

**STATE OF TEXAS  
MEDICAID MANAGED CARE  
DENTAL RATE SETTING  
MARCH 1, 2012**

Prepared for:  
Texas Health and Human Services Commission

Prepared by:  
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## I. Introduction

Effective March 1, 2012 the Texas Health and Human Services Commission (HHSC) is implementing a dental managed care program for all of its Medicaid members under the age of 21. Previously, HHSC was directly financially responsible for the provision of all dental and orthodontia services. Effective with this change, the financial responsibility will shift to the Managed Care Organizations (MCO) in consideration for monthly premiums.

Rudd and Wisdom, Inc. has been retained by HHSC to develop premium rates for the period March 1, 2012 through August 31, 2012 for those MCOs participating in the Texas Medicaid Dental program. This report presents the rating methodology and assumptions used in developing the dental premium rates.

Rudd and Wisdom has provided actuarial services to the Texas Medicaid program for over 25 years. We have participated in the state's managed care rating process since its inception in 1993. We have worked closely with HHSC's staff in developing the premium rates documented in this report.

Rudd and Wisdom has relied on the following data sources as provided by HHSC and its subcontractors:

- Monthly detailed enrollment files for the period September 2007 through August 2011. These files (provided by HHSC) include member identification, health plan code, Zip Code, risk group and date of birth for all Medicaid members.
- Projected monthly enrollment by risk group for the period March 2012 through August 2012. These projections were prepared by HHSC System Forecasting staff.
- Dental and orthodontia claim lag reports by age group and type of service provided by Texas Medicaid and Healthcare Partnership (TMHP) for the period September 2007 through September 2011.
- Dental and orthodontia fee-for-service claims data. This report (ST650) includes paid claim amounts by month of service. We compared this report to the claim lag data provided by TMHP to confirm that all dental and orthodontia claims were included in our analysis.
- Information from HHSC regarding recent changes to the prior authorization requirements for orthodontia services.
- Information from HHSC regarding payment patterns for orthodontia services.

Although the above data was reviewed for reasonableness, Rudd and Wisdom did not audit the data.

## II. Overview of the Rate Setting Methodology

The Medicaid Dental program covers the entire state of Texas. Only dental and orthodontia services for Medicaid members under the age of 21 are covered under the Medicaid Dental program. Foster Care clients and Medicaid clients in the Intermediate Care Facilities for Mentally Retarded (ICF/MR) program are excluded from this analysis.

The actuarial model used to derive the March 1, 2012 through August 31, 2012 (rating period) dental premium rates relies primarily on fee-for-service (FFS) financial experience. The historical statewide claims experience by risk group was analyzed and estimates were developed for March 1, 2011 through August 31, 2011 (base period). These estimates were then projected forward to the rating period using assumed trend rates. Additional adjustments to the claim costs were made to reflect programmatic changes in orthodontia prior authorization requirements as well as anticipated differences in cost between the FFS and MCO models resulting from care management (managed care efficiency). A reasonable provision for administrative expenses, taxes, and risk margin were added to the claims component in order to project the total cost for the rating period. These projected total costs were then converted to a set of community rates that vary by age group (risk group).

Attachment 1 to this report provides a description of the calculation of the March 1, 2012 Medicaid Dental premium rates. Attachment 2 contains a summary of recent program incurred claims experience. Attachment 3 details the calculation of the rate adjustment factors.

### III. Adjustment Factors

This section contains a description of the adjustment factors used in the Medicaid Dental rate setting process.

#### ***Trend Factors***

The rating methodology uses assumed trend factors to adjust the base period claims cost to the rating period. The cost trend factors used in this analysis are a combination of utilization and inflation components. The projected trend rate assumptions were developed by the actuary based on an analysis of recent experience and the actuary's professional judgment regarding future cost increases. The annual trend assumptions used in the rating analysis were 5.0% for dental services and 10.0% for orthodontia services.

The Texas Medicaid program increased reimbursement to providers effective September 1, 2007 because of the Frew lawsuit settlement. Member access to providers was improved as more providers accepted Medicaid members. As a result, utilization increased causing FY2009 and FY2010 trends to be higher than historical levels. In FY2011, the trends reverted to a historically normal level. The FY2011 Medicaid dental trend and trends for other large Texas dental plans were considered in selecting the rating trend assumptions.

#### ***Orthodontia Moratorium and Prior Authorization Change Factor***

Effective October 1, 2011, changes were made to the prior authorization requirements for comprehensive orthodontic services. As a result, diagnostic models, photographs, and X-rays are now required to be provided when submitting a prior authorization for approval of orthodontia services. Based on input from HHSC staff and preliminary authorization statistics, we have assumed that this change will reduce the number of orthodontia authorizations by 25%.

Orthodontia authorizations that HHSC will have approved prior to March 1, 2012 will be the financial responsibility of the MCO's beginning March 1, 2012. The MCOs are limited in their ability to manage the cost of care for these previously authorized services. This has been considered in developing the orthodontia prior authorization adjustment factor used in calculating the premium rates. To estimate the cost impact of the new authorization requirements, we performed an analysis of orthodontia payment patterns and assumed a 25% reduction in the number of new orthodontia cases beginning October 1, 2011.

Effective January 1, 2012 through February 29, 2012, HHSC has implemented a moratorium on new orthodontia authorizations. As a result, the dental MCOs are expected to receive higher numbers of orthodontia cases in the early months of the new program. We have assumed that there will be no new orthodontia authorizations in January and February 2012 and three times the normal number of new orthodontia authorizations in March 2012. The calculation of the orthodontia prior authorization adjustment factor is presented in Attachment 3. We have assumed the programmatic changes to the orthodontia authorization process will reduce orthodontia incurred claims by 6.1% during the period March 1, 2012 through August 31, 2012.

### ***Managed Care Savings Factor***

We have assumed that the dental (including orthodontia) claims cost under managed care will be 10% less than it would have been under FFS. A portion of the 10% claims reduction is necessary to ensure that the program cost under managed care is not more than that under FFS. The administrative cost under FFS is less than that for managed care and FFS does not require a risk margin. Approximately 4.5% of the 10% managed care savings factor is to offset these additional costs and 5.5% is actual cost savings.

#### IV. Administrative Fees and Risk Margin

The rating methodology includes an explicit provision for administrative services. The amount allocated for administrative expenses is \$1.55 pmpm. This amount is intended to provide for all administrative-related services performed by the MCO. The administrative fee amounts were determined based on a review of dental administrative service costs for CHIP and other large Texas dental plans.

The premium rates also include an amount for premium tax (1.75% of premium), maintenance tax (\$0.035 pmpm) and a risk margin (2.0% of premium).

## V. Summary

The chart below presents the resulting March 1, 2012 through August 31, 2012 Medicaid Dental premium rates. Attachment 1 shows the derivation of the premium rates.

