Change<br>Adjustment <sup>2</sup> | 2008 Statewide<br>Capitation Rate PMPM |
| OHP Families           |                                     |  |  |  |                                       |  |  |
| <b>PHYSICAL HEALTH</b> |                                     |  |  |  |                                       |  |  |
|                        | ADMINISTRATIVE EXAMS                | \$0.00   | 0.973                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                        | ANESTHESIA                          | \$1.96   | 0.973                                  | 1.000  | \$1.91                                |  | \$1.91                                 |
|                        | EXCEPT NEEDS CARE COORDINATION      | \$0.00   | 1.000                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                        | FP - IP HOSP                        | \$0.00   | 0.983                                  | 0.820  | \$0.00                                |  | \$0.00                                 |
|                        | FP - OP HOSP                        | \$0.04   | 0.983                                  | 0.828  | \$0.03                                |  | \$0.03                                 |
|                        | FP - PHYS                           | \$0.84   | 0.973                                  | 1.000  | \$0.82                                |  | \$0.82                                 |
|                        | HYSTERECTOMY - ANESTHESIA           | \$0.07   | 0.973                                  | 1.000  | \$0.07                                |  | \$0.07                                 |
|                        | HYSTERECTOMY - IP HOSP              | \$1.03   | 0.983                                  | 0.827  | \$0.84                                |  | \$0.84                                 |
|                        | HYSTERECTOMY - OP HOSP              | \$0.00   | 0.983                                  | 0.816  | \$0.00                                |  | \$0.00                                 |
|                        | HYSTERECTOMY - PHYS                 | \$0.40   | 0.973                                  | 1.000  | \$0.39                                |  | \$0.39                                 |
|                        | IP HOSP - ACUTE DETOX               | \$0.15   | 0.983                                  | 0.811  | \$0.12                                |  | \$0.12                                 |
|                        | IP HOSP - MATERNITY                 | \$0.62   | 0.983                                  | 0.832  | \$0.51                                |  | \$0.00                                 |
|                        | IP HOSP - MATERNITY / STERILIZATION | \$0.00   | 0.983                                  | 0.839  | \$0.00                                | -\$0.51  | \$0.00                                 |
|                        | IP HOSP - MEDICAL/SURGICAL          | \$31.37  | 0.983                                  | 0.820  | \$25.29                               |  | \$25.29                                |
|                        | IP HOSP - NEWBORN                   | \$0.00   | 0.983                                  | 0.815  | \$0.00                                |  | \$0.00                                 |
|                        | IP HOSP - POST HOSP EXTENDED CARE   | \$0.00   | 0.983                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                        | LAB & RAD - DIAGNOSTIC X-RAY        | \$9.11   | 0.973                                  | 1.000  | \$8.87                                |  | \$8.87                                 |
|                        | LAB & RAD - LAB                     | \$6.61   | 0.973                                  | 1.000  | \$6.43                                |  | \$6.43                                 |
|                        | LAB & RAD - THERAPEUTIC X-RAY       | \$0.14   | 0.973                                  | 1.000  | \$0.14                                |  | \$0.14                                 |
|                        | OP ER - SOMATIC MH                  | \$0.30   | 0.983                                  | 0.823  | \$0.24                                |  | \$0.24                                 |
|                        | OP HOSP - BASIC                     | \$19.81  | 0.983                                  | 0.854  | \$16.63                               |  | \$16.63                                |
|                        | OP HOSP - DENTAL ANESTHESIA         | \$0.00   | 0.983                                  | 0.845  | \$0.00                                |  | \$0.00                                 |
|                        | OP HOSP - DENTAL DIAGNOSTIC         | \$0.00   | 0.983                                  | 0.845  | \$0.00                                |  | \$0.00                                 |
|                        | OP HOSP - DENTAL PREVENTIVE         | \$0.00   | 0.983                                  | 0.845  | \$0.00                                |  | \$0.00                                 |
|                        | OP HOSP - DENTAL RESTORATIVE        | \$0.00   | 0.983                                  | 0.845  | \$0.00                                |  | \$0.00                                 |
|                        | OP HOSP - EMERGENCY ROOM            | \$9.02   | 0.983                                  | 0.833  | \$7.39                                |  | \$7.39                                 |
|                        | OP HOSP - LAB & RAD                 | \$19.67  | 0.983                                  | 0.835  | \$16.16                               |  | \$16.16                                |
|                        | OP HOSP - MATERNITY                 | \$1.75   | 0.983                                  | 0.838  | \$1.44                                | -\$1.44  | \$0.00                                 |
|                        | OP HOSP - POST HOSP EXTENDED CARE   | \$0.00   | 0.983                                  | 0.891  | \$0.00                                |  | \$0.00                                 |
|                        | OP HOSP - PRES DRUGS BASIC          | \$3.21   | 0.983                                  | 0.844  | \$2.66                                |  | \$2.66                                 |
|                        | OP HOSP - PRES DRUGS MH/CD          | \$0.04   | 0.983                                  | 0.836  | \$0.03                                |  | \$0.03                                 |
|                        | OP HOSP - SOMATIC MH                | \$0.47   | 0.983                                  | 0.830  | \$0.38                                |  | \$0.38                                 |
|                        | OTH MED - DME                       | \$0.88   | 0.973                                  | 1.000  | \$0.86                                |  | \$0.86                                 |
|                        | OTH MED - HHC/PDN                   | \$0.06   | 0.973                                  | 0.952  | \$0.06                                |  | \$0.06                                 |
|                        | OTH MED - HOSPICE                   | \$0.04   | 0.973                                  | 0.909  | \$0.03                                |  | \$0.03                                 |
|                        | OTH MED - MATERNITY MGT             | \$0.00   | 0.973                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                        | OTH MED - SUPPLIES                  | \$1.09   | 0.973                                  | 1.000  | \$1.06                                |  | \$1.06                                 |
|                        | PHYS CONSULTATION, IP & ER VISITS   | \$7.71   | 0.973                                  | 1.000  | \$7.50                                |  | \$7.50                                 |
|                        | PHYS HOME OR LONG-TERM CARE VISITS  | \$0.00   | 0.973                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                        | PHYS MATERNITY                      | \$1.16   | 0.973                                  | 1.000  | \$1.13                                | -\$1.13  | \$0.00                                 |
|                        | PHYS NEWBORN                        | \$0.01   | 0.973                                  | 1.000  | \$0.01                                |  | \$0.01                                 |
|                        | PHYS OFFICE VISITS                  | \$26.28  | 0.973                                  | 1.000  | \$25.56                               |  | \$25.56                                |
|                        | PHYS OTHER                          | \$6.49   | 0.973                                  | 1.000  | \$6.31                                | \$0.02   | \$6.33                                 |
|                        | PHYS SOMATIC MH                     | \$1.98   | 0.973                                  | 1.000  | \$1.93                                |  | \$1.93                                 |

Oregon Health Plan Medicaid Demonstration

EXHIBIT 2-H

Development of January 2008 Statewide FCHP, MHO, DCO, and CDO Capitation Rates from the 2008-2009 Per Capita Costs

With Adjustments for Funding Through Line 503 of the 2008-2009 Prioritized List

| Eligibility Category | Service Category                            | A  | B                                      | C  | D<br>= A * B * C                      | E  | F<br>= D + E                           |
|----------------------|---|--|--|--|---------------------------------------|--|--|
|                      |   | 08-09 PCC<br>With Coverage<br>Through Line 503 | Trend Adjustment to<br>Contract Period | Hospital<br>Reimbursement<br>Adjustment <sup>1</sup> | Projected 2008<br>Statewide Cost PMPM | Maternity Carve-<br>Out / Program<br>Change<br>Adjustment <sup>2</sup> | 2008 Statewide<br>Capitation Rate PMPM |
| OHP Families         |   |  |  |  |                                       |  |  |
|                      | PRES DRUGS - BASIC                          | \$44.19  | 0.963                                  | 1.000  | \$42.58                               |  | \$42.58                                |
|                      | PRES DRUGS - FP                             | \$2.22   | 0.963                                  | 1.000  | \$2.14                                |  | \$2.14                                 |
|                      | PRES DRUGS - MH/CD                          | \$0.00   | 0.963                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                      | SCHOOL-BASED HEALTH SERVICES                | \$0.00   | 0.973                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                      | STERILIZATION - ANESTHESIA FEMALE           | \$0.06   | 0.973                                  | 1.000  | \$0.06                                |  | \$0.06                                 |
|                      | STERILIZATION - ANESTHESIA MALE             | \$0.00   | 0.973                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                      | STERILIZATION - IP HOSP FEMALE              | \$0.21   | 0.983                                  | 0.837  | \$0.18                                |  | \$0.18                                 |
|                      | STERILIZATION - IP HOSP MALE                | \$0.00   | 0.983                                  | 0.820  | \$0.00                                |  | \$0.00                                 |
|                      | STERILIZATION - OP HOSP FEMALE              | \$0.01   | 0.983                                  | 0.845  | \$0.01                                |  | \$0.01                                 |
|                      | STERILIZATION - OP HOSP MALE                | \$0.00   | 0.983                                  | 0.800  | \$0.00                                |  | \$0.00                                 |
|                      | STERILIZATION - PHY FEMALE                  | \$0.09   | 0.973                                  | 1.000  | \$0.09                                |  | \$0.09                                 |
|                      | STERILIZATION - PHY MALE                    | \$0.14   | 0.973                                  | 1.000  | \$0.13                                |  | \$0.13                                 |
|                      | SURGERY                                     | \$9.50   | 0.973                                  | 1.000  | \$9.25                                |  | \$9.25                                 |
|                      | TARGETED CASE MAN - BABIES FIRST            | \$0.00   | 0.973                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                      | TARGETED CASE MAN - HIV                     | \$0.00   | 0.973                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                      | TARGETED CASE MAN - SUBS ABUSE MOMS         | \$0.00   | 0.973                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                      | THERAPEUTIC ABORTION - IP HOSP              | \$0.00   | 0.983                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                      | THERAPEUTIC ABORTION - OP HOSP              | \$0.00   | 0.983                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                      | THERAPEUTIC ABORTION - PHYS                 | \$0.00   | 0.973                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                      | TRANSPORTATION - AMBULANCE                  | \$2.21   | 0.973                                  | 1.000  | \$2.15                                |  | \$2.15                                 |
|                      | TRANSPORTATION - OTHER                      | \$0.00   | 0.973                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                      | VISION CARE - EXAMS & THERAPY               | \$0.59   | 0.973                                  | 1.000  | \$0.57                                |  | \$0.57                                 |
|                      | VISION CARE - MATERIALS & FITTING           | \$0.03   | 0.973                                  | 1.000  | \$0.03                                |  | \$0.03                                 |
|                      | PART A DEDUCTIBLE                           |  |  |  |                                       |  |  |
|                      | PART B DEDUCTIBLE                           |  |  |  |                                       |  |  |
|                      | PART B COINSURANCE ADJUSTMENT               |  |  |  |                                       |  |  |
|                      | <b>Subtotal Physical Health</b>             | \$211.61                                       |  |  | \$192.01                              | -\$3.07  | \$188.94                               |
|                      | <b>Subtotal Physical Health w Admin</b>     |  |  |  |                                       |  | \$217.33                               |
|                      | <b>CHEMICAL DEPENDENCY</b>                  |  |  |  |                                       |  |  |
|                      | CD SERVICES - ALTERNATIVE TO DETOX          | \$0.26   | 0.972                                  | 1.000  | \$0.26                                |  | \$0.26                                 |
|                      | CD SERVICES - METHADONE                     | \$1.46   | 0.972                                  | 1.000  | \$1.42                                |  | \$1.42                                 |
|                      | CD SERVICES - OP                            | \$1.79   | 0.972                                  | 1.000  | \$1.74                                |  | \$1.74                                 |
|                      | <b>Subtotal Chemical Dependency</b>         | \$3.51   |  |  | \$3.41                                |  | \$3.41                                 |
|                      | <b>Subtotal Chemical Dependency w Admin</b> |  |  |  |                                       |  | \$3.92                                 |

Oregon Health Plan Medicaid Demonstration

EXHIBIT 2-H

Development of January 2008 Statewide FCHP, MHO, DCO, and CDO Capitation Rates from the 2008-2009 Per Capita Costs

With Adjustments for Funding Through Line 503 of the 2008-2009 Prioritized List

| Eligibility Category | Service Category                      | A  | B                                      | C  | D<br>= A * B * C                      | E  | F<br>= D + E                           |
|----------------------|---------------------------------------|--|--|--|---------------------------------------|--|--|
|                      |                                       | 08-09 PCC<br>With Coverage<br>Through Line 503 | Trend Adjustment to<br>Contract Period | Hospital<br>Reimbursement<br>Adjustment <sup>1</sup> | Projected 2008<br>Statewide Cost PMPM | Maternity Carve-<br>Out / Program<br>Change<br>Adjustment <sup>2</sup> | 2008 Statewide<br>Capitation Rate PMPM |
| OHP Families         |                                       |  |  |  |                                       |  |  |
| <b>DENTAL</b>        |                                       |  |  |  |                                       |  |  |
|                      | DENTAL - ADJUNCTIVE GENERAL           | \$0.67   | 0.970                                  | 1.000  | \$0.65                                |  | \$0.65                                 |
|                      | DENTAL - ANESTHESIA SURGICAL          | \$0.03   | 0.970                                  | 1.000  | \$0.03                                |  | \$0.03                                 |
|                      | DENTAL - DIAGNOSTIC                   | \$1.54   | 0.970                                  | 1.000  | \$1.49                                |  | \$1.49                                 |
|                      | DENTAL - ENDODONTICS                  | \$0.14   | 0.970                                  | 1.000  | \$0.14                                |  | \$0.14                                 |
|                      | DENTAL - I/P FIXED                    | \$0.00   | 0.970                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                      | DENTAL - MAXILLOFACIAL PROS           | \$0.00   | 0.970                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                      | DENTAL - ORAL SURGERY                 | \$1.11   | 0.970                                  | 1.000  | \$1.08                                |  | \$1.08                                 |
|                      | DENTAL - ORTHODONTICS                 | \$0.00   | 0.970                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                      | DENTAL - PERIODONTICS                 | \$0.05   | 0.970                                  | 1.000  | \$0.05                                |  | \$0.05                                 |
|                      | DENTAL - PREVENTIVE                   | \$0.09   | 0.970                                  | 1.000  | \$0.09                                |  | \$0.09                                 |
|                      | DENTAL - PROS REMOVABLE               | \$0.15   | 0.970                                  | 1.000  | \$0.15                                |  | \$0.15                                 |
|                      | DENTAL - RESTORATIVE                  | \$0.64   | 0.970                                  | 1.000  | \$0.62                                |  | \$0.62                                 |
|                      | <b>Subtotal Dental</b>                | <b>\$4.42</b>                                  |  |  | <b>\$4.29</b>                         |  | <b>\$4.29</b>                          |
|                      | <b>Subtotal Dental w Admin</b>        |  |  |  |                                       |  | <b>\$4.94</b>                          |
| <b>MENTAL HEALTH</b> |                                       |  |  |  |                                       |  |  |
|                      | MH SERVICES ACUTE INPATIENT           | \$4.38   | 0.972                                  | 0.808  | \$3.44                                |  | \$3.44                                 |
|                      | MH SERVICES ALTERNATIVE TO IP         | \$0.01   | 0.972                                  | 1.000  | \$0.01                                |  | \$0.01                                 |
|                      | MH SERVICES ANCILLARY SERVICES        | \$0.03   | 0.972                                  | 1.000  | \$0.03                                |  | \$0.03                                 |
|                      | MH SERVICES ASSESS & EVAL             | \$0.51   | 0.972                                  | 1.000  | \$0.50                                |  | \$0.50                                 |
|                      | MH SERVICES CASE MANAGEMENT           | \$0.50   | 0.972                                  | 1.000  | \$0.49                                |  | \$0.49                                 |
|                      | MH SERVICES CONSULTATION              | \$0.00   | 0.972                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                      | MH SERVICES EVIDENCE BASED PRACTICE   | \$0.00   | 0.972                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                      | MH SERVICES FAMILY SUPPORT            | \$0.04   | 0.972                                  | 1.000  | \$0.04                                |  | \$0.04                                 |
|                      | MH SERVICES MED MANAGEMENT            | \$0.10   | 0.972                                  | 1.000  | \$0.10                                |  | \$0.10                                 |
|                      | MH SERVICES OP THERAPY                | \$2.11   | 0.972                                  | 1.000  | \$2.05                                |  | \$2.05                                 |
|                      | MH SERVICES OTHER OP                  | \$0.11   | 0.972                                  | 1.000  | \$0.11                                |  | \$0.11                                 |
|                      | MH SERVICES PEO                       | \$0.69   | 1.000                                  | 1.000  | \$0.69                                |  | \$0.69                                 |
|                      | MH SERVICES PHYS IP                   | \$1.09   | 0.972                                  | 1.000  | \$1.06                                |  | \$1.06                                 |
|                      | MH SERVICES PHYS OP                   | \$5.60   | 0.972                                  | 1.000  | \$5.44                                |  | \$5.44                                 |
|                      | MH SERVICES SUPPORT DAY PROGRAM       | \$0.15   | 0.972                                  | 1.000  | \$0.14                                |  | \$0.14                                 |
|                      | MH SERVICES INTENSIVE THERAPY SVCS    | \$0.00   | 0.972                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                      | MH SERVICES CONS ASSESS               |  |  |  |                                       |  | \$0.00                                 |
|                      | <b>Subtotal Mental Health</b>         | <b>\$15.31</b>                                 |  |  | <b>\$14.08</b>                        |  | <b>\$14.08</b>                         |
|                      | <b>Subtotal Mental Health w Admin</b> |  |  |  |                                       |  | <b>\$16.19</b>                         |
|                      | <b>Total Services</b>                 | <b>\$234.85</b>                                |  |  | <b>\$213.79</b>                       | <b>-\$3.07</b>   | <b>\$210.72</b>                        |
|                      | <b>Total Services with Admin</b>      |  |  |  |                                       |  | <b>\$242.38</b>                        |

1) Reflects change from funding DRG hospitals at 100% of cost as in 2008-09 per capita costs to 80% of cost for 2008 capitation rates.

2) Reflects Maternity Case Rate Carve-Out, Children's Mental Health Services Adjustment, and Bariatric Surgery Adjustment

**Oregon Health Plan Medicaid Demonstration**

**EXHIBIT 2-H**

**Development of January 2008 Statewide FCHP, MHO, DCO, and CDO Capitation Rates from the 2008-2009 Per Capita Costs  
With Adjustments for Funding Through Line 503 of the 2008-2009 Prioritized List**

| Eligibility Category   | Service Category                    | A  | B                                      | C  | D<br>= A * B * C                      | E  | F<br>= D + E                           |
|------------------------|-------------------------------------|--|--|--|---------------------------------------|--|--|
|                        |                                     | 08-09 PCC<br>With Coverage<br>Through Line 503 | Trend Adjustment to<br>Contract Period | Hospital<br>Reimbursement<br>Adjustment <sup>1</sup> | Projected 2008<br>Statewide Cost PMPM | Maternity Carve-<br>Out / Program<br>Change<br>Adjustment <sup>2</sup> | 2008 Statewide<br>Capitation Rate PMPM |
| OHP Adults and Couples |                                     |  |  |  |                                       |  |  |
| <b>PHYSICAL HEALTH</b> |                                     |  |  |  |                                       |  |  |
|                        | ADMINISTRATIVE EXAMS                | \$0.00   | 0.969                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                        | ANESTHESIA                          | \$3.52   | 0.969                                  | 1.000  | \$3.41                                |  | \$3.41                                 |
|                        | EXCEPT NEEDS CARE COORDINATION      | \$0.00   | 1.000                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                        | FP - IP HOSP                        | \$0.00   | 0.962                                  | 0.820  | \$0.00                                |  | \$0.00                                 |
|                        | FP - OP HOSP                        | \$0.03   | 0.962                                  | 0.828  | \$0.02                                |  | \$0.02                                 |
|                        | FP - PHYS                           | \$0.15   | 0.969                                  | 1.000  | \$0.14                                |  | \$0.14                                 |
|                        | HYSTERECTOMY - ANESTHESIA           | \$0.07   | 0.969                                  | 1.000  | \$0.07                                |  | \$0.07                                 |
|                        | HYSTERECTOMY - IP HOSP              | \$2.46   | 0.962                                  | 0.827  | \$1.95                                |  | \$1.95                                 |
|                        | HYSTERECTOMY - OP HOSP              | \$0.00   | 0.962                                  | 0.816  | \$0.00                                |  | \$0.00                                 |
|                        | HYSTERECTOMY - PHYS                 | \$0.42   | 0.969                                  | 1.000  | \$0.41                                |  | \$0.41                                 |
|                        | IP HOSP - ACUTE DETOX               | \$2.34   | 0.962                                  | 0.811  | \$1.83                                |  | \$1.83                                 |
|                        | IP HOSP - MATERNITY                 | \$0.62   | 0.962                                  | 0.832  | \$0.50                                |  | \$0.00                                 |
|                        | IP HOSP - MATERNITY / STERILIZATION | \$0.00   | 0.962                                  | 0.839  | \$0.00                                | -\$0.50  | \$0.00                                 |
|                        | IP HOSP - MEDICAL/SURGICAL          | \$129.59                                       | 0.962                                  | 0.820  | \$102.23                              |  | \$102.23                               |
|                        | IP HOSP - NEWBORN                   | \$0.00   | 0.962                                  | 0.815  | \$0.00                                |  | \$0.00                                 |
|                        | IP HOSP - POST HOSP EXTENDED CARE   | \$0.00   | 0.962                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                        | LAB & RAD - DIAGNOSTIC X-RAY        | \$14.44  | 0.969                                  | 1.000  | \$13.99                               |  | \$13.99                                |
|                        | LAB & RAD - LAB                     | \$9.52   | 0.969                                  | 1.000  | \$9.22                                |  | \$9.22                                 |
|                        | LAB & RAD - THERAPEUTIC X-RAY       | \$1.42   | 0.969                                  | 1.000  | \$1.37                                |  | \$1.37                                 |
|                        | OP ER - SOMATIC MH                  | \$1.17   | 0.962                                  | 0.823  | \$0.93                                |  | \$0.93                                 |
|                        | OP HOSP - BASIC                     | \$40.77  | 0.962                                  | 0.854  | \$33.51                               |  | \$33.51                                |
|                        | OP HOSP - DENTAL ANESTHESIA         | \$0.00   | 0.962                                  | 0.845  | \$0.00                                |  | \$0.00                                 |
|                        | OP HOSP - DENTAL DIAGNOSTIC         | \$0.00   | 0.962                                  | 0.845  | \$0.00                                |  | \$0.00                                 |
|                        | OP HOSP - DENTAL PREVENTIVE         | \$0.00   | 0.962                                  | 0.845  | \$0.00                                |  | \$0.00                                 |
|                        | OP HOSP - DENTAL RESTORATIVE        | \$0.00   | 0.962                                  | 0.845  | \$0.00                                |  | \$0.00                                 |
|                        | OP HOSP - EMERGENCY ROOM            | \$16.33  | 0.962                                  | 0.833  | \$13.10                               |  | \$13.10                                |
|                        | OP HOSP - LAB & RAD                 | \$40.05  | 0.962                                  | 0.835  | \$32.20                               |  | \$32.20                                |
|                        | OP HOSP - MATERNITY                 | \$0.53   | 0.962                                  | 0.838  | \$0.42                                | -\$0.42  | \$0.00                                 |
|                        | OP HOSP - POST HOSP EXTENDED CARE   | \$0.00   | 0.962                                  | 0.891  | \$0.00                                |  | \$0.00                                 |
|                        | OP HOSP - PRES DRUGS BASIC          | \$3.85   | 0.962                                  | 0.844  | \$3.13                                |  | \$3.13                                 |
|                        | OP HOSP - PRES DRUGS MH/CD          | \$0.12   | 0.962                                  | 0.836  | \$0.10                                |  | \$0.10                                 |
|                        | OP HOSP - SOMATIC MH                | \$1.25   | 0.962                                  | 0.830  | \$1.00                                |  | \$1.00                                 |
|                        | OTH MED - DME                       | \$2.59   | 0.969                                  | 1.000  | \$2.51                                |  | \$2.51                                 |
|                        | OTH MED - HHC/PDN                   | \$0.14   | 0.969                                  | 0.952  | \$0.13                                |  | \$0.13                                 |
|                        | OTH MED - HOSPICE                   | \$0.38   | 0.969                                  | 0.909  | \$0.34                                |  | \$0.34                                 |
|                        | OTH MED - MATERNITY MGT             | \$0.00   | 0.969                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                        | OTH MED - SUPPLIES                  | \$2.42   | 0.969                                  | 1.000  | \$2.34                                |  | \$2.34                                 |
|                        | PHYS CONSULTATION, IP & ER VISITS   | \$15.61  | 0.969                                  | 1.000  | \$15.12                               |  | \$15.12                                |
|                        | PHYS HOME OR LONG-TERM CARE VISITS  | \$0.03   | 0.969                                  | 1.000  | \$0.03                                |  | \$0.03                                 |
|                        | PHYS MATERNITY                      | \$0.30   | 0.969                                  | 1.000  | \$0.29                                | -\$0.29  | \$0.00                                 |
|                        | PHYS NEWBORN                        | \$0.03   | 0.969                                  | 1.000  | \$0.03                                |  | \$0.03                                 |
|                        | PHYS OFFICE VISITS                  | \$41.36  | 0.969                                  | 1.000  | \$40.06                               |  | \$40.06                                |
|                        | PHYS OTHER                          | \$12.16  | 0.969                                  | 1.000  | \$11.78                               | \$0.03   | \$11.81                                |
|                        | PHYS SOMATIC MH                     | \$4.05   | 0.969                                  | 1.000  | \$3.92                                |  | \$3.92                                 |

Oregon Health Plan Medicaid Demonstration

EXHIBIT 2-H

Development of January 2008 Statewide FCHP, MHO, DCO, and CDO Capitation Rates from the 2008-2009 Per Capita Costs

With Adjustments for Funding Through Line 503 of the 2008-2009 Prioritized List

| Eligibility Category   | Service Category                            | A  | B                                      | C  | D<br>= A * B * C                      | E  | F<br>= D + E                           |
|------------------------|---|--|--|--|---------------------------------------|--|--|
|                        |   | 08-09 PCC<br>With Coverage<br>Through Line 503 | Trend Adjustment to<br>Contract Period | Hospital<br>Reimbursement<br>Adjustment <sup>1</sup> | Projected 2008<br>Statewide Cost PMPM | Maternity Carve-<br>Out / Program<br>Change<br>Adjustment <sup>2</sup> | 2008 Statewide<br>Capitation Rate PMPM |
| OHP Adults and Couples |   |  |  |  |                                       |  |  |
|                        | PRES DRUGS - BASIC                          | \$105.42                                       | 0.963                                  | 1.000  | \$101.56                              |  | \$101.56                               |
|                        | PRES DRUGS - FP                             | \$0.85   | 0.963                                  | 1.000  | \$0.82                                |  | \$0.82                                 |
|                        | PRES DRUGS - MH/CD                          | \$0.00   | 0.963                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                        | SCHOOL-BASED HEALTH SERVICES                | \$0.00   | 0.969                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                        | STERILIZATION - ANESTHESIA FEMALE           | \$0.01   | 0.969                                  | 1.000  | \$0.01                                |  | \$0.01                                 |
|                        | STERILIZATION - ANESTHESIA MALE             | \$0.00   | 0.969                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                        | STERILIZATION - IP HOSP FEMALE              | \$0.04   | 0.962                                  | 0.837  | \$0.03                                |  | \$0.03                                 |
|                        | STERILIZATION - IP HOSP MALE                | \$0.00   | 0.962                                  | 0.820  | \$0.00                                |  | \$0.00                                 |
|                        | STERILIZATION - OP HOSP FEMALE              | \$0.03   | 0.962                                  | 0.845  | \$0.03                                |  | \$0.03                                 |
|                        | STERILIZATION - OP HOSP MALE                | \$0.00   | 0.962                                  | 0.800  | \$0.00                                |  | \$0.00                                 |
|                        | STERILIZATION - PHY FEMALE                  | \$0.02   | 0.969                                  | 1.000  | \$0.02                                |  | \$0.02                                 |
|                        | STERILIZATION - PHY MALE                    | \$0.00   | 0.969                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                        | SURGERY                                     | \$19.02  | 0.969                                  | 1.000  | \$18.42                               |  | \$18.42                                |
|                        | TARGETED CASE MAN - BABIES FIRST            | \$0.00   | 0.969                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                        | TARGETED CASE MAN - HIV                     | \$0.00   | 0.969                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                        | TARGETED CASE MAN - SUBS ABUSE MOMS         | \$0.00   | 0.969                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                        | THERAPEUTIC ABORTION - IP HOSP              | \$0.00   | 0.962                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                        | THERAPEUTIC ABORTION - OP HOSP              | \$0.00   | 0.962                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                        | THERAPEUTIC ABORTION - PHYS                 | \$0.00   | 0.969                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                        | TRANSPORTATION - AMBULANCE                  | \$6.44   | 0.969                                  | 1.000  | \$6.24                                |  | \$6.24                                 |
|                        | TRANSPORTATION - OTHER                      | \$0.00   | 0.969                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                        | VISION CARE - EXAMS & THERAPY               | \$1.41   | 0.969                                  | 1.000  | \$1.37                                |  | \$1.37                                 |
|                        | VISION CARE - MATERIALS & FITTING           | \$0.05   | 0.969                                  | 1.000  | \$0.05                                |  | \$0.05                                 |
|                        | PART A DEDUCTIBLE                           |  |  |  |                                       |  |  |
|                        | PART B DEDUCTIBLE                           |  |  |  |                                       |  |  |
|                        | PART B COINSURANCE ADJUSTMENT               |  |  |  |                                       |  |  |
|                        | <b>Subtotal Physical Health</b>             | <b>\$481.02</b>                                |  |  | <b>\$424.62</b>                       | <b>-\$1.19</b>   | <b>\$423.43</b>                        |
|                        | <b>Subtotal Physical Health w Admin</b>     |  |  |  |                                       |  | <b>\$487.04</b>                        |
|                        | <b>CHEMICAL DEPENDENCY</b>                  |  |  |  |                                       |  |  |
|                        | CD SERVICES - ALTERNATIVE TO DETOX          | \$1.49   | 0.986                                  | 1.000  | \$1.47                                |  | \$1.47                                 |
|                        | CD SERVICES - METHADONE                     | \$12.37  | 0.986                                  | 1.000  | \$12.20                               |  | \$12.20                                |
|                        | CD SERVICES - OP                            | \$5.31   | 0.986                                  | 1.000  | \$5.24                                |  | \$5.24                                 |
|                        | <b>Subtotal Chemical Dependency</b>         | <b>\$19.17</b>                                 |  |  | <b>\$18.91</b>                        |  | <b>\$18.91</b>                         |
|                        | <b>Subtotal Chemical Dependency w Admin</b> |  |  |  |                                       |  | <b>\$21.75</b>                         |

Oregon Health Plan Medicaid Demonstration

EXHIBIT 2-H

Development of January 2008 Statewide FCHP, MHO, DCO, and CDO Capitation Rates from the 2008-2009 Per Capita Costs

With Adjustments for Funding Through Line 503 of the 2008-2009 Prioritized List

| Eligibility Category   | Service Category                      | A  | B                                      | C  | D<br>= A * B * C                      | E  | F<br>= D + E                           |
|------------------------|---------------------------------------|--|--|--|---------------------------------------|--|--|
|                        |                                       | 08-09 PCC<br>With Coverage<br>Through Line 503 | Trend Adjustment to<br>Contract Period | Hospital<br>Reimbursement<br>Adjustment <sup>1</sup> | Projected 2008<br>Statewide Cost PMPM | Maternity Carve-<br>Out / Program<br>Change<br>Adjustment <sup>2</sup> | 2008 Statewide<br>Capitation Rate PMPM |
| OHP Adults and Couples |                                       |  |  |  |                                       |  |  |
| <b>DENTAL</b>          |                                       |  |  |  |                                       |  |  |
|                        | DENTAL - ADJUNCTIVE GENERAL           | \$0.87   | 0.970                                  | 1.000  | \$0.85                                |  | \$0.85                                 |
|                        | DENTAL - ANESTHESIA SURGICAL          | \$0.05   | 0.970                                  | 1.000  | \$0.04                                |  | \$0.04                                 |
|                        | DENTAL - DIAGNOSTIC                   | \$1.73   | 0.970                                  | 1.000  | \$1.68                                |  | \$1.68                                 |
|                        | DENTAL - ENDODONTICS                  | \$0.10   | 0.970                                  | 1.000  | \$0.10                                |  | \$0.10                                 |
|                        | DENTAL - I/P FIXED                    | \$0.00   | 0.970                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                        | DENTAL - MAXILLOFACIAL PROS           | \$0.00   | 0.970                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                        | DENTAL - ORAL SURGERY                 | \$1.70   | 0.970                                  | 1.000  | \$1.65                                |  | \$1.65                                 |
|                        | DENTAL - ORTHODONTICS                 | \$0.00   | 0.970                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                        | DENTAL - PERIODONTICS                 | \$0.02   | 0.970                                  | 1.000  | \$0.02                                |  | \$0.02                                 |
|                        | DENTAL - PREVENTIVE                   | \$0.03   | 0.970                                  | 1.000  | \$0.03                                |  | \$0.03                                 |
|                        | DENTAL - PROS REMOVABLE               | \$0.10   | 0.970                                  | 1.000  | \$0.10                                |  | \$0.10                                 |
|                        | DENTAL - RESTORATIVE                  | \$0.42   | 0.970                                  | 1.000  | \$0.41                                |  | \$0.41                                 |
|                        | <b>Subtotal Dental</b>                | <b>\$5.02</b>                                  |  |  | <b>\$4.87</b>                         |  | <b>\$4.87</b>                          |
|                        | <b>Subtotal Dental w Admin</b>        |  |  |  |                                       |  | <b>\$5.60</b>                          |
| <b>MENTAL HEALTH</b>   |                                       |  |  |  |                                       |  |  |
|                        | MH SERVICES ACUTE INPATIENT           | \$9.76   | 0.986                                  | 0.808  | \$7.77                                |  | \$7.77                                 |
|                        | MH SERVICES ALTERNATIVE TO IP         | \$0.57   | 0.986                                  | 1.000  | \$0.57                                |  | \$0.57                                 |
|                        | MH SERVICES ANCILLARY SERVICES        | \$0.03   | 0.986                                  | 1.000  | \$0.03                                |  | \$0.03                                 |
|                        | MH SERVICES ASSESS & EVAL             | \$1.04   | 0.986                                  | 1.000  | \$1.03                                |  | \$1.03                                 |
|                        | MH SERVICES CASE MANAGEMENT           | \$2.73   | 0.986                                  | 1.000  | \$2.70                                |  | \$2.70                                 |
|                        | MH SERVICES CONSULTATION              | \$0.00   | 0.986                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                        | MH SERVICES EVIDENCE BASED PRACTICE   | \$0.00   | 0.986                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                        | MH SERVICES FAMILY SUPPORT            | \$0.06   | 0.986                                  | 1.000  | \$0.06                                |  | \$0.06                                 |
|                        | MH SERVICES MED MANAGEMENT            | \$0.28   | 0.986                                  | 1.000  | \$0.28                                |  | \$0.28                                 |
|                        | MH SERVICES OP THERAPY                | \$3.72   | 0.986                                  | 1.000  | \$3.67                                |  | \$3.67                                 |
|                        | MH SERVICES OTHER OP                  | \$0.05   | 0.986                                  | 1.000  | \$0.05                                |  | \$0.05                                 |
|                        | MH SERVICES PEO                       | \$0.69   | 1.000                                  | 1.000  | \$0.69                                |  | \$0.69                                 |
|                        | MH SERVICES PHYS IP                   | \$2.51   | 0.986                                  | 1.000  | \$2.47                                |  | \$2.47                                 |
|                        | MH SERVICES PHYS OP                   | \$8.79   | 0.986                                  | 1.000  | \$8.67                                |  | \$8.67                                 |
|                        | MH SERVICES SUPPORT DAY PROGRAM       | \$2.36   | 0.986                                  | 1.000  | \$2.33                                |  | \$2.33                                 |
|                        | MH SERVICES INTENSIVE THERAPY SVCS    | \$0.00   | 0.986                                  | 1.000  | \$0.00                                |  | \$0.00                                 |
|                        | MH SERVICES CONS ASSESS               |  |  |  |                                       |  | \$0.00                                 |
|                        | <b>Subtotal Mental Health</b>         | <b>\$32.60</b>                                 |  |  | <b>\$30.31</b>                        |  | <b>\$30.31</b>                         |
|                        | <b>Subtotal Mental Health w Admin</b> |  |  |  |                                       |  | <b>\$34.86</b>                         |
|                        | <b>Total Services</b>                 | <b>\$537.81</b>                                |  |  | <b>\$478.70</b>                       | <b>-\$1.19</b>   | <b>\$477.52</b>                        |
|                        | <b>Total Services with Admin</b>      |  |  |  |                                       |  | <b>\$549.25</b>                        |

1) Reflects change from funding DRG hospitals at 100% of cost as in 2008-09 per capita costs to 80% of cost for 2008 capitation rates.

2) Reflects Maternity Case Rate Carve-Out, Children's Mental Health Services Adjustment, and Bariatric Surgery Adjustment

Oregon Health Plan Medicaid Demonstration

EXHIBIT 2-1

Development of January 2008 Statewide PCO Capitation Rates from the 2008-2009 Per Capita Costs  
With Adjustments for Funding Through Line 503 of the 2008-2009 Prioritized List

| Eligibility Category   | Service Category                    | A  | B                                   | C  | D   | E  | F  | G   | H   | I                        | J   |
|------------------------|-------------------------------------|--|-------------------------------------|--|---|--|--|---|---|--------------------------|---|
|                        |                                     | 08-09 PCC With Coverage Through Line 503 | Trend Adjustment to Contract Period | Hospital Reimbursement Adjustment <sup>1</sup> | Projected 2008 Statewide Cost PMPM<br>= A * B * C | Maternity Carve-Out / Program Change Adjustment <sup>2</sup> | Projected Statewide Cost PMPM<br>= D + E | Covered Benefit Adjustment (1=Covered, 0=Not covered) | Projected Statewide Cost PMPM for PCO Benefits<br>= F * G | OP Cost Shift Adjustment | 2008 Statewide PCO Capitation Rate PMPM<br>=H * I |
| TANF Adults            |                                     |  |                                     |  |   |  |  |   |   |                          |   |
| <b>PHYSICAL HEALTH</b> |                                     |  |                                     |  |   |  |  |   |   |                          |   |
|                        | ADMINISTRATIVE EXAMS                | \$0.00                                   | 0.973                               | 1.000  | \$0.00  |  | \$0.00                                   | 0   | \$0.00  | 1.00                     | \$0.00  |
|                        | ANESTHESIA                          | \$4.39                                   | 0.973                               | 1.000  | \$4.27  |  | \$4.27                                   | 1   | \$4.27  | 1.00                     | \$4.27  |
|                        | EXCEPT NEEDS CARE COORDINATION      | \$0.00                                   | 1.000                               | 1.000  | \$0.00  |  | \$0.00                                   | 1   | \$0.00  | 1.00                     | \$0.00  |
|                        | FP - IP HOSP                        | \$0.00                                   | 0.983                               | 0.820  | \$0.00  |  | \$0.00                                   | 0   | \$0.00  | 1.00                     | \$0.00  |
|                        | FP - OP HOSP                        | \$0.07                                   | 0.983                               | 0.828  | \$0.06  |  | \$0.06                                   | 1   | \$0.06  | 0.95                     | \$0.06  |
|                        | FP - PHYS                           | \$1.14                                   | 0.973                               | 1.000  | \$1.11  |  | \$1.11                                   | 1   | \$1.11  | 1.00                     | \$1.11  |
|                        | HYSTERECTOMY - ANESTHESIA           | \$0.09                                   | 0.973                               | 1.000  | \$0.09  |  | \$0.09                                   | 1   | \$0.09  | 1.00                     | \$0.09  |
|                        | HYSTERECTOMY - IP HOSP              | \$3.52                                   | 0.983                               | 0.827  | \$2.86  |  | \$2.86                                   | 0   | \$0.00  | 1.00                     | \$0.00  |
|                        | HYSTERECTOMY - OP HOSP              | \$0.04                                   | 0.983                               | 0.816  | \$0.03  |  | \$0.03                                   | 1   | \$0.03  | 0.95                     | \$0.03  |
|                        | HYSTERECTOMY - PHYS                 | \$0.58                                   | 0.973                               | 1.000  | \$0.56  |  | \$0.56                                   | 1   | \$0.56  | 1.00                     | \$0.56  |
|                        | IP HOSP - ACUTE DETOX               | \$0.36                                   | 0.983                               | 0.811  | \$0.29  |  | \$0.29                                   | 0   | \$0.00  | 1.00                     | \$0.00  |
|                        | IP HOSP - MATERNITY                 | \$31.56                                  | 0.983                               | 0.832  | \$25.83   | -\$25.83   | \$0.00                                   | 0   | \$0.00  | 1.00                     | \$0.00  |
|                        | IP HOSP - MATERNITY / STERILIZATION | \$3.43                                   | 0.983                               | 0.839  | \$2.83  | -\$1.70  | \$1.13                                   | 0   | \$0.00  | 1.00                     | \$0.00  |
|                        | IP HOSP - MEDICAL/SURGICAL          | \$45.73                                  | 0.983                               | 0.820  | \$36.86   |  | \$36.86                                  | 0   | \$0.00  | 1.00                     | \$0.00  |
|                        | IP HOSP - NEWBORN                   | \$0.07                                   | 0.983                               | 0.815  | \$0.05  |  | \$0.05                                   | 0   | \$0.00  | 1.00                     | \$0.00  |
|                        | IP HOSP - POST HOSP EXTENDED CARE   | \$0.00                                   | 0.983                               | 1.000  | \$0.00  |  | \$0.00                                   | 0   | \$0.00  | 1.00                     | \$0.00  |
|                        | LAB & RAD - DIAGNOSTIC X-RAY        | \$10.02                                  | 0.973                               | 1.000  | \$9.75  |  | \$9.75                                   | 1   | \$9.75  | 1.00                     | \$9.75  |
|                        | LAB & RAD - LAB                     | \$7.21                                   | 0.973                               | 1.000  | \$7.02  |  | \$7.02                                   | 1   | \$7.02  | 1.00                     | \$7.02  |
|                        | LAB & RAD - THERAPEUTIC X-RAY       | \$0.30                                   | 0.973                               | 1.000  | \$0.29  |  | \$0.29                                   | 1   | \$0.29  | 1.00                     | \$0.29  |
|                        | OP ER - SOMATIC MH                  | \$0.48                                   | 0.983                               | 0.823  | \$0.39  |  | \$0.39                                   | 1   | \$0.39  | 0.95                     | \$0.37  |
|                        | OP HOSP - BASIC                     | \$25.49                                  | 0.983                               | 0.854  | \$21.41   |  | \$21.41                                  | 1   | \$21.41   | 0.95                     | \$20.34   |
|                        | OP HOSP - DENTAL ANESTHESIA         | \$0.00                                   | 0.983                               | 0.845  | \$0.00  |  | \$0.00                                   | 0   | \$0.00  | 0.95                     | \$0.00  |
|                        | OP HOSP - DENTAL DIAGNOSTIC         | \$0.00                                   | 0.983                               | 0.845  | \$0.00  |  | \$0.00                                   | 0   | \$0.00  | 0.95                     | \$0.00  |
|                        | OP HOSP - DENTAL PREVENTIVE         | \$0.00                                   | 0.983                               | 0.845  | \$0.00  |  | \$0.00                                   | 0   | \$0.00  | 0.95                     | \$0.00  |
|                        | OP HOSP - DENTAL RESTORATIVE        | \$0.00                                   | 0.983                               | 0.845  | \$0.00  |  | \$0.00                                   | 0   | \$0.00  | 0.95                     | \$0.00  |
|                        | OP HOSP - EMERGENCY ROOM            | \$14.53                                  | 0.983                               | 0.833  | \$11.90   |  | \$11.90                                  | 1   | \$11.90   | 0.95                     | \$11.31   |
|                        | OP HOSP - LAB & RAD                 | \$22.97                                  | 0.983                               | 0.835  | \$18.87   |  | \$18.87                                  | 1   | \$18.87   | 0.95                     | \$17.93   |
|                        | OP HOSP - MATERNITY                 | \$8.42                                   | 0.983                               | 0.838  | \$6.94  | -\$6.94  | \$0.00                                   | 1   | \$0.00  | 0.95                     | \$0.00  |
|                        | OP HOSP - POST HOSP EXTENDED CARE   | \$0.01                                   | 0.983                               | 0.891  | \$0.00  |  | \$0.00                                   | 1   | \$0.00  | 0.95                     | \$0.00  |
|                        | OP HOSP - PRES DRUGS BASIC          | \$3.15                                   | 0.983                               | 0.844  | \$2.61  |  | \$2.61                                   | 1   | \$2.61  | 0.95                     | \$2.48  |
|                        | OP HOSP - PRES DRUGS MH/CD          | \$0.04                                   | 0.983                               | 0.836  | \$0.03  |  | \$0.03                                   | 1   | \$0.03  | 0.95                     | \$0.03  |
|                        | OP HOSP - SOMATIC MH                | \$0.49                                   | 0.983                               | 0.830  | \$0.40  |  | \$0.40                                   | 1   | \$0.40  | 0.95                     | \$0.38  |
|                        | OTH MED - DME                       | \$1.30                                   | 0.973                               | 1.000  | \$1.27  |  | \$1.27                                   | 1   | \$1.27  | 1.00                     | \$1.27  |
|                        | OTH MED - HHC/PDN                   | \$0.35                                   | 0.973                               | 0.952  | \$0.33  |  | \$0.33                                   | 1   | \$0.33  | 1.00                     | \$0.33  |
|                        | OTH MED - HOSPICE                   | \$0.07                                   | 0.973                               | 0.909  | \$0.06  |  | \$0.06                                   | 1   | \$0.06  | 1.00                     | \$0.06  |
|                        | OTH MED - MATERNITY MGT             | \$0.00                                   | 0.973                               | 1.000  | \$0.00  |  | \$0.00                                   | 1   | \$0.00  | 1.00                     | \$0.00  |
|                        | OTH MED - SUPPLIES                  | \$0.90                                   | 0.973                               | 1.000  | \$0.88  |  | \$0.88                                   | 1   | \$0.88  | 1.00                     | \$0.88  |
|                        | PHYS CONSULTATION, IP & ER VISITS   | \$10.53                                  | 0.973                               | 1.000  | \$10.24   |  | \$10.24                                  | 1   | \$10.24   | 1.00                     | \$10.24   |
|                        | PHYS HOME OR LONG-TERM CARE VISITS  | \$0.01                                   | 0.973                               | 1.000  | \$0.01  |  | \$0.01                                   | 1   | \$0.01  | 1.00                     | \$0.01  |
|                        | PHYS MATERNITY                      | \$24.48                                  | 0.973                               | 1.000  | \$23.82   | -\$23.82   | \$0.00                                   | 1   | \$0.00  | 1.00                     | \$0.00  |
|                        | PHYS NEWBORN                        | \$0.03                                   | 0.973                               | 1.000  | \$0.03  |  | \$0.03                                   | 1   | \$0.03  | 1.00                     | \$0.03  |
|                        | PHYS OFFICE VISITS                  | \$25.74                                  | 0.973                               | 1.000  | \$25.04   |  | \$25.04                                  | 1   | \$25.04   | 1.00                     | \$25.04   |
|                        | PHYS OTHER                          | \$4.99                                   | 0.973                               | 1.000  | \$4.85  | \$0.01   | \$4.86                                   | 1   | \$4.86  | 1.00                     | \$4.86  |
|                        | PHYS SOMATIC MH                     | \$2.56                                   | 0.973                               | 1.000  | \$2.49  |  | \$2.49                                   | 1   | \$2.49  | 1.00                     | \$2.49  |

Oregon Health Plan Medicaid Demonstration

EXHIBIT 2-I

Development of January 2008 Statewide PCO Capitation Rates from the 2008-2009 Per Capita Costs  
With Adjustments for Funding Through Line 503 of the 2008-2009 Prioritized List

| Eligibility Category | Service Category                            | A  | B                                   | C  | D<br>= A * B * C                   | E  | F<br>= D + E                  | G   | H<br>= F * G                                   | I                        | J<br>= H * I                            |
|----------------------|---|--|-------------------------------------|--|------------------------------------|--|-------------------------------|---|--|--------------------------|---|
|                      |   | 08-09 PCC With Coverage Through Line 503 | Trend Adjustment to Contract Period | Hospital Reimbursement Adjustment <sup>1</sup> | Projected 2008 Statewide Cost PMPM | Maternity Carve-Out / Program Change Adjustment <sup>2</sup> | Projected Statewide Cost PMPM | Covered Benefit Adjustment (1=Covered, 0=Not covered) | Projected Statewide Cost PMPM for PCO Benefits | OP Cost Shift Adjustment | 2008 Statewide PCO Capitation Rate PMPM |
| TANF Adults          |   |  |                                     |  |                                    |  |                               |   |  |                          |   |
|                      | PRES DRUGS - BASIC                          | \$38.44                                  | 0.963                               | 1.000  | \$37.04                            |  | \$37.04                       | 1   | \$37.04  | 1.00                     | \$37.04                                 |
|                      | PRES DRUGS - FP                             | \$2.15                                   | 0.963                               | 1.000  | \$2.07                             |  | \$2.07                        | 1   | \$2.07   | 1.00                     | \$2.07                                  |
|                      | PRES DRUGS - MH/CD                          | \$0.00                                   | 0.963                               | 1.000  | \$0.00                             |  | \$0.00                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                      | SCHOOL-BASED HEALTH SERVICES                | \$0.00                                   | 0.973                               | 1.000  | \$0.00                             |  | \$0.00                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                      | STERILIZATION - ANESTHESIA FEMALE           | \$0.35                                   | 0.973                               | 1.000  | \$0.34                             |  | \$0.34                        | 1   | \$0.34   | 1.00                     | \$0.34                                  |
|                      | STERILIZATION - ANESTHESIA MALE             | \$0.00                                   | 0.973                               | 1.000  | \$0.00                             |  | \$0.00                        | 1   | \$0.00   | 1.00                     | \$0.00                                  |
|                      | STERILIZATION - IP HOSP FEMALE              | \$3.81                                   | 0.983                               | 0.837  | \$3.14                             |  | \$3.14                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                      | STERILIZATION - IP HOSP MALE                | \$0.00                                   | 0.983                               | 0.820  | \$0.00                             |  | \$0.00                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                      | STERILIZATION - OP HOSP FEMALE              | \$0.19                                   | 0.983                               | 0.845  | \$0.16                             |  | \$0.16                        | 1   | \$0.16   | 0.95                     | \$0.15                                  |
|                      | STERILIZATION - OP HOSP MALE                | \$0.00                                   | 0.983                               | 0.800  | \$0.00                             |  | \$0.00                        | 1   | \$0.00   | 0.95                     | \$0.00                                  |
|                      | STERILIZATION - PHY FEMALE                  | \$0.55                                   | 0.973                               | 1.000  | \$0.53                             |  | \$0.53                        | 1   | \$0.53   | 1.00                     | \$0.53                                  |
|                      | STERILIZATION - PHY MALE                    | \$0.08                                   | 0.973                               | 1.000  | \$0.07                             |  | \$0.07                        | 1   | \$0.07   | 1.00                     | \$0.07                                  |
|                      | SURGERY                                     | \$11.42                                  | 0.973                               | 1.000  | \$11.11                            |  | \$11.11                       | 1   | \$11.11  | 1.00                     | \$11.11                                 |
|                      | TARGETED CASE MAN - BABIES FIRST            | \$0.00                                   | 0.973                               | 1.000  | \$0.00                             |  | \$0.00                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                      | TARGETED CASE MAN - HIV                     | \$0.00                                   | 0.973                               | 1.000  | \$0.00                             |  | \$0.00                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                      | TARGETED CASE MAN - SUBS ABUSE MOMS         | \$0.00                                   | 0.973                               | 1.000  | \$0.00                             |  | \$0.00                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                      | THERAPEUTIC ABORTION - IP HOSP              | \$0.00                                   | 0.983                               | 1.000  | \$0.00                             |  | \$0.00                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                      | THERAPEUTIC ABORTION - OP HOSP              | \$0.00                                   | 0.983                               | 1.000  | \$0.00                             |  | \$0.00                        | 0   | \$0.00   | 0.95                     | \$0.00                                  |
|                      | THERAPEUTIC ABORTION - PHYS                 | \$0.00                                   | 0.973                               | 1.000  | \$0.00                             |  | \$0.00                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                      | TRANSPORTATION - AMBULANCE                  | \$3.57                                   | 0.973                               | 1.000  | \$3.48                             |  | \$3.48                        | 1   | \$3.48   | 1.00                     | \$3.48                                  |
|                      | TRANSPORTATION - OTHER                      | \$0.00                                   | 0.973                               | 1.000  | \$0.00                             |  | \$0.00                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                      | VISION CARE - EXAMS & THERAPY               | \$2.36                                   | 0.973                               | 1.000  | \$2.29                             |  | \$2.29                        | 1   | \$2.29   | 1.00                     | \$2.29                                  |
|                      | VISION CARE - MATERIALS & FITTING           | \$1.95                                   | 0.973                               | 1.000  | \$1.90                             |  | \$1.90                        | 1   | \$1.90   | 1.00                     | \$1.90                                  |
|                      | PART A DEDUCTIBLE                           |  |                                     |  |                                    |  |                               |   |  |                          |   |
|                      | PART B DEDUCTIBLE                           |  |                                     |  |                                    |  |                               |   |  |                          |   |
|                      | PART B COINSURANCE ADJUSTMENT               |  |                                     |  |                                    |  |                               |   |  |                          |   |
|                      | <b>Subtotal Physical Health</b>             | <b>\$319.93</b>                          |                                     |  | <b>\$285.60</b>                    | <b>-\$58.27</b>  | <b>\$227.33</b>               |   | <b>\$182.99</b>                                |                          | <b>\$180.20</b>                         |
|                      | <b>Subtotal Physical Health w Admin</b>     |  |                                     |  |                                    |  |                               |   |  |                          | <b>\$207.27</b>                         |
|                      | <b>CHEMICAL DEPENDENCY</b>                  |  |                                     |  |                                    |  |                               |   |  |                          |   |
|                      | CD SERVICES - ALTERNATIVE TO DETOX          | \$0.42                                   | 0.972                               | 1.000  | \$0.41                             |  | \$0.41                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                      | CD SERVICES - METHADONE                     | \$3.13                                   | 0.972                               | 1.000  | \$3.04                             |  | \$3.04                        | 1   | \$3.04   | 1.00                     | \$3.04                                  |
|                      | CD SERVICES - OP                            | \$7.22                                   | 0.972                               | 1.000  | \$7.02                             |  | \$7.02                        | 1   | \$7.02   | 1.00                     | \$7.02                                  |
|                      | <b>Subtotal Chemical Dependency</b>         | <b>\$10.78</b>                           |                                     |  | <b>\$10.47</b>                     |  | <b>\$10.47</b>                |   | <b>\$10.06</b>                                 |                          | <b>\$10.06</b>                          |
|                      | <b>Subtotal Chemical Dependency w Admin</b> |  |                                     |  |                                    |  |                               |   |  |                          | <b>\$11.57</b>                          |

Oregon Health Plan Medicaid Demonstration

EXHIBIT 2-1

Development of January 2008 Statewide PCO Capitation Rates from the 2008-2009 Per Capita Costs  
With Adjustments for Funding Through Line 503 of the 2008-2009 Prioritized List

| Eligibility Category | Service Category                      | A  | B                                   | C  | D               | E  | F               | G   | H  | I                        | J               |
|----------------------|---------------------------------------|--|-------------------------------------|--|-----------------|--|-----------------|---|--|--------------------------|-----------------|
|                      |                                       | 08-09 PCC With Coverage Through Line 503 | Trend Adjustment to Contract Period | Hospital Reimbursement Adjustment <sup>1</sup> | = A * B * C     | Maternity Carve-Out / Program Change Adjustment <sup>2</sup> | = D + E         | Covered Benefit Adjustment (1=Covered, 0=Not covered) | Projected Statewide Cost PMPM for PCO Benefits | OP Cost Shift Adjustment | =H * I          |
| TANF Adults          |                                       |  |                                     |  |                 |  |                 |   |  |                          |                 |
| <b>DENTAL</b>        |                                       |  |                                     |  |                 |  |                 |   |  |                          |                 |
|                      | DENTAL - ADJUNCTIVE GENERAL           | \$2.04                                   | 0.970                               | 1.000  | \$1.98          |  | \$1.98          | 0   | \$0.00   | 1.00                     | \$0.00          |
|                      | DENTAL - ANESTHESIA SURGICAL          | \$0.30                                   | 0.970                               | 1.000  | \$0.29          |  | \$0.29          | 0   | \$0.00   | 1.00                     | \$0.00          |
|                      | DENTAL - DIAGNOSTIC                   | \$6.27                                   | 0.970                               | 1.000  | \$6.08          |  | \$6.08          | 0   | \$0.00   | 1.00                     | \$0.00          |
|                      | DENTAL - ENDODONTICS                  | \$2.55                                   | 0.970                               | 1.000  | \$2.47          |  | \$2.47          | 0   | \$0.00   | 1.00                     | \$0.00          |
|                      | DENTAL - I/P FIXED                    | \$0.02                                   | 0.970                               | 1.000  | \$0.02          |  | \$0.02          | 0   | \$0.00   | 1.00                     | \$0.00          |
|                      | DENTAL - MAXILLOFACIAL PROS           | \$0.00                                   | 0.970                               | 1.000  | \$0.00          |  | \$0.00          | 0   | \$0.00   | 1.00                     | \$0.00          |
|                      | DENTAL - ORAL SURGERY                 | \$3.97                                   | 0.970                               | 1.000  | \$3.85          |  | \$3.85          | 0   | \$0.00   | 1.00                     | \$0.00          |
|                      | DENTAL - ORTHODONTICS                 | \$0.00                                   | 0.970                               | 1.000  | \$0.00          |  | \$0.00          | 0   | \$0.00   | 1.00                     | \$0.00          |
|                      | DENTAL - PERIODONTICS                 | \$2.31                                   | 0.970                               | 1.000  | \$2.24          |  | \$2.24          | 0   | \$0.00   | 1.00                     | \$0.00          |
|                      | DENTAL - PREVENTIVE                   | \$1.98                                   | 0.970                               | 1.000  | \$1.92          |  | \$1.92          | 0   | \$0.00   | 1.00                     | \$0.00          |
|                      | DENTAL - PROS REMOVABLE               | \$3.29                                   | 0.970                               | 1.000  | \$3.19          |  | \$3.19          | 0   | \$0.00   | 1.00                     | \$0.00          |
|                      | DENTAL - RESTORATIVE                  | \$7.59                                   | 0.970                               | 1.000  | \$7.37          |  | \$7.37          | 0   | \$0.00   | 1.00                     | \$0.00          |
|                      | <b>Subtotal Dental</b>                | <b>\$30.31</b>                           |                                     |  | <b>\$29.42</b>  |  | <b>\$29.42</b>  |   | <b>\$0.00</b>                                  |                          | <b>\$0.00</b>   |
|                      | <b>Subtotal Dental w Admin</b>        |  |                                     |  |                 |  |                 |   |  |                          | <b>\$0.00</b>   |
| <b>MENTAL HEALTH</b> |                                       |  |                                     |  |                 |  |                 |   |  |                          |                 |
|                      | MH SERVICES ACUTE INPATIENT           | \$4.06                                   | 0.972                               | 0.808  | \$3.19          |  | \$3.19          | 0   | \$0.00   | 1.00                     | \$0.00          |
|                      | MH SERVICES ALTERNATIVE TO IP         | \$0.14                                   | 0.972                               | 1.000  | \$0.14          |  | \$0.14          | 0   | \$0.00   | 1.00                     | \$0.00          |
|                      | MH SERVICES ANCILLARY SERVICES        | \$0.05                                   | 0.972                               | 1.000  | \$0.05          |  | \$0.05          | 0   | \$0.00   | 1.00                     | \$0.00          |
|                      | MH SERVICES ASSESS & EVAL             | \$1.63                                   | 0.972                               | 1.000  | \$1.59          |  | \$1.59          | 0   | \$0.00   | 1.00                     | \$0.00          |
|                      | MH SERVICES CASE MANAGEMENT           | \$1.46                                   | 0.972                               | 1.000  | \$1.42          |  | \$1.42          | 0   | \$0.00   | 1.00                     | \$0.00          |
|                      | MH SERVICES CONSULTATION              | \$0.02                                   | 0.972                               | 1.000  | \$0.02          |  | \$0.02          | 0   | \$0.00   | 1.00                     | \$0.00          |
|                      | MH SERVICES EVIDENCE BASED PRACTICE   | \$0.00                                   | 0.972                               | 1.000  | \$0.00          |  | \$0.00          | 0   | \$0.00   | 1.00                     | \$0.00          |
|                      | MH SERVICES FAMILY SUPPORT            | \$0.01                                   | 0.972                               | 1.000  | \$0.01          |  | \$0.01          | 0   | \$0.00   | 1.00                     | \$0.00          |
|                      | MH SERVICES MED MANAGEMENT            | \$0.34                                   | 0.972                               | 1.000  | \$0.33          |  | \$0.33          | 0   | \$0.00   | 1.00                     | \$0.00          |
|                      | MH SERVICES OP THERAPY                | \$4.33                                   | 0.972                               | 1.000  | \$4.20          |  | \$4.20          | 0   | \$0.00   | 1.00                     | \$0.00          |
|                      | MH SERVICES OTHER OP                  | \$0.02                                   | 0.972                               | 1.000  | \$0.01          |  | \$0.01          | 0   | \$0.00   | 1.00                     | \$0.00          |
|                      | MH SERVICES PEO                       | \$0.69                                   | 1.000                               | 1.000  | \$0.69          |  | \$0.69          | 0   | \$0.00   | 1.00                     | \$0.00          |
|                      | MH SERVICES PHYS IP                   | \$1.49                                   | 0.972                               | 1.000  | \$1.45          |  | \$1.45          | 0   | \$0.00   | 1.00                     | \$0.00          |
|                      | MH SERVICES PHYS OP                   | \$6.68                                   | 0.972                               | 1.000  | \$6.49          |  | \$6.49          | 0   | \$0.00   | 1.00                     | \$0.00          |
|                      | MH SERVICES SUPPORT DAY PROGRAM       | \$0.44                                   | 0.972                               | 1.000  | \$0.43          |  | \$0.43          | 0   | \$0.00   | 1.00                     | \$0.00          |
|                      | MH SERVICES INTENSIVE THERAPY SVCS    | \$0.00                                   | 0.972                               | 1.000  | \$0.00          |  | \$0.00          | 0   | \$0.00   | 1.00                     | \$0.00          |
|                      | MH SERVICES CONS ASSESS               |  |                                     |  | \$0.00          |  | \$0.00          | 0   | \$0.00   | 1.00                     | \$0.00          |
|                      | <b>Subtotal Mental Health</b>         | <b>\$21.35</b>                           |                                     |  | <b>\$20.01</b>  |  | <b>\$20.01</b>  |   | <b>\$0.00</b>                                  |                          | <b>\$0.00</b>   |
|                      | <b>Subtotal Mental Health w Admin</b> |  |                                     |  |                 |  |                 |   |  |                          | <b>\$0.00</b>   |
|                      | <b>Total Services</b>                 | <b>\$382.37</b>                          |                                     |  | <b>\$345.50</b> | <b>-\$58.27</b>  | <b>\$287.23</b> |   | <b>\$193.05</b>                                |                          | <b>\$190.26</b> |
|                      | <b>Total Services with Admin</b>      |  |                                     |  |                 |  |                 |   |  |                          | <b>\$218.84</b> |

1) Reflects change from funding DRG hospitals at 100% of cost as in 2008-09 per capita costs to 80% of cost for 2008 capitation rates.

