

MARCH 2016

Medicaid Request for Quotation

CRFQ 0511 BMS1600000002

June 17, 2016

BAFO 0511 BMS 1600000002



RECEIVED

2016 JUN 17 PM 12: 27

WV PURCHASING
DIVISION

West Virginia Family Health SFY 2017 Exhibit A

Please provide an amount in each bid amount cell (columns D, J, and P) that is between the low and high range for each corresponding age cohort and region. The total amount for each age cohort/region will auto-calculate, with the sum of each population type, by region, summing in cell A87 the annual cost amount for evaluation.

TANF															
Cohort	North					East					South				
	Low	High	Bid Amount	Members	Total	Low	High	Bid Amount	Members	Total	Low	High	Bid Amount	Members	Total
<1 yr	\$408.78	\$408.83	\$408.83	55,000	\$22,485,650.00	\$416.56	\$416.61	\$416.61	55,000	\$22,913,550.00	\$441.94	\$441.99	\$441.99	55,000	\$24,309,450.00
1 yr	\$141.27	\$141.32	\$141.32	45,000	\$6,359,400.00	\$143.96	\$144.01	\$144.01	45,000	\$6,480,450.00	\$152.73	\$152.78	\$152.78	45,000	\$6,875,100.00
2-14 yr	\$147.59	\$147.64	\$147.64	450,000	\$66,438,000.00	\$150.40	\$150.45	\$150.45	450,000	\$67,702,500.00	\$159.56	\$159.61	\$159.61	450,000	\$71,824,500.00
15-19 F	\$220.27	\$220.32	\$220.32	50,000	\$11,016,000.00	\$224.46	\$224.51	\$224.51	50,000	\$11,225,500.00	\$238.14	\$238.19	\$238.19	50,000	\$11,909,500.00
15-19 M	\$181.66	\$181.71	\$181.71	50,000	\$9,085,500.00	\$185.11	\$185.16	\$185.16	50,000	\$9,258,000.00	\$196.39	\$196.44	\$196.44	50,000	\$9,822,000.00
20-29 F	\$258.51	\$258.56	\$258.56	36,000	\$9,308,160.00	\$263.43	\$263.48	\$263.48	36,000	\$9,485,280.00	\$279.48	\$279.53	\$279.53	36,000	\$10,063,080.00
20-29 M	\$181.12	\$181.17	\$181.17	7,500	\$1,358,775.00	\$184.57	\$184.62	\$184.62	7,500	\$1,384,650.00	\$195.82	\$195.87	\$195.87	7,500	\$1,469,025.00
30-39 F	\$377.42	\$377.47	\$377.47	30,000	\$11,324,100.00	\$384.60	\$384.65	\$384.65	30,000	\$11,539,500.00	\$408.04	\$408.09	\$408.09	30,000	\$12,242,700.00
30-39 M	\$284.45	\$284.50	\$284.50	10,000	\$2,845,000.00	\$289.86	\$289.91	\$289.91	10,000	\$2,899,100.00	\$307.53	\$307.58	\$307.58	10,000	\$3,075,800.00
40+	\$451.73	\$451.78	\$451.78	20,000	\$9,035,600.00	\$460.33	\$460.38	\$460.38	20,000	\$9,207,600.00	\$488.38	\$488.43	\$488.43	20,000	\$9,768,600.00
					\$149,256,185.00					\$152,096,130.00					\$161,359,755.00

CSHCN TANF															
Cohort	North					East					South				
	Low	High	Bid Amount	Members	Total	Low	High	Bid Amount	Members	Total	Low	High	Bid Amount	Members	Total
<1 yr	\$2,399.11	\$2,399.16	\$2,399.16	500	\$1,199,580.00	\$2,444.78	\$2,444.83	\$2,444.83	500	\$1,222,415.00	\$2,593.74	\$2,593.79	\$2,593.79	500	\$1,296,895.00
1 yr	\$829.08	\$829.13	\$829.13	500	\$414,565.00	\$844.87	\$844.92	\$844.92	500	\$422,460.00	\$896.34	\$896.39	\$896.39	500	\$448,195.00
2-14 yr	\$866.19	\$866.24	\$866.24	700	\$606,368.00	\$882.68	\$882.73	\$882.73	700	\$617,911.00	\$936.46	\$936.51	\$936.51	700	\$655,557.00
15-19 F	\$1,292.76	\$1,292.81	\$1,292.81	200	\$258,562.00	\$1,317.36	\$1,317.41	\$1,317.41	200	\$263,482.00	\$1,397.63	\$1,397.68	\$1,397.68	200	\$279,536.00
15-19 M	\$1,066.13	\$1,066.18	\$1,066.18	200	\$213,236.00	\$1,086.42	\$1,086.47	\$1,086.47	200	\$217,294.00	\$1,152.62	\$1,152.67	\$1,152.67	200	\$230,534.00
20-29 F	\$258.51	\$258.56	\$258.56	100	\$25,856.00	\$263.43	\$263.48	\$263.48	100	\$26,348.00	\$279.48	\$279.53	\$279.53	100	\$27,953.00
20-29 M	\$181.12	\$181.17	\$181.17	100	\$18,117.00	\$184.57	\$184.62	\$184.62	100	\$18,462.00	\$195.82	\$195.87	\$195.87	100	\$19,587.00
30-39 F	\$0.00	\$0.00	\$0.00	0	\$0.00	\$0.00	\$0.00	\$0.00	0	\$0.00	\$0.00	\$0.00	\$0.00	0	\$0.00
30-39 M	\$0.00	\$0.00	\$0.00	0	\$0.00	\$0.00	\$0.00	\$0.00	0	\$0.00	\$0.00	\$0.00	\$0.00	0	\$0.00
40+	\$0.00	\$0.00	\$0.00	0	\$0.00	\$0.00	\$0.00	\$0.00	0	\$0.00	\$0.00	\$0.00	\$0.00	0	\$0.00
					\$2,736,284.00					\$2,788,372.00					\$2,958,257.00

Pregnancy															
Cohort	North					East					South				
	Low	High	Bid Amount	Members	Total	Low	High	Bid Amount	Members	Total	Low	High	Bid Amount	Members	Total
<1 yr	\$337.06	\$337.11	\$337.11	0	\$0.00	\$343.48	\$343.53	\$343.53	0	\$0.00	\$364.41	\$364.46	\$364.46	0	\$0.00
1 yr	\$337.06	\$337.11	\$337.11	0	\$0.00	\$343.48	\$343.53	\$343.53	0	\$0.00	\$364.41	\$364.46	\$364.46	0	\$0.00
2-14 yr	\$337.06	\$337.11	\$337.11	100	\$33,711.00	\$343.48	\$343.53	\$343.53	100	\$34,353.00	\$364.41	\$364.46	\$364.46	100	\$36,446.00
15-19 F	\$337.06	\$337.11	\$337.11	5,000	\$1,685,550.00	\$343.48	\$343.53	\$343.53	5,000	\$1,717,650.00	\$364.41	\$364.46	\$364.46	5,000	\$1,822,300.00
15-19 M	\$337.06	\$337.11	\$337.11	0	\$0.00	\$343.48	\$343.53	\$343.53	0	\$0.00	\$364.41	\$364.46	\$364.46	0	\$0.00
20-29 F	\$337.06	\$337.11	\$337.11	20,000	\$6,742,200.00	\$343.48	\$343.53	\$343.53	20,000	\$6,870,600.00	\$364.41	\$364.46	\$364.46	20,000	\$7,289,200.00
20-29 M	\$337.06	\$337.11	\$337.11	0	\$0.00	\$343.48	\$343.53	\$343.53	0	\$0.00	\$364.41	\$364.46	\$364.46	0	\$0.00
30-39 F	\$337.06	\$337.11	\$337.11	10,000	\$3,371,100.00	\$343.48	\$343.53	\$343.53	10,000	\$3,435,300.00	\$364.41	\$364.46	\$364.46	10,000	\$3,644,600.00
30-39 M	\$337.06	\$337.11	\$337.11	0	\$0.00	\$343.48	\$343.53	\$343.53	0	\$0.00	\$364.41	\$364.46	\$364.46	0	\$0.00
40+	\$337.06	\$337.11	\$337.11	2,500	\$842,775.00	\$343.48	\$343.53	\$343.53	2,500	\$858,825.00	\$364.41	\$364.46	\$364.46	2,500	\$911,150.00
					\$12,675,336.00					\$12,916,728.00					\$13,703,696.00