	<u>Under Age 1</u>	<u>Ages 1-5</u>	<u>Ages 6-14</u>	<u>Ages 15-18</u>	<u>Ages 19-20</u>
Premium Rate pmpm	6.56	34.34	57.76	72.46	52.84

## VI. Actuarial Certification of March 1, 2012 Medicaid Dental Premium Rates

I, Khiem D. Ngo, am a principal with the firm of Rudd and Wisdom, Inc., Consulting Actuaries (Rudd and Wisdom). I am a Fellow of the Society of Actuaries and a member of the American Academy of Actuaries. I meet the Academy's qualification standards for rendering this opinion.

Rudd and Wisdom has been retained by the Texas Health and Human Services Commission (HHSC) to assist in the development of the Medicaid Dental premium rates for the period March 1, 2012 through August 31, 2012 and to provide the actuarial certification required under Centers for Medicare and Medicaid Services (CMS) requirements 42 CFR 438.6(c).

I certify that the Medicaid Dental premium rates developed by HHSC and Rudd and Wisdom satisfy the following:

- (a) The premium rates have been developed in accordance with generally accepted actuarial principals and practices;
- (b) The premium rates are appropriate for the populations and services covered under the managed care contract; and
- (c) The premium rates are actuarially sound as defined in the regulations.

We have relied on historical experience data and program information provided to us by HHSC. We have reviewed the data for reasonableness but have not audited the data.

Please note that actual dental plan contractor experience will differ from these projections. Rudd and Wisdom has developed this rate on behalf of the State to demonstrate compliance with the CMS requirements under 42 CFR 438.6(c). Any dental plan contracting with the State should analyze its own projected premium needs before deciding whether to contract with the State.



Khiem D. Ngo, F.S.A., M.A.A.A.

## VII. Attachments

## *Attachment 1*

### Summary of March 1, 2012 Medicaid Dental Rating Analysis

The attached exhibit presents summary information regarding the March 1, 2012 Medicaid Dental rate development. Included on the exhibit are base period (March 1, 2011 through August 31, 2011) experience, projected rating period (March 1, 2012 through August 31, 2012) enrollment, trends, adjustment factors, and administrative costs.

The Medicaid Dental program covers the entire state of Texas. Only dental and orthodontia services for Medicaid members under the age of 21 are covered under the Medicaid Dental program.

The actuarial model used to derive the dental premium rate relies primarily on fee-for-service financial experience. The historical claims experience by risk group was analyzed and cost estimates were developed for the base period. These estimates were then projected forward to the rating period using assumed trend rates. Adjustments to the claim costs were made to reflect changes in the program's orthodontia prior authorization requirements as well as anticipated differences in cost between the FFS and MCO models resulting from care management (managed care efficiency). A reasonable provision for administrative expenses, taxes and risk margin were added to the claims component in order to project the total cost for the rating period. These projected total costs were then converted to a set of community rates that vary by age group (risk group).

Dental Experience Based Rating  
 Total - Dental & Orthodontia  
 Rating Period: 3/1/2012 - 8/31/2012  
 Experience Period: 3/1/2011 - 8/31/2011

	<u>Under Age 1</u>		<u>Ages 1-5</u>		<u>Ages 6-14</u>		<u>Ages 15-18</u>		<u>Ages 19-20</u>		<u>Total</u>	
	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>	<u>Amount</u>	<u>pmpm</u>
Experience Period												
Member Months	1,532,265		5,766,670		6,940,796		2,066,936		290,394		16,597,062	
Estimated Incurred Claims												
Dental	7,660,622	5.00	191,943,812	33.29	312,028,851	44.96	107,479,804	52.00	12,739,317	43.87	631,852,406	38.07
Orthodontia	13,425	0.01	54,871	0.01	86,050,493	12.40	42,278,782	20.45	2,442,147	8.41	130,839,718	7.88
Total	7,674,047	5.01	191,998,683	33.29	398,079,345	57.35	149,758,586	72.45	15,181,464	52.28	762,692,125	45.95
Projected Member Months	1,587,553		6,004,568		7,276,353		2,163,509		303,340		17,335,323	
Trend Assumptions (3/12-8/12)												
Dental	5.0 %		5.0 %		5.0 %		5.0 %		5.0 %		5.0 %	
Orthodontia	10.0 %		10.0 %		10.0 %		10.0 %		10.0 %		10.0 %	
Total	5.0 %		5.0 %		6.1 %		6.4 %		5.8 %		5.9 %	
Adjustments												
Orthodontia Prior Auth. Change	0.9390		0.9390		0.9390		0.9390		0.9390		0.9390	
Managed Care Savings Factor	0.9000		0.9000		0.9000		0.9000		0.9000		0.9000	
Projected Incurred Claims												
Dental		4.72		31.45		42.48		49.14		41.46		
Orthodontia		0.01		0.01		11.53		19.01		7.82		
Total	7,513,431	4.73	188,922,939	31.46	392,983,509	54.01	147,453,051	68.15	14,946,810	49.27	751,819,740	43.37
Administrative Fee	2,460,707	1.55	9,307,080	1.55	11,278,347	1.55	3,353,439	1.55	470,177	1.55	26,869,751	1.55
Risk Margin	208,287	2.00%	4,123,937	2.00%	8,405,643	2.00%	3,135,357	2.00%	320,570	2.00%	16,193,794	2.00%
Premium Tax	182,251	1.75%	3,608,445	1.75%	7,354,938	1.75%	2,743,437	1.75%	280,499	1.75%	14,169,570	1.75%
Maintenance Tax	55,564	0.04	210,160	0.04	254,672	0.04	75,723	0.04	10,617	0.04	606,736	0.04
Projected Total Cost	10,414,349	6.56	206,196,861	34.34	420,282,154	57.76	156,767,855	72.46	16,028,494	52.84	809,689,713	46.71

## ***Attachment 2***

### Medicaid Dental Incurred Claims Experience

The attached exhibit presents a summary of the historical incurred claims experience used in the rate setting analysis for Medicaid Dental. For each month, the exhibit shows enrollment, claims incurred during the month and paid through September 30, 2011 and estimated incurred claims. The attachment includes separate exhibits for (i) dental services and (ii) orthodontia services. The exhibits also present the experience separated by risk group.

