



November 1, 2021

AHCCCS Competitive Contract Expansion (CCE) YH20-0002

**Actuarial Certification
Health Choice Arizona, Inc.
AHCCCS ACC-RBHA Bids
October 1, 2022 – September 30, 2027**

I, Matthew H. Smith, am a Consulting Actuary with Milliman, Inc. I am a Fellow of the Society of Actuaries. I am also a Member of the American Academy of Actuaries and meet its qualification standards for rendering this opinion. I have been retained by Health Choice Arizona, Inc. (HCA) to provide a certification that the non-benefit costs bid submissions for the Expansion of the Complete Care Contract under the Arizona Health Care Cost Containment System (AHCCCS) meet the requirements of 42 CFR 438.5 (e) for the North, Central, and North/Central GSA.

The purpose of this certification is to comply with the Instructions to Offerors contained in the Expansion of the AHCCCS Complete Care Contract Request for Proposal (including amendments through the date of this certification) issued by AHCCCS. This certification may not be appropriate for other purposes.

The non-benefit costs to which this certification applies are attached in AHCCCS's required Non-Benefit Costs Bid Submission workbook for HCA's Best and Final Offer (BAFO) and shown in Attachments 1-3. The administrative non-benefit costs apply to the period October 1, 2022 through September 30, 2027.

It is my opinion that the attached non-benefit cost components are adequate to fund administrative expenses for HCA during the time period for which they are intended, for the Expansion of the Complete Care Contract as outlined in the RFP. If the Expanded Complete Care program were to change materially from that described in the RFP, the attached rates may not be adequate. In addition, I am relying on AHCCCS's statement that the medical cost component of the capitation rate will be "actuarially sound" as defined in the RFP, its amendments, and ASOP 49 "Medicaid Managed Care Capitation Rate Development and Certification".

Development of the Non-Benefit Costs

HCA developed the projected non-benefit costs shown in Attachments 1-3 for the North, Central, and North/Central GSA. I reviewed the methodology and assumptions and found them to be reasonable. HCA provided the following description of their methodology:

HCA has developed the HCA RBHA administrative bid costs for CCE YH20-0002 by using actual experience, trended assumptions, and known variables.

Vendor and FTE costs were reviewed with department leaders and determined to be either fixed or variable expense. Examples of fixed costs include office space rent, staff salary and benefit costs, annual financial audits and actuary work, and some costs associated with IT services. If costs were plan specific, 100% of those expenses were charged directly to that plan. If costs were utilized by multiple lines of business, costs were allocated based on member months, usage, or management estimation. FTE costs were allocated based on department support by line of business. For example, claims processing was allocated based on claims adjudication experience, member services were allocated based on call volume.

After known costs were identified as fixed or variable they were applied to projected membership, increases were made to the central GSA fixed costs for office space and facility operations. Experienced data was used, and adjustments were applied to account for membership changes, cost trends, expected changes in salary & benefits, number of FTEs, corporate overhead allocation, rent and other fixed costs.

Reasonableness of the Non-Benefit Costs

In forming my opinion, I performed several reasonableness tests. While performing these tests, I relied on HCA's description of the process used to develop the estimates, HCA's budgeted amounts, and the Supplemental data provided by AHCCCS.

1) I compared the projected administrative cost budget for the bid to the plan's current administrative costs as provided in the financial documents, as well as the audited financial statements of the other RBHA contractors in Arizona.

2) I also compared HCA's projected PMPM costs to the PMPM amounts that AHCCCS is paying current RBHA contractors in their CYE 21 and CYE 22 rates in the North and Central regions.

3) As an additional test of reasonableness, I compared the anticipated administrative costs to projected medical and behavioral claim costs levels under the RBHA portion of the Expanded Complete Care contract. In doing so I used claim cost levels provided in the AHCCCS Supplemental data. I projected claims costs accounting for: programmatic and fee schedule changes; efficiency gains; completion; and overall trend.

I further considered the anticipated impact of the combined ACC-RBHA risk corridor. This included potential risk corridor payable or receivable amounts under the ACC contract in the absence of the ACC-RBHA combined contract, and the anticipated impact of the additional ACC-RBHA experience on the overall projected risk corridor payable or receivable amounts.

4) I also conducted scenario testing around various assumptions relating to claims trend, revenue trend, administrative cost variability vs bid, and in which regions HCA will be a successful bidder.

After examining the budget and conducting the tests described above, I have found HCA's projected administrative costs (shown in Attachments 1-3) to be reasonable.

Caveats

My determination is based on a review of the claim experience and other information provided by AHCCCS; administrative cost development and budget information provided by HCA; and my professional judgment. In performing my analysis, I relied on data and other information provided by AHCCCS and HCA. I have not audited or verified this data and other information. If the underlying data or information is inaccurate or incomplete, the results of my analysis may likewise be inaccurate or incomplete.

I performed a limited review of the data used directly in our analysis for reasonableness and consistency and have not found any material defects in the data. If there are material defects in the data, it is possible that they would be uncovered by a detailed, systematic review and comparison of the data to search for data values that are questionable or for relationships that are materially inconsistent. Such a review was beyond the scope of my analysis.