West Virginia Family Health SFY 2017 Exhibit A

Expansion															
Cohort	North					East					South				
	Low	High	Bid Amount	Members	Total	Low	High	Bid Amount	Members	Total	Low	High	Bid Amount	Members	Total
<1 yr	\$0.00	\$0.00	\$0.00	0	\$0.00	\$0.00	\$0.00	\$0.00	0	\$0.00	\$0.00	\$0.00	\$0.00	0	\$0.00
1 yr	\$0.00	\$0.00	\$0.00	0	\$0.00	\$0.00	\$0.00	\$0.00	0	\$0.00	\$0.00	\$0.00	\$0.00	0	\$0.00
2-14 yr	\$0.00	\$0.00	\$0.00	0	\$0.00	\$0.00	\$0.00	\$0.00	0	\$0.00	\$0.00	\$0.00	\$0.00	0	\$0.00
15-19 F	\$205.19	\$205.24	\$205.24	10,000	\$2,052,400.00	\$196.79	\$196.84	\$196.84	10,000	\$1,968,400.00	\$210.26	\$210.31	\$210.31	10,000	\$2,103,100.00
15-19 M	\$131.43	\$131.48	\$131.48	10,000	\$1,314,800.00	\$126.05	\$126.10	\$126.10	10,000	\$1,261,000.00	\$134.67	\$134.72	\$134.72	10,000	\$1,347,200.00
20-29 F	\$237.05	\$237.10	\$237.10	80,000	\$18,968,000.00	\$227.34	\$227.39	\$227.39	80,000	\$18,191,200.00	\$242.91	\$242.96	\$242.96	80,000	\$19,436,800.00
20-29 M	\$194.40	\$194.45	\$194.45	80,000	\$15,556,000.00	\$186.44	\$186.49	\$186.49	80,000	\$14,919,200.00	\$199.20	\$199.25	\$199.25	80,000	\$15,940,000.00
30-39 F	\$305.30	\$305.35	\$305.35	80,000	\$24,428,000.00	\$292.81	\$292.86	\$292.86	80,000	\$23,428,800.00	\$312.85	\$312.90	\$312.90	80,000	\$25,032,000.00
30-39 M	\$288.24	\$288.29	\$288.29	75,000	\$21,621,750.00	\$276.44	\$276.49	\$276.49	75,000	\$20,736,750.00	\$295.36	\$295.41	\$295.41	75,000	\$22,155,750.00
40+	\$461.76	\$461.81	\$461.81	250,000	\$115,452,500.00	\$442.86	\$442.91	\$442.91	250,000	\$110,727,500.00	\$473.17	\$473.22	\$473.22	250,000	\$118,305,000.00
					\$199,393,450.00					\$191,232,850.00					\$204,319,850.00

SSI															
Cohort	North					East					South				
	Low	High	Bid Amount	Members	Total	Low	High	Bid Amount	Members	Total	Low	High	Bid Amount	Members	Total
<1 yr	\$2,715.53	\$2,715.58	\$2,715.58	1,000	\$2,715,580.00	\$2,767.22	\$2,767.27	\$2,767.27	1,000	\$2,767,270.00	\$2,935.83	\$2,935.88	\$2,935.88	1,000	\$2,935,880.00
1 yr	\$863.22	\$863.27	\$863.27	10,000	\$8,632,700.00	\$879.65	\$879.70	\$879.70	10,000	\$8,797,000.00	\$933.25	\$933.30	\$933.30	10,000	\$9,333,000.00
2-14 yr	\$497.39	\$497.44	\$497.44	10,000	\$4,974,400.00	\$506.86	\$506.91	\$506.91	10,000	\$5,069,100.00	\$537.74	\$537.79	\$537.79	10,000	\$5,377,900.00
15-19 F	\$471.55	\$471.60	\$471.60	10,000	\$4,716,000.00	\$480.52	\$480.57	\$480.57	10,000	\$4,805,700.00	\$509.80	\$509.85	\$509.85	10,000	\$5,098,500.00
15-19 M	\$427.25	\$427.30	\$427.30	10,000	\$4,273,000.00	\$435.38	\$435.43	\$435.43	10,000	\$4,354,300.00	\$461.91	\$461.96	\$461.96	10,000	\$4,619,600.00
20-29 F	\$617.15	\$617.20	\$617.20	25,000	\$15,430,000.00	\$628.90	\$628.95	\$628.95	25,000	\$15,723,750.00	\$667.22	\$667.27	\$667.27	25,000	\$16,681,750.00
20-29 M	\$519.19	\$519.24	\$519.24	25,000	\$12,981,000.00	\$529.07	\$529.12	\$529.12	25,000	\$13,228,000.00	\$561.31	\$561.36	\$561.36	25,000	\$14,034,000.00
30-39 F	\$746.20	\$746.25	\$746.25	25,000	\$18,656,250.00	\$760.41	\$760.46	\$760.46	25,000	\$19,011,500.00	\$806.74	\$806.79	\$806.79	25,000	\$20,169,750.00
30-39 M	\$578.77	\$578.82	\$578.82	25,000	\$14,470,500.00	\$589.79	\$589.84	\$589.84	25,000	\$14,746,000.00	\$625.72	\$625.77	\$625.77	25,000	\$15,644,250.00
40+	\$1,000.16	\$1,000.21	\$1,000.21	100,000	\$100,021,000.00	\$1,019.19	\$1,019.24	\$1,019.24	100,000	\$101,924,000.00	\$1,081.29	\$1,081.34	\$1,081.34	100,000	\$108,134,000.00
					\$186,870,430.00					\$190,426,620.00					\$202,028,630.00

Delivery					
Region	Low	High	Bid Amount	Members	Total
North Region	\$4,751.31	\$4,751.36	\$4,751.36	4,000	\$19,005,440.00
East Region	\$4,774.39	\$4,774.44	\$4,774.44	4,000	\$19,097,760.00
South Region	\$4,628.95	\$4,629.00	\$4,629.00	4,000	\$18,516,000.00
					\$56,619,200.00

Total Contract Dollar Value	
	\$1,741,381,773.00

Direct Encounter II (52)



West Virginia
Family Health

June 17, 2016

April Battle
Purchasing Division
2019 Washington Street, East
Charleston, West Virginia 25305
Re: CRFQ 0511 BMS160000002 Bid Submission

VIA HAND DELIVERY

Dear Ms. Battle,

West Virginia Family Health (WVFH) has formally submitted a bid for the BMS WV Medicaid procurement of Managed Care Organization (MCO) services (CRFQ 0511 BMS160000002). WVFH is of the opinion that the bid requirements of bidding within the provided rate bands cannot be done in an actuarially sound basis. This concern was raised in a bid protest submitted by WVFH on June 9, 2016. Because of this, WVFH is concurrently but separately submitting the required bands as well as a bid sheets that are above the rate band but meet the requirement for actuarially certified rates.