Medicaid Dental Rating  
Estimated Incurred Claims  
Dental Services

Month	Under Age 1						Ages 1-5					
	Members	Inc & Pd Claims	Compl Factor	Est. Inc. Claims	Est. Inc. pmpm	Trend Factor	Members	Inc & Pd Claims	Compl Factor	Est. Inc. Claims	Est. Inc. pmpm	Trend Factor
200809	237,576	58,541	1.000	58,541	0.25		777,783	18,101,779	1.000	18,101,779	23.27	
200810	237,140	78,623	1.000	78,623	0.33		775,726	21,924,258	1.000	21,924,258	28.26	
200811	235,191	115,542	1.000	115,542	0.49		778,764	17,960,226	1.000	17,960,226	23.06	
200812	235,751	149,611	1.000	149,611	0.63		785,003	17,595,261	1.000	17,595,261	22.41	
200901	236,346	226,043	1.000	226,043	0.96		795,714	20,825,208	1.000	20,825,208	26.17	
200902	234,665	256,961	1.000	256,961	1.10		805,142	20,652,443	1.000	20,652,443	25.65	
200903	236,674	354,062	1.000	354,062	1.50		816,135	23,279,618	1.000	23,279,618	28.52	
200904	237,022	337,692	1.000	337,692	1.42		819,910	23,738,689	1.000	23,738,689	28.95	
200905	237,846	321,300	1.000	321,300	1.35		825,612	21,661,002	1.000	21,661,002	26.24	
200906	238,762	436,430	1.000	436,430	1.83		840,477	24,072,361	1.000	24,072,361	28.64	
200907	240,314	479,478	1.000	479,478	2.00		847,105	25,587,021	1.000	25,587,021	30.21	
200908	240,012	473,103	1.000	473,103	1.97		858,681	26,057,942	1.000	26,057,942	30.35	
200909	239,625	504,799	1.000	504,799	2.11	8.55	869,291	24,525,917	1.000	24,525,917	28.21	1.21
200910	239,616	542,077	1.000	542,077	2.26	6.82	877,025	25,837,602	1.000	25,837,602	29.46	1.04
200911	238,079	525,746	1.000	525,746	2.21	4.50	880,553	23,727,126	1.000	23,727,126	26.95	1.17
200912	239,017	502,128	1.000	502,128	2.10	3.31	886,897	22,627,369	1.000	22,627,369	25.51	1.14
201001	239,428	621,659	1.000	621,659	2.60	2.71	891,531	25,830,902	1.000	25,830,902	28.97	1.11
201002	237,484	624,540	1.000	624,540	2.63	2.40	893,470	25,030,895	1.000	25,030,895	28.02	1.09
201003	240,730	885,883	1.000	885,883	3.68	2.46	900,876	30,346,370	1.000	30,346,370	33.69	1.18
201004	239,870	860,160	1.000	860,160	3.59	2.52	904,933	29,738,547	1.000	29,738,547	32.86	1.14
201005	239,475	835,421	1.000	835,421	3.49	2.58	907,898	27,050,308	1.000	27,050,308	29.79	1.14
201006	238,477	900,305	1.000	900,305	3.78	2.07	917,140	28,534,984	1.000	28,534,984	31.11	1.09
201007	237,362	964,879	1.000	964,879	4.07	2.04	923,450	29,708,561	1.000	29,708,561	32.17	1.07
201008	236,379	1,018,560	1.000	1,018,560	4.31	2.19	934,936	32,162,758	1.000	32,162,758	34.40	1.13
201009	239,946	950,200	1.000	950,200	3.96	1.88	941,204	29,435,163	1.000	29,435,163	31.27	1.11
201010	243,121	943,375	1.000	943,375	3.88	1.72	943,943	30,207,644	1.000	30,207,644	32.00	1.09
201011	246,115	888,697	1.000	888,697	3.61	1.64	946,838	28,617,334	1.000	28,617,334	30.22	1.12
201012	250,308	842,559	1.000	842,559	3.37	1.60	948,308	26,733,794	1.000	26,733,794	28.19	1.10
201101	252,379	950,981	1.000	950,981	3.77	1.45	950,020	30,145,527	1.000	30,145,527	31.73	1.10
201102	251,398	779,747	1.000	779,747	3.10	1.18	945,646	25,048,363	1.000	25,048,363	26.49	0.95
201103	254,353	1,163,583	1.000	1,163,583	4.57	1.24	950,024	34,093,034	1.000	34,093,034	35.89	1.07
201104	253,896	1,187,591	1.000	1,187,591	4.68	1.30	952,330	30,682,860	1.000	30,682,860	32.22	0.98
201105	254,439	1,173,408	1.000	1,173,408	4.61	1.32	956,281	29,691,977	1.000	29,691,977	31.05	1.04
201106	255,486	1,291,388	1.000	1,292,031	5.06	1.34	963,601	31,551,147	1.000	31,566,858	32.76	1.05
201107	257,371	1,305,831	0.990	1,318,866	5.12	1.26	973,447	30,144,172	0.990	30,445,083	31.28	0.97
201108	256,720	1,473,083	0.966	1,525,142	5.94	1.38	970,987	34,253,462	0.966	35,463,999	36.52	1.06
3/09-8/09	1,430,629			2,402,065	1.68		5,007,920			144,396,634	28.83	
3/10-8/10	1,432,293			5,465,209	3.82	2.273	5,489,234			177,541,527	32.34	1.122
3/11-8/11	1,532,265			7,660,622	5.00	1.310	5,766,670			191,943,812	33.29	1.029