The administrative costs in the attached bid submission sheets for North, Central, and North/Central GSA are estimates only and include assumptions regarding future experience. In my opinion, the assumptions used are applicable for the purpose of this certification and are reasonably related to the experience of HCA and/or experience provided by AHCCCS and to reasonable expectations. Actual results will differ from the figures indicated in the final offered rates to the extent that future plan experience deviates from expected experience.

Actuarial methods, considerations, and analyses used in forming my opinion conform to the appropriate Standards of Practice as promulgated by the Actuarial Standards Board, whose standards form the basis of this statement of opinion.

A handwritten signature in dark ink, reading "Matthew H. Smith". The signature is written in a cursive style with a horizontal line extending from the end.

Matthew H. Smith, FSA, MAAA
November 1, 2021

Actuarial Certification
Health Choice Arizona, Inc.
Attachment 1
Projected RBHA Administrative Costs - North Region

Administrative Bid Component										
	SMI Rate Cell					Crisis 24 Hour Group Rate Cell				
MCO Compensation	CYE 23	CYE 24	CYE 25	CYE 26	CYE 27	CYE 23	CYE 24	CYE 25	CYE 26	CYE 27
Business and Finance	\$ 721,595.87	\$ 743,243.74	\$ 765,541.05	\$ 788,507.29	\$ 812,162.51	\$ 71,366.62	\$ 73,507.62	\$ 75,712.85	\$ 77,984.24	\$ 80,323.76
Care Management/Care Coordination	\$ 2,625,993.18	\$ 2,704,772.97	\$ 2,785,916.16	\$ 2,869,493.65	\$ 2,955,578.46	\$ 259,713.61	\$ 267,505.02	\$ 275,530.17	\$ 283,796.08	\$ 292,309.96
Claims and Encounters	\$ 61,108.72	\$ 62,941.98	\$ 64,830.24	\$ 66,775.15	\$ 68,778.40	\$ 6,043.72	\$ 6,225.03	\$ 6,411.78	\$ 6,604.14	\$ 6,802.26
Clinical Management	\$ 1,192,461.08	\$ 1,228,234.91	\$ 1,265,081.96	\$ 1,303,034.42	\$ 1,342,125.45	\$ 117,935.71	\$ 121,473.78	\$ 125,118.00	\$ 128,871.54	\$ 132,737.68
Compliance/Legal	\$ 116,247.06	\$ 119,734.47	\$ 123,326.50	\$ 127,026.30	\$ 130,837.09	\$ 11,496.96	\$ 11,841.87	\$ 12,197.13	\$ 12,563.04	\$ 12,939.93
Dental	\$ 6,932.08	\$ 7,140.04	\$ 7,354.24	\$ 7,574.87	\$ 7,802.11	\$ 685.59	\$ 706.16	\$ 727.34	\$ 749.16	\$ 771.64
Executive	\$ 260,984.47	\$ 268,814.01	\$ 276,878.43	\$ 285,184.78	\$ 293,740.32	\$ 25,811.65	\$ 26,586.00	\$ 27,383.58	\$ 28,205.09	\$ 29,051.24
Health Care Quality Improvement	\$ 1,593,156.97	\$ 1,640,951.68	\$ 1,690,180.23	\$ 1,740,885.64	\$ 1,793,112.20	\$ 157,564.97	\$ 162,291.92	\$ 167,160.68	\$ 172,175.50	\$ 177,340.77
Information Services / Technology	\$ 133,121.68	\$ 137,115.33	\$ 141,228.79	\$ 145,465.66	\$ 149,829.63	\$ 13,165.88	\$ 13,560.86	\$ 13,967.68	\$ 14,386.71	\$ 14,818.31
Interpretive Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Member Services	\$ 47,474.27	\$ 48,898.49	\$ 50,365.45	\$ 51,876.41	\$ 53,432.71	\$ 4,695.26	\$ 4,836.11	\$ 4,981.20	\$ 5,130.63	\$ 5,284.55
Pharmacy Management	\$ 14,476.45	\$ 14,910.75	\$ 15,358.07	\$ 15,818.81	\$ 16,293.37	\$ 1,431.74	\$ 1,474.69	\$ 1,518.93	\$ 1,564.50	\$ 1,611.43
Program Integrity (Fraud, Waste & Abuse)	\$ 4,128.82	\$ 4,252.69	\$ 4,380.27	\$ 4,511.68	\$ 4,647.03	\$ 408.35	\$ 420.60	\$ 433.21	\$ 446.21	\$ 459.60
Provider Relations and Network Management	\$ 35,180.57	\$ 36,235.99	\$ 37,323.07	\$ 38,442.76	\$ 39,596.04	\$ 3,479.40	\$ 3,583.78	\$ 3,691.29	\$ 3,802.03	\$ 3,916.09
Other	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total MCO Compensation	\$ 6,812,861.21	\$ 7,017,247.05	\$ 7,227,764.46	\$ 7,444,597.39	\$ 7,667,935.32	\$ 673,799.46	\$ 694,013.44	\$ 714,833.85	\$ 736,278.86	\$ 758,367.23
Professional and Outside Services	CYE 23	CYE 24	CYE 25	CYE 26	CYE 27	CYE 23	CYE 24	CYE 25	CYE 26	CYE 27
Business and Finance	\$ 290,167.93	\$ 298,872.96	\$ 307,839.15	\$ 317,074.33	\$ 326,586.56	\$ 28,697.93	\$ 29,558.86	\$ 30,445.63	\$ 31,359.00	\$ 32,299.77