On May 19th WVFH formally petitioned BMS for rate relief on the SFY 2016 contract, citing the underfunded premium development. Then on June 9, 2016 WVFH protested the bid process and specifications, including the timeline, rate submission format and Age/Gender Banding. The petition and formal protest represent good faith attempts to show that premiums are and have been insufficient to meet the actuarially sound requirement. Both documents are attached for reference.

In closing, please accept our bid within the provided range. As noted before, these rates are not actuarially sound, but we are confident adjustments will be made to comply with actuarial sound rates as mandated by CMS. Finally, please accept our submission of a separate bid with actuarially sound rates, which have been properly certified.

Sincerely,

J. Fred Earley, II
President
WV Family Health
614 Market Street
Parkersburg, WV 26102

8169990.1
614 Market Street

■ Parkersburg, WV 26102

■ 304-424-7660

■ 1-866-260-6286

LHP-313 (5-13)

Table of Contents

BAFO 0511 BMS 1600000001 Managed Care Services

Request for Quote – Exhibit A Pricing Sheet

- A. Form ID: WV-PRC-CRFQ-001 and Related Addendum**
 - a. Central Master Agreement dated 2016-06-06**
 - b. WV-PRC-CRFQ-001 Addendum #1 dated 2016-06-10**
 - c. Addendum Number 1 dated 2016-06-10**
 - d. WV-PRC-CRFQ-001 Addendum #2 dated 2016-06-10**
 - e. Addendum Number 2 dated 2016-06-10**
 - f. WV-PRC-CRFQ-001 Addendum #3 dated 2016-06-14**
 - g. Addendum Number 3 dated 2016-06-14**

- B. West Virginia Family Health Actuarial Report and Requested Rate**

- C. Prior BAFO Communication**



Purchasing Division
 2019 Washington Street East
 Post Office Box 50130
 Charleston, WV 25305-0130

State of West Virginia
 Request for Quotation
 34 - Service - Prof

Proc Folder: 185743

Doc Description: Managed Care Services


Proc Type: Central Master Agreement

Date Issued	Solicitation Closes	Solicitation No	Version
2016-06-06	2016-06-14 13:30:00	BAFO 0511 BMS1600000001	1

BID RECEIVING LOCATION
 BID CLERK
 DEPARTMENT OF ADMINISTRATION
 PURCHASING DIVISION
 2019 WASHINGTON ST E
 CHARLESTON WV 25305
 US

VENDOR
 Vendor Name, Address and Telephone Number:

FOR INFORMATION CONTACT THE BUYER
 April Battle
 (304) 558-0067
 april.e.battle@wv.gov

Signature X  FEIN # 45-2763165 DATE 6-15-16
 All offers subject to all terms and conditions contained in this solicitation

ADDITIONAL INFORMATION:

The State of West Virginia is soliciting Best and Final Offers (BAFO) from those vendors who are determined to be reasonably susceptible of being selected for award for Managed Care Services.

BUYER TO		SHIP TO	
PROCUREMENT OFFICER - 304-356-4861 HEALTH AND HUMAN RESOURCES BUREAU FOR MEDICAL SERVICES 350 CAPITOL ST, RM 251 CHARLESTON WV25301-3709 US		PROCUREMENT OFFICER - 304-356-4861 HEALTH AND HUMAN RESOURCES BUREAU FOR MEDICAL SERVICES 350 CAPITOL ST, RM 251 CHARLESTON WV 25301-3709 US	

Line	Comm Ln Desc	Qty	Unit Issue	Unit Price	Total Price
1	Health or hospitalization insurance	0.00000	EA		

Comm Code	Manufacturer	Specification	Model #
84131602			

Extended Description :
See Exhibit A Pricing Page

SCHEDULE OF EVENTS

Line	Event	Event Date
1	Questions Due	2016-06-08
2	Responses Issued	2016-06-10

BMS160000001	Document Phase Final	Document Description Managed Care Services	Page 3 of 3
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ADDITIONAL TERMS AND CONDITIONS

See attached document(s) for additional Terms and Conditions



Purchasing Division
 2019 Washington Street East
 Post Office Box 50130
 Charleston, WV 25305-0130

State of West Virginia
 Request for Quotation
 34 - Service - Prof

Proc Folder: 185743

Doc Description: Addendum #1 Managed Care Services

Proc Type: Central Master Agreement

Date Issued	Solicitation Closes	Solicitation No	Version
2016-06-10	2016-06-17 13:30:00	BAFO 0511 BMS1600000001	2

BID RECEIVING LOCATION

BID CLERK
 DEPARTMENT OF ADMINISTRATION
 PURCHASING DIVISION
 2019 WASHINGTON ST E
 CHARLESTON WV 25305
 US

VENDOR

Vendor Name, Address and Telephone Number:

FOR INFORMATION CONTACT THE BUYER

April Battle
 (304) 558-0067
 april.e.battle@wv.gov

Signature X

FEIN # 45-2763165

DATE 6-15-16

All offers subject to all terms and conditions contained in this solicitation

ADDITIONAL INFORMATION:

Addendum #1 - To extend the bid opening date from June 14, 2016, at 1:30 PM EST to June 17, 2016, at 1:30 PM EST.

Subsequent addenda will be issued in the future to address vendor questions.

INVOICE TO		SHIP TO	
PROCUREMENT OFFICER - 304-356-4861 HEALTH AND HUMAN RESOURCES BUREAU FOR MEDICAL SERVICES 350 CAPITOL ST, RM 251 CHARLESTON WV25301-3709 US		PROCUREMENT OFFICER - 304-356-4861 HEALTH AND HUMAN RESOURCES BUREAU FOR MEDICAL SERVICES 350 CAPITOL ST, RM 251 CHARLESTON WV 25301-3709 US	

Line	Comm Ln Desc	Qty	Unit Issue	Unit Price	Total Price
1	Health or hospitalization insurance	0.00000	EA		

Comm Code	Manufacturer	Specification	Model #
84131602			

Extended Description :

See Exhibit A Pricing Page

SCHEDULE OF EVENTS

Line	Event	Event Date
1	Questions Due	2016-06-08
2	Responses Issued	2016-06-10

BMS160000001	Document Phase Final	Document Description Addendum #1 Managed Care Services	Page 3 of 3
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ADDITIONAL TERMS AND CONDITIONS

See attached document(s) for additional Terms and Conditions

SOLICITATION NUMBER: BAFO 0511 BMS160000001

Addendum Number: 1

The purpose of this addendum is to modify the solicitation identified as ("Solicitation") to reflect the change(s) identified and described below.

Applicable Addendum Category:

- Modify bid opening date and time
- Modify specifications of product or service being sought
- Attachment of vendor questions and responses
- Attachment of pre-bid sign-in sheet
- Correction of error
- Other

Description of Modification to Solicitation:

- 1) To extend the bid opening date from July 14, 2016, at 1:30 PM EST to July 17, 2016, at 1:30 PM EST.