2) Reflects Maternity Case Rate Carve-Out, Children's Mental Health Services Adjustment, and Bariatric Surgery Adjustment

Oregon Health Plan Medicaid Demonstration

EXHIBIT 2-1

Development of January 2008 Statewide PCO Capitation Rates from the 2008-2009 Per Capita Costs  
With Adjustments for Funding Through Line 503 of the 2008-2009 Prioritized List

| Eligibility Category   | Service Category                    | A  | B                                   | C  | D   | E  | F  | G   | H   | I                        | J   |
|------------------------|-------------------------------------|--|-------------------------------------|--|---|--|--|---|---|--------------------------|---|
|                        |                                     | 08-09 PCC With Coverage Through Line 503 | Trend Adjustment to Contract Period | Hospital Reimbursement Adjustment <sup>1</sup> | Projected 2008 Statewide Cost PMPM<br>= A * B * C | Maternity Carve-Out / Program Change Adjustment <sup>2</sup> | Projected Statewide Cost PMPM<br>= D + E | Covered Benefit Adjustment (1=Covered, 0=Not covered) | Projected Statewide Cost PMPM for PCO Benefits<br>= F * G | OP Cost Shift Adjustment | 2008 Statewide PCO Capitation Rate PMPM<br>=H * I |
| PLM Adults             |                                     |  |                                     |  |   |  |  |   |   |                          |   |
| <b>PHYSICAL HEALTH</b> |                                     |  |                                     |  |   |  |  |   |   |                          |   |
|                        | ADMINISTRATIVE EXAMS                | \$0.00                                   | 0.973                               | 1.000  | \$0.00  |  | \$0.00                                   | 0   | \$0.00  | 1.00                     | \$0.00  |
|                        | ANESTHESIA                          | \$27.73                                  | 0.973                               | 1.000  | \$26.97   |  | \$26.97                                  | 1   | \$26.97   | 1.00                     | \$26.97   |
|                        | EXCEPT NEEDS CARE COORDINATION      | \$0.00                                   | 1.000                               | 1.000  | \$0.00  |  | \$0.00                                   | 1   | \$0.00  | 1.00                     | \$0.00  |
|                        | FP - IP HOSP                        | \$0.00                                   | 0.983                               | 0.820  | \$0.00  |  | \$0.00                                   | 0   | \$0.00  | 1.00                     | \$0.00  |
|                        | FP - OP HOSP                        | \$0.16                                   | 0.983                               | 0.828  | \$0.13  |  | \$0.13                                   | 1   | \$0.13  | 0.95                     | \$0.12  |
|                        | FP - PHYS                           | \$4.17                                   | 0.973                               | 1.000  | \$4.05  |  | \$4.05                                   | 1   | \$4.05  | 1.00                     | \$4.05  |
|                        | HYSTERECTOMY - ANESTHESIA           | \$0.04                                   | 0.973                               | 1.000  | \$0.04  |  | \$0.04                                   | 1   | \$0.04  | 1.00                     | \$0.04  |
|                        | HYSTERECTOMY - IP HOSP              | \$0.82                                   | 0.983                               | 0.827  | \$0.67  |  | \$0.67                                   | 0   | \$0.00  | 1.00                     | \$0.00  |
|                        | HYSTERECTOMY - OP HOSP              | \$0.00                                   | 0.983                               | 0.816  | \$0.00  |  | \$0.00                                   | 1   | \$0.00  | 0.95                     | \$0.00  |
|                        | HYSTERECTOMY - PHYS                 | \$0.12                                   | 0.973                               | 1.000  | \$0.12  |  | \$0.12                                   | 1   | \$0.12  | 1.00                     | \$0.12  |
|                        | IP HOSP - ACUTE DETOX               | \$0.17                                   | 0.983                               | 0.811  | \$0.14  |  | \$0.14                                   | 0   | \$0.00  | 1.00                     | \$0.00  |
|                        | IP HOSP - MATERNITY                 | \$480.85                                 | 0.983                               | 0.832  | \$393.47  | -\$393.47  | \$0.00                                   | 0   | \$0.00  | 1.00                     | \$0.00  |
|                        | IP HOSP - MATERNITY / STERILIZATION | \$29.42                                  | 0.983                               | 0.839  | \$24.28   | -\$14.60   | \$9.68                                   | 0   | \$0.00  | 1.00                     | \$0.00  |
|                        | IP HOSP - MEDICAL/SURGICAL          | \$12.51                                  | 0.983                               | 0.820  | \$10.08   |  | \$10.08                                  | 0   | \$0.00  | 1.00                     | \$0.00  |
|                        | IP HOSP - NEWBORN                   | \$0.52                                   | 0.983                               | 0.815  | \$0.42  |  | \$0.42                                   | 0   | \$0.00  | 1.00                     | \$0.00  |
|                        | IP HOSP - POST HOSP EXTENDED CARE   | \$0.00                                   | 0.983                               | 1.000  | \$0.00  |  | \$0.00                                   | 0   | \$0.00  | 1.00                     | \$0.00  |
|                        | LAB & RAD - DIAGNOSTIC X-RAY        | \$30.85                                  | 0.973                               | 1.000  | \$30.02   |  | \$30.02                                  | 1   | \$30.02   | 1.00                     | \$30.02   |
|                        | LAB & RAD - LAB                     | \$20.76                                  | 0.973                               | 1.000  | \$20.19   |  | \$20.19                                  | 1   | \$20.19   | 1.00                     | \$20.19   |
|                        | LAB & RAD - THERAPEUTIC X-RAY       | \$0.00                                   | 0.973                               | 1.000  | \$0.00  |  | \$0.00                                   | 1   | \$0.00  | 1.00                     | \$0.00  |
|                        | OP ER - SOMATIC MH                  | \$0.14                                   | 0.983                               | 0.823  | \$0.11  |  | \$0.11                                   | 1   | \$0.11  | 0.95                     | \$0.11  |
|                        | OP HOSP - BASIC                     | \$14.19                                  | 0.983                               | 0.854  | \$11.92   |  | \$11.92                                  | 1   | \$11.92   | 0.95                     | \$11.32   |
|                        | OP HOSP - DENTAL ANESTHESIA         | \$0.00                                   | 0.983                               | 0.845  | \$0.00  |  | \$0.00                                   | 0   | \$0.00  | 0.95                     | \$0.00  |
|                        | OP HOSP - DENTAL DIAGNOSTIC         | \$0.00                                   | 0.983                               | 0.845  | \$0.00  |  | \$0.00                                   | 0   | \$0.00  | 0.95                     | \$0.00  |
|                        | OP HOSP - DENTAL PREVENTIVE         | \$0.00                                   | 0.983                               | 0.845  | \$0.00  |  | \$0.00                                   | 0   | \$0.00  | 0.95                     | \$0.00  |
|                        | OP HOSP - DENTAL RESTORATIVE        | \$0.00                                   | 0.983                               | 0.845  | \$0.00  |  | \$0.00                                   | 0   | \$0.00  | 0.95                     | \$0.00  |
|                        | OP HOSP - EMERGENCY ROOM            | \$5.83                                   | 0.983                               | 0.833  | \$4.78  |  | \$4.78                                   | 1   | \$4.78  | 0.95                     | \$4.54  |
|                        | OP HOSP - LAB & RAD                 | \$13.91                                  | 0.983                               | 0.835  | \$11.43   |  | \$11.43                                  | 1   | \$11.43   | 0.95                     | \$10.86   |
|                        | OP HOSP - MATERNITY                 | \$74.94                                  | 0.983                               | 0.838  | \$61.73   | -\$61.73   | \$0.00                                   | 1   | \$0.00  | 0.95                     | \$0.00  |
|                        | OP HOSP - POST HOSP EXTENDED CARE   | \$0.01                                   | 0.983                               | 0.891  | \$0.00  |  | \$0.00                                   | 1   | \$0.00  | 0.95                     | \$0.00  |
|                        | OP HOSP - PRES DRUGS BASIC          | \$4.42                                   | 0.983                               | 0.844  | \$3.67  |  | \$3.67                                   | 1   | \$3.67  | 0.95                     | \$3.48  |
|                        | OP HOSP - PRES DRUGS MH/CD          | \$0.01                                   | 0.983                               | 0.836  | \$0.01  |  | \$0.01                                   | 1   | \$0.01  | 0.95                     | \$0.01  |
|                        | OP HOSP - SOMATIC MH                | \$0.14                                   | 0.983                               | 0.830  | \$0.11  |  | \$0.11                                   | 1   | \$0.11  | 0.95                     | \$0.11  |
|                        | OTH MED - DME                       | \$0.56                                   | 0.973                               | 1.000  | \$0.54  |  | \$0.54                                   | 1   | \$0.54  | 1.00                     | \$0.54  |
|                        | OTH MED - HHC/PDN                   | \$0.36                                   | 0.973                               | 0.952  | \$0.33  |  | \$0.33                                   | 1   | \$0.33  | 1.00                     | \$0.33  |
|                        | OTH MED - HOSPICE                   | \$0.00                                   | 0.973                               | 0.909  | \$0.00  |  | \$0.00                                   | 1   | \$0.00  | 1.00                     | \$0.00  |
|                        | OTH MED - MATERNITY MGT             | \$0.00                                   | 0.973                               | 1.000  | \$0.00  |  | \$0.00                                   | 1   | \$0.00  | 1.00                     | \$0.00  |
|                        | OTH MED - SUPPLIES                  | \$1.20                                   | 0.973                               | 1.000  | \$1.17  |  | \$1.17                                   | 1   | \$1.17  | 1.00                     | \$1.17  |
|                        | PHYS CONSULTATION, IP & ER VISITS   | \$6.21                                   | 0.973                               | 1.000  | \$6.04  |  | \$6.04                                   | 1   | \$6.04  | 1.00                     | \$6.04  |
|                        | PHYS HOME OR LONG-TERM CARE VISITS  | \$0.01                                   | 0.973                               | 1.000  | \$0.01  |  | \$0.01                                   | 1   | \$0.01  | 1.00                     | \$0.01  |
|                        | PHYS MATERNITY                      | \$304.88                                 | 0.973                               | 1.000  | \$296.59  | -\$296.59  | \$0.00                                   | 1   | \$0.00  | 1.00                     | \$0.00  |
|                        | PHYS NEWBORN                        | \$0.14                                   | 0.973                               | 1.000  | \$0.14  |  | \$0.14                                   | 1   | \$0.14  | 1.00                     | \$0.14  |
|                        | PHYS OFFICE VISITS                  | \$11.96                                  | 0.973                               | 1.000  | \$11.63   |  | \$11.63                                  | 1   | \$11.63   | 1.00                     | \$11.63   |
|                        | PHYS OTHER                          | \$2.59                                   | 0.973                               | 1.000  | \$2.52  |  | \$2.52                                   | 1   | \$2.52  | 1.00                     | \$2.52  |
|                        | PHYS SOMATIC MH                     | \$0.76                                   | 0.973                               | 1.000  | \$0.74  |  | \$0.74                                   | 1   | \$0.74  | 1.00                     | \$0.74  |

Oregon Health Plan Medicaid Demonstration

EXHIBIT 2-1

Development of January 2008 Statewide PCO Capitation Rates from the 2008-2009 Per Capita Costs  
With Adjustments for Funding Through Line 503 of the 2008-2009 Prioritized List

| Eligibility Category | Service Category                            | A  | B                                   | C  | D   | E  | F  | G   | H   | I                        | J   |
|----------------------|---|--|-------------------------------------|--|---|--|--|---|---|--------------------------|---|
|                      |   | 08-09 PCC With Coverage Through Line 503 | Trend Adjustment to Contract Period | Hospital Reimbursement Adjustment <sup>1</sup> | Projected 2008 Statewide Cost PMPM<br>= A * B * C | Maternity Carve-Out / Program Change Adjustment <sup>2</sup> | Projected Statewide Cost PMPM<br>= D + E | Covered Benefit Adjustment (1=Covered, 0=Not covered) | Projected Statewide Cost PMPM for PCO Benefits<br>= F * G | OP Cost Shift Adjustment | 2008 Statewide PCO Capitation Rate PMPM<br>=H * I |
| PLM Adults           |   |  |                                     |  |   |  |  |   |   |                          |   |
|                      | PRES DRUGS - BASIC                          | \$24.47                                  | 0.963                               | 1.000  | \$23.57   |  | \$23.57                                  | 1   | \$23.57   | 1.00                     | \$23.57   |
|                      | PRES DRUGS - FP                             | \$3.02                                   | 0.963                               | 1.000  | \$2.91  |  | \$2.91                                   | 1   | \$2.91  | 1.00                     | \$2.91  |
|                      | PRES DRUGS - MH/CD                          | \$0.00                                   | 0.963                               | 1.000  | \$0.00  |  | \$0.00                                   | 0   | \$0.00  | 1.00                     | \$0.00  |
|                      | SCHOOL-BASED HEALTH SERVICES                | \$0.00                                   | 0.973                               | 1.000  | \$0.00  |  | \$0.00                                   | 0   | \$0.00  | 1.00                     | \$0.00  |
|                      | STERILIZATION - ANESTHESIA FEMALE           | \$1.65                                   | 0.973                               | 1.000  | \$1.60  |  | \$1.60                                   | 1   | \$1.60  | 1.00                     | \$1.60  |
|                      | STERILIZATION - ANESTHESIA MALE             | \$0.00                                   | 0.973                               | 1.000  | \$0.00  |  | \$0.00                                   | 1   | \$0.00  | 1.00                     | \$0.00  |
|                      | STERILIZATION - IP HOSP FEMALE              | \$25.20                                  | 0.983                               | 0.837  | \$20.75   |  | \$20.75                                  | 0   | \$0.00  | 1.00                     | \$0.00  |
|                      | STERILIZATION - IP HOSP MALE                | \$0.00                                   | 0.983                               | 0.820  | \$0.00  |  | \$0.00                                   | 0   | \$0.00  | 1.00                     | \$0.00  |
|                      | STERILIZATION - OP HOSP FEMALE              | \$0.58                                   | 0.983                               | 0.845  | \$0.48  |  | \$0.48                                   | 1   | \$0.48  | 0.95                     | \$0.46  |
|                      | STERILIZATION - OP HOSP MALE                | \$0.00                                   | 0.983                               | 0.800  | \$0.00  |  | \$0.00                                   | 1   | \$0.00  | 0.95                     | \$0.00  |
|                      | STERILIZATION - PHY FEMALE                  | \$3.02                                   | 0.973                               | 1.000  | \$2.94  |  | \$2.94                                   | 1   | \$2.94  | 1.00                     | \$2.94  |
|                      | STERILIZATION - PHY MALE                    | \$0.00                                   | 0.973                               | 1.000  | \$0.00  |  | \$0.00                                   | 1   | \$0.00  | 1.00                     | \$0.00  |
|                      | SURGERY                                     | \$6.01                                   | 0.973                               | 1.000  | \$5.85  |  | \$5.85                                   | 1   | \$5.85  | 1.00                     | \$5.85  |
|                      | TARGETED CASE MAN - BABIES FIRST            | \$0.00                                   | 0.973                               | 1.000  | \$0.00  |  | \$0.00                                   | 0   | \$0.00  | 1.00                     | \$0.00  |
|                      | TARGETED CASE MAN - HIV                     | \$0.00                                   | 0.973                               | 1.000  | \$0.00  |  | \$0.00                                   | 0   | \$0.00  | 1.00                     | \$0.00  |
|                      | TARGETED CASE MAN - SUBS ABUSE MOMS         | \$0.00                                   | 0.973                               | 1.000  | \$0.00  |  | \$0.00                                   | 0   | \$0.00  | 1.00                     | \$0.00  |
|                      | THERAPEUTIC ABORTION - IP HOSP              | \$0.00                                   | 0.983                               | 1.000  | \$0.00  |  | \$0.00                                   | 0   | \$0.00  | 1.00                     | \$0.00  |
|                      | THERAPEUTIC ABORTION - OP HOSP              | \$0.00                                   | 0.983                               | 1.000  | \$0.00  |  | \$0.00                                   | 0   | \$0.00  | 0.95                     | \$0.00  |
|                      | THERAPEUTIC ABORTION - PHYS                 | \$0.00                                   | 0.973                               | 1.000  | \$0.00  |  | \$0.00                                   | 0   | \$0.00  | 1.00                     | \$0.00  |
|                      | TRANSPORTATION - AMBULANCE                  | \$6.01                                   | 0.973                               | 1.000  | \$5.85  |  | \$5.85                                   | 1   | \$5.85  | 1.00                     | \$5.85  |
|                      | TRANSPORTATION - OTHER                      | \$0.00                                   | 0.973                               | 1.000  | \$0.00  |  | \$0.00                                   | 0   | \$0.00  | 1.00                     | \$0.00  |
|                      | VISION CARE - EXAMS & THERAPY               | \$2.14                                   | 0.973                               | 1.000  | \$2.08  |  | \$2.08                                   | 1   | \$2.08  | 1.00                     | \$2.08  |
|                      | VISION CARE - MATERIALS & FITTING           | \$1.80                                   | 0.973                               | 1.000  | \$1.75  |  | \$1.75                                   | 1   | \$1.75  | 1.00                     | \$1.75  |
|                      | PART A DEDUCTIBLE                           |  |                                     |  |   |  |  |   |   |                          |   |
|                      | PART B DEDUCTIBLE                           |  |                                     |  |   |  |  |   |   |                          |   |
|                      | PART B COINSURANCE ADJUSTMENT               |  |                                     |  |   |  |  |   |   |                          |   |
|                      | <b>Subtotal Physical Health</b>             | \$1,124.26                               |                                     |  | \$991.84  | -\$766.39  | \$225.45                                 |   | \$183.71  |                          | \$182.07  |
|                      | <b>Subtotal Physical Health w Admin</b>     |  |                                     |  |   |  |  |   |   |                          | \$209.42  |
|                      | <b>CHEMICAL DEPENDENCY</b>                  |  |                                     |  |   |  |  |   |   |                          |   |
|                      | CD SERVICES - ALTERNATIVE TO DETOX          | \$0.08                                   | 0.972                               | 1.000  | \$0.08  |  | \$0.08                                   | 0   | \$0.00  | 1.00                     | \$0.00  |
|                      | CD SERVICES - METHADONE                     | \$1.37                                   | 0.972                               | 1.000  | \$1.34  |  | \$1.34                                   | 1   | \$1.34  | 1.00                     | \$1.34  |
|                      | CD SERVICES - OP                            | \$4.03                                   | 0.972                               | 1.000  | \$3.92  |  | \$3.92                                   | 1   | \$3.92  | 1.00                     | \$3.92  |
|                      | <b>Subtotal Chemical Dependency</b>         | \$5.48                                   |                                     |  | \$5.33  |  | \$5.33                                   |   | \$5.25  |                          | \$5.25  |
|                      | <b>Subtotal Chemical Dependency w Admin</b> |  |                                     |  |   |  |  |   |   |                          | \$6.04  |

Oregon Health Plan Medicaid Demonstration

EXHIBIT 2-I

Development of January 2008 Statewide PCO Capitation Rates from the 2008-2009 Per Capita Costs  
With Adjustments for Funding Through Line 503 of the 2008-2009 Prioritized List

| Eligibility Category | Service Category                      | A  | B                                   | C  | D                 | E  | F               | G   | H  | I                        | J               |
|----------------------|---------------------------------------|--|-------------------------------------|--|-------------------|--|-----------------|---|--|--------------------------|-----------------|
|                      |                                       | 08-09 PCC With Coverage Through Line 503 | Trend Adjustment to Contract Period | Hospital Reimbursement Adjustment <sup>1</sup> | = A * B * C       | Maternity Carve-Out / Program Change Adjustment <sup>2</sup> | = D + E         | Covered Benefit Adjustment (1=Covered, 0=Not covered) | Projected Statewide Cost PMPM for PCO Benefits | OP Cost Shift Adjustment | =H * I          |
| PLM Adults           |                                       |  |                                     |  |                   |  |                 |   |  |                          |                 |
| <b>DENTAL</b>        |                                       |  |                                     |  |                   |  |                 |   |  |                          |                 |
|                      | DENTAL - ADJUNCTIVE GENERAL           | \$1.34                                   | 0.970                               | 1.000  | \$1.30            |  | \$1.30          | 0   | \$0.00   | 1.00                     | \$0.00          |
|                      | DENTAL - ANESTHESIA SURGICAL          | \$0.12                                   | 0.970                               | 1.000  | \$0.12            |  | \$0.12          | 0   | \$0.00   | 1.00                     | \$0.00          |
|                      | DENTAL - DIAGNOSTIC                   | \$6.01                                   | 0.970                               | 1.000  | \$5.83            |  | \$5.83          | 0   | \$0.00   | 1.00                     | \$0.00          |
|                      | DENTAL - ENDODONTICS                  | \$2.28                                   | 0.970                               | 1.000  | \$2.21            |  | \$2.21          | 0   | \$0.00   | 1.00                     | \$0.00          |
|                      | DENTAL - I/P FIXED                    | \$0.00                                   | 0.970                               | 1.000  | \$0.00            |  | \$0.00          | 0   | \$0.00   | 1.00                     | \$0.00          |
|                      | DENTAL - MAXILLOFACIAL PROS           | \$0.00                                   | 0.970                               | 1.000  | \$0.00            |  | \$0.00          | 0   | \$0.00   | 1.00                     | \$0.00          |
|                      | DENTAL - ORAL SURGERY                 | \$2.10                                   | 0.970                               | 1.000  | \$2.04            |  | \$2.04          | 0   | \$0.00   | 1.00                     | \$0.00          |
|                      | DENTAL - ORTHODONTICS                 | \$0.00                                   | 0.970                               | 1.000  | \$0.00            |  | \$0.00          | 0   | \$0.00   | 1.00                     | \$0.00          |
|                      | DENTAL - PERIODONTICS                 | \$1.56                                   | 0.970                               | 1.000  | \$1.51            |  | \$1.51          | 0   | \$0.00   | 1.00                     | \$0.00          |
|                      | DENTAL - PREVENTIVE                   | \$2.69                                   | 0.970                               | 1.000  | \$2.61            |  | \$2.61          | 0   | \$0.00   | 1.00                     | \$0.00          |
|                      | DENTAL - PROS REMOVABLE               | \$0.39                                   | 0.970                               | 1.000  | \$0.38            |  | \$0.38          | 0   | \$0.00   | 1.00                     | \$0.00          |
|                      | DENTAL - RESTORATIVE                  | \$7.10                                   | 0.970                               | 1.000  | \$6.89            |  | \$6.89          | 0   | \$0.00   | 1.00                     | \$0.00          |
|                      | <b>Subtotal Dental</b>                | <b>\$23.59</b>                           |                                     |  | <b>\$22.89</b>    |  | <b>\$22.89</b>  |   | <b>\$0.00</b>                                  |                          | <b>\$0.00</b>   |
|                      | <b>Subtotal Dental w Admin</b>        |  |                                     |  |                   |  |                 |   |  |                          | <b>\$0.00</b>   |
| <b>MENTAL HEALTH</b> |                                       |  |                                     |  |                   |  |                 |   |  |                          |                 |
|                      | MH SERVICES ACUTE INPATIENT           | \$1.80                                   | 0.972                               | 0.808  | \$1.41            |  | \$1.41          | 0   | \$0.00   | 1.00                     | \$0.00          |
|                      | MH SERVICES ALTERNATIVE TO IP         | \$0.09                                   | 0.972                               | 1.000  | \$0.09            |  | \$0.09          | 0   | \$0.00   | 1.00                     | \$0.00          |
|                      | MH SERVICES ANCILLARY SERVICES        | \$0.00                                   | 0.972                               | 1.000  | \$0.00            |  | \$0.00          | 0   | \$0.00   | 1.00                     | \$0.00          |
|                      | MH SERVICES ASSESS & EVAL             | \$0.72                                   | 0.972                               | 1.000  | \$0.70            |  | \$0.70          | 0   | \$0.00   | 1.00                     | \$0.00          |
|                      | MH SERVICES CASE MANAGEMENT           | \$0.44                                   | 0.972                               | 1.000  | \$0.43            |  | \$0.43          | 0   | \$0.00   | 1.00                     | \$0.00          |
|                      | MH SERVICES CONSULTATION              | \$0.01                                   | 0.972                               | 1.000  | \$0.01            |  | \$0.01          | 0   | \$0.00   | 1.00                     | \$0.00          |
|                      | MH SERVICES EVIDENCE BASED PRACTICE   | \$0.00                                   | 0.972                               | 1.000  | \$0.00            |  | \$0.00          | 0   | \$0.00   | 1.00                     | \$0.00          |
|                      | MH SERVICES FAMILY SUPPORT            | \$0.00                                   | 0.972                               | 1.000  | \$0.00            |  | \$0.00          | 0   | \$0.00   | 1.00                     | \$0.00          |
|                      | MH SERVICES MED MANAGEMENT            | \$0.05                                   | 0.972                               | 1.000  | \$0.05            |  | \$0.05          | 0   | \$0.00   | 1.00                     | \$0.00          |
|                      | MH SERVICES OP THERAPY                | \$1.26                                   | 0.972                               | 1.000  | \$1.22            |  | \$1.22          | 0   | \$0.00   | 1.00                     | \$0.00          |
|                      | MH SERVICES OTHER OP                  | \$0.09                                   | 0.972                               | 1.000  | \$0.08            |  | \$0.08          | 0   | \$0.00   | 1.00                     | \$0.00          |
|                      | MH SERVICES PEO                       | \$0.69                                   | 1.000                               | 1.000  | \$0.69            |  | \$0.69          | 0   | \$0.00   | 1.00                     | \$0.00          |
|                      | MH SERVICES PHYS IP                   | \$0.32                                   | 0.972                               | 1.000  | \$0.31            |  | \$0.31          | 0   | \$0.00   | 1.00                     | \$0.00          |
|                      | MH SERVICES PHYS OP                   | \$2.29                                   | 0.972                               | 1.000  | \$2.23            |  | \$2.23          | 0   | \$0.00   | 1.00                     | \$0.00          |
|                      | MH SERVICES SUPPORT DAY PROGRAM       | \$0.09                                   | 0.972                               | 1.000  | \$0.08            |  | \$0.08          | 0   | \$0.00   | 1.00                     | \$0.00          |
|                      | MH SERVICES INTENSIVE THERAPY SVCS    | \$0.00                                   | 0.972                               | 1.000  | \$0.00            |  | \$0.00          | 0   | \$0.00   | 1.00                     | \$0.00          |
|                      | MH SERVICES CONS ASSESS               |  |                                     |  | \$0.00            |  | \$0.00          | 0   | \$0.00   | 1.00                     | \$0.00          |
|                      | <b>Subtotal Mental Health</b>         | <b>\$7.86</b>                            |                                     |  | <b>\$7.32</b>     |  | <b>\$7.32</b>   |   | <b>\$0.00</b>                                  |                          | <b>\$0.00</b>   |
|                      | <b>Subtotal Mental Health w Admin</b> |  |                                     |  |                   |  |                 |   |  |                          | <b>\$0.00</b>   |
|                      | <b>Total Services</b>                 | <b>\$1,161.19</b>                        |                                     |  | <b>\$1,027.38</b> | <b>-\$766.39</b>   | <b>\$260.99</b> |   | <b>\$188.96</b>                                |                          | <b>\$187.33</b> |
|                      | <b>Total Services with Admin</b>      |  |                                     |  |                   |  |                 |   |  |                          | <b>\$215.47</b> |

1) Reflects change from funding DRG hospitals at 100% of cost as in 2008-09 per capita costs to 80% of cost for 2008 capitation rates.

2) Reflects Maternity Case Rate Carve-Out, Children's Mental Health Services Adjustment, and Bariatric Surgery Adjustment

Oregon Health Plan Medicaid Demonstration

EXHIBIT 2-1

Development of January 2008 Statewide PCO Capitation Rates from the 2008-2009 Per Capita Costs  
With Adjustments for Funding Through Line 503 of the 2008-2009 Prioritized List

| Eligibility Category                 | Service Category                    | A  | B                                   | C  | D<br>= A * B * C                   | E  | F<br>= D + E                  | G   | H<br>= F * G                                   | I                        | J<br>= H * I                            |
|--------------------------------------|-------------------------------------|--|-------------------------------------|--|------------------------------------|--|-------------------------------|---|--|--------------------------|---|
|                                      |                                     | 08-09 PCC With Coverage Through Line 503 | Trend Adjustment to Contract Period | Hospital Reimbursement Adjustment <sup>1</sup> | Projected 2008 Statewide Cost PMPM | Maternity Carve-Out / Program Change Adjustment <sup>2</sup> | Projected Statewide Cost PMPM | Covered Benefit Adjustment (1=Covered, 0=Not covered) | Projected Statewide Cost PMPM for PCO Benefits | OP Cost Shift Adjustment | 2008 Statewide PCO Capitation Rate PMPM |
| PLM, CHIP, or TANF Children Aged 0-1 |                                     |  |                                     |  |                                    |  |                               |   |  |                          |   |
| <b>PHYSICAL HEALTH</b>               |                                     |  |                                     |  |                                    |  |                               |   |  |                          |   |
|                                      | ADMINISTRATIVE EXAMS                | \$0.00                                   | 0.970                               | 1.000  | \$0.00                             |  | \$0.00                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                                      | ANESTHESIA                          | \$2.11                                   | 0.970                               | 1.000  | \$2.05                             |  | \$2.05                        | 1   | \$2.05   | 1.00                     | \$2.05                                  |
|                                      | EXCEPT NEEDS CARE COORDINATION      | \$0.00                                   | 1.000                               | 1.000  | \$0.00                             |  | \$0.00                        | 1   | \$0.00   | 1.00                     | \$0.00                                  |
|                                      | FP - IP HOSP                        | \$0.00                                   | 0.983                               | 0.820  | \$0.00                             |  | \$0.00                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                                      | FP - OP HOSP                        | \$0.00                                   | 0.962                               | 0.828  | \$0.00                             |  | \$0.00                        | 1   | \$0.00   | 0.95                     | \$0.00                                  |
|                                      | FP - PHYS                           | \$0.00                                   | 0.970                               | 1.000  | \$0.00                             |  | \$0.00                        | 1   | \$0.00   | 1.00                     | \$0.00                                  |
|                                      | HYSTERECTOMY - ANESTHESIA           | \$0.00                                   | 0.970                               | 1.000  | \$0.00                             |  | \$0.00                        | 1   | \$0.00   | 1.00                     | \$0.00                                  |
|                                      | HYSTERECTOMY - IP HOSP              | \$0.00                                   | 0.983                               | 0.827  | \$0.00                             |  | \$0.00                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                                      | HYSTERECTOMY - OP HOSP              | \$0.00                                   | 0.962                               | 0.816  | \$0.00                             |  | \$0.00                        | 1   | \$0.00   | 0.95                     | \$0.00                                  |
|                                      | HYSTERECTOMY - PHYS                 | \$0.00                                   | 0.970                               | 1.000  | \$0.00                             |  | \$0.00                        | 1   | \$0.00   | 1.00                     | \$0.00                                  |
|                                      | IP HOSP - ACUTE DETOX               | \$0.00                                   | 0.983                               | 0.811  | \$0.00                             |  | \$0.00                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                                      | IP HOSP - MATERNITY                 | \$0.07                                   | 0.983                               | 0.832  | \$0.06                             |  | \$0.06                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                                      | IP HOSP - MATERNITY / STERILIZATION | \$0.01                                   | 0.983                               | 0.839  | \$0.01                             |  | \$0.01                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                                      | IP HOSP - MEDICAL/SURGICAL          | \$70.47                                  | 0.983                               | 0.820  | \$56.80                            |  | \$56.80                       | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                                      | IP HOSP - NEWBORN                   | \$193.77                                 | 0.983                               | 0.815  | \$155.22                           |  | \$155.22                      | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                                      | IP HOSP - POST HOSP EXTENDED CARE   | \$0.00                                   | 0.983                               | 1.000  | \$0.00                             |  | \$0.00                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                                      | LAB & RAD - DIAGNOSTIC X-RAY        | \$3.52                                   | 0.970                               | 1.000  | \$3.41                             |  | \$3.41                        | 1   | \$3.41   | 1.00                     | \$3.41                                  |
|                                      | LAB & RAD - LAB                     | \$1.22                                   | 0.970                               | 1.000  | \$1.19                             |  | \$1.19                        | 1   | \$1.19   | 1.00                     | \$1.19                                  |
|                                      | LAB & RAD - THERAPEUTIC X-RAY       | \$0.01                                   | 0.970                               | 1.000  | \$0.01                             |  | \$0.01                        | 1   | \$0.01   | 1.00                     | \$0.01                                  |
|                                      | OP ER - SOMATIC MH                  | \$0.01                                   | 0.962                               | 0.823  | \$0.00                             |  | \$0.00                        | 1   | \$0.00   | 0.95                     | \$0.00                                  |
|                                      | OP HOSP - BASIC                     | \$17.08                                  | 0.962                               | 0.854  | \$14.03                            |  | \$14.03                       | 1   | \$14.03  | 0.95                     | \$13.33                                 |
|                                      | OP HOSP - DENTAL ANESTHESIA         | \$0.00                                   | 0.962                               | 0.845  | \$0.00                             |  | \$0.00                        | 0   | \$0.00   | 0.95                     | \$0.00                                  |
|                                      | OP HOSP - DENTAL DIAGNOSTIC         | \$0.00                                   | 0.962                               | 0.845  | \$0.00                             |  | \$0.00                        | 0   | \$0.00   | 0.95                     | \$0.00                                  |
|                                      | OP HOSP - DENTAL PREVENTIVE         | \$0.00                                   | 0.962                               | 0.845  | \$0.00                             |  | \$0.00                        | 0   | \$0.00   | 0.95                     | \$0.00                                  |
|                                      | OP HOSP - DENTAL RESTORATIVE        | \$0.00                                   | 0.962                               | 0.845  | \$0.00                             |  | \$0.00                        | 0   | \$0.00   | 0.95                     | \$0.00                                  |
|                                      | OP HOSP - EMERGENCY ROOM            | \$12.47                                  | 0.962                               | 0.833  | \$10.00                            |  | \$10.00                       | 1   | \$10.00  | 0.95                     | \$9.50                                  |
|                                      | OP HOSP - LAB & RAD                 | \$9.76                                   | 0.962                               | 0.835  | \$7.85                             |  | \$7.85                        | 1   | \$7.85   | 0.95                     | \$7.46                                  |
|                                      | OP HOSP - MATERNITY                 | \$0.02                                   | 0.962                               | 0.838  | \$0.01                             |  | \$0.01                        | 1   | \$0.01   | 0.95                     | \$0.01                                  |
|                                      | OP HOSP - POST HOSP EXTENDED CARE   | \$0.00                                   | 0.962                               | 0.891  | \$0.00                             |  | \$0.00                        | 1   | \$0.00   | 0.95                     | \$0.00                                  |
|                                      | OP HOSP - PRES DRUGS BASIC          | \$1.25                                   | 0.962                               | 0.844  | \$1.02                             |  | \$1.02                        | 1   | \$1.02   | 0.95                     | \$0.97                                  |
|                                      | OP HOSP - PRES DRUGS MH/CD          | \$0.00                                   | 0.962                               | 0.836  | \$0.00                             |  | \$0.00                        | 1   | \$0.00   | 0.95                     | \$0.00                                  |
|                                      | OP HOSP - SOMATIC MH                | \$0.04                                   | 0.962                               | 0.830  | \$0.03                             |  | \$0.03                        | 1   | \$0.03   | 0.95                     | \$0.03                                  |
|                                      | OTH MED - DME                       | \$1.41                                   | 0.970                               | 1.000  | \$1.37                             |  | \$1.37                        | 1   | \$1.37   | 1.00                     | \$1.37                                  |
|                                      | OTH MED - HHC/PDN                   | \$0.40                                   | 0.970                               | 0.952  | \$0.37                             |  | \$0.37                        | 1   | \$0.37   | 1.00                     | \$0.37                                  |
|                                      | OTH MED - HOSPICE                   | \$0.06                                   | 0.970                               | 0.909  | \$0.05                             |  | \$0.05                        | 1   | \$0.05   | 1.00                     | \$0.05                                  |
|                                      | OTH MED - MATERNITY MGT             | \$0.00                                   | 0.970                               | 1.000  | \$0.00                             |  | \$0.00                        | 1   | \$0.00   | 1.00                     | \$0.00                                  |
|                                      | OTH MED - SUPPLIES                  | \$1.51                                   | 0.970                               | 1.000  | \$1.47                             |  | \$1.47                        | 1   | \$1.47   | 1.00                     | \$1.47                                  |
|                                      | PHYS CONSULTATION, IP & ER VISITS   | \$30.85                                  | 0.970                               | 1.000  | \$29.91                            |  | \$29.91                       | 1   | \$29.91  | 1.00                     | \$29.91                                 |
|                                      | PHYS HOME OR LONG-TERM CARE VISITS  | \$0.08                                   | 0.970                               | 1.000  | \$0.08                             |  | \$0.08                        | 1   | \$0.08   | 1.00                     | \$0.08                                  |
|                                      | PHYS MATERNITY                      | \$0.10                                   | 0.970                               | 1.000  | \$0.09                             |  | \$0.09                        | 1   | \$0.09   | 1.00                     | \$0.09                                  |
|                                      | PHYS NEWBORN                        | \$6.32                                   | 0.970                               | 1.000  | \$6.13                             |  | \$6.13                        | 1   | \$6.13   | 1.00                     | \$6.13                                  |
|                                      | PHYS OFFICE VISITS                  | \$63.47                                  | 0.970                               | 1.000  | \$61.54                            |  | \$61.54                       | 1   | \$61.54  | 1.00                     | \$61.54                                 |
|                                      | PHYS OTHER                          | \$7.44                                   | 0.970                               | 1.000  | \$7.21                             |  | \$7.21                        | 1   | \$7.21   | 1.00                     | \$7.21                                  |
|                                      | PHYS SOMATIC MH                     | \$0.09                                   | 0.970                               | 1.000  | \$0.09                             |  | \$0.09                        | 1   | \$0.09   | 1.00                     | \$0.09                                  |

Oregon Health Plan Medicaid Demonstration

EXHIBIT 2-I

Development of January 2008 Statewide PCO Capitation Rates from the 2008-2009 Per Capita Costs  
With Adjustments for Funding Through Line 503 of the 2008-2009 Prioritized List

| Eligibility Category                 | Service Category                            | A  | B                                   | C  | D<br>= A * B * C                   | E  | F<br>= D + E                  | G   | H<br>= F * G                                   | I                        | J<br>= H * I                            |
|--------------------------------------|---|--|-------------------------------------|--|------------------------------------|--|-------------------------------|---|--|--------------------------|---|
|                                      |   | 08-09 PCC With Coverage Through Line 503 | Trend Adjustment to Contract Period | Hospital Reimbursement Adjustment <sup>1</sup> | Projected 2008 Statewide Cost PMPM | Maternity Carve-Out / Program Change Adjustment <sup>2</sup> | Projected Statewide Cost PMPM | Covered Benefit Adjustment (1=Covered, 0=Not covered) | Projected Statewide Cost PMPM for PCO Benefits | OP Cost Shift Adjustment | 2008 Statewide PCO Capitation Rate PMPM |
| PLM, CHIP, or TANF Children Aged 0-1 |   |  |                                     |  |                                    |  |                               |   |  |                          |   |
|                                      | PRES DRUGS - BASIC                          | \$12.05                                  | 0.963                               | 1.000  | \$11.61                            |  | \$11.61                       | 1   | \$11.61  | 1.00                     | \$11.61                                 |
|                                      | PRES DRUGS - FP                             | \$0.01                                   | 0.963                               | 1.000  | \$0.01                             |  | \$0.01                        | 1   | \$0.01   | 1.00                     | \$0.01                                  |
|                                      | PRES DRUGS - MH/CD                          | \$0.00                                   | 0.963                               | 1.000  | \$0.00                             |  | \$0.00                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                                      | SCHOOL-BASED HEALTH SERVICES                | \$0.00                                   | 0.970                               | 1.000  | \$0.00                             |  | \$0.00                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                                      | STERILIZATION - ANESTHESIA FEMALE           | \$0.00                                   | 0.970                               | 1.000  | \$0.00                             |  | \$0.00                        | 1   | \$0.00   | 1.00                     | \$0.00                                  |
|                                      | STERILIZATION - ANESTHESIA MALE             | \$0.00                                   | 0.970                               | 1.000  | \$0.00                             |  | \$0.00                        | 1   | \$0.00   | 1.00                     | \$0.00                                  |
|                                      | STERILIZATION - IP HOSP FEMALE              | \$0.00                                   | 0.983                               | 0.837  | \$0.00                             |  | \$0.00                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                                      | STERILIZATION - IP HOSP MALE                | \$0.00                                   | 0.983                               | 0.820  | \$0.00                             |  | \$0.00                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                                      | STERILIZATION - OP HOSP FEMALE              | \$0.00                                   | 0.962                               | 0.845  | \$0.00                             |  | \$0.00                        | 1   | \$0.00   | 0.95                     | \$0.00                                  |
|                                      | STERILIZATION - OP HOSP MALE                | \$0.01                                   | 0.962                               | 0.800  | \$0.01                             |  | \$0.01                        | 1   | \$0.01   | 0.95                     | \$0.01                                  |
|                                      | STERILIZATION - PHY FEMALE                  | \$0.00                                   | 0.970                               | 1.000  | \$0.00                             |  | \$0.00                        | 1   | \$0.00   | 1.00                     | \$0.00                                  |
|                                      | STERILIZATION - PHY MALE                    | \$0.00                                   | 0.970                               | 1.000  | \$0.00                             |  | \$0.00                        | 1   | \$0.00   | 1.00                     | \$0.00                                  |
|                                      | SURGERY                                     | \$6.65                                   | 0.970                               | 1.000  | \$6.44                             |  | \$6.44                        | 1   | \$6.44   | 1.00                     | \$6.44                                  |
|                                      | TARGETED CASE MAN - BABIES FIRST            | \$0.00                                   | 0.970                               | 1.000  | \$0.00                             |  | \$0.00                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                                      | TARGETED CASE MAN - HIV                     | \$0.00                                   | 0.970                               | 1.000  | \$0.00                             |  | \$0.00                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                                      | TARGETED CASE MAN - SUBS ABUSE MOMS         | \$0.00                                   | 0.970                               | 1.000  | \$0.00                             |  | \$0.00                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                                      | THERAPEUTIC ABORTION - IP HOSP              | \$0.00                                   | 0.983                               | 1.000  | \$0.00                             |  | \$0.00                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                                      | THERAPEUTIC ABORTION - OP HOSP              | \$0.00                                   | 0.962                               | 1.000  | \$0.00                             |  | \$0.00                        | 0   | \$0.00   | 0.95                     | \$0.00                                  |
|                                      | THERAPEUTIC ABORTION - PHYS                 | \$0.00                                   | 0.970                               | 1.000  | \$0.00                             |  | \$0.00                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                                      | TRANSPORTATION - AMBULANCE                  | \$6.49                                   | 0.970                               | 1.000  | \$6.30                             |  | \$6.30                        | 1   | \$6.30   | 1.00                     | \$6.30                                  |
|                                      | TRANSPORTATION - OTHER                      | \$0.00                                   | 0.970                               | 1.000  | \$0.00                             |  | \$0.00                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                                      | VISION CARE - EXAMS & THERAPY               | \$0.41                                   | 0.970                               | 1.000  | \$0.39                             |  | \$0.39                        | 1   | \$0.39   | 1.00                     | \$0.39                                  |
|                                      | VISION CARE - MATERIALS & FITTING           | \$0.02                                   | 0.970                               | 1.000  | \$0.02                             |  | \$0.02                        | 1   | \$0.02   | 1.00                     | \$0.02                                  |
|                                      | PART A DEDUCTIBLE                           |  |                                     |  |                                    |  |                               |   |  |                          |   |
|                                      | PART B DEDUCTIBLE                           |  |                                     |  |                                    |  |                               |   |  |                          |   |
|                                      | PART B COINSURANCE ADJUSTMENT               |  |                                     |  |                                    |  |                               |   |  |                          |   |
|                                      | <b>Subtotal Physical Health</b>             | <b>\$449.18</b>                          |                                     |  | <b>\$384.78</b>                    |  | <b>\$384.78</b>               |   | <b>\$172.69</b>                                |                          | <b>\$171.04</b>                         |
|                                      | <b>Subtotal Physical Health w Admin</b>     |  |                                     |  |                                    |  |                               |   |  |                          | <b>\$196.73</b>                         |
|                                      | <b>CHEMICAL DEPENDENCY</b>                  |  |                                     |  |                                    |  |                               |   |  |                          |   |
|                                      | CD SERVICES - ALTERNATIVE TO DETOX          | \$0.00                                   | 0.960                               | 1.000  | \$0.00                             |  | \$0.00                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                                      | CD SERVICES - METHADONE                     | \$0.00                                   | 0.960                               | 1.000  | \$0.00                             |  | \$0.00                        | 1   | \$0.00   | 1.00                     | \$0.00                                  |
|                                      | CD SERVICES - OP                            | \$0.00                                   | 0.960                               | 1.000  | \$0.00                             |  | \$0.00                        | 1   | \$0.00   | 1.00                     | \$0.00                                  |
|                                      | <b>Subtotal Chemical Dependency</b>         | <b>\$0.01</b>                            |                                     |  | <b>\$0.01</b>                      |  | <b>\$0.01</b>                 |   | <b>\$0.01</b>                                  |                          | <b>\$0.01</b>                           |
|                                      | <b>Subtotal Chemical Dependency w Admin</b> |  |                                     |  |                                    |  |                               |   |  |                          | <b>\$0.01</b>                           |

**Oregon Health Plan Medicaid Demonstration**

**EXHIBIT 2-I**

**Development of January 2008 Statewide PCO Capitation Rates from the 2008-2009 Per Capita Costs  
With Adjustments for Funding Through Line 503 of the 2008-2009 Prioritized List**

| Eligibility Category                 | Service Category                      | A  | B                                   | C  | D<br>= A * B * C                   | E  | F<br>= D + E                  | G   | H<br>= F * G                                   | I                        | J<br>= H * I                            |
|--------------------------------------|---------------------------------------|--|-------------------------------------|--|------------------------------------|--|-------------------------------|---|--|--------------------------|---|
|                                      |                                       | 08-09 PCC With Coverage Through Line 503 | Trend Adjustment to Contract Period | Hospital Reimbursement Adjustment <sup>1</sup> | Projected 2008 Statewide Cost PMPM | Maternity Carve-Out / Program Change Adjustment <sup>2</sup> | Projected Statewide Cost PMPM | Covered Benefit Adjustment (1=Covered, 0=Not covered) | Projected Statewide Cost PMPM for PCO Benefits | OP Cost Shift Adjustment | 2008 Statewide PCO Capitation Rate PMPM |
| PLM, CHIP, or TANF Children Aged 0-1 |                                       |  |                                     |  |                                    |  |                               |   |  |                          |   |
| <b>DENTAL</b>                        |                                       |  |                                     |  |                                    |  |                               |   |  |                          |   |
|                                      | DENTAL - ADJUNCTIVE GENERAL           | \$0.00                                   | 0.970                               | 1.000  | \$0.00                             |  | \$0.00                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                                      | DENTAL - ANESTHESIA SURGICAL          | \$0.00                                   | 0.970                               | 1.000  | \$0.00                             |  | \$0.00                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                                      | DENTAL - DIAGNOSTIC                   | \$0.07                                   | 0.970                               | 1.000  | \$0.07                             |  | \$0.07                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                                      | DENTAL - ENDODONTICS                  | \$0.00                                   | 0.970                               | 1.000  | \$0.00                             |  | \$0.00                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                                      | DENTAL - I/P FIXED                    | \$0.00                                   | 0.970                               | 1.000  | \$0.00                             |  | \$0.00                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                                      | DENTAL - MAXILLOFACIAL PROS           | \$0.00                                   | 0.970                               | 1.000  | \$0.00                             |  | \$0.00                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                                      | DENTAL - ORAL SURGERY                 | \$0.02                                   | 0.970                               | 1.000  | \$0.01                             |  | \$0.01                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                                      | DENTAL - ORTHODONTICS                 | \$0.00                                   | 0.970                               | 1.000  | \$0.00                             |  | \$0.00                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                                      | DENTAL - PERIODONTICS                 | \$0.00                                   | 0.970                               | 1.000  | \$0.00                             |  | \$0.00                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                                      | DENTAL - PREVENTIVE                   | \$0.04                                   | 0.970                               | 1.000  | \$0.04                             |  | \$0.04                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                                      | DENTAL - PROS REMOVABLE               | \$0.00                                   | 0.970                               | 1.000  | \$0.00                             |  | \$0.00                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                                      | DENTAL - RESTORATIVE                  | \$0.02                                   | 0.970                               | 1.000  | \$0.01                             |  | \$0.01                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                                      | <b>Subtotal Dental</b>                | \$0.15                                   |                                     |  | \$0.15                             |  | \$0.15                        |   | \$0.00   |                          | \$0.00                                  |
|                                      | <b>Subtotal Dental w Admin</b>        |  |                                     |  |                                    |  |                               |   |  |                          | \$0.00                                  |
| <b>MENTAL HEALTH</b>                 |                                       |  |                                     |  |                                    |  |                               |   |  |                          |   |
|                                      | MH SERVICES ACUTE INPATIENT           | \$0.00                                   | 0.960                               | 0.808  | \$0.00                             |  | \$0.00                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                                      | MH SERVICES ALTERNATIVE TO IP         | \$0.00                                   | 0.960                               | 1.000  | \$0.00                             |  | \$0.00                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                                      | MH SERVICES ANCILLARY SERVICES        | \$0.00                                   | 0.960                               | 1.000  | \$0.00                             |  | \$0.00                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                                      | MH SERVICES ASSESS & EVAL             | \$0.01                                   | 0.960                               | 1.000  | \$0.01                             |  | \$0.01                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                                      | MH SERVICES CASE MANAGEMENT           | \$0.01                                   | 0.960                               | 1.000  | \$0.01                             |  | \$0.01                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                                      | MH SERVICES CONSULTATION              | \$0.00                                   | 0.960                               | 1.000  | \$0.00                             |  | \$0.00                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                                      | MH SERVICES EVIDENCE BASED PRACTICE   | \$0.00                                   | 0.960                               | 1.000  | \$0.00                             |  | \$0.00                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                                      | MH SERVICES FAMILY SUPPORT            | \$0.00                                   | 0.960                               | 1.000  | \$0.00                             |  | \$0.00                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                                      | MH SERVICES MED MANAGEMENT            | \$0.00                                   | 0.960                               | 1.000  | \$0.00                             |  | \$0.00                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                                      | MH SERVICES OP THERAPY                | \$0.01                                   | 0.960                               | 1.000  | \$0.01                             |  | \$0.01                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                                      | MH SERVICES OTHER OP                  | \$0.00                                   | 0.960                               | 1.000  | \$0.00                             |  | \$0.00                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                                      | MH SERVICES PEO                       | \$0.69                                   | 1.000                               | 1.000  | \$0.69                             |  | \$0.69                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                                      | MH SERVICES PHYS IP                   | \$0.01                                   | 0.960                               | 1.000  | \$0.01                             |  | \$0.01                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                                      | MH SERVICES PHYS OP                   | \$0.06                                   | 0.960                               | 1.000  | \$0.06                             |  | \$0.06                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                                      | MH SERVICES SUPPORT DAY PROGRAM       | \$0.00                                   | 0.960                               | 1.000  | \$0.00                             |  | \$0.00                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                                      | MH SERVICES INTENSIVE THERAPY SVCS    | \$0.02                                   | 0.960                               | 1.000  | \$0.02                             | -\$0.02  | \$0.00                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                                      | MH SERVICES CONS ASSESS               |  |                                     |  |                                    |  | \$0.00                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                                      | <b>Subtotal Mental Health</b>         | \$0.82                                   |                                     |  | \$0.81                             | -\$0.02  | \$0.79                        |   | \$0.00   |                          | \$0.00                                  |
|                                      | <b>Subtotal Mental Health w Admin</b> |  |                                     |  |                                    |  |                               |   |  |                          | \$0.00                                  |
|                                      | <b>Total Services</b>                 | \$450.15                                 |                                     |  | \$385.75                           | -\$0.02  | \$385.73                      |   | \$172.69                                       |                          | \$171.05                                |
|                                      | <b>Total Services with Admin</b>      |  |                                     |  |                                    |  |                               |   |  |                          | \$196.74                                |

1) Reflects change from funding DRG hospitals at 100% of cost as in 2008-09 per capita costs to 80% of cost for 2008 capitation rates.

2) Reflects Maternity Case Rate Carve-Out, Children's Mental Health Services Adjustment, and Bariatric Surgery Adjustment

**Oregon Health Plan Medicaid Demonstration**

**EXHIBIT 2-I**

**Development of January 2008 Statewide PCO Capitation Rates from the 2008-2009 Per Capita Costs  
With Adjustments for Funding Through Line 503 of the 2008-2009 Prioritized List**

| Eligibility Category                 | Service Category                    | A  | B                                   | C  | D<br>= A * B * C                   | E  | F<br>= D + E                  | G   | H<br>= F * G                                   | I                        | J<br>= H * I                            |
|--------------------------------------|-------------------------------------|--|-------------------------------------|--|------------------------------------|--|-------------------------------|---|--|--------------------------|---|
|                                      |                                     | 08-09 PCC With Coverage Through Line 503 | Trend Adjustment to Contract Period | Hospital Reimbursement Adjustment <sup>1</sup> | Projected 2008 Statewide Cost PMPM | Maternity Carve-Out / Program Change Adjustment <sup>2</sup> | Projected Statewide Cost PMPM | Covered Benefit Adjustment (1=Covered, 0=Not covered) | Projected Statewide Cost PMPM for PCO Benefits | OP Cost Shift Adjustment | 2008 Statewide PCO Capitation Rate PMPM |
| PLM, CHIP, or TANF Children Aged 1-5 |                                     |  |                                     |  |                                    |  |                               |   |  |                          |   |
| <b>PHYSICAL HEALTH</b>               |                                     |  |                                     |  |                                    |  |                               |   |  |                          |   |
|                                      | ADMINISTRATIVE EXAMS                | \$0.00                                   | 0.970                               | 1.000  | \$0.00                             |  | \$0.00                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                                      | ANESTHESIA                          | \$1.89                                   | 0.970                               | 1.000  | \$1.84                             |  | \$1.84                        | 1   | \$1.84   | 1.00                     | \$1.84                                  |
|                                      | EXCEPT NEEDS CARE COORDINATION      | \$0.00                                   | 1.000                               | 1.000  | \$0.00                             |  | \$0.00                        | 1   | \$0.00   | 1.00                     | \$0.00                                  |
|                                      | FP - IP HOSP                        | \$0.00                                   | 0.983                               | 0.820  | \$0.00                             |  | \$0.00                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                                      | FP - OP HOSP                        | \$0.00                                   | 0.962                               | 0.828  | \$0.00                             |  | \$0.00                        | 1   | \$0.00   | 0.95                     | \$0.00                                  |
|                                      | FP - PHYS                           | \$0.00                                   | 0.970                               | 1.000  | \$0.00                             |  | \$0.00                        | 1   | \$0.00   | 1.00                     | \$0.00                                  |
|                                      | HYSTERECTOMY - ANESTHESIA           | \$0.00                                   | 0.970                               | 1.000  | \$0.00                             |  | \$0.00                        | 1   | \$0.00   | 1.00                     | \$0.00                                  |
|                                      | HYSTERECTOMY - IP HOSP              | \$0.00                                   | 0.983                               | 0.827  | \$0.00                             |  | \$0.00                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                                      | HYSTERECTOMY - OP HOSP              | \$0.00                                   | 0.962                               | 0.816  | \$0.00                             |  | \$0.00                        | 1   | \$0.00   | 0.95                     | \$0.00                                  |
|                                      | HYSTERECTOMY - PHYS                 | \$0.00                                   | 0.970                               | 1.000  | \$0.00                             |  | \$0.00                        | 1   | \$0.00   | 1.00                     | \$0.00                                  |
|                                      | IP HOSP - ACUTE DETOX               | \$0.00                                   | 0.983                               | 0.811  | \$0.00                             |  | \$0.00                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                                      | IP HOSP - MATERNITY                 | \$0.00                                   | 0.983                               | 0.832  | \$0.00                             |  | \$0.00                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                                      | IP HOSP - MATERNITY / STERILIZATION | \$0.00                                   | 0.983                               | 0.839  | \$0.00                             |  | \$0.00                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                                      | IP HOSP - MEDICAL/SURGICAL          | \$12.90                                  | 0.983                               | 0.820  | \$10.40                            |  | \$10.40                       | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                                      | IP HOSP - NEWBORN                   | \$0.04                                   | 0.983                               | 0.815  | \$0.03                             |  | \$0.03                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                                      | IP HOSP - POST HOSP EXTENDED CARE   | \$0.00                                   | 0.983                               | 1.000  | \$0.00                             |  | \$0.00                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                                      | LAB & RAD - DIAGNOSTIC X-RAY        | \$1.10                                   | 0.970                               | 1.000  | \$1.07                             |  | \$1.07                        | 1   | \$1.07   | 1.00                     | \$1.07                                  |
|                                      | LAB & RAD - LAB                     | \$0.91                                   | 0.970                               | 1.000  | \$0.89                             |  | \$0.89                        | 1   | \$0.89   | 1.00                     | \$0.89                                  |
|                                      | LAB & RAD - THERAPEUTIC X-RAY       | \$0.01                                   | 0.970                               | 1.000  | \$0.01                             |  | \$0.01                        | 1   | \$0.01   | 1.00                     | \$0.01                                  |
|                                      | OP ER - SOMATIC MH                  | \$0.01                                   | 0.962                               | 0.823  | \$0.01                             |  | \$0.01                        | 1   | \$0.01   | 0.95                     | \$0.01                                  |
|                                      | OP HOSP - BASIC                     | \$14.91                                  | 0.962                               | 0.854  | \$12.26                            |  | \$12.26                       | 1   | \$12.26  | 0.95                     | \$11.64                                 |
|                                      | OP HOSP - DENTAL ANESTHESIA         | \$0.00                                   | 0.962                               | 0.845  | \$0.00                             |  | \$0.00                        | 0   | \$0.00   | 0.95                     | \$0.00                                  |
|                                      | OP HOSP - DENTAL DIAGNOSTIC         | \$0.00                                   | 0.962                               | 0.845  | \$0.00                             |  | \$0.00                        | 0   | \$0.00   | 0.95                     | \$0.00                                  |
|                                      | OP HOSP - DENTAL PREVENTIVE         | \$0.00                                   | 0.962                               | 0.845  | \$0.00                             |  | \$0.00                        | 0   | \$0.00   | 0.95                     | \$0.00                                  |
|                                      | OP HOSP - DENTAL RESTORATIVE        | \$0.00                                   | 0.962                               | 0.845  | \$0.00                             |  | \$0.00                        | 0   | \$0.00   | 0.95                     | \$0.00                                  |
|                                      | OP HOSP - EMERGENCY ROOM            | \$8.10                                   | 0.962                               | 0.833  | \$6.50                             |  | \$6.50                        | 1   | \$6.50   | 0.95                     | \$6.17                                  |
|                                      | OP HOSP - LAB & RAD                 | \$4.94                                   | 0.962                               | 0.835  | \$3.97                             |  | \$3.97                        | 1   | \$3.97   | 0.95                     | \$3.77                                  |
|                                      | OP HOSP - MATERNITY                 | \$0.00                                   | 0.962                               | 0.838  | \$0.00                             |  | \$0.00                        | 1   | \$0.00   | 0.95                     | \$0.00                                  |
|                                      | OP HOSP - POST HOSP EXTENDED CARE   | \$0.00                                   | 0.962                               | 0.891  | \$0.00                             |  | \$0.00                        | 1   | \$0.00   | 0.95                     | \$0.00                                  |
|                                      | OP HOSP - PRES DRUGS BASIC          | \$1.09                                   | 0.962                               | 0.844  | \$0.88                             |  | \$0.88                        | 1   | \$0.88   | 0.95                     | \$0.84                                  |
|                                      | OP HOSP - PRES DRUGS MH/CD          | \$0.00                                   | 0.962                               | 0.836  | \$0.00                             |  | \$0.00                        | 1   | \$0.00   | 0.95                     | \$0.00                                  |
|                                      | OP HOSP - SOMATIC MH                | \$0.17                                   | 0.962                               | 0.830  | \$0.14                             |  | \$0.14                        | 1   | \$0.14   | 0.95                     | \$0.13                                  |
|                                      | OTH MED - DME                       | \$0.30                                   | 0.970                               | 1.000  | \$0.29                             |  | \$0.29                        | 1   | \$0.29   | 1.00                     | \$0.29                                  |
|                                      | OTH MED - HHC/PDN                   | \$0.13                                   | 0.970                               | 0.952  | \$0.12                             |  | \$0.12                        | 1   | \$0.12   | 1.00                     | \$0.12                                  |
|                                      | OTH MED - HOSPICE                   | \$0.01                                   | 0.970                               | 0.909  | \$0.01                             |  | \$0.01                        | 1   | \$0.01   | 1.00                     | \$0.01                                  |
|                                      | OTH MED - MATERNITY MGT             | \$0.00                                   | 0.970                               | 1.000  | \$0.00                             |  | \$0.00                        | 1   | \$0.00   | 1.00                     | \$0.00                                  |
|                                      | OTH MED - SUPPLIES                  | \$0.40                                   | 0.970                               | 1.000  | \$0.39                             |  | \$0.39                        | 1   | \$0.39   | 1.00                     | \$0.39                                  |
|                                      | PHYS CONSULTATION, IP & ER VISITS   | \$4.54                                   | 0.970                               | 1.000  | \$4.40                             |  | \$4.40                        | 1   | \$4.40   | 1.00                     | \$4.40                                  |
|                                      | PHYS HOME OR LONG-TERM CARE VISITS  | \$0.01                                   | 0.970                               | 1.000  | \$0.01                             |  | \$0.01                        | 1   | \$0.01   | 1.00                     | \$0.01                                  |
|                                      | PHYS MATERNITY                      | \$0.01                                   | 0.970                               | 1.000  | \$0.01                             |  | \$0.01                        | 1   | \$0.01   | 1.00                     | \$0.01                                  |
|                                      | PHYS NEWBORN                        | \$0.05                                   | 0.970                               | 1.000  | \$0.05                             |  | \$0.05                        | 1   | \$0.05   | 1.00                     | \$0.05                                  |
|                                      | PHYS OFFICE VISITS                  | \$21.43                                  | 0.970                               | 1.000  | \$20.77                            |  | \$20.77                       | 1   | \$20.77  | 1.00                     | \$20.77                                 |
|                                      | PHYS OTHER                          | \$1.59                                   | 0.970                               | 1.000  | \$1.54                             |  | \$1.54                        | 1   | \$1.54   | 1.00                     | \$1.54                                  |
|                                      | PHYS SOMATIC MH                     | \$0.57                                   | 0.970                               | 1.000  | \$0.55                             |  | \$0.55                        | 1   | \$0.55   | 1.00                     | \$0.55                                  |

Oregon Health Plan Medicaid Demonstration

EXHIBIT 2-I

Development of January 2008 Statewide PCO Capitation Rates from the 2008-2009 Per Capita Costs  
With Adjustments for Funding Through Line 503 of the 2008-2009 Prioritized List

| Eligibility Category                 | Service Category                            | A  | B                                   | C  | D<br>= A * B * C                   | E  | F<br>= D + E                  | G   | H<br>= F * G                                   | I                        | J<br>= H * I                            |
|--------------------------------------|---|--|-------------------------------------|--|------------------------------------|--|-------------------------------|---|--|--------------------------|---|
|                                      |   | 08-09 PCC With Coverage Through Line 503 | Trend Adjustment to Contract Period | Hospital Reimbursement Adjustment <sup>1</sup> | Projected 2008 Statewide Cost PMPM | Maternity Carve-Out / Program Change Adjustment <sup>2</sup> | Projected Statewide Cost PMPM | Covered Benefit Adjustment (1=Covered, 0=Not covered) | Projected Statewide Cost PMPM for PCO Benefits | OP Cost Shift Adjustment | 2008 Statewide PCO Capitation Rate PMPM |
| PLM, CHIP, or TANF Children Aged 1-5 |   |  |                                     |  |                                    |  |                               |   |  |                          |   |
|                                      | PRES DRUGS - BASIC                          | \$7.68                                   | 0.963                               | 1.000  | \$7.40                             |  | \$7.40                        | 1   | \$7.40   | 1.00                     | \$7.40                                  |
|                                      | PRES DRUGS - FP                             | \$0.00                                   | 0.963                               | 1.000  | \$0.00                             |  | \$0.00                        | 1   | \$0.00   | 1.00                     | \$0.00                                  |
|                                      | PRES DRUGS - MH/CD                          | \$0.00                                   | 0.963                               | 1.000  | \$0.00                             |  | \$0.00                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                                      | SCHOOL-BASED HEALTH SERVICES                | \$0.00                                   | 0.970                               | 1.000  | \$0.00                             |  | \$0.00                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                                      | STERILIZATION - ANESTHESIA FEMALE           | \$0.00                                   | 0.970                               | 1.000  | \$0.00                             |  | \$0.00                        | 1   | \$0.00   | 1.00                     | \$0.00                                  |
|                                      | STERILIZATION - ANESTHESIA MALE             | \$0.00                                   | 0.970                               | 1.000  | \$0.00                             |  | \$0.00                        | 1   | \$0.00   | 1.00                     | \$0.00                                  |
|                                      | STERILIZATION - IP HOSP FEMALE              | \$0.00                                   | 0.983                               | 0.837  | \$0.00                             |  | \$0.00                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                                      | STERILIZATION - IP HOSP MALE                | \$0.00                                   | 0.983                               | 0.820  | \$0.00                             |  | \$0.00                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                                      | STERILIZATION - OP HOSP FEMALE              | \$0.00                                   | 0.962                               | 0.845  | \$0.00                             |  | \$0.00                        | 1   | \$0.00   | 0.95                     | \$0.00                                  |
|                                      | STERILIZATION - OP HOSP MALE                | \$0.00                                   | 0.962                               | 0.800  | \$0.00                             |  | \$0.00                        | 1   | \$0.00   | 0.95                     | \$0.00                                  |
|                                      | STERILIZATION - PHY FEMALE                  | \$0.00                                   | 0.970                               | 1.000  | \$0.00                             |  | \$0.00                        | 1   | \$0.00   | 1.00                     | \$0.00                                  |
|                                      | STERILIZATION - PHY MALE                    | \$0.00                                   | 0.970                               | 1.000  | \$0.00                             |  | \$0.00                        | 1   | \$0.00   | 1.00                     | \$0.00                                  |
|                                      | SURGERY                                     | \$3.28                                   | 0.970                               | 1.000  | \$3.18                             |  | \$3.18                        | 1   | \$3.18   | 1.00                     | \$3.18                                  |
|                                      | TARGETED CASE MAN - BABIES FIRST            | \$0.00                                   | 0.970                               | 1.000  | \$0.00                             |  | \$0.00                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                                      | TARGETED CASE MAN - HIV                     | \$0.00                                   | 0.970                               | 1.000  | \$0.00                             |  | \$0.00                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                                      | TARGETED CASE MAN - SUBS ABUSE MOMS         | \$0.00                                   | 0.970                               | 1.000  | \$0.00                             |  | \$0.00                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                                      | THERAPEUTIC ABORTION - IP HOSP              | \$0.00                                   | 0.983                               | 1.000  | \$0.00                             |  | \$0.00                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                                      | THERAPEUTIC ABORTION - OP HOSP              | \$0.00                                   | 0.962                               | 1.000  | \$0.00                             |  | \$0.00                        | 0   | \$0.00   | 0.95                     | \$0.00                                  |
|                                      | THERAPEUTIC ABORTION - PHYS                 | \$0.00                                   | 0.970                               | 1.000  | \$0.00                             |  | \$0.00                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                                      | TRANSPORTATION - AMBULANCE                  | \$1.34                                   | 0.970                               | 1.000  | \$1.30                             |  | \$1.30                        | 1   | \$1.30   | 1.00                     | \$1.30                                  |
|                                      | TRANSPORTATION - OTHER                      | \$0.00                                   | 0.970                               | 1.000  | \$0.00                             |  | \$0.00                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                                      | VISION CARE - EXAMS & THERAPY               | \$0.69                                   | 0.970                               | 1.000  | \$0.67                             |  | \$0.67                        | 1   | \$0.67   | 1.00                     | \$0.67                                  |
|                                      | VISION CARE - MATERIALS & FITTING           | \$0.25                                   | 0.970                               | 1.000  | \$0.24                             |  | \$0.24                        | 1   | \$0.24   | 1.00                     | \$0.24                                  |
|                                      | PART A DEDUCTIBLE                           |  |                                     |  |                                    |  |                               |   |  |                          |   |
|                                      | PART B DEDUCTIBLE                           |  |                                     |  |                                    |  |                               |   |  |                          |   |
|                                      | PART B COINSURANCE ADJUSTMENT               |  |                                     |  |                                    |  |                               |   |  |                          |   |
|                                      | <b>Subtotal Physical Health</b>             | <b>\$88.38</b>                           |                                     |  | <b>\$78.94</b>                     |  | <b>\$78.94</b>                |   | <b>\$68.51</b>                                 |                          | <b>\$67.32</b>                          |
|                                      | <b>Subtotal Physical Health w Admin</b>     |  |                                     |  |                                    |  |                               |   |  |                          | <b>\$77.44</b>                          |
|                                      | <b>CHEMICAL DEPENDENCY</b>                  |  |                                     |  |                                    |  |                               |   |  |                          |   |
|                                      | CD SERVICES - ALTERNATIVE TO DETOX          | \$0.00                                   | 0.960                               | 1.000  | \$0.00                             |  | \$0.00                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                                      | CD SERVICES - METHADONE                     | \$0.00                                   | 0.960                               | 1.000  | \$0.00                             |  | \$0.00                        | 1   | \$0.00   | 1.00                     | \$0.00                                  |
|                                      | CD SERVICES - OP                            | \$0.00                                   | 0.960                               | 1.000  | \$0.00                             |  | \$0.00                        | 1   | \$0.00   | 1.00                     | \$0.00                                  |
|                                      | <b>Subtotal Chemical Dependency</b>         | <b>\$0.00</b>                            |                                     |  | <b>\$0.00</b>                      |  | <b>\$0.00</b>                 |   | <b>\$0.00</b>                                  |                          | <b>\$0.00</b>                           |
|                                      | <b>Subtotal Chemical Dependency w Admin</b> |  |                                     |  |                                    |  |                               |   |  |                          | <b>\$0.00</b>                           |

**Oregon Health Plan Medicaid Demonstration**

**EXHIBIT 2-I**

**Development of January 2008 Statewide PCO Capitation Rates from the 2008-2009 Per Capita Costs  
With Adjustments for Funding Through Line 503 of the 2008-2009 Prioritized List**

| Eligibility Category                 | Service Category                      | A  | B                                   | C  | D   | E  | F  | G   | H   | I                        | J   |
|--------------------------------------|---------------------------------------|--|-------------------------------------|--|---|--|--|---|---|--------------------------|---|
|                                      |                                       | 08-09 PCC With Coverage Through Line 503 | Trend Adjustment to Contract Period | Hospital Reimbursement Adjustment <sup>1</sup> | = A * B * C<br>Projected 2008 Statewide Cost PMPM | Maternity Carve-Out / Program Change Adjustment <sup>2</sup> | = D + E<br>Projected Statewide Cost PMPM | Covered Benefit Adjustment (1=Covered, 0=Not covered) | = F * G<br>Projected Statewide Cost PMPM for PCO Benefits | OP Cost Shift Adjustment | =H * I<br>2008 Statewide PCO Capitation Rate PMPM |
| PLM, CHIP, or TANF Children Aged 1-5 |                                       |  |                                     |  |   |  |  |   |   |                          |   |
| <b>DENTAL</b>                        |                                       |  |                                     |  |   |  |  |   |   |                          |   |
|                                      | DENTAL - ADJUNCTIVE GENERAL           | \$0.61                                   | 0.970                               | 1.000  | \$0.59  |  | \$0.59                                   | 0   | \$0.00  | 1.00                     | \$0.00  |
|                                      | DENTAL - ANESTHESIA SURGICAL          | \$0.70                                   | 0.970                               | 1.000  | \$0.68  |  | \$0.68                                   | 0   | \$0.00  | 1.00                     | \$0.00  |
|                                      | DENTAL - DIAGNOSTIC                   | \$3.04                                   | 0.970                               | 1.000  | \$2.95  |  | \$2.95                                   | 0   | \$0.00  | 1.00                     | \$0.00  |
|                                      | DENTAL - ENDODONTICS                  | \$1.08                                   | 0.970                               | 1.000  | \$1.05  |  | \$1.05                                   | 0   | \$0.00  | 1.00                     | \$0.00  |
|                                      | DENTAL - I/P FIXED                    | \$0.00                                   | 0.970                               | 1.000  | \$0.00  |  | \$0.00                                   | 0   | \$0.00  | 1.00                     | \$0.00  |
|                                      | DENTAL - MAXILLOFACIAL PROS           | \$0.00                                   | 0.970                               | 1.000  | \$0.00  |  | \$0.00                                   | 0   | \$0.00  | 1.00                     | \$0.00  |
|                                      | DENTAL - ORAL SURGERY                 | \$0.75                                   | 0.970                               | 1.000  | \$0.72  |  | \$0.72                                   | 0   | \$0.00  | 1.00                     | \$0.00  |
|                                      | DENTAL - ORTHODONTICS                 | \$0.00                                   | 0.970                               | 1.000  | \$0.00  |  | \$0.00                                   | 0   | \$0.00  | 1.00                     | \$0.00  |
|                                      | DENTAL - PERIODONTICS                 | \$0.01                                   | 0.970                               | 1.000  | \$0.01  |  | \$0.01                                   | 0   | \$0.00  | 1.00                     | \$0.00  |
|                                      | DENTAL - PREVENTIVE                   | \$2.70                                   | 0.970                               | 1.000  | \$2.62  |  | \$2.62                                   | 0   | \$0.00  | 1.00                     | \$0.00  |
|                                      | DENTAL - PROS REMOVABLE               | \$0.00                                   | 0.970                               | 1.000  | \$0.00  |  | \$0.00                                   | 0   | \$0.00  | 1.00                     | \$0.00  |
|                                      | DENTAL - RESTORATIVE                  | \$7.61                                   | 0.970                               | 1.000  | \$7.38  |  | \$7.38                                   | 0   | \$0.00  | 1.00                     | \$0.00  |
|                                      | <b>Subtotal Dental</b>                | <b>\$16.48</b>                           |                                     |  | <b>\$15.99</b>                                    |  | <b>\$15.99</b>                           |   | <b>\$0.00</b>   |                          | <b>\$0.00</b>                                     |
|                                      | <b>Subtotal Dental w Admin</b>        |  |                                     |  |   |  |  |   |   |                          | <b>\$0.00</b>                                     |
| <b>MENTAL HEALTH</b>                 |                                       |  |                                     |  |   |  |  |   |   |                          |   |
|                                      | MH SERVICES ACUTE INPATIENT           | \$0.04                                   | 0.960                               | 0.808  | \$0.03  |  | \$0.03                                   | 0   | \$0.00  | 1.00                     | \$0.00  |
|                                      | MH SERVICES ALTERNATIVE TO IP         | \$0.01                                   | 0.960                               | 1.000  | \$0.01  |  | \$0.01                                   | 0   | \$0.00  | 1.00                     | \$0.00  |
|                                      | MH SERVICES ANCILLARY SERVICES        | \$0.00                                   | 0.960                               | 1.000  | \$0.00  |  | \$0.00                                   | 0   | \$0.00  | 1.00                     | \$0.00  |
|                                      | MH SERVICES ASSESS & EVAL             | \$0.38                                   | 0.960                               | 1.000  | \$0.37  |  | \$0.37                                   | 0   | \$0.00  | 1.00                     | \$0.00  |
|                                      | MH SERVICES CASE MANAGEMENT           | \$0.26                                   | 0.960                               | 1.000  | \$0.25  |  | \$0.25                                   | 0   | \$0.00  | 1.00                     | \$0.00  |
|                                      | MH SERVICES CONSULTATION              | \$0.01                                   | 0.960                               | 1.000  | \$0.01  |  | \$0.01                                   | 0   | \$0.00  | 1.00                     | \$0.00  |
|                                      | MH SERVICES EVIDENCE BASED PRACTICE   | \$0.00                                   | 0.960                               | 1.000  | \$0.00  |  | \$0.00                                   | 0   | \$0.00  | 1.00                     | \$0.00  |
|                                      | MH SERVICES FAMILY SUPPORT            | \$0.01                                   | 0.960                               | 1.000  | \$0.01  |  | \$0.01                                   | 0   | \$0.00  | 1.00                     | \$0.00  |
|                                      | MH SERVICES MED MANAGEMENT            | \$0.02                                   | 0.960                               | 1.000  | \$0.02  |  | \$0.02                                   | 0   | \$0.00  | 1.00                     | \$0.00  |
|                                      | MH SERVICES OP THERAPY                | \$0.59                                   | 0.960                               | 1.000  | \$0.57  |  | \$0.57                                   | 0   | \$0.00  | 1.00                     | \$0.00  |
|                                      | MH SERVICES OTHER OP                  | \$0.01                                   | 0.960                               | 1.000  | \$0.01  |  | \$0.01                                   | 0   | \$0.00  | 1.00                     | \$0.00  |
|                                      | MH SERVICES PEO                       | \$0.69                                   | 1.000                               | 1.000  | \$0.69  |  | \$0.69                                   | 0   | \$0.00  | 1.00                     | \$0.00  |
|                                      | MH SERVICES PHYS IP                   | \$0.13                                   | 0.960                               | 1.000  | \$0.13  |  | \$0.13                                   | 0   | \$0.00  | 1.00                     | \$0.00  |
|                                      | MH SERVICES PHYS OP                   | \$1.56                                   | 0.960                               | 1.000  | \$1.50  |  | \$1.50                                   | 0   | \$0.00  | 1.00                     | \$0.00  |
|                                      | MH SERVICES SUPPORT DAY PROGRAM       | \$0.25                                   | 0.960                               | 1.000  | \$0.24  |  | \$0.24                                   | 0   | \$0.00  | 1.00                     | \$0.00  |
|                                      | MH SERVICES INTENSIVE THERAPY SVCS    | \$0.00                                   | 0.960                               | 1.000  | \$0.00  | \$0.50   | \$0.50                                   | 0   | \$0.00  | 1.00                     | \$0.00  |
|                                      | MH SERVICES CONS ASSESS               |  |                                     |  |   |  | \$0.00                                   | 0   | \$0.00  | 1.00                     | \$0.00  |
|                                      | <b>Subtotal Mental Health</b>         | <b>\$3.97</b>                            |                                     |  | <b>\$3.83</b>                                     | <b>\$0.50</b>  | <b>\$4.33</b>                            |   | <b>\$0.00</b>   |                          | <b>\$0.00</b>                                     |
|                                      | <b>Subtotal Mental Health w Admin</b> |  |                                     |  |   |  |  |   |   |                          | <b>\$0.00</b>                                     |
|                                      | <b>Total Services</b>                 | <b>\$108.83</b>                          |                                     |  | <b>\$98.76</b>                                    | <b>\$0.50</b>  | <b>\$99.26</b>                           |   | <b>\$68.51</b>  |                          | <b>\$67.32</b>                                    |
|                                      | <b>Total Services with Admin</b>      |  |                                     |  |   |  |  |   |   |                          | <b>\$77.44</b>                                    |

1) Reflects change from funding DRG hospitals at 100% of cost as in 2008-09 per capita costs to 80% of cost for 2008 capitation rates.