Medicaid Dental Rating  
Estimated Incurred Claims  
Dental Services

Month	Ages 6-14						Ages 15-18					
	Members	Inc & Pd Claims	Compl Factor	Est. Inc. Claims	Est. Inc. pmpm	Trend Factor	Members	Inc & Pd Claims	Compl Factor	Est. Inc. Claims	Est. Inc. pmpm	Trend Factor
200809	840,561	26,541,634	1.000	26,541,634	31.58		259,048	9,090,560	1.000	9,090,560	35.09	
200810	838,550	31,827,318	1.000	31,827,318	37.96		258,490	10,629,511	1.000	10,629,511	41.12	
200811	843,786	27,116,395	1.000	27,116,395	32.14		259,780	9,284,025	1.000	9,284,025	35.74	
200812	851,883	27,049,229	1.000	27,049,229	31.75		262,583	9,611,846	1.000	9,611,846	36.61	
200901	864,682	31,299,171	1.000	31,299,171	36.20		266,515	10,836,831	1.000	10,836,831	40.66	
200902	876,114	31,305,093	1.000	31,305,093	35.73		269,783	10,819,232	1.000	10,819,232	40.10	
200903	891,231	35,932,455	1.000	35,932,455	40.32		273,469	12,215,829	1.000	12,215,829	44.67	
200904	899,407	34,367,859	1.000	34,367,859	38.21		274,314	11,441,299	1.000	11,441,299	41.71	
200905	908,765	31,174,847	1.000	31,174,847	34.30		275,979	10,546,158	1.000	10,546,158	38.21	
200906	929,222	37,983,208	1.000	37,983,208	40.88		281,322	12,896,708	1.000	12,896,708	45.84	
200907	939,446	41,065,173	1.000	41,065,173	43.71		284,061	14,025,854	1.000	14,025,854	49.38	
200908	957,718	42,155,033	1.000	42,155,033	44.02		288,867	14,409,338	1.000	14,409,338	49.88	
200909	974,166	36,471,071	1.000	36,471,071	37.44	1.19	293,290	12,804,682	1.000	12,804,682	43.66	1.24
200910	986,403	39,396,697	1.000	39,396,697	39.94	1.05	296,277	13,874,460	1.000	13,874,460	46.83	1.14
200911	994,205	36,983,040	1.000	36,983,040	37.20	1.16	298,625	12,790,785	1.000	12,790,785	42.83	1.20
200912	1,003,022	36,343,956	1.000	36,343,956	36.23	1.14	300,954	13,089,435	1.000	13,089,435	43.49	1.19
201001	1,010,440	40,035,404	1.000	40,035,404	39.62	1.09	303,121	14,015,460	1.000	14,015,460	46.24	1.14
201002	1,014,164	39,039,987	1.000	39,039,987	38.49	1.08	304,797	13,811,337	1.000	13,811,337	45.31	1.13
201003	1,022,668	47,475,021	1.000	47,475,021	46.42	1.15	307,045	16,584,754	1.000	16,584,754	54.01	1.21
201004	1,027,783	41,352,536	1.000	41,352,536	40.23	1.05	308,293	14,739,958	1.000	14,739,958	47.81	1.15
201005	1,033,533	39,783,256	1.000	39,783,256	38.49	1.12	309,838	13,814,502	1.000	13,814,502	44.59	1.17
201006	1,049,058	45,857,333	1.000	45,857,333	43.71	1.07	314,438	16,655,198	1.000	16,655,198	52.97	1.16
201007	1,062,148	47,779,934	1.000	47,779,934	44.98	1.03	318,207	17,138,976	1.000	17,138,976	53.86	1.09
201008	1,082,948	52,556,466	1.000	52,556,466	48.53	1.10	324,281	18,482,602	1.000	18,482,602	57.00	1.14
201009	1,096,182	44,115,707	1.000	44,115,707	40.24	1.07	328,073	15,880,218	1.000	15,880,218	48.40	1.11
201010	1,104,672	46,320,276	1.000	46,320,276	41.93	1.05	330,254	16,600,431	1.000	16,600,431	50.27	1.07
201011	1,113,601	45,300,331	1.000	45,300,331	40.68	1.09	332,768	16,614,446	1.000	16,614,446	49.93	1.17
201012	1,119,888	44,132,565	1.000	44,132,565	39.41	1.09	334,634	16,344,779	1.000	16,344,779	48.84	1.12
201101	1,126,313	47,101,919	1.000	47,101,919	41.82	1.06	336,553	17,139,750	1.000	17,139,750	50.93	1.10
201102	1,125,327	39,948,760	1.000	39,948,760	35.50	0.92	335,867	14,292,784	1.000	14,292,784	42.55	0.94
201103	1,133,142	55,521,729	1.000	55,521,729	49.00	1.06	338,131	19,445,066	1.000	19,445,066	57.51	1.06
201104	1,139,829	45,197,652	1.000	45,197,652	39.65	0.99	339,994	15,710,787	1.000	15,710,787	46.21	0.97
201105	1,148,063	45,337,271	1.000	45,337,271	39.49	1.03	342,061	15,370,137	1.000	15,370,137	44.93	1.01
201106	1,163,491	53,348,949	1.000	53,375,516	45.88	1.05	346,151	18,486,633	1.000	18,495,839	53.43	1.01
201107	1,179,626	50,803,171	0.990	51,310,308	43.50	0.97	350,743	17,807,617	0.990	17,985,380	51.28	0.95
201108	1,176,645	59,194,412	0.966	61,286,376	52.09	1.07	349,857	19,773,779	0.966	20,472,596	58.52	1.03
3/09-8/09	5,525,787			222,678,575	40.30		1,678,012			75,535,187	45.01	
3/10-8/10	6,278,138			274,804,546	43.77	1.086	1,882,102			97,415,990	51.76	1.150
3/11-8/11	6,940,796			312,028,851	44.96	1.027	2,066,936			107,479,804	52.00	1.005

Medicaid Dental Rating  
Estimated Incurred Claims  
Dental Services

Month	Ages 19-20						Total					
	Members	Inc & Pd Claims	Compl Factor	Est. Inc. Claims	Est. Inc. pmpm	Trend Factor	Members	Inc & Pd Claims	Compl Factor	Est. Inc. Claims	Est. Inc. pmpm	Trend Factor
200809	44,153	1,634,013	1.000	1,634,013	37.01		2,159,121	55,426,526	1.000	55,426,526	25.67	
200810	44,244	1,873,961	1.000	1,873,961	42.36		2,154,150	66,333,672	1.000	66,333,672	30.79	
200811	43,994	1,423,654	1.000	1,423,654	32.36		2,161,515	55,899,840	1.000	55,899,840	25.86	
200812	44,281	1,454,949	1.000	1,454,949	32.86		2,179,501	55,860,896	1.000	55,860,896	25.63	
200901	44,775	1,691,497	1.000	1,691,497	37.78		2,208,032	64,878,749	1.000	64,878,749	29.38	
200902	44,841	1,535,130	1.000	1,535,130	34.24		2,230,544	64,568,860	1.000	64,568,860	28.95	
200903	44,997	1,803,571	1.000	1,803,571	40.08		2,262,505	73,585,535	1.000	73,585,535	32.52	
200904	44,802	1,829,960	1.000	1,829,960	40.85		2,275,455	71,715,499	1.000	71,715,499	31.52	
200905	44,942	1,763,312	1.000	1,763,312	39.24		2,293,143	65,466,619	1.000	65,466,619	28.55	
200906	45,595	1,868,967	1.000	1,868,967	40.99		2,335,377	77,257,674	1.000	77,257,674	33.08	
200907	45,888	2,042,972	1.000	2,042,972	44.52		2,356,815	83,200,499	1.000	83,200,499	35.30	
200908	46,544	1,918,006	1.000	1,918,006	41.21		2,391,821	85,013,422	1.000	85,013,422	35.54	
200909	46,867	2,127,408	1.000	2,127,408	45.39	1.23	2,423,240	76,433,878	1.000	76,433,878	31.54	1.23
200910	46,723	2,103,173	1.000	2,103,173	45.01	1.06	2,446,044	81,754,009	1.000	81,754,009	33.42	1.09
200911	46,271	1,811,132	1.000	1,811,132	39.14	1.21	2,457,734	75,837,830	1.000	75,837,830	30.86	1.19
200912	46,606	1,765,493	1.000	1,765,493	37.88	1.15	2,476,495	74,328,381	1.000	74,328,381	30.01	1.17
201001	47,054	1,931,706	1.000	1,931,706	41.05	1.09	2,491,574	82,435,131	1.000	82,435,131	33.09	1.13
201002	47,357	1,740,464	1.000	1,740,464	36.75	1.07	2,497,272	80,247,222	1.000	80,247,222	32.13	1.11
201003	47,547	2,019,356	1.000	2,019,356	42.47	1.06	2,518,867	97,311,384	1.000	97,311,384	38.63	1.19
201004	47,397	1,986,218	1.000	1,986,218	41.91	1.03	2,528,276	88,677,419	1.000	88,677,419	35.07	1.11
201005	48,009	2,067,886	1.000	2,067,886	43.07	1.10	2,538,753	83,551,374	1.000	83,551,374	32.91	1.15
201006	48,497	2,205,499	1.000	2,205,499	45.48	1.11	2,567,610	94,153,319	1.000	94,153,319	36.67	1.11
201007	48,560	2,103,696	1.000	2,103,696	43.32	0.97	2,589,726	97,696,047	1.000	97,696,047	37.72	1.07
201008	49,195	2,276,291	1.000	2,276,291	46.27	1.12	2,627,739	106,496,677	1.000	106,496,677	40.53	1.14
201009	49,204	2,343,735	1.000	2,343,735	47.63	1.05	2,654,609	92,725,023	1.000	92,725,023	34.93	1.11
201010	49,278	2,253,421	1.000	2,253,421	45.73	1.02	2,671,269	96,325,146	1.000	96,325,146	36.06	1.08
201011	49,019	2,128,505	1.000	2,128,505	43.42	1.11	2,688,341	93,549,313	1.000	93,549,313	34.80	1.13
201012	48,795	2,071,399	1.000	2,071,399	42.45	1.12	2,701,933	90,125,097	1.000	90,125,097	33.36	1.11
201101	48,612	2,236,397	1.000	2,236,397	46.01	1.12	2,713,877	97,574,575	1.000	97,574,575	35.95	1.09
201102	47,800	1,755,479	1.000	1,755,479	36.73	1.00	2,706,036	81,825,133	1.000	81,825,133	30.24	0.94
201103	48,112	2,150,364	1.000	2,150,364	44.70	1.05	2,723,762	112,373,777	1.000	112,373,777	41.26	1.07
201104	47,823	2,234,983	1.000	2,234,983	46.73	1.12	2,733,871	95,013,872	1.000	95,013,872	34.75	0.99
201105	48,003	2,098,179	1.000	2,098,179	43.71	1.01	2,748,848	93,670,972	1.000	93,670,972	34.08	1.04
201106	48,227	2,017,529	1.000	2,018,534	41.86	0.92	2,776,956	106,695,646	1.000	106,748,777	38.44	1.05
201107	49,177	1,921,993	0.990	1,941,180	39.47	0.91	2,810,364	101,982,784	0.990	103,000,817	36.65	0.97
201108	49,053	2,217,703	0.966	2,296,078	46.81	1.01	2,803,261	116,912,439	0.966	121,044,191	43.18	1.07
3/09-8/09	272,768			11,226,788	41.16		13,915,116			456,239,249	32.79	
3/10-8/10	289,204			12,658,947	43.77	1.063	15,370,971			567,886,220	36.95	1.127
3/11-8/11	290,394			12,739,317	43.87	1.002	16,597,062			631,852,406	38.07	1.030