A subsequent addenda will be issued in the future to address vendor questions.

Additional Documentation: Documentation related to this Addendum (if any) has been included herewith as Attachment A and is specifically incorporated herein by reference.

Terms and Conditions:

1. All provisions of the Solicitation and other addenda not modified herein shall remain in full force and effect.
2. Vendor should acknowledge receipt of all addenda issued for this Solicitation by completing an Addendum Acknowledgment, a copy of which is included herewith. Failure to acknowledge addenda may result in bid disqualification. The addendum acknowledgement should be submitted with the bid to expedite document processing.

ADDENDUM ACKNOWLEDGEMENT FORM
SOLICITATION NO.: BMS160000001

Instructions: Please acknowledge receipt of all addenda issued with this solicitation by completing this addendum acknowledgment form. Check the box next to each addendum received and sign below. Failure to acknowledge addenda may result in bid disqualification.

Acknowledgment: I hereby acknowledge receipt of the following addenda and have made the necessary revisions to my proposal, plans and/or specification, etc.

Addendum Numbers Received:

(Check the box next to each addendum received)

- | | |
|--|--|
| <input checked="" type="checkbox"/> Addendum No. 1 | <input type="checkbox"/> Addendum No. 6 |
| <input type="checkbox"/> Addendum No. 2 | <input type="checkbox"/> Addendum No. 7 |
| <input type="checkbox"/> Addendum No. 3 | <input type="checkbox"/> Addendum No. 8 |
| <input type="checkbox"/> Addendum No. 4 | <input type="checkbox"/> Addendum No. 9 |
| <input type="checkbox"/> Addendum No. 5 | <input type="checkbox"/> Addendum No. 10 |

I understand that failure to confirm the receipt of addenda may be cause for rejection of this bid. I further understand that any verbal representation made or assumed to be made during any oral discussion held between Vendor's representatives and any state personnel is not binding. Only the information issued in writing and added to the specifications by an official addendum is binding.

West Virginia Family Health Plan, Inc.
Company


Authorized Signature

June 16, 2016

Date

NOTE: This addendum acknowledgement should be submitted with the bid to expedite document processing.

Revised 6/8/2012



Purchasing Division
 2019 Washington Street East
 Post Office Box 50130
 Charleston, WV 25305-0130

State of West Virginia
 Request for Quotation
 34 - Service - Prof

Proc Folder: 185743

Doc Description: Addendum #2 Managed Care Services

Proc Type: Central Master Agreement

Date Issued	Solicitation Closes	Solicitation No	Version
2016-06-10	2016-06-17 13:30:00	BAFO 0511 BMS1600000001	3

BID RECEIVING LOCATION


BID CLERK
 DEPARTMENT OF ADMINISTRATION
 PURCHASING DIVISION
 2019 WASHINGTON ST E
 CHARLESTON WV 25305
 US

VENDOR

Vendor Name, Address and Telephone Number:

FOR INFORMATION CONTACT THE BUYER

April Battle
 (304) 558-0067
 april.e.battle@wv.gov

Signature X  FEIN # 45-2763165 DATE 6-15-16

Offers subject to all terms and conditions contained in this solicitation

ADDITIONAL INFORMATION:

Addendum #2 - To correct a typographical error on the attachments of Addendum #1. The bid opening date on the face of the Addendum is correct, and remains June 17, 2016, at 1:30 PM EST.

Subsequent addenda will be issued in the future to address vendor questions.

INVOICE TO	SHIP TO
PROCUREMENT OFFICER - 304-356-4861 HEALTH AND HUMAN RESOURCES BUREAU FOR MEDICAL SERVICES 350 CAPITOL ST, RM 251 CHARLESTON WV25301-3709 US	PROCUREMENT OFFICER - 304-356-4861 HEALTH AND HUMAN RESOURCES BUREAU FOR MEDICAL SERVICES 350 CAPITOL ST, RM 251 CHARLESTON WV 25301-3709 US

Line	Comm Ln Desc	Qty	Unit Issue	Unit Price	Total Price
1	Health or hospitalization insurance	0.00000	EA		

Comm Code	Manufacturer	Specification	Model #
84131602			

Extended Description :
See Exhibit A Pricing Page

SCHEDULE OF EVENTS

Line	Event	Event Date
1	Questions Due	2016-06-08
	Responses Issued	2016-06-10

BMS160000001	Document Phase Final	Document Description Addendum #2 Managed Care Services	Page 3 of 3
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ADDITIONAL TERMS AND CONDITIONS

See attached document(s) for additional Terms and Conditions

SOLICITATION NUMBER: BAFO 0511 BMS1600000001
Addendum Number: 2

The purpose of this addendum is to modify the solicitation identified as ("Solicitation") to reflect the change(s) identified and described below.

Applicable Addendum Category:

- Modify bid opening date and time
- Modify specifications of product or service being sought
- Attachment of vendor questions and responses
- Attachment of pre-bid sign-in sheet
- Correction of error
- Other

Description of Modification to Solicitation:

1) To correct a typographical error on the attachments of Addendum #1. The bid opening date on the face of the Addendum is correct and remains June 17, 2016, at 1:30 PM EST.

A subsequent addenda will be issued in the future to address vendor questions.

Additional Documentation: Documentation related to this Addendum (if any) has been included herewith as Attachment A and is specifically incorporated herein by reference.

Terms and Conditions:

1. All provisions of the Solicitation and other addenda not modified herein shall remain in full force and effect.
2. Vendor should acknowledge receipt of all addenda issued for this Solicitation by completing an Addendum Acknowledgment, a copy of which is included herewith. Failure to acknowledge addenda may result in bid disqualification. The addendum acknowledgement should be submitted with the bid to expedite document processing.

ADDENDUM ACKNOWLEDGEMENT FORM
SOLICITATION NO.: BMS160000002

Instructions: Please acknowledge receipt of all addenda issued with this solicitation by completing this addendum acknowledgment form. Check the box next to each addendum received and sign below. Failure to acknowledge addenda may result in bid disqualification.

Acknowledgment: I hereby acknowledge receipt of the following addenda and have made the necessary revisions to my proposal, plans and/or specification, etc.

Addendum Numbers Received:

(Check the box next to each addendum received)

- | | |
|--|--|
| <input checked="" type="checkbox"/> Addendum No. 1 | <input type="checkbox"/> Addendum No. 6 |
| <input checked="" type="checkbox"/> Addendum No. 2 | <input type="checkbox"/> Addendum No. 7 |
| <input type="checkbox"/> Addendum No. 3 | <input type="checkbox"/> Addendum No. 8 |
| <input type="checkbox"/> Addendum No. 4 | <input type="checkbox"/> Addendum No. 9 |
| <input type="checkbox"/> Addendum No. 5 | <input type="checkbox"/> Addendum No. 10 |

I understand that failure to confirm the receipt of addenda may be cause for rejection of this bid. I further understand that any verbal representation made or assumed to be made during any oral discussion held between Vendor's representatives and any state personnel is not binding. Only the information issued in writing and added to the specifications by an official addendum is binding.

West Virginia Family Health Plan, Inc.
Company


Authorized Signature

June 16, 2016
Date

NOTE: This addendum acknowledgement should be submitted with the bid to expedite document processing.