Care Management/Care Coordination	\$ 425,444.86	\$ 438,208.21	\$ 451,354.46	\$ 464,895.09	\$ 478,841.94	\$ 42,076.96	\$ 43,339.27	\$ 44,639.45	\$ 45,978.64	\$ 47,357.99
Claims and Encounters	\$ 49,127.19	\$ 50,601.00	\$ 52,119.03	\$ 53,682.61	\$ 55,293.08	\$ 4,858.73	\$ 5,004.49	\$ 5,154.63	\$ 5,309.27	\$ 5,468.55
Clinical Management	\$ 7,040.43	\$ 7,251.64	\$ 7,469.19	\$ 7,693.26	\$ 7,924.06	\$ 696.31	\$ 717.20	\$ 738.71	\$ 760.87	\$ 783.70
Compliance/Legal	\$ 2,473.68	\$ 2,547.89	\$ 2,624.33	\$ 2,703.06	\$ 2,784.15	\$ 244.65	\$ 251.99	\$ 259.55	\$ 267.34	\$ 275.36
Dental	\$ 3,438.90	\$ 3,542.07	\$ 3,648.33	\$ 3,757.78	\$ 3,870.52	\$ 340.11	\$ 350.31	\$ 360.82	\$ 371.65	\$ 382.80
Executive	\$ 602,122.88	\$ 620,186.56	\$ 638,792.16	\$ 657,955.93	\$ 677,694.60	\$ 59,550.61	\$ 61,337.13	\$ 63,177.25	\$ 65,072.56	\$ 67,024.74
Health Care Quality Improvement	\$ 32,900.25	\$ 33,887.26	\$ 34,903.88	\$ 35,950.99	\$ 37,029.52	\$ 3,253.87	\$ 3,351.49	\$ 3,452.03	\$ 3,555.59	\$ 3,662.26
Information Services / Technology	\$ 83,300.56	\$ 85,799.58	\$ 88,373.57	\$ 91,024.77	\$ 93,755.52	\$ 8,238.52	\$ 8,485.67	\$ 8,740.24	\$ 9,002.45	\$ 9,272.52
Interpretive Services	\$ 4,032.52	\$ 4,153.50	\$ 4,278.10	\$ 4,406.45	\$ 4,538.64	\$ 398.82	\$ 410.79	\$ 423.11	\$ 435.80	\$ 448.88
Member Services	\$ 19,298.06	\$ 19,877.00	\$ 20,473.31	\$ 21,087.51	\$ 21,720.14	\$ 1,908.60	\$ 1,965.86	\$ 2,024.83	\$ 2,085.58	\$ 2,148.15
Pharmacy Benefit Manager Expenses	\$ 153,522.46	\$ 158,128.14	\$ 162,871.98	\$ 167,758.14	\$ 172,790.89	\$ 15,183.54	\$ 15,639.05	\$ 16,108.22	\$ 16,591.46	\$ 17,089.21
Pharmacy Management	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Program Integrity (Fraud, Waste & Abuse)	\$ 5,390.34	\$ 5,552.05	\$ 5,718.62	\$ 5,890.17	\$ 6,066.88	\$ 533.11	\$ 549.10	\$ 565.58	\$ 582.54	\$ 600.02
Provider Relations and Network Management	\$ 6,567.10	\$ 6,764.11	\$ 6,967.03	\$ 7,176.05	\$ 7,391.33	\$ 649.49	\$ 668.98	\$ 689.05	\$ 709.72	\$ 731.01
Subcontractors	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Professional and Outside Services	\$ 1,684,827.17	\$ 1,735,371.99	\$ 1,787,433.15	\$ 1,841,056.14	\$ 1,896,287.83	\$ 166,631.26	\$ 171,630.20	\$ 176,779.10	\$ 182,082.48	\$ 187,544.95
Non-Compensation	CYE 23	CYE 24	CYE 25	CYE 26	CYE 27	CYE 23	CYE 24	CYE 25	CYE 26	CYE 27
Interest Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Non-Capital Equipment and Licenses	\$ 86,921.18	\$ 89,528.82	\$ 92,214.68	\$ 94,981.12	\$ 97,830.56	\$ 8,596.60	\$ 8,854.50	\$ 9,120.13	\$ 9,393.74	\$ 9,675.55
Non-Compensation Health Care Quality Improvement	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Occupancy & Depreciation	\$ 490,774.54	\$ 505,497.78	\$ 520,662.71	\$ 536,282.59	\$ 552,371.07	\$ 48,538.14	\$ 49,994.29	\$ 51,494.11	\$ 53,038.94	\$ 54,630.11
Office Supplies, Equipment Repair, Maintenance	\$ 6,813.58	\$ 7,017.99	\$ 7,228.53	\$ 7,445.39	\$ 7,668.75	\$ 673.87	\$ 694.09	\$ 714.91	\$ 736.36	\$ 758.45
Printing, Postage, Fulfillment	\$ 39,337.73	\$ 40,517.86	\$ 41,733.39	\$ 42,985.40	\$ 44,274.96	\$ 3,890.54	\$ 4,007.26	\$ 4,127.48	\$ 4,251.30	\$ 4,378.84
Travel, Marketing, Insurance	\$ 119,230.10	\$ 122,807.00	\$ 126,491.21	\$ 130,285.94	\$ 134,194.52	\$ 11,791.99	\$ 12,145.75	\$ 12,510.12	\$ 12,885.42	\$ 13,271.99
Other	\$ 1,892.06	\$ 1,948.82	\$ 2,007.29	\$ 2,067.50	\$ 2,129.53	\$ 187.13	\$ 192.74	\$ 198.52	\$ 204.48	\$ 210.61
Total Non-Compensation	\$ 744,969.19	\$ 767,318.26	\$ 790,337.81	\$ 814,047.95	\$ 838,469.38	\$ 73,678.27	\$ 75,888.62	\$ 78,165.28	\$ 80,510.24	\$ 82,925.54
Total Admin Dollars	\$ 9,242,657.57	\$ 9,519,937.30	\$ 9,805,535.42	\$ 10,099,701.48	\$ 10,402,692.53	\$ 914,108.99	\$ 941,532.26	\$ 969,778.23	\$ 998,871.58	\$ 1,028,837.72