Medicaid Dental Rating  
Estimated Incurred Claims  
Orthodontia Services

Month	Under Age 1						Ages 1-5					
	Members	Inc & Pd Claims	Compl Factor	Est. Inc. Claims	Est. Inc. pmpm	Trend Factor	Members	Inc & Pd Claims	Compl Factor	Est. Inc. Claims	Est. Inc. pmpm	Trend Factor
200809	237,576	4,071	1.000	4,071	0.02		777,783	3,818	1.000	3,818	0.00	
200810	237,140	4,365	1.000	4,365	0.02		775,726	8,186	1.000	8,186	0.01	
200811	235,191	2,976	1.000	2,976	0.01		778,764	4,300	1.000	4,300	0.01	
200812	235,751	2,338	1.000	2,338	0.01		785,003	4,548	1.000	4,548	0.01	
200901	236,346	6,465	1.000	6,465	0.03		795,714	3,595	1.000	3,595	0.00	
200902	234,665	3,362	1.000	3,362	0.01		805,142	8,086	1.000	8,086	0.01	
200903	236,674	2,974	1.000	2,974	0.01		816,135	7,111	1.000	7,111	0.01	
200904	237,022	2,701	1.000	2,701	0.01		819,910	5,880	1.000	5,880	0.01	
200905	237,846	1,021	1.000	1,021	0.00		825,612	5,140	1.000	5,140	0.01	
200906	238,762	1,225	1.000	1,225	0.01		840,477	2,955	1.000	2,955	0.00	
200907	240,314	612	1.000	612	0.00		847,105	6,253	1.000	6,253	0.01	
200908	240,012	613	1.000	613	0.00		858,681	7,155	1.000	7,155	0.01	
200909	239,625	613	1.000	613	0.00	0.15	869,291	8,366	1.000	8,366	0.01	1.96
200910	239,616	913	1.000	913	0.00	0.21	877,025	8,900	1.000	8,900	0.01	0.96
200911	238,079	981	1.000	981	0.00	0.33	880,553	5,046	1.000	5,046	0.01	1.04
200912	239,017	1,022	1.000	1,022	0.00	0.43	886,897	4,256	1.000	4,256	0.00	0.83
201001	239,428	1,113	1.000	1,113	0.00	0.17	891,531	6,658	1.000	6,658	0.01	1.65
201002	237,484	2,909	1.000	2,909	0.01	0.85	893,470	11,683	1.000	11,683	0.01	1.30
201003	240,730	2,503	1.000	2,503	0.01	0.83	900,876	8,134	1.000	8,134	0.01	1.04
201004	239,870	4,626	1.000	4,626	0.02	1.69	904,933	8,772	1.000	8,772	0.01	1.35
201005	239,475	2,384	1.000	2,384	0.01	2.32	907,898	8,739	1.000	8,739	0.01	1.55
201006	238,477	4,121	1.000	4,121	0.02	3.37	917,140	7,461	1.000	7,461	0.01	2.31
201007	237,362	3,903	1.000	3,903	0.02	6.45	923,450	7,336	1.000	7,336	0.01	1.08
201008	236,379	2,441	1.000	2,441	0.01	4.04	934,936	10,946	1.000	10,946	0.01	1.40
201009	239,946	1,392	1.000	1,392	0.01	2.27	941,204	10,339	1.000	10,339	0.01	1.14
201010	243,121	1,561	1.000	1,561	0.01	1.69	943,943	8,989	1.000	8,989	0.01	0.94
201011	246,115	1,348	1.000	1,348	0.01	1.33	946,838	6,984	1.000	6,984	0.01	1.29
201012	250,308	1,686	1.000	1,686	0.01	1.58	948,308	6,885	1.000	6,885	0.01	1.51
201101	252,379	1,833	1.000	1,833	0.01	1.56	950,020	8,733	1.000	8,733	0.01	1.23
201102	251,398	4,609	1.000	4,609	0.02	1.50	945,646	11,408	1.000	11,408	0.01	0.92
201103	254,353	5,257	1.000	5,257	0.02	1.99	950,024	7,078	1.000	7,078	0.01	0.83
201104	253,896	2,727	1.000	2,727	0.01	0.56	952,330	11,247	1.000	11,247	0.01	1.22
201105	254,439	2,714	1.000	2,714	0.01	1.07	956,281	9,151	1.000	9,151	0.01	0.99
201106	255,486	1,535	1.000	1,536	0.01	0.35	963,601	10,934	1.000	10,940	0.01	1.40
201107	257,371	634	0.990	640	0.00	0.15	973,447	5,041	0.990	5,092	0.01	0.66
201108	256,720	533	0.966	551	0.00	0.21	970,987	10,976	0.966	11,364	0.01	1.00
3/09-8/09	1,430,629			9,147	0.01		5,007,920			34,494	0.01	
3/10-8/10	1,432,293			19,978	0.01	2.182	5,489,234			51,389	0.01	1.359
3/11-8/11	1,532,265			13,425	0.01	0.628	5,766,670			54,871	0.01	1.016