2) Reflects Maternity Case Rate Carve-Out, Children's Mental Health Services Adjustment, and Bariatric Surgery Adjustment

**Oregon Health Plan Medicaid Demonstration**

**EXHIBIT 2-I**

**Development of January 2008 Statewide PCO Capitation Rates from the 2008-2009 Per Capita Costs  
With Adjustments for Funding Through Line 503 of the 2008-2009 Prioritized List**

| Eligibility Category                  | Service Category                    | A  | B                                   | C  | D<br>= A * B * C                   | E  | F<br>= D + E                  | G   | H<br>= F * G                                   | I                        | J<br>= H * I                            |
|---------------------------------------|-------------------------------------|--|-------------------------------------|--|------------------------------------|--|-------------------------------|---|--|--------------------------|---|
|                                       |                                     | 08-09 PCC With Coverage Through Line 503 | Trend Adjustment to Contract Period | Hospital Reimbursement Adjustment <sup>1</sup> | Projected 2008 Statewide Cost PMPM | Maternity Carve-Out / Program Change Adjustment <sup>2</sup> | Projected Statewide Cost PMPM | Covered Benefit Adjustment (1=Covered, 0=Not covered) | Projected Statewide Cost PMPM for PCO Benefits | OP Cost Shift Adjustment | 2008 Statewide PCO Capitation Rate PMPM |
| PLM, CHIP, or TANF Children Aged 6-18 |                                     |  |                                     |  |                                    |  |                               |   |  |                          |   |
| <b>PHYSICAL HEALTH</b>                |                                     |  |                                     |  |                                    |  |                               |   |  |                          |   |
|                                       | ADMINISTRATIVE EXAMS                | \$0.00                                   | 0.970                               | 1.000  | \$0.00                             |  | \$0.00                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                                       | ANESTHESIA                          | \$0.99                                   | 0.970                               | 1.000  | \$0.96                             |  | \$0.96                        | 1   | \$0.96   | 1.00                     | \$0.96                                  |
|                                       | EXCEPT NEEDS CARE COORDINATION      | \$0.00                                   | 1.000                               | 1.000  | \$0.00                             |  | \$0.00                        | 1   | \$0.00   | 1.00                     | \$0.00                                  |
|                                       | FP - IP HOSP                        | \$0.00                                   | 0.983                               | 0.820  | \$0.00                             |  | \$0.00                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                                       | FP - OP HOSP                        | \$0.01                                   | 0.962                               | 0.828  | \$0.01                             |  | \$0.01                        | 1   | \$0.01   | 0.95                     | \$0.01                                  |
|                                       | FP - PHYS                           | \$0.10                                   | 0.970                               | 1.000  | \$0.09                             |  | \$0.09                        | 1   | \$0.09   | 1.00                     | \$0.09                                  |
|                                       | HYSTERECTOMY - ANESTHESIA           | \$0.00                                   | 0.970                               | 1.000  | \$0.00                             |  | \$0.00                        | 1   | \$0.00   | 1.00                     | \$0.00                                  |
|                                       | HYSTERECTOMY - IP HOSP              | \$0.00                                   | 0.983                               | 0.827  | \$0.00                             |  | \$0.00                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                                       | HYSTERECTOMY - OP HOSP              | \$0.00                                   | 0.962                               | 0.816  | \$0.00                             |  | \$0.00                        | 1   | \$0.00   | 0.95                     | \$0.00                                  |
|                                       | HYSTERECTOMY - PHYS                 | \$0.00                                   | 0.970                               | 1.000  | \$0.00                             |  | \$0.00                        | 1   | \$0.00   | 1.00                     | \$0.00                                  |
|                                       | IP HOSP - ACUTE DETOX               | \$0.03                                   | 0.983                               | 0.811  | \$0.02                             |  | \$0.02                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                                       | IP HOSP - MATERNITY                 | \$2.08                                   | 0.983                               | 0.832  | \$1.70                             | -\$1.70  | \$0.00                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                                       | IP HOSP - MATERNITY / STERILIZATION | \$0.01                                   | 0.983                               | 0.839  | \$0.01                             | \$0.00   | \$0.00                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                                       | IP HOSP - MEDICAL/SURGICAL          | \$12.11                                  | 0.983                               | 0.820  | \$9.76                             |  | \$9.76                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                                       | IP HOSP - NEWBORN                   | \$0.01                                   | 0.983                               | 0.815  | \$0.01                             |  | \$0.01                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                                       | IP HOSP - POST HOSP EXTENDED CARE   | \$0.00                                   | 0.983                               | 1.000  | \$0.00                             |  | \$0.00                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                                       | LAB & RAD - DIAGNOSTIC X-RAY        | \$1.89                                   | 0.970                               | 1.000  | \$1.83                             |  | \$1.83                        | 1   | \$1.83   | 1.00                     | \$1.83                                  |
|                                       | LAB & RAD - LAB                     | \$1.37                                   | 0.970                               | 1.000  | \$1.32                             |  | \$1.32                        | 1   | \$1.32   | 1.00                     | \$1.32                                  |
|                                       | LAB & RAD - THERAPEUTIC X-RAY       | \$0.04                                   | 0.970                               | 1.000  | \$0.04                             |  | \$0.04                        | 1   | \$0.04   | 1.00                     | \$0.04                                  |
|                                       | OP ER - SOMATIC MH                  | \$0.17                                   | 0.962                               | 0.823  | \$0.13                             |  | \$0.13                        | 1   | \$0.13   | 0.95                     | \$0.12                                  |
|                                       | OP HOSP - BASIC                     | \$8.96                                   | 0.962                               | 0.854  | \$7.37                             |  | \$7.37                        | 1   | \$7.37   | 0.95                     | \$7.00                                  |
|                                       | OP HOSP - DENTAL ANESTHESIA         | \$0.00                                   | 0.962                               | 0.845  | \$0.00                             |  | \$0.00                        | 0   | \$0.00   | 0.95                     | \$0.00                                  |
|                                       | OP HOSP - DENTAL DIAGNOSTIC         | \$0.00                                   | 0.962                               | 0.845  | \$0.00                             |  | \$0.00                        | 0   | \$0.00   | 0.95                     | \$0.00                                  |
|                                       | OP HOSP - DENTAL PREVENTIVE         | \$0.00                                   | 0.962                               | 0.845  | \$0.00                             |  | \$0.00                        | 0   | \$0.00   | 0.95                     | \$0.00                                  |
|                                       | OP HOSP - DENTAL RESTORATIVE        | \$0.00                                   | 0.962                               | 0.845  | \$0.00                             |  | \$0.00                        | 0   | \$0.00   | 0.95                     | \$0.00                                  |
|                                       | OP HOSP - EMERGENCY ROOM            | \$5.49                                   | 0.962                               | 0.833  | \$4.41                             |  | \$4.41                        | 1   | \$4.41   | 0.95                     | \$4.19                                  |
|                                       | OP HOSP - LAB & RAD                 | \$6.55                                   | 0.962                               | 0.835  | \$5.27                             |  | \$5.27                        | 1   | \$5.27   | 0.95                     | \$5.00                                  |
|                                       | OP HOSP - MATERNITY                 | \$0.74                                   | 0.962                               | 0.838  | \$0.60                             | -\$0.60  | \$0.00                        | 1   | \$0.00   | 0.95                     | \$0.00                                  |
|                                       | OP HOSP - POST HOSP EXTENDED CARE   | \$0.00                                   | 0.962                               | 0.891  | \$0.00                             |  | \$0.00                        | 1   | \$0.00   | 0.95                     | \$0.00                                  |
|                                       | OP HOSP - PRES DRUGS BASIC          | \$0.83                                   | 0.962                               | 0.844  | \$0.67                             |  | \$0.67                        | 1   | \$0.67   | 0.95                     | \$0.64                                  |
|                                       | OP HOSP - PRES DRUGS MH/CD          | \$0.01                                   | 0.962                               | 0.836  | \$0.00                             |  | \$0.00                        | 1   | \$0.00   | 0.95                     | \$0.00                                  |
|                                       | OP HOSP - SOMATIC MH                | \$0.22                                   | 0.962                               | 0.830  | \$0.18                             |  | \$0.18                        | 1   | \$0.18   | 0.95                     | \$0.17                                  |
|                                       | OTH MED - DME                       | \$0.24                                   | 0.970                               | 1.000  | \$0.24                             |  | \$0.24                        | 1   | \$0.24   | 1.00                     | \$0.24                                  |
|                                       | OTH MED - HHC/PDN                   | \$0.06                                   | 0.970                               | 0.952  | \$0.06                             |  | \$0.06                        | 1   | \$0.06   | 1.00                     | \$0.06                                  |
|                                       | OTH MED - HOSPICE                   | \$0.00                                   | 0.970                               | 0.909  | \$0.00                             |  | \$0.00                        | 1   | \$0.00   | 1.00                     | \$0.00                                  |
|                                       | OTH MED - MATERNITY MGT             | \$0.00                                   | 0.970                               | 1.000  | \$0.00                             |  | \$0.00                        | 1   | \$0.00   | 1.00                     | \$0.00                                  |
|                                       | OTH MED - SUPPLIES                  | \$0.27                                   | 0.970                               | 1.000  | \$0.26                             |  | \$0.26                        | 1   | \$0.26   | 1.00                     | \$0.26                                  |
|                                       | PHYS CONSULTATION, IP & ER VISITS   | \$3.08                                   | 0.970                               | 1.000  | \$2.99                             |  | \$2.99                        | 1   | \$2.99   | 1.00                     | \$2.99                                  |
|                                       | PHYS HOME OR LONG-TERM CARE VISITS  | \$0.00                                   | 0.970                               | 1.000  | \$0.00                             |  | \$0.00                        | 1   | \$0.00   | 1.00                     | \$0.00                                  |
|                                       | PHYS MATERNITY                      | \$1.30                                   | 0.970                               | 1.000  | \$1.26                             | -\$1.26  | \$0.00                        | 1   | \$0.00   | 1.00                     | \$0.00                                  |
|                                       | PHYS NEWBORN                        | \$0.06                                   | 0.970                               | 1.000  | \$0.06                             |  | \$0.06                        | 1   | \$0.06   | 1.00                     | \$0.06                                  |
|                                       | PHYS OFFICE VISITS                  | \$11.98                                  | 0.970                               | 1.000  | \$11.62                            |  | \$11.62                       | 1   | \$11.62  | 1.00                     | \$11.62                                 |
|                                       | PHYS OTHER                          | \$1.32                                   | 0.970                               | 1.000  | \$1.28                             |  | \$1.28                        | 1   | \$1.28   | 1.00                     | \$1.28                                  |
|                                       | PHYS SOMATIC MH                     | \$1.29                                   | 0.970                               | 1.000  | \$1.25                             |  | \$1.25                        | 1   | \$1.25   | 1.00                     | \$1.25                                  |

Oregon Health Plan Medicaid Demonstration

EXHIBIT 2-1

Development of January 2008 Statewide PCO Capitation Rates from the 2008-2009 Per Capita Costs  
With Adjustments for Funding Through Line 503 of the 2008-2009 Prioritized List

| Eligibility Category                  | Service Category                            | A  | B                                   | C  | D<br>= A * B * C                   | E  | F<br>= D + E                  | G   | H<br>= F * G                                   | I                        | J<br>= H * I                            |
|---------------------------------------|---|--|-------------------------------------|--|------------------------------------|--|-------------------------------|---|--|--------------------------|---|
|                                       |   | 08-09 PCC With Coverage Through Line 503 | Trend Adjustment to Contract Period | Hospital Reimbursement Adjustment <sup>1</sup> | Projected 2008 Statewide Cost PMPM | Maternity Carve-Out / Program Change Adjustment <sup>2</sup> | Projected Statewide Cost PMPM | Covered Benefit Adjustment (1=Covered, 0=Not covered) | Projected Statewide Cost PMPM for PCO Benefits | OP Cost Shift Adjustment | 2008 Statewide PCO Capitation Rate PMPM |
| PLM, CHIP, or TANF Children Aged 6-18 |   |  |                                     |  |                                    |  |                               |   |  |                          |   |
|                                       | PRES DRUGS - BASIC                          | \$11.30                                  | 0.963                               | 1.000  | \$10.89                            |  | \$10.89                       | 1   | \$10.89  | 1.00                     | \$10.89                                 |
|                                       | PRES DRUGS - FP                             | \$0.49                                   | 0.963                               | 1.000  | \$0.47                             |  | \$0.47                        | 1   | \$0.47   | 1.00                     | \$0.47                                  |
|                                       | PRES DRUGS - MH/CD                          | \$0.00                                   | 0.963                               | 1.000  | \$0.00                             |  | \$0.00                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                                       | SCHOOL-BASED HEALTH SERVICES                | \$0.00                                   | 0.970                               | 1.000  | \$0.00                             |  | \$0.00                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                                       | STERILIZATION - ANESTHESIA FEMALE           | \$0.00                                   | 0.970                               | 1.000  | \$0.00                             |  | \$0.00                        | 1   | \$0.00   | 1.00                     | \$0.00                                  |
|                                       | STERILIZATION - ANESTHESIA MALE             | \$0.00                                   | 0.970                               | 1.000  | \$0.00                             |  | \$0.00                        | 1   | \$0.00   | 1.00                     | \$0.00                                  |
|                                       | STERILIZATION - IP HOSP FEMALE              | \$0.00                                   | 0.983                               | 0.837  | \$0.00                             |  | \$0.00                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                                       | STERILIZATION - IP HOSP MALE                | \$0.00                                   | 0.983                               | 0.820  | \$0.00                             |  | \$0.00                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                                       | STERILIZATION - OP HOSP FEMALE              | \$0.00                                   | 0.962                               | 0.845  | \$0.00                             |  | \$0.00                        | 1   | \$0.00   | 0.95                     | \$0.00                                  |
|                                       | STERILIZATION - OP HOSP MALE                | \$0.00                                   | 0.962                               | 0.800  | \$0.00                             |  | \$0.00                        | 1   | \$0.00   | 0.95                     | \$0.00                                  |
|                                       | STERILIZATION - PHY FEMALE                  | \$0.00                                   | 0.970                               | 1.000  | \$0.00                             |  | \$0.00                        | 1   | \$0.00   | 1.00                     | \$0.00                                  |
|                                       | STERILIZATION - PHY MALE                    | \$0.00                                   | 0.970                               | 1.000  | \$0.00                             |  | \$0.00                        | 1   | \$0.00   | 1.00                     | \$0.00                                  |
|                                       | SURGERY                                     | \$3.26                                   | 0.970                               | 1.000  | \$3.16                             |  | \$3.16                        | 1   | \$3.16   | 1.00                     | \$3.16                                  |
|                                       | TARGETED CASE MAN - BABIES FIRST            | \$0.00                                   | 0.970                               | 1.000  | \$0.00                             |  | \$0.00                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                                       | TARGETED CASE MAN - HIV                     | \$0.00                                   | 0.970                               | 1.000  | \$0.00                             |  | \$0.00                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                                       | TARGETED CASE MAN - SUBS ABUSE MOMS         | \$0.00                                   | 0.970                               | 1.000  | \$0.00                             |  | \$0.00                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                                       | THERAPEUTIC ABORTION - IP HOSP              | \$0.00                                   | 0.983                               | 1.000  | \$0.00                             |  | \$0.00                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                                       | THERAPEUTIC ABORTION - OP HOSP              | \$0.00                                   | 0.962                               | 1.000  | \$0.00                             |  | \$0.00                        | 0   | \$0.00   | 0.95                     | \$0.00                                  |
|                                       | THERAPEUTIC ABORTION - PHYS                 | \$0.00                                   | 0.970                               | 1.000  | \$0.00                             |  | \$0.00                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                                       | TRANSPORTATION - AMBULANCE                  | \$1.02                                   | 0.970                               | 1.000  | \$0.99                             |  | \$0.99                        | 1   | \$0.99   | 1.00                     | \$0.99                                  |
|                                       | TRANSPORTATION - OTHER                      | \$0.00                                   | 0.970                               | 1.000  | \$0.00                             |  | \$0.00                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                                       | VISION CARE - EXAMS & THERAPY               | \$2.22                                   | 0.970                               | 1.000  | \$2.15                             |  | \$2.15                        | 1   | \$2.15   | 1.00                     | \$2.15                                  |
|                                       | VISION CARE - MATERIALS & FITTING           | \$1.66                                   | 0.970                               | 1.000  | \$1.61                             |  | \$1.61                        | 1   | \$1.61   | 1.00                     | \$1.61                                  |
|                                       | PART A DEDUCTIBLE                           |  |                                     |  |                                    |  |                               |   |  |                          |   |
|                                       | PART B DEDUCTIBLE                           |  |                                     |  |                                    |  |                               |   |  |                          |   |
|                                       | PART B COINSURANCE ADJUSTMENT               |  |                                     |  |                                    |  |                               |   |  |                          |   |
|                                       | <b>Subtotal Physical Health</b>             | <b>\$81.16</b>                           |                                     |  | <b>\$72.66</b>                     | <b>-\$3.56</b>   | <b>\$69.10</b>                |   | <b>\$59.29</b>                                 |                          | <b>\$58.39</b>                          |
|                                       | <b>Subtotal Physical Health w Admin</b>     |  |                                     |  |                                    |  |                               |   |  |                          | <b>\$67.16</b>                          |
|                                       | <b>CHEMICAL DEPENDENCY</b>                  |  |                                     |  |                                    |  |                               |   |  |                          |   |
|                                       | CD SERVICES - ALTERNATIVE TO DETOX          | \$0.01                                   | 0.960                               | 1.000  | \$0.01                             |  | \$0.01                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                                       | CD SERVICES - METHADONE                     | \$0.02                                   | 0.960                               | 1.000  | \$0.02                             |  | \$0.02                        | 1   | \$0.02   | 1.00                     | \$0.02                                  |
|                                       | CD SERVICES - OP                            | \$1.04                                   | 0.960                               | 1.000  | \$0.99                             |  | \$0.99                        | 1   | \$0.99   | 1.00                     | \$0.99                                  |
|                                       | <b>Subtotal Chemical Dependency</b>         | <b>\$1.07</b>                            |                                     |  | <b>\$1.02</b>                      |  | <b>\$1.02</b>                 |   | <b>\$1.02</b>                                  |                          | <b>\$1.02</b>                           |
|                                       | <b>Subtotal Chemical Dependency w Admin</b> |  |                                     |  |                                    |  |                               |   |  |                          | <b>\$1.17</b>                           |

**Oregon Health Plan Medicaid Demonstration**

**EXHIBIT 2-1**

**Development of January 2008 Statewide PCO Capitation Rates from the 2008-2009 Per Capita Costs  
With Adjustments for Funding Through Line 503 of the 2008-2009 Prioritized List**

| Eligibility Category                  | Service Category                      | A  | B                                   | C  | D<br>= A * B * C                   | E  | F<br>= D + E                  | G   | H<br>= F * G                                   | I                        | J<br>= H * I                            |
|---------------------------------------|---------------------------------------|--|-------------------------------------|--|------------------------------------|--|-------------------------------|---|--|--------------------------|---|
|                                       |                                       | 08-09 PCC With Coverage Through Line 503 | Trend Adjustment to Contract Period | Hospital Reimbursement Adjustment <sup>1</sup> | Projected 2008 Statewide Cost PMPM | Maternity Carve-Out / Program Change Adjustment <sup>2</sup> | Projected Statewide Cost PMPM | Covered Benefit Adjustment (1=Covered, 0=Not covered) | Projected Statewide Cost PMPM for PCO Benefits | OP Cost Shift Adjustment | 2008 Statewide PCO Capitation Rate PMPM |
| PLM, CHIP, or TANF Children Aged 6-18 |                                       |  |                                     |  |                                    |  |                               |   |  |                          |   |
| <b>DENTAL</b>                         |                                       |  |                                     |  |                                    |  |                               |   |  |                          |   |
|                                       | DENTAL - ADJUNCTIVE GENERAL           | \$0.35                                   | 0.970                               | 1.000  | \$0.34                             |  | \$0.34                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                                       | DENTAL - ANESTHESIA SURGICAL          | \$0.35                                   | 0.970                               | 1.000  | \$0.34                             |  | \$0.34                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                                       | DENTAL - DIAGNOSTIC                   | \$4.87                                   | 0.970                               | 1.000  | \$4.72                             |  | \$4.72                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                                       | DENTAL - ENDODONTICS                  | \$1.28                                   | 0.970                               | 1.000  | \$1.24                             |  | \$1.24                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                                       | DENTAL - I/P FIXED                    | \$0.00                                   | 0.970                               | 1.000  | \$0.00                             |  | \$0.00                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                                       | DENTAL - MAXILLOFACIAL PROS           | \$0.00                                   | 0.970                               | 1.000  | \$0.00                             |  | \$0.00                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                                       | DENTAL - ORAL SURGERY                 | \$1.39                                   | 0.970                               | 1.000  | \$1.35                             |  | \$1.35                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                                       | DENTAL - ORTHODONTICS                 | \$0.02                                   | 0.970                               | 1.000  | \$0.02                             |  | \$0.02                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                                       | DENTAL - PERIODONTICS                 | \$0.14                                   | 0.970                               | 1.000  | \$0.14                             |  | \$0.14                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                                       | DENTAL - PREVENTIVE                   | \$5.28                                   | 0.970                               | 1.000  | \$5.12                             |  | \$5.12                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                                       | DENTAL - PROS REMOVABLE               | \$0.04                                   | 0.970                               | 1.000  | \$0.04                             |  | \$0.04                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                                       | DENTAL - RESTORATIVE                  | \$7.44                                   | 0.970                               | 1.000  | \$7.22                             |  | \$7.22                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                                       | <b>Subtotal Dental</b>                | <b>\$21.16</b>                           |                                     |  | <b>\$20.53</b>                     |  | <b>\$20.53</b>                |   | <b>\$0.00</b>                                  |                          | <b>\$0.00</b>                           |
|                                       | <b>Subtotal Dental w Admin</b>        |  |                                     |  |                                    |  |                               |   |  |                          | <b>\$0.00</b>                           |
| <b>MENTAL HEALTH</b>                  |                                       |  |                                     |  |                                    |  |                               |   |  |                          |   |
|                                       | MH SERVICES ACUTE INPATIENT           | \$3.04                                   | 0.960                               | 0.808  | \$2.36                             |  | \$2.36                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                                       | MH SERVICES ALTERNATIVE TO IP         | \$0.27                                   | 0.960                               | 1.000  | \$0.26                             |  | \$0.26                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                                       | MH SERVICES ANCILLARY SERVICES        | \$0.02                                   | 0.960                               | 1.000  | \$0.02                             |  | \$0.02                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                                       | MH SERVICES ASSESS & EVAL             | \$1.28                                   | 0.960                               | 1.000  | \$1.23                             |  | \$1.23                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                                       | MH SERVICES CASE MANAGEMENT           | \$1.64                                   | 0.960                               | 1.000  | \$1.57                             |  | \$1.57                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                                       | MH SERVICES CONSULTATION              | \$0.04                                   | 0.960                               | 1.000  | \$0.03                             |  | \$0.03                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                                       | MH SERVICES EVIDENCE BASED PRACTICE   | \$0.00                                   | 0.960                               | 1.000  | \$0.00                             |  | \$0.00                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                                       | MH SERVICES FAMILY SUPPORT            | \$0.04                                   | 0.960                               | 1.000  | \$0.03                             |  | \$0.03                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                                       | MH SERVICES MED MANAGEMENT            | \$0.17                                   | 0.960                               | 1.000  | \$0.16                             |  | \$0.16                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                                       | MH SERVICES OP THERAPY                | \$2.97                                   | 0.960                               | 1.000  | \$2.85                             |  | \$2.85                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                                       | MH SERVICES OTHER OP                  | \$0.04                                   | 0.960                               | 1.000  | \$0.04                             |  | \$0.04                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                                       | MH SERVICES PEO                       | \$0.69                                   | 1.000                               | 1.000  | \$0.69                             |  | \$0.69                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                                       | MH SERVICES PHYS IP                   | \$1.10                                   | 0.960                               | 1.000  | \$1.06                             |  | \$1.06                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                                       | MH SERVICES PHYS OP                   | \$6.72                                   | 0.960                               | 1.000  | \$6.45                             |  | \$6.45                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                                       | MH SERVICES SUPPORT DAY PROGRAM       | \$0.52                                   | 0.960                               | 1.000  | \$0.50                             |  | \$0.50                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                                       | MH SERVICES INTENSIVE THERAPY SVCS    | \$0.81                                   | 0.960                               | 1.000  | \$0.77                             | \$4.55   | \$5.33                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                                       | MH SERVICES CONS ASSESS               |  |                                     |  |                                    | \$0.03   | \$0.03                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                                       | <b>Subtotal Mental Health</b>         | <b>\$19.33</b>                           |                                     |  | <b>\$18.02</b>                     | <b>\$4.58</b>  | <b>\$22.60</b>                |   | <b>\$0.00</b>                                  |                          | <b>\$0.00</b>                           |
|                                       | <b>Subtotal Mental Health w Admin</b> |  |                                     |  |                                    |  |                               |   |  |                          | <b>\$0.00</b>                           |
|                                       | <b>Total Services</b>                 | <b>\$122.72</b>                          |                                     |  | <b>\$112.23</b>                    | <b>\$1.02</b>  | <b>\$113.26</b>               |   | <b>\$60.31</b>                                 |                          | <b>\$59.41</b>                          |
|                                       | <b>Total Services with Admin</b>      |  |                                     |  |                                    |  |                               |   |  |                          | <b>\$68.33</b>                          |

1) Reflects change from funding DRG hospitals at 100% of cost as in 2008-09 per capita costs to 80% of cost for 2008 capitation rates.

2) Reflects Maternity Case Rate Carve-Out, Children's Mental Health Services Adjustment, and Bariatric Surgery Adjustment

Oregon Health Plan Medicaid Demonstration

EXHIBIT 2-I

Development of January 2008 Statewide PCO Capitation Rates from the 2008-2009 Per Capita Costs  
With Adjustments for Funding Through Line 503 of the 2008-2009 Prioritized List

| Eligibility Category   | Service Category                    | A  | B                                   | C  | D<br>= A * B * C                   | E  | F<br>= D + E                  | G   | H<br>= F * G                                   | I                        | J<br>= H * I                            |
|------------------------|-------------------------------------|--|-------------------------------------|--|------------------------------------|--|-------------------------------|---|--|--------------------------|---|
|                        |                                     | 08-09 PCC With Coverage Through Line 503 | Trend Adjustment to Contract Period | Hospital Reimbursement Adjustment <sup>1</sup> | Projected 2008 Statewide Cost PMPM | Maternity Carve-Out / Program Change Adjustment <sup>2</sup> | Projected Statewide Cost PMPM | Covered Benefit Adjustment (1=Covered, 0=Not covered) | Projected Statewide Cost PMPM for PCO Benefits | OP Cost Shift Adjustment | 2008 Statewide PCO Capitation Rate PMPM |
| AB/AD with Medicare    |                                     |  |                                     |  |                                    |  |                               |   |  |                          |   |
| <b>PHYSICAL HEALTH</b> |                                     |  |                                     |  |                                    |  |                               |   |  |                          |   |
|                        | ADMINISTRATIVE EXAMS                | \$0.00                                   | 0.970                               | 1.000  | \$0.00                             |  | \$0.00                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                        | ANESTHESIA                          | \$1.03                                   | 0.970                               | 1.000  | \$1.00                             |  | \$1.00                        | 1   | \$1.00   | 1.00                     | \$1.00                                  |
|                        | EXCEPT NEEDS CARE COORDINATION      | \$8.01                                   | 1.000                               | 1.000  | \$8.01                             |  | \$8.01                        | 1   | \$8.01   | 1.00                     | \$8.01                                  |
|                        | FP - IP HOSP                        | \$0.00                                   | 1.000                               | 0.820  | \$0.00                             |  | \$0.00                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                        | FP - OP HOSP                        | \$0.00                                   | 0.962                               | 0.828  | \$0.00                             |  | \$0.00                        | 1   | \$0.00   | 0.95                     | \$0.00                                  |
|                        | FP - PHYS                           | \$0.02                                   | 0.970                               | 1.000  | \$0.02                             |  | \$0.02                        | 1   | \$0.02   | 1.00                     | \$0.02                                  |
|                        | HYSTERECTOMY - ANESTHESIA           | \$0.00                                   | 0.970                               | 1.000  | \$0.00                             |  | \$0.00                        | 1   | \$0.00   | 1.00                     | \$0.00                                  |
|                        | HYSTERECTOMY - IP HOSP              | \$0.00                                   | 1.000                               | 0.827  | \$0.00                             |  | \$0.00                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                        | HYSTERECTOMY - OP HOSP              | \$0.01                                   | 0.962                               | 0.816  | \$0.01                             |  | \$0.01                        | 1   | \$0.01   | 0.95                     | \$0.01                                  |
|                        | HYSTERECTOMY - PHYS                 | \$0.04                                   | 0.970                               | 1.000  | \$0.04                             |  | \$0.04                        | 1   | \$0.04   | 1.00                     | \$0.04                                  |
|                        | IP HOSP - ACUTE DETOX               | \$0.00                                   | 1.000                               | 0.811  | \$0.00                             |  | \$0.00                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                        | IP HOSP - MATERNITY                 | \$0.00                                   | 1.000                               | 0.832  | \$0.00                             |  | \$0.00                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                        | IP HOSP - MATERNITY / STERILIZATION | \$0.00                                   | 1.000                               | 0.839  | \$0.00                             |  | \$0.00                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                        | IP HOSP - MEDICAL/SURGICAL          | \$0.00                                   | 1.000                               | 0.820  | \$0.00                             |  | \$0.00                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                        | IP HOSP - NEWBORN                   | \$0.00                                   | 1.000                               | 0.815  | \$0.00                             |  | \$0.00                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                        | IP HOSP - POST HOSP EXTENDED CARE   | \$0.00                                   | 1.000                               | 1.000  | \$0.00                             |  | \$0.00                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                        | LAB & RAD - DIAGNOSTIC X-RAY        | \$2.28                                   | 0.970                               | 1.000  | \$2.21                             |  | \$2.21                        | 1   | \$2.21   | 1.00                     | \$2.21                                  |
|                        | LAB & RAD - LAB                     | \$0.00                                   | 0.970                               | 1.000  | \$0.00                             |  | \$0.00                        | 1   | \$0.00   | 1.00                     | \$0.00                                  |
|                        | LAB & RAD - THERAPEUTIC X-RAY       | \$0.12                                   | 0.970                               | 1.000  | \$0.12                             |  | \$0.12                        | 1   | \$0.12   | 1.00                     | \$0.12                                  |
|                        | OP ER - SOMATIC MH                  | \$0.35                                   | 0.962                               | 0.823  | \$0.28                             |  | \$0.28                        | 1   | \$0.28   | 0.95                     | \$0.26                                  |
|                        | OP HOSP - BASIC                     | \$20.16                                  | 0.962                               | 0.854  | \$16.57                            |  | \$16.57                       | 1   | \$16.57  | 0.95                     | \$15.74                                 |
|                        | OP HOSP - DENTAL ANESTHESIA         | \$0.00                                   | 0.962                               | 0.845  | \$0.00                             |  | \$0.00                        | 0   | \$0.00   | 0.95                     | \$0.00                                  |
|                        | OP HOSP - DENTAL DIAGNOSTIC         | \$0.00                                   | 0.962                               | 0.845  | \$0.00                             |  | \$0.00                        | 0   | \$0.00   | 0.95                     | \$0.00                                  |
|                        | OP HOSP - DENTAL PREVENTIVE         | \$0.00                                   | 0.962                               | 0.845  | \$0.00                             |  | \$0.00                        | 0   | \$0.00   | 0.95                     | \$0.00                                  |
|                        | OP HOSP - DENTAL RESTORATIVE        | \$0.00                                   | 0.962                               | 0.845  | \$0.00                             |  | \$0.00                        | 0   | \$0.00   | 0.95                     | \$0.00                                  |
|                        | OP HOSP - EMERGENCY ROOM            | \$3.27                                   | 0.962                               | 0.833  | \$2.63                             |  | \$2.63                        | 1   | \$2.63   | 0.95                     | \$2.49                                  |
|                        | OP HOSP - LAB & RAD                 | \$7.41                                   | 0.962                               | 0.835  | \$5.96                             |  | \$5.96                        | 1   | \$5.96   | 0.95                     | \$5.66                                  |
|                        | OP HOSP - MATERNITY                 | \$0.11                                   | 0.962                               | 0.838  | \$0.09                             |  | \$0.09                        | 1   | \$0.09   | 0.95                     | \$0.09                                  |
|                        | OP HOSP - POST HOSP EXTENDED CARE   | \$0.00                                   | 0.962                               | 0.891  | \$0.00                             |  | \$0.00                        | 1   | \$0.00   | 0.95                     | \$0.00                                  |
|                        | OP HOSP - PRES DRUGS BASIC          | \$6.58                                   | 0.962                               | 0.844  | \$5.34                             |  | \$5.34                        | 1   | \$5.34   | 0.95                     | \$5.07                                  |
|                        | OP HOSP - PRES DRUGS MH/CD          | \$0.11                                   | 0.962                               | 0.836  | \$0.09                             |  | \$0.09                        | 1   | \$0.09   | 0.95                     | \$0.09                                  |
|                        | OP HOSP - SOMATIC MH                | \$0.34                                   | 0.962                               | 0.830  | \$0.27                             |  | \$0.27                        | 1   | \$0.27   | 0.95                     | \$0.26                                  |
|                        | OTH MED - DME                       | \$4.47                                   | 0.970                               | 1.000  | \$4.34                             |  | \$4.34                        | 1   | \$4.34   | 1.00                     | \$4.34                                  |
|                        | OTH MED - HHC/PDN                   | \$0.00                                   | 0.970                               | 0.952  | \$0.00                             |  | \$0.00                        | 1   | \$0.00   | 1.00                     | \$0.00                                  |
|                        | OTH MED - HOSPICE                   | \$0.00                                   | 0.970                               | 0.909  | \$0.00                             |  | \$0.00                        | 1   | \$0.00   | 1.00                     | \$0.00                                  |
|                        | OTH MED - MATERNITY MGT             | \$0.00                                   | 0.970                               | 1.000  | \$0.00                             |  | \$0.00                        | 1   | \$0.00   | 1.00                     | \$0.00                                  |
|                        | OTH MED - SUPPLIES                  | \$14.00                                  | 0.970                               | 1.000  | \$13.58                            |  | \$13.58                       | 1   | \$13.58  | 1.00                     | \$13.58                                 |
|                        | PHYS CONSULTATION, IP & ER VISITS   | \$3.60                                   | 0.970                               | 1.000  | \$3.49                             |  | \$3.49                        | 1   | \$3.49   | 1.00                     | \$3.49                                  |
|                        | PHYS HOME OR LONG-TERM CARE VISITS  | \$0.15                                   | 0.970                               | 1.000  | \$0.15                             |  | \$0.15                        | 1   | \$0.15   | 1.00                     | \$0.15                                  |
|                        | PHYS MATERNITY                      | \$0.17                                   | 0.970                               | 1.000  | \$0.16                             |  | \$0.16                        | 1   | \$0.16   | 1.00                     | \$0.16                                  |
|                        | PHYS NEWBORN                        | \$0.02                                   | 0.970                               | 1.000  | \$0.02                             |  | \$0.02                        | 1   | \$0.02   | 1.00                     | \$0.02                                  |
|                        | PHYS OFFICE VISITS                  | \$6.29                                   | 0.970                               | 1.000  | \$6.10                             |  | \$6.10                        | 1   | \$6.10   | 1.00                     | \$6.10                                  |
|                        | PHYS OTHER                          | \$3.70                                   | 0.970                               | 1.000  | \$3.59                             | \$0.01   | \$3.60                        | 1   | \$3.60   | 1.00                     | \$3.60                                  |
|                        | PHYS SOMATIC MH                     | \$0.87                                   | 0.970                               | 1.000  | \$0.85                             |  | \$0.85                        | 1   | \$0.85   | 1.00                     | \$0.85                                  |

Oregon Health Plan Medicaid Demonstration

EXHIBIT 2-1

Development of January 2008 Statewide PCO Capitation Rates from the 2008-2009 Per Capita Costs  
With Adjustments for Funding Through Line 503 of the 2008-2009 Prioritized List

| Eligibility Category       | Service Category                            | A  | B                                   | C  | D<br>= A * B * C                   | E  | F<br>= D + E                  | G   | H<br>= F * G                                   | I                        | J<br>= H * I                            |
|----------------------------|---|--|-------------------------------------|--|------------------------------------|--|-------------------------------|---|--|--------------------------|---|
|                            |   | 08-09 PCC With Coverage Through Line 503 | Trend Adjustment to Contract Period | Hospital Reimbursement Adjustment <sup>1</sup> | Projected 2008 Statewide Cost PMPM | Maternity Carve-Out / Program Change Adjustment <sup>2</sup> | Projected Statewide Cost PMPM | Covered Benefit Adjustment (1=Covered, 0=Not covered) | Projected Statewide Cost PMPM for PCO Benefits | OP Cost Shift Adjustment | 2008 Statewide PCO Capitation Rate PMPM |
| AB/AD with Medicare        |   |  |                                     |  |                                    |  |                               |   |  |                          |   |
|                            | PRES DRUGS - BASIC                          | \$10.20                                  | 0.963                               | 1.000  | \$9.83                             |  | \$9.83                        | 1   | \$9.83   | 1.00                     | \$9.83                                  |
|                            | PRES DRUGS - FP                             | \$0.00                                   | 0.963                               | 1.000  | \$0.00                             |  | \$0.00                        | 1   | \$0.00   | 1.00                     | \$0.00                                  |
|                            | PRES DRUGS - MH/CD                          | \$0.00                                   | 0.963                               | 1.000  | \$0.00                             |  | \$0.00                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                            | SCHOOL-BASED HEALTH SERVICES                | \$0.00                                   | 0.970                               | 1.000  | \$0.00                             |  | \$0.00                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                            | STERILIZATION - ANESTHESIA FEMALE           | \$0.00                                   | 0.970                               | 1.000  | \$0.00                             |  | \$0.00                        | 1   | \$0.00   | 1.00                     | \$0.00                                  |
|                            | STERILIZATION - ANESTHESIA MALE             | \$0.00                                   | 0.970                               | 1.000  | \$0.00                             |  | \$0.00                        | 1   | \$0.00   | 1.00                     | \$0.00                                  |
|                            | STERILIZATION - IP HOSP FEMALE              | \$0.00                                   | 1.000                               | 0.837  | \$0.00                             |  | \$0.00                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                            | STERILIZATION - IP HOSP MALE                | \$0.00                                   | 1.000                               | 0.820  | \$0.00                             |  | \$0.00                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                            | STERILIZATION - OP HOSP FEMALE              | \$0.00                                   | 0.962                               | 0.845  | \$0.00                             |  | \$0.00                        | 1   | \$0.00   | 0.95                     | \$0.00                                  |
|                            | STERILIZATION - OP HOSP MALE                | \$0.00                                   | 0.962                               | 0.800  | \$0.00                             |  | \$0.00                        | 1   | \$0.00   | 0.95                     | \$0.00                                  |
|                            | STERILIZATION - PHY FEMALE                  | \$0.01                                   | 0.970                               | 1.000  | \$0.01                             |  | \$0.01                        | 1   | \$0.01   | 1.00                     | \$0.01                                  |
|                            | STERILIZATION - PHY MALE                    | \$0.01                                   | 0.970                               | 1.000  | \$0.00                             |  | \$0.00                        | 1   | \$0.00   | 1.00                     | \$0.00                                  |
|                            | SURGERY                                     | \$3.89                                   | 0.970                               | 1.000  | \$3.77                             |  | \$3.77                        | 1   | \$3.77   | 1.00                     | \$3.77                                  |
|                            | TARGETED CASE MAN - BABIES FIRST            | \$0.00                                   | 0.970                               | 1.000  | \$0.00                             |  | \$0.00                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                            | TARGETED CASE MAN - HIV                     | \$0.00                                   | 0.970                               | 1.000  | \$0.00                             |  | \$0.00                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                            | TARGETED CASE MAN - SUBS ABUSE MOMS         | \$0.00                                   | 0.970                               | 1.000  | \$0.00                             |  | \$0.00                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                            | THERAPEUTIC ABORTION - IP HOSP              | \$0.00                                   | 1.000                               | 1.000  | \$0.00                             |  | \$0.00                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                            | THERAPEUTIC ABORTION - OP HOSP              | \$0.00                                   | 0.962                               | 1.000  | \$0.00                             |  | \$0.00                        | 0   | \$0.00   | 0.95                     | \$0.00                                  |
|                            | THERAPEUTIC ABORTION - PHYS                 | \$0.00                                   | 0.970                               | 1.000  | \$0.00                             |  | \$0.00                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                            | TRANSPORTATION - AMBULANCE                  | \$1.44                                   | 0.970                               | 1.000  | \$1.40                             |  | \$1.40                        | 1   | \$1.40   | 1.00                     | \$1.40                                  |
|                            | TRANSPORTATION - OTHER                      | \$0.00                                   | 0.970                               | 1.000  | \$0.00                             |  | \$0.00                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                            | VISION CARE - EXAMS & THERAPY               | \$3.41                                   | 0.970                               | 1.000  | \$3.31                             |  | \$3.31                        | 1   | \$3.31   | 1.00                     | \$3.31                                  |
|                            | VISION CARE - MATERIALS & FITTING           | \$2.26                                   | 0.970                               | 1.000  | \$2.19                             |  | \$2.19                        | 1   | \$2.19   | 1.00                     | \$2.19                                  |
|                            | PART A DEDUCTIBLE                           | \$14.46                                  |                                     |  | \$13.74                            |  | \$13.74                       | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                            | PART B DEDUCTIBLE                           | \$11.50                                  |                                     |  | \$11.25                            |  | \$11.25                       | 1   | \$11.25  | 1.00                     | \$11.25                                 |
|                            | PART B COINSURANCE ADJUSTMENT               | -\$4.27                                  |                                     |  | -\$4.31                            |  | -\$4.31                       | 1   | -\$4.31  | 1.00                     | -\$4.31                                 |
|                            | <b>Subtotal Physical Health</b>             | <b>\$126.02</b>                          |                                     |  | <b>\$116.11</b>                    | <b>\$0.01</b>  | <b>\$116.12</b>               |   | <b>\$102.38</b>                                |                          | <b>\$100.82</b>                         |
|                            | <b>Subtotal Physical Health w Admin</b>     |  |                                     |  |                                    |  |                               |   |  |                          | <b>\$129.16</b>                         |
| <b>CHEMICAL DEPENDENCY</b> |   |  |                                     |  |                                    |  |                               |   |  |                          |   |
|                            | CD SERVICES - ALTERNATIVE TO DETOX          | \$0.41                                   | 0.972                               | 1.000  | \$0.40                             |  | \$0.40                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                            | CD SERVICES - METHADONE                     | \$3.10                                   | 0.972                               | 1.000  | \$3.01                             |  | \$3.01                        | 1   | \$3.01   | 1.00                     | \$3.01                                  |
|                            | CD SERVICES - OP                            | \$1.24                                   | 0.972                               | 1.000  | \$1.21                             |  | \$1.21                        | 1   | \$1.21   | 1.00                     | \$1.21                                  |
|                            | <b>Subtotal Chemical Dependency</b>         | <b>\$4.75</b>                            |                                     |  | <b>\$4.62</b>                      |  | <b>\$4.62</b>                 |   | <b>\$4.22</b>                                  |                          | <b>\$4.22</b>                           |
|                            | <b>Subtotal Chemical Dependency w Admin</b> |  |                                     |  |                                    |  |                               |   |  |                          | <b>\$5.41</b>                           |

Oregon Health Plan Medicaid Demonstration

EXHIBIT 2-1

Development of January 2008 Statewide PCO Capitation Rates from the 2008-2009 Per Capita Costs  
With Adjustments for Funding Through Line 503 of the 2008-2009 Prioritized List

| Eligibility Category | Service Category                      | A  | B                                   | C  | D               | E  | F               | G   | H  | I                        | J               |
|----------------------|---------------------------------------|--|-------------------------------------|--|-----------------|--|-----------------|---|--|--------------------------|-----------------|
|                      |                                       | 08-09 PCC With Coverage Through Line 503 | Trend Adjustment to Contract Period | Hospital Reimbursement Adjustment <sup>1</sup> | = A * B * C     | Maternity Carve-Out / Program Change Adjustment <sup>2</sup> | = D + E         | Covered Benefit Adjustment (1=Covered, 0=Not covered) | Projected Statewide Cost PMPM for PCO Benefits | OP Cost Shift Adjustment | =H * I          |
| AB/AD with Medicare  |                                       |  |                                     |  |                 |  |                 |   |  |                          |                 |
| <b>DENTAL</b>        |                                       |  |                                     |  |                 |  |                 |   |  |                          |                 |
|                      | DENTAL - ADJUNCTIVE GENERAL           | \$2.03                                   | 0.970                               | 1.000  | \$1.97          |  | \$1.97          | 0   | \$0.00   | 1.00                     | \$0.00          |
|                      | DENTAL - ANESTHESIA SURGICAL          | \$0.34                                   | 0.970                               | 1.000  | \$0.33          |  | \$0.33          | 0   | \$0.00   | 1.00                     | \$0.00          |
|                      | DENTAL - DIAGNOSTIC                   | \$4.83                                   | 0.970                               | 1.000  | \$4.68          |  | \$4.68          | 0   | \$0.00   | 1.00                     | \$0.00          |
|                      | DENTAL - ENDODONTICS                  | \$1.47                                   | 0.970                               | 1.000  | \$1.42          |  | \$1.42          | 0   | \$0.00   | 1.00                     | \$0.00          |
|                      | DENTAL - I/P FIXED                    | \$0.04                                   | 0.970                               | 1.000  | \$0.04          |  | \$0.04          | 0   | \$0.00   | 1.00                     | \$0.00          |
|                      | DENTAL - MAXILLOFACIAL PROS           | \$0.00                                   | 0.970                               | 1.000  | \$0.00          |  | \$0.00          | 0   | \$0.00   | 1.00                     | \$0.00          |
|                      | DENTAL - ORAL SURGERY                 | \$3.22                                   | 0.970                               | 1.000  | \$3.13          |  | \$3.13          | 0   | \$0.00   | 1.00                     | \$0.00          |
|                      | DENTAL - ORTHODONTICS                 | \$0.00                                   | 0.970                               | 1.000  | \$0.00          |  | \$0.00          | 0   | \$0.00   | 1.00                     | \$0.00          |
|                      | DENTAL - PERIODONTICS                 | \$2.62                                   | 0.970                               | 1.000  | \$2.54          |  | \$2.54          | 0   | \$0.00   | 1.00                     | \$0.00          |
|                      | DENTAL - PREVENTIVE                   | \$2.74                                   | 0.970                               | 1.000  | \$2.65          |  | \$2.65          | 0   | \$0.00   | 1.00                     | \$0.00          |
|                      | DENTAL - PROS REMOVABLE               | \$5.96                                   | 0.970                               | 1.000  | \$5.78          |  | \$5.78          | 0   | \$0.00   | 1.00                     | \$0.00          |
|                      | DENTAL - RESTORATIVE                  | \$7.02                                   | 0.970                               | 1.000  | \$6.81          |  | \$6.81          | 0   | \$0.00   | 1.00                     | \$0.00          |
|                      | <b>Subtotal Dental</b>                | <b>\$30.25</b>                           |                                     |  | <b>\$29.36</b>  |  | <b>\$29.36</b>  | <b>\$0.00</b>   |  |                          | <b>\$0.00</b>   |
|                      | <b>Subtotal Dental w Admin</b>        |  |                                     |  |                 |  |                 |   |  |                          | <b>\$0.00</b>   |
| <b>MENTAL HEALTH</b> |                                       |  |                                     |  |                 |  |                 |   |  |                          |                 |
|                      | MH SERVICES ACUTE INPATIENT           | \$2.85                                   | N/A                                 | N/A  | \$2.71          |  | \$2.71          | 0   | \$0.00   | 1.00                     | \$0.00          |
|                      | MH SERVICES ALTERNATIVE TO IP         | \$1.98                                   | 0.972                               | 1.000  | \$1.93          |  | \$1.93          | 0   | \$0.00   | 1.00                     | \$0.00          |
|                      | MH SERVICES ANCILLARY SERVICES        | \$0.04                                   | 0.972                               | 1.000  | \$0.04          |  | \$0.04          | 0   | \$0.00   | 1.00                     | \$0.00          |
|                      | MH SERVICES ASSESS & EVAL             | \$1.52                                   | 0.972                               | 1.000  | \$1.47          |  | \$1.47          | 0   | \$0.00   | 1.00                     | \$0.00          |
|                      | MH SERVICES CASE MANAGEMENT           | \$18.56                                  | 0.972                               | 1.000  | \$18.03         |  | \$18.03         | 0   | \$0.00   | 1.00                     | \$0.00          |
|                      | MH SERVICES CONSULTATION              | \$0.05                                   | 0.972                               | 1.000  | \$0.05          |  | \$0.05          | 0   | \$0.00   | 1.00                     | \$0.00          |
|                      | MH SERVICES EVIDENCE BASED PRACTICE   | \$0.00                                   | 0.972                               | 1.000  | \$0.00          |  | \$0.00          | 0   | \$0.00   | 1.00                     | \$0.00          |
|                      | MH SERVICES FAMILY SUPPORT            | \$1.84                                   | 0.972                               | 1.000  | \$1.78          |  | \$1.78          | 0   | \$0.00   | 1.00                     | \$0.00          |
|                      | MH SERVICES MED MANAGEMENT            | \$3.64                                   | 0.972                               | 1.000  | \$3.53          |  | \$3.53          | 0   | \$0.00   | 1.00                     | \$0.00          |
|                      | MH SERVICES OP THERAPY                | \$5.08                                   | 0.972                               | 1.000  | \$4.94          |  | \$4.94          | 0   | \$0.00   | 1.00                     | \$0.00          |
|                      | MH SERVICES OTHER OP                  | \$0.02                                   | 0.972                               | 1.000  | \$0.02          |  | \$0.02          | 0   | \$0.00   | 1.00                     | \$0.00          |
|                      | MH SERVICES PEO                       | \$0.69                                   | 1.000                               | 1.000  | \$0.69          |  | \$0.69          | 0   | \$0.00   | 1.00                     | \$0.00          |
|                      | MH SERVICES PHYS IP                   | \$6.45                                   | 0.972                               | 1.000  | \$6.27          |  | \$6.27          | 0   | \$0.00   | 1.00                     | \$0.00          |
|                      | MH SERVICES PHYS OP                   | \$9.72                                   | 0.972                               | 1.000  | \$9.45          |  | \$9.45          | 0   | \$0.00   | 1.00                     | \$0.00          |
|                      | MH SERVICES SUPPORT DAY PROGRAM       | \$32.52                                  | 0.972                               | 1.000  | \$31.61         |  | \$31.61         | 0   | \$0.00   | 1.00                     | \$0.00          |
|                      | MH SERVICES INTENSIVE THERAPY SVCS    | \$0.00                                   | 0.972                               | 1.000  | \$0.00          |  | \$0.00          | 0   | \$0.00   | 1.00                     | \$0.00          |
|                      | MH SERVICES CONS ASSESS               |  |                                     |  |                 |  | \$0.00          | 0   | \$0.00   | 1.00                     | \$0.00          |
|                      | <b>Subtotal Mental Health</b>         | <b>\$84.96</b>                           |                                     |  | <b>\$82.52</b>  |  | <b>\$82.52</b>  | <b>\$0.00</b>   |  |                          | <b>\$0.00</b>   |
|                      | <b>Subtotal Mental Health w Admin</b> |  |                                     |  |                 |  |                 |   |  |                          | <b>\$0.00</b>   |
|                      | <b>Total Services</b>                 | <b>\$245.99</b>                          |                                     |  | <b>\$232.61</b> | <b>\$0.01</b>  | <b>\$232.62</b> | <b>\$106.60</b>                                       |  |                          | <b>\$105.04</b> |
|                      | <b>Total Services with Admin</b>      |  |                                     |  |                 |  |                 |   |  |                          | <b>\$134.56</b> |

1) Reflects change from funding DRG hospitals at 100% of cost as in 2008-09 per capita costs to 80% of cost for 2008 capitation rates.

2) Reflects Maternity Case Rate Carve-Out, Children's Mental Health Services Adjustment, and Bariatric Surgery Adjustment

Oregon Health Plan Medicaid Demonstration

EXHIBIT 2-1

Development of January 2008 Statewide PCO Capitation Rates from the 2008-2009 Per Capita Costs  
With Adjustments for Funding Through Line 503 of the 2008-2009 Prioritized List

| Eligibility Category   | Service Category                    | A  | B                                   | C  | D   | E  | F  | G   | H   | I                        | J   |
|------------------------|-------------------------------------|--|-------------------------------------|--|---|--|--|---|---|--------------------------|---|
|                        |                                     | 08-09 PCC With Coverage Through Line 503 | Trend Adjustment to Contract Period | Hospital Reimbursement Adjustment <sup>1</sup> | Projected 2008 Statewide Cost PMPM<br>= A * B * C | Maternity Carve-Out / Program Change Adjustment <sup>2</sup> | Projected Statewide Cost PMPM<br>= D + E | Covered Benefit Adjustment (1=Covered, 0=Not covered) | Projected Statewide Cost PMPM for PCO Benefits<br>= F * G | OP Cost Shift Adjustment | 2008 Statewide PCO Capitation Rate PMPM<br>=H * I |
| AB/AD without Medicare |                                     |  |                                     |  |   |  |  |   |   |                          |   |
| <b>PHYSICAL HEALTH</b> |                                     |  |                                     |  |   |  |  |   |   |                          |   |
|                        | ADMINISTRATIVE EXAMS                | \$0.00                                   | 0.969                               | 1.000  | \$0.00  |  | \$0.00                                   | 0   | \$0.00  | 1.00                     | \$0.00  |
|                        | ANESTHESIA                          | \$5.55                                   | 0.969                               | 1.000  | \$5.38  |  | \$5.38                                   | 1   | \$5.38  | 1.00                     | \$5.38  |
|                        | EXCEPT NEEDS CARE COORDINATION      | \$8.01                                   | 1.000                               | 1.000  | \$8.01  |  | \$8.01                                   | 1   | \$8.01  | 1.00                     | \$8.01  |
|                        | FP - IP HOSP                        | \$0.00                                   | 0.962                               | 0.820  | \$0.00  |  | \$0.00                                   | 0   | \$0.00  | 1.00                     | \$0.00  |
|                        | FP - OP HOSP                        | \$0.03                                   | 0.962                               | 0.828  | \$0.03  |  | \$0.03                                   | 1   | \$0.03  | 0.95                     | \$0.03  |
|                        | FP - PHYS                           | \$0.23                                   | 0.969                               | 1.000  | \$0.22  |  | \$0.22                                   | 1   | \$0.22  | 1.00                     | \$0.22  |
|                        | HYSTERECTOMY - ANESTHESIA           | \$0.05                                   | 0.969                               | 1.000  | \$0.05  |  | \$0.05                                   | 1   | \$0.05  | 1.00                     | \$0.05  |
|                        | HYSTERECTOMY - IP HOSP              | \$2.85                                   | 0.962                               | 0.827  | \$2.27  |  | \$2.27                                   | 0   | \$0.00  | 1.00                     | \$0.00  |
|                        | HYSTERECTOMY - OP HOSP              | \$0.01                                   | 0.962                               | 0.816  | \$0.01  |  | \$0.01                                   | 1   | \$0.01  | 0.95                     | \$0.01  |
|                        | HYSTERECTOMY - PHYS                 | \$0.32                                   | 0.969                               | 1.000  | \$0.31  |  | \$0.31                                   | 1   | \$0.31  | 1.00                     | \$0.31  |
|                        | IP HOSP - ACUTE DETOX               | \$1.83                                   | 0.962                               | 0.811  | \$1.43  |  | \$1.43                                   | 0   | \$0.00  | 1.00                     | \$0.00  |
|                        | IP HOSP - MATERNITY                 | \$4.61                                   | 0.962                               | 0.832  | \$3.69  | -\$3.69  | \$0.00                                   | 0   | \$0.00  | 1.00                     | \$0.00  |
|                        | IP HOSP - MATERNITY / STERILIZATION | \$0.33                                   | 0.962                               | 0.839  | \$0.27  | -\$0.16  | \$0.11                                   | 0   | \$0.00  | 1.00                     | \$0.00  |
|                        | IP HOSP - MEDICAL/SURGICAL          | \$292.00                                 | 0.962                               | 0.820  | \$230.33  |  | \$230.33                                 | 0   | \$0.00  | 1.00                     | \$0.00  |
|                        | IP HOSP - NEWBORN                   | \$0.06                                   | 0.962                               | 0.815  | \$0.05  |  | \$0.05                                   | 0   | \$0.00  | 1.00                     | \$0.00  |
|                        | IP HOSP - POST HOSP EXTENDED CARE   | \$0.00                                   | 0.962                               | 1.000  | \$0.00  |  | \$0.00                                   | 0   | \$0.00  | 1.00                     | \$0.00  |
|                        | LAB & RAD - DIAGNOSTIC X-RAY        | \$14.41                                  | 0.969                               | 1.000  | \$13.96   |  | \$13.96                                  | 1   | \$13.96   | 1.00                     | \$13.96   |
|                        | LAB & RAD - LAB                     | \$8.63                                   | 0.969                               | 1.000  | \$8.36  |  | \$8.36                                   | 1   | \$8.36  | 1.00                     | \$8.36  |
|                        | LAB & RAD - THERAPEUTIC X-RAY       | \$1.50                                   | 0.969                               | 1.000  | \$1.46  |  | \$1.46                                   | 1   | \$1.46  | 1.00                     | \$1.46  |
|                        | OP ER - SOMATIC MH                  | \$1.79                                   | 0.962                               | 0.823  | \$1.42  |  | \$1.42                                   | 1   | \$1.42  | 0.95                     | \$1.35  |
|                        | OP HOSP - BASIC                     | \$68.60                                  | 0.962                               | 0.854  | \$56.38   |  | \$56.38                                  | 1   | \$56.38   | 0.95                     | \$53.56   |
|                        | OP HOSP - DENTAL ANESTHESIA         | \$0.00                                   | 0.962                               | 0.845  | \$0.00  |  | \$0.00                                   | 0   | \$0.00  | 0.95                     | \$0.00  |
|                        | OP HOSP - DENTAL DIAGNOSTIC         | \$0.00                                   | 0.962                               | 0.845  | \$0.00  |  | \$0.00                                   | 0   | \$0.00  | 0.95                     | \$0.00  |
|                        | OP HOSP - DENTAL PREVENTIVE         | \$0.00                                   | 0.962                               | 0.845  | \$0.00  |  | \$0.00                                   | 0   | \$0.00  | 0.95                     | \$0.00  |
|                        | OP HOSP - DENTAL RESTORATIVE        | \$0.00                                   | 0.962                               | 0.845  | \$0.00  |  | \$0.00                                   | 0   | \$0.00  | 0.95                     | \$0.00  |
|                        | OP HOSP - EMERGENCY ROOM            | \$18.23                                  | 0.962                               | 0.833  | \$14.62   |  | \$14.62                                  | 1   | \$14.62   | 0.95                     | \$13.89   |
|                        | OP HOSP - LAB & RAD                 | \$44.80                                  | 0.962                               | 0.835  | \$36.02   |  | \$36.02                                  | 1   | \$36.02   | 0.95                     | \$34.22   |
|                        | OP HOSP - MATERNITY                 | \$1.35                                   | 0.962                               | 0.838  | \$1.09  | -\$1.09  | \$0.00                                   | 1   | \$0.00  | 0.95                     | \$0.00  |
|                        | OP HOSP - POST HOSP EXTENDED CARE   | \$0.13                                   | 0.962                               | 0.891  | \$0.11  |  | \$0.11                                   | 1   | \$0.11  | 0.95                     | \$0.11  |
|                        | OP HOSP - PRES DRUGS BASIC          | \$7.62                                   | 0.962                               | 0.844  | \$6.19  |  | \$6.19                                   | 1   | \$6.19  | 0.95                     | \$5.88  |
|                        | OP HOSP - PRES DRUGS MH/CD          | \$0.13                                   | 0.962                               | 0.836  | \$0.10  |  | \$0.10                                   | 1   | \$0.10  | 0.95                     | \$0.10  |
|                        | OP HOSP - SOMATIC MH                | \$2.18                                   | 0.962                               | 0.830  | \$1.74  |  | \$1.74                                   | 1   | \$1.74  | 0.95                     | \$1.65  |
|                        | OTH MED - DME                       | \$19.77                                  | 0.969                               | 1.000  | \$19.15   |  | \$19.15                                  | 1   | \$19.15   | 1.00                     | \$19.15   |
|                        | OTH MED - HHC/PDN                   | \$4.75                                   | 0.969                               | 0.952  | \$4.38  |  | \$4.38                                   | 1   | \$4.38  | 1.00                     | \$4.38  |
|                        | OTH MED - HOSPICE                   | \$2.99                                   | 0.969                               | 0.909  | \$2.63  |  | \$2.63                                   | 1   | \$2.63  | 1.00                     | \$2.63  |
|                        | OTH MED - MATERNITY MGT             | \$0.00                                   | 0.969                               | 1.000  | \$0.00  |  | \$0.00                                   | 1   | \$0.00  | 1.00                     | \$0.00  |
|                        | OTH MED - SUPPLIES                  | \$13.86                                  | 0.969                               | 1.000  | \$13.43   |  | \$13.43                                  | 1   | \$13.43   | 1.00                     | \$13.43   |
|                        | PHYS CONSULTATION, IP & ER VISITS   | \$21.63                                  | 0.969                               | 1.000  | \$20.95   |  | \$20.95                                  | 1   | \$20.95   | 1.00                     | \$20.95   |
|                        | PHYS HOME OR LONG-TERM CARE VISITS  | \$0.59                                   | 0.969                               | 1.000  | \$0.57  |  | \$0.57                                   | 1   | \$0.57  | 1.00                     | \$0.57  |
|                        | PHYS MATERNITY                      | \$2.11                                   | 0.969                               | 1.000  | \$2.04  | -\$2.04  | \$0.00                                   | 1   | \$0.00  | 1.00                     | \$0.00  |
|                        | PHYS NEWBORN                        | \$0.11                                   | 0.969                               | 1.000  | \$0.10  |  | \$0.10                                   | 1   | \$0.10  | 1.00                     | \$0.10  |
|                        | PHYS OFFICE VISITS                  | \$39.26                                  | 0.969                               | 1.000  | \$38.03   |  | \$38.03                                  | 1   | \$38.03   | 1.00                     | \$38.03   |
|                        | PHYS OTHER                          | \$24.97                                  | 0.969                               | 1.000  | \$24.19   | \$0.05   | \$24.24                                  | 1   | \$24.24   | 1.00                     | \$24.24   |
|                        | PHYS SOMATIC MH                     | \$5.61                                   | 0.969                               | 1.000  | \$5.44  |  | \$5.44                                   | 1   | \$5.44  | 1.00                     | \$5.44  |

Oregon Health Plan Medicaid Demonstration

EXHIBIT 2-I

Development of January 2008 Statewide PCO Capitation Rates from the 2008-2009 Per Capita Costs  
With Adjustments for Funding Through Line 503 of the 2008-2009 Prioritized List

| Eligibility Category   | Service Category                            | A  | B                                   | C  | D<br>= A * B * C                   | E  | F<br>= D + E                  | G   | H<br>= F * G                                   | I                        | J<br>= H * I                            |
|------------------------|---|--|-------------------------------------|--|------------------------------------|--|-------------------------------|---|--|--------------------------|---|
|                        |   | 08-09 PCC With Coverage Through Line 503 | Trend Adjustment to Contract Period | Hospital Reimbursement Adjustment <sup>1</sup> | Projected 2008 Statewide Cost PMPM | Maternity Carve-Out / Program Change Adjustment <sup>2</sup> | Projected Statewide Cost PMPM | Covered Benefit Adjustment (1=Covered, 0=Not covered) | Projected Statewide Cost PMPM for PCO Benefits | OP Cost Shift Adjustment | 2008 Statewide PCO Capitation Rate PMPM |
| AB/AD without Medicare |   |  |                                     |  |                                    |  |                               |   |  |                          |   |
|                        | PRES DRUGS - BASIC                          | \$177.02                                 | 0.963                               | 1.000  | \$170.54                           |  | \$170.54                      | 1   | \$170.54                                       | 1.00                     | \$170.54                                |
|                        | PRES DRUGS - FP                             | \$0.82                                   | 0.963                               | 1.000  | \$0.79                             |  | \$0.79                        | 1   | \$0.79   | 1.00                     | \$0.79                                  |
|                        | PRES DRUGS - MH/CD                          | \$0.00                                   | 0.963                               | 1.000  | \$0.00                             |  | \$0.00                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                        | SCHOOL-BASED HEALTH SERVICES                | \$0.00                                   | 0.969                               | 1.000  | \$0.00                             |  | \$0.00                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                        | STERILIZATION - ANESTHESIA FEMALE           | \$0.04                                   | 0.969                               | 1.000  | \$0.03                             |  | \$0.03                        | 1   | \$0.03   | 1.00                     | \$0.03                                  |
|                        | STERILIZATION - ANESTHESIA MALE             | \$0.00                                   | 0.969                               | 1.000  | \$0.00                             |  | \$0.00                        | 1   | \$0.00   | 1.00                     | \$0.00                                  |
|                        | STERILIZATION - IP HOSP FEMALE              | \$0.47                                   | 0.962                               | 0.837  | \$0.38                             |  | \$0.38                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                        | STERILIZATION - IP HOSP MALE                | \$0.00                                   | 0.962                               | 0.820  | \$0.00                             |  | \$0.00                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                        | STERILIZATION - OP HOSP FEMALE              | \$0.03                                   | 0.962                               | 0.845  | \$0.02                             |  | \$0.02                        | 1   | \$0.02   | 0.95                     | \$0.02                                  |
|                        | STERILIZATION - OP HOSP MALE                | \$0.00                                   | 0.962                               | 0.800  | \$0.00                             |  | \$0.00                        | 1   | \$0.00   | 0.95                     | \$0.00                                  |
|                        | STERILIZATION - PHY FEMALE                  | \$0.06                                   | 0.969                               | 1.000  | \$0.06                             |  | \$0.06                        | 1   | \$0.06   | 1.00                     | \$0.06                                  |
|                        | STERILIZATION - PHY MALE                    | \$0.01                                   | 0.969                               | 1.000  | \$0.01                             |  | \$0.01                        | 1   | \$0.01   | 1.00                     | \$0.01                                  |
|                        | SURGERY                                     | \$23.04                                  | 0.969                               | 1.000  | \$22.32                            |  | \$22.32                       | 1   | \$22.32  | 1.00                     | \$22.32                                 |
|                        | TARGETED CASE MAN - BABIES FIRST            | \$0.00                                   | 0.969                               | 1.000  | \$0.00                             |  | \$0.00                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                        | TARGETED CASE MAN - HIV                     | \$0.00                                   | 0.969                               | 1.000  | \$0.00                             |  | \$0.00                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                        | TARGETED CASE MAN - SUBS ABUSE MOMS         | \$0.00                                   | 0.969                               | 1.000  | \$0.00                             |  | \$0.00                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                        | THERAPEUTIC ABORTION - IP HOSP              | \$0.00                                   | 0.962                               | 1.000  | \$0.00                             |  | \$0.00                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                        | THERAPEUTIC ABORTION - OP HOSP              | \$0.00                                   | 0.962                               | 1.000  | \$0.00                             |  | \$0.00                        | 0   | \$0.00   | 0.95                     | \$0.00                                  |
|                        | THERAPEUTIC ABORTION - PHYS                 | \$0.00                                   | 0.969                               | 1.000  | \$0.00                             |  | \$0.00                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                        | TRANSPORTATION - AMBULANCE                  | \$13.75                                  | 0.969                               | 1.000  | \$13.31                            |  | \$13.31                       | 1   | \$13.31  | 1.00                     | \$13.31                                 |
|                        | TRANSPORTATION - OTHER                      | \$0.00                                   | 0.969                               | 1.000  | \$0.00                             |  | \$0.00                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                        | VISION CARE - EXAMS & THERAPY               | \$3.64                                   | 0.969                               | 1.000  | \$3.53                             |  | \$3.53                        | 1   | \$3.53   | 1.00                     | \$3.53                                  |
|                        | VISION CARE - MATERIALS & FITTING           | \$2.47                                   | 0.969                               | 1.000  | \$2.40                             |  | \$2.40                        | 1   | \$2.40   | 1.00                     | \$2.40                                  |
|                        | PART A DEDUCTIBLE                           |  |                                     |  |                                    |  |                               |   |  |                          |   |
|                        | PART B DEDUCTIBLE                           |  |                                     |  |                                    |  |                               |   |  |                          |   |
|                        | PART B COINSURANCE ADJUSTMENT               |  |                                     |  |                                    |  |                               |   |  |                          |   |
|                        | <b>Subtotal Physical Health</b>             | <b>\$842.26</b>                          |                                     |  | <b>\$737.79</b>                    | <b>-\$6.94</b>   | <b>\$730.85</b>               |   | <b>\$496.29</b>                                |                          | <b>\$490.46</b>                         |
|                        | <b>Subtotal Physical Health w Admin</b>     |  |                                     |  |                                    |  |                               |   |  |                          | <b>\$564.14</b>                         |
|                        | <b>CHEMICAL DEPENDENCY</b>                  |  |                                     |  |                                    |  |                               |   |  |                          |   |
|                        | CD SERVICES - ALTERNATIVE TO DETOX          | \$0.42                                   | 0.986                               | 1.000  | \$0.42                             |  | \$0.42                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                        | CD SERVICES - METHADONE                     | \$5.07                                   | 0.986                               | 1.000  | \$5.00                             |  | \$5.00                        | 1   | \$5.00   | 1.00                     | \$5.00                                  |
|                        | CD SERVICES - OP                            | \$2.55                                   | 0.986                               | 1.000  | \$2.51                             |  | \$2.51                        | 1   | \$2.51   | 1.00                     | \$2.51                                  |
|                        | <b>Subtotal Chemical Dependency</b>         | <b>\$8.04</b>                            |                                     |  | <b>\$7.93</b>                      |  | <b>\$7.93</b>                 |   | <b>\$7.51</b>                                  |                          | <b>\$7.51</b>                           |
|                        | <b>Subtotal Chemical Dependency w Admin</b> |  |                                     |  |                                    |  |                               |   |  |                          | <b>\$8.64</b>                           |

Oregon Health Plan Medicaid Demonstration

EXHIBIT 2-1

Development of January 2008 Statewide PCO Capitation Rates from the 2008-2009 Per Capita Costs  
With Adjustments for Funding Through Line 503 of the 2008-2009 Prioritized List

| Eligibility Category   | Service Category                      | A  | B                                   | C  | D               | E  | F               | G   | H  | I                        | J               |
|------------------------|---------------------------------------|--|-------------------------------------|--|-----------------|--|-----------------|---|--|--------------------------|-----------------|
|                        |                                       | 08-09 PCC With Coverage Through Line 503 | Trend Adjustment to Contract Period | Hospital Reimbursement Adjustment <sup>1</sup> | = A * B * C     | Maternity Carve-Out / Program Change Adjustment <sup>2</sup> | = D + E         | Covered Benefit Adjustment (1=Covered, 0=Not covered) | Projected Statewide Cost PMPM for PCO Benefits | OP Cost Shift Adjustment | =H * I          |
| AB/AD without Medicare |                                       |  |                                     |  |                 |  |                 |   |  |                          |                 |
| <b>DENTAL</b>          |                                       |  |                                     |  |                 |  |                 |   |  |                          |                 |
|                        | DENTAL - ADJUNCTIVE GENERAL           | \$1.64                                   | 0.970                               | 1.000  | \$1.59          |  | \$1.59          | 0   | \$0.00   | 1.00                     | \$0.00          |
|                        | DENTAL - ANESTHESIA SURGICAL          | \$0.31                                   | 0.970                               | 1.000  | \$0.31          |  | \$0.31          | 0   | \$0.00   | 1.00                     | \$0.00          |
|                        | DENTAL - DIAGNOSTIC                   | \$4.39                                   | 0.970                               | 1.000  | \$4.26          |  | \$4.26          | 0   | \$0.00   | 1.00                     | \$0.00          |
|                        | DENTAL - ENDODONTICS                  | \$1.36                                   | 0.970                               | 1.000  | \$1.32          |  | \$1.32          | 0   | \$0.00   | 1.00                     | \$0.00          |
|                        | DENTAL - I/P FIXED                    | \$0.02                                   | 0.970                               | 1.000  | \$0.02          |  | \$0.02          | 0   | \$0.00   | 1.00                     | \$0.00          |
|                        | DENTAL - MAXILLOFACIAL PROS           | \$0.00                                   | 0.970                               | 1.000  | \$0.00          |  | \$0.00          | 0   | \$0.00   | 1.00                     | \$0.00          |
|                        | DENTAL - ORAL SURGERY                 | \$3.01                                   | 0.970                               | 1.000  | \$2.92          |  | \$2.92          | 0   | \$0.00   | 1.00                     | \$0.00          |
|                        | DENTAL - ORTHODONTICS                 | \$0.02                                   | 0.970                               | 1.000  | \$0.02          |  | \$0.02          | 0   | \$0.00   | 1.00                     | \$0.00          |
|                        | DENTAL - PERIODONTICS                 | \$1.76                                   | 0.970                               | 1.000  | \$1.71          |  | \$1.71          | 0   | \$0.00   | 1.00                     | \$0.00          |
|                        | DENTAL - PREVENTIVE                   | \$2.36                                   | 0.970                               | 1.000  | \$2.29          |  | \$2.29          | 0   | \$0.00   | 1.00                     | \$0.00          |
|                        | DENTAL - PROS REMOVABLE               | \$5.15                                   | 0.970                               | 1.000  | \$4.99          |  | \$4.99          | 0   | \$0.00   | 1.00                     | \$0.00          |
|                        | DENTAL - RESTORATIVE                  | \$6.32                                   | 0.970                               | 1.000  | \$6.13          |  | \$6.13          | 0   | \$0.00   | 1.00                     | \$0.00          |
|                        | <b>Subtotal Dental</b>                | <b>\$26.34</b>                           |                                     |  | <b>\$25.56</b>  |  | <b>\$25.56</b>  | <b>\$0.00</b>   | <b>\$0.00</b>                                  |                          | <b>\$0.00</b>   |
|                        | <b>Subtotal Dental w Admin</b>        |  |                                     |  |                 |  |                 |   |  |                          | <b>\$0.00</b>   |
| <b>MENTAL HEALTH</b>   |                                       |  |                                     |  |                 |  |                 |   |  |                          |                 |
|                        | MH SERVICES ACUTE INPATIENT           | \$26.01                                  | 0.986                               | 0.808  | \$20.71         |  | \$20.71         | 0   | \$0.00   | 1.00                     | \$0.00          |
|                        | MH SERVICES ALTERNATIVE TO IP         | \$2.31                                   | 0.986                               | 1.000  | \$2.28          |  | \$2.28          | 0   | \$0.00   | 1.00                     | \$0.00          |
|                        | MH SERVICES ANCILLARY SERVICES        | \$0.20                                   | 0.986                               | 1.000  | \$0.20          |  | \$0.20          | 0   | \$0.00   | 1.00                     | \$0.00          |
|                        | MH SERVICES ASSESS & EVAL             | \$2.01                                   | 0.986                               | 1.000  | \$1.98          |  | \$1.98          | 0   | \$0.00   | 1.00                     | \$0.00          |
|                        | MH SERVICES CASE MANAGEMENT           | \$13.76                                  | 0.986                               | 1.000  | \$13.58         |  | \$13.58         | 0   | \$0.00   | 1.00                     | \$0.00          |
|                        | MH SERVICES CONSULTATION              | \$0.08                                   | 0.986                               | 1.000  | \$0.08          |  | \$0.08          | 0   | \$0.00   | 1.00                     | \$0.00          |
|                        | MH SERVICES EVIDENCE BASED PRACTICE   | \$0.00                                   | 0.986                               | 1.000  | \$0.00          |  | \$0.00          | 0   | \$0.00   | 1.00                     | \$0.00          |
|                        | MH SERVICES FAMILY SUPPORT            | \$1.07                                   | 0.986                               | 1.000  | \$1.05          |  | \$1.05          | 0   | \$0.00   | 1.00                     | \$0.00          |
|                        | MH SERVICES MED MANAGEMENT            | \$3.27                                   | 0.986                               | 1.000  | \$3.22          |  | \$3.22          | 0   | \$0.00   | 1.00                     | \$0.00          |
|                        | MH SERVICES OP THERAPY                | \$6.48                                   | 0.986                               | 1.000  | \$6.39          |  | \$6.39          | 0   | \$0.00   | 1.00                     | \$0.00          |
|                        | MH SERVICES OTHER OP                  | \$0.08                                   | 0.986                               | 1.000  | \$0.08          |  | \$0.08          | 0   | \$0.00   | 1.00                     | \$0.00          |
|                        | MH SERVICES PEO                       | \$0.69                                   | 1.000                               | 1.000  | \$0.69          |  | \$0.69          | 0   | \$0.00   | 1.00                     | \$0.00          |
|                        | MH SERVICES PHYS IP                   | \$7.05                                   | 0.986                               | 1.000  | \$6.95          |  | \$6.95          | 0   | \$0.00   | 1.00                     | \$0.00          |
|                        | MH SERVICES PHYS OP                   | \$12.62                                  | 0.986                               | 1.000  | \$12.45         |  | \$12.45         | 0   | \$0.00   | 1.00                     | \$0.00          |
|                        | MH SERVICES SUPPORT DAY PROGRAM       | \$18.67                                  | 0.986                               | 1.000  | \$18.41         |  | \$18.41         | 0   | \$0.00   | 1.00                     | \$0.00          |
|                        | MH SERVICES INTENSIVE THERAPY SVCS    | \$2.27                                   | 0.986                               | 1.000  | \$2.24          | \$11.79  | \$14.03         | 0   | \$0.00   | 1.00                     | \$0.00          |
|                        | MH SERVICES CONS ASSESS               |  |                                     |  |                 | \$0.06   | \$0.06          | 0   | \$0.00   | 1.00                     | \$0.00          |
|                        | <b>Subtotal Mental Health</b>         | <b>\$96.57</b>                           |                                     |  | <b>\$90.32</b>  | <b>\$11.85</b>   | <b>\$102.17</b> | <b>\$0.00</b>   | <b>\$0.00</b>                                  |                          | <b>\$0.00</b>   |
|                        | <b>Subtotal Mental Health w Admin</b> |  |                                     |  |                 |  |                 |   |  |                          | <b>\$0.00</b>   |
|                        | <b>Total Services</b>                 | <b>\$973.21</b>                          |                                     |  | <b>\$861.59</b> | <b>\$4.92</b>  | <b>\$866.51</b> | <b>\$503.80</b>                                       |  |                          | <b>\$497.97</b> |
|                        | <b>Total Services with Admin</b>      |  |                                     |  |                 |  |                 |   |  |                          | <b>\$572.78</b> |

1) Reflects change from funding DRG hospitals at 100% of cost as in 2008-09 per capita costs to 80% of cost for 2008 capitation rates.