Total Management Fees Included Above	\$ 9,242,657.57	\$ 9,519,937.30	\$ 9,805,535.42	\$ 10,099,701.48	\$ 10,402,692.53	\$ 914,108.99	\$ 941,532.26	\$ 969,778.23	\$ 998,871.58	\$ 1,028,837.72
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Management Fee arrangement percentage (contracted)	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%
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Projected Member Months	79,085	79,085	79,085	79,085	79,085	2,811,550	2,811,550	2,811,550	2,811,550	2,811,550
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Actuarial Certification
Health Choice Arizona, Inc.
Attachment 2
Projected RBHA Administrative Costs - Central Region

Administrative Bid Component										
	SMI Rate Cell					Crisis 24 Hour Group Rate Cell				
MCO Compensation	CYE 23	CYE 24	CYE 25	CYE 26	CYE 27	CYE 23	CYE 24	CYE 25	CYE 26	CYE 27
Business and Finance	\$ 2,832,359.05	\$ 2,917,329.82	\$ 3,004,849.72	\$ 3,094,995.21	\$ 3,187,845.06	\$ 280,123.42	\$ 288,527.13	\$ 297,182.94	\$ 306,098.43	\$ 315,281.38
Care Management/Care Coordination	\$ 24,343,385.90	\$ 25,073,687.48	\$ 25,825,898.10	\$ 26,600,675.04	\$ 27,398,695.30	\$ 2,407,587.62	\$ 2,479,815.25	\$ 2,554,209.70	\$ 2,630,835.99	\$ 2,709,761.07
Claims and Encounters	\$ 1,747,919.69	\$ 1,800,357.28	\$ 1,854,368.00	\$ 1,909,999.04	\$ 1,967,299.01	\$ 172,871.18	\$ 178,057.31	\$ 183,399.03	\$ 188,901.00	\$ 194,568.03
Clinical Management	\$ 5,233,832.38	\$ 5,390,847.35	\$ 5,552,572.77	\$ 5,719,149.95	\$ 5,890,724.45	\$ 517,631.77	\$ 533,160.73	\$ 549,155.55	\$ 565,630.22	\$ 582,599.12
Compliance/Legal	\$ 469,935.12	\$ 484,033.18	\$ 498,554.17	\$ 513,510.80	\$ 528,916.12	\$ 46,477.10	\$ 47,871.41	\$ 49,307.56	\$ 50,786.78	\$ 52,310.39
Dental	\$ 54,724.36	\$ 56,366.09	\$ 58,057.07	\$ 59,798.78	\$ 61,592.75	\$ 5,412.30	\$ 5,574.67	\$ 5,741.91	\$ 5,914.17	\$ 6,091.59
Executive	\$ 295,598.12	\$ 304,466.07	\$ 313,600.05	\$ 323,008.05	\$ 332,698.29	\$ 29,234.98	\$ 30,112.03	\$ 31,015.39	\$ 31,945.85	\$ 32,904.23
Health Care Quality Improvement	\$ 6,674,165.64	\$ 6,874,390.61	\$ 7,080,622.32	\$ 7,293,040.99	\$ 7,511,832.22	\$ 660,082.32	\$ 679,884.79	\$ 700,281.33	\$ 721,289.77	\$ 742,928.46
Information Services / Technology	\$ 1,061,617.81	\$ 1,093,466.34	\$ 1,126,270.33	\$ 1,160,058.44	\$ 1,194,860.20	\$ 104,995.17	\$ 108,145.02	\$ 111,389.37	\$ 114,731.05	\$ 118,172.99
Interpretive Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Member Services	\$ 403,605.26	\$ 415,713.42	\$ 428,184.82	\$ 441,030.37	\$ 454,261.28	\$ 39,917.00	\$ 41,114.51	\$ 42,347.95	\$ 43,618.39	\$ 44,926.94
Pharmacy Management	\$ 233,053.82	\$ 240,045.44	\$ 247,246.80	\$ 254,664.21	\$ 262,304.13	\$ 23,049.28	\$ 23,740.76	\$ 24,452.98	\$ 25,186.57	\$ 25,942.17
Program Integrity (Fraud, Waste & Abuse)	\$ 59,022.63	\$ 60,793.31	\$ 62,617.11	\$ 64,495.62	\$ 66,430.49	\$ 5,837.40	\$ 6,012.53	\$ 6,192.90	\$ 6,378.69	\$ 6,570.05
Provider Relations and Network Management	\$ 394,859.04	\$ 406,704.81	\$ 418,905.95	\$ 431,473.13	\$ 444,417.32	\$ 39,051.99	\$ 40,223.55	\$ 41,430.26	\$ 42,673.17	\$ 43,953.36
Other	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total MCO Compensation	\$ 43,804,078.82	\$ 45,118,201.20	\$ 46,471,747.21	\$ 47,865,899.63	\$ 49,301,876.62	\$ 4,332,271.53	\$ 4,462,239.69	\$ 4,596,106.87	\$ 4,733,990.08	\$ 4,876,009.78
Professional and Outside Services	CYE 23	CYE 24	CYE 25	CYE 26	CYE 27	CYE 23	CYE 24	CYE 25	CYE 26	CYE 27
Business and Finance	\$ 2,539,473.45	\$ 2,615,657.65	\$ 2,694,127.38	\$ 2,774,951.20	\$ 2,858,199.74	\$ 251,156.71	\$ 258,691.42	\$ 266,452.16	\$ 274,445.72	\$ 282,679.10
Care Management/Care Coordination	\$ 14,416,348.78	\$ 14,848,839.25	\$ 15,294,304.42	\$ 15,753,133.56	\$ 16,225,727.56	\$ 1,425,792.74	\$ 1,468,566.52	\$ 1,512,623.51	\$ 1,558,002.22	\$ 1,604,742.29