Medicaid Dental Rating  
Estimated Incurred Claims  
Orthodontia Services

Month	Ages 6-14						Ages 15-18					
	Members	Inc & Pd Claims	Compl Factor	Est. Inc. Claims	Est. Inc. pmpm	Trend Factor	Members	Inc & Pd Claims	Compl Factor	Est. Inc. Claims	Est. Inc. pmpm	Trend Factor
200809	840,561	6,939,852	1.000	6,939,852	8.26		259,048	3,499,926	1.000	3,499,926	13.51	
200810	838,550	7,740,421	1.000	7,740,421	9.23		258,490	4,028,349	1.000	4,028,349	15.58	
200811	843,786	6,094,105	1.000	6,094,105	7.22		259,780	3,301,377	1.000	3,301,377	12.71	
200812	851,883	6,678,536	1.000	6,678,536	7.84		262,583	3,596,274	1.000	3,596,274	13.70	
200901	864,682	7,067,850	1.000	7,067,850	8.17		266,515	3,891,239	1.000	3,891,239	14.60	
200902	876,114	7,210,366	1.000	7,210,366	8.23		269,783	3,962,221	1.000	3,962,221	14.69	
200903	891,231	7,754,830	1.000	7,754,830	8.70		273,469	4,165,734	1.000	4,165,734	15.23	
200904	899,407	8,284,191	1.000	8,284,191	9.21		274,314	4,271,615	1.000	4,271,615	15.57	
200905	908,765	8,291,506	1.000	8,291,506	9.12		275,979	4,171,206	1.000	4,171,206	15.11	
200906	929,222	8,840,562	1.000	8,840,562	9.51		281,322	4,361,153	1.000	4,361,153	15.50	
200907	939,446	9,458,715	1.000	9,458,715	10.07		284,061	4,764,755	1.000	4,764,755	16.77	
200908	957,718	9,707,255	1.000	9,707,255	10.14		288,867	4,585,250	1.000	4,585,250	15.87	
200909	974,166	10,082,543	1.000	10,082,543	10.35	1.25	293,290	4,959,019	1.000	4,959,019	16.91	1.25
200910	986,403	10,034,104	1.000	10,034,104	10.17	1.10	296,277	5,027,978	1.000	5,027,978	16.97	1.09
200911	994,205	9,356,644	1.000	9,356,644	9.41	1.30	298,625	4,718,940	1.000	4,718,940	15.80	1.24
200912	1,003,022	9,608,074	1.000	9,608,074	9.58	1.22	300,954	4,748,163	1.000	4,748,163	15.78	1.15
201001	1,010,440	10,245,022	1.000	10,245,022	10.14	1.24	303,121	5,215,818	1.000	5,215,818	17.21	1.18
201002	1,014,164	10,151,310	1.000	10,151,310	10.01	1.22	304,797	5,227,707	1.000	5,227,707	17.15	1.17
201003	1,022,668	11,675,312	1.000	11,675,312	11.42	1.31	307,045	5,950,708	1.000	5,950,708	19.38	1.27
201004	1,027,783	11,441,367	1.000	11,441,367	11.13	1.21	308,293	5,621,801	1.000	5,621,801	18.24	1.17
201005	1,033,533	11,285,804	1.000	11,285,804	10.92	1.20	309,838	5,569,868	1.000	5,569,868	17.98	1.19
201006	1,049,058	12,537,947	1.000	12,537,947	11.95	1.26	314,438	6,025,376	1.000	6,025,376	19.16	1.24
201007	1,062,148	11,999,815	1.000	11,999,815	11.30	1.12	318,207	5,741,344	1.000	5,741,344	18.04	1.08
201008	1,082,948	13,482,405	1.000	13,482,405	12.45	1.23	324,281	6,340,728	1.000	6,340,728	19.55	1.23
201009	1,096,182	14,038,618	1.000	14,038,618	12.81	1.24	328,073	6,590,985	1.000	6,590,985	20.09	1.19
201010	1,104,672	12,930,907	1.000	12,930,907	11.71	1.15	330,254	6,301,832	1.000	6,301,832	19.08	1.12
201011	1,113,601	12,776,767	1.000	12,776,767	11.47	1.22	332,768	6,310,475	1.000	6,310,475	18.96	1.20
201012	1,119,888	12,595,655	1.000	12,595,655	11.25	1.17	334,634	6,168,100	1.000	6,168,100	18.43	1.17
201101	1,126,313	13,700,642	1.000	13,700,642	12.16	1.20	336,553	6,880,477	1.000	6,880,477	20.44	1.19
201102	1,125,327	11,962,696	1.000	11,962,696	10.63	1.06	335,867	6,011,522	1.000	6,011,522	17.90	1.04
201103	1,133,142	14,530,410	1.000	14,530,410	12.82	1.12	338,131	7,324,460	1.000	7,324,460	21.66	1.12
201104	1,139,829	13,094,407	1.000	13,094,407	11.49	1.03	339,994	6,592,143	1.000	6,592,143	19.39	1.06
201105	1,148,063	14,338,914	1.000	14,338,914	12.49	1.14	342,061	6,917,960	1.000	6,917,960	20.22	1.13
201106	1,163,491	14,920,971	1.000	14,928,402	12.83	1.07	346,151	7,174,495	1.000	7,178,068	20.74	1.08
201107	1,179,626	13,570,632	0.990	13,706,100	11.62	1.03	350,743	6,618,534	0.990	6,684,603	19.06	1.06
201108	1,176,645	14,924,811	0.966	15,452,262	13.13	1.05	349,857	7,322,757	0.966	7,581,548	21.67	1.11
3/09-8/09	5,525,787			52,337,060	9.47		1,678,012			26,319,712	15.69	
3/10-8/10	6,278,138			72,422,649	11.54	1.218	1,882,102			35,249,826	18.73	1.194
3/11-8/11	6,940,796			86,050,493	12.40	1.075	2,066,936			42,278,782	20.45	1.092