Revised 6/8/2012



Purchasing Division
 2019 Washington Street East
 Post Office Box 50130
 Charleston, WV 25305-0130

State of West Virginia
 Request for Quotation
 34 - Service - Prof

Proc Folder: 185743

Doc Description: Addendum #3 Managed Care Services

Proc Type: Central Master Agreement

Date Issued	Solicitation Closes	Solicitation No	Version
2016-06-14	2016-06-17 13:30:00	BAFO 0511 BMS160000001	4

BID RECEIVING LOCATION


BID CLERK
 DEPARTMENT OF ADMINISTRATION
 PURCHASING DIVISION
 2019 WASHINGTON ST E
 CHARLESTON WV 25305
 US

VENDOR

Vendor Name, Address and Telephone Number:

FOR INFORMATION CONTACT THE BUYER

April Battle
 (304) 558-0067
 april.e.battle@wv.gov

Signature X  FEIN # 45-2763165 DATE 6-15-16
 Offers subject to all terms and conditions contained in this solicitation

ADDITIONAL INFORMATION:

Addendum #3

- 1) Provide responses to questions submitted to vendors.
- 2) To provide the correct documents which were inadvertently left out of the original BAFO documents entitled "Procurement of Managed Care Organization Services".
- 3) To provide the revised Service Provider Agreement.

Note: Only electronic versions of this documentation will be provided and can be downloaded on our www.wvOASIS.gov website.

INVOICE TO		SHIP TO	
PROCUREMENT OFFICER - 304-356-4861		PROCUREMENT OFFICER - 304-356-4861	
HEALTH AND HUMAN RESOURCES		HEALTH AND HUMAN RESOURCES	
BUREAU FOR MEDICAL SERVICES		BUREAU FOR MEDICAL SERVICES	
350 CAPITOL ST, RM 251		350 CAPITOL ST, RM 251	
CHARLESTON	WV25301-3709	CHARLESTON	WV 25301-3709
US		US	

Line	Comm Ln Desc	Qty	Unit Issue	Unit Price	Total Price
1	Health or hospitalization insurance	0.00000	EA		

Comm Code	Manufacturer	Specification	Model #
84131602			

Extended Description :
See Exhibit A Pricing Page

SCHEDULE OF EVENTS

Line	Event	Event Date
1	Questions Due	2016-06-08
2	Responses Issued	2016-06-10

BMS160000001	Document Phase Final	Document Description Addendum #3 Managed Care Services	Page 3 of 3
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ADDITIONAL TERMS AND CONDITIONS

See attached document(s) for additional Terms and Conditions

SOLICITATION NUMBER: BAFO 0511 BMS160000001
Addendum Number: 3

The purpose of this addendum is to modify the solicitation identified as ("Solicitation") to reflect the change(s) identified and described below.

Applicable Addendum Category:

- Modify bid opening date and time
- Modify specifications of product or service being sought
- Attachment of vendor questions and responses
- Attachment of pre-bid sign-in sheet
- Correction of error
- Other

Description of Modification to Solicitation:

- 1) To provide responses to questions submitted by vendors.
- 2) To provide the correct documents which were inadvertently left out of the original BAFO documents entitled "Procurement of Managed Care Organization Services".
- 3) To provide the revised Service Provider Agreement.

Note: Only electronic versions of this documentation will be provided and can be downloaded on our www.wvOASIS.gov website.

Additional Documentation: Documentation related to this Addendum (if any) has been included herewith as Attachment A and is specifically incorporated herein by reference.

Terms and Conditions:

1. All provisions of the Solicitation and other addenda not modified herein shall remain in full force and effect.
2. Vendor should acknowledge receipt of all addenda issued for this Solicitation by completing an Addendum Acknowledgment, a copy of which is included herewith. Failure to acknowledge addenda may result in bid disqualification. The addendum acknowledgement should be submitted with the bid to expedite document processing.

ADDENDUM ACKNOWLEDGEMENT FORM
SOLICITATION NO.: BMS160000002

Instructions: Please acknowledge receipt of all addenda issued with this solicitation by completing this addendum acknowledgment form. Check the box next to each addendum received and sign below. Failure to acknowledge addenda may result in bid disqualification.

Acknowledgment: I hereby acknowledge receipt of the following addenda and have made the necessary revisions to my proposal, plans and/or specification, etc.

Addendum Numbers Received:

(Check the box next to each addendum received)

- | | |
|--|--|
| <input checked="" type="checkbox"/> Addendum No. 1 | <input type="checkbox"/> Addendum No. 6 |
| <input checked="" type="checkbox"/> Addendum No. 2 | <input type="checkbox"/> Addendum No. 7 |
| <input checked="" type="checkbox"/> Addendum No. 3 | <input type="checkbox"/> Addendum No. 8 |
| <input type="checkbox"/> Addendum No. 4 | <input type="checkbox"/> Addendum No. 9 |
| <input type="checkbox"/> Addendum No. 5 | <input type="checkbox"/> Addendum No. 10 |

I understand that failure to confirm the receipt of addenda may be cause for rejection of this bid. I further understand that any verbal representation made or assumed to be made during any oral discussion held between Vendor's representatives and any state personnel is not binding. Only the information issued in writing and added to the specifications by an official addendum is binding.

West Virginia Family Health Plan, Inc.
Company

Authorized Signature

June 16, 2016

Date

NOTE: This addendum acknowledgement should be submitted with the bid to expedite document processing.

Revised 6/8/2012



1550 Liberty Ridge Drive, Suite 200
Wayne, PA 19087-5572
Tel + 610 687.5644
Fax + 610 687.4236
www.milliman.com

June 16, 2016

Tove Stigum
VP, Senior Markets Actuarial
Highmark, Inc.
120 Fifth Avenue Place
17th Floor, Suite 1720
Pittsburgh, PA 15222-3099

Re: Actuarial Certification for SFY 2017 West Virginia Medicaid Projected Rates for West Virginia Family Health

Dear Tove,

West Virginia Family Health (WVFH) has requested that Milliman review the rate development for the attached SFY 2017 West Virginia Medicaid proposed rates. The purpose of this letter is to provide our certification regarding the soundness of the rates. Our analysis and results may not be appropriate for any other use.

Certification

I, John Thompson, FSA, MAAA, am a Member of the American Academy of Actuaries and meet the Academy's qualification standards for this type of analysis.

I have reviewed the development of the attached SFY 2017 capitation rates (net of withhold) and find the rates to be actuarially sound. My determination that the rates are actuarially sound is based on the following criteria:

- The capitation rates have been developed in accordance with generally accepted actuarial principles and practices.
- The capitation rates are appropriate for the populations to be covered and the services to be furnished under the contract.
- The data and assumptions used in the development of the rates are reasonable.

Summary of Review

The proposed rates were developed using WVFH experience data from the 10/1/15-3/31/16 time period. The claims were paid through 5/31/16 to allow for two months of claims runout. Hepatitis C drugs and transplant claims were removed from the experience since these services will be carved out in SFY 2017. The claims were completed appropriately based on analysis of claims lag tables that organize the data by paid and incurred month. Furthermore, the claims lag tables were adjusted to account for recent claims reprocessing activity by moving all the adjustments back to the original claim payment date. Our understanding is that WVFH does not expect significant future reprocessing activity and therefore it is appropriate to move the adjustments to avoid lowering the completion factors and inflating the projections. However, there is risk that the rates will not be adequate if future reprocessing activity is greater than expected.