2) Reflects Maternity Case Rate Carve-Out, Children's Mental Health Services Adjustment, and Bariatric Surgery Adjustment

**Oregon Health Plan Medicaid Demonstration**

**EXHIBIT 2-1**

**Development of January 2008 Statewide PCO Capitation Rates from the 2008-2009 Per Capita Costs  
With Adjustments for Funding Through Line 503 of the 2008-2009 Prioritized List**

| Eligibility Category   | Service Category                    | A  | B                                   | C  | D<br>= A * B * C                   | E  | F<br>= D + E                  | G   | H<br>= F * G                                   | I                        | J<br>= H * I                            |
|------------------------|-------------------------------------|--|-------------------------------------|--|------------------------------------|--|-------------------------------|---|--|--------------------------|---|
|                        |                                     | 08-09 PCC With Coverage Through Line 503 | Trend Adjustment to Contract Period | Hospital Reimbursement Adjustment <sup>1</sup> | Projected 2008 Statewide Cost PMPM | Maternity Carve-Out / Program Change Adjustment <sup>2</sup> | Projected Statewide Cost PMPM | Covered Benefit Adjustment (1=Covered, 0=Not covered) | Projected Statewide Cost PMPM for PCO Benefits | OP Cost Shift Adjustment | 2008 Statewide PCO Capitation Rate PMPM |
| OAA with Medicare      |                                     |  |                                     |  |                                    |  |                               |   |  |                          |   |
| <b>PHYSICAL HEALTH</b> |                                     |  |                                     |  |                                    |  |                               |   |  |                          |   |
|                        | ADMINISTRATIVE EXAMS                | \$0.00                                   | 0.970                               | 1.000  | \$0.00                             |  | \$0.00                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                        | ANESTHESIA                          | \$1.06                                   | 0.970                               | 1.000  | \$1.03                             |  | \$1.03                        | 1   | \$1.03   | 1.00                     | \$1.03                                  |
|                        | EXCEPT NEEDS CARE COORDINATION      | \$6.26                                   | 1.000                               | 1.000  | \$6.26                             |  | \$6.26                        | 1   | \$6.26   | 1.00                     | \$6.26                                  |
|                        | FP - IP HOSP                        | \$0.00                                   | 1.000                               | 0.820  | \$0.00                             |  | \$0.00                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                        | FP - OP HOSP                        | \$0.00                                   | 0.962                               | 0.828  | \$0.00                             |  | \$0.00                        | 1   | \$0.00   | 0.95                     | \$0.00                                  |
|                        | FP - PHYS                           | \$0.00                                   | 0.970                               | 1.000  | \$0.00                             |  | \$0.00                        | 1   | \$0.00   | 1.00                     | \$0.00                                  |
|                        | HYSTERECTOMY - ANESTHESIA           | \$0.00                                   | 0.970                               | 1.000  | \$0.00                             |  | \$0.00                        | 1   | \$0.00   | 1.00                     | \$0.00                                  |
|                        | HYSTERECTOMY - IP HOSP              | \$0.00                                   | 1.000                               | 0.827  | \$0.00                             |  | \$0.00                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                        | HYSTERECTOMY - OP HOSP              | \$0.00                                   | 0.962                               | 0.816  | \$0.00                             |  | \$0.00                        | 1   | \$0.00   | 0.95                     | \$0.00                                  |
|                        | HYSTERECTOMY - PHYS                 | \$0.02                                   | 0.970                               | 1.000  | \$0.02                             |  | \$0.02                        | 1   | \$0.02   | 1.00                     | \$0.02                                  |
|                        | IP HOSP - ACUTE DETOX               | \$0.00                                   | 1.000                               | 0.811  | \$0.00                             |  | \$0.00                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                        | IP HOSP - MATERNITY                 | \$0.00                                   | 1.000                               | 0.832  | \$0.00                             |  | \$0.00                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                        | IP HOSP - MATERNITY / STERILIZATION | \$0.00                                   | 1.000                               | 0.839  | \$0.00                             |  | \$0.00                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                        | IP HOSP - MEDICAL/SURGICAL          | \$0.00                                   | 1.000                               | 0.820  | \$0.00                             |  | \$0.00                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                        | IP HOSP - NEWBORN                   | \$0.00                                   | 1.000                               | 0.815  | \$0.00                             |  | \$0.00                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                        | IP HOSP - POST HOSP EXTENDED CARE   | \$0.00                                   | 1.000                               | 1.000  | \$0.00                             |  | \$0.00                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                        | LAB & RAD - DIAGNOSTIC X-RAY        | \$2.62                                   | 0.970                               | 1.000  | \$2.54                             |  | \$2.54                        | 1   | \$2.54   | 1.00                     | \$2.54                                  |
|                        | LAB & RAD - LAB                     | \$0.00                                   | 0.970                               | 1.000  | \$0.00                             |  | \$0.00                        | 1   | \$0.00   | 1.00                     | \$0.00                                  |
|                        | LAB & RAD - THERAPEUTIC X-RAY       | \$0.28                                   | 0.970                               | 1.000  | \$0.27                             |  | \$0.27                        | 1   | \$0.27   | 1.00                     | \$0.27                                  |
|                        | OP ER - SOMATIC MH                  | \$0.07                                   | 0.962                               | 0.823  | \$0.06                             |  | \$0.06                        | 1   | \$0.06   | 0.95                     | \$0.05                                  |
|                        | OP HOSP - BASIC                     | \$17.49                                  | 0.962                               | 0.854  | \$14.37                            |  | \$14.37                       | 1   | \$14.37  | 0.95                     | \$13.65                                 |
|                        | OP HOSP - DENTAL ANESTHESIA         | \$0.00                                   | 0.962                               | 0.845  | \$0.00                             |  | \$0.00                        | 0   | \$0.00   | 0.95                     | \$0.00                                  |
|                        | OP HOSP - DENTAL DIAGNOSTIC         | \$0.00                                   | 0.962                               | 0.845  | \$0.00                             |  | \$0.00                        | 0   | \$0.00   | 0.95                     | \$0.00                                  |
|                        | OP HOSP - DENTAL PREVENTIVE         | \$0.00                                   | 0.962                               | 0.845  | \$0.00                             |  | \$0.00                        | 0   | \$0.00   | 0.95                     | \$0.00                                  |
|                        | OP HOSP - DENTAL RESTORATIVE        | \$0.00                                   | 0.962                               | 0.845  | \$0.00                             |  | \$0.00                        | 0   | \$0.00   | 0.95                     | \$0.00                                  |
|                        | OP HOSP - EMERGENCY ROOM            | \$2.63                                   | 0.962                               | 0.833  | \$2.11                             |  | \$2.11                        | 1   | \$2.11   | 0.95                     | \$2.00                                  |
|                        | OP HOSP - LAB & RAD                 | \$8.29                                   | 0.962                               | 0.835  | \$6.66                             |  | \$6.66                        | 1   | \$6.66   | 0.95                     | \$6.33                                  |
|                        | OP HOSP - MATERNITY                 | \$0.00                                   | 0.962                               | 0.838  | \$0.00                             |  | \$0.00                        | 1   | \$0.00   | 0.95                     | \$0.00                                  |
|                        | OP HOSP - POST HOSP EXTENDED CARE   | \$0.00                                   | 0.962                               | 0.891  | \$0.00                             |  | \$0.00                        | 1   | \$0.00   | 0.95                     | \$0.00                                  |
|                        | OP HOSP - PRES DRUGS BASIC          | \$5.00                                   | 0.962                               | 0.844  | \$4.06                             |  | \$4.06                        | 1   | \$4.06   | 0.95                     | \$3.86                                  |
|                        | OP HOSP - PRES DRUGS MH/CD          | \$0.03                                   | 0.962                               | 0.836  | \$0.02                             |  | \$0.02                        | 1   | \$0.02   | 0.95                     | \$0.02                                  |
|                        | OP HOSP - SOMATIC MH                | \$0.15                                   | 0.962                               | 0.830  | \$0.12                             |  | \$0.12                        | 1   | \$0.12   | 0.95                     | \$0.12                                  |
|                        | OTH MED - DME                       | \$5.82                                   | 0.970                               | 1.000  | \$5.65                             |  | \$5.65                        | 1   | \$5.65   | 1.00                     | \$5.65                                  |
|                        | OTH MED - HHC/PDN                   | \$0.00                                   | 0.970                               | 0.952  | \$0.00                             |  | \$0.00                        | 1   | \$0.00   | 1.00                     | \$0.00                                  |
|                        | OTH MED - HOSPICE                   | \$0.00                                   | 0.970                               | 0.909  | \$0.00                             |  | \$0.00                        | 1   | \$0.00   | 1.00                     | \$0.00                                  |
|                        | OTH MED - MATERNITY MGT             | \$0.00                                   | 0.970                               | 1.000  | \$0.00                             |  | \$0.00                        | 1   | \$0.00   | 1.00                     | \$0.00                                  |
|                        | OTH MED - SUPPLIES                  | \$15.80                                  | 0.970                               | 1.000  | \$15.34                            |  | \$15.34                       | 1   | \$15.34  | 1.00                     | \$15.34                                 |
|                        | PHYS CONSULTATION, IP & ER VISITS   | \$4.54                                   | 0.970                               | 1.000  | \$4.41                             |  | \$4.41                        | 1   | \$4.41   | 1.00                     | \$4.41                                  |
|                        | PHYS HOME OR LONG-TERM CARE VISITS  | \$0.57                                   | 0.970                               | 1.000  | \$0.55                             |  | \$0.55                        | 1   | \$0.55   | 1.00                     | \$0.55                                  |
|                        | PHYS MATERNITY                      | \$0.00                                   | 0.970                               | 1.000  | \$0.00                             |  | \$0.00                        | 1   | \$0.00   | 1.00                     | \$0.00                                  |
|                        | PHYS NEWBORN                        | \$0.02                                   | 0.970                               | 1.000  | \$0.02                             |  | \$0.02                        | 1   | \$0.02   | 1.00                     | \$0.02                                  |
|                        | PHYS OFFICE VISITS                  | \$5.88                                   | 0.970                               | 1.000  | \$5.70                             |  | \$5.70                        | 1   | \$5.70   | 1.00                     | \$5.70                                  |
|                        | PHYS OTHER                          | \$4.75                                   | 0.970                               | 1.000  | \$4.61                             |  | \$4.61                        | 1   | \$4.61   | 1.00                     | \$4.61                                  |
|                        | PHYS SOMATIC MH                     | \$0.52                                   | 0.970                               | 1.000  | \$0.51                             |  | \$0.51                        | 1   | \$0.51   | 1.00                     | \$0.51                                  |

Oregon Health Plan Medicaid Demonstration

EXHIBIT 2-I

Development of January 2008 Statewide PCO Capitation Rates from the 2008-2009 Per Capita Costs  
With Adjustments for Funding Through Line 503 of the 2008-2009 Prioritized List

| Eligibility Category       | Service Category                            | A  | B                                   | C  | D   | E  | F  | G   | H   | I                        | J   |
|----------------------------|---|--|-------------------------------------|--|---|--|--|---|---|--------------------------|---|
|                            |   | 08-09 PCC With Coverage Through Line 503 | Trend Adjustment to Contract Period | Hospital Reimbursement Adjustment <sup>1</sup> | = A * B * C<br>Projected 2008 Statewide Cost PMPM | Maternity Carve-Out / Program Change Adjustment <sup>2</sup> | = D + E<br>Projected Statewide Cost PMPM | Covered Benefit Adjustment (1=Covered, 0=Not covered) | = F * G<br>Projected Statewide Cost PMPM for PCO Benefits | OP Cost Shift Adjustment | =H * I<br>2008 Statewide PCO Capitation Rate PMPM |
| OAA with Medicare          |   |  |                                     |  |   |  |  |   |   |                          |   |
|                            | PRES DRUGS - BASIC                          | \$10.06                                  | 0.963                               | 1.000  | \$9.70  |  | \$9.70                                   | 1   | \$9.70  | 1.00                     | \$9.70  |
|                            | PRES DRUGS - FP                             | \$0.00                                   | 0.963                               | 1.000  | \$0.00  |  | \$0.00                                   | 1   | \$0.00  | 1.00                     | \$0.00  |
|                            | PRES DRUGS - MH/CD                          | \$0.00                                   | 0.963                               | 1.000  | \$0.00  |  | \$0.00                                   | 0   | \$0.00  | 1.00                     | \$0.00  |
|                            | SCHOOL-BASED HEALTH SERVICES                | \$0.00                                   | 0.970                               | 1.000  | \$0.00  |  | \$0.00                                   | 0   | \$0.00  | 1.00                     | \$0.00  |
|                            | STERILIZATION - ANESTHESIA FEMALE           | \$0.00                                   | 0.970                               | 1.000  | \$0.00  |  | \$0.00                                   | 1   | \$0.00  | 1.00                     | \$0.00  |
|                            | STERILIZATION - ANESTHESIA MALE             | \$0.00                                   | 0.970                               | 1.000  | \$0.00  |  | \$0.00                                   | 1   | \$0.00  | 1.00                     | \$0.00  |
|                            | STERILIZATION - IP HOSP FEMALE              | \$0.00                                   | 1.000                               | 0.837  | \$0.00  |  | \$0.00                                   | 0   | \$0.00  | 1.00                     | \$0.00  |
|                            | STERILIZATION - IP HOSP MALE                | \$0.00                                   | 1.000                               | 0.820  | \$0.00  |  | \$0.00                                   | 0   | \$0.00  | 1.00                     | \$0.00  |
|                            | STERILIZATION - OP HOSP FEMALE              | \$0.00                                   | 0.962                               | 0.845  | \$0.00  |  | \$0.00                                   | 1   | \$0.00  | 0.95                     | \$0.00  |
|                            | STERILIZATION - OP HOSP MALE                | \$0.00                                   | 0.962                               | 0.800  | \$0.00  |  | \$0.00                                   | 1   | \$0.00  | 0.95                     | \$0.00  |
|                            | STERILIZATION - PHY FEMALE                  | \$0.00                                   | 0.970                               | 1.000  | \$0.00  |  | \$0.00                                   | 1   | \$0.00  | 1.00                     | \$0.00  |
|                            | STERILIZATION - PHY MALE                    | \$0.00                                   | 0.970                               | 1.000  | \$0.00  |  | \$0.00                                   | 1   | \$0.00  | 1.00                     | \$0.00  |
|                            | SURGERY                                     | \$4.83                                   | 0.970                               | 1.000  | \$4.68  |  | \$4.68                                   | 1   | \$4.68  | 1.00                     | \$4.68  |
|                            | TARGETED CASE MAN - BABIES FIRST            | \$0.00                                   | 0.970                               | 1.000  | \$0.00  |  | \$0.00                                   | 0   | \$0.00  | 1.00                     | \$0.00  |
|                            | TARGETED CASE MAN - HIV                     | \$0.00                                   | 0.970                               | 1.000  | \$0.00  |  | \$0.00                                   | 0   | \$0.00  | 1.00                     | \$0.00  |
|                            | TARGETED CASE MAN - SUBS ABUSE MOMS         | \$0.00                                   | 0.970                               | 1.000  | \$0.00  |  | \$0.00                                   | 0   | \$0.00  | 1.00                     | \$0.00  |
|                            | THERAPEUTIC ABORTION - IP HOSP              | \$0.00                                   | 1.000                               | 1.000  | \$0.00  |  | \$0.00                                   | 0   | \$0.00  | 1.00                     | \$0.00  |
|                            | THERAPEUTIC ABORTION - OP HOSP              | \$0.00                                   | 0.962                               | 1.000  | \$0.00  |  | \$0.00                                   | 0   | \$0.00  | 0.95                     | \$0.00  |
|                            | THERAPEUTIC ABORTION - PHYS                 | \$0.00                                   | 0.970                               | 1.000  | \$0.00  |  | \$0.00                                   | 0   | \$0.00  | 1.00                     | \$0.00  |
|                            | TRANSPORTATION - AMBULANCE                  | \$2.54                                   | 0.970                               | 1.000  | \$2.46  |  | \$2.46                                   | 1   | \$2.46  | 1.00                     | \$2.46  |
|                            | TRANSPORTATION - OTHER                      | \$0.00                                   | 0.970                               | 1.000  | \$0.00  |  | \$0.00                                   | 0   | \$0.00  | 1.00                     | \$0.00  |
|                            | VISION CARE - EXAMS & THERAPY               | \$4.51                                   | 0.970                               | 1.000  | \$4.38  |  | \$4.38                                   | 1   | \$4.38  | 1.00                     | \$4.38  |
|                            | VISION CARE - MATERIALS & FITTING           | \$2.05                                   | 0.970                               | 1.000  | \$1.99  |  | \$1.99                                   | 1   | \$1.99  | 1.00                     | \$1.99  |
|                            | PART A DEDUCTIBLE                           | \$26.30                                  |                                     |  | \$24.98   |  | \$24.98                                  | 0   | \$0.00  | 1.00                     | \$0.00  |
|                            | PART B DEDUCTIBLE                           | \$11.50                                  |                                     |  | \$11.25   |  | \$11.25                                  | 1   | \$11.25   | 1.00                     | \$11.25   |
|                            | PART B COINSURANCE ADJUSTMENT               | -\$2.54                                  |                                     |  | -\$2.50   |  | -\$2.50                                  | 1   | -\$2.50   | 1.00                     | -\$2.50   |
|                            | <b>Subtotal Physical Health</b>             | <b>\$141.06</b>                          |                                     |  | <b>\$131.27</b>                                   |  | <b>\$131.27</b>                          |   | <b>\$106.29</b>   |                          | <b>\$104.92</b>                                   |
|                            | <b>Subtotal Physical Health w Admin</b>     |  |                                     |  |   |  |  |   |   |                          | <b>\$132.64</b>                                   |
| <b>CHEMICAL DEPENDENCY</b> |   |  |                                     |  |   |  |  |   |   |                          |   |
|                            | CD SERVICES - ALTERNATIVE TO DETOX          | \$0.04                                   | 0.972                               | 1.000  | \$0.04  |  | \$0.04                                   | 0   | \$0.00  | 1.00                     | \$0.00  |
|                            | CD SERVICES - METHADONE                     | \$0.29                                   | 0.972                               | 1.000  | \$0.28  |  | \$0.28                                   | 1   | \$0.28  | 1.00                     | \$0.28  |
|                            | CD SERVICES - OP                            | \$0.06                                   | 0.972                               | 1.000  | \$0.06  |  | \$0.06                                   | 1   | \$0.06  | 1.00                     | \$0.06  |
|                            | <b>Subtotal Chemical Dependency</b>         | <b>\$0.40</b>                            |                                     |  | <b>\$0.38</b>                                     |  | <b>\$0.38</b>                            |   | <b>\$0.34</b>   |                          | <b>\$0.34</b>                                     |
|                            | <b>Subtotal Chemical Dependency w Admin</b> |  |                                     |  |   |  |  |   |   |                          | <b>\$0.43</b>                                     |

**Oregon Health Plan Medicaid Demonstration**

**EXHIBIT 2-1**

**Development of January 2008 Statewide PCO Capitation Rates from the 2008-2009 Per Capita Costs  
With Adjustments for Funding Through Line 503 of the 2008-2009 Prioritized List**

| Eligibility Category | Service Category                      | A  | B                                   | C  | D   | E  | F  | G   | H   | I                        | J   |
|----------------------|---------------------------------------|--|-------------------------------------|--|---|--|--|---|---|--------------------------|---|
|                      |                                       | 08-09 PCC With Coverage Through Line 503 | Trend Adjustment to Contract Period | Hospital Reimbursement Adjustment <sup>1</sup> | = A * B * C<br>Projected 2008 Statewide Cost PMPM | Maternity Carve-Out / Program Change Adjustment <sup>2</sup> | = D + E<br>Projected Statewide Cost PMPM | Covered Benefit Adjustment (1=Covered, 0=Not covered) | = F * G<br>Projected Statewide Cost PMPM for PCO Benefits | OP Cost Shift Adjustment | =H * I<br>2008 Statewide PCO Capitation Rate PMPM |
| OAA with Medicare    |                                       |  |                                     |  |   |  |  |   |   |                          |   |
| <b>DENTAL</b>        |                                       |  |                                     |  |   |  |  |   |   |                          |   |
|                      | DENTAL - ADJUNCTIVE GENERAL           | \$1.05                                   | 0.970                               | 1.000  | \$1.02  |  | \$1.02                                   | 0   | \$0.00  | 1.00                     | \$0.00  |
|                      | DENTAL - ANESTHESIA SURGICAL          | \$0.07                                   | 0.970                               | 1.000  | \$0.07  |  | \$0.07                                   | 0   | \$0.00  | 1.00                     | \$0.00  |
|                      | DENTAL - DIAGNOSTIC                   | \$2.44                                   | 0.970                               | 1.000  | \$2.36  |  | \$2.36                                   | 0   | \$0.00  | 1.00                     | \$0.00  |
|                      | DENTAL - ENDODONTICS                  | \$0.47                                   | 0.970                               | 1.000  | \$0.46  |  | \$0.46                                   | 0   | \$0.00  | 1.00                     | \$0.00  |
|                      | DENTAL - I/P FIXED                    | \$0.01                                   | 0.970                               | 1.000  | \$0.01  |  | \$0.01                                   | 0   | \$0.00  | 1.00                     | \$0.00  |
|                      | DENTAL - MAXILLOFACIAL PROS           | \$0.00                                   | 0.970                               | 1.000  | \$0.00  |  | \$0.00                                   | 0   | \$0.00  | 1.00                     | \$0.00  |
|                      | DENTAL - ORAL SURGERY                 | \$1.73                                   | 0.970                               | 1.000  | \$1.68  |  | \$1.68                                   | 0   | \$0.00  | 1.00                     | \$0.00  |
|                      | DENTAL - ORTHODONTICS                 | \$0.00                                   | 0.970                               | 1.000  | \$0.00  |  | \$0.00                                   | 0   | \$0.00  | 1.00                     | \$0.00  |
|                      | DENTAL - PERIODONTICS                 | \$0.77                                   | 0.970                               | 1.000  | \$0.75  |  | \$0.75                                   | 0   | \$0.00  | 1.00                     | \$0.00  |
|                      | DENTAL - PREVENTIVE                   | \$1.20                                   | 0.970                               | 1.000  | \$1.16  |  | \$1.16                                   | 0   | \$0.00  | 1.00                     | \$0.00  |
|                      | DENTAL - PROS REMOVABLE               | \$7.52                                   | 0.970                               | 1.000  | \$7.30  |  | \$7.30                                   | 0   | \$0.00  | 1.00                     | \$0.00  |
|                      | DENTAL - RESTORATIVE                  | \$2.72                                   | 0.970                               | 1.000  | \$2.64  |  | \$2.64                                   | 0   | \$0.00  | 1.00                     | \$0.00  |
|                      | <b>Subtotal Dental</b>                | <b>\$17.99</b>                           |                                     |  | <b>\$17.45</b>                                    |  | <b>\$17.45</b>                           |   | <b>\$0.00</b>   |                          | <b>\$0.00</b>                                     |
|                      | <b>Subtotal Dental w Admin</b>        |  |                                     |  |   |  |  |   |   |                          | <b>\$0.00</b>                                     |
| <b>MENTAL HEALTH</b> |                                       |  |                                     |  |   |  |  |   |   |                          |   |
|                      | MH SERVICES ACUTE INPATIENT           | \$0.35                                   | N/A                                 | N/A  | \$0.34  |  | \$0.34                                   | 0   | \$0.00  | 1.00                     | \$0.00  |
|                      | MH SERVICES ALTERNATIVE TO IP         | \$0.02                                   | 0.972                               | 1.000  | \$0.02  |  | \$0.02                                   | 0   | \$0.00  | 1.00                     | \$0.00  |
|                      | MH SERVICES ANCILLARY SERVICES        | \$0.09                                   | 0.972                               | 1.000  | \$0.09  |  | \$0.09                                   | 0   | \$0.00  | 1.00                     | \$0.00  |
|                      | MH SERVICES ASSESS & EVAL             | \$0.35                                   | 0.972                               | 1.000  | \$0.34  |  | \$0.34                                   | 0   | \$0.00  | 1.00                     | \$0.00  |
|                      | MH SERVICES CASE MANAGEMENT           | \$1.37                                   | 0.972                               | 1.000  | \$1.33  |  | \$1.33                                   | 0   | \$0.00  | 1.00                     | \$0.00  |
|                      | MH SERVICES CONSULTATION              | \$0.02                                   | 0.972                               | 1.000  | \$0.01  |  | \$0.01                                   | 0   | \$0.00  | 1.00                     | \$0.00  |
|                      | MH SERVICES EVIDENCE BASED PRACTICE   | \$0.00                                   | 0.972                               | 1.000  | \$0.00  |  | \$0.00                                   | 0   | \$0.00  | 1.00                     | \$0.00  |
|                      | MH SERVICES FAMILY SUPPORT            | \$0.10                                   | 0.972                               | 1.000  | \$0.09  |  | \$0.09                                   | 0   | \$0.00  | 1.00                     | \$0.00  |
|                      | MH SERVICES MED MANAGEMENT            | \$0.33                                   | 0.972                               | 1.000  | \$0.32  |  | \$0.32                                   | 0   | \$0.00  | 1.00                     | \$0.00  |
|                      | MH SERVICES OP THERAPY                | \$0.64                                   | 0.972                               | 1.000  | \$0.62  |  | \$0.62                                   | 0   | \$0.00  | 1.00                     | \$0.00  |
|                      | MH SERVICES OTHER OP                  | \$0.01                                   | 0.972                               | 1.000  | \$0.01  |  | \$0.01                                   | 0   | \$0.00  | 1.00                     | \$0.00  |
|                      | MH SERVICES PEO                       | \$0.69                                   | 1.000                               | 1.000  | \$0.69  |  | \$0.69                                   | 0   | \$0.00  | 1.00                     | \$0.00  |
|                      | MH SERVICES PHYS IP                   | \$0.80                                   | 0.972                               | 1.000  | \$0.78  |  | \$0.78                                   | 0   | \$0.00  | 1.00                     | \$0.00  |
|                      | MH SERVICES PHYS OP                   | \$1.25                                   | 0.972                               | 1.000  | \$1.22  |  | \$1.22                                   | 0   | \$0.00  | 1.00                     | \$0.00  |
|                      | MH SERVICES SUPPORT DAY PROGRAM       | \$3.13                                   | 0.972                               | 1.000  | \$3.04  |  | \$3.04                                   | 0   | \$0.00  | 1.00                     | \$0.00  |
|                      | MH SERVICES INTENSIVE THERAPY SVCS    | \$0.00                                   | 0.972                               | 1.000  | \$0.00  |  | \$0.00                                   | 0   | \$0.00  | 1.00                     | \$0.00  |
|                      | MH SERVICES CONS ASSESS               |  |                                     |  | \$0.00  |  | \$0.00                                   | 0   | \$0.00  | 1.00                     | \$0.00  |
|                      | <b>Subtotal Mental Health</b>         | <b>\$9.14</b>                            |                                     |  | <b>\$8.90</b>                                     |  | <b>\$8.90</b>                            |   | <b>\$0.00</b>   |                          | <b>\$0.00</b>                                     |
|                      | <b>Subtotal Mental Health w Admin</b> |  |                                     |  |   |  |  |   |   |                          | <b>\$0.00</b>                                     |
|                      | <b>Total Services</b>                 | <b>\$168.58</b>                          |                                     |  | <b>\$158.00</b>                                   |  | <b>\$158.00</b>                          |   | <b>\$106.63</b>   |                          | <b>\$105.26</b>                                   |
|                      | <b>Total Services with Admin</b>      |  |                                     |  |   |  |  |   |   |                          | <b>\$133.08</b>                                   |

1) Reflects change from funding DRG hospitals at 100% of cost as in 2008-09 per capita costs to 80% of cost for 2008 capitation rates.

2) Reflects Maternity Case Rate Carve-Out, Children's Mental Health Services Adjustment, and Bariatric Surgery Adjustment

Oregon Health Plan Medicaid Demonstration

EXHIBIT 2-I

Development of January 2008 Statewide PCO Capitation Rates from the 2008-2009 Per Capita Costs  
With Adjustments for Funding Through Line 503 of the 2008-2009 Prioritized List

| Eligibility Category   | Service Category                    | A  | B                                   | C  | D   | E  | F  | G   | H   | I                        | J   |
|------------------------|-------------------------------------|--|-------------------------------------|--|---|--|--|---|---|--------------------------|---|
|                        |                                     | 08-09 PCC With Coverage Through Line 503 | Trend Adjustment to Contract Period | Hospital Reimbursement Adjustment <sup>1</sup> | = A * B * C<br>Projected 2008 Statewide Cost PMPM | Maternity Carve-Out / Program Change Adjustment <sup>2</sup> | = D + E<br>Projected Statewide Cost PMPM | Covered Benefit Adjustment (1=Covered, 0=Not covered) | = F * G<br>Projected Statewide Cost PMPM for PCO Benefits | OP Cost Shift Adjustment | =H * I<br>2008 Statewide PCO Capitation Rate PMPM |
| OAA without Medicare   |                                     |  |                                     |  |   |  |  |   |   |                          |   |
| <b>PHYSICAL HEALTH</b> |                                     |  |                                     |  |   |  |  |   |   |                          |   |
|                        | ADMINISTRATIVE EXAMS                | \$0.00                                   | 0.969                               | 1.000  | \$0.00  |  | \$0.00                                   | 0   | \$0.00  | 1.00                     | \$0.00  |
|                        | ANESTHESIA                          | \$5.41                                   | 0.969                               | 1.000  | \$5.24  |  | \$5.24                                   | 1   | \$5.24  | 1.00                     | \$5.24  |
|                        | EXCEPT NEEDS CARE COORDINATION      | \$6.26                                   | 1.000                               | 1.000  | \$6.26  |  | \$6.26                                   | 1   | \$6.26  | 1.00                     | \$6.26  |
|                        | FP - IP HOSP                        | \$0.00                                   | 0.962                               | 0.820  | \$0.00  |  | \$0.00                                   | 0   | \$0.00  | 1.00                     | \$0.00  |
|                        | FP - OP HOSP                        | \$0.00                                   | 0.962                               | 0.828  | \$0.00  |  | \$0.00                                   | 1   | \$0.00  | 0.95                     | \$0.00  |
|                        | FP - PHYS                           | \$0.00                                   | 0.969                               | 1.000  | \$0.00  |  | \$0.00                                   | 1   | \$0.00  | 1.00                     | \$0.00  |
|                        | HYSTERECTOMY - ANESTHESIA           | \$0.00                                   | 0.969                               | 1.000  | \$0.00  |  | \$0.00                                   | 1   | \$0.00  | 1.00                     | \$0.00  |
|                        | HYSTERECTOMY - IP HOSP              | \$0.32                                   | 0.962                               | 0.827  | \$0.26  |  | \$0.26                                   | 0   | \$0.00  | 1.00                     | \$0.00  |
|                        | HYSTERECTOMY - OP HOSP              | \$0.00                                   | 0.962                               | 0.816  | \$0.00  |  | \$0.00                                   | 1   | \$0.00  | 0.95                     | \$0.00  |
|                        | HYSTERECTOMY - PHYS                 | \$0.07                                   | 0.969                               | 1.000  | \$0.07  |  | \$0.07                                   | 1   | \$0.07  | 1.00                     | \$0.07  |
|                        | IP HOSP - ACUTE DETOX               | \$0.45                                   | 0.962                               | 0.811  | \$0.35  |  | \$0.35                                   | 0   | \$0.00  | 1.00                     | \$0.00  |
|                        | IP HOSP - MATERNITY                 | \$0.00                                   | 0.962                               | 0.832  | \$0.00  |  | \$0.00                                   | 0   | \$0.00  | 1.00                     | \$0.00  |
|                        | IP HOSP - MATERNITY / STERILIZATION | \$0.00                                   | 0.962                               | 0.839  | \$0.00  |  | \$0.00                                   | 0   | \$0.00  | 1.00                     | \$0.00  |
|                        | IP HOSP - MEDICAL/SURGICAL          | \$276.53                                 | 0.962                               | 0.820  | \$218.12  |  | \$218.12                                 | 0   | \$0.00  | 1.00                     | \$0.00  |
|                        | IP HOSP - NEWBORN                   | \$0.00                                   | 0.962                               | 0.815  | \$0.00  |  | \$0.00                                   | 0   | \$0.00  | 1.00                     | \$0.00  |
|                        | IP HOSP - POST HOSP EXTENDED CARE   | \$0.00                                   | 0.962                               | 1.000  | \$0.00  |  | \$0.00                                   | 0   | \$0.00  | 1.00                     | \$0.00  |
|                        | LAB & RAD - DIAGNOSTIC X-RAY        | \$16.80                                  | 0.969                               | 1.000  | \$16.27   |  | \$16.27                                  | 1   | \$16.27   | 1.00                     | \$16.27   |
|                        | LAB & RAD - LAB                     | \$7.66                                   | 0.969                               | 1.000  | \$7.42  |  | \$7.42                                   | 1   | \$7.42  | 1.00                     | \$7.42  |
|                        | LAB & RAD - THERAPEUTIC X-RAY       | \$1.40                                   | 0.969                               | 1.000  | \$1.36  |  | \$1.36                                   | 1   | \$1.36  | 1.00                     | \$1.36  |
|                        | OP ER - SOMATIC MH                  | \$0.08                                   | 0.962                               | 0.823  | \$0.06  |  | \$0.06                                   | 1   | \$0.06  | 0.95                     | \$0.06  |
|                        | OP HOSP - BASIC                     | \$75.23                                  | 0.962                               | 0.854  | \$61.83   |  | \$61.83                                  | 1   | \$61.83   | 0.95                     | \$58.74   |
|                        | OP HOSP - DENTAL ANESTHESIA         | \$0.00                                   | 0.962                               | 0.845  | \$0.00  |  | \$0.00                                   | 0   | \$0.00  | 0.95                     | \$0.00  |
|                        | OP HOSP - DENTAL DIAGNOSTIC         | \$0.00                                   | 0.962                               | 0.845  | \$0.00  |  | \$0.00                                   | 0   | \$0.00  | 0.95                     | \$0.00  |
|                        | OP HOSP - DENTAL PREVENTIVE         | \$0.00                                   | 0.962                               | 0.845  | \$0.00  |  | \$0.00                                   | 0   | \$0.00  | 0.95                     | \$0.00  |
|                        | OP HOSP - DENTAL RESTORATIVE        | \$0.00                                   | 0.962                               | 0.845  | \$0.00  |  | \$0.00                                   | 0   | \$0.00  | 0.95                     | \$0.00  |
|                        | OP HOSP - EMERGENCY ROOM            | \$7.96                                   | 0.962                               | 0.833  | \$6.38  |  | \$6.38                                   | 1   | \$6.38  | 0.95                     | \$6.06  |
|                        | OP HOSP - LAB & RAD                 | \$43.71                                  | 0.962                               | 0.835  | \$35.14   |  | \$35.14                                  | 1   | \$35.14   | 0.95                     | \$33.39   |
|                        | OP HOSP - MATERNITY                 | \$0.00                                   | 0.962                               | 0.838  | \$0.00  |  | \$0.00                                   | 1   | \$0.00  | 0.95                     | \$0.00  |
|                        | OP HOSP - POST HOSP EXTENDED CARE   | \$0.00                                   | 0.962                               | 0.891  | \$0.00  |  | \$0.00                                   | 1   | \$0.00  | 0.95                     | \$0.00  |
|                        | OP HOSP - PRES DRUGS BASIC          | \$7.93                                   | 0.962                               | 0.844  | \$6.44  |  | \$6.44                                   | 1   | \$6.44  | 0.95                     | \$6.12  |
|                        | OP HOSP - PRES DRUGS MH/CD          | \$0.02                                   | 0.962                               | 0.836  | \$0.02  |  | \$0.02                                   | 1   | \$0.02  | 0.95                     | \$0.01  |
|                        | OP HOSP - SOMATIC MH                | \$0.22                                   | 0.962                               | 0.830  | \$0.18  |  | \$0.18                                   | 1   | \$0.18  | 0.95                     | \$0.17  |
|                        | OTH MED - DME                       | \$9.46                                   | 0.969                               | 1.000  | \$9.16  |  | \$9.16                                   | 1   | \$9.16  | 1.00                     | \$9.16  |
|                        | OTH MED - HHC/PDN                   | \$2.81                                   | 0.969                               | 0.952  | \$2.60  |  | \$2.60                                   | 1   | \$2.60  | 1.00                     | \$2.60  |
|                        | OTH MED - HOSPICE                   | \$7.28                                   | 0.969                               | 0.909  | \$6.41  |  | \$6.41                                   | 1   | \$6.41  | 1.00                     | \$6.41  |
|                        | OTH MED - MATERNITY MGT             | \$0.00                                   | 0.969                               | 1.000  | \$0.00  |  | \$0.00                                   | 1   | \$0.00  | 1.00                     | \$0.00  |
|                        | OTH MED - SUPPLIES                  | \$6.87                                   | 0.969                               | 1.000  | \$6.66  |  | \$6.66                                   | 1   | \$6.66  | 1.00                     | \$6.66  |
|                        | PHYS CONSULTATION, IP & ER VISITS   | \$17.01                                  | 0.969                               | 1.000  | \$16.48   |  | \$16.48                                  | 1   | \$16.48   | 1.00                     | \$16.48   |
|                        | PHYS HOME OR LONG-TERM CARE VISITS  | \$1.15                                   | 0.969                               | 1.000  | \$1.12  |  | \$1.12                                   | 1   | \$1.12  | 1.00                     | \$1.12  |
|                        | PHYS MATERNITY                      | \$0.00                                   | 0.969                               | 1.000  | \$0.00  |  | \$0.00                                   | 1   | \$0.00  | 1.00                     | \$0.00  |
|                        | PHYS NEWBORN                        | \$0.13                                   | 0.969                               | 1.000  | \$0.13  |  | \$0.13                                   | 1   | \$0.13  | 1.00                     | \$0.13  |
|                        | PHYS OFFICE VISITS                  | \$35.15                                  | 0.969                               | 1.000  | \$34.05   |  | \$34.05                                  | 1   | \$34.05   | 1.00                     | \$34.05   |
|                        | PHYS OTHER                          | \$43.92                                  | 0.969                               | 1.000  | \$42.55   | \$0.02   | \$42.57                                  | 1   | \$42.57   | 1.00                     | \$42.57   |
|                        | PHYS SOMATIC MH                     | \$1.04                                   | 0.969                               | 1.000  | \$1.01  |  | \$1.01                                   | 1   | \$1.01  | 1.00                     | \$1.01  |

Oregon Health Plan Medicaid Demonstration

EXHIBIT 2-I

Development of January 2008 Statewide PCO Capitation Rates from the 2008-2009 Per Capita Costs  
With Adjustments for Funding Through Line 503 of the 2008-2009 Prioritized List

| Eligibility Category | Service Category                            | A  | B                                   | C  | D               | E  | F               | G   | H               | I                        | J               |
|----------------------|---|--|-------------------------------------|--|-----------------|--|-----------------|---|-----------------|--------------------------|-----------------|
|                      |   | 08-09 PCC With Coverage Through Line 503 | Trend Adjustment to Contract Period | Hospital Reimbursement Adjustment <sup>1</sup> | = A * B * C     | Maternity Carve-Out / Program Change Adjustment <sup>2</sup> | = D + E         | Covered Benefit Adjustment (1=Covered, 0=Not covered) | = F * G         | OP Cost Shift Adjustment | =H * I          |
| OAA without Medicare |   |  |                                     |  |                 |  |                 |   |                 |                          |                 |
|                      | PRES DRUGS - BASIC                          | \$93.89                                  | 0.963                               | 1.000  | \$90.45         |  | \$90.45         | 1   | \$90.45         | 1.00                     | \$90.45         |
|                      | PRES DRUGS - FP                             | \$0.02                                   | 0.963                               | 1.000  | \$0.02          |  | \$0.02          | 1   | \$0.02          | 1.00                     | \$0.02          |
|                      | PRES DRUGS - MH/CD                          | \$0.00                                   | 0.963                               | 1.000  | \$0.00          |  | \$0.00          | 0   | \$0.00          | 1.00                     | \$0.00          |
|                      | SCHOOL-BASED HEALTH SERVICES                | \$0.00                                   | 0.969                               | 1.000  | \$0.00          |  | \$0.00          | 0   | \$0.00          | 1.00                     | \$0.00          |
|                      | STERILIZATION - ANESTHESIA FEMALE           | \$0.00                                   | 0.969                               | 1.000  | \$0.00          |  | \$0.00          | 1   | \$0.00          | 1.00                     | \$0.00          |
|                      | STERILIZATION - ANESTHESIA MALE             | \$0.00                                   | 0.969                               | 1.000  | \$0.00          |  | \$0.00          | 1   | \$0.00          | 1.00                     | \$0.00          |
|                      | STERILIZATION - IP HOSP FEMALE              | \$0.00                                   | 0.962                               | 0.837  | \$0.00          |  | \$0.00          | 0   | \$0.00          | 1.00                     | \$0.00          |
|                      | STERILIZATION - IP HOSP MALE                | \$0.00                                   | 0.962                               | 0.820  | \$0.00          |  | \$0.00          | 0   | \$0.00          | 1.00                     | \$0.00          |
|                      | STERILIZATION - OP HOSP FEMALE              | \$0.00                                   | 0.962                               | 0.845  | \$0.00          |  | \$0.00          | 1   | \$0.00          | 0.95                     | \$0.00          |
|                      | STERILIZATION - OP HOSP MALE                | \$0.00                                   | 0.962                               | 0.800  | \$0.00          |  | \$0.00          | 1   | \$0.00          | 0.95                     | \$0.00          |
|                      | STERILIZATION - PHY FEMALE                  | \$0.00                                   | 0.969                               | 1.000  | \$0.00          |  | \$0.00          | 1   | \$0.00          | 1.00                     | \$0.00          |
|                      | STERILIZATION - PHY MALE                    | \$0.00                                   | 0.969                               | 1.000  | \$0.00          |  | \$0.00          | 1   | \$0.00          | 1.00                     | \$0.00          |
|                      | SURGERY                                     | \$23.23                                  | 0.969                               | 1.000  | \$22.50         |  | \$22.50         | 1   | \$22.50         | 1.00                     | \$22.50         |
|                      | TARGETED CASE MAN - BABIES FIRST            | \$0.00                                   | 0.969                               | 1.000  | \$0.00          |  | \$0.00          | 0   | \$0.00          | 1.00                     | \$0.00          |
|                      | TARGETED CASE MAN - HIV                     | \$0.00                                   | 0.969                               | 1.000  | \$0.00          |  | \$0.00          | 0   | \$0.00          | 1.00                     | \$0.00          |
|                      | TARGETED CASE MAN - SUBS ABUSE MOMS         | \$0.00                                   | 0.969                               | 1.000  | \$0.00          |  | \$0.00          | 0   | \$0.00          | 1.00                     | \$0.00          |
|                      | THERAPEUTIC ABORTION - IP HOSP              | \$0.00                                   | 0.962                               | 1.000  | \$0.00          |  | \$0.00          | 0   | \$0.00          | 1.00                     | \$0.00          |
|                      | THERAPEUTIC ABORTION - OP HOSP              | \$0.00                                   | 0.962                               | 1.000  | \$0.00          |  | \$0.00          | 0   | \$0.00          | 0.95                     | \$0.00          |
|                      | THERAPEUTIC ABORTION - PHYS                 | \$0.00                                   | 0.969                               | 1.000  | \$0.00          |  | \$0.00          | 0   | \$0.00          | 1.00                     | \$0.00          |
|                      | TRANSPORTATION - AMBULANCE                  | \$7.10                                   | 0.969                               | 1.000  | \$6.88          |  | \$6.88          | 1   | \$6.88          | 1.00                     | \$6.88          |
|                      | TRANSPORTATION - OTHER                      | \$0.00                                   | 0.969                               | 1.000  | \$0.00          |  | \$0.00          | 0   | \$0.00          | 1.00                     | \$0.00          |
|                      | VISION CARE - EXAMS & THERAPY               | \$4.88                                   | 0.969                               | 1.000  | \$4.73          |  | \$4.73          | 1   | \$4.73          | 1.00                     | \$4.73          |
|                      | VISION CARE - MATERIALS & FITTING           | \$2.78                                   | 0.969                               | 1.000  | \$2.69          |  | \$2.69          | 1   | \$2.69          | 1.00                     | \$2.69          |
|                      | PART A DEDUCTIBLE                           |  |                                     |  |                 |  |                 |   |                 |                          |                 |
|                      | PART B DEDUCTIBLE                           |  |                                     |  |                 |  |                 |   |                 |                          |                 |
|                      | PART B COINSURANCE ADJUSTMENT               |  |                                     |  |                 |  |                 |   |                 |                          |                 |
|                      | <b>Subtotal Physical Health</b>             | <b>\$706.77</b>                          |                                     |  | <b>\$612.81</b> | <b>\$0.02</b>  | <b>\$612.83</b> |   | <b>\$394.10</b> |                          | <b>\$388.59</b> |
|                      | <b>Subtotal Physical Health w Admin</b>     |  |                                     |  |                 |  |                 |   |                 |                          | <b>\$446.97</b> |
|                      | <b>CHEMICAL DEPENDENCY</b>                  |  |                                     |  |                 |  |                 |   |                 |                          |                 |
|                      | CD SERVICES - ALTERNATIVE TO DETOX          | \$0.03                                   | 0.986                               | 1.000  | \$0.03          |  | \$0.03          | 0   | \$0.00          | 1.00                     | \$0.00          |
|                      | CD SERVICES - METHADONE                     | \$0.00                                   | 0.986                               | 1.000  | \$0.00          |  | \$0.00          | 1   | \$0.00          | 1.00                     | \$0.00          |
|                      | CD SERVICES - OP                            | \$0.01                                   | 0.986                               | 1.000  | \$0.01          |  | \$0.01          | 1   | \$0.01          | 1.00                     | \$0.01          |
|                      | <b>Subtotal Chemical Dependency</b>         | <b>\$0.04</b>                            |                                     |  | <b>\$0.04</b>   |  | <b>\$0.04</b>   |   | <b>\$0.01</b>   |                          | <b>\$0.01</b>   |
|                      | <b>Subtotal Chemical Dependency w Admin</b> |  |                                     |  |                 |  |                 |   |                 |                          | <b>\$0.01</b>   |

**Oregon Health Plan Medicaid Demonstration**

**EXHIBIT 2-1**

**Development of January 2008 Statewide PCO Capitation Rates from the 2008-2009 Per Capita Costs  
With Adjustments for Funding Through Line 503 of the 2008-2009 Prioritized List**

| Eligibility Category | Service Category                      | A  | B                                   | C  | D<br>= A * B * C                   | E  | F<br>= D + E                  | G   | H<br>= F * G                                   | I                        | J<br>= H * I                            |
|----------------------|---------------------------------------|--|-------------------------------------|--|------------------------------------|--|-------------------------------|---|--|--------------------------|---|
|                      |                                       | 08-09 PCC With Coverage Through Line 503 | Trend Adjustment to Contract Period | Hospital Reimbursement Adjustment <sup>1</sup> | Projected 2008 Statewide Cost PMPM | Maternity Carve-Out / Program Change Adjustment <sup>2</sup> | Projected Statewide Cost PMPM | Covered Benefit Adjustment (1=Covered, 0=Not covered) | Projected Statewide Cost PMPM for PCO Benefits | OP Cost Shift Adjustment | 2008 Statewide PCO Capitation Rate PMPM |
| OAA without Medicare |                                       |  |                                     |  |                                    |  |                               |   |  |                          |   |
| <b>DENTAL</b>        |                                       |  |                                     |  |                                    |  |                               |   |  |                          |   |
|                      | DENTAL - ADJUNCTIVE GENERAL           | \$1.06                                   | 0.970                               | 1.000  | \$1.03                             |  | \$1.03                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                      | DENTAL - ANESTHESIA SURGICAL          | \$0.00                                   | 0.970                               | 1.000  | \$0.00                             |  | \$0.00                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                      | DENTAL - DIAGNOSTIC                   | \$3.77                                   | 0.970                               | 1.000  | \$3.65                             |  | \$3.65                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                      | DENTAL - ENDODONTICS                  | \$1.16                                   | 0.970                               | 1.000  | \$1.12                             |  | \$1.12                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                      | DENTAL - I/P FIXED                    | \$0.08                                   | 0.970                               | 1.000  | \$0.07                             |  | \$0.07                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                      | DENTAL - MAXILLOFACIAL PROS           | \$0.00                                   | 0.970                               | 1.000  | \$0.00                             |  | \$0.00                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                      | DENTAL - ORAL SURGERY                 | \$3.23                                   | 0.970                               | 1.000  | \$3.13                             |  | \$3.13                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                      | DENTAL - ORTHODONTICS                 | \$0.00                                   | 0.970                               | 1.000  | \$0.00                             |  | \$0.00                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                      | DENTAL - PERIODONTICS                 | \$1.78                                   | 0.970                               | 1.000  | \$1.73                             |  | \$1.73                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                      | DENTAL - PREVENTIVE                   | \$1.17                                   | 0.970                               | 1.000  | \$1.14                             |  | \$1.14                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                      | DENTAL - PROS REMOVABLE               | \$14.37                                  | 0.970                               | 1.000  | \$13.94                            |  | \$13.94                       | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                      | DENTAL - RESTORATIVE                  | \$3.44                                   | 0.970                               | 1.000  | \$3.34                             |  | \$3.34                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                      | <b>Subtotal Dental</b>                | <b>\$30.06</b>                           |                                     |  | <b>\$29.17</b>                     |  | <b>\$29.17</b>                |   | <b>\$0.00</b>                                  |                          | <b>\$0.00</b>                           |
|                      | <b>Subtotal Dental w Admin</b>        |  |                                     |  |                                    |  |                               |   |  |                          | <b>\$0.00</b>                           |
| <b>MENTAL HEALTH</b> |                                       |  |                                     |  |                                    |  |                               |   |  |                          |   |
|                      | MH SERVICES ACUTE INPATIENT           | \$5.41                                   | 0.986                               | 0.808  | \$4.31                             |  | \$4.31                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                      | MH SERVICES ALTERNATIVE TO IP         | \$0.20                                   | 0.986                               | 1.000  | \$0.20                             |  | \$0.20                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                      | MH SERVICES ANCILLARY SERVICES        | \$0.42                                   | 0.986                               | 1.000  | \$0.41                             |  | \$0.41                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                      | MH SERVICES ASSESS & EVAL             | \$0.62                                   | 0.986                               | 1.000  | \$0.61                             |  | \$0.61                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                      | MH SERVICES CASE MANAGEMENT           | \$1.45                                   | 0.986                               | 1.000  | \$1.43                             |  | \$1.43                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                      | MH SERVICES CONSULTATION              | \$0.00                                   | 0.986                               | 1.000  | \$0.00                             |  | \$0.00                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                      | MH SERVICES EVIDENCE BASED PRACTICE   | \$0.00                                   | 0.986                               | 1.000  | \$0.00                             |  | \$0.00                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                      | MH SERVICES FAMILY SUPPORT            | \$0.20                                   | 0.986                               | 1.000  | \$0.20                             |  | \$0.20                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                      | MH SERVICES MED MANAGEMENT            | \$0.72                                   | 0.986                               | 1.000  | \$0.71                             |  | \$0.71                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                      | MH SERVICES OP THERAPY                | \$0.75                                   | 0.986                               | 1.000  | \$0.74                             |  | \$0.74                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                      | MH SERVICES OTHER OP                  | \$0.00                                   | 0.986                               | 1.000  | \$0.00                             |  | \$0.00                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                      | MH SERVICES PEO                       | \$0.69                                   | 1.000                               | 1.000  | \$0.69                             |  | \$0.69                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                      | MH SERVICES PHYS IP                   | \$0.76                                   | 0.986                               | 1.000  | \$0.75                             |  | \$0.75                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                      | MH SERVICES PHYS OP                   | \$2.49                                   | 0.986                               | 1.000  | \$2.45                             |  | \$2.45                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                      | MH SERVICES SUPPORT DAY PROGRAM       | \$4.53                                   | 0.986                               | 1.000  | \$4.47                             |  | \$4.47                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                      | MH SERVICES INTENSIVE THERAPY SVCS    | \$0.00                                   | 0.986                               | 1.000  | \$0.00                             |  | \$0.00                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                      | MH SERVICES CONS ASSESS               |  |                                     |  | \$0.00                             |  | \$0.00                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                      | <b>Subtotal Mental Health</b>         | <b>\$18.25</b>                           |                                     |  | <b>\$16.98</b>                     |  | <b>\$16.98</b>                |   | <b>\$0.00</b>                                  |                          | <b>\$0.00</b>                           |
|                      | <b>Subtotal Mental Health w Admin</b> |  |                                     |  |                                    |  |                               |   |  |                          | <b>\$0.00</b>                           |
|                      | <b>Total Services</b>                 | <b>\$755.12</b>                          |                                     |  | <b>\$659.00</b>                    | <b>\$0.02</b>  | <b>\$659.02</b>               |   | <b>\$394.10</b>                                |                          | <b>\$388.60</b>                         |
|                      | <b>Total Services with Admin</b>      |  |                                     |  |                                    |  |                               |   |  |                          | <b>\$446.98</b>                         |

1) Reflects change from funding DRG hospitals at 100% of cost as in 2008-09 per capita costs to 80% of cost for 2008 capitation rates.

2) Reflects Maternity Case Rate Carve-Out, Children's Mental Health Services Adjustment, and Bariatric Surgery Adjustment

Oregon Health Plan Medicaid Demonstration

EXHIBIT 2-I

Development of January 2008 Statewide PCO Capitation Rates from the 2008-2009 Per Capita Costs  
With Adjustments for Funding Through Line 503 of the 2008-2009 Prioritized List

| Eligibility Category   | Service Category                    | A  | B                                   | C  | D   | E  | F  | G   | H   | I                        | J  |
|------------------------|-------------------------------------|--|-------------------------------------|--|---|--|--|---|---|--------------------------|--|
|                        |                                     | 08-09 PCC With Coverage Through Line 503 | Trend Adjustment to Contract Period | Hospital Reimbursement Adjustment <sup>1</sup> | Projected 2008 Statewide Cost PMPM<br>= A * B * C | Maternity Carve-Out / Program Change Adjustment <sup>2</sup> | Projected Statewide Cost PMPM<br>= D + E | Covered Benefit Adjustment (1=Covered, 0=Not covered) | Projected Statewide Cost PMPM for PCO Benefits<br>= F * G | OP Cost Shift Adjustment | 2008 Statewide PCO Capitation Rate PMPM<br>= H * I |
| SCF Children           |                                     |  |                                     |  |   |  |  |   |   |                          |  |
| <b>PHYSICAL HEALTH</b> |                                     |  |                                     |  |   |  |  |   |   |                          |  |
|                        | ADMINISTRATIVE EXAMS                | \$0.00                                   | 0.970                               | 1.000  | \$0.00  |  | \$0.00                                   | 0   | \$0.00  | 1.00                     | \$0.00   |
|                        | ANESTHESIA                          | \$1.66                                   | 0.970                               | 1.000  | \$1.61  |  | \$1.61                                   | 1   | \$1.61  | 1.00                     | \$1.61   |
|                        | EXCEPT NEEDS CARE COORDINATION      | \$0.00                                   | 1.000                               | 1.000  | \$0.00  |  | \$0.00                                   | 1   | \$0.00  | 1.00                     | \$0.00   |
|                        | FP - IP HOSP                        | \$0.00                                   | 0.983                               | 0.820  | \$0.00  |  | \$0.00                                   | 0   | \$0.00  | 1.00                     | \$0.00   |
|                        | FP - OP HOSP                        | \$0.05                                   | 0.962                               | 0.828  | \$0.04  |  | \$0.04                                   | 1   | \$0.04  | 0.95                     | \$0.04   |
|                        | FP - PHYS                           | \$0.10                                   | 0.970                               | 1.000  | \$0.10  |  | \$0.10                                   | 1   | \$0.10  | 1.00                     | \$0.10   |
|                        | HYSTERECTOMY - ANESTHESIA           | \$0.00                                   | 0.970                               | 1.000  | \$0.00  |  | \$0.00                                   | 1   | \$0.00  | 1.00                     | \$0.00   |
|                        | HYSTERECTOMY - IP HOSP              | \$0.00                                   | 0.983                               | 0.827  | \$0.00  |  | \$0.00                                   | 0   | \$0.00  | 1.00                     | \$0.00   |
|                        | HYSTERECTOMY - OP HOSP              | \$0.00                                   | 0.962                               | 0.816  | \$0.00  |  | \$0.00                                   | 1   | \$0.00  | 0.95                     | \$0.00   |
|                        | HYSTERECTOMY - PHYS                 | \$0.00                                   | 0.970                               | 1.000  | \$0.00  |  | \$0.00                                   | 1   | \$0.00  | 1.00                     | \$0.00   |
|                        | IP HOSP - ACUTE DETOX               | \$0.05                                   | 0.983                               | 0.811  | \$0.04  |  | \$0.04                                   | 0   | \$0.00  | 1.00                     | \$0.00   |
|                        | IP HOSP - MATERNITY                 | \$0.90                                   | 0.983                               | 0.832  | \$0.74  | -\$0.74  | \$0.00                                   | 0   | \$0.00  | 1.00                     | \$0.00   |
|                        | IP HOSP - MATERNITY / STERILIZATION | \$0.10                                   | 0.983                               | 0.839  | \$0.08  | -\$0.05  | \$0.03                                   | 0   | \$0.00  | 1.00                     | \$0.00   |
|                        | IP HOSP - MEDICAL/SURGICAL          | \$14.34                                  | 0.983                               | 0.820  | \$11.56   |  | \$11.56                                  | 0   | \$0.00  | 1.00                     | \$0.00   |
|                        | IP HOSP - NEWBORN                   | \$1.01                                   | 0.983                               | 0.815  | \$0.81  |  | \$0.81                                   | 0   | \$0.00  | 1.00                     | \$0.00   |
|                        | IP HOSP - POST HOSP EXTENDED CARE   | \$0.00                                   | 0.983                               | 1.000  | \$0.00  |  | \$0.00                                   | 0   | \$0.00  | 1.00                     | \$0.00   |
|                        | LAB & RAD - DIAGNOSTIC X-RAY        | \$2.03                                   | 0.970                               | 1.000  | \$1.96  |  | \$1.96                                   | 1   | \$1.96  | 1.00                     | \$1.96   |
|                        | LAB & RAD - LAB                     | \$2.09                                   | 0.970                               | 1.000  | \$2.02  |  | \$2.02                                   | 1   | \$2.02  | 1.00                     | \$2.02   |
|                        | LAB & RAD - THERAPEUTIC X-RAY       | \$0.01                                   | 0.970                               | 1.000  | \$0.01  |  | \$0.01                                   | 1   | \$0.01  | 1.00                     | \$0.01   |
|                        | OP ER - SOMATIC MH                  | \$0.47                                   | 0.962                               | 0.823  | \$0.37  |  | \$0.37                                   | 1   | \$0.37  | 0.95                     | \$0.35   |
|                        | OP HOSP - BASIC                     | \$13.88                                  | 0.962                               | 0.854  | \$11.41   |  | \$11.41                                  | 1   | \$11.41   | 0.95                     | \$10.84  |
|                        | OP HOSP - DENTAL ANESTHESIA         | \$0.00                                   | 0.962                               | 0.845  | \$0.00  |  | \$0.00                                   | 0   | \$0.00  | 0.95                     | \$0.00   |
|                        | OP HOSP - DENTAL DIAGNOSTIC         | \$0.00                                   | 0.962                               | 0.845  | \$0.00  |  | \$0.00                                   | 0   | \$0.00  | 0.95                     | \$0.00   |
|                        | OP HOSP - DENTAL PREVENTIVE         | \$0.00                                   | 0.962                               | 0.845  | \$0.00  |  | \$0.00                                   | 0   | \$0.00  | 0.95                     | \$0.00   |
|                        | OP HOSP - DENTAL RESTORATIVE        | \$0.00                                   | 0.962                               | 0.845  | \$0.00  |  | \$0.00                                   | 0   | \$0.00  | 0.95                     | \$0.00   |
|                        | OP HOSP - EMERGENCY ROOM            | \$4.69                                   | 0.962                               | 0.833  | \$3.76  |  | \$3.76                                   | 1   | \$3.76  | 0.95                     | \$3.57   |
|                        | OP HOSP - LAB & RAD                 | \$7.74                                   | 0.962                               | 0.835  | \$6.22  |  | \$6.22                                   | 1   | \$6.22  | 0.95                     | \$5.91   |
|                        | OP HOSP - MATERNITY                 | \$0.45                                   | 0.962                               | 0.838  | \$0.36  | -\$0.36  | \$0.00                                   | 1   | \$0.00  | 0.95                     | \$0.00   |
|                        | OP HOSP - POST HOSP EXTENDED CARE   | \$0.00                                   | 0.962                               | 0.891  | \$0.00  |  | \$0.00                                   | 1   | \$0.00  | 0.95                     | \$0.00   |
|                        | OP HOSP - PRES DRUGS BASIC          | \$0.71                                   | 0.962                               | 0.844  | \$0.58  |  | \$0.58                                   | 1   | \$0.58  | 0.95                     | \$0.55   |
|                        | OP HOSP - PRES DRUGS MH/CD          | \$0.01                                   | 0.962                               | 0.836  | \$0.01  |  | \$0.01                                   | 1   | \$0.01  | 0.95                     | \$0.01   |
|                        | OP HOSP - SOMATIC MH                | \$0.95                                   | 0.962                               | 0.830  | \$0.76  |  | \$0.76                                   | 1   | \$0.76  | 0.95                     | \$0.72   |
|                        | OTH MED - DME                       | \$1.32                                   | 0.970                               | 1.000  | \$1.28  |  | \$1.28                                   | 1   | \$1.28  | 1.00                     | \$1.28   |
|                        | OTH MED - HHC/PDN                   | \$0.47                                   | 0.970                               | 0.952  | \$0.43  |  | \$0.43                                   | 1   | \$0.43  | 1.00                     | \$0.43   |
|                        | OTH MED - HOSPICE                   | \$0.02                                   | 0.970                               | 0.909  | \$0.02  |  | \$0.02                                   | 1   | \$0.02  | 1.00                     | \$0.02   |
|                        | OTH MED - MATERNITY MGT             | \$0.00                                   | 0.970                               | 1.000  | \$0.00  |  | \$0.00                                   | 1   | \$0.00  | 1.00                     | \$0.00   |
|                        | OTH MED - SUPPLIES                  | \$1.87                                   | 0.970                               | 1.000  | \$1.82  |  | \$1.82                                   | 1   | \$1.82  | 1.00                     | \$1.82   |
|                        | PHYS CONSULTATION, IP & ER VISITS   | \$3.93                                   | 0.970                               | 1.000  | \$3.81  |  | \$3.81                                   | 1   | \$3.81  | 1.00                     | \$3.81   |
|                        | PHYS HOME OR LONG-TERM CARE VISITS  | \$0.05                                   | 0.970                               | 1.000  | \$0.05  |  | \$0.05                                   | 1   | \$0.05  | 1.00                     | \$0.05   |
|                        | PHYS MATERNITY                      | \$0.57                                   | 0.970                               | 1.000  | \$0.55  | -\$0.55  | \$0.00                                   | 1   | \$0.00  | 1.00                     | \$0.00   |
|                        | PHYS NEWBORN                        | \$0.23                                   | 0.970                               | 1.000  | \$0.22  |  | \$0.22                                   | 1   | \$0.22  | 1.00                     | \$0.22   |
|                        | PHYS OFFICE VISITS                  | \$20.89                                  | 0.970                               | 1.000  | \$20.26   |  | \$20.26                                  | 1   | \$20.26   | 1.00                     | \$20.26  |
|                        | PHYS OTHER                          | \$6.86                                   | 0.970                               | 1.000  | \$6.65  |  | \$6.65                                   | 1   | \$6.65  | 1.00                     | \$6.65   |
|                        | PHYS SOMATIC MH                     | \$4.33                                   | 0.970                               | 1.000  | \$4.20  |  | \$4.20                                   | 1   | \$4.20  | 1.00                     | \$4.20   |