Medicaid Dental Rating  
Estimated Incurred Claims  
Orthodontia Services

Month	Ages 19-20						Total					
	Members	Inc & Pd Claims	Compl Factor	Est. Inc. Claims	Est. Inc. pmpm	Trend Factor	Members	Inc & Pd Claims	Compl Factor	Est. Inc. Claims	Est. Inc. pmpm	Trend Factor
200809	44,153	243,060	1.000	243,060	5.50		2,159,121	10,690,728	1.000	10,690,728	4.95	
200810	44,244	251,460	1.000	251,460	5.68		2,154,150	12,032,781	1.000	12,032,781	5.59	
200811	43,994	200,401	1.000	200,401	4.56		2,161,515	9,603,159	1.000	9,603,159	4.44	
200812	44,281	260,438	1.000	260,438	5.88		2,179,501	10,542,134	1.000	10,542,134	4.84	
200901	44,775	282,262	1.000	282,262	6.30		2,208,032	11,251,411	1.000	11,251,411	5.10	
200902	44,841	264,404	1.000	264,404	5.90		2,230,544	11,448,439	1.000	11,448,439	5.13	
200903	44,997	288,239	1.000	288,239	6.41		2,262,505	12,218,889	1.000	12,218,889	5.40	
200904	44,802	300,401	1.000	300,401	6.71		2,275,455	12,864,788	1.000	12,864,788	5.65	
200905	44,942	280,066	1.000	280,066	6.23		2,293,143	12,748,939	1.000	12,748,939	5.56	
200906	45,595	279,897	1.000	279,897	6.14		2,335,377	13,485,792	1.000	13,485,792	5.77	
200907	45,888	270,603	1.000	270,603	5.90		2,356,815	14,500,938	1.000	14,500,938	6.15	
200908	46,544	281,851	1.000	281,851	6.06		2,391,821	14,582,124	1.000	14,582,124	6.10	
200909	46,867	313,139	1.000	313,139	6.68	1.21	2,423,240	15,363,680	1.000	15,363,680	6.34	1.28
200910	46,723	308,268	1.000	308,268	6.60	1.16	2,446,044	15,380,163	1.000	15,380,163	6.29	1.13
200911	46,271	282,575	1.000	282,575	6.11	1.34	2,457,734	14,364,185	1.000	14,364,185	5.84	1.32
200912	46,606	289,987	1.000	289,987	6.22	1.06	2,476,495	14,651,502	1.000	14,651,502	5.92	1.22
201001	47,054	339,261	1.000	339,261	7.21	1.14	2,491,574	15,807,872	1.000	15,807,872	6.34	1.25
201002	47,357	305,074	1.000	305,074	6.44	1.09	2,497,272	15,698,683	1.000	15,698,683	6.29	1.22
201003	47,547	360,919	1.000	360,919	7.59	1.18	2,518,867	17,997,575	1.000	17,997,575	7.15	1.32
201004	47,397	352,848	1.000	352,848	7.44	1.11	2,528,276	17,429,415	1.000	17,429,415	6.89	1.22
201005	48,009	346,591	1.000	346,591	7.22	1.16	2,538,753	17,213,387	1.000	17,213,387	6.78	1.22
201006	48,497	402,295	1.000	402,295	8.30	1.35	2,567,610	18,977,199	1.000	18,977,199	7.39	1.28
201007	48,560	354,894	1.000	354,894	7.31	1.24	2,589,726	18,107,293	1.000	18,107,293	6.99	1.14
201008	49,195	392,165	1.000	392,165	7.97	1.32	2,627,739	20,228,685	1.000	20,228,685	7.70	1.26
201009	49,204	404,491	1.000	404,491	8.22	1.23	2,654,609	21,045,824	1.000	21,045,824	7.93	1.25
201010	49,278	382,856	1.000	382,856	7.77	1.18	2,671,269	19,626,145	1.000	19,626,145	7.35	1.17
201011	49,019	386,199	1.000	386,199	7.88	1.29	2,688,341	19,481,774	1.000	19,481,774	7.25	1.24
201012	48,795	389,694	1.000	389,694	7.99	1.28	2,701,933	19,162,019	1.000	19,162,019	7.09	1.20
201101	48,612	410,404	1.000	410,404	8.44	1.17	2,713,877	21,002,089	1.000	21,002,089	7.74	1.22
201102	47,800	325,003	1.000	325,003	6.80	1.06	2,706,036	18,315,238	1.000	18,315,238	6.77	1.08
201103	48,112	400,102	1.000	400,102	8.32	1.10	2,723,762	22,267,306	1.000	22,267,306	8.18	1.14
201104	47,823	414,217	1.000	414,217	8.66	1.16	2,733,871	20,114,741	1.000	20,114,741	7.36	1.07
201105	48,003	416,956	1.000	416,956	8.69	1.20	2,748,848	21,685,696	1.000	21,685,696	7.89	1.16
201106	48,227	406,274	1.000	406,477	8.43	1.02	2,776,956	22,514,210	1.000	22,525,421	8.11	1.10
201107	49,177	393,457	0.990	397,384	8.08	1.11	2,810,364	20,588,298	0.990	20,793,819	7.40	1.06
201108	49,053	393,118	0.966	407,011	8.30	1.04	2,803,261	22,652,194	0.966	23,452,735	8.37	1.09
3/09-8/09	272,768			1,701,057	6.24		13,915,116			80,401,469	5.78	
3/10-8/10	289,204			2,209,712	7.64	1.225	15,370,971			109,953,553	7.15	1.238
3/11-8/11	290,394			2,442,147	8.41	1.101	16,597,062			130,839,718	7.88	1.102

### *Attachment 3*

#### Orthodontia Moratorium and Prior Authorization Adjustment

The attached exhibit presents a summary of the rating adjustment for programmatic changes to the orthodontia prior authorization requirements as well as the adjustment for the temporary moratorium on new orthodontia authorizations. These adjustments were applied only to orthodontia services.

Claim payment patterns were determined for orthodontia services and assumed to apply to each incurred month. We assumed that the duration of each orthodontia authorization was 38 months and has the following payment pattern:

Month	Percentage of Total Orthodontia Cost
1	27.7%
2	6.2%
3	3.4%
4+	< 3.0%

HHSC implemented new requirements for approval of orthodontia services effective October 1, 2011. Diagnostic models, photographs, and X-rays are now required to be provided when submitting a prior authorization for approval of new orthodontia services. Based on input from HHSC staff and preliminary authorization statistics, we have assumed that this change will reduce the number of orthodontia authorizations by 25%.

Orthodontia authorizations that HHSC will have approved prior to March 1, 2012 will be the financial responsibility of the MCO's beginning March 1, 2012. The MCOs are limited in their ability to manage the cost of care for these previously authorized services. This has been considered in developing the orthodontia prior authorization adjustment factor used in calculating the premium rates. To estimate the cost impact of the new orthodontia authorization requirements, we performed an analysis of orthodontia payment patterns and assumed a 25% reduction in the number of new orthodontia cases beginning October 1, 2011.