The choice of a recent six-month time period is reasonable given that WVFH was a new MCO as of September 2014 and enrollment ramped up over the course of 2015. In addition, the Expansion population covered under the West Virginia Health Bridge (WVHB) program did not begin coverage with WVFH until September 2015. Therefore, use of this recent time period allows for an experience base that best captures the current WVFH enrollees. This is especially important under West Virginia Medicaid which does not risk adjust the Medicaid capitations.

WVFH does not have enough history from which to derive experience trends and is therefore relying on trends of 3% for medical and 8.5% for prescription drug. I reviewed these trends and found them to be reasonable and consistent with my general expectations for a Medicaid Managed Care program.

WVFH is expecting managed care initiatives to mitigate some of the cost increases due to trend and is therefore applying a 2% savings adjustment in the projection. I have not reviewed any detailed savings projections related to this anticipated savings. However, I find this to be a generally reasonable expectation for achievable savings within the given timeframe.

WVFH is relying on a 10.6% retention load, consisting of 9.0% for administrative expense and 1.6% for risk margin. These amounts are reasonable and consistent with my expectations for a Medicaid Managed Care program.

To project the rates by rate cell, WVFH is relying on smoothing since there is not enough of a membership base from which to develop rate cell/region specific projections. Therefore, an overall rate requirement was projected for the Mountain Health Trust (MHT) program. Then, each of the rates from the Lewin development was adjusted proportionally in order to produce the required revenue. I found this approach to be reasonable.

For WVHB, the rates were projected separately by rate cell in total (i.e., for the combined three regions). Then each of the three regional rates from the Lewin development were adjusted proportionally to produce the required revenue for each rate cell. For the Over 40 rate cell, WVFH is proposing splitting this rate cell into 5-year age bands, based on actual WVFH experience by

age. WVFH has received a disproportionate share of members in the Over 40 rate cell which has worse experience than the younger rate cells. There is concern that WVFH also has a disproportionate share of older members within the Over 40 rate cell. The expected costs for enrollees at the high end of this age range are much higher than the expected costs for enrollees at the lower end of this age range. The lack of risk adjusted rates further exacerbates this potential selection problem. Therefore, it is reasonable to mitigate this risk somewhat by relying on more narrowly defined rate cells.

Limitations

The following limitations apply to our analysis.

- **Data Reliance** – In performing our analysis, we relied on data and other information provided by WVFH. The data and information was checked for general reasonableness, but we have not audited or verified this data and other information. Such a review is beyond the scope of our assignment. If the underlying data or information is inaccurate or incomplete, the results of our analysis may likewise be inaccurate or incomplete.
- **Variability** – It is certain that actual experience will not conform exactly to the assumptions used in the rate projections. To the extent that actual experience is different from the assumptions used in the projections, the actual amounts will also deviate from the projected amounts.
- **Distribution and Use** – This letter has been prepared for the use of and is only to be relied upon by the management of WVFH. We understand that this will be shared with the West Virginia Bureau for Medical Services. No portion of this letter may be provided to any other party without Milliman's prior written consent. In the event such consent is provided, the letter must be provided in its entirety. Milliman does not intend to benefit any third party recipient of its work product, even if Milliman consents to the release of its work product to such third party.

Please call me at 610-975-8981 if you have any questions or if there is any additional assistance that we can provide.

Sincerely,



John J. Thompson, FSA, MAAA
Consulting Actuary

JJT

**West Virginia Family Health
SFY 2017 Requested Rates**

TANF Population

Cohort	North			East			South		
	Low	High	Bid Amount	Low	High	Bid Amount	Low	High	Bid Amount
<1 yr	\$408.78	\$408.83	\$436.99	\$416.56	\$416.61	\$445.31	\$441.94	\$441.99	\$472.44
1 yr	\$141.27	\$141.32	\$151.06	\$143.96	\$144.01	\$153.93	\$152.73	\$152.78	\$163.30
2-14 yr	\$147.59	\$147.64	\$157.81	\$150.40	\$150.45	\$160.81	\$159.56	\$159.61	\$170.61
15-19 F	\$220.27	\$220.32	\$235.50	\$224.46	\$224.51	\$239.98	\$238.14	\$238.19	\$254.60
15-19 M	\$181.66	\$181.71	\$194.23	\$185.11	\$185.16	\$197.92	\$196.39	\$196.44	\$209.97
20-29 F	\$258.51	\$258.56	\$276.37	\$263.43	\$263.48	\$281.63	\$279.48	\$279.53	\$298.79
20-29 M	\$181.12	\$181.17	\$193.65	\$184.57	\$184.62	\$197.34	\$195.82	\$195.87	\$209.36
30-39 F	\$377.42	\$377.47	\$403.47	\$384.60	\$384.65	\$411.15	\$408.04	\$408.09	\$436.20
30-39 M	\$284.45	\$284.50	\$304.10	\$289.86	\$289.91	\$309.88	\$307.53	\$307.58	\$328.77
40+	\$451.73	\$451.78	\$482.90	\$460.33	\$460.38	\$492.10	\$488.38	\$488.43	\$522.08

CSHCN TANF Population

Cohort	North			East			South		
	Low	High	Bid Amount	Low	High	Bid Amount	Low	High	Bid Amount
<1 yr	\$2,399.11	\$2,399.16	\$2,564.44	\$2,444.78	\$2,444.83	\$2,613.25	\$2,593.74	\$2,593.79	\$2,772.47
1 yr	\$829.08	\$829.13	\$886.25	\$844.87	\$844.92	\$903.13	\$896.34	\$896.39	\$958.14
2-14 yr	\$866.19	\$866.24	\$925.91	\$882.68	\$882.73	\$943.54	\$936.46	\$936.51	\$1,001.03
15-19 F	\$1,292.76	\$1,292.81	\$1,381.87	\$1,317.36	\$1,317.41	\$1,408.17	\$1,397.63	\$1,397.68	\$1,493.96
15-19 M	\$1,066.13	\$1,066.18	\$1,139.63	\$1,086.42	\$1,086.47	\$1,161.32	\$1,152.62	\$1,152.67	\$1,232.08
20-29 F	\$258.51	\$258.56	\$276.37	\$263.43	\$263.48	\$281.63	\$279.48	\$279.53	\$298.79
20-29 M	\$181.12	\$181.17	\$193.65	\$184.57	\$184.62	\$197.34	\$195.82	\$195.87	\$209.36
30-39 F	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
30-39 M	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
40+	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

