

**PART C - CAPITATION AGREEMENT/ADMINISTRATIVE COST BID
RANKING AND CONSENSUS RATIONALE**

Part C - Capitation Rates/ Administrative Cost Bid
 AHCCCS actuaries will develop components of the capitation rates including the medical services component, reinsurance offset, underwriting gain, and premium tax. These components will not be bid by the Offeror. The capitation rates developed by the AHCCCS actuaries will be actuarially sound according to the applicable provisions of 42 CFR Part 438 and applicable Actuarial Standards of Practice and will follow generally accepted actuarial principles and practices.

The complete capitation rates will be published by AHCCCS prior to October 1, 2022. Refer to the Rate Development Documentation found in Section F, Rate Development Information of the Title XIX/XXI Data Supplement For Capitation Rate Setting in the CCE Library.

C1 - The Offeror shall submit an agreement that the Offeror will accept the actuarially sound capitation rates computed prior to October 1, 2022. The agreement shall be signed by each of the ACC Contractor's Chief Executive Officer. This is a required submission.

AHCCCS intends to set the underwriting gain equal to one percent of the capitation rate for each risk group excluding premium tax.

Administrative expenses will be bid by the Offerors. AHCCCS may use these bids in developing capitation rates; however, AHCCCS reserves the right to adjust the capitation rates, including the administrative cost component, in order to maintain compliance with the Medicaid Managed Care Rules and Rate Setting Guidelines.

AHCCCS is providing Offerors with a Title XIX/XXI Data Supplement For Capitation Rate Setting located in the CCE Library for informational purposes. If the Offeror chooses to use this data source to develop its administrative cost bid, the Offeror shall not consider this the sole source of information in making decisions. If any moral or religious objections were submitted as part of the ACC RFP, the Offeror shall not exclude from the administrative bid submission(s) any related administrative costs.

C2 - The Offeror shall bid the administrative cost portion of the capitation rates. The Offeror shall include an administrative rate for each GSA for which the Offeror is submitting a bid. AHCCCS will include an Administrative Cost Bid Submission Workbook and instructions in the Title XIX/XXI Data Supplement For Capitation Rate Setting in the CCE Library. The Offeror shall submit a single Workbook in Excel to AHCCCS via the STP server in accordance with Paragraph 19, Contents of Offeror's Proposal in this Section. A separate worksheet shall be included for each GSA in which the Offeror submits a bid.

C3 - The Offeror shall ensure that an actuary who is a member of the American Academy of Actuaries certifies that the Administrative Cost Bid Submission meets the requirements of 42 CFR 438.5(c) by submitting a signed actuarial certification of all rates submitted with the CCE submission. The Offeror may submit a separate certification for each GSA or a single certification that covers all GSAs bid. Further detail regarding requirements of the bids can be found in the Title XIX/XXI Data Supplement For Capitation Rate Setting in the CCE Library in the Non-Benefit Costs Bid Requirements document in Section F, Rate Development Information.

AHCCCS reserves the right to request supporting documentation for any component of the Administrative Cost Bid submission.





AHCCCS reserves the right to request Best and Final Offers. In the event AHCCCS exercises this right, all Offerors that submitted a Proposal that is susceptible to award will be asked to provide a Best and Final Offer. Best and Final Offers will only be discussed for the Administrative Cost Bid portion of the CCE. Refer to the applicable provisions of the Solicitation for information on how to submit the Administrative Cost Bid. This notice reserves the right to award a Contract on the basis of Final Proposals received. Therefore, the Offeror is encouraged to submit its most competitive bid.