Claims and Encounters	\$ 365,129.86	\$ 376,083.75	\$ 387,366.26	\$ 398,987.25	\$ 410,956.87	\$ 36,111.74	\$ 37,195.10	\$ 38,310.95	\$ 39,460.28	\$ 40,644.09
Clinical Management	\$ 14,282.60	\$ 14,711.08	\$ 15,152.41	\$ 15,606.99	\$ 16,075.20	\$ 1,412.57	\$ 1,454.94	\$ 1,498.59	\$ 1,543.55	\$ 1,589.85
Compliance/Legal	\$ 4,794.56	\$ 4,938.40	\$ 5,086.55	\$ 5,239.15	\$ 5,396.32	\$ 474.19	\$ 488.41	\$ 503.07	\$ 518.16	\$ 533.70
Dental	\$ 25,559.09	\$ 26,325.86	\$ 27,115.64	\$ 27,929.11	\$ 28,766.98	\$ 2,527.82	\$ 2,603.66	\$ 2,681.77	\$ 2,762.22	\$ 2,845.09
Executive	\$ 1,378,120.41	\$ 1,419,464.02	\$ 1,462,047.94	\$ 1,505,909.38	\$ 1,551,086.66	\$ 136,297.62	\$ 140,386.55	\$ 144,598.15	\$ 148,936.09	\$ 153,404.18
Health Care Quality Improvement	\$ 232,264.73	\$ 239,232.67	\$ 246,409.65	\$ 253,801.94	\$ 261,416.00	\$ 22,971.24	\$ 23,660.37	\$ 24,370.19	\$ 25,101.29	\$ 25,854.33
Information Services / Technology	\$ 464,051.59	\$ 477,973.14	\$ 492,312.33	\$ 507,081.70	\$ 522,294.15	\$ 45,895.21	\$ 47,272.07	\$ 48,690.23	\$ 50,150.94	\$ 51,655.47
Interpretive Services	\$ 29,971.08	\$ 30,870.21	\$ 31,796.31	\$ 32,750.20	\$ 33,732.71	\$ 2,964.17	\$ 3,053.10	\$ 3,144.69	\$ 3,239.03	\$ 3,336.20
Member Services	\$ 143,429.72	\$ 147,732.61	\$ 152,164.59	\$ 156,729.52	\$ 161,431.41	\$ 14,185.36	\$ 14,610.92	\$ 15,049.24	\$ 15,500.72	\$ 15,965.74
Pharmacy Benefit Manager Expenses	\$ 1,141,030.80	\$ 1,175,261.72	\$ 1,210,519.58	\$ 1,246,835.16	\$ 1,284,240.22	\$ 112,849.20	\$ 116,234.68	\$ 119,721.72	\$ 123,313.37	\$ 127,012.77
Pharmacy Management	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Program Integrity (Fraud, Waste & Abuse)	\$ 40,062.86	\$ 41,264.74	\$ 42,502.69	\$ 43,777.77	\$ 45,091.10	\$ 3,962.26	\$ 4,081.13	\$ 4,203.56	\$ 4,329.67	\$ 4,459.56
Provider Relations and Network Management	\$ 35,123.86	\$ 36,177.58	\$ 37,262.90	\$ 38,380.79	\$ 39,532.21	\$ 3,473.79	\$ 3,578.00	\$ 3,685.34	\$ 3,795.90	\$ 3,909.78
Subcontractors	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Professional and Outside Services	\$ 20,829,643.39	\$ 21,454,532.68	\$ 22,098,168.65	\$ 22,761,113.72	\$ 23,443,947.13	\$ 2,060,074.62	\$ 2,121,876.87	\$ 2,185,533.17	\$ 2,251,099.16	\$ 2,318,632.15
Non-Compensation	CYE 23	CYE 24	CYE 25	CYE 26	CYE 27	CYE 23	CYE 24	CYE 25	CYE 26	CYE 27
Interest Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Non-Capital Equipment and Licenses	\$ 309,357.13	\$ 318,637.84	\$ 328,196.98	\$ 338,042.89	\$ 348,184.17	\$ 30,595.76	\$ 31,513.63	\$ 32,459.04	\$ 33,432.81	\$ 34,435.80
Non-Compensation Health Care Quality Improvement	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Occupancy & Depreciation	\$ 950,235.61	\$ 978,742.68	\$ 1,008,104.96	\$ 1,038,348.11	\$ 1,069,498.55	\$ 93,979.35	\$ 96,798.73	\$ 99,702.69	\$ 102,693.77	\$ 105,774.58
Office Supplies, Equipment Repair, Maintenance	\$ 36,226.02	\$ 37,312.80	\$ 38,432.19	\$ 39,585.15	\$ 40,772.71	\$ 3,582.79	\$ 3,690.28	\$ 3,800.99	\$ 3,915.02	\$ 4,032.47
Printing, Postage, Fulfillment	\$ 291,863.91	\$ 300,619.83	\$ 309,638.42	\$ 318,927.58	\$ 328,495.40	\$ 28,865.66	\$ 29,731.63	\$ 30,623.58	\$ 31,542.29	\$ 32,488.56
Travel, Marketing, Insurance	\$ 477,905.17	\$ 492,242.32	\$ 507,009.59	\$ 522,219.88	\$ 537,886.48	\$ 47,265.35	\$ 48,683.31	\$ 50,143.81	\$ 51,648.12	\$ 53,197.56
Other	\$ 3,196.21	\$ 3,292.09	\$ 3,390.86	\$ 3,492.58	\$ 3,597.36	\$ 316.11	\$ 325.59	\$ 335.36	\$ 345.42	\$ 355.78
Total Non-Compensation	\$ 2,068,784.05	\$ 2,130,847.56	\$ 2,194,773.00	\$ 2,260,616.19	\$ 2,328,434.67	\$ 204,605.02	\$ 210,743.17	\$ 217,065.47	\$ 223,577.43	\$ 230,284.75
Total Admin Dollars	\$ 66,702,506.26	\$ 68,703,581.44	\$ 70,764,688.86	\$ 72,887,629.54	\$ 75,074,258.42	\$ 6,596,951.17	\$ 6,794,859.73	\$ 6,998,705.51	\$ 7,208,666.67	\$ 7,424,926.68