**West Virginia Family Health
SFY 2017 Requested Rates**

Pregnancy Population

Cohort	North			East			South		
	Low	High	Bid Amount	Low	High	Bid Amount	Low	High	Bid Amount
<1 yr	\$337.06	\$337.11	\$360.33	\$343.48	\$343.53	\$367.20	\$364.41	\$364.46	\$389.57
1 yr	\$337.06	\$337.11	\$360.33	\$343.48	\$343.53	\$367.20	\$364.41	\$364.46	\$389.57
2-14 yr	\$337.06	\$337.11	\$360.33	\$343.48	\$343.53	\$367.20	\$364.41	\$364.46	\$389.57
15-19 F	\$337.06	\$337.11	\$360.33	\$343.48	\$343.53	\$367.20	\$364.41	\$364.46	\$389.57
15-19 M	\$337.06	\$337.11	\$360.33	\$343.48	\$343.53	\$367.20	\$364.41	\$364.46	\$389.57
20-29 F	\$337.06	\$337.11	\$360.33	\$343.48	\$343.53	\$367.20	\$364.41	\$364.46	\$389.57
20-29 M	\$337.06	\$337.11	\$360.33	\$343.48	\$343.53	\$367.20	\$364.41	\$364.46	\$389.57
30-39 F	\$337.06	\$337.11	\$360.33	\$343.48	\$343.53	\$367.20	\$364.41	\$364.46	\$389.57
30-39 M	\$337.06	\$337.11	\$360.33	\$343.48	\$343.53	\$367.20	\$364.41	\$364.46	\$389.57
40+	\$337.06	\$337.11	\$360.33	\$343.48	\$343.53	\$367.20	\$364.41	\$364.46	\$389.57

Expansion Population

Cohort	North			East			South		
	Low	High	Bid Amount	Low	High	Bid Amount	Low	High	Bid Amount
<1 yr	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
1 yr	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
2-14 yr	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
15-19 F	\$205.19	\$205.24	\$273.46	\$196.79	\$196.84	\$262.27	\$210.26	\$210.31	\$280.22
15-19 M	\$131.43	\$131.48	\$179.74	\$126.05	\$126.10	\$172.39	\$134.67	\$134.72	\$184.17
20-29 F	\$237.05	\$237.10	\$316.44	\$227.34	\$227.39	\$303.48	\$242.91	\$242.96	\$324.26
20-29 M	\$194.40	\$194.45	\$229.33	\$186.44	\$186.49	\$219.95	\$199.20	\$199.25	\$235.00
30-39 F	\$305.30	\$305.35	\$418.89	\$292.81	\$292.86	\$401.76	\$312.85	\$312.90	\$429.25
30-39 M	\$288.24	\$288.29	\$324.51	\$276.44	\$276.49	\$311.23	\$295.36	\$295.41	\$332.53
40-44	\$461.76	\$461.81	\$480.89	\$442.86	\$442.91	\$461.21	\$473.17	\$473.22	\$492.77
45-49	\$461.76	\$461.81	\$569.33	\$442.86	\$442.91	\$546.03	\$473.17	\$473.22	\$583.39
50-54	\$461.76	\$461.81	\$616.25	\$442.86	\$442.91	\$591.03	\$473.17	\$473.22	\$631.48
55-59	\$461.76	\$461.81	\$654.52	\$442.86	\$442.91	\$627.73	\$473.17	\$473.22	\$670.69
60-64	\$461.76	\$461.81	\$699.97	\$442.86	\$442.91	\$671.32	\$473.17	\$473.22	\$717.26

**West Virginia Family Health
SFY 2017 Requested Rates**

SSI Population

Cohort	North			East			South		
	Low	High	Bid Amount	Low	High	Bid Amount	Low	High	Bid Amount
<1 yr	\$2,715.53	\$2,715.58	\$2,715.58	\$2,767.22	\$2,767.27	\$2,767.27	\$2,935.83	\$2,935.88	\$2,935.88
1 yr	\$863.22	\$863.27	\$863.27	\$879.65	\$879.70	\$879.70	\$933.25	\$933.30	\$933.30
2-14 yr	\$497.39	\$497.44	\$497.44	\$506.86	\$506.91	\$506.91	\$537.74	\$537.79	\$537.79
15-19 F	\$471.55	\$471.60	\$471.60	\$480.52	\$480.57	\$480.57	\$509.80	\$509.85	\$509.85
15-19 M	\$427.25	\$427.30	\$427.30	\$435.38	\$435.43	\$435.43	\$461.91	\$461.96	\$461.96
20-29 F	\$617.15	\$617.20	\$617.20	\$628.90	\$628.95	\$628.95	\$667.22	\$667.27	\$667.27
20-29 M	\$519.19	\$519.24	\$519.24	\$529.07	\$529.12	\$529.12	\$561.31	\$561.36	\$561.36
30-39 F	\$746.20	\$746.25	\$746.25	\$760.41	\$760.46	\$760.46	\$806.74	\$806.79	\$806.79
30-39 M	\$578.77	\$578.82	\$578.82	\$589.79	\$589.84	\$589.84	\$625.72	\$625.77	\$625.77
40+	\$1,000.16	\$1,000.21	\$1,000.21	\$1,019.19	\$1,019.24	\$1,019.24	\$1,081.29	\$1,081.34	\$1,081.34

Delivery

Region	Low	High	Bid Amount
North Region	\$4,751.31	\$4,751.36	\$5,078.68
East Region	\$4,774.39	\$4,774.44	\$5,103.35
South Region	\$4,628.95	\$4,629.00	\$4,947.89



West Virginia Family Health

May 19, 2016

Secretary Karen L. Bowling
West Virginia Department of Health and Human Resources
One Davis Square, Suite 100 East
Charleston, West Virginia 25301

Re: WVFH Request for immediate premium rate correction for BMS ACA Expansion population

Dear Secretary Bowling,

The actuarial staff supporting West Virginia Family Health (WVFH) has identified a deficiency in the actuarial rate calculation that warrants immediate rate correction for Medicaid Expansion participants. The following is a summary of our findings:

- Using TANF Rx utilization to estimate Medicaid Expansion Rx utilization for the development of new ACA Rx rates, as was done in the "Overview of West Virginia's Derivation of SFY16 Medicaid Managed Care Payment Methodology", is inappropriate since Medicaid Expansion Rx utilization levels are 20.8% higher than TANF's.
- The risk corridor agreement that covers this population is intended to capture unknown risk variation and does not preclude the state from an obligation to use actuarially valid capitation rates.
- Given the separate MLR Rebate requirements for TANF and Medicaid Expansion, and WVFH's disproportionate share of Medicaid Expansion, we are most likely in the position of having to rebate on the TANF program while incurring significant losses on Medicaid Expansion for an overall health plan loss.
- The possibility of the state extending the current premium inadequacies beyond June 30, 2016 further compounds the current surplus strain and is not actuarially sound.
- Given that the SFY16 contract ACA rates are 100% funded by the federal government, any correction will be budget neutral to the State.
- We anticipate the SFY16 contract year impact to WVFH of this rate deficiency to be \$18,935,000.

As a result of these issues, West Virginia Family Health has been required to restate its operating results for calendar year 2015 and the first quarter of 2016 to be filed with the Offices of the West Virginia Insurance Commission. This restatement of

Memo

To: Jason Landers
From: Douglas McCann, FSA MAAA
Date: May 17, 2016
Re: Capitation Rate Adequacy for Expansion Pharmacy

Jason, at your request, I have examined the adequacy of the capitation rates for the pharmacy coverage provided by West Virginia Family Health for the Expansion beneficiaries. You also asked for an explanation of any significant inadequacies in the capitations. As shown below, the provision for medical claims in the Expansion capitation is adequate while the provision for pharmacy claims is inadequate.

Table 1

West Virginia Family Health	Expansion	
	Medical	Pharmacy
Claims PMPM in SFY16 Capitation	\$ 231.67	\$ 80.12
Incurred Claims PMPM ⁽¹⁾	\$ 242.16	\$ 125.61
Difference	\$ (10.49)	\$ (45.49)

For 9/1/2015 through 4/30/2016
⁽¹⁾ Paid through April 2016, Completed

I used the information presented in the "Overview of West Virginia's Derivation of SFY16 Medicaid Managed Care Payment Methodology" (Rate Book) and adjusted it to West Virginia Family Health's distribution of membership by population, cohort, and region to develop the Claims pmpm in the SFY16 Capitation. I'll go through the steps to develop this comparison later in this document.