Capitation agreement
 Administrative Cost Bid (and Best and Final Offer (BAFO), if applicable)
 Actuarial certification
 Other notable considerations

Criteria

| MOLINA COMPLETE CARE | MERCY CARE (MC) | HEALTH CHOICE (HC) | ARIZONA COMPLETE HEALTH (AZCH) / CAREST (CS) |
|--|--|--|--|
| RATIONALE AND MAJOR OBSERVATIONS | | | |
| Offeror's submission included CEO approval of submitted rates | Offeror's submission included CEO approval of submitted rates | Offeror's submission included CEO approval of submitted rates | Offeror's submission included CEO approval of submitted rates |
| Offeror submitted proposed administrative cost rates for each Region II listed on Exhibit B | Offeror submitted proposed administrative cost rates for each Region II listed on Exhibit B | Offeror submitted proposed administrative cost rates for each Region II listed on Exhibit B | Offeror submitted proposed administrative cost rates for each Region II listed on Exhibit B |
| Offeror's proposed rates within the Region were compared to other Offeror's submissions | Offeror's proposed rates within the Region were compared to other Offeror's submissions | Offeror's proposed rates within the Region were compared to other Offeror's submissions | Offeror's proposed rates within the Region were compared to other Offeror's submissions |
| Offeror's proposed rates were evaluated for reasonableness | Offeror's proposed rates were evaluated for reasonableness | Offeror's proposed rates were evaluated for reasonableness | Offeror's proposed rates were evaluated for reasonableness |
| Offeror's line item breakdown of miscellaneous costs represents less than five percent of its total proposed administrative rate | Offeror's line item breakdown of miscellaneous costs represents less than five percent of its total proposed administrative rate | Offeror's line item breakdown of miscellaneous costs represents less than five percent of its total proposed administrative rate | Offeror's line item breakdown of miscellaneous costs represents less than five percent of its total proposed administrative rate |
| Offeror's certification described how its administrative rates were developed | Offeror's certification clearly described how its administrative rates were developed | Offeror's certification generally described how its administrative rates were developed | Offeror's certification clearly described how its administrative rates were developed |
| RANKING | | | |
| 1 | 3 | 2 | 4 |

**PART C - CAPITATION AGREEMENT/ADMINISTRATIVE COST BID
RANKING AND CONSENSUS RATIONALE
EVALUATION TEAM SIGNATURES**

| | |
|---|--|
| EVALUATOR FULL NAME (FIRST AND LAST): | Cynthia Layne |
| EVALUATOR TITLE: | Finance and Reinsurance Administrator |
| DATE: | Nov 5, 2021 |
| SIGNATURE: |  Cynthia Layne (Nov 5, 2021 16:26 PDT) |
| EVALUATOR FULL NAME (FIRST AND LAST): | Colby Schaeffer |
| EVALUATOR TITLE: | Chief Actuary |
| DATE: | Nov 4, 2021 |
| SIGNATURE: |  |
| EVALUATOR FULL NAME (FIRST AND LAST): | Windy Marks |
| EVALUATOR TITLE: | Senior Actuary |
| DATE: | Nov 4, 2021 |
| SIGNATURE: |  Windy Marks (Nov 4, 2021 20:32 PDT) |
| FACILITATOR FULL NAME (FIRST AND LAST): | Scott Wittman |
| DATE: | Nov 5, 2021 |
| SIGNATURE: |  Scott Wittman (Nov 5, 2021 06:43 CDT) |

**PART C - CAPITATION AGREEMENT/ADMINISTRATIVE COST BID
RATINGS AND CONSENSUS RATIONALE**

AHCCS actuaries will develop components of the capitation rates including the medical services component, insurance offset, underwriting gain, and premium tax. These components will not be bid by the Offeror. The capitation rates developed by the AHCCCS actuaries will be actuarially sound according to the applicable provisions of 42 CFR Part 438 and applicable Actuarial Standards of Practice and will follow generally accepted actuarial principles and practices. The complete capitation rates will be published by AHCCCS prior to October 1, 2022. Refer to the Rate Development Documentation found in Section F, Rate Development Information of the Title XIX/XXI Data Supplement For Capitation Rate Setting in the CCE Library.