Oregon Health Plan Medicaid Demonstration

EXHIBIT 2-I

Development of January 2008 Statewide PCO Capitation Rates from the 2008-2009 Per Capita Costs  
With Adjustments for Funding Through Line 503 of the 2008-2009 Prioritized List

| Eligibility Category | Service Category                            | A  | B                                   | C  | D   | E  | F  | G   | H   | I                        | J   |
|----------------------|---|--|-------------------------------------|--|---|--|--|---|---|--------------------------|---|
|                      |   | 08-09 PCC With Coverage Through Line 503 | Trend Adjustment to Contract Period | Hospital Reimbursement Adjustment <sup>1</sup> | Projected 2008 Statewide Cost PMPM<br>= A * B * C | Maternity Carve-Out / Program Change Adjustment <sup>2</sup> | Projected Statewide Cost PMPM<br>= D + E | Covered Benefit Adjustment (1=Covered, 0=Not covered) | Projected Statewide Cost PMPM for PCO Benefits<br>= F * G | OP Cost Shift Adjustment | 2008 Statewide PCO Capitation Rate PMPM<br>=H * I |
| SCF Children         |   |  |                                     |  |   |  |  |   |   |                          |   |
|                      | PRES DRUGS - BASIC                          | \$32.63                                  | 0.963                               | 1.000  | \$31.43   |  | \$31.43                                  | 1   | \$31.43   | 1.00                     | \$31.43   |
|                      | PRES DRUGS - FP                             | \$1.71                                   | 0.963                               | 1.000  | \$1.64  |  | \$1.64                                   | 1   | \$1.64  | 1.00                     | \$1.64  |
|                      | PRES DRUGS - MH/CD                          | \$0.00                                   | 0.963                               | 1.000  | \$0.00  |  | \$0.00                                   | 0   | \$0.00  | 1.00                     | \$0.00  |
|                      | SCHOOL-BASED HEALTH SERVICES                | \$0.00                                   | 0.970                               | 1.000  | \$0.00  |  | \$0.00                                   | 0   | \$0.00  | 1.00                     | \$0.00  |
|                      | STERILIZATION - ANESTHESIA FEMALE           | \$0.00                                   | 0.970                               | 1.000  | \$0.00  |  | \$0.00                                   | 1   | \$0.00  | 1.00                     | \$0.00  |
|                      | STERILIZATION - ANESTHESIA MALE             | \$0.00                                   | 0.970                               | 1.000  | \$0.00  |  | \$0.00                                   | 1   | \$0.00  | 1.00                     | \$0.00  |
|                      | STERILIZATION - IP HOSP FEMALE              | \$0.00                                   | 0.983                               | 0.837  | \$0.00  |  | \$0.00                                   | 0   | \$0.00  | 1.00                     | \$0.00  |
|                      | STERILIZATION - IP HOSP MALE                | \$0.00                                   | 0.983                               | 0.820  | \$0.00  |  | \$0.00                                   | 0   | \$0.00  | 1.00                     | \$0.00  |
|                      | STERILIZATION - OP HOSP FEMALE              | \$0.00                                   | 0.962                               | 0.845  | \$0.00  |  | \$0.00                                   | 1   | \$0.00  | 0.95                     | \$0.00  |
|                      | STERILIZATION - OP HOSP MALE                | \$0.00                                   | 0.962                               | 0.800  | \$0.00  |  | \$0.00                                   | 1   | \$0.00  | 0.95                     | \$0.00  |
|                      | STERILIZATION - PHY FEMALE                  | \$0.00                                   | 0.970                               | 1.000  | \$0.00  |  | \$0.00                                   | 1   | \$0.00  | 1.00                     | \$0.00  |
|                      | STERILIZATION - PHY MALE                    | \$0.00                                   | 0.970                               | 1.000  | \$0.00  |  | \$0.00                                   | 1   | \$0.00  | 1.00                     | \$0.00  |
|                      | SURGERY                                     | \$3.99                                   | 0.970                               | 1.000  | \$3.87  |  | \$3.87                                   | 1   | \$3.87  | 1.00                     | \$3.87  |
|                      | TARGETED CASE MAN - BABIES FIRST            | \$0.00                                   | 0.970                               | 1.000  | \$0.00  |  | \$0.00                                   | 0   | \$0.00  | 1.00                     | \$0.00  |
|                      | TARGETED CASE MAN - HIV                     | \$0.00                                   | 0.970                               | 1.000  | \$0.00  |  | \$0.00                                   | 0   | \$0.00  | 1.00                     | \$0.00  |
|                      | TARGETED CASE MAN - SUBS ABUSE MOMS         | \$0.00                                   | 0.970                               | 1.000  | \$0.00  |  | \$0.00                                   | 0   | \$0.00  | 1.00                     | \$0.00  |
|                      | THERAPEUTIC ABORTION - IP HOSP              | \$0.00                                   | 0.983                               | 1.000  | \$0.00  |  | \$0.00                                   | 0   | \$0.00  | 1.00                     | \$0.00  |
|                      | THERAPEUTIC ABORTION - OP HOSP              | \$0.00                                   | 0.962                               | 1.000  | \$0.00  |  | \$0.00                                   | 0   | \$0.00  | 0.95                     | \$0.00  |
|                      | THERAPEUTIC ABORTION - PHYS                 | \$0.00                                   | 0.970                               | 1.000  | \$0.00  |  | \$0.00                                   | 0   | \$0.00  | 1.00                     | \$0.00  |
|                      | TRANSPORTATION - AMBULANCE                  | \$1.62                                   | 0.970                               | 1.000  | \$1.57  |  | \$1.57                                   | 1   | \$1.57  | 1.00                     | \$1.57  |
|                      | TRANSPORTATION - OTHER                      | \$0.00                                   | 0.970                               | 1.000  | \$0.00  |  | \$0.00                                   | 0   | \$0.00  | 1.00                     | \$0.00  |
|                      | VISION CARE - EXAMS & THERAPY               | \$2.63                                   | 0.970                               | 1.000  | \$2.55  |  | \$2.55                                   | 1   | \$2.55  | 1.00                     | \$2.55  |
|                      | VISION CARE - MATERIALS & FITTING           | \$1.90                                   | 0.970                               | 1.000  | \$1.84  |  | \$1.84                                   | 1   | \$1.84  | 1.00                     | \$1.84  |
|                      | PART A DEDUCTIBLE                           |  |                                     |  |   |  |  |   |   |                          |   |
|                      | PART B DEDUCTIBLE                           |  |                                     |  |   |  |  |   |   |                          |   |
|                      | PART B COINSURANCE ADJUSTMENT               |  |                                     |  |   |  |  |   |   |                          |   |
|                      | <b>Subtotal Physical Health</b>             | <b>\$136.25</b>                          |                                     |  | <b>\$124.64</b>                                   | <b>-\$1.70</b>   | <b>\$122.93</b>                          |   | <b>\$110.50</b>   |                          | <b>\$109.34</b>                                   |
|                      | <b>Subtotal Physical Health w Admin</b>     |  |                                     |  |   |  |  |   |   |                          | <b>\$125.77</b>                                   |
|                      | <b>CHEMICAL DEPENDENCY</b>                  |  |                                     |  |   |  |  |   |   |                          |   |
|                      | CD SERVICES - ALTERNATIVE TO DETOX          | \$0.00                                   | 0.960                               | 1.000  | \$0.00  |  | \$0.00                                   | 0   | \$0.00  | 1.00                     | \$0.00  |
|                      | CD SERVICES - METHADONE                     | \$0.02                                   | 0.960                               | 1.000  | \$0.02  |  | \$0.02                                   | 1   | \$0.02  | 1.00                     | \$0.02  |
|                      | CD SERVICES - OP                            | \$5.61                                   | 0.960                               | 1.000  | \$5.38  |  | \$5.38                                   | 1   | \$5.38  | 1.00                     | \$5.38  |
|                      | <b>Subtotal Chemical Dependency</b>         | <b>\$5.63</b>                            |                                     |  | <b>\$5.41</b>                                     |  | <b>\$5.41</b>                            |   | <b>\$5.41</b>   |                          | <b>\$5.41</b>                                     |
|                      | <b>Subtotal Chemical Dependency w Admin</b> |  |                                     |  |   |  |  |   |   |                          | <b>\$6.22</b>                                     |

Oregon Health Plan Medicaid Demonstration

EXHIBIT 2-1

Development of January 2008 Statewide PCO Capitation Rates from the 2008-2009 Per Capita Costs  
With Adjustments for Funding Through Line 503 of the 2008-2009 Prioritized List

| Eligibility Category | Service Category                      | A  | B                                   | C  | D               | E  | F               | G   | H  | I                        | J               |
|----------------------|---------------------------------------|--|-------------------------------------|--|-----------------|--|-----------------|---|--|--------------------------|-----------------|
|                      |                                       | 08-09 PCC With Coverage Through Line 503 | Trend Adjustment to Contract Period | Hospital Reimbursement Adjustment <sup>1</sup> | = A * B * C     | Maternity Carve-Out / Program Change Adjustment <sup>2</sup> | = D + E         | Covered Benefit Adjustment (1=Covered, 0=Not covered) | Projected Statewide Cost PMPM for PCO Benefits | OP Cost Shift Adjustment | =H * I          |
| SCF Children         |                                       |  |                                     |  |                 |  |                 |   |  |                          |                 |
| <b>DENTAL</b>        |                                       |  |                                     |  |                 |  |                 |   |  |                          |                 |
|                      | DENTAL - ADJUNCTIVE GENERAL           | \$0.43                                   | 0.970                               | 1.000  | \$0.42          |  | \$0.42          | 0   | \$0.00   | 1.00                     | \$0.00          |
|                      | DENTAL - ANESTHESIA SURGICAL          | \$0.43                                   | 0.970                               | 1.000  | \$0.42          |  | \$0.42          | 0   | \$0.00   | 1.00                     | \$0.00          |
|                      | DENTAL - DIAGNOSTIC                   | \$4.63                                   | 0.970                               | 1.000  | \$4.50          |  | \$4.50          | 0   | \$0.00   | 1.00                     | \$0.00          |
|                      | DENTAL - ENDODONTICS                  | \$1.09                                   | 0.970                               | 1.000  | \$1.06          |  | \$1.06          | 0   | \$0.00   | 1.00                     | \$0.00          |
|                      | DENTAL - I/P FIXED                    | \$0.00                                   | 0.970                               | 1.000  | \$0.00          |  | \$0.00          | 0   | \$0.00   | 1.00                     | \$0.00          |
|                      | DENTAL - MAXILLOFACIAL PROS           | \$0.00                                   | 0.970                               | 1.000  | \$0.00          |  | \$0.00          | 0   | \$0.00   | 1.00                     | \$0.00          |
|                      | DENTAL - ORAL SURGERY                 | \$1.14                                   | 0.970                               | 1.000  | \$1.11          |  | \$1.11          | 0   | \$0.00   | 1.00                     | \$0.00          |
|                      | DENTAL - ORTHODONTICS                 | \$0.06                                   | 0.970                               | 1.000  | \$0.06          |  | \$0.06          | 0   | \$0.00   | 1.00                     | \$0.00          |
|                      | DENTAL - PERIODONTICS                 | \$0.12                                   | 0.970                               | 1.000  | \$0.12          |  | \$0.12          | 0   | \$0.00   | 1.00                     | \$0.00          |
|                      | DENTAL - PREVENTIVE                   | \$5.21                                   | 0.970                               | 1.000  | \$5.05          |  | \$5.05          | 0   | \$0.00   | 1.00                     | \$0.00          |
|                      | DENTAL - PROS REMOVABLE               | \$0.02                                   | 0.970                               | 1.000  | \$0.02          |  | \$0.02          | 0   | \$0.00   | 1.00                     | \$0.00          |
|                      | DENTAL - RESTORATIVE                  | \$7.72                                   | 0.970                               | 1.000  | \$7.49          |  | \$7.49          | 0   | \$0.00   | 1.00                     | \$0.00          |
|                      | <b>Subtotal Dental</b>                | <b>\$20.86</b>                           |                                     |  | <b>\$20.24</b>  |  | <b>\$20.24</b>  |   | <b>\$0.00</b>                                  |                          | <b>\$0.00</b>   |
|                      | <b>Subtotal Dental w Admin</b>        |  |                                     |  |                 |  |                 |   |  |                          | <b>\$0.00</b>   |
| <b>MENTAL HEALTH</b> |                                       |  |                                     |  |                 |  |                 |   |  |                          |                 |
|                      | MH SERVICES ACUTE INPATIENT           | \$10.57                                  | 0.960                               | 0.808  | \$8.19          |  | \$8.19          | 0   | \$0.00   | 1.00                     | \$0.00          |
|                      | MH SERVICES ALTERNATIVE TO IP         | \$4.03                                   | 0.960                               | 1.000  | \$3.87          |  | \$3.87          | 0   | \$0.00   | 1.00                     | \$0.00          |
|                      | MH SERVICES ANCILLARY SERVICES        | \$0.01                                   | 0.960                               | 1.000  | \$0.01          |  | \$0.01          | 0   | \$0.00   | 1.00                     | \$0.00          |
|                      | MH SERVICES ASSESS & EVAL             | \$4.15                                   | 0.960                               | 1.000  | \$3.99          |  | \$3.99          | 0   | \$0.00   | 1.00                     | \$0.00          |
|                      | MH SERVICES CASE MANAGEMENT           | \$12.77                                  | 0.960                               | 1.000  | \$12.25         |  | \$12.25         | 0   | \$0.00   | 1.00                     | \$0.00          |
|                      | MH SERVICES CONSULTATION              | \$0.41                                   | 0.960                               | 1.000  | \$0.39          |  | \$0.39          | 0   | \$0.00   | 1.00                     | \$0.00          |
|                      | MH SERVICES EVIDENCE BASED PRACTICE   | \$0.00                                   | 0.960                               | 1.000  | \$0.00          |  | \$0.00          | 0   | \$0.00   | 1.00                     | \$0.00          |
|                      | MH SERVICES FAMILY SUPPORT            | \$0.29                                   | 0.960                               | 1.000  | \$0.28          |  | \$0.28          | 0   | \$0.00   | 1.00                     | \$0.00          |
|                      | MH SERVICES MED MANAGEMENT            | \$1.01                                   | 0.960                               | 1.000  | \$0.97          |  | \$0.97          | 0   | \$0.00   | 1.00                     | \$0.00          |
|                      | MH SERVICES OP THERAPY                | \$20.84                                  | 0.960                               | 1.000  | \$20.00         |  | \$20.00         | 0   | \$0.00   | 1.00                     | \$0.00          |
|                      | MH SERVICES OTHER OP                  | \$0.08                                   | 0.960                               | 1.000  | \$0.07          |  | \$0.07          | 0   | \$0.00   | 1.00                     | \$0.00          |
|                      | MH SERVICES PEO                       | \$0.69                                   | 1.000                               | 1.000  | \$0.69          |  | \$0.69          | 0   | \$0.00   | 1.00                     | \$0.00          |
|                      | MH SERVICES PHYS IP                   | \$7.40                                   | 0.960                               | 1.000  | \$7.10          |  | \$7.10          | 0   | \$0.00   | 1.00                     | \$0.00          |
|                      | MH SERVICES PHYS OP                   | \$44.87                                  | 0.960                               | 1.000  | \$43.06         |  | \$43.06         | 0   | \$0.00   | 1.00                     | \$0.00          |
|                      | MH SERVICES SUPPORT DAY PROGRAM       | \$5.01                                   | 0.960                               | 1.000  | \$4.81          |  | \$4.81          | 0   | \$0.00   | 1.00                     | \$0.00          |
|                      | MH SERVICES INTENSIVE THERAPY SVCS    | \$28.48                                  | 0.960                               | 1.000  | \$27.34         | \$48.78  | \$76.12         | 0   | \$0.00   | 1.00                     | \$0.00          |
|                      | MH SERVICES CONS ASSESS               |  |                                     |  |                 | \$0.27   | \$0.27          | 0   | \$0.00   | 1.00                     | \$0.00          |
|                      | <b>Subtotal Mental Health</b>         | <b>\$140.59</b>                          |                                     |  | <b>\$133.01</b> | <b>\$49.05</b>   | <b>\$182.06</b> |   | <b>\$0.00</b>                                  |                          | <b>\$0.00</b>   |
|                      | <b>Subtotal Mental Health w Admin</b> |  |                                     |  |                 |  |                 |   |  |                          | <b>\$0.00</b>   |
|                      | <b>Total Services</b>                 | <b>\$303.34</b>                          |                                     |  | <b>\$283.30</b> | <b>\$47.35</b>   | <b>\$330.64</b> |   | <b>\$115.91</b>                                |                          | <b>\$114.75</b> |
|                      | <b>Total Services with Admin</b>      |  |                                     |  |                 |  |                 |   |  |                          | <b>\$131.99</b> |

1) Reflects change from funding DRG hospitals at 100% of cost as in 2008-09 per capita costs to 80% of cost for 2008 capitation rates.

2) Reflects Maternity Case Rate Carve-Out, Children's Mental Health Services Adjustment, and Bariatric Surgery Adjustment

Oregon Health Plan Medicaid Demonstration

EXHIBIT 2-I

Development of January 2008 Statewide PCO Capitation Rates from the 2008-2009 Per Capita Costs  
With Adjustments for Funding Through Line 503 of the 2008-2009 Prioritized List

| Eligibility Category   | Service Category                    | A  | B                                   | C  | D<br>= A * B * C                   | E  | F<br>= D + E                  | G   | H<br>= F * G                                   | I                        | J<br>= H * I                            |
|------------------------|-------------------------------------|--|-------------------------------------|--|------------------------------------|--|-------------------------------|---|--|--------------------------|---|
|                        |                                     | 08-09 PCC With Coverage Through Line 503 | Trend Adjustment to Contract Period | Hospital Reimbursement Adjustment <sup>1</sup> | Projected 2008 Statewide Cost PMPM | Maternity Carve-Out / Program Change Adjustment <sup>2</sup> | Projected Statewide Cost PMPM | Covered Benefit Adjustment (1=Covered, 0=Not covered) | Projected Statewide Cost PMPM for PCO Benefits | OP Cost Shift Adjustment | 2008 Statewide PCO Capitation Rate PMPM |
| OHP Families           |                                     |  |                                     |  |                                    |  |                               |   |  |                          |   |
| <b>PHYSICAL HEALTH</b> |                                     |  |                                     |  |                                    |  |                               |   |  |                          |   |
|                        | ADMINISTRATIVE EXAMS                | \$0.00                                   | 0.973                               | 1.000  | \$0.00                             |  | \$0.00                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                        | ANESTHESIA                          | \$1.96                                   | 0.973                               | 1.000  | \$1.91                             |  | \$1.91                        | 1   | \$1.91   | 1.00                     | \$1.91                                  |
|                        | EXCEPT NEEDS CARE COORDINATION      | \$0.00                                   | 1.000                               | 1.000  | \$0.00                             |  | \$0.00                        | 1   | \$0.00   | 1.00                     | \$0.00                                  |
|                        | FP - IP HOSP                        | \$0.00                                   | 0.983                               | 0.820  | \$0.00                             |  | \$0.00                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                        | FP - OP HOSP                        | \$0.04                                   | 0.983                               | 0.828  | \$0.03                             |  | \$0.03                        | 1   | \$0.03   | 0.95                     | \$0.03                                  |
|                        | FP - PHYS                           | \$0.84                                   | 0.973                               | 1.000  | \$0.82                             |  | \$0.82                        | 1   | \$0.82   | 1.00                     | \$0.82                                  |
|                        | HYSTERECTOMY - ANESTHESIA           | \$0.07                                   | 0.973                               | 1.000  | \$0.07                             |  | \$0.07                        | 1   | \$0.07   | 1.00                     | \$0.07                                  |
|                        | HYSTERECTOMY - IP HOSP              | \$1.03                                   | 0.983                               | 0.827  | \$0.84                             |  | \$0.84                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                        | HYSTERECTOMY - OP HOSP              | \$0.00                                   | 0.983                               | 0.816  | \$0.00                             |  | \$0.00                        | 1   | \$0.00   | 0.95                     | \$0.00                                  |
|                        | HYSTERECTOMY - PHYS                 | \$0.40                                   | 0.973                               | 1.000  | \$0.39                             |  | \$0.39                        | 1   | \$0.39   | 1.00                     | \$0.39                                  |
|                        | IP HOSP - ACUTE DETOX               | \$0.15                                   | 0.983                               | 0.811  | \$0.12                             |  | \$0.12                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                        | IP HOSP - MATERNITY                 | \$0.62                                   | 0.983                               | 0.832  | \$0.51                             | -\$0.51  | \$0.00                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                        | IP HOSP - MATERNITY / STERILIZATION | \$0.00                                   | 0.983                               | 0.839  | \$0.00                             |  | \$0.00                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                        | IP HOSP - MEDICAL/SURGICAL          | \$31.37                                  | 0.983                               | 0.820  | \$25.29                            |  | \$25.29                       | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                        | IP HOSP - NEWBORN                   | \$0.00                                   | 0.983                               | 0.815  | \$0.00                             |  | \$0.00                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                        | IP HOSP - POST HOSP EXTENDED CARE   | \$0.00                                   | 0.983                               | 1.000  | \$0.00                             |  | \$0.00                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                        | LAB & RAD - DIAGNOSTIC X-RAY        | \$9.11                                   | 0.973                               | 1.000  | \$8.87                             |  | \$8.87                        | 1   | \$8.87   | 1.00                     | \$8.87                                  |
|                        | LAB & RAD - LAB                     | \$6.61                                   | 0.973                               | 1.000  | \$6.43                             |  | \$6.43                        | 1   | \$6.43   | 1.00                     | \$6.43                                  |
|                        | LAB & RAD - THERAPEUTIC X-RAY       | \$0.14                                   | 0.973                               | 1.000  | \$0.14                             |  | \$0.14                        | 1   | \$0.14   | 1.00                     | \$0.14                                  |
|                        | OP ER - SOMATIC MH                  | \$0.30                                   | 0.983                               | 0.823  | \$0.24                             |  | \$0.24                        | 1   | \$0.24   | 0.95                     | \$0.23                                  |
|                        | OP HOSP - BASIC                     | \$19.81                                  | 0.983                               | 0.854  | \$16.63                            |  | \$16.63                       | 1   | \$16.63  | 0.95                     | \$15.80                                 |
|                        | OP HOSP - DENTAL ANESTHESIA         | \$0.00                                   | 0.983                               | 0.845  | \$0.00                             |  | \$0.00                        | 0   | \$0.00   | 0.95                     | \$0.00                                  |
|                        | OP HOSP - DENTAL DIAGNOSTIC         | \$0.00                                   | 0.983                               | 0.845  | \$0.00                             |  | \$0.00                        | 0   | \$0.00   | 0.95                     | \$0.00                                  |
|                        | OP HOSP - DENTAL PREVENTIVE         | \$0.00                                   | 0.983                               | 0.845  | \$0.00                             |  | \$0.00                        | 0   | \$0.00   | 0.95                     | \$0.00                                  |
|                        | OP HOSP - DENTAL RESTORATIVE        | \$0.00                                   | 0.983                               | 0.845  | \$0.00                             |  | \$0.00                        | 0   | \$0.00   | 0.95                     | \$0.00                                  |
|                        | OP HOSP - EMERGENCY ROOM            | \$9.02                                   | 0.983                               | 0.833  | \$7.39                             |  | \$7.39                        | 1   | \$7.39   | 0.95                     | \$7.02                                  |
|                        | OP HOSP - LAB & RAD                 | \$19.67                                  | 0.983                               | 0.835  | \$16.16                            |  | \$16.16                       | 1   | \$16.16  | 0.95                     | \$15.35                                 |
|                        | OP HOSP - MATERNITY                 | \$1.75                                   | 0.983                               | 0.838  | \$1.44                             | -\$1.44  | \$0.00                        | 1   | \$0.00   | 0.95                     | \$0.00                                  |
|                        | OP HOSP - POST HOSP EXTENDED CARE   | \$0.00                                   | 0.983                               | 0.891  | \$0.00                             |  | \$0.00                        | 1   | \$0.00   | 0.95                     | \$0.00                                  |
|                        | OP HOSP - PRES DRUGS BASIC          | \$3.21                                   | 0.983                               | 0.844  | \$2.66                             |  | \$2.66                        | 1   | \$2.66   | 0.95                     | \$2.53                                  |
|                        | OP HOSP - PRES DRUGS MH/CD          | \$0.04                                   | 0.983                               | 0.836  | \$0.03                             |  | \$0.03                        | 1   | \$0.03   | 0.95                     | \$0.03                                  |
|                        | OP HOSP - SOMATIC MH                | \$0.47                                   | 0.983                               | 0.830  | \$0.38                             |  | \$0.38                        | 1   | \$0.38   | 0.95                     | \$0.36                                  |
|                        | OTH MED - DME                       | \$0.88                                   | 0.973                               | 1.000  | \$0.86                             |  | \$0.86                        | 1   | \$0.86   | 1.00                     | \$0.86                                  |
|                        | OTH MED - HHC/PDN                   | \$0.06                                   | 0.973                               | 0.952  | \$0.06                             |  | \$0.06                        | 1   | \$0.06   | 1.00                     | \$0.06                                  |
|                        | OTH MED - HOSPICE                   | \$0.04                                   | 0.973                               | 0.909  | \$0.03                             |  | \$0.03                        | 1   | \$0.03   | 1.00                     | \$0.03                                  |
|                        | OTH MED - MATERNITY MGT             | \$0.00                                   | 0.973                               | 1.000  | \$0.00                             |  | \$0.00                        | 1   | \$0.00   | 1.00                     | \$0.00                                  |
|                        | OTH MED - SUPPLIES                  | \$1.09                                   | 0.973                               | 1.000  | \$1.06                             |  | \$1.06                        | 1   | \$1.06   | 1.00                     | \$1.06                                  |
|                        | PHYS CONSULTATION, IP & ER VISITS   | \$7.71                                   | 0.973                               | 1.000  | \$7.50                             |  | \$7.50                        | 1   | \$7.50   | 1.00                     | \$7.50                                  |
|                        | PHYS HOME OR LONG-TERM CARE VISITS  | \$0.00                                   | 0.973                               | 1.000  | \$0.00                             |  | \$0.00                        | 1   | \$0.00   | 1.00                     | \$0.00                                  |
|                        | PHYS MATERNITY                      | \$1.16                                   | 0.973                               | 1.000  | \$1.13                             | -\$1.13  | \$0.00                        | 1   | \$0.00   | 1.00                     | \$0.00                                  |
|                        | PHYS NEWBORN                        | \$0.01                                   | 0.973                               | 1.000  | \$0.01                             |  | \$0.01                        | 1   | \$0.01   | 1.00                     | \$0.01                                  |
|                        | PHYS OFFICE VISITS                  | \$26.28                                  | 0.973                               | 1.000  | \$25.56                            |  | \$25.56                       | 1   | \$25.56  | 1.00                     | \$25.56                                 |
|                        | PHYS OTHER                          | \$6.49                                   | 0.973                               | 1.000  | \$6.31                             | \$0.02   | \$6.33                        | 1   | \$6.33   | 1.00                     | \$6.33                                  |
|                        | PHYS SOMATIC MH                     | \$1.98                                   | 0.973                               | 1.000  | \$1.93                             |  | \$1.93                        | 1   | \$1.93   | 1.00                     | \$1.93                                  |

Oregon Health Plan Medicaid Demonstration

EXHIBIT 2-I

Development of January 2008 Statewide PCO Capitation Rates from the 2008-2009 Per Capita Costs  
With Adjustments for Funding Through Line 503 of the 2008-2009 Prioritized List

| Eligibility Category | Service Category                            | A  | B                                   | C  | D               | E  | F               | G   | H  | I                        | J               |
|----------------------|---|--|-------------------------------------|--|-----------------|--|-----------------|---|--|--------------------------|-----------------|
|                      |   | 08-09 PCC With Coverage Through Line 503 | Trend Adjustment to Contract Period | Hospital Reimbursement Adjustment <sup>1</sup> | = A * B * C     | Maternity Carve-Out / Program Change Adjustment <sup>2</sup> | = D + E         | Covered Benefit Adjustment (1=Covered, 0=Not covered) | Projected Statewide Cost PMPM for PCO Benefits | OP Cost Shift Adjustment | =H * I          |
| OHP Families         |   |  |                                     |  |                 |  |                 |   |  |                          |                 |
|                      | PRES DRUGS - BASIC                          | \$44.19                                  | 0.963                               | 1.000  | \$42.58         |  | \$42.58         | 1   | \$42.58  | 1.00                     | \$42.58         |
|                      | PRES DRUGS - FP                             | \$2.22                                   | 0.963                               | 1.000  | \$2.14          |  | \$2.14          | 1   | \$2.14   | 1.00                     | \$2.14          |
|                      | PRES DRUGS - MH/CD                          | \$0.00                                   | 0.963                               | 1.000  | \$0.00          |  | \$0.00          | 0   | \$0.00   | 1.00                     | \$0.00          |
|                      | SCHOOL-BASED HEALTH SERVICES                | \$0.00                                   | 0.973                               | 1.000  | \$0.00          |  | \$0.00          | 0   | \$0.00   | 1.00                     | \$0.00          |
|                      | STERILIZATION - ANESTHESIA FEMALE           | \$0.06                                   | 0.973                               | 1.000  | \$0.06          |  | \$0.06          | 1   | \$0.06   | 1.00                     | \$0.06          |
|                      | STERILIZATION - ANESTHESIA MALE             | \$0.00                                   | 0.973                               | 1.000  | \$0.00          |  | \$0.00          | 1   | \$0.00   | 1.00                     | \$0.00          |
|                      | STERILIZATION - IP HOSP FEMALE              | \$0.21                                   | 0.983                               | 0.837  | \$0.18          |  | \$0.18          | 0   | \$0.00   | 1.00                     | \$0.00          |
|                      | STERILIZATION - IP HOSP MALE                | \$0.00                                   | 0.983                               | 0.820  | \$0.00          |  | \$0.00          | 0   | \$0.00   | 1.00                     | \$0.00          |
|                      | STERILIZATION - OP HOSP FEMALE              | \$0.01                                   | 0.983                               | 0.845  | \$0.01          |  | \$0.01          | 1   | \$0.01   | 0.95                     | \$0.01          |
|                      | STERILIZATION - OP HOSP MALE                | \$0.00                                   | 0.983                               | 0.800  | \$0.00          |  | \$0.00          | 1   | \$0.00   | 0.95                     | \$0.00          |
|                      | STERILIZATION - PHY FEMALE                  | \$0.09                                   | 0.973                               | 1.000  | \$0.09          |  | \$0.09          | 1   | \$0.09   | 1.00                     | \$0.09          |
|                      | STERILIZATION - PHY MALE                    | \$0.14                                   | 0.973                               | 1.000  | \$0.13          |  | \$0.13          | 1   | \$0.13   | 1.00                     | \$0.13          |
|                      | SURGERY                                     | \$9.50                                   | 0.973                               | 1.000  | \$9.25          |  | \$9.25          | 1   | \$9.25   | 1.00                     | \$9.25          |
|                      | TARGETED CASE MAN - BABIES FIRST            | \$0.00                                   | 0.973                               | 1.000  | \$0.00          |  | \$0.00          | 0   | \$0.00   | 1.00                     | \$0.00          |
|                      | TARGETED CASE MAN - HIV                     | \$0.00                                   | 0.973                               | 1.000  | \$0.00          |  | \$0.00          | 0   | \$0.00   | 1.00                     | \$0.00          |
|                      | TARGETED CASE MAN - SUBS ABUSE MOMS         | \$0.00                                   | 0.973                               | 1.000  | \$0.00          |  | \$0.00          | 0   | \$0.00   | 1.00                     | \$0.00          |
|                      | THERAPEUTIC ABORTION - IP HOSP              | \$0.00                                   | 0.983                               | 1.000  | \$0.00          |  | \$0.00          | 0   | \$0.00   | 1.00                     | \$0.00          |
|                      | THERAPEUTIC ABORTION - OP HOSP              | \$0.00                                   | 0.983                               | 1.000  | \$0.00          |  | \$0.00          | 0   | \$0.00   | 0.95                     | \$0.00          |
|                      | THERAPEUTIC ABORTION - PHYS                 | \$0.00                                   | 0.973                               | 1.000  | \$0.00          |  | \$0.00          | 0   | \$0.00   | 1.00                     | \$0.00          |
|                      | TRANSPORTATION - AMBULANCE                  | \$2.21                                   | 0.973                               | 1.000  | \$2.15          |  | \$2.15          | 1   | \$2.15   | 1.00                     | \$2.15          |
|                      | TRANSPORTATION - OTHER                      | \$0.00                                   | 0.973                               | 1.000  | \$0.00          |  | \$0.00          | 0   | \$0.00   | 1.00                     | \$0.00          |
|                      | VISION CARE - EXAMS & THERAPY               | \$0.59                                   | 0.973                               | 1.000  | \$0.57          |  | \$0.57          | 1   | \$0.57   | 1.00                     | \$0.57          |
|                      | VISION CARE - MATERIALS & FITTING           | \$0.03                                   | 0.973                               | 1.000  | \$0.03          |  | \$0.03          | 1   | \$0.03   | 1.00                     | \$0.03          |
|                      | PART A DEDUCTIBLE                           |  |                                     |  |                 |  |                 |   |  |                          |                 |
|                      | PART B DEDUCTIBLE                           |  |                                     |  |                 |  |                 |   |  |                          |                 |
|                      | PART B COINSURANCE ADJUSTMENT               |  |                                     |  |                 |  |                 |   |  |                          |                 |
|                      | <b>Subtotal Physical Health</b>             | <b>\$211.61</b>                          |                                     |  | <b>\$192.01</b> | <b>-\$3.07</b>   | <b>\$188.94</b> |   | <b>\$162.53</b>                                |                          | <b>\$160.35</b> |
|                      | <b>Subtotal Physical Health w Admin</b>     |  |                                     |  |                 |  |                 |   |  |                          | <b>\$184.44</b> |
|                      | <b>CHEMICAL DEPENDENCY</b>                  |  |                                     |  |                 |  |                 |   |  |                          |                 |
|                      | CD SERVICES - ALTERNATIVE TO DETOX          | \$0.26                                   | 0.972                               | 1.000  | \$0.26          |  | \$0.26          | 0   | \$0.00   | 1.00                     | \$0.00          |
|                      | CD SERVICES - METHADONE                     | \$1.46                                   | 0.972                               | 1.000  | \$1.42          |  | \$1.42          | 1   | \$1.42   | 1.00                     | \$1.42          |
|                      | CD SERVICES - OP                            | \$1.79                                   | 0.972                               | 1.000  | \$1.74          |  | \$1.74          | 1   | \$1.74   | 1.00                     | \$1.74          |
|                      | <b>Subtotal Chemical Dependency</b>         | <b>\$3.51</b>                            |                                     |  | <b>\$3.41</b>   |  | <b>\$3.41</b>   |   | <b>\$3.15</b>                                  |                          | <b>\$3.15</b>   |
|                      | <b>Subtotal Chemical Dependency w Admin</b> |  |                                     |  |                 |  |                 |   |  |                          | <b>\$3.63</b>   |

Oregon Health Plan Medicaid Demonstration

EXHIBIT 2-I

Development of January 2008 Statewide PCO Capitation Rates from the 2008-2009 Per Capita Costs  
With Adjustments for Funding Through Line 503 of the 2008-2009 Prioritized List

| Eligibility Category | Service Category                      | A  | B                                   | C  | D<br>= A * B * C                   | E  | F<br>= D + E                  | G   | H<br>= F * G                                   | I                        | J<br>= H * I                            |
|----------------------|---------------------------------------|--|-------------------------------------|--|------------------------------------|--|-------------------------------|---|--|--------------------------|---|
|                      |                                       | 08-09 PCC With Coverage Through Line 503 | Trend Adjustment to Contract Period | Hospital Reimbursement Adjustment <sup>1</sup> | Projected 2008 Statewide Cost PMPM | Maternity Carve-Out / Program Change Adjustment <sup>2</sup> | Projected Statewide Cost PMPM | Covered Benefit Adjustment (1=Covered, 0=Not covered) | Projected Statewide Cost PMPM for PCO Benefits | OP Cost Shift Adjustment | 2008 Statewide PCO Capitation Rate PMPM |
| OHP Families         |                                       |  |                                     |  |                                    |  |                               |   |  |                          |   |
| <b>DENTAL</b>        |                                       |  |                                     |  |                                    |  |                               |   |  |                          |   |
|                      | DENTAL - ADJUNCTIVE GENERAL           | \$0.67                                   | 0.970                               | 1.000  | \$0.65                             |  | \$0.65                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                      | DENTAL - ANESTHESIA SURGICAL          | \$0.03                                   | 0.970                               | 1.000  | \$0.03                             |  | \$0.03                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                      | DENTAL - DIAGNOSTIC                   | \$1.54                                   | 0.970                               | 1.000  | \$1.49                             |  | \$1.49                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                      | DENTAL - ENDODONTICS                  | \$0.14                                   | 0.970                               | 1.000  | \$0.14                             |  | \$0.14                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                      | DENTAL - I/P FIXED                    | \$0.00                                   | 0.970                               | 1.000  | \$0.00                             |  | \$0.00                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                      | DENTAL - MAXILLOFACIAL PROS           | \$0.00                                   | 0.970                               | 1.000  | \$0.00                             |  | \$0.00                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                      | DENTAL - ORAL SURGERY                 | \$1.11                                   | 0.970                               | 1.000  | \$1.08                             |  | \$1.08                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                      | DENTAL - ORTHODONTICS                 | \$0.00                                   | 0.970                               | 1.000  | \$0.00                             |  | \$0.00                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                      | DENTAL - PERIODONTICS                 | \$0.05                                   | 0.970                               | 1.000  | \$0.05                             |  | \$0.05                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                      | DENTAL - PREVENTIVE                   | \$0.09                                   | 0.970                               | 1.000  | \$0.09                             |  | \$0.09                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                      | DENTAL - PROS REMOVABLE               | \$0.15                                   | 0.970                               | 1.000  | \$0.15                             |  | \$0.15                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                      | DENTAL - RESTORATIVE                  | \$0.64                                   | 0.970                               | 1.000  | \$0.62                             |  | \$0.62                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                      | <b>Subtotal Dental</b>                | <b>\$4.42</b>                            |                                     |  | <b>\$4.29</b>                      |  | <b>\$4.29</b>                 |   | <b>\$0.00</b>                                  |                          | <b>\$0.00</b>                           |
|                      | <b>Subtotal Dental w Admin</b>        |  |                                     |  |                                    |  |                               |   |  |                          | <b>\$0.00</b>                           |
| <b>MENTAL HEALTH</b> |                                       |  |                                     |  |                                    |  |                               |   |  |                          |   |
|                      | MH SERVICES ACUTE INPATIENT           | \$4.38                                   | 0.972                               | 0.808  | \$3.44                             |  | \$3.44                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                      | MH SERVICES ALTERNATIVE TO IP         | \$0.01                                   | 0.972                               | 1.000  | \$0.01                             |  | \$0.01                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                      | MH SERVICES ANCILLARY SERVICES        | \$0.03                                   | 0.972                               | 1.000  | \$0.03                             |  | \$0.03                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                      | MH SERVICES ASSESS & EVAL             | \$0.51                                   | 0.972                               | 1.000  | \$0.50                             |  | \$0.50                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                      | MH SERVICES CASE MANAGEMENT           | \$0.50                                   | 0.972                               | 1.000  | \$0.49                             |  | \$0.49                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                      | MH SERVICES CONSULTATION              | \$0.00                                   | 0.972                               | 1.000  | \$0.00                             |  | \$0.00                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                      | MH SERVICES EVIDENCE BASED PRACTICE   | \$0.00                                   | 0.972                               | 1.000  | \$0.00                             |  | \$0.00                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                      | MH SERVICES FAMILY SUPPORT            | \$0.04                                   | 0.972                               | 1.000  | \$0.04                             |  | \$0.04                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                      | MH SERVICES MED MANAGEMENT            | \$0.10                                   | 0.972                               | 1.000  | \$0.10                             |  | \$0.10                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                      | MH SERVICES OP THERAPY                | \$2.11                                   | 0.972                               | 1.000  | \$2.05                             |  | \$2.05                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                      | MH SERVICES OTHER OP                  | \$0.11                                   | 0.972                               | 1.000  | \$0.11                             |  | \$0.11                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                      | MH SERVICES PEO                       | \$0.69                                   | 1.000                               | 1.000  | \$0.69                             |  | \$0.69                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                      | MH SERVICES PHYS IP                   | \$1.09                                   | 0.972                               | 1.000  | \$1.06                             |  | \$1.06                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                      | MH SERVICES PHYS OP                   | \$5.60                                   | 0.972                               | 1.000  | \$5.44                             |  | \$5.44                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                      | MH SERVICES SUPPORT DAY PROGRAM       | \$0.15                                   | 0.972                               | 1.000  | \$0.14                             |  | \$0.14                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                      | MH SERVICES INTENSIVE THERAPY SVCS    | \$0.00                                   | 0.972                               | 1.000  | \$0.00                             |  | \$0.00                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                      | MH SERVICES CONS ASSESS               |  |                                     |  | \$0.00                             |  | \$0.00                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                      | <b>Subtotal Mental Health</b>         | <b>\$15.31</b>                           |                                     |  | <b>\$14.08</b>                     |  | <b>\$14.08</b>                |   | <b>\$0.00</b>                                  |                          | <b>\$0.00</b>                           |
|                      | <b>Subtotal Mental Health w Admin</b> |  |                                     |  |                                    |  |                               |   |  |                          | <b>\$0.00</b>                           |
|                      | <b>Total Services</b>                 | <b>\$234.85</b>                          |                                     |  | <b>\$213.79</b>                    | <b>-\$3.07</b>   | <b>\$210.72</b>               |   | <b>\$165.68</b>                                |                          | <b>\$163.50</b>                         |
|                      | <b>Total Services with Admin</b>      |  |                                     |  |                                    |  |                               |   |  |                          | <b>\$188.06</b>                         |

1) Reflects change from funding DRG hospitals at 100% of cost as in 2008-09 per capita costs to 80% of cost for 2008 capitation rates.

2) Reflects Maternity Case Rate Carve-Out, Children's Mental Health Services Adjustment, and Bariatric Surgery Adjustment

Oregon Health Plan Medicaid Demonstration

EXHIBIT 2-I

Development of January 2008 Statewide PCO Capitation Rates from the 2008-2009 Per Capita Costs  
With Adjustments for Funding Through Line 503 of the 2008-2009 Prioritized List

| Eligibility Category   | Service Category                    | A  | B                                   | C  | D   | E  | F  | G   | H   | I                        | J  |
|------------------------|-------------------------------------|--|-------------------------------------|--|---|--|--|---|---|--------------------------|--|
|                        |                                     | 08-09 PCC With Coverage Through Line 503 | Trend Adjustment to Contract Period | Hospital Reimbursement Adjustment <sup>1</sup> | Projected 2008 Statewide Cost PMPM<br>= A * B * C | Maternity Carve-Out / Program Change Adjustment <sup>2</sup> | Projected Statewide Cost PMPM<br>= D + E | Covered Benefit Adjustment (1=Covered, 0=Not covered) | Projected Statewide Cost PMPM for PCO Benefits<br>= F * G | OP Cost Shift Adjustment | 2008 Statewide PCO Capitation Rate PMPM<br>= H * I |
| OHP Adults and Couples |                                     |  |                                     |  |   |  |  |   |   |                          |  |
| <b>PHYSICAL HEALTH</b> |                                     |  |                                     |  |   |  |  |   |   |                          |  |
|                        | ADMINISTRATIVE EXAMS                | \$0.00                                   | 0.969                               | 1.000  | \$0.00  |  | \$0.00                                   | 0   | \$0.00  | 1.00                     | \$0.00   |
|                        | ANESTHESIA                          | \$3.52                                   | 0.969                               | 1.000  | \$3.41  |  | \$3.41                                   | 1   | \$3.41  | 1.00                     | \$3.41   |
|                        | EXCEPT NEEDS CARE COORDINATION      | \$0.00                                   | 1.000                               | 1.000  | \$0.00  |  | \$0.00                                   | 1   | \$0.00  | 1.00                     | \$0.00   |
|                        | FP - IP HOSP                        | \$0.00                                   | 0.962                               | 0.820  | \$0.00  |  | \$0.00                                   | 0   | \$0.00  | 1.00                     | \$0.00   |
|                        | FP - OP HOSP                        | \$0.03                                   | 0.962                               | 0.828  | \$0.02  |  | \$0.02                                   | 1   | \$0.02  | 0.95                     | \$0.02   |
|                        | FP - PHYS                           | \$0.15                                   | 0.969                               | 1.000  | \$0.14  |  | \$0.14                                   | 1   | \$0.14  | 1.00                     | \$0.14   |
|                        | HYSTERECTOMY - ANESTHESIA           | \$0.07                                   | 0.969                               | 1.000  | \$0.07  |  | \$0.07                                   | 1   | \$0.07  | 1.00                     | \$0.07   |
|                        | HYSTERECTOMY - IP HOSP              | \$2.46                                   | 0.962                               | 0.827  | \$1.95  |  | \$1.95                                   | 0   | \$0.00  | 1.00                     | \$0.00   |
|                        | HYSTERECTOMY - OP HOSP              | \$0.00                                   | 0.962                               | 0.816  | \$0.00  |  | \$0.00                                   | 1   | \$0.00  | 0.95                     | \$0.00   |
|                        | HYSTERECTOMY - PHYS                 | \$0.42                                   | 0.969                               | 1.000  | \$0.41  |  | \$0.41                                   | 1   | \$0.41  | 1.00                     | \$0.41   |
|                        | IP HOSP - ACUTE DETOX               | \$2.34                                   | 0.962                               | 0.811  | \$1.83  |  | \$1.83                                   | 0   | \$0.00  | 1.00                     | \$0.00   |
|                        | IP HOSP - MATERNITY                 | \$0.62                                   | 0.962                               | 0.832  | \$0.50  | -\$0.50  | \$0.00                                   | 0   | \$0.00  | 1.00                     | \$0.00   |
|                        | IP HOSP - MATERNITY / STERILIZATION | \$0.00                                   | 0.962                               | 0.839  | \$0.00  |  | \$0.00                                   | 0   | \$0.00  | 1.00                     | \$0.00   |
|                        | IP HOSP - MEDICAL/SURGICAL          | \$129.59                                 | 0.962                               | 0.820  | \$102.23  |  | \$102.23                                 | 0   | \$0.00  | 1.00                     | \$0.00   |
|                        | IP HOSP - NEWBORN                   | \$0.00                                   | 0.962                               | 0.815  | \$0.00  |  | \$0.00                                   | 0   | \$0.00  | 1.00                     | \$0.00   |
|                        | IP HOSP - POST HOSP EXTENDED CARE   | \$0.00                                   | 0.962                               | 1.000  | \$0.00  |  | \$0.00                                   | 0   | \$0.00  | 1.00                     | \$0.00   |
|                        | LAB & RAD - DIAGNOSTIC X-RAY        | \$14.44                                  | 0.969                               | 1.000  | \$13.99   |  | \$13.99                                  | 1   | \$13.99   | 1.00                     | \$13.99  |
|                        | LAB & RAD - LAB                     | \$9.52                                   | 0.969                               | 1.000  | \$9.22  |  | \$9.22                                   | 1   | \$9.22  | 1.00                     | \$9.22   |
|                        | LAB & RAD - THERAPEUTIC X-RAY       | \$1.42                                   | 0.969                               | 1.000  | \$1.37  |  | \$1.37                                   | 1   | \$1.37  | 1.00                     | \$1.37   |
|                        | OP ER - SOMATIC MH                  | \$1.17                                   | 0.962                               | 0.823  | \$0.93  |  | \$0.93                                   | 1   | \$0.93  | 0.95                     | \$0.88   |
|                        | OP HOSP - BASIC                     | \$40.77                                  | 0.962                               | 0.854  | \$33.51   |  | \$33.51                                  | 1   | \$33.51   | 0.95                     | \$31.83  |
|                        | OP HOSP - DENTAL ANESTHESIA         | \$0.00                                   | 0.962                               | 0.845  | \$0.00  |  | \$0.00                                   | 0   | \$0.00  | 0.95                     | \$0.00   |
|                        | OP HOSP - DENTAL DIAGNOSTIC         | \$0.00                                   | 0.962                               | 0.845  | \$0.00  |  | \$0.00                                   | 0   | \$0.00  | 0.95                     | \$0.00   |
|                        | OP HOSP - DENTAL PREVENTIVE         | \$0.00                                   | 0.962                               | 0.845  | \$0.00  |  | \$0.00                                   | 0   | \$0.00  | 0.95                     | \$0.00   |
|                        | OP HOSP - DENTAL RESTORATIVE        | \$0.00                                   | 0.962                               | 0.845  | \$0.00  |  | \$0.00                                   | 0   | \$0.00  | 0.95                     | \$0.00   |
|                        | OP HOSP - EMERGENCY ROOM            | \$16.33                                  | 0.962                               | 0.833  | \$13.10   |  | \$13.10                                  | 1   | \$13.10   | 0.95                     | \$12.44  |
|                        | OP HOSP - LAB & RAD                 | \$40.05                                  | 0.962                               | 0.835  | \$32.20   |  | \$32.20                                  | 1   | \$32.20   | 0.95                     | \$30.59  |
|                        | OP HOSP - MATERNITY                 | \$0.53                                   | 0.962                               | 0.838  | \$0.42  | -\$0.42  | \$0.00                                   | 1   | \$0.00  | 0.95                     | \$0.00   |
|                        | OP HOSP - POST HOSP EXTENDED CARE   | \$0.00                                   | 0.962                               | 0.891  | \$0.00  |  | \$0.00                                   | 1   | \$0.00  | 0.95                     | \$0.00   |
|                        | OP HOSP - PRES DRUGS BASIC          | \$3.85                                   | 0.962                               | 0.844  | \$3.13  |  | \$3.13                                   | 1   | \$3.13  | 0.95                     | \$2.97   |
|                        | OP HOSP - PRES DRUGS MH/CD          | \$0.12                                   | 0.962                               | 0.836  | \$0.10  |  | \$0.10                                   | 1   | \$0.10  | 0.95                     | \$0.09   |
|                        | OP HOSP - SOMATIC MH                | \$1.25                                   | 0.962                               | 0.830  | \$1.00  |  | \$1.00                                   | 1   | \$1.00  | 0.95                     | \$0.95   |
|                        | OTH MED - DME                       | \$2.59                                   | 0.969                               | 1.000  | \$2.51  |  | \$2.51                                   | 1   | \$2.51  | 1.00                     | \$2.51   |
|                        | OTH MED - HHC/PDN                   | \$0.14                                   | 0.969                               | 0.952  | \$0.13  |  | \$0.13                                   | 1   | \$0.13  | 1.00                     | \$0.13   |
|                        | OTH MED - HOSPICE                   | \$0.38                                   | 0.969                               | 0.909  | \$0.34  |  | \$0.34                                   | 1   | \$0.34  | 1.00                     | \$0.34   |
|                        | OTH MED - MATERNITY MGT             | \$0.00                                   | 0.969                               | 1.000  | \$0.00  |  | \$0.00                                   | 1   | \$0.00  | 1.00                     | \$0.00   |
|                        | OTH MED - SUPPLIES                  | \$2.42                                   | 0.969                               | 1.000  | \$2.34  |  | \$2.34                                   | 1   | \$2.34  | 1.00                     | \$2.34   |
|                        | PHYS CONSULTATION, IP & ER VISITS   | \$15.61                                  | 0.969                               | 1.000  | \$15.12   |  | \$15.12                                  | 1   | \$15.12   | 1.00                     | \$15.12  |
|                        | PHYS HOME OR LONG-TERM CARE VISITS  | \$0.03                                   | 0.969                               | 1.000  | \$0.03  |  | \$0.03                                   | 1   | \$0.03  | 1.00                     | \$0.03   |
|                        | PHYS MATERNITY                      | \$0.30                                   | 0.969                               | 1.000  | \$0.29  | -\$0.29  | \$0.00                                   | 1   | \$0.00  | 1.00                     | \$0.00   |
|                        | PHYS NEWBORN                        | \$0.03                                   | 0.969                               | 1.000  | \$0.03  |  | \$0.03                                   | 1   | \$0.03  | 1.00                     | \$0.03   |
|                        | PHYS OFFICE VISITS                  | \$41.36                                  | 0.969                               | 1.000  | \$40.06   |  | \$40.06                                  | 1   | \$40.06   | 1.00                     | \$40.06  |
|                        | PHYS OTHER                          | \$12.16                                  | 0.969                               | 1.000  | \$11.78   | \$0.03   | \$11.81                                  | 1   | \$11.81   | 1.00                     | \$11.81  |
|                        | PHYS SOMATIC MH                     | \$4.05                                   | 0.969                               | 1.000  | \$3.92  |  | \$3.92                                   | 1   | \$3.92  | 1.00                     | \$3.92   |

Oregon Health Plan Medicaid Demonstration

EXHIBIT 2-I

Development of January 2008 Statewide PCO Capitation Rates from the 2008-2009 Per Capita Costs  
With Adjustments for Funding Through Line 503 of the 2008-2009 Prioritized List

| Eligibility Category   | Service Category                            | A  | B                                   | C  | D<br>= A * B * C                   | E  | F<br>= D + E                  | G   | H<br>= F * G                                   | I                        | J<br>= H * I                            |
|------------------------|---|--|-------------------------------------|--|------------------------------------|--|-------------------------------|---|--|--------------------------|---|
|                        |   | 08-09 PCC With Coverage Through Line 503 | Trend Adjustment to Contract Period | Hospital Reimbursement Adjustment <sup>1</sup> | Projected 2008 Statewide Cost PMPM | Maternity Carve-Out / Program Change Adjustment <sup>2</sup> | Projected Statewide Cost PMPM | Covered Benefit Adjustment (1=Covered, 0=Not covered) | Projected Statewide Cost PMPM for PCO Benefits | OP Cost Shift Adjustment | 2008 Statewide PCO Capitation Rate PMPM |
| OHP Adults and Couples |   |  |                                     |  |                                    |  |                               |   |  |                          |   |
|                        | PRES DRUGS - BASIC                          | \$105.42                                 | 0.963                               | 1.000  | \$101.56                           |  | \$101.56                      | 1   | \$101.56                                       | 1.00                     | \$101.56                                |
|                        | PRES DRUGS - FP                             | \$0.85                                   | 0.963                               | 1.000  | \$0.82                             |  | \$0.82                        | 1   | \$0.82   | 1.00                     | \$0.82                                  |
|                        | PRES DRUGS - MH/CD                          | \$0.00                                   | 0.963                               | 1.000  | \$0.00                             |  | \$0.00                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                        | SCHOOL-BASED HEALTH SERVICES                | \$0.00                                   | 0.969                               | 1.000  | \$0.00                             |  | \$0.00                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                        | STERILIZATION - ANESTHESIA FEMALE           | \$0.01                                   | 0.969                               | 1.000  | \$0.01                             |  | \$0.01                        | 1   | \$0.01   | 1.00                     | \$0.01                                  |
|                        | STERILIZATION - ANESTHESIA MALE             | \$0.00                                   | 0.969                               | 1.000  | \$0.00                             |  | \$0.00                        | 1   | \$0.00   | 1.00                     | \$0.00                                  |
|                        | STERILIZATION - IP HOSP FEMALE              | \$0.04                                   | 0.962                               | 0.837  | \$0.03                             |  | \$0.03                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                        | STERILIZATION - IP HOSP MALE                | \$0.00                                   | 0.962                               | 0.820  | \$0.00                             |  | \$0.00                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                        | STERILIZATION - OP HOSP FEMALE              | \$0.03                                   | 0.962                               | 0.845  | \$0.03                             |  | \$0.03                        | 1   | \$0.03   | 0.95                     | \$0.03                                  |
|                        | STERILIZATION - OP HOSP MALE                | \$0.00                                   | 0.962                               | 0.800  | \$0.00                             |  | \$0.00                        | 1   | \$0.00   | 0.95                     | \$0.00                                  |
|                        | STERILIZATION - PHY FEMALE                  | \$0.02                                   | 0.969                               | 1.000  | \$0.02                             |  | \$0.02                        | 1   | \$0.02   | 1.00                     | \$0.02                                  |
|                        | STERILIZATION - PHY MALE                    | \$0.00                                   | 0.969                               | 1.000  | \$0.00                             |  | \$0.00                        | 1   | \$0.00   | 1.00                     | \$0.00                                  |
|                        | SURGERY                                     | \$19.02                                  | 0.969                               | 1.000  | \$18.42                            |  | \$18.42                       | 1   | \$18.42  | 1.00                     | \$18.42                                 |
|                        | TARGETED CASE MAN - BABIES FIRST            | \$0.00                                   | 0.969                               | 1.000  | \$0.00                             |  | \$0.00                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                        | TARGETED CASE MAN - HIV                     | \$0.00                                   | 0.969                               | 1.000  | \$0.00                             |  | \$0.00                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                        | TARGETED CASE MAN - SUBS ABUSE MOMS         | \$0.00                                   | 0.969                               | 1.000  | \$0.00                             |  | \$0.00                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                        | THERAPEUTIC ABORTION - IP HOSP              | \$0.00                                   | 0.962                               | 1.000  | \$0.00                             |  | \$0.00                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                        | THERAPEUTIC ABORTION - OP HOSP              | \$0.00                                   | 0.962                               | 1.000  | \$0.00                             |  | \$0.00                        | 0   | \$0.00   | 0.95                     | \$0.00                                  |
|                        | THERAPEUTIC ABORTION - PHYS                 | \$0.00                                   | 0.969                               | 1.000  | \$0.00                             |  | \$0.00                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                        | TRANSPORTATION - AMBULANCE                  | \$6.44                                   | 0.969                               | 1.000  | \$6.24                             |  | \$6.24                        | 1   | \$6.24   | 1.00                     | \$6.24                                  |
|                        | TRANSPORTATION - OTHER                      | \$0.00                                   | 0.969                               | 1.000  | \$0.00                             |  | \$0.00                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                        | VISION CARE - EXAMS & THERAPY               | \$1.41                                   | 0.969                               | 1.000  | \$1.37                             |  | \$1.37                        | 1   | \$1.37   | 1.00                     | \$1.37                                  |
|                        | VISION CARE - MATERIALS & FITTING           | \$0.05                                   | 0.969                               | 1.000  | \$0.05                             |  | \$0.05                        | 1   | \$0.05   | 1.00                     | \$0.05                                  |
|                        | PART A DEDUCTIBLE                           |  |                                     |  |                                    |  |                               |   |  |                          |   |
|                        | PART B DEDUCTIBLE                           |  |                                     |  |                                    |  |                               |   |  |                          |   |
|                        | PART B COINSURANCE ADJUSTMENT               |  |                                     |  |                                    |  |                               |   |  |                          |   |
|                        | <b>Subtotal Physical Health</b>             | <b>\$481.02</b>                          |                                     |  | <b>\$424.62</b>                    | <b>-\$1.19</b>   | <b>\$423.43</b>               |   | <b>\$317.39</b>                                |                          | <b>\$313.19</b>                         |
|                        | <b>Subtotal Physical Health w Admin</b>     |  |                                     |  |                                    |  |                               |   |  |                          | <b>\$360.24</b>                         |
|                        | <b>CHEMICAL DEPENDENCY</b>                  |  |                                     |  |                                    |  |                               |   |  |                          |   |
|                        | CD SERVICES - ALTERNATIVE TO DETOX          | \$1.49                                   | 0.986                               | 1.000  | \$1.47                             |  | \$1.47                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                        | CD SERVICES - METHADONE                     | \$12.37                                  | 0.986                               | 1.000  | \$12.20                            |  | \$12.20                       | 1   | \$12.20  | 1.00                     | \$12.20                                 |
|                        | CD SERVICES - OP                            | \$5.31                                   | 0.986                               | 1.000  | \$5.24                             |  | \$5.24                        | 1   | \$5.24   | 1.00                     | \$5.24                                  |
|                        | <b>Subtotal Chemical Dependency</b>         | <b>\$19.17</b>                           |                                     |  | <b>\$18.91</b>                     |  | <b>\$18.91</b>                |   | <b>\$17.44</b>                                 |                          | <b>\$17.44</b>                          |
|                        | <b>Subtotal Chemical Dependency w Admin</b> |  |                                     |  |                                    |  |                               |   |  |                          | <b>\$20.06</b>                          |

**Oregon Health Plan Medicaid Demonstration**

**EXHIBIT 2-I**

**Development of January 2008 Statewide PCO Capitation Rates from the 2008-2009 Per Capita Costs  
With Adjustments for Funding Through Line 503 of the 2008-2009 Prioritized List**

| Eligibility Category   | Service Category                      | A  | B                                   | C  | D<br>= A * B * C                   | E  | F<br>= D + E                  | G   | H<br>= F * G                                   | I                        | J<br>= H * I                            |
|------------------------|---------------------------------------|--|-------------------------------------|--|------------------------------------|--|-------------------------------|---|--|--------------------------|---|
|                        |                                       | 08-09 PCC With Coverage Through Line 503 | Trend Adjustment to Contract Period | Hospital Reimbursement Adjustment <sup>1</sup> | Projected 2008 Statewide Cost PMPM | Maternity Carve-Out / Program Change Adjustment <sup>2</sup> | Projected Statewide Cost PMPM | Covered Benefit Adjustment (1=Covered, 0=Not covered) | Projected Statewide Cost PMPM for PCO Benefits | OP Cost Shift Adjustment | 2008 Statewide PCO Capitation Rate PMPM |
| OHP Adults and Couples |                                       |  |                                     |  |                                    |  |                               |   |  |                          |   |
| <b>DENTAL</b>          |                                       |  |                                     |  |                                    |  |                               |   |  |                          |   |
|                        | DENTAL - ADJUNCTIVE GENERAL           | \$0.87                                   | 0.970                               | 1.000  | \$0.85                             |  | \$0.85                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                        | DENTAL - ANESTHESIA SURGICAL          | \$0.05                                   | 0.970                               | 1.000  | \$0.04                             |  | \$0.04                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                        | DENTAL - DIAGNOSTIC                   | \$1.73                                   | 0.970                               | 1.000  | \$1.68                             |  | \$1.68                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                        | DENTAL - ENDODONTICS                  | \$0.10                                   | 0.970                               | 1.000  | \$0.10                             |  | \$0.10                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                        | DENTAL - I/P FIXED                    | \$0.00                                   | 0.970                               | 1.000  | \$0.00                             |  | \$0.00                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                        | DENTAL - MAXILLOFACIAL PROS           | \$0.00                                   | 0.970                               | 1.000  | \$0.00                             |  | \$0.00                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                        | DENTAL - ORAL SURGERY                 | \$1.70                                   | 0.970                               | 1.000  | \$1.65                             |  | \$1.65                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                        | DENTAL - ORTHODONTICS                 | \$0.00                                   | 0.970                               | 1.000  | \$0.00                             |  | \$0.00                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                        | DENTAL - PERIODONTICS                 | \$0.02                                   | 0.970                               | 1.000  | \$0.02                             |  | \$0.02                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                        | DENTAL - PREVENTIVE                   | \$0.03                                   | 0.970                               | 1.000  | \$0.03                             |  | \$0.03                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                        | DENTAL - PROS REMOVABLE               | \$0.10                                   | 0.970                               | 1.000  | \$0.10                             |  | \$0.10                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                        | DENTAL - RESTORATIVE                  | \$0.42                                   | 0.970                               | 1.000  | \$0.41                             |  | \$0.41                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                        | <b>Subtotal Dental</b>                | <b>\$5.02</b>                            |                                     |  | <b>\$4.87</b>                      |  | <b>\$4.87</b>                 |   | <b>\$0.00</b>                                  |                          | <b>\$0.00</b>                           |
|                        | <b>Subtotal Dental w Admin</b>        |  |                                     |  |                                    |  |                               |   |  |                          | <b>\$0.00</b>                           |
| <b>MENTAL HEALTH</b>   |                                       |  |                                     |  |                                    |  |                               |   |  |                          |   |
|                        | MH SERVICES ACUTE INPATIENT           | \$9.76                                   | 0.986                               | 0.808  | \$7.77                             |  | \$7.77                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                        | MH SERVICES ALTERNATIVE TO IP         | \$0.57                                   | 0.986                               | 1.000  | \$0.57                             |  | \$0.57                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                        | MH SERVICES ANCILLARY SERVICES        | \$0.03                                   | 0.986                               | 1.000  | \$0.03                             |  | \$0.03                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                        | MH SERVICES ASSESS & EVAL             | \$1.04                                   | 0.986                               | 1.000  | \$1.03                             |  | \$1.03                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                        | MH SERVICES CASE MANAGEMENT           | \$2.73                                   | 0.986                               | 1.000  | \$2.70                             |  | \$2.70                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                        | MH SERVICES CONSULTATION              | \$0.00                                   | 0.986                               | 1.000  | \$0.00                             |  | \$0.00                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                        | MH SERVICES EVIDENCE BASED PRACTICE   | \$0.00                                   | 0.986                               | 1.000  | \$0.00                             |  | \$0.00                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                        | MH SERVICES FAMILY SUPPORT            | \$0.06                                   | 0.986                               | 1.000  | \$0.06                             |  | \$0.06                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                        | MH SERVICES MED MANAGEMENT            | \$0.28                                   | 0.986                               | 1.000  | \$0.28                             |  | \$0.28                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                        | MH SERVICES OP THERAPY                | \$3.72                                   | 0.986                               | 1.000  | \$3.67                             |  | \$3.67                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                        | MH SERVICES OTHER OP                  | \$0.05                                   | 0.986                               | 1.000  | \$0.05                             |  | \$0.05                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                        | MH SERVICES PEO                       | \$0.69                                   | 1.000                               | 1.000  | \$0.69                             |  | \$0.69                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                        | MH SERVICES PHYS IP                   | \$2.51                                   | 0.986                               | 1.000  | \$2.47                             |  | \$2.47                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                        | MH SERVICES PHYS OP                   | \$8.79                                   | 0.986                               | 1.000  | \$8.67                             |  | \$8.67                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                        | MH SERVICES SUPPORT DAY PROGRAM       | \$2.36                                   | 0.986                               | 1.000  | \$2.33                             |  | \$2.33                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                        | MH SERVICES INTENSIVE THERAPY SVCS    | \$0.00                                   | 0.986                               | 1.000  | \$0.00                             |  | \$0.00                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                        | MH SERVICES CONS ASSESS               |  |                                     |  | \$0.00                             |  | \$0.00                        | 0   | \$0.00   | 1.00                     | \$0.00                                  |
|                        | <b>Subtotal Mental Health</b>         | <b>\$32.60</b>                           |                                     |  | <b>\$30.31</b>                     |  | <b>\$30.31</b>                |   | <b>\$0.00</b>                                  |                          | <b>\$0.00</b>                           |
|                        | <b>Subtotal Mental Health w Admin</b> |  |                                     |  |                                    |  |                               |   |  |                          | <b>\$0.00</b>                           |
|                        | <b>Total Services</b>                 | <b>\$537.81</b>                          |                                     |  | <b>\$478.70</b>                    | <b>-\$1.19</b>   | <b>\$477.52</b>               |   | <b>\$334.83</b>                                |                          | <b>\$330.63</b>                         |
|                        | <b>Total Services with Admin</b>      |  |                                     |  |                                    |  |                               |   |  |                          | <b>\$380.30</b>                         |

1) Reflects change from funding DRG hospitals at 100% of cost as in 2008-09 per capita costs to 80% of cost for 2008 capitation rates.

2) Reflects Maternity Case Rate Carve-Out, Children's Mental Health Services Adjustment, and Bariatric Surgery Adjustment

**Oregon Health Plan Medicaid Demonstration**  
**Capitation Rate Development for January 2008 through December 2008**  
**Adjustments Applied to Develop Plan-specific Capitation Rates from Statewide Capitation Rates**

EXHIBIT 2-J

| Category of Service                 | TANF Adults     | PLM Adults      | PLM, CHIP, and TANF Children Aged 0-1 <sup>1</sup> | PLM, CHIP, and TANF Children Aged 1-5 | PLM, CHIP, and TANF Children Aged 6-18 | AB/AD without Medicare |
|-------------------------------------|-----------------|-----------------|--|---------------------------------------|--|------------------------|
| <b>Physician</b>                    |                 |                 |  |                                       |  |                        |
| Basic                               | CDPS            | none            | Newborn  | CDPS                                  | CDPS                                   | CDPS                   |
| Family Planning                     | CDPS            | none            | Newborn  | CDPS                                  | CDPS                                   | CDPS                   |
| Hysterectomy                        | CDPS            | none            | Newborn  | CDPS                                  | CDPS                                   | CDPS                   |
| Maternity                           | CDPS            | none            | Newborn  | CDPS                                  | CDPS                                   | CDPS                   |
| Newborn                             | CDPS            | none            | Newborn  | CDPS                                  | CDPS                                   | CDPS                   |
| Sterilization                       | CDPS            | none            | Newborn  | CDPS                                  | CDPS                                   | CDPS                   |
| <b>Outpatient</b>                   |                 |                 |  |                                       |  |                        |
| Basic                               | CDPS, OP Geo    | OP Geo          | Newborn, OP Geo                                    | CDPS, OP Geo                          | CDPS, OP Geo                           | CDPS, OP Geo           |
| Emergency Room                      | CDPS, OP Geo    | OP Geo          | Newborn, OP Geo                                    | CDPS, OP Geo                          | CDPS, OP Geo                           | CDPS, OP Geo           |
| Family Planning                     | CDPS, OP Geo    | OP Geo          | Newborn, OP Geo                                    | CDPS, OP Geo                          | CDPS, OP Geo                           | CDPS, OP Geo           |
| Hysterectomy                        | CDPS, OP Geo    | OP Geo          | Newborn, OP Geo                                    | CDPS, OP Geo                          | CDPS, OP Geo                           | CDPS, OP Geo           |
| Maternity                           | CDPS, OP Geo    | OP Geo          | Newborn, OP Geo                                    | CDPS, OP Geo                          | CDPS, OP Geo                           | CDPS, OP Geo           |
| Sterilization                       | CDPS, OP Geo    | OP Geo          | Newborn, OP Geo                                    | CDPS, OP Geo                          | CDPS, OP Geo                           | CDPS, OP Geo           |
| <b>Prescription Drugs</b>           |                 |                 |  |                                       |  |                        |
| Basic                               | CDPS            | none            | Newborn  | CDPS                                  | CDPS                                   | CDPS                   |
| Family Planning                     | CDPS            | none            | Newborn  | CDPS                                  | CDPS                                   | CDPS                   |
| <b>Inpatient</b>                    |                 |                 |  |                                       |  |                        |
| Basic                               | CDPS, IP Geo    | IP Geo          | Newborn, IP Geo                                    | CDPS, IP Geo                          | CDPS, IP Geo                           | CDPS, IP Geo           |
| Family Planning                     | CDPS, IP Geo    | IP Geo          | Newborn, IP Geo                                    | CDPS, IP Geo                          | CDPS, IP Geo                           | CDPS, IP Geo           |
| Hysterectomy                        | CDPS, IP Geo    | IP Geo          | Newborn, IP Geo                                    | CDPS, IP Geo                          | CDPS, IP Geo                           | CDPS, IP Geo           |
| Maternity                           | CDPS, IP Geo    | IP Geo          | Newborn, IP Geo                                    | CDPS, IP Geo                          | CDPS, IP Geo                           | CDPS, IP Geo           |
| Newborn                             | CDPS, IP Geo    | IP Geo          | Newborn, IP Geo                                    | CDPS, IP Geo                          | CDPS, IP Geo                           | CDPS, IP Geo           |
| Sterilization                       | CDPS, IP Geo    | IP Geo          | Newborn, IP Geo                                    | CDPS, IP Geo                          | CDPS, IP Geo                           | CDPS, IP Geo           |
| <b>Miscellaneous</b>                |                 |                 |  |                                       |  |                        |
| Chemical Dependency                 | CDPS            | none            | Newborn  | CDPS                                  | CDPS                                   | CDPS                   |
| DME/Supplies                        | CDPS            | none            | Newborn  | CDPS                                  | CDPS                                   | CDPS                   |
| Exceptional Needs Care Coordination | CDPS            | none            | Newborn  | CDPS                                  | CDPS                                   | CDPS                   |
| Home Health/PDN/Hospice             | CDPS            | none            | Newborn  | CDPS                                  | CDPS                                   | CDPS                   |
| Transportation - Ambulance          | CDPS            | none            | Newborn  | CDPS                                  | CDPS                                   | CDPS                   |
| Vision                              | CDPS            | none            | Newborn  | CDPS                                  | CDPS                                   | CDPS                   |
| <b>Optional Services</b>            |                 |                 |  |                                       |  |                        |
| Maternity Management                | CDPS            | none            | none   | CDPS                                  | CDPS                                   | CDPS                   |
| <b>Mental Health</b>                |                 |                 |  |                                       |  |                        |
| Acute Inpatient                     | MH Risk, MH Geo | MH Risk, MH Geo | MH Geo   | MH Risk, MH Geo                       | MH Risk, MH Geo                        | MH Risk, MH Geo        |
| Alternative to IP                   | MH Risk         | MH Risk         | none   | MH Risk                               | MH Risk                                | MH Risk                |
| Ancillary Services                  | MH Risk         | MH Risk         | none   | MH Risk                               | MH Risk                                | MH Risk                |
| Assess & Eval                       | MH Risk         | MH Risk         | none   | MH Risk                               | MH Risk                                | MH Risk                |
| Case Management                     | MH Risk         | MH Risk         | none   | MH Risk                               | MH Risk                                | MH Risk                |
| Consultation                        | MH Risk         | MH Risk         | none   | MH Risk                               | MH Risk                                | MH Risk                |
| Evidence Based Practice             | MH Risk         | MH Risk         | none   | MH Risk                               | MH Risk                                | MH Risk                |
| Family Support                      | MH Risk         | MH Risk         | none   | MH Risk                               | MH Risk                                | MH Risk                |
| Med Management                      | MH Risk         | MH Risk         | none   | MH Risk                               | MH Risk                                | MH Risk                |
| OP Therapy                          | MH Risk         | MH Risk         | none   | MH Risk                               | MH Risk                                | MH Risk                |
| Other OP                            | MH Risk         | MH Risk         | none   | MH Risk                               | MH Risk                                | MH Risk                |
| PEO                                 | none            | none            | none   | none                                  | none                                   | none                   |
| Phys IP                             | MH Risk         | MH Risk         | none   | MH Risk                               | MH Risk                                | MH Risk                |
| Phys OP                             | MH Risk         | MH Risk         | none   | MH Risk                               | MH Risk                                | MH Risk                |
| Support Day Program                 | MH Risk         | MH Risk         | none   | MH Risk                               | MH Risk                                | MH Risk                |
| Intensive Treatment Services        | none            | none            | none   | MH ITS                                | MH ITS                                 | MH ITS                 |
| CONS Assess                         | none            | none            | none   | none                                  | none                                   | none                   |
| <b>Dental</b>                       | Dental Geo      | Dental Geo      | Dental Geo   | Dental Geo                            | Dental Geo                             | Dental Geo             |

<sup>1</sup> No Newborn adjustment applied to PCO rates for PLM, CHIP, and TANF Children ages 0 - 1.