Effective January 1, 2012 and continuing through February 29, 2012, HHSC has implemented a moratorium on new orthodontia authorizations. As a result, the dental MCOs are expected to receive higher numbers of orthodontia cases in the early months of the new program. We have assumed that there will be no new orthodontia authorizations in January and February 2012 and three times the normal number of orthodontia authorizations in March 2012. The calculation of the orthodontia prior authorization adjustment factor is presented on the attached exhibit. We have assumed the programmatic changes to the orthodontia authorization process will reduce orthodontia incurred claims by 6.1% during the period March 1, 2012 through August 31, 2012.

Medicaid Dental Rating  
Orthodontia Prior Authorization and Moratorium Adjustment

Original Payment Pattern - Percent Paid per Month for each Prior Authorization Case

Auth. Date	Incurred Date														% Paid per Ortho Auth.		
	Prior	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Incurred Date	Pre 10/1	Post 10/1	Total
Prior	100.0%	72.3%	66.1%	62.7%	60.1%	57.5%	54.9%	52.2%	49.9%	47.6%	45.3%	43.0%	40.9%	Mar-12	54.9%	45.1%	100.0%
Sep-11		27.7%	6.2%	3.4%	2.7%	2.6%	2.5%	2.7%	2.3%	2.3%	2.3%	2.3%	2.1%	Apr-12	52.2%	47.8%	100.0%
Oct-11			27.7%	6.2%	3.4%	2.7%	2.6%	2.5%	2.7%	2.3%	2.3%	2.3%	2.3%	May-12	49.9%	50.1%	100.0%
Nov-11				27.7%	6.2%	3.4%	2.7%	2.6%	2.5%	2.7%	2.3%	2.3%	2.3%	Jun-12	47.6%	52.4%	100.0%
Dec-11					27.7%	6.2%	3.4%	2.7%	2.6%	2.5%	2.7%	2.3%	2.3%	Jul-12	45.3%	54.7%	100.0%
Jan-12						27.7%	6.2%	3.4%	2.7%	2.6%	2.5%	2.7%	2.3%	Aug-12	43.0%	57.0%	100.0%
Feb-12							27.7%	6.2%	3.4%	2.7%	2.6%	2.5%	2.7%				
Mar-12								27.7%	6.2%	3.4%	2.7%	2.6%	2.5%	Average	48.8%	51.2%	100.0%
Apr-12									27.7%	6.2%	3.4%	2.7%	2.6%				
May-12										27.7%	6.2%	3.4%	2.7%				
Jun-12											27.7%	6.2%	3.4%				
Jul-12												27.7%	6.2%				
Aug-12													27.7%				
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%				

Prior Authorization Adjustment (1)

Auth. Date	Incurred Date														% Paid per Ortho Auth.		
	Prior	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Incurred Date	Pre 10/1	Post 10/1	Total
Prior	100.0%	72.3%	66.1%	62.7%	60.1%	57.5%	54.9%	52.2%	49.9%	47.6%	45.3%	43.0%	40.9%	Mar-12	54.9%	33.8%	88.7%
Sep-11		27.7%	6.2%	3.4%	2.7%	2.6%	2.5%	2.7%	2.3%	2.3%	2.3%	2.3%	2.1%	Apr-12	52.2%	35.8%	88.1%
Oct-11			20.7%	4.7%	2.5%	2.0%	1.9%	1.9%	2.0%	1.7%	1.7%	1.8%	1.7%	May-12	49.9%	37.6%	87.5%
Nov-11				20.7%	4.7%	2.5%	2.0%	1.9%	1.9%	2.0%	1.7%	1.7%	1.8%	Jun-12	47.6%	39.3%	86.9%
Dec-11					20.7%	4.7%	2.5%	2.0%	1.9%	1.9%	2.0%	1.7%	1.7%	Jul-12	45.3%	41.0%	86.3%
Jan-12						20.7%	4.7%	2.5%	2.0%	1.9%	1.9%	2.0%	1.7%	Aug-12	43.0%	42.7%	85.8%
Feb-12							20.7%	4.7%	2.5%	2.0%	1.9%	1.9%	2.0%				
Mar-12								20.7%	4.7%	2.5%	2.0%	1.9%	1.9%	Average	48.8%	38.4%	87.2%
Apr-12									20.7%	4.7%	2.5%	2.0%	1.9%			Savings	12.8%
May-12										20.7%	4.7%	2.5%	2.0%				
Jun-12											20.7%	4.7%	2.5%				
Jul-12												20.7%	4.7%				
Aug-12													20.7%				
Total	100.0%	100.0%	93.1%	91.5%	90.7%	90.0%	89.4%	88.7%	88.1%	87.5%	86.9%	86.3%	85.8%				

Medicaid Dental Rating  
Orthodontia Prior Authorization and Moratorium Adjustment

Prior Authorization & Moratorium Adjustment (1,2)

Auth. Date	Incurred Date													% Paid per Ortho Auth.			
	Prior	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Incurred Date	Pre 10/1	Post 10/1	Total
Prior	100.0%	72.3%	66.1%	62.7%	60.1%	57.5%	54.9%	52.2%	49.9%	47.6%	45.3%	43.0%	40.9%	Mar-12	54.9%	68.1%	123.0%
Sep-11		27.7%	6.2%	3.4%	2.7%	2.6%	2.5%	2.7%	2.3%	2.3%	2.3%	2.3%	2.1%	Apr-12	52.2%	40.7%	92.9%
Oct-11			20.7%	4.7%	2.5%	2.0%	1.9%	1.9%	2.0%	1.7%	1.7%	1.8%	1.7%	May-12	49.9%	38.7%	88.6%
Nov-11				20.7%	4.7%	2.5%	2.0%	1.9%	1.9%	2.0%	1.7%	1.7%	1.8%	Jun-12	47.6%	39.4%	87.1%
Dec-11					20.7%	4.7%	2.5%	2.0%	1.9%	1.9%	2.0%	1.7%	1.7%	Jul-12	45.3%	41.0%	86.3%
Jan-12						-	-	-	-	-	-	-	-	Aug-12	43.0%	42.8%	85.8%
Feb-12							-	-	-	-	-	-	-				
Mar-12								62.2%	14.1%	7.6%	6.0%	5.8%	5.7%	Average	48.8%	45.1%	93.9%
Apr-12									20.7%	4.7%	2.5%	2.0%	1.9%			Savings	<b>6.1%</b>
May-12										20.7%	4.7%	2.5%	2.0%				
Jun-12											20.7%	4.7%	2.5%				
Jul-12												20.7%	4.7%				
Aug-12													20.7%				
Total	100.0%	100.0%	93.1%	91.5%	90.7%	69.3%	63.9%	123.0%	92.9%	88.6%	87.1%	86.3%	85.8%				

Notes:

(1) Prior Authorization Adjustment assumes 25% reduction in the number of orthodontia authorizations starting on October 1, 2011.

(2) Moratorium assumes no orthodontia authorizations from January 1, 2012 through February 29, 2012 and three times the number of authorizations in March 2012.