The cause of the estimation error has to do with an adjustment described in the Rate Book to correct for suppressed utilization due to delayed utilization review during the base period. In the rate book, (pages 38 and 39), the actuaries noted a suppressed level of drug utilization during the base period due to delays in utilization review. To develop an adjustment to correct for the understatement of drug utilization, the actuaries compared the TANF

Here is a summary of our TANF drug experience:

	TANF Drug Claims	TANF Exposure	TANF PMPM
Newborn	204,676	11,120	18.41
Pregnant Women	267,470	6,262	42.71
1 Year	61,581	3,649	16.88
2-14 Years	1,182,972	33,423	35.39
15-19 Years F	470,725	6,427	73.24
15-19 Years M	185,555	6,292	29.49
20-29 Years F	363,686	8,822	41.22
20-29 Years M	99,302	2,687	36.96
30-39 Years F	869,342	9,172	94.78
30-39 Years M	194,529	3,875	50.20
40+ Years	1,336,453	8,943	149.44

9/1/2015 to 4/30/2016 pd through 4/30/2016

For the same time period as noted above, our Expansion membership was:

	Expansion Exposure
Newborn	-
Pregnant Women	-
1 Year	-
2-14 Years	-
15-19 Years F	2,764
15-19 Years M	2,462
20-29 Years F	40,548
20-29 Years M	41,906
30-39 Years F	32,174
30-39 Years M	37,066
40+ Years	<u>174,232</u>
	331,152

This is a summary of our Expansion drug experience:

Expansion Drug PMPM			
	Expansion Drug Claims	Expansion Exposure	Expansion PMPM
Newborn	-	-	
Pregnant Women	-	-	
1 Year	-	-	
2-14 Years	-	-	
15-19 Years F	83,012	2,764	30.03
15-19 Years M	64,553	2,462	26.22
20-29 Years F	2,332,205	40,548	57.52
20-29 Years M	2,049,478	41,906	48.91
30-39 Years F	3,516,150	32,174	109.29
30-39 Years M	3,088,233	37,066	83.32
40+ Years	<u>30,461,694</u>	<u>174,232</u>	<u>174.83</u>
	41,595,324	331,152	125.61
9/1/2015 to 4/30/2016 pd through 4/30/2016			

With our experience at 125.61 pmpm instead of 96.91, it is clear this adjustment was incorrect.

Background on Table 1

To examine the adequacy of the provision for claims in the capitations we took the following steps:

1. Remove the load for administrative expenses and margin;
2. Split the claims provision between Medical and Pharmacy;
3. Aggregate these to the statewide level using WVFH membership.

Table 52 Total		307.74
Medical Percent of Claims	$(307.74-79.08) / 307.74$	74.3%
Pharmacy Percent of Claims	$79.08 / 307.74$	25.7%

Applying these percentages, we get the following for the provision for the medical and pharmacy claims in the capitation:

	Medical			Pharmacy		
	North	East	South	North	East	South
Newborn						
1 Year						
2-14 Years						
15-19 Years F	133.51	127.85	138.71	46.17	44.22	47.97
15-19 Years M	92.66	88.73	96.26	32.04	30.68	33.29
20-29 Years F	155.08	148.51	161.12	53.63	51.36	55.72
20-29 Years M	128.67	123.22	133.68	44.50	42.62	46.23
30-39 Years F	193.26	185.07	200.79	66.84	64.01	69.44
30-39 Years M	189.42	181.40	196.81	65.51	62.74	68.06
40+ Years	289.14	276.88	300.39	99.99	95.76	103.89

3. Aggregate these to the statewide level using WVFH membership.

This is the member month distribution for 2015:

	North	East	South
Newborn	-	-	-
1 Year	-	-	-
2-14 Years	-	-	-
15-19 Years F	986	472	1,306
15-19 Years M	931	391	1,140
20-29 Years F	15,809	6,607	18,132
20-29 Years M	15,414	6,098	20,394
30-39 Years F	12,428	4,957	14,789
30-39 Years M	12,998	5,472	18,596
40+ Years	67,449	29,025	77,758

Applying this member month distribution to the above provision for claims, we obtain 231.67 pmpm for the medical and 80.12 pmpm for the pharmacy.



West Virginia Family Health

June 9, 2016

April Battle
Purchasing Division
2019 Washington Street, East
Charleston, West Virginia 25305

BY HAND DELIVERY

Re: CRFQ 0511 BMS160000002 Bid Protest

Dear Ms. Battle,

West Virginia Family Health (WVFH) is formally protesting the bid specifications for the BMS WV Medicaid procurement of Managed Care Organization (MCO) services (CRFQ 0511 BMS160000002). This protest is based on the following grounds:

1. Insufficient Time to Complete the Process

This bid is for a \$1.5 Billion dollar Managed Medicaid contract. This contract is very technical in nature and is significant enough that high level approval is required by the MCOs in addition to the very technically driven actuarial work that must be completed. The bid solicitation includes a request for Best and Final Offer (BAFO) purportedly issued on June 3, 2016. However, this bid was actually not made available until June 6, 2016. Questions were due by June 8, 2016 at 3PM.

Responses to these questions are required for completion of the bid. The responses to the submitted questions will not be available before June 10, 2016. Final submission of the BAFO bid is due by June 14 at 1:30PM.

The request was made available to the MCOs less than 10 days before the deadline for submission. There was insufficient time to develop the questions for an accurate and competitive submission. The State will have insufficient time for thoughtful answers to what are very detailed and technical questions. And finally, there is insufficient time to complete a fair and competitive bid for the State.

Proposed Resolution: Additional time for the State to provide responses to the MCO questions and an extension after the formal question and answer period is complete to submit bids.

2. Rate Submission Format

The State requires that bids must be submitted in a rate cell format between and upper and lower limit. These upper and lower limits allow for a range of only 5 cents in each age, gender and region rate cell. This range is insufficient and fails to

meet the accepted standards for actuarially sound rates. This impedes the MCOs ability to submit the mandated actuarially certified rates. Furthermore, the use of 5 cent bands essentially sets a price for the contract and eliminates the competitive nature of the bid process.

Proposed Resolution: Allow for submission outside of the individual ranges to the limit of actuarially certifiable rates.

3. Inappropriate Age/Gender Banding

The allowable rate cells for bids include a "super cell" which includes all Medicaid Managed Care enrollees who are 40 years and older. This "super cell" covers a broader age and gender band than the other categories and it encompasses ages in which the cost curve increases sharply with age. This allows for selection to occur with the state overpaying some plans who don't get as many older members of the category, while underpaying those who cover a disproportionate share of older members.

Proposed Resolution: The separation of this rate cell into five year rate bands will provide an opportunity for a competitive and sustainable bid.

Clearly, this compressed time-frame and the requirements of question submission and subsequent rate development have hampered our ability to formally protest these issues. Furthermore, time is of the essence for the consideration of this protest.

We appreciate your prompt attention to this formal protest.

Sincerely,



J. Fred Earley, II
President
WV Family Health
614 Market Street
Parkersburg, WV 26102