**Oregon Health Plan Medicaid Demonstration  
 Capitation Rate Development for January 2008 through December 2008  
 Adjustments Applied to Develop Plan-specific Capitation Rates from Statewide Capitation Rates**

EXHIBIT 2-J

| Category of Service                 | AB/AD with Medicare | OAA without Medicare | OAA with Medicare | SCF Children         | OHP Families | OHP Adults and Couples |
|-------------------------------------|---------------------|----------------------|-------------------|----------------------|--------------|------------------------|
| <b>Physician</b>                    |                     |                      |                   |                      |              |                        |
| Basic                               | CDPS                | none                 | none              | none                 | CDPS         | CDPS                   |
| Family Planning                     | CDPS                | none                 | none              | none                 | CDPS         | CDPS                   |
| Hysterectomy                        | CDPS                | none                 | none              | none                 | CDPS         | CDPS                   |
| Maternity                           | CDPS                | none                 | none              | none                 | CDPS         | CDPS                   |
| Newborn                             | CDPS                | none                 | none              | none                 | CDPS         | CDPS                   |
| Sterilization                       | CDPS                | none                 | none              | none                 | CDPS         | CDPS                   |
| <b>Outpatient</b>                   |                     |                      |                   |                      |              |                        |
| Basic                               | CDPS, OP Geo        | OP Geo               | OP Geo            | OP Geo               | CDPS, OP Geo | CDPS, OP Geo           |
| Emergency Room                      | CDPS, OP Geo        | OP Geo               | OP Geo            | OP Geo               | CDPS, OP Geo | CDPS, OP Geo           |
| Family Planning                     | CDPS, OP Geo        | OP Geo               | OP Geo            | OP Geo               | CDPS, OP Geo | CDPS, OP Geo           |
| Hysterectomy                        | CDPS, OP Geo        | OP Geo               | OP Geo            | OP Geo               | CDPS, OP Geo | CDPS, OP Geo           |
| Maternity                           | CDPS, OP Geo        | OP Geo               | OP Geo            | OP Geo               | CDPS, OP Geo | CDPS, OP Geo           |
| Sterilization                       | CDPS, OP Geo        | OP Geo               | OP Geo            | OP Geo               | CDPS, OP Geo | CDPS, OP Geo           |
| <b>Prescription Drugs</b>           |                     |                      |                   |                      |              |                        |
| Basic                               | CDPS                | none                 | none              | none                 | CDPS         | CDPS                   |
| Family Planning                     | CDPS                | none                 | none              | none                 | CDPS         | CDPS                   |
| <b>Inpatient</b>                    |                     |                      |                   |                      |              |                        |
| Basic                               | CDPS, IP Geo        | IP Geo               | IP Geo            | IP Geo               | CDPS, IP Geo | CDPS, IP Geo           |
| Family Planning                     | CDPS, IP Geo        | IP Geo               | IP Geo            | IP Geo               | CDPS, IP Geo | CDPS, IP Geo           |
| Hysterectomy                        | CDPS, IP Geo        | IP Geo               | IP Geo            | IP Geo               | CDPS, IP Geo | CDPS, IP Geo           |
| Maternity                           | CDPS, IP Geo        | IP Geo               | IP Geo            | IP Geo               | CDPS, IP Geo | CDPS, IP Geo           |
| Newborn                             | CDPS, IP Geo        | IP Geo               | IP Geo            | IP Geo               | CDPS, IP Geo | CDPS, IP Geo           |
| Sterilization                       | CDPS, IP Geo        | IP Geo               | IP Geo            | IP Geo               | CDPS, IP Geo | CDPS, IP Geo           |
| <b>Miscellaneous</b>                |                     |                      |                   |                      |              |                        |
| Chemical Dependency                 | CDPS                | none                 | none              | none                 | CDPS         | CDPS                   |
| DME/Supplies                        | CDPS                | none                 | none              | none                 | CDPS         | CDPS                   |
| Exceptional Needs Care Coordination | CDPS                | none                 | none              | none                 | CDPS         | CDPS                   |
| Home Health/PDN/Hospice             | CDPS                | none                 | none              | none                 | CDPS         | CDPS                   |
| Transportation - Ambulance          | CDPS                | none                 | none              | none                 | CDPS         | CDPS                   |
| Vision                              | CDPS                | none                 | none              | none                 | CDPS         | CDPS                   |
| <b>Optional Services</b>            |                     |                      |                   |                      |              |                        |
| Maternity Management                | CDPS                | none                 | none              | none                 | CDPS         | CDPS                   |
| <b>Mental Health</b>                |                     |                      |                   |                      |              |                        |
| Acute Inpatient                     | MH Risk, MH Geo     | MH Geo               | MH Geo            | BRS, MH Risk, MH Geo | MH Geo       | MH Geo                 |
| Alternative to IP                   | MH Risk             | none                 | none              | BRS, MH Risk         | none         | none                   |
| Ancillary Services                  | MH Risk             | none                 | none              | BRS, MH Risk         | none         | none                   |
| Assess & Eval                       | MH Risk             | none                 | none              | BRS, MH Risk         | none         | none                   |
| Case Management                     | MH Risk             | none                 | none              | BRS, MH Risk         | none         | none                   |
| Consultation                        | MH Risk             | none                 | none              | BRS, MH Risk         | none         | none                   |
| Evidence Based Practice             | MH Risk             | none                 | none              | BRS, MH Risk         | none         | none                   |
| Family Support                      | MH Risk             | none                 | none              | BRS, MH Risk         | none         | none                   |
| Med Management                      | MH Risk             | none                 | none              | BRS, MH Risk         | none         | none                   |
| OP Therapy                          | MH Risk             | none                 | none              | BRS, MH Risk         | none         | none                   |
| Other OP                            | MH Risk             | none                 | none              | BRS, MH Risk         | none         | none                   |
| PEO                                 | none                | none                 | none              | none                 | none         | none                   |
| Phys IP                             | MH Risk             | none                 | none              | BRS, MH Risk         | none         | none                   |
| Phys OP                             | MH Risk             | none                 | none              | BRS, MH Risk         | none         | none                   |
| Support Day Program                 | MH Risk             | none                 | none              | BRS, MH Risk         | none         | none                   |
| Intensive Treatment Services        | none                | none                 | none              | MH ITS               | none         | none                   |
| CONS Assess                         | none                | none                 | none              | none                 | none         | none                   |
| <b>Dental</b>                       | Dental Geo          | Dental Geo           | Dental Geo        | Dental Geo           | Dental Geo   | Dental Geo             |

**Oregon Health Plan Medicaid Demonstration**  
**Capitation Rate Development for January 2008 through December 2008**  
**FCHP and PCO Geographic Factors**

EXHIBIT 3-A

| Contract Type           | Plan Name   | Region  | Inpatient | Outpatient |
|-------------------------|---|---|-----------|------------|
| FCHP                    | CareOregon, Inc.  | Jackson/Josephine/Douglas                     | 0.986     | 0.979      |
|                         | CareOregon, Inc.  | Linn/Benton/Marion/Polk/Yamhill               | 0.995     | 1.022      |
|                         | CareOregon, Inc.  | Tri-County (Clackamas, Multnomah, Washington) | 0.972     | 0.994      |
|                         | CareOregon, Inc.  | Other   | 1.092     | 1.015      |
|                         | Cascade Comprehensive Care, Inc.  | Other   | 0.992     | 0.970      |
|                         | Central Oregon Individual Health Solutions, Inc.  | Other   | 1.125     | 1.038      |
|                         | DCIPA, LLC  | Jackson/Josephine/Douglas                     | 1.016     | 1.017      |
|                         | Southwest Oregon Individual Practice Association, Inc., abn Doctors of the Oregon Coast South | Other   | 1.027     | 1.037      |
|                         | FamilyCare, Inc.  | Jackson/Josephine/Douglas                     | 0.983     | 0.971      |
|                         | FamilyCare, Inc.  | Tri-County (Clackamas, Multnomah, Washington) | 0.971     | 0.995      |
|                         | FamilyCare, Inc.  | Other   | 1.190     | 1.061      |
|                         | Grants Pass Management Services, Inc., abn Oregon Health Management Services                  | Jackson/Josephine/Douglas                     | 0.984     | 0.972      |
|                         | InterCommunity Health Plans, Inc. abn InterCommunity Health Network                           | Linn/Benton/Marion/Polk/Yamhill               | 1.023     | 0.970      |
|                         | Lane Individual Practice Association, Inc.  | Lane  | 0.980     | 0.980      |
|                         | Marion/Polk Community Health Plan, LLC  | Linn/Benton/Marion/Polk/Yamhill               | 0.970     | 1.021      |
|                         | Mid Rogue Independent Physician Association, Inc.   | Jackson/Josephine/Douglas                     | 0.984     | 0.972      |
|                         | ODS Community Health, Inc.  | Jackson/Josephine/Douglas                     | 0.986     | 0.979      |
|                         | ODS Community Health, Inc.  | Other   | 1.023     | 0.921      |
|                         | Providence Health Assurance   | Linn/Benton/Marion/Polk/Yamhill               | 1.153     | 1.003      |
|                         | Providence Health Assurance   | Tri-County (Clackamas, Multnomah, Washington) | 0.972     | 0.993      |
| Tuality Health Alliance | Tri-County (Clackamas, Multnomah, Washington)   | 0.977   | 0.994     |            |
| PCO                     | Kaiser Permanente Oregon Plus, LLC  | Linn/Benton/Marion/Polk/Yamhill               | N/A       | 1.021      |
|                         | Kaiser Permanente Oregon Plus, LLC  | Tri-County (Clackamas, Multnomah, Washington) | N/A       | 0.994      |

**Oregon Health Plan Medicaid Demonstration**  
**Capitation Rate Development for January 2008 through December 2008**  
**FCHP and PCO CDPS Risk Adjustment Factors**

EXHIBIT 3-B

| Contract Type           | Plan Name   | TANF  | CHILD 01-05 | CHILD 06-18 | ABAD-MED | ABAD  | OHPFAM | OHPAC |
|-------------------------|---|-------|-------------|-------------|----------|-------|--------|-------|
| FCHP                    | CareOregon, Inc.  | 0.974 | 1.015       | 0.967       | 1.015    | 1.017 | 0.935  | 1.085 |
|                         | Cascade Comprehensive Care, Inc.  | 1.013 | 0.982       | 1.014       | 1.036    | 1.038 | 1.200  | 1.200 |
|                         | Central Oregon Individual Health Solutions, Inc.  | 1.015 | 1.027       | 1.075       | 0.998    | 1.000 | 1.000  | 1.000 |
|                         | DCIPA, LLC  | 1.324 | 1.038       | 1.115       | 1.307    | 1.309 | 1.200  | 1.200 |
|                         | Southwest Oregon Individual Practice Association, Inc., abn Doctors of the Oregon Coast South | 1.083 | 1.178       | 1.197       | 0.946    | 0.948 | 1.200  | 0.940 |
|                         | FamilyCare, Inc.  | 0.926 | 0.916       | 0.897       | 0.850    | 0.850 | 0.923  | 0.871 |
|                         | InterCommunity Health Plans, Inc. abn InterCommunity Health Network                           | 1.008 | 0.975       | 1.051       | 1.011    | 1.013 | 1.078  | 1.009 |
|                         | Lane Individual Practice Association, Inc.  | 0.981 | 1.036       | 1.036       | 0.918    | 0.919 | 1.013  | 0.898 |
|                         | Marion/Polk Community Health Plan, LLC  | 0.995 | 0.974       | 1.008       | 0.997    | 0.999 | 1.025  | 1.020 |
|                         | Mid Rogue Independent Physician Association, Inc.   | 1.066 | 0.969       | 1.011       | 1.044    | 1.046 | 1.200  | 0.963 |
|                         | ODS Community Health, Inc.  | 1.000 | 1.000       | 1.000       | 1.000    | 1.000 | 1.000  | 1.000 |
|                         | Grants Pass Management Services, Inc., abn Oregon Health Management Services                  | 1.067 | 0.897       | 1.021       | 1.095    | 1.097 | 1.200  | 0.850 |
|                         | Providence Health Assurance   | 0.905 | 0.944       | 0.908       | 0.927    | 0.929 | 0.850  | 0.850 |
| Tuality Health Alliance | 0.994   | 0.961 | 1.009       | 0.969       | 0.971    | 1.064 | 1.164  |       |
| PCO                     | Kaiser Permanente Oregon Plus, LLC  | 0.850 | 0.894       | 0.850       | 0.850    | 0.850 | 1.000  | 1.000 |

**Oregon Health Plan Medicaid Demonstration  
 Capitation Rate Development for January 2008 through December 2008  
 Newborn Adjustment Scores**

EXHIBIT 3-C

| Plan Name   | Adjustment |
|---|------------|
| CareOregon, Inc.  | 0.939      |
| Cascade Comprehensive Care, Inc.  | 1.131      |
| Central Oregon Individual Health Solutions, Inc.  | 1.023      |
| DCIPA, LLC  | 1.163      |
| Southwest Oregon Individual Practice Association, Inc., abn Doctors of the Oregon Coast South | 1.172      |
| FamilyCare, Inc.  | 1.002      |
| InterCommunity Health Plans, Inc. abn InterCommunity Health Network                           | 1.067      |
| Lane Individual Practice Association, Inc.  | 1.096      |
| Marion/Polk Community Health Plan, LLC  | 0.967      |
| Mid Rogue Independent Physician Association, Inc.   | 1.192      |
| ODS Community Health, Inc.  | 1.000      |
| Grants Pass Management Services, Inc., abn Oregon Health Management Services                  | 1.136      |
| Providence Health Assurance   | 0.989      |
| Tuality Health Alliance   | 0.957      |

**Oregon Health Plan Medicaid Demonstration**  
**Capitation Rate Development for January 2008 through December 2008**  
**Maternity Management - Optional Covered Service for FCHPs and PCOs**

**EXHIBIT 3-D**

| Eligibility Category                  | Maternity Management PMPM |
|---------------------------------------|---------------------------|
| TANF Adults                           | \$4.74                    |
| PLM Adults                            | \$32.25                   |
| PLM, CHIP, or TANF Children Aged 0-1  | \$0.04                    |
| PLM, CHIP, or TANF Children Aged 1-5  | \$0.04                    |
| PLM, CHIP, or TANF Children Aged 6-18 | \$0.90                    |
| AB/AD with Medicare                   | \$0.15                    |
| AB/AD without Medicare                | \$1.87                    |
| OAA with Medicare                     | \$0.00                    |
| OAA without Medicare                  | \$0.00                    |
| SCF Children                          | \$5.65                    |
| OHP Families                          | \$0.37                    |
| OHP Adults and Couples                | \$0.07                    |

**Oregon Health Plan Medicaid Demonstration**  
**Capitation Rate Development for January 2008 through December 2008**  
**Maternity Case Rates for FCHPs**

EXHIBIT 3-E

| January 2008 Statewide Maternity Case Rate |                     |                |            | Administrative Allowance |
|--|---------------------|----------------|------------|--------------------------|
| IP HOSP - MATERNITY                        | OP HOSP - MATERNITY | PHYS MATERNITY | Total      |                          |
| \$3,861.10                                 | \$717.39            | \$2,911.82     | \$7,490.31 | 13.06%                   |

| Plan Name   | Region     | January 2008 Maternity Geographic Adjustment Factors |                     | January 2008 Adjusted Maternity Case Rate |                     |                |            |                |
|---|------------|--|---------------------|---|---------------------|----------------|------------|----------------|
|   |            | IP HOSP - MATERNITY                                  | OP HOSP - MATERNITY | IP HOSP - MATERNITY                       | OP HOSP - MATERNITY | PHYS MATERNITY | Total      | Total w/ Admin |
| CareOregon, Inc.  | JJD        | 0.970  | 0.978               | \$3,745.12                                | \$701.55            | \$2,911.82     | \$7,358.49 | \$8,463.87     |
| CareOregon, Inc.  | LBMPI      | 0.993  | 1.020               | \$3,833.84                                | \$731.97            | \$2,911.82     | \$7,477.63 | \$8,600.91     |
| CareOregon, Inc.  | OTHER      | 1.081  | 1.013               | \$4,172.31                                | \$726.85            | \$2,911.82     | \$7,810.98 | \$8,984.33     |
| CareOregon, Inc.  | Tri-County | 0.982  | 0.992               | \$3,793.38                                | \$711.87            | \$2,911.82     | \$7,417.07 | \$8,531.25     |
| Cascade Comprehensive Care, Inc.  | OTHER      | 0.952  | 0.968               | \$3,674.92                                | \$694.67            | \$2,911.82     | \$7,281.41 | \$8,375.21     |
| Central Oregon Individual Health Solutions, Inc.  | OTHER      | 1.157  | 1.036               | \$4,466.80                                | \$743.15            | \$2,911.82     | \$8,121.77 | \$9,341.81     |
| DCIPA, LLC  | JJD        | 0.964  | 1.015               | \$3,723.97                                | \$728.20            | \$2,911.82     | \$7,363.99 | \$8,470.20     |
| Southwest Oregon Individual Practice Association, Inc., abn Doctors of the Oregon Coast South | OTHER      | 1.002  | 1.035               | \$3,867.51                                | \$742.84            | \$2,911.82     | \$7,522.17 | \$8,652.13     |
| FamilyCare, Inc.  | JJD        | 0.952  | 0.970               | \$3,676.37                                | \$695.78            | \$2,911.82     | \$7,283.96 | \$8,378.15     |
| FamilyCare, Inc.  | OTHER      | 1.150  | 1.060               | \$4,439.60                                | \$760.15            | \$2,911.82     | \$8,111.57 | \$9,330.08     |
| FamilyCare, Inc.  | Tri-County | 0.981  | 0.993               | \$3,788.16                                | \$712.35            | \$2,911.82     | \$7,412.32 | \$8,525.79     |
| InterCommunity Health Plans, Inc. abn InterCommunity Health Network                           | LBMPI      | 1.023  | 0.968               | \$3,949.04                                | \$694.47            | \$2,911.82     | \$7,555.33 | \$8,690.28     |
| Lane Individual Practice Association, Inc.  | LANE       | 0.965  | 0.978               | \$3,725.57                                | \$701.92            | \$2,911.82     | \$7,339.31 | \$8,441.81     |
| Marion/Polk Community Health Plan, LLC  | LBMPI      | 0.956  | 1.019               | \$3,690.91                                | \$731.15            | \$2,911.82     | \$7,333.88 | \$8,435.56     |
| Mid Rogue Independent Physician Association, Inc.   | JJD        | 0.951  | 0.971               | \$3,673.02                                | \$696.46            | \$2,911.82     | \$7,281.30 | \$8,375.09     |
| ODS Community Health, Inc.  | JJD        | 0.970  | 0.978               | \$3,745.12                                | \$701.55            | \$2,911.82     | \$7,358.49 | \$8,463.87     |
| ODS Community Health, Inc.  | OTHER      | 0.914  | 0.920               | \$3,527.90                                | \$659.97            | \$2,911.82     | \$7,099.70 | \$8,166.20     |
| Grants Pass Management Services, Inc., abn Oregon Health Management Services                  | JJD        | 0.951  | 0.970               | \$3,673.57                                | \$696.04            | \$2,911.82     | \$7,281.43 | \$8,375.23     |
| Providence Health Assurance   | LBMPI      | 1.261  | 1.001               | \$4,868.34                                | \$718.17            | \$2,911.82     | \$8,498.33 | \$9,774.94     |
| Providence Health Assurance   | Tri-County | 0.983  | 0.992               | \$3,794.43                                | \$711.38            | \$2,911.82     | \$7,417.63 | \$8,531.89     |
| Tuality Health Alliance   | Tri-County | 0.990  | 0.992               | \$3,823.79                                | \$711.86            | \$2,911.82     | \$7,447.47 | \$8,566.22     |

**Oregon Health Plan Medicaid Demonstration**  
**Capitation Rate Development for January 2008 through December 2008**  
**Maternity Case Rates for PCOs**

EXHIBIT 3-F

| January 2008 Statewide Maternity Case Rate |                |            | Administrative Allowance |
|--|----------------|------------|--------------------------|
| OP HOSP - MATERNITY                        | PHYS MATERNITY | Total      |                          |
| \$681.52                                   | \$2,911.82     | \$3,593.34 | 13.06%                   |

| Plan Name                          | Region     | January 2008 Maternity Geographic Adjustment Factors |
|------------------------------------|------------|--|
|                                    |            | OP HOSP - MATERNITY                                  |
| Kaiser Permanente Oregon Plus, LLC | LBMPY      | 1.020  |
| Kaiser Permanente Oregon Plus, LLC | Tri-County | 0.992  |

| January 2008 Adjusted Maternity Case Rate |                |            |                |
|---|----------------|------------|----------------|
| OP HOSP - MATERNITY                       | PHYS MATERNITY | Total      | Total w/ Admin |
| \$694.86                                  | \$2,911.82     | \$3,606.68 | \$4,148.47     |
| \$676.39                                  | \$2,911.82     | \$3,588.21 | \$4,127.22     |

**Oregon Health Plan Medicaid Demonstration**  
**Comparison of January 2008 and January 2007 FCHP Capitation Rates**  
**Includes Adjustment for Administration Allowance**

**EXHIBIT 3-G**

| <b>Statewide FCHP Rates</b>           |                     |                               |                 |
|---------------------------------------|---------------------|-------------------------------|-----------------|
| <b>Eligibility Category</b>           | <b>January 2008</b> | <b>July 2007 <sup>2</sup></b> | <b>% Change</b> |
| TANF Adults                           | \$273.52            | \$250.97                      | 9.0%            |
| PLM Adults                            | \$265.44            | \$215.75                      | 23.0%           |
| PLM, CHIP, or TANF Children Aged 0-1  | \$442.59            | \$400.40                      | 10.5%           |
| PLM, CHIP, or TANF Children Aged 1-5  | \$90.80             | \$82.10                       | 10.6%           |
| PLM, CHIP, or TANF Children Aged 6-18 | \$80.65             | \$71.46                       | 12.9%           |
| AB/AD with Medicare                   | \$152.64            | \$150.73                      | 1.3%            |
| AB/AD without Medicare                | \$849.76            | \$661.48                      | 28.5%           |
| OAA with Medicare                     | \$163.32            | \$161.78                      | 1.0%            |
| OAA without Medicare                  | \$704.93            | \$501.35                      | 40.6%           |
| SCF Children                          | \$147.62            | \$137.40                      | 7.4%            |
| OHP Families                          | \$221.25            | \$204.23                      | 8.3%            |
| OHP Adults and Couples                | \$508.79            | \$458.80                      | 10.9%           |
| <b>Weighted Average <sup>1</sup></b>  | <b>\$239.16</b>     | <b>\$206.26</b>               | <b>15.9%</b>    |

<sup>1</sup> Weighted average capitation rates are based on June 2007 enrollment distributions.

<sup>2</sup> Excludes benefit adjustments for exclusion of vision services and limited over-the-counter drugs.

**Oregon Health Plan Medicaid Demonstration**  
**Comparison of January 2008 and January 2007 FCHP Capitation Rates**  
Includes Adjustment for Administration Allowance

**EXHIBIT 3-H**

| CareOregon, Inc.                      |              |                        |          |              |                        |          |              |                        |          |              |                        |          |              |                        |          |
|---------------------------------------|--------------|------------------------|----------|--------------|------------------------|----------|--------------|------------------------|----------|--------------|------------------------|----------|--------------|------------------------|----------|
| Eligibility Category                  | JJD          |                        |          | Lane         |                        |          | LBMPY        |                        |          | Other        |                        |          | Tri-County   |                        |          |
|                                       | January 2008 | July 2007 <sup>2</sup> | % Change | January 2008 | July 2007 <sup>2</sup> | % Change | January 2008 | July 2007 <sup>2</sup> | % Change | January 2008 | July 2007 <sup>2</sup> | % Change | January 2008 | July 2007 <sup>2</sup> | % Change |
| TANF Adults                           | \$264.50     | \$236.56               | 11.8%    |              |                        |          | \$267.61     | \$243.72               | 9.8%     | \$272.01     | \$240.66               | 13.0%    | \$264.73     | \$236.16               | 12.1%    |
| PLM Adults                            | \$263.98     | \$214.22               | 23.2%    |              |                        |          | \$266.01     | \$219.29               | 21.3%    | \$270.42     | \$217.49               | 24.3%    | \$263.87     | \$213.74               | 23.5%    |
| PLM, CHIP, or TANF Children Aged 0-1  | \$411.47     | \$371.26               | 10.8%    |              |                        |          | \$415.05     | \$383.16               | 8.3%     | \$437.13     | \$383.24               | 14.1%    | \$408.89     | \$367.73               | 11.2%    |
| PLM, CHIP, or TANF Children Aged 1-5  | \$91.46      | \$83.85                | 9.1%     |              |                        |          | \$92.74      | \$86.32                | 7.4%     | \$93.73      | \$84.99                | 10.3%    | \$91.69      | \$83.87                | 9.3%     |
| PLM, CHIP, or TANF Children Aged 6-18 | \$77.44      | \$68.60                | 12.9%    |              |                        |          | \$78.39      | \$70.38                | 11.4%    | \$79.31      | \$69.49                | 14.1%    | \$77.58      | \$68.58                | 13.1%    |
| AB/AD with Medicare                   | \$153.75     | \$152.07               | 1.1%     |              |                        |          | \$155.45     | \$154.50               | 0.6%     | \$155.17     | \$152.81               | 1.5%     | \$154.33     | \$152.29               | 1.3%     |
| AB/AD without Medicare                | \$857.63     | \$667.61               | 28.5%    |              |                        |          | \$865.91     | \$685.70               | 26.3%    | \$891.70     | \$680.62               | 31.0%    | \$855.89     | \$665.14               | 28.7%    |
| OAA with Medicare                     | \$162.62     | \$161.13               | 0.9%     |              |                        |          | \$164.07     | \$163.27               | 0.5%     | \$163.82     | \$161.78               | 1.3%     | \$163.11     | \$161.33               | 1.1%     |
| OAA without Medicare                  | \$698.69     | \$496.48               | 40.7%    |              |                        |          | \$706.35     | \$512.67               | 37.8%    | \$729.98     | \$507.22               | 43.9%    | \$697.12     | \$494.77               | 40.9%    |
| SCF Children                          | \$146.87     | \$136.54               | 7.6%     |              |                        |          | \$148.13     | \$139.37               | 6.3%     | \$149.33     | \$138.25               | 8.0%     | \$147.06     | \$136.34               | 7.9%     |
| OHP Families                          | \$205.43     | \$189.63               | 8.3%     |              |                        |          | \$207.68     | \$195.44               | 6.3%     | \$210.11     | \$192.51               | 9.1%     | \$205.72     | \$189.56               | 8.5%     |
| OHP Adults and Couples                | \$547.81     | \$498.33               | 9.9%     |              |                        |          | \$553.46     | \$513.66               | 7.7%     | \$565.61     | \$507.96               | 11.3%    | \$547.53     | \$497.01               | 10.2%    |
| Weighted Average <sup>1</sup>         | \$208.15     | \$178.92               | 16.3%    |              |                        |          | \$195.50     | \$173.23               | 12.9%    | \$245.87     | \$207.54               | 18.5%    | \$234.89     | \$201.27               | 16.7%    |

<sup>1</sup> Weighted average capitation rates are based on June 2007 enrollment distributions.

<sup>2</sup> Excludes benefit adjustments for exclusion of vision services and limited over-the-counter drugs.

**Oregon Health Plan Medicaid Demonstration**  
**Comparison of January 2008 and January 2007 FCHP Capitation Rates**  
Includes Adjustment for Administration Allowance

EXHIBIT 3-H

| Cascade Comprehensive Care, Inc.      |              |                        |          |              |                        |          |              |                        |          |              |                        |          |              |                        |          |
|---------------------------------------|--------------|------------------------|----------|--------------|------------------------|----------|--------------|------------------------|----------|--------------|------------------------|----------|--------------|------------------------|----------|
| Eligibility Category                  | JJD          |                        |          | Lane         |                        |          | LBMPY        |                        |          | Other        |                        |          | Tri-County   |                        |          |
|                                       | January 2008 | July 2007 <sup>2</sup> | % Change | January 2008 | July 2007 <sup>2</sup> | % Change | January 2008 | July 2007 <sup>2</sup> | % Change | January 2008 | July 2007 <sup>2</sup> | % Change | January 2008 | July 2007 <sup>2</sup> | % Change |
| TANF Adults                           |              |                        |          |              |                        |          |              |                        |          | \$280.13     | \$250.95               | 11.6%    |              |                        |          |
| PLM Adults                            |              |                        |          |              |                        |          |              |                        |          | \$301.04     | \$239.67               | 25.6%    |              |                        |          |
| PLM, CHIP, or TANF Children Aged 0-1  |              |                        |          |              |                        |          |              |                        |          | \$497.42     | \$446.60               | 11.4%    |              |                        |          |
| PLM, CHIP, or TANF Children Aged 1-5  |              |                        |          |              |                        |          |              |                        |          | \$88.30      | \$75.89                | 16.4%    |              |                        |          |
| PLM, CHIP, or TANF Children Aged 6-18 |              |                        |          |              |                        |          |              |                        |          | \$82.13      | \$72.82                | 12.8%    |              |                        |          |
| AB/AD with Medicare                   |              |                        |          |              |                        |          |              |                        |          | \$156.19     | \$151.27               | 3.3%     |              |                        |          |
| AB/AD without Medicare                |              |                        |          |              |                        |          |              |                        |          | \$878.20     | \$662.03               | 32.7%    |              |                        |          |
| OAA with Medicare                     |              |                        |          |              |                        |          |              |                        |          | \$162.30     | \$160.80               | 0.9%     |              |                        |          |
| OAA without Medicare                  |              |                        |          |              |                        |          |              |                        |          | \$699.21     | \$493.94               | 41.6%    |              |                        |          |
| SCF Children                          |              |                        |          |              |                        |          |              |                        |          | \$153.20     | \$138.96               | 10.2%    |              |                        |          |
| OHP Families                          |              |                        |          |              |                        |          |              |                        |          | \$263.92     | \$205.29               | 28.6%    |              |                        |          |
| OHP Adults and Couples                |              |                        |          |              |                        |          |              |                        |          | \$606.03     | \$476.62               | 27.2%    |              |                        |          |
| Weighted Average <sup>1</sup>         |              |                        |          |              |                        |          |              |                        |          | \$266.23     | \$220.17               | 20.9%    |              |                        |          |

<sup>1</sup> Weighted average capitation rates are based on June 2007 enrollment distributions.

<sup>2</sup> Excludes benefit adjustments for exclusion of vision services and limited over-the-counter drugs.

Note: Includes Maternity Management and excludes per capita value of maternity services.

**Oregon Health Plan Medicaid Demonstration**  
**Comparison of January 2008 and January 2007 FCHP Capitation Rates**  
Includes Adjustment for Administration Allowance

**EXHIBIT 3-H**

| Central Oregon Individual Health Solutions, Inc. |              |                        |          |              |                        |          |              |                        |          |              |                        |          |              |                        |          |
|--|--------------|------------------------|----------|--------------|------------------------|----------|--------------|------------------------|----------|--------------|------------------------|----------|--------------|------------------------|----------|
| Eligibility Category                             | JJD          |                        |          | Lane         |                        |          | LBMPY        |                        |          | Other        |                        |          | Tri-County   |                        |          |
|  | January 2008 | July 2007 <sup>2</sup> | % Change | January 2008 | July 2007 <sup>2</sup> | % Change | January 2008 | July 2007 <sup>2</sup> | % Change | January 2008 | July 2007 <sup>2</sup> | % Change | January 2008 | July 2007 <sup>2</sup> | % Change |
| TANF Adults                                      |              |                        |          |              |                        |          |              |                        |          | \$286.42     | \$274.77               | 4.2%     |              |                        |          |
| PLM Adults                                       |              |                        |          |              |                        |          |              |                        |          | \$272.87     | \$223.88               | 21.9%    |              |                        |          |
| PLM, CHIP, or TANF Children Aged 0-1             |              |                        |          |              |                        |          |              |                        |          | \$485.35     | \$437.69               | 10.9%    |              |                        |          |
| PLM, CHIP, or TANF Children Aged 1-5             |              |                        |          |              |                        |          |              |                        |          | \$95.86      | \$88.40                | 8.4%     |              |                        |          |
| PLM, CHIP, or TANF Children Aged 6-18            |              |                        |          |              |                        |          |              |                        |          | \$89.06      | \$82.30                | 8.2%     |              |                        |          |
| AB/AD with Medicare                              |              |                        |          |              |                        |          |              |                        |          | \$153.90     | \$155.91               | -1.3%    |              |                        |          |
| AB/AD without Medicare                           |              |                        |          |              |                        |          |              |                        |          | \$888.74     | \$706.27               | 25.8%    |              |                        |          |
| OAA with Medicare                                |              |                        |          |              |                        |          |              |                        |          | \$164.60     | \$164.15               | 0.3%     |              |                        |          |
| OAA without Medicare                             |              |                        |          |              |                        |          |              |                        |          | \$741.20     | \$527.74               | 40.4%    |              |                        |          |
| SCF Children                                     |              |                        |          |              |                        |          |              |                        |          | \$150.41     | \$141.76               | 6.1%     |              |                        |          |
| OHP Families                                     |              |                        |          |              |                        |          |              |                        |          | \$226.94     | \$212.81               | 6.6%     |              |                        |          |
| OHP Adults and Couples                           |              |                        |          |              |                        |          |              |                        |          | \$527.69     | \$480.88               | 9.7%     |              |                        |          |
| Weighted Average <sup>1</sup>                    |              |                        |          |              |                        |          |              |                        |          | \$241.47     | \$212.93               | 13.4%    |              |                        |          |

<sup>1</sup> Weighted average capitation rates are based on June 2007 enrollment distributions.

<sup>2</sup> Excludes benefit adjustments for exclusion of vision services and limited over-the-counter drugs.

**Oregon Health Plan Medicaid Demonstration**  
**Comparison of January 2008 and January 2007 FCHP Capitation Rates**  
Includes Adjustment for Administration Allowance

EXHIBIT 3-H

| DCIPA, LLC                            |              |                        |          |              |                        |          |              |                        |          |              |                        |          |              |                        |          |
|---------------------------------------|--------------|------------------------|----------|--------------|------------------------|----------|--------------|------------------------|----------|--------------|------------------------|----------|--------------|------------------------|----------|
| Eligibility Category                  | JJD          |                        |          | Lane         |                        |          | LBMPY        |                        |          | Other        |                        |          | Tri-County   |                        |          |
|                                       | January 2008 | July 2007 <sup>2</sup> | % Change | January 2008 | July 2007 <sup>2</sup> | % Change | January 2008 | July 2007 <sup>2</sup> | % Change | January 2008 | July 2007 <sup>2</sup> | % Change | January 2008 | July 2007 <sup>2</sup> | % Change |
| TANF Adults                           | \$364.53     | \$325.23               | 12.1%    |              |                        |          |              |                        |          |              |                        |          |              |                        |          |
| PLM Adults                            | \$266.85     | \$216.31               | 23.4%    |              |                        |          |              |                        |          |              |                        |          |              |                        |          |
| PLM, CHIP, or TANF Children Aged 0-1  | \$520.16     | \$473.61               | 9.8%     |              |                        |          |              |                        |          |              |                        |          |              |                        |          |
| PLM, CHIP, or TANF Children Aged 1-5  | \$94.88      | \$83.94                | 13.0%    |              |                        |          |              |                        |          |              |                        |          |              |                        |          |
| PLM, CHIP, or TANF Children Aged 6-18 | \$90.52      | \$76.92                | 17.7%    |              |                        |          |              |                        |          |              |                        |          |              |                        |          |
| AB/AD with Medicare                   | \$192.28     | \$182.81               | 5.2%     |              |                        |          |              |                        |          |              |                        |          |              |                        |          |
| AB/AD without Medicare                | \$1,121.10   | \$844.41               | 32.8%    |              |                        |          |              |                        |          |              |                        |          |              |                        |          |
| OAA with Medicare                     | \$163.89     | \$161.52               | 1.5%     |              |                        |          |              |                        |          |              |                        |          |              |                        |          |
| OAA without Medicare                  | \$711.15     | \$503.35               | 41.3%    |              |                        |          |              |                        |          |              |                        |          |              |                        |          |
| SCF Children                          | \$148.30     | \$137.63               | 7.8%     |              |                        |          |              |                        |          |              |                        |          |              |                        |          |
| OHP Families                          | \$267.10     | \$245.14               | 9.0%     |              |                        |          |              |                        |          |              |                        |          |              |                        |          |
| OHP Adults and Couples                | \$614.87     | \$551.47               | 11.5%    |              |                        |          |              |                        |          |              |                        |          |              |                        |          |
| Weighted Average <sup>1</sup>         | \$306.97     | \$257.82               | 19.1%    |              |                        |          |              |                        |          |              |                        |          |              |                        |          |

<sup>1</sup> Weighted average capitation rates are based on June 2007 enrollment distributions.

<sup>2</sup> Excludes benefit adjustments for exclusion of vision services and limited over-the-counter drugs.

**Oregon Health Plan Medicaid Demonstration**  
**Comparison of January 2008 and January 2007 FCHP Capitation Rates**  
Includes Adjustment for Administration Allowance

EXHIBIT 3-H

| Southwest Oregon Individual Practice Association, Inc., abn Doctors of the Oregon Coast South |              |                        |          |              |                        |          |              |                        |          |              |                        |          |              |                        |          |
|---|--------------|------------------------|----------|--------------|------------------------|----------|--------------|------------------------|----------|--------------|------------------------|----------|--------------|------------------------|----------|
| Eligibility Category  | JJD          |                        |          | Lane         |                        |          | LBMPY        |                        |          | Other        |                        |          | Tri-County   |                        |          |
|   | January 2008 | July 2007 <sup>2</sup> | % Change | January 2008 | July 2007 <sup>2</sup> | % Change | January 2008 | July 2007 <sup>2</sup> | % Change | January 2008 | July 2007 <sup>2</sup> | % Change | January 2008 | July 2007 <sup>2</sup> | % Change |
| TANF Adults   |              |                        |          |              |                        |          |              |                        |          | \$300.38     | \$286.39               | 4.9%     |              |                        |          |
| PLM Adults  |              |                        |          |              |                        |          |              |                        |          | \$268.11     | \$221.10               | 21.3%    |              |                        |          |
| PLM, CHIP, or TANF Children Aged 0-1  |              |                        |          |              |                        |          |              |                        |          | \$528.02     | \$481.35               | 9.7%     |              |                        |          |
| PLM, CHIP, or TANF Children Aged 1-5  |              |                        |          |              |                        |          |              |                        |          | \$108.50     | \$94.77                | 14.5%    |              |                        |          |
| PLM, CHIP, or TANF Children Aged 6-18   |              |                        |          |              |                        |          |              |                        |          | \$97.82      | \$91.29                | 7.2%     |              |                        |          |
| AB/AD with Medicare   |              |                        |          |              |                        |          |              |                        |          | \$147.21     | \$148.14               | -0.6%    |              |                        |          |
| AB/AD without Medicare  |              |                        |          |              |                        |          |              |                        |          | \$817.01     | \$655.04               | 24.7%    |              |                        |          |
| OAA with Medicare   |              |                        |          |              |                        |          |              |                        |          | \$164.58     | \$163.63               | 0.6%     |              |                        |          |
| OAA without Medicare  |              |                        |          |              |                        |          |              |                        |          | \$716.32     | \$518.62               | 38.1%    |              |                        |          |
| SCF Children  |              |                        |          |              |                        |          |              |                        |          | \$148.99     | \$140.32               | 6.2%     |              |                        |          |
| OHP Families  |              |                        |          |              |                        |          |              |                        |          | \$268.70     | \$252.30               | 6.5%     |              |                        |          |
| OHP Adults and Couples  |              |                        |          |              |                        |          |              |                        |          | \$484.63     | \$466.25               | 3.9%     |              |                        |          |
| Weighted Average <sup>1</sup>   |              |                        |          |              |                        |          |              |                        |          | \$285.43     | \$251.10               | 13.7%    |              |                        |          |

<sup>1</sup> Weighted average capitation rates are based on June 2007 enrollment distributions.

<sup>2</sup> Excludes benefit adjustments for exclusion of vision services and limited over-the-counter drugs.

**Oregon Health Plan Medicaid Demonstration**  
**Comparison of January 2008 and January 2007 FCHP Capitation Rates**  
Includes Adjustment for Administration Allowance

**EXHIBIT 3-H**

| FamilyCare, Inc.                      |              |                        |          |              |                        |          |              |                        |          |              |                        |          |              |                        |          |
|---------------------------------------|--------------|------------------------|----------|--------------|------------------------|----------|--------------|------------------------|----------|--------------|------------------------|----------|--------------|------------------------|----------|
| Eligibility Category                  | JJD          |                        |          | Lane         |                        |          | LBMPY        |                        |          | Other        |                        |          | Tri-County   |                        |          |
|                                       | January 2008 | July 2007 <sup>2</sup> | % Change | January 2008 | July 2007 <sup>2</sup> | % Change | January 2008 | July 2007 <sup>2</sup> | % Change | January 2008 | July 2007 <sup>2</sup> | % Change | January 2008 | July 2007 <sup>2</sup> | % Change |
| TANF Adults                           | \$250.71     | \$222.43               | 12.7%    |              |                        |          |              |                        |          | \$265.81     | \$230.23               | 15.5%    | \$251.53     | \$222.81               | 12.9%    |
| PLM Adults                            | \$263.57     | \$213.62               | 23.4%    |              |                        |          |              |                        |          | \$276.85     | \$220.21               | 25.7%    | \$263.87     | \$213.69               | 23.5%    |
| PLM, CHIP, or TANF Children Aged 0-1  | \$438.49     | \$392.64               | 11.7%    |              |                        |          |              |                        |          | \$492.39     | \$418.25               | 17.7%    | \$436.48     | \$390.06               | 11.9%    |
| PLM, CHIP, or TANF Children Aged 1-5  | \$82.31      | \$73.97                | 11.3%    |              |                        |          |              |                        |          | \$86.83      | \$76.00                | 14.2%    | \$82.76      | \$74.24                | 11.5%    |
| PLM, CHIP, or TANF Children Aged 6-18 | \$71.65      | \$64.98                | 10.3%    |              |                        |          |              |                        |          | \$75.41      | \$66.68                | 13.1%    | \$71.96      | \$65.15                | 10.5%    |
| AB/AD with Medicare                   | \$132.71     | \$131.88               | 0.6%     |              |                        |          |              |                        |          | \$135.72     | \$133.12               | 2.0%     | \$133.48     | \$132.32               | 0.9%     |
| AB/AD without Medicare                | \$715.20     | \$555.97               | 28.6%    |              |                        |          |              |                        |          | \$772.79     | \$577.85               | 33.7%    | \$715.12     | \$555.50               | 28.7%    |
| OAA with Medicare                     | \$162.35     | \$160.86               | 0.9%     |              |                        |          |              |                        |          | \$165.40     | \$162.17               | 2.0%     | \$163.13     | \$161.32               | 1.1%     |
| OAA without Medicare                  | \$697.10     | \$494.58               | 40.9%    |              |                        |          |              |                        |          | \$760.42     | \$516.21               | 47.3%    | \$697.06     | \$494.61               | 40.9%    |
| SCF Children                          | \$146.62     | \$136.21               | 7.6%     |              |                        |          |              |                        |          | \$151.96     | \$139.64               | 8.8%     | \$147.06     | \$136.32               | 7.9%     |
| OHP Families                          | \$202.32     | \$178.72               | 13.2%    |              |                        |          |              |                        |          | \$212.26     | \$184.20               | 15.2%    | \$203.06     | \$179.29               | 13.3%    |
| OHP Adults and Couples                | \$438.82     | \$386.38               | 13.6%    |              |                        |          |              |                        |          | \$468.31     | \$401.47               | 16.6%    | \$439.51     | \$386.66               | 13.7%    |
| Weighted Average <sup>1</sup>         | \$199.48     | \$173.28               | 15.1%    |              |                        |          |              |                        |          | \$218.49     | \$183.04               | 19.4%    | \$231.17     | \$198.79               | 16.3%    |

<sup>1</sup> Weighted average capitation rates are based on June 2007 enrollment distributions.

<sup>2</sup> Excludes benefit adjustments for exclusion of vision services and limited over-the-counter drugs.

**Oregon Health Plan Medicaid Demonstration**  
**Comparison of January 2008 and January 2007 FCHP Capitation Rates**  
Includes Adjustment for Administration Allowance

EXHIBIT 3-H

| InterCommunity Health Plans, Inc. abn InterCommunity Health Network |              |                        |          |              |                        |          |              |                        |          |              |                        |          |              |                        |          |
|---|--------------|------------------------|----------|--------------|------------------------|----------|--------------|------------------------|----------|--------------|------------------------|----------|--------------|------------------------|----------|
| Eligibility Category  | JJD          |                        |          | Lane         |                        |          | LBMPY        |                        |          | Other        |                        |          | Tri-County   |                        |          |
|   | January 2008 | July 2007 <sup>2</sup> | % Change | January 2008 | July 2007 <sup>2</sup> | % Change | January 2008 | July 2007 <sup>2</sup> | % Change | January 2008 | July 2007 <sup>2</sup> | % Change | January 2008 | July 2007 <sup>2</sup> | % Change |
| TANF Adults   |              |                        |          |              |                        |          | \$275.05     | \$270.96               | 1.5%     |              |                        |          |              |                        |          |
| PLM Adults  |              |                        |          |              |                        |          | \$265.43     | \$218.33               | 21.6%    |              |                        |          |              |                        |          |
| PLM, CHIP, or TANF Children Aged 0-1                                |              |                        |          |              |                        |          | \$477.13     | \$435.70               | 9.5%     |              |                        |          |              |                        |          |
| PLM, CHIP, or TANF Children Aged 1-5                                |              |                        |          |              |                        |          | \$87.98      | \$79.60                | 10.5%    |              |                        |          |              |                        |          |
| PLM, CHIP, or TANF Children Aged 6-18                               |              |                        |          |              |                        |          | \$84.40      | \$75.07                | 12.4%    |              |                        |          |              |                        |          |
| AB/AD with Medicare   |              |                        |          |              |                        |          | \$152.81     | \$148.87               | 2.6%     |              |                        |          |              |                        |          |
| AB/AD without Medicare  |              |                        |          |              |                        |          | \$862.96     | \$663.10               | 30.1%    |              |                        |          |              |                        |          |
| OAA with Medicare   |              |                        |          |              |                        |          | \$162.29     | \$161.66               | 0.4%     |              |                        |          |              |                        |          |
| OAA without Medicare  |              |                        |          |              |                        |          | \$706.98     | \$510.09               | 38.6%    |              |                        |          |              |                        |          |
| SCF Children  |              |                        |          |              |                        |          | \$147.14     | \$138.64               | 6.1%     |              |                        |          |              |                        |          |
| OHP Families  |              |                        |          |              |                        |          | \$237.57     | \$214.31               | 10.9%    |              |                        |          |              |                        |          |
| OHP Adults and Couples  |              |                        |          |              |                        |          | \$513.20     | \$428.67               | 19.7%    |              |                        |          |              |                        |          |
| Weighted Average <sup>1</sup>                                       |              |                        |          |              |                        |          | \$257.73     | \$221.77               | 16.2%    |              |                        |          |              |                        |          |

<sup>1</sup> Weighted average capitation rates are based on June 2007 enrollment distributions.

<sup>2</sup> Excludes benefit adjustments for exclusion of vision services and limited over-the-counter drugs.

**Oregon Health Plan Medicaid Demonstration**  
**Comparison of January 2008 and January 2007 FCHP Capitation Rates**  
Includes Adjustment for Administration Allowance

EXHIBIT 3-H

| Lane Individual Practice Association, Inc. |              |                        |          |              |                        |          |              |                        |          |              |                        |          |              |                        |          |
|--|--------------|------------------------|----------|--------------|------------------------|----------|--------------|------------------------|----------|--------------|------------------------|----------|--------------|------------------------|----------|
| Eligibility Category                       | JJD          |                        |          | Lane         |                        |          | LBMPY        |                        |          | Other        |                        |          | Tri-County   |                        |          |
|  | January 2008 | July 2007 <sup>2</sup> | % Change | January 2008 | July 2007 <sup>2</sup> | % Change | January 2008 | July 2007 <sup>2</sup> | % Change | January 2008 | July 2007 <sup>2</sup> | % Change | January 2008 | July 2007 <sup>2</sup> | % Change |
| TANF Adults                                |              |                        |          | \$265.93     | \$247.26               | 7.6%     |              |                        |          |              |                        |          |              |                        |          |
| PLM Adults                                 |              |                        |          | \$263.72     | \$213.18               | 23.7%    |              |                        |          |              |                        |          |              |                        |          |
| PLM, CHIP, or TANF Children Aged 0-1       |              |                        |          | \$478.95     | \$427.43               | 12.1%    |              |                        |          |              |                        |          |              |                        |          |
| PLM, CHIP, or TANF Children Aged 1-5       |              |                        |          | \$93.27      | \$80.56                | 15.8%    |              |                        |          |              |                        |          |              |                        |          |
| PLM, CHIP, or TANF Children Aged 6-18      |              |                        |          | \$82.86      | \$72.95                | 13.6%    |              |                        |          |              |                        |          |              |                        |          |
| AB/AD with Medicare                        |              |                        |          | \$141.50     | \$140.11               | 1.0%     |              |                        |          |              |                        |          |              |                        |          |
| AB/AD without Medicare                     |              |                        |          | \$773.79     | \$597.87               | 29.4%    |              |                        |          |              |                        |          |              |                        |          |
| OAA with Medicare                          |              |                        |          | \$162.64     | \$161.09               | 1.0%     |              |                        |          |              |                        |          |              |                        |          |
| OAA without Medicare                       |              |                        |          | \$697.31     | \$492.99               | 41.4%    |              |                        |          |              |                        |          |              |                        |          |
| SCF Children                               |              |                        |          | \$146.80     | \$136.03               | 7.9%     |              |                        |          |              |                        |          |              |                        |          |
| OHP Families                               |              |                        |          | \$222.41     | \$203.93               | 9.1%     |              |                        |          |              |                        |          |              |                        |          |
| OHP Adults and Couples                     |              |                        |          | \$453.19     | \$404.62               | 12.0%    |              |                        |          |              |                        |          |              |                        |          |
| Weighted Average <sup>1</sup>              |              |                        |          | \$250.85     | \$213.99               | 17.2%    |              |                        |          |              |                        |          |              |                        |          |

<sup>1</sup> Weighted average capitation rates are based on June 2007 enrollment distributions.

<sup>2</sup> Excludes benefit adjustments for exclusion of vision services and limited over-the-counter drugs.

**Oregon Health Plan Medicaid Demonstration**  
**Comparison of January 2008 and January 2007 FCHP Capitation Rates**  
Includes Adjustment for Administration Allowance

EXHIBIT 3-H

| Marion/Polk Community Health Plan, LLC |              |                        |          |              |                        |          |              |                        |          |              |                        |          |              |                        |          |
|--|--------------|------------------------|----------|--------------|------------------------|----------|--------------|------------------------|----------|--------------|------------------------|----------|--------------|------------------------|----------|
| Eligibility Category                   | JJD          |                        |          | Lane         |                        |          | LBMPY        |                        |          | Other        |                        |          | Tri-County   |                        |          |
|  | January 2008 | July 2007 <sup>2</sup> | % Change | January 2008 | July 2007 <sup>2</sup> | % Change | January 2008 | July 2007 <sup>2</sup> | % Change | January 2008 | July 2007 <sup>2</sup> | % Change | January 2008 | July 2007 <sup>2</sup> | % Change |
| TANF Adults                            |              |                        |          |              |                        |          | \$272.02     | \$251.06               | 8.4%     |              |                        |          |              |                        |          |
| PLM Adults                             |              |                        |          |              |                        |          | \$264.77     | \$216.35               | 22.4%    |              |                        |          |              |                        |          |
| PLM, CHIP, or TANF Children Aged 0-1   |              |                        |          |              |                        |          | \$421.53     | \$391.63               | 7.6%     |              |                        |          |              |                        |          |
| PLM, CHIP, or TANF Children Aged 1-5   |              |                        |          |              |                        |          | \$88.62      | \$80.51                | 10.1%    |              |                        |          |              |                        |          |
| PLM, CHIP, or TANF Children Aged 6-18  |              |                        |          |              |                        |          | \$81.43      | \$71.14                | 14.5%    |              |                        |          |              |                        |          |
| AB/AD with Medicare                    |              |                        |          |              |                        |          | \$153.07     | \$147.16               | 4.0%     |              |                        |          |              |                        |          |
| AB/AD without Medicare                 |              |                        |          |              |                        |          | \$843.43     | \$640.22               | 31.7%    |              |                        |          |              |                        |          |
| OAA with Medicare                      |              |                        |          |              |                        |          | \$164.03     | \$162.32               | 1.1%     |              |                        |          |              |                        |          |
| OAA without Medicare                   |              |                        |          |              |                        |          | \$699.95     | \$503.18               | 39.1%    |              |                        |          |              |                        |          |
| SCF Children                           |              |                        |          |              |                        |          | \$147.74     | \$137.78               | 7.2%     |              |                        |          |              |                        |          |
| OHP Families                           |              |                        |          |              |                        |          | \$226.84     | \$225.00               | 0.8%     |              |                        |          |              |                        |          |
| OHP Adults and Couples                 |              |                        |          |              |                        |          | \$517.36     | \$474.83               | 9.0%     |              |                        |          |              |                        |          |
| Weighted Average <sup>1</sup>          |              |                        |          |              |                        |          | \$218.68     | \$189.55               | 15.4%    |              |                        |          |              |                        |          |

<sup>1</sup> Weighted average capitation rates are based on June 2007 enrollment distributions.

<sup>2</sup> Excludes benefit adjustments for exclusion of vision services and limited over-the-counter drugs.

**Oregon Health Plan Medicaid Demonstration**  
**Comparison of January 2008 and January 2007 FCHP Capitation Rates**  
Includes Adjustment for Administration Allowance

EXHIBIT 3-H

| Mid Rogue Independent Physician Association, Inc. |              |                        |          |              |                        |          |              |                        |          |              |                        |          |              |                        |          |
|---|--------------|------------------------|----------|--------------|------------------------|----------|--------------|------------------------|----------|--------------|------------------------|----------|--------------|------------------------|----------|
| Eligibility Category                              | JJD          |                        |          | Lane         |                        |          | LBMPY        |                        |          | Other        |                        |          | Tri-County   |                        |          |
|   | January 2008 | July 2007 <sup>2</sup> | % Change | January 2008 | July 2007 <sup>2</sup> | % Change | January 2008 | July 2007 <sup>2</sup> | % Change | January 2008 | July 2007 <sup>2</sup> | % Change | January 2008 | July 2007 <sup>2</sup> | % Change |
| TANF Adults                                       | \$288.90     | \$276.62               | 4.4%     |              |                        |          |              |                        |          |              |                        |          |              |                        |          |
| PLM Adults  | \$263.65     | \$213.67               | 23.4%    |              |                        |          |              |                        |          |              |                        |          |              |                        |          |
| PLM, CHIP, or TANF Children Aged 0-1              | \$521.84     | \$469.42               | 11.2%    |              |                        |          |              |                        |          |              |                        |          |              |                        |          |
| PLM, CHIP, or TANF Children Aged 1-5              | \$87.03      | \$79.81                | 9.1%     |              |                        |          |              |                        |          |              |                        |          |              |                        |          |
| PLM, CHIP, or TANF Children Aged 6-18             | \$80.80      | \$71.73                | 12.6%    |              |                        |          |              |                        |          |              |                        |          |              |                        |          |
| AB/AD with Medicare                               | \$157.10     | \$161.35               | -2.6%    |              |                        |          |              |                        |          |              |                        |          |              |                        |          |
| AB/AD without Medicare                            | \$880.76     | \$718.52               | 22.6%    |              |                        |          |              |                        |          |              |                        |          |              |                        |          |
| OAA with Medicare                                 | \$162.38     | \$160.86               | 0.9%     |              |                        |          |              |                        |          |              |                        |          |              |                        |          |
| OAA without Medicare                              | \$697.46     | \$494.72               | 41.0%    |              |                        |          |              |                        |          |              |                        |          |              |                        |          |
| SCF Children                                      | \$146.66     | \$136.23               | 7.7%     |              |                        |          |              |                        |          |              |                        |          |              |                        |          |
| OHP Families                                      | \$263.26     | \$237.45               | 10.9%    |              |                        |          |              |                        |          |              |                        |          |              |                        |          |
| OHP Adults and Couples                            | \$485.77     | \$430.01               | 13.0%    |              |                        |          |              |                        |          |              |                        |          |              |                        |          |
| Weighted Average <sup>1</sup>                     | \$281.47     | \$247.02               | 13.9%    |              |                        |          |              |                        |          |              |                        |          |              |                        |          |

<sup>1</sup> Weighted average capitation rates are based on June 2007 enrollment distributions.

<sup>2</sup> Excludes benefit adjustments for exclusion of vision services and limited over-the-counter drugs.

**Oregon Health Plan Medicaid Demonstration**  
**Comparison of January 2008 and January 2007 FCHP Capitation Rates**  
Includes Adjustment for Administration Allowance

EXHIBIT 3-H

| ODS Community Health, Inc.            |              |                        |          |              |                        |          |              |                        |          |              |                        |          |              |                        |          |
|---------------------------------------|--------------|------------------------|----------|--------------|------------------------|----------|--------------|------------------------|----------|--------------|------------------------|----------|--------------|------------------------|----------|
| Eligibility Category                  | JJD          |                        |          | Lane         |                        |          | LBMPY        |                        |          | Other        |                        |          | Tri-County   |                        |          |
|                                       | January 2008 | July 2007 <sup>2</sup> | % Change | January 2008 | July 2007 <sup>2</sup> | % Change | January 2008 | July 2007 <sup>2</sup> | % Change | January 2008 | July 2007 <sup>2</sup> | % Change | January 2008 | July 2007 <sup>2</sup> | % Change |
| TANF Adults                           | \$271.46     | \$249.56               | 8.8%     |              |                        |          |              |                        |          | \$269.64     | \$257.06               | 4.9%     |              |                        |          |
| PLM Adults                            | \$263.98     | \$214.92               | 22.8%    |              |                        |          |              |                        |          | \$263.59     | \$220.24               | 19.7%    |              |                        |          |
| PLM, CHIP, or TANF Children Aged 0-1  | \$438.28     | \$399.89               | 9.6%     |              |                        |          |              |                        |          | \$445.20     | \$416.68               | 6.8%     |              |                        |          |
| PLM, CHIP, or TANF Children Aged 1-5  | \$90.06      | \$81.56                | 10.4%    |              |                        |          |              |                        |          | \$88.93      | \$83.75                | 6.2%     |              |                        |          |
| PLM, CHIP, or TANF Children Aged 6-18 | \$80.06      | \$71.07                | 12.7%    |              |                        |          |              |                        |          | \$79.28      | \$72.79                | 8.9%     |              |                        |          |
| AB/AD with Medicare                   | \$151.83     | \$150.06               | 1.2%     |              |                        |          |              |                        |          | \$149.54     | \$151.97               | -1.6%    |              |                        |          |
| AB/AD without Medicare                | \$843.10     | \$659.03               | 27.9%    |              |                        |          |              |                        |          | \$845.40     | \$678.68               | 24.6%    |              |                        |          |
| OAA with Medicare                     | \$162.62     | \$161.19               | 0.9%     |              |                        |          |              |                        |          | \$160.65     | \$162.89               | -1.4%    |              |                        |          |
| OAA without Medicare                  | \$698.69     | \$498.81               | 40.1%    |              |                        |          |              |                        |          | \$700.75     | \$516.03               | 35.8%    |              |                        |          |
| SCF Children                          | \$146.87     | \$136.90               | 7.3%     |              |                        |          |              |                        |          | \$145.85     | \$139.78               | 4.3%     |              |                        |          |
| OHP Families                          | \$219.78     | \$202.90               | 8.3%     |              |                        |          |              |                        |          | \$218.01     | \$208.71               | 4.5%     |              |                        |          |
| OHP Adults and Couples                | \$505.04     | \$456.43               | 10.6%    |              |                        |          |              |                        |          | \$503.99     | \$470.94               | 7.0%     |              |                        |          |
| Weighted Average <sup>1</sup>         | \$187.47     | \$164.51               | 14.0%    |              |                        |          |              |                        |          | \$181.61     | \$165.32               | 9.9%     |              |                        |          |

<sup>1</sup> Weighted average capitation rates are based on June 2007 enrollment distributions.

<sup>2</sup> Excludes benefit adjustments for exclusion of vision services and limited over-the-counter drugs.

**Oregon Health Plan Medicaid Demonstration**  
**Comparison of January 2008 and January 2007 FCHP Capitation Rates**  
Includes Adjustment for Administration Allowance

EXHIBIT 3-H

| Grants Pass Management Services, Inc., abn Oregon Health Management Services |              |                        |          |              |                        |          |              |                        |          |              |                        |          |              |                        |          |
|--|--------------|------------------------|----------|--------------|------------------------|----------|--------------|------------------------|----------|--------------|------------------------|----------|--------------|------------------------|----------|
| Eligibility Category   | JJD          |                        |          | Lane         |                        |          | LBMPY        |                        |          | Other        |                        |          | Tri-County   |                        |          |
|  | January 2008 | July 2007 <sup>2</sup> | % Change | January 2008 | July 2007 <sup>2</sup> | % Change | January 2008 | July 2007 <sup>2</sup> | % Change | January 2008 | July 2007 <sup>2</sup> | % Change | January 2008 | July 2007 <sup>2</sup> | % Change |
| TANF Adults  | \$288.90     | \$275.23               | 5.0%     |              |                        |          |              |                        |          |              |                        |          |              |                        |          |
| PLM Adults   | \$263.61     | \$213.63               | 23.4%    |              |                        |          |              |                        |          |              |                        |          |              |                        |          |
| PLM, CHIP, or TANF Children Aged 0-1   | \$497.13     | \$447.30               | 11.1%    |              |                        |          |              |                        |          |              |                        |          |              |                        |          |
| PLM, CHIP, or TANF Children Aged 1-5   | \$80.60      | \$74.75                | 7.8%     |              |                        |          |              |                        |          |              |                        |          |              |                        |          |
| PLM, CHIP, or TANF Children Aged 6-18  | \$81.54      | \$71.13                | 14.6%    |              |                        |          |              |                        |          |              |                        |          |              |                        |          |
| AB/AD with Medicare  | \$163.47     | \$159.76               | 2.3%     |              |                        |          |              |                        |          |              |                        |          |              |                        |          |
| AB/AD without Medicare   | \$923.57     | \$709.71               | 30.1%    |              |                        |          |              |                        |          |              |                        |          |              |                        |          |
| OAA with Medicare  | \$162.36     | \$160.85               | 0.9%     |              |                        |          |              |                        |          |              |                        |          |              |                        |          |
| OAA without Medicare   | \$697.27     | \$494.60               | 41.0%    |              |                        |          |              |                        |          |              |                        |          |              |                        |          |
| SCF Children   | \$146.64     | \$136.21               | 7.7%     |              |                        |          |              |                        |          |              |                        |          |              |                        |          |
| OHP Families   | \$263.21     | \$241.91               | 8.8%     |              |                        |          |              |                        |          |              |                        |          |              |                        |          |
| OHP Adults and Couples   | \$428.47     | \$400.56               | 7.0%     |              |                        |          |              |                        |          |              |                        |          |              |                        |          |
| Weighted Average <sup>1</sup>  | \$265.53     | \$227.74               | 16.6%    |              |                        |          |              |                        |          |              |                        |          |              |                        |          |

<sup>1</sup> Weighted average capitation rates are based on June 2007 enrollment distributions.

<sup>2</sup> Excludes benefit adjustments for exclusion of vision services and limited over-the-counter drugs.

**Oregon Health Plan Medicaid Demonstration**  
**Comparison of January 2008 and January 2007 FCHP Capitation Rates**  
Includes Adjustment for Administration Allowance

**EXHIBIT 3-H**

| Providence Health Assurance           |              |                        |          |              |                        |          |              |                        |          |              |                        |          |              |                        |          |
|---------------------------------------|--------------|------------------------|----------|--------------|------------------------|----------|--------------|------------------------|----------|--------------|------------------------|----------|--------------|------------------------|----------|
| Eligibility Category                  | JJD          |                        |          | Lane         |                        |          | LBMPY        |                        |          | Other        |                        |          | Tri-County   |                        |          |
|                                       | January 2008 | July 2007 <sup>2</sup> | % Change | January 2008 | July 2007 <sup>2</sup> | % Change | January 2008 | July 2007 <sup>2</sup> | % Change | January 2008 | July 2007 <sup>2</sup> | % Change | January 2008 | July 2007 <sup>2</sup> | % Change |
| TANF Adults                           |              |                        |          |              |                        |          | \$254.75     | \$261.53               | -2.6%    |              |                        |          | \$245.86     | \$234.29               | 4.9%     |
| PLM Adults                            |              |                        |          |              |                        |          | \$272.89     | \$234.17               | 16.5%    |              |                        |          | \$263.85     | \$213.73               | 23.5%    |
| PLM, CHIP, or TANF Children Aged 0-1  |              |                        |          |              |                        |          | \$474.51     | \$462.92               | 2.5%     |              |                        |          | \$430.55     | \$398.26               | 8.1%     |
| PLM, CHIP, or TANF Children Aged 1-5  |              |                        |          |              |                        |          | \$87.53      | \$84.26                | 3.9%     |              |                        |          | \$85.24      | \$76.31                | 11.7%    |
| PLM, CHIP, or TANF Children Aged 6-18 |              |                        |          |              |                        |          | \$74.88      | \$68.94                | 8.6%     |              |                        |          | \$72.85      | \$63.01                | 15.6%    |
| AB/AD with Medicare                   |              |                        |          |              |                        |          | \$143.48     | \$160.27               | -10.5%   |              |                        |          | \$143.13     | \$152.68               | -6.3%    |
| AB/AD without Medicare                |              |                        |          |              |                        |          | \$827.75     | \$744.08               | 11.2%    |              |                        |          | \$781.27     | \$667.28               | 17.1%    |
| OAA with Medicare                     |              |                        |          |              |                        |          | \$163.41     | \$167.98               | -2.7%    |              |                        |          | \$163.09     | \$161.32               | 1.1%     |
| OAA without Medicare                  |              |                        |          |              |                        |          | \$743.77     | \$560.82               | 32.6%    |              |                        |          | \$697.08     | \$494.74               | 40.9%    |
| SCF Children                          |              |                        |          |              |                        |          | \$149.88     | \$147.41               | 1.7%     |              |                        |          | \$147.04     | \$136.33               | 7.9%     |
| OHP Families                          |              |                        |          |              |                        |          | \$192.13     | \$197.60               | -2.8%    |              |                        |          | \$187.05     | \$177.86               | 5.2%     |
| OHP Adults and Couples                |              |                        |          |              |                        |          | \$448.55     | \$464.65               | -3.5%    |              |                        |          | \$429.03     | \$413.77               | 3.7%     |
| Weighted Average <sup>1</sup>         |              |                        |          |              |                        |          | \$209.81     | \$201.39               | 4.2%     |              |                        |          | \$231.73     | \$209.42               | 10.6%    |

<sup>1</sup> Weighted average capitation rates are based on June 2007 enrollment distributions.

<sup>2</sup> Excludes benefit adjustments for exclusion of vision services and limited over-the-counter drugs.

**Oregon Health Plan Medicaid Demonstration**  
**Comparison of January 2008 and January 2007 FCHP Capitation Rates**  
Includes Adjustment for Administration Allowance

**EXHIBIT 3-H**

| Tuality Health Alliance               |              |                        |          |              |                        |          |              |                        |          |              |                        |          |              |                        |          |
|---------------------------------------|--------------|------------------------|----------|--------------|------------------------|----------|--------------|------------------------|----------|--------------|------------------------|----------|--------------|------------------------|----------|
| Eligibility Category                  | JJD          |                        |          | Lane         |                        |          | LBMPY        |                        |          | Other        |                        |          | Tri-County   |                        |          |
|                                       | January 2008 | July 2007 <sup>2</sup> | % Change | January 2008 | July 2007 <sup>2</sup> | % Change | January 2008 | July 2007 <sup>2</sup> | % Change | January 2008 | July 2007 <sup>2</sup> | % Change | January 2008 | July 2007 <sup>2</sup> | % Change |
| TANF Adults                           |              |                        |          |              |                        |          |              |                        |          |              |                        |          | \$270.26     | \$243.10               | 11.2%    |
| PLM Adults                            |              |                        |          |              |                        |          |              |                        |          |              |                        |          | \$264.12     | \$214.15               | 23.3%    |
| PLM, CHIP, or TANF Children Aged 0-1  |              |                        |          |              |                        |          |              |                        |          |              |                        |          | \$417.98     | \$383.66               | 8.9%     |
| PLM, CHIP, or TANF Children Aged 1-5  |              |                        |          |              |                        |          |              |                        |          |              |                        |          | \$86.80      | \$75.44                | 15.1%    |
| PLM, CHIP, or TANF Children Aged 6-18 |              |                        |          |              |                        |          |              |                        |          |              |                        |          | \$80.99      | \$69.23                | 17.0%    |
| AB/AD with Medicare                   |              |                        |          |              |                        |          |              |                        |          |              |                        |          | \$148.45     | \$141.04               | 5.2%     |
| AB/AD without Medicare                |              |                        |          |              |                        |          |              |                        |          |              |                        |          | \$817.99     | \$604.59               | 35.3%    |
| OAA with Medicare                     |              |                        |          |              |                        |          |              |                        |          |              |                        |          | \$163.11     | \$161.40               | 1.1%     |
| OAA without Medicare                  |              |                        |          |              |                        |          |              |                        |          |              |                        |          | \$698.43     | \$496.14               | 40.8%    |
| SCF Children                          |              |                        |          |              |                        |          |              |                        |          |              |                        |          | \$147.13     | \$136.56               | 7.7%     |
| OHP Families                          |              |                        |          |              |                        |          |              |                        |          |              |                        |          | \$234.27     | \$195.99               | 19.5%    |
| OHP Adults and Couples                |              |                        |          |              |                        |          |              |                        |          |              |                        |          | \$588.17     | \$486.89               | 20.8%    |
| Weighted Average <sup>1</sup>         |              |                        |          |              |                        |          |              |                        |          |              |                        |          | \$204.39     | \$173.34               | 17.9%    |

<sup>1</sup> Weighted average capitation rates are based on June 2007 enrollment distributions.

<sup>2</sup> Excludes benefit adjustments for exclusion of vision services and limited over-the-counter drugs.

**Oregon Health Plan Medicaid Demonstration**  
**Comparison of January 2008 and January 2007 PCO Capitation Rates**  
**Includes Adjustment for Administration Allowance**

**EXHIBIT 3-I**

| <b>Statewide PCO Rates</b>            |                     |                              |                 |
|---------------------------------------|---------------------|------------------------------|-----------------|
| <b>Eligibility Category</b>           | <b>January 2008</b> | <b>July 2007<sup>2</sup></b> | <b>% Change</b> |
| TANF Adults                           | \$218.84            | \$201.96                     | 8.4%            |
| PLM Adults                            | \$215.47            | \$174.75                     | 23.3%           |
| PLM, CHIP, or TANF Children Aged 0-1  | \$196.74            | \$195.00                     | 0.9%            |
| PLM, CHIP, or TANF Children Aged 1-5  | \$77.44             | \$72.56                      | 6.7%            |
| PLM, CHIP, or TANF Children Aged 6-18 | \$68.33             | \$62.64                      | 9.1%            |
| AB/AD with Medicare                   | \$134.56            | \$132.37                     | 1.7%            |
| AB/AD without Medicare                | \$572.78            | \$488.15                     | 17.3%           |
| OAA with Medicare                     | \$133.08            | \$129.36                     | 2.9%            |
| OAA without Medicare                  | \$446.98            | \$364.04                     | 22.8%           |
| SCF Children                          | \$131.99            | \$117.24                     | 12.6%           |
| OHP Families                          | \$188.06            | \$174.81                     | 7.6%            |
| OHP Adults and Couples                | \$380.30            | \$349.63                     | 8.8%            |
| <b>Weighted Average<sup>1</sup></b>   | <b>\$190.83</b>     | <b>\$170.33</b>              | <b>12.0%</b>    |

<sup>1</sup> Weighted average capitation rates are based on June 2007 enrollment distributions.