C1. The Offeror shall submit an agreement that the Offeror will accept the actuarially sound capitation rates computed prior to October 1, 2022. The agreement shall be signed by each of the ACC Contractor's Chief Executive Officer. This is a required submission.

AHCCCS intends to set the underwriting gain equal to one percent of the capitation rate for each risk group excluding premium tax.

Administrative expenses will be bid by the Offerors. AHCCCS may use these bids in developing capitation rates; however, AHCCCS reserves the right to adjust the capitation rates, including the administrative cost component, in order to maintain compliance with the Medicaid Managed Care Rules and Rate Setting Guidelines.

AHCCCS is providing Offerors with a Title XIX/XXI Data Supplement For Capitation Rate Setting located in the CCE Library for informational purposes. If the Offeror chooses to use this data source to develop its administrative cost bid, the Offeror shall not consider this the sole source of information in making decisions.

If any moral or religious objections were submitted as part of the ACC RFP, the Offeror shall not exclude from the administrative bid submission(s) any related administrative costs.

C2. The Offeror shall bid the administrative cost portion of the capitation rates. The Offeror shall include an administrative rate for each GSA for which the Offeror is submitting a bid. AHCCCS will include an Administrative Cost Bid Submission Workbook and instructions in the Title XIX/XXI Data Supplement For Capitation Rate Setting in the CCE Library. The Offeror shall submit a single Workbook in Excel to AHCCCS via the SFTP server in accordance with Paragraph 19, Contents of Offeror's Proposal in this Section. A separate worksheet shall be included for each GSA in which the Offeror submits a bid.

C3. The Offeror shall ensure that an actuary who is a member of the American Academy of Actuaries certifies that the Administrative Cost Bid Submission meets the requirements of 42 CFR 438.53(c) by submitting a signed actuarial certification of all rates submitted with the CCE submission. The Offeror may submit a separate certification for each GSA or a single certification that covers all GSAs bid. Further detail regarding requirements of the bids can be found in the Title XIX/XXI Data Supplement For Capitation Rate Setting in the CCE Library in the Non-Benefit Costs Bid Requirements document in Section F, Rate Development Information.

AHCCCS reserves the right to request supporting documentation for any component of the Administrative Cost Bid submission.



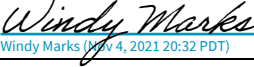

AHCCCS reserves the right to request Best and Final Offers. In the event AHCCCS exercises this right, all Offerors that submitted a Proposal that is susceptible to award will be asked to provide a Best and Final Offer. Best and Final Offers will only be discussed for the Administrative Cost Bid portion of the CCE. Refer to Paragraph 20, Submission requirements of this Section for information on how to submit the Administrative Cost Bid. The State reserves the right to award a Contract on the basis of initial Proposals received; therefore, the Offeror's submission is not a Best and Final Offer.

Submission Evaluation Considerations:
 Capitation agreement
 Administrative Cost Bid (and Best and Final Offer (BAFO)) if applicable
 Actuarial certification
 Other notable considerations.

South

| BANNER UNIVERSITY FAMILY CARE (BUFC) | ARIZONA COMPLETE HEALTH (ACHC / CAREIST (C)) |
|---|---|
| RATINGS AND CONSENSUS RATIONALE | |
| Offeror's submission included CIO approval of submitted rates. | Offeror's submission included CIO approval of submitted rates. |
| Offeror submitted proposed administrative cost rates for each Region II listed on Exhibit B. | Offeror submitted proposed administrative cost rates for each Region II listed on Exhibit B. |
| Offeror's proposed rates within the Region were compared to other Offeror's submission. | Offeror's proposed rates within the Region were compared to other Offeror's submission. |
| Offeror's proposed rates were evaluated for reasonableness. | Offeror's proposed rates were evaluated for reasonableness. |
| Offeror's line item breakdown of miscellaneous costs represents less than five percent of its total proposed administrative rate. | Offeror's line item breakdown of miscellaneous costs represents less than five percent of its total proposed administrative rate. |
| Offeror's certification generally described how its administrative rates were developed. | Offeror's certification clearly described how its administrative rates were developed. |
| MARKING | |
| 2 | 1 |