Total Management Fees Included Above	\$ 66,702,506.26	\$ 68,703,581.44	\$ 70,764,688.86	\$ 72,887,629.54	\$ 75,074,258.42	\$ 6,596,951.17	\$ 6,794,859.73	\$ 6,998,705.51	\$ 7,208,666.67	\$ 7,424,926.68
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Management Fee arrangement percentage (contracted)	6.6%	6.6%	6.6%	6.6%	6.6%	6.6%	6.6%	6.6%	6.6%	6.6%
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Projected Member Months	358,925	358,925	358,925	358,925	358,925	13,625,202	13,625,202	13,625,202	13,625,202	13,625,202
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Actuarial Certification
Health Choice Arizona, Inc.
Attachment 3
Projected RBHA Administrative Costs - North+Central Region

Administrative Bid Component										
	SMI Rate Cell					Crisis 24 Hour Group Rate Cell				
MCO Compensation	CYE 23	CYE 24	CYE 25	CYE 26	CYE 27	CYE 23	CYE 24	CYE 25	CYE 26	CYE 27
Business and Finance	\$ 3,259,798.67	\$ 3,357,592.63	\$ 3,458,320.40	\$ 3,562,070.03	\$ 3,668,932.12	\$ 322,397.66	\$ 332,069.60	\$ 342,031.68	\$ 352,292.64	\$ 362,861.41
Care Management/Care Coordination	\$ 26,879,657.58	\$ 27,686,047.31	\$ 28,516,628.72	\$ 29,372,127.59	\$ 30,253,291.42	\$ 2,658,427.67	\$ 2,738,180.51	\$ 2,820,325.91	\$ 2,904,935.70	\$ 2,992,083.77
Claims and Encounters	\$ 1,799,634.45	\$ 1,853,623.48	\$ 1,909,232.18	\$ 1,966,509.15	\$ 2,025,504.42	\$ 177,985.83	\$ 183,325.39	\$ 188,825.16	\$ 194,489.92	\$ 200,324.62
Clinical Management	\$ 6,031,833.90	\$ 6,212,788.92	\$ 6,399,172.59	\$ 6,591,147.76	\$ 6,788,882.19	\$ 596,555.00	\$ 614,451.65	\$ 632,885.20	\$ 651,871.77	\$ 671,427.91
Compliance/Legal	\$ 539,785.74	\$ 555,979.30	\$ 572,658.67	\$ 589,838.44	\$ 607,533.60	\$ 53,385.40	\$ 54,986.96	\$ 56,636.57	\$ 58,335.67	\$ 60,085.74
Dental	\$ 56,993.82	\$ 58,703.63	\$ 60,464.73	\$ 62,278.68	\$ 64,147.03	\$ 5,636.75	\$ 5,805.85	\$ 5,980.02	\$ 6,159.42	\$ 6,344.22
Executive	\$ 260,984.47	\$ 268,814.01	\$ 276,878.43	\$ 285,184.78	\$ 293,740.32	\$ 25,811.65	\$ 26,586.00	\$ 27,383.58	\$ 28,205.09	\$ 29,051.24
Health Care Quality Improvement	\$ 7,746,280.37	\$ 7,978,668.78	\$ 8,218,028.84	\$ 8,464,569.71	\$ 8,718,506.79	\$ 766,115.63	\$ 789,099.10	\$ 812,772.08	\$ 837,155.24	\$ 862,269.91
Information Services / Technology	\$ 1,140,397.43	\$ 1,174,609.36	\$ 1,209,847.64	\$ 1,246,143.07	\$ 1,283,527.37	\$ 112,786.56	\$ 116,170.16	\$ 119,655.26	\$ 123,244.91	\$ 126,942.26
Interpretive Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Member Services	\$ 448,289.63	\$ 461,738.31	\$ 475,590.47	\$ 489,858.17	\$ 504,553.93	\$ 44,336.34	\$ 45,666.43	\$ 47,036.43	\$ 48,447.50	\$ 49,900.94