<sup>2</sup> Excludes benefit adjustments for exclusion of vision services and limited over-the-counter drugs.

**Oregon Health Plan Medicaid Demonstration**  
**Comparison of January 2008 and January 2007 PCO Capitation Rates**  
Includes Adjustment for Administration Allowance

**EXHIBIT 3-J**

| <b>Kaiser Permanente Oregon Plus, LLC</b> |                     |                              |                 |                     |                              |                 |                     |                              |                 |                     |                              |                 |                     |                              |                 |
|---|---------------------|------------------------------|-----------------|---------------------|------------------------------|-----------------|---------------------|------------------------------|-----------------|---------------------|------------------------------|-----------------|---------------------|------------------------------|-----------------|
| <b>Eligibility Category</b>               | <b>JJD</b>          |                              |                 | <b>Lane</b>         |                              |                 | <b>LBMPY</b>        |                              |                 | <b>Other</b>        |                              |                 | <b>Tri-County</b>   |                              |                 |
|   | <b>January 2008</b> | <b>July 2007<sup>2</sup></b> | <b>% Change</b> | <b>January 2008</b> | <b>July 2007<sup>2</sup></b> | <b>% Change</b> | <b>January 2008</b> | <b>July 2007<sup>2</sup></b> | <b>% Change</b> | <b>January 2008</b> | <b>July 2007<sup>2</sup></b> | <b>% Change</b> | <b>January 2008</b> | <b>July 2007<sup>2</sup></b> | <b>% Change</b> |
| TANF Adults                               |                     |                              |                 |                     |                              |                 | \$187.11            | \$172.80                     | 8.3%            |                     |                              |                 | \$185.70            | \$170.71                     | 8.8%            |
| PLM Adults                                |                     |                              |                 |                     |                              |                 | \$216.22            | \$175.55                     | 23.2%           |                     |                              |                 | \$215.25            | \$174.08                     | 23.6%           |
| PLM, CHIP, or TANF Children Aged 0-1      |                     |                              |                 |                     |                              |                 | \$197.50            | \$195.77                     | 0.9%            |                     |                              |                 | \$196.53            | \$194.36                     | 1.1%            |
| PLM, CHIP, or TANF Children Aged 1-5      |                     |                              |                 |                     |                              |                 | \$69.70             | \$65.30                      | 6.7%            |                     |                              |                 | \$69.07             | \$64.48                      | 7.1%            |
| PLM, CHIP, or TANF Children Aged 6-18     |                     |                              |                 |                     |                              |                 | \$58.44             | \$53.55                      | 9.1%            |                     |                              |                 | \$57.98             | \$52.99                      | 9.4%            |
| AB/AD with Medicare                       |                     |                              |                 |                     |                              |                 | \$116.40            | \$114.76                     | 1.4%            |                     |                              |                 | \$115.52            | \$113.81                     | 1.5%            |
| AB/AD without Medicare                    |                     |                              |                 |                     |                              |                 | \$489.15            | \$417.02                     | 17.3%           |                     |                              |                 | \$486.21            | \$413.19                     | 17.7%           |
| OAA with Medicare                         |                     |                              |                 |                     |                              |                 | \$133.77            | \$129.91                     | 3.0%            |                     |                              |                 | \$132.88            | \$128.90                     | 3.1%            |
| OAA without Medicare                      |                     |                              |                 |                     |                              |                 | \$449.52            | \$366.52                     | 22.6%           |                     |                              |                 | \$446.26            | \$361.97                     | 23.3%           |
| SCF Children                              |                     |                              |                 |                     |                              |                 | \$132.52            | \$117.71                     | 12.6%           |                     |                              |                 | \$131.84            | \$116.84                     | 12.8%           |
| OHP Families                              |                     |                              |                 |                     |                              |                 | N/A                 | N/A                          | N/A             |                     |                              |                 | N/A                 | N/A                          | N/A             |
| OHP Adults and Couples                    |                     |                              |                 |                     |                              |                 | N/A                 | N/A                          | N/A             |                     |                              |                 | N/A                 | N/A                          | N/A             |
| <b>Weighted Average<sup>1</sup></b>       |                     |                              |                 |                     |                              |                 | <b>\$163.24</b>     | <b>\$146.41</b>              | <b>11.5%</b>    |                     |                              |                 | <b>\$169.48</b>     | <b>\$150.89</b>              | <b>12.3%</b>    |

<sup>1</sup> Weighted average capitation rates are based on June 2007 enrollment distributions.

<sup>2</sup> Excludes benefit adjustments for exclusion of vision services and limited over-the-counter drugs.

**Oregon Health Plan Medicaid Demonstration  
 Capitation Rate Development for January 2008 through December 2008  
 Mental Health Acute Inpatient Geographic Factors**

EXHIBIT 4-A

| Plan Name  | Region  | Adjustment |
|--|---|------------|
| Accountable Behavioral Health Alliance                                       | Linn/Benton/Marion/Polk/Yamhill               | 1.006      |
| Accountable Behavioral Health Alliance                                       | Other   | 1.009      |
| Clackamas County   | Other   | 1.186      |
| Clackamas County   | Tri-County (Clackamas, Multnomah, Washington) | 1.000      |
| FamilyCare, Inc.   | Tri-County (Clackamas, Multnomah, Washington) | 1.000      |
| Greater Oregon Behavioral Health, Inc.                                       | Other   | 1.009      |
| Jefferson Behavioral Health  | Jackson/Josephine/Douglas                     | 0.978      |
| Jefferson Behavioral Health  | Other   | 0.990      |
| Lane County acting by and through its Department of County Human Services    | Lane  | 0.986      |
| Mid-Valley Behavioral Care Network   | Linn/Benton/Marion/Polk/Yamhill               | 1.002      |
| Mid-Valley Behavioral Care Network   | Other   | 1.003      |
| Multnomah County by and through its Department of County Human Services      | Tri-County (Clackamas, Multnomah, Washington) | 1.000      |
| Washington County by and through its Department of Health and Human Services | Tri-County (Clackamas, Multnomah, Washington) | 1.000      |

**Oregon Health Plan Medicaid Demonstration  
 Capitation Rate Development for January 2008 through December 2008  
 Mental Health Diagnostic Risk Adjustment Factors**

EXHIBIT 4-B

| Plan Name  | TANF  | PLMA  | CHILD<br>01-05 | CHILD<br>06-18 | ABAD-MED | ABAD  | SCF   | OHPFAM | OHPAC |
|--|-------|-------|----------------|----------------|----------|-------|-------|--------|-------|
| Accountable Behavioral Health Alliance                                       | 1.043 | 0.951 | 0.900          | 1.109          | 0.886    | 0.886 | 0.947 | 1.056  | 0.884 |
| Clackamas County   | 0.922 | 0.837 | 0.900          | 0.900          | 0.952    | 0.951 | 0.900 | 0.916  | 0.939 |
| FamilyCare, Inc.   | 0.997 | 0.822 | 0.909          | 0.876          | 1.056    | 1.056 | 1.044 | 1.024  | 1.141 |
| Greater Oregon Behavioral Health, Inc.                                       | 1.005 | 0.996 | 0.900          | 1.027          | 0.883    | 0.882 | 0.909 | 0.948  | 0.852 |
| Jefferson Behavioral Health  | 0.988 | 1.015 | 0.945          | 0.976          | 0.879    | 0.879 | 0.900 | 1.168  | 0.794 |
| Lane County acting by and through its Department of County Human Services    | 1.086 | 1.255 | 1.337          | 1.268          | 1.094    | 1.094 | 1.108 | 1.208  | 1.003 |
| Multnomah County by and through its Department of County Human Services      | 0.936 | 0.890 | 1.001          | 0.900          | 1.147    | 1.146 | 1.245 | 0.667  | 1.261 |
| Mid-Valley Behavioral Care Network   | 1.053 | 1.127 | 1.076          | 1.036          | 0.992    | 0.991 | 1.029 | 1.083  | 1.030 |
| Washington County by and through its Department of Health and Human Services | 0.955 | 0.841 | 0.900          | 0.900          | 1.015    | 1.014 | 0.985 | 1.008  | 0.944 |

**Oregon Health Plan Medicaid Demonstration**  
**Capitation Rate Development for January 2008 through December 2008**  
**Mental Health Diagnostic and BRS Risk Adjustment Factors - SCF Children**

**EXHIBIT 4-C**

| Relative Cost Factors |       |       |                      |                      |
|-----------------------|-------|-------|----------------------|----------------------|
| Non-BRS               | BRS   |       |                      | Total                |
|                       | CAF   | OYA   | Total BRS            |                      |
| A                     | B     | C     | D= [(SxB)+(TxC)] / U | E= [(AxR)+(UxD)] / V |
| 0.896                 | 4.207 | 1.523 | 3.058                | 1.000                |

| Plan Name              | Region     | Average Monthly Members:<br>January 2006 through December 2006 |     |     |           |          | Relative Risk Factors |          |          |                      | Composite<br>MH/BRS Risk<br>Adjustment | June 2007<br>Enrollees | Normalized<br>Risk<br>Adjustment<br>Factors |
|------------------------|------------|--|-----|-----|-----------|----------|-----------------------|----------|----------|----------------------|--|------------------------|---|
|                        |            | Non-BRS  | BRS |     |           | Total    | Non-BRS               | BRS      |          |                      |  |                        |   |
|                        |            |  | CAF | OYA | Total BRS |          |                       | CAF      | OYA      | Total BRS            |  |                        |   |
|                        |            | F  | G   | H   | I= G + H  | J= F + I | K                     | L= B / D | M= C / D | N= [(GxL)+(HxM)] / I | O= [(FxKxA)+(IxNxJ)] / J               | P                      | Q= O / W                                    |
| ABHA                   | LBMPY      | 163  | 4   | -   | 4         | 167      | 0.947                 | 1.376    | 0.498    | 1.376                | 0.927                                  | 199                    | 0.929                                       |
| ABHA                   | OTHER      | 773  | 27  | 24  | 51        | 824      | 0.947                 | 1.376    | 0.498    | 0.958                | 0.978                                  | 878                    | 0.981                                       |
| Clackamas              | OTHER      | 165  | 10  | 10  | 20        | 185      | 0.900                 | 1.376    | 0.498    | 0.939                | 1.029                                  | 206                    | 1.032                                       |
| Clackamas              | Tri-County | 1,109  | 21  | 21  | 42        | 1,152    | 0.900                 | 1.376    | 0.498    | 0.939                | 0.883                                  | 1,254                  | 0.885                                       |
| FamilyCare BH          | Tri-County | 176  | 4   | 0   | 4         | 180      | 1.044                 | 1.376    | 0.498    | 1.329                | 1.008                                  | 189                    | 1.010                                       |
| GOBH                   | OTHER      | 1,206  | 44  | 16  | 59        | 1,265    | 0.909                 | 1.376    | 0.498    | 1.145                | 0.941                                  | 1,367                  | 0.943                                       |
| JBH                    | JJD        | 1,584  | 26  | 23  | 49        | 1,633    | 0.900                 | 1.376    | 0.498    | 0.958                | 0.870                                  | 1,762                  | 0.873                                       |
| JBH                    | OTHER      | 846  | 20  | 24  | 44        | 890      | 0.900                 | 1.376    | 0.498    | 0.904                | 0.903                                  | 966                    | 0.905                                       |
| LaneCare               | LANE       | 1,707  | 25  | 25  | 50        | 1,758    | 1.108                 | 1.376    | 0.498    | 0.939                | 1.047                                  | 1,901                  | 1.050                                       |
| MVBCN                  | LBMPY      | 2,700  | 78  | 36  | 114       | 2,814    | 1.029                 | 1.376    | 0.498    | 1.100                | 1.022                                  | 3,065                  | 1.024                                       |
| MVBCN                  | OTHER      | 76   | 2   | 0   | 2         | 77       | 1.029                 | 1.376    | 0.498    | 1.343                | 0.993                                  | 81                     | 0.995                                       |
| Multnomah Verity       | Tri-County | 2,560  | 106 | 101 | 207       | 2,767    | 1.245                 | 1.376    | 0.498    | 0.949                | 1.250                                  | 1,384                  | 1.253                                       |
| Washington County DHHS | Tri-County | 1,212  | 44  | 28  | 73        | 1,284    | 0.985                 | 1.376    | 0.498    | 1.033                | 1.011                                  | 2,912                  | 1.014                                       |
| Plan Average           |            | 14,278   | 411 | 308 | 719       | 14,997   | 1.000                 | 1.376    | 0.498    | 1.000                | <b>0.997</b>                           | 16,162                 | <b>1.000</b>                                |
|                        |            | R  | S   | T   | U         | V        |                       |          |          |                      | W                                      |                        |   |

- Notes:
- 1) Non-BRS risk factors based on diagnostic risk model.
  - 2) The Composite MH/BRS Risk Adjustment factors are calculated as follows:  

$$\frac{[(\text{Non-BRS Relative Cost Factor} \times \text{Non-BRS Relative Risk Factor} \times \text{Non-BRS Ave Monthly Members}) + (\text{Total BRS Relative Cost Factor} \times \text{Total BRS Relative Risk Factor} \times \text{Total BRS Ave Monthly Members})]}{\text{Total Ave Monthly Members}}$$
  - 3) The BRS Relative Risk Factor for each program represents the cost of each BRS program relative to Total BRS costs. For example, the Relative Risk Factor for CAF = 4.207 / 3.058. The Total BRS Relative Risk Factor for each plan/region represents the relative risk based on their distribution of BRS users among CAF and OYA.

**Oregon Health Plan Medicaid Demonstration**  
**Capitation Rate Development for January 2008 through December 2008**  
**ITS Risk Adjustment Factors**  
**AB/AD without Medicare**

**EXHIBIT 4-D (i)**

|                                    | Psychiatric Day Treatment Services (PDTS) | Psychiatric Residential Treatment Services (PRTS) | Community Health Treatment Services (CHTS) | Composite ITS  |
|------------------------------------|---|---|--|--|
|                                    | A   | B   | C  | D = $[(V \times A) + (W \times B) + (X \times C)] / Y$ |
| <b>ITS Cost Per User Per Month</b> | \$2,679                                   | \$8,305   | \$1,161                                    | \$2,735  |
| <b>Relative Cost Factor</b>        | 0.979                                     | 3.036   | 0.425                                      | 1.000  |
|                                    | E   | F   | G  | H = $[(V \times E) + (W \times F) + (X \times G)] / Y$ |

| Plan Name              | Region     | June 2007 Enrollees | TOTAL MHO MEMBER MONTHS | July 2006 - Dec 2006 ITS Member Months |      |      |               | Prevalence Factor (per 1,000 Members) |            |                      |      |               | Composite ITS Adjustment (w Glide Path Adjust)         | Normalized Risk Adjustment Factors (w Glide Path Adjust) |
|------------------------|------------|---------------------|-------------------------|--|------|------|---------------|---------------------------------------|------------|----------------------|------|---------------|--|--|
|                        |            |                     |                         | PDTS                                   | PRTS | CHTS | Total ITS     | PDTS                                  | PRTS       |                      | CHTS | Total ITS     |  |  |
|                        |            |                     |                         |  |      |      |               |                                       | Unadjusted | w/ Glide Path Adjust |      |               |  |  |
|                        |            | I                   | J                       | K                                      | L    | M    | N = K + L + M | O                                     | P          | Q                    | R    | S = O + Q + R | T = $[(O \times E) + (Q \times F) + (R \times G)] / Z$ | U = T / AA   |
| ABHA                   | LBMPY      | 437                 | 2,525                   | -                                      | 3    | 19   | 22            | 0.0                                   | 14.3       | 12.0                 | 91.8 | 103.8         | 1.224  | 1.224  |
| ABHA                   | OTHER      | 1,914               | 11,047                  | 14                                     | 3    | 39   | 56            | 15.2                                  | 3.3        | 6.5                  | 42.2 | 63.9          | 0.852  | 0.852  |
| Clackamas              | OTHER      | 445                 | 2,569                   | 25                                     | -    | 5    | 30            | 116.2                                 | 0.0        | 4.8                  | 21.9 | 142.9         | 2.238  | 2.238  |
| Clackamas              | Tri-County | 1,698               | 10,006                  | 18                                     | 32   | 22   | 72            | 21.6                                  | 38.5       | 24.1                 | 26.0 | 71.7          | 1.711  | 1.711  |
| FamilyCare BH          | Tri-County | 860                 | 4,954                   | 2                                      | 4    | 6    | 12            | 4.8                                   | 10.0       | 9.8                  | 14.5 | 29.2          | 0.663  | 0.663  |
| GOBH                   | OTHER      | 2,877               | 17,229                  | 13                                     | 13   | 71   | 97            | 9.1                                   | 9.1        | 9.4                  | 49.6 | 68.0          | 0.949  | 0.949  |
| JBH                    | JJD        | 4,464               | 26,911                  | 57                                     | 22   | 67   | 146           | 25.4                                  | 9.8        | 9.8                  | 29.7 | 64.9          | 1.090  | 1.089  |
| JBH                    | OTHER      | 2,386               | 14,352                  | 50                                     | 11   | 29   | 90            | 41.8                                  | 8.8        | 9.3                  | 24.7 | 75.7          | 1.292  | 1.291  |
| LaneCare               | LANE       | 4,011               | 23,165                  | 42                                     | 20   | 66   | 127           | 21.8                                  | 10.3       | 10.0                 | 33.9 | 65.7          | 1.074  | 1.074  |
| MVBCN                  | LBMPY      | 5,730               | 33,974                  | 33                                     | 14   | 107  | 154           | 11.7                                  | 4.9        | 7.3                  | 37.9 | 56.9          | 0.807  | 0.807  |
| MVBCN                  | OTHER      | 264                 | 1,549                   | -                                      | -    | 2    | 2             | 0.0                                   | 0.0        | 4.8                  | 15.5 | 20.3          | 0.346  | 0.346  |
| Multnomah Verity       | Tri-County | 7,792               | 46,431                  | 30                                     | 20   | 126  | 176           | 7.8                                   | 5.2        | 7.4                  | 32.7 | 47.8          | 0.716  | 0.715  |
| Washington County DHHS | Tri-County | 2,148               | 12,724                  | 31                                     | 26   | 23   | 80            | 29.2                                  | 24.4       | 17.0                 | 21.4 | 67.7          | 1.453  | 1.453  |
| Plan Average           |            | 35,027              | 207,437                 | 315                                    | 168  | 582  | 1,064         | 18.2                                  | 9.7        | 9.7                  | 33.7 | 61.6          | 1.000  | 1.000  |
|                        |            |                     |                         | V                                      | W    | X    | Y             |                                       |            |                      |      | Z             | AA   |  |

- 1) The Composite ITS Adjustment factors are calculated as follows:  
 $[(PDTS \text{ Relative Cost Factor} \times PDTS \text{ Ave Monthly Members}) + (PRTS \text{ Relative Cost Factor} \times PRTS \text{ Ave Monthly Members}) + (CHTS \text{ Relative Cost Factor} \times CHTS \text{ Ave Monthly Members})] / \text{Statewide average prevalence} \times \text{cost}$   
 2) PRTS with Glide Path Adjustment is a 50%-50% blend of statewide and plan-specific prevalence

Notes:

**Oregon Health Plan Medicaid Demonstration**  
**Capitation Rate Development for January 2008 through December 2008**  
**ITS Risk Adjustment Factors**  
**PLM, CHIP, or TANF Children Aged 1-5**

**EXHIBIT 4-D (ii)**

|                                    | Psychiatric Day Treatment Services (PDTS) | Psychiatric Residential Treatment Services (PRTS) | Community Health Treatment Services (CHTS) | Composite ITS                 |
|------------------------------------|---|---|--|-------------------------------|
|                                    | A   | B   | C  | D = [(VxA)+ (WxB)+ (XxC)] / Y |
| <b>ITS Cost Per User Per Month</b> | \$2,679                                   | \$8,305   | \$1,161                                    | \$2,282                       |
| <b>Relative Cost Factor</b>        | 1.174                                     | 3.639   | 0.509                                      | 1.000                         |
|                                    | E   | F   | G  | H = [(VxE)+ (WxF)+ (XxG)] / Y |

| Plan Name              | Region     | June 2007 Enrollees | TOTAL MHO MEMBER MONTHS | July 2006 - Dec 2006 ITS Member Months |      |      |               | Prevalence Factor (per 1,000 Members) |            |                      |      |               | Composite ITS Adjustment (w Glide Path Adjust) | Normalized Risk Adjustment Factors (w Glide Path Adjust) |
|------------------------|------------|---------------------|-------------------------|--|------|------|---------------|---------------------------------------|------------|----------------------|------|---------------|--|--|
|                        |            |                     |                         | PDTS                                   | PRTS | CHTS | Total ITS     | PDTS                                  | PRTS       |                      | CHTS | Total ITS     |  |  |
|                        |            |                     |                         |  |      |      |               |                                       | Unadjusted | w/ Glide Path Adjust |      |               |  |  |
|                        |            | I                   | J                       | K                                      | L    | M    | N = K + L + M | O                                     | P          | Q                    | R    | S = O + Q + R | T = [(OxE)+ (QxF) (RxG)] / Z                   | U = T / AA   |
| ABHA                   | LBMPY      | 732                 | 4,274                   | 20                                     | -    | 1    | 21            | 56.1                                  | 0.0        | 0.0                  | 3.3  | 59.4          | 25.571   | 25.794   |
| ABHA                   | OTHER      | 3,272               | 19,645                  | -                                      | -    | 3    | 3             | 0.0                                   | 0.0        | 0.0                  | 1.8  | 1.8           | 0.341  | 0.344  |
| Clackamas              | OTHER      | 1,072               | 6,406                   | 3                                      | -    | 0    | 3             | 5.6                                   | 0.0        | 0.0                  | 0.4  | 6.0           | 2.566  | 2.589  |
| Clackamas              | Tri-County | 3,001               | 17,704                  | -                                      | -    | 2    | 2             | 0.0                                   | 0.0        | 0.0                  | 1.0  | 1.0           | 0.196  | 0.197  |
| FamilyCare BH          | Tri-County | 1,745               | 9,782                   | -                                      | -    | -    | -             | 0.0                                   | 0.0        | 0.0                  | 0.0  | 0.0           | 0.000  | 0.000  |
| GOBH                   | OTHER      | 4,871               | 29,472                  | 9                                      | -    | 10   | 19            | 3.7                                   | 0.0        | 0.0                  | 4.3  | 7.9           | 2.450  | 2.472  |
| JBH                    | JJD        | 6,436               | 37,605                  | 5                                      | -    | 3    | 8             | 1.6                                   | 0.0        | 0.0                  | 0.8  | 2.4           | 0.864  | 0.872  |
| JBH                    | OTHER      | 2,568               | 15,105                  | -                                      | -    | -    | -             | 0.0                                   | 0.0        | 0.0                  | 0.0  | 0.0           | 0.000  | 0.000  |
| LaneCare               | LANE       | 4,696               | 28,034                  | 12                                     | -    | 1    | 13            | 5.1                                   | 0.0        | 0.0                  | 0.2  | 5.4           | 2.327  | 2.347  |
| MVBCN                  | LBMPY      | 13,030              | 74,374                  | -                                      | -    | -    | -             | 0.0                                   | 0.0        | 0.0                  | 0.0  | 0.0           | 0.000  | 0.000  |
| MVBCN                  | OTHER      | 399                 | 2,520                   | -                                      | -    | -    | -             | 0.0                                   | 0.0        | 0.0                  | 0.0  | 0.0           | 0.000  | 0.000  |
| Multnomah Verity       | Tri-County | 11,331              | 67,560                  | 3                                      | -    | -    | 3             | 0.5                                   | 0.0        | 0.0                  | 0.0  | 0.5           | 0.237  | 0.239  |
| Washington County DHHS | Tri-County | 6,666               | 38,046                  | 5                                      | -    | 1    | 6             | 1.6                                   | 0.0        | 0.0                  | 0.3  | 1.9           | 0.754  | 0.760  |
| Plan Average           |            | 59,821              | 350,526                 | 57                                     | -    | 20   | 77            | 2.0                                   | 0.0        | 0.0                  | 0.7  | 2.6           | <b>0.991</b>                                   | <b>1.000</b>   |
|                        |            |                     |                         | V                                      | W    | X    | Y             |                                       |            |                      |      | Z             | AA   |  |

- 1) The Composite ITS Adjustment factors are calculated as follows:  
 [(PDTS Relative Cost Factor x PDTS Ave Monthly Members) +  
 (PRTS Relative Cost Factor x PRTS Ave Monthly Members)  
 (CHTS Relative Cost Factor x CHTS Ave Monthly Members)] / Statewide average prevalence \* cost
- 2) PRTS with Glide Path Adjustment is a 50%-50% blend of statewide and plan-specific prevalence

Notes:

**Oregon Health Plan Medicaid Demonstration**  
**Capitation Rate Development for January 2008 through December 2008**  
**ITS Risk Adjustment Factors**  
**PLM, CHIP, or TANF Children Aged 6-18**

**EXHIBIT 4-D (iii)**

|                                    | Psychiatric Day Treatment Services (PDTS) | Psychiatric Residential Treatment Services (PRTS) | Community Health Treatment Services (CHTS) | Composite ITS                 |
|------------------------------------|---|---|--|-------------------------------|
|                                    | A   | B   | C  | D = [(VxA)+ (WxB)+ (XxC)] / Y |
| <b>ITS Cost Per User Per Month</b> | \$2,679                                   | \$8,305   | \$1,161                                    | \$2,038                       |
| <b>Relative Cost Factor</b>        | 1.315                                     | 4.075   | 0.570                                      | 1.000                         |
|                                    | E   | F   | G  | H = [(VxE)+ (WxF)+ (XxG)] / Y |

| Plan Name              | Region     | June 2007 Enrollees | TOTAL MHO MEMBER MONTHS | July 2006 - Dec 2006 ITS Member Months |      |      |               | Prevalence Factor (per 1,000 Members) |            |                      |      |               | Composite ITS Adjustment (w Glide Path Adjust) | Normalized Risk Adjustment Factors (w Glide Path Adjust) |
|------------------------|------------|---------------------|-------------------------|--|------|------|---------------|---------------------------------------|------------|----------------------|------|---------------|--|--|
|                        |            |                     |                         | PDTS                                   | PRTS | CHTS | Total ITS     | PDTS                                  | PRTS       |                      | CHTS | Total ITS     |  |  |
|                        |            |                     |                         |  |      |      |               |                                       | Unadjusted | w/ Glide Path Adjust |      |               |  |  |
|                        |            | I                   | J                       | K                                      | L    | M    | N = K + L + M | O                                     | P          | Q                    | R    | S = O + Q + R | T = [(OxE)+ (QxF) (RxG)] / Z                   | U = T / AA   |
| ABHA                   | LBMPY      | 1,140               | 7,004                   | 4                                      | 1    | 12   | 17            | 6.9                                   | 1.7        | 1.6                  | 20.1 | 28.5          | 0.856  | 0.863  |
| ABHA                   | OTHER      | 5,684               | 34,372                  | 60                                     | 9    | 111  | 180           | 21.1                                  | 3.0        | 2.2                  | 38.8 | 62.1          | 1.874  | 1.890  |
| Clackamas              | OTHER      | 1,789               | 10,211                  | 10                                     | -    | 17   | 26            | 11.5                                  | 0.0        | 0.7                  | 19.6 | 31.8          | 0.931  | 0.938  |
| Clackamas              | Tri-County | 4,789               | 27,445                  | 16                                     | 2    | 39   | 56            | 6.9                                   | 0.9        | 1.1                  | 16.9 | 24.9          | 0.744  | 0.750  |
| FamilyCare BH          | Tri-County | 2,706               | 16,086                  | 4                                      | 6    | 23   | 33            | 3.0                                   | 4.5        | 2.9                  | 17.2 | 23.1          | 0.820  | 0.826  |
| GOBH                   | OTHER      | 8,348               | 49,040                  | 22                                     | 5    | 117  | 144           | 5.3                                   | 1.2        | 1.3                  | 28.7 | 35.4          | 0.918  | 0.925  |
| JBH                    | JJD        | 11,807              | 70,292                  | 124                                    | 2    | 93   | 219           | 21.2                                  | 0.4        | 0.9                  | 15.8 | 38.0          | 1.296  | 1.307  |
| JBH                    | OTHER      | 4,592               | 27,977                  | 91                                     | 9    | 28   | 129           | 39.1                                  | 4.0        | 2.7                  | 12.2 | 54.0          | 2.216  | 2.234  |
| LaneCare               | LANE       | 8,639               | 52,170                  | 82                                     | 8    | 130  | 220           | 18.8                                  | 1.9        | 1.7                  | 29.8 | 50.2          | 1.546  | 1.559  |
| MVBCN                  | LBMPY      | 19,481              | 112,667                 | 42                                     | 4    | 114  | 160           | 4.5                                   | 0.4        | 0.9                  | 12.1 | 17.5          | 0.528  | 0.532  |
| MVBCN                  | OTHER      | 602                 | 3,594                   | -                                      | -    | 14   | 14            | 0.0                                   | 0.0        | 0.7                  | 47.0 | 47.7          | 0.945  | 0.953  |
| Multnomah Verity       | Tri-County | 17,785              | 104,579                 | 58                                     | 13   | 122  | 193           | 6.6                                   | 1.5        | 1.5                  | 14.0 | 22.1          | 0.723  | 0.729  |
| Washington County DHHS | Tri-County | 8,474               | 47,968                  | 25                                     | 7    | 49   | 80            | 6.1                                   | 1.7        | 1.5                  | 12.2 | 19.9          | 0.680  | 0.686  |
| Plan Average           |            | 95,837              | 563,405                 | 537                                    | 67   | 869  | 1,472         | 11.4                                  | 1.4        | 1.4                  | 18.5 | 31.4          | 0.992  | 1.000  |
|                        |            |                     |                         | V                                      | W    | X    | Y             |                                       |            |                      |      | Z             | AA   |  |

- 1) The Composite ITS Adjustment factors are calculated as follows:  
 [(PDTS Relative Cost Factor x PDTS Ave Monthly Members) +  
 (PRTS Relative Cost Factor x PRTS Ave Monthly Members)  
 (CHTS Relative Cost Factor x CHTS Ave Monthly Members)] / Statewide average prevalence \* cost
- 2) PRTS with Glide Path Adjustment is a 50%-50% blend of statewide and plan-specific prevalence

Notes:

**Oregon Health Plan Medicaid Demonstration**  
**Capitation Rate Development for January 2008 through December 2008**  
**ITS Risk Adjustment Factors**  
**SCF Children**

EXHIBIT 4-D (iv)

|                                    | Psychiatric Day Treatment Services (PDTS) | Psychiatric Residential Treatment Services (PRTS) | Community Health Treatment Services (CHTS) | Composite ITS                 |
|------------------------------------|---|---|--|-------------------------------|
|                                    | A   | B   | C  | D = [(VxA)+ (WxB)+ (XxC)] / Y |
| <b>ITS Cost Per User Per Month</b> | \$2,679                                   | \$8,305   | \$1,161                                    | \$3,154                       |
| <b>Relative Cost Factor</b>        | 0.849                                     | 2.633   | 0.368                                      | 1.000                         |
|                                    | E   | F   | G  | H = [(VxE)+ (WxF)+ (XxG)] / Y |

| Plan Name              | Region     | June 2007 Enrollees | TOTAL MHO MEMBER MONTHS | July 2006 - Dec 2006 ITS Member Months |               |       |           | Prevalence Factor (per 1,000 Members) |            |                      |                              |            | Composite ITS Adjustment (w Glide Path Adjust) | Normalized Risk Adjustment Factors (w Glide Path Adjust) |
|------------------------|------------|---------------------|-------------------------|--|---------------|-------|-----------|---------------------------------------|------------|----------------------|------------------------------|------------|--|--|
|                        |            |                     |                         | PDTS                                   | PRTS          | CHTS  | Total ITS | PDTS                                  | PRTS       |                      | CHTS                         | Total ITS  |  |  |
|                        |            |                     |                         |  |               |       |           |                                       | Unadjusted | w/ Glide Path Adjust |                              |            |  |  |
| I                      | J          | K                   | L                       | M                                      | N = K + L + M | O     | P         | Q                                     | R          | S = O + Q + R        | T = [(OxE)+ (QxF) (RxG)] / Z | U = T / AA |  |  |
| ABHA                   | LBMPY      | 199                 | 1,227                   | 12                                     | 6             | 20    | 38        | 116.4                                 | 58.7       | 60.5                 | 200.0                        | 377.0      | 1.146  | 1.140  |
| ABHA                   | OTHER      | 878                 | 5,117                   | 31                                     | 45            | 68    | 145       | 73.6                                  | 106.2      | 84.3                 | 159.9                        | 317.8      | 1.186  | 1.179  |
| Clackamas              | OTHER      | 206                 | 1,198                   | 6                                      | 3             | 10    | 18        | 57.4                                  | 26.5       | 44.4                 | 96.3                         | 198.1      | 0.695  | 0.691  |
| Clackamas              | Tri-County | 1,254               | 7,346                   | 39                                     | 29            | 74    | 142       | 63.7                                  | 47.8       | 55.1                 | 121.3                        | 240.1      | 0.842  | 0.837  |
| FamilyCare BH          | Tri-County | 189                 | 1,172                   | 11                                     | 4             | -     | 15        | 112.6                                 | 40.0       | 51.2                 | 0.0                          | 163.8      | 0.796  | 0.791  |
| GOBH                   | OTHER      | 1,367               | 8,009                   | 10                                     | 47            | 141   | 198       | 15.0                                  | 70.6       | 66.5                 | 210.7                        | 292.2      | 0.917  | 0.912  |
| JBH                    | JJD        | 1,762               | 10,594                  | 125                                    | 53            | 41    | 219       | 141.6                                 | 60.4       | 61.4                 | 46.6                         | 249.5      | 1.033  | 1.027  |
| JBH                    | OTHER      | 966                 | 5,699                   | 48                                     | 36            | 41    | 125       | 100.8                                 | 76.2       | 69.3                 | 86.6                         | 256.7      | 1.036  | 1.030  |
| LaneCare               | LANE       | 1,901               | 11,317                  | 80                                     | 61            | 195   | 336       | 84.8                                  | 64.5       | 63.5                 | 206.5                        | 354.8      | 1.088  | 1.082  |
| MVBCN                  | LBMPY      | 3,065               | 18,128                  | 55                                     | 52            | 197   | 303       | 36.4                                  | 34.2       | 48.3                 | 130.2                        | 214.9      | 0.712  | 0.708  |
| MVBCN                  | OTHER      | 81                  | 478                     | 1                                      | -             | 2     | 3         | 25.1                                  | 0.0        | 31.2                 | 59.2                         | 115.5      | 0.433  | 0.430  |
| Multnomah Verity       | Tri-County | 1,384               | 17,587                  | 174                                    | 105           | 260   | 538       | 118.5                                 | 71.6       | 67.0                 | 177.1                        | 362.6      | 1.182  | 1.175  |
| Washington County DHHS | Tri-County | 2,912               | 8,185                   | 101                                    | 58            | 77    | 237       | 148.7                                 | 85.2       | 73.8                 | 112.9                        | 335.4      | 1.251  | 1.244  |
| Plan Average           |            | 16,162              | 96,058                  | 693                                    | 499           | 1,126 | 2,318     | 86.6                                  | 62.4       | 62.4                 | 140.6                        | 289.6      | <b>1.006</b>                                   | <b>1.000</b>   |
|                        |            |                     |                         | V                                      | W             | X     | Y         |                                       |            |                      |                              | Z          | AA   |  |

- 1) The Composite ITS Adjustment factors are calculated as follows:  
 [(PDTS Relative Cost Factor x PDTS Ave Monthly Members) +  
 (PRTS Relative Cost Factor x PRTS Ave Monthly Members)  
 (CHTS Relative Cost Factor x CHTS Ave Monthly Members)] / Statewide average prevalence \* cost
- 2) PRTS with Glide Path Adjustment is a 50%-50% blend of statewide and plan-specific prevalence

Notes:

**Oregon Health Plan Medicaid Demonstration**  
**Comparison of January 2008 and January 2007 MHO Capitation Rates**  
Includes Adjustment for Administration Allowance

**EXHIBIT 4-E**

| <b>Statewide MHO Rates</b>            |                     |                     |                 |
|---------------------------------------|---------------------|---------------------|-----------------|
| <b>Eligibility Category</b>           | <b>January 2008</b> | <b>January 2007</b> | <b>% Change</b> |
| TANF Adults                           | \$23.02             | \$19.42             | 18.5%           |
| PLM Adults                            | \$8.42              | \$5.08              | 65.8%           |
| PLM, CHIP, or TANF Children Aged 0-1  | \$0.91              | \$0.05              | 1763.4%         |
| PLM, CHIP, or TANF Children Aged 1-5  | \$4.98              | \$3.73              | 33.6%           |
| PLM, CHIP, or TANF Children Aged 6-18 | \$26.00             | \$21.95             | 18.4%           |
| AB/AD with Medicare                   | \$94.92             | \$83.21             | 14.1%           |
| AB/AD without Medicare                | \$117.52            | \$127.40            | -7.8%           |
| OAA with Medicare                     | \$10.23             | \$8.55              | 19.6%           |
| OAA without Medicare                  | \$19.53             | \$7.85              | 148.6%          |
| SCF Children                          | \$209.41            | \$192.16            | 9.0%            |
| OHP Families                          | \$16.19             | \$14.30             | 13.2%           |
| OHP Adults and Couples                | \$34.86             | \$32.50             | 7.3%            |
| <b>Weighted Average <sup>1</sup></b>  | <b>\$41.69</b>      | <b>\$39.00</b>      | <b>6.9%</b>     |

<sup>1</sup> Weighted average capitation rates are based on June 2007 enrollment distributions.

**Oregon Health Plan Medicaid Demonstration**  
**Comparison of January 2008 and January 2007 MHO Capitation Rates**  
Includes Adjustment for Administration Allowance

EXHIBIT 4-F

| ABHA (MHO)                            |              |              |          |              |              |          |              |              |          |              |              |          |              |              |          |
|---------------------------------------|--------------|--------------|----------|--------------|--------------|----------|--------------|--------------|----------|--------------|--------------|----------|--------------|--------------|----------|
| Eligibility Category                  | JJD          |              |          | Lane         |              |          | LBMPY        |              |          | Other        |              |          | Tri-County   |              |          |
|                                       | January 2008 | January 2007 | % Change | January 2008 | January 2007 | % Change | January 2008 | January 2007 | % Change | January 2008 | January 2007 | % Change | January 2008 | January 2007 | % Change |
| TANF Adults                           |              |              |          |              |              |          | \$24.00      | \$20.42      | 17.5%    | \$24.02      | \$20.40      | 17.7%    |              |              |          |
| PLM Adults                            |              |              |          |              |              |          | \$8.05       | \$5.93       | 35.7%    | \$8.05       | \$5.93       | 35.9%    |              |              |          |
| PLM, CHIP, or TANF Children Aged 0-1  |              |              |          |              |              |          | \$0.91       | \$0.05       | 1759.7%  | \$0.91       | \$0.05       | 1762.9%  |              |              |          |
| PLM, CHIP, or TANF Children Aged 1-5  |              |              |          |              |              |          | \$18.95      | \$18.50      | 2.4%     | \$4.24       | \$3.17       | 33.6%    |              |              |          |
| PLM, CHIP, or TANF Children Aged 6-18 |              |              |          |              |              |          | \$27.25      | \$20.46      | 33.2%    | \$33.55      | \$28.02      | 19.7%    |              |              |          |
| AB/AD with Medicare                   |              |              |          |              |              |          | \$84.23      | \$74.17      | 13.6%    | \$84.24      | \$74.15      | 13.6%    |              |              |          |
| AB/AD without Medicare                |              |              |          |              |              |          | \$109.76     | \$118.90     | -7.7%    | \$103.84     | \$114.02     | -8.9%    |              |              |          |
| OAA with Medicare                     |              |              |          |              |              |          | \$10.23      | \$8.56       | 19.6%    | \$10.23      | \$8.55       | 19.7%    |              |              |          |
| OAA without Medicare                  |              |              |          |              |              |          | \$19.56      | \$7.86       | 148.8%   | \$19.58      | \$7.86       | 149.2%   |              |              |          |
| SCF Children                          |              |              |          |              |              |          | \$213.19     | \$285.02     | -25.2%   | \$222.83     | \$173.35     | 28.5%    |              |              |          |
| OHP Families                          |              |              |          |              |              |          | \$17.08      | \$14.82      | 15.2%    | \$17.09      | \$14.80      | 15.5%    |              |              |          |
| OHP Adults and Couples                |              |              |          |              |              |          | \$30.95      | \$28.21      | 9.7%     | \$30.98      | \$28.17      | 10.0%    |              |              |          |
| Weighted Average <sup>1</sup>         |              |              |          |              |              |          | \$44.33      | \$45.18      | -1.9%    | \$41.23      | \$36.80      | 12.1%    |              |              |          |

<sup>1</sup> Weighted average capitation rates are based on June 2007 enrollment distributions.

**Oregon Health Plan Medicaid Demonstration**  
**Comparison of January 2008 and January 2007 MHO Capitation Rates**  
Includes Adjustment for Administration Allowance

**EXHIBIT 4-F**

| CLACKAMAS CO (MHO)                    |              |              |          |              |              |          |              |              |          |              |              |          |              |              |          |
|---------------------------------------|--------------|--------------|----------|--------------|--------------|----------|--------------|--------------|----------|--------------|--------------|----------|--------------|--------------|----------|
| Eligibility Category                  | JJD          |              |          | Lane         |              |          | LBMPY        |              |          | Other        |              |          | Tri-County   |              |          |
|                                       | January 2008 | January 2007 | % Change | January 2008 | January 2007 | % Change | January 2008 | January 2007 | % Change | January 2008 | January 2007 | % Change | January 2008 | January 2007 | % Change |
| TANF Adults                           |              |              |          |              |              |          |              |              |          | \$21.92      | \$18.12      | 21.0%    | \$21.29      | \$18.05      | 18.0%    |
| PLM Adults                            |              |              |          |              |              |          |              |              |          | \$7.43       | \$4.60       | 61.5%    | \$7.17       | \$4.59       | 56.4%    |
| PLM, CHIP, or TANF Children Aged 0-1  |              |              |          |              |              |          |              |              |          | \$0.91       | \$0.05       | 1746.6%  | \$0.91       | \$0.05       | 1761.2%  |
| PLM, CHIP, or TANF Children Aged 1-5  |              |              |          |              |              |          |              |              |          | \$5.54       | \$8.05       | -31.2%   | \$4.15       | \$2.34       | 77.2%    |
| PLM, CHIP, or TANF Children Aged 6-18 |              |              |          |              |              |          |              |              |          | \$24.17      | \$24.00      | 0.7%     | \$22.56      | \$17.97      | 25.5%    |
| AB/AD with Medicare                   |              |              |          |              |              |          |              |              |          | \$90.93      | \$80.80      | 12.5%    | \$90.38      | \$80.69      | 12.0%    |
| AB/AD without Medicare                |              |              |          |              |              |          |              |              |          | \$136.80     | \$155.45     | -12.0%   | \$124.08     | \$149.49     | -17.0%   |
| OAA with Medicare                     |              |              |          |              |              |          |              |              |          | \$10.30      | \$8.57       | 20.2%    | \$10.23      | \$8.56       | 19.6%    |
| OAA without Medicare                  |              |              |          |              |              |          |              |              |          | \$20.45      | \$7.88       | 159.7%   | \$19.53      | \$7.86       | 148.5%   |
| SCF Children                          |              |              |          |              |              |          |              |              |          | \$188.02     | \$147.23     | 27.7%    | \$181.27     | \$169.14     | 7.2%     |
| OHP Families                          |              |              |          |              |              |          |              |              |          | \$15.58      | \$12.44      | 25.2%    | \$14.90      | \$12.34      | 20.7%    |
| OHP Adults and Couples                |              |              |          |              |              |          |              |              |          | \$34.34      | \$30.09      | 14.1%    | \$32.78      | \$29.86      | 9.8%     |
| Weighted Average <sup>1</sup>         |              |              |          |              |              |          |              |              |          | \$36.64      | \$35.84      | 2.2%     | \$42.77      | \$41.39      | 3.3%     |

<sup>1</sup> Weighted average capitation rates are based on June 2007 enrollment distributions.

**Oregon Health Plan Medicaid Demonstration**  
**Comparison of January 2008 and January 2007 MHO Capitation Rates**  
Includes Adjustment for Administration Allowance

**EXHIBIT 4-F**

| <b>FAMILY CARE (MHO)</b>              |              |              |          |              |              |          |              |              |          |              |              |          |                |                |             |
|---------------------------------------|--------------|--------------|----------|--------------|--------------|----------|--------------|--------------|----------|--------------|--------------|----------|----------------|----------------|-------------|
| Eligibility Category                  | JJD          |              |          | Lane         |              |          | LBMPY        |              |          | Other        |              |          | Tri-County     |                |             |
|                                       | January 2008 | January 2007 | % Change | January 2008 | January 2007 | % Change | January 2008 | January 2007 | % Change | January 2008 | January 2007 | % Change | January 2008   | January 2007   | % Change    |
| TANF Adults                           |              |              |          |              |              |          |              |              |          |              |              |          | \$22.95        | \$18.07        | 27.0%       |
| PLM Adults                            |              |              |          |              |              |          |              |              |          |              |              |          | \$7.06         | \$3.80         | 85.5%       |
| PLM, CHIP, or TANF Children Aged 0-1  |              |              |          |              |              |          |              |              |          |              |              |          | \$0.91         | \$0.05         | 1761.2%     |
| PLM, CHIP, or TANF Children Aged 1-5  |              |              |          |              |              |          |              |              |          |              |              |          | \$4.07         | \$2.78         | 46.5%       |
| PLM, CHIP, or TANF Children Aged 6-18 |              |              |          |              |              |          |              |              |          |              |              |          | \$22.56        | \$18.84        | 19.8%       |
| AB/AD with Medicare                   |              |              |          |              |              |          |              |              |          |              |              |          | \$100.21       | \$83.96        | 19.4%       |
| AB/AD without Medicare                |              |              |          |              |              |          |              |              |          |              |              |          | \$117.66       | \$124.42       | -5.4%       |
| OAA with Medicare                     |              |              |          |              |              |          |              |              |          |              |              |          | \$10.23        | \$8.56         | 19.6%       |
| OAA without Medicare                  |              |              |          |              |              |          |              |              |          |              |              |          | \$19.53        | \$7.86         | 148.5%      |
| SCF Children                          |              |              |          |              |              |          |              |              |          |              |              |          | \$192.39       | \$193.88       | -0.8%       |
| OHP Families                          |              |              |          |              |              |          |              |              |          |              |              |          | \$16.57        | \$11.00        | 50.6%       |
| OHP Adults and Couples                |              |              |          |              |              |          |              |              |          |              |              |          | \$39.67        | \$36.88        | 7.6%        |
| <b>Weighted Average <sup>1</sup></b>  |              |              |          |              |              |          |              |              |          |              |              |          | <b>\$31.88</b> | <b>\$29.43</b> | <b>8.3%</b> |

<sup>1</sup> Weighted average capitation rates are based on June 2007 enrollment distributions.

**Oregon Health Plan Medicaid Demonstration**  
**Comparison of January 2008 and January 2007 MHO Capitation Rates**  
Includes Adjustment for Administration Allowance

EXHIBIT 4-F

| GOBHI (MHO)                           |              |              |          |              |              |          |              |              |          |              |              |          |              |              |          |
|---------------------------------------|--------------|--------------|----------|--------------|--------------|----------|--------------|--------------|----------|--------------|--------------|----------|--------------|--------------|----------|
| Eligibility Category                  | JJD          |              |          | Lane         |              |          | LBMPY        |              |          | Other        |              |          | Tri-County   |              |          |
|                                       | January 2008 | January 2007 | % Change | January 2008 | January 2007 | % Change | January 2008 | January 2007 | % Change | January 2008 | January 2007 | % Change | January 2008 | January 2007 | % Change |
| TANF Adults                           |              |              |          |              |              |          |              |              |          | \$23.17      | \$19.31      | 20.0%    |              |              |          |
| PLM Adults                            |              |              |          |              |              |          |              |              |          | \$8.40       | \$5.14       | 63.3%    |              |              |          |
| PLM, CHIP, or TANF Children Aged 0-1  |              |              |          |              |              |          |              |              |          | \$0.91       | \$0.05       | 1761.6%  |              |              |          |
| PLM, CHIP, or TANF Children Aged 1-5  |              |              |          |              |              |          |              |              |          | \$5.47       | \$3.82       | 43.0%    |              |              |          |
| PLM, CHIP, or TANF Children Aged 6-18 |              |              |          |              |              |          |              |              |          | \$26.08      | \$18.71      | 39.4%    |              |              |          |
| AB/AD with Medicare                   |              |              |          |              |              |          |              |              |          | \$83.91      | \$69.72      | 20.4%    |              |              |          |
| AB/AD without Medicare                |              |              |          |              |              |          |              |              |          | \$105.04     | \$103.29     | 1.7%     |              |              |          |
| OAA with Medicare                     |              |              |          |              |              |          |              |              |          | \$10.23      | \$8.56       | 19.6%    |              |              |          |
| OAA without Medicare                  |              |              |          |              |              |          |              |              |          | \$19.57      | \$7.86       | 149.1%   |              |              |          |
| SCF Children                          |              |              |          |              |              |          |              |              |          | \$194.91     | \$144.12     | 35.2%    |              |              |          |
| OHP Families                          |              |              |          |              |              |          |              |              |          | \$15.43      | \$13.80      | 11.8%    |              |              |          |
| OHP Adults and Couples                |              |              |          |              |              |          |              |              |          | \$29.90      | \$27.36      | 9.3%     |              |              |          |
| Weighted Average <sup>1</sup>         |              |              |          |              |              |          |              |              |          | \$38.88      | \$32.07      | 21.2%    |              |              |          |

<sup>1</sup> Weighted average capitation rates are based on June 2007 enrollment distributions.

**Oregon Health Plan Medicaid Demonstration**  
**Comparison of January 2008 and January 2007 MHO Capitation Rates**  
Includes Adjustment for Administration Allowance

EXHIBIT 4-F

| JBH (MHO)                             |              |              |          |              |              |          |              |              |          |              |              |          |              |              |          |
|---------------------------------------|--------------|--------------|----------|--------------|--------------|----------|--------------|--------------|----------|--------------|--------------|----------|--------------|--------------|----------|
| Eligibility Category                  | JJD          |              |          | Lane         |              |          | LBMPY        |              |          | Other        |              |          | Tri-County   |              |          |
|                                       | January 2008 | January 2007 | % Change | January 2008 | January 2007 | % Change | January 2008 | January 2007 | % Change | January 2008 | January 2007 | % Change | January 2008 | January 2007 | % Change |
| TANF Adults                           | \$22.67      | \$19.00      | 19.3%    |              |              |          |              |              |          | \$22.71      | \$19.01      | 19.4%    |              |              |          |
| PLM Adults                            | \$8.50       | \$4.66       | 82.5%    |              |              |          |              |              |          | \$8.52       | \$4.66       | 82.8%    |              |              |          |
| PLM, CHIP, or TANF Children Aged 0-1  | \$0.91       | \$0.05       | 1772.3%  |              |              |          |              |              |          | \$0.91       | \$0.05       | 1770.5%  |              |              |          |
| PLM, CHIP, or TANF Children Aged 1-5  | \$4.70       | \$3.77       | 24.7%    |              |              |          |              |              |          | \$4.20       | \$2.79       | 50.6%    |              |              |          |
| PLM, CHIP, or TANF Children Aged 6-18 | \$27.36      | \$24.50      | 11.7%    |              |              |          |              |              |          | \$33.07      | \$28.84      | 14.7%    |              |              |          |
| AB/AD with Medicare                   | \$83.50      | \$74.08      | 12.7%    |              |              |          |              |              |          | \$83.54      | \$74.10      | 12.7%    |              |              |          |
| AB/AD without Medicare                | \$106.33     | \$115.17     | -7.7%    |              |              |          |              |              |          | \$109.82     | \$117.15     | -6.3%    |              |              |          |
| OAA with Medicare                     | \$10.22      | \$8.54       | 19.7%    |              |              |          |              |              |          | \$10.23      | \$8.54       | 19.7%    |              |              |          |
| OAA without Medicare                  | \$19.42      | \$7.84       | 147.6%   |              |              |          |              |              |          | \$19.48      | \$7.85       | 148.3%   |              |              |          |
| SCF Children                          | \$196.22     | \$178.21     | 10.1%    |              |              |          |              |              |          | \$200.52     | \$155.10     | 29.3%    |              |              |          |
| OHP Families                          | \$18.67      | \$16.36      | 14.2%    |              |              |          |              |              |          | \$18.72      | \$16.37      | 14.4%    |              |              |          |
| OHP Adults and Couples                | \$27.69      | \$26.21      | 5.6%     |              |              |          |              |              |          | \$27.77      | \$26.24      | 5.8%     |              |              |          |
| Weighted Average <sup>1</sup>         | \$39.56      | \$37.35      | 5.9%     |              |              |          |              |              |          | \$46.77      | \$42.45      | 10.2%    |              |              |          |

<sup>1</sup> Weighted average capitation rates are based on June 2007 enrollment distributions.

**Oregon Health Plan Medicaid Demonstration**  
**Comparison of January 2008 and January 2007 MHO Capitation Rates**  
Includes Adjustment for Administration Allowance

EXHIBIT 4-F

| LANE CARE MHO                         |              |              |          |              |              |          |              |              |          |              |              |          |              |              |          |
|---------------------------------------|--------------|--------------|----------|--------------|--------------|----------|--------------|--------------|----------|--------------|--------------|----------|--------------|--------------|----------|
| Eligibility Category                  | JJD          |              |          | Lane         |              |          | LBMPY        |              |          | Other        |              |          | Tri-County   |              |          |
|                                       | January 2008 | January 2007 | % Change | January 2008 | January 2007 | % Change | January 2008 | January 2007 | % Change | January 2008 | January 2007 | % Change | January 2008 | January 2007 | % Change |
| TANF Adults                           |              |              |          | \$24.88      | \$21.93      | 13.4%    |              |              |          |              |              |          |              |              |          |
| PLM Adults                            |              |              |          | \$10.33      | \$5.54       | 86.4%    |              |              |          |              |              |          |              |              |          |
| PLM, CHIP, or TANF Children Aged 0-1  |              |              |          | \$0.91       | \$0.05       | 1767.9%  |              |              |          |              |              |          |              |              |          |
| PLM, CHIP, or TANF Children Aged 1-5  |              |              |          | \$6.97       | \$5.34       | 30.4%    |              |              |          |              |              |          |              |              |          |
| PLM, CHIP, or TANF Children Aged 6-18 |              |              |          | \$34.48      | \$29.99      | 15.0%    |              |              |          |              |              |          |              |              |          |
| AB/AD with Medicare                   |              |              |          | \$103.74     | \$89.53      | 15.9%    |              |              |          |              |              |          |              |              |          |
| AB/AD without Medicare                |              |              |          | \$127.74     | \$137.47     | -7.1%    |              |              |          |              |              |          |              |              |          |
| OAA with Medicare                     |              |              |          | \$10.23      | \$8.55       | 19.6%    |              |              |          |              |              |          |              |              |          |
| OAA without Medicare                  |              |              |          | \$19.46      | \$7.85       | 147.9%   |              |              |          |              |              |          |              |              |          |
| SCF Children                          |              |              |          | \$222.51     | \$201.24     | 10.6%    |              |              |          |              |              |          |              |              |          |
| OHP Families                          |              |              |          | \$19.33      | \$19.46      | -0.7%    |              |              |          |              |              |          |              |              |          |
| OHP Adults and Couples                |              |              |          | \$34.84      | \$32.25      | 8.0%     |              |              |          |              |              |          |              |              |          |
| Weighted Average <sup>1</sup>         |              |              |          | \$53.57      | \$50.23      | 6.7%     |              |              |          |              |              |          |              |              |          |

<sup>1</sup> Weighted average capitation rates are based on June 2007 enrollment distributions.

**Oregon Health Plan Medicaid Demonstration**  
**Comparison of January 2008 and January 2007 MHO Capitation Rates**  
Includes Adjustment for Administration Allowance

EXHIBIT 4-F

| MID-VALLEY BCN                        |              |              |          |              |              |          |              |              |          |              |              |          |              |              |          |
|---------------------------------------|--------------|--------------|----------|--------------|--------------|----------|--------------|--------------|----------|--------------|--------------|----------|--------------|--------------|----------|
| Eligibility Category                  | JJD          |              |          | Lane         |              |          | LBMPY        |              |          | Other        |              |          | Tri-County   |              |          |
|                                       | January 2008 | January 2007 | % Change | January 2008 | January 2007 | % Change | January 2008 | January 2007 | % Change | January 2008 | January 2007 | % Change | January 2008 | January 2007 | % Change |
| TANF Adults                           |              |              |          |              |              |          | \$24.21      | \$20.51      | 18.0%    | \$24.22      | \$20.52      | 18.1%    |              |              |          |
| PLM Adults                            |              |              |          |              |              |          | \$9.39       | \$6.37       | 47.5%    | \$9.39       | \$6.37       | 47.5%    |              |              |          |
| PLM, CHIP, or TANF Children Aged 0-1  |              |              |          |              |              |          | \$0.91       | \$0.05       | 1760.5%  | \$0.91       | \$0.05       | 1760.2%  |              |              |          |
| PLM, CHIP, or TANF Children Aged 1-5  |              |              |          |              |              |          | \$4.67       | \$3.32       | 40.8%    | \$4.67       | \$3.32       | 40.8%    |              |              |          |
| PLM, CHIP, or TANF Children Aged 6-18 |              |              |          |              |              |          | \$23.82      | \$20.35      | 17.1%    | \$26.41      | \$15.91      | 65.9%    |              |              |          |
| AB/AD with Medicare                   |              |              |          |              |              |          | \$94.17      | \$82.69      | 13.9%    | \$94.17      | \$82.69      | 13.9%    |              |              |          |
| AB/AD without Medicare                |              |              |          |              |              |          | \$113.57     | \$126.51     | -10.2%   | \$106.16     | \$110.98     | -4.3%    |              |              |          |
| OAA with Medicare                     |              |              |          |              |              |          | \$10.23      | \$8.56       | 19.6%    | \$10.23      | \$8.56       | 19.6%    |              |              |          |
| OAA without Medicare                  |              |              |          |              |              |          | \$19.54      | \$7.86       | 148.6%   | \$19.54      | \$7.86       | 148.7%   |              |              |          |
| SCF Children                          |              |              |          |              |              |          | \$186.77     | \$163.83     | 14.0%    | \$159.00     | \$156.73     | 1.4%     |              |              |          |
| OHP Families                          |              |              |          |              |              |          | \$17.49      | \$15.51      | 12.8%    | \$17.49      | \$15.51      | 12.8%    |              |              |          |
| OHP Adults and Couples                |              |              |          |              |              |          | \$35.89      | \$33.24      | 8.0%     | \$35.90      | \$33.24      | 8.0%     |              |              |          |
| Weighted Average <sup>1</sup>         |              |              |          |              |              |          | \$37.12      | \$34.48      | 7.7%     | \$39.02      | \$34.77      | 12.2%    |              |              |          |

<sup>1</sup> Weighted average capitation rates are based on June 2007 enrollment distributions.

**Oregon Health Plan Medicaid Demonstration**  
**Comparison of January 2008 and January 2007 MHO Capitation Rates**  
Includes Adjustment for Administration Allowance

**EXHIBIT 4-F**

| MULTNOMAH VERITY                      |              |              |          |              |              |          |              |              |          |              |              |          |              |              |          |
|---------------------------------------|--------------|--------------|----------|--------------|--------------|----------|--------------|--------------|----------|--------------|--------------|----------|--------------|--------------|----------|
| Eligibility Category                  | JJD          |              |          | Lane         |              |          | LBMPY        |              |          | Other        |              |          | Tri-County   |              |          |
|                                       | January 2008 | January 2007 | % Change | January 2008 | January 2007 | % Change | January 2008 | January 2007 | % Change | January 2008 | January 2007 | % Change | January 2008 | January 2007 | % Change |
| TANF Adults                           |              |              |          |              |              |          |              |              |          |              |              |          | \$21.59      | \$18.30      | 18.0%    |
| PLM Adults                            |              |              |          |              |              |          |              |              |          |              |              |          | \$7.58       | \$4.79       | 58.3%    |
| PLM, CHIP, or TANF Children Aged 0-1  |              |              |          |              |              |          |              |              |          |              |              |          | \$0.91       | \$0.05       | 1761.2%  |
| PLM, CHIP, or TANF Children Aged 1-5  |              |              |          |              |              |          |              |              |          |              |              |          | \$4.54       | \$3.44       | 32.2%    |
| PLM, CHIP, or TANF Children Aged 6-18 |              |              |          |              |              |          |              |              |          |              |              |          | \$22.43      | \$19.66      | 14.1%    |
| AB/AD with Medicare                   |              |              |          |              |              |          |              |              |          |              |              |          | \$108.77     | \$96.19      | 13.1%    |
| AB/AD without Medicare                |              |              |          |              |              |          |              |              |          |              |              |          | \$127.63     | \$138.58     | -7.9%    |
| OAA with Medicare                     |              |              |          |              |              |          |              |              |          |              |              |          | \$10.23      | \$8.56       | 19.6%    |
| OAA without Medicare                  |              |              |          |              |              |          |              |              |          |              |              |          | \$19.53      | \$7.86       | 148.5%   |
| SCF Children                          |              |              |          |              |              |          |              |              |          |              |              |          | \$255.32     | \$261.42     | -2.3%    |
| OHP Families                          |              |              |          |              |              |          |              |              |          |              |              |          | \$11.07      | \$9.64       | 14.8%    |
| OHP Adults and Couples                |              |              |          |              |              |          |              |              |          |              |              |          | \$43.77      | \$41.50      | 5.5%     |
| Weighted Average <sup>1</sup>         |              |              |          |              |              |          |              |              |          |              |              |          | \$40.95      | \$39.76      | 3.0%     |

<sup>1</sup> Weighted average capitation rates are based on June 2007 enrollment distributions.

**Oregon Health Plan Medicaid Demonstration**  
**Comparison of January 2008 and January 2007 MHO Capitation Rates**  
Includes Adjustment for Administration Allowance

**EXHIBIT 4-F**

| Washington County DHHS                |              |              |          |              |              |          |              |              |          |              |              |          |              |              |          |
|---------------------------------------|--------------|--------------|----------|--------------|--------------|----------|--------------|--------------|----------|--------------|--------------|----------|--------------|--------------|----------|
| Eligibility Category                  | JJD          |              |          | Lane         |              |          | LBMPY        |              |          | Other        |              |          | Tri-County   |              |          |
|                                       | January 2008 | January 2007 | % Change | January 2008 | January 2007 | % Change | January 2008 | January 2007 | % Change | January 2008 | January 2007 | % Change | January 2008 | January 2007 | % Change |
| TANF Adults                           |              |              |          |              |              |          |              |              |          |              |              |          | \$22.01      | \$17.88      | 23.1%    |
| PLM Adults                            |              |              |          |              |              |          |              |              |          |              |              |          | \$7.20       | \$3.40       | 112.1%   |
| PLM, CHIP, or TANF Children Aged 0-1  |              |              |          |              |              |          |              |              |          |              |              |          | \$0.91       | \$0.05       | 1761.1%  |
| PLM, CHIP, or TANF Children Aged 1-5  |              |              |          |              |              |          |              |              |          |              |              |          | \$4.48       | \$2.94       | 52.5%    |
| PLM, CHIP, or TANF Children Aged 6-18 |              |              |          |              |              |          |              |              |          |              |              |          | \$22.17      | \$17.03      | 30.2%    |
| AB/AD with Medicare                   |              |              |          |              |              |          |              |              |          |              |              |          | \$96.29      | \$85.81      | 12.2%    |
| AB/AD without Medicare                |              |              |          |              |              |          |              |              |          |              |              |          | \$126.22     | \$134.02     | -5.8%    |
| OAA with Medicare                     |              |              |          |              |              |          |              |              |          |              |              |          | \$10.23      | \$8.56       | 19.6%    |
| OAA without Medicare                  |              |              |          |              |              |          |              |              |          |              |              |          | \$19.53      | \$7.86       | 148.5%   |
| SCF Children                          |              |              |          |              |              |          |              |              |          |              |              |          | \$232.42     | \$205.72     | 13.0%    |
| OHP Families                          |              |              |          |              |              |          |              |              |          |              |              |          | \$16.31      | \$14.58      | 11.9%    |
| OHP Adults and Couples                |              |              |          |              |              |          |              |              |          |              |              |          | \$32.94      | \$29.71      | 10.9%    |
| Weighted Average <sup>1</sup>         |              |              |          |              |              |          |              |              |          |              |              |          | \$46.34      | \$41.38      | 12.0%    |

<sup>1</sup> Weighted average capitation rates are based on June 2007 enrollment distributions.

**Oregon Health Plan Medicaid Demonstration**  
**Comparison of January 2008 and January 2007 DCO Capitation Rates**  
**Includes Adjustment for Administration Allowance**

**EXHIBIT 5-A**

| <b>Statewide DCO Rates</b>            |                     |                              |                 |
|---------------------------------------|---------------------|------------------------------|-----------------|
| <b>Eligibility Category</b>           | <b>January 2008</b> | <b>July 2007<sup>2</sup></b> | <b>% Change</b> |
| TANF Adults                           | \$33.83             | \$33.81                      | 0.1%            |
| PLM Adults                            | \$26.33             | \$19.88                      | 32.5%           |
| PLM, CHIP, or TANF Children Aged 0-1  | \$0.17              | \$0.11                       | 58.4%           |
| PLM, CHIP, or TANF Children Aged 1-5  | \$18.40             | \$18.42                      | -0.1%           |
| PLM, CHIP, or TANF Children Aged 6-18 | \$23.62             | \$24.65                      | -4.2%           |
| AB/AD with Medicare                   | \$33.77             | \$34.07                      | -0.9%           |
| AB/AD without Medicare                | \$29.40             | \$29.94                      | -1.8%           |
| OAA with Medicare                     | \$20.08             | \$21.63                      | -7.2%           |
| OAA without Medicare                  | \$33.55             | \$31.40                      | 6.9%            |
| SCF Children                          | \$23.28             | \$23.80                      | -2.2%           |
| OHP Families                          | \$4.94              | \$4.66                       | 5.9%            |
| OHP Adults and Couples                | \$5.60              | \$5.29                       | 5.9%            |
| <b>Weighted Average<sup>1</sup></b>   | <b>\$22.15</b>      | <b>\$22.47</b>               | <b>-1.4%</b>    |

<sup>1</sup> Weighted average capitation rates are based on June 2007 enrollment distributions.

<sup>2</sup> Excludes benefit adjustments for limited dental services.

**Oregon Health Plan Medicaid Demonstration**  
**Comparison of January 2008 and January 2007 DCO Capitation Rates**  
Includes Adjustment for Administration Allowance

**EXHIBIT 5-B**

| <b>Dental</b>                         |              |                        |          |              |                        |          |              |                        |          |              |                        |          |              |                        |          |
|---------------------------------------|--------------|------------------------|----------|--------------|------------------------|----------|--------------|------------------------|----------|--------------|------------------------|----------|--------------|------------------------|----------|
| Eligibility Category                  | JJD          |                        |          | Lane         |                        |          | LBMPY        |                        |          | Other        |                        |          | Tri-County   |                        |          |
|                                       | January 2008 | July 2007 <sup>2</sup> | % Change | January 2008 | July 2007 <sup>2</sup> | % Change | January 2008 | July 2007 <sup>2</sup> | % Change | January 2008 | July 2007 <sup>2</sup> | % Change | January 2008 | July 2007 <sup>2</sup> | % Change |
| TANF Adults                           | \$32.82      | \$32.80                | 0.1%     | \$32.82      | \$32.80                | 0.1%     | \$32.82      | \$32.80                | 0.1%     | \$32.82      | \$32.80                | 0.1%     | \$35.56      | \$35.54                | 0.1%     |
| PLM Adults                            | \$25.54      | \$19.28                | 32.5%    | \$25.54      | \$19.28                | 32.5%    | \$25.54      | \$19.28                | 32.5%    | \$25.54      | \$19.28                | 32.5%    | \$27.68      | \$20.90                | 32.4%    |
| PLM, CHIP, or TANF Children Aged 0-1  | \$0.17       | \$0.11                 | 58.4%    | \$0.17       | \$0.11                 | 58.4%    | \$0.17       | \$0.11                 | 58.4%    | \$0.17       | \$0.11                 | 58.4%    | \$0.18       | \$0.11                 | 58.4%    |
| PLM, CHIP, or TANF Children Aged 1-5  | \$17.84      | \$17.86                | -0.1%    | \$17.84      | \$17.86                | -0.1%    | \$17.84      | \$17.86                | -0.1%    | \$17.84      | \$17.86                | -0.1%    | \$19.34      | \$19.36                | -0.1%    |
| PLM, CHIP, or TANF Children Aged 6-18 | \$22.91      | \$23.91                | -4.2%    | \$22.91      | \$23.91                | -4.2%    | \$22.91      | \$23.91                | -4.2%    | \$22.91      | \$23.91                | -4.2%    | \$24.82      | \$25.91                | -4.2%    |
| AB/AD with Medicare                   | \$32.75      | \$33.05                | -0.9%    | \$32.75      | \$33.05                | -0.9%    | \$32.75      | \$33.05                | -0.9%    | \$32.75      | \$33.05                | -0.9%    | \$35.49      | \$35.81                | -0.9%    |
| AB/AD without Medicare                | \$28.51      | \$29.04                | -1.8%    | \$28.51      | \$29.04                | -1.8%    | \$28.51      | \$29.04                | -1.8%    | \$28.51      | \$29.04                | -1.8%    | \$30.90      | \$31.48                | -1.8%    |
| OAA with Medicare                     | \$19.47      | \$20.98                | -7.2%    | \$19.47      | \$20.98                | -7.2%    | \$19.47      | \$20.98                | -7.2%    | \$19.47      | \$20.98                | -7.2%    | \$21.10      | \$22.73                | -7.2%    |
| OAA without Medicare                  | \$32.54      | \$30.46                | 6.9%     | \$32.54      | \$30.46                | 6.9%     | \$32.54      | \$30.46                | 6.9%     | \$32.54      | \$30.46                | 6.9%     | \$35.27      | \$33.01                | 6.8%     |
| SCF Children                          | \$22.58      | \$23.09                | -2.2%    | \$22.58      | \$23.09                | -2.2%    | \$22.58      | \$23.09                | -2.2%    | \$22.58      | \$23.09                | -2.2%    | \$24.47      | \$25.02                | -2.2%    |
| OHP Families                          | \$4.79       | \$4.52                 | 5.8%     | \$4.79       | \$4.52                 | 5.8%     | \$4.79       | \$4.52                 | 5.8%     | \$4.79       | \$4.52                 | 5.8%     | \$5.19       | \$4.90                 | 5.8%     |
| OHP Adults and Couples                | \$5.43       | \$5.13                 | 5.8%     | \$5.43       | \$5.13                 | 5.8%     | \$5.43       | \$5.13                 | 5.8%     | \$5.43       | \$5.13                 | 5.8%     | \$5.88       | \$5.56                 | 5.8%     |
| Weighted Average <sup>1</sup>         | \$21.67      | \$21.96                | -1.3%    | \$21.89      | \$22.17                | -1.3%    | \$21.37      | \$21.68                | -1.4%    | \$21.56      | \$21.87                | -1.4%    | \$23.13      | \$23.49                | -1.5%    |

<sup>1</sup> Weighted average capitation rates are based on June 2007 enrollment distributions.

<sup>2</sup> Excludes benefit adjustments for limited dental services.