**PART C - CAPITATION AGREEMENT/ADMINISTRATIVE COST BID
RATINGS AND CONSENSUS RATIONALE
EVALUATION TEAM SIGNATURES**

| | |
|---------------------------------------|--|
| EVALUATOR FULL NAME (FIRST AND LAST): | Cynthia Layne |
| EVALUATOR TITLE: | Finance and Reinsurance Administrator |
| DATE: | Nov 5, 2021 |
| SIGNATURE: |  Cynthia Layne (Nov 5, 2021 16:26 PDT) |
| EVALUATOR FULL NAME (FIRST AND LAST): | Colby Schaeffer |
| EVALUATOR TITLE: | Chief Actuary |
| DATE: | Nov 4, 2021 |
| SIGNATURE: |  |
| EVALUATOR FULL NAME (FIRST AND LAST): | Windy Marks |
| EVALUATOR TITLE: | Senior Actuary |
| DATE: | Nov 4, 2021 |
| SIGNATURE: |  Windy Marks (Nov 4, 2021 20:32 PDT) |
| EVALUATOR FULL NAME (FIRST AND LAST): | Scott Wittman |
| DATE: | Nov 5, 2021 |
| SIGNATURE: |  Scott Wittman (Nov 5, 2021 06:43 CDT) |

**PART C - CAPITATION AGREEMENT/ADMINISTRATIVE COST BID
RANKING AND CONSENSUS RATIONALE**

PART C - CAPITATION AGREEMENT/ADMINISTRATIVE COST BID
 AHOCOS actuaries will develop components of the capitation rates including the medical services component, reinsurance offset, underwriting gain, and premium tax. These components will not be bid by the Offeror. The capitation rates developed by the AHOCOS actuaries will be actuarially sound according to the applicable provisions of 42 CFR Part 438 and applicable Actuarial Standards of Practice and will follow generally accepted actuarial principles and practices.

The complete capitation rates will be published by AHOCOS prior to October 1, 2022. Refer to the Rate Development Documentation found in Section F, Rate Development Information of the Title XIX/XXI Data Supplement For Capitation Rate Setting in the CCE Library.

C1 - The Offeror shall submit an agreement that the Offeror will accept the actuarially sound capitation rates computed prior to October 1, 2022. The agreement shall be signed by each of the ACC Contractor's Chief Executive Officer. This is a required submission.

AHOCOS intends to set the underwriting gain equal to one percent of the capitation rate for each risk group excluding premium tax.

Administrative expenses will be bid by the Offerors. AHOCOS may use these bids in developing capitation rates; however, AHOCOS reserves the right to adjust the capitation rates, including the administrative cost component, in order to maintain compliance with the Medicaid Managed Care Rules and Rate Setting Guidelines.

AHOCOS is providing Offerors with a Title XIX/XXI Data Supplement For Capitation Rate Setting located in the CCE Library for informational purposes. If the Offeror chooses to use this data source to develop its administrative cost bid, the Offeror shall not consider this the sole source of information in making decisions. If any moral or religious objections were submitted as part of the ACC RFP, the Offeror shall not exclude from the administrative bid submission(s) any related administrative costs.

C2 - The Offeror shall bid the administrative cost portion of the capitation rates. The Offeror shall include an administrative rate for each GSA for which the Offeror is submitting a bid. AHOCOS will include an Administrative Cost Bid Submission Workbook and instructions in the Title XIX/XXI Data Supplement For Capitation Rate Setting in the CCE Library. The Offeror shall submit a single Workbook in Excel to AHOCOS via the STP server in accordance with Paragraph 19, Contents of Offeror's Proposal in this Section. A separate worksheet shall be included for each GSA in which the Offeror submits a bid.