Pharmacy Management	\$ 246,246.04	\$ 253,633.42	\$ 261,242.43	\$ 269,079.69	\$ 277,152.07	\$ 24,354.00	\$ 25,084.63	\$ 25,837.16	\$ 26,612.28	\$ 27,410.65
Program Integrity (Fraud, Waste & Abuse)	\$ 62,255.21	\$ 64,122.87	\$ 66,046.56	\$ 68,027.95	\$ 70,068.80	\$ 6,157.11	\$ 6,341.83	\$ 6,532.08	\$ 6,728.04	\$ 6,929.89
Provider Relations and Network Management	\$ 414,712.69	\$ 427,154.07	\$ 439,968.69	\$ 453,167.75	\$ 466,762.78	\$ 41,015.55	\$ 42,246.01	\$ 43,513.39	\$ 44,818.79	\$ 46,163.35
Other	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total MCO Compensation	\$ 48,886,869.99	\$ 50,353,476.09	\$ 51,864,080.35	\$ 53,420,002.74	\$ 55,022,602.84	\$ 4,834,965.15	\$ 4,980,014.12	\$ 5,129,414.53	\$ 5,283,296.96	\$ 5,441,795.92
Professional and Outside Services	CYE 23	CYE 24	CYE 25	CYE 26	CYE 27	CYE 23	CYE 24	CYE 25	CYE 26	CYE 27
Business and Finance	\$ 2,789,072.33	\$ 2,872,744.49	\$ 2,958,926.82	\$ 3,047,694.63	\$ 3,139,125.48	\$ 275,842.32	\$ 284,117.59	\$ 292,641.12	\$ 301,420.35	\$ 310,462.96
Care Management/Care Coordination	\$ 14,841,384.14	\$ 15,286,625.67	\$ 15,745,224.44	\$ 16,217,581.18	\$ 16,704,108.61	\$ 1,467,829.19	\$ 1,511,864.08	\$ 1,557,220.00	\$ 1,603,936.60	\$ 1,652,054.69
Claims and Encounters	\$ 414,257.04	\$ 426,684.75	\$ 439,485.30	\$ 452,669.87	\$ 466,249.95	\$ 40,970.48	\$ 42,199.58	\$ 43,465.58	\$ 44,769.55	\$ 46,112.64
Clinical Management	\$ 10,302.93	\$ 10,612.02	\$ 10,930.38	\$ 11,258.29	\$ 11,596.03	\$ 1,018.98	\$ 1,049.55	\$ 1,081.03	\$ 1,113.46	\$ 1,146.87
Compliance/Legal	\$ 3,538.64	\$ 3,644.80	\$ 3,754.15	\$ 3,866.78	\$ 3,982.77	\$ 349.97	\$ 360.48	\$ 371.29	\$ 382.43	\$ 393.91
Dental	\$ 28,997.99	\$ 29,867.93	\$ 30,763.97	\$ 31,686.88	\$ 32,637.50	\$ 2,867.93	\$ 2,953.96	\$ 3,042.58	\$ 3,133.87	\$ 3,227.88
Executive	\$ 1,130,336.55	\$ 1,164,246.64	\$ 1,199,174.04	\$ 1,235,149.26	\$ 1,272,203.73	\$ 111,791.52	\$ 115,145.27	\$ 118,599.63	\$ 122,157.61	\$ 125,822.34
Health Care Quality Improvement	\$ 261,800.26	\$ 269,654.27	\$ 277,743.90	\$ 286,076.21	\$ 294,658.49	\$ 25,892.33	\$ 26,669.10	\$ 27,469.17	\$ 28,293.25	\$ 29,142.05
Information Services / Technology	\$ 504,798.27	\$ 519,942.23	\$ 535,540.50	\$ 551,606.71	\$ 568,154.91	\$ 49,925.11	\$ 51,422.86	\$ 52,965.54	\$ 54,554.51	\$ 56,191.14
Interpretive Services	\$ 34,003.60	\$ 35,023.71	\$ 36,074.41	\$ 37,156.65	\$ 38,271.35	\$ 3,362.99	\$ 3,463.89	\$ 3,567.80	\$ 3,674.83	\$ 3,785.09
Member Services	\$ 162,727.78	\$ 167,609.61	\$ 172,637.89	\$ 177,817.03	\$ 183,151.55	\$ 16,093.96	\$ 16,576.77	\$ 17,074.08	\$ 17,586.30	\$ 18,113.89
Pharmacy Benefit Manager Expenses	\$ 1,294,553.26	\$ 1,333,389.86	\$ 1,373,391.56	\$ 1,414,593.31	\$ 1,457,031.11	\$ 128,032.74	\$ 131,873.73	\$ 135,829.94	\$ 139,904.83	\$ 144,101.98