**Oregon Health Plan Medicaid Demonstration**  
**Comparison of January 2008 and January 2007 CDO Capitation Rates**  
**Includes Adjustment for Administration Allowance**

**EXHIBIT 6**

| <b>Chemical Dependency Organizations</b> |                     |                     |                 |
|--|---------------------|---------------------|-----------------|
| <b>Eligibility Category</b>              | <b>January 2008</b> | <b>January 2007</b> | <b>% Change</b> |
| TANF Adults                              | \$12.22             | \$15.77             | -22.5%          |
| PLM Adults                               | \$6.13              | \$5.11              | 19.9%           |
| PLM, CHIP, or TANF Children Aged 0-1     | \$0.01              | \$0.00              | N/A             |
| PLM, CHIP, or TANF Children Aged 1-5     | \$0.00              | \$0.00              | -36.4%          |
| PLM, CHIP, or TANF Children Aged 6-18    | \$1.26              | \$1.61              | -21.6%          |
| AB/AD with Medicare                      | \$5.30              | \$4.53              | 17.0%           |
| AB/AD without Medicare                   | \$9.12              | \$13.21             | -30.9%          |
| OAA with Medicare                        | \$0.44              | \$0.34              | 31.2%           |
| OAA without Medicare                     | \$0.04              | \$0.34              | -86.8%          |
| SCF Children                             | \$6.22              | \$5.64              | 10.2%           |
| OHP Families                             | \$3.92              | \$3.72              | 5.5%            |
| OHP Adults and Couples                   | \$21.75             | \$21.22             | 2.5%            |
| <b>Weighted Average <sup>1</sup></b>     | <b>\$3.69</b>       | <b>\$4.38</b>       | <b>-15.8%</b>   |

<sup>1</sup> Weighted average capitation rates are based on June 2007 enrollment distributions.

# APPENDIX

**Oregon Health Plan Medicaid Demonstration  
January 2008 Capitation Rate Development  
CMS Medicaid Managed Care Rate Setting Requirements Not Addressed  
Elsewhere**

- **AA.1.2 – Projection of Expenditures** – Average per capita expenditures are calculated and compared in Exhibits 3-G - 3-J, 4-E - 4-F, 5-A, 5-B, and 6 of the capitation rate report. The weighted average rate of change calculation uses the most recent population distribution information available at the time the calculation is made.
- **AA.1.8 – Limit on payment to other providers** – Payments to providers for services related to managed care contracted services are limited to the amounts paid by managed care plans, with one exception: cost settlements to Federally Qualified Health Centers and Rural Health Centers are made by DMAP. Managed care plan capitation rates are developed to allow for average payments to these providers consistent with the community average payment rate for similar services provided by a comparable provider. For these services, managed care plans are provided sufficient capitation revenue to cover the interim payments that are required by law or regulation, and DMAP takes all responsibility for the final cost settlement.

Other direct payments to providers are made only for the portion of the population that is covered on a Fee-For-Service basis. Graduate Medical Education has been removed from the per capita cost and capitation rates. Disproportionate Share Hospital payments are based on the provision of services to individuals who are uninsured. Health plan utilization of hospitals does not affect the calculation of DSH payment amounts.

**AA.2.0 – Methods used to exclude invalid data** – Managed care plan encounter data is submitted at regular intervals to DMAP. Prior to the data reaching PwC, DMAP staff screen the data to ensure OHP enrollment on the date of the claim. In addition, DMAP staff screen the data for missing data elements and for duplicate claims. PwC repeats these steps to confirm duplicates have been removed and that all encounter records relate to individuals enrolled with the managed care plan and the OHP on the date the service was provided. Further, PwC analyzes the data and excludes costs for services that are not in the State Plan. Data from all managed care plans is summarized by eligibility category and service type. Reports are generated that allow for comparison of utilization rates and costs per person per month for each combination of data and are provided to managed care plans for comparison and validation. Managed care plans are specifically asked to confirm that the total billed charges are consistent with their internal reports. Data from plans that are unable to confirm the validity of the information would be excluded from the per capita cost calculation.

- **AA.2.3 - Spenddown** - Since OHP beneficiaries do not gain Medicaid eligibility after spend-down, therefore there are no costs associated with the spend-down amounts that need to be excluded from the capitation rate development.
- **AA.2.5 - Services Covered Out of Capitated Savings** - Plans document that their encounter data includes only services provided for under the State Plan. No additional services covered from contract savings are anticipated.
- **AA.3.6. – Third Party Liability** – The State allows managed care plans to collect Third Party Liability, and includes documentation of the collected amounts on quarterly financial reports. Collection of TPL is at the managed care plan’s discretion, and the plan retains any amount it collects. Except for Medicare payments, collections for TPL are extraordinarily low in the OHP managed care plans, with total annual collections well below 1% of total health care costs.
- **AA.3.9. - FQHC & RHC reimbursement** – Services provided through FQHCs and RHCs are valued in the same manner as services provided by any other comparable provider. Specifically, each service is described based on HCPCS code, which may reference the Current Procedural Terminology (CPT), American Dental Association (ADA), or other coding scheme. DMAP performs a cost settlement with each FQHC or RHC considering total costs and payments made by managed care plans. Managed care plans are required to pay FQHCs a rate that is equivalent to that paid to other community providers for comparable services.
- **AA.3.10 – Cost trending/inflation** – Trend rates were derived from a combination of information on expected changes in health care costs developed by the Centers for Medicare and Medicaid Services Office of the Actuary, combined with PwC experience with Medicaid managed care plans. The trend rates were selected to recognize expected changes in the costs per unit of service based on health policy research, changes in costs in commercial health plans, and typical changes in payment rates. Among the considerations in assessing the cost component of trend were changes under consideration for Fee-for-Service unit costs.

Unit cost trend was derived largely from various CMS cost indices, a well respected indicator of underlying cost trend. Prescription drug cost trend was derived from recent industry reports that describe in detail the factors affecting changes in costs and utilization of those services.

- **AA.3.14 – Financial Experience Adjustment** – No adjustment is made for the financial experience of managed care plans. However, average managed care plan loss ratios are considered in determining appropriate trend rates. DMAP collects financial experience data from managed care plans on a quarterly basis. This

information is used to assess whether managed care plan expenditures are within expected ranges and to determine whether trend rates chosen in prior years were reasonable. To the extent managed care plan expenditures vary significantly from prior projections, trend rates may be reconsidered in the per capita cost development process.

- **AA.5.0 - AA.5.2 – Data Smoothing** – Data smoothing issues are largely addressed by ensuring the rate cells used to develop the per capita costs have sufficient population size. No data smoothing was required for this per capita cost calculation.

Various risk adjustment factors are applied to the statewide per capita costs to derive capitation rates. These adjustments are described in the capitation report. For these calculations, the adjustment factors are explicitly calculated to be budget neutral on the date of the calculation. (Note that when adjustment factors are used to determine payment rates, final budget neutrality cannot be ensured because enrollment patterns throughout the year are unknown. Inevitably, there is some shift in enrollment mix between the time the rates are developed and the end of the contract period.)

- **AA.6.0 - AA.6.3 - Stop Loss, Reinsurance, or Risk-sharing Arrangements** - OHP does not incorporate stop loss, reinsurance or risk-sharing arrangements into its contracts with the managed care plans.
- **AA.7.0 - Incentive Arrangements** - OHP does not currently incorporate incentive arrangements into its contracts with the managed care plans.

**Oregon Health Plan Medicaid Demonstration  
 Capitation Rate Development for January 2008 through December 2008  
 CMS Medicaid Managed Care Rate Setting Checklist**

| Item # | Legal Cite  | Subject  | Comments  |
|--------|---|--|---|
| AA.1.0 | 42 CFR 438.6(c)(2)(i) and (ii)<br><br>42 CFR 438.806<br><br>SMM 2089.2,<br>SMM 2092.8<br>SMM 2089.1 | <p><u>Overview of ratesetting methodology</u> - The Contract must specify the payment rates and any risk-sharing mechanisms and the actuarial basis for computation of those rates and mechanisms:<br/>                     Specifically, the contract includes:</p> <ul style="list-style-type: none"> <li>___ The rates and the time period for the rates,</li> <li>___ The risk-sharing mechanisms,</li> <li>___ The actuarial basis for the computation of those rates and risk-sharing mechanisms (<i>a lay person's description of the general steps the State followed to set rates is sufficient</i>).</li> </ul> <p><i>Rate Development or Update</i></p> <ul style="list-style-type: none"> <li>___ <i>The State is developing a new rate (RO completes steps AA.1 - AA.7).</i></li> <li>___ <i>The State is adjusting rates approved under 42 CFR 438.6(c)-(RO completes all of step AA.1)</i></li> </ul> | <p>Statewide per capita costs were developed for the biennial period January 1, 2008 through December 31, 2009. The steps used to develop these costs are described in the report titled "Analysis of Calendar Years 2008 – 2009 Average Costs." Hereafter, this report is referred to as the "2008-2009 Per Capita Cost report."</p> <p>In general, plan-specific capitation rates are developed for each calendar year of the biennium. The steps used to develop the CY 2008 (effective January 1, 2008) capitation rates are described in the report titled "Capitation Rate Development Calendar</p> |

| Item # | Legal Cite   | Subject  | Comments   |
|--------|--|--|--|
|        |  |  | <p>Year 2008.”<br/>           Hereafter, this report is referred to as the “CY 2008 Capitation Rate report.”</p>   |
| AA.1.1 | 42 CFR 438.6(c)(1)(i)(A) and (C)<br><br>42 CFR 438.6(2)(i) and (ii)<br><br>42 CFR 438.6(c)(3)<br><br>42 CFR 438.6(c)(4)(i)<br><br>SMM 2089.2 | <p><u>Actuarial certification</u> -The State must provide the actuarial certification of the capitation rates and payments under the contract. All payments under risk contracts and all risk-sharing mechanisms in contracts must be actuarially sound. Actuarially sound capitation rates means capitation rates that have been developed in accordance with generally accepted actuarial principles and practices, are appropriate for the populations to be covered, and the services to be furnished under the contract; and the Actuary must submit a certification, as meeting the requirements of the regulation, by an actuary who meets the qualification standards established by the American Academy of Actuaries and follows the practice standards established by the Actuarial Standards Board. <i>Note: An Actuary who is a member of the American Academy of Actuaries will sign his name followed by the designation M.A.A.A., meaning a Member of the American Academy of Actuaries. For further information see <a href="http://www.actuary.org/faqs.htm">www.actuary.org/faqs.htm</a></i></p> <p><i>Note: Actuaries can create either rates or rate ranges so long as the methodology (including all assumptions) to get to the actual rates in the contract are specified and meet CMS requirements. If there are instances where actuaries believe that information their State is required to submit would represent trade secrets or proprietary information, as described in the Freedom of Information Act (FOIA) (5 U.S.C. 552(a)), the information should be identified as such and may be withheld from public disclosure under the provisions of the FOIA.</i></p> | <p>An actuarial certification accompanies the CY 2008 Capitation Rate report.</p>  |
| AA.1.2 | 42 CFR 438.6(c)(4)(iii)  | <p><u>Projection of expenditures</u> -The State must provide a projection of expenditures under its previous year’s contract (or under its FFS program if it did not have a contract in the previous year) compared to those projected under the proposed contract.</p>  | <p>A comparison of current and proposed capitation rates is shown in Exhibits 3-G - 3-J, 4-E - 4-F, 5-A, 5-B, and 6 of the CY 2008 Capitation Rate report.</p> |
| AA.1.3 | 45 CFR 74.43 and Appendix A<br><br>42 CFR 438.6(a)   | <p><u>Procurement, Prior Approval and Ratesetting</u> - All contracts must meet the procurement requirements in 45 CFR Part 74. Regardless of the procurement method, the final rates must be in the contract and include documentation and a description of how the resulting contract rates are determined in sufficient detail to address this set of regulatory criteria for each contract. In general,</p>  | <p>Oregon uses Option 1. Contracting arrangements are</p>  |

| Item # | Legal Cite   | Subject   | Comments  |
|--------|--|---|---|
|        | 42 CFR 438.806(a) and (b)  | <p>there are two options:</p> <p>___ Option 1: State set rates -- The rates are developed using a set of assumptions meeting federal regulations that results in a set of rates. Open cooperative contracting occurs when the State signs a contract with any entity meeting the technical programmatic requirements of the State and willing to be reimbursed the actuarially-sound, State-determined rate. Sole source contracting occurs where the state contracts with a single entity to provide a set of services must be documented as meeting the requirements of 42 CFR 438.6(c) under this option.</p> <p>___ Option 2: Competitive Procurement -- The rates are developed using a set of assumptions meeting federal regulations that results in a range of acceptable bids to determine a bid range for rates. Competitive procurement occurs when entities submit bids and the State negotiates rates within the range of acceptable bids. <i>A State could also disclose a maximum or minimum acceptable payment and encourage bids below or above that amount.</i></p>   | described on Pages 6-7 of 2008-2009 Per Capita Cost report and Pages 3-4 of CY 2008 Capitation Rate report                                  |
| AA.1.5 | 42 CFR 447.15<br>42 CFR 438.2<br>42 CFR 438.812(a)   | <u>Risk contracts</u> – The entity assumes risk for the cost of services covered under the contract and incurs loss if the cost of furnishing the services exceed the payments under the contract. The entity must accept as payment in full, the amount paid by the State plus any cost sharing from the members. Payments for carrying out contract provisions including incentive payments are medical assistance costs.   | All contracts with managed care plans are on a fully at-risk basis.   |
| AA.1.6 | 42 CFR 438.60  | <u>Limit on payment to other providers</u> - The State agency must ensure that no payment is made to a provider other than the entity for services available under the contract between the State and the entity, except when these payments are provided for in title XIX of the Act, in 42 CFR, or when the State agency has adjusted the capitation rates paid under the contract to make payments for graduate medical education. <i>Note: see Step AA.3.8 for GME adjustments.</i>   | Addressed in the CY 2008 Capitation Rate report, Exhibit A-1. This is the "Rate Setting Requirements not addressed elsewhere" text section. |
| AA.1.7 | 42 CFR 438.6(c)(4)(i) and (ii)<br><br>42 CFR 438.6(c)(2)(i) and (ii)<br><br>42 CFR 438.6(c)(1)(i)(A) and (C)<br><br>42 CFR 438.6(c)(3) | <u>Rate Modifications</u> - <i>This section is for use if the State updates or amends rates set under the new regulation at 42 CFR 438.6(c).</i> The State has made program and rate changes that have affected the cost and utilization under the contract. The value and effect of these programmatic service changes on the rates should be documented. Adjustments for changes in the program structure or to reflect Medical trend inflation are made. Documentation meeting the requirements in step AA.3.0 – AA.3.24 is submitted to the RO for new adjustments. The adjustments include but are not limited to: <ul style="list-style-type: none"> <li>• Medical cost and utilization trend inflation factors are based on historical medical State-specific costs or a national/regional medical market basket applicable to the state and population. Justification for the predictability of the inflation rates is given regardless of the source. Differentiation of trend rates is documented (i.e., differences in the trend by service categories, eligibility category, etc). All trend factors and assumptions are explained and documented. See Step AA.3.9.</li> <li>• Programmatic changes include additions and deletions to the contractor's benefit package,</li> </ul> | See comments for steps AA.3.0-AA.3.24   |

| Item # | Legal Cite   | Subject  | Comments   |
|--------|--|--|--|
|        | <p>42 CFR<br/>438.6(c)(4)(ii)(A)</p> <p>42 CFR<br/>438.6(c)(1)(B)</p> <p>42 CFR<br/>438.6(c)(3)(ii) and<br/>(iv)</p> <p>SMM 2089.5</p> | <p>changes in the eligible population, or other programmatic changes in the managed care program (or FFS program that affected the managed care program) made after the last set of rates were set and outlined in the regulation. The State may adjust for those changes if the adjustment is made only once (e.g., if the State projected the effect of a change in the last rate setting, then they must back out that projection before applying an adjustment for the actual policy effect)</p> <p>CMS allows rate changes (regardless of whether they are reductions or augmentations) and provides FFP in such changes as long as the changes are implemented through either a formal contract amendment or a multi-period contract and continue to meet all applicable statute provisions and regulations. If rate changes are implemented through a contract amendment, the amendment must receive approval by the RO before FFP in any higher payment amounts may be awarded. If the rate change is an anticipated development in a multi-year process, it must also be reviewed by the RO, consistent with guidelines for multi-year contracts. <i>If the amended rates use new actuarial techniques or different utilization data bases than was used and approved previously, the regional office should complete the entire checklist. Rates approved prior to the release of 42 CFR 438.6 must comply with the regulation by the period specified in the Federal Register.</i></p>  |  |
| AA.2.0 | <p>42 CFR<br/>438.6(c)(3)(i) and<br/>(iv)</p> <p>42 CFR<br/>438.6(c)(1)(i)(B)</p>  | <p><u>Base Year Utilization and Cost Data</u> - The State must provide documentation and an assurance that all payment rates are:</p> <ul style="list-style-type: none"> <li>• based only upon services covered under the State Plan (or costs directly related to providing these services, for example, MCO, PIHP, or PAHP administration)</li> <li>• Provided under the contract to Medicaid -eligible individuals.</li> </ul> <p>*In setting actuarially sound capitation rates, the State must apply the following element or explain why it is not applicable: Base utilization and cost data that are derived from the Medicaid population or if not, are adjusted to make them comparable to the Medicaid population. The base data used were recent and are free from material omission.</p> <p><i>Base data for both utilization and cost are defined and relevant to the Medicaid population (i.e., the database is appropriate for setting rates for the given Medicaid population). States without recent FFS history and no validated encounter data will need to develop other data sources for this purpose. States and their actuaries will have to decide which source of data to use for this purpose, based on which source is determined to have the highest degree of reliability, subject to RO approval.</i></p> <p><i>Examples of acceptable databases on which to base utilization assumptions are: Medicaid FFS databases, Medicaid managed care encounter data, State employees health insurance databases, and low-income health insurance program databases. Note: Some states have implemented financial reporting requirements of the health plans which can be used as a data source in conjunction with encounter data and would improve on some of the shortcomings of these other specific databases used for utilization purposes. For example, some states now require the submission of financial</i></p> | <p>Data used in capitation rate development are from managed care plan Medicaid encounter data (described starting on Page 9 of 2008-2009 Per Capita Cost report). It is validated by the plans on a quarterly basis. Base data is shown in Exhibits 3-A and 4-A, and 5-A of 2008-2009 Per Capita Cost report.</p> |

| Item # | Legal Cite   | Subject   | Comments  |
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|        |  | <p><i>reports to supplement encounter data by providing cost data. It would also be permissible for the State to supplement the encounter data by using FFS cost data. The State could use the cost and utilization data from a Medicaid FFS database and would not need to supplement the data with plan financial information.</i></p> <p><i>Note: The CMS RO may approve other sources not listed here based upon the reasonableness of the given data source. The overall intent of these reporting requirements is to collect the same information that is available in the encounter data, but in a more complete and accurate reflection of the true cost of services.</i></p> <p><u>Utilization data</u> is appropriate to the Medicaid population and the base data was reviewed by the State for similarity with the covered Medicaid population. That is, if the utilization assumptions are not derived from recent Medicaid experience, the State should explain and document the source of assumptions and why the assumptions are appropriate to the Medicaid population covered by these proposed rates.</p> <p><u>Service cost</u> assumptions are appropriate for a Medicaid program and the base data was reviewed by the State for similarity with the Medicaid program’s current costs. <i>Note: except in the case of payments to FQHCs that subcontract with entities, which are governed by section 1903(m)(2)(A)(ix), CMS does not regulate the payment rates between entities and subcontracting providers. Payment rates are adequate to the extent that the capitated entity has documented the adequacy of its network.</i></p> <p><i>The term “appropriate” means specific to the population for which the payment rate is intended. This requirement applies to individuals who have health care costs that are much higher than the average. Appropriate for the populations covered means that the rates are based upon specific populations, by eligibility category, age, gender, locality, and other distinctions decided by the State. Appropriate to the services to be covered means that the rates must be based upon the State plan services to be provided under the contract. There is no stated or implied requirement that entities be reimbursed the full cost of care at billed charges.</i></p> |   |
| AA.2.1 | <p>42 CFR<br/>438.6(c)(1)(i)(B)</p> <p>42 CFR<br/>438.6(c)(4)(ii)(B)</p> | <p><u>Medicaid Eligibles under the Contract</u> – All payments under risk contracts and all risk-sharing mechanisms in contracts must be actuarially sound. Actuarially sound capitation rates means capitation rates are appropriate for the populations to be covered and provided under the contract to Medicaid -eligible individuals. <i>The State may either include only data for eligible individuals and exclude data for individuals in the base period who would not be eligible for managed care contract services or apply an appropriate adjustment factor to the data to remove ineligible if sufficient documentation exists. The explanation and documentation should list the eligibility categories specifically included and excluded from the analysis.</i></p> <p><i>Note: for example, if mentally retarded individuals are not in the managed care program, utilization, eligibility and cost data for mentally retarded eligibles should all be excluded from the rates.</i></p> <p><i>Note: all references in this checklist to Medicaid eligibles include 1115 expansion populations</i></p>   | <p>Capitation rates are based on encounter data, and thus reflect only those eligibles enrolled in plans.</p> |

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| AA.2.2 | 1905(p) (1-3)<br>SMM 3490 (ff)<br>SMD letter 9/30/00 | <p><i>approved under 1115 demonstration projects.</i></p> <p><u>Dual Eligibles (DE)</u>–Some States include capitation payments for DE. Because the statute and CMS policy specifies that the State may only pay for Medicaid-eligible individuals, those Medicaid payment limits must be observed if the program includes DE. See the Attachment to Appendix A for additional information on Dual Eligibles.</p> <p>Only the following groups of DE are entitled to Medicaid Services. If they are included in a capitated managed care contract, they should have a Medicaid rate calculated separately from other DE:</p> <ul style="list-style-type: none"> <li>■ QMB Plus</li> <li>■ Medicaid (Non QMB and Non SLMB)</li> <li>■ SLMB Plus</li> </ul> <p>Eligibles and services for beneficiaries in the four non-Medicaid DE categories</p> <ul style="list-style-type: none"> <li>■ QMB-only</li> <li>■ QDWI</li> <li>■ SLMB-only</li> <li>■ QI-1</li> </ul> <p>should be specifically excluded from the capitated rates calculated for the 3 DE categories above (QMB Plus, Medicaid (Non QMB and Non-SLMB), and SLMB Plus). If DE beneficiaries in the non-Medicaid four categories are allowed to choose to enroll in capitated managed care, the Medicaid State Agency would continue to be liable for the same Medicare payments (e.g., Medicare fee-for-service premiums) as under FFS. The beneficiary would be liable for any Medicaid services payment because they are not eligible for Medicaid services:</p> <p>For QMB-only and QMB-Plus, the State may also need to calculate a separate payment to the capitated organization for Medicare cost-sharing or premium amounts. If the M+C organization charges monthly premiums,. Medicaid is liable for payment of monthly M+C premium amounts for QMB categories (QMB-only and QMB Plus) for the basic packages of Medicare covered benefits only, if so elected in the Medicaid State plan (State Plan preprint page 29, 3.2(a)(1)(i)). Medicaid is also liable for Medicare cost-sharing expenses (deductibles, coinsurance and copayments) for Medicare covered services to the payment amount specified in the Medicaid State plan (Supplement 1 to Attachment 4.19-B). When an M+C organization imposes cost-sharing charges in addition to premiums for Medicare-covered services on their enrollees, the Medicaid agency must pay those costs for QMBs regardless of whether the State elected to include premiums in cost-sharing. No Medicaid services or payments would be included in the payment calculated for the entity.</p> | <p>Capitation rates are based on encounter data, and thus reflect only those eligibility groups enrolled in plans. Eligibility groups are described on Pages 3-7 of the 2008-2009 Per Capita Cost report.</p> <p>Oregon allows Dual Eligibles to enroll in managed care plans. The State pays the Medicare premiums directly for Dual Eligibles.</p> |
| AA.2.3 | 42 CFR<br>435.1002(b)<br><br>1903(f)(2)(A)           | <p><u>Spenddown</u> – FFP is not available for expenses that are the recipient’s liability for recipients who establish eligibility for Medicaid by deducting incurred medical expenses from income.</p> <p>Spenddown is the amount of money that an individual with income over Medicaid eligibility limits must spend on medical expenses prior to gaining Medicaid eligibility. The spenddown amount is</p>  | <p>Not applicable.</p>   |

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|        | SMM 3645   | <p>equal to the dollar amount the individual’s income is over the Medicaid income limit. 42 CFR 435 Subpart D.</p> <p>States have two methods for calculating spenddown. Regardless of the option selected by the State, the State should not request federal Medicaid match for expenses that are the recipient's liability. Typically this means that capitated rates must be calculated without including expenses that are the recipient’s liability.</p> <ol style="list-style-type: none"> <li>1. Regular method – The individual client collects documentation verifying that a medical expense has occurred and submits to the State. States must ensure that capitation rates for individuals with spenddown (both medically needy beneficiaries and beneficiaries in 209(b) States with spenddown amounts) are calculated without including expenses that are the recipient’s liability.</li> <li>2. Pay-in method – The individual client pays a monthly installment payment or lump sum payment to the State equal to the spenddown amount rather than collecting documentation on medical expenses and submitting that documentation to the case worker. The same income and resource standards apply as in the regular method. The State then tracks the client’s medical costs to ensure that the costs exceed the spenddown amount. Here the State sets capitation rates to include expenses that are of the recipient’s liability and must ensure that the federal government receives its share of the monthly or lump sum payment from the client.</li> </ol>   |  |
| AA.2.4 | <p>42 CFR 438.6(c)(1)(i)(B)</p> <p>42 CFR 438.6(c)(4)(ii)(A)</p> | <p><u>State Plan Services only</u> - The State must document that the actuarially sound capitation rates are appropriate for the services to be furnished under the contract and based only upon services covered under the State Plan (or costs directly related to providing these services, for example, MCO, PIHP, or PAHP administration). <i>The explanation and documentation should list the services specifically included and excluded from the analysis.</i> Services provided by the managed care plan that exceed the services covered in the Medicaid State Plan may not be used to set capitated Medicaid managed care rates (e.g., 1915(b)(3) waiver services or services outlined in 42 CFR 438.6(e) as referenced in AA 2.5.</p> <ul style="list-style-type: none"> <li>• States using entity <b>encounter data</b> may base utilization and service costs on non-FFS data adjusting the data to reflect State plan services only.</li> <li>• <b>Services not part of the State plan</b> that are unilaterally contractually required or “suggested” (typically authorized as “1915(b)(3) services”) may not be used to calculate actuarially sound rates and must be paid out of separate payment rates approved prospectively under the 1915(b) waiver process.</li> <li>• <b>EPSDT extended/supplemental services</b> for children are State Plan Approved services and may be built into the capitated rates</li> <li>• <b>1115(a)(2) services</b> are considered State Plan services for 1115 populations for the duration of the demonstration and may be built into capitated payments approved through the 1115 demonstration budget neutrality agreement for approved populations only.</li> <li>• <b>HCBS waiver services</b> may only be included for capitated contracts under 1915(b)(c) concurrent waiver or in CMS RO approved 1915(a)(1)(A)/(c) capitated contracts for approved 1915(c) waiver participants. Note: for the purposes of pre-PACE under 1915(a)(1)(A) HCBS</li> </ul> | <p>Encounter data serves as the basis of the capitation rates. Adjustments are made to exclude services not covered under the Prioritized List (process described on Pages 39-45 of the 2008-2009 Per Capita Cost report).</p> |

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|        |                                 | <p><i>services should be included. If the population is a nursing home-certifiable population and eligible for HCBS, the State may consider HCBS as an acceptable service for long-term care managed care.</i></p> <ul style="list-style-type: none"> <li>• <b>1915(a)(1)(A) capitated rates</b> must be based on State Plan Approved services only and 1915(c) approved services for 1915(c) participants.</li> </ul> <p><i>Note: The inclusion of any additional Medicaid services during the term of a contract could either be handled through a contract amendment or a contract term that provides for the contingency, subject to CMS approval. Amendments must be prior approved by the CMS RO.</i></p>  |   |
| AA.2.5 | 438.6(e)                        | <p><u>Services that may be covered by a capitated entity out of contract savings</u> - An entity may provide services to enrollees that are in addition to those covered under the State plan, although the cost of these services cannot be included when determining the payment rates. <i>Note: this is different than 1915(b)(3) waiver services which are contractually required by the State. When a State agency decides to contract with an entity, it is arranging to have some or all of its State plan services provided to its Medicaid population through that entity. The State has not modified the services that are covered under its State plan, nor is it continuing to pay, on a FFS basis, for each and every service to be provided by the entity. Further, entities have the ability to provide services that are in the place of, or in addition to, the services covered under the State plan, in the most efficient manner that meets the needs of the individual enrollee. These additional or alternative services do not affect the capitation rate paid to the entity by the State. The capitation rates should not be developed on the basis of these services. The State determines the scope of State plan benefits to be covered under the managed care contract, and sets payment rates based on those services. This does not affect the entities right, however, to use these payments to provide alternative services to enrollees that would not be available under the State plan to beneficiaries not enrolled in the entity.</i>Section 1915(b)(3) waiver authority that allows a State to share savings resulting from the use of more cost-effective medical care with beneficiaries by providing them with additional services.</p> | Not applicable.   |
| AA.3.0 | 42 CFR 438.6(c)(3)(ii) and (iv) | <p><u>Adjustments to the Base Year Data</u> - The State made adjustments to the base period to construct rates to reflect populations and services covered during the contract period. These adjustments ensure that the rates are predictable for the covered Medicaid population.</p> <p>All regulatorily referenced adjustments are listed in 3.1 through 3.14.</p> <p><b>Adjustments must be mutually exclusive and may not be taken twice. States must document the policy assumptions, size, and effect of these adjustments and demonstrate that they are not double counting the effects of each adjustment. The RO should check to ensure that the State has contract clauses (or State Plan Amendments), where appropriate, for each adjustment.</b></p> <p>Sample Adjustments to the Base Year that may increase the Base Year:</p> <ul style="list-style-type: none"> <li>• Administration (Step AA.3.2)</li> <li>• Benefit, Programmatic and Policy change in FFS made after the claims data tape was cut (Step</li> </ul>  | <p>Adjustments to the base data to derive the 2008-2009 per capita costs are described on pages 13-35 of the 2008-2009 Per Capita Cost report.</p> <p>The CY 2008 capitation rates are based on the 2008-</p> |

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|        |            | <p>AA.3.1)</p> <ul style="list-style-type: none"> <li>• Claims completion factors (Step AA.3.2)</li> <li>• Medical service cost trend inflation (Step AA.3.3)</li> <li>• Utilization due to changes in FFS utilization between the Base Year and the contract period. Changes in utilization of medical procedures over time is taken into account (Step AA.3.11)</li> <li>• Certified Match provided by public providers in FFS</li> <li>• Cost-sharing in FFS is not in the managed care program</li> <li>• FFS benefit additions occurring after the extraction of the data from the MMIS are taken into account</li> <li>• One-time only adjustment for historically low utilization in FFS program of a State Plan Approved benefit (i.e., dental)</li> <li>• Patient liability for institutional care will be charged under this program</li> <li>• Payments not processed through the MMIS</li> <li>• Price increase in FFS made after the claims data tape was cut</li> </ul> <p>Sample Adjustments to the Base Year that may adjust the Base Year downward:</p> <ul style="list-style-type: none"> <li>• Benefit deletions in the FFS Program occurring after the extraction of the data from the MMIS are taken into account (Step AA.3.1)</li> <li>• Cost-sharing in managed care in excess of FFS cost-sharing</li> <li>• Disproportionate Share Hospital Payments (Step AA.3.5)</li> <li>• Financial Experience Adjustment</li> <li>• FQHC/RHC payments</li> <li>• Graduate Medical Education (Step AA.3.8)</li> <li>• Income Investment Factor</li> <li>• Indirect Medical Education Payments (Step AA.3.8)</li> <li>• Managed Care Adjustment</li> <li>• PCCM Case Management Fee</li> <li>• Pharmacy Rebates</li> <li>• Post-pay recoveries (TPL) if the State will not collect and allow the MCE to keep TPL payments (Step AA.3.6)</li> <li>• Recoupments not processed through the MMIS</li> <li>• Retrospective Eligibility costs (Step AA.3.4)</li> </ul> <p>Cost-neutral Adjustments:</p> <ul style="list-style-type: none"> <li>• Data smoothing for data distortions and individuals with chronic illness, disability, ongoing health care needs, or catastrophic claims including risk-sharing and reinsurance (Step AA.5.0)</li> </ul> <p><i>Note: The CMS RO must review all changes for appropriateness to the data selected by the State (e.g., if the State is using encounter data, then adjustments for FFS changes may not be appropriate).</i></p> | <p>2009 per capita costs. Adjustments for trend and programmatic changes that occurred subsequent to the development of the per capita costs are applied. Pages 5-8 of the CY 2008 Capitation Rate report describe the adjustments.</p> |

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|        |  | <p><i>Some adjustments are mandatory. They are noted as such.</i></p> <p><b><i>All adjustments must be documented. Adjustments must be mutually exclusive and may not be taken twice. States must document the policy assumptions, size, and effect of these adjustments and demonstrate that they are not double counting the effects of each adjustment. The RO should check to ensure that the State has contract clauses (or State Plan Amendments), where appropriate, for each adjustment.</i></b></p>  |  |
| AA.3.1 | <p>42 CFR<br/>438.6(c)(1)(B)</p> <p>42 CFR<br/>438.6(c)(4)(ii)(A)</p>  | <p><u>Benefit Differences</u> - Actuarially sound capitation rates are appropriate for the services to be furnished under the contract. The State must document that actuarially sound capitation rates payments are based only upon services covered under the State Plan. <i>Differences in the service package for the Base Period data and the Medicaid managed care covered service package are adjusted in the rates. Documentation of assumptions and estimates is required for this adjustment.</i></p>   | <p>The benefit differences between the base period and the contract period are described on pages 29-32 of the 2008-2009 per capita cost report and pages 7-8 of the CY 2008 Capitation Rate report.</p> |
| AA.3.2 | <p>42 CFR<br/>438.6(c)(4)(ii) (A)</p> <p>42 CFR<br/>438.6(c)(3)(ii)</p> <p>42 CFR 438. 812</p> <p>Family Planning<br/>FMAP<br/>1903(a)(5) and 42<br/>CFR 433.10(c)(1)</p> <p>Title XIX Financial<br/>Management<br/>Review Guide #20<br/>Family Planning<br/>Services (See page<br/>1 of this guide for a<br/>complete list of</p> | <p><u>Administrative cost allowance calculations</u> - The State must document that an adjustment was made to the rate to account for MCO, PIHP or PAHP administration. Only administrative costs directly related to the provision of Medicaid State Plan approved services to Medicaid-eligible members are built into the rates. <i>Documentation of assumptions and estimates is required.</i></p> <p>In order to receive Federal reimbursement, administrative costs at the entity level are subject to all applicable Medicaid administrative claiming regulations and policies. Medicaid pays for the administration of Medicaid services to Medicaid beneficiaries covered under the contract. The following examples are not all inclusive.</p> <ul style="list-style-type: none"> <li>• Public entities cannot build in administrative costs to pay for non-Medicaid administration or services such as education, prisons, or roads, bridges and stadiums using the administrative cost in capitated rates.</li> <li>• Administrative costs for State Plan approved services can only be claimed for services to be delivered to Medicaid beneficiaries under the contract (not for 1915(b)(3) services. Administration costs in contracts must be allocated to the appropriate programs (e.g. public health must pay for the administration of public health services to non-Medicaid eligibles). CMS provides FFP only for the administration of Medicaid services to Medicaid beneficiaries covered under the contract.</li> <li>• Regular Medicaid matching rules apply. See 42 CFR 438.812 which states that all payments under a risk contract are medical assistance costs (FMAP rate) and which requires an allocation for non-risk contracts between service costs and administrative costs. Separate administrative</li> </ul> | <p>Amount of administrative cost allowance described on pages 11-12 of the CY 2008 Capitation Rate report.</p>   |

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|        | statutory and regulatory references)<br>7/3/01 SMD Letter<br><br>Indian Health Service facility<br>FMAP 1905(b) and 42 CFR 433.10(c)(2) | <p>costs under the State Plan should not be placed under a capitated contract in order for the State to draw down the FMAP (50-80%) rate rather than the administrative rate (50%). Examples of this include: survey and certification costs or other administrative costs not associated with the plan's provision of contractually-required covered State Plan services to Medicaid enrollees. Separate administrative contracts including this administration can be written for capitated entities that will be matched at 50% by the federal government. <i>Note: Family planning and Indian health services enhanced matching FMAP rates and rules do apply to family planning and Indian Health services in capitated contracts. For family planning, the State must document the portion of its rates that are family planning consistent with the CMS Title XIX Financial Management Review Guide #20 Family Planning Services, especially Exhibit A. Please refer to the 7/3/01 SMD letter regarding the need for timely filing of claims.</i></p> <ul style="list-style-type: none"> <li>• Paperwork costs, such as time spent writing up case notes, associated with face-to-face contact with an eligible member is already included in the direct service cost and should not be built into the capitated rates again. Medicaid State agencies should also not pay separately for this administration. This occurs when an entity contracts with a public entity to provide services. The public entity provides the direct services and then bills the State Medicaid agency or the entity for administration associated with the direct services. Schools are providing the primary examples of this practice. This could also occur if an entity builds in additional administrative costs associated with direct service that have already been built into the direct service rates to providers.</li> </ul> <p><i>Note: CMS does not have established standards for risk and profit levels but does allow reasonable amounts for risk and profit to be included in capitated rates.</i></p> |   |
| AA.3.3 | 42 CFR 438.6(c)(3)(ii)  | <p><u>Special populations' adjustments</u> - Specific health needs adjustments are made to make the populations more comparable. The State may make this adjustment only if the population has changed since the utilization data tape was produced (e.g., the FFS population has significantly more high-cost refugees) or the base population is different than the current Medicaid population (e.g., the State is using the State employees health insurance data). The State should use adjustments such as these to develop rates for new populations (e.g., SCHIP eligibles or 1115 expansion eligibles). The State should document why they believe the rates are adequate for these particular new populations.</p>   | Not applicable.   |
| AA.3.4 | 42 CFR 438.6(c)(3)(ii) and (iv)   | <p><u>Eligibility Adjustments</u> - The actuary analyzed the covered months in the base period to ensure that member months are parallel to the covered months for which the entities are taking risk. Adjustments are often needed to remove from the base period covered months -- and their associated claims -- that are not representative of months that would be covered by an entity. For example, many newborns are retrospectively covered by FFS Medicaid at birth, and will not enroll in an entity (even in mandatory enrollment programs) until a few months after birth. Because the costs in the first months of life are very high, if retrospective eligibility periods are not removed from the base period the state could be substantially over-estimating entities' average PMPM costs in the under-1 age cohort. Similar issues exist with the mother's costs when the delivery is retrospectively covered by FFS Medicaid, and with retrospective eligibility periods in general.</p>  | Not applicable since managed care encounter and enrollment data form the basis of the capitation rates. |

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| AA.3.5 | 1923(i)<br>BBA 4721(d)                          | <u>DSH Payments [contracts signed after 7/1/97]</u> – DSH payments may not be included in capitation rates. The State must pay DSH directly to the DSH facility.  | Not applicable since DSH payments are not included in hospital cost reports used to determine funding for hospital services.             |
| AA.3.6 | 42 CFR 433 Sub D<br>42 CFR 447.20<br>SMM 2089.7 | <u>Third Party Liability (TPL)</u> – The contract must specify any activities the entity must perform related to third party liability. The Documentation must address third party liability payments and whether the State or the entity will retain TPL collections. Rates must reflect the appropriate adjustment (i.e., if the entity retains TPL collections the rates should be adjusted downward or if the State collects and retains the TPL the rates should include TPL).   | Addressed in the CY 2008 Capitation Rate report, Exhibit A-1.  |
| AA.3.7 | 42 CFR 447.58<br><br>SMM 2089.8                 | <u>Copayments, Coinsurance and Deductibles in capitated rates</u> –If the State uses FFS as the base data to set rates and the State Medicaid agency chooses not to impose the FFS cost-sharing in its pre-paid capitation contracts with entities, the State must calculate the capitated payments to the organization as if those cost sharing charges were collected. For example, if the State has a \$2 copayment on FFS beneficiaries for each pharmacy prescription, but does not impose this copayment on any managed care member, the State must add back an amount to the capitated rates that would account for the lack of copayment. <i>Note: this would result in an addition to the capitated rates.</i><br><br>For 1115 expansion beneficiaries only, if the state uses FFS as the base data to set rates and imposes more deductibles, coinsurance, co-payments or similar charges on capitated members than the State imposes on its fee-for-service beneficiaries, the State must calculate the rates by reducing the capitation payments by the amount of the additional charges. <i>Note: this would result in a reduction to the capitated rates.</i> | Not applicable since encounter data is used as the basis of the capitation rates.  |
| AA.3.8 | 42 CFR 438.60<br><br>42 CFR<br>438.6(c)(5)(v)   | <u>Graduate Medical Education (GME)</u> - If a State makes GME payments directly to providers, the capitation payments should be adjusted to account for the aggregate amount of GME payments to be made on behalf of enrollees under the contract (i.e., the State should not pay the entity for any GME payments made directly to providers). States must first establish actuarially sound capitation rates prior to making adjustments for GME.<br><br>CMS permits such payments only to the extent the capitation rate has been adjusted to reflect the amount of the GME payment made directly to the hospital. States making payments to providers for GME costs under an approved State plan must adjust the actuarially sound capitation rates to account for the aggregate amount of GME payments to be made directly to hospitals on behalf of enrollees covered under the contract. These amounts cannot exceed the aggregate amount that would have been paid under the approved State plan for FFS. This prevents harm to teaching hospitals and ensures the fiscal accountability of these payments.   | GME had been carved out of the per capita costs and the capitation rates as described on page 20 of the 2008-2009 per capita cost report |
| AA.3.9 | 1903(m)(2)(A)(ix)<br>1902(bb)                   | <u>FQHC and RHC reimbursement</u> – The State may build in only the FFS rate schedule or an actuarially equivalent rate for services rendered by FQHCs and RHCs. The State may NOT include  | Addressed in the CY  |

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|         |                                 | <p>the FQHC/RHC encounter rate, cost-settlement, or prospective payment amounts. The entity must pay FQHCs and RHCs no less than it pays non-FQHC and RHCs for similar services. In the absence of a specific 1115 waiver, the entity cannot pay the annual cost-settlement or prospective payment.</p>   | <p>2008 Capitation Rate report, Exhibit A-1.</p>  |
| AA.3.10 | 42 CFR 438.6(c)(3)(ii)          | <p><u>Medical Cost/Trend Inflation</u> – Medical cost and utilization trend inflation factors are based on historical medical State-specific costs or a national/regional medical market basket applicable to the state and population. All trend factors and assumptions are explained and documented.</p> <p><i>Note: This also includes price increases not accounted for in inflation (i.e., price increases in the fee-for-service or managed care programs made after the claims data tape was cut). This adjustment is made if price increases are legislated by the Legislature. The RO must ensure that the State “inflates” the rate only once and does not double count inflation and legislative price increases. The State must document that program price increases since the rates were originally set are appropriately made.</i></p>  | <p>Trend adjustments described on Pages 33-35 of 2008-2009 Per Capita Cost report and page 6-7 of the CY 2008 Capitation Rate report.</p>   |
| AA.3.11 | 42 CFR 438.6(c)(3)(ii) and (iv) | <p><u>Utilization Adjustments</u> - Generally, there are two types of Utilization adjustments are possible: utilization differences between base data and the Medicaid managed care population and changes in Medical utilization over time.</p> <ul style="list-style-type: none"> <li>• Base period differences between the underlying utilization of Medicaid FFS data and Medicaid managed care data assumptions are determined. These adjustments increase or decrease utilization to levels that have not been achieved in the base data, but are realistically attainable CMS program goals. States may pay for the amount, duration and scope of State plan services that States expect to be delivered under a managed care contract. Thus, States may adjust the capitation rate to cover services such as EPSDT or prenatal care at the rate the State wants the service to be delivered to the enrolled population. The RO should check to ensure that the State has a contract clause for using mechanisms such as financial penalties if service delivery targets are not met or incentives for when targets are met. <i>Note: an example of this adjustment is an adjustment to Medicaid FFS data for EPSDT where FFS beneficiaries have historically low EPSDT utilization rates and the managed care contract requires the entity to have a higher utilization rate. The State should have a mechanism to measure that the higher utilization occurs and the RO should verify that this measurement occurs.</i></li> <li>• A change in utilization of medical procedures over time is taken into account. Documentation is required if this adjustment is made. The State should document 1) The assumptions made for the change in utilization. 2) How it came to the precise adjustment size. 3) That the adjustment is a unique change that could not be reflected in the utilization database because it occurred after the base year utilization data tape was cut. Examples may include: major technological advances (e.g., new high cost services) that cannot be predicted in base year data (protease inhibitors would be acceptable, a new type of aspirin would not be acceptable).</li> </ul> <p><i>Note: These adjustments can be distinguished from each other. The first is utilization change</i></p> | <p>The first adjustment is not applicable since encounter data is the basis of the capitation rates.</p> <p>The second adjustment is included in the utilization trend, which is described on Pages 33-35 of the 2008-2009 Per Capita Cost Report and page 6-7 of the CY 2008 Capitation Rate report.</p> |

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|         |   | <p><i>stemming from historic under- or over-utilization that is being corrected solely by the implementation of this program. Historic access problems in FFS Medicaid programs may be addressed through this adjustment. The second is a one time only non-recurring adjustment because of a unique utilization change projected to occur (or which did occur) after the base year data tape was produced.</i></p>  |   |
| AA.3.12 | <p>42 CFR<br/>438.6(c)(4)(ii)</p> <p>42 CFR<br/>438.6(c)(3)(iv)</p> <p>42 CFR<br/>438.6(c)(1)(i)(B)</p> | <p><u>Utilization and Cost Assumptions</u> – The State must document that the utilization and cost data assumptions for a voluntary program were analyzed and adjusted to ensure that they are appropriate for the populations to be covered if a healthier or sicker population voluntarily chooses to enroll (compared to the population data on which the rates are set). The State must document that utilization and cost assumptions that are appropriate for individuals with chronic illness, disability, ongoing health care needs, or catastrophic claims, using risk adjustment, risk-sharing or other appropriate cost-neutral methods</p> <p><i>Note: this analysis is needed whenever the population enrolled in the managed care program is different than the data for which the rates were set (e.g., beneficiaries have a choice between a fee-for-service program (PCCM) and a capitated program (MCO) and the rates are set using FFS data).</i></p>   | <p>Not applicable since enrollment is mandatory in areas with managed care plans.</p> |
| AA.3.13 | <p>42 CFR 435.725<br/>(Categorically Needy)</p> <p>42 CFR 435.832<br/>(Medically Needy)</p>             | <p><u>Post-Eligibility Treatment of Income (PETI)</u> (This applies for NF, HCBS, ICF-MR, and PACE beneficiaries in capitated programs where PETI applies only.) If the State Plan or waiver requires that the State consider post-eligibility treatment of income for institutionalized beneficiaries, the actual rate paid to the capitated entity would be the rate for the member minus any patient liability for that specific enrolled member. The State should calculate the client participation amount specifically for each member using the FFS methodology.</p> <p><i>Patient liability is a post-eligibility determination of the amount an institutionalized Medicaid beneficiary is liable for the cost of their care. It is also called client participation, cost of care, PE, and post-eligibility treatment of income. 42 CFR 435 Subpart H. Client participation should not be used to reduce total costs for all participants. Client participation should be assessed individually, reducing the individual rate paid to the capitated entity, not computed in aggregate and reducing all capitation payments. If the MMIS data tape is cut to reflect only the amount the Medicaid agency paid providers, then patient liability for cost of care must be added back to the rate to determine the total cost of care for an individual. The actual rate paid to the capitated entity would be the rate for the member minus any patient liability for that specific enrolled member. The capitated entity would then need to collect the patient liability from the enrolled member.</i></p> <p>An Option under 42 CFR 435.725(f) - The State can use a projection of expenses for a prospective period not to exceed 6 months to calculate client participation. This option requires the State to reconcile estimates with incurred expenses. Even with this option, the State must reduce the capitation rate to exclude expenses that are of the recipient's liability. This procedure ensures that the federal government does not pay more than its share of costs.</p> | <p>Not applicable.</p>  |
| AA.3.14 | <p>42 CFR<br/>438.6(c)(3)(ii)</p>   | <p><u>Incomplete Data Adjustment</u>– The State must adjust base period data to account for incomplete data. When fee-for-service data is summarized by date of service (DOS), data for a particular period of</p>   | <p>Described on page 25 of the 2008-2009 Per</p>                                      |

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|        |   | time is usually incomplete until a year or more after the end of the period. In order to use recent DOS data, the Actuary must calculate an estimate of the services ultimate value after all claims have been reported . Such incomplete data adjustments are referred to in different ways, including “lag factors,” “incurred but not reported (IBNR) factors,” or incurring factors. If date of payment (DOP) data is used, completion factors are not needed, but projections are complicated by the fact that payments are related to services performed in various former periods. <i>Documentation of assumptions and estimates is required for this adjustment.</i>  | Capita Cost report.   |
| AA.4.0 | 42 CFR<br>438.6(c)(3)(iii)<br><br>FR 6/14/02 p41001 | <u>Establish Rate Category Groupings (All portions of subsection AA.4 are mandatory)</u> -- The State has created rate cells specific to the enrolled population. <i>The rate category groupings were made to construct rates more predictable for future Medicaid populations’ rate setting. The number of categories should relate to the contracting method. Rate cells need to be grouped together based upon predictability so entities do not have incentives to market and to enroll one group over another. Multiple rate cells should be used whenever the average costs of a group of beneficiaries greatly differ from another group and that group can be easily identified. Note: The State must document that similar cost categories are grouped together to improve predictability. For example, rate cells may be combined if there is an insufficient number of enrollees in any one category to have statistical validity.</i> | A combination of eligibility category and age groupings are used to determine rate categories as described on pages 3-6 of the 2008-2009 Per Capita Cost report and page 4 of the CY 2008 Capitation Rate report.   |
| AA.4.1 | 42 CFR<br>438.6(c)(3)(iii)(B)                       | <u>Age</u> - Age Categories are defined. If not, justification for the predictability of the methodology used is given.   | Age categories are defined and used for the Children rate categories. For certain other rate categories, distinctions between recipients with and without Medicare coverage was used a determinant of cost predictability. CDPS risk adjustment contains an age-based component, which adjusts for differences in risk among different age cohorts. |

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| AA.4.2 | 42 CFR<br>438.6(c)(3)(iii)(C)   | <u>Gender</u> -Gender Categories are defined. If not, justification for the predictability of the methodology used is given  | Gender was not used as a rate category. With the implementation of a maternity case rate and the related carve-out of maternity services from the capitation rates, a significant source of cost variation between genders has been eliminated. |
| AA.4.3 | 42 CFR<br>438.6(c)(3)(iii)(D)   | <u>Locality/Region</u> - Locality/region Categories are defined. If not, justification for the predictability of the methodology used is given   | Regions are described on Page 5 of the CY 2008 Capitation Rate report. The regions are defined based on the general service delivery areas of the plans.  |
| AA.4.4 | 42 CFR<br>438.6(c)(3)(iii)(E)   | <u>Eligibility Categories</u> - Eligibility Categories are defined. If not, justification for the predictability of the methodology used is given.   | Eligibility categories defined on Pages 3-6 of the 2008-2009 Per Capita Cost report and page 4 of the CY 2008 Capitation Rate report.   |
| AA.5.0 | 42 CFR<br>438.6(c)(3)(ii), (iii)<br>and (iv)<br><br>42 CFR<br>438.6(c)(1)(ii) | <u>Data Smoothing (All portions of subsection AA.5 are mandatory)</u> - The State has examined the data for any distortions and adjusted in a cost-neutral manner for distortions and special populations. Distortions are primarily the result of small populations, special needs individuals, access problems in certain areas of the State, or extremely high-cost catastrophic claims. Costs in rate cells are adjusted through a cost-neutral process to reduce distortions across cells to compensate for distortions in costs, utilization, or the number of eligibles. This process adjusts rates toward the statewide average rate. The State must supply an explanation of the smoothing adjustment, an understanding of what was | Addressed in the CY 2008 Capitation Rate report, Exhibit A-1.   |

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|        |   | <p>being accomplished by the adjustment, and demonstrate that, in total, the aggregate dollars accounted for among all the geographic areas after smoothing is basically the same as before the smoothing.</p> <p>The State has taken into account individuals with special health care needs and catastrophic claims. These populations should only be included if they are an eligible, covered population under the contract. Claim costs and utilization for high cost individuals (e. g., special needs children) in the managed care program are included in the rates.</p>  |   |
| AA.5.1 | 42 CFR<br>438.6(c)(3)(iv)   | <p><u>Special Populations and Assessment of the Data for Distortions</u> – Because the rates are based on actual utilization in a population, the State must assess the degree to which a small number of catastrophic claims might be distorting the per capita costs. Other payment mechanisms and utilization and cost assumptions that are appropriate for individuals with chronic illness, disability, ongoing health care needs, or catastrophic claims, using risk adjustment, risk-sharing, or other appropriate cost-neutral methods may be necessary.</p> <p>If no distortions or outliers are detected by the actuary, a rate setting method that uses utilization and cost data for populations that include individuals with chronic illness, disability, ongoing health care needs, or catastrophic claims will meet requirements for special populations without additional adjustments, since the higher costs would be reflected in the enrollees’ utilization. States must document their examination of the data for outliers and smooth appropriately.</p> <p>The fact that the costs of these individuals are included in the aggregate data used for setting rates will not account for the costs to be incurred by a contractor that, due to adverse selection or other reasons, enrolls a disproportionately high number of these persons. CMS requires some mechanism to address this issue. Most entity contracts currently use either stop-loss, risk corridors, reinsurance, health status-based risk adjusters, or some combination of these cost-neutral approaches.</p> <p><i>Note: The RO should verify that this assessment occurred and that distortions found were addressed in 5.2.</i></p> | Addressed in the CY 2008 Capitation Rate report, Exhibit A-1. |
| AA.5.2 | 42 CFR<br>438.6(c)(1)(iii)<br><br>42 CFR<br>438.6(c)(3)(ii) and<br>(iv)<br><br>SMM 2089.6 | <p><u>Cost-neutral data smoothing adjustment</u> -- If the State determines that a small number of catastrophic claims are distorting the per capita costs then at least one of the following cost-neutral data smoothing techniques <b>must</b> be made.</p> <p>Cost neutral means that the mechanism used to smooth data, share risk, or adjust for risk will recognize both higher and lower expected costs and is not intended to create a net aggregate gain or loss across all payments.</p> <p>Actuarially sound risk sharing methodologies will be cost neutral in that they will not merely add additional payments to the contractors’ rates, but will have a negative impact on other rates, through offsets or reductions in capitation rates, so that there is no net aggregate assumed impact across all payments. A risk corridor model where the State and contractor share equal percentages of profits</p>   | Addressed in the CY 2008 Capitation Rate report, Exhibit A-1. |

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|        |            | <p>and losses beyond a threshold amount would be cost neutral.</p> <p>The mechanism should be cost neutral in the aggregate. How that is determined, however, will differ based on the type of mechanism that is used. A stop-loss mechanism will require an offset to capitation rates under the contract, based on the amount and type of the stop-loss. Health status-based risk adjustment may require an adjustment to the capitation rate for all individuals categorized through the risk adjustment system, but the aggregate program impact will still be neutral. CMS will recognize that any of these mechanisms may result in actual payments that are not cost neutral, in that there could be changes in the case mix or relative health status of the enrolled population. As long as the risk sharing or risk adjustment system is designed to be cost neutral, it would meet this requirement regardless of unforeseen outcomes such as these resulting in higher actual payments.</p> <p>Data Smoothing Techniques:</p> <ul style="list-style-type: none"> <li>___ Provision of stop loss, reinsurance, or risk-sharing (See 6.0)</li> <li>___ Catastrophic Claims Adjustment – The State must identify that there are outlier cases and explain how the costs associated with those outlier cases were separated from the rate cells and then redistributed across capitation payment cells in a cost-neutral, yet predictive manner.</li> <li>___ Small population or small rate cell adjustment – The State has used one of three methods: 1) The actuary has collapsed rate cells together because they are so small, 2) the actuary has calculated a statewide per member per month for each individual cell and multiplied regional cost factors to that statewide PMPM in a cost-neutral manner, or 3) the actuary bases rates on multiple years data for the affected population weighted so that the total costs do not exceed 100% of costs (e.g., 3 years data with most recent year’s data weighted at 50%, 2<sup>nd</sup> most recent year’s data weighted at 30% and least recent year weighted at 20%).</li> <li>___ Mathematical smoothing – The actuary develops a mathematical formula looking at claims over a historical period (e.g., 3 to 5 years) that identifies outlier cost averages and corrects for skewed distributions in claims history. The smoothing should account for cost averages that are higher and lower than normal in order to maintain cost-neutrality.</li> <li>___ Maternity Kick-Payment (Per delivery rate) – Non-delivery related claims were separated from delivery related claims. The non-delivery related claims were sorted into categories of service and used to base the managed care capitation payments. Delivery-related costs were removed from the total final paid claims calculations. The State developed a tabulation of per-delivery costs only. The State reviewed the data for accuracy and variance. The State develops a single, average, per-delivery maternity rate across all cohorts and across all regions unless variance warrants region-specific per-delivery maternity rates. Some states also have birth kick payments to cover costs for a newborn’s birth (Per newborn rate).</li> <li>___ Applying other cost-neutral actuarial techniques to reduce variability of rates and improve average predictability. If the State chooses to use a method other than the catastrophic claims adjustment or a small population or small rate cell adjustment, the State explains the methodology. The actuary assisted with the development of the methodology, the approach is</li> </ul> |          |

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|        |  | <p>reasonable, the methodology was discussed with the State, and an explanation and documentation is provided to CMS.</p>   |   |
| AA.5.3 | <p>42 CFR<br/>438.6(c)(1)(iii)</p> <p>42 CFR<br/>438.6(c)(3)(iii) and<br/>(iv)</p>                   | <p>Risk-Adjustment – The State may employ a risk adjustment methodology based upon enrollees’ health status or diagnosis to set its capitated rates. If the State uses a statistical methodology to calculate diagnosis-based risk adjusters they should use generally accepted diagnosis groupers. The RO should verify that:</p> <ul style="list-style-type: none"> <li>• The State explains the risk assessment methodology chosen</li> <li>• Documents how payments will be adjusted to reflect the expected costs of the disabled population</li> <li>• Demonstrates how the particular methodology used is cost-neutral</li> <li>• Outlines periodic monitoring and/or rebasing to ensure that the overall payment rates do not artificially increase, due to providers finding more creative ways to classify individuals with more severe diagnoses (also called upcoding or diagnosis creep).</li> </ul> <p>Risk-adjustment must be cost-neutral. <i>Note: for example, risk-adjustment cannot add costs to the managed care program. Risk adjustment can only distribute costs differently amongst contracting entities.</i></p>  | <p>The risk adjustment procedure for FCHPs is described on pages 17-19 of the CY 2008 Capitation Rate report; for PCOs on page 21. and for MHOs on pages 23-27.</p> |
| AA.6.0 | <p>42 CFR<br/>438.6(c)(4)(iv)</p> <p>42 CFR<br/>438.6(c)(5)(i)</p> <p>42 CFR<br/>438.6(c)(2)(ii)</p> | <p><u>Stop Loss, Reinsurance, or Risk-sharing arrangements (8.0 is mandatory if the State chooses to offer one of these options) (State Optional Policy)</u> – The State must submit an explanation of state’s reinsurance, stop loss, or other risk-sharing methodologies. These methodologies must be computed on an actuarially sound basis. <i>Note: If the State utilizes any of the three risk-sharing arrangements, please mark the applicable method in 8.1, 8.2, or 8.3. For most contracts, the three options are mutually exclusive and a State will use only one technique per contract. If a State or contract uses a combination of methodologies in a single contract, the State must document that the stop loss and risk-sharing do not cover the same services simultaneously. Plans are welcome to purchase reinsurance in addition to State-provided stop loss or risk-sharing, but CMS will not reimburse for any duplicative cost from such additional coverage.</i></p> <p>The contract must specify any risk-sharing mechanisms, and the actuarial basis for computation of those mechanisms. <i>Note: In order for the mechanism to be approved in the contract, the State or its actuary will need to provide enough information for the reviewer to understand both the operation and the financing of the risk sharing mechanism.</i></p> <p>Capitation rates are based upon the probability of a population costing a certain rate. Even if the entity’s premium rates are sufficient to cover the probable average costs for the population to be served, the entity is always at risk for the improbable – two neonatal intensive care patients and one trauma victim in its first 100 members, or an extraordinarily high rate of deliveries. A new entity, with a small enrollment to spread the risk across, could be destroyed by one or two adverse</p> | <p>Not applicable</p>   |

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|        |  | <p>occurrences if it were obliged to accept the full liability.</p> <p>FFP is not available to fund stop loss and risk-sharing arrangements on the provision of non-State Plan services.</p>  |  |
| AA.6.1 | <p>42 CFR<br/>438.6(c)(4)(iv)</p> <p>42 CFR<br/>438.6(c)(5)(i)</p>                   | <p><u>Commercial Reinsurance</u> – The State requires entities to purchase commercial reinsurance. The State should demonstrate that the contractor has ensured that the coverage is adequate for the size and age of the entity.</p>   | <p>See Contract, Section U and Exhibit A, for financial solvency requirements.</p> |
| AA.6.2 | <p>42 CFR<br/>438.6(c)(4)(iv)</p> <p>42 CFR<br/>438.6(c)(5)(i)</p> <p>SMM 2089.6</p> | <p><u>Simple stop loss program</u> -- The State will provide stop-loss protection by writing into the contract limits on the entity’s liability for costs incurred by an individual enrollee over the course of a year (either total costs or for a specific service such as inpatient care). Costs beyond the limits are either entirely or partially assumed by the State. The entity’s capitation rates are reduced to reflect the fact that the State is assuming a portion of the risk for enrollees.</p> <ul style="list-style-type: none"> <li>■ The State has included in its documentation to CMS the expected cost to the State of assuming the risk for the high cost individuals at the chosen stop-loss limit (also called stop-loss attachment point).</li> <li>■ An explanation of the State’s stop loss program includes the amount/percent of risk for which the State versus entity will be liable.</li> <li>■ The State has explained liability for payment. In some contracts, the entity is liable up to a specified limit and partially liable for costs between that limit and some higher number. The State is wholly liable for charges above the higher limit. If there is shared risk rather than either the State or the entity entirely assuming the risk at a certain point, the entity and State determine whether the services will be reimbursed at Medicaid rates, at the entities’ rates, or on some other basis. The State must specify which provider rates will be used to establish the total costs incurred so that the entity clearly knows whether the reinsurance will pay (i.e., the attachment point is reached).</li> <li>■ The State has deducted a withhold equal to the actuarially expected cost to the State of assuming the risk for high cost individuals. The State pays out money based on actual claims that exceed the stop loss limit (i.e., above the attachment point).</li> <li>■ The State has documented whether premiums will be developed by rate cell or on a more aggregated basis.</li> </ul> | <p>Not applicable</p>  |
| AA.6.3 | <p>42 CFR<br/>438.6(c)(4)(iv)</p> <p>42 CFR<br/>438.6(c)(5)(i) and (ii)</p>          | <p><u>Risk corridor program</u> – Risk corridor means a risk sharing mechanism in which States and entities share in both profits and losses under the contract, outside of a predetermined threshold amount, so that after an initial corridor in which the entity is responsible for all losses or retains all profits, the State contributes a portion toward any additional losses, and receives a portion of any additional profits.</p> <p>If risk corridor arrangements result in payments that exceed the approved capitation rates, these</p>  | <p>Not applicable</p>  |

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|        | 42 CFR<br>438.6(c)(1)(v) | <p>excess payments will not be considered actuarially sound to the extent that they result in total payments that exceed the amount Medicaid would have paid, on a fee-for-service basis, for the State plan services actually furnished to enrolled individuals, plus an amount for entity administrative costs directly related to the provision of these services.</p> <p>The State agrees to share in both the aggregate profits and losses of an entity and protect the entity from aggregate medical costs in excess of some predetermined amount. To the extent that FFP is involved, CMS will also share in the profits and losses of the entity.</p> <p>In this instance, the State and CMS must first agree upon the benchmark point up to which federal match will be provided. Federal matching is available up to the cost of providing the same services under a non-risk contract (i.e., the services reimbursed on a Medicaid fee-for-service basis plus an amount for entity administrative costs related to the provision of those services). See 447.362. States typically require entities to adopt the Medicare cost-based entity principles for the purposes of calculating administrative costs under this model.</p> <p><i>Note: For this example, let's say the payment is \$100 and there are 10 members expected to enroll. The total capitated payment CMS will match is \$1,000.</i></p> <ul style="list-style-type: none"> <li>- <i>The State and the entity must then agree on the amount of risk to be shared between them (e.g., 5% or the risk corridor is between \$950 and \$1,050).</i></li> <li>- <i>The entity must calculate its overall costs at the end of the year and submit them to the State.</i></li> <li>- <i>Scenario 1, the entity costs are \$950: In this example, the entity's profits are within the risk corridor of \$950 to \$1,050, so the entity keeps the entire amount of capitated payments and no adjustment is made.</i></li> <li>- <i>Scenario 2, the entity costs are \$1,050: In this example, the entity's loss is within the risk corridor, so the entity keeps the entire amount of the capitated payment and no adjustment is made.</i></li> <li>- <i>Scenario 3, the entity costs are \$850: In this example, the entity profit is outside of the risk corridor, so the entity must pay the State the amount of the excess profit or \$100.</i></li> <li>- <i>Scenario 4, the entity costs are \$1,150: In this example, the entity loss is outside of the risk corridor, so the State must pay the entity the amount of the excess loss or \$100.</i></li> </ul> <p><i>Please note: FFP is not available for amounts in this contract over the fee-for-service cost of providing these services. In order to compute the fee-for-service cost of providing services, the State must "price" the capitated entity's encounter data through the State's fee-for-service MMIS system. Amounts exceeding the cost of providing these services through a non-risk contract are not considered actuarially sound. The State must "price" the encounter data for entities with open ended risk-corridors (meaning there is no limit to the State's liability) when the entity exceeds the aggregate</i></p> |          |

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|        |  | <p><i>of actuarially sound rates x member months by more than 25%. In practice the RO may require the “pricing” of encounter data whenever evidence suggests that the non-risk threshold has been exceeded. Similarly, the State can require documentation if evidence suggests that the entity should be profit sharing below the threshold. In this example, if the fee-for-service and entity administrative cost of providing these services were \$1,100, then FFP would only be available up to \$1,100. See 42 CFR 447.362 or Step AA.1.8 of this checklist.</i></p>  |                |
| AA.7.0 | <p>42 CFR<br/>438.6(c)(4)(iv)</p> <p>42 CFR<br/>438.6(c)(5)(iii) and<br/>(iv)</p> <p>SMM 2089.3</p> <p>42 CFR<br/>438.6(c)(2)(i)</p> <p>42 CFR<br/>438.6(c)(1)(iv)</p> <p>42 CFR<br/>438.6(c)(4)(ii)</p> | <p><u>Incentive Arrangements (9.0 is mandatory if the State chooses to implement an incentive) (State Optional Policy)</u> – Incentive arrangement means any payment mechanism under which an entity may receive additional funds over and above the capitation rates it was paid for meeting targets specified in the contract. The State must include an explanation of the State’s incentive program. Payments in contracts with incentives may not exceed 105% of the approved capitation payments attributable to the enrollees or services covered by the incentive arrangement, since such payments will not be considered actuarially sound.</p> <p>The State must document that any payments under the contract are actuarially sound, are appropriate for the populations covered and services to be furnished under the contract, and based only upon services covered under the State Plan to Medicaid-eligible individuals (or costs directly related to providing these services, for example, MCO, PIHP, or PAHP administration).</p> <ul style="list-style-type: none"> <li>• All incentives must utilize an actuarially sound methodology and based upon the provision of approved services to Medicaid eligible beneficiaries.</li> <li>• Incentives cannot be renewed automatically and must be for a fixed time period.</li> <li>• The incentive cannot be conditioned upon intergovernmental transfer agreements.</li> <li>• Incentives must be available to both public and private contractors.</li> </ul> <p><i>Note: Reinsurance collections from reinsurance purchased from a private vendor (See 8.1) and State provided stoploss (8.2) are actuarially calculated to be cost-neutral and should not considered to be “incentives” or included in these payments.</i></p> | Not applicable |

**Oregon Health Plan  
Statewide FCHP Capitation Rates**

**Explanation of Exhibits Showing the Development of Statewide Capitation Rates from  
2008-2009 Per Capita Costs**

**All OHP Eligibility Categories (Exhibit 2-H)**

| Column | Description  | Source  |   |
|--------|--|---|---|
|        |  | Report/Memo                                     | Exhibit or Page Number  |
| A      | 2008-2009 per capita costs for managed care plans. These costs are representative of coverage up to the prioritized list line in effect during the underlying data period. | 2008-2009 Per Capita Cost report                | Exhibit 10-A  |
| B      | Trend adjustment from the midpoint of the 2008-2009 biennium (1/1/09) to the midpoint of the Calendar Year 2008 contract period (7/1/08)                                   | January 2008 Capitation Rate Development report | Exhibit 2-A   |
| C      | Adjustment to reflect reduced funding for DRG hospitals. The 2008-2009 per capita costs did not include this reduction.  | January 2008 Capitation Rate Development report | Page 6  |
| D      | Product of Columns A, B, and C   |   |   |
| E      | Adjustment for maternity case rate carve-out, bariatric surgery testing and evaluation, and Children's Intensive Mental Health services.                                   | January 2008 Capitation Rate Development report | Maternity case rate:<br>Page 10-11 and Exhibit 2-D<br><br>Bariatric pre-surgery services:<br>Page 7 and Exhibit 2-F<br><br>Children's Mental Health Services:<br>Pages 7-8 and Exhibits 2-B and 2-C |
| F      | Sum of Columns D and E.  |   |   |

**Oregon Health Plan  
Statewide PCO Capitation Rates**

**Explanation of Exhibits Showing the Development of Statewide Capitation Rates from  
2008-2009 Per Capita Costs**

**All OHP Eligibility Categories (Exhibit 2-I)**

| Column | Description  | Source  |   |
|--------|--|---|---|
|        |  | Report/Memo                                     | Exhibit or Page Number  |
| A      | 2008-2009 per capita costs for managed care plans. These costs are representative of coverage up to the prioritized list line in effect during the underlying data period.                     | 2008-2009 Per Capita Cost report                | Exhibit 10-A  |
| B      | Trend adjustment from the midpoint of the 2008-2009 biennium (1/1/09) to the midpoint of the Calendar Year 2008 contract period (7/1/08)   | January 2008 Capitation Rate Development report | Exhibit 2-A   |
| C      | Adjustment to reflect reduced funding for DRG hospitals. The 2008-2009 per capita costs did not include this reduction.  | January 2008 Capitation Rate Development report | Page 6  |
| D      | Product of Columns A, B, and C.  |   |   |
| E      | Adjustment for maternity case rate carve-out, bariatric surgery testing and evaluation, and Children's Intensive Mental Health services.   | January 2008 Capitation Rate Development report | Maternity case rate:<br>Page 10-11 and Exhibit 2-D<br><br>Bariatric pre-surgery services:<br>Page 7 and Exhibit 2-F<br><br>Children's Mental Health Services:<br>Pages 7-8 and Exhibits 2-B and 2-C |
| F      | Sum of Columns D and E.  |   |   |
| G      | Adjustment to reflect services covered under the PCO contract. This adjustment is applied as a multiplier. Covered services receive a factor of 1; non-covered services receive a factor of 0. | January 2008 Capitation Rate Development report | Pages 8-9 and Exhibit 1-A and 1-B   |
| H      | Product of Columns G and H.  |   |   |

**Appendix A-3ii**

|   |   |   |           |
|---|---|---|-----------|
| I | Adjustment to reflect an expected shift of services from outpatient hospital to inpatient hospital setting since the PCO is not responsible for inpatient services. | January 2008<br>Capitation Rate<br>Development report | Pages 8-9 |
| J | Product of Columns H and I.   |   |           |