C3 - The Offeror shall ensure that an actuary who is a member of the American Academy of Actuaries certifies that the Administrative Cost Bid Submission meets the requirements of 42 CFR 438.5(d) by submitting a signed actuarial certification of all rates submitted with the CCE submission. The Offeror may submit a separate certification for each GSA or a single certification that covers all GSAs bid. Further detail regarding requirements of the bids can be found in the Title XIX/XXI Data Supplement For Capitation Rate Setting in the CCE Library in the Non-Benefit Costs Bid Requirements document in Section F, Rate Development Information.

AHOCOS reserves the right to request supporting documentation for any component of the Administrative Cost Bid submission.





AHOCOS reserves the right to request Best and Final Offers. In the event AHOCOS exercises this right, all Offerors that submitted a Proposal that is susceptible to award will be asked to provide a Best and Final Offer. Best and Final Offers will only be discussed for the Administrative Cost Bid portion of the CCE. Refer to the Bid Submission and Evaluation Considerations of this Solicitation for information on how to email the Administrative Cost Bid. This Note reserves the right to award a Contract on the basis of Best Proposals received. Therefore, the Offeror is encouraged to submit its most competitive bid.

Capitation agreement
 Administrative Cost Bid (and Best and Final Offer (BAFO), if applicable)
 Actuarial certification
 Other notable considerations

North

| HEALTH CHOICE (HC) | ARIZONA COMPLETE HEALTH (AZCH) / CARE1ST (C1) |
|---|---|
| RATIONALE AND MAJOR OBSERVATIONS | |
| Offeror's submission included CEO approval of submitted rates. | Offeror's submission included CEO approval of submitted rates. |
| Offeror submitted proposed administrative cost rates for each Region II listed on Exhibit B. | Offeror submitted proposed administrative cost rates for each Region II listed on Exhibit B. |
| Offeror's proposed rates within the Region were compared to other Offeror's submission. | Offeror's proposed rates within the Region were compared to other Offeror's submission. |
| Offeror's proposed rates were evaluated for reasonableness. | Offeror's proposed rates were evaluated for reasonableness. |
| Offeror's line item breakdown of miscellaneous costs represents less than five percent of its total proposed administrative rate. | Offeror's line item breakdown of miscellaneous costs represents less than five percent of its total proposed administrative rate. |
| Offeror's certification generally described how its administrative rates were developed. | Offeror's certification clearly described how its administrative rates were developed. |
| RANKING | |
| 1 | 2 |

**PART C - CAPITATION AGREEMENT/ADMINISTRATIVE COST BID
RANKING AND CONSENSUS RATIONALE
EVALUATION TEAM SIGNATURES**

| | |
|---------------------------------------|--|
| EVALUATOR FULL NAME (FIRST AND LAST): | Cynthia Layne |
| EVALUATOR TITLE: | Finance and Reinsurance Administrator |
| DATE: | Nov 5, 2021 |
| SIGNATURE: |  Cynthia Layne (Nov 5, 2021 16:26 PDT) |
| EVALUATOR FULL NAME (FIRST AND LAST): | Colby Schaeffer |
| EVALUATOR TITLE: | Chief Actuary |
| DATE: | Nov 4, 2021 |
| SIGNATURE: |  |
| EVALUATOR FULL NAME (FIRST AND LAST): | Windy Marks |
| EVALUATOR TITLE: | Senior Actuary |
| DATE: | Nov 4, 2021 |
| SIGNATURE: |  Windy Marks (Nov 4, 2021 20:32 PDT) |
| EVALUATOR FULL NAME (FIRST AND LAST): | Scott Wittman |
| DATE: | Nov 5, 2021 |
| SIGNATURE: |  Scott Wittman (Nov 5, 2021 06:43 CDT) |