

**Comment #14 – 5/14/14 – 5:36 p.m.**

I am responding on behalf of myself on the proposed ASOP on Medicaid Managed-Care Capitation Rate Development. Thank you for providing us an opportunity to comment.

**Responses to questions asked by the task force:**

1. Yes, the ASOP should apply to all actuaries.
2. Yes, it should include CHIP
3. The definition is reasonable but doesn't improve on the practice note definition and still leaves a lot of room for debate.
4. See comments below on 3.2.16
5. No
6. With revisions the ASOP may provide sufficient guidance. Please see comments below.
7. No, but I don't think the ASOP needs to.

**3.2.7 Other Base Data Adjustments**

I suggest that adjustment related to “access” be addressed in base data adjustments. If the base data is from fee-for-service (FFS), Medicaid members may utilize services differently (both in terms of volume and mix of services) than how they would utilize services under a managed care environment. Since MCOs may provide more robust provider networks, members who may have forgone services under the FFS program, may use more (needed) services and therefore a projection of FFS data without an explicit recognition of access improvements may result in rates and are inadequate and not sound. The change in the *supply* of providers may impact the *demand* for services.

**3.2.9 Managed-Care Adjustments**

I interpret item “a” being too broad and may allow an actuary to rely on state budget limitations in setting rate assumptions. Item “a” should either be qualified to exclude allowing adjustments for state funding levels, but should consider laws and regulations for benefits and populations covered.

**3.2.12 Risk Adjustment**

The selection of data used for risk adjustment should consider the same adjustments that are discussed in section 3.2.7. While ASOP 45 does discuss risk adjustment in more detail, this section should refer the reader back to section 3.2.7 since data selection is as important for risk adjustment.

### **3.2.14 Performance Withholds/Incentives**

The ASB should first confirm if including withholds/incentives are consistent with CMS's expectation. As written, the above guidance is too broad on what the state actuary deems to be "reasonably achieve(d)". I would prefer a more explicit statement that the capitation rate net any withhold(s) or incentive should still be "sound".

### **3.2.16 Inaccurate or Incomplete Information Identified after Opinion or Rate Certification**

I believe this section is not necessary and is covered already by the Code of Conduct with respect to Integrity and Courtesy and Cooperation. In addition, the term "material" is too vague, and there is no time limit defined since an actuary may no longer be working for the Principal relying on the rates (whether it be the state or MCO).

Sincerely,

Craig Keizur, FSA, MAAA