Pharmacy Management	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Program Integrity (Fraud, Waste & Abuse)	\$ 45,453.20	\$ 46,816.80	\$ 48,221.31	\$ 49,667.94	\$ 51,157.99	\$ 4,495.37	\$ 4,630.23	\$ 4,769.15	\$ 4,912.21	\$ 5,059.58
Provider Relations and Network Management	\$ 37,935.46	\$ 39,073.52	\$ 40,245.72	\$ 41,453.10	\$ 42,696.70	\$ 3,751.86	\$ 3,864.42	\$ 3,980.35	\$ 4,099.76	\$ 4,222.75
Subcontractors	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Professional and Outside Services	\$ 21,559,161.46	\$ 22,205,936.32	\$ 22,872,114.40	\$ 23,558,277.84	\$ 24,265,026.17	\$ 2,132,224.76	\$ 2,196,191.52	\$ 2,262,077.26	\$ 2,329,939.57	\$ 2,399,837.76
Non-Compensation	CYE 23	CYE 24	CYE 25	CYE 26	CYE 27	CYE 23	CYE 24	CYE 25	CYE 26	CYE 27
Interest Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Non-Capital Equipment and Licenses	\$ 350,533.49	\$ 361,049.50	\$ 371,880.98	\$ 383,037.41	\$ 394,528.54	\$ 34,668.15	\$ 35,708.20	\$ 36,779.44	\$ 37,882.82	\$ 39,019.31
Non-Compensation Health Care Quality Improvement	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Occupancy & Depreciation	\$ 1,027,266.96	\$ 1,058,084.97	\$ 1,089,827.52	\$ 1,122,522.34	\$ 1,156,198.02	\$ 101,597.83	\$ 104,645.77	\$ 107,785.13	\$ 111,018.70	\$ 114,349.26
Office Supplies, Equipment Repair, Maintenance	\$ 39,083.83	\$ 40,256.35	\$ 41,464.04	\$ 42,707.97	\$ 43,989.21	\$ 3,865.44	\$ 3,981.40	\$ 4,100.84	\$ 4,223.87	\$ 4,350.58
Printing, Postage, Fulfillment	\$ 331,062.41	\$ 340,994.29	\$ 351,224.11	\$ 361,760.84	\$ 372,613.66	\$ 32,742.44	\$ 33,724.71	\$ 34,736.45	\$ 35,778.54	\$ 36,851.90
Travel, Marketing, Insurance	\$ 485,100.92	\$ 499,653.94	\$ 514,643.56	\$ 530,082.87	\$ 545,985.35	\$ 47,977.02	\$ 49,416.33	\$ 50,898.82	\$ 52,425.78	\$ 53,998.55
Other	\$ 2,106.32	\$ 2,169.51	\$ 2,234.60	\$ 2,301.63	\$ 2,370.68	\$ 208.32	\$ 214.57	\$ 221.00	\$ 227.63	\$ 234.46
Total Non-Compensation	\$ 2,235,153.93	\$ 2,302,208.55	\$ 2,371,274.81	\$ 2,442,413.07	\$ 2,515,685.45	\$ 221,059.20	\$ 227,690.97	\$ 234,521.69	\$ 241,557.34	\$ 248,804.05
Total Admin Dollars	\$ 72,681,185.38	\$ 74,861,620.96	\$ 77,107,469.56	\$ 79,420,693.65	\$ 81,803,314.46	\$ 7,188,249.11	\$ 7,403,896.61	\$ 7,626,013.48	\$ 7,854,793.87	\$ 8,090,437.73
Total Management Fees Included Above	\$ 72,681,185.38	\$ 74,861,620.96	\$ 77,107,469.56	\$ 79,420,693.65	\$ 81,803,314.46	\$ 7,188,249.11	\$ 7,403,896.61	\$ 7,626,013.48	\$ 7,854,793.87	\$ 8,090,437.73
Management Fee arrangement percentage (contracted)	6.4%	6.4%	6.4%	6.4%	6.4%	6.4%	6.4%	6.4%	6.4%	6.4%
Projected Member Months	438,010	438,010	438,010	438,010	438,010	16,436,751	16,436,751	16,436,751	16,436,751	16,436,751