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March 24, 2011

Actuarial Certification
SCAN Long Term Care
ALTCS Elderly & Physically Disabled Capitation Bids: GSA 52
October 1, 2011 – September 30, 2012

I, Thomas D. Snook, 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 Prescribed Statements of Actuarial Opinion. I have been retained by SCAN Long Term Care to provide a certification of the actuarial soundness of its proposed capitation rate for Elderly & Physically Disabled Services in GSA 52 under the Arizona Long Term Care System (ALTCS).

The purpose of this certification is to comply with the Instructions to Offerors contained in the Request for Proposal (including amendments through the date of this certification) issued by Arizona Health Care Cost Containment System Administration (AHCCCS). This certification may not be appropriate for other purposes.

The capitation rate to which this certification applies is shown in the table below. The rate applies to the period October 1, 2011 through September 30, 2012. This rate is inclusive of Case Management, Administration, Risk/Contingency and Premium Tax, and net of Reinsurance and Share of Cost. The bid reflects the ALTCS-provided HCBS Mix, Share of Cost, and Reinsurance Offset values.

SCAN Long Term Care
Proposed Capitation Rate for GSA 52

Net Capitation with Premium Tax

\$3,231.84

It is my opinion that the above rate is adequate to fund claims and administrative expenses for an average elderly & physically disabled population for GSA 52 during the time period for which it are intended.

My determination is based on a review of the claim experience and other information provided by ALTCS, experience data and descriptions of provider contracts provided by SCAN Long Term Care, and my judgment. In performing my analysis, I relied on data and other information provided by ALTCS and by SCAN Long Term Care. 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.

The costs which underlie the capitation bid 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 SCAN Long Term Care and/or experience provided by ALTCS and to reasonable expectations. Actual results will differ from the figures indicated in the final offered rates to the extent that future plan experience differs from the assumptions used to develop the figures.

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 blue ink, appearing to read 'T. Snook', written over a horizontal line.

Thomas D. Snook, FSA, MAAA
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